



FY2020/3 Third Quarter Results

Japan Elevator Service Holdings

(TSE 1st Section: 6544)



February 7, 2020

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FY2020/3 Consolidated Financial Forecasts



FY2020/3 Third Quarter Results

FY2020/3 Third Quarter Results (Performance)

(million yen)

	FY2019/3 3Q		FY2020/3 3Q		YoY (%)
	Actual	Ratio to sales (%)	Actual	Ratio to sales (%)	
Net sales	12,823	100.0	15,732	100.0	122.7
Cost of sales	8,152	63.6	9,968	63.4	122.3
Gross profit	4,671	36.4	5,764	36.6	123.4
SG&A	3,248	25.3	3,794	24.1	116.8
Operating profit	1,422	11.1	1,969	12.5	138.4
Non-operating income	18	0.1	14	0.1	75.9
Non-operating expenses	46	0.4	26	0.2	56.9
Ordinary profit	1,395	10.9	1,957	12.4	140.3
Extraordinary income	8	0.1	0	0.0	5.3
Extraordinary losses	0	0.0	1	0.0	236.7
Profit before income taxes	1,402	10.9	1,956	12.4	139.5
Profit attributable to owners of parent	867	6.8	1,201	7.6	138.5

FY2020/3 Third Quarter Results (Sales by Business)

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(million yen)

	FY2019/3 3Q		FY2020/3 3Q		YoY (%)
	Amount	Ratio (%)	Actual	Ratio (%)	
Maintenance and Preservation Services	9,976	77.8	11,126	70.7	111.5
Modernization Services	2,806	21.9	4,085	26.0	145.5
Other	40	0.3	521	3.3	1,292.8
Total	12,823	100.0	15,732	100.0	122.7



FY2020/3 Consolidated Financial Forecasts

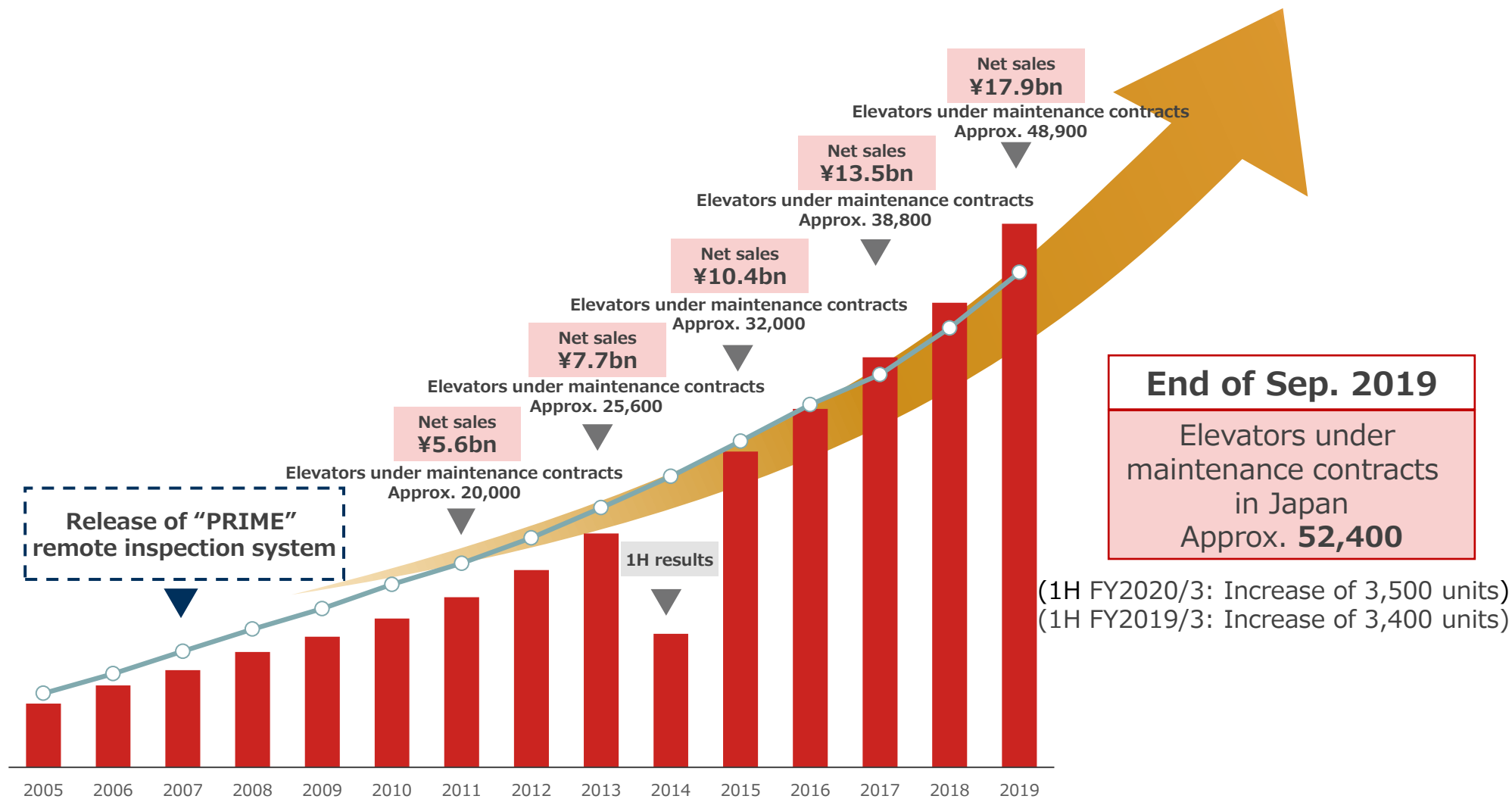
FY2020/3 Consolidated Financial Forecasts

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Unit: million yen; %	1H				2H				Full year			
	FY 2019/3	FY2020/3 Forecast	FY2020/3 Result		FY 2019/3	FY2020/3 Forecast (initial)	FY2020/3 Forecast		FY 2019/3	FY2020/3 Forecast (initial)	FY2020/3 Forecast	
				YoY				YoY				YoY
Net sales	8,200	9,600	10,370	126.5	9,700	10,400	10,730	110.6	17,900	20,000	21,100	117.9
Operating profit	772	950	1,210	156.7	1,262	1,350	1,390	110.1	2,034	2,300	2,600	127.8
Ordinary profit	747	950	1,205	161.3	1,254	1,350	1,395	111.2	2,001	2,300	2,600	129.9
Profit attributable to owners of parent	450	530	728	161.6	815	820	832	102.1	1,265	1,350	1,560	123.3
	Ratio to sales	Ratio to sales	Ratio to sales		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	36.3		36.7	36.7	36.7		36.2	36.3	36.4	
SG&A expenses ratio	26.1	26.1	24.6		23.7	23.7	23.7		24.8	24.8	24.1	
Operating margin	9.4	9.9	11.7		13.0	13.0	13.0		11.4	11.5	12.3	
Ordinary profit margin	9.1	9.9	11.6		12.9	13.0	13.0		11.2	11.5	12.3	
Profit margin	5.5	5.5	7.0		8.4	7.9	7.7		7.1	6.8	7.4	

Unit: million yen; %	1H			2H			Full year		
	FY2019/3	FY2020/3 Result		FY2019/3	FY2020/3 Forecast		FY2019/3	FY2020/3 Forecast	
	Amount	Amount	YoY	Amount	Amount	YoY	Amount	Amount	YoY
Maintenance and Preservation Services	6,480	7,320	113.0	7,056	7,653	108.5	13,536	14,973	110.6
Modernization Services	1,698	2,710	159.6	2,611	2,736	104.8	4,309	5,446	126.4
Other	21	340	1,552.5	33	341	1,057.0	54	681	1,257.5
Total	8,200	10,370	126.5	9,700	10,730	110.6	17,900	21,100	117.9

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

		FY2018/3	FY2019/3	FY2020/3	YoY
		Actual	Actual	Plan	
Annual dividend amount		¥14	¥13	¥16	+¥3
	Year-end dividend	¥14	¥11	¥16	+¥5
	Commemorative dividend	-	¥2	-	-¥2
Total dividend amount		¥280million	¥523million	¥648million	+¥124million
Payout ratio (consolidated)		33.1 %	41.3%	41.5%	+0.2p
	Except for Commemorative dividend	33.1 %	34.9%	41.5%	+6.6p
DOE (consolidated)		11.5 %	15.6%	14.6%	-1.0p

End of Sept. 2019

Elevators under
maintenance contracts
in Japan
Approx. **52,400**

(1H FY2020/3: Increase of 3,500 units)
(1H FY2019/3: Increase of 3,400 units)

Net sales
¥17.9bn
Elevators under
maintenance contracts
Approx. 48,900

Release of "PRIME"
remote inspection system

Net sales
¥3.2bn

Elevators under
maintenance contracts
Approx. 11,400

1H results

Sales

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019
(End of March)

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
- Seek to further boost productivity by increasing market share in the Tokyo metropolitan area

New locations in first half of FY2020

- 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)

New locations in second half of FY2020

- November
Matsudo Service Office (JES Jyonan)

One-time Modernization

- Achieved record-high sales partly due to a surge in demand ahead of the consumption tax hike

FY2018/3 Second Quarter: **YoY 136.1%**

FY2019/3 Second Quarter: **YoY 138.3%**

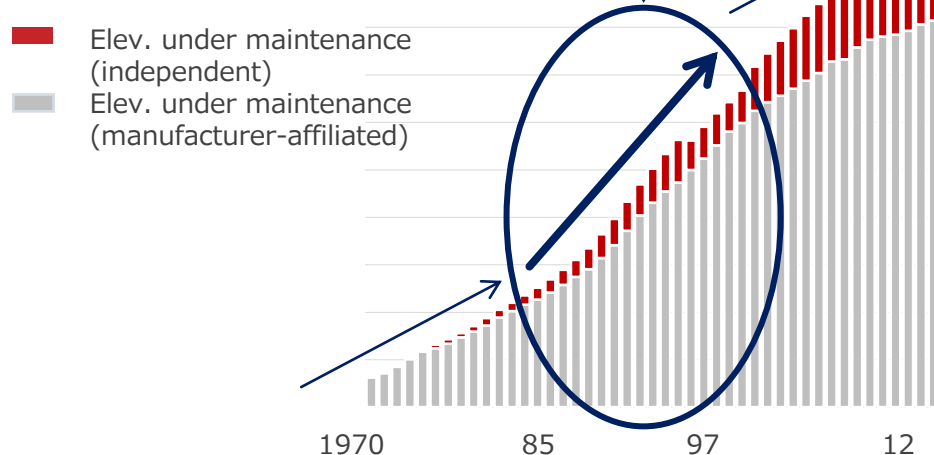
FY2020/3 Second Quarter: **YoY 159.6%**

- Expecting further expansion of modernization market

⇒Establishment of JIC improved its service capacity to 100 units per month, and the preparation for the full-fledged operation of JIC is underway

Market Growth Curve

(Unit: thousands of elevators)



Source: Mitsubishi UFJ Research & Consulting

Quick Renewal

- 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 September 2019:
6 models

Market size for developed models

Release timing	Number of models	Estimated Japan-wide (units)
FY2019/3	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

○Reference
(September 30, 2019) Regarding 2020 issues of elevators. *The Nikkei*. (Japanese only)

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
 - ⇒ Equipped in over 1,700 elevators as of the end of September 2019
 - ⇒ Aim for 10,000 equipped units at the earliest possible time
- Target number of equipped units by the end of March 2020: 3,000 units
 - ⇒ Contracted elevators as of the end of September 2019: about 2,400 units



Operating Margin

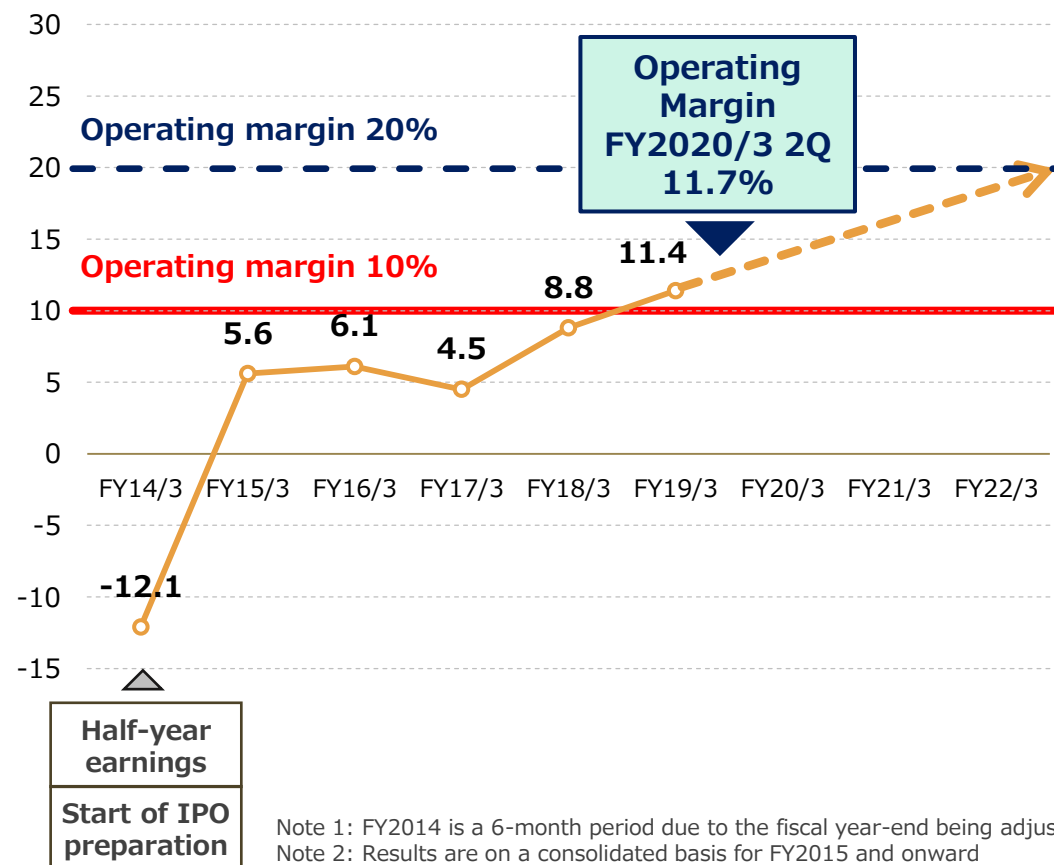
○Achieved 11.7% in second quarter of FY2020/3

⇒ 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 renewal construction through the enhancement of Quick Renewal
4. Boost in productivity
5. Reduction of failure rates
6. Striving for profitability in maintenance contracts

JES operating margin (%)



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 ²)	Total floor area (m ²)	Scale
JIC	4,923.61	5,603.73	<ul style="list-style-type: none"> • Three floors • One test tower with a height of nearly 50 meters • Four test elevators
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

[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

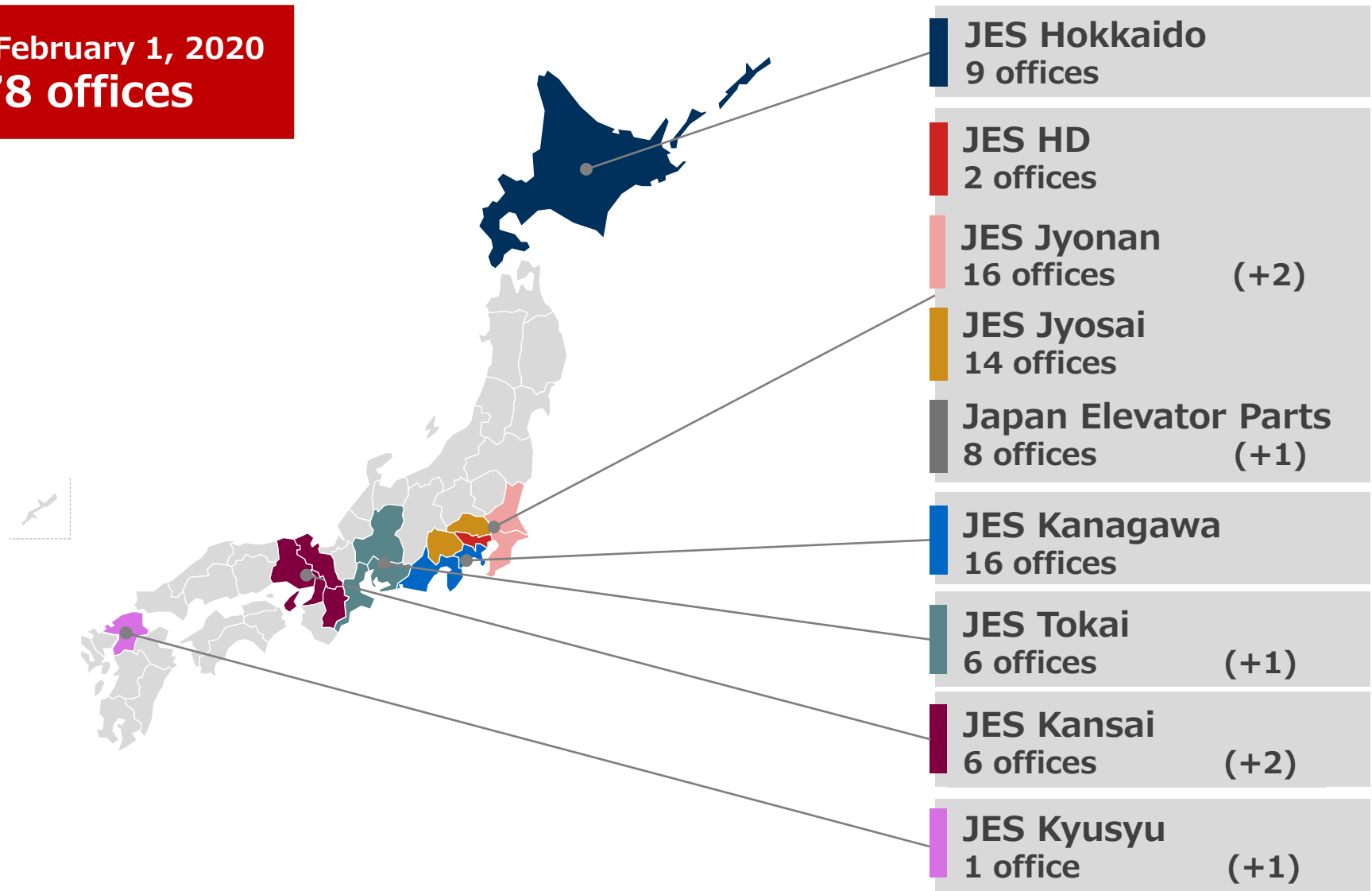
• Nippon Otis Elevator Company

⇒ ARISE MOD Live

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

Business	Domestic		Overseas	
	Now	Onwards	Now	Onwards
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	Developing business in the Indian market	Developing business in Southeast Asian market
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	<p>New Installation → Modernization → Maintenance / Preservation (Regardless of EV manufacturer)</p> <p>Aiming to build up global standard business by taking a balanced approach to new Installation, Maintenance, and Modernization businesses.</p>	
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	

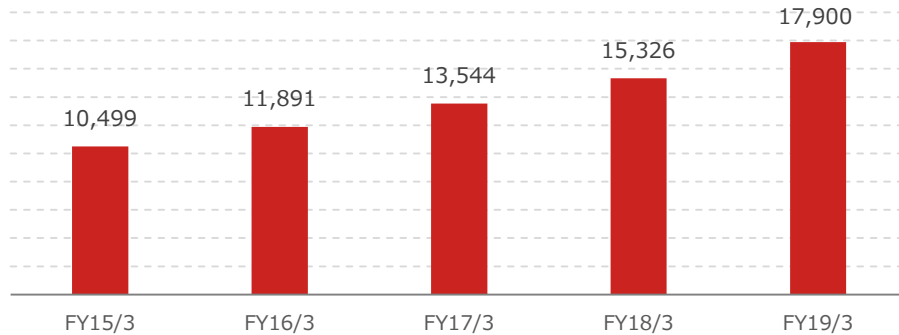
As of February 1, 2020
78 offices



() Number of changes from the end of March 2019

Net sales

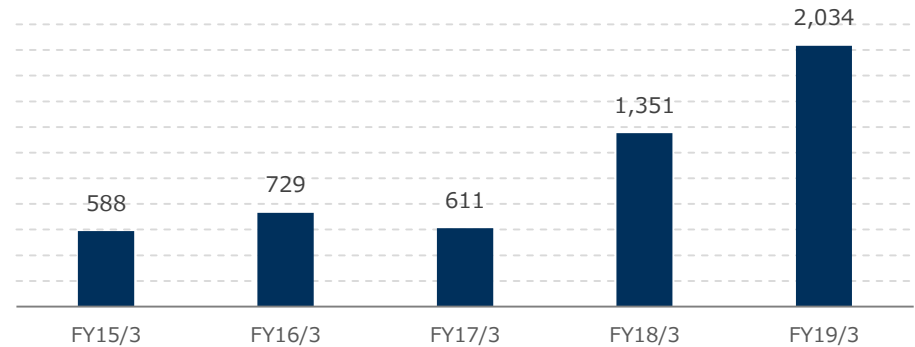
(Million yen)



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

Operating profit

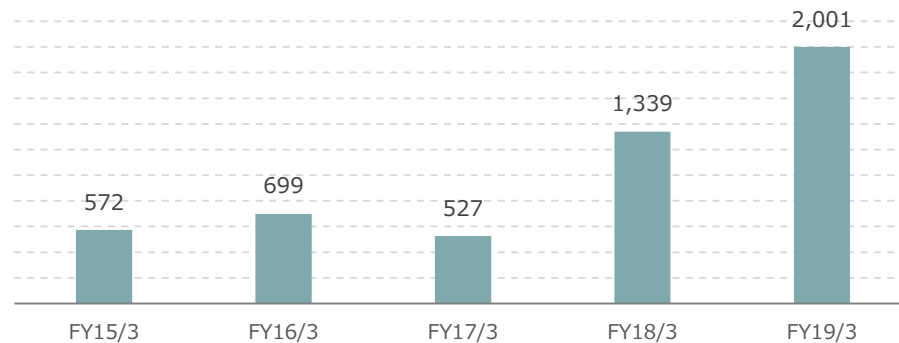
(Million yen)



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

Ordinary profit

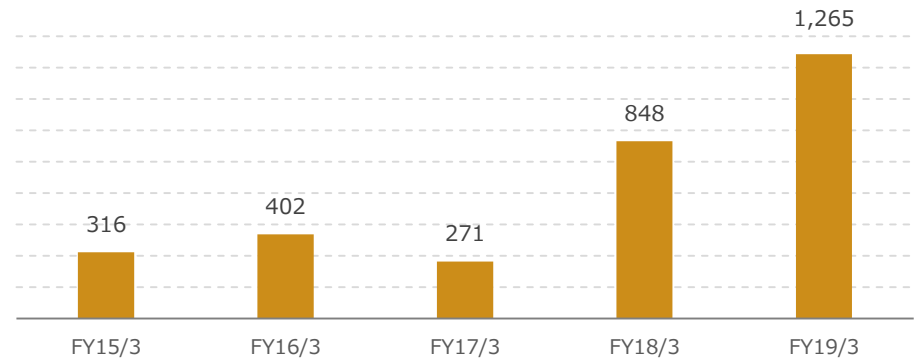
(Million yen)



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

Profit attributable to owners of parent

(Million yen)

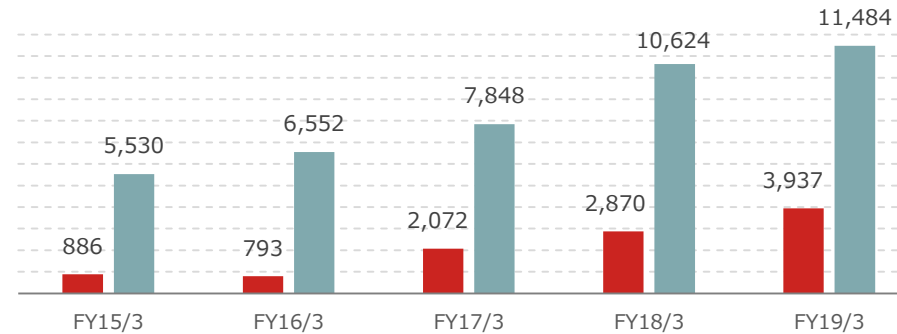


Note 1: Results are on a consolidated basis for FY2015 and onward

Net assets / total assets

(Million yen)

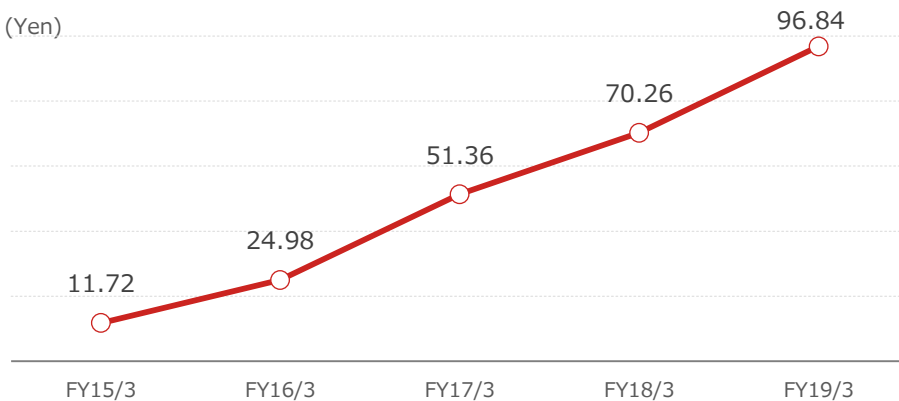
■ Net assets ■ Total assets



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

Net assets per share

(Yen)

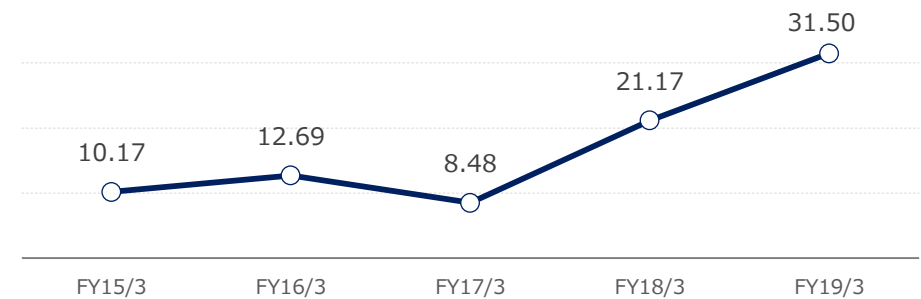


Note 1: Results are on a consolidated basis for FY2015 and onward

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

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