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**On July 12, 2018, JINS Inc. announced earnings results for Q3 FY08/18.**

Quarterly performance (JPYmm)	FY08/16				FY08/17				FY08/18			FY08/16			FY08/17			FY08/18			% of FY	vs. last Est.	Init. Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Cml. Q3	Cml. Q3	Cml. Q3	Cons.	Cons.	Est.	% of FY	vs. last Est.				
<b>Sales</b>	9,950	11,577	12,092	12,570	11,135	12,685	13,316	13,315	11,695	13,599	14,558	33,619	37,136	39,852	46,189	50,451	54,444	73.2%	-916	55,360			
Eyewear (Japan)	8,338	9,827	10,196	10,711	9,314	10,646	11,054	11,123	9,495	11,233	11,903	28,561	31,014	32,631	39,072	42,206	44,492	73.3%	-768	45,260			
Eyewear (overseas)	988	926	1,114	1,108	1,151	1,167	1,462	1,423	1,636	1,637	1,990	3,028	3,780	5,263	4,136	5,203	6,987	75.3%	227	6,760			
Other	623	824	782	752	669	872	799	702	563	730	664	2,229	2,340	1,957	2,981	3,042	2,965	66.0%	-375	3,340			
<b>YoY</b>	22.2%	20.6%	6.4%	8.5%	11.9%	9.6%	10.1%	5.9%	5.0%	7.2%	9.3%	15.5%	10.5%	7.3%	13.5%	9.2%	7.9%			9.7%			
Eyewear (Japan)	18.7%	18.4%	3.5%	7.1%	11.7%	8.3%	8.4%	4.5%	1.9%	5.5%	7.7%	12.6%	9.4%	5.2%	11.0%	8.0%	5.4%			7.2%			
Eyewear (overseas)	86.4%	72.1%	43.7%	23.1%	16.5%	26.0%	31.2%	28.4%	42.1%	40.3%	36.1%	64.3%	24.8%	39.2%	50.8%	25.8%	34.3%			29.9%			
Other	6.1%	8.4%	6.4%	9.6%	7.4%	5.8%	2.2%	-6.6%	-15.8%	-16.3%	-16.9%	7.1%	5.0%	-16.4%	7.7%	2.0%	-2.5%			9.8%			
<b>Gross profit</b>	7,486	8,545	9,147	9,350	8,473	9,523	10,146	9,800	8,911	10,240	11,176	25,178	28,142	30,327	34,528	37,942	41,058	73.9%	-793	41,851			
YoY	20.8%	22.3%	6.0%	9.7%	13.2%	11.4%	10.9%	4.8%	5.2%	7.5%	10.2%	15.5%	11.8%	7.8%	13.9%	9.9%	8.2%			10.3%			
<b>CPM</b>	75.2%	73.8%	75.6%	74.4%	76.1%	75.1%	76.2%	73.6%	76.2%	75.3%	76.8%	74.9%	75.8%	76.1%	74.8%	75.2%	75.4%			75.6%			
<b>SG&amp;A expenses</b>	7,176	7,667	8,162	7,839	7,694	8,282	8,260	8,304	8,363	8,611	9,153	23,005	24,236	26,127	30,844	32,540	34,881	74.9%	-370	35,251			
Salaries and allowances	2,111	2,216	2,268	2,321	2,316	2,391	2,483	2,386	2,440	2,586	-	6,595	7,190	-	8,916	9,576	-			-			
Advertising expenses	536	730	761	393	493	481	500	376	631	341	-	2,027	1,474	-	2,420	1,850	-			-			
Rent	1,800	1,938	2,075	2,018	1,973	2,132	2,238	2,327	2,074	2,233	-	5,813	6,343	-	7,831	8,670	-			-			
Other	2,729	2,783	3,058	3,107	2,912	3,278	3,039	3,215	3,218	3,451	-	8,570	9,229	-	11,677	12,444	-			-			
<b>YoY</b>	20.4%	21.3%	15.5%	6.0%	7.2%	8.0%	1.2%	5.9%	8.7%	4.0%	10.8%	18.9%	5.4%	7.8%	15.3%	5.5%	7.2%			8.3%			
Salaries and allowances	23.6%	21.4%	17.7%	11.3%	9.7%	7.9%	9.5%	2.8%	5.4%	8.2%	-	20.8%	9.0%	-	18.1%	7.4%	-			-			
Advertising expenses	14.3%	49.0%	7.1%	-4.1%	-8.0%	-34.1%	-34.3%	-4.3%	28.0%	-29.1%	-	21.4%	-27.3%	-	16.4%	-23.6%	-			-			
Rents	21.3%	21.6%	14.5%	1.3%	9.6%	10.0%	7.9%	15.3%	5.1%	4.7%	-	18.9%	9.1%	-	13.8%	10.7%	-			-			
Other	18.8%	15.4%	16.8%	7.0%	6.7%	17.8%	-0.6%	3.5%	10.5%	5.3%	-	17.0%	7.7%	-	14.1%	6.6%	-			-			
<b>SG&amp;A ratio</b>	72.1%	66.2%	67.5%	62.4%	69.1%	65.3%	62.0%	62.4%	71.5%	63.3%	62.9%	68.4%	65.3%	65.6%	66.8%	64.5%	64.1%			63.7%			
Salaries and allowances	21.2%	19.1%	18.8%	18.5%	20.8%	18.8%	18.6%	17.9%	20.9%	19.0%	-	19.6%	19.4%	-	19.3%	19.0%	-			-			
Advertising expenses	5.4%	6.3%	6.3%	3.1%	4.4%	3.8%	3.8%	2.8%	5.4%	2.5%	-	6.0%	4.0%	-	5.2%	3.7%	-			-			
Rents	18.1%	16.7%	17.2%	16.1%	17.7%	16.8%	16.8%	17.5%	17.7%	16.4%	-	17.3%	17.1%	-	17.0%	17.2%	-			-			
Other	27.4%	24.0%	25.3%	24.7%	26.2%	25.8%	22.8%	24.1%	27.5%	25.4%	-	25.5%	24.9%	-	25.3%	24.7%	-			-			
<b>Operating profit</b>	309	879	985	1,510	779	1,240	1,887	1,496	548	1,629	2,023	2,173	3,906	4,200	3,683	5,402	6,177	68.0%	-423	6,600			
Eyewear (Japan)	393	941	963	1,571	836	1,364	1,851	1,647	589	1,737	1,992	2,297	4,051	4,318	3,868	5,698	6,086	70.9%	-314	6,400			
Eyewear (overseas)	-98	-109	-26	-46	-59	-169	4	-103	53	-68	70	-233	-224	55	-279	-327	174	31.6%	74	100			
Other	14	37	58	-15	2	46	32	-49	-95	-38	-41	109	80	-174	94	31	-83	-	-	-183			
<b>YoY</b>	29.0%	34.5%	-36.8%	33.3%	15.2%	4.1%	91.6%	-0.9%	-39.7%	31.4%	7.2%	-11.4%	79.8%	7.5%	2.7%	46.7%	14.3%			22.2%			
Eyewear (Japan)	98.9%	38.4%	-34.4%	9.0%	98.9%	45.0%	92.2%	4.8%	-29.5%	27.3%	7.6%	-2.0%	76.4%	6.6%	2.2%	47.3%	6.8%			12.3%			
Eyewear (overseas)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-			
Other	-	32.1%	26.1%	-	-	-	-	-	-	-	-	-	-	-	47.3%	-26.6%	-			222.6%			
<b>OPM</b>	3.1%	7.6%	8.1%	12.0%	7.0%	9.8%	14.2%	11.2%	4.7%	12.0%	13.9%	6.5%	10.5%	10.5%	8.0%	10.7%	11.3%			11.9%			
Eyewear (Japan)	4.7%	9.6%	9.4%	14.7%	9.0%	12.8%	16.7%	14.7%	6.2%	15.5%	16.7%	6.8%	10.9%	10.8%	8.4%	11.3%	11.2%			11.6%			
Eyewear (overseas)	-	-	-	-	-	-	-	-	3.2%	-	3.5%	-	-	-	-0.7%	-0.6%	0.1%	-		0.5%			
Other	2.2%	4.5%	7.4%	-	0.3%	5.3%	4.0%	-	-	-	-	0.3%	0.2%	-0.4%	0.2%	0.1%	-			0.2%			
<b>Recurring profit</b>	275	857	965	1,507	703	1,189	1,857	1,478	426	1,495	1,939	2,097	3,749	3,860	3,604	5,227	5,721	67.5%	-479	6,200			
YoY	42.2%	31.9%	-37.0%	36.3%	155.6%	38.7%	92.4%	-1.9%	-39.4%	25.7%	4.4%	-11.7%	78.8%	3.0%	3.5%	45.0%	9.5%			18.6%			
<b>RPM</b>	2.8%	7.4%	8.0%	12.0%	6.3%	9.4%	13.9%	11.1%	3.6%	11.0%	13.3%	6.2%	10.1%	9.7%	7.8%	10.4%	10.5%			11.2%			
<b>Net income</b>	26	431	661	862	374	520	1,203	670	166	868	1,201	1,118	2,097	2,235	1,980	2,767	3,334	67.0%	-466	3,800			
YoY	-46.3%	44.5%	-26.2%	30.6%	1,338.5%	20.6%	82.0%	-2.7%	-55.6%	66.9%	-0.2%	-10.0%	87.6%	6.6%	4.1%	39.7%	20.5%			37.3%			
Net margin	0.3%	3.7%	5.5%	6.9%	3.4%	4.1%	9.0%	5.0%	1.4%	6.4%	8.2%	3.3%	5.6%	5.6%	4.3%	5.5%	6.1%			6.9%			
<b>Eyewear sales per store in Japan (SR est.)</b>	29	33	34	35	30	34	35	35	29	34	35	34	35	35	131	134	-			-			
YoY	11.5%	11.1%	-3.3%	0.4%	4.3%	1.6%	2.8%	-0.5%	-3.7%	-0.8%	0.8%	-3.3%	2.8%	0.8%	4.2%	1.9%	-			-			
<b>Eyewear specialty store sales YoY</b>																							
Comparable stores (Japan)	11.6%	12.0%	-2.1%	1.0%	4.9%	3.6%	3.1%	1.9%	-0.7%	0.3%	4.9%	-	-	-	4.9%	3.3%	-			2.3%			
All stores (Japan)	17.3%	18.2%	3.4%	6.2%	11.1%	8.5%	7.2%	6.3%	2.4%	3.9%	8.7%	-	-	-	10.5%	8.1%	-			7.1%			
Comparable stores (China)																							
<b>Store count (Japan)</b>	292	296	305	307	313	314	320	323	333	334	343	305	320	343	307	323	348			348			
Openings	6	4	12	4	7	2	9	5	10	3	10	22	18	23	26	23	28	82.1%	-2	30			
Closures	-1	-	-3	-2	-1	-1	-3	-2	-	-2	-1	-4	-5	-3	-6	-7	-3	100.0%	2	-5			
<b>Store count (China)</b>	57	65	71	82	89	97	103	103	113	124	125	71	97	125	82	103	133			133			
Openings	5	8	6	11	7	8	2	8	11	11	4	19	17	26	30	25	32	81.3%	2	30			
Closures	-2	-	-	-	-	-	-2	-2	-1	-	5	-2	-2	4	-2	-4	-2	200.0%	-2	-			
<b>Store count (US)</b>	1	1	1	1	3	4	4	4	4	4	4	1	4	4	1	4	4			4			
Openings	-	-	-	-	2	1	-	-	-	-	-	-	3	-	-	3	-			-			
Closures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-			
<b>Inventories</b>	5,175	5,598	5,363	4,354	4,629	4,597	4,839	4,506	5,605	5,666	5,506	5,363	4,839	5,506	4,354	4,629	-			-			
Merchandise inventories	4,919	5,349	5,165	4,221	4,458	4,411	4,605	4,310	5,289	5,376	5,264	5,165	4,605	5,264	4,221	4,458	-			-			

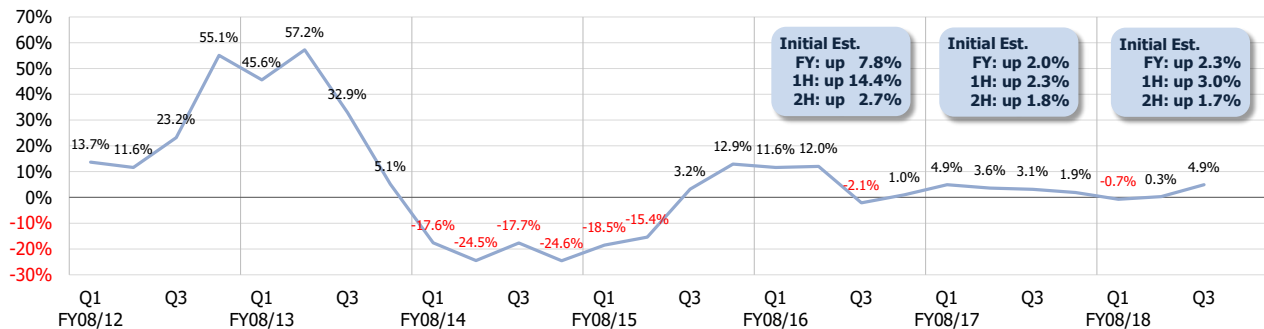
1H and full-year earnings forecasts

(JPYmn)	FY08/14		FY08/15		FY08/16		FY08/17		FY08/18		FY08/14		FY08/15		FY08/16		FY08/17		FY08/18	
	1H	2H	1H	2H	1H	2H	1H	2H	1H	2H Est.	Cons.	Cons.	Cons.	Cons.	Cons.	Est.	Init. Est.	Diff.		
<b>Sales</b>	<b>17,632</b>	<b>18,518</b>	<b>17,745</b>	<b>22,954</b>	<b>21,527</b>	<b>24,662</b>	<b>23,820</b>	<b>26,631</b>	<b>25,294</b>	<b>29,150</b>	<b>36,150</b>	<b>40,699</b>	<b>46,189</b>	<b>50,451</b>	<b>54,444</b>	<b>55,360</b>	<b>55,360</b>	<b>-916</b>		
Eyewear (Japan)			15,329	19,857	18,165	20,907	19,960	22,246	20,728	23,764		35,186	39,072	42,206	44,492	45,260	45,260	-768		
Stores (JINS)			14,761	19,015	17,396	19,947	19,089	21,297	19,701	22,710		33,776	37,343	40,386	42,411	43,237	43,237	-826		
E-commerce, other			567	838	769	958	870	949	1,026	1,053		1,405	1,727	1,819	2,079	2,023	2,023	+56		
E-commerce					492	587	614	573	691	662			1,079	1,187	1,353	1,300	1,300	+53		
Other					277	371	256	376	335	391			648	632	726	723	723	+3		
Eyewear (overseas)			1,068	1,675	1,914	2,222	2,318	2,885	3,273	3,714		2,743	4,136	5,203	6,987	6,760	6,760	+227		
Accessories			1,347	1,421	1,447	1,534	1,542	1,500	1,293	1,672		2,768	2,981	3,042	2,965	3,340	3,340	-375		
Women's			780	829	797	888	903	901	867	1,031		1,685	1,804	1,898	2,085	2,085	2,085	-187		
Men's			566	592	649	646	637	599	426	640		1,065	1,295	1,236	1,066	1,255	1,255	-189		
<b>YoY</b>	<b>-0.2%</b>	<b>-2.0%</b>	<b>0.6%</b>	<b>24.0%</b>	<b>21.3%</b>	<b>7.4%</b>	<b>10.7%</b>	<b>8.0%</b>	<b>6.2%</b>	<b>9.5%</b>	<b>-1.1%</b>	<b>12.6%</b>	<b>13.5%</b>	<b>9.2%</b>	<b>7.9%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>-1.8pp</b>		
Eyewear (Japan)			-	-	18.5%	5.3%	9.9%	6.4%	3.8%	6.8%			11.0%	8.0%	5.4%	7.2%	7.2%	-0.0pp		
Stores (JINS)			-	-	17.9%	4.9%	9.7%	6.8%	3.2%	6.6%			10.6%	8.1%	5.0%	7.1%	7.1%	-0.0pp		
E-commerce, other			-	-	35.6%	14.3%	13.1%	-0.9%	17.9%	11.0%			22.9%	5.3%	14.3%	11.2%	11.2%	+0.0pp		
Eyewear (overseas)			-	-	79.2%	32.7%	21.1%	29.8%	41.2%	28.7%			50.8%	25.8%	34.3%	29.9%	29.9%	+0.0pp		
Accessories			-	-	7.4%	8.0%	6.6%	-2.2%	-16.1%	11.5%			7.7%	2.0%	-2.5%	9.8%	9.8%	-0.1pp		
COGS	4,945	5,011	4,572	5,802	5,496	6,165	5,824	6,685	6,143	7,243	9,956	10,375	11,661	12,508	13,386	13,509	13,509	-123		
<b>Gross profit</b>	<b>12,687</b>	<b>13,507</b>	<b>13,173</b>	<b>17,151</b>	<b>16,031</b>	<b>18,497</b>	<b>17,996</b>	<b>19,946</b>	<b>19,151</b>	<b>21,907</b>	<b>26,194</b>	<b>30,324</b>	<b>34,528</b>	<b>37,942</b>	<b>41,058</b>	<b>41,851</b>	<b>41,851</b>	<b>-793</b>		
<b>GPM</b>	<b>72.0%</b>	<b>72.9%</b>	<b>74.2%</b>	<b>74.7%</b>	<b>74.5%</b>	<b>75.0%</b>	<b>75.5%</b>	<b>74.9%</b>	<b>75.7%</b>	<b>75.2%</b>	<b>72.5%</b>	<b>74.5%</b>	<b>74.8%</b>	<b>75.2%</b>	<b>75.4%</b>	<b>75.6%</b>	<b>75.6%</b>	<b>-0.2pp</b>		
Eyewear	73.6%	74.6%	76.2%	76.4%	76.1%	76.5%	77.1%	73.5%	-	-	74.1%	76.3%	76.3%	75.2%	75.4%	75.6%	75.6%	-0.2pp		
Eyewear (Japan)					75.7%	76.1%	77.1%	75.8%	76.6%	76.1%			75.9%	76.4%	76.3%	76.7%	76.7%	-0.4pp		
Eyewear (overseas)					76.8%	83.5%	76.8%	56.4%	80.4%	79.9%			80.4%	78.7%	80.1%	79.9%	79.9%	+0.2pp		
Accessories	48.1%	51.4%	50.8%	48.7%	52.2%	52.2%	53.7%	51.9%	48.8%	51.4%	49.9%	49.7%	52.2%	52.8%	50.3%	51.6%	51.6%	-1.3pp		
SG&A expenses	11,715	11,506	12,280	14,460	14,843	16,001	15,976	16,564	16,974	17,907	23,221	26,740	30,844	32,540	34,881	35,251	35,251	-370		
SG&A ratio	66.4%	62.1%	69.2%	63.0%	69.0%	64.9%	67.1%	62.2%	67.1%	61.4%	64.2%	65.7%	66.8%	64.5%	64.1%	63.7%	63.7%	+0.4pp		
<b>Operating profit</b>	<b>972</b>	<b>2,001</b>	<b>893</b>	<b>2,691</b>	<b>1,188</b>	<b>2,495</b>	<b>2,019</b>	<b>3,383</b>	<b>2,177</b>	<b>4,000</b>	<b>2,973</b>	<b>3,585</b>	<b>3,683</b>	<b>5,402</b>	<b>6,177</b>	<b>6,600</b>	<b>6,600</b>	<b>-423</b>		
Eyewear (Japan)			877	2,908	1,334	2,534	2,200	3,498	2,326	3,760		3,785	3,868	5,698	6,086	6,400	6,400	-314		
Eyewear (overseas)			-13	-232	-207	-72	-228	-99	-15	189		-245	-279	-327	174	100	100	+74		
Accessories			28	16	51	43	47	-16	-133	50		44	94	31	-83	100	100	-183		
<b>YoY</b>	<b>-75.5%</b>	<b>-11.4%</b>	<b>-8.1%</b>	<b>34.5%</b>	<b>33.0%</b>	<b>-7.3%</b>	<b>69.9%</b>	<b>35.6%</b>	<b>7.8%</b>	<b>18.2%</b>	<b>-52.2%</b>	<b>20.6%</b>	<b>2.7%</b>	<b>46.7%</b>	<b>14.3%</b>	<b>22.2%</b>	<b>22.2%</b>	<b>-</b>		
Eyewear (Japan)			-	-	52.1%	-12.9%	64.9%	38.0%	5.7%	7.5%			2.2%	47.3%	6.8%	12.3%	12.3%	-		
Eyewear (overseas)			-	-	-	-	-	-	-	-			-	-	-	-	-	-		
Others			-	-	82.1%	168.8%	-7.8%	-	-	-			113.6%	-67.0%	-	222.6%	222.6%	-		
OPM	5.5%	10.8%	5.0%	11.7%	5.5%	10.1%	8.5%	12.7%	8.6%	13.7%	8.2%	8.8%	8.0%	10.7%	11.3%	11.9%	11.9%	-0.6pp		
Eyewear (Japan)	-	-	5.7%	14.6%	7.3%	12.1%	11.0%	15.7%	11.2%	15.8%	-	10.8%	9.9%	13.5%	13.7%	14.1%	14.1%	-0.5pp		
Eyewear (overseas)	-	-	-1.2%	-13.9%	-10.8%	-3.2%	-9.8%	-3.4%	-0.5%	5.1%	-	-8.9%	-6.7%	-6.3%	2.5%	1.5%	1.5%	+1.0pp		
Accessories	-	-	2.1%	1.1%	3.5%	2.8%	3.0%	-1.1%	-10.3%	3.0%	-	1.6%	3.2%	1.0%	-2.8%	3.0%	3.0%	-5.8pp		
<b>Recurring profit</b>	<b>921</b>	<b>2,008</b>	<b>843</b>	<b>2,638</b>	<b>1,132</b>	<b>2,472</b>	<b>1,892</b>	<b>3,335</b>	<b>1,921</b>	<b>3,800</b>	<b>2,929</b>	<b>3,481</b>	<b>3,604</b>	<b>5,227</b>	<b>5,721</b>	<b>6,200</b>	<b>6,200</b>	<b>-479</b>		
<b>YoY</b>	<b>-75.1%</b>	<b>-7.1%</b>	<b>-8.5%</b>	<b>31.4%</b>	<b>34.3%</b>	<b>-6.3%</b>	<b>67.1%</b>	<b>34.9%</b>	<b>-42.4%</b>	<b>13.9%</b>	<b>-50.1%</b>	<b>18.8%</b>	<b>3.5%</b>	<b>45.0%</b>	<b>9.5%</b>	<b>18.6%</b>	<b>18.6%</b>	<b>-</b>		
RPM	5.2%	10.8%	4.8%	11.5%	5.3%	10.0%	7.9%	12.5%	7.6%	13.0%	8.1%	8.6%	7.8%	10.4%	10.5%	11.2%	11.2%	-0.7pp		
Extraordinary gains (losses)	-113	-523	-91	-92	-111	-612	-346	-416	-172	-400	-636	-183	-273	-762	-572	-500	-500	-72		
Pre-tax profit	808	1,485	752	2,546	1,021	2,310	1,545	2,920	1,748	3,400	2,293	3,298	3,331	4,465	5,148	5,700	5,700	-552		
Tax charges	422	626	405	990	563	787	651	1,046	714	1,100	1,048	1,396	1,350	1,697	1,814	1,900	1,900	-86		
Implied tax rate	52.2%	42.1%	53.9%	38.9%	55.1%	34.1%	42.1%	35.8%	40.8%	32.4%	45.7%	42.3%	40.5%	38.0%	35.2%	33.3%	33.3%	+0.0pp		
<b>Net income</b>	<b>386</b>	<b>859</b>	<b>347</b>	<b>1,556</b>	<b>457</b>	<b>1,523</b>	<b>894</b>	<b>1,873</b>	<b>1,034</b>	<b>2,300</b>	<b>1,245</b>	<b>1,902</b>	<b>1,980</b>	<b>2,767</b>	<b>3,334</b>	<b>3,800</b>	<b>3,800</b>	<b>-466</b>		
<b>YoY</b>	<b>-82.1%</b>	<b>-32.1%</b>	<b>-10.2%</b>	<b>81.1%</b>	<b>31.8%</b>	<b>-2.1%</b>	<b>95.6%</b>	<b>23.0%</b>	<b>15.7%</b>	<b>22.8%</b>	<b>-63.6%</b>	<b>52.8%</b>	<b>4.1%</b>	<b>39.7%</b>	<b>20.5%</b>	<b>37.3%</b>	<b>37.3%</b>	<b>-16.8pp</b>		
SG&A expenses	11,715	11,506	12,280	14,460	14,843	16,001	15,976	16,564	16,974	17,907	23,221	26,740	30,844	32,540	34,881	35,251	35,251	-370		
Personnel expenses	3,559	3,565	4,099	4,724	5,003	5,365	5,718	5,657	5,866	6,305	7,124	8,823	10,368	11,375	12,171	12,232	12,232	-61		
Advertising expenses	1,816	1,135	845	985	1,142	1,062	898	790	972	951	2,951	1,830	2,204	1,688	1,923	2,108	2,108	-185		
Rents (excl. company houses)	2,340	2,624	2,931	3,639	3,565	3,883	3,911	4,334	4,307	4,544	4,964	6,570	7,448	8,245	8,851	8,862	8,862	-11		
Depreciation (incl. asset retirement)	727	843	922	993	1,040	1,207	1,104	1,195	1,169	1,154	1,570	1,915	2,247	2,299	2,323	2,262	2,262	+61		
Lease payments	260	309	326	350	369	398	397	374	361	314	569	676	767	771	675	661	661	+14		
Commission fee	1,141	1,185	1,201	1,485	1,538	1,668	1,585	1,580	1,680	1,888	2,326	2,686	3,206	3,165	3,568	3,709	3,709	-141		
Supplies expenses	563	610	589	718	645	736	667	756	782	835	1,173	1,307	1,381	1,423	1,617	1,604	1,604	+13		
Other	1,306	1,234	1,364	1,565	1,536	1,684	1,692	1,878	1,834	1,915	2,540	2,929	3,220	3,570	3,749	3,809	3,809	-60		
<b>YoY</b>	<b>24.3%</b>	<b>-2.5%</b>	<b>4.8%</b>	<b>25.7%</b>	<b>20.9%</b>	<b>10.7%</b>	<b>7.6%</b>	<b>3.5%</b>	<b>6.2%</b>	<b>8.1%</b>	<b>9.4%</b>	<b>15.2%</b>	<b>15.3%</b>	<b>5.5%</b>	<b>7.2%</b>	<b>8.3%</b>	<b>8.3%</b>	<b>-</b>		
Personnel expenses	24.8%	11.9%	15.2%	32.5%	22.1%	13.6%	14.3%	5.4%	2.6%	11.5%	18.0%	23.8%	17.5%	9.7%	7.0%	7.5%	7.5%	-		
Advertising expenses	21.2%	-53.9%	-53.5%	-13.2%	35.1%	7.8%	-21.4%	-25.6%	8.2%	20.4%	-25.5%	-38.0%	20.4%	-23.4%	13.9%	24.9%	24.9%	-		
Rents (excl. company houses)	11.9%	10.4%	25.3%	38.7%	21.6%	6.7%	9.7%													

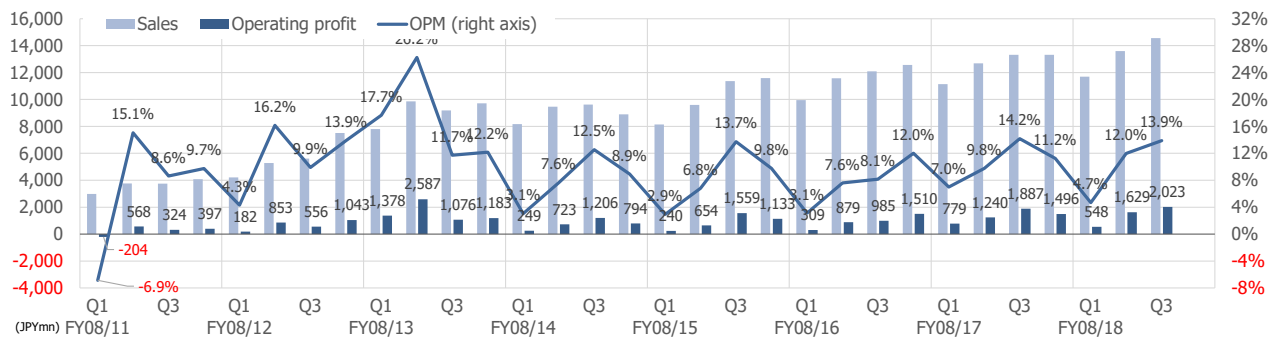
## Q3 FY08/18 results (out July 12, 2018)

- ▷ **Cumulative Q3:** Sales rose 7.3% and operating profit grew 7.5%. Domestic comparable store sales recovered and profitability improved overseas. Accessories continued to perform worse than expected
- ▷ **Domestic:** Comparable store sales rose 1.7%. Strong sales of JINS SWITCH (regular glasses that can easily be switched to sunglasses) drove results and CP measures also contributed
- ▷ **China:** Amid worsening competitive condition, strengthened differentiation from imitation stores run by competitors. Increased profits on improved GPM and recovery of existing stores. Continued to achieve profitability
- ▷ **US:** Comparable store sales grew significantly due to measures such as improving merchandising and store operations. GPM also rose due to a change in the procurement source for lenses. Profit structure improved
- ▷ **Accessories:** Operating profit declined more than expected on a slump in women's products. JINS has already begun closing unprofitable stores and reviewing its store operations and product strategy
- ▷ **Eyewear store openings:** Opened 49 stores (23 in Japan, 26 in China, and none in the US), progressing in accordance to the plan. Opened its first overseas franchise store in the Philippines in April
- ▷ **Topics 1:** Opened the first J of JINS store, a new store format targeting high-end customers and focusing on service on July 20
- ▷ **Topics 2:** Entered drug sales business with a goal of becoming a total eyecare company. Launched a drug sales service JINS DRUG+ through its online shop
- ▷ **Topics 3:** Began selling glasses developed in partnership with Konstantin Grcic on June 14 as the second installment of the JINS Design Project

### Comparable store sales YoY



### Earnings (JPYmn)



Source: Shared Research based on company data

## Overview

**Cumulative Q3: Sales rose 7.3% and operating profit grew 7.5%. Domestic comparable store sales recovered and profitability improved overseas. Accessories continued to perform worse than expected**

- ▷ **Sales:** JPY39.9bn (+7.3% YoY)

▷ **Operating profit:** JPY4.2bn (+7.5%)

Operating profit rose JPY294mn YoY, with the domestic eyewear business up JPY267mn, overseas eyewear business up JPY279mn, and accessories down JPY254mn. In Q1, operating profit dropped JPY231mn (-29.7%). However, operating profit started to increase from Q2, up JPY389mn in Q2 (+31.4%) and up JPY136mn in Q3 (+7.2%), leading to an overall operating profit for cumulative Q3.

**Overseas eyewear:** Operating profit rose JPY279mn YoY in cumulative Q3 (July to March). By region, in China existing stores saw recovery as GPM maintained high levels, and in the US, there was significant sales growth at existing stores due to improvements to store operations and the launching of products designed for the US market, and improved margins (lower lens procurement costs).

**Domestic eyewear:** In the domestic business, operating profit rose JPY267mn YoY. In 1H, while each collaboration product performed well, domestic comparable store sales were down 0.2% (versus +3.0% in 1H forecast) due to unseasonable weather in October, an increase in the ratio of discount products sold, sales concentrating on lower price products, and weak sales of the new fall and winter series JINSxTIME. Although the company managed to increase sales in volume terms with the help of special sales events that offered discounts for purchasing a number of goods as a package, these sales tactics brought down average customer spend by JPY500 YoY, to JPY7,200. JINS believed disparity between product merchandising and customer needs led to the weak sales of the new series and a higher percentage of discount items. By price point, enhancement of the JPY5,000 product lineup appears to be helping to capture customers, but the company appears to have had trouble convincing customers of the appeal of the JPY8,000 and JPY12,000 lineups, which has led to increased inventory and more discount items. The company hammered out a number of measures aimed at addressing these problems starting in the latter half of 1H. In cumulative Q3, sales rose 5.3% due to strong performance by JINS SWITCH and rebound in average price per pair of eyeglasses with the effect of the new three price point strategy. The JINS original app has also been well received as the number of downloads surpassed 1,200,000 by the end of May 2018.

**Accessories:** Considering its growing importance, JINS made the accessories business a separate segment in Q1 (it had previously been included with other businesses). The segment booked an operating loss of JPY174mn against a full-year operating profit target of JPY100mn, so the segment is hindering overall performance. The main reason is a failure in the merchandising of women's products. There were also changes in the market, such as the emergence of online stores and second-hand marketplaces. The company has focused on reviewing its store operations and product strategy. However, losses continued in Q3.

## Performance supplement

### Market analysis

The environment for domestic eyewear retail market had been trending unfavorably, showing consecutive annual decline since March 2016. However, the market has begun to recover and the company currently sees signs of improvement. In light of this environment, management has continued to tackle certain issues: revamping the product strategy, improving store operations, and opening more suburban roadside stores as the company continues to strengthen its suburban presence.

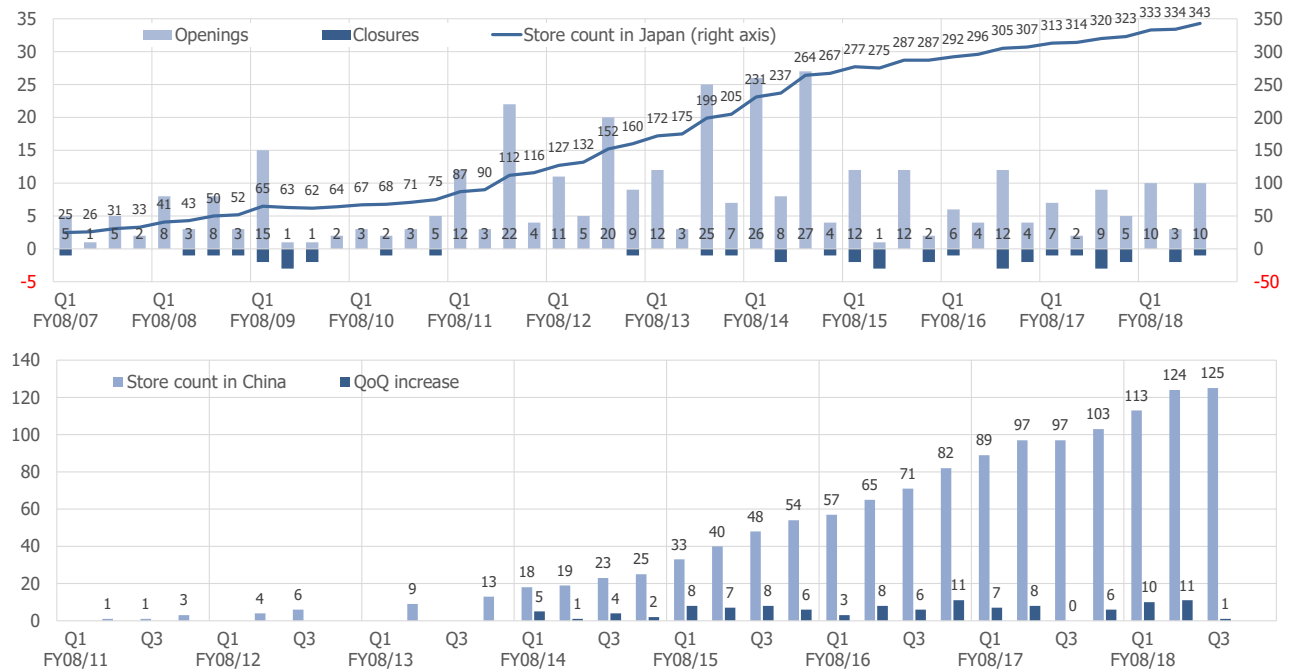
The company introduced a three price points system in March 2017. However, positive effects from the new system were limited and product development accompanying the transition insufficient; as a result, comparable store sales fell 0.7% YoY in Q1 FY08/18. Q2 comparable stores sales rose slightly at 0.3%. This figure was strongly impacted by a 2.6% drop in December, although sales recovered in January (+1.7%) and February (+2.2%). Q3 comparable store sales saw this trend continue as sales rose 4.9%. Comparable store sales were up 10.1% in March, recording the first double digit increase since January 2016. Comparable store sales then rose 3.6% in April and 1.4% in May as products to combat hay fever and JINS SWITCH, glasses which can easily become sunglasses, drove results. In June, the glasses which were developed in collaboration with Konstantin Grcic and the second installment of JINS Design Project received positive reviews and maintained sales growth (+7.2%).

The company is targeting further growth, and is undertaking critical initiatives to enhance its product lineup and customer service and to strengthen store management. With respect to suburban roadside stores, the company bolstered its in-house team for store development in preparation for an accelerated store opening program as it plans to place further focus on strengthening these stores during FY08/18. The company believes that the effects of these measures will materialize in the future.

Store openings: Opened 49 eyewear stores (23 in Japan, 26 in China, and none in the US)

As of the end of cumulative Q3 FY08/18, the company had 343 domestic stores in operation (store openings: 23, store closings: 2) and 129 overseas stores (125 stores in China, 4 in the US; 26 total store openings: 26 in China, 0 in the US; 4 closings in China). Store openings appear to be progressing roughly in line with the full-year plan (28 domestic, 32 in China). Roadside stores are being opened in Japan, and existing stores are steadily increasing sales to the senior demographic. JINS opened another store and cafe combination in Q1 (total of four at end-FY08/17) and continued expanding its store base during Q2.

**Number of eyewear stores (upper table: domestic; lower table: China)**



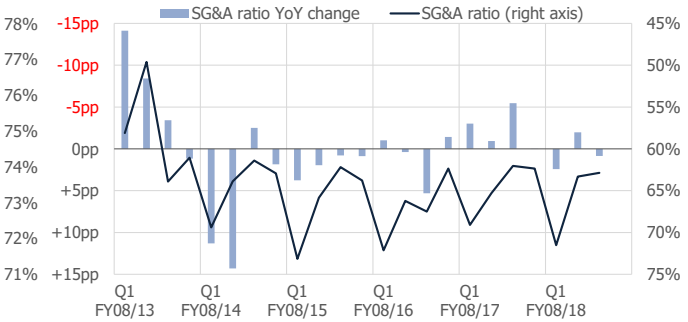
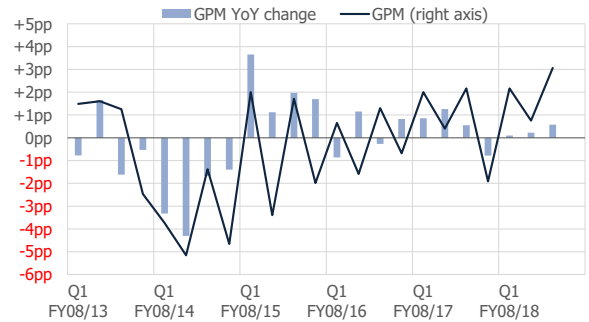
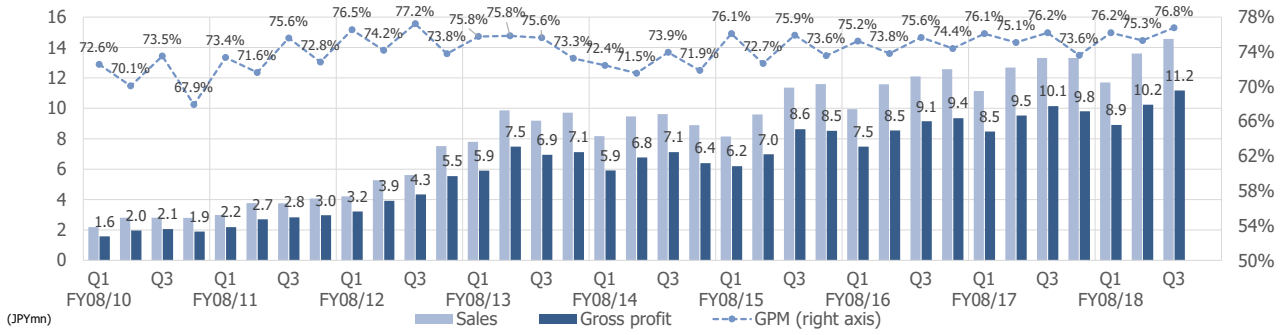
Source: Shared Research based on company data

### Gross profit

For cumulative Q3 FY08/18, the company reported a GPM of 76.1%, up 0.3pp YoY. This improvement was caused in part by lower lens procurement costs in the overseas business, but also because the ratio of sales in the overseas business increased where GPM is comparatively high. The GPM for the domestic business improved significantly due to a review of overseas suppliers, despite a higher percentage of discount items making up overall sales.

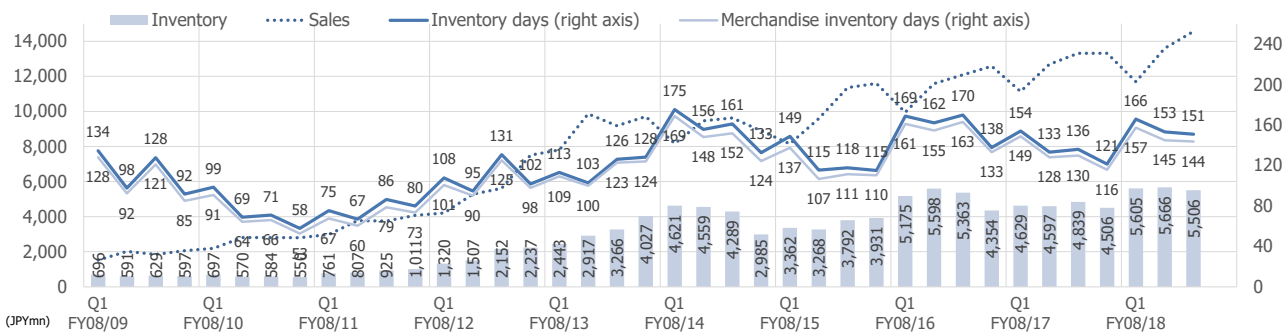
However, the company intends to return the higher profits gained by lower CoGS into initiatives to increase product value. We will keep a close eye on how higher product value would lead to higher customer count and higher gross profit. Note that in Q4 FY08/17, JINS incurred losses of roughly JPY130mn from the disposal of inventory (outdated MEME products), which dragged down the GPM. The company expects a similar impact in Q4 FY08/18. Inventory were up as of end-Q2 but the company expected to return inventories to the appropriate levels by the end of FY08/18. During 2H, the company planned to keep a tight control on the supply side while at the same time making some serious structural changes in a) lead times and the way inventories are held; b) the way inventories are held at the store and warehouse levels; and c) full-price sales. The company said it would clarify its thinking on inventories to some extent during the course of 2H and would be ready to start taking definitive steps at the operating level in FY08/19. Q3 inventories fell slightly QoQ and saw a better turnover rate. However, the effects of these initiatives are unclear as of yet. Shared Research will confirm details following interviews.

**Gross profit margin**



Source: Shared Research based on company data

**Inventory, sales, and inventory days (JPYmn)**

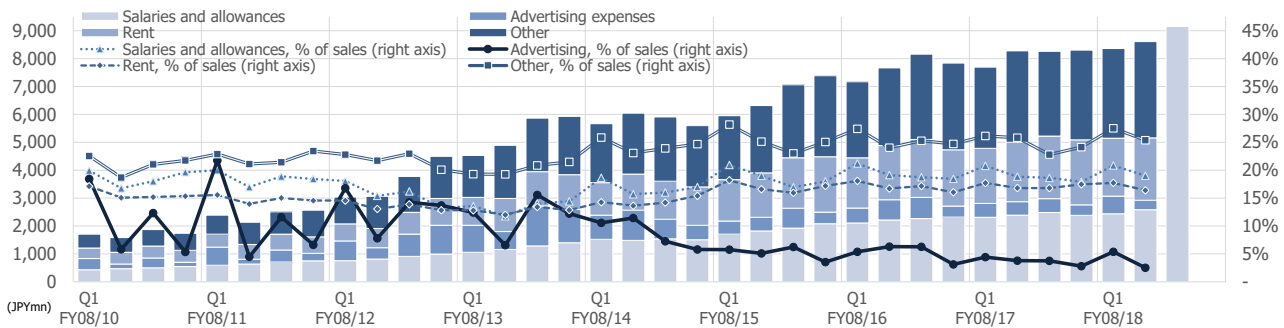


Source: Shared Research based on company data

**SG&A expenses**

SG&A expenses increased by 7.8%, and the SG&A-to-sales ratio rose by 0.3pp to 65.6%. While sales were solid, the SG&A-to-sales ratio worsened due to higher advertising expenses.

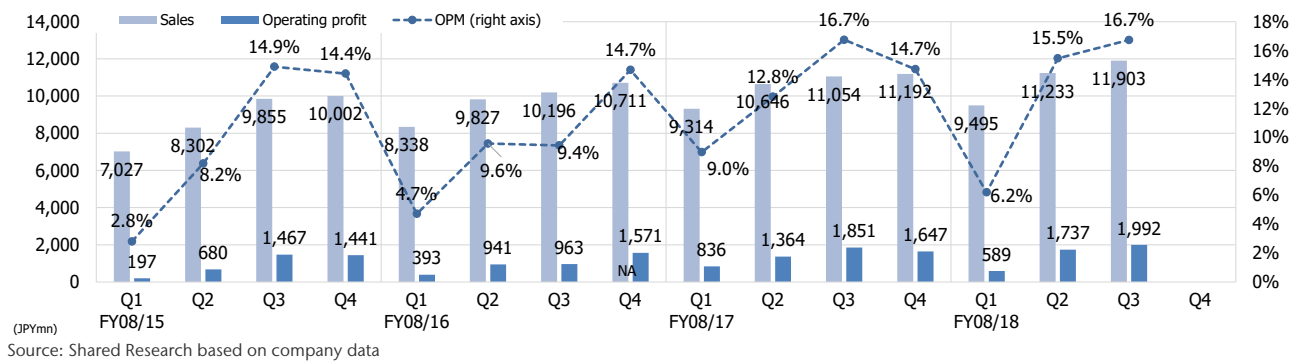
**SG&A expenses breakdown (JPYmn)**



Source: Shared Research based on company data



Domestic eyewear business

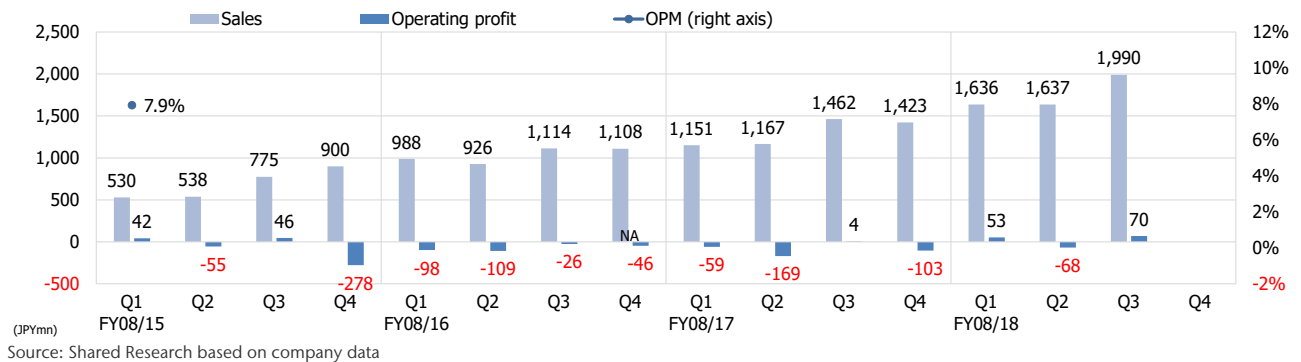


Source: Shared Research based on company data

**Overseas business (results for July 2016–June 2017 included in consolidated results for FY08/17)**

For its Overseas business, the company reported JPY5.3bn in sales (+39.2% YoY) and JPY55mn in operating profit (JPY224mn operating loss in cumulative Q3 FY08/17) for cumulative Q3. The profits in China continue to effectively cover the operating losses in the US. Despite a harsh competitive environment in China, the company is finding means to distinguish its stores from imitation stores run by competitors. Comparable store sales recovered and GPM improved. In the US, sales at existing stores rose significantly due to improvements to store operations and launching products designed for US customers. The company also raised GPM by changing the procurement source of lenses in the country. As a result, the overall overseas business achieved an operating profit. A narrowing of the operating loss in the US appears to have contributed significantly. In April, the company opened its first franchise store in the Philippines, making it its fourth country of operation.

Overseas eyewear business



Source: Shared Research based on company data

**Topics**

**Contact lens**

The company entered the contact lens business and began sales of original daily disposable contact lenses JINS 1DAY via its online store from January 2018. The company also began selling this product in its JINS Shibuya store from December 2017. The company is considering developing qualified staff and progressively increasing the number of stores offering these contact lenses. According to the company, more than 50% of consumers who purchase daily disposable contact lenses also purchase eyewear at JINS, and over 80% of this group wish to buy disposable lenses at JINS at a reasonable price. The company is planning to begin sales of original contact lenses JINS 1DAY (30 lenses a box at JPY2,000 excluding tax) in response to such customer needs. The product will be available via company website or app. Leveraging the business model it has developed with eyewear, JINS said it will launch the product in the form of a proprietary brand, which can be offered at a price below market. As of Q2, with JINS contact lenses are enjoying a relatively good reputation, the company expects sales of contact lenses to continue rising with growth depending on the number of stores carrying contact lenses.

**The Philippines**

In March 2018, the company announced its intent to sign a franchise agreement with the Philippines-based Suyen Corporation. The company aims to launch the eyewear brand JINS in the Philippines; the first store (SM Aura Premier 1F) opened on April 19, 2018. The impact of this agreement on consolidated results is expected to be marginal.

Suyen Corporation operates stores in many industries, including apparel, sundries, cosmetics, and restaurants, in the Philippines, US, and China. It also manages many Japanese restaurant brands. JINS stated that Suyen Corporation has a strong relationship of trust spanning 30 years with the SM Group (operator of massive shopping malls in the Philippines and China), and has shown success in operating many different franchise stores.

### Salon de Megane

In April 2018, JINS began its new "Salon de Megane" service in which it initially lined up 100 beauty salons nationwide to carry a display of its eyewear. The company is looking to get the number of beauty salons with its eyewear displays up to 1,000 by the end of 2018. The company is expecting this approach to generate monthly sales of a couple of pairs of eyeglasses per salon, which will be booked under e-commerce sales.

### J of JINS

In July 2018, the company announced it will open its first J of JINS store. This opening marks the introduction of a new store format J of JINS, which targets high-end customers matching the store concept of "those who have an eye for true value." With the focus set on service, the J of JINS stores will be staffed by employees who have obtained the highest "meister" ranking within the company's in-house qualification system. The prices will be around JPY30,000–JPY100,000 for frames and JPY10,000–JPY80,000 for a pair of lenses, significantly higher than the company's conventional three price points of JPY5,000, JPY8,000, and JPY12,000.

### JINS DRUG+

In May 2018, the company announced the launch of its online drug sales service JINS DRUG+. With the goal of becoming a total eyecare company, the company will launch a drug sales service JINS DRUG+ through its online shop. The company stated that the initial product offering will include eye drops and 12 types of supplements. It plans to expand the number of products in stages, while pushing forward development and sales of services and products with the aim to provide comprehensive support for all sorts of eye-related issues.

### LINE Business Connect

From July 2018, the company began implementing LINE Business Connect in all JINS stores. This allows users to confirm notifications regarding the wait time for eye exams and production time for customer-order items. Customers often have to wait during busy periods on the weekends. However, by linking a list of the waiting order to LINE, it is possible to reduce sales opportunity loss and improve efficiency of store operations.

#### Outlook for 2H and FY08/19 (reference: as of end-Q2)

The company issued a downward revision to its outlook for full-year sales and earnings on April 5, 2018, pointing to shortfalls in sales at the domestic eyewear and women's accessories businesses. The company made no changes to its forecast for 2H (operating profit of JPY4.0bn and a 1.7% YoY increase in comparable store sales) based on expectations of a rebound in the average selling price per pair of glasses. Measures expected to lead to a rebound include 1) an expansion of the product lineup at JPY8,000, which began in the latter half of Q2; 2) more one-time product offerings; 3) strong sales of SWITCH glasses; and 4) the elimination of the drag from the company's move to the three price system in March 2017. YoY comparisons for average customer spend in 2H will also be aided by a lower hurdle, as the average customer spend will come down from JPY7,700 in 1H FY08/17 (JPY7,300 in 1H FY08/18) to JPY7,200 in 2H FY08/18.

With respect to an expansion of the product lineup at JPY8,000, JINS noted that most of the weakness in sales was seen in the JINSxTIME product lineup, most of which is priced at JPY12,000. As a result, products at JPY5,000 accounted for a larger proportion of overall sales. In response to the shortfall in JINSxTIME sales, the company also began expanding its product offering at JPY8,000 in March 2018. The product lineup at the JPY8,000 had previously accounted for 36% of sales but in March 2018 it accounted for more than 40% of sales while proportion of sales accounted for by products at JPY5,000 declined by 4pp, boosting to average customer spend in March to JPY7,300. Assuming average customer spend stays at this level, the company may be able to meet its (unrevised) forecast for 2H.

As for plans to increase one-time product offerings, the company says it is planning a new eyewear lineup with bold, provocative designs for release in mid-June. Based on the failure of JINSxTIME to meet customer needs, the company decided it needed to rework its display communications strategy. With regard to the popularity of SWITCH glasses, JINS noted that sales continued well in April and that it expanded its lineup of SWITCH glasses at the end of April. Owing to the popularity of SWITCH glasses, the company also decided to add them to its standard product lineup. The company also said



that the expansion of its product lineup at JPY5,000 was successful in bringing in new customers to stores in 1H and that it planned continue along these same lines in 2H.

With respect to the unit sales, JINS expects the rise in unit sales in 1H to be followed by further growth in 2H. However, unlike in 1H, when it got the numbers up by offering discounts for package deals, during 2H the company plans to boost unit sales while keeping a tight lid on the supply side and holding down sales events that will provide only a brief boost to sales.

**Store strategy:** Successful store model at Maebashi location to be replicated nationwide

Among the company's various store formats, Shared Research would especially highlight the suburban roadside models that it is developing. At the end of FY08/17, JINS had a total of 17 roadside stores. By the end of Q2 FY08/18, that number was up to 20 stores as the company opened four new roadside stores (including one scrap-and-build). The company had initially planned to complete three more roadside store openings during 1H but these slipped into 2H, bringing the total number of roadside stores expected to be added in 2H to five.

Judging from the results of the roadside stores opened this far, the company believes this looks like a winning store strategy and, taking into further consideration the contribution these stores will make to raise the JINS brand awareness going forward, appears to be planning to pursue a market dominance strategy (to some extent) by opening new roadside stores. In Maebashi area, for example, JINS has positioned itself to serve a market of some 340,000 people with an estimated eyewear market value of some JPY1.2bn to JPY1.3bn and, with a total of three stores (one in a shopping center and two roadside stores) is aiming to capture 35% of the local market. In regional markets, JINS appears likely to focus most of its new store openings in and around prefectural capitals. The company also noted that its new store format that features an in-store cafe have also gotten off to a good start, raising recognition of the JINS brand name in the surrounding area soon after the new stores were opened.

The company is currently thinking that total store openings during FY08/19 will run slightly ahead of FY08/18 (when it plans a net addition of 25 stores), and about half of those will be roadside stores.

**New Black JINS format**

With regarding to its new Black JINS format, which is designed to appeal to the values of those that are especially fashion-conscious when it comes to eyewear, current plans call for one store to open in a central urban district during 2H FY08/18. The new format will feature a unique selection of eyewear (like those that might be offered in a specialty boutique) aimed at fashion-conscious executive, and will be designed to convey the high quality of the JINS brand.

**SG&A expenses**

The company appears to be preparing to go on the attack and raise advertising and promotional spending starting in FY08/19, as it feels it needs to do so to sufficiently convey the quality of the JINS brand name and support sales of products at its highest price point (JPY12,000). FY08/18 budget does not include money for a major advertising campaign in 2H, however, and advertising and promotional spending is said to be running generally in line with plan.

**Overseas business**

JINS reports that its overseas businesses in China and the US are currently doing well, and that both are past the stage where there was a drag on earnings and have entered the stage where they will be adding to consolidated operating profit. The company says both its China and US businesses are on track to make the expected contributions to the JPY174mn in consolidated operating profit it is projecting for the full year, with operations in **China** looking to stay in the black and operations in **the US** expected to log smaller losses (and come close to moving into the black if allocated corporate overhead is excluded). That said, we believe sales trends in the US warrant close attention in FY08/18, as following a stretch of strong growth starting in August 2017, comparable store sales are set to slow after July as they face more difficult YoY comparisons. If comparable store sales in the US manage to show positive YoY growth in August, additional contributions can be expected to earnings as well. See overview of overseas operations by region (below) for further details.

In **China**, sales at existing stores continue to grow at a double-digit pace and new store openings are running ahead of plan, with the company having already opened 22 new stores compared with its initial 1H plan of only 15 new openings. Plans call for 10 more new store openings in 2H and one closure, which together with the single store closure during 1H puts the company on track to meet its target for a net addition of 30 stores in China by the end of FY08/18. In **the US**, sales at both its flagship stores and mall stores are doing well. The company has no plans for any new store openings in the US in FY08/18; it is looking at the possibility of opening more mall stores starting in FY08/19, but we would expect it to remain cautious and go slow on any new store openings in the US. Operations in **Taiwan** are doing well and, while not included in consolidated results at this point, there is a good chance the company's Taiwanese business will be included in consolidated results starting in FY08/19. JINS had 18 stores in Taiwan at the end of FY08/17, 20 stores at the end of 1H FY08/18, and is on track to reach its target of 22 stores at the end of FY08/18. In April 2018, JINS opened its first franchise store in **the Philippines**; it also happens to be the first JINS franchise store overseas, though the contribution to sales and earnings will be small.

**Accessories business**

The company is remaking its lineup of accessories by bringing in outside designers. With the changes in the merchandise lineup starting to be implemented in May 2018, the company is looking for the impact to steadily come to the fore going forward and expects the accessories business to be back into the black in 2H. A shortfall here is a possibility, but the company believes that any shortfall is likely to be offset by the eyewear business.

**Status of various initiatives**

The status of additional initiatives is as follows.

- ◇ Increase in unit sales: Although the existing store customer count fell slightly in 1H, unit sales increased by 6.2% with the help of special sales events that offered discounts for purchasing a number of goods as a package (the full-year target is +3–4%, meaning an increase of 200,000 units to 5.8mn units)
- ◇ JINS Design Project: After failing on the sales front in 1H, the company is looking to correct the problems and, as the design quality steadily improves, is looking for better sales results from products brought out in 2H
- ◇ Development of senior demographic: JINS opened roadside stores as planned, and existing roadside stores are steadily gaining customers in the senior demographic
- ◇ Kids' Lenses: In March kids' lenses were renamed Violet Plus. JINS plans to actively communicate its message at the store level
- ◇ E-commerce: After finishing 1H with sales on plan, JINS plans to remain on offense the rest of FY08/18 and is thus likely to see even higher growth in e-commerce sales in 2H
- ◇ Innovative new products: As problems on the manufacturing front will take more time to correct, it is unlikely that this initiative will be able to bring any new products to the market during FY08/18

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

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