



すべての人
働くよろこびを
We believe the joy of work.

Earnings Presentation Fiscal Year Ended February 2019

CAREERLINK CO., LTD.



Stock Code : 6070
Tokyo Stock Exchange, First Section

April 23 (Tue.), 2019

President & Representative Director
President & Executive Officer
Motoaki Narusawa

Precautions

Forecasts, plans and other forward-looking statements concerning Careerlink in this presentation are based on judgments using information that was available at the time of this presentation.

The outlook may differ significantly because of changes in the economy and the human resources industry, the emergence of new technologies, and other events.

Consequently, there is a risk that Careerlink's actual performance and other aspects of operations may differ from the information in this presentation. An announcement will be made whenever there is a significant change.

Agenda

-  **I. Financial Highlights for the FY2/19**

-  **II. Annual Plan for FY2/20**

-  **III. Medium-Term Management Plan
(FY2/20-FY2/22)**

-  **IV. Reference**

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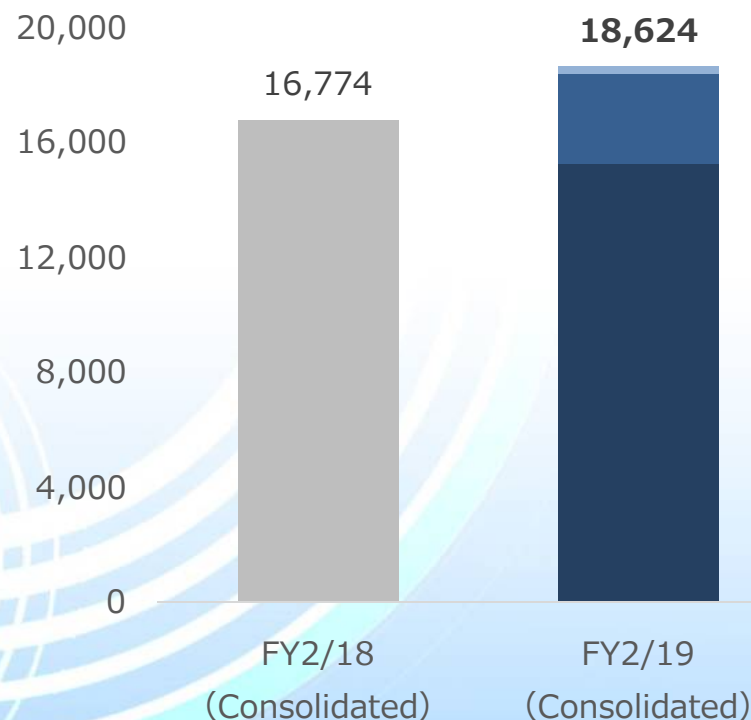
I. FINANCIAL HIGHLIGHTS FOR FY2/19



Consolidated Financial Highlights (Sales)

Fiscal year sales were negatively affected by a substantial decrease in the volume of work at a large private-sector BPO project and by lower sales at projects involving government benefit payments and Japan's social security and tax number system (My Number System). However, manufacturing human resource services sales increased and there were substantial sales from a new order involving the processing of cashless payments. In addition, newly consolidated subsidiary JBS made its first contribution to sales. As a result, sales increased 11.0% to 18,624,675 thousand yen.

(Million yen)



➤ **¥18,624 million**

➤ **UP 11.0% y-o-y**

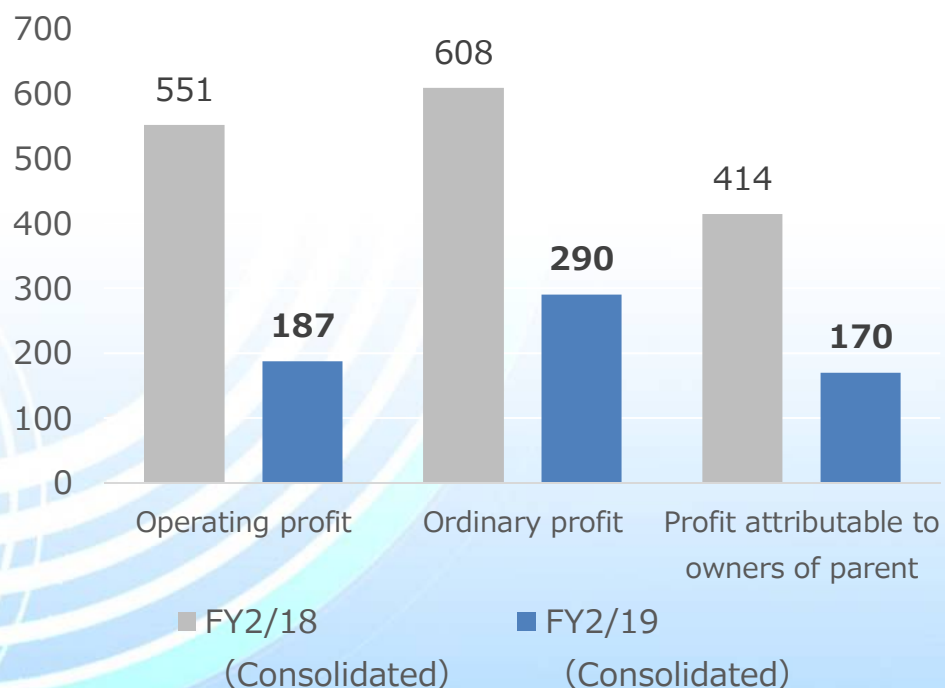
(-2.2% vs. Plan)

- Clerical human resources services
- Manufacturing human resource services
- Others

Consolidated Financial Highlights (Profits)

Earnings were lower for a number of reasons. The gross profit decreased because of the two factors explained earlier that negatively affected sales. In addition, the operating margin of new orders was smaller than at the higher-margin large private-sector BPO project and the projects involving government benefit payments and the My Number System where sales declined. Also, higher recruiting expenses for the temporary staffing workforce and expenses for improving the profitability of newly consolidated subsidiary JBS, such as by combining and relocating offices, brought down earnings. Operating profit was down 66.0% to 187,664 thousand yen, ordinary profit fell 52.3% to 290,127 thousand yen and profit attributable to owners of parent decreased 58.7% to 170,920 thousand yen.

(million yen)



➤ **Op. P ¥187million**

➤ **Down 66.0%**

(+39.4% VS. Plan)

➤ **Ord. P ¥290million**

➤ **Down 52.3%**

(+21.9% VS. Plan)

➤ **Profit attributable to owners of parent ¥170million**

➤ **Down 58.7%**

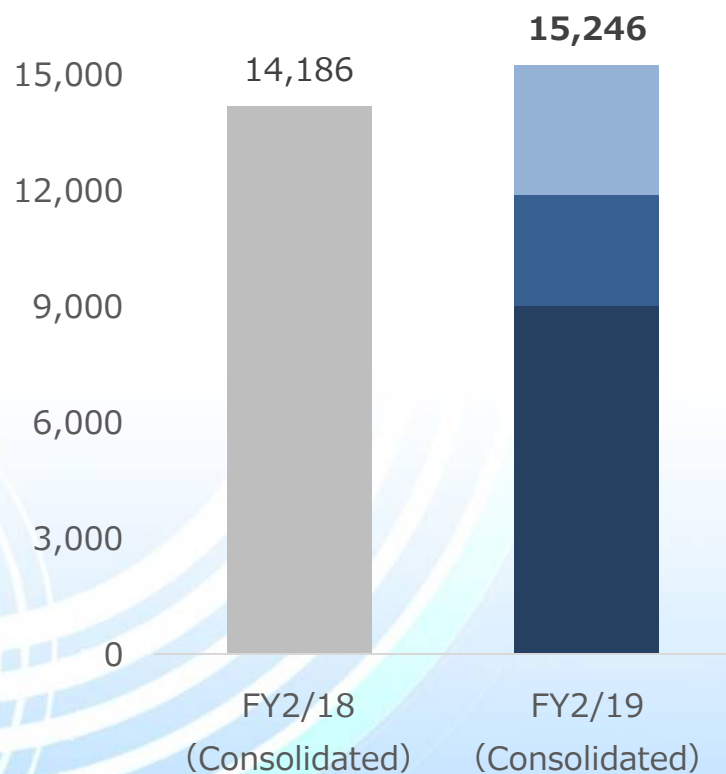
(+18.4% VS. Plan)

Segment Information (1)

【 Clerical human resource services 】

New orders from large BPO companies and revisions to fees charged for services. In addition, there were substantial sales from a new order involving the processing of cashless payments. The clerical human resource business of newly consolidated subsidiary JBS also contributed to sales in this segment. As a result , sales increased 7.5% to 15,246,072 thousand yen.

(million yen)



➤ **Sales ¥ 15,246 million**

➤ **Up 7.5%**
(-2.6% VS. Plan)

➤ **Op.P ¥ 140 million**

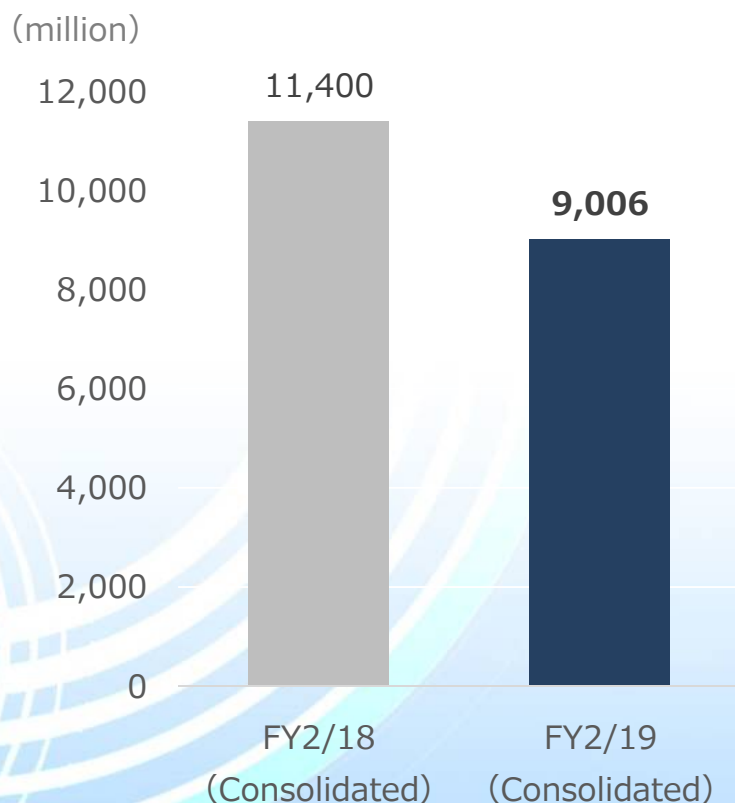
➤ **Down 73.3%**
(+42.8% VS. Plan)

■ Business Process Outsourcing ■ Customer Relationship Management ■ Office Services

Breakdown of Clerical human resource services

(1) Business Process Outsourcing

The new order for cashless payment processing also contributed to this sector's performance. However, sales in this sector decreased 21.0% to 9,006,227 thousand yen mainly because of the large decline in the volume of outsourced work at a large private-sector BPO project and lower sales at projects involving government benefit payments and Japan's My Number System.

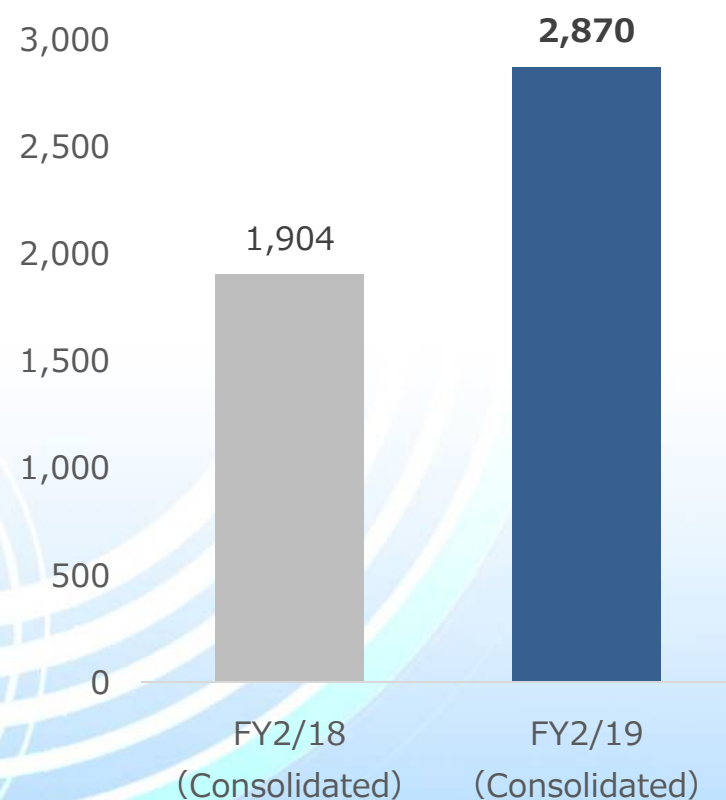


➤ **Sales ¥9,006 million**
➤ **-21.0% y-o-y**
(-1.7% VS. Plan)

(2) Customer Relationship Management

Sales increased for services provided to telemarketing companies and financial institutions. In addition, sales benefited from the inclusion of CRM business sales of 546,437 thousand yen at newly consolidated subsidiary JBS. As a result, sales were up 50.7% to 2,870,638 thousand yen.

(million)



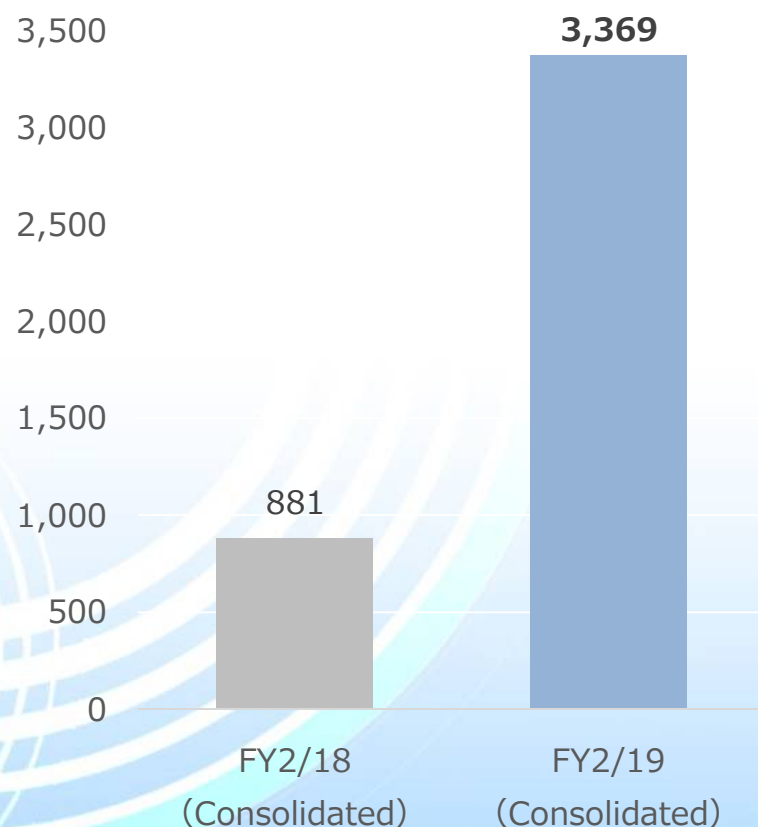
➤ Sales **¥2,870** million
➤ **+ 50.7% y-o-y**
(-6.3% VS. plan)

Breakdown of Clerical human resource services

(3) Office Services

New public and private-sector temporary staffing orders increased and the office services business sales of 1,988,994 thousand yen of newly consolidated subsidiary JBS also contributed to sales growth. As a result, sales increased 282.0% to 3,369,206 thousand yen.

(million)



➤ **Sales ¥ 3,369 million**

➤ **+282.0% y-o-y**

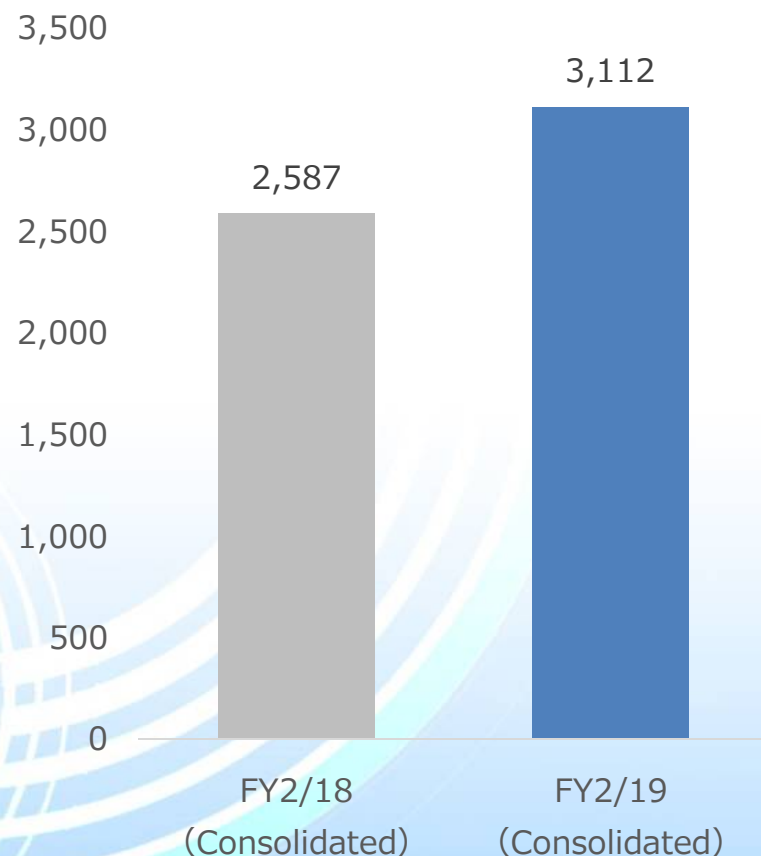
(-1.8% VS. plan)

Segment Information (2)

【Manufacturing human resource services】

Due to a large volume of orders in the food processing and manufacturer process categories, segment sales increased 20.3% to 3,112,110 thousand yen.

(million yen)



➤ **Sales ¥ 3,112 million**

➤ **Up 20.3%**
(+0.3% VS. Plan)

➤ **Op.P ¥ 44 million**

➤ **Up 69.8%**
(+25.0% VS. Plan)

Statements of Income

	FY2/18 (Consolidated)	Plan FY2/19 (Consolidated)	Actual FY2/19 (Consolidated)		
	Amount (Million yen)	Amount (Million yen)	Amount (Million yen)	Year on Year Variance (Million yen / %)	Vs. Plan
Sales	16,774	19,042	18,624	1,849 11.0	△ 417 △ 2.2
Clerical Human Resources Services	14,186	15,658	15,246	1,059	△ 412
(Sales Composition)	84.6%	82.2%	81.9%	7.5	△ 2.6
BPO	11,400	9,162	9,006	△ 2,393	△ 155
(Sales Composition)	68.0%	48.1%	48.4%	△ 21.0	△ 1.7
CRM	1,904	3,064	2,870	965	△ 194
(Sales Composition)	11.4%	16.1%	15.4%	50.7	△ 6.3
Office Services	881	3,431	3,369	2,487	△ 62
(Sales Composition)	5.3%	18.0%	18.1%	282.0	△ 1.8
Manufacturing Human Resource Services	2,587	3,103	3,112	524	8
(Sales Composition)	15.4%	16.3%	16.7%	20.3	0.3
Others	-	280	267	267	△ 13
(Sales Composition)	-	1.5%	1.4%	-	△ 4.8
Operating profit	551	134	187	△ 363	53
(Operating profit to Sales)	3.3%	0.7%	1.0%	△ 66.0	39.4
Ordinary profit	608	237	290	△ 318	52
(Ordinary profit to Sales)	3.6%	1.2%	1.6%	△ 52.3	21.9
Profit attributable to owners of parent	414	144	170	△ 243	26
(Profit to Sales)	2.5%	0.8%	0.9%	△ 58.7	18.4

Financial Condition

		End of FY2/18 (Consolidated)	End of FY2/19 (Consolidated)		
		Amount (Million yen)	Amount (Million yen)	Variance (Million yen)	Main reasons for changes (Million yen)
	Current assets	5,055 87.7%	5,169 87.4%	114	Cash and deposits Δ 400 Intangible assets Δ 23
	Non-current assets	708 12.3%	747 12.6%	38	Notes and accounts receivable - trade 409 Other Current assets 102
	Total assets	5,764 100.0%	5,917 100.0%	153	Investment securities 93
	Current liabilities	1,688 29.3%	1,967 33.3%	279	Long-term loans payable Δ 132 Bonds payable Δ 57
	Non-current liabilities	690 12.0%	545 9.2%	-145	Accounts payable-other 247 Other Current liabilities 28
	Total liabilities	2,379 41.3%	2,512 42.5%	133	Short-term loans payable 18
	Total net assets	3,384 58.7%	3,404 57.5%	19	Treasury shares Δ 34 Valuation difference on available-for-sale securities Δ 15 Retained earnings 46 Non-controlling interests 25
	Total liabilities and net assets	5,764 100.0%	5,917 100.0%	153	

Cash Flows

		FY2/18 (consolidated)	FY2/19 (Consolidated)	
		Amount (Million yen)	Amount (Million yen)	Main reasons for changes (Million yen)
Operating activities		238	50	Profit before income taxes +290
				Increase in notes and accounts receivable Δ 72
				Decrease in payables Δ 60
				Income taxes payed Δ 113
Investing activities	Δ 26	Δ 135	Acquisition of investment securities Δ 73 Acquisition of subsidiary stock with change in scope of consolidation Δ 63	
Free cash flow	211	Δ 85		
Financing activities	93	Δ 315	Repayments of long-term loans Δ 282 Acquisition of treasury shares 71 Purchase of treasury shares Δ 105	
Net increase/decrease in cash and cash equivalents	305	Δ 400		
Cash and cash equivalents, beginning of period	2,778	3,084		
Cash and cash equivalents, end of period	3,084	2,683		



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II . ANNUAL PLAN FOR FY2/20



Annual Plan for FY2/20 (consolidated)

	FY2/19 Actual		FY2/20 Plan	
	Amount (Million yen)	VS.FY2/18	Amount (Million yen)	VS.FY2/19
Sales	18,624	11.0%	21,668	16.3%
Operating profit [% to Sales]	187 [1.0%]	△ 66.0%	422 [1.9%]	124.9%
Ordinary profit [% to Sales]	290 [1.6%]	△ 52.3%	419 [1.9%]	44.5%
Profit attributable to owners of parent [% to Sales]	170 [0.9%]	△ 58.7%	281 [1.3%]	64.7%

Business Strategy FY2/20(1)

Speed up establishment of a base to accomplish the medium-term plan goals

Clerical Human Resource Services

- Capture more orders for cashless payment processing operations.
- Create new services that target the launch of 5G by mobile carriers and other technological advances in order to build a stronger customer base in the sales support business.
- Expand BPO operations by making demand involving tax hikes the primary target.
- Use joint activities with Daiko Securities Business for growth of services for financial institutions and system integration companies.
- Target a broader range of utility and other essential public services.
- Target demand at telemarketing companies in areas outside Japan's major metropolitan areas by recruiting value-added people, upgrading capabilities for attracting people registered for temporary placements and matching the skills of these people with the requirements of clients.
- Further differentiate Careerlink by rigorously managing the quality of services, becoming more competitive and increasing profit margins.

Business Strategy FY2/20(2)

Clerical Human Resource Services

- To increase employee satisfaction, improve compensation and benefits based on current market conditions, provide support for achieving career goals and offer a variety of formats for people to do their jobs. These measures will improve employee retention and raise the satisfaction of both the workforce and customers.
- Provide follow-up support for employees in order to achieve levels of workforce satisfaction and service quality that no competitor can match.

Manufacturing Human Resource Services

- Rapidly expand operations in eastern Japan.
- Strengthen the staffing services using foreign workers by targeting opportunities created by revisions to immigration laws in Japan.
- Create an environment that allows foreign workers to realize their full potential, such as by providing assistance for determining and accomplishing career goals.

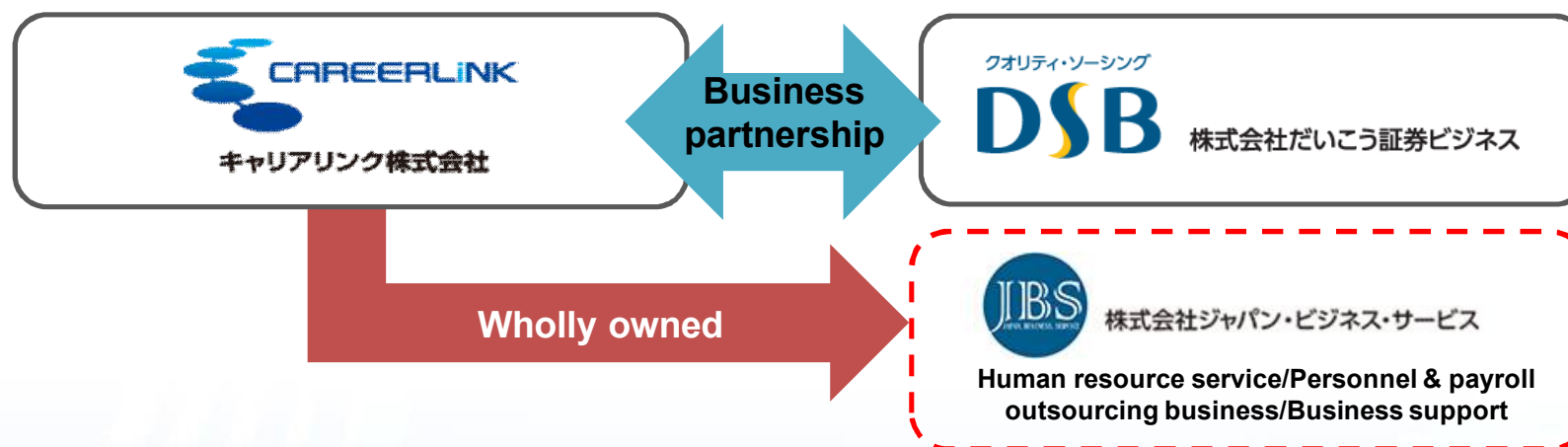
III. MEDIUM-TERM MANAGEMENT PLAN (FY2/20-FY2/22)



Goals of the Daiko Securities Business Alliance

On February 23, 2018, Japan Business Service (JBS), which was a wholly owned subsidiary of Daiko Securities Business (DSB), became a wholly owned subsidiary of Careerlink. Also, a capital and business alliance agreement was signed with DSB.

- (1) March 31, 2018 Purchased JBS stock
- (2) April 20, 2018 Careerlink purchased 110,000 shares of DSB stock
DSB purchased 125,600 shares of Careerlink stock
- (3) Start of activities based on the Careerlink-DSB alliance contract



- Goal 1 Expand activities involving BPO by using Careerlink's operational expertise and resources for BPO projects in the financial services industry, the core market sector of Daiko Securities Business
- Goal 2 Use the alliance to supply an even broader range of staffing services outside the financial services industry, mainly private-sector companies and the public sector, and to further upgrade capabilities for BPO projects that include creating ideas for solutions for clients
- Goal 3 Aim for the growth of business activities and higher efficiency through mutual cooperation and the sharing and mutual use of the resources of Careerlink and Daiko Securities Business

Growth of Sales in the Sales Human Resource Services Business

Sales growth and a stronger customer base for cashless payment processing

Actions

- Started cashless payment activities in Oct.2018, mainly in part of the Tokyo area in Nov.2018, started expanding Tokyo area coverage and taking steps for nationwide operations; a contact center started operations in Feb 2019.

Goals

- Capture more orders for cashless payment processing operations.
- Create new services that target the launch of 5G by mobile carriers and other technological advances in order to build a stronger customer base in the sales support business.
- Reinforce recruiting activities, with emphasis on hiring and training people in their 20s, in order to aim for more growth.

Goal is sales of more than 3 billion yen in FY2/22

(billion yen)

[Plan for Sales Human Resource Services Sales Growth]



Medium-term Strategic Goals

Make sales human resource services the third core business, increase the size of all business sectors and build a foundation for sustained growth.

Clerical human resource services sales growth

- Become more competitive in the temporary staffing market
- Target high-volume BPO projects in the private and public sectors.
- Increase services provided to financial companies by using the Daiko Securities.
- Business alliance and Careerlink subsidiary Japan Business Service.

Strengthen the sales human resource services business

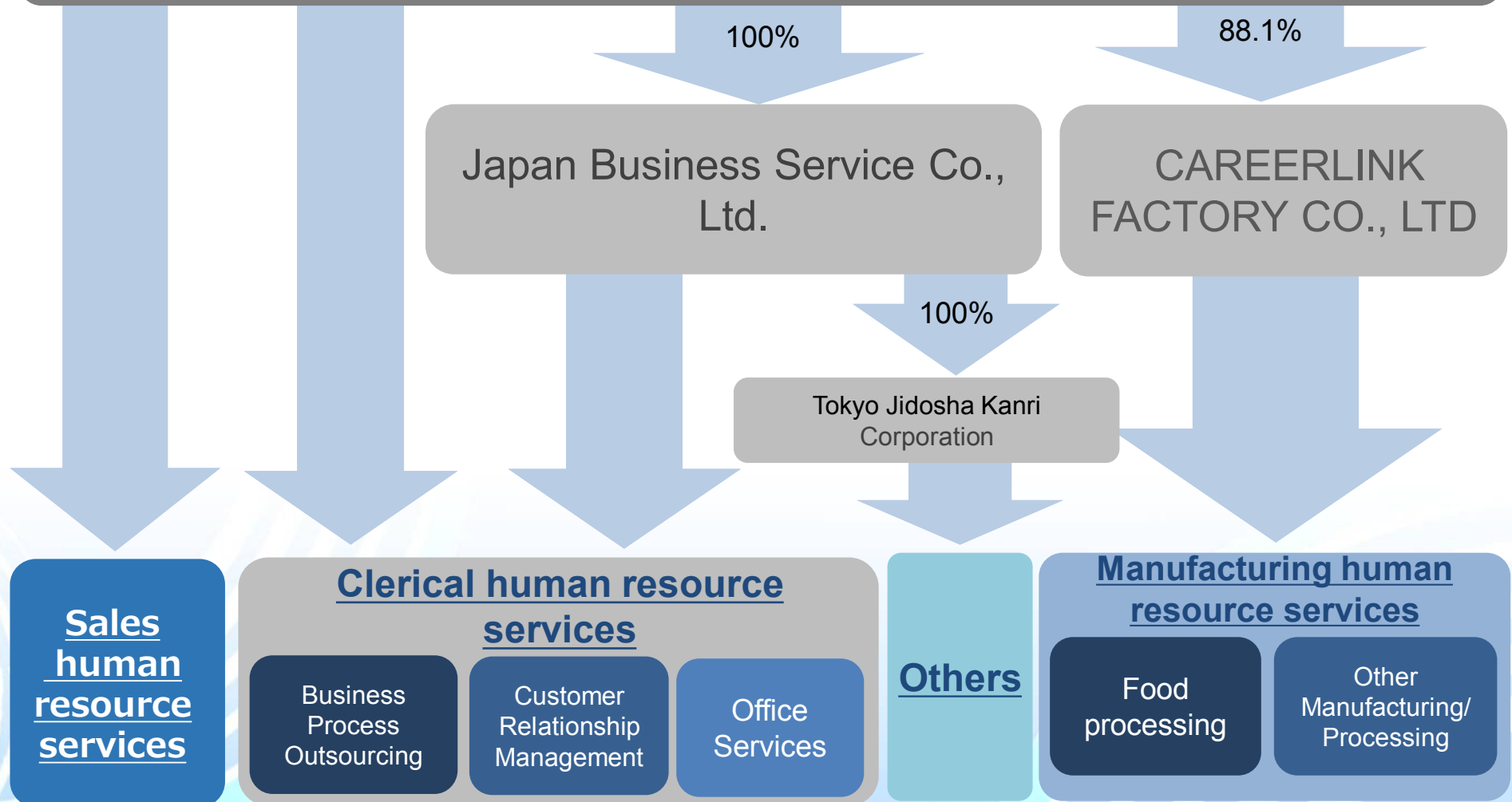
- Capture more orders for cashless payment processing operations.
- Build a stronger customer base by adding new services.

Strengthen the manufacturing human resource services business

- Increase capabilities for temporary staffing using foreign workers.
- Expand operations in the core food processing category to all areas of Japan.

Business Development

CAREERLINK CO., LTD



“Others” is the automobile management business of Tokyo Jidosha Kanri.

Goals(1)

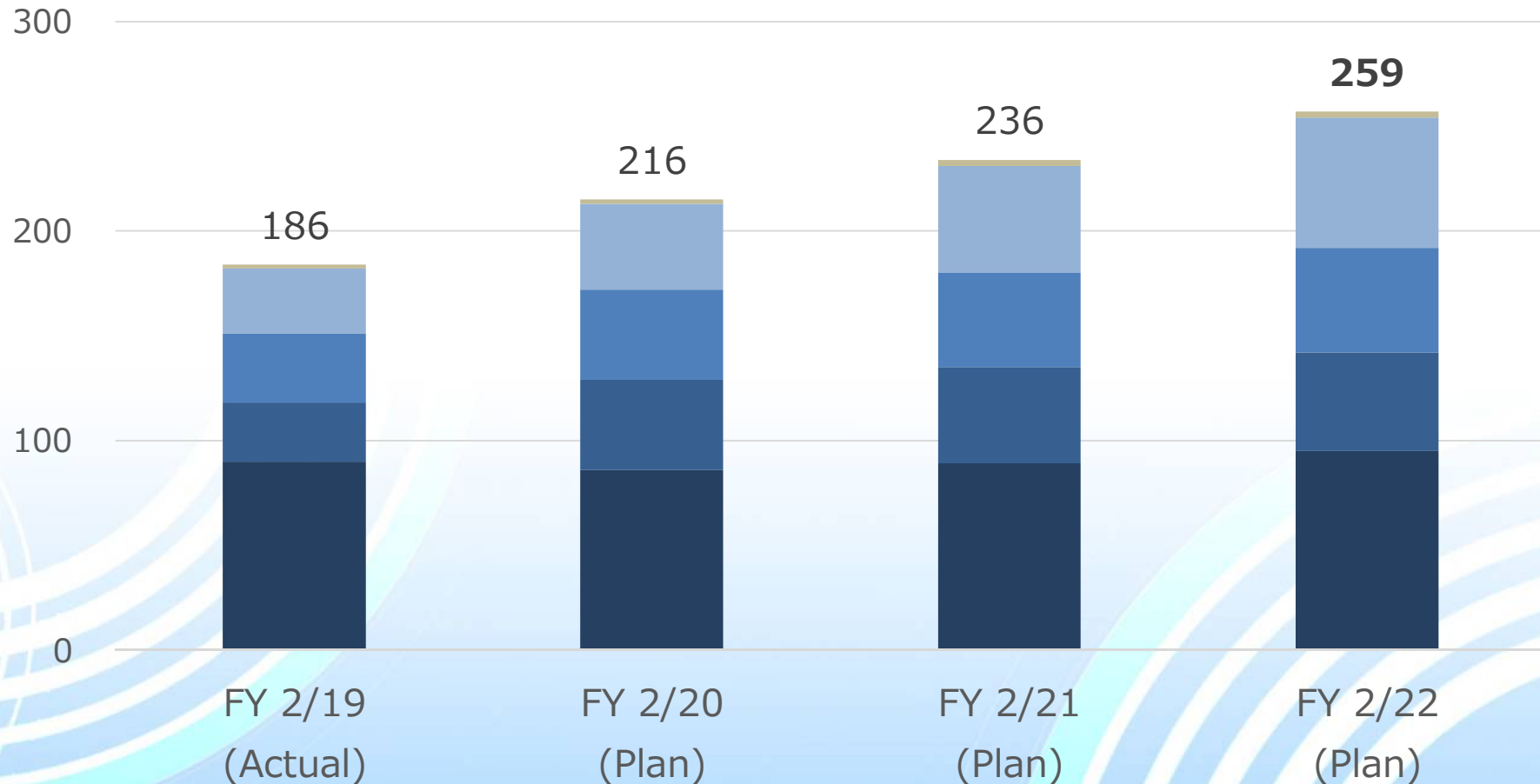
	FY2/19 Actual (Million yen)		FY2/22 Plan (Million yen)
Sales	18,624		25,953
Operating profit 【% to Sales】	187 【1.0%】		673 【2.6%】
Ordinary profit 【% to Sales】	290 【1.6%】		670 【2.6%】
Profit attributable to owners of parent 【% to Sales】	170 【0.9%】		438 【1.7%】

Numerical Goals (Sales)

- Business Process Outsourcing
- Customer Relationship Management
- Office Services
- Manufacturing human resource services
- Others

UP 39.4% VS. FY2/19

(Billion yen)



数值目標（利益）

VS. FY2/19

Operating profit

+258.7%

Ordinary profit

+131.1%

Profit attributable to owners of parent

+156.3%

(billion yen)

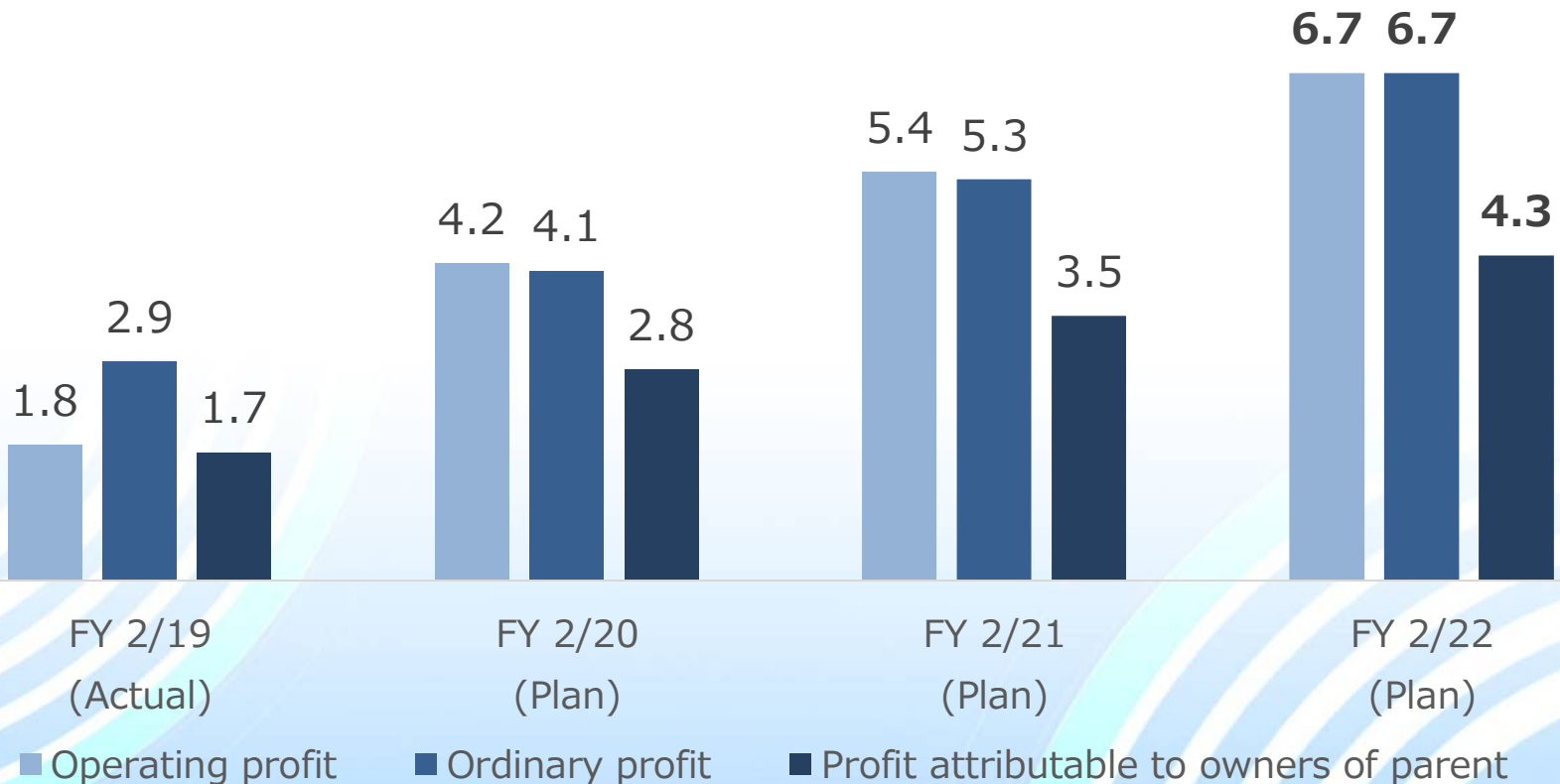
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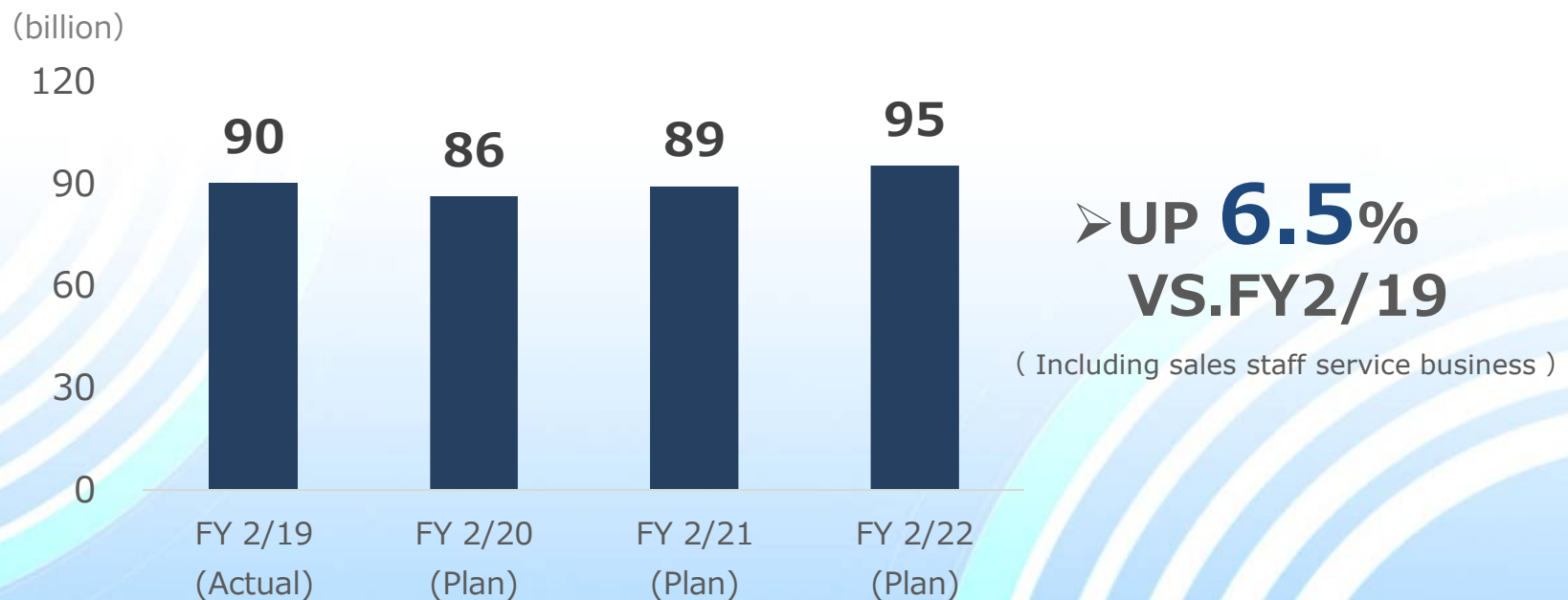
BPO Business

Goals

Add sales human resource services to the growth of this business to establish a powerful foundation for the entire Careerlink Group

- Use joint activities with Daiko Securities Business for growth of services for financial institutions and system integration companies.
- Build a base for growth of public-sector BPO services by receiving orders for operations of Japanese government agencies and large cities.
- For more growth, improve quality to make the Careerlink brand more powerful and earn a reputation as a source of services with outstanding quality.

Sales



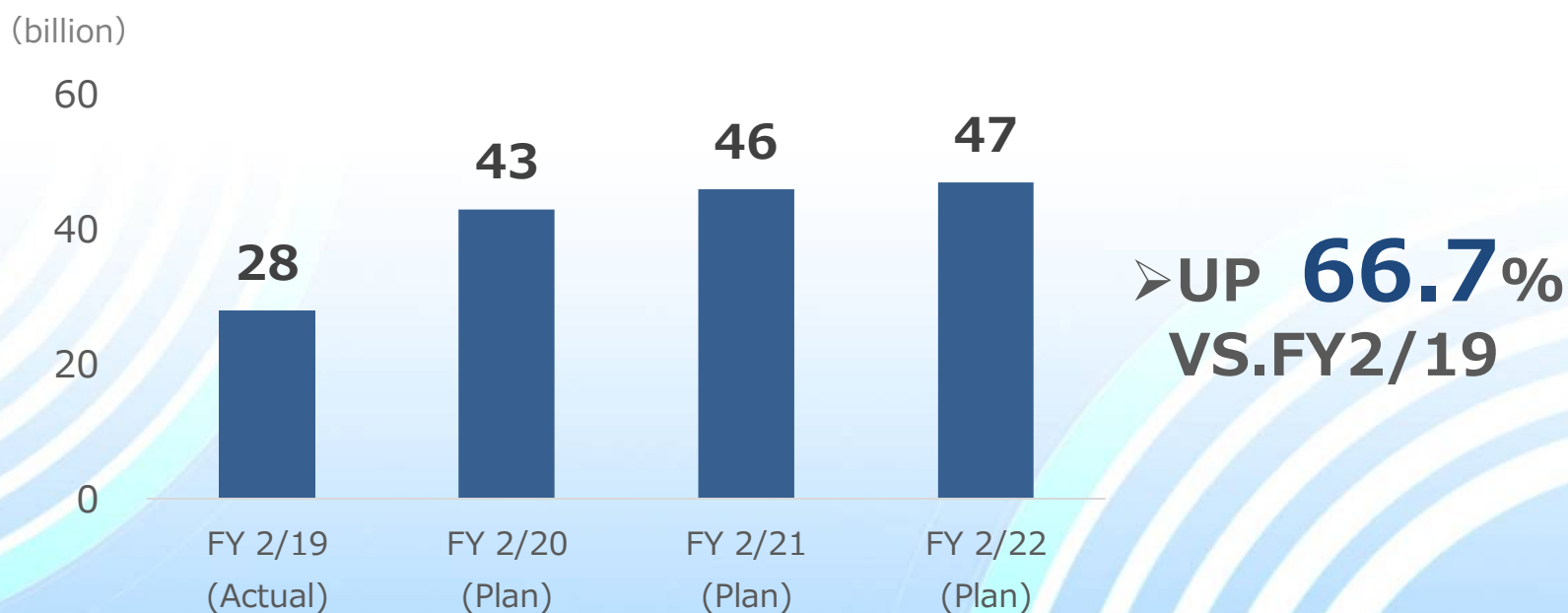
CRM Business

Goals

Increase capabilities in areas outside Japan's major metropolitan areas for attracting people registered for temporary placements and matching the skills of these people with the requirements of clients

- Target demand at telemarketing companies in areas outside Japan's major metropolitan areas by recruiting value-added people and upgrading capabilities for attracting people registered for temporary placements and matching their skills with the requirements of clients.
- Increase the volume of services provided to financial institutions.

Sales



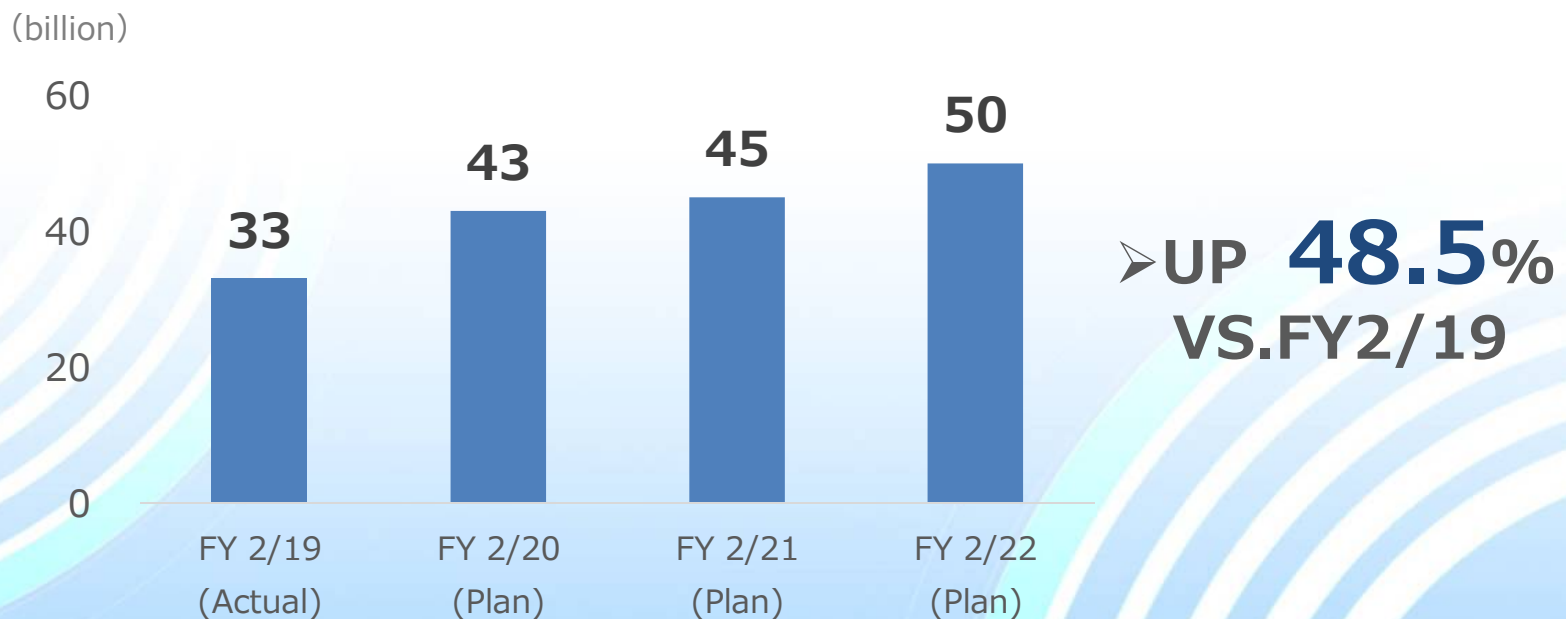
Office Services Business

Goals

Improve profitability at Careerlink and Japan Business Service

- Become the first choice for office temporary staffing services by maintaining friendly and sincere relationships with every member of the temporary placement workforce.
- Continuously negotiate service fees in order to provide proper compensation for people on assignments and maintain a suitable profit margin.
- Target opportunities created by revisions to laws by making big investments in categories where Careerlink can be highly competitive.

Sales



Manufacturing Human Resource Services

Goals

Expand operations to establish a nationwide presence with the food sector as the core business

- Continue to expand this business, chiefly by serving food processing companies.
- Grow in categories that can use housewives, foreigners and seniors and provide staffing services to companies associated with these categories.
- Increase the number of foreign workers to at least half of all individuals on assignments by creating a positive environment for the use of these workers, such as by providing career planning support and other assistance.
- Open offices faster for sales growth and the establishment of nationwide coverage.

Sales

(billion)

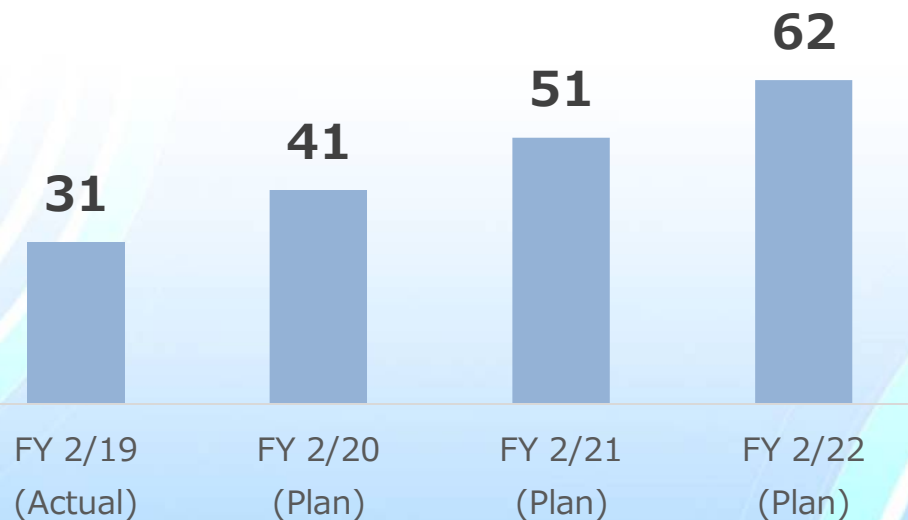
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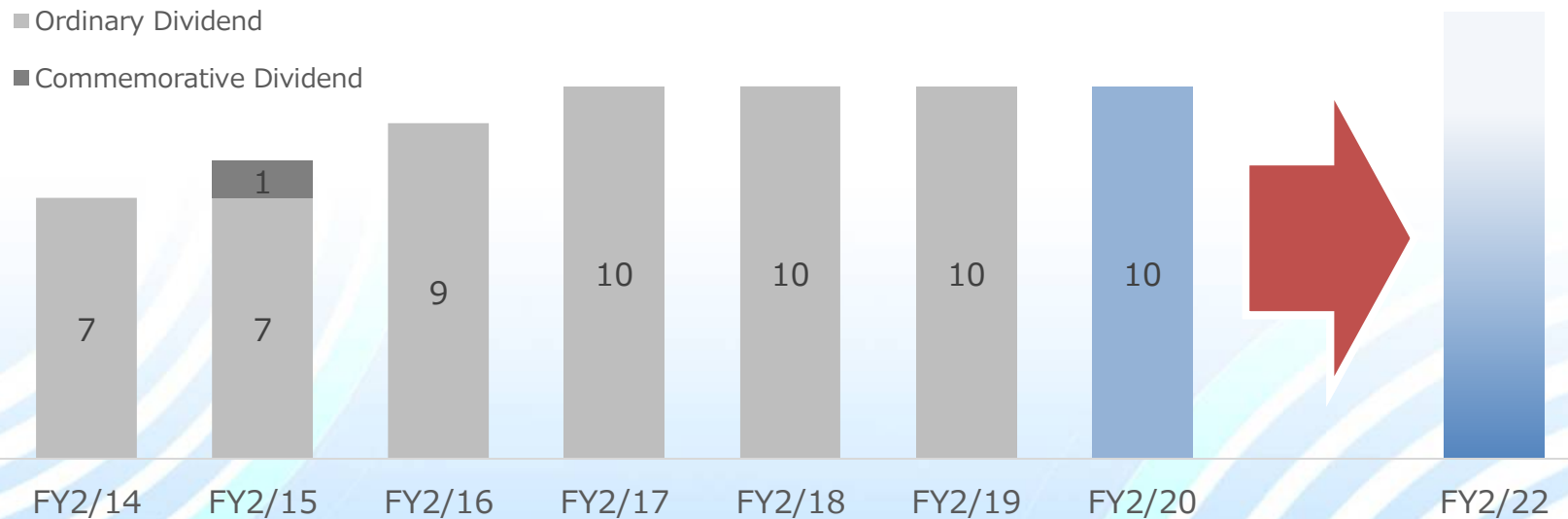


➤ **UP 101.2%**
VS.FY2/19

Shareholder Distributions (1)

In accordance with the basic policy for shareholder distributions, shareholders will receive an annual dividend of ¥10 per share and QUO cards (¥500 for 100 to 199 shares, ¥1,000 for 200 to 499 shares and ¥2,000 for 500 shares or more). Careerlink may consider additional distributions based on results of operations and other factors.

Dividend per Share



Note: Dividends per share have been adjusted for the two-for-one stock split on June 1, 2016.

Shareholder Distributions (2)

Shareholder Gift

◆ Record date: End of August

◆ Gift: Original QUO card

● 100 to less than 200 shares ⇒ ¥500

● 200 to less than 500 shares ⇒ ¥1,000

● 500 shares and above ⇒ ¥2,000



IV. REFERENCE



会社概要

Head Office	Nishi-Shinjuku 2-1-1, Shinjuku Ward, Tokyo
Representative	Chairman & Representative Director: Yasuhiko Kondo President & Representative Director: Motoaki Narusawa
Established	October 1 st , 1996
Main Corporate Activities	Clerical Human Resource Service Business <ul style="list-style-type: none">■ Business Process Outsourcing■ Customer Relationship Management■ Office Services
Stated Capital	388,005,500 yen (As of Feb 28, 2019)
Employees	418 (Consolidated 591) (As of Feb 28, 2019)
Accounting Period	February
Stock Exchange Listing	Tokyo Stock Exchange, First Section (Stock Code: 6070)

Group Companies

CAREERLINKFACTORY CO., LTD.

- Manufacturing human resource business

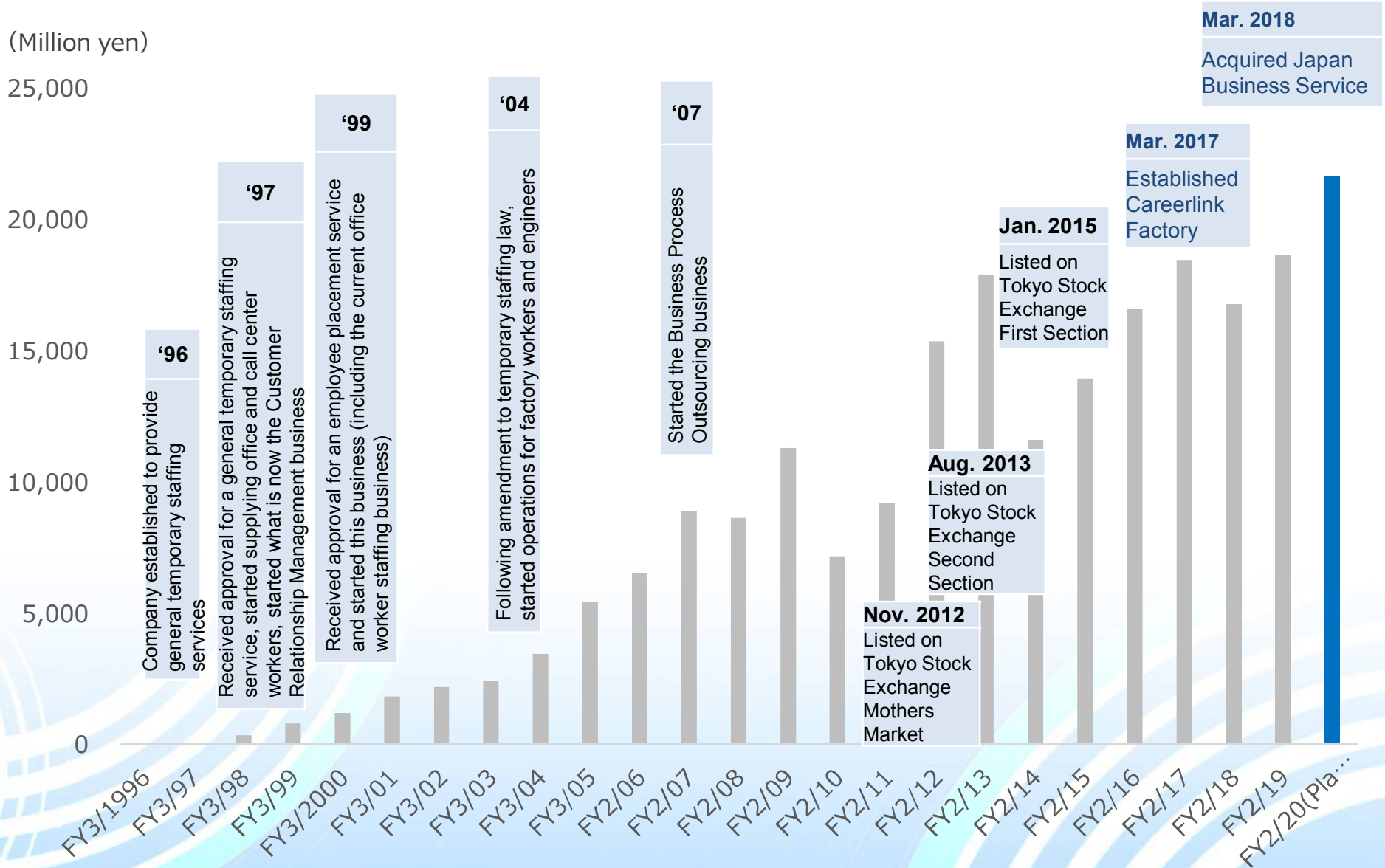
Japan Business Service Co., Ltd.

- Clerical human resource service/other business

Tokyo Jidosha Kanri Co., Ltd.

- Automobile management business

Significant Events and Sales Growth



Business Activities (1)

(1) Business Process Outsourcing

Business process outsourcing involves the planning, design and implementation of selected activities for government agencies, companies and other organizations.

Activities

- ◆ **Business processes by Careerlink alone or by using a BPO vendor**
- ◆ **Provision of workers and performing contracted business processes in association with proposals for restructuring business processes**
- ◆ **Contracted business processes for government agencies, companies and other organizations**

Benefits of Using Careerlink

- **Higher efficiency and quality by using a Careerlink proposal for restructuring business processes**
- **Ability to quickly start a business process facility even for handling a large volume of work**

Business Activities (2)

(2) Customer Relationship Management

The use of data systems at contact centers and other locations to establish long-term relationships with customers

Activities

- ◆ Temporary staffing and permanent placement services for telemarketing companies
- ◆ Temporary staffing and permanent placement services for contact centers of companies and other organizations
- ◆ Contracted CRM services using Careerlink contact centers

Benefits of Using Careerlink

- Access to Careerlink's extensive knowledge concerning recruiting, training and the operation of contact centers
- Ability to utilize Careerlink's advanced data equipment and a team of highly skilled professionals

(3) Office Services

Activities

- ◆ Speedy temporary staffing and permanent placement services for all types of office workers, from specialists to other employees

Manufacturing human resource services

Activities

- ◆ Temporary staffing, temporary-to-permanent employment and permanent placement services for food companies; temporary staffing, temporary-to-permanent employment, permanent placement services and subcontracting for manufacturing, packaging, shipping and other tasks involving manufacturing and other industries

Three Key Strengths

1 Plans for both higher efficiency and quality

- Proposals that encompass everything from business process designs to production, delivery, quality assurance and operational know-how
- Significant cost savings due to higher efficiency

2 Able to start operations quickly and handle large volumes of work

- A unique matching system for immediately selecting the most suitable workers
- Able to start operations in about one month even for large projects requiring more than 1,000 workers

3 A framework for increasing workers' skills and job satisfaction

- Career path system gives people at the same workplace a roadmap for promotions. This system makes workers more motivated as they aim to improve their skills and become regular full-time employees.
- A workforce management system incorporating CRM expertise allows precisely reflecting the individual traits of each worker. This results in better job satisfaction along with higher rates of job placements and fewer missed days of work on assignments.
- For temporary workers, a supervisor solely for each workplace ensures that shifts are allocated evenly and training is provided.

◆ Major examples of large projects

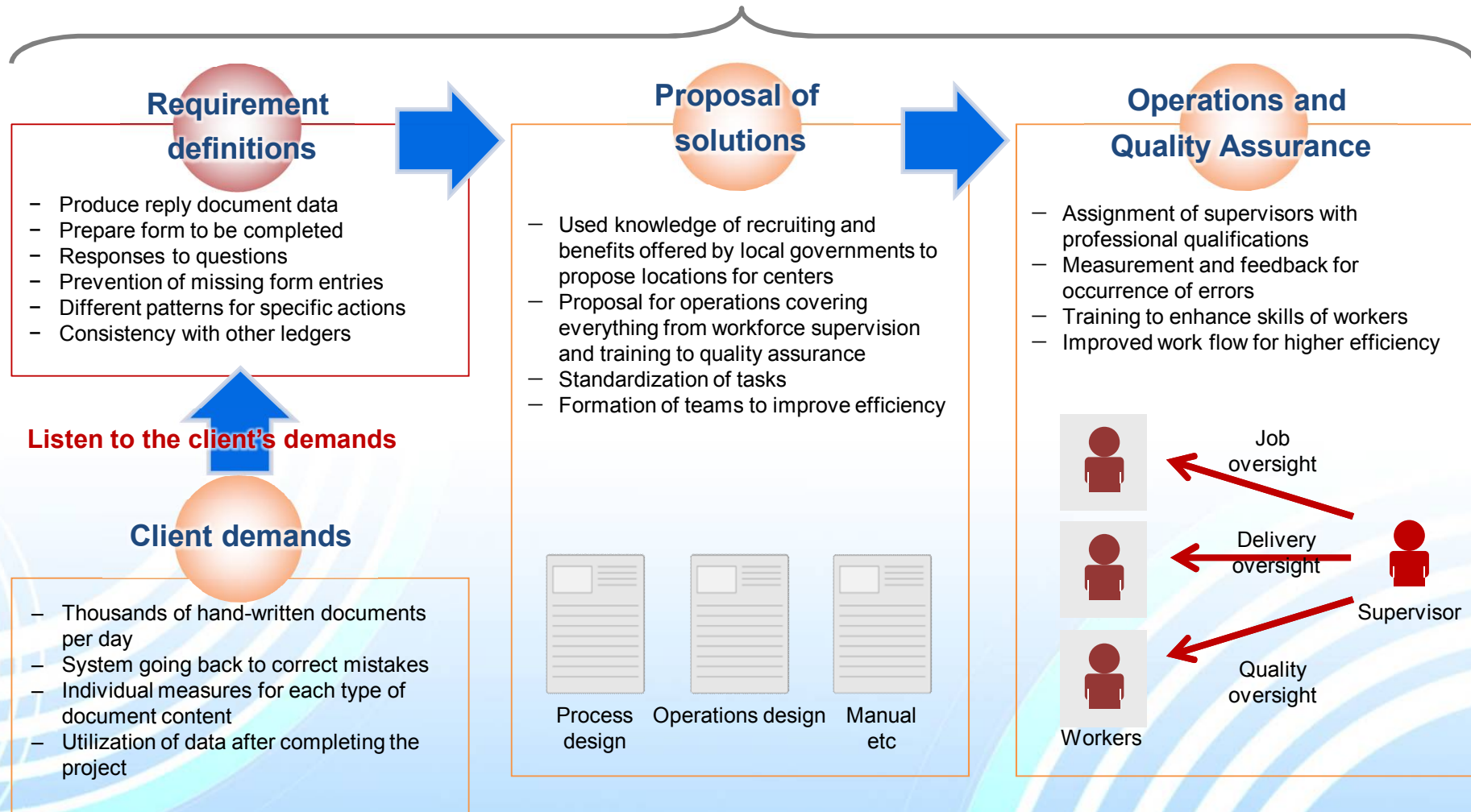
Business Process Outsourcing (More than 500 workers)		
FY2007	Tokyo area	2,000
FY2008	Tokyo area	1,500
FY2009	Hokkaido, other	1,400
FY2010	Tokyo area, other	6,000
FY2012	Tokyo area	1,700
FY2013	Tokyo area	700
FY2014	Tokyo area, other	1,200
FY2015	Tokyo area, other	500
FY2015	Tokyo area	600

Customer Relationship Management (More than 300 workers)		
FY2008	Tokyo area	500
FY2008	Tokyo area	500
FY2011	Kyushu area, other	700
FY2012	Tokyo area	2,000
FY2012	Tokyo area	500
FY2013	Tokyo area	600
FY2014	Kansai area	300
FY2015	Tokyo area, other	300

Three Key Strengths (1)

1 Plans for both higher efficiency and quality

Example of higher efficiency by handling every step of an order beginning with defining the requirements



Three Key Strengths (2)

2

Able to start operations quickly and handle large volumes of work

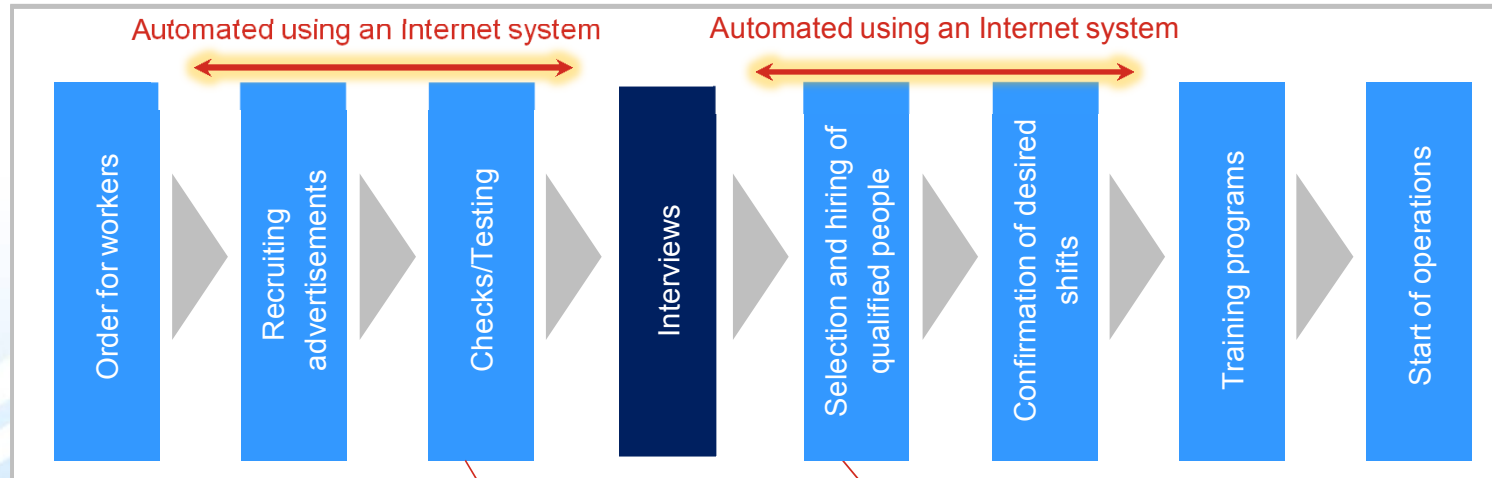
- Capable of **quickly setting up** a business process center operating framework and starting operations
- Workforce proposals using **an exclusive matching system** to select people who meet the requirements of each customer

The Careerlink Matching System

Able to establish a framework and start operations in about one month even for large projects requiring more than 1,000 workers.

No other company can match this ability to handle high-volume projects.

◆ Standardized Worker Matching Process



Selection of the best balance between wages and skills

Exclusive know-how used for checking and testing; identifies characteristics of applicants other than in application form data

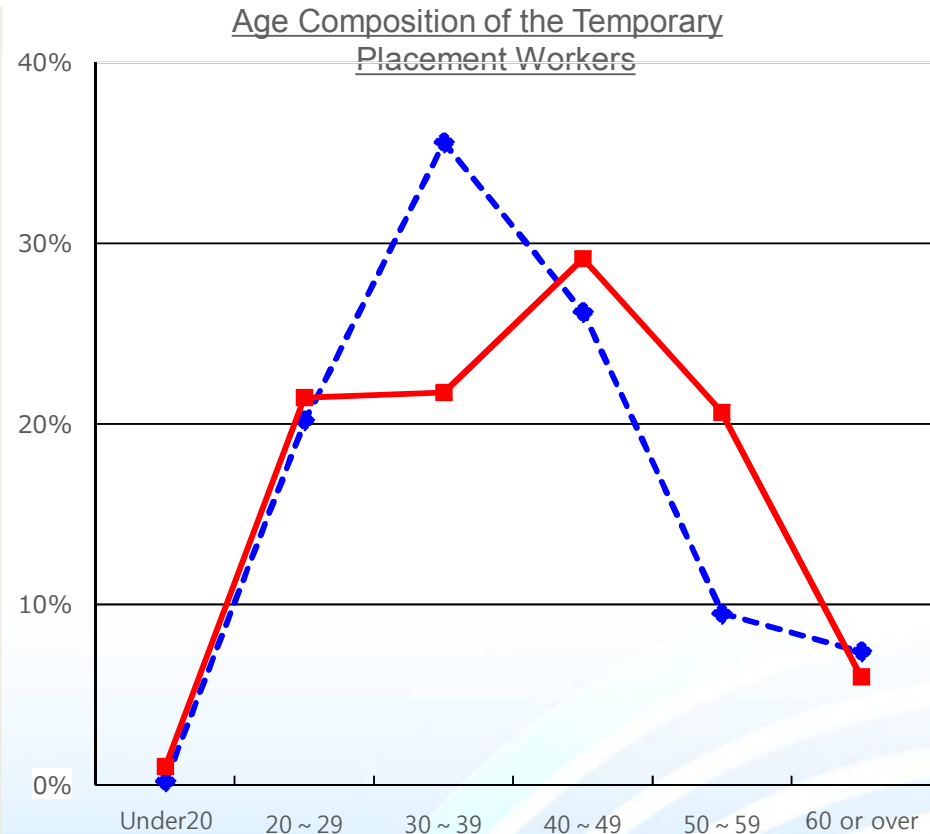
Three Key Strengths (3)-1

3 A framework for increasing workers' skills and job satisfaction

Workforce motivation management

A system where Careerlink and employees aim for growth and the same goals

- **Opportunities to advance** based on skills and motivation
 - Core Careerlink employees provide assistance for growth based on each assignment
 - Ranks for workers increase motivation for promotions and becoming full-time employees
- **Development of skills** by carefully monitoring each worker's progress
 - A full-time Careerlink supervisor monitors working time and the quality of work to help individuals realize their full potential
 - Use of BPO and CRM training for support for advancement to become a value-added worker
- A variety of job opportunities for a **diverse workforce** in terms of age and other characteristics (see graph on the right)
 - Optimal personnel expenses by sending teams consisting of higher and lower paid workers
 - Provision of job opportunities to many people (the role of a job creation company)

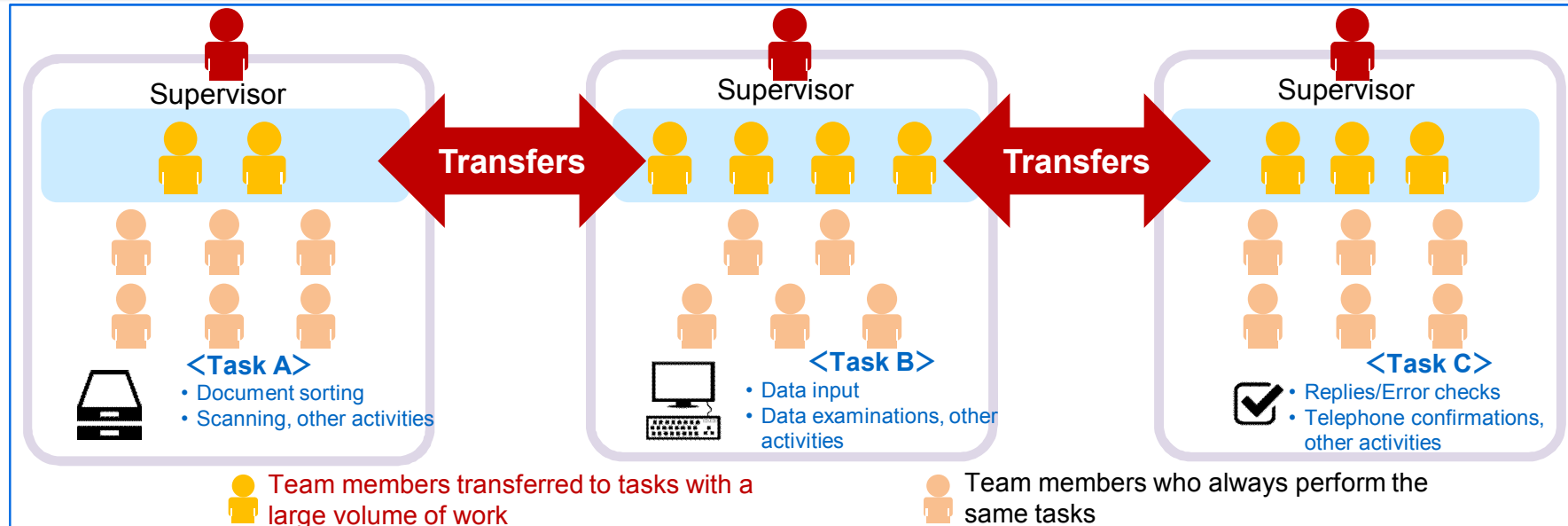


◆ Fiscal 2012 Temporary Worker Survey by the Ministry of Health, Labour and Welfare

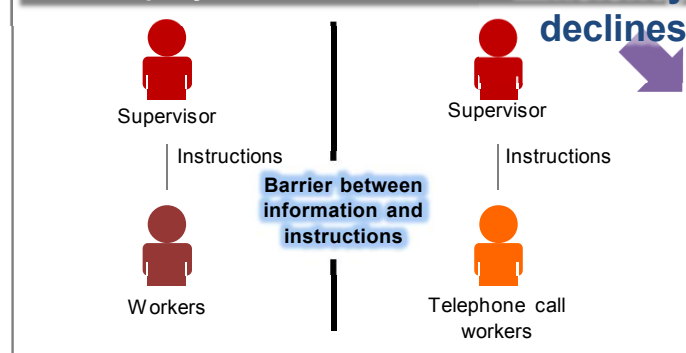
◆ The Careerlink temporary placement workforce (average for the past five years)

Three Key Strengths (3)-2

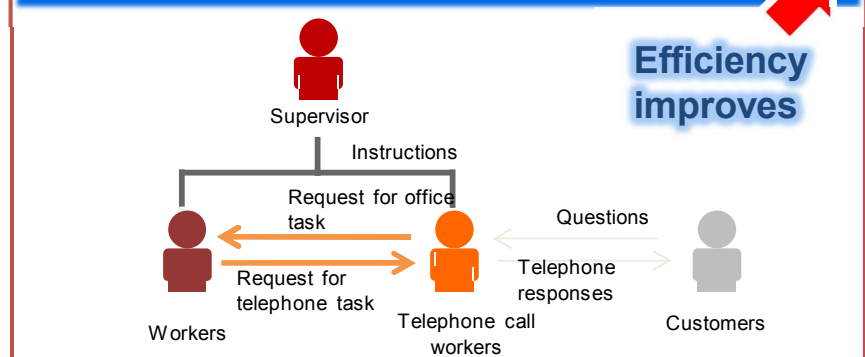
Sending workers in teams improves efficiency



When each job is outsourced to a different company...



When all tasks are outsourced to Careerlink...



Efficiency improves

Intentionally Blank

Dedicated to sincerity and excellence for human resource services



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We believe the joy of work.

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