



MonotaRO

TSE Prime

3064

Industry: Retail, Internet

MITA SECURITIES Co., Ltd.

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Neutral impression on March sales; Effects of price hikes appearing

Update

March sales grew 17.4%, slightly below the company's target

Parent company sales in March were 19.771bn yen (+17.4% YoY), slightly below the company's monthly target. The number of business days was 22, one day less than in March 2021. The sales growth rate per business day was +22.7% YoY (+21.4% for February).

Sales to large corporations increased by around +31% YoY, above the company's target.

Sales to SMEs (monotaro.com) increased by around +13% YoY, below the company's target. Average purchase price was 10,100 yen (9,580 yen in March 2021), and average number of purchases was 2.5 times (2.5 times in March 2021). The increase in average price appears to have been attributable to the catalog price revisions to some extent. Sales to existing customers by industry were little changed from February, with a large contribution from growth in the manufacturing sector, but no growth in the construction/engineering, automobile-related, and other sectors.

Royalty income increased YoY, above the company's target.

The number of new customer acquisitions was 112.2 thousand accounts (-4.2% YoY).

1Q sales came in line with the company's target

1Q (Jan-Mar) parent sales were 52.686bn yen (+18.7% YoY), in line with the company's target for 1Q sales.

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

Rating

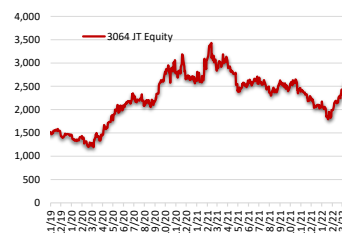
Hold

Target price (JPY)	2,150
Stock price (JPY) (Apr 11)	2,536
Market cap (JPYbn)	1,272.8

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
JPYbn	157.3	189.7	226.2	267.8	313.4
JPYbn	19.6	24.1	23.7	30.1	36.2
JPYbn	19.7	24.3	23.8	30.1	36.3
JPYbn	13.8	17.6	16.7	21.4	25.7
JPY	27.7	35.3	33.6	43.0	51.8
JPY	94.1	119.3	137.6	164.6	196.4
JPY	9.0	11.5	13.5	16.0	20.0
x	94.7	72.4	76.0	59.4	49.3
x	27.9	21.4	18.6	15.5	13.0
%	0.3	0.4	0.5	0.6	0.8
%	19.5	19.8	15.9	17.2	17.6
%	32.9	33.1	26.2	28.4	28.7

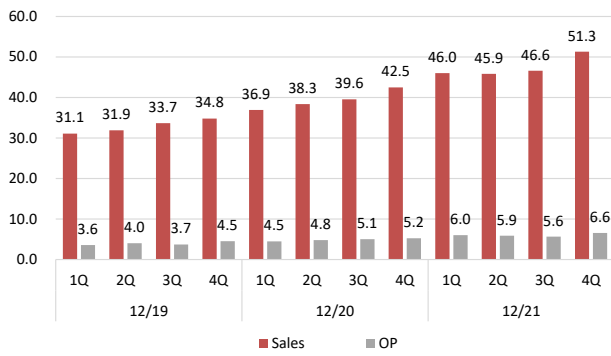
Source: Company data, Mita Securities

Note: Adjusted for stock split

Company profile

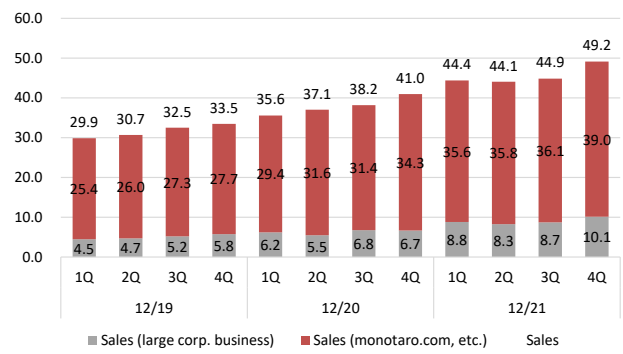
MonotaRO is an EC company that sells indirect materials (MRO products) used in factories, construction sites, and auto repair shops. The company has over 18 million products and 6.78 million registered accounts (as of the end of December 2021). The company is a consolidated subsidiary of W.W. Grainger.

Figure: Consolidated sales, OP (quarterly, JPYbn)



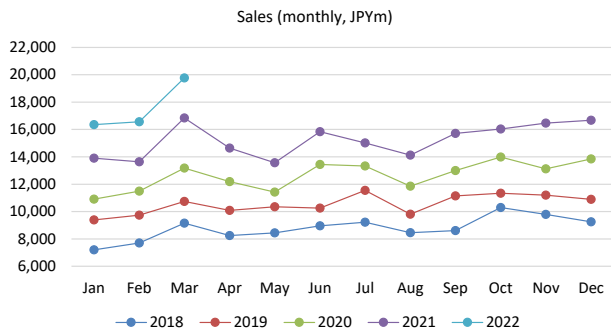
Source: Company data, Mita Securities Note: Consolidated basis

Figure: Parent sales (quarterly, JPYbn)



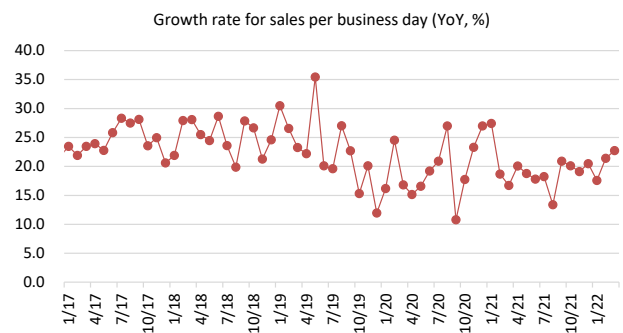
Source: Company data, Mita Securities Note: Parent basis

Figure: Parent monthly sales (JPYm)



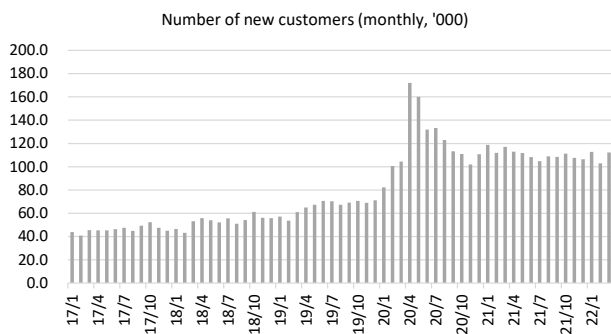
Source: Company data, Mita Securities Note: Parent basis

Figure: Parent sales growth (monthly)



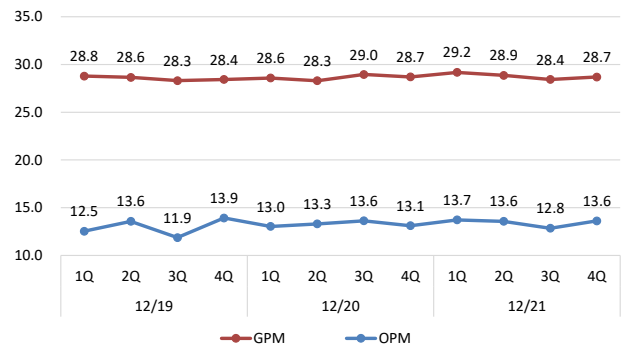
Source: Company data, Mita Securities Note: Parent basis, adjusted for business days

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 8-Apr	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	Next E		Change	Change	Change
ASKUL CORP	2678	1,624	166.5	19.0	17.6	16.0	2.8	5.4	0.3	16.1	16.9	2.1	21.6	10.0	1.8	-2.2	5.5	-21.5
MONOTARO CO LTD	3064	2,556	1,281.4	72.3	71.8	58.4	21.4	36.2	4.8	26.7	29.0	18.1	0.8	22.9	0.5	5.0	22.8	-16.3
ZOZO INC	3092	3,265	1,017.5	29.0	27.9	25.4	20.8	16.9	5.5	58.6	49.0	10.4	15.4	10.1	1.7	5.2	-2.2	-6.3
MERCARI INC	4385	3,035	485.8	NA	NA	209.0	12.1	35.3	2.3	-12.9	-11.2	39.3	-167.0	NA	0.0	10.1	-42.0	-42.3
Z HOLDINGS CORP	4689	519	3,945.4	55.5	46.9	37.2	1.4	11.0	2.4	3.2	4.2	22.2	26.3	1.1	5.3	-15.5	-4.9	
RAKUTEN GROUP INC	4755	952	1,506.8	NA	NA	NA	1.9	NA	NA	-16.9	0.2	1.0	NA	NA	0.5	6.7	-17.1	-27.8
MISUMI GROUP INC	9962	3,450	981.3	28.1	25.4	23.0	3.8	12.2	2.3	15.6	15.5	6.3	125.4	10.4	1.0	0.1	-17.6	6.6
Average				40.8	37.9	61.5	9.2	19.5	2.9	12.9	14.8	14.2	-4.1	15.9	0.9	4.3	-9.5	-18.3
Median				29.0	27.9	31.3	3.8	14.5	2.4	15.6	15.5	10.4	8.1	10.4	1.0	5.2	-15.5	-16.3

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus

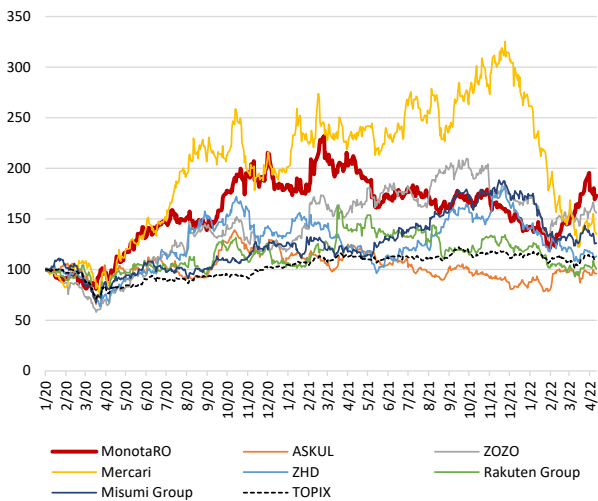
Figure: Comparison of valuations for overseas EC companies

Company	Ticker	Share price 8-Apr	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	Next E		Current E	Next E	Change
AMAZON.COM INC	AMZN	3,089.21	1,571.2	66.2	46.9	34.2	11.4	15.3	2.5	17.4	20.1	7.3	-7.9	37.1	0.0	5.2	-4.4	-8.4
ALIBABA GROUP HOLDING-SP ADR	BABA	103.53	280.7	14.4	14.6	12.6	1.8	7.6	1.4	10.3	10.5	8.5	-30.9	16.4	0.0	11.4	-19.3	-53.6
EBAY INC	EBAY	55.03	32.3	14.1	12.6	11.8	3.3	8.6	3.1	22.2	23.2	-18.7	8.3	7.1	1.5	5.1	-14.8	-11.9
JD.COM INC-ADR	JD	56.54	88.1	69.6	29.7	20.2	2.7	12.0	0.3	5.7	8.2	18.7	125.3	47.1	0.0	7.7	-18.8	-29.7
VIPSHOP HOLDINGS LTD - ADR	VIPS	8.10	5.5	7.1	6.1	5.5	1.1	2.3	0.1	14.2	13.5	-8.8	-2.0	9.6	0.0	12.8	-8.9	-71.5
Average				34.3	22.0	16.9	4.1	9.2	1.5	14.0	15.1	1.4	18.6	23.5	0.3	8.4	-13.2	-35.0
Median				14.4	14.6	12.6	2.7	8.6	1.4	14.2	13.5	7.3	-2.0	16.4	0.0	7.7	-14.8	-29.7

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus

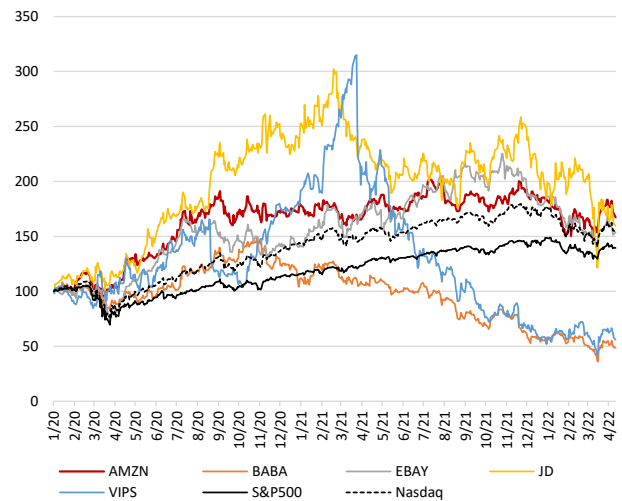
Figure: Stock price trends for Japanese EC companies



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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