

RIZAP Group, Inc.2928 Sapporo Securities
Exchange Ambitious

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FISCO Ltd. Analyst

■ Major increases in revenue and profits are expected in FY3/19 from the effects of the upfront investment in FY3/18

RIZAP Group, Inc. <2928> (hereafter, also “the Company”) announced its FY3/18 consolidated results on May 15, 2018. Revenue increased 42.9% year on year (YoY) to ¥136.201bn, operating income rose 33.1% to ¥13.59bn, income before income taxes grew 25.4% to ¥12.047bn, net income climbed 37.7% to ¥10.741bn, and net income attributable to owners of the parent company increased 20.5% to ¥9.25bn. Revenue increased for the 6th consecutive fiscal period and operating income rose for the 5th consecutive period, for new record highs.

In the existing businesses, RIZAP body shaper members exceeded 100,000 people in February, and the number has continued to grow strongly since the start of the service. Also, in July last year, the Company launched the Body Management Program (BMP) aimed at maintaining and managing the health of members renewing after one year of membership, and it is making steady progress in accumulating recurring income. It began the full-scale provision of services for groups (one trainer for multiple people) that utilizes the methods it has cultivated for individuals (one trainer for one person), and it worked to develop new services for local governments and corporate customers. In services for corporate customers, the Company has provided services to more than 200 companies and this number also continues to grow. In new businesses, it has accelerated the pace of developing new services; opening new stores, gyms, and schools; and recruiting trainers, including by conducting concentrated upfront investment in RIZAP GOLF, RIZAP ENGLISH and other businesses. As a result, the number of new members has been steadily increasing, which has led to improvements in sales and the profit margin.

Also, in FY3/18 the Company conducted upfront investment (total of ¥9.15bn) in the RIZAP body shaper business, new businesses, and M&A-related. From FY3/19, which it has positioned as the second phase of growth for the RIZAP-related businesses, it is aiming to 1) expand the personal trainer business (one on one), 2) grow its track record as a health-support company, and 3) expand the new businesses (in the sports and food fields). From the effects of the upfront investment in FY3/18 and the above-mentioned measures, it is targeting a substantial growth in FY3/19. So the Company is further stepping on the accelerator toward achieving the targets in the COMMIT 2020 medium-term management plan, of revenue of ¥300bn and operating income of ¥35bn.

The FY3/19 forecasts are for revenue to increase 83.6% YoY to ¥250bn, operating income to rise 69.2% to ¥23bn, profit before income taxes to grow 75.1% to ¥21.1bn, net profit to increase 58.3% to ¥17bn, and profit attributable to the owners of the parent company to climb 72.3% to ¥15.94bn.



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