



# MonotaRO

TSE 1st Section 3064 Industry: Retail, Internet

## May sales slightly negative

### Slightly negative impression, but strong sales to large companies should ease concerns

Parent company sales in May were 13.568bn yen (+18.8% YoY). The number of business days was 18, unchanged from May last year, and the sales growth rate per business day was down from 20.1% in April. The company said May sales were below the company's target.

Sales to large corporations continued to be strong, rising over 60% YoY and exceeding the company's target. However, there was a rebound from the weak performance in the previous year due to the COVID-19 pandemic.

Sales to SMEs (monotaro.com) was up 11-13% YoY and below the company's target. Average purchase price was 9,000 yen (8,400 yen in May 2020), and average number of purchases was 2.3 times (2.15 times in May 2020). The company saw weak growth in orders from customers such as construction companies and auto maintenance companies.

The overall impression of this disclosure is slightly negative. However, the fact that the large corporate business, which is the biggest growth driver going forward, has been confirmed to be performing well should ease concerns for the market.

The number of new customer acquisitions was 111.8 thousand accounts (-30.2% YoY). 70% of the new accounts were from individual consumers, and therefore, in our view, this is not a significant indicator at this time.

Please refer to the report dated June 8, 2021 for the rationale of the rating and target price.

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

## Update

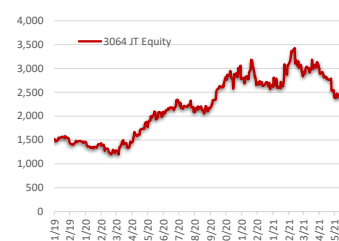
Rating  
**Hold**

Target price (JPY)	2,750
Stock price (JPY) (Jun 10)	2,625
Market cap (JPYbn)	1,315.8

### Key changes

Rating	No
Target price	No
Earnings forecast	No

### Stock price (JPY)



Source: Bloomberg Finance LP

### Earnings

		12/19	12/20	12/21E	12/22E	12/23E
Sales	JPYbn	131.5	157.3	191.8	231.9	276.8
OP	JPYbn	15.8	19.6	24.4	28.3	34.7
RP	JPYbn	15.9	19.7	24.4	28.3	34.6
NP	JPYbn	11.0	13.8	17.0	19.8	24.2
EPS	JPY	22.1	27.7	34.3	39.8	48.6
BPS	JPY	74.6	94.1	115.2	141.0	171.6
DPS	JPY	7.5	9.0	11.5	14.0	18.0
PER	x	66.1	94.7	76.6	66.0	54.0
PBR	x	19.6	27.9	22.8	18.6	15.3
Div. yield	%	0.5	0.3	0.4	0.5	0.7
ROA	%	19.9	19.5	19.1	18.0	17.6
ROE	%	33.0	32.9	32.7	31.0	31.1

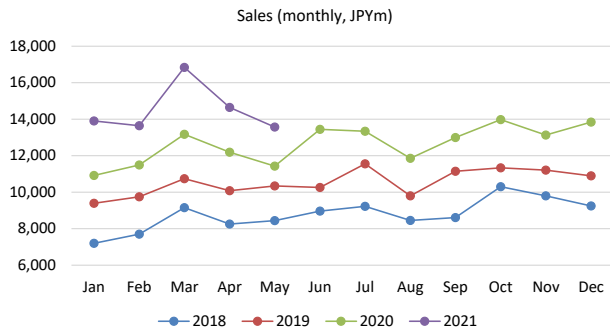
Source: Company data, Mita Securities

Note: Adjusted for stock split

### Company profile

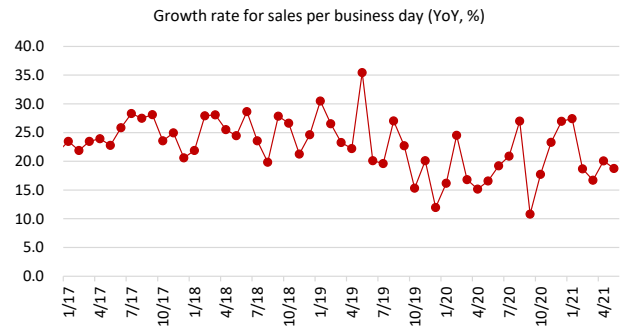
MonotaRO is an EC company that sells indirect materials (MRO products) used in factories, construction sites, and auto repair shops. The company has over 18 million products and 5.83 million registered accounts (as of the end of March 2021). The company is a consolidated subsidiary of W.W. Grainger.

Figure: Monthly sales



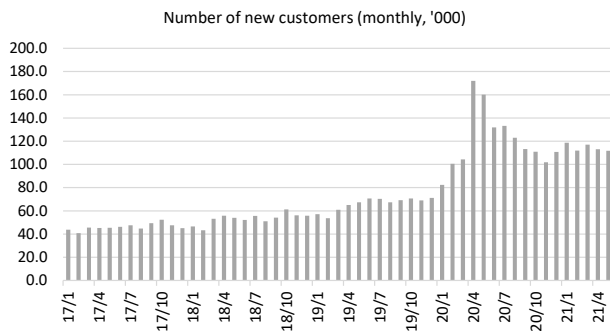
Source: Company data, Mita Securities Note: Parent basis

Figure: Sales growth (monthly)



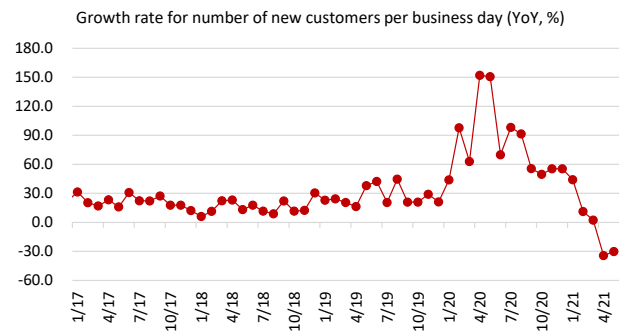
Source: Company data, Mita Securities Note: Parent basis, adjusted for business days

Figure: Number of new customers (monthly)



Source: Company data, Mita Securities Note: Parent basis

Figure: Growth rate for number of new customers (monthly)



Source: Company data, Mita Securities Note: Parent basis, adjusted for business days

## APPENDIX

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