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On February 19, 2021, Luckland Co., Ltd. announced earnings results for full-year FY12/20.

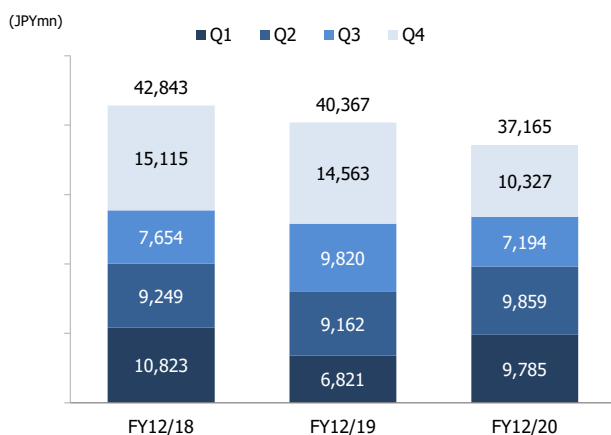
Cumulative (JPYmn)	FY12/19				FY12/20				FY12/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	FY Est.
Revenue	6,821	15,983	25,804	40,367	9,785	19,644	26,838	37,165	100.0%	37,164
YoY	-37.0%	-20.4%	-6.9%	-5.8%	43.4%	22.9%	4.0%	-7.9%		-7.9%
Gross profit	743	2,276	3,679	5,822	1,292	3,028	3,565	4,442		
YoY	-34.1%	-10.6%	11.7%	21.9%	73.7%	33.1%	-3.1%	-23.7%		
Gross profit margin	10.9%	14.2%	14.3%	14.4%	13.2%	15.4%	13.3%	12.0%		
SG&A expenses	1,054	2,324	3,448	4,715	1,208	2,451	3,665	4,940		
YoY	8.9%	13.7%	9.1%	7.3%	14.7%	5.4%	6.3%	4.8%		
SG&A ratio	15.5%	14.5%	13.4%	11.7%	12.4%	12.5%	13.7%	13.3%		
Operating profit	-310	-49	231	1,107	83	578	-100	-498	-	-498
YoY	-	-	76.2%	190.9%	-	-	-	-	-	-
Operating profit margin	-	-	0.9%	2.7%	0.8%	2.9%	-	-	-	-
Recurring profit	-304	-99	179	1,045	43	600	-49	-388	-	-387
YoY	-	-	24.0%	160.8%	-	-	-	-	-	-
Recurring profit margin	-	-	0.7%	2.6%	0.4%	3.1%	-	-	-	-
Net income	-209	191	309	916	1	280	-156	-514	-	-514
YoY	-	-32.2%	3344.1%	925.5%	-	46.4%	-	-	-	-
Net margin	-	1.2%	1.2%	2.3%	0.0%	1.4%	-	-	-	-

Quarterly (JPYmn)	FY12/19				FY12/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	6,821	9,162	9,820	14,563	9,785	9,859	7,194	10,327
YoY	-37.0%	-0.9%	28.3%	-3.7%	43.4%	7.6%	-26.7%	-29.1%
Gross profit	743	1,532	1,403	2,143	1,292	1,737	536	878
YoY	-34.1%	8.1%	87.9%	44.5%	73.7%	13.4%	-61.8%	-59.1%
Gross profit margin	10.9%	16.7%	14.3%	14.7%	13.2%	17.6%	7.5%	8.5%
SG&A expenses	1,054	1,270	1,123	1,268	1,208	1,242	1,214	1,275
YoY	8.9%	17.9%	0.6%	2.7%	14.7%	-2.2%	8.1%	0.6%
SG&A ratio	15.5%	13.9%	11.4%	8.7%	12.4%	12.6%	16.9%	12.4%
Operating profit	-310	262	280	876	83	495	-678	-398
YoY	-	-23.2%	-	251.2%	-	88.9%	-	-
Operating profit margin	-	2.9%	2.8%	6.0%	0.8%	5.0%	-	-
Recurring profit	-304	205	278	866	43	557	-649	-339
YoY	-	-45.0%	-	237.8%	-	171.7%	-	-
Recurring profit margin	-	2.2%	2.8%	5.9%	0.4%	5.6%	-	-
Net income	-209	400	118	606	1	279	-436	-358
YoY	-	81.9%	-	654.8%	-	-30.2%	-	-
Net margin	-	4.4%	1.2%	4.2%	0.0%	2.8%	-	-

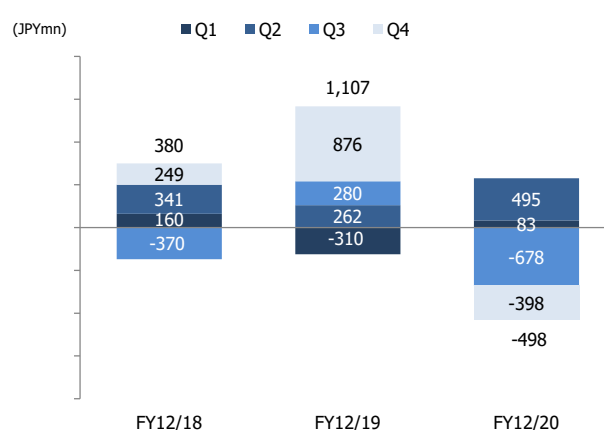
Source: Shared Research based on company data

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

Quarterly revenue



Quarterly operating profit



Source: Shared Research based on company data

Quarterly revenue (cumulative)

Revenue by business (cumulative) (JPYmm)	FY12/18				FY12/19				FY12/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total revenue	10,823	20,073	27,727	42,843	6,821	15,983	25,804	40,367	9,785	19,644	26,838	37,165
YoY	107.8%	65.4%	37.2%	37.7%	-37.0%	-20.4%	-6.9%	-5.8%	43.4%	22.9%	4.0%	-7.9%
Store Facilities	3,838	9,209	12,597	19,618	4,002	8,886	12,189	17,428	4,039	9,187	11,895	16,266
YoY	-4.3%	7.5%	11.0%	13.9%	4.3%	-3.5%	-3.2%	-11.2%	0.9%	3.4%	-2.4%	-6.7%
% of total revenue	35.5%	45.9%	45.4%	45.8%	58.7%	55.6%	47.2%	43.2%	41.3%	46.8%	44.3%	43.8%
Commercial Facilities	1,309	3,292	4,641	7,506	956	2,485	4,751	7,522	3,113	5,609	7,357	9,325
YoY	855.5%	318.3%	52.6%	73.4%	-27.0%	-24.5%	2.4%	0.2%	225.6%	125.7%	54.9%	24.0%
% of total revenue	12.1%	16.4%	16.7%	17.5%	14.0%	15.5%	18.4%	18.6%	31.8%	28.6%	27.4%	25.1%
Food Plants and Logistics Warehouses	1,113	1,881	3,691	5,153	744	1,337	2,273	3,184	707	1,099	1,556	2,219
YoY	155.3%	69.9%	119.7%	73.9%	-33.2%	-28.9%	-38.4%	-38.2%	-5.0%	-17.8%	-31.5%	-30.3%
% of total revenue	10.3%	9.4%	13.3%	12.0%	10.9%	8.4%	8.8%	7.9%	7.2%	5.6%	5.8%	6.0%
Store Maintenance	407	877	1,397	1,886	420	936	1,544	2,097	513	976	1,490	2,053
YoY	2.3%	4.5%	12.5%	12.3%	3.2%	6.7%	10.5%	11.2%	22.1%	4.3%	-3.5%	-2.1%
% of total revenue	3.8%	4.4%	5.0%	4.4%	6.2%	5.9%	6.0%	5.2%	5.2%	5.0%	5.6%	5.5%
Energy Conservation and CO2 Reduction	72	192	251	317	55	100	142	179	32	78	116	151
YoY	22.0%	36.2%	23.6%	-26.6%	-23.6%	-47.9%	-43.4%	-43.6%	-41.8%	-22.0%	-18.3%	-15.8%
% of total revenue	0.7%	1.0%	0.9%	0.7%	0.8%	0.6%	0.6%	0.4%	0.3%	0.4%	0.4%	0.4%
Construction	4,082	4,618	5,147	8,363	642	2,236	4,901	9,957	1,377	2,693	4,420	7,152
YoY	2329.8%	570.2%	91.3%	86.8%	-84.3%	-51.6%	-4.8%	19.1%	114.5%	20.4%	-9.8%	-28.2%
% of total revenue	37.7%	23.0%	18.6%	19.5%	9.4%	14.0%	19.0%	24.7%	14.1%	13.7%	16.5%	19.2%

Revenue by division (JPYmm)	FY12/18				FY12/19				FY12/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total revenue	10,823	20,073	27,727	42,843	6,821	15,983	25,804	40,367	9,785	19,644	26,838	37,165
Supermarkets	2,605	6,606	8,223	13,301	2,132	5,769	9,480	13,139	2,581	6,325	8,651	12,505
YoY	3.0%	17.0%	0.3%	-5.8%	-18.2%	-12.7%	15.3%	-1.2%	21.1%	9.6%	-8.7%	-4.8%
% of total revenue	24.1%	32.9%	29.7%	31.0%	31.3%	36.1%	36.7%	32.5%	26.4%	32.2%	32.2%	33.6%
Food Systems	7,724	12,419	17,859	27,322	4,180	9,121	14,561	24,848	6,630	12,216	16,506	22,361
YoY	247.1%	124.9%	70.1%	82.5%	-45.9%	-26.6%	-18.5%	-9.1%	58.6%	33.9%	13.4%	-10.0%
% of total revenue	71.4%	61.9%	64.4%	63.8%	61.3%	57.1%	56.4%	61.6%	67.8%	62.2%	61.5%	60.2%
Maintenance	493	1,046	1,645	2,220	507	1,092	1,761	2,379	572	1,102	1,680	2,299
YoY	9.1%	8.7%	9.3%	9.5%	2.8%	4.4%	7.1%	7.2%	12.8%	0.9%	-4.6%	-3.4%
% of total revenue	4.6%	5.2%	5.9%	5.2%	7.4%	6.8%	6.8%	5.9%	5.8%	5.6%	6.3%	6.2%

Quarterly revenue (three months)

Revenue by business (quarterly) (JPYmm)	FY12/18				FY12/19				FY12/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	10,823	9,249	7,654	15,115	6,821	9,162	9,820	14,563	9,785	9,859	7,194	10,327
YoY	107.8%	33.6%	-5.2%	38.6%	-37.0%	-0.9%	28.3%	-3.7%	43.4%	7.6%	-26.7%	-29.1%
Store Facilities	3,838	5,371	3,388	7,021	4,002	4,884	3,303	5,239	4,039	5,148	2,708	4,371
YoY	-4.3%	17.8%	22.0%	19.3%	4.3%	-9.1%	-2.5%	-25.4%	0.9%	5.4%	-18.0%	-16.6%
% of total revenue	35.5%	58.1%	44.3%	46.4%	58.7%	53.3%	33.6%	36.0%	41.3%	52.2%	37.6%	42.3%
Commercial Facilities	1,309	1,983	1,349	2,865	956	1,529	2,266	2,771	3,113	2,496	1,748	1,968
YoY	855.5%	205.1%	-40.2%	122.3%	-27.0%	-22.9%	68.0%	-3.3%	225.6%	63.2%	-22.9%	-29.0%
% of total revenue	12.1%	21.4%	17.6%	19.0%	14.0%	16.7%	23.1%	19.0%	31.8%	25.3%	24.3%	19.1%
Food Plants and Logistics Warehouses	1,113	768	1,810	1,462	744	593	936	911	707	392	457	663
YoY	155.3%	14.5%	215.9%	13.9%	-33.2%	-22.8%	-48.3%	-37.7%	-5.0%	-33.9%	-51.2%	-27.2%
% of total revenue	10.3%	8.3%	23.6%	9.7%	10.9%	6.5%	9.5%	6.3%	7.2%	4.0%	6.4%	6.4%
Store Maintenance	407	470	520	489	420	516	608	553	513	463	514	563
YoY	2.3%	6.6%	29.0%	11.9%	3.2%	9.8%	16.9%	13.1%	22.1%	-10.3%	-15.5%	1.8%
% of total revenue	3.8%	5.1%	6.8%	3.2%	6.2%	5.6%	6.2%	3.8%	5.2%	4.7%	7.1%	5.4%
Energy Conservation and CO2 Reduction	72	120	59	66	55	45	42	37	32	46	38	35
YoY	22.0%	46.3%	-4.8%	-71.1%	-23.6%	-62.5%	-28.8%	-44.4%	-41.8%	2.2%	-9.5%	-6.1%
% of total revenue	0.7%	1.3%	0.8%	0.4%	0.8%	0.5%	0.4%	0.3%	0.3%	0.5%	0.5%	0.3%
Construction	4,082	536	529	3,216	642	1,594	2,665	5,056	1,377	1,316	1,727	2,732
YoY	2329.8%	2.9%	-73.6%	80.0%	-84.3%	197.4%	403.8%	57.2%	114.5%	-17.4%	-35.2%	-46.0%
% of total revenue	37.7%	5.8%	6.9%	21.3%	9.4%	17.4%	27.1%	34.7%	14.1%	13.3%	24.0%	26.5%

Revenue by division (JPYmm)	FY12/18				FY12/19				FY12/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	10,823	9,249	7,654	15,115	6,821	9,162	9,820	14,563	9,785	9,859	7,194	10,327
Supermarkets	2,605	4,001	1,617	5,078	2,132	3,637	3,711	3,659	2,581	3,744	2,326	3,854
YoY	3.0%	28.4%	-36.6%	-14.2%	-18.2%	-9.1%	129.5%	-27.9%	21.1%	2.9%	-37.3%	5.3%
% of total revenue	24.1%	43.3%	21.1%	33.6%	31.3%	39.7%	37.8%	25.1%	26.4%	38.0%	32.3%	37.3%
Food Systems	7,724	4,695	5,440	9,463	4,180	4,941	5,440	10,287	6,630	5,586	4,290	5,855
YoY	247.1%	42.4%	9.3%	111.8%	-45.9%	5.2%	0.0%	8.7%	58.6%	13.1%	-21.1%	-43.1%
% of total revenue	71.4%	50.8%	71.1%	62.6%	61.3%	53.9%	55.4%	70.6%	67.8%	56.7%	59.6%	56.7%
Maintenance	493	553	599	575	507	585	669	618	572	530	578	619
YoY	9.1%	8.4%	10.3%	9.9%	2.8%	5.8%	11.7%	7.5%	12.8%	-9.4%	-13.6%	0.2%
% of total revenue	4.6%	6.0%	7.8%	3.8%	7.4%	6.4%	6.8%	4.2%	5.8%	5.4%	8.0%	6.0%

Source: Shared Research based on company data

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

Full-year FY12/20 results (out February 19, 2021)

Overview

Results for full-year FY12/20 (January–December 2020)

- ▷ Revenue: JPY37.2bn (-7.9% YoY)
- ▷ Operating loss: JPY498mn (versus profit of JPY1.1bn in FY12/19)
- ▷ Recurring loss: JPY388mn (versus a profit of JPY1.0bn in FY12/19)
- ▷ Net loss*: JPY514mn (versus net income of JPY916mn in FY12/19)

*Net income/loss attributable to owners of the parent

- ▷ Business environment: The company is carefully watching trends in the economy watchers survey diffusion index (Cabinet Office), the tertiary industry activity index (Ministry of Economy, Trade and Industry), and the monetary base average balance (Bank of Japan). The economy watchers survey diffusion index dropped under 50 from 2018 and dipped to new lows from March 2020 due to the COVID-19 outbreak. However, the index bottomed in April and has started to recover. The tertiary industry activity index, which shows trends in the non-manufacturing and service industries, also dropped sharply from March 2020 onward. It bottomed out in May and is currently showing some improvement. The monetary base average balance growth rate recently dropped to around 0% and the economic boost effect is fading. With the spread of the pandemic, the Bank of Japan has taken steps to increase the average balance growth rate once more. Although the economic environment in which the company operates has been especially weak since March, there had been signs of a gradual recovery since June. However, conditions remained severe as economic recovery stalled and reversed after COVID-19 case numbers turned up again from fall.
- ▷ Operating loss on lower revenue: Revenue declined YoY in FY12/20 (January–December 2020), reflecting the poor outlook for company clients in April and May, when the COVID-19 pandemic situation in Japan was at its most severe with expectations that the company's forecast would have to be lowered or pushed back for July onward. Meanwhile, cost reductions and cuts to SG&A expenses did not keep pace with the decline in sales, resulting in an operating loss in the third quarter and the full year.

Results by business

Store Facilities

- ▷ FY12/20 revenue (January–December 2020): JPY16.3bn (-6.7% YoY)
- ▷ Store Facilities is the Luckland group's core business
- ▷ Factors behind revenue remaining generally flat: In addition to traditional customers such as supermarkets, restaurants, and retail stores, the company promoted the development of store facilities for a variety of other business types. Moreover, by advancing an in-house shift of on-site engineer functions, including planning, design, and construction, the company was able to offer proposals with added value, not just construction. The company also provides support for opening delivery-only stores and shared kitchens adapted to business during and after the pandemic.

Commercial Facilities

- ▷ FY12/20 revenue: JPY9.3bn (+24.0% YoY)
- ▷ The company positioned the construction facilities and the commercial facilities of multiple tenants (including tenant and common-area construction) businesses as a core field. Order count is trending up as the company continued to tap into clients in the railway and large developer fields. Although this business, like Store Facilities, is vulnerable to the impact of the COVID-19 pandemic, new retail facilities and other large projects contributed to earnings growth in FY12/20.

Food-Processing Plants and Logistics Warehouses

- ▷ FY12/20 revenue: JPY2.2bn (-30.3% YoY)
- ▷ In freezer and refrigeration technology, which has been a core technology since its founding, Luckland has been working to bolster sales activities in recent years with the aim of attracting orders from major general contractors and engineering companies. The core business of Hybrid Lab Co., Ltd., which became a group company in March 2020, specializes in food-processing technology R&D and food-processing. The company and Hybrid Lab entered a business alliance with a consulting firm specializing in manufacturing facility design in October 2020. The company expects that the technologies developed by Hybrid Lab will drive growth in these fields.

Store Maintenance

- ▷ FY12/20 revenue: JPY2.1bn (-2.1% YoY)
- ▷ Factors behind changes in revenue: The company started up a maintenance sales team and continued to pioneer new customers. The number of stores covered by maintenance contracts grew by over 2,700 from end-2019, pushing the total to above 17,400. Additionally, the company opened the Aomori sales office as a base of operations for the northern Tohoku area in January 2020. As a new business, the company is also operating an on-site facility maintenance service business for food manufacturing factories. The building maintenance business operated by group company Ace-Center Co., Ltd. is one of the core fields.

Energy Conservation and CO₂ Reduction

- ▷ FY12/20 revenue: JPY151mn (-15.8% YoY)
- ▷ Revamped mainstay LED products were launched by Nippon PI Co., Ltd. in May 2020. Non-air conditioning installations are increasing in the rental business, with the company continuing to focus its sales activity in non-construction fields as well.

Construction

- ▷ FY12/20: JPY7.2bn (28.2% YoY)
- ▷ Revenue declined as a result of large projects being postponed due to the COVID-19 pandemic.
- ▷ Business expansion: Rather than focusing just on diagnosis of earthquake resistance and reinforcement work, Luckland has built a framework to handle everything from skeleton structures to interior finishing, all within the group. As a result, the company is seeing an increase in inquiries related to new construction and renovations involving an expansion in floorspace. In the future, the company's approach will be to strengthen its construction system, including design. Since many of the projects the company handles are large and construction periods are becoming longer, revenue and profit tend to fluctuate significantly from quarter to quarter in this business. At the same time, the company also considers this business relatively resistant to the impact of short-term economic trends.

Company forecast for FY12/21

Overview

Company forecast for full-year FY12/21

- ▷ Revenue: JPY42.0bn (+13.0% YoY)
- ▷ Operating profit: JPY1.2bn (versus loss of JPY498mn in FY12/20)
- ▷ Recurring profit: JPY1.3bn (versus loss of JPY388mn)
- ▷ Net income*: JPY700mn (versus net loss of JPY514mn)
- ▷ EPS: JPY73.02

*Net income/loss attributable to owners of the parent

- ▷ FY12/21, the third year of the “Change” stage of the company’s long-term plan, is positioned as the year in which the company reaps the benefits of new businesses that it had invested resources in in the past two years. New challenges for the fiscal year include aggressive uptake of new technologies at the same time as rigorously observing the basics.
- ▷ Specifically, this entails: 1) further strengthening early collaboration between divisions in design and construction projects and establishing an organizational (systematic) property management structure; 2) rigorous labor and task management at construction sites, and 3) minimum 3% YoY improvement of group-wide GPM.

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

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