





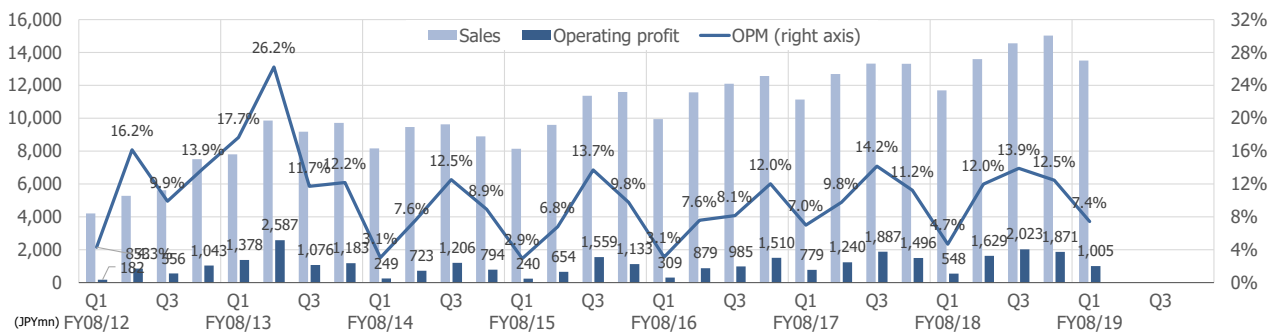
## Q1 FY08/19 results (out January 10, 2019)

### Overview

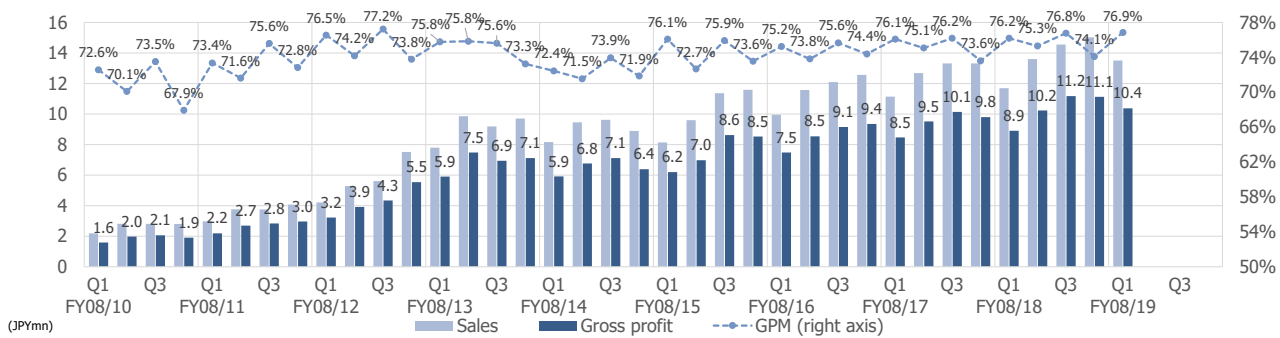
For Q1 FY08/19, the company reported consolidated sales of JPY13.5bn (+15.5% YoY), an operating profit of JPY1.0bn (+83.4% YoY), recurring profit of JPY900mn (+111.3% YoY), and net income attributable to parent company shareholders of JPY501mn (+201.8% YoY). The strong top-line gains were underpinned by a solid growth in domestic comparable store sales, which were up 5.6% YoY, and the resulting increase in gross profit together with reduced spending on advertising and promotion drove the jump in operating profit. Q1 results also reflect the inclusion of the company's Taiwanese subsidiary, which starting Q1 FY08/19 is being accounted for as a consolidated subsidiary.

As for the market environment, JINS noted that the retail eyewear market in Japan remains weak, with overall market sales still stuck in a downtrend going all the way back to March 2016. Amid the sluggish operating environment, the company has focused its efforts on diversifying its product lineup and improving customer service. At its domestic eyewear business, the company is concentrating on developing innovative new products and making store operations more efficient, including measure to facilitate browsing by potential customers that may later make purchases through the company's online store. The company also altered its store strategy, further expanding its brick-and-mortar stores network by accelerating the opening of new roadside store in suburban areas while at the same time continuing to open new outlets inside of shopping malls.

### Earnings

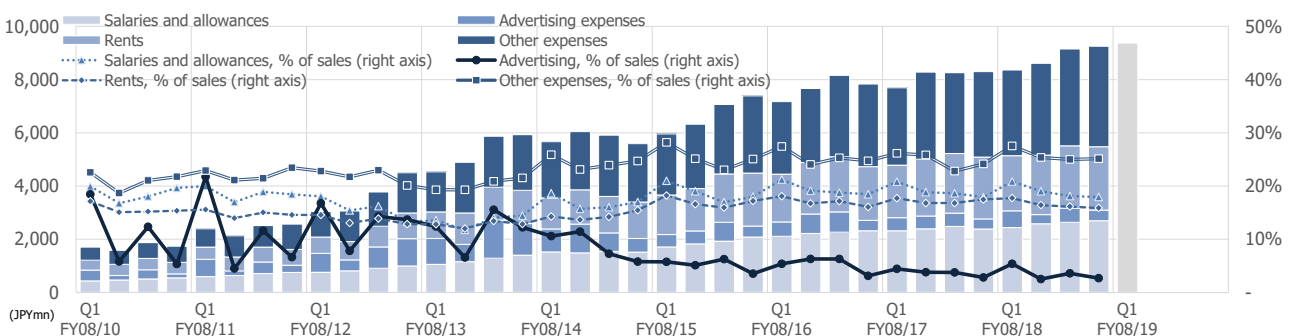


### Gross profit margin



Source: Shared Research based on company data

### SG&A expenses breakdown



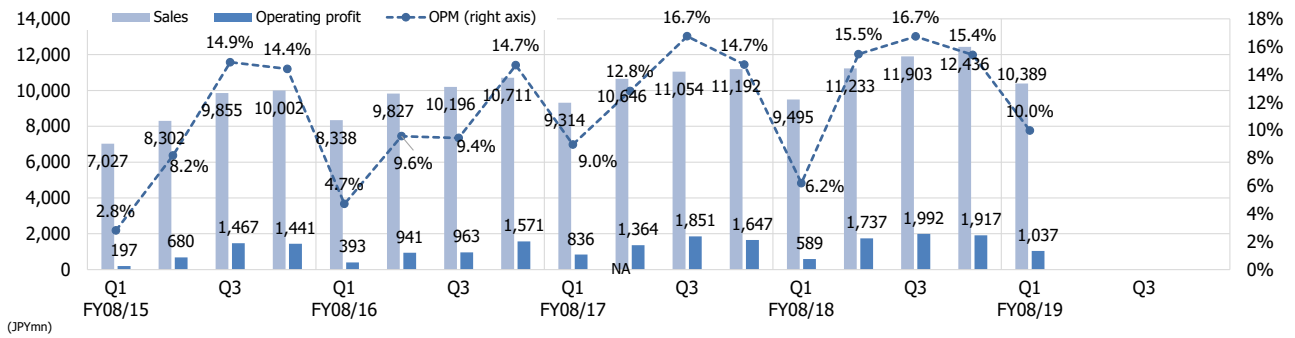
Source: Shared Research based on company data

**Performance by segment**

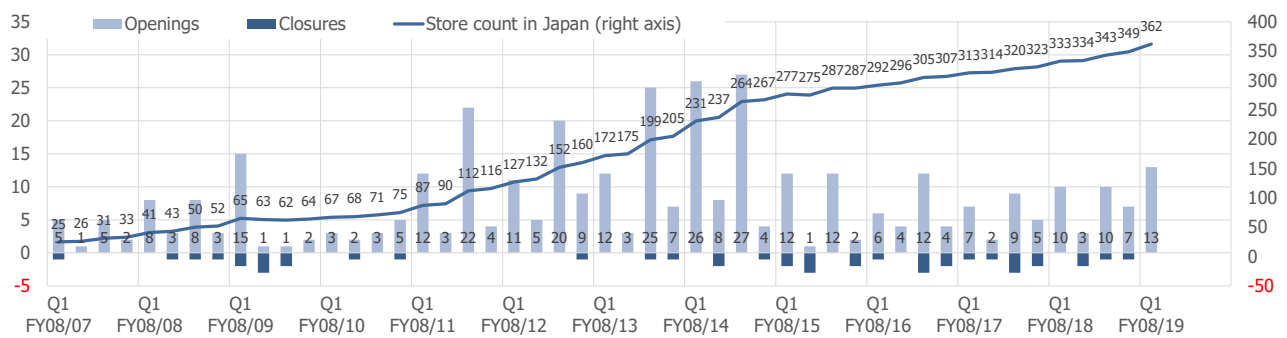
**Domestic eyewear**

For Q1 FY08/18, the domestic eyewear segment reported sales of JPY10.4bn (+9.4% YoY) and an operating profit of JPY1.0bn (+76.1% YoY). The top-line gains were underpinned by a 5.6% rise in comparable store sales and by the strong reception received by newly developed products, including the company's new fall/winter Classic series and JINSxMichele De Lucchi series, developed jointly with well-known Italian architect Michele De Lucchi. The company opened 13 new stores (there were no closures); store openings were generally in line with plan and brought the total number of domestic stores at period-end to 362.

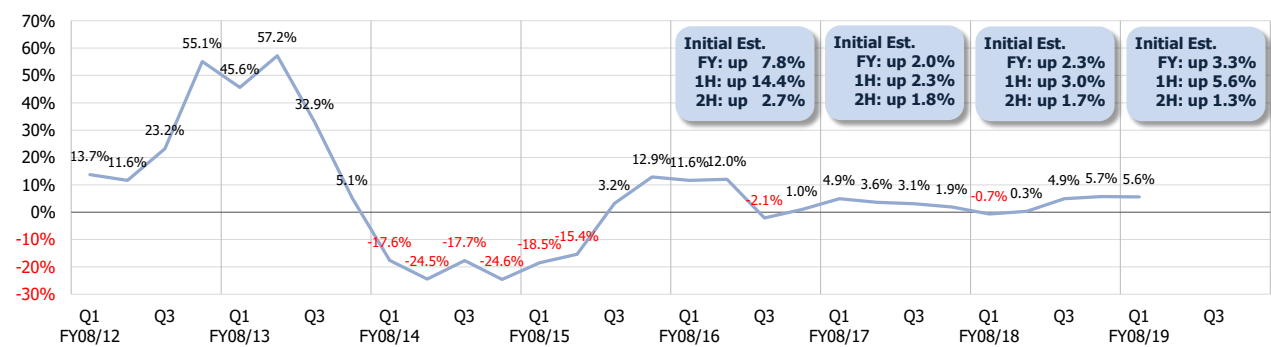
**Domestic eyewear business**



**Number of eyewear stores**



**Comparable store sales YoY**



Source: Shared Research based on company data

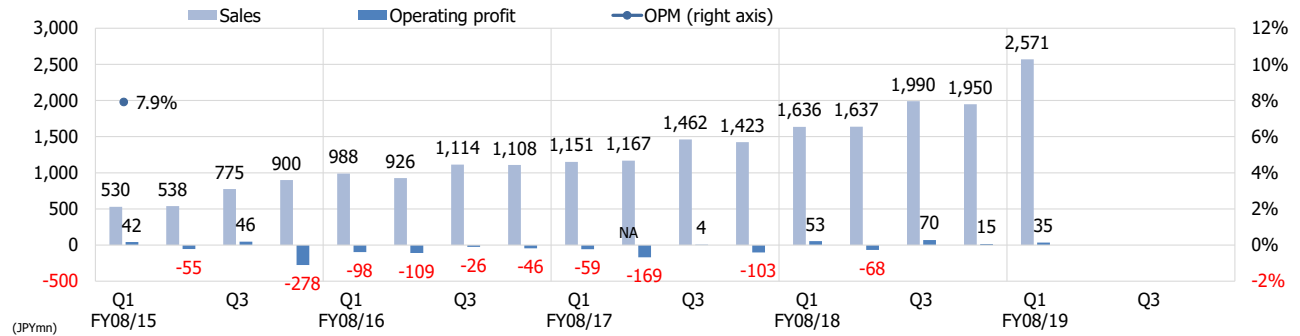
**Overseas eyewear business (results for July 2016–June 2017 included in consolidated results for FY08/17)**

The overseas eyewear segment reported Q1 FY0819 sales of JPY2.6bn (+57.2% YoY) and an operating profit of JPY35mn (-34.0% YoY).

- ▷ China (8 openings, 2 closings, leaving 136 stores in operation at period-end): Sales posted solid gains on steady growth in comparable stores sales and new store openings, but earnings were depressed by a weaker-than-expected yuan
- ▷ Taiwan (1 opening, 0 closing, leaving 22 stores): The subsidiary was included in consolidated results starting in Q1 FY08/19. Has posted steady growth since opening its first store in November 2015

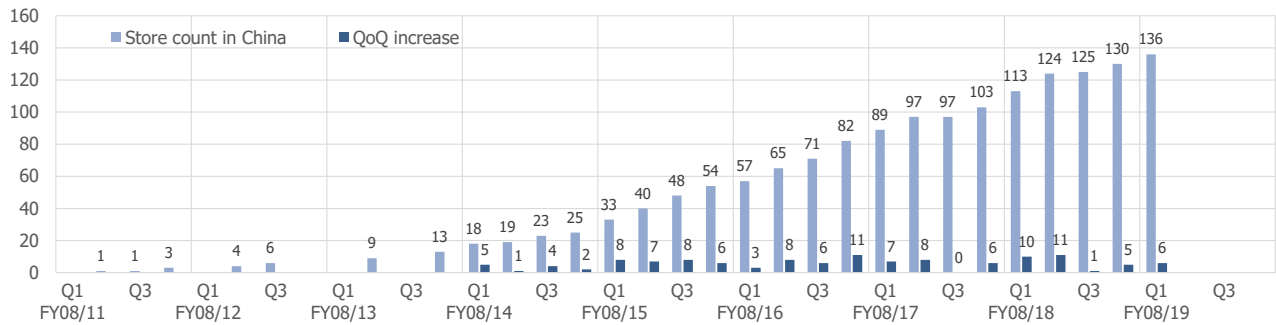
- ▷ Hong Kong (1 opening, 0 closing, leaving 1 store): The company incurred upfront spending on the opening of its first store in Hong Kong in September 2018
- ▷ USA (1 opening, 0 closing, leaving 5 stores): Still enjoying strong growth in sales at existing stores, the company moved to open another new store in August 2018, this time in Torrance, California

**Overseas eyewear business**



Note: Taiwan subsidiary included in consolidated results starting in Q1 FY08/19  
Source: Shared Research, based on company data

**China: Eyewear store count and net store openings by quarter**



Source: Shared Research, based on company data

**Accessories business**

Previously reported under "other" businesses, the accessories business became important enough to be reported as a separate segment starting Q1 FY08/19. The segment posted sales of JPY545mn (-3.2% YoY) and an operating loss of JPY66mn (versus year-earlier loss of JPY95mn). Amid growing competition from online stores and the emergence of an active market for secondhand goods, the company is striving to turn around sales and earnings by making changes in store operations and adjusting its merchandising strategy to better cope with the changing market.

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

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