



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

Earnings Presentation Fiscal Year Ended February 2017

CAREERLINK CO., LTD

April 21 (Fri.), 2017



Stock Code : 6070
Tokyo Stock Exchange, First Section

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 FY2/17**
-  **II. Annual Plan for FY2/18**
-  **III. Medium-Term Management Plan
(FY2/18-FY2/20)**
-  **IV. Reference**



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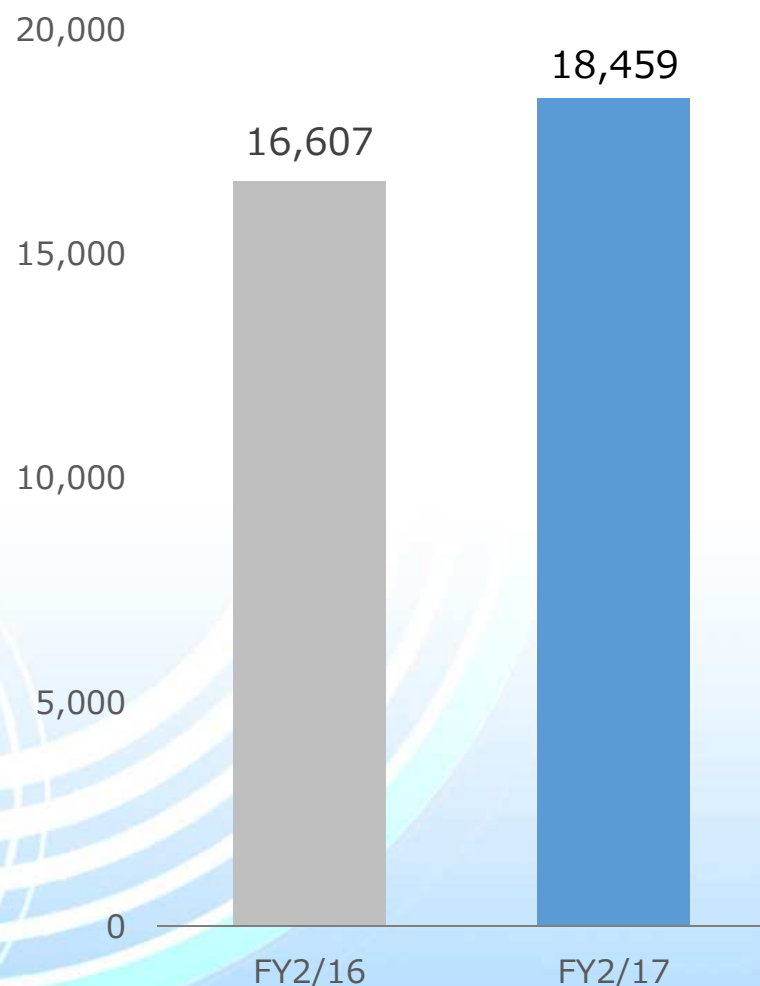
I. FINANCIAL HIGHLIGHTS FOR THE FY2/17



Financial Highlights (Sales)

Strong BPO orders contributed to sales growth

(Million yen)

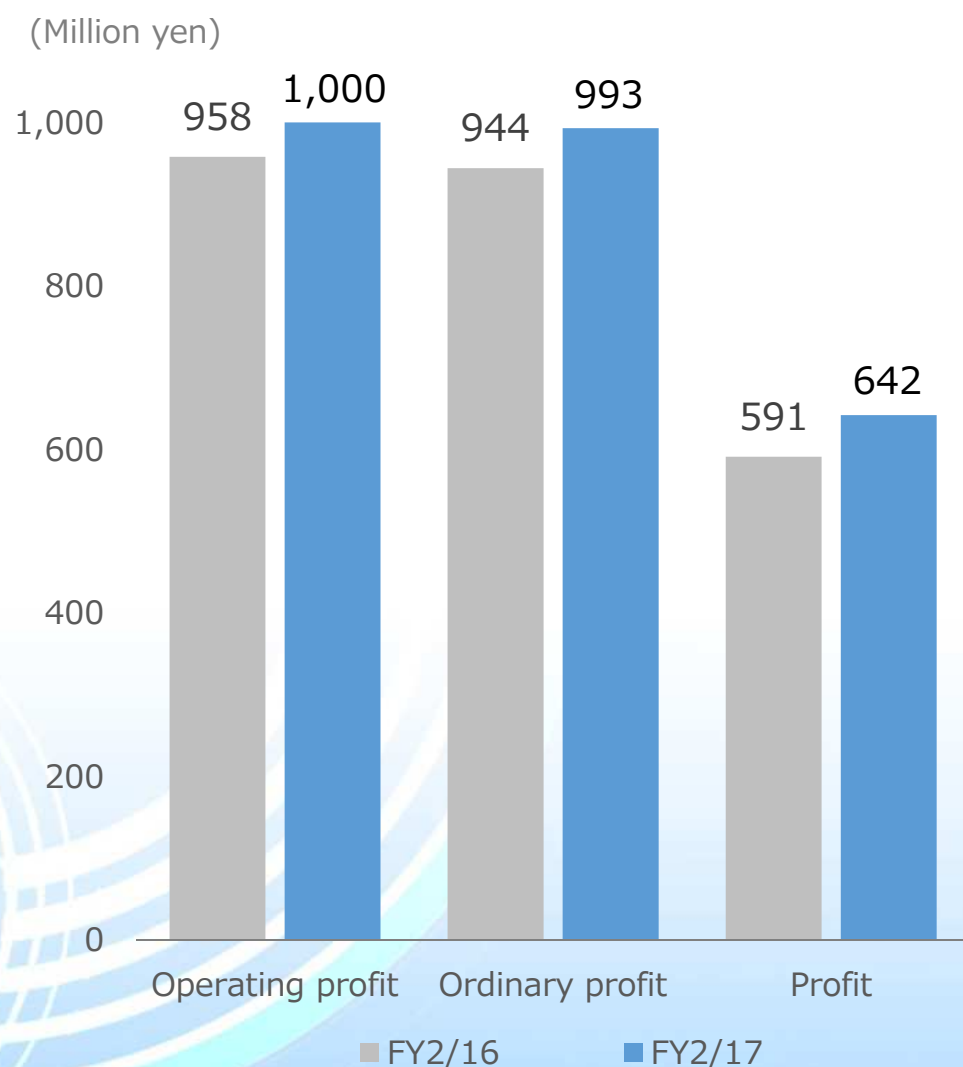


➤ **¥18,459 million**

➤ **UP 11.2% y-o-y**

(-7.6% vs. plan)

Financial Highlights (Profits)



➤ **Op. P ¥1,000 million**

➤ **UP 4.3% y-o-y**

(-10.7% vs. plan)

➤ **Ord. P ¥993 million**

➤ **UP 5.2% y-o-y**

(-10.2% vs. plan)

➤ **Profit ¥642 million**

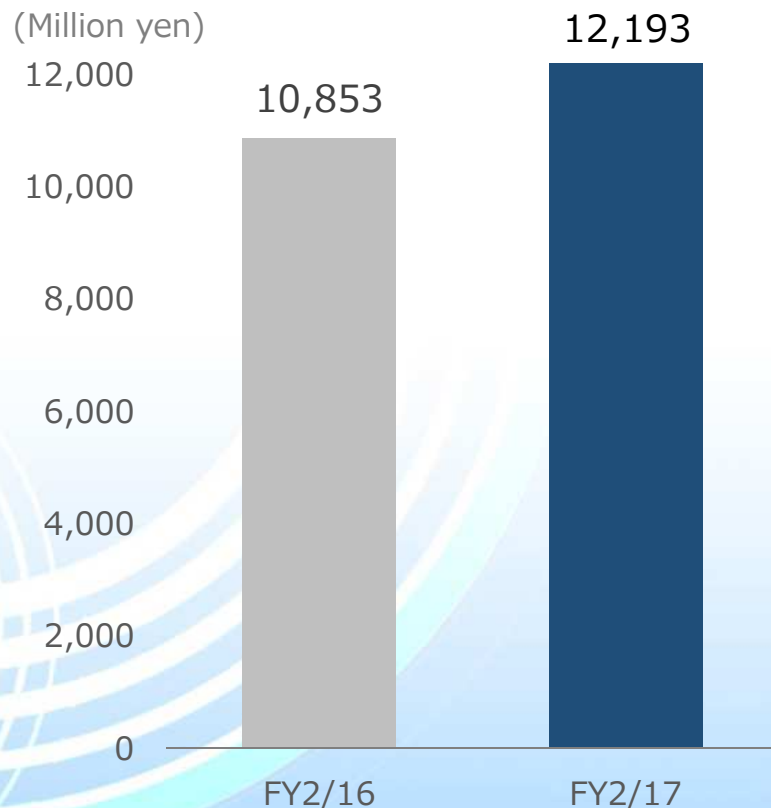
➤ **UP 8.6% y-o-y**

(-11.0% vs. plan)

Sales by Business Division (1)

Business Process Outsourcing

The volume of work at a large private-sector BPO project declined faster than expected. But orders were higher, especially for projects involving financial services and new electricity providers. Public-sector BPO orders were as expected because of work involving Japan's personal identification number system, which began in October 2015, and various temporary government benefit payments.

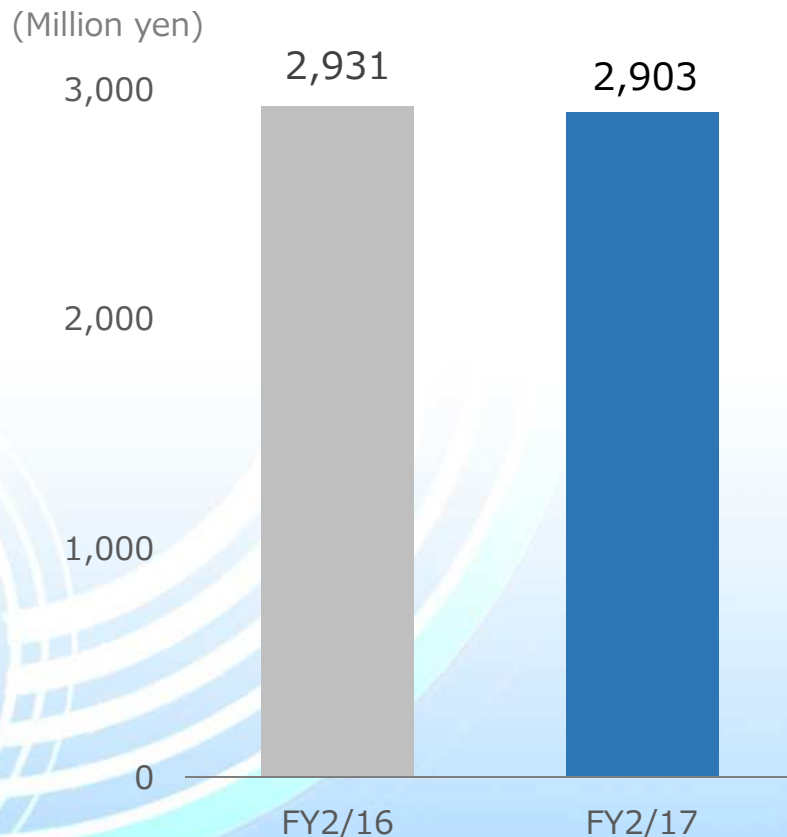


- **Sales ¥12,193mn**
- **UP 12.3% y-o-y**
(-6.1% vs. plan)

Sales by Business Division (2)

Customer Relationship Management

Call center orders were solid, but some call center orders were packaged with associated tasks and were therefore included in Business Process Outsourcing instead of this segment. The completion of a large, one-time order that was received in FY2/16 also impacted sales.



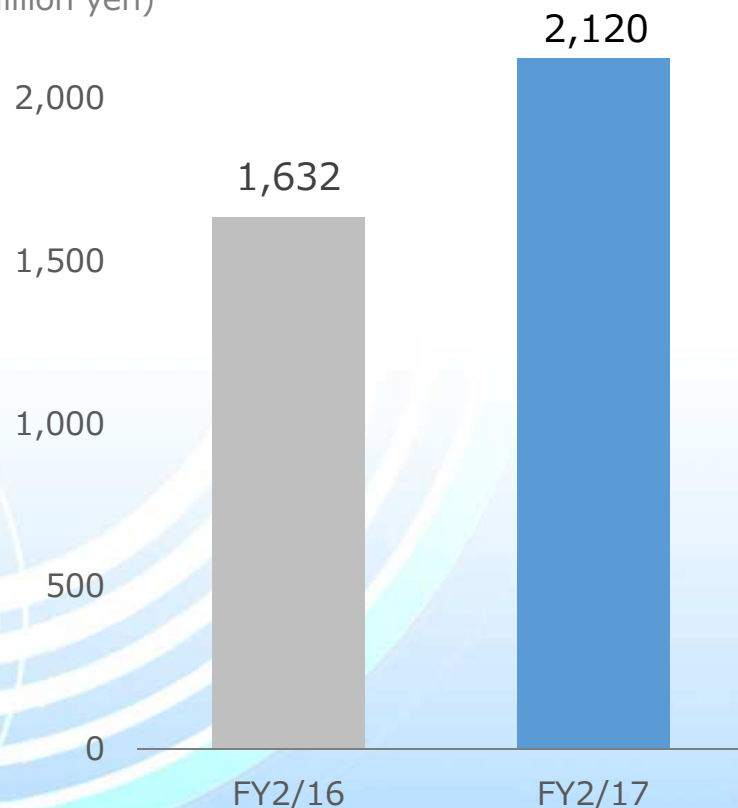
- Sales **¥2,903mn**
- Down **1.0% y-o-y**
(-7.6% vs. plan)

Sales by Business Division (3)

Manufacturing and Technology

Sales increased mainly because of growth in orders from companies in the food processing, home electronics and appliances, automobile, and medical equipment industries.

(Million yen)



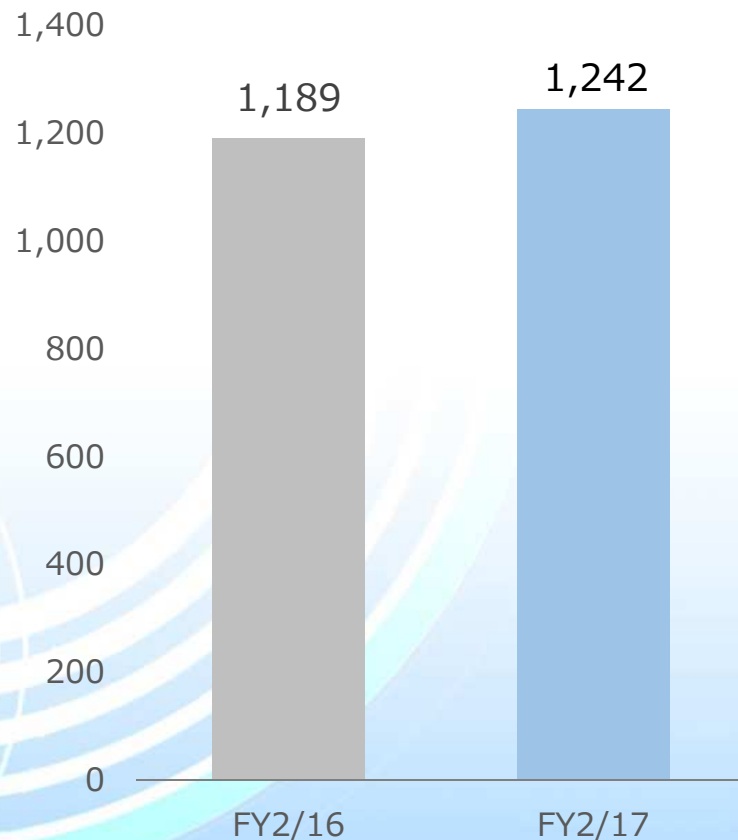
- **Sales ¥2,120mn**
- **UP 29.9% y-o-y**
(-8.3% vs. plan)

Sales by Business Division (4)

Office Services

Sales increased along with growth in the volume of business operations center tasks and other work for existing clients.

(Million yen)



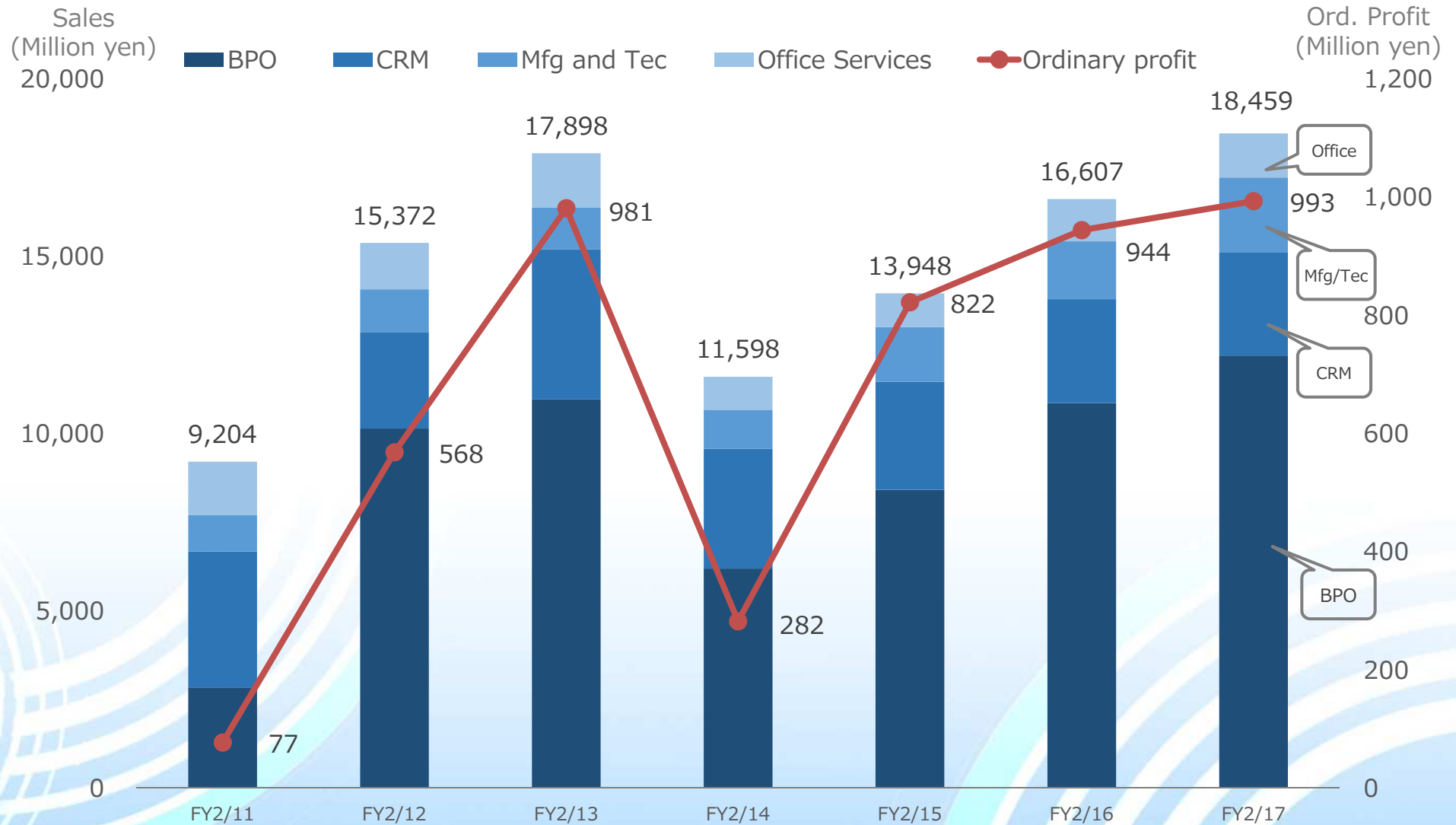
- Sales **¥1,242mn**
- **UP 4.5% y-o-y**
(-19.2% vs. plan)

Statements of Income

	Actual for FY2/16	Plan for FY2/17	Actual for FY2/17		
	Amount (Million yen)	Amount (Million yen)	Amount (Million yen)	Vs. 2016 Variance (Million yen / %)	Vs. Plan
Sales	16,607	19,984	18,459	+1,852 +11.2	-1,525 -7.6
BPO (Sales Composition)	10,853 (65.4%)	12,990 (65.0%)	12,193 (66.1%)	+1,339 +12.3	-797 -6.1
CRM (Sales Composition)	2,931 (17.6%)	3,143 (15.7%)	2,903 (15.7%)	-27 -1.0	-239 -7.6
Manufacturing and Technology (Sales Composition)	1,632 (9.8%)	2,312 (11.6%)	2,120 (11.5%)	+487 +29.9	-192 -8.3
Office Services (Sales Composition)	1,189 (7.2%)	1,538 (7.7%)	1,242 (6.7%)	+53 +4.5	-295 -19.2
Operating profit (Operating profit to Sales)	958 (5.8%)	1,119 (5.6%)	1,000 (5.4%)	+41 +4.3	-119 -10.7
Ordinary profit (Ordinary profit to Sales)	944 (5.7%)	1,106 (5.5%)	993 (5.4%)	+49 +5.2	-113 -10.2
Profit (Profit to Sales)	591 (3.6%)	722 (3.6%)	642 (3.5%)	+51 +8.6	-79 -11.0

Annual Sales

Sales and ordinary profit rose to all-time highs



Financial Condition

		End of FY2/16	End of FY2/17		
		Amount (Million yen)	Amount (Million yen)	Variance (Million yen)	Main reasons for changes (Million yen)
	Current assets	4,900 87.2%	5,178 88.7%	+278	<ul style="list-style-type: none"> • Cash and deposits + 160 • Accounts receivable – trade + 54 • Securities + 100 • Long-term time deposits + 100 • Investment securities -202
	Non-current assets	719 12.8%	658 11.3%	-61	
	Total assets	5,620 100.0%	5,837 100.0%	+217	
	Current liabilities	2,476 44.1%	2,292 39.3%	-184	<ul style="list-style-type: none"> • Income taxes payable + 42 • Provision for employee stock ownership plan + 23 • Long-term loans payable -217 • Accounts payable -47 • Accrued consumption taxes -53 • Advances received -70
	Non-current liabilities	484 8.6%	341 5.8%	-143	
	Total liabilities	2,961 52.7%	2,633 45.1%	-327	
	Total net assets	2,658 47.3%	3,203 54.9%	+544	
Total liabilities and net assets		5,620 100.0%	5,837 100.0%	+217	

Cash Flows

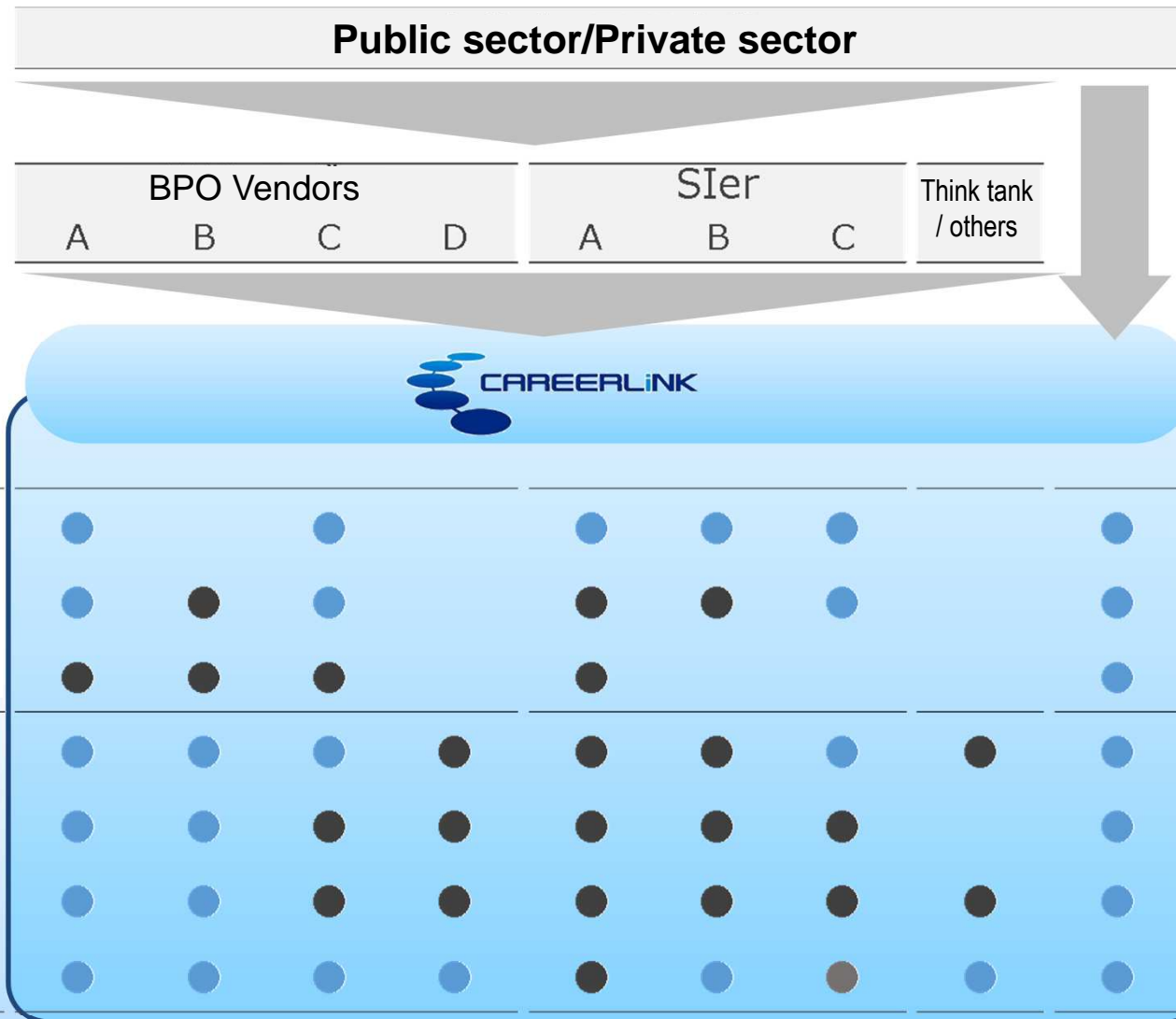
	FY2/16	FY2/17	
	Amount (Million yen)	Amount (Million yen)	Main reasons for changes (Million yen)
Operating activities	- 203	645	<ul style="list-style-type: none"> • Profit before income taxes +993 • Income taxes paid -337
Investing activities	- 273	- 128	<ul style="list-style-type: none"> • Purchase of property, plant and equipment and intangible assets -106 • Payments into time deposits -100 • Proceeds from sales of investment securities +103
Free cash flow	- 476	516	
Financing activities	- 23	- 356	<ul style="list-style-type: none"> • Proceeds / redemption of long-term loans payable -217 • Proceeds / redemption of issuance of bonds -47 • Cash dividends paid -113
Net increase (decrease) in cash and cash equivalents	- 500	160	
Cash and cash equivalents, beginning of period	3,118	2,617	
Cash and cash equivalents, end of period	2,617	2,778	

FY2/17 Achievement (1)

Stronger ties with BPO vendors and others in key market categories

As of the end of Feb. 2017

- : 29 orders received
- : 24 prospects



FY2/17 Achievement (2)

Market share of about **40%** for proposal-based projects (personal ID number)

Personal ID number (15 orders)

- Taito ward • Ota ward • Musashino city • Fuchu city
- Chiba city • Matsudo City • Tokorozawa city • Kasukabe city
- Kyoto city • Suita city • Nishinomiya City • Himeji city • Others*
- **Shinjuku wars** • **Kunitachi city**

Low-income supplementary payment projects (9 orders)

- Sendai city • Adachi ward • Kikubunji city • Higashi-Osaka city • Himeji city • Others*
- **Izumi city** • **Tndabayashi city** • **Kakogawa city**

Pensions/other (10 orders)

- **Japan Pension Service (HQ, South Kanto, Kinki)**
- **METI** • **Chiba pref.** • **Shinjuku ward** • **Koto ward**
- **Sakai city**

As of February 28, 2017

- Municipalities that placed discretionary contracts in FY2/16 and negotiated orders in FY2/17
- **Government agencies and municipalities that submitted orders for the first time in FY2/17**

*There were also secondary outsourcing orders received from BPO vendors and other sources.

*For proposal-based projects, bids are evaluated based on plans and other proposed services rather than on price alone.



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II. ANNUAL PLAN FOR FY2/18



Careerlink Factory

Careerlink established wholly owned subsidiary Careerlink Factory on March 1, 2017 and the new company plans to start operations on June 1.

Careerlink

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graph TD; Careerlink --> Clerical[Clerical human resources services]; Careerlink --> Manufacturing[Manufacturing human resources services]; Clerical --> BPO[Business Process Outsourcing]; Clerical --> CRM[Customer Relationship Management]; Clerical --> OS[Office Services]; Manufacturing --> CFF["(100% owned) Careerlink Factory Co., Ltd."]; Manufacturing --> FP[Food processing]; Manufacturing --> Mfg[Manufacturing];
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Clerical human resources services

Business Process Outsourcing

Customer Relationship Management

Office Services

(100% owned)
Careerlink Factory Co., Ltd.

Manufacturing human resources services

Food processing

Manufacturing

Annual Plan for FY2/18 (consolidated)

Planning on achieving record-high sales and earnings in FY2/18

	FY2/17 Actual		FY2/18 Plan	
	Amount (Million yen)	Vs. FY2/16	Amount (Million yen)	Vs. FY2/17
Sales	18,459	+11.2%	19,056	+3.2%
Operating profit [% to Sales]	1,000 [5.4%]	+4.3%	709 [3.7%]	-29.1%
Ordinary profit [% to Sales]	993 [5.4%]	+5.2%	700 [3.7%]	-29.5%
Profit [% to Sales]	642 [3.5%]	+8.6%	467 [2.4%]	-27.2%

Business Strategy FY2/18 (1)

Build a sound base for accomplishing the goals of the medium-term plan

Business Process Outsourcing

- Increase the number of public-sector clients
- Capture more large orders from national government ministries and agencies
- Target a broader range of perpetual utility and other public services
- Become more competitive and profitable and upgrade knowledge to further differentiate services
- Serve diverse financial service outsourcing needs to make BPO projects larger
- Increase activities involving the alliance strategy
- Use the strategic reallocation of SV/core OP to speed up business growth
- Reinforce operational skills by acquiring ISO9001 certification
- Fully utilize Careerlink's own contact centers

Business Strategy FY2/18 (2)

Customer Relationship Management

- Increase the volume of business with financial institutions.
- Target demand at telemarketing companies in areas outside Japan's major metropolitan areas.

Office Services

- Increase BPO orders by strategically deploying unlimited employment period personnel and targeting tasks associated with highly profitable ordinary office work projects.
- Increase the effectiveness of career paths and use a hybrid business model that combines unlimited employment, temp-to-permanent employment and regular staffing.

Manufacturing human resources

- Capture orders from food companies; achieve low-cost operations
- Use teams for projects for the rigorous oversight of workers
- Work on creating jobs, especially for seniors



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III. MEDIUM-TERM MANAGEMENT PLAN (FY2/18-FY2/20)



Business Strategy

Speed up the growth strategy with the BPO Business as the driving force

Sales growth

- Become more competitive in the temporary staffing market
- Growth by targeting demand created by Japan's personal identification number system
- Target high-volume BPO projects in the private and public sectors

Reinforce proposal and operational skills

- Increase skills and quality concerning the creation of project proposals
- Use teams for a broader spectrum of projects

Strengthen manufacturing human resources

- Receive more orders from food companies

Mergers and acquisitions

- Use mergers and acquisitions to extend BPO operations into new business domains

Goals (1)

	FY2/17 Actual (Billion yen)		FY2/20 Plan (Billion yen)
Sales	18.4		26.8
Operating profit 【% to Sales】	1.00 【5.4%】		1.44 【5.4%】
Ordinary profit 【% to Sales】	0.99 【5.4%】		1.43 【5.3%】
Profit 【% to Sales】	0.64 【3.5%】		0.96 【3.6%】



Numerical Goals (Sales)

(Billion yen)

UP 45% vs. FY2/17

30

- Manufacturing human resources
- Office services
- CRM
- BPO

20

18.4

19.0

22.3

26.8

10

0

FY2/17 (Actual)

FY2/18 (Plan)

FY2/19 (Plan)

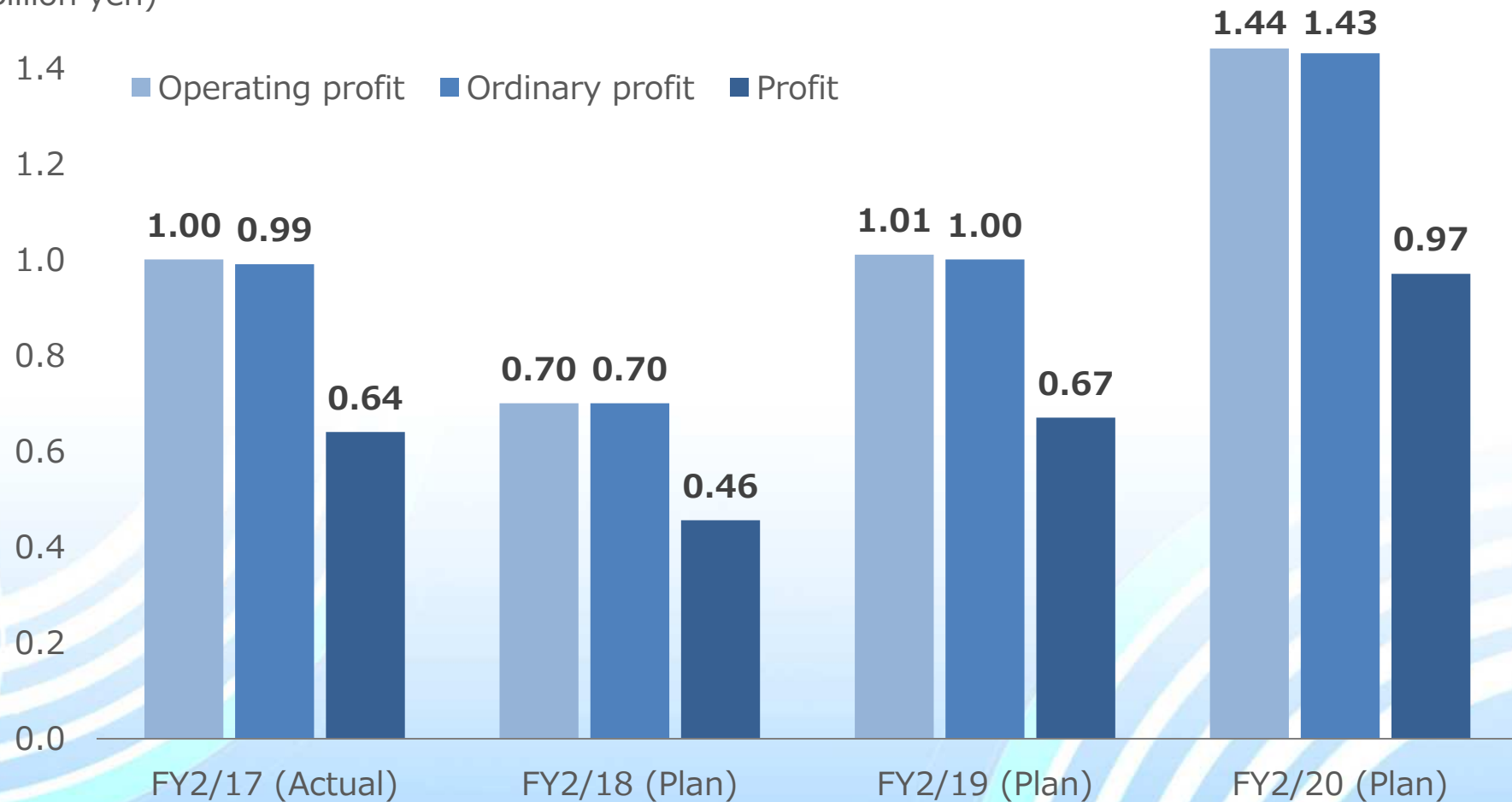
FY2/20 (Plan)

Numerical Goals (Profits)

Vs. FY2/17

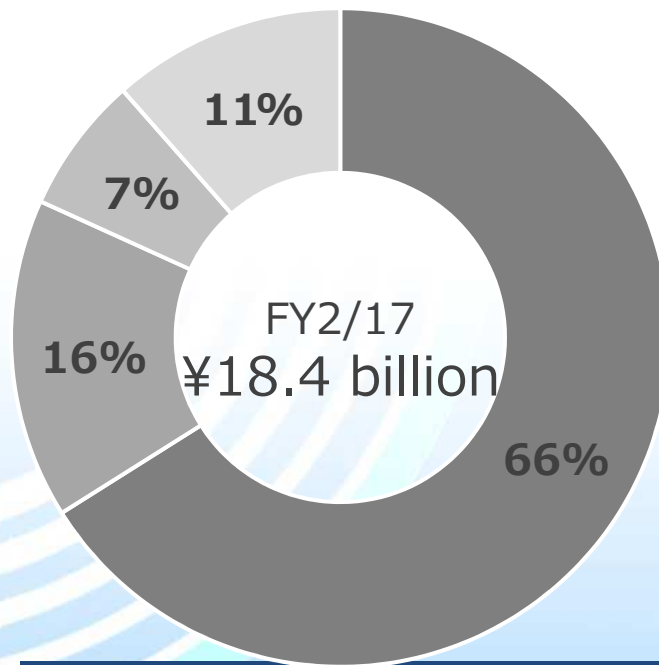
Op. profit	+44.2%
Ord. profit	+44.9%
Profit	+51.4%

(Billion yen)

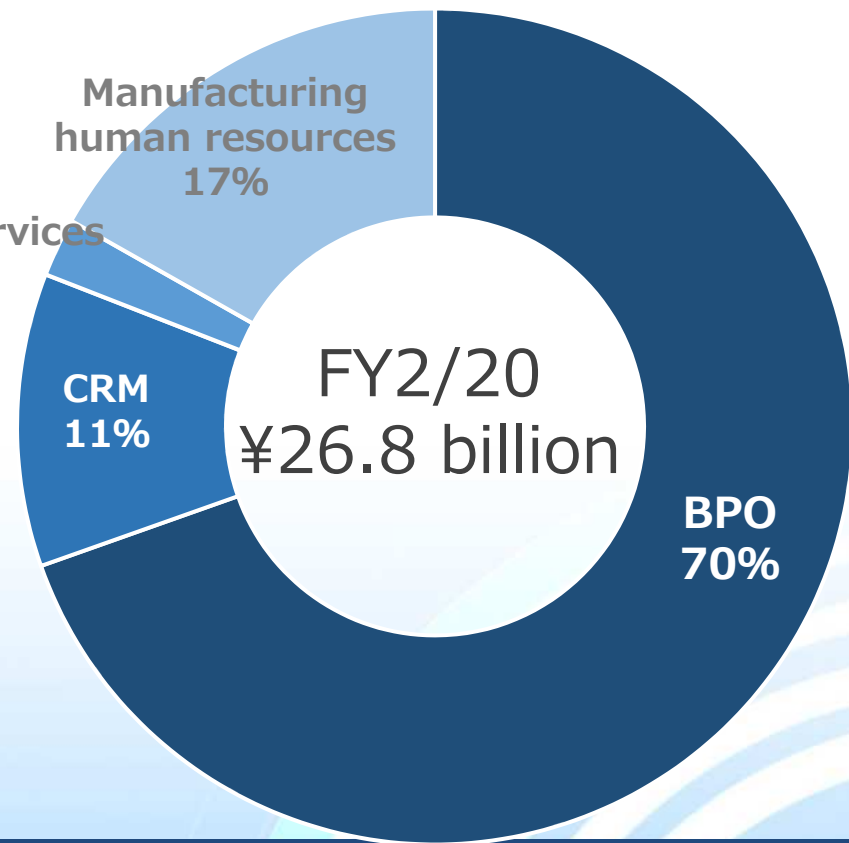


Sales by Business

Aiming to raise the core BPO segment to **70%** of total sales



Office services
2%



BPO Business

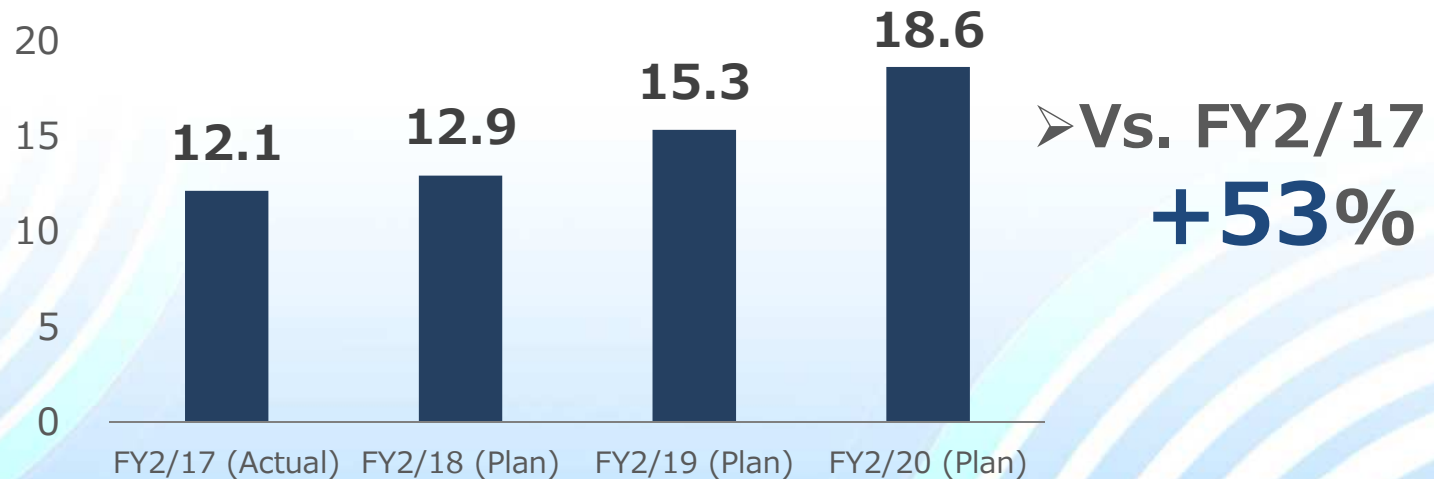
Goals

Use high-quality BPO services to rank first in BPO customer satisfaction

- ❖ Use expertise gained from large projects to become even more competitive in the temporary staffing market.
- ❖ Build on capabilities as a BPO solution provider and aim for Tier 1, which includes IT and other upstream processes.
- ❖ Use quality operations at personal identification number and other projects to earn a reputation for excellence among customers; leverage this reputation to achieve steady growth in the volume of BPO services provided.
- ❖ Make Careerlink synonymous with outstanding quality; further improve quality to make the Careerlink brand even more powerful and continue growing.

Sales

(Billion yen)



CRM Business

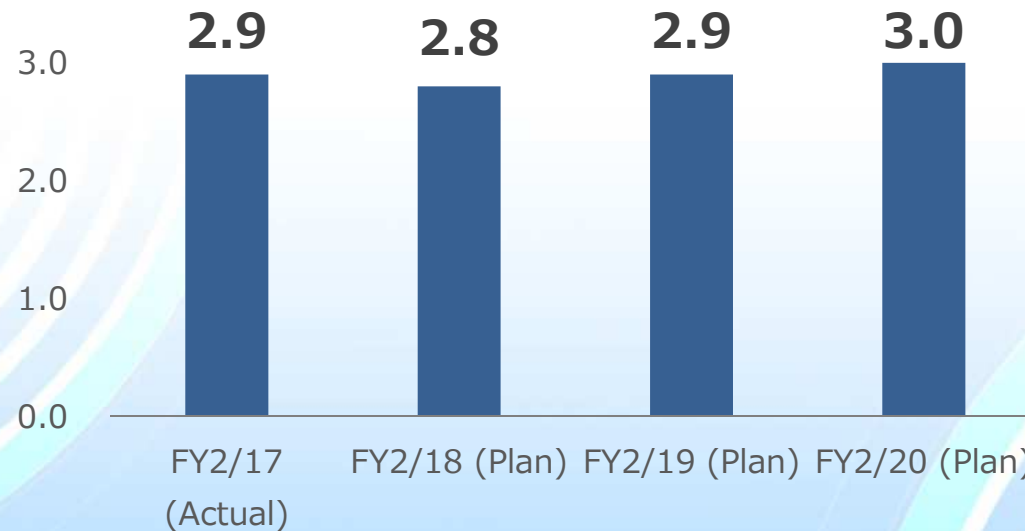
Goals

Convert CRM orders to BPO orders by creating value-added proposals

- ❖ Target outsourcing demand at telemarketers
- ❖ Make highly profitable CRM projects the main target while also capturing orders for peripheral operations in order to contribute to growth in BPO orders.
- ❖ Improve the quality of the temporary placement workforce and increase unit prices every year.
- ❖ Increase earnings by using KPI for regular and team temporary placement services, raising efficiency and achieving higher customer satisfaction.

Sales

(Billion yen)



➤ Vs. FY2/17
+4%

Office services Business

Goals

Enlarge high-margin projects to peripheral tasks and convert to BPO

- ❖ Increase the effectiveness of career paths and use a hybrid business model that combines unlimited employment, temp-to-permanent employment and regular staffing.

Sales

(Billion yen)

1.5

1.2

1.0

0.5

0.5

0.6

0.5

0.0

FY2/17
(Actual)

FY2/18 (Plan)

FY2/19 (Plan)

FY2/20 (Plan)

➤ Vs. FY2/17

-51%

Manufacturing Human Resources Business

Goals

Be a reliable supplier of people in the manufacturing sector, where there is a severe shortage of workers

- ❖ Expand operations primarily in the food industry
- ❖ Use teams of workers that combine seniors and foreigners
- ❖ Increase the effectiveness of career paths and use a hybrid business model that combines unlimited employment, long-term employment and regular staffing.

Sales

(Billion yen)

5.0

4.0

3.0

2.0

1.0

0.0

2.1

2.6

3.5

4.5

➤ Vs. FY2/17
+113%

FY2/17
(Actual)

FY2/18 (Plan)

FY2/19 (Plan)

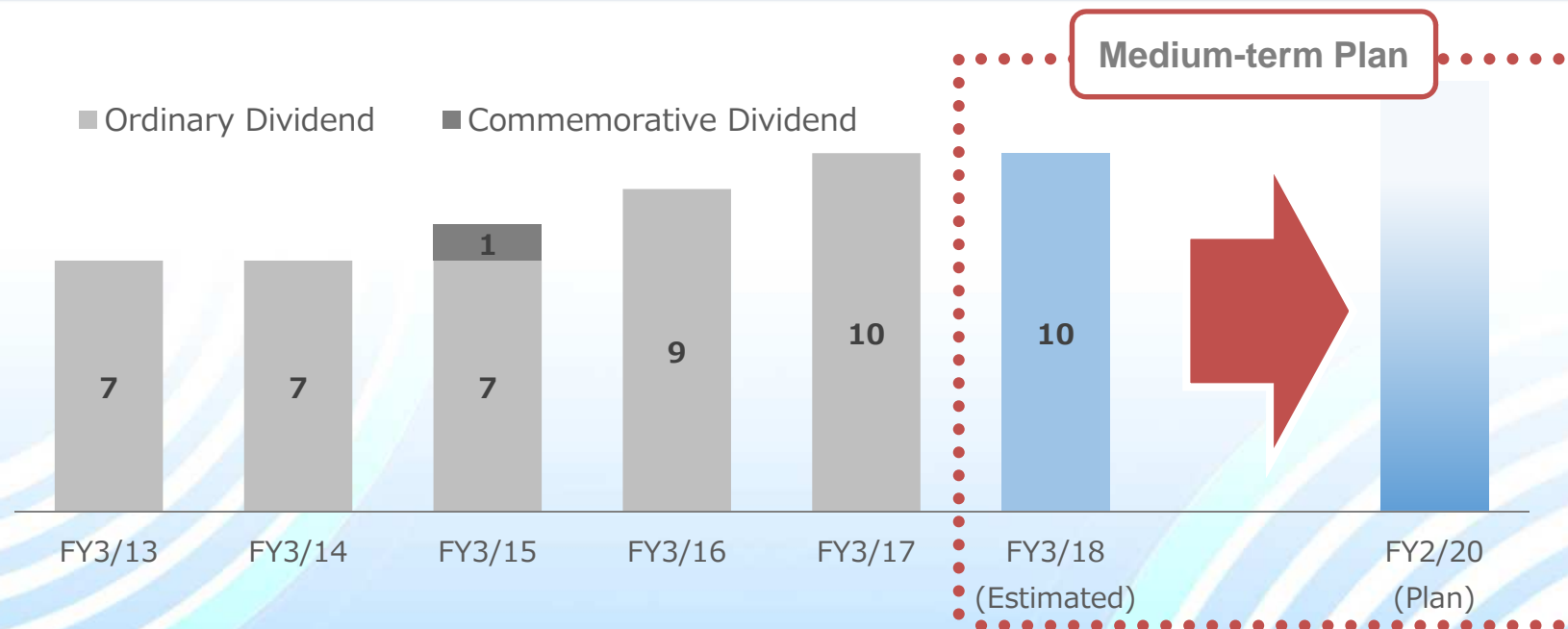
FY2/20 (Plan)

Shareholder Distributions (1)

Distribution policy during the medium-term plan

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



Note: Shareholder gift has been adjusted for the two-for-one stock split on June 1, 2016.

IV. REFERENCE



Company Overview

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 ■ Business Process Outsourcing ■ Customer Relationship Management ■ Office Services
Stated Capital	388,005,500 yen (As of February 28, 2017)
Employees	688 (As of February 28, 2017)
Accounting Period	February
Stock Exchange Listing	Tokyo Stock Exchange, First Section (Stock Code: 6070)
Group Company	Careerlink Factory Co., Ltd. ■ Manufacturing human resources business

Significant Events and Sales Growth

(Million yen)

20,000

15,000

10,000

5,000

0

Oct. 1996
FY3/97
FY3/98
FY3/99
FY3/2000
FY3/01
FY3/02
FY3/03
FY3/04
FY3/05
FY2/06
FY2/07
FY2/08
FY2/09
FY2/10
FY2/11
FY2/12
FY2/13
FY2/14
FY2/15
FY2/16
FY2/17
FY2/18 (Plan)

'96
Company established to provide general temporary staffing services

'97
Received approval for a general temporary staffing service, started supplying office and call center workers, started what is now the Customer Relationship Management business

'99
Received approval for an employee placement service and started this business (including the current office worker staffing business)

'04
Following amendment to temporary staffing law, started operations for factory workers and engineers

'07
Started the Business Process Outsourcing business

Nov. 2012
Listed on Tokyo Stock Exchange Mothers Market

Aug. 2013
Listed on Tokyo Stock Exchange Second Section

Jan. 2015
Listed on Tokyo Stock Exchange First Section

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

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

(4) Manufacturing Human Resources Business

- ◆ Temporary staffing service and contracted work involving assembly line tasks as well as all activities associated with manufacturing and distribution

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.

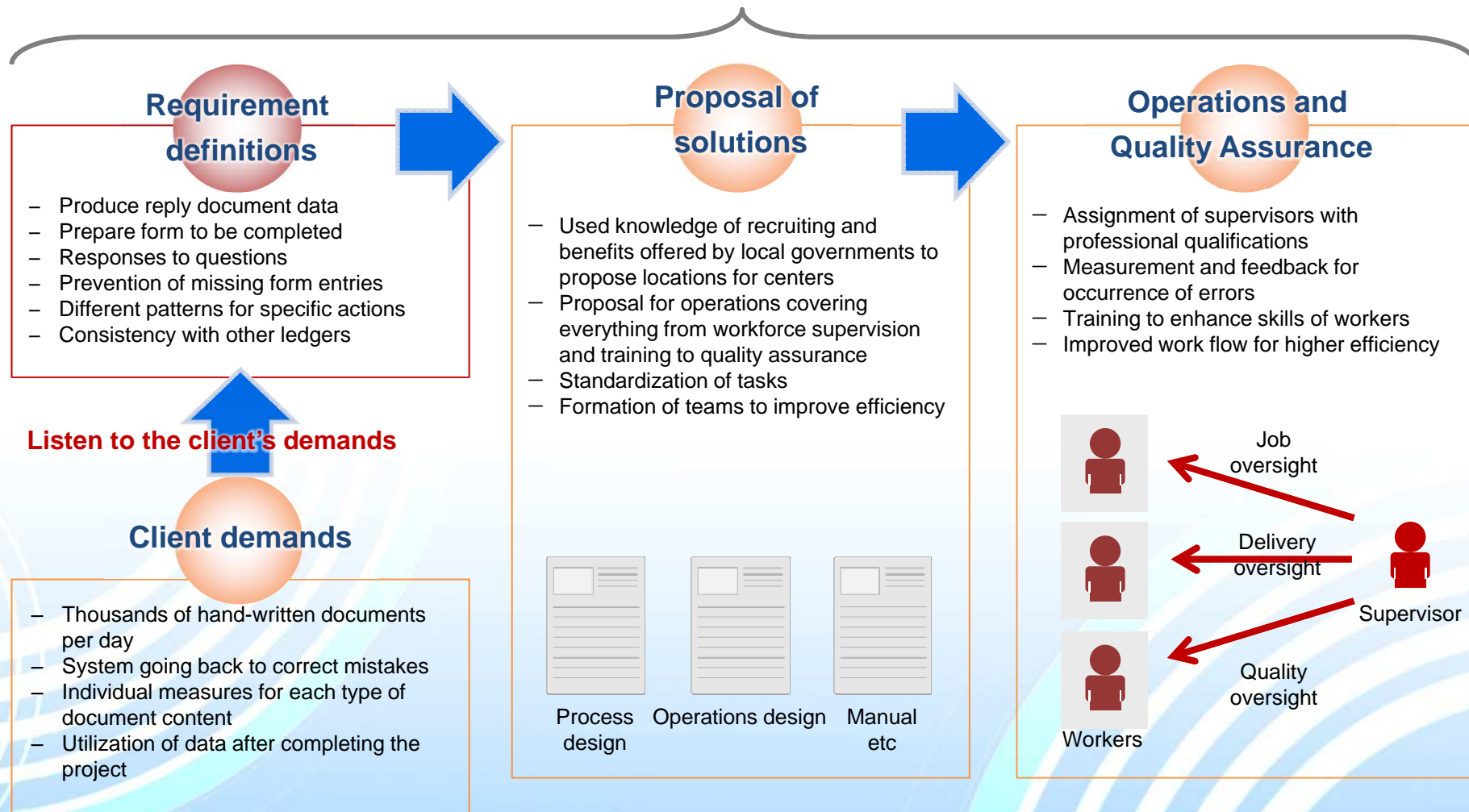
◆ Major examples of large projects

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)

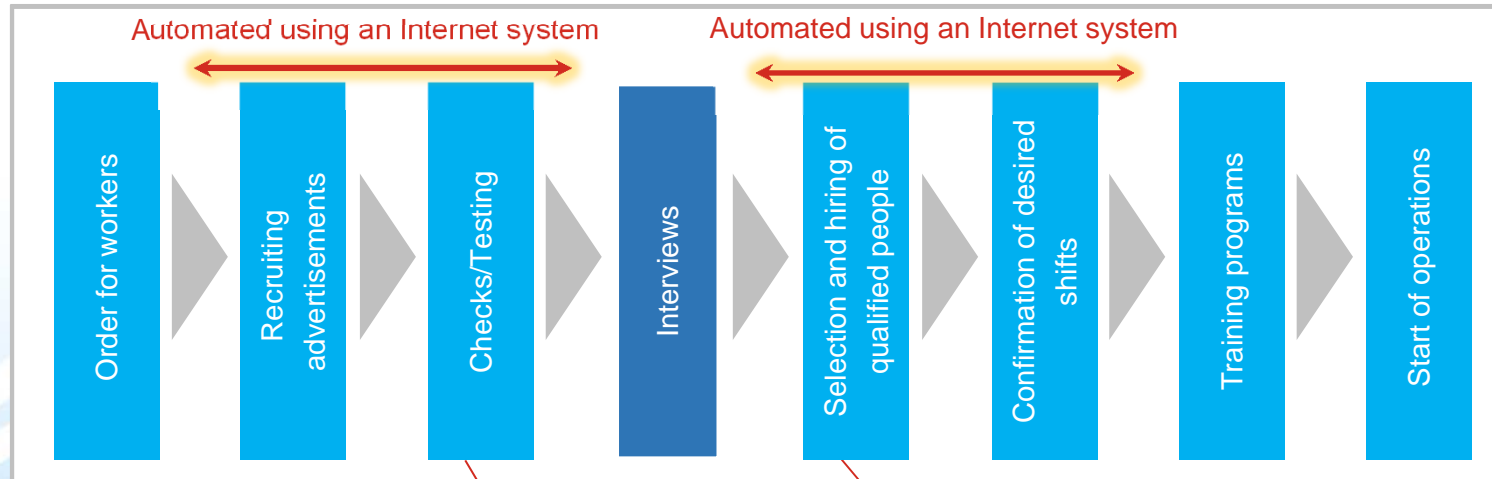
2 Able to start operations quickly and handle large volumes of work

- 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

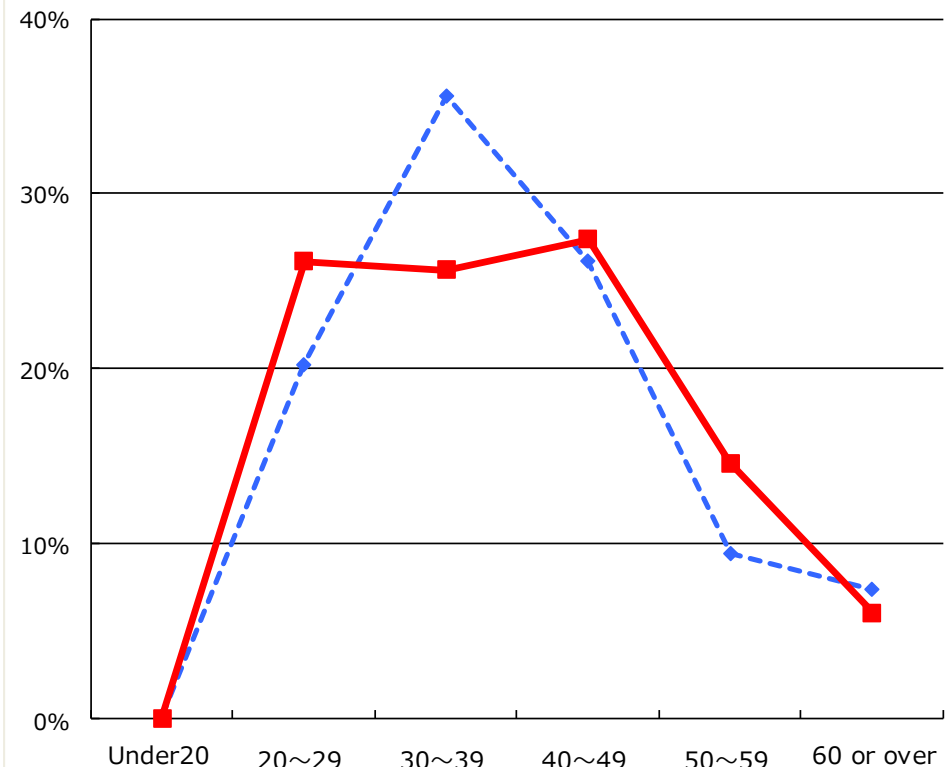
3 A framework for increasing workers' skills and job satisfaction

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)

Age Composition of the Temporary Placement Workers

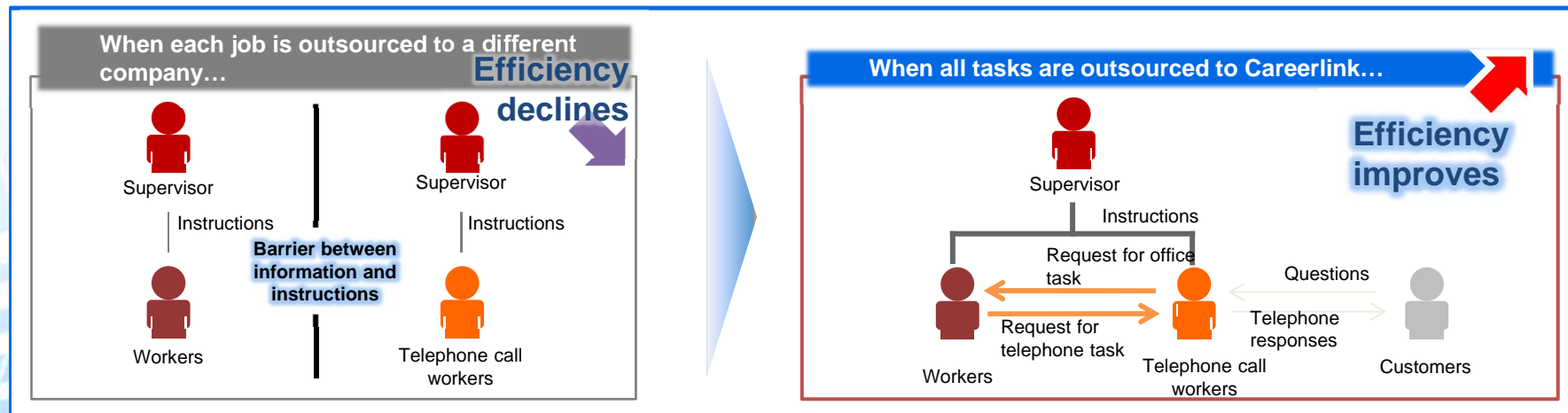
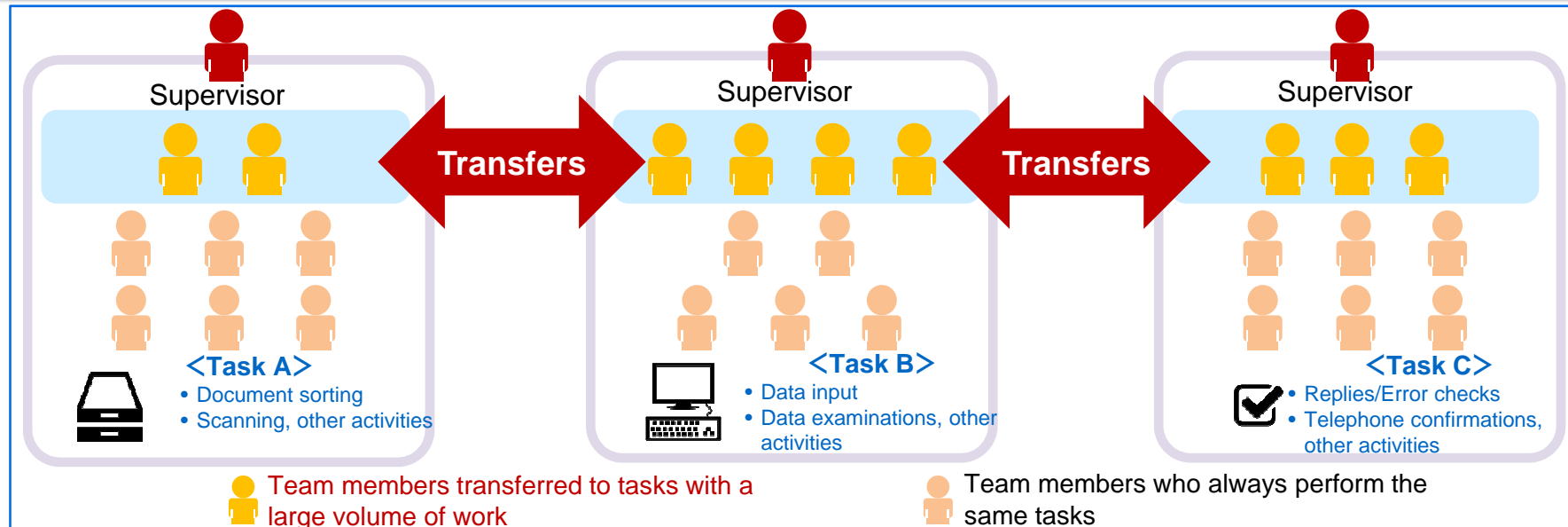


◆ Fiscal 2012 Temporary Worker Survey by the Ministry of Health, Labour and Welfare

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

Three Key Strengths (3)-2

Sending workers in teams improves efficiency



Dedicated to sincerity and excellence for human resource services



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

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