

MOTHERS 6255 NPC Inc.

Sector; Machinery

6-Nov-07

Maker of solar cell manufacturing equipment engaged in environmental issues through "vacuum technology"

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report@ftg.jp**Company profile**

Representative Yoshiro Chikaki URL: <http://www.npcgroup.net/>

Head Office 1-1-20, Minamisenju, Arakawa-ku, Tokyo, Japan

Business line Development, manufacture, sales of solar cell manufacture equipment

Shares issued 7,834,560 shares (9/1/2007)
Special owners 79.5%, Foreign owners 0.0%, Japanese Funds 0.0%

Major Holders Yoshiro Chikaki 18.1%, Toru Hashimoto 17.1%, Masafumi Ito 14.6%, Resona Capital Co.,Ltd. 9.2%, Hisashi Sato 5.5%

Established December 1992

Listed June 2007

6-Nov-07

Stock price (¥) 4,190

PER(E) 46.2

ROE(E) 36.1%

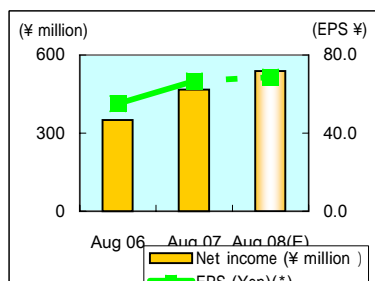
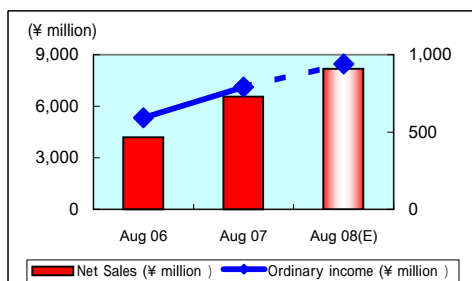
Market cap (¥ million) 32,827

Volume 145,500

Trade Unit 100

	Net Sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Dividend (Yen)(*)	EPS (Yen)(*)	ROE (%)(*)
Aug 06	4,189	593	351	1.75	55.1	29.0
Aug 07	6,554	791	467	3	66.7	35.1
Aug 08(E)	8,185	940	538	3	68.7	36.1
Feb 08(Interim)	3,554	245	123			

(*)adjusted after stock split

**Industry trend**

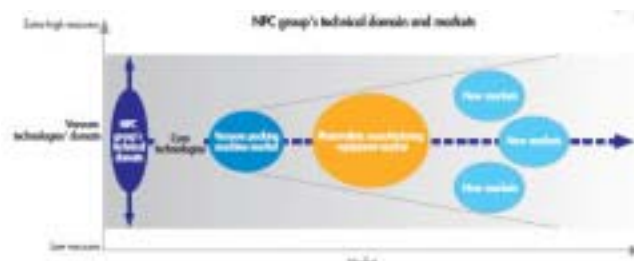
The demand for solar cell in the world is increasing due to its characteristics of clean energy. The rate of increase of production of solar cell in the world (electricity equivalent) exceeded 40% in 2005 and 2006 (Source: Resources comprehensive system). In terms of production in the regions, Japanese firms such as Sharp (6753) and Kyocera (6971) keep 30% share. Recently, firms in Europe and East Asia such as Q cells of Germany and Suntec Power of China are increasing shares. The solar cell market covers many fields such as silicon processing, wafer, electric-generating cell, solar cell module and system setup. Moreover, the number of firms providing manufacturing equipment and know-how, employee training such as Applied material of US and Oerlikon of Switzerland is increasing. The solar cell market is expected to expand like semiconductor market. The subsidies system adopted mainly in USA and Europe has been boosting the demand. The reduction of subsidies may stall the expansion of the market.

Business strategy

NPC is engaged in the business of vacuum packaging machine and solar cell manufacturing equipment. The solar cell manufacturing equipment business accounts for over 80% of total sales. NPC provides manufacturing equipment used in the process of modularizing of cell and solar panel. Moreover, the company provides an integrated manufacturing line handling all the modules. The company has accounts of over 70% of solar cell manufacturer in the world owing to its technology and product. Moreover, the company provides manufacturing line of thin-film silicon solar cell and compound thin-film solar cell. Solar cell is drawing an international attention as clean and new energy. Therefore, solar cell started to be produced by start-ups in Taiwan, China and India in addition to the ones in Japan, USA and Europe and the demand for solar cell manufacturing equipment has been increasing. The business results forecast for FY August 2008 is as follows. Sales ¥ 8.185 billion (YoY 24.9%), Ordinary income ¥ 940 million (YoY 18.8%), Net income ¥ 538 million (YoY 15.2%).

Corporate analysis by IR STREET

Strength	Opportunity
1. Production of solar cell manufacturing equipment using a core vacuum technology	1. Market expansion of solar cell and solar cell manufacturing equipment
2. Provision of integrated manufacturing line handling module	2. Market expansion in China
3. Boasting accounts of over 70% of solar cell manufacturers in the world	3. Market expansion of thin-film solar cell
Weakness	Risk
1. Performance fluctuation due to time lag of 4 to 9 months caused by an order and record of sales	1. Fiercer competition due to increase of new entrants
2. Profitability fluctuation caused by an individual order	2. Fiercer price competition of solar cell manufacturing equipment
3. Lack of production capacity enough to meet good demand	3. Reduction of subsidies in solar cell market

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