



# MonotaRO

TSE 1st Section 3064 Industry: Retail, Internet

## August sales

### Negative impression; sales growth rate per business day was only 13%

Parent company sales in August were 14.120bn yen (+19.1% YoY). The number of business days was 21, one day more than in August last year, and the sales growth rate per business day was +13.4% YoY (+18.3% for July). Jan-Aug cumulative sales were 117.583bn yen (+20.2% YoY), 63.0% progress toward the full-year guidance of 186.759bn yen (+23.0% YoY). The sales in August were below the company's target and the impression is negative.

Sales to large corporations were +45% YoY and were +5% above the company's target. There was a rebound from the weak August of last year, the company said.

Sales to SMEs (monotaro.com) were +14% YoY and below the company's target. Average purchase price was 9,200+ yen (8,950 yen in August 2020), and average number of purchases was 2.3-2.4 times (2.2 times in August 2020). The company said that sales to manufacturing customers were strong, but that sales to other industries were weak.

The number of new customer acquisitions was 108.9 thousand accounts (-11.4% YoY).

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

MITA SECURITIES Co., Ltd.  
Junichi Shimizu  
Chief Analyst, Head of Research

jshimizu@mitasec.com

## Update

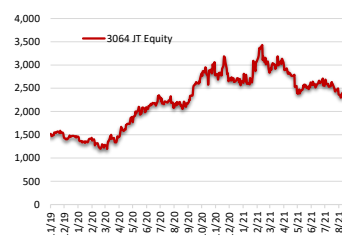
Rating  
**Hold**

Target price (JPY)	2,750
Stock price (JPY) (Sep 10)	2,628
Market cap (JPYbn)	1,317.4

### 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	74.0	63.8	52.2
PBR	x	19.6	27.9	22.0	18.0	14.8
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

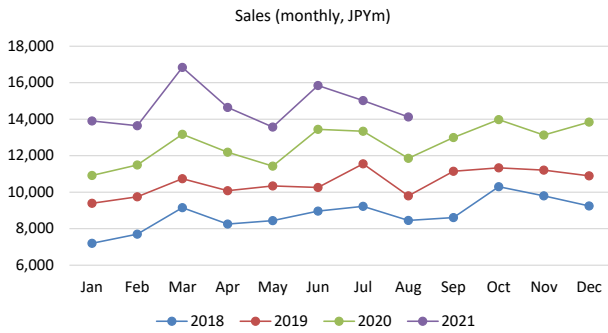
Source: Company data, Mita Securities

Note: Adjusted for stock split

## Company profile

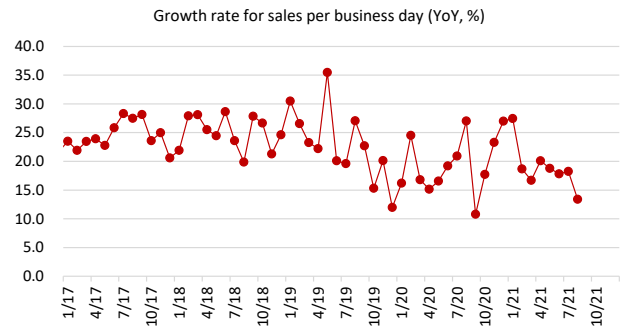
MonotaRO is an EC company that sells indirect materials (MRO products) used in factories, construction sites, and auto repair shops. The company has over 18 million products and 5.83 million registered accounts (as of the end of March 2021). The company is a consolidated subsidiary of W.W. Grainger.

Figure: Monthly sales



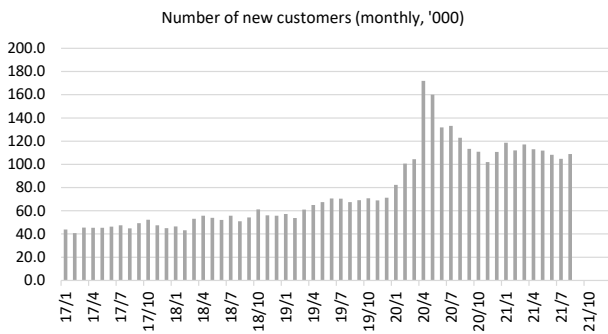
Source: Company data, Mita Securities Note: Parent basis

Figure: Sales growth (monthly)



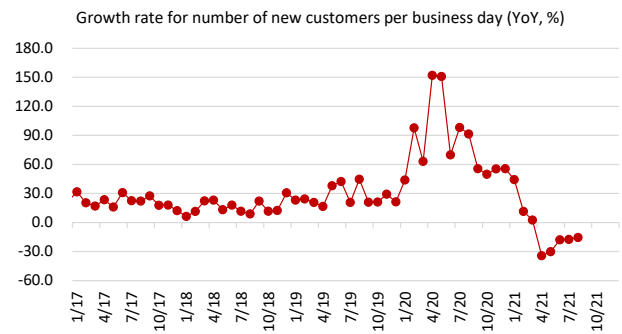
Source: Company data, Mita Securities Note: Parent basis, adjusted for business days

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 9-Sep	Mkt cap JPYbn	PER LTM	PER	PER	PBR Last	EV/EBITDA Next E	EV/Sales Next E	ROE	ROE	Sales growth Current E	EPS growth	EPS growth	Div Yield Current E	1M Change	3M Change	1YR Change
					Current E	Next E				Current E	Next E		Current E	Next E				
ASKUL CORP	2678	1,704	174.7	22.5	18.9	16.7	3.0	6.0	0.3	15.1	15.3	5.3	19.2	12.9	1.7	6.0	-8.8	-4.0
<b>MONOTARO CO LTD</b>	<b>3064</b>	<b>2,538</b>	<b>1,272.2</b>	<b>80.9</b>	<b>74.9</b>	<b>63.3</b>	<b>23.8</b>	<b>40.6</b>	<b>5.6</b>	<b>33.3</b>	<b>31.7</b>	<b>20.2</b>	<b>22.3</b>	<b>18.3</b>	<b>0.5</b>	<b>1.6</b>	<b>-3.3</b>	<b>17.5</b>
ZOZO INC	3092	4,085	1,273.1	38.5	35.6	31.9	49.9	21.6	7.1	57.8	48.8	16.6	13.1	11.9	1.4	4.5	9.1	46.7
MERCARI INC	4385	5,950	943.6	163.1	173.6	76.1	23.7	37.4	5.4	16.4	33.2	27.7	-5.9	128.2	0.0	-1.7	12.7	24.1
Z HOLDINGS CORP	4689	710	5,438.3	53.3	61.3	46.0	2.0	15.6	3.5	3.3	4.2	33.0	-17.4	33.5	0.8	15.6	42.1	12.0
RAKUTEN GROUP INC	4755	1,124	1,774.3	NA	NA	NA	2.1	0.5	0.0	-29.0	-9.5	9.5	NA	NA	0.4	-16.4	-12.1	2.7
MISUMI GROUP INC	9962	4,695	1,334.7	54.0	37.7	34.6	5.5	18.9	3.2	14.5	14.3	23.8	106.5	9.0	0.7	9.8	33.8	60.8
Average				68.7	67.0	44.7	15.7	20.1	3.6	15.9	19.7	19.4	23.0	35.6	0.8	2.8	10.5	19.3
Median				53.6	49.5	40.3	5.5	18.9	3.5	15.1	15.3	20.2	16.2	15.6	0.7	4.5	9.1	17.5

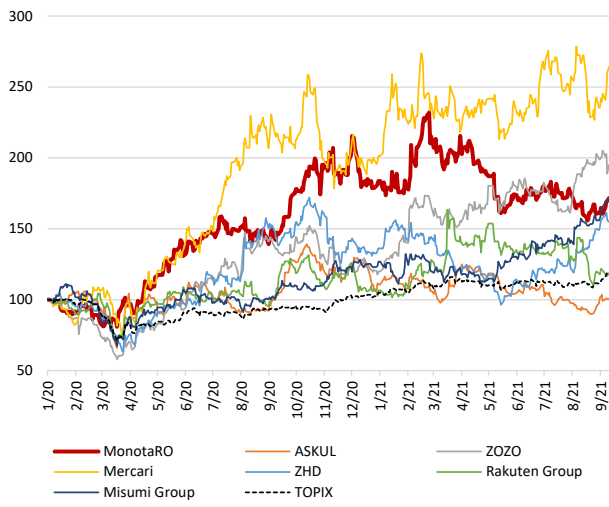
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

Figure: Comparison of valuations for overseas EC companies

Company	Ticker	Share price 9-Sep	Mkt cap USDbn	PER LTM	PER	PER	PBR Last	EV/EBITDA Next E	EV/Sales Next E	ROE	ROE	Sales growth Current E	EPS growth	EPS growth	Div Yield Current E	1M Change	3M Change	1YR Change
					Current E	Next E				Current E	Next E		Current E	Next E				
AMAZON.COM INC	AMZN	3,484.16	1,764.5	60.7	49.1	40.4	15.4	19.7	3.2	24.6	24.0	16.5	26.6	21.3	0.0	4.3	6.2	6.6
ALIBABA GROUP HOLDING-SP ADR	BABA	167.32	454.8	25.9	17.5	14.9	3.0	10.3	2.2	13.7	13.4	36.0	-5.4	17.5	0.0	-14.3	-21.6	-38.7
EBAY INC	EBAY	73.00	47.5	20.0	18.9	16.4	3.7	11.7	4.5	38.8	22.4	-5.8	13.2	15.3	1.0	11.7	10.7	36.6
JD.COM INC-ADR	JD	80.26	125.1	85.6	60.7	38.7	3.7	26.6	0.6	4.1	7.0	26.2	-19.2	57.0	0.0	11.9	10.5	4.0
VIPSHOP HOLDINGS LTD - ADR	VIPS	15.04	10.2	10.6	9.8	8.7	2.2	5.5	0.4	19.2	18.2	8.3	8.7	13.3	0.0	-15.0	-32.4	-9.9
Average				40.6	31.2	23.8	5.6	14.8	2.2	20.1	17.0	16.2	4.8	24.9	0.2	-0.3	-5.3	-0.3
Median				25.9	18.9	16.4	3.7	11.7	2.2	19.2	18.2	16.5	8.7	17.5	0.0	4.3	6.2	4.0

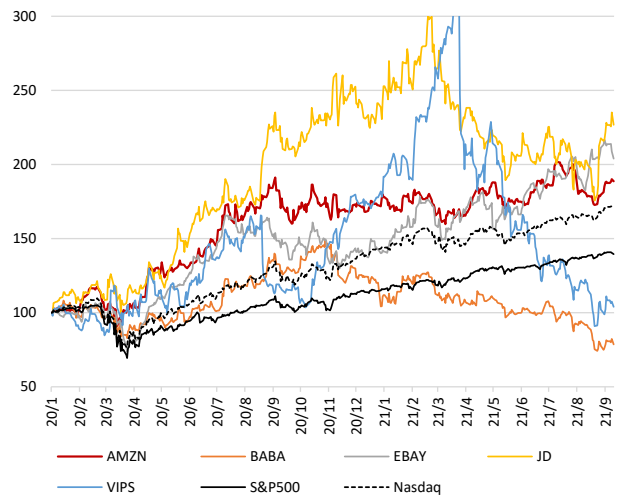
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

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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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.

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