

Engaged in two pillars of frozen food wholesaling specializing in frozen products and fresh food supermarkets

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For inquiries concerning the report, please contact info@stock-r.org

【7698 Iceco Sector : Wholesale Trade】

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)
Mar. 2021	40,551	10.4	800	451.1	855	302.7	523	262.6	326.4	1,455.3	24.0
Mar. 2022	42,264	4.2	353	-55.8	409	-52.1	255	-51.3	134.9	1,610.9	37.0
Mar. 2023 CE	45,612	7.9	392	10.9	438	6.9	283	10.9	148.4	-	37.0
Mar. 2023 E	45,753	8.3	404	14.4	465	13.5	300	17.9	157.3	1,732.5	37.0
Mar. 2024 E	48,110	5.2	529	31.0	594	27.9	384	27.9	201.4	1,897.3	37.0
Mar. 2025 E	50,930	5.9	644	21.7	713	20.0	461	20.0	241.8	2,102.4	37.0

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

1. Corporate Overview

Iceco operates a food wholesaler specializing in ice cream and commercial frozen foods, and food supermarkets.

2. Financial Analysis

From fiscal year ended March 2016 to fiscal year ended March 2021, net sales grew at an annual rate of 4.7%, and ordinary profit at 26.8%. Profits declined in fiscal year ended March 2019 and fiscal year ended March 2020 because the company was unable to adjust its system with the business expansion of its clients. Profits rose sharply in fiscal year ended March 2021, however, once this situation was resolved.

Compared with companies that are food product wholesalers and also operate retail stores, the company's return on equity is higher. This is mainly attributable, however, to its high financial leverage, and there is room for improvement in its profit margins.

3. Non-Financial Analysis

The source of the company's intellectual capital is its own logistics and distribution network that supports the full maintenance services of the wholesale business. By continuing to own its logistics and distribution network, the company established a competitive advantage and expanded its customer base. This resulted in Iceco being able to grow in line with its clients' business expansion.

4. Corporate Strategy Analysis

Issues the company needs to address include increasing and retaining full maintenance service delivery personnel, reinforcing the system for providing this service, and improving profitability.

The medium-term management plan through fiscal year ending March 2024, which is based on a 10-year vision of 100 billion yen in net sales and 2.5 billion yen in operating profit in fiscal year ending March 2030, focuses on three key themes: 1) developing human resources and improving organizational capabilities, 2) improving the profitability of existing businesses, and 3) forging new businesses.

5. Analyst Evaluation

We assess the source of the company's competitive advantage to be its continued ownership of its logistics and delivery network and its further refinement as full maintenance services. Moreover, the synergy generated by operating both the frozen business and the supermarket business may become even clearer with the opening of new frozen product specialty stores—a new business—and we will monitor this trend closely.

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