



Sansei Landic Co., Ltd.
Financial Results for the
Second Quarter of the Fiscal Year Ending
December 2019

August 22, 2019

Overview of Financial Results for the
Second Quarter of the Fiscal Year Ending December 2019

- Both sales and profits exceeded the plan due to an increase in sales of old unutilized properties.
- In the Construction Business, the recovery in orders from the second half of the previous fiscal year resulted in a significant increase in sales and a decrease in loss.

Net sales	7,701 million yen	Up 12.7% YoY
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Operating income	790 million yen	Down 3.3% YoY
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Ordinary income	750 million yen	Up 0.7% YoY
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Net income	473 million yen	Up 8.9% YoY
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Purchase amount	5,307 million yen	Down 18.3% YoY
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Comparison of Consolidated Income Statement



- Sales and gross profit exceeded the plan as sales of leasehold land exceeded the plan, despite sales of old unutilized properties falling below the plan.
- Personnel expenses increased year-on-year due to an increase in personnel in the previous fiscal year and the current fiscal year.

(Million yen)

	17/2Q	18/2Q	19/2Q		
	Result	Result	Plan	Result	Vs. Plan
Net sales	5,552	6,834	7,530	7,701	170
Gross profit	1,753	2,295	2,223	2,341	117
SGA expenses	1,263	1,478	1,575	1,550	△24
Net sales	490	817	648	790	141
Ordinary income	457	745	586	750	164
Extraordinary loss	29	50	-	-	-
Income taxes	166	259	218	277	58
Net income	261	434	367	473	106

Summary of Consolidated Balance Sheet



- Procurement has been progressed as planned, and property for sale steadily accumulated (12.29 billion yen).

(Million yen)

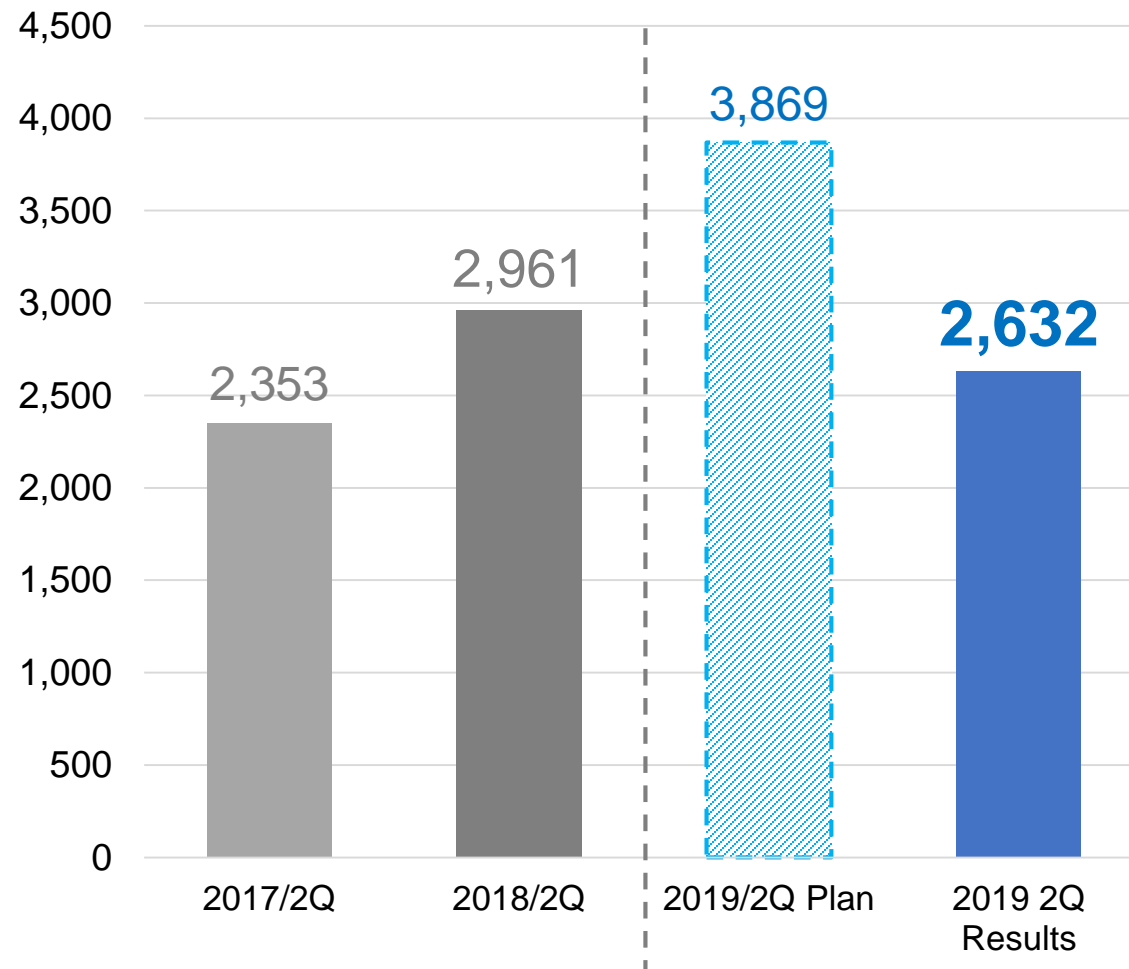
	End-Dec. 2018	End-Jun. 2019		
	Amount	Amount	Vs. end of previous term	Pct. change
Cash and deposits	3,594	2,844	△749	△20.8%
Property for sale	11,678	12,290	+611	+5.2%
Interest-bearing liabilities	6,047	5,777	△270	△4.5%
Net assets	8,907	9,203	+296	+3.3%
Total assets	16,777	16,802	+24	+0.1%
Shareholders' equity ratio	53.1%	54.8%	+1.7pt	-

Results by Business: Leasehold Land



Sales decreased by **11.1%** YoY, largely fell short of the plan.

(Sales: million yen)



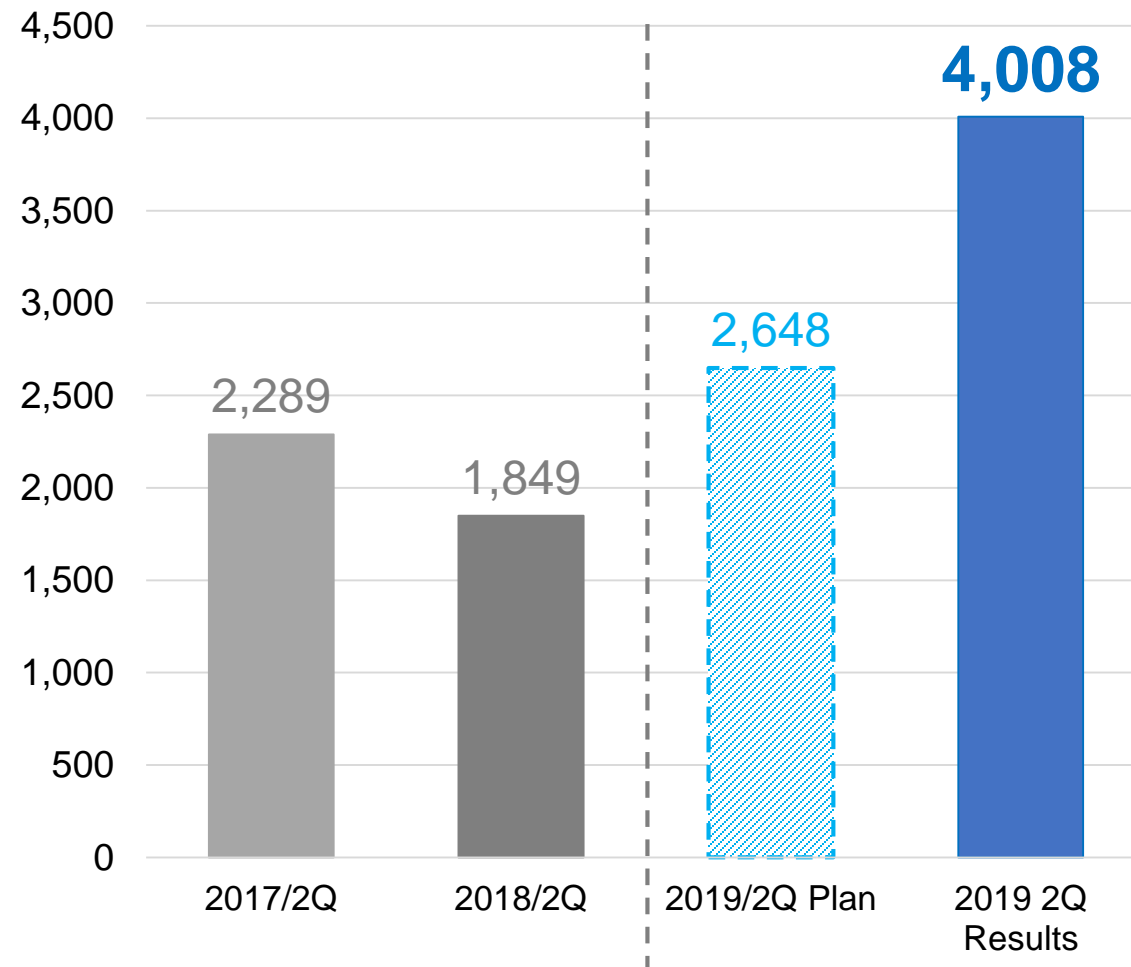
- Sales of purchased properties in the previous fiscal year took more time than expected, resulting in a delay in the timing of sales.
- Decrease in unit sales price compared to the previous fiscal year
- Profit margin went according the plan
- Full-year sales plan: **7.3 billion yen**

Results by Business: Old Unutilized Properties



Sales up by **116.7%** YoY, exceeding the plan by **51.3%**

(Sales: million yen)



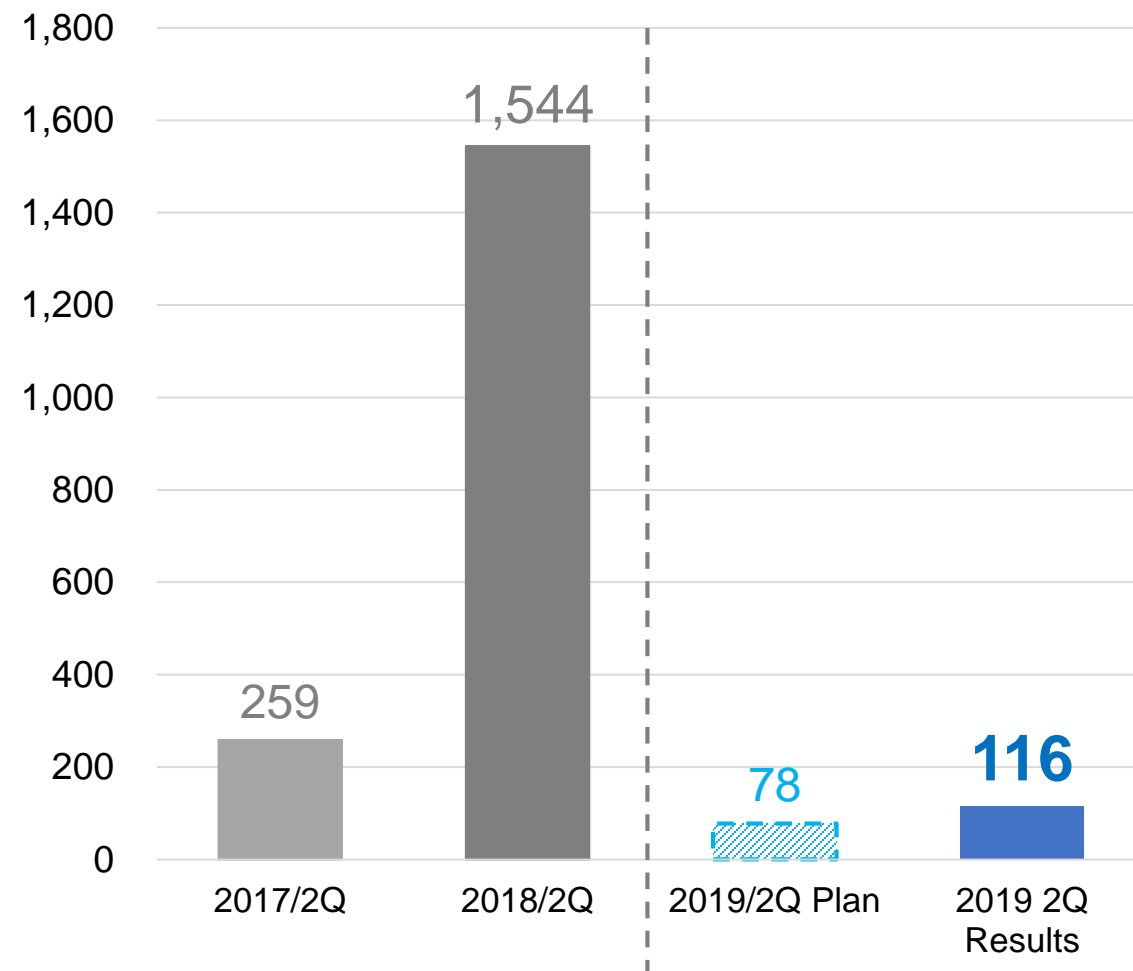
- Sales and profits significantly exceeded the plan, as sales of a large-scale property in the western Japan area, which were scheduled to be sold in the second half, were pushed forward in the first half.
- Profit margins also exceed the plan
- Full-year sales plan: **7.4 billion yen**

Results by Business: Freehold



Sales significantly decreased by **92.5%** YoY, exceeding the plan by **47.3%**

(Sales: million yen)

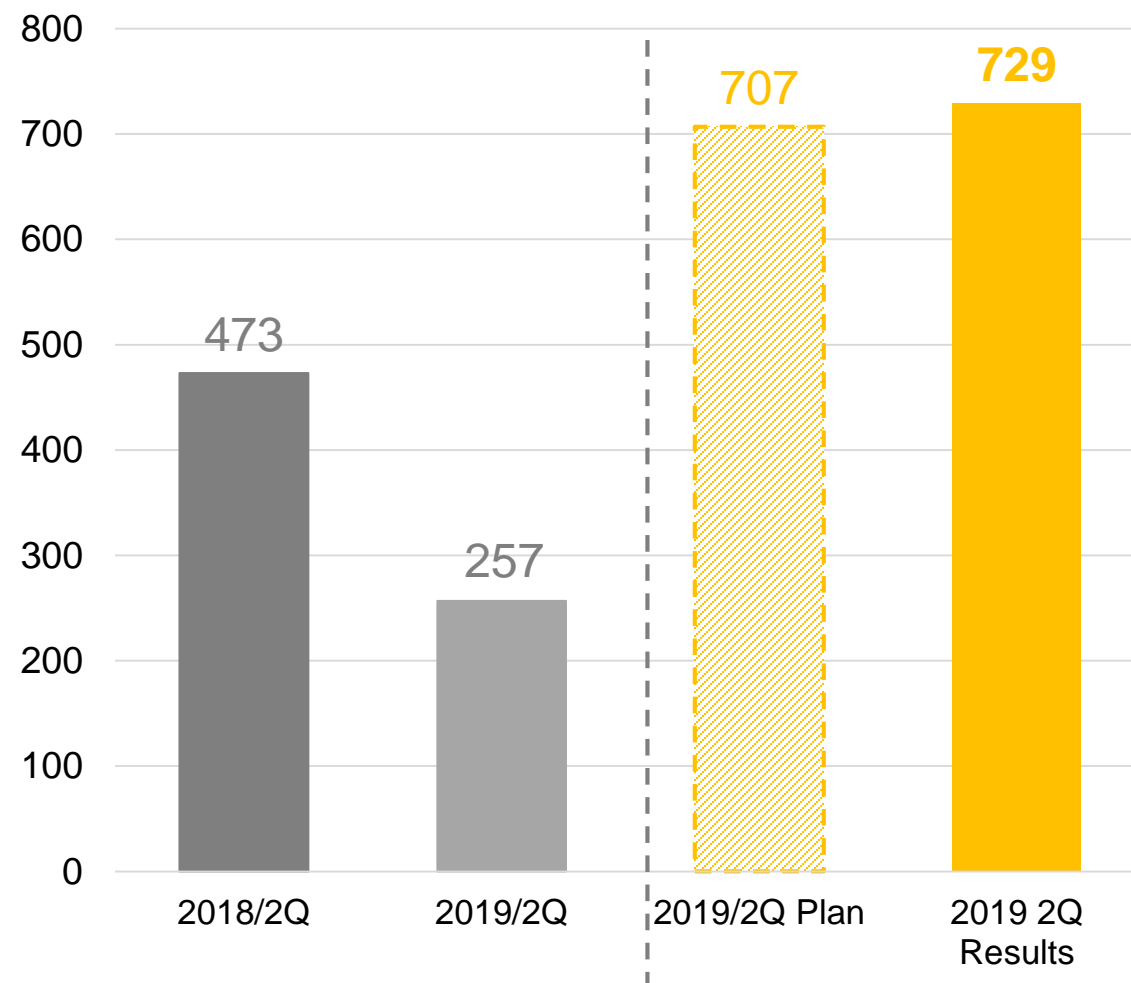


- Both sales and profits exceed the plan
- Significant decline in sales planned for the current fiscal year due to inventory situation at the beginning of the fiscal year
- Full-year sales plan: **900 million yen**

Results by Business: Construction

Sale increased by **182.6%** YoY, exceeding the plan by **3.1%**

(Sales: million yen)



- Significant increase in sales compared with the same period of the previous fiscal year due to recovery in orders from the second half of the previous fiscal year
- Significant increase in orders received and order backlog due to revision of sales strategy and the rush in demand prior to the consumption tax hike
- Lower fixed costs due to relocation of headquarters and closure of exhibition sites

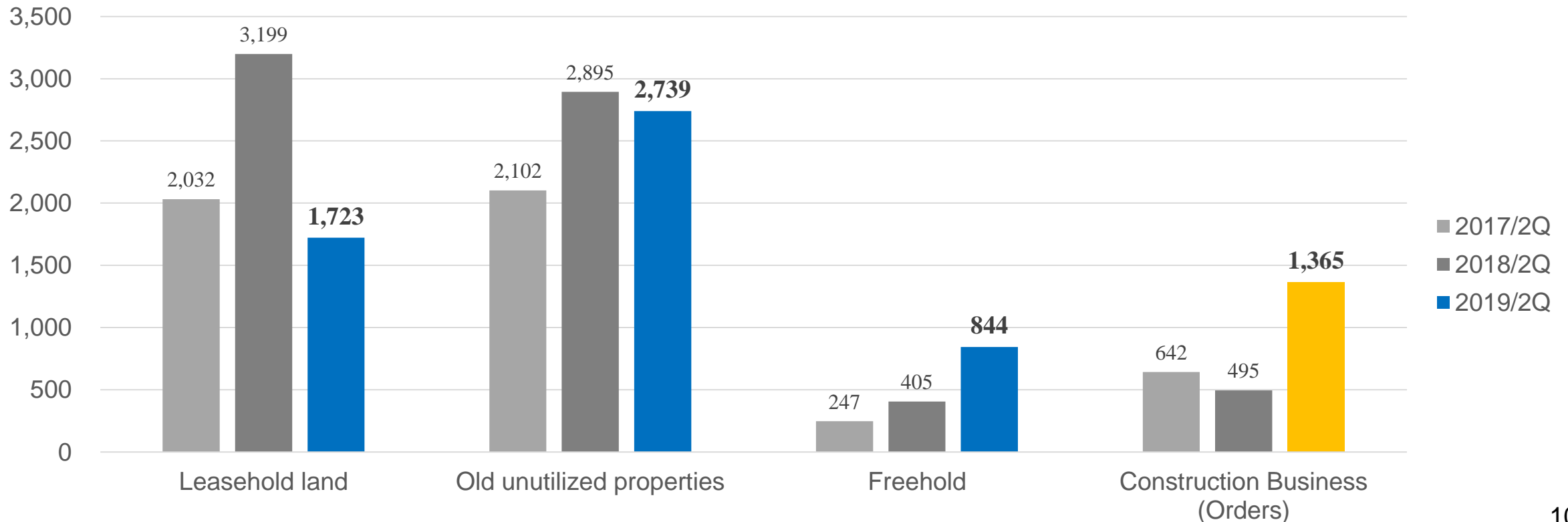
Purchases and Orders Received by Business



Procurement of **5.37 billion yen**, a YoY decrease of 18.3%

- Leasehold Land: Purchases decreased due to decreases in both number of lots and unit price
- Old Unutilized Properties: Purchases increased in the Kanto region as well as in the favorable western Japan region
- Freehold: Increased by 108.1% YoY
- Construction Business: Orders increased due to a review of sales strategy and a rush of demand prior to the consumption tax hike.

(Million yen)



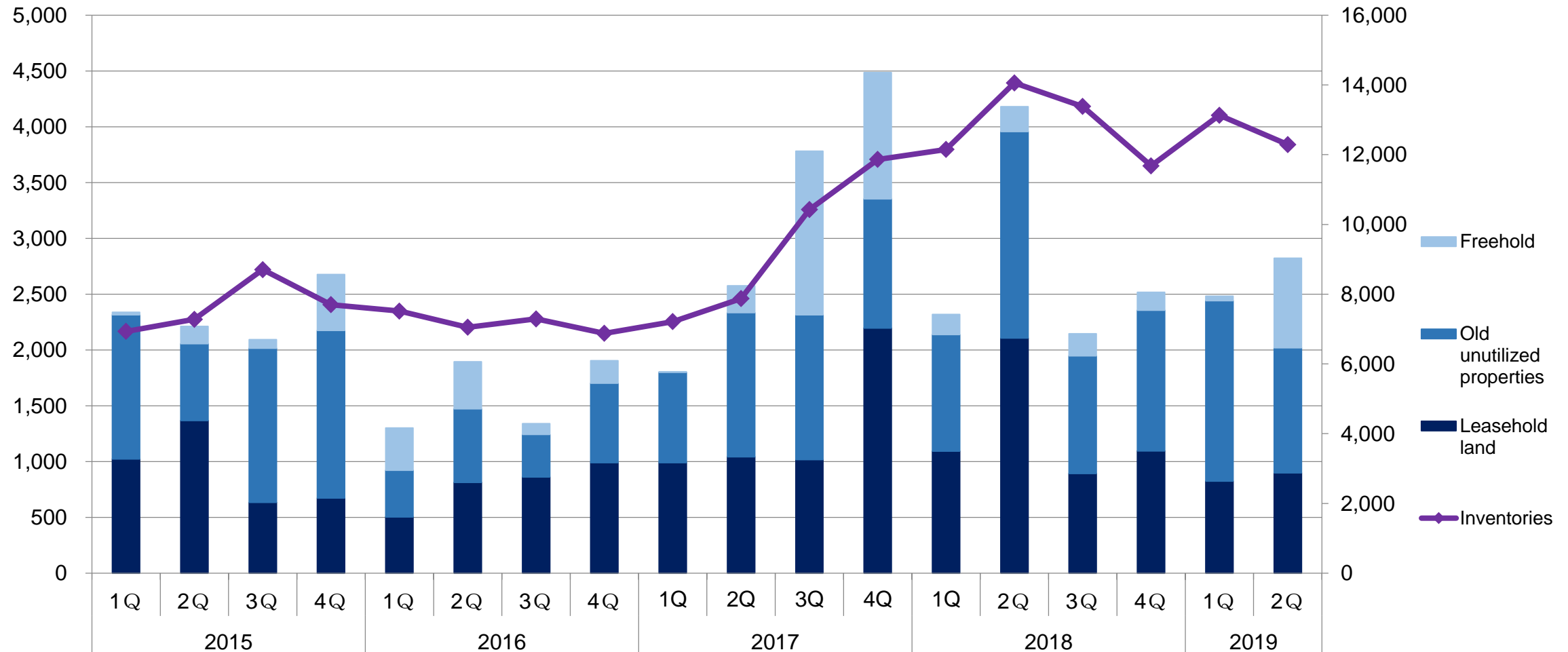
Changes in the Amount of Purchases and Inventories



- The balance of property for sale was 12.2 billion yen, and we are promoting sales to achieve the plan.

Purchase amount (million yen)

Inventories (million yen)



Third sales division

Cover western Japan area

- In Fukuoka, the favorable market condition continues.
- In Nagoya and Osaka, price adjustments have occurred due to restrained purchases by income real estate firms.
- In, Kyoto, price has turned downward from a high range due to an oversupply of accommodation facilities

Second sales division

Cover Hokkaido and Sendai areas

- In Sapporo, prices in some areas began to fall from high levels, and the volume of information for us also increased.
- Stricter lending attitudes of local financial institutions for real estate

First sales division

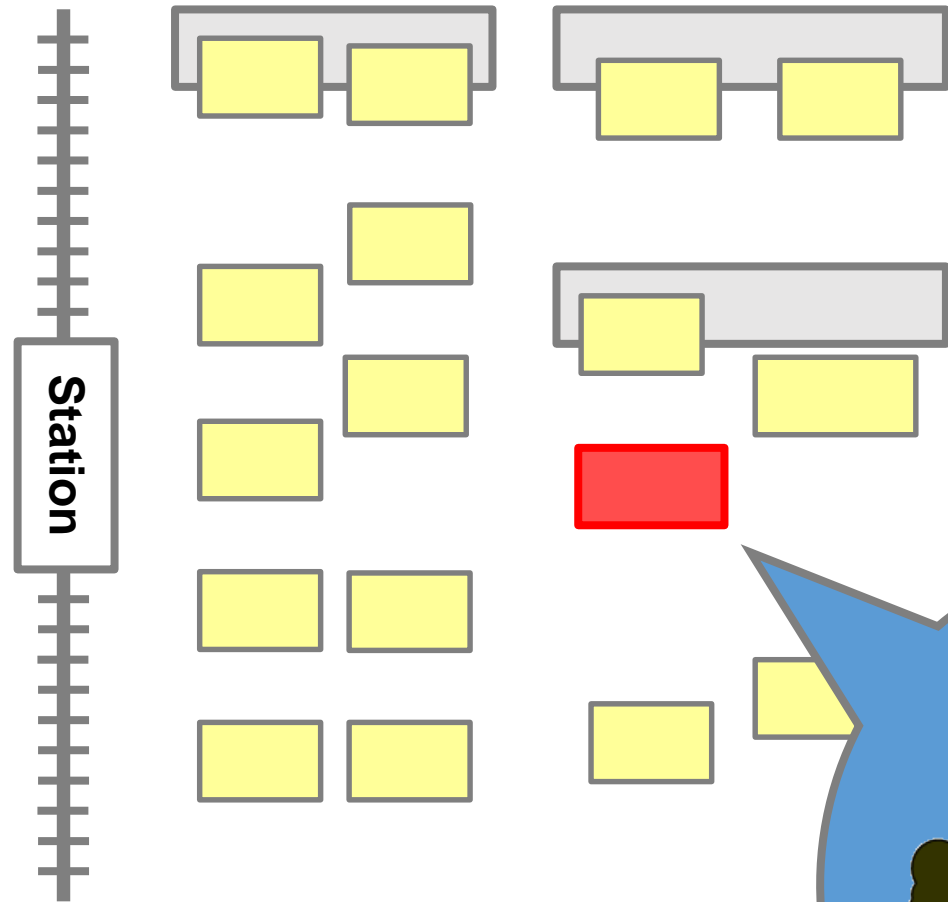
Cover Kanto area

- Price hikes continued in the 5 wards in the metropolitan area.
- In the residential area, purchase of old unutilized properties increased due to the lowering seller's price requirement.

Examples of Initiatives for Large-Scale Old Unutilized Properties

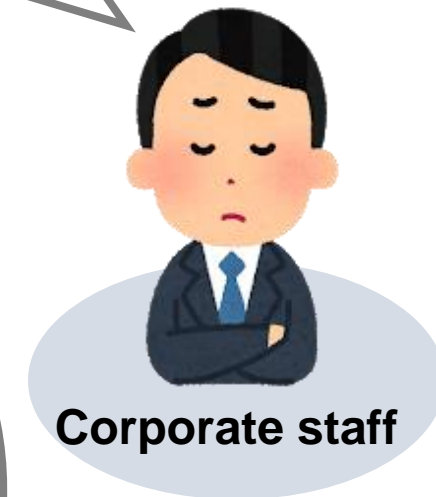
Western Japan Area Low-profit and old building (Age of building: Approx. 40 years, Land area: Approx. 900m²)

Map

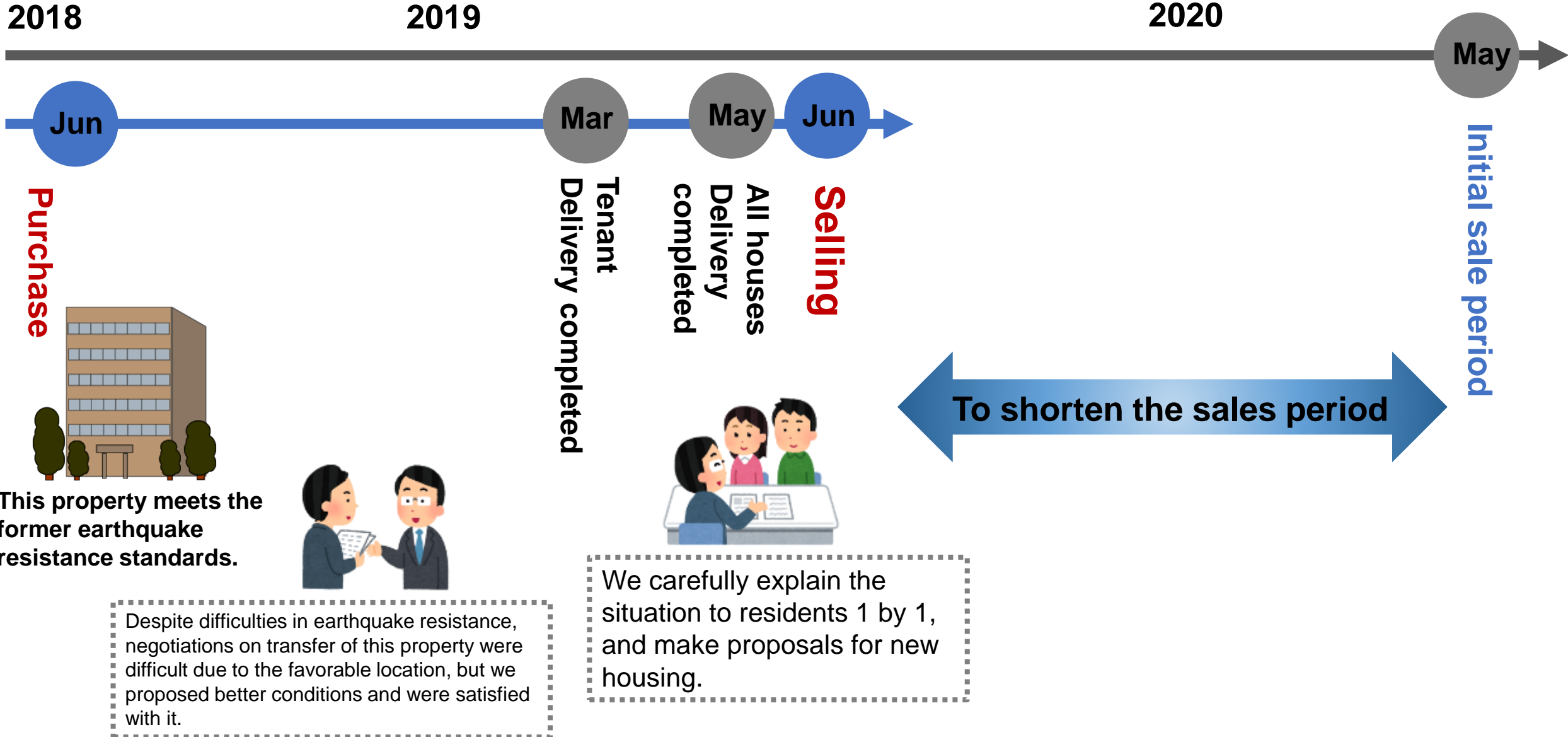


Customer's sentiment

A number of high-rent tenants have moved out...and this building is aging..
It can be risky to hold it any more.



Examples of Initiatives for Large-Scale Old Unutilized Properties



Growth

Promotion of new businesses and its profitability

- Initiatives for Urban Area Redevelopment Projects
- Began operation of the 'Azuki House,' the second house in the Minpaku business
- Research on the right adjustment problem of overseas real estate

Stability

Stable growth of existing businesses

- Establishment of a special department to improve the turnover rate of properties

Return

Enhancement of dividends, social contribution, returning profits to employees

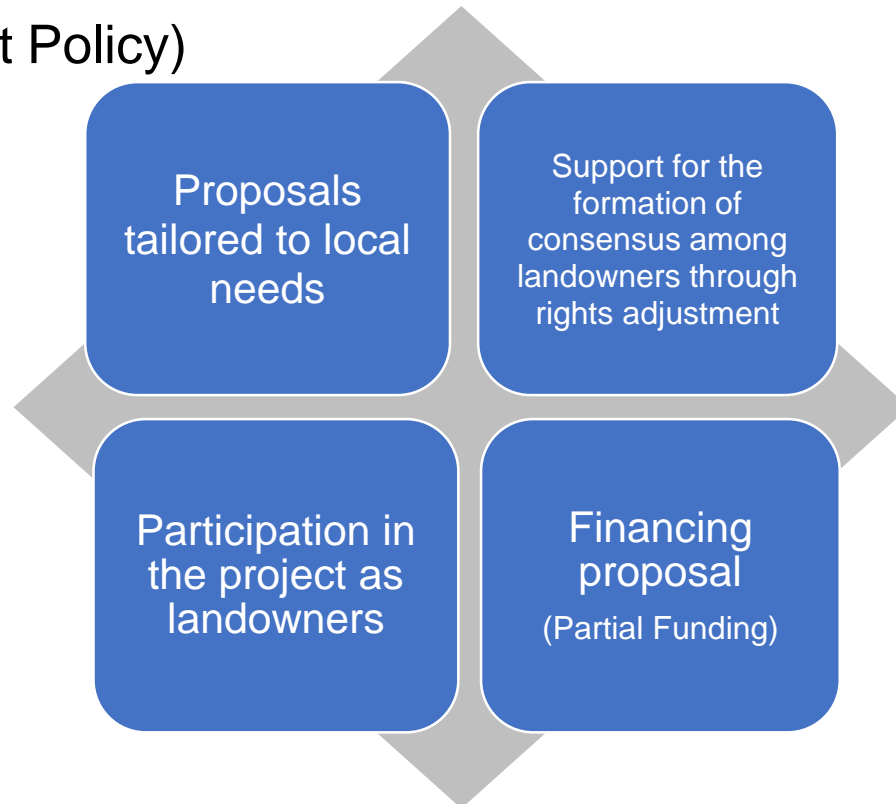
- Continue raising dividends
- Consider investing profits from leasehold land in children's future
- Increase wages

Launched “Regional Redevelopment Project” in July 2019

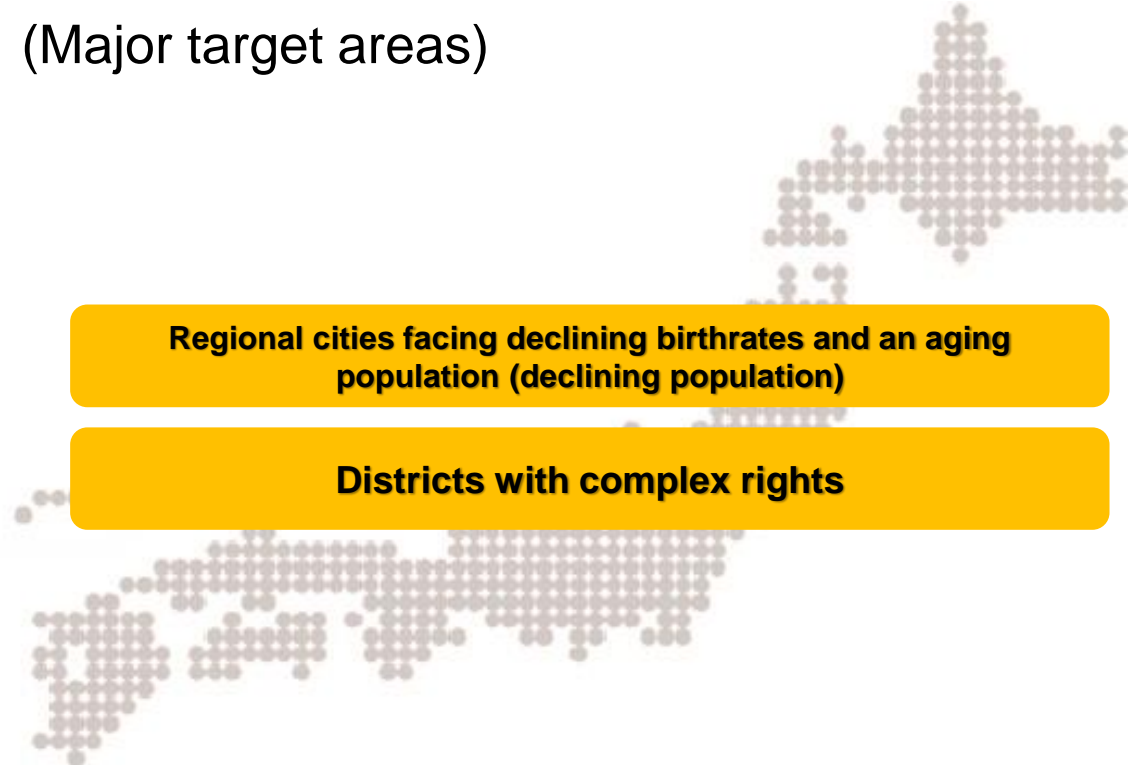
Purpose

Utilization of our know-how on rights adjustment for Regional Redevelopment
Sharing know-how gained from Ishinomaki City's reconstruction support to other areas

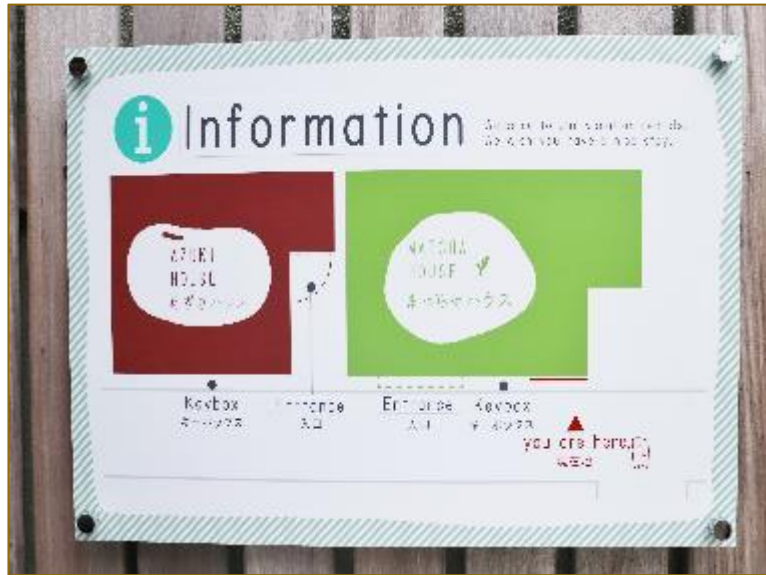
(Development Policy)



(Major target areas)



Growth: Interior Renovation of Matcha House

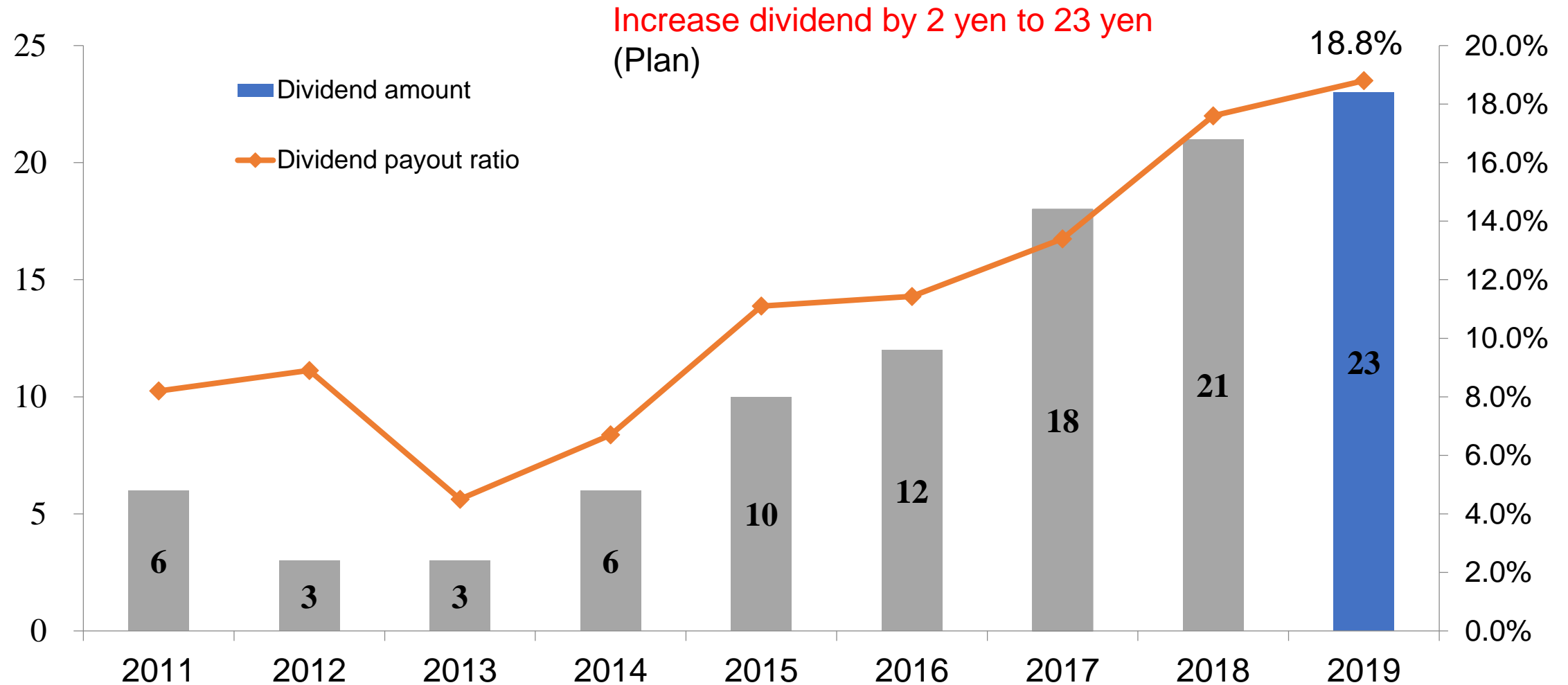


Return: Enhancement of Dividend Payments



Dividend (Yen)

Payout ratio



To save and protect children from abuse and poverty,
we donate a part of leasehold land sales.

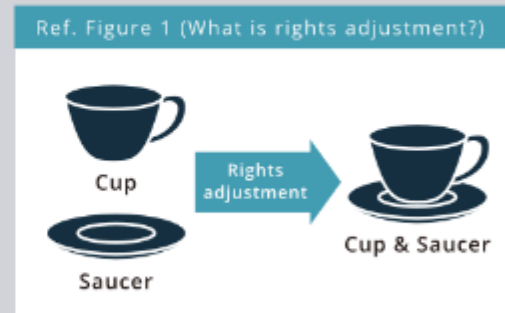


Consider with educational institutions how to eliminate abuse and poverty and how to protect children.
→ We support children suffering from their fraught family situation so that they can live with peace of mind and build a brighter future.



What is rights adjustment?

To better understand Sansei Landic's business, consider a relationship between a cup and a saucer. While a cup alone is useful and so is a saucer, the value maximizes if they are used together as one. Our business offers higher value by combining cups (land lease right) and saucers (leasehold land) that are separately used.



Rights adjustment for leasehold land



Relocation of One's Life Home's Head Office



Seijo Design
Gallery
3-21-8 Seijo, Setagaya-ku

- FY12/19 (January 1, 2019-December 31, 2019) Consolidated Business Forecasts

(Million yen)

	FY12/19	Pct. change
Net sales	18,220	+8.2%
Operating income	1,666	-5.6
Ordinary income	1,544	-6.0
Net income	1,032	+2.5%
EPS (Yen)	122.17	+2.1%
Dividend (Yen)	23	+2

- Net sales are expected to increase due to an increase in sales in the Construction Business. Sales of Real Estate Sales Business is expected to be at the same level as in 2018
- Operating income and ordinary income are expected to decline due to a decline in Sansei Landic's profits on a non-consolidated basis, although the performance of Construction Business is expected to recover
- Net income is expected to increase due to the elimination of the impact of extraordinary losses
- Plan a year-end dividend of 23 yen, an increase of 2 yen

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底地くん
SOKOCHIKUN
(東京都)



所属：株式会社サンセイランディック

ばく、底地（そこち）くんです。
底地とは、地主さんが、建物を建てたいと思っている借地権者さんに貸している土地のこと。
二人がよい関係なのがばくの幸せ。
え？否じゃないよ！
一人前の底地を目指して頑張中！

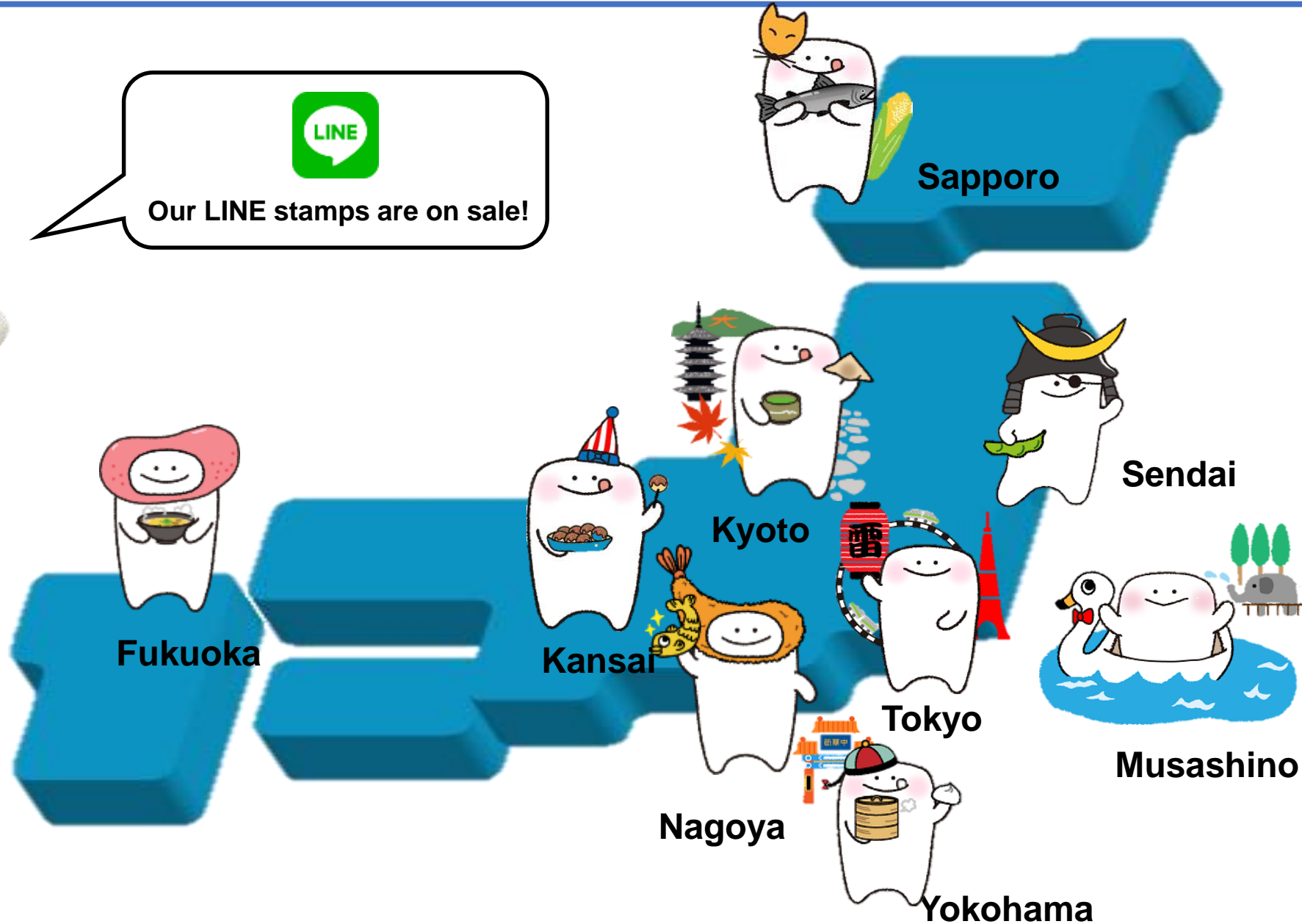
Reference material

Company name	Sansei Landic Co., Ltd.
Representative	Takashi Matsuzaki, President and CEO
Established	February 1976
Capital stock	810,973,600 yen (As of the end of June 2019)
Listing	December 18, 2014, First Section of the Tokyo Stock Exchange Securities Code: 3277 *Listed on the JASDAQ Stock Exchange on December 13, 2011
Head office	5-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
Branch	Sapporo, Sendai, Musashino, Yokohama, Nagoya, Kyoto, Kansai, Fukuoka
Subsidiary	One's Life Home Co., Ltd. (Construction)  One's Life Home natural modern from architects
Number of employees	Non-consolidated: 158 (consolidated:186) · · · As of the end of June 2019

Network of 9 Locations Nationwide




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Thank you very much for your attention.

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Forward-looking statements about the future performance are based on information currently available and certain assumptions that our group believes to be reasonable. Actual results may differ significantly from the forward-looking statements due to various risk factors and uncertainties. Please do not place undue reliance on these forward-looking statements.

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<<Contact>>
Corporate Planning Office, Sansei Landic Co., Ltd.
TEL:03-5252-7511
E-mail:keiki@sansei-l.co.jp

