

Supplementary Information on the
Consolidated Financial Results for
the Fiscal Year Ended in March
2020 (FY2019)
-Quarter Results by Segments

PERSOL HOLDINGS CO., LTD.
May 15, 2020

FY2019 Financial Results by Segments

- Consolidated sales was JPY 970.5 billion, increased by 4.8% from previous fiscal year.
- Consolidated operating profit was JPY 39.0 billion, down by 11.4% from FY2018 mainly due to business termination of part-time job board media “an”, and the system trouble occurred in PersolKelly Australia.

(million yen)	FY2018		FY2019		YoY	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Consolidated	925,818	44,111	970,572	39,085	4.8%	-11.4%
Temporary Staffing/BPO	509,538	23,991	548,134	25,555	7.6%	6.5%
Recruiting	85,826	15,555	83,449	13,268	-2.8%	-14.7%
PROGRAMMED	201,476	841	188,956	194	-6.2%	-76.9%
PERSOLKELLY	76,106	548	84,284	-602	10.7%	-
ITO	33,644	1,702	41,182	1,711	22.4%	0.5%
Engineering	29,357	2,762	29,493	2,312	0.5%	-16.3%
Other	5,751	-558	14,328	-1,489	149.1%	-
Adjustments	-15,883	-732	-19,257	-1,865	-	-

Consolidated Quarterly Results

- Consolidated sales in Q4 of FY2019 was record-high among each quarter in the past; however, operating profit lowered the result in the same quarter of previous year.
- Quarterly net profit was JPY 8.2 billion surpassed the same quarter of the previous year due to declined amount of corporate tax adjustment by introduction of consolidated tax payment system in FY2020.

FY2018					FY2019			
(million yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	225,929	226,330	232,971	240,586	235,218	243,738	242,204	249,411
YoY(%)	39.6%	39.0%	36.8%	5.9%	4.1%	7.7%	4.0%	3.7%
Operating profit	11,530	8,922	11,620	12,036	10,057	10,058	8,287	10,681
OP Margin(%)	5.1%	3.9%	5.0%	5.0%	4.3%	4.1%	3.4%	4.3%
EBITDA	15,401	12,795	15,533	16,242	14,416	14,532	12,410	14,997
EBITDA Margin(%)	6.8%	5.7%	6.7%	6.8%	6.1%	6.0%	5.1%	6.0%
Net profit※	6,631	5,355	6,750	5,622	5,466	-10,643	4,522	8,266

※Net profit attributable to owners of parent company

Temporary Staffing/BPO Segment

- FY2019 Q4: Both quarterly sales and profit grew by the increased number of active temporary workers and an additional operating day from the same quarter of previous year.

	FY2018				FY2019			
(million yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	124,940	123,568	129,927	131,103	131,429	135,457	140,693	140,553
YoY(%)	6.4%	4.6%	5.0%	7.6%	5.2%	9.6%	8.3%	7.2%
Operating profit	6,897	4,213	6,904	5,976	6,311	5,694	7,111	6,437
OPM(%)	5.5%	3.4%	5.3%	4.6%	4.8%	4.2%	5.1%	4.6%
EBITDA	7,835	5,165	7,849	7,074	7,310	6,717	8,122	7,477
EBITDA Margin(%)	6.3%	4.2%	6.0%	5.4%	5.6%	5.0%	5.8%	5.3%
Working days	62	59	62	57	59	59	61	58

Qualitative analysis on Q4

- Segment sales grew 7.2% from Q4 of FY2018.
 - +1.6% gain from one more working day
 - +9.4% gain from increased number of active temporary workers
 - +1.6% gain from billing rate hike
 - 4.2% loss by shorter working hours (negatively affected by COVID-19)
 - 1.2% loss by other factors (decreased sales from referral)
- Although demand for temporary workers became slightly weaker, the number of dispatched temporary workers increased because staff working period at the same workplace was getting longer.

Recruiting Segment

- FY2019 Q4: In addition to termination of “an” business, shrinking corporate demand for mid-career dragged both sales and profit.

	FY2018				FY2019			
(million yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	20,738	20,303	21,207	23,577	23,549	22,259	18,114	19,526
YoY(%)	13.7%	18.8%	21.9%	17.3%	13.6%	9.6%	-14.6%	-17.2%
Operating profit	4,222	3,337	3,210	4,784	4,703	4,393	1,271	2,900
OPM(%)	20.4%	16.4%	15.1%	20.3%	20.0%	19.7%	7.0%	14.9%
EBITDA	4,915	4,024	3,920	5,521	5,414	5,146	2,047	3,697
EBITDA Margin(%)	23.7%	19.8%	18.5%	23.4%	23.0%	23.1%	11.3%	18.9%

Qualitative analysis on Q4

- Sales of placement business recorded slight decrease due to the effect of economic slowdown. Suspending mid-career hiring activities, the efforts was focused on training staffs including former staff of terminated “an” business. Training was progressing as planned.
- Revenue increased in the perm workers advertising business for reason that new graduates and staff of former “an” business began to contribute to sales.

PROGRAMMED Segment

PROGRAMMED



- FY2019 Q4: Sales decreased due to weaker Australian dollar. Staffing business saw the sign of bottoming out, while Maintenance business was continuously healthy.

	FY2018				FY2019			
(million yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	51,495	50,968	48,866	50,145	46,444	48,160	45,589	48,761
<i>YoY(%)</i>	-	-	-	-8.0%	-9.8%	-5.5%	-6.7%	-2.8%
Operating profit	234	-16	18	604	73	-215	-360	697
<i>OPM(%)</i>	0.5%	0.0%	0.0%	1.2%	0.2%	-0.4%	-0.8%	1.4%
EBITDA	1,752	1,443	1,463	2,061	1,893	1,570	980	2,091
<i>EBITDA Margin(%)</i>	3.4%	2.8%	3.0%	4.1%	4.1%	3.3%	2.1%	4.3%
<i>AU GDP growth (%)</i>	3.2%	3.4%	2.6%	2.2%	1.7%	1.4%	1.7%	2.2%
JPY/AUD	85.2	83.8	83.1	82.6	78.5	77.7	76.3	75.8

Qualitative analysis on Q4

- Sales decreased by 2.8% due to weaker Australian dollar (overall sales was up 6.4%; Staffing business was up 0.2% and Maintenance business was up 13.3% on a local currency basis).
- Staffing business: In October 2019, newly appointed CEO took strong leadership for turnaround. Increasing inquiries for temp staff supported by growing GDP, sales recovered at the level of previous Q4
- In the Maintenance business, Facility Management in particular was continuously robust, contributing to the business growth by 17.5%.

PERSOLKELLY Segment

PERSOLKELLY



- FY2019 Q4: Staffing business grew steadily under the increased pressure of economic slowdown. As for operating profit/loss, operating loss was recorded because uncollected accounts receivable arising in connection with the system trouble in Australia was booked as costs.

	FY2018				FY2019			
(million yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	17,254	18,867	19,372	20,611	20,568	21,423	20,650	21,642
YoY(%)	10.7%	16.4%	16.3%	19.0%	19.2%	13.5%	6.6%	5.0%
Operating profit	-76	433	290	-98	-230	88	-214	-245
OPM(%)	-0.4%	2.3%	1.5%	-0.5%	-1.1%	0.4%	-1.0%	-1.1%
EBITDA	106	614	479	148	-19	297	-20	-30
EBITDA Margin(%)	0.6%	3.3%	2.5%	0.7%	-0.1%	1.4%	-0.1%	-0.1%

Qualitative analysis on Q4

- Sales in Singapore that accounts for about 30% of total sales achieved double-digit growth. Australian operations experienced more than 20% of decrease in number of active temporary workers albeit the closing of the system failure. China, its mainstay placement business remained at low level influenced by the trade friction.
- Operating profit was significantly reduced due to the factors including increased reserve for business in Australia.
- In March 2019, Australian PERSOLKELLY has been integrated into PROGRAMMED. This will strengthen PROGRAMMED white-collar temp business.

ITO Segment

ITO



- FY2019 Q4: Achieved growth both in sales and profit as a result of enhanced technical capacity by hiring technicians and engineers supported by strong demand for IT outsourcing.

	FY2018				FY2019			
(million yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	7,181	8,191	8,496	9,775	8,986	10,292	10,420	11,484
YoY(%)	16.2%	11.5%	13.7%	22.4%	25.1%	25.7%	22.6%	17.5%
Operating profit	-65	521	388	857	-345	467	538	1,050
OPM(%)	-0.9%	6.4%	4.6%	8.8%	-3.8%	4.5%	5.2%	9.1%
EBITDA	103	712	615	1,059	-96	720	836	1,369
EBITDA Margin(%)	1.4%	8.7%	7.2%	10.8%	-1.1%	7.0%	8.0%	11.9%

Qualitative analysis on Q4

- Demand from major clients or public sectors including consortium projects was very strong, however; quarterly sales growth rate, 17.5%, was weaker than previous quarter due to lower margin projects and other enterprise projects and to weaker-than-expected orders obtained.
- Quarterly profit surpassed the results in the same quarter of previous year thanks to the completion of outsourcing projects.
- ICT outsourcing business is expected stable demand not affected by COVID-19, on-site staffs are able to work for this business. On the other hand, system solution business will be a subject of constraints by COVID-19.

Engineering Segment

Engineering



- FY2019 Q4: Sales were secured by switching into dispatching temp workers from project outsourcing. Operating profit increased from the same period of the previous year and from the 3rd quarter period.

	FY2018				FY2019			
(million yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	6,439	7,211	7,720	7,986	6,373	7,435	7,378	8,306
YoY(%)	1.1%	7.7%	8.9%	4.5%	-1.0%	3.1%	-4.4%	4.0%
Operating profit	146	732	938	945	11	658	584	1,058
OPM(%)	2.3%	10.2%	12.2%	11.8%	0.2%	8.9%	7.9%	12.7%
EBITDA	288	885	1,092	1,100	113	767	694	1,180
EBITDA Margin(%)	4.5%	12.3%	14.1%	13.8%	1.8%	10.3%	9.4%	14.2%

Qualitative analysis on Q4

- Overall demand for manufacturing projects was diminishing. The number of dispatching temps were increasing as a result of existing clients contacts and new client acquisition activities. Sales for Q4 increased by many outsourced projects were accepted.
- Operating profit increased due to the impact of increased sales after acceptances.

Other

- FY2019 Q4: Innovation business extended its sales including new business “MIIDAS” (job opportunities matching service).

	FY2018				FY2019			
(million yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	1,418	1,199	1,600	1,531	2,486	3,545	4,144	4,151
YoY(%)	51.6%	15.3%	39.6%	25.9%	75.2%	195.5%	158.9%	171.1%
Operating profit	84	-206	-52	-383	-196	-410	-255	-626
OPM(%)	5.9%	-17.2%	-3.3%	-25.1%	-7.9%	-11.6%	-6.2%	-15.1%
EBITDA	101	-186	-31	-360	-142	-275	-88	-464
EBITDA Margin(%)	7.2%	-15.6%	-2.0%	-23.5%	-5.8%	-7.8%	-2.1%	-11.2%

Qualitative analysis on Q4

- Revenue increased for reason of growth in “MIIDAS” in investment sector and innovation business that makes investments in new businesses.
- Continued proactive hiring talents for sales expansion to scale.

Adjustments (Corporate and reconciliation)

- FY2019 Q4 : Although intra-company transactions and investment in new business were increased, sales deficit was reduced as a result of cost control including advertising expenses.

	FY2018				FY2019			
(million yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	-3,539	-3,980	-4,220	-4,143	-4,619	-4,836	-4,787	-5,014
<i>YoY(%)</i>	-	-	-	-	-	-	-	-
Operating profit	87	-93	-77	-648	-268	-617	-388	-590
<i>OPM(%)</i>	-	-	-	-	-	-	-	-
EBITDA	297	137	143	-364	-56	-411	-161	-323
<i>EBITDA Margin(%)</i>	-	-	-	-	-	-	-	-

Qualitative analysis on Q4

- As the business expanded, elimination of intra-company transactions increased, including intra-segment transactions and corporate management fee.

Financial Forecast (Sales) by SBU for the Three months ending June 30

(million yen)	FY2019	FY2020 (Forecast)		YoY(%)		
Consolidated sales	235,218	216,100 ~	223,700	-8.1% ~	-4.9%	
Staffing	122,189	114,200 ~	119,200	-6.5% ~	-2.4%	
Career	23,549	14,000 ~	15,000	-40.5% ~	-36.3%	
Professional Outsourcing	24,008	24,700 ~	25,700	2.9% ~	7.0%	
Solution*	1,351	700 ~	1,100	-48.2% ~	-18.6%	
APAC	67,012	65,000		-3.0%		
Other	1,731	2,500 ~	2,700	44.4% ~	56.0%	
Adjustments	-4,624	-5,000		-		

*MIIDAS Co., Ltd., one of Solution SBU, will apply the principle method for revenue recognition from the fiscal year ending March 2021, considering the materiality (impact: approx. JPY -700 million)

Financial Forecast (Operating profit) by SBU for the Three months ending June 30

(million yen)	FY2019	FY2020 (Forecast)		YoY(%)		
Consolidated OP	10,057	1,500 ~	3,000	-85.1%	~	-70.2%
Staffing	5,823	4,260 ~	4,760	-26.8%	~	-18.3%
Career	4,703	100 ~	500	-97.9%	~	-89.4%
Professional Outsourcing	271	-640 ~	-540		-	
Solution*	-299	-1,670 ~	-1,470		-	
APAC	-156		-90		-	
Other	-3	-550 ~	-500		-	
Adjustments	-281	90 ~	340		-	

*MIIDAS Co., Ltd., one of Solution SBU, will apply the principle method for revenue recognition from the fiscal year ending March 2021, considering the materiality (impact: approx. JPY -600 million)

Financial Forecast (EBITDA) by SBU for the Three months ending June 30

million yen)	FY2019	FY2020 Forecast		YoY(%)		
Consolidated EBITDA	14,416	5,400 ~	6,900	-62.5% ~	-52.1%	
Staffing	6,765	5,500 ~	6,000	-18.7% ~	-11.3%	
Career	5,414	850 ~	1,250	-84.3% ~	-76.9%	
Professional Outsourcing	677	-510 ~	-410	-	-	
Solution*	-248	-1,550 ~	-1,350	-	-	
APAC	1,874	1,280		-31.7%		
Other	0	-450 ~	-400	-	-	
Adjustments	-66	280 ~	530	-	-	

*MIIDAS Co., Ltd., one of Solution SBU, will apply the principle method for revenue recognition from the fiscal year ending March 2021, considering the materiality (impact: approx. JPY -600 million)

Quarterly Results by SBU (Pro-forma)

(million yen)	2019/3					2020/3				
	1Q	2Q	3Q	4Q	通期	1Q	2Q	3Q	4Q	通期
Consolidated Sales	225,929	226,330	232,971	240,586	925,818	235,218	243,738	242,204	249,411	970,572
Staffing	115,846	114,706	120,592	122,101	473,247	122,189	126,130	130,986	130,871	510,177
Career	20,738	20,303	21,207	23,577	85,826	23,549	22,259	18,114	19,526	83,449
Professional Outsourcing	22,188	23,810	25,056	26,194	97,250	24,008	26,126	26,850	28,842	105,826
Solution	430	372	487	478	1,769	1,351	1,837	1,856	1,967	7,012
APAC	68,750	69,836	68,239	70,756	277,582	67,012	69,584	66,240	70,403	273,241
Other	1,418	1,199	1,600	1,531	5,750	1,731	2,585	2,989	2,803	10,111
Adjustments	-3,444	-3,898	-4,212	-4,054	-15,609	-4,624	-4,785	-4,833	-5,003	-19,246
Consolidated OP	11,531	8,921	11,620	12,036	44,111	10,057	10,058	8,287	10,681	39,085
Staffing	6,292	3,686	6,114	5,343	21,438	5,823	5,333	6,806	5,905	23,869
Career	4,223	3,337	3,210	4,784	15,555	4,703	4,393	1,271	2,900	13,268
Professional Outsourcing	588	1,778	2,108	2,440	6,916	271	1,449	1,519	3,070	6,310
Solution	96	0	-18	-114	-37	-299	-175	-376	-768	-1,619
APAC	158	417	308	505	1,390	-156	-126	-575	451	-408
Other	84	-206	2	-273	-392	-3	-202	54	-275	-427
Adjustments	89	-91	-106	-649	-758	-281	-612	-413	-602	-1,909

Quarterly Results by SBU (Pro-forma)

(million yen)	2019/3					2020/3				
	1Q	2Q	3Q	4Q	通期	1Q	2Q	3Q	4Q	通期
Consolidated EBITDA	15,402	12,794	15,533	16,242	59,972	14,416	14,532	12,410	14,997	56,356
Staffing	7,171	4,576	6,996	6,334	25,078	6,765	6,298	7,759	6,885	27,709
Career	4,916	4,023	3,920	5,521	18,382	5,414	5,146	2,047	3,697	16,305
Professional Outsourcing	955	2,180	2,551	2,901	8,589	677	1,866	1,982	3,216	7,744
Solution	96	0	-18	-112	-35	-248	-111	-302	-340	-1,003
APAC	1,858	2,058	1,943	2,210	8,070	1,874	1,868	960	2,060	6,763
Other	101	-186	23	-251	-313	0	-131	148	-197	-181
Adjustments	302	142	117	-361	200	-66	-404	-184	-325	-981

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 May 15, 2020 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.