



FY2021/3 First Quarter Results

Japan Elevator Service Holdings

(TSE 1st Section: 6544)



August 3, 2020

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FY2021/3 First Quarter Results

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FY2021/3 Consolidated Financial Forecasts



**FY2021/3
First Quarter Results**

(million yen)

	FY2020/3 1Q		FY2021/3 1Q		YoY (%)
	Actual	Ratio to sales (%)	Actual	Ratio to sales (%)	
Net sales	4,847	100.0	5,263	100.0	108.6
Cost of sales	3,064	63.2	3,220	61.2	105.1
Gross profit	1,782	36.8	2,043	38.8	114.6
SG&A	1,270	26.2	1,285	24.4	101.2
Operating profit	512	10.6	758	14.4	148.0
Non-operating income	6	0.1	95	1.8	1499.1
Non-operating expenses	11	0.2	5	0.1	45.0
Ordinary profit	507	10.5	849	16.1	167.3
Extraordinary income	0	0.0	14	0.3	21,117.8
Extraordinary losses	0	0.0	0	0.0	180.8
Profit before income taxes	507	10.5	863	16.4	170.2
Profit attributable to owners of parent	293	6.1	576	11.0	196.4

(million yen)

	FY2020/3 1Q		FY2021/3 1Q		YoY (%)
	Amount	Ratio (%)	Actual	Ratio (%)	
	Maintenance and Preservation Services	3,579	73.8	4,018	
Modernization Services	1,100	22.7	1,037	19.7	94.3
Other	168	3.5	207	3.9	123.2
Total	4,847	100.0	5,263	100.0	108.6



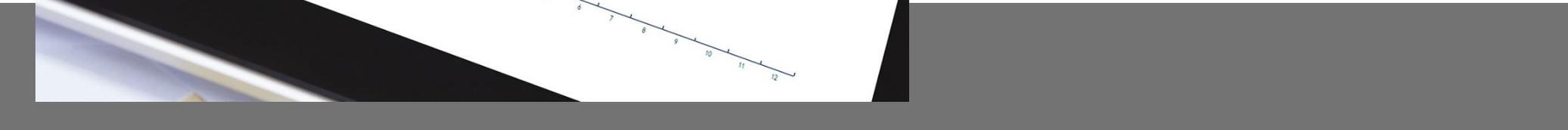
**FY2021/3
Consolidated Financial
Forecasts**

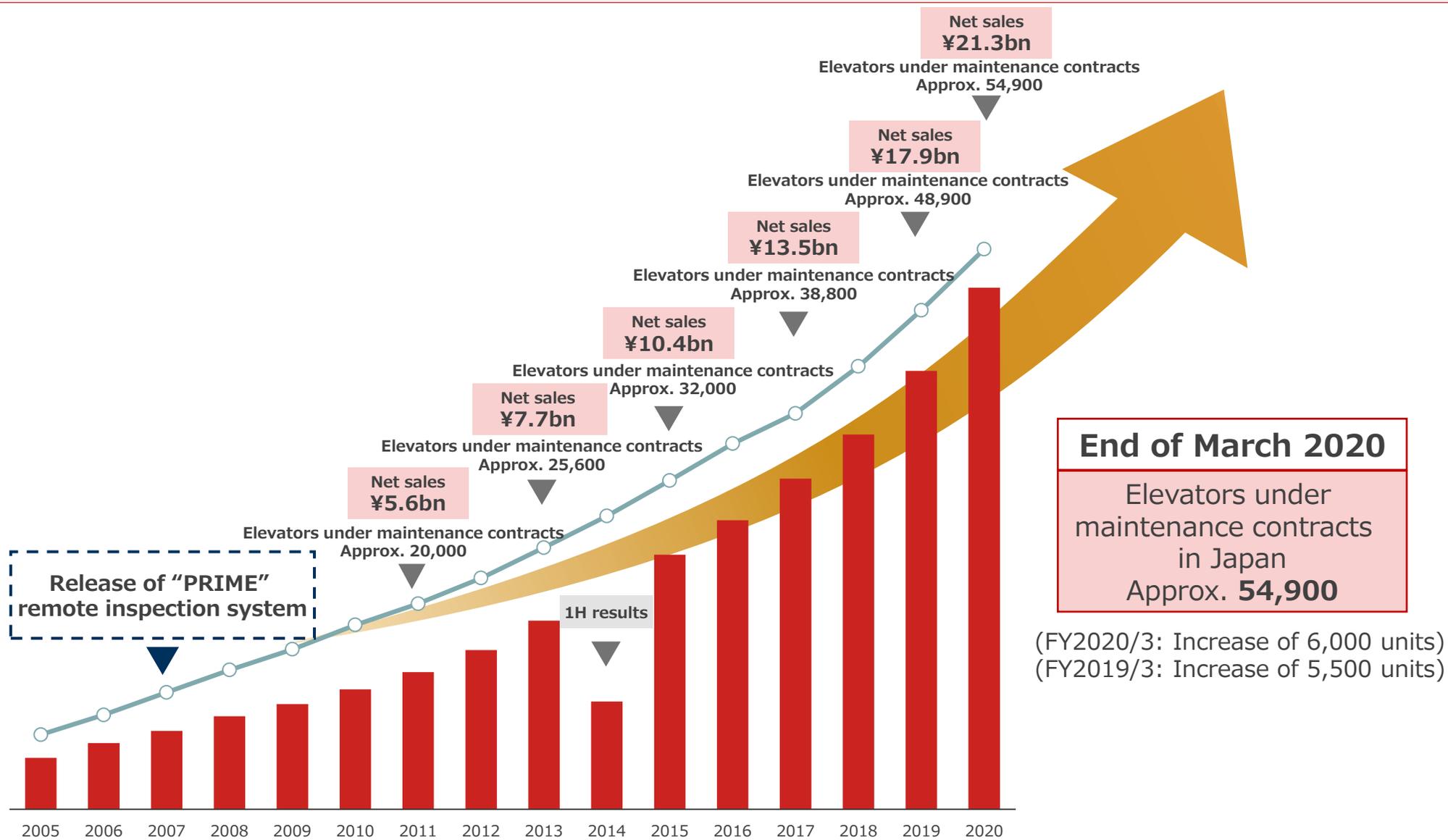
Unit: million yen; %	1H			2H			Full year		
	FY 2020/3	FY2021/3 Forecast		FY 2020/3	FY2021/3 Forecast		FY 2020/3	FY2021/3 Forecast	
	Amount	Amount	YoY	Amount	Amount	YoY	Amount	Amount	YoY
Net sales	10,370	11,000	106.1	10,968	12,000	109.4	21,339	23,000	107.8
Operating profit	1,210	1,350	111.5	1,507	1,750	116.1	2,717	3,100	114.1
Ordinary profit	1,205	1,350	112.0	1,498	1,750	116.8	2,703	3,100	114.7
Net income attributable to owners of the parent	728	800	109.8	971	1,100	113.2	1,700	1,900	111.7
	Ratio to sales	Ratio to sales		Ratio to sales	Ratio to sales		Ratio to sales	Ratio to sales	
Gross profit margin	36.3	37.1		37.0	37.8		36.6	37.5	
SG&A expenses ratio	24.6	24.8		23.2	23.3		23.9	24.0	
Operating margin	11.7	12.3		13.7	14.6		12.7	13.5	
Ordinary profit margin	11.6	12.3		13.7	14.6		12.7	13.5	
Profit margin	7.0	7.3		8.9	9.2		8.0	8.3	

Unit: million yen; %	1H			2H			Full year		
	FY 2020/3	FY2021/3 Forecast		FY 2020/3	FY2021/3 Forecast		FY 2020/3	FY2021/3 Forecast	
	Amount	Amount	YoY	Amount	Amount	YoY	Amount	Amount	YoY
Maintenance and Preservation Services	7,320	7,850	107.2	7,710	<u>8,550</u>	110.9	15,030	<u>16,400</u>	109.1
Modernization Services	2,710	2,750	101.5	2,889	<u>3,050</u>	105.6	5,599	<u>5,800</u>	103.6
Other	340	400	117.6	368	400	108.4	709	800	112.8
Total	<u>10,370</u>	<u>11,000</u>	106.1	10,968	<u>12,000</u>	109.4	21,339	<u>23,000</u>	107.8



Financial Supplement



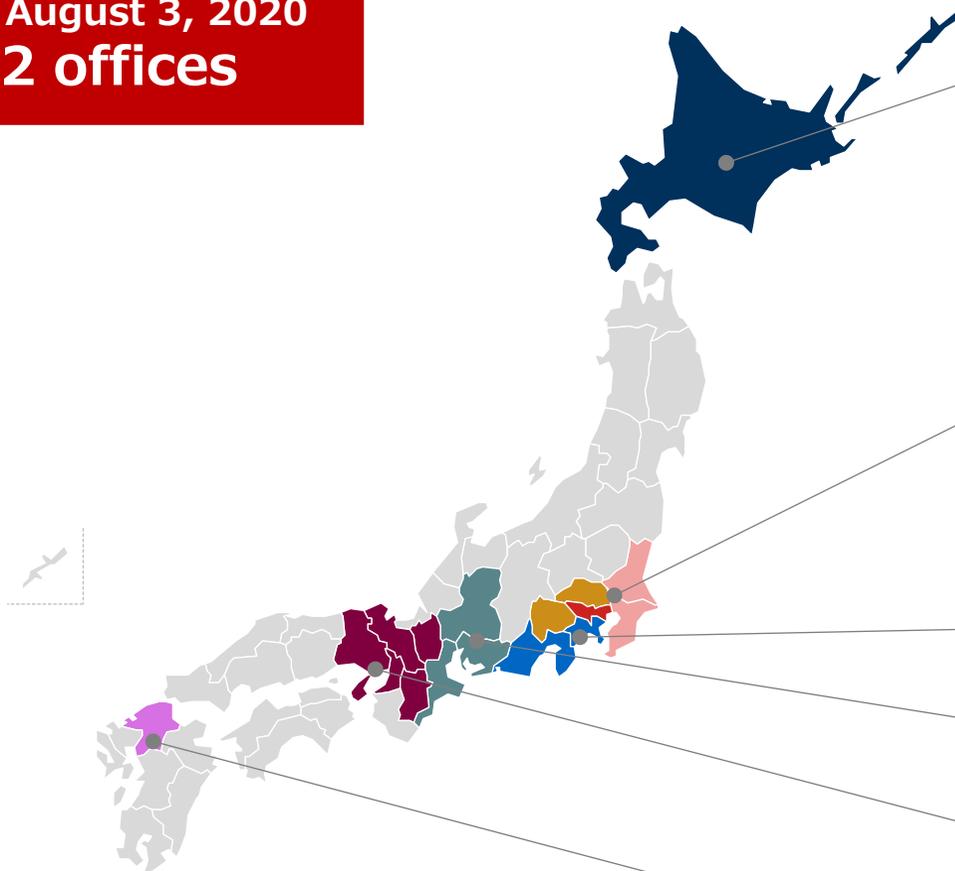


End of March 2020
 Elevators under maintenance contracts in Japan
 Approx. **54,900**

(FY2020/3: Increase of 6,000 units)
 (FY2019/3: Increase of 5,500 units)

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

As of August 3, 2020
82 offices



JES Hokkaido
9 offices

JES HD
2 offices

JES Jyonan
16 offices (+2)

JES Jyosai
14 offices

Japan Elevator Parts
8 offices (+1)

JES Kanagawa
16 offices

JES Tokai
7 offices (+2)

JES Kansai
7 offices (+3)

JES Kyusyu
1 office (+1)

[M&A]
SEIKO ELEVATOR co.,ltd
1 office (+1)

NS ELEVATOR co.,ltd
1 office (+1)

() Number of changes from the end of March 2019

Under the impact of the novel coronavirus pandemic, expected to cause global economic slowdown at least for the next few years, corporate needs for cost reduction will grow even more significantly



Emphasize our “competitive cost advantage over other manufacturers” more than ever and push forward sales efforts harder

1、 Aggressively promote maintenance contracts

In addition to the sales structure already in place, reinforce a new approach led by the newly established “strategic sales team”

- ① Boost large-scale corporate contracts
- ② Reinforce bidding capabilities
 - ⇒Enhance the approach system to local governments, independent administrative agencies, etc. (Sign a package contract for certain national university project)

2、 Reinforce the search for additional modernization and preservation projects

The completion of JIC II construction is scheduled in October

- ① Reinforce capability of the conventional One-time Modernization
- ② Promote cost-effective Quick Renewal
 - ⇒After the completion of additional test tower of JIC II, the number of QR-compatible models will increase dramatically from the current 8 models

Note that more modernization projects (including preservation) are likely to be postponed under the recession



Illustration of the new JIC building
(Completion planned for October 2020)

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**

	Site area (m ²)	Total floor area (m ²)	Scale
JIC II	2,673.64	3,525.78	<ul style="list-style-type: none"> • Three floors • One test tower with a height of nearly 33 meters • Six test elevators

1 Increase in Maintenance Contracts

2 Further Enhancement of the Modernization Business

3 Further Enhancement of the LiftSPOT Business

4 Boost in Operating Margin

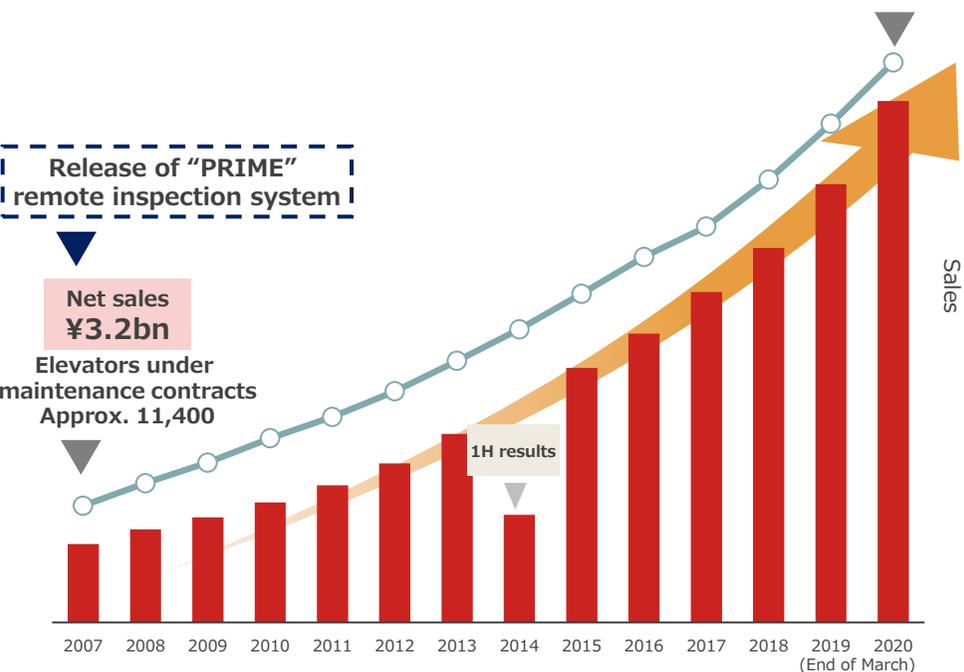
End of March 2020
Elevators under maintenance contracts in Japan
Approx. **54,900**

(FY2020/3: Increase of 6,000 units)
(FY2019/3: Increase of 5,500 units)

Net sales **¥21.3bn**
Elevators under maintenance contracts: **Approx. 54,900**

Release of "PRIME" remote inspection system

Net sales **¥3.2bn**
Elevators under maintenance contracts **Approx. 11,400**



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

Net increase in maintenance contracts

- Focus on the Kansai, Tokai, and Kyushu regions same as the previous fiscal year (FY2020/3)
- Seek to further boost productivity by increasing market share in the Tokyo metropolitan area

New locations in FY2021/3

April Kasugai Service Office (JES Tokai)
Shiga Service Office (JES Kansai)

Independent M&A completed in FY2021/3

April Seiko Elevator Co., Ltd.

Reference:

New locations in FY2020/3 : 7 offices

April Kyoto Service Office (JES Kansai)
Yokkaichi Service Office (JES Tokai)
Establishment of JES Kyushu Co., Ltd.

June Ibaraki Service Office (JES Kansai)
West Japan Parts Center (JEP)

November Matsudo Service Office (JES Jyonan)
January Ichikawa Service Office (JES Jyonan)

One-time Modernization

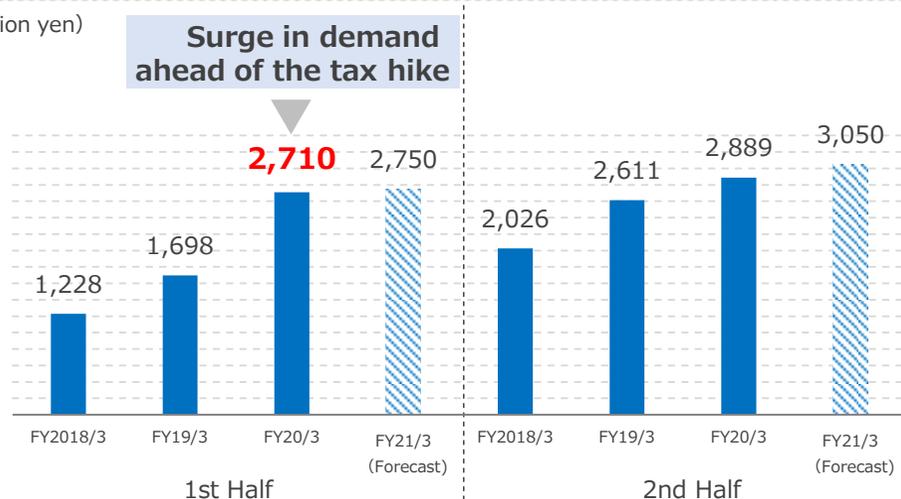
○ Achieved record-high Modernization sales in FY2020/3, partly due to a surge in demand in the first half, ahead of the consumption tax hike

⇒ Business typically concentrated toward the second half of the fiscal year has shifted toward the first half, owing to the consumption tax hike as an extraordinary factor

○ Aim to achieve the same level of sales as the previous term, although more projects are expected to be postponed due to the impact of the novel coronavirus

Modernization sales

(million yen)



Quick Renewal

○ The development of Quick Renewal compatible models is on schedule, and the completion of JIC II scheduled in October 2020 will further accelerate the development

○ JES will seek to increase the target models for Quick Renewal and capture the coming large demand for modernization

- Developed models at the end of March 2020: 8 models

- Developed models at the end of March 2021 (scheduled): 4 models

Market size for developed models

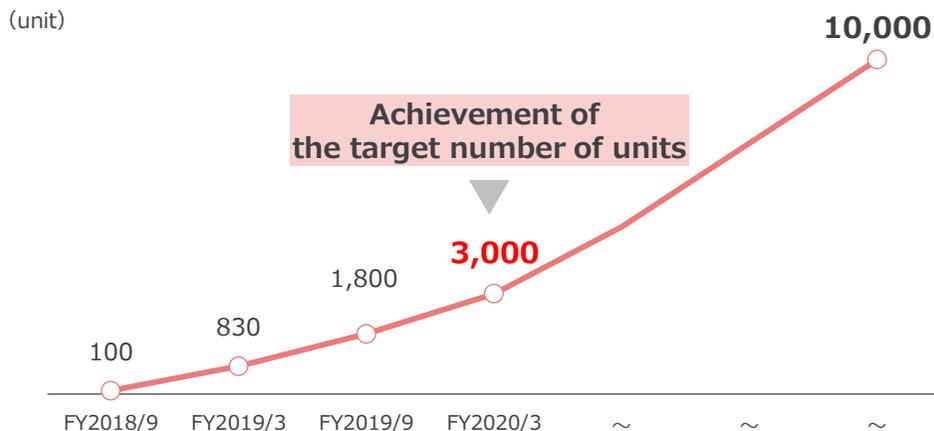
Release timing	Number of models	Estimated Japan-wide (units)
FY2020/3	8	90,000
Scheduled for FY2021/3	4	23,000
Total	12	113,000

*Estimated from the total number of units for which JES has close maintenance contracts as of the end of August 2019

Increase in equipped units

- Launch a Media business for the purpose of providing added value to maintenance business and cultivating a new source of revenue
- Aim to increase the number of equipped units as an effective approach to advertisers
 - ⇒ Aim for 10,000 equipped units at the earliest possible time
- Achieved the target number of 3,000 equipped units as of the end of March 2020
 - ⇒ Contracted elevators as of the end of March 2020: about 3,600 units

Changes in the number of installed units



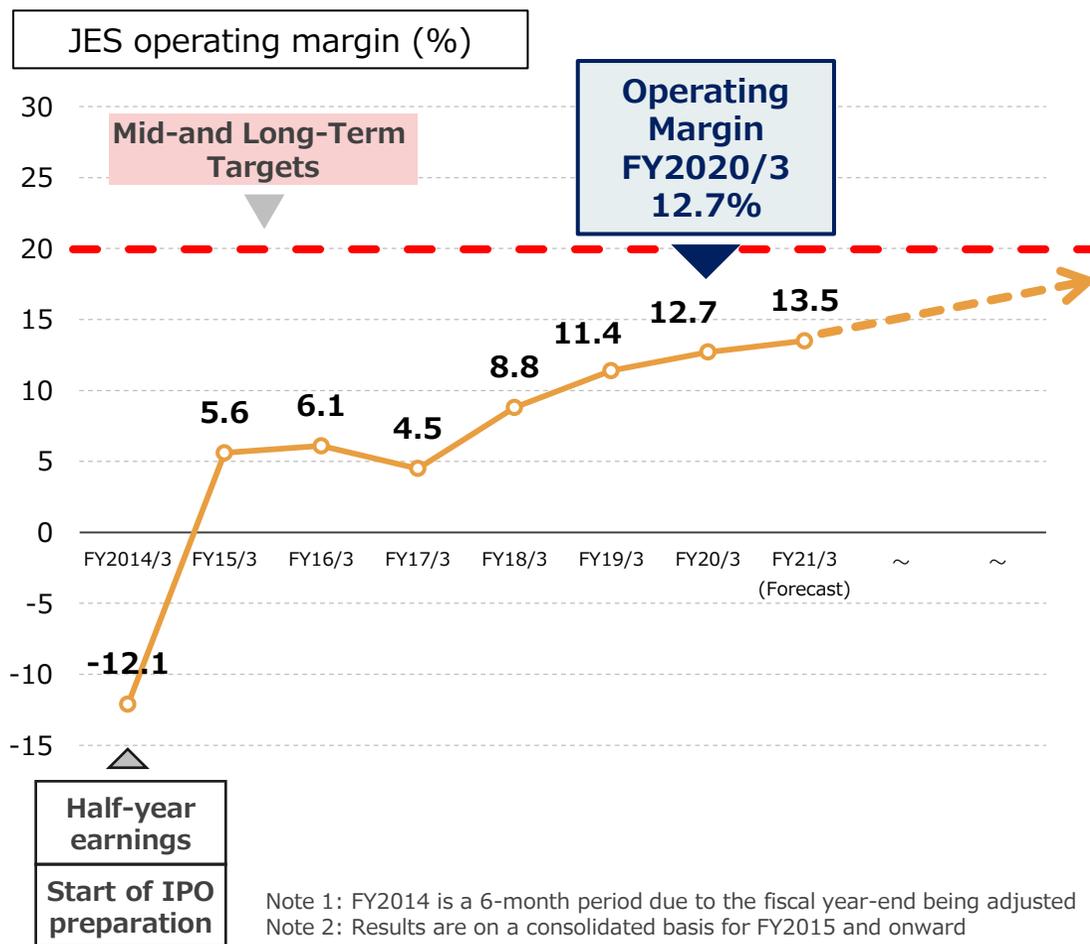
Example of equipped LiftSPOT screen

Operating Margin

- Achieved 12.7% in FY2020/3
- ⇒ Target for FY2021/3 is 13.5%
- ⇒ Aim to achieve 20% in the medium term

Initiatives to Boost Margin

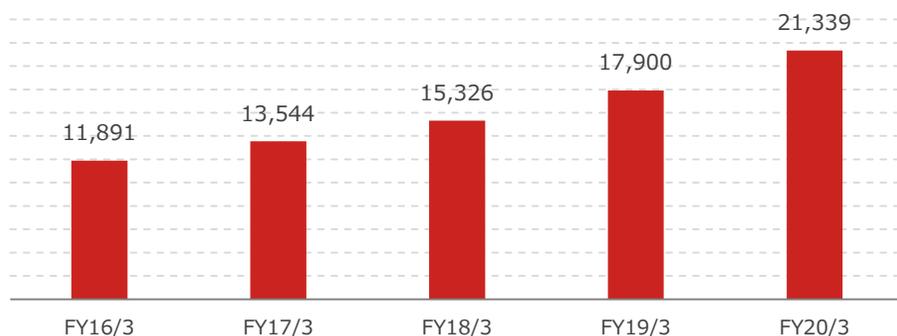
1. Enhancement of overseas procurement of parts
 - (1) Thorough verification with JIC
 - (2) Discovery of and relationship-building with superior parts manufacturers
2. Proactive use of repair parts
3. Reduction of costs and outsourcing costs for modernization construction through the enhancement of Quick Renewal
4. Boost in productivity
5. Reduction of failure rates
6. Striving for profitability in maintenance contracts



Business	Domestic		Overseas (mainly Southeast Asia)
	Now	Onwards	Now and Onwards
Maintenance and 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	<p>Conduct research for local needs and market assessments, etc. to explore possibilities including alliance with overseas manufacturers</p> <p>Aiming to build up global standard business by taking a balanced approach to new Installation, Maintenance, and Modernization businesses.</p>
Modernization	<p>One-time Modernization: Reinforced sales to clients and others</p> <p>Quick Renewal: Increasing number of new control cabinets</p>	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)	<p>Launch Media businesses to capture business opportunities in EV and to add value to maintenance business</p> <p>There are plans to promptly introduce a facial recognition system to add marketing support functionality</p>		
			Developing Media businesses in overseas markets

Net sales

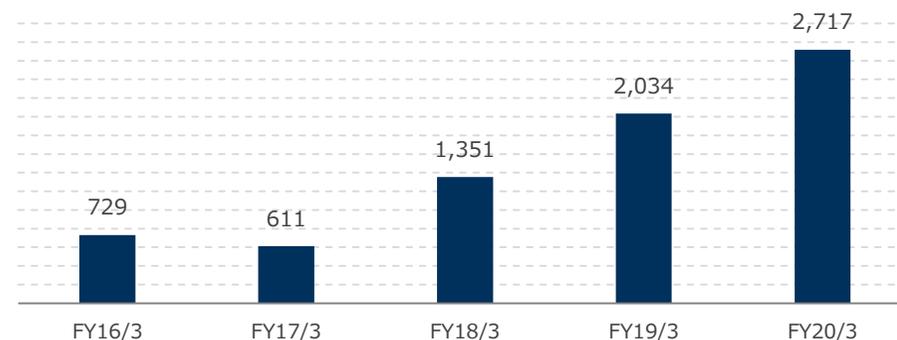
(Million yen)



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

Operating profit

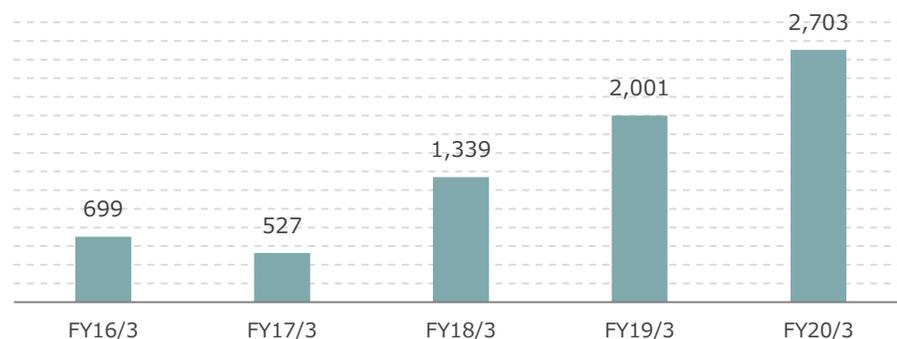
(Million yen)



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

Ordinary profit

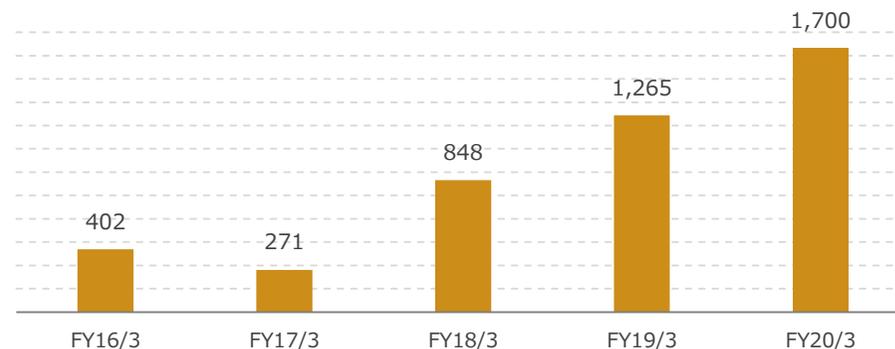
(Million yen)



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

Profit attributable to owners of parent

(Million yen)

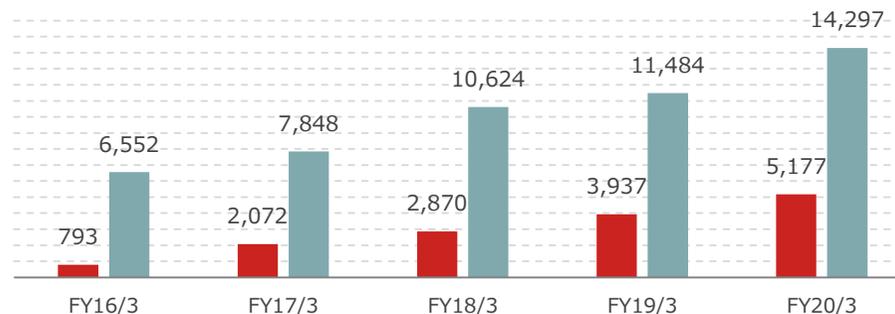


Note 1: Results are on a consolidated basis for FY2015 and onward

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

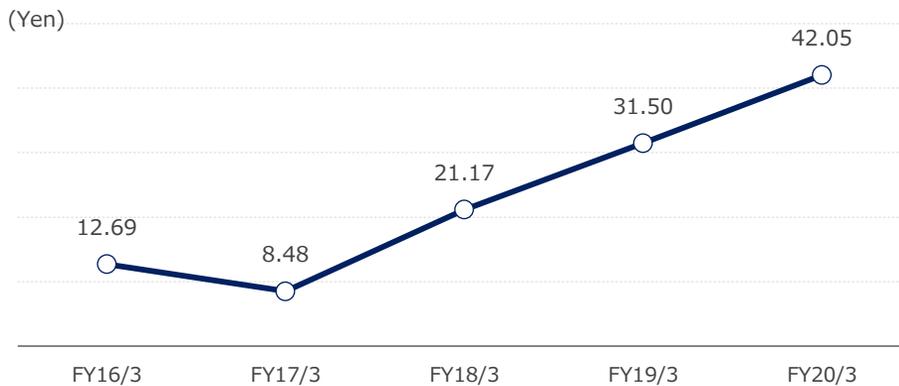
(Yen)



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)



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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

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- 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