



# Komeda Holdings

TSE 1<sup>st</sup> Section 3543 Industry: Food service, wholesale, retail

## June wholesale sales

### Monthly data for June: neutral

Komeda Holdings (3543) disclosed monthly data for June.

Wholesale sales to franchisees (same-store basis) were 108.2% YoY (same month last year = 100%). The day-of-week effect is neutral. Wholesale sales to franchisees (same-store basis) were 92.8% vs. June 2019, lower than 95.6% for May. As there were two less holidays than in June 2019, the impression is neutral. Considering the generally difficult operating environment in the restaurant industry in June, the company fared quite well, in our view.

The cumulative wholesale sales to franchisees (same-store basis) for Mar-Jun Period (four months) were 128.7% YoY, and 96.8% vs. June 2019.

The total number of stores at end of June was 927 (+2 MoM). The company opened three stores (Tokyo, Hyogo and Miyagi) and closed one store (Aichi).

### Emergency measures for Tokyo: Business environment in July not much different from June

The Japanese government re-imposed emergency measures on the Tokyo metropolitan government. The period is from July 12 to August 22. The Tokyo metropolitan government has requested that restaurants that serve alcoholic beverages be closed in principle. Komeda's Coffee, which does not serve alcoholic beverages, is subject to the request for shorter hours until 8:00 p.m. This is the same as the request for shorter hours based on the "priority measures to prevent the spread of the disease" that was in effect until July 11. For the company, the operating environment in July should be almost the same as in June. Komeda's Coffee is a business that does not rely heavily on sales during dinner hours, so the impact of the request for shorter hours will be smaller than for other restaurant formats. In addition, the ratio of stores in Tokyo to the total number of Komeda HD stores is low at 8%.

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## Update

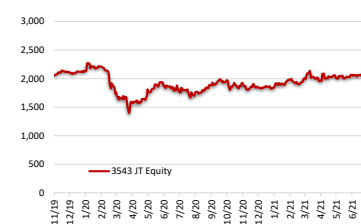
Rating  
**Buy**

Target price (JPY)	3,000
Stock price (JPY) (Jul 12)	2,084
Market cap (JPYbn)	96.1

### Key changes

Rating	No
Target price	No
Earnings forecast	No

### Stock price (JPY)



Source: Bloomberg Finance LP

### Earnings

IFRS		2/20	2/21	2/22E	2/23E	2/24E
Sales	JPYbn	31.2	28.8	33.6	36.4	39.6
OP	JPYbn	7.9	5.5	7.3	8.1	9.0
Pre-tax Profit	JPYbn	7.8	5.4	7.2	8.0	8.9
NP	JPYbn	5.4	3.6	4.8	5.4	6.0
EPS	JPY	116.7	77.9	105.0	117.2	130.2
BPS	JPY	720	755	821	887	955
DPS	JPY	51.0	39.0	51.0	62.0	68.0
PER	x	15.7	24.4	19.5	17.5	15.8
PBR	x	2.5	2.5	2.5	2.3	2.1
Div. yield	%	2.8	2.1	2.5	3.0	3.3
ROA	%	6.5	3.5	4.4	4.8	5.2
ROE	%	17.2	10.6	13.3	13.7	14.1

Source: Company data, Mita Securities

### Company profile

Komeda HD, based in Aichi Prefecture, operates "Komeda's Coffee" through franchise system nationwide. The company has 914 stores at the end of February 2021 and is the largest full-service coffee shop operator in Japan. FY2/21 sales were 28.8bn yen.

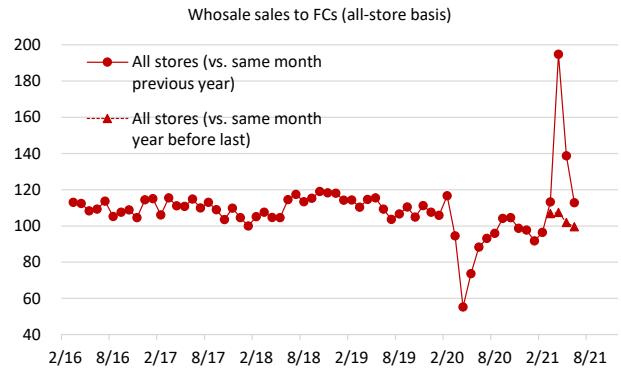
**Komeda Holdings monthly wholesale sales data**

**Figure: Wholesale sales to FCs (same-store basis)**



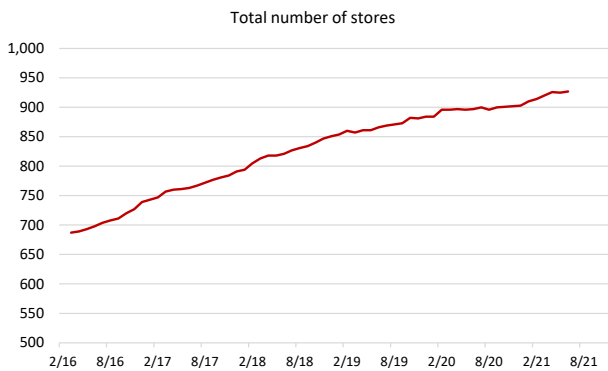
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

**Figure: Wholesale sales to FCs (all-store basis)**



Source: Company data, Mita Securities Note: Same month last year or year before last = 100

**Figure: Store count**

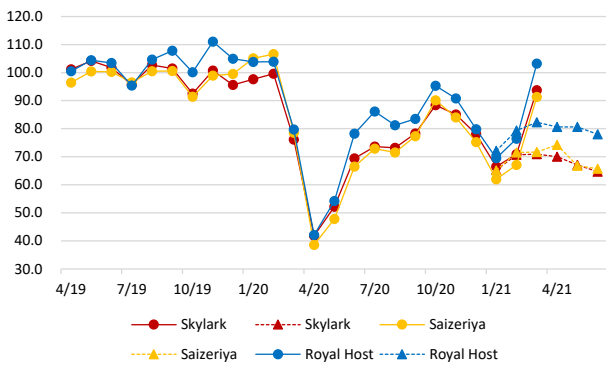


Source: Company data, Mita Securities

**Food service industry data**

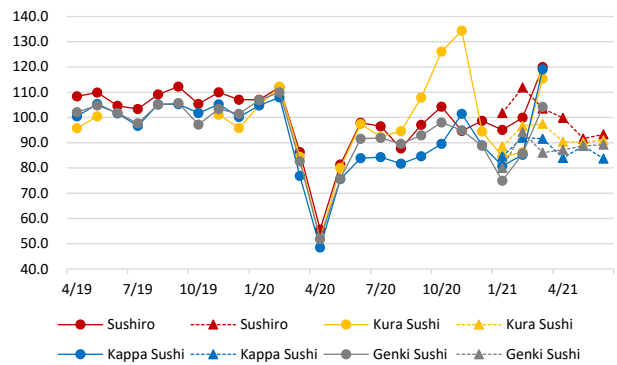
Same-store sales (compared to last year or year before last)

**Figure: Family restaurants**



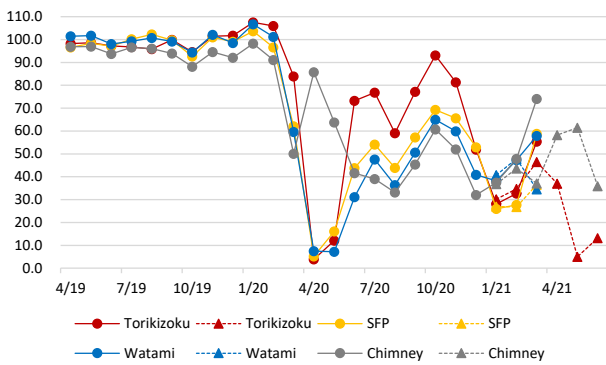
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

**Figure: Sushi restaurants**



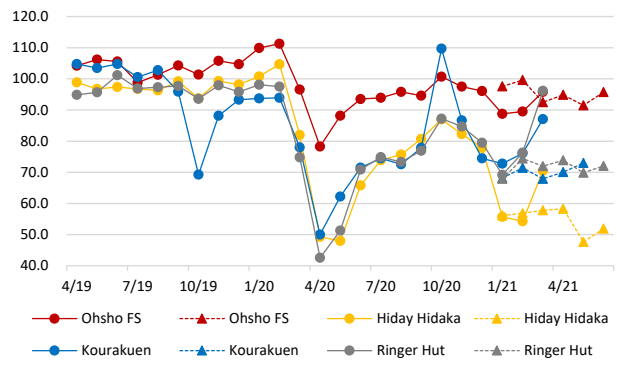
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

**Figure: Izakaya (Japanese style pubs)**



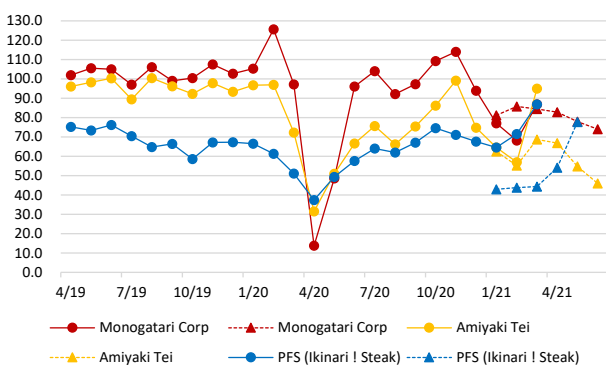
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

**Figure: Chinese restaurants**



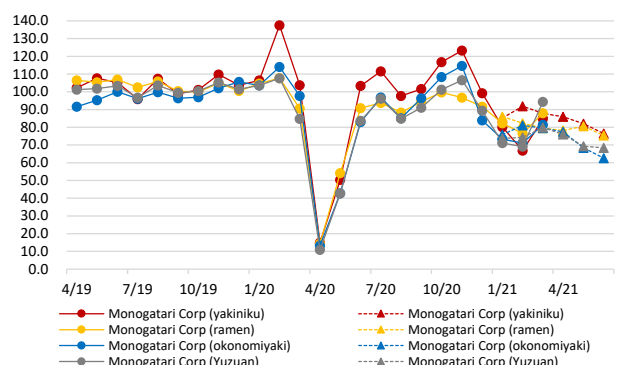
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

**Figure: Yakiniku (Japanese BBQ), steak**



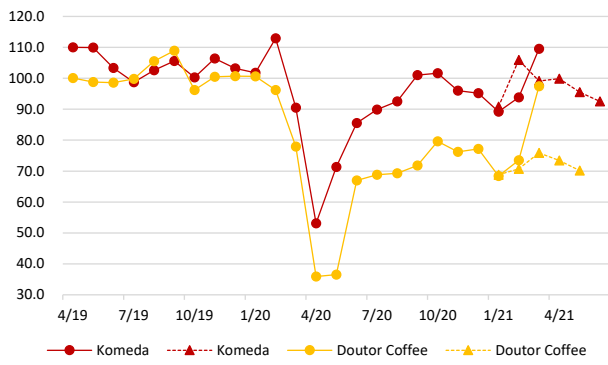
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

**Figure: Monogatari Corporation by division**



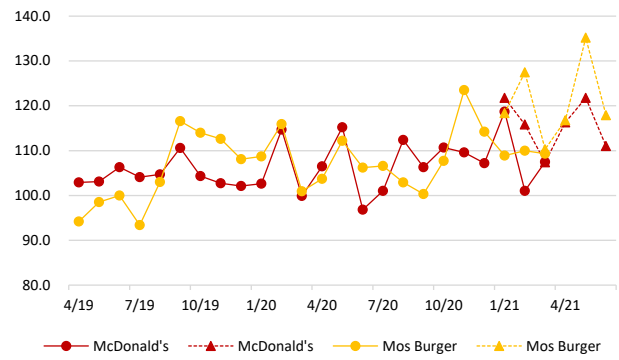
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Coffee shops



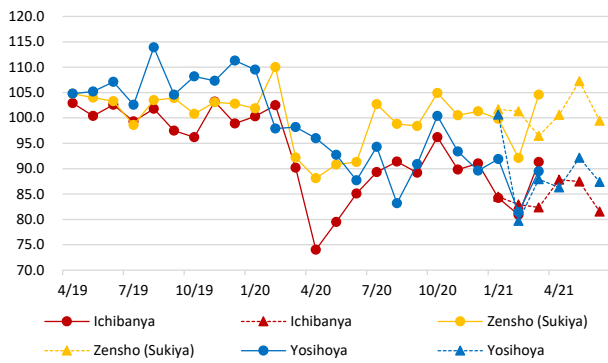
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Hamburger shops



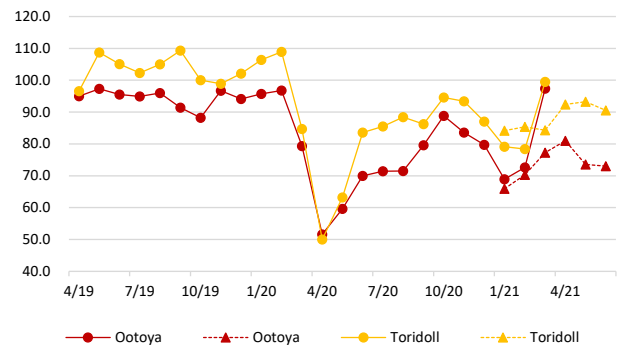
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Curry, Beef bowl



Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Set meal, Udon noodle



Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last



Figure: Comparison of valuations for FC business operators

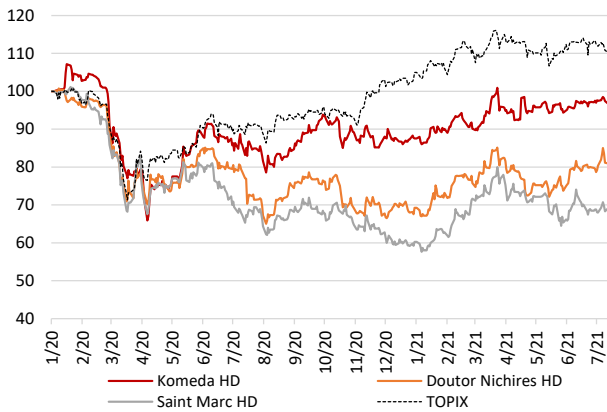
Company name	Ticker	PX 7/9	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mgn LTM	ROE LTM	ROE Cur E	ROE Nxt E	PER LTM	PER Cur E	PER Nxt E	PBR Last	EV/EBITDA Cur E	EV/Sales Cur E	Div yield Cur E	1M Chg	3M Chg	1YR Chg
KOBE BUSSAN CO LTD	3038	3,740	1,023.3	-0.3	3.0	8.6	29.9	30.9	28.3	45.8	40.7	36.4	12.1	30.2	2.8	0.5	32.3	27.0	14.8
<b>KOMEDA HOLDINGS CO LTD (TP 3,000 Buy)</b>	<b>3543</b>	<b>2,051</b>	<b>94.6</b>	<b>1.5</b>	<b>-7.6</b>	<b>20.9</b>	<b>10.6</b>	<b>13.9</b>	<b>14.1</b>	<b>26.3</b>	<b>18.8</b>	<b>17.3</b>	<b>2.7</b>	<b>16.7</b>	<b>4.4</b>	<b>2.6</b>	<b>0.0</b>	<b>4.7</b>	<b>16.3</b>
CURVES HOLDINGS CO LTD	7085	936	87.9	1.2	-10.5	11.3	9.6	12.7	34.7	107.2	82.5	26.8	10.8	NA	3.9	0.5	4.8	-10.8	73.9
FAST FITNESS JAPAN INC	7092	4,435	69.1	-0.2	-1.5	26.8	16.1	NA	NA	62.8	44.3	36.1	6.5	NA	5.0	0.1	-16.3	2.7	NA
WORKMAN CO LTD	7564	7,270	595.0	-0.4	14.6	24.0	20.3	NA	NA	34.8	30.0	27.0	6.5	NA	NA	1.0	-5.5	-9.6	-26.6

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus. Shading indicates stocks covered by Mita Securities

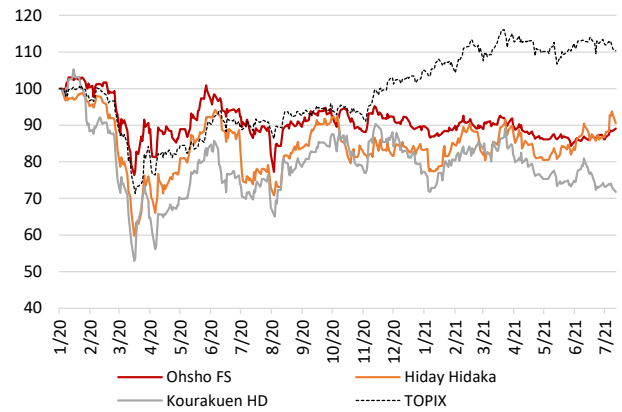
Stock price trends for food service companies

Figure: Stock price trends (coffee shops)



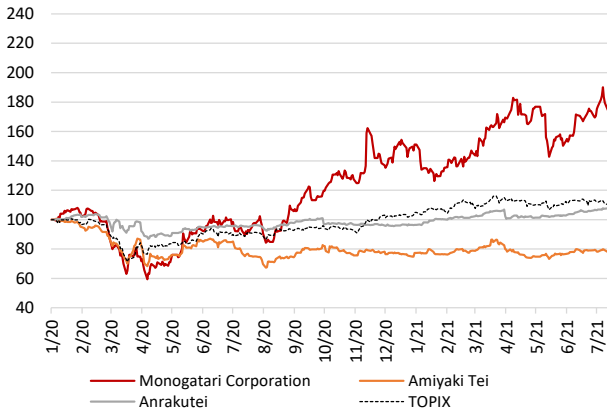
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



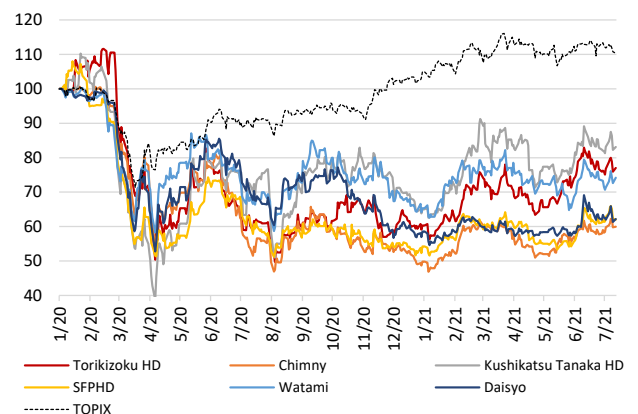
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



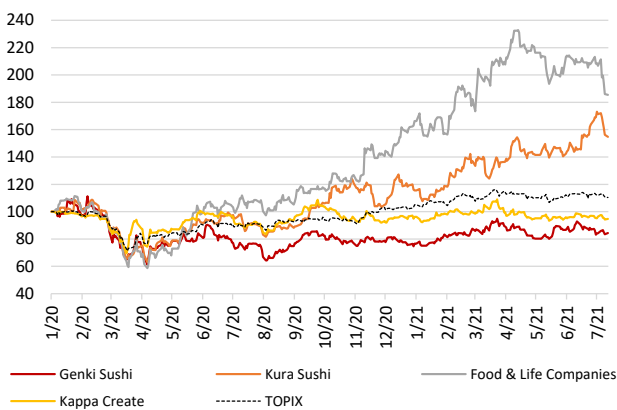
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



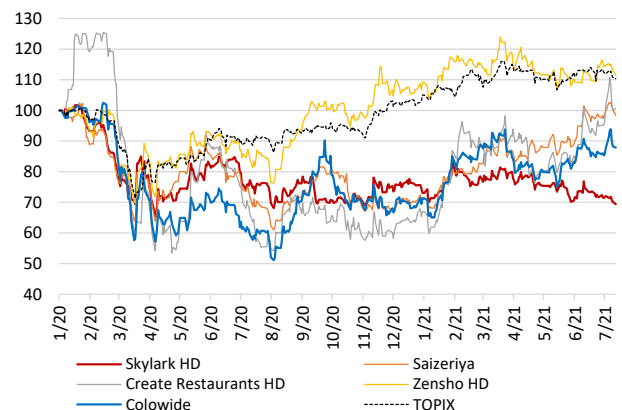
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends (sushi restaurants)



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

Figure: Stock price trends (family restaurants, general type)



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

## APPENDIX

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