

JASDAQ 6638 MIMAKI ENGINEERING CO., LTD. Sector; Electric Appliances 6-Nov-07

Company proposing "digital on demand" production using ink-jet printer technology

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[report@ftg.jp](mailto:report@ftg.jp)**Company profile**

**Representative** Akira Ikeda URL: <http://www.mimaki.co.jp/>

**Head Office** 2182-3 Shigeno-Otsu, Tomi-city, Nagano, Japan

**Business line** Manufacturing and sales of ink-jet printer and cutting plotter etc. for ad and sign

**Shares issued** 20,700 shares (3/31/2007)

**Major Holders** Special owners 70.7%, Foreign owners 3.1%, Japanese Funds 0.7%  
Ikeda Holdings 16.9%, Employee stock holding meeting 12.8%, Noriyuki Tanaka 9.9%, Tanaka Project Co. 9.6%, Tokyo Small and Medium Business Investment & Consultation Co.,Ltd. 8.5%

**Established** May 1981

**Listed** March 2007

6-Nov-07

**Stock price (¥)** 1,160,000

**PER(E)** 16.8

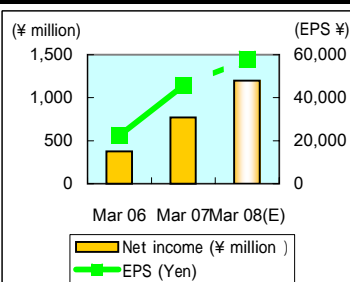
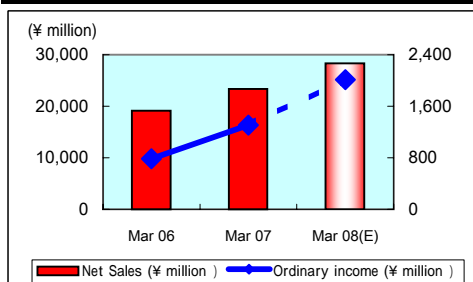
**ROE(E)** 21.6%

**Market cap (¥ million)** 24,012

**Volume** 13

**Trade Unit** 1

|                 | Net Sales<br>(¥ million) | Ordinary income<br>(¥ million) | Net income<br>(¥ million) | Dividend<br>(Yen) | EPS<br>(Yen) | ROE<br>(%) |
|-----------------|--------------------------|--------------------------------|---------------------------|-------------------|--------------|------------|
| Mar 06          | 19,147                   | 785                            | 377                       | 3,000             | 22,469       | 12.3       |
| Mar 07          | 23,337                   | 1,305                          | 771                       | 3,500             | 45,637       | 17.0       |
| Mar 08(E)       | 28,300                   | 2,010                          | 1,200                     | 2,000             | 57,971       | 21.6       |
| Sep 08(Interim) | 13,350                   | 965                            | 573                       | 2,000             |              |            |

**Industry trend**

High-precision and large-scale image data processing is required in the sign graphics market such as ad and sign due to progress of digitalization. Therefore, ink-jet printer and cutting plotter are used for sign, display, banner ad (drop curtain), wrapping in bus, train and building, wall surface, illuminated sign. Market for sign graphics is expanding due to the growth of ad market mainly in US and Europe amid global economic growth. Hewlett-Packard, SEIKO EPSON (6724) and Encad have large share in the US market. Market for supplies such as ink is also expanding due to spread of ink-jet printer. Expansion of market in BRICS such as China and India is expected in the future. In addition to hardware such as ink-jet printer and cutting plotter, enrichment of software controlling hardware, supplies such as ink and after-sales service is required. Moreover, R&D of products corresponding to high image quality, high speed printing, low cost and various climate conditions is required due to progress of digitalization.

**Business strategy**

MIMAKI ENGINEERING is engaged in manufacturing and sales of ink-jet printer and cutting plotter etc. Main businesses are sign graphics such as ad and sign, industrial products, textile for apparel industry. Specifically, sign graphics business, accounting for about 80% of total sales, has over 50% share for Japanese ad and sign industry. Also, overseas sales accounts for about two thirds of group sales owing to global economic growth. Sales in Europe and US accounts for about 50% of the overseas sales. The company focuses on growing industrial products business second to sign graphics business by proposing "digital on demand" production in which printing and delivery is conducted based on high-mix low-volume demand. Moreover, the company aims to appropriate 7 to 8 % of sales for R&D expenses mainly to develop ink-jet technology as an "R&D-oriented company". The business results forecast for FY March 2008 is as follows. Sales ¥28.3 billion (YoY 21.3%), Ordinary income ¥2.01 billion (YoY 54.0%), Net income ¥1.2 billion (YoY 55.6%).

**Corporate analysis by IR STREET**

| Strength   | Opportunity  |
|--|--|
| 1. Over 50% share of ink-jet printer for Japanese ad and sign industry             | 1. Expansion of ad and sign market owing to global economic growth |
| 2. Recognized brand in Europe and North America                                    | 2. Expansion of market for industrial products                     |
| 3. Many staff engaged in R&D activities ( about 30% of whole staff )               | 3. Increase of ink sales thanks to spread of ink-jet printer       |
| Weakness   | Risk   |
| 1. Business development other than sign graphics                                   | 1. Fluctuation of forex rate ( US dollar, Euro )                   |
| 2. Business development in areas other than US and Europe, such as China and India | 2. Global recession  |
| 3. Lack of staff for R&D activities  | 3. Stiffer competition with peers                                  |

**Peer comparison**

|                    | Fiscal Year<br>end | Sales<br>(¥ million) | YoY<br>(%) | Ordinary<br>income<br>(¥ million) | YoY<br>(%) | Ordinary<br>income ratio<br>(%) | EPS<br>(¥) |
|--------------------|--------------------|----------------------|------------|-----------------------------------|------------|---------------------------------|------------|
| MIMAKI             | Mar 08(E)          | 28,300               | 21.3%      | 2,010                             | 54.0%      | 7.1%                            | 57971.0    |
| Roland DG<br>MUTOH | Mar 08(E)          | 44,800               | 24.1%      | 10,000                            | 63.5%      | 22.3%                           | 277.1      |
| HOLDINGS<br>(7999) | Mar 08(E)          | 32,500               | 13.0%      | 3,700                             | 78.9%      | 11.4%                           | 42.5       |

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