



YUMESHIN HOLDINGS CO.,LTD.

# Financial Results for the Nine Months Ended

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## June 30, 2014

September.2014  
Securities code

**2362**

August 7, 2014 edition

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# Consolidated Financial Overview

# TOPIC

**1. Net sales up 32%**

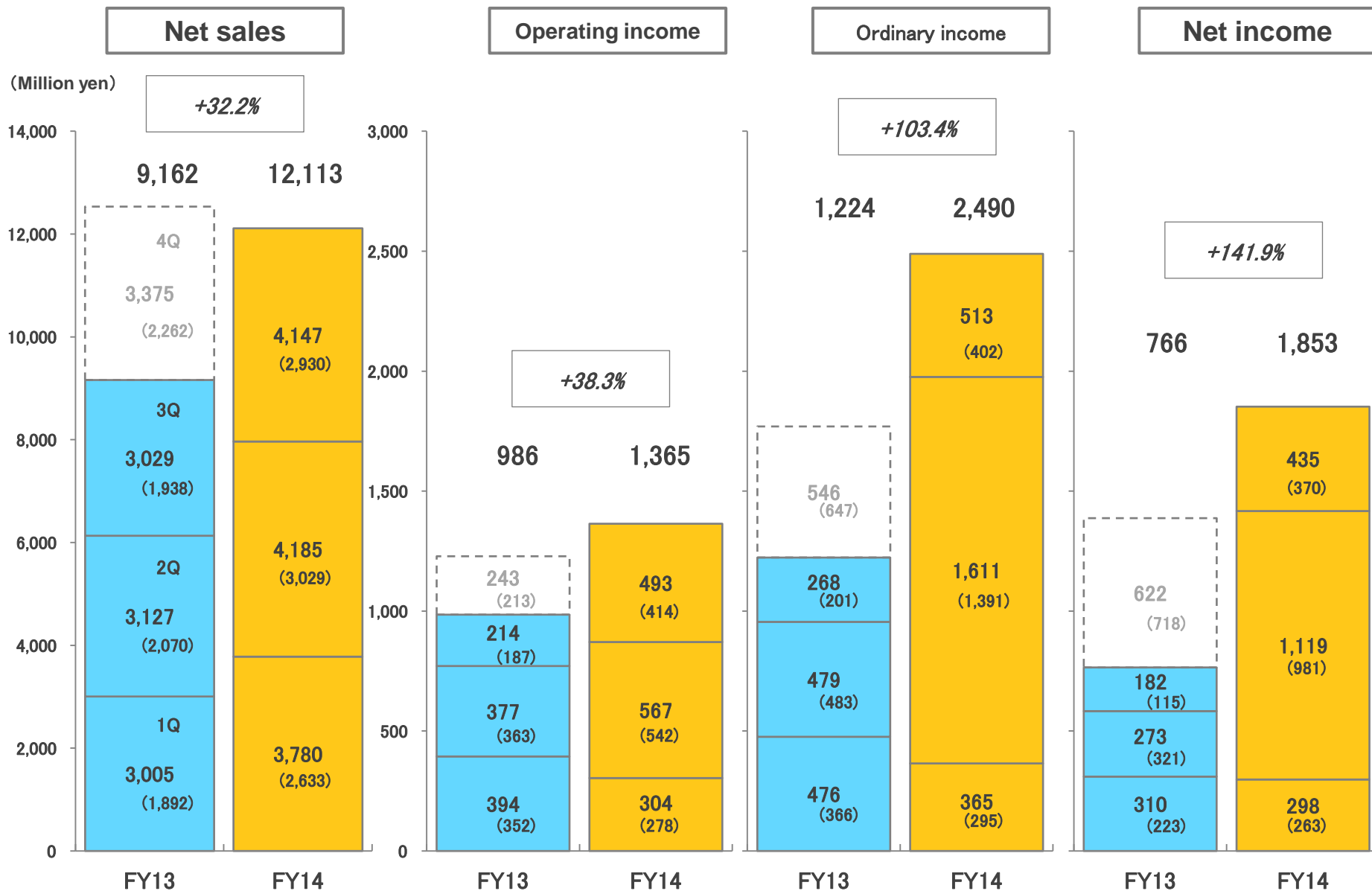
**2. Net income forecast 88%**

\*Compared with minimum range of FY2014 business forecasts

**3. Increase in year-end dividend;  
30 yen per year**

## Consolidated P/L Statement

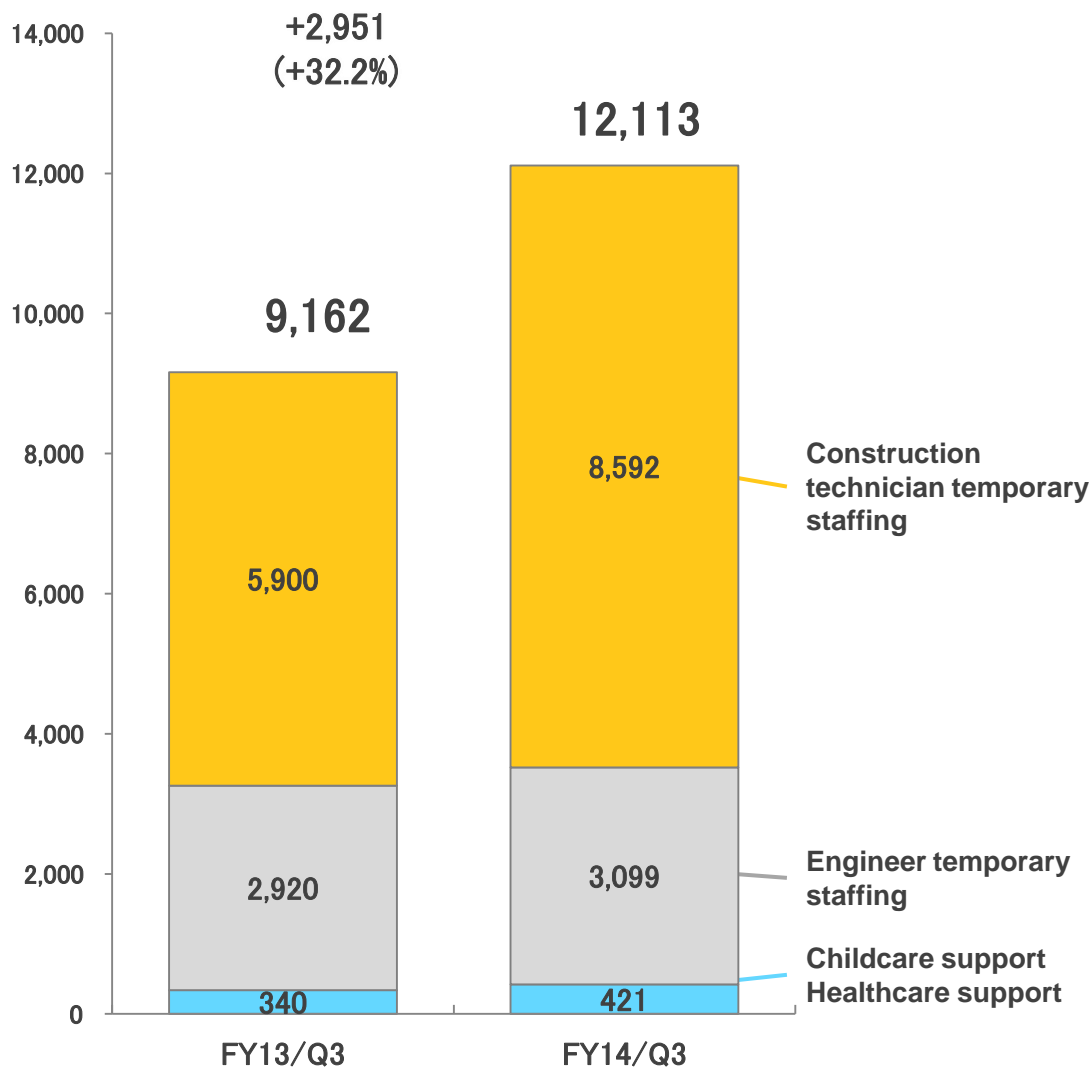
# Consolidated P/L Statement



\*( ) = Construction technician temporary staffing Non-consolidated

# Consolidated P/L Statement (1) Net Sales

(Million yen)



## 【Major factors for increase/decrease】

**Construction technician temporary staffing +2,691million (+45.6%)**

• Sales increase due to increased staff at work

**Engineer temporary staffing +179million (+6.1%)**

• Sales increase due to increased staff at work

**Childcare support Healthcare support +80million (+23.6%)**

• Sales increase due to increase in facility users

\*Please see page 46 for the breakdowns of Childcare support and Healthcare support business results.

# Consolidated P/L Statement (2)

## Selling, General and Administrative Expenses

(Million yen)

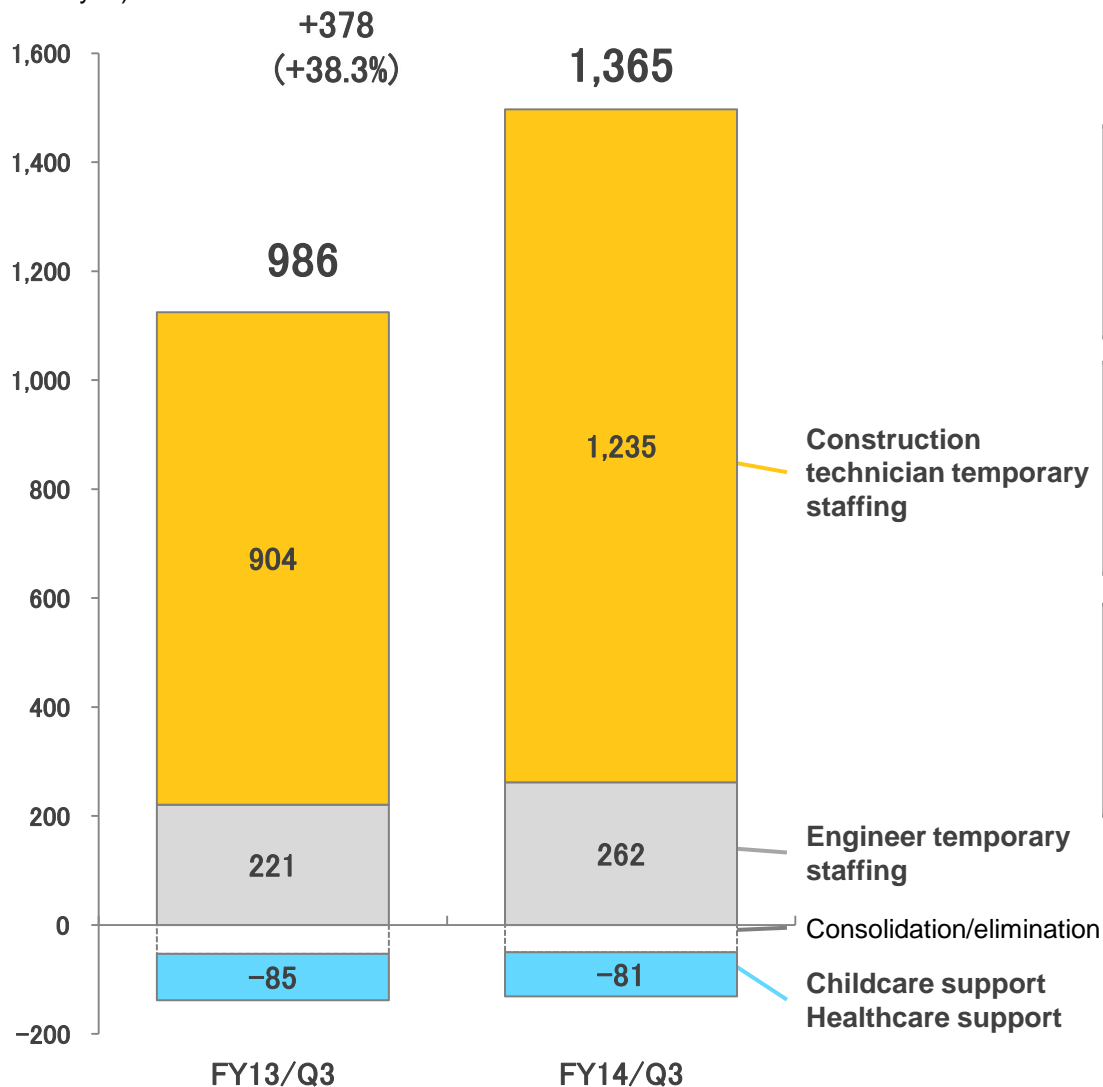
	FY13/Q3	FY14/Q3	Change	Remarks
<b>Cost of sales</b>	6,563	8,713	+2,149	Increased due to increase in engineers
<b>Cost of sales ratio</b>	71.6%	71.9%	+0.3pt.	
<b>Gross profit</b>	2,598	3,400	+801	
<b>Gross profit</b>	28.4%	28.1%	▲0.3pt.	Decreased due to increased new recruits
<b>SG&amp;A expenses</b>	1,611	2,035	+423	
Executive compensation	81	85	+3	
<b>Personnel expenses</b>	823	1,056	+232	Increased due to increase in sales staff
Ad expenses	23	57	+34	Increased due to broadcast of TV commercials
<b>Recruiting cost</b>	109	286	+177	Increased due to increase in recruiting ads
Outsourcing expenses	98	114	+16	
Provision of allowance for doubtful accounts	11	34	+22	
Amortization of goodwill	62	57	▲4	
<b>SG&amp;A expense ratio</b>	17.6%	16.8%	▲0.8pt.	

\* Personnel expenses = Salaries and allowances + Bonuses + Benefit costs + Retirement benefit expenses (except executives)



# Consolidated P/L Statement (3) Operating Income

(Million yen)



## 【Major factors for increase/decrease】

**Construction technician temporary staffing** **+330million**  
(+36.6%)

• Increase in income due to increased staff at work and improvement in unit cost

**Engineer temporary staffing** **+40million**  
(+18.5%)

• Increase in income due to increased staff at work

**Childcare support  
Healthcare support** **+3million**  
(+4.0%)

• Increase in income due to sales increase

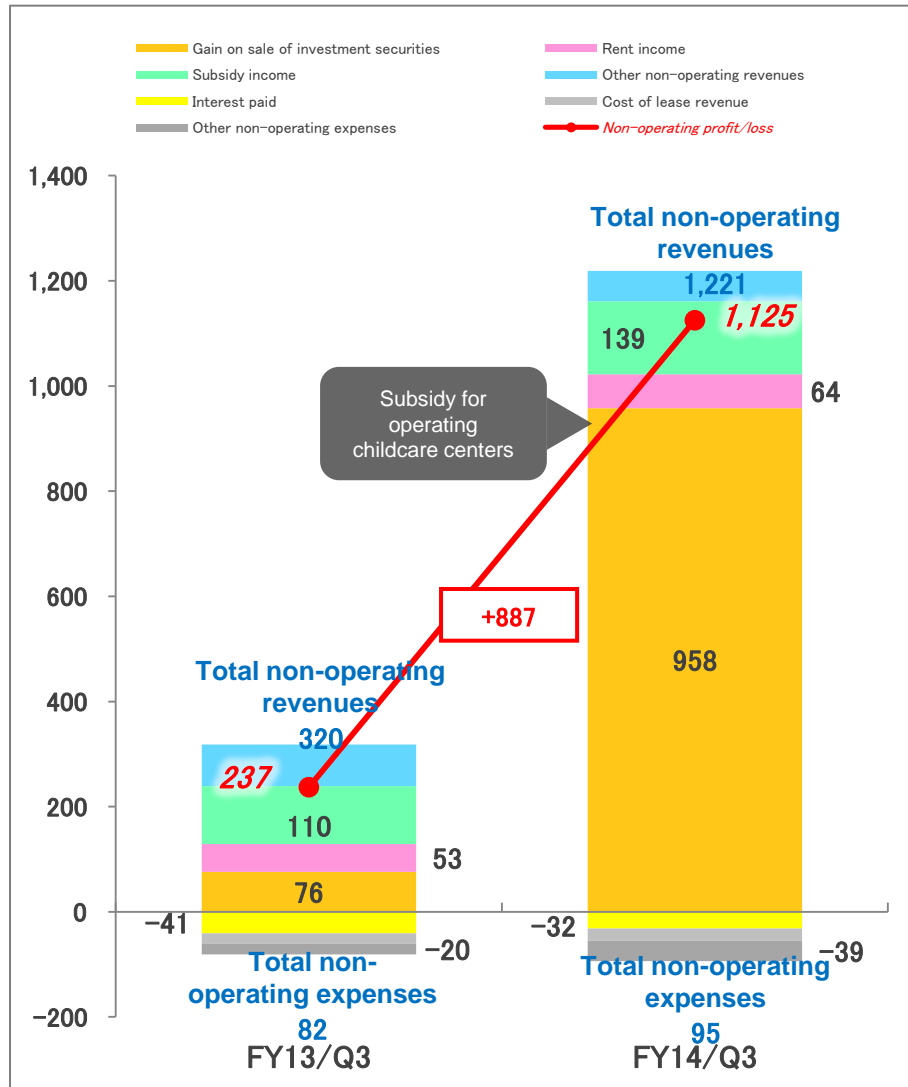
\*Please see page 46 for the breakdowns of Childcare support and Healthcare support business results.

# Consolidated P/L Statement (4)

## Non-operating Profit/Loss and Ordinary Income

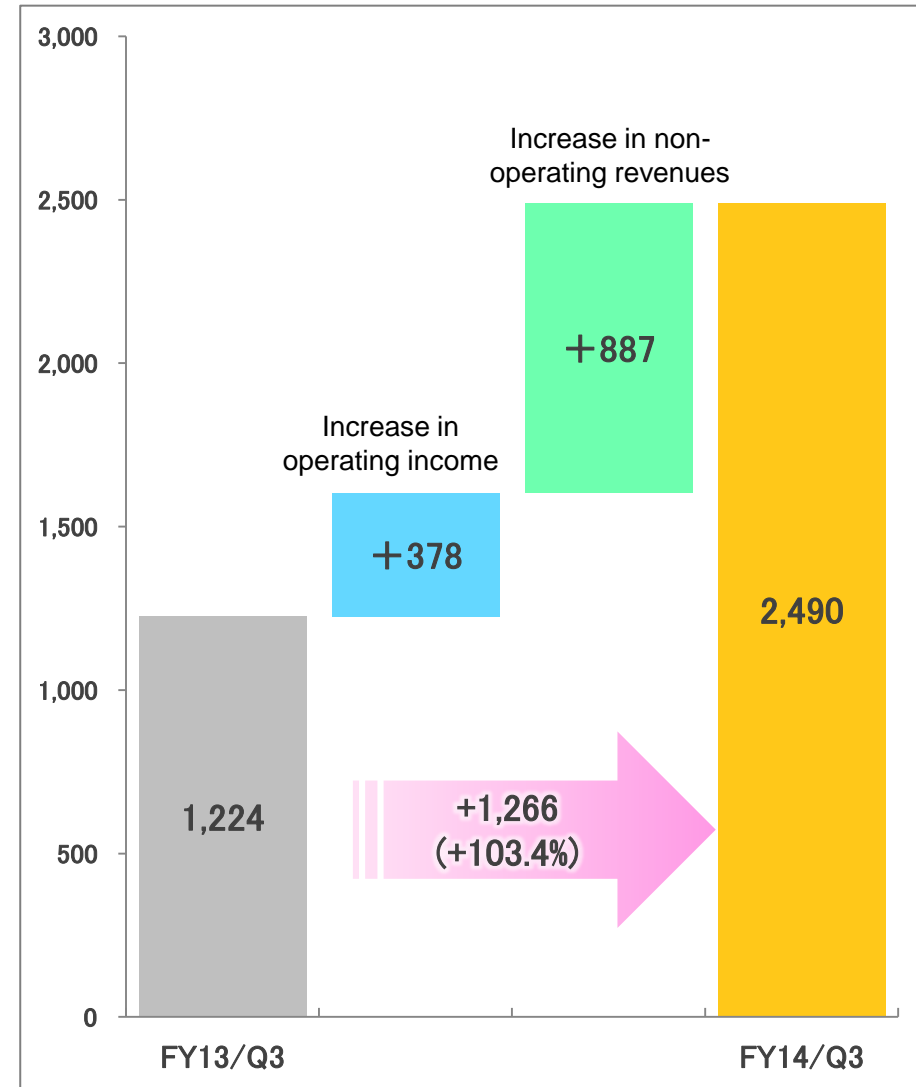
(Million yen)

Non-operating profit/loss



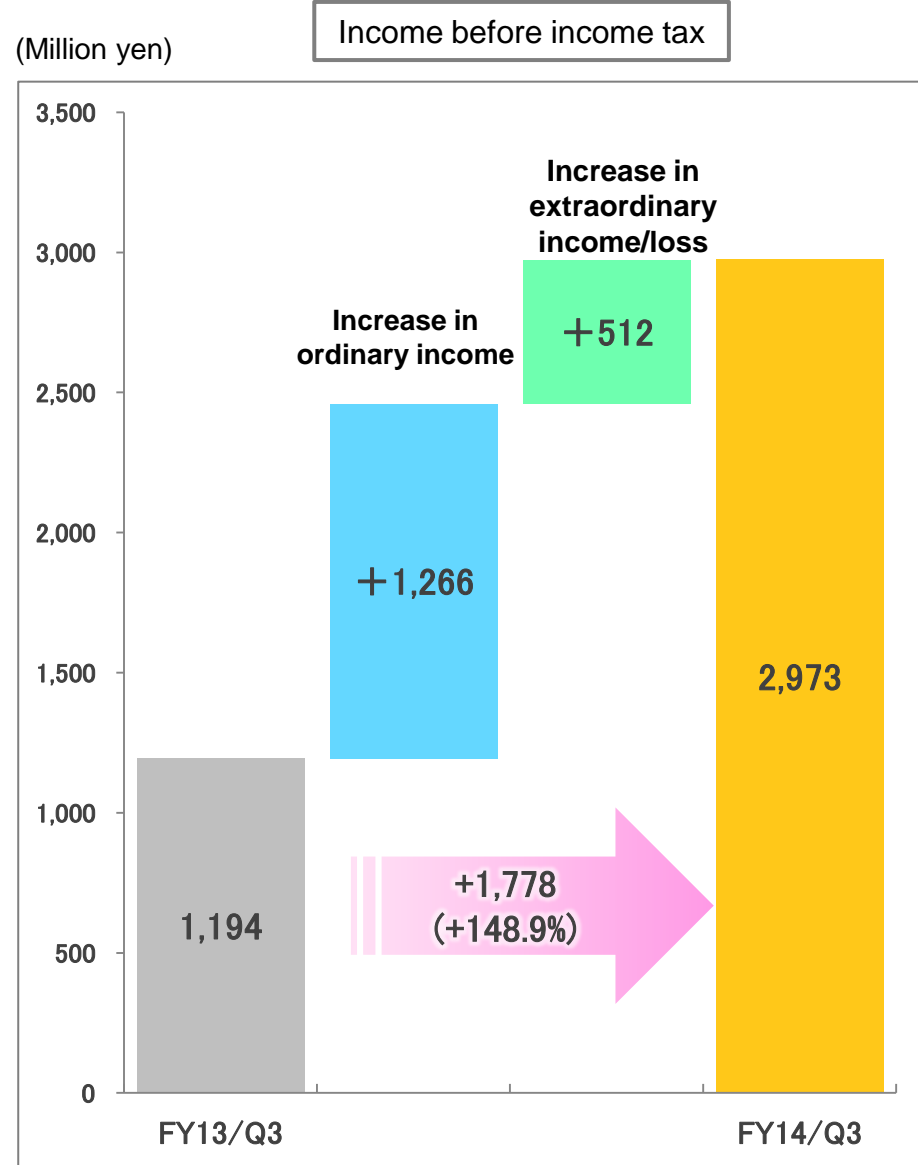
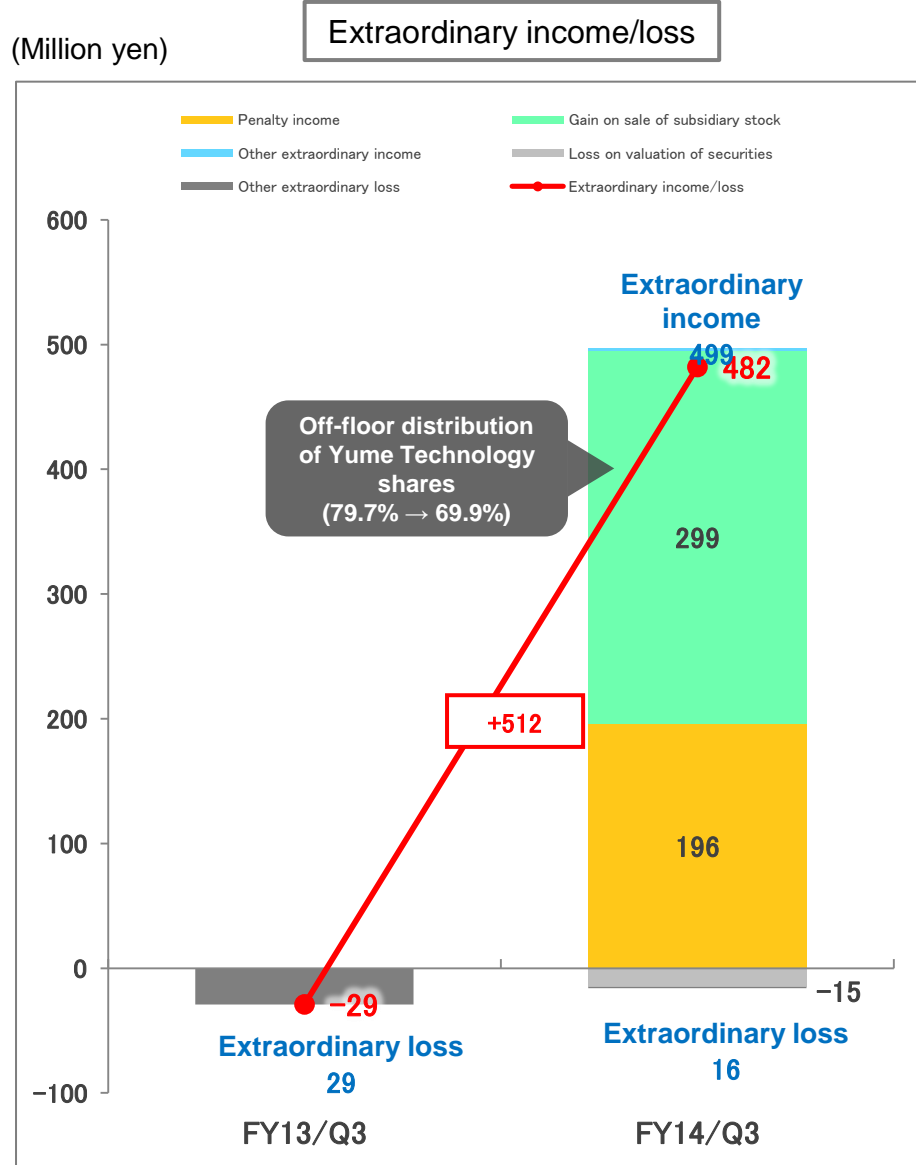
(Million yen)

Ordinary income

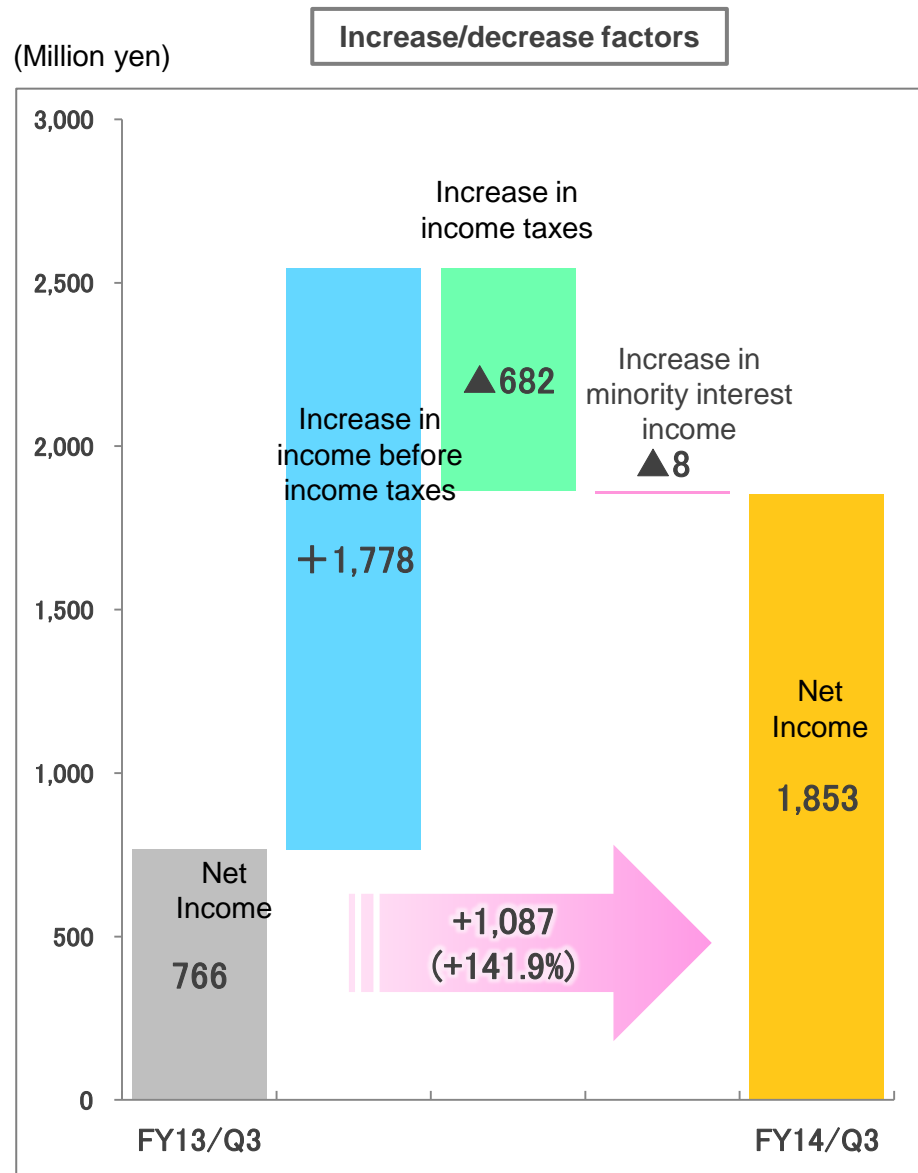
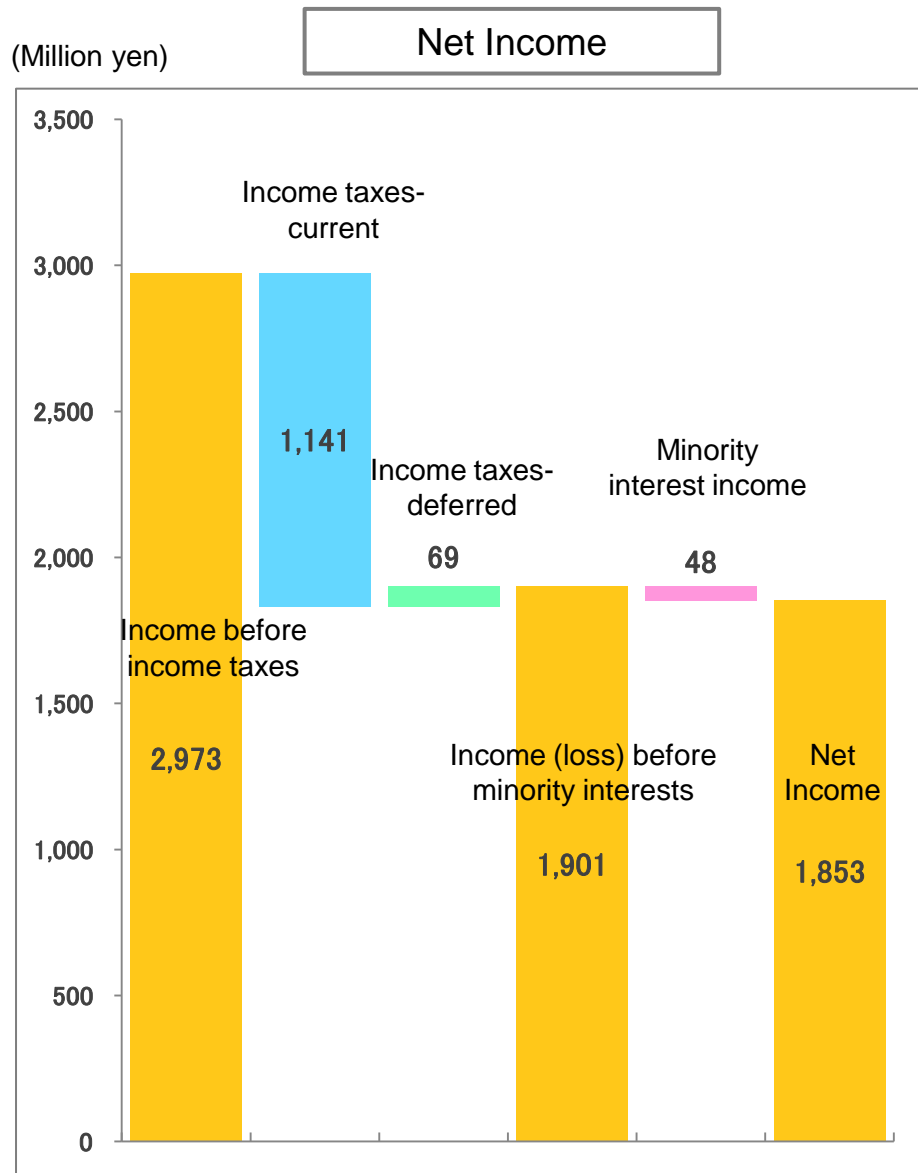


# Consolidated P/L Statement (5)

## Extraordinary Income/Loss and Income Before Income Tax



# Consolidated P/L Statement (6) Net Income



# Summary of Consolidated P/L Statement

(Million yen)

	FY13/Q3	FY14/Q3	Change	Pct. change
Net sales	9,162	<b>12,113</b>	+2,951	32.2%
Gross profit	<i>2,598</i> <i>(28.4%)</i>	<i>3,400</i> <i>(28.1%)</i>	+801	30.9%
SG&A expenses	<i>1,611</i> <i>(17.6%)</i>	<i>2,035</i> <i>(16.8%)</i>	+423	26.3%
Operating income	<b>986</b> <i>(10.8%)</i>	<b>1,365</b> <i>(11.3%)</i>	+378	38.3%
Ordinary income	<b>1,224</b> <i>(13.4%)</i>	<b>2,490</b> <i>(20.6%)</i>	+1,266	103.4%
Net income	<b>766</b> <i>(8.4%)</i>	<b>1,853</b> <i>(15.3%)</i>	+1,087	141.9%

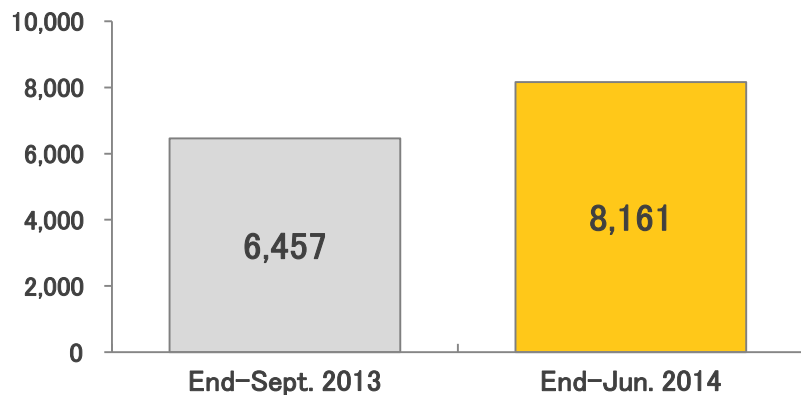
\*() = Percentage of sales

## Consolidated B/S

# Consolidated B/S

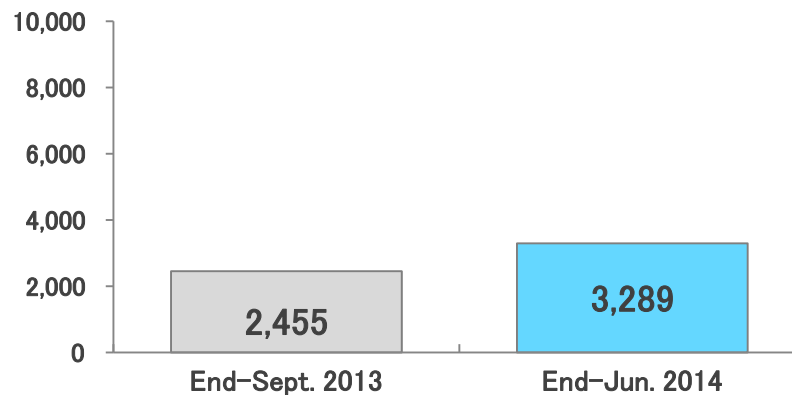
## Current assets

(Million yen)



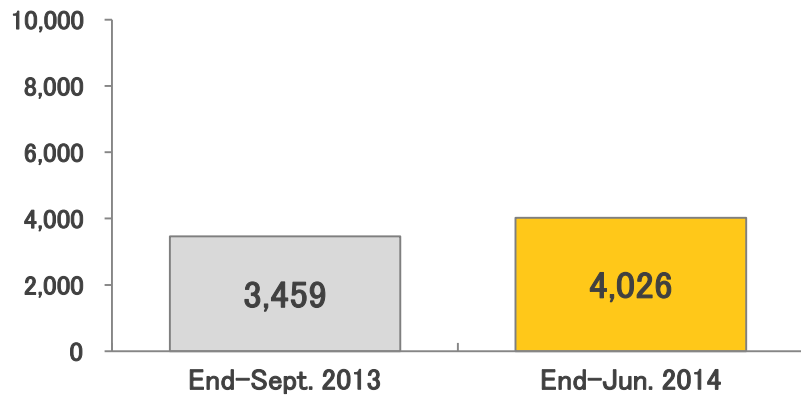
## Current liabilities

(Million yen)



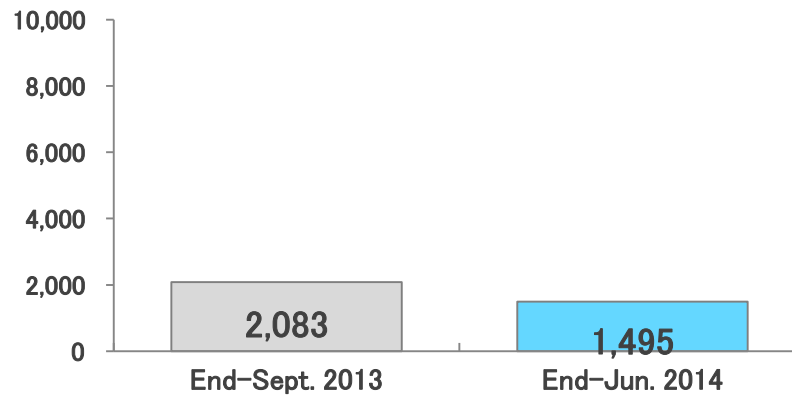
## Fixed assets

(Million yen)



## Fixed liabilities

(Million yen)



# Consolidated B/S (1) Assets

(Million yen)

	End-Sept. 2013	End-Jun. 2014	Change	Remarks
<b>Assets</b>	<b>9,916</b>	<b>12,188</b>	<b>+2,272</b>	
<b>Current assets</b>	<b>6,457</b>	<b>8,161</b>	<b>+1,704</b>	
Cash and deposits	<i>4,245</i>	<i>5,311</i>	<i>+1,065</i>	Increased due to operating activities
Notes and accounts receivable-trade	<i>1,860</i>	<i>2,387</i>	<i>+527</i>	
Securities	<i>16</i>	<i>22</i>	<i>+5</i>	
Deferred tax assets	<i>145</i>	<i>214</i>	<i>+69</i>	
Other	<i>211</i>	<i>274</i>	<i>+62</i>	
Allowance for doubtful accounts	<i>▲22</i>	<i>▲48</i>	<i>▲25</i>	
<b>Fixed assets</b>	<b>3,459</b>	<b>4,026</b>	<b>+567</b>	
<b>Tangible fixed assets</b>	<b>1,465</b>	<b>1,968</b>	<b>+502</b>	
Buildings and structures	<i>823</i>	<i>1,029</i>	<i>+206</i>	
Land	<i>577</i>	<i>863</i>	<i>+285</i>	
Lease asset	<i>46</i>	<i>40</i>	<i>▲5</i>	
<b>Intangible fixed assets</b>	<b>552</b>	<b>435</b>	<b>▲117</b>	
Goodwill	<i>515</i>	<i>409</i>	<i>▲106</i>	Decreased due to regular amortization
Other	<i>37</i>	<i>26</i>	<i>▲10</i>	
<b>Investments and other assets</b>	<b>1,441</b>	<b>1,623</b>	<b>+182</b>	
Investment securities	<i>1,166</i>	<i>1,115</i>	<i>▲51</i>	
Long-term debt	<i>87</i>	<i>85</i>	<i>▲2</i>	
Allowance for doubtful accounts	<i>▲42</i>	<i>▲49</i>	<i>▲7</i>	

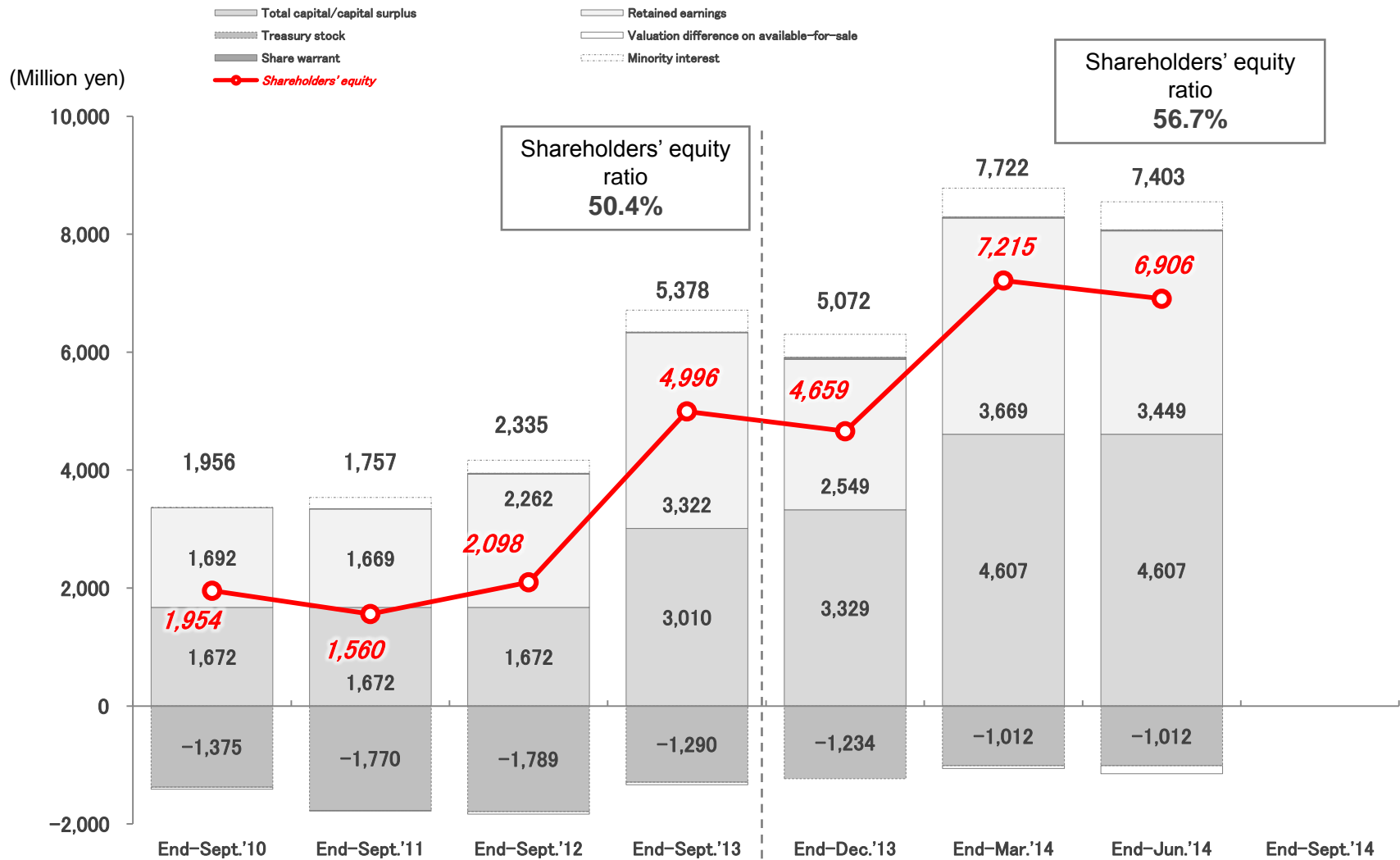


# Consolidated B/S (2) Liabilities and Net Assets

(Million yen)

	End-Sept. 2013	End-Jun. 2014	Change	Remarks
<b>Liabilities</b>	<b>4,538</b>	<b>4,785</b>	<b>+246</b>	
<b>Current liabilities</b>	<b>2,455</b>	<b>3,289</b>	<b>+834</b>	
Account payable-trade	9	9	+0.3	
Short-term debt	—	100	+100	Working capital
Current portion of long-term debt	839	797	41	
Income taxes payable	377	838	+460	
Accrued expenses	642	762	+119	
Reserve for bonuses	190	216	+25	
<b>Fixed liabilities</b>	<b>2,083</b>	<b>1,495</b>	<b>▲587</b>	
Long-term debt	1,648	1,060	▲587	
Lease obligations	41	32	▲9	
Reserve for employees' retirement benefits	270	281	+11	
<b>Asset retirement obligation</b>	<b>2</b>	<b>1</b>	<b>▲0.5</b>	
<b>Net assets</b>	<b>5,378</b>	<b>7,403</b>	<b>+2,025</b>	
<b>Shareholders' equity</b>	<b>5,042</b>	<b>7,044</b>	<b>+2,002</b>	
Capital	805	805	0	
Capital surplus	2,204	3,802	+1,597	Increased due to disposal of treasury stock
Retained earnings	3,322	3,449	+126	Net income – FY13 year-end dividend – FY14 interim dividend
Treasury stock	▲1,290	▲1,012	+277	Disposed due to third-party allotment
<b>Accumulated other comprehensive income</b>	<b>▲45</b>	<b>▲138</b>	<b>▲92</b>	
Unrealized gain (loss) on available-for-sale securities	▲45	▲138	▲92	
Share warrant	5	18	+12	
Minority interest	376	478	+102	

# Consolidated B/S (3) Shareholders' Equity



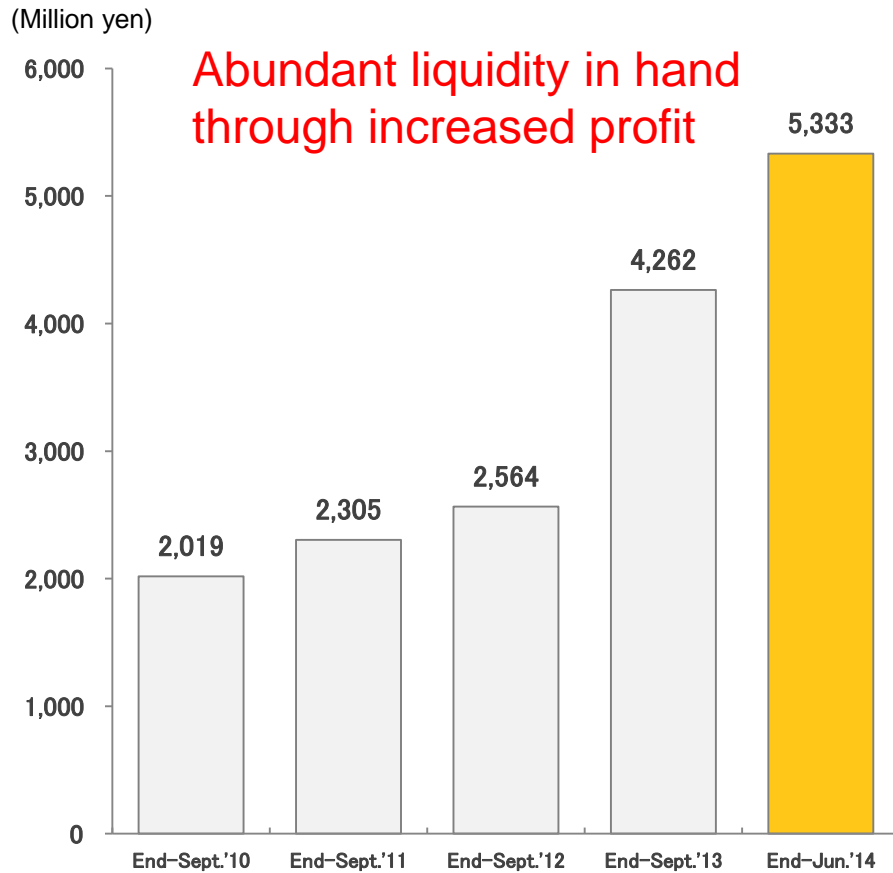
\*Shareholders' equity = Net assets - Minority interest - Share warrant

## Financial Index

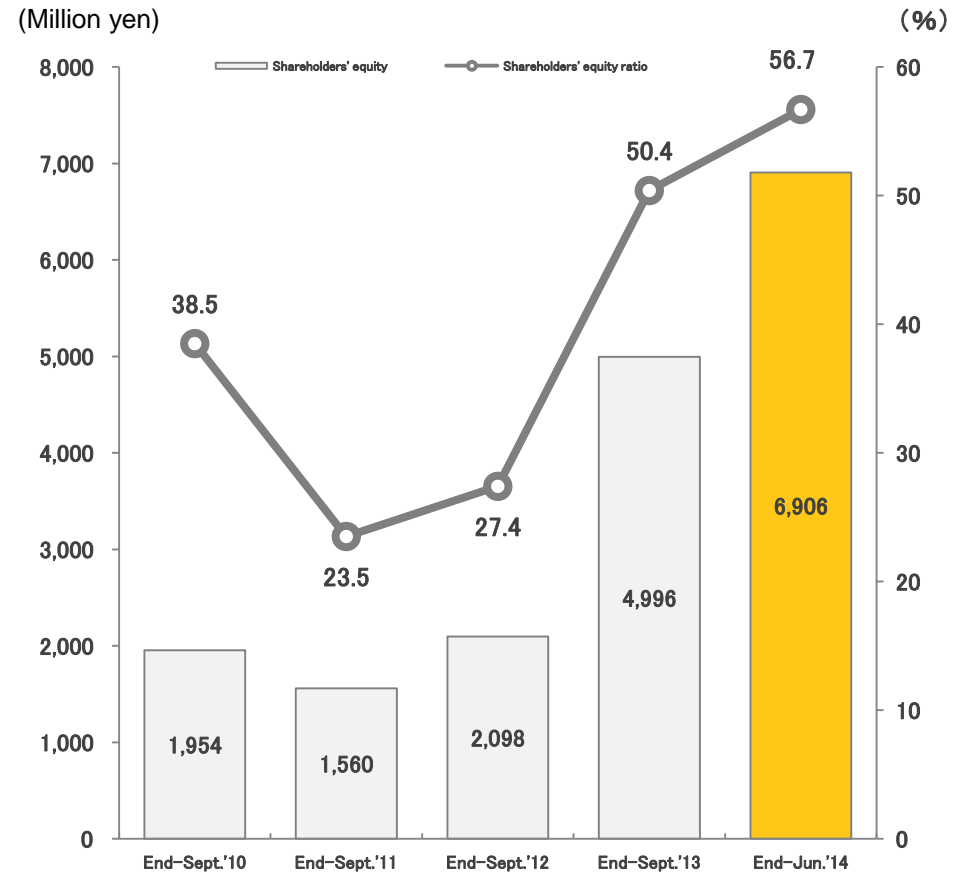
# Financial Index (1)

## Liquidity in Hand and Shareholders' Equity

Liquidity in hand



Shareholders' equity ratio

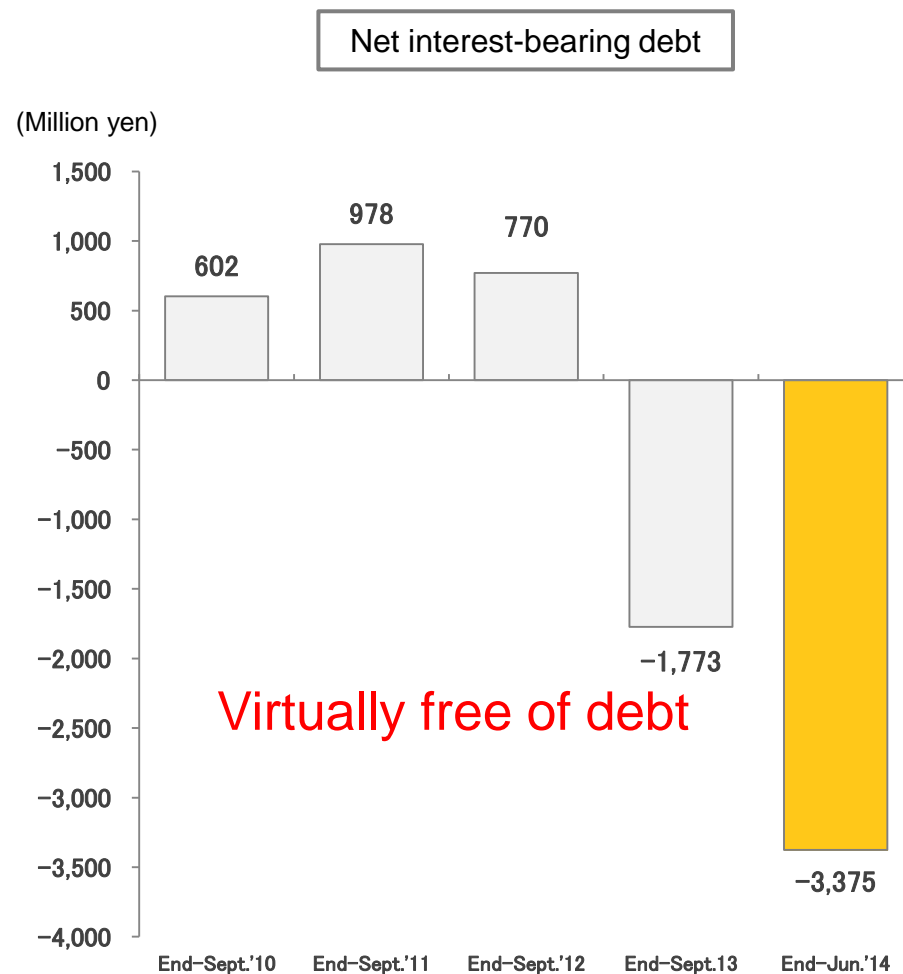
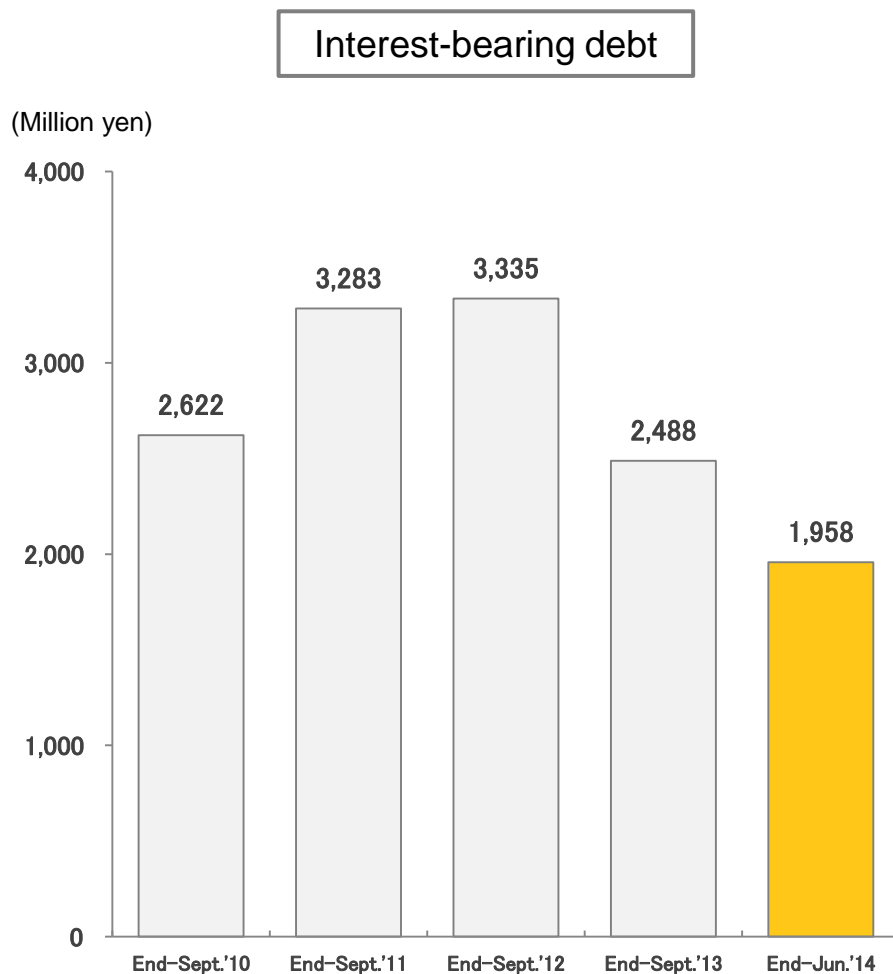


\*1. Liquidity in hand = Cash and deposits+ Securities included in current assets

\*2. Shareholders' equity = Net assets - Minority interest - Share warrant

\*3. Shareholders' equity ratio = Shareholders' equity ÷ Total assets

# Financial Index (2) Interest-bearing Debt



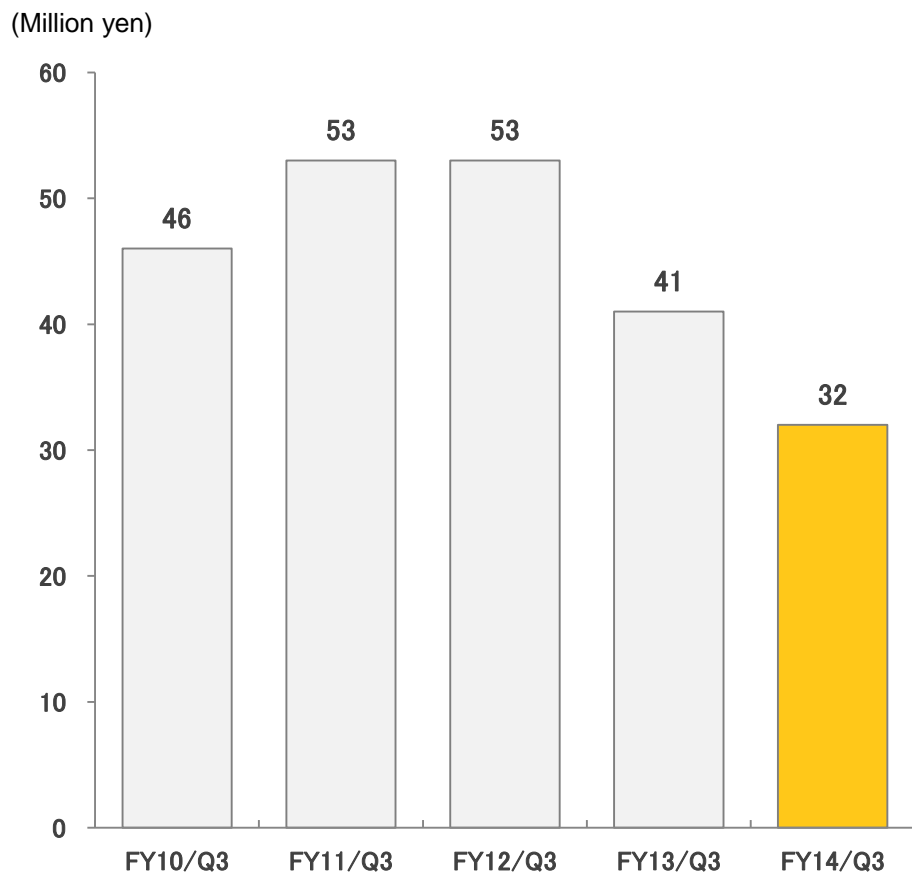
\*1. Interest-bearing debt = Short-term debt+ Long-term debt+ Current portion of long-term debt+ Bond (lease liability not included)

2. Net interest-bearing debt = Interest-bearing debt - Liquidity in hand

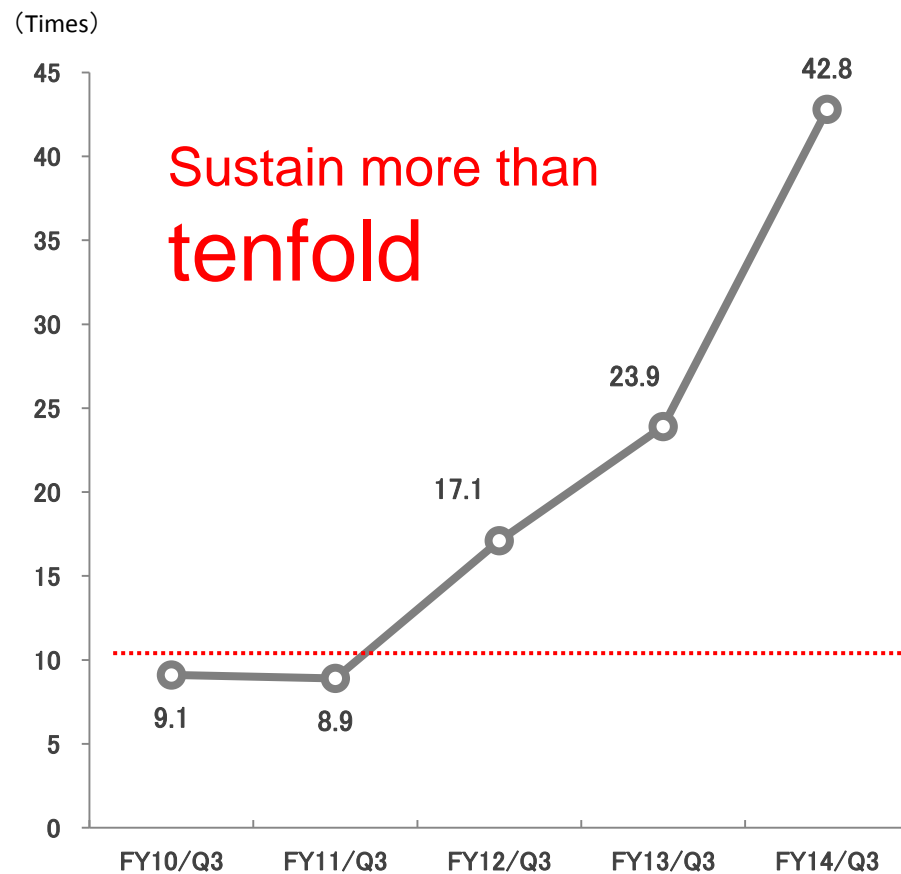
3. Liquidity in hand = Cash and deposits+ Securities including current assets

# Financial Index (3) Interest Paid and ICR

Interest paid



ICR

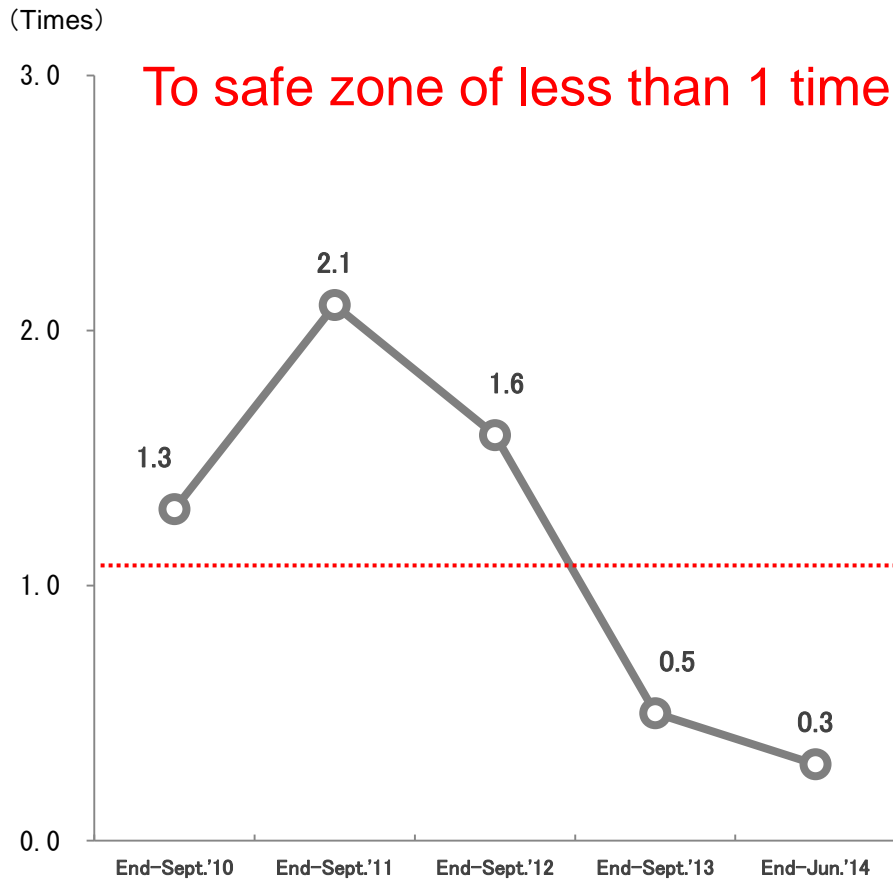


\*1. Instant coverage ratio (ICR) = Net operating profit ÷ Interest paid

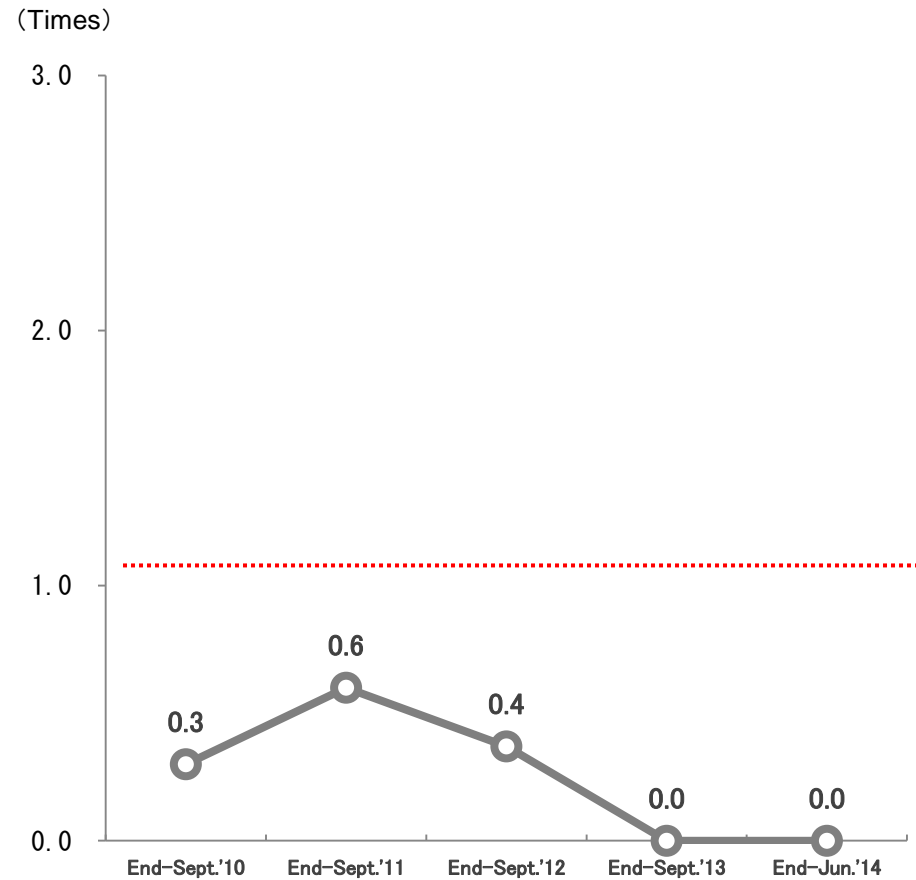
2. Net operating profit = Operating income+ Interest received+ Investment gain/loss on equity method

# Financial Index (4) D/E Ratio

D/E ratio



Net D/E ratio



\*1. Net D/E ratio = Net interest-bearing debt ÷ Shareholders' equity

2. D/E ratio = Interest-bearing debt ÷ Shareholders' equity

3. Net interest-bearing debt = Interest-bearing debt - Liquidity in hand

4. Interest-bearing debt = Short-term debt + Long-term debt + Current portion of long-term debt + Bond (lease liability not included)

5. Liquidity in hand = Cash and deposits + Securities including current assets

# Summary of Financial Index

(Million yen)

	End-Sept. '13	End-Jun. '14	Change
Shareholders' equity	4,996	<b>6,906</b>	+1,909
Shareholders' equity ratio	50.4%	<b>56.7%</b>	+6.3pt.
Liquidity in hand	4,262	<b>5,333</b>	+1,071
Interest-bearing debt	2,488	<b>1,958</b>	▲529
D/E ratio	0.50 times	<b>0.28 times</b>	▲0.21pt.



# Segment Overview

## Construction Technician Temporary Staffing

# TOPIC

- 1. Net sales up 46%**
- 2. Operating income up 37%**
- 3. Over 2,200 engineers**

# Four Indicators of Sales

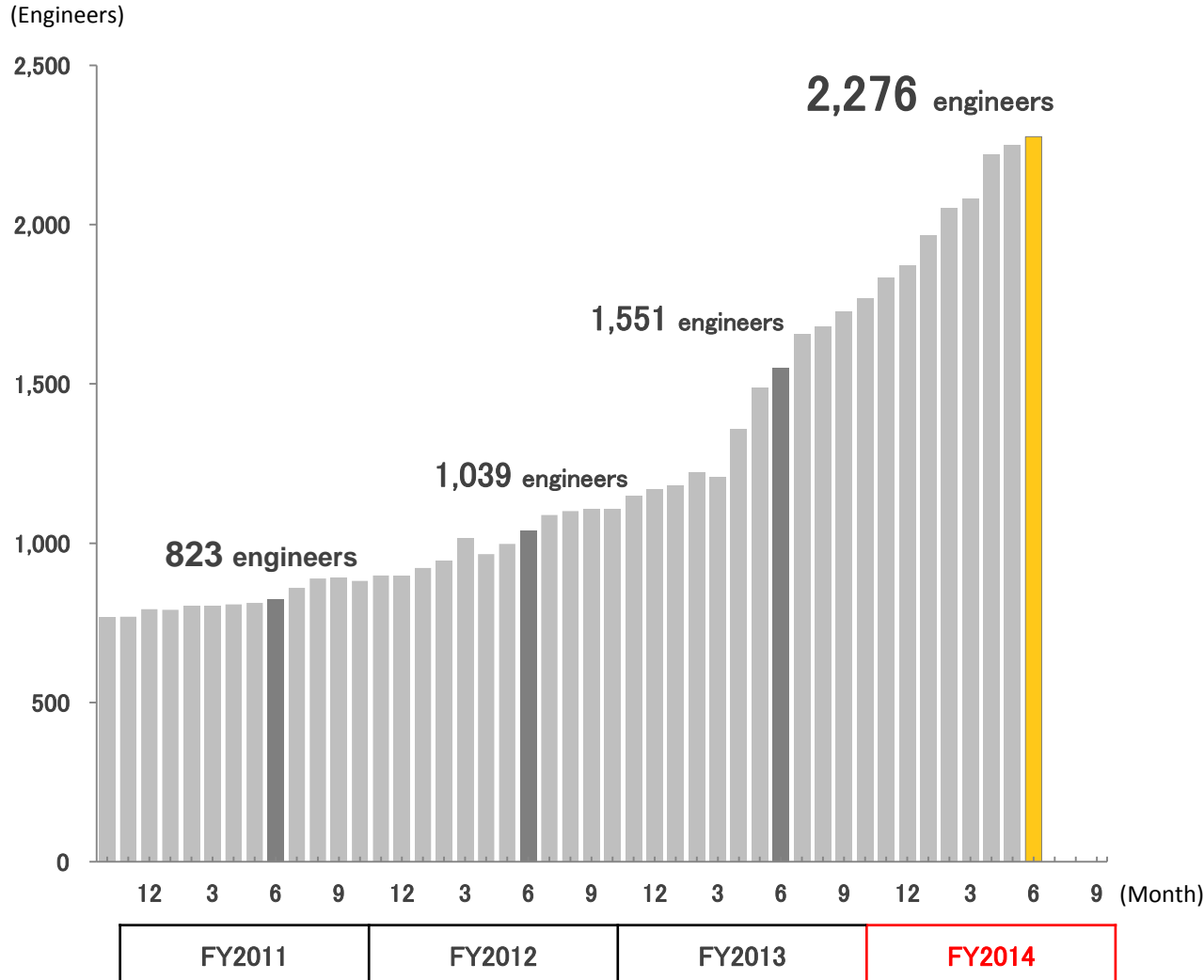
No. of engineers  
×  
Operating rate  
×  
Operating time  
×  
Unit cost of  
temporary staffing



# Sales

# Sales Composition (1) Number of Engineers

■ Up 1.5 times from the same month a year earlier → Steady increase



\*Number of engineers at the end of month

# Sales Composition (1) Recruitment (Monthly)

■ Hired 1,304 engineers over the past 9 months from October to June → Up 40% YoY  
(936 engineers a year earlier)

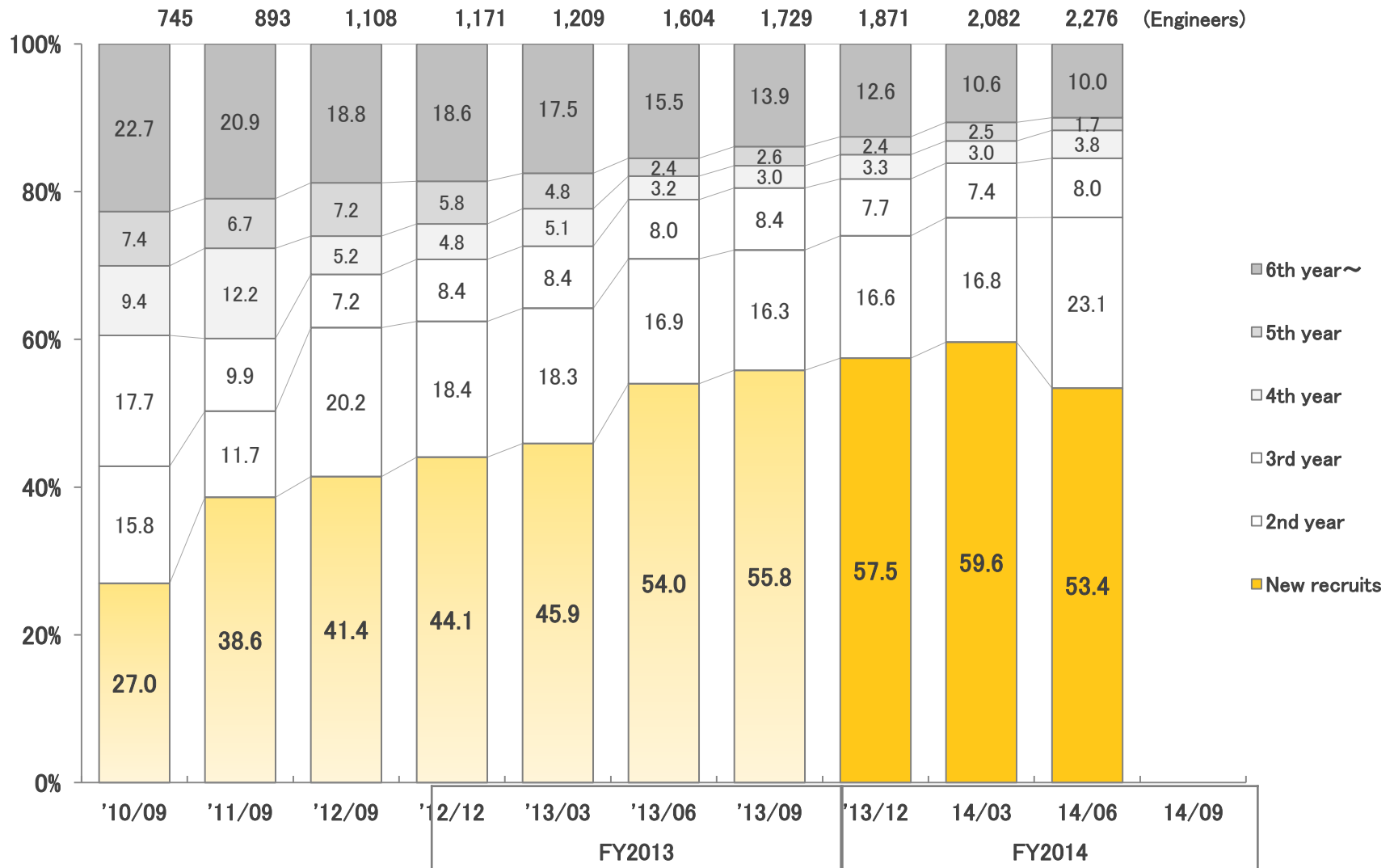
(Unit: Engineers)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY14 Planned recruitment	100	100	115	115	115	115	640
<b>FY14 recruitment</b>	<b>97</b>	<b>104</b>	<b>74</b>	<b>151</b>	<b>145</b>	<b>158</b>	<b>729</b>
Difference	▲3	+4	▲41	+36	+30	+43	+89

	Apr	May	Jun	Jul	Aug	Sept	Apr – Sept total	Oct – Sept total
FY14 Planned recruitment	180	180	180	170	115	115	960	1,600
<b>FY14 recruitment</b>	<b>231</b>	<b>173</b>	<b>171</b>					
Difference	+51	▲7	▲9					

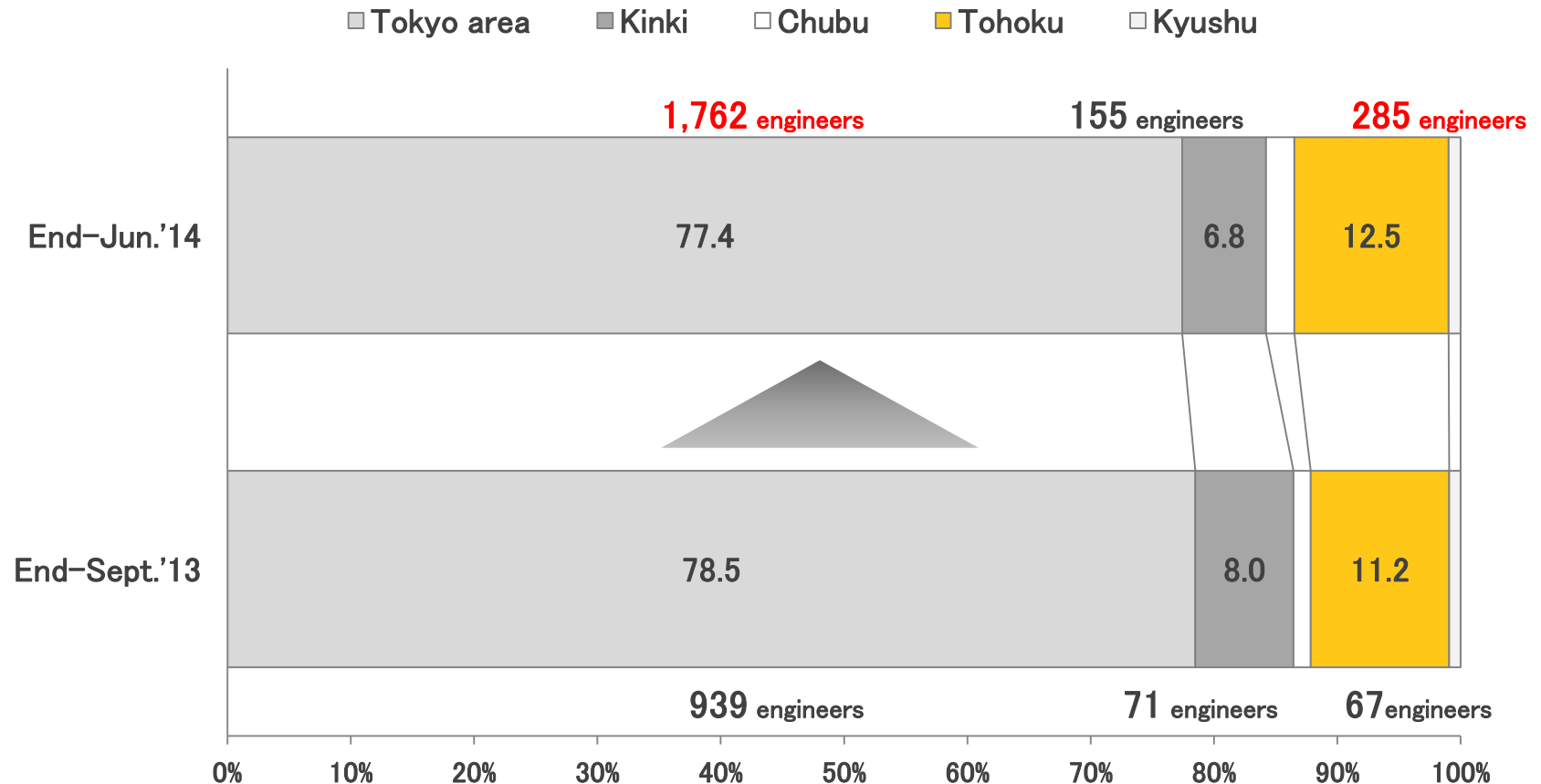
# Sales Composition (1) Ratio by Length of Service

■ Engineers who joined the company between April and June in the previous year are in their 2<sup>nd</sup> year → Ratio of new recruits peaked



# Sales Composition (1) Ratio by Office

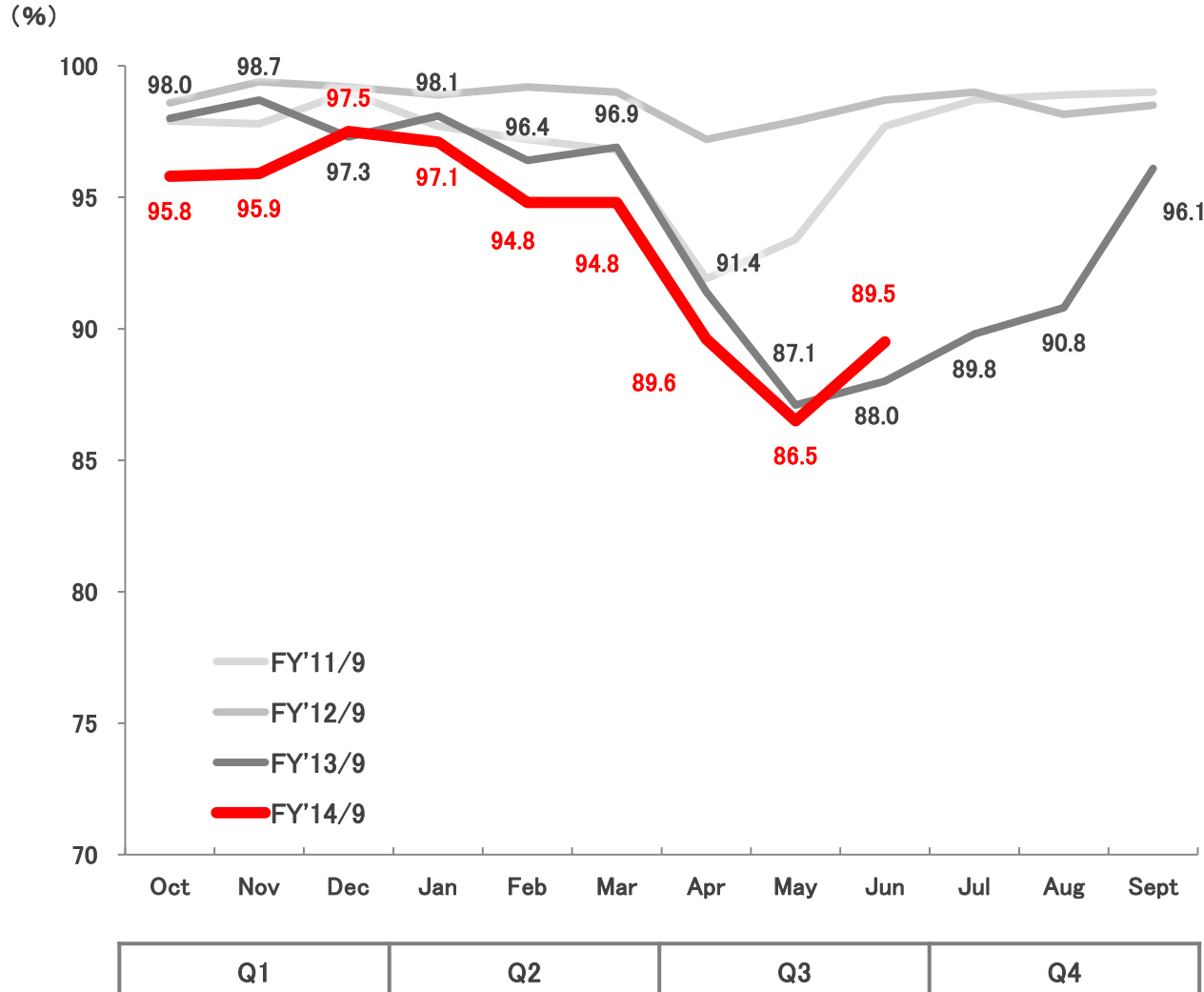
■ Concentrate temporary workers on regions where costs are high → Continue to rise in the Tokyo Metropolitan area and Tohoku





# Sales Composition (2) Operating Rate

■ Decreased due to seasonality between April and June and mass hiring → Improved at an early stage as a result of increase in sales staff



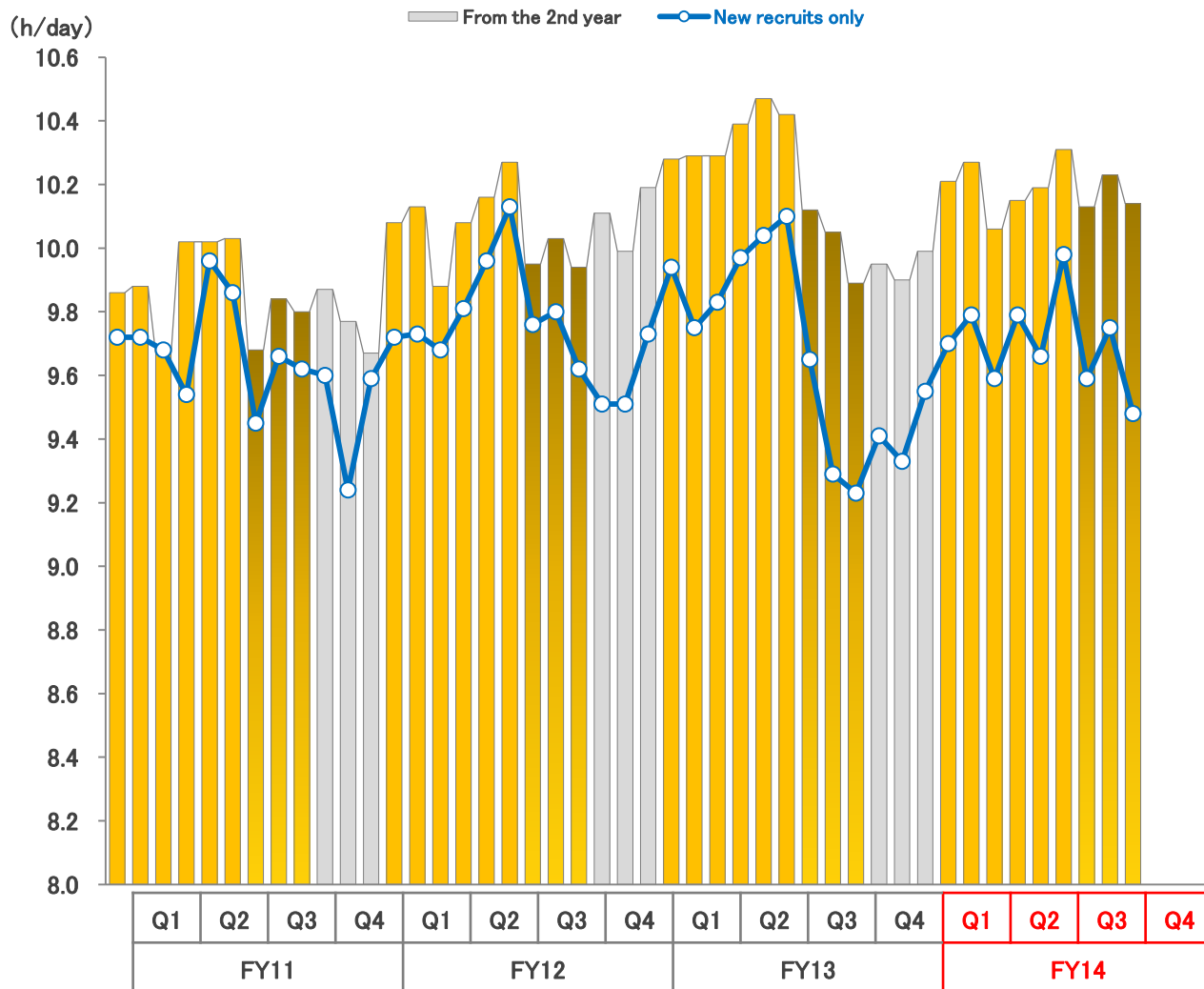
FY2014  
(Oct. – Jun. average)  
**93.5%**

▲ 1.2pt.

FY2013  
(Oct. – Jun. average)  
**94.7%**

# Sales Composition (3) Operating Time

■ Moderate increase → Settled at 10h/day due to labor control



FY2014  
(Oct. – Jun. average)  
**10.20h**

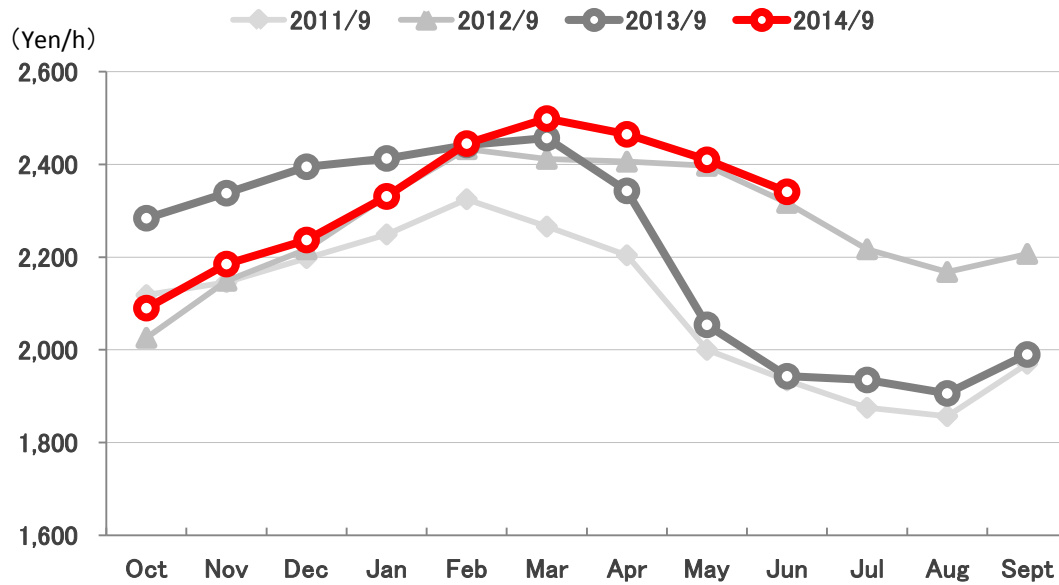
▲0.16h

FY2013  
(Oct. – Jun. average)  
**10.36h**

\*Average of 9 months from the 2<sup>nd</sup> year onward

# Sales Composition (4)

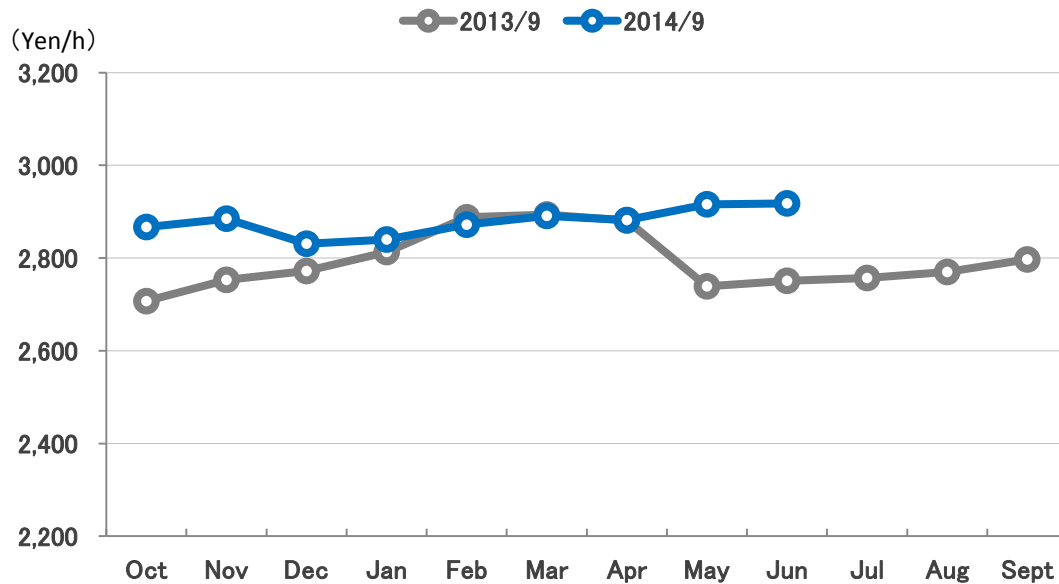
## Unit Cost of Temporary Staffing (New Recruits / 2<sup>nd</sup> Year)



New recruits only

**+1.6%**  
**YoY**

Curbed the decline in unit cost between April and June

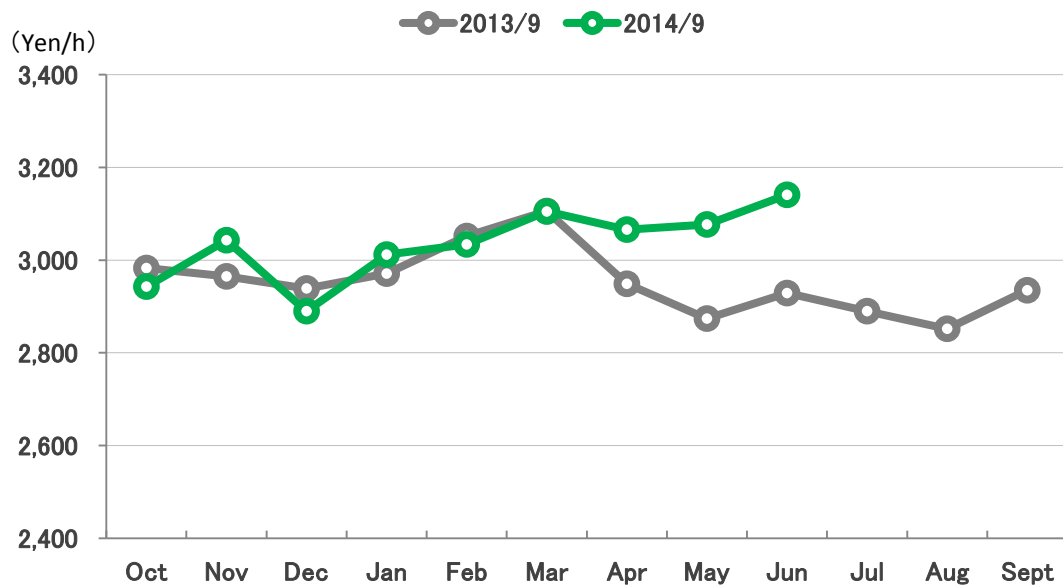


2<sup>nd</sup> year only

**+2.8%**  
**YoY**

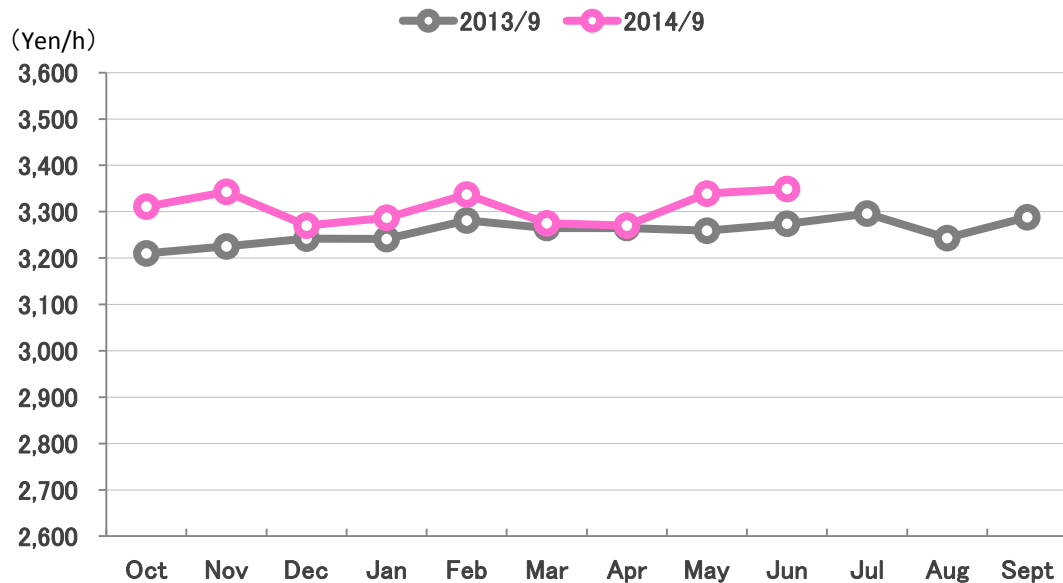
# Sales Composition (4)

## Unit Cost of Temporary Staffing (From the 3<sup>rd</sup> and 4<sup>th</sup> Year)



3<sup>rd</sup> year only

**+2.0%**  
YoY



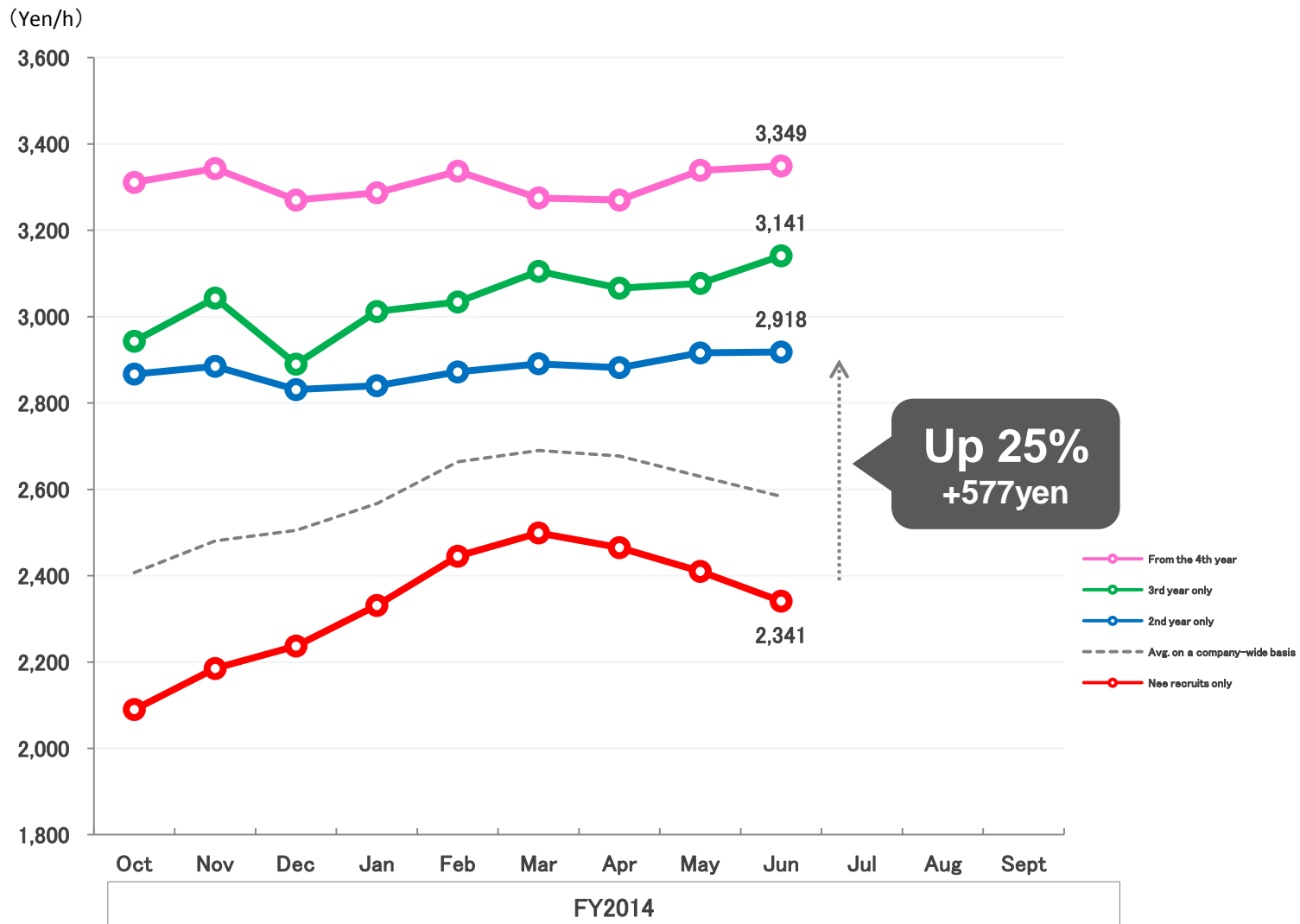
From the 4<sup>th</sup> year

**+1.8%**  
YoY

# Sales Composition (4)

## Unit Cost of Temporary Staffing (by Length of Service)

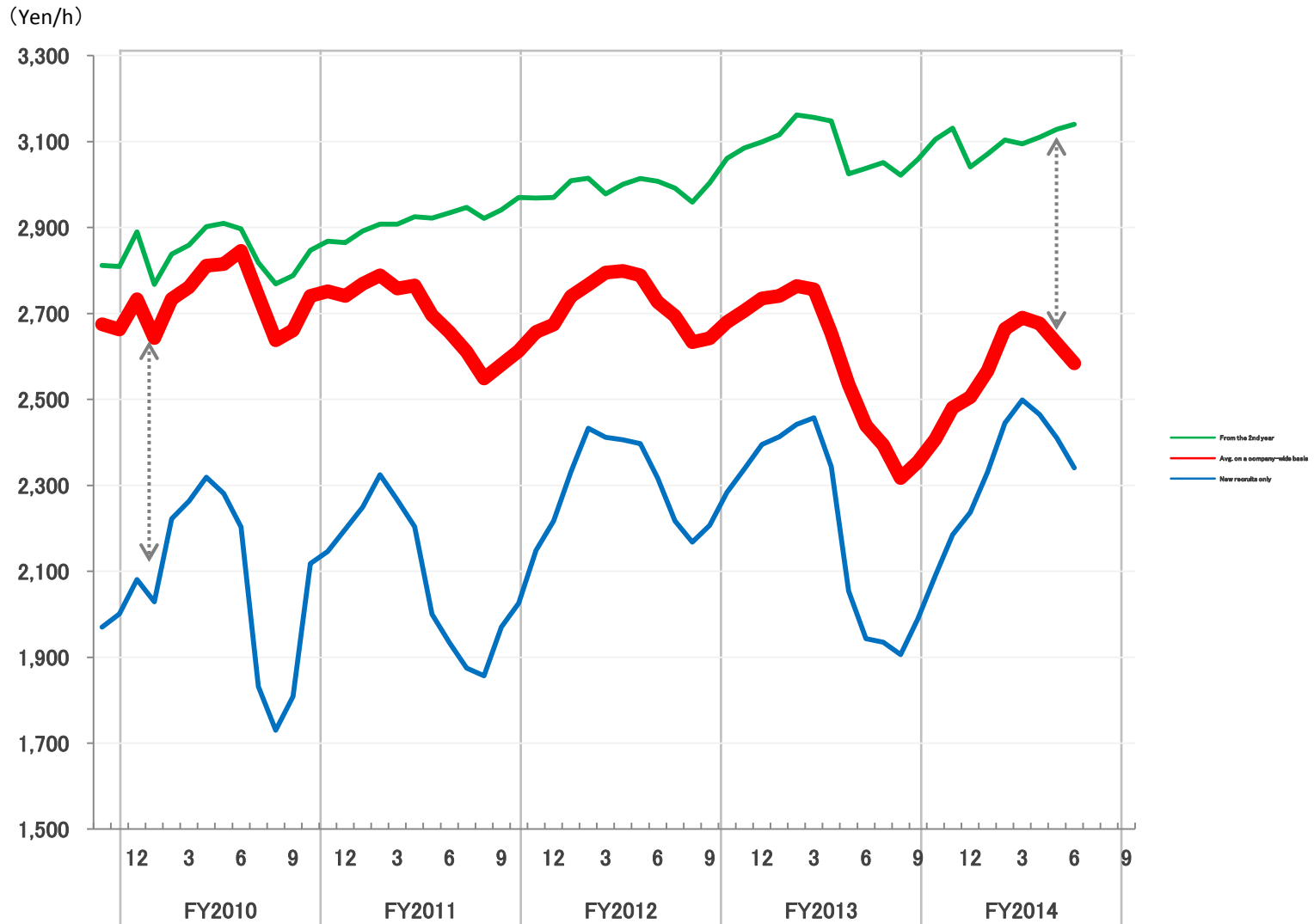
- One year of site experience → Unit cost increased dramatically (+25%)
- Up by more than 5% from the 2<sup>nd</sup> year with experience



# Sales Composition (4)

## Unit Cost of Temporary Staffing (Interim)

- Pct. of new recruits increased (see P. 31) → Average on a company-wide basis declined
- From the 2<sup>nd</sup> year, continue to increase from FY2010 → Clear signs of labor shortage in the industry



# Summary of Four Indicators of Sales

Oct. – Jun. average (all engineers)

	FY13/Q3	FY14/Q3	Change
No. of engineers	1,272 engineers	<b>2,036</b> engineers	<b>+764</b> engineers
Operating rate	94.7%	<b>93.5%</b>	<b>▲1.2pt.</b>
Operating time	9.98h	<b>9.85h</b>	<b>▲0.13h</b>
Unit cost of temporary staffing	2,668yen	<b>2,578yen</b>	<b>▲90yen</b>

\*No. of days at work=20.42days/month

# Non-consolidated P/L Statement (1)

## Net Sales and Gross Profit (Total)

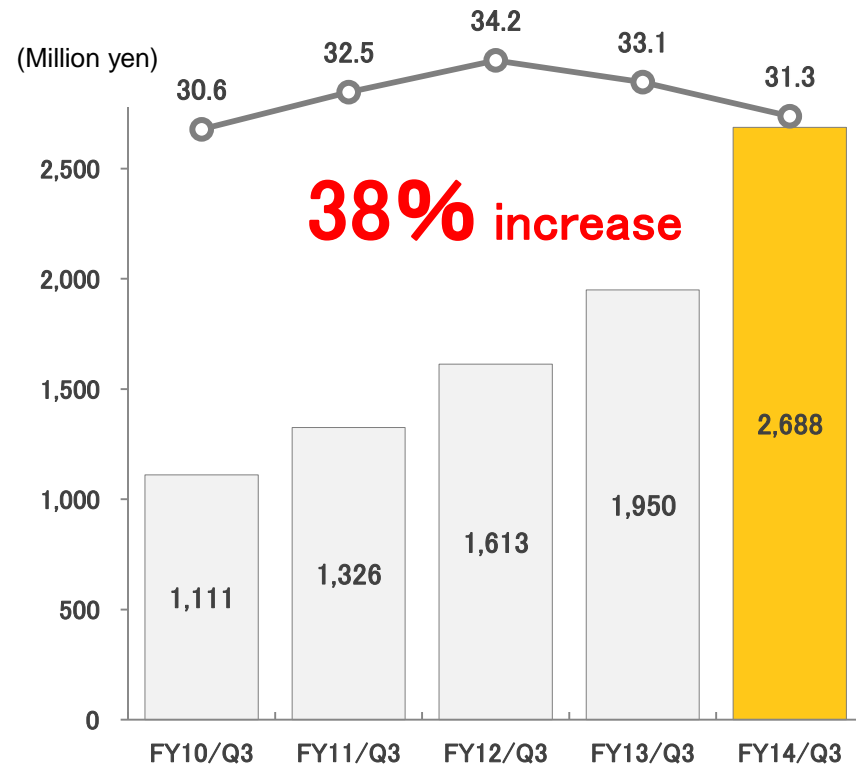
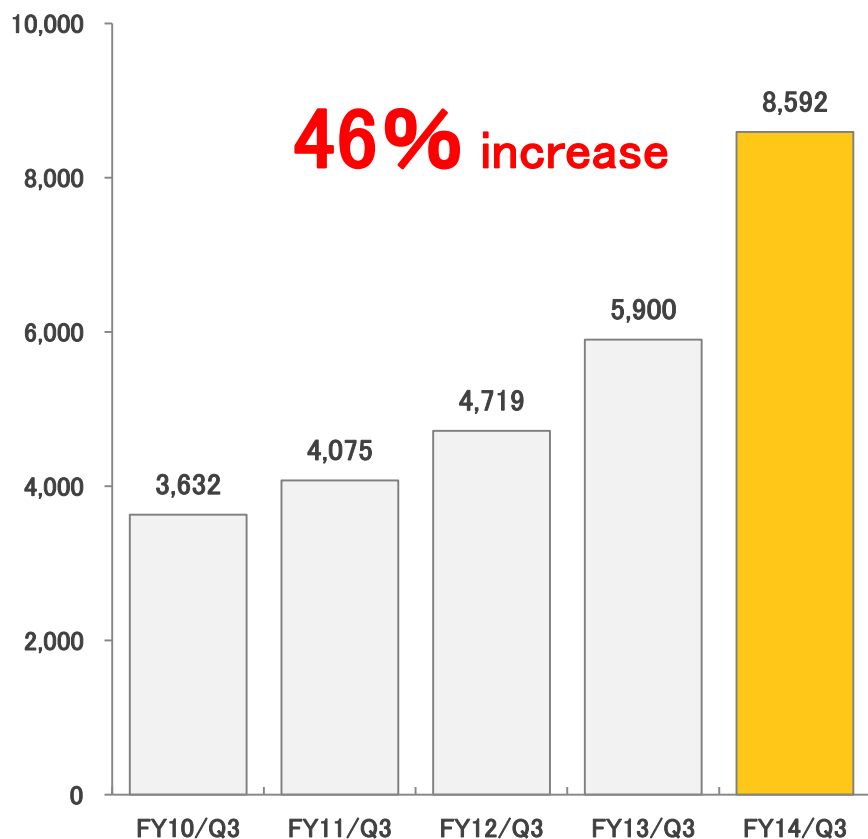
■ Increased number of staff at work due to aggressive recruitment → Increases in sales and earnings

Net sales

Gross profit

(Million yen)

(%)





# Non-consolidated P/L Statement (1)

## Net Sales and Gross Profit (Quarter)

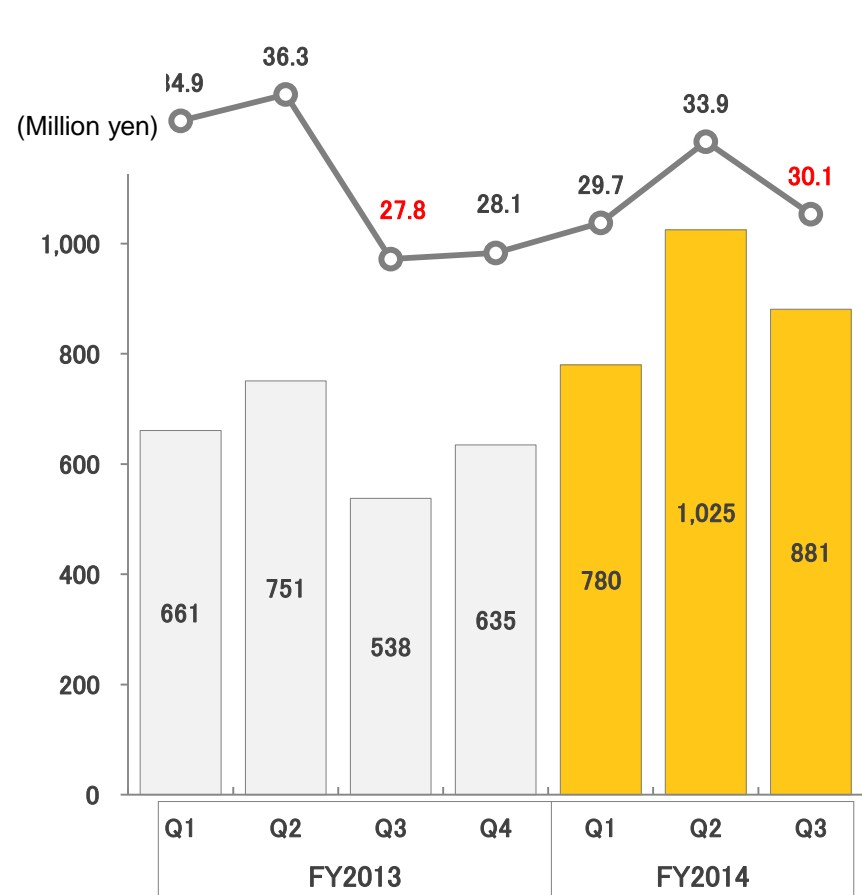
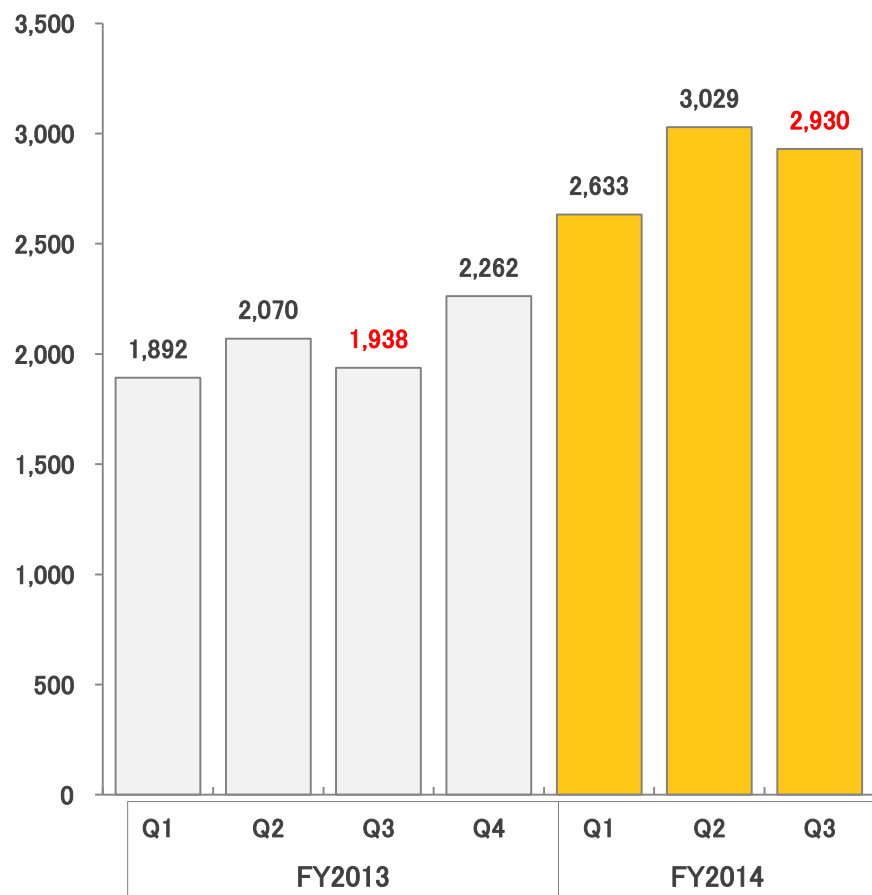
■ Steady recovery from drop in unit cost in FY13/Q3 → Gross profit margin to more than 30%

Net sales

Gross profit

(Million yen)

(%)



# Non-consolidated P/L Statement (2)

## SG&A Expenses and Operating Income (Total)

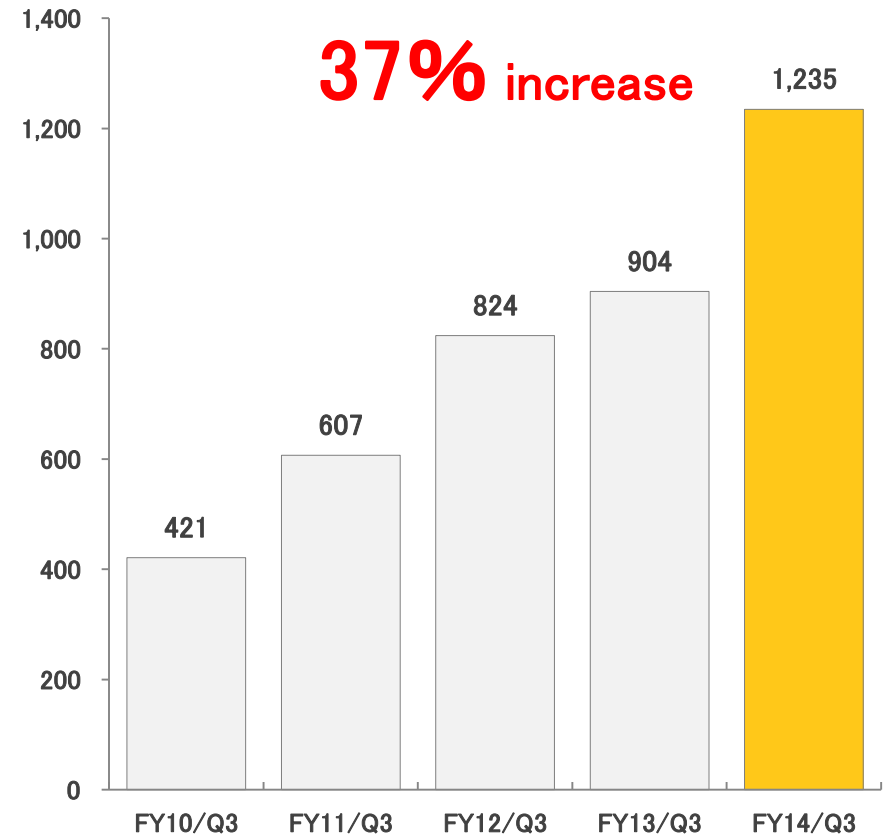
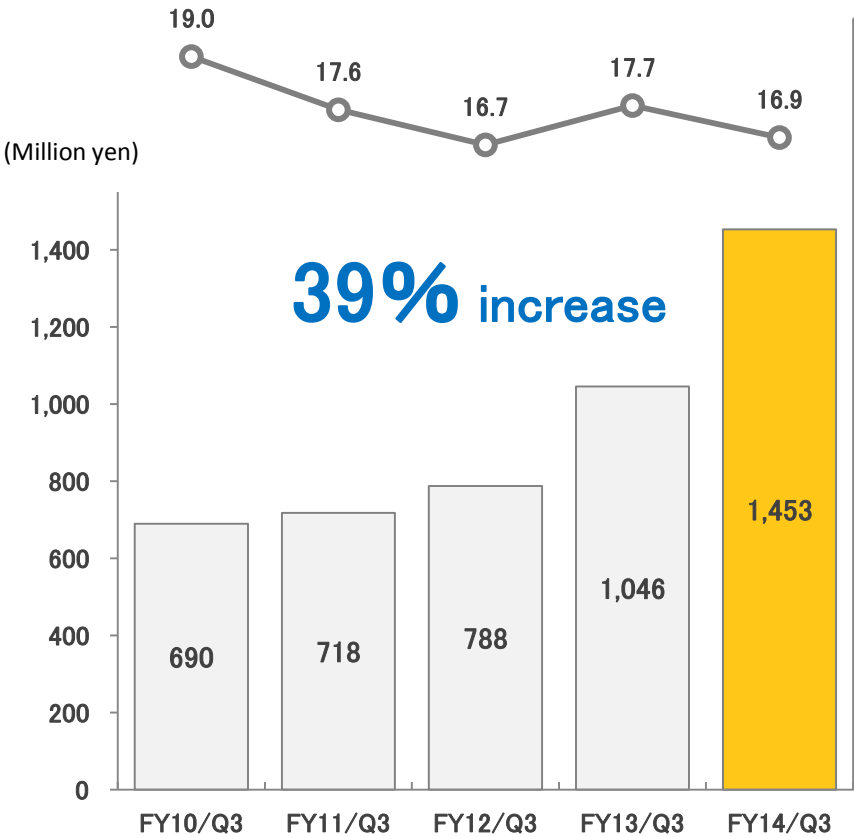
■ Increased profit by dealing with increases in recruiting cost and personnel cost

SG&A expenses

Operating income

(%)

(Million yen)



# Non-consolidated P/L Statement (2)

## SG&A Expenses and Operating Income (Quarter)

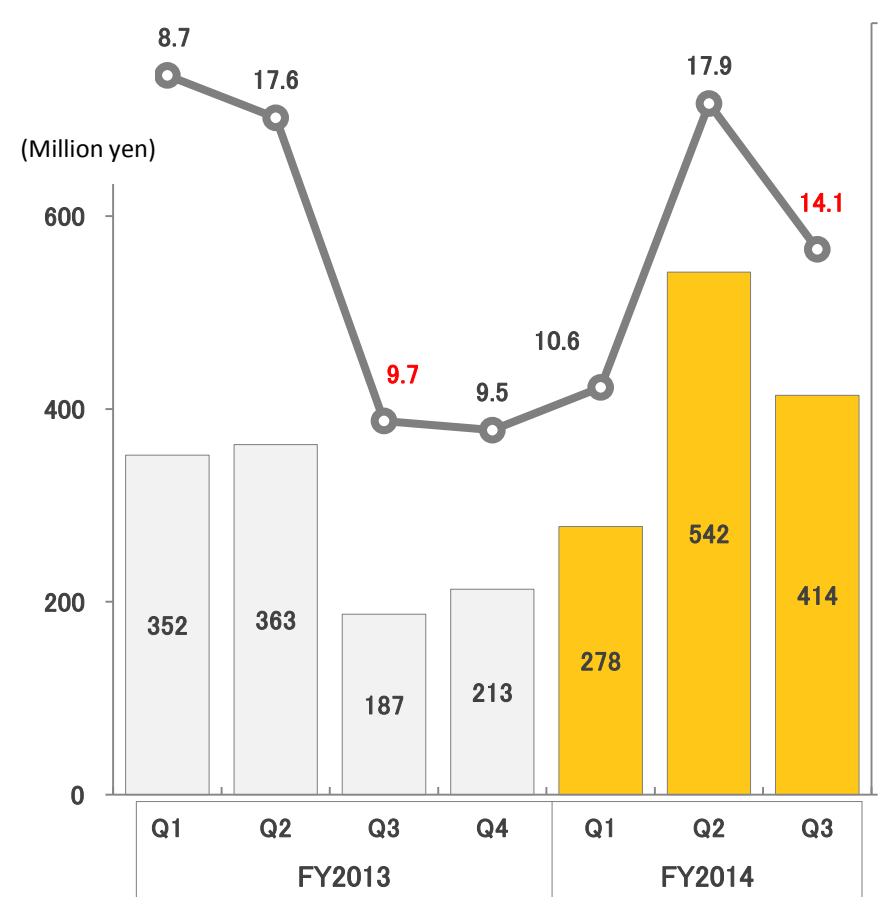
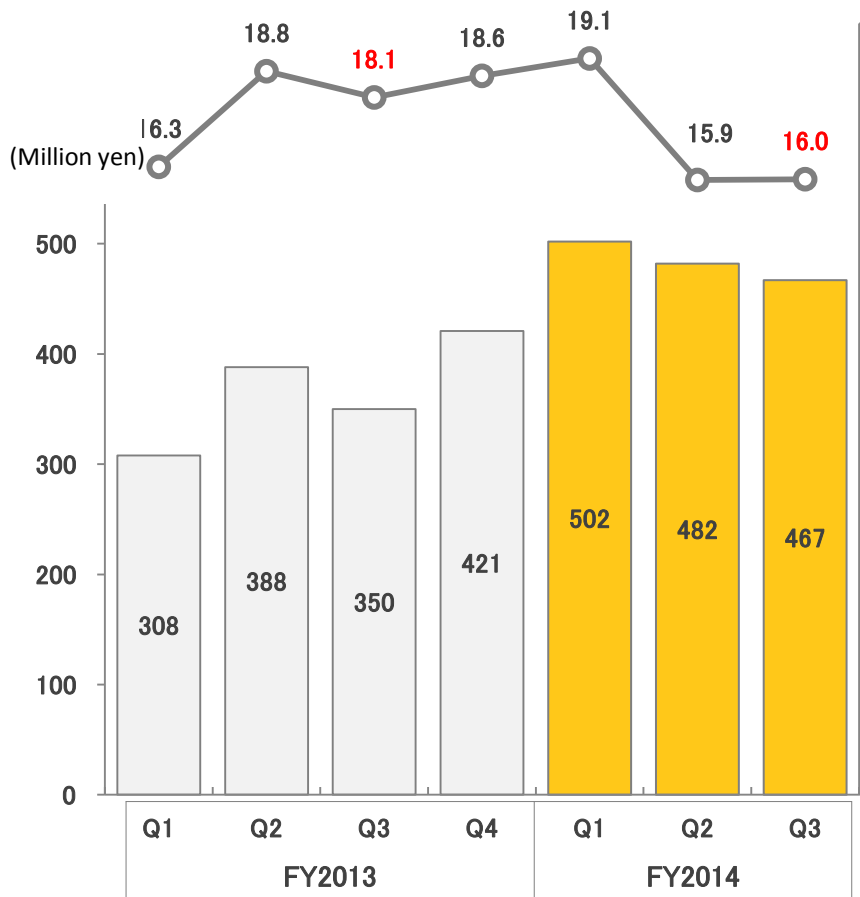
■ Posted recruiting cost ahead in FY14/Q1 but controlled from Q2 onwards → Big increase in profit

SG&A expenses

(%)

Operating income

(%)



# Summary of Non-consolidated P/L Statement

(Million yen)

	FY13/Q3	FY14/Q3	Change	Pct. change
Net sales	5,900	8,592	+2,691	45.6%
Gross profit	1,950 (33.1%)	2,688 (31.3%)	+737	37.8%
SG&A expenses	1,046 (17.7%)	1,453 (16.9%)	+406	38.8%
Operating income	904 (15.3%)	1,235 (14.4%)	+330	36.6%
Ordinary income	1,051 (17.8%)	2,089 (24.3%)	+1,038	98.7%
Net income	660 (11.2%)	1,616 (18.8%)	+955	144.8%

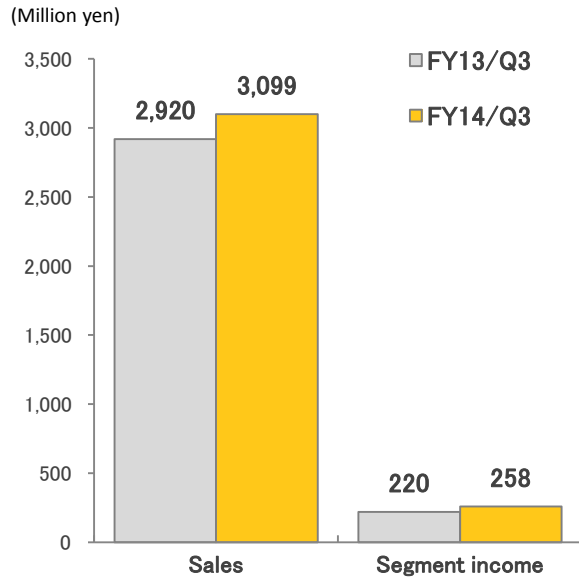
\*( ) = Percentage of sales

Other Segments

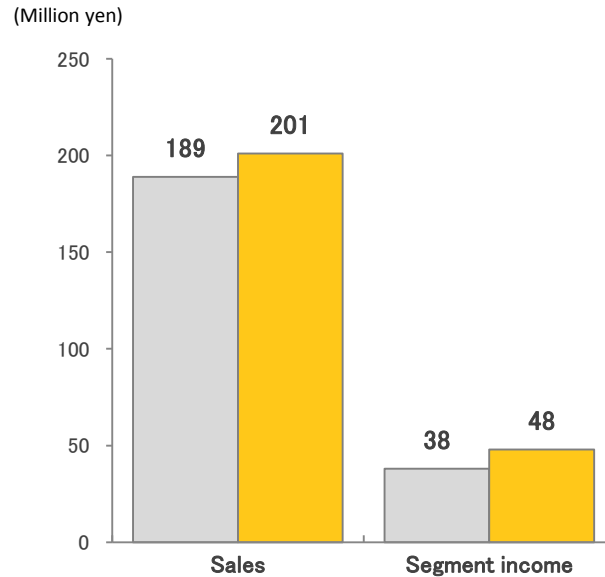
# Overview of Other Segments

- Earnings growth in all segments
- Solid contribution of “facility businesses” (childcare support, healthcare support) to profit

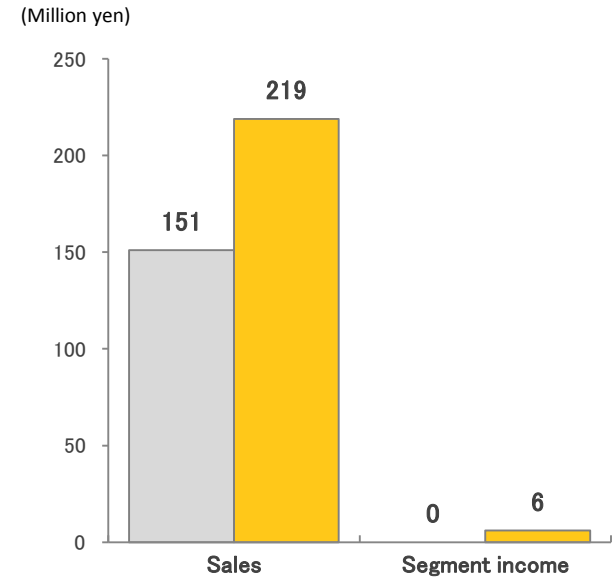
## Engineer temporary staffing



## Childcare support services



## Healthcare support services



Send engineers to manufacturing industry  
Increase in engineers increased sales and profit

Operate 4 certified childcare centers  
Increase in users increased sales and profit

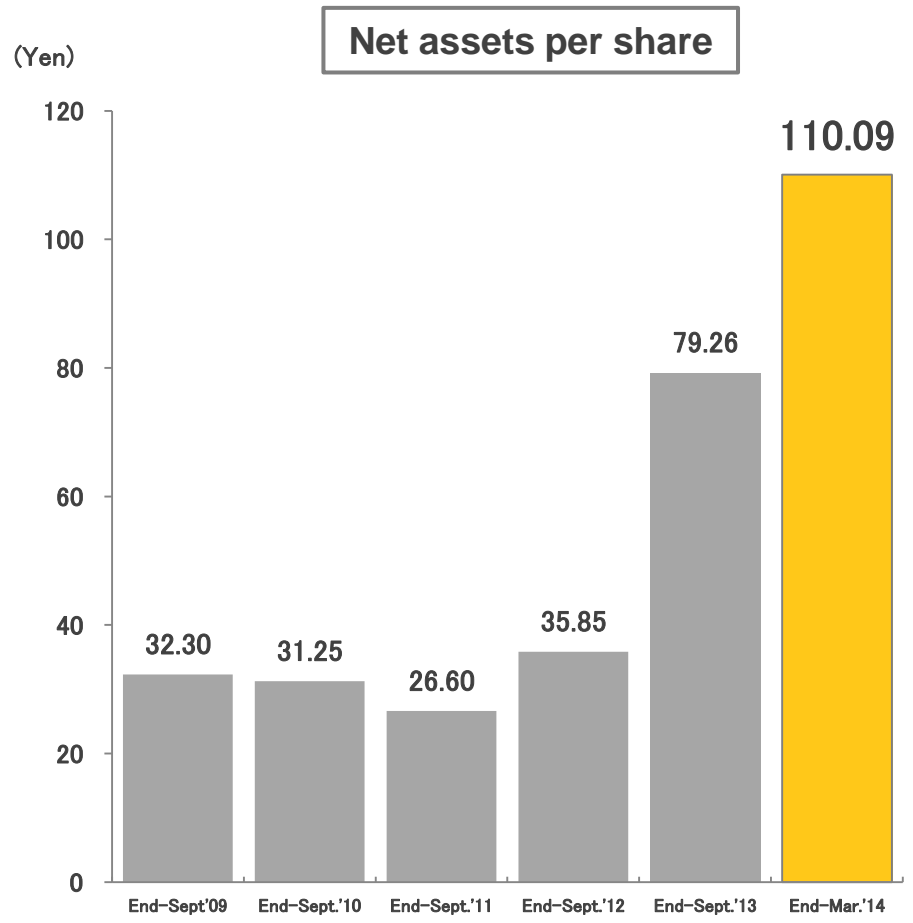
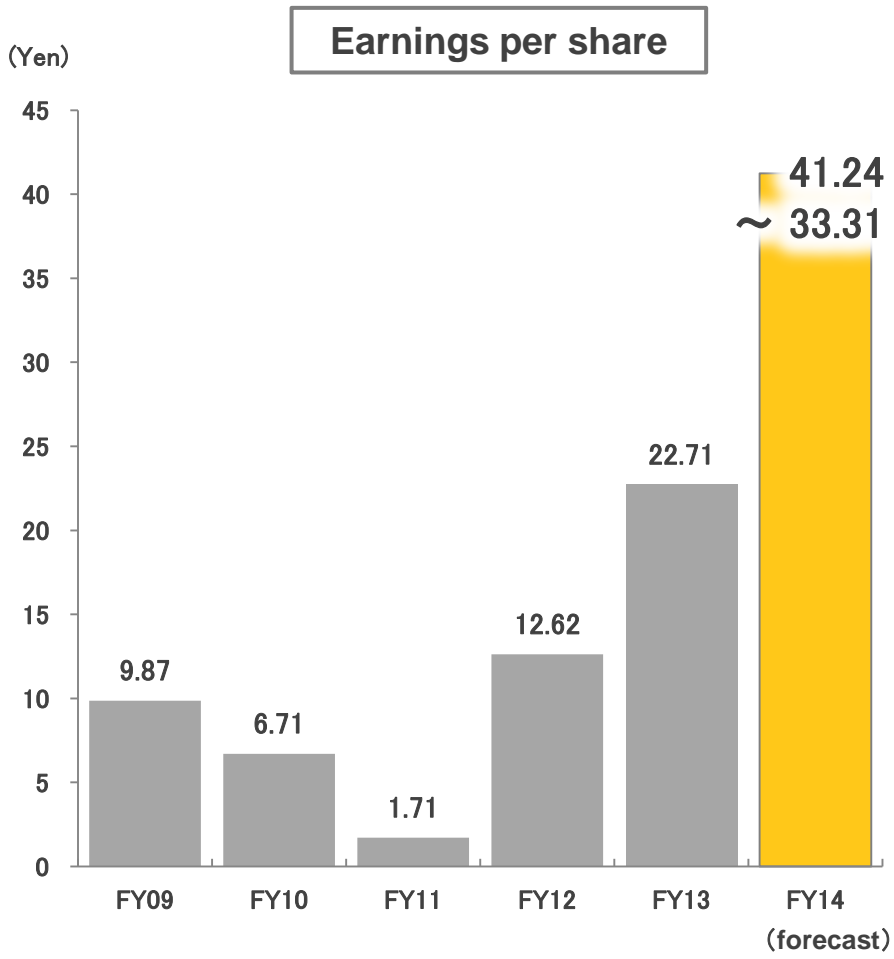
Operate 4 daycare service facilities  
Increase in users increased sales and profit

\*Segment income = After adjustment for ordinary income

# Shareholder Return

# Shareholder Return (1) Earnings/Net Assets Per Share

## ■ Growth in net income and net assets



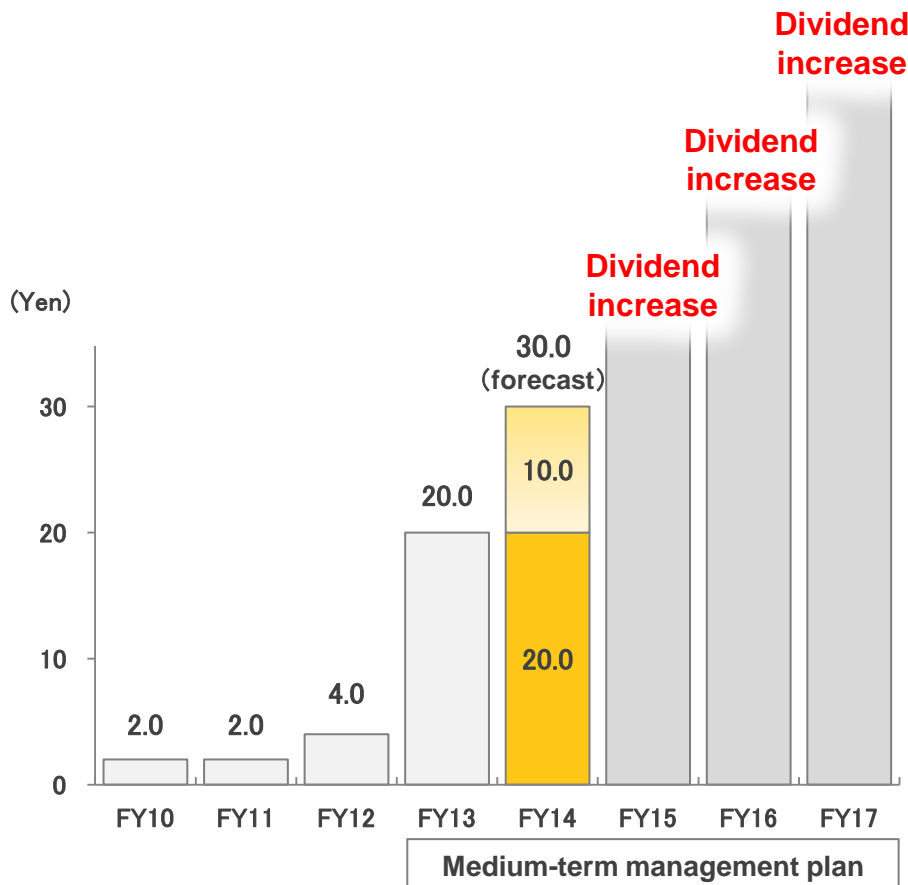
\*1. Earnings per share = Net income ÷ Average no. of shares during period × 100  
 \*2. Net assets per share = Shareholders' equity ÷ (Shares outstanding - No. of treasury stock at end of year) × 100  
 \*3. Shareholders' equity = Net assets - Minority interest - Share warrant



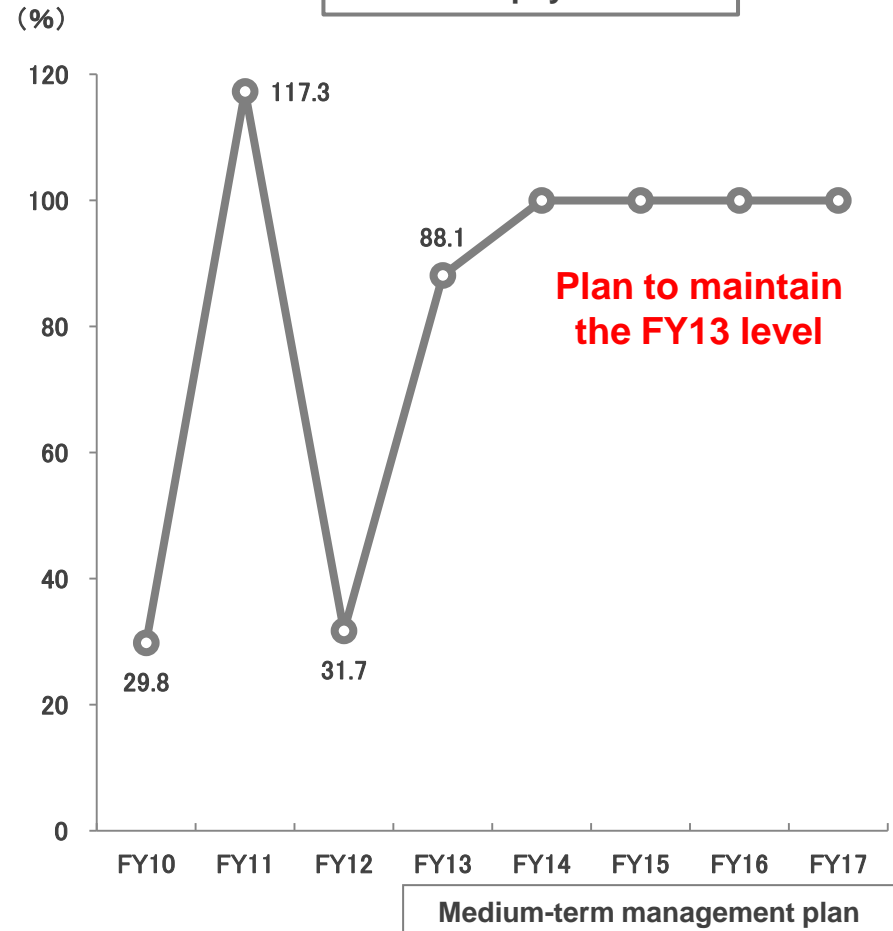
# Shareholder Return (2) Interim Dividend Policy

- Year-end dividend for FY14 from 10 yen to 20 yen → Annual dividend of 30 yen including interim dividend
- Plan to increase dividend every year → High dividend payout ratio during the medium-term management plan (FY13~FY17)

Dividend per share



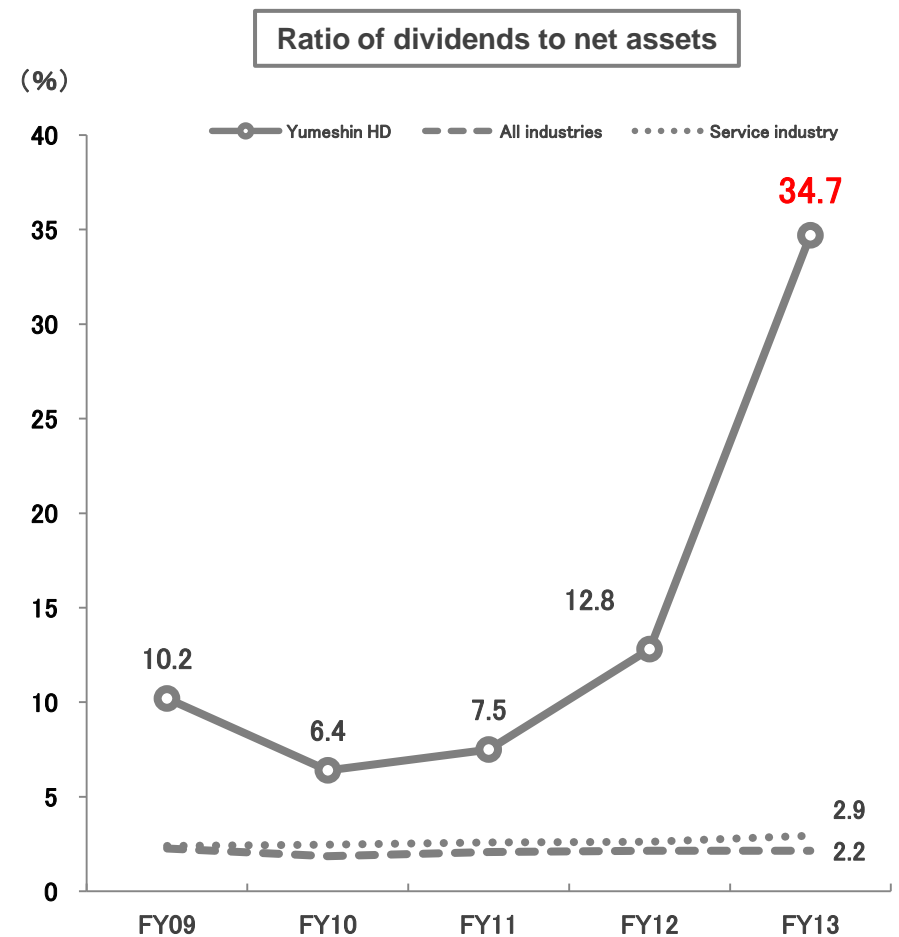
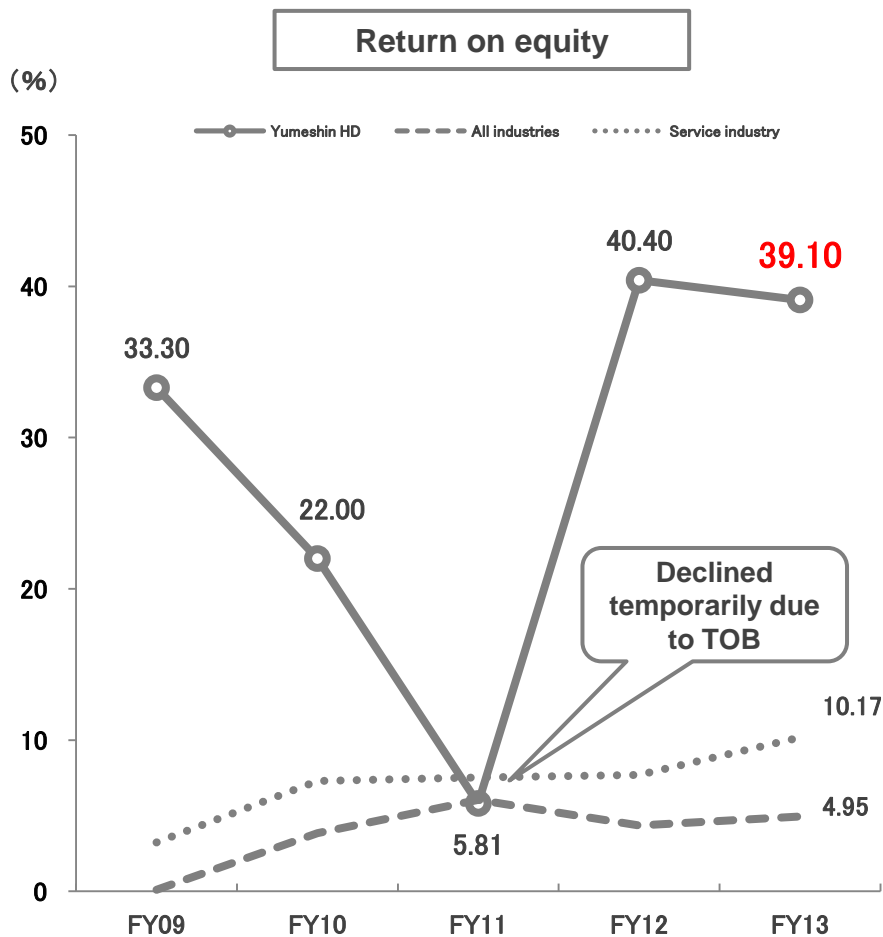
Dividend payout ratio



# Shareholder Return (3)

## Return on Equity / Ratio of Dividends to Net Assets

■ Capital efficiency and rate of return high compared with the average

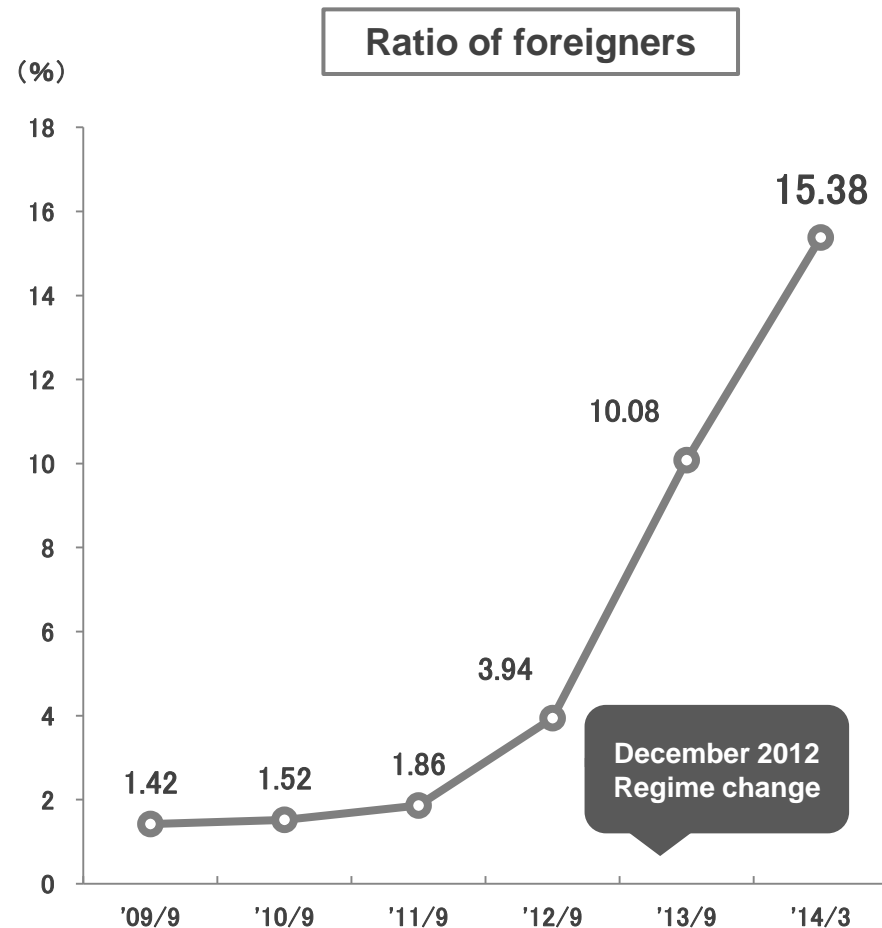
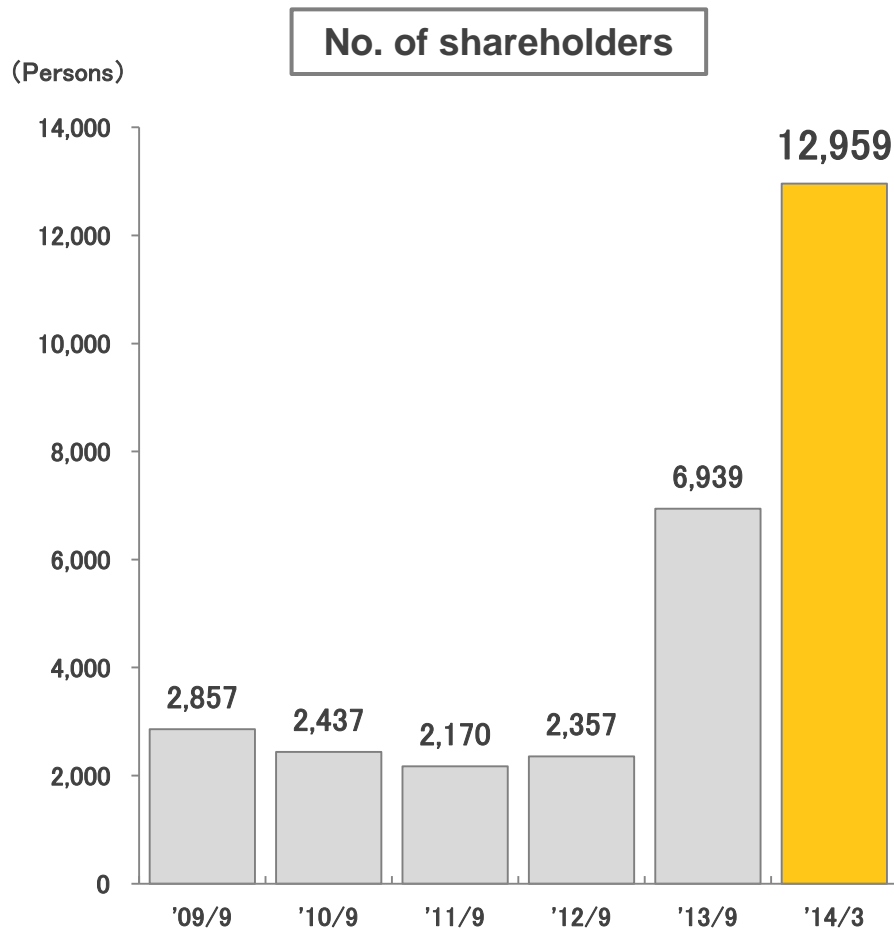


- \*1. Return on equity =  $\text{Net income} \div \text{Shareholders' equity (avg. during period)} \times 100$
- \*2. Ratio of dividends to net assets =  $\text{Dividend payout ratio} \times \text{Return on equity}$
- \*3. All industries and service industry belong to the TSE 1<sup>st</sup> section

# Shareholder Return (4)

## No. of Shareholders / Ratio of Foreigners

■ Active investor relations activities in Japan and overseas → No. of shareholders and ratio of foreigners surged



# Reference

# Reference (1) FY9/14 Business Forecasts

- Increase in staff at work due to increase in engineers → Forecast an increase in sales
- An economy of scale significantly increases profits

(Million yen)

	Consolidated	Pct. change	Non-consolidated	Pct. change
<b>Sales</b>	18,000	43.6%	13,500	65.4%
<b>Ordinary income</b>	3,200 ~4,200	80.7% ~137.1%	3,150 ~4,150	85.4% ~144.3%
<b>Net income</b>	2,100 ~2,600	51.2% ~87.2%	2,100 ~2,600	52.3% ~88.6%
<b>Earnings per share</b>	33.31 ~41.24	46.7% ~81.6%	33.31 ~41.24	46.7% ~81.6%

# Reference (2) Medium-Term Management Plan

- Plan to hire more than 1,600 engineers every year from FY2014 onwards
- Rise in profit margin due to the economies of scale

(Million yen)

	FY2013	FY2014	FY2015	FY2016	FY2017
Sales	12,537	18,000	25,500	33,000	39,500
Ordinary income	1,771	3,200 ~4,200	5,300	7,800	10,000
Ordinary income margin	14.1%	17.8% ~23.3%	20.8%	23.6%	25.3%
Net income	1,388	2,100 ~2,600	3,200	4,700	6,000
No. of recruits	1,233 engineers	1,600 engineers	1,600 engineers	1,600 engineers	1,600 engineers
No. of engineers at the end of period	1,729 engineers	2,900 engineers	4,000 engineers	4,800 engineers	5,500 engineers

\*The figures are on a consolidated basis.

# Reference (3) Financing

## Share warrants through third-party allotment using treasury stock

**Allottee** Deutsche Bank London Branch

**Proceeds** 5,625 million yen

**No. of treasury stock** 9,032,486 shares (12.1%) As of June 30, 2014

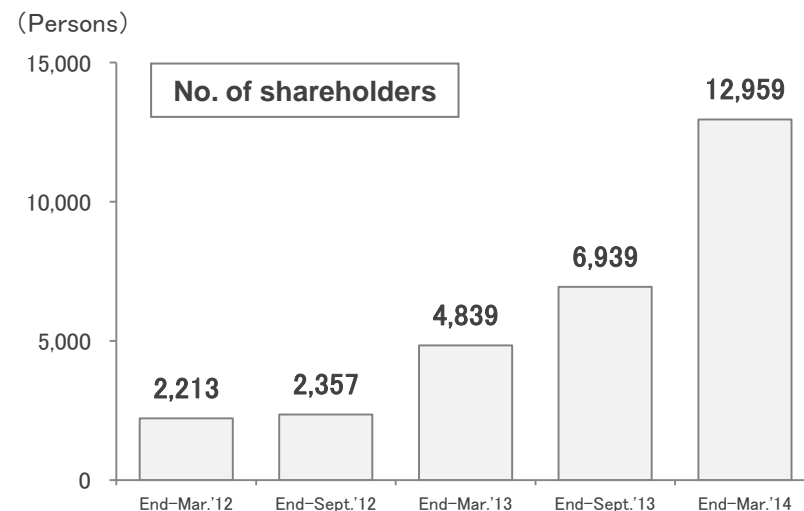
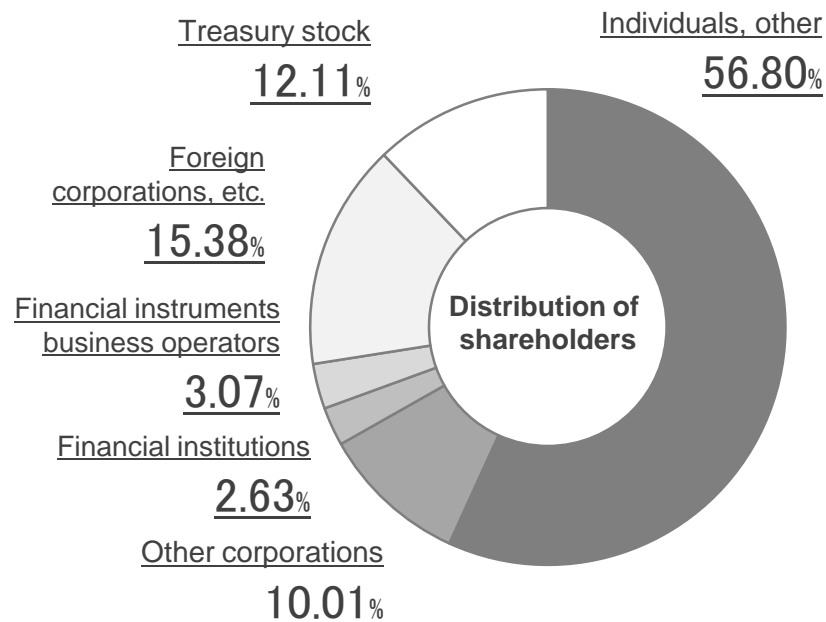
	4 <sup>th</sup> series (completed)	5 <sup>th</sup> series (completed)	6 <sup>th</sup> series
<b>Exercise price</b>	500 yen	750 yen	1,000 yen
<b>Dilutive shares</b>	2,500,000 shares	2,500,000 shares	2,500,000 shares
<b>Proceeds at the time of exercise</b>	1,250 million yen	1,875 million yen	2,500 million yen
<b>Option to revise exercise price</b>	None		Yes <sup>*</sup> (92% of the previous close)
<b>Shares allotted at the time of exercise</b>	Treasury stock		
<b>Exercise request period</b>	March 18, 2013 – March 17, 2016		

\*It has been resolved at the board of directors meeting held on October 31, 2013 not to exercise the option to revise exercise price of the 6<sup>th</sup> series of share warrants.

# Reference (4) Shareholder Information

As of March 31, 2014

	Names of shareholders	No. of shares held (in thousands)	Ownership ratio (%)
1	Shingo Sato	24,885	33.37
2	Sato Sogo Kikaku	7,344	9.85
3	Yoshiko Sato	2,228	2.99
4	JP MORGAN CHASE BANK	1,421	1.91
5	CMBL S. A. RE MUTUAL FUND	1,190	1.60
6	Japan Trustee Services Bank, Ltd. (Trust Account)	1,022	1.37
7	UBS SECURITIES	882	1.18
8	Hideki Fukai	880	1.18
9	NORTHEN TRUST CO.	714	0.96
10	CREDIT SUISSE SECURITIES	682	0.92
<b>Total of top 10 largest shareholders</b>		<b>41,252</b>	<b>55.32</b>



\*Apart from the above, the company has 9,032 thousand shares of treasury stock (ownership ratio of 12.11%).





YUMESHIN

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**JASDAQ**

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