



# FYE2019/3 Financial Results

## Japan Elevator Service Holdings

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(TSE 1st Section: 6544)



May 13, 2019

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## **FY2019/3 Financial Results**

## Recorded a record high for sales and each level of profit

(million yen)

	FY2018/3		FY2019/3		y/y (%)	Change (YoY) (%)	Earnings Outlook
	Actual	Ratio to sales (%)	Actual	Ratio to sales (%)			
Net sales	15,326	100.0	17,900	100.0	116.8	102.3	17,500
Cost of sales	10,011	65.3	11,419	63.8	114.1		
Gross profit	5,315	34.7	6,480	36.2	121.9		
SG&A	3,963	25.9	4,446	24.8	112.2		
Operating income	1,351	8.8	2,034	11.4	150.5	106.0	1,920
Non-operating income	30	0.2	22	0.1	72.6		
Non-operating expenses	43	0.3	55	0.3	127.8		
Ordinary income	1,339	8.7	2,001	11.2	149.4	105.3	1,900
Extraordinary gain	1	0.0	8	0.0	763.9		
Extraordinary loss	43	0.3	1	0.0	3.5		
Net income before taxes	1,296	8.5	2,008	11.2	154.8		
Net income attributable to owners of the parent	848	5.5	1,265	7.1	149.2	113.0	1,120

# FYE2019/3 Financial Results (Sales by Business)

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(million yen)

	FY2018/3		FY2019/3		y/y (%)
	Amount	Ratio (%)	Actual	Ratio (%)	
Maintenance Services (including Preservation)	12,035	78.5	13,536	75.6	112.5
Renewal Services	3,254	21.2	4,309	24.1	132.4
Other	36	0.3	54	0.3	148.3
Total	15,326	100.0	17,900	100.0	116.8

(million yen)

	FY2018/3		FY2019/3		y/y (%)
	Actual	Ratio (%)	Actual	Ratio (%)	
Current assets	4,919	46.3	5,568	48.5	113.2
Cash and deposits	1,295	12.2	1,045	9.1	80.7
Notes and accounts receivable	1,993	18.8	2,544	22.2	127.6
Property, plant and equipment	4,189	39.4	4,179	36.4	99.8
Intangible assets	339	3.2	574	5.0	169.1
Investments and other assets	1,175	11.1	1,161	10.1	98.8
Fixed assets	5,704	53.7	5,915	51.5	103.7
Total assets	10,624	100.0	11,484	100.0	108.1
Current liabilities	6,002	56.5	5,905	51.4	98.4
Long-term liabilities	1,751	16.5	1,641	14.3	93.7
Total liabilities	7,754	73.0	7,546	65.7	97.3
Net assets	2,870	27.0	3,937	34.3	137.2
Total liabilities and net assets	10,624	100.0	11,484	100.0	108.1

# FY2019/3 Financial Results (Cash Flows)

(million yen)

	FY2018/3	FY2019/3	Change from previous period
	Actual	Actual	
Cash and cash equivalents at beginning of the year	1,105	1,258	153
Cash flows from operating activities	1,725	1,617	(107)
Cash flows from investing activities	(2,828)	(736)	2,092
Free cash flow	(1,103)	881	1,984
Cash flows from financing activities	1,257	(1,094)	(2,351)
Effect of exchange rate changes on cash and cash equivalents	(0)	0	0
Cash and cash equivalents at end of the year	1,258	1,045	(212)

(yen)

		FY2018/3	FY2019/3	Change from previous period
		Actual	Actual	
Annual dividend amount		¥14	¥26 [¥13]	+¥12
	Interim dividend	—	—	—
	Year-end dividend	¥ 14	¥22 [¥11]	+¥8
	Commemorative dividend	—	¥4 [¥2]	+¥4
Total dividend amount		¥ 280m	¥523m	+¥243m
Payout ratio (consolidated)		33.1%	41.3%	+8.2p
	Except for Commemorative dividend	33.1%	34.9%	+1.8p
DOE (consolidated)		11.5%	15.6%	+4.1p

Note 1: We conducted a two-for-one share split of its common shares on October 1, 2018.

Note 2: The amounts of dividends per share are the amounts before the share split, with the amounts after the share split shown in brackets ("[ ]").





## FY2020/3 Financial Forecasts

# FY2020/3 Consolidated Financial Forecasts

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Unit: million yen; %	1H			2H			Full year		
	FY 2019/3	FY2020/3 Forecast		FY 2019/3	FY2020/3 Forecast		FY 2019/3	FY2020/3 Forecast	
	Amount	Amount	y/y	Amount	Amount	y/y	Amount	Amount	y/y
Net sales	8,200	9,600	117.1	9,700	10,400	107.2	17,900	20,000	111.7
Operating income	772	950	123.0	1,262	1,350	107.0	2,034	2,300	113.1
Ordinary income	747	950	127.2	1,254	1,350	107.7	2,001	2,300	114.9
Net income attributable to owners of the parent	450	530	117.5	815	820	100.7	1,265	1,350	106.7
	Ratio to sales	Ratio to sales		Ratio to sales	Ratio to sales		Ratio to sales	Ratio to sales	
Gross profit margin	35.6	36.0		36.7	36.7		36.2	36.3	
SG&A expenses ratio	26.1	26.1		23.7	23.7		24.8	24.8	
Operating margin	9.4	9.9		13.0	13.0		11.4	11.5	
Ordinary income margin	9.1	9.9		12.9	13.0		11.2	11.5	
Net income margin	5.5	5.5		8.4	7.9		7.1	6.8	

Unit: million yen; %	1H			2H			Full year		
	FY2019/3	FY2020/3 Forecast		FY2019/3	FY2020/3 Forecast		FY2019/3	FY2020/3 Forecast	
	Amount	Amount	y/y	Amount	Amount	y/y	Amount	Amount	y/y
Maintenance Services (including Preservation)	6,480	7,000	108.0	7,056	7,400	104.9	13,536	14,400	106.4
Renewal Services	1,698	2,300	135.4	2,611	2,700	103.4	4,309	5,000	116.0
Other	21	300	1368.8	33	300	930.3	54	600	1107.8
Total	8,200	9,600	117.1	9,700	10,400	107.2	17,900	20,000	111.7



## Priority Issues for the Current Fiscal Year

**1 Increase in Maintenance Contracts**

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**2 Further Enhancement of  
the Modernization Business**

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**3 Enhancement of  
the Lift SPOT Business**

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**4 Boost in Operating Margin**

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## 1. Focus on the Kansai, Tokai, and Kyushu regions

### (1) Kansai

- Establishment of the Kyoto Service Office (April)
  - ⇒ Enhanced sales in the Kyoto region
  - ⇒ Start as needed upon transfers from cooperating companies
- Establishment of the Ibaraki Service Office (June)

### (2) Tokai

- Establishment of the Toyota Service Office (March)
- Establishment of the Yokkaichi Service Office (April)

### (3) Kyushu

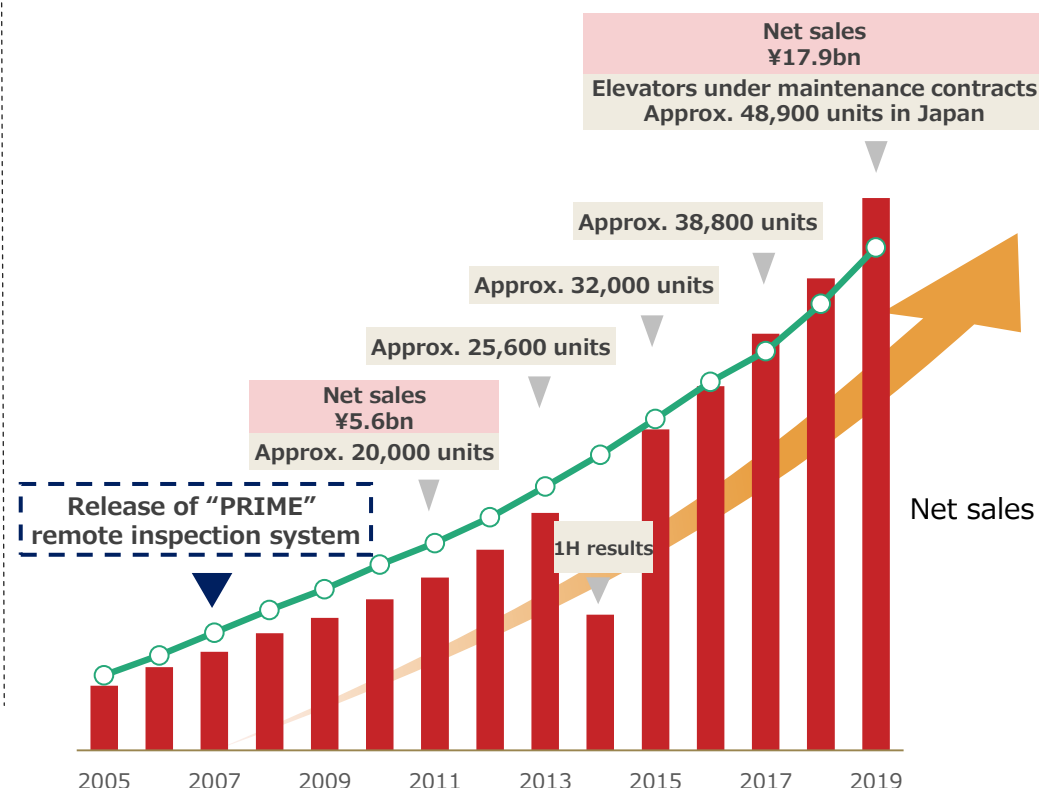
- Establishment of JES Kyushu Co., Ltd. (April)
  - ⇒ Starts from the north part of Kyushu
  - ⇒ Starts with around 140 units transferred from cooperating companies

### (4) West Japan

- Establishment of the West Japan Parts Center (June)
  - ⇒ Aims to boost the quality of service with a view to focusing on the West Japan region

## 2. Boost in share in the Tokyo metropolitan area

Seek to further boost productivity by boosting market share through enhanced strategic dominance and friendly M&As



## Further enhance the Modernization business to respond to a future rise in modernization demand

### 1. Overall Renewal

- The enhancement of capability for the JES Innovation Center (JIC) bore fruit in FYE 2019/03
- The last-minute demand before the rise in consumption-tax aided in achieving a roughly 22% increase in completed construction over the previous term on a unit basis
- JES is looking to boost cost competitiveness by controlling costs through means such as increasing its suppliers of control panels
  - ⇒Control costs through bulk orders
  - ⇒Control costs through procurement of high-quality and low-cost components used by major overseas-manufacturers

### 2.Quick Renewal

- Started sales for two models in June 2018
- Establishment of the concept made steady progress, and succeeded in closing contracts at around 10% of Overall Renewal on a unit basis
- JES will seek to increase the target models for Quick Renewal and capture the coming large demand for modernization

#### Market size for developed models

Release timing	Number of models	Estimated Japan-wide (units)
Current	4	50,000
Scheduled for FYE2020/3	4	40,000
Total	8	90,000

\*Estimated from the total number of units for which JES has closed maintenance contracts as of the end of October 2018

## 1. Insourcing of Lift SPOT business

- JES considers elevator cars to be information media, and places signage screens equipped with security cameras in elevator cars free of charge.  
Video advertisements, etc. are displayed on the screen, generating advertising revenue.  
⇒Placement is being tested in some metropolitan areas such as the 23 wards of Tokyo, Osaka, and Nagoya
- The number of screens under contract as of the end of March 2019 was roughly 1,300 units  
⇒The medium -term goal is 10,000 units
- There are plans to promptly introduce **a facial recognition system** during the current fiscal year  
⇒To add marketing support functionality for advertisers  
⇒To enhance security measures against elevator riders



Lift SPOT logo

## 2. Increase in equipped units

- Launch a Media business for the purpose of providing added value to the Maintenance business and cultivating a new source of revenue  
⇒First aim for 1,000 equipped units as an effective approach to advertisers  
⇒Aim for 3,000 equipped units by the end of March 2020



Example of equipped Lift SPOT screen



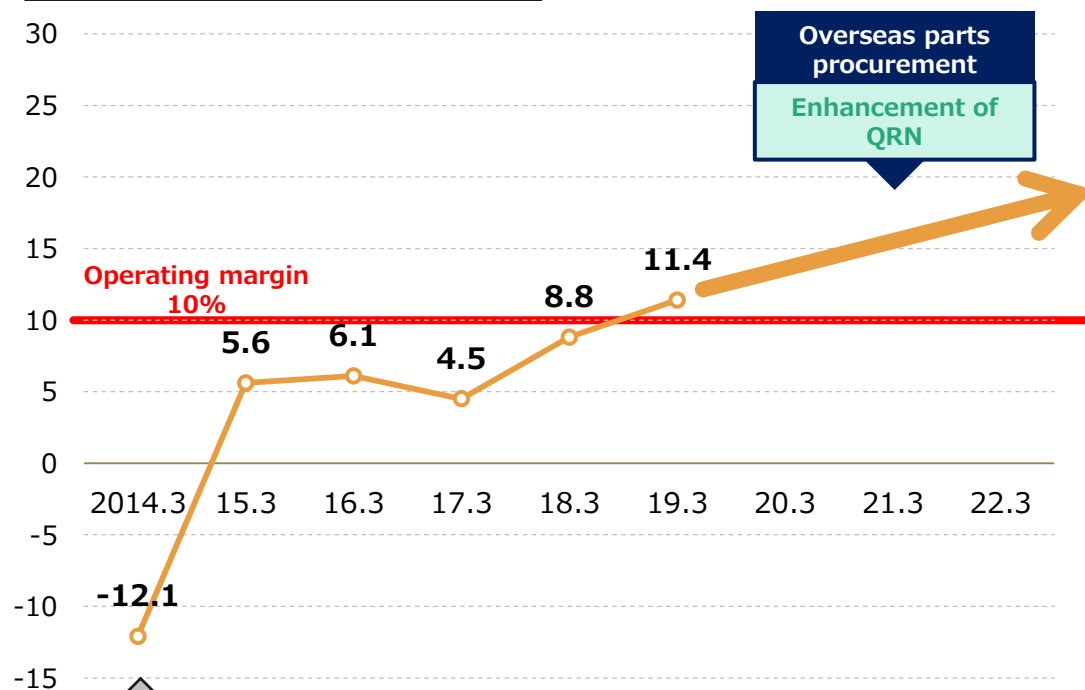
## 1. Enhancement of overseas procurement of parts

- (1) Thorough verification with JIC
- (2) Discovery of and relationship-building with superior parts manufacturers

## 2. Proactive use of repair parts

## 3. Reduction of costs and outsourcing costs for renewal construction through the enhancement of Quick Renewal

JES operating margin (%)



Half-year earnings

Start of IPO preparation

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

Major parts for which to enhance procurement



Traction machine



Control panel

Note: Illustration

## Purpose

- |   |                                      |
|---|--------------------------------------|
| 1. Accelerated Quick Renewal development                      | ⇒ Boosted sales and operating margin |
| 2. Enhanced inspection capability for parts procured overseas | ⇒ Boosted operating margin           |
| 3. Further enhancement of parts centers                       |                                      |
| (1) Enhanced capability to respond to failures                | ⇒ Boosted service capability         |
| (2) Support for cooperating companies                         | ⇒ Boosted sales                      |

## Illustration of the new JIC building Completion planned for October 2020



	Land area (m <sup>2</sup> )	Total floor area (m <sup>2</sup> )	Scale
<b>JIC</b>	4,923.61	5,603.73	<ul style="list-style-type: none"> <li>• Three floor</li> <li>• One test tower with a height of nearly 50 meters</li> <li>• Four test elevators</li> </ul>
<b>JIC II</b>	2,673.64	3,525.78	<ul style="list-style-type: none"> <li>• Three floors</li> <li>• One test tower with a height of nearly 33 meters</li> <li>• Six test elevators</li> </ul>

### [Reference]

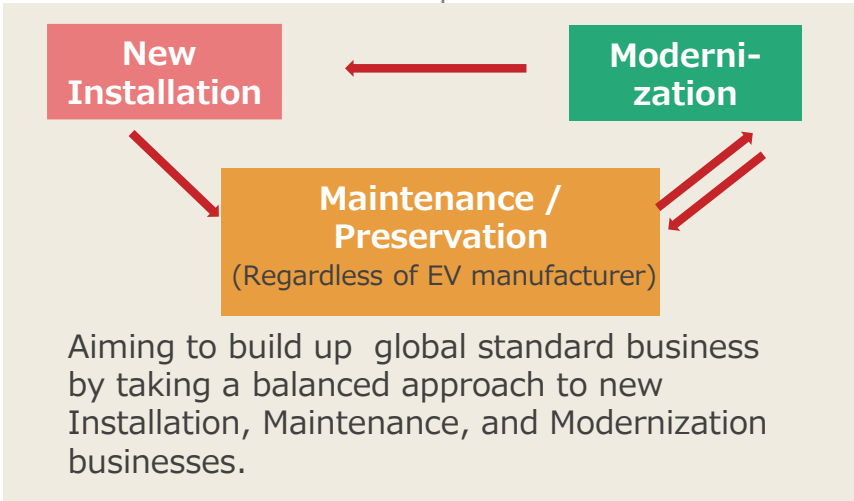
Products with similar concepts as Quick Renewal are being released in quick succession

- Mitsubishi Electric Building Techno-Service Co., Ltd.  
⇒ Elemotion+[ZERO]
- Toshiba Elevator and Building Systems Corporation  
⇒ Accelerated Renewal
- Nippon Otis Elevator Company  
⇒ ARISE MOD Live

\*Currently, no similar products have been released by independent companies

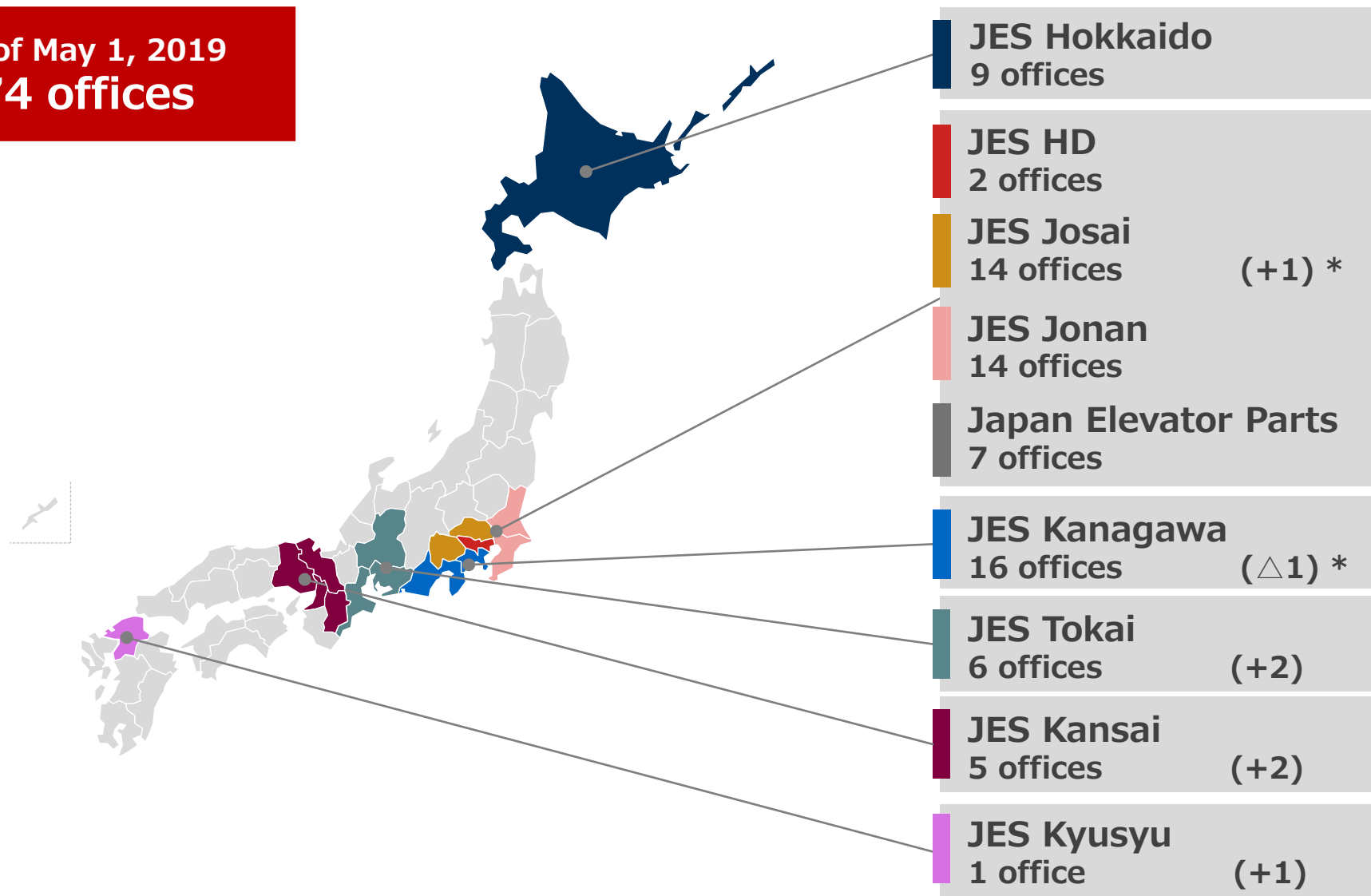


## Future Business Development

Business	Domestic		Overseas	
	Now	Onwards	Now	Onwards
<b>Maintenance • Preservation</b>	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
<b>Renewal</b>	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	 <p>Aiming to build up global standard business by taking a balanced approach to new Installation, Maintenance, and Modernization businesses.</p>	
<b>New Installation</b>	No plan at present (However, substantial new installation of JES EV in RN business)			
<b>New Business</b> (Media Business)	Launch Media businesses to capture business opportunities in EV and to add value to maintenance business  There are plans to promptly introduce <b>a facial recognition system</b> to add marketing support functionality		Developing Media businesses in overseas markets	

# Financial Supplement

As of May 1, 2019  
74 offices



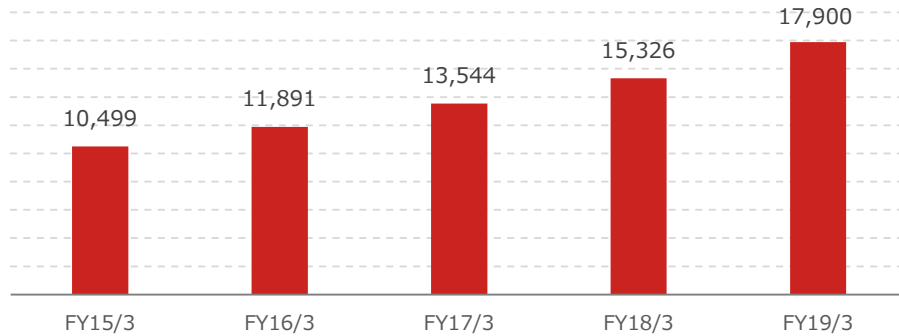
\* Change of jurisdiction  
( ) Number of changes from the end of March 2018

# Reference: Financial Highlights (1)

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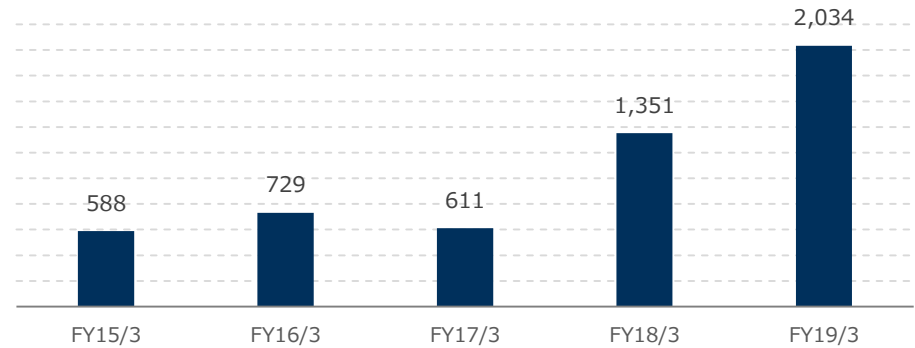
## Net sales

(Million yen)



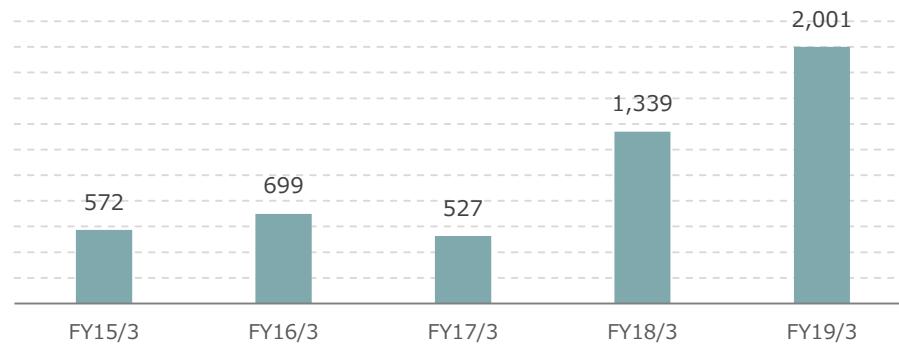
## Operating income

(Million yen)



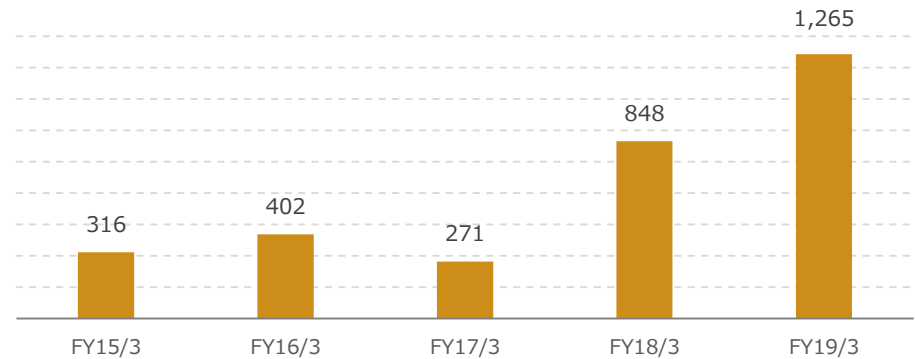
## Ordinary income

(Million yen)



## Net income attributable to owners of the parent

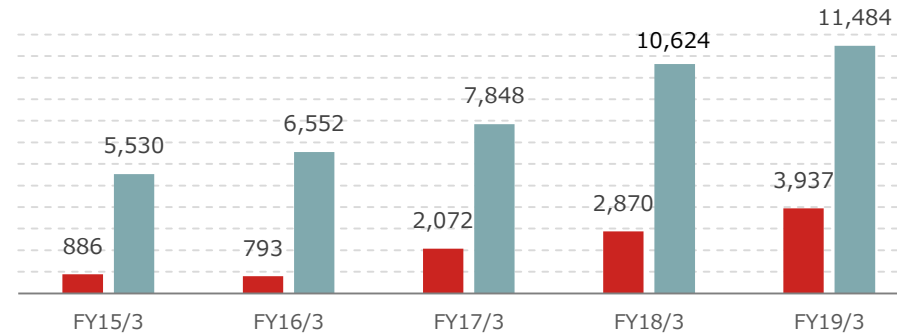
(Million yen)



## Net assets / total assets

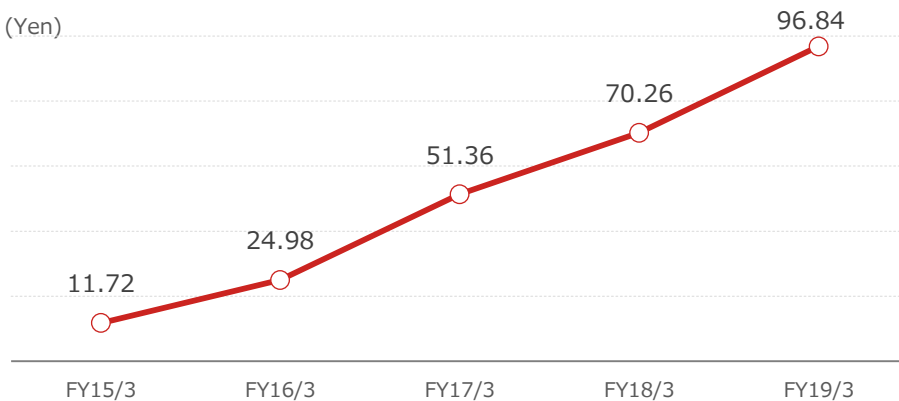
(Million yen)

■ Net assets ■ Total assets



## Net assets per share

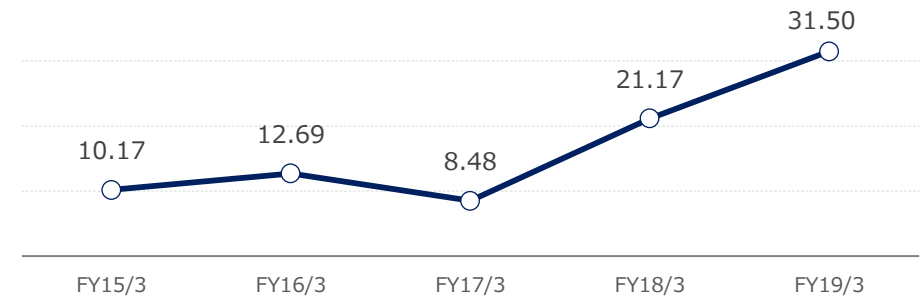
(Yen)



Note 1: 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)



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



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