



Monogatari Corporation

TSE Prime

3097

Industry: Food service, retail

MITA SECURITIES Co., Ltd.

Junichi Shimizu

Chief Analyst, Head of Research

jshimizu@mitasec.com

Extremely strong May sales; Small meeting for sell-side analysts

May SSS 141.7% vs. 2021, 110.5% vs. 2019 (pre-pandemic)

On June 9, Monogatari Corporation (3097, the company) disclosed monthly data for May (on a preliminary basis). Same-store sales for company-owned stores were 141.7% vs. May 2021 (123.9% for April), 227.3% vs. May 2020 (743.9% for April), and 110.5% vs. May 2019 (102.7% for April). The number of holidays (weekends and holidays) was one day less than in May 2021 and May 2020, and two more than in May 2019. May sales were extremely strong, and the impression is positive.

- Same-store sales for the Yakiniku division were 141.6% vs. May 2021 (124.8% for April), 230.9% vs. May 2020 (720.1% for April), and 116.2% vs. May 2019 (107.3% for April).
- Same-store sales for the Ramen division were 135.1% vs. May 2021 (123.2% for April), 201.2% vs. May 2020 (673.8% for April), and 108.8% vs. May 2019 (96.4% for April).
- Same-store sales for the Yuzuan division (shabu-shabu & sushi) were 141.5% vs. May 2021 (120.0% for April), 230.2% vs. May 2020 (836.8% for April), and 98.1% vs. May 2019 (91.2% for April).

The number of domestic company-owned stores at end of May was 368 (+3 MoM, +28 vs. end-FY6/21).

Small meeting for sell-side analysts

On June 9, the company held a small group meeting for sell-side analysts. The key topics were as follows.

- The company does not plan to revise prices for Yakiniku King. The company believes that it can control the cost of sales ratio by optimizing the menu mix, adjusting the portion volume per dish, improving the handling of ingredients, and enhancing the side menu. If the company loses its competitive advantage by simply raising prices, it risks losing customers. On the other hand, the company is considering price revisions for Yuzuan. However, it is important that the price revision is not a simple price hike, but one with an improvement in the value-added. In formats other than all-you-can-eat, the company will consider improving profitability through price revisions.
- The company plans to open mainly Yakiniku King and Marugen Ramen restaurants over the next two to three years and hopes to accelerate openings of Yakiniku Happy and Yakitate no Kalbi restaurants in FY6/24.
- The company's management focuses on the principles of "Diversity & Inclusion" and "Smile & Sexy. When employees accept each other's diversity and discuss various issues with each other, the company can practice sound management and trigger innovation.
- By partnering with Advantage Advisors, the company feels a positive impact on projects such as professional recruitment, M&A strategy, overseas strategy, and DX.

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

Update

Rating Buy

Target price (JPY)	9,100
Stock price (JPY) (Jun 9)	5,830
Market cap (JPYbn)	70.6

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	25.8	18.3	17.5
PBR	x	2.9	2.9	3.6	3.1	2.7
Div. yield	%	1.0	1.1	1.0	1.4	1.5
ROA	%	9.4	1.3	6.3	7.9	7.5
ROE	%	17.9	2.6	14.7	18.0	16.4

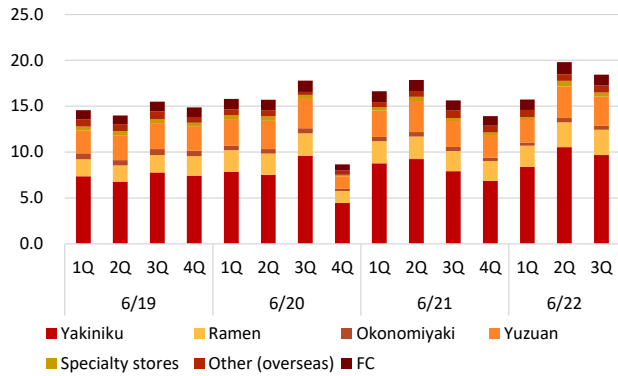
Source: Company data, Mita Securities

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 company-owned stores and 229 FC stores) and 15 overseas stores (company-owned). Sales in FY6/21 were 64.0bn yen.

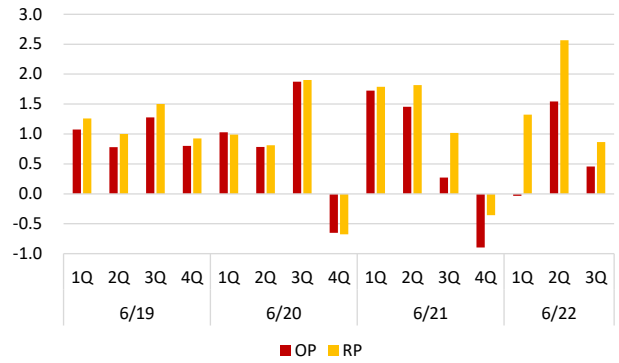
Quarterly data for Monogatari Corporation

Figure: Sales by division (JPYbn)



Source: Company data, Mita Securities

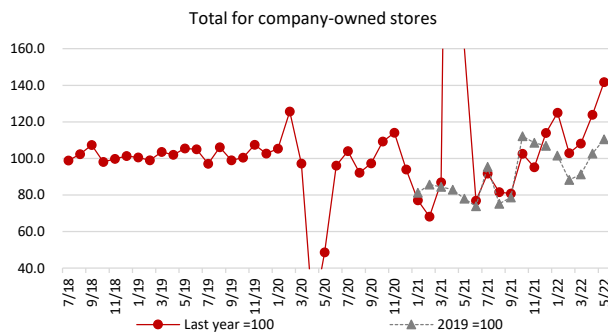
Figure: OP and RP(JPYbn)



Source: Company data, Mita Securities

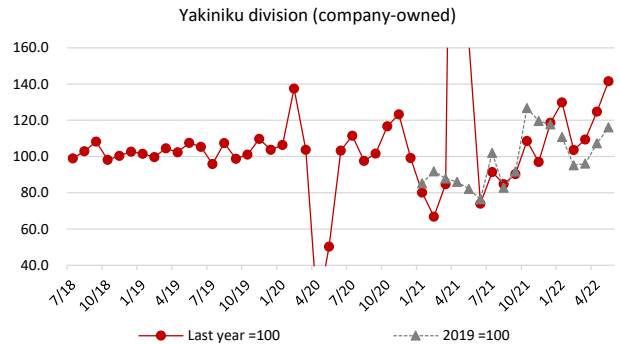
Monthly same-store sales data for Monogatari Corporation

Figure: Total (company-owned stores)



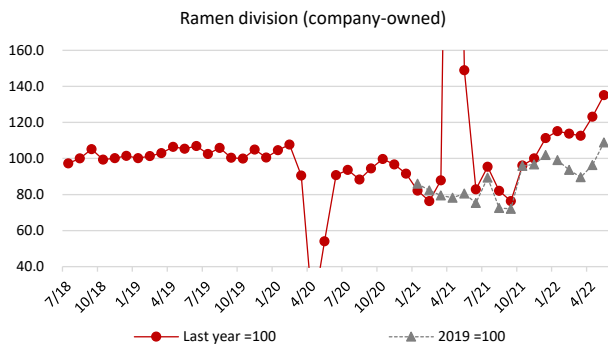
Source: Company data, Mita Securities

Figure: Yakiniku division (company-owned stores)



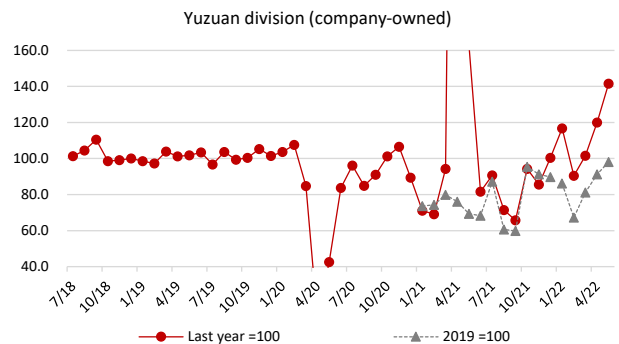
Source: Company data, Mita Securities

Figure: Ramen division (company-owned stores)



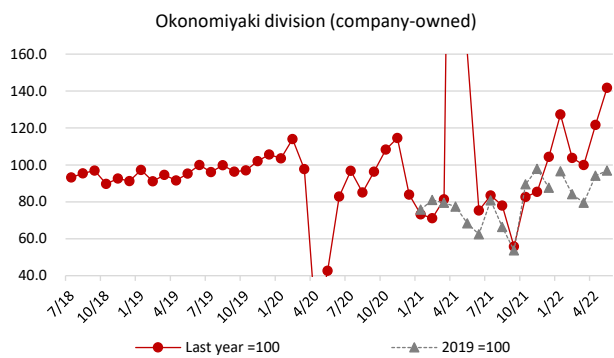
Source: Company data, Mita Securities

Figure: Yuzuan division (company-owned stores)



Source: Company data, Mita Securities

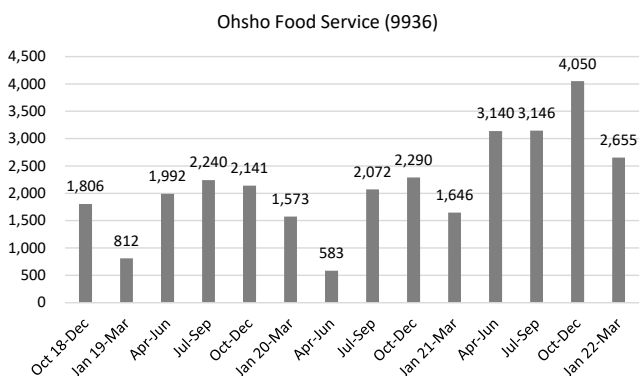
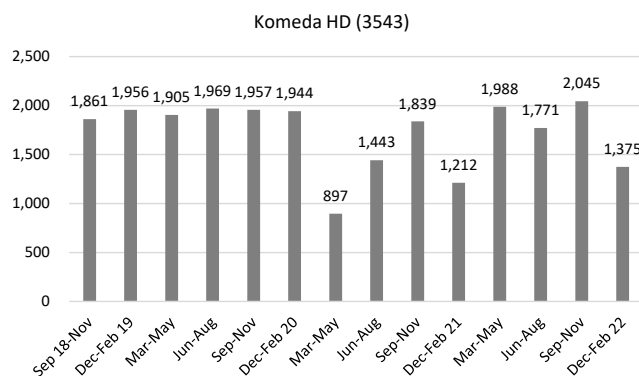
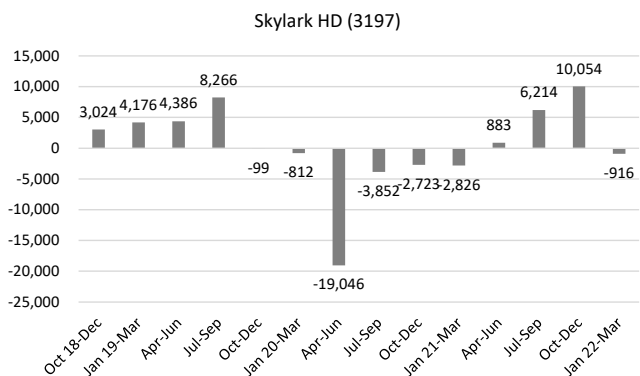
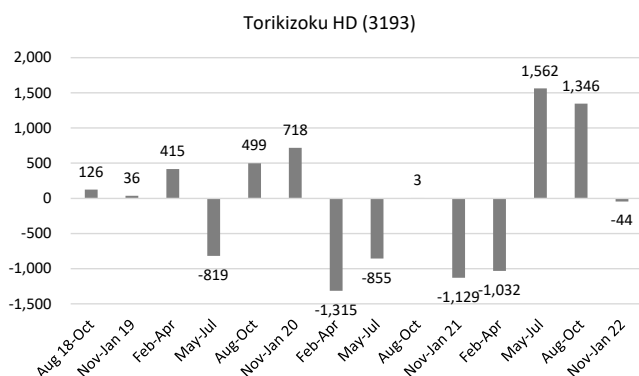
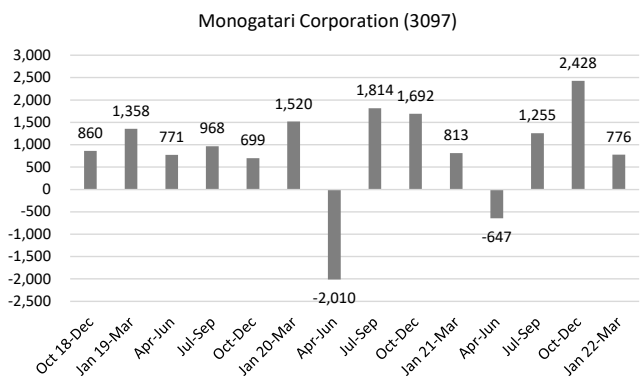
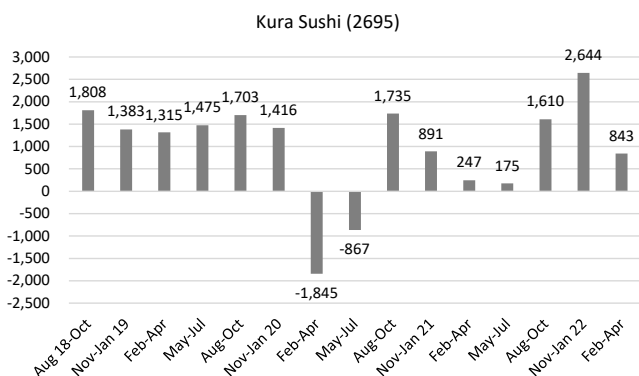
Figure: Okonomiyaki division (company-owned stores)



Source: Company data, Mita Securities

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

Figure: Quarterly pre-tax profit for food service companies (JPYm)



Source: Companies' data, Mita Securities

Comparison of valuations with peers

Figure: Comparison of valuations for food service companies

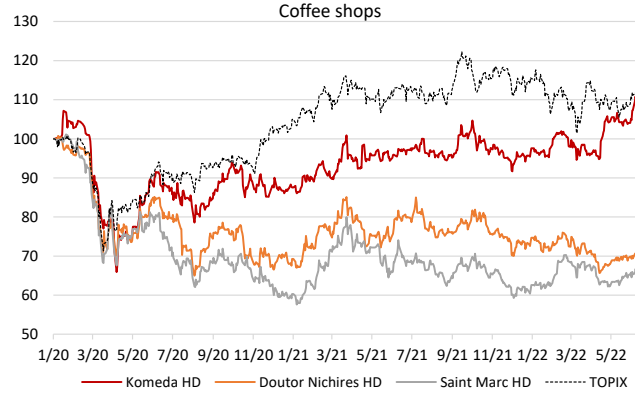
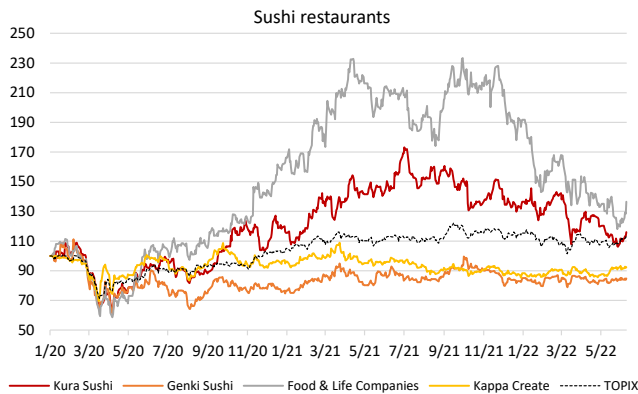
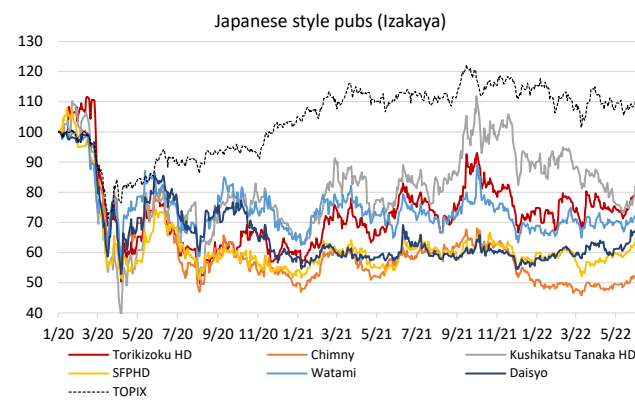
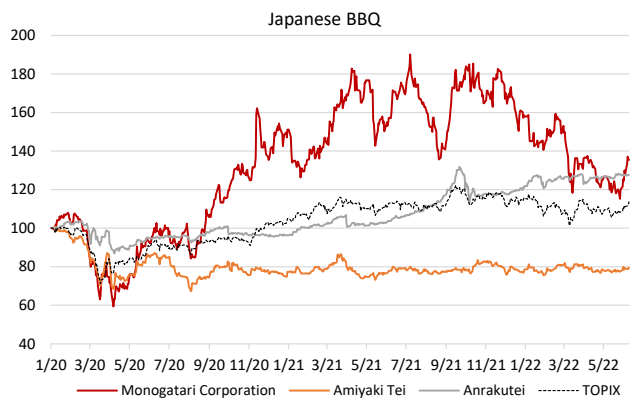
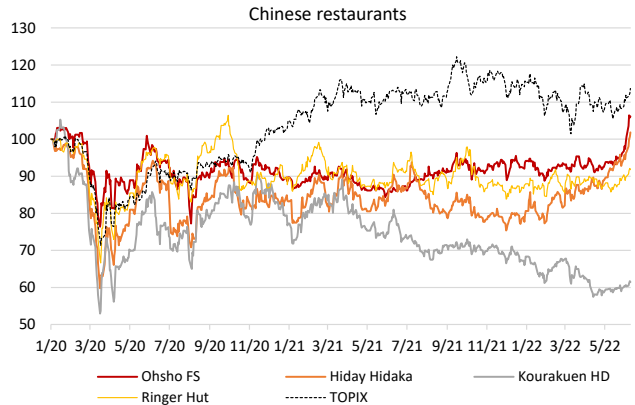
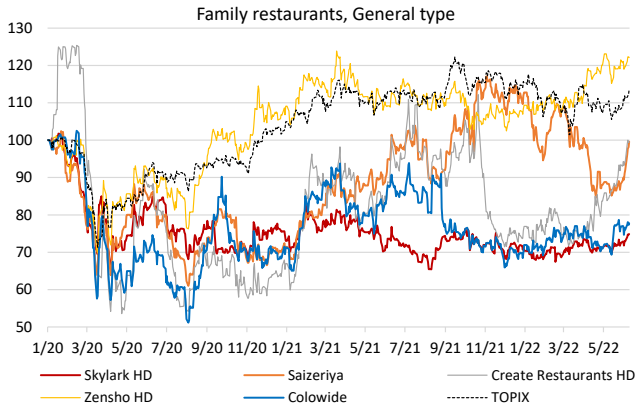
Company name	Ticker	PX 8-Jun	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mgn LTM	ROE LTM	ROE Cur E	ROE Nxt E	PER LTM	PER Cur E	PER Nxt E	PBR Last	EV/EBITDA Cur E	EV/Sales Cur E	Div yield Cur E	1M Chg	3M Chg	1YR Chg
KURA SUSHI INC (TP 5,000 Buy)	2695	3,115	129.0	0.1	11.9	2.4	7.2	8.1	10.0	36.0	30.9	22.9	2.4	12.8	0.8	0.7	1.8	-7.3	-21.1
MCDONALD'S HOLDINGS CO JAPAN	2702	5,040	670.1	-0.3	11.7	13.9	13.1	11.0	10.6	27.6	29.4	27.6	3.5	12.1	1.8	0.8	-0.2	3.3	0.2
OTOYA HOLDINGS CO LTD	2705	2,919	21.2	-0.6	16.7	9.2	207.2	NA	NA	11.7	NA	NA	62.3	NA	NA	NA	2.6	1.1	1.7
FUJIO FOOD GROUP INC	2752	1,381	61.9	1.7	0.7	-11.4	8.6	15.9	NA	173.5	73.9	42.5	13.2	NA	2.2	0.0	3.7	8.8	-1.1
AMIYAKI TEI CO LTD	2753	2,970	20.3	-0.2	-2.6	-13.9	3.1	2.7	NA	32.4	37.0	20.5	1.0	NA	0.4	1.0	2.4	3.1	-0.4
HIRAMATSU INC	2764	207	15.5	1.7	47.2	-17.8	-57.6	NA	NA	NA	NA	NA	2.7	NA	NA	NA	8.9	7.8	-13.8
PEPPER FOOD SERVICE CO LTD	3053	421	16.6	-0.1	NA	-9.2	31.1	NA	NA	22.5	NA	NA	5.2	NA	NA	NA	12.3	25.7	-17.8
CHLOUSHIMARU CO LTD	3075	1,110	16.1	-0.8	0.7	9.9	13.8	NA	NA	15.0	NA	NA	2.0	NA	NA	0.5	-3.9	0.3	-2.2
ARCLAND SERVICE HOLDINGS CO	3085	2,153	71.3	-0.7	9.8	7.8	9.7	13.2	12.6	31.4	20.4	20.0	3.0	9.7	1.2	1.4	3.4	1.0	-7.1
DOUTOR NICHIRETS HOLDINGS CO	3087	1,544	70.4	-0.3	13.8	6.7	1.3	0.9	2.1	55.9	58.8	31.8	0.7	5.9	0.3	1.7	3.6	1.8	-12.6
BRONCO BILLY CO LTD	3091	2,500	37.7	-0.3	6.5	15.3	6.0	NA	NA	36.0	NA	NA	2.1	NA	NA	0.7	8.4	19.0	-1.5
MONOGATARI CORP (TP 9,100 Buy)	3097	5,770	69.9	0.1	15.5	11.6	12.8	15.8	16.4	25.9	19.6	20.0	3.2	12.3	1.0	1.2	12.9	9.3	-21.1
CHIMNEY CO LTD	3178	1,230	23.8	0.4	-23.6	5.6	21.4	NA	NA	19.3	NA	NA	3.7	NA	NA	NA	5.8	15.5	-14.1
TORIKIZOKU HOLDINGS CO LTD (TP 2,100 Hold)	3193	2,105	24.5	0.6	NA	NA	NA	1.4	11.4	NA	174.0	38.2	4.1	NA	1.2	0.0	21.0	31.7	6.2
HOTLAND CO LTD	3196	1,341	28.9	0.3	6.7	6.4	23.8	14.8	NA	14.6	21.2	22.1	3.1	NA	0.9	0.4	-2.2	8.8	-5.3
SKYLARK HOLDINGS CO LTD (TP 1,600 Hold)	3197	1,609	366.1	1.1	0.1	23.6	7.4	2.6	2.6	35.5	82.9	77.1	2.2	7.7	1.5	0.4	4.9	6.3	-1.8
SFP HOLDINGS CO LTD	3198	1,586	40.9	-0.4	-40.3	26.4	15.1	13.1	NA	23.4	22.7	29.2	3.3	NA	1.5	1.3	14.8	29.2	2.9
CREATE RESTAURANTS HOLDINGS	3387	941	200.3	2.1	5.2	26.5	29.0	9.6	NA	29.2	47.1	37.3	8.3	NA	2.3	0.6	16.9	37.4	-1.3
SAINT MARC HOLDINGS CO LTD	3395	1,557	35.5	-0.3	8.5	-8.0	-13.7	3.7	4.8	NA	27.7	22.8	1.0	6.3	0.5	2.8	4.7	3.0	-10.3
TORIDOLL HOLDINGS CORP	3397	2,337	204.9	1.3	13.8	29.2	21.5	6.2	6.0	23.5	42.1	33.0	4.0	10.2	1.8	0.3	5.1	5.8	22.6
KOMEDA HOLDINGS CO LTD (TP 3,000 Buy)	3543	2,326	107.4	1.1	15.5	26.3	13.6	13.5	13.8	22.9	20.0	18.2	2.9	15.5	4.0	2.4	2.9	15.6	12.6
KUSHIKATSU TANAKA HOLDINGS C	3547	1,893	17.8	1.6	-11.4	-20.8	16.1	36.7	38.0	75.3	32.4	27.5	11.5	379.3	1.7	0.8	14.9	4.0	-5.4
CHIKARANOMOTO HOLDINGS CO LT	3561	760	20.6	0.6	17.3	10.3	36.1	NA	NA	22.3	NA	NA	5.4	NA	NA	NA	28.6	39.2	14.5
FOOD & LIFE COMPANIES LTD	3563	3,135	363.9	2.2	21.4	14.1	17.7	16.5	20.1	33.2	34.0	23.9	5.5	12.9	1.7	0.7	6.3	-4.4	-35.6
ATOM CORP	7412	777	150.4	0.0	-3.4	8.0	3.5	NA	NA	518.7	NA	NA	18.3	NA	NA	NA	4.9	2.0	-3.1
KAPPA CREATE CO LTD	7421	1,411	69.7	-0.1	3.6	3.9	6.5	NA	NA	94.6	NA	NA	6.0	NA	NA	NA	6.9	5.8	-6.5
WATAMI CO LTD	7522	954	40.7	1.0	5.8	-8.8	-23.6	NA	NA	NA	NA	NA	2.7	NA	NA	NA	5.5	11.4	-8.8
ZENSHO HOLDINGS CO LTD	7550	3,045	471.6	1.8	10.7	4.7	14.7	9.5	9.5	33.4	45.1	35.7	4.5	14.5	0.9	0.7	2.4	12.2	8.2
KOURAKUEN HOLDINGS CORP	7554	1,295	21.7	1.3	-5.8	10.8	11.0	NA	NA	52.1	NA	NA	5.4	NA	NA	NA	4.3	0.8	-24.1
ANRAKUTEI CO LTD	7562	6,500	13.9	1.5	-11.5	-7.2	10.4	NA	NA	28.8	NA	NA	2.9	NA	NA	NA	1.4	2.2	21.7
SAIZERIYA CO LTD	7581	2,681	140.1	-0.2	17.8	6.9	8.7	8.5	6.9	17.8	18.0	23.0	1.5	8.3	0.8	0.7	14.1	1.5	-1.8
HIDAY HIDAKA CORP	7611	2,112	80.6	-0.4	-10.7	-9.8	7.1	NA	NA	50.8	NA	NA	3.6	NA	NA	NA	1.1	11.0	22.1
COLOWIDE CO LTD	7616	1,793	155.8	1.9	4.4	14.1	3.7	NA	NA	154.6	NA	NA	4.4	NA	NA	NA	8.7	5.0	-14.3
UKAI CO LTD	7621	3,115	17.5	1.5	4.8	-5.1	-28.3	NA	NA	NA	NA	NA	6.3	NA	NA	NA	3.3	4.4	0.8
GLOBAL-DINING INC	7625	332	3.4	0.1	60.0	9.7	30.8	NA	NA	4.1	NA	NA	1.1	NA	NA	NA	20.3	22.5	-38.1
ICHIBANYA CO LTD	7630	4,920	157.1	-0.5	1.8	10.3	9.7	NA	NA	53.7	40.8	38.3	5.2	NA	2.7	1.6	2.4	7.8	-0.5
ASAKUMA CO LTD	7678	1,541	8.3	-0.6	-17.8	-7.1	2.6	NA	NA	136.5	NA	NA	3.4	NA	NA	NA	0.1	-2.8	-1.3
MOS FOOD SERVICES INC	8153	3,055	97.8	-0.3	9.0	10.2	7.3	5.1	NA	27.5	37.3	35.9	1.9	NA	1.0	0.9	1.9	3.0	-3.3
KISSOJI CO LTD	8160	2,168	61.8	-0.2	18.4	-7.7	0.9	NA	NA	86.2	NA	NA	2.2	NA	NA	NA	4.4	9.2	-10.8
SRS HOLDINGS CO LTD	8163	871	35.3	0.0	-1.9	8.8	13.2	NA	NA	20.3	NA	NA	2.5	NA	NA	NA	6.7	7.1	3.7
ROYAL HOLDINGS CO LTD	8179	2,250	110.3	1.1	16.8	0.5	-5.0	1.3	5.4	NA	322.2	45.6	3.2	19.1	1.5	0.2	8.4	24.5	-6.4
RINGER HUT CO LTD	8200	2,335	60.9	0.5	-0.4	-1.3	8.5	NA	NA	62.9	122.3	83.2	4.8	NA	1.8	0.4	7.0	6.0	-2.1
GIFT HOLDINGS INC	9279	2,193	21.8	0.0	22.2	10.2	37.9	32.3	NA	15.1	12.1	13.5	4.9	NA	1.3	1.1	2.4	9.2	-6.7
GENKI SUSHI CO LTD	9828	2,536	22.5	0.4	16.6	4.9	15.2	NA	NA	16.9	NA	NA	2.4	NA	NA	NA	3.0	7.5	-7.1
GOURMET KINEYA CO LTD	9850	1,043	23.9	1.2	5.0	11.8	6.0	NA	NA	46.6	NA	NA	2.7	NA	NA	NA	4.1	2.9	7.0
GINZA RENOIR CO LTD	9853	823	5.1	-0.2	9.2	-12.6	10.2	NA	NA	14.6	NA	NA	1.4	NA	NA	NA	0.6	-1.9	-1.4
YOSHINOYA HOLDINGS CO LTD	9861	2,503	163.0	0.2	-9.8	14.0	18.5	6.3	4.8	19.9	62.4	60.8	3.4	16.4	1.0	0.5	4.9	7.5	16.1
KFC HOLDINGS JAPAN LTD	9873	2,795	62.7	-0.8	8.8	7.3	18.1	NA	NA	13.7	20.3	20.6	2.3	NA	0.4	1.8	-3.1	-1.8	0.3
MATSUYAFOODS HOLDINGS CO LTD	9887	3,865	73.7	0.2	0.1	-3.6	2.7	NA	NA	66.6	NA	NA	1.8	NA	NA	NA	3.1	9.3	7.5
SAGAMI HOLDINGS CORP	9900	1,174	35.6	-0.4	4.9	-3.9	9.0	NA	NA	29.3	NA	NA	2.4	NA	NA	NA	6.9	2.4	11.5
OHSO FOOD SERVICE CORP (TP 7,200 Buy)	9936	6,900	160.7	-0.4	5.2	11.2	15.7	9.1	7.7	14.7	22.8	21.7	2.2	15.4	1.5	1.7	13.5	16.2	22.1
JOYFULL CO LTD	9942	813	26.0	4.9	-6.9	-6.4	63.6	NA	NA	9.9	NA	NA	4.8	NA	NA	NA	3.8	6.8	6.1
DAISYO CORP	9979	1,181	25.0	0.9	-10.9	12.3	-7.3	NA	NA	NA	NA	NA	2.2	NA	NA	NA	14.5	20.1	2.2
Average				0.5	5.7	4.8	13.8	10.7	10.8	51.2	54.7	33.1	5.0	34.9	1.4	1.0	6.5	9.2	-2.4
Median				0.1	5.2	7.1	10.0	9.3	9.5	29.0	34.0	27.6	3.2	12.6	1.3	0.8	4.9	6.8	-1.5

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 for food service companies



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

APPENDIX

[Analyst Certification]

We hereby certify that the views on securities and issuers expressed in this report accurately reflect the personal views of the analyst(s) listed on the cover page of this report. The analyst(s) also certifies that the analyst(s) has not been compensated, directly or indirectly, or promised to be compensated, for expressing any particular view in this report.

[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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