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On **June 12, 2019**, JSB Co., Ltd. announced earnings results for 1H FY10/19.

Cumulative (JPYmn)	FY10/18				FY10/19				FY10/19		FY10/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.	% of FY	FY Est.
Revenue	8,295	20,833	29,929	38,940	8,779	22,628			100.1%	22,612	53.8%	42,085
YoY	8.4%	6.8%	6.8%	6.9%	5.8%	8.6%				8.5%		8.1%
Gross profit	458	4,275	5,251	5,937	383	4,658						
YoY	-	9.2%	7.9%	5.8%	-16.2%	9.0%						
GPM	5.5%	20.5%	17.5%	15.2%	4.4%	20.6%						
SG&A expenses	660	1,479	2,155	2,978	701	1,541						
YoY	-	14.1%	10.3%	4.7%	6.2%	4.2%						
SG&A ratio	8.0%	7.1%	7.2%	7.6%	8.0%	6.8%						
Operating profit	-202	2,796	3,096	2,958	-317	3,117			108.5%	2,873	99.9%	3,121
YoY	-	6.8%	6.2%	6.8%	-	11.5%				2.7%		5.5%
OPM	-	13.4%	10.3%	7.6%	-	13.8%				12.7%		7.4%
Recurring profit	-226	2,764	3,047	2,891	-332	3,086			109.5%	2,819	101.8%	3,030
YoY	-	8.0%	8.9%	9.5%	-	11.6%				2.0%		4.8%
RPM	-	13.3%	10.2%	7.4%	-	13.6%				12.5%		7.2%
Net income	-163	1,755	2,154	2,079	-243	2,065			109.5%	1,886	101.2%	2,041
YoY	-	16.3%	27.4%	34.1%	-	17.6%				7.5%		-1.8%
Net margin	-	8.4%	7.2%	5.3%	-	9.1%				8.3%		4.8%

  

Quarterly (JPYmn)	FY10/18				FY10/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	8,295	12,538	9,096	9,012	8,779	13,849		
YoY	8.4%	5.8%	6.8%	7.2%	5.8%	10.5%		
Gross profit	458	3,817	976	686	383	4,275		
YoY	-	-	2.3%	-7.9%	-16.2%	12.0%		
GPM	5.5%	30.4%	10.7%	7.6%	4.4%	30.9%		
SG&A expenses	660	819	676	824	701	840		
YoY	-	-	2.7%	-7.4%	6.2%	2.6%		
SG&A ratio	8.0%	6.5%	7.4%	9.1%	8.0%	6.1%		
Operating profit	-202	2,999	300	-138	-317	3,435		
YoY	-	4.8%	1.3%	-	-	14.5%		
OPM	-	23.9%	3.3%	-	-	24.8%		
Recurring profit	-226	2,990	283	-156	-332	3,418		
YoY	-	-	18.4%	-	-	14.3%		
RPM	-	23.8%	3.1%	-	-	24.7%		
Net income	-163	1,919	399	-75	-243	2,308		
YoY	-	-	120.1%	-	-	20.3%		
Net margin	-	15.3%	4.4%	-	-	16.7%		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Quarterly net income is net income attributable to owners of the parent.

**Quarterly performance by segment**

Cumulative (JPYmn)	FY10/18				FY10/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	8,295	20,833	29,929	38,940	8,779	22,628		
YoY	8.4%	6.8%	6.8%	6.9%	5.8%	8.6%		
Property Leasing and Management	7,745	19,691	28,203	36,614	8,146	21,303		
YoY	-	7.3%	7.1%	7.5%	5.2%	8.2%		
Housing for Seniors	450	901	1,363	1,849	520	1,072		
YoY	-	13.2%	11.3%	10.6%	15.7%	19.0%		
Other	99	240	362	478	113	253		
YoY	-	-33.3%	-21.4%	-30.1%	13.6%	5.2%		
Operating profit	-202	2,796	3,096	2,958	-317	3,117		
YoY	-	6.8%	6.2%	6.8%	-	11.5%		
OPM	-	13.4%	10.3%	7.6%	-	13.8%		
Property Leasing and Management	51	3,362	3,948	4,231	-74	3,617		
YoY	-	6.0%	4.9%	3.3%	-	7.6%		
OPM	0.7%	17.1%	14.0%	11.6%	-	17.0%		
Housing for Seniors	61	104	154	108	12	57		
YoY	-	107.6%	61.7%	-26.7%	-80.2%	-44.9%		
OPM	13.6%	11.5%	11.3%	5.8%	2.3%	5.3%		
Other	-6	8	5	-7	-4	1		
YoY	-	-27.4%	-69.1%	-	-	-85.1%		
OPM	-	3.2%	1.4%	-	-	0.4%		
Adjustments	-309	-677	-1,011	-1,374	-252	-558		

  

Quarterly (JPYmn)	FY10/18				FY10/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	8,295	12,538	9,096	9,012	8,779	13,849		
YoY	8.4%	5.8%	6.8%	7.2%	5.8%	10.5%		
Property Leasing and Management	7,745	11,946	8,512	8,410	8,146	13,157		
YoY	--	--	6.5%	8.7%	5.2%	10.1%		
Housing for Seniors	450	451	462	486	520	552		
YoY	--	--	7.7%	8.9%	15.7%	22.3%		
Other	99	141	122	116	113	140		
YoY	--	--	21.2%	-48.1%	13.6%	-0.7%		
Operating profit	-202	2,999	300	-138	-317	3,435		
YoY	-	4.8%	1.3%	-	-	14.5%		
OPM	-	23.9%	3.3%	-	-	24.8%		
Property Leasing and Management	51	3,311	586	283	-74	3,691		
YoY	-	-	-1.2%	-14.9%	-	11.5%		
OPM	0.7%	27.7%	6.9%	3.4%	-	28.1%		
Housing for Seniors	61	43	50	-46	12	45		
YoY	-	-	11.0%	-	-80.2%	5.0%		
OPM	13.6%	9.5%	10.9%	-	2.3%	8.2%		
Other	-6	13	-3	-12	-4	5		
YoY	-	-	-	-	-	-60.5%		
OPM	-	9.3%	-	-	-	3.7%		
Adjustments	-309	-369	-334	-363	-252	-306		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

In the company's mainstay Property Leasing and Management business, revenue tends to concentrate in 1H (November to April), especially in Q2 (February to April), which is the peak demand season for leasing properties when the number of new contracts increases. Operating profit also tends to concentrate in Q2. The company adopts a key money system, in which it receives contract fees (a lump sum worth one to three months' rent) from its tenants at the start of each lease agreement. Most of the revenue from this system is booked in April, when new contracts concentrate.

**1H FY10/19 results**

▷ Revenue	JPY22.6bn (+8.6% YoY)
▷ Operating profit	JPY3.1bn (+11.5% YoY)
▷ Recurring profit	JPY3.1bn (+11.6% YoY)
▷ Net profit	JPY2.1bn (+17.6% YoY)

\* Net profit attributable to owners of parent

The top-line growth reflected steady growth in apartment units under management and continued high occupancy rates at the Property Leasing and Management and the Housing for Seniors segments. In terms of profits, all profit lines from operating profit downward increased, helped by growth in the Property Leasing and Management business.

Segment results were as follows.

### Property Leasing and Management

- ▷ Segment revenue           JPY21.3bn (+8.2% YoY)
- ▷ Segment profit            JPY3.6bn (+7.6% YoY)

Revenue increased due to a steady flow of income from student apartment leasing and services related to property leasing. The increase in the number of properties under management was ahead of plan, reaching 66,064 units (as of April 2019, +3,881 YoY). The occupancy rate was 99.9% (as of April 2019, flat YoY).

On the earnings front, despite increased personnel expenses stemming from an increase in personnel numbers and the temporary administrative burden of running both old and new systems as the company renews its core systems, profits increased as a result of the growth in revenue.

### Housing for Seniors

- ▷ Segment revenue           JPY1.1bn (+19.0% YoY)
- ▷ Segment profit            JPY57mn (-44.9% YoY)

Revenue increased, but profit declined, reflecting higher expenses because of the transfer of shares in Friend-Care System Co., Ltd., which operates nursing care tool rental business, and strengthening of personnel structures in its existing locations.

### Other

- ▷ Segment revenue           JPY253mn (+5.2% YoY)
- ▷ Segment profit            JPY1mn (-85.1% YoY)

The Other segment provides support to the Property Leasing and Management business, which is the company's main business. Under this segment, JSB operates various student support services providing information about job seminars and company information sessions to students. It had also advanced into the education business by operating a Japanese language school for students coming from overseas. In April 2019, together with Onward Personal Style Co., Ltd., it launched a joint student job-hunting project, "STYLE UP", which aims to help students with their job hunting prospects through wearing suits.

## Full-year company forecasts

(JPYmn)	FY10/18			FY10/19		
	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.	FY Est.
<b>Revenue</b>	<b>20,833</b>	<b>18,107</b>	<b>38,940</b>	<b>22,628</b>	<b>19,457</b>	<b>42,085</b>
YoY	6.8%	7.0%	6.9%	8.6%	7.5%	8.1%
Cost of revenue	16,558	16,446	33,004	17,969	17,586	35,555
<b>Gross profit</b>	<b>4,275</b>	<b>1,661</b>	<b>5,937</b>	<b>4,658</b>	<b>1,871</b>	<b>6,529</b>
YoY	9.2%	-2.2%	5.8%	9.0%	12.6%	10.0%
GPM	20.5%	9.2%	15.2%	20.6%	9.6%	15.5%
SG&A expenses	1,479	1,500	2,978	1,541	1,866	3,407
SG&A ratio	7.1%	8.3%	7.6%	6.8%	9.6%	8.1%
<b>Operating profit</b>	<b>2,796</b>	<b>162</b>	<b>2,958</b>	<b>3,117</b>	<b>4</b>	<b>3,121</b>
YoY	6.8%	7.5%	6.8%	11.5%	-97.8%	5.5%
OPM	13.4%	0.9%	7.6%	13.8%	0.0%	7.4%
<b>Recurring profit</b>	<b>2,764</b>	<b>127</b>	<b>2,891</b>	<b>3,086</b>	<b>-56</b>	<b>3,030</b>
YoY	8.0%	56.9%	9.5%	11.6%	-144.0%	4.8%
RPM	13.3%	0.7%	7.4%	13.6%	-0.3%	7.2%
<b>Net income</b>	<b>1,755</b>	<b>324</b>	<b>2,079</b>	<b>2,065</b>	<b>-24</b>	<b>2,041</b>
YoY	16.3%	676.0%	34.1%	17.6%	-107.4%	-1.8%
Net margin	8.4%	1.8%	5.3%	9.1%	-0.1%	4.8%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

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