



Ohsho Food Service

TSE Prime

9936

Industry: Food service, retail

MITA SECURITIES Co., Ltd.

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Price hikes not affecting popularity; Record sales in a single month

May SSS: 117.6% vs. 2021; 107.6% vs. 2019 (pre-pandemic)

Ohsho Food Service (9936, the company) disclosed monthly data for its company-owned stores in May (on a preliminary basis). Although the company implemented price hikes on May 14, the guest count continues to be solid, which gives us a positive impression.

All-store sales of 7.384bn yen (120.3% vs. April 2021) were the record high for a single month. The company said that in-store dining sales recovered in a significant manner.

Same-store sales were 117.6% vs. May 2021 (106.0% for April), 122.0% vs. May 2020 (128.5% for April), and 107.6% vs. May 2019 (100.6% 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. Compared to May 2021, the guest count was 115.4% (105.9% for April), and the average check was 101.8% (100.1% for April). The price hikes boosted the average check, and in addition, the guest count continues to be solid.

Store count

In May, the company opened two new stores (one company-owned store and one franchised store) and closed one store (one franchised store). These include one store which was converted from franchised to company-owned store. The total number of stores at the end of May was 734 (+1 MoM), of which 537 were company-owned stores (+1 MoM) and 197 were franchised stores (flat MoM).

Please refer to the report dated April 12, 2022 for the rationale of the rating and target price.

Update

Rating

Buy

Target price (JPY)	7,200
Stock price (JPY) (Jun 1)	6,460
Market cap (JPYbn)	150.4

Key changes

Rating	No
Target price	No
Earnings forecast	No

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

		3/20	3/21	3/22	3/23E	3/24E
Sales	JPYbn	85.6	80.6	84.8	89.7	94.9
OP	JPYbn	7.7	6.1	7.0	6.7	7.4
RP	JPYbn	8.1	6.9	13.0	7.5	7.7
NP	JPYbn	5.3	4.3	8.8	4.8	4.9
EPS	JPY	283.0	228.4	468.8	258.0	262.6
BPS	JPY	2,681	2,821	3,146	3,322	3,465
DPS	JPY	120.0	100.0	120.0	120.0	140.0
PER	x	20.4	25.5	13.8	25.0	24.6
PBR	x	2.2	2.1	2.1	1.9	1.9
Div. yield	%	2.1	1.7	1.9	1.9	2.2
ROA	%	8.1	5.4	9.8	5.2	5.2
ROE	%	10.9	8.3	15.7	7.9	7.7

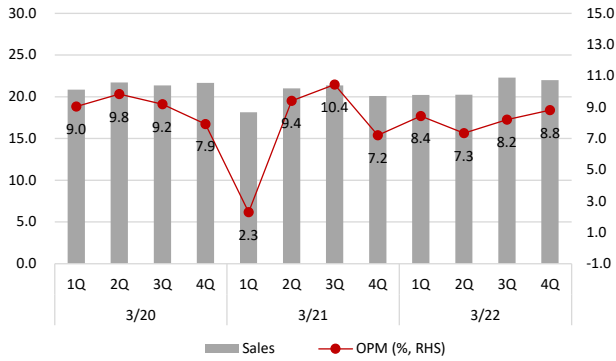
Source: Company data, Mita Securities

Company profile

Ohsho Food Service is a Kyoto-based restaurant company that operates the largest Chinese restaurant chain "Gyoza no Ohsho" nationwide. 734 restaurants (536 company-owned, 198 franchised) at the end of FY3/22. Sales of 84.8bn yen in FY3/22.

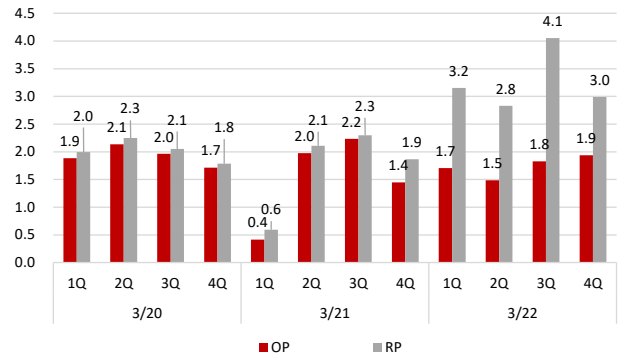
Quarterly earnings data for Ohsho Food Service

Figure: Sales (JPYbn), OPM (%)



Source: Company data, Mita Securities

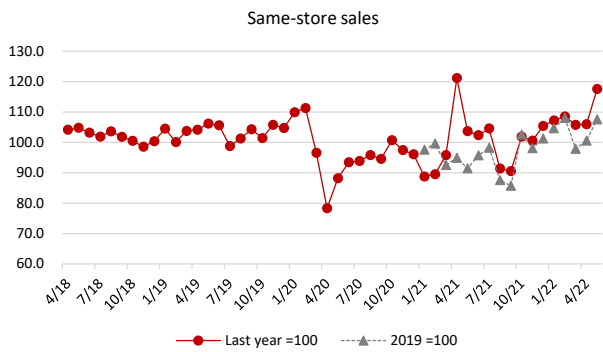
Figure: OP, RP (JPYbn)



Source: Company data, Mita Securities

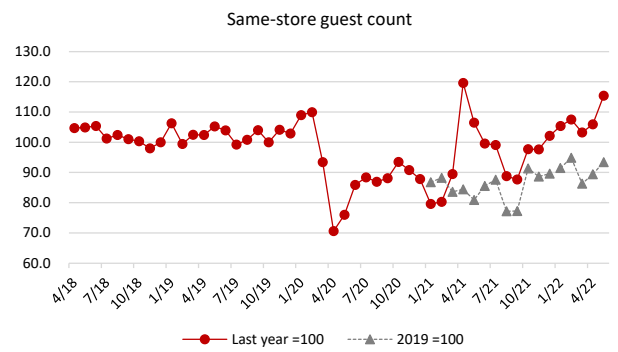
Monthly data for Ohsho Food Service

Figure: Directly-owned, same-store sales



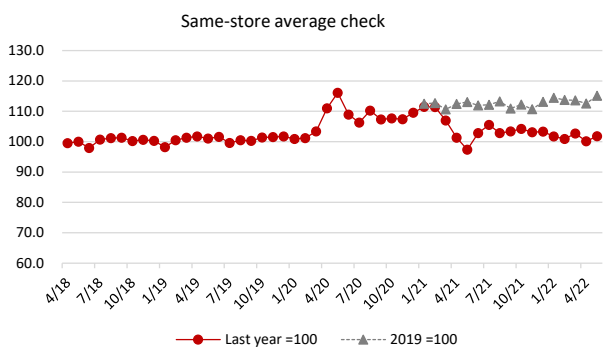
Source: Company data, Mita Securities

Figure: Directly-owned, same-store guest count



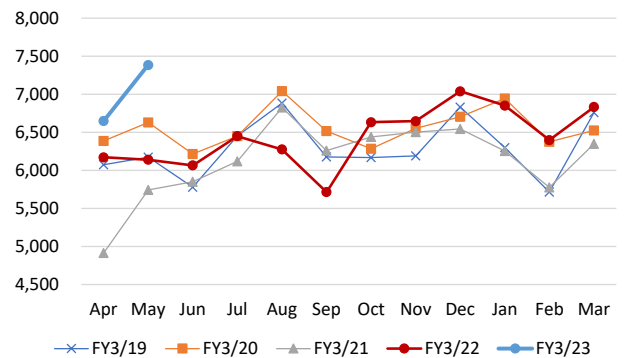
Source: Company data, Mita Securities

Figure: Directly-owned, same-store average check



Source: Company data, Mita Securities

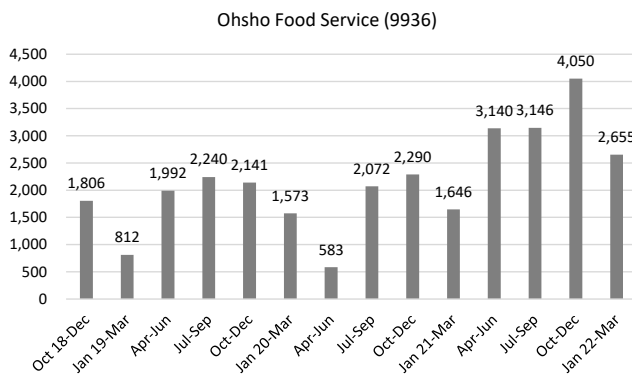
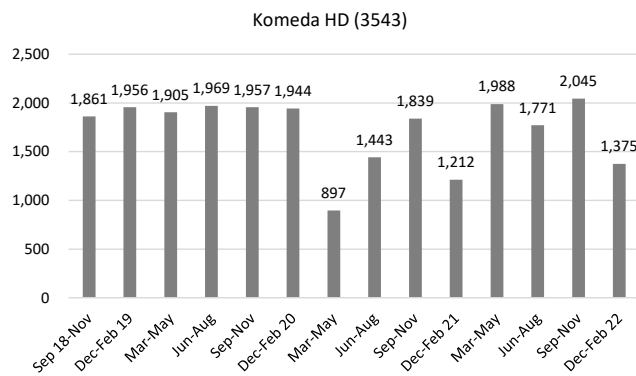
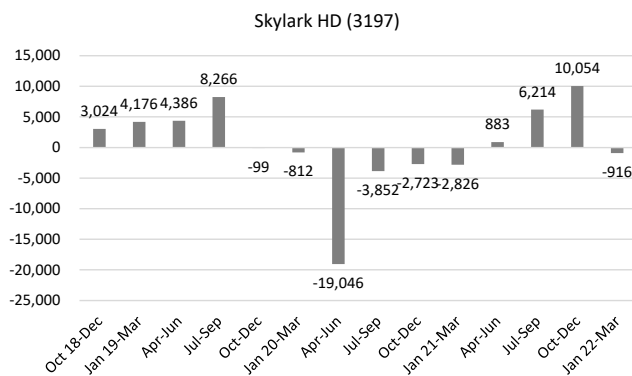
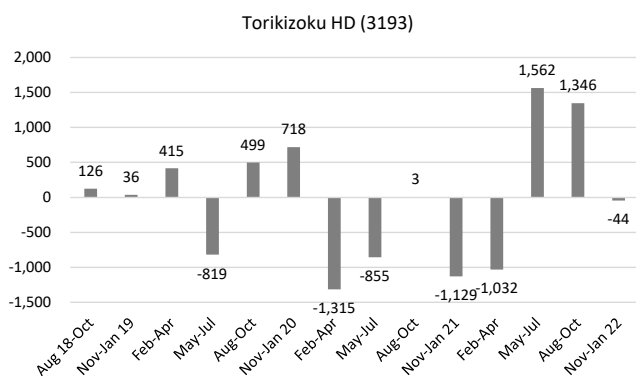
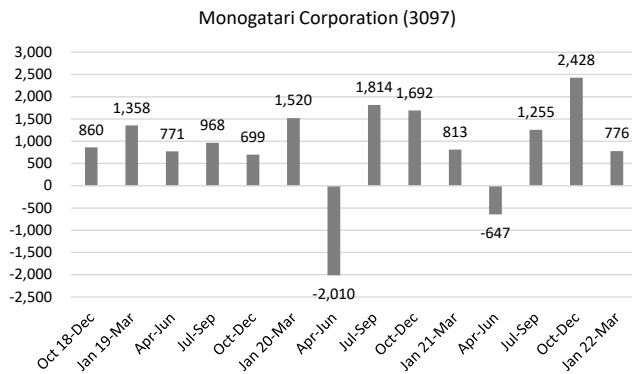
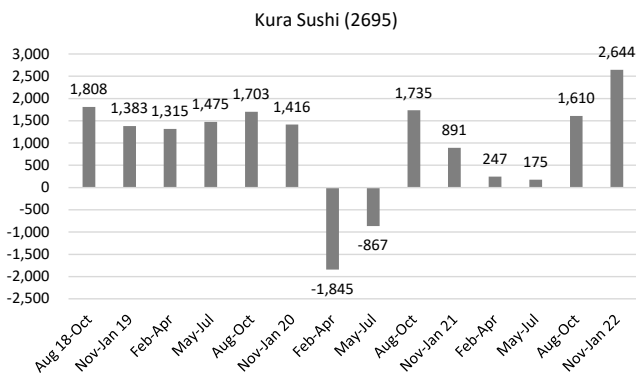
Figure: Directly-owned, all-store sales (JPYm)



Source: Company data, Mita Securities

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

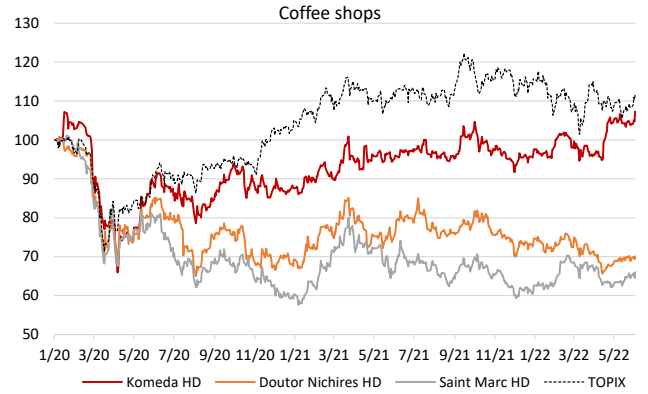
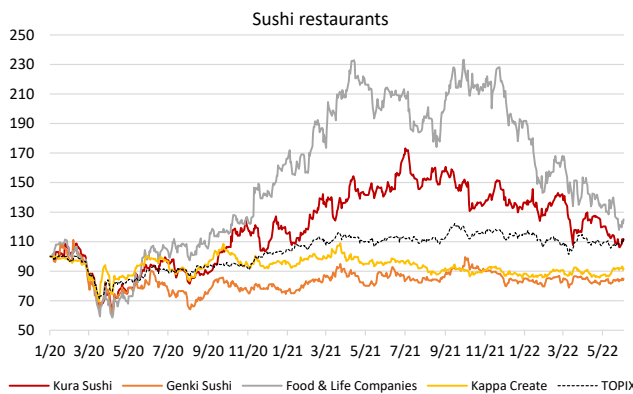
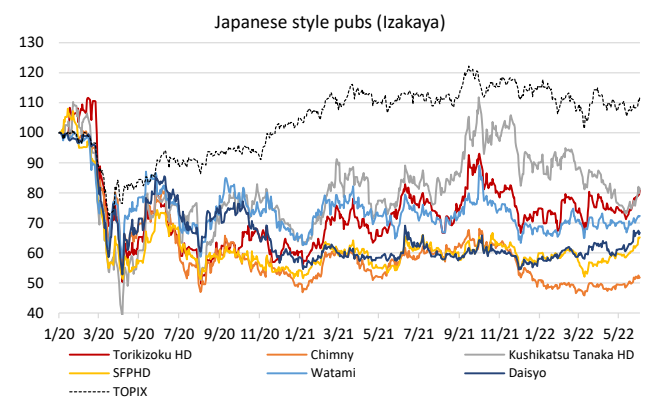
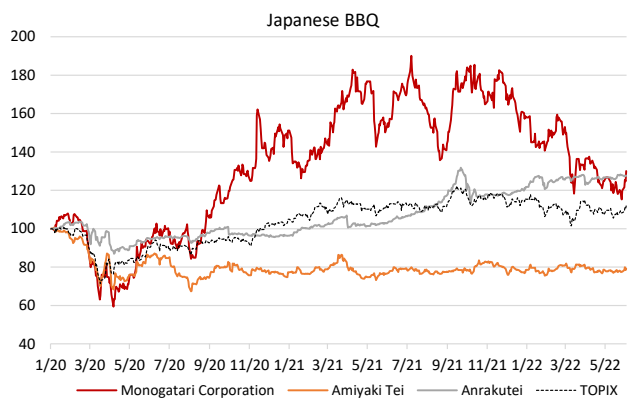
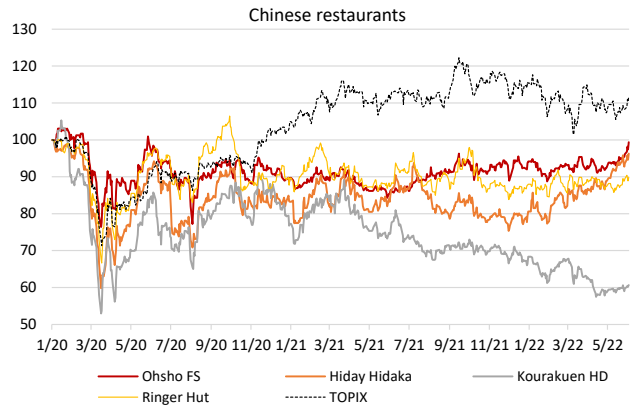
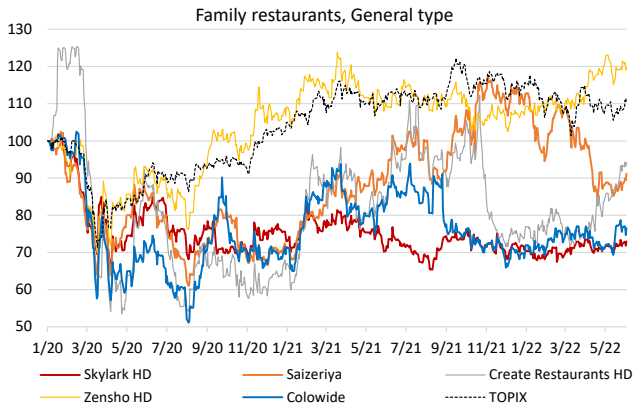
Figure: Quarterly pre-tax profit for food service companies (JPYm)



Source: Companies' data, Mita Securities

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

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