



# Komeda Holdings

TSE 1<sup>st</sup> Section 3543 Industry: Food service, wholesale, retail

## Stable profits despite a difficult summer

### 1H results: positive impression continues with OP progress rate of 52%

Komeda Holdings (3543) announced 1H (Mar-Aug) results (IFRS). The impression continues to be positive.

Consolidated sales were 16.4bn yen (+21.6% YoY, +6.9% vs. 1H FY2/20), OP was 3.8bn yen (+58.0% ditto, -3.4% ditto), and NP was 2.6bn yen (+59.8% ditto, -3.8% ditto). The subsidy income (subsidies for shortening hours at directly-owned stores) included in OP was small at 0.14bn yen, but this was due to the company's focus on franchise operations. The progress rate toward the full-year OP guidance (7.25bn yen) is 52.4%, which we see as strong.

2Q (Jun-Aug) OP was 1.8bn yen (+21.5% YoY, -10.5% QoQ). Even excluding the subsidy income, 2Q OP was stable at 1.75bn yen. The QoQ decrease in OP was mainly due to the increase in the number of stores operating on shorter hours in August, so there will be no surprises. It should be noted that 1Q OP was the highest since its listing.

Monthly data shows that the severe situation continued in September (which is included in 3Q). However, the business environment for restaurant operators has been recovering rapidly since the beginning of October, and we believe that the market is paying more attention to the future demand recovery situation than to past figures.

### Steady store openings both in Japan and overseas

The total number of stores at the end of 1H (end of August) was 933, up 19 stores from the end of FY2/21. The breakdown is 26 stores opened and seven stores closed. Six of the new stores were overseas: three in Taiwan and three in Shanghai.

In addition, the company opened two new stores in September, bringing the total number of stores to 935.

Our impression is that store openings are progressing well against the company's plan of 940-950 total stores at the end of FY2/22.

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

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## Update

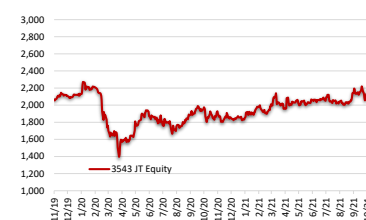
Rating  
**Buy**

Target price (JPY)	3,000
Stock price (JPY) (Oct 13)	2,098
Market cap (JPYbn)	96.8

### Key changes

Rating	No
Target price	No
Earnings forecast	No

### Stock price (JPY)



Source: Bloomberg Finance LP

### Earnings

IFRS		2/20	2/21	2/22E	2/23E	2/24E
Sales	JPYbn	31.2	28.8	33.6	36.4	39.6
OP	JPYbn	7.9	5.5	7.3	8.1	9.0
Pre-tax Profit	JPYbn	7.8	5.4	7.2	8.0	8.9
NP	JPYbn	5.4	3.6	4.8	5.4	6.0
EPS	JPY	116.7	77.9	105.0	117.2	130.2
BPS	JPY	720	755	821	887	955
DPS	JPY	51.0	39.0	51.0	62.0	68.0
PER	x	15.7	24.4	20.1	18.0	16.2
PBR	x	2.5	2.5	2.6	2.4	2.2
Div. yield	%	2.8	2.1	2.4	2.9	3.2
ROA	%	6.5	3.5	4.4	4.8	5.2
ROE	%	17.2	10.6	13.3	13.7	14.1

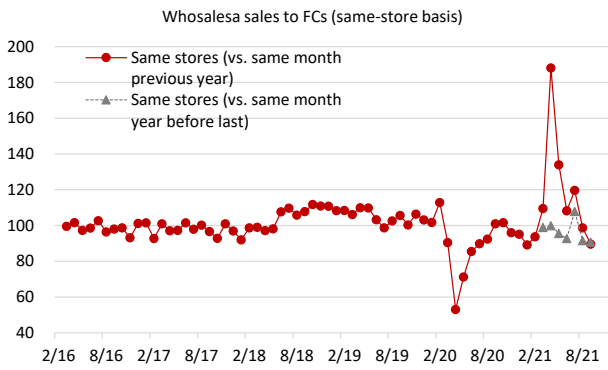
Source: Company data, Mita Securities

### Company profile

Komeda HD, based in Aichi Prefecture, operates "Komeda's Coffee" through franchise system nationwide. The company has 914 stores at the end of February 2021 and is the largest full-service coffee shop operator in Japan. FY2/21 sales were 28.8bn yen.

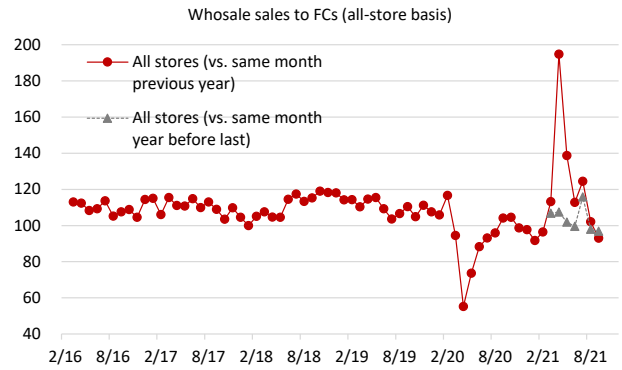
**Komeda HD monthly wholesale sales data and quarterly earnings data**

**Figure: Wholesale sales to FCs (same-store basis)**



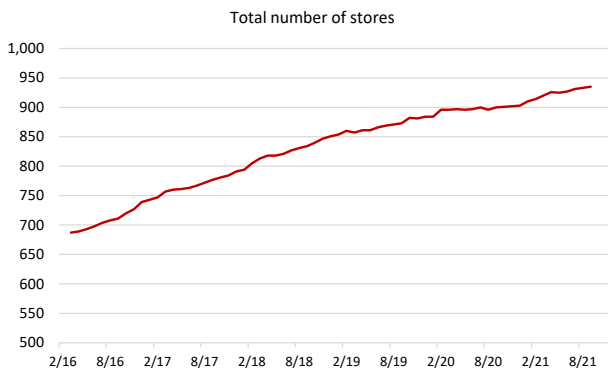
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

**Figure: Wholesale sales to FCs (all-store basis)**



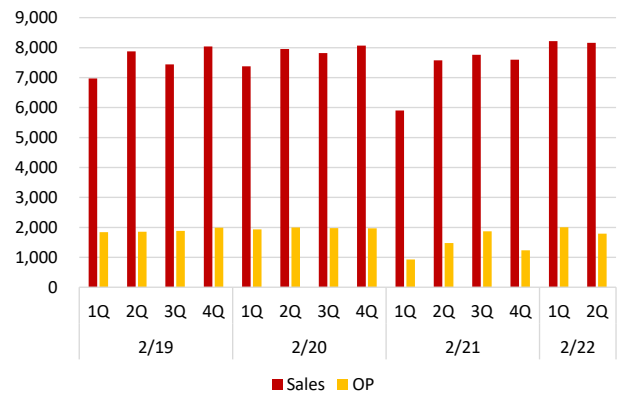
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

**Figure: Store count**



Source: Company data, Mita Securities

**Figure: Quarterly earnings (JPYm)**

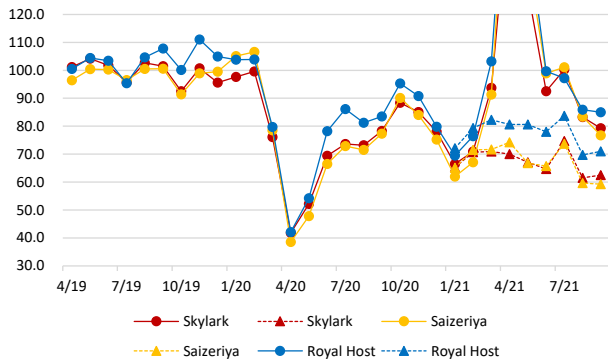


Source: Company data, Mita Securities

### Food service industry data

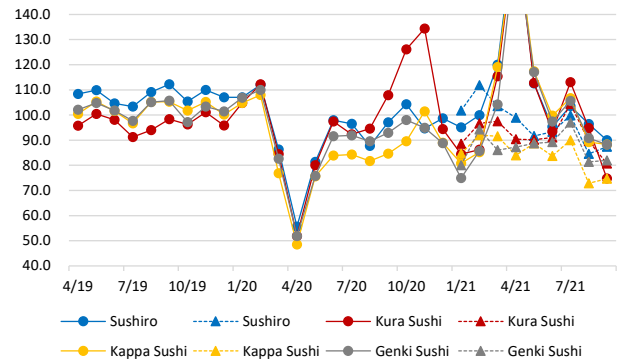
Same-store sales (compared to last year or year before last)

Figure: Family restaurants



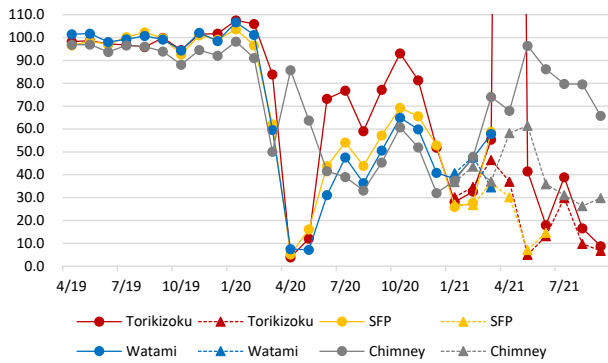
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Sushi restaurants



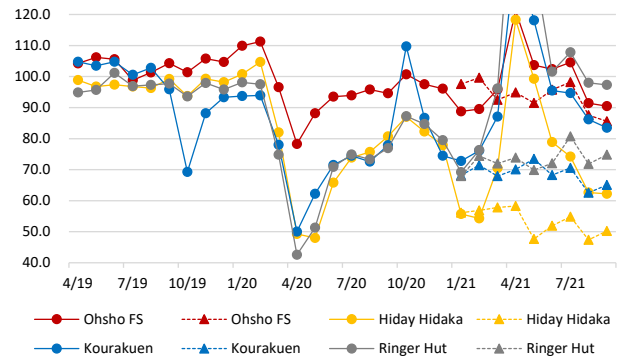
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Izakaya (Japanese style pubs)



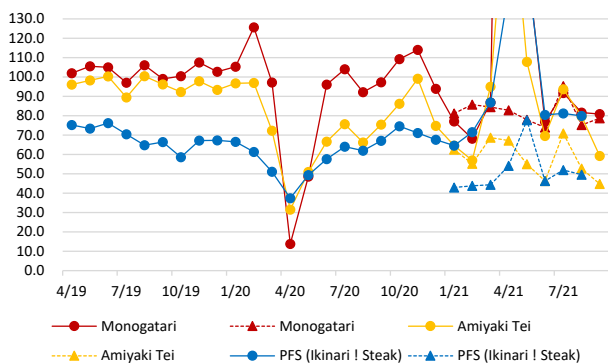
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Chinese restaurants



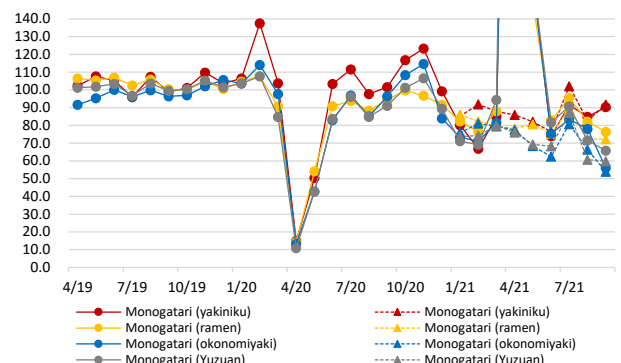
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Yakiniku (Japanese BBQ), steak



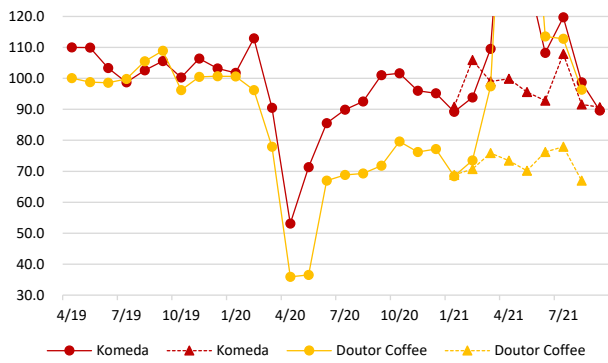
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Monogatari Corporation by division



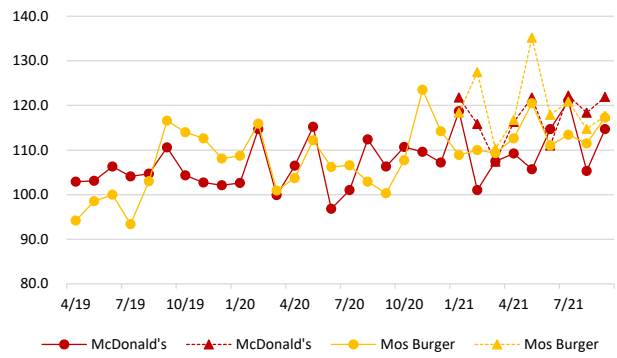
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Coffee shops



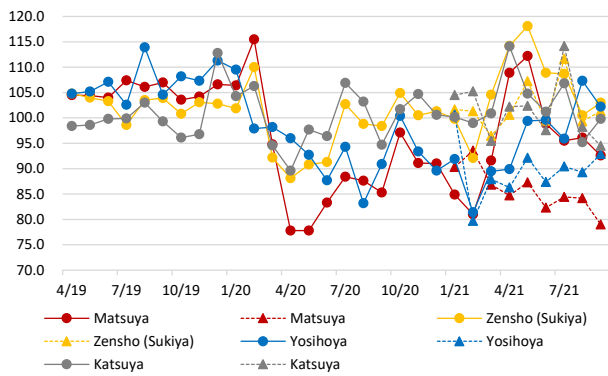
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Hamburger shops



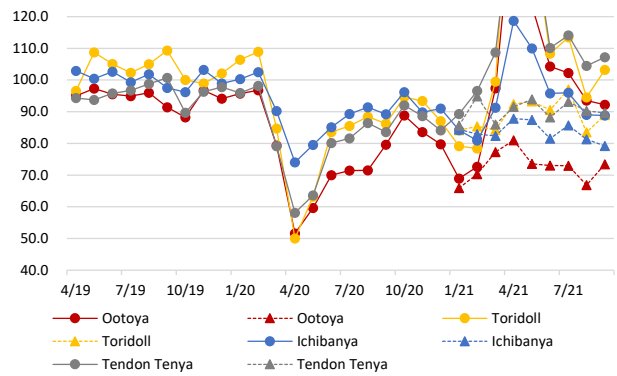
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Beef bowl, Tonkatsu



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

Figure: Set meal, Udon noodle, Curry, Tempura

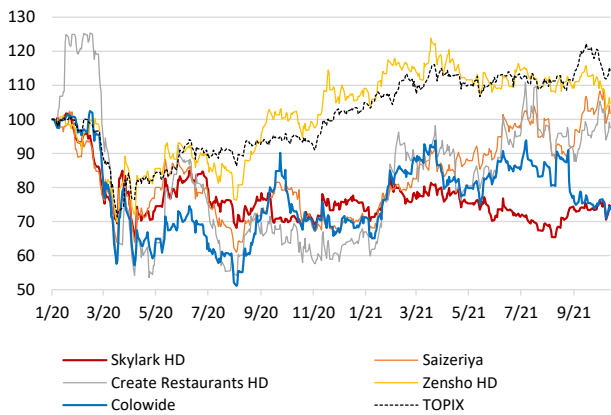


Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last



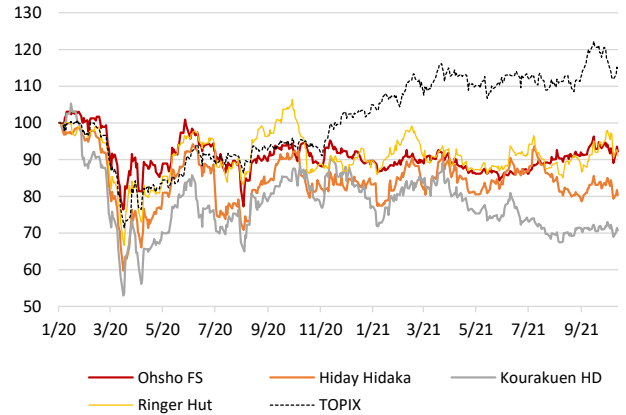
Stock price trends for food service companies

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



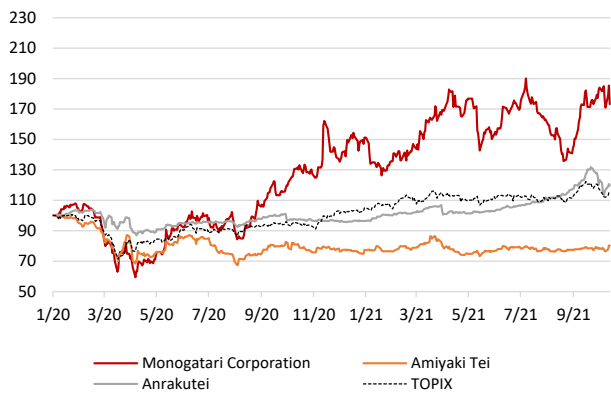
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



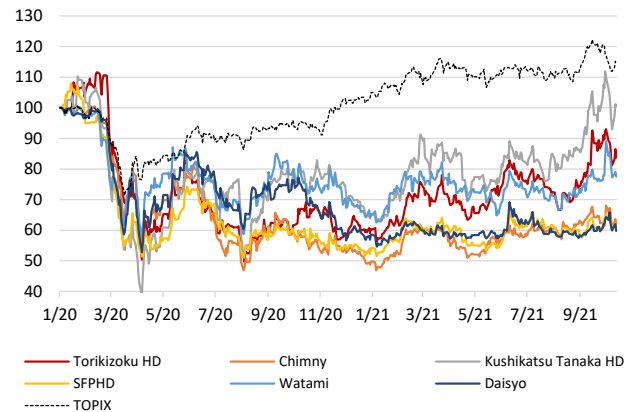
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



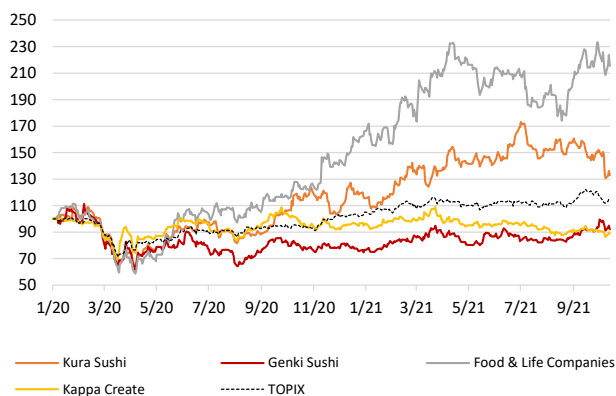
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



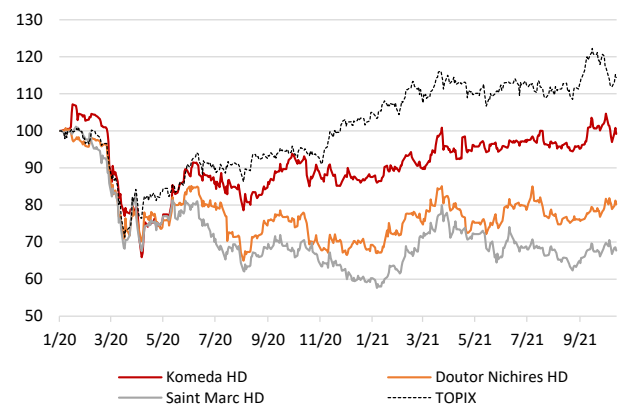
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

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

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