



IBJ

TSE 1st Section 6071 Industry: Consumer services

Progress in regional bank alliances in Tokai region. Approaching clients of OKB

Announced alliance with Ogaki Kyoritsu Bank. 12th alliance with a regional bank
 IBJ (6071) announced on October 5 that it has signed a business alliance agreement with Ogaki Kyoritsu Bank (8361, OKB), a regional bank based in Gifu Prefecture. Under the terms of the alliance, IBJ will provide support for OKB's clients in opening marriage agencies, thereby contributing to the revitalization of Gifu Prefecture and solving the problem of its declining population.

This is IBJ's 12th tie-up with regional banks. In the Tokai region, IBJ already has tie-ups with the Bank of Nagoya (Aichi Prefecture) and the San ju San Bank (Mie Prefecture). We believe that expanding the franchise network in regional areas is one of the company's key growth strategies, and that referrals from partner regional banks can be an efficient and effective way to acquire quality franchisees.

Please refer to the report dated September 17, 2021 for the rationale of the rating and target price.

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Update

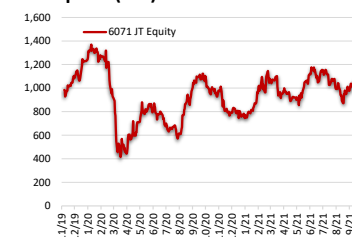
Rating
Buy

Target price (JPY)	1,450
Stock price (JPY) (Oct 5)	1,078
Market cap (JPYbn)	45.3

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	15.3	13.1	14.1	16.3	21.0
OP	JPYbn	2.3	1.6	1.7	2.5	3.5
RP	JPYbn	2.3	1.5	1.6	2.4	3.4
NP	JPYbn	1.5	0.7	1.0	1.6	2.3
EPS	JPY	38.0	17.1	24.9	40.2	57.9
BPS	JPY	123.1	131.4	150.3	182.4	228.3
DPS	JPY	9.0	6.0	8.0	12.0	14.0
PER	x	32.7	45.7	43.3	26.8	18.6
PBR	x	10.1	6.0	7.2	5.9	4.7
Div. yield	%	0.7	0.8	0.7	1.1	1.3
ROA	%	16.2	5.5	7.2	11.1	13.7
ROE	%	36.0	13.5	17.7	24.1	28.2

Source: Company data, Mita Securities

Company profile

IBJ operates its marriage agency business both directly and through its franchisees. The Japan Marriage Consulting Federation, which the company manages, has over 70,000 members, making it one of the largest in Japan. As of the end of June 2021, the company had 2,832 franchisees. The company's strength lies in its counseling services that focus on marriage, and it is also active in M&As.

Alliances with regional banks

Figure: Directly-owned stores and franchisees by region, partner banks (end-FY12/20 for stores and franchisees, Oct 5 for banks)

	IBJ Members stores	Sunmarie stores	ZWEI stores	Franchisees other than IBJ group	Total stores	Partner regional banks (as of October 5)
Hokkaido	0	0	1	35	36	
Tohoku	0	1	4	59	64	Kirayaka Bank, Sendai Bank
Kanto	6	6	14	1,261	1,287	
Hokuriku & Koshinetsu	0	0	6	61	67	Hokuriku Bank, Bank of Toyama, Nagano Bank
Tokai	1	1	6	334	342	Bank of Nagoya, San ju San Bank, Ogaki Kyoritsu Bank
Kansai	4	1	8	553	566	Senshu Ikeda Bank, Bank of Kyoto
Chugoku & Shikoku	0	2	4	108	114	Ehime Bank
Kyushu	1	1	6	145	153	Bank of Saga
Okinawa	0	0	1	8	9	
Overseas	0	0	0	3	3	
Total	12	12	50	2,567	2,641	

Source: Company data, Mita Securities

Comparison of valuations with peers (reference)

Figure: Comparison of valuations for franchise business operators

Company name	Ticker	PX 10/5	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
KOBE BUSSAN CO LTD	3038	3,570	976.8	-0.3	3.0	8.6	28.5	31.0	27.4	42.2	38.4	34.5	10.7	28.8	2.7	0.6	-17.9	-1.4	24.9
KOMEDA HOLDINGS CO LTD (TP 3,000 Buy)	3543	2,127	98.1	1.5	4.7	23.0	12.7	13.6	13.9	22.7	19.7	18.5	2.8	16.3	4.4	2.4	3.3	1.9	9.5
IBJ INC (TP 1,450 Buy)	6071	1,078	45.3	-0.2	-1.8	17.5	16.5	19.0	21.9	51.4	39.3	28.8	8.0	NA	2.9	0.7	9.9	-5.8	-0.9
CURVES HOLDINGS CO LTD	7085	917	86.1	1.2	NA	NA	5.3	14.0	24.5	185.6	72.7	37.3	9.7	NA	3.9	0.4	3.1	-5.8	27.7
FAST FITNESS JAPAN INC (TP 5,600 Buy)	7092	3,645	68.2	-0.2	NA	NA	NA	NA	NA	NA	62.0	48.7	8.0	NA	5.1	0.2	-5.4	-4.2	NA
WORKMAN CO LTD	7564	6,090	498.4	-0.4	12.6	24.1	21.0	NA	NA	28.4	26.4	24.0	5.6	NA	NA	1.1	-9.8	-17.8	-30.2
Average				0.3	4.6	18.3	16.8	19.4	21.9	66.1	43.1	32.0	7.4	22.5	3.8	0.9	-2.8	-5.5	6.2
Median				-0.2	3.9	20.2	16.5	16.5	23.2	42.2	38.8	31.6	8.0	22.5	3.9	0.6	-1.1	-5.0	9.5

Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus. Shading indicates stocks covered by Mita Securities

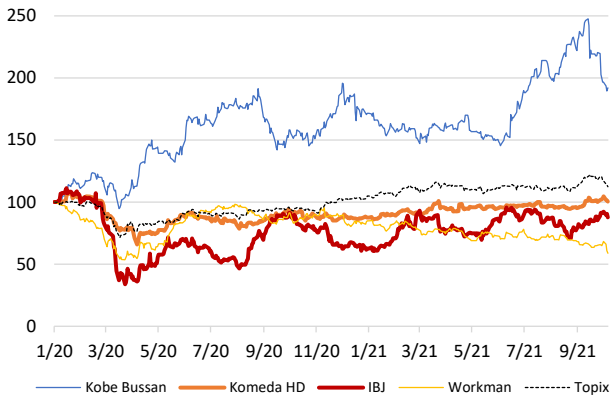
Figure: Comparison of valuations for matchmaking-related companies

Company name	Ticker	PX 10/5	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
BENEFIT ONE INC	2412	4,935	789.5	-0.9	3.4	29.6	46.6	41.0	40.7	107.2	91.9	80.5	45.7	57.4	19.9	0.7	-0.2	42.0	79.7
LINKBAL INC	6046	334	6.5	-0.9	-61.0	-45.8	-16.7	NA	NA	NA	NA	NA	3.4	NA	NA	NA	7.1	-2.6	-9.0
IBJ INC (TP 1,450 Buy)	6071	1,078	45.3	-0.2	-1.8	17.5	16.5	19.0	21.9	51.4	39.3	28.8	8.0	NA	2.9	0.7	9.9	-5.8	-0.9
RECRUIT HOLDINGS CO LTD	6098	6,752	11,451.1	-0.1	7.8	14.2	17.3	19.8	19.2	59.3	45.8	41.3	9.5	27.3	4.2	0.4	1.9	19.8	58.0
NET MARKETING CO LTD	6175	468	7.0	-1.1	-2.5	4.4	11.7	NA	NA	20.6	NA	NA	2.3	NA	NA	NA	6.1	14.7	-27.8
TAMENY INC	6181	101	2.2	-9.6	-24.7	-25.4	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-7.3	-21.7	-53.2
Average				-2.1	-13.1	-0.9	15.1	26.6	27.2	59.6	59.0	50.2	13.8	42.3	9.0	0.6	2.9	7.7	7.8
Median				-0.9	-2.1	9.3	16.5	19.8	21.9	55.3	45.8	41.3	8.0	42.3	4.2	0.7	4.0	6.0	-5.0

Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus. Shading indicates stocks covered by Mita Securities

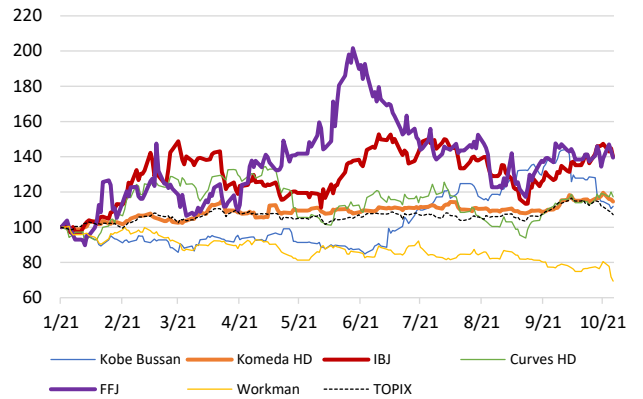
Comparison of stock price trends (reference)

Figure: Stock price trends for franchise business operators



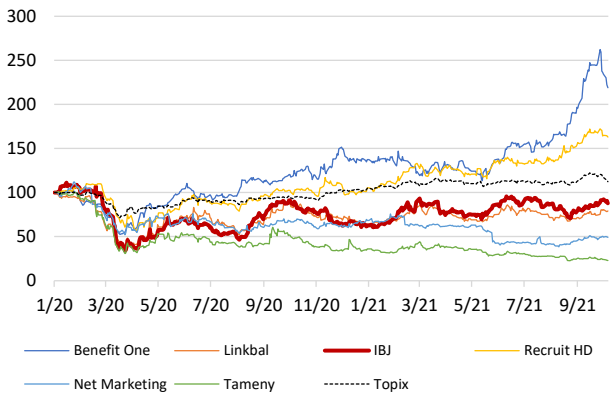
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends for franchise business operators



Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2020

Figure: Stock price trends for matchmaking-related companies



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

APPENDIX

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