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On October 15, 2020, TKP Corporation announced earnings results for 1H FY02/21.

Cumulative (JPY mn)	FY02/20				FY02/21		FY02/20				FY02/21		FY02/20		FY02/21		FY02/20		FY02/21	
	Q1 cons.	Q2 cons.	Q3 cons.	Q4 cons.	Q1 cons.	Q2 cons.	Q1 TKP par.	Q2 TKP par.	Q3 TKP par.	Q4 TKP par.	Q1 TKP par.	Q2 TKP par.	Q3 Regus Japan	Q4 Regus Japan	Q1 Regus Japan	Q2 Regus Japan	Q4 Regus Taiwan	Q1 Regus Taiwan	Q2 Regus Taiwan	
Sales	10,405	24,272	39,674	54,343	10,447	20,544	10,405	20,136	30,921	41,194	5,693	11,139	8,471	12,843	4,456	8,831	305	297	574	
YoY	14.1%	37.8%	48.8%	53.0%	0.4%	-15.4%	14.1%	14.3%	16.0%	16.0%	-45.3%	-44.7%	-	-	-	-113.5%	-	-	-	
Gross profit	4,562	9,913	15,293	20,722	2,744	5,062	4,562	8,271	12,475	16,353	1,149	2,033	2,750	4,335	1,547	2,987	32	47	42	
YoY	15.1%	38.4%	46.9%	51.0%	-39.9%	-48.9%	15.1%	15.5%	19.8%	19.2%	-74.8%	-75.4%	-	-	-	81.9%	-	-	-	
GPM	43.8%	40.8%	38.5%	38.1%	26.3%	24.6%	43.8%	41.1%	40.3%	39.7%	20.2%	18.3%	32.5%	33.8%	34.7%	33.8%	10.5%	15.8%	7.3%	
SG&A expenses	2,475	6,349	10,333	14,396	3,712	7,076	2,475	5,123	7,781	10,482	2,321	4,280	2,503	3,791	1,275	2,549	122	116	246	
YoY	12.6%	38.7%	49.4%	52.6%	50.0%	11.5%	12.6%	12.0%	12.5%	11.1%	-6.2%	-16.5%	-	-	-	-107.9%	-	-	-	
SG&A ratio	23.8%	26.2%	26.0%	26.5%	35.5%	34.4%	23.8%	25.4%	25.2%	25.4%	40.8%	38.4%	29.5%	29.5%	28.6%	28.9%	40.0%	39.1%	42.9%	
EBITDA	2,383	4,858	7,276	10,132	367	729	2,383	3,779	5,665	7,198	-828	-1,512	1,582	2,809	1,034	1,975	124	161	266	
YoY	22.9%	64.4%	77.3%	95.6%	-84.6%	-85.0%	22.9%	27.9%	38.0%	39.0%	-	-	-	-	-	-83.0%	-	-	-	
EBITDA margin	22.9%	20.0%	18.3%	18.6%	3.5%	3.5%	22.9%	18.8%	18.3%	17.5%	-	-	18.7%	21.9%	23.2%	22.4%	40.7%	54.2%	46.3%	
Operating profit	2,087	3,564	4,959	6,325	-968	-2,013	2,087	3,148	4,693	5,871	-1,171	-2,247	246	543	271	437	-89	-68	-204	
YoY	18.2%	38.0%	42.0%	47.5%	-	-	18.2%	21.9%	34.4%	36.9%	-	-	-	-	-	5.0%	-	-	-	
OPM	20.1%	14.7%	12.5%	11.6%	-	-	20.1%	15.6%	15.2%	14.3%	-	-	2.9%	4.2%	6.1%	4.9%	-	-	-	
Recurring profit	1,053	2,226	3,379	4,761	-1,291	-2,119	1,053	1,842	-	-	-	-	-	-	-	-	-	-	-	
YoY	-38.3%	-9.1%	2.5%	17.5%	-	-	-38.3%	-24.8%	-	-	-	-	-	-	-	-	-	-	-	
RPM	10.1%	9.2%	8.5%	8.8%	-	-	10.1%	9.1%	-	-	-	-	-	-	-	-	-	-	-	
Net income	409	745	1,287	1,743	-1,471	-2,403	409	991	-	-	-	-	-	-	-	-	-	-	-	
YoY	-58.8%	25.0%	17.5%	-7.9%	-	-	-58.8%	66.3%	-	-	-	-	-	-	-	-	-	-	-	
Net margin	3.9%	3.1%	3.2%	3.2%	-	-	3.9%	4.9%	-	-	-	-	-	-	-	-	-	-	-	

  

Quarterly (JPY mn)	FY02/20				FY02/21		FY02/20				FY02/21		FY02/20		FY02/21		FY02/20		FY02/21	
	Q1 cons.	Q2 cons.	Q3 cons.	Q4 cons.	Q1 cons.	Q2 cons.	Q1 TKP par.	Q2 TKP par.	Q3 TKP par.	Q4 TKP par.	Q1 TKP par.	Q2 TKP par.	Q3 Regus Japan	Q4 Regus Japan	Q1 Regus Japan	Q2 Regus Japan	Q4 Regus Taiwan	Q1 Regus Taiwan	Q2 Regus Taiwan	
Sales	10,405	13,867	15,402	14,669	10,447	10,097	10,405	9,731	10,785	9,991	5,693	5,446	4,335	4,372	4,456	4,375	305	297	277	
YoY	14.1%	63.3%	70.2%	65.5%	0.4%	-27.2%	14.1%	14.6%	19.1%	12.8%	-45.3%	-44.0%	-	-	-	5.8%	-	-	-	
Gross profit	4,562	5,351	5,380	5,429	2,744	2,318	4,562	3,709	4,204	3,810	1,149	884	1,108	1,585	1,547	1,440	32	47	-5	
YoY	15.1%	67.4%	65.4%	64.0%	-39.9%	-56.7%	15.1%	16.1%	29.3%	15.1%	-74.8%	-76.2%	-	-	-	-12.3%	-	-	-	
GPM	43.8%	38.6%	34.9%	37.0%	26.3%	23.0%	43.8%	38.1%	39.0%	38.1%	20.2%	16.2%	25.6%	36.3%	34.7%	32.9%	10.8%	15.8%	-	
SG&A expenses	2,475	3,874	3,984	4,063	3,712	3,364	2,475	2,648	2,658	2,652	2,321	1,959	1,277	1,288	1,275	1,274	122	116	130	
YoY	12.6%	63.0%	70.1%	61.6%	50.0%	-13.2%	12.6%	11.4%	13.5%	5.4%	-6.2%	-26.0%	-	-	-	3.9%	-	-	-	
SG&A ratio	23.8%	27.9%	25.9%	27.7%	35.5%	33.3%	23.8%	27.2%	24.6%	26.5%	40.8%	36.0%	29.5%	29.5%	28.6%	29.1%	40.0%	39.1%	46.9%	
EBITDA	2,383	2,475	2,418	2,856	367	362	2,383	1,396	1,886	1,504	-828	-684	503	1,227	1,034	941	124	161	105	
YoY	22.9%	143.6%	110.4%	165.4%	-84.6%	-85.4%	22.9%	37.4%	64.1%	39.8%	-	-	-	-	-	-	-	-	-	
EBITDA margin	22.9%	17.8%	15.7%	19.5%	3.5%	3.6%	22.9%	14.3%	17.5%	15.1%	-	-	11.6%	28.1%	23.2%	23.2%	40.7%	37.9%		
Operating profit	2,087	1,477	1,395	1,366	-968	-1,045	2,087	1,061	1,545	1,158	-1,171	-1,076	-170	297	271	166	-89	-68	-136	
YoY	18.2%	80.6%	53.3%	71.6%	-	-	18.2%	29.7%	69.8%	45.5%	-	-	-	-	-	-60.1%	-	-	-	
OPM	20.1%	10.7%	9.1%	9.3%	-	-	20.1%	10.9%	14.3%	11.6%	-	-	-	6.8%	6.1%	3.8%	-	-	-	
Recurring profit	1,053	1,173	1,153	1,382	-1,291	-828	1,053	789	-	-	-	-	-	-	-	-	-	-	-	
YoY	-38.3%	58.1%	36.4%	82.3%	-	-	-38.3%	6.3%	-	-	-	-	-	-	-	-	-	-	-	
RPM	10.1%	8.5%	7.5%	9.4%	-	-	10.1%	8.1%	-	-	-	-	-	-	-	-	-	-	-	
Net income	409	336	542	456	-1,471	-932	409	582	-	-	-	-	-	-	-	-	-	-	-	
YoY	-58.8%	-	8.6%	-42.9%	-	-	-58.8%	-	-	-	-	-	-	-	-	-	-	-	-	
Net margin	3.9%	2.4%	3.5%	3.1%	-	-	3.9%	6.0%	-	-	-	-	-	-	-	-	-	-	-	

  

KPI for meeting room rentals		FY02/20		FY02/21	
Sales per sqm		41,831	36,755	39,752	38,633
YoY		-	-	-	-

Source: Shared Research based on company data

## 1H FY02/21 results

### Overview

▷ Sales:	JPY20.6bn (-15.4% YoY)
▷ EBITDA:	JPY729mn (-85.0% YoY)
▷ Operating loss:	JPY2.0bn (versus operating profit of JPY3.6bn in 1H FY02/20)
▷ Recurring loss:	JPY2.1bn (versus recurring profit of JPY2.2bn in 1H FY02/20)
▷ Net loss*:	JPY2.4bn (versus net income of JPY745mn in 1H FY02/20)

\* Net loss attributable to owners of the parent

The COVID-19 pandemic considerably impacted the business of the main TKP group in 1H FY02/21. Owing to ongoing restraint in holding events amid the pandemic, many existing reservations for rental meeting rooms and banquet halls were cancelled, and there was also a decrease in new reservations. While focusing its resources on specific businesses and working to reduce fixed costs, the company established COVID-19 countermeasure guidelines and promoted rentals of satellite offices and meeting rooms for which infection prevention measures are implemented.

In 1H, the main TKP group booked losses from the operating line down. However, the average contract period for Regus Japan customers of about 12–18 months is longer than for rental meeting rooms, which limited the impact on 1H FY02/21 earnings. Even amid the COVID-19 pandemic, the occupancy rate across all facilities—a key KPI for Regus Japan—averaged 69.2% as of the end of August 2020. Moreover, the occupancy rate for facilities that have been open for at least two years remains at a high level, trending at 78.0% as of the same point.

### Main TKP group

Main TKP group sales were JPY11.1bn (-44.7% YoY), with gross profit at JPY2.0bn (-75.4% YoY), EBITDA at -JPY1.5bn (versus JPY3.8bn in 1H FY02/20), and an operating loss at JPY2.2bn (versus operating profit of JPY3.1bn in 1H FY02/20). The trend toward companies refraining from holding events due to the COVID-19 pandemic accelerated once the Japanese government issued its declaration of a state of emergency. This resulted in a decline in new reservations and the cancellation of existing reservations for rental meeting rooms and banquet halls.

The main TKP group opened eight new facilities (one together with Regus Japan) in 1H FY02/21, but closed 20 facilities on the expiration of rental contracts, resulting in the business operating 244 facilities as of the end of August 2020. Sales per tsubo (about 3.3sqm), a main KPI in the meeting room rentals business, declined 44.9% YoY, from JPY36,755 in 1H FY02/20 to JPY20,256 in 1H FY02/21.

The company says that, since the government lifted the national state of emergency on May 25, 2020, demand for online seminars, the livestreaming of general shareholders meetings, and examination centers has been increasing, and new business opportunities have been emerging, such as with demand for the option of equipment to prevent the spread of COVID-19. It also says that earnings have recently shown signs of recovery, with sales in the rental meeting rooms business having increased YoY in August. Although its full-year FY02/21 forecast remains undetermined, the company projects consolidated earnings to recover to an operating profit in 2H.

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

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