



FY March 2019: 2Q Results Briefing

PERSOL HOLDINGS CO., LTD.
12 November 2018



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Part 1: Overview of Consolidated Results for 2Q FY Ending March 2019

Part 2: Effect of Revisions to Japanese Law on the Temporary Staffing Business

Part 3: Status of the "an" Media Platform

Part 4: Medium-term Management Plan Progress Status

Part 1:

**Overview of Consolidated Results for
2Q FY Ending March 2019**

Highlights of Consolidated Financial Results for 2Q FY ending March 2019

New record high results in 2Q FY ending March 2019

Group Consolidated Results (Record high results)

- **Consolidated sales of JPY 452,200 million (+39.3% compared to the previous period (YoY)), operating profit JPY 20,400 million (+27.7% (YoY))**
 - Record high results achieved:
Strong domestic Japan market, and inorganic effects (acquisition of PROGRAMMED LTD.)
- **Temporary Staffing/BPO segment profitability improves: 4.5% operating profit ratio**
 - Productivity gains pursued in improved matching (job opportunity to candidate) efficiency via the "GENESIS" core temporary staffing HRIS system, and enhanced division/specialization of tasks etc.
- **Recruiting segment placement services sales expansion: Up by +30.4% YoY**
 - Sales grew due to:
Expansion of the job-change market, proactive hiring of consultants, and multi-tiering of services.

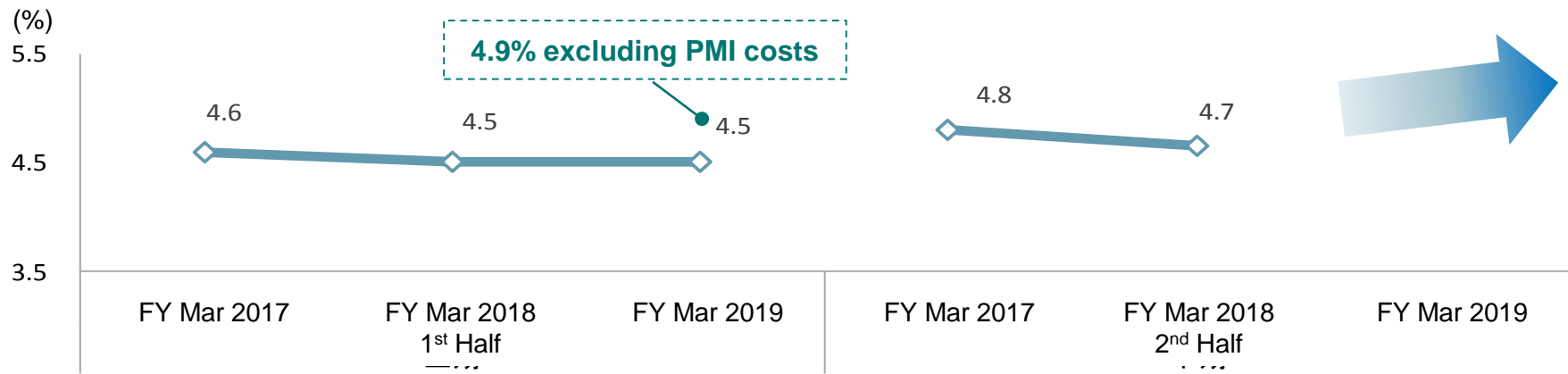
2nd Half Points of Focus

- **Proactive handling of revisions to Japan's law relating to the Temporary Staffing business**
 - Commenced addressing revisions to Japan's Worker Dispatching ("Temp") Act from October. Seen as an opportunity to expand market share.
Proactive measures taken in response to the law amendments: e.g. indefinite contract term hiring.
- **Restructure of the "an" branded job-board media-platform business**
 - Internal budgets achieved in the first half. Ongoing implementation of restructuring.
- **Promote Post Merger Integration (PMI) within the PROGRAMMED segment**
 - The focus to date: smooth business transition, and PMI of Skilled Ltd. Full implementation of PMI in future

Improved Profitability in the Temporary Staffing/BPO Segment

Productivity increased due to core "GENESIS" HRIS system driven improvements in: matching (job opportunity to candidate) efficiency, and operational improvements. Also contributing to improved productivity and earnings were increased billing rates, and opportunities stemming from revisions to Japanese laws. Legal revisions encouraged clients to switch to direct hiring resulting in placement fee revenue increases.

Operating profit ratio trends in the Temporary Staffing/BPO segment



Enhanced productivity

Improved matching (job opportunity to candidate) efficiency due to the impact of the core "GENESIS" HRIS system.

- Matched placement "fill" ratio in major metro areas: a multiple of 1.7 times/person

Productivity improvement gains: utilization of share-services back-office Clerical Centers leads to enhanced division/specialization of tasks.

Increased unit billing rates.

Increased unit billing rates to corporate client companies result from the backdrop of labor shortages in domestic Japan.

- Cumulative total for first half of FY ending March 2019: +1.5% YoY

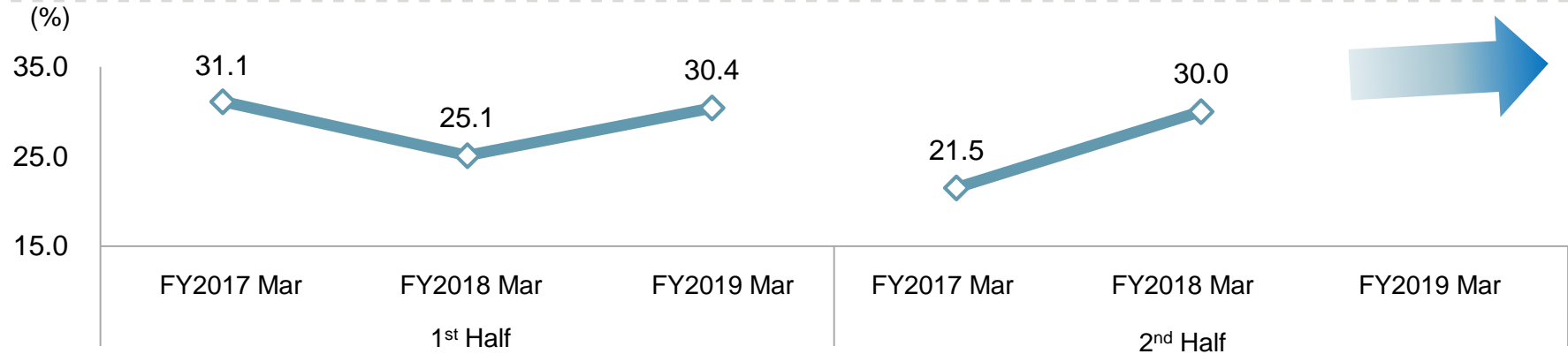
Increased sales of recruitment placement services

Revisions to Japanese laws proves to be an opportunity: the transition to direct hiring by corporate clients increases placement fee revenues.

Growth in Placement Services Sales in the Recruiting Segment

Sales growth ratio (YoY) in excess of +25% and has remained at high levels due to expansion of the job-change market together with proactive hiring of consultants and multi-tiering of services.

Placement services sales growth ratio trends (YoY)



*Placement services business sales for the year ended March 2017 are based on financial accounting standards, sales after the year ended March 2018 are based on management accounting standards.

*Sales from the permanent employee category help-wanted advert business are not included.

Expansion of the job-change market

Change in awareness toward job-changers in their 20s and 30s. Changes to upper-age limits for mid-career recruitment by corporate clients, and expanded utilization of HR placement agencies in rural areas.

Proactive hiring of consultants

Proactive hiring of consultants accompanying market expansion. Also, utilize to the full extent job-seeker data accumulated until now. Ensuring that operations do not excessively rely on the experience level of any individual consultant.

Multi-tiering of services

Addressing diversified needs of corporate clients and job-changers: Use of various approaches to expand job-change support services for potential job-changers living in rural areas where it is difficult to arrange career counseling. Leveraged the "doda plus" service, and for-hire ads in the permanent employee category etc.

Part 2:

Effect of Revisions to Japan's Laws on the Temporary Staffing Business

Status of Revisions to Japan's Law

Transition to indefinite-term employment contract arrangements will continue to be proactively promoted.

Up until the present

Future outlook

Number of temp worker headcount transitioning to indefinite-term employment arrangements*1 (Cumulative)

Approx. 2,200 headcount
(Outcomes as of end Sep 2018)

Approx. 9,000-10,000 headcount
(Outlook for end mar 2019)

Situation to date & future outlook

Implement proactive handling of the transition to indefinite-term employment contract arrangements to stabilize employment

- Aim to proactively promote indefinite-term employment contract arrangements aimed at stable employment of temporary workers
- However, transition to indefinite-term employment was not proceeded as much as the expectation
- In particular, the young cohort of workers who seek "registration-type dispatch work" give priority to worker-friendly workplaces

Achieve increased billing unit rate accompanying the transition to indefinite-term employment contract arrangements

- Achieved approx. 5-10% increase in billing unit rates accompanying the transition to indefinite-term employment contract arrangement

Proactively continue handling transition to indefinite workers

- The number of temp workers pursuing indefinite-term employment contract arrangements is expected to further increase in line with employment stabilization measures*2 accompanying revisions to Japan's Worker Dispatching("Temp") Act
- Experienced workers have tendency to transit indefinite-term for stable employment contracts
- Changing workplaces for temp staffs who work for more than 3 years will be estimated to increase (Deployment at a new temp client site)

Promote acquiring new orders by strengthening sales structure

- Orders for new temps to replace departing temps are expected to decrease, and contract terminations will increase more in the short-term than initially estimated.
- Renew efforts to strengthen sales structures, and promote activity to secure new orders

*1 : Number of temporary workers who transitioned to indefinite-term employment contracts as a consequence of revisions to Japan's Labor Contract Act and Japan's Worker Dispatching Act (Separately, 2,600 headcount was already transitioned to indefinite-term workers)

*2 : ①Request temp client to directly hire ②Temp vendor firms hire workers as indefinite-terms ③Deployment at a new temp client site

Part 3:

Status of the "an" Media Platform

Review of the "an" Media Platform Business to Date

Competitiveness declined due to an inability to formulate a coherent strategy focused on the Internet/Smartphone era.



Strategy

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> ① Major metro areas Web+Suburban paper/hard copy media ② Continue with paper/hard-copy media ③ Cross-selling of PERSOL Group products (permanent employee sector media) | <ul style="list-style-type: none"> ① Shift to Web/Smartphone platform ② Commenced "LINE" SNS part time job service | <ul style="list-style-type: none"> ① Full transition to the Web (withdrawal from paper/hard-copy media) ② "an" brand promotion recommenced ③ Improved productivity |
|---|--|---|

Review

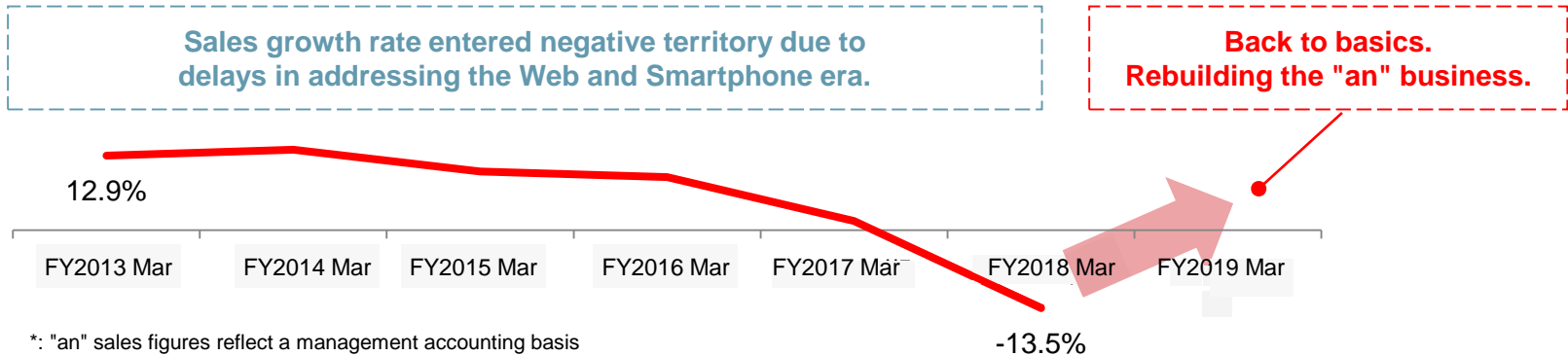
Delay in creating structures focused on the Internet/Smartphone era. Dispersed management resources & decline in the "an" brand competitiveness

- Inability to implement a bold investment strategy focused on the Internet/Smartphone era. Continuation of paper/hard-copy media services while competitors shifted to Web-based services.
- "LINE" SNS part time job services commenced, and Group product cross-selling strengthening (permanent employee sector media) results in dispersion of management resources and decline in the "an" brand competitiveness.

Back-to-basics (Rebuild the "an" brand)

- Further enhancement of linkages with the "LINE" SNS part time job service, restrengthen the "an" brand through promotional/product investments.

"an" business Sales growth ratio (YoY)



*: "an" sales figures reflect a management accounting basis

Status of Immediate Tasks at Hand

From here on a consistent strategy will be leveraged to rebuild the "an" brand. Marketing and product investments will be utilized to maximize user numbers. Operational productivity will be enhanced to maximize client listings, and regain competitiveness.

	Details		Main Indicators
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Marketing investments

- **Recommence "an" advertisements**
- Commence new commercials/adverts from April 2018.
- Reinforce the media capabilities of "an".
- **Searches by name on the Internet and app installations increased substantially immediately following commercials/advert investments.**



Inflow count

YoY + 49.3%

*Compared to 1st half of FY March 2019

Product Investment

- **Improve systems, create an appealing site by enhancing UX.***
- **Implement the PDCA cycle over the short-term, and make moves to immediately implement effective measures/policies.**



Total number of job-seeker applicants

YoY+44.9%

*Compared to 1st half of FY March 2019

*:User Experience

Sales

- **Promote productivity improvements through operational improvements such as applying IT/RPA to sales activity.**
- **Besides future enhancements to productivity, aim to implement reliable hiring/HR development practices.**

Productivity

YoY+8.0%

*Compared to 1st half of FY March 2019

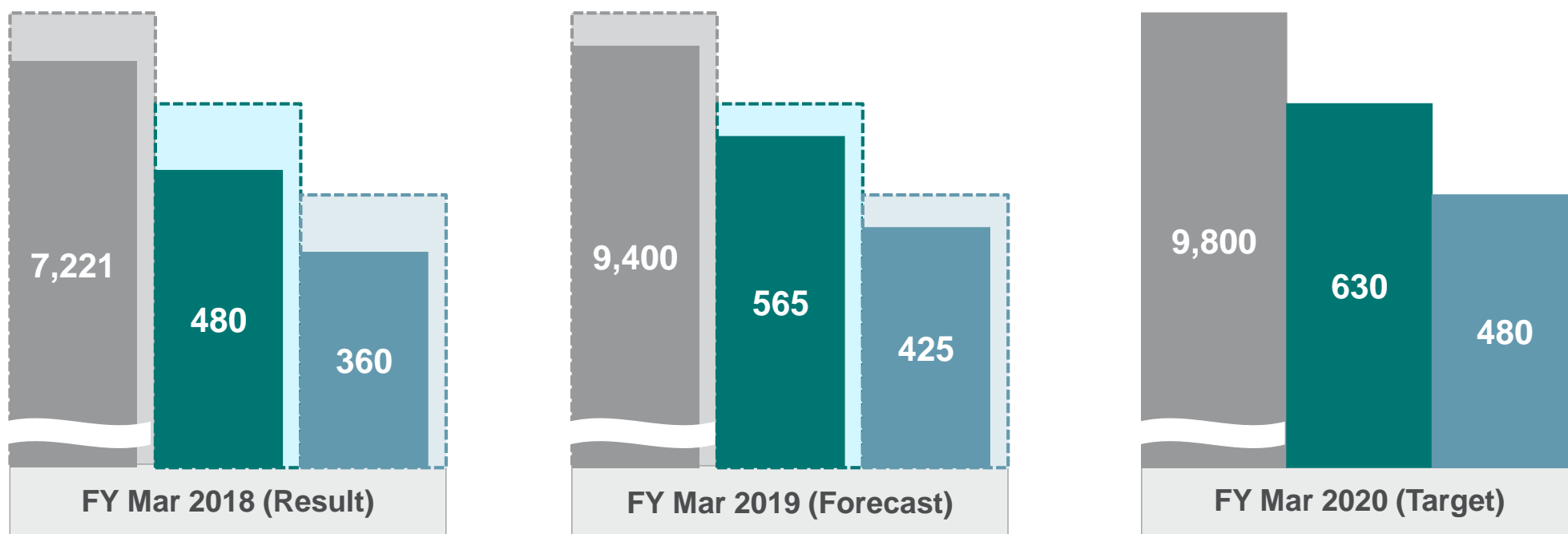
Part 4:
Progress Made with PERSOL's
Medium-term Management Plan

Approximate Results & Target Figures

Aim for continuous business expansion to achieve the target plan figures in the Medium-term Management Plan.

(Unit: JPY 100 million)

Sales	EBITDA	Operating Profit
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Assumption	 GDP growth rate	Moderate growth (approx. +0.0 ~ 1.0%)
	 Ratio of job offers to job seekers	Continued demand due to economic growth/structural factors (approx. 1.0 ~ 1.2 multiple)

Current Medium-term Management Plan Strategy × Strategic Policy

The Medium-term Management Plan strategy will be continued.
The following priority policies will be used to promote each strategy:

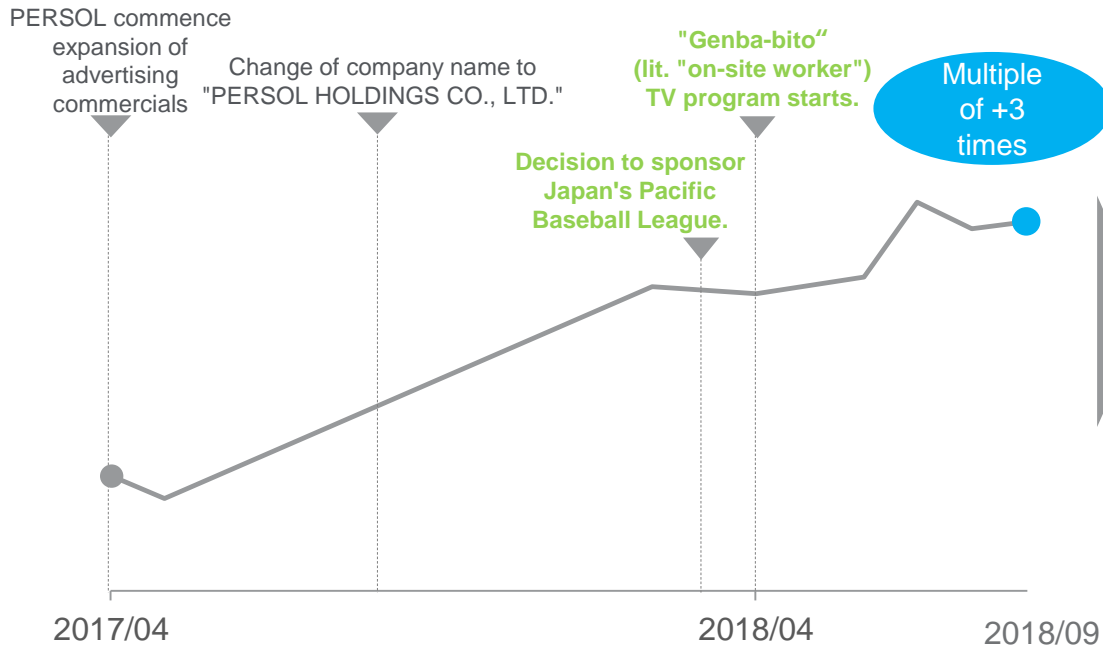
Medium-term Management Plan (Same as the previous Medium-term Management Plan)		Priority Policies
Strategy 1	Raise Awareness of the Group	Continue to strengthen ties with the service brand, and continue to invest in raising awareness of the PERSOL brand.
Strategy 2	Investments in systems and productivity enhancements aimed at further business growth	Improve productivity by means of the core temp business "GENESIS" HRIS system.
Strategy 3	Create Group synergies and promote Group-wide management	Expand synergies through Group collaboration, and promote integration of subsidiaries within the Temporary staffing/BPO segment.
Strategy 4	Enhance the presence of PERSOL Group in the Asia-Pacific region	Focus on improving profitability by accelerating organic growth, and promoting Post Merger Integration (PMI).
Strategy 5	Proactively strengthen the operating base and expand service sectors through M&As	Expand investments into new business sectors based on an M&A strategy for each separate "Market × Region".

Strategy 1: Priority Policy - Raising Awareness of the PERSOL Group

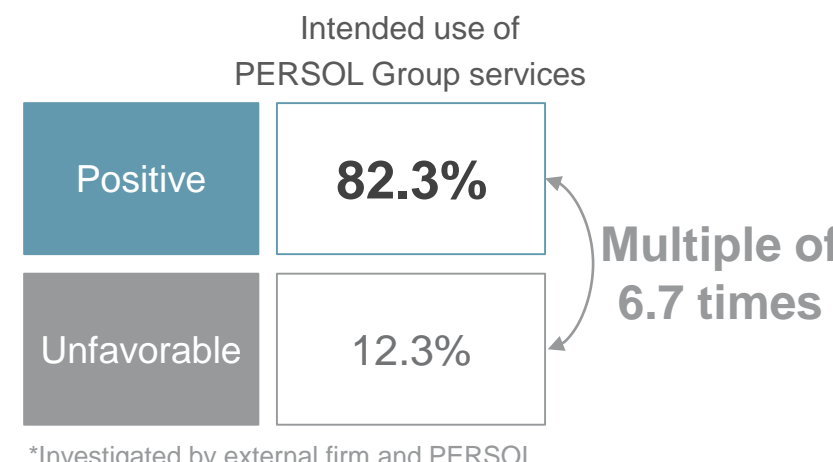


During this current period, the approval rating of PERSOL improved thanks to the impact of sponsoring the "Genba-bito" (lit. "on-site worker") TV program, and sponsorship of Japan's Pacific Baseball League. Improved approval rating is expected to contribute in future to the use of PERSOL Group businesses.

PERSOL Group approval rating trend



Impact of improved approval ratings on the business



Aim to contribute to the business by raising awareness of the Group & improving PERSOL's approval rating

Strategy 1: Priority Measures - Raising awareness of the PERSOL Group



PERSOL is the one company that sponsors a TV program which focuses a spot-light on particular individuals ("hito") working at the coalface of "genba" (work-sites) in various industries. During the program a commercial that advertises the connection between PERSOL and the service brand is aired.

Sole corporate sponsorship of the "Genba-bito" TV program



Comparing viewers and non-viewers of the "Genba-bito" program, the effect on the PERSOL brand & related company business brands recognition/approval rating/intention to use etc. is enhanced by a multiple of 2 to 3 times if individuals watch the program.

	Brand understanding/ recognition	Approval rating of the brand	Intention of use	Awareness of kindred services
Viewer	Multiple of 1.4 times	Multiple of 2.2 times	Multiple of 2.3 times	Multiple of 2.6 times
Non-viewer	Assume Non-viewer=1			

* External survey firm assignment, and PERSOL research

Official sponsor of 6 baseball teams within Japan's Pacific Baseball League

PACIFIC LEAGUE OFFICIAL SPONSOR



Link sponsorship with the business: hold joint events, and plan to support Pacific Baseball League hiring of part timers via PERSOL's "an" job-board brand etc.

Placed advertisements in PERSOL's "an" job-board media offering a "Super Baito" (part time job) to solicit part-timers who dream of pitching the first ball during the opening ceremony of a baseball game.

Plans are afoot to utilize big-data and AI for participants to analyse and enjoy baseball.



Strategy 1: Priority Measures

- Re-branding of "DODA" (as "doda") Job Placement Media Platform

Respect the value of each and every person's "work", and re-brand DODA aiming to provide a brand that candidates can turn to in confidence at those times when people find themselves going through the motions by working in a daze, or are fretting about changing jobs.

Aim for a brand that is more familiar, easy to relate to, that candidates can turn to with confidence. Position "doda" to become the "brand of choice" of the majority of job-seekers.

Brand Vision

"Work" that suits each and every individual, at that point in time.

Jobs. Work styles. Working environment.
 "Work" that suits a particular individual, differs from person to person.
 We here at PERSOL respect the value of each and every person's "work".
 Aim to provide a brand that job-seekers can turn to with confidence at those times when a person finds themselves working in a daze, and when individuals want to change jobs.
 When a person is searching for "work" that really suits them.
 Also, endeavor to position DODA as the obvious choice when job-seekers look for ways to change jobs.
 Looking towards the day when my "work" is better suited to me.



Logo Slogan

Making each work day, a good day.



Along with re-branding as "doda", implement measures to improve various functionalities of the platform.

Website "Feel"
 Modify to achieve user-friendly colors/design/content

Job Offer Searches
 Set search conditions to reflect the preferences of target job-seekers

User Registration Flow
 Make the registration process flow simpler

Guide to Changing Jobs
 Comprehensively deliver helpful information relating to changing jobs

Strategy 2: Priority Measures

- Improve Productivity via the Core Temp Business "GENESIS" HRIS System

As expected at the outset, improvement is underway in candidate \leftrightarrow job matching accuracy for regions outside of major metropolitan areas.

Improvement of regional matching is something PERSOL wishes to focus on in the future.

Overview of investment into the core temp business "GENESIS" HRIS system

Total investment amount	Approx. JPY 4,600 million	Investment recovery outlook	FY Mar 2021
Operation period	Sep 2017		

Investment Effect

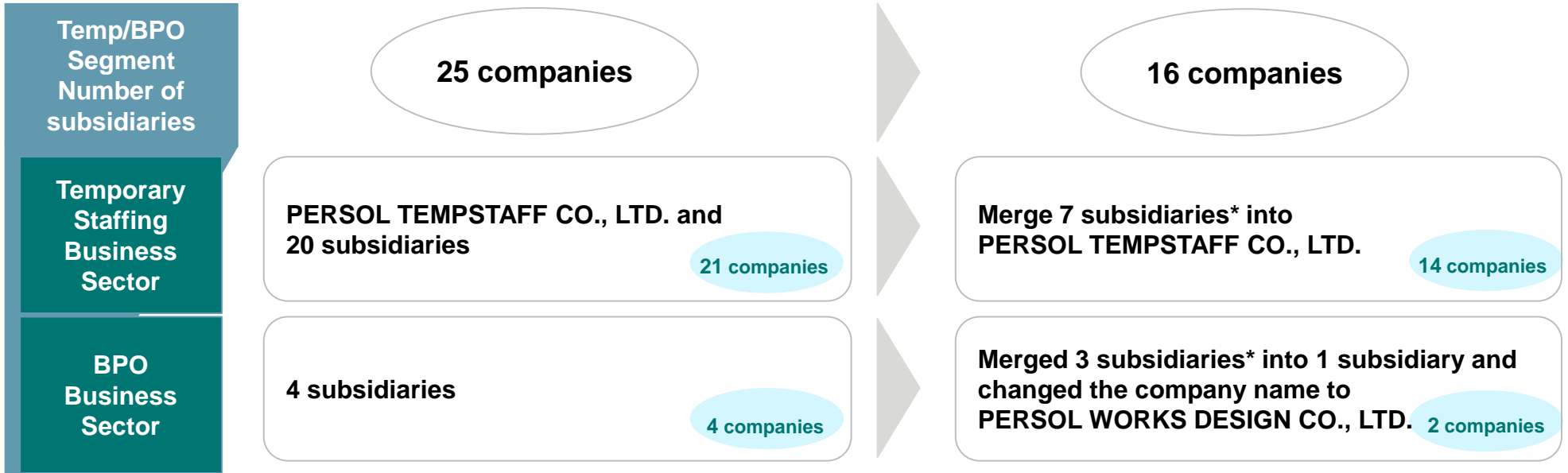
	Initial expected investment effect		Progress status
① Enhance Productivity	<ul style="list-style-type: none"> Enhance candidate\leftrightarrowjob matching accuracy by expanding the search functions <p>No. of filled order matches 1.7 times/1 individual</p>	Major metropolitan areas	Achieved a multiple of +1.7 times (progressing smoothly)
		Areas other than major metro areas	Improvements underway
② Cost Reduction	<ul style="list-style-type: none"> Task efficiency gains due to digitalizing invoice processes Centralize clerical functions into shared "Service-Centers" (order entry tasks etc.) 	Task efficiency	Progressing as anticipated
		Promote the division/specialization of tasks (Centralization)	Accelerate use of shared-service-centers nationwide (To Osaka/Nagoya/Japan-wide)

Strategy 3: Priority Measures - Status of Subsidiary Company Mergers

Merger of subsidiary companies completed as scheduled on 1 October.

Prior to merger (as at 1 Apr 2018)

Post-merger (1 Oct 2018 onwards)



Effect of Merging Subsidiary Companies

① Expansion of sales

Stronger matching of candidates<=>jobs

Enhance matching of candidates<=>jobs by amalgamating the database of registered temp workers/candidates.

② Enhanced profitability

Integration of middle/back-office functions

Plans in future to integrate duplicated functions and consolidate branches.

*7 subsidiaries: CareerRise Co., Ltd., Tempstaff Fukuoka Co., Ltd., Tempstaff Cross Co., Ltd., Tempstaff Familie Co., Ltd., Tempstaff Grow Co., Ltd., Tempstaff Creative Co., Ltd., Tempstaff Media Co., Ltd.

*3 subsidiaries: Japan IDEX Co., Ltd., Tempstaff Life Support Co., Ltd., HOWCOM Co., Ltd.

Strategy 3: Priority Measures - Expand Group Synergies (Case Study)

Demonstration of PERSOL Group's "integrated capabilities" leveraged to address complex customer challenges. In future PERSOL Group will also continue explore/try various ways and arrangements to support the growth of client corporations.

PERSOL supports the opening of AEON Mall Iwaki Onahama (Fukushima): A symbol of reconstruction after devastation.

Challenges faced in the opening of this AEON Mall

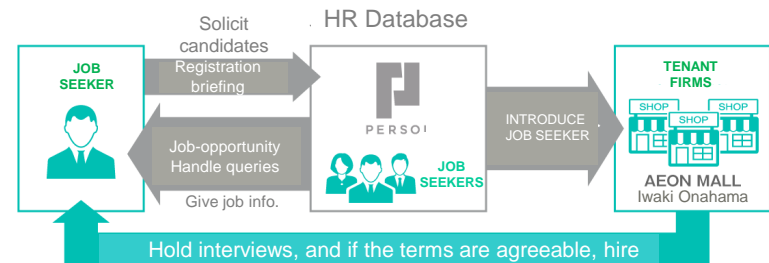
Demonstration of PERSOL Group's "integrated capabilities" (PERSOL supported AEON from the stage of creating a human resources database through to hiring support)

Secured more than 1,000 employees



- Companies considering to become tenants empathized with the significance of reconstruction but were concerned about securing employees.
- Prior to deciding on the commercial tenants, the developer sought-out PERSOL's support for tenant employee hiring.

Collaboration of 5 PERSOL Group companies More than 1,000 (goal) individuals applied for job opportunities



- The integrated capabilities of PERSOL were leveraged to provide support with temps/job-board media/RPO etc. by offering AEON a combined set of service offerings.
- PERSOL created a database of "HR resources who want to work/who are interested in working at AEON Mall" and supported the hiring of opening staff for each commercial tenant.

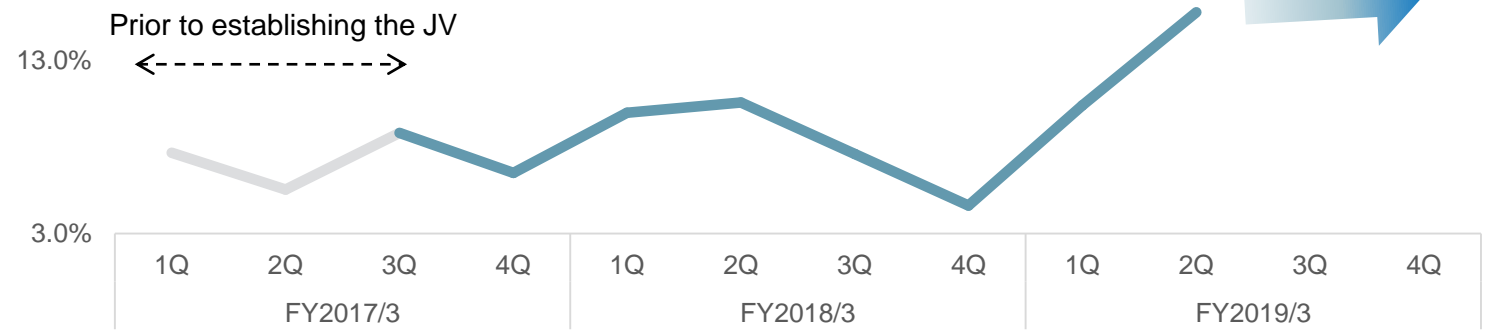
Strategy 4: Status of Progress with PERSOLKELLY LTD. Post Merger Integration (PMI)

Phase 1: Establishing internal controls, expansion of sales structures completed.

Phase 2: Looks to achieve further expansion of the business platform, by rolling-out a new brand and accelerating investments into systems.



Sales growth ratio



*: Calculations based management accounting based sales figures

PMI Progress (Overview)

Prior to PMI	Enhancement of Internal Controls Create internal controls systems in line with Japanese standards: roll-out J-SOX	Roll-out New Brand Launch the new "PERSOLKELLY" brand. Achieve additional enhancement of alliances.
	Expand Headcount Resources Expand headcount resources aimed at further growth: approx. +15% YoY (as of FY Mar 2019 2Q)	Systems Investments Enhance productivity through implementation/operation of common core systems in multiple countries.

Strategy 4: Status of Progress with PROGRAMMED CO., LTD. Post Merger Integration (PMI)

Strengthening of management structures and PMI of SKILLED Ltd. progressed according to initial plans. However, aggressive pricing by competitors lead to a decrease in transactions with some existing clients.



Management Structure and Business Structure

<p>Strengthening management structures</p> <p>PERSOL and PROGRAMMED CO., LTD. set-up various committees and collaborated to strengthen management structures.</p>	<p>Enhancing governance</p> <p>J-SOX controls were implemented, and internal controls established in line with Japanese standards.</p>
<p>Strengthening client relations</p> <p>Customer relations were strengthened and a line drawn regarding low cost competition. As a result, there was a decrease in transactions with some existing clients.</p>	<p>Formulation of business strategy</p> <p>The aim is to understand the PROGRAMMED LTD corporate culture and the business environment in Australia while formulating the future medium-term business strategy.</p>

Phase 1 PMI is fully underway



PMI of SKILLED Ltd.

Completion of SKILLED. Ltd. Post Merger Integration (PMI)

The overall merger is complete, and sales & general administration expenses (SGA) have been reduced by reviewing duplicated tasks/processes and reorganizing branches.
The plan is to deploy an accounting system common to PROGRAMMED Group.

Strategy 5: Priority Measures - M&A Strategies for Each "Market×Region"

Profitability improvement is factored into PMI progress in PERSOL's overseas businesses. Business sectors that already exist in domestic Japan will be actively reviewed as done in the past. Proactive investments will proceed into new business sectors.

	Existing business sectors	New business sectors*
Domestic Market	<p>Actively review/evaluate as done in the past</p>	<ul style="list-style-type: none"> • Up until now the PERSOL Innovation Fund has handled both the investigation/ investing activity, and a "Group Innovation Promotion Division" will be set-up to accelerate open innovation from the point of view of the overall Group • Alliances will be formed with firms outside the Group, and M&A opportunities will be actively pursued.
Overseas Market	<ul style="list-style-type: none"> • For the time-being, proactive quantitative expansion via M&As has been completed. • The PERSOLKELLY segment, and PROGRAMMED segment are currently both undergoing Post Merger Integration (PMI). 	

*: PERSOL Group for its part anticipates that firms eligible for M&As are those that generate new business, and firms that enhance the services of existing Group businesses.

Appendix:

Strategy 3: Priority Measures - Expand Group Synergies

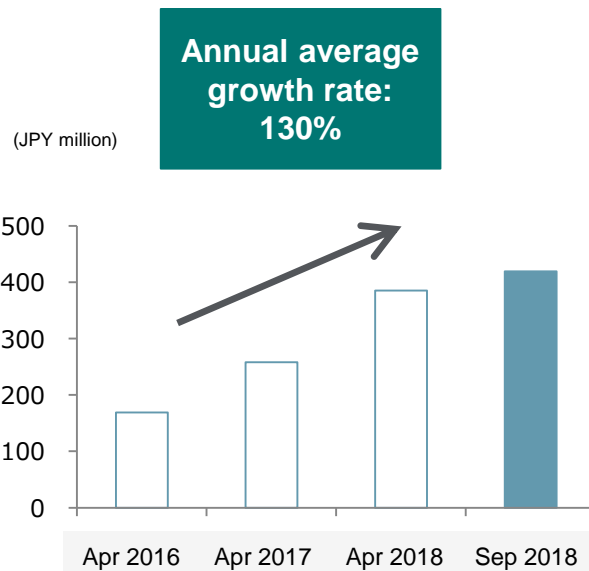
Deepen linkages within the Group, and aim to grow results generated by cooperation within the Group

Results from cooperation within the Group

Linkages within the Group are deepening.
On average annual sales are up by 130%.



Sales trends due to opportunities introduced from within the Group

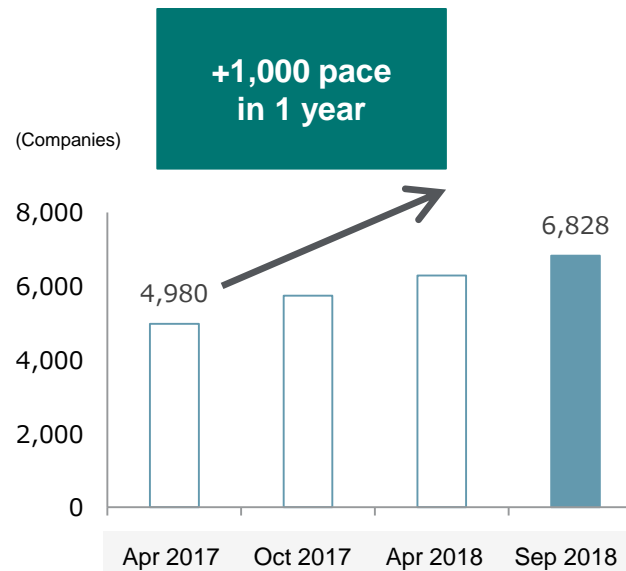


Number of companies using multiple services

Temp labor, placement services, BPO etc. The number of client firms using multiple services is steadily increasing.



Trend of number of companies using multiple services

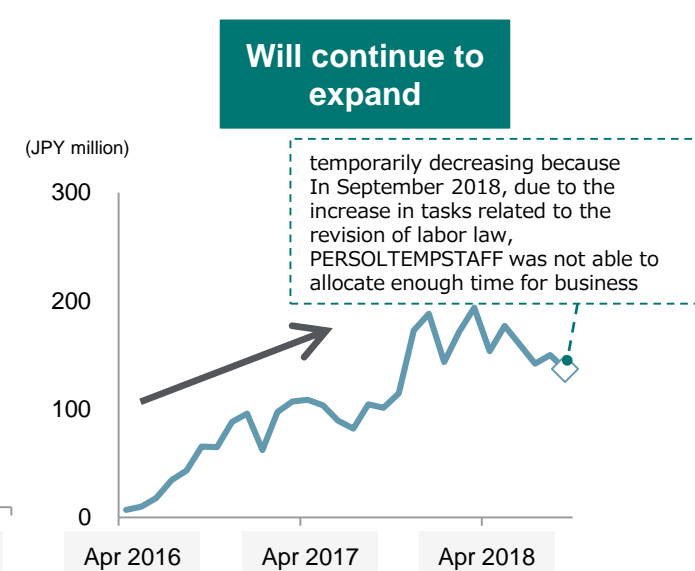


TEMPSTAFF × DODA

Number of TEMPSTAFF branches Japan-wide that utilized job change support has increased.



Job-change support sales trends due to intra-Group cooperative effort



※ Along with the change in the data aggregation method, we changed the number described in the earnings briefing materials dated May 17, 2018

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.