The background features a stylized illustration of a city skyline with various buildings, including a church with a steeple. Above the skyline, there are several red circular icons on thin vertical lines, each containing a white symbol representing different business aspects like people, a graph, and a building. The entire scene is set against a light blue sky with soft clouds.

# Financial Results Presentation for the Third Quarter Ended December 31, 2020 (FY2020)

February 9, 2021  
FUJITEC CO., LTD.  
(TSE First Section: 6406)

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

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# Executive Summary



## The Third Quarter Ended December 31, 2020 (FY2020)

- Fujitec's operating income rose 2.5% year on year, even as sales decreased 7.8%. Overall, earnings continued to trend toward recovery.
- Fujitec's new installation business is recovering in China. In the after-market business, demand in the maintenance segment was firm while the performance of the repairs and modernization segments were mixed across regional markets.
- By region, Fujitec's performance in Japan and East Asia has steadily rebounded from lows in Q1. In South Asia, North America, and Europe, business continued to decline in Q2 and began recovering in Q3.
- To help our customers meet the challenges of the new normal, Fujitec modified the specifications of our new XIOR standard elevator model to include touchless buttons as standard (branded as "AirTap"). Fujitec is also making progress with installations for existing elevators in Japan and overseas markets.
- We continue to implement measures that place the highest priority on the safety and security of our employees, customers and other key stakeholders. For example, counter-measures to avoid the Three Cs (closed spaces, crowded places, close-contact settings), including encouraging our employees to telecommute.

## FY2020 Earnings Forecast

- Fujitec revised both sales and operating income forecasts upward from the estimates announced in May 2020, driven by business recovery in Japan and Asia.
- As a result of our revised earnings forecast, we raised our annual dividend forecast from ¥50 per share to ¥60 per share.

## Initiatives Toward Our Future Strategic Direction

- In December 2020, we announced our *Future Strategic Direction*, which outlines our medium- to long-term business strategy and capital policies.
- We retired half of our treasury stock, established a Nomination and Compensation Advisory Committee, and introduced measures to strengthen shareholder returns.

## Earnings Highlights- The Third Quarter Ended December 31, 2020 (FY2020)



- Consolidated third quarter sales decreased year on year. Operating income increased 2.5%, topping the ¥10 billion mark.
- Both sales and profits improved over the second quarter, as the impact of COVID-19 began to subside.

(Million yen)

	FY2019 Q3	FY2020 Q3	Change (%)
Net sales	134,463	123,987	(7.8)
Japan	53,350	50,185	(5.9)
International	81,112	73,801	(9.0)
Operating income	9,792	10,037	2.5
Ordinary income	11,032	10,920	(1.0)
Profit attributable to owners of parent	7,297	7,098	(2.7)
Net income per share	90.16 yen	87.55 yen	-

U.S. dollar-yen exchange rate

109.55 yen

107.66 yen

# Impact and Changes Due to COVID-19

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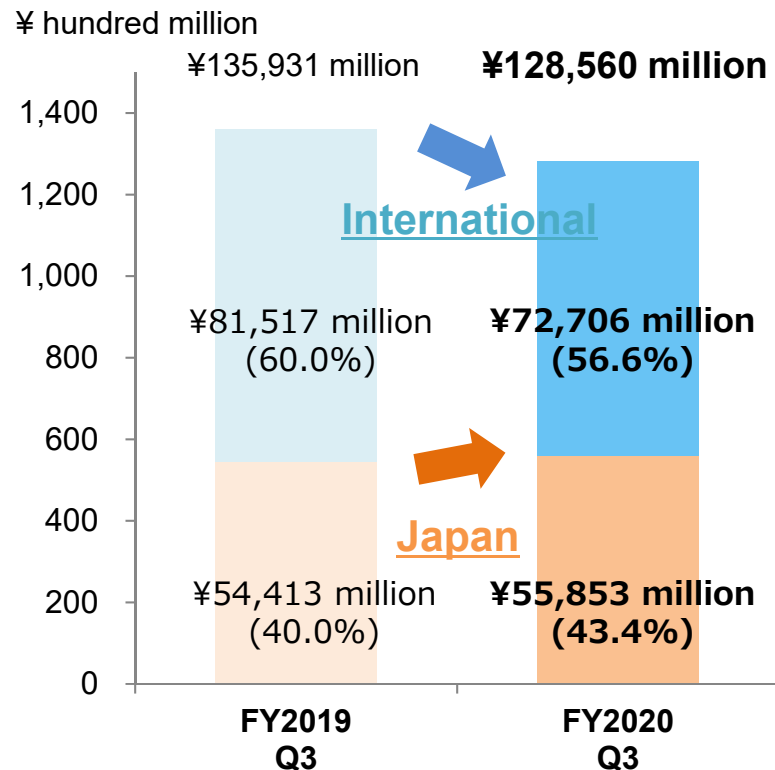
- Rigorous Safety Measures
  - ✓ The safety and sense of security of our customers, employees, and other key stakeholders remains our top priority.
  - ✓ We continue to encourage telecommuting, traveling directly to/from work, and other counter-measures to avoid the Three Cs, in accordance with local conditions and government requirements.
- Despite the continued impact of COVID-19, the overall trend is toward recovery
  - ✓ Received orders: overall, Fujitec has continued to secure orders from government agencies and for large projects in every market; order activity for other types of projects remained sporadic.
  - ✓ Construction status: decrease in the number of postponements and closures of construction sites (both new installations and modernization projects) and overall projects are continuing.
  - ✓ Maintenance: we continue to provide services to maintain social infrastructure.

## Orders Received –

The Third Quarter Ended December 31, 2020 (FY2020)

**FUJITEC**

- **Total orders declined 5.4% year on year. Domestic orders increased due to steady growth in the Aftermarket Business**



Figures inside graph: Orders (composition ratio)

### **[Japan Orders] ¥55,853 million (+2.6% year on year)**

#### New Installation Business

- Slight decrease due to stagnant demand from hotels and retailers

#### Aftermarket Business

- Increase due to strong performance in modernization bids for government-related projects
- Maintenance remained steady. Stronger proposals enabled Fujitec to win more contracts.

### **[International Orders] ¥72,706 million (-10.8% year on year)**

#### New Installation Business

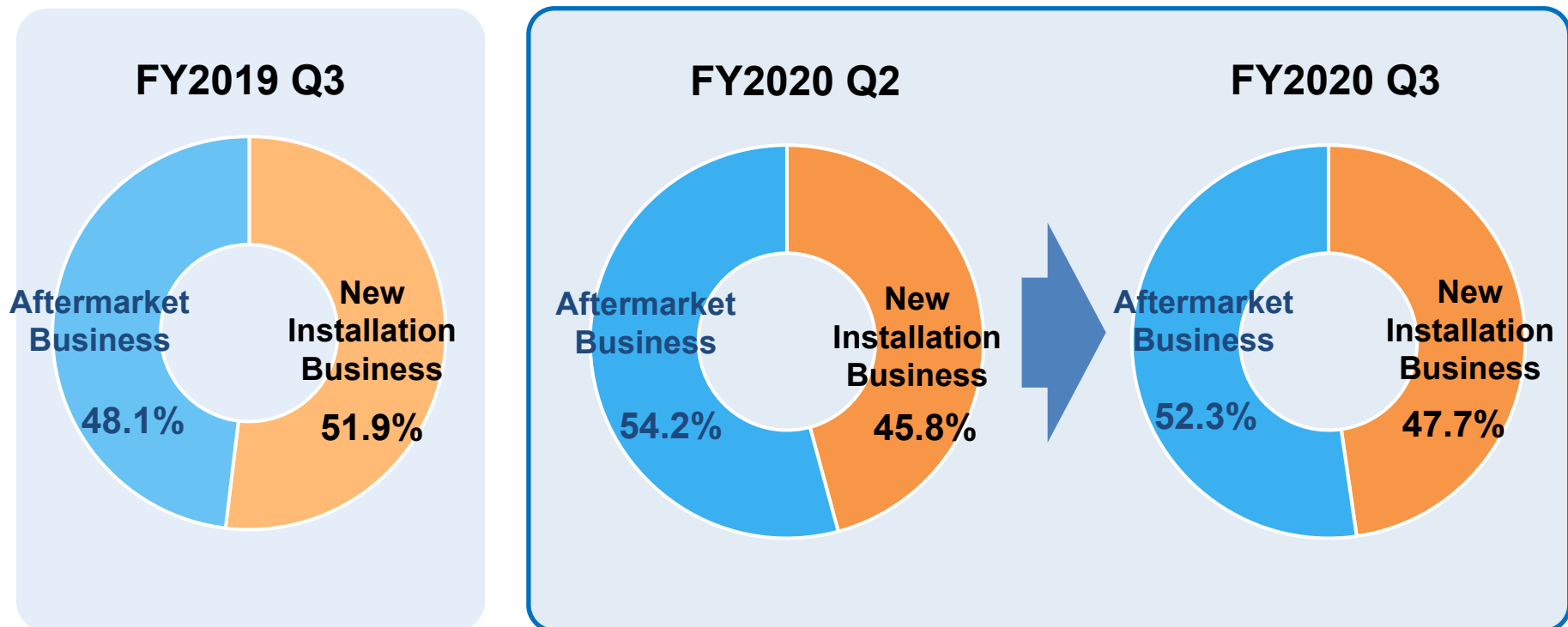
- East Asia: impacted by lower China demand
- South Asia: orders increased due to large projects in Singapore, Indonesia, and Malaysia, offset slightly by lower orders in India.
- North America & Europe: gains from acquisition of a company in the U.K. North America continues to experience challenging conditions

#### Aftermarket Business

- East Asia: Modernization projects increased in Hong Kong and Korea
- South Asia: orders grew in Singapore
- North America & Europe: Modernization demand weak in North America

## Changes in Sales Breakdown by Business

- Our Aftermarket Business continues to account for a higher percentage of sales than New Installations, year on year. Quarter on quarter, New Installation Business continued to recover as a proportion of our business.



## Earnings by Region – The Third Quarter Ended December 31, 2020 (FY2020)



- Substantial improvement in operating income due to narrower decline in sales
- Fujitec generated profit gains in all regions except North America and Europe, where the impact of COVID-19 continued

(Million yen)

	Net sales			Operating income (loss)		
	FY2019 Q3	FY2020 Q3	Change (%)	FY2019 Q3	FY2020 Q3	Change
Japan	55,191	52,139	(5.5)	3,223	3,240	16
East Asia	56,035	50,846	(9.3)	4,112	4,690	578
South Asia	12,032	10,269	(14.7)	1,752	1,787	34
North America and Europe	19,106	17,468	(8.6)	766	347	(419)
Subtotal	142,366	130,723	(8.2)	9,855	10,065	210
Adjustments	(7,903)	(6,735)	-	(62)	(28)	33
Total	134,463	123,987	(7.8)	9,792	10,037	244

## Impact of COVID-19 on Q3 Activities by Region



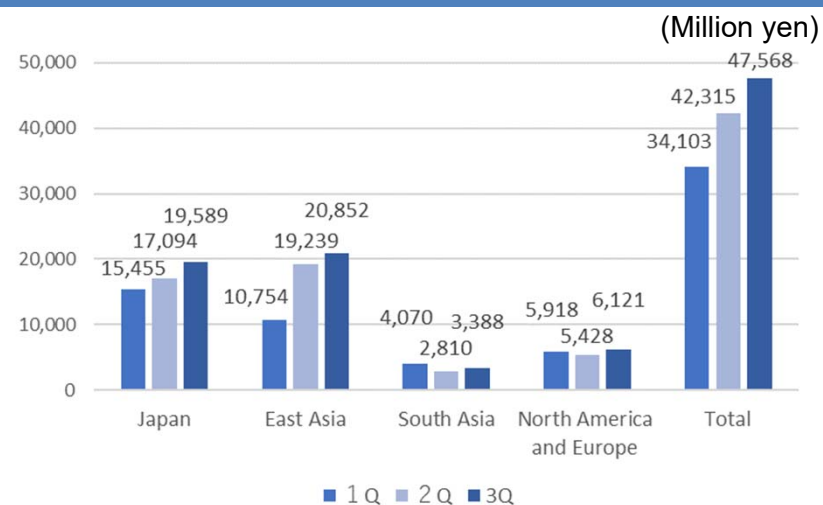
	Notable Updates
Japan	<ul style="list-style-type: none"> <li>● Net sales: Decreased due to postponements and interruptions to construction projects</li> <li>● Profits: Increased due to firmer pricing in our New Installation Business and solid demand for maintenance services in our Aftermarket Business</li> <li>● Production: No impact</li> </ul>
East Asia	<ul style="list-style-type: none"> <li>● Net sales: Lower due to decreases in new installations and exports in China, despite increased contributions from Hong Kong for maintenance and repairs</li> <li>● Profits: Rose driven by increased profitability in China and Hong Kong</li> <li>● Production: Greater competitiveness due to lower component costs in China</li> </ul>
South Asia	<ul style="list-style-type: none"> <li>● Net sales: Decreased due to fewer new installations in Indonesia, Malaysia, and India which offset sales gains in Singapore</li> <li>● Profits: Edged higher supported by growth in Singapore Aftermarket Business</li> <li>● Production: Possibility of minor impact, depending on completion timing for second production site in India</li> </ul>
North America and Europe	<ul style="list-style-type: none"> <li>● Net sales: Declined impacted by fewer new installations in the U.S. that offset gains from new installations from our new subsidiary in the U.K.</li> <li>● Profits: Decreased due to lower profitability in new installations</li> </ul>



# Earnings Comparison by Region

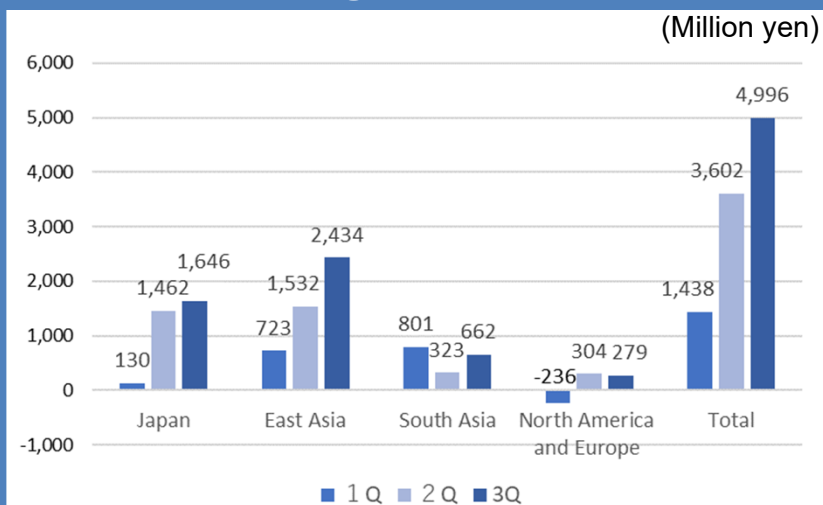
- Comparison of net sales and operating income by quarter

## Net sales



- Japan and East Asia rebounding steadily from a low in Q1
- South Asia and North America and Europe recovering from a low in Q2

## Operating income (loss)



- Japan and East Asia rebounding steadily from a low in Q1 due to recovering sales and improving profitability
- South Asia recovering from a low in Q2
- North America and Europe experienced sluggish growth due to weak improvements in income

## Upward Revision to FY2020 Consolidated Earnings Forecasts



- Upward revisions to net sales and profits for consolidated earnings
- Fujitec now projects lower revenues and higher profits year on year

(Amounts less than one million yen are rounded down)

	FY2020		Change (%)	FY2019 (Reference)
	Previous Forecast	Revised Forecast		
Net sales	165,000	169,000	2.4	181,232
Operating income	10,700	13,300	24.3	13,375
Ordinary income	11,500	14,700	27.8	14,682
Profit attributable to owners of parent	7,500	9,300	24.0	9,916
Net income per share	92.62 yen	114.69 yen	-	122.46 yen

## Upward Revisions Driven by Strong Performance in Japan and Asia



- Increased net sales forecast reflects higher expected contributions from modernization projects in Japan and new installations in China
- Higher operating income forecast driven by expected profitability gains in China and strong Aftermarket Business performance in Hong Kong & Singapore

(Amounts less than one million yen are rounded down)

	Net sales			Operating income (loss)		
	Previous Forecast	Revised Forecast	Change (%)	Previous Forecast	Revised Forecast	Change
Japan	70,000	71,000	1.4	5,000	5,200	200
East Asia	64,000	70,000	9.4	3,600	5,400	1,800
South Asia	16,000	14,000	(12.5)	1,700	2,300	600
North America and Europe	25,000	23,500	(6.0)	600	600	-
Subtotal	175,000	178,500	2.0	10,900	13,500	2,600
Adjustments	(10,000)	(9,500)	-	(200)	(200)	—
Total	165,000	169,000	2.4	10,700	13,300	2,600

## Raise Year-End Dividend Payment by ¥10, to ¥60



- Based on the current consolidated earnings forecast, Fujitec plans to increase our year-end dividend payment by ¥10, for a total annual dividend of ¥60
- Reflects Fujitec's drive to proactively strengthen shareholder returns to achieve an annual dividend payout ratio above 50%. The year-end dividend payout ratio for FY2020 now forecast at 52.3%

(Yen)

	FY2019 Actual	FY2020		Change
		Previous Announcement	Revised Announcement	
Dividends	50	50	60 (tentative)	10
Interim	20	20	20	—
Year-End	30	30	40 (tentative)	10

- **New strategic direction based on medium- and long-term considerations (announced in December 2020)**



### Progress

- Treasury Stock Cancellation
  - Cancellation date: December 11, 2020
  - Total shares cancelled : 4,767,000 shares (5.25% of shares outstanding)
  - Outstanding treasury stock after cancellation: to be utilized for employee stock ownership trust, executive compensation plans, M&A, etc.
- Establishment of a Nomination and Compensation Advisory Committee
  - Establishment date: February 9, 2021
  - Structure: Chair (external director), members (two external, one internal)
  - Details/process: Deliberate director elections, appointments, and remuneration; report to the board of directors
- Adoption of Shareholder Benefit Program
  - Adoption date: February 9, 2021
  - Strengthen shareholder returns, promote the digital transformation (DX) of shareholder communications Details: Offer points to eligible shareholders (exchangeable for gifts)

# Adopt Touchless Buttons as Standard Equipment

- The AirTap (All-in-one type) is a touchless button that allows elevators to be operated without touching button surfaces. This technology is now available as standard for the new XIOR standard elevator model

## 【Key Driver for Adoption as Standard Equipment】

- The spread of COVID-19 has raised awareness around public health. There is a rapidly increasing need for touchless buttons as a required function in elevators

## 【AirTap】



*Like tapping air; simple  
effortless, touchless control  
panels.*

## 【AirTap (All-in-one Type)】



Integrated push button and infrared sensor

▶ Offers effortless and reliable elevator control with greater sense of safety aligned to global drive to prevent the spread of COVID-19

## Reducing Environmental Impact

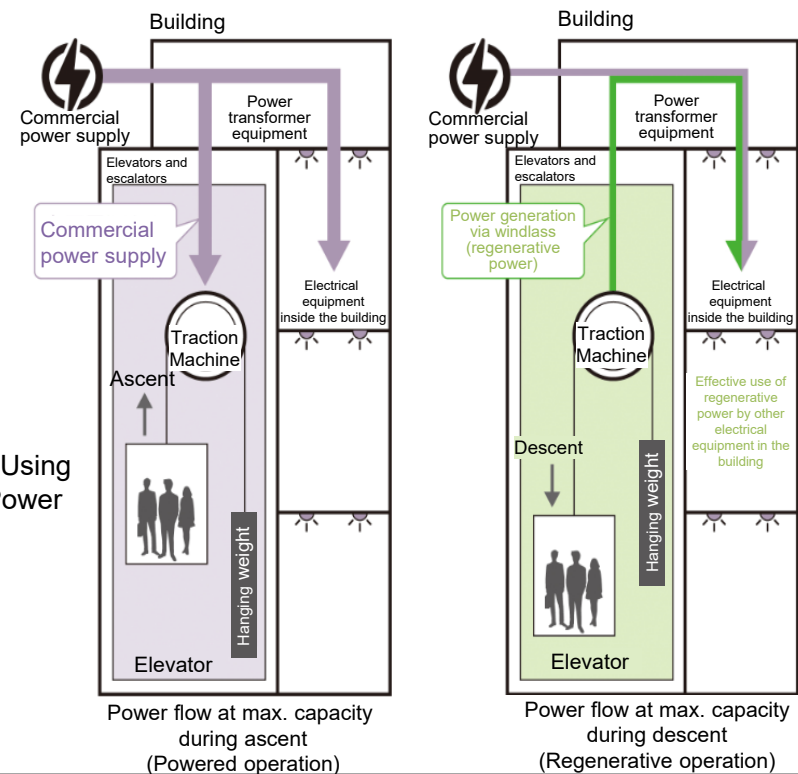
- Elevator renovation reduces power consumption by 45%**

We replaced geared motors with gearless ones, to ensure the torque is optimized, improving power consumption overall

- Use of regenerative energy**

The new XIOR is more energy efficient, using the power generated during operation for non-elevator equipment

Mechanism for Using Regenerative Power



We continue to promote decarbonization through the latest energy-saving technologies.

# Fujitec Wins IT Award for Maintenance Mapping System



- In a first for the elevator industry, Fujitec received the 2020 IT Award\* in the Customer/Business Function Category, for the integration of Google Maps into our maintenance tracking systems to provide enhanced visual information

## 【System features】

- A mapping system that enables real-time viewing of onsite information\* via smart devices anytime, anywhere.

(\*) Including maintenance and sales contacts, elevator/escalator specifications, maintenance history, technical drawings, technical documents

## 【Performance Enhancements】

- Efficiency gains in field operations generating annual cost-savings of tens of millions of yen per year, and enhanced service quality.
- Automatically assigns maintenance staff in disaster situations for faster recovery support.
- Plans to expand this system overseas in future.



Information for the relevant property is presented on a map and linked to various IT systems

## \*Japan Institute of Information Technology IT Awards

The IT Awards recognize companies and organizations that have made outstanding efforts and achieved successes in business innovations through the advanced use of information technology.





**FUJITEC**



Creative Studio Tokyo (Minato-ku, Tokyo)

## Reference: Consolidated Balance Sheet as of December 31, 2020



(Million yen)

	March 31, 2020	September 30, 2020	Change	Comments
Current assets	140,884	144,034	+3,150	
Cash and cash equivalents	57,024	61,612	+4,588	Increases in Japan and South Asia
Notes and accounts receivable-trade	61,626	58,500	(3,126)	Decrease in Japan
Inventory adjustments	19,321	20,980	+1,659	
Other	5,053	5,472	+418	
Allowance for doubtful accounts	(2,142)	(2,530)	(388)	
Fixed assets	52,697	54,830	+2,132	
Property, plant and equipment	34,188	33,886	(301)	Capital Investment +1,993 Depreciation (2,245) Foreign exchange, etc. (49)
Intangible assets	3,640	4,735	+1,095	
Investments and other assets	14,868	16,207	+1,338	
Total assets	193,581	198,864	+5,283	
Current liabilities	70,083	71,455	+1,371	Advances received +2,143 provision for loss on construction contracts +1,751 Short-term debt (2,071)
Fixed liabilities	4,783	5,768	+985	
Net assets	118,714	121,640	+2,925	Treasury stock +5,119 Net unrealized gain on available-for-sale securities +1,091 Retained earnings (2,026) Foreign currency translation adjustment (1,851)
Shareholders' equity ratio	55.2%	55.0%	(0.2%)	
B P S :	1,318.59 yen	1,347.66 yen	+29.07 yen	

## Reference: Major Orders, Deliveries

**FUJITEC**

### New installations

Completed



**HOTEL THE MITSUI KYOTO**  
(Kyoto, Japan)  
Total of 9 elevators

In progress



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

### Modernization projects

Ordered



**HSBC Headquarter**  
(London, UK)  
Total of 15 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 (85,300,000 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: 10,383 (non-consolidated: 3,107)
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 February 9, 2021. These forward-looking statements do not include updates or changes reflecting future events or circumstances.

February 9, 2021

## FUJITEC CO., LTD.

Financial Results Presentation for the Third Quarter Ended  
December 31, 2020 (FY2020)

