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On **June 18, 2019**, Visionary Holdings Co., Ltd. announced earnings results for full-year FY04/19.

Cumulative (JPY mn)	FY04/17				FY04/18				FY04/19				FY04/20 FY Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Sales	4,349	8,645	13,042	17,892	5,220	10,579	15,900	21,776	6,570	13,127	19,817	26,486	29,300
YoY	12.4%	11.2%	11.4%	13.9%	20.0%	22.4%	21.9%	21.7%	25.8%	24.1%	24.6%	21.6%	10.6%
Gross profit	2,930	5,796	8,631	11,778	3,395	6,831	10,191	13,919	4,203	8,363	12,492	16,667	
YoY	11.8%	8.6%	7.7%	10.0%	15.9%	17.8%	18.1%	18.2%	23.8%	22.4%	22.6%	19.7%	
GPM	67.4%	67.0%	66.2%	65.8%	65.0%	64.6%	64.1%	63.9%	64.0%	63.7%	63.0%	62.9%	
SG&A expenses	2,778	5,584	8,471	11,355	3,155	6,475	9,768	13,202	3,872	7,860	11,893	15,735	
YoY	12.1%	12.1%	11.9%	11.5%	13.6%	16.0%	15.3%	16.3%	22.7%	21.4%	21.7%	19.2%	
SG&A ratio	63.9%	64.6%	65.0%	63.5%	60.4%	61.2%	61.4%	60.6%	58.9%	59.9%	60.0%	59.4%	
Operating profit	152	212	160	423	241	355	423	716	331	503	599	932	610
YoY	6.6%	-40.6%	-64.2%	-19.2%	57.9%	67.9%	164.5%	69.5%	37.7%	41.6%	41.6%	30.1%	-34.6%
OPM	3.5%	2.4%	1.2%	2.4%	4.6%	3.4%	2.7%	3.3%	5.0%	3.8%	3.0%	3.5%	2.1%
Recurring profit	127	171	96	337	219	323	383	588	307	462	541	853	490
YoY	6.8%	-44.0%	-74.1%	-20.2%	72.6%	88.8%	299.1%	74.7%	40.4%	42.9%	41.4%	45.1%	-42.6%
RPM	2.9%	2.0%	0.7%	1.9%	4.2%	3.1%	2.4%	2.7%	4.7%	3.5%	2.7%	3.2%	1.7%
Net income	1	-11	-44	111	99	133	298	726	245	399	418	500	50
YoY	-99.2%	-	-	-57.6%	18883.0%	-	-	555.5%	148.5%	199.7%	40.1%	-31.2%	-90.0%
Net margin	0.0%	-	-	0.6%	1.9%	1.3%	1.9%	3.3%	3.7%	3.0%	2.1%	1.9%	0.2%

Quarterly (JPY mn)	FY04/17				FY04/18				FY04/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	4,349	4,296	4,397	4,850	5,220	5,358	5,321	5,876	6,570	6,557	6,690	6,669
YoY	12.4%	9.9%	11.7%	21.4%	20.0%	24.7%	21.0%	21.2%	25.8%	22.4%	25.7%	13.5%
Gross profit	2,930	2,866	2,835	3,147	3,395	3,435	3,361	3,727	4,203	4,160	4,129	4,175
YoY	11.8%	5.5%	5.9%	16.9%	15.9%	19.9%	18.5%	18.5%	23.8%	21.1%	22.9%	12.0%
GPM	67.4%	66.7%	64.5%	64.9%	65.0%	64.1%	63.2%	63.4%	64.0%	63.4%	61.7%	62.6%
SG&A expenses	2,778	2,806	2,887	2,884	3,155	3,320	3,293	3,434	3,872	3,988	4,033	3,842
YoY	12.1%	12.1%	11.6%	10.2%	13.6%	18.3%	14.1%	19.1%	22.7%	20.1%	22.5%	11.9%
SG&A ratio	63.9%	65.3%	65.7%	59.5%	60.4%	62.0%	61.9%	58.4%	58.9%	60.8%	60.3%	57.6%
Operating profit	152	59	-52	263	241	115	68	293	331	172	96	333
YoY	6.6%	-72.2%	-	242.4%	57.9%	93.4%	-	11.7%	37.7%	49.7%	41.9%	13.5%
OPM	3.5%	1.4%	-	5.4%	4.6%	2.1%	1.3%	5.0%	5.0%	2.6%	1.4%	5.0%
Recurring profit	127	44	-75	241	219	104	59	205	307	154	79	312
YoY	6.8%	-76.3%	-	368.2%	72.6%	135.3%	-	-14.7%	40.4%	48.2%	33.0%	52.1%
RPM	2.9%	1.0%	-	5.0%	4.2%	1.9%	1.1%	3.5%	4.7%	2.4%	1.2%	4.7%
Net income	1	-11	-33	155	99	35	165	428	245	154	19	82
YoY	-99.2%	-	-	124.9%	18883.0%	-	-	176.4%	148.5%	345.7%	-88.5%	-80.9%
Net margin	0.0%	-	-	3.2%	1.9%	0.6%	3.1%	7.3%	3.7%	2.3%	0.3%	1.2%

By segment Quarterly (JPYmn)	FY04/17				FY04/18				FY04/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	4,349	4,296	4,397	4,850	5,220	5,358	5,321	5,876	6,570	6,557	6,690	6,669
YoY	12.4%	9.9%	11.7%	21.4%	20.0%	24.7%	21.0%	21.2%	25.8%	22.4%	25.7%	13.5%
Retail	4,262	4,205	4,300	4,752	5,108	5,240	5,195	5,743	6,423	6,270	6,314	6,284
YoY	12.1%	9.5%	11.5%	21.3%	19.8%	24.6%	20.8%	20.9%	25.7%	19.7%	21.6%	9.4%
Wholesale	-	-	-	-	-	-	-	-	5	144	225	232
YoY	-	-	-	-	-	-	-	-	-	-	-	-
E-commerce	86	92	97	98	112	119	125	133	142	142	150	147
YoY	29.2%	30.5%	22.8%	28.5%	30.1%	29.4%	28.8%	35.3%	26.8%	19.4%	19.5%	10.6%
Other	-	-	-	-	-	-	1	-	-	-	-	7
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	152	59	-52	263	241	115	68	293	331	172	96	333
YoY	6.6%	-72.2%	-	242.4%	57.9%	93.4%	-	11.7%	37.7%	49.7%	41.9%	13.5%
OPM	3.5%	1.4%	-	5.4%	4.6%	2.1%	1.3%	5.0%	5.0%	2.6%	1.4%	5.0%
Retail	149	58	-7	269	262	130	117	384	524	293	184	375
YoY	0.7%	-72.5%	-	260.4%	76.3%	123.8%	-	42.8%	100.2%	124.8%	56.9%	-2.4%
OPM	3.4%	1.4%	-	5.5%	5.0%	2.4%	2.2%	6.5%	8.0%	4.5%	2.8%	5.6%
Wholesale	-	-	-	-	-	-	-	-	2	37	45	87
YoY	-	-	-	-	-	-	-	-	-	-	-	-
OPM	-	-	-	-	-	-	-	-	0.0%	0.6%	0.7%	1.3%
E-commerce	15	16	13	16	13	13	31	19	18	12	33	25
YoY	56.0%	20.0%	1.7%	24.8%	-12.9%	-17.8%	131.2%	19.0%	39.8%	-8.3%	7.2%	28.1%
OPM	0.3%	0.4%	0.3%	0.3%	0.2%	0.2%	0.6%	0.3%	0.3%	0.2%	0.5%	0.4%
Other	-	-	-	-	-1	-11	-19	-11	-21	-25	-28	-28
YoY	-	-	-	-	-	-	-	-	-	-	-	-
OPM	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-11	-15	-58	-22	-31	-20	-62	-99	-191	-146	-138	-125

SG&A expenses Quarterly (JPYmn)	FY04/17				FY04/18				FY04/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SG&A expenses	2,778	2,806	2,887	2,884	3,155	3,320	3,293	3,434	3,872	3,988	4,033	3,842
YoY	12.1%	12.1%	11.6%	10.2%	13.6%	18.3%	14.1%	19.1%	22.7%	20.1%	22.5%	11.9%
SG&A ratio	63.9%	65.3%	65.7%	59.5%	60.4%	62.0%	61.9%	58.4%	58.9%	60.8%	60.3%	57.6%
Selling expenses	237	252	285	291	299	305	373	313	396	468	535	-
YoY	27.4%	18.3%	31.9%	48.5%	26.2%	21.0%	30.9%	7.6%	32.4%	53.4%	43.4%	-
Personnel expenses	1,148	1,193	1,227	1,240	1,366	1,439	1,382	1,532	1,733	1,733	1,595	-
YoY	9.8%	12.2%	12.5%	12.9%	19.0%	20.6%	12.6%	23.5%	26.9%	20.4%	15.4%	-
Rents	632	638	622	642	648	666	664	674	694	693	691	-
YoY	5.7%	5.4%	0.5%	2.8%	2.5%	4.4%	6.8%	5.0%	7.1%	4.1%	4.1%	-
Depreciation	57	60	63	74	93	103	72	77	114	146	169	-
YoY	9.6%	5.3%	1.6%	13.8%	63.2%	71.7%	14.3%	4.1%	22.6%	41.7%	134.7%	-
Other	703	663	691	636	750	807	802	839	934	1,029	1,043	-
YoY	18.0%	17.3%	15.4%	0.6%	6.7%	21.7%	16.1%	31.9%	24.5%	27.5%	30.0%	-

Store count Quarterly	FY04/17				FY04/18				FY04/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Store count in Japan	329	325	327	351	354	368	372	381	386	389	389	398
Openings	9	4	9	4	5	8	9	14	7	12	2	13
Closures	-5	-8	-7	-2	-1	-5	-5	-5	-2	-9	-2	-4
Acquisitions	-	-	-	22	-	11	-	-	2	5	-	-

Source: Shared Research based on company data

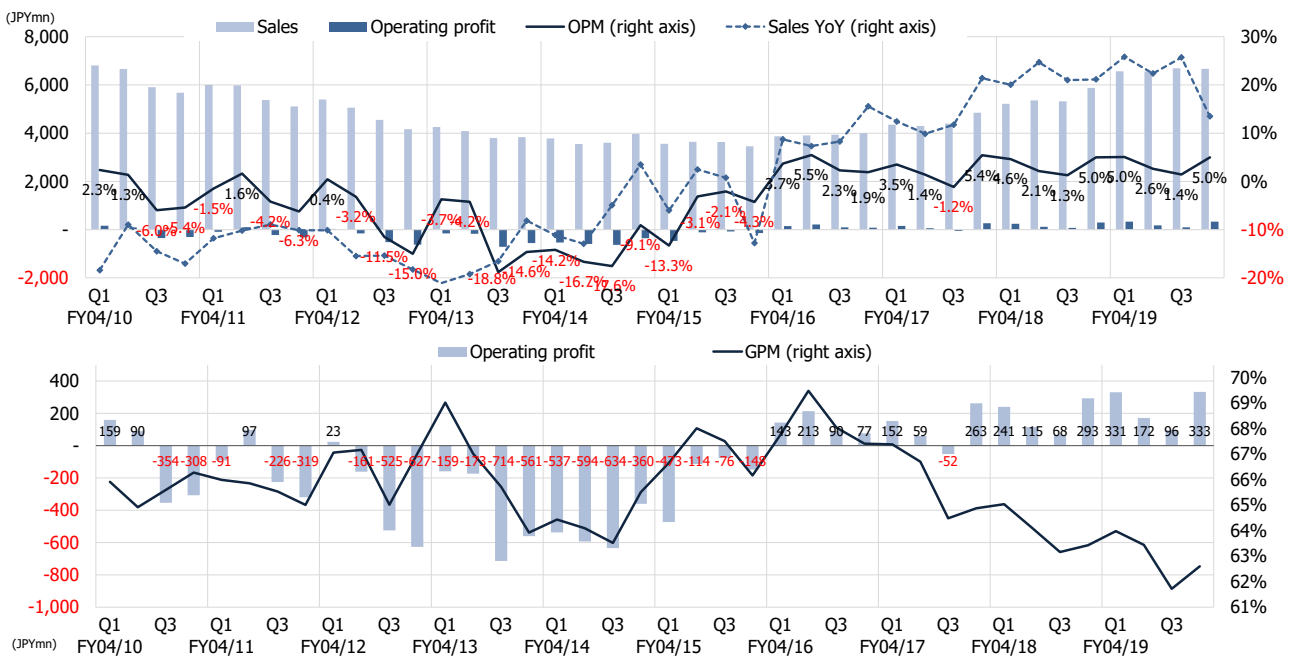
Note: Figures may differ from company data due to differences in rounding methods.

## Full-year FY04/19 results (out June 18, 2019)

- ▷ For FY04/19, the company reported sales of JPY26.5bn (+21.6% YoY), operating profit of JPY932mn (+30.1% YoY), and net income attributable to parent company shareholders of JPY500mn (-31.2% YoY). EBITDA of JPY1.6bn was up 27.3% YoY. (EBITDA = operating profit + depreciation + amortization of long-term prepaid expenses + amortization of asset retirement obligations + goodwill amortization + stock-based compensation expense)
  - Retail segment: Sales of JPY25.3bn were up 18.8% YoY and operating profit of JPY1.4bn was up 54.0% YoY. The company saw a 15.7% YoY increase in sales at existing stores, the gains aided by expanded eye care services, store remodelings, promotions making use of its large customer database (which now has data for several million customers), and other successful initiatives. At the end of FY04/19 the company had 398 stores in operation, an increase of 4.5% over the end of FY04/18.
  - Wholesale segment: The wholesale segment reported sales of JPY606mn and an operating profit of JPY171mn. The gains reflect the company's efforts to better address eye care needs with private brand goods and eye care services offered outside of the eyeglass industry, and the acquisition of Visionize Co., Ltd., which joined the group as a consolidated subsidiary in August 2018.
  - E-commerce segment: E-commerce segment sales of JPY581mn were up 18.7% YoY and operating profit of JPY88m was up 15.2% YoY. In addition to increases in sales through its own e-commerce website, the company also saw higher sales through Amazon, Rakutan, Lohaco, and other online shopping malls by continually enhancing its high-quality services to go along with the convenience offered by these third-party websites, and benefited from its ongoing efforts to build closer ties with LINE account. Through its e-commerce business, the company was also able to confirm that online shoppers were being sent to its brick-and-mortar stores, and in that way its e-commerce business also contributing to sales at its retail business.
  - Other segment: The company's Other segment reported sales of JPY7mn and an operating loss of JPY102mn. The company's wearable optical device, known as *b.g.*, began shipping to corporate and institutional users on March 27, 2019, but contribution to sales in FY04/19 was small.
  - Extraordinary profits and losses: The company reported JPY86mn in extraordinary profits, including JPY51mn in compensation for being evicted from a premises and JPY29mn in gains on the sale of fixed assets. Extraordinary losses of JPY412mn included JPY206mn in impairment losses, JPY120mn in payments as part of a legal settlement (booked in Q3), JPY11mn in losses stemming from store closures, and other losses due to the sales and disposal of fixed assets.
  - Q4 results: In Q4 alone (February–April 2019), the company reported sales of JPY6.7bn (+13.5% YoY), an operating profit of JPY333mn (+13.5% YoY), and net income of JPY82mn (-80.9% YoY).
- ▷ FY04/20 forecast: For FY04/20, the company forecasts sales of JPY29.3bn (+10.6% YoY), an operating profit of JPY610mn (-34.6% YoY), net income of JPY50mn (-90.0% YoY), and EBITDA of JPY1.7bn (+7.1% YoY). The projected drop in operating profit reflects a one-time jump in the amortization of goodwill stemming from the acquisition of Visionize Co., Ltd. in August 2018, as the acquisition employed the earn-out method. Excluding goodwill amortization, the company forecasts higher sales and higher profits based on its expectation that the ongoing rollout of its new next-generation store format will lead to increased customer satisfaction, and plans for more targeted promotions based on analysis of its large customer database.
- ▷ Medium-term plan: The company has a rolling medium-term plan that it updates every year. The updated plan goes out to FY04/23, when it is targeting sales of JPY37.3bn (representing an average annual growth rate of +8.9%), an operating profit of JPY1.7bn (+22.9%), and EBITDA of JPY2.9bn (+16.3%). The basic policies and strategies are same as those in the previous medium-term plan, announced in June 2018. The company also aims to restore its dividend by the end of the period covered by the current medium-term plan. Details will be disclosed at its results presentation meeting scheduled for June 26.

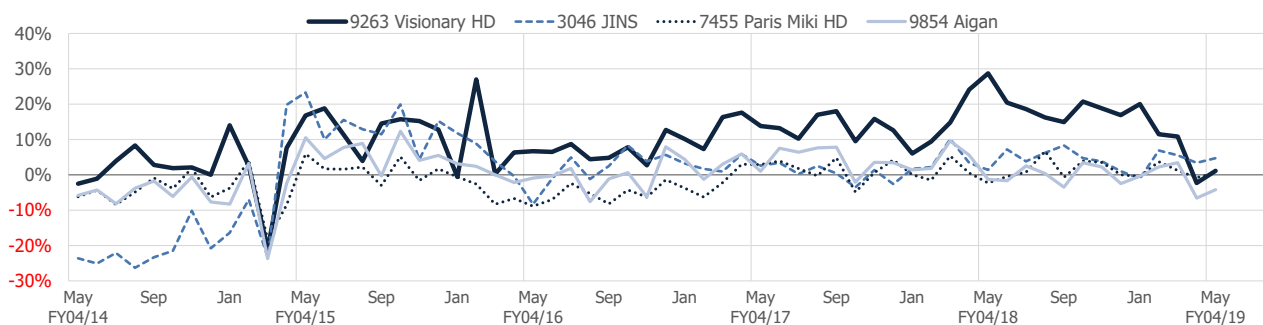
▷ Private placement of new common shares, buyback of preferred shares: Along with its FY04/19 results announcement, the company announced plans for issuing new common shares through a private placement and plans for buying back Class A, Class B, and Class C preferred shares. The plans call for the proceeds from the issuance of the new common shares to be used to fund the buybacks of the preferred shares. A total of 20,338,000 new common shares will be issued (representing 9.0% of shares outstanding) at a price of JPY58 per share (the closing price on June 17). The payment date for the newly issued shares will be July 4. Among the various classes of preferred shares (which in many ways are similar to debt) issued by the company while it was in business rehabilitation, the Class C preferred shares have been the most burdensome, making it difficult for the company to make progress towards restoring and maintaining a stable dividend on its common shares. Although the issuance of new common shares will dilute the interest of current common shareholders, at this time the company's priority is on building up its capital base and restoring dividend payments to common stockholders.

**Quarterly results**



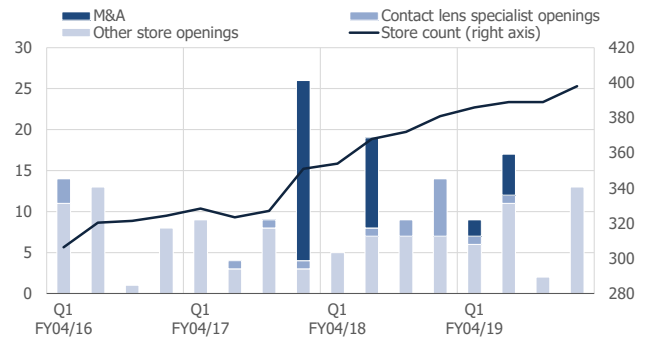
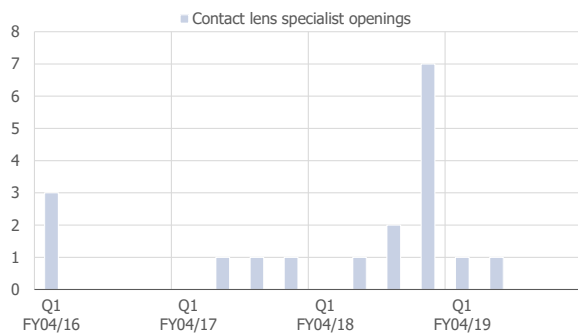
Source: Shared Research based on company data

**Comparable store sales growth by company**



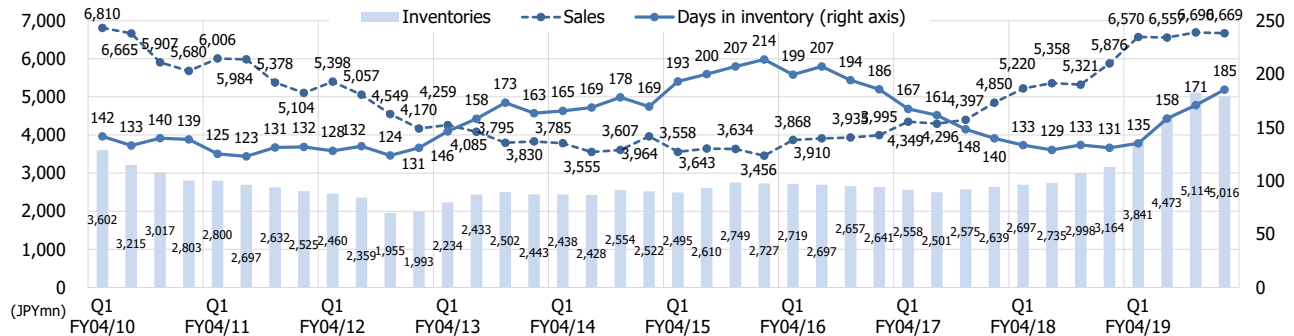
Source: Shared Research, based on each company data

## New store openings and number of stores in operation

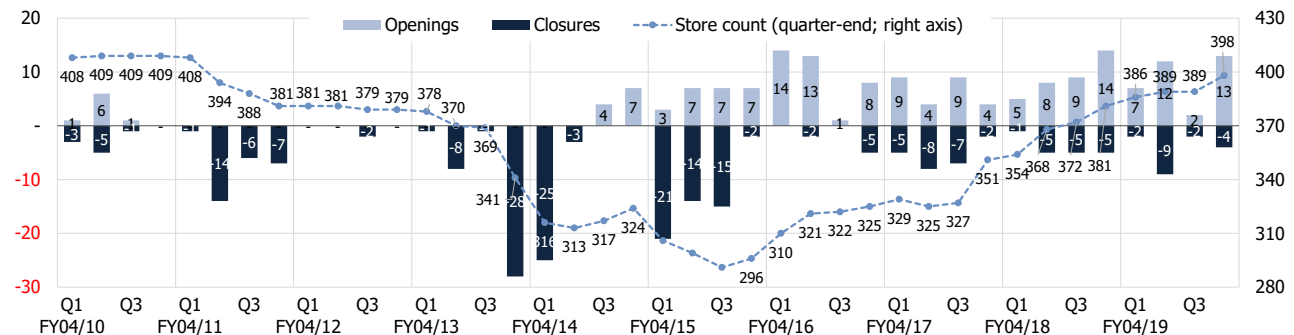


Source: Shared Research, based on company data

## Quarterly sales, inventory, inventory turnover (JPYmn, days)



## Store openings, store closings, and store count as of quarter-end



Source: Shared Research based on company data

Note: From FY04/18, figures are consolidated figures that include Megane House and others.

## Medium-term management plan through FY04/23 (rolling plan released in June 2019)

Medium-term plan (JPYmn)	FY04/18	FY04/19	FY04/20	FY04/23	4-yr
<b>Out June 18, 2019</b>	<b>Act.</b>	<b>Act.</b>	<b>Est.</b>	<b>Target</b>	<b>CAGR</b>
Sales	21,776	26,486	29,300	37,300	8.9%
YoY	21.7%	21.6%	10.6%		
Operating profit	716	932	610	1,730	22.9%
YoY	69.5%	30.1%	-34.6%		
OPM	3.3%	3.5%	2.1%	4.6%	
EBITDA	1,246	1,578	1,700	2,850	16.3%
YoY	1.1%	26.6%	7.7%		
<b>Out June 19, 2018</b>	<b>Act.</b>	<b>Est.</b>	<b>Target</b>	<b>4-yr</b>	<b>CAGR</b>
Sales	21,776	25,300	32,120		10.2%
YoY	21.7%	16.2%			
Operating profit	716	1,130	2,500		36.7%
YoY	69.5%	57.7%			
OPM	3.3%	4.5%	7.8%		
EBITDA	1,246	1,747	3,290		27.5%
YoY	1.1%	40.2%			

Source: Shared Research based on company data

**FY04/20 company forecasts (out June 18, 2019)**

Income statement (JPYmn)	FY04/18			FY04/19			FY04/20 Initial Est.		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
<b>Sales</b>	<b>10,579</b>	<b>11,197</b>	<b>21,776</b>	<b>13,127</b>	<b>13,359</b>	<b>26,486</b>	<b>14,630</b>	<b>14,670</b>	<b>29,300</b>
YoY	22.4%	21.1%	21.7%	24.1%	19.3%	21.6%	11.5%	9.8%	10.6%
<b>Gross profit</b>	<b>6,831</b>	<b>7,088</b>	<b>13,919</b>	<b>8,363</b>	<b>8,304</b>	<b>16,667</b>	-	-	-
YoY	17.8%	18.5%	18.2%	22.4%	17.2%	19.7%	-	-	-
GPM	64.6%	63.3%	63.9%	63.7%	62.2%	62.9%	-	-	-
<b>SG&amp;A expenses</b>	<b>6,475</b>	<b>6,727</b>	<b>13,202</b>	<b>7,860</b>	<b>7,875</b>	<b>15,735</b>	-	-	-
YoY	16.0%	16.6%	16.3%	21.4%	17.1%	19.2%	-	-	-
SG&A ratio	61.2%	60.1%	60.6%	59.9%	58.9%	59.4%	-	-	-
<b>Operating profit</b>	<b>355</b>	<b>361</b>	<b>716</b>	<b>503</b>	<b>429</b>	<b>932</b>	<b>330</b>	<b>280</b>	<b>610</b>
YoY	67.9%	71.1%	69.5%	41.6%	18.8%	30.1%	-34.4%	-34.7%	-34.6%
OPM	3.4%	3.2%	3.3%	3.8%	3.2%	3.5%	2.3%	1.9%	2.1%
<b>Recurring profit</b>	<b>323</b>	<b>265</b>	<b>588</b>	<b>462</b>	<b>391</b>	<b>853</b>	<b>270</b>	<b>220</b>	<b>490</b>
YoY	88.8%	60.0%	74.7%	42.9%	47.8%	45.1%	-41.5%	-43.8%	-42.6%
RPM	3.1%	2.4%	2.7%	3.5%	2.9%	3.2%	1.8%	1.5%	1.7%
<b>Net income</b>	<b>133</b>	<b>593</b>	<b>726</b>	<b>399</b>	<b>101</b>	<b>500</b>	<b>10</b>	<b>40</b>	<b>50</b>
YoY	-	387.7%	555.5%	199.7%	-83.0%	-31.2%	-97.5%	-60.3%	-90.0%
Net margin	1.3%	5.3%	3.3%	3.0%	0.8%	1.9%	0.1%	0.3%	0.2%

Source: Shared Research based on company materials

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

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