

Royal Holdings (8179, JP)

Exchange: Tokyo Stock Exchange 1

Sector: Restaurant & Hotel

Market Cap: JPY112.7 billion

P/B: 2.1x (12/17 act)

Recommendation: Outperform

Share Price: JPY2,803 (8/17/2018)

Target Price: JPY3,398

P/E: 33.7x (12/18 CE)

Div. Yield: 1.1% (12/18 CE)

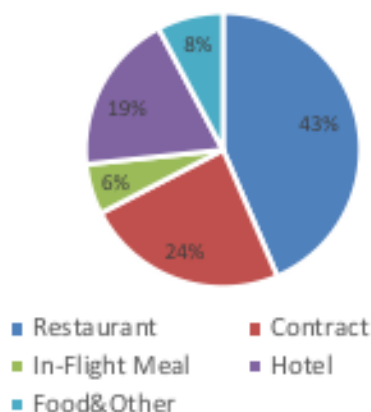


Highlight – Recovery of Royal Host and high occupancy of Hotel will pull full-year earnings higher than projection

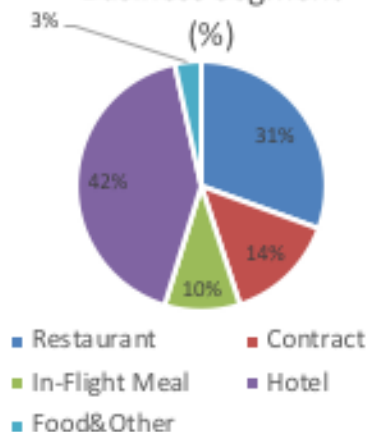
METRICAL maintains 'Outperform,' raising target price to JPY3,398 from JPY3,192 of the previous report on May 13th, 2018. Due to better-than-expected result for 2Q, the positive outlook pushed the TP higher for the full year and for the mid-term.

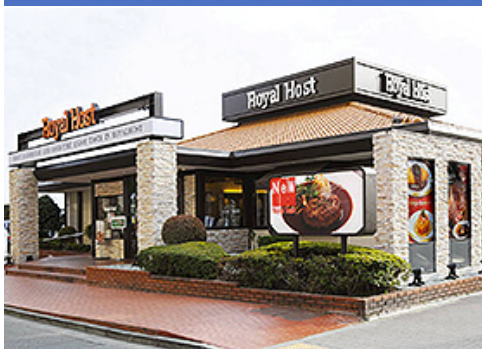
Royal Host continues improving profitability. Its strategy would benefit to positive existing store sale, as the family restaurant focuses on lunch and dinner customers and delivers hospitality service. Tenya, aims expansion to new outlets in shopping mall and reinforcing FC in Japan and overseas market for the next 3 years, while the tempura fast food chain has suffered anemic store sale since the price increase in January. Contract Food Service business shows recovery in profitability for 2Q. Contract In-office improves stable YoY sale for existing outlets, shifting to health-care and nursery facility. The increase of foreign visitors raises contract business in airport and in-flight meal and hotel business. In addition to the rising occupancy rate, the hotel expands at solid pace of 2 new hotels a year. Hotel business accounts for 19% of sale but 42% of profit as of FY12/2017 (see pie charts on left). Opening new hotels is scheduled 2 hotels for FY12/2018 and 2 for FY12/2019, and 1 new hotel will be added has for FY12/2020. Alongside the contribution of Hotel to the company gets larger, the profit margin will go higher. Meantime, continuous playing role as a profit growth driver for the mid-term. The improvement in profitability in other segments is likely to add on the profit, while the company projects investment for cost reduction on the upcoming risks such as the increase in labor cost, construction cost and food material cost, economic cycle and tax hike etc. DCF valuation assumes on the current hotel opening schedule: 2 new hotels for FY12/2018 and 2 for FY12/2019 and 1 for FY12/2020 and none for FY12/2021. In case of additional opening for FY12/2020 and FY12/2021, DCF valuation would show upside potential further. In addition, on the comparative valuation with peer hotel operator, its EV/EBITDA of 9.0x would looks lower valuation than Kyoritsu Maintenance (9616, JP) of 16.7x.

Sales by Business Segment (%)



Recurring Profit by Business Segment (%)





Royal Host



Tenya



Shakey's



Contract: Highway Service

Business Description

In 1951 as Japan Airlines began their domestic service, the company launched our in-flight catering and tea services at Fukuoka Airport, and opened Royal Bakery and Royal Nakatsu Restaurant in Fukuoka. Adopted central-kitchen in 1962 Royal Host family restaurant chain across nation-wide from 1971. Hotel business was consolidated in 2004. After moved to holding company in 2005, the company accelerated business acquisition in contract business and restaurant business.

The holding company is comprised of 5 business segment, Restaurant, Contract Food Service, In-Flight Meal, Hotel and Food Manufacturing & Other. As shown the pie charts on left, Sales by Business Segment and Recurring Profit by Business Segment as of FY12/2018, The largest and 2nd largest segment in sales are Restaurant and Contract food Service, whereas Hotel generates much larger recurring profit than Restaurant and Contract Food Service.

Restaurant

Restaurant segment consists 3 major restaurants of Royal Host, Tenya and Specialty. 215 family restaurants operating Royal Host has suffered sagging consumer spending for 3 years and decreased sale due to soft existing store sale and closure of unprofitable outlets. However, the existing store sale for this year is likely to turn positive for the first time after negative YoY growth for 3 straight years. The sale grew 3.8% YoY for 2Q FY12/2018, although the restaurant closed New Year's Day. The restaurant projects to open at most 2 outlets a year selectively and continue improving customer satisfaction led by the renovation of outlets and enhancement of hospitality to customers.

Tenpura fast food chain, Tenya runs 153 direct run outlets. Supported by budget-minded customers, the fast food chain grew fast after consolidation into the company. The existing store sale maintained negative number of -1.3% YoY after the price increase in January 2018. Standard tendon (tempura on rice) has been raised to JPY540 from JPY500. The tempura fast food plans to expand FC in Japan and direct run outlets in overseas.

Specialty totals 73 restaurants operating Sizzler (steak), Shakey's (pizza) and other brand restaurants.

Contract Food Service

Contract Food service provides food, operating restaurants at airport & highway, restaurants in department stores and cafeteria in offices, hospital, nursing home, factory and school. The sale of airport gained buoyed by the increase of the number of foreign visitors, while the existing store sale grew positive, but the number of outlets grew at limited pace. Meantime, the sale of in-office grew slower as the outlets decreased from 185 in December 2015 to 164 in 2Q FY12/2018, as department stores closed their stores due to anemic retail sales.

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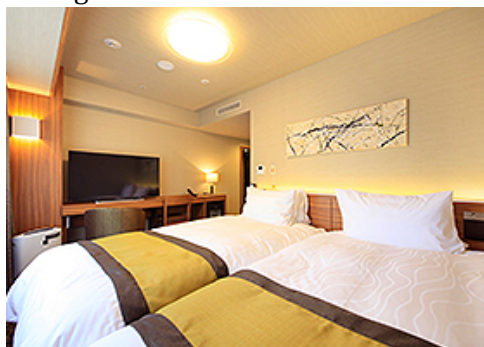
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In-Flight Meal

In-Flight Meal

The original business provides in-flight meals from 3 bases of Kansai, Fukuoka and Okinawa. Kansai airport grows positive led by the increase of foreign passengers, while the number of domestic passengers increases at modest rate.



Richmond Hotel

Hotel

Currently 39 direct run and 1 FC hotels are operated as 'Richmond Hotel' brand. The top brand budget hotel receives high reputation by business persons. Its occupancy rate is rising to 90.9% for FY12/2017. Due to the increase in the number of foreign tourists, the sale and occupancy rate is likely to continue rising. The operator increased 2 hotels a year and projects to open 2 hotels in 2019 and 1 hotel in 2020

Food Manufacturing

Food Manufacturing provides food staff to Royal group as a back kitchen from 2 locations of Fukuoka and Tokyo.

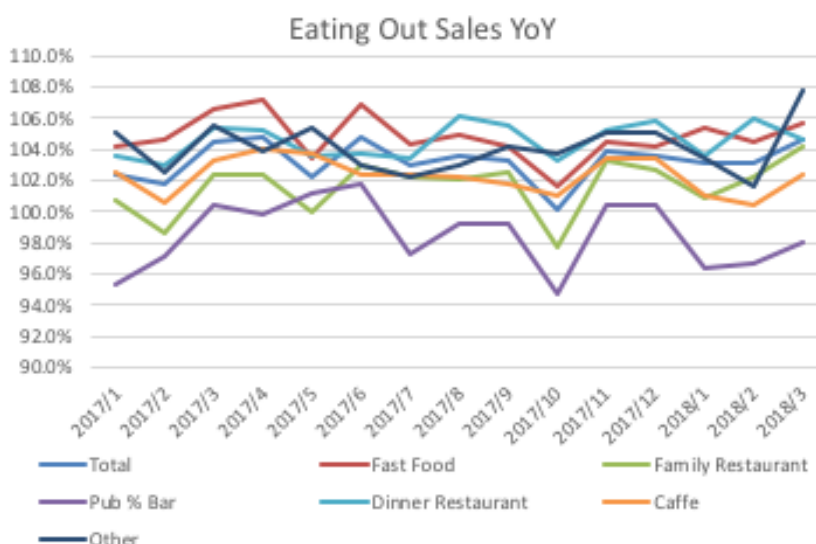
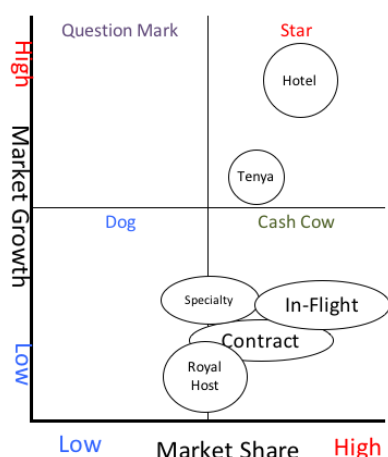


Food Manufacturing

Industry Overview and Competitive Positioning

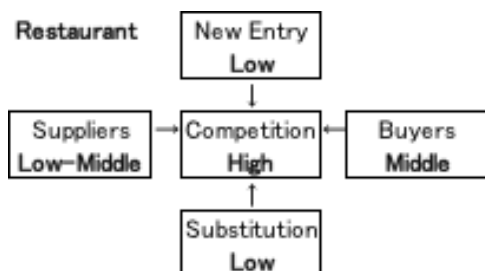
Industry Overview

Food service industry in Japan grows at modest rate due to slower growth of population. According to Japan Food Service Association, the market for 2016 inched up 0.1% YoY to JPY25,416 billion. For contract Food Service business, school lunch inched up 0.2% YoY, Office was flat, and hospital fell 0.2% YoY. Lunch supply market in these institutions rose 0.4% YoY to JPY3,389 billion for 2016. For Restaurant business, family restaurant rose 1.5% YoY and fast-food gained 4.6%. YoY for 2017.



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Restaurant

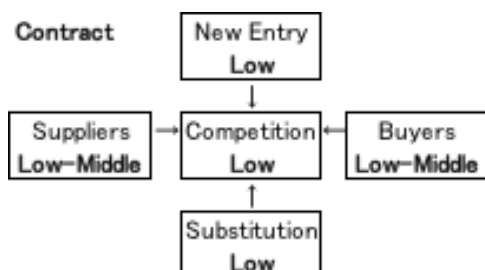
Buyers (Middle risk): Eating out industry has suffered soggy consumer spending under slower real wage growth in Japan. Budget mind of customers has not fully improved yet. Royal Host had weak store sale for a few years, but finally turned its store sale to positive, trying to strengthen its hospitality and pull up customer satisfaction in differentiation strategy. Tenya serves tempura for value price from JPY540, while Sizzler focuses slightly higher range and serves steak for reasonable price. The company diversifies customers in middle range and low price.

Suppliers (Low-Middle risk): Due to bad weather, vegetable price rose for 1Q FY12/2018. However, central-kitchen and bargaining power of group procurement soft the impact of price increase of material cost. However, Tenya, tempura fast food cooks fresh food at the store and the impact would be larger than Royal Host.

Competition (High risk): Due to sluggish retail sales and slower growth in population, the sale of eating-out is less likely to continue solid growth. The competition will continue high.

New Entry (High risk): Due to cost advantage of large operators, the company would maintain better position. However, barrier of new entrants is low for the industry, although the company seeks new opportunity in Specialty restaurant.

Substitution (Low risk): Food is one of necessities in our lives. Substitution risk is low. As aging population is increasing, and more women participate in labor market, eating out need is more demanding.



Contract Food Service

Buyers (Low-Middle risk): Expansion of operation at airport and highway service is limited but the increase of foreign visitors is a tailwind for airport. Due to anemic retail sale, the contract has decreased in department stores, whereas nursery home and hospital is increasing. However, the revenue is likely to grow at modest rate due to lower profitability of clients.

Suppliers (Low-Middle risk): Due to bad weather, vegetable price rose for 1Q FY12/2018. However, central-kitchen and bargaining power of group procurement might soft the impact of price increase of material cost.

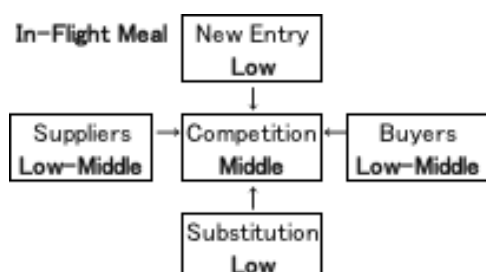
Competition (Low risk): Due to advantageous location, operator at airport and highway, and in-office both is lower competition risk.

New Entry (Low risk): Due to the space of location, new entrant risk is limited. In many cases, replacement to other operator would be more likely.

Substitution (Low risk): Food is one of necessities in our lives. Substitution risk is low. As aging population is increasing, and more women participate in labor market, eating out need is more demanding. Facility operator is more likely to use outsourcing to contract food service operators rather than operate for itself.

In-Flight Meal

Buyers (Low-Middle risk): For domestic airlines the demand is limited to grow, while for international airlines the number of flights and passengers are increasing. On the other hand, the price per meal is less likely to grow positively due to intense competition of airlines as airfare is less likely to grow. The sales of the business segment have remained in a range.



Suppliers (Low-Middle risk): Due to bad weather, vegetable price rose for 1Q FY12/2018. However, central-kitchen and bargaining power of group procurement might soft the impact of price increase of material cost.

Competition (Middle risk): Due to limited number of suppliers who needs skills of the food service, competition would be middle.

New Entry (Low risk): Due to special skill of food service, new entry risk is low. The company maintain strong position as a supplier with longest experience in this country.

Substitution (Low risk): In-flight meal will be no longer needed if aircraft flew much fast. It would be possible for technology, but airline companies are less likely to buy and operate such ultra-speed aircraft so soon.

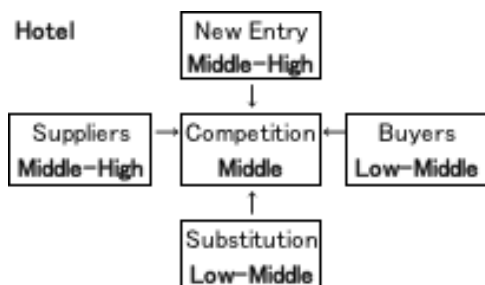
Hotel

Buyers (Low-Middle risk): Due to tight hotel market in Japan led by the increase in foreign visitors prior to Tokyo Olympic Games in 2020, The risk is low-to- middle. There are a number of rivals at terminal station or center of cities, but 'Richmond Hotel' offers quality of service and receive high reputation from guest.

Suppliers (Middle-High risk): Due to tight hotel market and labor shortage of construction industry, the leasing price is increasing. The company has added 2 new hotels a year and keeps profit margin supported by the increase in occupancy rate.

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Competition (Middle risk): Due to tight market, the competition is middle, although budget hotel is volume zone market. High reputation by users of 'Richmond Hotel' is advantage.

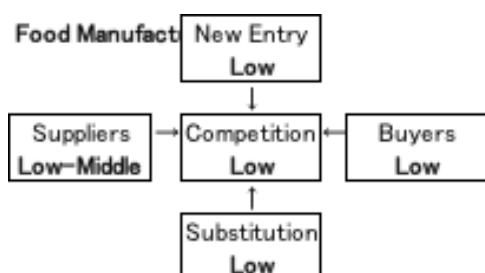
New Entry (Middle-High risk): The number of new entrants is increasing on the positive outlook of the industry. However, the raising construction cost and leasing price as well as labor shortage will ease the new entry.

Substitution (Low-Middle risk): Airbnb and renting private homes and rooms are alternative choice and would be a threat. However, offering budget hotel with quality of service for reasonable cost would be the strength for the company. Substitution risk is low-middle.

Food Manufacturing

Buyers (Low risk): Buyers are the Royal's group companies. The risk is low.

Suppliers (Low-Middle risk): Due to bad weather, vegetable price rose for 1Q FY12/2018. However, central-kitchen and bargaining power of group procurement might soft the impact of price increase of material cost.



Competition (Low risk): Only the suppliers is the segment of the company. who supplies food staff to the group companies. The risk is low.

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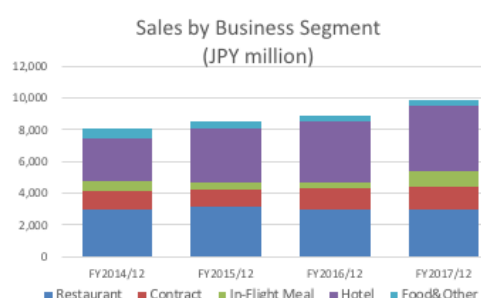
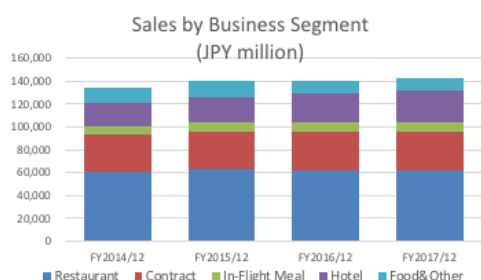
Substitution (Low risk): Only the suppliers is the segment of the company. who supplies food staff to the group companies. The risk is low. The company seeks innovation or improvement of food manufacturing and process for restaurant and contract food service operation.

Business Outlook

Restaurant

Royal Host Existing Royal Host store sale YoY in 2Q kept positive number of 3.8% after turning positive to 1.0% YoY 4Q FY12/2017. New store will strictly selectively open 2 stores a year and Royal Host is likely to continue enhancing existing store sale rather than expanding new stores. The company plans to renovate 90 stores and 42 kitchens for the next 3 years and try to deliver value of the restaurant to raise customers satisfaction and raise sale of lunch and

dinner time. RP margin is improving from 4.8% for FY12/2016 to 5.3% for FY12/2017 and 6.4% for FY12/2018.



Tenya Existing store sale has softened for 2 years and the price increase has not offset the loss in the number of customers yet. 2Q existing store sale remained slow at -1.3% YoY. It would take a little more time until full recovery. JPY540 tempura food would deliver value to customers, but other fast food chains promote relatively lower-price menu. Tenya tries to deliver value to customers, offering seasonal menu. For the next 3 years the company projects to accelerate expanding outlet, direct run stores in shopping mall and FC stores in Japan and increasing to more than 50 stores from 18 FC stores in overseas. Increase in FC would improve RP (Recurring Profit) margin from 2.8% for FY12/2017, the opening cost in shopping mall is lower than that of road side and in-city outlet.

Contract Food Service

Sale of airport and highway is expected to continue solid growth and 5% level RP margin, but the new store would be limited to grow. For in-office service, hospital and nursery home are expected to continue growing. However, the RP margin should raise from 2.6% for FY12/2017, but price increase is not easy for the above clients and cost reduction would be a key. The sale of airport gained buoyed by the increasing number of foreign visitors, while the existing store sale grew positive, but the potential new opening is limited. Meantime, the sale of in-office grew slower. Due to shut-down of department stores led by poor domestic retail sales, the outlets in those facilities have decreased. On the other hand, the demand of senior-care nursing home is increasing. The company is constructing a standard business/operation format that tries to standardize menu, equipment, operation by using central kitchen from existing each outlet base.

In-Flight Meal

Sales has remained at JPY8 billion, as passengers of domestic flights remain flat. Kansai base has benefit from the increase in passengers led by the increase of foreign tourists. The increasing number of foreign passenger benefits to the earnings of affiliates, JAL Royal Catering Co., Ltd that provides in-flight meals to JAL and foreign airlines. The equity in earnings of the affiliate company pull the profit higher to RP margin of 11.3%.

Hotel

Including a newly opened Richmond Hotel Yokohama Ekimae, the company operates 39 direct run and 1 FC hotels. Richmond Hotel Himeji Ekimae is scheduled to open for 2Q FY12/2018. Occupancy rate is rising to 90.9% and is expected to continue rising. The company has announced new hotels of Richmond Hotel Fukuoka Tenjin-Nishidori and Richmond Hotel Premier Kyoto Ekimae for

FY12/2019 and 1 new hotel for FY12/2020. Renovation is planned 2 hotels for FY12/2018, 3 hotels for FY12/2019 and 5 hotels for FY12/2020. Due to positive outlook on occupancy rate, RP margin is expected to rise and absorb the opening cost of 2 new hotels a year. The company tries to increase the number of guests a room and renovate the guest room to 3 from 2 guests. This would result in increasing the sale per room in high occupancy rate.

2Q FY12/2018 Result

Actual result for 2Q beat its company projection that was posted in February. Sale inched up 1.8% YoY to JPY66,299 million and OP and RP decreased 6.3% YoY and 8.3% YoY to JPY2,056 million and JPY2,117 million respectively due to the increase in IT investment and opening cost of hotels and restaurants, whereas Sale, OP and RP of its guidance for 2Q were JPY65,900 million, JPY1,800 million and JPY1,800 million respectively.

Full Year FY12/2018 Outlook by Company

Royal Holdings kept its guidance for full year FY12/2018 on hold at this moment. Sale is expected to increase 1.1% YoY to JPY137,500 million, OP up 4.2% YoY to JPY6,200 million and NP down 9.4.6% YoY to JPY3,200 respectively. NP for FY12/2017 included extraordinary profit of disposable gain of fixed assets. Dividend will increase by JPY4 a share to JPY30 a share annually.

Full Year FY12/2018 by METRICAL

Due to better-than-company guidance for 2Q actual earnings, METRICAL revised upward the full year earnings. Sale is expected to rise to JPY138,003 million, slightly higher than company projection, and OP will increase 11.6% YoY to JPY6,644 million and RP to rise 10.8% YoY to JPY6,704 million and NP to increase 0.8% YoY to JPY3,562 million respectively (see tables financial statements in Appendix).

Mid-Term Management Plan and METRICAL for FY12/2020

Royal Holdings posted its MTP for FY12/2020 aims at raising sale to JPY150,000 million and RP to JPY7,500 million. METRICAL expects sale to rise JPY148,570 and RP to gain JPY7,288 million for the year. The main reason of missing the target is Hotel business, as company projection of the segment targets JPY32,900 million in sale and JPY5,200 million in RP, whereas METRICAL expectation is JPY30,915 million in sale and JPY5,022 million in RP. The difference would be the number of new hotels for FY12/2020. METRICAL expectation is based on 1 new hotel based on the current schedule of 1 new hotel but MTP is very likely to include adding another new hotel (total 2 new hotels open for the year) and Richmond Hotel has opened 2 new hotels in each year. METRICAL expectation is based on 1 new hotel for 12/2020 and no new hotel open for FY12/2021.

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IT investment

The company increases its IT investment for the next 3 years and aims to promote efficient operations in business segments and optimize operations in headquarters. Efficient operations expect to promote store IT system such as POS, tablet and IT solutions, refurbish each business segment such as Hotel, Food factory and In-Flight Meal, use it in human resource management and reform cloud and API. Optimization of headquarters projects to set-up centralized concierge setup/customer service function and free-address office layout for synergy of inter-business segment.

DCF - Royal Holdings (8179 JP)		JPY million
PV of SUM of FCF		10,391
PV of Terminal Value		110,175
Enterprise Value		120,565
Non Business Assets		18,260
Debt		9,802
Equity Value		129,024
Equity Value/Share		3,398

WACC - Royal Holdings (8179 JP)	
Debt	9,802
Equity Market Value	112,692
Risk free Rate	0.6%
Equity Risk Premium	5.0%
Beta	0.66
Cost of Debt	4.8%
Cost of Equity	3.9%
WACC	4.0%

Valuation

DCF valuation shows 10% undervalued on the closing price (JPY2,803) on August 17th, 2018. DCF considers FCF of the period from FY12/2018 (E) to FY12/2021 (E). The projected FCF by METRICAL assumes that 1 new hotel for FY12/2020 (E) and no new hotel for FY12/2021 (E) is open. In case that new hotels are added for the years, DCF valuation would move higher.

Peer comparison on EV/EBITDA does not show higher valuation on the company. One of the reasons would be conglomerate discount. EV/EBITDA has been increased from 7.3x for FY12/2013 and FY12/2014 to 8.5x for FY12/2017, as its hotel business expanded to core business and occupancy rate goes higher. Hotel business is expected to lead its earnings from now, too and the EV/EBITDA would increase further.

DCF Valuation

DCF valuation uses expected free cash flows from FY12/2018 (E) to FY12/2021 (E), as shown in Appendix. The DCF value was estimated based on the PV of expected FCFs for the next 4 years and the terminal value divided WACC of 4.0% (see tables on left). On this assumption, the valuation of DCF is estimated to be JPY3,398 a share (see projected FCF table in Appendix).

EV/EBITDA

Royal Holdings does not only operate hotel business but also does other business but 50% of its EBITDA comes from hotel business segment. Therefore, EV/EBITDA should compare with hotel operators. Some hotel operators such as Kyoritsu Maintenance (9616, JP) does other business, too. EV/EBITDA of hotel operators is shown the table below. 8.8x for the company looks relatively cheap among peers.

Name	Nippon View Hotel	AB Hotel	Kyoritsu Maintenance	Greens	Imperial Hotel	Rihga Royal Hotel	Royal Holdings
Sec #	6097, JP	6565, JP	9616, JP	6547, JP	9708, JP	9713, JP	8179, JP
EBITDA	2,193	1,594	17,930	2,331	7,495	4,093	11,364
EV	19,935	28,813	249,291	16,539	89,836	48,323	100,411
EV/EBITDA	9.1	18.1	13.9	7.1	12.0	11.8	8.8

As on the historical EV/EBITDA of the company, the multiple rose to 8.5x for FY12/2017 from 7.3x for FY12/2013 and FY12/2014 and is

expected to rise slightly to 8.8x for FY12/2018 (E) and to lower to 7.7x for FY12/2020 (E) and 7.0x for FY12/2021 (E).

	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18(E)	Dec-19(E)	Dec-20(E)	Dec-21(E)
Avg. Mkt. Cap	JPY50,945	JPY61,607	JPY77,969	JPY86,730	JPY97,589	JPY112,692	JPY112,692	JPY112,692	JPY112,692
EV	JPY56,526	JPY65,343	JPY80,951	JPY89,130	JPY96,871	JPY109,738	JPY107,003	JPY103,914	JPY100,411
EV/EBITDA	7.27	7.31	8.20	8.35	8.52	8.75	8.19	7.65	7.01
EV/EBIT	16.16	14.79	16.52	17.07	16.28	16.52	14.92	13.53	11.93
EV/FCF	24.99	19.58	33.73	27.95	19.28	32.51	30.30	26.48	22.95

Sum-of-the Parts NAV

Sum-of-the-Parts (SOTP) NAV is business value of each business segment that is normalized EBIT, EBITDA and FCF from FY12/2014 to FY12/2018 (E) by multiples, added to net cash and long-term investment securities and land (75% of the book). SOTP value for FY12/2018 (E) is appraised to be JPY2,475 (13% premium of closing price of August 17th, 2018). SOTP NAV for FY12/2021 (E) is estimated to be JPY3,141 (11% discount of closing price of August 17th 2018, as shown table below).

NAVs:			NAVs:		
Sum of the Parts NAV: (FY2018/12 E)			Sum of the Parts NAV: (FY2021/12 E)		
Restaurant	709	10x EBIT	Restaurant	773	10x EBIT
Contract	400	20x FCF	Contract	457	20x FCF
In-Flight Meal	195	10x FCF	In-Flight Meal	214	10x FCF
Hotel	1,011	13x EBIT	Hotel	1,217	13x EBIT
Food&Other	126	10x EBIT	Food&Other	243	10x EBIT
Adjustment	(421)	5x EBITDA	Adjustment	(450)	5x EBITDA
Cash	243	1x Book	Cash	475	1x Book
Investment	197	0.75x Book	Investment	197	0.75x Book
Land	183	0.75x Book	Land	183	0.75x Book
Debt	(146)	1x Book	Debt	(146)	1x Book
Minority	(24)	1x Book	Minority	(24)	1x Book
Total SOTP NAV	JPY 2,475	113.3%	Total Future NAV	JPY 3,141	89.2%

Financial Analysis

Yearly CapEx is slightly higher than depreciation but FCF continues generating steadily. Although dividend payout to net profit is scheduled to raise to 40%, projected CapEx could be covered by Operating Cash Flow. Interest bearing debts decreased to JPY5.4 billion for FY12/2017 from JPY9.5 billion for FY12/2013. Now what the company is needed is to improve the profitability from 4.4% in RP margin for FY12/2017. RP margin is very likely to go higher, as the percentage of earnings of Hotel rises year by year, but Restaurant and Contract Food Service should improve profitability further. The company invest in food factory and IT system of store operation for improving productivity. Key financial ratios are shown in Appendix.

Investment Risks

Restaurant industry competition (Very Likely, Middle Risk)

Competition within Restaurant industry would be very likely risk of all investment risk. Royal Host is recovering its store sale and profitability for a year. The family restaurant competes with not only Skylark (3197, JP) but also other many category of restaurants. Therefore, Royal Holdings seeks opportunity in other category or brand in its Specialty. Large operators have advantageous of procurement and cost of material backed by bargaining power and centralized kitchen. Also, Royal Host is trying to deliver value to customers and raise customer satisfaction as 'Hospitality Restaurant.' Currently, Tenya suffers weaker store sale after price increase in January 2018. Customers maintain budget mind and would often choose lower priced fast food chain. Tenya should deliver its value to customers in food and service. The risk is very likely and middle.

Consumption tax hike (Likely, Low-Middle Risk)

The previous consumption tax was raised in April 2014 from 5% to 8%. The next hike is scheduled in October 2019. The impact by the tax hike will be affected to all retail industry negatively, but the impact is estimated to be smaller than the previous time, as the tax rate will be up to 10% from 8%. Customers are used to the tax hike, as it will be raised in 3 years after the previous time, whereas they concerned about it as it took 17 years after the tax was raised to 5% from 3%. However, this will affect consumer spending negatively just after the hike, although it is possible the hike will be putting off. The risk is likely and low-middle.

Material Cost (Likely, Low-Middle Risk)

Food material cost is one of the risks of restaurant and food service operators. However, Royal Holdings uses centralized kitchen and can try to soften the impact of food cost increase. The risk is likely and low-Middle risk.

Labor Cost (Very Likely, Middle Risk)

Labor shortage is a material issue for all business in Japan. The increase in labor cost directly affect the cost and profitability. Royal Host closes 3 days a year and this aims at improving employee's satisfaction. This would result in leading to better service to customers and better recruiting new employees. The company projects to use IT and robotics in store operation and factory for the solution, too. The risk is very likely and middle risk.

Construction Cost (Very Likely, Middle Risk)

Labor shortage of particularly construction industry is very serious and increases construction cost. This would result in increase in the increase in leasing price of a building for hotel operator. This is a direct impact to the profitability. Due to higher leasing cost than

projected if Richmond Hotel lose the opportunity in a location, the Hotel business will grow at slower pace. The company has already posted its new hotel plan of 2 hotels in 2019 and 1 hotel in 2020. This would affect the plan for additional hotel in 2020 and after. The risk is very likely and middle risk.

Global economy downturn (Likely, Middle -High Risk)

Global economy continues growing for over 8 years and Economy in Japan grows at mild rate backed by solid global economy but is likely to be affected by domestic factor such as consumption tax hike and Tokyo Olympic Game 2020. After tax hike in October 2019 and Olympic Game in August 2020, the economy would hit the peak of the business cycle. The business of the company such as the number of customers, the number of inflight-meals and occupancy rate of hotels are likely to come under pressure on the soft economy. The risk is likely and middle-high, but it is not certain when the risk arises.

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Appendix

Income Statement Analysis

FY2014/12 JPY million	Revenue	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	RP	RPM	EBT	Tax	Minority	Net Profit
1Q	29,312	-9,370	-32.0%	19,942	-19,223	-65.6%	721	714	2.5%	659	-345	4	318
2Q	30,100	-9,453	-31.4%	20,647	-19,953	-66.3%	696	809	2.3%	621	-382	-23	750
3Q	33,341	-10,406	-31.2%	22,935	-20,809	-62.4%	2,124	2,178	6.4%	2,081	-869	-59	618
4Q	32,104	-10,468	-32.6%	21,636	-20,756	-64.7%	876	880	2.7%	521	-307	-34	180
Full Year	124,857	-39,697	-31.8%	85,160	-80,741	-64.7%	4,417	4,581	3.5%	3,882	-1,903	-112	1,866
FY2015/12	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	RP	RPM	EBT	Tax	Minority	Net Profit
1Q	30,499	-9,819	-32.2%	20,680	-19,943	-65.4%	740	717	2.4%	673	-330	3	345
2Q	31,558	-9,919	-31.4%	21,639	-20,772	-65.8%	869	970	2.8%	1,175	-412	-40	723
3Q	34,986	-10,892	-31.1%	24,094	-21,565	-61.6%	2,526	2,546	7.2%	2,592	-1,078	-79	1,434
4Q	33,283	-11,068	-33.3%	22,215	-21,449	-64.4%	764	788	2.3%	460	-187	-48	226
Full Year	130,326	-41,698	-32.0%	88,628	-83,729	-64.2%	4,899	5,021	3.8%	4,900	-2,007	-164	2,728
FY2016/12	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	RP	RPM	EBT	Tax	Minority	Net Profit
1Q	32,102	-10,290	-32.1%	21,812	-20,898	-65.4%	915	887	2.9%	891	-443	-10	437
2Q	32,142	-9,945	-30.9%	22,197	-21,620	-65.8%	577	651	1.8%	450	-288	-16	146
3Q	34,993	-10,614	-30.3%	24,379	-22,052	-61.6%	2,326	2,264	6.6%	2,180	-856	-78	1,246
4Q	33,784	-10,910	-32.3%	22,874	-21,472	-64.4%	1,404	1,399	4.2%	922	-311	-62	548
Full Year	133,021	-41,759	-31.4%	91,262	-86,042	-64.7%	5,222	5,201	3.9%	4,443	-1,898	-166	2,379
FY2017/12	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	RP	RPM	EBT	Tax	Minority	Net Profit
1Q	32,087	-10,099	-31.5%	21,988	-21,018	-65.4%	973	975	3.0%	752	-267	-19	475
2Q	33,050	-10,107	-30.6%	22,943	-21,719	-65.8%	1,222	1,330	3.7%	1,306	-344	-47	906
3Q	35,922	-11,017	-30.7%	24,905	-22,461	-61.6%	2,445	2,425	6.8%	2,275	-838	-79	1,357
4Q	34,501	-11,027	-32.0%	23,474	-22,162	-64.4%	1,312	1,323	3.8%	1,342	-501	-46	795
Full Year	135,560	-42,250	-31.2%	93,310	-87,360	-64.4%	5,952	6,053	4.4%	5,675	-1,950	-191	3,534
FY2018/12	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	RP	RPM	EBT	Tax	Minority	Net Profit
1Q	32,442	-10,173	-31.4%	22,269	-21,502	-65.4%	768	727	2.4%	632	-379	2	381
2Q	33,853	-10,321	-30.5%	23,532	-22,245	-65.8%	1,288	1,389	3.8%	1,266	-392	-36	711
3Q	36,603	-11,195	-30.6%	25,408	-22,562	-61.6%	2,847	2,847	7.8%	2,847	-1,216	-99	1,532
4Q	35,106	-10,741	-30.6%	24,365	-22,624	-64.4%	1,741	1,741	5.0%	1,741	-744	-60	938
Full Year	138,003	-42,429	-30.7%	95,574	-88,932	-64.4%	6,644	6,704	4.8%	6,486	-2,731	-193	3,562
CE	137,500						6,200	6,200					3,200
FY2019/12	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	RP	RPM	EBT	Tax	Minority	Net Profit
1Q	33,955	-10,956	-32.3%	22,999	-22,203	-65.4%	797	797	2.3%	797	-340	3	459
2Q	35,686	-10,697	-30.0%	24,989	-23,489	-65.8%	1,500	1,500	4.2%	1,500	-641	-43	817
3Q	38,778	-11,850	-30.6%	26,928	-23,902	-61.6%	3,025	3,025	7.8%	3,025	-1,292	-105	1,628
4Q	37,204	-11,379	-30.6%	25,825	-23,976	-64.4%	1,849	1,849	5.0%	1,849	-790	-63	996
Full Year	145,623	-44,881	-30.8%	100,742	-93,570	-64.3%	7,172	7,172	4.9%	7,172	-3,064	-209	3,899
CE													
FY2020/12	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	RP	RPM	EBT	Tax	Minority	Net Profit
1Q	35,435	-11,320	-31.9%	24,115	-23,171	-65.4%	945	945	2.7%	945	-404	3	544
2Q	37,064	-11,029	-29.8%	26,035	-24,396	-65.8%	1,639	1,639	4.4%	1,639	-700	-47	892
3Q	39,661	-12,058	-30.4%	27,603	-24,447	-61.6%	3,157	3,157	8.0%	3,157	-1,348	-110	1,699
4Q	37,848	-11,520	-30.4%	26,328	-24,391	-64.4%	1,937	1,937	5.1%	1,937	-828	-66	1,043
Full Year	150,008	-45,926	-30.6%	104,082	-96,404	-64.3%	7,678	7,678	5.1%	7,678	-3,280	-220	4,178
CE	150,000						7,500						
FY2021/12	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	RP	RPM	EBT	Tax	Minority	Net Profit
1Q	36,079	-11,249	-31.2%	24,831	-23,592	-65.4%	1,239	1,239	3.4%	1,239	-529	4	714
2Q	37,705	-11,038	-29.3%	26,667	-24,818	-65.8%	1,849	1,849	4.9%	1,849	-790	-53	1,007
3Q	40,621	-12,792	-31.5%	27,829	-25,039	-61.6%	2,791	2,791	6.9%	2,791	-1,192	-97	1,502
4Q	38,842	-11,270	-29.0%	27,571	-25,031	-64.4%	2,540	2,540	6.5%	2,540	-1,085	-87	1,368
Full Year	153,247	-46,349	-30.2%	106,898	-98,480	-64.3%	8,419	8,419	5.5%	8,419	-3,596	-233	4,590

(Source) Royal, METRICAL

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Income Statement Analysis: By Segment

(JPY million)	Restaurant		Contract		In-Flight Meal		Hotel		Food&Other		Adjustment		Total	
	Sales	RP	Sales	RP	Sales	RP	Sales	RP	Sales	RP	Sales	RP	Sales	RP
FY2014/12														
1Q	14,555	766	7,372	229	2,132	172	4,485	279	3,045	96	-2,277	-828	29,312	714
2Q	15,169	761	7,456	135	2,054	165	4,704	514	2,930	102	-2,213	-868	30,100	809
3Q	16,292	1,097	8,783	513	2,095	173	5,526	1,063	3,016	199	-2,371	-867	33,341	2,178
4Q	15,214	373	7,890	217	2,003	126	5,459	845	4,679	254	-3,141	-935	32,104	880
Full Year	61,230	2,997	31,501	1,094	8,284	636	20,174	2,701	13,670	651	-10,002	-3,498	124,857	4,581
FY2015/12														
1Q	15,003	738	7,777	311	1,960	121	4,863	323	3,364	54	-2,468	-830	30,499	717
2Q	15,560	682	8,027	186	1,913	60	5,315	797	3,037	80	-2,294	-835	31,558	970
3Q	16,835	1,182	9,146	490	2,157	128	6,211	1,443	3,027	151	-2,390	-848	34,986	2,546
4Q	15,495	511	8,040	121	2,116	101	5,857	841	5,089	175	-3,314	-961	33,283	788
Full Year	62,893	3,113	32,990	1,108	8,146	410	22,246	3,404	14,517	460	-10,466	-3,474	130,326	5,021
FY2016/12														
1Q	15,170	616	7,994	252	2,030	94	5,826	646	2,752	139	-1,670	-860	32,102	887
2Q	15,317	657	8,095	258	1,928	30	6,009	504	2,475	106	-1,682	-904	32,142	651
3Q	16,394	1,054	9,227	592	1,974	100	6,907	1,414	2,321	18	-1,830	-914	34,993	2,264
4Q	15,395	618	8,207	234	2,033	186	6,650	1,282	3,229	95	-1,730	-1,016	33,784	1,399
Full Year	62,276	2,945	33,523	1,336	7,965	410	25,392	3,846	10,777	358	-6,912	-3,694	133,021	5,201
FY2017/12														
1Q	14,827	566	8,135	327	2,085	300	6,149	674	2,538	9	-1,647	-901	32,087	975
2Q	15,469	794	8,243	313	2,039	198	6,528	870	2,482	51	-1,711	-896	33,050	1,330
3Q	16,506	1,145	9,233	518	2,145	216	7,247	1,375	2,698	106	-1,907	-935	35,922	2,425
4Q	15,303	494	8,398	262	2,207	246	7,019	1,190	3,354	169	-1,780	-1,038	34,501	1,323
Full Year	62,105	2,999	34,009	1,420	8,476	960	26,943	4,109	11,072	335	-7,045	-3,770	135,560	6,053
FY2018/12														
1Q	14,883	586	8,172	286	2,133	281	6,373	438	2,633	103	-1,752	-967	32,442	727
2Q	15,329	708	8,571	380	2,088	189	7,054	1,024	2,533	75	-1,722	-987	33,853	1,389
3Q	16,496	1,322	9,244	589	2,201	222	7,871	1,611	2,698	106	-1,907	-1,003	36,603	2,847
4Q	15,620	691	8,038	275	2,251	251	7,623	1,470	3,354	169	-1,780	-1,114	35,106	1,741
Full Year	62,327	3,307	34,025	1,530	8,673	943	28,921	4,543	11,218	453	-7,161	-4,072	138,003	6,704
CE	61,900	3,050	34,000	1,600	8,500	960	28,700	4,400	11,400	300	-7,000	-4,110	137,500	6,200
FY2019/12														
1Q	15,302	622	8,679	321	2,272	299	6,821	489	2,633	103	-1,752	-1,038	33,955	797
2Q	16,214	747	8,591	387	2,217	201	7,853	1,178	2,533	75	-1,722	-1,087	35,686	1,500
3Q	17,655	1,413	9,718	628	2,337	235	8,277	1,719	2,698	106	-1,907	-1,077	38,778	3,025
4Q	16,459	731	8,750	307	2,404	268	8,017	1,570	3,354	169	-1,780	-1,196	37,204	1,849
Full Year	65,629	3,513	35,738	1,644	9,231	1,003	30,968	4,956	11,218	453	-7,161	-4,398	145,623	7,172
CE														
FY2020/12														
1Q	16,104	703	8,864	328	2,324	306	7,262	543	2,633	103	-1,752	-1,038	35,435	945
2Q	16,755	773	8,923	403	2,275	206	8,299	1,270	2,533	75	-1,722	-1,087	37,064	1,639
3Q	17,979	1,447	10,001	649	2,398	242	8,491	1,789	2,698	106	-1,907	-1,077	39,661	3,157
4Q	16,751	743	8,848	313	2,452	273	8,224	1,635	3,354	169	-1,780	-1,196	37,848	1,937
Full Year	67,589	3,666	36,636	1,693	9,449	1,027	32,276	5,236	11,218	453	-7,161	-4,398	150,008	7,678
CE	67,800	3,500	36,300	1,900	9,200	1,000	32,900	5,200	3,800		-4,100		150,000	7,500
FY2021/12														
1Q	16,301	701	9,160	348	2,475	326	7,262	799	2,633	103	-1,752	-1,038	36,079	1,239
2Q	17,188	934	8,990	414	2,416	219	8,299	1,295	2,533	75	-1,722	-1,087	37,705	1,849
3Q	18,601	1,019	10,192	671	2,547	256	8,491	1,815	2,698	106	-1,907	-1,077	40,621	2,791
4Q	17,249	1,284	9,176	331	2,619	292	8,224	1,659	3,354	169	-1,780	-1,196	38,842	2,540
Full Year	69,340	3,939	37,517	1,764	10,057	1,093	32,276	5,568	11,218	453	-7,161	-4,398	153,247	8,419

(Source) Royal, METRICAL

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	2012/12	2013/12	2014/12	2015/12	2016/12	2017/12	2018/12(E)	2019/12(E)	2020/12(E)	2021/12(E)
Consolidated Balance Sheets										
Assets										
Current Assets										
Cash and Cash Equivalents	4,964	4,851	4,725	4,456	5,058	7,552	9,789	12,523	15,612	19,115
Short-Term Investments	-	-	-	-	-	-	-	-	-	-
Notes and Accounts Receivable, Trade	4,498	4,761	5,381	6,054	6,061	6,303	6,417	6,771	6,975	7,125
Allowance for Doubtful Receivables	(15)	(15)	(15)	(17)	(15)	(15)	(15)	(16)	(17)	(17)
Inventories	1,884	2,003	2,287	2,374	2,388	2,436	2,480	2,617	2,696	2,754
Deferred Income Taxes	1,007	1,101	778	693	667	646	658	694	715	730
Other Current Assets	3,545	3,176	3,599	3,869	3,730	3,747	3,815	4,025	4,146	4,236
Total Current Assets	15,883	15,877	16,755	17,429	17,889	20,669	23,142	26,614	30,127	33,944
Property, Plant and Equipment										
Land	11,918	11,918	11,729	11,581	11,226	10,532	10,532	10,532	10,532	10,532
Buildings	45,428	45,907	47,273	49,948	51,168	51,461	54,319	57,257	60,274	63,368
Machinery and Equipment	36,869	39,845	42,649	51,438	55,126	56,476	56,476	56,476	56,476	56,476
Construction in Progress	22	57	314	36	52	115	121	128	135	142
Total	94,237	97,727	101,965	113,003	117,572	118,584	121,448	124,393	127,417	130,518
Accumulated Depreciation	(60,035)	(61,152)	(63,662)	(66,354)	(68,585)	(70,703)	(71,191)	(71,191)	(71,191)	(71,191)
Net Property, Plant and Equipment	34,202	36,575	38,303	46,649	48,987	47,881	50,257	53,202	56,226	59,327
Software & Other intangible assts	491	625	667	619	703	729	729	729	729	729
Goodwill	298	145	30	-	-	-	-	-	-	-
	789	770	697	619	703	729	729	729	729	729
Other Assets										
Investments in and Advances to	-	-	-	-	-	-	-	-	-	-
Investment Securities	7,290	8,764	8,987	9,038	9,877	11,333	11,333	11,333	11,333	11,333
Software & Others	(9)	(8)	(7)	(7)	(44)	(7)	(7)	(7)	(7)	(7)
Deferred Income Taxes	1,016	493	473	505	543	708	708	708	708	708
Other	17,585	17,110	16,706	16,677	16,113	11,823	11,823	11,823	11,823	11,823
Total Other Assets	25,882	26,359	26,159	26,213	26,489	23,857	23,857	23,857	23,857	23,857
Total	76,756	79,581	81,914	90,910	94,068	93,136	97,985	104,402	110,939	117,856
Liabilities and Stockholders' Equity										
Current Liabilities										
Bank Loans	900	1,200	-	-	-	-	-	-	-	-
Notes and Accounts Payable, Trade	3,255	3,372	3,736	3,860	3,985	3,967	4,039	4,261	4,390	4,485
	-	-	-	-	0	0	0	0	0	0
Accrued Expenses	-	-	-	-	-	-	-	-	-	-
Income Taxes	734	819	866	1,220	1,039	1,125	1,145	1,209	1,245	1,272
Other Current Liabilities	9,168	8,855	9,609	10,404	10,549	10,503	10,692	11,283	11,622	11,873
Current Portion of Long-Term Debt	1,608	2,800	2,320	1,770	1,360	1,890	1,890	1,890	1,890	1,890
Total Current Liabilities	15,665	17,046	16,531	17,254	16,933	17,485	17,766	18,643	19,147	19,520
Long-Term Debt	4,975	5,540	5,165	4,567	4,886	3,516	3,516	3,516	3,516	3,516
Deferred Income Taxes	6	135	307	353	628	988	988	988	988	988
Termination and Retirement Benefits	267	283	292	314	331	445	445	445	445	445
Other Long-Term Liabilities	12,104	13,241	15,032	21,790	23,057	22,730	22,730	22,730	22,730	22,730
	7,483	9,540	7,485	6,337	6,246	5,406	5,406	5,406	5,406	5,406
Total Liabilities	33,017	36,245	37,327	44,278	45,835	45,164	45,445	46,322	46,826	47,199
Stockholders' Equity										
Common Stock	13,676	13,676	13,676	13,676	13,676	13,676	13,676	13,676	13,676	13,676
Additional Paid-in Capital	23,708	23,918	23,918	23,499	23,042	23,042	23,042	23,042	23,042	23,042
Legal Reserve	5,320	6,521	7,839	9,740	11,340	14,101	16,523	19,625	22,968	26,685
Retained Earnings	1	-	-	-	1	1	1	1	1	1
Treasury Stock	(2,724)	(2,935)	(2,936)	(3,227)	(3,357)	(3,354)	(3,354)	(3,354)	(3,354)	(3,354)
Total Stockholders' Equity	39,981	41,180	42,497	43,688	44,702	47,466	49,888	52,990	56,333	60,050
Accumulated other Comprehensive	155	1,549	1,407	2,159	2,651	3,524				
Minority Interests in Subsidiaries	605	609	684	787	881	983	983	983	983	983
Total Stockholders' Equity	40,741	43,338	44,588	46,634	48,234	51,973	50,871	53,974	57,318	61,036
Total	73,758	79,583	81,915	90,912	94,069	97,137	96,317	100,296	104,144	108,235
ROE		4.0%	4.2%	6.0%	5.0%	7.1%	6.9%	7.4%	7.5%	7.8%

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Cash Flow Statement Analysis

Cash Flow Analysis	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18(E)	Dec-19(E)	Dec-20(E)	Dec-21(E)
Net Income	1,137	1,663	1,866	2,728	2,379	3,534	3,562	3,899	4,178	4,590
Depreciation*	4,203	4,282	4,519	4,977	5,448	5,412	5,900	5,900	5,900	5,900
Amortization*	192	153	114	30	0	0	0	0	0	0
Other non-cash charge	961	1,543	2,248	1,079	1,239	644	0	0	0	0
Changes in WC	-455	-264	-541	-635	84	-286	-86	-267	-154	-114
Operating Cash Flow	6,038	7,377	8,206	8,179	9,150	9,304	9,376	9,532	9,924	10,376
Per share	JPY 156.56	JPY 191.28	JPY 212.79	JPY 212.21	JPY 239.27	JPY 245.07	JPY 246.94	JPY 251.05	JPY 261.38	JPY 273.28
Capex	-1,886	-5,115	-4,868	-5,779	-5,961	-4,279	-6,000	-6,000	-6,000	-6,000
Free Cash Flow	4,152	2,262	3,338	2,400	3,189	5,025	3,376	3,532	3,924	4,376
Per share	JPY 107.66	JPY 58.65	JPY 86.56	JPY 62.27	JPY 83.39	JPY 132.36	JPY 88.91	JPY 93.02	JPY 103.36	JPY 115.26
Beginning Cash	5,370	4,964	4,857	4,736	4,467	5,067	7,558	9,789	12,523	15,612
Net cash used	-406	-107	-121	-269	600	2,491	2,231	2,735	3,089	3,503
Ending cash	4,964	4,857	4,736	4,467	5,067	7,558	9,789	12,523	15,612	19,115

Key Financial Ratios

Key Financial Ratio	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18(E)	Dec-19(E)	Dec-20(E)	Dec-21(E)
ROE	2.62%	3.84%	4.24%	5.98%	5.02%	7.35%	7.09%	7.05%	6.84%	6.81%
Gross Margin	67.05%	66.50%	66.04%	65.57%	68.61%	68.83%	69.25%	69.18%	69.38%	69.76%
EBITDA Margin	5.94%	6.44%	7.16%	7.58%	8.02%	8.38%	9.09%	8.98%	9.05%	9.34%
EBIT Margin	2.28%	2.90%	3.54%	3.76%	3.93%	4.39%	4.81%	4.92%	5.12%	5.49%
Return on Assets	1.43%	2.09%	2.28%	3.00%	2.53%	3.79%	3.63%	3.73%	3.77%	3.89%
Return on Fixed Asset	4.61%	6.74%	7.02%	7.78%	6.30%	9.46%	8.97%	9.14%	9.14%	9.41%
Revenue / Assets	144.42%	151.71%	152.42%	143.36%	141.41%	145.55%	140.84%	139.48%	135.22%	130.03%
Depreciation / Capex	222.85%	83.71%	92.83%	86.12%	91.39%	126.48%	98.33%	98.33%	98.33%	98.33%
Depn / Sales	3.66%	3.55%	3.62%	3.82%	4.10%	3.99%	4.28%	4.05%	3.93%	3.85%
Capex / Sales	1.64%	4.24%	3.90%	4.43%	4.48%	3.16%	4.35%	4.12%	4.00%	3.92%
Depn / Net FA	17.05%	17.37%	17.01%	14.19%	14.43%	14.49%	14.85%	13.83%	12.91%	12.09%
Asset / Equity	1.84	1.84	1.84	1.95	1.95	1.94	1.86	1.80	1.73	1.67
Equity / Asset	54.47%	54.46%	54.43%	51.29%	51.27%	51.51%	53.62%	55.63%	57.79%	59.95%
Total Debt / EBITDA	1.44	1.26	0.87	0.67	0.62	0.51	0.47	0.45	0.43	0.41

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DCF Analysis

DCF - Royal Holdings (8179 JP)											
(In Y million)	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18(E)	Dec-19(E)	Dec-20(E)	Dec-21(E)	SUM of Future FCF
Restaurant											
Sales	56,592	60,055	61,229	62,892	62,276	62,105	62,327	65,629	67,589	69,340	202,558
EBIT	1,987	2,618	2,996	3,112	2,945	2,999	3,307	3,513	3,666	3,939	11,117
Dep	2,169	2,155	2,192	2,272	2,121	1,924	2,098	2,098	2,098	2,098	6,295
Capex	-1,837	-2,957	-2,924	-3,089	-2,648	-3,010	-3,010	-3,010	-3,010	-3,010	-9,030
Contract											
Sales	29,561	30,640	31,500	32,990	33,523	34,009	34,025	35,738	36,636	37,517	109,892
EBIT	1,038	1,117	1,093	1,107	1,336	1,420	1,530	1,644	1,693	1,764	5,101
Dep	532	497	442	393	409	387	422	422	422	422	1,266
Capex	-662	-484	-393	-575	-532	-426	-426	-426	-426	-426	-1,278
In-Flight Meal											
Sales	7,540	8,221	8,284	8,146	7,965	8,476	8,673	9,231	9,449	10,057	28,737
EBIT	1,244	888	636	410	410	960	943	1,003	1,027	1,093	3,123
Dep	331	312	291	328	292	287	313	313	313	313	939
Capex	-189	-297	-209	-412	-1,930	-2,423	-400	-400	-400	-400	-1,200
Hotel											
Sales	17,404	18,348	20,174	22,246	25,392	26,943	28,921	30,968	32,276	32,276	124,440
EBIT	1,292	1,982	2,701	3,404	3,846	4,109	4,543	4,956	5,236	5,568	20,303
Dep	863	997	1,193	1,466	2,045	2,077	2,265	2,265	2,265	2,265	9,060
Capex	-1,510	-2,702	-2,621	-8,627	-3,533	-1,811	-2,019	-2,019	-2,019	-2,019	-8,076
Food&Other											
Sales	13,514	13,569	13,670	14,517	10,777	11,072	11,218	11,218	11,218	11,218	44,872
EBIT	537	746	671	460	358	335	453	453	453	453	1,812
Dep	297	298	313	348	371	503	549	549	549	549	2,194
Capex	-351	-359	-367	-828	-2,638	-806	-899	-899	-899	-899	-3,596
Adjustment											
Sales	-9,656	-10,104	-10,002	-10,466	-6,912	-7,045	-7,161	-7,161	-7,161	-7,161	-28,644
EBIT	-3,283	-3,392	-3,498	-3,474	-3,694	-3,770	-4,072	-4,398	-4,398	-4,398	-17,265
Dep	201	172	199	197	207	232	253	253	253	253	1,012
Capex	-225	-392	-259	-187	-247	-229	-1,229	-1,229	-1,229	0	-3,687
Total (Wkg Capital & CFs)											
Wkg Capital	-455	-264	-541	-635	84	-286	-86	-267	-154	-114	
OCF	6,038	7,377	8,206	8,179	9,150	9,304	9,376	9,532	9,924	10,376	29,832
Capex	-1,886	-5,115	-4,868	-5,779	-5,961	-4,279	-6,000	-6,000	-6,000	-6,000	-18,000
FCF	4,152	2,262	3,338	2,400	3,189	5,025	3,376	3,532	3,924	4,376	11,832

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