



YUMESHIN HOLDINGS CO.,LTD.

# Financial Results for the Fiscal Year Ended September November 13, 2014

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September.2014  
Securities code  
**2362**

November 13, 2014 edition

# FY2014 Information

## Positive

- 1. Achieved to hire 1,600 engineers**
- 2. Increased the number of new clients**
- 3. Increased temporary staffing fees**

## Negative

**Retention rate did not reach the expectation**

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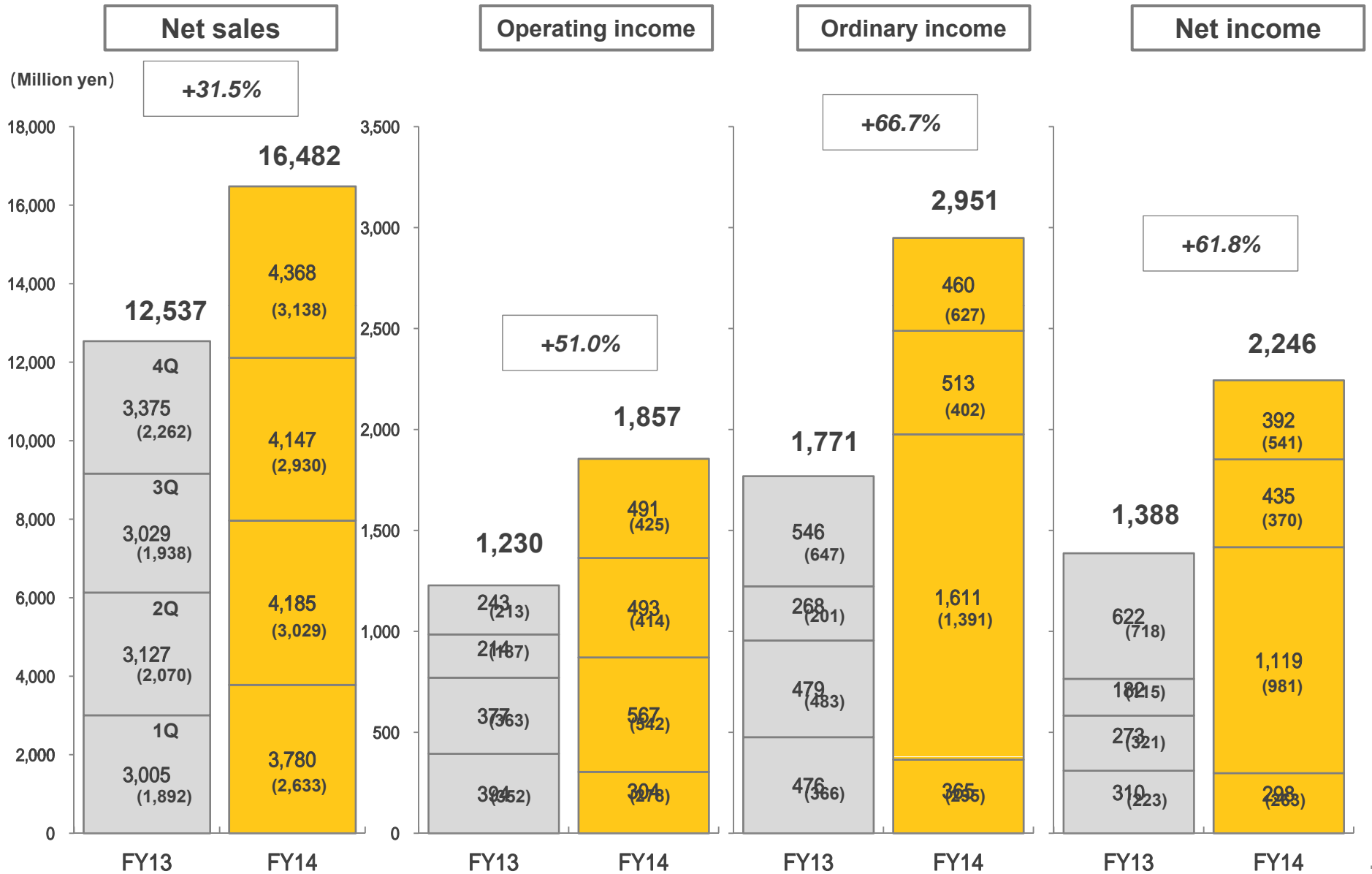
# Consolidated Financial Overview

# TOPIC

- 1. Net sales up 32%**
- 2. Operating income up 51%**
- 3. Increase in year-end dividend; 30 yen per year**

## Consolidated P/L Statement

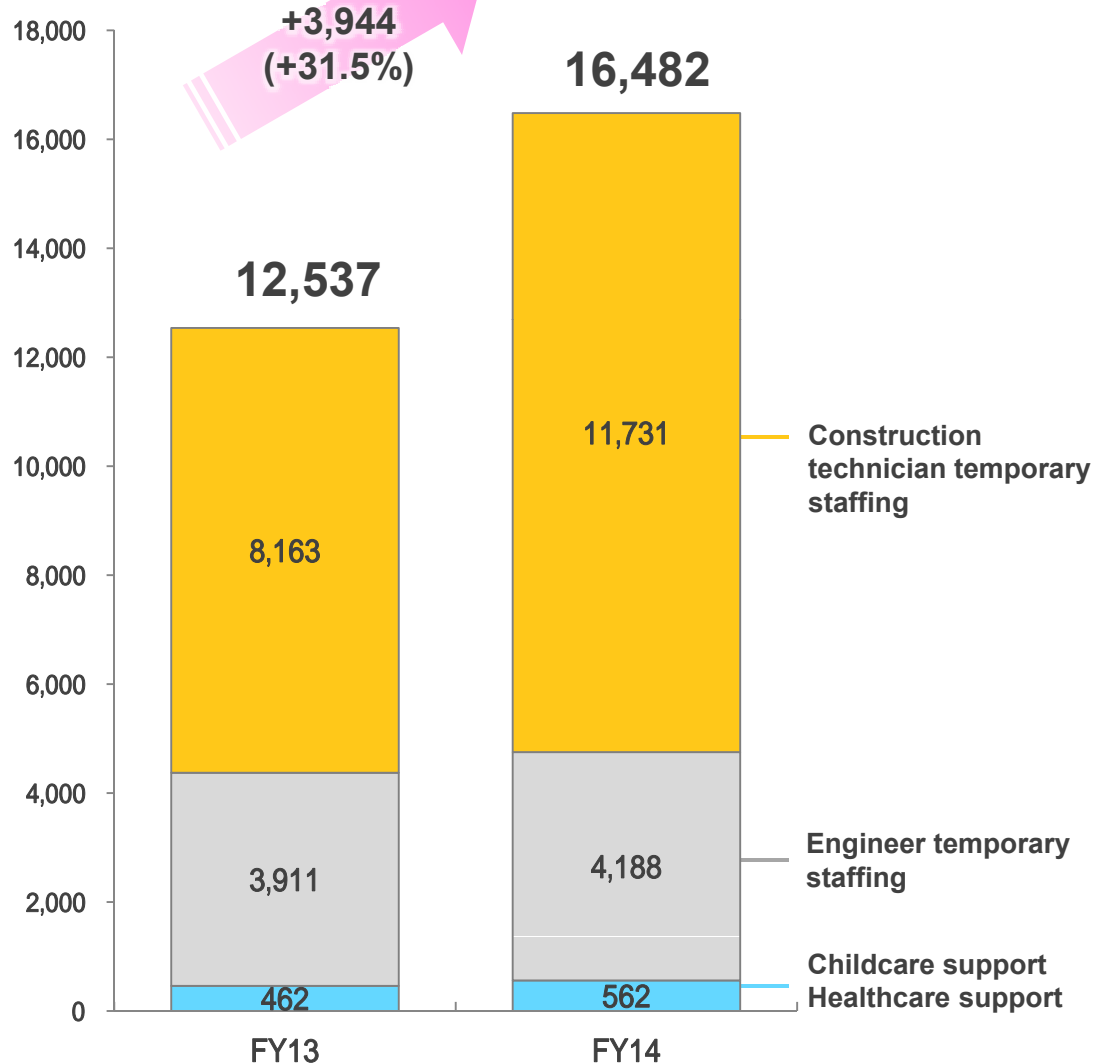
# Consolidated P/L



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

# Consolidated P/L (1) Net Sales

(Million yen)



## [Major factors for increase/decrease]

**Construction technician temporary staffing** **+3,568million** **(+43.7%)**

• Sales increase due to increased staff at work

**Engineer temporary staffing** **+277million** **(+7.1%)**

• Sales increase due to increased staff at work

**Childcare support** **+99million** **(+21.4%)**  
**Healthcare support**

• Sales increase due to increase in facility users

\*Please see page 48 for the breakdowns of Childcare support and Healthcare support business results.



# Consolidated P/L (2)

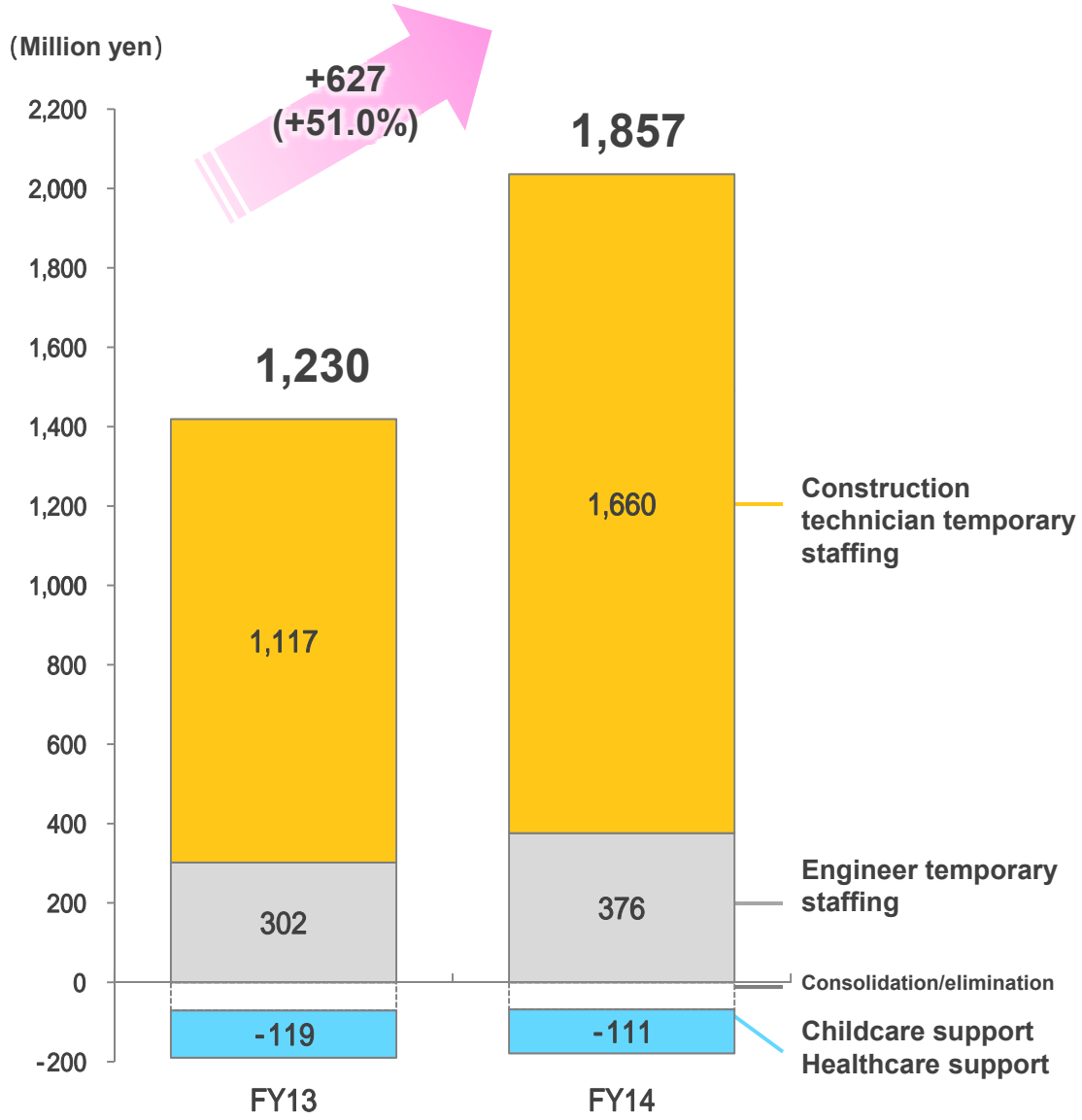
## Selling, General and Administrative Expenses

(Million yen)

	FY2013	FY2014	Change	Remarks
Cost of sales	9,087	11,899	+2,811	Increased due to increase in engineers
Cost of sales ratio	72.5%	72.2%	0.3pt.	
Gross profit	3,449	4,582	+1,132	
Gross profit	27.5%	27.8%	+0.3pt.	Increased due to improvement in temporary staffing fees
SG%A expenses	2,219	2,725	+505	
<i>Executive compensation</i>	108	112	+4	
<i>Personnel expenses</i>	1,201	1,409	+207	Increased due to increase in sales staffs
<i>Ad expenses</i>	28	95	+67	Increased due to broadcast of TV commercials
<i>Recruiting cost</i>	167	400	+232	Increased due to increase in recruiting ads
<i>Outsourcing expenses</i>	205	151	54	
<i>Provision of allowance for doubtful accounts</i>	16	15	1	
<i>Amortization of goodwill</i>	83	76	7	
SG&A expense ratio	17.7%	16.5%	1.2pt.	

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

# Consolidated P/L (3) Operating Income



## 【Major factors for increase/decrease】

**Construction technician temporary staffing +542million (+48.6%)**  
 · Increase in income due to increased staff at work and improvement in unit cost

**Engineer temporary staffing +73million (+24.2%)**  
 · Increase in income due to increased staff at work

**Childcare support +7million (+6.2%)**  
**Healthcare support**  
 · Increase in income due to sales increase

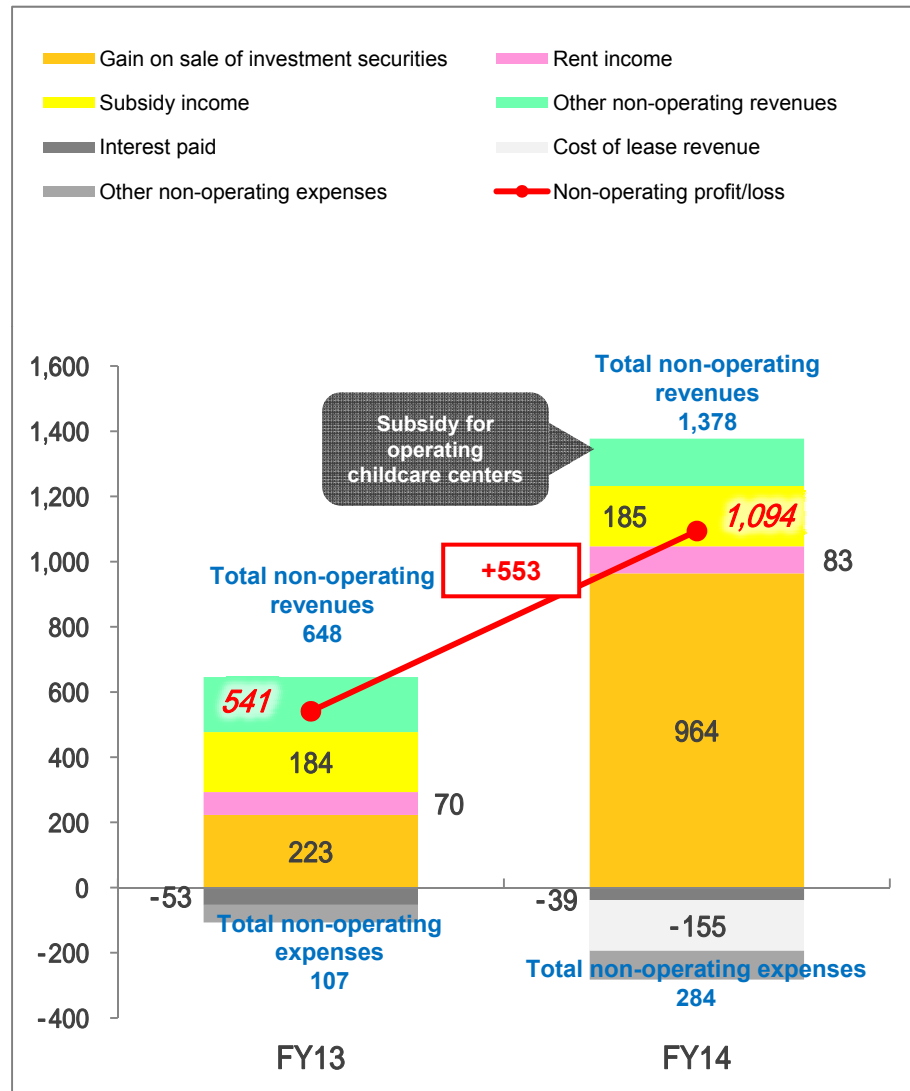
\*Please see page 48 for the breakdowns of Childcare support and Healthcare support business results.

# Consolidated P/L (4)

## Non-operating Profit/Loss and Ordinary Income

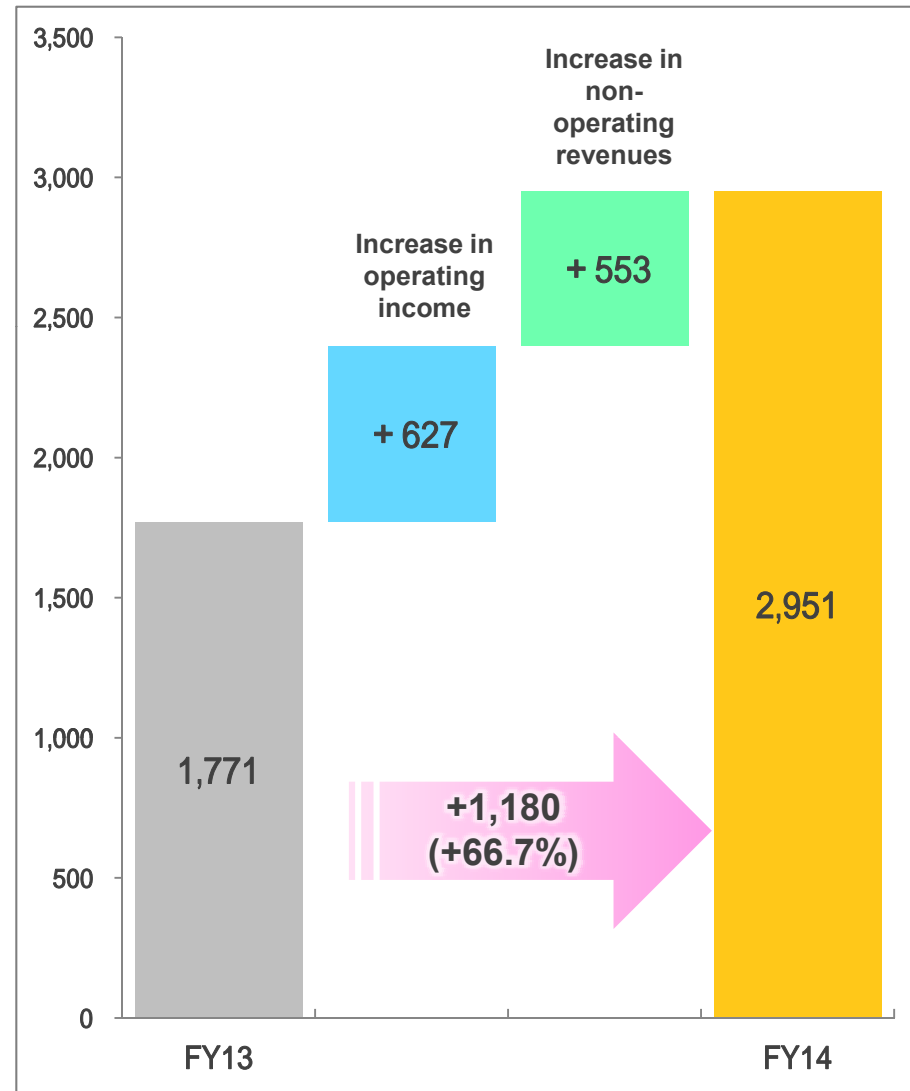
(Million yen)

### Non-operating profit/loss



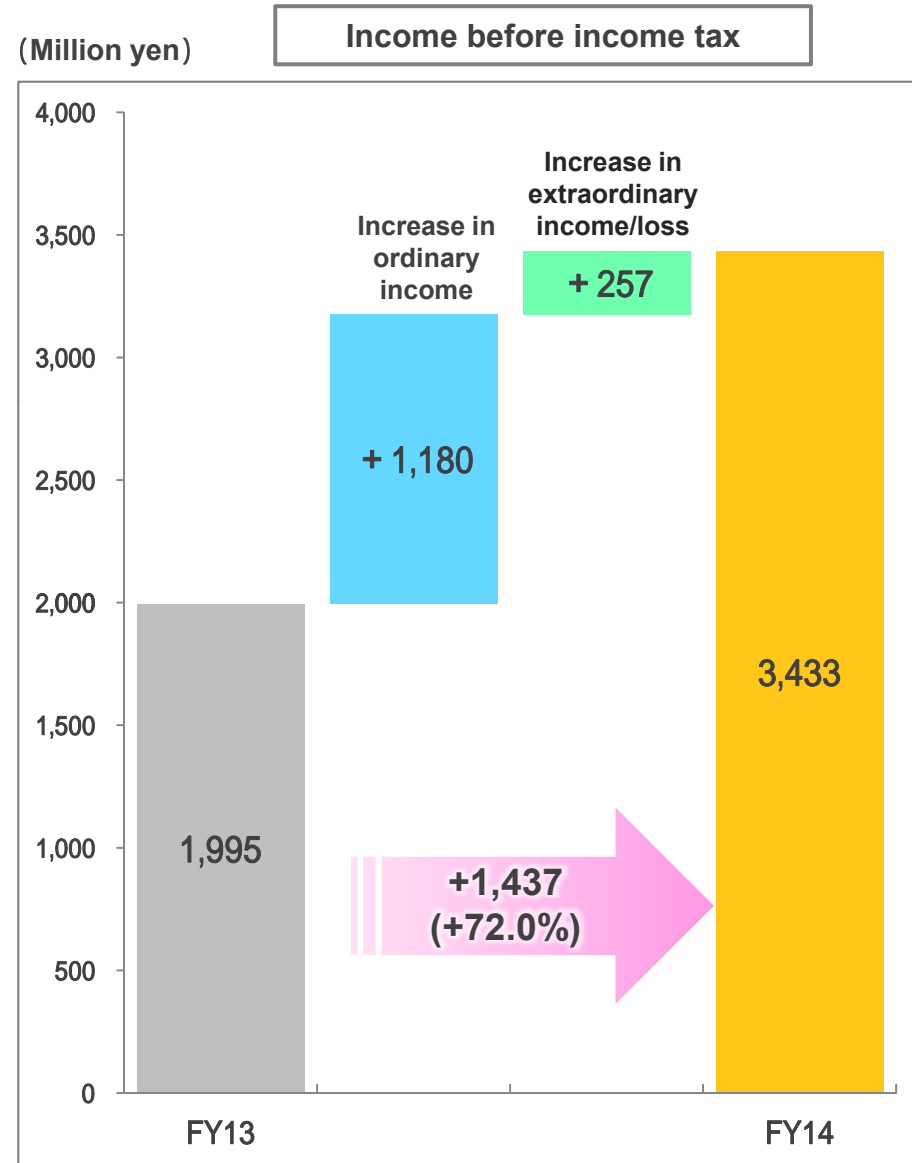
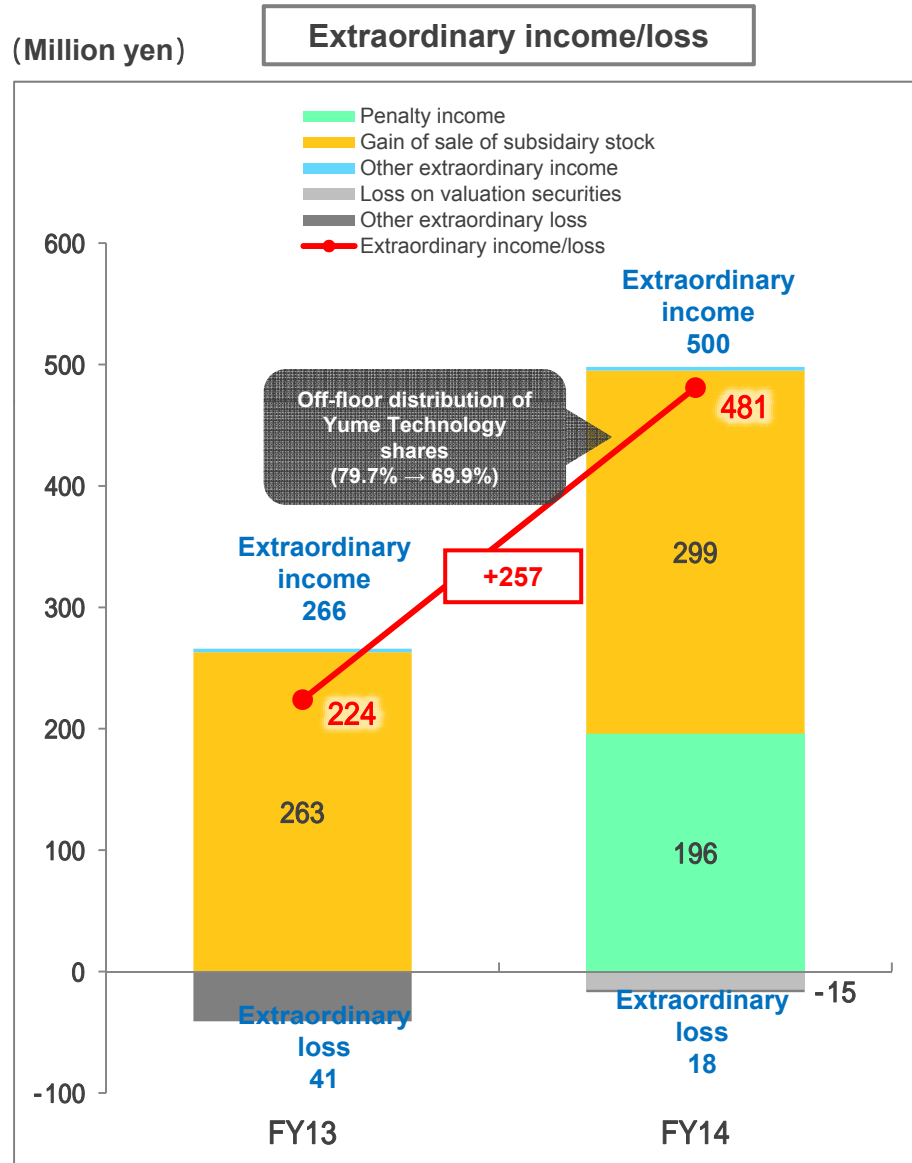
(Million yen)

### Ordinary income



# Consolidated P/L (5)

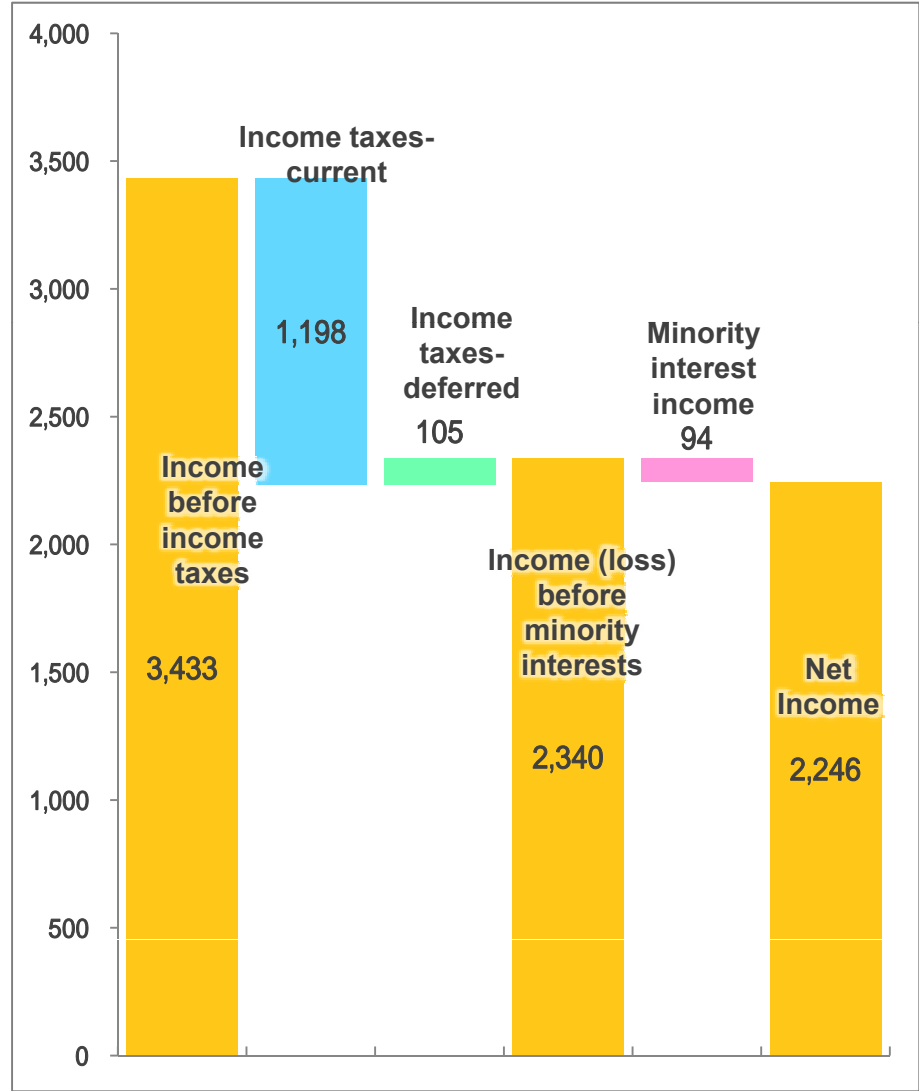
## Extraordinary Income/Loss and Income Before Income Tax



# Consolidated P/L (6) Net Income

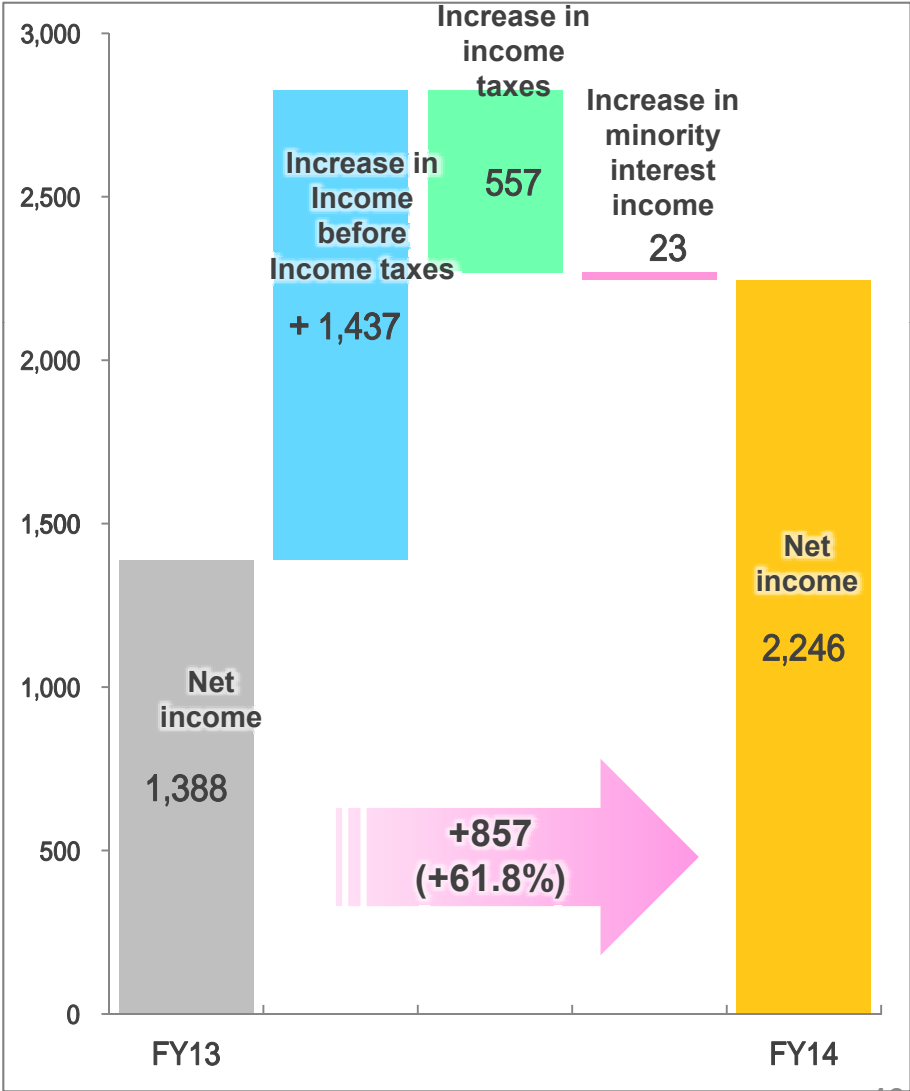
(Million yen)

**Net income**



(Million yen)

**Increase/decrease factors**



# Summary of Consolidated P/L Statement

(Million yen)

	FY2013	FY2014	Change	Pct. change
Net sales	12,537	16,482	+3,944	31.5%
<i>Gross profit</i>	3,449 (27.5%)	4,582 (27.8%)	+1,132	32.8%
<i>SG&amp;A expenses</i>	2,219 (17.7%)	2,725 (16.5%)	+505	22.8%
Operating income	1,230 (9.8%)	1,857 (11.3%)	+627	51.0%
Ordinary income	1,771 (14.1%)	2,951 (17.9%)	+1,180	66.7%
Net income	1,388 (11.1%)	2,246 (13.6%)	+857	61.8%

( ) = Percentage of sales

# Consolidated Financial Overview

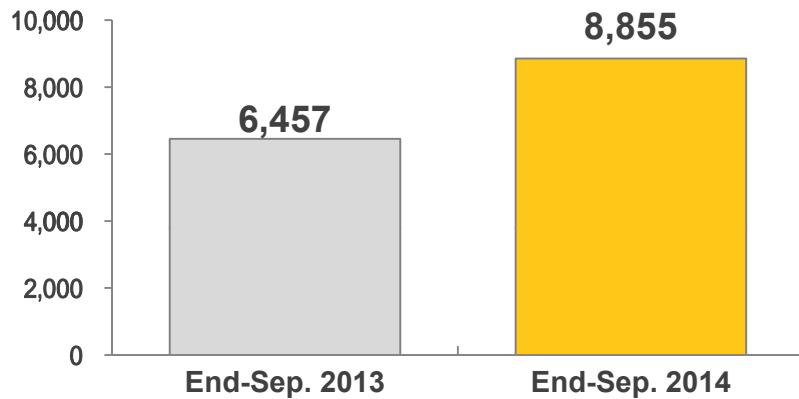
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**Consolidated B/S**

# Consolidated B/S

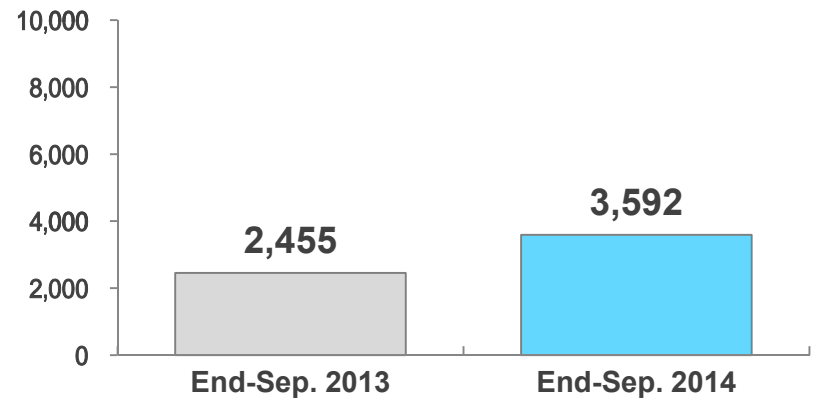
## Current assets

(Million yen)



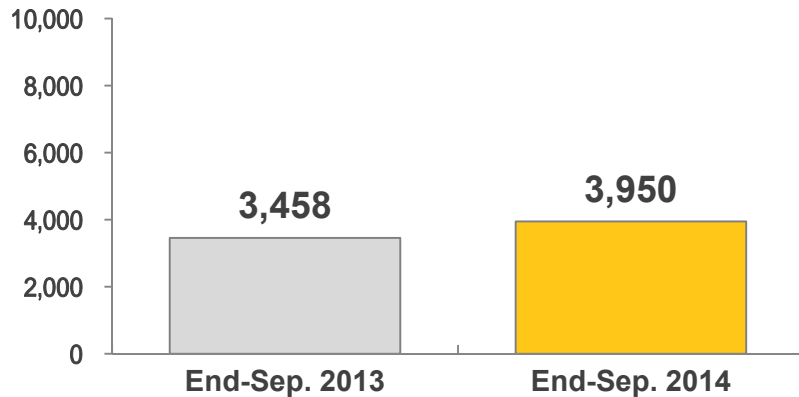
## Current liabilities

(Million yen)



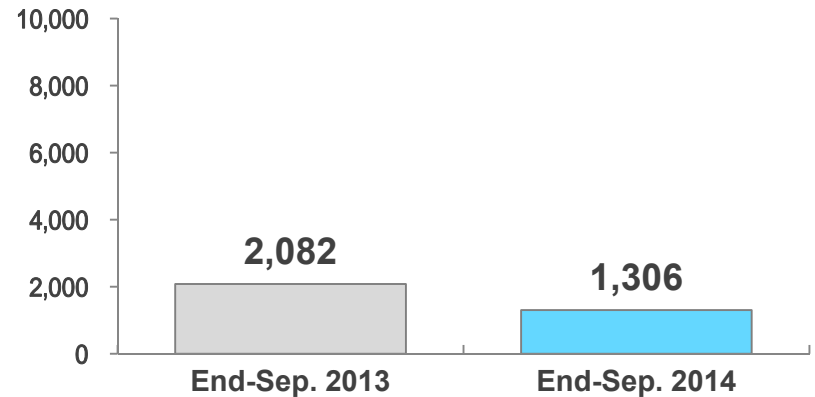
## Fixed assets

(Million yen)



## Fixed liabilities

(Million yen)





# Consolidated B/S (1) Assets

(Million yen)

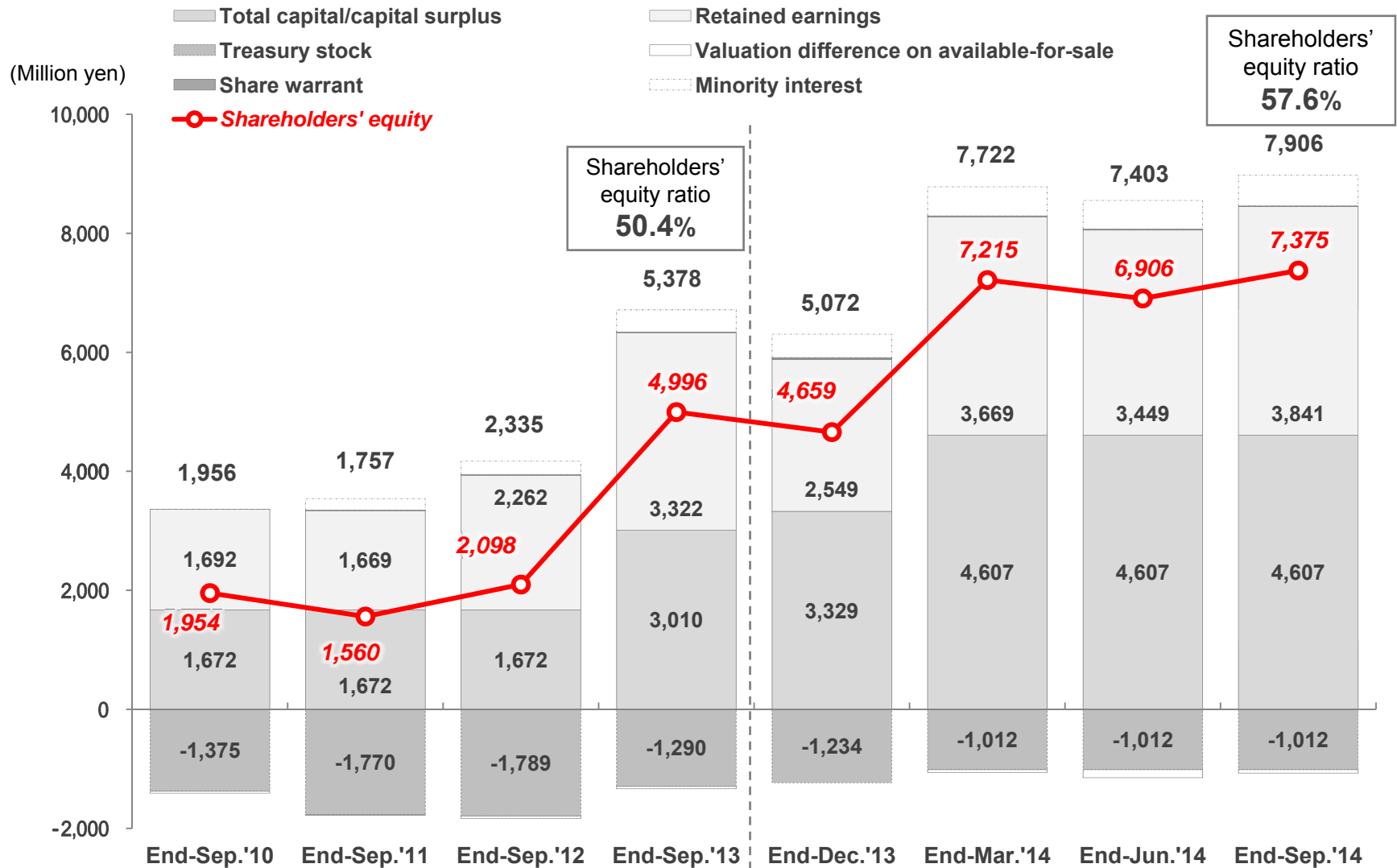
	End-Sep. 2013	End-Sep. 2014	Change	Remarks
<b>Assets</b>	<b>9,916</b>	<b>12,806</b>	<b>+2,889</b>	
<b>Current assets</b>	<b>6,457</b>	<b>8,855</b>	<b>+2,398</b>	
Cash and deposits	4,245	5,755	+1,509	<i>Increased due to operating activities</i>
Notes and accounts receivable-trade	1,860	2,523	+663	<i>Increased due to increase in clients</i>
Securities	16	-	16	
Deferred tax assets	145	257	+112	
Allowance for doubtful accounts	22	31	9	
<b>Fixed assets</b>	<b>3,459</b>	<b>3,950</b>	<b>+490</b>	
<b>Tangible fixed assets</b>	<b>1,465</b>	<b>1,946</b>	<b>+480</b>	
Buildings and structures	823	1,018	+195	
Machinery, delivery equipment	2	11	+9	
Land	577	863	+285	
Lease asset	46	37	9	
<b>Intangible fixed assets</b>	<b>552</b>	<b>415</b>	<b>136</b>	
Goodwill	515	390	125	<i>Decreased due to regular amortization</i>
Lease asset	9	6	2	
<b>Investments and other assets</b>	<b>1,441</b>	<b>1,588</b>	<b>+147</b>	
Investment securities	1,166	1,071	94	
Long-term debt	87	80	7	
Deferred tax assets	1	10	+8	
Allowance for doubtful accounts	42	46	4	

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

(Million yen)

	End-Sep. 2013	End-Sep. 2014	Change	Remarks
<b>Liabilities</b>	<b>4,538</b>	<b>4,899</b>	<b>+360</b>	
Current liabilities	<b>2,455</b>	<b>3,592</b>	<b>+1,137</b>	
Account payable-trade	<b>9</b>	<b>11</b>	<b>+2</b>	
Short-term debt	<b>-</b>	<b>100</b>	<b>+100</b>	Working capital
Current portion of long-term debt	<b>839</b>	<b>756</b>	<b>83</b>	
Income taxes payable	<b>377</b>	<b>879</b>	<b>+502</b>	
Accrued expenses	<b>642</b>	<b>799</b>	<b>+156</b>	
Reserve for bonuses	<b>190</b>	<b>239</b>	<b>+49</b>	
Fixed liabilities	<b>2,083</b>	<b>1,306</b>	<b>776</b>	
Long-term debt	<b>1,648</b>	<b>892</b>	<b>756</b>	
Lease obligations	<b>41</b>	<b>28</b>	<b>13</b>	
Reserve for employees' retirement benefits	<b>270</b>	<b>287</b>	<b>+17</b>	
<b>Net assets</b>	<b>5,378</b>	<b>7,906</b>	<b>+2,528</b>	
Shareholders' equity	<b>5,042</b>	<b>7,436</b>	<b>+2,394</b>	
Capital	<b>805</b>	<b>805</b>	<b>0</b>	
Capital surplus	<b>2,204</b>	<b>3,802</b>	<b>+1,597</b>	Increased due to disposal of treasury stock
Retained earnings	<b>3,322</b>	<b>3,841</b>	<b>+518</b>	Net income – FY13 year-end dividend – FY14 interim dividend
Treasury stock	<b>1,290</b>	<b>1,012</b>	<b>+277</b>	Disposed due to third-party allotment
Accumulated other comprehensive income	<b>45</b>	<b>60</b>	<b>14</b>	
Valuation difference on available-for-sale	<b>45</b>	<b>60</b>	<b>14</b>	
Share warrant	<b>5</b>	<b>12</b>	<b>+7</b>	
Minority interest	<b>376</b>	<b>518</b>	<b>+142</b>	

# Consolidated B/S (3) Shareholders' Equity



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

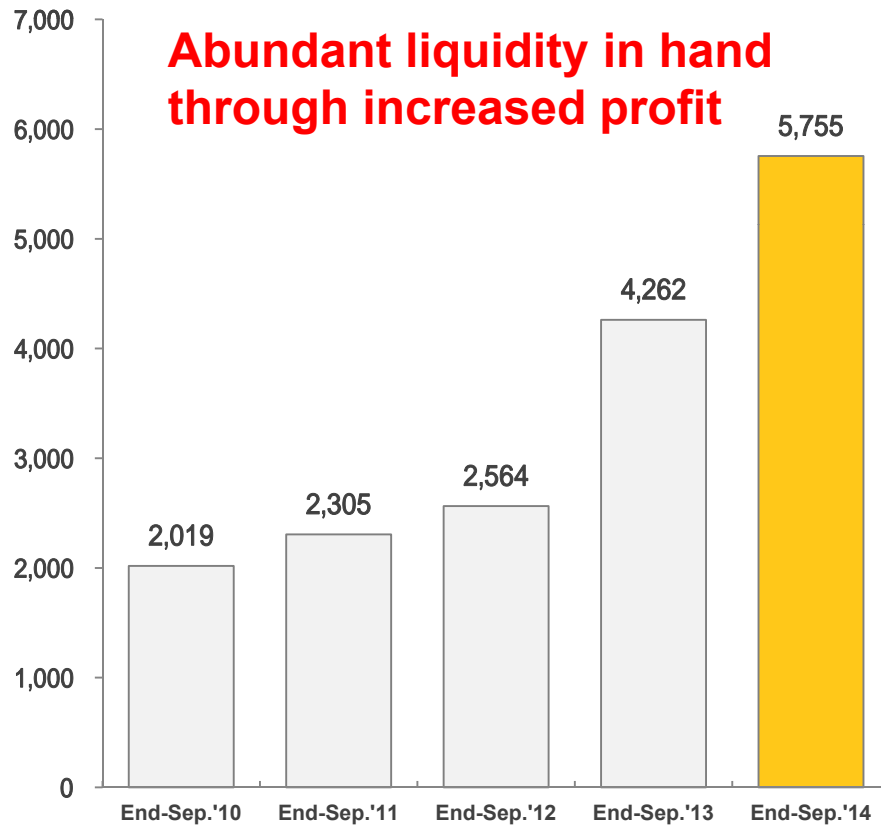
## Financial Index

# Financial Index (1)

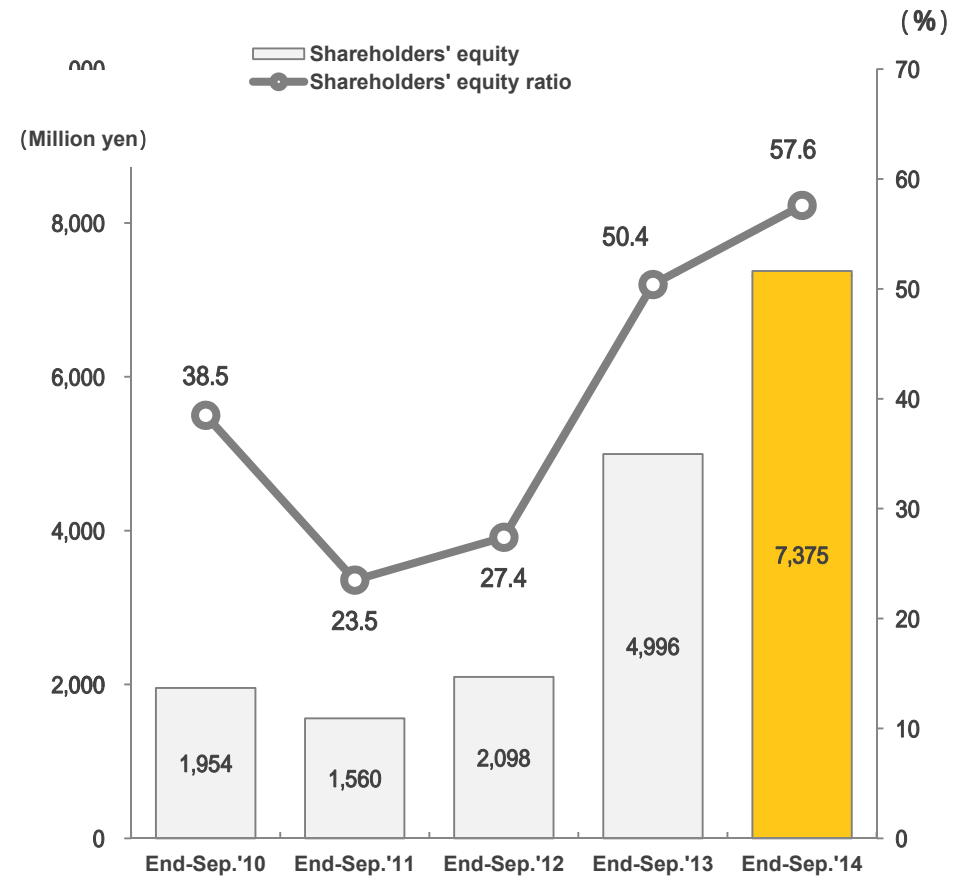
## Liquidity in Hand and Shareholders' Equity

Liquidity in hand

(Million yen)



Shareholders' equity ratio



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

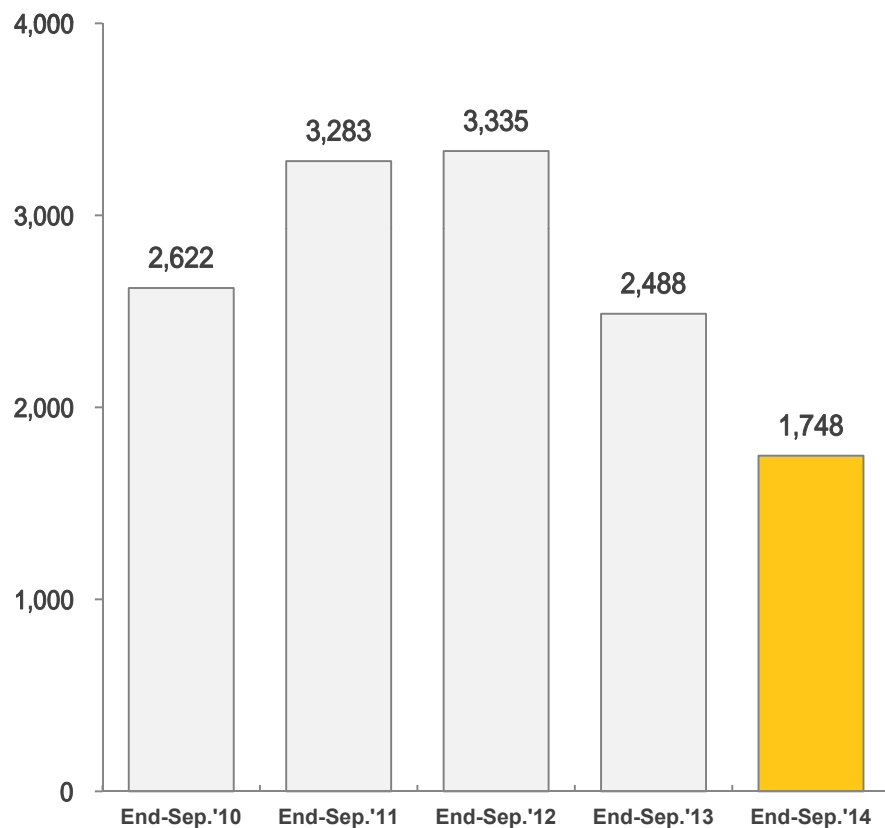
\*2. Shareholders' equity = Net assets - Minority interest - Share warrant

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

# Financial Index (2) Interest-bearing Debt

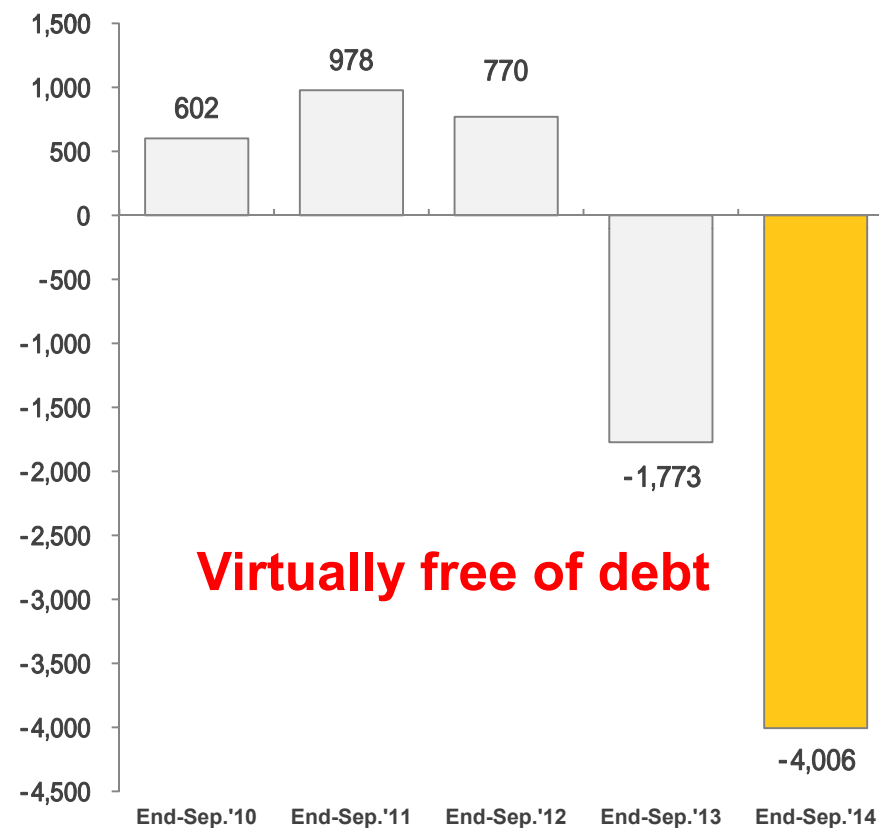
Interest-bearing debt

(Million yen)



Net interest-bearing debt

(Million yen)



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

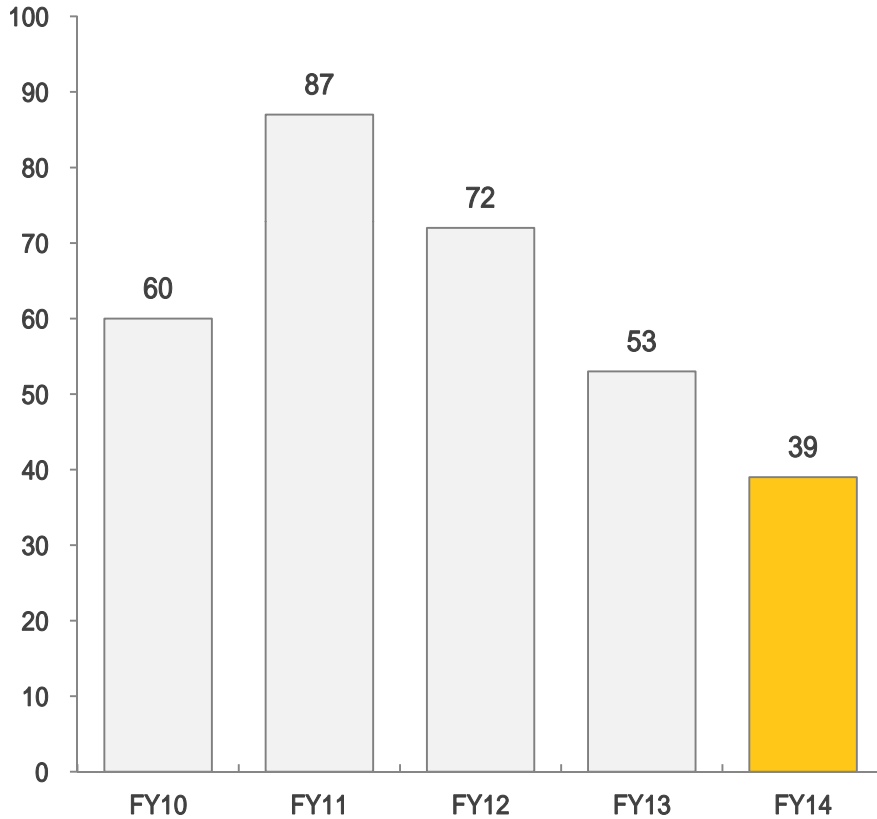
\*2. Net interest-bearing debt = Interest-bearing debt - Liquidity in hand

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

# Financial Index (3) Interest Paid and ICR

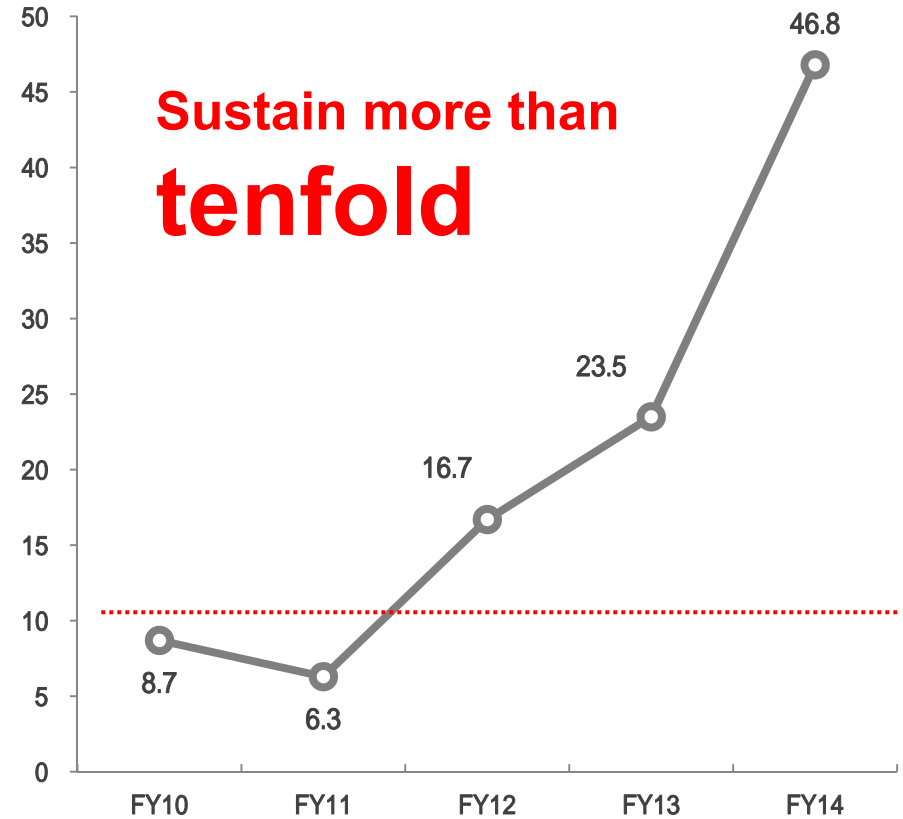
Interest paid

(Million yen)



ICR

(Times)

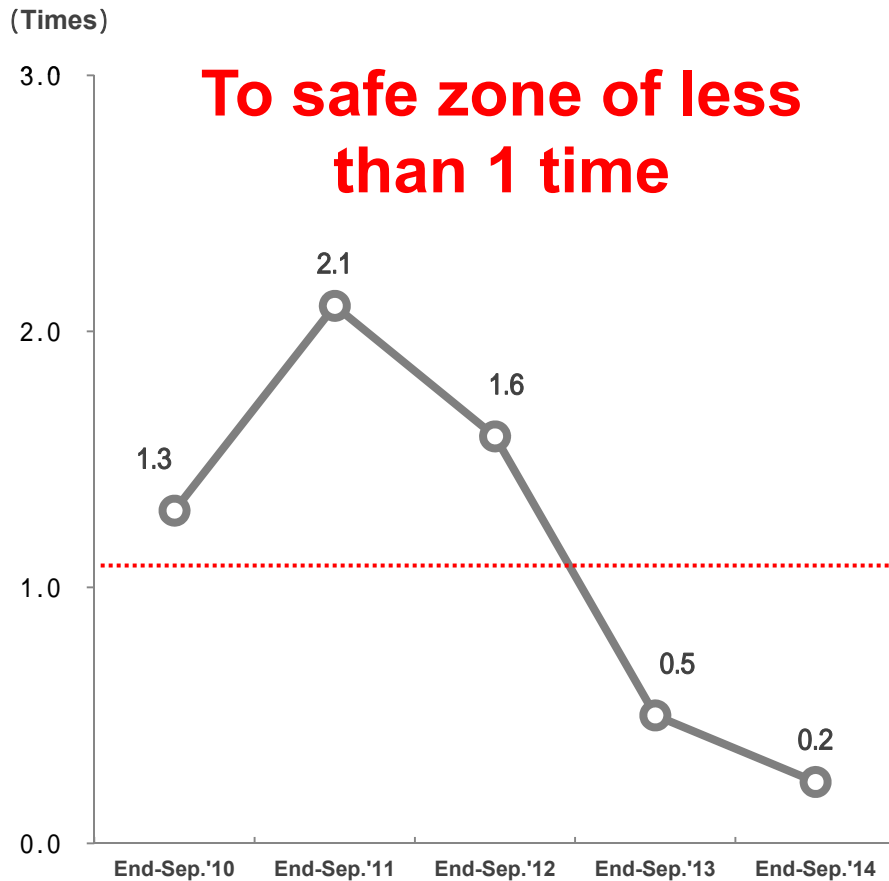


\*1. Instant coverage ratio (ICR) = Net operating profit ÷ Interest paid

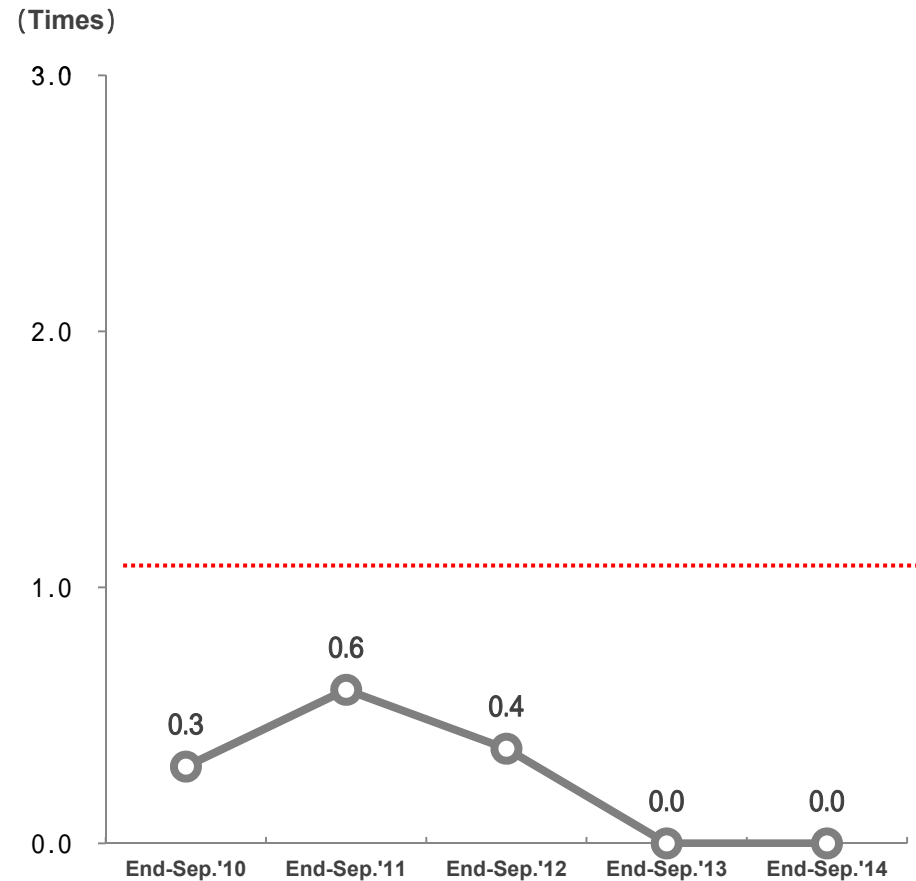
\*2. Net operating profit = Operating income+ Interest received+ Investment gain/loss on equity method

# Financial Index (4) D/E Ratio

D/E ratio



Net D/E ratio



1. D/E ratio = Interest-bearing debt ÷ Shareholders' equity
2. Net D/E ratio = Net 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-Sep. '13	End-Sep. '14	Change
Shareholders' equity	4,996	<b>7,375</b>	+2,379
Shareholders' equity ratio	50.4%	<b>57.6%</b>	+7.2pt.
Liquidity in hand	4,262	<b>5,755</b>	+1,492
Interest-bearing debt	2,488	<b>1,748</b>	739
D/E ratio	0.50 times	<b>0.24 times</b>	0.26pt.

# Segment Overview

# Segment Overview

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**Construction Technician  
Temporary Staffing**

# TOPIC

- 1. Net sales up 44%**
- 2. Operating income up 49%**
- 3. Achieved to hire 1,600 engineers**

# Four Indicators of Sales

No. of engineers

×

Operating rate

×

Operating time

×

Unit cost of  
temporary staffing



# Sales

# Number of Engineers (1) Recruitment

Achieved to hire 1,600 engineers → Up 30% YoY ( 1,233 engineers a year earlier )

(Unit: Persons)

	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	Sep	Apr – Sep total	Oct – Sep 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>	<b>140</b>	<b>101</b>	<b>83</b>	<b>899</b>	<b>1,628</b>
Difference	+51	7	9	30	14	32	41	+28

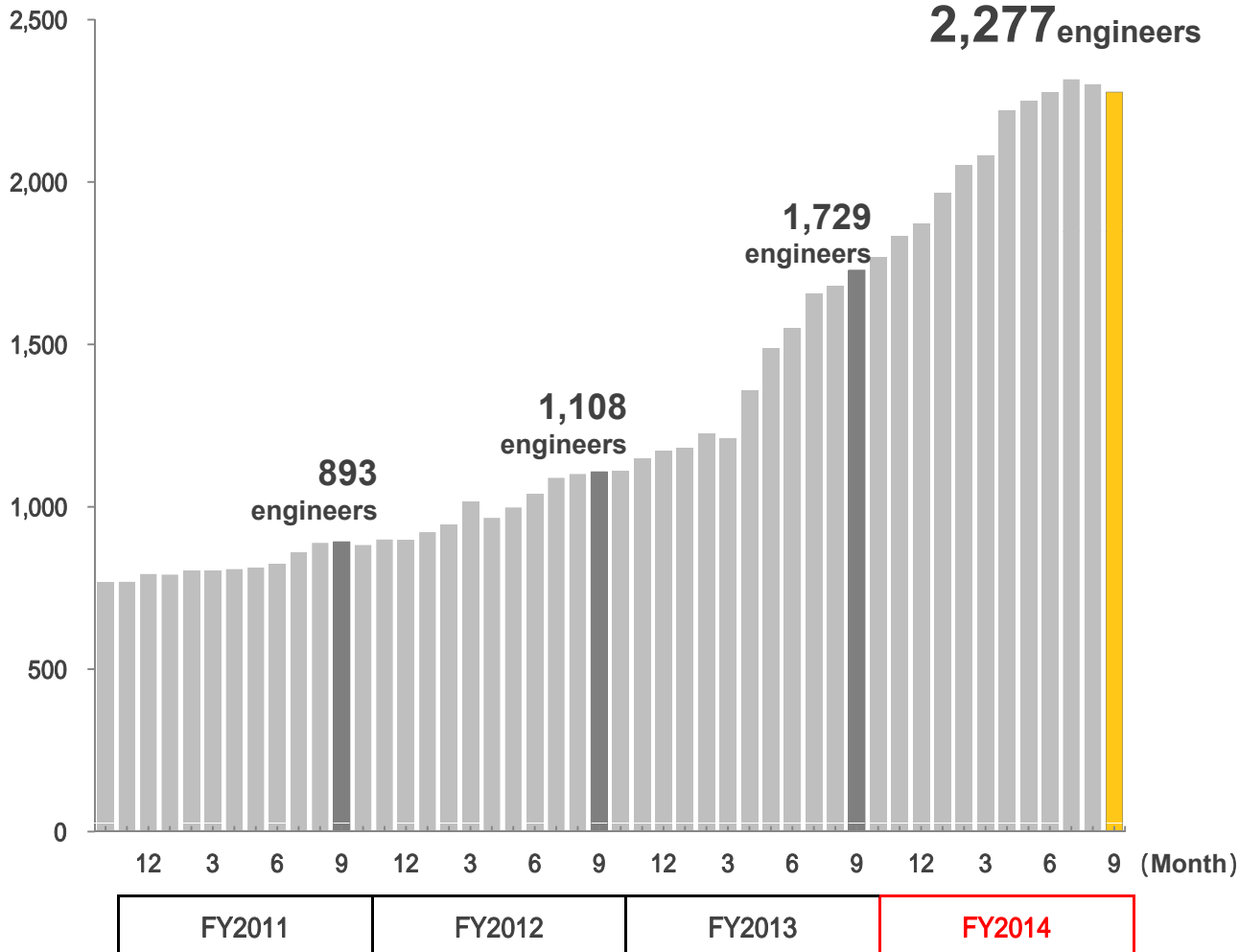
# Number of engineers (2)

## Changes in the Number of Engineers

Up 1.5 times from the same month a year earlier

Increased steadily but did not reach the target for the end of FY9/14 (Target 2,900 engineers)

(Engineers)

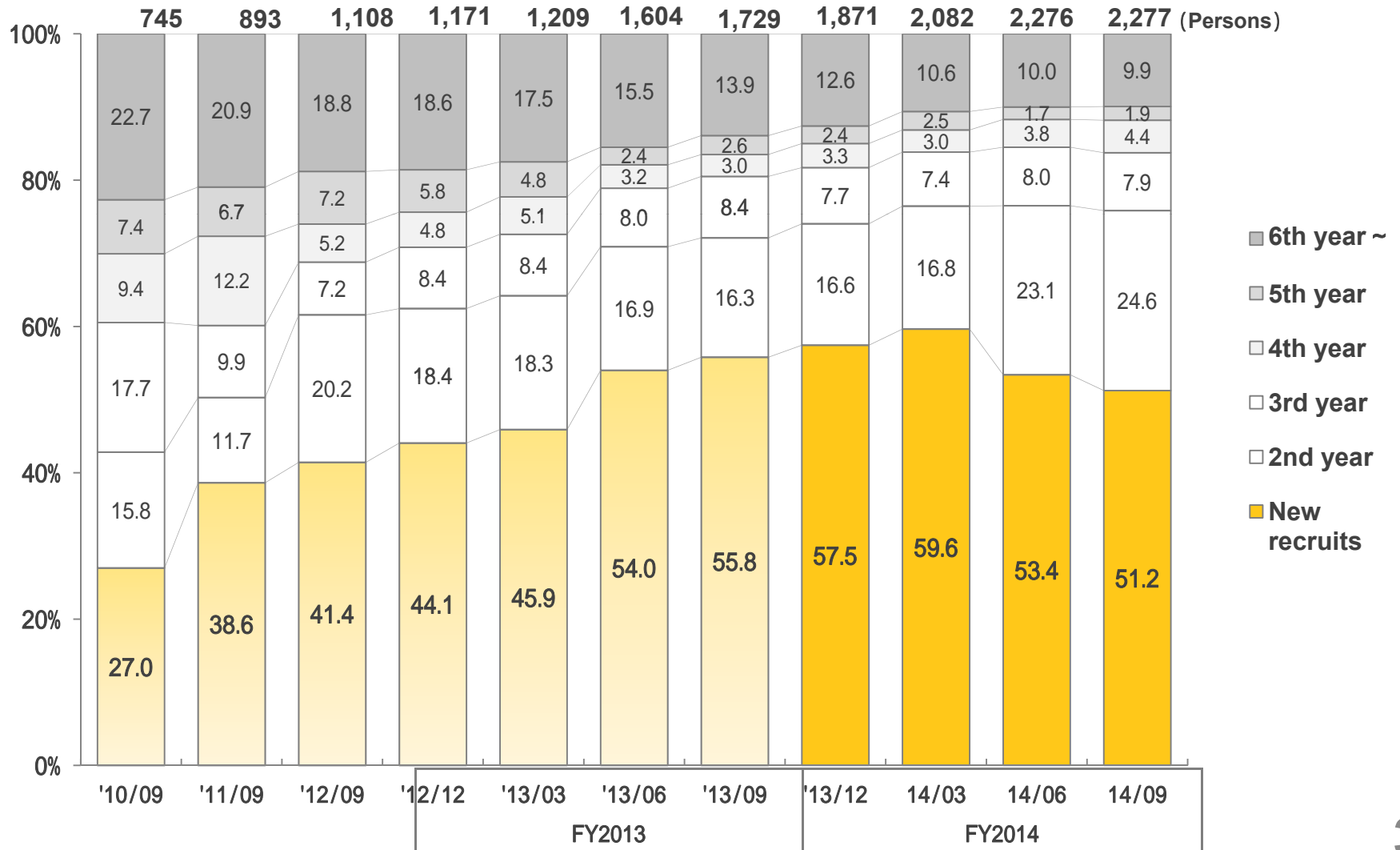


\*Number of engineers at the end of month

# Number of engineers (3)

## Ratio by Length of Service

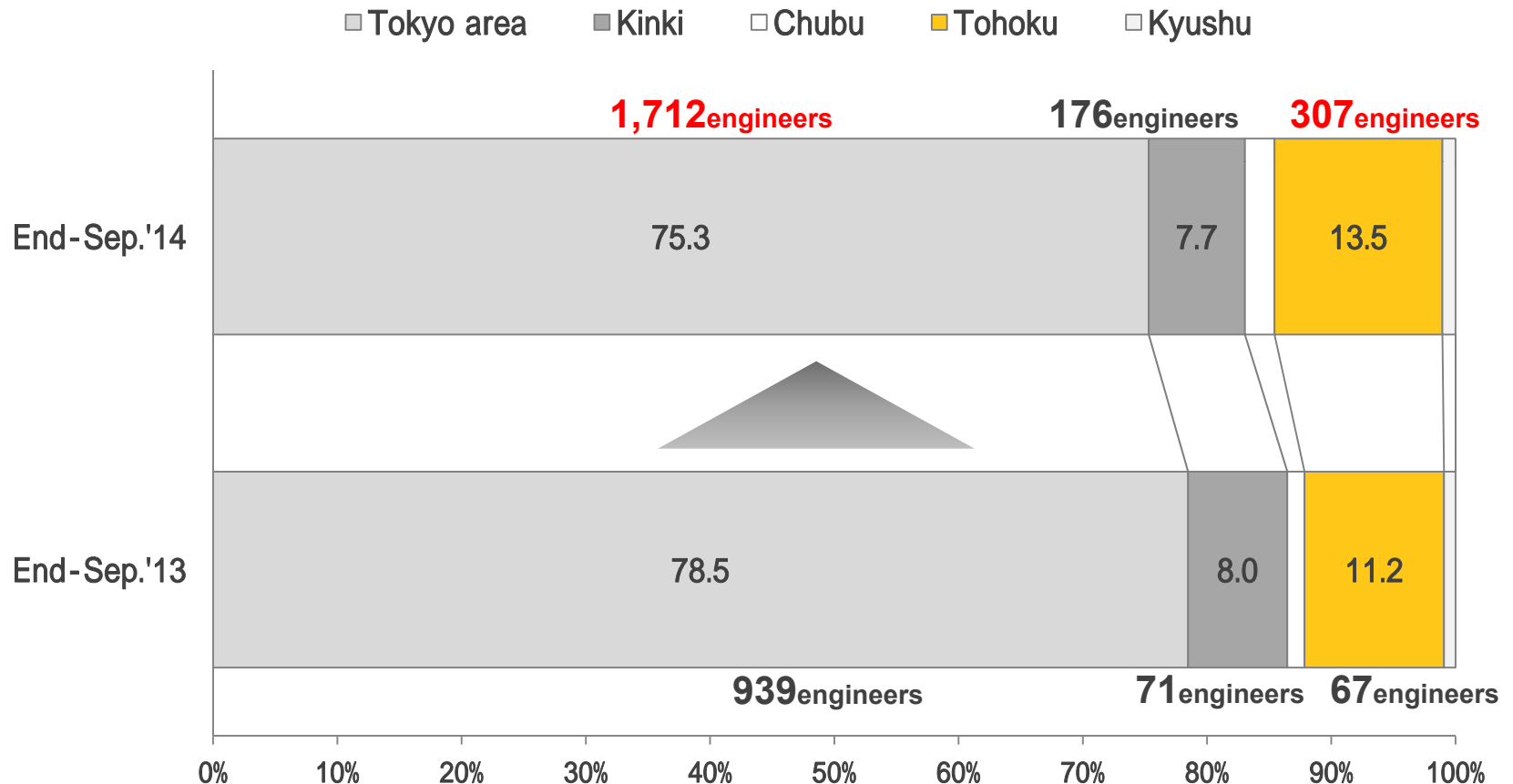
Engineers who joined the company between April and June in the previous year are in their 2<sup>nd</sup> year → Ratio of new recruits peaked out





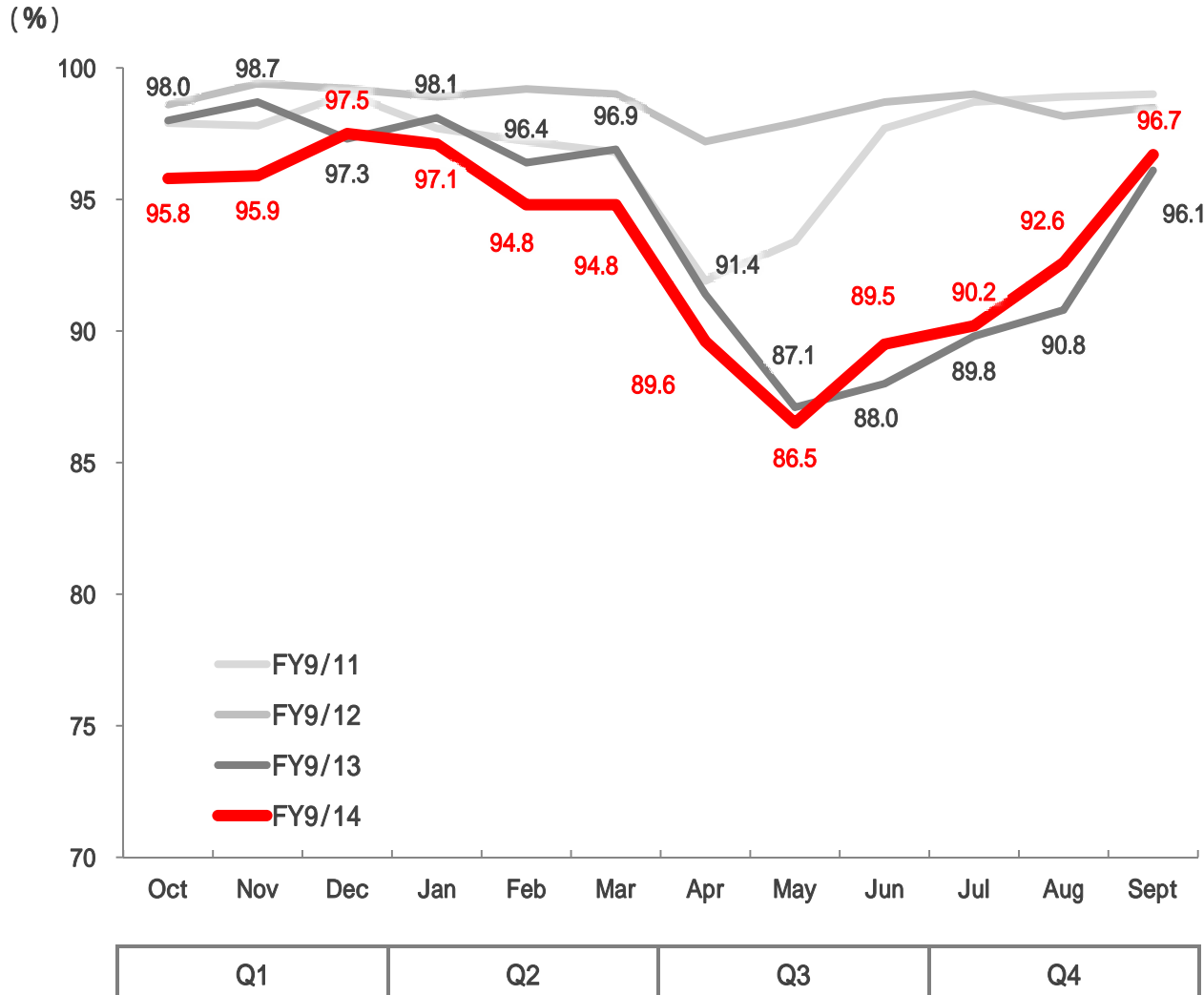
# Number of Engineers (4) Ratio by Office

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



# Operating Rate (1) Changes by Year

Decreased due to seasonality between April and June and mass hiring  
 → Improved at an early stage due to aggressive operating activities



**FY2014**  
 (Oct. – Sep. average)  
**93.4%**

0.7pt.

**FY2013**  
 (Oct. – Sep. average)  
**94.1%**

# Operating Rate (2) Sales Composition Ratio

Decrease in sales ratio of per client → Risk hedging by decrease the degree of dependence  
 Increase in clients → 750companies(FY12) 930companies(FY13) 1,160companies(FY14)

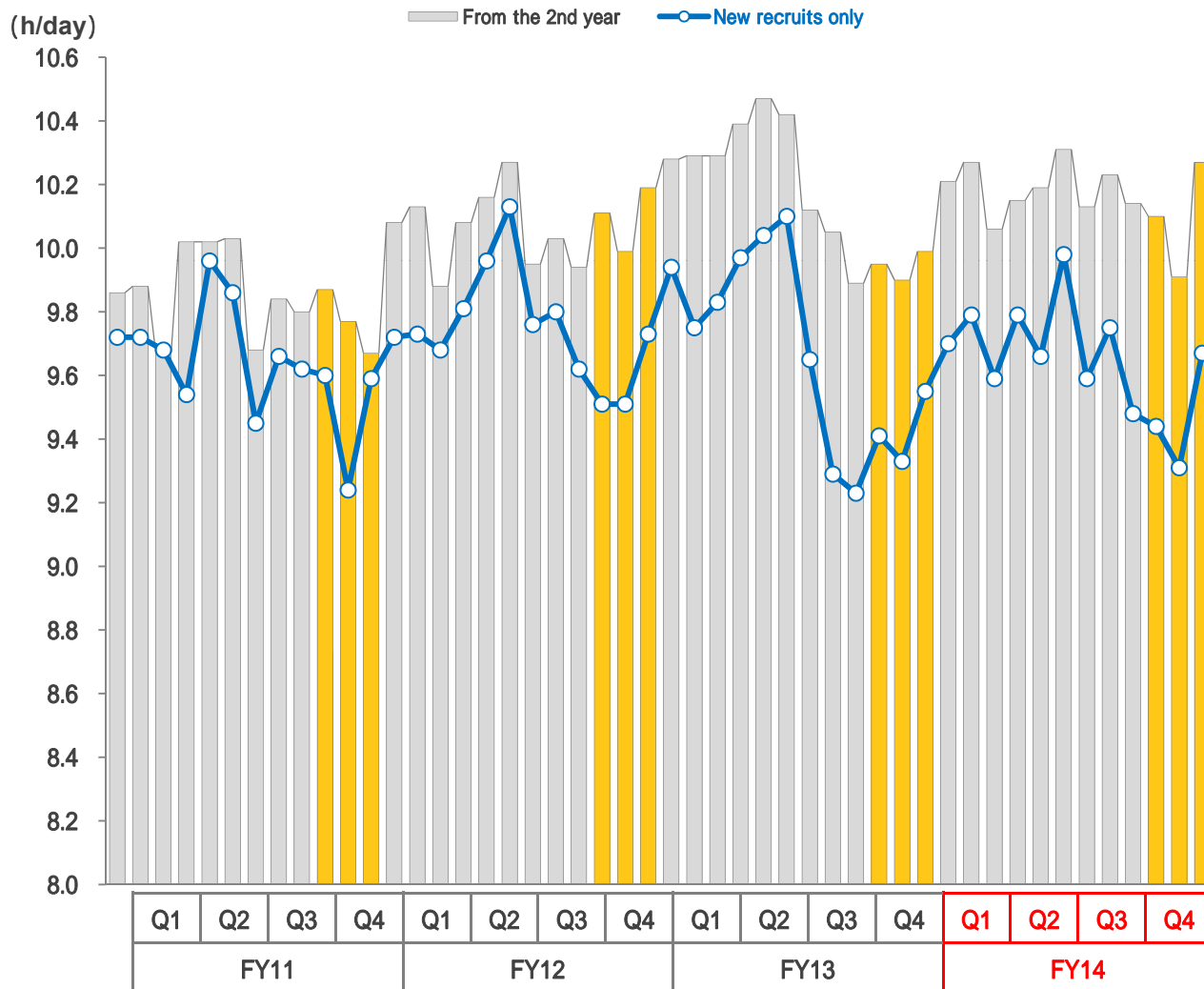
## Sales Composition Ratio

(%)

Rank	FY2010		FY2011		FY2012		FY2013		FY2014	
	1	TOKYU CONSTRUCTION CO., LTD.	7.3	TOKYU CONSTRUCTION CO., LTD.	7.1	TOKYU CONSTRUCTION CO., LTD.	8.9	TOKYU CONSTRUCTION CO., LTD.	6.6	Daiwa House Industry Co., Ltd.
2	Kajima Corporation	3.8	Konoike Construction Co., Ltd.	4.2	Konoike Construction Co., Ltd.	3.2	Daiwa House Industry Co., Ltd.	4.8	TOKYU CONSTRUCTION CO., LTD.	4.6
3	Konoike Construction Co., Ltd.	3.5	Kajima Corporation	3.5	Takenaka Corporation	3.0	KUROSAWA CONSTRUCTION CO.,LTD.	2.7	Taisei Corporation	3.5
4	Takenaka Corporation	3.5	Takenaka Corporation	2.9	Kajima Corporation	2.8	Takenaka Corporation	2.2	HAZAMA ANDO CORPORATION	1.6
5	Daiwa Odakyu Construction Co., Ltd.	3.0	Daiwa Odakyu Construction Co., Ltd.	2.7	Sumitomo Mitsui Construction Co., Ltd.	2.0	Taisei Corporation	2.2	SHIMIZU CORPORATION	1.6
	Top 5 total	21.1	Top 5 total	20.4	Top 5 total	19.9	Top 5 total	18.5	Top 5 total	17.8
	Top 10 total	30.1	Top 10 total	29.7	Top 10 total	29.1	Top 10 total	27.5	Top 10 total	24.9

# Operating Time

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



**FY2014**  
(Oct. – Sep. average)  
**9.80h**

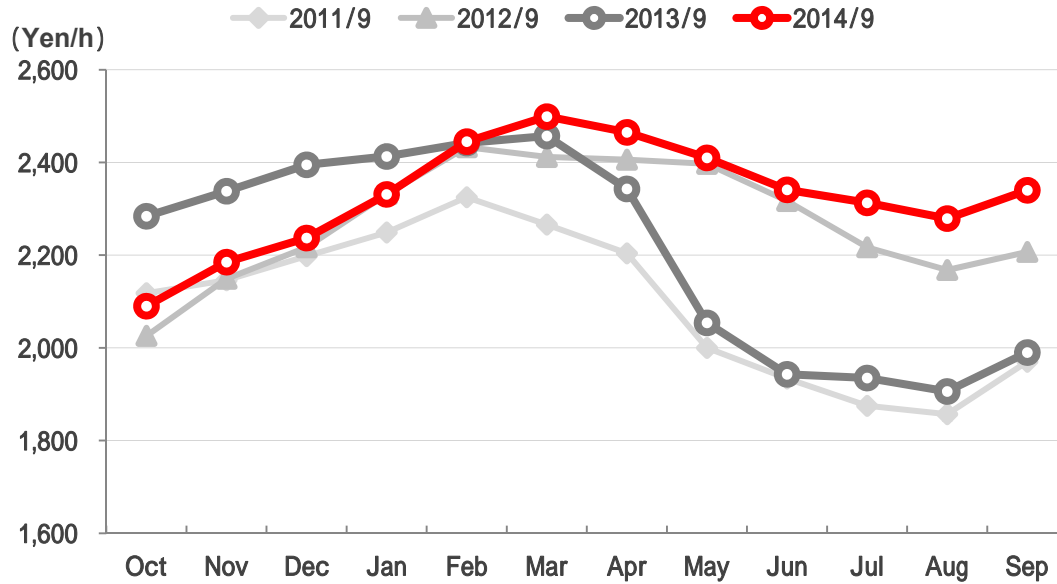
**0.09h**

**FY2013**  
(Oct. – Sep. average)  
**9.89h**

All engineers average

# Unit Cost of Temporary Staffing (1)

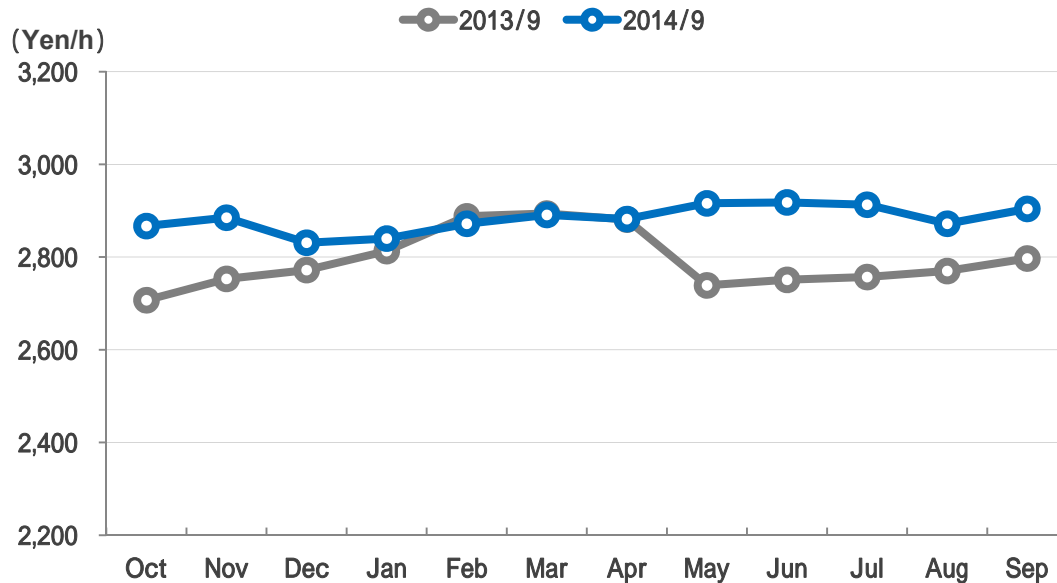
## Changes in New Recruits and 2<sup>nd</sup> Year



New recruits only

**+5.4%**  
YoY

Curbed the decline in unit cost  
between April and June

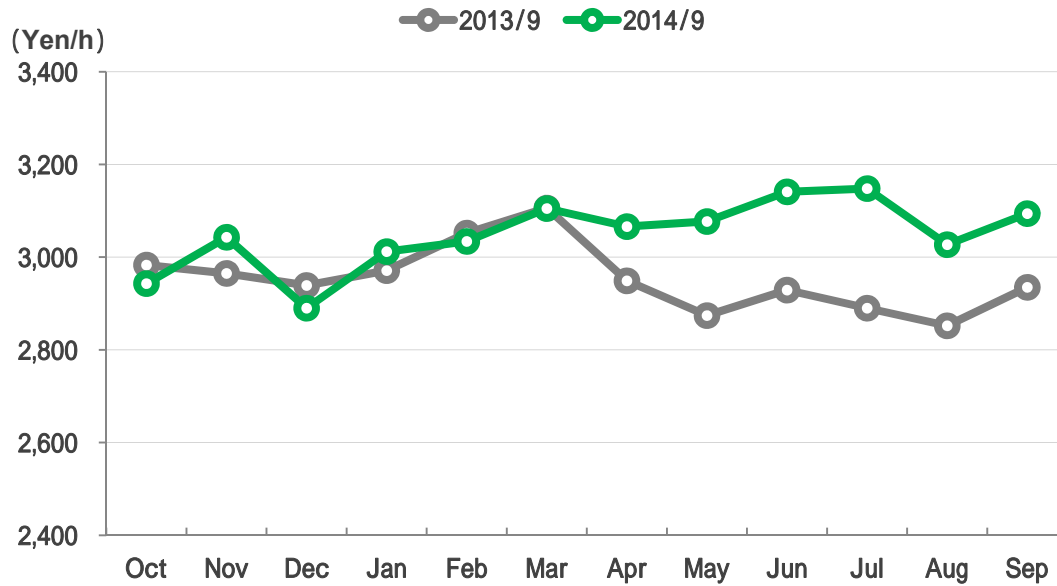


2<sup>nd</sup> year only

**+3.2%**  
YoY

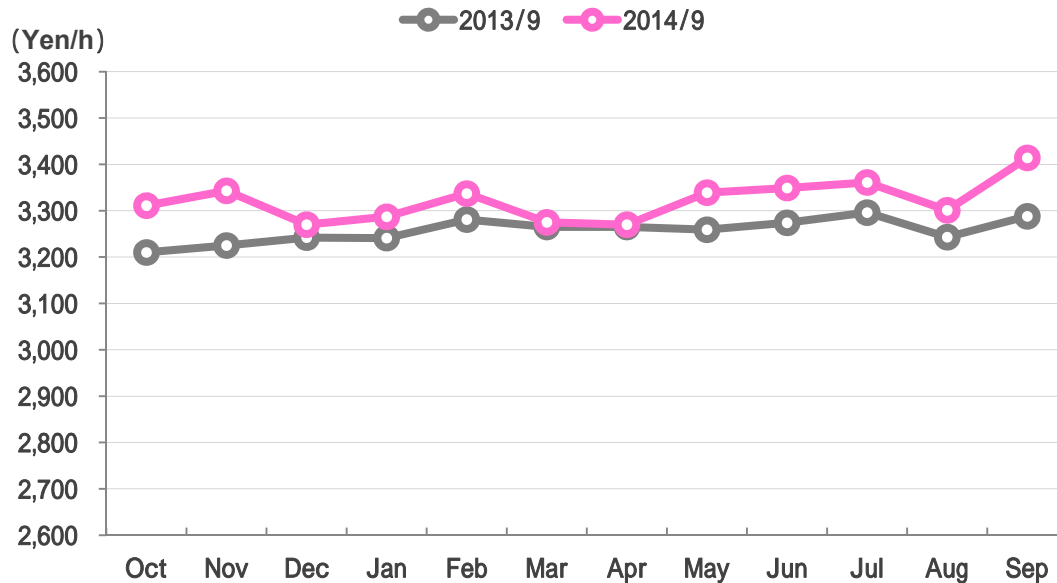
# Unit Cost of Temporary Staffing (2)

## Changes from the 3<sup>rd</sup> and 4<sup>th</sup> Year Onward



3<sup>rd</sup> year only

**+3.2%**  
YoY

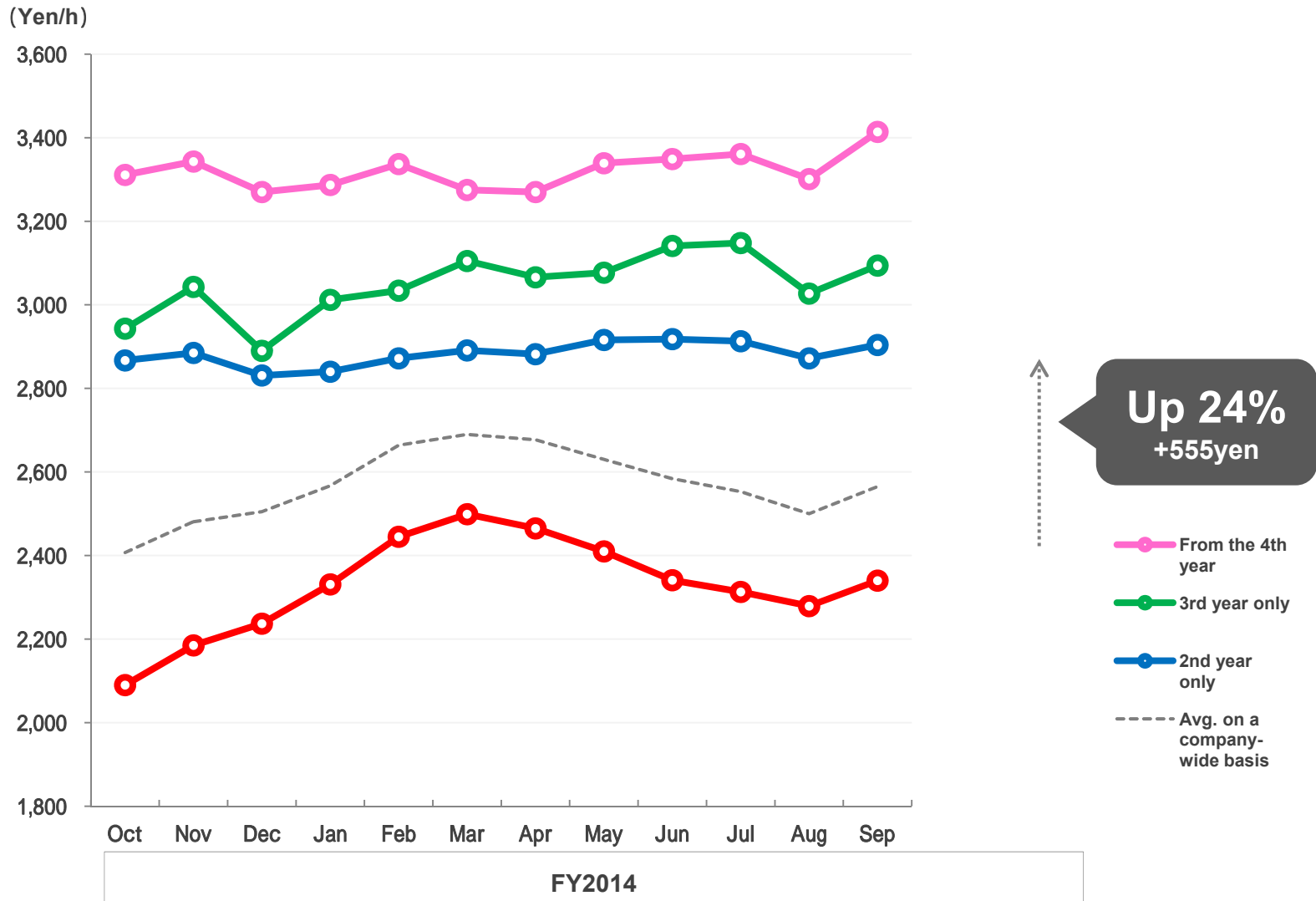


From the 4<sup>th</sup> year

**+2.0%**  
YoY

# Unit Cost of Temporary Staffing (3) Changes by Length of Service

One year of site experience → Unit cost increased dramatically (Yearly average +24%)  
Up by more than 5% from the 2<sup>nd</sup> year with experience

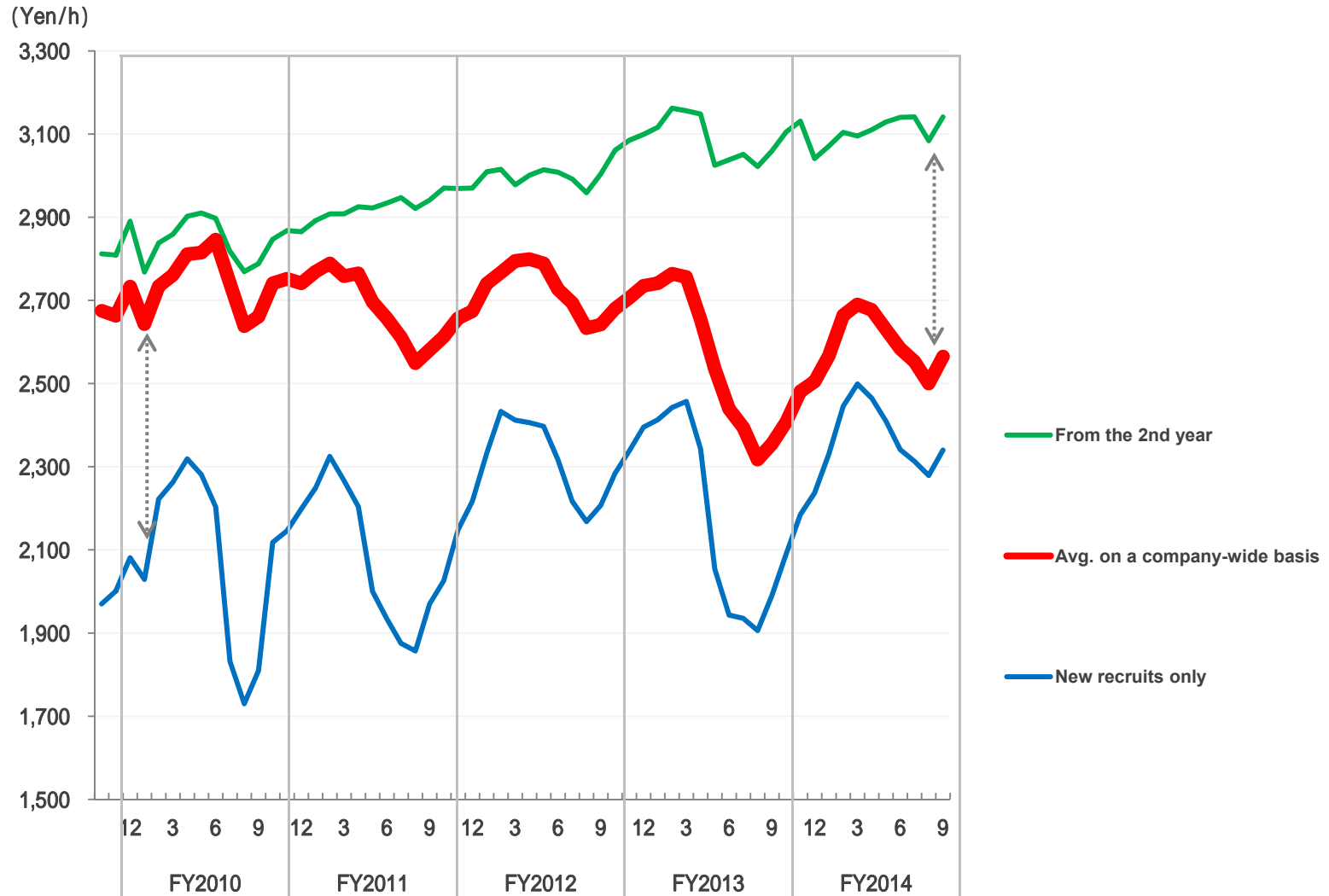


# Unit Cost of Temporary Staffing (4) Interim Changes

Pct. of new recruits increased (see P. 32) → Average on a company-wide basis declined

(FY10 FY14 5.8%)

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. – Sep. average (all engineers)

	FY2013	FY2014	Change
No. of engineers	<b>1,376</b> engineers	<b>2,101</b> engineers	<b>+725</b> engineers
Operating rate	<b>94.1%</b>	<b>93.4%</b>	<b>0.7pt.</b>
Operating time	<b>9.89h</b>	<b>9.80h</b>	<b>0.09h</b>
Unit cost of temporary staffing	<b>2,590yen</b>	<b>2,569yen</b>	<b>21yen</b>

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

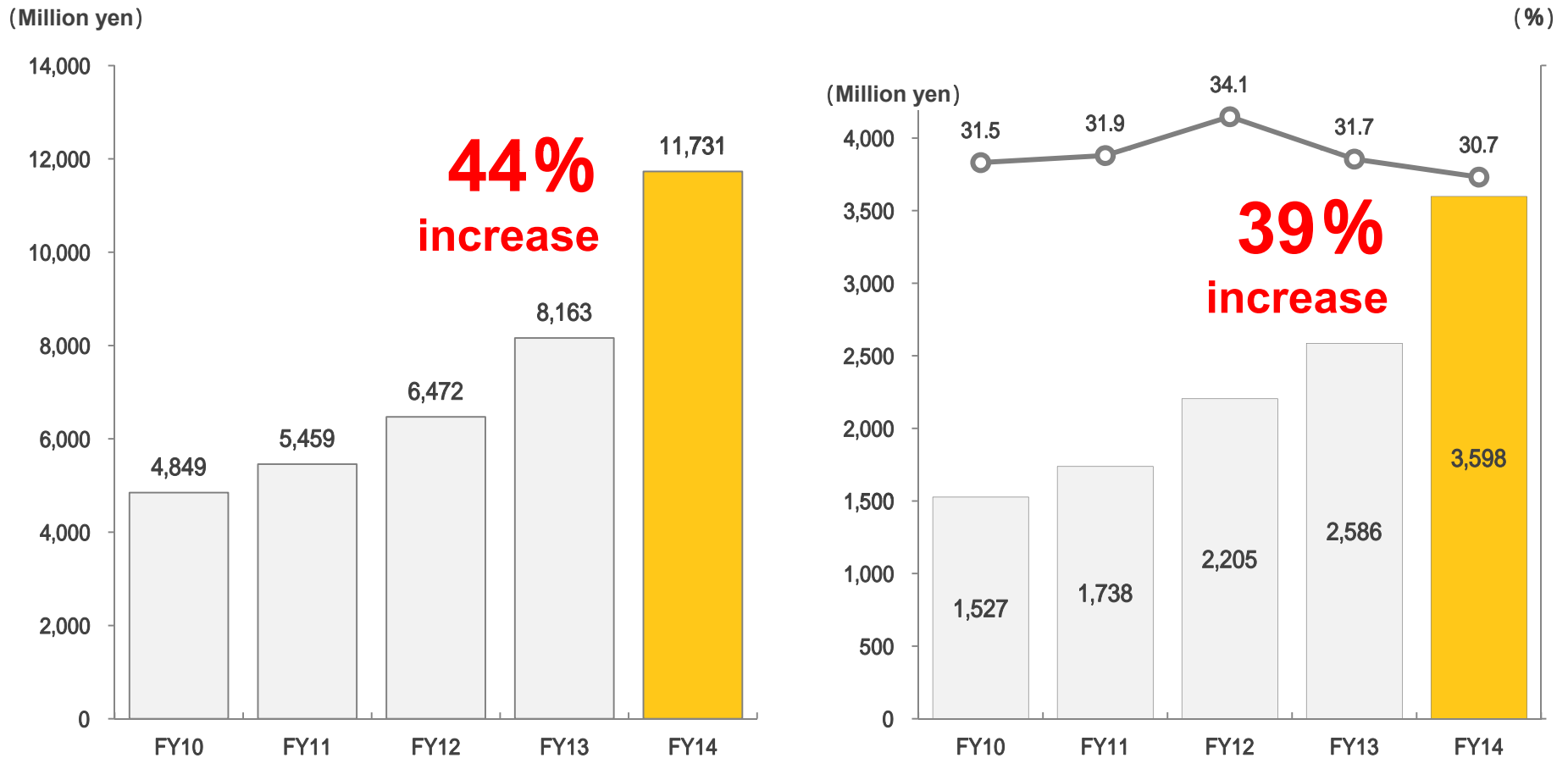
# Non-consolidated P/L Statement (1)

## 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



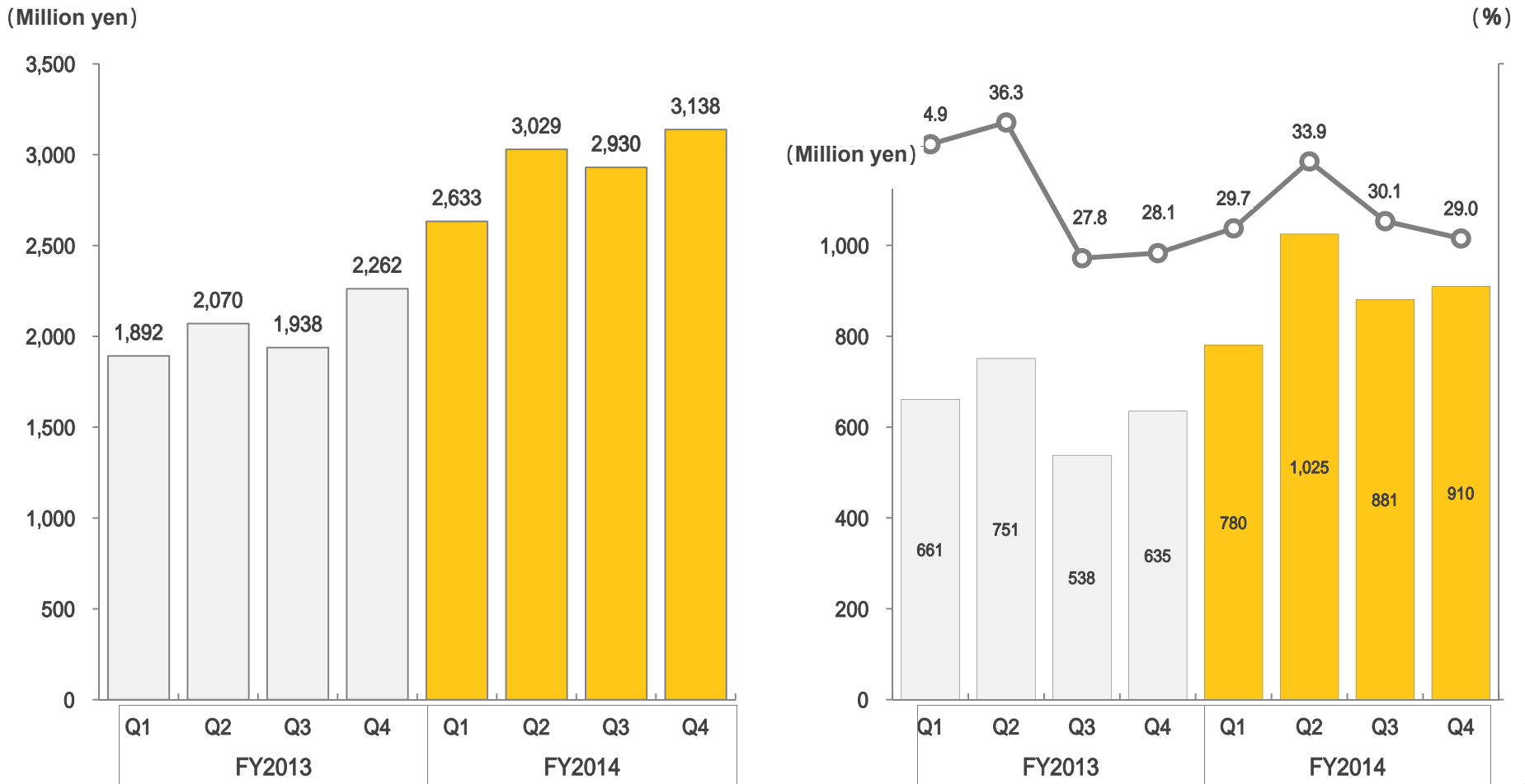
# Non-consolidated P/L Statement (2)

## Net Sales and Gross Profit (Quarter)

Steady recovery from drop in unit cost in FY13/Q3

Net sales

Gross profit



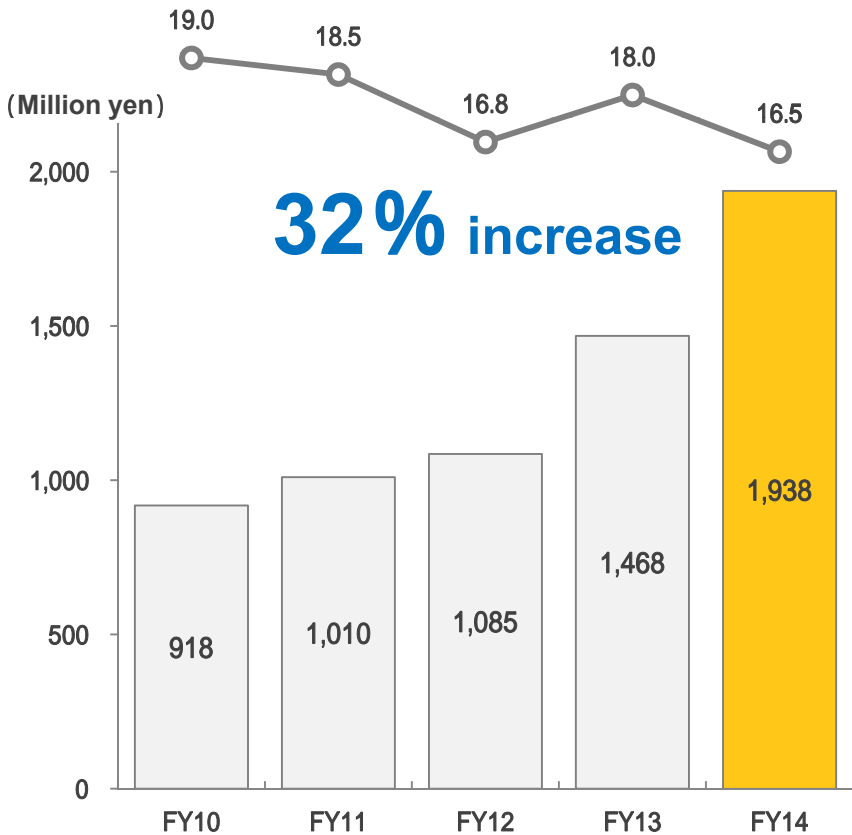
# Non-consolidated P/L Statement (3)

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

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

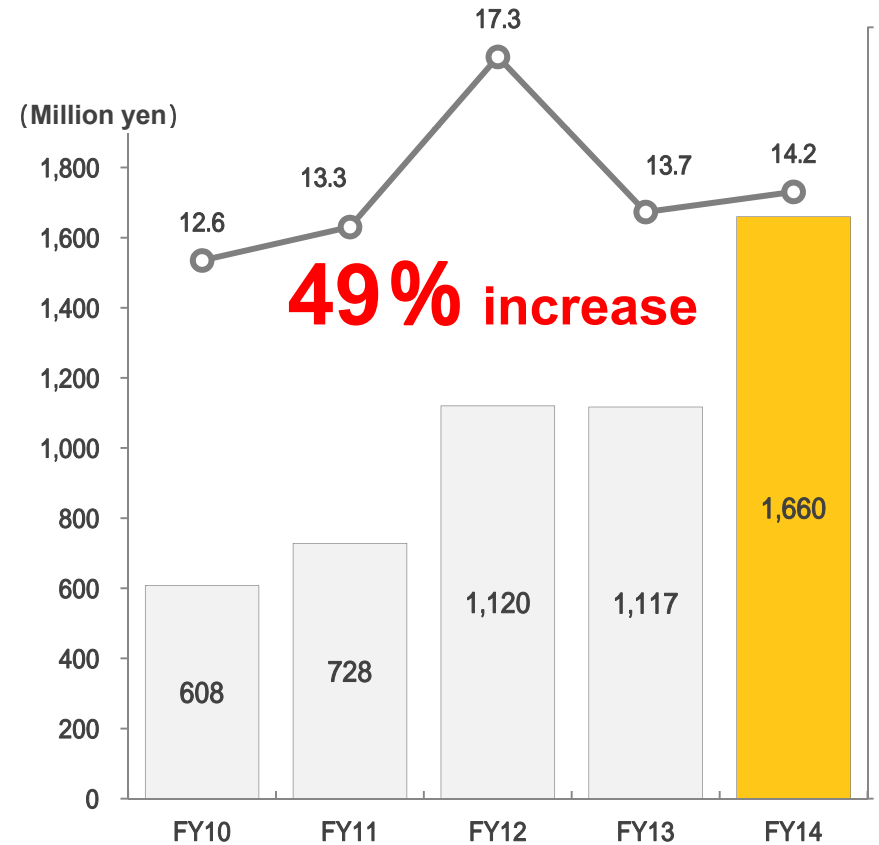
SG&A expenses

(%)



Operating income

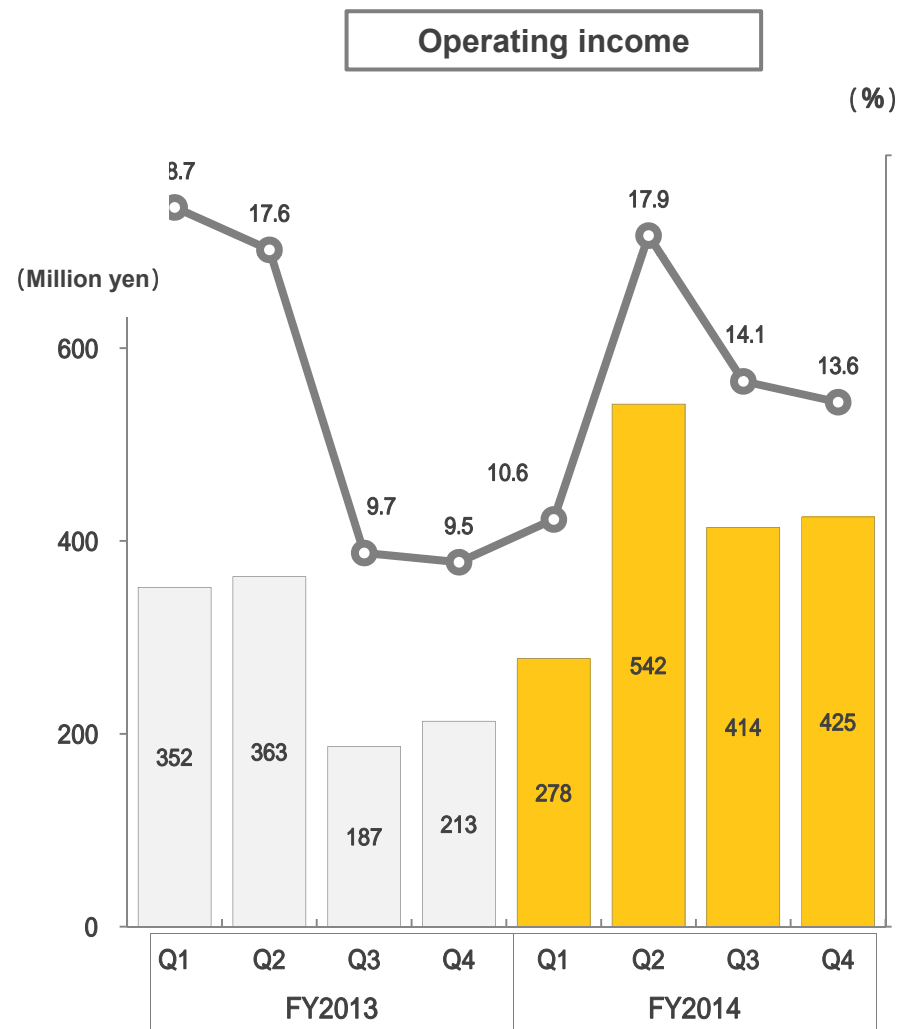
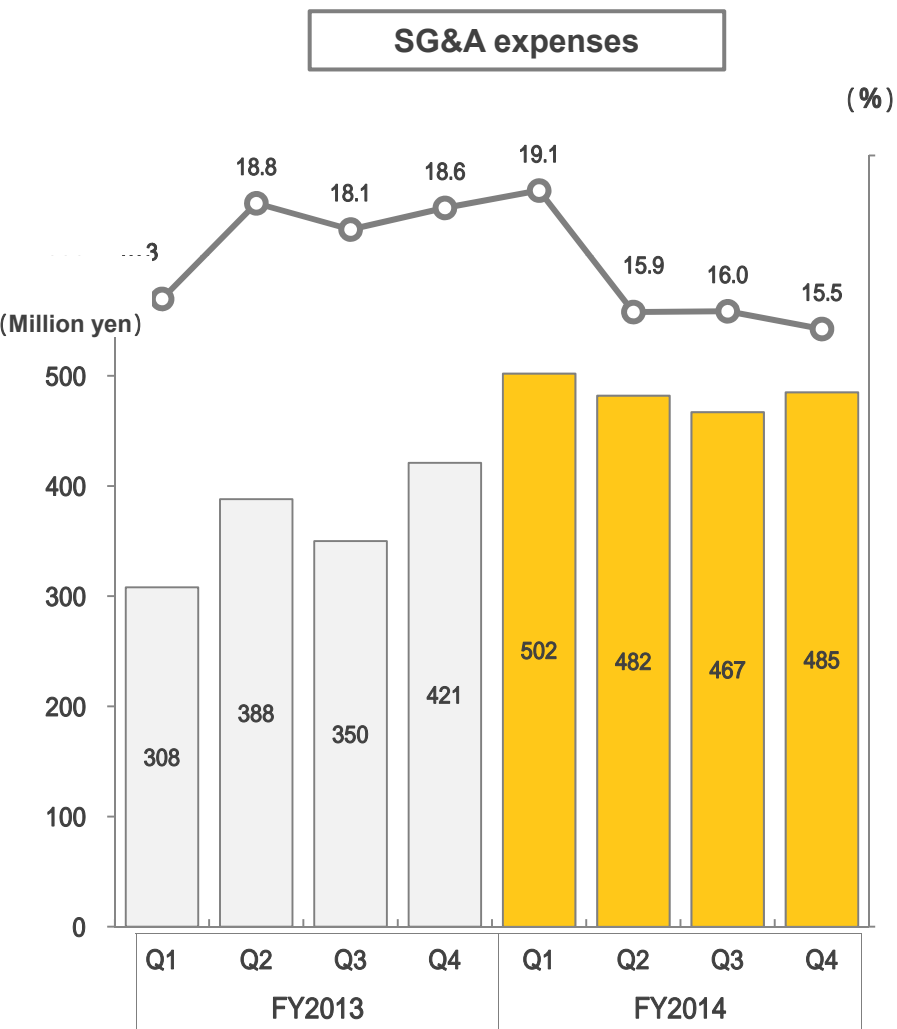
(%)



# Non-consolidated P/L Statement (4)

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

Posted recruiting cost ahead in FY14/Q1 but controlled from Q2 onwards



# Summary of Non-consolidated P/L Statement

(Million yen)

	FY2013	FY2014	Change	Pct. change
<b>Net sales</b>	8,163	11,731	+3,568	43.7%
<b>Gross profit</b>	<i>2,586</i> <i>(31.7%)</i>	<i>3,598</i> <i>(30.7%)</i>	<i>+1,012</i>	<i>39.2%</i>
<b>SG&amp;A expenses</b>	<i>1,468</i> <i>(18.0%)</i>	<i>1,938</i> <i>(16.5%)</i>	<i>+469</i>	<i>32.0%</i>
<b>Operating income</b>	1,117 (13.7%)	1,660 (14.2%)	+542	48.6%
<b>Ordinary income</b>	1,698 (20.8%)	2,716 (23.2%)	+1,017	59.9%
<b>Net income</b>	1,378 (16.9%)	2,157 (18.4%)	+779	56.5%

\* ( ) = Percentage of sales

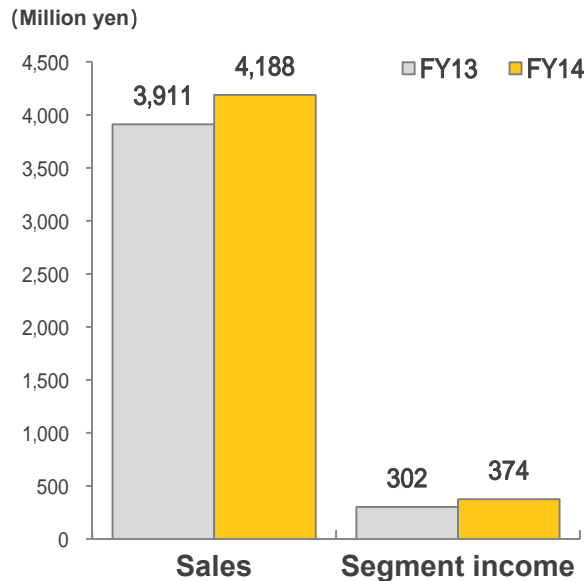
**Other Segments**

# Overview of Other Segments

**Sending engineers to manufacturing industry showed steady results against the backdrop of weak yen**

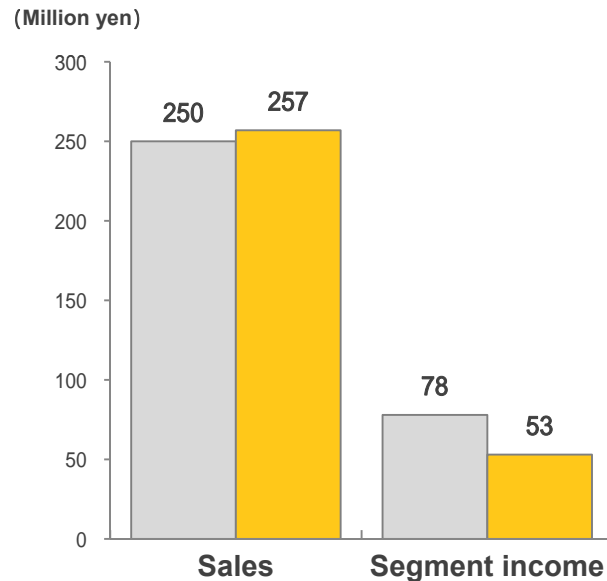
**Aim for solid contribution of “facility businesses” (childcare support, healthcare support) to profit**

## Engineer temporary staffing



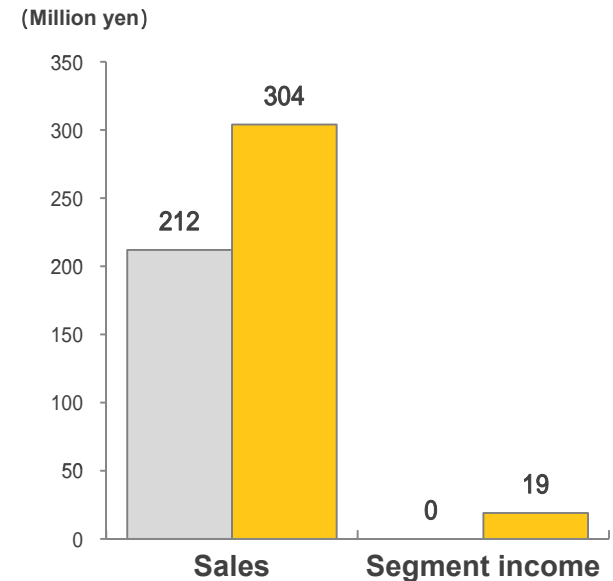
**Send engineers to manufacturing industry**  
**Increase in engineers increased sales and profit**

## Childcare support services



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

## Healthcare support services



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

\*Segment income = After adjustment for ordinary income

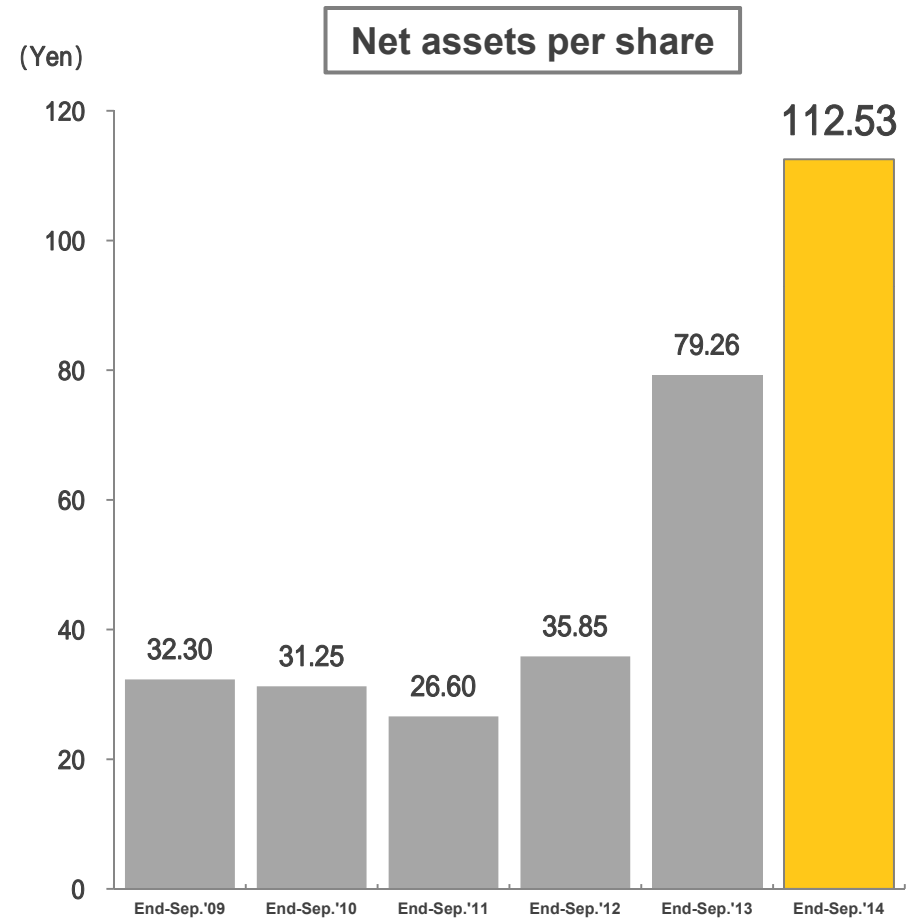
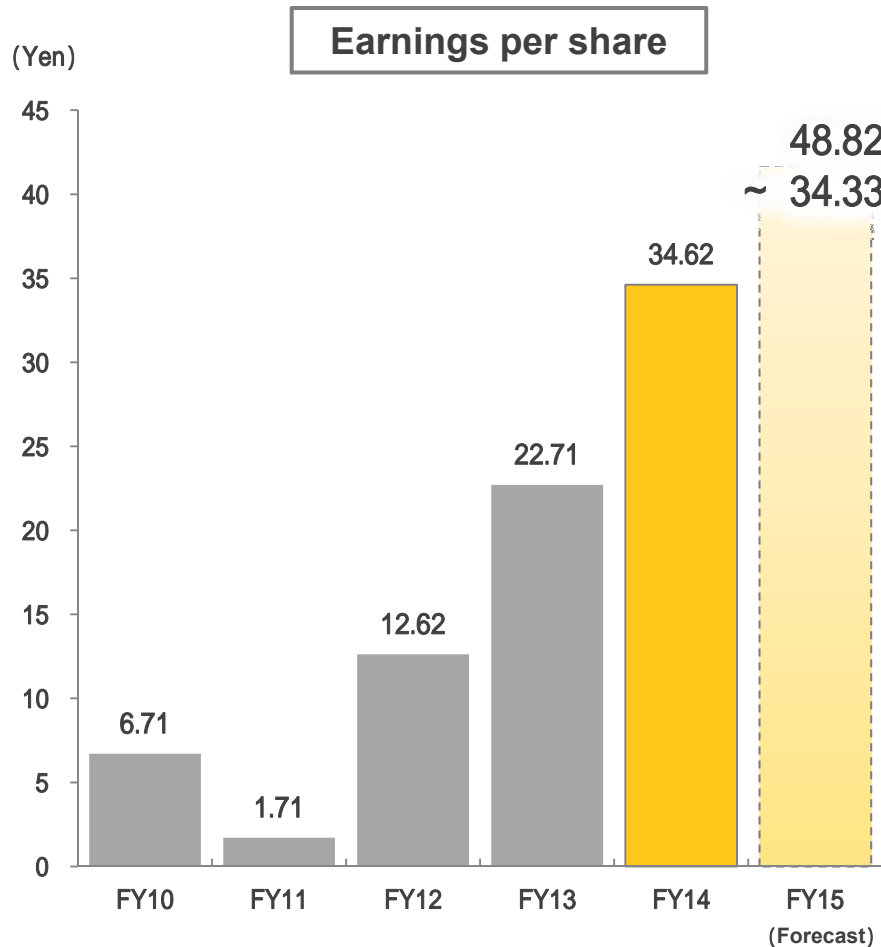


# Shareholder Return

# 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

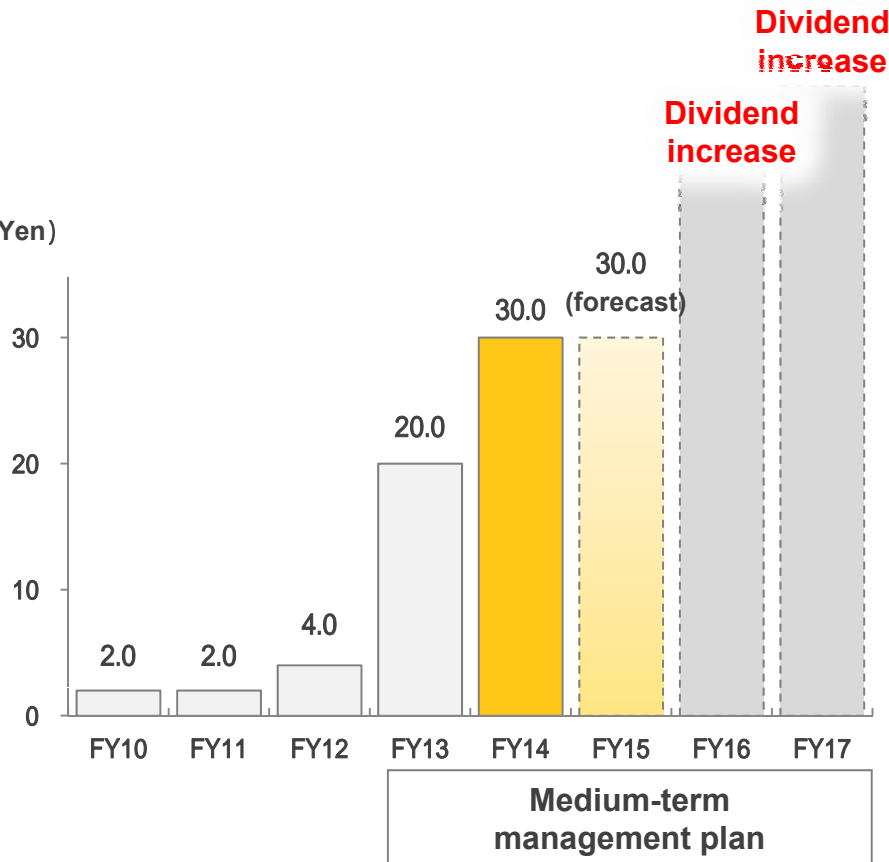
2 . Net assets per share = Shareholders' equity ÷ (Shares outstanding - No. of treasury stock at end of year) × 100

# Shareholder Return (2) 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)

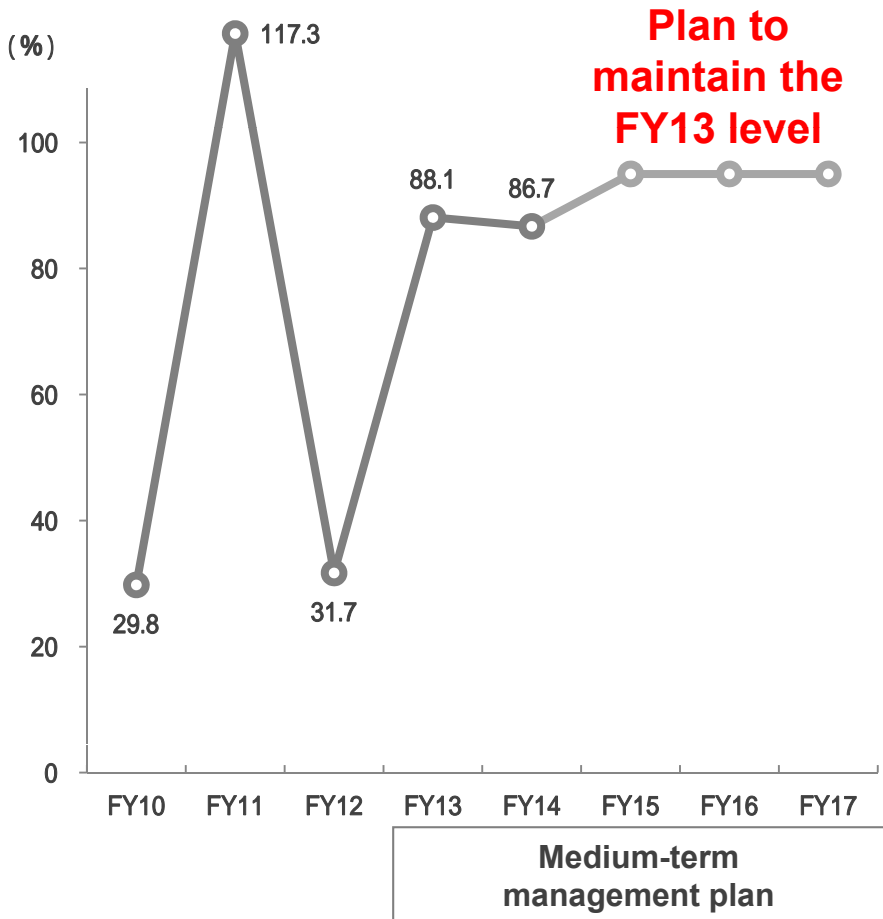
Dividend per share

(Yen)



Dividend payout ratio

(%)

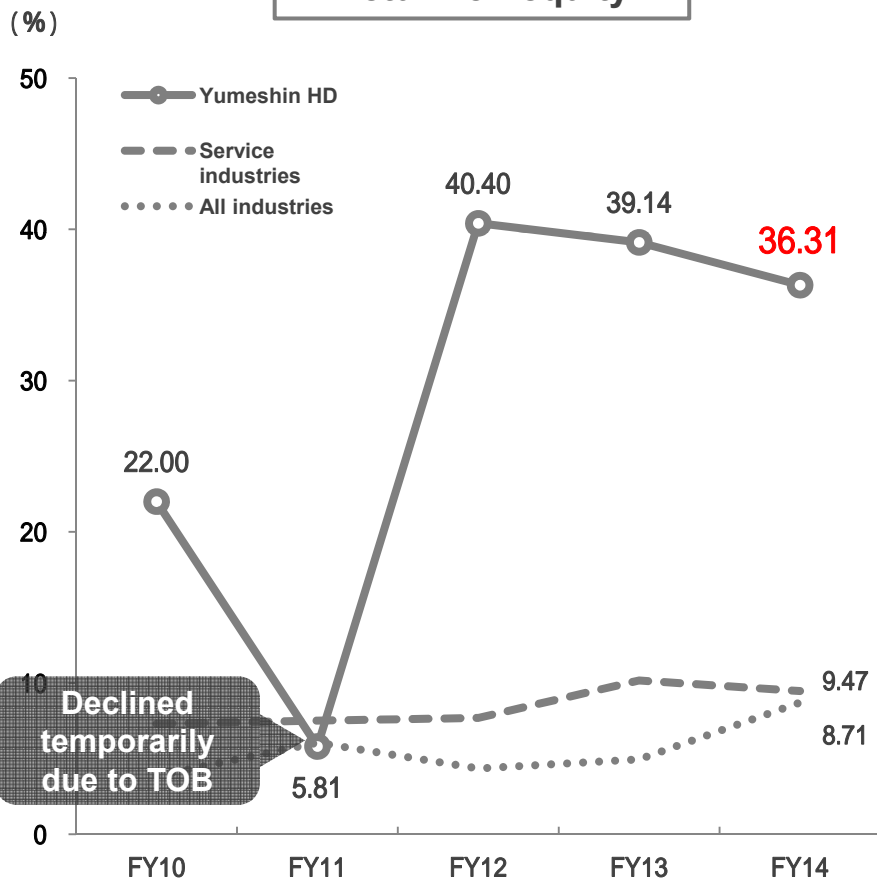


# Shareholder Return (3)

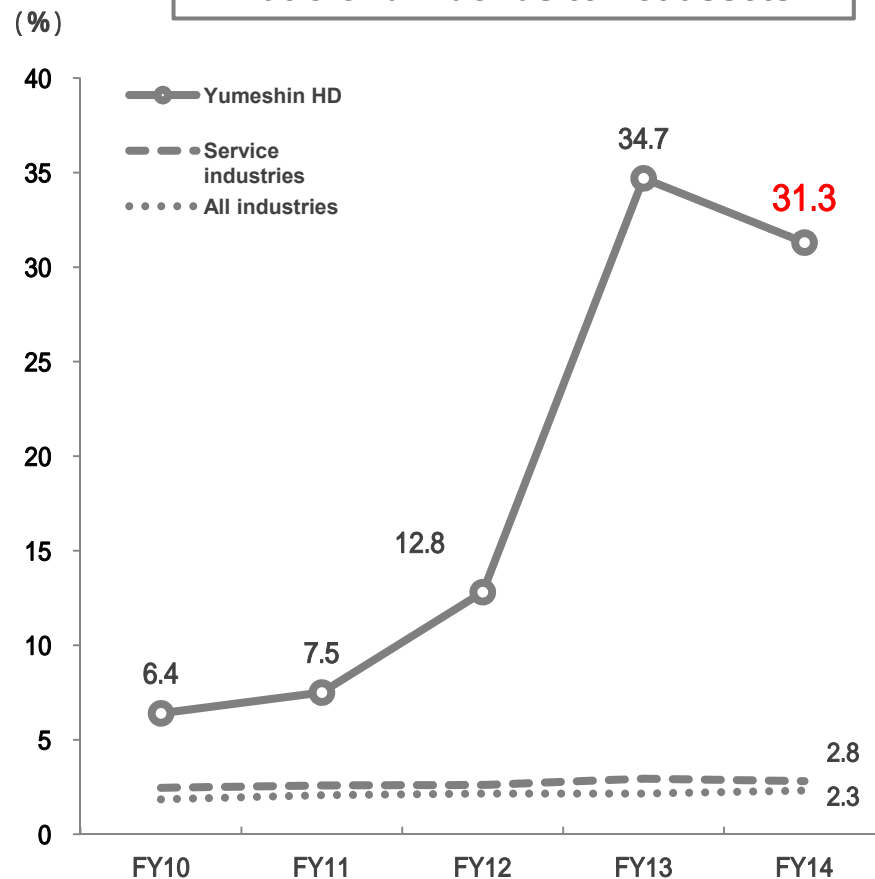
## Return on Equity / Ratio of Dividends to Net Assets

Capital efficiency and rate of return high compared with the average

Return on equity



Ratio of dividends to net assets



\*1 . Return on equity = Net income ÷ Shareholders' equity (avg. during period) × 100

\*2 . Ratio of dividends to net assets = Dividend payout ratio × Return on equity

\*3 . All industries and service industry belong to the TSE 1<sup>st</sup> section

FY9 / 15

FY9 / 15

# FY9/15 Consolidated Business Forecasts

(Million yen)

	FY2014 actual	FY2015 forecast	Pct. change
<b>Sales</b>	16,482	22,500 ~ 25,500	36.5% ~ 54.7%
<b>Net income</b>	2,246	2,250 ~3,200	0.2% ~42.5%
<b>Income per share</b>	34.62	34.33 ~48.82	0.8% ~41.0%

# **External Environment**

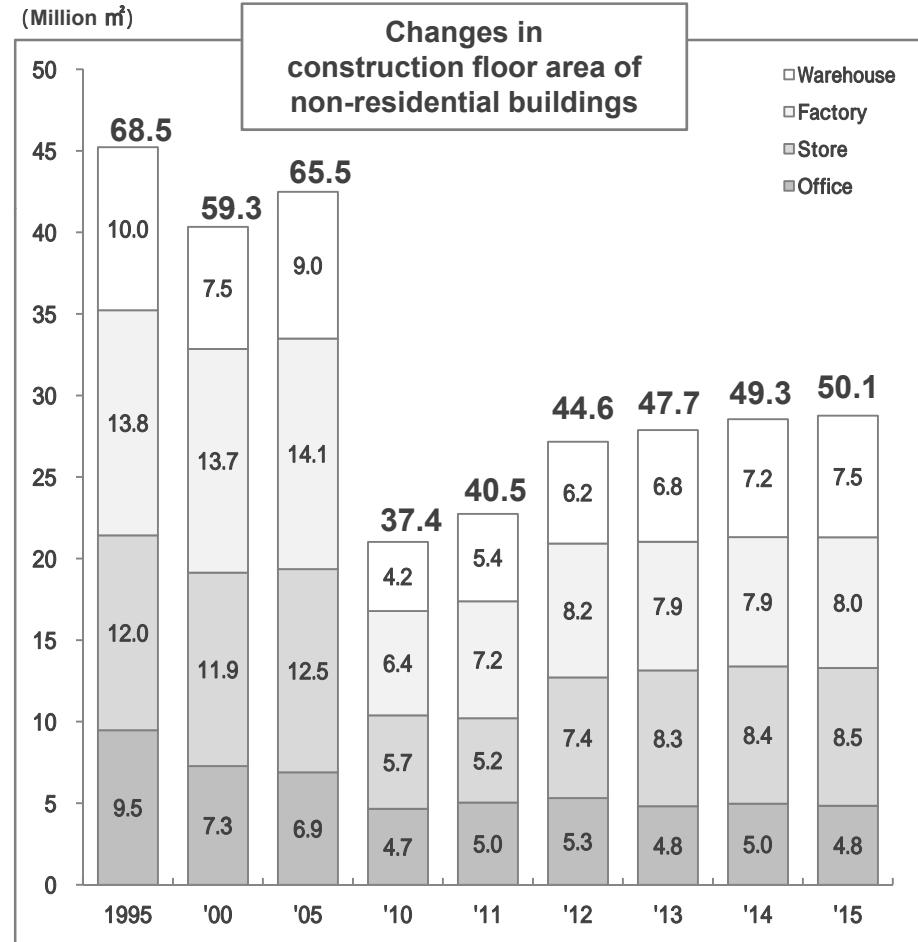
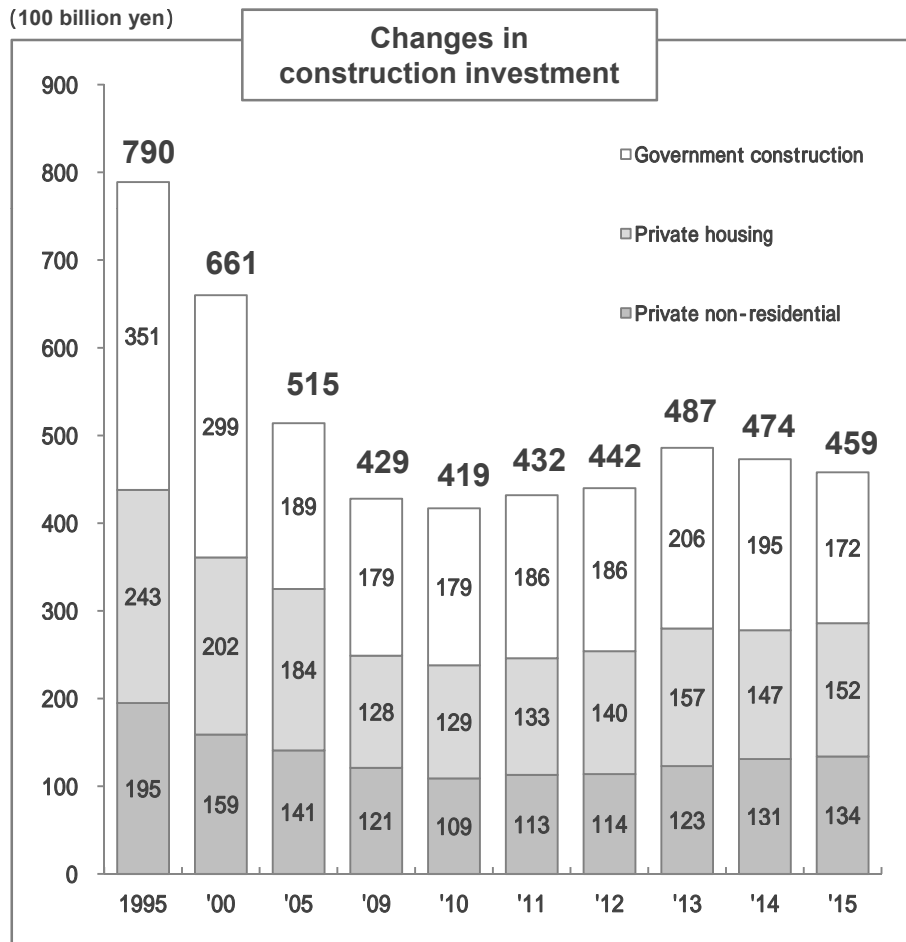
# Construction Investment / Construction floor area of non-residential buildings

Construction investments are increasing since hitting the bottom in 2010.

Government construction showed unstable results. However, private investments are remain stable.

Improvement in income of companies / Productivity increase in the manufacturing industry

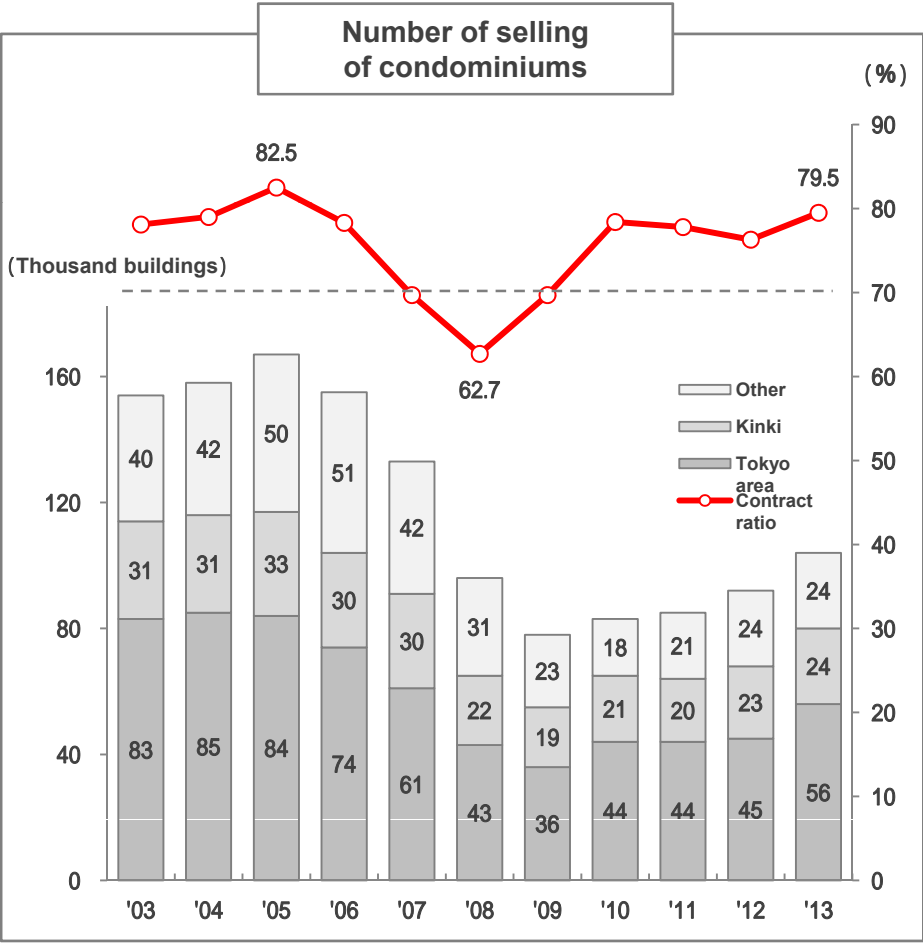
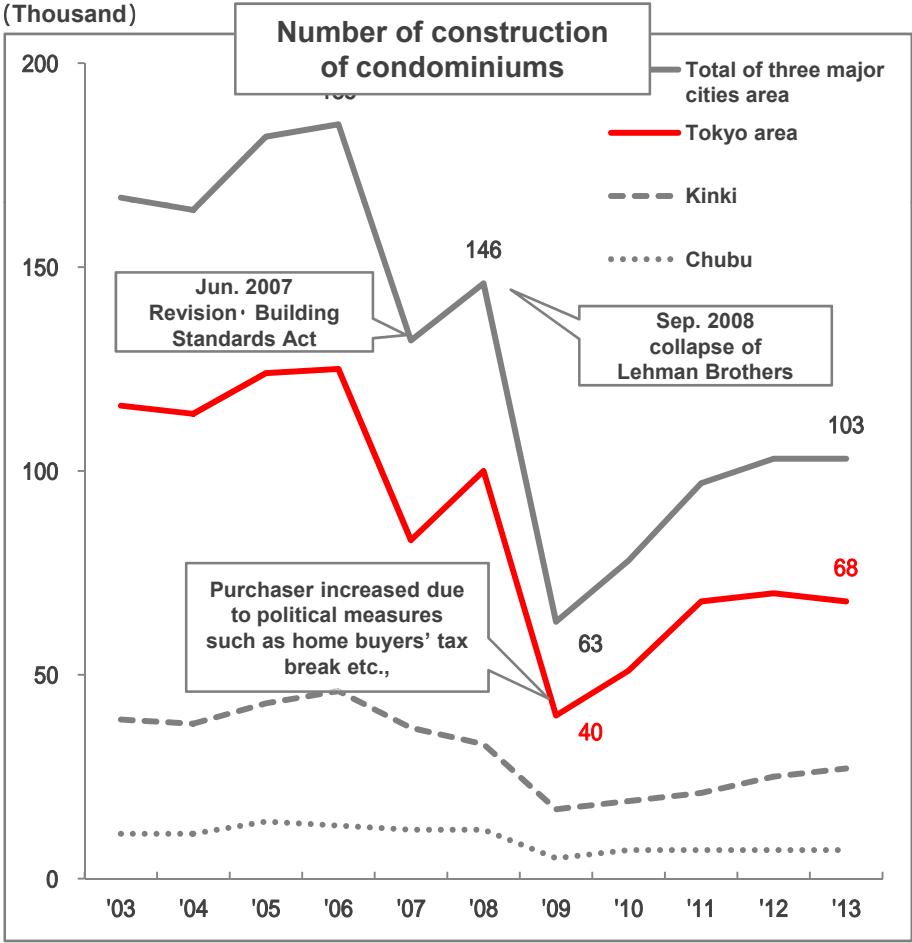
Expected to increase by 34% compared with 2010





# Number of Construction and Selling of Condominiums

Decreased by about 65% between 2006 and 2009 due to the effect of revision to the Building Standards Act and the collapse of Lehman Brothers  
 Recovered since hitting the bottom in 2009 due to political measures such as home buyers' tax break etc.,  
 Increased by about 60% from the bottom



Reference: Construction Statistics, MLIT

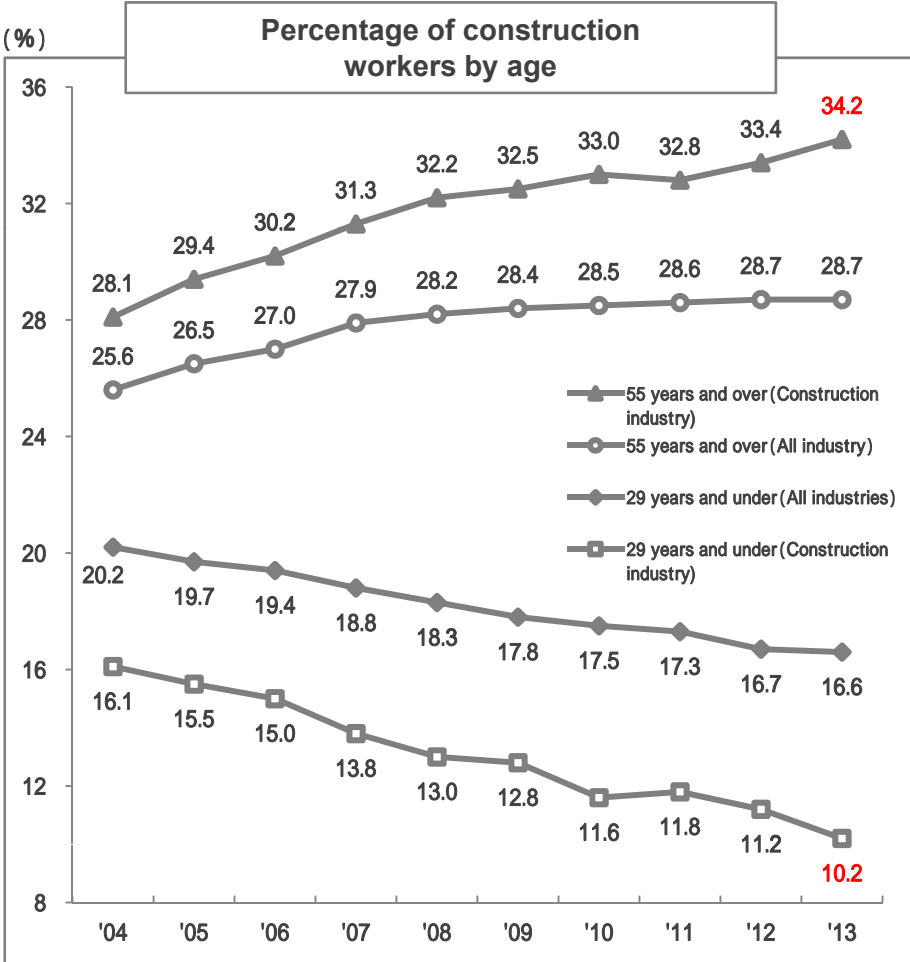
Reference: Japanese Condominium Market Trends, Real Estate Economic Institute Co., Ltd.

# Number and Percentage of Employees by Age

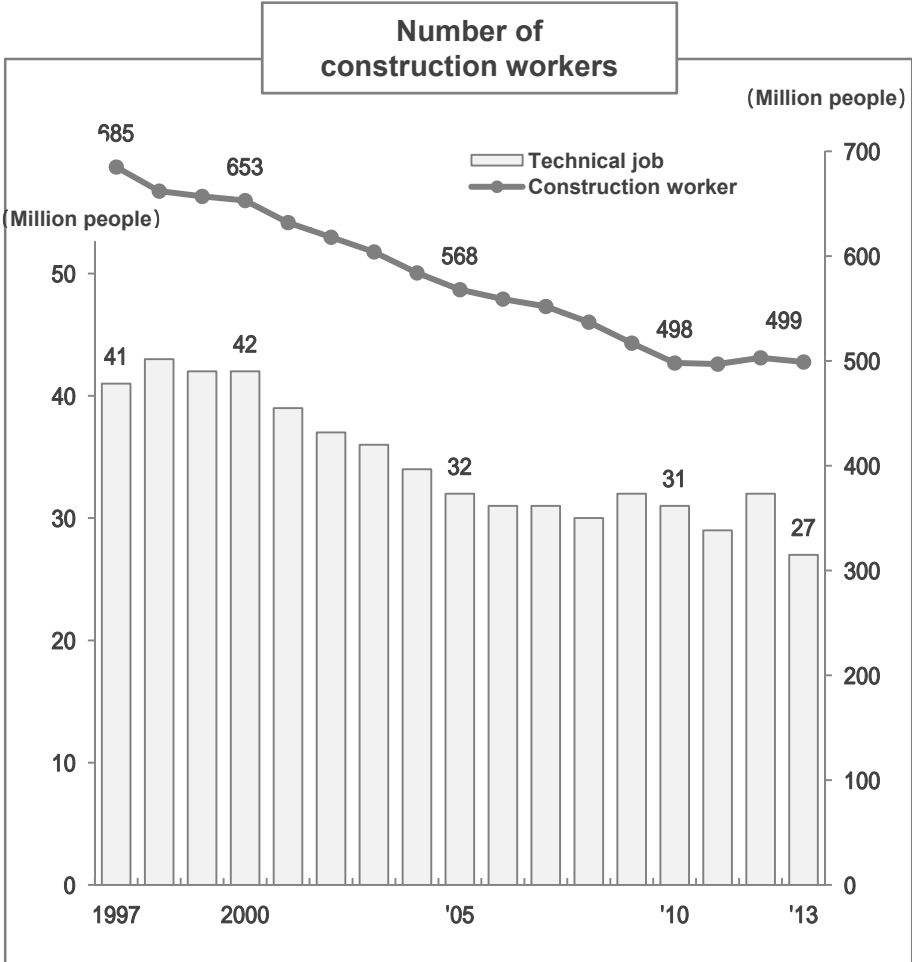
Compared with other industries, aging and shortage of young people are serious.

One in three are over 55 years old

The number of construction workers decreased by 2 million for 15 years. The number of technician also decreased by 0.1 million



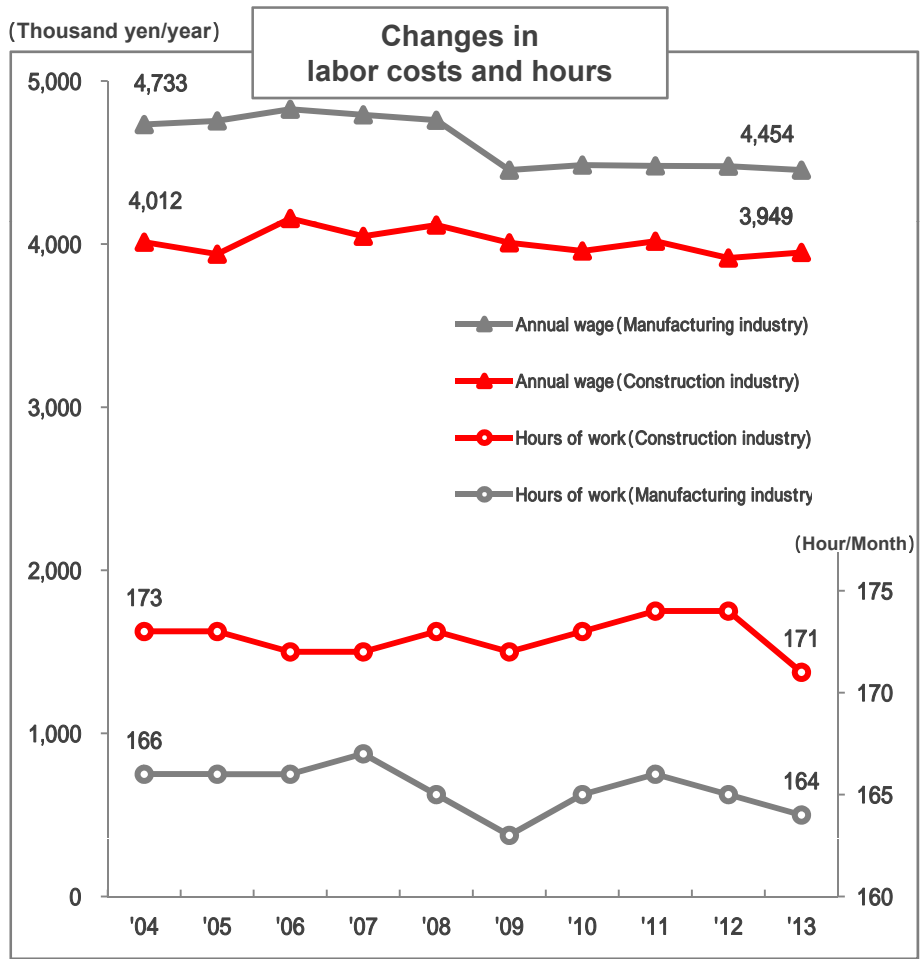
Reference: Labour Force Survey, Statics Bureau of Japan



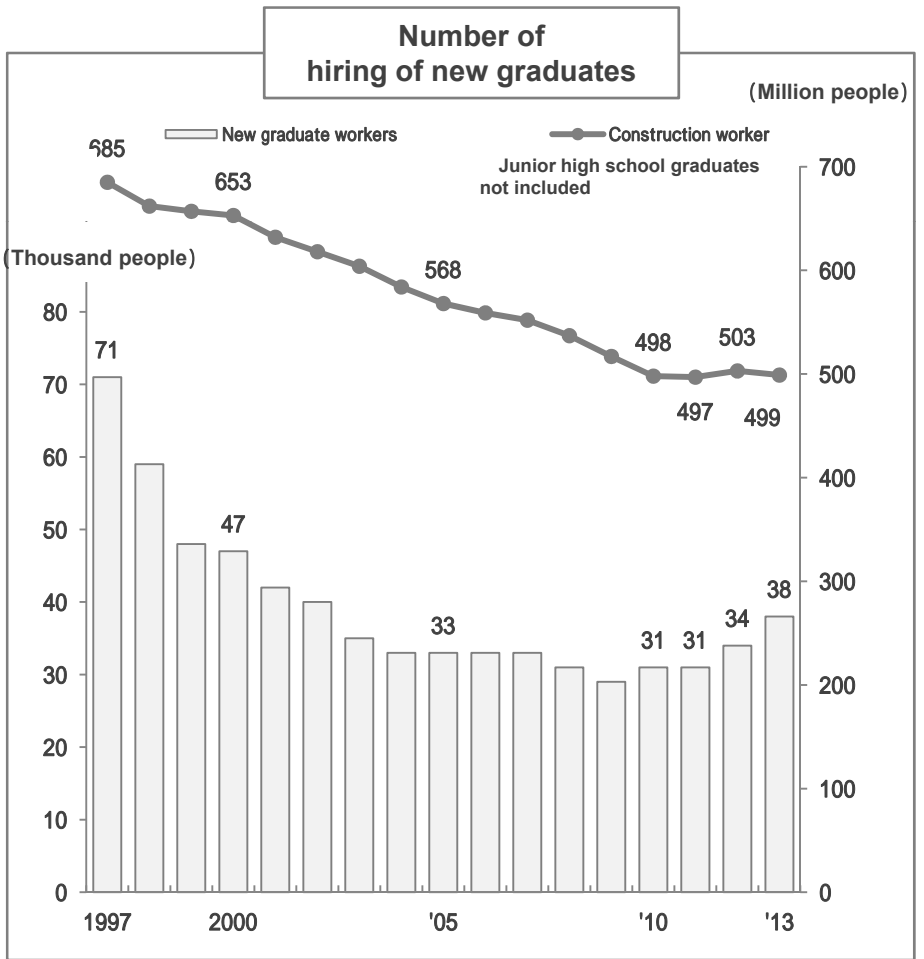
Reference: Construction Handbook 2012, Japan Federation of Construction Contractors

# Labor Costs and Hours / Number of Hiring of New Graduates

Jobs in the construction industry tends to be low-wage and long-hour compared with other industries. The number of hiring of new graduates is increasing slightly in recent years. However, the number of workers who quit the job exceeded the new graduate workers



Reference: Labour Force Survey, Statics Bureau of Japan

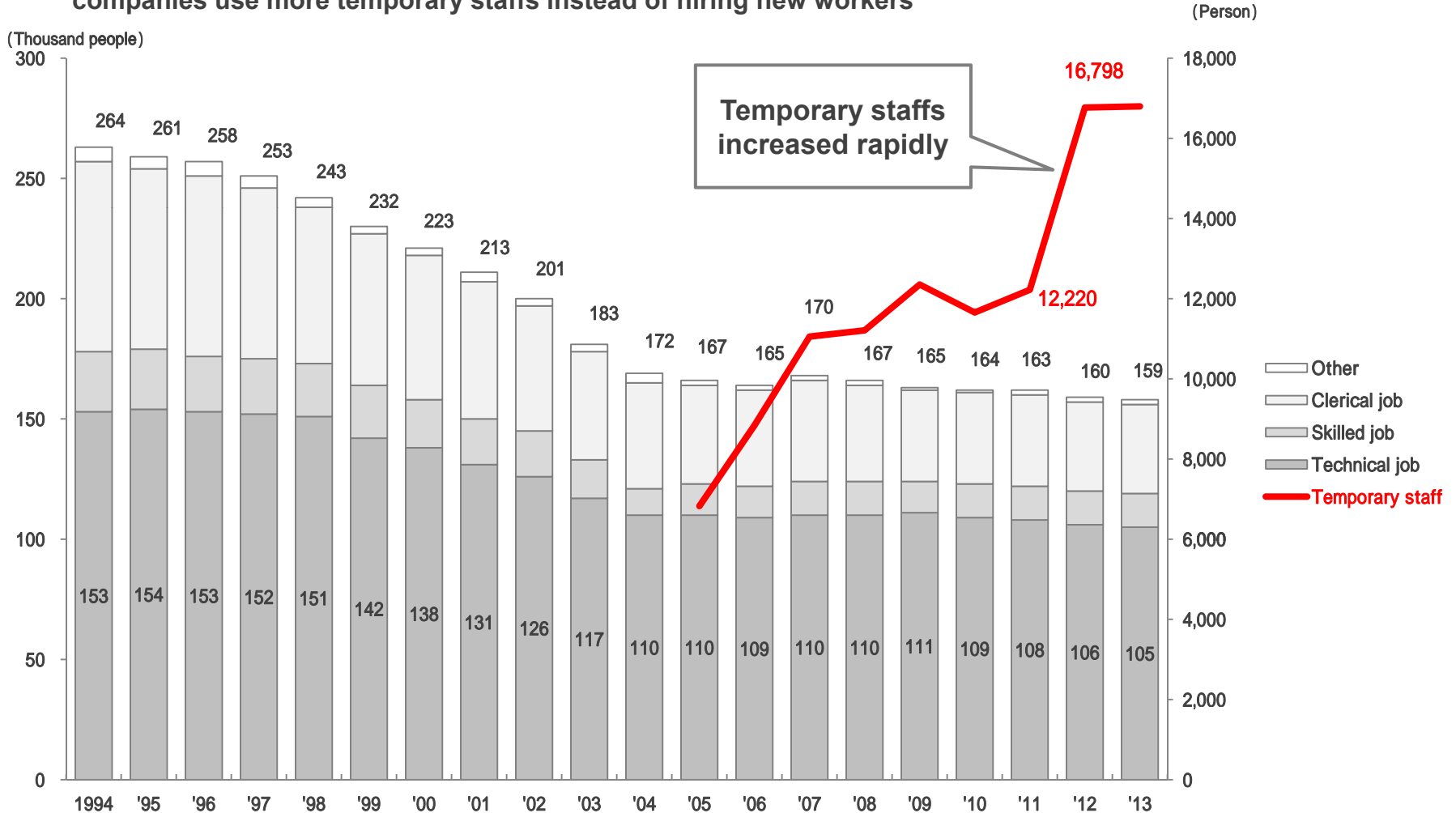


Reference: Construction Handbook 2012, Japan Federation of Construction Contractors

# Number of Workers in Major Construction Company

The number of workers in major construction company decreased by about 10 million compared with the peak period

The number of temporary staff increased by about 40% from the great earthquake (2011) → Major construction companies use more temporary staffs instead of hiring new workers



Reference: Status survey on activities of construction industry, MLIT (Target company = 56 major construction companies)

# Expected Construction Works

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- 1. Olympic-related works**
- 2. Aging infrastructure improvement**
- 3. Plan of new station along the Yamanote Line**
- 4. Plan of casino in the bay area**
- 5. Redevelopment of Shibuya Station (2014 through 2027)**

**...and more!!**

# Management Strategies

# Key Initiatives

- 1. Continue recruiting  
1,600 people**
- 2. Improve the retention rate**
- 3. Increase temporary staffing  
fees**

# Strategies (1) Recruiting Activities

1. Standardize skills of individuals conducting interviews
2. Centralize oversight of the entry/interview/selection/final approval process
3. Constantly use the eight major media
4. Typical starting pay for men in their 20s is ¥180,000 to ¥220,000 = ¥240,000 at Yumeshin Holdings

(Unit: Persons)

	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Oct.- Mar. total
<b>FY15 Planned recruitment</b>	305		405			710	
FY14 recruitment	275		454			729	

	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Apr.- Sep. total	Oct.- Sep. total
<b>FY15 Planned recruitment</b>	455		435			890		1,600
FY14 recruitment	575		324			899		1,628

Reduce hiring in April-June,  
when recruiting activity is  
normally high, to even out new  
employees throughout the year.

Minimize temporary drops in placement fees and workforce utilization



# Strategies(2) Improve Retention Rate – 1

About 70% of resignations are in the first year → About 60% of first-year resignations are within six months of starting work

## Closely monitor employees during their first year

Three first-year monitoring strategies

1. Talk with individuals every week during the first month of their first assignments.  
**Quickly identify problems = Reassign individuals and take other actions**
2. Provide training after three, six and 12 months  
**Periodically provide the skills required for employees jobs**
3. Guarantee 100% of salaries while waiting for the next assignment  
**Ensure that there are no worries about money**

# Strategies(2) Improve Retention Rate – 2

Starting in the second year:

1. Use a more detailed evaluation system for engineers.

**Create a system that better reflects new skills in salaries**

2. Regular salary increases starting in the third year

**Keep up with increases in starting pay in recent years**



**Maintain the profit margin  
by raising fees received for temporary placements**

Retention Rate Target			
	FY9/13	FY9/14	FY9/15
Retention rate	73.9%	67.8%	<b>80% target</b>

\*Retention rate = Employees at year end / (Employees at previous year end + New hires during the year) x 100

# Strategies (3) Sales Activities

## Operating environment

Rapid increase in number of general contractors using workers with no experience

**Affect major general contractors, too.**

Tokyo and Tohoku regions continue to drive growth, but the Kansai and Chubu regions are growing, too.

**Double the temporary placement workforce  
at the Osaka and Nagoya offices**

## Sales strategies

1. Continue to negotiate with customers for higher placement fees.
2. Shift to workplaces with better prospects for overtime.
3. Cut office work for sales personnel = Improve efficiency

(Unit: Persons)

	FY9/12	FY9/13	FY9/14	FY9/15 forecast
Sales force	53	74	74	85 and over
Engineers	1,108	1,729	2,277	3,000 and over
Engineers per salesperson	21	23	31	35 and over

as of the end of February each year

# Strategies (4) Recruit More Female Engineers

## Characteristics of female engineer placements

**Women are being used at building construction sites, too.**

**Female CAD operators tend to have long assignments of one to two years.**

## Measures to recruit more female engineers

- 1. Train female construction management specialists.**
- 2. Increase placement fees for CAD operators.**
- 3. Plan to recruit 20 to 30 women every month.**



## Other TOPICS

1. Iwamotogumi to be a consolidated subsidiary
2. Cancellation of stock acquisition rights
3. Relocated the head office in Tokyo

# Reference

Reference

# Reference (1) Medium-Term Management Plan

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

(Million yen)

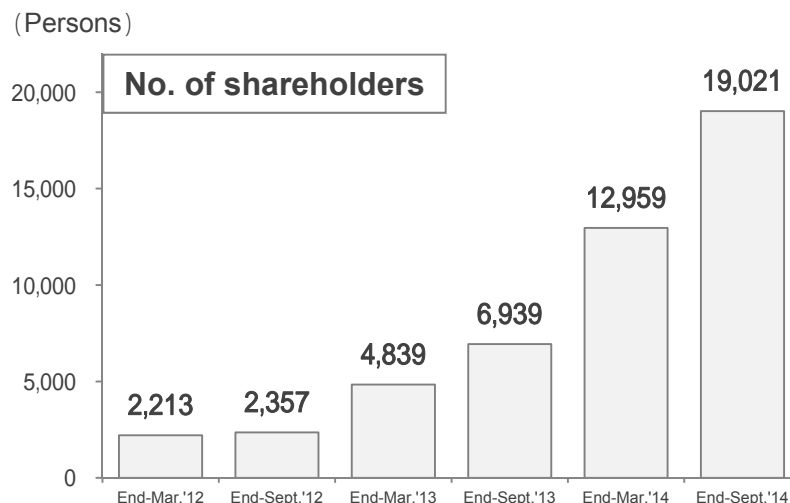
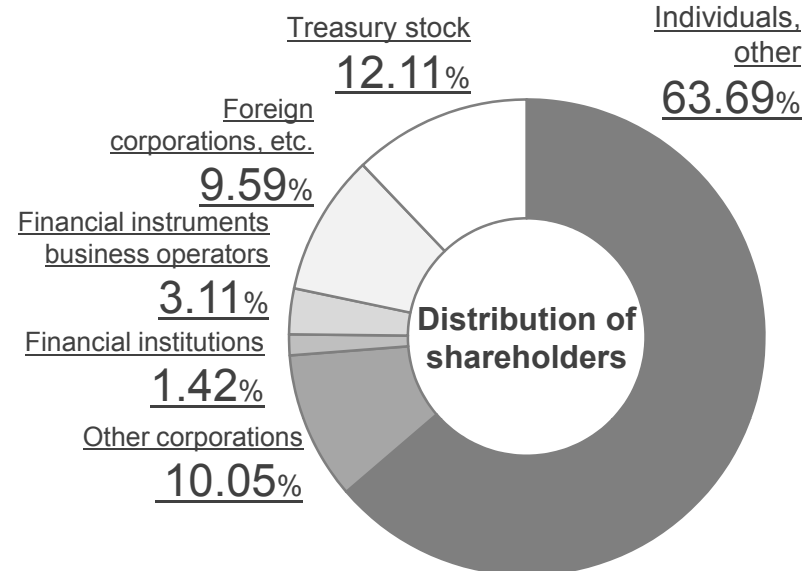
	FY2013	FY2014	FY2015	FY2016	FY2017
<b>Sales</b>	12,537	16,482	22,500 ~ 25,500	33,000	39,500
<b>Ordinary income</b>	1,771	2,951	—	7,800	10,000
Ordinary income ratio	14.1%	17.9%	—	23.6%	25.3%
<b>Net income</b>	1,388	2,246	2,250 ~ 3,200	4,700	6,000
<b>No. of recruits</b>	1,233 engineers	1,628 engineers	1,600 engineers	1,600 engineers	1,600 engineers

\*The figures are on a consolidated basis.

# Reference (2) Shareholders Situation

As of September 30, 2014

	Name of shareholders	No. of shares held (in thousands)	Ownership ratio (%)
1	Shingo Sato	24,385	32.70
2	Sato Sogo Kikaku	7,344	9.85
3	Yoshiko Sato	2,228	2.99
4	Hideki Fukai	880	1.18
5	UBS SECURITIES	857	1.15
6	MSCO CUSTOMER SECURITIES	832	1.12
7	THE TACHIBANA SECURITIES CO.,LTD.	649	0.87
8	CREDIT SUISSE SECURITIES	562	0.75
9	Japan Trustee Services Bank, Ltd. (Trust Account)	551	0.74
10	崎山 佳香	535	0.72
Total of top 10 largest shareholders		38,826	52.06



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





YUMESHIN

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### < Contact >

Investor Relations Office, YUMESHIN HOLDINGS CO., LTD.  
22F Marunouchi Eiraku bldg., 1-4-1 Marunouchi, Chiyoda-ku, Tokyo  
100-0005

TEL : +81-3-3210-1212 FAX : +81-3-3210-1209

E-mail : [ir@yumeshin.co.jp](mailto:ir@yumeshin.co.jp)



**JASDAQ**