



Monogatari Corporation

TSE 1st Section 3097

Industry: Food service, retail

Solid sales, especially in Japanese BBQ, despite the negative impact of shorter hours

February SSS 102.9% vs. 2021, 88.2% vs. 2019 (pre-pandemic)

Monogatari Corporation (3097, the company) disclosed monthly data for February (on a preliminary basis). Same-store sales for directly-owned stores were 102.9% vs. February 2021 (125.0% for January), 70.2% vs. February 2020, and 88.2% vs. February 2019. The number of holidays (weekends and national holidays) was the same as in February 2021, one day fewer than in February 2020, and one more than in February 2019.

Same-store sales for the Yakiniku division were 103.6% vs. February 2021 (129.9% for January), 69.2% vs. February 2020, and 95.2% vs. February 2019. We believe that the February 2020 sales should not be used as a reference because the February 2020 sales were an outlier (Yakiniku King was featured on a popular TV show for the first time).

Same-store sales for the Ramen division were 113.8% vs. February 2021 (115.2% for January), 86.9% vs. February 2020, and 93.6% vs. February 2019.

In February, approximately 90% of the company's restaurants were subject to requests for shorter operating hours. The company's main restaurant formats, such as Yakiniku King, offer all-you-can-eat meals on a timed basis, and shortened hours tend to affect sales.

We see the Yakiniku division's SSS of 95.2% vs. February 2019 as positive amid the difficult business environment. The competitive advantage of the company's restaurants in the food service industry remains intact, in our view.

The number of domestic directly-owned stores at end of February was 357 (+2 MoM, +17 vs. end-FY6/21).

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

MITA SECURITIES Co., Ltd.

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Update

Rating

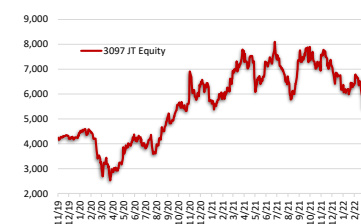
Buy

Target price (JPY)	9,100
Stock price (JPY) (Mar 9)	5,280
Market cap (JPYbn)	63.8

Key changes

Rating	No
Target price	No
Earnings forecast	No

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

		6/19	6/20	6/21	6/22E	6/23E
Sales	JPYbn	58.9	58.0	64.0	74.9	83.8
OP	JPYbn	3.9	3.0	2.6	5.0	6.2
RP	JPYbn	4.7	3.0	4.3	6.0	6.2
NP	JPYbn	2.9	0.5	2.7	3.8	4.0
EPS	JPY	244.1	37.9	226.0	319.0	333.4
BPS	JPY	1,461	1,444	1,625	1,900	2,154
DPS	JPY	45.0	47.5	60.0	80.0	90.0
PER	x	17.6	110.7	23.9	17.0	16.2
PBR	x	2.9	2.9	3.3	2.8	2.5
Div. yield	%	1.0	1.1	1.1	1.5	1.7
ROA	%	9.4	1.3	6.3	7.9	7.5
ROE	%	17.9	2.6	14.7	18.0	16.4

Source: Company data, Mita Securities

Company profile

Monogatari Corporation is a restaurant company based in Aichi Prefecture that operates "Yakiniku King" nationwide. As of June 30, 2021, the company had 584 stores in Japan (340 directly-owned stores and 229 FC stores) and 15 overseas stores (directly-owned). Sales in FY6/21 were 64.0bn yen.

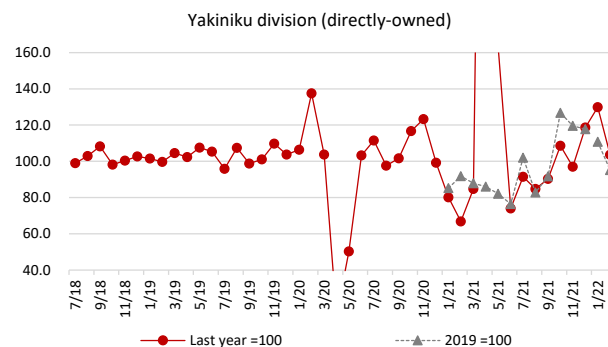
Monthly same-store sales data for Monogatari Corporation

Figure: Total (directly-owned stores)



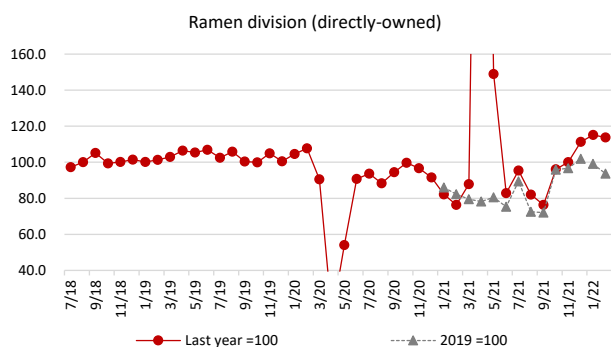
Source: Company data, Mita Securities

Figure: Yakiniku division (directly-owned stores)



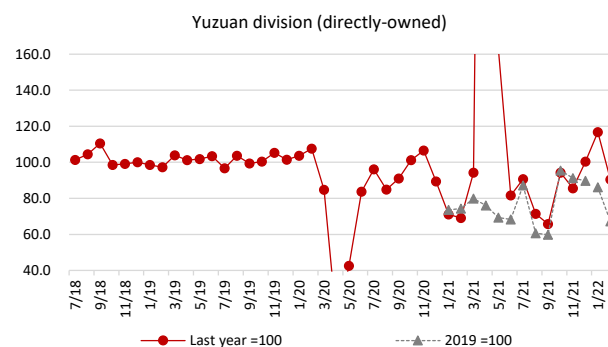
Source: Company data, Mita Securities

Figure: Ramen division (directly-owned stores)



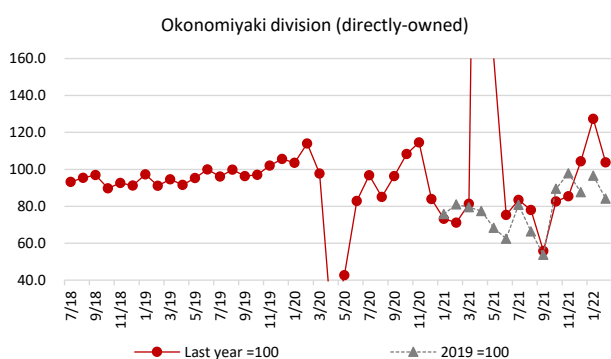
Source: Company data, Mita Securities

Figure: Yuzuan division (directly-owned stores)



Source: Company data, Mita Securities

Figure: Okonomiyaki division (directly-owned stores)



Source: Company data, Mita Securities

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

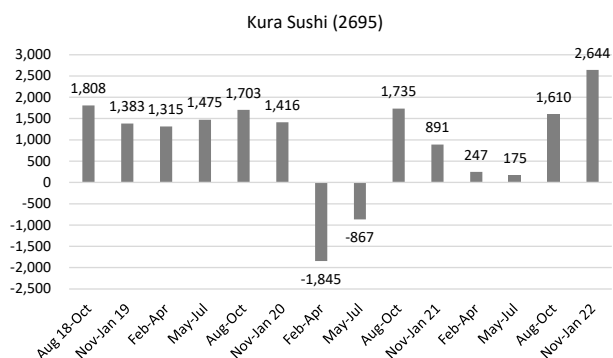
Source: Companies' data, Mita Securities

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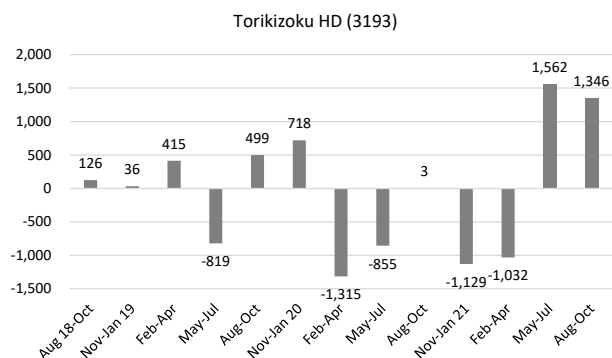
Pre-tax profits for food service companies covered by Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



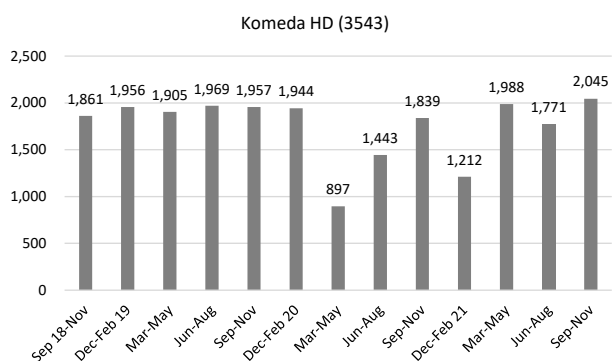
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



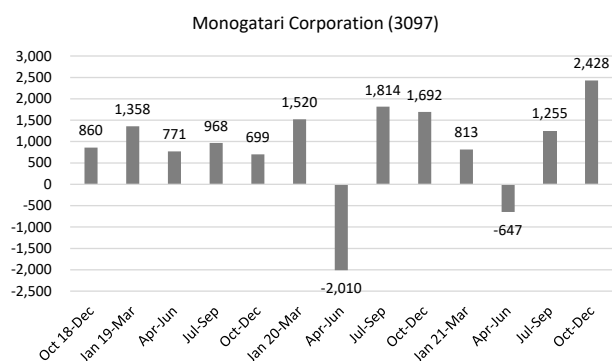
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



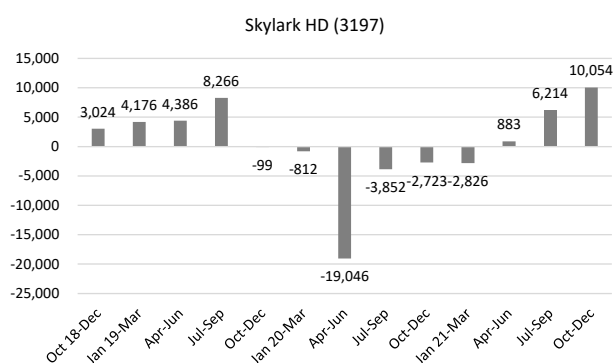
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



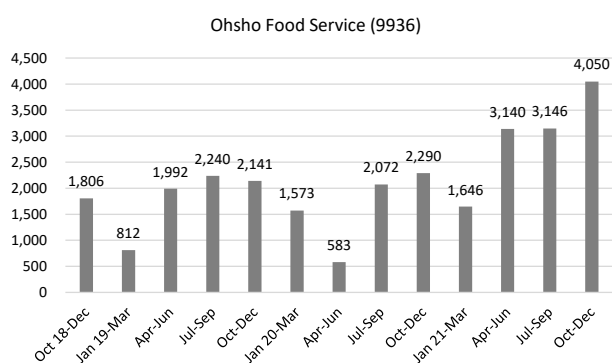
Source: Company data, Mita Securities

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

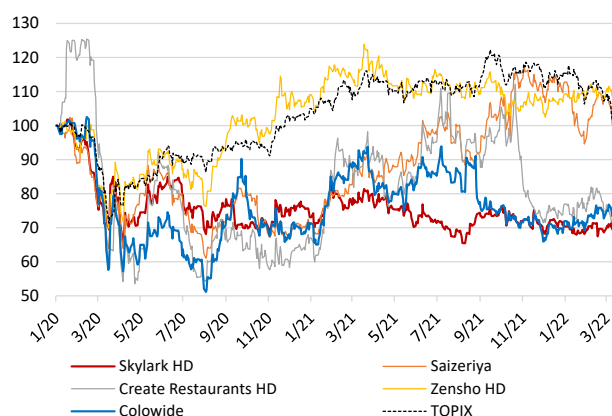
Company name	Ticker	PX 8-Mar	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mn LTM	ROE LTM	ROE Cur E	ROE Nxt E	PER LTM	PER Cur E	PER Nxt E	PBR Last	EV/EBITDA Cur E	EV/Sales Cur E	Div yield Cur E	1M Chg	3M Chg	1YR Chg
KURA SUSHI INC (TP 5,000 Buy)	2695	3,380	139.9	0.1	8.7	2.3	4.1	8.3	10.6	70.5	34.2	23.8	2.8	11.9	0.8	0.6	-6.2	-7.7	-9.3
MCDONALD'S HOLDINGS CO JAPAN	2702	4,930	655.5	-0.3	10.2	14.0	13.0	10.9	10.8	27.4	28.9	26.8	3.4	11.6	1.7	0.8	-1.2	-3.1	-4.1
OOTOA HOLDINGS CO LTD	2705	2,884	20.9	0.2	-0.4	11.7	NA	NA	NA	15.5	NA	NA	NA	NA	NA	NA	2.1	7.6	3.9
FUJIO FOOD GROUP INC	2752	1,264	56.4	1.7	-5.0	-10.0	16.3	17.7	NA	78.0	67.6	38.9	10.8	NA	2.0	0.0	-6.6	-10.4	-9.3
AMIYAKI TEI CO LTD	2753	2,895	19.8	-0.1	-14.5	-14.1	2.0	2.6	NA	48.8	38.1	36.7	1.0	NA	0.5	0.3	-0.6	-3.2	-5.1
HIRAMATSU INC	2764	192	14.4	4.1	23.5	-21.8	-48.7	NA	NA	NA	NA	NA	2.1	NA	NA	NA	-1.5	-6.8	12.3
PEPPER FOOD SERVICE CO LTD	3053	335	13.2	-0.1	NA	-8.4	20.7	NA	NA	42.4	NA	NA	4.0	NA	NA	NA	-5.1	-14.8	18.4
CHOUSHIMARU CO LTD	3075	1,111	16.1	-0.8	-1.7	1.3	10.2	NA	NA	21.3	NA	NA	2.1	NA	NA	0.5	-0.6	-0.4	-1.7
ARCLAND SERVICE HOLDINGS CO	3085	2,124	70.3	-0.7	14.4	8.2	12.0	13.4	13.0	25.8	19.6	19.0	3.0	8.8	1.1	1.4	-3.2	-9.8	0.9
DOUTOR NICHIRETS HOLDINGS CO	3087	1,524	69.5	-0.3	3.3	5.0	-2.2	4.5	1.3	NA	15.6	47.8	0.7	14.6	0.4	1.6	-5.3	-4.9	-13.6
BRONCO BILLY CO LTD	3091	2,091	31.5	-0.3	-8.7	8.0	5.4	NA	NA	33.0	NA	NA	1.8	NA	NA	0.8	-7.0	-13.8	-12.5
MONOGATARI CORP (TP 9,100 Buy)	3097	5,410	65.4	0.1	6.8	11.2	13.2	16.7	16.4	23.8	16.6	16.7	3.0	11.6	0.9	1.2	-14.8	-24.8	-17.8
CHIMNEY CO LTD	3178	1,075	20.8	0.8	-50.5	-28.7	-8.9	NA	NA	NA	NA	NA	3.0	NA	NA	NA	-6.8	-16.1	-23.3
TORIKIZOKU HOLDINGS CO LTD (TP 2,100 Hold)	3193	1,623	18.9	0.6	NA	NA	NA	8.1	11.4	NA	NA	33.1	3.1	NA	1.1	0.0	-13.5	-6.1	-3.9
HOTLAND CO LTD	3196	1,244	26.8	0.3	3.3	6.2	28.1	13.6	NA	12.9	20.0	18.4	3.1	NA	0.9	0.4	-2.6	-7.0	0.2
SKYLARK HOLDINGS CO LTD (TP 1,600 Hold)	3197	1,494	339.9	0.5	-8.3	22.3	6.2	4.2	4.0	39.5	62.7	57.0	2.0	6.7	1.4	0.5	-2.5	-3.1	-12.8
SFP HOLDINGS CO LTD	3198	1,246	32.1	-0.1	-58.6	17.7	0.3	14.4	NA	798.7	17.9	45.8	2.5	NA	2.9	0.0	-13.2	-9.6	-13.7
CREATE RESTAURANTS HOLDINGS	3387	681	144.9	3.5	-24.0	28.2	10.2	16.9	NA	55.4	21.3	36.6	3.7	NA	2.6	0.7	-8.1	-3.7	-19.9
SAINT MARC HOLDINGS CO LTD	3395	1,512	34.4	-0.2	0.0	-6.4	-16.6	-12.9	2.8	NA	NA	55.6	1.0	NA	0.5	2.9	-5.8	4.2	-14.2
TORIDOLL HOLDINGS CORP	3397	2,200	192.8	3.0	9.3	15.8	14.2	13.1	6.1	34.5	30.8	45.9	3.9	9.8	1.9	0.3	-6.3	-10.9	27.9
KOMEDA HOLDINGS CO LTD (TP 3,000 Buy)	3543	2,006	92.6	1.5	10.0	24.0	13.3	13.5	13.7	19.8	18.5	17.1	2.5	15.1	4.1	2.6	-6.6	-0.9	1.1
KUSHIKATSU TANAKA HOLDINGS C	3547	1,851	17.4	1.6	-42.8	-50.3	-38.2	51.1	35.2	NA	23.4	23.7	14.3	19.3	1.5	0.8	-12.4	-11.9	-1.2
CHIKARANOMOTO HOLDINGS CO LT	3561	554	15.0	3.7	-0.9	7.7	-9.8	NA	NA	NA	NA	NA	4.9	NA	NA	NA	-1.4	-8.6	-11.4
FOOD & LIFE COMPANIES LTD	3563	3,285	381.3	2.2	21.1	15.5	21.4	19.6	22.6	30.5	29.0	21.4	6.0	12.4	1.7	0.7	-8.9	-27.3	-26.8
ATOM CORP	7412	765	148.1	0.2	-13.6	1.2	-9.5	NA	NA	NA	NA	NA	19.6	NA	NA	NA	-0.4	-0.3	-8.7
KAPPA CREATE CO LTD	7421	1,329	65.7	0.4	2.6	3.5	6.3	NA	NA	98.2	NA	NA	6.0	NA	NA	NA	-2.9	-1.3	-17.2
WATAMI CO LTD	7522	855	36.5	3.5	-9.8	-2.1	-43.2	NA	NA	NA	NA	NA	2.3	NA	NA	NA	-7.3	-7.2	-17.9
ZENSHO HOLDINGS CO LTD	7550	2,709	419.5	2.2	6.8	6.8	18.1	16.6	5.7	25.8	26.6	42.9	4.2	15.0	0.9	0.8	-1.0	1.4	-6.8
KOURAKUEN HOLDINGS CORP	7554	1,297	21.8	1.1	-11.2	8.4	30.2	13.6	NA	18.4	39.1	1,852.9	4.8	NA	0.9	0.4	-5.9	-12.4	-26.5
ANRAKUTEI CO LTD	7562	6,350	13.6	1.6	5.1	-5.4	22.0	NA	NA	12.5	NA	NA	2.5	NA	NA	NA	0.5	5.1	19.8
SAIZERIYA CO LTD	7581	2,698	141.0	-0.2	5.0	7.9	4.8	10.6	7.0	33.1	14.2	19.1	1.5	6.7	0.8	0.7	-5.5	-11.8	11.9
HIDAY HIDAKA CORP	7611	1,749	66.7	-0.3	-24.5	-12.0	-1.2	NA	NA	NA	NA	NA	3.1	NA	NA	0.7	0.6	5.7	-0.6
COLOWIDE CO LTD	7616	1,693	147.1	3.6	-4.4	13.1	-11.0	NA	NA	NA	NA	NA	4.1	NA	NA	NA	0.9	3.0	-20.9
UKAI CO LTD	7621	2,986	15.7	1.5	4.8	-5.1	-28.3	NA	NA	NA	NA	NA	6.1	NA	NA	NA	-1.3	-1.1	-2.9
GLOBAL-DINING INC	7625	277	2.9	0.1	68.9	9.6	41.0	NA	NA	2.7	NA	NA	0.9	NA	NA	NA	-15.0	-35.4	31.9
ICHIBANYA CO LTD	7630	4,675	149.3	-0.5	-3.7	9.2	8.7	8.9	NA	57.7	55.3	39.3	5.0	NA	3.0	1.7	-0.1	2.0	-6.5
ASAKUMA CO LTD	7678	1,589	8.5	-0.4	-22.1	-19.3	-21.5	NA	NA	NA	NA	NA	3.3	NA	NA	NA	1.6	3.2	-2.5
MOS FOOD SERVICES INC	8153	2,989	95.7	-0.2	9.9	11.1	8.4	6.9	NA	23.9	28.0	29.8	1.9	NA	1.0	0.9	-1.8	-5.7	-8.6
KISOJI CO LTD	8160	1,999	54.1	0.0	0.1	NA	0.9	NA	NA	NA	NA	NA	2.1	NA	NA	NA	-11.6	-8.2	-18.5
SRS HOLDINGS CO LTD	8163	821	32.5	0.5	-5.4	6.4	2.1	NA	NA	163.9	NA	NA	2.3	NA	NA	NA	-0.1	5.4	-10.3
ROYAL HOLDINGS CO LTD	8179	1,816	82.4	1.1	-0.6	-0.3	-11.8	6.0	5.4	NA	63.0	32.4	2.8	16.3	1.2	0.5	-6.0	-4.6	-3.9
RINGER HUT CO LTD	8200	2,208	57.6	1.0	-10.6	-2.6	-6.8	6.3	NA	NA	75.7	150.7	4.8	NA	1.9	0.5	-4.1	0.0	-4.7
GIFT HOLDINGS INC	9279	2,003	19.9	0.0	22.7	9.0	29.8	28.0	NA	18.7	13.5	13.7	4.8	NA	1.2	1.2	-16.7	-29.6	-1.1
GENKI SUSHI CO LTD	9828	2,385	21.2	0.6	10.6	8.9	13.5	NA	NA	18.2	NA	NA	2.3	NA	NA	NA	-6.0	-6.3	-6.4
GOURMET KINEYA CO LTD	9850	1,014	23.2	1.5	-8.2	11.2	-1.7	NA	NA	NA	NA	NA	2.5	NA	NA	NA	-0.3	-1.5	0.5
GINZA RENOIR CO LTD	9853	835	5.2	0.1	-13.2	-36.3	-16.3	NA	NA	NA	NA	NA	1.4	NA	NA	NA	0.6	0.8	-0.7
YOSHINOYA HOLDINGS CO LTD	9861	2,355	153.4	0.8	-14.3	11.3	9.5	18.0	2.8	36.7	18.6	69.2	3.3	16.8	1.1	0.0	-3.0	1.4	9.2
KFC HOLDINGS JAPAN LTD	9873	2,859	64.1	-0.8	9.9	8.0	16.7	NA	NA	15.5	NA	NA	2.5	NA	NA	NA	-2.2	-2.1	-4.9
MATSUYAFOODS HOLDINGS CO LTD	9887	3,540	67.5	0.3	-4.5	-0.8	5.0	NA	NA	32.4	NA	NA	1.6	NA	NA	NA	-2.6	-1.9	-1.8
SAGAMI HOLDINGS CORP	9900	1,145	34.7	-0.2	-4.1	-6.2	1.5	NA	NA	422.5	NA	NA	2.3	NA	NA	NA	-2.6	8.9	-5.8
OHSHO FOOD SERVICE CORP (TP 7,250 Buy)	9936	5,930	138.1	-0.2	0.9	11.0	14.8	12.1	10.1	13.8	15.4	18.8	1.9	NA	1.4	1.8	-1.2	-3.4	1.0
JOYFULL CO LTD	9942	761	24.3	4.9	-17.5	-6.8	72.4	NA	NA	8.8	NA	NA	4.7	NA	NA	NA	-6.9	-5.6	9.8
DAISYO CORP	9979	986	20.9	0.9	-23.9	13.1	-10.6	NA	NA	NA	NA	NA	1.6	NA	NA	NA	-5.5	1.8	-3.0
Average				0.8	-2.9	2.2	4.1	12.7	10.5	70.0	31.7	104.9	3.7	12.6	1.5	0.8	-4.6	-5.5	-4.4
Median				0.3	-0.9	6.8	5.4	13.1	10.1	29.0	26.6	33.1	2.9	12.2	1.2	0.7	-3.2	-3.7	-4.7

Source: Bloomberg Finance LP data, Mita Securities

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

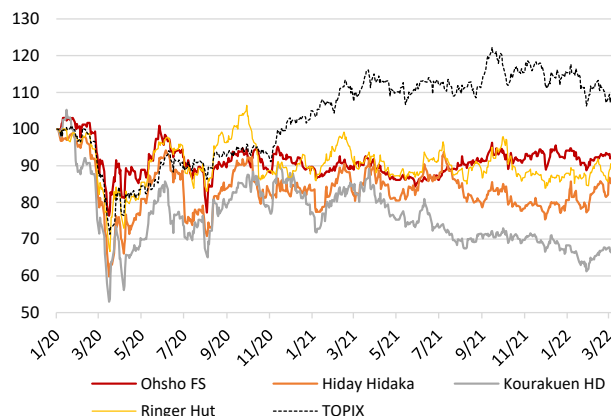
Stock price trends for food service companies

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



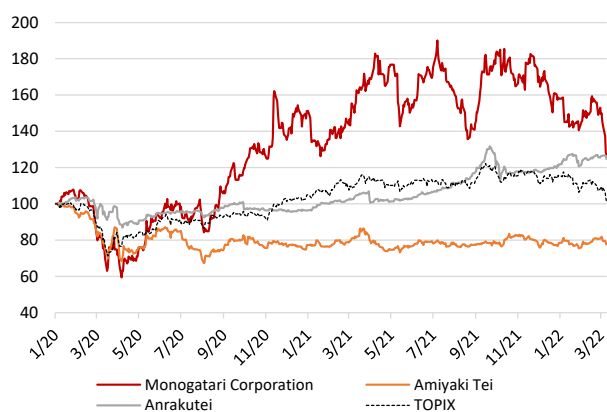
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



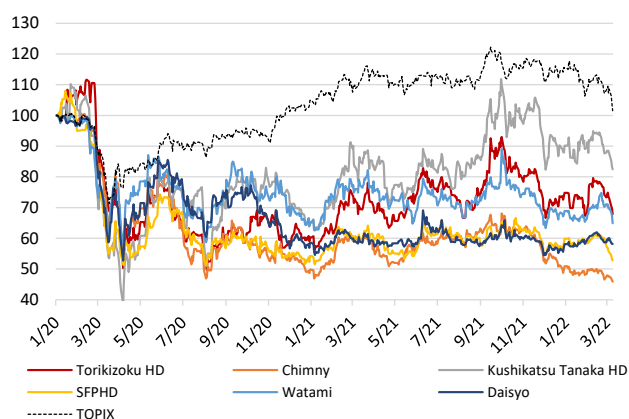
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



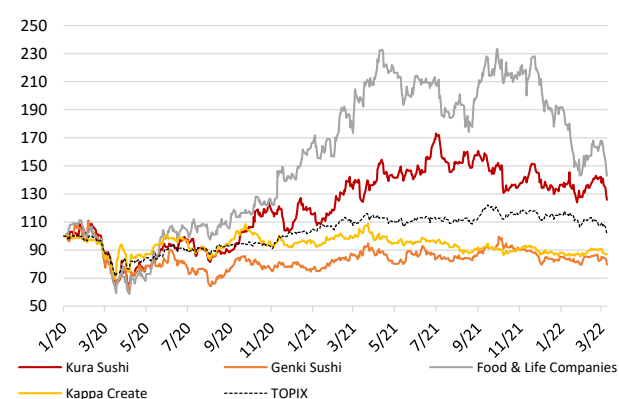
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



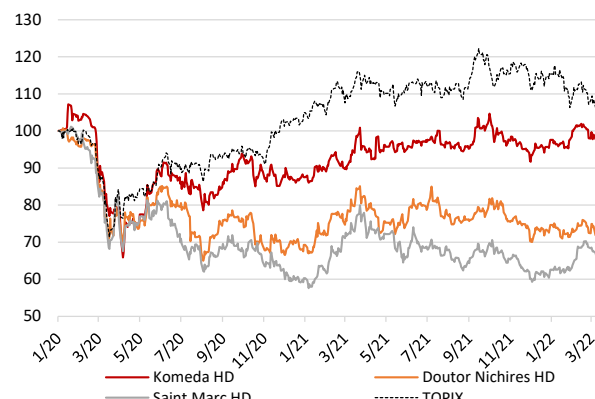
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

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]

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[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.

NR: No Rating - Stocks for which no target price or rating is assigned.

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