

# **Financial Results Presentation for the Three Months Ended June 30, 2020 (FY2020)**

**August 7, 2020**

**FUJITEC CO., LTD.**

(TSE First Section: 6406)

## Three Months Ended June 30, 2020 (FY2020)

- Fujitec reported sales and operating income decreases of 12.9% and 26.4%, respectively, demonstrating earnings resilience amid the unprecedented business disruption caused by the COVID-19 pandemic.
- Softness in the new installation market, partially offset by ongoing demand in every market for maintenance services.
- Fujitec's focus on roll-outs of a series of innovations for the “new normal” that were well-received by our customers including a touchless call box, and capacity status display features in Japan and overseas markets.
- Business performance demonstrates the effectiveness of global footprint to mitigate against market risk. Markets including Southeast Asia, India, and Canada made positive income contributions while operations in Taiwan and India contributed to stable production and supply.
- Operating income recovery in Japan, North America and Europe remains challenging.
- Fujitec to continue to strengthen production capabilities and boost operating efficiency to capture growth in the medium term.

## FY2020 Earnings Forecast

- Despite the extremely uncertain global economic outlook, Fujitec maintains its full-year earnings forecasts first disclosed on May 13, 2020 and its annual dividend forecast of ¥50 per share.

## Future Strategic Direction

- Fujitec has already, in the plan's first year, successfully met targets included in Fujitec's medium-term management plan, “Innovation, Quality & Speed” scheduled to run through FY2021.
- Our Board is fully reviewing our strategy, with the benefit of shareholder and other stakeholder input, and aims to disclose the conclusions of such review and the new strategic direction for our business by year-end.

# Earnings Highlights –

Three Months Ended June 30, 2020 (FY2020)



Sales and profits declined in the first three months of the fiscal year ending March 31, 2021, as a result of the stagnation in economic activity stemming from COVID-19.

(Million yen)

	FY2019 Q1	FY2020 Q1	Change (%)
<b>Net sales</b>	39,169	<b>34,103</b>	(12.9)
<b>Japan</b>	16,258	<b>14,713</b>	(9.5)
<b>International</b>	22,910	<b>19,390</b>	(15.4)
<b>Operating income</b>	1,953	<b>1,438</b>	(26.4)
<b>Ordinary income</b>	2,371	<b>1,746</b>	(26.4)
<b>Profit attributable to owners of parent</b>	1,707	<b>1,293</b>	(24.2)
<b>Net income per share</b>	21.11 yen	<b>15.96 yen</b>	-

## Industry Status Over the Three Months Ended June 30, 2020 (FY2020)

- Public health policies and restrictions resulted in temporary factory closings and construction suspensions or delays, which significantly affected business activities.
  - ✓ New Installation Business
    - Demand decreased due to stagnation in new construction plans.
  - ✓ Aftermarket Business
    - Modernization Business: Plan postponed.
    - Maintenance Business: Limited COVID-19 impact due to critical importance of maintaining social infrastructure; however some contract terms modified.



**Steadiness in our Maintenance business helped partially offset the impact of COVID-19.**

- **Enhanced Safety Measures**

- ✓ Safety and security of customers, employees, and other business partners remains our highest priority.
- ✓ Telecommuting and other measures are in place, in accordance with local policies and protocols in our various markets.

- **Business Strategy Execution**

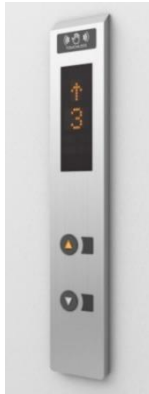
- ✓ Provide safe and stable maintenance services as part of the social infrastructure.
- ✓ Strengthen innovation and address emerging needs in the “new normal.”
  - April launch of XIOR, a new standard model in Japan.
  - New features include touchless call box, capacity status display to help passengers avoid the 3Cs (i.e. closed spaces, crowded places, close-contact settings), and other popular hygiene functions.
- ✓ Operational Strategy
  - Strengthen production capacity and gain efficiencies in India and Taiwan.
  - Automate to drive productivity improvements in Japan.

## XIOR, a new standard elevator model, offers several anti-infection features

### Touchless call button



Riders sweep hand over an infrared sensor to call an elevator car and indicate destination without touching any buttons

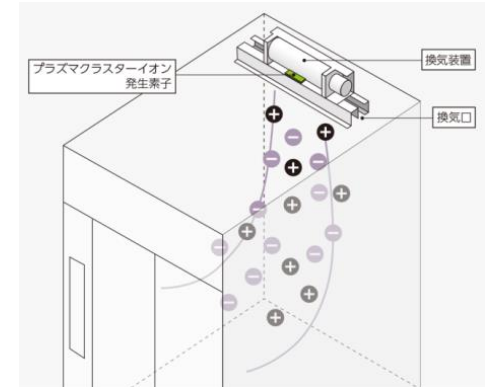


### Occupancy indicator



Car occupancy indicated in five stages. Users provided with car occupancy information beforehand, allowing them to make a decision whether to ride or wait based on the Three Cs (closed spaces, crowded places, close-contact settings)

### Ionful



Plasma cluster technology (breaks down and removes airborne mold, cigarette odors, etc.) from Sharp Corporation cleans elevator shaft and car air

### Antimicrobial button

Button material incorporates antimicrobial resin to limit bacterial growth. Superior longevity compared with paint; no concerns about peeling due to deterioration

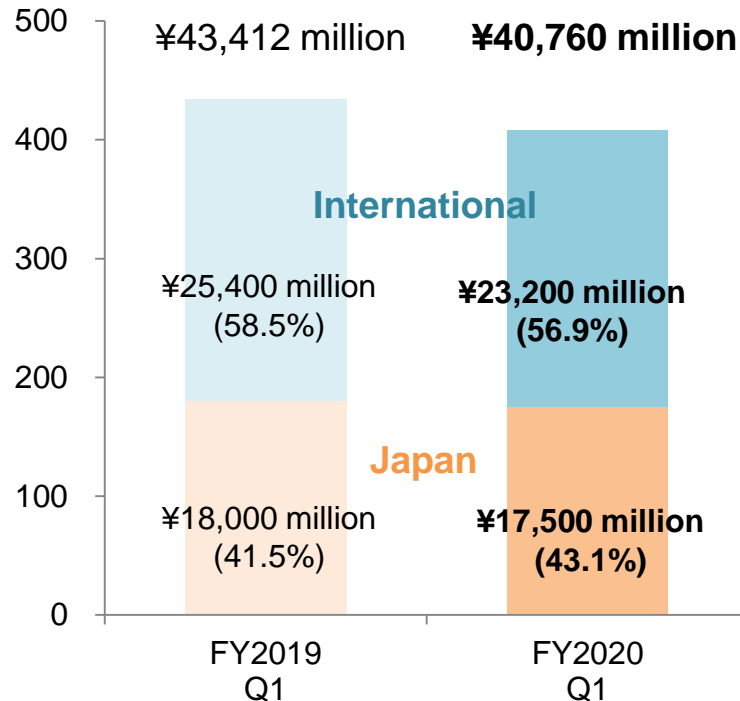
# COVID-19 Impact by Segment and Geography

	Notable Updates
<b>Japan</b>	<ul style="list-style-type: none"><li>• New installation sales impacted due to worksite closures in early May; many sites now operational again</li><li>• Sluggish new orders.</li><li>• Limited impact on production related to parts procurement.</li><li>• Some modernization-related projects postponed.</li><li>• Maintenance essentially unaffected.</li></ul>
<b>East Asia</b>	<ul style="list-style-type: none"><li>• Mainland China: COVID-19 negatively impacted production activities in February and March; production returned mostly to normal in April after the introduction of economic stimulus policies. Orders from developers have been weak due to sluggish activity. Weak new installation sales.</li><li>• Hong Kong: Significant impact on new installations and modernization construction due to new round of activity restrictions.</li><li>• Korea: Modernization construction orders were favorable, as the market impact of COVID-19 was relatively limited.</li><li>• Taiwan: Favorable performance in new installations and aftermarket.</li></ul>
<b>South Asia</b>	<ul style="list-style-type: none"><li>• Singapore: Operations gradually returning to normal following lifting of lockdown restrictions in May.</li><li>• India: Extended lockdown significantly impacting production and sales activities. Maintenance restarting alongside resumption of economic activity.</li><li>• Malaysia, other markets: New installation construction decreased, resulting in lower sales.</li></ul>
<b>North America and Europe</b>	<ul style="list-style-type: none"><li>• North America, UK: Business activities subject to significant constraints.</li><li>• U.S.: Order activity, new installations slowed significantly.</li><li>• Canada: New installations were favorable for construction projects already ordered.</li></ul>

# Orders Received for the Three Months Ended June 30, 2020 (FY2020)

Total orders received for Q1 amounted to ¥40,760 million (6.1% decrease year on year)

¥ hundred million



Figures inside graph: Orders (composition ratio)

## [Japan Orders] ¥17,547 million (-2.6% year on year)

### New Installation Business

- Weaker demand among private sector installations due to COVID-19 constraints and government policies.
- However, orders were level year on year due to growing demand within the government sector.

### Aftermarket Business

- Decrease in orders due to cut-backs in modernization construction.

## [International Orders] ¥23,212 million (-8.6% year on year)

### New Installation Business

- Orders decreased in Mainland China and other East Asia markets
- In South Asia, orders were weak in Singapore and India. New large-scale projects secured in Indonesia and Malaysia.
- Significant decline in the United States.

### Aftermarket Business

- Increase in maintenance in Singapore.



# Earnings by Segment –

Three Months Ended June 30, 2020 (FY2020)



- Sales declined in every segment
- Operating income in East Asia and South Asia increased year on year

(Million yen)

	Net sales			Operating income (loss)		
	FY2019 Q1	FY2020 Q1	Change (%)	FY2019 Q1	FY2020 Q1	Change
Japan	16,996	15,455	(9.1)	626	130	(496)
East Asia	14,626	10,754	(26.5)	417	723	+306
South Asia	4,154	4,070	(2.0)	716	801	+84
North America and Europe	6,125	5,918	(3.4)	234	(236)	(470)
Subtotal	41,902	36,199	(13.6)	1,995	1,419	(575)
Adjustments	(2,733)	(2,095)	-	(41)	19	61
Total	39,169	34,103	(12.9)	1,953	1,438	(514)

	Forecast for Q2 Through Q4, FY2020 (Impact of COVID-19)
<b>Japan</b>	<ul style="list-style-type: none"> <li>• No significant change in circumstances anticipated compared with preceding period.</li> <li>• Production expected to progress smoothly.</li> <li>• Expect slow recovery in private-sector orders.</li> <li>• Sales impact from postponement of some modernization, maintenance projects.</li> <li>• If restrictions on economic activities continue, the impact on after-sales services (maintenance, repairs, modernization construction) will be significant.</li> </ul>
<b>East Asia</b>	<ul style="list-style-type: none"> <li>• Anticipate order activity in Mainland China to reflect slowing activity among developers and favorable progress in new installation construction projects already ordered.</li> <li>• Sluggish orders due to fewer projects up for bid.</li> <li>• Fewer orders and postponed construction expected to negatively impact sales.</li> </ul>
<b>South Asia</b>	<ul style="list-style-type: none"> <li>• Slowing economic activity expected to result in declining order activity.</li> <li>• Performance recovering gradually despite postponements for certain new installations.</li> <li>• Greatest production and sales impact expected in India.</li> </ul>
<b>North America and Europe</b>	<ul style="list-style-type: none"> <li>• Expect weak order activity due to extensions for many new installation projects.</li> <li>• New installations expected to recover gradually, mainly on the east coast of the U.S..</li> <li>• Aftermarket Business projected to recover gradually for repairs and modernization construction; maintenance unlikely to be affected significantly.</li> </ul>

# Maintain Consolidated Earnings Forecasts for FY2020

- Despite the extremely uncertain global economic outlook, Fujitec maintains its consolidated FY2020 sales and profits forecasts unchanged and expects higher profits in Japan

(Million yen)

	Net sales			Operating income		
	FY2019 (Annual)	FY2020 (Annual)	Change (%)	FY2020 (Annual)	FY2020 (Annual)	Change
Japan	74,751	70,000	(6.4)	4,891	5,000	+108
East Asia	74,748	64,000	(14.4)	5,297	3,600	(1,697)
South Asia	16,379	16,000	(2.3)	2,135	1,700	(435)
North America and Europe	25,443	25,000	(1.7)	1,045	600	(445)
Subtotal	191,323	175,000	(8.5)	13,370	10,900	(2,470)
Adjustments	(10,091)	(10,000)	-	5	(200)	(205)
Total	181,232	165,000	(9.0)	13,375	10,700	(2,675)

## **Achieved stated targets of our Medium-Term Management Plan within its first year**

- Launched our three-year Medium-Term Management Plan - Innovation, Quality & Speed - in FY2019
- Exceeded final-year plan targets within the first year

## **COVID-19 Impact on Future Management**

- Pursue a clear path toward recovery following forecasted decline in sales and profits for FY2020
- Introduce product innovations demanded by consumers in response to the “new normal”

## **Feedback From Shareholders and Other Stakeholders**



**We plan to share a new strategic direction for business strategy and capital policies by calendar year-end**

**FUJITEC**



Creative Studio Tokyo (Minato-ku, Tokyo)

# Reference: Consolidated Balance Sheet as of June 30, 2020



(Million yen)	March 31, 2020	June 30, 2020	Change	Comments
Current assets	140,884	132,591	(8,292)	
Cash and cash equivalents	57,024	54,668	(2,355)	Decreases in East Asia, North America and Europe
Trade notes and accounts receivable	61,626	54,853	(6,773)	Decreases in Japan, East Asia
Inventory adjustments	19,321	20,263	942	
Other	5,053	5,194	140	
Allowance for doubtful accounts	(2,142)	(2,389)	(247)	
Fixed assets	52,697	54,849	2,152	
Property, plant and equipment	34,188	33,701	(486)	Capital Investment +454 Depreciation -763 Foreign exchange, etc. -177
Intangible assets	3,640	4,910	1,270	
Investments and other assets	14,868	16,237	1,368	
Total assets	193,581	187,441	(6,140)	
Current liabilities	70,083	66,146	(3,937)	Advances from customers +2,502 Trade notes and accounts payable -3,360 Electronically recorded obligations -1,035 Short-term debt -1,224
Fixed liabilities	4,783	4,789	5	
Net assets	118,714	116,505	(2,208)	Retained earnings -1,138 Foreign currency translation adjustment -1,552 Net unrealized gain on available-for-sale securities +535
Shareholders' equity ratio	55.2%	55.9%	0.7%	
B P S :	1318.59 Yen	1293.14 Yen	-25.45 Yen	

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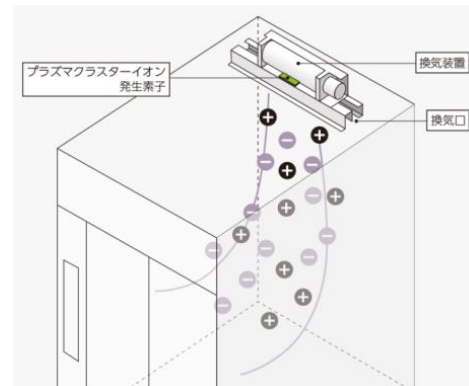


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# Reference: Major Orders, Deliveries

## New installations

Completed



**Hyatt Regency Yokohama**  
(Yokohama, Japan)  
Total of 7 elevators

In progress



**Fubon Xinyi A25**  
(Taipei, Taiwan)  
Total of 33 elevators and escalators

## Modernization projects

In progress



**Bank of America Plaza**  
(Dallas, USA)  
Total of 38 elevators

In progress



**One Raffles Place**  
(Singapore)  
Total of 19 elevators

# Reference: Company Overview

Company:	FUJITEC CO., LTD.
Established:	February, 1948 (Listed on TSE First Section since February 1974)
Head Office:	Hikone, Shiga (Big Wing) Japan
Business lines:	R&D, manufacturing, marketing, installation, and maintenance of elevators and escalators
Paid-in Capital	¥12,533 million (90,067,000 shares issued and outstanding)
Directors	President and CEO Takakazu Uchiyama Nine directors (including five outside directors) Four members of the Audit & Supervisory Board (including three outside members)
Number of employees	Consolidated: 10,422 (non-consolidated: 3,128)
Group companies	Total 34 companies (including 19 consolidated subsidiaries) (Americas, East Asia, South Asia, Europe, Middle East)

This document includes forward-looking statements regarding based current company plans, estimates, expectations, and projections with respect to our business and industry trends. These forward-looking statements involve a variety of risks and uncertainties.

Risks, uncertainties, and other factors that are already known or not yet known may lead to results different than those discussed in forward-looking statements herein. We make no promises as to the accuracy of forward-looking statements or projections. Results may differ significantly from forward-looking statements.

Forward-looking statements in this document are statements of the company based on information available as of August 7, 2020. These forward-looking statements do not include updates or changes reflecting future events or circumstances.

August 7, 2020

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