

MOTHERS 3092 START TODAY CO.LTD.

Sector; Retail Trade 18-Jul-08

An artistic company that supplies "style" and "smiles" to the world from Chiba

Contact ; Mr.Arai TEL ; +81-3-3560-5469 (TOKYO, JAPAN)

[report@ftg.jp](mailto:report@ftg.jp)**Company profile**

**Representative** Yusaku Maezawa URL: <http://www.starttoday.jp/>

**Head Office** 2-6, Nakase, Mihama-ku, Chiba-shi, Chiba

**Business line** An Internet shopping mall operator.

**Shares issued** 11,920 shares (3/31/2008)

**Special owners** 86.6%, Foreign owners 4.7%, Japanese Funds 8.8%

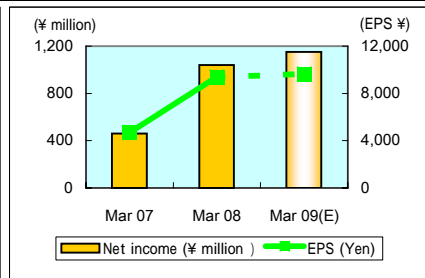
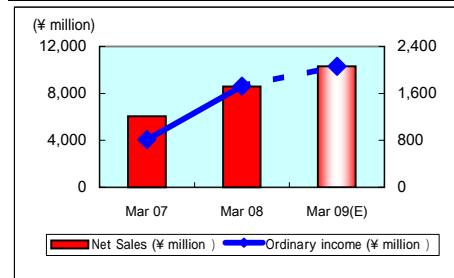
**Major Holders** Yusaku Maezawa 67.5%, Japan Trustee Services Bank, Ltd. 4.5%, The Master Trust Bank of Japan ,Ltd. 3.8%, Jun Yamada 2.7%, Tadafumi Ikeda 1.5%

**Established** April 2000

**Listed** Dec 2007

14-Jul-08	
Stock price (¥)	310,000
PER(E)	29.8
ROE(E)	30.3%
Market cap (¥ million)	37,045
Volume	296
Trade Unit	1

	Net Sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Dividend (Yen)	EPS (Yen)	ROE (%)
Mar 07	6,068	814	461	0	4,675	50.3
Mar 08	8,584	1,724	1,039	2,020	9,407	34.8
Mar 09(E)	10,300	2,060	1,150	2,410	9,647	30.3
Sep 08 (Interim)	4,660	810	460			

**Industry trend**

Japan's B-to-C e-commerce market recorded sales of ¥4.4 trillion in 2006, 27.1% more than in 2005. By market sector, information and communications (including distribution of digital content) accounted for 27.1% of this market and retailing (including major catalog-based retailers) for 22.5%. One recent trend is growth in using e-commerce to buy at lower prices the same products and services that are available at conventional stores. Benefits of e-commerce sales are greatest at companies that can process sales quickly and finish negotiations with customers in a short time. At websites selling fashion products, the "girls walker" cell phone website that handles women's products is posting steady growth in sales. The site is operated by Xavel, Inc., which started a fashion show called the "Tokyo Girls Collection" in 2005. The show targets women between the ages of about 15 and 30. Xavel's success is based on a system that allows women watching the fashion shows on site or via the Internet to immediately place an order using a computer or cell phone. Women in the targeted age group, as well as other consumers who follow the latest fashion trends, have a strong desire to purchase apparel and accessories that are cute. Department stores and conventional apparel stores alone cannot meet the needs of this consumer segment. This explains why they purchase so many products on Internet shops using computers and cell phones. (Sources: "Fiscal 2006 E-commerce Market Survey," Ministry of Economy, Trade and Industry; Wikipedia "Tokyo Girls Collection"; Xavel Web site; NHK "Tokyo Kawaii☆TV" Web site)

**Business strategy**

START TODAY Co., Ltd. operates a fashion information site called "ZOZOTOWN" that brings together shops selling apparel and other products. The site has more than 90 shops that handle more than 600 brands, including United Arrows (7606), Beams and Ships. About two-thirds of sales come from stores that have been developed by START TODAY and the remainder from the operation of stores for other companies. The company has achieved steady growth by emphasizing "stylishness" and "cuteness" in both its merchandise and the design of its Web site. Since the company sells small merchandise that is available only in limited quantities, START TODAY has created its own distribution system that can quickly and efficiently handle a large number of items, each sold in only small quantities. The distribution center is Prologis Park Narashino. The START TODAY distribution system achieves remarkable speed and efficiency. In many cases, START TODAY can receive merchandise and place it on the Web site in a single day. Merchandise can be shipped as quickly as three hours after receipt of an order. The forecast for the fiscal year ending in March 2009 is sales of ¥10.3 billion (up 20.0%), ordinary income of ¥2.06 billion (up 19.5%) and net income of ¥1.15 billion (up 10.6%). In the March 2009 fiscal year, START TODAY will start an Internet sales outsourcing business, using its distribution system primarily to sell the products of apparel manufacturers. The company has already received preliminary agreements to sell apparel of a major company. (This company is named after an album of the U.S. rock band "Gorilla Biscuits"; Sources: "Strategic Focus: External Sales Know-how," Distribution that Supports START TODAY's Popularity)

**Corporate analysis by IR STREET**

Strength	Opportunity
1. Japan's largest apparel e-commerce company	1. Growth of the e-commerce market in Japan
2. START TODAY has its own e-commerce infrastructure (systems, designs, logistic, etc.)	2. Growth of e-commerce using cell phones
3. Operation of the "ZOZORESORT" comprehensive fashion information Web site	3. Opportunity to strengthen ties between Internet shops and conventional stores
Weakness	Risk
1. Procurement of merchandise (diversity of selection and volume of merchandise)	1. Increasing competition as e-commerce market grows
2. Number of brands (balance between increasing the number of brands while maintaining the current level of quality)	2. Changes in preferences of customers
3. Operation of businesses outside the e-commerce field	3. Tighter restrictions (filtering and other actions) need to maintain the soundness of the Web site

**Peer comparison**

	Fiscal Year end	Sales (¥ million)	YoY (%)	Ordinary income (¥ million)	YoY (%)	Ordinary income ratio (%)	EPS (¥)
START TODAY	Mar 09(E)	10,300	20.0%	2,060	19.5%	20.0%	9,647
STYLIFE CORP.(3037)	Mar 09(E)	7,090	19.5%	242	3.9%	3.4%	6,566
MAGASEEK Corporation(3060)	Mar 09(E)	9,150	28.9%	432	-6.5%	4.7%	11,798
Rakuten, Inc(4755)	Dec 08(E)	250,000	16.9%	32,500	1267.8%	13.0%	917

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