

TKP Corporation
3479 TSE Mothers

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FISCO Ltd. Analyst

■ Announced the formulation of a new medium-term business plan which targets the acceleration of overseas business development, starting with Taiwan, based on the significant increases in operating income and EBITDA that it had recorded.

On August 16th, TKP Corporation <3479> (hereafter, also “the Company”) announced its new three-year, medium-term business plan for FY2020 to FY2022. The Company stated that it had conducted a review over a short period since the previous announcement on June 26th due to the strong demand for flexible offices and accommodation facilities, such as rental conference rooms and banquet halls, rental offices, and coworking spaces, in addition to the acquisition of Regus Taiwan announced on August 9th, the acquisition of Regus Japan Holdings in May 2019, and the steady growth of its core business.

For the results for FY2/22, the plan’s final fiscal year, the Company is forecasting net sales of ¥79.326bn (up 3.2% compared to the previous announcement), EBITDA of ¥18.313bn (up 9.3%), operating income of ¥12.471bn (up 10.2%), ordinary income of ¥11.918bn (up 11.4%), and net income of ¥6.406bn (up 0.8%). Compared to the previous announcements, all of the forecasts have been upwardly revised, with the operating income and ordinary income forecasts being significantly upwardly revised by more than 10%.

In the new medium-term business plan, EBITDA is the most important management index, for which the aim is to achieve 23% of net sales in 3 years.

Also, setting “From the No.1 domestic flexible office brand to a global brand” as a new theme, the Company announced that it will accelerate overseas business development with the goal of actively expanding into Asia, starting with Taiwan, as well as expanding into other areas.

The overseas business strategies are as follows: 1. for the Taiwan business, open 36 bases through joint TKP and Regus store openings over 6 years to expand to a network of 50 bases when combined with the existing 14 bases, forecasting sales of ¥2.3bn and EBITDA of ¥.06bn in FY2/22; 2. starting with Taiwan, set the Asia region as the area scheduled for development, look into building partnerships with excellent companies, and build the TKP network while developing the conference room business, together with the hotel business and the Regus business; and 3. in areas other than Asia, aim to develop business opportunities using the business in New York currently being developed as a foothold.

The four new growth strategies are as follows: 1. Progress joint property development, product sales, and base operations through integrating the resources of the Company and Regus Japan and Regus Taiwan; 2. Promote work style reforms as the largest provider of flexible offices in Japan, expand the development of services centered on B-to-B, and improve customer satisfaction and the repeat rate; 3. Promote development in new business fields related to flexible offices and conducting M&A; and 4. Rapidly expand the TKP network worldwide with Asia as the gateway, by combining facilities, such as rental conference rooms, rental offices, co-working spaces, and accommodation facilities.

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