



Ichigo

TSE 1st Section 2337 Industry: Real estate, Renewable energy

Property sales finally in full swing

Sold 16 residential properties. Gains on sale far exceeded our expectations

On January 25, Ichigo (2337, the company) announced that it had completed the sale of 16 residential properties. Regarding this transaction, the company will book sales of around 17.7bn yen, RP of around 2.5bn yen, and NP of around 1.7bn yen in 4Q. We had assumed that the impact of this transaction would be around 2.0bn yen on a gross profit basis, but the actual gains appear to have been considerably larger.

In 1-3Q FY2/22, the company posted NP of 2.0bn yen. The company appears to be highly confident of achieving its full-year NP guidance of 5.0-8.0bn yen. Our NP forecast for FY2/22 is 6.0bn yen.

Please refer to the report dated July 28, 2021 for the rationale of the rating and target price.

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Update

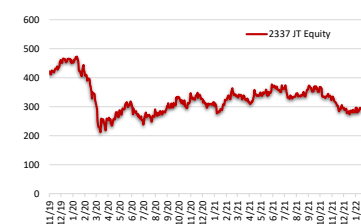
Rating
Buy

Target price (JPY)	450
Stock price (JPY) (Jan 25)	294
Market cap (JPYbn)	148.6

Key changes

Rating	No
Target price	No
Earnings forecast	No

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

		2/20	2/21	2/22E	2/23E	2/24E
Sales	JPYbn	87.4	61.4	63.0	67.1	71.2
OP	JPYbn	27.7	9.7	9.5	11.0	12.8
RP	JPYbn	24.4	7.2	6.5	8.0	9.6
NP	JPYbn	8.2	5.0	6.0	7.4	9.8
EPS	JPY	17.0	10.6	12.9	16.3	22.0
BPS	JPY	208	210	213	220	232
DPS	JPY	7.0	7.0	7.0	7.0	8.0
PER	x	19.3	32.8	22.7	18.1	13.3
PBR	x	1.6	1.7	1.4	1.3	1.3
Div. yield	%	2.1	2.0	2.4	2.4	2.7
ROA	%	2.5	1.5	1.7	2.1	2.8
ROE	%	8.2	5.0	6.1	7.5	9.7

Source: Company data, Mita Securities

Company profile

Ichigo focuses on 1) the sustainable real estate business, which creates new value in existing real estate, 2) the asset management business, which manages real estate for REITs and infrastructure funds, and 3) the clean energy business, which includes solar and wind power generation. As of the end of FY2/21, it owned 245.1bn yen of real estate, 306.4bn yen of assets under management, and 120.6MW of power generation output.

Comparison of valuations with similar companies (reference)

Figure: Comparison of valuations for real estate companies

Company name	Ticker	PX 1/25	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mn 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
ICHIGO INC	2337	294	148.6	NA	-30.3	NA	2.8	6.5	8.8	50.7	21.0	15.1	1.4	22.2	5.5	2.4	5.8	-10.9	2.4
HULIC CO LTD	3003	1,043	800.9	2.6	27.7	31.1	15.6	12.9	12.8	9.2	11.0	10.4	1.4	17.0	5.4	3.7	-6.0	-6.0	-7.7
RAYSUM CO LTD	8890	705	32.5	0.6	2.9	13.6	5.4	NA	NA	10.1	NA	NA	0.5	NA	NA	NA	4.9	-0.4	-23.6
TAKARA LEBEN CO LTD	8897	299	36.2	1.5	-9.4	6.6	6.8	NA	NA	9.2	NA	NA	0.6	NA	NA	NA	6.0	-3.9	-6.3
TOSEI CORP	8923	1,058	51.5	1.2	-3.5	20.2	10.8	11.0	NA	7.4	6.3	5.6	0.8	NA	1.7	4.4	6.9	-6.8	3.0
SUN FRONTIER FUJIOUSAN CO LTD	8934	1,030	50.2	0.4	12.4	18.1	9.8	11.4	12.4	7.5	6.4	5.5	0.7	NA	0.9	4.3	5.3	-5.2	16.5
LAND BUSINESS CO LTD	8944	254	6.8	1.2	1.0	43.0	1.7	NA	NA	16.0	NA	NA	0.3	NA	NA	NA	-3.4	-9.3	-23.3
Average				1.2	0.1	22.1	7.6	10.5	11.3	15.7	11.2	9.1	0.8	19.6	3.4	3.7	2.8	-6.1	-5.6
Median				1.2	1.0	19.1	6.8	11.2	12.4	9.2	8.7	8.0	0.7	19.6	3.6	4.0	5.3	-6.0	-6.3

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 renewable energy companies

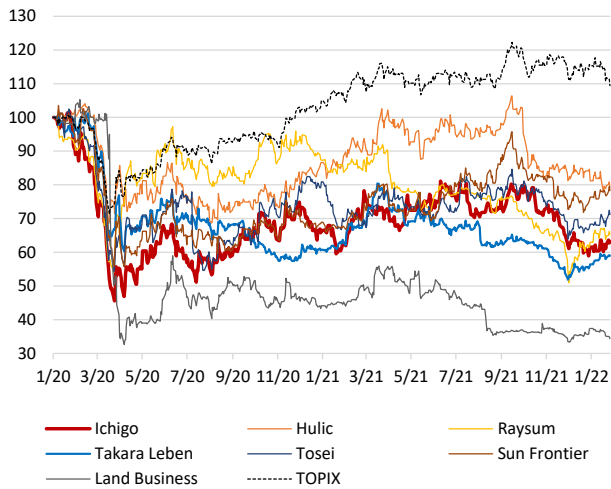
Company name	Ticker	PX 1/25	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mn LTM	ROE LTM	ROE Cur E	ROE Nxt E	PER LTM	PER Cur E	PER Nxt E	PBR Last	EV/EBITDA Cur E	EV/Sales Cur E	Div yield Cur E	1M Chg	3M Chg	1YR Chg
WEST HOLDINGS CORP	1407	3,175	146.1	0.8	14.0	14.9	26.1	26.2	29.5	22.8	17.7	13.4	5.5	12.5	1.9	1.8	-45.2	-49.1	-18.1
JAPAN INVESTMENT ADVISER CO	7172	1,045	32.1	1.2	-38.0	39.0	7.1	NA	NA	11.3	NA	NA	0.8	NA	NA	NA	-18.7	-18.9	-9.9
EF-ON INC	9514	523	11.3	1.2	0.8	29.5	8.6	7.2	NA	8.0	8.7	7.1	0.7	NA	2.3	1.5	-13.7	-39.1	-54.6
EREX CO LTD	9517	1,512	89.5	0.3	87.6	10.8	20.9	15.0	14.8	11.0	12.8	11.8	1.8	7.6	0.8	1.3	-31.0	-44.0	-17.7
RENOVA INC	9519	1,712	134.6	5.7	8.7	NA	NA	23.0	12.0	7.2	40.4	48.4	4.6	24.3	10.4	0.0	-62.8	-64.3	-59.4
Average				1.8	14.6	23.5	15.7	17.8	18.8	12.0	19.9	20.2	2.7	14.8	3.9	1.2	-34.3	-43.1	-31.9
Median				1.2	8.7	22.2	14.8	19.0	14.8	11.0	15.2	12.6	1.8	12.5	2.1	1.4	-31.0	-44.0	-18.1

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus

Comparison of stock price trends (reference)

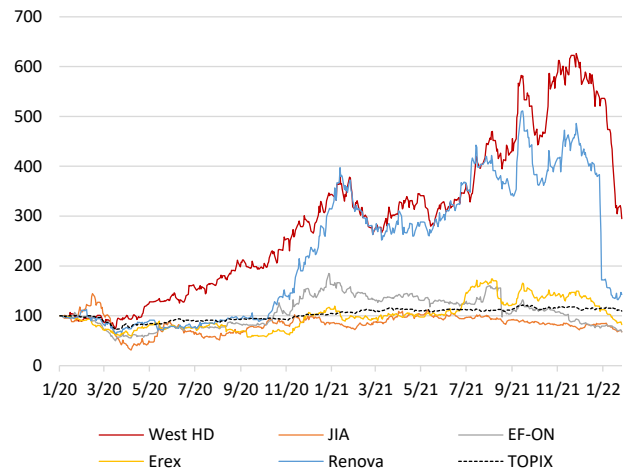
Figure: Stock price trends for real estate companies



Source: Bloomberg Finance LP data, Mita Securities

Note: Indexed 100 at the end of 2019

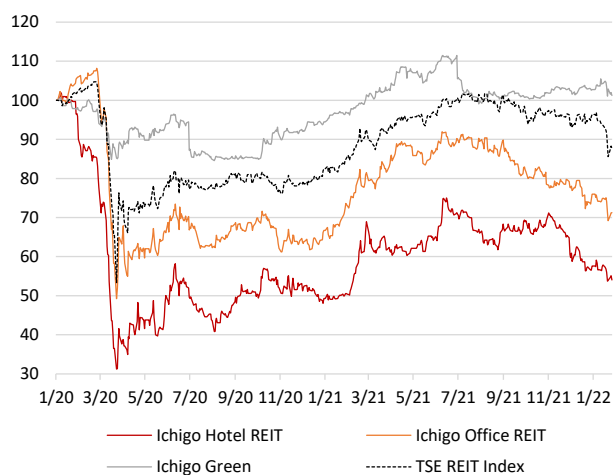
Figure: Stock price trends for renewable energy companies



Source: Bloomberg Finance LP data, Mita Securities

Note: Indexed 100 at the end of 2019

Figure: Stock price trends for REITs and infrastructure funds



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

APPENDIX

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