



FYE2018/3 Financial Results

Japan Elevator Service Holdings

TSE Mothers: 6544



May 17, 2018

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FY2018/3 Financial Results

Recorded a record high for sales and each level of profit

(million yen)

	FY2017/3		FY2018/3		y/y (%)	Change (YoY) (%)	Earnings Outlook
	Actual	Ratio to sales (%)	Actual	Ratio to sales (%)			
Net sales	13,544	100.0	15,326	100.0	113.2	101.2	15,150
Cost of sales	9,162	67.7	10,011	65.3	109.3		
Gross profit	4,381	32.3	5,315	34.7	121.3		
SG&A	3,770	27.8	3,963	25.9	105.1		
Operating income	611	4.5	1,351	8.8	221.2	109.9	1,230
Non-operating income	19	0.1	30	0.2	152.0		
Non-operating expenses	103	0.8	43	0.3	41.6		
Ordinary income	527	3.9	1,339	8.7	254.1	111.6	1,200
Extraordinary gain	0	0.0	1	0.0	142.0		
Extraordinary loss	7	0.1	43	0.3	562.7		
Net income before taxes	520	3.8	1,296	8.5	249.3		
Net income attributable to owners of the parent	271	2.0	848	5.5	311.8	121.2	700

Renewal business showed strong growth, increasing by 127.9% y/y

(million yen)

	FY2017/3		FY2018/3		y/y (%)
	Amount	Ratio (%)	Actual	Ratio (%)	
Maintenance Services (including Preservation)	10,969	81.0	12,035	78.5	109.7
Renewal Services	2,544	18.8	3,254	21.2	127.9
Other	29	0.2	36	0.3	121.8
Total	13,544	100.0	15,326	100.0	113.2

Property, plant and equipment increased by 181.2% y/y with the completion of our JES Innovation Center (JIC)

(million yen)

	FY2017/3		FY2018/3		y/y (%)
	Actual	Ratio (%)	Actual	Ratio (%)	
Current assets	4,592	58.5	5,169	48.7	112.6
Cash and deposits	1,140	14.5	1,295	12.2	113.6
Notes and accounts receivable	1,721	21.9	1,993	18.8	115.8
Property, plant and equipment	2,311	29.5	4,189	39.4	181.2
Intangible assets	141	1.8	339	3.2	240.0
Investments and other assets	802	10.2	925	8.7	115.4
Fixed assets	3,255	41.5	5,455	51.3	167.6
Total assets	7,848	100.0	10,624	100.0	135.4
Current liabilities	4,108	52.3	6,002	56.5	146.1
Long-term liabilities	1,668	21.3	1,751	16.5	105.0
Total liabilities	5,776	73.6	7,754	73.0	134.2
Net assets	2,072	26.4	2,870	27.0	138.5
Total liabilities and net assets	7,848	100.0	10,624	100.0	135.4

Investment cash flow increased significantly due to investments related to JIC

(million yen)

	FY2017/3	FY2018/3	Change from previous period
	Actual	Actual	
Cash and cash equivalents at beginning of the year	1,146	1,105	(40)
Cash flows from operating activities	(152)	1,725	1,877
Cash flows from investing activities	(1,286)	(2,828)	(1,542)
Free cash flow	(1,438)	(1,103)	335
Cash flows from financing activities	1,408	1,257	(151)
Effect of exchange rate changes on cash and cash equivalents	(10)	(0)	10
Cash and cash equivalents at end of the year	1,105	1,258	153

Dividends increased substantially by 20 yen, with a payout ratio of 33.1%

(yen)

	FY2017/3	FY2018/3	Change from previous period
	Actual	Actual	
Annual dividend amount	¥8	¥14	+ ¥ 6 (+¥20)
Interim dividend	—	—	—
Year-end dividend	¥8	¥ 14	+ ¥ 6 (+¥20)
Total dividend amount	¥80m	¥ 280m	+200m
Payout ratio (consolidated)	23.6 %	33.1%	+9.4p
DOE (consolidated)	5.2 %	11.5%	+6.3P

We conducted a two-for-one stock split of its common shares on Oct.1,2017.
Dividend in () is not considered this stock split.



FY2019/3 Financial Forecasts

We expect record high sales, operating income, ordinary income, and net income again in the current fiscal year

This year, we do not expect to book corporate tax reductions, etc. resulting from tax credits for salary growth, a special factor in the previous fiscal year

Unit: million yen; %	1H			2H			Full year		
	FY 2018/3	FY2019/3 Result		FY 2018/3	FY2019/3 Forecast		FY 2018/3	FY2019/3 Forecast	
	Amount	Amount	y/y	Amount	Amount	y/y	Amount	Amount	y/y
Net sales	7,083	7,900	111.5	8,243	8,900	108.0	15,326	16,800	109.6
Operating income	531	580	109.2	820	1,020	124.2	1,351	1,600	118.3
Ordinary income	530	600	113.1	809	1,000	123.7	1,339	1,600	119.5
Net income attributable to owners of the parent	344	345	100.0	504	575	114.3	848	920	108.5
	Ratio to sales	Ratio to sales		Ratio to sales	Ratio to sales		Ratio to sales	Ratio to sales	
Gross profit margin	34.4	34.8		34.9	36.6		34.7	35.7	
SG&A expenses ratio	26.9	27.5		25.0	25.1		25.9	26.2	
Operating margin	7.5	7.3		10.0	11.5		8.8	9.5	
Ordinary income margin	7.5	7.6		9.8	11.2		8.7	9.5	
Net income margin	4.9	4.4		6.1	6.5		5.5	5.5	

**We expect to see continued growth from the previous period
for both Maintenance and Renewal businesses**

Unit: million yen; %	1H			2H			Full year		
	FY2018/3	FY2019/3 Result		FY2018/3	FY2019/3 Forecast		FY2018/3	FY2019/3 Forecast	
	Amount	Amount	y/y	Amount	Amount	y/y	Amount	Amount	y/y
Maintenance Services (including Preservation)	5,843	6,285	107.6	6,192	6,495	104.9	12,035	12,780	106.2
Renewal Services	1,228	1,601	130.3	2,026	2,382	117.6	3,254	3,983	122.4
Other	12	12	100.0	23	23	100.0	36	36	100.0
Total	7,083	7,900	111.5	8,241	8,900	108.0	15,326	16,800	109.6



Priority Issues for the Current Fiscal Year

1. Reinforcement of Renewal (RN) Business

(1) Split Renewal (Service name: "Quick Renewal")

- Develop Quick Renewal control cabinets for 15-16 popular EV types by enhancing JIC.
- Start selling Quick Renewal services for 2.5 million yen and higher.



Quick Renewal Market in 2years (units)

	Our Clients	Total Market(est)
FY 2018	1,600	40,000
FY 2019	1,600	40,000
Total	3,200	80,000

Quick Renewal will be applied to 9 EV models until end of March, 2020.

(2) One-Time Renewal

- Strengthening our approach to maintenance clients.
(around 43,400 as of March 31, 2018)



We will expand JIC in line with

- ①The RN Market's response to Quick Renewal
- ②The speed at which the RN Market grows

2. Media Business

- Launched Media Business to provide our maintenance business with additional value and create another revenue source.
- We will install signage screens with security cameras in elevator at no cost to deliver ads and gain ad revenue.
Our service: Lift SPOT
Launch business in Tokyo first.
- We established our subsidiary Elevator Media Co., Ltd. in May 2018.



Lift SPOT logo



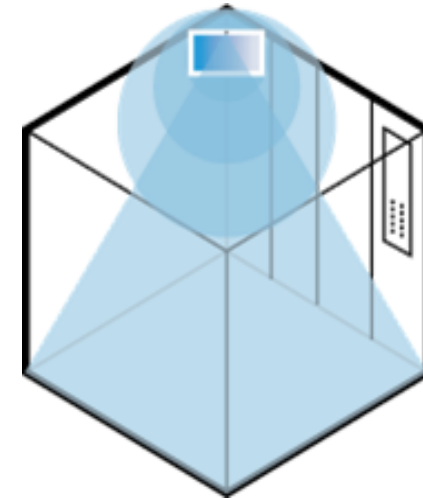
Lift SPOT front

○Value of Lift SPOT

To JES Differentiating our maintenance services from competitors by installing Lift SPOT, as well as:

- ① Accelerating acquisition of new maintenance contracts.
- ② Improving customer satisfaction.
- ③ Receiving ad revenue.

To EV owners Ensuring safety at no extra cost.
Providing convenience.



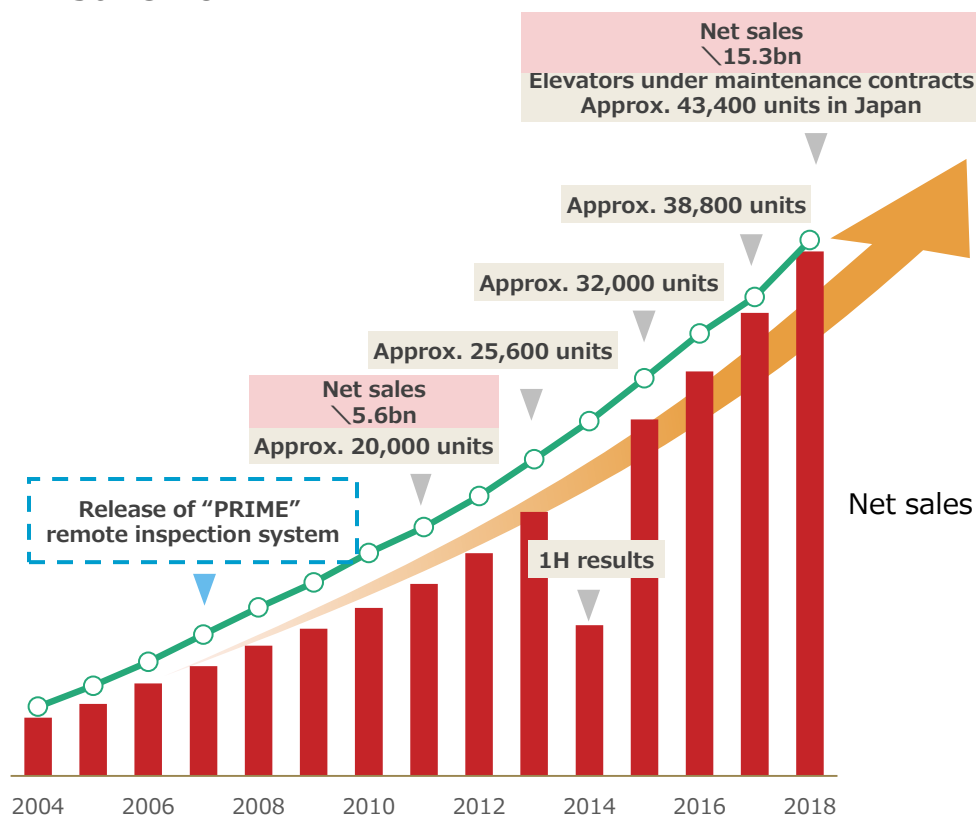
Conceptual diagram of Lift SPOT installation in EV



Lift SPOT in EV

3. Reinforce ability to acquire new maintenance contracts

- Concentrating our efforts on Kansai and the Tokai Region considering market size and our share in both markets.
- In the Kansai Region, our sales performance has been excellent, and we even opened a new office in June 2017.



4. Reinforce Repair-Parts

- Factors contributing to reinforcement of repair-parts business.
 - Rising number of discontinued products.
 - EV manufacturers also use repair-parts.
- Effects of reinforcing repair-parts business
 - Ability to offer various services meeting client's needs for RN since using repair-parts buys time until RN.
 - Repair-parts are more profitable than new parts.
 - Using repair-parts is eco-friendly.

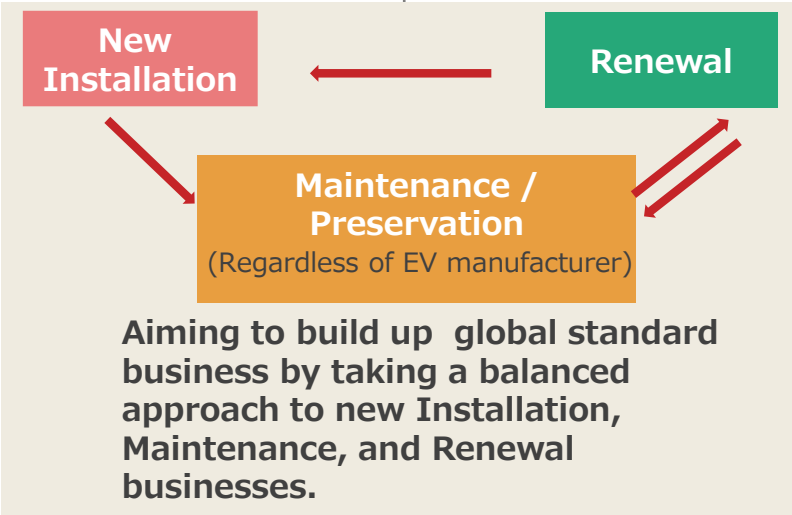
5. Overseas

We are aiming to build up our global standard business through which we operate maintenance, new installation, and renewal businesses in India.

- Since starting the business in January 2017, we have secured over 500 maintenance contracts as of the end of March 2018.
- We have already built up a track of new installations and renewal in India.



Future Business Development

Business	Domestic		Overseas	
	Now to 3 years	3 years and onwards	Now to 3 years	3 years and onwards
Maintenance • Preservation	Steady increase in number of maintenance contracts in areas where we have a presence	Aiming to reach a business scale on par with EV manufacturer-affiliated companies	Developing business in the Indian market	Developing business in Southeast Asian market
Renewal	One-time RN: Reinforced sales to clients and others Quick RN: Increasing number of new control cabinets	Provide quality RN services to meet customer needs		
New Installation	No plan at present (However, substantial new installation of JES EV in RN business)			
New Business (Media Business)	Launch Media businesses to capture business opportunities in EV and to add value to maintenance business		Developing Media businesses in overseas markets	


Profitability

⇒Aiming to reach an ordinary profit ratio 12% in three years

Financial Supplement



As of March 31, 2018
69 offices

JES Hokkaido
9 offices

JES HD
2 offices

JES Josai
13 offices

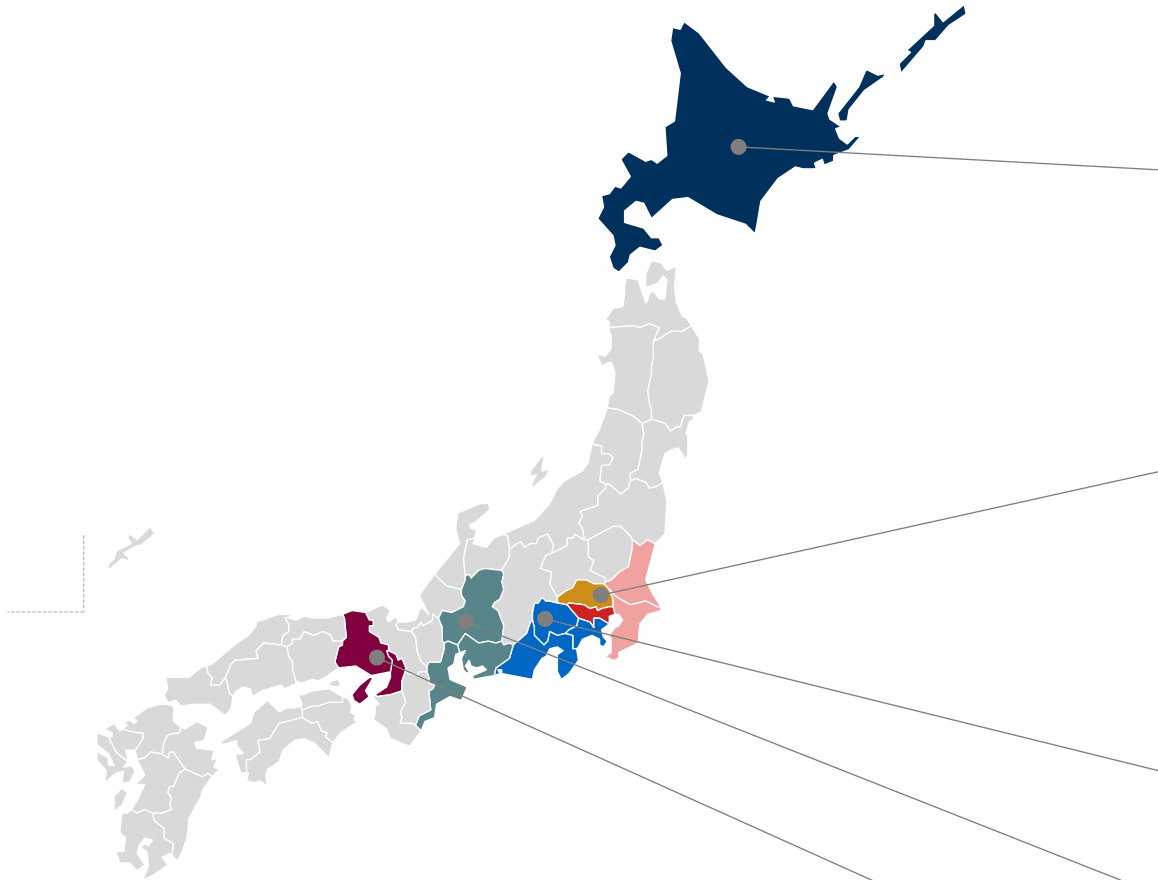
JES Jonan
14 offices

Japan Elevator Parts
7 offices

JES Kanagawa
17 offices

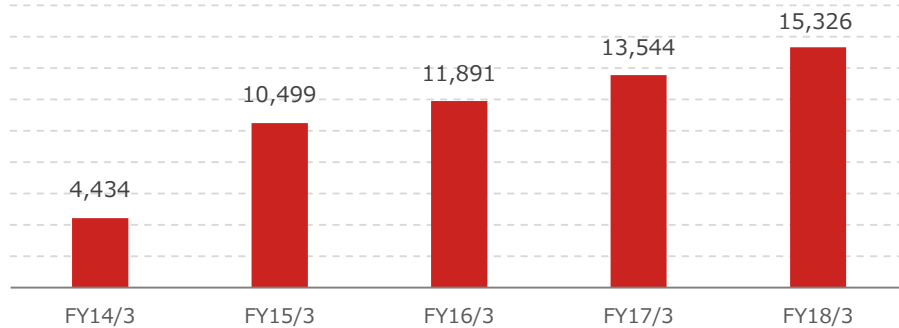
JES Tokai
4 offices

JES Kansai
3 offices



Net sales

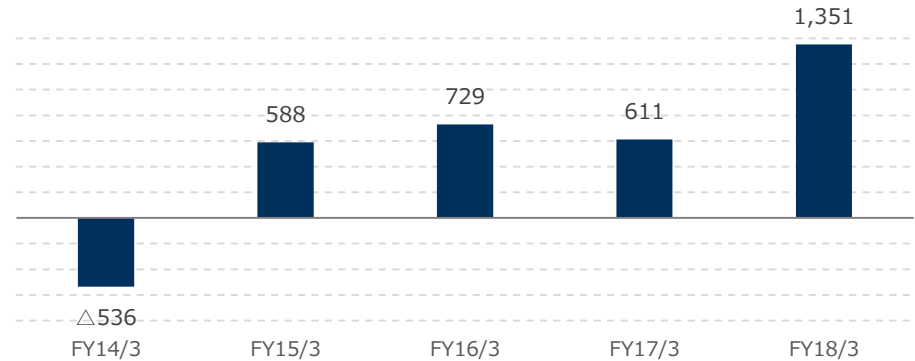
(Million yen)



Note 1: FY2014 is a 6-month period due to the fiscal year-end being adjusted
Note 2: Results are on a consolidated basis for FY2015 and onward

Operating income

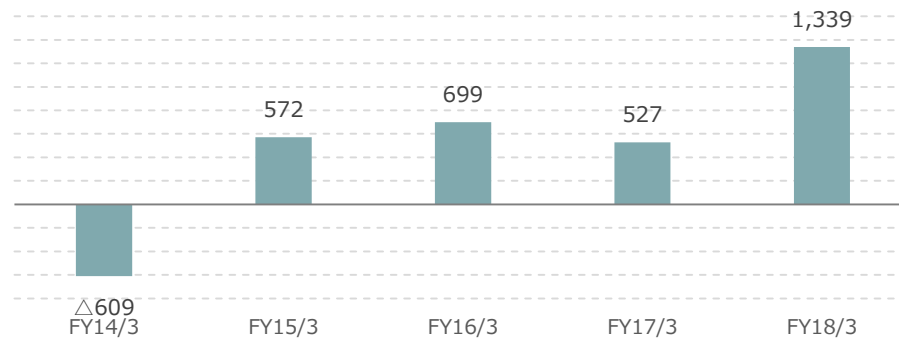
(Million yen)



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Ordinary income

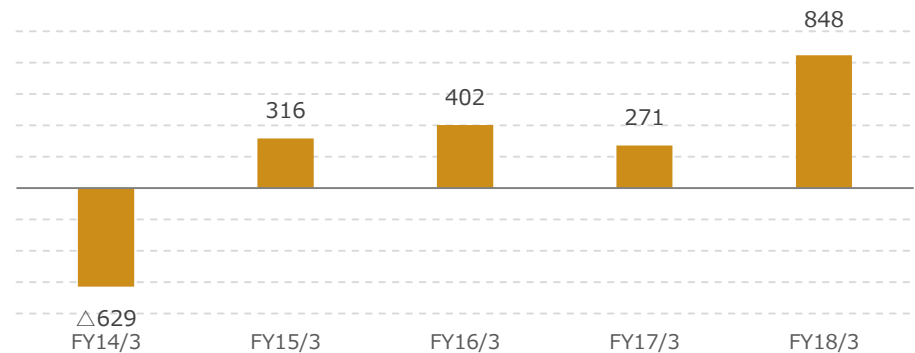
(Million yen)



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Net income attributable to owners of the parent

(Million yen)

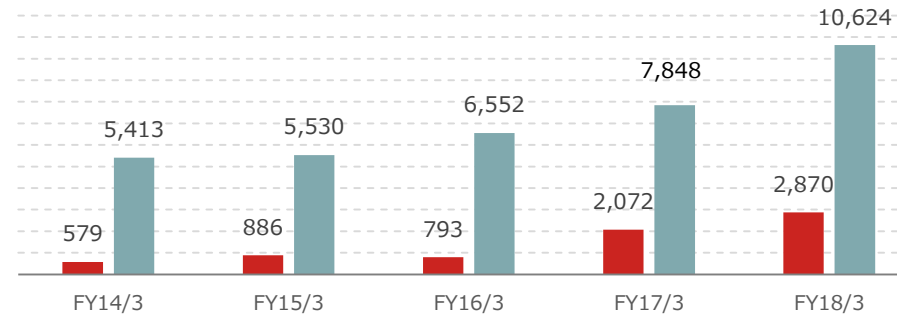


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Net assets / total assets

(Million yen)

■ Net assets ■ Total assets

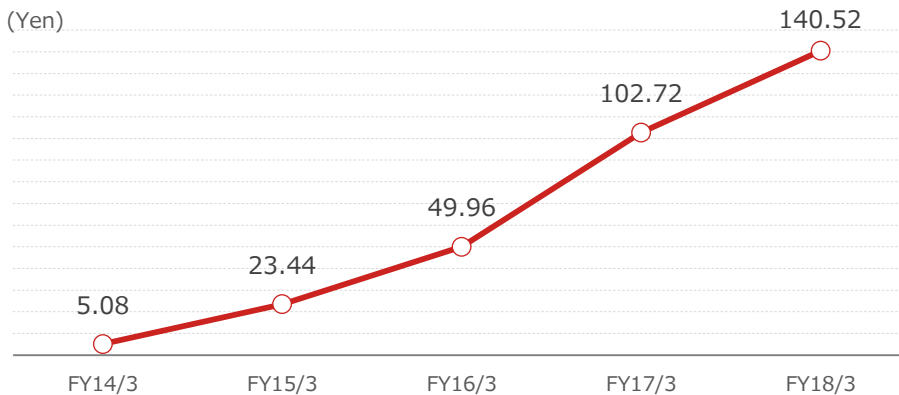


Note 1: FY2014 is a 6-month period due to the fiscal year-end being adjusted

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Net assets per share

(Yen)



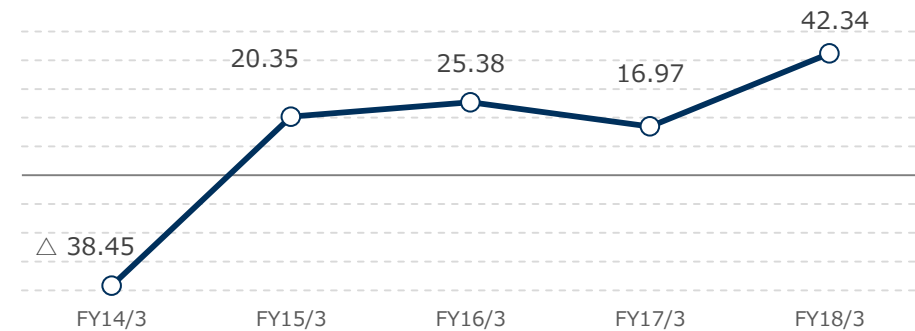
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Note 3: Two-for-one stock split of its common shares was conducted on Oct.1,2017.Figures are considered this stock split.

Net income per share

(Yen)



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Disclaimer

- Japan Elevator Service Holdings (the “Company”) has prepared these materials for your reference, so that you may understand the current status of the Company
- While these materials have been prepared based on generally-known economic and social conditions and certain assumptions that we have determined to be reasonable, the information contained herein is subject to change without prior notice for reasons such as changes in the business environment

Caution concerning forward-looking statements

- The data and information in this presentation contains forward-looking statements. These statements are based on certain assumptions underlying current expectations, forecasts, and risks, and carry with them uncertainties which could cause actual results to substantially differ from the projected figures
- These risks and uncertainties include general industry and market conditions, as well as general domestic and international economic conditions, such as changes in interest rates and exchange rates
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