



# **Briefing on Consolidated Financial Results for the Second Quarter Ended September 30, 2018**

PERSOL HOLDINGS CO., LTD.

9 November 2018

# FY Mar 2019: 2Q Summary of Consolidated Results

- Sales grew +39.3% due to stable growth amongst existing businesses, and the effect of M&As.
- Achieved a new record for sales in a 2Q period.
- The core temporary staffing and placement businesses led the way; profit grew substantially.

(Unit: JPY million)

	FY Mar 2018		FY Mar 2019			FY Mar 2019 Results forecasts		
	2Q Cumulative	Ratio (%)	2Q Cumulative	Ratio (%)	YoY (%)	1 <sup>st</sup> half achievement rate (%)	1 <sup>st</sup> Half	Full Year
Sales	324,780	100.0	452,260	100.0	+39.3	99.2	456,000	940,000
Gross profit	77,424	23.8	99,172	21.9	+28.1	-	-	-
EBITDA*	21,048	6.5	28,196	6.2	+34.0	115.1	24,500	56,500
Operating Profit	16,017	4.9	20,453	4.5	+27.7	113.6	18,000	42,500
Net Profit Attributable to Owners of Parent	9,223	2.8	11,987	2.7	+30.0	137.8	8,700	21,800

\*Figures are rounded down (as with following pages) \*EBITDA = Operating Profit + Depreciation + Amortization of Goodwill (as with following pages)

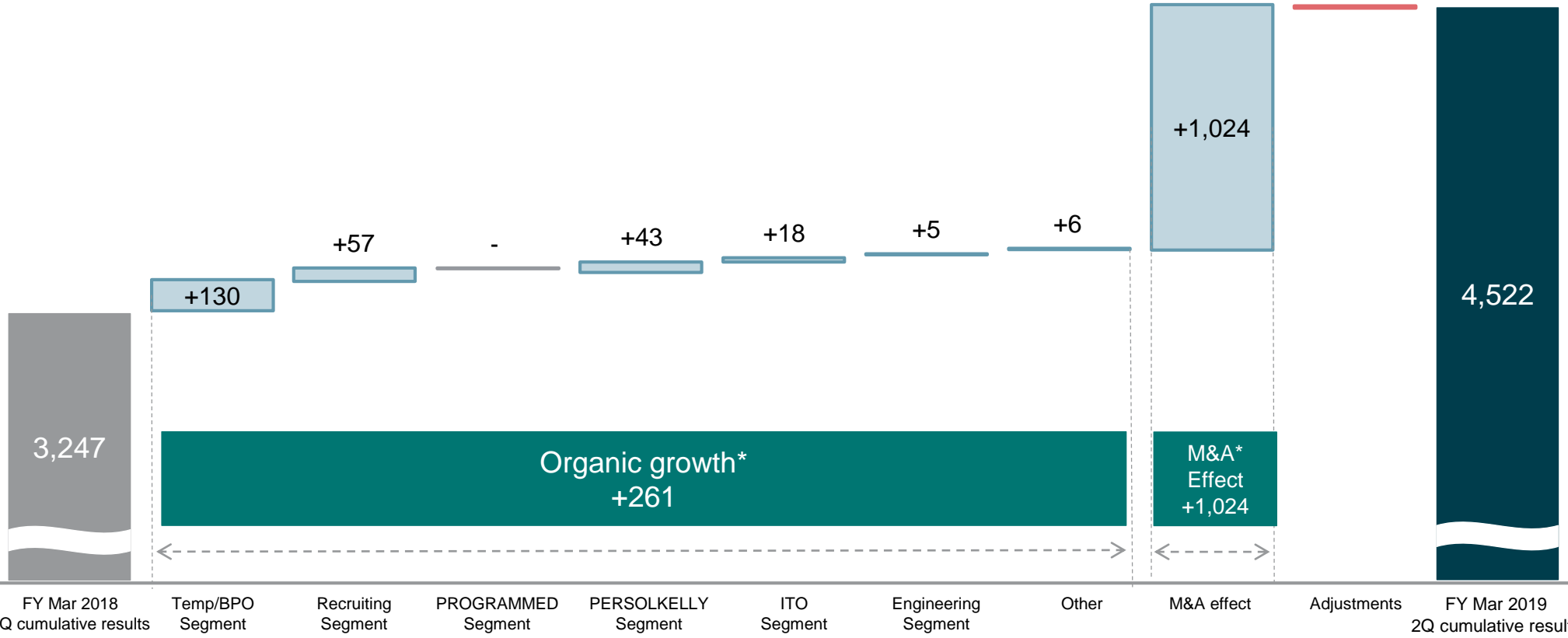
# FY Mar 2019: 2Q Sales Analysis

Sales grew +39.3%:

- +8.0% organic growth in existing businesses.
- PROGRAMMED LTD. M&A effect.

(Unit: JPY 100 million)

△11



\*M&A target companies

(Figures in brackets indicate date that contribution to consolidated results commenced)

: Programmed Maintenance Services Limited (January 2018)

\*M&A effect

: Indicates the net increase of funds due to M&As (Values are prior to eliminations of internal transactions).

\*Organic growth (or existing businesses)

: Indicates amounts of increase that exclude the net increase of funds due to M&As (Figures are prior to elimination of internal transactions)

\*Business Process Outsourcing (BPO), IT Outsourcing (ITO)

(identical with following pages)

# FY Mar 2019: 2Q Sales by Segment

Sales grew in each segment due to continued robust demand from clients.

(Unit: JPY million)

	FY Mar 2018	FY Mar 2019		FY Mar 2019 Results forecasts		
	2Q Cumulative	2Q Cumulative	Growth rate (%)	1 <sup>st</sup> half achievement rate (%)	1 <sup>st</sup> Half	Full Year
Temp/BPO	235,489	248,508	+5.5	98.3	252,900	520,000
Recruiting	35,335	41,042	+16.1	100.8	40,700	84,000
PROGRAMMED	-	102,464	-	96.7	106,000	215,000
PERSOLKELLY	31,792	36,122	+13.6	113.2	31,900	68,000
ITO	13,532	15,372	+13.6	102.5	15,000	33,000
Engineering	13,062	13,651	+4.5	97.5	14,000	30,000
Other	1,976	2,618	+32.5	104.8	2,500	5,000
Adjustments	△6,406	△7,519	-	-	△7,000	△15,000
<b>TOTAL</b>	<b>324,780</b>	<b>452,260</b>	<b>+39.3</b>	<b>99.2</b>	<b>456,000</b>	<b>940,000</b>

\*PROGRAMMED Segment: The financial closing date of PROGRAMMED LTD. differs with PERSOL by 3 months. The Deemed Acquisition Date for Business Combinations is set as 30 September 2017 and as such, PROGRAMMED LTD's contribution to the results commences from January 2018.

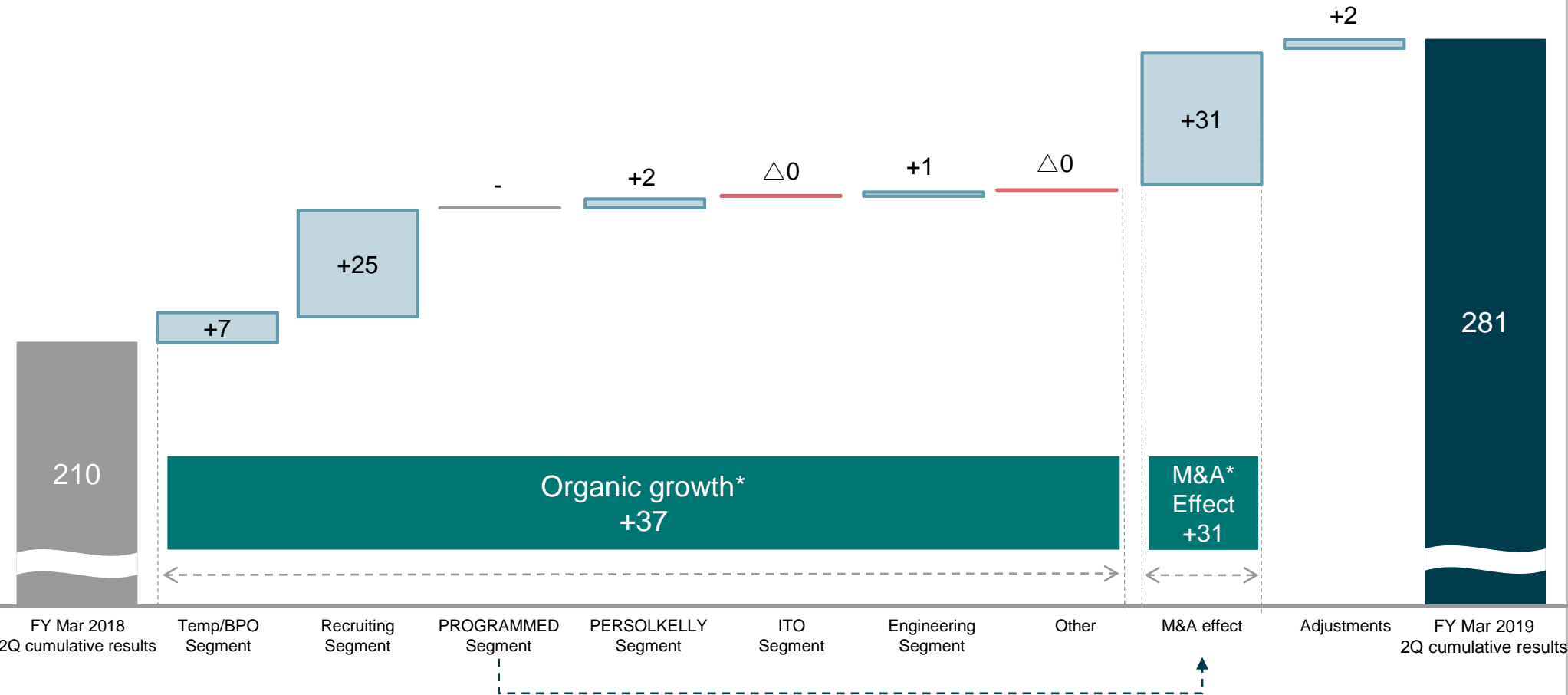
\*Figures are prior to elimination of internal transactions

# FY Mar 2019: 2Q EBITDA Analysis

EBITDA grew by +34.0% due to:

- +17.6% organic growth of amongst existing businesses.
- Additional M&A effect of the PROGRAMMED LTD. acquisition.

(Unit: JPY 100 million)



\*M&A target companies

(Figures in brackets indicate date that contribution to consolidated results commenced)

\*M&A effect

\*Organic growth (or existing businesses)

: Programmed Maintenance Services Limited (January 2018)

: Indicates the net increase of funds due to M&As (Values are prior to eliminations of internal transactions).

: Indicates amounts of increase that exclude the net increase of funds due to M&As (Figures are prior to elimination of internal transactions)

# FY Mar 2019: 2Q EBITDA by Segment

Key drivers: Organic growth in the Temporary Staffing/BPO and Recruiting Segments.

(Unit: JPY million)

	FY Mar 2018	FY Mar 2019		FY Mar 2019 Results forecast		
	2Q Cumulative	2Q Cumulative	Growth rate (%)	1 <sup>st</sup> half achievement rate (%)	1 <sup>st</sup> Half	Full Year
Temp/BPO	12,255	13,001	+6.1	105.7	12,300	27,700
Recruiting	6,391	8,939	+39.9	124.2	7,200	16,900
PROGRAMMED	-	3,196	-	103.1	3,100	6,500
PERSOLKELLY	446	720	+61.6	240.3	300	1,200
ITO	816	815	△0.2	116.4	700	2,100
Engineering	1,010	1,174	+16.3	102.1	1,150	3,100
Other	△66	△84	△21.7	-	△200	△200
Adjustments	194	434	-	-	△50	△800
<b>TOTAL</b>	<b>21,048</b>	<b>28,196</b>	<b>+34.0</b>	<b>115.1</b>	<b>24,500</b>	<b>56,500</b>

\*PROGRAMMED Segment: The financial closing date of PROGRAMMED LTD. differs with PERSOL by 3 months. The Deemed Acquisition Date for Business Combinations is set as 30 September 2017 and as such, PROGRAMMED LTD's contribution to the results commences from January 2018.

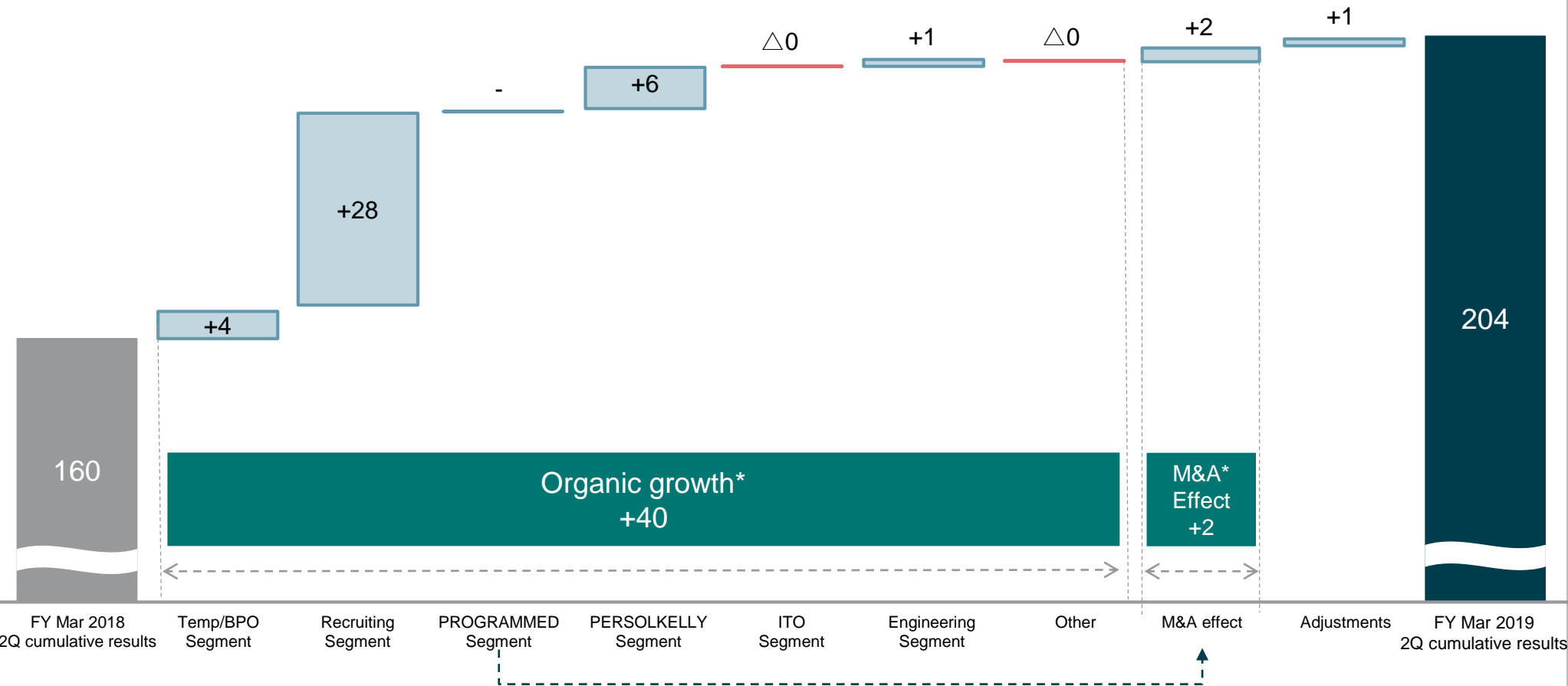
\*Figures are prior to elimination of internal transactions

# FY Mar 2019: 2Q Operating Profit Analysis

Operating profit grew +27.7% due to:

- +25.3% organic growth in existing businesses.
- M&A effect of the PROGRAMMED LTD. acquisition.

(Unit: JPY 100 million)



\*M&A target companies

(Figures in brackets indicate date that contribution to consolidated results commenced)

\*M&A effect

\*Organic growth (or existing businesses)

: Programmed Maintenance Services Limited (January 2018)

: Indicates the net increase of funds due to M&As (Values are prior to eliminations of internal transactions).

: Indicates amounts of increase that exclude the net increase of funds due to M&As (Figures are prior to elimination of internal transactions)

# FY Mar 2019: 2Q Operating Profit by Segment

Key drivers: organic growth in the Temporary Staffing/BPO and Recruiting segments

(Unit: JPY million)

	FY Mar 2018	FY Mar 2019		FY Mar 2019 Results forecast		
	2Q Cumulative	2Q Cumulative	Growth rate (%)	1 <sup>st</sup> half achievement rate (%)	1 <sup>st</sup> Half	Full Year
Temp/BPO	10,676	11,111	+4.1	103.8	10,700	23,900
Recruiting	4,705	7,560	+60.7	123.9	6,100	14,300
PROGRAMMED	-	218	-	54.6	400	1,100
PERSOLKELLY	△285	357	+225.1	-	0	700
ITO	483	456	△5.7	114.0	400	1,500
Engineering	709	878	+23.8	97.6	900	2,700
Other	△98	△122	△19.5	-	△200	△250
Adjustments	△173	△5	-	-	△300	△1,450
<b>TOTAL</b>	<b>16,017</b>	<b>20,453</b>	<b>+27.7</b>	<b>113.6</b>	<b>18,000</b>	<b>42,500</b>

\*PROGRAMMED Segment: The financial closing date of PROGRAMMED LTD. differs with PERSOL by 3 months. The Deemed Acquisition Date for Business Combinations is set as 30 September 2017 and as such, PROGRAMMED LTD's contribution to the results commences from January 2018.

\*Figures are prior to elimination of internal transactions



# FY Mar 2019: 2Q Consolidated Balance Sheet

(Unit: JPY million)	End of FY Mar 2018		FY Mar 2019: 2Q		
	Results	Ratio (%)	Results	Ratio (%)	Change
Assets	402,336	100.0	365,251	100.0	△37,084
Current Assets	230,552	57.3	202,899	55.6	△27,652
(Cash and deposits)	89,624	22.3	74,136	20.3	△15,488
Non-current Assets	171,783	42.7	162,351	44.4	△9,431
(Trademark rights/goodwill)	113,265	28.2	104,210	28.5	△9,054
Liabilities	242,343	60.2	202,028	55.3	△40,315
Current Liabilities	217,102	54.0	137,550	37.7	△79,552
(Loans payable within one year)	89,928	22.4	21,267	5.8	△68,661
Non-Current Liabilities	25,241	6.3	64,478	17.7	39,236
(Long-term loans payable)	15,713	3.9	35,713	9.8	20,000
(Bonds)	-	-	20,000	5.5	20,000
Net assets	159,992	39.8	163,222	44.7	3,230
Equity capital	145,537	36.2	148,572	40.7	3,035
(Capital stock)	17,467	4.3	17,479	4.8	12
(Capital surplus)	20,182	5.0	20,195	5.5	12
(Retained earnings)	105,993	26.3	115,642	31.7	9,648
Non-controlling interests	14,455	3.6	14,650	4.0	194

**Trademark rights/goodwill**  
Decreased due to  
Depreciation/Foreign exchange

**Current assets/Current liabilities/  
Non-current liabilities**  
Repayment of short-term loans  
partially by cash, and refinancing the  
balance using long-term loans and  
corporate bonds.  
(long-term conversion)

**Retained earnings**  
Increases due to increased profit

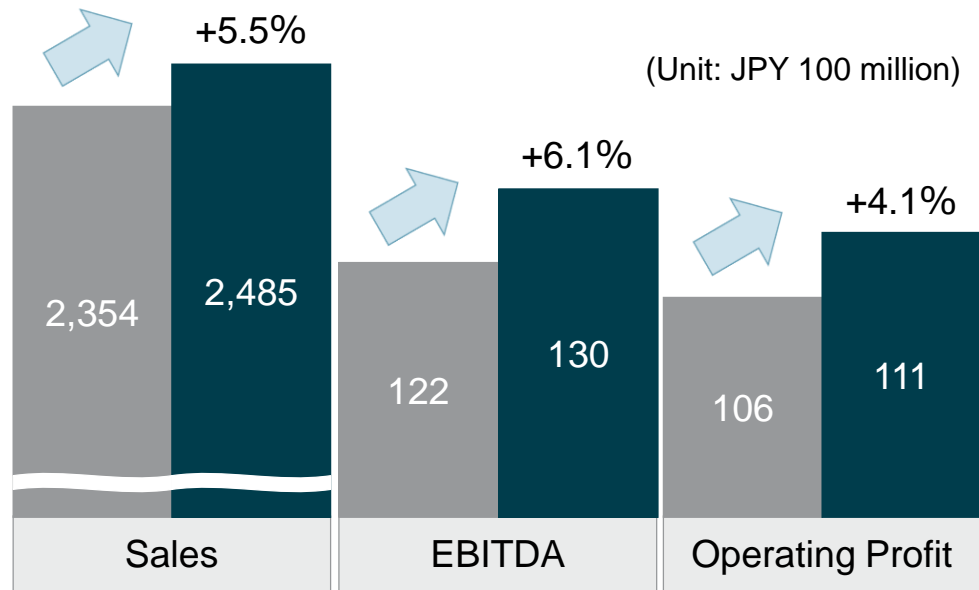
\*Partial revision of "Accounting standards pertaining to Tax Effective Accounting" have been applied since 1Q in FY Mar 2019. Results were re-released after the results at the end of the previous FY were recalculated.

# FY Mar 2019: 2Q Consolidated Cash-flow Statement

(Unit: JPY million)	FY Mar 2018	FY Mar 2019		Major change
	2Q Cumulative	2Q Cumulative	Change	
Cash flow from operating activities	22,524	20,025	△2,498	Net profit before income taxes +4,362 Depreciation / Amortization of goodwill +2,711 Change in notes / accounts receivable – trade and operating debt △4,528 Change in other liabilities △4,474
Cash flow from Investment activities	△4,290	△6,203	△1,912	Purchase of intangible assets △703 Payments for guarantee deposits △494
Cash flow from finance activities	△6,247	△29,470	△23,223	Increase (decrease) in short-term loans payable △64,057 Proceeds from long-term loans payable 20,000 Proceeds from issuing corporate bonds 19,897
Increase (decrease) in cash & cash equivalents	11,872	△15,493	△27,365	
Balance of cash & cash equivalents etc. at end of period	81,254	74,072	△7,181	

# FY Mar 2019: 2Q Business Results Trends by Segment:

## ① Temporary Staffing/BPO Segment



### FY Mar 2019: 2Q Highlights

- Demand for temporary staffing services in Japan remains strong due to labor shortages and “workstyle-reform”.
- Earnings grew due to strong demand but were impacted by: preparations for PERSOL Group subsidiary company mergers and amendments to Japanese laws.
- Profit grew due to earnings growth which exceeded increases in structural costs (social insurance premiums etc.), and costs associated with the new roll-out of the core “GENESIS” HRIS system.

(Unit: JPY million)

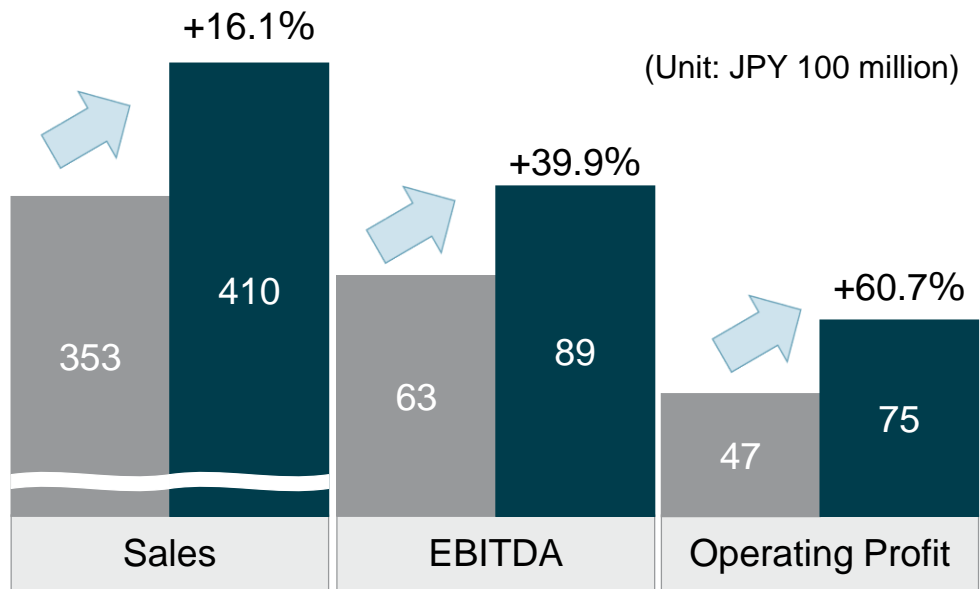
	FY Mar 2018	FY Mar 2019		FY Mar 2019 Results forecasts		
	2Q Cumulative	2Q Cumulative	YoY (%)	Progress rate – 1st Half (%)	1st Half	Full Year
Sales	235,489	248,508	+5.5	98.3	252,900	520,000
EBITDA	12,255	13,001	+6.1	105.7	12,300	27,700
EBITDA Margin (%)	5.2	5.2	-	-	4.9	5.3
Operating Profit	10,676	11,111	+4.1	103.8	10,700	23,900
Operating profit ratio (%)	4.5	4.5	-	-	4.2	4.6

\*Figures are prior to elimination of internal transactions

\*Please refer to the "Factbook: 2nd Quarter FY March 2019" released on the PERSOL website on the same date as the quarterly results. Copyright: PERSOL HOLDINGS CO., LTD. All Rights Reserved.

# FY Mar 2019: 2Q Business Results Trends by Segment:

## ② Recruiting Segment



### FY Mar 2019: 2Q Highlights

- Demand from client companies continued to be healthy, with the placement business driving the results.
- Deployments of personnel had to be reinforced, and promotional investments etc. made in response to robust client demand. Promotional investments were actively made which resulted in a substantial increase in profit.
- A decline in goodwill amortization also contributed to an improvement of profitability due to the booking of the amortization impairment related to the "an" business in 4Q of FY2018.

(Unit: JPY million)

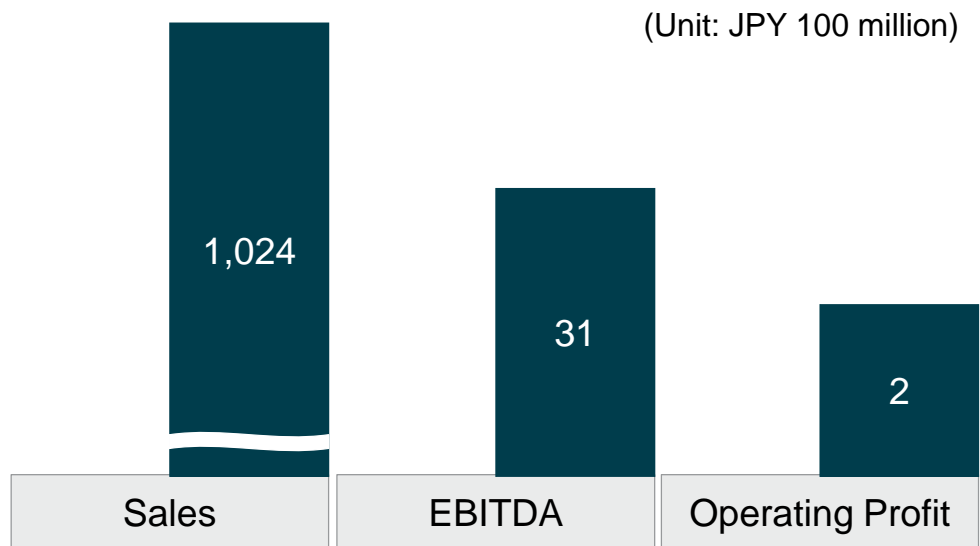
	FY Mar 2018	FY Mar 2019		FY Mar 2019 Results forecast		
	2Q Cumulative	2Q Cumulative	YoY (%)	1st half achievement rate (%)	1st Half	Full Year
Sales	35,335	41,042	+16.1	100.8	40,700	84,000
EBITDA	6,391	8,939	+39.9	124.2	7,200	16,900
EBITDA Margin (%)	18.1	21.8	-	-	17.7	20.1
Operating Profit	4,705	7,560	+60.7	123.9	6,100	14,300
Operating profit ratio (%)	13.3	18.4	-	-	15.0	17.0

\*Figures are prior to elimination of internal transactions

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# FY Mar 2019: 2Q Business Results Trends by Segment:

## ③ PROGRAMMED Segment



### FY Mar 2019: 2Q Highlights

#### Staffing Business

- While sales declined due to aggressive pricing by some competitors, profit slightly declined due to reduction in sales and general admin (SGA) expenses.

#### Maintenance Business

- For facility maintenance of public institutions, despite the sales declined due to the decrease of orders from major customers, profits are steady due to new orders of airports and university related facilities projects
- Meanwhile, maintenance of mining facilities has declined in operating rate as orders from existing customers declined, both sales and profits declined

(Unit: JPY million)

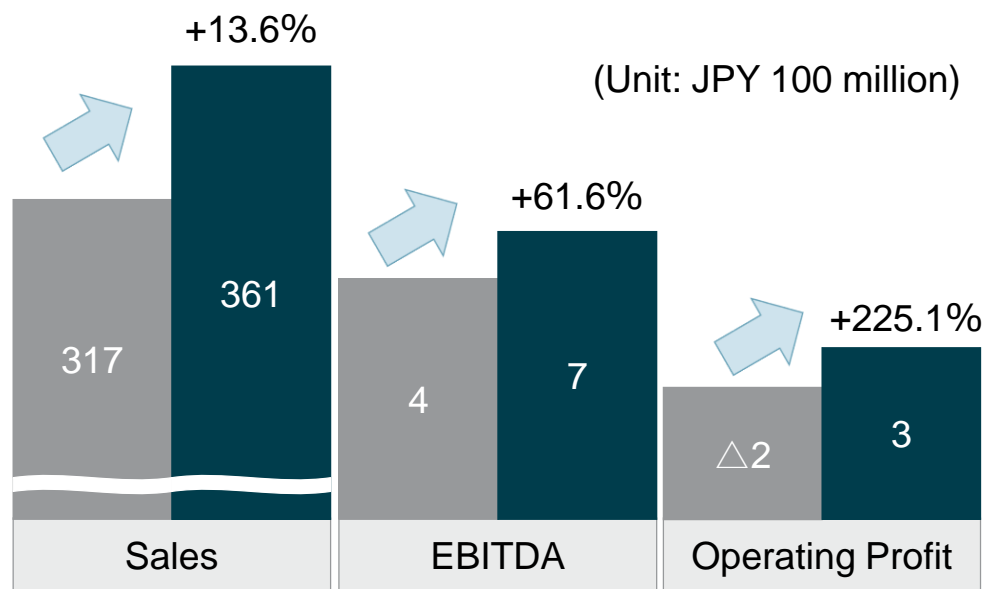
	FY Mar 2018	FY Mar 2019		FY Mar 2019 Results forecast		
	2Q Cumulative	2Q Cumulative	YoY (%)	1st half achievement rate (%)	1st Half	Full Year
Sales	-	102,464	-	96.7	106,000	215,000
EBITDA	-	3,196	-	103.1	3,100	6,500
EBITDA Margin (%)	-	3.1	-	-	2.9	3.0
Operating Profit	-	218	-	54.6	400	1,100
Operating profit ratio (%)	-	0.2	-	-	0.4	0.5

\*Figures are prior to elimination of internal transactions

\*Please refer to the "Factbook: 2nd Quarter FY March 2019" released on the PERSOL website on the same date as the quarterly results.

# FY Mar 2019: 2Q Business Results Trends by Segment:

## ④ PERSOLKELLY Segment



### FY Mar 2019: 2Q Highlights

- Sales were healthy due to a backdrop of continued favorable market conditions in APAC countries. Operating profit successfully returned to the black with the placement business driving results.
- Proactive investments were made that targeted productivity improvements: proactive strengthening of deployments of personnel needed to handle the healthy demand, as well as implementation of a common systems in branches etc.
- Capita Ltd. experienced steady recovery due to new structures put in place after booking an impairment loss in FY2018 3Q.

(Unit: JPY million)

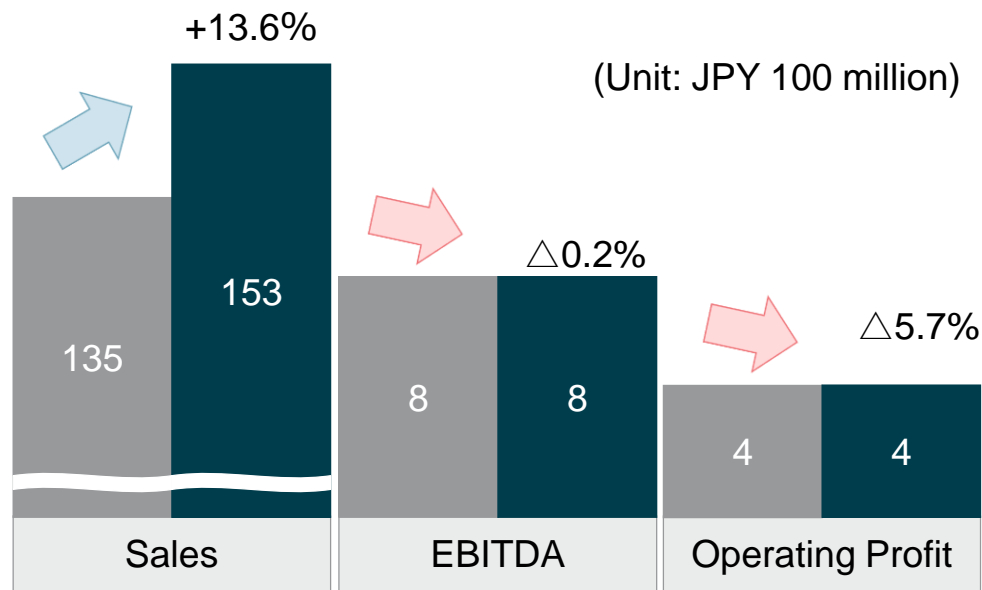
	FY Mar 2018	FY Mar 2019		FY Mar 2019 Results forecast		
	2Q Cumulative	2Q Cumulative	YoY (%)	1st half achievement rate (%)	1st Half	Full Year
Sales	31,792	36,122	+13.6	113.2	31,900	68,000
EBITDA	446	720	+61.6	240.3	300	1,200
EBITDA Margin (%)	1.4	2.0	-	-	0.9	1.8
Operating Profit	Δ285	357	+225.1	-	0	700
Operating profit ratio (%)	Δ0.9	1.0	-	-	0.0	1.0

\*Figures are prior to elimination of internal transactions

\*Please refer to the "Factbook: 2<sup>nd</sup> Quarter FY March 2019" released on the PERSOL website on the same date as the quarterly results.

# FY Mar 2019: 2Q Business Results Trends by Segment:

## ⑤ ITO Segment



### FY Mar 2019: 2Q Highlights

- Intention to invest (IT system related services etc.) remained solid among existing corporate clients.
- High value-added opportunities continuously lead the whole results (e.g. SI-related services, and outsourcing services etc.).
- Although there was an increase in costs due to improvements to labor conditions, operating profit was higher than the forecast. In addition, the turnover rate tends to decline due to improvements to labor conditions.

(Unit: JPY million)

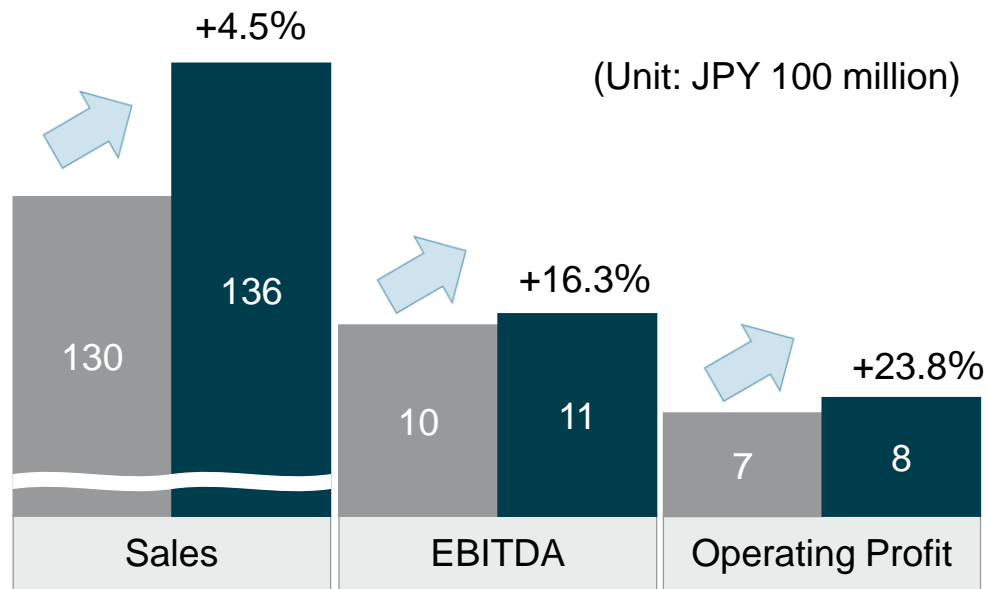
	FY Mar 2018	FY Mar 2019		FY Mar 2019 Results forecasts		
	2Q Cumulative	2Q Cumulative	YoY (%)	1st half achievement rate (%)	1st Half	Full Year
Sales	13,532	15,372	+13.6	102.5	15,000	33,000
EBITDA	816	815	Δ0.2	116.4	700	2,100
EBITDA Margin (%)	6.0	5.3	-	-	4.7	6.4
Operating Profit	483	456	Δ5.7	114.0	400	1,500
Operating profit ratio (%)	3.6	3.0	-	-	2.7	4.5

\*Figures are prior to elimination of internal transactions

\*Please refer to the "Factbook: 2<sup>nd</sup> Quarter FY March 2019" released on the PERSOL website on the same date as the quarterly results.

# FY Mar 2019: 2Q Business Results Trends by Segment:

## ⑥ Engineering Segment



### FY Mar 2019: 2Q Highlights

- Trend of increased demand related to development of construction/medical equipment in addition to steady demand emanating from the automobile/electronics markets.
- Contract project, which was 1Q in-process, also progressed, both sales and profits grew
- Continued to ensure the scale of the business via proactive hiring and utilization of partners.

(Unit: JPY million)

	FY Mar 2018	FY Mar 2019		FY Mar 2019 Results forecasts		
	2Q Cumulative	2Q Cumulative	YoY (%)	1st half achievement rate (%)	1st Half	Full Year
Sales	13,062	13,651	+4.5	97.5	14,000	30,000
EBITDA	1,010	1,174	+16.3	102.1	1,150	3,100
EBITDA Margin (%)	7.7	8.6	-	-	8.2	10.3
Operating Profit	709	878	+23.8	97.6	900	2,700
Operating profit ratio (%)	5.4	6.4	-	-	6.4	9.0

\*Figures are prior to elimination of internal transactions

\*Please refer to the "Factbook for the 2<sup>nd</sup> Quarter Ended March 2019" released on PERSOL's website on the same date as the quarterly results.



# FY Mar 2019: 2Q Business Results Trends by Segment:

## ⑦ Other/Adjustments



(Unit: JPY million)

Other	FY Mar 2018	FY Mar 2019		FY Mar 2019 Results forecast		
	2Q Cumulative	2Q Cumulative	YoY (%)	1st half achievement rate (%)	1st Half	Full Year
Sales	1,976	2,618	+32.5	104.8	2,500	5,000
EBITDA	△66	△84	△21.7	-	△200	△200
EBITDA Margin (%)	△3.4	△3.2	-	-	△8.0	△4.0
Operating Profit	△98	△122	△19.5	-	△200	△250
Operating profit ratio (%)	△5.0	△4.7	-	-	△8.0	△5.0

(Unit: JPY million)

Adjustments	FY Mar 2018	FY Mar 2019		FY Mar 2019 Results forecast		
	2Q Cumulative	2Q Cumulative	YoY (%)	1st half achievement rate (%)	1st Half	Full Year
Sales	△6,406	△7,519	-	-	△7,000	△15,000
EBITDA	194	434	-	-	△50	△800
EBITDA Margin (%)	-	-	-	-	-	-
Operating Profit	△173	△5	-	-	△300	△1,450
Operating profit ratio (%)	-	-	-	-	-	-

\*Figures are prior to elimination of internal transactions

\*Please refer to the "Factbook: 2<sup>nd</sup> Quarter FY March 2019" released on the PERSOL website on the same date as the quarterly results.

\*Others include our group functional services, education and training business, employment support business for people with disabilities, and childcare business

\*Adjustments stand for elimination of transactions between segments, and revenue and expenses of PERSOL HOLDINGS CO., LTD.

## Appendix: Recent M&As

Company name	Programmed Maintenance Services Limited	
Established	January 1992	
Net sales <sup>(*1)</sup>	AUD 2,691 million <sup>(*1)</sup>	
Operating profit <sup>(*1)</sup>	AUD 21 million <sup>(*1)</sup>	
Acquisition date	October 2017	
Contribution commenced being reflected in results	4Q of FY Mar 2018	
Ownership ratio	100%	
Acquisition price	JPY 66,000 million <sup>(*2)</sup>	
Goodwill	Staffing business	Maintenance business
	JPY 21,030 million	JPY 31,540 million
Amortization period	10 years	20 years
Affiliated Segment	PROGRAMMED	

\*1. Figures refer to the results of PROGRAMMED Ltd. and its subsidiaries for the FY Mar 2017. Operating profit has been calculated after amortization of goodwill calculated at the time of acquisition (tentative figures), and after amortization of intangible fixed assets (total AUD 56 million/year).

\*2. Conversion rate used: AUD 1: JPY 88.15

## Attention: Note Regarding Handling of this Material

Results forecasts etc. used in this material contain forward-looking statements which are based on a certain number of assumptions PERSOL deems rational, and the information at hand as of 9 November 2018 which are not meant in any way by PERSOL to be taken as assurances that will be realized. Actual results etc. may vary greatly due to various causes.

The figures, indicators, PERSOL Group results, and details of financial status included in this material have been released to facilitate an appropriate understanding. Kindly note that not all the figures and indicators have been subjected to audit and review by external auditors.



### August 2014: Selected as one share forming the JPX-Nikkei Index composition

What is the JPX-Nikkei 400?

The JPX-Nikkei 400 index is a new share price index composed of corporations that aim to satisfy the various requirements of global investment standards for the purpose of highlighting etc. in Japan and overseas the appeal of Japanese firms from a management viewpoint of efficient application of capital and investor awareness etc.