

Funeral company providing family funerals at funeral halls that serve only one family per day

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【 7086 KIZUNA HOLDINGS Sector : Services 】

Fiscal Year		Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
May 2020		7,676	6.7	488	-39.9	333	-45.9	210	-48.2	61.8	1,041.5	0.0
May 2021		8,030	4.6	733	50.1	565	69.4	359	70.8	104.3	1,146.1	0.0
May 2022	CE	9,200	14.6	1,000	36.4	820	45.1	480	33.6	139.4	-	0.0
May 2022	E	9,328	16.2	1,033	40.9	850	50.5	510	41.9	148.1	1,294.2	0.0
May 2023	E	10,624	13.9	1,348	30.5	1,166	37.2	710	39.2	206.2	1,500.4	0.0
May 2024	E	11,836	11.4	1,582	17.4	1,387	19.0	860	21.1	249.7	1,750.1	0.0

Note: CE(company expectations),E(Stock Research Center expectations)
Source: Stock Research Center

1. Corporate Overview

KIZUNA HOLDINGS is a funeral company that provides family funerals nationwide. Its funerals are held at funeral halls dedicated to one service per day. It is engaged in the funeral service business and the online customer attraction business. The funeral service business consists of a direct management model in which funerals are held at halls it directly manages centered on Kazokusou No Famille, and an outsourcing model in which it outsources the holding of funerals to partner funeral companies and by using public halls, etc. The online customer attraction business is a business to act as an intermediary between customers that got in touch with the company through its website and partner funeral companies as well as agencies. The company develops its services in 33 prefectures nationwide.

2. Financial Analysis

During the three years to the fiscal year ended May 2021, while the number of funeral services has increased 15.7% per annum with the increase in number of directly managed halls, the unit price per funeral has decreased 6.6% per annum with the decrease in number of mourners. Therefore, its growth remained at relatively low with revenue increasing 7.8% per annum and profit before income taxes increasing 6.7% per annum.

From the perspective of growth potential and profitability, the company is more attractive than similar companies.

3. Non-Financial Analysis

The source of intellectual capital is the coexistence of the point of view of citizens and emphasis on efficiency.

4. Corporate Strategy Analysis

By measures including enhancing profitability through acceleration of new hall openings as well as enhancing dominance, the company formulates a medium-term management plan targeting revenue of 11,700 million yen and operating profit of 1,580 million yen in the fiscal year ending May 2024.

5. Analyst Evaluation

The Stock Research Center estimates the business performance of the fiscal year ending May 2022 to be a 16% increase in revenue and 41% increase in operating profit, slightly above the company's plan considering the company's progress through July.

Assuming a steady increase in the number of funeral services, improvement in the advertisement expense ratio with the dominance effect and other factors, the Stock Research Center estimates a 14% year-on-year increase in revenue and 31% increase in operating profit for the fiscal year ending May 2023 and an 11% increase in revenue and 17% increase in operating profit for the fiscal year ending May 2024.

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