Consolidated Results of 1st half of the Fiscal Year Ending in March 2020
(FY2019 Q2)

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PERSOL HOLDINGS CO., LTD.
November 13, 2019

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Today's Agenda

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Good morning. My name is Seki, in charge of Finance.

Thank you for attending the Briefing for the 2nd Quarter of the Fiscal Year Ending in March 2020 of PERSOL HOLDINGS CO., LTD.

To begin with, I outline financial results for the 1st Half of FY2019.

Financial Results Summary for 1st half of FY2019

Extraordinary losses were recorded including impairment losses in relation to a goodwill of PROGRAMMED Maintenance Services Limited (hereinafter PROGRAMMED) and others. As a result, the net profit attributable to parent company went negative.

1st Half Unit: Million yen	FY2018	FY2019	Year-on-year
Net sales	452,260	**478,956**	+5.9%
Operating profit	20,453	**20,116**	-1.6%
EBITDA	28,196	**28,948**	+2.7%
Extraordinary profit/loss	98	**-17,249**	–
Current period net profit attributable to parent company	11,987	**-5,177**	–
Adjusted EPS (yen)	71.31	**68.30**	-4.2%

Breakdown of Extraordinary Loss

- Loss on valuation of securities (PROGRAMMED Marine business)
  -610 million yen
- Provision of allowance for doubtful accounts amount (PROGRAMMED Marine business)
  -1,114 million yen
- Goodwill impairment loss (Mainly including PROGRAMMED Staffing business)
  -12,759 million yen
- Extraordinary loss as a result of "an" business discontinuation
  -2,868 million yen

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As for the business environment, while there is a sign of weakness in some aspects of business in the Japanese economy, HR and its related market has been steady due to the high demand against the background of continuous structural labor shortage on the whole. On the other hand, in the Asia-Pacific region, the economy in Australia has been consistently sluggish, in addition to the deceleration of the economic growth of China and other surrounding countries as a result of the recent trade friction.

Under these circumstances, the consolidated net sales for the 1st Half of FY2019 amounted to 478.9 billion yen. As a result of the continuously firm business conditions of the Temporary staffing/BPO and Recruitment segments, our major businesses, net sales marked the highest in our history on the half term base, achieving an increase compared to the same period last year.

The operating profit was 20.1 billion yen, a decrease from the same term of the previous year, due to the significant profit decline of the overseas business attributed to the economic deceleration and the impact of the exchange rate, in spite of the profit increases in Temporary staffing /BPO and Recruiting segments.

2.8 billion yen of the business restructuring loss associated with the termination of the "an" business as announced before, 12.5 billion yen of a goodwill impairment loss associated with the Staffing business of PROGRAMMED segment and the loss of valuation of securities associated with joint venture which is an equity method company to run the Marine business were booked as extraordinary losses. As a result, net loss of 5.2 billion yen was recorded.

Result Highlights by Segment (Six months ended Sept. 30, 2019)

Unit: billion yen	Sales (YoY)	Operating profit (YoY)	Cause
Temporary staffing/BPO	266.8 (+7.4%)	12.0 (+8.1%)	• For 2Q, organic sales growth at 6.4% contributed by productivity improvement by “Genesis” and price increase by increased number of staffs employed without contracted period. 3.2% of sales increase by the earnings from newly consolidated subsidiary: Avanti Staff Corporation, acquired previous year. • 1st half forecast: Sales 265.6 billion yen, operating profit JPY 11.7 billion yen
Recruiting	45.8 (+11.6%)	9.0 (+20.3%)	• For the 1st half, sales growth of placement business was slowed down to 15.6% as decreased number of matching decisions per consultant. • The campaign before discontinuation of “an” business has been successful. • 1st half forecast: Sales 46.0 billion yen and operating profit 8.2 billion yen.
PROGRAMMED	94.6 (-7.7%)	-0.14 (-%)	• Staffing sales was adversely affected by low growth of Australian economy in addition to AUD depreciation • Total sales in JPY decreased by 7.7% (currency depreciation: -7.3%, Staffing at -6.5% and Maintenance at ＋6.2%, on a local currency basis: -0.4%) • 1st half forecast: Sales 100.5 billion yen and operating profit 0.3 billion yen.
PERSOLKELLY	41.9 (+16.2%)	-0.14 (-%)	• Sales increased other than Australia due to Staffing business expanded. • A system trouble and its trouble shooting in Australian operation caused operating loss. • 1st half forecast: Sales 41.0 billion yen and operating profit 0.4 billion yen.
ITO	19.2 (+25.4%)	0.12 (-73.3%)	• Sales increased by strong client companies’ demand for IT investments • Operating profit was declined due to lagged inspection timing and increased salary payment • 1st half forecast: Sales 19.4 billion yen and operating profit 0.7 billion yen.
Engineering	13.8 (+1.2%)	0.66 (-23.8%)	• Operating profit declined because orders decreased from our major client manufacturing companies influenced by the U.S.-China trade friction. • 1st half forecast: Sales 14.5 billion yen and operating profit 1.1 billion yen.

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Here, I explain highlights of each segment.

Temporary staffing/BPO segment increased both sales and operating profit due to the promotion of the change to open-ended contracts and the improved productivity by the system integration.

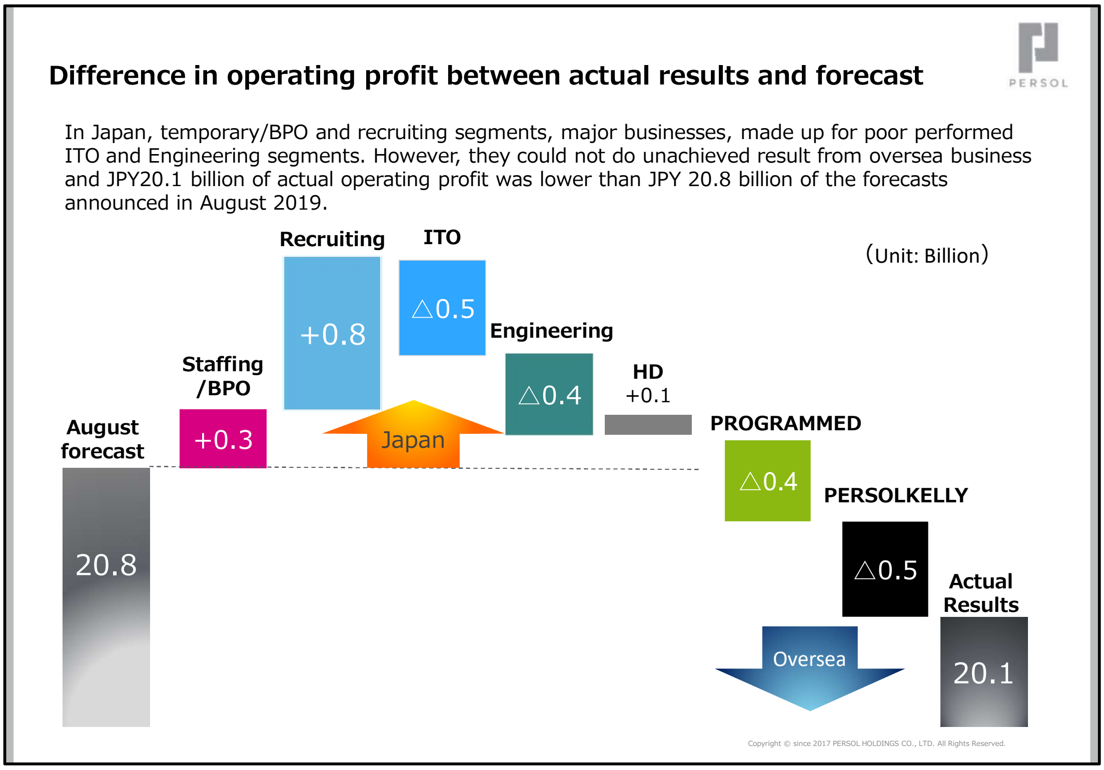
For Recruiting segment, although the growth rate of the placement business slowed down due to the insufficient productivity with expansion of the organization, both sales and operating profit increased as a result of review of cost rationalization.

For PROGRAMMED segment, in spite of sales increase of Maintenance business, the overall sales decreased because sales of Staffing business declined due to slowdown of the Australian economy and the impact of depreciation of the Australian dollar. As a result, operating loss recorded.

For PERSOLKELLY segment, sales increased in the regions other than Australia even with the impact of the deceleration of the economy in China. However, operating loss recorded due to decreased sales caused by the system trouble in Australia.

For ITO segment, although sales increased significantly as a result of high demand of our clients, operating profit decreased because of the active promotion for recruitment of engineers and staff retention and the improvement of staff treatment.

For Engineering segment, orders from the highly profitable core customers decreased due to the impact of the trade friction. As a result, sales were flat and operating profit decreased.



Next, I explain difference between August forecast and actual results of operating profit for the 1st Half.

In Japan, operating profits of Temporary staffing/BPO and Recruiting were better than those of August forecast and they made up for unachieved results of ITO and Engineering segments. However, they could not do operating losses of suffering oversea businesses. As a result, 20.1 billion yen of actual operating profit was lower than 20.8 billion yen of the forecasts announced in August 2019.

PROGRAMMED Impairment Losses

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- Recorded impairment loss on a goodwill of PROGRAMMED Staffing business affected by weak Australian economy
- Because Marine business was stagnated by declined oil price, its devaluation loss on the security of a joint venture and allowance for doubtful account regarding the loan to the JV partner were recorded. (More details, see next page)

PROGRAMMED	Relation with PERSOL HOLDINGS	Business outline	Characteristics and current status of business	Impairment test result
Maintenance Goodwill: 27.6 billion yen*	Consolidated subsidiary	Maintenance business (Airports, public facilities, etc.)	- Stable profit structure with many long-term based contracts for public facilities - Growth rate at 6.2% on a local currency basis	No problem
Staffing Goodwill: 18.7 billion yen*	Consolidated subsidiary	Staffing business (mainly blue-collar worker staffing)	- With slow Australian economic growth, local mining industry is sluggish particularly - Sales declined by 6.5% on a local currency basis	Goodwill impairment loss 12.5 billion yen
Atlas Professionals				
Marine **Relevant assets: 3.7 billion yen***	Equity method company JV with Atlas Professionals	Deployment of labor for offshore oilfields/gas development sites and related services	Business environment is severe due to an effect of plunged oil price and other factors	**Extraordinary loss** 1.7 billion yen

* Applied exchange rate: 77.74 yen/AUD

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Next topic is the impairment losses of PROGRAMMED segment, which is a very important issue in this announcement.

In October 2017, we acquired PROGRAMMED Maintenance Services Limited in Australia, where had a large market scale next to Japan in the Asia-Pacific region, with about 66 billion yen to become the largest comprehensive HR service group company in this region.

The main businesses of PROGRAMMED are Staffing and Maintenance. While Maintenance business grows steadily, Staffing business mainly for blue-collar workers is suffering due to the stagnation of the resource prices. Business forecasts of Staffing business that were planned at the time of the acquisition are unlikely to reach. As a result of the impairment test that was conducted and the examination on the possibility of recovery in the future based on the current business environment, we decided to record an impairment loss of 12.5 billion yen associated the “goodwill” that occurred at the acquisition, as an extraordinary loss.

For Marine business that is operated by the joint venture, equity method company, established with Atlas before the time of acquisition of PROGRAMMED, another extraordinary loss was recorded.

Supplemental Explanation on Marine Business run by JV with Atlas

- Marine business, subject to equity method, worsened its profitability due to stagnated crude oil price.
- Recorded total 1.7 billion yen extraordinary losses as a result of impairment test on invested shares of the JV and the loans to the JV partner.

■ **Background**

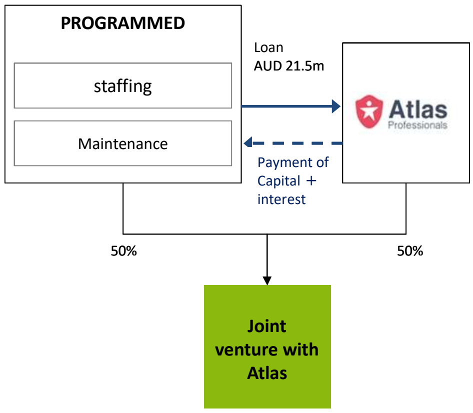
Prior to the Company's acquisition in October 2017, PROGRAMMED had sold its international division of Marine business to Atlas Professionals (hereinafter Atlas), a Dutch company. PROGRAMMED and Atlas established a JV, 50:50 share, for running remaining Australia/New Zealand marine business.

■ **Management structures**

Management is entrusted to Atlas that possesses marine business know-how.

■ **Reason for impairment**

Marine business's profitability was worsened by declined oil price. As a result of present value calculation of cashflow from invested securities of the JV and the loan to the JV partner, both assets were subject to be devalued.



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For the Marine business, before the time of the acquisition in 2017, a joint venture was established with Atlas in Holland as a spin-off of the marine business, which was a part of the Maintenance business, at the holding ratio of 50% each and the joint venture run the Marine business.

As the Marine business has slowed down due to the plunge of the oil prices, the present cash flow value was evaluated in relation to the PROGRAMMED's investment securities in the joint venture and the PROGRAMMED's loan to the other party in the joint venture. Based on the current value calculation, an evaluation loss and an allowance for doubtful account of 1.7 billion yen were booked as extraordinary losses.

To sum up, we recorded severe 1st Half financial results because of the temporary extraordinary losses. For the 2nd Half, we are planning to make profit by pursuing our business plans. Thank you for your understanding.

2Q Results and Current Business Environment

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My name is Mizuta, I am President and CEO. Thank you for coming to this conference.

I would like to explain our business environment and full-year forecasts.

Highlights for 1st Half of FY2019

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1st Half results:
The highest half-year sales ever was achieved while operating profit decreased.

- **Consolidated sales 478.956 billion yen（+ 5.9% year-on-year)**
- **Operating profit 20.116 billion yen (- 1.6% year-on-year)**
  - Temporary staffing/BPO and Recruiting segments, our major businesses, exceeded OP target for each segment. They offset unreached operating profit of ITO and Engineering segments compared to forecasted ones.
  - Overseas business continued struggling due to slowdown of Australian economy, the confusion caused by the system introduction and Australian dollar depreciation.
- **Related to PROGRAMMED, recorded total 14.4 billion yen extraordinary losses, including impairment losses on Staffing business and devaluated loss on Marine businesses. As a result, the bottom line of 1st half result was net loss.**

Point of focus in 2nd Half:

- **Measures of domestic Temporary staffing business in accordance with coming related law revision**
  - Promote clients' understanding on actions to be taken for "equal pay for equal work" that will be enforced in April 2020.
- **Restructuring of the overseas business**
  - Turnaround of PROGRAMMED's Staffing business and settling the system trouble of PERSOLKELLY in Australia.

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As explained by Mr. Seki, business condition for the 1st Half was that business in Japan has progressed steadily while the overseas business was struggling as recorded as impairment losses.

As for the business in Japan, Temporary staffing/BPO and Recruiting segments, both core businesses, which are showing stable profit growths, while the profit of the Engineering sector, in particular, decreased due to the end of the project of the highly profitable core customers.

In the overseas business, significant impairment losses were recorded in the Staffing business of PROGRAMMED and the Marine business run by the joint venture arranged before the acquisition. We sincerely apologize for causing your concern regarding these issues.

We will reestablish the business through the reinforcement of the management structure by new management team of PROGRAMMED through measures as explained later.

The issues of the 2nd Half are to reorganize the overseas business and address the revision of Laws that will be introduced within Japan from April 2020. I will explain our measures for the re-growth starting from the next fiscal year.

Temporary staffing/BPO

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Organic Growth :Temporary staffing/BPO segment

Organic operating profit margin, excluding the effects of fewer workdays, PMI cost and M&A of Avanti Staff that was included into the consolidation in fourth quarter of FY2018, was improved to 5.1% for the 1st Half of FY2019 (4.5% 1H of FY2018).

	1st Half of FY2019	Fewer workdays (3 days less than previous year)	PMI cost (Assuming away)	M&A effect (Excluded)	After adjustment (Organic)
Sales	266.8 billion yen	6.7 billion yen	-	-8.6 billion yen	264.9 billion yen
Operating profit	12.0 billion yen	1.0 billion yen	0.6 billion yen	-0.2 billion yen	13.4 billion yen
Operating profit margin	4.5% (4.5%: 1H of FY2018)	-	-	-	5.1%

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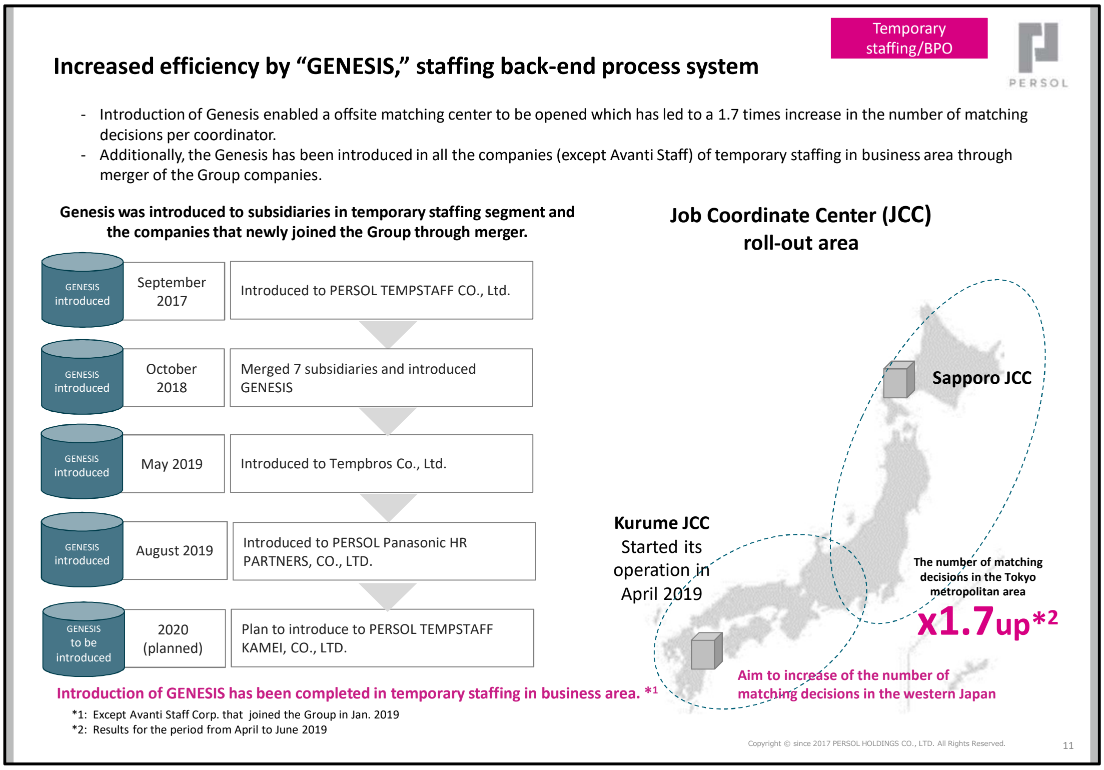
Firstly, I explain the situation of the Temporary staffing/BPO segment. This segment is one of our core businesses and its continuous growth is also important towards the future.

In the 1st Half, the sales growth rate stayed at 4.5% and the growth of the organic base reached an increase of 5.1%. Profitability improved. The special factors of this year are the number of working days, which was 3 days less than normal due to the change of name of the era to Reiwa and an increase of sales by Avanti Staff Corp. that joined to the PERSOL group last fiscal year.

One of the points for future profitability improvement is to ensure the proper improvement of the matching decision rates by the introduction of the GENESIS system. The second point is to reinforce the management of the staff members whose statuses are changed to open-ended contracts according to the revision of the Worker Dispatching Act and also to ensure proper price transfer to clients for “Equal Pay for Equal Work” principle. We think that these points are the factors for a significant profit increase.

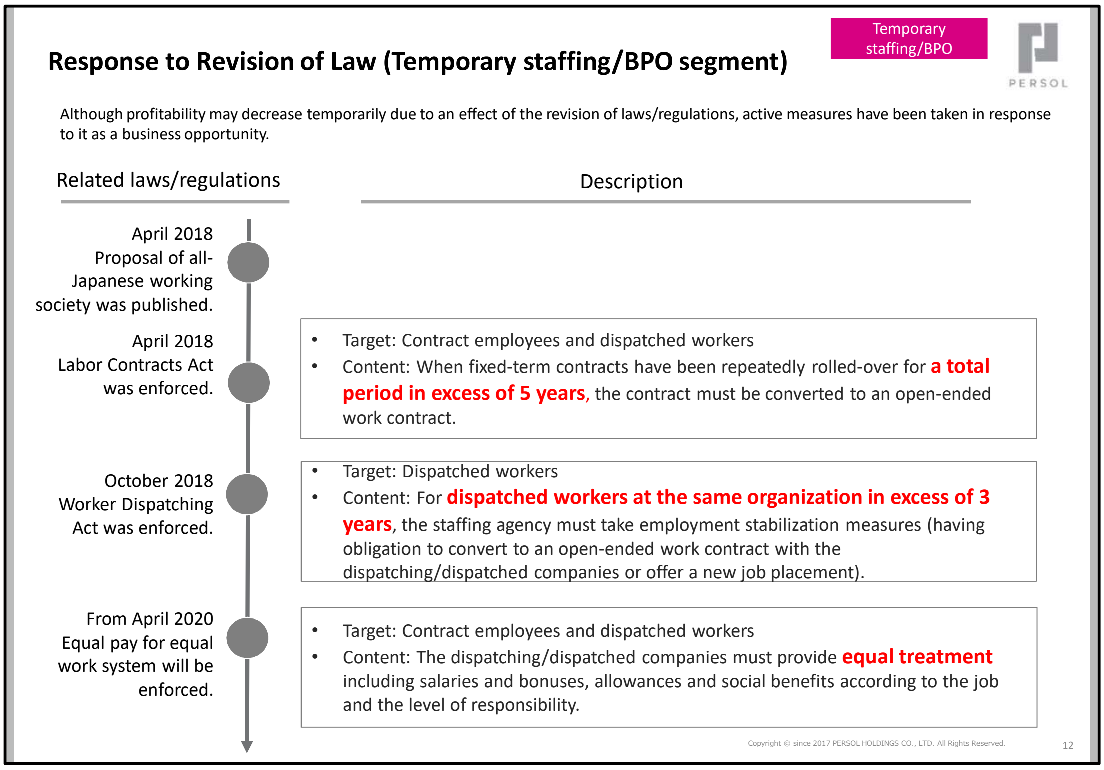
I will explain each of them from the next slides.



Firstly, I will discuss GENESIS, which is a large scale backbone system of the Temporary staffing business developed by our Group.

By integrating the acquired group companies, the cost reduction can be achieved, and at the same time, introduction of GENESIS makes the productivity improved and leads to sales increase. In the 23 wards in Tokyo and the central district of Osaka, the number of matching decisions increased to 1.7 times from that prior to the introduction of GENESIS and the profit improvement effect is regarded as approx. 1.1 billion yen annually.

In April this year, a job coordination center commenced its operation in Kurume, Kyushu area and its improvement is progressing rapidly to achieve the number of matching decisions that is 1.7 times also in the metropolitan areas including Yokohama, Nagoya and Fukuoka.



Now, I wish to review the addressing of the revision of Laws regarding the Temporary staffing/BPO segment.

The current issue of the segment is how temporary staff can be secured under the environment of a labor shortage. We believe this issue is extremely important in terms of the strategy planning.

Our Group is reinforcing the labor supply by actively increasing open-ended contract staff in response to the revision of the Worker Dispatching Act enforced in October 2018 and in addition, achieving an increase of unit billing rate.

“Equal Pay for Equal Work”, which is to be introduced from April 2020 will also be an important issue to be addressed.

Temporary staffing/BPO

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Response to Revision of Laws regarding Temporary Staffing Business

Continuously and actively increase the number open-ended contract workers, focusing on the reinforcement of staffing capacity.

	Full year results for FY2019	1H results for FY 2020	Full year forecast for FY 2020	Comments
# of workers turned to open-ended contract	About 10,000[*1]	About 2,500	About 5,000	- Unit billing rates increased by about 10% on average - Dispatching ratio of open-ended contact workers is almost 100%.[*2]
Targeted workers in total	About 25,000	About 5,000	About 12,000	

[*1] : Number of temporary workers who transitioned to open-ended employment contracts as a consequence of revisions to Japan's Labor Contract Act and Japan's Worker Dispatching ('Temp') Act (excludes 2,600 open-ended contract temps for IT fields who previously transitioned).

[*2] : Dispatching ratio excludes nonworking time for training/education activities.

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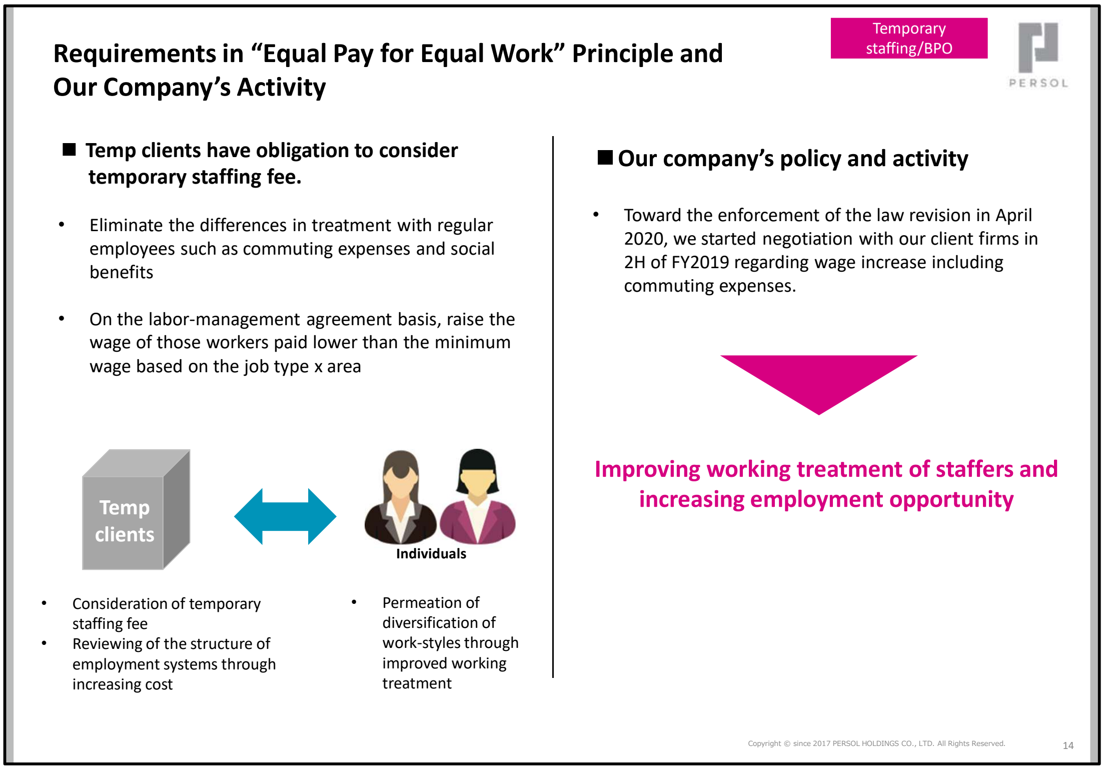
As a response to the revision of the Worker Dispatching Act that was enforced last year, the number of open-ended contract staff members has been increased.

During the 1st Half of FY2019, the number increased by about 2,500 and we are planning to increase the number by about 5,000 by the end of FY2019. By increasing the unit billing rates of the temporary staff to the corporate clients by 10% on average, we aim to increase the sales even further. The dispatching ratio of the temporary staff members who transformed to open-ended contracts is almost 100%, excluding the non-operating periods of training and education.



The next topic is the introduction of the "Equal Pay for Equal Work" system. The aim of this system is to apply the same working conditions as those of regular employees to contract staff, temporary staff, part-time staff, and casual staff. The system will be enforced from April 2020.

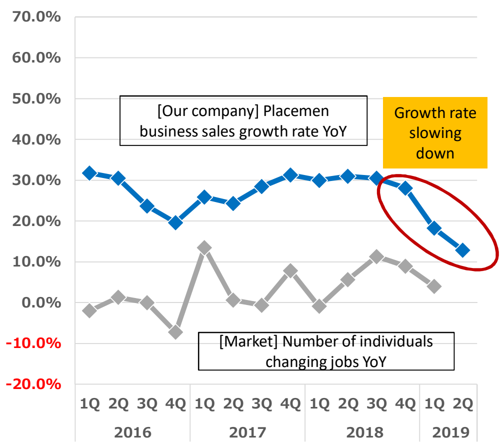
For the temporary staff that are deployed by our company, clients of temporary staff are obliged to consider commuting expenses and social benefits to eliminate differences in treatment of working conditions from regular employees.

For the improvements of working conditions of temporary staff and an increase of employment opportunities, we are gradually promoting the understanding of this system by conducting negotiations for a wage increase including commuting expenses with clients from the 2nd Half.

Recruiting

Recruiting segment (Placement Business)

Placemen business sales growth rate slowed down due to productivity per consultant and decreased demand mainly from manufacturing companies.



Reason of growth rate slowing down

■ <u>Expansion of organization due to rapid growth</u>

- Placement business sales have been increasing at a pace of over 20% for the past 3 years and new hires continued at a high level.
- As a result, number of new staff each consultant has to manage to train increased.

■ <u>The number of matching decisions per consultant decreased</u>

- To address current issue, some consultants were assigned as leaders to train staff members, but time was not enough to make them proficient staff members. As a result, the number of matching decisions per consultant decreased.
- Reestablishment of the placement business is estimated to take some time because new staff members joined to the business as a result of withdrawal from “an” business.

Note: Created by PERSOL HOLDINGS based on the materials of Statistics Bureau, the Ministry of Internal Affairs and Communications

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Next, I will explain the Recruiting segment.

Regarding the placement business, the job-changing market is showing a high growth associated with transition of the number of individuals changing jobs at a high level for the past 3 years. To respond to the market growth, we have actively increased the number of consultants each fiscal year. However, due to the rapid expansion of the organizations, the deterioration of productivity has surfaced as the issue. In spite of the initial growth forecast of around 20% for this fiscal year, the growth rate is expected to fall to around 10% this fiscal year.

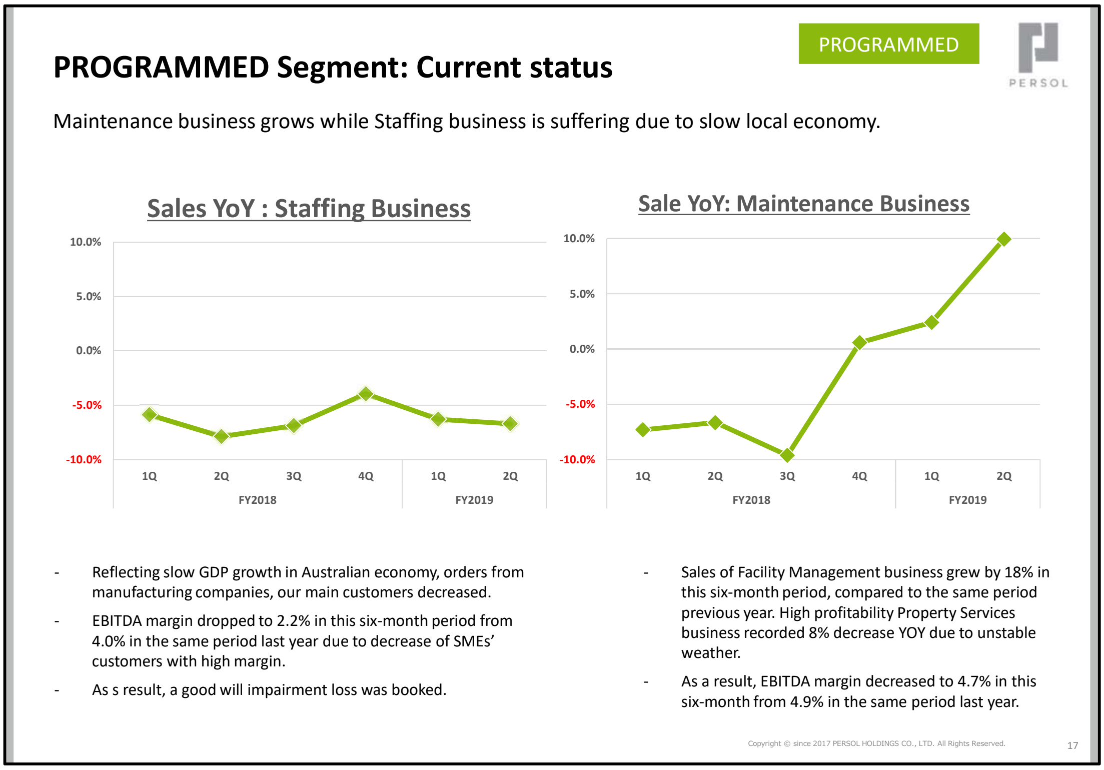
From the 2nd Half, we assume that it will take some time to improve the productivity due to the requirement of education as a result of staff reassignment associated with the withdrawal from the “an” business which is the recruitment advertisement of part-time employee and casual staff.

In the 2nd Half, we will make our utmost effort for productivity improvement by reinforcing the management structure for further growth of the placement business.

In this section, I will explain the reorganization measures of the PROGRAMMED segment.

Effective October 1, 2019, the local management team was changed. The local CEO was replaced by Glenn Thompson, who has much experiences in the Maintenance and Staffing businesses and the new management team with Stephen Leach, CFO has started. To create a synergy effect with the Asia-Pacific region, Takayuki Yamazaki, Executive Officer of PERSOL HOLDINGS and Chairman of PERSOLKELLY, is in charge of the PROGRAMMED segment for the firm commitment to the local management.

Yamazaki was promoted to Executive Office in INTELLIGENCE in 2004 and has been engaged in the overseas business since 2012, and currently is engaged in the business as the head of the PERSOLKELLY segment. By appointing Yamazaki as the person responsible for both PROGRAMMED and PERSOLKELLY segments, we are planning to create a synergy effect through two companies.

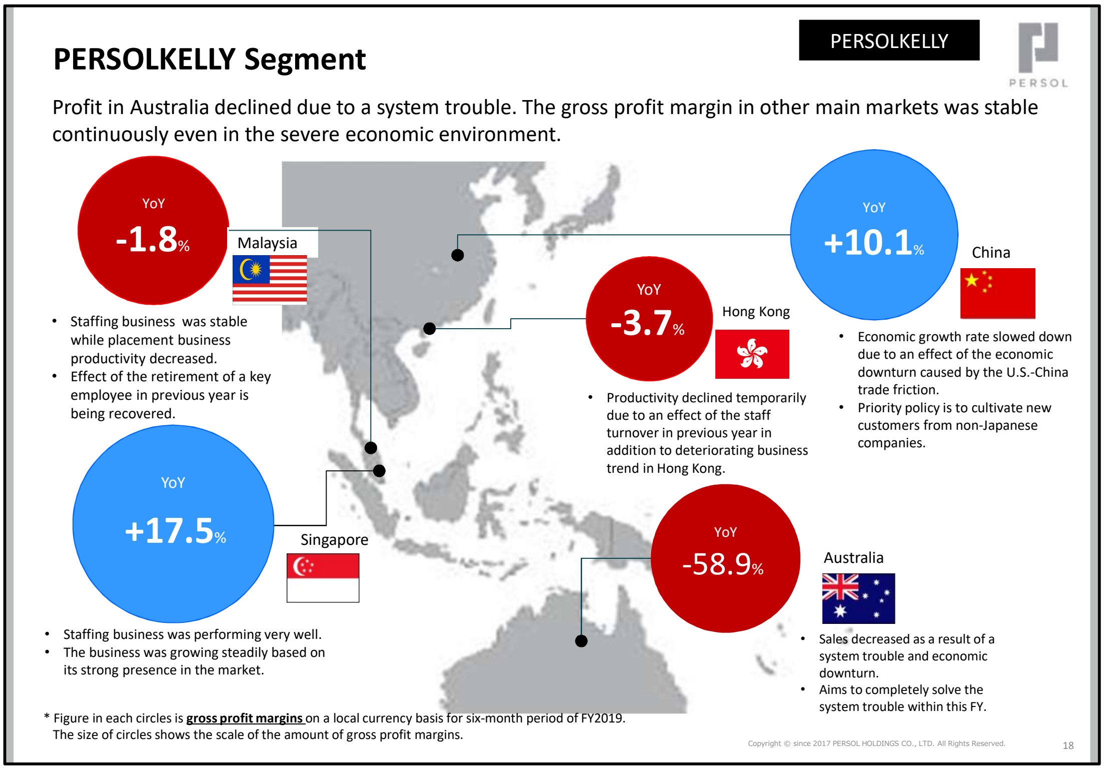


The next topic is the status of each business of the PROGRAMMED segment.

For the Maintenance business, while the facility management business has shown a high growth of 18% for the 1st Half, the Property Service business, which is a founding business, is struggling due to the bad weather as one of the reasons. Even so, since this business has many long-term contract agreements with public facilities, this business has a stable profit structure. Therefore, we believe this business will continuously grow in the future also.

For the Staffing business, due to the stagnant economy in Australia, restructuring is necessary urgently. Under the new management team, in addition to the cost cutting, we are planning to restructure the business strategy towards the expansion of the small to medium scale customer layer. We will make our utmost effort to create a synergy effect with the PERSOLKELLY segment as soon as possible.

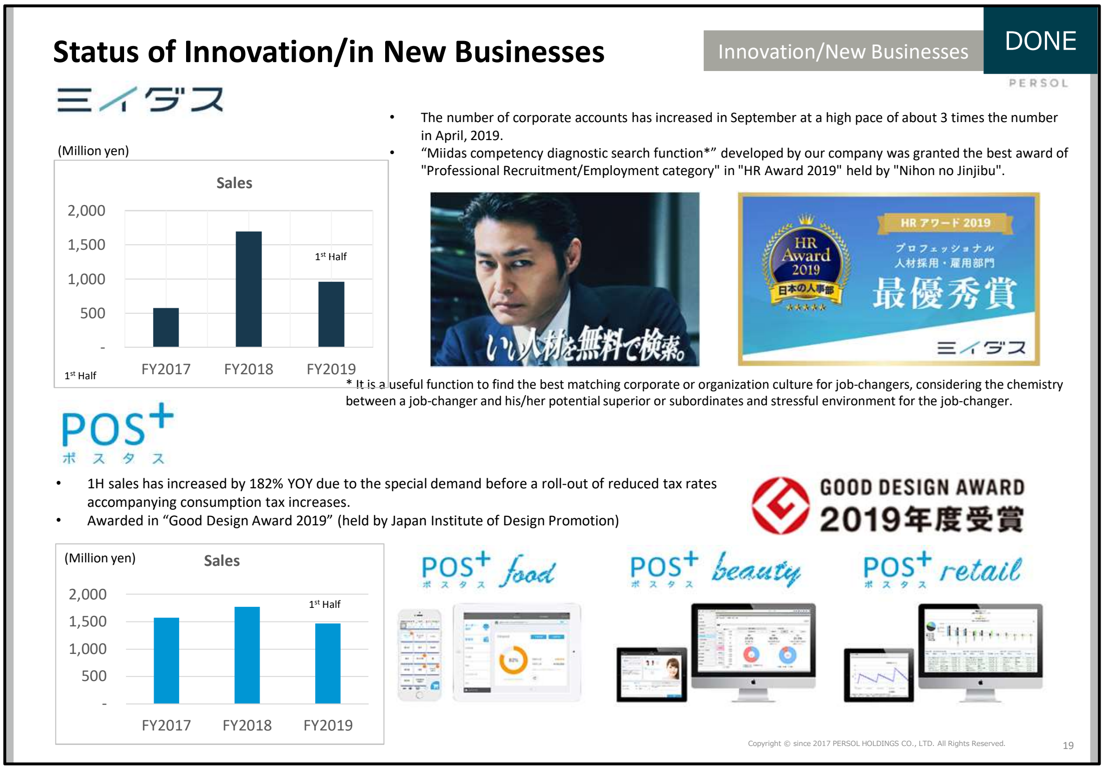
By establishing a new management infrastructure in the 2nd Half, we are planning to tackle the issue with a full force through the closer communication between the Head Office in Tokyo and the local office for steady profit creation.



The next topic is the status of the PERSOLKELLY segment.

This segment achieved a 2-digit sales increase within the core countries except Australia in spite of the impact of the recent trade frictions in some regions. However, the system trouble that occurred in Australia resulted in operating loss. Although the system trouble itself has been dealt with, we need to reorganize the local sales structure urgently and we are currently taking measures for re-growth from the next fiscal year.

In this fiscal year, some amount of loss will be recorded due to the delay of debt recovery and some unrecoverable debt as a result of the system trouble. However, in the next fiscal year, we assume that the business will be nomadized by fixing the system trouble and we will be able to turn this balance into a profitable one.



This topic is the status of new businesses. We are actively promoting investment in new businesses that will become a core part of the next generation.

A direct recruiting “Miidas” is showing a steady growth in sales. Sales of the cloud type mobile POS system “POS+” also are increasing as the special demand prior to the commencement of reduced tax rate involved in the consumption tax increase introduced in October 2019 in Japan. These businesses are growing steadily. Although they are at the investment prospect status, we will contribute to the growth of these businesses even further.

Financial Forecasts for FY2019

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Now, I explain the financial forecasts for this fiscal year.

Consolidated Financial Forecasts

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- We aim to achieve the sales target of 980 billion yen in the Medium-term Management Plan.
- Operating profit forecast is 40.7 billion yen as a result of withdrawal from “an” business and sluggish overseas business. The target in the Medium-term Management Plan became difficult to achieve.
- The net profit attributable to parent company has significantly decreased due to an extraordinary loss.

Full Year (Million yen)	FY2018 Actual	FY2019 Previous Forecasts in August 2019	FY2019 Present Forecasts	Objective in Medium-term Management Plan
Sales	925,818	990,000	**980,000**	**980,000**
Operating profit	44,111	43,000	**40,700**	**48,000**
EBITDA	59,972	61,000	**58,000**	**66,000**
Net profit attributable to parent company	24,361	21,700	**5,500**	–
Adjusted EPS (yen)	150.26	143.71	**141.06**	–

- Based of the background of rapidly shrinking workforce, there is strong needs of hiring from clients. However, there is also an emerging trend of postponing new hiring in some industries in the changing external environment such as increasing uncertainties in the world economy.
- In Japan, business has secured stable profits mainly in the Temporary staffing/BOP segment while orders from manufacturing and automobile industries are on the decline due to the effects of the trade friction and foreign currency fluctuations.
- Operating profit of overseas businesses is expected to decline because PROGRAMMED was affected by the sluggish Australian economy and PERSOLKELLLY faced the system trouble.
- Extraordinary loss will be recorded in relation to the Staffing business and the Marine business-related assets of PROGRAMMED, in addition to withdrawal from “an” business.

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Today, the financial forecasts were revised downwards.

Up to the previous fiscal year, we achieved both increases of sales and profits continuously and we expected to have the same condition for this year also. Subsequently, the financial forecasts was revised downwards in August 2019 as a result of our decision on discontinuation of the “an” business. At that time, the forecasts of the existing business except the segments related to “an” business were not changed. This time, we reviewed the financial forecasts again and decided to revise the full-year forecasts downwards.

For the business in Japan, while stable profits have been secured mainly from the Temporary staffing/BPO and the Recruiting segments, the sense of deceleration is surfacing mainly in the manufacturing sector and automobile manufacturers due to the unsettled external environment including uncertainty in the prospect of the world economy such as the trade frictions between the USA and China.

For the overseas business, both sales and operating profit were revised downwards due to the system trouble in Australia in the PERSOLKELLY segment and sluggish results of the Staffing business in the PROGRAMMED segment. Also, impairment losses of PROGRAMMED in the 1st Half recorded and the net profit for FY2019 will be significantly lower than the previous forecasts.

This fiscal year is the final year of the 3-year medium term business plan. However, the consolidated operating profit will not reach the initial target of 48 billion yen regrettably. Towards a new medium term business plan to be announced in the spring of next year, we will make our efforts towards grasping the current condition and planning strategies to expand our business in the future.

Business Forecasts By Segment (FY2019 ending March 2020)

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Unit: Billion yen	Sales: Previous forecasts *	Sales: Present forecasts/change	Operating profit: Previous forecasts*	Operating profit: Present forecasts/change	Cause
Temporary staffing/BPO	549.0	552.0 +3.0	26.5	27.5 +1.0	・Both sales and operating profit were better than previous forecasts based on the steady sales increase and improved unit prices.
Recruiting	89.0	84.0 -5.0	13.4	13.6 +0.2	・Sales growth rate of placement business is expected to decrease to around 10%. Operating profit will be up due to cost reduction.
PROGRAMMED	204.0	192.0 -12.0	1.0	0.0 -1.0	・Blue collar Staffing business sales will decline due to slowdown of Australian economy and depreciation of Australian dollar. ・Amortization costs will decrease by 0.7 billion yen in 2H due to a goodwill impairment loss.
PERSOLKELLY	84.0	85.0 +1.0	1.0	-0.8 -1.8	・Sales will increase in regions other than Australia despite an effect of slowdown of Chinese economy. ・Increased cost to deal with the system trouble in Australia leads to operating loss.
ITO	41.5	41.5 ±0.0	2.2	2.2 ±0.0	・IT investments of client companies continue to be strong and both sales and operating profit targets will be achieved
Engineering	31.0	29.8 -1.2	3.0	2.1 -0.9	・Due to an effect of macro environment such as trade frictions, decreased orders from main clients will make sales and profit down.

*Previous forecasts announced in August 2019

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Now, I discuss the general condition of the full-year forecasts for each segment.

The Temporary staffing/BPO segment is progressing steadily. Consequently, the forecast of the operating profit throughout the year is revised upwards from the previous forecast by 1 billion yen.

For Recruiting segment, compared to the previous forecast, the sales forecast is down by 5 billion yen due to slow growth rate of the placement business. Based on the examination of the cost, the operating profit is expected to increase by 0.2 billion yen.

For PROGRAMMED segment, while there is a significant deterioration of profitability mainly in the Staffing business, a decrease of goodwill depreciation of 0.7 billion yen in the 2nd Half is expected as the reaction to the impairment loss in the 1st Half. As a result, we revise the profit forecast from 1 billion yen to zero.

For PERSOLKELLY segment, due to the significant loss in the business in Australia as well as the impact of the current unsteady business conditions in Hong Kong and China, operating loss of 0.8 billion yen is expected.

For ITO segment, although the result did not reach the target in the 1st Half, we expect that it will reach the target within the full year.

Finally, for Engineering segment, due to the end of the project for the highly profitable customer, the profit forecast throughout the year is down by 0.9 billion yen from the previous forecast to 2.1 billion yen.

Interim Dividend and Year-end Dividend (Plan)

Our company's dividend policy is to continue return to shareholders by stable dividend payment and we plan to provide an annual dividend of 30 yen per share as announced in May 2019, even though the net profit attributable to parent company will decrease because of extraordinary loss that is noncash expense.

	Fiscal Year ended March 2019		Fiscal Year ending March 2020	
	Interim	Year-end	Interim	Year-end (Plan)
Dividend amount per share	10 yen	15 yen	15 yen	15 yen

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Finally, I discuss the dividend.

The net profit of this fiscal year is significantly lower than that of the previous fiscal year because of extraordinary losses. However, as this is regarded as a temporary cost, we decided to pay 15 yen per share as an interim dividend as announced in May. At the moment, we will pay 15 yen per share as the year-end dividend as planned.

This is all I would like to share with you. Thank you very much for your kind understanding and continued support.

Reference

Directors Structure (As of October 1, 2019)

・Board Members	・Executive Officers
Representative Director, President and CEO Masamichi Mizuta	Executive Officer (Governance, Risk management, Compliance Officer) Daisuke Hayashi
Director, Deputy President and COO (Group Function Control Officer) Hirotoshi Takahashi	Executive Officer (Corporate Strategy Officer, Chief Human Resources Officer) Hirotaka Mino
Director, Senior Executive Officer (Sales Strategy Officer, Temporary Staffing/BPO Segment Lead) Takao Wada	Executive Officer (Recruiting Segment Lead) Taro Mineo
Director, Executive Officer (Chief Financial Officer) Kiyoshi Seki	Executive Officer (PROGRAMMED Segment Lead, PERSOLKELLY Segment Lead) Takayuki Yamazaki
External Director Ryosuke Tamakoshi	Executive Officer (ITO Segment Lead) Koichi Yokomichi
Director (Member of Audit and Supervisory Committee) Hiroshi Shimazaki	Executive Officer (Engineering Segment Lead) Mikio Miyamura
Director (Member of Audit and Supervisory Committee) Toshihiro Ozawa	Executive Officer (Temporary Staffing/BPO Segment, PERSOL Panasonic Group Business Officer) Kazunari Kimura
External Director (Member of Audit and Supervisory Committee) Naoshige Shindo	Executive Officer (Temporary Staffing/BPO Segment, BPO Business Officer) Toshiyuki Takakura
External Director (Member of Audit and Supervisory Committee) Naohiro Nishiguchi	Executive Officer (Temporary Staffing/BPO Segment, Temporary Staffing Services Innovation Officer) Shinji Masaki
External Director (Member of Audit and Supervisory Committee) Chisa Enomoto	Executive Officer (Recruiting Segment, Works Business Officer, Permanent Job Board Business Officer) Yu Senoo

* Mr. Peter W. Quigley has retired from his position as external director of PERSOL HOLDINGS at the end of September 2019.

Disclaimer

Results forecasts etc. used in this material contain forward-looking statements which are based on a certain number of assumptions the Company deems rational, and the information at hand as of November 13, 2019 which are not meant in any way by the Company to be assurances that plans 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.

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