

VT Holdings (7593, Corporate)

Initiating coverage: Car dealer M&A

26th June 2024

Share price: ¥510

Market cap: ¥62.5bn

We expect VT Holdings' car dealer M&A strategy, significant overseas exposure & expanding housing business to drive long-term growth.

Company sector

Specialty Retail (GICS Industry)

Stock data

Price (¥)	510
Mkt cap (¥bn)/(\$m)	62.5 / 390.5
52-week range (¥)	478 - 553
Shares O/S (m)	122.6
Average daily value (\$m)	0.9
Free float (%)	74.9
Foreign shareholding (%)	14.5
Ticker	7593
Exchange	Tokyo Prime
Net Debt/Equity (x)	70.5



Source: Bloomberg

BUSINESS OVERVIEW

VT HOLDINGS CO sells automobiles, replacement parts, & used cars, provides vehicle maintenance & repair services & arranges automobile financing & insurance. It also has a housing & condominium construction business.

Next event

1Q FY 3/2025 results in Aug 2024

Storm Corporate: +44 (0) 121 288 3402

info@stormresearch.co.uk[Storm corporate profile page](#)

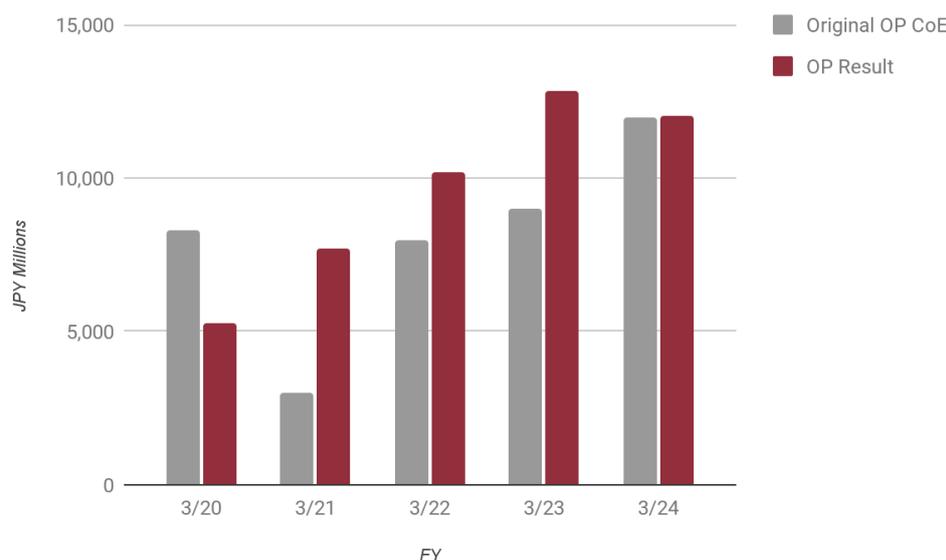
VT Holdings is a research client of Storm Research

- **VT Hdgs's core business is its new car dealerships, & its focus on M&A enables the company to expand despite a shrinking domestic auto market. As of FY 3/24, it had 57 subsidiaries & a 57:43 domestic:overseas sales split, with 45% of sales & 68% of GP regarded as stock income.**
- **The company finished FY 3/24 in line with its 2nd revised company estimate, above its original sales forecast due to better-than-expected manufacturer production recovery, & in line with its original OP forecast due to ¥1bn in unexpected impairment losses. OP declined YoY against a particularly strong FY 3/23 that was flattered by negative goodwill.**
- **The Auto Sales Related division was broadly in line despite a weak overseas market causing used car GPM deterioration. The company expects GPM improvement in FY 3/25, & expects production recovery to allow it to fulfil its approx. 7,000 March 2024 car order backlog with the aim of reducing it to a more normalised level of 4,000.**
- **Whilst Housing-related FY 3/24 sales & OP were in line with forecast, the company expects strong demand & brand recognition to facilitate +10-20% annual sales & OP growth in the medium term. VT Hdgs is able to keep store construction in-house.**
- **Although VT Hdgs has forecast record high FY 3/25 earnings, it considers the estimates conservative due to uncertainties regarding new & used car price fluctuations, & has included no assumption for likely M&A deals. It also sees potential for FY 3/25 OPM improvement driven by used car GPM appreciation but has remained cautious in its official forecast.**
- **We note VT Hdgs has a 40% dividend payout ratio & is committed to improving its PBR through increasing earnings & effectively communicating its growth potential to investors. On 9x PER FY 3/25 company estimates, we conclude it is strongly positioned & recommend investors book time with senior management to dig deeper: [here](#).**

Year end	3/2022	3/2023	3/2024	3/2025E
Sales (¥bn)	237.9	266.3	311.6	330.0
OP (¥bn)	10.2	12.9	12.0	13.0
NP (¥bn)	11.7	7.2	6.7	7.0
EPS (¥)	101.0	61.9	56.9	57.9
DPS (¥)	22.0	23.5	24.0	24.0
Sales growth YoY (%)	19.2	11.9	17.0	5.9
OP growth YoY (%)	32.1	26.1	-6.6	8.3
NP growth YoY (%)	147.9	-38.5	-6.7	4.5
EPS growth YoY (%)	148.7	-38.7	-8.1	1.8
PER (x)	4.4	8.2	9.4	8.8
EV/EBITDA (x)	5.9	6.0	5.4	5.2
PBR (x)	1.0	0.9	0.9	0.8
ROE (%)	25.5	12.4	9.8	n/a
ROIC (%)	5.7	6.3	4.9	n/a
FCF yield (%)	15.5	n/a	n/a	n/a
Dividend yield (%)	4.9	4.6	4.9	4.7

Source: Bloomberg

RESULTS VS FORECAST HISTORY



COMPANY OVERVIEW

Founded in 1983 as Honda Verno Tokai in Aichi Prefecture before changing its name in 2003, **VT Hdgs' core Auto Sales Related business contributes approx. 90% of total sales via car dealerships & related services.** It also operates a property development business, which allows it to build its own dealerships.

The company started by signing a distribution agreement with Honda (7267) in 1983, & adopted an active M&A growth strategy. **As of May 2024, it had 57 subsidiaries both domestically & overseas, with 42.7% of total FY 3/24 sales derived from overseas markets.**

It listed on the Mothers market in 2004, moved to the TSE 1st Section in 2015, & to the Prime Market in 2022.

EARNINGS

FY 3/24 sales & OP finished in line with the 2nd revised company forecast, driven by robust auto manufacturer production & demand. OP declined -6.6%YoY due to FY 3/23 earnings being flattered by ¥1.8bn of negative goodwill.

- *Revisions:* VT Hdgs originally forecast conservatively for FY 3/24 & at 1H results revised up its sales & OP forecast to reflect better than expected auto manufacturer production.

Ahead of FY results, it revised up sales again due to ongoing strong production, but revised OP back to its original forecast due to -¥1bn in unexpected impairment losses from unprofitable BMW dealerships & supply chain issues at UK subsidiary Caterham Cars. As it uses IFRS accounting, these losses impacted OP.

The company anticipates improvement at its unprofitable subsidiaries in FY 3/25 & has forecast no further impairment losses.

- *GPM:* The FY 3/24 GPM declined -0.6ppt YoY to 15.9% due to a weak used car market overseas necessitating discounts. The used car GPM declined -1.8ppt YoY to 14.2%, but **VT Hdgs has noted a market recovery since 1Q 3/25 & expects GPM improvement in FY 3/25.**

- *SG&A*: FY 3/24 SG&A was ¥37.5bn +14%YoY. The largest component was personnel costs, which grew +11.2%YoY to ¥21.4bn due to a +4-5% salary base rise & an increase in personnel of +118 YoY to 4,890.

Other major costs included depreciation at ¥3.6bn +13.2%YoY, which VT Hdgs expects to shrink in FY 3/25 as depreciation was partly written off as an impairment loss in FY 3/24. It also spent >¥2bn on advertising, primarily flyers, newspaper ads, & publicity via participation in motor shows. Its marketing methods typically do not change & the cost is likely to be similar in FY 3/25.

- *OPM*: The FY 3/24 OPM declined -0.9ppt YoY to 3.9% due to ¥1.8bn in negative goodwill flatterer the FY 3/23 OPM, & VT Hdgs considers the 3.9% FY 3/24 OPM a normalised level.

Historically, the OPM had been as high as 7.6% in FY 3/14, but gradually declined to 2.5% in FY 3/20 as VT Hdgs expanded its overseas business through M&A, which included low margin businesses. From FY 3/20, the OPM improved as acquired overseas business margins increased.

The company targets an OPM of 4.5%, although it anticipates fluctuations as it continues acquiring subsidiaries. OPM improvement is likely to accompany efforts to increase profitability such as recommending additional maintenance services to customers & focusing on thorough car inspections for customers still within their guarantee period (thus making them more appreciative of services they do not pay for).

- *Overseas*: VT Hdgs also operates car dealerships overseas. In addition to the dealerships, it owns businesses such as UK specialist lightweight sports car manufacturer Caterham Cars. 42.7% +0.2ppt YoY of FY 3/24 sales were from overseas, of which 84.8% were from Europe, 8.7% from Africa, & the remainder from Asia, Oceania, & the Americas.



Examples of Caterham models including the electric Caterham V. Source: Company, Caterham.

VT Hdgs has no targets for its domestic/overseas sales ratio. It notes that overseas M&A is easier as owners are more willing to sell, but large acquisitions are simpler domestically.

In FY 3/24, any positive FX impact was limited due to weak overseas used car OP, but the company believes ongoing yen weakness & a recovering overseas market is likely to lead to greater FX gains in FY 3/25.

	FY 3/24 Results	FY 3/25 CoE
¥/£	181.8	191
¥/€	156.8	163

It does not view FX as a major risk as its auto importer & used car exporter businesses largely offset each other's FX impact.. In FY 3/24, it made an approx. ¥300m FX gain on assets but forecasts no similar gain in FY 3/25. Its sensitivity for ¥1 depreciation is as below.

Automobile dealer			Importer	
(JPY millions)	Revenue	Operating profit	(JPY millions)	Cost of sales
GBP	389	3.6	GBP	18
EUR	312	8.8	USD	0.9

Source: Company.

FY 3/25 OUTLOOK

VT Hdgs has forecast record high FY 3/25 sales & OP but considers the forecast conservative due to uncertainty regarding the inflationary impact on energy & raw material costs, & potential fluctuations in new & used car prices. It has included no additions from M&A, although it maintains its M&A growth policy.

The company expects a large order backlog in the Auto Sales Related division to drive sales, in addition to +10-20% sales growth in the Housing Related division due to strong demand.

In light of recovery in the overseas used car market, & a likely lack of impairment losses, VT Hdgs anticipates potential OPM improvement in FY 3/25 but remains cautious in its forecast. Sales & OP typically skew to the 4Q, which the company expects to recur in FY 3/25.

- *Honda test fraud*: Japanese auto manufacturers, including Honda, have admitted to conducting safety tests that differ from government standards in the past¹. VT Hdgs notes that the cars in question are previous models, & no safety test fraud has been found on the models VT Hdgs currently sells or plans to sell. It therefore anticipates limited impact on its new car sales.

3 PILLARS OF GROWTH

1. M&A: VT Hdgs expands its business through M&A, a strategy it began as soon as it listed on the Nagoya Stock Exchange in 1998. As of May 2024, it owned 57 subsidiaries. **It typically finances acquisitions with loans, avoiding equity financing.** As it uses IFRS, rather than amortising goodwill for acquisitions it conducts regular impairment tests & records impairment losses where necessary.

¹ QUARTZ, ['Toyota, Honda and Mazda all cheated on their safety tests'](#), 3rd June 2024.

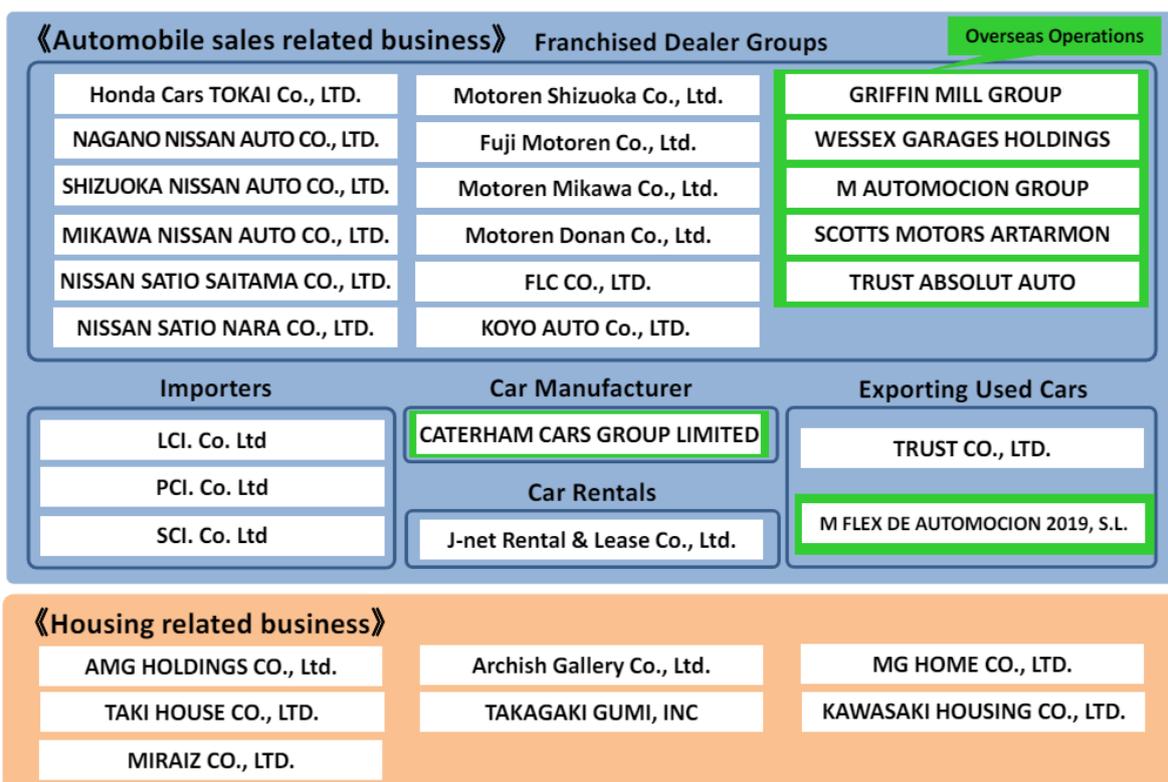
M&A is particularly important for growth of the Auto Sales Related division as new car dealership openings are limited by manufacturers. **Domestic M&A is less frequent than overseas due to Japanese dealership owners being reluctant to sell.**

The main reason for domestic companies agreeing to M&A is unprofitability, & in this sense VT Hdgs benefits from a weaker economy. Another domestic factor is the dearth of successors to take over businesses. By contrast, overseas companies typically agree to M&A based on price.

Domestic acquisitions take approx. 3 months to turn profitable in Japan versus approx. 12 months overseas due to the requirement for cars in Japan to undergo inspections every two years, which boosts high margin maintenance sales. Further, overseas PMI is challenging due to language & cultural differences between the acquisition & the Japanese staff appointed to PMI.

Recent major acquisitions include the BMW dealership Fuji Motoren in May 2023 & housing-related business Kawasaki Housing in Aug 2022. It typically acquires 1-2 businesses per year although it did not make any new acquisitions in FY 3/24 due to a lack of attractive opportunities.

- VT Hdgs' major subsidiaries as of March 2024:



Source: Company.

2. Stock business model: VT Hdgs aims to maintain a strong base of stock income to offset the shrinking domestic car market. **It considers all non-new car sales as stock income**, thus FY 3/24 stock sales were 45% of total sales -2.5ppt YoY & stock GP was 67.6% -2.7ppt YoY of total GP. **The largest component of stock GP (52% in FY 3/24) is Maintenance services, including bi-annual car inspections that are generally obligatory in Japan.**

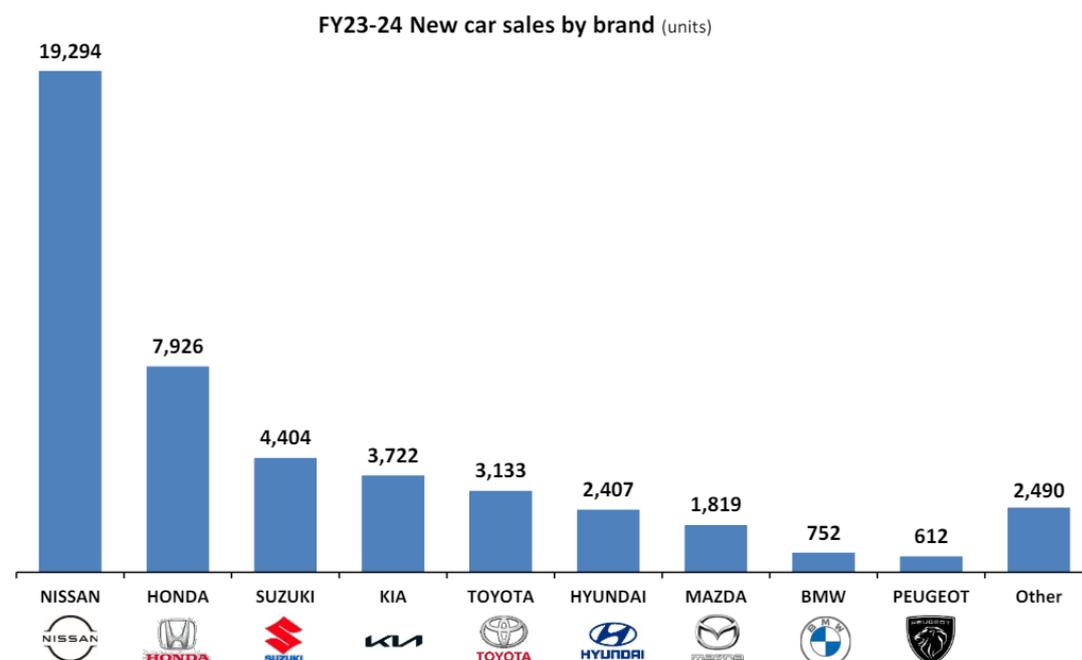
3. Base revenue cover ratio: VT Hdgs defines its base revenue cover ratio KPI as non-new car GP divided by SG&A, where a ratio >100% means the business can be profitable without selling new cars. This is an important metric given the backdrop of a shrinking domestic market & lowered auto production negatively impacting dealers during the semiconductor shortage.

The FY 3/24 cover ratio was 81.1% -4.6ppt YoY, negatively impacted by YoY GPM deterioration in the overseas used car business. The company expects an improvement in FY 3/25, & reports that some of its subsidiaries have cover ratios of >100%.

AUTO SALES-RELATED

(JPY millions)	1-3Q 3/24 Results	YoY	3/24 Results	YoY
- New cars	n/a	n/a	156,408	21.9%
- Used Cars	n/a	n/a	65,272	6.9%
- Maintenance	n/a	n/a	47,563	11.4%
- Rent-a-Car	n/a	n/a	15,176	23.3%
Sales	204,392	14.9%	284,419	16.4%
- New cars	n/a	n/a	14,622	22.8%
- Used Cars	n/a	n/a	9,250	-5.0%
- Maintenance	n/a	n/a	16,107	13.1%
- Rent-a-Car	n/a	n/a	5,093	19.9%
GP	n/a	n/a	45,072	12.3%
GPM	n/a	n/a	15.8%	-0.6%
OP	7,360	12.9%	8,858	2.7%
OPM	3.6%	-0.1%	3.1%	-0.4%

- *Business overview:* VT Hdgs' new car business accounted for 52.1% of FY 3/24 cars sold both domestically (29.9%) & overseas (22.2%). Major brands include Nissan (7201) & Honda, with other brands including Suzuki (7269) & foreign names such as BMW. It also imports cars such as its UK Caterham brand sports cars, & parts for foreign brands.



Source: Company.

Its used car business (47.9% of FY 3/24 cars sold) operates domestically (28.4%) & overseas (13%), & it also exports used Japanese cars (6.6%). Additionally, it operates a rent-a-car business with the 5th largest fleet of cars in Japan (19,528 as of March 2024) & performs high margin maintenance services such as regular car inspections.

- FY 3/24: Auto Sales Related sales & OP were broadly in line with the revised company forecast for FY 3/24 but above the original forecast due to stronger than expected auto manufacturer production.

FY 3/24 dealership numbers totalled 220 +13 YoY, generating new & used car unit sales of 92,844 +2%YoY, with new cars benefiting from a manufacturer production recovery, offsetting the weaker overseas used car market.

Maintenance business growth was in response to promotion of car inspections & repairs, whilst Rent-a-Car business growth was driven by the inbound tourism recovery.

- GPM: FY 3/24 Auto Sales Related GPM deterioration was largely due to a downturn in overseas used car sales. VT Hdgs notes a market recovery from 1Q 3/25 & expects GPM improvement.

Whilst the Maintenance business has the highest GPM, at 33.9% +0.5ppt YoY in FY 3/24, maintenance sales typically grow in tandem with car sales, thus VT Hdgs does not expect its sales mix to change significantly in future.



Examples of a VT Hdgs rent-a-car outlet & Honda dealership. Source: Company.

- FY 3/25 outlook: VT Hdgs' end of FY order backlog is typically approx. 4,000 cars, but in FY 3/23 & FY 3/24 it was higher due to the shortage of parts such as semiconductors, delaying car production.

The company expects the order backlog of approx. 7,000 cars in March 2024 to drive FY 3/25 sales, boosted by improved manufacturer production & shorter delivery times. It believes the March 2025 order backlog will be closer to the typical 4,000.

The company forecasts FY 3/25 new & used car unit sales to grow +5.5%YoY to approx. 98,000 with improved production at manufacturers. Although the company has forecast conservatively, it anticipates an overseas used car GPM recovery driving divisional OPM improvement in FY 3/25.

- Longer-term outlook: VT Hdgs believes M&A is key to growth of the Auto Sales Related division. It does not expect significant long-term OPM improvement due to the sales mix likely remaining largely the same, but expects ongoing OP growth with M&A.

- *Market overview:* Due to population decline, Japan's new & used car markets shrank -24% & -21% respectively between FY 3/01 & FY 3/24. Conversely, the number of domestic cars owned increased +19% over the same period, benefiting VT Hdgs' maintenance business, although the number of cars owned grew just +0.5%YoY in FY 3/24 due to the average age of cars increasing.

M&A is a key strength of VT Hdgs' business model. Although the auto business is disadvantaged by Japan's shrinking auto market, **poor market conditions lead to more car dealerships turning unprofitable & becoming M&A targets, enabling expansion.** The company also believes it has no major competitors for M&A of car dealerships.

VT Hdgs' share among Nissan dealerships is 5-6%, which it estimates gives it the #2 Nissan market share, below Nissan's directly owned stores. It estimates it is #3 with an approx. 5% share among Honda dealerships. It differentiates itself with profitability improvement strategies such as encouraging customers to refer friends & family to its dealerships.

Dealership market share is dictated by market conditions & VT Hdgs does not expect to grow its share significantly. Whilst the number of independent dealerships is declining, this is due to increasing consolidation amongst new car dealerships.

HOUSING RELATED

(JPY millions)	1-3Q 3/24 Results	YoY	3/24 Results	YoY
Sales	17,685	14.8%	26,993	23.5%
OP	1,115	-62.4%	1,954	-42.5%
OPM	6.3%	-12.9%	7.2%	-8.3%

In the Housing Related division, VT Hdgs develops standalone houses & condominiums & carries out other construction work. Whilst competition is tough, the company notes this causes some competitors to leave the market, allowing VT Hdgs to command higher margins versus its Auto Sales Related division.

The company differentiates itself via its appealing designs & strong brand power in Aichi & Gifu prefectures, where 4 of its 6 main Housing subsidiaries operate. **It develops all stores for the Auto Sales Related division & receives orders to build other companies' car dealerships.**

- *FY 3/24:* Housing sales & OP finished broadly in line with plan in FY 3/24, as VT Hdgs procured desirable land & delivered 160 +38.5% condos & 333 +42.3% houses. Sales growth was boosted by robust orders for dealership construction & a full FY contribution from 2 housing subsidiaries acquired in 3Q 3/22. Although OP declined YoY, this was due to ¥1.8bn in negative goodwill recorded in FY 3/23 for an acquisition.

- *FY 3/25:* VT Hdgs anticipates +10-20% Housing-related sales & OP growth in FY 3/25, with potential upside from M&A. Whilst construction & personnel costs continue to rise in the sector, it believes it is able to pass these costs onto customers. It also aims to enact workstyle reforms to improve employee retention & satisfaction to raise efficiency.

Medium-term, the company anticipates strong demand & its brand power allowing it to sustain +10-20% annual Housing sales & OP growth. Its outlook for medium-term divisional OPM improvement is cautious due to high construction costs & the strong likelihood of M&A.

MANAGEMENT

Current CEO Kazuho Takahashi (71) founded the company in 1981. After working at a truck dealership, he established a used car dealership in Aichi prefecture, initially borrowing cars from other dealerships to show to customers & procuring them if the customer chose to buy as he had no inventory. Once the used car business became profitable, he expanded to new cars.

Also on the Board are Head of the Business Strategy Division Masahide Ito (63), who joined the company in 1996 after his position as CEO of Brains, taking leadership of VT Hdgs subsidiaries such as used car exporter TRUST, before assuming his current role; & Ichiro Yamauchi (64), who joined the Accounting division after working at Fuji Electric (6504). Other Directors have previous experience in firms such as Deloitte & Touche.

SHAREHOLDER RETURNS

VT Hdgs forecasts a FY 3/25 dividend of ¥24 +2.1%YoY, for a 41.5% -0.7ppt YoY payout ratio against a 40% payout ratio target. **It has never lowered its dividend² YoY, despite occasionally making large acquisitions.**

The company acquired 966,000 of its own shares for ¥516m in March 2024 but is currently not planning further buybacks. It also provides annual benefits to shareholders with over 100 shares, such as a ¥30,000 coupon to be used when buying a car & a 20% off coupon for KeePer Technical Laboratory (6036) car coatings.

Since the downward revision to its FY 3/24 OP forecast on 8th May 2024, the stock price has been weak. The company believes the primary obstacle to stock price appreciation has been the market's assumption that new car dealer businesses are unable to grow quickly.

It aims to improve its 0.8x P/B ratio by emphasising its M&A-based growth trajectory & other businesses to investors, & by increasing earnings.

The net debt/equity ratio was 1.4x +0.16ppt YoY in FY 3/24 as the company typically acquires new subsidiaries with debt whilst also shouldering the debt of new acquisitions. VT Hdgs aims to lower the ratio in the long-term.

Mr Takahashi's family owns approx. 20% of shares individually & through asset management company S&I. Other major shareholders include insurance companies such as Mitsui Sumitomo Insurance (6.6%) & Sompo Japan (3.4%), which are also providers of car insurance products at VT Hdgs' subsidiaries.

ESG

VT Hdgs established a Sustainability Committee in 2021 & is committed to rewarding sustainable business at its subsidiaries, for example through its annual internal sustainability awards.

- *Environmental:* The company announced support for the TCFD recommendations in July 2022 & has disclosed an analysis of the impact on its auto business in a <2°C & a >4°C scenario. Environmental initiatives include the collection & disposal of chlorofluorocarbons & wastewater management at the company's maintenance facilities.

² Excluding the impact of commemorative dividends.

It measures its Scope 1-3 emissions & targets a -42% reduction of Scope 1 & 2 greenhouse gas emissions by FY2030 for the <2°C scenario. In 2023, it was rated a B- by CDP for its environmental disclosure & performance.

- *Social*: VT Hdgs has partnered with local municipalities, such as with the Electric Vehicle-Driven Carbon-Free Society & Natural Disaster Resilience Partnership Agreement. It also organises activities such as food drives & internal disaster fundraising.

- *Governance*: As of June 2023, 3 of VT Hdgs' directors were external, & 2 were female. The company promotes a strong culture of compliance with a compliance consultation desk & a whistleblower framework.

VT Hdgs' sustainability disclosure is available in English [here](#).

COMPANY INFORMATION

Company Timeline

March 1983	HONDA VERO TOKAI CO., LTD. founded at Marune, Kagiyamachi, Tokai, Aichi Prefecture with capital of 40 million yen.
April 1983	Signed a basic agreement for a Verno dealership with HONDA MOTOR CO., LTD. and opened the Tokai store in Kagiyamachi, Tokai, Aichi Prefecture.
May 1994	Relocated head office to Dadaboshi, Kagiyamachi, Tokai, Aichi Prefecture.
Sep 1998	Listed on the Second Section of Nagoya Stock Exchange.
March 1999	Acquired FORD LIFE CHUBU CO., LTD, (currently FLC CO., LTD) and HONDA MOTOR SALES MEINAN CO., LTD. (currently HONDA CARS TOKAI CO., LTD.)
June 1999	Established ORIX RENT-A-CAR CHUBU CORPORATION (currently J-NET RENTAL & LEASE CO., LTD.)
March 2000	Established NEW STEEL HOMES JAPAN CORPORATION (currently ARCHISH GALLERY CO., LTD.)
April 2000	Expanded Honda dealership territory into Gifu prefecture by taking over sales areas from HONDA VERO GIFU CO., LTD. Established ORIX RENT-A-CAR OSAKA CORPORATION (currently J-NET RENTAL & LEASE CO., LTD.) Acquired CHUKYO HONDA CO., LTD. (currently HONDA CARS TOKAI CO., LTD.)
June 2000	Listed on the Nasdaq Japan Market.
Oct 2000	CHUKYO HONDA CO., LTD. merged with HONDA JIHAN MEINAN CO., LTD. and changed the company name to HONDA PRIMO TOKAI CO., LTD. (currently HONDA CARS TOKAI CO., LTD.)
March 2002	ORIX RENT-A-CAR CHUBU CORP. merged with ORIX RENT-A-CAR OSAKA CORP. and changed the company name to ORIX RENT-A-CAR MEIHAN CORP. (currently J-NET RENTAL & LEASE CO., LTD.)
March 2003	Acquired TRUST CO., LTD.
April 2003	Auto Sales-related business transferred to the newly established HONDA VERO TOKAI CO., LTD. Changed the trade name to VT HOLDINGS CO., LTD. and became a holding company.
Jan 2004	Acquired C.E.S CO., LTD.
Sep 2004	Established FACE ON CO., LTD. (currently PCI. CO. LTD.)
Nov 2004	TRUST CO., LTD. listed on TSE Mothers market.
April 2005	Acquired LCI. CO. LTD.
July 2005	Established E-ESCO CO., LTD. (currently MIRAIZ CO., LTD.)
Dec 2005	Acquired NAGANO NISSAN AUTO CO., LTD. and its three subsidiaries.
July 2006	Acquired SHIZUOKA NISSAN AUTO CO., LTD. and its subsidiary. Acquired MIKAWA NISSAN AUTO CO., LTD. and its two subsidiaries.
Aug 2006	HONDA VERO TOKAI CO., LTD. merged with HONDA PRIMO TOKAI CO., LTD. and changed the trade name to HONDA CARS TOKAI CO., LTD.
Feb 2011	Acquired WESTERN BREEZE TRADING 23 (PROPRIETARY) LIMITED (currently TRUST ABSOLUT AUTO (PTY) LTD.)
Oct 2011	Acquired SOJITZ ABSOLUT AUTO(PTY) LTD. (currently SKY ABSOLUT AUTO (PTY) LTD.)
April 2012	Acquired COLT CAR RETAIL LIMITED (CCR MOTOR CO. LTD. currently GRIFFIN MILL GROUP LIMITED) Acquired NISSAN SATIO SAITAMA CO., LTD. and its subsidiary. Acquired NISSAN SATIO NARA CO., LTD.
Aug 2014	Acquired MG HOME CO., LTD. (currently AMG HOLDINGS CO., LTD.)
Oct 2014	Acquired SCOTTS MOTORS ARTARMON PTY LTD.
Dec 2014	Acquired GRIFFIN MILL GARAGES LIMITED. (currently GRIFFIN MILL GROUP LIMITED)
May 2015	Transferred listing from the JASDAQ (Standard) Market to the TSE First Section and from the Second Section to the First Section of the Nagoya Stock Exchange.
Aug 2015	Acquired MG SOGO SERVICE CO., LTD.
Feb 2016	Established MOTOREN SHIZUOKA CO., LTD.
May 2016	Acquired WESSEX GARAGES HOLDINGS LIMITED.
July 2016	Relocated the head office to Nagoya, Aichi prefecture.
Oct 2016	Acquired MASTER AUTOMOCION, S.L. and its 11 subsidiaries.
Sep 2017	Established MASTER DEALER DE AUTOMOCION 2017, S.L.
Nov 2017	Acquired MOGACAR DE AUTOMOCION, S.L.
March 2018	Acquired QUIAUTO, S.A.
Aug 2019	Acquired KOYO AUTO CO. LTD. Established MOTOREN MIKAWA CO., LTD.

July 2020	Acquired TAKI HOUSE CO., LTD.
Jan 2021	Acquired HONDA YONRIN HANBAI MARUJUNE CO., LTD. (currently HONDA CARS TOKAI CO., LTD.)
April 2021	MG HOME CO., LTD. changed its name to AMG HOLDINGS CO., LTD. and became a holding company. The successor company changed its name to MG HOME CO., LTD. and took over the Housing-related business. Acquired CATERHAM CARS GROUP LIMITED and its two subsidiaries.
June 2021	Established M-MOTORBIKES ESPANA, S. L.
Nov 2021	HONDA YONRIN HANBAI MARUJUN CO., LTD. (currently HONDA CARS TOKAI CO., LTD.) became a wholly owned subsidiary through a share purchase. Acquired TAKAGAKI GUMI, INC.
April 2022	Transferred listing from the First Section to the TSE Prime Market, and from the First Section to the Premier Market of the Nagoya Stock Exchange. HONDA CARS TOKAI CO., LTD. merged with HONDA YONRIN HANBAI MARUJUNE CO., LTD.
June 2022	CCR MOTOR CO., LTD. took over the business of GRIFFIN MILL GARAGES LTD.
Sep 2022	Established MOTOREN DONAN CO., LTD.
Oct 2022	Acquired KAWASAKI HOUSING CO., LTD. and HOUMAINTÉ CO., LTD.
May 2023	The real estate leasing business split off and was taken over from HONDA CARS TOKAI CO., LTD. through an absorption-type split. Established CATERHAM EVO LIMITED.
July 2023	Acquired FUJI MOTOREN CO., LTD.

Company Contact Details

Sakae VT Building 4F, 3-10-32
Nishiki, Naka-ku, Nagoya-shi
Aichi-ken, 460-0003

Website: <https://www.vt-holdings.co.jp/eng/index.html>
TEL: +81 052-203-9500

Major Shareholder	Stake (%)
S&I	13.29
The Master Trust Bank of Japan	10.86
Mitsui Sumitomo Insurance	6.60
Custody Bank of Japan	4.98
Sompo Japan	3.44
Aioi Nissay Dowa Insurance Company	3.19
Tokio Marine & Nichido Fire Insurance	3.19
Kazuho Takahashi	3.08
Junko Takahashi	2.80
Tomoji Takahashi	1.72

Source: Company

MANAGEMENT

President & Representative Director	Kazuho Takahashi
Year of Birth	1953
Career History	
March 1983	Founded VT Hdgs and became President and Representative Director (current position)
April 2003	Appointed President and Representative Director of Honda Verno Tokai (currently Honda Cars Tokai)
April 2006	Appointed President and Representative Director of LCI (current position)
June 2015	Appointed President and Representative Director of Honda Cars Tokai (current position)
May 2017	Appointed President and Representative Director of PCI (current position) Appointed President and Representative Director of Motoren Shizuoka
Aug 2019	Appointed President and Representative Director of Motoren Mikawa
Senior Managing Director, Head of Business Strategy	Masahide Ito
Year of Birth	1960
Career History	
Oct 1996	Joined VT Hdgs
Apr 1997	Appointed Manager of General Affairs
June 1998	Appointed Director and Manager of General Affairs
June 1999	Appointed Managing Director in charge of affiliated companies and Manager of General Affairs
April 2003	Appointed Managing Director and Head of Business Strategy
July 2005	Appointed President and Representative Director of E-Esco (currently Miraiz) (current position)
April 2007	Appointed President and Representative Director of Trust
June 2008	Appointed Senior Managing Director and Head of Business Strategy of the same
June 2011	Appointed President and Representative Director of Archish Gallery (current position)
Aug 2013	Appointed President and Representative Director of SCI
June 2014	Appointed Senior Managing Director and Head of Business Strategy and Lead of Compliance Promotion
Dec 2014	Appointed Senior Managing Director and Head of Business Strategy (current position)
June 2015	Appointed President and Representative Director of PCI
June 2016	Appointed Chairman and Representative Director of J-Net Rental & Lease (current position)
Aug 2019	Appointed President and Representative Director of Koyo Auto (current position)
Executive Director and General Manager	Ichiro Yamauchi
Year of Birth	1959
Career History	
Jan 1999	Appointed as Accounting Manager at VT Hdgs
April 2003	Appointed General Manager
June 2003	Appointed Director and General Manager
June 2006	Appointed President and Representative Director of J-Net Rental & Lease
June 2007	Appointed Director and General Manager
June 2008	Appointed Managing Director and Head General Manager
Oct 2014	Appointed Managing Director and General Manager
July 2022	Appointed Managing Director and Head General Manager (current position)

Director	Naoki Hori
Year of Birth	1964
Career History	
July 1996	Joined VT Hdgs
Oct 2000	Appointed General Manager of the Housing-related division
April 2003	Appointed General Manager of new businesses
Aug 2004	Appointed President and CEO of Honda Verno Tokai (currently Honda Cars Tokai)
June 2006	Appointed Director and General Manager of Administration at VT Hdgs
Aug 2006	Appointed Executive Vice President, Honda Cars Tokai
Oct 2006	Appointed Director and Head of Compliance Promotion
June 2007	Appointed President and Representative Director of Yamashina (current position)
June 2014	Appointed Director at VT Hdgs (current position)
Major other positions	President and Representative Director of Yamashina
Director	Tsutomu Nakashima
Year of Birth	1965
Career History	
Dec 1989	Joined Honda Verno Tokai (currently Honda Cars Tokai)
April 2014	Joined VT Hdgs Appointed President and Representative Director of Nissan Satio Nara
June 2015	Appointed President and Director of Honda Cars Tokai (current position)
June 2021	Appointed Director at VT Hdgs (current position)
External Director	Hisatake Yamada
Year of Birth	1964
Career History	
April 1992	Registered as an attorney with the Nagoya Bar Association (currently the Aichi Bar Association) Joined Koyama Hitoshi Law Office
April 1996	Founded and served as representative of Shobu Law Office
April 2008	Appointed Professor at Shizuoka University Law School
Sep 2009	Appointed Auditor for the Japan Third Sector Management Society (current position)
April 2012	Appointed Vice Chairman of the Aichi Bar Association
Oct 2013	Founded and served as representative of Shobu Law Offices (current position)
June 2015	Appointed External Director at VT Hdgs (current position)
Sep 2017	Appointed Representative Director of Legal AI (current position)
June 2020	Appointed External Director of Maruhachi Securities (current position)
Major other positions	Representative of Shobu Law Offices
External Director	Momoko Murase
Year of Birth	1966
Career History	
April 1996	Registered as a lawyer with the Nagoya Bar Association (currently the Aichi Bar Association) Joined Saito Tsutomu Law Office (currently Honmachi City Law Office)
April 2004	Transferred to Murase & Yazaki Law Office (currently Hinoki Law Office) (current position)
April 2013	Appointed Director of the Chubu Bar Association Federation
April 2015	Appointed Vice President of the Aichi Bar Association
Sep 2019	Appointed External Auditor of Sasatoku Printing (current position)
June 2020	Appointed External Director of Komehyo Holdings

April 2021	Appointed Director of the Japan Federation of Bar Associations
June 2021	Appointed External Director [Audit and Supervisory Committee Member] of Komehyo Holdings (current position) Appointed External Director at VT Hdgs (current position)
Major other positions	Partner attorney at Hinoki Law Office

External Director	Miki Shinjo
Year of Birth	1962
Career History	
Sep 1989	Appointed Audit Manager at Deloitte & Touche Accounting, Los Angeles office
June 1997	Appointed Director of Marketing and Finance, Administrative Division, a Coca-Cola Japan
May 2003	Appointed Director and Head Administrative Manager at DHL Japan
Sep 2010	Appointed Part-time Auditor at DHL Japan Appointed Executive Managing Director, Finance and Administration Division Appointed Executive Officer, General Manager of the Finance and Administration Division at Sanofi K.K.
Jan 2016	Appointed Vice President, Senior Executive Officer, Chief Financial Officer at Warner Bros. Japan
June 2022	Appointed External Director at VT Hdgs (current position)

J GAAP Financial statements

Income statement (¥bn)	FY 3/22	FY 3/23	FY 3/24
Sales	237.9	266.3	311.6
COGS	198.0	222.4	262.0
Gross profit	39.9	43.9	49.6
Gross profit margin (%)	16.8	16.5	15.9
Operating expense	30.3	33.6	39.0
Total OP	10.2	12.9	12.0
OP margin (%)	4.3	4.8	3.9
Non-Op Income (Loss)	-7.8	0.2	0.6
Pretax Income	18.0	12.6	11.5
Tax	5.5	3.3	3.8
Effective tax rate (%)	30.8	26.2	33.5
Net income	11.7	7.2	6.7

Balance sheet (¥bn)	FY 3/22	FY 3/23	FY 3/24
Cash & equivalents	11.9	12.8	13.5
Accounts & notes receivable	17.0	19.4	27.9
Inventories	37.5	56.2	72.3
Other short-term assets	7.2	9.2	9.6
Current assets	73.7	97.5	123.4
Property, plant & equipment (net of depreciation)	68.3	73.4	89.2
Long term investments & receivables	25.9	38.3	7.4
Other long-term assets	20.1	20.7	52.9
Total non-current assets	114.3	132.3	149.5
Total assets	188.0	229.8	272.9
Payables & accruals	30.8	38.7	60.4
Short-term debt	35.4	49.3	49.2
Other short-term liabilities	22.1	21.6	23.5
Total current liabilities	88.2	109.6	133.1
Long term debt	35.7	36.6	22.1
Other long-term liabilities	7.2	10.9	35.6
Total non-current liabilities	42.9	47.5	57.8
Total liabilities	131.1	157.1	190.9
Share capital & APIC	7.3	7.4	9.3
Treasury stock	0.9	0.9	0.7
Retained earnings	43.4	56.1	60.8
Other equity	1.5	1.8	3.5
Equity before minority interest	51.3	64.5	72.9
Total equity	56.9	72.7	82.0
Total liabilities & equity	188.0	229.8	272.9

Cash flow statement (¥bn)	FY 3/22	FY 3/23	FY 3/24
Net income/pre-tax profit	11.7	7.2	6.7
Depreciation/amortization	9.6	10.7	12.4
Other non-cash items	-3.9	0.1	0.6
Changes in working capital	-0.6	-6.8	-7.6
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Operating Activities	16.8	11.2	12.1
Change in fixed & intangible assets	-7.1	-10.9	-10.2
Net change in long-term investments	0.1	0.5	0.1
Net cash from acquisitions & divestitures	-0.8	1.0	-0.1
Other investing activities	2.1	-0.3	-0.1
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Investing Activities	-5.6	-9.8	-10.3
Dividends paid	-2.4	-2.6	-2.8
Cash from (repayment) debt	-6.3	2.1	-1.0
Cash from (repurchase) of equity	0.0	0.0	2.6
Other financing activities	-0.1	0.0	2.6
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Financing Activities	-8.7	-0.6	-1.4
FX impact	0.2	0.0	0.5
Net cash flow	2.7	0.8	0.8
Free cash flow	8.0	-2.3	-1.6
EBITDA	19.8	23.5	24.4

Key metrics	FY 3/22	FY 3/23	FY 3/24
Profitability			
Gross margin (%)	16.8	16.5	15.9
Operating margin (%)	4.3	4.8	3.9
Net margin (%)	4.9	2.7	2.1
ROIC (%)	5.6	6.3	4.9
Liquidity			
Current ratio (x)	0.8	0.9	0.9
Quick ratio (x)	0.3	0.3	0.3
Leverage			
Debt/Equity ratio	138.4	133.1	97.8
Net Debt/Equity ratio	103.8	100.5	70.5

DISCLAIMER

This report has been commissioned by VT Holdings & prepared & issued by Storm Corporate in consideration of a fee payable by VT Holdings. All information and data used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. To the fullest extent allowed by law Storm Corporate shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained in this report. The information that we provide should not be construed in any manner whatsoever as personalised advice or investment opinions. This report is for informational purposes only and under no circumstances should it be considered or intended as Storm Corporate's solicitation to effect, or attempt to effect, any transaction in a security. Storm Corporate and its employees may have engaged in, or may have the possibility of engaging in transaction of securities issued by the concerned companies. The copyright of this report belongs to Storm Corporate & any distribution, transmission, modification or manipulation of this report is strictly prohibited.

This report is freely available on Bloomberg, Factset, Refinitiv & S&P Capital. If you would like to subscribe directly to Storm Corporate reports, please click [here](#).