



MonotaRO

TSE 1st Section 3064 Industry: Retail, Internet

December sales announced. Full-year parent sales in-line with our forecast, no surprises

December sales grew 20.5%, above the company target

Parent company sales in December were 16.678bn yen (+20.5% YoY), above the company's target. The number of business days was 20, the same as in December 2020, and the sales growth rate per business day was +20.5% YoY (+19.1% for November, and +20.1% for October). There has been no significant change in the trends of each business or customer from November, the company said.

Sales to large corporations increased by almost 40% YoY, 13% above the company's target.

Sales to SMEs (monotaro.com) increased by 15-16% YoY, slightly below the company's target. Average purchase price was 9,700 yen (9,250 yen in December 2020), and average number of purchases was 2.4 times (2.3 times in December 2020). In terms of sales to existing customers by sector, growth in the manufacturing sector exceeded that of the overall sales to existing customers, while growth in the construction, automobile-related, and other sectors was lower.

Royalty income increased YoY and was above the company's target.

The number of new customer acquisitions was 106.5 thousand accounts (-3.8% YoY), below the company's target.

Full-year sales in-line with our forecast, no surprises

Jan-Dec cumulative parent sales were 182.467bn yen (+20.2% YoY), 97.7% vs. the full-year guidance of 186.759bn yen (+23.0% YoY). The company missed the full-year sales guidance, but this is not a surprise given the sales through November. The results were in-line with our parent sales forecast of 182.389bn yen.

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

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Update

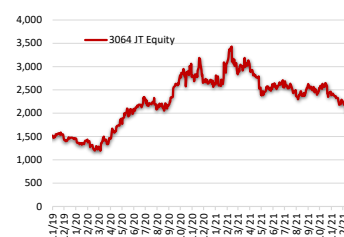
Rating
Hold

Target price (JPY)	2,350
Stock price (JPY) (Jan 11)	2,082
Market cap (JPYbn)	1,043.7

Key changes

Rating	No
Target price	No
Earnings forecast	No

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

		12/20	12/21E	12/22E	12/23E	12/24E
Sales	JPYbn	157.3	189.6	226.8	267.0	311.6
OP	JPYbn	19.6	23.5	26.8	31.5	37.6
RP	JPYbn	19.7	23.7	26.8	31.5	37.6
NP	JPYbn	13.8	16.4	18.7	22.0	26.3
EPS	JPY	27.7	32.9	37.6	44.3	52.9
BPS	JPY	94.1	112.8	136.4	162.7	193.6
DPS	JPY	9.0	11.5	14.0	18.0	22.0
PER	x	94.7	62.1	54.3	46.2	38.7
PBR	x	27.9	18.1	15.0	12.6	10.6
Div. yield	%	0.3	0.6	0.7	0.9	1.1
ROA	%	19.5	19.0	18.1	17.2	17.6
ROE	%	32.9	31.8	30.2	29.6	29.7

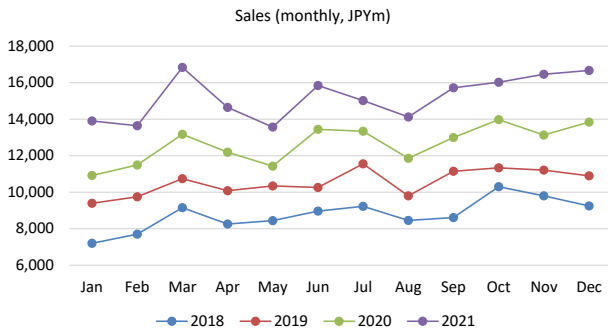
Source: Company data, Mita Securities

Note: Adjusted for stock split

Company profile

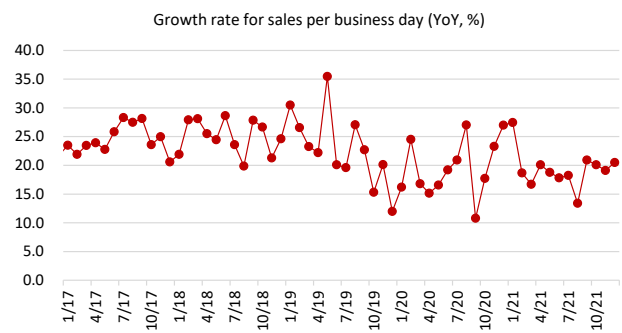
MonotaRO is an EC company that sells indirect materials (MRO products) used in factories, construction sites, and auto repair shops. The company has over 18 million products and 6.46 million registered accounts (as of the end of September 2021). The company is a consolidated subsidiary of W.W. Grainger.

Figure: Monthly sales



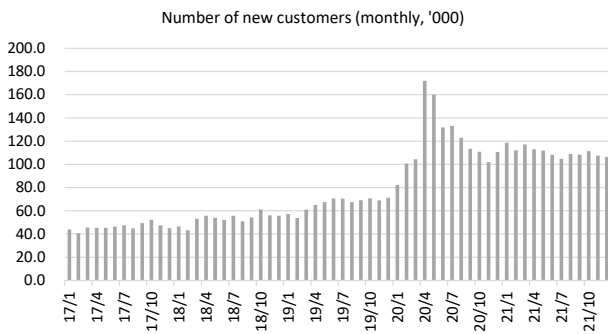
Source: Company data, Mita Securities Note: Parent basis

Figure: Sales growth (monthly)



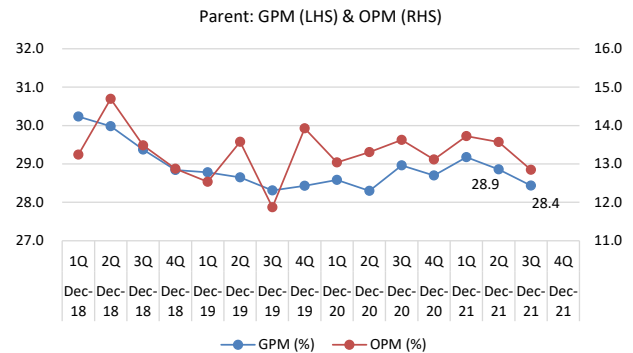
Source: Company data, Mita Securities Note: Parent basis, adjusted for business days

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 7-Jan	Mkt cap JPYbn	PER LTM	PER	PER	PBR Last	EV/EBITDA	EV/Sales	ROE	ROE	Sales growth Current E	EPS growth	EPS growth	Div Yield Current E	1M	3M	1YR
					Current E	Next E		Next E	Next E	Current E	Next E		Current E	Current E		Next E	Change	Change
ASKUL CORP	2678	1,582	162.2	18.3	17.3	15.7	2.6	5.3	0.3	16.0	16.1	1.7	20.3	10.7	1.9	13.4	-5.8	-19.0
MONOTARO CO LTD	3064	2,046	1,025.6	64.0	60.9	52.9	18.8	33.8	4.6	32.6	30.5	15.6	21.1	15.2	0.6	-8.8	-19.4	-22.1
ZOZO INC	3092	3,410	1,062.7	30.8	29.1	26.3	23.6	17.7	5.8	58.5	49.4	9.9	15.5	10.9	1.6	-2.7	-16.5	24.8
MERCARI INC	4385	5,260	840.4	628.4	227.4	70.2	20.1	38.1	4.2	10.4	23.9	47.8	-36.5	223.9	0.0	-18.6	-22.4	-2.0
Z HOLDINGS CORP	4689	638	4,887.8	52.7	51.3	43.2	1.8	14.3	3.0	3.6	4.3	29.2	-11.3	18.8	0.9	-10.7	-10.4	-8.1
RAKUTEN GROUP INC	4755	1,152	1,821.7	NA	NA	NA	2.3	0.7	0.1	-29.6	-13.8	3.5	NA	NA	0.4	0.6	3.5	15.3
MISUMI GROUP INC	9962	4,355	1,238.3	39.6	32.4	28.4	4.9	15.3	2.9	15.6	15.7	16.2	123.0	14.1	0.8	-8.4	-3.9	27.3
Average				139.0	69.7	39.4	10.6	17.9	3.0	15.3	18.0	17.7	22.0	48.9	0.9	-5.0	-10.7	-5.3
Median				46.1	41.8	35.8	4.9	15.3	3.0	15.6	16.1	15.6	17.9	14.6	0.8	-8.4	-10.4	-2.0

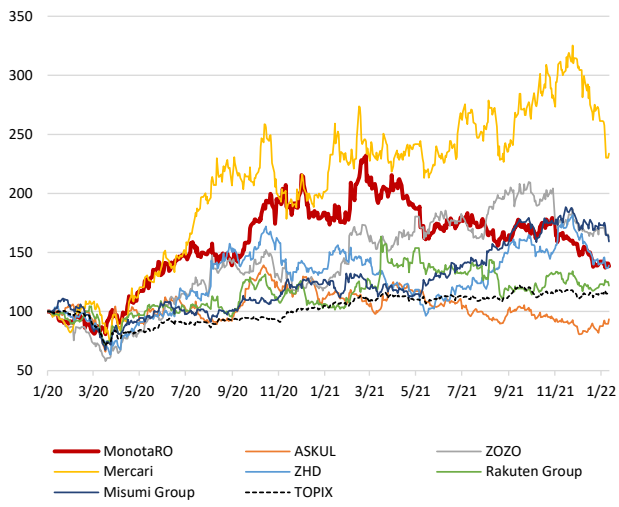
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

Figure: Comparison of valuations for overseas EC companies

Company	Ticker	Share price 7-Jan	Mkt cap USDbn	PER LTM	PER	PER	PBR Last	EV/EBITDA	EV/Sales	ROE	ROE	Sales growth Current E	EPS growth	EPS growth	Div Yield Current E	1M	3M	1YR
					Current E	Next E		Next E	Next E	Current E	Next E		Current E	Current E		Next E	Current E	Change
AMAZON.COM INC	AMZN	3,229.72	1,637.9	63.2	56.7	48.8	13.6	20.3	3.0	19.9	20.1	9.9	1.5	16.3	0.0	-6.2	-1.8	1.5
ALIBABA GROUP HOLDING-SP ADR	BABA	128.30	347.8	19.1	15.8	14.0	2.3	9.4	1.8	10.7	11.1	13.0	-20.4	12.7	0.0	2.6	-20.6	-45.7
EBAY INC	EBAY	64.57	40.4	16.2	16.3	14.4	3.7	10.8	4.0	58.8	34.2	-9.1	16.2	13.5	1.1	-3.5	-14.0	18.5
JD.COM INC-ADR	JD	69.60	108.5	81.7	43.7	34.4	3.2	23.9	0.5	2.6	6.3	23.8	-3.8	27.1	0.0	-12.7	-11.5	-24.0
VIPSHOP HOLDINGS LTD - ADR	VIPS	8.89	6.0	6.6	6.5	6.1	1.2	3.5	0.2	15.3	14.7	0.4	-4.3	7.6	0.0	-4.7	-21.3	-70.4
Average				37.4	27.8	23.5	4.8	13.6	1.9	21.5	17.3	7.6	-2.1	15.5	0.2	-4.9	-13.8	-24.0
Median				19.1	16.3	14.4	3.2	10.8	1.8	15.3	14.7	9.9	-3.8	13.5	0.0	-4.7	-14.0	-24.0

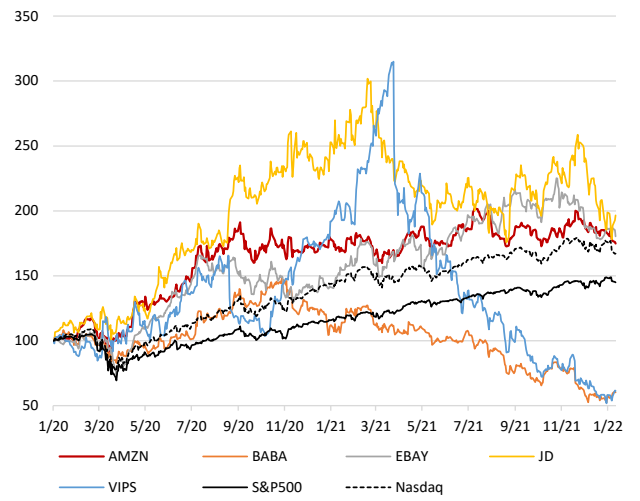
Source: Bloomberg Finance LP data, Mita Securities Note: Forecasts are based on Bloomberg consensus

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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