



MonotaRO

TSE 1st Section 3064 Industry: Retail, Internet

October sales

Neutral impression, with no major changes from September

Parent company sales in October were 16.028bn yen (+14.6% YoY). The number of business days was 21, one day less than in October 2020, and the sales growth rate per business day was +20.1% YoY (+20.9% for September). There have been no major changes since September, and the impression is neutral.

Sales to large corporations increased by about 33% YoY, about 3% above the company's target.

Sales to SMEs (monotaro.com) increased by about 11% YoY, below the company's target. Average purchase price was 9,300 yen (9,000 yen in October 2020), and average number of purchases was 2.5 times (2.4 times in October 2020). By customer sector, sales growth of comparable manufacturing customers was relatively strong, but sales to comparable customers of other sectors were down YoY.

The number of new customer acquisitions was 111.3 thousand accounts (+0.4% YoY).

Jan-Oct cumulative sales were 149.3bn yen (+19.6% YoY), 80% progress toward the full-year guidance of 186.759bn yen (+23.0% YoY).

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

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Update

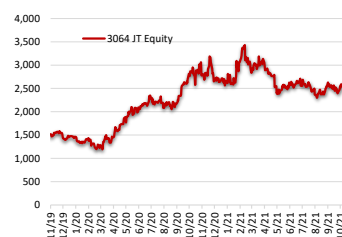
Rating
Hold

Target price (JPY)	2,750
Stock price (JPY) (Nov 10)	2,461
Market cap (JPYbn)	1,233.6

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	71.7	61.8	50.5
PBR	x	19.6	27.9	21.3	17.4	14.3
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

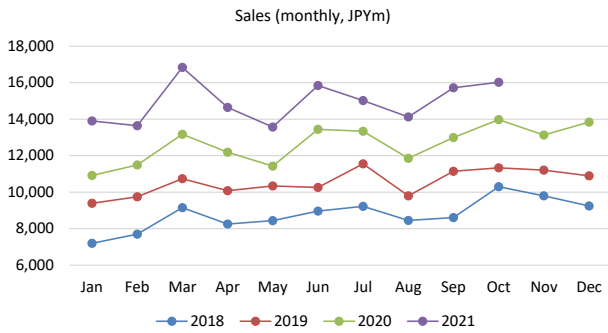
Source: Company data, Mita Securities

Note: Adjusted for stock split

Company profile

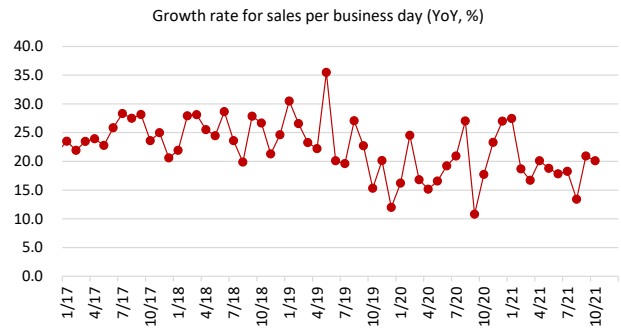
MonotaRO is an EC company that sells indirect materials (MRO products) used in factories, construction sites, and auto repair shops. The company has over 18 million products and 6.46 million registered accounts (as of the end of September 2021). The company is a consolidated subsidiary of W.W. Grainger.

Figure: Monthly sales



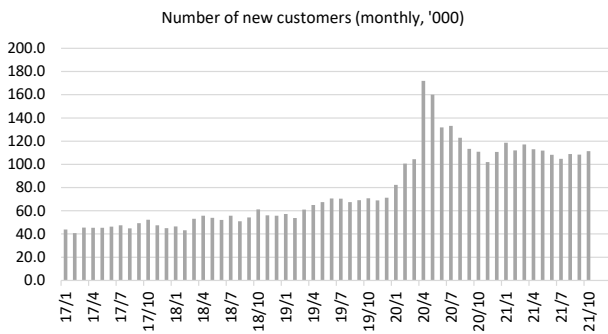
Source: Company data, Mita Securities Note: Parent basis

Figure: Sales growth (monthly)



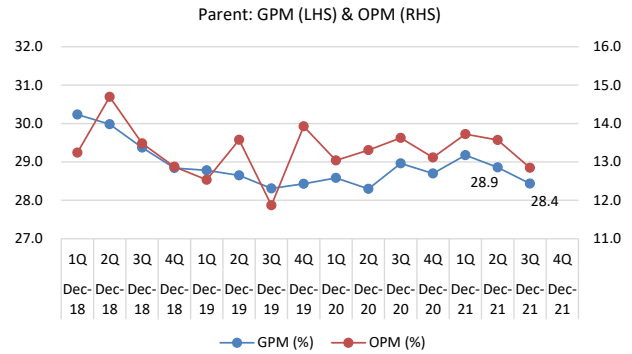
Source: Company data, Mita Securities Note: Parent basis, adjusted for business days

Figure: Number of new customers (monthly)



Source: Company data, Mita Securities Note: Parent basis

Figure: GPM, OPM (quarterly)



Source: Company data, Mita Securities

Figure: Comparison of valuations for Japanese EC companies

Company	Ticker	Share price 9-Nov	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	1,590	163.0	19.4	17.2	16.7	2.7	5.6	0.3	16.4	16.7	4.6	21.9	2.7	1.9	-3.8	-1.1	-20.5
MONOTARO CO LTD	3064	2,458	1,232.1	76.9	72.6	62.7	22.6	40.4	5.5	32.9	30.7	17.1	22.1	15.8	0.5	-0.8	-1.6	-11.9
ZOZO INC	3092	3,670	1,143.7	33.1	31.4	28.3	25.4	19.0	6.3	58.2	49.4	9.4	15.5	10.8	1.5	-8.0	-6.1	37.5
MERCARI INC	4385	6,860	1,095.2	819.6	227.2	96.6	26.2	48.3	6.3	14.6	24.6	26.8	-17.1	135.2	0.0	3.3	13.4	70.9
Z HOLDINGS CORP	4689	813	6,226.1	67.2	69.4	55.7	2.3	18.0	3.8	3.5	4.3	29.3	-16.5	24.6	0.7	17.5	32.3	32.6
RAKUTEN GROUP INC	4755	1,202	1,899.6	NA	NA	NA	2.3	1.1	0.1	-28.4	-11.9	10.6	NA	NA	0.4	9.3	-10.6	10.4
MISUMI GROUP INC	9962	4,885	1,388.9	44.4	36.7	33.2	5.5	18.0	3.3	15.4	15.2	17.1	120.3	10.7	0.7	9.7	14.3	42.4
Average				176.8	75.8	48.9	12.4	21.5	3.7	16.1	18.4	16.4	24.4	33.3	0.8	3.9	5.8	21.7
Median				55.8	53.1	44.5	5.5	18.0	3.8	15.4	16.7	17.1	18.7	13.3	0.7	3.3	-1.1	32.6

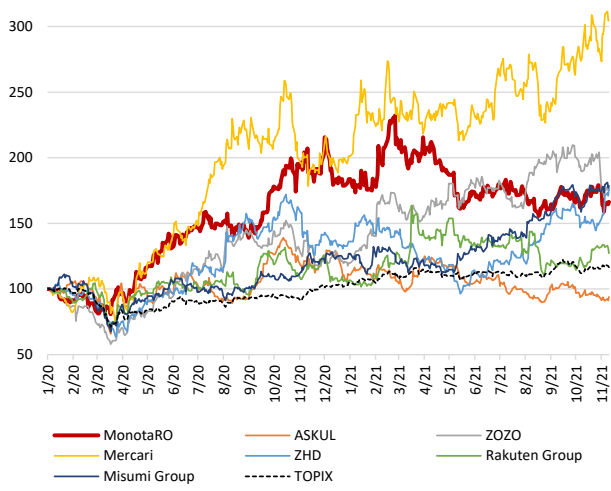
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

Figure: Comparison of valuations for overseas EC companies

Company	Ticker	Share price 9-Nov	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	3,576.23	1,813.7	70.0	61.5	51.1	15.0	21.9	3.4	20.6	21.0	10.0	3.7	20.3	0.0	8.7	7.0	13.8
ALIBABA GROUP HOLDING-SP ADR	BABA	160.19	434.3	24.5	17.7	15.3	2.8	10.2	2.1	13.2	13.1	33.0	-11.0	15.6	0.0	-0.8	-18.0	-44.9
EBAY INC	EBAY	73.96	46.3	18.6	18.7	16.3	4.3	12.0	4.5	76.4	37.0	-9.0	16.2	14.2	1.0	-1.5	13.2	53.1
JD.COM INC-ADR	JD	77.19	120.3	81.5	57.6	37.9	3.5	24.7	0.6	4.1	6.9	23.9	-18.8	51.7	0.0	-1.8	7.6	-9.0
VIPSHOP HOLDINGS LTD - ADR	VIPS	11.60	7.8	8.1	8.2	7.3	1.7	4.3	0.3	16.5	16.3	5.8	-0.6	12.5	0.0	2.7	-34.5	-45.8
Average				40.5	32.7	25.6	5.5	14.6	2.2	26.2	18.9	12.7	-2.1	22.9	0.2	1.5	-4.9	-6.6
Median				24.5	18.7	16.3	3.5	12.0	2.1	16.5	16.3	10.0	-0.6	15.6	0.0	-0.8	7.0	-9.0

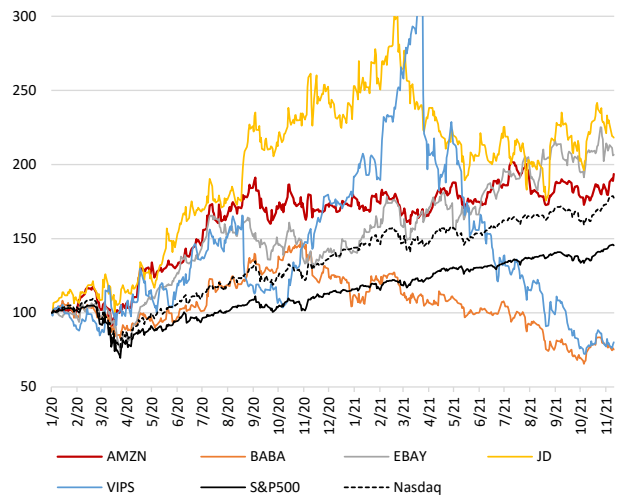
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

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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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%.

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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