



YUMESHIN HOLDINGS CO.,LTD.

Fiscal Year Ending **September** 2019  
**Financial Results**  
– 2<sup>nd</sup> Quarter –

September, 2019  
Securities code  
**2362**

May 22, 2019

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# TOPIC

## 1. Consolidated sales

Sales up YoY for **35 consecutive quarters**

## 2. Consolidated operating income

**Highest profit in the 2<sup>nd</sup> quarter since its founding**

## 3. Construction engineer temporary staffing

**Unit price of temporary staffing up by 4%, recruitment also exceeded the plan**

## 4. Engineer temporary staffing

**Sales up by 46%, recruitment up by 65% YoY**

# Consolidated Financial Overview

# Consolidated P/L (1) Quarterly Trends

- Sales increased for 35 consecutive quarters due to an increase in the number of engineers
- Earnings growth rate is limited due to prior investment resulting from active recruitment but the number of people who joined the company is as planned

## Sales

+26.7%

## Operating income

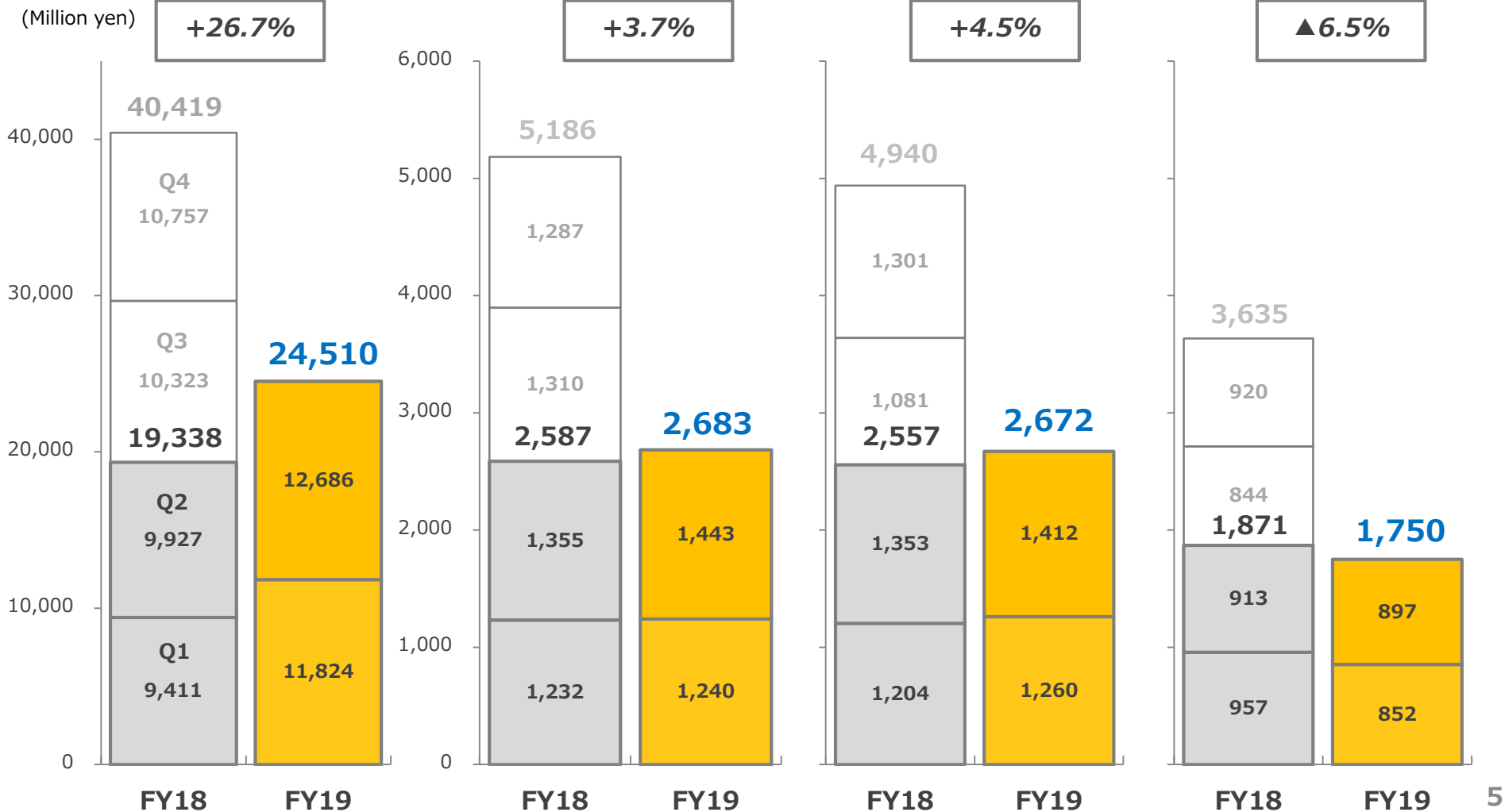
+3.7%

## Ordinary income

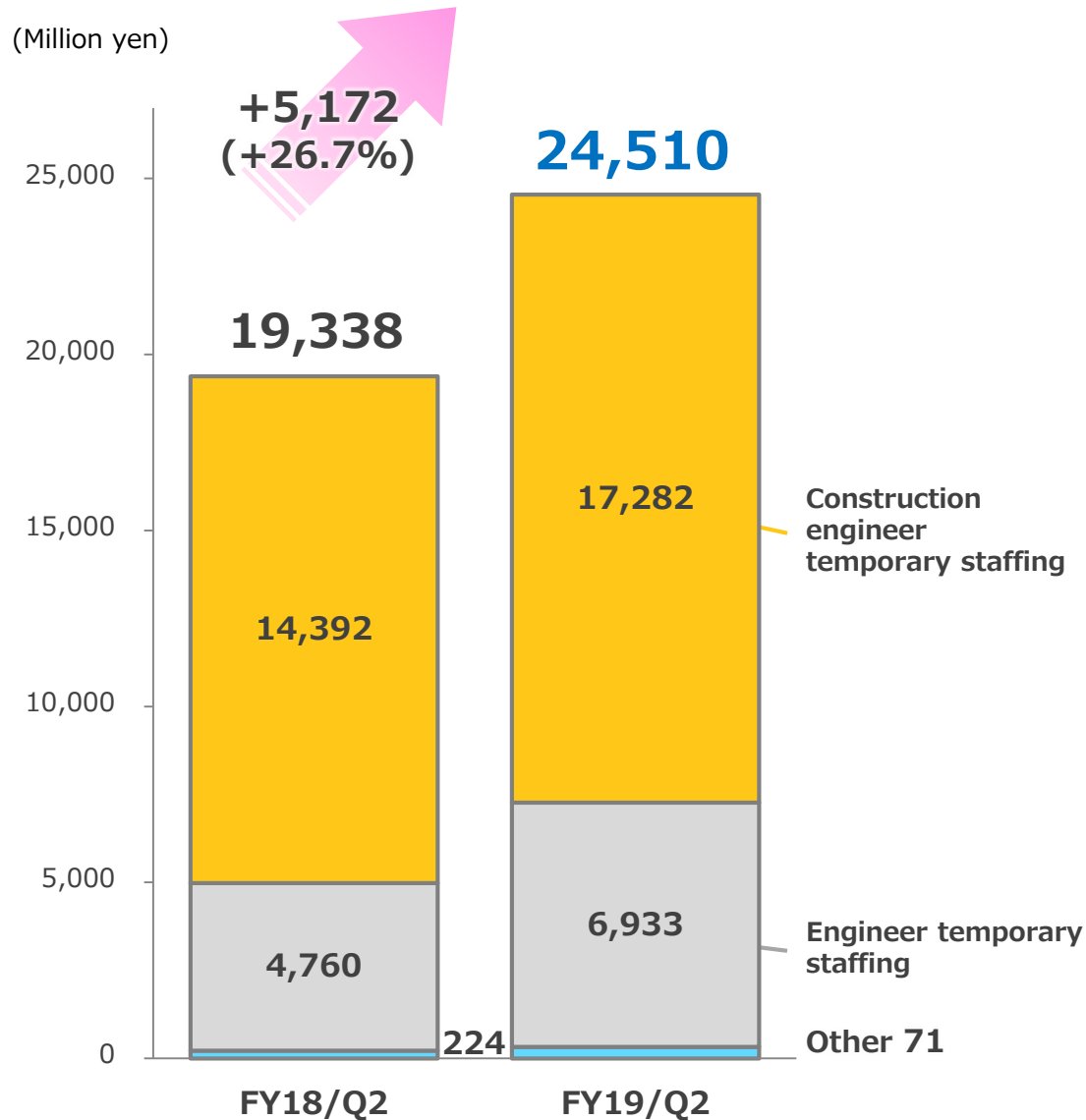
+4.5%

## Quarterly net income attributable to owners of parent

▲6.5%



# Consolidated P/L (2) Sales



- Sales increased by 27% due to increases in both the number of construction engineers and engineers at work

## [Major factors for increase/decrease]

Construction engineer temporary staffing	<b>+2,890m</b> (+20.1%)
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- Sales up due to increases in staff at work and unit price of temporary staffing

Engineer temporary staffing	<b>+2,173m</b> (+45.7%)
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- Sales up due to increases in staff at work and unit price of temporary staffing

Other	<b>+106m</b> (+47.6%)
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- Sales down due to withdrawal and downsizing of unprofitable businesses

# Consolidated P/L (3)

## Selling, General and Administrative Expenses

- Consolidated recruiting cost increased by 72% according to active recruitment plan → The number of recruits is also as planned
- Outsourcing expenses increased temporarily due to the recent recording of M&A expenses

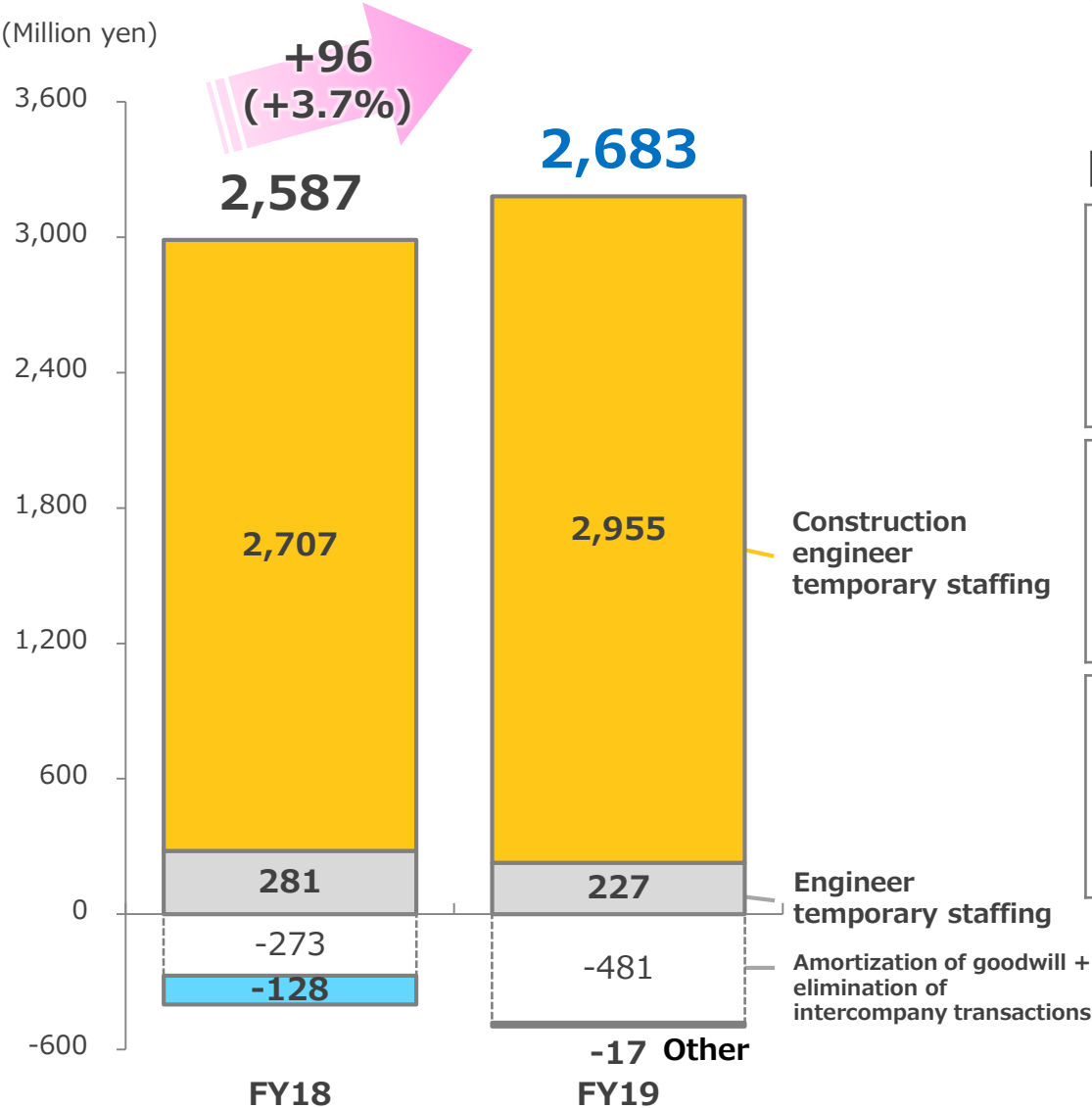
(Million yen)

	FY18/Q2	FY19/Q2	Change	Remarks
Cost of sales	13,388	17,078	+3,690	Increased due to increase in engineers
Cost of sales ratio	69.2%	69.7%	+0.4pt.	
Gross profit	5,950	7,432	+1,481	
Gross profit margin	30.8%	30.3%	▲0.4pt.	
<b>SG&amp;A expenses</b>	<b>3,363</b>	<b>4,748</b>	<b>+1,385</b>	
Executive compensation	76	81	+5	
Personnel expenses	1,582	1,996	+414	Increased due to increases in sales staffs and Human Resource Management Dept. staffs
Ad expenses	29	27	▲2	
Recruiting cost	770	1,325	+555	Increased due to active recruitment
Rent	256	290	+34	
Outsourcing expenses	141	370	+229	Recorded recent M&A-related expenses in Q1
Amortization of goodwill	101	117	+16	
SG&A expense ratio	17.4%	19.4%	+2.0pt.	

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

# Consolidated P/L Statement (4) Operating Income

(Million yen)



■ Earnings growth rate is limited due to active recruitment but the number of people who joined the company is as planned

[Major factors for increase/decrease]

Construction engineer temporary staffing	+247m (+9.1%)
■ Income up due to increase in unit price of temporary staffing	

Engineer temporary staffing	▲53m (▲19.1%)
■ Income down due to increased recruiting cost resulting from active recruitment	

Other	+110m (+86.2%)
■ Withdrawal and downsizing of unprofitable businesses	

\*Factors for increase/decrease include "amortization of goodwill + -207 million yen in elimination of intercompany transactions" other than the above.



# Summary of Consolidated P/L Statement

(Million yen)

	FY18/Q2	FY19/Q2	Change	Pct. change
<b>Sales</b>	<b>19,338</b>	<b>24,510</b>	<b>+5,172</b>	<b>26.7%</b>
<b>Gross profit</b>	<b>5,950</b> (30.8%)	<b>7,432</b> (30.3%)	<b>+1,481</b>	<b>24.9%</b>
<b>SG&amp;A expenses</b>	<b>3,363</b> (17.4%)	<b>4,748</b> (19.4%)	<b>+1,385</b>	<b>41.2%</b>
<b>Operating income</b>	<b>2,587</b> (13.4%)	<b>2,683</b> (10.9%)	<b>+96</b>	<b>3.7%</b>
<b>Ordinary income</b>	<b>2,557</b> (13.2%)	<b>2,672</b> (10.9%)	<b>+114</b>	<b>4.5%</b>
<b>Net income</b>	<b>1,871</b> (9.7%)	<b>1,750</b> (7.1%)	<b>▲121</b>	<b>▲6.5%</b>

\* ( ) = Ratio to sales

# Segment Overview

## **Construction Engineer Temporary Staffing**



1. Sales increased by **double digit** figures for **29** consecutive quarters
2. **4%** increase YoY in unit price of temporary staffing
3. **Stable** retention rate of over **72%**



**No. of engineers  
×  
Operating rate  
×  
Operating time  
×  
Unit price of  
temporary staffing**



**Sales**

# Number of Engineers (1) Recruitment



Construction Engineer  
Temporary Staffing

- Strong progress rate of 57.3% against the annual recruitment target of 2,800 engineers
- A good start again in the 2<sup>nd</sup> half with 388 engineers in April

(Unit: Persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY18 recruitment	698			673			1,371
FY19 recruitment	774			829			1,603
Change	+76			+156			+232

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY18 recruitment	716			677			1,393	2,764
FY19 recruitment	388							
Change								

# Number of Engineers (2)

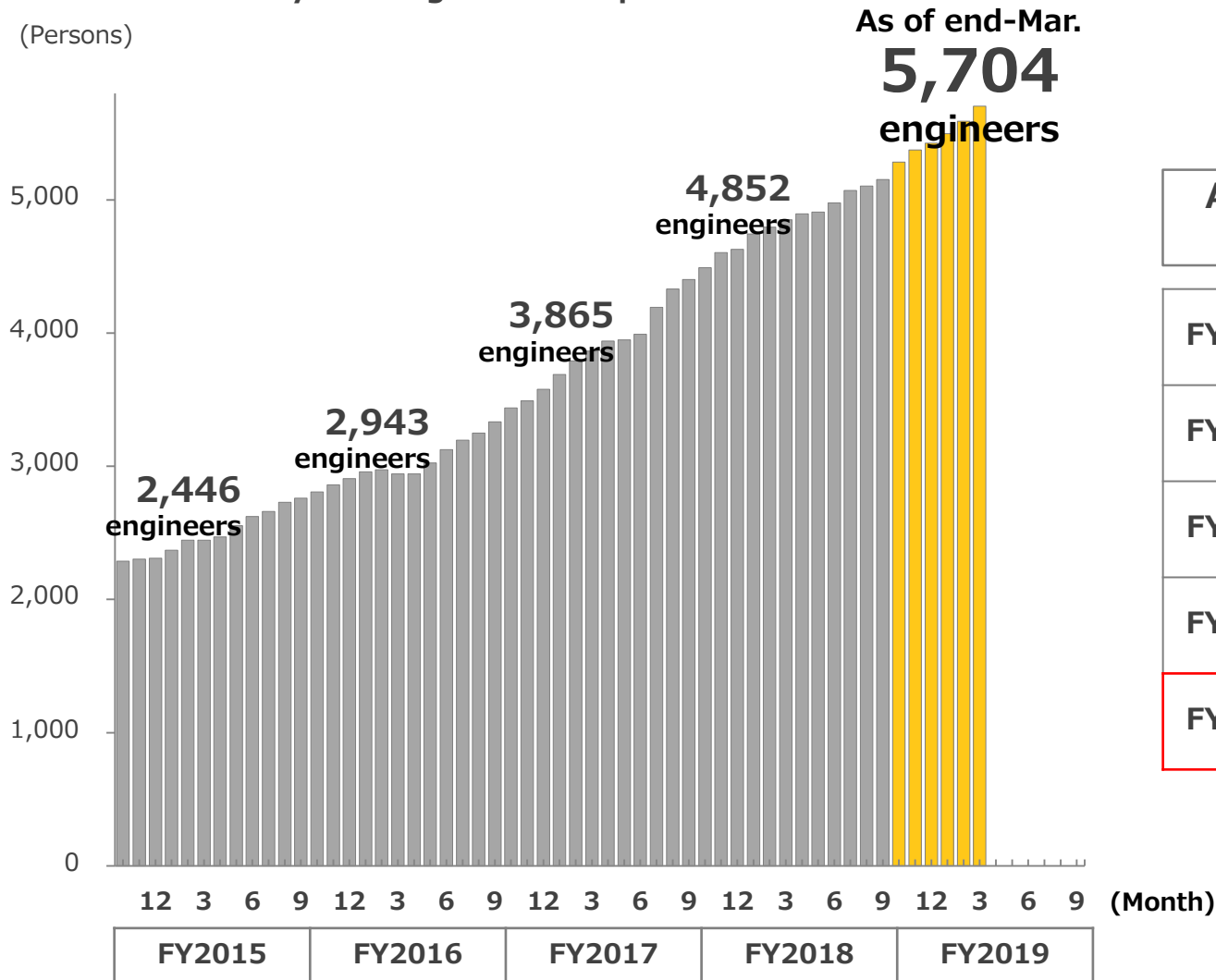
## Changes in the Number of Engineers



Construction Engineer  
Temporary Staffing

- Steady increase against the target number of engineers of 5,900 engineers at the end of period → Increased by 551 engineers from the end of September in the previous year
- Increased by 852 engineers compared with the end of the same month a year ago

(Persons)



**Avg. number of engineers**  
6-month avg. (Oct – Mar)

FY	Q2	YoY
FY15/Q2	2,360	
FY16/Q2	2,909	+23.2%
FY17/Q2	3,642	+25.2%
FY18/Q2	4,686	+28.7%
FY19/Q2	5,481	+17.0%

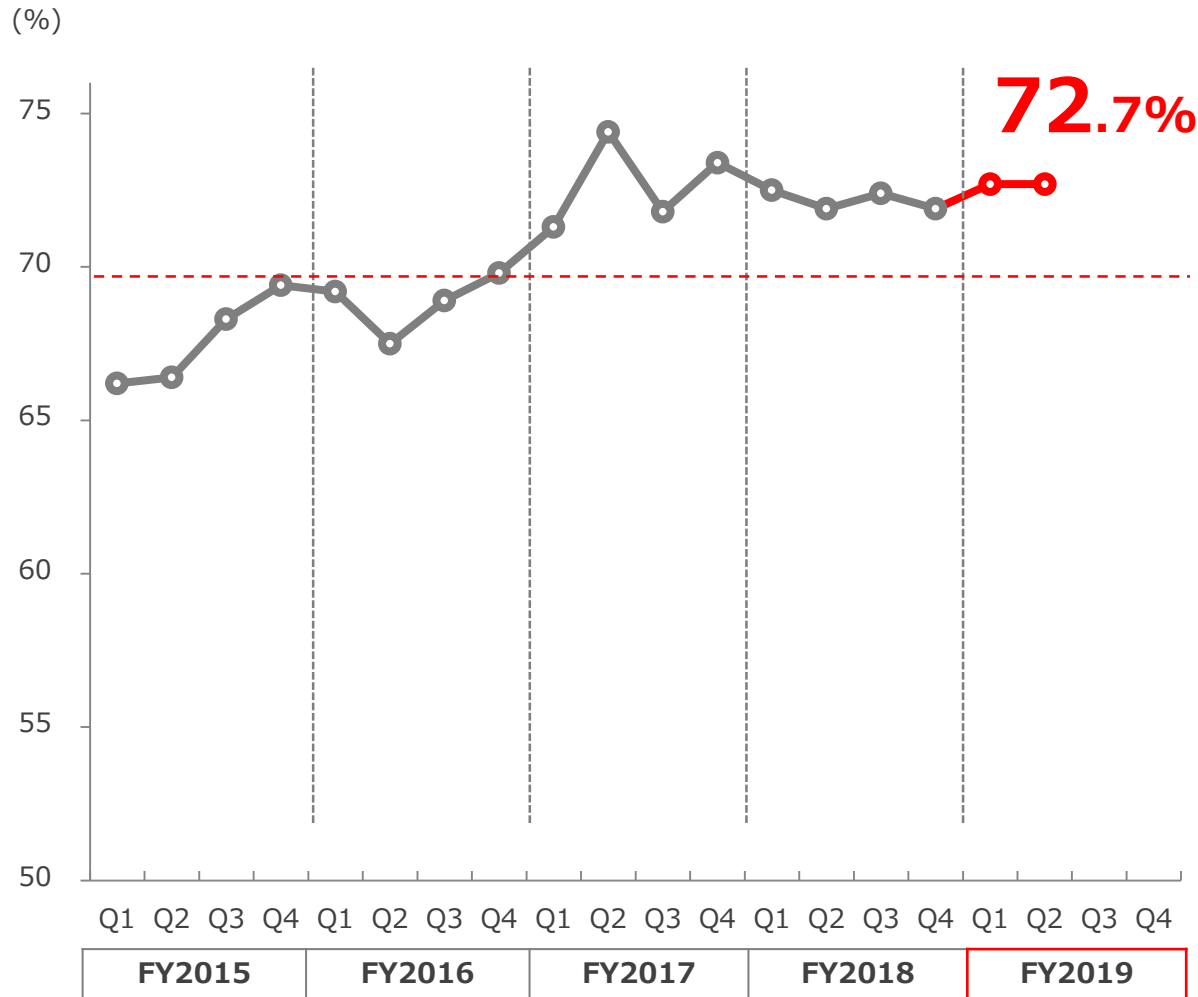
\* Number of engineers at the end of month

# Number of Engineers (3) Retention Rate



Construction Engineer  
Temporary Staffing

- Stable growth with more than 72% through constant improvement measures



Avg. retention rate 6-month avg. (Oct – Mar)		
FY15/Q2	66.3%	YoY
FY16/Q2	68.4%	+2.0pt
FY17/Q2	72.9%	+4.5pt
FY18/Q2	72.2%	△0.6pt
FY19/Q2	72.7%	+0.5pt

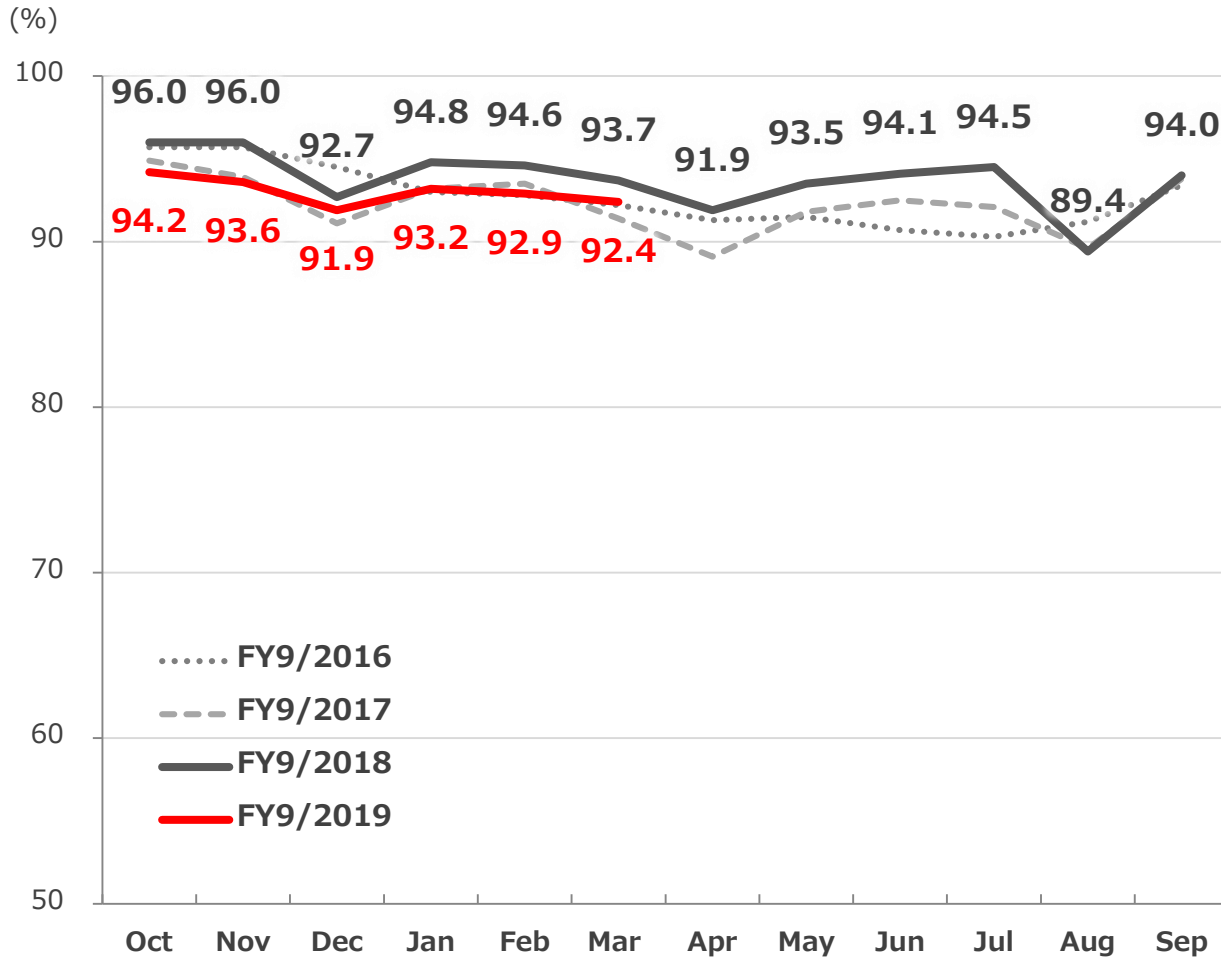
\*Retention rate = No. of engineers at the time of calculation / (No. of engineers a year ago + New hires during the year) x 100



# Changes in Operating Rate



- Operating rate decreased due to increased number of recruits



Avg. operating rate  
6-month avg. (Oct – Mar)

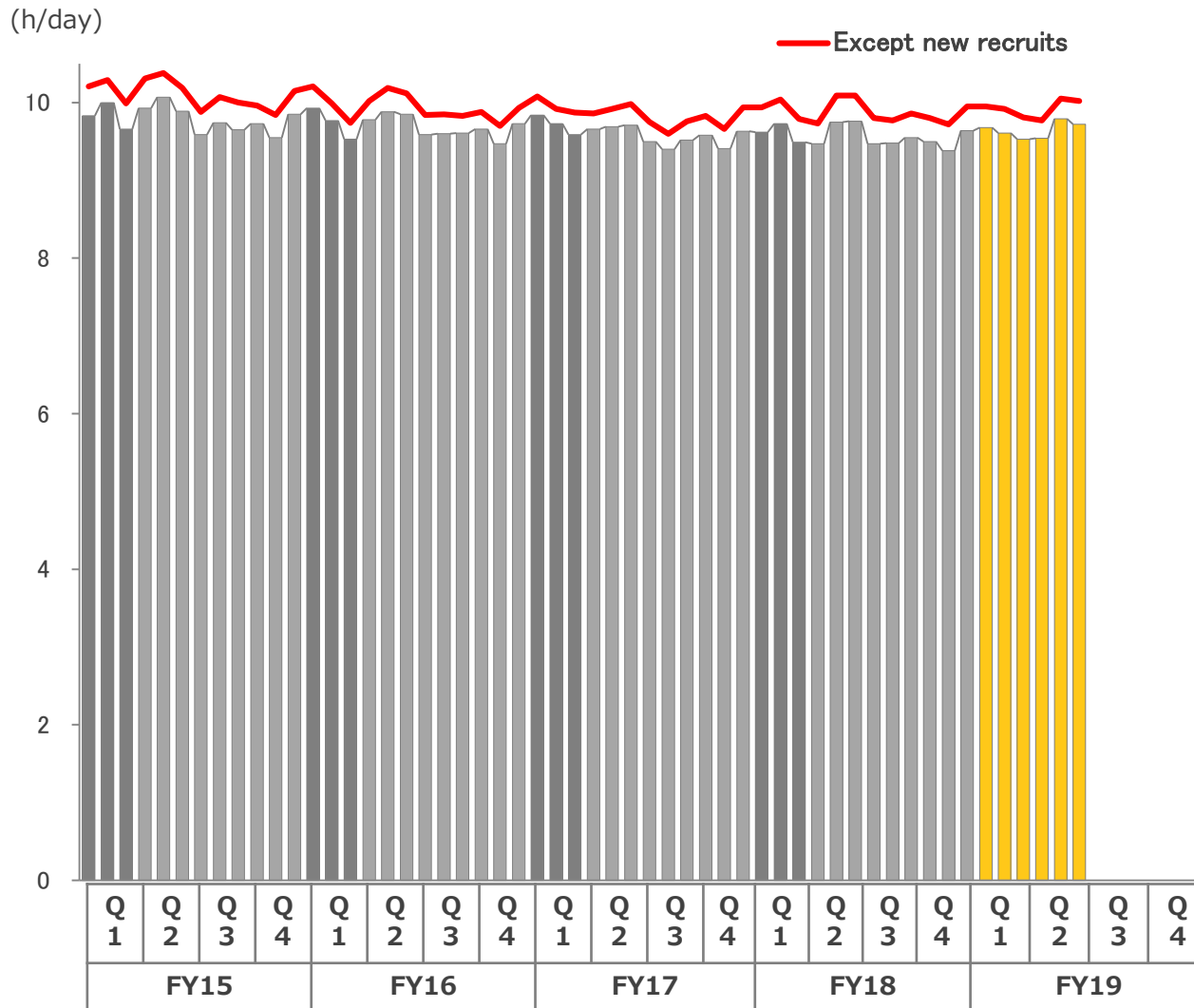
Fiscal Year	Avg. Operating Rate (%)	YoY Change
FY16/Q2	94.0%	YoY
FY17/Q2	93.0%	▲ 1.0pt.
FY18/Q2	94.6%	+1.6pt.
FY19/Q2	93.0%	▲ 1.6pt.

Q1	Q2	Q3	Q4
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# Changes in Operating Time



- Operating time declines as a result of “working style reforms” and other measures to raise awareness of the importance of labor management



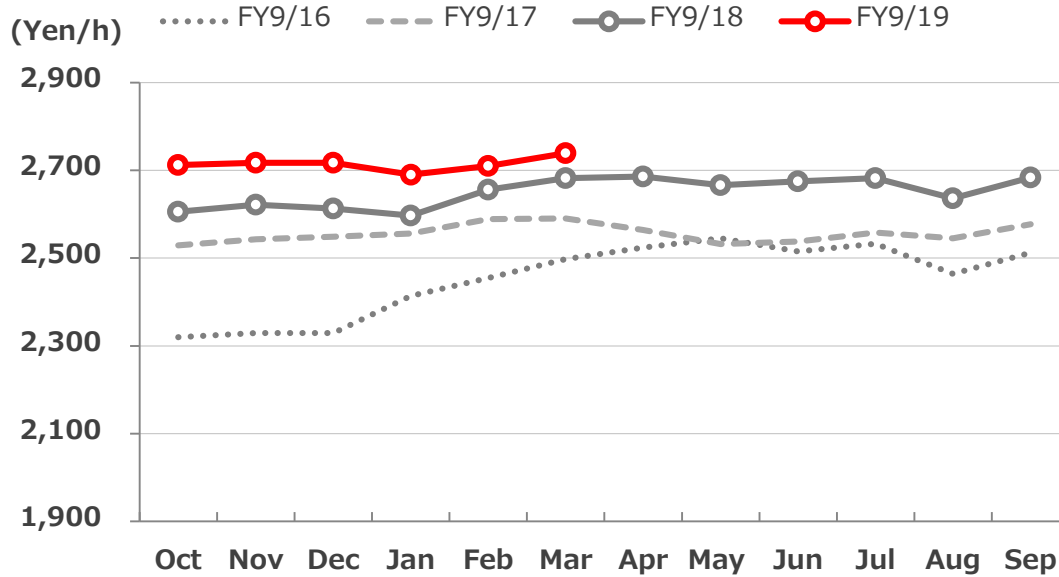
Avg. operating time of all engineers 6-month avg. (Oct – Mar)		
FY15/Q2	9.90h	YoY
FY16/Q2	9.79h	▲ 1.1%
FY17/Q2	9.70h	▲ 0.9%
FY18/Q2	9.64h	▲ 0.7%
FY19/Q2	9.65h	+0.1%

# Unit Price of Temporary Staffing (1)

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

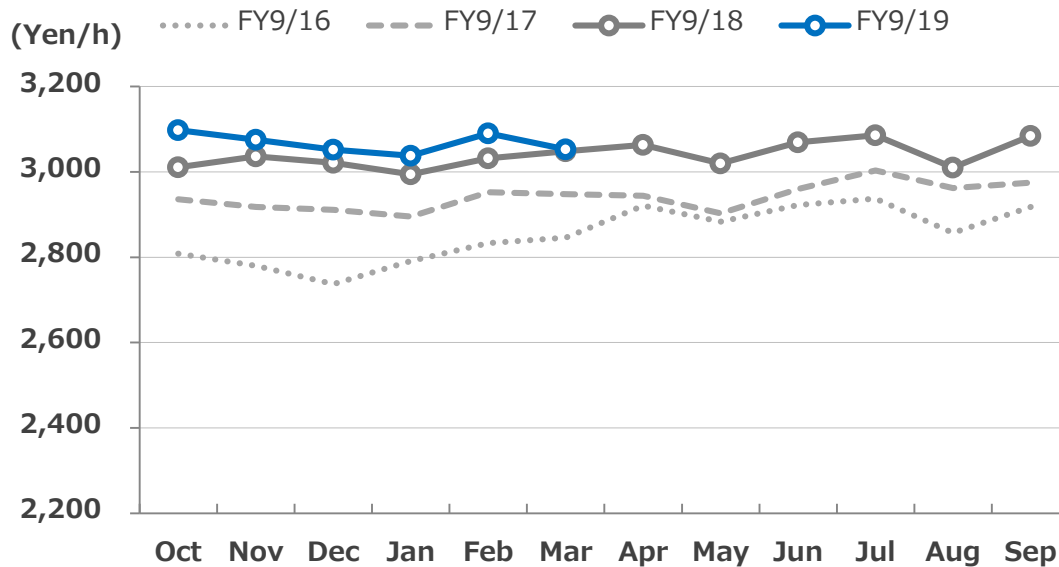


Construction Engineer  
Temporary Staffing



**New recruits only**  
6-month avg. (Oct – Mar)

FY	Unit Price (Yen)	YoY Change
FY16/Q2	2,391yen	
FY17/Q2	2,559yen	+7.0%
FY18/Q2	2,629yen	+2.7%
FY19/Q2	2,714yen	+3.2%



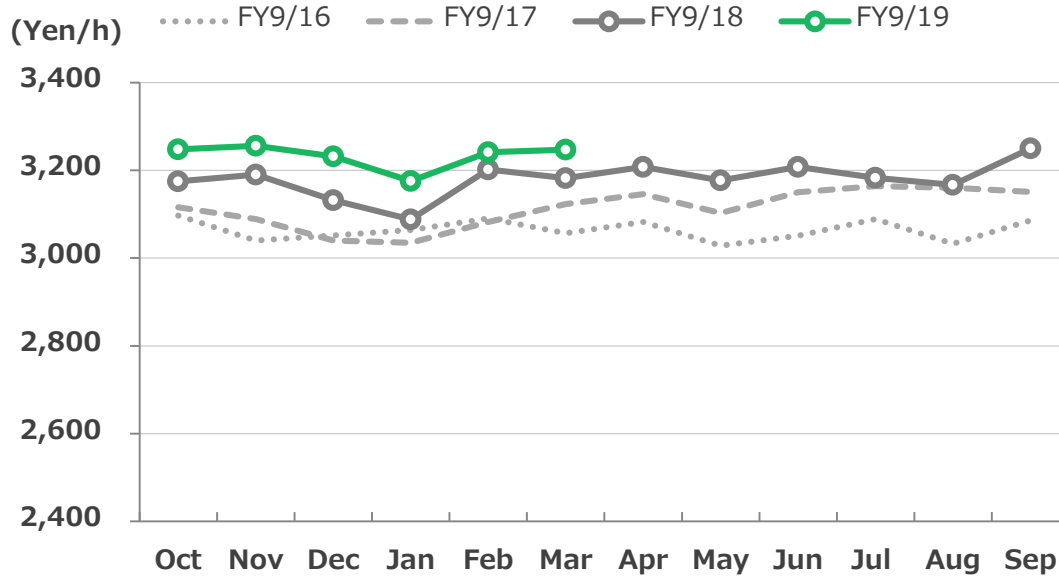
**2<sup>nd</sup> year only**  
6-month avg. (Oct – Mar)

FY	Unit Price (Yen)	YoY Change
FY16/Q2	2,799yen	
FY17/Q2	2,927yen	+4.6%
FY18/Q2	3,024yen	+3.3%
FY19/Q2	3,068yen	+1.5%

# Unit Price of Temporary Staffing (2) From the 3<sup>rd</sup> and 4<sup>th</sup> Year and Over

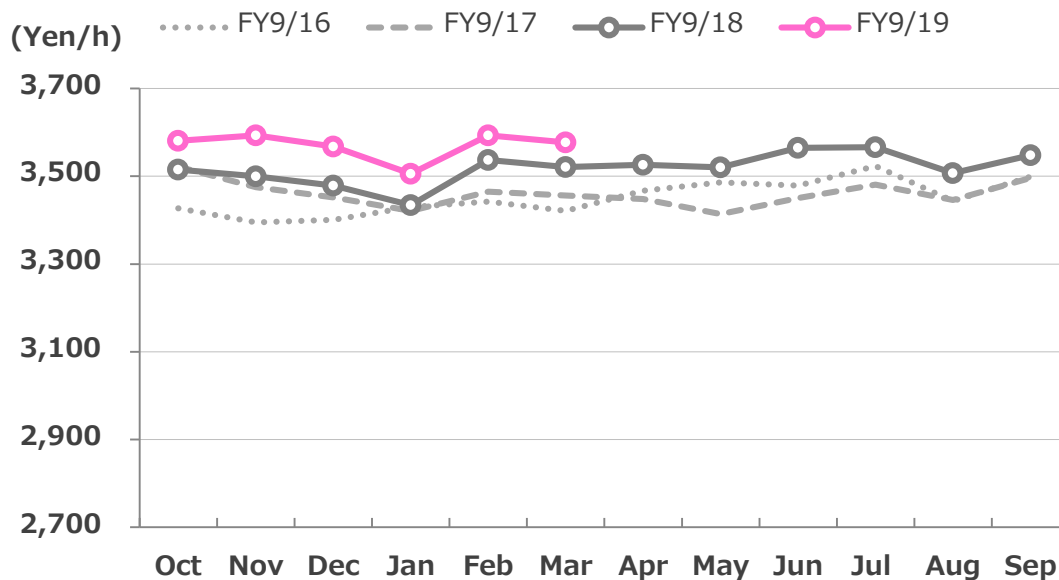


Construction Engineer  
Temporary Staffing



**3<sup>rd</sup> year only**  
6-month avg. (Oct – Mar)

FY	Unit Price (Yen)	YoY Change
FY16/Q2	3,067yen	
FY17/Q2	3,081yen	+0.5%
FY18/Q2	3,162yen	+2.6%
FY19/Q2	3,233yen	+2.3%



**From the 4<sup>th</sup> year**  
6-month avg. (Oct – Mar)

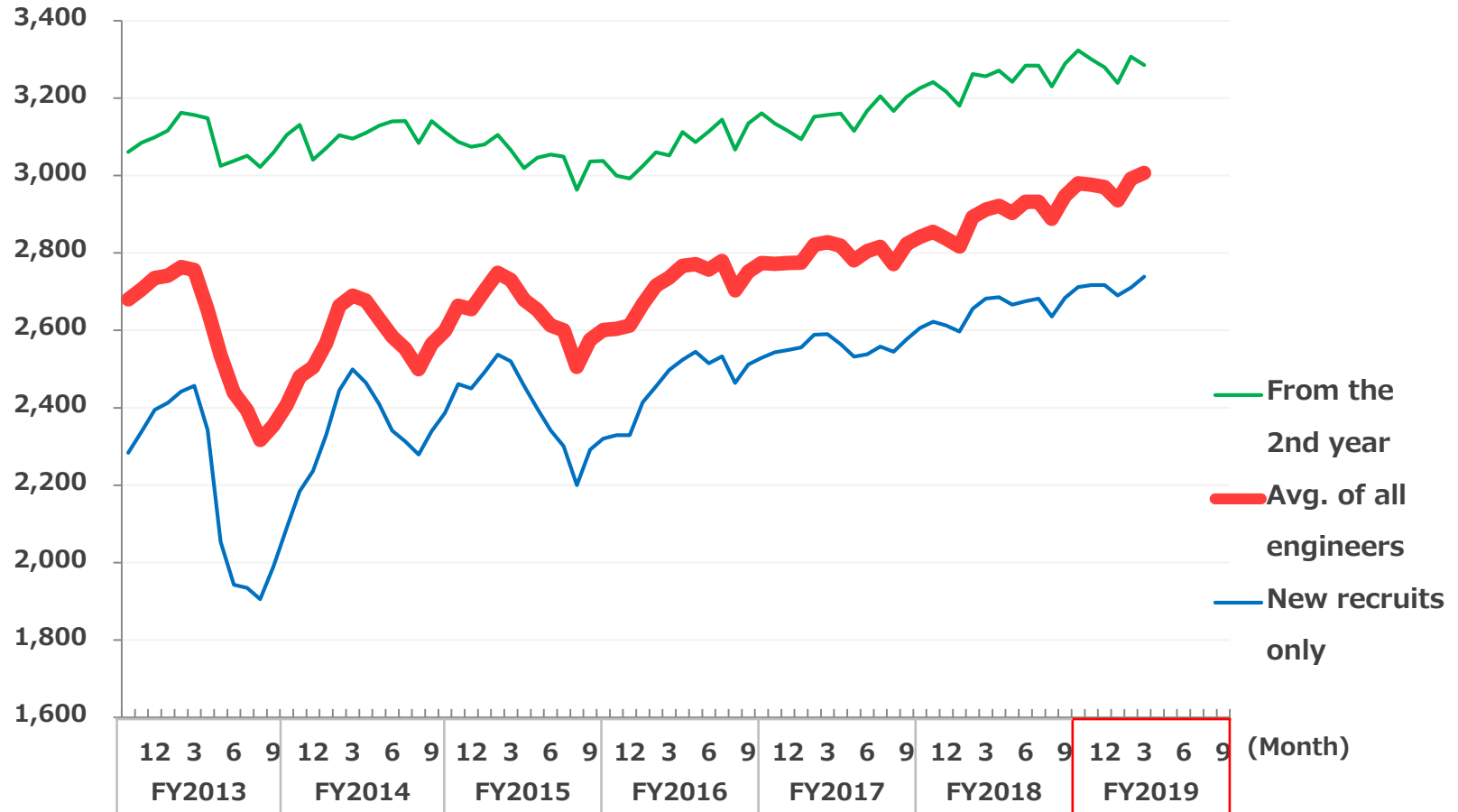
FY	Unit Price (Yen)	YoY Change
FY16/Q2	3,419yen	
FY17/Q2	3,465yen	+1.3%
FY18/Q2	3,498yen	+0.9%
FY19/Q2	3,570yen	+2.1%

# Unit Price of Temporary Staffing (3) Interim Changes



- Continue to rise for 4 years from FY2016 supported by robust demand
- Higher unit prices for newly hired engineers, which account for a high ratio of the number of engineers, contributed to higher profit margins

(Yen/h)



	12 3 6 9 FY2013	12 3 6 9 FY2014	12 3 6 9 FY2015	12 3 6 9 FY2016	12 3 6 9 FY2017	12 3 6 9 FY2018	12 3 6 9 FY2019
Avg. on a company-wide basis (Q1-Q2)	2,730 yen	2,552 yen	2,683 yen	2,656 yen	2,791 yen	2,859 yen	2,977 yen
YoY		▲6.5%	+5.1%	▲1.0%	+5.1%	+2.5%	+4.1%

# KPI Summary



Construction Engineer  
Temporary Staffing

- Unit price of temporary staffing continued to increase for 4 years against a backdrop of labor shortage in the construction industry
- Operating rate decreased due to strong recruitment

All engineers 6-month avg. (Oct – Mar)

	FY18/Q2	FY19/Q2	Change	Pct. change
No. of engineers	4,686 engineers	5,481 engineers	+795 engineers	+17.0%
Operating rate	94.6%	93.0%	▲1.6pt.	—
Operating time	9.64h	9.65h	+0.01h	+0.1%
Unit price of temporary staffing	2,859yen	2,977yen	+118yen	+4.1%

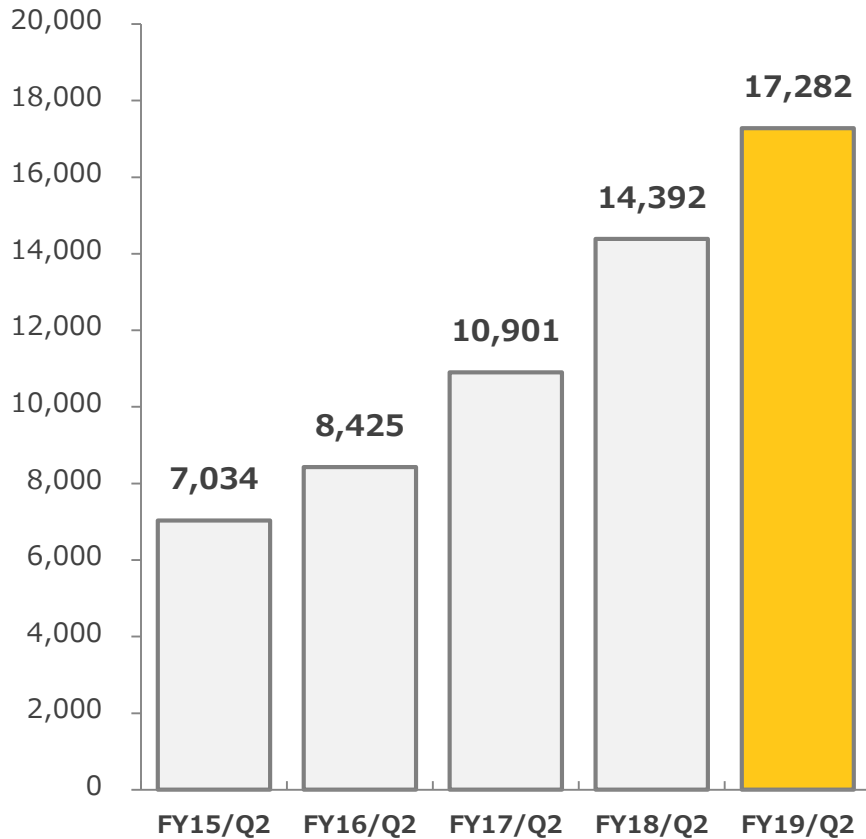
# Sales and Gross Profit



- Sales ⇒ Up by 20% YoY for 35 consecutive quarters due to active recruitment and high retention rate
- Gross profit ⇒ Up by 19% due to increases in unit price of temporary staffing

Sales

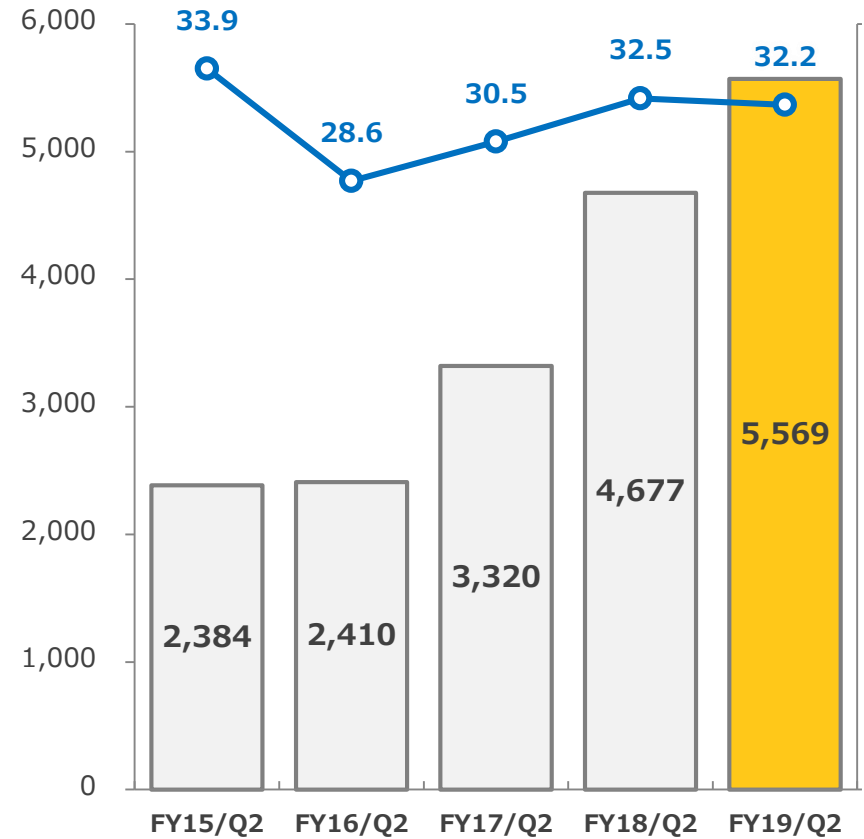
(Million yen)



Gross profit

[Profit margin]  
(%)

(Million yen)



# SG&A Expenses



- Increases in sales staffs and Human Resource Management Dept. staffs associated with increased engineers ⇒ Personnel expenses up by 18%
- Used to hire mainly young and unexperienced people but additionally hired experienced people ⇒ Recruiting cost increased by 65%

(Million yen)

	FY18/Q2	FY19/Q2	Change	Remarks
<b>SG&amp;A expenses</b>	<b>1,969</b>	<b>2,613</b>	<b>+644</b>	
Personnel expenses	<b>922</b>	<b>1,093</b>	<b>+171</b>	Increased due to increases in sales staffs and Human Resource Management Dept. staffs
Ad expenses	<b>13</b>	<b>10</b>	<b>▲3</b>	
Recruiting cost	<b>520</b>	<b>863</b>	<b>+342</b>	Increased as a result of actively hiring professional engineers
Outsourcing expenses	<b>79</b>	<b>89</b>	<b>+10</b>	
SG&A expense ratio	<b>13.7%</b>	<b>15.1%</b>	<b>+1.4pt.</b>	

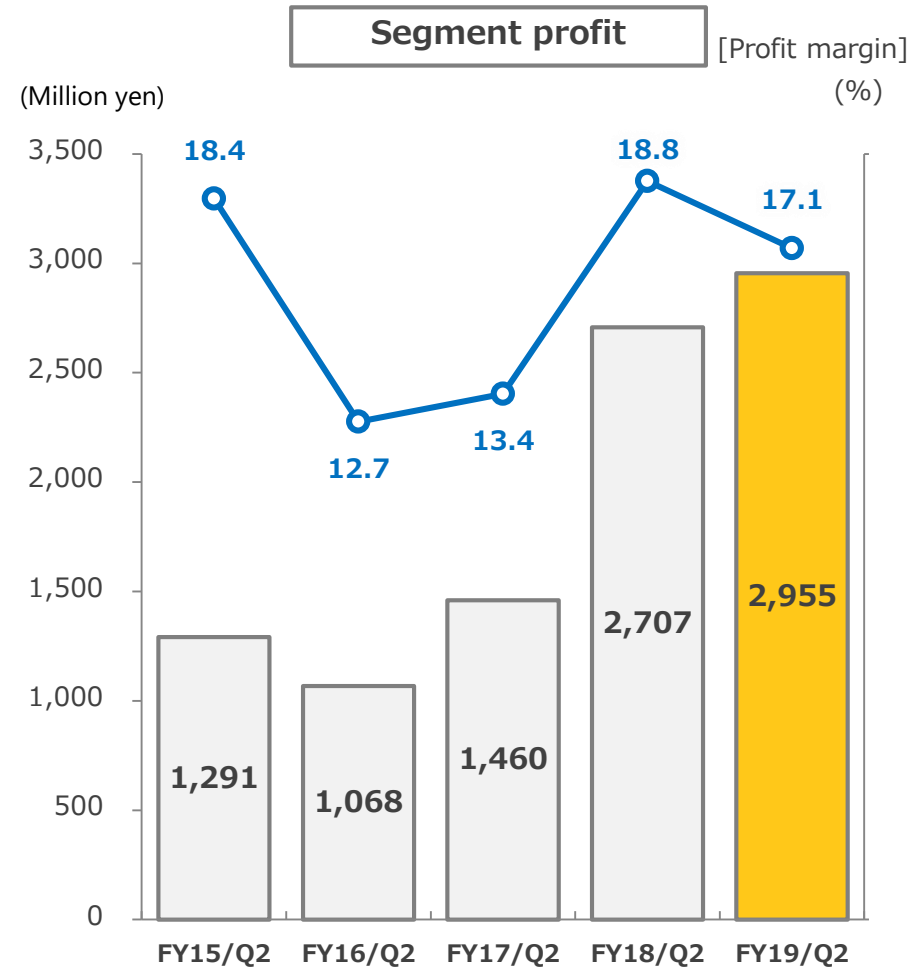
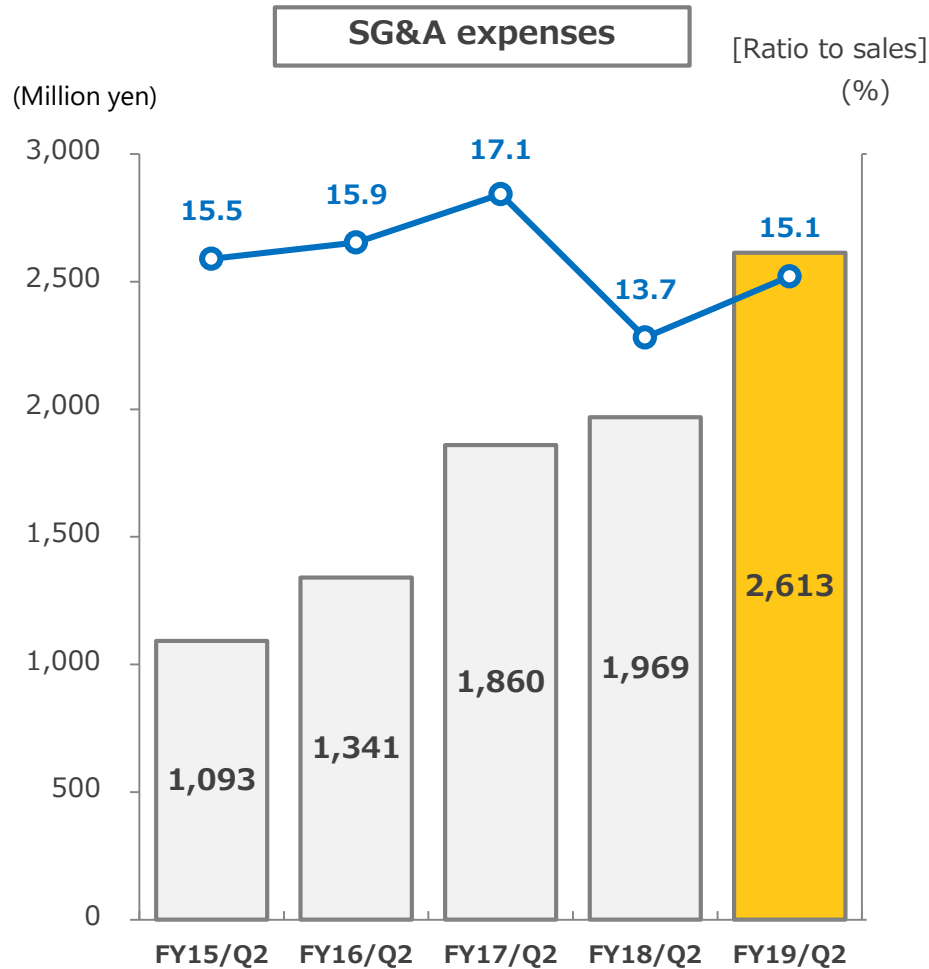
\*Personnel expenses = Salaries and allowances + Travel and transport expenses + Bonuses + Legal welfare expenses + Benefit costs + Retirement benefit expenses (except executives)



# SG&A Expenses and Segment Profit



- SG&A expenses ⇒ Upfront cost due to increased recruitment but as expected and increased by 32%
- Segment profit ⇒ Increased by 9% due to increased gross profit



## Engineer Temporary Staffing



1. Sales increased for **34** consecutive quarters
2. Number of recruitment increased by **65%** YoY
3. Unit price of temporary staffing **increased** despite increase in new recruits

# Recruitment



- Progress rate of 39.2% against an annual recruitment plan of 1,800 engineers ⇒ Expected to grow toward the 2<sup>nd</sup> half
- Recruitment includes 351 females (50%) and 71 foreigners (10%)
- A good start in the 2<sup>nd</sup> half with 260 engineers in April

(Unit: Persons)

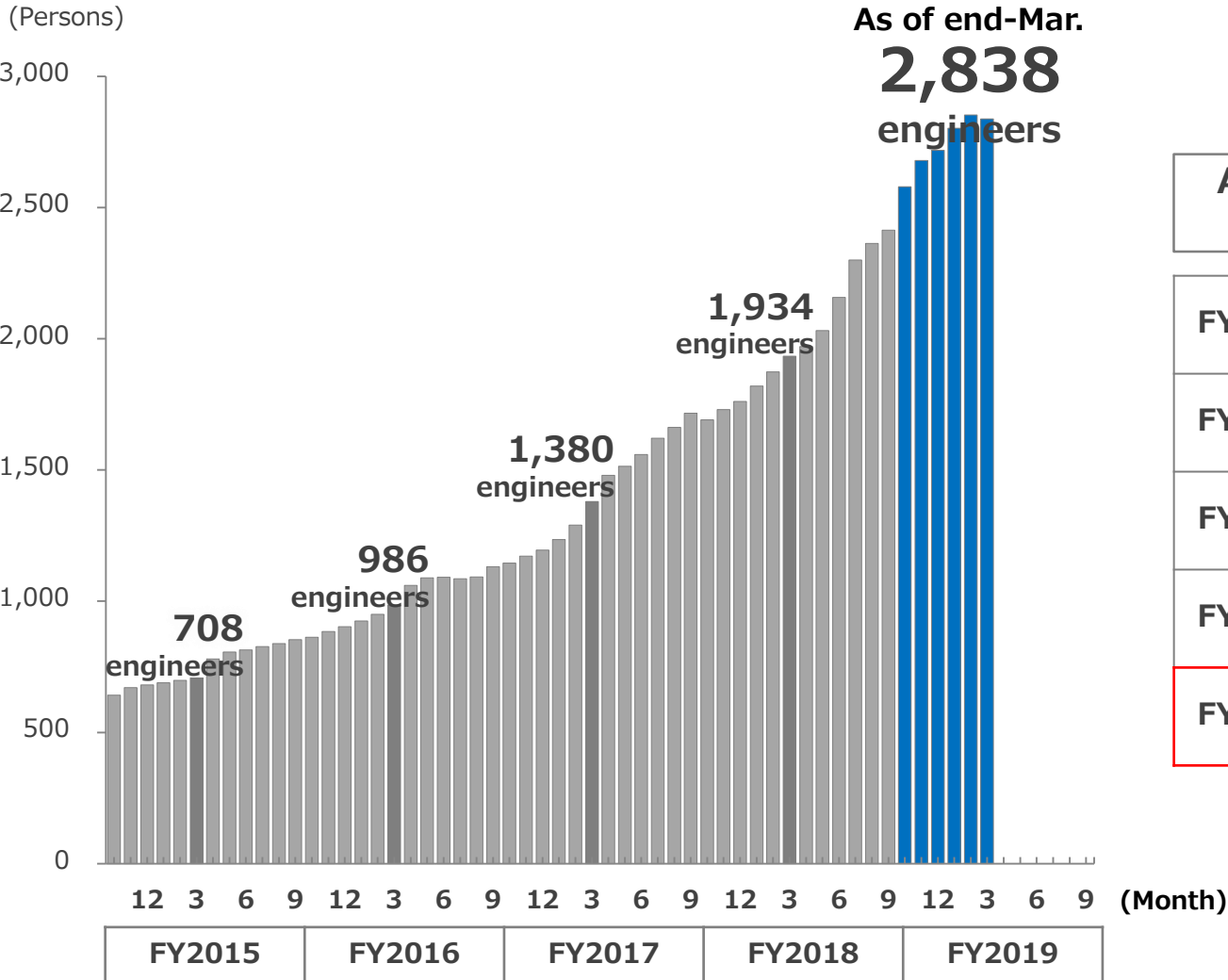
	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY18 recruitment		159			270		429
FY19 recruitment		362			344		706
YoY		+203			+74		+277

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY18 recruitment		303			386		689	1,118
FY19 recruitment	260							
Change								

# Changes in the Number of Engineers



- Progress rate was 83.5% against the target number of engineers of 3,400 engineers at the end of period
- Increased by 904 engineers compared with the end of the same month a year ago (+46.7%)



**Avg. number of engineers**  
6-month avg. (Oct – Mar)

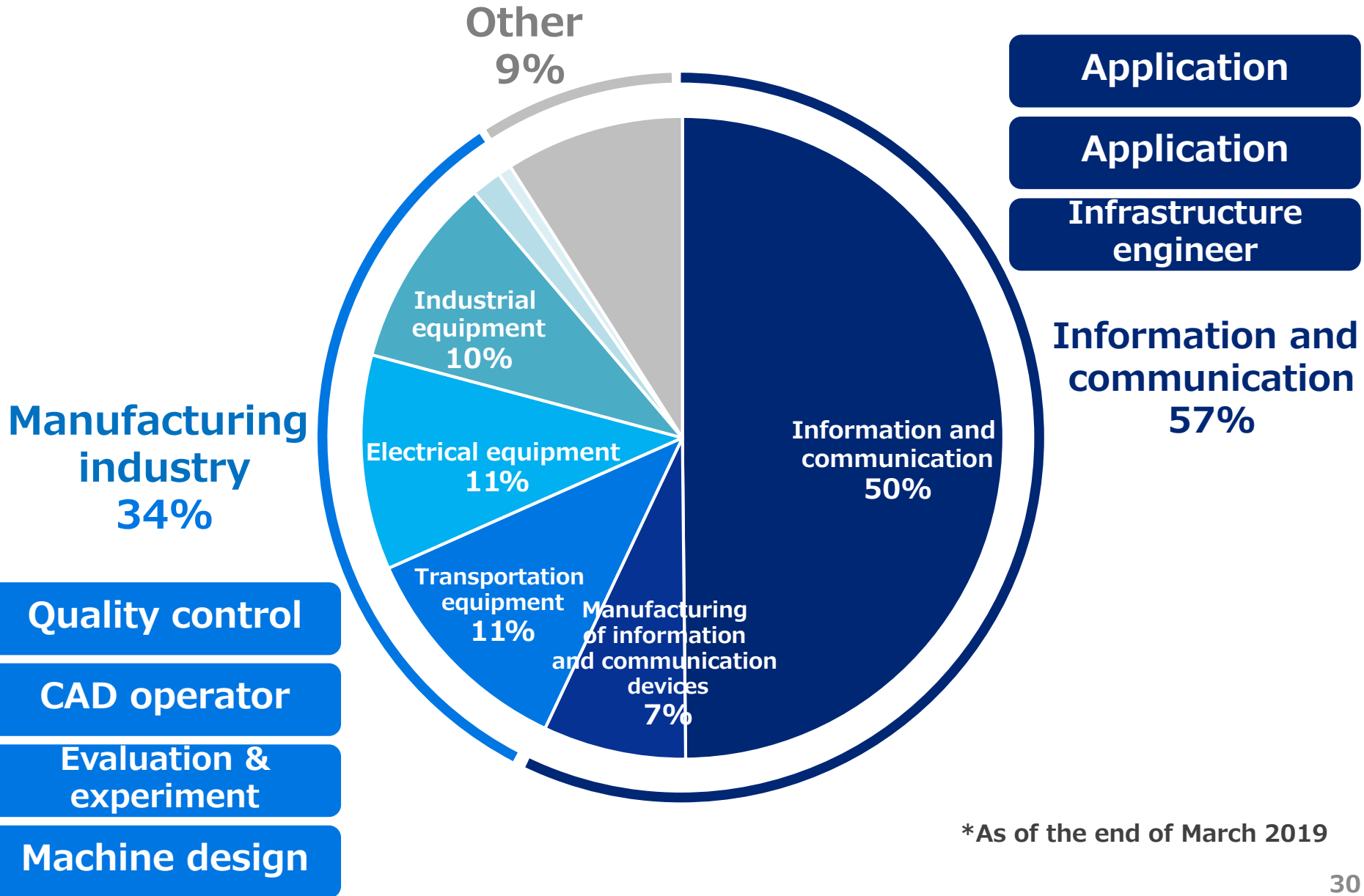
FY	Number of Engineers	YoY
FY15/Q2	682 engineers	
FY16/Q2	919 engineers	+34.7%
FY17/Q2	1,236 engineers	+34.4%
FY18/Q2	1,802 engineers	+45.7%
FY19/Q2	2,745 engineers	+52.3%

\* Number of engineers at the end of month

# Sales Ratio by Customer



Engineer  
Temporary Staffing

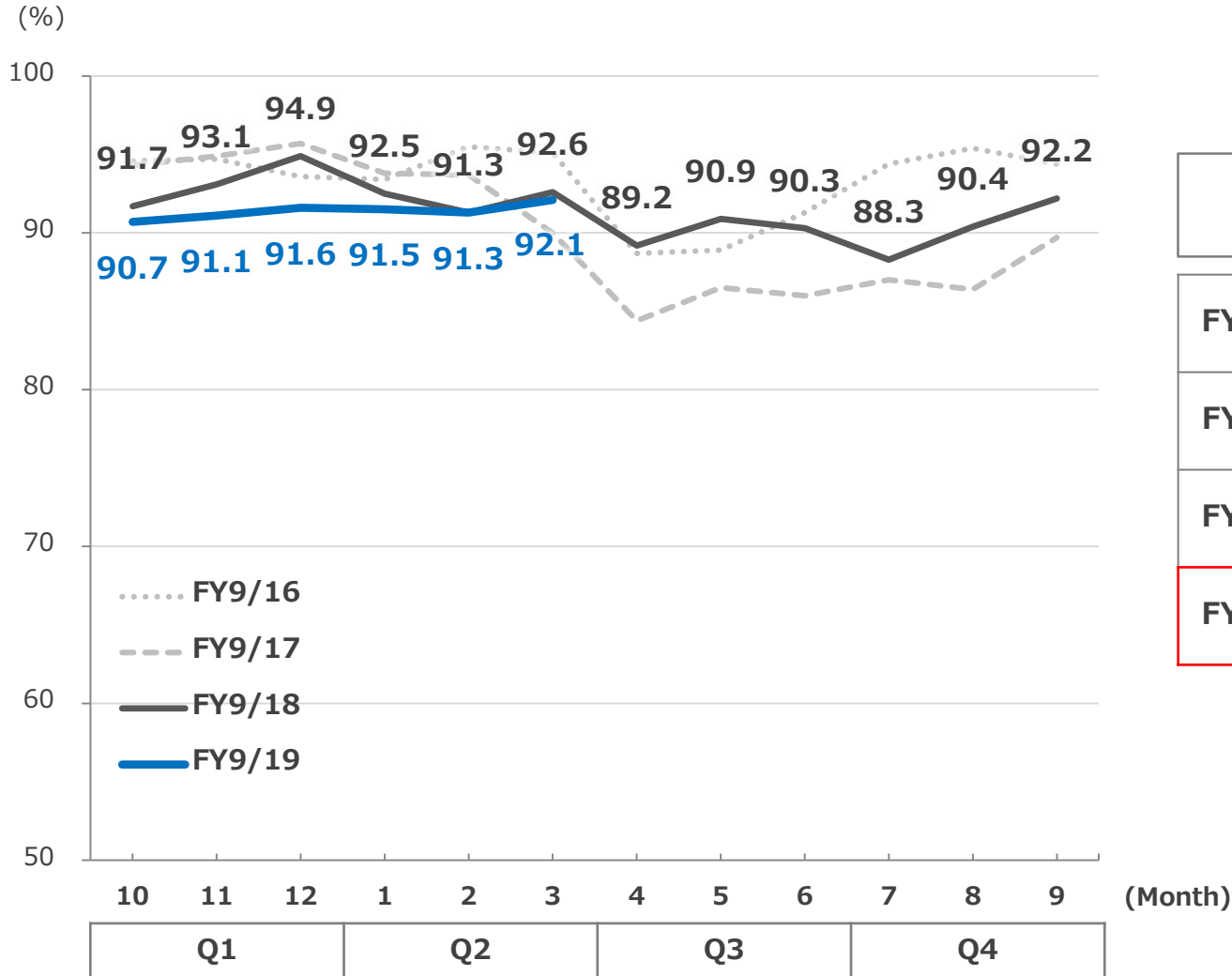


\*As of the end of March 2019

# Changes in Operating Rate

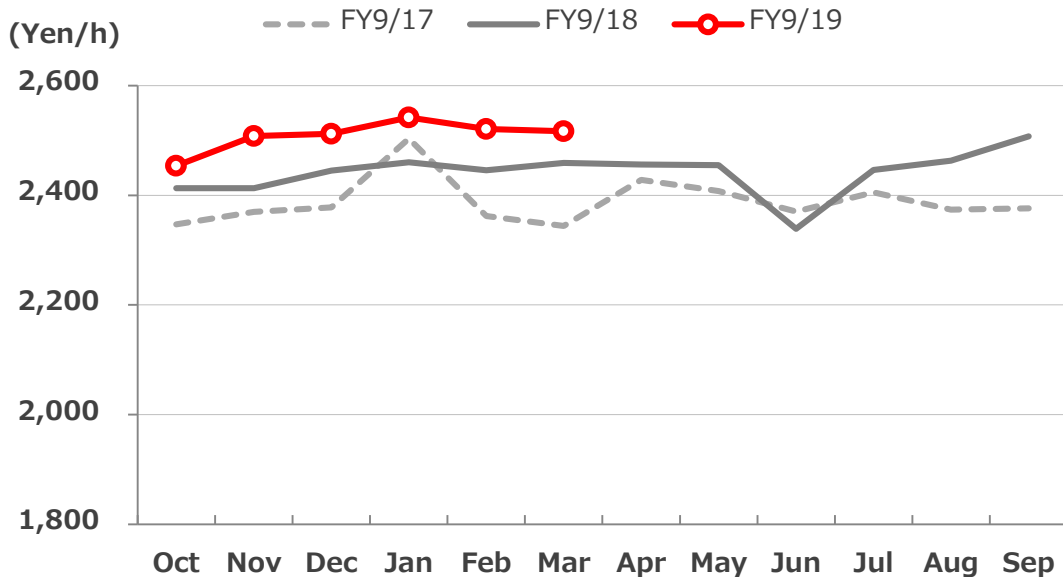


- Operating rate decreased as a result of increased number of recruitment due to active investment but led to strong growth in Q2



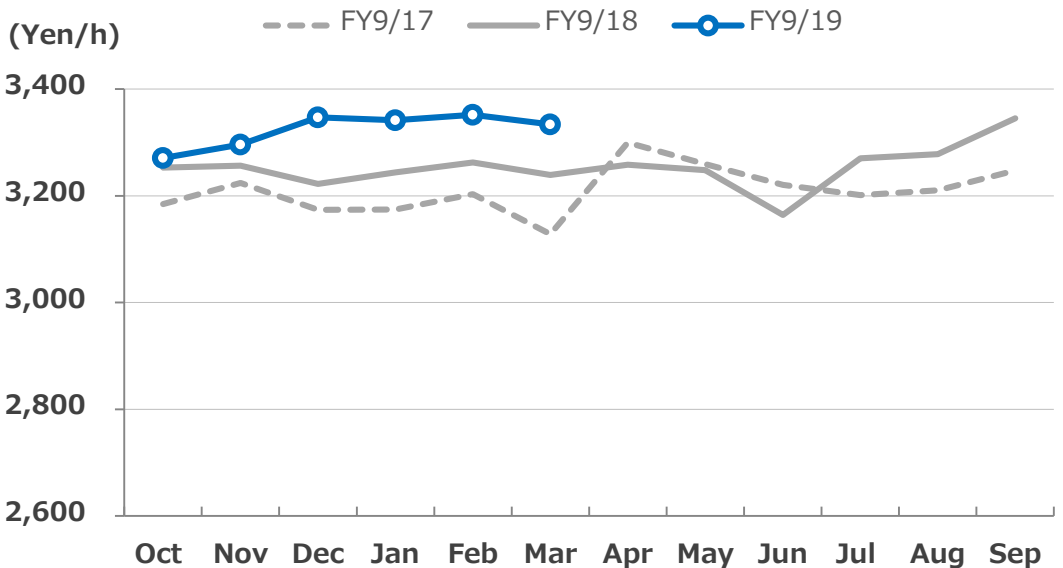
Avg. operating rate 6-month avg. (Oct – Mar)		
FY16/Q2	94.5%	YoY
FY17/Q2	93.7%	▲0.7pt.
FY18/Q2	92.7%	▲1.0pt.
FY19/Q2	91.4%	▲1.3pt.

# Unit Price of Temporary Staffing (1)



## Technical staff 6-month avg. (Oct – Mar)

FY	Unit Price (Yen)	YoY Change
FY17/Q2	2,384yen	YoY
FY18/Q2	2,439yen	+2.3%
FY19/Q2	2,509yen	+2.8%

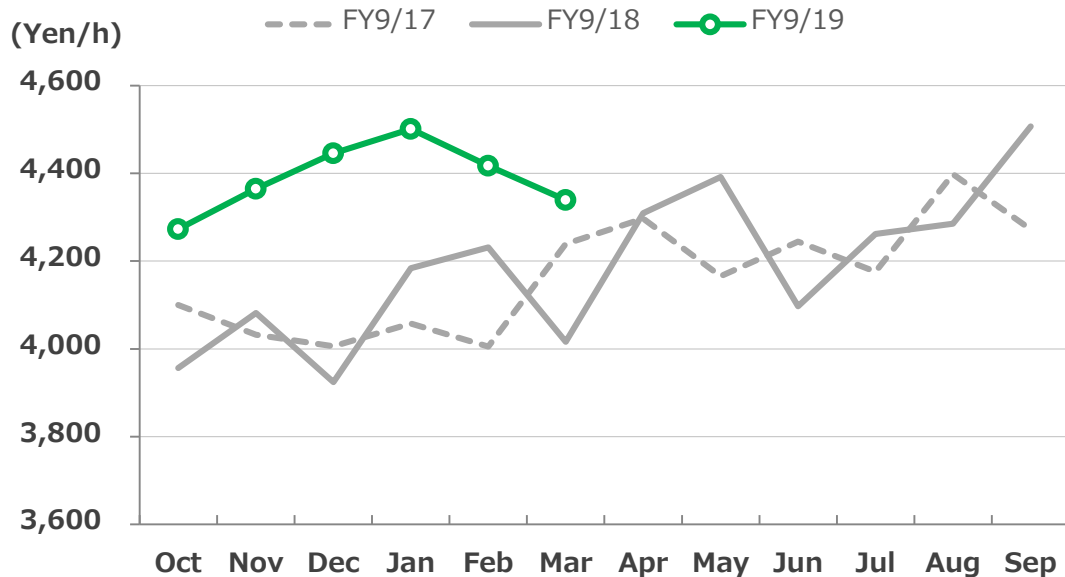


## Middle-end 6-month avg. (Oct – Mar)

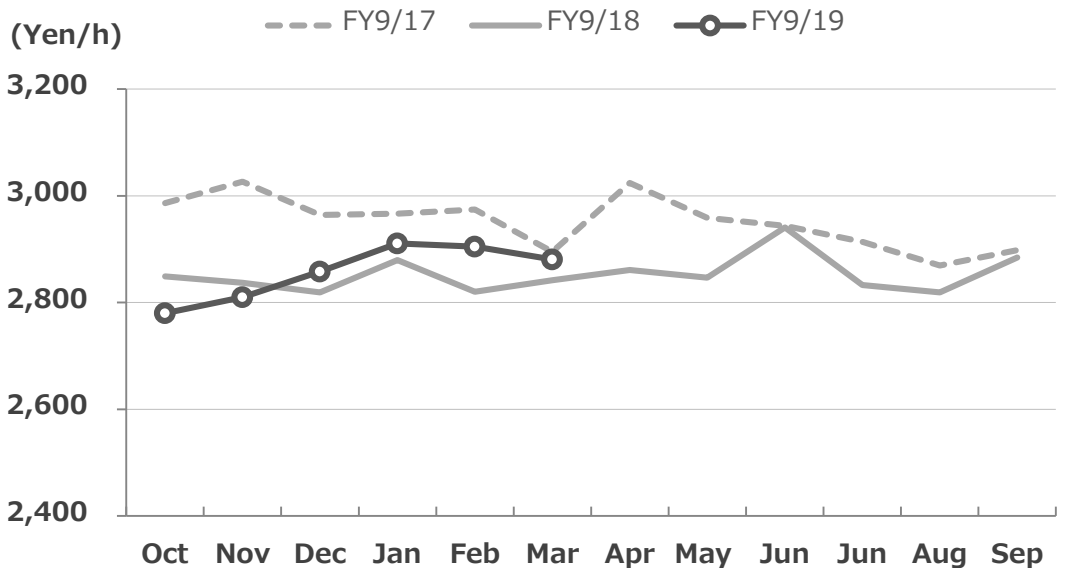
FY	Unit Price (Yen)	YoY Change
FY17/Q2	3,181yen	YoY
FY18/Q2	3,246yen	+2.0%
FY19/Q2	3,342yen	+2.3%



# Unit Price of Temporary Staffing (2)



High-end 6-month avg. (Oct – Mar)		
FY17/Q2	4,073yen	YoY
FY18/Q2	4,066yen	▲0.1%
FY19/Q2	4,390yen	+7.9%



Avg. unit price of temporary staffing 6-month avg. (Oct – Mar)		
FY17/Q2	2,969yen	YoY
FY18/Q2	2,841yen	▲4.2%
FY19/Q2	2,858yen	+0.5%

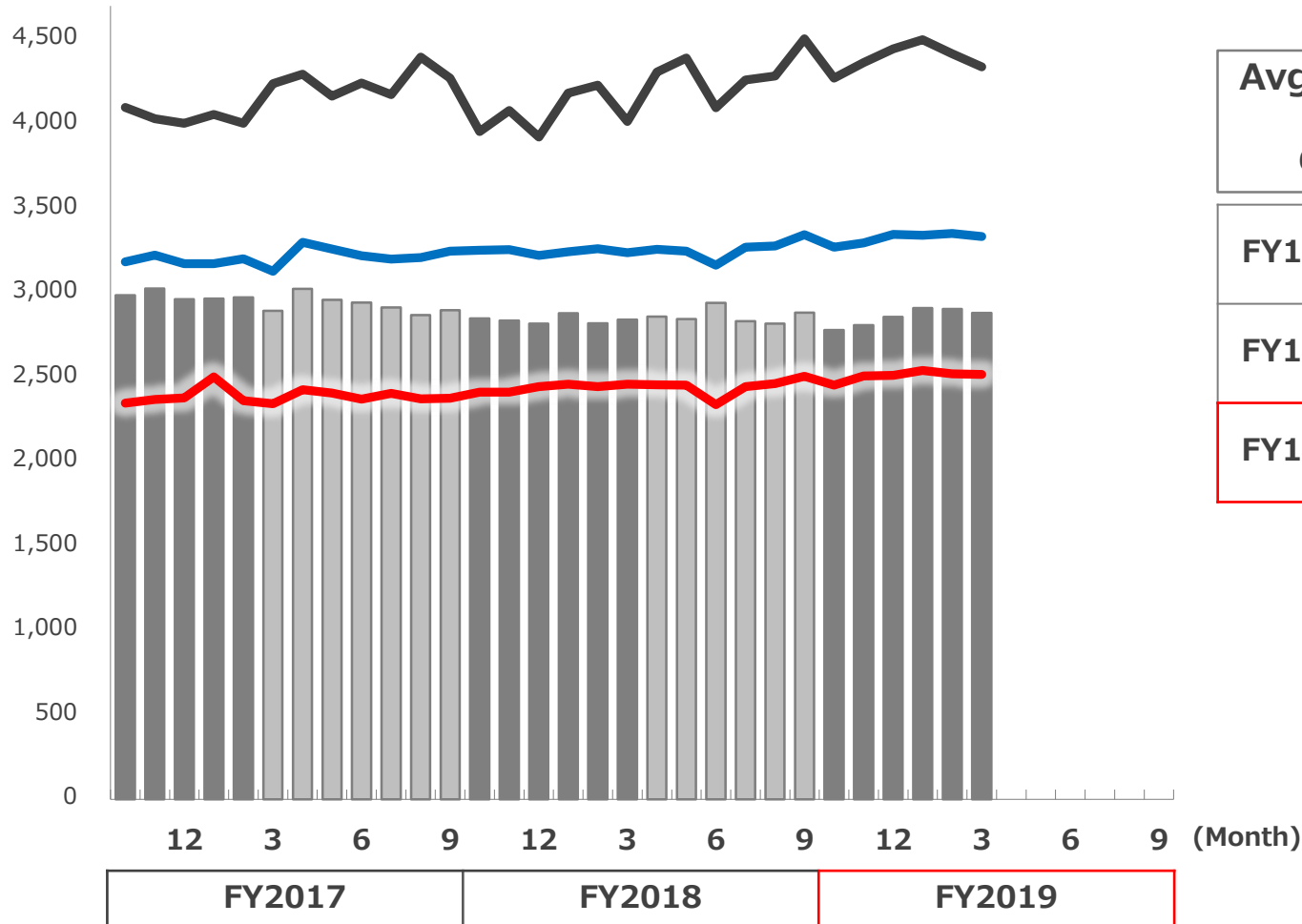
# Changes in Unit Price of Temporary Staffing



- Ratio of technical staff increased but average unit price increased due to demand expansion
- High-end engineers in particular substantially increased by 8% YoY

(Yen)

Average High-end Middle-end Technical staff



Avg. unit price of temporary staffing 6-month avg. (Oct - Mar)		
FY17/Q2	2,969yen	YoY
FY18/Q2	2,841yen	▲4.2%
FY19/Q2	2,858yen	+0.5%

# KPI Summary



Engineer  
Temporary Staffing

- The number of engineers increased steadily by 52% due to active recruitment
- Operating rate decreased with increased number of engineers but average unit price of temporary staffing increased due to demand expansion

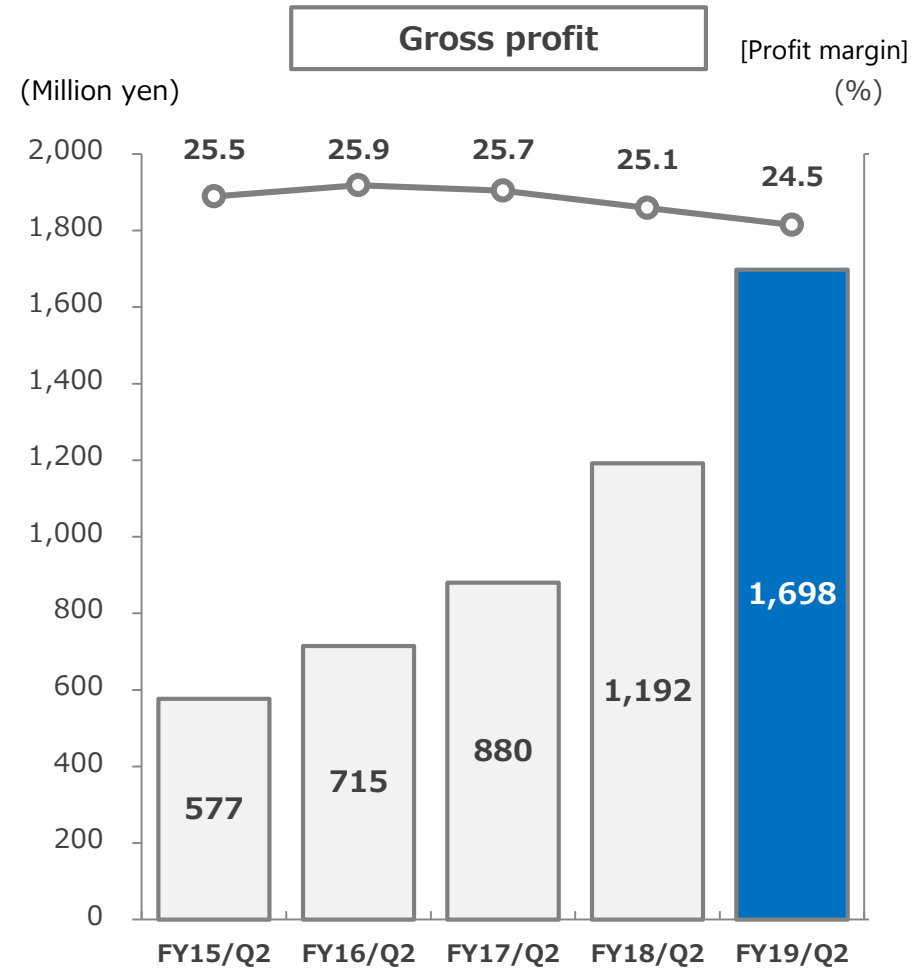
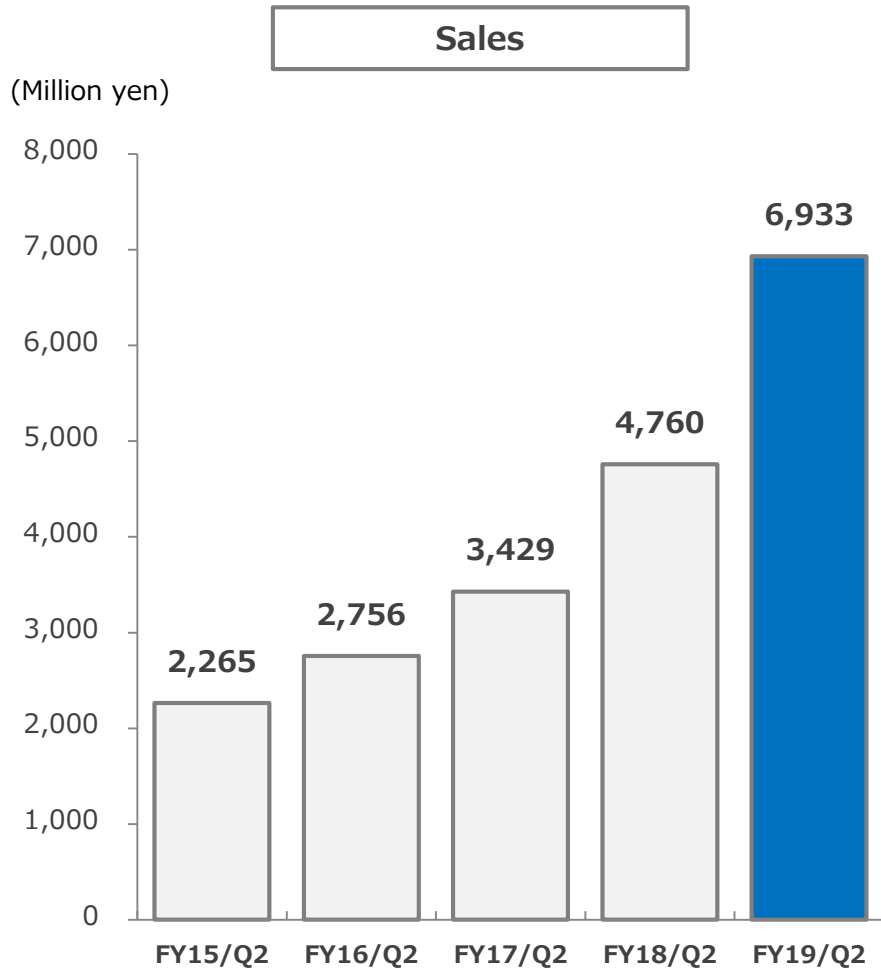
All engineers 6-month avg. (Oct – Mar)

	FY18/Q2	FY19/Q2	Change	Pct. change
No. of engineers	1,802 engineers	2,745 engineers	+943 engineers	+52.3%
Operating rate	92.7%	91.4%	▲ 1.3pt.	—
Unit price of temporary staffing	2,841yen	2,858yen	+17yen	+0.5%

# Sales and Gross Profit



- Sales ⇒ Up by 45% YoY for 34 consecutive quarters due to active recruitment and high retention rate
- Gross profit ⇒ Increase in unit price of temporary staffing despite a decreased operating rate → Up by 42% YoY



# SG&A Expenses



Engineer  
Temporary Staffing

- Increase of 2 operating companies which belongs to the engineer temporary staffing segment
- Personnel expenses increased by 55% as a result of strengthening management department and sales department associated with increased number of engineers
- Recruiting cost increased by 76% as a result of making a massive prior investment for active recruitment

(Million yen)

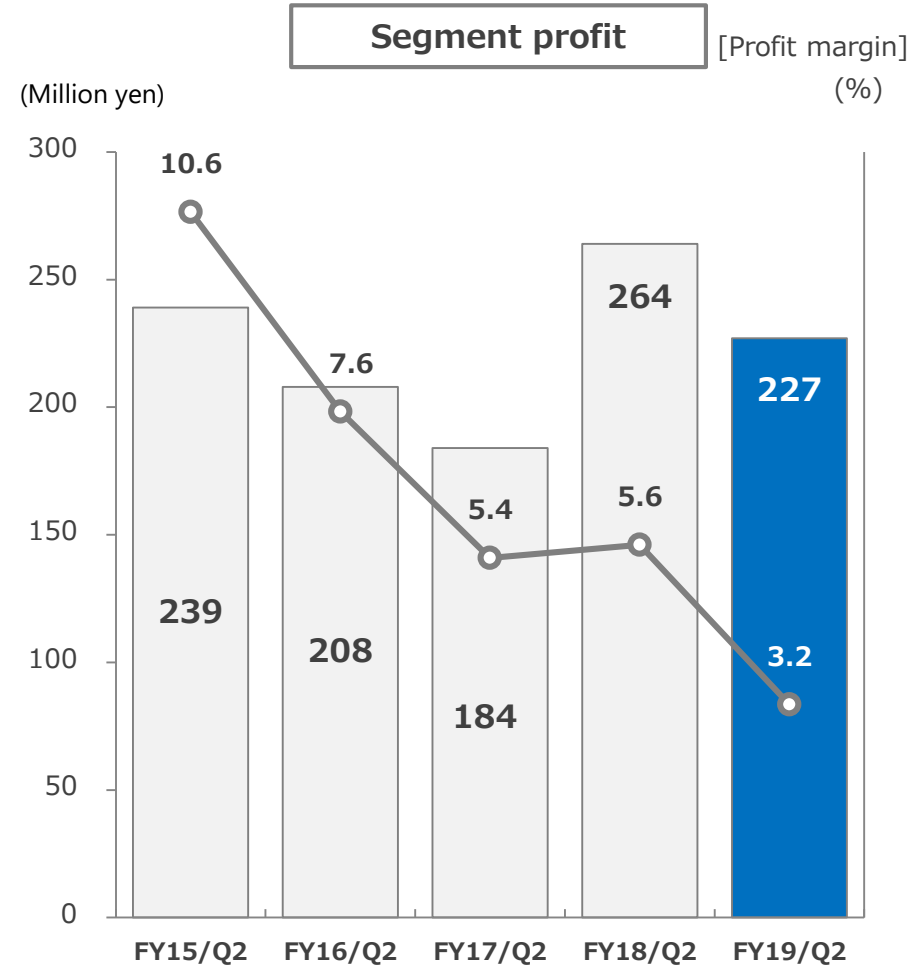
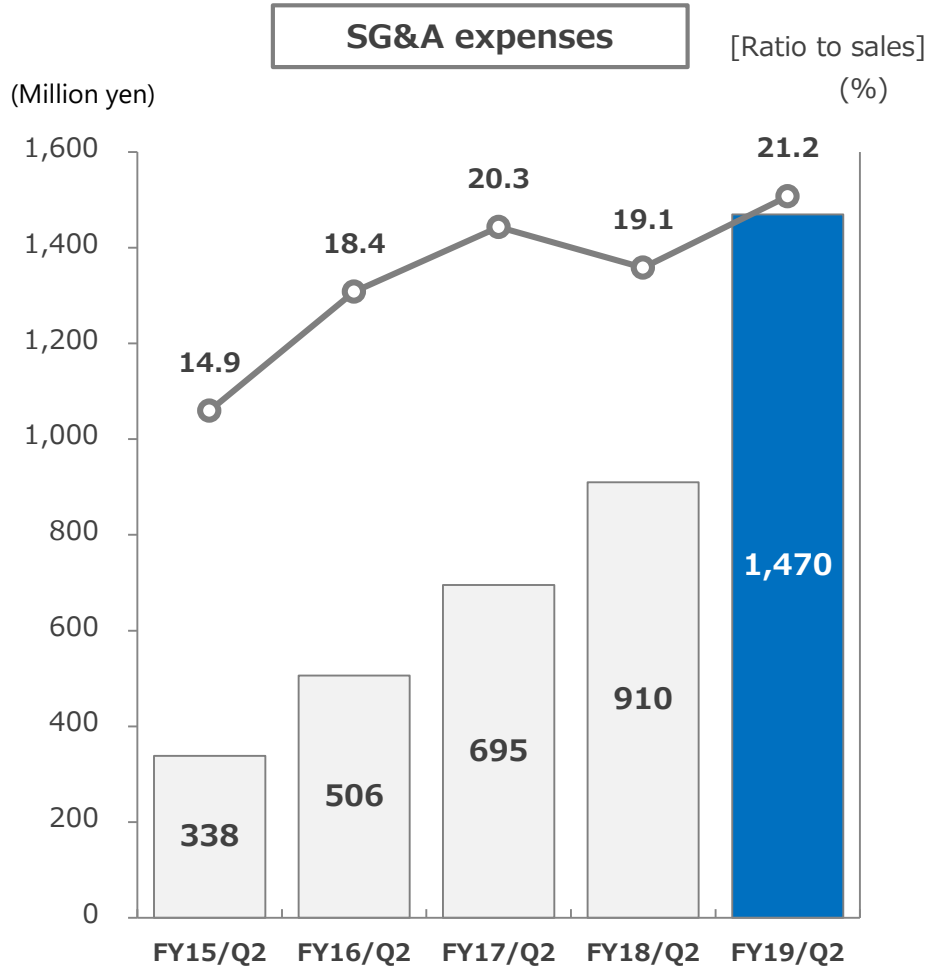
	FY18/Q2	FY19/Q2	Change	Remarks
<b>SG&amp;A expenses</b>	<b>1,969</b>	<b>1,470</b>	<b>+560</b>	
Personnel expenses	<b>430</b>	<b>666</b>	<b>+236</b>	Increased due to increases in sales staffs and Human Resource Management Dept. staffs
Ad expenses	<b>2</b>	<b>12</b>	<b>+10</b>	
Recruiting cost	<b>273</b>	<b>482</b>	<b>+208</b>	Increased due to active recruitment
Outsourcing expenses	<b>19</b>	<b>37</b>	<b>+18</b>	
SG&A expense ratio	<b>19.1%</b>	<b>21.2%</b>	<b>+2.1pt.</b>	

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

# SG&A Expenses and Segment Profit

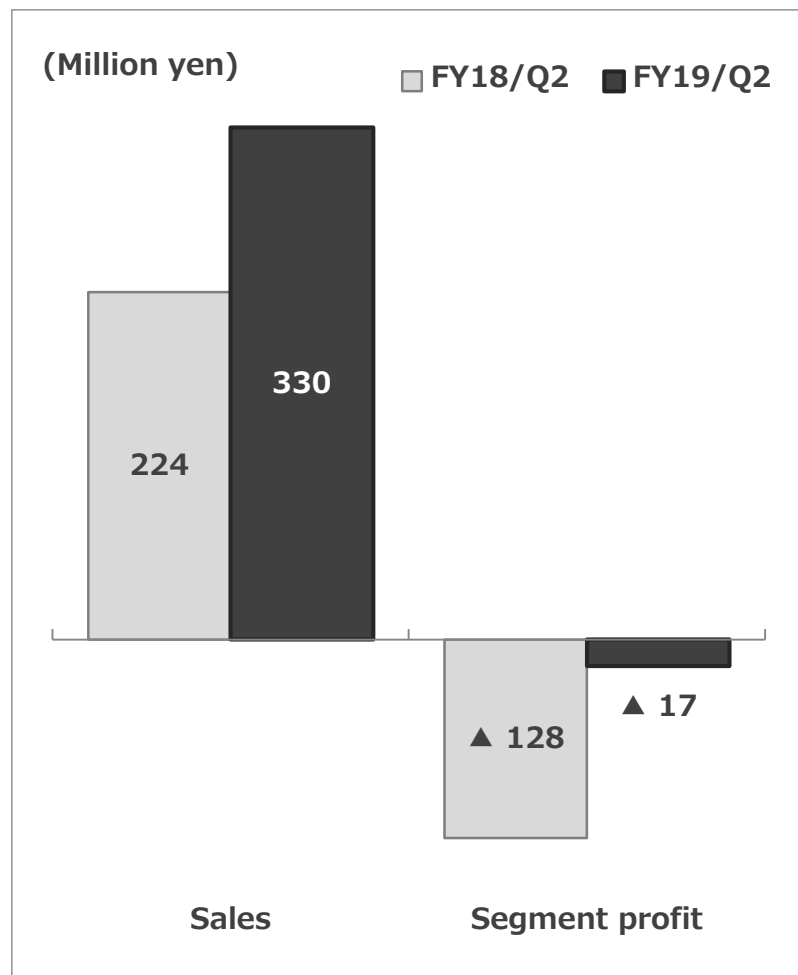


- SG&A expenses ⇒ Personnel expenses and recruiting cost increased as initially planned resulting in a 62% increase
- Segment profit ⇒ Recorded profit as a result of increased recruiting cost due to increase in the number of engineers at work resulting in a 19% decrease



**Other Businesses**

- Reorganization of unprofitable subsidiaries progressed
- IT-related business turned positive as a result of consolidating the network equipment selling and rental business



### 1. Temporary staffing business (Million yen)

	FY18/Q2	FY19/Q2	Change
Sales	94	80	▲ 14.5
Segment profit	1	▲ 66	—

- Domestic business merged → Investment phase focusing on the use of foreigners

### 2. Education-related business (Million yen)

	FY18/Q2	FY19/Q2	Change
Sales	57	8	▲ 85.2
Segment profit	▲ 116	▲ 7	—

- Downsizing of business → Withdrew due to merger

### 3. IT-related business (Million yen)

	FY18/Q2	FY19/Q2	Change
Sales	74	218	+194.1
Segment profit	▲ 13	28	—

- Sold unprofitable subsidiaries → Turned profitable by selling and lending NW equipment

\*In addition, consolidation is eliminated through intersegment transactions.



FY9/19

# Business Forecasts

# FY9/19 Consolidated Business Forecasts



Group

(Million yen)

	FY2018 Actual	FY2019 Full-year forecast	Pct. change	Q2 Actual	Progress rate
<b>Sales</b>	40,419	50,000	23.7%	24,510	49.0%
<b>Operating income</b>	5,186	6,000	15.7%	2,683	44.7%
<b>Ordinary income</b>	4,940	6,000	21.4%	2,672	44.5%
<b>Net income</b> attributable to owners of parent	3,635	4,100	12.8%	1,750	42.7%
<b>EPS</b>	48.75yen	54.98yen	12.8%	22.34yen	40.6%

# FY9/19 Business Forecasts by Segment

(Million yen)

1. Construction engineer temporary staffing	FY2018 Actual	FY2019 Forecast	Pct. change	Q2 Actual	Progress rate
Sales	29,609	36,000	21.6%	17,282	48.0%
Segment profit	4,980	6,000	20.5%	2,955	49.3%
No. of recruits	2,764	2,800 engineers	1.3%	1,603 engineers	57.3%
No. of engineers at year-end	5,066	5,900 engineers	16.5%	5,704 engineers	96.7%
2. Engineer temporary staffing	FY2018 Actual	FY2019 Forecast	Pct. change	Q2 Actual	Progress rate
Sales	10,380	13,000	25.2%	6,933	53.3%
Segment profit	442	0	—	227	—
No. of recruits	1,118	1,800 engineers	61.0%	706 engineers	39.2%
No. of engineers at year-end	2,414	3,400 engineers	40.8%	2,838 engineers	83.5%

# Organizational Restructuring

## Absorption-type Merger



Group

- Yumeshin Holdings and Yume Agent merged for business efficiency
- Focus other businesses on the business to use overseas human resources

[FY18/Q1]

Business segment	Company name
Construction engineer temporary staffing	Yumeshin Holdings
Engineer temporary staffing	Yume Technology KRUNGTHEP NEPLUS Centurion Capital P3OPLE4U
Other (Temporary staffing)	Yume Agent
(Overseas-related)	Yume Global YUMEGLOBAL PHILIPPINES YUMEGLOBAL VIETNAM YUMESHIN VIETNAM
(Education-related)	Construction qualification promotion center

[FY19/Q2 onward]

Business segment	Company name
Construction engineer temporary staffing	Yumeshin Holdings *Took over Yume Agent as of June 1
Engineer temporary staffing	Yume Technology KRUNGTHEP NEPLUS Centurion Capital P3OPLE4U
Other (Use of overseas human resource)	Yume Global YUMEGLOBAL PHILIPPINES YUMEGLOBAL VIETNAM YUMESHIN VIETNAM

Focus on the business to use overseas human resources

# New Group Company①



Group

## InformationPort Co., Ltd.

Became a subsidiary on April 2, 2019  
IT engineer temporary staffing and customized development of IT system

### There are many high-class engineers

- Of more than 100 engineers, 30% of high-class engineers have over 10 years of industry experience
- Employ about 10 new engineers every year and has an excellent knowhow on training them

[Recent performance] (Million yen)

	FY2016	FY2017	FY2018
Sales	1,195	1,312	1,409
Operating income	26	4	41

## Create an opportunity for new entry

An opportunity for the Yumeshin Group centered on young engineers to enter the upper process in the IT industry

## Strengthen training

Aim to strengthen the ability to foster by using the knowhow on training new graduates

## Group synergy

InformationPort promotes the development of new business at companies to be supplied with engineers and customized development using the Group's more than 800 client companies



# New Group Company②



Group

## **Samurai** Samurai, Inc.

Became a subsidiary on April 24, 2019  
Provide a programming study service for adults

Strength of its own media “Samurai Engineer Juku”

- **Ability to attract customers** with more than 1.7 million users and more than 5.2 million page views!!!
- **Teaching skill** to support inexperienced people

Students	500students
Monthly website users	1,600,000users
Total track record of teaching*	16,000students

\*Including lessons, seminars, offline and other services

**Ability to attract customers** → **Strengthen recruitment**

- Use knowhow to strengthen medium for recruitment
- Establishment of a new recruitment pipeline targeting students

**Teaching skill** → **Strengthen training**

- Design a training program for existing engineers
- Upskilling according to the individual level and career plan

Increase customers ← Yumeshin Group’s customer base and sales capabilities

- Increase customers by securing students’ employment

**No.1 in the innovator education**





## neplus NEPLUS K.K.

**Became a subsidiary on October 1, 2018**  
**IT engineer temporary staffing and sales and rental of IT equipment**

- Develop sales and rental of IT equipment and IT engineer temporary staffing business centered on CISCO products
- There are more than 80 talented engineers with profound knowledge of respective product and high technological skills
- Mainly temporary staffing to the upper process in the design and development fields

[Recent performance] (Million yen)

	FY2016	FY2017	FY2018
Sales	1,148	1,271	1,293
Operating income	147	68	182

### Create an opportunity for new entry

An opportunity for the Yumeshin Group centered on young engineers to enter the upper process in the IT industry

### Synergistic effect with new business

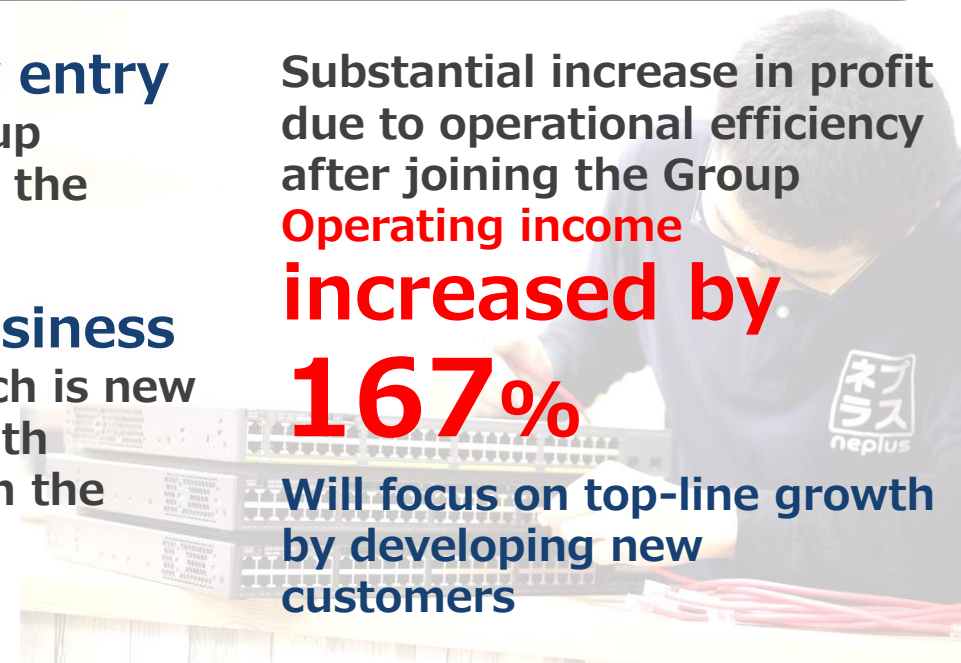
Sales and rental of IT equipment which is new to the Yumeshin Group is excellent with engineer temporary staffing⇒Broaden the market

Substantial increase in profit due to operational efficiency after joining the Group

**Operating income increased by**

**167%**

**Will focus on top-line growth by developing new customers**



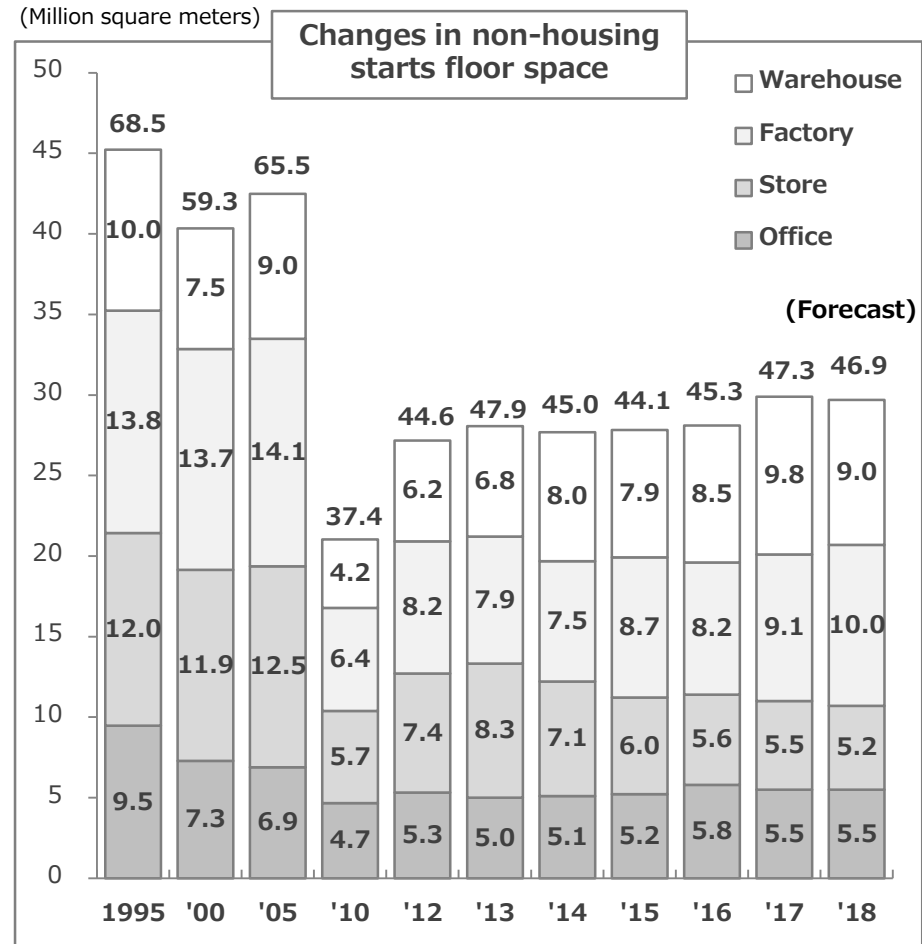
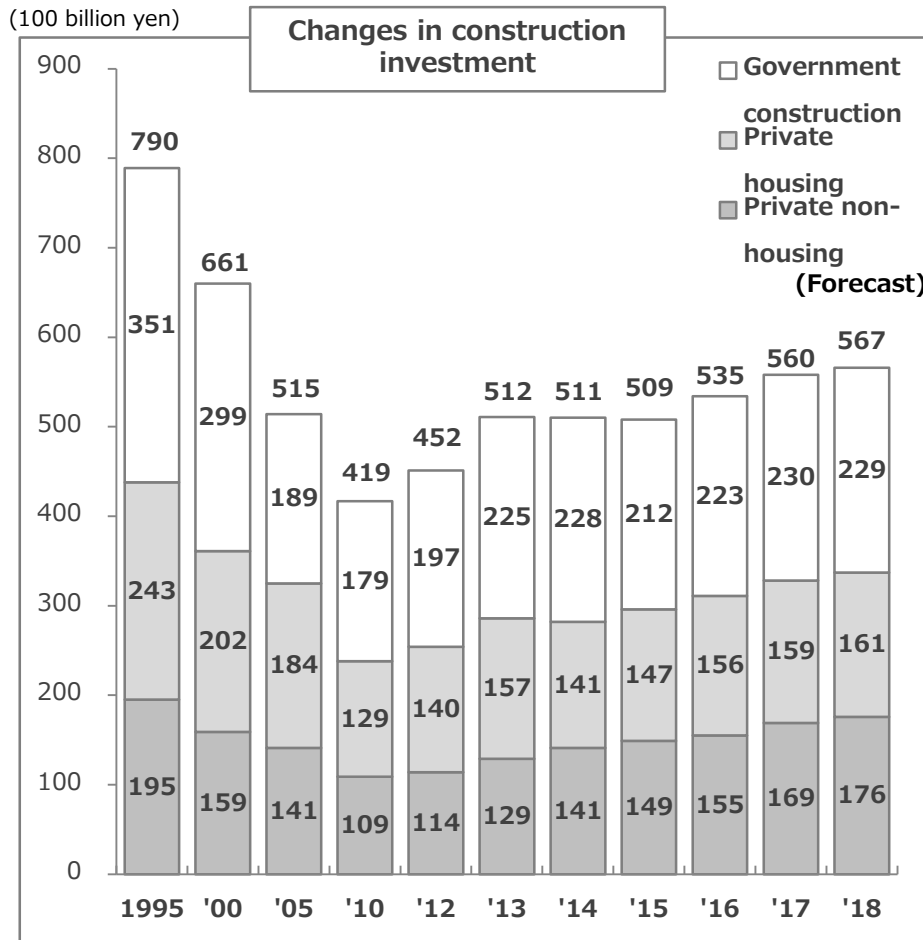
**Construction Engineer  
Temporary Staffing**



# External Environment ① Construction Investment and Non-housing Starts Floor Space



- Construction investment is increasing after hitting the bottom in 2010 → Government construction unstable but private investment is strong
- Companies' earnings recovery and production upgrade in manufacturing → Expect a 34% increase compared with 2010



Source: "Outlook for Construction Investment from Construction Economic Model,"  
Research Institute of Construction and Economy (April 24, 2019)

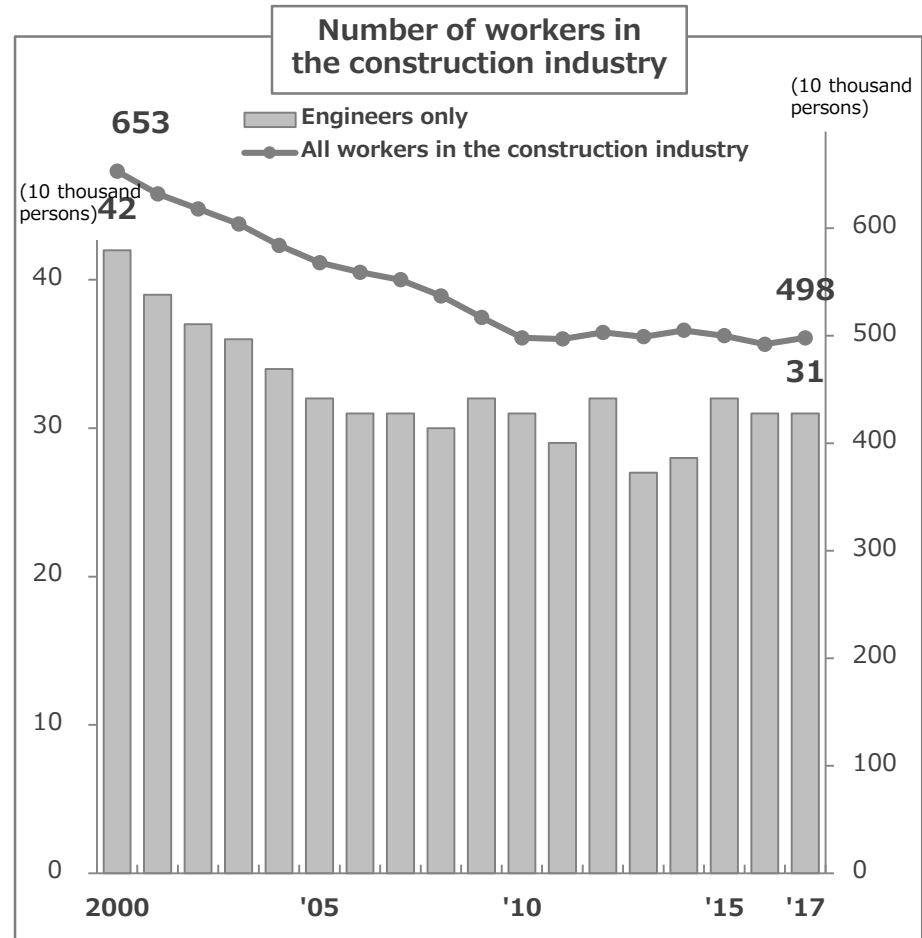
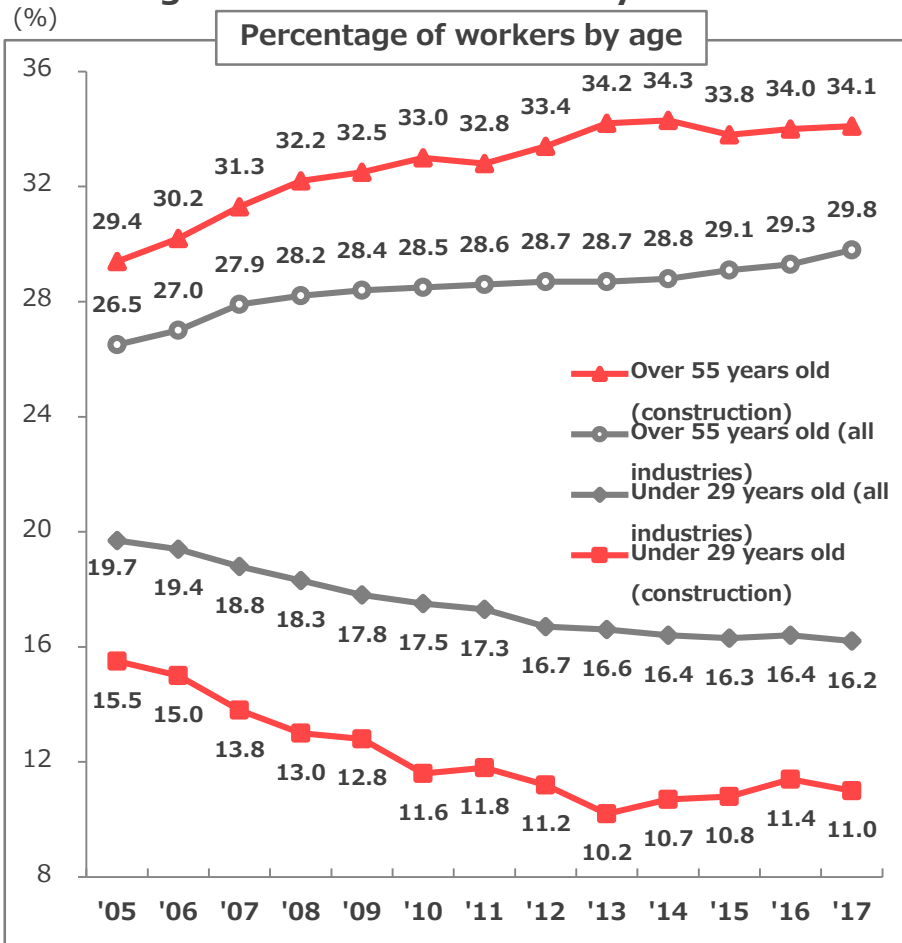
# External Environment②

## Percentage by Age and Number of Workers



Construction Engineers  
Temporary Staffing

- Aging rapidly in the construction industry compared with overall industry → 1 in 3 workers are over 55 years old
- Number of workers in the construction industry decreased by 2 million people in 15 years and engineers also decreased by 150 thousand people



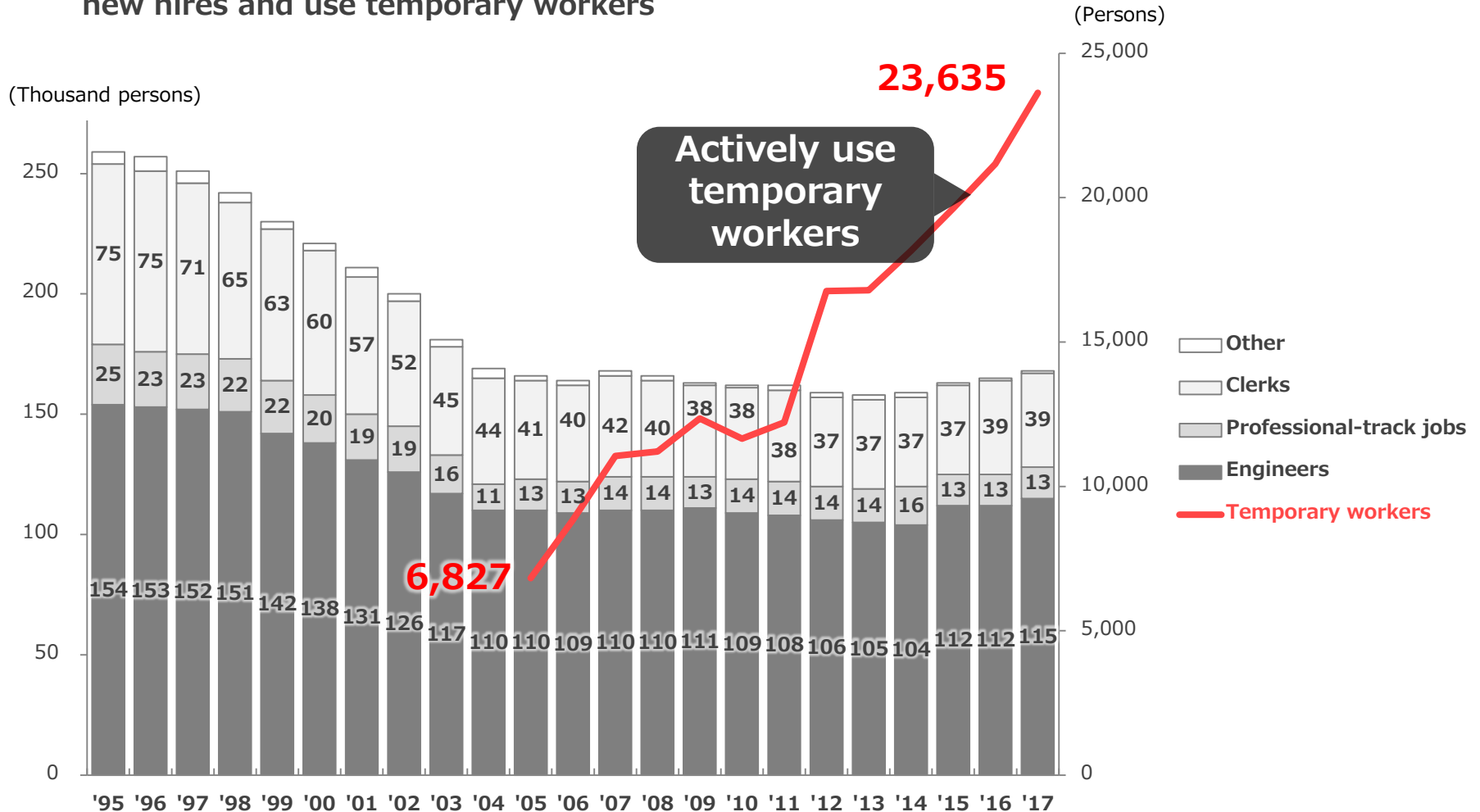
Source: "Annual Report on the Labor Force Survey," Ministry of Internal Affairs and Communications

# External Environment③ Number of Workers at Major Construction Companies



Construction Engineer  
Temporary Staffing

- Workers at major construction companies decreased by about 100 thousand people compared with peak periods
- Temporary workers increased by about 40% after the Great East Japan Earthquake → Curb new hires and use temporary workers



Source: "Survey on the Actual Status of Construction Activities," Ministry of Land, Infrastructure, Transport and Tourism (Companies under study = 55 major construction companies)

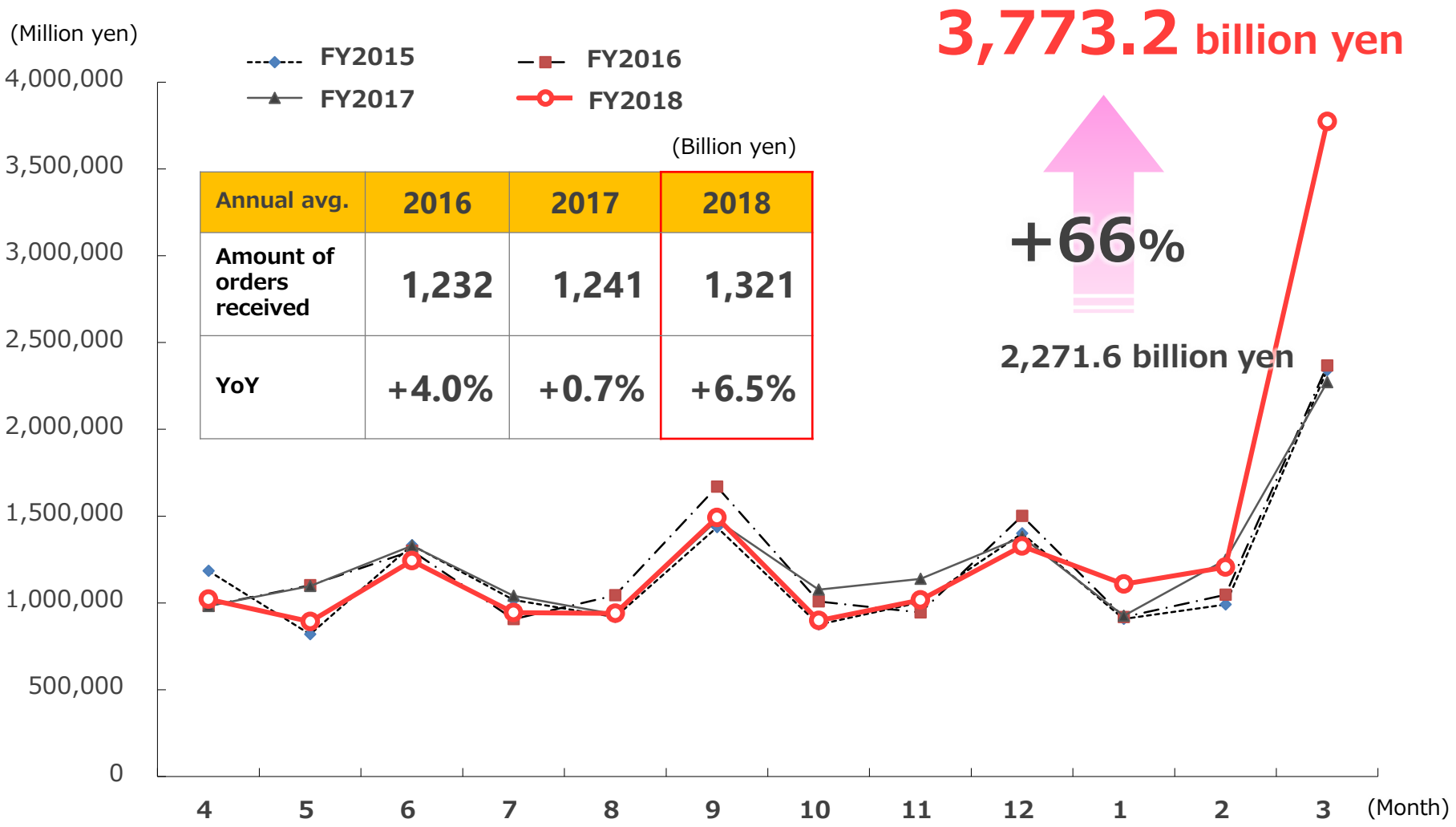
# External Environment④

## Statistical Survey on Construction Orders



Construction Engineer  
Temporary Staffing

■ A large increase in March compared with the past 4 years



Source: "Survey on the Actual Status of Construction Activities," Ministry of Land, Infrastructure, Transport and Tourism (Companies under study = 55 major construction companies)

# External Environment⑤

## Future Construction Projects



Construction Engineering  
Temporary Staffing

Metabolizing decrepit office buildings, etc. in the metropolitan area from the 2000s

Redevelopments in Marunouchi, Otemachi, Shiodome, Toyosu, Shinagawa and Shibuya, etc. are active

Scheduled to increase rail-related significantly centered on Osaka after 2020

### A Part of the Metropolitan Area Redevelopment Projects

#### ■ OH-1 Plan (tentative name)

Completion: End of February 2020 (scheduled)

Location: 1-2 Otemachi, Chiyoda-ku, Tokyo

No. of stories: Building A 31 stories above the ground/5 underground stories, Building B 39 stories above the ground/5 underground stories

Use: Offices, stores, multipurpose auditorium, hotel, parking

#### ■ Tokiwabashigaiku Redevelopment Project

Completion: Building A 2021 (scheduled)/Building B 2027 (scheduled)/Building C 2027 (scheduled)/Building D 2022 (scheduled)

Location: 2 Otemachi, Chiyoda-ku, 1 Yaesu, Chuoku, Tokyo

Use: Offices, stores, parking, etc.

#### ■ Shibuya Station Sakuragaoka Exit District Redevelopment

Scheduled completion: FY2023

Use: Offices, stores, houses, lifestyle support facilities, enterprise support facilities, church, parking, etc.

### Lists of New Rail Routes and New Stations in Opening Order

Scheduled to open around 2020

Expansion plan of the Kita-Osaka Kyuko Line, Takanawa Gateway Station, JR Yamanote Line and Keihin Tohoku Line, Toranomon Hills Station, Tokyo Metro Hibiya Line, Minami-Iyo Station. JR Yosano Line

Scheduled to open around 2022

Expansion of the Sotetsu and Tokyu Shinyokohama Line, and Fukuoka Municipal Subway Nanakuma Line (Between Tenjin-Minami and Hakata)

Scheduled to open around 2024

Expansion plan of the Osaka Metro Chuo Line Yumeshima, new Makuhari station, JR Keiyo Line

Scheduled to open around 2025

Hiroshima Dentetsu Ekimae Ohashi Route and Circulation Route

Scheduled to open around 2029

Expansion plan of the JR Haneda Airport Access Line and Osaka Monorail Uryudo direction

Scheduled to open around 2030

Expansion plan of the Shinyurigaoka direction, Yokohama Municipal Subway Blue Line

Scheduled to open around 2031

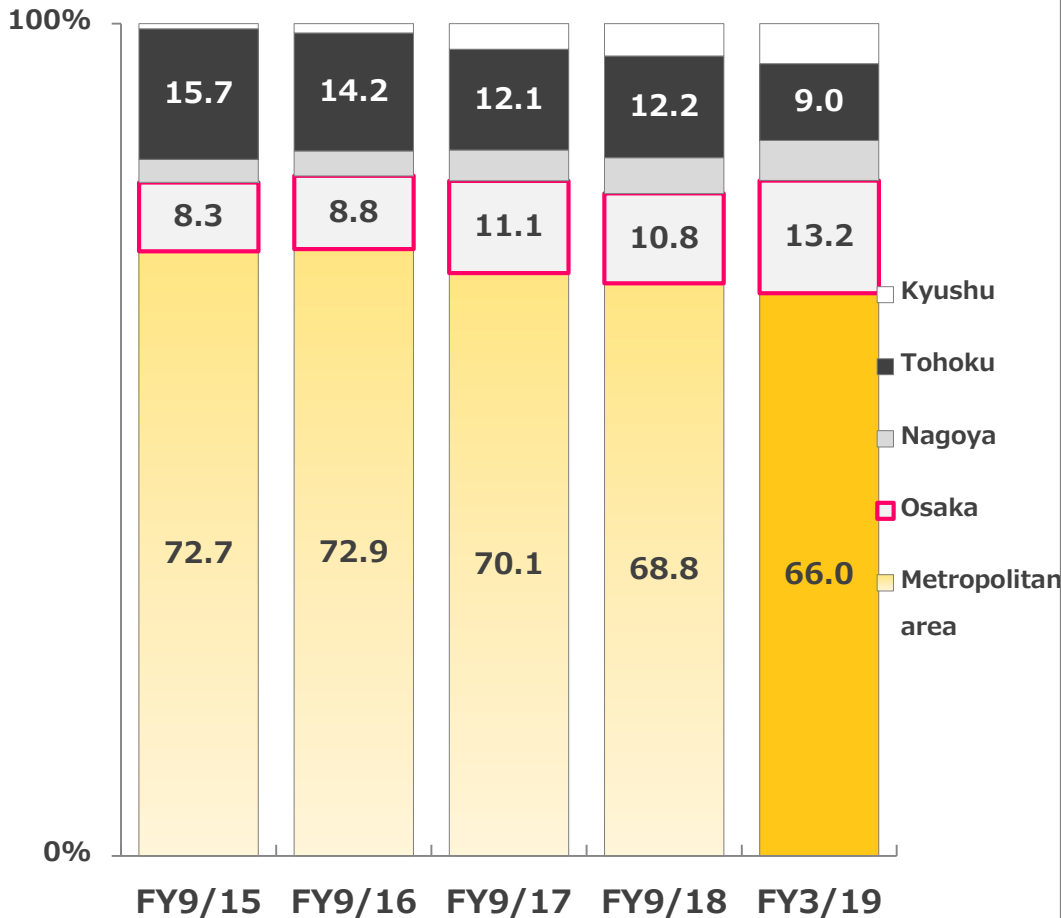
Naniwasuji Line

# Percentages of Temporary Staffing by Sales Office



Construction Engineering  
Temporary Staffing

- Percentages decreased but demand in the metropolitan area is strong
- Active in Osaka and other Kansai area → It is expected to gain momentum in the future



## Future Construction Demand in Osaka

1. Scheduled to host Osaka Exposition in 2025
2. Osaka Casino Concept (IR facility)
3. Open the Linear Chuo Shinkansen in 2045 (in process 8 years ahead of schedule)

## Economic Effects of Osaka Exposition

No. of visitors                      28 million people

**Construction cost, etc.**                      **200 billion yen**

Operating cost, etc.                      200 billion yen

Consumption of visitors                      900 billion yen

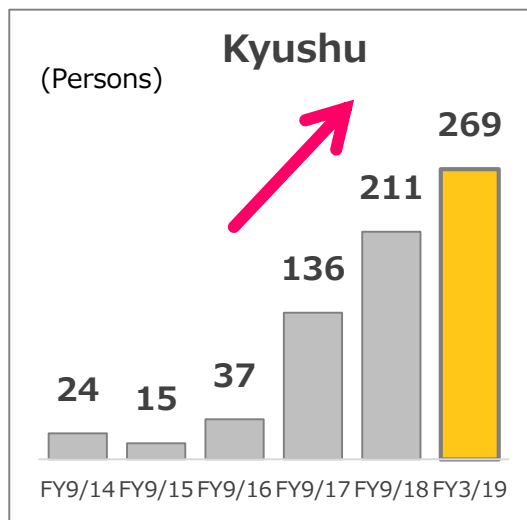
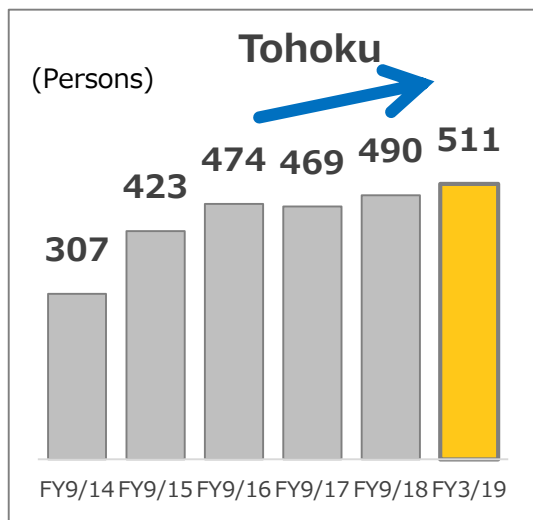
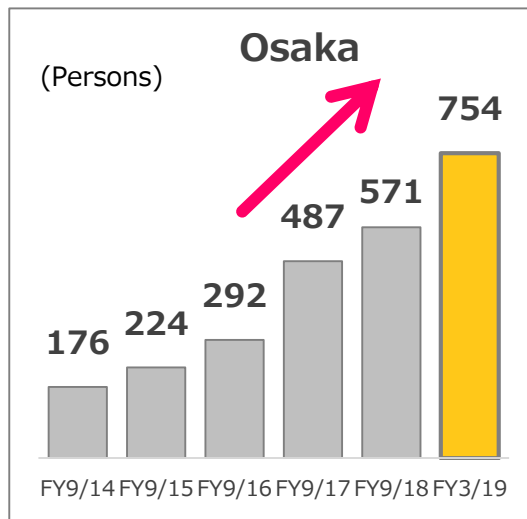
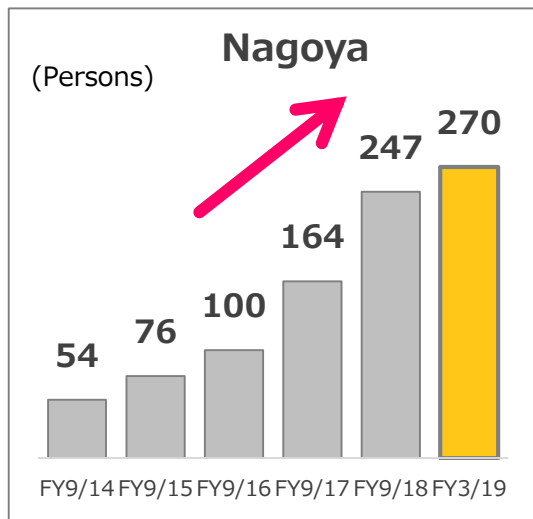
Economic effects                      2.2 trillion yen

\*Estimates by the Resona Research Institute

# Number of Temporary Staffing by Sales Office



## Changes in the Number of Engineers by Sales Office



## External environment

1. Strong in the Chubu and Kansai areas as a result of actively creating new demand → Create demand particularly in Osaka in the future
2. Remain flat in the Tohoku area → There is demand for temporary staffing but have hard time hiring locally
3. Number of engineers sent to Kyushu area increased after the earthquake in Kumamoto



## Sales measures

1. Continued to negotiate for higher unit price of temporary staffing
2. Extended the market for local branches of general contractors along with new business development
3. Shifted to workplaces with better prospects for overtime
4. Step up local recruitment to meet the increasing needs of interest in working locally

# **Engineer Temporary Staffing**



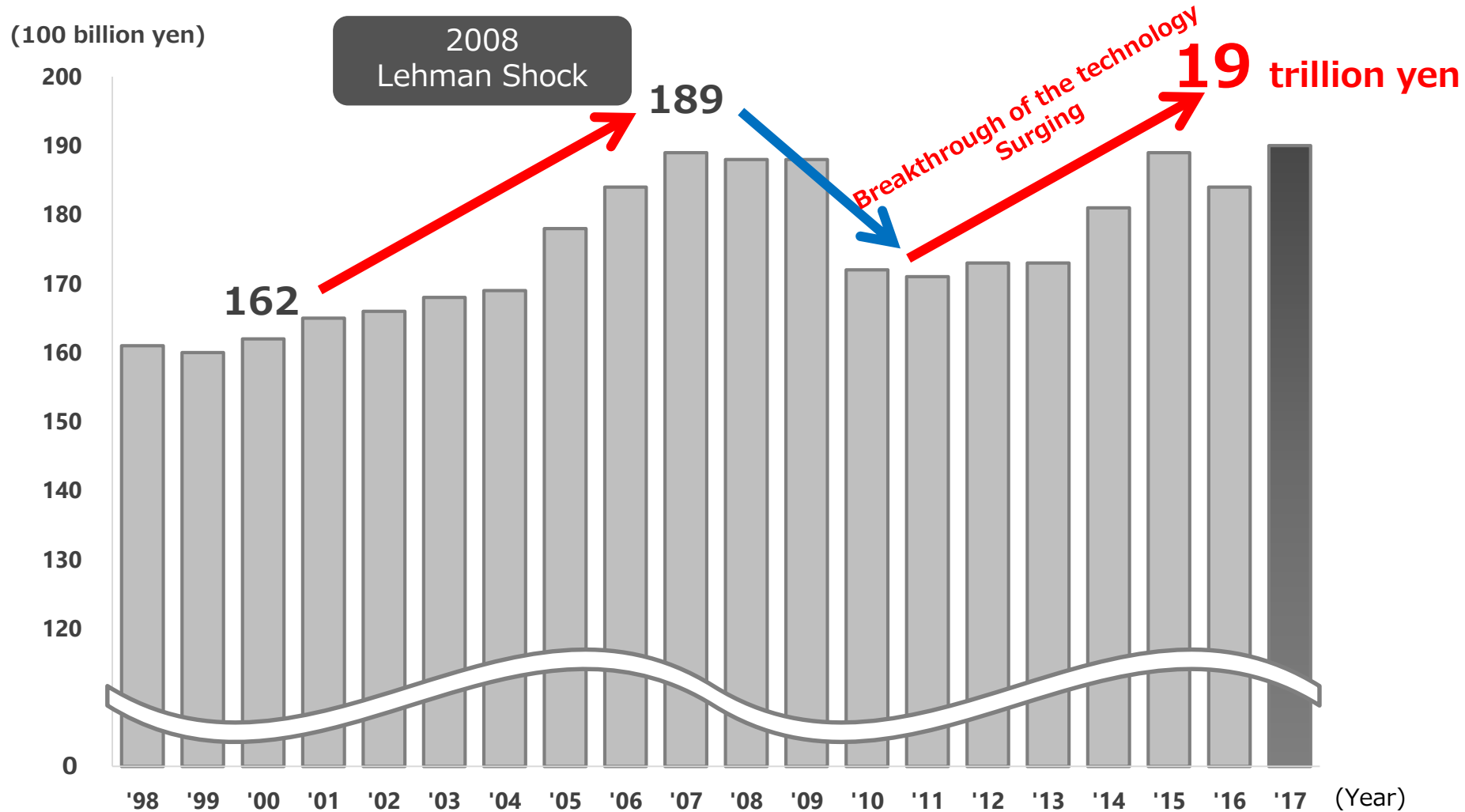
# External Environment①

## Domestic Research and Development Expenses



Engineer  
Temporary Staffing

- Research and development expenses rose once again due to accelerating technological innovation
- Companies' research and development expenses account for about 70% of the total



Source: "Report on Investigations into Science and Technology," Ministry of Internal Affairs and Communications

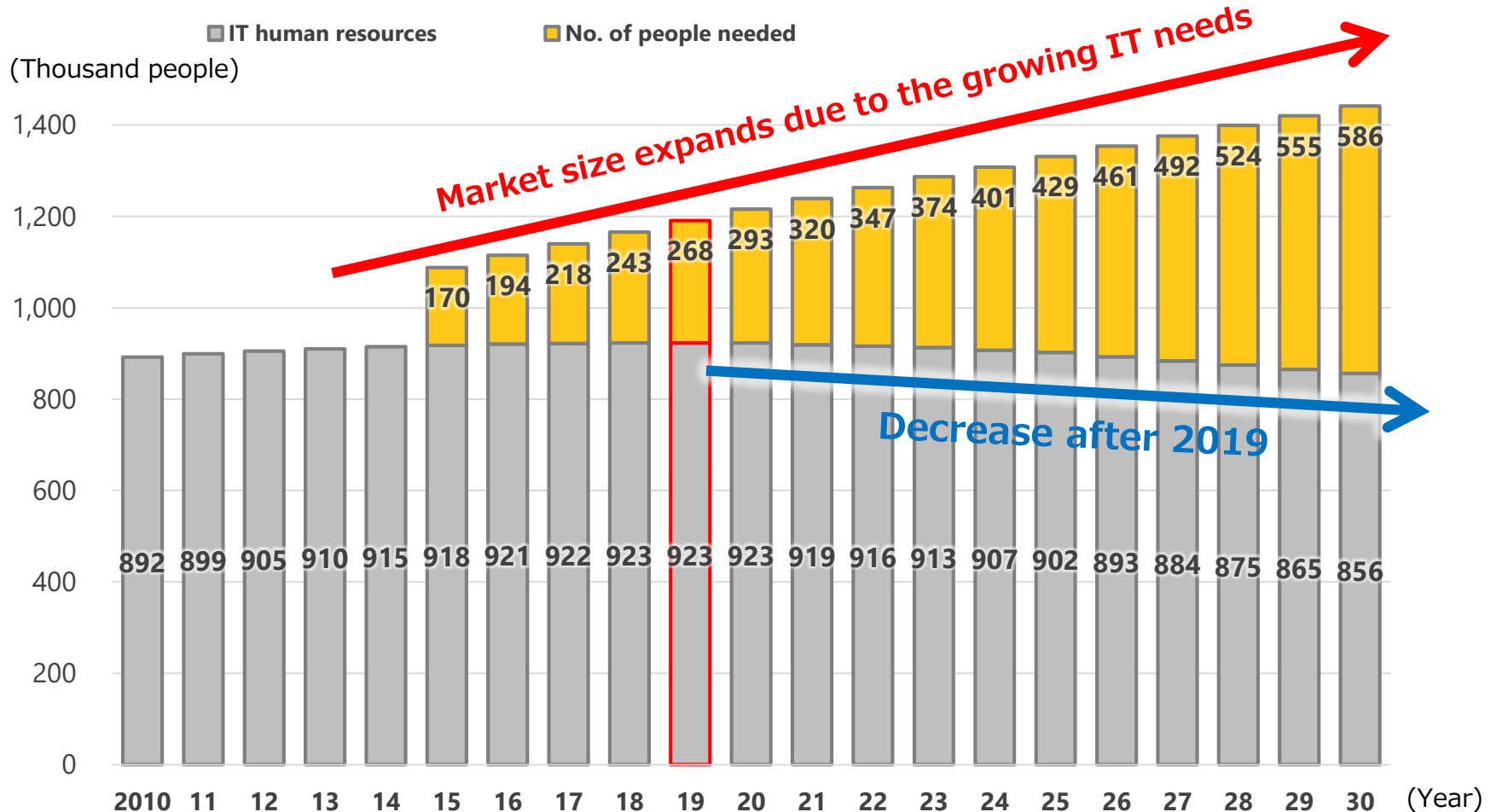
# External Environment②

## Estimates of the Shortage of IT Human Resources



Engineer  
Temporary Staffing

- Supply of IT human resources will peak out in 2019
- Likely that there will be 590 thousand people short in 2030



Source: "Study of Recent Trends and Future Estimates Concerning IT Human Resources," Ministry of Economy, Trade and Industry (June 10, 2016)



## 1 Recruitment of overseas human resources

---

Actively hire overseas human resources with science background and respond to dispatching them to the core engineer domain

## 2 Creation of our own engineers

---

Foster new engineers through education and respond to increasing demand for engineers



Actively hire foreign engineers with science background who are not “foreign technical trainees”

- Plan to hire **200** engineers in 2019
- Unit price of temporary staffing is **25%** higher than the technical staff



# Establishment of Japanese Schools



Overseas human resources



**Develop Japanese schools all over the world**



**Efficient Japanese language education**



**Highly skilled engineers**

**Only Yumeshin Group manages both!!**

Current no. of students in training	82 persons
Current capacity for training	360 persons
Planned capacity expansion in the current period	For 760 persons
<b>No. of foreigners visiting Japan in the next fiscal year (FY2020)</b>	<b>1,000 persons</b>

# Training Facilities for Domestic Engineers



Engineer  
Temporary Staffing



**Mitsumura Training Center, Osaki**  
Osaki, Shinagawa-ku, Tokyo



**Training Center, Nagoya**  
Nishiki, Naka-ku, Nagoya-shi, Aichi Pref.



**IMAs Training Center, Osaki**  
Osaki, Shinagawa-ku, Tokyo



**Training Center, Minami-senba**  
Minami-senba, Chuo-ku, Osaka-shi, Osaka

# Contents of Training of Domestic Engineers



Engineer  
Temporary Staffing



**IT specialist training**



**CCNA training**



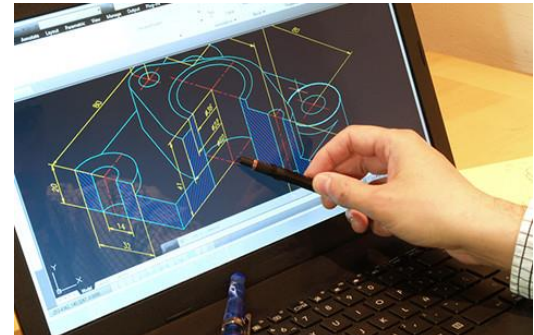
**Java programming training**



**MOS training**



**Cloud server training**



**CAD training**



**Japanese language training**

## Other

- Business manner training
- For the experienced: Python training, SWAD training





## To high-class and high unit cost engineers



Professional engineer group, engineer educational program

**neplus**

 **Samurai**

 PROエンジニアなら「クルンテープ」  
**KRUNGTHEP**

 *Information Port*

Commission the  
recruitment, education  
and training of 1,800  
engineers annually



Ask for referral of  
new customers



株式会社夢テクノロジー  
YUME TECHNOLOGY CO.,LTD.

Mainly new recruits and inexperienced  
engineers, 800 client companies

# Cooperation with Group Companies

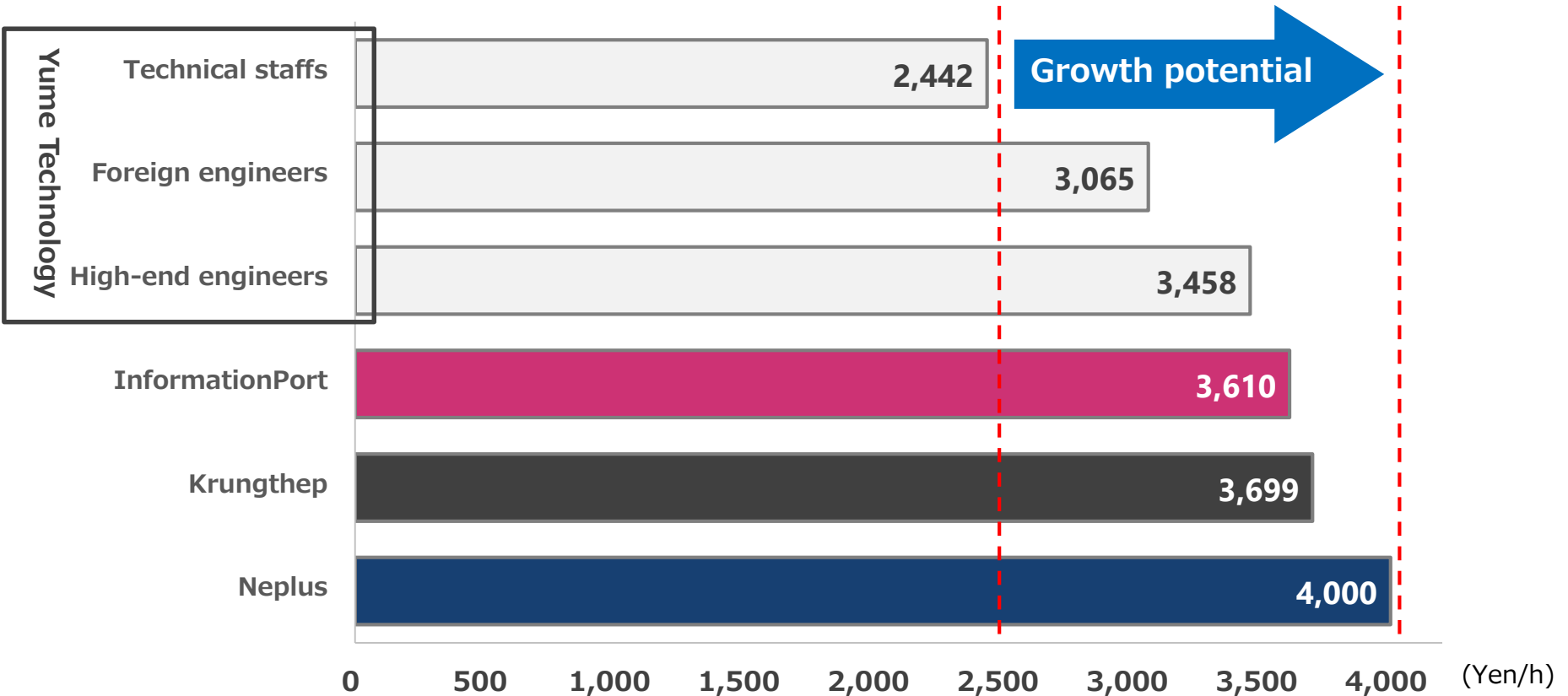
## Unit Price of Temporary Staffing



Engineer  
Temporary Staffing

- Promote career advancement through training by technical staffs and plan to raise unit price

Maximum of **60%** increase



# **Summary of Management Strategies**

# Details of Management Strategies

## 1. Construction engineer temporary staffing

- Hire more than 2,800 engineers through active investment to meet strong demand
- Maintain more than 72% of retention rate through a constant follow-up measures and increase in salaries
- Further increase activities of sales offices outside major cities including Osaka
- Increase added value through constant lifelong training

## 2. Engineer temporary staffing

- Plan to give top priority to increase in engineers, aim for a net increase of 1,000 engineers
- Hire more than 1,800 engineers through active investment
- Development program in cooperation with group companies
- Active recruitment of foreign engineers
- Expansion of training centers to suit the scale of recruitment

## 3. Other businesses

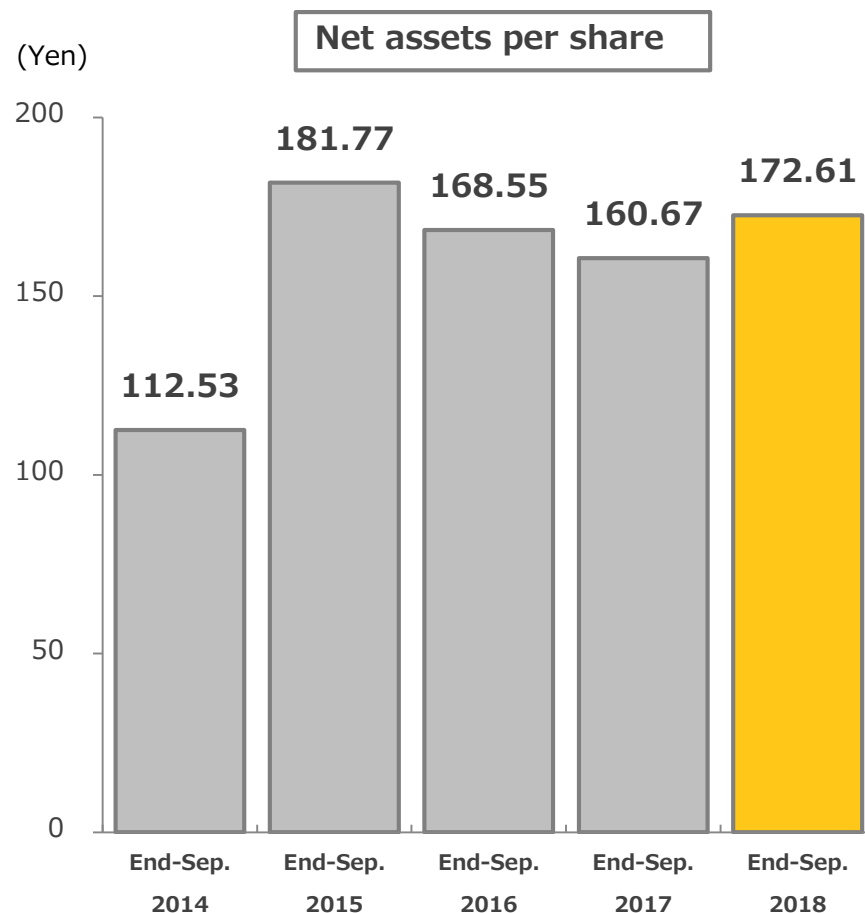
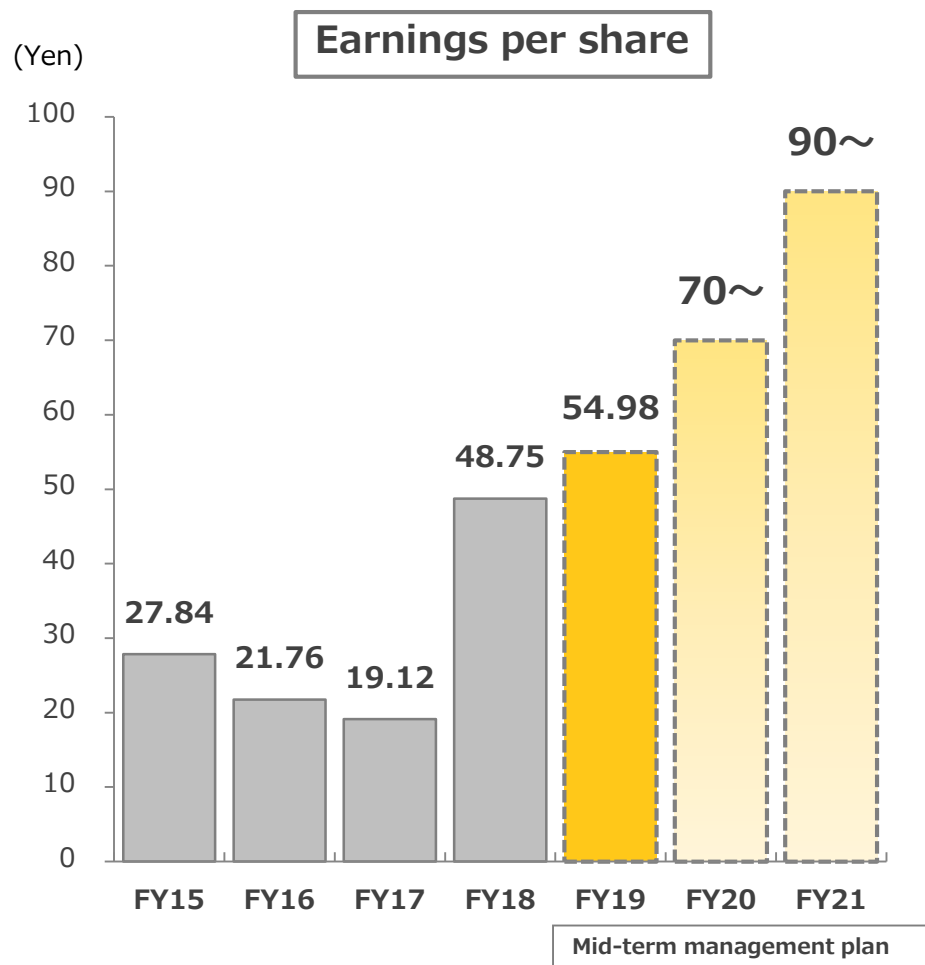
- Build a basis for business using foreigners ⇒ Increase to 1,000 people in the next fiscal year

# Shareholder Return

# Shareholder Return (1)

## Earnings and Net Assets per Share

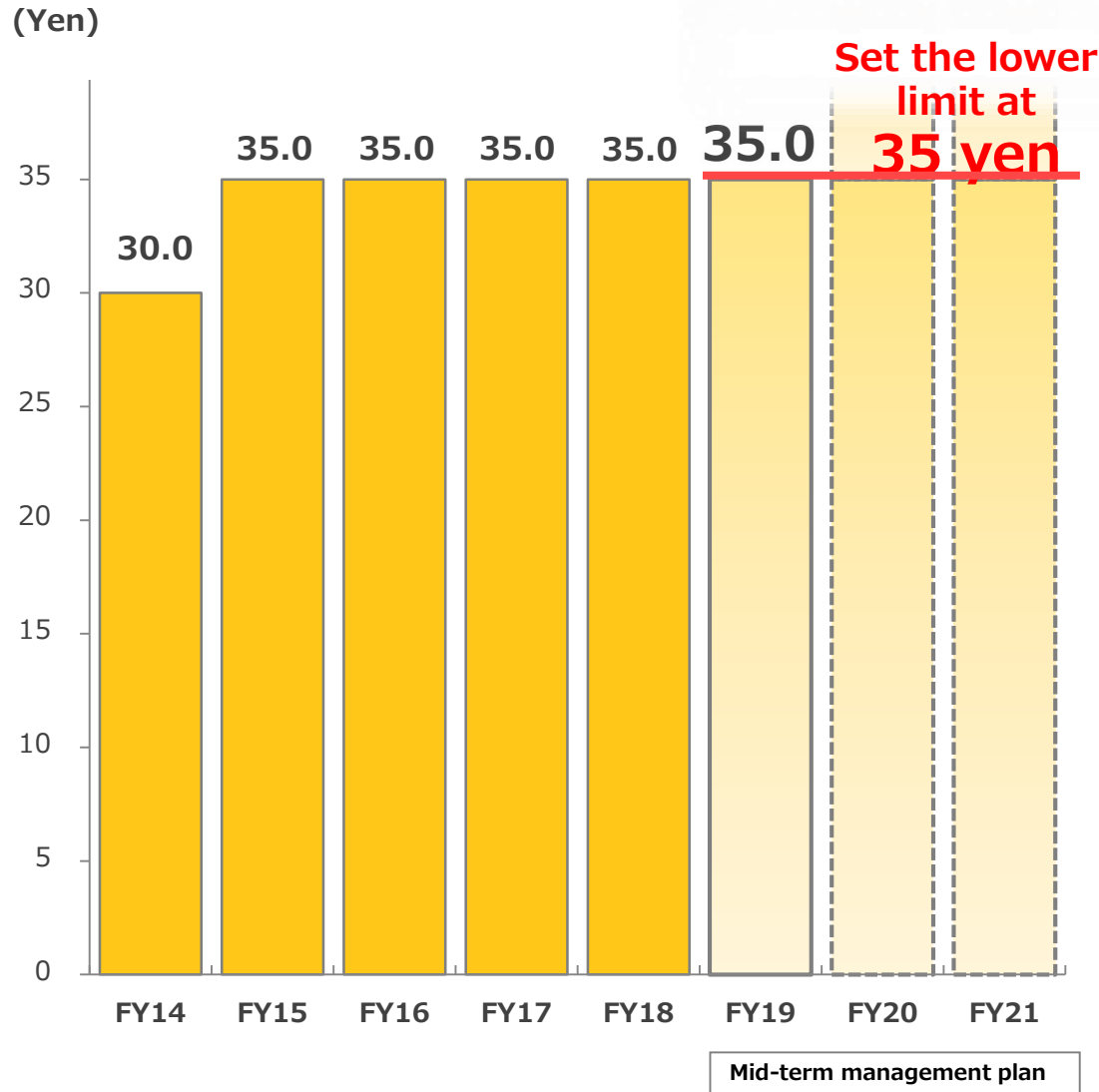
- Earnings per share ⇒ Expects a substantial increase in profit due to growth in the engineer temporary staffing after FY20



\* 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 per Share



**Active investment**  
with stable dividend

Use increased EPS flexibly

1. Reinvestment in M&As, etc.
2. Acquisition of treasury stock
3. Increased dividend

# Shareholder Return (3)

## Acquisition of Treasury Stock

### To execute flexible capital policy

(1)	Total no. of shares to be acquired	<b>2,700,000 shares</b> (3.45% shares outstanding)
(2)	Total acquisition cost of shares	<b>2.0 billion yen</b>
(3)	Acquisition period	<b>From Dec. 20, 2018 to Jun. 19, 2019</b>
(4)	Acquisition method	<b>Market purchase based on discretionary trading contract concerning acquisition of treasury stock</b>

\*Shares outstanding = 78,352,197 shares (as of Mar. 31, 2019)

**Total return ratio 115.7%**  
**(Dividend of surplus + acquisition of treasury stock)**



# Shareholder Return (4) Comparison with Peer Companies

Ranks high in growth, profitability and shareholder return but has the lowest PER

Company name	Sales growth rate	Operating margin	ROE	Dividend yield	PER (times)
Yumeshin HD	32%	12.8%	29.3%	4.92%	13.51
TechnoPro HD	16%	9.6%	24.5%	1.98%	24.51
MEITEC	4%	12.2%	20.9%	3.45%	17.51
Trust Tech	52%	6.6%	25.5%	1.78%	20.87
UT Group	42%	6.4%	48.6%	0%	16.76

 = 1<sup>st</sup>

 = 2<sup>nd</sup>

\*1. Sales growth rate, operating margin, ROE = Prepared by Yumeshin from the materials for financial results of each company's recent fiscal year

2. Dividend yield, PER = As of May 22, 2019

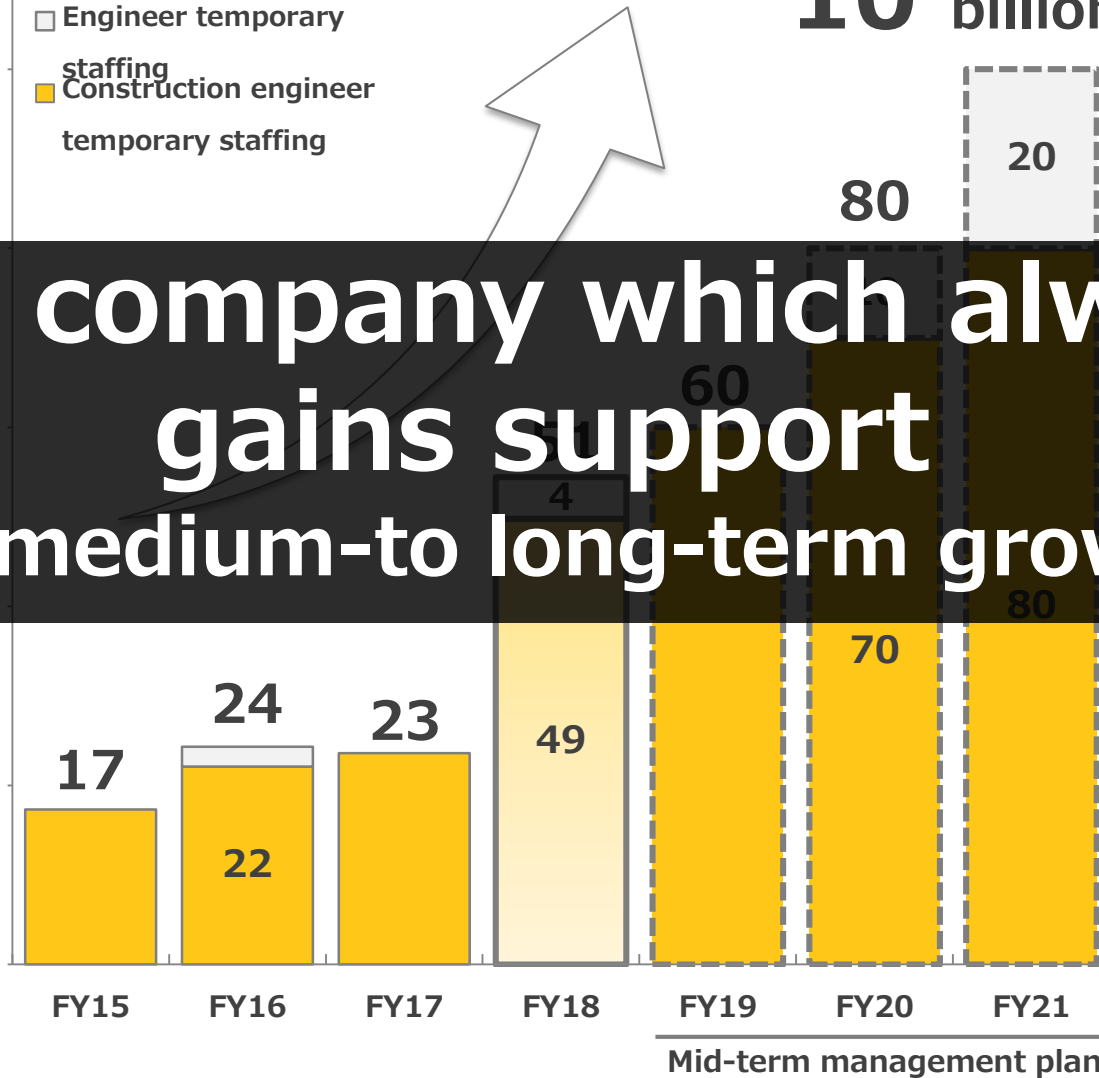
# Consolidated Operating Income Plan

(100 billion yen)

- Engineer temporary staffing
- Construction engineer temporary staffing

**10** billion yen

**Be a company which always gains support for medium-to long-term growth**

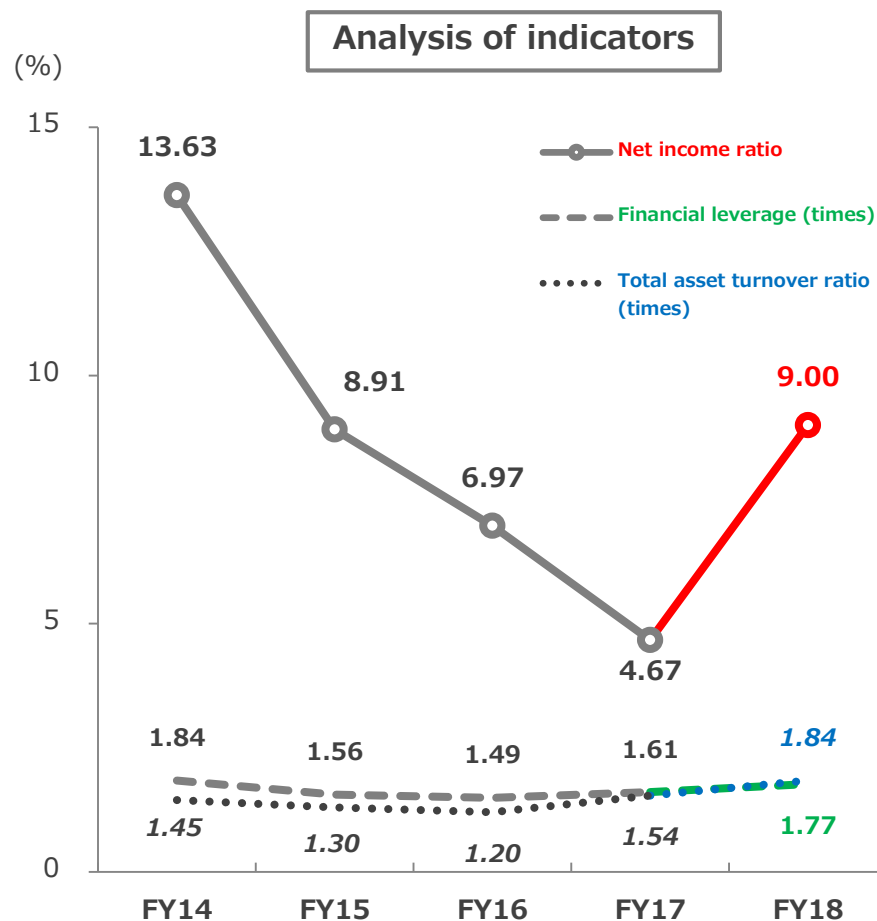
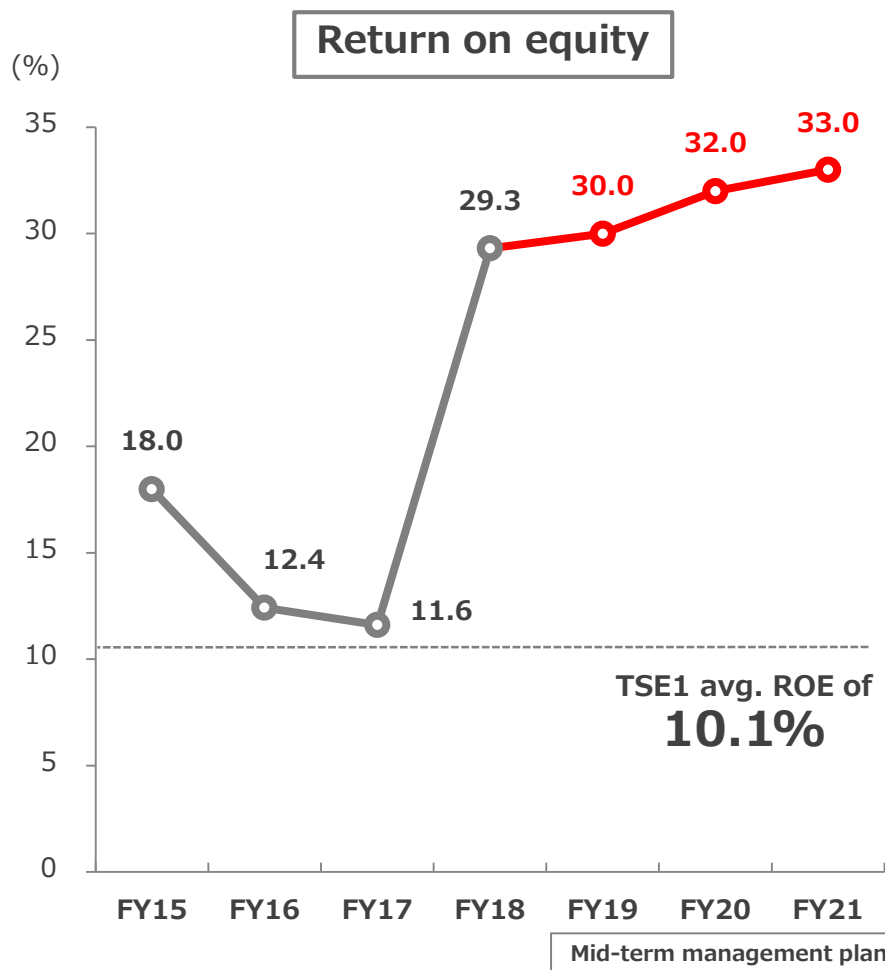


# Reference

Reference

# Reference (1) Return on Equity (ROE)

- Maintain 30% due to improvement of profit margin and high dividends, and improved asset turnover ratio through reinvestment



- \* 1. Return on equity = Net income ÷ Shareholders' equity (avg. during period) × 100
2. Financial leverage = Total assets (avg. during period) ÷ Shareholders' equity (avg. during period)
3. Total asset turnover ratio = Sales ÷ Total assets (avg. during period)

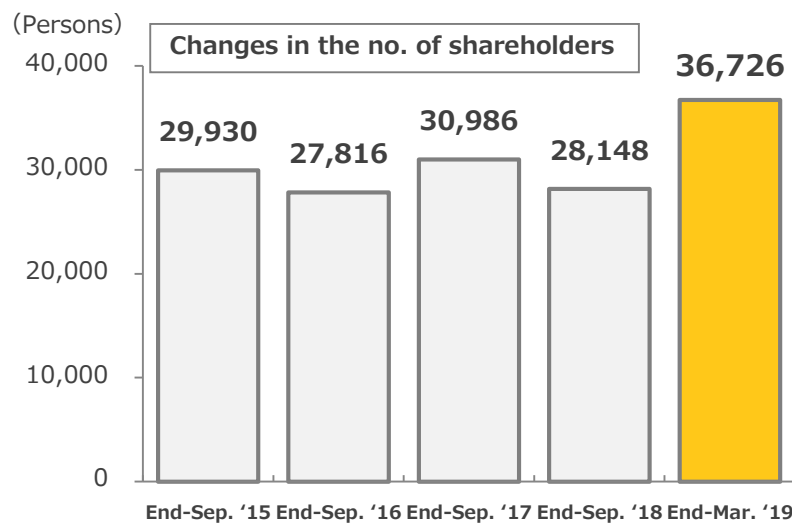
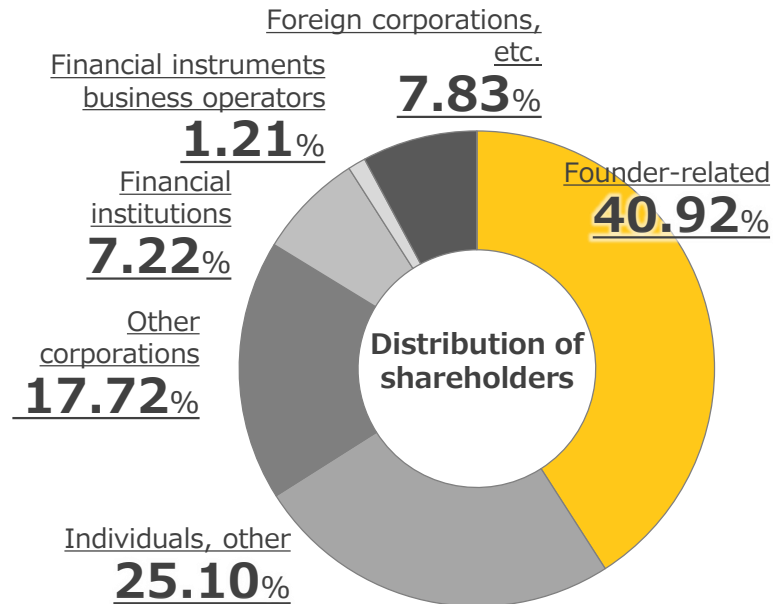
4. ROE in the mid-term management plan is calculated based on a dividend of 35.0 yen every fiscal year

# Reference (2) Shareholders Situation

As of March 31, 2019

	Name of shareholders	No. of shares held (in thousands)	Ownership ratio (%)
1	Shingo Sato	18,425	23.51
2	Sato Sogo Kikaku	12,944	16.52
3	Japan Trustee Services Bank	3,426	4.37
4	Hideki Fukai	1,010	1.28
5	The Master Trust Bank of Japan	776	0.99
6	Yoshiko Sato	688	0.87
7	J.P. MORGAN BANK LUXEMBOURG S.A.	602	0.76
8	BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	575	0.73
9	Trust & Custody Services Bank	547	0.69
10	BNY FOR GCM CLIENT ACCOUNTS (E) BD	441	0.56
<b>Total of top 10 largest shareholders</b>		<b>39,434</b>	<b>50.28</b>

\*Number of shares outstanding=78,352,240 shares  
 Number of treasury stock=89,281 shares



# Meeting people makes everybody's dream come true





YUMESHIN

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**JASDAQ**

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