



Ohsho Food Service

TSE 1st Section 9936 Industry: Food service, retail

June sales, opening of first take-out/delivery specialty store

Monthly data for June: positive

Ohsho Food Service (9936, the company) disclosed monthly data for its directly-owned stores for June (on a preliminary basis). Same-store sales were 102.4% YoY (same month last year = 100%). The day-of-week effect is neutral. The breakdown is as follows: number of customers 99.6%; average spend per customer 102.8%. Sales were 95.7% of June 2019 figure (our estimate), higher than 91.5% for May. The impression is positive. April-June total same-store sales were 108.4% YoY.

All-store sales were 6.066bn yen, 103.7% YoY and 97.6% of June 2019 figure. April-June total sales were 18.379bn yen, 111.3% YoY and 95.6% of April-June 2019.

In June, directly-owned stores opened 1 store, closed 1 store, and ended at 526 stores; franchise stores opened no store, closed 3 stores, and ended at 204 stores.

First take-out/delivery specialty store opens

On June 25, the company opened its first take-out and delivery specialty store, Gyoza no Ohsho Joy Naho Ikejiri-Ohashi. The store is about a six-minute walk from Ikejiri-Ohashi Station on the Tokyu Denentoshi Line, and is located on the first floor of a building along Route 246. The surrounding area is a residential neighborhood. The store is about 65 square meters (19.71 tsubo) in size. It is open from 10:00 to 25:00, and orders can be placed at the store, by advance reservation through EPARK, or by phone. Delivery service is available through Demaekan, Uber Eats, and menu. In addition to Gyoza no Ohsho's takeout menu, the Ikejiri-Ohashi store also offers its own original menu. The company commented that sales have exceeded its expectations.

Please refer to the report dated June 22, 2021 for the rationale of the rating and target price.

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Update

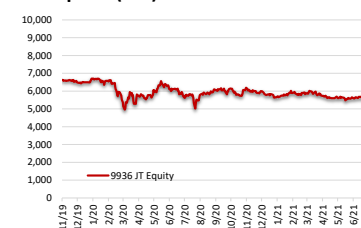
Rating
Buy

Target price (JPY)	7,250
Stock price (JPY) (Jul 1)	5,640
Market cap (JPYbn)	131.3

Key changes

Rating	No
Target price	No
Earnings forecast	No

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

		3/20	3/21	3/22E	3/23E	3/24E
Sales	JPYbn	85.6	80.6	88.4	94.2	96.9
OP	JPYbn	7.7	6.1	7.5	8.8	9.1
RP	JPYbn	8.1	6.9	8.8	9.2	9.4
NP	JPYbn	5.3	4.3	5.5	5.9	6.1
EPS	JPY	283.0	228.4	295.1	315.9	323.9
BPS	JPY	2,681	2,821	3,016	3,212	3,396
DPS	JPY	120.0	100.0	120.0	140.0	150.0
PER	x	20.4	25.5	19.1	17.9	17.4
PBR	x	2.2	2.1	1.9	1.8	1.7
Div. yield	%	2.1	1.7	2.1	2.5	2.7
ROA	%	8.1	5.4	6.0	6.2	6.4
ROE	%	10.9	8.3	10.1	10.1	9.8

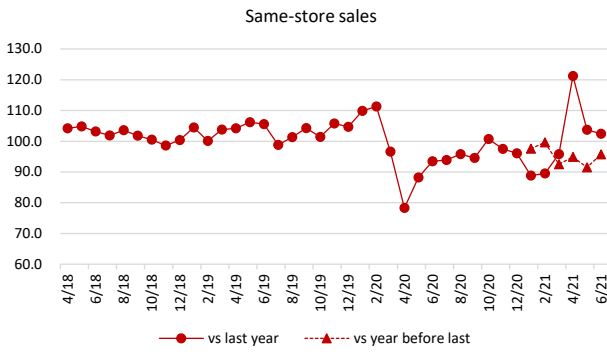
Source: Company data, Mita Securities

Company profile

Ohsho Food Service is a Kyoto-based restaurant company that operates the largest Chinese restaurant chain "Gyoza no Ohsho" nationwide. 734 restaurants (528 directly owned, 206 franchised) at the end of FY3/21. Sales of 80.6bn yen in FY3/21. Take-out and delivery sales are strong.

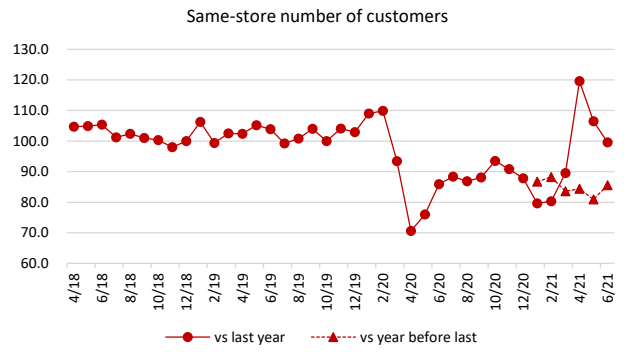
Monthly data

Figure: Directly-owned, same-store sales



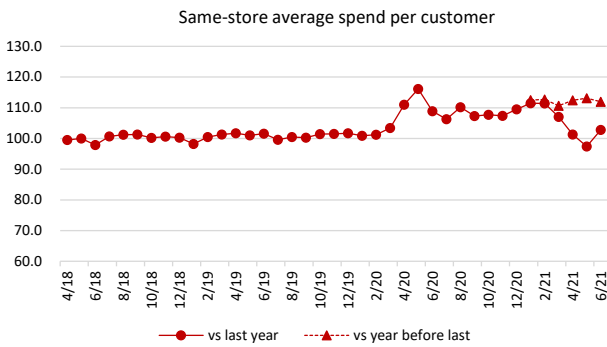
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

Figure: Directly-owned, same-store number of customers



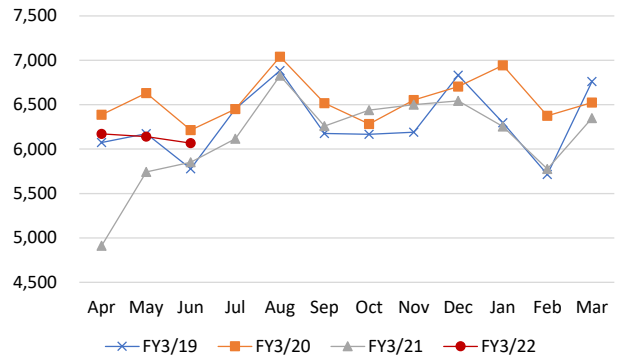
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

Figure: Directly-owned, same-store ave spend per customer



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

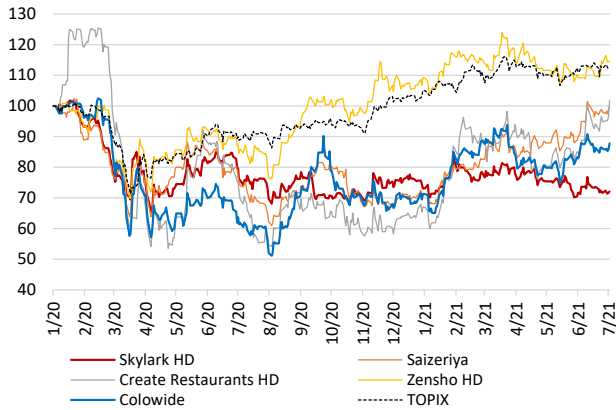
Figure: Directly-owned, all-store sales (JPYm)



Source: Company data, Mita Securities

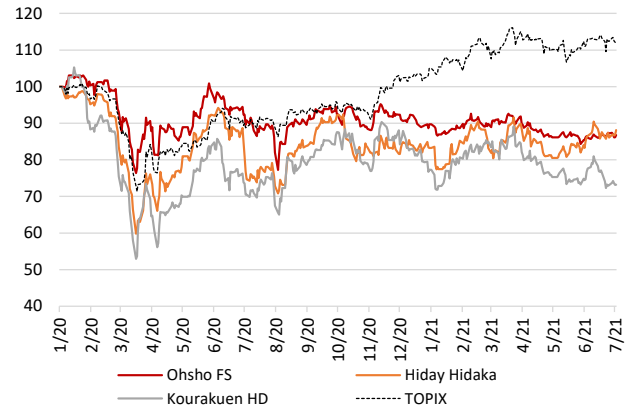
Stock price trends for food service companies

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



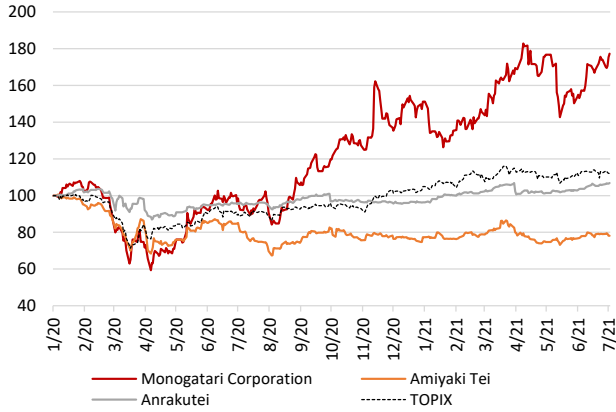
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



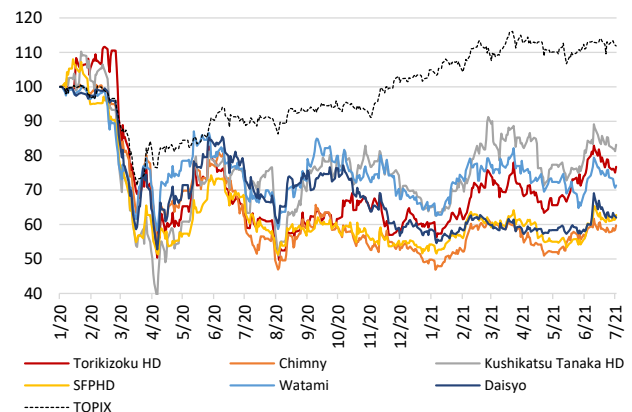
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



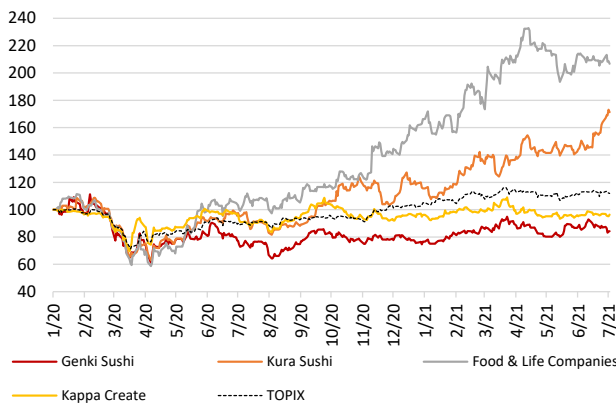
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



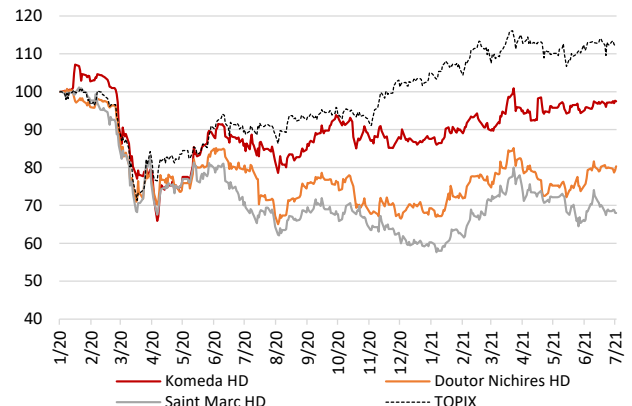
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (sushi restaurants)



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

Figure: Stock price trends (coffee shops)



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

APPENDIX

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