



YUMESHIN HOLDINGS CO.,LTD.

Fiscal Year Ending **September** 2017

# Financial Results

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- 2<sup>nd</sup> Quarter -

September, 2016  
Securities code

**2362**

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# Business Portfolio

[FY16/Q2]

Business segment	Company name
Construction engineer temporary staffing	Yumeshin Holdings
Engineer temporary staffing	Yume Technology
Recruitment	Yume Agent

[FY17/Q2]

Business segment	Company name
Construction engineer temporary staffing	Yumeshin Holdings
Engineer temporary staffing	Yume Technology
Education-related	Yume Education
IT-related	Galaxy Inc. Social Fintec Keepdata
Other	Yume Agent Yumeagent Philippines XDREAM Sports

Newly consolidated in  
FY17 Q1

Segment change

# Description of Each Business

As of March 31, 2017

Business segment	Company name	Business description
Construction engineer temporary staffing	Yumeshin Holdings	Temporary staffing of construction management specialist Temporary staffing of CAD operator Contract production of constructing drawings
Engineer temporary staffing	Yume Technology	Temporary staffing of engineers for manufacturing industry Temporary staffing of IT engineers
Education-related	Yume Education	Development of highly trained IT engineers
IT-related	Galaxy Social Fintec Keepdata	IT services for construction industry Offshore development in Vietnam Provision of big data platform
Other	Yume Agent Yumeagent Philippines XDREAM Sports	Introducing human resources to construction/manufacturing industries Teaching of Japanese language to human resources in the Philippines Introducing human resources to sports industry

# Consolidated Financial Overview

# TOPIC

## 1. Consolidated sales

**Sales up YoY for 27 consecutive quarters**

## 2. Construction engineer temporary staffing

**Steady recruitment, big increase in the number of engineers due to improvement in retention rate**

## 3. Engineer temporary staffing

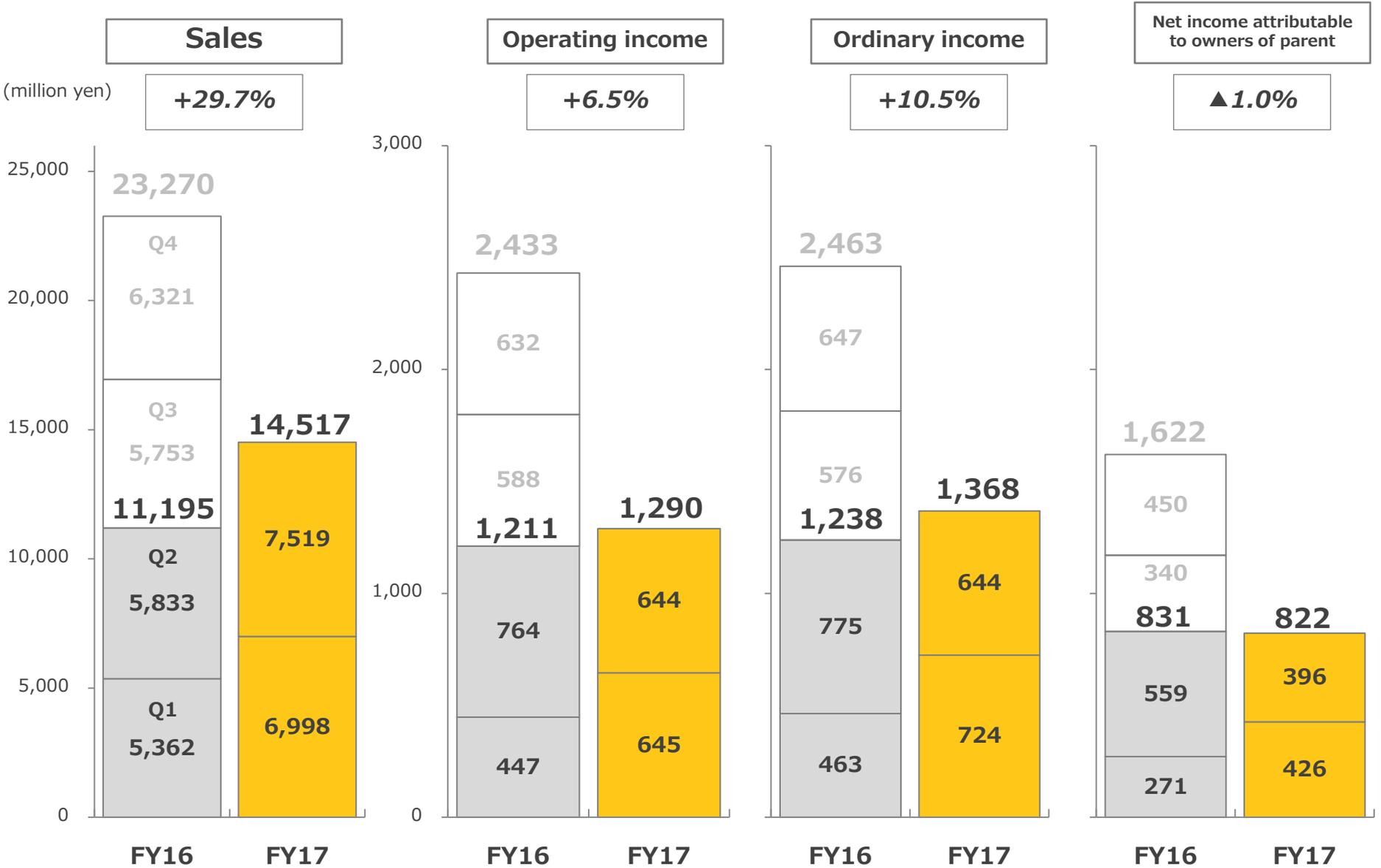
**Aim to hire 1,000 engineers, revise business forecasts**

# Consolidated Financial Overview

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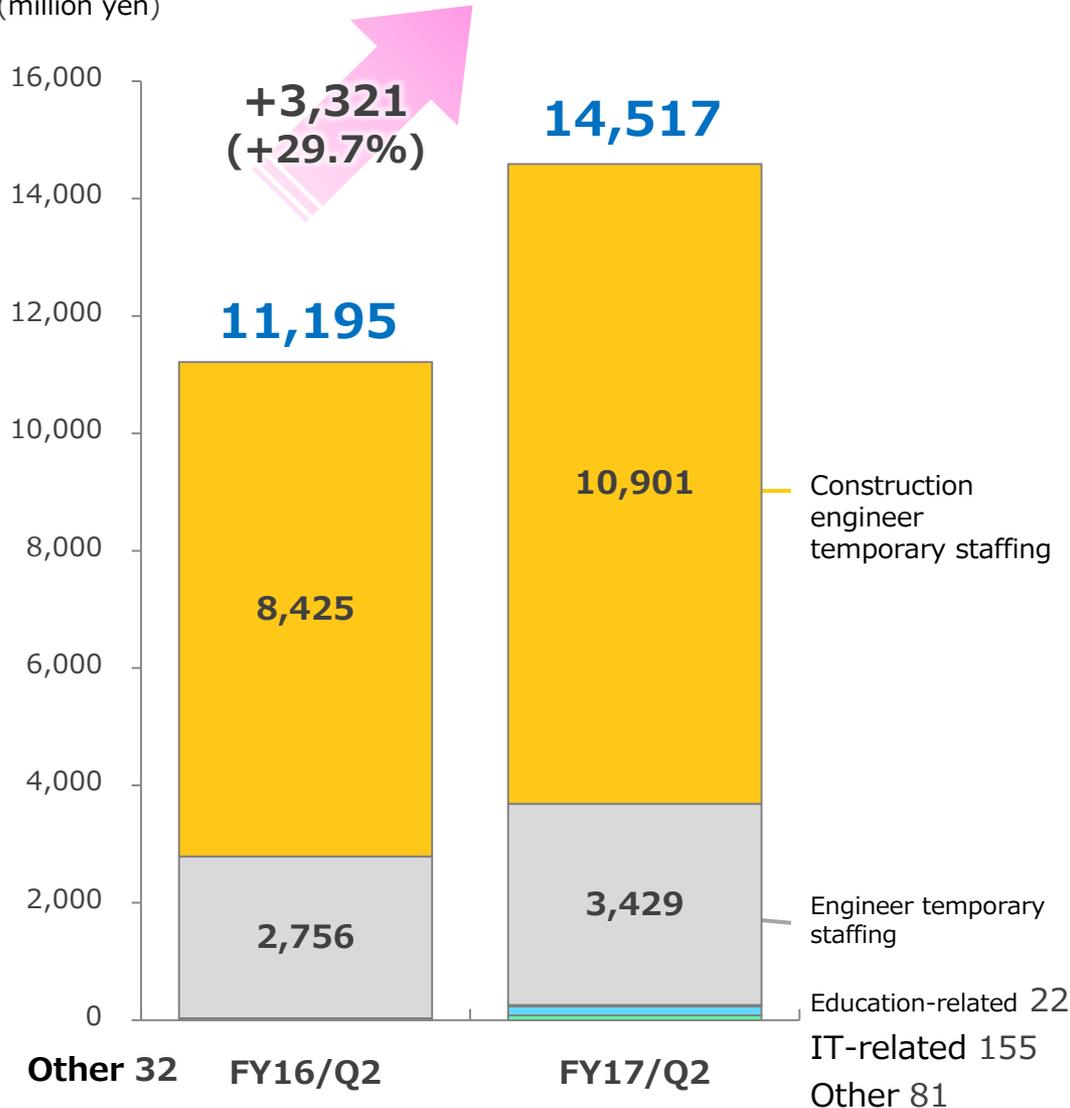
## Consolidated P/L Statement

# Consolidated P/L



# Consolidated P/L (1) Sales

(million yen)



## [Major factors for increase/decrease]

**Construction engineer temporary staffing** **+¥2,476m**  
(+29.4%)

- Sales up due to increase in staff at work and unit price of temporary staffing

**Engineer temporary staffing** **+¥673m**  
(+24.4%)

- Sales up due to increase in staff at work

**Education-related/IT-related** **+¥178m**  
(-%)

- Seminars for training IT engineers, IT support for construction sites, offshore development services and other activities

**Other** **+¥48m**  
(+147.6%)

- Introducing human resources to construction, manufacturing and sports industries
- Teaching of Japanese language to human resources in the Philippines

\* Factors for increase/decrease include ▲¥54 million in elimination of intercompany transactions.

# Consolidated P/L (2)

## Selling, General and Administrative Expenses

(million yen)

	FY16/Q2	FY17/Q2	Change	Remarks
Cost of sales	8,056	10,258	+2,202	· Increased due to increase in engineers Of which non-consolidated 7,581 (+1,566)
Cost of sales ratio	72.0%	70.7%	▲1.3pt.	
Gross profit	3,138	4,258	+1,119	· Increased due to increase in engineers Of which non-consolidated 3,320 (+910)
Gross profit margin	28.0%	29.3%	+1.3pt.	· Improved due to a rise in unit price of temporary staffing
SG&A expenses	1,926	2,968	+1,041	
Executive compensation	70	88	+17	
Personnel expenses	901	1,291	+389	· Increased due to increase in sales staffs Of which non-consolidated 815 (+173)
Ad expenses	8	32	+24	
Recruiting cost	421	730	+308	· Increase in advertising cost Of which non-consolidated 539 (+246)
Rent	148	178	+30	
Outsourcing expenses	130	178	+47	
Amortization of goodwill	26	109	+82	
SG&A expense ratio	17.2%	20.4%	+3.2pt.	

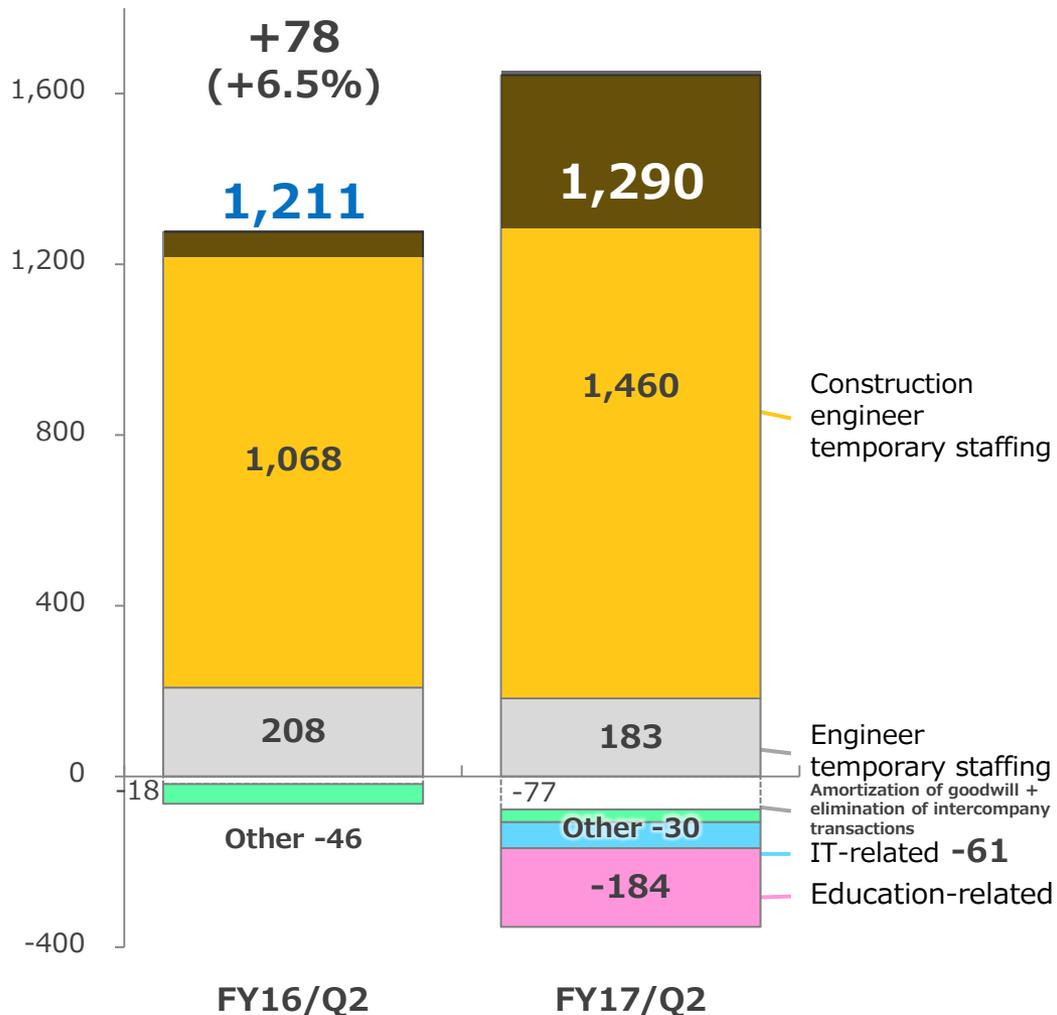
\* Personnel expenses = Salaries and allowances + Travel and transport expenses + Bonuses + Legal welfare expenses + Benefit costs + Retirement benefit expenses (except executives)

Non-consolidated = Construction engineer temporary staffing

# Consolidated P/L Statement (3)

## Operating Income

(million yen)



### [Major factors for increase/decrease]

**Construction engineer temporary staffing** **+¥391m**  
(+36.6%)

- Income up due to increase in unit price of temporary staffing

**Engineer temporary staffing** **▲¥24m**  
(▲11.8%)

- Income down due to increase in recruiting and training costs

**Education-related/IT-related** **▲¥245m**  
(-%)

- Prior investments including Website production and company infrastructure improvement

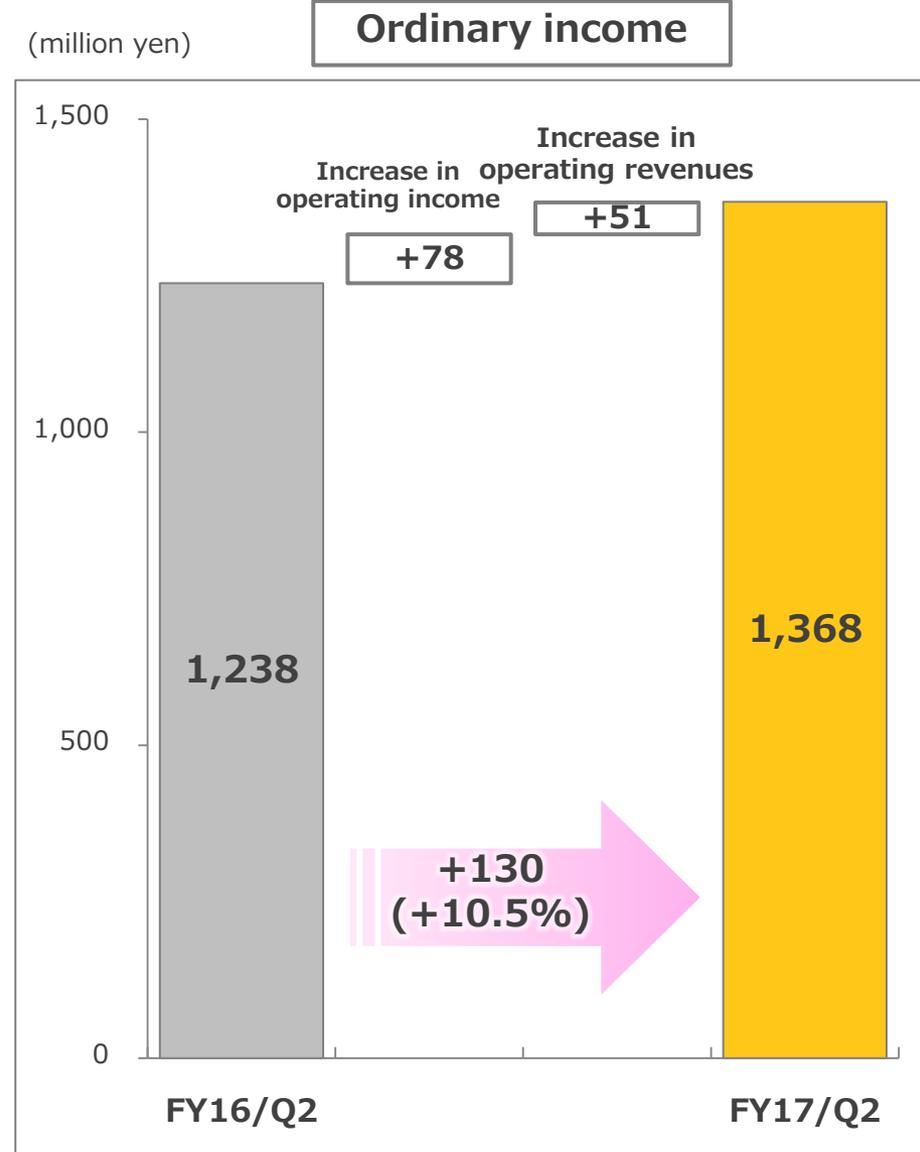
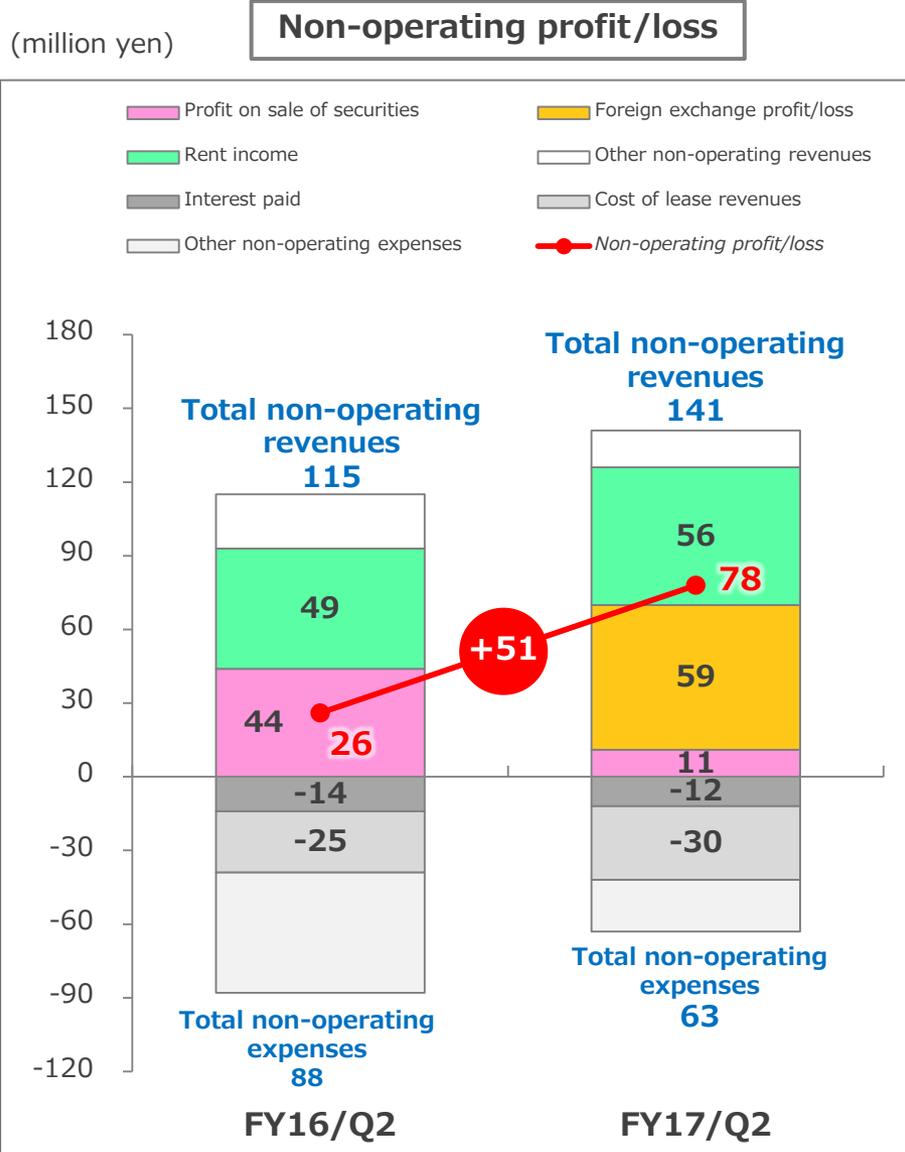
**Other** **+¥15m**  
(+33.7%)

- Introducing human resources to construction, manufacturing and sports industries
- Teaching of Japanese language to human resources in the Philippines

\* Factors for increase/decrease include amortization of goodwill + ▲¥59 million in elimination of intercompany transactions

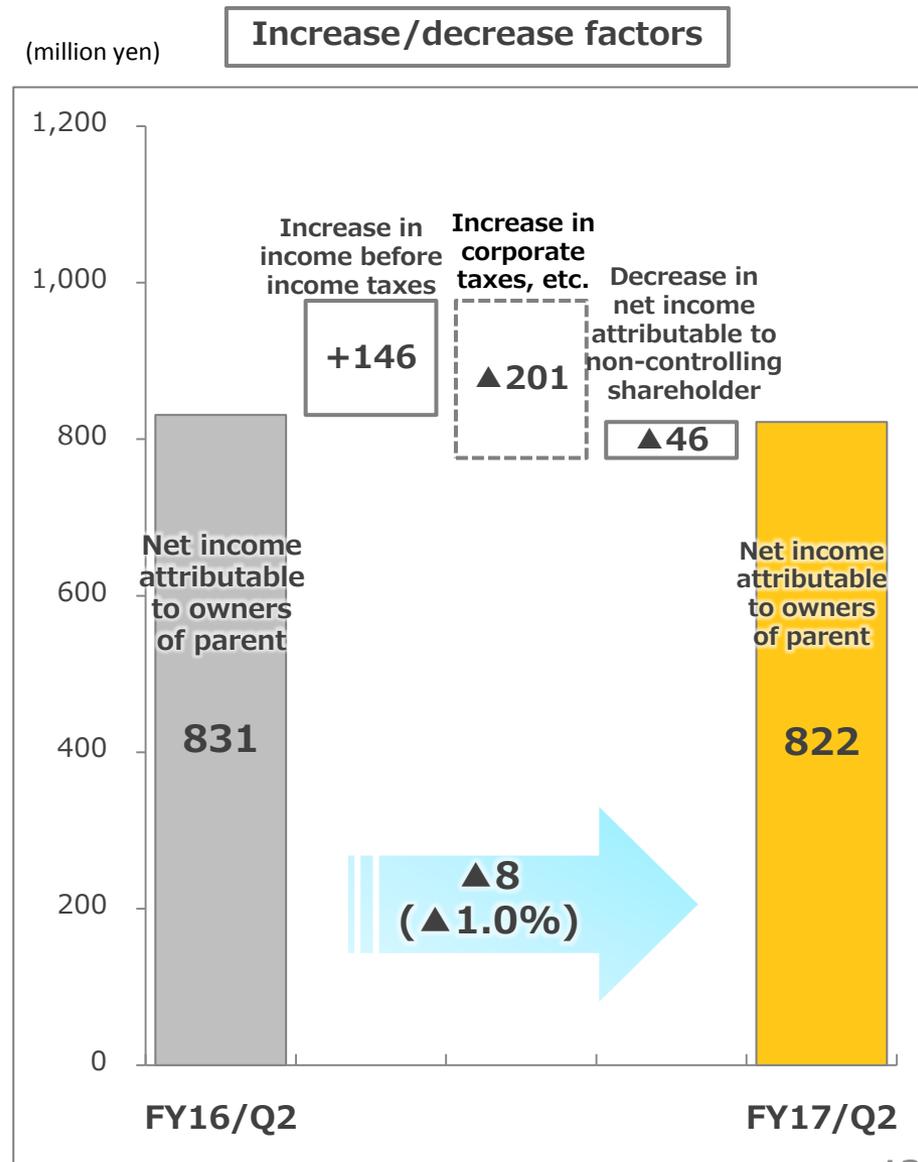
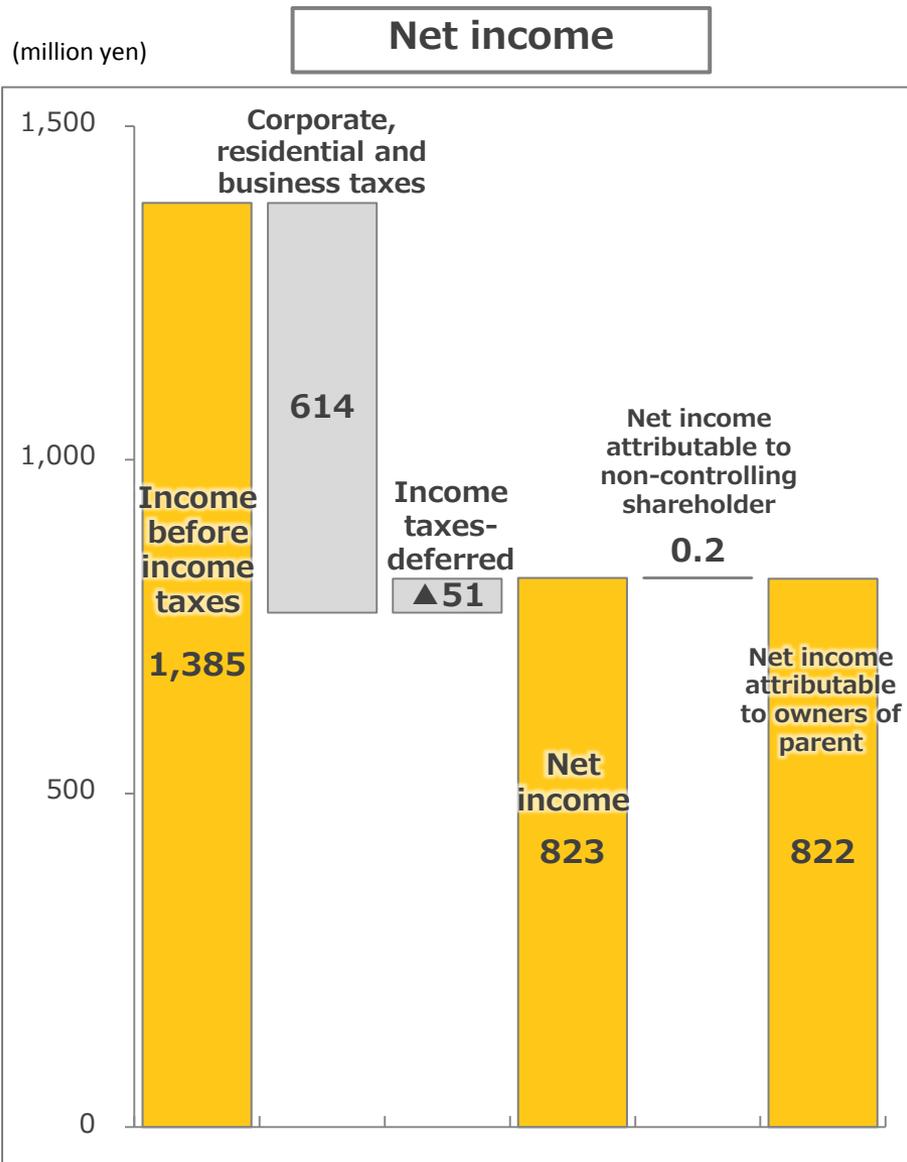
# Consolidated P/L (4)

## Non-operating Profit/Loss and Ordinary Income



# Consolidated P/L (5)

## Net income attributable to owners of parent



# Summary of Consolidated P/L Statement

(million yen)

	FY16/Q2	FY17/Q2	Change	Pct. change
<b>Sales</b>	<b>11,195</b>	<b>14,517</b>	<b>+3,321</b>	<b>29.7%</b>
<b>Gross profit</b>	<b>3,138</b> (28.0%)	<b>4,258</b> (29.3%)	<b>+1,119</b>	<b>35.7%</b>
<b>SG&amp;A expenses</b>	<b>1,926</b> (17.2%)	<b>2,968</b> (20.4%)	<b>+1,041</b>	<b>54.0%</b>
<b>Operating income</b>	<b>1,211</b> (10.8%)	<b>1,290</b> (8.9%)	<b>+78</b>	<b>6.5%</b>
<b>Ordinary income</b>	<b>1,238</b> (11.6%)	<b>1,368</b> (9.4%)	<b>+130</b>	<b>10.5%</b>
<b>Net income attributable to owners of parent</b>	<b>831</b> (7.4%)	<b>822</b> (5.7%)	<b>▲8</b>	<b>▲1.0%</b>

\* ( ) = Ratio to sales

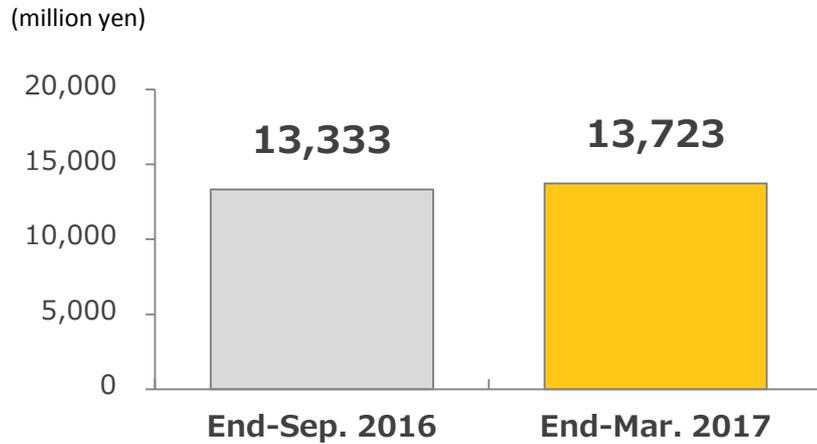
# Consolidated Financial Overview

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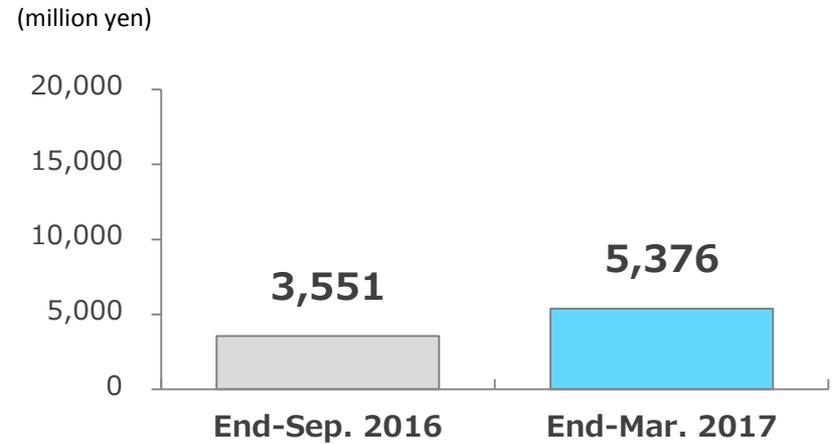
**Consolidated B/S**

# Consolidated B/S

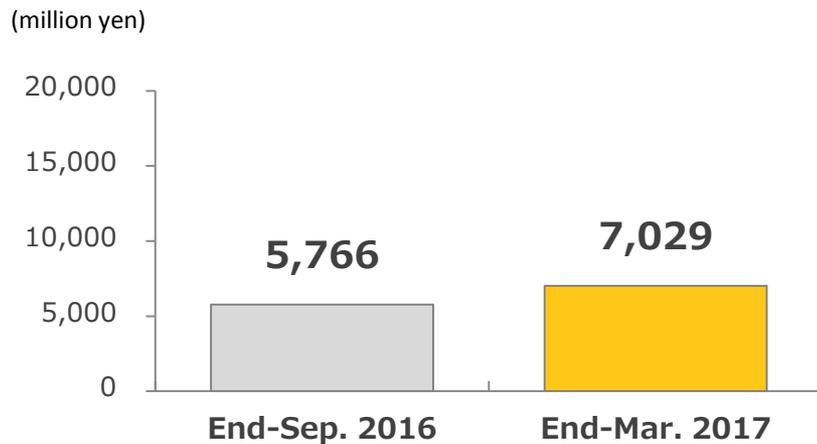
## Current assets



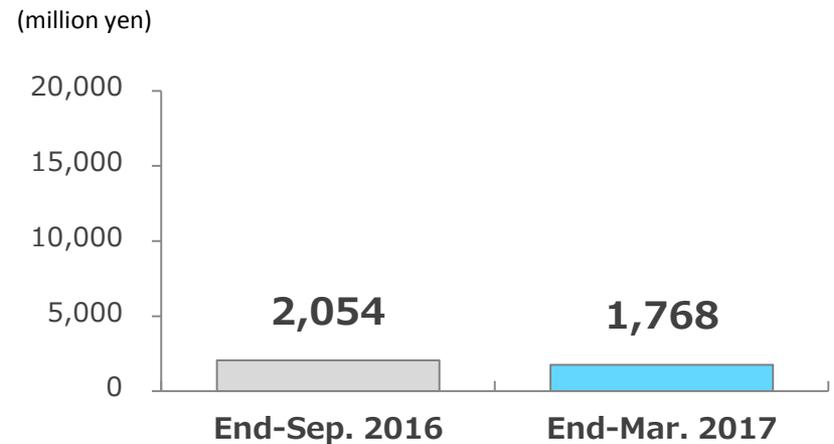
## Current liabilities



## Fixed assets



## Fixed liabilities



# Consolidated B/S (1) Assets

(million yen)

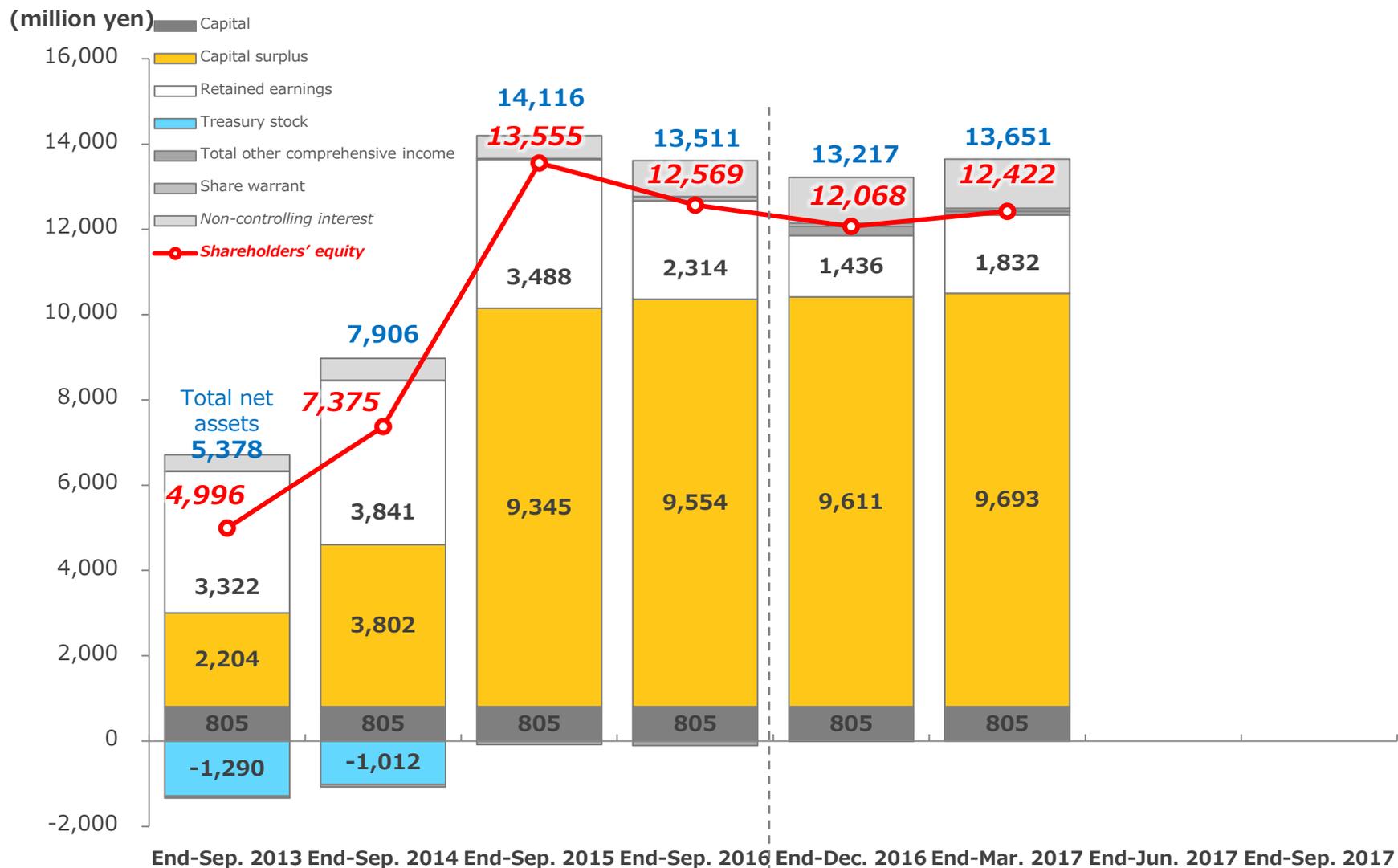
	End-Sep. 2016	End-Mar. 2017	Change	Remarks
<b>Assets</b>	<b>19,117</b>	<b>20,796</b>	<b>+1,678</b>	
<b>Current assets</b>	<b>13,333</b>	<b>13,723</b>	<b>+389</b>	
Cash and deposits	8,723	8,090	▲632	Decreased due to payment of dividend
Notes and accounts receivable-trade	3,642	4,369	+726	Increased due to increase in the number of job sites of the temporary staffing
Deferred tax assets	181	223	+41	
Deposits	335	432	+97	
Allowance for doubtful accounts	▲21	▲22	▲0	
<b>Fixed assets</b>	<b>5,766</b>	<b>7,029</b>	<b>+1,263</b>	
<b>Tangible fixed assets</b>	<b>1,352</b>	<b>1,478</b>	<b>+125</b>	
Buildings and structures	582	623	+40	
Land	702	702	-	
Construction in progress	-	74	+74	
<b>Intangible fixed assets</b>	<b>1,220</b>	<b>1,361</b>	<b>+140</b>	
Goodwill	1,175	1,213	+38	Increased due to increase in the number of subsidiaries
Software	40	139	+98	Increased due to consolidation of IT-related business
<b>Investments and other assets</b>	<b>3,193</b>	<b>4,189</b>	<b>+996</b>	
Investment securities	1,566	2,528	+962	Increased due to increase in the number of affiliated companies, etc.
Deferred tax assets	115	82	▲32	
Lease deposit	375	439	+64	
Investment properties	1,105	1,102	▲3	
Allowance for doubtful accounts	▲33	34	▲1	

# Consolidated B/S (2) Liabilities and Net Assets

(million yen)

	End-Sep. 2016	End-Mar. 2017	Change	Remarks
<b>Liabilities</b>	<b>5,606</b>	<b>7,144</b>	<b>+1,538</b>	
<b>Current liabilities</b>	<b>3,551</b>	<b>5,376</b>	<b>+1,824</b>	
Account payable-trade	11	20	+9	
Short-term debt	100	1,038	+938	Increased due to borrowing of working capital
Current portion of long-term debt	791	809	+18	
Accounts payable	330	395	+64	
Income taxes payable	252	670	+418	
Accrued expenses	1,057	1,208	+150	
Reserve for bonuses	381	455	+73	
<b>Fixed liabilities</b>	<b>2,054</b>	<b>1,768</b>	<b>286</b>	
Long-term debt	1,644	1,261	▲383	
Lease obligations	–	36	+36	
Loss on retirement benefit	258	272	+14	
<b>Net assets</b>	<b>13,511</b>	<b>13,651</b>	<b>+140</b>	
<b>Shareholders' equity</b>	<b>12,674</b>	<b>12,330</b>	<b>▲343</b>	
Capital	805	805	–	
Capital surplus	9,554	9,693	+138	Increased due to increase in consolidated subsidiaries
Retained earnings	2,314	1,832	▲482	FY17 Q1 Net income – FY16 Year-end dividend
Accumulated other comprehensive income	▲105	91	+196	
Valuation difference on available-for-sale	▲96	98	+194	
Share warrant	95	73	▲21	
<b>Minority interest</b>	<b>846</b>	<b>1,155</b>	<b>+309</b>	Increased due to increase in consolidated subsidiaries

# Consolidated B/S (3) Shareholders' Equity



\*Shareholders' equity = Net assets - Minority interest - Share warrant

FY2017

# Consolidated Financial Overview

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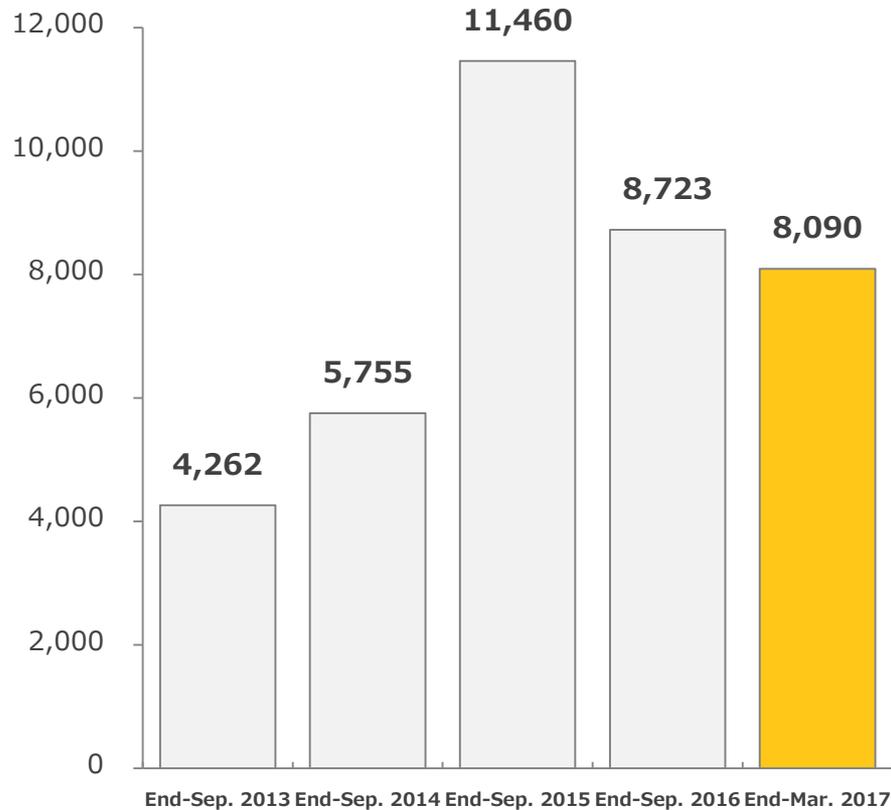
## Financial Index

# Financial Index (1)

## Liquidity in Hand / Shareholders' Equity

Liquidity in hand

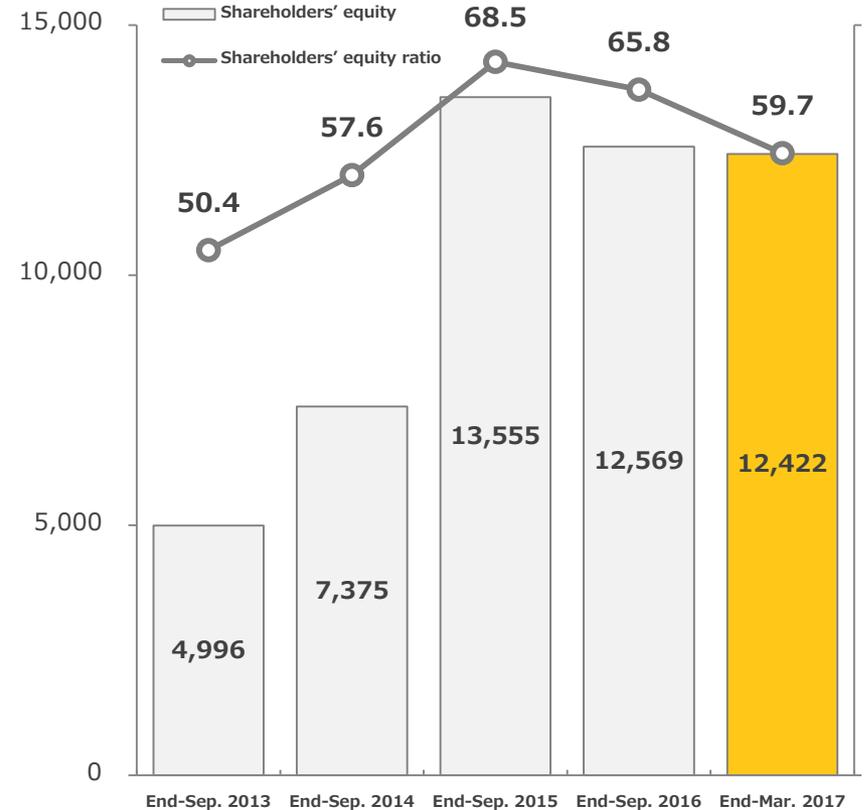
(million yen)



Shareholders' equity

(million yen)

(%)



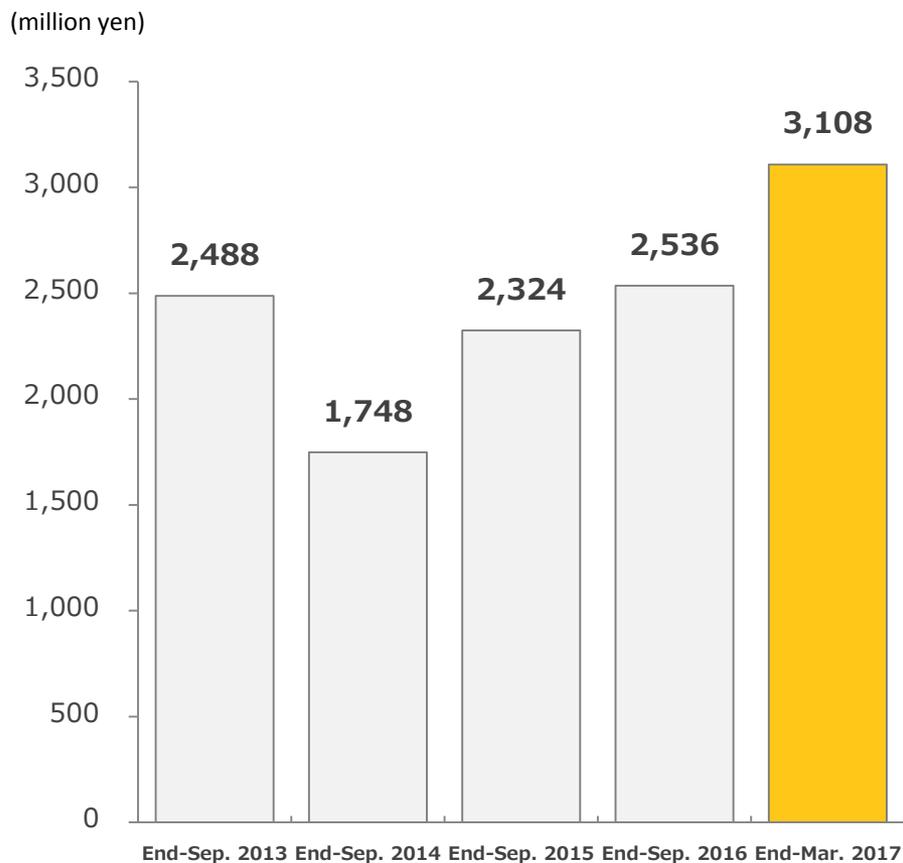
\*1. Liquidity in hand = Cash and deposits+ Securities included in current assets

\*2. Shareholders' equity = Net assets—Minority interest—Share warrant

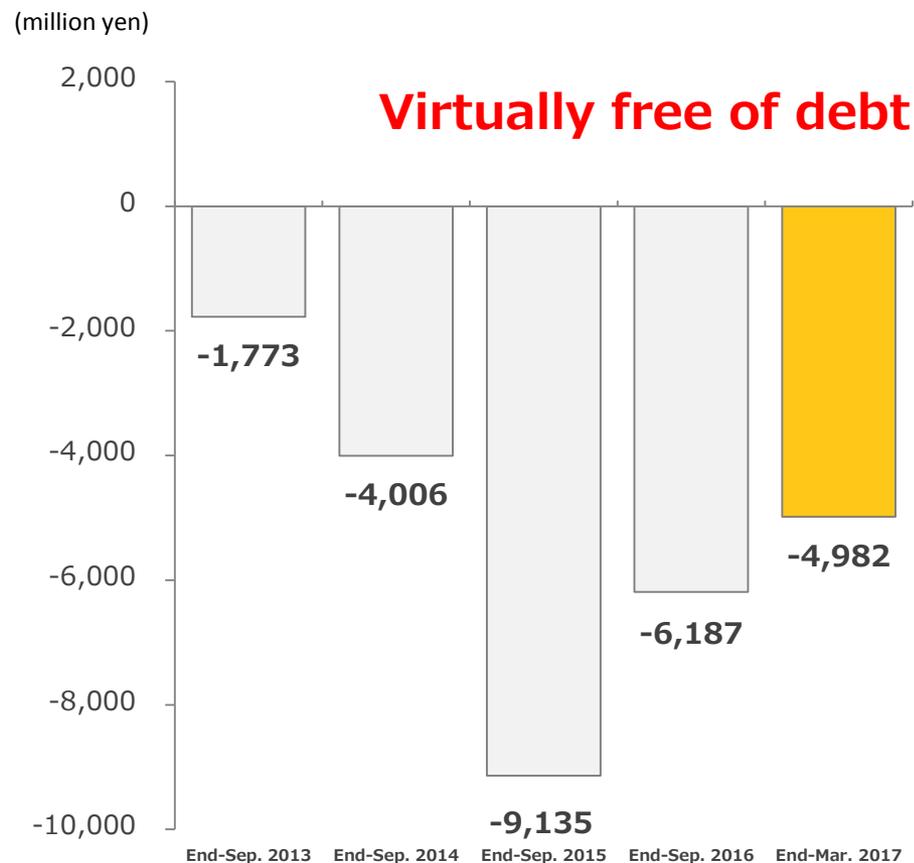
\*3. Shareholders' equity ratio = Shareholders' equity ÷ Total assets

# Financial Index (2) Interest-Bearing Debt

Interest-bearing debt



Net interest-bearing debt



\*1. Interest-bearing debt = Short-term debt+ Long-term debt+ Current portion of long-term debt+ Bond (lease liability not included)

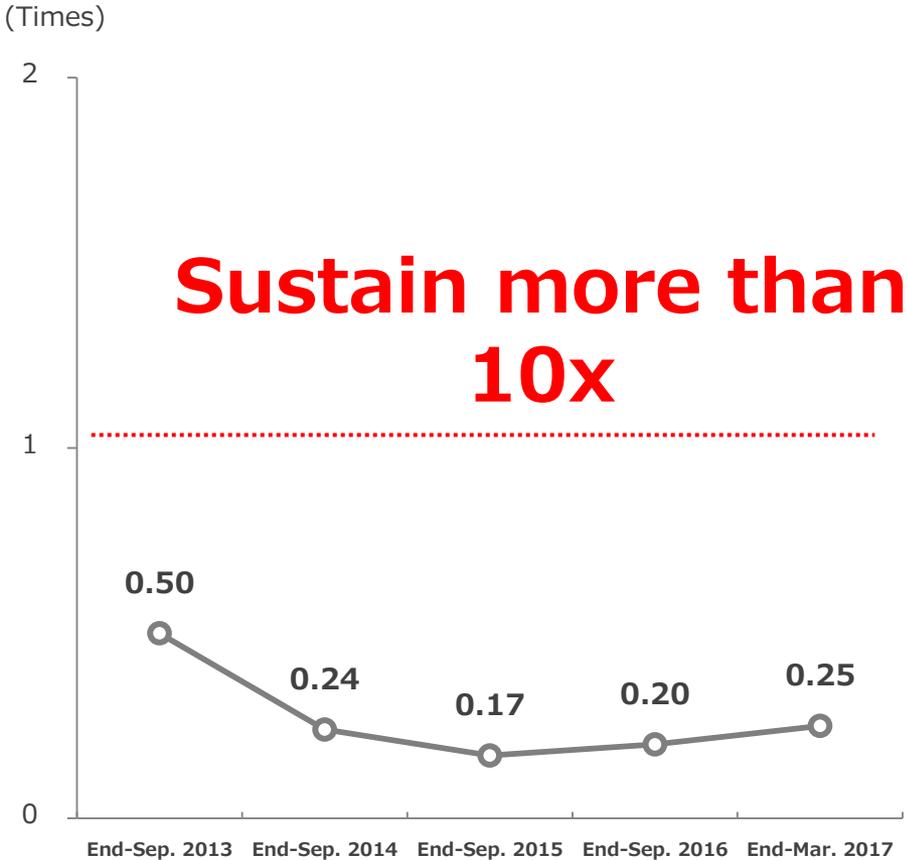
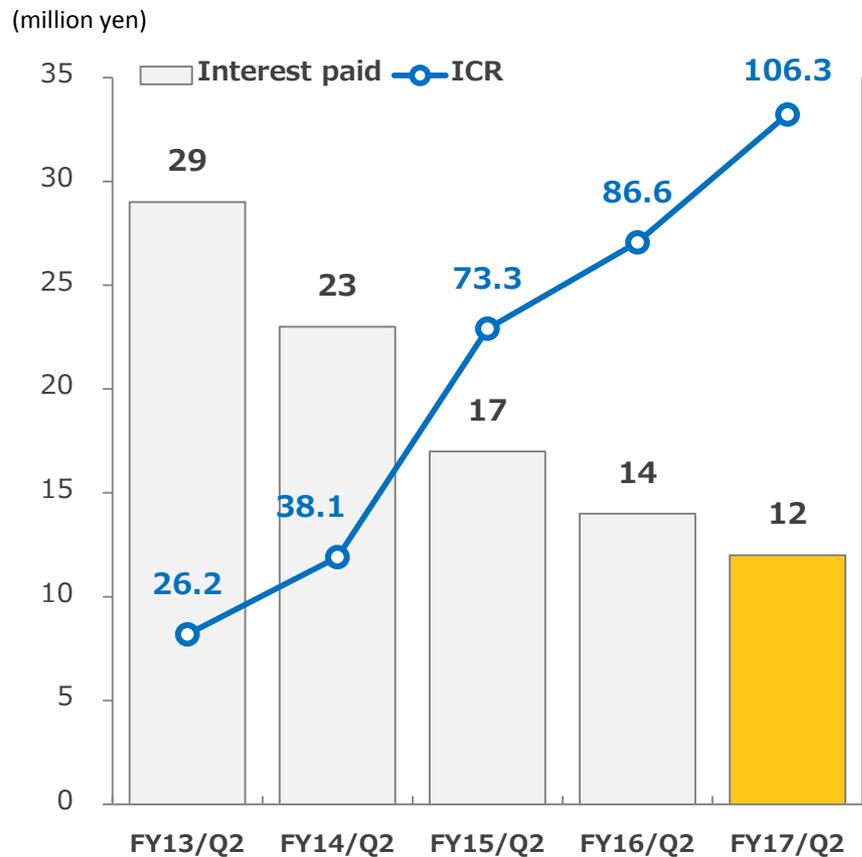
\*2. Net interest-bearing debt = Interest-bearing debt–Liquidity in hand

\*3. Liquidity in hand = Cash and deposits+ Securities included current assets

# Financial Index (3) ICR·DER

ICR

DER



- \* 1. Instant coverage ratio (ICR) = Net operating profit ÷ Interest paid
- 2. Net operating profit = Operating income + Interest received + Investment gain/loss on equity method
- 3. D/E ratio = Interest-bearing debt ÷ Shareholders' equity
- 4. Interest-bearing debt = Short-term debt + Long-term debt + Current portion of long-term debt + Bond (lease liability not included) **23**

# Summary of Financial Index

(million yen)

	End-Sep. '16	End-Mar. '17	Change
Shareholders' equity	12,569	<b>12,422</b>	<b>▲147</b>
Shareholders' equity ratio	65.8%	<b>59.7%</b>	<b>▲6.0pt.</b>
Liquidity in hand	8,723	<b>8,090</b>	<b>▲632</b>
Interest-bearing debt	2,536	<b>3,108</b>	<b>+572</b>
D/E ratio	0.20times	<b>0.25times</b>	<b>+0.05pt.</b>

# Segment Overview

# Segment Overview

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**Construction Engineer  
Temporary Staffing**

# TOPIC

- 1 . Sales increased by double digit figures for 21 consecutive quarters**
- 2 . 5% improvement in unit price of temporary staffing YoY**
- 3 . Retention rate improved 7pt. YoY**

# Four Indicators of Sales

**No. of engineers**  
×  
**Operating rate**  
×  
**Operating time**  
×  
**Unit price of  
temporary staffing**



# Sales

# Number of Engineers (1) Recruitment

- Doing well exceeding the planned value between January and March
- More than 230 engineers joined the Company in April and now eyeing over 2,000 engineers

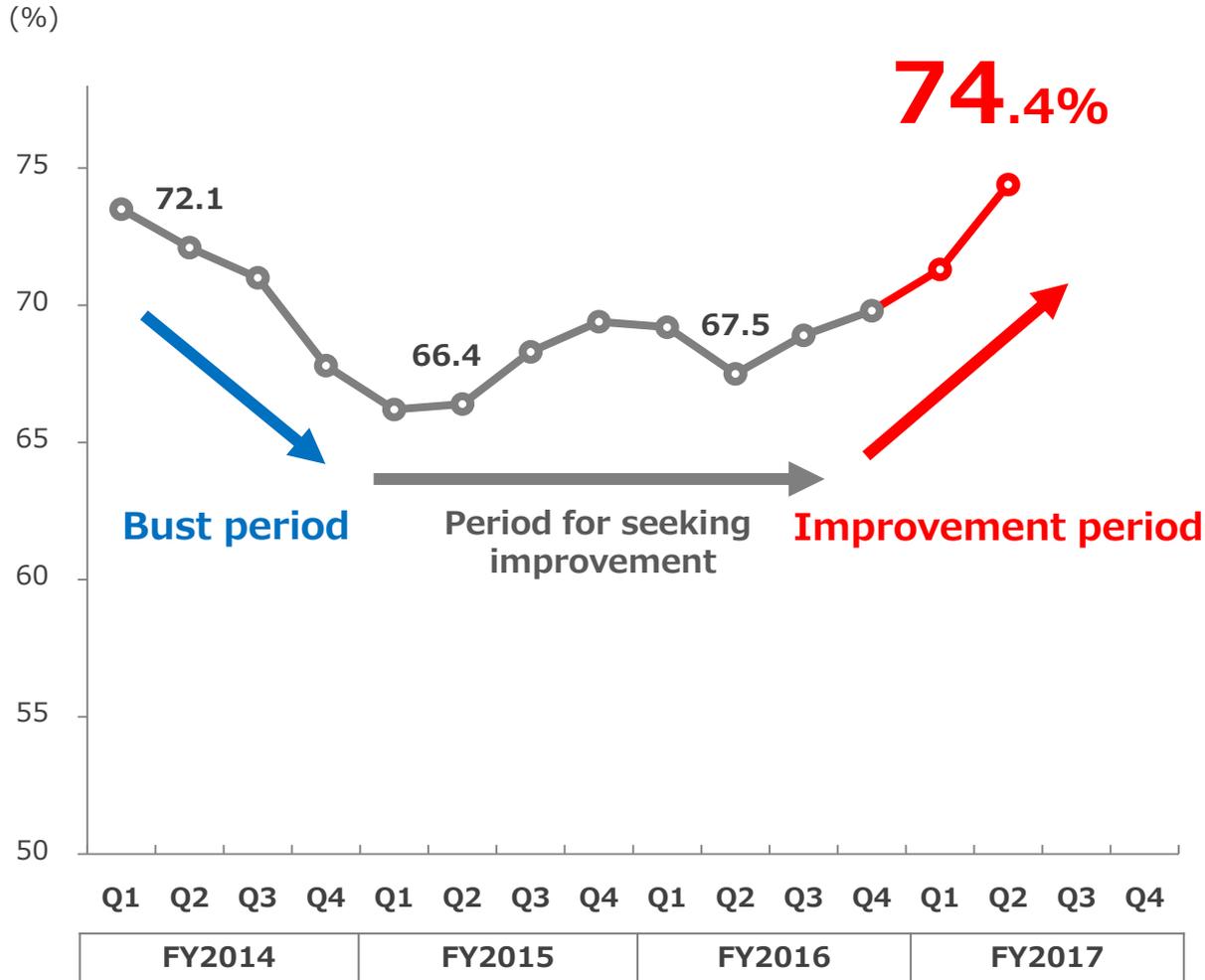
(Unit: persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY17 Planned recruitment	500			500			1,000
FY17 recruitment	553			602			1,155
Difference	+53			+102			+155
FY16 Planned recruitment	458			460			918

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY17 Planned recruitment	500			500			1,000	2,000
FY17 recruitment	230	Remaining 270						
Difference								
FY16 Planned recruitment	532			568			1,100	2,018

# Number of Engineers (2) Retention Rate

- Improved to more than 74% for the first time in 3 years due to constant measures to prevent retirement
- Improvement trend continues from April onward



**Avg. retention rate**  
6-month avg. (Oct – Mar)

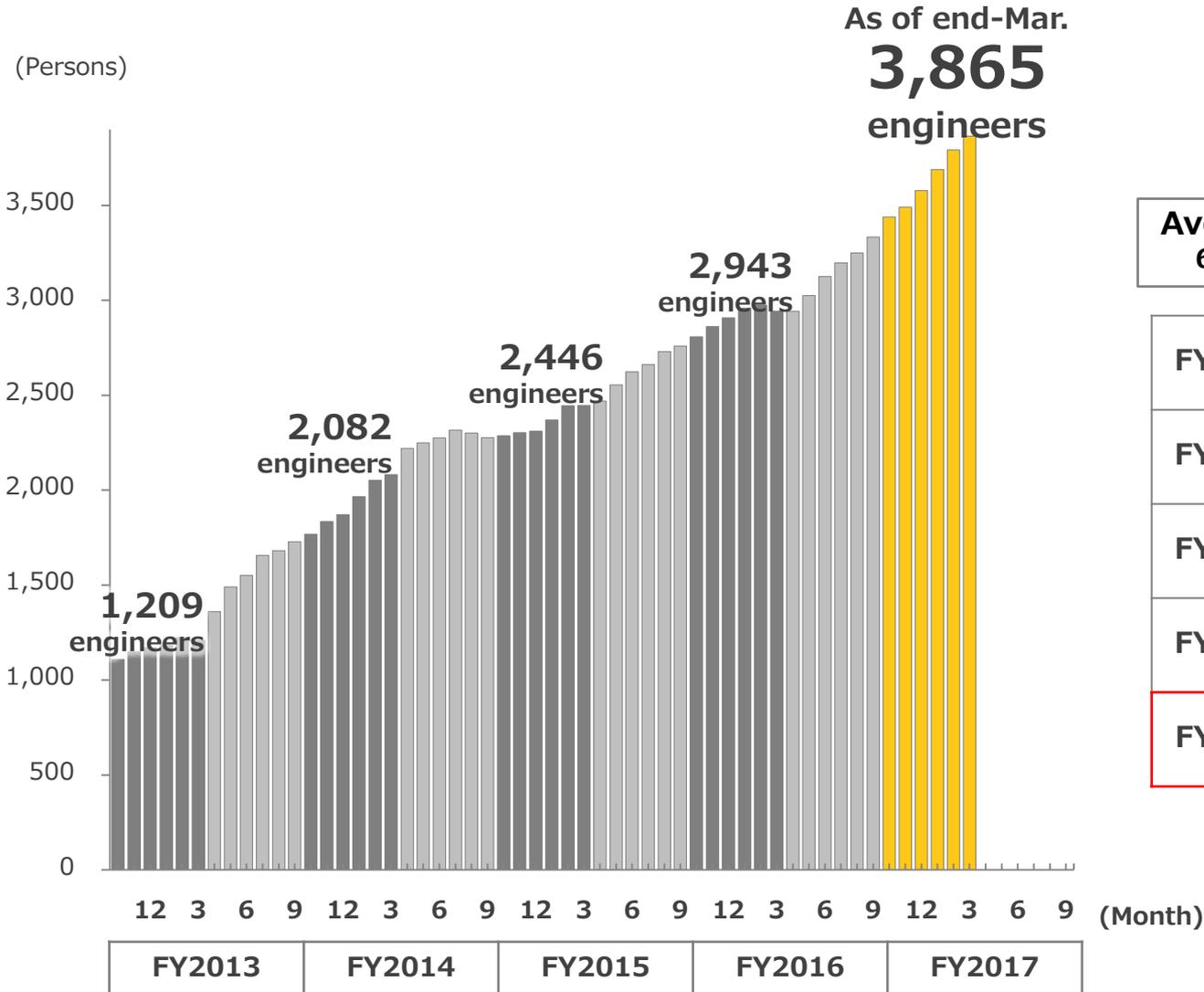
FY	Retention Rate (%)	YoY
FY14/Q2	72.8%	YoY
FY15/Q2	66.3%	▲ 6.5pt.
FY16/Q2	68.4%	+2.0pt.
FY17/Q2	72.9%	+4.5pt.

\*Retention rate = Employees at year end / (Employees at previous year end + New hires during the year) x 100

# Number of Engineers (3)

## Changes in the Number of Engineers

■ Increased by 922 engineers YoY (+31.3%)



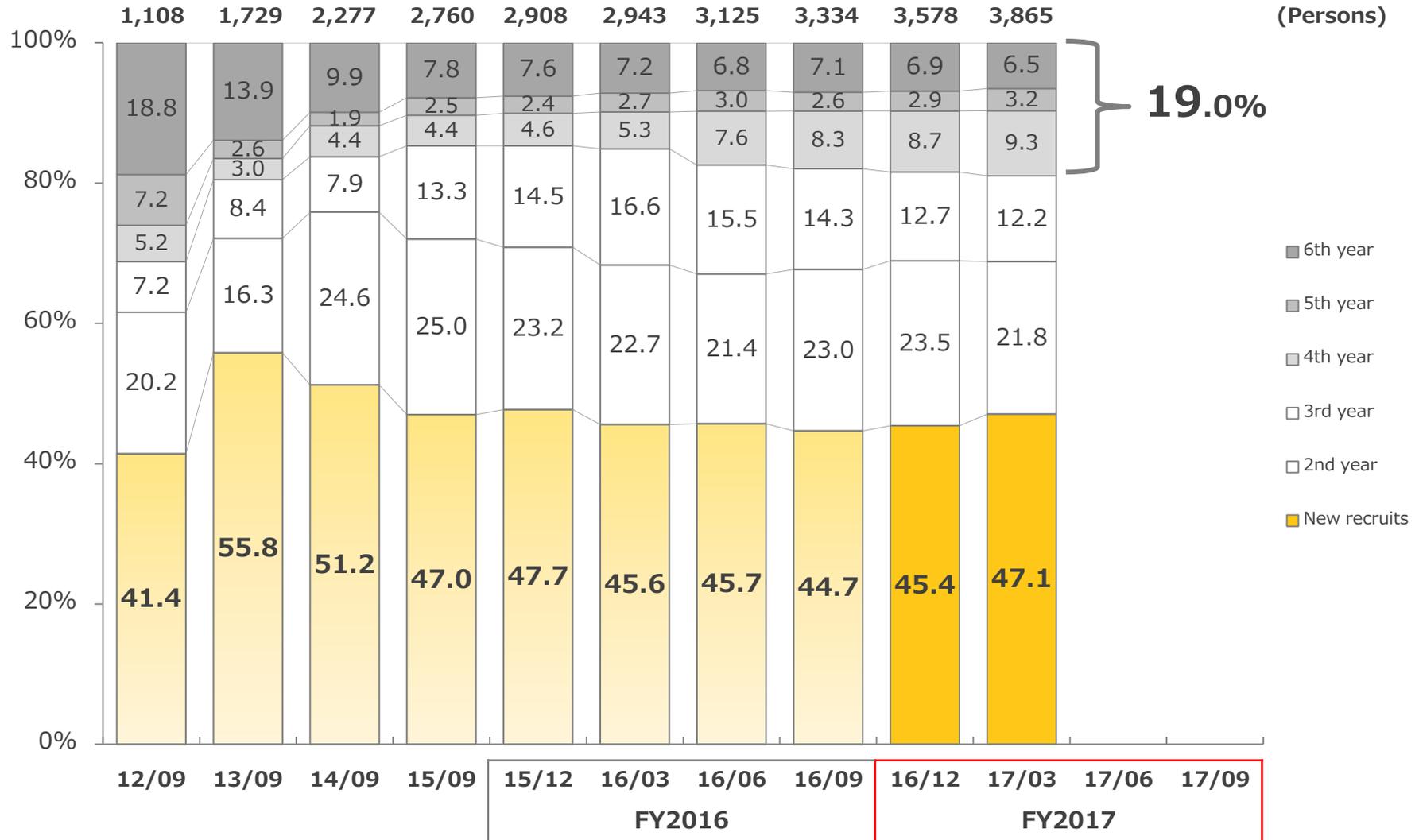
**Avg. number of engineers**  
6-month avg. (Oct – Mar)

FY	Number of Engineers	YoY
FY13/Q2	1,174 engineers	
FY14/Q2	1,929 engineers	+64.3%
FY15/Q2	2,360 engineers	+22.4%
FY16/Q2	2,909 engineers	+23.2%
FY17/Q2	3,642 engineers	+25.2%

\* Number of engineers at the end of month

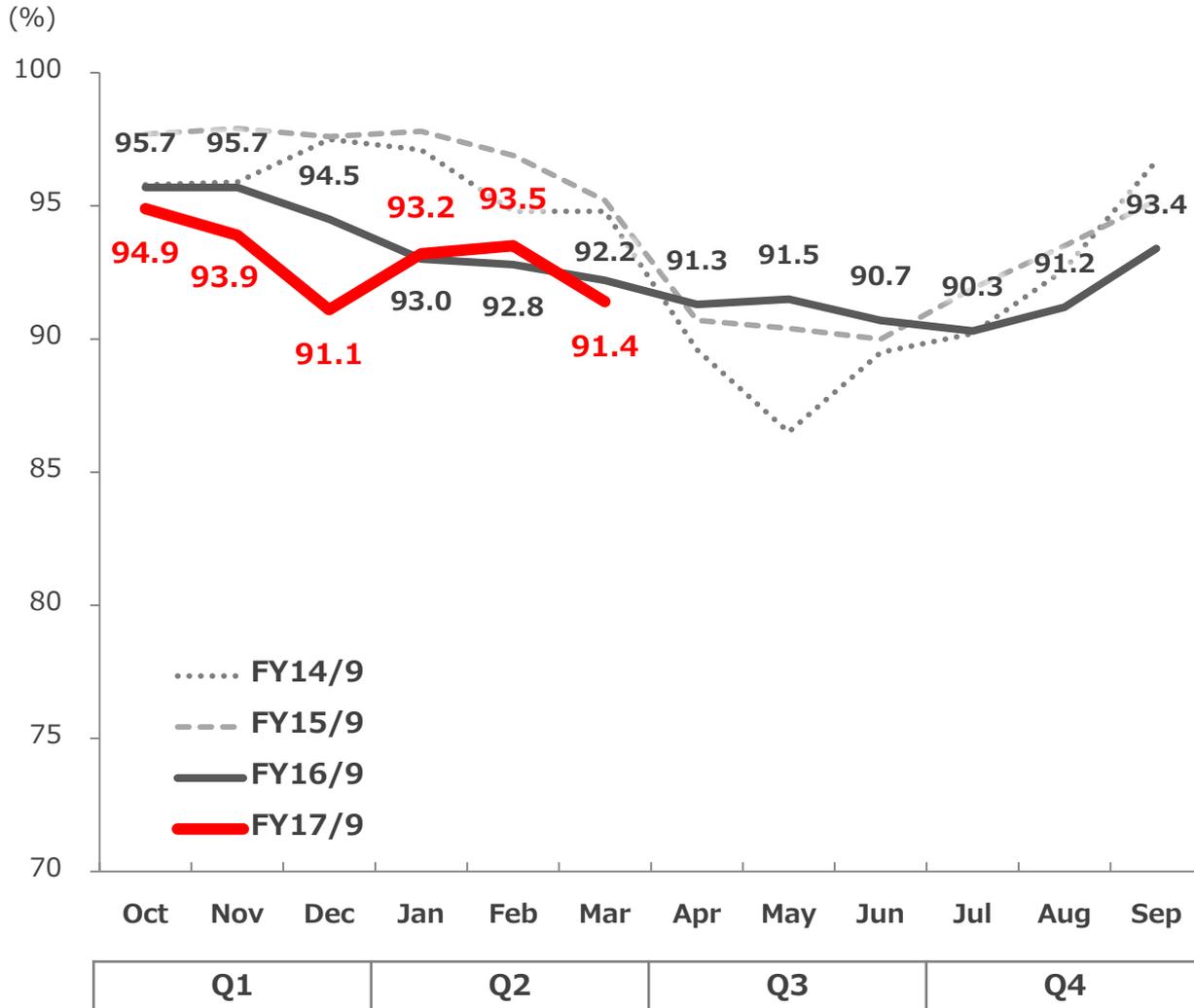
# Number of Engineers (4) Ratio by Length of Service

- Rising retention rate is producing a steady increase in ratio of engineers with experience of at least 4 years despite the small increase in the ratio of newly hired employees



# Operating Rate

- Operating rate declined due to steady recruitment but maintained more than 90%

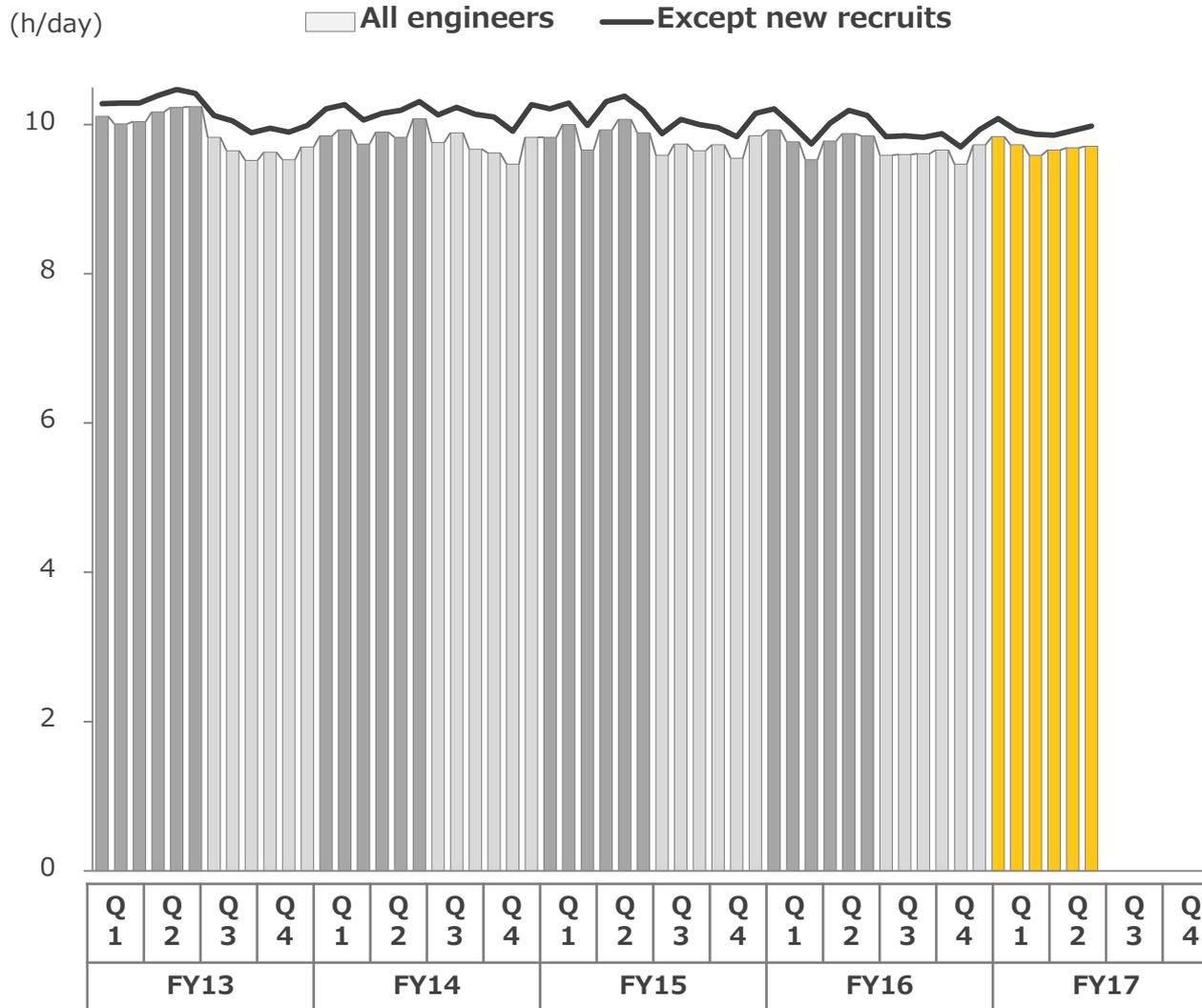


**Operating rate**  
6-month avg. (Oct – Mar)

FY14/Q2	96.0%	YoY
FY15/Q2	97.2%	+1.2pt.
FY16/Q2	94.0%	▲3.2pt.
FY17/Q2	93.0%	▲1.0pt.

# Operating Time

- Operating time is declining as a result of “working style reforms” and other measures to raise awareness of the importance of labor management

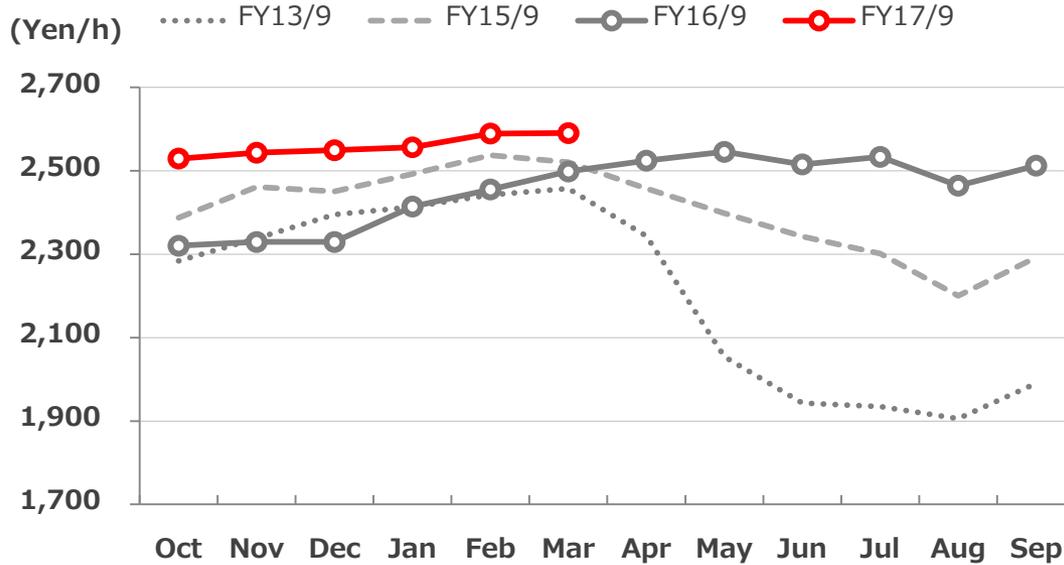


**Avg. of all engineers**  
6-month avg. (Oct – Mar)

FY	Q	Avg. (h)	YoY
FY13/Q2		10.13h	
FY14/Q2		9.89h	▲2.4%
FY15/Q2		9.90h	▲0.1%
FY16/Q2		9.79h	▲1.1%
FY17/Q2		9.70h	▲0.9%

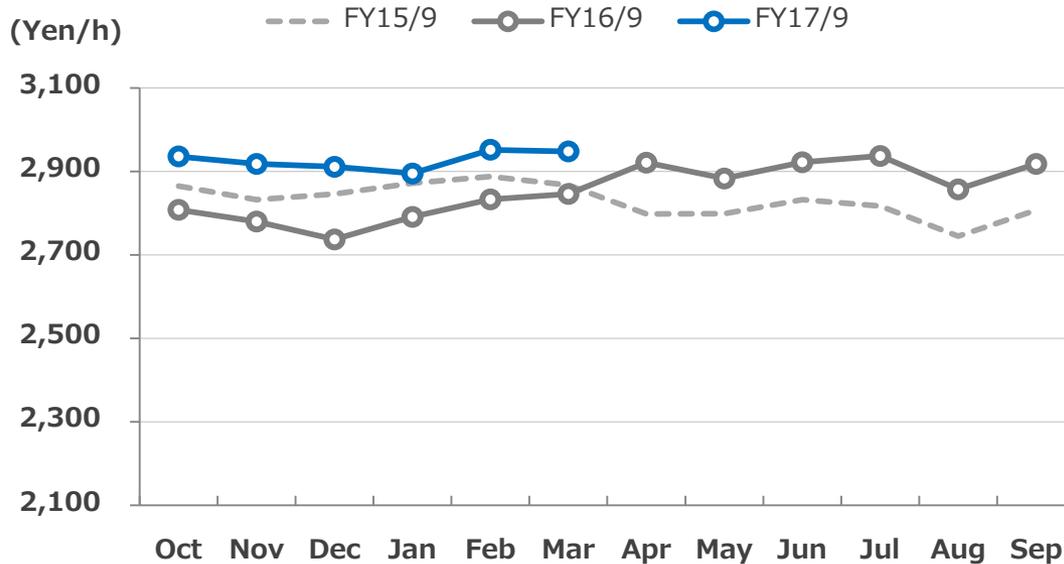
# Unit Price of Temporary Staffing (1)

## Changes in New Recruits and 2<sup>nd</sup> Year



**New recruits only**  
6-month avg. (Oct – Mar)

Fiscal Year	Unit Price (Yen/h)	YoY Change
FY13/Q2	2,388	YoY
FY15/Q2	2,475	+3.6%
FY16/Q2	2,391	▲3.4%
FY17/Q2	2,559	+7.0%

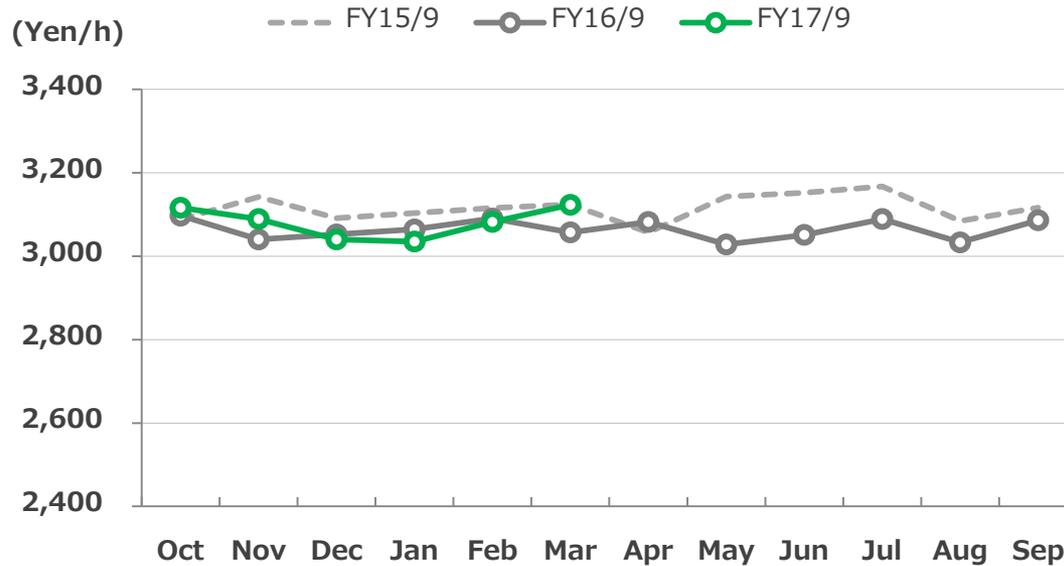


**2<sup>nd</sup> year only**  
6-month avg. (Oct – Mar)

Fiscal Year	Unit Price (Yen/h)	YoY Change
FY15/Q2	2,862	YoY
FY16/Q2	2,799	▲2.2%
FY17/Q2	2,927	+4.6%

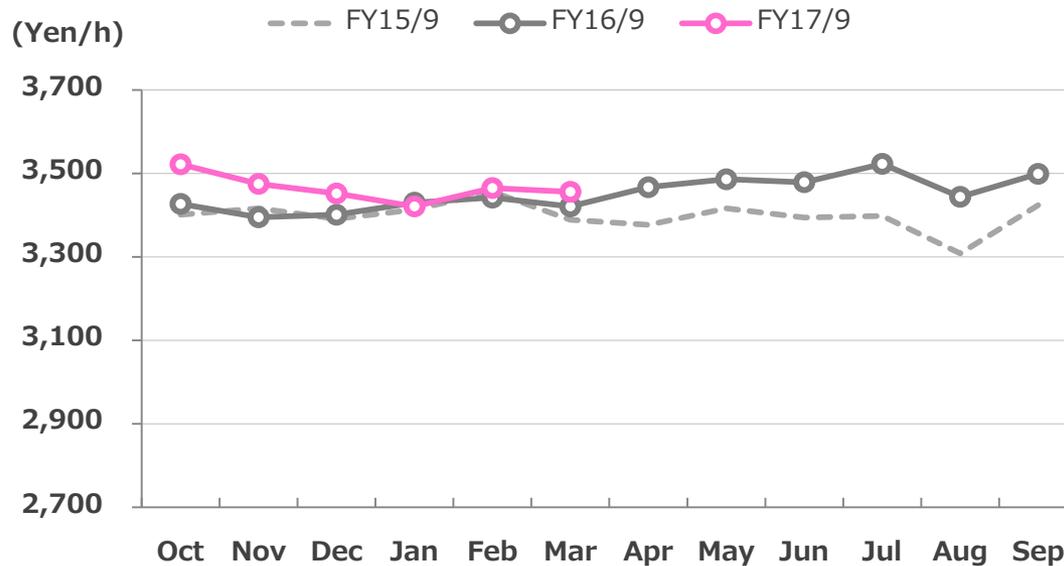
# Unit Price of Temporary Staffing (2)

## Changes from the 3<sup>rd</sup> and 4<sup>th</sup> Year and Over



**3<sup>rd</sup> year only**  
6-month avg. (Oct - Mar)

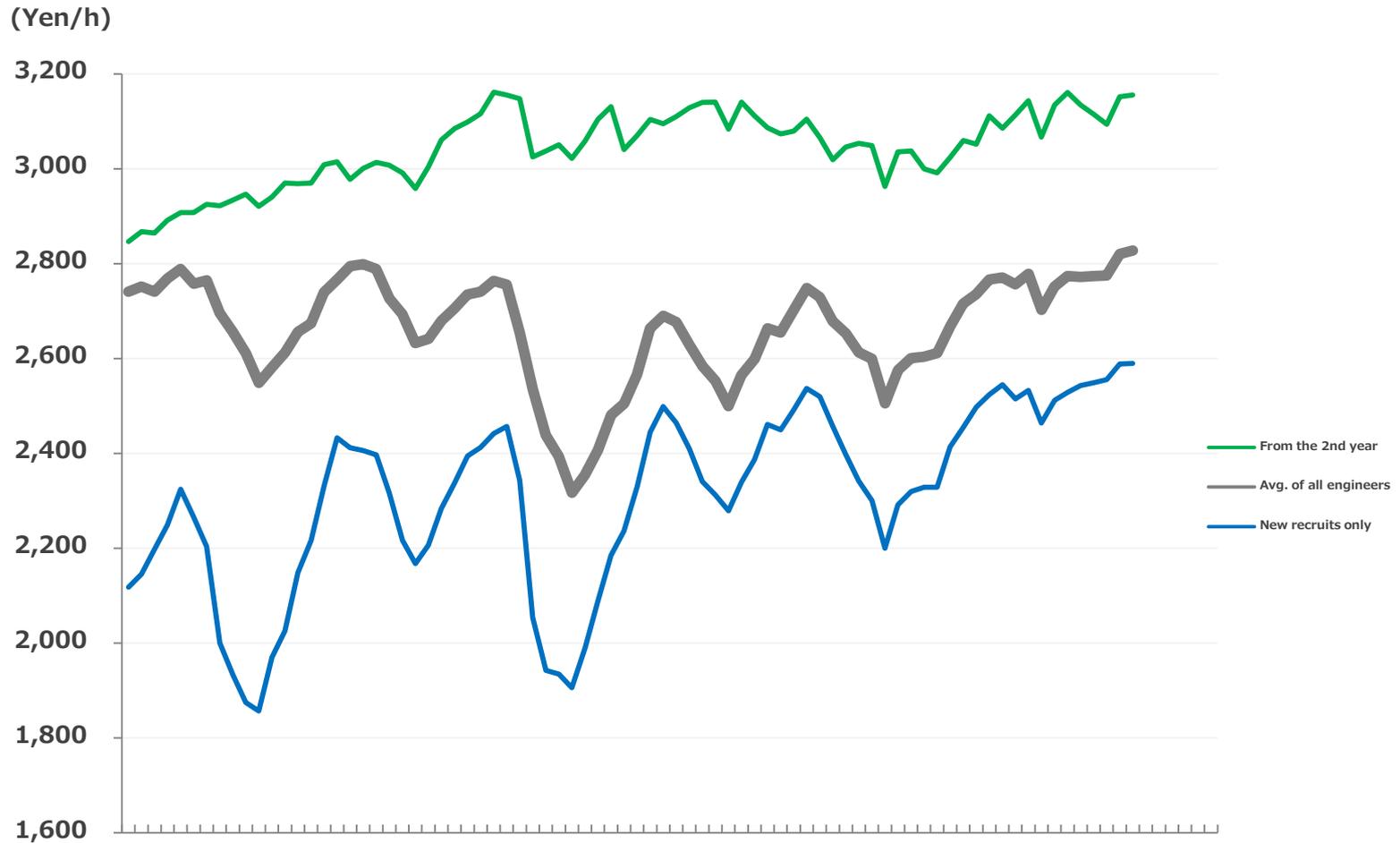
FY	Unit Price (Yen/h)	YoY Change
FY15/Q2	3,111	YoY
FY16/Q2	3,067	▲1.4%
FY17/Q2	3,081	+0.5%



**From the 4<sup>th</sup> year**  
6-month avg. (Oct - Mar)

FY	Unit Price (Yen/h)	YoY Change
FY15/Q2	3,411	YoY
FY16/Q2	3,419	+0.2%
FY17/Q2	3,465	+1.3%

# Unit Price of Temporary Staffing (3) Interim Changes



	12 3 6 9 FY2011	12 3 6 9 FY2012	12 3 6 9 FY2013	12 3 6 9 FY2014	12 3 6 9 FY2015	12 3 6 9 FY2016	12 3 6 9 FY2017	(Month)
All engineers (Q2/6-month)	¥2,758	¥2,708	¥2,730	¥2,552	¥2,683	¥2,656	¥2,791	
	YoY	▲1.8%	+0.8%	▲6.5%	+5.1%	▲1.0%	+5.1%	

# Total Accounting Summary of Four Indicators of Sales

All engineers **6-month average** (Oct – Mar)

	FY16/Q1-Q2 (Total)	FY17/Q1-Q2 (Total)	Change	Pct. change
No. of engineers	2,909 engineers	<b>3,642</b> engineers	+733 engineers	<b>+25.2%</b>
Operating rate	94.0%	<b>93.0%</b>	▲1.0pt.	—
Operating time	9.79h	<b>9.70h</b>	▲0.09h	▲0.9%
Unit price of temporary staffing	2,656yen	<b>2,791yen</b>	+135yen	<b>+5.1%</b>

# Accounting Summary of Four Indicators of Sales

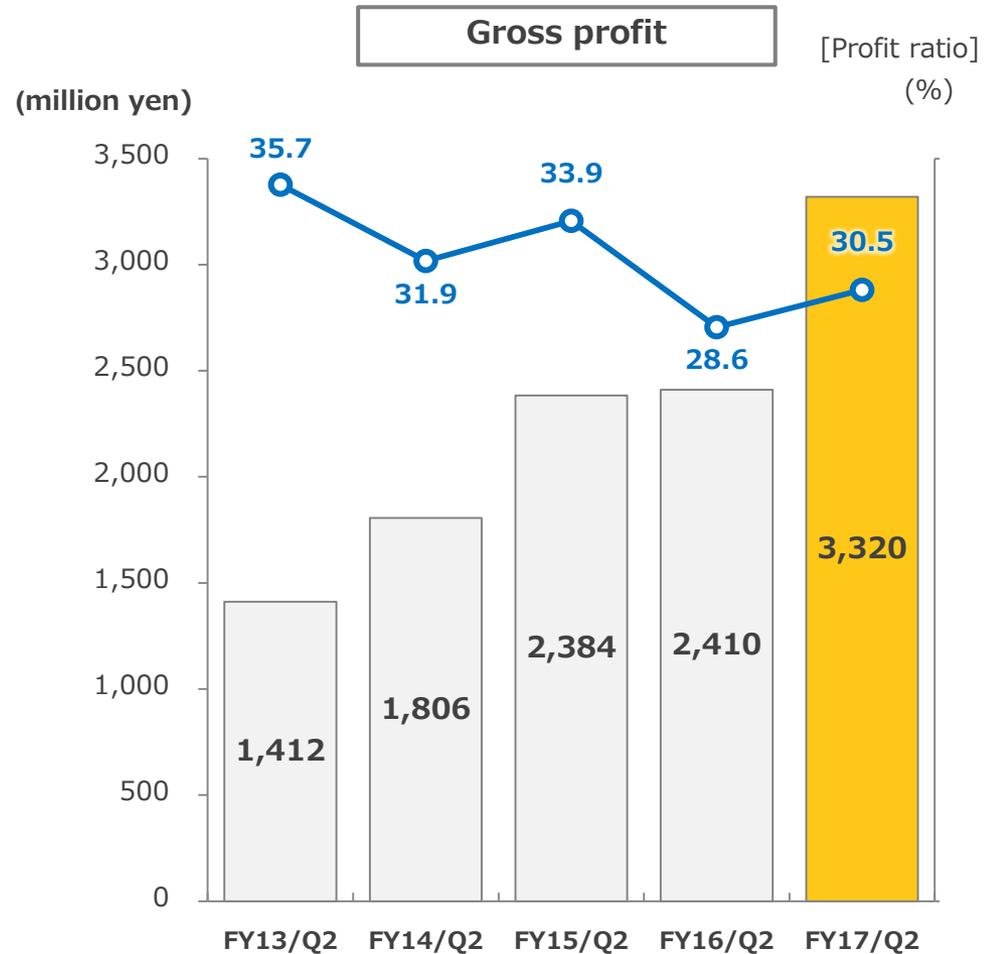
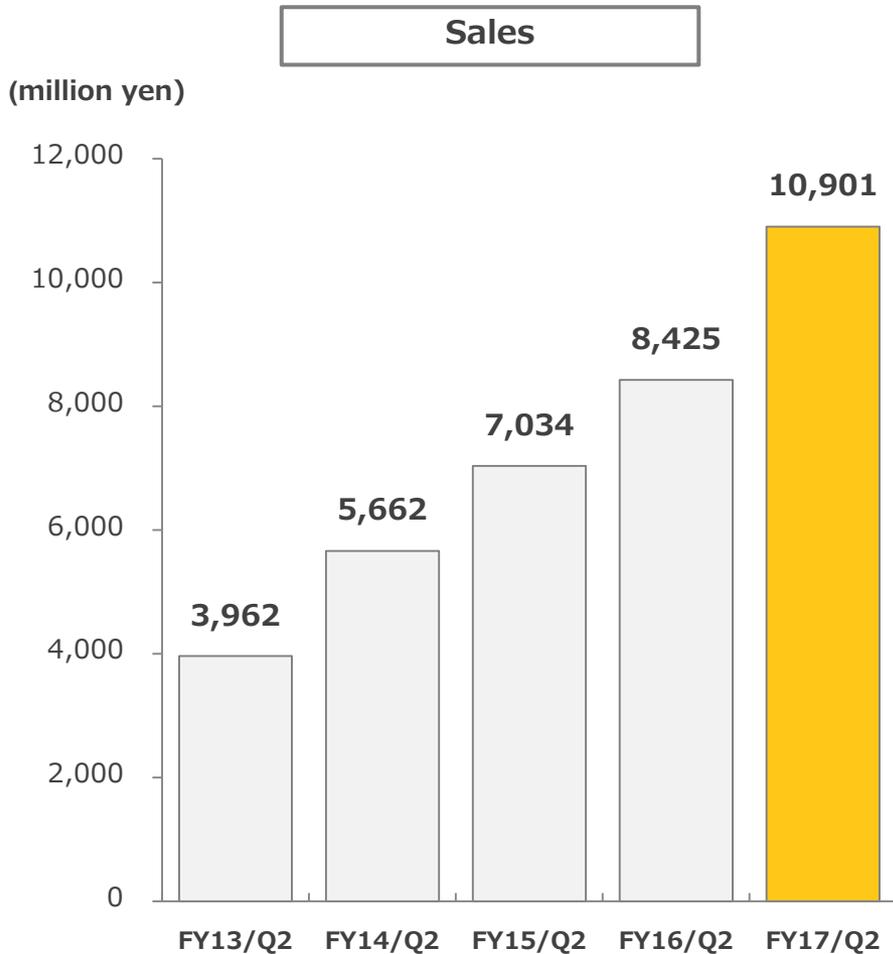
All engineers 3-month average (Oct – Mar)

	FY16/Q2 (Accounting)	FY17/Q2 (Accounting)	Change	Pct. change
No. of engineers	2,959 engineers	<b>3,782</b> engineers	+823 engineers	<b>+27.8%</b>
Operating rate	92.7%	<b>92.7%</b>	±0pt.	—
Operating time	9.84h	<b>9.69h</b>	▲0.15h	<b>▲1.5%</b>
Unit price of temporary staffing	2,707yen	<b>2,808yen</b>	+101yen	<b>+3.7%</b>

# Non-consolidated P/L Statement (1)

## Sales and Gross Margin (Total)

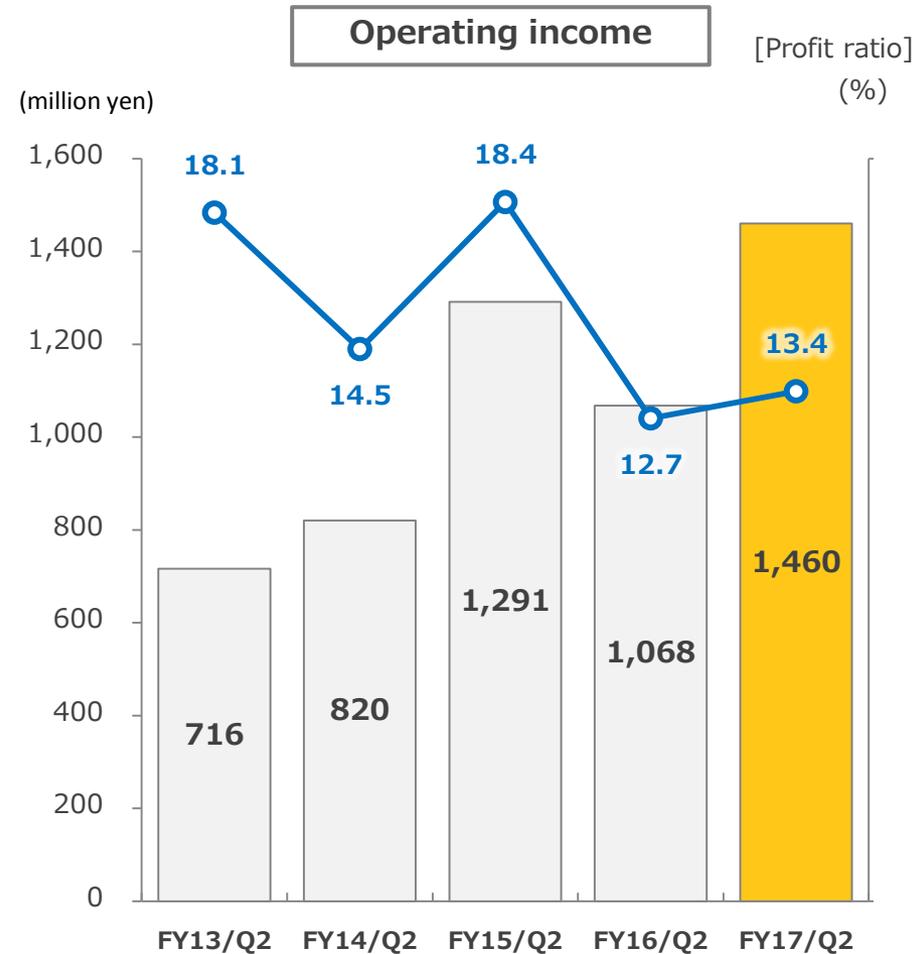
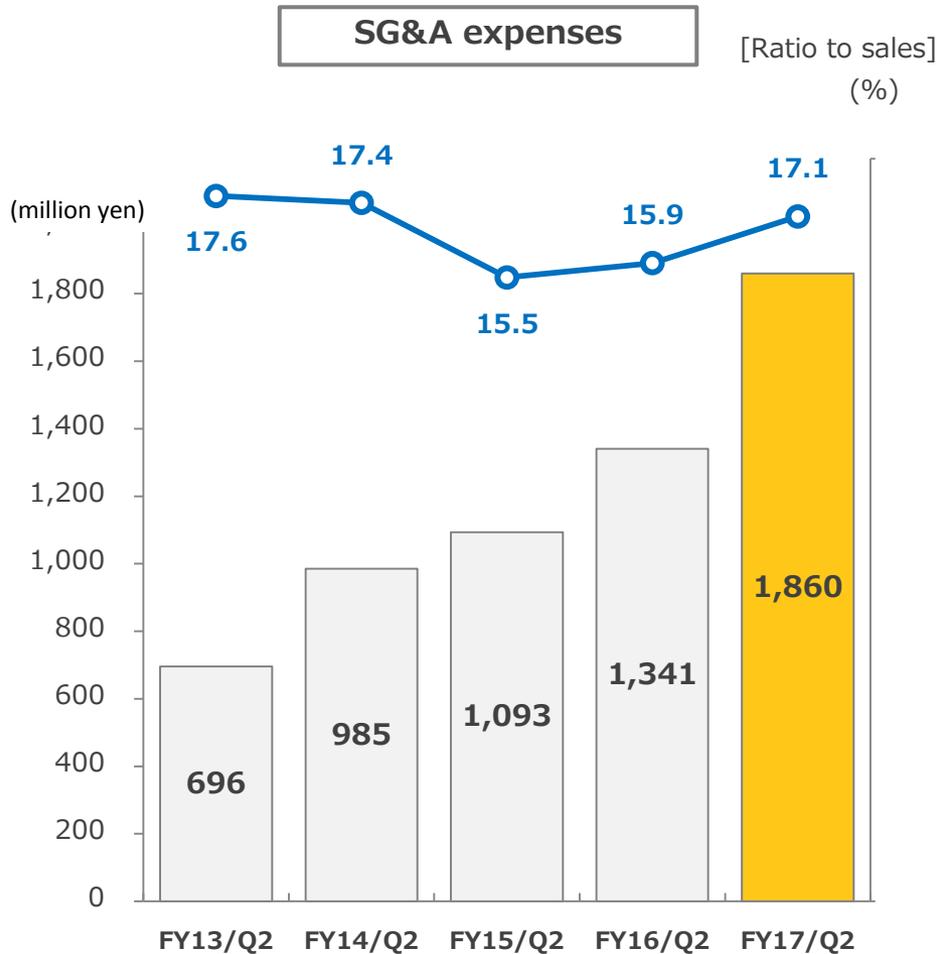
- Sales ⇒ up by 30% YoY for 27 consecutive quarters due to aggressive recruitment and high retention rate
- Gross margin ⇒ up by 38% with profit ratio exceeding 30% due to the tightening supply-demand balance



# Non-consolidated P/L Statement (2)

## SG&A Expenses and Operating Income (Total)

- SG&A expenses ⇒ up 39%, increase in recruiting cost (+246) and personnel expenses (+173)
- Operating income ⇒ up 37% thanks to an increase in gross margin despite the higher SG&A



# Summary of Non-consolidated P/L Statement

(million yen)

	FY16/Q2	FY17/Q2	Change	Pct. change
Sales	<b>8,425</b>	<b>10,901</b>	+2,476	29.4%
Gross profit	<b>2,410</b> (28.6%)	<b>3,320</b> (30.5%)	+910	37.8%
SG&A expenses	<b>1,341</b> (15.9%)	<b>1,860</b> (17.1%)	+518	38.6%
Operating income	<b>1,068</b> (12.7%)	<b>1,460</b> (13.4%)	+391	36.6%
Ordinary income	<b>1,189</b> (14.1%)	<b>1,655</b> (15.2%)	+465	39.1%
Net income	<b>878</b> (10.4%)	<b>1,171</b> (10.7%)	+292	33.3%

\* ( ) = Percentage of sales

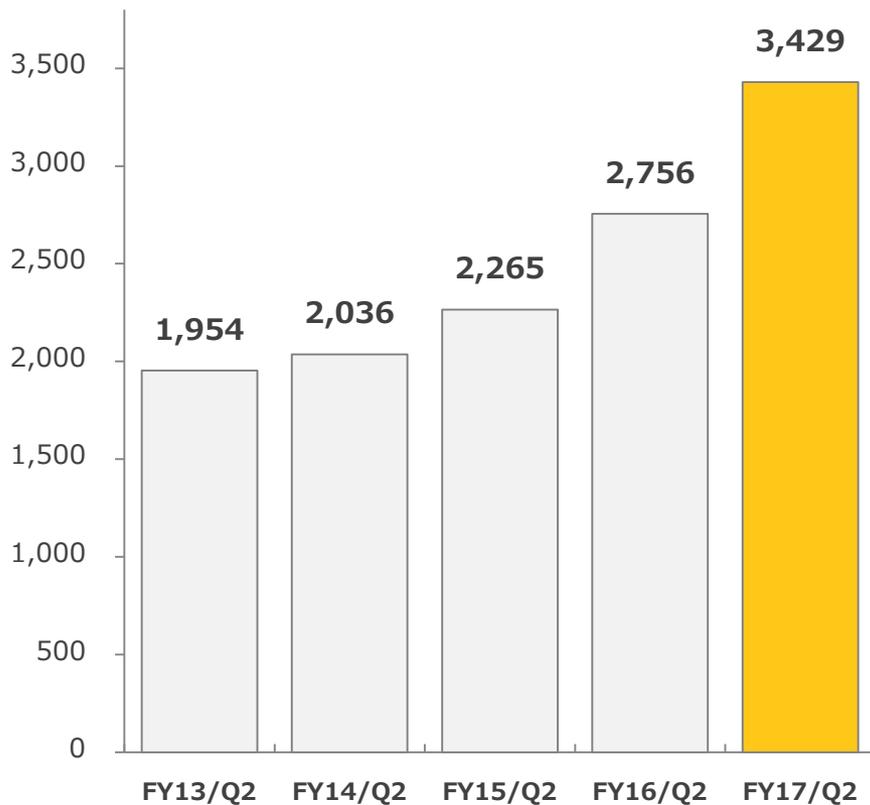
## Engineer Temporary Staffing

# Engineer Temporary Staffing (1) Summary

- Sales ⇒ up by 24% due to increase in the number of engineers at work through aggressive recruitment
- Operating income ⇒ down 11% due to increases in recruiting and training costs although maintaining a gross margin of 25%

Sales

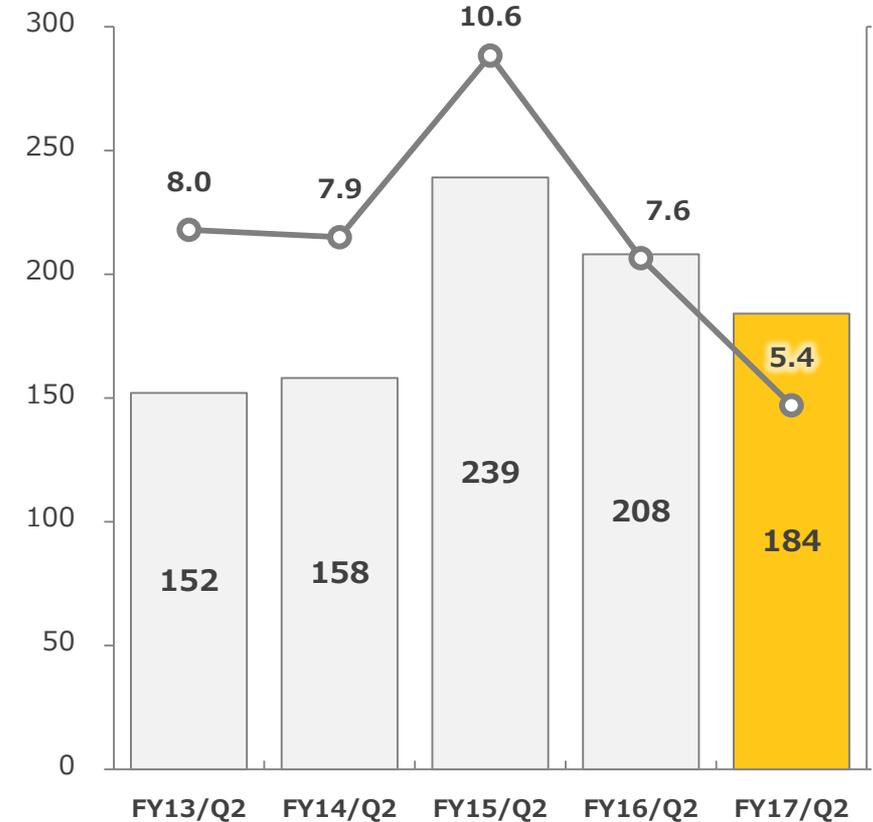
(million yen)



Operating income

[Profit ratio]  
(%)

(million yen)



# Engineer Temporary Staffing (2) Recruitment

- Change recruitment target from 675 engineers to 1,000 engineers in anticipation of increase in future demand
- Making a good start in the 2<sup>nd</sup> half hiring 147 engineers in April

(Unit: persons)

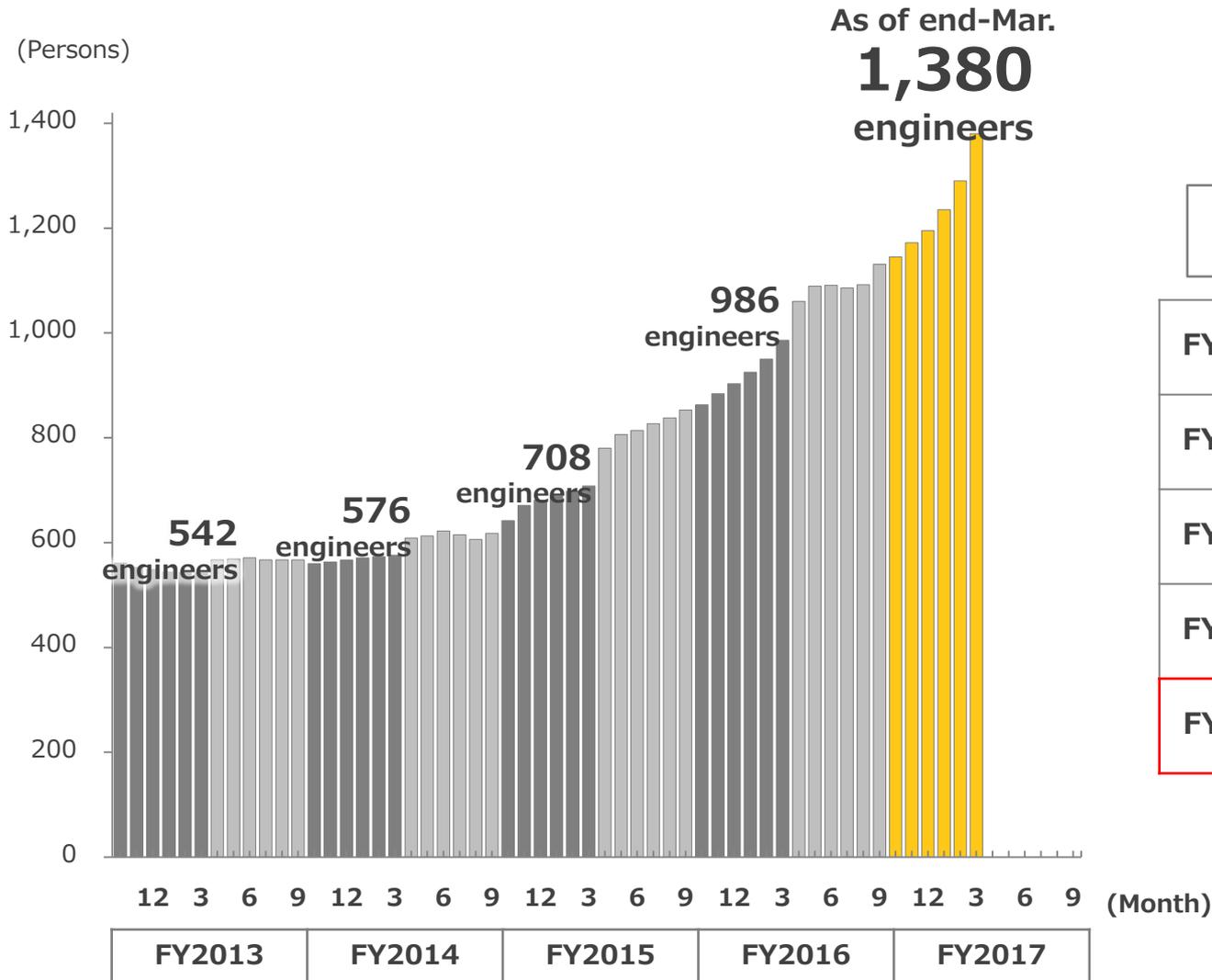
	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
<b>FY16 recruitment</b>	<b>88</b>			<b>110</b>			<b>198</b>
<b>FY17 recruitment</b>	<b>107</b>			<b>242</b>			<b>349</b>
<b>YoY</b>	<b>+19</b>			<b>+132</b>			<b>+151</b>

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
<b>FY16 recruitment</b>	<b>164</b>			<b>98</b>			<b>262</b>	<b>460</b>
<b>FY17 recruitment</b>	<b>147</b>							
<b>YoY</b>								

# Engineer Temporary Staffing (3)

## Changes in the Number of Engineers

■ Increased by 394 engineers YoY (+40.0%)



**Avg. number of engineers**  
6-month avg. (Oct – Mar)

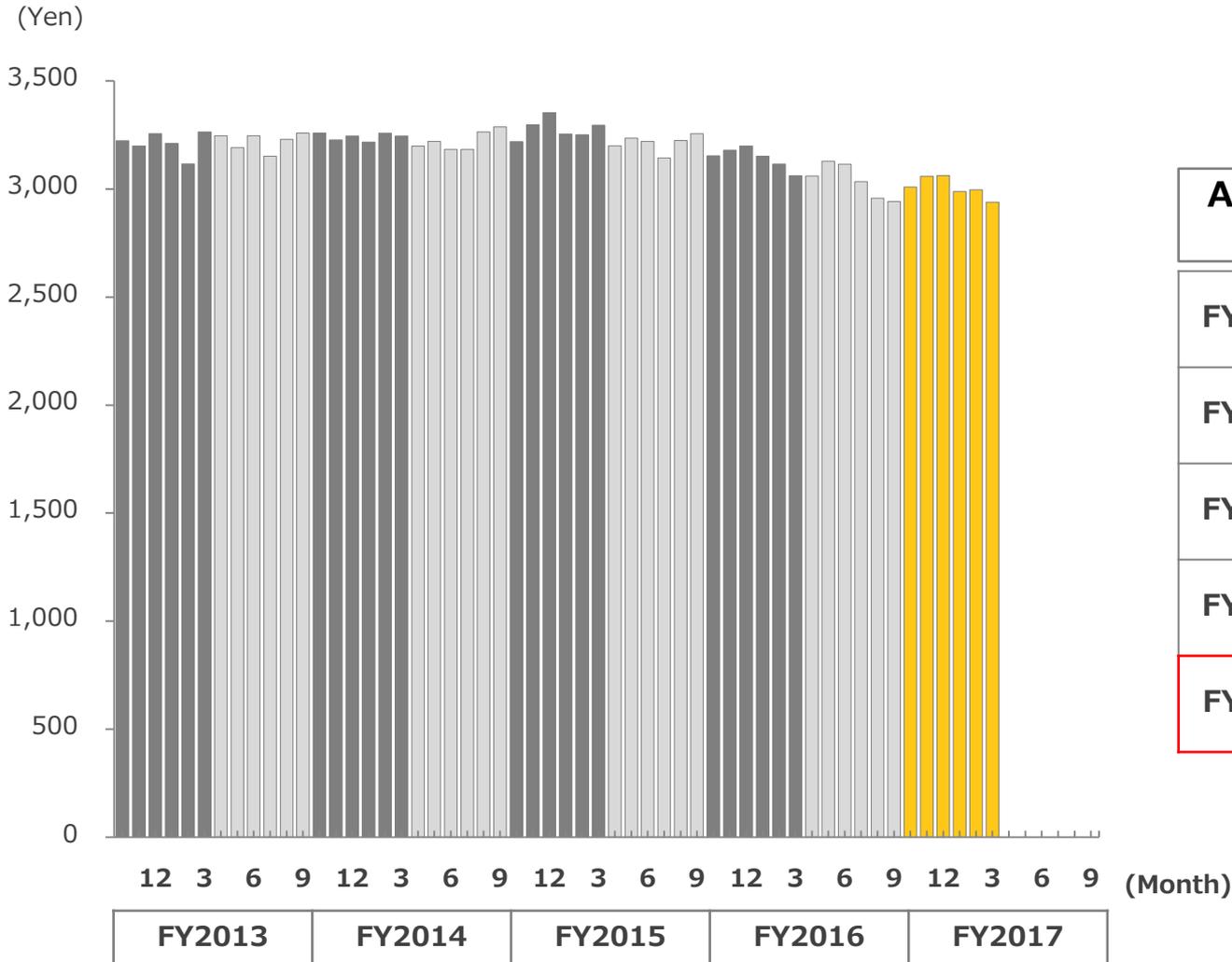
FY	Number of Engineers	YoY
FY13/Q2	549 engineers	
FY14/Q2	568 engineers	+3.6%
FY15/Q2	682 engineers	+19.9%
FY16/Q2	919 engineers	+34.8%
FY17/Q2	1,236 engineers	+34.6%

\*No. of engineers at the end of the month

# Engineer Temporary Staffing (4)

## Changes in Unit Price of Temporary Staffing

- Unit price decreased by 134 yen YoY due to increase in the number of young engineers as a result of mass hiring

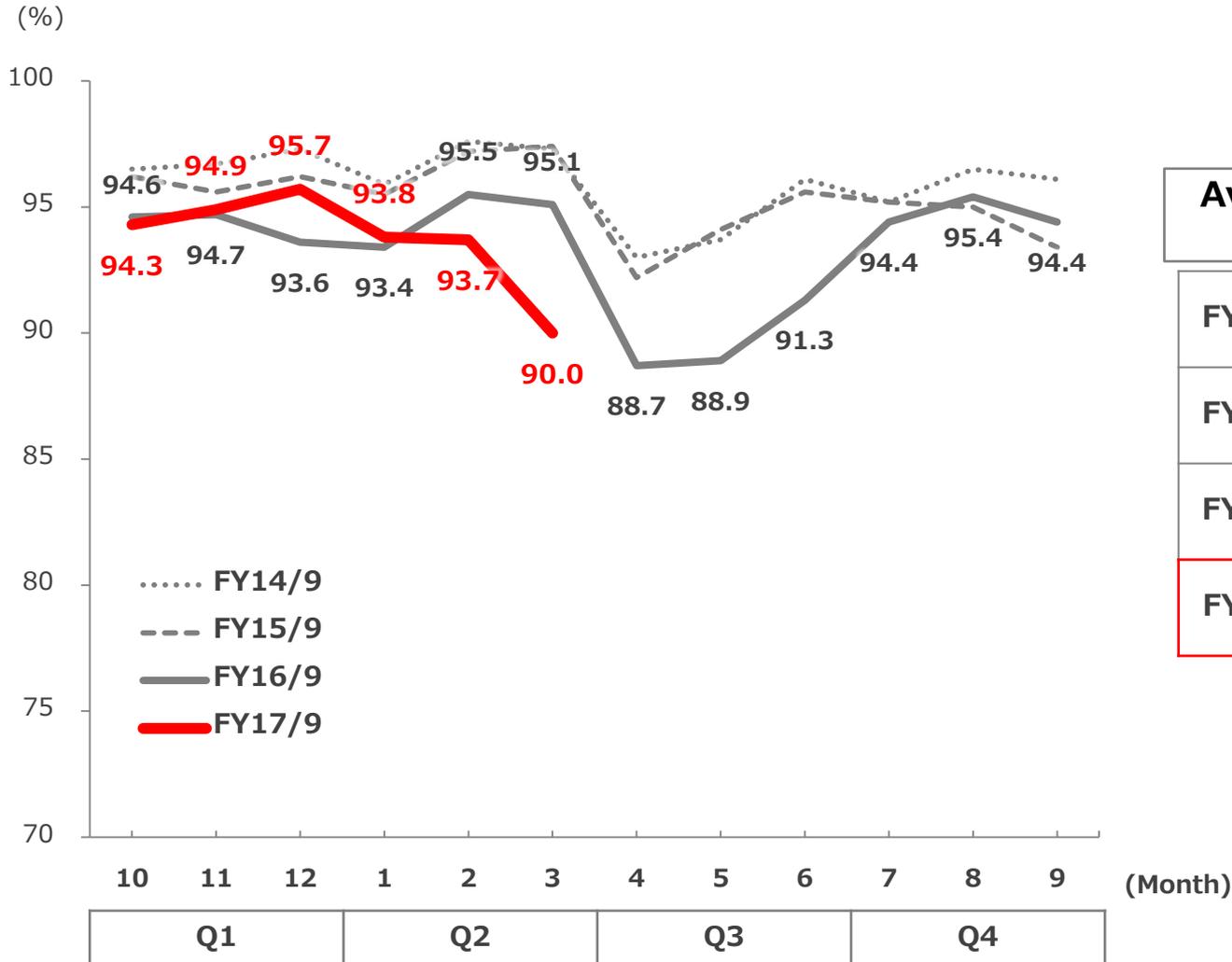


**Avg. number of engineers**  
6-month avg. (Oct – Mar)

FY13/Q2	3,212 yen	YoY
FY14/Q2	3,242 yen	+0.9%
FY15/Q2	3,278 yen	+1.1%
FY16/Q2	3,143 yen	▲4.1%
FY17/Q2	3,009 yen	▲4.3%

# Engineer Temporary Staffing (5) Changes in Operating Rate

- Operating rate during the Q2 accounting period down 2 percentage points because of an increase in the number of engineers joining the Company due to revision of planned recruitment



## Avg. number of engineers 6-month avg. (Oct – Mar)

FY14/Q2	96.9%	YoY
FY15/Q2	96.4%	▲ 0.5pt.
FY16/Q2	94.5%	▲ 1.9pt.
FY17/Q2	93.7%	▲ 0.8pt.

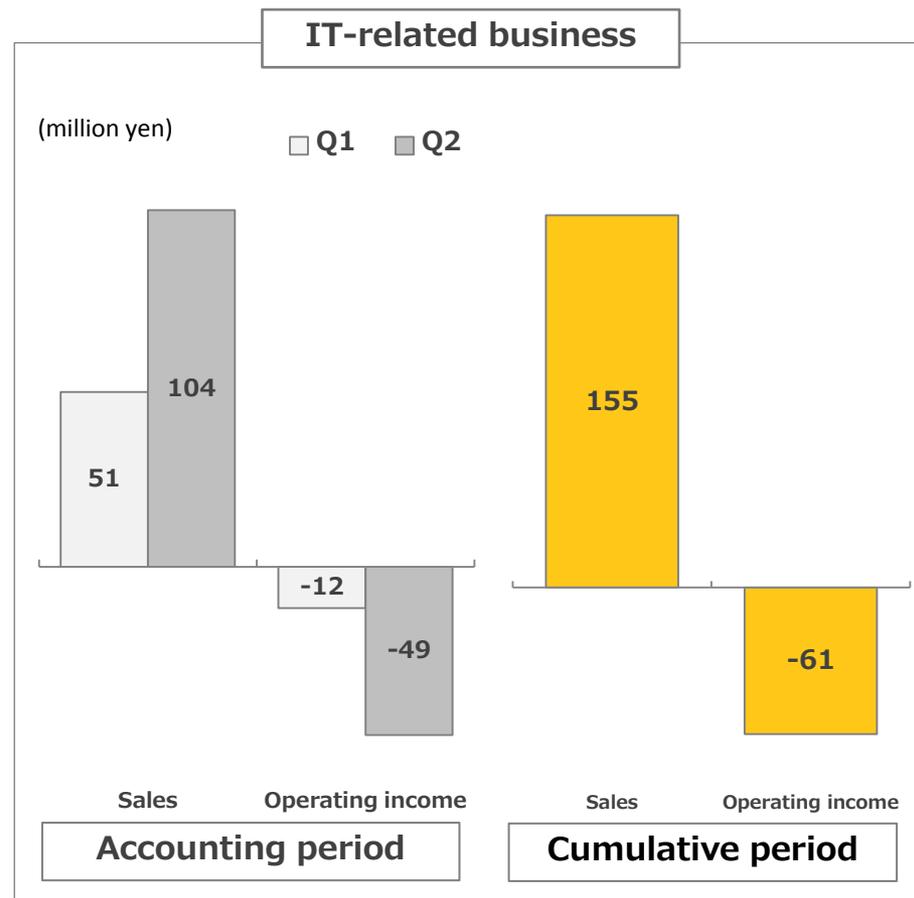
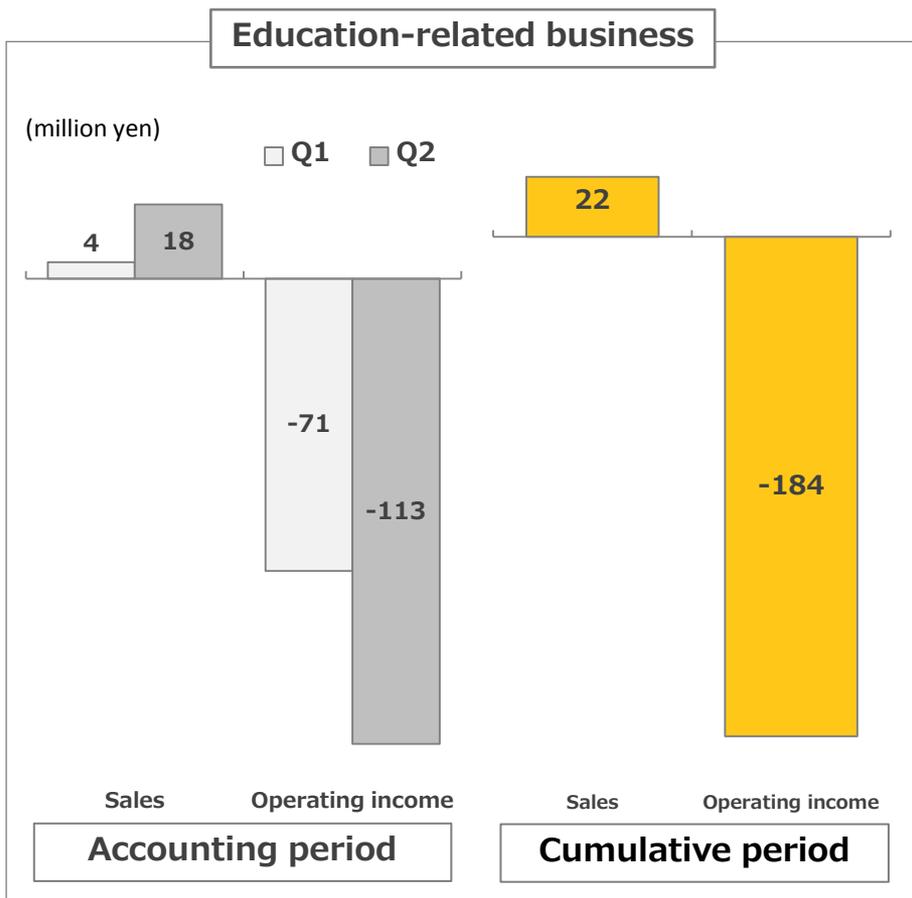
# Segment Overview

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**Education and IT-  
Related Businesses**

# Education and IT-Related Businesses

- Consolidated from FY9/17 Q1
- Up-front costs including ads web-page design and to raise awareness



**FY9/17**  
**Second Half**

Second Half

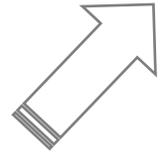
# FY9/17 Consolidated Business Forecasts

(million yen)

	FY2016 actual	FY2017 forecast	Pct. change	Progress rate (as of Q2)
<b>Sales</b>	<b>23,270</b>	<b>30,800</b>	32.4%	47.1%
<b>Operating income</b>	<b>2,433</b>	<b>3,600</b>	47.9%	35.8%
<b>Ordinary income</b>	<b>2,463</b>	<b>3,600</b>	46.2%	38.0%
<b>Net income</b> attributable to owners of parent	<b>1,622</b>	<b>2,100</b>	29.4%	39.2%
<b>Net income per share</b>	<b>21.76yen</b>	<b>28.16yen</b>	29.4%	39.2%

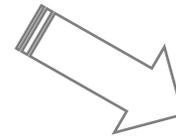
# Direction of the Second Half by Segment

**1 . Construction engineer temporary staffing**



**Do well in recruitment, retention and unit price**

**2 . Engineer temporary staffing**



**Prior investment, sales increase and profit decline**

**3 . Education and IT-Related Businesses**



**Improvement in performance, reduce operating losses**

## Construction Engineer Temporary Staffing

# Management Strategies

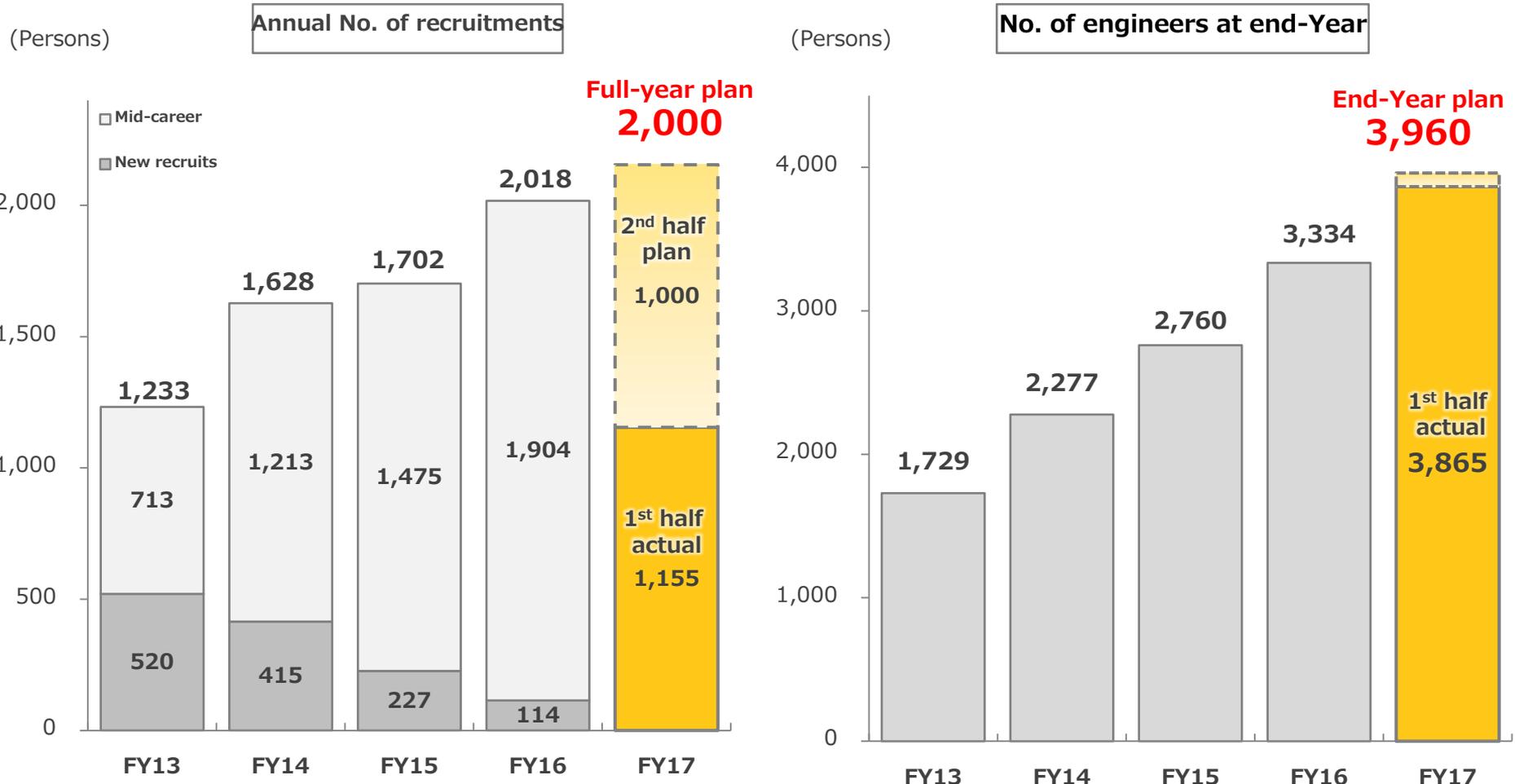
**Improve the accuracy of measures in the previous fiscal year**

- 1 . Increase and maintain unit price of temporary staffing**
- 2 . Continue to recruit 2,000 engineers**
- 3 . Continuous improvement of retention rate**

# Recruitment Strategies (1)

## Target Number of Engineers

- Increase the number of mid-career engineers to prevent decline in operating rate caused by adding many new workers in April
- 95 engineers to go to reach the end-Sep. 2017 target of 3,960 engineers → expect to substantially exceed the plan



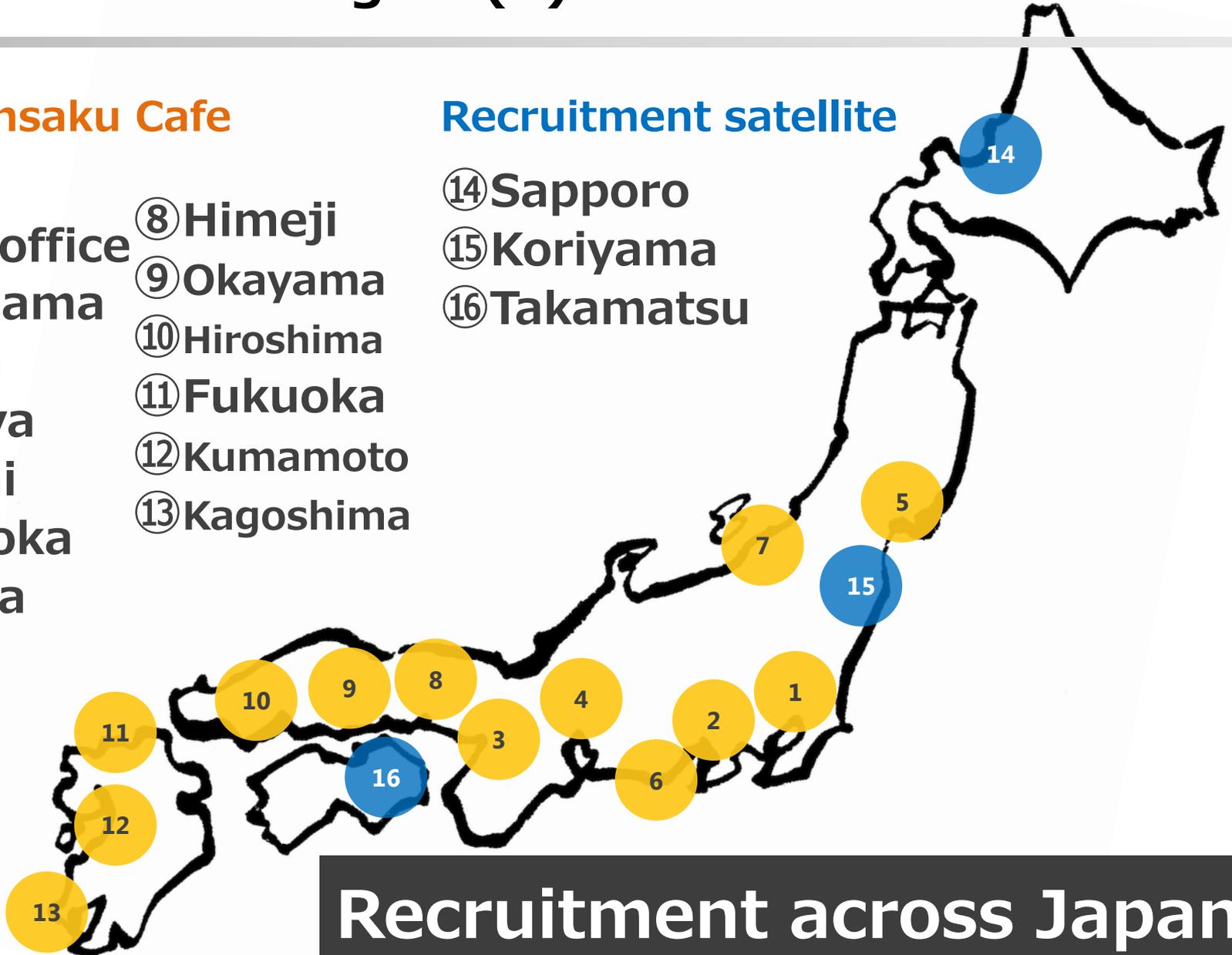
# Recruitment Strategies (2) Recruitment Base

## Yume Tansaku Cafe

- ① Tokyo head office
- ② Yokohama
- ③ Osaka
- ④ Nagoya
- ⑤ Sendai
- ⑥ Shizuoka
- ⑦ Niigata
- ⑧ Himeji
- ⑨ Okayama
- ⑩ Hiroshima
- ⑪ Fukuoka
- ⑫ Kumamoto
- ⑬ Kagoshima

## Recruitment satellite

- ⑭ Sapporo
- ⑮ Koriyama
- ⑯ Takamatsu



Recruitment across Japan

# Recruitment Strategies (3) Retention rate

- Retention rate has been improving since FY2015 thanks to the continuous efforts for improvement measures
- For FY2017, target above 70% of retention rate for the first time since FY2013→ over 74% as of Q2

## Changes in retention rate

	FY2014	FY2015	FY2016	FY2017 FY plan	As of end-Mar.
Annual retention rate	<b>67.8%</b>	<b>69.4%</b>	<b>69.8%</b>	<b>Over 72%</b>	<b>74.4%</b>
YoY	<b>▲6.1pt.</b>	<b>+1.6pt.</b>	<b>+0.4pt.</b>	<b>+2.2pt.</b>	<b>—</b>
Annual no. of recruitments	<b>1,628 engineers</b>	<b>1,702 engineers</b>	<b>2,018 engineers</b>	<b>2,000 engineers</b>	<b>1,155 engineers</b> Remaining 845engineers
No. of engineers at end-FY	<b>2,277 engineers</b>	<b>2,760 engineers</b>	<b>3,334 engineers</b>	<b>3,960 engineers</b>	<b>3,865 engineers</b> Remaining 95engineers
Net increase	<b>548 engineers</b>	<b>483 engineers</b>	<b>574 engineers</b>	<b>+626 engineers</b>	<b>+531 engineers</b> Remaining 95engineers

\*Retention rate = No. of engineers at the end of the FY ÷ (No. of engineers at the end of previous FY + No. of engineers joined Yumeshin in the FY) × 100

# Operational Strategies (1)

## External Environment/Measures

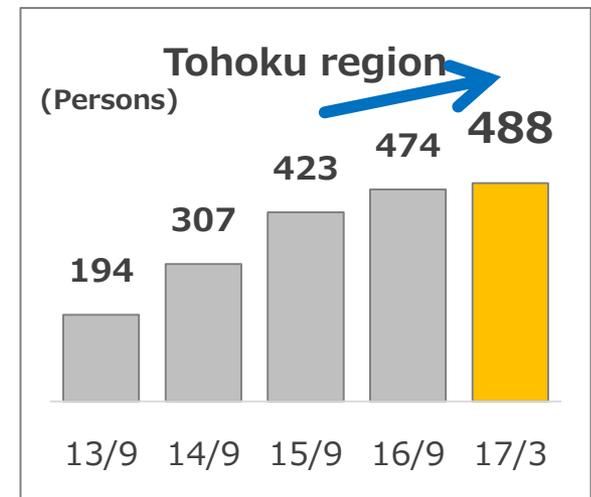
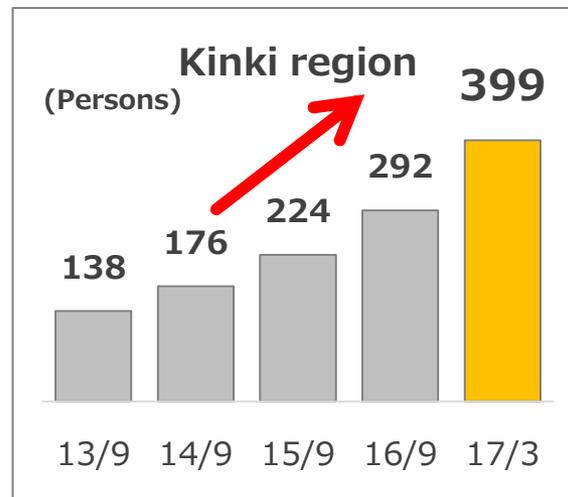
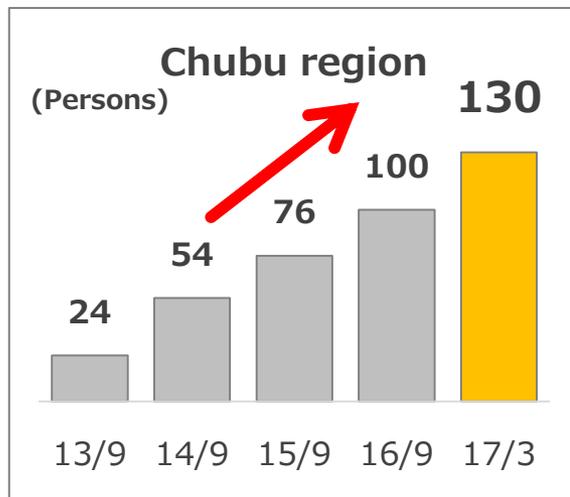
### External environment

- Rapid increase in number of general contractors using workers with no experience → affect major general contractors, too
- Tokyo remains strong → but big increase in the Chubu and Kinki regions
- Workforce sent to Kyushu due to Kumamoto earthquake restoration and recovery works up by 4 times YoY

### Operational strategies

1. Continue to negotiate for higher unit price
2. Cultivate and actively conduct business with branches of general contractors
3. Shift to workplaces with better prospects for overtime

Change in No. of engineers by office

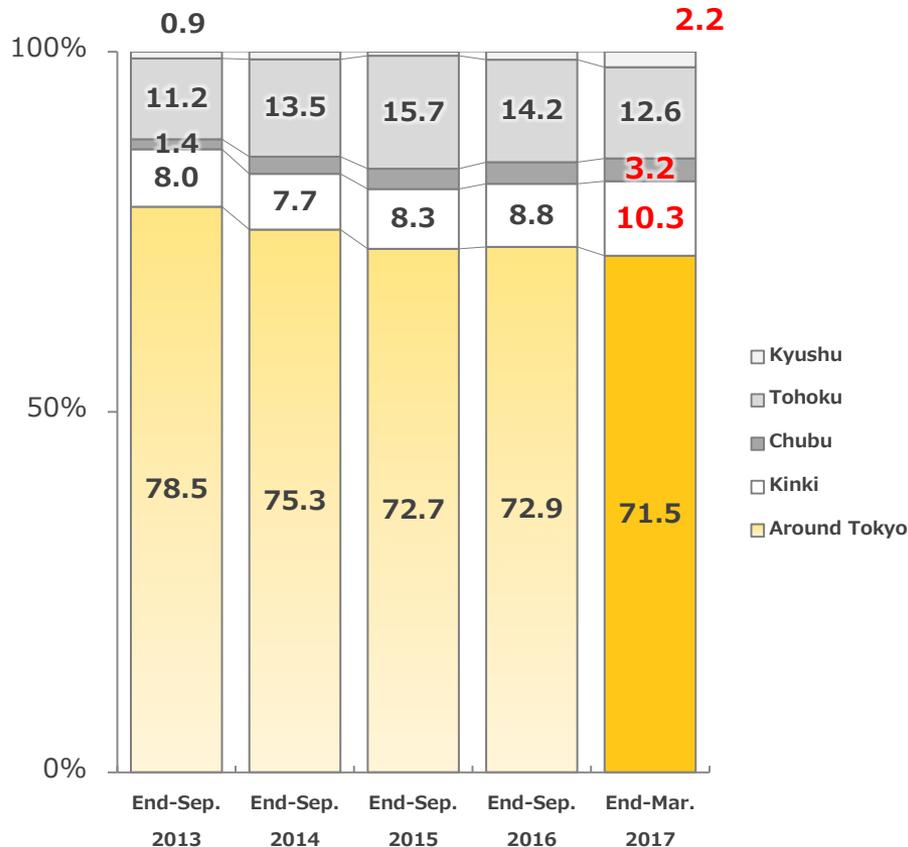


# Operational Strategies (2)

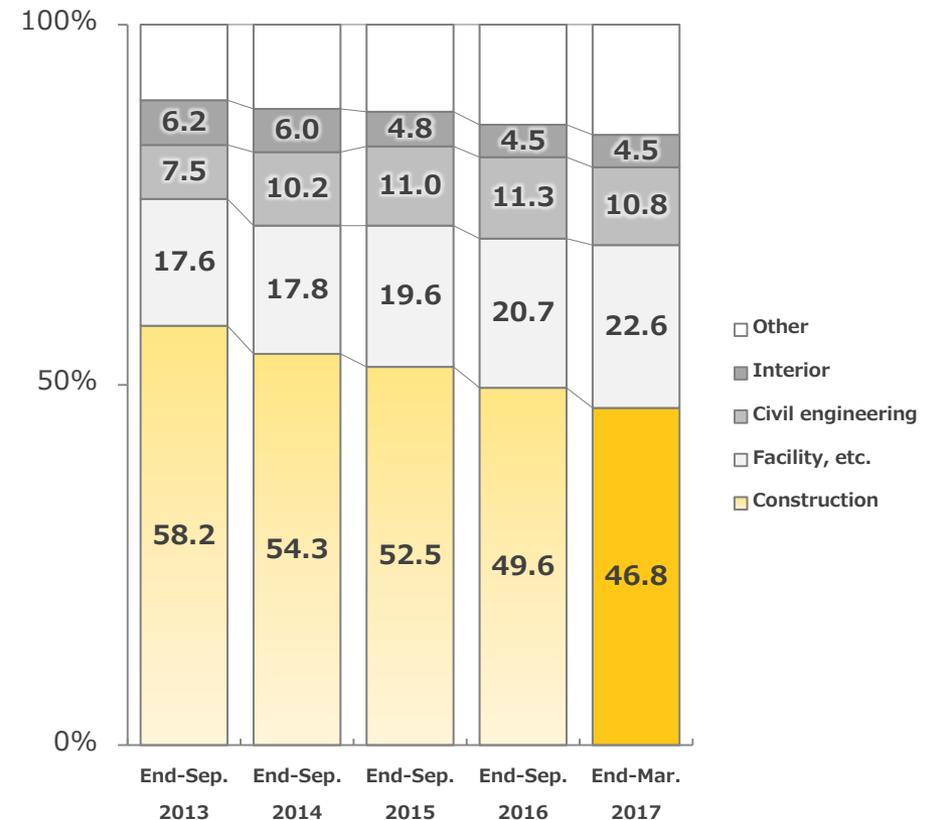
## Ratio by Area and Industry of Temporary Staffing

- By area ⇒ Growth mainly in Osaka and Nagoya due to development of local branches of general contractors
- By industry ⇒ Business in electricity and air conditioning facility industry continued to perform well as they actively use young engineers

Ratio by area



Ratio by industry



# Operational Strategies (3)

## Recruit More Female Engineers

### Characteristics of female engineer placements

- Women are being used at building construction sites, too.
- Female CAD operators tend to have long assignments of one to two years

### Measures to recruit more female engineers

1. Train female construction management specialists.
2. Increase placement fees for CAD operators.
3. Plan to recruit between 10 - 20 women every month

### Change in ratio of female engineers

(%)

(177engineers)  
16.0

(835engineers)  
21.6

FY2013		FY2015		FY2016		FY2017	
Q2	Q4	Q2	Q4	Q2	Q4	Q2	Q4



# Summary of Management Strategies

## 1. No. of staffs at work

- Recruit 2,000 people → **eyeing over 2,000 engineers**
- Aim for 72% retention rate → **improved more than expected to 74%**
- Proactively use female engineers

## 2. Operating rate

- Reduce office work ⇒ Maintain high utilization rate by increasing sales efficiency
- Further increase activities of sales offices outside major cities ⇒ Expand sales channels

## 3. Operating time

- Shift workers to jobs with good prospects for overtime hours when updating contract

## 4. Unit price of temporary staffing

- Increase added value by using constant follow-up training
- Create evaluation system for sales staff focusing on contract unit prices

## Engineer Temporary Staffing

# [Engineer Temporary Staffing]

## Revision of Business Forecasts

- Revised full-year forecasts due to revision of recruitment plan
- Enhance recruitment and training in prospect of further growth in demand  
→ Increase in sales and decrease in income

(million yen)

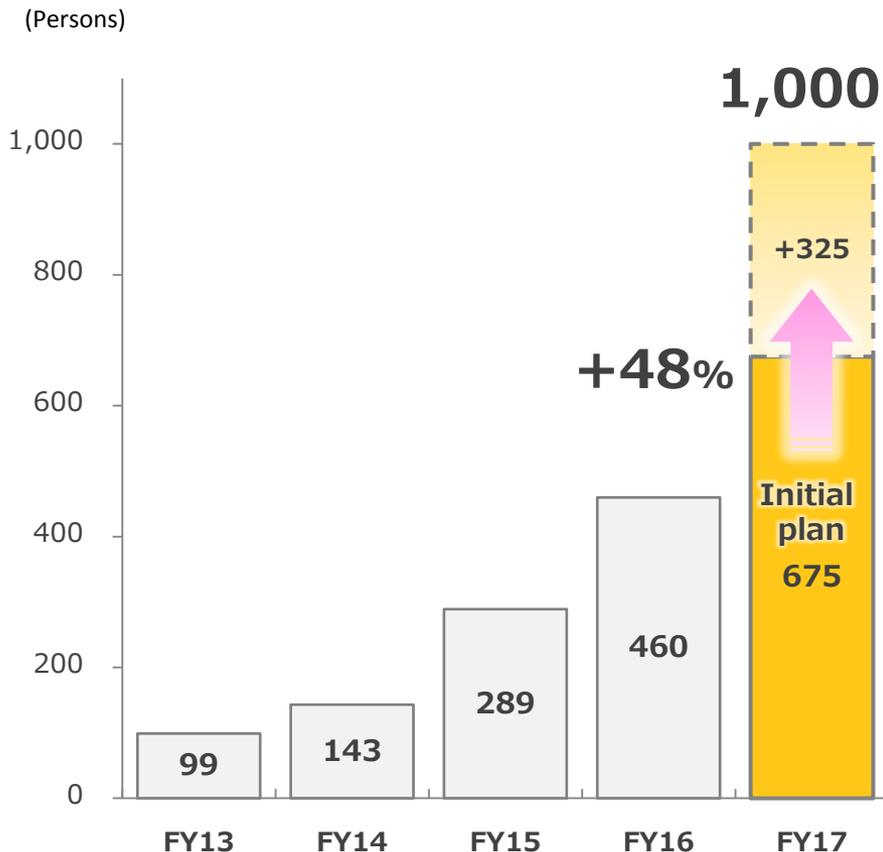
	Initial forecast	Revised forecast	Change	Pct. change	FY17/Q2	Progress rate
Sales	7,200	7,400	+200	+2.8%	3,429	46.3%
Operating income	600 (8.3%)	180 (2.4%)	▲420	▲70.0%	184	102.2%
Ordinary income	600 (8.3%)	180 (2.4%)	▲420	▲70.0%	184	102.2%
Net income	370 (5.1%)	120 (1.6%)	▲250	▲67.5%	123	102.5%

\* ( ) = Percentage of sales

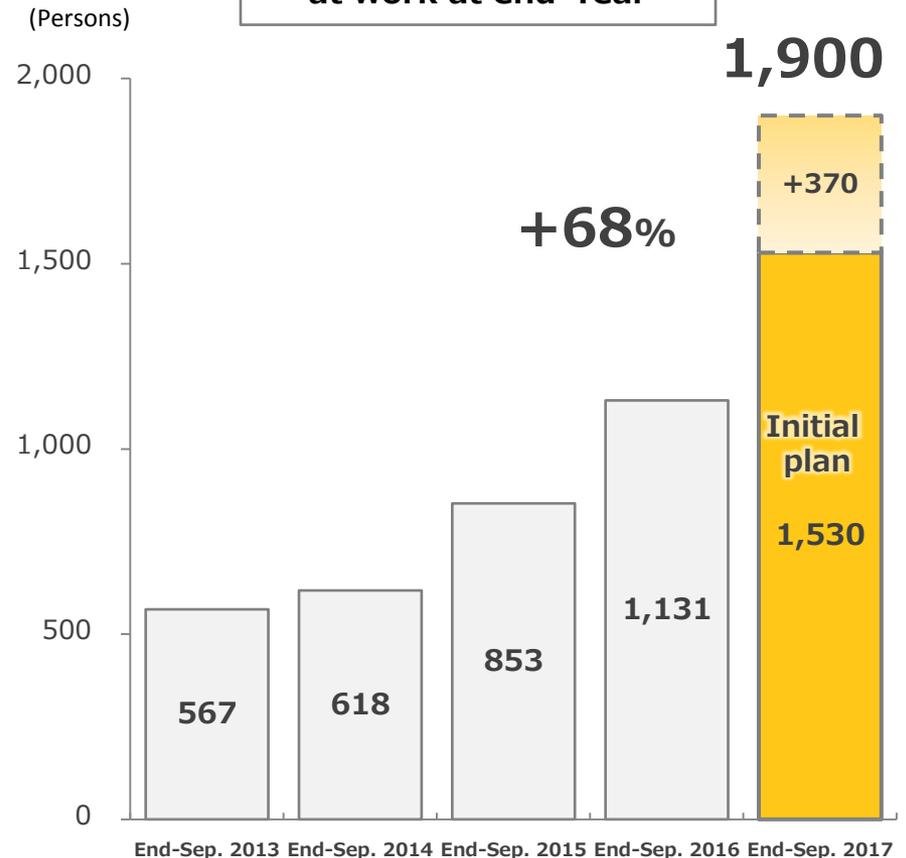
# [Engineer Temporary Staffing] Revision of Planned Recruitment

- Aim to hire 1,000 engineers, up by 48% from the initial plan
- Aim for 1,900 engineers at work at end-Year → up by 68% YoY

Annual recruitment plan



Planned no. of engineers at work at end-Year



# [Engineer Temporary Staffing] Original Training System

In the  
company

## 【Basic】

- Human skill training
- Etiquette training

## 【Skill】

- Network training
- CAD training

## 【For foreigners】

- Japanese language training
- …etc.

Information sharing  
including trainees' skills  
and appropriateness



Outside the  
Company

## 【Skill】

- Java programming training
- CCNA training
- MOS training

Outsourcing generates  
cost



# [Engineer Temporary Staffing] Future Training System

Complete all training programs within the Company

In the  
company

## 【Basic】

- Human skill training
- Etiquette training

## 【Skill】

- Network training
- CAD training
- **Java programming training**
- **CCNA training**
- **MOS training**

## 【For foreigners】

- Japanese language training
- …etc.

Human resources  
development



Matching



## Advantages of company training

1. Incur no outsourcing cost for training  
→**cost reduction**
2. No time lag to understand trainees' situations  
→**efficiency of business flow from fostering to posting**
3. Flexibility of training contents  
→**rapid response to meet the market needs**
4. Improvement in matching accuracy

# [Engineer Temporary Staffing]

## Medium-Term Management Plan

- The number of engineers hired in the current term contributes to FY2018 →up by 76% expecting a substantial increase in sales
- Improvement in operating margin due to optimization of recruiting cost per engineer (million yen)

	FY2016	FY2017	FY2018	FY2019
<b>Sales</b>	<b>5,805</b>	<b>7,400</b>	<b>13,000</b>	<b>17,800</b>
Sales growth rate	21.6%	27.5%	 75.7%	36.9%
<b>Operating income</b>	<b>433</b>	<b>180</b>	<b>800</b>	<b>1,600</b>
Operating margin	7.5%	2.4%	 6.2%	9.0%
<b>Net income</b>	<b>405</b>	<b>120</b>	<b>530</b>	<b>1,050</b>

(Persons)

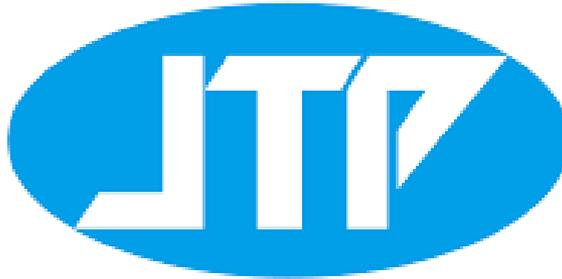
<b>Annual No. of recruitments</b>	<b>460</b>	<b>1,000</b>	<b>1,750</b>	<b>2,000</b>
<b>No. of engineers at end-Year</b>	<b>1,131</b>	<b>1,900</b>	<b>3,000</b>	<b>4,200</b>

## Education and IT- Related Businesses

# [Education and IT-Related] Recent Capital and Business Alliances

Company name	Date of alliance	Business	Relationship
Dazzle Inc.	May 27, 2016	VR-related business	Affiliate
LinkPro Co., Ltd.	May 31	Image processing system	Capital&business alliance
Valhalla Game Studios Co., Ltd.	June 22	Game development	Business alliance
Sofiamedix Co., Ltd.	July 19	Medical IT, Financial IT	Business alliance
Galaxy Inc.	July 22	Introduction of IT at building sites	Subsidiary
Social Fintec Co., Ltd.	August 19	Contract for offshore development	Subsidiary
Construction Industry Engineers Center	August 31	Workshop, qualification course	Business acquisition
BtcBox Co., Ltd.	August 31	Bitcoin exchange	Affiliate
Mindshift Inc.	September 27	AI support business	Capital& business alliance
GEAR NOUVE Co., Ltd.	October 14	Introduction of IT at building sites	Affiliate
Self Co., Ltd.	November 14	Application development using AI	Capital& business alliance
V-Sync. Co., Ltd.	November 14	Digital signage	Capital& business alliance
Keepdata Ltd.	November 30	Use of big data	Subsidiary

# [Education and IT-Related]Tender Offer



Purchase period  
Sep.29 – Nov. 11, 2016

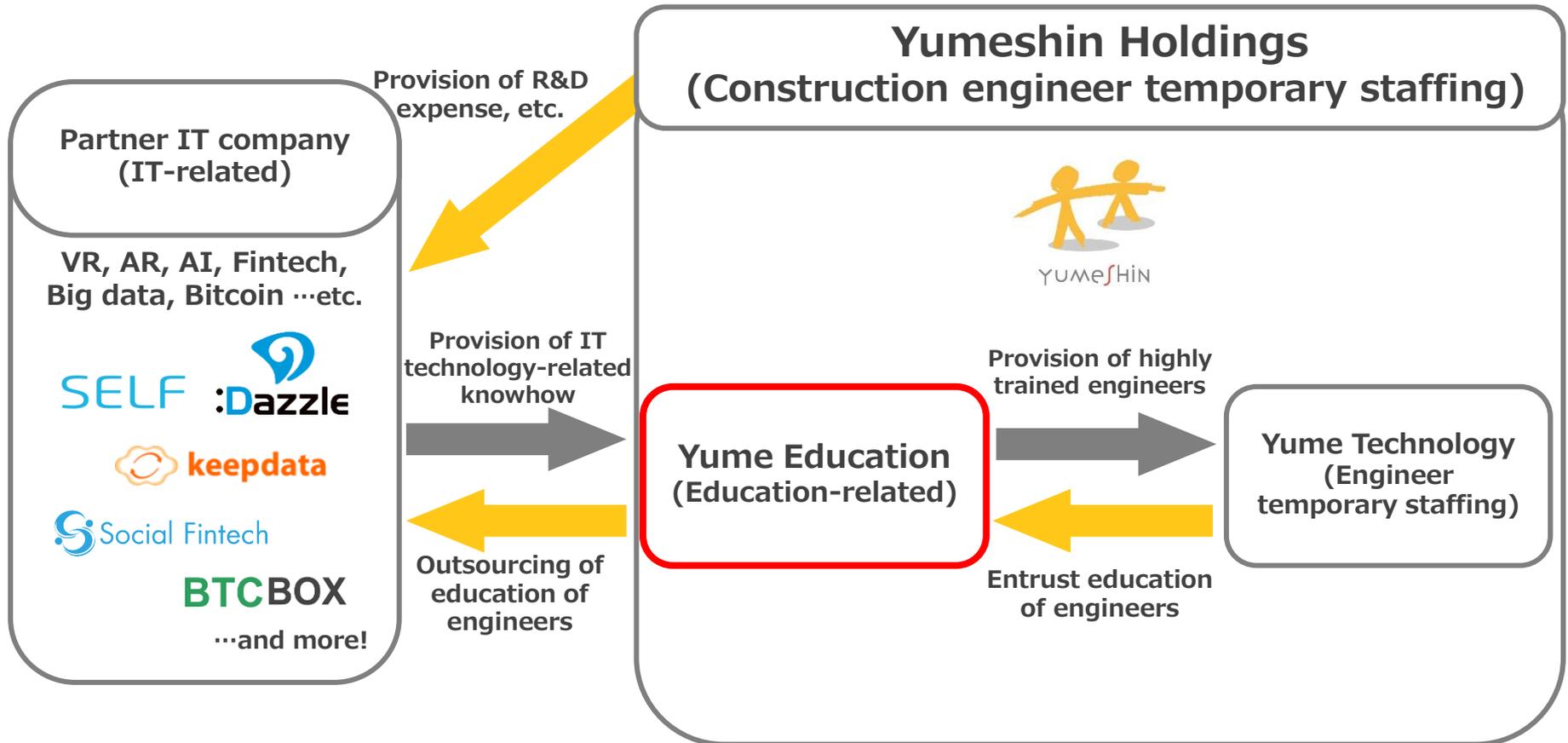
Acquired 13.09% (voting  
rights basis)

**Japan Third Party Co., Ltd.**  
**(JASDAQ : 2488)**

- 1. Information technology outsourcing**  
for overseas companies
- 2. Fostering of information technology engineers**  
at the Japan's biggest training facility

# [Education and IT-Related] Business Overview

- Aim for fostering and provision of human resources rather than IT technology development and IT service provision
- Develop highly trained IT engineers → provide regardless of within and outside the Company



\* ( ) = Names of segments

# [Education and IT-Related] Opening of Office

Opened an office for IT engineer education and fostering in January 2017 (Kyobashi Soseikan)



# [Education and IT-Related] Main Measures

**KIDS★YUME★CAMPUS**

**転職  
王様** CAREER CHANGE  
ACADEMY



**JUNIOR★YUME★CAMPUS**

- 1. Opening of an office for IT engineer education and fostering**
- 2. Provide a joint course with Japan Third Party**
- 3. Provide a programming class for kids**
- 4. One-stop support for change in carrier from education to job-placement**
- 5. Certified as a Unity certified training partner**

# Shareholder Return

Shareholder Return

# Medium Term Shareholder Return Policy

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**① Expect 100% of payout ratio until FY17/9, and continue to maintain high payout ratio linked to business growth.**

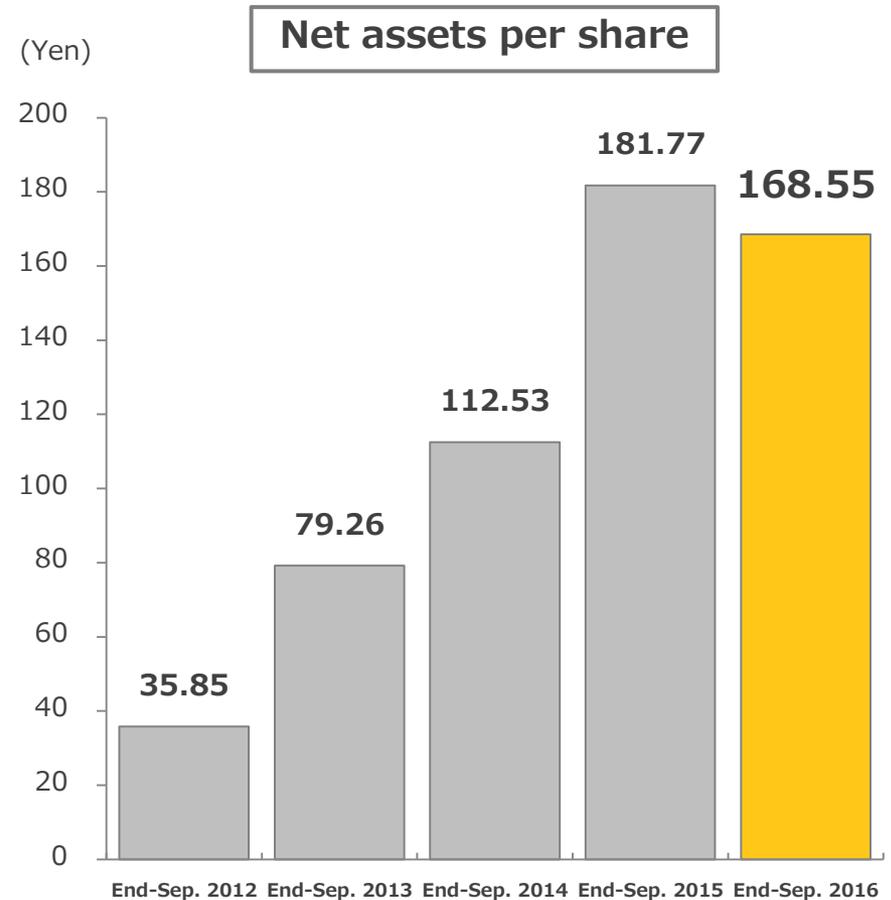
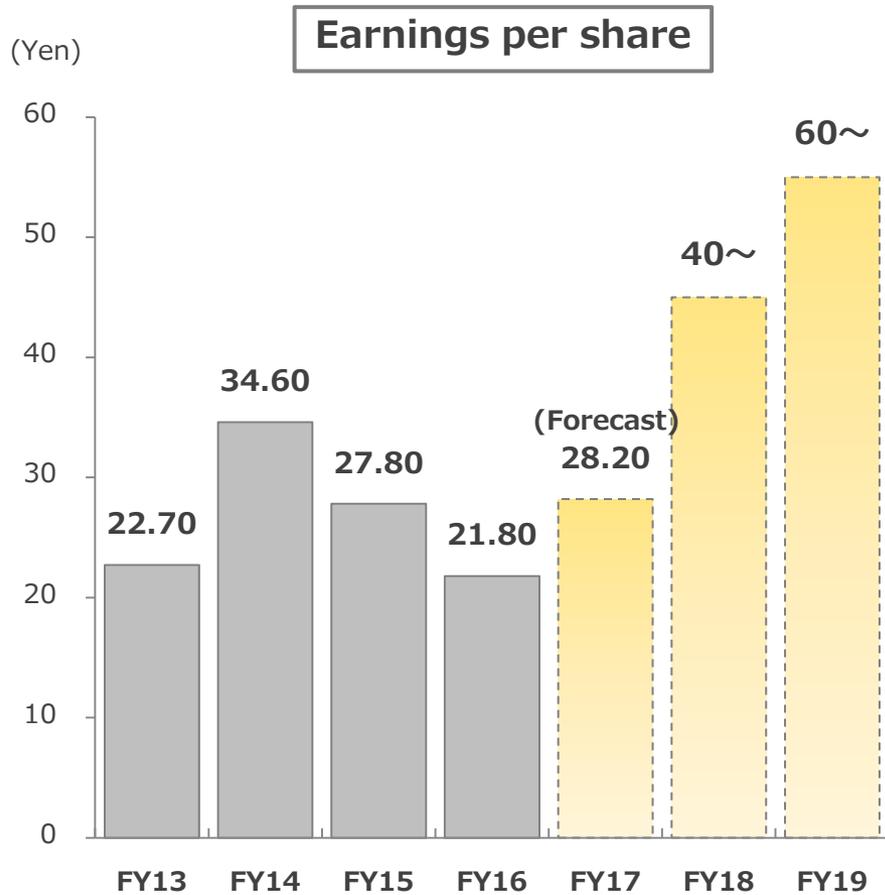
**② Promote management in consideration of improvement in earnings per share (EPS)**

**③ Aim at change of listing to Tokyo Stock Exchange First Section for the following 2 reasons.**

- i . Business⇒ To strengthen recruitment capability and improve retention rate**
- ii . Stock⇒ To improve liquidity and expand shareholders**

# Shareholder Return (1) Earnings/Net Assets Per Share

- Earnings per share ⇒ large increase from FY17 onward due to improvement in profit ratio



**Medium-term  
management plan**

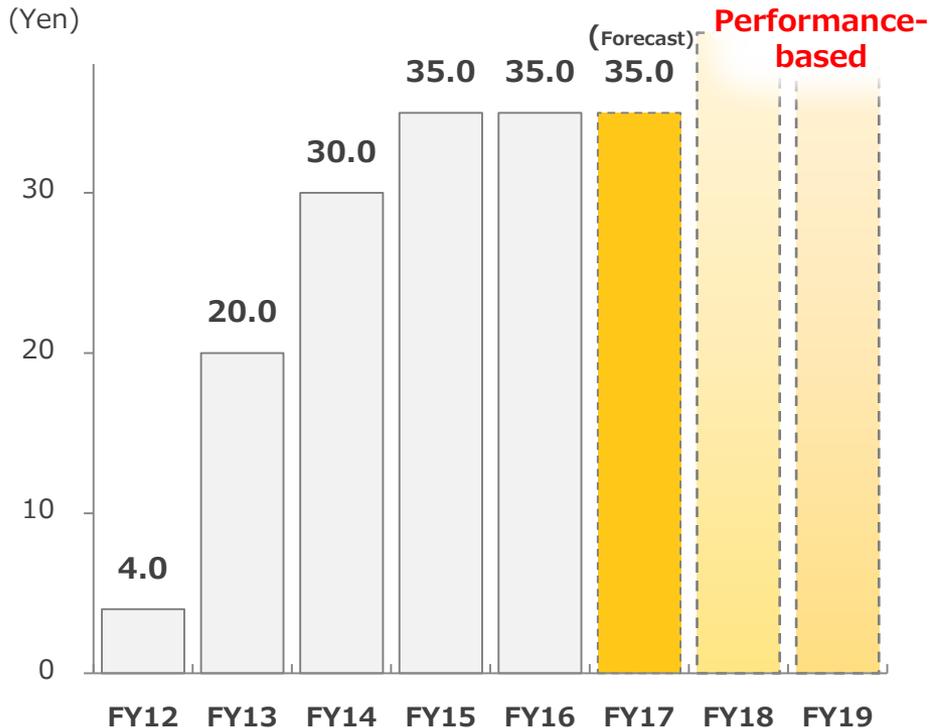
\* 1. Earnings per share = Net income ÷ Average no. of shares during period × 100

2. Net assets per share = Shareholders' equity ÷ (Shares outstanding – No. of treasury stock at end of year) × 100

# Shareholder Return (2) Dividend Policy

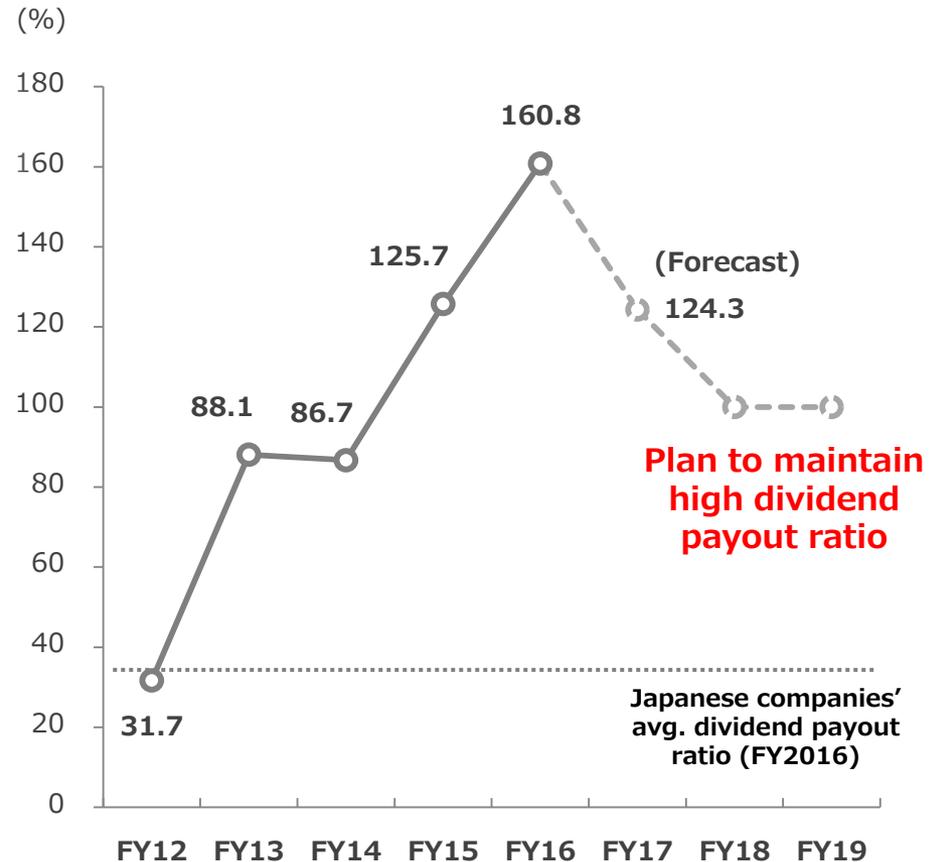
- Aim for 100% of payout ratio until FY2017, and plan to maintain high payout ratio from then onward

Dividend per share



Medium-term management plan

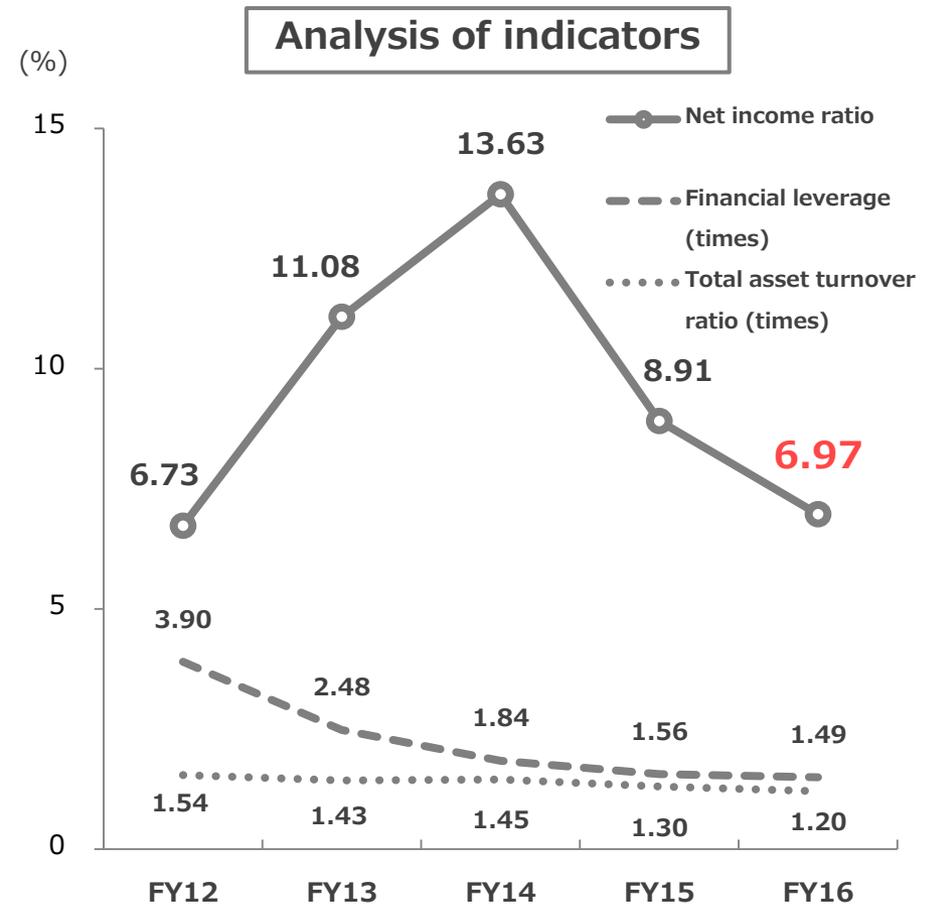
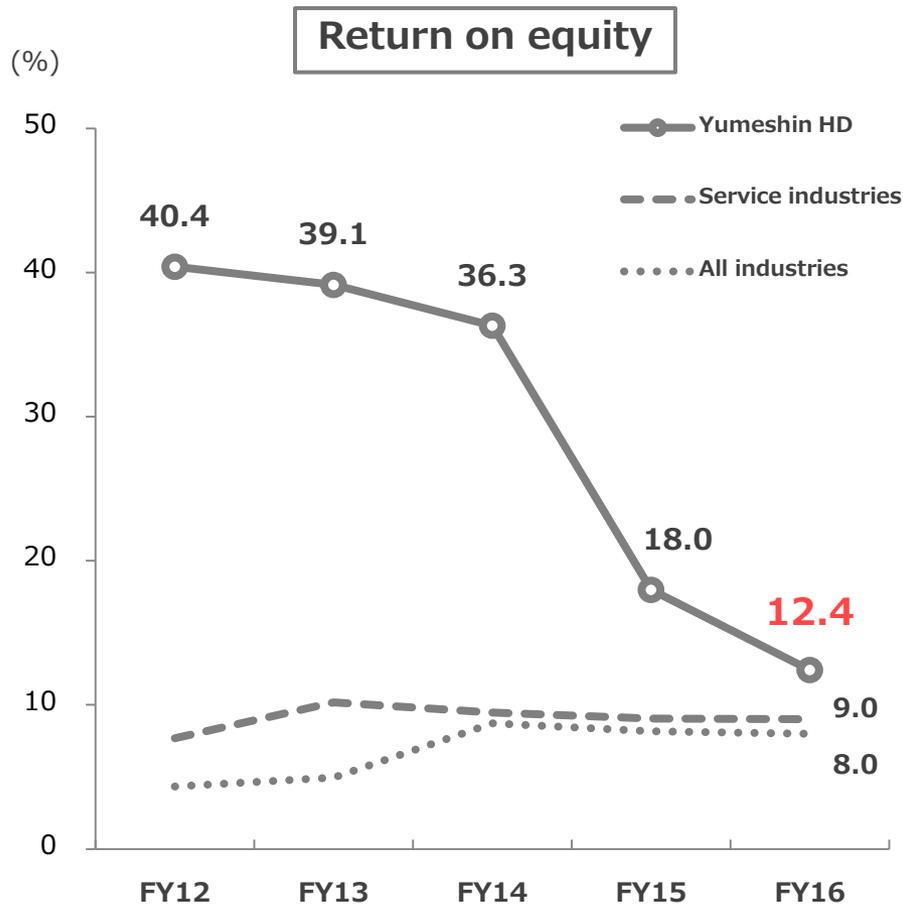
Dividend payout ratio



Medium-term management plan

# Shareholder Return (3) Return on Equity

- Goal is ROE of 30%+ by improving profitability and using acquisitions and other investments to hold down equity



- \* 1. Return on equity =  $\text{Net income} \div \text{Shareholders' equity (avg. during period)} \times 100$
- 2. Financial leverage =  $\text{Total assets (avg. during period)} \div \text{Shareholders' equity (avg. during period)}$
- 3. Total asset turnover ratio =  $\text{Sales} \times \text{Total assets (avg. during period)}$
- 4. All industries and service industry belong to the TSE 1st section

# Reference

Reference

# Reference (1) Medium-Term Management Plan

(million yen)

	FY2016	FY2017	FY2018	FY2019
<b>Sales</b>	23,270	30,800	36,000 ~40,000	43,000 ~50,000
<b>Operating income</b>	2,433	3,600	5,000 ~6,000	6,500 ~8,000
<b>Operating margin</b>	10.5%	11.7%	13.9% ~15.0%	15.1% ~16.0%
<b>Net income</b>	1,622	2,100	3,000 ~3,500	4,000 ~5,000
<b>EPS</b>	21.76yen	28.16yen	40yen ~46yen	53yen ~67yen

**Annual No. of recruitments**

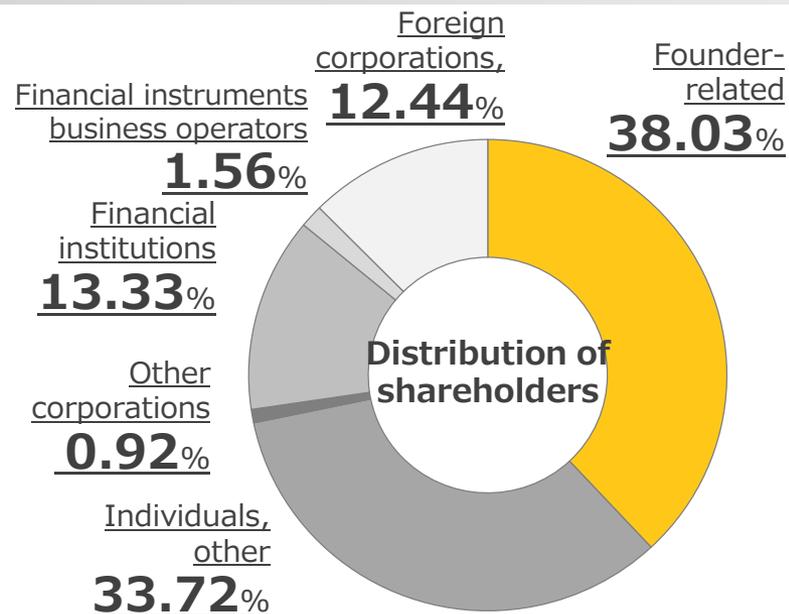
(Persons)

Construction engineer temporary staffing business	2,018	2,000	2,000	2,000
Engineer temporary staffing business	460	1,000	1,750	2,000

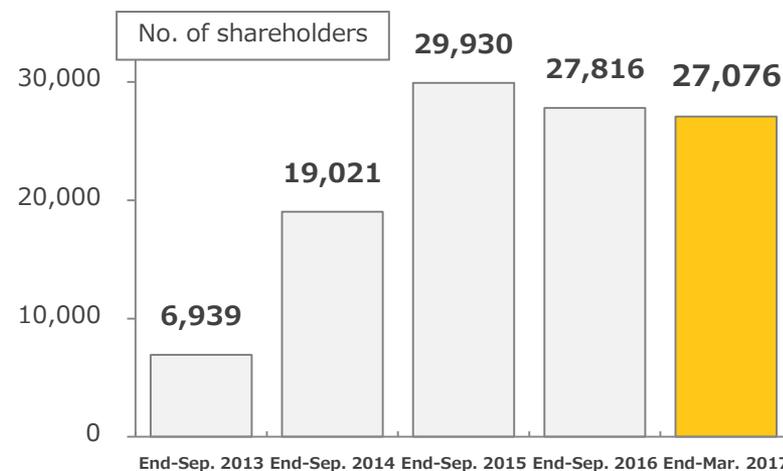
# Reference (2) Shareholders Situation

As of March 31, 2017

	Name of shareholders	No. of shares held (in thousands)	Ownership ratio (%)
1	Shingo Sato	16,425	22.02
2	Sato Sogo Kikaku	11,244	15.08
3	Japan Trustee Services Bank	6,462	8.67
4	BNYM TREATY	2,575	3.45
5	The Master Trust Bank of Japan	1,902	2.55
6	Trust & Custody Services Bank	1,222	1.64
7	Hideki Fukai	880	1.18
8	Yoshiko Sato	688	0.92
9	Tachibana Securities	578	0.78
10	Banque Pictet & Cie SA	500	0.67
<b>Total of top 10 largest shareholders</b>		<b>42,505</b>	<b>57.00</b>



(Persons)



\*Number of shares outstanding = 74,573,440 shares  
 Treasury stock = 86 shares

# Reference (3) Executives

Director	Auditor	Total
6 (Outside:2)	3 (Outside:2)	9

(As of Mar. 31, 2017)

Chairman and Representative Director

**Shingo Sato**

Born on Mar. 14, 1947 16,425,440shares

President and Representative Director

**Daio Sato**

Born on Nov. 25, 1983 4,700shares

Senior Managing Director

**Yoshikiyo Sato**

Born on Apr. 22, 1963

Director

**Masato Kusahara**

Born on Jan. 2, 1950 17,000shares

Outside Director

(Independent executive)

**Tomohiro Sakamoto**

Born on Dec. 17, 1962 Sakatomo Law Office (Present post)

Outside Director

(Independent executive)

**Miki Oda**

Born on Jan. 15, 1973 FinanTec Co., Ltd. (Director)

Outside Auditor

(Independent executive)

**Hirobumi Takahashi**

Born on Sep.1, 1939 4,000shares

Outside Auditor

(Independent executive)

**Hiroaki Rokugawa**

Born on June 10, 1963

OGASAWARA KONNO & ROKUGAWA (Present post)

Auditor

**Yukio Matsumoto**

Born on Mar. 7, 1948

# Meeting people makes Everybody's dream come true





YUMESHIN

## Disclaimer

These materials were prepared based on information available to the company and on certain assumptions deemed to be reliable but the company makes no guarantees regarding the accuracy of the information in these materials. The information may be incomplete or summarized. The prices and figures stated in these materials are past results, estimates or forecasts and may differ from the actual figures.

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**JASDAQ**

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