



Torikizoku Holdings

TSE 1st Section 3193 Industry: Food service, retail

October sales improved significantly, but not enough

October SSS improved significantly from September, but still weaker than non-izakaya restaurants

Torikizoku Holdings (3193, the company) disclosed monthly data for October.

Same-store sales were 66.7% vs. October 2020 (October 2020 = 100%; 8.8% for September), and 62.1% vs. October 2019 (our estimate, October 2019 = 100%; 6.8% for September). The number of holidays (weekends and national holidays) was one more than in October 2020 and October 2019. Compared to October 2020, the number of customers was 62.3% (9.7% for September), and average spend per customer was 107.0% (91.0% for September).

Same-store sales in October 2020 was relatively high at 93.1% vs. October 2019. The company was positively affected by special factors related to the Go To Eat campaign.

Same-store sales in October recovered significantly from September due to easing and lifting of the shortened hours requirement. In particular, from October 25 onwards, the shortened hours requirement was lifted in many areas, and many stores were seen to have extended their opening hours further. Average spend per customer improved from September mainly due to return of alcohol offerings.

Nonetheless, same-store sales of 62.1% vs. October 2019 is weaker than those of other restaurant companies such as Skylark HD 82.6%, Kura Sushi 101.0%, and Ohsho Food Service 102.5%. We believe this is due to the following factors: 1) the company has not resumed normal operations during late-night hours; and 2) the company has not been able to respond to take-out demand.

Our view on the current situation

Since the end of October, many restaurant operators have returned to normal business hours, but for izakaya (Japanese style pubs), the situation seems to be different from company to company and restaurant to restaurant. For example, Torikizoku has not yet fully resumed late-night hours, so we should not expect it to quickly recover to its pre-COVID sales levels. In our view, the recovery in the flow of people in the downtown area is not yet as strong as it was before the COVID-19 pandemic.

Store count

The number of stores at the end of October was 615 (unchanged MoM). The number of directly-owned stores was 383 (unchanged MoM).

Please refer to the report dated November 1, 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)	2,100
Stock price (JPY) (Nov 8)	1,975
Market cap (JPYbn)	23.0

Key changes

Rating	No
Target price	No
Earnings forecast	No

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

		7/20	7/21	7/22E	7/23E	7/24E
Sales	JPYbn	27.5	15.6	17.7	28.4	33.8
OP	JPYbn	1.0	-4.7	-3.5	0.6	1.3
RP	JPYbn	1.0	-0.3	-0.6	0.6	1.3
NP	JPYbn	-0.8	-0.5	-0.5	0.6	1.2
EPS	JPY	-65.9	-40.3	-46.6	49.0	103.9
BPS	JPY	489.1	450.6	404.0	453.0	552.8
DPS	JPY	4.0	0.0	0.0	4.0	8.0
PER	x	NA	NA	NA	39.4	18.6
PBR	x	2.5	3.8	4.8	4.3	3.5
Div. yield	%	0.3	0.0	0.0	0.2	0.4
ROA	%	-4.1	-2.5	-3.3	3.2	6.0
ROE	%	-12.5	-8.6	-10.9	11.4	20.7

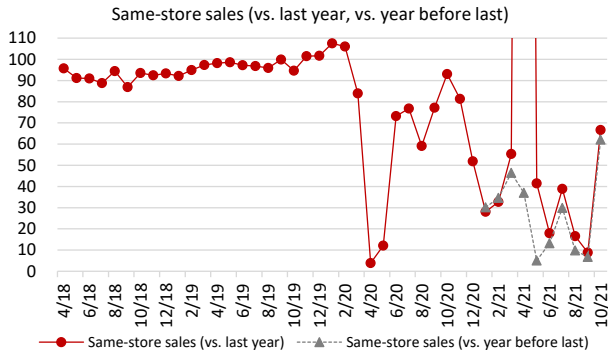
Source: Company data, Mita Securities

Company profile

Torikizoku HD is a restaurant company based in Osaka Prefecture that operates one of Japan's largest izakaya (Japanese style pub) chains "Yakitori-ya Torikizoku." Torikizoku had 615 stores (383 directly-owned stores and 232 franchise stores) as of the end of FY7/21. Sales in FY7/21 were 15.6bn yen, and the peak of sales before the COVID-19 pandemic was 35.8bn yen in FY7/19.

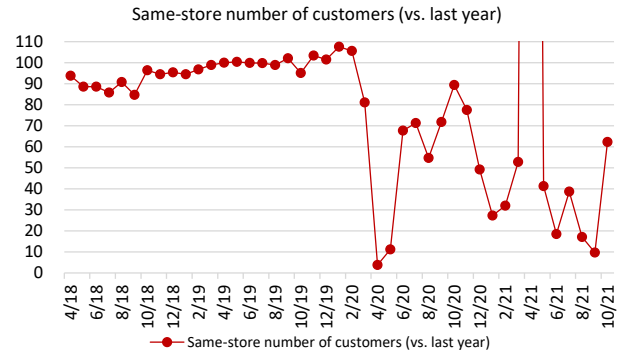
Monthly data for Torikizoku Holdings

Figure: Same-store sales (%)



Source: Company data, Mita Securities

Figure: Same-store number of customers (%)



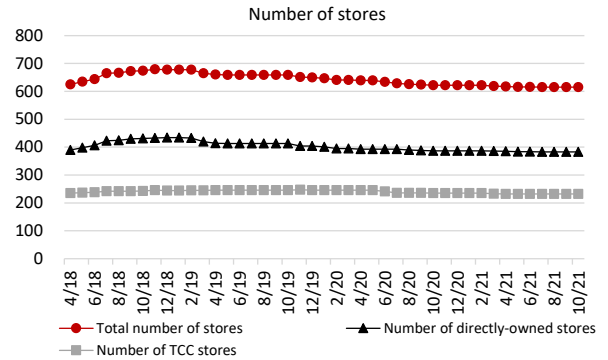
Source: Company data, Mita Securities

Figure: Same-store average spend per customer (%)



Source: Company data, Mita Securities

Figure: Number of stores



Source: Company data, Mita Securities

Comparison of valuations with peers (reference)

Figure: Comparison of valuations for food service companies

Company name	Ticker	PX 11/5	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	
KURA SUSHI INC (TP 5,000 Buy)	2695	3,820	158.1	-0.1	13.7	4.6	4.9	3.2	10.1	71.1	105.6	32.2	3.4	49.6	1.1	0.5	0.7	-1.7	4.2	1.4
MCDONALD'S HOLDINGS CO JAPAN	2702	5,100	678.1	-0.2	5.6	14.8	12.7	12.0	11.9	31.0	30.0	26.8	3.7	12.7	1.9	0.7	-1.7	4.2	1.4	
OOTOYA HOLDINGS CO LTD	2705	2,732	19.8	0.2	-12.1	6.0	NA	NA	NA	35.1	NA	NA	9.4	NA	NA	NA	1.9	-1.2	26.6	
FUJIO FOOD GROUP INC	2752	1,405	62.7	3.6	-19.5	-2.0	-48.9	15.7	NA	NA	77.2	36.7	13.4	NA	2.8	0.0	3.3	6.9	-1.1	
AMIYAKI TEI CO LTD	2753	3,080	21.1	-0.1	-16.2	-8.2	0.2	2.0	NA	569.4	40.6	11.2	1.1	NA	0.6	0.0	6.2	8.5	6.1	
HIRAMATSU INC	2764	210	15.7	4.1	-6.1	-26.6	-86.1	NA	NA	NA	NA	NA	3.9	NA	NA	NA	-3.7	14.8	7.1	
PEPPER FOOD SERVICE CO LTD	3053	401	15.8	2.4	NA	NA	NA	NA	NA	NA	NA	NA	5.9	NA	NA	NA	2.8	8.4	54.8	
CHOLUSHIMARU CO LTD	3075	1,182	17.2	-0.8	-0.6	2.8	7.2	NA	NA	33.6	NA	NA	2.3	NA	NA	NA	1.4	3.5	6.0	
ARCLAND SERVICE HOLDINGS CO	3085	2,264	74.9	-0.6	21.1	12.8	19.4	19.1	12.5	16.7	16.2	22.9	3.0	10.8	1.4	1.3	0.0	-0.1	8.8	
DOUTOR NICHIRETS HOLDINGS CO	3087	1,662	75.8	-0.3	-2.7	3.3	-3.2	4.2	1.6	NA	18.3	25.8	0.8	11.1	0.4	1.5	-3.7	2.1	13.5	
BRONCO BILLY CO LTD	3091	2,453	37.0	-0.3	-12.6	6.8	4.4	NA	NA	47.8	NA	NA	2.1	NA	NA	0.7	-1.6	3.8	5.9	
MONOGATARI CORP (TP 9,100 Buy)	3097	7,110	85.8	0.1	10.5	10.2	14.6	15.3	16.0	31.4	26.1	22.0	4.3	11.1	1.2	0.9	-6.8	11.3	27.0	
CHIMNEY CO LTD	3178	1,465	28.3	0.8	-60.7	-37.1	-65.7	NA	NA	NA	NA	NA	4.6	NA	NA	NA	-0.3	9.6	18.6	
TORIKIZOKU HOLDINGS CO LTD (TP 2,100 Hold)	3193	1,931	22.4	0.6	NA	NA	NA	14.3	NA	NA	25.7	19.1	4.3	NA	1.1	0.0	-3.1	20.4	22.8	
HOTLAND CO LTD	3196	1,391	30.0	0.6	5.8	5.2	9.1	16.1	NA	45.2	25.6	29.1	3.9	NA	1.1	0.4	3.3	12.8	12.9	
SKYLARK HOLDINGS CO LTD (TP 1,550 Hold)	3197	1,554	353.5	2.1	-15.6	17.8	0.9	1.4	3.5	264.7	280.0	48.8	2.3	8.3	1.7	0.3	-0.6	10.5	1.1	
SFP HOLDINGS CO LTD	3198	1,470	37.9	-0.1	-53.8	-1.0	-19.2	14.4	NA	NA	21.1	25.3	3.3	NA	2.5	0.0	0.7	7.6	12.8	
CREATE RESTAURANTS HOLDINGS	3387	765	144.9	3.5	-28.7	21.7	0.8	27.2	NA	1,233.9	22.7	34.8	6.7	NA	2.5	0.6	-16.2	-9.5	36.1	
SAINT MARC HOLDINGS CO LTD	3395	1,551	35.3	-0.2	-13.7	-6.3	-11.6	0.7	3.0	NA	137.9	34.1	0.9	11.9	0.5	2.8	-3.4	2.4	3.0	
TORIDOLL HOLDINGS CORP	3397	2,967	259.7	3.0	0.2	10.7	-0.8	9.9	10.4	NA	61.6	46.3	8.1	12.8	2.5	0.2	14.4	53.2	115.2	
KOMEDA HOLDINGS CO LTD (TP 3,000 Buy)	3543	2,074	95.7	1.5	8.1	23.7	13.0	13.6	13.7	21.0	19.3	17.9	2.6	15.8	4.3	2.5	-1.6	2.7	11.2	
KUSHIKATSU TANAKA HOLDINGS C	3547	2,324	21.7	0.3	-38.7	-22.6	-36.9	2.7	31.4	NA	299.2	42.1	16.1	NA	4.5	0.3	6.4	28.2	32.2	
CHIKARANOMOTO HOLDINGS CO LT	3561	636	17.2	3.7	-31.1	-0.2	-55.1	NA	NA	NA	NA	NA	5.9	NA	NA	NA	3.2	8.3	3.9	
FOOD & LIFE COMPANIES LTD	3563	5,010	581.5	2.2	17.5	16.2	23.0	23.8	24.4	44.1	36.7	30.1	9.1	16.1	2.4	0.6	0.9	12.8	71.5	
ATOM CORP	7412	792	153.3	0.2	-19.3	-5.9	-10.8	NA	NA	NA	NA	NA	19.4	NA	NA	NA	4.8	4.5	-8.0	
KAPPA CREATE CO LTD	7421	1,422	70.3	0.4	-2.5	2.9	3.2	NA	NA	206.1	NA	NA	6.5	NA	NA	NA	5.5	6.3	-1.8	
WATAMI CO LTD	7522	1,003	42.8	3.5	-23.1	-11.4	-73.5	NA	NA	NA	NA	NA	2.9	NA	NA	NA	-2.8	14.1	2.0	
ZENSHO HOLDINGS CO LTD	7550	2,713	420.1	2.2	2.3	7.3	12.2	14.6	13.6	41.9	30.0	37.9	4.9	11.9	0.9	0.7	3.9	0.8	7.4	
KOURAKUEN HOLDINGS CORP	7554	1,498	25.1	1.1	-14.4	0.6	13.5	NA	NA	50.9	NA	NA	6.4	NA	NA	NA	1.1	5.0	-17.6	
ANRAKUTEI CO LTD	7562	6,000	12.8	1.6	58.7	-1.3	2.9	NA	NA	98.8	NA	NA	2.9	NA	NA	NA	-1.0	6.2	21.3	
SAIZERIYA CO LTD	7581	3,130	163.6	-0.2	-0.3	6.3	2.2	9.8	6.8	86.2	20.3	24.0	1.8	8.4	1.0	0.6	14.3	31.7	70.3	
HIDAY HIDAKA CORP	7611	1,660	63.3	-0.3	-23.8	-10.2	-7.0	NA	NA	NA	NA	NA	3.0	NA	NA	NA	1.4	-0.7	-0.2	
COLOWIDE CO LTD	7616	1,676	145.7	3.6	-14.4	8.7	-35.2	NA	NA	NA	NA	NA	7.7	NA	NA	NA	-0.7	-9.6	3.3	
UKAI CO LTD	7621	3,010	15.8	1.5	-7.7	-9.1	-43.3	NA	NA	NA	NA	NA	6.6	NA	NA	NA	-0.8	-2.9	-1.3	
GLOBAL-DINING INC	7625	488	5.1	0.9	34.8	-1.1	25.6	NA	NA	7.6	NA	NA	1.7	NA	NA	NA	-5.2	14.0	175.7	
ICHIBANYA CO LTD	7630	4,640	148.1	-0.5	-5.4	9.4	8.5	8.9	NA	57.4	54.8	39.0	4.9	NA	2.9	1.7	3.1	-4.5	-14.4	
ASAKUMA CO LTD	7678	1,529	8.2	-0.4	-21.0	-21.8	-43.6	NA	NA	NA	NA	NA	3.6	NA	NA	NA	-1.0	-0.1	1.5	
MOS FOOD SERVICES INC	8153	3,155	101.0	-0.2	8.3	9.0	5.0	4.4	NA	43.8	47.9	40.6	2.1	NA	1.2	0.8	-1.3	3.4	10.4	
KISQJI CO LTD	8160	2,184	57.3	0.0	-12.3	NA	-16.5	NA	NA	NA	NA	NA	2.5	NA	NA	NA	-2.1	-5.2	-12.5	
SRS HOLDINGS CO LTD	8163	765	29.4	0.5	-0.7	8.0	8.8	NA	NA	29.1	NA	NA	2.2	NA	NA	NA	-0.3	-4.3	-16.0	
ROYAL HOLDINGS CO LTD	8179	2,111	95.8	2.3	-27.7	-14.3	-55.3	-13.8	10.9	NA	NA	52.3	3.2	NA	1.6	0.0	-0.4	12.6	12.9	
RINGER HUT CO LTD	8200	2,256	58.8	1.0	-14.1	-2.2	-13.0	6.3	NA	NA	89.5	221.2	5.3	NA	2.0	0.4	-4.2	4.3	1.3	
GIFT INC	9279	3,015	30.0	0.2	23.2	6.0	22.4	23.0	NA	37.8	29.1	23.8	7.7	NA	2.3	0.5	1.9	35.9	53.3	
GENKI SUSHI CO LTD	9828	2,709	24.1	0.6	6.7	5.8	6.3	NA	NA	45.9	NA	NA	2.8	NA	NA	NA	-3.2	8.5	16.0	
GOURMET KINEYA CO LTD	9850	1,001	22.9	1.5	-28.3	0.9	-28.0	NA	NA	NA	NA	NA	2.8	NA	NA	NA	1.7	5.8	2.2	
GINZA RENOIRO CO LTD	9853	825	5.2	0.1	-25.9	-39.4	-37.8	NA	NA	NA	NA	NA	1.7	NA	NA	NA	0.2	1.5	0.6	
YOSHINOYA HOLDINGS CO LTD	9861	2,367	154.2	0.8	-14.9	8.1	3.2	11.6	2.5	114.8	30.6	139.0	3.5	17.6	1.1	0.0	10.3	16.8	21.9	
KFC HOLDINGS JAPAN LTD	9873	2,895	64.9	-0.8	12.6	8.4	17.8	NA	NA	16.0	NA	NA	2.7	NA	NA	NA	-2.6	4.5	10.5	
MATSUYAFOODS HOLDINGS CO LTD	9887	3,695	70.4	0.3	-4.7	0.8	2.3	NA	NA	74.4	NA	NA	1.7	NA	NA	NA	0.4	3.6	6.2	
SAGAMI HOLDINGS CORP	9900	1,044	31.6	-0.2	-9.2	-4.0	-7.8	NA	NA	NA	NA	NA	2.4	NA	NA	NA	3.3	5.5	-19.1	
OHSHO FOOD SERVICE CORP (TP 7,250 Buy)	9936	6,030	140.4	-0.2	-0.3	11.6	12.8	13.8	NA	16.5	15.8	19.8	2.0	NA	1.5	1.8	0.8	3.8	-0.5	
JOYFULL CO LTD	9942	811	25.9	4.9	-23.6	-3.8	102.0	NA	NA	13.7	NA	NA	7.9	NA	NA	NA	1.0	-3.7	14.1	
DAISYO CORP	9979	1,016	21.5	0.9	-21.0	2.7	-35.7	NA	NA	NA	NA	NA	1.9	NA	NA	NA	-2.7	4.1	-6.7	
Average				1.0	-7.8	0.5	-7.5	10.5	11.5	116.8	62.5	42.4	4.6	15.2	1.8	0.8	0.6	7.1	16.0	
Median				0.5	-9.2	2.8	1.5	11.8	10.9	44.1	30.0	31.2	3.4	11.9	1.5	0.6	0.0	4.5	7.1	

Source: Bloomberg Finance LP data, Mita Securities

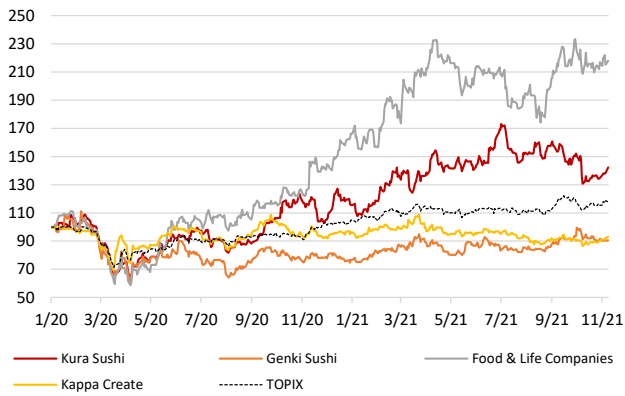
Note: Forecasts are based on Bloomberg consensus. Shading indicates stocks covered by Mita Securities

Figure: Comparison of valuations for izakaya operators (Japanese style pubs)

Company name	Ticker	PX 11/5	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
CHIMNEY CO LTD	3178	1,465	28.3	0.8	-60.7	-37.1	-65.7	NA	NA	NA	NA	NA	4.6	NA	NA	NA	-0.3	9.6	18.6
TORIKIZOKU HOLDINGS CO LTD (TP 2,100 Hold)	3193	1,931	22.4	0.6	NA	NA	NA	14.3	NA	NA	25.7	19.1	4.3	NA	1.1	0.0	-3.1	20.4	22.8
SFP HOLDINGS CO LTD	3198	1,470	37.9	-0.1	-53.8	-1.0	-19.2	14.4	NA	NA	21.1	25.3	3.3	NA	2.5	0.0	0.7	7.6	12.8
KUSHIKATSU TANAKA HOLDINGS C	3547	2,324	21.7	0.3	-38.7	-22.6	-36.9	2.7	31.4	NA	299.2	42.1	16.1	NA	4.5	0.3	6.4	28.2	32.2
WATAMI CO LTD	7522	1,003	42.8	3.5	-23.1	-11.4	-73.5	NA	NA	NA	NA	NA	2.9	NA	NA	NA	-2.8	14.1	2.0
DAISYO CORP	9979	1,016	21.5																

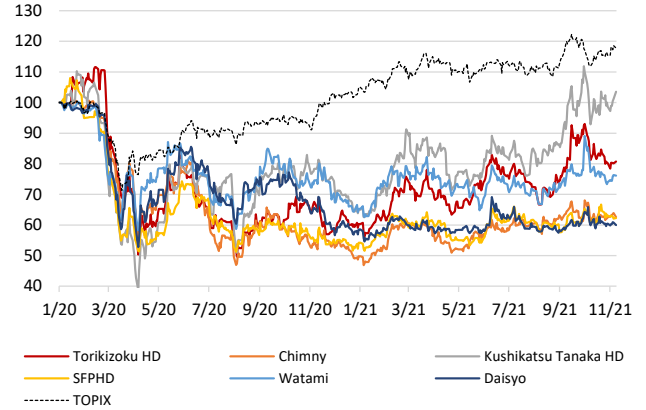
Stock price trends for food service companies

Figure: Stock price trends (sushi restaurants)



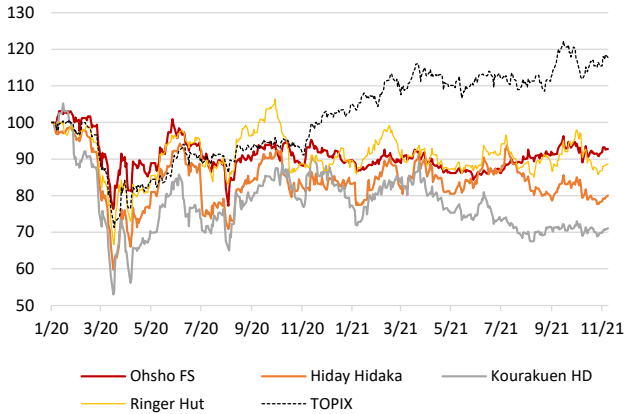
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



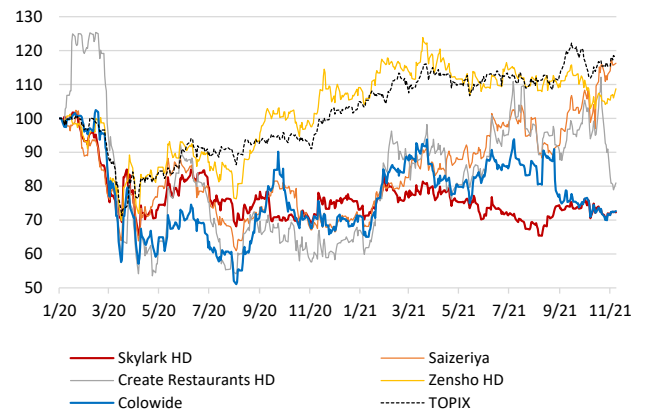
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



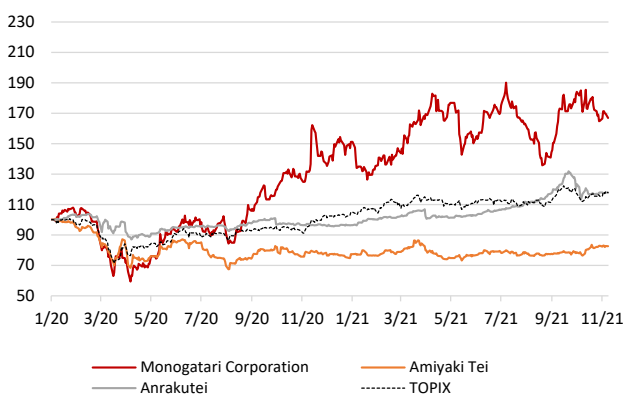
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

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



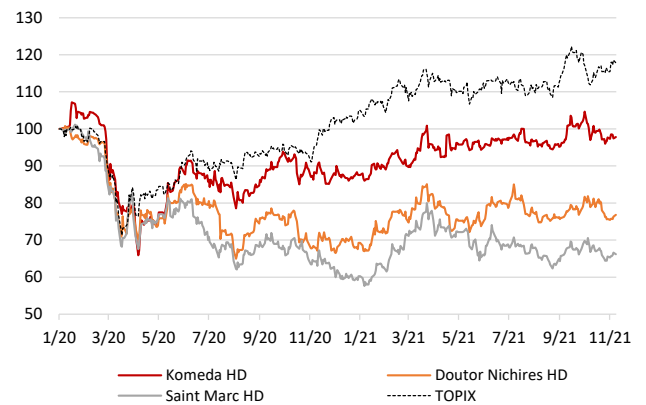
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



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

Figure: Stock price trends (coffee shops)



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

APPENDIX

[Analyst Certification]

We hereby certify that the views on securities and issuers expressed in this report accurately reflect the personal views of the analyst(s) listed on the cover page of this report. The analyst(s) also certifies that the analyst(s) has not been compensated, directly or indirectly, or promised to be compensated, for expressing any particular view in this report.

[Ratings]

Ratings are based on the following definitions.

The target price and ratings are based on our views for the next 12 months or so.

Buy: 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 more.

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.

RS: Rating Suspended - Stocks for which the target price and rating have been temporarily suspended.

NR: No Rating - Stocks for which no target price or rating is assigned.

[Potential Conflicts of Interest]

Mita Securities Co., Ltd. and its affiliates have or may in the future have transactions with the companies mentioned in this report, such as providing investment banking services to them. Therefore, investors viewing this report should be aware that Mita Securities Co., Ltd. and its affiliates may have conflicts of interest that could affect the objectivity of this report. Mita Securities Co., Ltd. may in the future hold or trade shares of the stocks listed in this report. Mita Securities Co., Ltd. may also take positions to sell or buy in a manner that conflicts or is inconsistent with the investment decisions and views expressed in this report. Please refer to this report only as one factor for reference in making investment decisions.

[Important Disclosures]

1. Mita Securities Co., Ltd. has a parent company, subsidiary, affiliated company or related company relationship with the company covered by this report: N/A
2. An officer of Mita Securities Co., Ltd. is concurrently an officer of the company covered by this report: N/A
3. Mita Securities Co., Ltd. owns 5% or more of the total number of issued common shares, etc. of the company covered by this report (as of the end of the previous month): N/A
4. Mita Securities Co., Ltd. has acted as lead manager or joint lead manager for the public offering of securities of the company covered by this report in the past 12 months: N/A
5. The analyst(s) listed on the cover of this report is a director or advisor of the company covered by this report: N/A
6. Any family member of the analyst(s) listed on the cover of this report is a director or an advisor of the company covered by this report: N/A
7. The analyst(s) listed on the cover of this report or their family members hold securities (common stock, corporate bonds, convertible bonds, etc.) of the company covered by this report: N/A

[General Disclaimer]

The contents and descriptions in this report are based on publicly available information, and have been prepared by analysts with necessary supplements through interviews. The authors of this report are prohibited from using insider information as well as from obtaining such information. The information contained in this report is believed to be accurate and reliable, but its accuracy has not been objectively verified. This report is not intended to contain all the information required by investors. The information contained in this report may be out of date due to changes in the financial market or economic environment. Stocks mentioned directly or indirectly in this report are subject to the risk of losing the principal amount invested due to factors such as changes in stock prices, changes in the management and financial conditions of the issuer, and fluctuations in interest rates and exchange rates. Past performance does not imply or guarantee future performance. The views expressed in this report are subject to change without notice, and Mita Securities Co., Ltd. assumes no obligation to update the information or views contained in this report. Mita Securities Co., Ltd. assumes no responsibility whatsoever for any direct or indirect loss or damage, including lost profits, resulting from the use of or reliance on this report by investors. The information provided by the Company is intended to serve as a reference for investment decisions and is not intended to promise future results. Final investment decisions should be made by investors themselves. The copyright of this report belongs to Mita Securities Co., Ltd. and may not be reproduced, transcribed, or quoted without permission. This report does not constitute a prospectus or other offering document and is not intended as an offer to sell or a solicitation of an offer to buy any securities in any country or region where the solicitation of securities is not permitted. No person to whom this report has been delivered may deliver, circulate or distribute this report, or reproduce, grant or make available for inspection, this report to any other person.

[Disclaimer for the English version of the report]

The Japanese version of this report is the official version, and the English version is a translation of the Japanese version. In the event of any discrepancy between the Japanese and English versions, the Japanese version shall always take precedence. Mita Securities Co., Ltd. makes no guarantee as to the accuracy and completeness of the content of the English version of this report.

[Important notes concerning the Financial Instruments and Exchange Act]

When conducting transactions in accordance with the contents of this report, the customer may be required to bear the prescribed fees and expenses for each service or product. In addition, there is a possibility that each service or product may incur losses due to price fluctuations, etc. Since each service or product has different fees, etc. and risks, please read carefully the documents for listed securities, etc., pre-contract documents for the relevant service or product, etc., or materials for customers.

Company Name

Mita Securities Co., Ltd. / Financial Instruments Business Operator, Director-General of the Kanto Local Finance Bureau (Kinsho) No. 175

Memberships

Japan Securities Dealers Association