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On **May 15, 2019**, Synchro Food Co., Ltd. announced earnings results for full-year FY03/19.

Cumulative (JPYmn)	FY03/18				FY03/19				FY03/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Revenue	324	662	1,006	1,377	428	827	1,286	1,788	96.8%	1,846
YoY	29.9%	30.6%	33.3%	30.9%	32.0%	24.9%	27.8%	29.8%		34.0%
Gross profit	291	593	902	1,234	386	724	1,129	1,582		
YoY	28.6%	28.6%	31.6%	28.8%	32.6%	22.0%	25.2%	28.2%		
GPM	89.8%	89.6%	89.6%	89.6%	90.2%	87.6%	87.8%	88.5%		
SG&A expenses	150	302	455	639	210	427	655	894		
YoY	29.3%	25.1%	23.3%	25.9%	39.8%	41.6%	44.1%	40.0%		
SG&A ratio	46.3%	45.6%	45.2%	46.4%	49.0%	51.7%	50.9%	50.0%		
Operating profit	141	292	447	595	176	297	474	688	104.1%	661
YoY	27.9%	32.4%	41.4%	32.1%	24.9%	1.7%	6.0%	15.5%		11.0%
OPM	43.6%	44.0%	44.5%	43.2%	41.2%	35.9%	36.9%	38.5%		35.8%
Recurring profit	141	267	423	570	176	297	475	687	104.0%	661
YoY	29.3%	35.1%	46.1%	34.7%	24.9%	11.2%	12.3%	20.5%		15.9%
RPM	43.6%	40.3%	42.0%	41.4%	41.2%	35.9%	36.9%	38.4%		35.8%
Net income	88	168	268	364	112	186	298	439	98.8%	444
YoY	26.7%	38.2%	47.3%	37.6%	27.7%	10.6%	11.2%	20.5%		22.0%
Net margin	27.2%	25.4%	26.7%	26.4%	26.3%	22.5%	23.2%	24.5%		24.1%

Quarterly (JPYmn)	FY03/18				FY03/19			
	Q1 Par.	Q2 Par.	Q3 Par.	Q4 Cons.	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 Cons.
Revenue	324	338	344	371	428	399	460	501
YoY	29.9%	31.3%	38.8%	24.8%	32.0%	18.0%	33.6%	35.1%
Gross profit	291	302	309	332	386	338	405	453
YoY	28.6%	28.6%	37.8%	21.8%	32.6%	11.8%	31.4%	36.2%
GPM	89.8%	89.4%	89.7%	89.5%	90.2%	84.7%	88.2%	90.3%
SG&A expenses	150	152	153	184	210	218	228	239
YoY	29.3%	21.3%	19.7%	32.9%	39.8%	43.3%	49.1%	29.9%
SG&A ratio	46.3%	44.9%	44.4%	49.6%	49.0%	54.5%	49.6%	47.7%
Operating profit	141	150	156	148	176	120	178	214
YoY	27.9%	37.0%	61.8%	10.4%	24.9%	-20.0%	14.0%	44.2%
OPM	43.6%	44.5%	45.3%	39.9%	41.2%	30.1%	38.6%	42.6%
Recurring profit	141	126	156	148	176	120	178	213
YoY	29.3%	42.2%	69.7%	10.2%	24.9%	-4.2%	14.3%	43.8%
RPM	43.6%	37.2%	45.3%	39.8%	41.2%	30.2%	38.7%	42.4%
Net income	88	80	100	96	112	74	112	140
YoY	26.7%	53.4%	65.6%	16.3%	27.7%	-8.1%	12.2%	46.4%
Net margin	27.2%	23.7%	29.1%	25.8%	26.3%	18.5%	24.5%	28.0%

Source: Shared Research based on company data

Notes: Figures may differ from company materials due to differences in rounding methods.

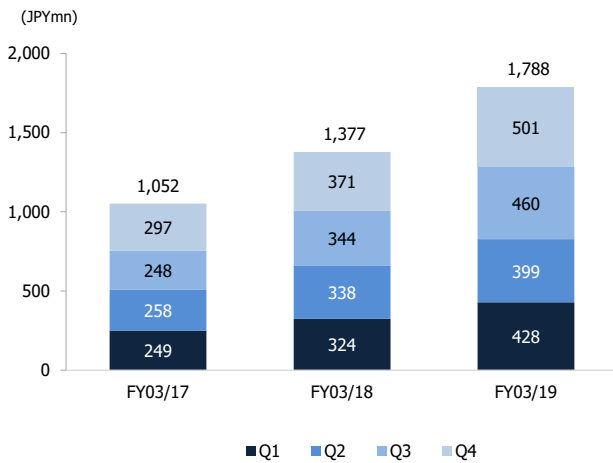
Note: The company adopted consolidated accounting from Q4 FY03/18, so cumulative results for FY03/18 include three non-consolidated periods. Also, YoY figures show comparison with FY03/17 results for the parent.

Seasonality: Revenue tends to increase in Q4

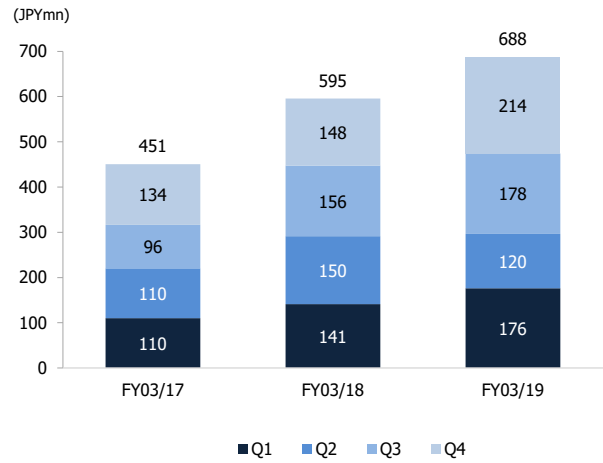
The company's businesses are seasonal, and Q4 revenue tends to be several percentage points higher than in other quarters, as more restaurants open in March and April and post more help-wanted ads in February and March in preparation. For example, in FY03/17, revenue in each of the first three quarters was around 24% of the annual total, but Q4 revenue was 28.3%. Similarly, quarterly operating profit in Q1 and Q2 was around 24% of the annual total (in Q3, it was around 21% due to cost increases), while Q4 was 29.8% of the total.

In addition to job postings, the company's websites list information on properties and interior contracting aimed at operators planning to open restaurants, so the timing of booking revenue and operating profit is affected by when restaurants are opened. Q1–Q3 results tend to be similar, with Q4 performance being about 4–5pp higher.

Revenue by quarter

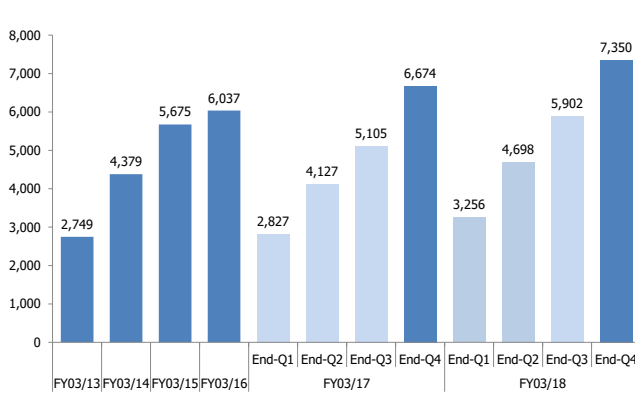


Operating profit by quarter

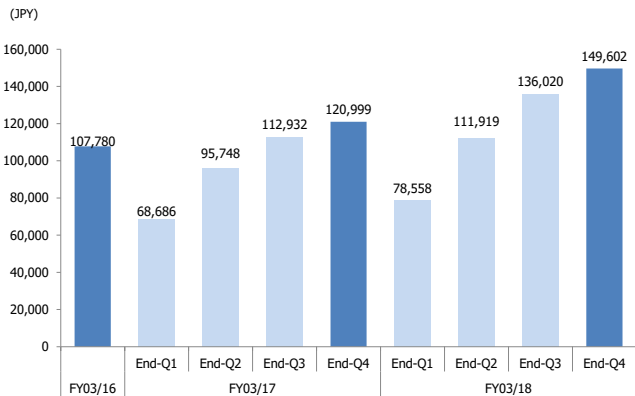


Source: Shared Research based on company data
 Note: Consolidated figures shown for FY03/18.

(Reference) Fee-paying member count

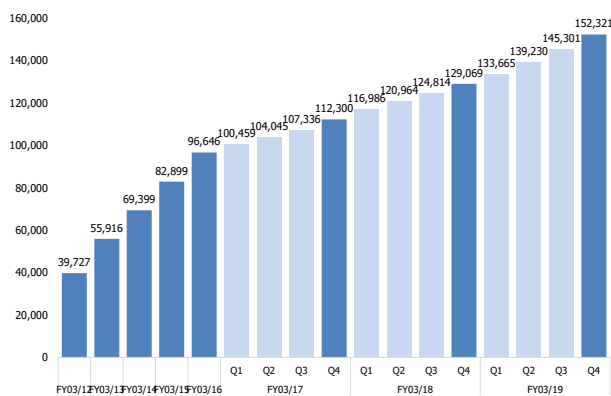


(Reference) Average spend per fee-paying member

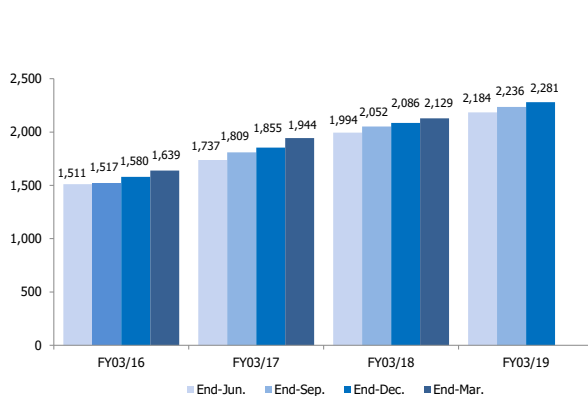


Source: Shared Research based on company data
 *Cumulative total for period; quarterly data are undisclosed starting in FY03/19

Quarterly registered member count

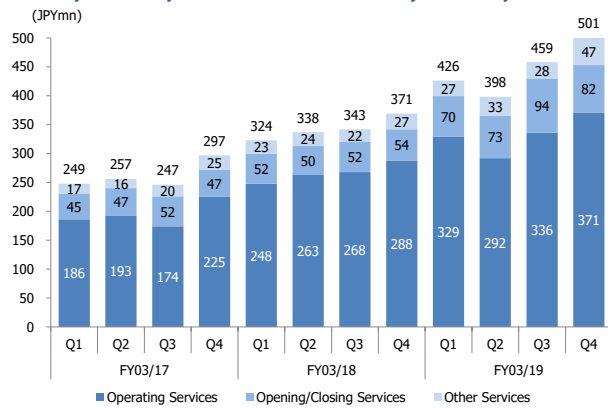


Quarterly registered realtor count

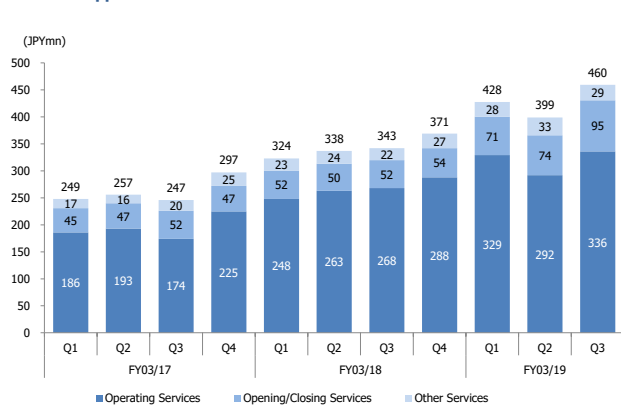


Source: Shared Research based on company data

Quarterly revenue by service



Quarterly revenue by user and related service supplier



Source: Shared Research based on company data

Full-year FY03/19 results (out May 15, 2019)

Earnings trends

FY03/19 (April 2018 to March 2019) results

- ▷ Revenue: JPY1.8bn (+29.8% YoY)
- ▷ Operating profit: JPY688mn (+15.5% YoY)
- ▷ Recurring profit: JPY687mn (+20.5% YoY)
- ▷ Net income:* JPY439mn (+20.5% YoY)

*Net income attributable to parent company shareholders.

- ▷ Business environment: According to a 2018 annual survey on dining trends by the Japan Foodservice Association, despite inclement summer weather, cost increases due to personnel shortage and the rising cost of ingredients, food service industry revenue has trended slightly above the previous year level.
- ▷ Progress: The company's inshokuten.com website, which provides support for restaurant openings and operation, had 152,321 registered restaurant operators as of end-March 2019 (+18.0% YoY), showing steady growth. Further, thanks to aggressive marketing efforts, the number of inshokuten.com related service suppliers* such as realtors and foodstuff suppliers has shown steady growth, rising to 3,970 companies (+6.4% YoY).
- ▷ Fee-paying members**: Solid growth to 8,764 (+19.2% YoY)
- ▷ OPM fell 4.7pp to 38.5% (43.2% in FY03/18, 35.8% initial forecast for FY03/19) but exceeded initial forecast by 2.7pp. This was due to the impact of goodwill amortization arising from the acquisition of Wit Ltd. (consolidated in February 2018).

* This is the number of user accounts as of end-FY03/18 and includes registered realtors, interior contractors, and foodstuff suppliers.

** Number of accounts using paid services in the relevant fiscal year for inshokuten.com restaurant property search, job.inshokuten.com, inshokuten.com kitchen equipment purchasing, Food Job Japan, and PlaceOrders

Results by service

- ▷ Segment information is omitted since Online Media is the company's only reportable segment.
- ▷ Results by service category: Operating Services brought in JPY1.3bn (+24.3% YoY), Opening/Closing Services JPY322mn (+53.1% YoY), and Other Services JPY137mn (+39.7% YoY).

FY03/20 company forecasts

Company forecasts

(JPYmn)	FY03/17 (parent)			FY03/18			FY03/19			FY03/20
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	FY Est.
Revenue	507	545	1,052	662	715	1,377	827	961	1,788	2,250
YoY	-	-	23.9%	30.6%	31.2%	30.9%	24.9%	34.3%	29.8%	25.9%
Cost of revenue	46	49	94	69	74	143	103	103	206	
Gross profit	461	497	958	593	641	1,234	724	858	1,582	
GPM	91.0%	91.1%	91.0%	89.6%	89.6%	89.6%	87.6%	89.3%	88.5%	
SG&A expenses	241	266	507	302	337	639	427	467	894	
SG&A ratio	47.6%	48.8%	48.2%	45.6%	47.1%	46.4%	51.7%	48.6%	50.0%	
Operating profit	220	231	451	292	304	595	297	391	688	690
YoY	-	-	40.5%	32.4%	31.9%	32.1%	1.7%	28.7%	15.5%	0.3%
OPM	43.4%	42.3%	42.8%	44.0%	42.5%	43.2%	35.9%	40.7%	38.5%	30.7%
Recurring profit	198	226	423	267	304	570	297	391	687	690
YoY	-	-	31.1%	35.1%	34.4%	34.7%	11.2%	28.7%	20.5%	0.4%
RPM	39.0%	41.4%	40.2%	40.3%	42.4%	41.4%	35.9%	40.6%	38.4%	30.7%
Net income	122	143	265	168	196	364	186	253	439	439
YoY	-	-	26.1%	38.2%	37.2%	37.6%	10.6%	28.9%	20.5%	0.1%
Net margin	24.0%	26.2%	25.1%	25.4%	27.4%	26.4%	22.5%	26.3%	24.5%	19.5%

Source: Shared Research based on company data

Notes: Figures may differ from company materials due to differences in rounding methods.

- ▷ For FY03/20, on the consolidated basis the company forecasts revenue of JPY2.3bn (+25.9% YoY), operating profit of JPY690mn (+0.3% YoY), recurring profit of JPY690mn (+0.3% YoY), and net income of JPY439mn (+0.1% YoY).
- ▷ Strengthening platform capabilities: The company plans to reinforce its platform capabilities to establish an unrivaled position by developing new services targeting all aspects of the restaurant business; expanding the number of customer members and business operators; and providing the results of marketing data analysis to members and operators
- ▷ Expanding and deepening geographic coverage: the company plans to strengthen its sales organizations at the Tokyo headquarters and Osaka and Nagoya branches and boost market share in each region. It also plans to conduct market research overseas with a view to localization and rolling out its inshokuten.com range of services
- ▷ Development of peripheral businesses related to restaurant operations: Mainly through consolidated subsidiary Wit, the company plans to expand into restaurant-related markets, such as meal supply and recruitment services for chefs, nutritionists, and registered dietitians, using the inshokuten.com platform

This note is the most recent addition to the [full report](#).

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