

We are the doctor of
your invisible air.



 **Nippon Air Conditioning Services Co., Ltd.**

Fiscal year ended March 2020
Financial Results Reference Materials

June 2020

TSE 1st section, NSE 1st section: 4658

I . Overview and Strength of Nippon Air Conditioning Group

II . Financial Highlights for the Fiscal Year Ended March 2020

III. 2019 Five-Year Mid-Term Management Plan

IV. Stock-Related Information

Building facilities **maintenance**

Number of technology-related employees: **2,502**

Bases: **47** prefectures and **7** overseas countries

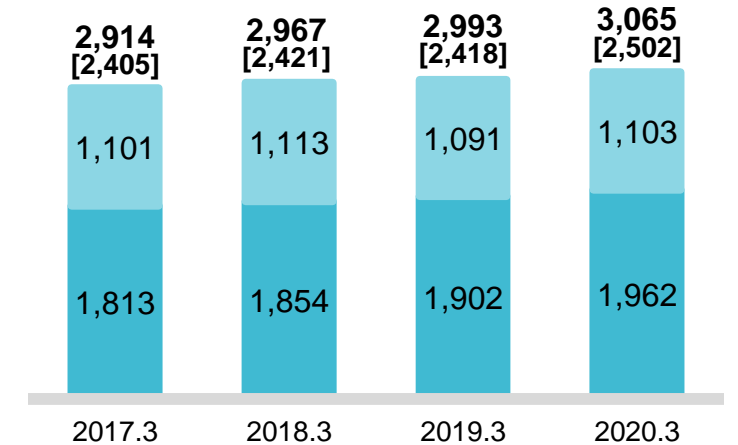
Company overview		
Establishment	April 28, 1964	
Head office	239-2 Terugaoka, Meito-ku Nagoya-shi, Aichi Japan	
Capital stock	¥1,139 million	
Business description	General building facility maintenance service	
Number of employees	Consolidated 3,065	Non-consolidated 2,123
Net sales	Consolidated ¥49.6 billion	Non-consolidated ¥35.4 billion
Number of bases	Domestic 82 bases	Overseas 11 bases

* Number of employees is as of end of March 2020.
 * For net sales, the number in the fiscal year ended March 2020 is used.
 * For number of bases, the number as of end of May 2020 (consolidated, based on address) is used.

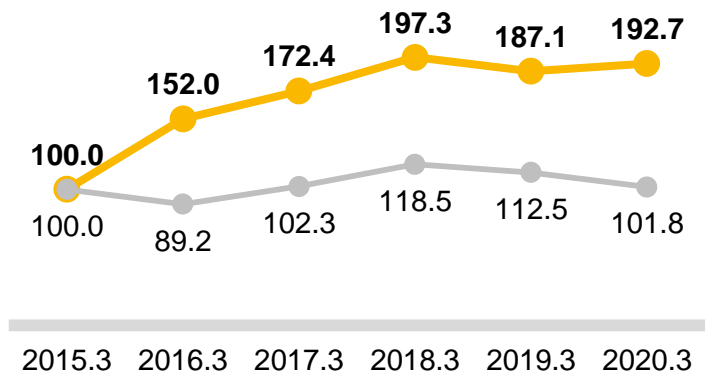
Stock-related information	
Stock price	¥730
Total market capitalization	¥25.7 billion
Dividends	¥25 per share
Dividend payout ratio	50.3%
Dividend yield	3.42%
Number of shareholders	6,742
PER	14.70x (EPS: ¥49.67)
PBR	1.42x (BPS: ¥513.78)
ROE	10.8%

* For stock price and total market capitalization, closing price as of May 26, 2020 is used.
 * For dividends, dividend payout ratio and dividend yield, predicted dividend-related numbers for the fiscal year ending March 2021 are used.
 * Number of shareholders is as of end of March 2020.
 * For EPS, predicted number as of fiscal year ending March 2021, and for BPS and ROE actual number in the fiscal year ended March 2020 are used.

■ Number of employees (persons)
 ■ Regular employees
 ■ Average temporarily employed workers
 [] Technology-related employees



■ Total shareholder return (%)
 ● The Company (including dividends)
 ● TOPIX including dividends



* Total shareholder return is calculated using the fiscal year ended March 2015 as reference (100.0).

To make all our stakeholders happier



Creation of social value

Management philosophy

**Bringing together the technological capabilities and human resources
to maintain optimal environments and give our clients peace of mind
through top quality service.**



Creation of economic value

■ Creation of social value

Management philosophy
Bringing together the technological capabilities and human resources to maintain optimal environments and give our clients peace of mind through top quality service.

Our Group offers comprehensive building facility support. While the main focus of our company is maintenance, management, environmental facility diagnosis, and solution proposals for building facilities, we also have a division that specializes in facility renovation. Making use of the technological capabilities cultivated through our core business of maintenance services, we will provide finely-tuned, customer-friendly services.

■ Business model



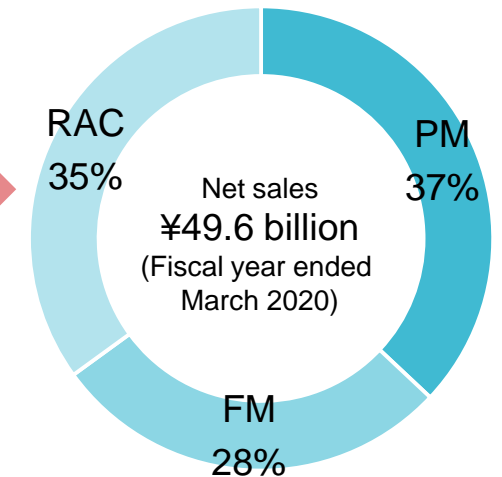
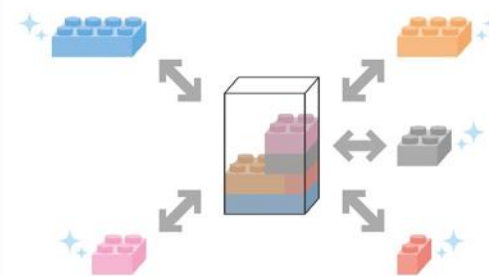
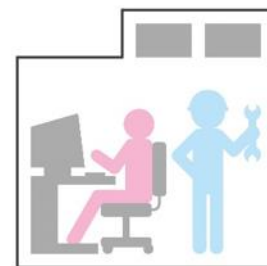
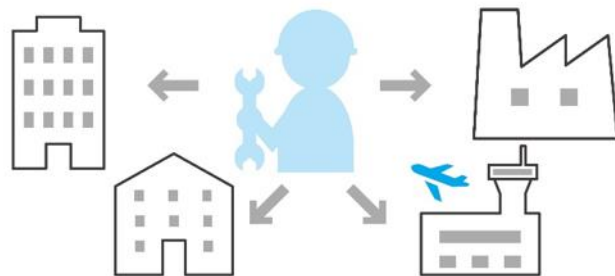
■ Business description (movie: 196sec)

PM Maintenance
 Preventive Maintenance

FM Maintenance and management
 Facility Management

RAC Design and construction
 Reform and Construction

■ Net sales composition by business division



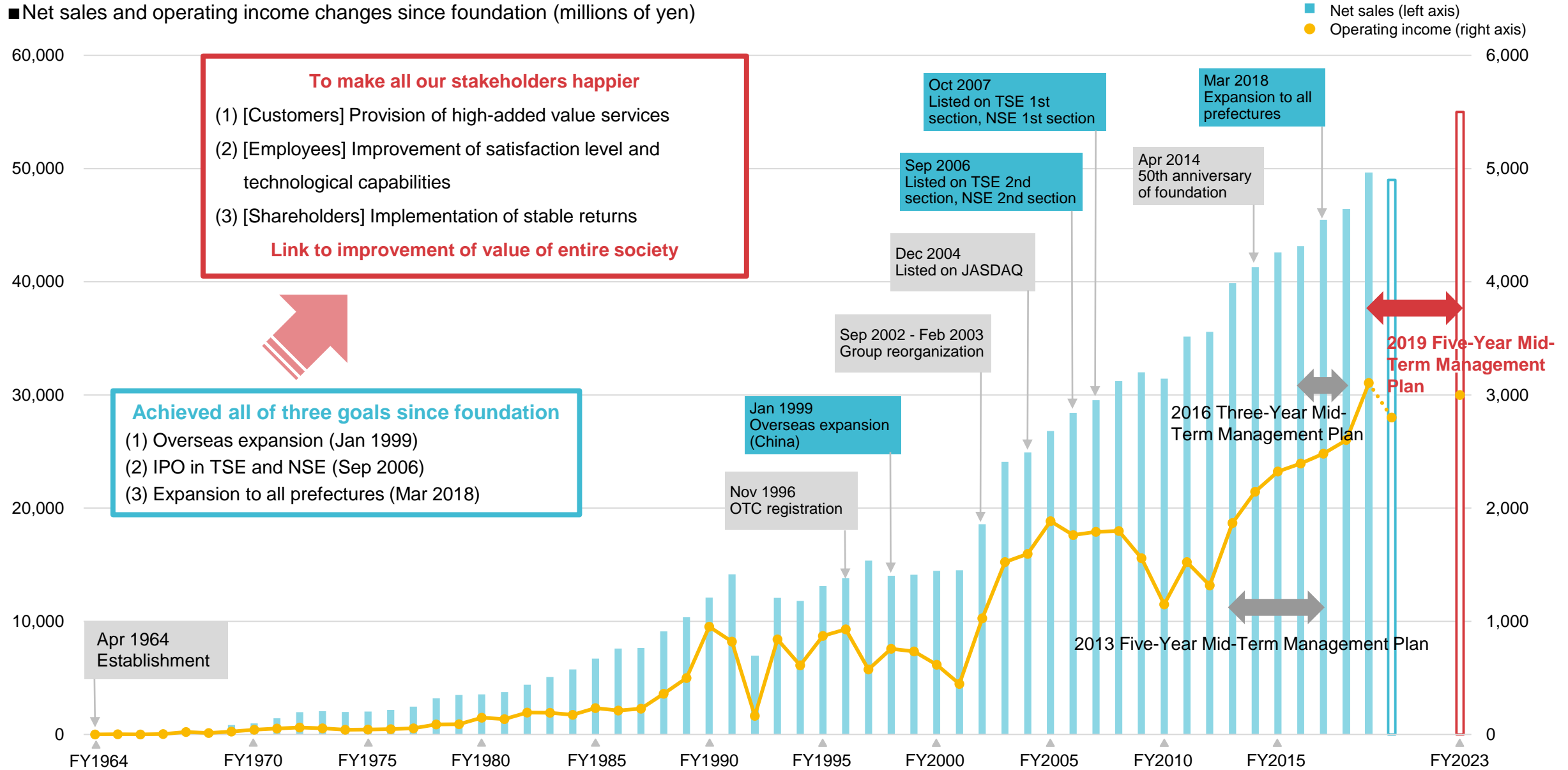
High quality maintenance utilising the most reliable technology to prevent mishaps.

Maintaining the environment by always keeping a close eye on the facilities is another of our specialties.

We propose optimal solutions for comfortable building environments.

I. Overview and Strength of Nippon Air Conditioning Group 5/11

■ Net sales and operating income changes since foundation (millions of yen)



* Accounts settlement period was irregular for FY1969 (6th fiscal year) and FY1992 (30th fiscal year), six months. * After OTC registration of stock in November 1996, we have been undergoing external audit.

I. Overview and Strength of Nippon Air Conditioning Group 6/11

■ Base information

- ★ Achieved expansion to all prefectures in March 2018 as for domestic aspects, and pushed spread of transactions with companies that have nationwide reach.
- ★ Overseas, **promoted aggressive new customer exploration to make into a new market**, with Japanese-related manufacturing plants as main customers.
- ★ Targeting **5% overseas operating income ratio** for the fiscal year ending March 2024 (the ratio in fiscal year ended March 2020: -2.9%)

Japan

- **Nippon Air Conditioning Services Co., Ltd.**
- Nippon Air Conditioning Systems Co., Ltd.
- Nippon Air Conditioning Hokuriku Co., Ltd.
- Nippon Air Conditioning Tohoku Co., Ltd.
- Nikku Business Services Co., Ltd.
- E-TEC Japan Co., Ltd.

Net sales
704million yen(①+②)

China (Suzhou)

① Jan 1999 (establishment)
Suzhou Nikku Suntec Electromechanical Technology Co., Ltd.
(Branch: Shanghai, Hangzhou, Wuxi, Nantong)

China (Shanghai)

② Oct 2011 (establishment)
Shanghai Nikku Suntec International Trading Co., Ltd.

Bangladesh

③ Aug 2015 (establishment)
NACS BD Co., Ltd.

Vietnam

⑧ Nov 2017 (bought stake)
NACS ENGINEERING VIETNAM CO., LTD.

Myanmar

⑨ Nov 2017 (bought stake)
NACS Engineering Myanmar Co., Ltd.

Thailand

⑥ Jun 2016 (establishment)
NACS TPS ENGINEERING CO., LTD.

Net sales **95**million yen(⑥)

Other overseas net sales **18**million yen
(③+⑦+⑧+⑨)

Malaysia

⑦ Mar 2017 (bought stake)
NIPPON KUCHO SERVICES (M) SDN. BHD.

Singapore

Net sales **229**million yen(④+⑤)

④ Nov 2015 (made into subsidiary)
Evar Air-conditioning & Engineering Pte Ltd
⑤ Mar 2016 (establishment)
NACS Singapore Pte. Ltd.

Net sales
48,628million yen (Domestic)

Overseas
**9 companies,
11 bases**

Domestic
**6 companies,
82 bases**

* Base information is presented as of end of May 2020.

* Numbers presented for domestic and overseas net sales are from the fiscal year ended March 2020.

■ Structure of building maintenance industry



■ Comparison with other companies in the same business in building maintenance industry

	Total market capitalization (billion yen)	PER PBR (x)	ROE (%)	Net sales Operating income (billion yen)	Operating income to sales (%)	Average annual salary (thousand yen)	Average age (years old)
Company A	150.4	15.04 1.91	12.3	308.5 16.0	5.2	4,600	46.0
Company B	67.8	14.75 1.31	8.9	106.3 6.8	6.4	3,420	52.6
The Company	25.7	14.70 1.42	10.8	49.6 3.1	6.3	5,740	38.9
Company C	6.0	6.04 0.37	6.3	36.8 2.0	5.6	3,610	51.9

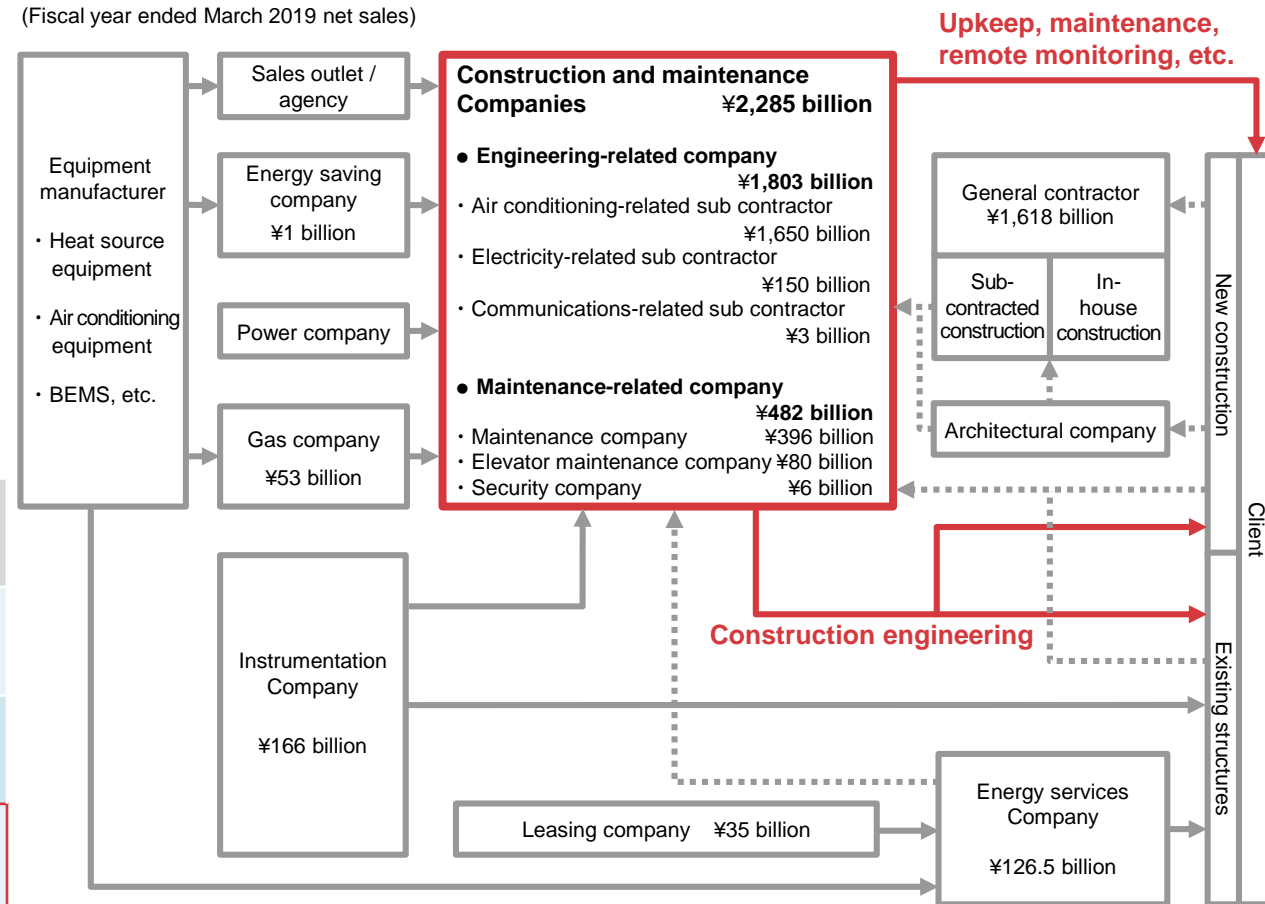
* For total market capitalization of individual companies, closing price as of May 26, 2020 is used.

* For EPS of individual companies, predicted number as of fiscal year ending March 2021 is used, for PBR, ROE, net sales, operating income and operating income to sales, the actual numbers for fiscal year ended March 2020 are used, and for average annual salary and average age, actual numbers for fiscal year ended March 2019 are used.

■ Actual state of air conditioning and heat source system market structure (Order receiving route and business supply process centered on construction companies and maintenance companies)

→ Business supply process
 Order receiving route

(Fiscal year ended March 2019 net sales)



Approx. 70% of the air conditioning and heat source system market is for existing buildings and we project a target for the Company of approx. ¥1.5 trillion.

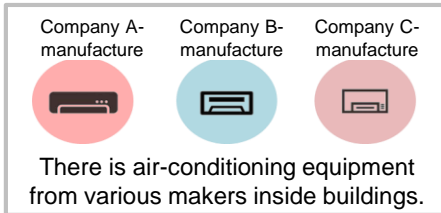
* Prepared by the Company with reference to "Actual State of and Future Perspectives on Air Conditioning and Heat Source System Market Structure" 2020 edition, by FUJI KEIZAI MANAGEMENT CO.,LTD.

* Above chart excludes cooling equipment-related companies (cold chain).

1 As the Group is an **independent company group**, it is possible to handle any event regardless of the maker, and **in-house technicians** can respond quickly.

No restrictions by makers

Quick response



For inspection, maintenance and repairs, it is necessary to contact **each maker**.



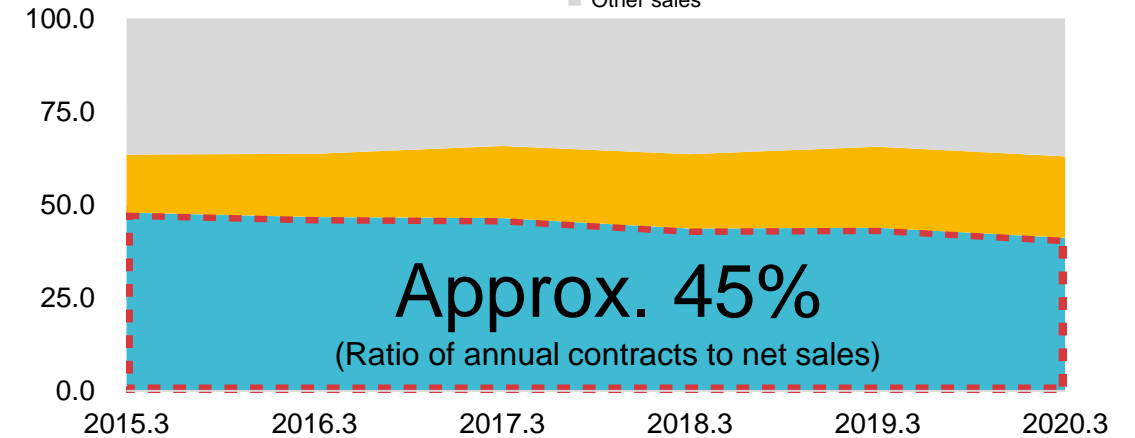
For equipment for any maker, **only NACS Group is the contact address.**

2 **Almost half** of net sales **come from stable annual contracts**. Spread economic risk by obtaining orders from a wide variety of manufacturing plants, etc.

Slight impact from economy

■ Ratio of annual contracts to net sales (%)

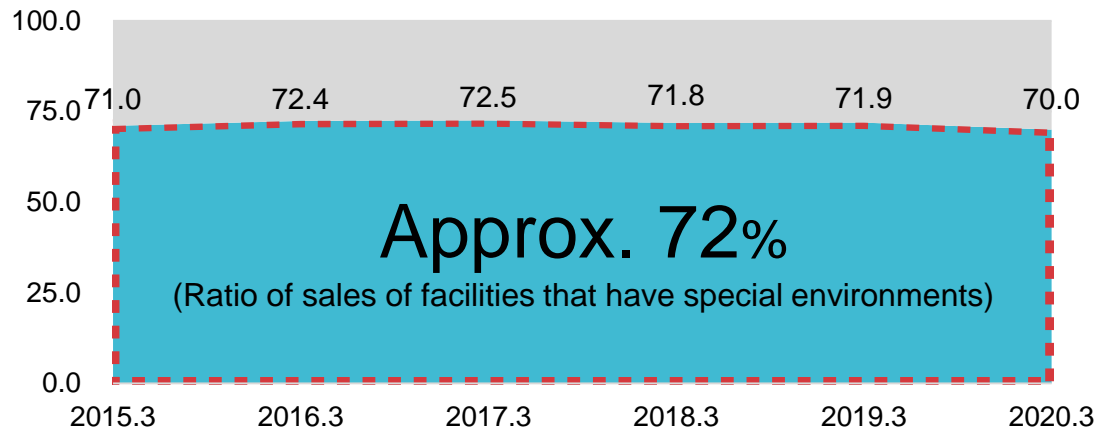
- Annual contract sales
- Manufacturing plant, etc. sales excluding annual contracts
- Other sales



3 There is a high ratio of facilities that **require a high level of technological capabilities for maintenance and management.**

High barrier to entry

■ Ratio of sales of facilities that have special environment (%)

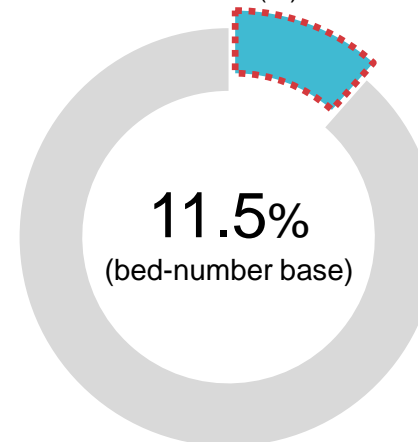


* Facilities that have special environments indicate "hospital and research facilities," "manufacturing plants, etc.," and "other special facilities."

4 Share in domestic hospitals that have 600 beds or more is **approx. 12%.**

Specialization in large-scale hospitals

■ Percentage of acceptance of outsourcing for domestic hospitals that have 600 beds or more (%)



There are many spaces where maintenance and management require high level of technological capabilities, such as operating rooms or sterile rooms.

Can display strengths

* Percentage of acceptance of outsourcing by the Group for hospitals that have 600 beds or more as of end of March 2020 (in-house survey)

- Reasons for inclination to facilities with special environments

Office building



Air conditioning equipment in conference room breaks down



Use the same room patiently
Use other room

Replaceable, low level of emergency



Hospitals



Air conditioning equipment in operating room breaks down



Operating room cannot be used
Surgery cannot be performed



Irreplaceable, high level of emergency



Manufacturing plants



Air conditioning equipment in manufacturing plant breaks down



Products quality defects
Manufacturing line halt



High level of technological capabilities are required for maintenance and management

■ Maintenance services examples and features

Central surveillance service



Daily measurement service



Regular maintenance service



Solution proposals



Environmental diagnosis service



Disinfection and decontamination service



Identify and fulfill customer needs such as
“Is it possible to create such and such environment?”
 or **“How can we improve the situation?”**,
 rather than
 “How much is required to do such and such operation?”

Related Work / Facility Diagnosis

Our PM (Preventive Maintenance), FM (Facility Management), and RAC (Reform and Construction) divisions, making use of high performance instruments and accumulated data, conduct diagnosis of equipment functioning and performance deterioration of building facilities.

PM (Maintenance Division)

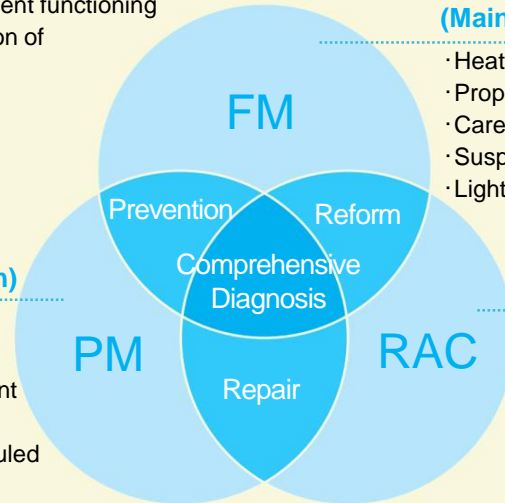
- Safeguarding through routine maintenance
- Restoration through equipment cleaning and repair
- Life extension through scheduled servicing

FM (Maintenance and Management Division)

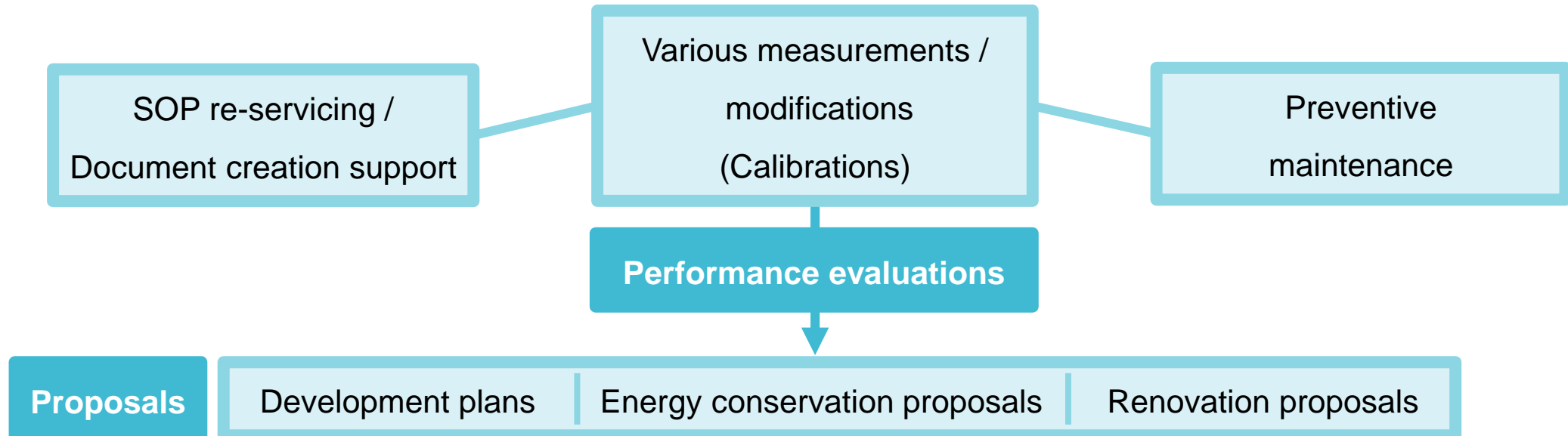
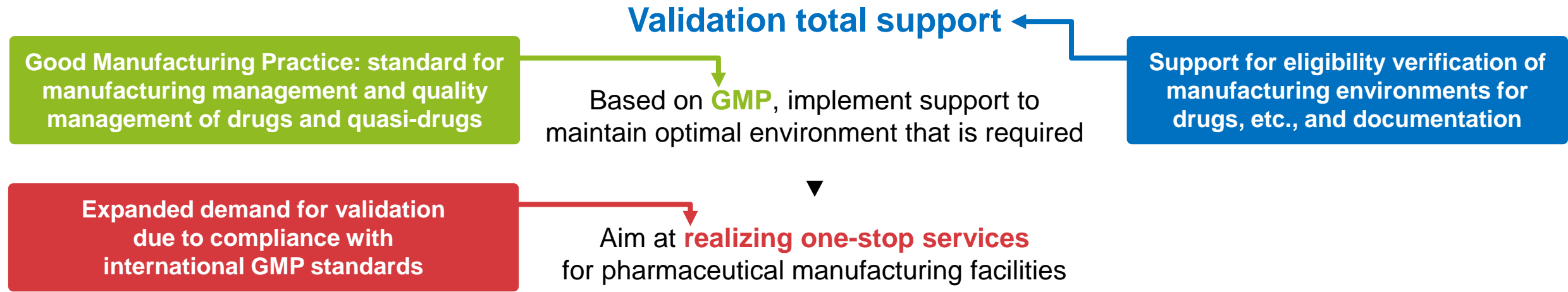
- Heat source operations management
- Proper temperature settings
- Careful management of operating time
- Suspension of unnecessary facility operations
- Lighting management

RAC (Design and Construction Division)

- Introducing energy conservation (equipment updates)
- Transitioning from full space to sectional air conditioning systems (repairs)



■ Validation total support



Tool to make pharmaceutical manufacturing facilities as future core products

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Net sales : **+7.1%**

Operating income : **+19.4%**

Final income : **+5.9%**

* The number shown is the year-on-year growth ratio.

* Final income indicates profit attributable to owners of parent.

■ Management results

(millions of yen, %)

Consolidated (Cumulative period)	FY03/2018			FY03/2019			FY03/2020		
	Amount	Ratio to sales	Year-on-year growth ratio	Amount	Ratio to sales	Year-on-year growth ratio	Amount	Ratio to sales	Year-on-year growth ratio
Net sales	45,467	100.0	+5.4	46,389	100.0	+2.0	49,675	100.0	+7.1
Maintenance service sales	30,792	67.7	+0.3	31,962	68.9	+3.8	32,267	65.0	+1.0
Renovation work construction work volume	14,675	32.3	+17.9	14,427	31.1	(1.7)	17,407	35.0	+20.7
Gross profit on sales	8,224	18.1	+5.4	8,547	18.4	+3.9	9,371	18.9	+9.6
Selling, general and administrative expenses	5,743	12.6	+6.1	5,946	12.8	+3.5	6,265	12.6	+5.4
Operating income	2,481	5.5	+3.6	2,600	5.6	+4.8	3,105	6.3	+19.4
Ordinary income	2,579	5.7	+3.9	2,725	5.9	+5.7	3,215	6.5	+18.0
Profit attributable to owners of parent	1,561	3.4	+4.2	1,792	3.9	+14.8	1,899	3.8	+5.9

■ On management results for fiscal year ended March 2020 (Net sales recorded an all-time-high for the ninth straight year and operating income recorded an all-time-high for the sixth straight year)

- (1) Net sales: Increased thanks to contribution from increase of renovation work at mainly manufacturing plants and hospitals, increase of solar panel installation work, and increase of air conditioner installation work in elementary and junior high schools, etc.
- (2) Gross profit margin: Increased due to improvement of completed construction gross profit margin, despite increase in ratio of renovation work to net sales, which has a lower profit ratio compared to maintenance services. (Maintenance services gross profit margin: 21.0%, completed construction gross profit margin: 14.9%)
- (3) Selling, general and administrative expenses: Increased mainly due to increase of personnel expenses, etc.
- (4) Operating income / ordinary income: Increased due to increase of gross profit on sales, etc.
- (5) Profit attributable to owners of parent: Increased due to increase of operating income, etc.

* Although we made the segment into a single one from the fiscal year ended March 2011, here it is indicated for each type.

■ The achievement rate to the plan

(millions of yen, %)

Consolidated (Cumulative period)	FY03/2018			FY03/2019			FY03/2020		
	4Q Amount (Result)	4Q Amount (Forecast)	achievement rate as of 4Q	4Q Amount (Result)	4Q Amount (Forecast)	achievement rate as of 4Q	4Q Amount (Result)	4Q Amount (Forecast)	achievement rate as of 4Q
Net sales	45,467	44,000	103.3	46,389	48,000	96.6	49,675	48,000	103.5
Maintenance service sales	30,792	31,500	97.8	31,962	33,000	96.9	32,267	33,000	97.8
Renovation work construction work volume	14,675	12,500	117.4	14,427	15,000	96.2	17,407	15,000	116.1
Gross profit on sales	8,224	7,970	103.2	8,547	8,500	100.6	9,371	8,650	108.3
Selling, general and administrative expenses	5,743	5,570	103.1	5,946	6,000	99.1	6,265	6,000	104.4
Operating income	2,481	2,400	103.4	2,600	2,500	104.0	3,105	2,650	117.2
Ordinary income	2,579	2,500	103.2	2,725	2,600	104.8	3,215	2,750	116.9
Profit attributable to owners of parent	1,561	1,500	104.1	1,792	1,600	112.1	1,899	1,750	108.5

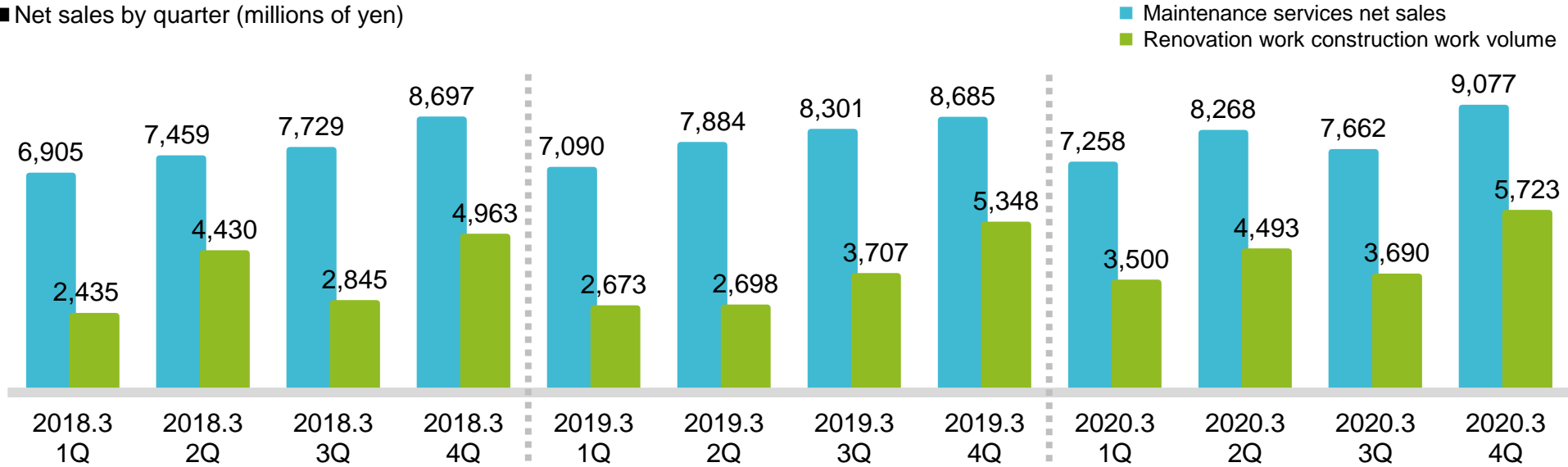
■ On achievement ratio of results forecast for fiscal year ended March 2020 (both net sales and operating income achievement ratios are greater than the forecast)

- (1) Net sales: Although maintenance services were below the forecast [-2.2%], due to an increase of renovation work [+16.1%], the achievement rate was greater than the forecast by 3.5%.
- (2) Gross profit on sales: Achievement rate was greater than the forecast by 8.3% due to increase of net sales and improvement of completed construction gross profit margin.
- (3) Selling, general and administrative expenses: Achievement rate was greater than the forecast by 4.4% primarily due to increase of personnel expenses, etc.
- (4) Operating income/ordinary income: Achievement rate was greater than the forecast by 17.2% for operating income, and by 16.9% for ordinary income, due to increase of gross profit on sales, etc.
- (5) Profit attributable to owners of parent: Achievement rate was greater than the forecast by 8.5% due to increase of gross profit on sales, etc., despite the fact that factors for reduction of tax payments, which existed in the fiscal year ended March 2019, were absent.

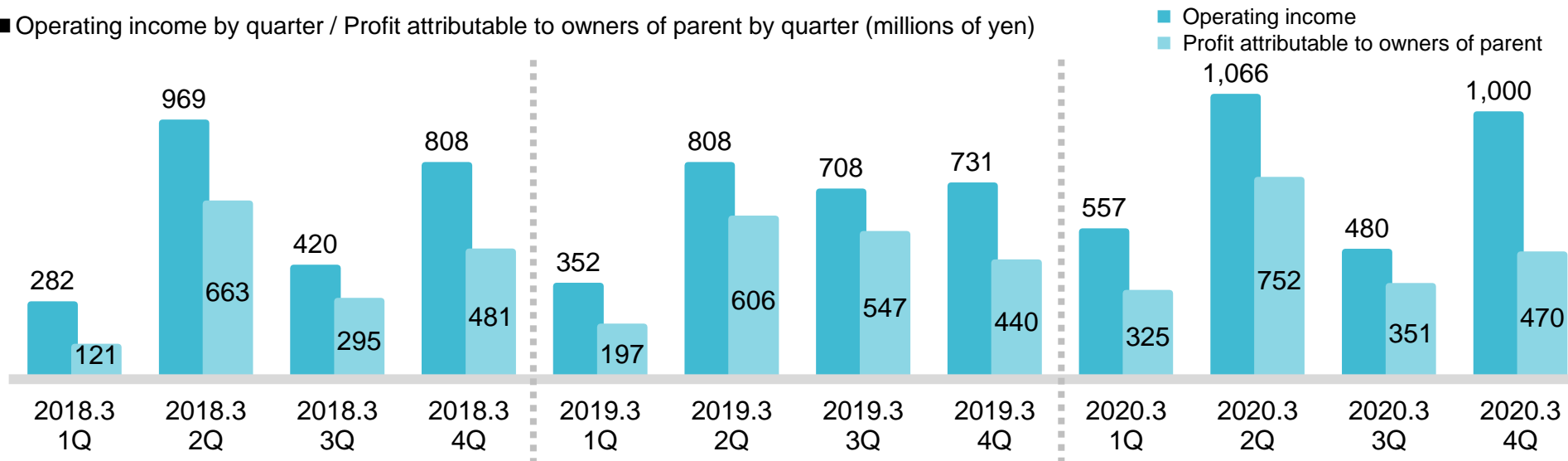
* Although we made the segment into a single one from the fiscal year ended March 2011, here it is indicated for each type.

II. Financial Highlights for the Year Ended March 2020 4/10

■ Net sales by quarter (millions of yen)



■ Operating income by quarter / Profit attributable to owners of parent by quarter (millions of yen)



■ Year-on-year growth ratio(4Q)

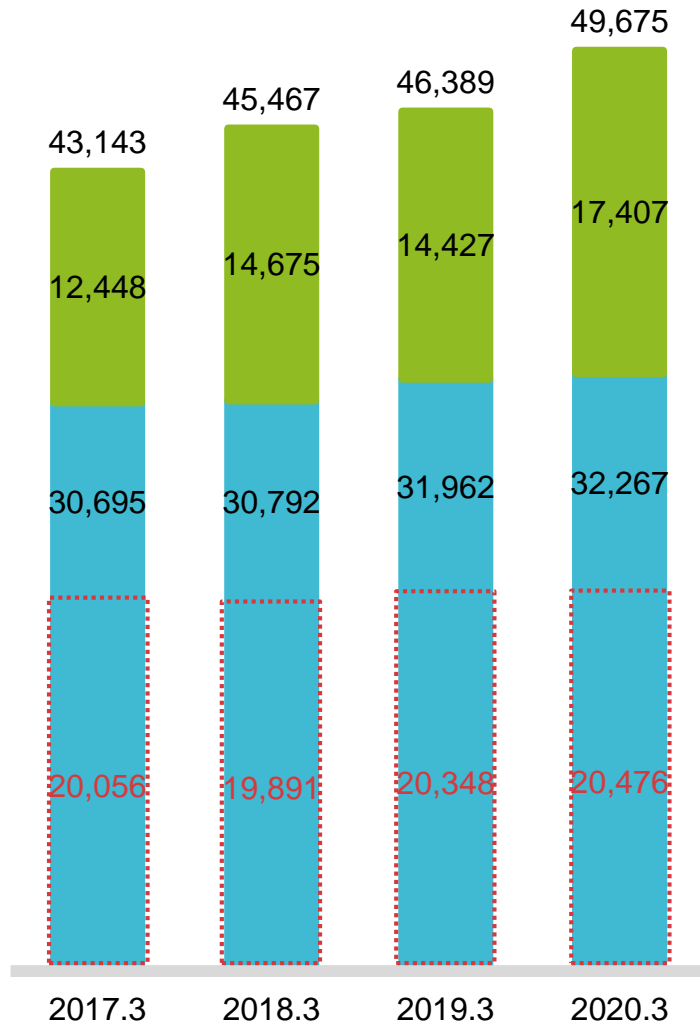
- (1) Net sales
+766 million yen
+5.5%
- (2) Maintenance services net sales
+391 million yen
+4.5%
- (3) Renovation work construction work volume
+374 million yen
+7.0%
- (4) Operating income
+269 million yen
+36.9%
- (5) Operating income to sales
5.2% ⇒ 6.8%
+1.6%pt
- (6) Profit attributable to owners of parent
+29 million yen
+6.7%

* Although we made the segment into a single one from the fiscal year ended March 2011, here it is indicated for each type.

II. Financial Highlights for the Year Ended March 2020 5/10

■ Net sales (millions of yen)

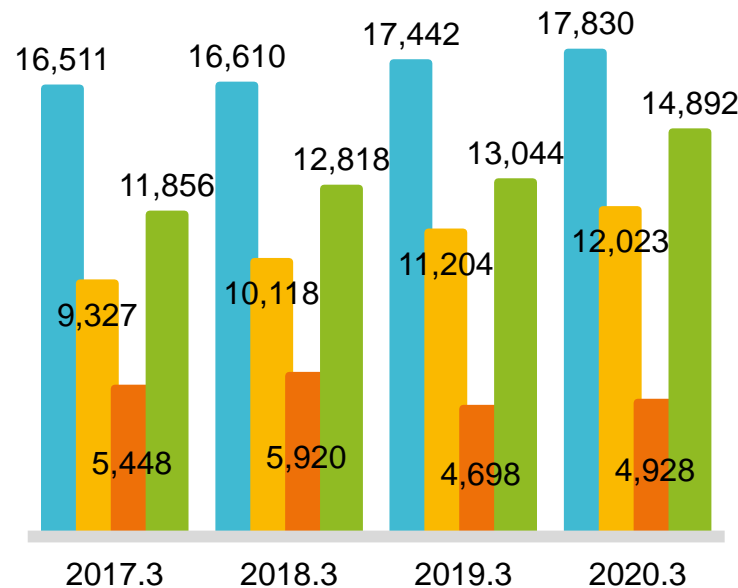
- Maintenance services net sales
(inside dotted line frame, annual contract sales)
- Renovation work construction work volume



- (1) For hospitals and research facilities, and manufacturing plants, etc., increased mainly due to favorable status of renovation work and spot maintenance.
- (2) For other special facilities, increased mainly due to favorable status of solar panel installation work.
- (3) For office buildings, etc., increased mainly due to increase of air conditioner installation work in elementary and junior high schools.
- (4) For government agencies, increased mainly due to increase of hospitals and research facilities, and office buildings, etc.
- (5) For private sector, increased mainly due to increase of manufacturing plants, etc. and other special facilities.

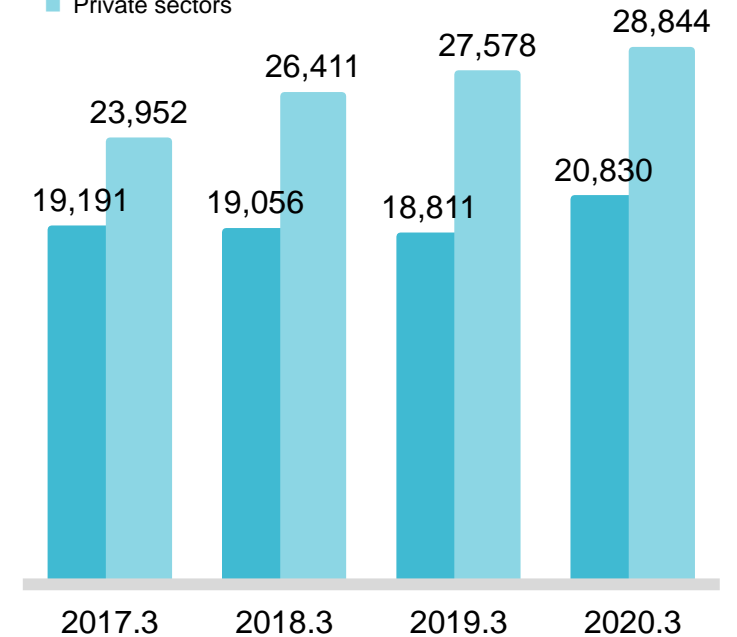
■ Net sales by facilities of which services are entrusted (millions of yen)

- Hospitals and research facilities
- Manufacturing plants, etc.
- Other special facilities
- Office buildings, etc.



■ Net sales by public and private sectors (millions of yen)

- Government agencies
- Private sectors

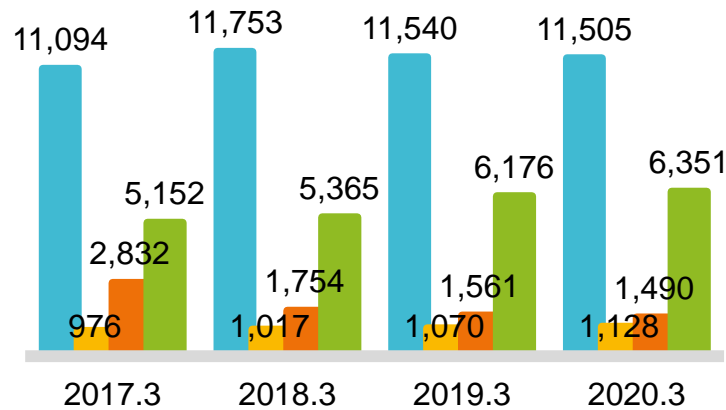


* Although we made the segment into a single one from the fiscal year ended March 2011, here it is indicated for each type.

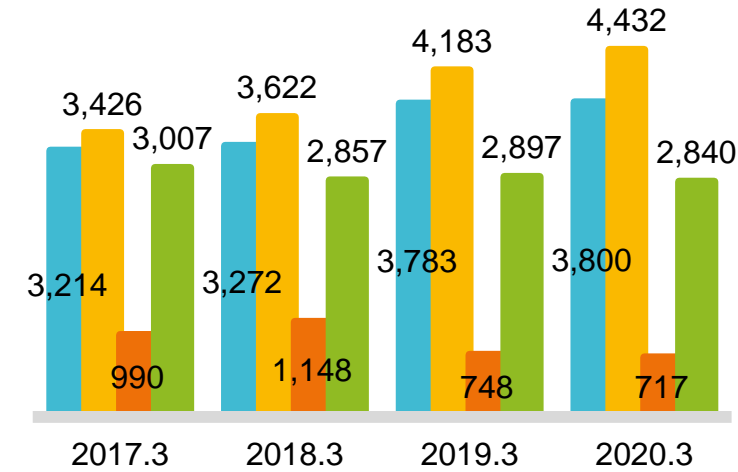
II. Financial Highlights for the Year Ended March 2020 6/10

■ Net sales by facilities of which services are entrusted (millions of yen)

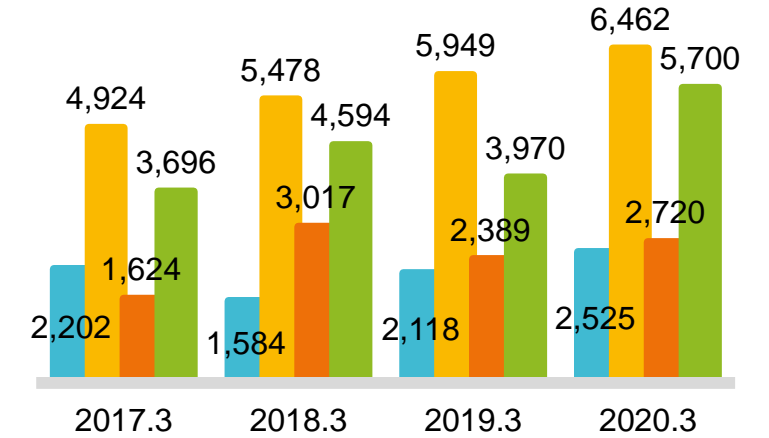
■ Hospitals and research facilities ■ Manufacturing plants, etc.
 ■ Other special facilities ■ Office buildings, etc.



■ Maintenance services net sales by facilities of which services are entrusted (millions of yen)

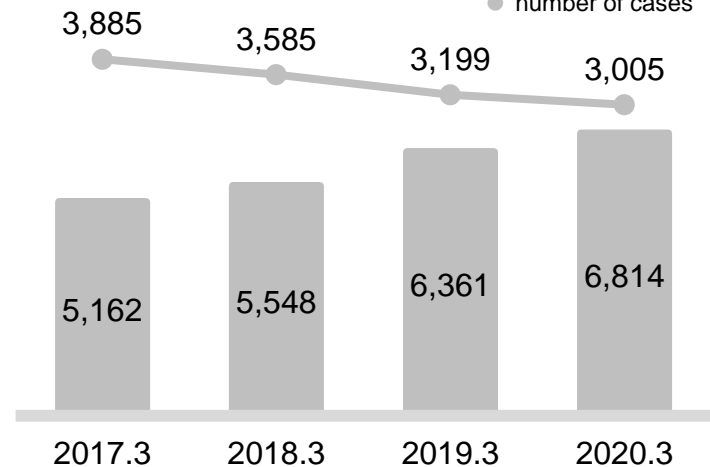


■ Renovation work construction work volume by facilities of which services are entrusted (millions of yen)

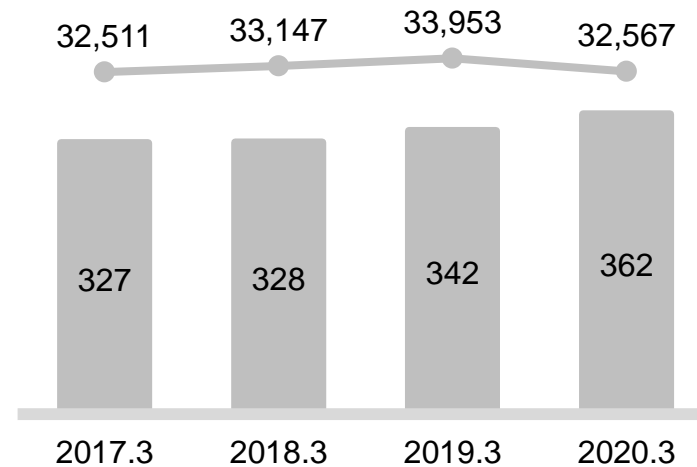


■ Annual contract average unit price (thousands of yen) / number of cases (cases)

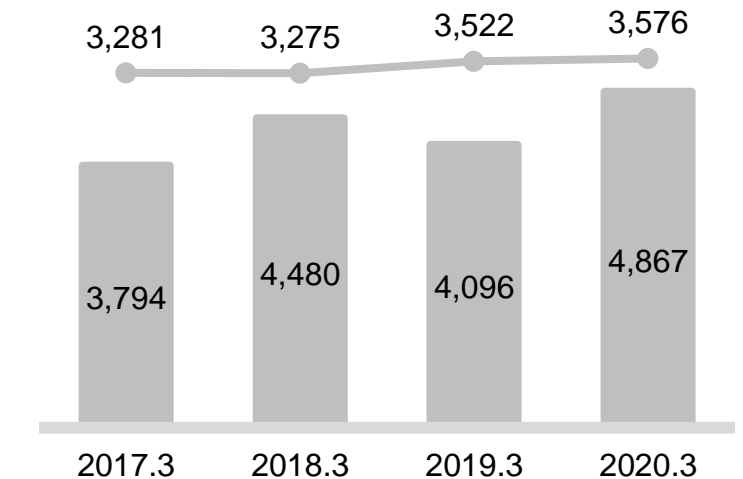
■ average unit price
 ● number of cases



■ Spot maintenance, etc. average unit price (thousands of yen) / number of cases (cases)



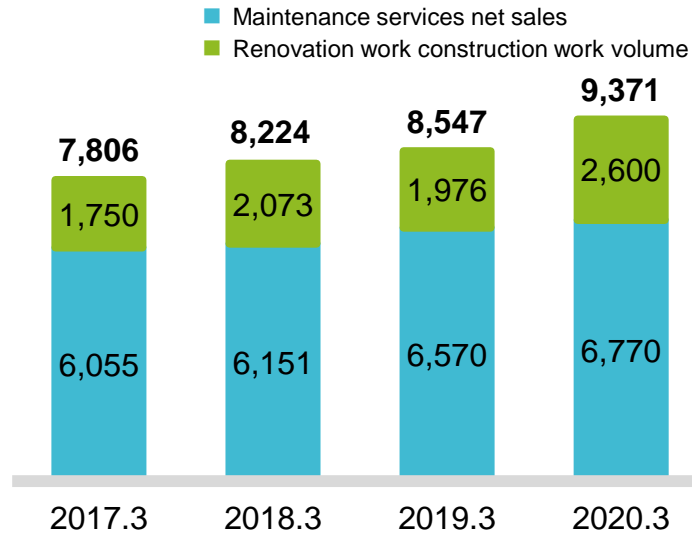
■ Renovation work average unit price (thousands of yen) / number of cases (cases)



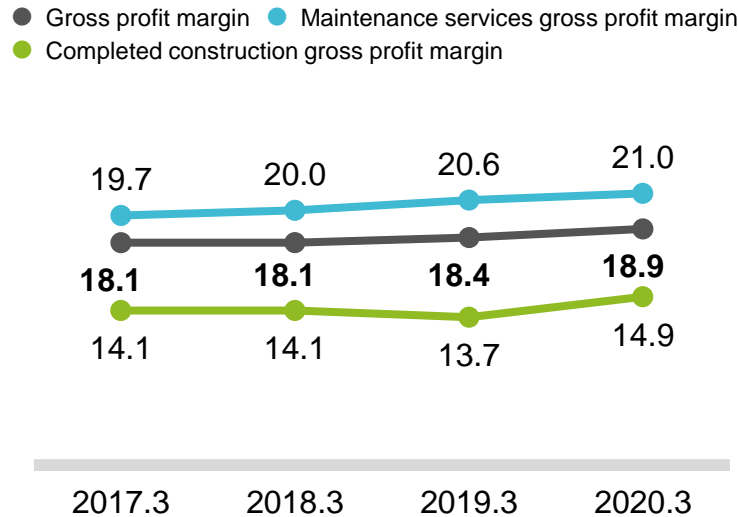
* Although we made the segment into a single one from the fiscal year ended March 2011, here it is indicated for each type.

* Average unit price and number of cases (construction number base) only count domestic ones.

■ Gross profit on sales (millions of yen)



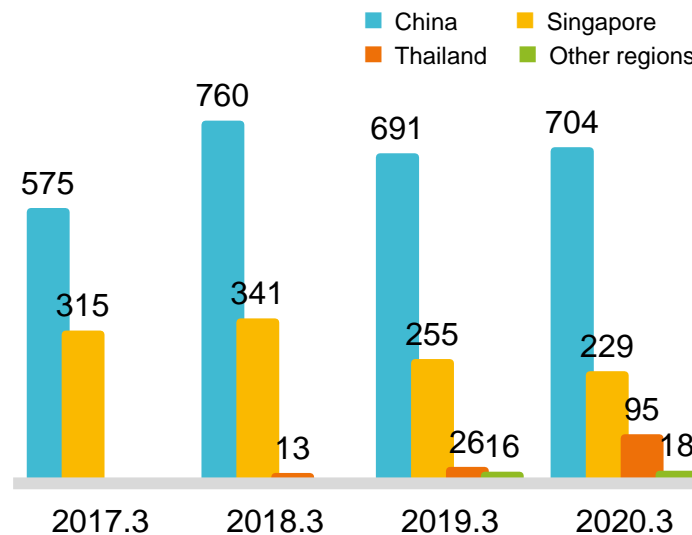
■ Gross profit margin (%)



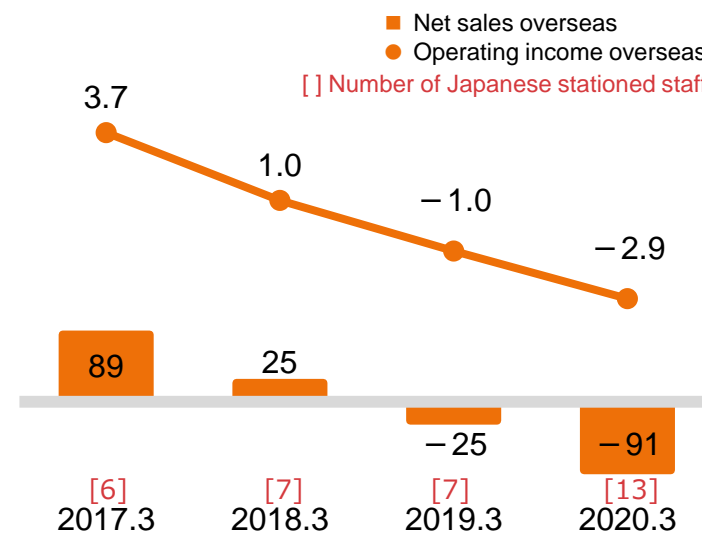
On gross profit on sales

- (1) Gross profit-maintenance service sales has trended stably.
- (2) Although renovation work, which has lower profit margin compared to maintenance service, increased, total gross profit margin was maintained due to improvement of gross profit-completed construction.

■ Net sales overseas by region (millions of yen)



■ Net sales overseas/ operating income overseas (millions of yen)



On overseas results

- (1) For China, the results remain favorable.
- (2) For Singapore, there have been difficulties due to various environmental changes.
- (3) For Thailand, the numbers increased steadily due to increased needs for proposals with high-added value, such as energy saving.
- (4) For other regions at present it is just seed-planting stage.
- (5) Although operating income deficit expands due to personnel expenses, etc. of Japanese stationed staff, achievement of profitability is aimed by further expansion of customers in the future.

* "Other regions" of net sales overseas by region are Bangladesh, Malaysia, Vietnam and Myanmar.

* The Number of Japanese stationed staff is as of the end of March of each fiscal year.

Problems held by Japanese companies that are expanding overseas



**Repeat of weak capital investment
that did not result in solving problems fundamentally**

<Current Status and Issues>

In-house handling
or
Use of local suppliers

- × Unconcern over state of equipment deterioration
- × Place priority on manufacturing equipment rather than utility equipment
- × One step behind in efforts such as energy saving
- × Cannot act flexibly on manufacturing loads or requirements
- × Cannot make use of utility equipment for constraining cost

<Solutions by the Company>

Solution capabilities
&
Total support capabilities

- Making proposals for renovation plans aiming at life cycle cost reduction
- Making energy saving proposals due to which reduction effects can be expected
- Making unique proposals which are required for needs of each customer



Aim at differentiation from local companies, and improvement of customer satisfaction levels

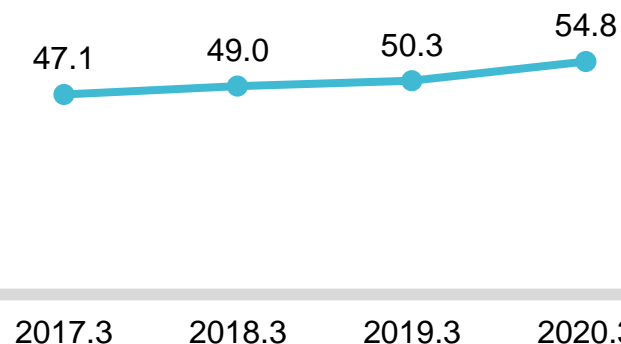
II. Financial Highlights for the Year Ended March 2020 9/10

■ Financial position

(millions of yen, %)

Consolidated (as of the end of period)	FY03/2019		FY03/2020	
	Amount	Year-on-year growth ratio	Amount	Year-on-year growth ratio
Current assets	20,225	+6.5	19,593	(3.1)
Fixed assets	13,719	(0.5)	13,416	(2.2)
Total assets	33,944	+3.6	33,009	(2.8)
Interest-bearing debts	1,790	(22.4)	1,727	(3.5)
Other liabilities	14,746	+4.4	12,821	(13.1)
Total liabilities	16,537	+0.6	14,549	(12.0)
Total net assets	17,407	+6.5	18,459	+6.0

■ Capital adequacy ratio (%)

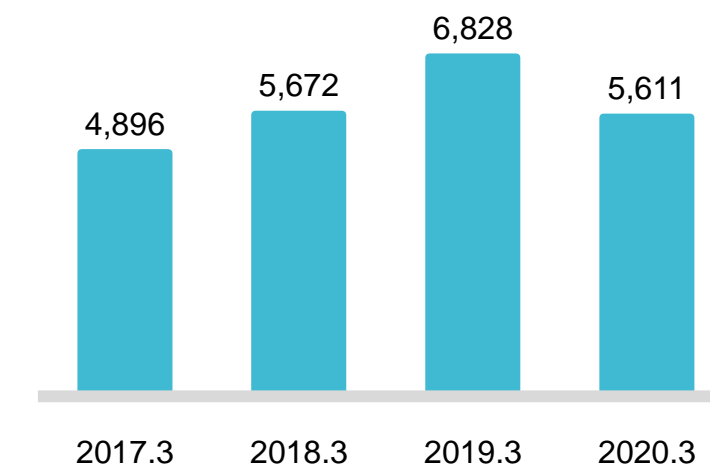


■ Status of cash flows

(millions of yen, %)

Consolidated (Cumulative period)	FY03/2019		FY03/2020	
	Amount	Year-on-year growth ratio	Amount	Year-on-year growth ratio
Cash flows from operating activities	2,655	(8.4)	107	(95.9)
Cash flows from investing activities	(127)	+82.2	(302)	(138.3)
Cash flows from financing activities	(1,343)	+9.2	(1,032)	+23.1
Cash and cash equivalent growth	1,155	+59.1	(1,216)	(205.3)
Balance of cash and cash equivalent at beginning of the period	5,672	+15.9	6,828	+20.4
Balance of cash and cash equivalent at end of the period	6,828	+20.4	5,611	(17.8)

■ Balance of cash and cash equivalent at end of the period (millions of yen)



* The main reason for the decrease in cash flow from operating activities in the fiscal year ended March 2020 was a decrease in funds due to accounts payable decreasing by 2,265 million yen as a result of the change in payment method for outsourcing expenses to cash payment in the months following the applicable outsourcing, from the portion of payment for October, and the like.

II. Financial Highlights for the Year Ended March 2020 10/10

■ Forecast for the fiscal year ending March 2021

(millions of yen, %)

Consolidated (Cumulative period)	FY03/2019			FY03/2020			FY03/2021(Forecast)		
	Amount	Ratio to sales	Year-on-year growth ratio	Amount	Ratio to sales	Year-on-year growth ratio	Amount	Ratio to sales	Year-on-year growth ratio
Net sales	46,389	100.0	+2.0	49,675	100.0	+7.1	49,000	100.0	(1.4)
Maintenance service sales	31,962	68.9	+3.8	32,267	65.0	+1.0	32,000	65.3	(0.8)
Renovation work construction work volume	14,427	31.1	(1.7)	17,407	35.0	+20.7	17,000	34.7	(2.3)
Gross profit on sales	8,547	18.4	+3.9	9,371	18.9	+9.6	9,000	18.4	(4.0)
Selling, general and administrative expenses	5,946	12.8	+3.5	6,265	12.6	+5.4	6,200	12.7	(1.0)
Operating income	2,600	5.6	+4.8	3,105	6.3	+19.4	2,800	5.7	(9.8)
Ordinary income	2,725	5.9	+5.7	3,215	6.5	+18.0	2,900	5.9	(9.8)
Profit attributable to owners of parent	1,792	3.9	+14.8	1,899	3.8	+5.9	1,750	3.6	(7.9)

■ On the results forecast for the fiscal year ending March 2021 (forecast of decrease in profit and income)

- (1) Assuming that the impact of the Covid-19 infection will continue throughout the first half of the year, the net sales forecast before consideration of the relevant impact, 51,000 million yen, is changed to a forecast of a decrease by 2,000 million yen.
- (2) As for operating income as well, first the Company projected it would be the same as the previous year before consideration of the relevant impact, and now the Company is re-forecasting a decrease in income of 300 million yen due to decrease in net sales and increase of personnel expenses, etc.
- (3) As for annual contracts that account for approx. 40% of net sales, not much of an impact is expected.
- (4) As for recent dates, there are impacts from postponement or cancellation of operations as for spot maintenance and renovation work outside of annual contracts.
- (5) New sales are difficult in such a situation where visiting customers' facilities is restricted.
- (6) There are areas overseas where business activities are restricted due to lockdown, etc. regulations in individual countries.

* Although we made the segment into a single one from the fiscal year ended March 2011, here it is indicated for each type.

- I. Overview and Strength of Nippon Air Conditioning Group
- II . Financial Highlights for the Fiscal Year Ended March 2020
- III. 2019 Five-Year Mid-Term Management Plan**
- IV. Stock-Related Information

「2019 Five-Year Mid-Term Management Plan」

Net sales : **55,000** million yen

Operating income : **3,000** million yen

EPS : **54** yen

Long-term vision: “To make all our stakeholders happier”

Customers

Provision of high-added value services

Employees

Improvement of satisfaction level and technological capabilities

Shareholders

Implementation of stable returns

■ Toward fiscal year ending March 2029 (FY2020/3 ▶ FY2024/3 ▶ FY2029/3)

* We consider improvement of happiness for customers, employees and shareholders will result in enhanced value for overall society and improvement of happiness of all stakeholders.

<p>1 To provide high-quality services, and build up our one-stop service offering, for facilities that need to maintain a special environment</p>	<p>E Ratio of sales of facilities that have special environment 70.0% ▶ 75% ▶ 80% or higher</p>	<p>4 Providing more intensive training for skilled technicians</p>	<p>S Technological capabilities index 20.0pt ▶ 20pt ▶ 22P or higher</p>
<p>2 Making overseas advance bases profitable at early point Promotion of new customer exploration by reinforcement of technological capability and proposal capabilities.</p>	<p>E Ratio of operating income overseas -2.9% ▶ 5% ▶ 10% or higher</p>	<p>5 Broadening the scope of our business in Japan and overseas Proactively recruiting foreign-national employees by running our business on a more global scale.</p>	<p>S Number of employees of foreign nationality 148 ▶ 150 ▶ 200 or more employees</p>
<p>3 Improving the job satisfaction of our employees Promotion of various projects with keywords of “recruitment,” “working styles,” and “increasing efficiency”</p>	<p>S Employee satisfaction levels 65.9% ▶ 70% ▶ 80% or higher</p>	<p>6 Increase of operating income and net income per share</p>	<p>G EPS 54.02円 ▶ 54円 ▶ 60 yen or higher</p>
		<p>7 Maintaining ROE</p>	<p>G ROE 10.8% ▶ 10% ▶ maintained at 10% or higher</p>

* Seven medium-to-long term issues are related to all individual ESG items, and items that are considered to have especially strong relevance are indicated under “E: Environment,” “S: Society” and “G: Governance.”

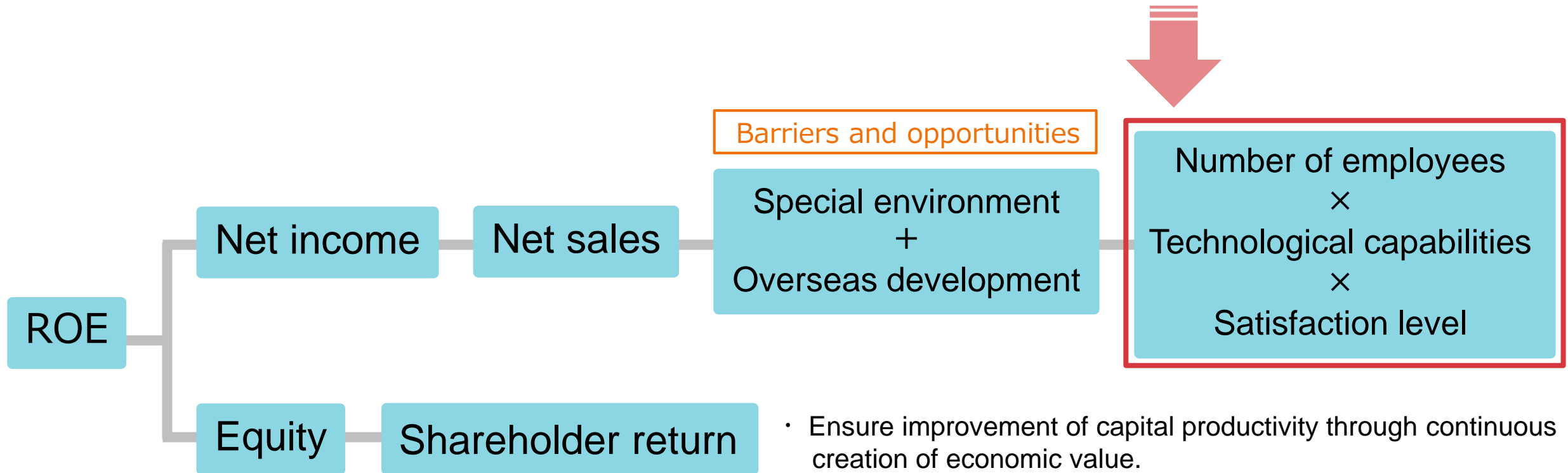
■ Raising our overall social value

<p>E Environment</p>	<p>Reducing the environmental burden of our core business (i.e. maintenance)</p>	<p>S Society</p>	<p>Helping to revitalize society through job creation in Japan and overseas as part of our diversity effort</p>	<p>G Governance</p>	<p>Raising our corporate value through continuous improvement of our corporate governance</p>
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* Facilities that have special environments indicates “hospital and research facilities,” “manufacturing plants, etc.,” and “other special facilities.”
* Technological capability index is calculated by “Technological type official qualification acquisition number x qualification score (the Company’s standard) / number of technology-related employees.”

* Employee satisfaction level is calculated based on results of employee satisfaction level survey implemented by the Company.
* Number of employees with foreign nationality means number of employees of foreign nationality in the Company and overseas Group companies.

The most important point toward achievement of long-term vision is enhancement of **human resources value**.

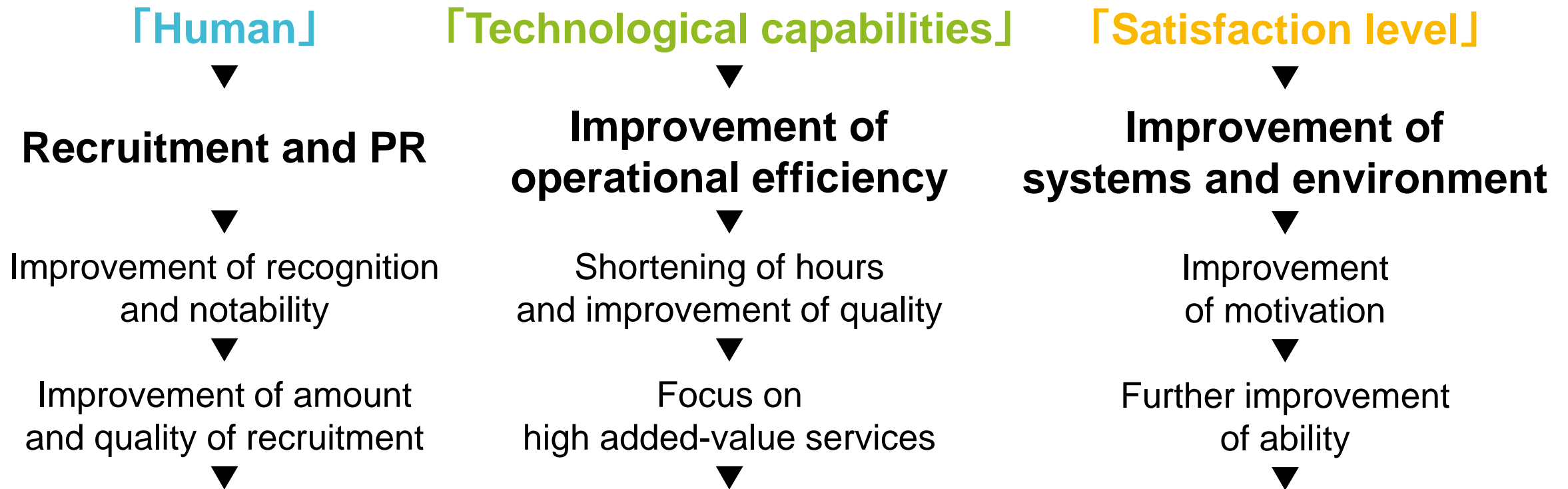


- Ensure improvement of capital productivity through continuous creation of economic value.
- Strive to implement shareholder return with awareness of dividend-on-equity ratio.
- Aim at shareholder equity cost reduction due to enhancement of shareholder return and reinforcing IR activities.

* ROE Tree development is based on the Company's notions.

Promote three projects aiming at enhancing **human resources value**

Human resources



Linked to **future financial and non-financial capital**

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Implementation of stable returns

Payout ratio : **50%**

ROE : **10%**

Maintain dividend payout ratio of 50% by enhancing capital productivity



Implementation of shareholder return with awareness of dividend on equity ratio

■ Return On Equity (%)



■ Payout ratio (%)



■ Dividend on equity ratio (%)

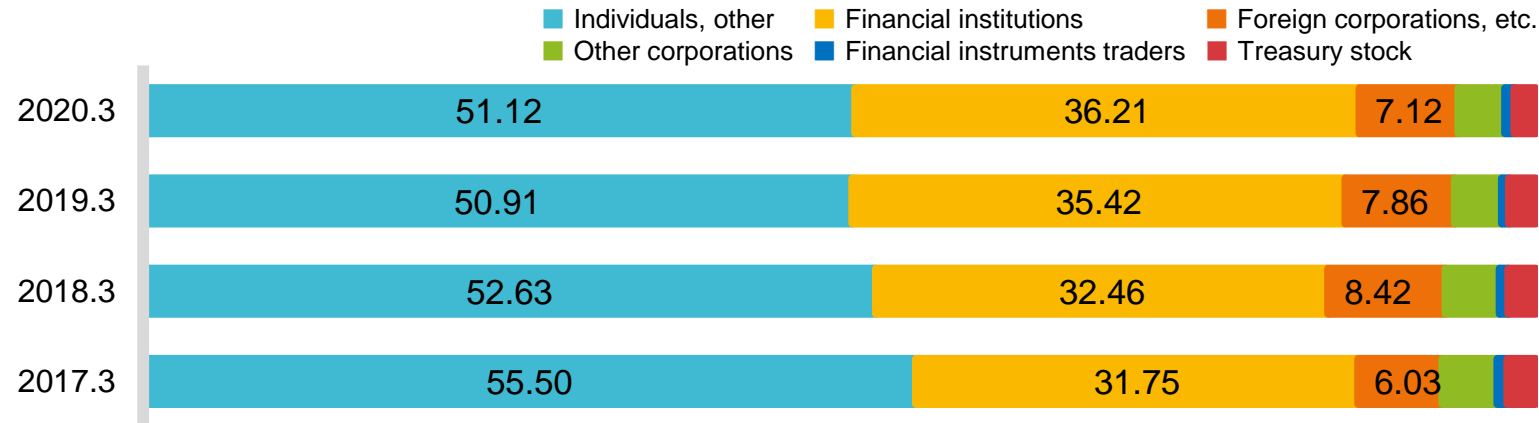


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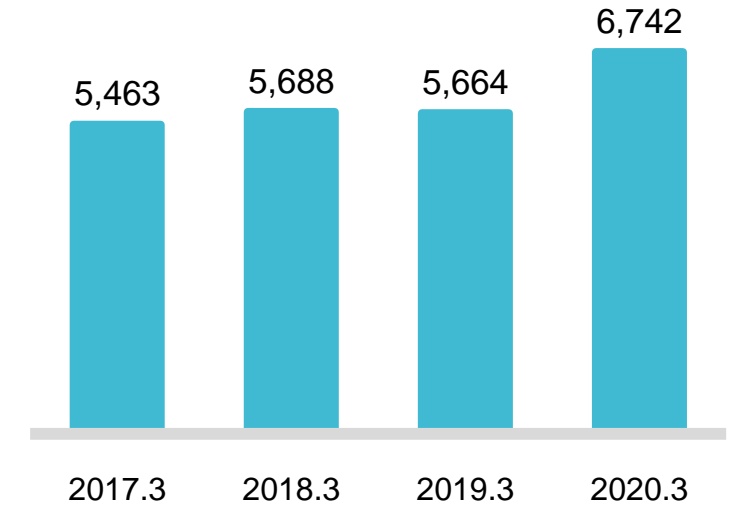
2017.3 2018.3 2019.3 2020.3 2021.3

2017.3 2018.3 2019.3 2020.3

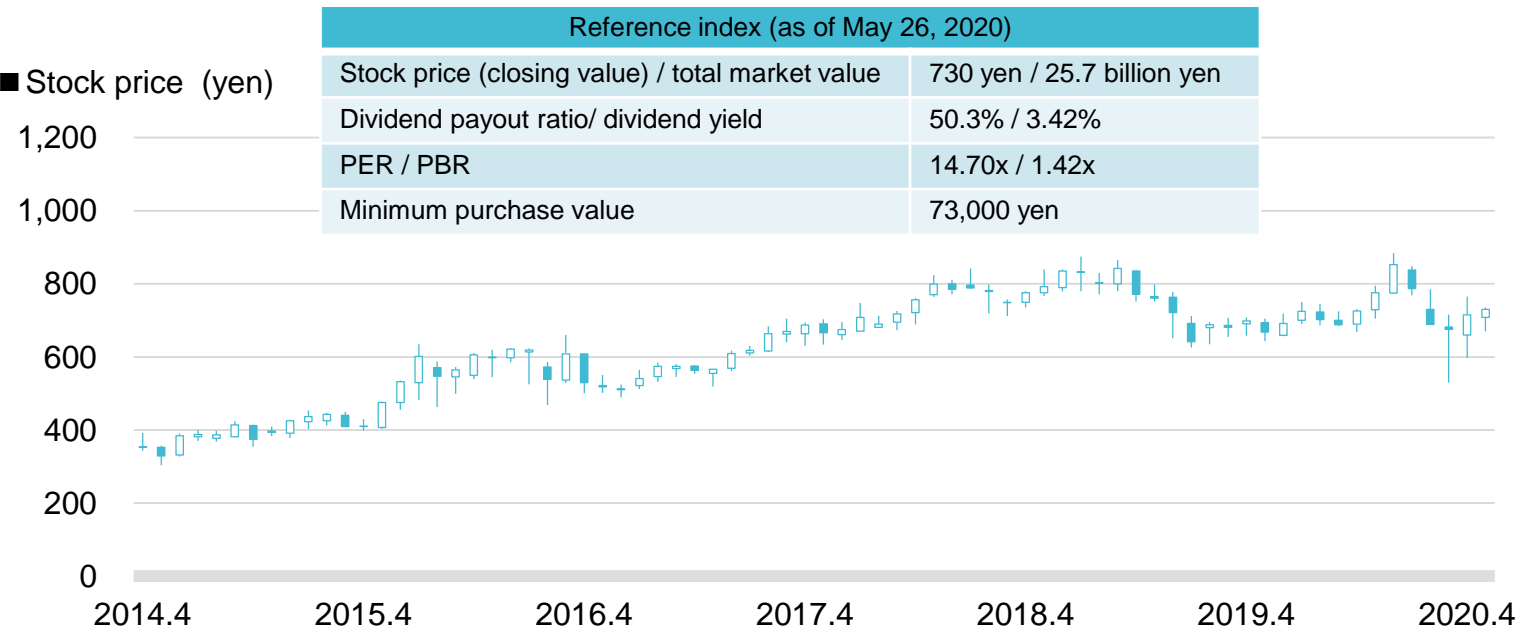
■ Status of distribution of shares by owners (%)



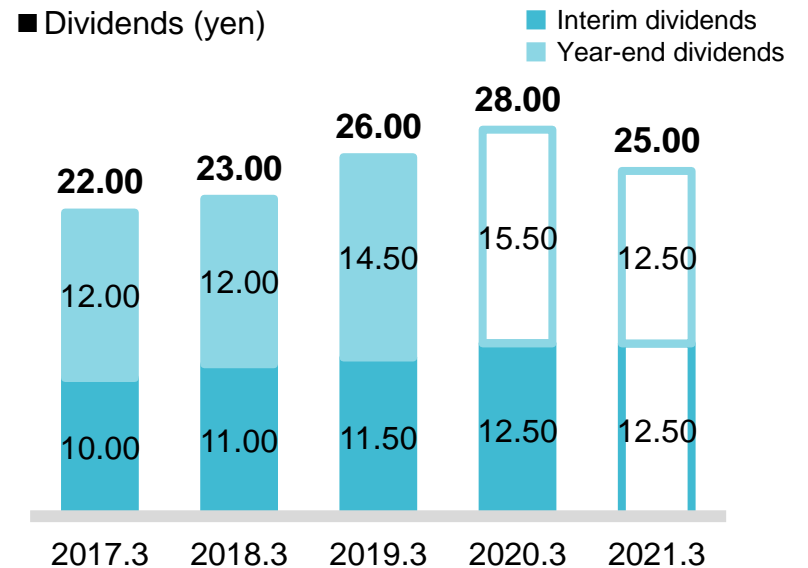
■ Number of shareholders (persons)



■ Stock price (yen)



■ Dividends (yen)



* For Stock price and dividend per share before March 2016, adjustment is made due to the fact that stock split (1:2) was carried out as of April 1, 2014 and April 1, 2016.

* For PER after April 2020, predicted EPS for the fiscal year ending March 2021 is used, and for PBR, actual BPS for the fiscal year ended March 2020 is used.

* For dividend payout ratio and dividend yield, predicted dividend-related numbers for the fiscal year ending March 2021 are used.

(1) Business model with high barrier for entry

- Over 70% of net sales comes from facilities with special environments
- 2,502 technology-related employees & 47 prefectures and 7 overseas countries

(2) Technological capabilities × solution capabilities × total support capabilities

(3) Stable capital productivity and shareholder return



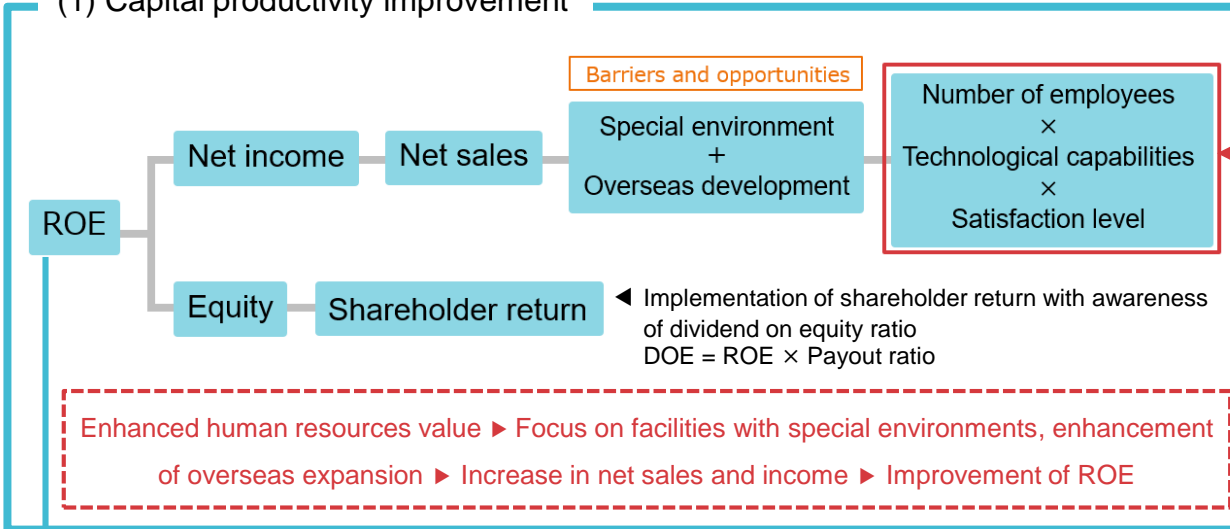
Pharmaceutical
manufacturing facilities

Overseas
expansion

Keys to future growth are **new products** and **new markets**
and enhanced **human resources value**

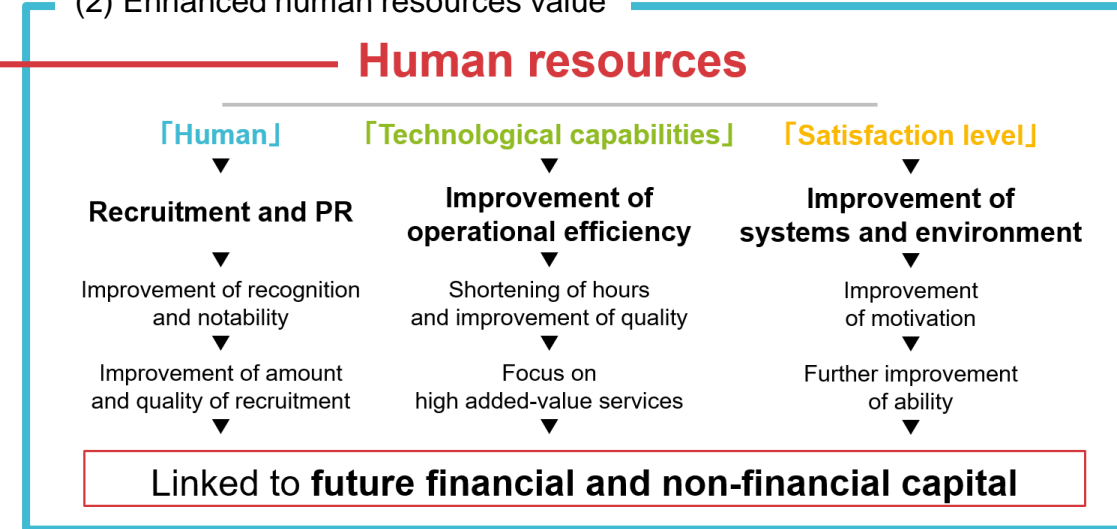
* Facilities that have special environments indicate “hospital and research facilities,” “manufacturing plants, etc.,” and “other special facilities.”

(1) Capital productivity improvement

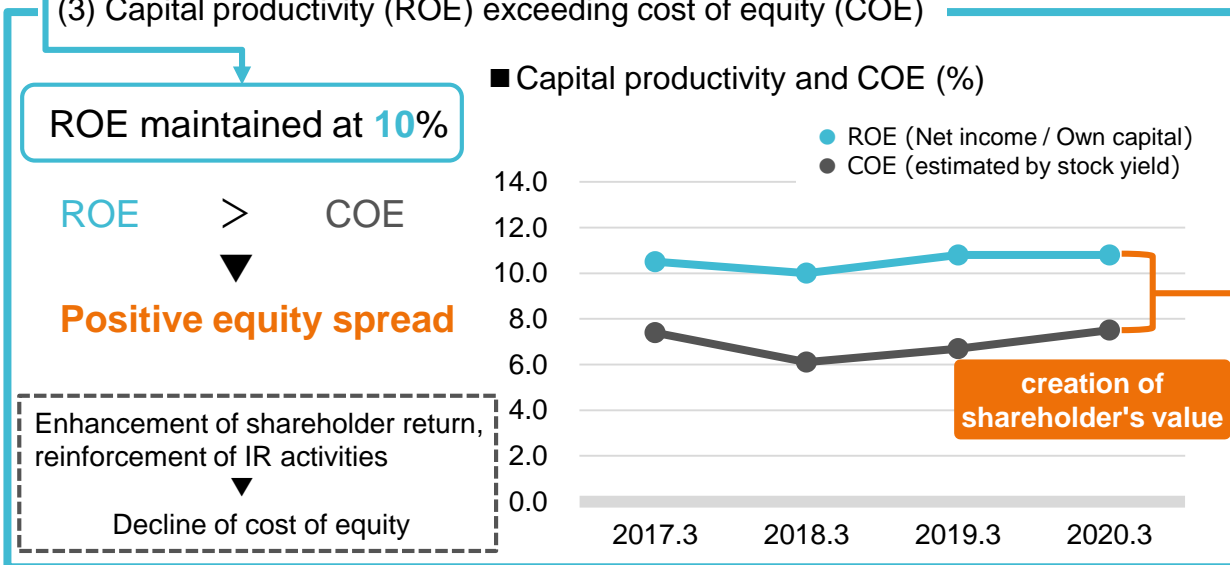


* ROE Tree development is based on the Company's notions. * DOE indicates dividend-on-equity ratio.

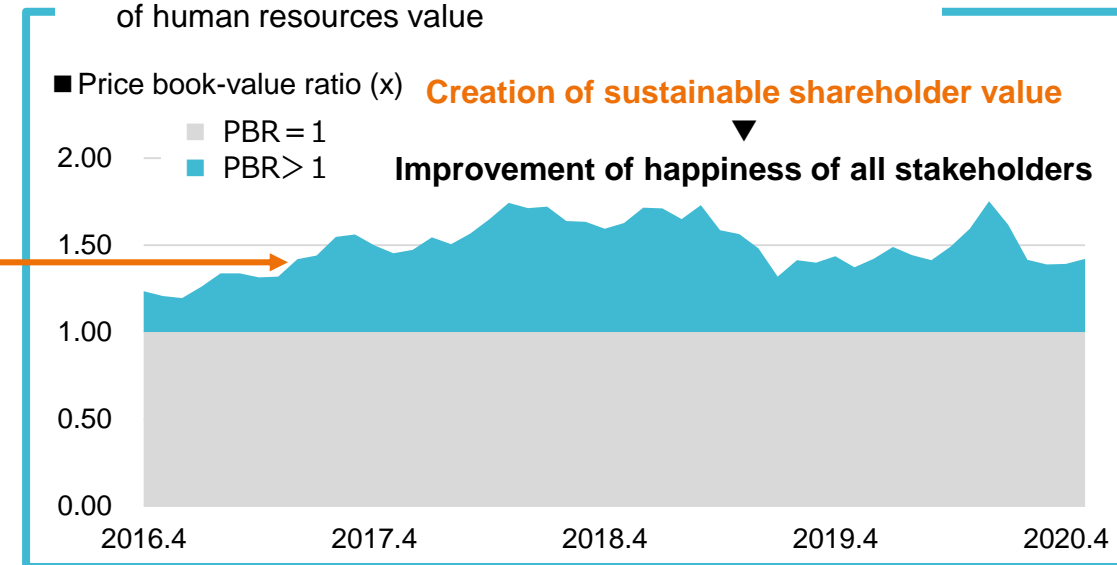
(2) Enhanced human resources value



(3) Capital productivity (ROE) exceeding cost of equity (COE)



(4) Achievement of long-term vision through enhancement of human resources value



* For PBR after April 2019, actual BPS for the fiscal year ended March 2019 is used.

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