



# MonotaRO

TSE 1st Section 3064 Industry: Retail, Internet

## June sales

### Negative impression, but not a surprise

Parent company sales in June were 15.843bn yen (+17.8% YoY). The number of business days was 22, unchanged from June last year, and the sales growth rate per business day was down from 18.8% in May. 1H (Jan-Jun) cumulative parent sales were 88.4bn yen (+21.7% YoY), below the company's target of 90.7bn yen. The overall impression of today's disclosure is negative. The general trend, however, has not changed since May, with large corporate business above target and SME business below target, and we do not believe this will be a surprise to the market.

Sales to large corporations continued to be strong, rising over 40% YoY and exceeding the company's target.

Sales to SMEs (monotaro.com) was up 11-12% YoY and below the company's target. Average purchase price was 9,130 yen (8,720 yen in June 2020), and average number of purchases was 2.5 times (2.3 times in June 2020). The overall impression of SME business is negative, but the increase in average number of purchases could be regarded as a positive factor.

Royalty income (to be recorded in March, June, September, and December) increased on YoY basis, and was above the company's target.

The number of new customer acquisitions was 108.3 thousand accounts (-17.9% YoY). The 1H total exceeded the company's target.

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

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## Update

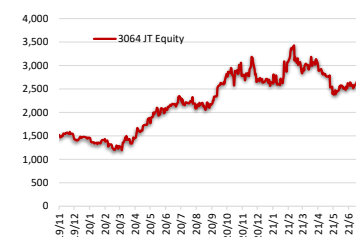
Rating  
**Hold**

Target price (JPY)	2,750
Stock price (JPY) (Jul 12)	2,639
Market cap (JPYbn)	1,322.9

### 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	74.4	64.1	52.5
PBR	x	19.6	27.9	22.1	18.1	14.9
Div. yield	%	0.5	0.3	0.5	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

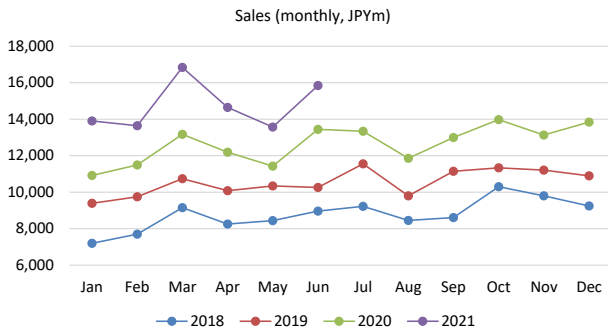
Source: Company data, Mita Securities

Note: Adjusted for stock split

### Company profile

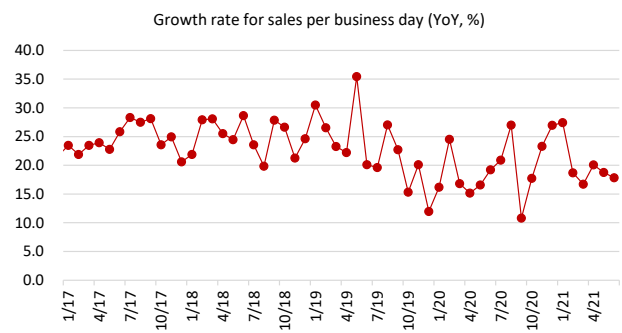
MonotaRO is an EC company that sells indirect materials (MRO products) used in factories, construction sites, and auto repair shops. The company has over 18 million products and 5.83 million registered accounts (as of the end of March 2021). The company is a consolidated subsidiary of W.W. Grainger.

Figure: Monthly sales



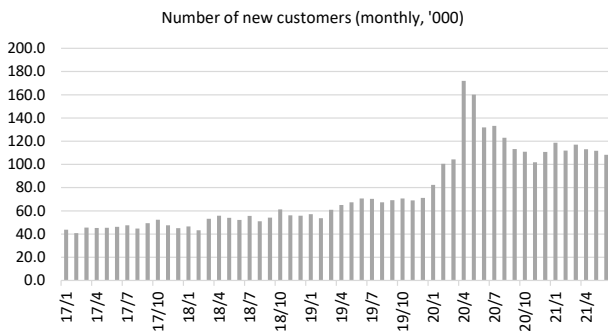
Source: Company data, Mita Securities Note: Parent basis

Figure: Sales growth (monthly)



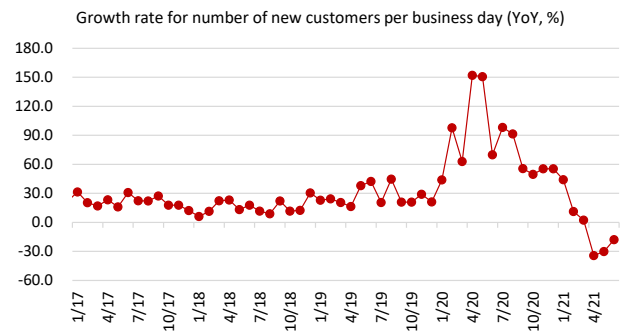
Source: Company data, Mita Securities Note: Parent basis, adjusted for business days

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

Figure: Comparison of valuations for Japanese EC companies

Company	Ticker	Share price 9-Jul	Mkt cap JPYbn	PER LTM	PER	PER	PBR Last	EV/EBITDA	EV/Sales	ROE	ROE	Sales growth Current E	EPS growth	EPS growth	Div Yield Current E	1M	3M	1YR
					Current E	Next E		Next E	Next E	Current E	Next E		Current E	Next E		Change	Change	Change
ASKUL CORP	2678	1,626	166.7	21.4	17.6	15.7	2.8	5.5	0.3	15.0	14.9	5.5	21.7	12.2	1.7	-11.7	-20.2	-6.4
<b>MONOTARO CO LTD</b>	<b>3064</b>	<b>2,551</b>	<b>1,278.8</b>	<b>85.4</b>	<b>75.0</b>	<b>62.8</b>	<b>25.9</b>	<b>40.0</b>	<b>5.6</b>	<b>33.7</b>	<b>31.8</b>	<b>23.1</b>	<b>22.6</b>	<b>19.4</b>	<b>0.5</b>	<b>-0.9</b>	<b>-14.4</b>	<b>12.4</b>
ZOZO INC	3092	3,525	1,098.5	34.8	31.4	28.0	19.4	18.3	6.0	54.9	43.8	12.6	10.9	12.2	1.5	-3.7	3.5	36.4
MERCARI INC	4385	6,030	951.3	312.4	445.5	117.8	25.8	61.5	6.3	3.5	17.5	23.1	NA	278.1	0.0	13.6	17.1	49.6
Z HOLDINGS CORP	4689	544	4,166.8	37.3	46.6	36.5	1.5	12.9	2.8	3.1	4.0	31.2	-16.7	27.9	1.0	8.3	0.4	2.3
RAKUTEN GROUP INC	4755	1,277	2,015.1	NA	NA	NA	2.3	2.1	0.2	-29.3	-7.0	13.2	NA	NA	0.4	-1.7	-3.3	29.3
MISUMI GROUP INC	9962	3,855	1,095.9	63.9	37.5	32.8	4.7	16.6	2.7	12.3	13.1	24.3	70.4	14.2	0.7	7.7	19.0	45.9
Average				92.5	108.9	48.9	11.8	22.4	3.4	13.3	16.9	19.0	21.8	60.7	0.8	1.6	0.3	18.9
Median				50.6	42.1	34.6	4.7	16.6	2.8	12.3	14.9	23.1	21.7	16.8	0.7	-0.9	0.4	29.3

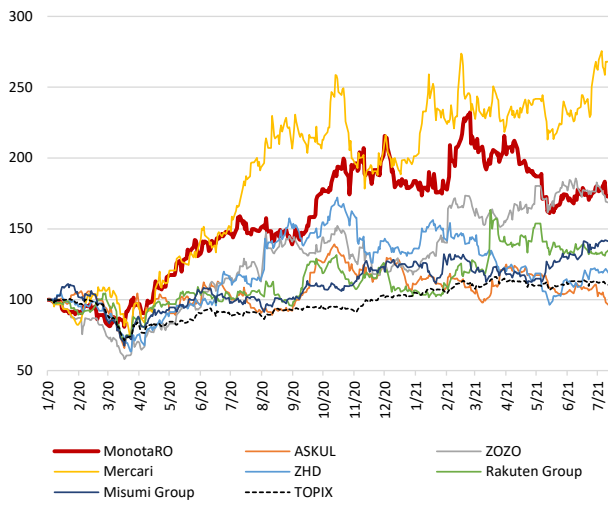
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

Figure: Comparison of valuations for overseas EC companies

Company	Ticker	Share price 9-Jul	Mkt cap USDbn	PER LTM	PER	PER	PBR Last	EV/EBITDA	EV/Sales	ROE	ROE	Sales growth Current E	EPS growth	EPS growth	Div Yield Current E	1M	3M	1YR
					Current E	Next E		Next E	Next E	Current E	Next E		Current E	Next E		Change	Change	Change
AMAZON.COM INC	AMZN	3,719.34	1,875.8	70.8	54.0	43.4	18.1	20.6	3.3	25.7	23.2	29.5	22.7	24.6	0.0	11.1	10.3	16.2
ALIBABA GROUP HOLDING-SP ADR	BABA	205.94	558.3	33.1	21.3	17.5	3.9	12.6	2.8	14.1	15.0	37.6	-3.8	21.6	0.0	-2.7	-7.8	-21.1
EBAY INC	EBAY	69.46	47.3	18.7	17.5	15.3	12.5	11.5	3.9	79.2	-772.2	5.0	16.4	14.1	1.0	3.5	11.2	17.2
JD.COM INC-ADR	JD	73.56	114.7	104.0	54.1	34.4	3.9	22.4	0.6	6.3	8.9	23.4	-16.6	57.2	0.0	3.3	-8.5	12.1
VIPSHOP HOLDINGS LTD - ADR	VIPS	18.78	12.9	13.8	11.4	9.7	2.7	6.4	0.5	20.2	19.2	24.0	18.0	17.5	0.0	-15.3	-34.0	-14.1
Average				48.1	31.7	24.1	8.2	14.7	2.2	29.1	-141.2	23.9	7.3	27.0	0.2	0.0	-5.8	2.1
Median				33.1	21.3	17.5	3.9	12.6	2.8	20.2	15.0	24.0	16.4	21.6	0.0	3.3	-7.8	12.1

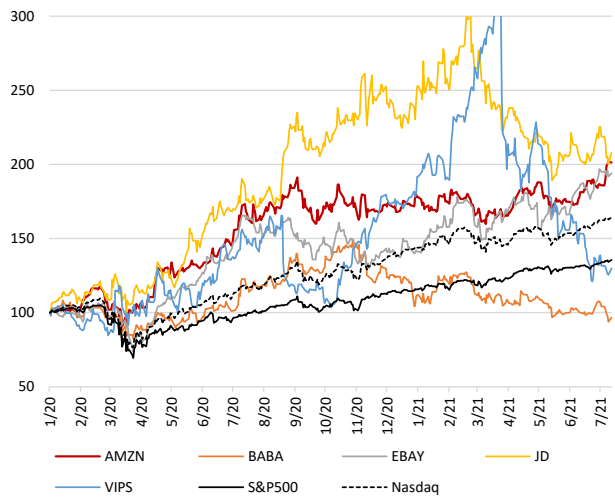
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

Figure: Stock price trends for Japanese EC companies



Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends for overseas EC companies



Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

## APPENDIX

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