

Fiscal Year Ending **September** 2018

Financial Results

– 3rd Quarter –

Supplementary material



Yumeshin

Yumeshin Holdings Co., Ltd.

JASDAQ 2362

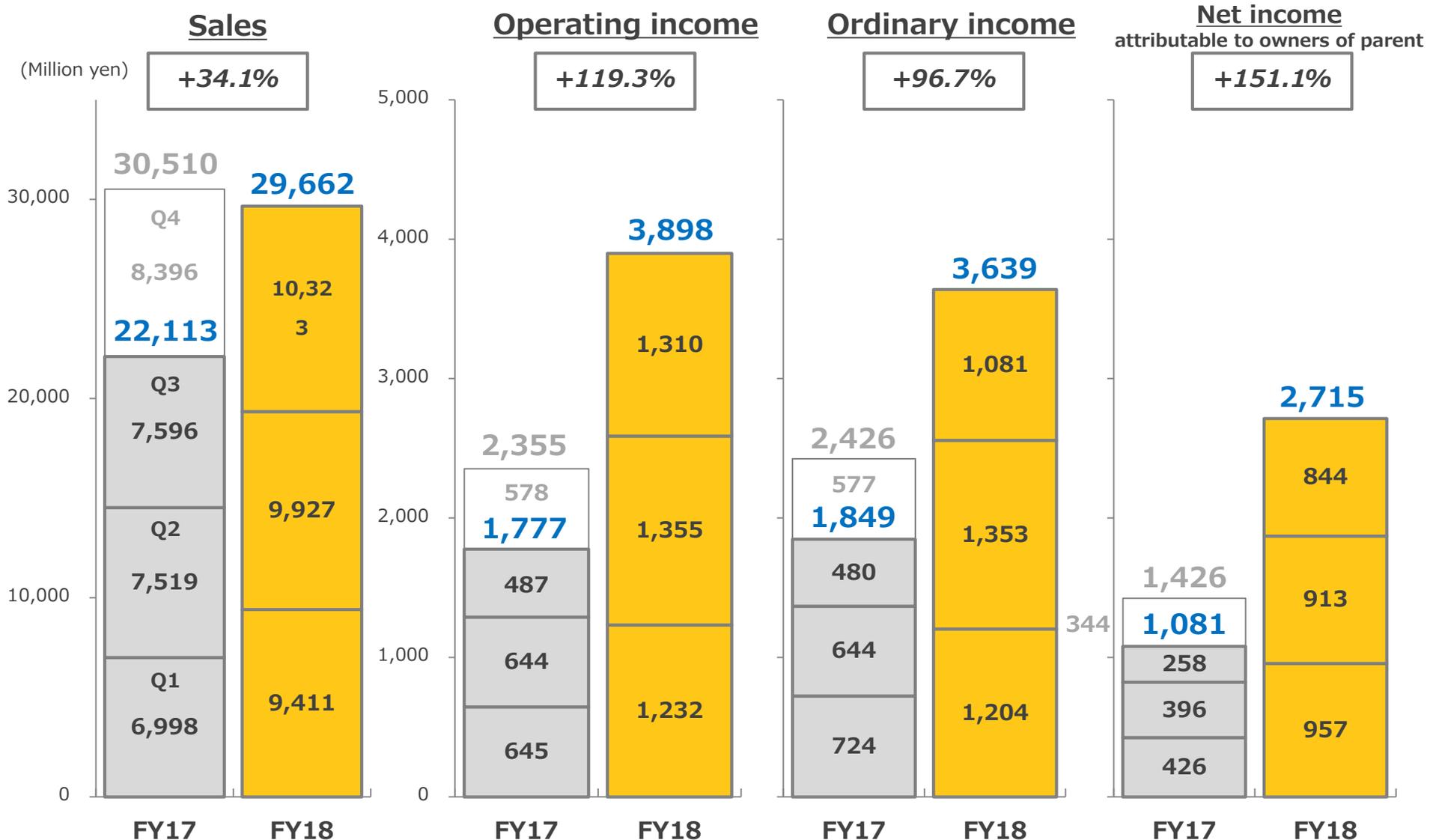
CONTENTS

Consolidated P/L ...P3

Sales Indicators ...P8

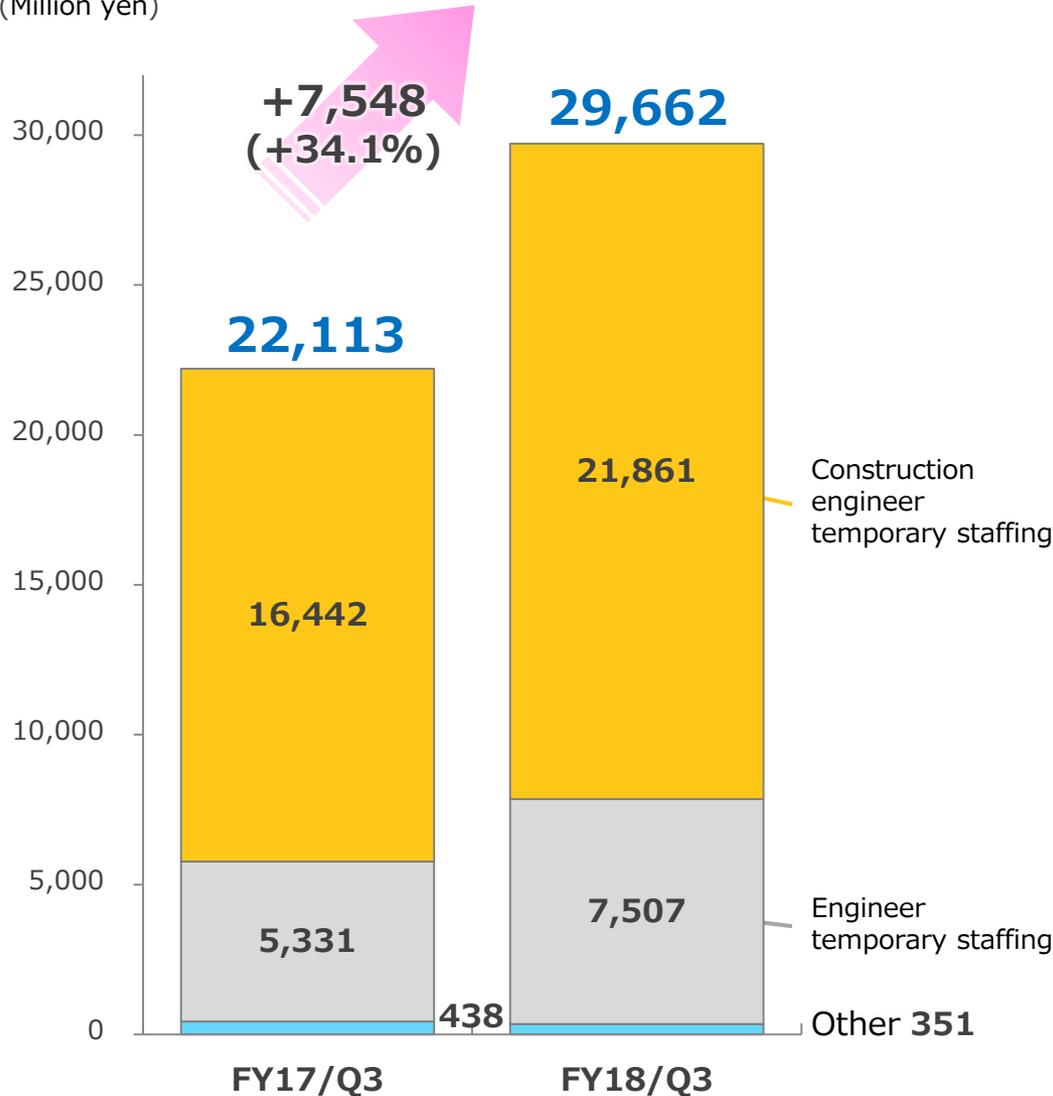
Consolidated P/L (1) Quarterly Trends

- Net sales increased for 32 consecutive quarters thanks to an increase in the number of engineers
- Each profit doubled YoY, as we announced "To make a profit" as a key issue for the current fiscal year



Consolidated P/L (2) Sales

(Million yen)



- Sales increased by 34% YoY thanks to an increase in the number of construction engineers and IT engineers as well as an increase in their operating rate.

[Major factors for increase/decrease]

Construction engineer temporary staffing	+¥5,419m (+33.0%)
--	-------------------

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

Engineer temporary staffing	+¥2,175m (+40.8%)
-----------------------------	-------------------

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

Other	-¥86m (-19.8%)
-------	----------------

- Sales down due to withdrawal and downsizing of unprofitable businesses

*Factors for increase/decrease include "+¥40 million in elimination of intercompany transactions other than the above.

Consolidated P/L (3)

Selling, General and Administrative Expenses

- SG&A expenses slightly increased by 13% due to the effect of recruiting costs control. (Million yen)

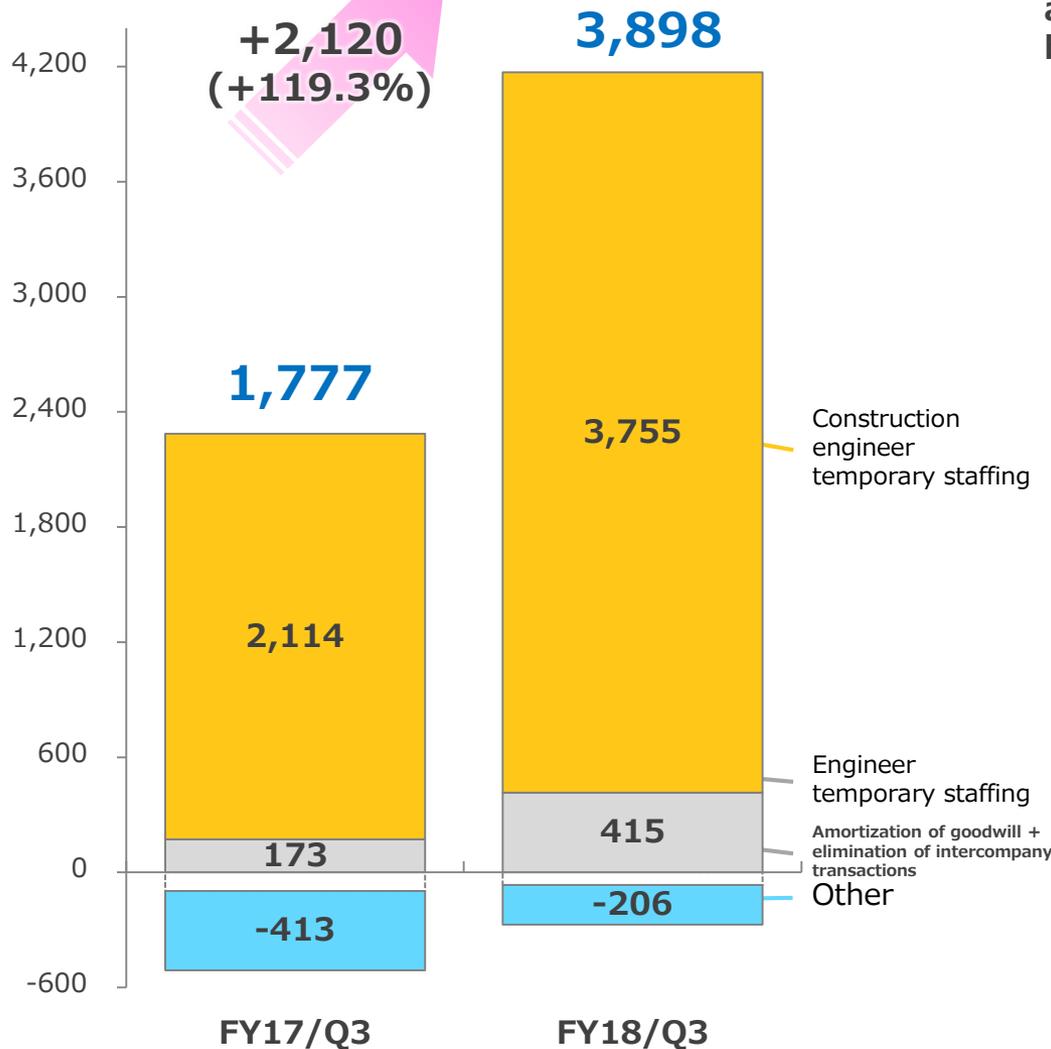
	FY17/Q3	FY18/Q3	Change	Remarks
Cost of sales	15,738	20,553	+4,819	Increased due to increase in engineers
Cost of sales ratio	71.2%	69.3%	-1.9pt.	
Gross profit	6,379	9,108	+2,729	
Gross profit margin	28.8%	30.7%	+1.9pt.	Improved due to increase in operating rate
SG&A expenses	4,601	5,210	+608	
Executive compensation	131	114	-16	
Personnel expenses	2,039	2,427	+387	Increased due to increase in sales staffs and Human Resource Management Dept.
Ad expenses	46	43	-3	
Recruiting cost	1,113	1,290	+177	Increased only slightly due to effective recruiting activities
Rent	287	386	+98	
Outsourcing expenses	262	190	-72	
Amortization of goodwill	165	148	-17	
SG&A expense ratio	20.8%	17.6%	-3.2pt.	

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

Consolidated P/L Statement (4)

Operating Income

(Million yen)



- Profits increased by 119% YoY thanks to strong performance in the engineer staffing and strong progress in liquidating unprofitable businesses.

[Major factors for increase/decrease]

Construction engineer temporary staffing **+¥1,641m**
(+77.6%)

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

Engineer temporary staffing **+¥241m**
(+138.9%)

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

Other **+¥207m**
(+50.1%)

- Withdrawal and downsizing of unprofitable businesses
- Strong showing in temporary staffing service for construction and manufacturing industries

*Factors for increase/decrease include "amortization of goodwill + ¥30 million in elimination of intercompany transactions" other than the above.

CONTENTS

Consolidated P/L ...P3

Sales Indicators ...P8

Key Performance Indicator

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



Sales

Number of Engineers (1) Recruitment

- Progress rate was 83.5% to the annual recruitment target at 2,500 engineers
- Recruiting cost per engineer decreased by 1.1% YoY

(Unit: persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY17 recruitment	553			602			1,155
FY18 recruitment	698			673			1,371
Change	+145			+71			+216

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY17 recruitment	710			801			1,511	2,666
FY18 recruitment	716							
Change	+6							

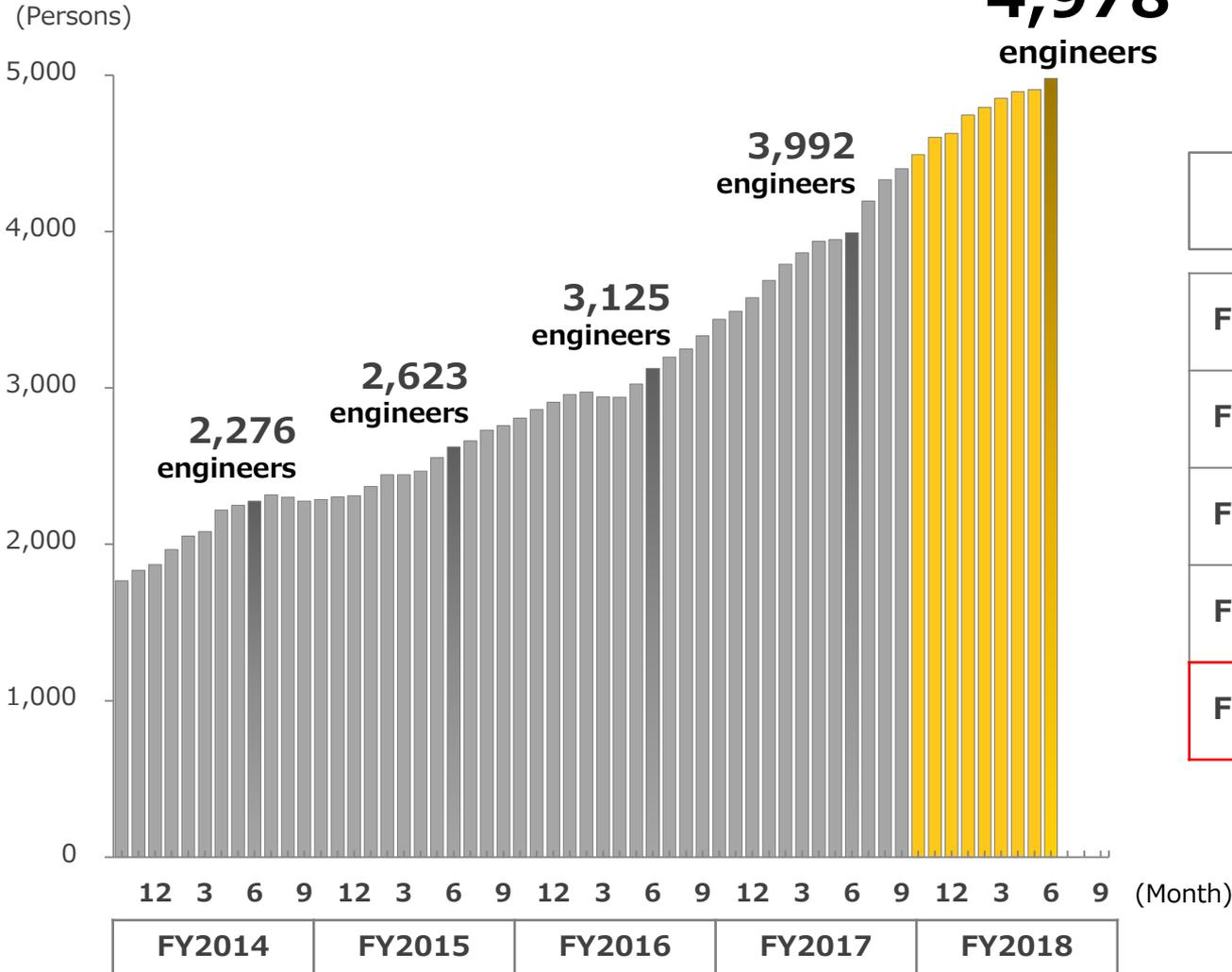
Number of Engineers (2)

Changes in the Number of Engineers

- Progress rate was 97% to the target number of engineers at 5,100 engineers at the end of period.
- Increased by 986 engineers YoY (+24.7%)

As of end-Jun.

4,978
engineers



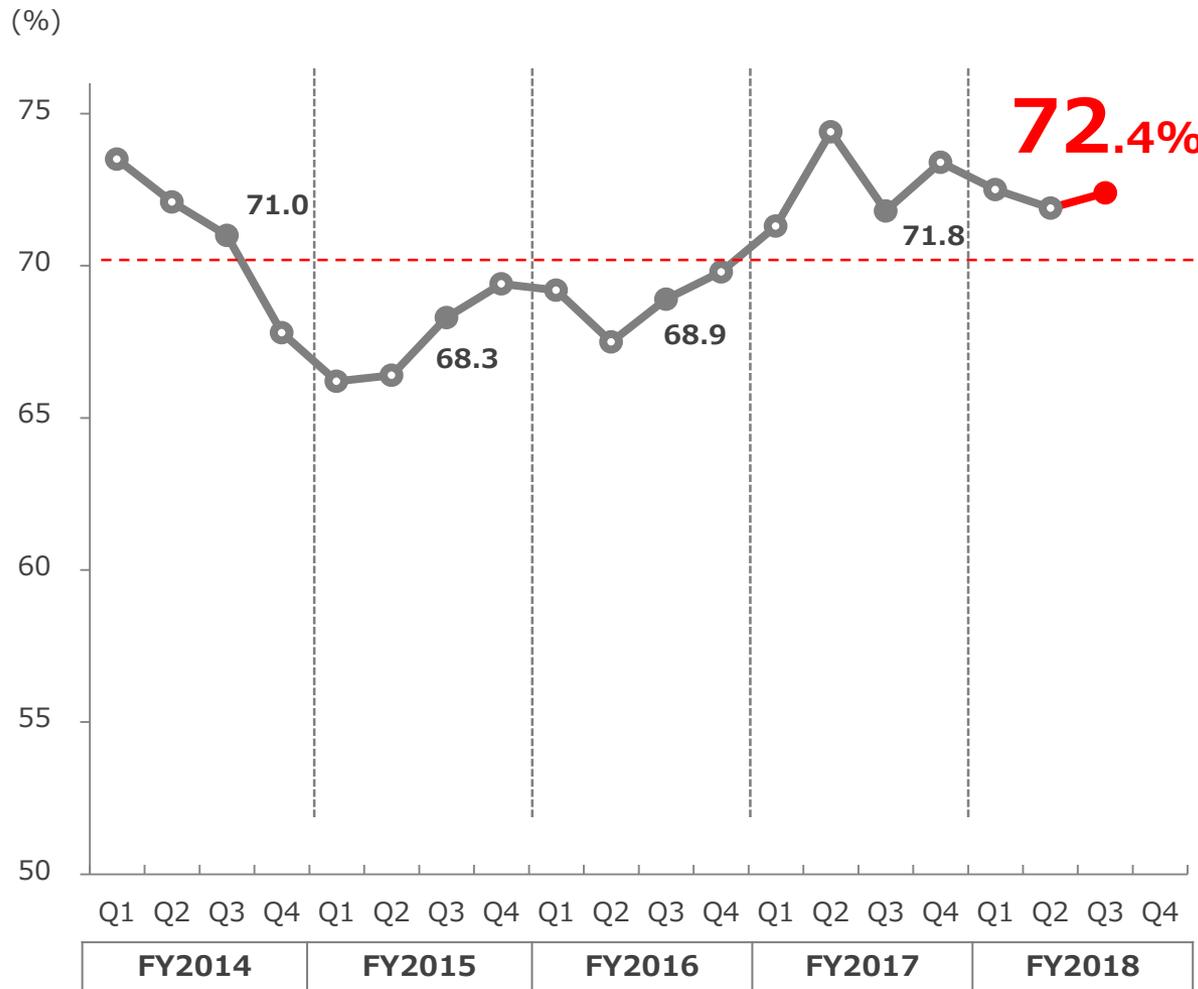
Avg. number of engineers
9-month avg. (Oct – Jun)

FY	Number of Engineers	YoY
FY14/Q3	2,036 engineers	
FY15/Q3	2,423 engineers	+19.0%
FY16/Q3	2,950 engineers	+21.7%
FY17/Q3	3,748 engineers	+27.1%
FY18/Q3	4,767 engineers	+27.2%

* Number of engineers at the end of month

Number of Engineers (3) Retention Rate

- Aim for more than 70% through constant improvement measures
- Stable at about 72% for FY2018

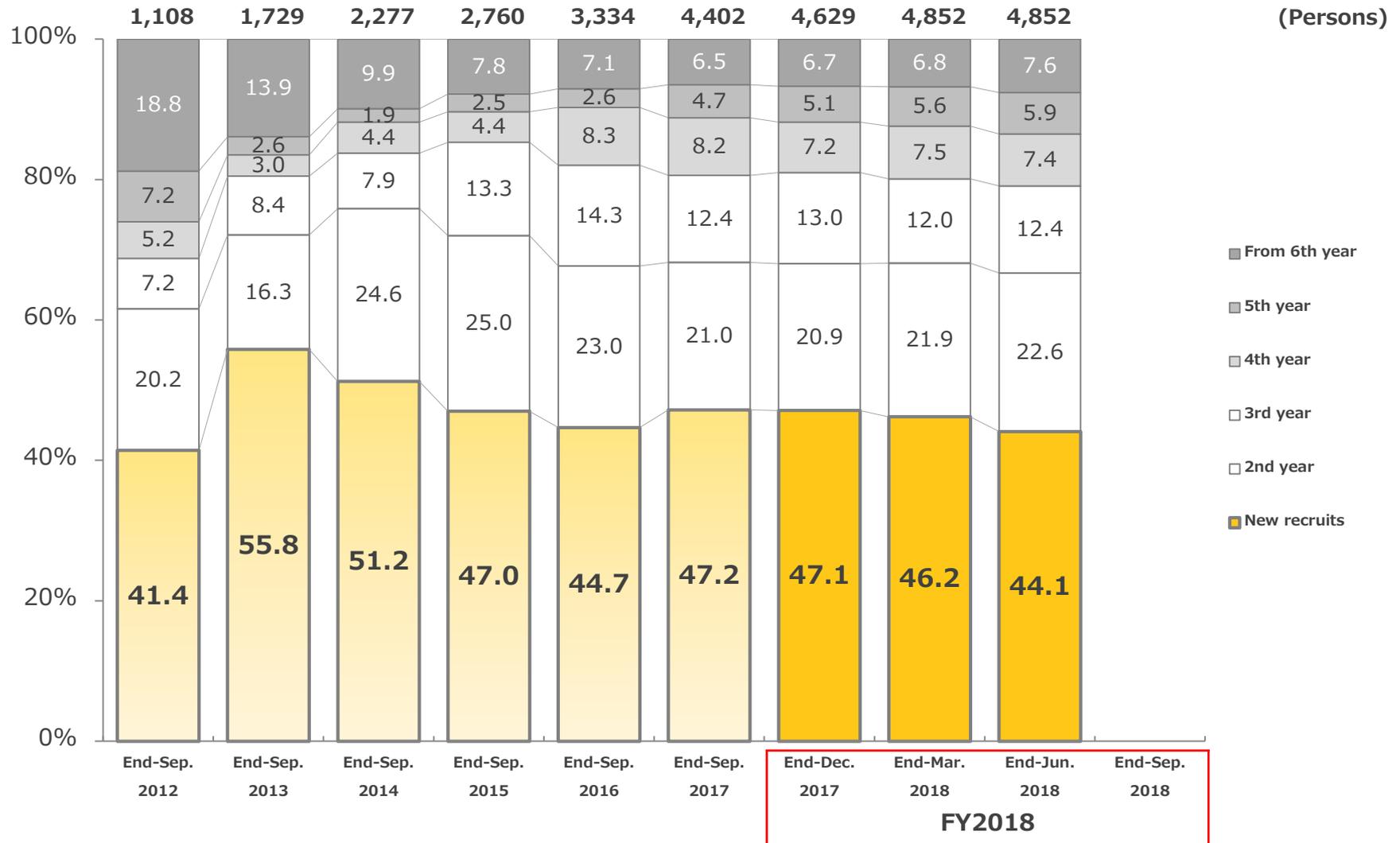


Avg. retention rate 6-month avg. (Oct – Jun)		
FY2014	72.2%	YoY
FY2015	67.0%	-5.2pt.
FY2016	68.5%	+1.5pt.
FY2017	72.5%	+4.0pt.
FY2018	72.3%	-0.2pt.

*Retention rate = No. of engineers at the time of calculation / (No. of engineers a year ago + New hires during the year) x 100

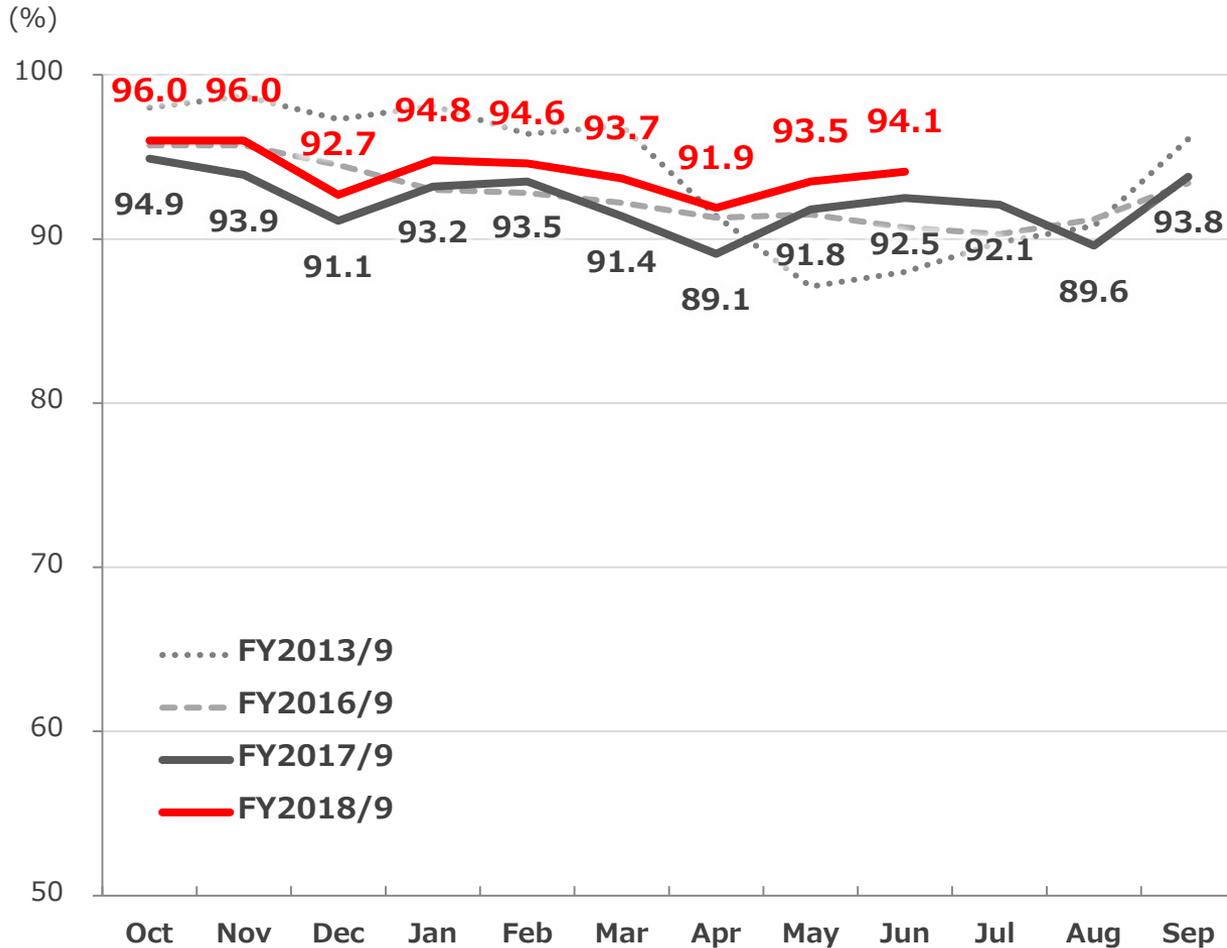
Number of Engineers (4) Ratio by Length of Service

- Ratio of newly hired employees is expected to decrease on the assumption that the number of annual recruitment remains the same as in the previous period



Operating Rate

- Operating rate increased as a result of effective training and active business to increase the number of recruits

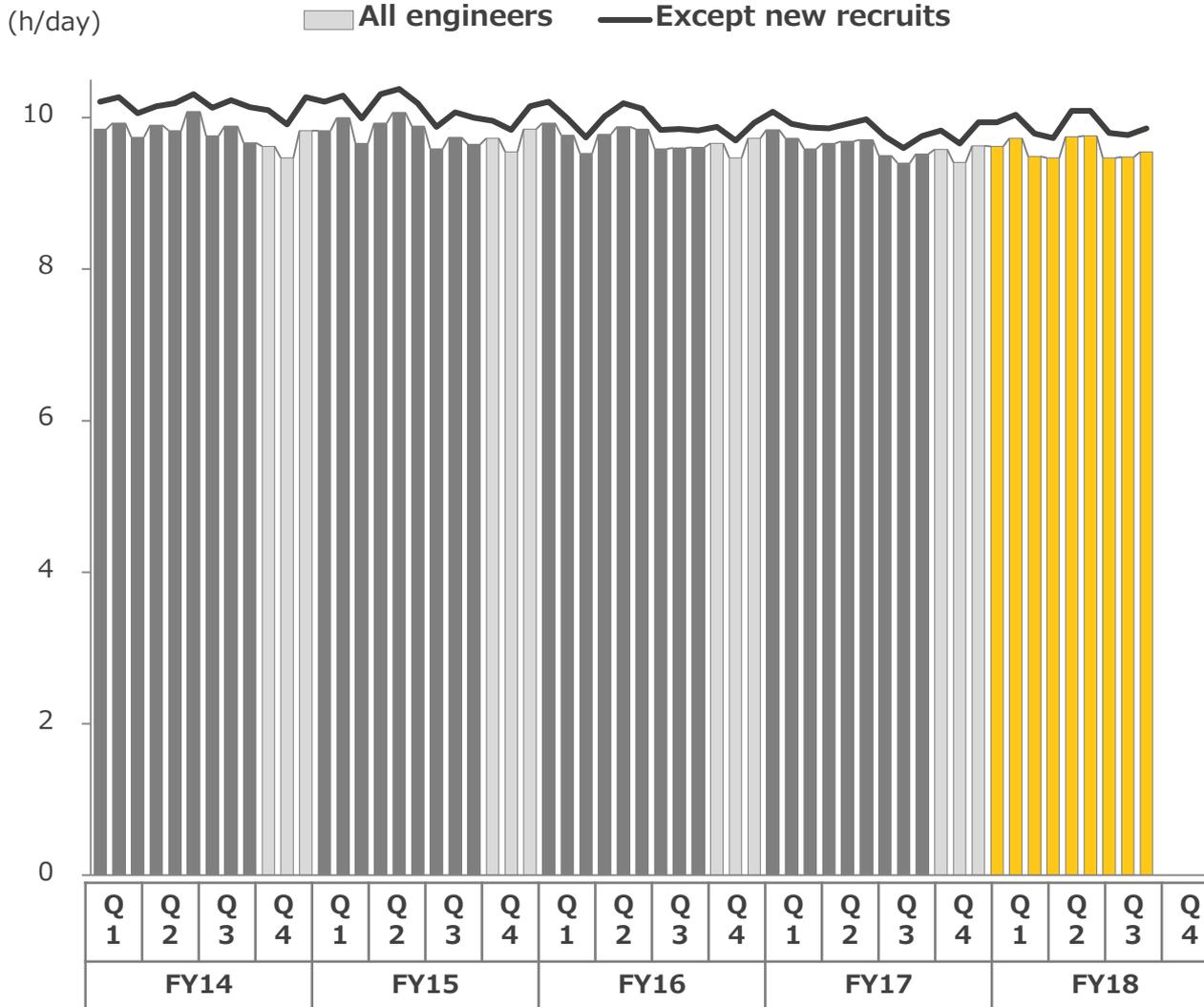


Avg. operating rate 9-month avg. (Oct – Jun)		
FY13/Q3	94.7%	YoY
FY16/Q3	93.0%	-1.9pt.
FY17/Q3	92.4%	-0.7pt.
FY18/Q3	94.1%	+1.8pt.

Q1	Q2	Q3	Q4
----	----	----	----

Operating Time

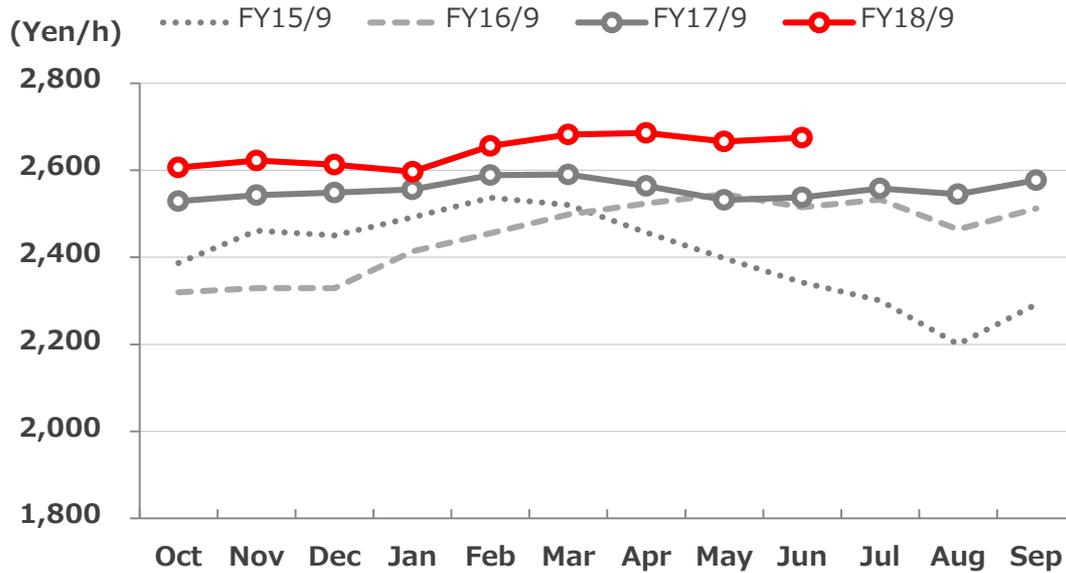
- Operating time continues to decline as a result of “working style reforms” and other measures to raise awareness of the importance of labor management
- Operating time for engineers excluding new employees increased 0.4% YoY, the first increase in 12 quarters



Avg. operating time of all engineers 9-month avg. (Oct – Jun)		
FY14/Q3	9.85h	YoY
FY15/Q3	9.82h	-0.3%
FY16/Q3	9.73h	-0.9%
FY17/Q3	9.63h	-1.0%
FY18/Q3	9.59h	-0.4%

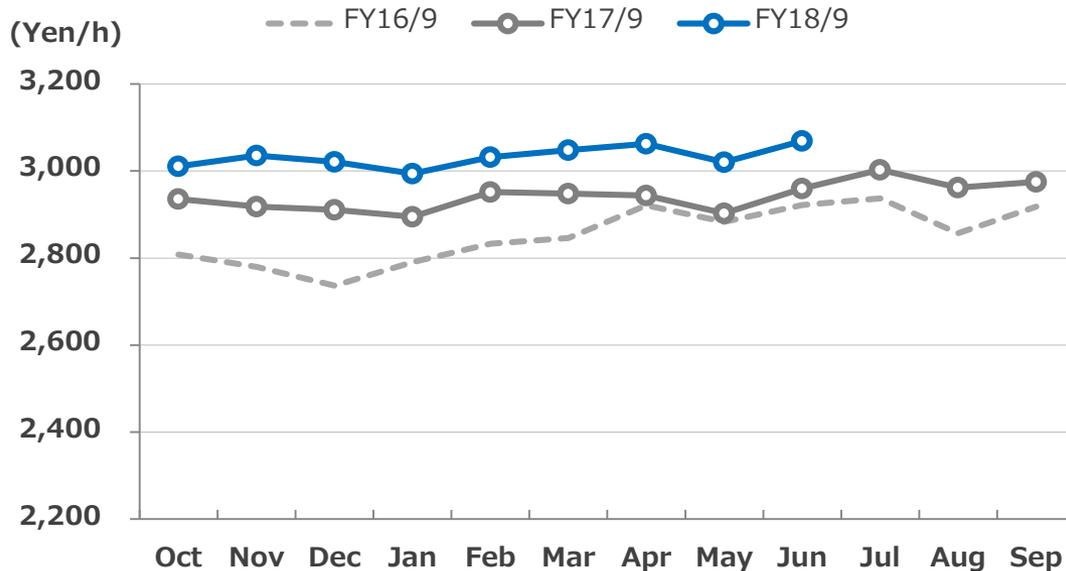
Unit Price of Temporary Staffing (1)

Changes in New Recruits and 2nd Year



New recruits only 9-month avg. (Oct – Jun)

FY15/Q3	2,449	YoY
FY16/Q3	2,437	-0.5%
FY17/Q3	2,554	+4.8%
FY18/Q3	2,645	+3.5%

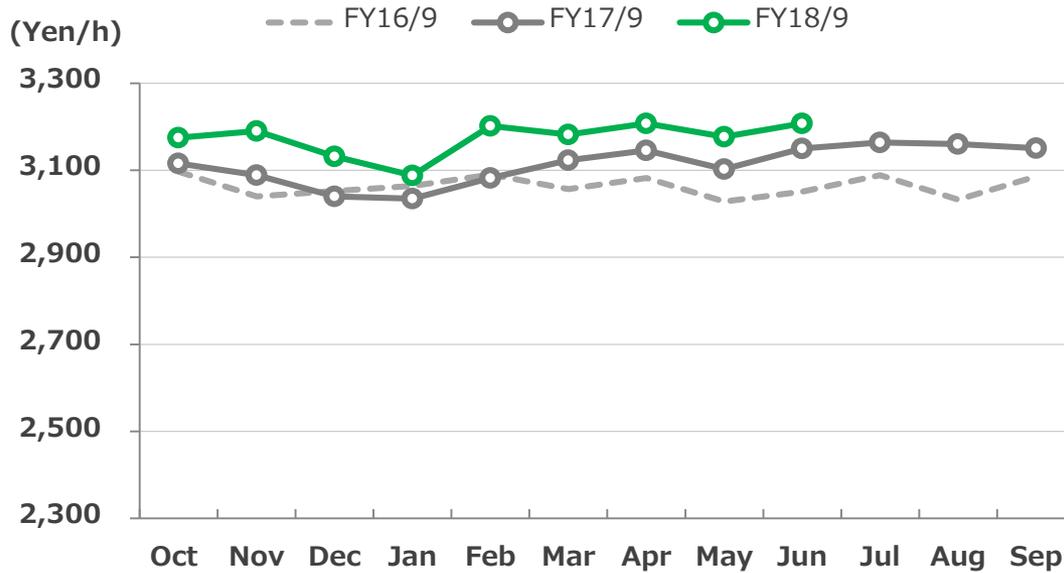


2nd year only 9-month avg. (Oct – Jun)

FY16/Q3	2,836	YoY
FY17/Q3	2,930	+3.3%
FY18/Q3	3,033	+3.5%

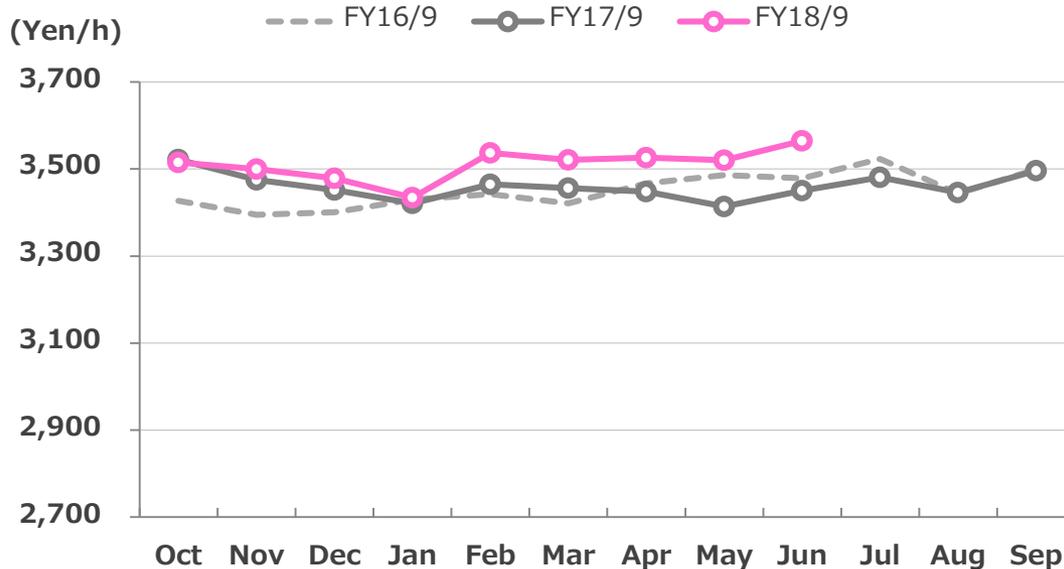
Unit Price of Temporary Staffing (2)

Changes from the 3rd and 4th Year and Over



3rd year only
9-month avg. (Oct – Jun)

Fiscal Year	Unit Price (Yen/h)	YoY Change
FY16/Q3	3,062	YoY
FY17/Q3	3,098	+1.2%
FY18/Q3	3,174	+2.4%

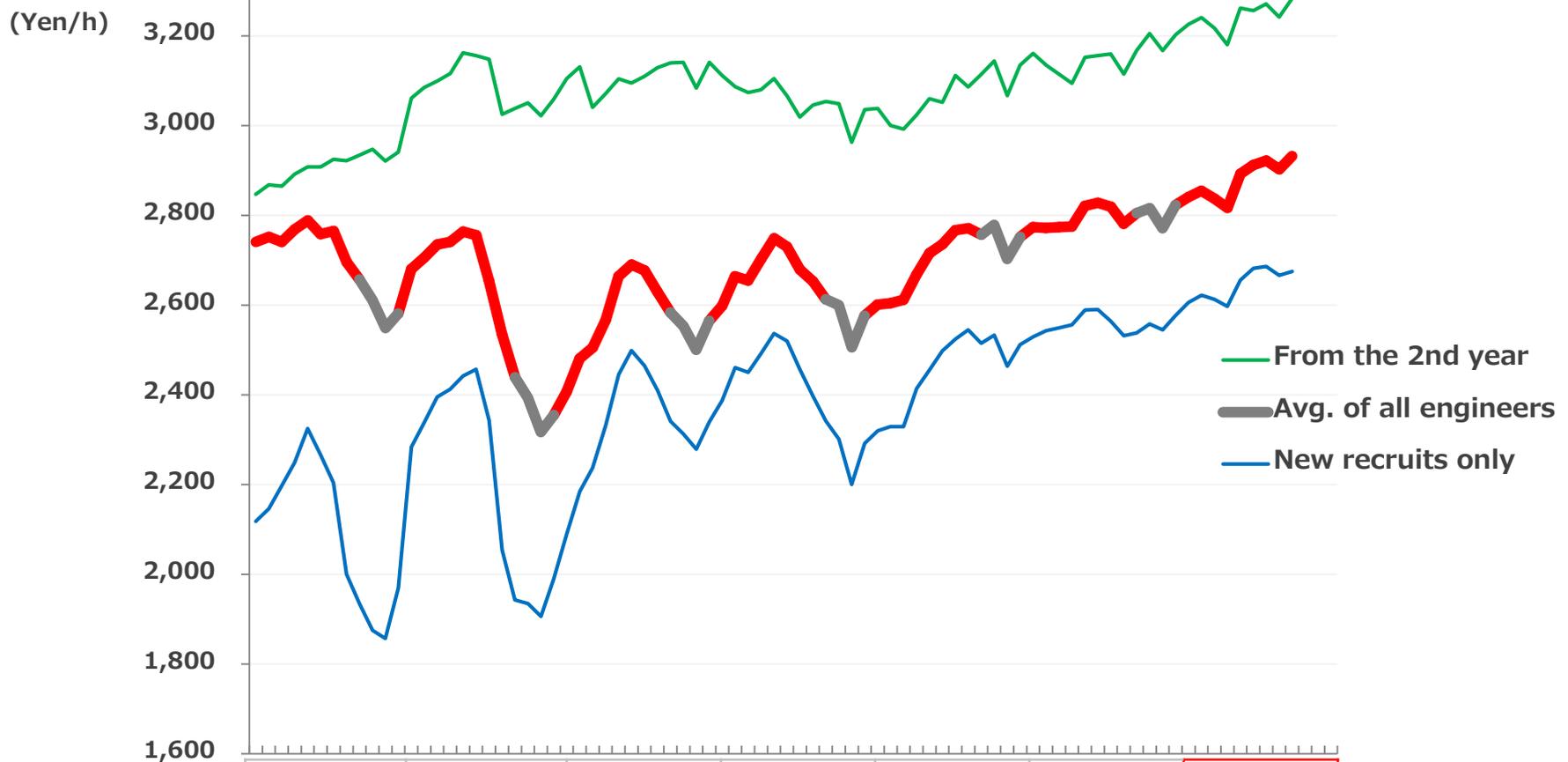


From the 4th year
9-month avg. (Oct – Jun)

Fiscal Year	Unit Price (Yen/h)	YoY Change
FY16/Q3	3,439	YoY
FY17/Q3	3,456	+0.5%
FY18/Q3	3,511	+1.6%

Unit Price of Temporary Staffing (3) Interim Changes

- Continue to rise after FY2015 supported by robust demand
- Higher unit prices for newly hired engineers, which account for a high percentage of total staff, contributed significantly to higher profit margins



	12 3 6 9	12 3 6 9	12 3 6 9	12 3 6 9	12 3 6 9	12 3 6 9	12 3 6 9	(Month)																				
	FY2011				FY2013				FY2014				FY2015				FY2016				FY2017				FY2018			

Avg. on a company-wide basis (Q1-Q3)	¥2,741	¥2,668	¥2,578	¥2,672	¥2,692	¥2,794	¥2,879
	YoY	-2.7%	-3.4%	+3.6%	+0.8%	+3.8%	+3.0%

Summary of Sales Indicators

- Steady growth in the number of engineers, operating rate, and unit price of temporary staffing
- In particular, the number of engineers is expected to exceed the annual plan thanks to the number of recruits and retention rate both being favorable.

All engineers 9-month average (Oct – Jun)

	FY17/Q3	FY18/Q3	Change	Pct. change
No. of engineers	3,748 engineers	4,767 engineers	+1,019 engineers	+27.2%
Operating rate	92.4%	94.1%	+1.7pt.	—
Operating time	9.63h	9.59h	-0.04h	-0.4%
Unit price of temporary staffing	2,794yen	2,879yen	+85yen	+3.0%



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.

These materials do not represent promises regarding future results. Readers assume responsibility for the use of information in these materials and the company assumes no responsibility whatsoever as a result of the use of the information in these materials. Readers are asked to make investment decisions at their own discretion.



JASDAQ

[Contact]

Investor Relations Office, Yumeshin Holdings Inc.
22F Marunouchi Eiraku bldg., 1-4-1 Marunouchi,
Chiyoda-ku, Tokyo 100-0005

TEL: 03-3210-1212 FAX: 03-3210-1209

E-mail: ir@yumeshin.co.jp