



# Skylark Holdings

TSE 1st Section 3197 Industry: Food service, retail

## July sales

### Monthly data for July: positive

Skylark HD (3197, the company) disclosed monthly data for July (on a preliminary basis). Same-store sales were 100.3% of July 2020 (same month last year = 100%; 92.5% for June). The number of holidays (weekends and national holidays) was one more than in July 2020. The breakdown is as follows: number of customers 95.7% (90.5% for June); average spend per customer 104.7% (102.2% for June).

Same-store sales were 74.6% of June 2019 figure (64.7% for June). The number of holidays was two more than July 2019.

The monthly sales figures for July disclosed by restaurant operators to date are generally favorable. The four-day holiday period from July 22 to 26 coinciding with the Tokyo Olympics appears to have boosted demand for eating out. Concerns that many people would refrain from eating out to watch the Olympics on TV seem to have been dispelled. The impression is positive.

In July, the company opened 7 new stores. The number of stores at the end of the month was 3,111 (+7 MoM).

### Extension and expansion of emergency measures

The Japanese government extended the state of emergency measures currently in effect for Tokyo and Okinawa prefectures (August 22 to 31). It also applied emergency measures to Saitama, Chiba, Kanagawa, and Osaka prefectures (from August 2 to 31). In the areas subject to the emergency measures, restaurants have been requested to stop serving alcoholic beverages. In addition, Hokkaido, Ishikawa, Kyoto, Hyogo, and Fukuoka prefectures have been placed under priority measures to prevent the spread of the disease, and restaurants have been asked to suspend the supply of alcoholic beverages in principle (unless the infection is on a downward trend).

It is our understanding that the main impact on the company will be a significant reduction in the number of stores that can serve alcoholic beverages. However, even in stores that were previously able to serve alcoholic beverages, the hours of service were limited, so the additional impact is not expected to be significant. Take-out and delivery services account for around 1/4 of the company's sales, so we expect this to mitigate the impact of emergency measures and priority measures to prevent the spread of the disease to some extent.

Please refer to the report dated July 1, 2021 for the rationale of the rating and target price.

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## Update

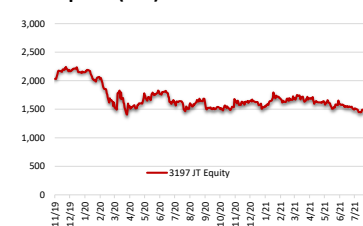
Rating  
**Hold**

Target price (JPY)	1,550
Stock price (JPY) (Aug 3)	1,465
Market cap (JPYbn)	333.3

### Key changes

Rating	No
Target price	No
Earnings forecast	No

### Stock price (JPY)



Source: Bloomberg Finance LP

### Earnings

IFRS		12/19	12/20	12/21E	12/22E	12/23E
Sales	JPYbn	375.4	288.4	282.0	332.4	362.1
OP	JPYbn	20.6	-23.0	5.3	7.5	20.7
Pre-tax Profit	JPYbn	16.7	-26.4	1.5	4.6	17.9
NP	JPYbn	9.5	-17.2	0.5	2.7	12.0
EPS	JPY	48.0	-87.2	2.2	11.8	52.6
BPS	JPY	672	576	699	711	759
DPS	JPY	19.0	0.0	0.0	4.0	16.0
PER	x	44.4	-18.3	672.0	125.4	28.3
PBR	x	3.2	2.8	2.1	2.1	2.0
Div. yield	%	0.9	0.0	0.0	0.3	1.1
ROA	%	2.4	-3.8	0.1	0.6	2.5
ROE	%	7.2	-14.0	0.4	1.7	7.2

Source: Company data, Mita Securities

### Company profile

Skylark HD is Japan's largest operator of family restaurants, including "Gusto," and "Bamiyan." The company had 3,115 stores at the end of March 2021. FY12/20 sales were 288.4bn yen.

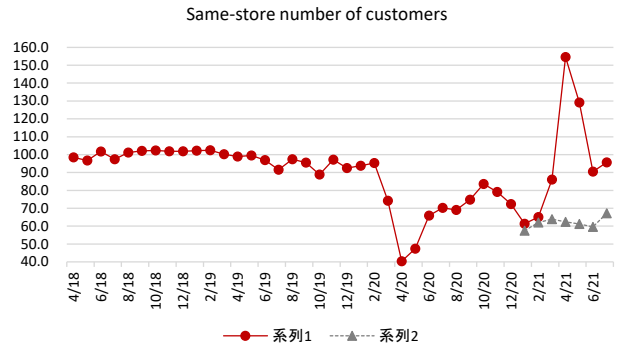
Monthly data

Figure: Same-store sales



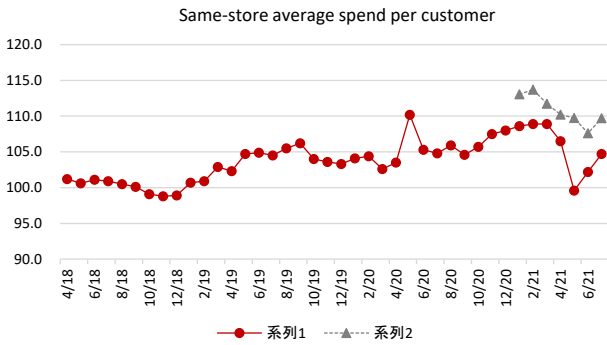
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

Figure: Same-store number of customers



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

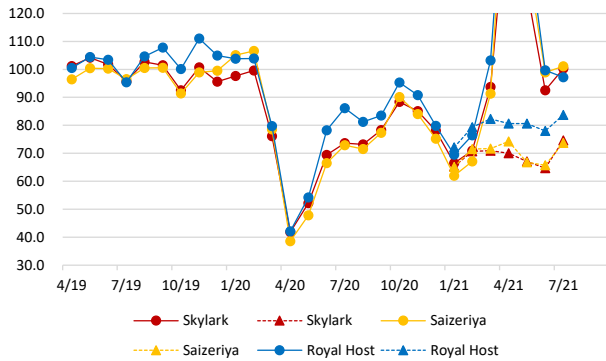
Figure: Same-store average spend per customer



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

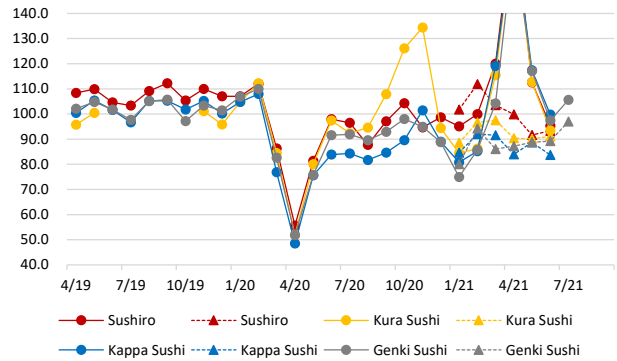
Food service companies' same-store sales (compared to last year or year before last)

Figure: Family restaurants



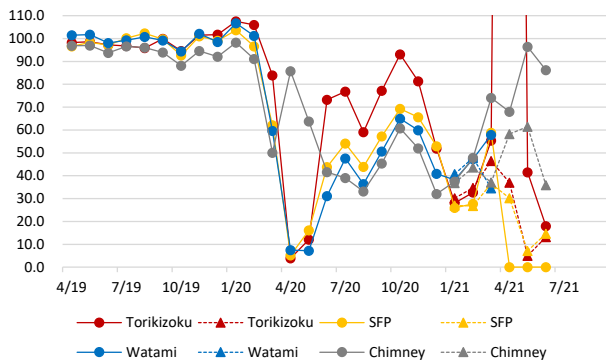
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Sushi restaurants



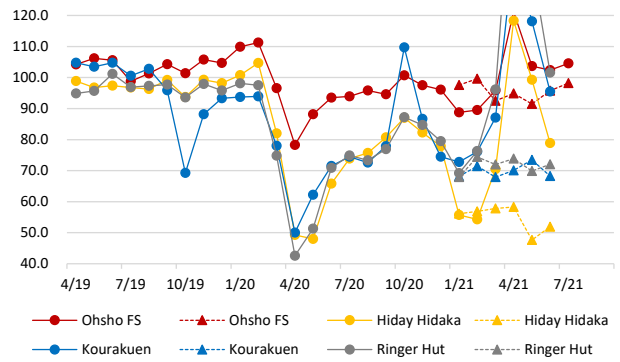
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Izakaya (Japanese style pubs)



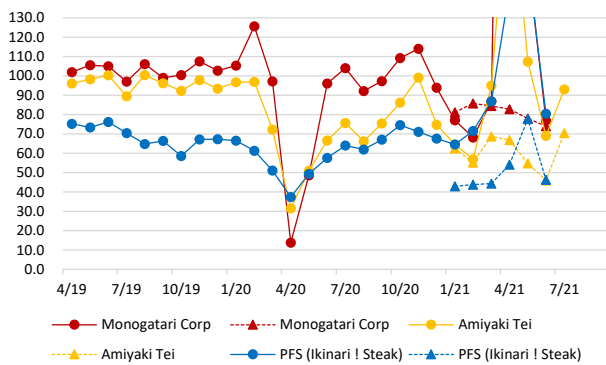
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Chinese restaurants



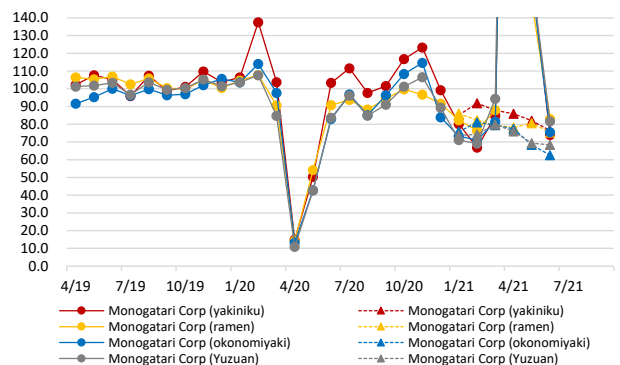
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Yakiniku (Japanese BBQ), steak



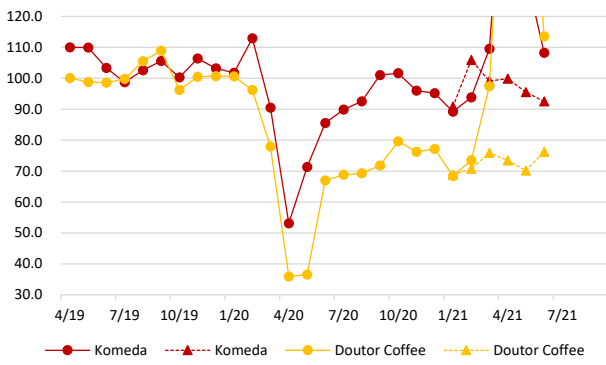
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Monogatari Corporation by division



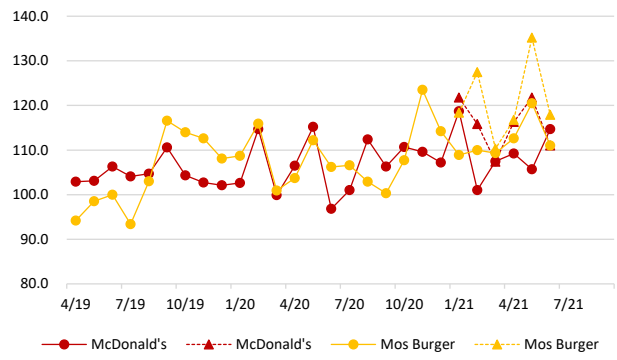
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Coffee shops



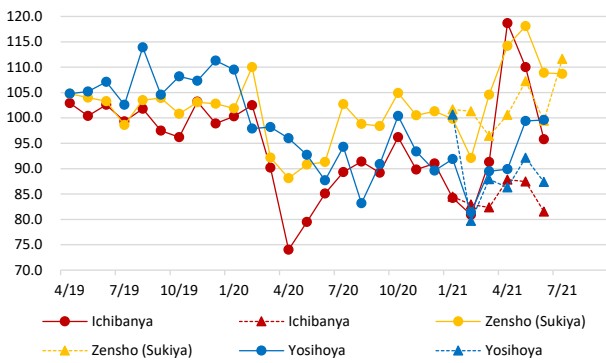
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Hamburger shops



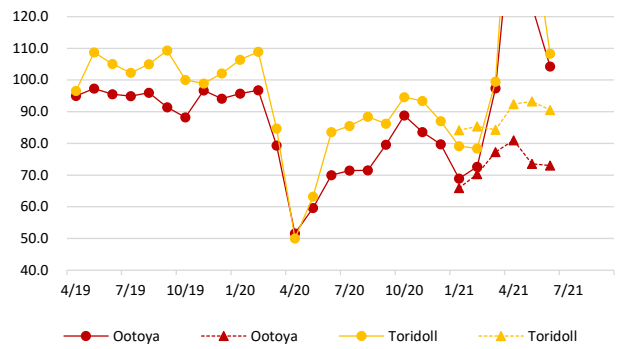
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

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

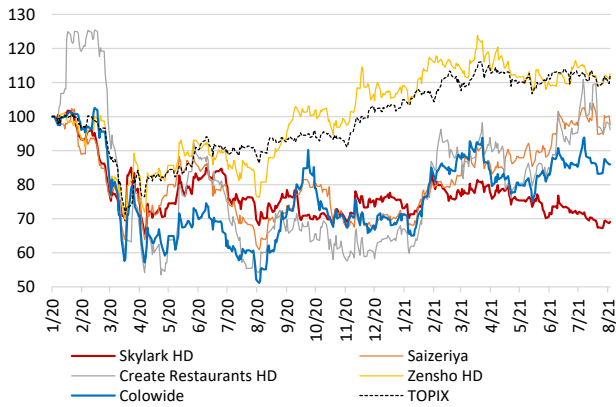
Company name	Ticker	PX 8/2	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mgn LTM	ROE LTM	ROE Cur E	ROE Nxt E	PER LTM	PER Cur E	PER Nxt E	PBR Last	EV/EBITDA Cur E	EV/Sales Cur E	Div yield Cur E	1M Chg	3M Chg	1YR Chg
KURA SUSHI INC	2695	4,085	169.1	-0.1	7.4	4.6	3.1	8.3	12.3	118.4	42.3	26.4	3.6	14.3	1.1	0.6	-11.6	6.7	83.4
MCDONALD'S HOLDINGS CO JAPAN	2702	4,960	659.5	-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	1.2	-0.6	-4.8
OOTOYA HOLDINGS CO LTD	2705	2,764	20.0	0.2	-21.3	-24.0	-203.9	NA	NA	NA	NA	NA	14.2	NA	NA	NA	1.8	7.5	-1.1
FUJIO FOOD GROUP INC	2752	1,347	60.1	3.6	-33.9	-12.3	-81.6	11.5	NA	NA	129.5	35.4	16.7	NA	2.3	0.0	4.0	-5.5	15.0
AMİYAKI TEI CO LTD	2753	2,900	19.9	-0.1	-18.3	-9.6	-2.5	2.0	NA	NA	49.7	19.9	1.0	NA	0.5	0.0	-1.8	3.3	15.5
HIRAMATSU INC	2764	189	9.2	4.1	-36.6	-32.2	-79.3	NA	NA	NA	NA	NA	2.6	NA	NA	NA	-14.5	23.5	18.9
PEPPER FOOD SERVICE CO LTD	3053	400	15.7	2.4	NA	NA	NA	NA	NA	NA	NA	NA	26.4	NA	NA	NA	-19.8	40.8	-0.5
ARCLAND SERVICE HOLDINGS CO	3085	2,468	81.7	-0.6	26.3	12.9	14.5	18.3	12.7	25.8	21.4	25.5	3.6	11.9	1.6	1.1	10.7	13.0	35.6
CHOSHIMARU CO LTD	3075	1,150	16.7	-0.8	-1.6	3.7	5.6	NA	NA	42.3	NA	NA	2.3	NA	NA	NA	1.7	-2.1	28.5
DOUTOR NICHIRENS HOLDINGS CO	3087	1,679	76.6	-0.3	-11.4	-0.8	-5.3	4.0	3.1	NA	19.7	18.9	0.8	7.8	0.4	1.4	-5.3	3.1	17.9
BRONCO BILLY CO LTD	3091	2,527	38.1	-0.3	-12.1	5.7	4.0	NA	NA	55.5	NA	NA	2.2	NA	NA	0.6	5.2	7.2	28.8
MONOGATARI CORP (TP 9,100 Buy)	3097	6,790	82.0	0.2	-8.4	8.5	7.8	15.4	NA	53.7	27.4	24.1	4.1	13.2	1.3	0.9	-12.3	-8.1	87.6
CHIMNEY CO LTD	3178	1,424	27.5	0.8	-67.8	-38.2	-94.9	NA	NA	NA	NA	NA	5.5	NA	NA	NA	0.7	18.2	28.2
TORIKIZOKU HOLDINGS CO LTD	3193	1,684	19.6	0.0	-40.8	-9.9	-39.3	NA	NA	NA	NA	27.1	4.0	NA	0.9	0.0	-10.6	6.0	41.8
HOTLAND CO LTD	3196	1,311	28.2	0.6	1.7	2.8	-8.1	15.3	NA	NA	25.7	25.2	3.9	NA	1.0	0.4	-1.8	0.1	34.0
SKYLARK HOLDINGS CO LTD (TP 1,550 Hold)	3197	1,486	338.1	2.1	-27.6	6.9	-15.9	1.0	4.4	NA	298.5	51.5	2.6	8.5	1.6	0.2	-3.3	-8.4	-0.9
SFP HOLDINGS CO LTD	3198	1,427	36.8	-0.1	-49.8	-15.3	-34.0	5.3	NA	NA	61.2	28.3	3.5	NA	2.0	0.0	-5.2	10.5	15.7
CREATE RESTAURANTS HOLDINGS	3387	908	172.0	3.5	-32.6	10.6	-40.0	14.7	NA	NA	56.4	44.7	9.4	NA	2.8	0.0	-10.3	16.7	73.6
SAINT MARC HOLDINGS CO LTD	3395	1,583	36.1	-0.2	-36.2	-9.7	-19.1	3.7	2.6	NA	24.1	36.7	0.9	6.4	0.5	2.8	-2.4	-6.4	8.9
TORIDOLL HOLDINGS CORP	3397	2,001	174.7	3.0	-13.9	5.4	-18.5	4.0	7.9	NA	114.6	38.8	6.0	12.4	2.0	0.3	2.6	16.0	76.3
KOMEDA HOLDINGS CO LTD (TP 3,000 Buy)	3543	2,056	94.8	1.5	4.7	23.0	12.7	13.9	14.1	22.0	18.8	17.3	2.7	15.9	4.2	2.6	-0.7	1.0	20.9
KUSHIKATSU TANAKA HOLDINGS C	3547	1,804	16.9	0.3	-29.4	-13.1	-19.4	4.1	30.0	NA	220.9	37.1	11.4	NA	3.3	0.3	-5.2	4.8	57.8
CHIKARANOMOTO HOLDINGS CO LT	3561	599	16.2	3.7	-43.2	-7.6	-93.5	NA	NA	NA	NA	NA	10.9	NA	NA	NA	-4.9	0.5	2.4
FOOD & LIFE COMPANIES LTD	3563	4,505	522.9	2.4	2.4	14.6	17.1	21.7	25.8	56.9	42.8	35.6	9.0	17.6	2.6	0.5	-7.3	-7.8	97.0
ATOM CORP	7412	789	152.7	0.2	-23.8	-3.4	-17.1	NA	NA	NA	NA	NA	16.3	NA	NA	NA	0.6	5.2	5.3
KAPPA CREATE CO LTD	7421	1,413	69.8	0.4	-2.5	0.7	-10.0	NA	NA	204.8	NA	NA	6.4	NA	NA	NA	-5.2	-2.6	8.9
WATAMI CO LTD	7522	936	40.0	3.5	-33.1	-14.9	-131.5	NA	NA	NA	NA	NA	11.7	NA	NA	NA	-2.8	-1.4	19.1
ZENSHO HOLDINGS CO LTD	7550	2,808	434.9	2.2	-5.6	5.6	2.6	12.6	13.2	187.3	37.4	34.0	5.0	13.3	0.9	0.7	-2.4	2.5	45.2
KOURAKUEN HOLDINGS CORP	7554	1,479	24.8	1.1	-30.5	-3.3	-23.7	NA	NA	NA	87.0	NA	7.0	NA	1.0	0.0	-5.1	-7.3	8.0
ANRAKUTEI CO LTD	7562	5,660	12.1	1.6	73.0	-2.1	-22.3	NA	NA	NA	NA	NA	2.8	NA	NA	NA	4.0	8.8	20.2
SAIZERIYA CO LTD	7581	2,626	137.3	-0.3	-10.5	5.6	0.8	4.1	6.7	183.9	42.2	28.4	1.5	18.0	0.9	0.7	-4.8	9.6	58.2
HIDAY HIDAKA CORP	7611	1,769	67.5	-0.3	-23.6	-6.6	-7.0	NA	NA	NA	NA	NA	3.2	NA	NA	0.0	-3.4	5.7	19.0
COLOWIDE CO LTD	7616	1,983	149.3	3.6	-28.5	4.3	-56.1	NA	NA	NA	NA	NA	9.0	NA	NA	NA	-5.6	8.0	66.4
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	-0.5	1.1	4.2
GLOBAL-DINING INC	7625	479	5.0	0.9	7.5	-15.3	-34.0	NA	NA	NA	NA	NA	2.2	NA	NA	NA	-22.4	87.1	265.6
ICHIBANYA CO LTD	7630	4,940	157.7	-0.5	-8.3	10.0	9.2	11.4	NA	57.5	44.0	50.1	5.3	NA	2.9	1.6	-1.0	2.6	4.0
ASAKUMA CO LTD	7678	1,542	8.3	-0.4	-27.9	-23.3	-51.6	NA	NA	NA	NA	NA	3.7	NA	NA	NA	-2.3	2.0	8.7
MOS FOOD SERVICES INC	8153	3,170	101.5	-0.2	4.3	7.4	2.2	3.7	NA	98.1	57.5	48.8	2.2	NA	1.2	0.8	0.8	5.9	14.7
KISOJI CO LTD	8160	2,378	61.6	0.0	-29.3	-7.0	-18.3	NA	NA	NA	NA	NA	2.5	NA	NA	NA	-0.3	3.6	10.9
SRS HOLDINGS CO LTD	8163	811	30.3	0.5	-2.1	-4.9	-36.3	NA	NA	NA	NA	NA	3.0	NA	NA	NA	0.9	-0.5	-3.1
ROYAL HOLDINGS CO LTD	8179	1,976	89.7	2.3	-45.2	-26.7	-71.9	-15.8	-0.1	NA	NA	62.3	3.0	25.8	1.2	0.3	-10.7	4.1	30.4
RINGER HUT CO LTD	8200	2,273	59.3	1.0	-18.6	-9.3	-51.4	NA	NA	NA	NA	NA	5.6	NA	NA	NA	-5.1	2.7	5.4
GIFT INC	9279	2,385	23.7	0.2	19.6	6.0	9.1	23.0	NA	79.9	28.1	20.7	7.0	NA	1.7	0.6	-6.3	9.0	98.8
GENKI SUSHI CO LTD	9828	2,580	22.9	0.6	1.9	4.0	3.2	NA	NA	87.6	NA	NA	2.8	NA	NA	NA	0.3	7.7	34.2
GINZA RENOIR CO LTD	9853	824	5.2	0.1	-48.1	-52.4	-53.3	NA	NA	NA	NA	NA	1.6	NA	NA	NA	-0.2	1.1	3.0
GOURMET KINEYA CO LTD	9850	964	21.8	1.5	-43.1	-7.1	-46.7	NA	NA	NA	NA	NA	2.6	NA	NA	NA	-0.3	4.3	8.7
YOSHINOYA HOLDINGS CO LTD	9861	2,111	137.5	0.8	-17.7	3.4	-4.5	5.9	3.6	NA	55.7	56.9	3.3	16.4	1.1	0.0	-1.8	4.4	14.4
KFC HOLDINGS JAPAN LTD	9873	2,844	63.8	-0.8	12.6	8.6	12.3	NA	NA	22.7	23.0	23.5	2.7	NA	0.5	1.8	1.1	-1.7	6.5
MATSUYAFOODS HOLDINGS CO LTD	9887	3,660	69.8	0.3	-6.2	-0.2	1.3	NA	NA	133.8	29.2	18.5	1.7	NA	0.8	0.7	3.2	6.4	13.8
SAGAMI HOLDINGS CORP	9900	1,017	29.8	-0.2	-23.0	-9.2	-20.7	NA	NA	NA	NA	NA	2.5	NA	NA	NA	-1.1	-0.7	-10.5
OHSO FOOD SERVICE CORP (TP 7,250 Buy)	9936	6,020	140.2	-0.2	-0.2	11.6	11.8	9.4	NA	18.5	21.4	20.1	2.1	NA	1.4	1.7	6.0	7.5	13.6
JOYFULL CO LTD	9942	938	30.0	37.9	-33.1	-11.1	-110.8	NA	NA	NA	NA	NA	10.7	NA	NA	NA	20.3	32.1	13.6
DAISYO CORP	9979	1,005	21.3	0.3	-24.0	-10.2	-47.7	NA	NA	NA	NA	NA	1.9	NA	NA	NA	-6.9	0.4	-3.7
Average				1.6	-16.2	-4.1	-28.6	8.7	10.5	82.2	61.9	32.8	5.4	13.9	1.6	0.7	-2.6	6.6	29.5
Median				0.3	-18.4	-2.7	-18.4	8.9	9.4	57.2	42.2	28.4	3.6	13.3	1.3	0.6	-1.8	4.1	15.5

Source: Bloomberg Finance LP data, Mita Securities

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

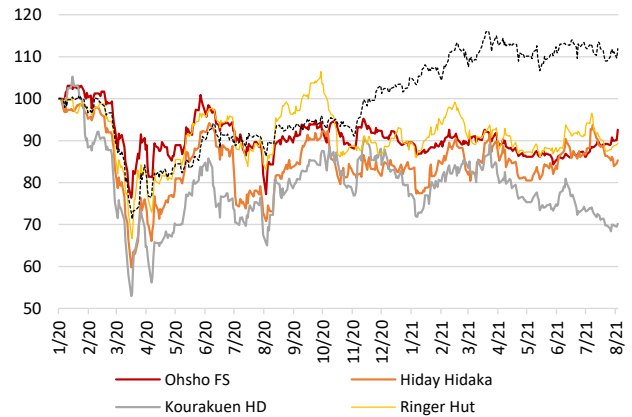
Stock price trends for food service companies

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



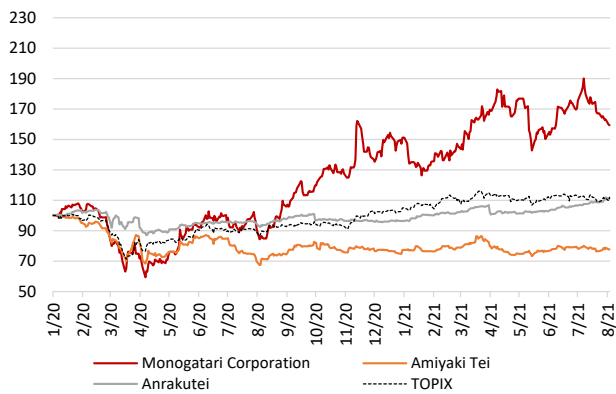
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



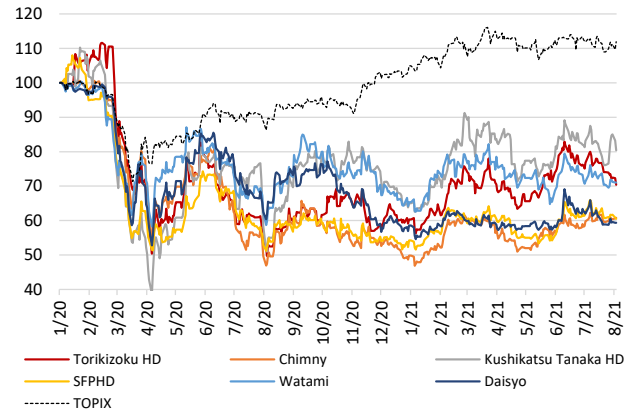
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



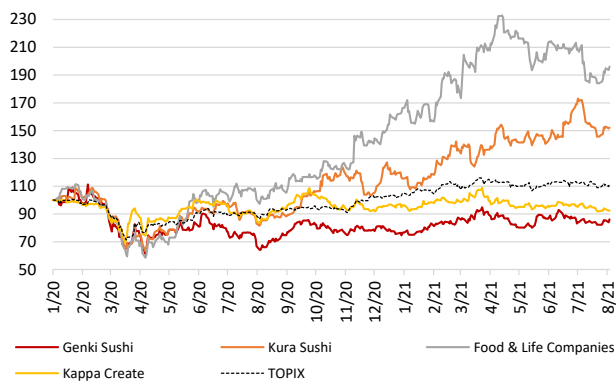
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



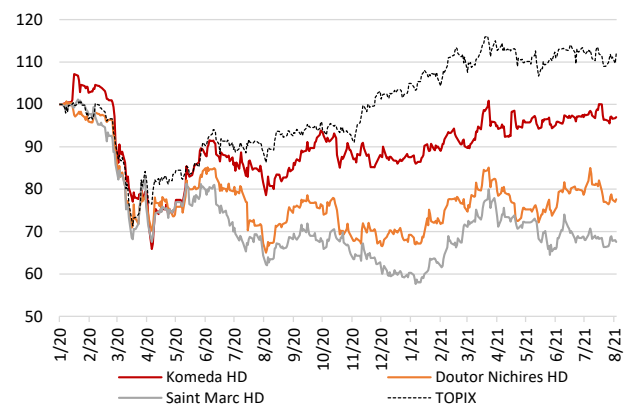
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

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

### [Analyst Certification]

We hereby certify that the views on securities and issuers expressed in this report accurately reflect the personal views of the analyst(s) listed on the cover page of this report. The analyst(s) also certifies that the analyst(s) has not been compensated, directly or indirectly, or promised to be compensated, for expressing any particular view in this report.

### [Ratings]

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.

Hold: 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 between -15% and +15%.

Sell: 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 less.

RS: Rating Suspended - Stocks for which the target price and rating have been temporarily suspended.

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