



Telephone Conference Q&A Summary for Acquisition of Programmed Maintenance Services Limited

July 14, 2017 (Fri)
PERSOL HOLDINGS CO., LTD.

Significance of this acquisition:

The solid business foundation of Programmed Maintenance Services Limited (“Programmed”) in Australia and scale/performance will be leveraged as PERSOL aims to become one of the largest integrated HR services group in the Asia Pacific region.

PERSOL Group is expanding its business not only in Japan, but also in the Asia Pacific region as a key strategy to realize the Group vision: "Creating social infrastructure for people and organizations that catalyzes growth and innovation". Australia is the largest market after Japan in the Asia Pacific region and for PERSOL to become one of the largest integrated HR services group in the Asia Pacific region, Australia is an important area.

Programmed possesses a solid business foundation as well as scale/performance that is focused in Australia, and PERSOL believes that Programmed is well able to continue generating stable revenue in the future. In addition, Programmed also possesses know-how in the maintenance sector which PERSOL has yet to advance into so, in future, generation of synergies are thought to be possible when PERSOL starts developing the maintenance business in Japan, South East Asia, and North Asia: locations where PERSOL is already developing its business.

Q&A

Q. How will the funds for the 69.1 billion yen acquisition be raised?

A. All funds for the acquisition are scheduled to be borrowed from banks.

Q. What synergy effects are expected to be derived after the acquisition?

A. Programmed is a blue chip company with the largest market share of the blue-collar temporary staffing business in the Australia/New Zealand region. In 2015, Programmed acquired SKILLED Group, the leading HR services company in Australia, so it is thought that an M&A effect of both companies will emerge in due course. The thinking is that firstly we want



to lock-in this effect. Moreover, later on the thinking is that we want to derive synergies by combining the strengths of PERSOL Group's white-collar temporary staffing business already developed in the Asia Pacific region with the strengths of Programmed's blue-collar temporary staffing business.

Q. Is there a quantitative target for improving EBITDA margin?

A. We would prefer to refrain from responding at this stage while detailed information is being gathered about the status of Programmed so that detailed targets/business plans can be formulated.

Q. Is a capital increase being considered for future M&A opportunities?

A. Funds to acquire Programmed will be raised through bank loans.

Q. Why is Programmed being acquired now?

A. PERSOL has been able to achieve strong performance currently with a focus on its domestic Japanese business. PERSOL's interim business goal is to become one of the largest integrated HR services group in the Asia Pacific region and to achieve this, becoming No.1 in Australia which is a large market similar to Japan is an important step. PERSOL believes that the acquisition is appropriate now as PERSOL's domestic Japanese business is good and there is capacity to invest.

Q. What are the factors behind Programmed's sales growth in the FY ended March 2016 & 2017?

A. The acquisition effect of Skilled's contributions for 6 months is included in the year ended March 2016, and the acquisition effect of Skilled's full year contributions are included in the year ended March 2017.

Q. Will the Programmed PMI progress separately from the current PMI of the Kelly JV underway?

A. The plan is to progress and manage these Post Merger Integrations separately.

Q. What is the macroeconomic situation and competitive situation of the Australian labor market?

A. The view is that while the population of Australia is increasing, the demographic structure is not changing very much, and market growth is stable. As for the competitive situation, Programmed is No. 1 in Australia in the blue-collar temporary staffing sector, and we believe that there is further growth potential in future in the white-collar temporary staffing sector. With the maintenance



business, Programmed has scale and can compete on equal terms with major companies even for large contracts, and is recognized by the market as a top player. The maintenance business is expected to grow steadily in the future.

Q. Will the IFRS implementation timing be postponed due to the Programmed acquisition?

A. The plan is to continue making preparations towards implementing International Financial Reporting Standards.

Q. How will governance be applied to Programmed management?

A. Mr. Toshihiro Ozawa who is a Director of PERSOL and the person responsible for this acquisition will be permanently on-site in Australia to act as Chairman. Consideration is also being made to establish a committee if needed, that endeavors to strengthen communication between Japan and the local Australian stakeholders.