



# FY2020/3 First Quarter Results

## Japan Elevator Service Holdings

---

(TSE 1st Section: 6544)



Aug. 7, 2019

**1**

## **FY2020/3 First Quarter Results**

**2**

## **FY2020/3 Financial Forecasts**



# **FY2020/3 First Quarter Results**

# FY2020/3 First Quarter Results (Performance)

(million yen)

	FY2019/3 1Q		FY2020/3 1Q		y/y (%)
	Amount	Ratio to sales (%)	Actual	Ratio to sales (%)	
Net sales	4,029	100.0	4,847	100.0	120.3
Cost of sales	2,614	64.9	3,064	63.2	117.2
Gross profit	1,414	35.1	1,782	36.8	126.0
SG&A	1,069	26.5	1,270	26.2	118.8
Operating income	345	8.6	512	10.6	148.4
Non-operating income	4	0.1	6	0.1	141.9
Non-operating expenses	9	0.2	11	0.2	117.3
Ordinary income	340	8.4	507	10.5	149.2
Extraordinary gain	4	0.1	0	0.0	1.7
Extraordinary loss	0	0.0	0	0.0	108.5
Net income before taxes	344	8.5	507	10.5	147.5
Net income attributable to owners of the parent	201	5.0	293	6.1	145.9

# FY2020/3 First Quarter Results (Sales by Business)

5

(million yen)

	FY2019/3 1Q		FY2020/3 1Q		y/y (%)
	Amount	Ratio (%)	Actual	Ratio (%)	
Maintenance Services (including Preservation)	3,221	79.9	3,579	73.8	111.1
Modernization Services	799	19.8	1,100	22.7	137.6
Other	8	0.2	168	3.5	1,963.6
Total	4,029	100.0	4,847	100.0	120.3



## FY2020/3 Financial Forecasts

# FY2020/3 Consolidated Financial Forecasts

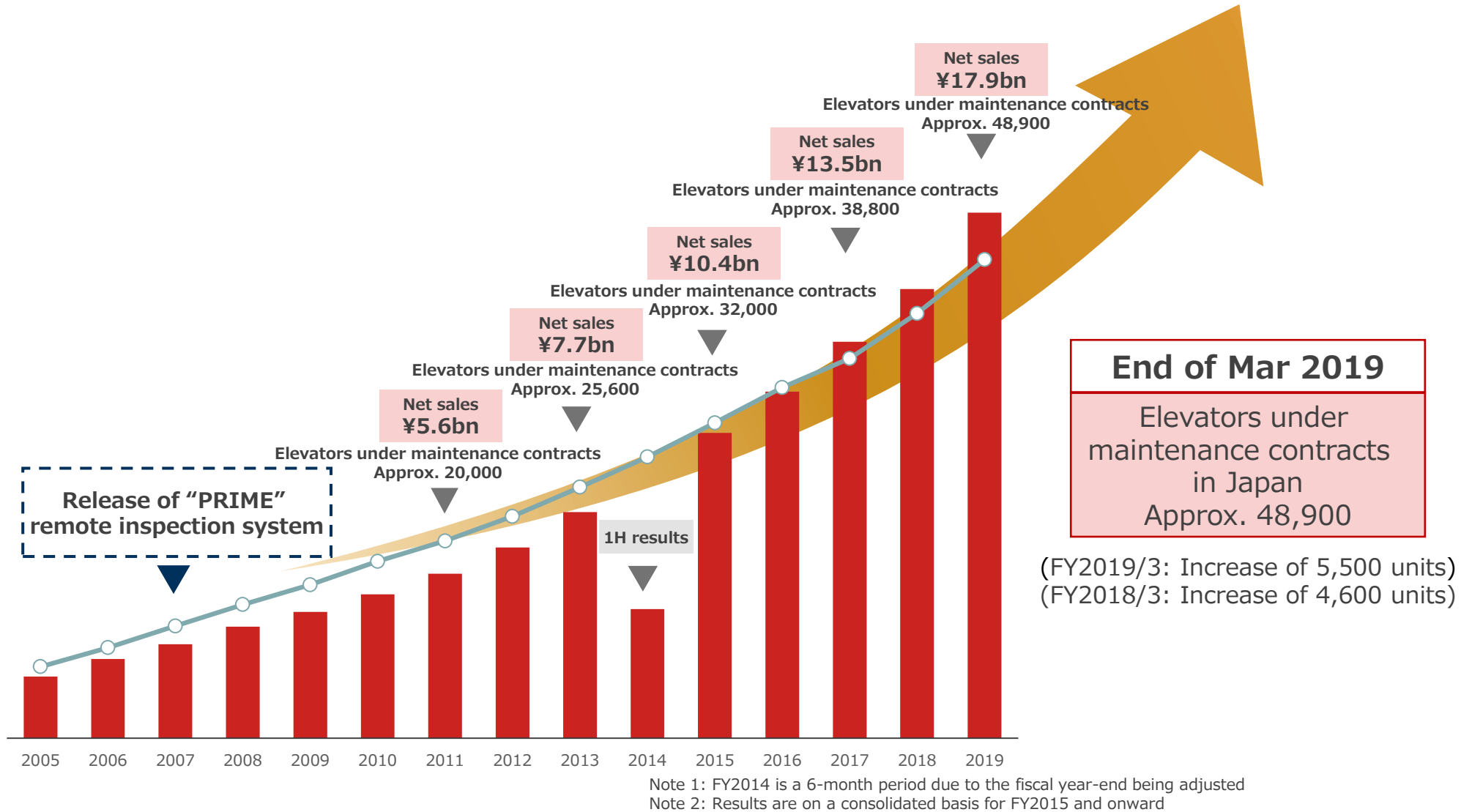
Unit: million yen; %	1H			2H			Full year		
	FY 2019/3	FY2020/3 Forecast		FY 2019/3	FY2020/3 Forecast		FY 2019/3	FY2020/3 Forecast	
	Amount	Amount	y/y	Amount	Amount	y/y	Amount	Amount	y/y
Net sales	8,200	9,600	117.1	9,700	10,400	107.2	17,900	20,000	111.7
Operating income	772	950	123.0	1,262	1,350	107.0	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	

# FY2020/3 Consolidated Financial Forecasts (Sales by Business) 8

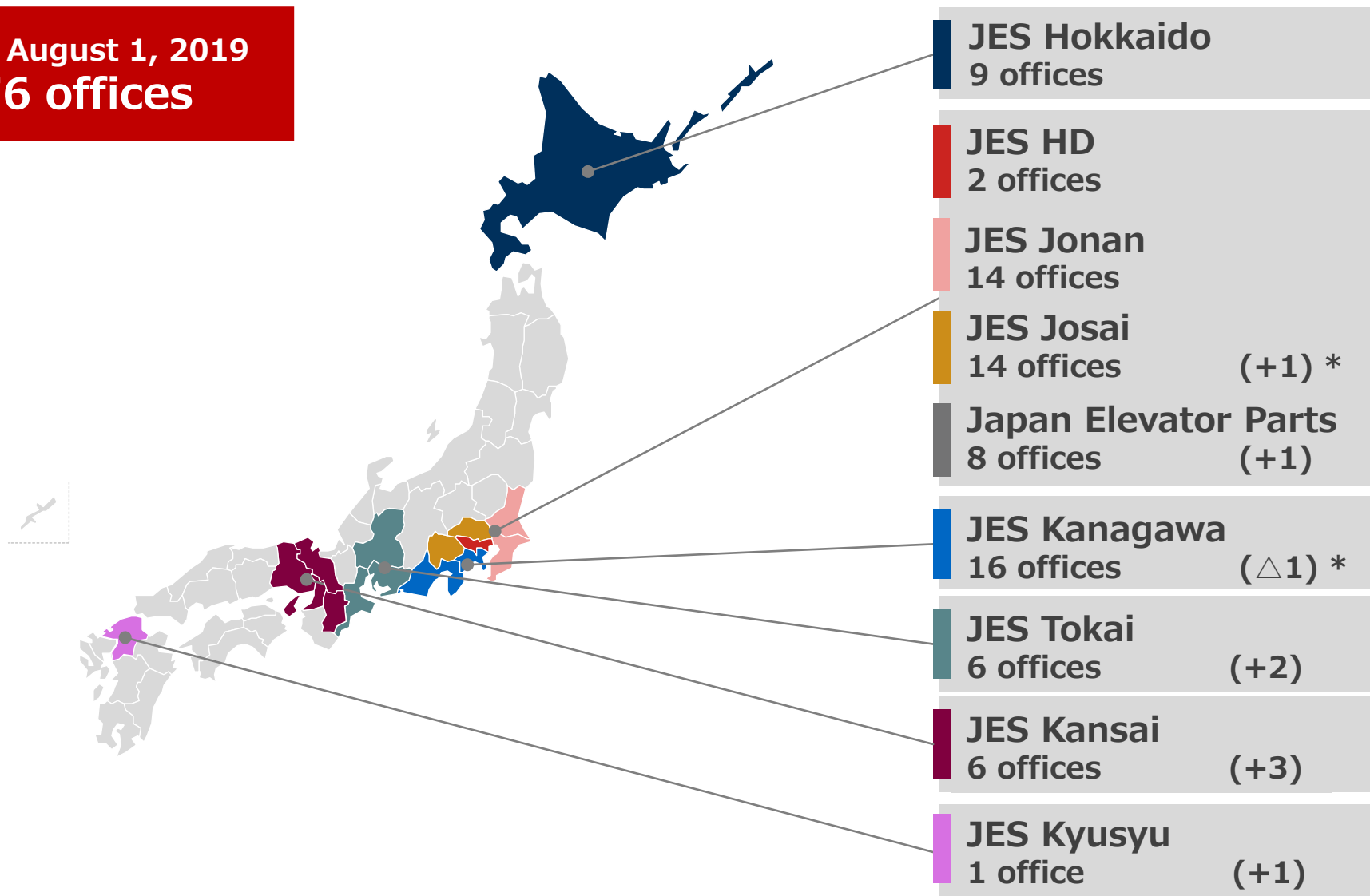
Unit: million yen; %	1H			2H			Full year		
	FY2019/3	FY2020/3 Forecast		FY2019/3	FY2020/3 Forecast		FY2019/3	FY2020/3 Forecast	
	Amount	Amount	y/y	Amount	Amount	y/y	Amount	Amount	y/y
Maintenance Services (including Preservation)	6,480	7,000	108.0	7,056	7,400	104.9	13,536	14,400	106.4
Renewal Services	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
<b>Total</b>	<b>8,200</b>	<b>9,600</b>	<b>117.1</b>	<b>9,700</b>	<b>10,400</b>	<b>107.2</b>	<b>17,900</b>	<b>20,000</b>	<b>111.7</b>

# Financial Supplement





As of August 1, 2019  
**76 offices**



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

**1 Increase in Maintenance Contracts**

---

**2 Further Enhancement of  
the Modernization Business**

---

**3 Enhancement of  
the Lift SPOT Business**

---

**4 Boost in Operating Margin**

---

## 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

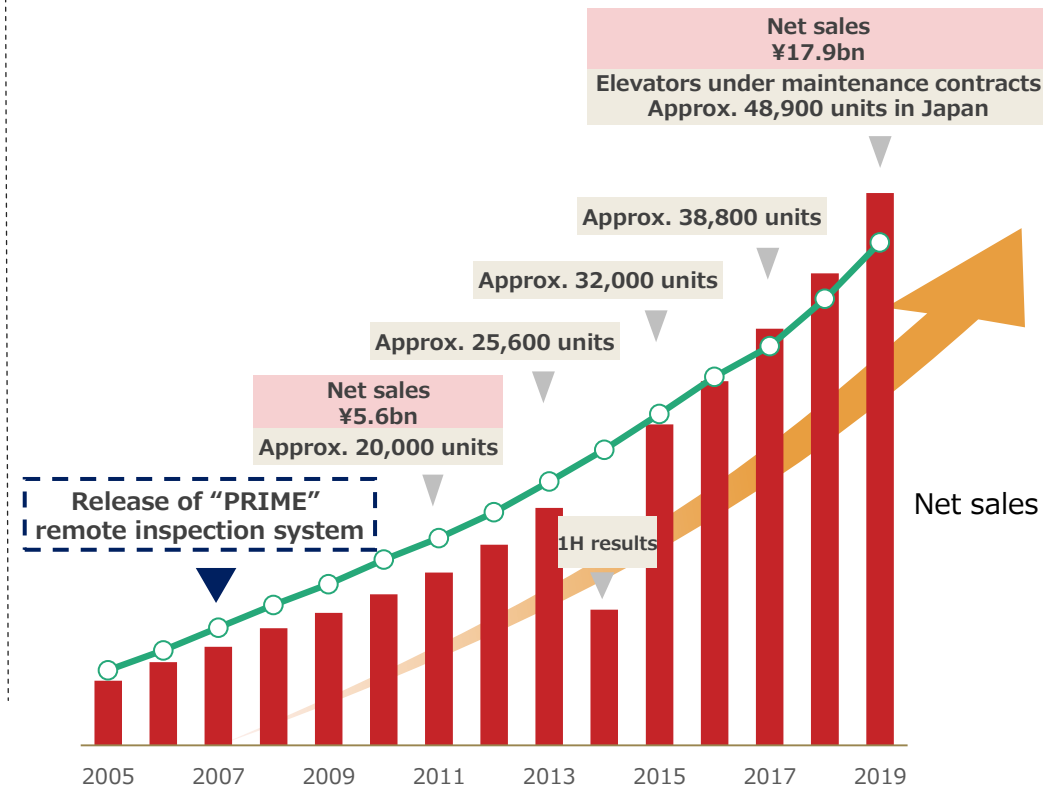
- Establishment of JES Kyushu Co., Ltd. (April)  
⇒ Starting from the north part of Kyushu  
⇒ Started with around 140 units transferred from cooperating companies

### (4) West Japan

- Establishment of the West Japan Parts Center (June)  
⇒ Aiming 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. One-time Renewal

- The enhancement of capability for the JES Innovation Center (JIC) bore fruit in FY 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 One-time Renewal on a unit basis in FY 2019/03
- 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 FY2020/3	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 July 2019 was roughly 1,900 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

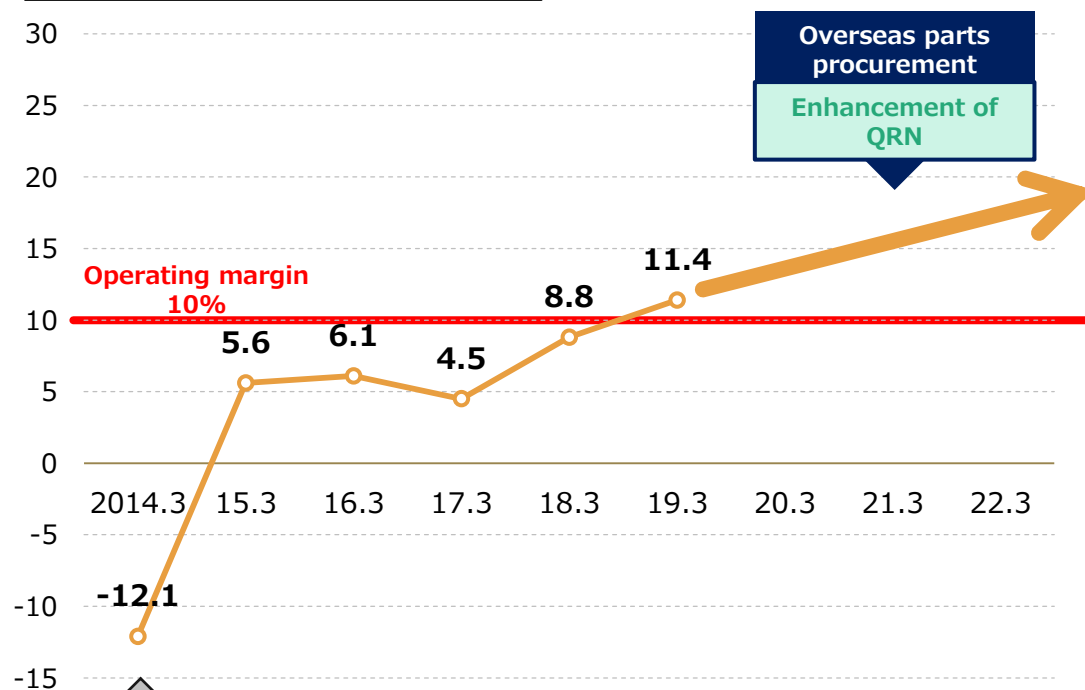
## 1. Enhancement of overseas procurement of parts

- (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

2. Enhanced inspection capability for parts procured overseas ⇒ Boosted sales and operating margin

3. Further enhancement of parts centers

(1) Enhanced capability to respond to failures

(2) Support for cooperating companies

⇒ Boosted sales and operating margin

⇒ Boosted operating margin

⇒ Boosted service capability

⇒ Boosted sales

## Illustration of the new JIC building

Completion planned for October 2020



	Site 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 floors</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]

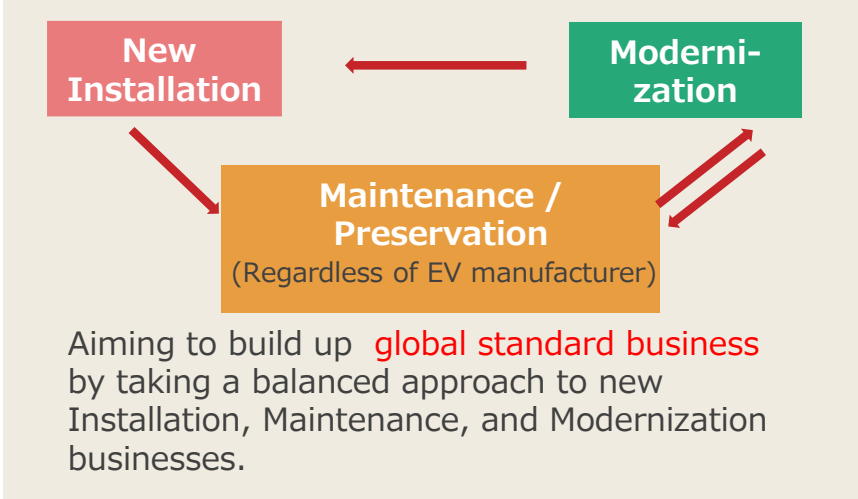
• Toshiba Elevator and Building Systems Corporation

⇒ Accelerated Renewal

• Nippon Otis Elevator Company

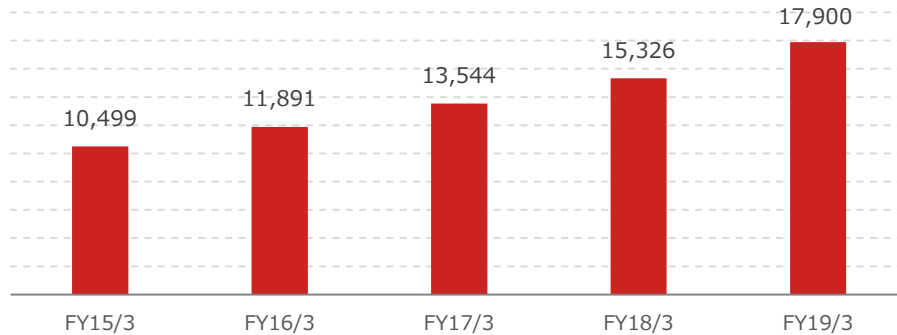
⇒ ARISE MOD Live

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

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 <b>global standard business</b> 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	

## Net sales

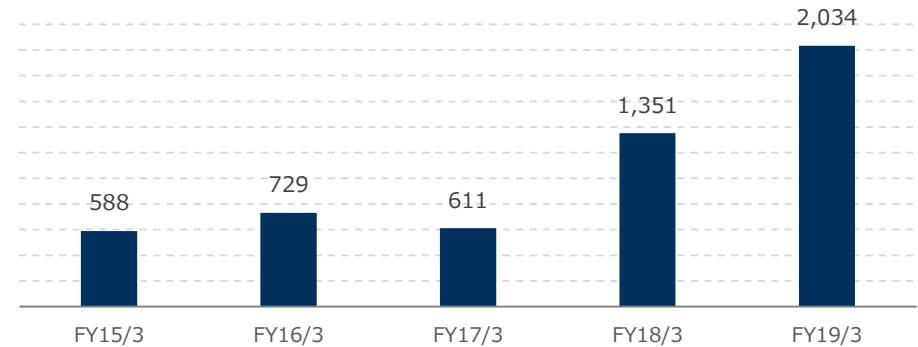
(Million yen)



Note 1: Results are on a consolidated basis for FY2015 and onward

## Operating income

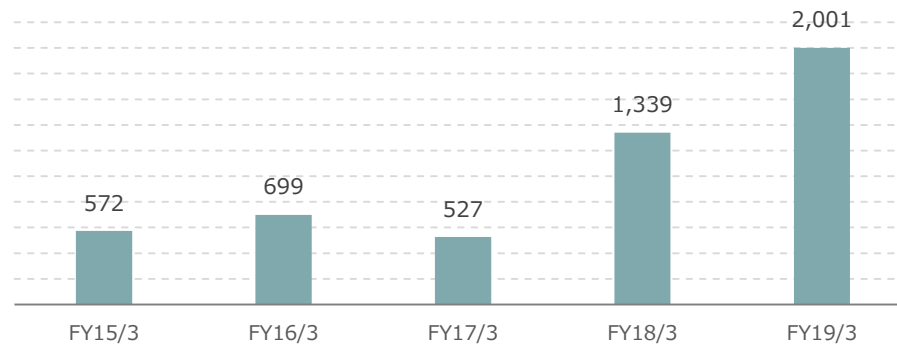
(Million yen)



Note 1: Results are on a consolidated basis for FY2015 and onward

## Ordinary income

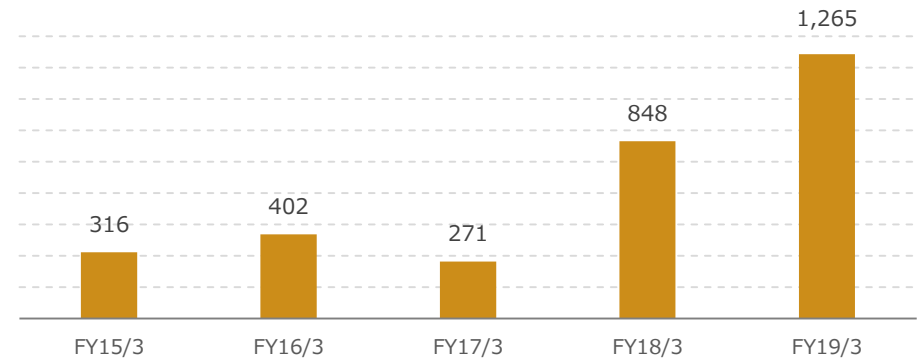
(Million yen)



Note 1: Results are on a consolidated basis for FY2015 and onward

## Net income attributable to owners of the parent

(Million yen)

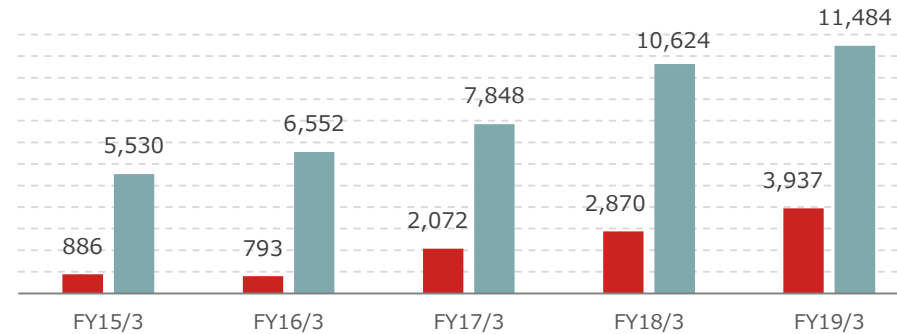


Note 1: Results are on a consolidated basis for FY2015 and onward

## Net assets / total assets

(Million yen)

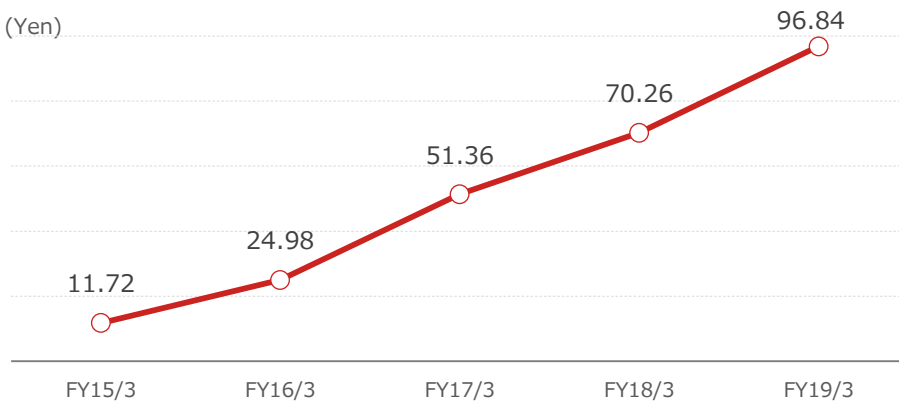
■ Net assets ■ Total assets



Note 1: Results are on a consolidated basis for FY2015 and onward

## Net assets per share

(Yen)

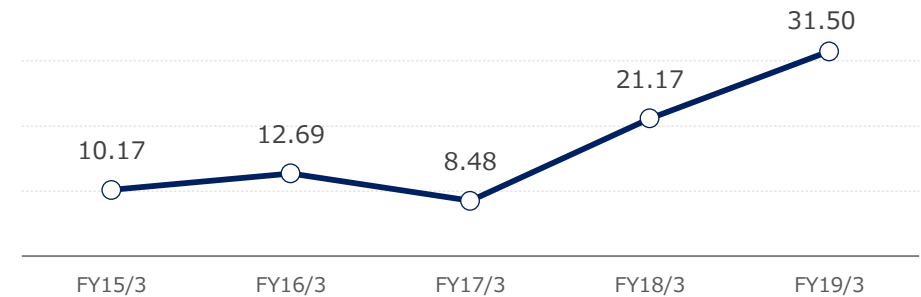


Note 1: Results are on a consolidated basis for FY2015 and onward

Note 2: 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: Results are on a consolidated basis for FY2015 and onward

Note 2: Two-for-one stock split of its common shares was conducted on Oct.1,2018.Figures are considered this stock split.

## 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