

JASDAQ 7823 ArtNature Inc.

Sector; Service

16-Nov-07

Pioneer of integrated hair support company. Boasting No.1 share of men's custom-made wig

Contact ; Ms.Oda TEL ; +81-3-3560-5469 (TOKYO, JAPAN)

report@ftq.jp**Company profile**

Representative Yoshitaka Igarashi URL: <http://www.artnature.co.jp/>
Head Office ArtNature Building, 3-40-7 Yoyogi, Shibuya-ku, Tokyo, 151-0053, Japan
Business line Manufacturing and sales of custom-made wig and hair increasing product. Provision of hair growth and care service, hairdressing and beauty service

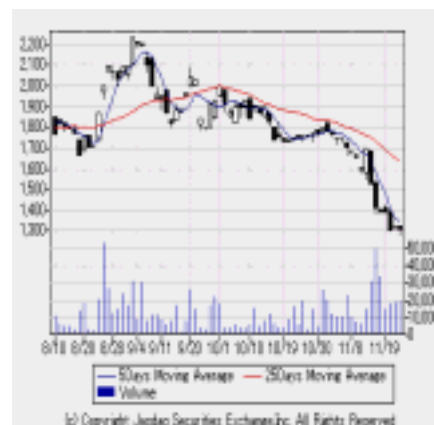
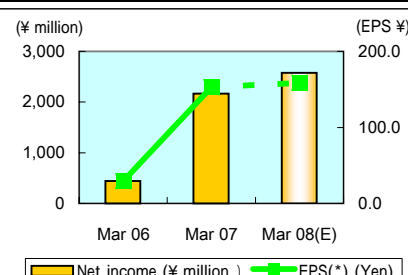
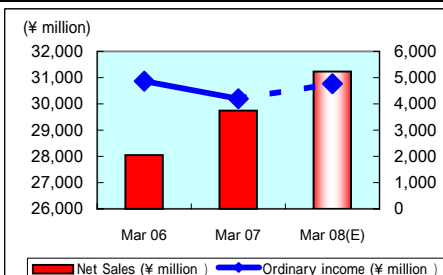
Established June 1967
Listed February 2007

Shares issued 16,260,000 shares
 (4/30/2007) Special owners 72.1%, Foreign owners 2.0%, Japanese Funds 4.7%
Major Holders Yoshitaka Igarashi 25.0%, I Corporation 9.1%, Takeshi Tsukamoto 7.3%, Employees' (3/30/2007) stock 5.5%, Hiroko Akutsu 5.5%, Japan Trustee SVC 4.2%

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Stock price (¥) 1,397
PER(E) 8.0
ROE(E) 15.4%
Market cap (¥ million) 21,301
Volume 19,700
Trade Unit 100

	Net Sales	Ordinary income	Net income	Dividend	EPS(*)	ROE
Consolidated	(¥ million)	(¥ million)	(¥ million)	(Yen)	(Yen)	(%)
Mar 06	28,045	4,866	445	115	29.6	4.0
Mar 07	29,747	4,200	2,168	110	153.0	14.5
Mar 08(E)	31,228	4,772	2,580	94	158.7	13.9
Sep 08(Interim)	15,067	2,334	1,231	70	(*)Adjusted for Stock Split(1:3)	

**Industry trend**

The Japanese market for hair related products and services is expected to expand due to the coming of a graying society, an increase of population with thinning hair and an increasing orientation toward anti aging. An estimated number of adult male with thinning hair is 13 million in 2004. A potential market size for male hair related products and services is ¥ 500 billion according to the following three facts and assumption. An average price of male wig is ¥ 400 thousand. Useful life is from 3 to 4 years. Diffusion rate is 50%. On the other hand, A potential market size for female is ¥ 300 billion on the assumption that the number of female with thinning hair is half of male. In total, the Japanese market is estimated to be ¥ 1 trillion. 【Source ; DIR report】 However, a fiercer competition among companies in the industry is expected due to the diversification of potential customer needs. Specifically, firms in an esthetic industry entered the market. Furthermore, a competition with service provider of hair growth, hair draft and hair recovery is

Business strategy

ArtNature group aims to increase sales and improve profitability by focusing on female market which is expected to grow significantly. The group aims to increase sales for female to the same level as that of male by continuing double-digit sales growth rate. The growth rate is achieved by an increase of trade show, reinforcement of customer introduction from beauty parlor and expansion of business alliance. The group plans to develop businesses in the related business areas for the purpose of expanding sales. The group put up a medium-term management goal as follows. "Sales for main(hair related) business is ¥ 50 billion" "Sales ratio for male and female is 50 : 50" "Ordinary income to sales ratio is 20%" "Further increase of dividend payout ratio of 28.1% (07/3) "

Corporate analysis by IR STREET

Strength 1.No.1 share of men's custom-made wig 2.No.1 name recognition and brand in the industry	Opportunity 1.Coming of a graying society and increase of population with thinning hair 2.Increasing orientation toward anti aging
Weakness 1.Slowdown in growth of male market	Risk 1.Fiercer competition due to the firms' entry from related industries

Service Flow
 Source;
 ArtNature HP



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