



MonotaRO

TSE 1st Section 3064 Industry: Retail, Internet

November sales slightly weak, but no surprises

Adjusted sales growth of 19.1%, no significant change from October

Parent company sales in November were 16.460bn yen (+25.4% YoY), below the company's target. The number of business days was 20, one day more than in November 2020, and the sales growth rate per business day was +19.1% YoY (+20.1% for October, and +20.9% for September). Since September, the sales growth rate per business day has been gradually declining, but there has been no significant change in the trends of each business or customer.

Sales to large corporations increased by 47% YoY, 6% above the company's target.

Sales to SMEs (monotaro.com) increased by 20% YoY, below the company's target. Average purchase price was 9,450-9,460 yen (9,200 yen in November 2020), and average number of purchases was 2.48 times (2.3 times in November 2020). As for existing customer sales by industry, sales to manufacturers increased YoY (up even after adjusting for the number of business days), sales to building/construction companies and automobile-related companies increased slightly YoY (down after adjustment), and sales to others (including general individuals) decreased.

The number of new customer acquisitions was 107.6 thousand accounts (+5.6% YoY), below the company's target.

Full-year sales guidance extremely difficult to achieve, but not a surprise

Jan-Nov cumulative sales were 165.789bn yen (+20.2% YoY), 88.8% progress toward the full-year guidance of 186.759bn yen (+23.0% YoY). There is a 21bn yen gap with the plan left in December, so it seems extremely difficult to meet the full-year sales guidance. However, this is not a surprise.

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

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Update

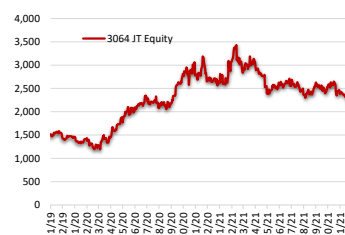
Rating
Hold

Target price (JPY)	2,750
Stock price (JPY) (Dec 10)	2,244
Market cap (JPYbn)	1,124.9

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	65.5	56.4	46.1
PBR	x	19.6	27.9	19.5	15.9	13.1
Div. yield	%	0.5	0.3	0.5	0.6	0.8
ROA	%	19.9	19.5	19.1	18.0	17.6
ROE	%	33.0	32.9	32.7	31.0	31.1

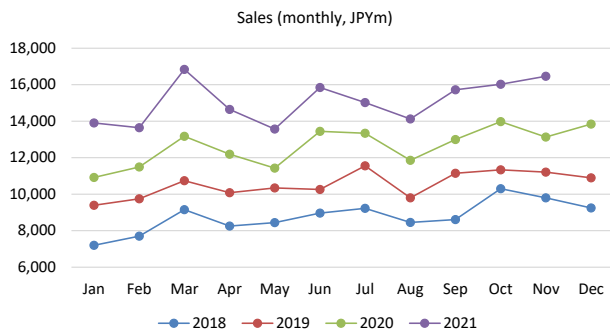
Source: Company data, Mita Securities

Note: Adjusted for stock split

Company profile

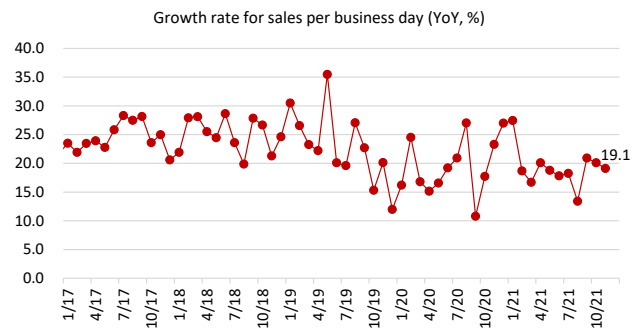
MonotaRO is an EC company that sells indirect materials (MRO products) used in factories, construction sites, and auto repair shops. The company has over 18 million products and 6.46 million registered accounts (as of the end of September 2021). The company is a consolidated subsidiary of W.W. Grainger.

Figure: Monthly sales



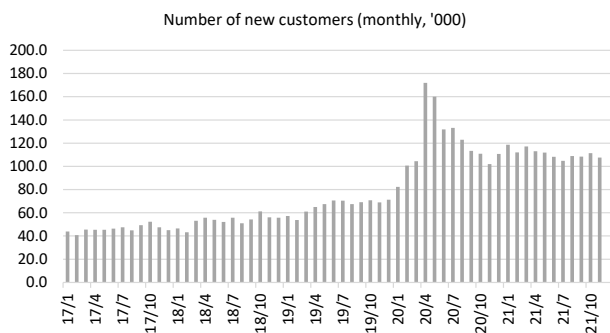
Source: Company data, Mita Securities Note: Parent basis

Figure: Sales growth (monthly)



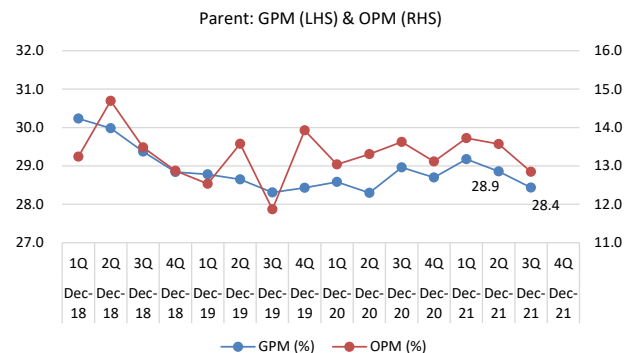
Source: Company data, Mita Securities Note: Parent basis, adjusted for business days

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 10-Dec	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	1,395	143.0	17.0	15.2	14.9	2.4	4.8	0.2	16.2	16.7	5.0	21.0	1.8	2.2	-9.4	-20.9	-34.7
MONOTARO CO LTD	3064	2,244	1,124.9	70.2	66.6	57.7	20.6	37.1	5.0	32.8	30.7	15.6	21.6	15.4	0.5	-6.6	-12.5	-16.9
ZOZO INC	3092	3,505	1,092.3	31.6	29.8	26.9	24.2	18.2	6.0	59.9	49.4	9.9	16.0	10.9	1.5	-5.8	-16.8	29.5
MERCARI INC	4385	6,460	1,031.8	771.8	288.6	88.6	24.6	46.9	5.4	10.4	23.9	47.8	-38.6	225.7	0.0	-5.6	3.9	48.7
Z HOLDINGS CORP	4689	715	5,470.4	59.0	58.2	48.1	2.0	15.9	3.4	3.5	4.3	29.2	-12.4	21.0	0.8	-8.9	1.5	13.4
RAKUTEN GROUP INC	4755	1,145	1,809.8	NA	NA	NA	2.3	0.7	0.1	-29.6	-13.8	5.2	NA	NA	0.4	-1.8	1.5	11.8
MISUMI GROUP INC	9962	4,755	1,351.9	43.2	34.9	31.2	5.3	16.8	3.2	15.6	15.8	16.2	125.4	11.8	0.7	-7.7	-1.2	41.7
Average				165.5	82.2	44.6	11.6	20.1	3.3	15.5	18.1	18.4	22.2	47.8	0.9	-6.5	-6.4	8.0
Median				51.1	46.6	39.7	5.3	16.8	3.4	15.6	16.7	15.6	18.5	13.6	0.7	-6.6	-1.2	13.4

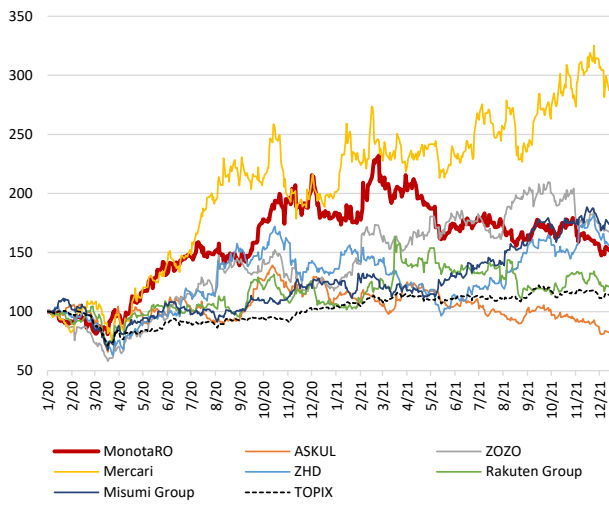
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

Figure: Comparison of valuations for overseas EC companies

Company	Ticker	Share price 10-Dec	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	3,444.24	1,746.7	67.4	59.3	49.7	14.5	21.1	3.2	19.6	20.2	9.9	3.6	19.3	0.0	-2.3	-0.7	10.5
ALIBABA GROUP HOLDING-SP ADR	BABA	125.06	339.0	18.6	14.4	12.6	2.2	8.5	1.7	11.8	12.2	16.4	-14.9	14.2	0.0	-25.0	-25.6	-52.7
EBAY INC	EBAY	66.89	41.9	16.8	16.9	14.7	3.9	11.1	4.1	63.8	34.2	-9.1	16.4	14.8	1.1	-9.5	-7.8	36.1
JD.COM INC-ADR	JD	79.71	124.3	93.4	50.5	38.4	3.7	27.3	0.6	2.9	6.4	24.2	-4.8	31.5	0.0	-7.3	-1.2	-3.5
VIPSHOP HOLDINGS LTD - ADR	VIPS	9.33	6.3	7.0	6.8	6.3	1.3	3.7	0.2	15.2	14.9	3.5	-3.5	7.8	0.0	-27.7	-36.2	-62.7
Average				40.6	29.6	24.3	5.1	14.4	2.0	22.7	17.6	9.0	-0.6	17.5	0.2	-14.4	-14.3	-14.5
Median				18.6	16.9	14.7	3.7	11.1	1.7	15.2	14.9	9.9	-3.5	14.8	0.0	-9.5	-7.8	-3.5

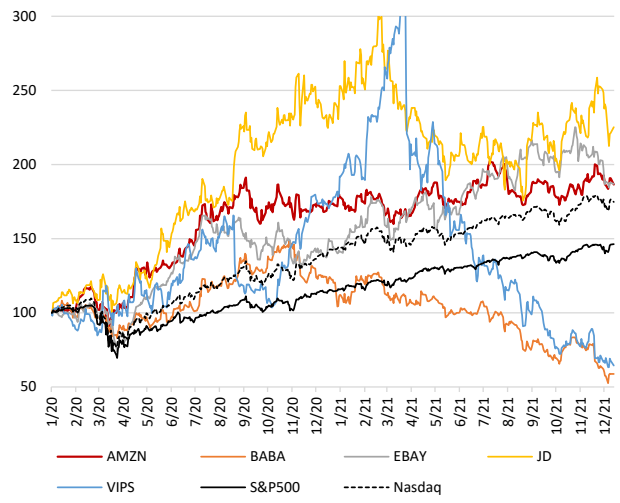
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

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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