



Makuake

TSE Growth 4479 Industry: Internet service, E-commerce

Announced downward revision of full-year guidance

2Q sales below consensus. Announced downward revision of full-year guidance

Makuake (4479, the company) announced 2Q FY9/22 parent results. Total amount of pre-orders (GMV) was 5.024bn yen (-5.2% YoY, -6.4% QoQ), sales were 1.091bn yen (-1.5% YoY, -5.4% QoQ), and OP was -56m yen (-89m loss in 2Q FY9/21, 39m profit in 1Q). Sales were below the QUICK consensus forecast of 1.389bn yen. The company posted an operating loss as a result of personnel cost burdens due to increased hiring, while curbing advertising costs. The impression is negative. Due to operational instability, the company appears to have been unable to take proactive measures aiming at GMV growth.

GMV, sales and OP were all below our 2Q forecast (GMV 6.729bn yen, sales 1.389bn yen, OP 107m yen).

1H GMV was 10.393bn yen, only 35% of the company's initial full-year guidance of 30bn yen.

The company announced a downward revision to its full-year guidance. The new guidance is for GMV of 22.0bn yen (+2.1% YoY; previously 30.0bn yen), sales of 4.7bn yen (+1.7% YoY; previously 6.2bn yen), and OP of 0.0bn yen (329m yen for FY9/21; previously 465m yen).

KPIs: Generally weak

The number of new projects was weak at 1,931 (+16.3% YoY, -18.2% QoQ). The QoQ drop was mostly due to seasonal factors, but the decline seems to be somewhat large.

The repeat rate of project owners was 50.9% (43.6% in 2Q FY9/21, 47.1% in 1Q). This implies a high level of satisfaction among project owners. However, it is possible that the number of new project owners has not increased sufficiently.

The number of access unique users was 14,432 thousand (+28.2% YoY, -2.5% QoQ), almost flat since 4Q FY9/21. The number of pre-orders was 414 thousand (-18.6% YoY, -1.1% QoQ). CVR (CVR = number of pre-orders / number of access UU), which was seen as an issue in 1Q, was 2.9% (4.5% in 2Q FY9/21, 2.8% in 1Q), finally stopped falling.

Makuake Support Procurement service for professional buyers fully launched

On April 21, the company fully launched its "Makuake Support Procurement" service for professional buyers of select shops. Buyer members can now purchase products listed on Makuake through the member-only site. We will be watching the development closely, as this service has the potential to be a catalyst for the recovery of GMV growth in the future.

Please refer to the report dated December 27, 2021 for the rationale of the rating and target price.

MITA SECURITIES Co., Ltd.
Junichi Shimizu
Chief Analyst, Head of Research

Update

Rating Buy

Target price (JPY)	7,000
Stock price (JPY) (Apr 26)	1,983
Market cap (JPYbn)	24.9

Key changes

Rating	No
Target price	No
Earnings forecast	No

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

		9/20	9/21	9/22E	9/23E	9/24E
Sales	JPYbn	3.2	4.6	6.1	8.9	12.0
OP	JPYbn	0.5	0.3	0.5	0.7	1.0
RP	JPYbn	0.5	0.3	0.5	0.7	1.0
NP	JPYbn	0.4	0.2	0.3	0.5	0.7
EPS	JPY	31.7	19.9	28.0	40.4	58.3
BPS	JPY	228.2	551.6	579.6	619.9	678.3
DPS	JPY	0.0	0.0	0.0	0.0	0.0
PER	x	335.2	232.6	73.8	51.3	35.5
PBR	x	46.5	8.4	3.6	3.3	3.1
Div. yield	%	0.0	0.0	0.0	0.0	0.0
ROA	%	9.8	3.0	3.1	3.8	4.4
ROE	%	25.1	5.2	5.0	6.7	9.0

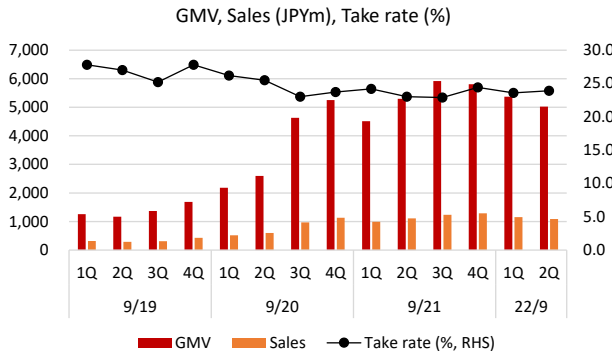
Source: Company data, Mita Securities

Company profile

Makuake operates a web and app-based marketplace "Makuake" for pre-sales of new products. The company was founded in May 2013 as a subsidiary of CyberAgent, and was listed on the TSE Mothers in December 2019. In FY9/21, the total amount of pre-orders (GMV) was 21.5bn yen and sales were 4.6bn yen. The number of employees at the end of FY9/21 was 152.

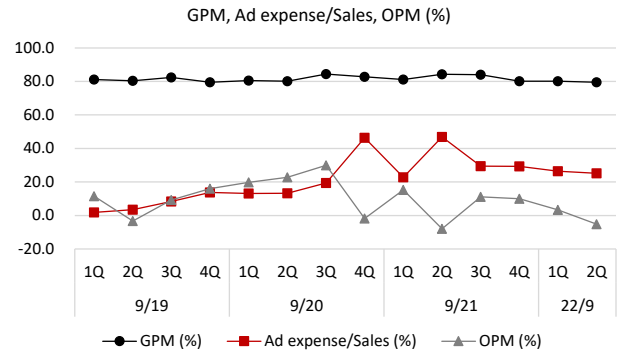
Makuake's earnings and KPIs

Figure: GMV, sales (JPYm), take rate (%)



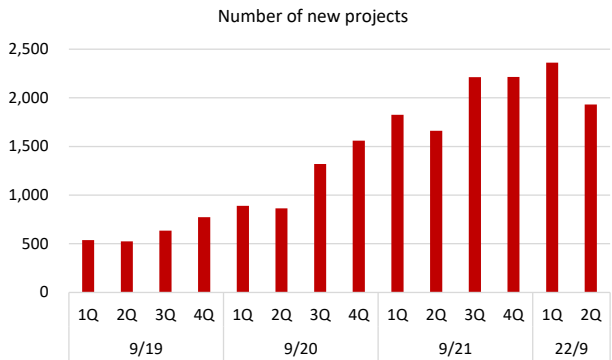
Source: Company data, Mita Securities

Figure: GPM, Ad expense/Sales, OPM (%)



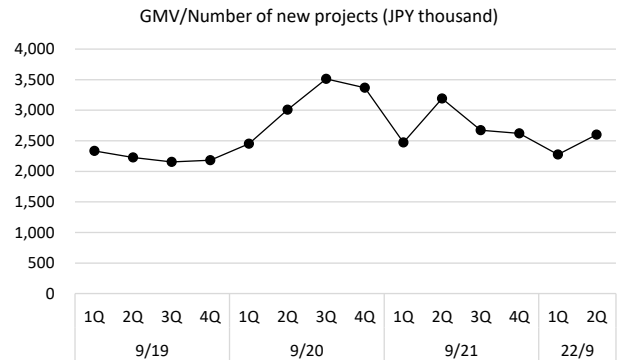
Source: Company data, Mita Securities

Figure: Number of new projects



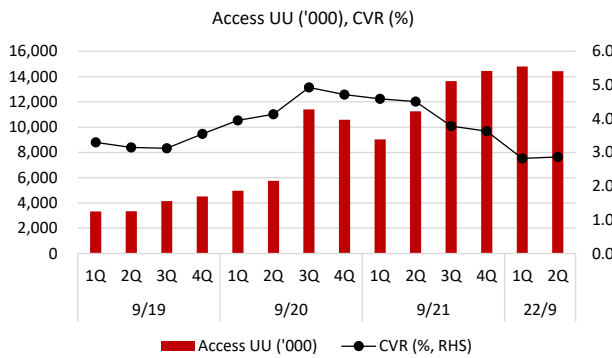
Source: Company data, Mita Securities

Figure: Transaction amount per project (JPY thousand)



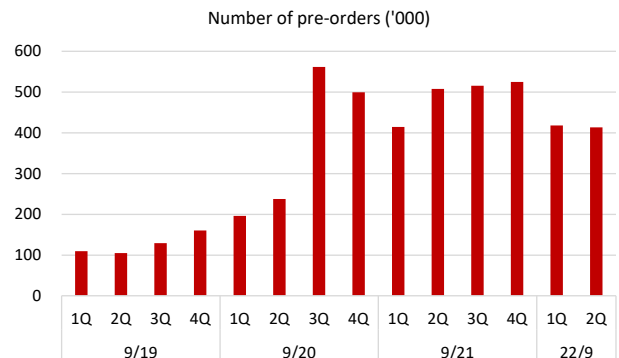
Source: Company data, Mita Securities

Figure: Number of access unique users ('000), CVR (%)



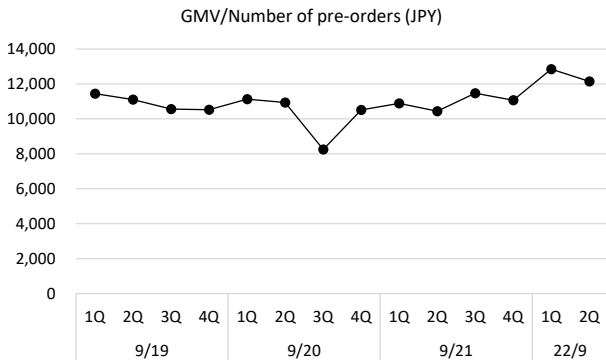
Source: Company data, Mita Securities

Figure: Number of pre-orders ('000)



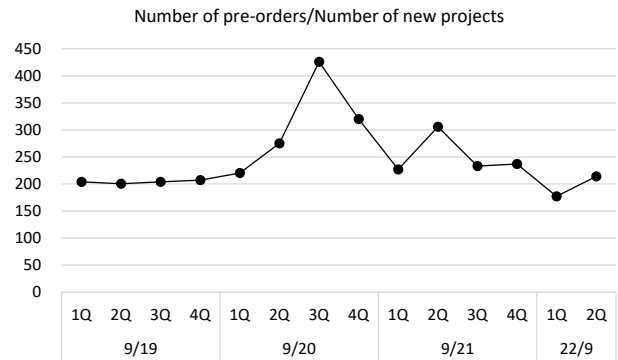
Source: Company data, Mita Securities

Figure: Average price of pre-order (JPY)



Source: Company data, Mita Securities

Figure: Number of pre-orders per project



Source: Company data, Mita Securities

Comparison of valuations and stock prices with peers

Figure: Comparison of valuations with peers

Company name	Ticker	PX 25-Apr	Mkt cap JPYbn	Sales YoY		EBITDA Mgn		ROE		PER LTM	PER Cur E	PBR Last	EV/EBITDA		EV/Sales		Div yield Cur E	1M Chg	3M Chg	1YR Chg
				LTM	Cur E	LTM	Cur E	LTM	Cur E				LTM	Cur E	LTM	Cur E				
CREEMA LTD	4017	764	5.1	NA	NA	7.1	20.1	NA	21.1	NA	3.8	48.0	21.1	1.4	0.9	0.7	0.0	-23.3	-13.3	-81.7
SMAREGI INC	4431	1,044	20.5	29.7	NA	27.2	17.2	12.2	22.5	34.1	5.1	64.6	21.1	17.7	4.0	3.2	0.0	-26.5	-43.1	-67.6
GIFTEE INC	4449	1,021	29.4	20.9	-6.8	15.0	2.5	3.0	181.0	84.6	3.8	94.5	27.3	14.4	5.5	4.5	0.0	-16.3	-18.6	-68.6
BASE INC	4477	380	42.5	19.8	19.0	-12.0	-7.6	-11.8	NA	NA	2.8	NA	NA	4.5	1.6	1.3	0.0	-14.6	-24.9	-80.1
MAKUAKE INC	4479	2,069	26.0	29.3	23.6	8.9	4.7	5.1	110.9	71.3	3.7	145.0	NA	10.0	3.2	2.2	0.0	3.7	-14.3	-66.2
JIMOTY INC	7082	1,899	11.4	24.3	NA	22.3	30.7	NA	29.3	NA	10.6	45.9	NA	10.3	NA	NA	NA	-9.7	-25.1	-7.1
Average				24.8	12.0	11.4	11.3	2.1	73.0	63.3	5.0	79.6	24.2	9.7	3.0	2.4	0.0	-14.5	-23.2	-61.9
Median				24.3	19.0	12.0	11.0	4.1	29.3	71.3	3.8	64.6	24.2	10.1	3.2	2.2	0.0	-15.5	-21.7	-68.1

Source: Bloomberg Finance LP data, Mita Securities

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

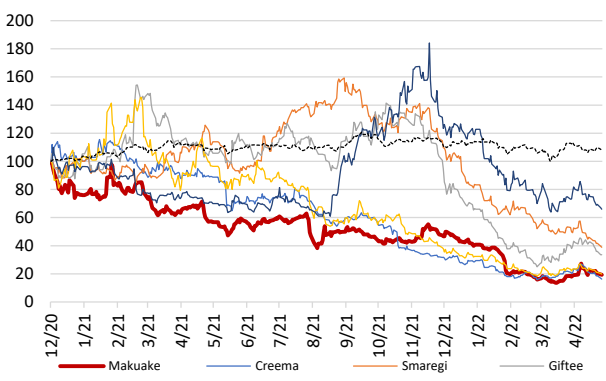
Figure: Comparison of valuations with peers

Company name	Ticker	PX 25-Apr	Mkt cap JPYbn	Sales YoY		EBITDA Mgn		ROE		PER LTM	PER Cur E	PBR Last	EV/EBITDA		EV/Sales		Div yield Cur E	1M Chg	3M Chg	1YR Chg
				LTM	Cur E	LTM	Cur E	LTM	Cur E				LTM	Cur E	Next E					
ZOZO INC	3092	3,165	986.4	14.6	10.4	31.2	70.9	59.3	28.1	27.2	20.1	20.3	18.1	6.4	5.8	5.3	1.7	-3.8	13.6	-9.2
MERCARI INC	4385	2,169	348.1	41.1	39.3	2.0	-2.9	-14.7	NA	NA	8.6	306.9	373.8	6.7	1.8	1.5	0.0	-35.3	-50.8	-59.5
MAKUAKE INC	4479	2,069	26.0	29.3	23.6	8.9	4.7	5.1	110.9	71.3	3.7	145.0	NA	10.0	3.2	2.2	0.0	3.7	-14.3	-66.2
Average				28.3	24.4	14.0	24.2	16.6	69.5	49.3	10.8	157.4	195.9	7.7	3.6	3.0	0.6	-11.8	-17.2	-45.0
Median				29.3	23.6	8.9	4.7	5.1	69.5	49.3	8.6	145.0	195.9	6.7	3.2	2.2	0.0	-3.8	-14.3	-59.5

Source: Bloomberg Finance LP data, Mita Securities

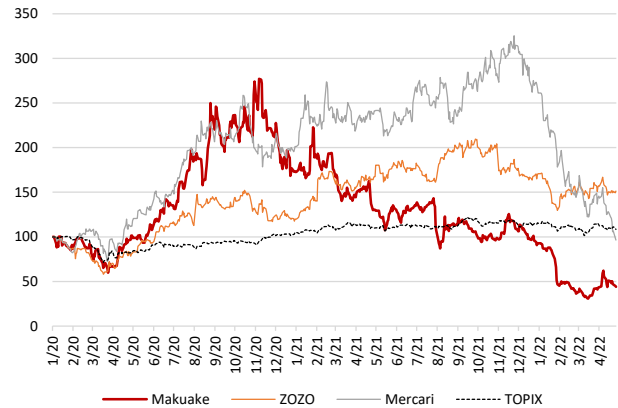
Note: Forecasts are based on Bloomberg consensus. Shading indicates stocks covered by Mita Securities

Figure: Stock price trends



Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of Nov 2020

Figure: Stock price trends



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

APPENDIX

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