



Komeda Holdings

TSE 1st Section 3543 Industry: Food service, wholesale, retail

Highest quarterly OP since listing

1Q results: positive impression with OP progress rate of 28%

Komeda Holdings (3543) announced 1Q (Mar-May) results (IFRS). The impression is positive.

Consolidated sales were 8.2bn yen (+39.2% YoY, +11.5% vs. 1Q FY2/20), OP was 2.0 bn yen (+116.1% ditto, +3.6% ditto), and NP was 1.3bn yen (+115.9% ditto, +3.1% ditto). OP increased significantly due to 1) strong sales, 2) elimination of management support costs for FC stores, and 3) posting of subsidy income. The subsidy income (e.g., subsidies for shortening hours at directly managed stores) included in OP was small at 0.09bn yen, but this was due to the company's focus on franchise operations. The progress rate toward the full-year OP guidance (7.25bn yen) is 28%, which we see as strong.

1Q OP of 2.0bn yen is higher than the average quarterly OP of 1.97bn yen in FY2/20 before the COVID-19 pandemic. This is the first time since the company was listed that quarterly OP exceeded 2.0bn yen. That said, if the subsidy income of 0.09bn yen is subtracted, the 1Q OP is 1.91bn yen.

Store openings on track

The total number of stores at the end of May was 925, up 11 stores from the end of FY2/21. The breakdown is 15 stores opened and four stores closed. Four of the new stores were overseas: two in Taiwan and two in Shanghai. Our impression is that store openings are progressing well against the company's plan of 940-950 total stores at the end of FY2/22.

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Update

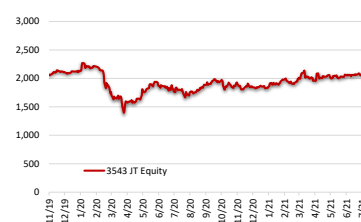
Rating
Buy

Target price (JPY)	3,000
Stock price (JPY) (Jul 14)	2,092
Market cap (JPYbn)	96.5

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	19.9	17.9	16.1
PBR	x	2.5	2.5	2.6	2.4	2.2
Div. yield	%	2.8	2.1	2.4	3.0	3.2
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.

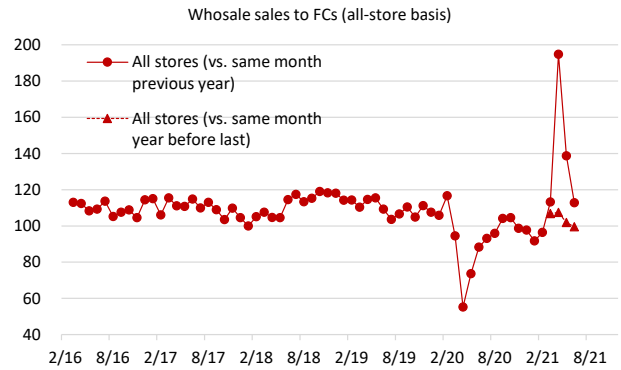
Komeda Holdings monthly wholesale sales data

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



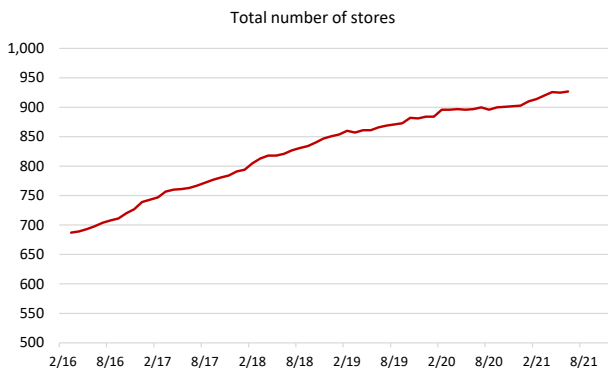
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

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



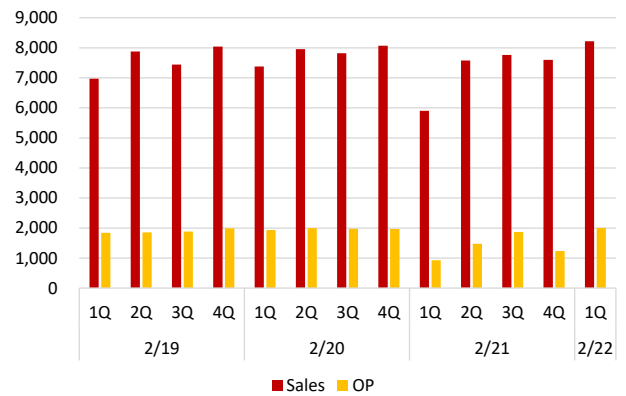
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

Figure: Store count



Source: Company data, Mita Securities

Figure: Quarterly earnings (JPYm)

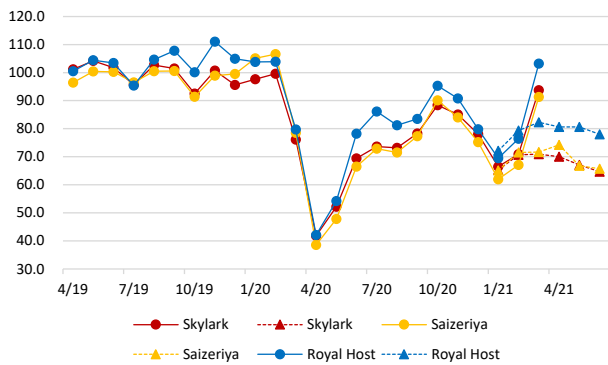


Source: Company data, Mita Securities

Food service industry data

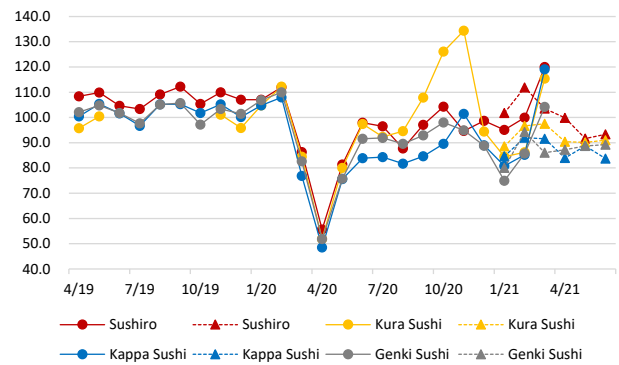
Same-store sales (compared to last year or year before last)

Figure: Family restaurants



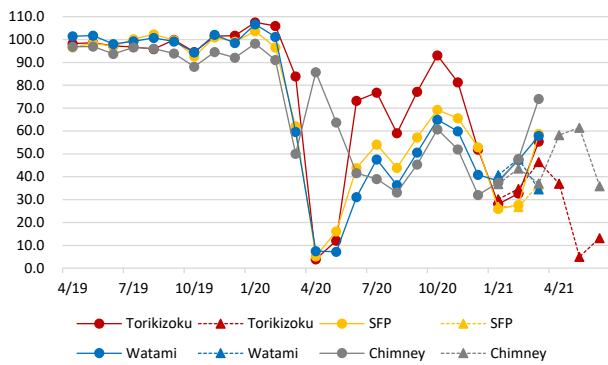
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Sushi restaurants



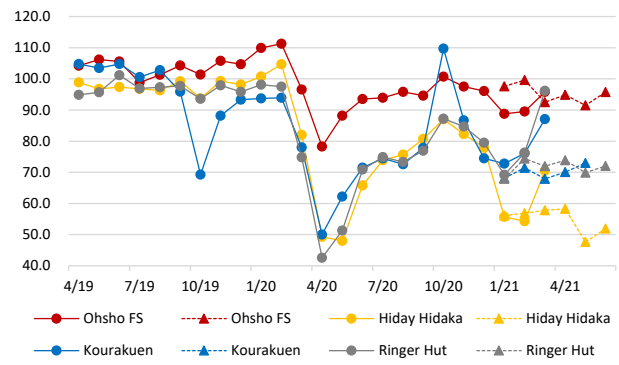
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Izakaya (Japanese style pubs)



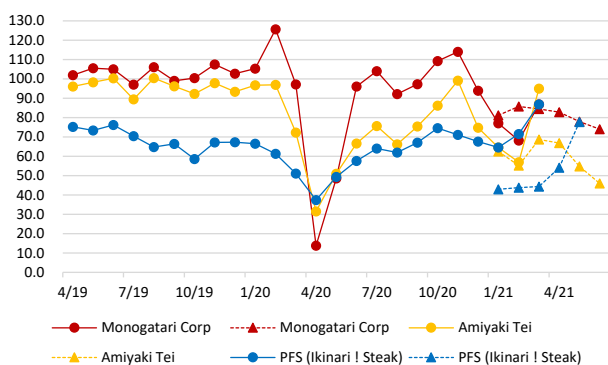
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Chinese restaurants



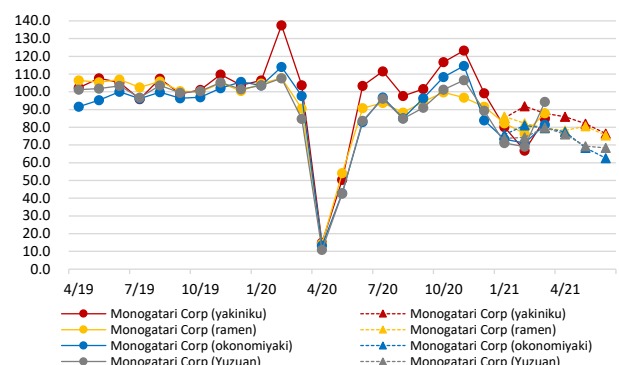
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Yakiniku (Japanese BBQ), steak



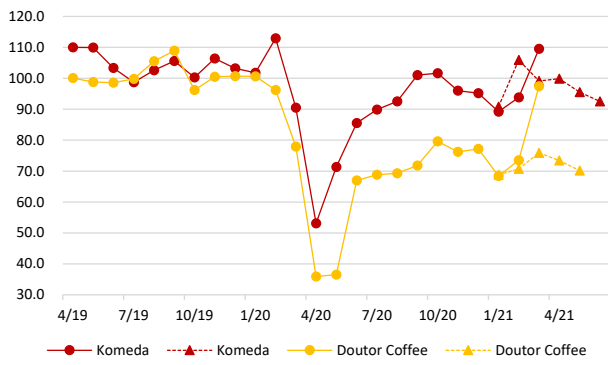
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Monogatari Corporation by division



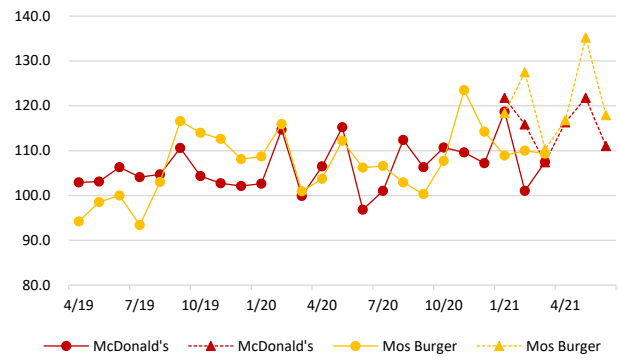
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Coffee shops



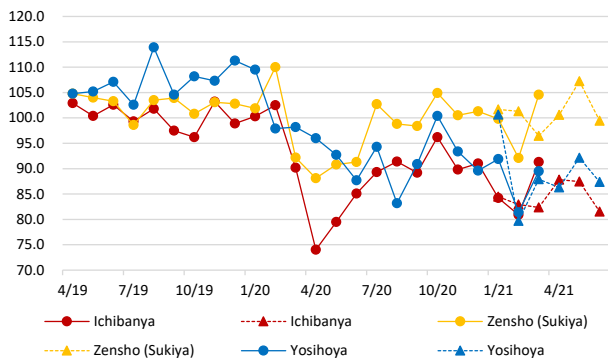
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Hamburger shops



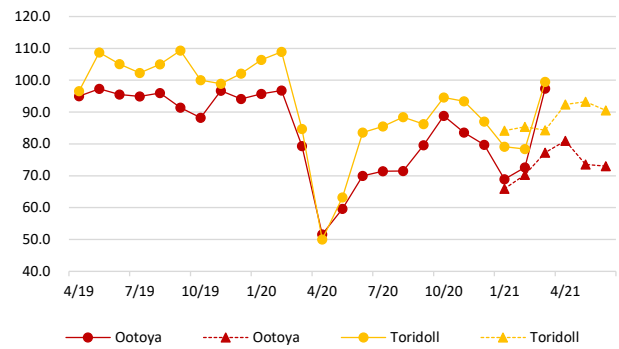
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

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

Comparison of valuations with similar companies (reference)

Figure: Comparison of valuations for food service companies

Company name	Ticker	PX 7/13	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	
KURA SUSHI INC	2695	4,140	171.4	-0.1	7.4	4.6	3.1	8.3	12.3	120.0	42.9	26.8	3.7	14.5	1.1	0.6	6.0	6.2	74.9	
MCDONALD'S HOLDINGS CO JAPAN	2702	4,955	658.8	-0.2	2.4	14.8	12.7	11.4	10.9	31.0	30.9	29.0	3.7	13.3	2.0	0.8	-0.9	-1.9	-8.9	
OOTOYA HOLDINGS CO LTD	2705	2,750	19.9	0.2	-34.3	-24.0	-203.9	NA	NA	NA	NA	NA	14.2	NA	NA	-3.0	6.1	-5.4		
FUJIO FOOD GROUP INC	2752	1,324	59.0	3.6	-33.9	-12.3	-81.6	11.5	NA	NA	127.3	34.8	16.4	NA	2.2	0.0	-2.2	-6.7	6.9	
AMIYAKI TEI CO LTD	2753	2,943	20.2	-0.1	-18.3	-9.6	-2.5	2.0	NA	NA	50.4	20.2	1.0	NA	0.5	0.0	0.7	3.4	3.3	
HIRAMATSU INC	2764	209	10.2	4.1	-36.6	-32.0	-79.3	NA	NA	NA	NA	NA	2.9	NA	NA	NA	-10.3	33.1	22.9	
PEPPER FOOD SERVICE CO LTD	3053	432	16.9	2.4	NA	NA	NA	NA	NA	NA	NA	NA	28.5	NA	NA	NA	-16.8	45.9	-12.0	
ARCLAND SERVICE HOLDINGS CO	3085	2,218	73.4	-0.6	18.8	12.9	14.5	13.8	12.7	23.2	22.2	21.5	3.2	10.5	1.4	1.1	-3.0	-2.6	19.8	
CHOSHIMARU CO LTD	3075	1,137	16.5	-0.8	-1.6	3.7	5.6	NA	NA	41.9	NA	NA	2.3	NA	NA	NA	0.3	-7.7	12.4	
DOUTOR NICHIRETS HOLDINGS CO	3087	1,756	80.1	-0.3	-26.7	-4.8	-11.0	4.9	2.9	NA	16.5	27.7	0.8	7.5	0.5	1.4	2.8	4.9	15.5	
BRONCO BILLY CO LTD	3091	2,434	36.7	-0.3	-27.8	0.2	-3.5	NA	NA	NA	NA	NA	2.1	NA	NA	0.7	-1.5	2.7	9.2	
MONOGATARI CORP (TP 9,100 Buy)	3097	7,570	91.4	0.2	-8.4	8.5	7.8	15.4	NA	59.9	30.5	25.4	4.5	14.7	1.4	0.9	4.8	-0.7	97.1	
CHIMNEY CO LTD	3178	1,410	27.3	0.8	-67.8	-38.2	-94.9	NA	NA	NA	NA	NA	5.5	NA	NA	NA	-0.4	10.5	14.5	
TORIKIZOKU HOLDINGS CO LTD	3193	1,864	21.7	0.0	-40.8	-9.9	-39.3	NA	NA	NA	NA	NA	30.0	4.5	NA	1.0	0.0	-4.8	14.5	29.0
HOTLAND CO LTD	3196	1,317	28.4	0.6	-12.3	2.8	-8.1	15.3	NA	NA	25.8	25.3	3.9	NA	1.0	0.4	-6.3	0.7	25.0	
SKYLARK HOLDINGS CO LTD (TP 1,550 Hold)	3197	1,510	343.5	2.1	-27.6	6.9	-15.9	1.0	4.4	NA	303.3	52.3	2.7	8.6	1.6	0.2	-4.2	-10.2	-3.6	
SFP HOLDINGS CO LTD	3198	1,474	38.0	-0.1	-56.7	-17.8	-41.7	NA	NA	NA	NA	23.0	3.5	NA	1.5	0.0	0.3	7.5	5.1	
CREATE RESTAURANTS HOLDINGS	3387	968	183.4	3.5	-46.6	-0.8	-82.7	12.6	NA	NA	72.2	72.2	10.6	NA	2.4	0.0	8.4	19.1	68.1	
SAINT MARC HOLDINGS CO LTD	3395	1,602	36.5	-0.2	-36.2	-9.7	-19.1	3.7	2.6	NA	24.4	37.1	0.9	6.4	0.5	2.7	-3.3	-5.5	2.3	
TORIDOLL HOLDINGS CORP	3397	1,909	166.6	3.0	-13.9	5.4	-18.5	4.0	7.9	NA	109.3	37.0	5.8	12.1	1.9	0.3	4.7	17.8	62.9	
KOMEDA HOLDINGS CO LTD (TP 3,000 Buy)	3543	2,095	96.6	1.5	-7.6	20.9	10.6	13.9	14.1	26.9	19.2	17.6	2.8	16.9	4.5	2.6	1.6	6.8	19.2	
KUSHIKATSU TANAKA HOLDINGS C	3547	1,851	17.3	0.3	-35.8	-11.2	-38.4	6.5	30.6	NA	141.3	25.2	12.3	62.4	1.9	0.5	-2.8	-1.3	19.2	
CHIKARANOMOTO HOLDINGS CO LT	3561	619	16.7	3.7	-43.2	-7.6	-93.5	NA	NA	NA	NA	NA	11.3	NA	NA	NA	-7.6	-1.4	-0.6	
FOOD & LIFE COMPANIES LTD	3563	4,400	510.7	2.4	2.4	14.6	17.1	22.1	23.8	55.6	41.7	34.8	8.8	17.2	2.6	0.5	-8.8	-13.2	86.6	
ATOM CORP	7412	778	150.6	0.2	-35.2	-4.1	-21.6	NA	NA	NA	NA	NA	18.1	NA	NA	NA	-1.4	2.6	-0.4	
KAPPA CREATE CO LTD	7421	1,466	72.4	0.4	-13.3	0.7	-10.0	NA	NA	NA	NA	NA	6.6	NA	NA	NA	-1.9	-3.7	7.2	
WATAMI CO LTD	7522	956	40.8	3.5	-33.1	-14.9	-131.5	NA	NA	NA	NA	NA	12.0	NA	NA	NA	-5.2	0.0	9.4	
ZENSHO HOLDINGS CO LTD	7550	2,821	436.9	2.2	-5.6	5.6	2.6	12.6	13.2	188.2	37.6	34.1	5.0	13.3	0.9	0.7	1.3	-1.0	38.2	
KOURAKUEN HOLDINGS CORP	7554	1,523	25.5	1.1	-30.5	-3.3	-23.7	NA	NA	NA	89.6	NA	7.2	NA	1.0	0.0	-6.0	-8.1	0.9	
ANRAKUTEI CO LTD	7562	5,530	11.8	1.3	73.0	-2.1	-22.3	NA	NA	NA	NA	NA	2.7	NA	NA	NA	2.0	6.8	14.0	
SAIZERIYA CO LTD	7581	2,667	139.4	-0.3	-28.6	0.1	-7.5	0.6	5.1	NA	151.6	30.0	1.6	14.2	0.9	0.7	0.7	19.7	44.6	
HIDAY HIDA KA CORP	7611	1,850	70.6	-0.3	-23.6	-7.9	-7.0	NA	NA	NA	NA	NA	3.3	NA	NA	0.0	2.0	5.4	18.9	
COLOWIDE CO LTD	7616	2,000	150.6	3.6	-28.5	3.0	-56.1	NA	NA	NA	NA	NA	9.1	NA	NA	NA	-1.1	5.5	49.1	
UKAI CO LTD	7621	3,095	16.2	1.5	-35.5	-14.5	-45.4	NA	NA	NA	NA	NA	5.7	NA	NA	NA	-0.2	2.1	-2.5	
GLOBAL-DINING INC	7625	478	4.9	0.9	-33.5	-15.3	-34.0	NA	NA	NA	NA	NA	2.2	NA	NA	NA	-3.0	85.3	198.8	
ICHIBAN YA CO LTD	7630	4,985	159.2	-0.5	-8.3	10.0	9.2	11.4	NA	58.0	44.4	50.5	5.4	NA	2.9	1.6	2.9	2.0	3.7	
ASAKUMA CO LTD	7678	1,560	8.4	-0.4	-27.9	-23.0	-51.6	NA	NA	NA	NA	NA	3.7	NA	NA	NA	0.1	0.1	7.7	
MOS FOOD SERVICES INC	8153	3,175	101.6	0.2	4.3	7.4	2.2	3.7	NA	98.2	57.6	48.9	2.2	NA	1.2	0.8	3.6	2.8	15.6	
KISOJI CO LTD	8160	2,433	63.0	0.0	-29.3	-7.0	-18.3	NA	NA	NA	NA	NA	2.6	NA	NA	NA	1.6	2.7	6.0	
SRS HOLDINGS CO LTD	8163	832	30.8	0.5	-2.1	-4.9	-36.3	NA	NA	NA	NA	NA	3.1	NA	NA	NA	0.8	-1.2	-2.8	
ROYAL HOLDINGS CO LTD	8179	2,034	92.3	2.3	-45.2	-26.7	-71.9	-15.8	-0.1	NA	NA	64.1	3.1	26.3	1.3	0.3	-11.3	0.9	22.7	
RINGER HUT CO LTD	8200	2,319	60.5	1.0	-28.1	-14.9	-62.4	NA	NA	NA	NA	NA	6.0	NA	NA	NA	-0.9	2.7	8.7	
GIFT INC	9279	2,430	24.2	0.2	19.6	6.0	9.1	23.0	NA	81.4	28.7	21.1	7.2	NA	1.7	0.6	0.2	-1.4	88.4	
GENKI SUSHI CO LTD	9828	2,527	22.4	0.6	-11.9	4.0	-5.3	NA	NA	NA	NA	NA	2.8	NA	NA	NA	-6.2	-3.0	15.3	
GINZA RENOIR CO LTD	9853	821	5.1	0.1	-48.1	-52.4	-53.3	NA	NA	NA	NA	NA	1.5	NA	NA	NA	-0.7	0.4	1.1	
GOURMET KINEYA CO LTD	9850	974	22.0	1.5	-43.1	-7.1	-46.7	NA	NA	NA	NA	NA	2.6	NA	NA	NA	-0.7	2.6	6.0	
YOSHINOYA HOLDINGS CO LTD	9861	2,128	138.6	0.8	-17.7	0.5	-17.2	5.9	3.7	NA	56.1	57.3	3.5	17.1	1.1	0.0	3.0	1.3	4.7	
KFC HOLDINGS JAPAN LTD	9873	2,886	64.7	-0.8	12.6	8.6	12.3	NA	NA	23.0	23.3	23.8	2.7	NA	0.5	1.7	3.1	-0.1	13.9	
MATSUVAFOODS HOLDINGS CO LTD	9887	3,610	68.8	0.3	-11.4	-0.2	-5.7	NA	NA	NA	28.8	18.3	1.7	NA	0.8	0.7	2.1	3.6	3.3	
SAGAMI HOLDINGS CORP	9900	1,024	29.5	-0.2	-23.0	-9.2	-20.7	NA	NA	NA	NA	NA	2.5	NA	NA	NA	-1.1	-6.4	-12.0	
OHSO FOOD SERVICE CORP (TP 7,250 Buy)	9936	5,840	136.0	-0.2	-5.8	10.3	8.3	210.0	NA	25.6	20.7	19.5	2.1	NA	1.4	1.7	4.5	2.3	2.6	
JOYFULL CO LTD	9942	787	25.1	37.9	-33.1	-11.1	-110.8	NA	NA	NA	NA	NA	8.9	NA	NA	NA	0.5	10.2	-3.4	
DAISYO CORP	9979	1,051	22.3	0.3	-40.1	-12.5	-57.6	NA	NA	NA	NA	NA	1.8	NA	NA	NA	-7.3	6.6	-8.1	
Average				1.6	-20.7	-5.0	-31.5	17.3	10.3	64.1	63.9	33.6	5.5	17.0	1.5	0.7	-1.2	5.1	21.0	
Median				0.3	-27.7	-3.7	-18.8	11.4	9.4	55.6	41.7	29.0	3.5	14.2	1.3	0.6	-0.7	2.3	9.2	

Source: Bloomberg Finance LP data, Mita Securities

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

Figure: Comparison of valuations for food service companies (coffee shops)

Company name	Ticker	PX 7/13	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
DOUTOR NICHIRETS HOLDINGS CO	3087	1,756	80.1	-0.3	-26.7	-4.8	-11.0	4.9	2.9	NA	16.5	27.7	0.8	7.5	0.5	1.4	2.8	4.9	15.5
SAINT MARC HOLDINGS CO LTD	3395	1,602	36.5	-0.2	-36.2	-9.7	-19.1	3.7	2.6	NA	24.4	37.1	0.9	6.4	0.5	2.7	-3.3	-5.5	2.3
KOMEDA HOLDINGS CO LTD (TP 3,000 Buy)	3543	2,095	96.6	1.5	-7.6	20.9	10.6	13.9	14.1	26.9	19.2	17.6	2.8	16.9	4.5	2.6	1.6	6.8	19.2
GINZA RENOIR CO LTD	9853	821	5.1	0.1	-48.1	-52.4	-53.3	NA	NA	NA	NA	NA	1.5	NA	NA	NA	-0.7	0.4	1.1

Source: Bloomberg Finance LP data, Mita Securities

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

Figure: Comparison of valuations for FC business operators

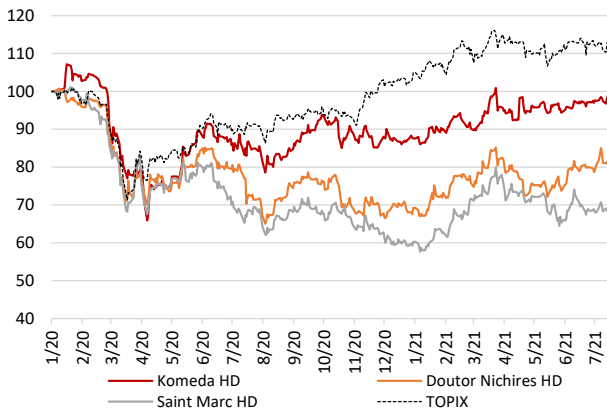
Company name	Ticker	PX 7/13	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mgn LTM	ROE LTM	ROE Cur E	ROE Nxt E	PER LTM	PER Cur E	PER Nxt E	PBR Last	EV/EBITDA Cur E	EV/Sales Cur E	Div yield Cur E	1M Chg	3M Chg	1YR Chg
KOBE BUSSAN CO LTD	3038	3,845	1,052.0	-0.3	3.0	8.6	29.9	30.9	28.3	47.1	41.9	37.4	12.4	31.1	2.9	0.5	21.3	26.5	15.6
KOMEDA HOLDINGS CO LTD (TP 3,000 Buy)	3543	2,095	96.6	1.5	-7.6	20.9	10.6	13.9	14.1	26.9	19.2	17.6	2.8	16.9	4.5	2.6	1.6	6.8	19.2
CURVES HOLDINGS CO LTD	7085	960	90.1	1.2	-10.5	11.3	9.6	12.7	34.7	110.0	84.7	27.5	11.1	NA	4.0	0.5	4.3	-7.2	90.7
FAST FITNESS JAPAN INC	7092	4,540	70.7	-0.2	-1.5	26.8	16.1	NA	NA	64.3	45.3	36.9	6.7	NA	5.1	0.1	-14.8	3.5	NA
WORKMAN CO LTD	7564	7,160	586.0	-0.4	14.6	24.0	20.3	NA	NA	34.3	29.5	26.6	6.5	NA	NA	1.0	-6.3	-11.1	-26.4

Source: Bloomberg Finance LP data, Mita Securities

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

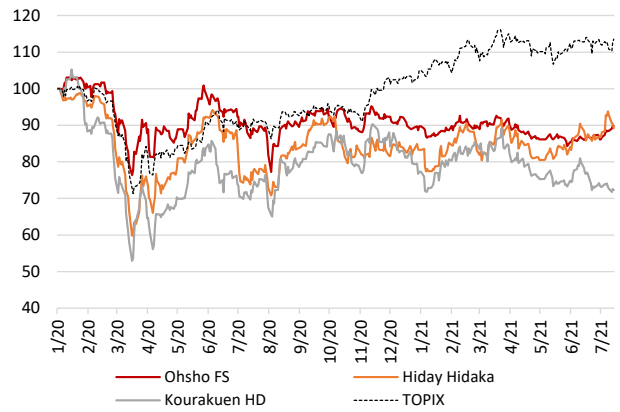
Stock price trends for food service companies

Figure: Stock price trends (coffee shops)



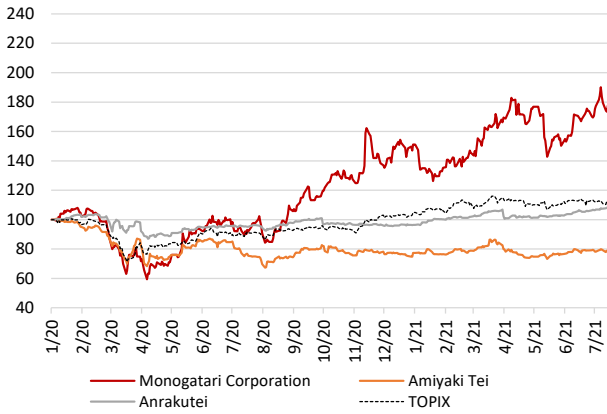
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



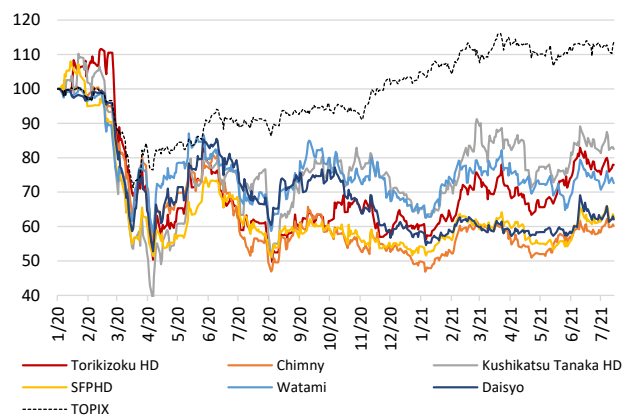
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



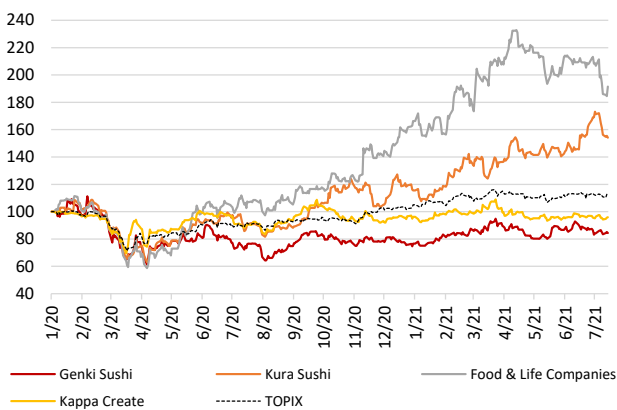
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



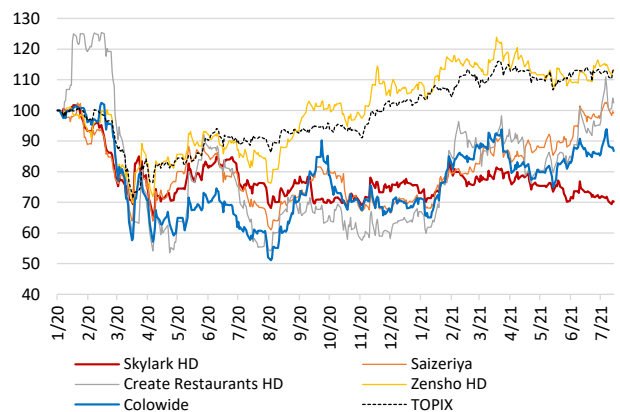
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

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

[Analyst Certification]

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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.

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