

Greens Co., Ltd.

Financial Results Briefing Materials for Second Quarter of Fiscal Year Ending June 30, 2019

From July 2018 to December 2018

February 14, 2019

Stock code: 6547

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グリーンズグループ

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Company Overview

Company name	Greens Co., Ltd.
Head office	5-3, Hamada-cho, Yokkaichi City, Mie Prefecture
Capital	¥1,948,025 thousand
Date of founding	July 15, 1957
Date of establishment	January 8, 1964
Business activities	Operation of hotels, restaurants and banquets
Number of group employees	2,208 (677 full-time employees, 1,531 partner employees) (as of December 31, 2018)
Total number of issued shares	12,886,200 shares (as of December 31, 2018)
Number of shareholders	6,230 (as of December 31, 2018)
Listed exchange	1st Section of Tokyo Stock Exchange and Nagoya Stock Exchange

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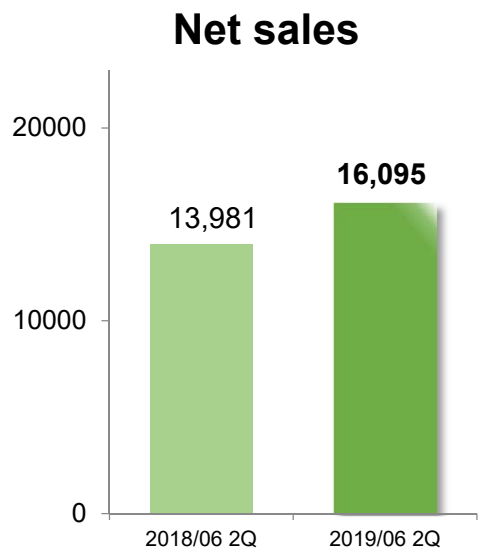
Outline of Financial Results for Second Quarter of Fiscal Year Ending June 30, 2019

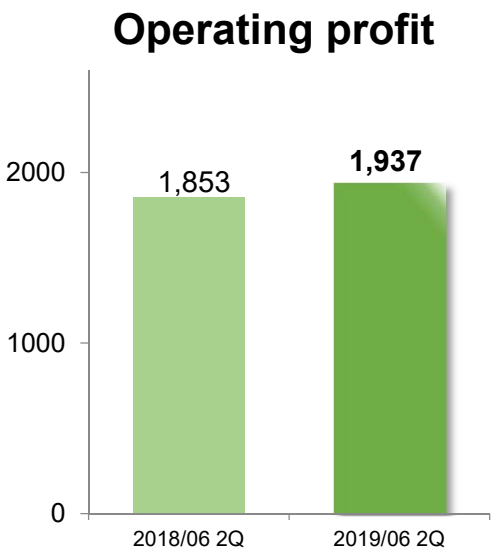
Highlight 1

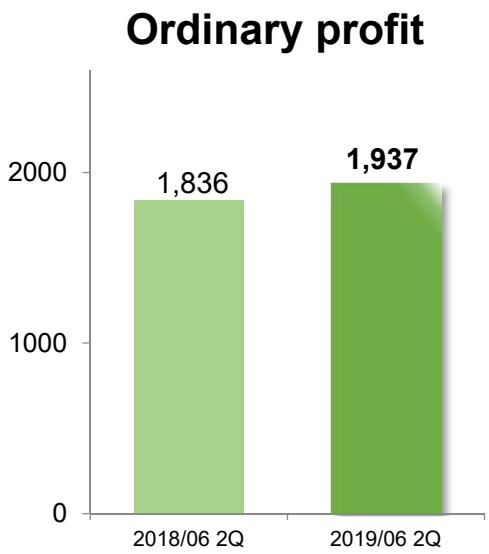
- **Posted record-high sales and profit, despite impact from natural disasters in the first quarter**
- **Strong performance from hotels opened in the previous fiscal year and new stores opened this fiscal year boosted the companywide performance**

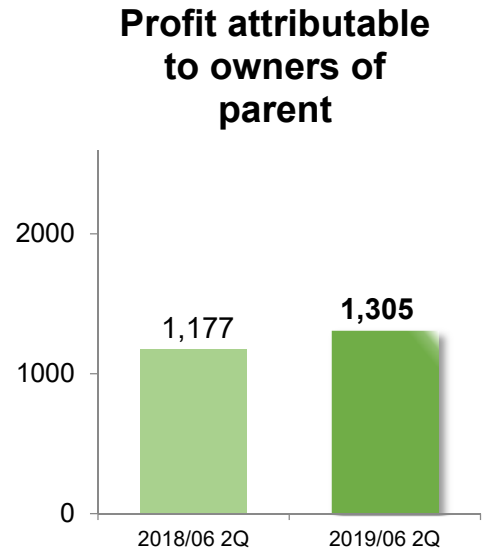
- Net sales: ¥16,095 million (year-on-year increase of 15.1%)
- Operating profit: ¥1,937 million (year-on-year increase of 4.5%)
- Ordinary profit: ¥1,937 million (year-on-year increase of 5.5%)
- Profit attributable to owners of parent: ¥1,305 million (year-on-year increase of 10.9%)

(¥ million)









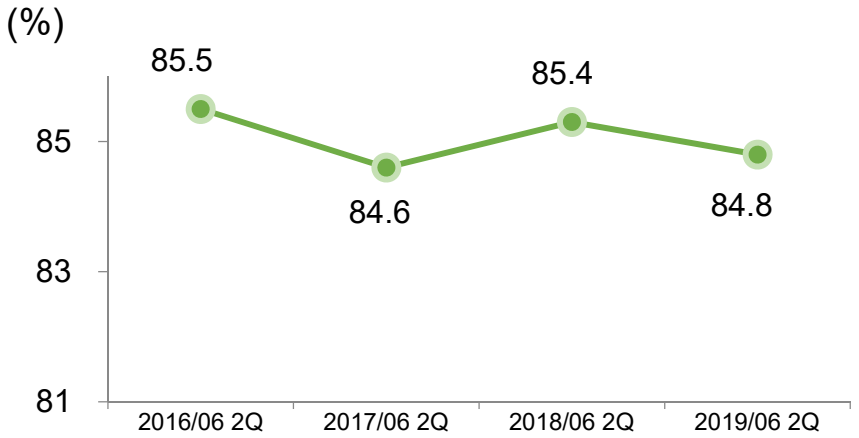
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Outline of Financial Results for Second Quarter of Fiscal Year Ending June 30, 2019

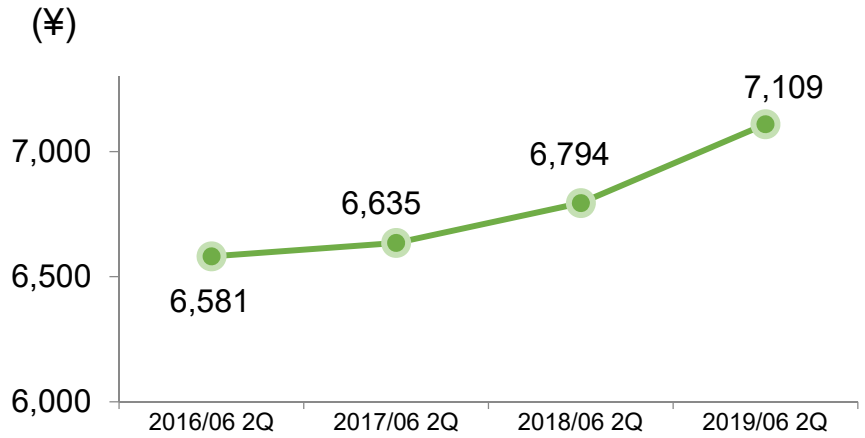
Highlight 2

- **ADR(Average Daily Rate) rose as a result of high unit-price Comfort Suites and strong demand for tourism and events**

Occupancy (companywide)



ADR (companywide)



(%)

	16/06 2Q	17/06 2Q	18/06 2Q	19/06 2Q
Choice Hotels business	86.6	86.0	86.5	86.0
Greens Hotels business	82.1	80.5	82.1	81.3

(¥)

	16/06 2Q	17/06 2Q	18/06 2Q	19/06 2Q
Choice Hotels business	6,784	6,848	7,069	7,432
Greens Hotels business	5,946	5,958	5,951	6,058

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Outline of Financial Results for Second Quarter of Fiscal Year Ending June 30, 2019

Highlight 3

- **The number of rooms increased due to the steady opening of new hotels**



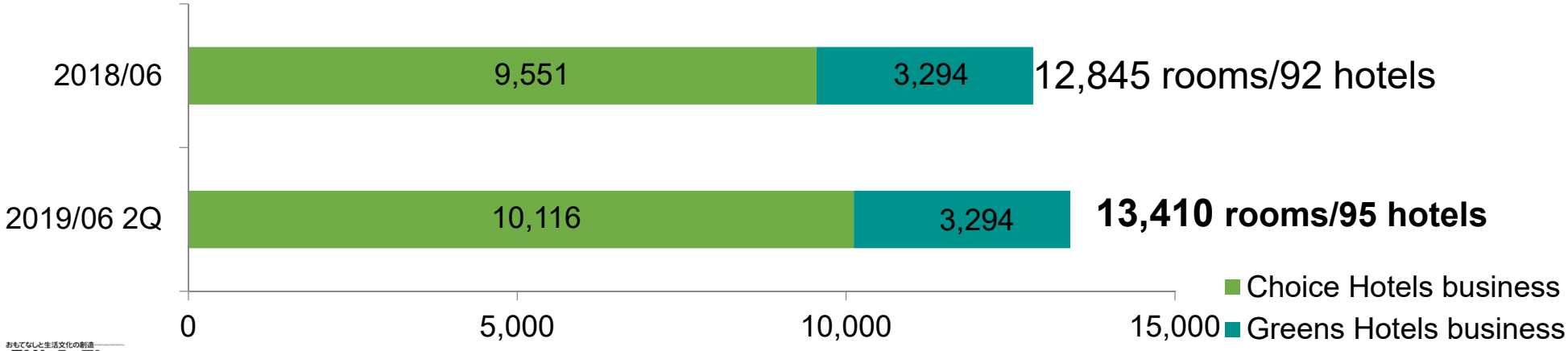
Comfort Hotel Miyazaki:
179 rooms



Comfort Hotel Kobe-Sannomiya:
219 rooms



Comfort Hotel Kochi:
167 rooms



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Outline of Financial Results for Second Quarter of Fiscal Year Ending June 30, 2019: Consolidated Statements of Income

(¥ million)

	2018/06 2Q	2019/06 2Q	Percentage change	Amount of change
Net sales	13,981	16,095	+15.1%	+2,114
Choice Hotels business	10,239	12,024	+17.4%	+1,785
Greens Hotels business	3,653	3,977	+8.9%	+324
Other business	89	94	+5.7%	+5
Cost of sales	9,829	11,366	+15.6%	+1,537
Gross profit	4,152	4,729	+13.9%	+577
Selling, general and administrative expenses	2,298	2,791	+21.5%	+493
Operating profit	1,853	1,937	+4.5%	+84
Non-operating income and expenses	-17	-1	—	+16
Ordinary profit	1,836	1,937	+5.5%	+101
Extraordinary income and losses	-2	-4	—	-2
Profit attributable to owners of parent	1,177	1,305	+10.9%	+128
Profit per share (¥)	93.03	101.56	+8.9%	+8.26

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Outline of Financial Results for Second Quarter of Fiscal Year Ending June 30, 2019: Balance Sheet, Cash Flows

(¥ million)

		2018/06 2Q	2019/06 2Q	Amount of change
	Current assets	7,481	8,683	+1,202
	Non-current assets	9,650	10,232	+582
Total assets		17,132	18,915	+1,783
	Current liabilities	7,074	7,261	+187
	Non-current liabilities	717	1,211	+494
	Total liabilities	7,792	8,472	+680
	Total net assets	9,339	10,442	+1,103
Total liabilities and net assets		17,132	18,915	+1,783
Equity ratio (%)		54.5%	55.2%	+0.7 P
Cash flows (balance at end of fiscal year)		5,832	5,646	-186

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Consolidated Financial Forecast for Fiscal Year Ending June 30, 2019

(¥ million)

	2018/06 (actual)	2019/06 (forecast)	Percentage change	Amount of change
Net sales	27,143	31,026	+14.3%	+3,883
Choice Hotels business	19,707	23,329	+18.4%	+3,622
Greens Hotels business	7,254	7,511	+3.5%	+257
Other business	181	185	+2.2%	+4
Operating profit	1,908	2,273	+19.1%	+365
Ordinary profit	1,864	2,258	+21.1%	+394
Profit attributable to owners of parent	1,189	1,507	+26.7%	+318
Profit per share (¥)	93.76	117.27	+25.1%	+23.51
Dividend per share (¥)	20.00	20.00	–	–

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Plans for Future Hotel Openings

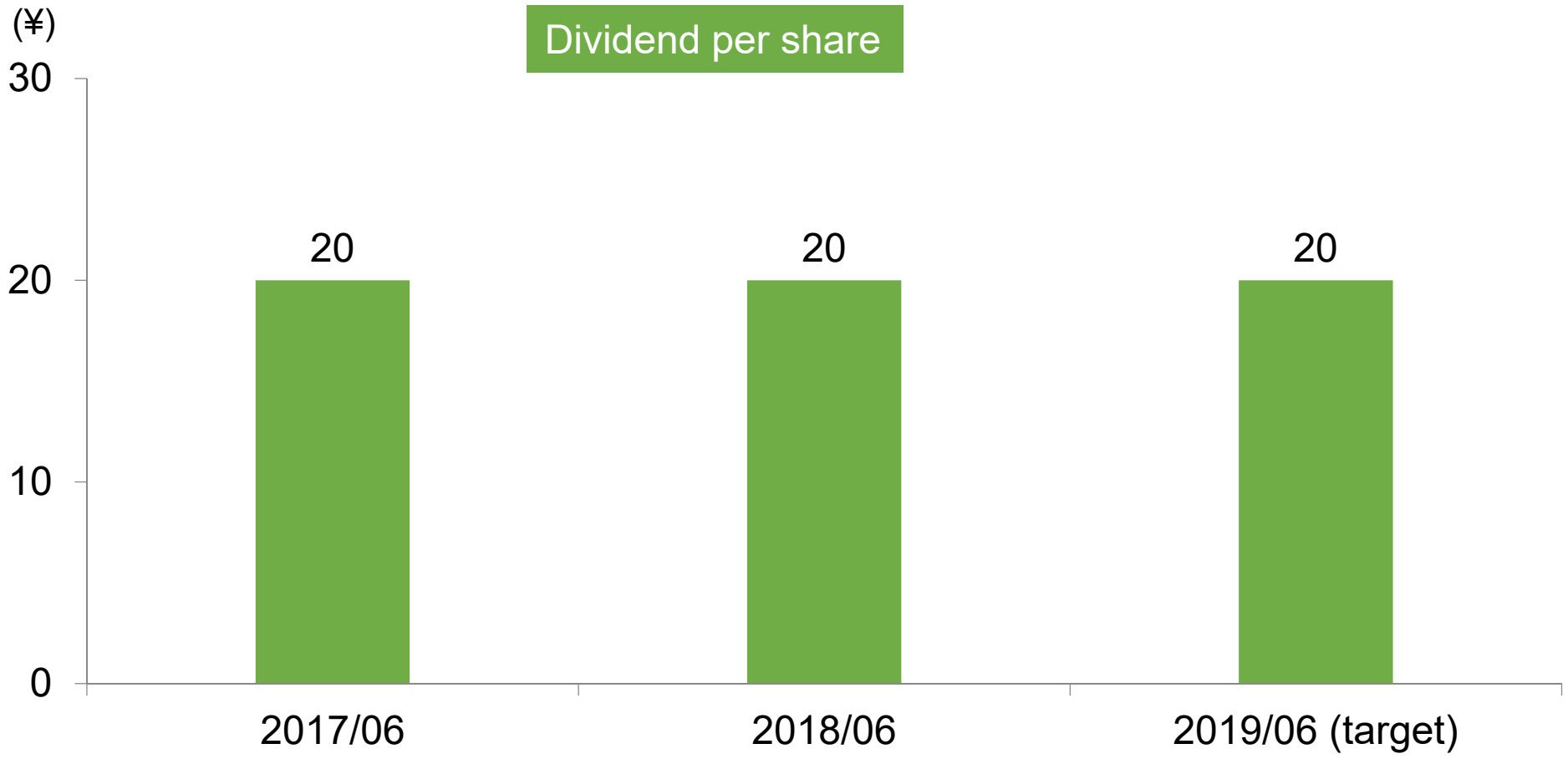
Subsequent to the opening of Comfort Hotel Shin-Osaka, planned for this fiscal year, our plans for hotel openings are as follows:

	Comfort Hotel Shin-Osaka	Comfort Hotel Nagoya (provisional name)	Comfort Hotel Ishigakijima (provisional name)	Comfort Hotel Matsuyama (provisional name)
			NO IMAGE	NO IMAGE
Date of opening	April 15, 2019	Fall 2019	Spring 2020	Fall 2020
Location	Yodogawa-ku, Osaka City	Nakamura-ku, Nagoya City	Ishigaki City, Okinawa Prefecture	Matsuyama City, Ehime Prefecture
Number of rooms	150 rooms	156 rooms	81 rooms	197 rooms
Type of operation	Lease	Land: Lease Building: Owned by the Company	Lease	Lease

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Shareholder Return

By considering factors such as single-year business performance, payout ratio, ROE, and ROA from a comprehensive standpoint, the Company's basic dividend policy is to continue paying stable dividends by establishing a stable business foundation and improving business performance.



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Disclaimer

The purpose of this document is to provide information on the Company's business performance and future management strategy, and is not intended as an offer, solicitation or sales, etc. of any securities issued by the Company or the Company's products.
Unless otherwise indicated, this document is prepared based on data available as of December 31, 2018.
The plan and forecasts, etc. contained herein are based on the Company's judgments and assumptions in light of information available at the time of preparation thereof, and may be subject to change due to changes in the business environment and other factors. Please note that actual performance, etc. may differ materially from the forecasts.

■ Contact information

General Affairs Department, Greens Co., Ltd.
TEL: +81 59 351 5593
E-mail: greens-info@greens.co.jp

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