

## An R&amp;D-focused producer of fishery food products primarily for 7-Eleven

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## 【2932 STI Foods Holdings Sector : Foods】

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)
Dec. 2019	20,644	15.7	531	-21.7	591	-16.8	456	-10.0	91.2	389.0	28.0
Dec. 2020	23,062	11.7	1,310	146.7	1,276	115.8	832	82.6	162.7	648.8	40.0
Dec. 2021 CE	26,000	12.7	1,730	32.0	1,720	34.8	1,110	33.3	199.8	-	55.0
Dec. 2021 E	26,045	12.9	1,703	29.9	1,730	35.6	1,117	34.2	200.9	907.2	55.0
Dec. 2022 E	30,570	17.4	2,013	18.2	2,042	18.0	1,319	18.0	229.3	1,081.5	55.0
Dec. 2023 E	36,897	20.7	2,637	31.0	2,668	30.7	1,723	30.7	299.5	1,326.1	55.0

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

### 1. Corporate Overview

STI Foods Holdings is a food product producer with strength in fishery food materials, in which it handles everything from sourcing of fishery raw materials to processing and selling. It handles many food products for 7-Eleven.

### 2. Financial Analysis

Since the fiscal year ended December 2018, when it was founded as an operating holding company, STI Foods Holdings has continued to enhance its production capabilities while increasing revenue. In the fiscal year ended December 2019, its profit decreased due to factors such as rising shipping costs, but in the fiscal year ended December 2020, it established a production management system for its subsidiaries and significantly increased its profit.

Compared to publicly listed companies that supply prepared foods, STI Foods Holdings' ROE is high. In addition to its high profit margin, its effective use of financial leverage is a factor behind the high ROE.

### 3. Non-Financial Analysis

The source of the company's intellectual capital is its founder, who established its current business model. It has become an R&D-focused company that acquires patents, by engaging in businesses that other companies would not do and by pursuing the development of manufacturing technologies. Based on this approach, it has expanded its operations by successfully combining the increasing of the volume of business it does with Seven-Eleven Japan and enhancing its production system.

### 4. Corporate Strategy Analysis

Issues to be addressed include enhancing its production capabilities and acquiring labor for its production sites.

In order to meet its supply commitments as a producer of prepared fishery foods, the company has positioned expansion of its production capabilities as a core element of its growth strategy. In addition, it is pursuing increased business with Seven-Eleven Japan and 7-Eleven, Inc., establishment of new sales channels, and enhanced R&D and new product development.

### **5. Analyst Evaluation**

We highly evaluate the company's business model focused on manufacturing technologies that have high entry barriers. No matter what strategy it adopts, in the short term it will be necessary to enhance its production capabilities to meet demand, which is projected to grow. We would like to keep an eye on its progress in this regard.

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