



TechnoPro Group Financial Results for Fiscal Year Ended June 2016

TechnoPro Holdings, Inc.

July 29, 2016



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* KPI excludes 'Other' business

FY2016 Overview

- Revenue rose ¥2.32 billion or 2.6%, operating profit grew ¥390 million or 4.9%, compared with the initial forecast
- Net profit was ¥7.35 billion (3.2% shortfall), due to arrangement fee amortization of ¥255 million for refinancing of existing debt, etc.
- Dividend of ¥111.52 per share (year-end: ¥61.52 / interim: ¥50.00 [paid] / payout ratio: 51.7%)

(JPY in millions, except per share amounts)

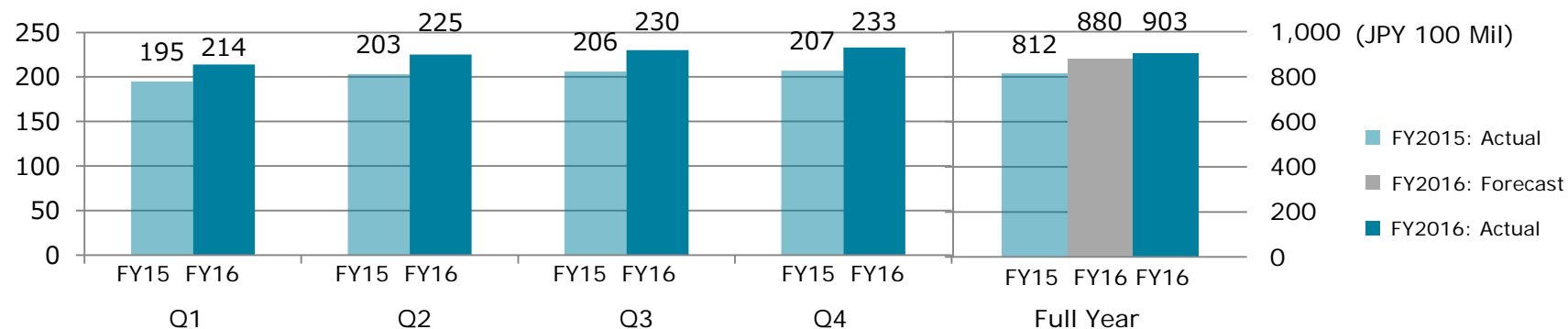
	Quarterly			Full Year				
	Q4 FY2015 (Actual)	Q4 FY2016 (Actual)	YOY	Full Year FY2015 (Actual)	Full Year FY2016 (Actual)	YOY	Actual to Forecast	Full Year FY2016 (Forecast)
Revenue	20,774	23,310	+12.2%	81,241	90,323	+11.2%	+2.6%	88,000
Gross profit (GP)	4,770	5,337	+11.9%	19,081	21,328	+11.8%	+1.6%	21,000
<i>GP margin</i>	23.0%	22.9%		23.5%	23.6%			23.9%
SG&A expenses	3,331	3,481	+4.5%	11,797	12,831	+8.8%	(0.5%)	12,900
<i>Ratio on revenue</i>	16.0%	14.9%		14.5%	14.2%			14.7%
Operating profit (OP)	1,410	1,814	+28.6%	7,283	8,494	+16.6%	+4.9%	8,100
<i>OP margin</i>	6.8%	7.8%		9.0%	9.4%			9.2%
Profit before income taxes	1,306	1,483	+13.5%	6,832	7,920	+15.9%	+2.9%	7,700
Net profit**	1,549	1,153	(25.5%)	6,874	7,359	+7.0%	(3.2%)	7,600
Net profit per share	45.48	33.75	–	201.76	215.80	–	–	222.86
Dividend per share (plan)	–	–	–	100.88	111.52	–	–	111.52

* Amounts are rounded down to the nearest unit

** Net profit attributable to owners of the parent company after deducting non-controlling interests

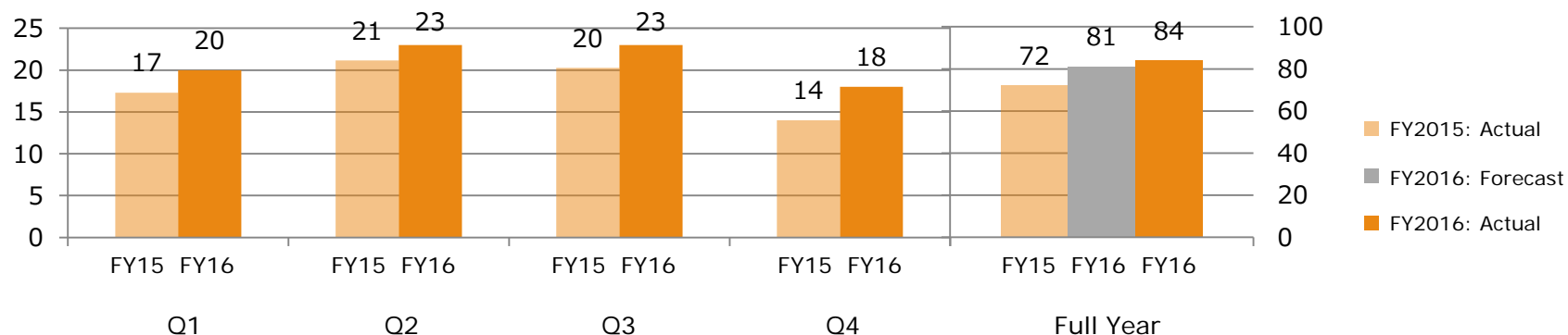
Earnings Performance

Revenue



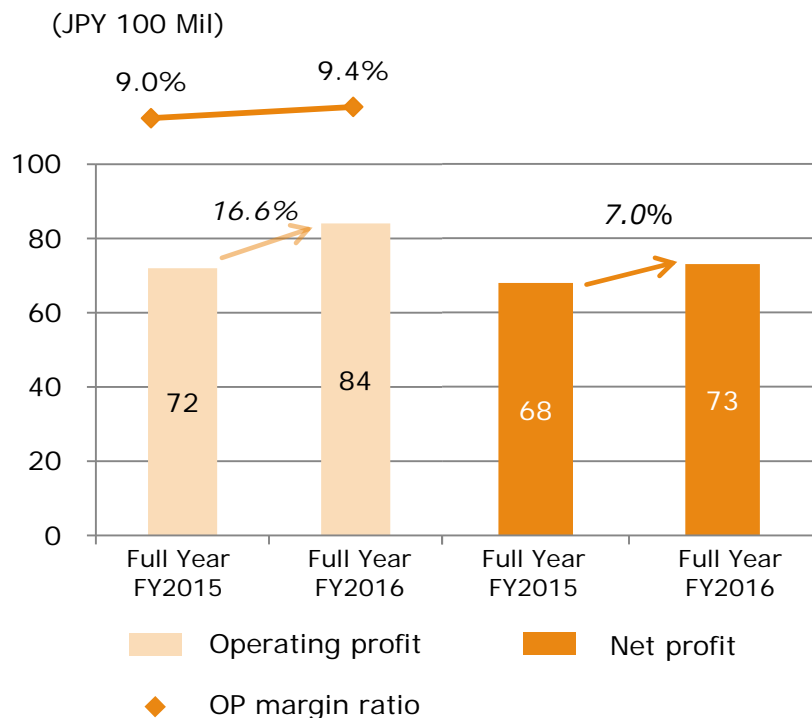
Composition %	24%	24%	25%	25%	25%	25%	26%	26%	
YOY	9.7%		11.0%		11.7%		12.2%		11.2%

Operating Profit



Composition %	24%	24%	29%	28%	28%	27%	19%	21%	
OP ratio	8.9%	9.4%	10.4%	10.4%	9.8%	10.1%	6.8%	7.8%	9.0%
YOY	15.9%		10.5%		15.2%		28.6%		16.6%

P&L Summary



† Impacted by the restrictions on the deductible amount limit of losses carried forward after the capital increase of ¥430 million on April 18, 2016

(JPY 100 Mil)	Full Year FY2015	Full Year FY2016	Diff. YOY	YOY(%)
Revenue	812	903	+91	+11.2%
Impact by Engineer increase			+69	
Impact by unit sales price increase			+12	
Others			+10	
CoGs	621	689	+68	+11.0%
Ratio to revenue	<u>76.5%</u>	<u>76.4%</u>	<u>(0.1%)</u>	
Impact by Engineer increase			+52	
Other			+16	
Gross profit	190	213	+22	+11.8%
Ratio to revenue	<u>23.5%</u>	<u>23.6%</u>	<u>+0.1%</u>	
SG&A	117	128	+10	+8.8%
Ratio to revenue	<u>14.5%</u>	<u>14.2%</u>	<u>(0.3%)</u>	
Other income – Other expenses	(0)	(0)	(0)	
Operating profit	72	84	+12	+16.6%
Financial income	0	0	(0)	
Financial expenses	4	5	+1	
Net profit before income taxes	68	79	+10	+15.9%
Corporate / income taxes	(0)	5†	+5	
Net Profit	68	73	+4	+7.0%

* Amounts are rounded down to the nearest unit.

Balance Sheet & Cash Flow

- Free cash flows totaled ¥7.0 billion
- D/E ratio became x0.7
- Net worth ratio improved to 37.9%

June 2015

Cash & cash equivalents 108	Debt 166
Goodwill 292	Paid leave allow. 34
	Other liabilities 168
Deferred tax assets 25	Total equity 219
Other assets 162	

Total assets
587

Total liabilities & equity
587

June 2016

(JPY 100Mil)

Cash & cash equivalents 117	Debt 161
Goodwill 293	Paid leave allow. 35
	Other liabilities 199
Deferred tax assets 36	Total equity 241
Other assets 190	

Total assets
636

Total liabilities & equity
636

D/E ratio : 0.8 x
Net D/E ratio : 0.3 x
Net worth ratio : 37.4%

FY2016 CF

• Operating CF	79
• Investing CF	(9)
• Financial CF	(61)
Net CF	8

Above Balance Sheet includes both PCA and ON THE MARK, which were acquired in this financial year, as consolidated companies.

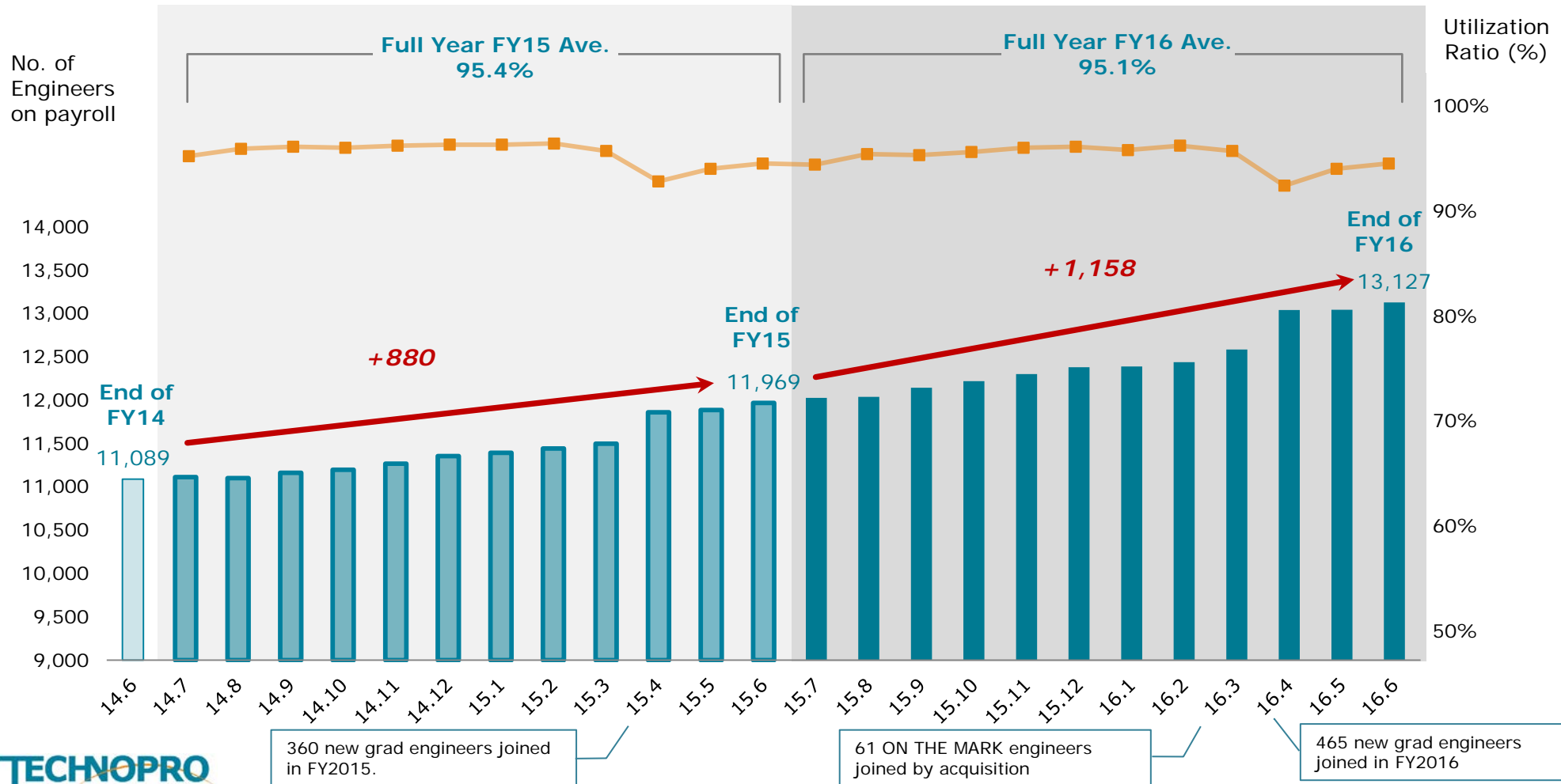
D/E ratio : 0.7 x
Net D/E ratio : 0.2 x
Net worth ratio : 37.9%

FCF 70

* Amounts are rounded down to the nearest unit.

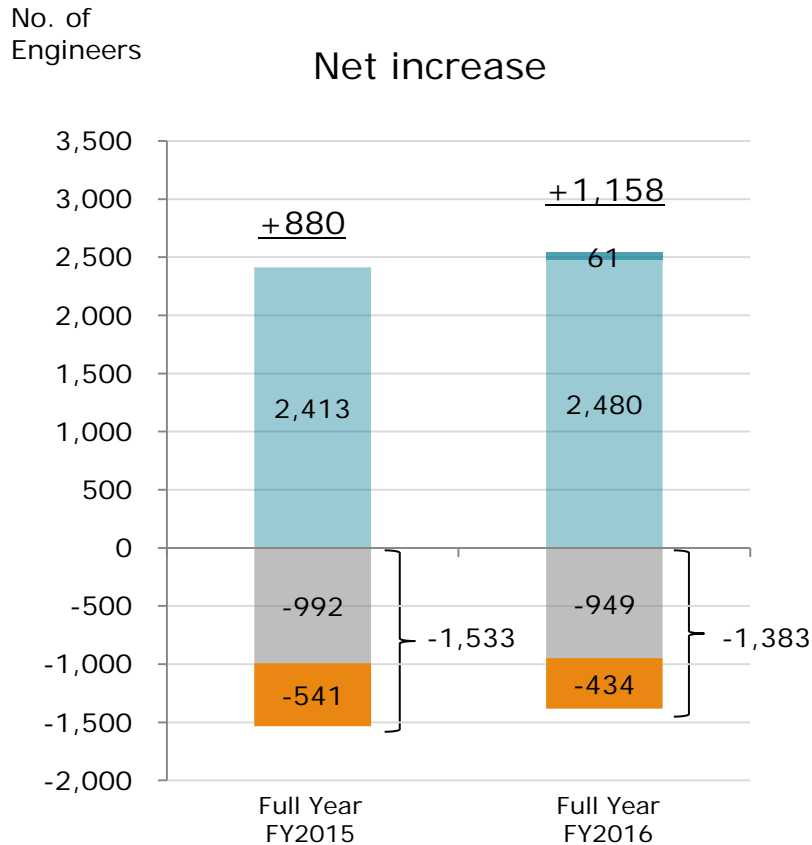
Number of Engineers & Utilization Rate

- Total engineers on payroll at the end of FY2016 were 13,127, with net increase of 1,158 (+31.6% YOY)
- Utilization rate in FY2016 was 95.1%, maintaining eligible 95% range



Recruitment/Turnover

- Newly hired engineers were 2,480 (+2.8% YOY)
- Turnover rate was 7.6%



■ ON THE MARK Co., Ltd. 61
(became consolidated subsidiary in March 2016)

■ Hired 2,480 (+ 67 / + 2.8%)
465 New graduate engineers joined in April 2016

■ Turnover 949 (-43 / -4.3%)
Turnover ratio decreased to 7.6% compared with the previous year (8.7%)

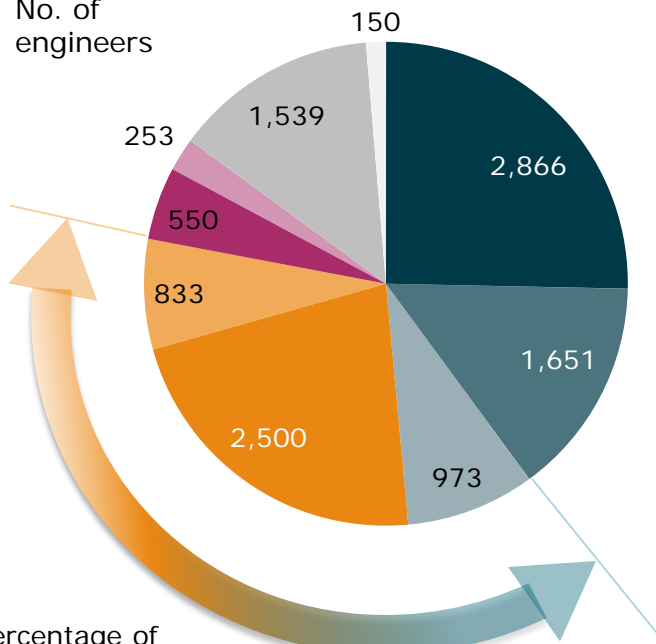
■ Contract terms matured, others 434 (-107 / -19.8%)

Assigned Engineers by Technology

- Increased in all technology
- Shortfall of IT engineers remains obvious in the market, and the assigned engineers posted a major growth in information technologies such as IT infrastructure

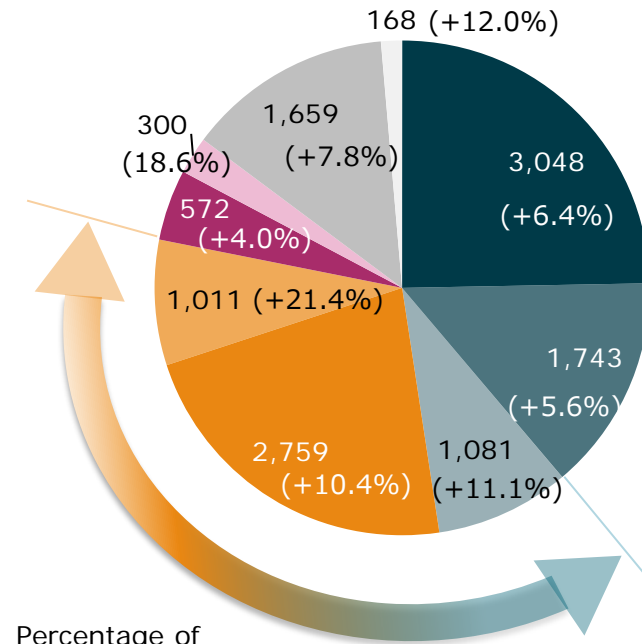
June 2015

No. of engineers



Percentage of IT engineers : 38.1%

June 2016



Percentage of IT engineers : 39.3%

- Machinery
- Elec/Electronic
- Embedded Control
- SW Development/Maintenance
- IT infrastructure
- Chemical
- Biochemical
- Construction
- Others

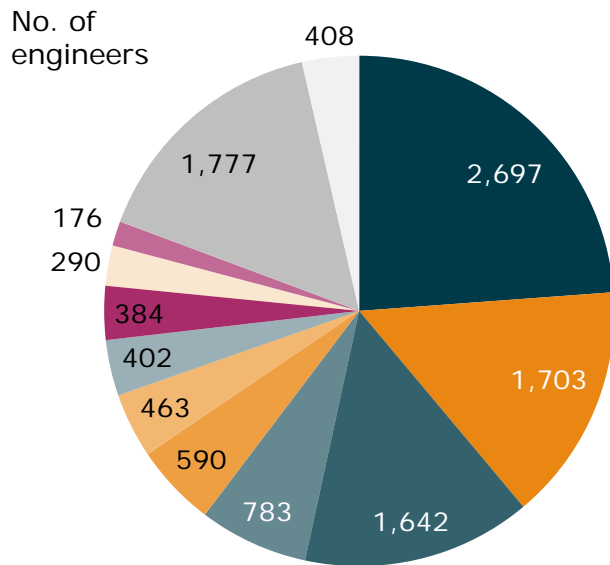
* Figures indicate assigned engineers at the end of month (excluding ON THE MARK)

** Figure in parenthesis indicates % change

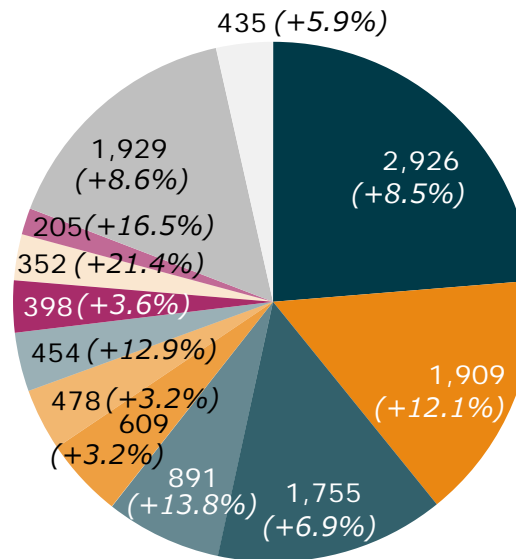
Assigned Engineers by Industrial Sectors

- Increased in all industrial sectors

June 2015



June 2016



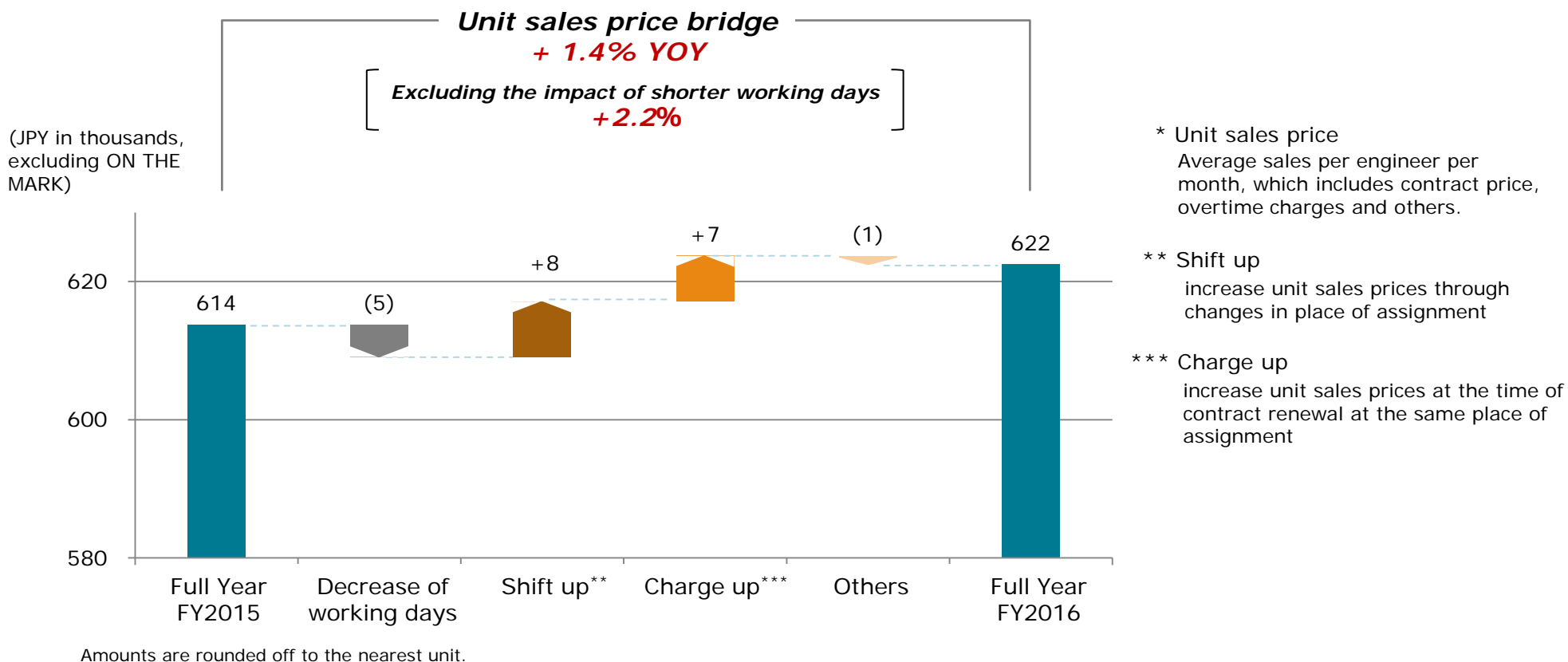
- Transportation Equipment
- IT
- Industrial Machinery
- Elec/Electronic
- Electricity/Gas/Public
- Consumer
- Medical Device
- Material
- Financial and Securities
- Pharmaceutical and Chemical
- Construction and Plant Eng.
- Others

* Figures indicate assigned engineers at the end of month (excluding ON THE MARK)

** Figure in parenthesis indicates % change

Unit Sales Price

- Unit sales price* was ¥622,000 (+¥8,000/month YOY), increased by +1.4% YOY
- Down ¥5,000/month YOY, due to 3.8 shorter working days
- Up ¥8,000/month by shift up**, and ¥7,000/month by charge up***



FY2017 Earnings Forecast

- FY2017 forecast calls for 8.5% sales growth and 7.1% operating profit increase
- Plans to keep 50% payout ratio

(JPY in millions, except per share amounts)

	Actual			Forecast	
	Full Year FY2015 (Actual)	Full Year FY2016 (Actual)	YOY	Full Year FY2017 (Forecast)	YOY
Revenue	81,241	90,323	+11.2%	98,000	+8.5%
Gross profit (GP)	19,081	21,328	+11.8%	23,200	+8.8%
<i>GP margin</i>	23.5%	23.6%		23.7%	
SG&A expenses	11,797	12,831	+8.8%	14,100	+9.9%
<i>Ratio on revenue</i>	14.5%	14.2%		14.4%	
Operating profit (OP)	7,283	8,494	+16.6%	9,100	+7.1%
<i>OP margin</i>	9.0%	9.4%		9.3%	
Profit before income taxes	6,832	7,920	+15.9%	9,000	+13.6%
Net profit**	6,874	7,359	+7.0%	7,700	+4.6%
Net profit per share	201.76	215.80	–	225.05	–
Dividend per share (plan)	100.88	111.52	–	112.53	–

KPI	Full Year FY2015 (Actual)	Full Year FY2016 (Actual)	YOY	Full Year FY2017 (Forecast)	YOY
Unit price	614	622	+1.4%	631	+1.4%
Number of engineers (year-end)	11,969	13,127	+9.7%	14,100	+7.4%
Utilization rate	95.4%	95.1%	(0.3%)	95.0%	(0.1%)

* Amounts are rounded down to the nearest unit

** Net profit attributable to owners of the parent company after deducting non-controlling interests

Disclaimer

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