

This PDF document is an updated note on the company. A comprehensive version of the report on the company, including this latest update, is available on [our website](#) and various professional platforms.

On **January 14, 2020**, TKP Corporation announced earnings results for Q3 FY02/20.

Cumulative (JPYmn)	FY02/19				FY02/20				FY02/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	9,118	17,610	26,662	35,523	10,405	24,272	39,674		70.6%	56,206
YoY	25.7%	25.9%	25.2%	23.8%	14.1%	37.8%	48.8%			58.2%
Gross profit	3,964	7,160	10,412	13,722	4,562	9,913	15,293			
YoY	26.8%	27.0%	25.1%	25.3%	15.1%	38.4%	46.9%			
GPM	43.5%	40.7%	39.1%	38.6%	43.8%	40.8%	38.5%			
SG&A expenses	2,199	4,576	6,918	9,433	2,475	6,349	10,333			
YoY	28.6%	37.0%	31.0%	25.8%	12.6%	38.7%	49.4%			
SG&A ratio	24.1%	26.0%	25.9%	26.6%	23.8%	26.2%	26.0%			
Operating profit	1,765	2,583	3,493	4,289	2,087	3,564	4,959		65.2%	7,607
YoY	24.7%	12.4%	14.8%	24.4%	18.2%	38.0%	42.0%			77.4%
OPM	19.4%	14.7%	13.1%	12.1%	20.1%	14.7%	12.5%			13.5%
Recurring profit	1,708	2,450	3,295	4,053	1,053	2,226	3,379		57.1%	5,913
YoY	37.0%	15.8%	16.8%	26.7%	-38.3%	-9.1%	2.5%			45.9%
RPM	18.7%	13.9%	12.4%	11.4%	10.1%	9.2%	8.5%			10.5%
Net income	992	596	1,095	1,893	409	745	1,287		45.0%	2,863
YoY	32.8%	-61.6%	-44.8%	-8.6%	-58.8%	25.0%	17.5%			51.2%
Net margin	10.9%	3.4%	4.1%	5.3%	3.9%	3.1%	3.2%			5.1%
Quarterly (JPYmn)	FY02/19				FY02/20					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	9,118	8,492	9,052	8,861	10,405	13,867	15,402			
YoY	25.7%	26.2%	23.7%	19.9%	14.1%	63.3%	48.0%			
Gross profit	3,964	3,196	3,252	3,310	4,562	5,351	5,380			
YoY	26.8%	27.2%	21.1%	26.0%	15.1%	67.4%	17.9%			
GPM	43.5%	37.6%	35.9%	37.4%	43.8%	38.6%	34.9%			
SG&A expenses	2,199	2,377	2,342	2,515	2,475	3,874	3,984			
YoY	28.6%	45.9%	20.5%	13.3%	12.6%	63.0%	61.0%			
SG&A ratio	24.1%	28.0%	25.9%	28.4%	23.8%	27.9%	25.9%			
Operating profit	1,765	818	910	796	2,087	1,477	1,395			
YoY	24.7%	-7.4%	22.3%	95.6%	18.2%	80.6%	-33.2%			
OPM	19.4%	9.6%	10.1%	9.0%	20.1%	10.7%	9.1%			
Recurring profit	1,708	742	845	758	1,053	1,173	1,153			
YoY	37.0%	-14.6%	19.9%	100.0%	-38.3%	58.1%	9.5%			
RPM	18.7%	8.7%	9.3%	8.6%	10.1%	8.5%	7.5%			
Net income	992	-396	499	798	409	336	542			
YoY	32.8%	-	16.0%	817.2%	-58.8%	-	32.5%			
Net margin	10.9%	-	5.5%	9.0%	3.9%	2.4%	3.5%			

Source: Shared Research based on company data

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

Q3 FY02/20 results

Overview

- ▷ Sales: JPY39.7bn (+48.8% YoY)
- ▷ Operating profit: JPY5.0bn (+42.0% YoY)
- ▷ Recurring profit: JPY3.4bn (+2.5% YoY)
- ▷ Net income*: JPY1.3bn (+17.5% YoY)

* Net income attributable to owners of the parent

Results for the nine-month period through Q3 gave the company 70.6% of its full-year target for consolidated sales, 65.2% of its full-year target for operating profit, 57.1% of its full-year target for recurring profit, and 45.0% of its full-year target for net income.

- ▀ The number of parties and other events held increased amid brisk corporate earnings, which led to greater usage of higher quality meeting rooms and hotel banquet halls in Garden City PREMIUM, Garden City, and Conference Center grade facilities.
- ▀ The company made more progress integrating the operations of recently acquired Regus Japan Holdings with its own operations, establishing structures permitting the sharing of data on candidate locations between its real estate development department and the real estate development department of Regus Japan as well as additional steps that led to joint openings and other efficiency gains on the development front. The results also reflected growing cooperation between TKP and Regus Japan on other fronts, including an increasing number of cross-referrals that benefited its rental meeting room/hotel banquet hall business and serviced office/co-working space business.
- ▀ Major new facilities opened by consolidated group companies during Q3 (September–November 2019) are detailed below.

Major facilities opened during Q3 FY02/20 (September–November 2019):

Opened	Name	Category	Location
September	TKP Garden City PREMIUM Tenjin Sky Hall	Rental meeting rooms, hotel banquet halls	Fukuoka
October	TKP Kanagawa Grand Central Tower Conference Center	Rental meeting rooms, hotel banquet halls	Tokyo
November	TKP Himeji Conference Rooms	Rental meeting rooms, hotel banquet halls	Hyogo
November	Regus Himeji Ekimae Center	Serviced offices	Hyogo
November	TKP Matsuyama Ekimae Conference Rooms	Rental meeting rooms, hotel banquet halls	Ehime
November	Regus Omiya West Center	Rental meeting rooms, hotel banquet halls	Saitama
November	Regus Nagasaki BizPort Center	Serviced offices	Nagasaki
November	Regus Okayama Across Cube	Serviced offices	Okayama
November	SPACES Shinagawa	Serviced offices	Tokyo
November	Regus Hachinohe Center	Serviced offices	Aomori
November	Regus Akita Ekimae Center	Serviced offices	Akita
November	OpenOffice Osaka Higobashi	Serviced offices	Osaka

Business base

With the acquisition of Regus Japan, TKP added 413 locations* and 2,506 rental meeting rooms (*includes domestic and overseas locations). This plus TKP's own 8,945 serviced offices and co-working spaces brought the total count at the consolidated group level to 11,451 rental meeting rooms with combined capacity of 185,029 seats.

Acquisition of Taiwan Regus

In August 2019, TKP acquired from IWG all equity in the 13 entities operating the Regus business in Taiwan and entered a master franchise agreement with IWG for Taiwan. This GBP18.3mn acquisition (of a 100% stake) and corporate merger took place on September 30, 2019. The company's provisional estimates put the amount of goodwill arising from the transaction at JPY2.9bn.

Funding (significant subsequent events)

In September 2019, TKP resolved to issue new shares and offer shares in the company for sale via a primary offering and a third-party allotment, with all proceeds for the new share issuance via subscription to be paid in October. Of the JPY24.3bn (upper limit) to be raised, plans called for lending JPY13.0bn to TKPSPV-9 Corporation for the latter to repurchase and cancel Class A preferred shares it issued in May 2019 in connection with the Regus Japan Holdings acquisition; the company executed the loan to TKPSPV-9 Corporation on December 13, 2019.

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

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

Disclaimer

This document is provided for informational purposes only. No investment opinion or advice is provided, intended, or solicited. Shared Research Inc. offers no warranty, either expressed or implied, regarding the veracity of data or interpretations of data included in this report. We shall not be held responsible for any damage caused by the use of this report.

The copyright of this report and the rights regarding the creation and exploitation of the derivative work of this and other Shared Research Reports belong to Shared Research. This report may be reproduced or modified for personal use; distribution, transfer, or other uses of this report are strictly prohibited and a violation of the copyright of this report. Our officers and employees may currently, or in the future, have a position in securities of the companies mentioned in this report, which may affect this report's objectivity.

Japanese Financial Instruments and Exchange Law (FIEL) Disclaimer

The report has been prepared by Shared Research under a contract with the company described in this report ("the company"). Opinions and views presented are ours where so stated. Such opinions and views attributed to the company are interpretations made by Shared Research. We represent that if this report is deemed to include an opinion from us that could influence investment decisions in the company, such an opinion may be in exchange for consideration or promise of consideration from the company to Shared Research.

Contact Details

Shared Research Inc.

3-31-12 Sendagi Bunkyo-ku Tokyo, Japan

<https://sharedresearch.jp>

Phone: +81 (0)3 5834-8787

Email: info@sharedresearch.jp