



# MonotaRO

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

## September sales

### First 20% growth in five months

Parent company sales in September were 15.718bn yen (+20.9% YoY). The number of business days was 20, the same as in September 2020, and the sales growth rate per business day was +20.9% YoY (+13.4% for August). It should be noted that the sales growth rate per business day in September 2020 was low at 10.8%. The sales in September were in line with the company's target and the impression is neutral.

Sales to large corporations were up over 40% YoY and were 8% above the company's target.

Sales to SMEs (monotaro.com) were up 15-16% YoY and below the company's target. Average purchase price was 9,200+ yen (9,000 yen in September 2020), and average number of purchases was 2.4 times (2.3 times in September 2020). By customer sector, sales growth to manufacturing customers was relatively strong, but sales growth to construction and auto maintenance customers was relatively weak.

Royalty income was up YoY and above the company's target.

The number of new customer acquisitions was 108.4 thousand accounts (-4.3% YoY).

Jan-Sep cumulative sales were 133.301bn yen (+20.3% YoY), 71.4% progress toward the full-year guidance of 186.759bn yen (+23.0% YoY). The progress rate is slightly weak, but should be within the expectation of the market.

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

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## Update

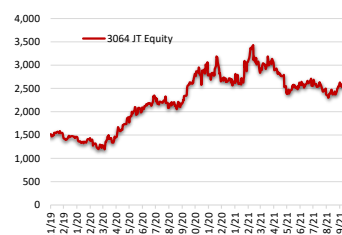
Rating  
**Hold**

Target price (JPY)	2,750
Stock price (JPY) (Oct 11)	2,540
Market cap (JPYbn)	1,273.2

### 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	72.3	62.3	51.0
PBR	x	19.6	27.9	21.5	17.6	14.4
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

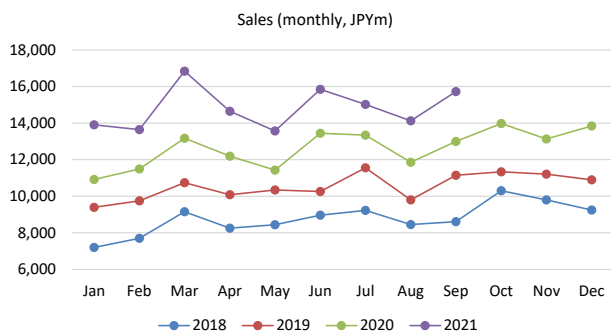
Source: Company data, Mita Securities

Note: Adjusted for stock split

### Company profile

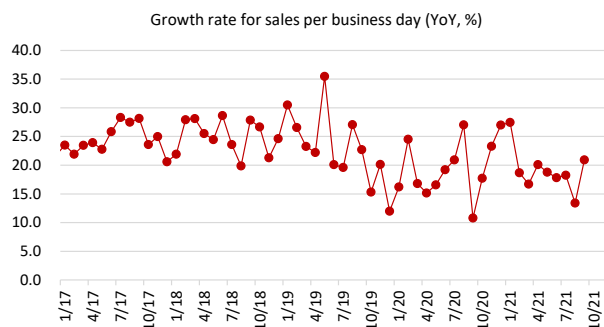
MonotaRO is an EC company that sells indirect materials (MRO products) used in factories, construction sites, and auto repair shops. The company has over 18 million products and 5.83 million registered accounts (as of the end of March 2021). The company is a consolidated subsidiary of W.W. Grainger.

Figure: Monthly sales



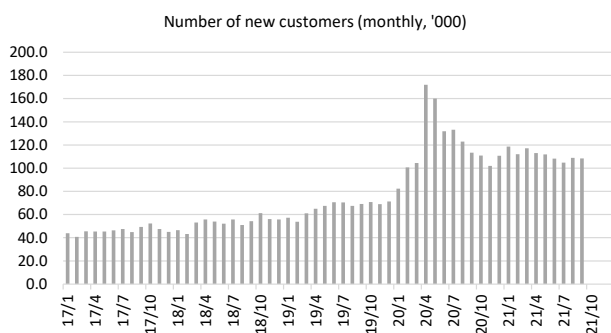
Source: Company data, Mita Securities Note: Parent basis

Figure: Sales growth (monthly)



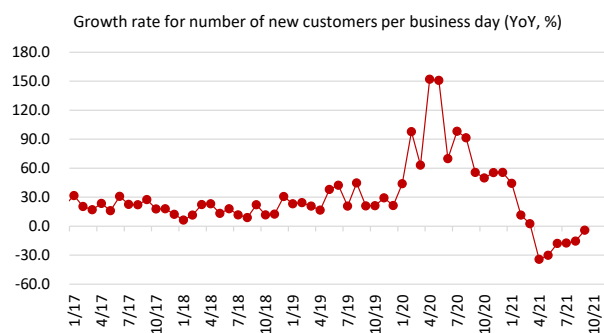
Source: Company data, Mita Securities Note: Parent basis, adjusted for business days

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 8-Oct	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	3M	1YR
					Current E	Next E				Current E	Next E		Current E	Next E		Change	Change	Change
ASKUL CORP	2678	1,653	169.5	20.1	17.9	15.9	2.9	5.9	0.3	16.4	16.7	5.3	21.9	12.6	1.8	-5.9	1.7	-29.8
<b>MONOTARO CO LTD</b>	<b>3064</b>	<b>2,478</b>	<b>1,242.2</b>	<b>79.0</b>	<b>72.4</b>	<b>61.9</b>	<b>23.2</b>	<b>39.4</b>	<b>5.5</b>	<b>33.1</b>	<b>31.7</b>	<b>20.2</b>	<b>23.5</b>	<b>17.0</b>	<b>0.5</b>	<b>-5.7</b>	<b>-2.9</b>	<b>-12.0</b>
ZOZO INC	3092	3,990	1,243.5	37.6	34.3	30.7	48.7	20.9	6.8	58.3	48.7	18.0	14.9	11.5	1.4	-4.8	13.2	30.6
MERCARI INC	4385	6,640	1,059.2	182.0	197.2	90.0	26.4	47.2	6.1	15.5	29.5	27.7	-7.6	119.1	0.0	10.3	10.1	21.4
Z HOLDINGS CORP	4689	692	5,297.4	51.9	59.9	47.4	2.0	15.2	3.2	3.5	4.4	31.0	-17.6	26.3	0.8	-2.0	27.1	-9.8
RAKUTEN GROUP INC	4755	1,100	1,737.8	NA	NA	NA	2.1	0.2	0.0	-27.6	-10.4	11.2	NA	NA	0.4	-2.8	-13.9	-10.3
MISUMI GROUP INC	9962	4,455	1,266.6	51.2	33.1	30.2	5.2	16.4	3.0	15.4	15.2	26.6	123.3	9.4	0.8	-7.1	15.6	47.8
Average				70.3	69.1	46.0	15.8	20.7	3.6	16.4	19.4	20.0	26.4	32.7	0.8	-2.6	7.3	0.1
Median				51.6	47.1	39.1	5.2	16.4	3.2	15.5	16.7	20.2	18.4	14.8	0.8	-4.8	10.1	-9.8

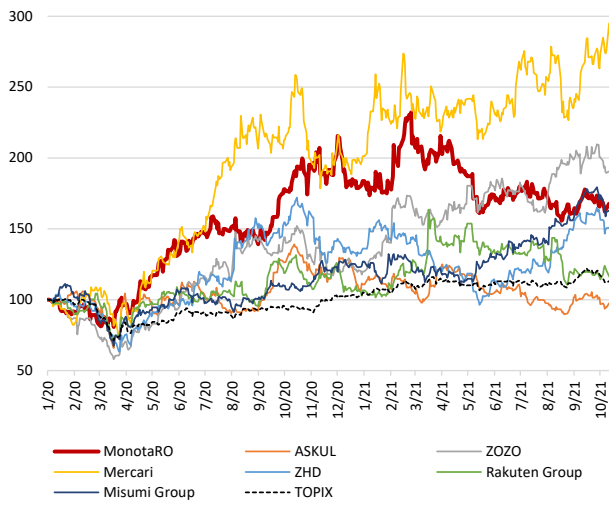
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

Figure: Comparison of valuations for overseas EC companies

Company	Ticker	Share price 8-Oct	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	3M	1YR
					Current E	Next E				Current E	Next E		Current E	Next E		Change	Change	Change
AMAZON.COM INC	AMZN	3,288.62	1,665.5	57.3	47.8	40.0	14.5	18.8	3.0	24.7	24.0	16.3	22.5	19.7	0.0	-5.2	-11.6	0.1
ALIBABA GROUP HOLDING-SP ADR	BABA	161.52	439.0	24.9	17.5	15.3	2.9	10.3	2.2	12.8	12.7	33.7	-8.6	14.1	0.0	-3.9	-21.6	-46.1
EBAY INC	EBAY	75.05	48.8	20.5	19.3	16.8	3.8	12.0	4.6	38.8	22.4	-5.8	14.0	14.7	0.9	3.4	8.0	35.3
JD.COM INC-ADR	JD	78.61	122.6	83.7	59.8	38.2	3.6	25.2	0.6	4.1	7.0	26.2	-19.8	56.6	0.0	-2.5	6.9	-1.5
VIPSHOP HOLDINGS LTD - ADR	VIPS	11.30	7.6	8.0	8.0	7.1	1.6	3.9	0.3	17.9	17.3	6.7	0.6	12.0	0.0	-22.7	-39.8	-27.6
Average				38.9	30.5	23.5	5.3	14.1	2.1	19.7	16.7	15.4	1.8	23.4	0.2	-6.2	-11.6	-7.9
Median				24.9	19.3	16.8	3.6	12.0	2.2	17.9	17.3	16.3	0.6	14.7	0.0	-3.9	-11.6	-1.5

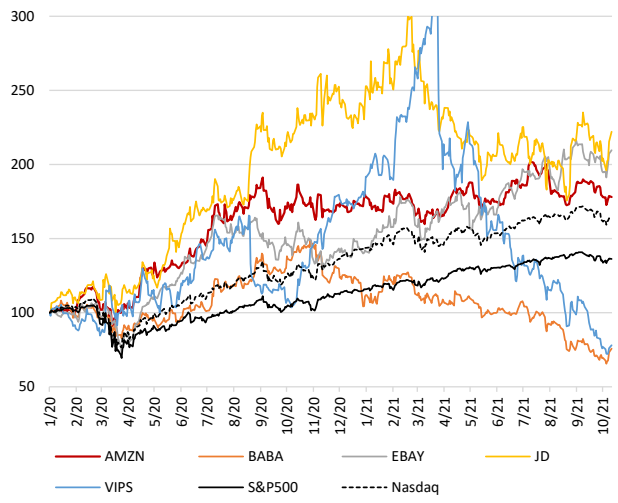
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

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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