

MOTHERS 9381 AIT CorporationSector; Warehousing & Harbor
Transportation Services

16-Apr-08

An independent forwarder continuing to meet diversified customers' distribution needs

Contact ; Mr.Arai TEL ; +81-3-3560-5469 (TOKYO, JAPAN)

report@ftg.jp**Company profile**

Representative Hidekazu Yagura URL: <http://www.ait-jp.com/>

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Business line Freight forwarding(overseas marine transport), Airfreight forwarding, Airfreight agency, Customs clearance, Ship brokerage, Nonlife insurance agency, Sales and import/export of containers and other transportation equipment

Shares issued 24,108 shares (2/29/2008)

Special owners 77.3%, Foreign owners 3.3%, Japanese Funds 1.8%

Major Holders Hidekazu Yagura 50.2%, Tomoki Hatoko 6.0%, Atsushi Iguchi 5.7%, Shinichi Magami 5.6%

Established February 1988

Listed March 2007

11-Apr-08

Stock price (¥) 116,000

PER(E) 7.2

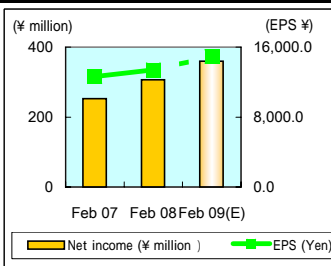
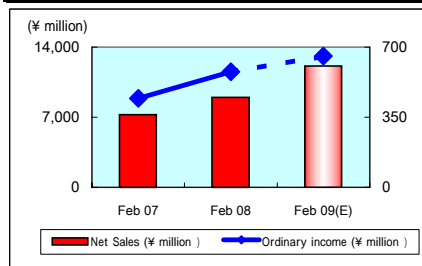
ROE(E) 31.2%

Market cap (¥ million) 2,797

Volume 33

Trade Unit 1

	Net Sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Dividend (¥)	EPS (¥)	ROE (%)
Feb 07	7,268	444	253	2,500	12,616.5	39.1
Feb 08	8,974	577	307	3,500	13,405.5	28.7
Feb 09(E)	12,122	656	360	4,000	14,932.8	31.2
Aug 08(Interim)	5,064	195	195			

**Industry trend**

Regarding the overseas maritime transport industry, cargo movement continued to increase in 2007 and fare also had a strong showing. As to the maritime cargo, "Regular liner (container) " of the route from Asia to Europe increased 19% YoY and "Irregular liner (general bulk) " increased 6.1% YoY. As for the fare, "Regular liner (container) " of the European route hit an all-time high and "Irregular liner (general bulk) " nearly doubled as much as that of 2006. In 2008, cargo and fare is expected to remain firm. "Regular liner (container) " of the route from Asia to Europe is expected to increase about 15% and "Irregular liner (general bulk) " is projected to expand 5 ~ 6%. Fare is not expected to drop sharply due to the continued restricted supplies of ships. The trade among emerging countries such as China, India and Russia continued to be brisk and this trend of increasing maritime cargo is not expected to change in spite of the economic slowdown of advanced countries caused by the subprime problems. Therefore, the fare is expected to rise rather than drop. However, the fare considerably surpasses the theoretical value based on demand-supply gap and this means speculative funds flow into the fare market. The supply pressure of large and new ships came to be strong and the market came closer to hit the peak. (reference : Bank of Tokyo-Mitsubishi UFJ Industrial report "Outlook for the industry in 2008 ~ company's power which is put to the test at a temporary economic lull ~ 13. transportation")

Business strategy

The company is an international cargo transporter based in Kansai region. It conducts forwarding and customs clearance business. It is mainly engaged in maritime transport between Japan and China and handles mainly sundries and apparel. Main import form are FCL (FULL CONTAINER LOAD , container transports cargo of sole owner) and LCL (LESS THAN CONTAINER LOAD , mixed cargo transport) and they account for about 80% of operating income and about 75% of gross profit (FY Feb. 2008 on a non-consolidated basis) . Specifically, the number of containers between Japan and China increased sharply from 60 thousand in 2006 (TEU) to 80 thousand in 2007 (TEU) . Moreover, in March 2007, it started customs clearance in Tokyo. It expanded its business by obtaining a certification as an agency of IATA (International Air Transport Association) in October. It also expands overseas business by starting Shanghai warehouse and representative office in Vietnam. The business results forecast for FY Feb. 2009 is as follows. Sales ¥ 12.122 billion (YOY 35.1%) , Ordinary income ¥ 0.656billion (YOY 13.7%) , Net income ¥ 0.36 billion (YOY -17.3%) .

Corporate analysis by IR STREET

Strength	Opportunity
1.An independent maritime forwarder (sales force capable of solution type sales)	1.Economic growth in China and Southeast Asian countries
2.Wide range of business (customs clearance, international air cargo etc.)	2.Aggressive overseas business development by Japanese firms
3.Many business bases (especially in China)	3.Diversified distribution needs
Weakness	Risk
1.Few handling of air cargo	1.Political and economic change of China (policy change, revaluation of RMB)
2.Overseas business development other than in China	2.Fluctuation of purchase price (fuel, fare etc.)
3.Forwarder related business (warehousing· distribution processing etc.)	3.Heavy reliance on customers of the specific industry (sundries and apparel)

《Peer comparison》

	Fiscal Year end	Sales (¥ million)	YoY (%)	Ordinary income (¥ million)	YoY (%)	Ordinary income ratio (%)	EPS (¥)
AIT	Feb 09(E)	12,122	35.1%	656	13.7%	5.4%	14932.8
i-LOGISTICS CORP.(9321)	Mar 08(E)	60,000	4.8%	1,700	-6.7%	2.8%	35.1
Tradia Corporation(9365)	Mar 08(E)	16,200	-2.9%	310	-44.0%	1.9%	11.9
WORLD- LOGI CO., LTD.(9378)	Jun 08(E)	37,000	7.4%	350	40.0%	0.9%	3396.3

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