



S Foods

TSE 1st Section 2292 Industry: Food, wholesale, retail, food service

Raising TP; Expect strong prices in the short-term and capacity expansion in the mid- to long-term

Reiterate Buy with a new target price of 5,300 yen

We have updated our earnings forecast for S Foods (2292, the company) and raised our target price to 5,300 yen from 4,900 yen. We reiterate our Buy rating.

On January 13, the company announced a significant increase in OP to 13.4bn yen (+41.2% YoY) for 1-3Q (Mar-Nov) FY2/22. The company revised its full-year OP guidance upward from 12.7bn yen to 17.0bn yen (+34.8% YoY).

In revising its guidance, the company noted that in addition to strong sales to retailers, it sees signs of a recovery in sales to restaurants. We assume that S Foods (the parent company) and its U.S. meatpacker subsidiary have been driving the strong earnings for the group. In particular, the recent surge and continued strength in the U.S. beef market has likely had a positive effect on the company's earnings, in our view (see reference material on page 7). On the other hand, the company's ham and sausage business, vulnerable to the yen's depreciation and rising raw material prices in general, is small in size, which is a reassuring factor for the group.

In the medium- to long-term, we expect to see positive outcomes from the capacity expansion both in Japan and overseas. In late FY2/24, a new facility at the company's U.S. meatpacker subsidiary is expected to be completed, nearly doubling the production capacity of the subsidiary.

Mita Securities' earnings forecast update

We have raised our OP forecasts from 12.9bn yen to 17.3bn yen (+36.9% YoY) for FY2/22, 13.6bn yen to 17.5bn yen for FY2/23, and 14.6bn yen to 16.3bn yen for FY2/24. In the short-term, we expect a large profit from the strong U.S. beef market and a recovery of wholesale sales to restaurants in Japan, and in the medium- to long-term, we expect to see positive outcomes from the increased production capacity both in Japan and overseas. We view the company's strength to be its ability to manage and execute various projects that will drive profit growth over the medium- to long-term.

Valuations and risk factors

In calculating our target price, we used a residual income model (RIM) with a cost of equity of 6.0% (unchanged) and a terminal growth rate of 0.4% (unchanged), based on our earnings forecasts for FY2/22-FY2/27 (updated due to progress of the term). Our target price is equivalent to 15.7x our FY2/24 EPS forecast of 337.11yen.

Risk factors to our view include the occurrence of events that threaten meat safety, a significant deterioration in demand for meat and processed products, lower margins due to increased competition, long-term restrictions on meat imports, decrease in production due to occurrence of COVID-19 clusters, and the failure of large-scale M&A.

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Forecast change

Rating Buy

Target price (JPY)	5,300	←	4,900
Stock price (JPY) (Mar)	3,265		
Market cap (JPYbn)	105.4		

Key changes

Rating	No
Target price	Yes
Earnings forecast	Yes

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

		2/20	2/21	2/22E	2/23E	2/24E
Sales	JPYbn	352.0	327.5	356.8	381.5	401.7
OP	JPYbn	10.7	12.6	17.3	17.5	16.3
RP	JPYbn	11.1	13.0	17.8	18.0	16.9
NP	JPYbn	6.5	10.0	11.8	11.5	10.7
EPS	JPY	205.6	315.3	373.8	362.8	337.1
BPS	JPY	2,528	2,783	3,086	3,371	3,624
DPS	JPY	60.0	64.0	70.0	78.0	84.0
PER	x	10.9	10.4	8.7	9.0	9.7
PBR	x	0.9	1.2	1.1	1.0	0.9
Div. yield	%	2.7	2.0	2.1	2.4	2.6
ROA	%	3.9	5.8	6.5	5.7	4.9
ROE	%	8.1	11.9	12.7	11.2	9.6

Source: Company data, Mita Securities

Company profile

S Foods is an integrated meat company based in Hyogo Prefecture. Its strength lies in the wholesale of premium Wagyu beef such as Kobe beef, Matsusaka beef, and Omi beef. As for processed products, the company is famous for its "Kotetchan" beef offal products. The company has also expanded into retail and food service through its subsidiaries. In recent years, the company has been focusing on the pig farming business in Hokkaido, the meat packing business in the U.S., and the chicken business.

Investment thesis

Outlook

Figure: Summary of Mita Securities' earnings forecast (consolidated)

JPYm	2/19	2/20	2/21	2/22	2/23	2/24	2/25	2/26	2/27	2/22	2/22	2/23	2/24
	A	A	A	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E	CoE	Consensus	Consensus	Consensus
Earnings													
Sales	338,781	351,972	327,479	356,814	381,511	401,660	426,710	452,561	477,130	355,000	348,996	360,862	378,178
(YoY, %)	7.1	3.9	-7.0	9.0	6.9	5.3	6.2	6.1	5.4				
Operating profit	10,973	10,703	12,609	17,265	17,460	16,337	16,911	17,425	17,760	17,000	17,238	16,567	17,799
(YoY, %)	0.1	-2.5	17.8	36.9	1.1	-6.4	3.5	3.0	1.9				
OPM (%)	3.2	3.0	3.9	4.8	4.6	4.1	4.0	3.9	3.7				
Recurring profit	11,344	11,085	12,990	17,826	17,999	16,899	17,524	18,094	18,482	17,500	17,628	16,922	18,154
(YoY, %)	-1.2	-2.3	17.2	37.2	1.0	-6.1	3.7	3.3	2.1				
Net profit	7,185	6,511	9,965	11,819	11,470	10,658	11,063	11,432	11,677	11,500	11,534	11,068	11,814
(YoY, %)	-7.4	-9.4	53.0	18.6	-3.0	-7.1	3.8	3.3	2.1				
Depreciation	3,322	3,675	5,017	4,500	4,700	5,000	5,250	5,500	5,700				
Capital expenditure	12,494	16,307	5,569	5,000	9,200	8,500	6,750	7,000	7,200				
Free CF	-2,471	-12,821	17,184	-1,756	9,559	7,884	11,544	12,071	12,245				
Segment earnings													
Meat manufacturing and wholesale													
Sales	307,380	321,013	296,788	325,700	348,815	368,723	393,498	419,095	443,334				
(YoY, %)	8.1	4.4	-7.5	9.7	7.1	5.7	6.7	6.5	5.8				
Operating profit	10,501	10,631	11,964	16,792	16,729	15,490	16,201	16,849	17,366				
OPM (%)	3.4	3.3	4.0	5.2	4.8	4.2	4.1	4.0	3.9				
Meat retail													
Sales	22,153	21,588	24,128	24,770	25,453	25,453	25,539	25,710	25,880				
(YoY, %)	-4.1	-2.6	11.8	2.7	2.8	0.0	0.3	0.7	0.7				
Operating profit	1,242	1,031	1,993	1,667	1,654	1,654	1,660	1,671	1,682				
OPM (%)	5.6	4.8	8.3	6.7	6.5	6.5	6.5	6.5	6.5				
Meat food service													
Sales	7,927	8,044	5,179	4,954	5,846	6,080	6,262	6,338	6,491				
(YoY, %)	4.1	1.5	-35.6	-4.3	18.0	4.0	3.0	1.2	2.4				
Operating profit	356	319	-331	-294	76	292	301	304	312				
OPM (%)	4.5	4.0	-6.4	-5.9	1.3	4.8	4.8	4.8	4.8				
Per share indicators													
EPS (JPY)	226.90	205.59	315.26	373.83	362.79	337.11	349.94	361.59	369.36	363.75	364.83	350.07	373.68
BPS (JPY)	2,525.62	2,528.08	2,783.07	3,086.38	3,371.17	3,624.27	3,882.22	4,145.81	4,409.17				
DPS (JPY)	56.00	60.00	64.00	70.00	78.00	84.00	92.00	98.00	106.00	70.00			
Valuation, profitability, etc.													
PER (x)	19.0	10.9	10.4	8.7	9.0	9.7	9.3	9.0	8.8				
PBR (x)	1.7	0.9	1.2	1.1	1.0	0.9	0.8	0.8	0.7				
Dividend payout ratio (%)	24.7	29.2	20.3	18.7	21.5	24.9	26.3	27.1	28.7				
Dividend yield (%)	1.3	2.7	2.0	2.1	2.4	2.6	2.8	3.0	3.2				
ROA (%)	4.5	3.9	5.8	6.5	5.7	4.9	4.8	4.7	4.6				
ROE (%)	8.9	8.1	11.9	12.7	11.2	9.6	9.3	9.0	8.6				
Financial soundness indicators													
Capital ratio (%)	48.3	46.8	51.0	50.4	50.6	51.3	52.1	52.9	53.5				
Debt/Equity (x)	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.3				

Source: Company data, Mita Securities

Note: Consensus forecasts are by QUICK consensus

Figure: Mita Securities' earnings forecast change (Consolidated, JPYm)

JPYm	2/22	2/22	2/22	2/23	2/23	2/24	2/24
	CoE	Old Mita E	New Mita E	Old Mita E	New Mita E	Old Mita E	New Mita E
Sales	355,000	340,572	356,814	357,523	381,511	379,724	401,660
Operating profit	17,000	12,922	17,265	13,632	17,460	14,608	16,337
Recurring profit	17,500	13,336	17,826	14,069	17,999	15,100	16,899
Net profit	11,500	8,135	11,819	8,862	11,470	9,533	10,658
EPS (JPY)	363.75	257.35	373.83	280.35	362.79	301.58	337.11

Source: Company data, Mita Securities

Valuations

Figure: Residual Income Model (RIM)

	Y0	Y1	Y2	Y3	Y4	Y5	Y6~
	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E
JPYbn	2/22	2/23	2/24	2/25	2/26	2/27	2/28
Shareholders' equity (EOP)	97.6	106.6	114.6	122.7	131.1	139.4	
Net profit		11.5	10.7	11.1	11.4	11.7	
Cost of equity		5.9	6.4	6.9	7.4	7.9	
Residual income		5.6	4.3	4.2	4.1	3.8	
PV of residual income		5.3	3.8	3.5	3.2	2.8	
PV of terminal value							51.1
Beta	1.10						
Risk free rate (%)	0.50						
Risk premium (%)	5.00						
Cost of equity (%)	6.00						
Terminal growth rate (%)	0.40						
Total equity value						167.3	
Number of shares O/S (m)						31.615	
Target share price						5,300	

Source: Company data, Mita Securities

Figure: Sensitivity of target price to terminal growth rate

Terminal growth ra	0.0	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0
Target price	5,200	5,200	5,250	5,250	5,300	5,300	5,350	5,400	5,400	5,450	5,500

Source: Mita Securities

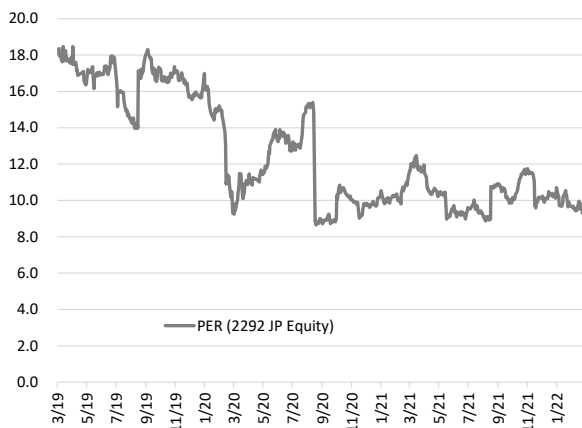
Figure: Comparison of valuations for meat companies

Company	Ticker	Share price	Mkt cap	PER	PER	PER	PER	PBR	EV/EBITDA	EV/Sales	ROE	Sales growth	EBITDA Mgn	Div Yield	1M	3M	1YR
		15-Mar	JPYbn	Last	LTM	Current E	Next E	Last	Next E	Next E	LTM	LTM	LTM	Current E	Change	Change	Change
PRIMA MEAT PACKERS LTD	2281	2,311	116.8	8.2	11.4	11.2	10.7	1.1	5.2	0.3	9.9	-2.3	6.1	2.8	-4.9	-6.0	-35.5
NH FOODS LTD	2282	4,190	431.4	13.2	10.5	11.3	13.7	0.9	7.0	0.5	9.3	3.9	6.8	2.4	-5.4	2.9	-16.5
HAYASHIKANE SANGYO CO LTD	2286	510	4.5	3.5	5.9	NA	NA	0.5	NA	NA	7.9	-9.6	3.0	NA	-2.3	-1.9	-24.3
MARUDAI FOOD CO LTD	2288	1,517	40.2	93.0	857.1	NA	NA	0.5	NA	NA	0.1	-5.2	3.5	NA	-2.8	0.8	-14.3
FUKUTOME MEAT PACKERS LTD	2291	1,864	6.3	NA	NA	NA	NA	1.5	NA	NA	-3.7	-2.5	1.5	NA	-0.1	-1.2	-7.7
S FOODS INC	2292	3,265	105.4	10.4	9.6	9.9	10.0	1.1	4.8	0.3	11.8	4.0	5.7	2.2	-0.3	-5.8	-10.7
TAKIZAWA HAM CO LTD	2293	3,040	6.4	113.3	40.7	NA	NA	1.6	NA	NA	4.1	-1.0	3.1	NA	-1.5	1.8	-7.7
ITOHAM YONEKYU HOLDINGS INC	2296	702	208.7	10.2	10.0	11.9	12.0	0.8	6.1	0.3	8.2	1.6	4.5	3.1	1.0	7.0	-8.9
STARZEN CO LTD	8043	2,112	41.2	6.0	6.3	NA	NA	0.7	NA	NA	10.8	4.8	2.7	NA	-1.8	7.9	-18.9
Average				32.2	118.9	11.1	11.6	1.0	5.8	0.3	6.5	-0.7	4.1	2.6	-2.0	0.6	-16.1

Source: Bloomberg Finance LP data, Mita Securities

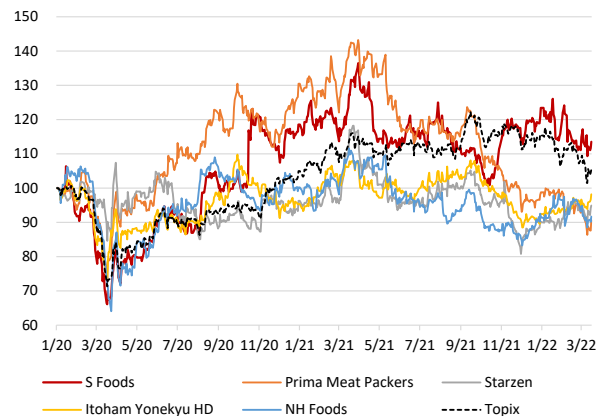
Note: Forecasts are based on Bloomberg consensus

Figure: S Foods' PER (reference)



Source: Bloomberg Finance LP data, Mita Securities

Figure: Stock price trends for meat companies



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

Mita Securities' earnings forecast

Figure: Mita Securities' earnings forecast (various indicators)

Various indicators	A 2/19	A 2/20	A 2/21	Mita E 2/22	Mita E 2/23	Mita E 2/24	Mita E 2/25	Mita E 2/26	Mita E 2/27	Sy ave growth (CAGR, %)
Sales growth (%)	7.1	3.9	-7.0	9.0	6.9	5.3	6.2	6.1	5.4	
OP growth (%)	0.1	-2.5	17.8	36.9	1.1	-6.4	3.5	3.0	1.9	
RP growth (%)	-1.2	-2.3	17.2	37.2	1.0	-6.1	3.7	3.3	2.1	
NP growth (%)	-7.4	-9.4	53.0	18.6	-3.0	-7.1	3.8	3.3	2.1	
GPM (%)	14.1	13.9	15.4	15.3	15.3	14.9	14.8	14.7	14.6	
EBITDA margin (%)	4.4	4.3	5.6	6.4	6.1	5.6	5.4	5.3	5.1	
OPM (%)	3.2	3.0	3.9	4.8	4.6	4.1	4.0	3.9	3.7	
ROE (%)	4.5	3.9	5.8	6.5	5.7	4.9	4.8	4.7	4.6	
ROE (%)	8.9	8.1	11.9	12.7	11.2	9.6	9.3	9.0	8.6	

Source: Company data, Mita Securities

Figure: Mita Securities' earnings forecast (consolidated, PL, JPYm)

PL Consolidated, JPYm	A 2/19	A 2/20	A 2/21	Mita E 2/22	Mita E 2/23	Mita E 2/24	Mita E 2/25	Mita E 2/26	Mita E 2/27	Sy ave growth (CAGR, %)
Sales	338,781	351,972	327,479	356,814	381,511	401,660	426,710	452,561	477,130	6.0
COGS	291,136	303,072	276,895	302,263	323,149	341,696	363,493	386,028	407,400	
Gross profit	47,645	48,899	50,583	54,551	58,362	59,964	63,217	66,533	69,730	
SGA	36,672	38,196	37,974	37,286	40,902	43,627	46,306	49,108	51,970	
Operating profit	10,973	10,703	12,609	17,265	17,460	16,337	16,911	17,425	17,760	0.6
Non-operating income	917	903	1,006	1,060	1,133	1,193	1,268	1,344	1,417	
Non-operating expense	546	521	625	499	594	631	655	675	695	
Recurring profit	11,344	11,085	12,990	17,826	17,999	16,899	17,524	18,094	18,482	0.7
Extraordinary income	180	216	4,923	1,000	600	402	427	453	477	
Extraordinary losses	275	912	2,498	1,200	800	602	640	679	716	
Pretax profit	11,250	10,390	15,414	17,626	17,799	16,698	17,311	17,868	18,244	0.7
Corporate taxes	3,678	3,546	5,131	5,464	5,874	5,510	5,713	5,896	6,020	
Minorities	386	331	318	343	456	530	535	540	546	
Net profit	7,185	6,511	9,965	11,819	11,470	10,658	11,063	11,432	11,677	-0.2
EBITDA	14,947	15,109	18,458	22,695	23,093	22,310	23,159	23,909	24,497	1.5
Shares outstanding (m)	31.666	31.669	31.609	31.615	31.615	31.615	31.615	31.615	31.615	
EPS	226.90	205.59	315.26	373.83	362.79	337.11	349.94	361.59	369.36	
DPS	56.00	60.00	64.00	70.00	78.00	84.00	92.00	98.00	106.00	
Payout ratio (%)	24.7	29.2	20.3	18.7	21.5	24.9	26.3	27.1	28.7	
DOE (%)	2.2	2.4	2.4	2.4	2.4	2.4	2.5	2.4	2.5	
BPS	2,525.62	2,528.08	2,783.07	3,086.38	3,371.17	3,624.27	3,882.22	4,145.81	4,409.17	

Source: Company data, Mita Securities

Figure: Mita Securities' earnings forecast (consolidated, segment earnings, JPYm)

Segment earnings Consolidated, JPYm	A 2/19	A 2/20	A 2/21	Mita E 2/22	Mita E 2/23	Mita E 2/24	Mita E 2/25	Mita E 2/26	Mita E 2/27	5y ave growth (CAGR, %)
Meat manufacturing and wholesale										
Sales	307,380	321,013	296,788	325,700	348,815	368,723	393,498	419,095	443,334	6.4
(YoY, %)	8.1	4.4	-7.5	9.7	7.1	5.7	6.7	6.5	5.8	
Operating profit	10,501	10,631	11,964	16,792	16,729	15,490	16,201	16,849	17,366	0.7
(YoY, %)	1.9	1.2	12.5	40.4	-0.4	-7.4	4.6	4.0	3.1	
OPM (%)	3.4	3.3	4.0	5.2	4.8	4.2	4.1	4.0	3.9	
Meat retail										
Sales	22,153	21,588	24,128	24,770	25,453	25,453	25,539	25,710	25,880	0.9
(YoY, %)	-4.1	-2.6	11.8	2.7	2.8	0.0	0.3	0.7	0.7	
Operating profit	1,242	1,031	1,993	1,667	1,654	1,654	1,660	1,671	1,682	0.2
(YoY, %)	-3.0	-17.0	93.3	-16.4	-0.8	0.0	0.3	0.7	0.7	
OPM (%)	5.6	4.8	8.3	6.7	6.5	6.5	6.5	6.5	6.5	
Number of stores	154	145	141	149	149	149	150	151	152	
Ave number of stores	153	150	143	145	149	149	150	151	152	
(YoY, %)	1.0	-2.3	-4.3	1.4	2.8	0.0	0.3	0.7	0.7	
Sales/ Ave number of stores	145	144	169	171	171	171	171	171	171	
(YoY, %)	-5.1	-0.3	16.8	1.2	0.0	0.0	0.0	0.0	0.0	
Meat food service										
Sales	7,927	8,044	5,179	4,954	5,846	6,080	6,262	6,338	6,491	5.6
(YoY, %)	4.1	1.5	-35.6	-4.3	18.0	4.0	3.0	1.2	2.4	
Operating profit	356	319	-331	-294	76	292	301	304	312	NA
(YoY, %)	-12.5	-10.4	NA	NA	NA	284.0	3.0	1.2	2.4	
OPM (%)	4.5	4.0	-6.4	-5.9	1.3	4.8	4.8	4.8	4.8	
Number of stores	50	48	41	41	41	41	41	42	43	
Ave number of stores	52	49	45	41	41	41	41	42	43	
(YoY, %)	-5.5	-4.9	-9.2	-7.9	0.0	0.0	0.0	1.2	2.4	
Sales/ Ave number of stores	154	164	116	121	143	148	153	153	153	
(YoY, %)	10.2	6.7	-29.1	3.8	18.0	4.0	3.0	0.0	0.0	
Other										
Sales	1,320	1,325	1,383	1,390	1,397	1,404	1,411	1,418	1,425	1.3
(YoY, %)	4.0	0.4	4.4	0.5	0.5	0.5	0.5	0.5	0.5	
Operating profit	116	-15	-63	0	0	0	0	0	0	NA
(YoY, %)	-1.7	NA	NA	NA	NA	NA	NA	NA	NA	
OPM (%)	8.8	-1.1	-4.6	0.0	0.0	0.0	0.0	0.0	0.0	

Source: Company data, Mita Securities

Figure: Mita Securities' earnings forecast (consolidated, BS, JPYm)

BS	A	A	A	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E	Sy ave growth
Consolidated, JPYm	2/19	2/20	2/21	2/22	2/23	2/24	2/25	2/26	2/27	(CAGR, %)
Assets										
Total current assets	99,237	97,228	102,409	123,382	135,716	144,696	155,248	166,038	176,663	7.4
Cash and deposits	40,410	30,644	40,284	38,851	49,998	56,243	64,932	73,894	82,841	
Accounts receivable	33,157	37,314	32,754	39,586	39,852	40,480	41,354	41,718	41,943	
Inventories	22,035	25,716	25,881	38,994	38,865	39,892	39,867	40,232	40,637	
Other	3,635	3,554	3,490	5,950	7,002	8,081	9,095	10,193	11,242	
Total fixed assets	66,304	73,842	69,984	70,191	74,841	78,491	80,171	81,921	83,671	3.6
Tangible assets	44,315	57,030	52,391	52,891	57,391	60,891	62,391	63,891	65,391	
Intangible assets	701	726	637	800	700	600	530	530	530	
Investment and other	21,286	16,085	16,955	16,500	16,750	17,000	17,250	17,500	17,750	
Total assets	165,542	171,071	172,394	193,573	210,557	223,187	235,419	247,959	260,334	6.1
Liabilities										
Total current liabilities	49,298	52,577	48,568	56,506	60,782	63,822	67,032	70,350	73,498	5.4
Accounts payable	27,760	28,569	24,032	31,234	33,392	35,308	37,561	39,889	42,098	
Short-term debt	12,753	14,226	12,370	11,992	13,192	13,500	13,500	13,500	13,500	
Other	8,785	9,782	12,166	13,281	14,198	15,013	15,971	16,961	17,900	
Total long-term liabilities	30,214	32,145	29,319	32,612	35,861	36,919	37,252	37,600	37,956	3.1
Long-term debt	23,725	27,850	24,602	27,980	30,780	31,500	31,500	31,500	31,500	
Other	6,489	4,295	4,717	4,632	5,081	5,419	5,752	6,100	6,456	
Total liabilities	79,513	84,722	77,887	89,118	96,643	100,741	104,284	107,950	111,453	4.6
Net assets										
Shareholders' equity	79,977	80,062	87,970	97,576	106,579	114,581	122,736	131,069	139,395	7.4
Warrants	0	0	0	0	0	0	0	0	0	
Minorities	6,050	6,286	6,536	6,879	7,335	7,865	8,400	8,940	9,486	
Total net assets	86,028	86,348	94,507	104,455	113,914	122,446	131,136	140,009	148,881	7.3
Debt										
Debt	36,478	42,076	36,972	39,972	43,972	45,000	45,000	45,000	45,000	
Debt/EBITDA (x)	2.4	2.8	2.0	1.8	1.9	2.0	1.9	1.9	1.8	
D/E (x)	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.3	
Shareholders' equity ratio (%)	48.3	46.8	51.0	50.4	50.6	51.3	52.1	52.9	53.5	

Source: Company data, Mita Securities

Figure: Mita Securities' earnings forecast (consolidated, CF, JPYm)

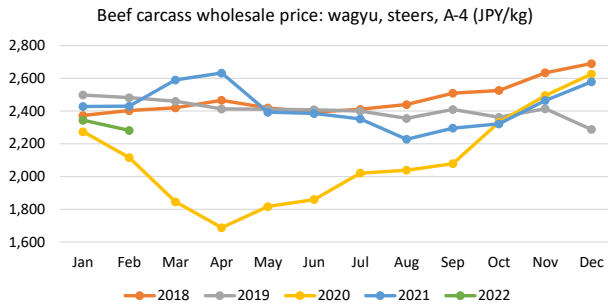
CF	A	A	A	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E	Sy ave growth
Consolidated, JPYm	2/19	2/20	2/21	2/22	2/23	2/24	2/25	2/26	2/27	(CAGR, %)
Cashflow from operations										
Cashflow from operations	11,538	5,130	16,507	4,789	19,209	16,834	18,744	19,521	19,895	
Net profit	7,185	6,511	9,965	11,819	11,470	10,658	11,063	11,432	11,677	
Depreciation and amortization	3,385	3,743	5,203	4,600	4,800	5,100	5,320	5,500	5,700	
Other	968	-5,124	1,339	-11,629	2,940	1,076	2,361	2,590	2,518	
Cashflow from investing										
Cashflow from investing	-14,009	-17,951	677	-6,545	-9,650	-8,950	-7,200	-7,450	-7,650	
Capital expenditure	-12,494	-16,307	-5,569	-5,000	-9,200	-8,500	-6,750	-7,000	-7,200	
Disposal of fixed assets	168	16	6,520	0	0	0	0	0	0	
Other	-1,683	-1,660	-274	-1,545	-450	-450	-450	-450	-450	
Cashflow from financing										
Cashflow from financing	6,651	3,613	-7,326	778	1,587	-1,638	-2,856	-3,109	-3,298	
Debt issuance /repayment	8,464	5,616	-5,185	3,000	4,000	1,028	0	0	0	
Share issuance /buyback	0	0	0	0	0	0	0	0	0	
Dividend paid	-1,645	-1,833	-1,961	-2,022	-2,213	-2,466	-2,656	-2,909	-3,098	
Other	-168	-170	-180	-200	-200	-200	-200	-200	-200	
Cash and cash equivalents	39,453	30,189	39,829	38,851	49,998	56,243	64,932	73,894	82,841	
Free cashflow	-2,471	-12,821	17,184	-1,756	9,559	7,884	11,544	12,071	12,245	

Source: Company data, Mita Securities

Reference materials

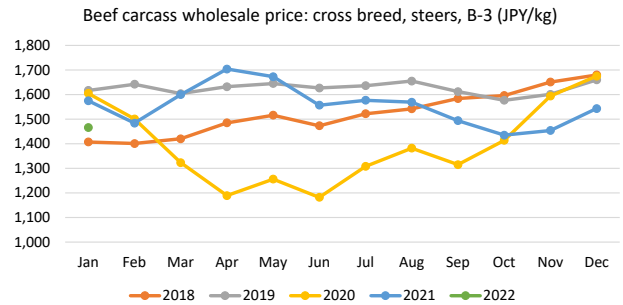
Wholesale price for beef

Figure: Domestic beef carcass, wagyu, steers, A-4



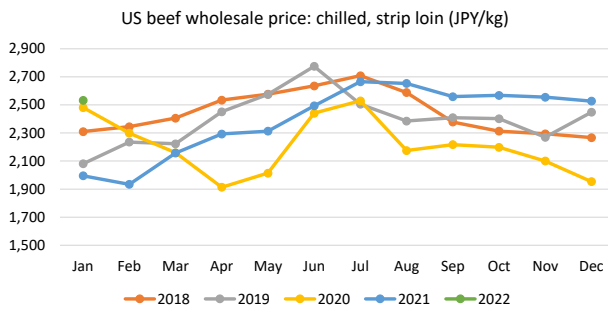
Source: ALIC data, Mita Securities

Figure: Domestic beef carcass, cross breed, steers, B-3



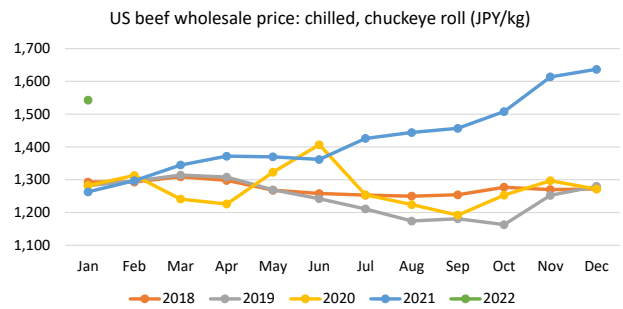
Source: ALIC data, Mita Securities

Figure: US beef, chilled, strip loin



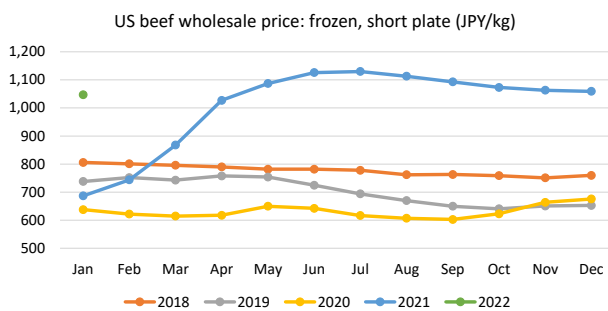
Source: ALIC data, Mita Securities

Figure: US beef, chilled, chuckeye roll



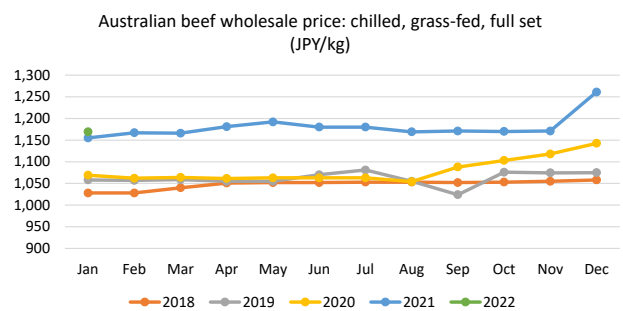
Source: ALIC data, Mita Securities

Figure: US beef, frozen, short plate



Source: ALIC data, Mita Securities

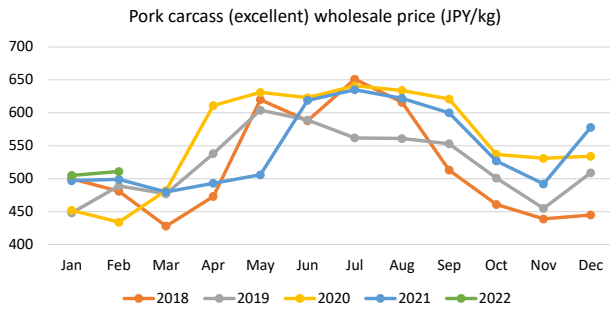
Figure: Australian beef, chilled, grass-fed, full set



Source: ALIC data, Mita Securities

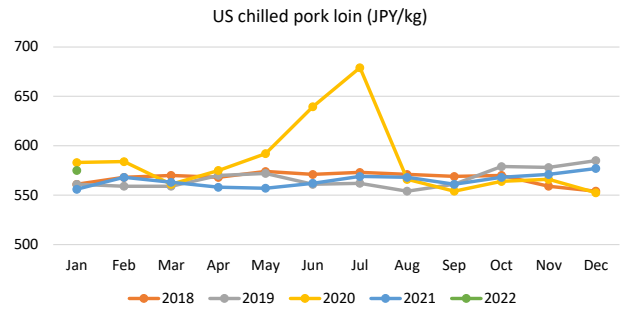
Wholesale price for pork

Figure: Domestic pork carcass, excellent



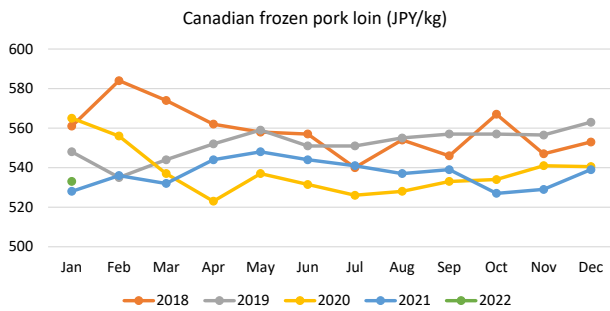
Source: ALIC data, Mita Securities

Figure: US pork, chilled, loin



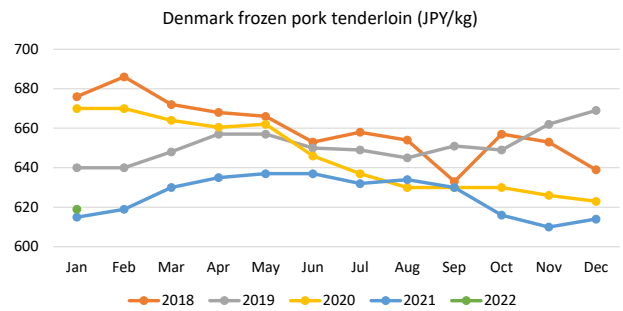
Source: ALIC data, Mita Securities

Figure: Canadian pork, frozen, loin



Source: ALIC data, Mita Securities

Figure: Denmark pork, frozen, tenderloin



Source: ALIC data, Mita Securities

APPENDIX

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

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