



Ohsho Food Service

TSE 1st Section 9936 Industry: Food service, retail

July sales

Monthly data for July: continuing strong performance

Ohsho Food Service (9936, the company) disclosed monthly data for its directly-owned stores for July (on a preliminary basis). Same-store sales were 104.6% YoY (same month last year = 100%; 102.4% 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 99.1% (99.6% for June); average spend per customer 105.5% (102.8% for June).

Same-store sales were 98.2% of July 2019 figure (our estimate; 95.7% for June). The number of holidays was two more than in 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.

All-store sales were 6.448bn yen, 105.4% YoY and 100.0% of July 2019 figure.

In July, there were no store openings or closings. The total number of stores at the end of July was 526 directly-owned stores and 204 franchise stores.

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 more than 30% of the company's sales, and among restaurant operators, it is one of those that will be less affected by the emergency measures and priority measures to prevent the spread of the disease.

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

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Update

Rating

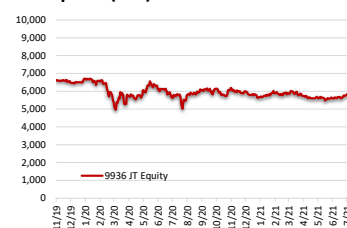
Buy

Target price (JPY)	7,250
Stock price (JPY) (Aug 3)	5,940
Market cap (JPYbn)	138.3

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	20.4	19.1	18.6
PBR	x	2.2	2.1	2.0	1.9	1.8
Div. yield	%	2.1	1.7	2.0	2.3	2.5
ROA	%	8.1	5.4	6.0	6.2	6.4
ROE	%	10.9	8.3	10.1	10.1	9.8

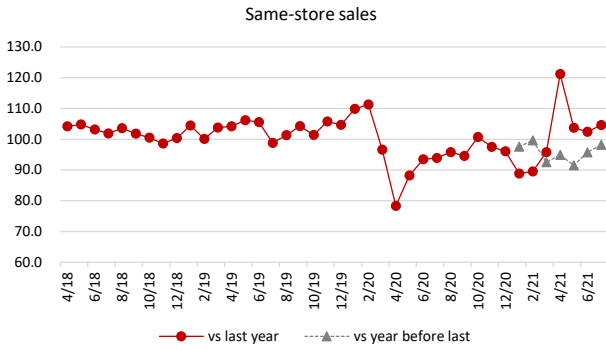
Source: Company data, Mita Securities

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.

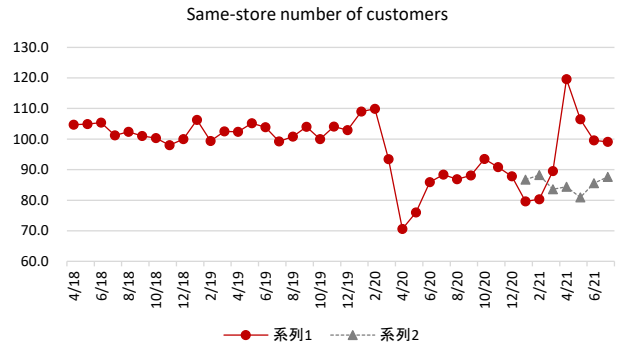
Ohsho Food Service's monthly data

Figure: Directly-owned, same-store sales



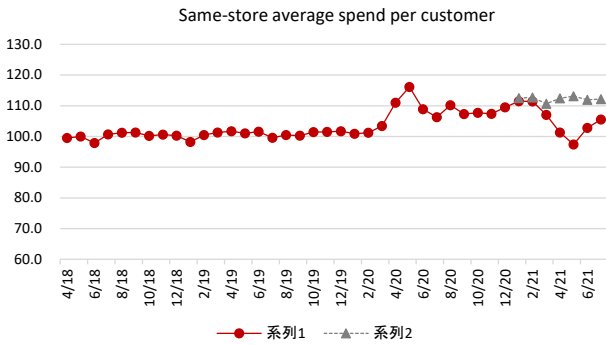
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

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



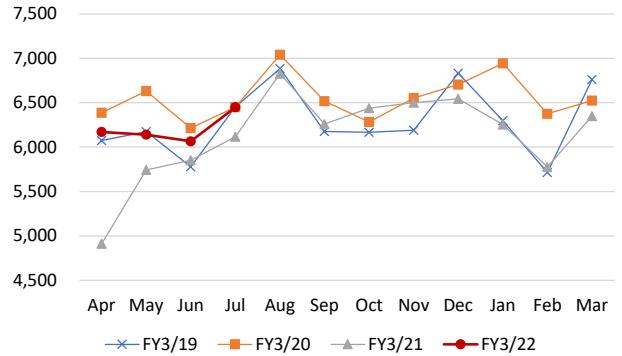
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

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



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

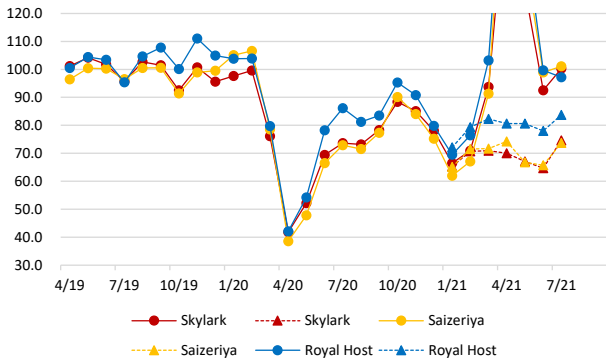
Figure: Directly-owned, all-store sales (JPYm)



Source: Company data, Mita Securities

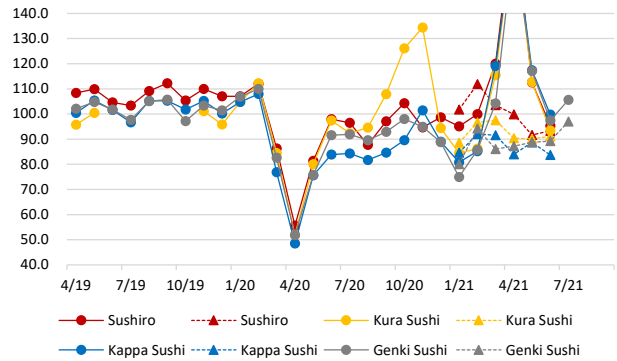
Food service companies' same-store sales (compared to last year or year before last)

Figure: Family restaurants



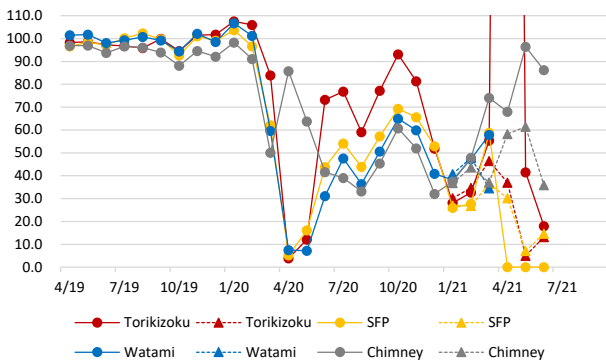
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Sushi restaurants



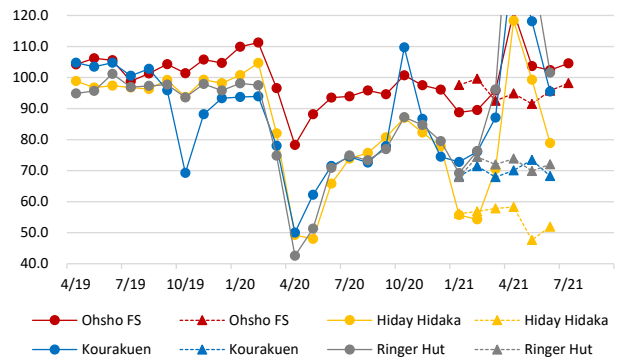
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Izakaya (Japanese style pubs)



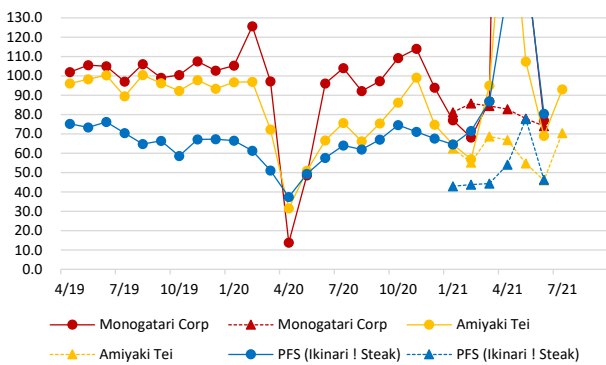
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Chinese restaurants



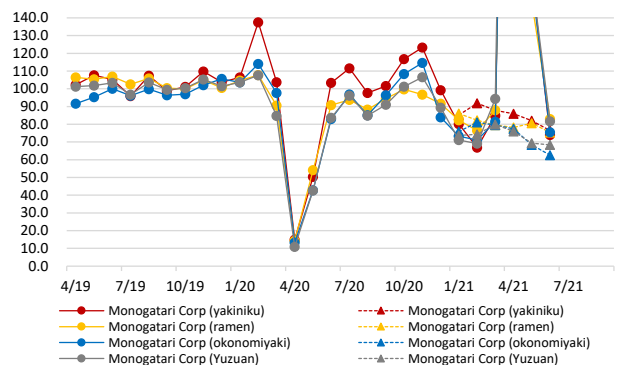
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Yakiniku (Japanese BBQ), steak



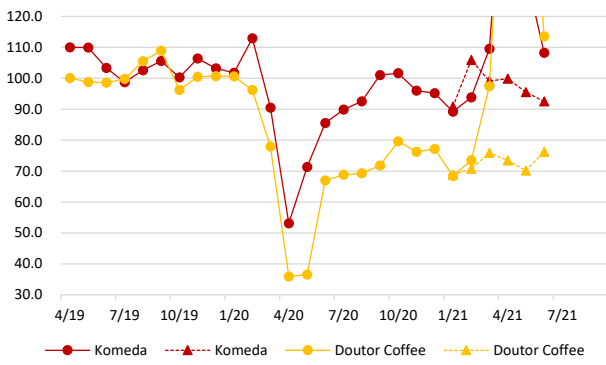
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Monogatari Corporation by division



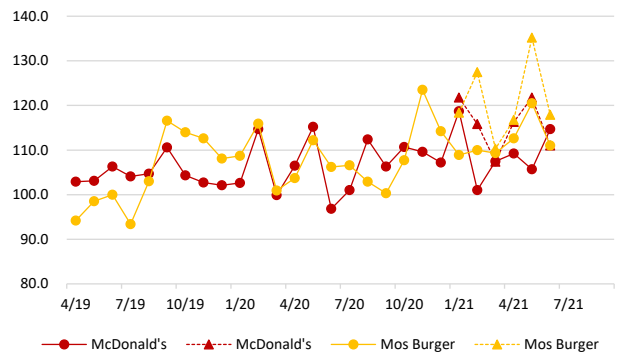
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Coffee shops



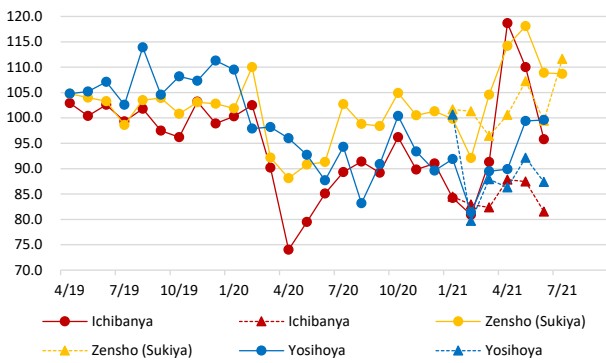
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Hamburger shops



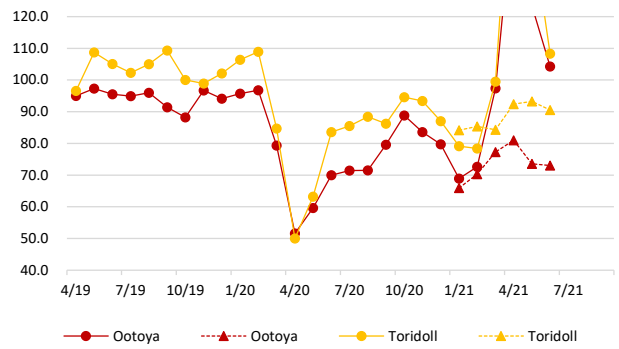
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

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

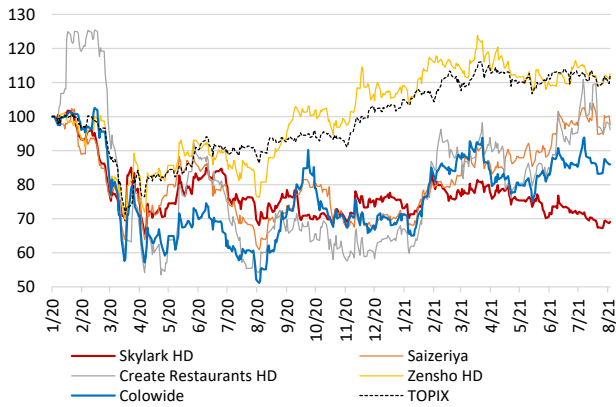
Company name	Ticker	PX 8/2	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mgn LTM	ROE LTM	ROE Cur E	ROE Nxt E	PER LTM	PER Cur E	PER Nxt E	PBR Last	EV/EBITDA Cur E	EV/Sales Cur E	Div yield Cur E	1M Chg	3M Chg	1YR Chg
KURA SUSHI INC	2695	4,085	169.1	-0.1	7.4	4.6	3.1	8.3	12.3	118.4	42.3	26.4	3.6	14.3	1.1	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 NICHIRETS 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 RENJOIR 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
OHSHO 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

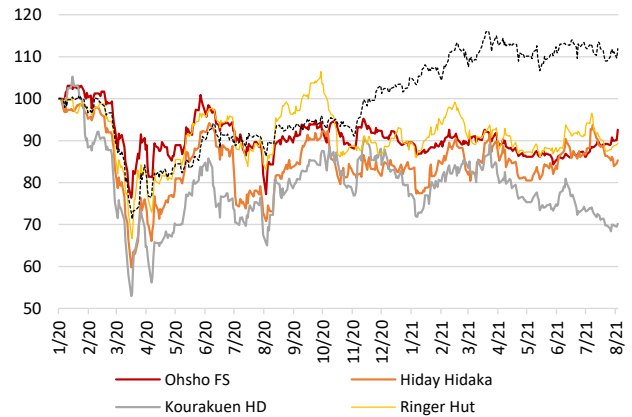
Stock price trends for food service companies

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



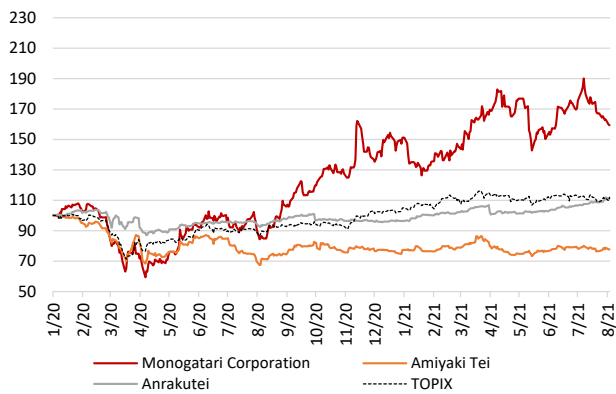
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



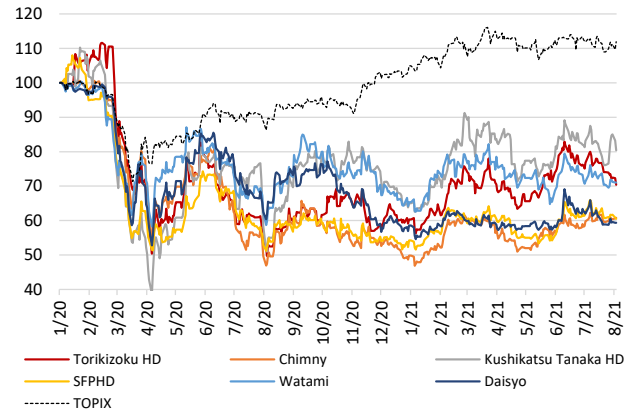
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



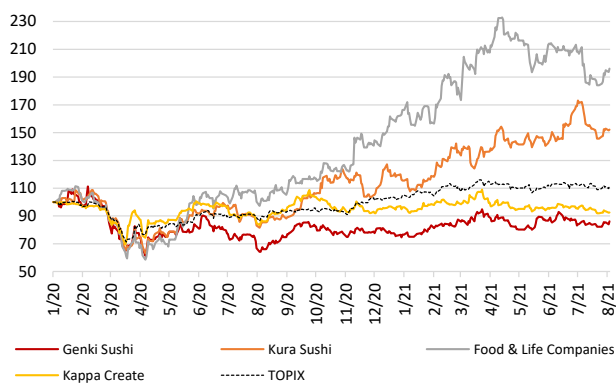
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



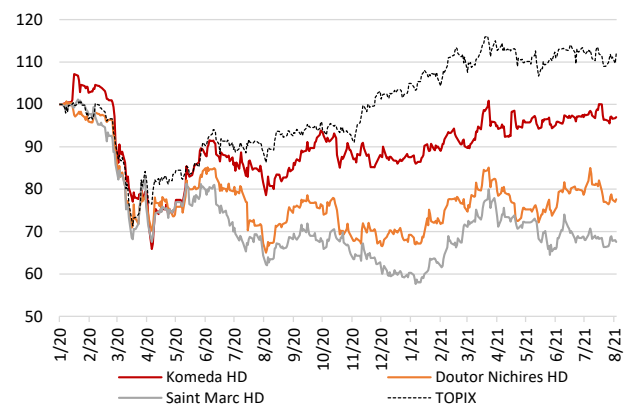
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

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]

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[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%.

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