



# Koshidaka Holdings

TSE 1st Section 2157 Industry: Leisure and amusement

## Takeaways from our post-earnings interview

### Main topics in our post-earnings interview

We had a post-earnings interview with the IR manager of Koshidaka Holdings (2157, the company). The main takeaways are as follows:

- 1Q (Sep-Nov) sales of 6.371bn yen, 37% of the company's 1H guidance, may seem low at first glance, but were above the company's target for the 1Q. Although the company was barely able to operate in September, sales in October-November turned out to be much stronger than the company had expected. In general, 2Q is the busiest period for the company, and in December, sales are typically 1.5+ times higher than in October and November.
- 1Q OP of -1.130bn yen was around 0.9bn yen above the company's 1Q forecast. The company had expected a loss of nearly 2bn yen for 1Q. The company's 1H OP guidance is 29m yen.
- 1Q RP of -196m yen includes 936m yen in subsidy income. The company's policy is to book subsidy income on a payment basis, and there is approximately 1.5bn yen in unbooked subsidies remaining. These are expected to be booked from 2Q onward. The total amount of booked and unbooked subsidy income of approximately 2.4bn yen exceeded the company's expectations. The total amount of 1Q RP and the unbooked subsidies is about 1.3bn yen, which is about 70% of the 1H RP guidance (1.806bn yen).
- It appears that the company's strategy is to gain a competitive advantage in a market where karaoke operators in general are weakening through the pandemic. The company has been aggressively opening new stores, mainly in urban areas and near stations. In 1Q, 23 "Manekineko" stores were opened and three stores were closed. 2/3 of the new stores were opened in October. The reason for the large number of store openings in October was that most of its stores had not been operational until September. At the end of 1Q, the company had 559 "Manekineko" stores and six "1 kara" stores.
- The company has been complying with new requests for shorter opening hours in Okinawa, Hiroshima, and Yamaguchi prefectures. The company will likely decide how to respond to additional requests going forward based on overall business trends and the response of competitors, in our view.
- The property management business turned profitable, with 1Q segment profit of 28m yen. The occupancy rate of the mainstay AQERU Maebashi has improved. With a tower condominium under construction in front of Maebashi Station, the area has high potential for the future.

Please refer to the report dated November 22, 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  
**Buy**

Target price (JPY)	820
Stock price (JPY) (Jan 17)	600
Market cap (JPYbn)	49.4

### Key changes

Rating	No
Target price	No
Earnings forecast	No

### Stock price (JPY)



Source: Bloomberg Finance LP

### Earnings

		8/20	8/21	8/22E	8/23E	8/24E
Sales	JPYbn	43.3	20.8	36.7	42.7	46.0
OP	JPYbn	1.1	-7.6	1.9	3.3	4.1
RP	JPYbn	1.7	-3.1	3.5	3.6	4.4
NP	JPYbn	-0.2	-4.1	3.0	3.1	3.0
EPS	JPY	-2.8	-50.8	36.4	37.8	37.0
BPS	JPY	281.0	223.0	255.4	285.2	313.2
DPS	JPY	12.0	4.0	8.0	9.0	12.0
PER	x	NA	NA	16.5	15.9	16.2
PBR	x	1.6	2.7	2.3	2.1	1.9
Div. yield	%	2.6	0.7	1.3	1.5	2.0
ROA	%	-0.4	-9.6	6.7	6.3	5.8
ROE	%	-0.8	-20.2	15.2	14.0	12.4

Source: Company data, Mita Securities

### Company profile

Koshidaka HD is a major karaoke room operator that operates "Karaoke Manekineko" stores nationwide. The total number of stores as of the end of February 2021 was 546. In March 2020, it spun off the Curves business and is concentrating its management resources on the karaoke business.

Figure: Comparison of valuations for karaoke companies

Company name	Ticker	PX	Mkt cap	Net D/E	Sales YoY	EBITDA Mgn	ROE	ROE	ROE	PER	PER	PER	EV/EBITDA	EV/Sales	Div yield	1M	3M	1YR	
		1/17	JPYbn	Last	LTM	LTM	LTM	Cur E	Nxt E	LTM	Cur E	Nxt E	Cur E	Cur E	Cur E	Chg	Chg	Chg	
KOSHIDAKA HOLDINGS CO LTD (TP 820 Buy)	2157	600	49.4	0.6	-39.8	-27.0	-19.9	15.7	12.9	NA	16.0	17.4	3.0	10.7	1.6	1.3	-2.1	-12.0	44.9
TETSUJIN INC	2404	346	4.7	11.2	9.8	2.6	NA	NA	NA	15.7	NA	NA	16.3	NA	NA	NA	-10.4	-16.6	40.1
ROUND ONE CORP	4680	1,297	123.8	1.1	5.6	5.9	-18.9	13.8	15.2	NA	20.0	15.7	2.7	9.2	1.6	1.5	-7.0	-8.5	59.9
DAIICHIKOSHO CO LTD	7458	3,365	184.2	-0.2	-23.7	6.7	-14.4	5.9	9.6	NA	35.9	21.7	1.8	8.9	1.8	3.4	-5.5	-18.7	-3.3
Average				3.2	-12.0	-3.0	-17.7	11.8	12.6	15.7	24.0	18.3	6.0	9.6	1.7	2.1	-6.2	-14.0	35.4
Median				0.9	-9.1	4.2	-18.9	13.8	12.9	15.7	20.0	17.4	2.8	9.2	1.6	1.5	-6.3	-14.3	42.5

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus

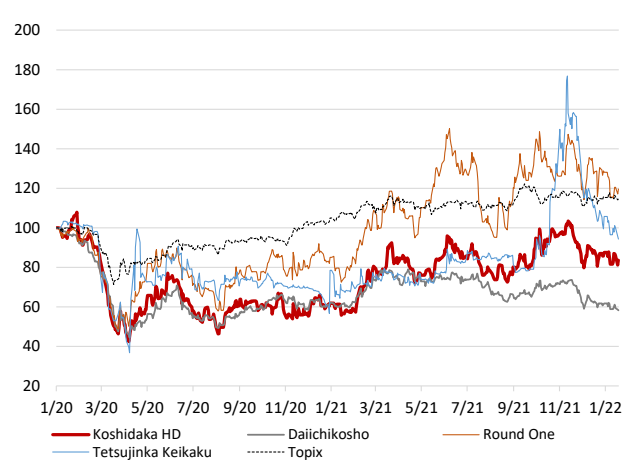
Figure: Comparison of valuations for amusement companies (reference)

Company name	Ticker	PX	Mkt cap	Net D/E	Sales YoY	EBITDA Mgn	ROE	ROE	ROE	PER	PER	PER	EV/EBITDA	EV/Sales	Div yield	1M	3M	1YR	
		1/17	JPYbn	Last	LTM	LTM	LTM	Cur E	Nxt E	LTM	Cur E	Nxt E	Cur E	Cur E	Cur E	Chg	Chg	Chg	
ORIENTAL LAND CO LTD	4661	18,335	6,668.3	0.0	-24.0	6.4	-5.0	-0.9	10.6	NA	NA	77.7	8.1	151.5	26.4	0.1	-6.2	2.9	15.3
BANDAI NAMCO HOLDINGS INC	7832	8,090	1,796.0	-0.3	12.0	15.0	11.0	12.7	14.2	31.3	24.5	21.2	3.2	12.8	2.0	2.1	-11.1	-7.0	-12.7
SANRIO CO LTD	6071	2,302	205.0	0.2	6.9	7.7	2.0	7.9	12.1	224.4	68.8	55.4	4.5	51.8	3.6	0.7	-5.7	-13.1	54.1
FUJII KYUKO CO LTD	9010	3,815	209.4	1.9	-1.1	20.9	-0.9	3.7	NA	NA	228.4	81.1	8.5	NA	6.8	0.3	-10.0	-17.2	-16.9
KONAMI HOLDINGS CORP	9766	5,340	766.3	-0.3	14.8	17.3	15.3	15.6	14.6	15.5	15.0	13.8	2.2	7.0	2.1	2.0	-5.7	-18.5	-18.6
Average				0.3	1.7	13.5	4.5	7.8	12.9	90.4	84.2	49.8	5.3	55.8	8.2	1.0	-7.7	-10.6	4.2
Median				0.0	6.9	15.0	2.0	7.9	13.1	31.3	46.6	55.4	4.5	32.3	3.6	0.7	-6.2	-13.1	-12.7

Source: Bloomberg Finance LP data, Mita Securities

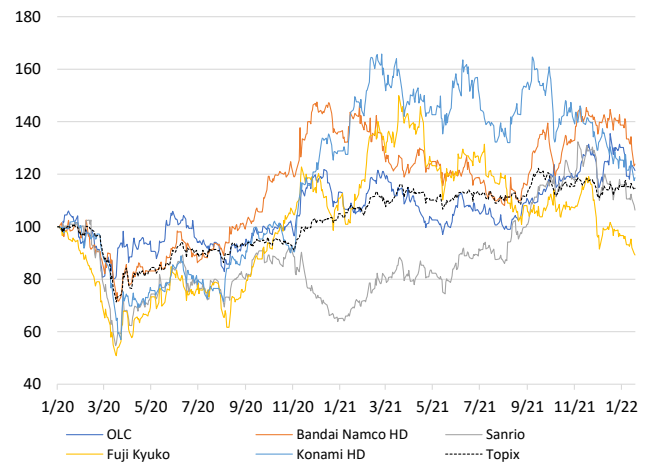
Note: Forecasts are based on Bloomberg consensus

Figure: Stock price trends for karaoke companies



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

Figure: Stock price trends for amusement companies



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

## APPENDIX

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