

MOTHERS 2151 TAKEEI Corporation

Sector; Service

6-Nov-07

"Recycling" player contributing to the formation of "material-cycle society"

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report@ftg.jp**Company profile**

Representative Mamoru Mitsumoto URL: <http://www.takeei.co.jp/>

Head Office 7-20-10 Nishikasai, Edogawa-ku, Tokyo, 134-8611, Japan

Business line Environmental solution business mainly recycling of construction waste

Shares issued 4,560,800 shares (10/31/2007)

Special owners 76.7%, Foreign owners 0.6%, Japanese Funds 0.0%

Major Holders Takeshi Fujimoto 20.75%, Mamoru Mitsumoto 19.40%, Taizou Hashimoto 7.08%, Employee share and owner ship 4.96%, JAFCO V2 Sharing Investment

Established March 1977

Listed May 2007

6-Nov-07

Stock price (¥) 4,110

PER(E) 31.9

ROE(E) 22.1%

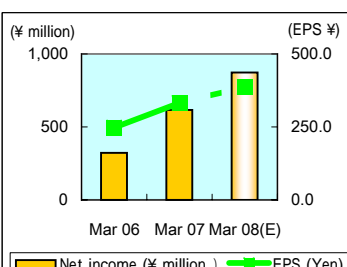
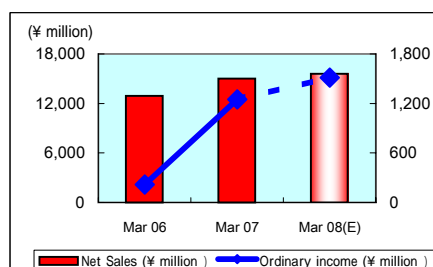
Market cap (¥ million) 18,745

Volume 9,800

Trade Unit 100

	Net Sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Dividend (Yen)	EPS (Yen)	ROE (%)
Mar 06	12,910	217	322	15	247.9	14.1
Mar 07	15,005	1,250	617	33	332.1	17.0
Mar 08(E)	15,581	1,513	873	(*)12.5	386.6	22.1
Sep 08 (Interim)	7,511	501	320	15		

(*)Stock Split at 1-Oct-07

**Industry trend**

The recent amount of Japanese industrial waste remains at the same level and the recycling rate is over 50%. Therefore, the recycling and intermediate processing is progressing. However, the remaining term of final disposal site is 7.2 years(national average) as of April 2005 and this shows the severity of the recycling environment. 3R(Reduce, reuse, recycle), biomass and zero emission is promoted by the legislature and administrative agency. The industrial waste disposal industry is required to respond to social needs by promoting 3R as well as to dispose of waste. The amount of illegally dumped industrial waste is still large, 172 thousand tons as of 2005. Specifically, the construction waste accounts for 80% of illegal dump and the renewal period of construction made after 1970s. Therefore, the amount of construction waste is expected to increase. The industrial waste disposal industry is pressed to respond to social problems such as reinforced legal regulations, recycling of waste, capacity limit of final disposal site and increased illegal dump. Source: Ministry of the Environment "2007 White Paper on environment and material-cycle society"

Business strategy

TAKKEI is engaged in the business of environmental solution mainly intermediate processing and recycling of construction related industrial waste. The main line of business is collection, transportation and disposal of industrial waste. Specifically, the disposal business, accounting for about 70% of total sales, features the integrated process of intermediate processing, recycling and final disposal. Business is conducted in metropolitan areas such as Tokyo, Kanagawa and Chiba where enough demand exists. Sales for "valuable substance" resulted from intermediate processing and recycling of waste is increasing(Posted as reduction of cost of sales). Cost reduction through the integration of offices and consolidated subsidiary's posting of ordinary income in a single month is achieved. The company plans to focus on "recycling business" such as creation of recycled material and new energy in addition to the transportation and disposal of industrial waste. The business results forecast for FY Mar 2008 is as follows. Sales ¥ 15.581 billion (YoY 3.8%), Ordinary income ¥ 1.513 billion (YoY 21.0%), ¥ Net income 873 million (YoY 41.3%).

Corporate analysis by IR STREET

Strength 1.Integrated processing system mainly operated by TAKKEI 2.Recycling business boasting high quality 3.Sales of "valuable substance" resulted from recycling (→reduction of cost of sales)	Opportunity 1.Increasing demand for construction in metropolitan areas (→increase of construction waste) 2.Promotion of 3R (Reduce, Reuse, Recycle)
Weakness 1.High ratio of interest-bearing debt to equity (FY Mar 2007 68.4%) 2.Dependence on construction waste (weak price negotiation power < general contractors)	Risk 1.Reinforcement of legal regulations 2.Limit of final disposal site

Peer comparison

	Fiscal Year end	Sales (¥ million)	YoY (%)	Ordinary income (¥ million)	YoY (%)	Ordinary income ratio (%)	EPS (¥)
TAKEEI	Mar 08(E)	15,581	3.8%	1,513	21.0%	9.7%	386.6
Fujikoh Co., Ltd. (2405)	Jun 08(E)	2,050	22.0%	210	-	10.2%	1025.7
AMITA CORPORATION (2490)	Mar 08(E)	4,636	10.4%	130	13.0%	2.8%	162.6
Daiseiki Co., Ltd. (9793)	Feb 08(E)	33,900	25.7%	7,300	27.8%	21.5%	93.7

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