



Financial Results for Third Quarter FY2019/3 Japan Elevator Service Holdings Co., Ltd.

(TSE 1st Section: 6544)



Feb. 8, 2019

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FY2019/3 Third Quarter Results

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FY2019/3 Financial Forecasts



FY2019/3 Third Quarter Results

Net sales grew by 14.9% y/y to a historical high
Operating income, ordinary income, and net income attributable to owners of parent
all increased y/y

(million yen)

	FY2018/3 3Q		FY2019/3 3Q		y/y (%)
	Actual	Ratio to sales (%)	Actual	Ratio to sales (%)	
Net sales	11,161	100.0	12,823	100.0	114.9
Cost of sales	7,291	65.3	8,152	63.6	111.8
Gross profit	3,870	34.7	4,671	36.4	120.7
SG&A	2,928	26.2	3,248	25.3	110.9
Operating income	941	8.4	1,422	11.1	151.1
Non-operating income	25	0.2	18	0.1	74.7
Non-operating expenses	28	0.3	46	0.4	163.6
Ordinary income	938	8.4	1,395	10.9	148.7
Extraordinary gain	1	0.0	8	0.1	799.9
Extraordinary loss	40	0.4	0	0.0	2.0
Net income before taxes	899	8.1	1,402	10.9	156.0
Net income attributable to owners of the parent	534	4.8	867	6.8	162.3

Sales in Maintenance Services grew by 12.4% y/y, with a steady increase in the number of units under contract

Sales in Renewal Services grew by 24.1% y/y due to a reinforced sales structure and success in efforts to strengthen proposals related to manufacturer supply outages

(million yen)

	FY2018/3 3Q		FY2019/3 3Q		y/y (%)
	Amount	Ratio (%)	Actual	Ratio (%)	
Maintenance Services (including Preservation)	8,873	79.5	9,976	77.8	112.4
Modernization Services	2,261	20.3	2,806	21.9	124.1
Other	26	0.2	40	0.3	154.0
Total	11,161	100.0	12,823	100.0	114.9



FY2019/3 Financial Forecasts

We forecast record high net sales, operating income, ordinary income, and net income attributable to owners of parents

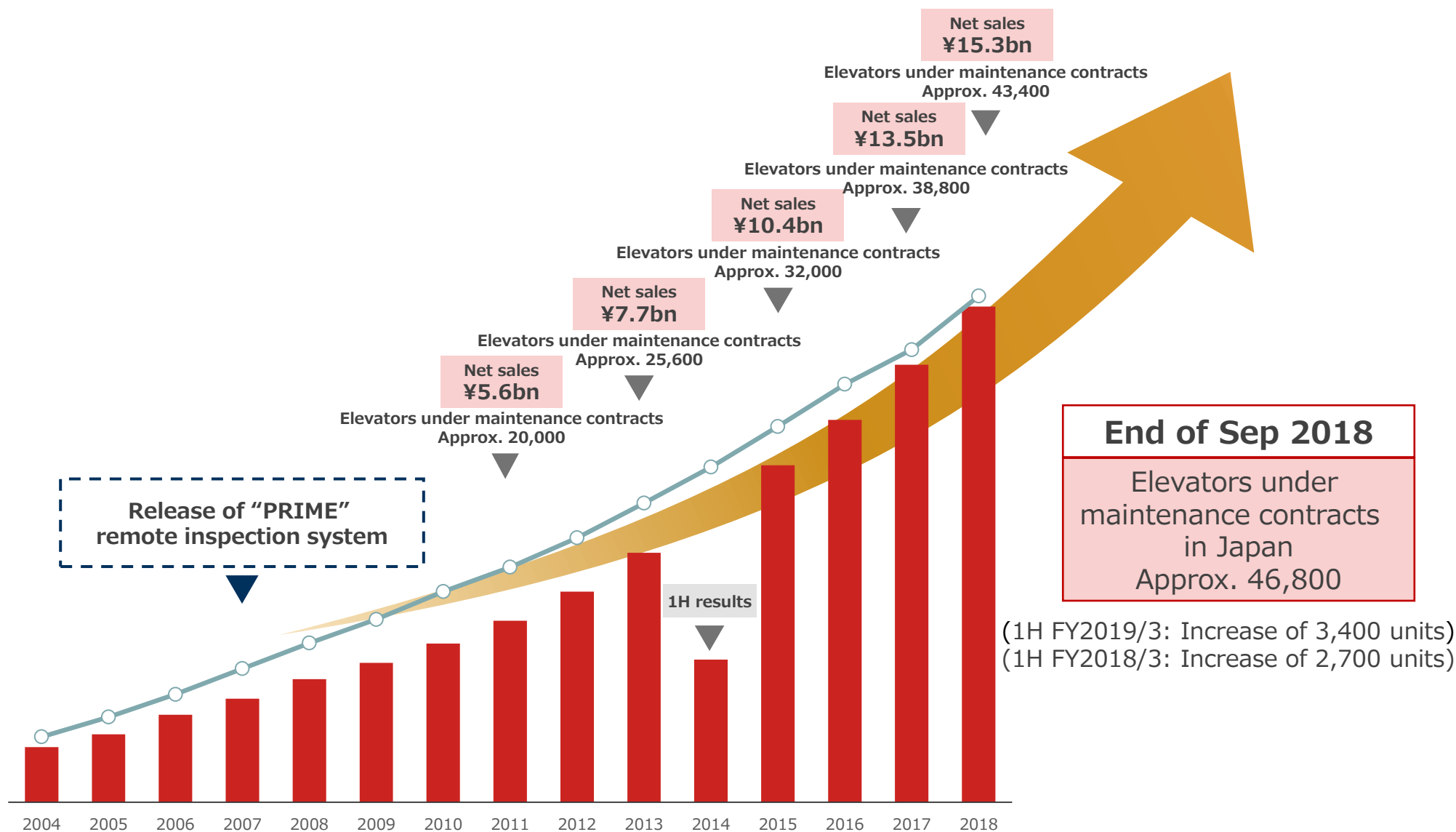
Unit: million yen; %	1H				2H			Full year		
	FY 2018/3	FY2019/3 Forecast	FY2019/3 Result		FY 2018/3	FY2019/3 Forecast		FY 2018/3	FY2019/3 Forecast	
	Amount	Amount	Amount	y/y	Amount	Amount	y/y	Amount	Amount	y/y
Net sales	7,083	7,900	8,200	115.8	8,243	9,300	112.8	15,326	17,500	114.2
Operating income	531	580	772	145.5	820	1,147	139.8	1,351	1,920	142.0
Ordinary income	530	600	747	140.8	809	1,152	142.6	1,339	1,900	141.9
Net income attributable to owners of the parent	344	345	450	130.7	504	670	133.0	848	1,120	132.1
	Ratio to sales	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	35.6		34.9	36.4		34.7	36.0	
SG&A expenses ratio	26.9	27.5	26.1		25.0	24.1		25.9	25.1	
Operating margin	7.5	7.3	9.4		10.0	12.3		8.8	11.0	
Ordinary income margin	7.5	7.6	9.1		9.8	12.4		8.7	10.9	
Net income margin	4.9	4.4	5.5		6.1	7.2		5.5	6.4	

Sales in Maintenance Services are expected to grow by 10.5% y/y
Sales in Renewal Services are expected to grow by 27.5% y/y due to solid demand

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	6,480	110.9	6,192	6,818	110.1	12,035	13,298	110.5
Modernization Services	1,228	1,698	138.3	2,026	2,452	121.0	3,254	4,150	127.5
Other	12	21	171.6	23	29	124.5	36	51	141.0
Total	7,083	8,200	115.8	8,243	9,300	112.8	15,326	17,500	114.2



Financial Supplement



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

The year-end payout ratio for is scheduled to be 36%, an increase of over 40% y/y. In addition, total dividends will grow by 72% y/y as a result of a ¥4.00 (¥2.00 after the two-for-one share split) commemorative dividend marking JES's transfer to the first section of the TSE.

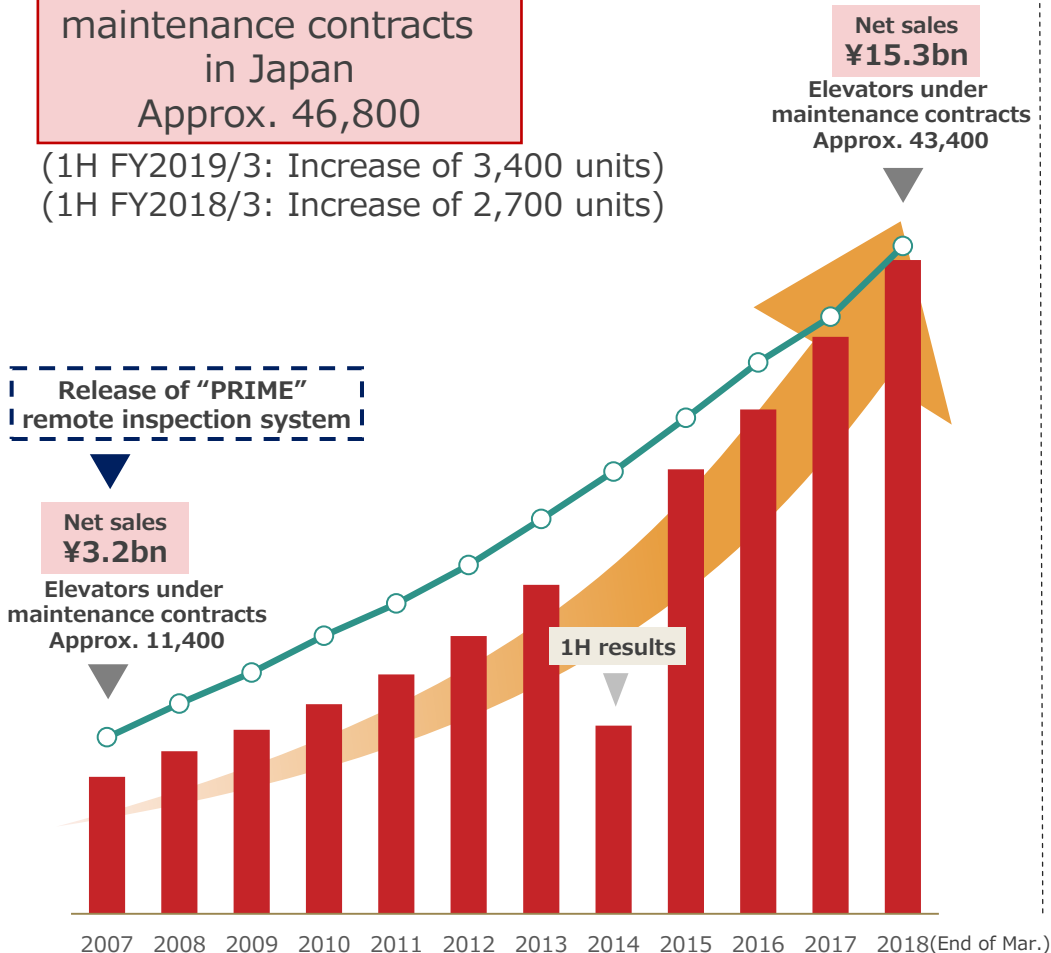
		FY2017/3	FY2018/3	FY2019/3	Change from previous period
		Actual	Actual	Plan	
Annual dividend amount		¥8	¥14	¥24 (¥12)	+¥10
	Year-end dividend	¥8	¥14	¥20 (¥10)	+¥6
	Commemorative dividend	—	—	¥4 (¥2)	+¥4
Total dividend amount		¥80m	¥280m	¥483m	+¥203m
Payout ratio (consolidated)		23.6 %	33.1 %	43.8%	+10.7p
	Except for Commemorative dividend	23.6 %	33.1 %	36.5%	+3.4p
DOE (consolidated)		5.2 %	11.5 %	14.7%	+3.2p

We conducted a two-for-one stock split of its common shares on Oct.1,2018. Dividend in () is not considered this stock split.

End of Sept. 2018

Elevators under
maintenance contracts
in Japan
Approx. 46,800

(1H FY2019/3: Increase of 3,400 units)
(1H FY2018/3: Increase of 2,700 units)



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1. Net increase in maintenance contract

○The number of business inquiries continued to grow into the second quarter as a result of our listing

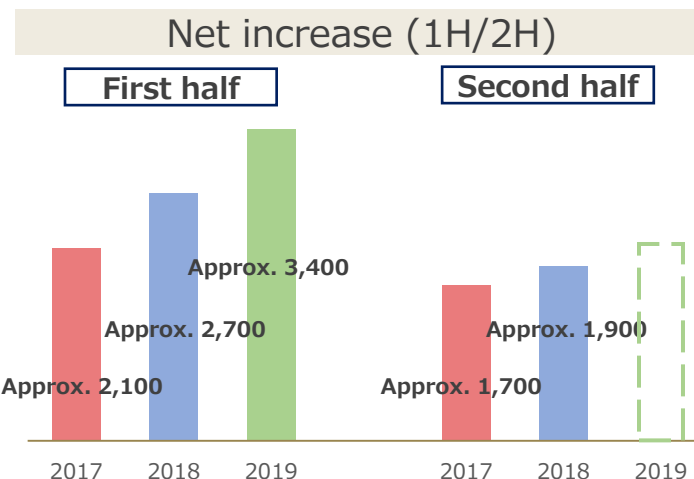
- (1) Increase in major contracts (covering 10 or more units)
(FY2017/3: 105.0% y/y)
(FY2018/3: 119.2% y/y)
(1H FY2019/3: 128.1% y/y)

⇒Partly due to JIC facility visits
(Oct. 2017-Sept. 2018: 651 guests from 102 companies)

- (2) Increase in maintenance contracts acquired through bidding

(April 2017: 114.6% y/y)
(April 2018: 139.7% y/y)

⇒March 17, 2017: Listed on TSE Mothers
September 10, 2018: Moved to TSE 1st Section
Further increase expected as a result of market transfer



2. Reinforcement of Modernization Business

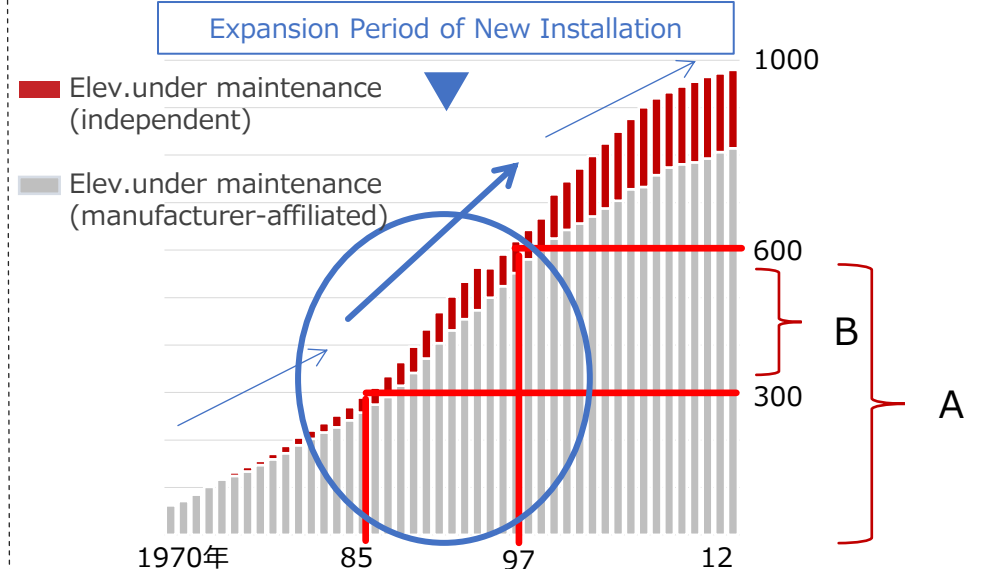
Strengthening spilt modernization services
(Service name: “Quick Renewal”)

- Launched sales activities in mid-April 2018 with the primary aim of familiarizing the market with the Quick Renewal concept in preparation for the strong market demand expected in several years
 - Trial sales have been solid
 - Development target: 15-16 models within 2-3 years
- Will reinforce JIC’s R&D system and expand the list of elevators compatible with Quick Renewal services in response to the anticipated expansion of the renewal market
 - November 2018: Scheduled to launch two types, for a total of four EV models compatible with the Quick Renewal service

(1) Modernization market growth forecast (JES estimate)

- 1 Elevators built prior to 1997 (20 years ago): 600K units (A)
 - Of which, elevators scheduled to be renewed in the near future: 400K-500K units*
 - Of which, elevators built from 1985 through 1997: 300K units (B)
- (B) are expected to drive JES’s split modernization services
Note: Estimated based on conditions of elevators that we maintain

Market Growth Curve (Unit: thousands of elevators)



(2) Quick Renewal market size in the near-term

	(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.

3. Strengthening the new Media Business

Signage screens with security cameras
Our service: LiftSPOT

Installed units in advance for infrastructure purposes
Several ad agencies have already signed on Trial
operations will begin shortly

- Media Business
Launch Media Business to provide additional value to our maintenance business and create another revenue source.
- We will install signage screens with security cameras inside elevators for free to deliver ads and gain ad revenue.
 - ⇒Trials from 23 wards in Tokyo and some major metropolitan areas such as Osaka and Nagoya.
 - ⇒Aiming for installation of 10,000 units within 3 years
 - Units under contract: over 300 units (as of Sept. 30, 2018)



LiftSPOT logo



LiftSPOT in EV

4. Reinforce Repair-Parts

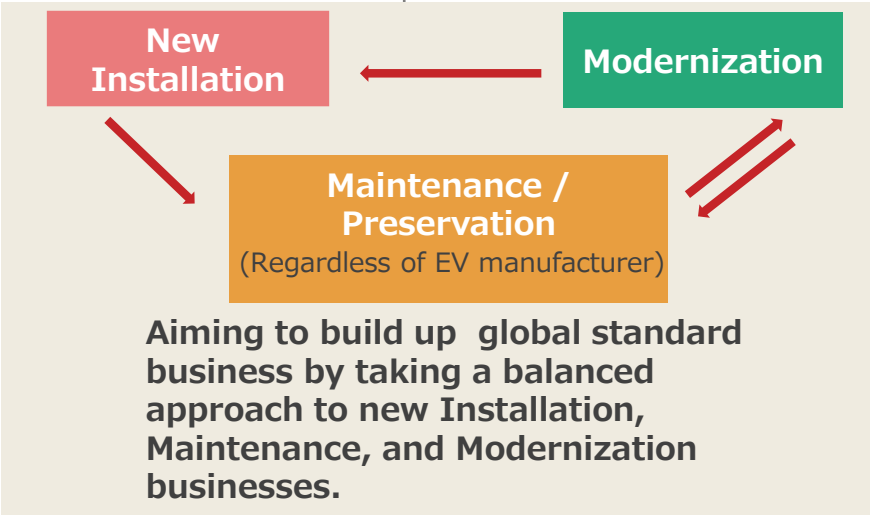
Actively utilizing Repair-Parts for reuse

- Factors contributing to reinforcement of repair-parts business.
 - Rising number of discontinued products.
 - EV manufacturers also use repair-parts.

5. Overseas

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

- Units under maintenance contracts: over 500 units (as of Mar. 31, 2018)
- We have already built up a track record in the installation and renewal businesses
- We have ongoing business relationships with global property managers

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
Modernization	One-time Modernization: Reinforced sales to clients and others Quick Renewal: Increasing number of new control panels	Provide quality Modernization services to meet customer needs		
New Installation	No plan at present (However, substantial new installation of JES EV in Modernization 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(*) *FY2021/3

As of Feb. 1, 2019
70 offices

JES Hokkaido
9 offices

JES HD
2 offices

JES Jonan
14 offices

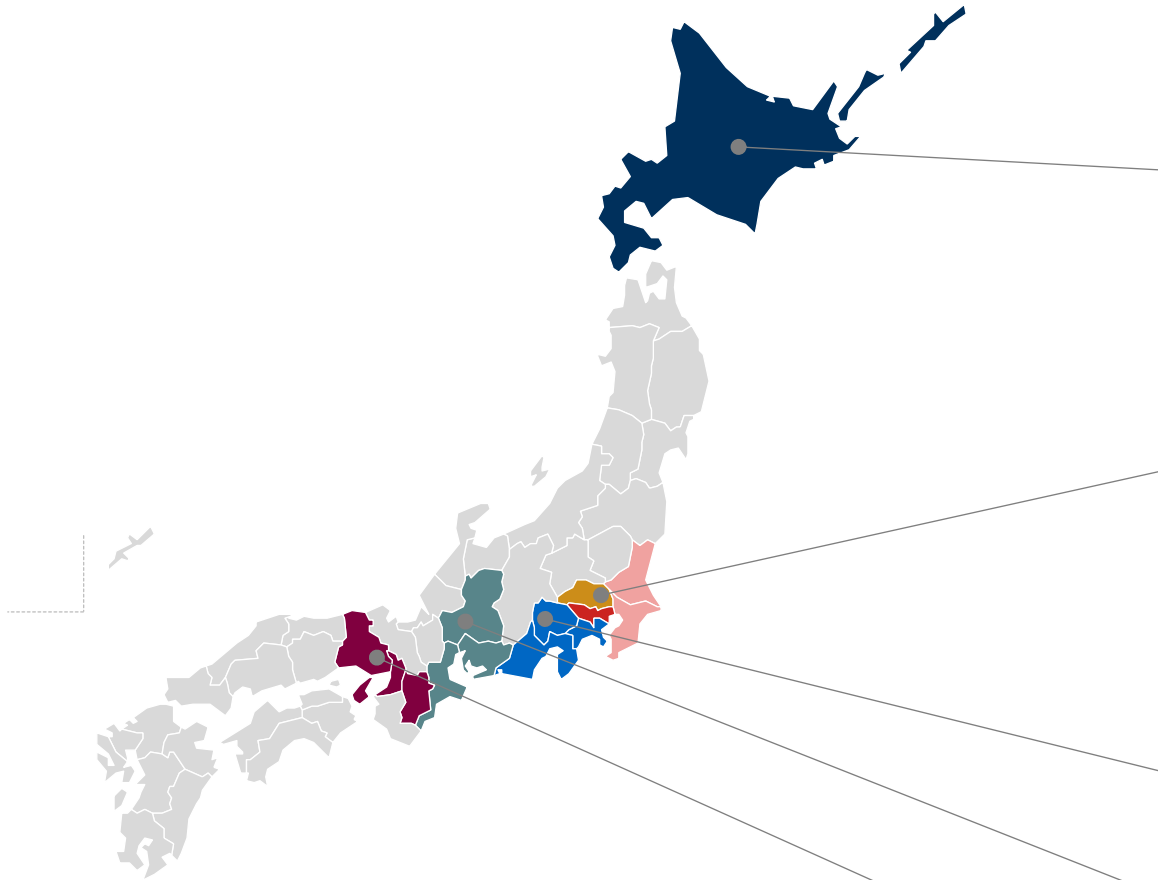
JES Josai
14 offices

Japan Elevator Parts
7 offices

JES Kanagawa
16 offices

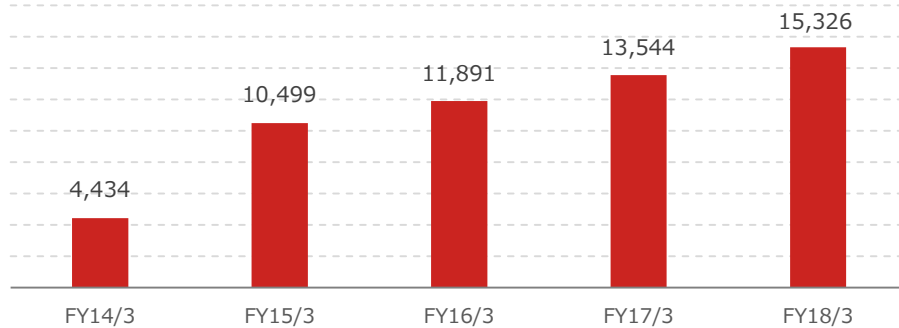
JES Tokai
4 offices

JES Kansai
4 offices



Net sales

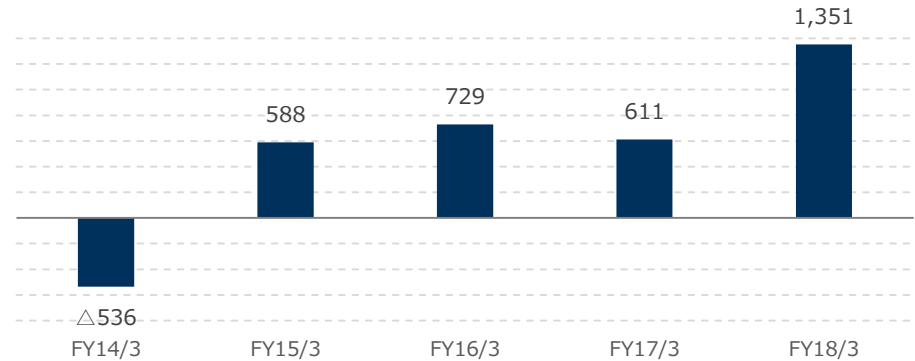
(Million yen)



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Operating income

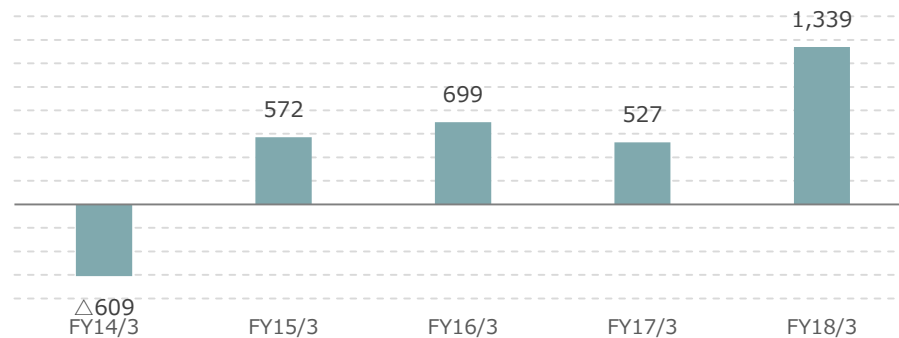
(Million yen)



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Ordinary income

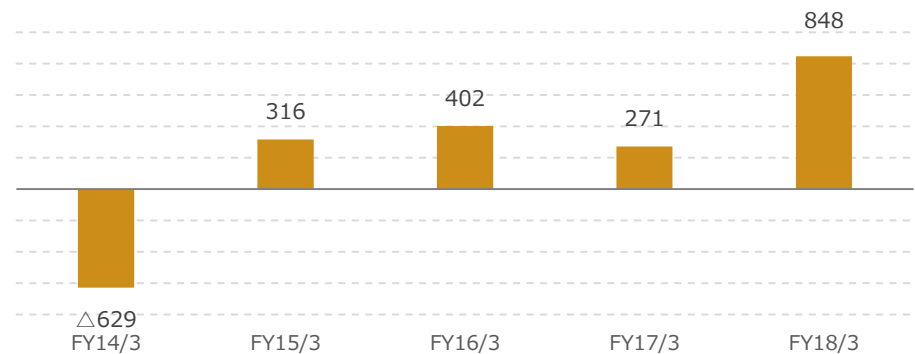
(Million yen)



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Net income attributable to owners of the parent

(Million yen)

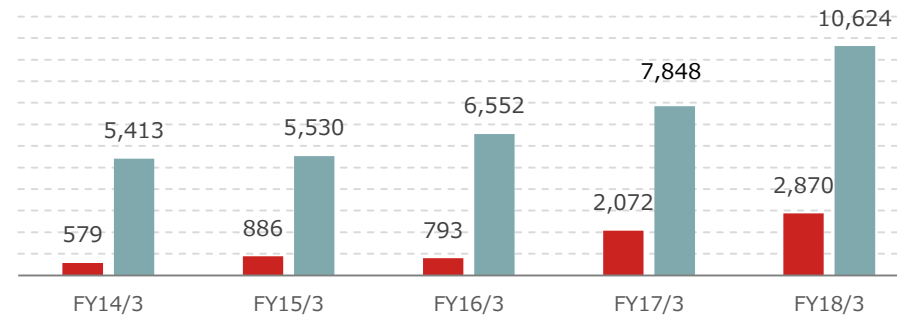


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Net assets / total assets

(Million yen)

■ Net assets ■ Total assets

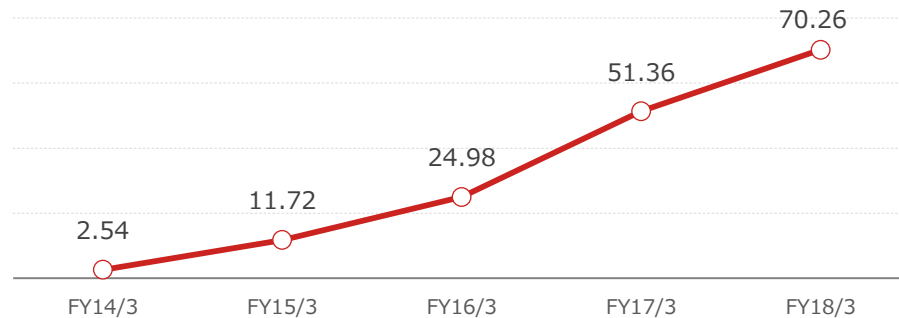


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Net assets per share

(Yen)



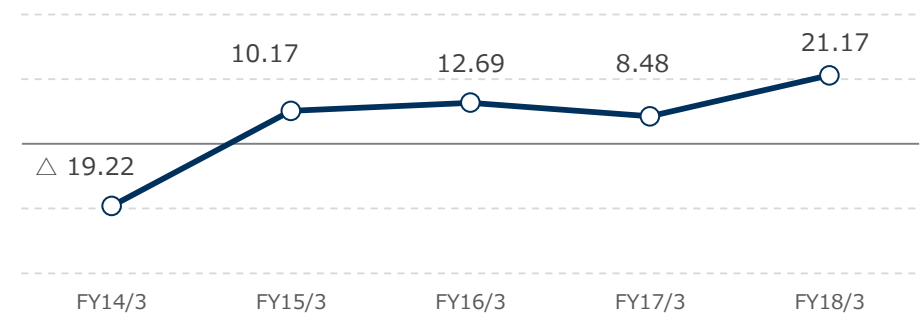
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Note 3: Two-for-one stock split of its common shares was conducted on Oct.1,2018.Figures are considered this stock split.

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
- The Company has no obligation to revise the forward-looking statements contained in this presentation at a later date, even if new information and/or future events emerge