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On **September 12, 2019**, JSB Co., Ltd. announced earnings results for Q3 FY10/19.

Cumulative (JPYmm)	FY10/18				FY10/19				FY10/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Revenue	8,295	20,833	29,929	38,940	8,779	22,628	32,656		77.6%	42,085
YoY	8.4%	6.8%	6.8%	6.9%	5.8%	8.6%	9.1%			8.1%
Gross profit	458	4,275	5,251	5,937	383	4,658	5,727		87.7%	6,529
YoY	-	9.2%	7.9%	5.8%	-16.2%	9.0%	9.1%			10.0%
GPM	5.5%	20.5%	17.5%	15.2%	4.4%	20.6%	17.5%			15.5%
SG&A expenses	660	1,479	2,155	2,978	701	1,541	2,280		66.9%	3,407
YoY	-	14.1%	10.3%	4.7%	6.2%	4.2%	5.8%			14.4%
SG&A ratio	8.0%	7.1%	7.2%	7.6%	8.0%	6.8%	7.0%			8.1%
Operating profit	-202	2,796	3,096	2,958	-317	3,117	3,447		110.4%	3,121
YoY	-	6.8%	6.2%	6.8%	-	11.5%	11.3%			5.5%
OPM	-	13.4%	10.3%	7.6%	-	13.8%	10.6%			7.4%
Recurring profit	-226	2,764	3,047	2,891	-332	3,086	3,404		112.3%	3,030
YoY	-	8.0%	8.9%	9.5%	-	11.6%	11.7%			4.8%
RPM	-	13.3%	10.2%	7.4%	-	13.6%	10.4%			7.2%
Net income	-163	1,755	2,154	2,079	-243	2,065	2,292		112.3%	2,041
YoY	-	16.3%	27.4%	34.1%	-	17.6%	6.4%			-1.8%
Net margin	-	8.4%	7.2%	5.3%	-	9.1%	7.0%			4.8%

Quarterly (JPYmm)	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	10,029	
YoY	8.4%	5.8%	6.8%	7.2%	5.8%	10.5%	10.3%	
Gross profit	458	3,817	976	686	383	4,275	1,068	
YoY	-	-	2.3%	-7.9%	-16.2%	12.0%	9.5%	
GPM	5.5%	30.4%	10.7%	7.6%	4.4%	30.9%	10.7%	
SG&A expenses	660	819	676	824	701	840	739	
YoY	-	-	2.7%	-7.4%	6.2%	2.6%	9.3%	
SG&A ratio	8.0%	6.5%	7.4%	9.1%	8.0%	6.1%	7.4%	
Operating profit	-202	2,999	300	-138	-317	3,435	330	
YoY	-	4.8%	1.3%	-	-	14.5%	9.9%	
OPM	-	23.9%	3.3%	-	-	24.8%	3.3%	
Recurring profit	-226	2,990	283	-156	-332	3,418	318	
YoY	-	-	18.4%	-	-	14.3%	12.5%	
RPM	-	23.8%	3.1%	-	-	24.7%	3.2%	
Net income	-163	1,919	399	-75	-243	2,308	227	
YoY	-	-	120.1%	-	-	20.3%	-43.0%	
Net margin	-	15.3%	4.4%	-	-	16.7%	2.3%	

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 (JPY mm)	FY10/18				FY10/19				FY10/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Revenue	8,295	20,833	29,929	38,940	8,779	22,628	32,656		77.6%	42,085
YoY	8.4%	6.8%	6.8%	6.9%	5.8%	8.6%	9.1%			8.1%
Property Leasing and Management	7,745	19,691	28,203	36,614	8,146	21,303	30,619		78.1%	39,194
YoY	-	7.3%	7.1%	7.5%	5.2%	8.2%	8.6%			7.0%
Housing for Seniors	450	901	1,363	1,849	520	1,072	1,665		70.6%	2,358
YoY	-	13.2%	11.3%	10.6%	15.7%	19.0%	22.2%			27.5%
Other	99	240	362	478	113	253	373		69.9%	533
YoY	-	-33.3%	-21.4%	-30.1%	13.6%	5.2%	2.9%			11.6%
Operating profit	-202	2,796	3,096	2,958	-317	3,117	3,447		110.4%	3,121
YoY	-	6.8%	6.2%	6.8%	-	11.5%	11.3%			5.5%
OPM	-	13.4%	10.3%	7.6%	-	13.8%	10.6%			7.4%
Property Leasing and Management	51	3,362	3,948	4,231	-74	3,617	4,190		95.0%	4,412
YoY	-	6.0%	4.9%	3.3%	-	7.6%	6.1%			4.3%
OPM	0.7%	17.1%	14.0%	11.6%	-	17.0%	13.7%			11.3%
Housing for Seniors	61	104	154	108	12	57	98		66.4%	148
YoY	-	107.6%	61.7%	-26.7%	-80.2%	-44.9%	-36.3%			37.3%
OPM	13.6%	11.5%	11.3%	5.8%	2.3%	5.3%	5.9%			6.3%
Other	-6	8	5	-7	-4	1	-1		-	24
YoY	-	-27.4%	-69.1%	-	-	-85.1%	-			-
OPM	-	3.2%	1.4%	-	-	0.4%	-			4.5%
Adjustments	-309	-677	-1,011	-1,374	-252	-558	-840		-	-1,463

Quarterly (JPY mm)	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	10,029	
YoY	8.4%	5.8%	6.8%	7.2%	5.8%	10.5%	10.3%	
Property Leasing and Management	7,745	11,946	8,512	8,410	8,146	13,157	9,316	
YoY	-	-	6.5%	8.7%	5.2%	10.1%	9.4%	
Housing for Seniors	450	451	462	486	520	552	593	
YoY	-	-	7.7%	8.9%	15.7%	22.3%	28.3%	
Other	99	141	122	116	113	140	120	
YoY	-	-	21.2%	-48.1%	13.6%	-0.7%	-1.6%	
Operating profit	-202	2,999	300	-138	-317	3,435	330	
YoY	-	4.8%	1.3%	-	-	14.5%	9.9%	
OPM	-	23.9%	3.3%	-	-	24.8%	3.3%	
Property Leasing and Management	51	3,311	586	283	-74	3,691	573	
YoY	-	-	-1.2%	-14.9%	-	11.5%	-2.2%	
OPM	0.7%	27.7%	6.9%	3.4%	-	28.1%	6.1%	
Housing for Seniors	61	43	50	-46	12	45	41	
YoY	-	-	11.0%	-	-80.2%	5.0%	-18.5%	
OPM	13.6%	9.5%	10.9%	-	2.3%	8.2%	6.9%	
Other	-6	13	-3	-12	-4	5	-2	
YoY	-	-	-	-	-	-60.5%	-	
OPM	-	9.3%	-	-	-	3.7%	-	
Adjustments	-309	-369	-334	-363	-252	-306	-282	

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.

Cumulative Q3 FY10/19 results

- ▷ Revenue JPY32.7bn (+9.1% YoY)
- ▷ Operating profit JPY3.4bn (+11.3% YoY)
- ▷ Recurring profit JPY3.4bn (+11.7% YoY)
- ▷ Net profit JPY2.3bn (+6.4% YoY)

* Net profit attributable to owners of parent

Both revenue and operating profit increases YoY as the number of units under management increased and the occupancy rate remained high in the mainstay Property Leasing and Management business.

Segment results were as follows.

Property Leasing and Management

- ▷ Segment revenue JPY30.6bn (+8.6% YoY)

▷ Segment profit JPY4.2bn (+6.1% YoY)

Revenue increased YoY due to a steady flow of income from student apartment leasing and services related to property leasing, broadly in line with the plan. 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). In July 2019, the company decided to acquire shares in group companies including Tokyo Student Life.

Profits increased as a result of higher sales, although costs increased. This reflected an increase in staff numbers, higher depreciation expenses associated with the operation of the new core system, and M&A expenses related to the acquisition of shares in group companies, primarily Tokyo Student Life.

Housing for Seniors

▷ Segment revenue JPY1.7bn (+22.2% YoY)

▷ Segment profit JPY98mn (-36.3% YoY)

Revenue increased, but profit declined, reflecting higher expenses due mainly to M&A-related upfront costs for the business expansion.

Other

▷ Segment revenue JPY373mn (+2.9% YoY)

▷ Segment loss JPY1mn (JPY5.0mn profit in Q3 FY10/18)

The Other segment provides support to the Property Leasing and Management business, which is the company's main business. Under this segment, JSB operates 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 addition, the company looked at ways of enhancing the value it provides, including using common areas in student apartments as shared spaces.

This note is the most recent addition to the [full report](#).

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Contact Details

Shared Research Inc.

3-31-12 Sendagi Bunkyo-ku Tokyo, Japan

<https://sharedresearch.jp>

Phone: +81 (0)3 5834-8787

Email: info@sharedresearch.jp