



# Ohsho Food Service

TSE 1st Section 9936 Industry: Food service, retail

## Solid January sales despite Omicron impact

### Monthly data for January: Positive impression

Ohsho Food Service (9936, the company) disclosed monthly data for its directly-owned stores for January (on a preliminary basis). Same-store sales look positive, with a significant rise over January 2019.

Same-store sales were 106.9% vs. January 2021 (105.4% for December), 94.9% vs. January 2020, and 104.3% vs. January 2019. The number of holidays (weekends and national holidays) was the same as in January 2021, 2020, and 2019. Compared to January 2021, the guest count was 105.4% (102.1% for December), and the average check was 101.4% (103.3% for December).

The company's sales remained solid despite the shortening of operating hours and restrictions on alcohol beverages at 477 directly-owned stores due to the rapid increase in the number of cases of the new coronavirus infection. Take-out and delivery sales remained high, and in-store dining sales were also strong at 116.4% vs. January 2021. In addition to the large base of repeat customers at Gyoza no Ohsho, the company's various campaigns and TV commercials appear to have had a positive effect.

In January, the company opened no new store and closed 2 stores (2 franchised stores), bringing the total number of directly-owned stores at the end of January to 533 (flat MoM) and franchised stores to 199 (-2 MoM).

### January same-store sales for other restaurant companies (vs. 2019)

- Skylark HD (3197): 75.5% (Dec 89.8%, Nov 81.0%)
- Food & Life Companies (3563): Sushiro 97.7% (Dec 98.8%, Nov 91.2%)
- Saizeriya (7581): 81.6% (Dec 87.1%, Nov 87.9%)
- Royal HD (8179): Royal Host 101.9% (Dec 94.2%, Nov 96.2%)

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

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## Update

Rating  
**Buy**

Target price (JPY)	7,250
Stock price (JPY) (Feb 2)	5,970
Market cap (JPYbn)	139.0

### 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	20.2	18.9	18.4
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

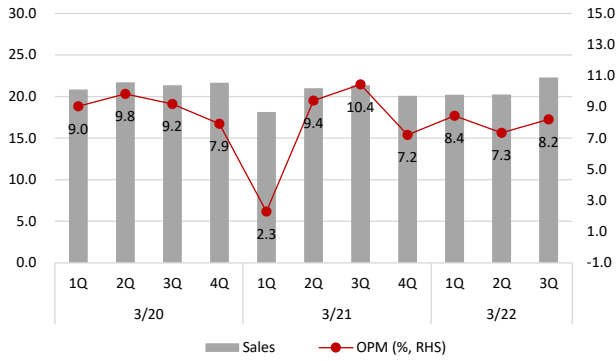
Source: Company data, Mita Securities

### 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.

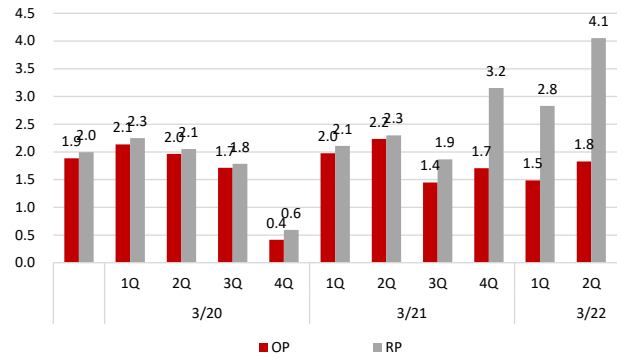
Quarterly earnings data for Ohsho Food Service

Figure: Sales, OPM



Source: Company data, Mita Securities

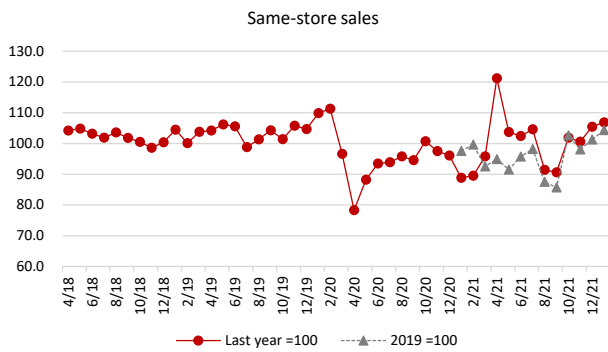
Figure: OP, RP



Source: Company data, Mita Securities

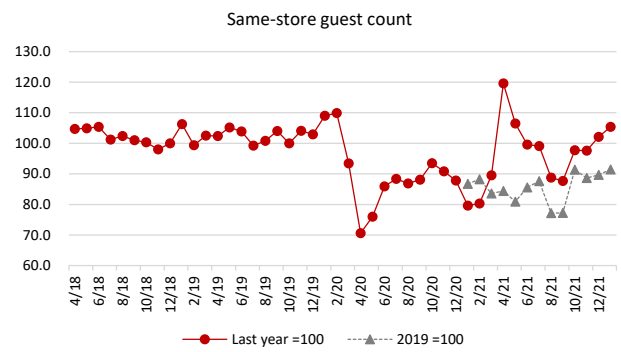
Monthly data for Ohsho Food Service

Figure: Directly-owned, same-store sales



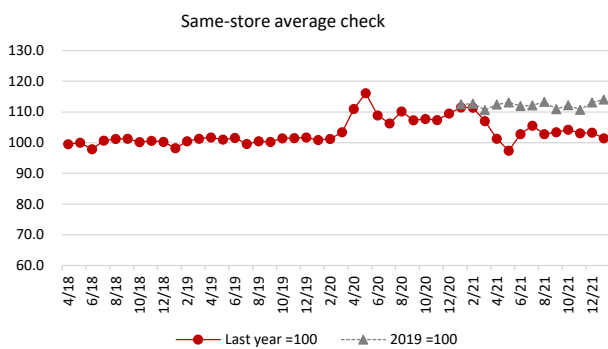
Source: Company data, Mita Securities

Figure: Directly-owned, same-store guest count



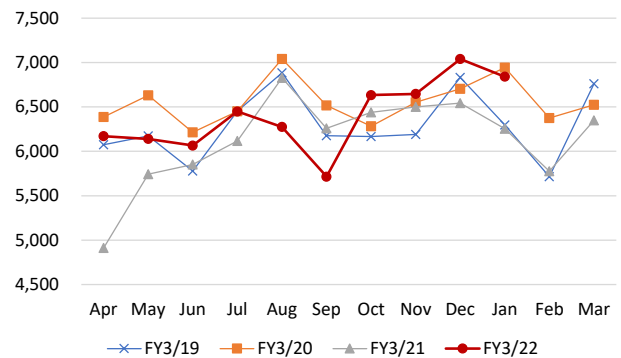
Source: Company data, Mita Securities

Figure: Directly-owned, same-store average check



Source: Company data, Mita Securities

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



Source: Company data, Mita Securities

Monthly data for food service companies

Figure: Monthly data for food service companies covered by Mita Securities

Table with 27 columns (months 1/20 to 1/22) and 12 rows of data for companies like Kura Sushi, Monogatari Corporation, Torikizoku HD, etc.

Source: Companies' data, Mita Securities

Figure: Monthly data for food service companies not covered by Mita Securities

Table with 27 columns (months 1/20 to 1/22) and 32 rows of data for companies like McDonald's HD Japan, Pepper Food Service, Arcland Service HD, etc.

Source: Companies' data, Mita Securities

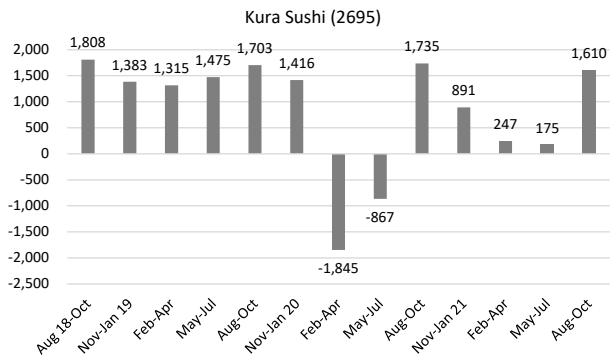
Figure: Monthly data for food service companies (average for companies covered by Mita Securities and non-covered companies above)

Table with 27 columns (months 1/20 to 1/22) and 2 rows showing average vs. pre-COVID data.

Source: Companies' data, Mita Securities

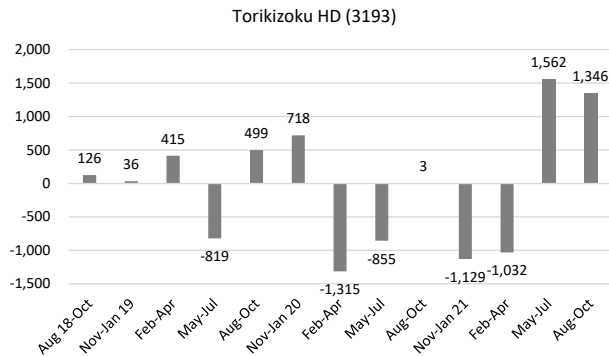
Pre-tax profits for food service companies covered by Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



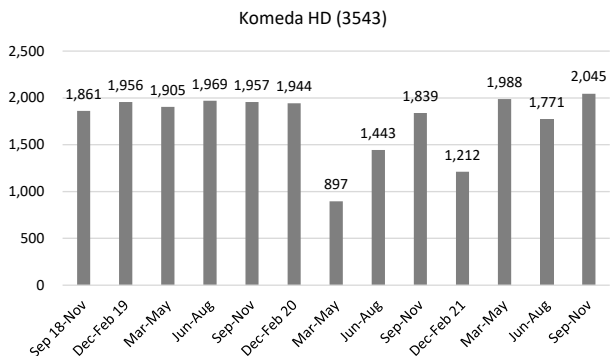
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



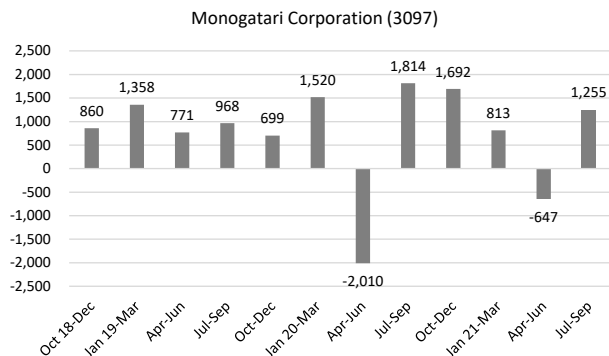
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



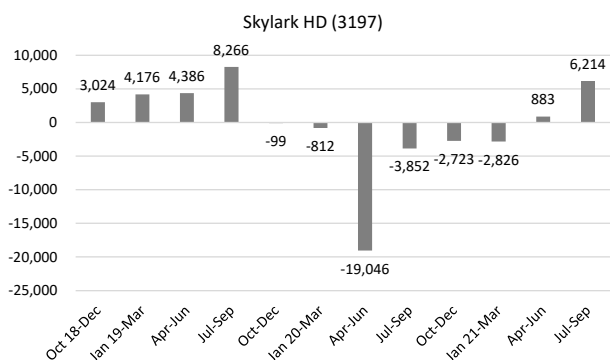
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



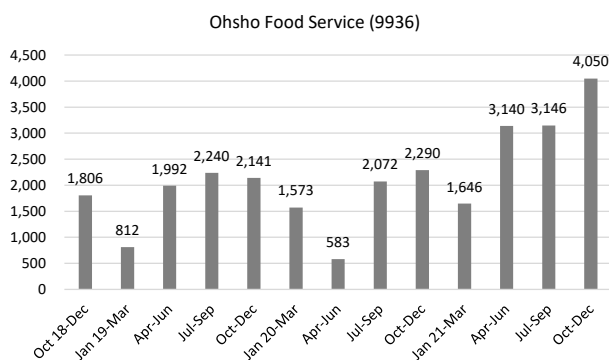
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



Source: Company data, Mita Securities

Comparison of valuations with peers

Figure: Comparison of valuations for food service companies

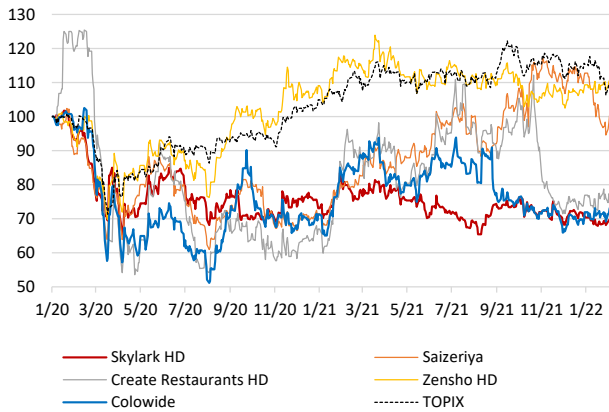
Company name	Ticker	PX 2-Feb	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mgn LTM	ROE LTM	ROE Cur E	ROE Nxt E	PER LTM	PER Cur E	PER Nxt E	PBR Last	EV/EBITDA Cur E	EV/Sales Cur E	Div yield Cur E	1M Chg	3M Chg	1YR Chg
KURA SUSHI INC (TP 5,000 Buy)	2695	3,555	147.2	0.1	8.7	2.3	4.1	8.3	10.6	74.1	36.0	25.0	2.9	12.5	0.9	0.6	-2.1	-3.9	3.0
MCDONALD'S HOLDINGS CO JAPAN	2702	5,000	664.8	-0.2	9.1	14.4	12.3	12.0	12.0	30.2	29.5	26.2	3.5	12.4	1.9	0.8	-1.8	-2.0	-2.2
OOTOYA HOLDINGS CO LTD	2705	2,788	20.2	0.2	-0.4	6.0	NA	NA	NA	39.5	NA	NA	NA	NA	NA	NA	3.3	2.1	12.2
FUJIO FOOD GROUP INC	2752	1,338	59.7	3.6	-12.3	8.8	-12.7	21.2	NA	NA	50.7	36.5	10.9	NA	2.6	0.0	1.4	-4.2	3.3
AMIYAKI TEI CO LTD	2753	2,954	20.2	-0.1	-14.5	-13.9	2.0	2.6	NA	49.8	38.9	37.4	1.0	NA	0.5	0.3	0.2	-3.5	2.7
HIRAMATSU INC	2764	190	14.2	4.1	9.1	-25.3	-67.3	NA	NA	NA	NA	NA	2.2	NA	NA	NA	0.5	-11.6	26.7
PEPPER FOOD SERVICE CO LTD	3053	360	14.2	2.4	NA	-6.2	NA	NA	NA	NA	NA	NA	9.4	NA	NA	NA	-0.3	-6.5	31.9
CHOLUSHIMARU CO LTD	3075	1,123	16.3	-0.8	-1.7	1.3	10.2	NA	NA	21.5	NA	NA	2.1	NA	NA	NA	0.5	1.2	-4.3
ARCLAND SERVICE HOLDINGS CO	3085	2,209	73.1	-0.6	21.1	12.9	19.4	19.4	12.5	16.3	15.4	22.0	3.0	10.5	1.3	1.4	-2.4	-2.5	4.0
DOUTOR NICHIREI HOLDINGS CO	3087	1,581	72.1	-0.3	3.3	5.0	-2.2	4.5	1.3	NA	16.2	49.6	0.7	15.6	0.4	1.6	-1.3	-3.4	-0.2
BRONCO BILLY CO LTD	3091	2,208	33.3	-0.3	-8.7	8.0	5.4	NA	NA	34.9	NA	NA	1.9	NA	NA	0.8	-6.8	-9.8	-1.4
MONOGATARI CORP (TP 9,100 Buy)	3097	6,460	78.1	0.1	7.4	9.7	11.7	17.1	16.4	34.3	20.5	18.7	3.9	NA	1.1	1.1	-4.3	-10.8	8.2
CHIMNEY CO LTD	3178	1,168	22.6	0.8	-61.2	-34.0	-43.7	NA	NA	NA	NA	NA	3.3	NA	NA	NA	-0.7	-21.6	-9.9
TORIKIZOKU HOLDINGS CO LTD (TP 2,100 Hold)	3193	1,840	21.4	0.6	NA	NA	NA	8.1	11.4	NA	NA	37.6	3.5	NA	1.2	0.0	3.0	-4.1	22.2
HOTLAND CO LTD	3196	1,275	27.5	0.6	5.8	4.5	15.8	22.3	NA	23.0	15.7	26.7	3.3	NA	1.0	0.4	-1.1	-7.9	2.7
SKYLARK HOLDINGS CO LTD (TP 1,600 Hold)	3197	1,514	344.4	2.1	-12.9	28.6	-0.2	5.8	5.4	NA	39.9	45.1	2.2	6.8	1.7	0.9	0.2	-2.7	-12.9
SFP HOLDINGS CO LTD	3198	1,402	36.2	-0.1	-58.6	17.7	0.3	14.4	NA	898.7	20.1	51.5	2.8	NA	3.3	0.0	-0.8	-5.3	-1.8
CREATE RESTAURANTS HOLDINGS	3387	747	159.0	3.5	-24.0	28.2	10.2	16.9	NA	60.7	23.4	40.2	4.0	NA	2.8	0.6	3.5	-1.8	-11.8
SAINT MARC HOLDINGS CO LTD	3395	1,517	34.6	-0.2	-7.3	-6.1	-22.2	-12.9	2.8	NA	37.2	NA	1.0	NA	0.5	2.9	3.7	-1.8	1.9
TORIDOLL HOLDINGS CORP	3397	2,345	205.4	3.0	5.7	12.5	5.1	8.3	6.0	122.6	57.4	46.3	5.9	11.6	2.1	0.3	-5.7	-19.2	48.1
KOMEDA HOLDINGS CO LTD (TP 3,000 Buy)	3543	2,130	98.3	1.5	10.0	24.0	13.3	13.5	13.7	21.0	19.6	18.1	2.7	15.8	4.3	2.4	3.9	2.1	10.8
KUSHIKATSU TANAKA HOLDINGS C	3547	2,064	19.4	1.6	-42.8	-50.3	-38.2	51.1	35.2	NA	26.1	26.4	16.0	21.4	1.7	0.7	1.5	-8.5	25.5
CHIKARANOMOTO HOLDINGS CO LT	3561	559	15.1	3.7	-14.9	6.6	-15.0	NA	NA	NA	NA	NA	4.9	NA	NA	NA	-4.0	-11.7	-8.2
FOOD & LIFE COMPANIES LTD	3563	3,610	419.0	2.2	17.5	16.2	23.0	20.9	23.4	31.8	30.7	22.3	6.6	12.7	1.8	0.6	-17.0	-29.2	-6.5
ATOM CORP	7412	763	147.7	0.2	-13.6	1.2	-8.5	NA	NA	NA	NA	NA	15.3	NA	NA	NA	-0.9	-2.9	-16.2
KAPPA CREATE CO LTD	7421	1,336	66.0	0.4	2.6	3.7	8.2	NA	NA	75.7	NA	NA	6.0	NA	NA	NA	-0.4	-3.8	-13.1
WATAMI CO LTD	7522	919	39.2	3.5	-18.0	-7.4	-75.2	NA	NA	NA	NA	NA	2.9	NA	NA	NA	1.8	-8.0	-7.8
ZENSHO HOLDINGS CO LTD	7550	2,779	430.4	2.2	4.3	7.2	12.4	17.1	12.9	39.9	26.1	32.1	4.7	12.4	0.9	0.8	2.8	4.1	-5.3
KOURAKUEN HOLDINGS CORP	7554	1,369	23.0	1.1	-14.4	4.7	13.5	13.6	NA	46.5	41.2	1,955.7	5.8	NA	1.0	0.4	-4.8	-8.3	-21.3
ANRAKUTEI CO LTD	7562	6,320	13.5	1.6	27.2	-4.7	2.7	NA	NA	118.3	NA	NA	3.2	NA	NA	NA	0.6	5.7	22.7
SAIZERIYA CO LTD	7581	2,744	143.4	-0.2	5.0	7.9	4.8	10.9	7.0	33.7	14.1	20.1	1.6	6.8	0.8	0.7	-8.7	-11.9	27.6
HIDAY HIDAKA CORP	7611	1,705	65.0	-0.3	-24.5	-12.0	-1.2	NA	NA	NA	NA	NA	3.0	NA	NA	NA	0.7	-1.6	4.0
COLOWIDE CO LTD	7616	1,699	147.6	3.6	-7.6	12.0	-16.2	NA	NA	NA	NA	NA	4.2	NA	NA	NA	4.3	1.6	-12.4
UKAI CO LTD	7621	2,995	15.7	1.5	-3.1	-8.0	-40.6	NA	NA	NA	NA	NA	7.0	NA	NA	NA	0.9	-0.5	0.5
GLOBAL-DINING INC	7625	333	3.4	0.9	34.8	7.0	25.6	NA	NA	5.2	NA	NA	1.2	NA	NA	NA	-1.5	-36.1	54.2
ICHIBANYA CO LTD	7630	4,655	148.6	-0.5	-3.7	9.2	8.7	8.9	NA	57.5	55.0	39.1	5.0	NA	2.9	1.7	0.2	0.0	-9.6
ASAKUMA CO LTD	7678	1,563	8.4	-0.4	-22.5	-22.4	-29.2	NA	NA	NA	NA	NA	3.3	NA	NA	NA	1.6	1.1	1.9
MOS FOOD SERVICES INC	8153	3,040	97.3	-0.2	12.3	10.5	8.1	6.3	NA	25.5	31.6	30.3	2.0	NA	1.1	0.9	-1.3	-5.1	-1.5
KISOJI CO LTD	8160	2,200	59.0	0.0	-12.5	NA	-13.7	NA	NA	NA	NA	NA	2.4	NA	NA	NA	0.1	1.5	-7.1
SRS HOLDINGS CO LTD	8163	799	31.3	0.5	-0.7	8.0	8.8	NA	NA	30.4	NA	NA	2.3	NA	NA	NA	2.0	3.8	-4.8
ROYAL HOLDINGS CO LTD	8179	1,843	83.6	2.3	-15.6	-10.7	-47.6	-13.8	10.9	NA	NA	45.6	3.0	NA	1.6	0.0	-2.9	-12.6	-3.8
RINGER HUT CO LTD	8200	2,245	58.5	1.0	-10.6	-2.6	-6.8	6.3	NA	NA	89.1	220.1	4.9	NA	1.9	0.4	1.0	0.0	-7.7
GIFT INC	9279	2,472	24.6	0.0	22.7	9.0	29.8	28.0	NA	23.0	16.6	16.9	6.0	NA	1.4	1.0	-7.2	-14.2	24.5
GENKI SUSHI CO LTD	9828	2,537	22.5	0.6	10.6	6.1	13.5	NA	NA	19.3	NA	NA	2.5	NA	NA	NA	-0.4	-6.7	2.8
GOURMET KINEYA CO LTD	9850	1,013	23.2	1.5	-20.1	6.3	-16.2	NA	NA	NA	NA	NA	2.8	NA	NA	NA	0.7	0.8	2.9
GINZA RENOIR CO LTD	9853	822	5.1	0.1	-25.9	-39.4	-37.8	NA	NA	NA	NA	NA	1.6	NA	NA	NA	-1.6	-0.7	0.2
YOSHINOYA HOLDINGS CO LTD	9861	2,388	155.5	0.8	-14.3	11.3	9.5	18.0	2.8	37.2	18.8	70.2	3.4	17.1	1.1	0.0	2.9	3.0	7.0
KFC HOLDINGS JAPAN LTD	9873	2,890	64.8	-0.8	11.3	8.6	16.5	NA	NA	16.2	NA	NA	2.5	NA	NA	NA	-0.2	-0.3	2.2
MATSUYAFOODS HOLDINGS CO LTD	9887	3,625	69.1	0.3	-4.5	0.8	2.3	NA	NA	73.0	NA	NA	1.7	NA	NA	NA	0.1	-1.1	1.7
SAGAMI HOLDINGS CORP	9900	1,060	32.1	-0.2	-6.9	-5.6	-5.7	NA	NA	NA	NA	NA	2.3	NA	NA	NA	0.8	1.3	-11.3
OHSHO FOOD SERVICE CORP (TP 7,250 Buy)	9936	5,970	139.0	-0.2	0.9	11.0	14.8	12.1	10.1	13.9	15.5	19.0	1.9	NA	1.4	1.8	-2.3	-1.5	2.2
JOYFULL CO LTD	9942	814	26.0	4.9	-22.8	-6.6	105.9	NA	NA	10.0	NA	NA	6.1	NA	NA	NA	0.5	0.5	18.3
DAISYO CORP	9979	1,021	21.6	0.9	-23.9	13.1	-10.6	NA	NA	NA	NA	NA	1.7	NA	NA	NA	4.0	-1.1	0.1
Average				1.0	-5.8	1.7	-1.9	12.6	11.4	69.4	31.2	111.7	4.0	13.0	1.6	0.8	-0.7	-4.9	3.7
Median				0.6	-4.5	6.1	3.4	12.1	10.9	34.0	26.1	36.5	3.0	12.5	1.4	0.7	0.1	-2.9	1.7

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus. Shading indicates stocks covered by Mita Securities

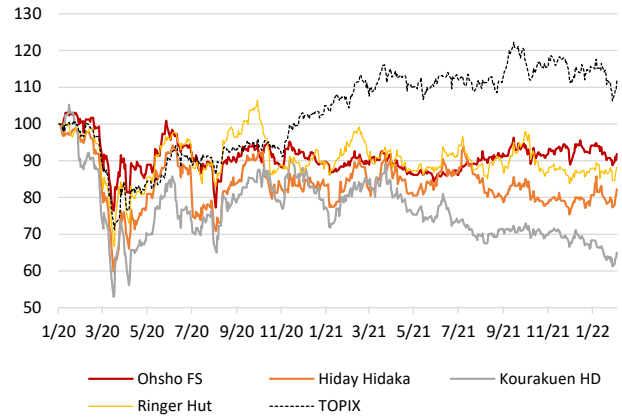
Stock price trends for food service companies

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



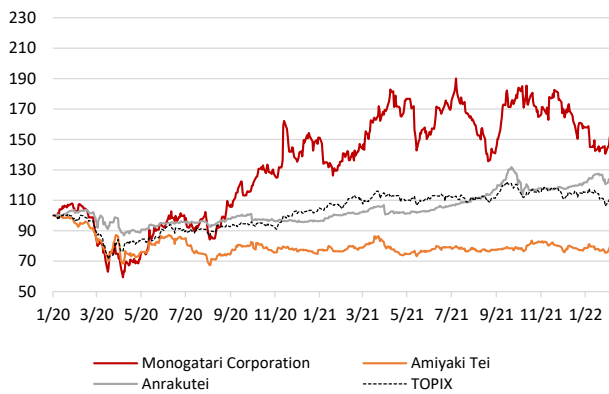
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



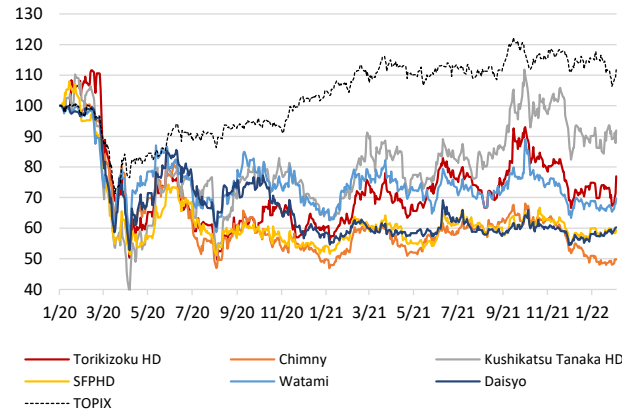
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



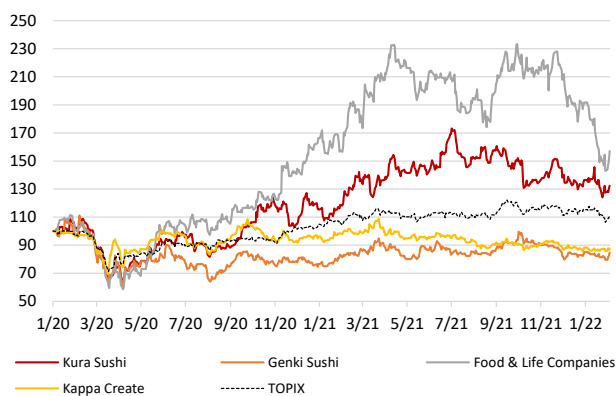
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



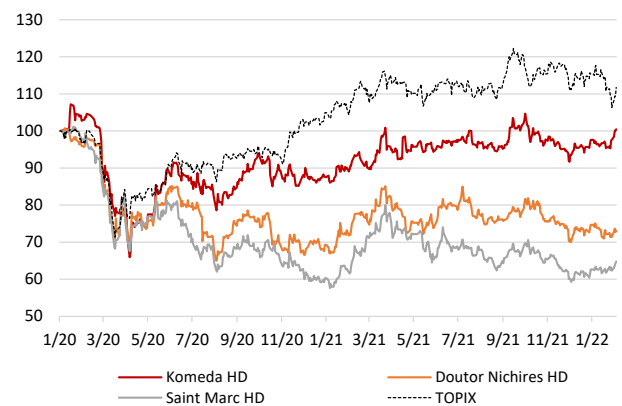
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

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

### [Analyst Certification]

We hereby certify that the views on securities and issuers expressed in this report accurately reflect the personal views of the analyst(s) listed on the cover page of this report. The analyst(s) also certifies that the analyst(s) has not been compensated, directly or indirectly, or promised to be compensated, for expressing any particular view in this report.

### [Ratings]

Ratings are based on the following definitions.

The target price and ratings are based on our views for the next 12 months or so.

Buy: Stocks whose total return (percentage change in share price from current price to projected target price plus projected dividend yield), as of the time the target price is set or changed, is expected to be 15% or more.

Hold: Stocks whose total return (percentage change in share price from current price to projected target price plus projected dividend yield), as of the time the target price is set or changed, is expected to be between -15% and +15%.

Sell: Stocks whose total return (percentage change in share price from current price to projected target price plus projected dividend yield), as of the time the target price is set or changed, is expected to be -15% or less.

RS: Rating Suspended - Stocks for which the target price and rating have been temporarily suspended.

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