



FY2021/3 Second Quarter Results

November 18, 2020

japan elevator service



Japan Elevator Service Holdings Co., Ltd.

(TSE 1st Section: 6544)

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**FY2021/3
Second Quarter Results**

FY2021/3 Second Quarter Results (Performance)

(Million yen)

	FY2020/3 2Q		FY2021/3 2Q		YoY (%)	Forecast (as of May 11, 2020)
	Actual	Ratio to sales (%)	Actual	Ratio to sales (%)		
Net sales	10,370	100.0	10,967	100.0	105.8	11,000
Cost of sales	6,609	63.7	6,687	61.0	101.2	
Gross profit	3,761	36.3	4,280	39.0	113.8	
SG&A	2,551	24.6	2,663	24.3	104.4	
Operating profit	1,210	11.7	1,617	14.7	133.6	1,350
Non-operating income	11	0.1	106	1.0	908.7	
Non-operating expenses	16	0.2	21	0.2	125.6	
Ordinary profit	1,205	11.6	1,703	15.5	141.3	1,350
Extraordinary income	0	0.0	14	0.1	-	
Extraordinary losses	0	0.0	0	0.0	180.8	
Profit before income taxes	1,205	11.6	1,717	15.7	142.5	
Profit attributable to owners of parent	728	7.0	1,105	10.1	151.8	800

(Million yen)

	FY2020/3 2Q		FY2021/3 2Q		YoY (%)
	Amount	Ratio (%)	Actual	Ratio (%)	
Maintenance and Preservation Services	7,320	70.6	8,240	75.1	112.6
Modernization Services	2,710	26.1	2,344	21.4	86.5
Other	340	3.3	382	3.5	112.3
Total	10,370	100.0	10,967	100.0	105.8

(Million yen)

	FY2020/3 2Q		FY2020/3		FY2021/3 2Q		YoY (%)
	Actual	Ratio (%)	Actual	Ratio (%)	Actual	Ratio (%)	
Current assets	5,960	45.6	6,356	44.5	6,602	42.6	103.9
Cash and deposits	1,066	8.2	1,145	8.0	1,420	9.2	124.0
Notes and accounts receivable	2,722	20.8	2,781	19.5	2,791	18.0	100.3
Property, plant and equipment	4,948	37.9	5,672	39.7	6,293	40.6	111.0
Intangible assets	959	7.3	1,044	7.3	1,441	9.3	138.0
Investments and other assets	1,192	9.1	1,223	8.6	1,151	7.4	94.1
Non-current assets	7,099	54.4	7,940	55.5	8,886	57.4	111.9
Total assets	13,060	100.0	14,297	100.0	15,489	100.0	108.3
Current liabilities	6,703	51.3	6,352	44.4	4,543	29.3	71.5
Non-current liabilities	2,183	16.7	2,767	19.4	2,026	13.1	73.2
Total liabilities	8,887	68.0	9,120	63.8	6,570	42.4	72.0
Total net assets	4,172	32.0	5,177	36.2	8,919	57.6	172.3
Total liabilities and net assets	13,060	100.0	14,297	100.0	15,489	100.0	108.3



**FY2021/3
Consolidated Financial
Forecasts**

FY2021/3 Consolidated Financial Forecasts

Unit: million yen; %	1H				2H				Full year			
	FY 2020/3	FY2021/3 Forecast	FY2021/3 Result		FY 2020/3	FY2021/3 Forecast (initial)	FY2021/3 Forecast		FY 2020/3	FY2021/3 Forecast (initial)	FY2021/3 Forecast	
				YoY				YoY				YoY
Net sales	10,370	11,000	10,967	105.8	10,968	12,000	13,033	118.8	21,339	23,000	24,000	112.5
Operating profit	1,210	1,350	1,617	133.6	1,507	1,750	1,933	128.2	2,717	3,100	3,550	130.6
Ordinary profit	1,205	1,350	1,703	141.3	1,498	1,750	1,947	130.0	2,703	3,100	3,650	135.0
Profit attributable to owners of parent	728	800	1,105	151.8	971	1,100	1,195	122.8	1,700	1,900	2,300	135.2
	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	36.3	37.1	39.0		37.0	37.8	37.8		36.6	37.5	38.4	
SG&A expenses ratio	24.6	24.8	24.3		23.2	23.3	23.0		23.9	24.0	23.6	
Operating margin	11.7	12.3	14.7		13.7	14.6	14.8		12.7	13.5	14.8	
Ordinary profit margin	11.6	12.3	15.5		13.7	14.6	14.9		12.7	13.5	15.2	
Profit margin	7.0	7.3	10.1		8.9	9.2	9.2		8.0	8.3	9.6	

Unit: million yen; %	1H			2H			Full year		
	FY 2020/3	FY2021/3 Result		FY 2020/3	FY2021/3 Forecast (as of November 12, 2020)		FY 2020/3	FY2021/3 Forecast (as of November 12, 2020)	
	Amount	Amount	YoY	Amount	Amount	YoY	Amount	Amount	YoY
Maintenance and Preservation Services	7,320	8,240	112.6	7,710	9,060	117.5	15,030	17,300	115.1
Modernization Services	2,710	2,344	86.5	2,889	3,655	126.5	5,599	6,000	107.1
Other	340	382	112.3	368	318	86.4	709	700	98.8
Total	10,370	10,967	105.8	10,968	13,033	118.8	21,339	24,000	112.5

	FY2019/3	FY2020/3	FY2021/3	YoY
	Actual	Actual	Plan	
Annual dividend amount	¥13	¥18	¥22 [¥11]	+¥4
Year-end dividend	¥11	¥18	¥22 [¥11]	+¥4
Commemorative dividend	¥2	-	-	-
Total dividend amount	¥523million	¥729million	¥969million	+¥240million
Payout ratio (consolidated)	41.3%	42.8%	41.0%	-1.8p
Except for Commemorative dividend	34.9%	42.8%	41.0%	-1.8p
DOE (consolidated)	15.6%	16.1%	12.4%	-3.7p

*We conducted a two-for-one share split of its common shares on January 1,2021.

*The amounts of dividends per share are the amounts before the share split, with the amounts after the share split shown in brackets (“[]”).



First Half Financial Highlights

Elevators under maintenance contracts

End of Sep. 2020

Elevators under maintenance contracts in Japan
Approx. **60,800**

(1H FY2021/3: Increase of 5,900 units)
(1H FY2020/3: Increase of 3,500 units)

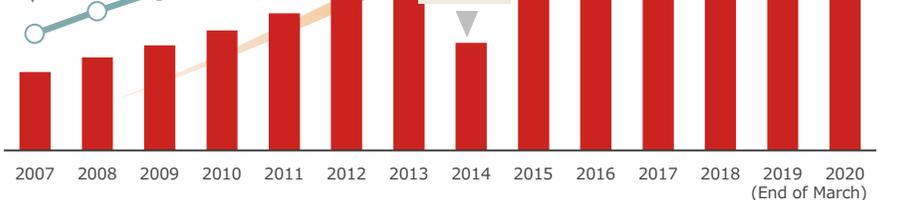
Net sales **¥21.3bn**
Elevators under maintenance contracts
Approx. **54,900**

Release of "PRIME" remote inspection system

Net sales **¥3.2bn**

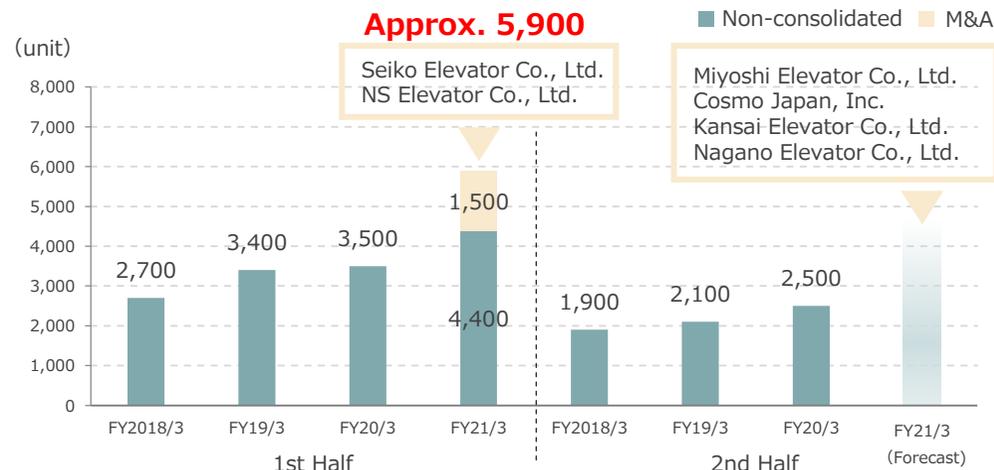
Elevators under maintenance contracts
Approx. **11,400**

1H results



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



Friendly M&A and office openings

Independent M&A completed in FY2021/3

April	Seiko Elevator Co., Ltd.	1 office (Kanto)
August	NS Elevator Co., Ltd.	2 offices (Kansai)
October	Miyoshi Elevator Co., Ltd.	6 offices (Chugoku, Shikoku)
October	Cosmo Japan, Inc.	5 offices (Tohoku)
November	Kansai Elevator Co., Ltd.	1 office (Kansai)
November	Nagano Elevator Co., Ltd.	1 office (Koshinetsu)

New locations in FY2021/3

April	Kasugai Service Office (JES Tokai)
	Shiga Service Office (JES Kansai)
December	Sendai Branch Office (JES Josai)

Following the acquisition of Cosmo Japan, Inc., a local branch was set up for a plan to step up business expansion in Tohoku region.

JES Innovation Center Lab (JIL)

Three-floor building with about 33-meter high-rise test tower, Six test elevators

- Relocated development-related division here to improve R&D function
- Enhanced performance inspection capability for parts procured overseas
- Enabled acceleration of development process for Quick Renewal, JES' unique modernization service that reduced costs and shortened time
- Further expanded parts centers to create a structure that allows enhanced capability to respond to failures

Completed on October 2, 2020



Site area:
2,673.64 m²

Gross floor space:
3,525.78 m²

Completed on
October 2, 2020
(Wako, Saitama)

Reference: JES Innovation Center (JIC)

Three-floor building with about 50-meter high-rise test tower, Four test elevators

- Installed the first high-rise test tower as an independent company
- Enabled development of cutting-edge technology and accelerated upgrading of "PRIME"
- Improved the quality of STEP24, our unique training system, through enhanced training using actual equipment and simultaneous training
- Modernization Business now has a structure to double production volumes
- Control center is now ready for emergency power, photovoltaic power generation and power supply using mobile power supply vehicles (81 hours), and realized equipment that can withstand major disasters by enhancing business continuity plans

Site area:
4,923.61 m²

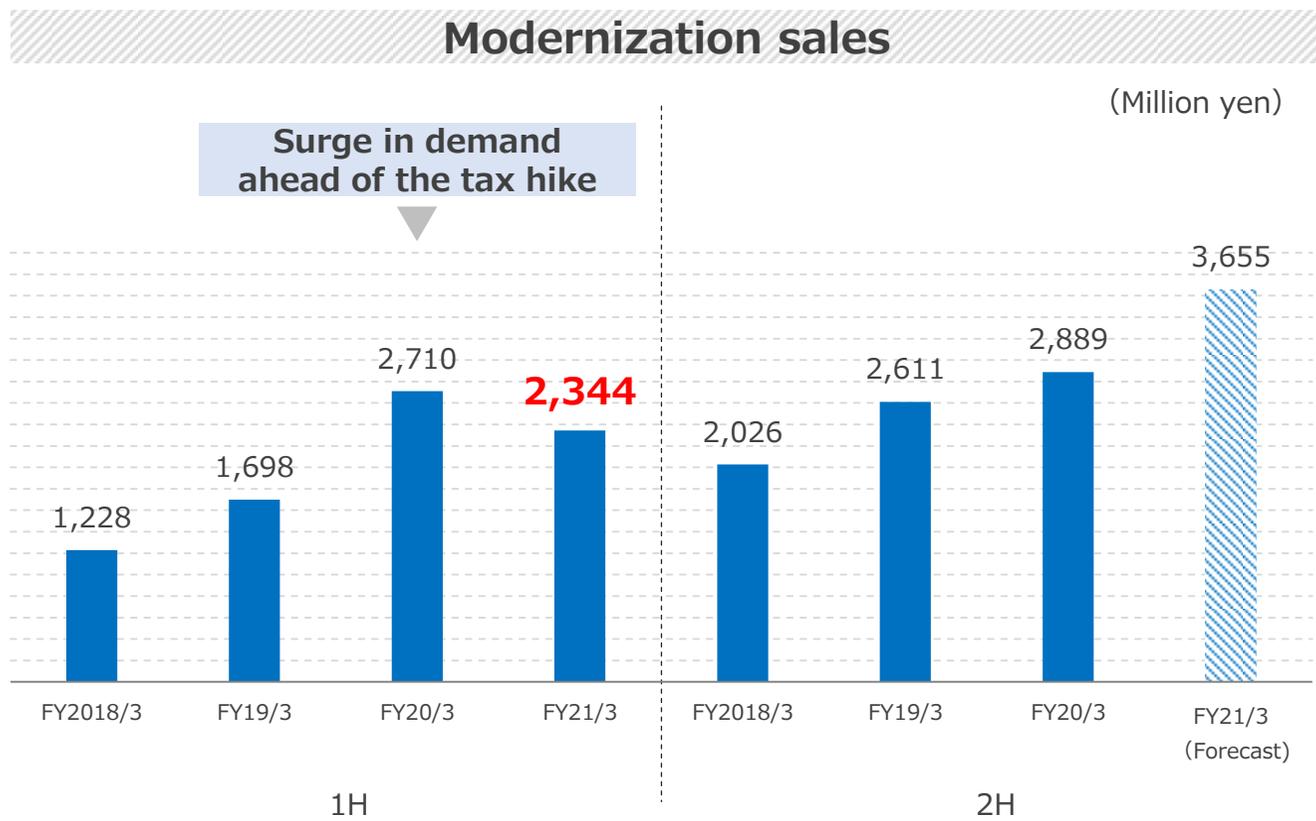
Gross floor space:
5,608.73 m²

Completed on
October 13, 2017
(Wako, Saitama)



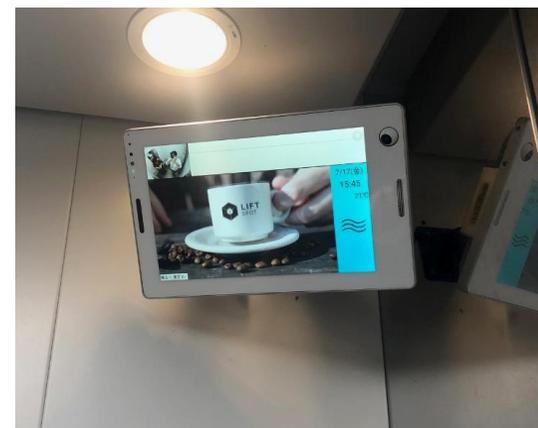
One-time Modernization

Performance declined year on year in 1H due to postponement of projects amid the new coronavirus pandemic and the backlash from a last-minute surge before a tax hike in the same period of the previous year, but full-year performance is expected to exceed the previous year's performance level.



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 in April 2019
- 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
 - ⇒ Contracted elevators as of the end of September 2020: about 5,300 units



Example of equipped LiftSPOT screen

Advertising performance

*As of November 10, 2020. Excerpt from LiftSPOT media material



INFORICH INC.



menu, Inc.



MouseComputer CO.,LTD.



WOWOW Inc.



SHOCHIKU Co.,Ltd.



GAGA CORPORATION.



TOHO CO.,LTD.



TOHO CO.,LTD.



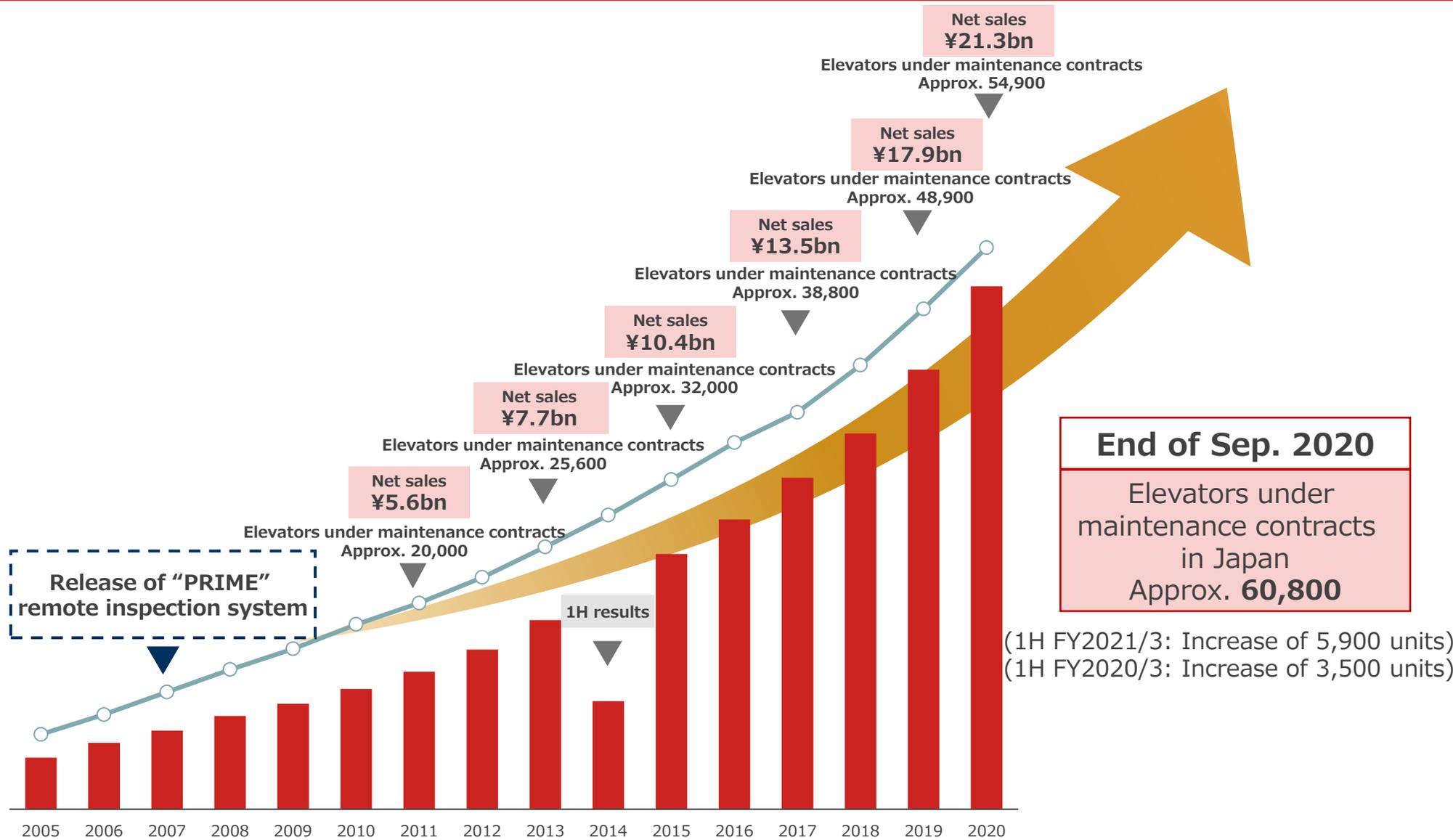
Gentosha Inc.



Gentosha Inc.



Financial Supplement

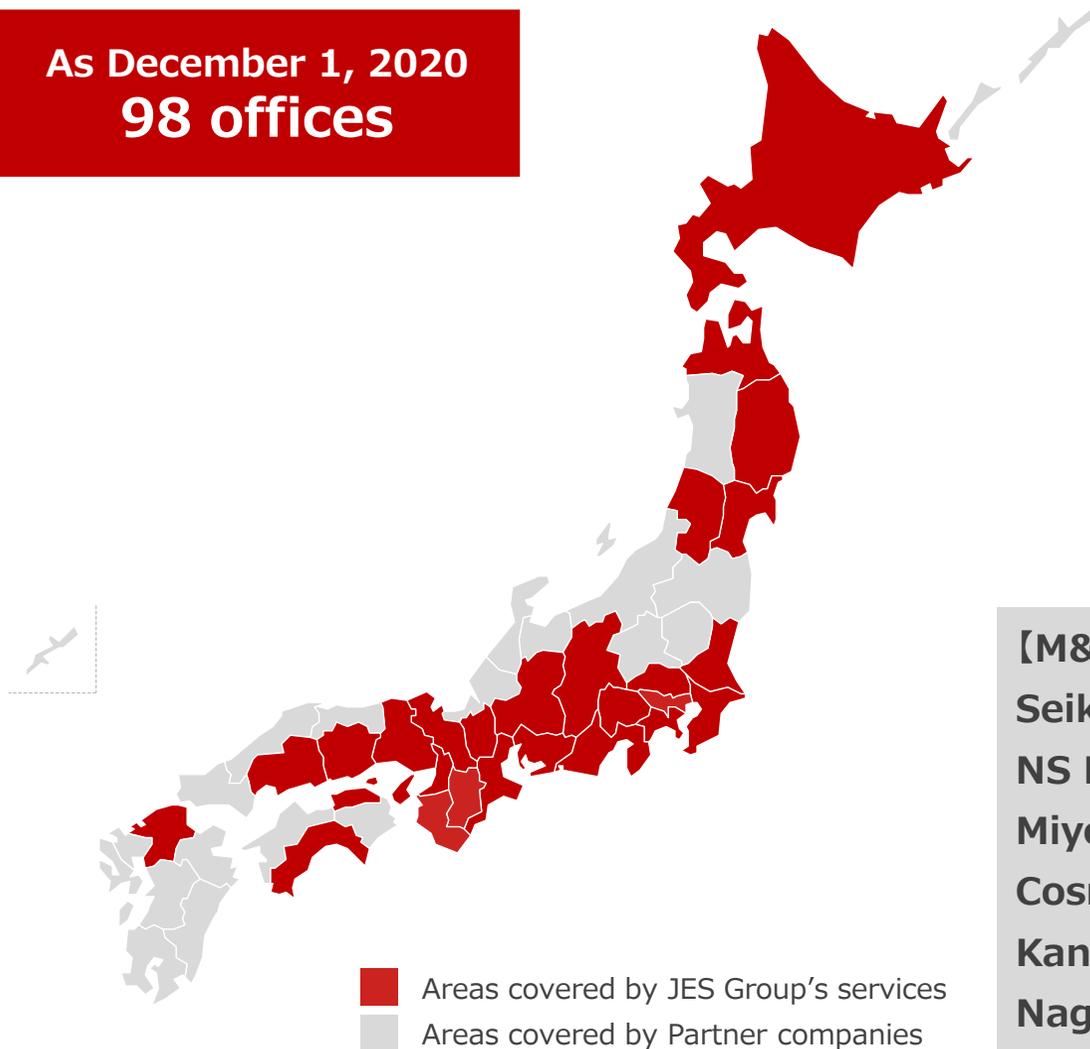


End of Sep. 2020
 Elevators under maintenance contracts in Japan
 Approx. **60,800**

(1H FY2021/3: Increase of 5,900 units)
 (1H FY2020/3: Increase of 3,500 units)

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

As December 1, 2020
98 offices



JES Hokkaido	: 9 offices
JES HD	: 3 offices (+1)
JES Jyonan	: 16 offices
JES Jyosai	: 15 offices (+1)
Japan Elevator Parts	: 8 offices
JES Kanagawa	: 16 offices
JES Tokai	: 7 offices (+1)
JES Kansai	: 7 offices (+1)
JES Kyusyu	: 1 office

[M&A]

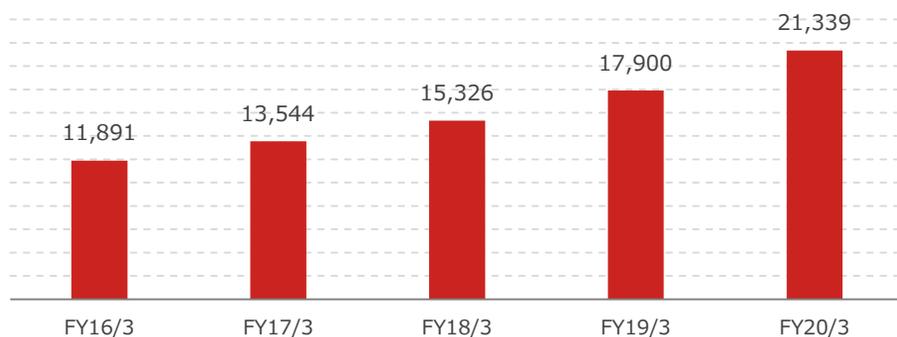
Seiko Elevator Co., Ltd.	: 1 office (+1)
NS Elevator Co., Ltd.	: 2 offices (+2)
Miyoshi Elevator Co., Ltd.	: 6 offices (+6)
Cosmo Japan, Inc.	: 5 offices (+5)
Kansai Elevator Co., Ltd.	: 1 office (+1)
Nagano Elevator Co., Ltd.	: 1 office (+1)

() Number of changes from the end of March 2020

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

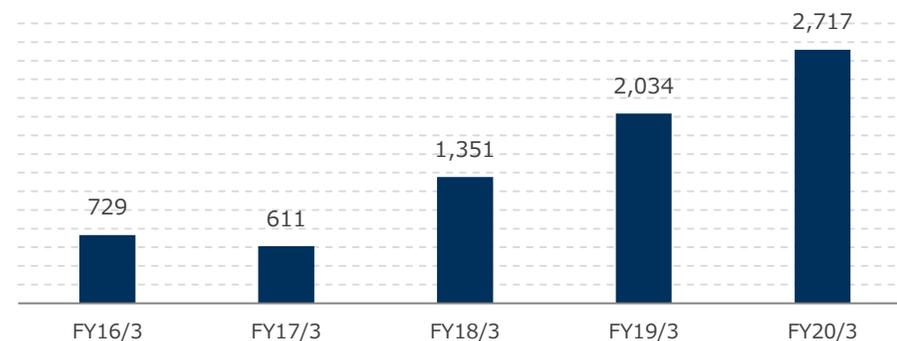
(Million yen)



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

Operating profit

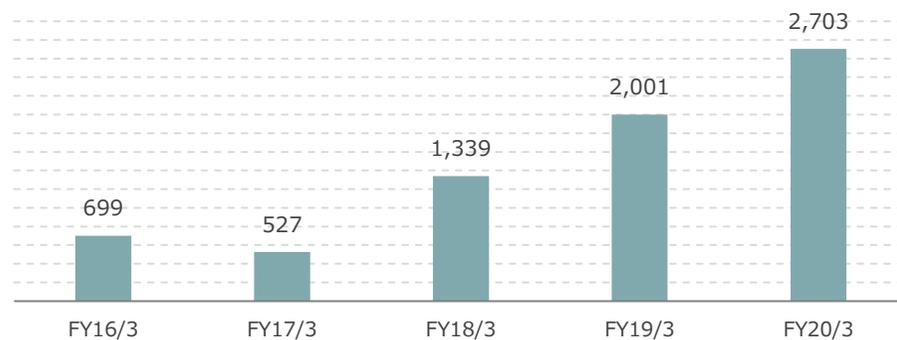
(Million yen)



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

Ordinary profit

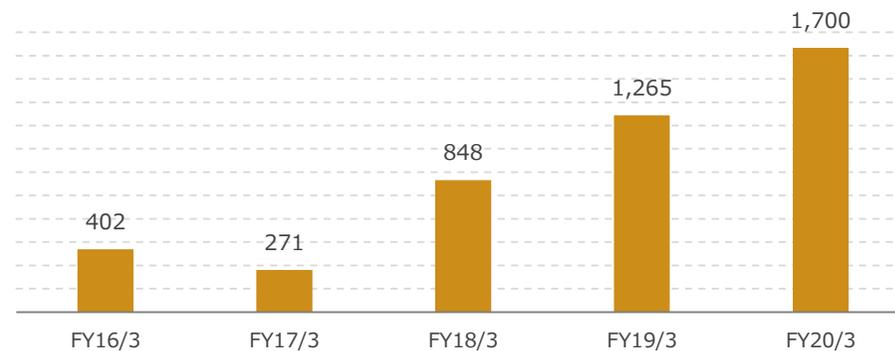
(Million yen)



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

Profit attributable to owners of parent

(Million yen)

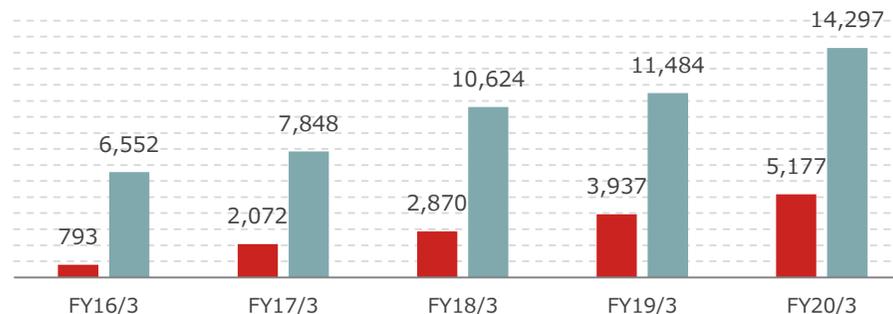


Note 1: Results are on a consolidated basis for FY2015 and onward

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)

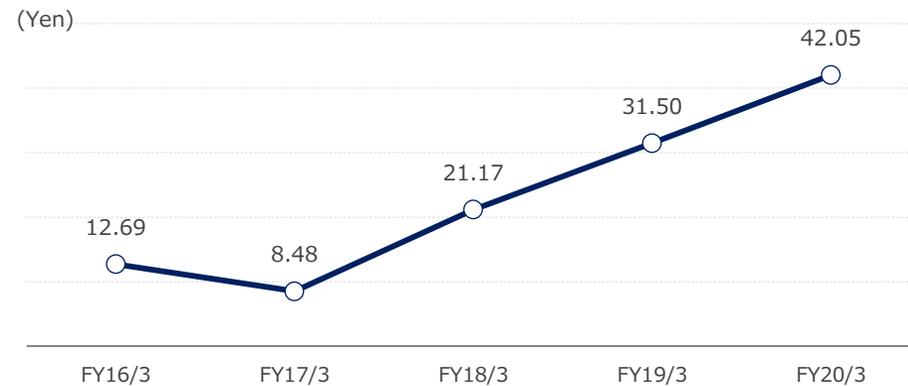


Note 1: Results are on a consolidated basis for FY2015 and onward

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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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
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