



# MonotaRO

TSE 1<sup>st</sup> Section 3064 Industry: Retail, Internet

## Positive impression on February sales

### February sales grew 21.4%, achieving the company target

Parent company sales in February 2022 were 16.559bn yen (+21.4% YoY), slightly above the company's monthly target. The number of business days was 18, the same as in February 2021.

Sales to large corporations increased by around 38% YoY, slightly below the company's target.

Sales to SMEs (monotaro.com) increased by around 17% YoY, above the company's target. Average purchase price was 9,900 yen (9,350 yen in February 2021), and average number of purchases was 2.4 times (2.3 times in February 2021). In terms of sales to existing customers by sector, the situation has not changed much from January. The company saw strong growth in the manufacturing sector, while limited growth in the construction, automobile-related, and other sectors.

The company intends to flexibly adjust selling prices in response to rising procurement prices due to inflation.

The number of new customer acquisitions was 103.0 thousand accounts (-8.0% YoY), slightly below the company's target.

Please refer to the report dated February 17, 2022 for the rationale of the rating and target price.

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## Update

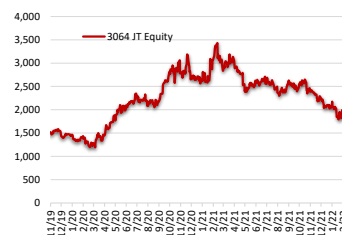
Rating  
**Hold**

Target price (JPY)	2,150
Stock price (JPY) (Mar 10)	2,423
Market cap (JPYbn)	1,214.7

### Key changes

Rating	No
Target price	No
Earnings forecast	No

### Stock price (JPY)



Source: Bloomberg Finance LP

### Earnings

		12/20	12/21	12/22E	12/23E	12/24E
Sales	JPYbn	157.3	189.7	226.2	267.8	313.4
OP	JPYbn	19.6	24.1	23.7	30.1	36.2
RP	JPYbn	19.7	24.3	23.8	30.1	36.3
NP	JPYbn	13.8	17.6	16.7	21.4	25.7
EPS	JPY	27.7	35.3	33.6	43.0	51.8
BPS	JPY	94.1	119.3	137.6	164.6	196.4
DPS	JPY	9.0	11.5	13.5	16.0	20.0
PER	x	94.7	65.7	69.0	54.0	44.8
PBR	x	27.9	19.4	16.9	14.1	11.8
Div. yield	%	0.3	0.5	0.6	0.7	0.9
ROA	%	19.5	19.8	15.9	17.2	17.6
ROE	%	32.9	33.1	26.2	28.4	28.7

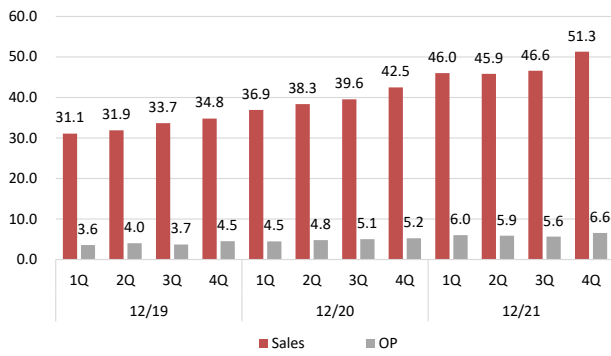
Source: Company data, Mita Securities

Note: Adjusted for stock split

### Company profile

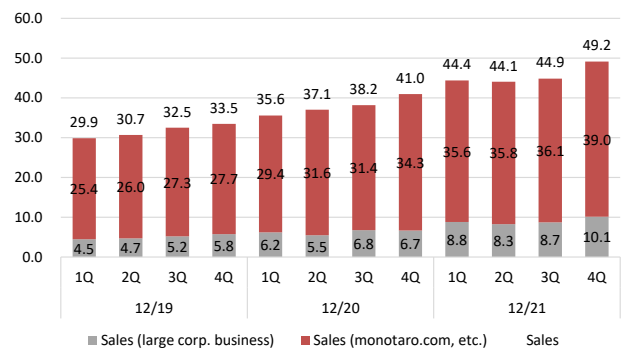
MonotaRO is an EC company that sells indirect materials (MRO products) used in factories, construction sites, and auto repair shops. The company has over 18 million products and 6.78 million registered accounts (as of the end of December 2021). The company is a consolidated subsidiary of W.W. Grainger.

Figure: Consolidated sales, OP (quarterly, JPYbn)



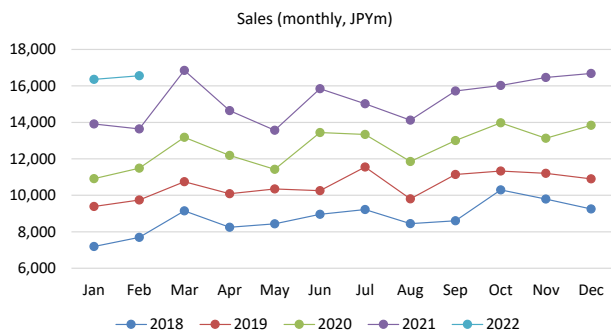
Source: Company data, Mita Securities Note: Consolidated basis

Figure: Parent sales (quarterly, JPYbn)



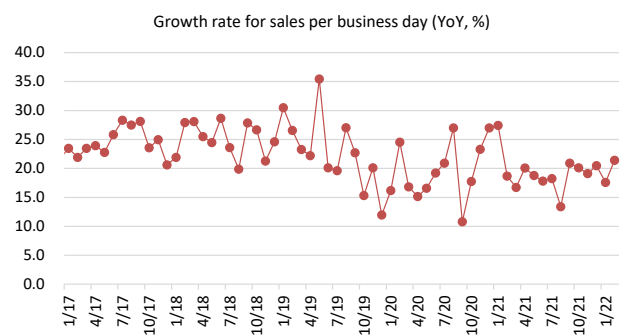
Source: Company data, Mita Securities Note: Parent basis

Figure: Parent monthly sales (JPYm)



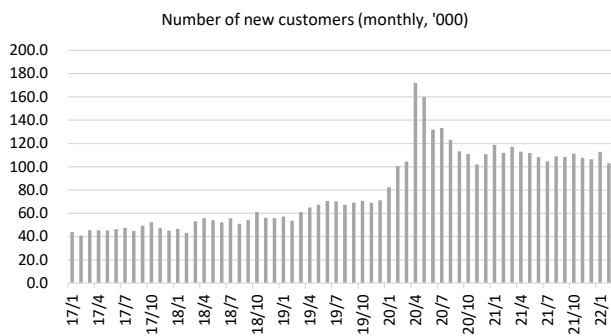
Source: Company data, Mita Securities Note: Parent basis

Figure: Parent sales growth (monthly)



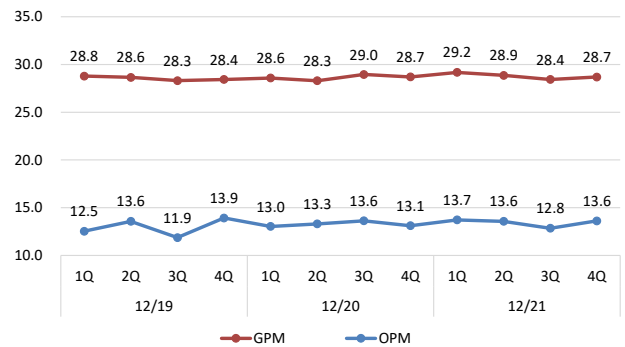
Source: Company data, Mita Securities Note: Parent basis, adjusted for business days

Figure: Parent number of new customers (monthly)



Source: Company data, Mita Securities Note: Parent basis

Figure: Parent GPM, OPM (quarterly)



Source: Company data, Mita Securities

Figure: Comparison of valuations for Japanese EC companies

Company	Ticker	Share price 9-Mar	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 Change	3M Change	1YR Change
					Current E	Next E		Next E	Next E	Current E	Next E		Current E	Next E				
ASKUL CORP	2678	1,601	164.1	18.5	17.5	15.8	2.7	5.4	0.3	16.2	16.7	0.3	20.8	10.7	1.9	-5.8	14.8	-4.7
<b>MONOTARO CO LTD</b>	<b>3064</b>	<b>2,320</b>	<b>1,211.7</b>	<b>65.7</b>	<b>64.9</b>	<b>53.2</b>	<b>19.4</b>	<b>33.1</b>	<b>4.4</b>	<b>27.6</b>	<b>29.1</b>	<b>18.2</b>	<b>1.2</b>	<b>21.9</b>	<b>0.6</b>	<b>21.6</b>	<b>7.7</b>	<b>-15.6</b>
ZOZO INC	3092	3,120	972.3	27.7	26.7	24.2	19.8	16.1	5.2	58.5	49.3	10.4	15.2	10.4	1.8	-2.8	-11.0	-2.8
MERCARI INC	4385	3,015	482.6	NA	274.0	43.2	12.0	22.4	2.2	9.1	24.2	40.5	-69.8	534.7	0.0	-22.6	-53.3	-41.2
Z HOLDINGS CORP	4689	498	3,783.6	53.2	42.9	34.6	1.4	10.6	2.4	3.3	4.3	22.7	-17.2	23.9	1.1	-16.3	-30.3	-18.1
RAKUTEN GROUP INC	4755	880	1,392.2	NA	NA	NA	1.8	NA	NA	-14.9	-1.3	-2.1	NA	NA	0.5	-12.5	-23.1	-21.5
MISUMI GROUP INC	9962	3,385	962.7	27.6	24.7	21.9	3.7	11.6	2.2	15.7	15.8	7.7	126.8	12.7	1.0	-5.3	-28.8	5.8
Average				38.6	75.1	32.2	8.7	16.5	2.8	16.5	19.7	14.0	12.9	102.4	1.0	-6.2	-17.7	-16.5
Median				27.7	34.8	29.4	3.7	13.9	2.3	15.7	16.7	10.4	8.2	17.3	1.0	-5.8	-23.1	-15.6

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus

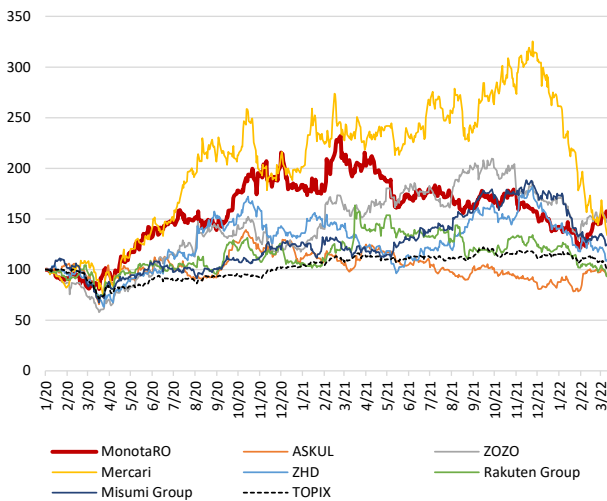
Figure: Comparison of valuations for overseas EC companies

Company	Ticker	Share price 9-Mar	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 Change	3M Change	1YR Change
					Current E	Next E		Next E	Next E	Current E	Next E		Current E	Next E				
AMAZON.COM INC	AMZN	2,785.58	1,417.4	59.7	40.9	29.8	10.3	13.9	2.3	17.8	20.5	7.3	-4.8	37.2	0.0	-13.6	-20.0	-9.1
ALIBABA GROUP HOLDING-SP ADR	BABA	100.93	273.6	14.0	12.7	11.3	1.8	7.1	1.3	10.3	11.0	10.5	-22.7	12.0	0.0	-20.2	-18.5	-57.6
EBAY INC	EBAY	53.06	31.2	13.6	12.3	11.2	3.2	8.1	2.9	22.0	21.9	-18.3	7.4	10.1	1.6	-12.5	-20.3	-5.5
JD.COM INC-ADR	JD	62.40	97.3	77.4	38.9	31.8	2.8	21.9	0.4	2.8	6.0	22.6	-4.0	22.1	0.0	-20.3	-21.6	-30.3
VIPSHOP HOLDINGS LTD - ADR	VIPS	7.97	5.4	6.9	5.8	5.3	1.1	2.2	0.1	14.0	13.2	-3.6	0.5	8.3	0.0	-20.7	-15.4	-80.8
Average				34.3	22.1	17.9	3.8	10.6	1.4	13.4	14.5	3.7	-4.7	17.9	0.3	-17.5	-19.2	-36.7
Median				14.0	12.7	11.3	2.8	8.1	1.3	14.0	13.2	7.3	-4.0	12.0	0.0	-20.2	-20.0	-30.3

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus

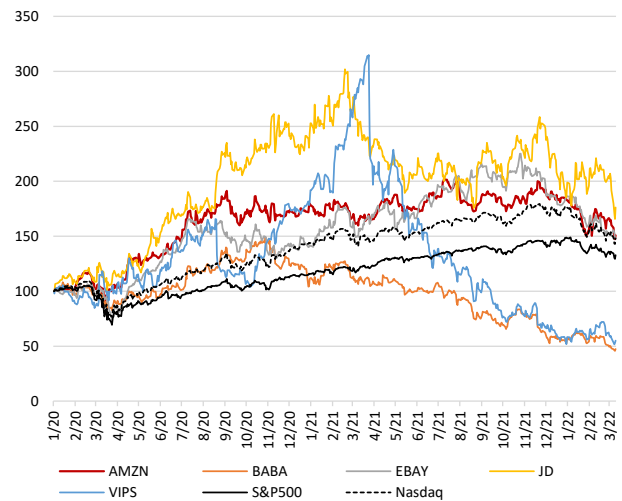
Figure: Stock price trends for Japanese EC companies



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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