



Ohsho Food Service

TSE 1st Section 9936 Industry: Food service, retail

MITA SECURITIES Co., Ltd.
Junichi Shimizu
Chief Analyst, Head of Research
jshimizu@mitasec.com

Record high October sales. Clear recovery in in-store dining

Monthly data for October: clear recovery in in-store dining

Ohsho Food Service (9936, the company) disclosed monthly data for its directly-owned stores for October (on a preliminary basis). October sales hit a record high for an October month. We can see the positive effects of easing of business restrictions and the rapid decrease in the number of cases of the new corona infection.

Same-store sales were 101.8% of October 2020 (same month last year = 100%; 90.6% for September). The number of holidays (weekends and national holidays) was one more than in October 2020. The breakdown is as follows: number of customers 97.7% (87.7% for September); average spend per customer 104.1% (103.4% for September).

It should be noted that the Go To Eat campaign was carried out in October 2020.

Same-store sales were 102.5% of October 2019 (our estimate; 85.7% for September). The number of holidays was one more than in October 2019.

At the end of September, the emergency measures and priority measures to prevent the spread of the disease were fully lifted, and in October, local governments eased their requests for business hours and the serving of alcohol, and thus Gyoza no Ohsho began to serve alcohol again. Moreover, in late October, the local governments lifted most of their requirements, and Gyoza no Ohsho stores generally returned to normal operations.

The company believes that in-store dining sales have recovered while take-out and delivery sales have remained strong.

In October, the company opened 3 new stores (3 directly-owned stores) and closed 2 stores (2 franchised stores), bringing the total number of directly-owned stores to 531 (+3 MoM) and franchised stores to 202 (-2 MoM).

Please refer to the report dated June 22, 2021 for the rationale of the rating and target price.

Update

Rating
Buy

Target price (JPY)	7,250
Stock price (JPY) (11/2)	6,060
Market cap (JPYbn)	141.1

Key changes

Rating	No
Target price	No
Earnings forecast	No

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

		3/20	3/21	3/22E	3/23E	3/24E
Sales	JPYbn	85.6	80.6	88.4	94.2	96.9
OP	JPYbn	7.7	6.1	7.5	8.8	9.1
RP	JPYbn	8.1	6.9	8.8	9.2	9.4
NP	JPYbn	5.3	4.3	5.5	5.9	6.1
EPS	JPY	283.0	228.4	295.1	315.9	323.9
BPS	JPY	2,681	2,821	3,016	3,212	3,396
DPS	JPY	120.0	100.0	120.0	140.0	150.0
PER	x	20.4	25.5	20.5	19.2	18.7
PBR	x	2.2	2.1	2.0	1.9	1.8
Div. yield	%	2.1	1.7	2.0	2.3	2.5
ROA	%	8.1	5.4	6.0	6.2	6.4
ROE	%	10.9	8.3	10.1	10.1	9.8

Source: Company data, Mita Securities

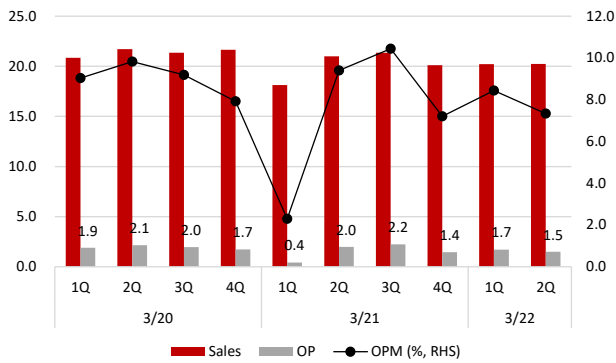
Company profile

Ohsho Food Service is a Kyoto-based restaurant company that operates the largest Chinese restaurant chain "Gyoza no Ohsho" nationwide. 734 restaurants (528 directly owned, 206 franchised) at the end of FY3/21. Sales of 80.6bn yen in FY3/21. Take-out and delivery sales are strong.

Quarterly and monthly data

Quarterly data

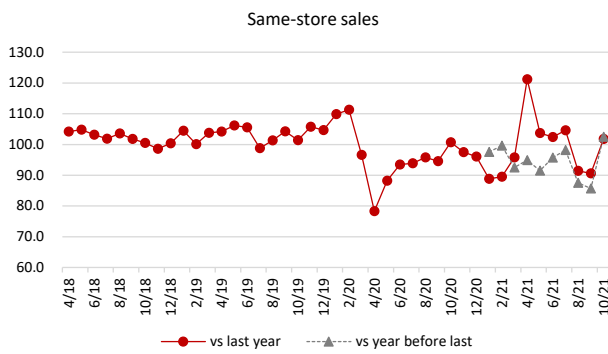
Figure: Sales, OP, OPM



Source: Company data, Mita Securities

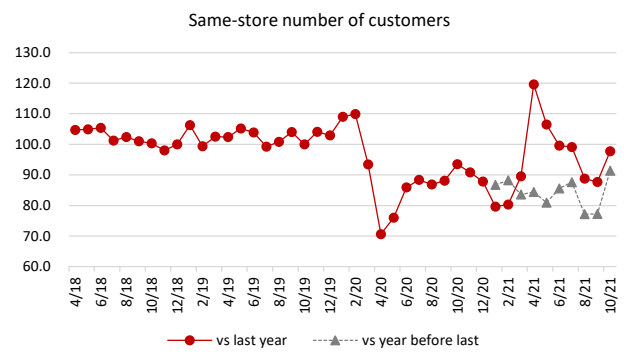
Monthly data

Figure: Directly-owned, same-store sales



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

Figure: Directly-owned, same-store number of customers



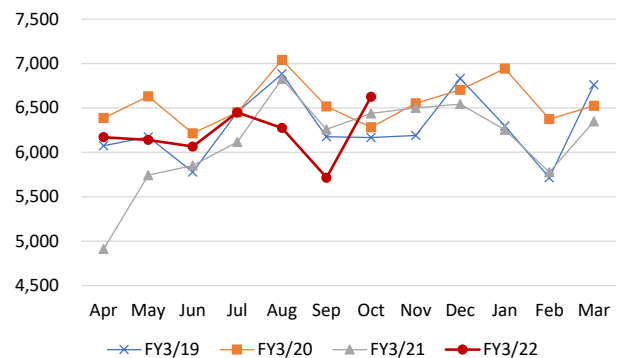
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

Figure: Directly-owned, same-store ave spend per customer



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

Figure: Directly-owned, all-store sales (JPYm)

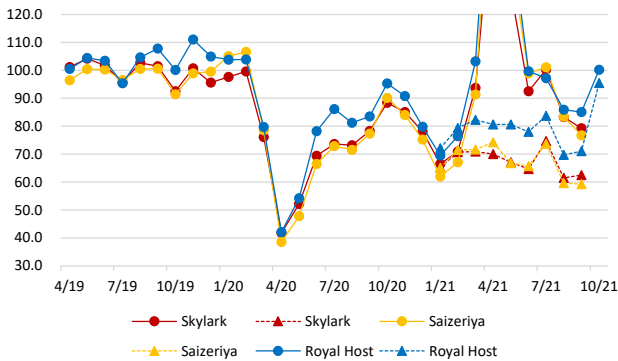


Source: Company data, Mita Securities

Food service industry data

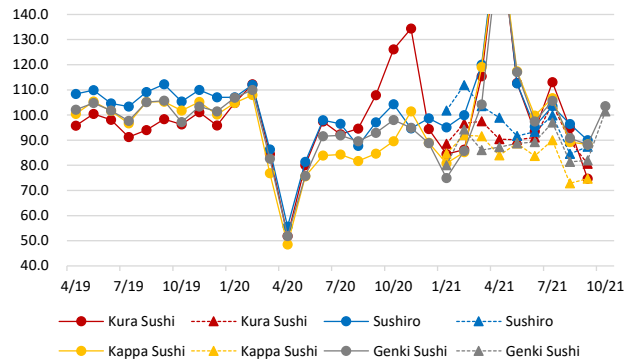
Same-store sales (compared to last year or year before last)

Figure: Family restaurants



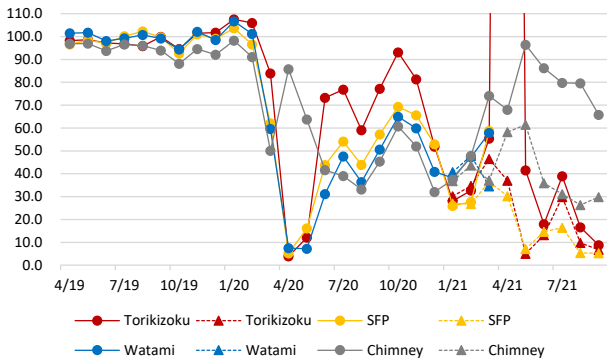
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Sushi restaurants



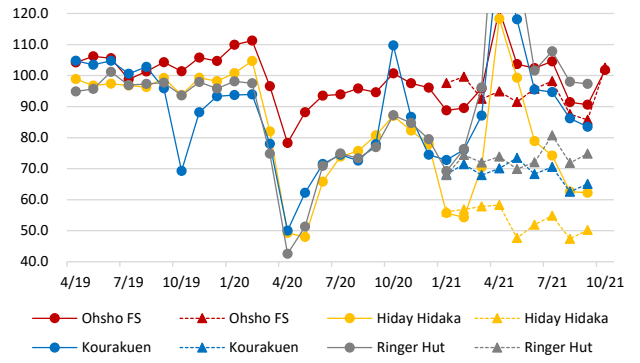
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Izakaya (Japanese style pubs)



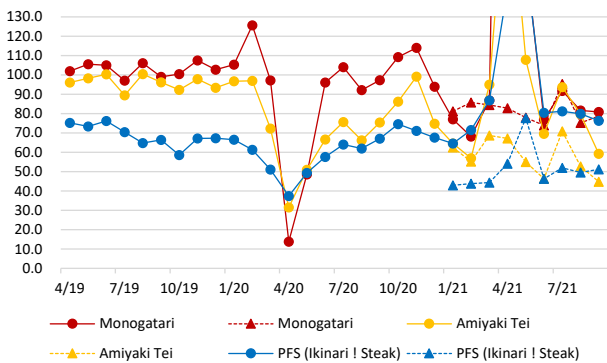
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Chinese restaurants



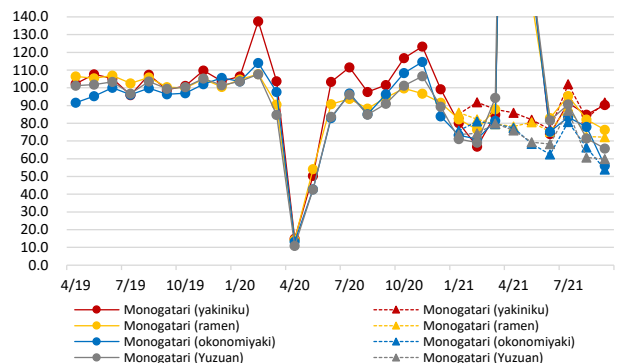
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Yakiniku (Japanese BBQ), steak



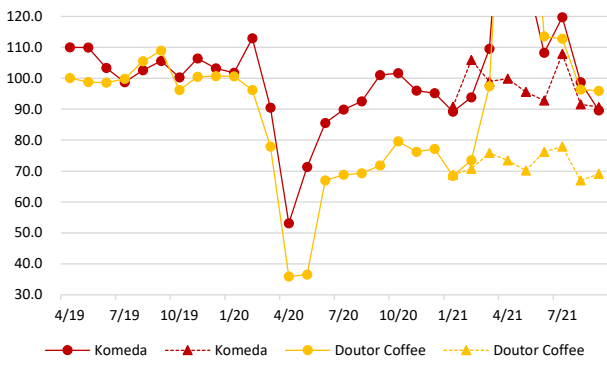
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Monogatari Corporation by division



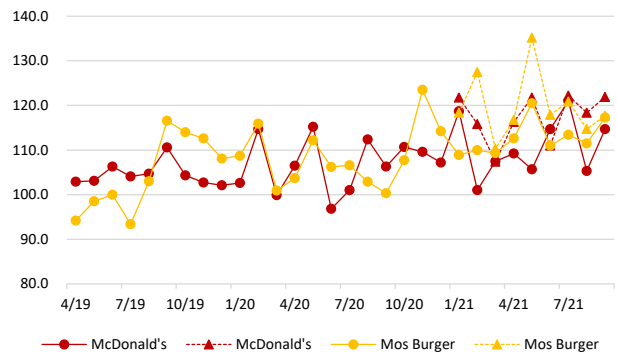
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Coffee shops



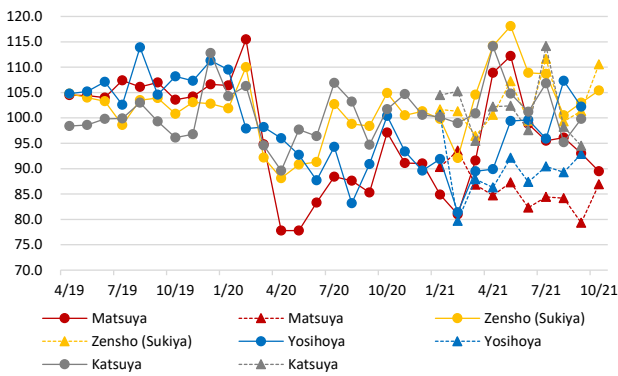
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Hamburger shops



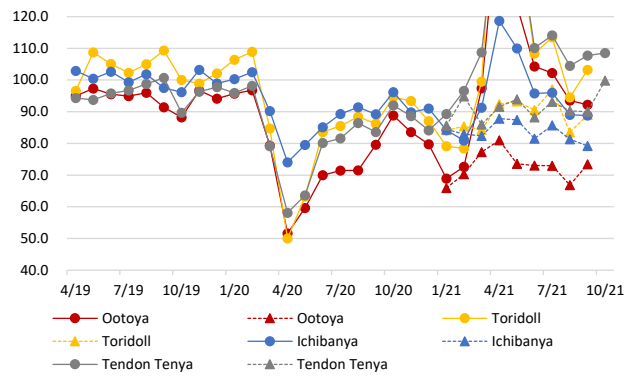
Source: Companies data, Mita Securities Note: Solid line vs last yr, dotted line vs yr before last

Figure: Beef bowl, Tonkatsu



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

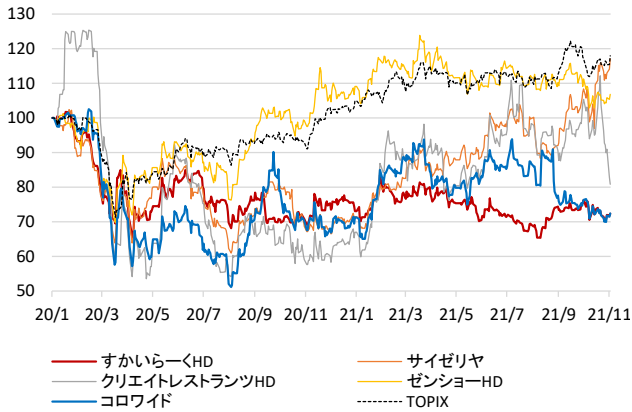
Figure: Set meal, Udon noodle, Curry, Tempura



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

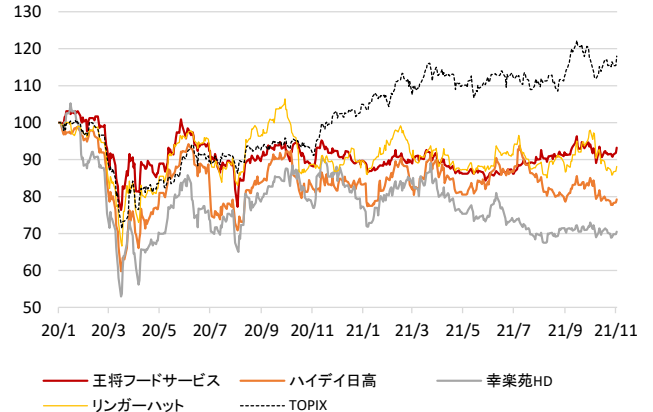
Stock price trends for food service companies

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



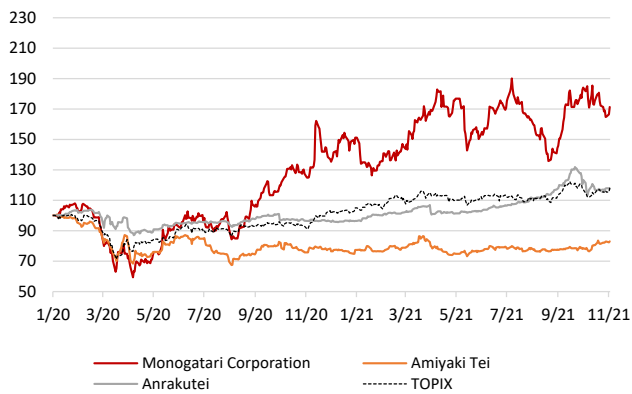
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



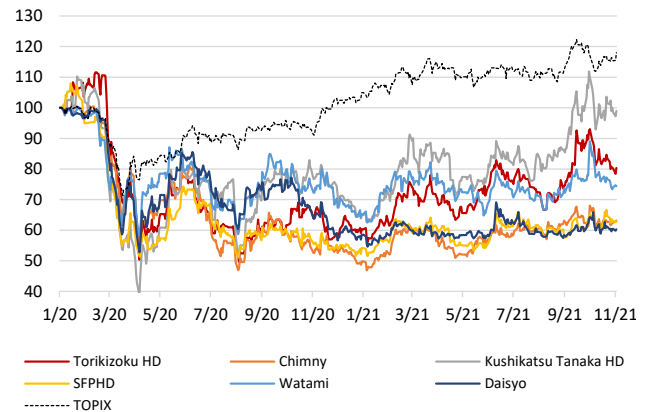
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



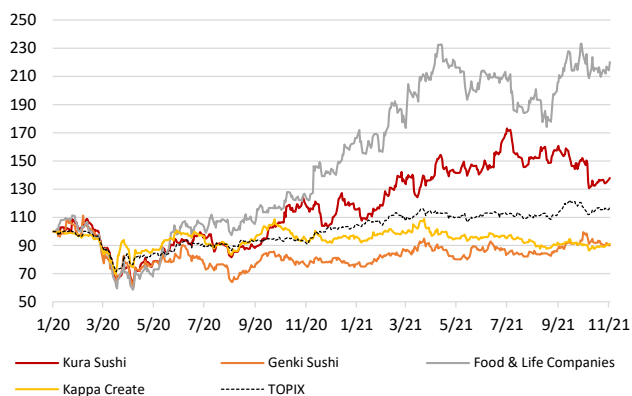
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



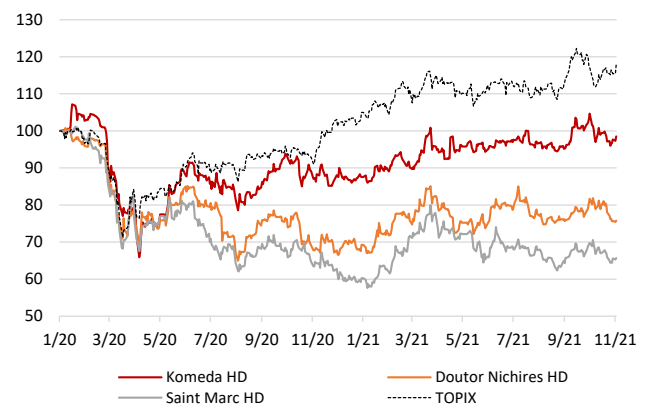
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

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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