



# MonotaRO

TSE 1<sup>st</sup> Section 3064 Industry: Retail, Internet

## July sales

### Negative impression

Parent company sales in July were 15.019bn yen (+12.6% YoY). The number of business days was 20, one day less than in July last year, and the sales growth rate per business day was +18.3% YoY (+17.8% for June). The impression is negative.

Sales to large corporations continued to be strong, up 36-37% YoY and exceeding the company's target.

Sales to SMEs (monotaro.com) was up 7-8% YoY and below the company's target. Average purchase price was slightly less than 9,300 yen (8,750 yen in July 2020), and average number of purchases was 2.4-2.5 times (2.3 times in July 2020).

The total sales in July were below the company's target.

The number of new customer acquisitions was 104.7 thousand accounts (-21.4% YoY).

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

MITA SECURITIES Co., Ltd.

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## Update

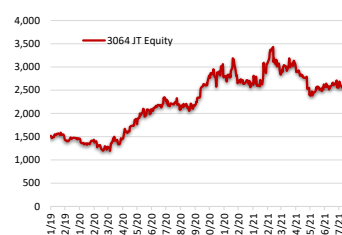
Rating  
**Hold**

Target price (JPY)	2,750
Stock price (JPY) (Aug 10)	2,497
Market cap (JPYbn)	1,251.7

### 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	71.5	61.6	50.4
PBR	x	19.6	27.9	21.3	17.4	14.3
Div. yield	%	0.5	0.3	0.5	0.6	0.7
ROA	%	19.9	19.5	19.1	18.0	17.6
ROE	%	33.0	32.9	32.7	31.0	31.1

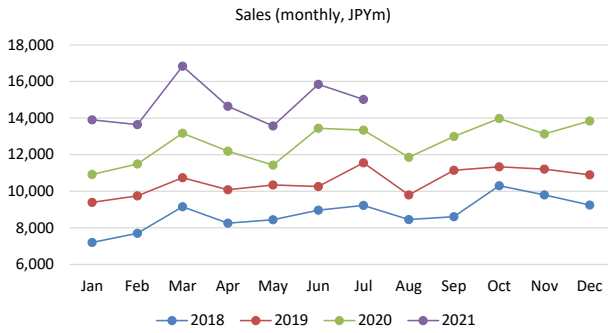
Source: Company data, Mita Securities

Note: Adjusted for stock split

### Company profile

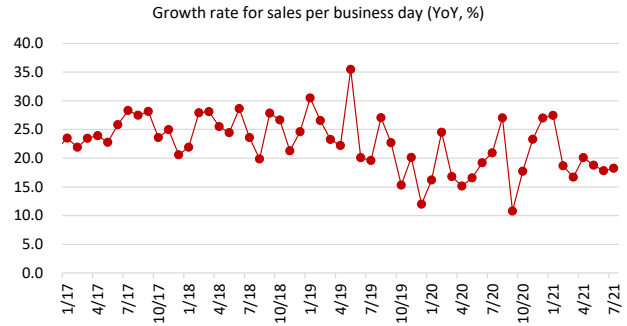
MonotaRO is an EC company that sells indirect materials (MRO products) used in factories, construction sites, and auto repair shops. The company has over 18 million products and 5.83 million registered accounts (as of the end of March 2021). The company is a consolidated subsidiary of W.W. Grainger.

Figure: Monthly sales



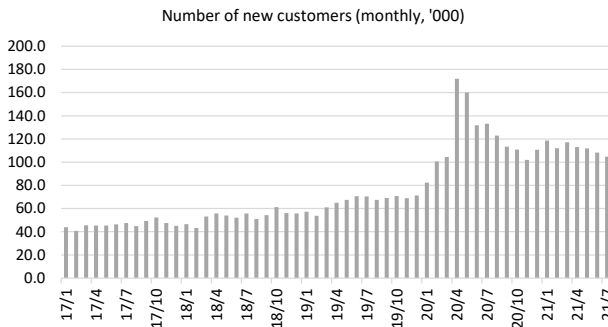
Source: Company data, Mita Securities Note: Parent basis

Figure: Sales growth (monthly)



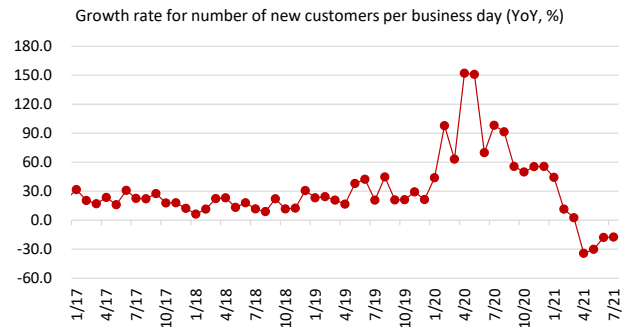
Source: Company data, Mita Securities Note: Parent basis, adjusted for business days

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 6-Aug	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	1,563	160.2	20.6	17.2	15.3	2.7	5.3	0.3	15.3	15.3	6.7	19.9	12.5	1.9	-3.9	-19.3	3.5
<b>MONOTARO CO LTD</b>	<b>3064</b>	<b>2,450</b>	<b>1,228.1</b>	<b>78.1</b>	<b>72.1</b>	<b>60.7</b>	<b>23.0</b>	<b>38.8</b>	<b>5.4</b>	<b>33.8</b>	<b>32.0</b>	<b>19.9</b>	<b>22.6</b>	<b>18.8</b>	<b>0.5</b>	<b>-4.0</b>	<b>-3.9</b>	<b>17.6</b>
ZOZO INC	3092	3,910	1,218.5	36.8	34.3	30.7	47.7	20.7	6.8	57.5	48.7	16.1	12.5	11.9	1.4	10.9	8.8	38.7
MERCARI INC	4385	6,000	946.8	310.9	241.3	116.9	25.7	60.1	6.3	14.1	16.4	24.1	NA	106.4	0.0	-0.5	18.1	16.1
Z HOLDINGS CORP	4689	619	4,736.1	46.4	54.6	41.1	1.8	13.8	3.0	3.1	4.0	31.9	-19.2	33.0	0.9	13.7	30.2	-4.8
RAKUTEN GROUP INC	4755	1,331	2,100.7	NA	NA	NA	2.4	2.7	0.3	-31.7	-9.2	11.0	NA	NA	0.3	4.2	-0.2	26.3
MISUMI GROUP INC	9962	4,300	1,222.4	49.5	39.5	35.1	5.1	18.4	3.0	12.7	13.2	21.5	80.4	12.6	0.6	11.5	23.9	65.5
Average				90.4	76.5	49.9	15.5	22.8	3.6	15.0	17.2	18.7	23.2	32.5	0.8	4.6	8.2	14.2
Median				47.9	47.0	38.1	5.1	18.4	3.0	14.1	15.3	19.9	19.9	15.7	0.6	4.2	8.8	17.6

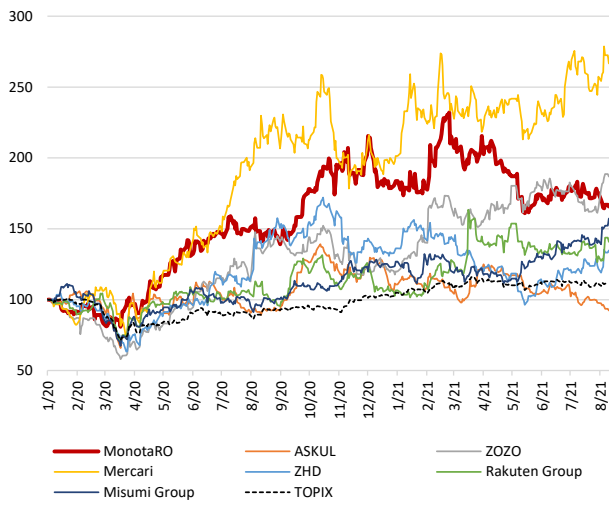
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

Figure: Comparison of valuations for overseas EC companies

Company	Ticker	Share price 9-Aug	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	3,341.87	1,692.5	58.3	48.7	40.1	14.7	19.0	3.0	24.7	24.1	16.4	22.3	21.5	0.0	-10.1	1.5	5.5
ALIBABA GROUP HOLDING-SP ADR	BABA	195.25	530.7	30.3	21.1	17.6	3.5	12.2	2.7	14.0	14.1	37.1	-8.0	20.0	0.0	-5.2	-13.3	-22.6
EBAY INC	EBAY	65.35	44.5	17.6	16.8	14.6	11.8	11.1	4.1	247.3	-227.4	-3.9	14.1	15.3	1.1	-5.9	9.3	18.4
JD.COM INC-ADR	JD	71.73	111.8	101.5	59.0	34.4	3.8	23.5	0.6	5.5	8.0	23.6	-25.4	71.5	0.0	-2.5	-5.0	15.6
VIPSHOP HOLDINGS LTD - ADR	VIPS	17.70	12.2	13.0	10.9	9.3	2.6	6.0	0.4	20.7	19.7	23.5	16.4	17.3	0.0	-5.8	-37.3	-23.4
Average				44.1	31.3	23.2	7.3	14.3	2.2	62.5	-32.3	19.3	3.9	29.1	0.2	-5.9	-9.0	-1.3
Median				30.3	21.1	17.6	3.8	12.2	2.7	20.7	14.1	23.5	14.1	20.0	0.0	-5.8	-5.0	5.5

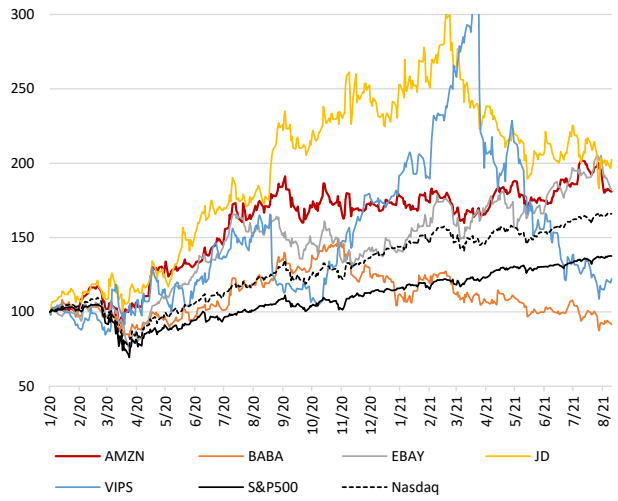
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

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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