



# AB Hotel

TSE (JASDAQ) Standard

6565

Industry: Leisure and amusement

## No surprises in FY3/21 results. Guidance for FY3/22 exceeds our forecast

### FY3/21 OP guidance of 900m yen, exceeding our forecast of 681m yen

FY3/21 OP came in at 44m yen (-96.7% YoY), slightly below the company's guidance of 104m yen and our forecast of 141m yen, but we do not expect any surprises in the market. Sales were 4,739m yen (-24.7% YoY), slightly below our forecast of 4,783m yen. That said, the average occupancy rate of existing stores (23 stores) for the full year was 69.0% (YoY - 13.9ppt), which is quite high in the hotel industry, and we estimate that the occupancy rate in 4Q alone was over 70%. The company opened 4 new hotels (but no new hotels in 4Q), for a total of 31 hotels at the end of 4Q.

FY3/22 guidance is for sales of 6,400m yen (+35% YoY) and OP of 900m yen. This is significantly higher than our forecast (sales of 6,090m yen and OP of 681m yen), which comes with a positive impression.

The company's hotels are mainly located near manufacturing bases in regional areas and are in a position to benefit from the recovery in business travel demand, so we believe that the company can expect a recovery ahead of the major players in the industry.

Please refer to the report dated April 21, 2021 for the rationale of the rating and target price.

MITA SECURITIES Co., Ltd.  
Junichi Shimizu  
Chief Analyst, Head of Research

## Update

### Rating Buy

Target price (JPY)	1,400
Stock price (JPY) (May 7)	1,101
Market cap (JPYbn)	15.6

### Key changes

Rating	No
Target price	No
Earnings forecast	No

### Stock price (JPY)



Source: Bloomberg Finance LP

### Earnings

		3/19	3/20	3/21E	3/22E	3/23E
Sales	JPYbn	5.5	6.3	4.8	6.1	7.0
OP	JPYbn	1.4	1.3	0.1	0.7	1.4
RP	JPYbn	1.4	1.3	0.1	0.6	1.3
NP	JPYbn	0.9	0.9	0.1	0.4	0.8
EPS	JPY	62.6	62.9	5.0	28.9	59.3
BPS	JPY	371	428	431	456	509
DPS	JPY	6.0	6.0	2.0	4.0	6.0
PER	x	32.0	14.4	228.8	35.8	17.4
PBR	x	5.4	2.1	2.7	2.3	2.0
Div. yield	%	0.3	0.7	0.2	0.4	0.6
ROA	%	5.6	4.9	0.4	1.9	3.8
ROE	%	18.3	15.7	1.2	6.5	12.3

Source: Company data, Mita Securities

### Company profile

AB Hotel is based in Aichi Prefecture and operates 31 business hotels specializing in lodging under the AB Hotel brand. The company is actively involved in the store design stage to reduce initial investment, and achieves low-cost front desk operations through the outsourcing method. AB Hotel is a consolidated subsidiary of Tocho (8920).

## APPENDIX

### [Analyst Certification]

We hereby certify that the views on securities and issuers expressed in this report accurately reflect the personal views of the analyst(s) listed on the cover page of this report. The analyst(s) also certifies that the analyst(s) has not been compensated, directly or indirectly, or promised to be compensated, for expressing any particular view in this report.

### [Ratings]

Ratings are based on the following definitions.

The target price and ratings are based on our views for the next 12 months or so.

Buy: Stocks whose total return (percentage change in share price from current price to projected target price plus projected dividend yield), as of the time the target price is set or changed, is expected to be 15% or more.

Hold: Stocks whose total return (percentage change in share price from current price to projected target price plus projected dividend yield), as of the time the target price is set or changed, is expected to be between -15% and +15%.

Sell: Stocks whose total return (percentage change in share price from current price to projected target price plus projected dividend yield), as of the time the target price is set or changed, is expected to be -15% or less.

RS: Rating Suspended - Stocks for which the target price and rating have been temporarily suspended.

NR: No Rating - Stocks for which no target price or rating is assigned.

### [Potential Conflicts of Interest]

Mita Securities Co., Ltd. and its affiliates have or may in the future have transactions with the companies mentioned in this report, such as providing investment banking services to them. Therefore, investors viewing this report should be aware that Mita Securities Co., Ltd. and its affiliates may have conflicts of interest that could affect the objectivity of this report. Mita Securities Co., Ltd. may in the future hold or trade shares of the stocks listed in this report. Mita Securities Co., Ltd. may also take positions to sell or buy in a manner that conflicts or is inconsistent with the investment decisions and views expressed in this report. Please refer to this report only as one factor for reference in making investment decisions.

### [Important Disclosures]

1. Mita Securities Co., Ltd. has a parent company, subsidiary, affiliated company or related company relationship with the company covered by this report: N/A
2. An officer of Mita Securities Co., Ltd. is concurrently an officer of the company covered by this report: N/A
3. Mita Securities Co., Ltd. owns 5% or more of the total number of issued common shares, etc. of the company covered by this report (as of the end of the previous month): N/A
4. Mita Securities Co., Ltd. has acted as lead manager or joint lead manager for the public offering of securities of the company covered by this report in the past 12 months: N/A
5. The analyst(s) listed on the cover of this report is a director or advisor of the company covered by this report: N/A
6. Any family member of the analyst(s) listed on the cover of this report is a director or an advisor of the company covered by this report: N/A
7. The analyst(s) listed on the cover of this report or their family members hold securities (common stock, corporate bonds, convertible bonds, etc.) of the company covered by this report: N/A

### [General Disclaimer]

The contents and descriptions in this report are based on publicly available information, and have been prepared by analysts with necessary supplements through interviews. The authors of this report are prohibited from using insider information as well as from obtaining such information. The information contained in this report is believed to be accurate and reliable, but its accuracy has not been objectively verified. This report is not intended to contain all the information required by investors. The information contained in this report may be out of date due to changes in the financial market or economic environment. Stocks mentioned directly or indirectly in this report are subject to the risk of losing the principal amount invested due to factors such as changes in stock prices, changes in the management and financial conditions of the issuer, and fluctuations in interest rates and exchange rates. Past performance does not imply or guarantee future performance. The views expressed in this report are subject to change without notice, and Mita Securities Co., Ltd. assumes no obligation to update the information or views contained in this report. Mita Securities Co., Ltd. assumes no responsibility whatsoever for any direct or indirect loss or damage, including lost profits, resulting from the use of or reliance on this report by investors. The information provided by the Company is intended to serve as a reference for investment decisions and is not intended to promise future results. Final investment decisions should be made by investors themselves. The copyright of this report belongs to Mita Securities Co., Ltd. and may not be reproduced, transcribed, or quoted without permission. This report does not constitute a prospectus or other offering document and is not intended as an offer to sell or a solicitation of an offer to buy any securities in any country or region where the solicitation of securities is not permitted. No person to whom this report has been delivered may deliver, circulate or distribute this report, or reproduce, grant or make available for inspection, this report to any other person.

### [Disclaimer for the English version of the report]

The Japanese version of this report is the official version, and the English version is a translation of the Japanese version. In the event of any discrepancy between the Japanese and English versions, the Japanese version shall always take precedence. Mita Securities Co., Ltd. makes no guarantee as to the accuracy and completeness of the content of the English version of this report.

### [Important notes concerning the Financial Instruments and Exchange Act]

When conducting transactions in accordance with the contents of this report, the customer may be required to bear the prescribed fees and expenses for each service or product. In addition, there is a possibility that each service or product may incur losses due to price fluctuations, etc. Since each service or product has different fees, etc. and risks, please read carefully the documents for listed securities, etc., pre-contract documents for the relevant service or product, etc., or materials for customers.

### Company Name

Mita Securities Co., Ltd. / Financial Instruments Business Operator, Director-General of the Kanto Local Finance Bureau (Kinsho) No. 175

### Memberships

Japan Securities Dealers Association