



# Mid-Term Management Plan Update (2nd Quarter FYE June 2016)

Yasuji Nishio

President, Representative Director & CEO

TechnoPro Holding, Inc.

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# Mid-Term Management Plan Summary (released August 2015)

- ❑ Accelerate further sales/profits growth with proactive investments

< Period for Mid-Term Management Plan >

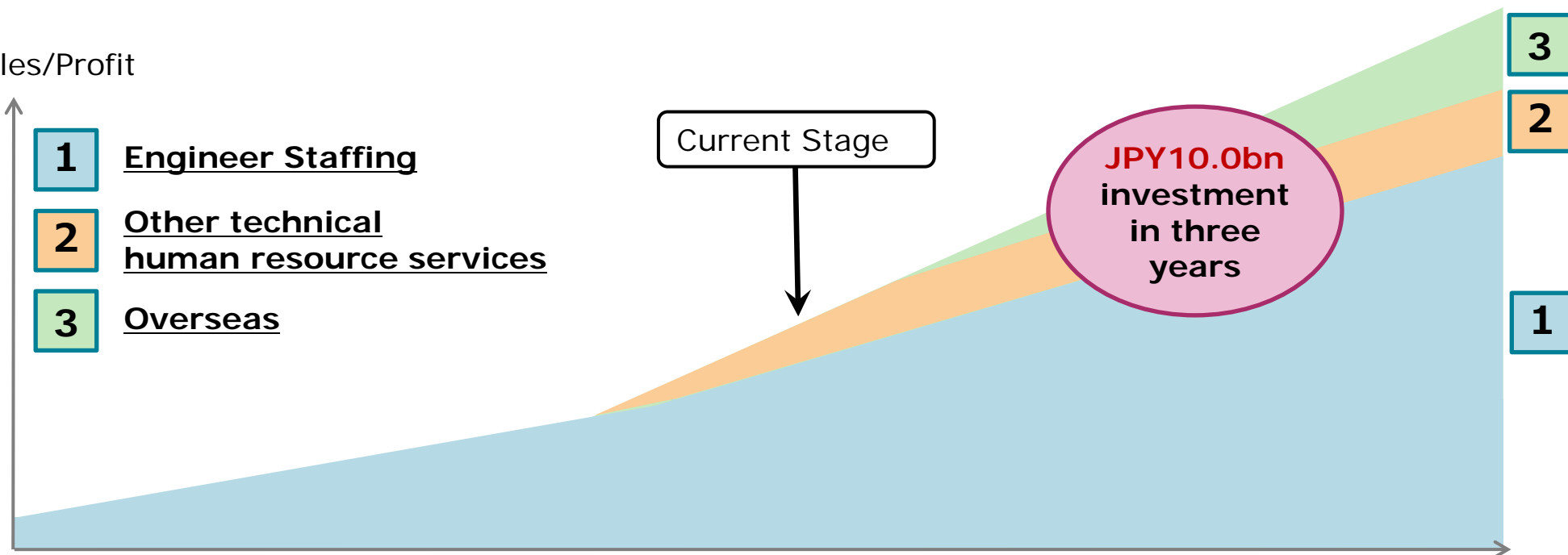
**Solid Mgmt foundation 2014 - 2015**

**Accelerated growth 2016–2018**

- ✓ Integrate TechnoPro brands
- ✓ Consolidate subsidiaries
- ✓ Listing on TSE1

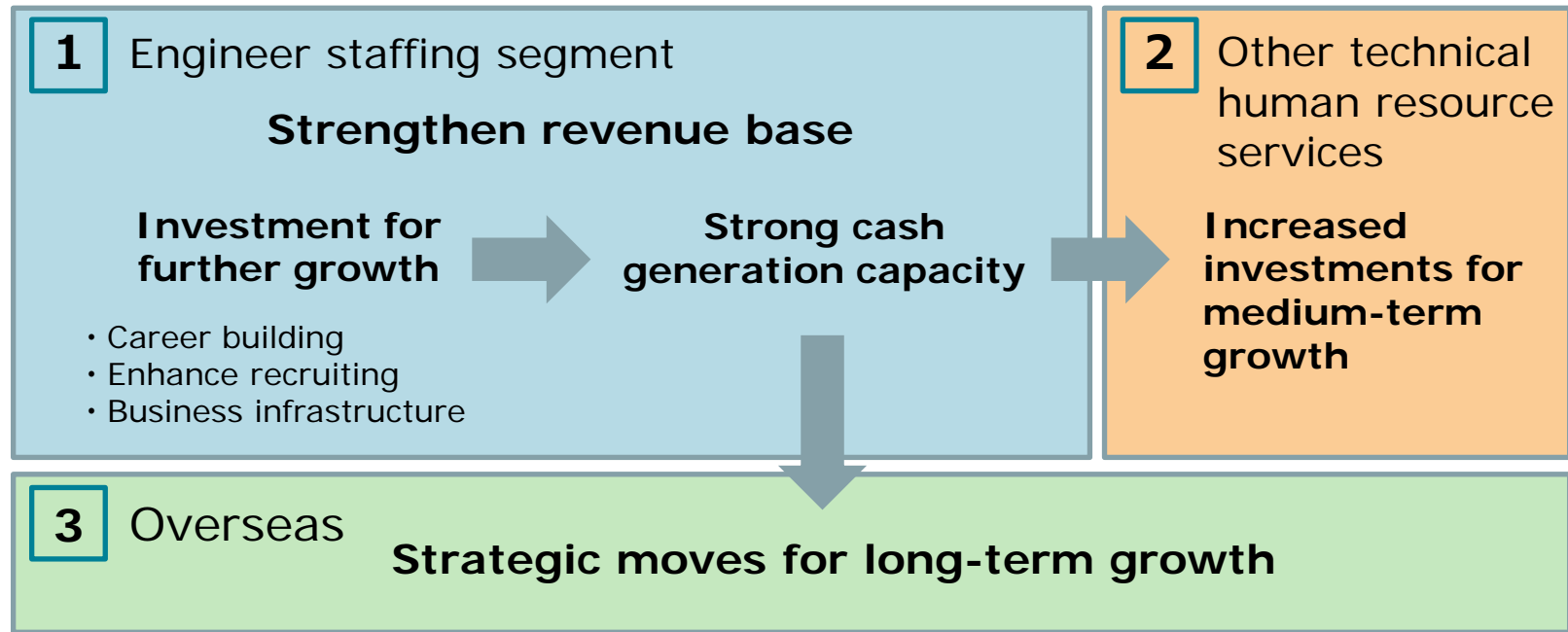
- ✓ Growth of engineer staffing market
  - ✓ Amendment to the Worker Dispatching Law
- ➡ **Proactive investments for growth**

Sales/Profit



# Reinforce leading position in technical HR services market

- ❑ **Strengthen the revenue base for engineer staffing segment** and invest generated cash into growth
- ❑ **Achieve growth in "Other technical human resource services" and "Overseas"**, offering solutions to diverse technology related needs of clients



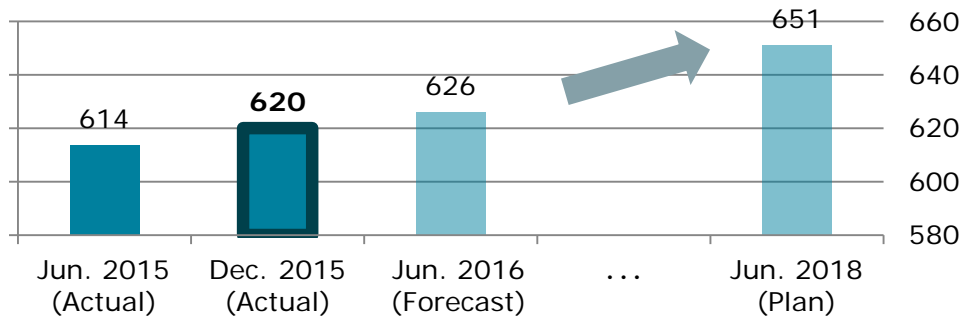
Progress & Outlook for **1** **2** **3** as followed

# 1 Strengthen revenue base in engineer staffing

## Unit Sales Price

- ❑ Continued Shift-up/Charge-up initiative and grouped staffing in a team
  - JPY 9,000/m increase driven by Shift-up
  - Unit price steadily increasing even though 3.3 working days decline moderates the growth

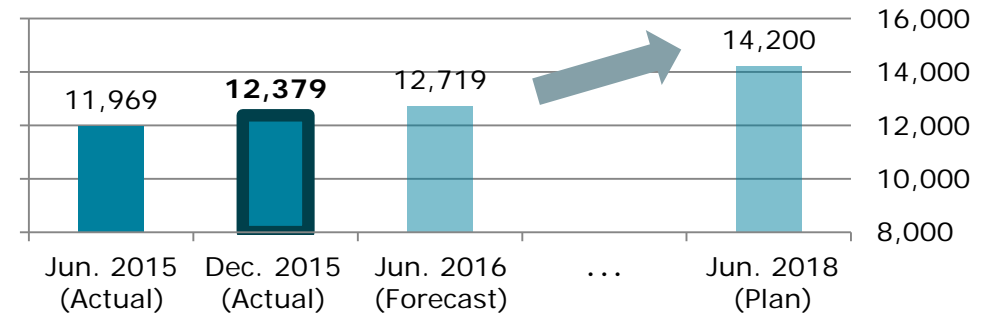
• Plan: 2% yearly growth to reach over JPY 650,000/month



## Number of Engineers

- ❑ Improved turnover ratio driven by retention measures and enhanced training programs
  - Turnover ratio improved to **7.0%**
  - Stronger growth than expected with new-grad engineers about to join on April 2016

• Plan: Adding 750 engineers annually to reach over 14,200

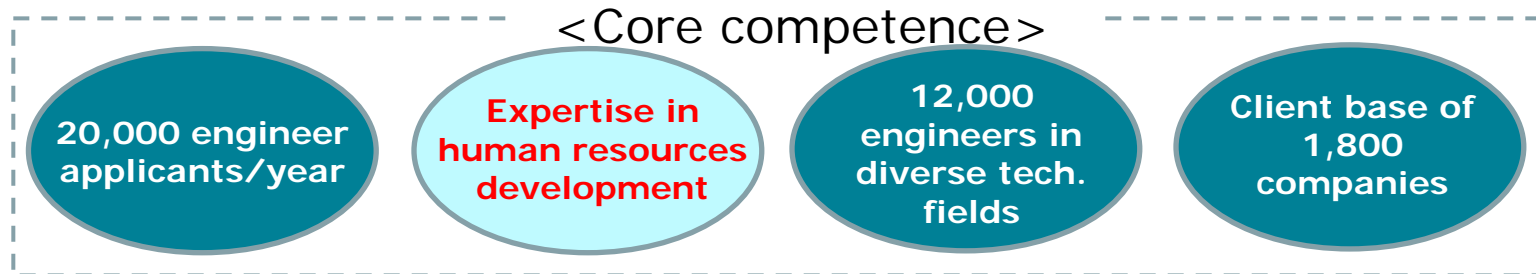


Examining M&A possibility to **reinforce our value-adding capability**, rather than an alternate measure for recruiting, as engineer increase is still solid

## 2 3 Growth in other technical human resource services and overseas

### HR Services – Acquisition of Pc Assist

#### 1 Engineer staffing segment



#### 2 Other technical human resource services

#### 3 Overseas

- Provide **synergetic services by leveraging the core competence** of the engineer staffing segment

Undertaking  
Contract-based  
Development

Engineer recruitment  
support / **Training,  
Career Development**

Offshore  
Contracted  
business

...

**Pc Assist**

Needs for  
skill upgrade  
/ career  
building

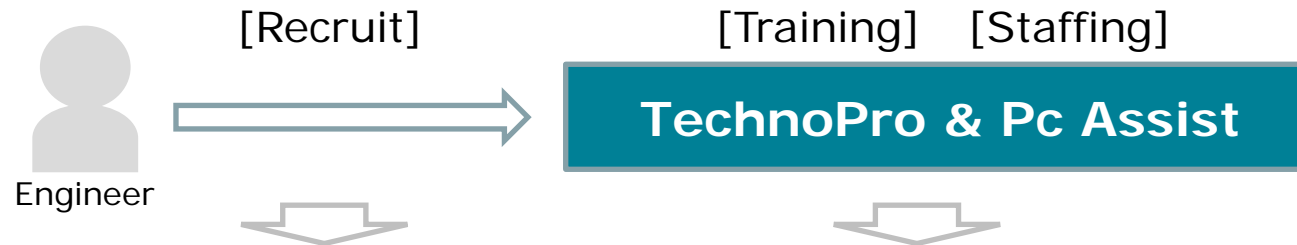
Technology-  
related  
outsourcing  
needs

2

3

## Growth in other technical human resource services and overseas

**Enhance technical competence** of TechnoPro group engineers



- Prospective employee education
- New-grads education
- Expert training (ex. CATIA)
- Strategic Technical Areas training
- Acquired qualification (3D CAD engineer, ETEC, etc.)

Potential for sales/profit growth in **training business**

- Leading companies such as auto-parts manufacturers, Slers are showing strong interest in training service

## 2 3 Growth in other technical human resource services and overseas

### Undertaking Contract-based Development

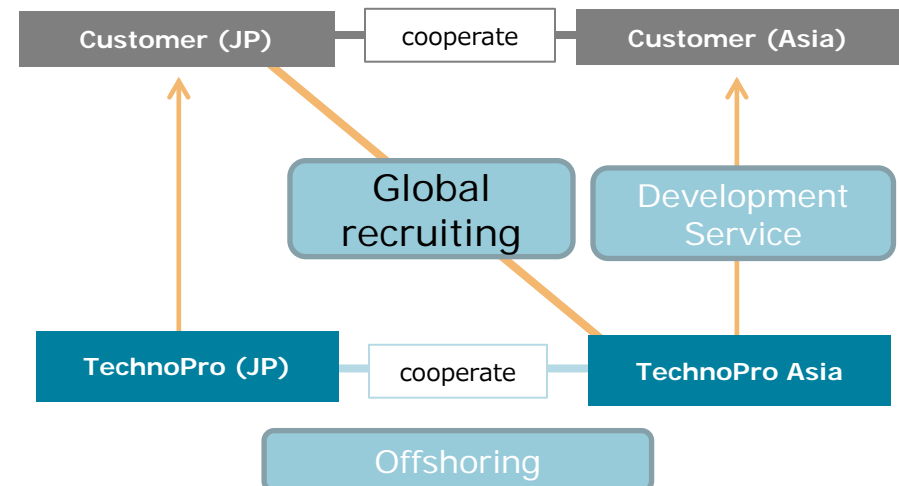
- ❑ Improved undertaking contract-based business
  - H1 FY2015: JPY 4.2 billion
  - H1 FY2016: JPY 5.0 billion
  - Strong growth in IT, bio/biochemical sector
- ❑ Opening a new R&D center in Kashiwa
  - In addition to Kobe RC, to accommodate increasing demand for R&D support in biogenetics/cell technology field



### Global Services

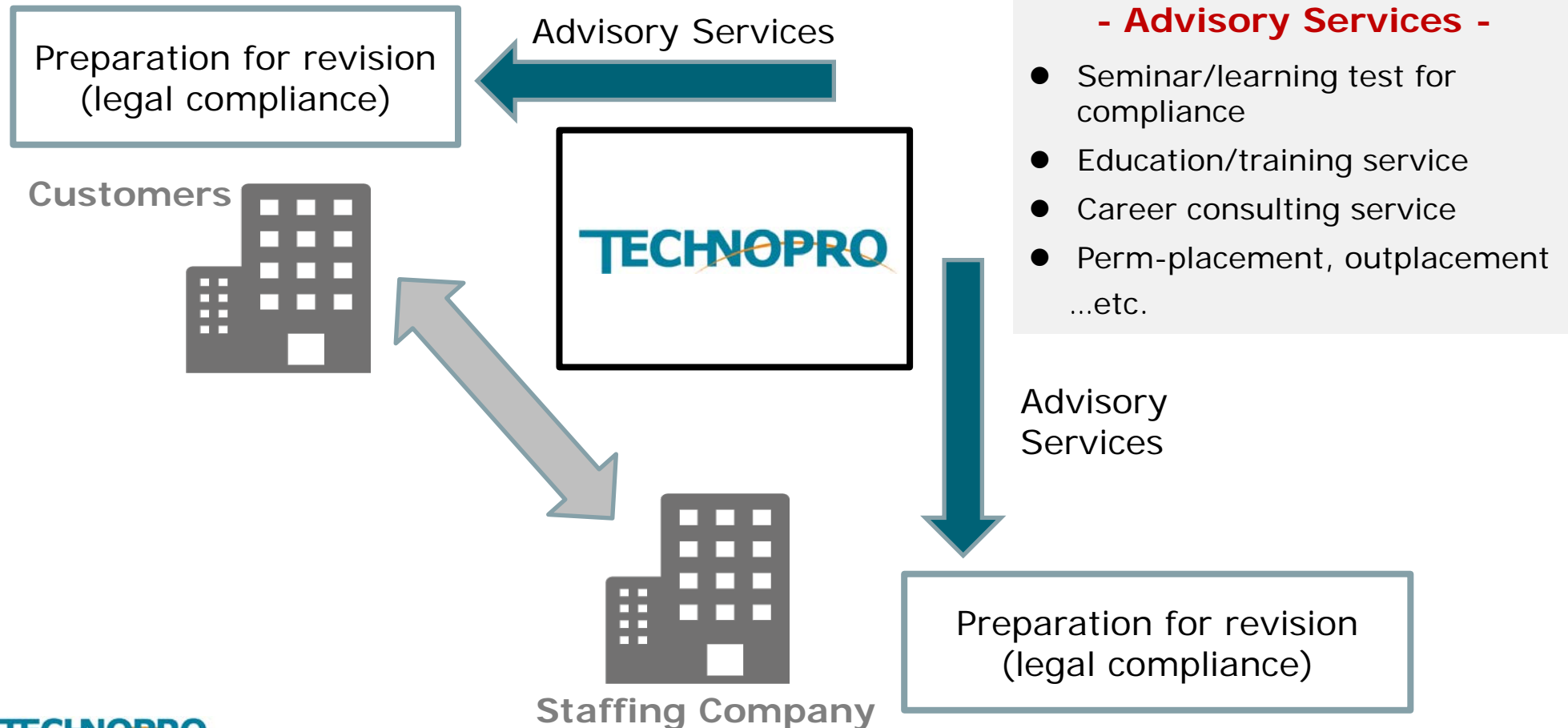
- ❑ Increased foreign engineers living in Japan
  - End of H1 FY2015: 233
  - End of H1 FY2016: 388
- ❑ Recruiting new-grads from overseas
  - Adding to mid-career foreign engineers, 15 new-grads joined from overseas
- ❑ Business in China is at a standstill

#### [Customer]



# Initiatives for Worker Dispatch Law Amendment

- ❑ TechnoPro group **already met legal requirements**, accredited as one of the **quality staffing operators** by MHLW
- ❑ New service to provide **advisory services** to engineer staffing customers or other staffing operators





# Reinforce Corporate Governance

- Enhance both enterprise value and shareholders' common interests through sustainable growth

## Secure the management system to follow "Corporate Governance Code"

- Introduced the Corporate Governance Guidelines
- Appointed **two new** independent outside director/auditor (**five outside executives instead of previous three**)
- Operates Nomination and Compensation Committee
- Operates Independent Executive Committee

## Introduced **stock option**

- Exercise period : from October 1, 2018
- Conditions for exercise : Performance must exceed 105% or more of 27.2 billion yen, the total consolidated operating profit target in the mid-term management plan in order to exercise 100% of subscription warrants
- Aggregate number of subscription warrants: 312 (dilution ratio <0.1)

New independent outside  
director/auditor appointed



[New director]  
Kazuhiko Yamada

Lawyer

Partner of Nakamura, Tsunoda  
& Matsumoto [Law Office]

Part-time lecturer: Gakushuin  
University Law School

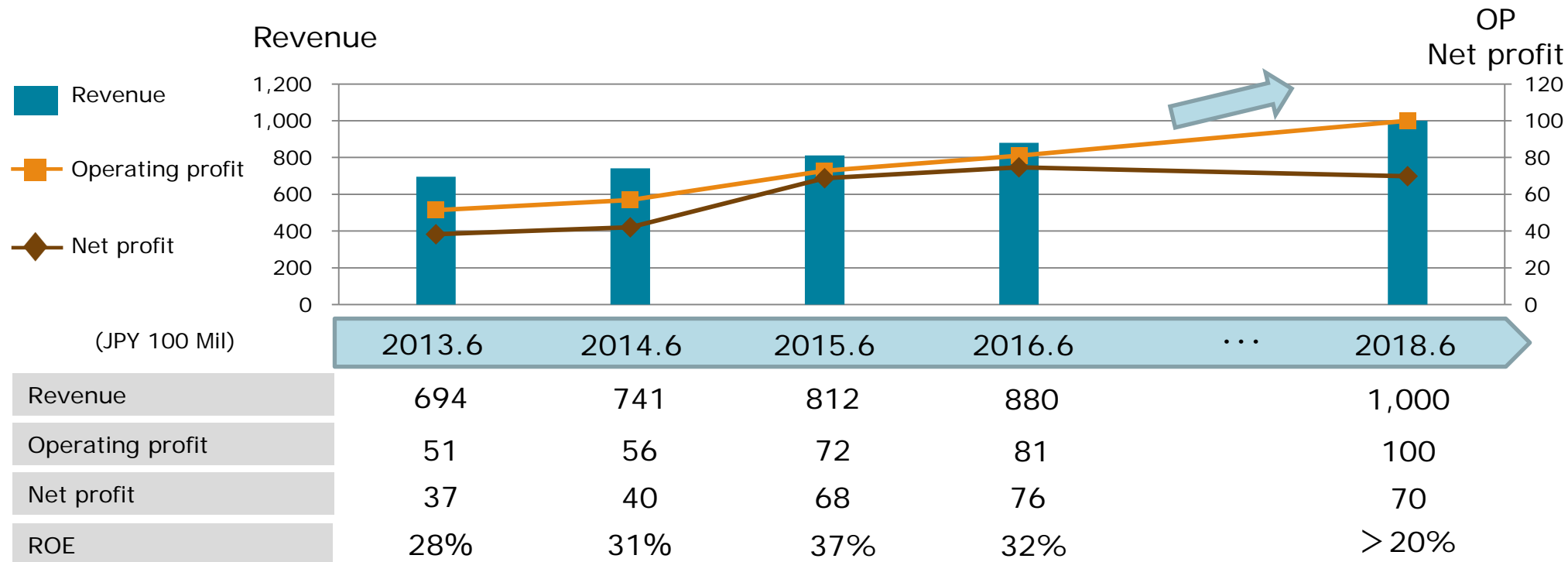


[New auditor]  
Minoru Ochiai

Professor, Meiji University  
Graduate School of Global  
Business

# Business Strategy

- ❑ Our mid-term management plan is subject to change when revenue/profit target is achieved ahead of schedule
- ❑ Capital policy
  - ✓ Maintain 50% consolidated dividend payout ratio, at least the same or better dividend amount per share than previous payment.
  - ✓ Carry out funding for M&A investment without deteriorating current shareholders' value.



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