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On February 5, 2021, Yumeshin Holdings Co., Ltd. announced earnings results for Q1 FY09/21.

Cumulative (JPYmn)	FY09/20	FY09/21	FY09/21	
	Q1	Q1	% of Est.	FY Est.
Revenue	15,085	14,491	23.8%	61,000
YoY	-	-3.9%		4.0%
Gross profit	4,278	4,036		
YoY	-	-5.7%		
Gross profit margin	28.4%	27.8%		
SG&A expenses	2,720	2,663		
YoY	-	-2.1%		
SG&A ratio	18.0%	18.4%		
Operating profit	1,606	1,869	31.2%	6,000
YoY	-	16.4%		13.1%
Operating profit margin	10.6%	12.9%		9.8%
Pre-tax profit	1,648	1,859	32.1%	5,800
YoY	-	12.9%		14.3%
Pre-tax profit margin	10.9%	12.8%		9.5%
Profit attrib. to owners of the parent	941	1,309	34.4%	3,800
YoY	-	39.1%		6.8%
Profit margin	6.2%	9.0%		6.2%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: The company voluntarily applied IFRS from full-year FY09/20. YoY changes are based on previous year's results converted into IFRS for reference purposes.

Major SG&A expense items

Cumulative (JPYmn)	FY09/20	FY09/21
	Q1	Q1
SG&A expenses	2,720	2,663
YoY	-	-2.1%
Personnel expenses	1,278	1,306
YoY	-	2.2%
Hiring expenses	561	562
YoY	-	0.2%
Other	881	795
YoY	-	-9.7%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: The company voluntarily applied IFRS from full-year FY09/20. YoY changes are based on previous year's results converted into IFRS for reference purposes.

Breakdown of earnings by segment

Segment revenue and profit Cumulative (JPYmn)	FY09/20	FY09/21	FY09/21	
	Q1	Q1	% of Est.	FY Est.
Revenue	15,085	14,491	23.8%	61,000
YoY	-	-3.9%		4.0%
Construction Technician Temp. Staffing & Ancillary Services	10,022	9,057	23.8%	38,000
YoY	-	-9.6%		0.2%
Engineer Temporary Staffing & Ancillary Services	4,849	5,205	23.7%	22,000
YoY	-	7.3%		10.7%
Other	248	242		
YoY	-	-2.4%		
Operating profit	1,606	1,869	31.2%	6,000
YoY	-	16.4%		13.1%
Construction Technician Temp. Staffing & Ancillary Services	1,830	1,658	27.6%	6,000
YoY	-	-9.4%		-8.9%
Segment profit margin	18.3%	18.3%		15.8%
Engineer Temporary Staffing & Ancillary Services	77	500	55.6%	900
YoY	-	549.4%		37.8%
Segment profit margin	1.6%	9.6%		4.1%
Other	-96	-31		
YoY	-	-		
Segment profit margin	-	-		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: The company voluntarily applied IFRS from full-year FY09/20. YoY changes are based on previous year's results converted into IFRS for reference purposes.

Construction Technician Temporary Staffing and Ancillary Services earnings

Cumulative (JPYmn)	FY09/20		FY09/21	
	Q1	Q1	Q1	Q1
Revenue	10,022		9,057	
YoY	-		-9.6%	
Gross profit	3,044		2,558	
YoY	-		-16.0%	
Gross profit margin	30.4%		28.2%	
SG&A expenses	1,214		1,267	
YoY	-		4.4%	
SG&A ratio	12.1%		14.0%	
Operating profit	1,830		1,658	
YoY	-		-9.4%	
Operating profit margin	18.3%		18.3%	

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: The company voluntarily applied IFRS from full-year FY09/20. YoY changes are based on previous year's results converted into IFRS for reference purposes.

Construction Technician Temporary Staffing and Ancillary Services: Number of technicians

Cumulative	FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of technicians (quarter-end)	6,078	5,936	5,638	5,348	5,526			
New hires	635	1,219	1,514	1,805	585			
Departures	656	1,382	1,975	2,556	407			
Retention rate	70.9%	69.9%	69.5%	69.1%	70.5%			
Quarterly	FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
New hires	635	584	295	291	585			
Departures	656	726	593	581	407			
Retention rate	70.9%	69.0%	68.8%	67.7%	70.5%			

Source: Shared Research based on company data

Note: Retention rate: Number of technicians at quarter end / (Number of technicians at end previous year's quarter + cumulative annual new hires)

Construction Technician Temporary Staffing and Ancillary Services business: Revenue metrics

Cumulative	FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of technicians (average)	6,105	6,036	5,945	5,816	5,475			
YoY	13.8%	10.1%	5.6%	1.2%	-10.3%			
Utilization rate	93.4%	93.6%	92.7%	92.3%	92.7%			
YoY change	0.2pp	0.6pp	0.0pp	-0.4pp	-0.7pp			
Average hours per day	9.57	9.60	9.48	9.46	9.41			
YoY	-0.4%	-0.5%	-1.3%	-1.3%	-1.7%			
Average hourly wage (JPY)	3,028	3,064	3,105	3,126	3,196			
YoY	1.8%	2.9%	4.0%	4.8%	5.5%			
Quarterly	FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of technicians (average)	6,105	5,967	5,763	5,429	5,475			
YoY	13.8%	6.6%	-2.8%	-10.9%	-10.3%			
Utilization rate	93.4%	93.8%	90.9%	91.1%	92.7%			
YoY change	0.2pp	1.0pp	-1.2pp	-1.6pp	-0.7pp			
Average hours per day	9.57	9.63	9.24	9.40	9.41			
YoY	-0.4%	-0.7%	-2.7%	-1.3%	-1.7%			
Average hourly wage (JPY)	3,028	3,100	3,187	3,189	3,196			
YoY	1.8%	4.1%	6.2%	7.1%	5.5%			

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Construction Technician Temporary Staffing and Ancillary Services segment: Average hourly billing rates based on years of employment

Cumulative (average) (JPY/hour)	FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
First year	2,745	2,783	2,812	2,829	2,877			
YoY	1.1%	2.5%	3.4%	4.2%	4.8%			
Second year	3,056	3,066	3,074	3,077	3,062			
YoY	-0.6%	-0.1%	0.3%	0.0%	0.2%			
Third year	3,265	3,279	3,271	3,278	3,278			
YoY	0.6%	1.4%	0.9%	1.0%	0.4%			
Fourth year and beyond	3,620	3,637	3,636	3,642	3,642			
YoY	1.1%	1.9%	1.6%	1.7%	0.6%			

Quarterly (average) (JPY/hour)	FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
First year	2,745	2,821	2,870	2,880	2,877			
YoY	1.1%	4.0%	5.2%	6.7%	4.8%			
Second year	3,056	3,076	3,090	3,086	3,062			
YoY	-0.6%	0.5%	0.9%	-0.9%	0.2%			
Third year	3,265	3,293	3,255	3,299	3,278			
YoY	0.6%	2.2%	-0.2%	1.2%	0.4%			
Fourth year and beyond	3,620	3,654	3,634	3,660	3,642			
YoY	1.1%	2.7%	1.1%	1.8%	0.6%			

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Shared Research calculated quarterly averages from cumulative figures.

Engineer Temporary Staffing and Ancillary Services earnings

Cumulative (JPYmn)	FY09/20	FY09/21
	Q1	Q1
Revenue	4,849	5,205
YoY	-	7.3%
Gross profit	1,144	1,341
YoY	-	17.2%
Gross profit margin	23.6%	25.8%
SG&A expenses	1,067	922
YoY	-	-13.6%
SG&A ratio	22.0%	17.7%
Operating profit	77	500
YoY	-	549.4%
Operating profit margin	1.6%	9.6%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: The company voluntarily applied IFRS from full-year FY09/20. YoY changes are based on previous year's results converted into IFRS for reference purposes.

Engineer Temporary Staffing and Ancillary Services segment: Number of technicians

Cumulative	FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of technicians (quarter-end)	3,703	3,638	3,568	3,579	3,604			
New hires	386	757	861	1,076	246			
Departures	323	759	933	1,137	221			
Retention rate	82.5%	80.5%	78.9%	78.1%	77.7%			

Quarterly	FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
New hires	386	371	104	215	246			
Departures	323	436	174	204	221			
Retention rate	82.5%	78.5%	75.7%	75.9%	77.7%			

Source: Shared Research based on company data

Note: Retention rate: Number of technicians at quarter end / (Number of technicians at end previous year's quarter + cumulative annual new hires)

Engineer Temporary Staffing and Ancillary Services segment: Revenue metrics

Cumulative	FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of engineers (average)	3,637	3,626	3,602	3,592	3,568			
YoY	36.8%	32.1%	24.0%	16.7%	-1.9%			
Utilization rate	90.1%	89.6%	90.0%	89.7%	88.4%			
YoY change	-1.0pp	-1.8pp	-0.1pp	0.2pp	-1.7pp			
Average hours per day	7.66	7.60	7.53	7.64	7.88			
YoY	-0.3%	-0.4%	-2.1%	-1.5%	2.9%			
Average hourly wage (JPY)	2,974	2,995	3,048	3,076	3,149			
YoY	5.6%	4.8%	6.3%	7.7%	5.9%			
Quarterly	FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of engineers (average)	3,637	3,615	3,554	3,562	3,568			
YoY	36.8%	27.7%	10.3%	-1.1%	-1.9%			
Utilization rate	90.1%	89.1%	90.8%	88.8%	88.4%			
YoY change	-1.1pp	-2.8pp	3.8pp	1.3pp	-1.9pp			
Average hours per day	7.66	7.54	7.39	7.97	7.88			
YoY	-0.3%	-0.5%	-5.4%	0.0%	2.9%			
Average hourly wage (JPY)	2,974	3,016	3,154	3,160	3,149			
YoY	5.6%	4.0%	9.3%	11.8%	5.9%			

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Q1 FY09/21 results

- ▷ Revenue: JPY14.5bn (-3.9% YoY)
- ▷ Operating profit: JPY1.9bn (+16.4% YoY)
- ▷ Pre-tax profit: JPY1.9bn (+12.9% YoY)
- ▷ Profit*: JPY1.3bn (+39.1% YoY)

*Profit attributable to owners of the parent

- ▷ In Q1, with demand for temporary staffing on a recovery trend, the company resumed hiring that was curtailed in FY09/20 and focused on increasing the number of technicians on its books to previous levels. It also worked on maintaining and raising its utilization and billing rates.
- ▷ Revenue declined YoY. While revenue grew in the Engineer Temporary Staffing and Ancillary Services segment on the back of higher billing rates, revenue fell in the Construction Technician Temporary Staffing and Ancillary Services segment as the number of technicians on the company's books declined due in part to hiring restrictions in FY09/20.
- ▷ Profit items from the operating line down rose YoY, driven by higher billing rates in the Engineer Temporary Staffing and Ancillary Services segment resulting from progress in engineer training. The Construction Technician Temporary Staffing and Ancillary Services segment saw lower profit on lower revenue.

Overviews by segment are as follows.

Construction Technician Temporary Staffing and Ancillary Services

- ▷ Revenue: JPY9.1bn (-9.6% YoY)
- ▷ Segment profit: JPY1.7bn (-9.4% YoY)

Demand for temporary staffing started to recover mainly in regional cities where the COVID-19 impact was limited. While the uncertainty from the pandemic lingers, the structural labor shortage in the construction industry caused by the aging of technicians and the absence of young staff remained unchanged.

Yumeshin made efforts to build back up the number of technicians on its books, which had declined in FY09/20, by targeting 2,500 new hires for FY09/21 and by expanding support to technicians to increase the retention rate. As a result, total hires in Q1 FY09/21 came to 585 (versus 635 in Q1 FY09/20). As of end-December 2020, the number of technicians on the company's books was 5,526, down 552 YoY.

Revenue declined YoY, reflecting the drop in the number of technicians. Segment profit fell mainly on the back of lower revenue.

Engineer Temporary Staffing and Ancillary Services

- ▷ Revenue: JPY5.2bn (+7.3% YoY)
- ▷ Segment profit: JPY500mn (+549.4% YoY)

Even as the COVID-19 situation stirred a sense of significant uncertainty about the future, at the Engineer Temporary Staffing and Ancillary Services business, demand for engineers remained strong, particularly in the manufacturing industry, which has seen high levels of capital investment in labor saving and automation, as well as in the IT industry.

Against this backdrop, Yumeshin set a hiring goal of 1,600 engineers for FY09/21 to meet the increasing demand for engineers. It also worked to build its career development system by enhancing training programs that help increase the value-added by its engineers. In Q1 FY09/21, the company hired 246 new engineers (386 in Q1 FY09/20), bringing the number of engineers on the company's books at end-December 2020 to 3,604, down 99 YoY.

Reflecting the rise in billing rates, segment revenue and profit grew YoY.

Other

- ▷ Revenue: JPY242mn (-2.4% YoY)
- ▷ Segment loss: JPY31mn (a segment loss of JPY96mn in Q1 FY09/20)

In Other businesses, Yumeshin has provided recruitment support services for Japanese companies seeking overseas human resources and operated Japanese language schools for local hires of Japanese companies in Vietnam, the Philippines, Taiwan, and South Korea. However, amid the harsh operating environment caused primarily by the global spread of COVID-19, it has continued to downsize its operations since FY09/20.

In the education business, the company provides online programming tutorial services. It booked advertising and recruiting expenses as upfront spending.

Revenue declined YoY, but the segment loss narrowed.

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

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