COMPANY RESEARCH AND ANALYSIS REPORT

CAREERLINK CO., LTD.

6070

Tokyo Stock Exchange First Section

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Index

Summary

Company forecasts income declines for FY2/18 because of a drop in the volume of clerical work for a large project for a private company

Careerlink Co., Ltd. <6070> (hereafter, also "the Company") provides comprehensive human resource services, primarily business process outsourcing. Its main strength is know-how in operating projects that need to be launched quickly and require large amounts of labor. After completing many projects for the public sector, the Company now obtains most of its business from the private sector. On March 1, 2017, the Company converted its manufacturing and technology division into a wholly owned subsidiary, Careerlink Factory Co., Ltd., so this business unit could more efficiently dispatch personnel to manufacturing and food processing plants than it could before. This subsidiary will be consolidated from the fiscal year through February 2018, i.e., from FY2/18.

1. Non-consolidated net sales and ordinary profit reached record highs in FY2/17, for the first time in four years

In FY2/17, non-consolidated net sales advanced 11.2% year on year (YoY) to ¥18,459mn, and ordinary profit grew 5.2% to ¥993mn. Although both figures fell short of the Company's original forecasts of ¥19,984mn and ¥1,106mn, respectively, they increased YoY for the third consecutive year, reaching record highs for the first time in four years. In the main division of business process outsourcing (BPO), sales and income were smaller than the Company had planned, mainly because the volume of clerical work performed for a large project for a private company shrank faster than the Company had foreseen and the number of processes required for new spot orders exceeded the number planned by the Company. However, BPO sales and income climbed YoY, aided by increases in sales to local government organizations to implement Japan's new personal identification number system and to make temporary benefit payments. This performance by the BPO division and a strong showing by the manufacturing and technology division led to YoY rises in total sales and income.

2. Company forecasts income declines for FY2/18 because of a drop in the volume of clerical work for a large project for a private company

For FY2/18, the Company projects a 3.2% YoY upturn in consolidated net sales to ¥19,056mn and a 29.5% decrease in ordinary profit to ¥700mn. For the BPO division, the Company foresees declines in the volume of orders for large projects for private companies and for local government organizations to implement Japan's personal identification number system and to make temporary benefit payments. However, the Company expects an increase in new orders for the BPO division from financial companies to implement the personal identification number system. The Company also anticipates an increase in new orders for the manufacturing and technology business now being conducted by subsidiary Careerlink Factory. Therefore, the Company forecasts a YoY increase in total consolidated net sales in FY2/18, but because new projects tend to yield little profit in their initial stage, the Company foresees income declines.

3. Company targets consolidated net sales of ¥26.8bn and consolidated ordinary profit of ¥1.43bn for FY2/20

The Company announced a new medium-term management plan for FY2/18–2/20, aiming to generate consolidated net sales of ¥26.8bn and consolidated ordinary profit of ¥1.43bn in FY2/20. It intends to expand the business of its BPO division by taking advantage of its ability to make proposals to simultaneously improve administrative efficiency and product quality and its ability to implement proposed plans quickly. It also aims to boost sales at Careerlink Factory, mainly to the food processing industry, which is suffering from a severe shortage of workers. Deposit accounts at Japanese banks are likely to be matched to personal ID numbers from 2018, and the Company anticipates that this requirement will contribute to sales and profit growth in the BPO division. As part of its growth strategy, the Company plans to engage in M&A, targeting IT companies that could increase the competitiveness of the BPO division, but its performance targets for FY2/18–2/20 do not assume any contributions from merged or acquired entities.

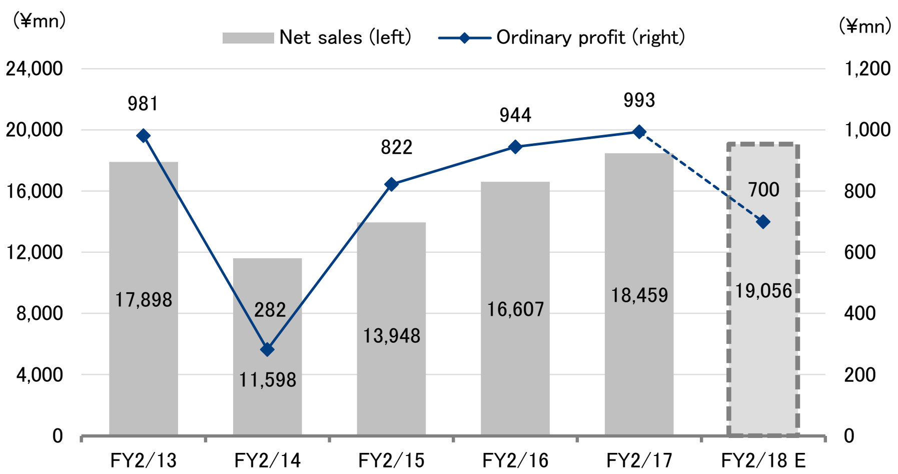
4. Shareholder return policy is to pay steady dividends reflecting income growth and to extend gifts

The Company pays stable dividends and awards gifts to its shareholders. It also aims to increase its annual dividends as its profits grow. For FY2/18, the Company plans to pay full-year dividends of ¥10.0 per share, which would equal the dividends it paid for FY2/17, even though it foresees income declines in FY2/18. This payment would provide a dividend payout ratio of 26.8% based on the Company's EPS forecast for FY2/18. Every year, the Company presents to its shareholders at the end of August QUO cards worth ¥500–2,000 each, depending on the number of shares held.

Key Points

- Know-how to operate large projects and an original system to match personnel to jobs are Company strengths
- For FY2/18, the Company projects income drops for the first time in four years, but this forecast may be conservative
- By aggressively expanding its BPO and manufacturing and technology divisions, the Company aims to achieve consolidated net sales of ¥26.8bn in FY2/20

Net sales and ordinary profit, FY2/13–FY2/18E



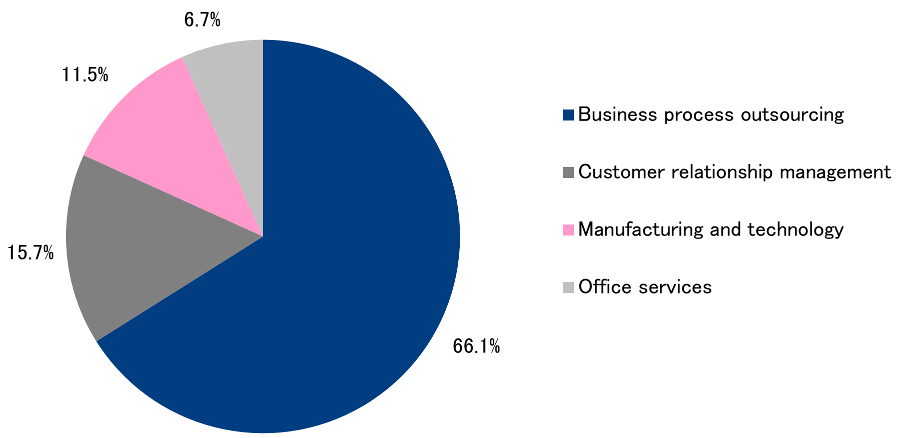
Source: Prepared by FISCO from the Company's financial results

Business overview

Know-how to operate large projects and a proprietary system that matches personnel to jobs are Company strengths

Founded in 1996, Careerlink initially just dispatched temporary workers. Now, it has four divisions: BPO, customer relationship management (CRM), manufacturing and technology, and office services. To improve management speed and efficiency in the manufacturing and technology division, the Company converted this division into wholly owned subsidiary Careerlink Factory on March 1, 2017. In FY2/17, the BPO division supplied 66.1% of net sales, the CRM division, 15.7%, the manufacturing and technology division, 11.5%, and the office services division, 6.7%. These divisions are described below.

Breakdown of FY2/17 net sales by division



Source: Prepared by FISCO from the Company materials

1. Business process outsourcing

To increase operational efficiency, lower costs, and improve the quality of their services, businesses and government organizations rely on outside companies to provide some of their business processes. Careerlink's BPO division contributes to this subcontracting process in several ways. It dispatches temporary personnel to subcontractors for projects under contract. It also presents proposals for improving operational efficiency to subcontractors and dispatches temporary personnel to the subcontractors under incentive contracts. It facilitates the subcontracting of business processes by companies and government organizations, and it contracts directly with these entities to provide temporary personnel.

By outsourcing some of their business processes, companies and government organizations can reduce their fixed costs, since they do not have to use full-time employees for the outsourced work, and lower their administrative costs. They can also improve the quality of their direct services to customers and their call centers by outsourcing some of their business processes. The Public Services Reform Act implemented in 2006 requires public agencies and other organizations affiliated with the government to use competitive bidding by the private sector for projects that meet a marketability test.

Careerlink's main strength is its ability to supply even more than 1,000 workers to launch a large project in about one month. Another strength is the Company's ability to propose and implement policies quickly to improve operational efficiency. It can do so for several reasons. It has a proprietary system for matching personnel with jobs (a web-based system that tests job seekers for appropriate skills and registers such information as the work shift desired by the job seekers). Thus, it can assemble a large number of qualified workers in a short period of time. The Company can execute projects on site, including the management of administrative tasks required for its dispatched workers. It also posts regular, full-time employees to customer companies (currently, almost 70% of its regular employees are assigned to client projects).

To execute BPO work, Careerlink organizes its staff into teams led by supervisors with extensive experience. The supervisors organize teams of about 10 employees to undertake daily administrative functions, mainly business processing, data entry, and product shipments. Assigned to client projects, the supervisors instruct dispatched employees about the business processes of the clients and standardize the work shifts of these employees, enabling the rapid start-up of the projects and a smooth increase in productivity. This system is ideal for large projects requiring many workers.

Many large projects use several employee dispatching companies for each process, but this practice often impedes the smooth connection of different processes and prevents an improvement of operational efficiency. Because Careerlink can provide personnel to perform all the processes of a project, the processes can be connected smoothly, raising efficiency. This ability allows the Company to expand its share of the transactions in a given project.

2. Customer relationship management

CRM tries to develop good relationships between a provider of goods or services and its customers, thereby improving customer satisfaction. Careerlink's CRM division dispatches temporary workers or introduces full-time personnel to telemarketing subcontractors or to the contact centers of companies and other organizations. It also undertakes telemarketing business as a subcontractor.

For telemarketing companies, the CRM division dispatches teams of personnel like as the BPO division does. In addition, Careerlink's own contact center subcontracts telemarketing business.

3. Manufacturing and technology

The manufacturing and technology division dispatches temporary workers to corporate plants and warehouses to perform all kinds of manufacturing, assembly and distribution work. Most of this division's sales are generated in western Japan, and its customers are mainly large, electrical equipment makers, food processors, automobile manufacturers, and makers of medical equipment.

4. Office services

The office services division dispatches temporary workers, including those who may eventually become regular employees of client companies, and introduces office workers as regular employees. It also provides office services as a subcontractor.

The dispatching of temporary workers by the CRM division and the office services division is under pressure from leading companies that hold an oligopoly in this business, including Temp Holdings Co., Ltd. <2181> and Pasona Group Inc. <2168>. However, Careerlink retains these businesses as a means to gain more customers for its BPO division.

Results trends

FY2/17 net sales and ordinary profit hit record highs, for the first time in four years

1. FY2/17 results

In FY2/17, non-consolidated net sales rose 11.2% YoY to ¥18,459mn, operating profit grew 4.3% to ¥1,000mn, ordinary profit advanced 5.2% to ¥993mn, and profit climbed 8.6% to ¥642mn. This was the third straight year of net sales and income growth, and net sales, ordinary profit, and profit reached record highs, for the first time in four years. Sales in the mainline BPO division grew, reflecting brisk sales to local public organizations that implemented the personal ID number system and paid temporary benefits. Sales in the manufacturing and technology division also increased.

However, sales were 7.6% lower than the Company's original forecast, and operating profit was 10.7% lower for two main reasons: 1) for one large project for the private sector in the BPO division, the volume of administrative work decreased more than the Company had foreseen, and 2) new spot projects in the BPO division required more processes than the Company had estimated.

The cost of sales ratio rose by 0.7 percentage point, from 79.7% in FY2/16 to 80.4% in FY2/17. The Company attributes this to the decline in the volume of administrative work for a large project for the private sector. These projects are generally more profitable than other projects. SG&A expenses increased 9.1% YoY as the costs of hiring, training, and compensating employees grew. However, the SG&A expenses ratio fell by 0.3 percentage point YoY to 14.2%. As a result of these changes, the operating profit margin weakened by 0.4 percentage point to 5.4%.

Business results

(¥mn)

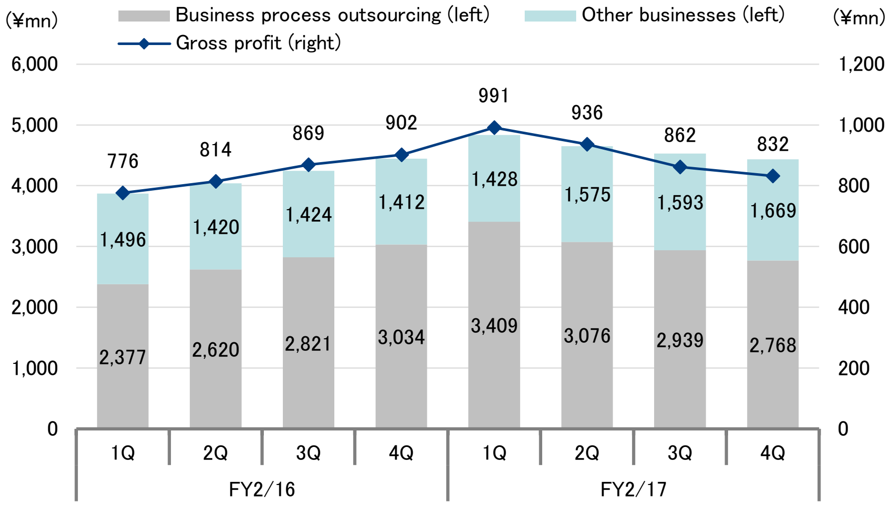
	FY2/16		FY2/17				
	Results	% of sales	Full-year plan	Results	% of sales	YoY	% of plan
Net sales	16,607	100.0%	19,984	18,459	100.0%	11.2%	-7.6%
Business process outsourcing	10,853	65.4%	12,990	12,193	66.1%	12.3%	-6.1%
Customer relationship management	2,931	17.6%	3,143	2,903	15.7%	-1.0%	-7.6%
Manufacturing and technology	1,632	9.8%	2,312	2,120	11.5%	29.9%	-8.3%
Office services	1,189	7.2%	1,538	1,242	6.7%	4.5%	-19.2%
Cost of sales	13,243	79.7%	-	14,835	80.4%	12.0%	-
SG&A expenses	2,404	14.5%	-	2,623	14.2%	9.1%	-
Operating profit	958	5.8%	1,119	1,000	5.4%	4.3%	-10.7%
Ordinary profit	944	5.7%	1,106	993	5.4%	5.2%	-10.2%
Profit	591	3.6%	722	642	3.5%	8.6%	-11.0%

Source: Prepared by FISCO from Company materials

Quarterly net sales and gross profit peaked in 1Q FY2/17 and trended lower over the next three quarters, mainly because the amount of administrative work for a large private-sector project decreased steadily from summer 2016. The gross profit margin also peaked in 1Q at 20.5% and gradually declined to 18.8% in 4Q. At its peak, the number of employees assigned to the said private-sector project reached 1,500 persons per day, but about half that number now work on the project.

Results trends

Quarterly net sales and gross profit



Source: Prepared by FISCO from Company materials

BPO sales grew by double digits, supported by strong sales to the public sector for adopting the personal ID system and paying temporary benefits

2. Division sales

(1) Business process outsourcing

Sales in the BPO division climbed 12.3% YoY in FY2/17 to ¥12,193mn. Sales to the private sector, which comprise about three-quarters of total division sales, contracted by about 5% YoY due to the steady decline in administrative work for one project described previously. However, sales to the public sector doubled YoY. The division started selling services to local government organizations to adopt the new personal ID system in 3Q FY2/16, and these services fully contributed to sales throughout FY2/17. Furthermore, the division received new orders from the public sector in FY2/17 to pay temporary benefits and to handle pension plans. For the private sector, division sales increased to financial institutions adopting the personal ID system, as did sales to new suppliers of electricity.

(2) Customer relationship management

In the CRM division, sales slid by 1.0% YoY in FY2/17 to ¥2,903mn, for two main reasons: 1) although the division received many new orders for call center business, some call center business was supplemented by other administrative work and was therefore transferred to the BPO division, and 2) the division completed some large spot contracts in FY2/16 and did not complete similar contracts in FY2/17.

(3) Manufacturing and technology

In the manufacturing and technology division, sales rose 29.9% YoY in FY2/17 to ¥2,120mn. Most of this sales growth was due to an increase in the division’s share of business ordered by existing customers as large makers of electric appliances, food processors, and manufacturers of automobiles and medical equipment placed more orders with the division. The division also expanded its area of operations into Shikoku and the Tokai region, where its existing customers have plants.

(4) Office services

In the office services division, sales advanced 4.5% YoY in FY2/17 to ¥1,242mn, mainly because of an increase in the amount of work for existing customers, such as business centers.

Financial condition continues to improve

3. Financial condition and key performance indicators

At the end of FY2/17, Careerlink's assets totaled ¥5,837mn, which was ¥217mn more than the Company's total assets at the end of FY2/16. Among current assets, the balance of cash and deposits, and securities increased by ¥260mn YoY in FY 2/17. Among noncurrent assets, long-term time deposits grew by ¥100mn, but investments securities decreased by ¥202mn.

Total liabilities decreased by ¥327mn in FY2/17 to ¥2,633mn. Income taxes payable increased by ¥42mn, but interest-bearing debt contracted by ¥239mn, advances received fell by ¥70mn, accrued consumption taxes dropped by ¥53mn, and other accounts payable-other declined by ¥47mn. Net assets increased by ¥544mn to ¥3,203mn. The Company earned profit of ¥642mn and paid ¥113mn in dividends, so its retained earnings increased by ¥529mn.

Looking at key performance indicators, the equity ratio, a measure of financial safety, increased to 54.6% at the end of FY2/17 from 47.3% at the end of FY2/16, while the interest-bearing debt ratio fell to 19.9% from 32.9%. Thus, the company's financial position continues to improve as it grows. The Company's ratio of ordinary profit to total assets remained unchanged YoY at 17.3% in FY2/17. Its operating profit margin declined by 0.4 percentage point in FY2/17 to 5.4%, causing its ROE to drop by 2.4 percentage points to 22.0%, but this remained a high ROE relative to most listed Japanese companies.

Balance sheet and key performance indicators

(¥mn)

	FY2/14	FY2/15	FY2/16	FY2/17	Change
Current assets	3,027	4,902	4,900	5,178	278
(Cash and deposits and securities)	1,579	3,173	2,617	2,878	260
Noncurrent assets	362	412	719	658	-61
Total assets	3,389	5,314	5,620	5,837	217
Total liabilities	1,603	3,119	2,961	2,633	-327
(Interest-bearing debt)	785	768	875	635	-239
Net assets	1,786	2,194	2,658	3,203	544
Key performance indicators					
(Financial stability)					
Equity ratio	52.7%	41.3%	47.3%	54.6%	
Interest-bearing debt ratio	44.0%	35.0%	32.9%	19.9%	
(Profitability)					
ROA (ratio of ordinary profit to total assets)	7.5%	18.9%	17.3%	17.3%	
ROE	9.4%	24.5%	24.4%	22.0%	
Operating profit margin	2.6%	6.0%	5.8%	5.4%	

Source: Prepared by FISCO from the Company's financial results

Business outlook

For FY2/18, the Company projects income drops for the first time in four years, but this forecast may be conservative

1. Company forecasts for FY2/18

FY2/18 is the first year for which the Company will announce consolidated results to include its new, wholly owned subsidiary, Careerlink Factory Co. However, its basic businesses remain unchanged by this accounting change. For FY2/18, the Company forecasts a 3.2% upturn in consolidated net sales to ¥19,056mn, a 29.1% drop in operating profit to ¥709mn, a 29.5% fall in ordinary profit to ¥700mn, and a 27.2% decrease in net income attributable to owners of the parent to ¥467mn. For the first half of FY2/18, the Company projects a 3.4% YoY downturn in net sales. It foresees income declines for the full fiscal year due to a continued decline in the amount of administrative work for a large private-sector project and a drop in sales to the public sector for adopting the personal ID system and paying temporary benefits.

FISCO considers the Company's forecasts for FY2/18 to be conservative, probably in reaction to the fact that the Company fell short of its initial forecasts in FY2/17.

Company forecasts for FY2/18 versus results in FY2/17

(¥mn)

	FY2/17		FY2/18			
	Results	YoY	1H plan	YoY	Full-year plan	YoY
Net sales	18,459	+11.2%	9,163	-3.4%	19,056	+3.2%
Operating profit	1,000	+4.3%	341	-38.8%	709	-29.1%
Ordinary profit	993	+5.2%	336	-39.3%	700	-29.5%
Profit attributable to owners of parent	642	+8.6%	224	-36.7%	467	-27.2%

Note: FY2/18 forecasts are of consolidated results
Source: Prepared by FISCO from the Company's financial results

Sales by the BPO and manufacturing and technology divisions to continue to grow strongly

2. Sales forecasts by division

(1) Business process outsourcing

For the BPO division, the Company projects a 5.8% YoY rise in sales to ¥12,900mn in FY2/18. It expects division sales to the public sector to fall by 27% in FY2/18 because of a downturn in contracts to implement the personal ID number system and to pay temporary benefits. Fewer than 10% of Japanese citizens have opted for the issuance of a personal ID number card, so the Company anticipates increases in sales related to the issuance of these cards in future years, but in FY2/18, it expects a drop in sales stemming from the implementation of this system.

The Company anticipates a 17% YoY increase in BPO sales to the private sector in FY2/18. Although it projects a continued decline in the amount of administrative work for one large project, it foresees an increase in projects for financial service companies, a rise in orders for other new projects, and an upturn in business from the CRM and office services divisions. The Company intends to increase the number of seats at the call center in its head office from 70 to 200, making more effective use of this service. It also plans to reassign superior supervisors and operators to new projects to increase its share of projects per client.

(2) Customer relationship management

For the CRM division, the Company forecasts a 3.6% YoY drop in sales to ¥2,800mn in FY2/18. The division aims to receive more orders from financial companies, mainly for high-priced projects (securities companies' contact centers, etc.) requiring highly qualified personnel, such as certified securities broker representatives for securities companies. The division will also exploit growing demand from telemarketing companies in regional cities. Total division sales are expected to decline slightly YoY in FY2/18 because some of the division's projects will be transferred to the BPO division. However, the amount of business undertaken by the CRM division is seen growing.

(3) Manufacturing and technology

The Company projects continued strong sales growth for its manufacturing and technology division in FY2/18, forecasting a 22.6% rise to ¥2,600mn. The division's strategy is to include lower-cost employees, such as older workers and non-Japanese workers, on its dispatched teams, allowing clients to benefit from low-cost operations and thus increasing division sales. In particular, the division plans to target an increase in orders from the food processing industry, which is suffering from a severe shortage of workers. The division also aims to expand its area of operations from the Kansai, Shikoku and Tokai regions of Japan into the Kanto region (Greater Tokyo).

(4) Office services

The Company forecasts a 59.7% YoY fall in sales in the office services division to ¥500mn in FY2/18. The division is expected to gain more orders from private-sector business centers, but with the addition of administrative tasks to some of the division's call center work, this work will be transferred to the BPO division, reducing office service sales by ¥742mn YoY.

Medium-term management plan

By aggressively expanding its BPO and manufacturing and technology divisions, the Company aims to achieve consolidated net sales of ¥26.8bn in FY2/20

1. Overview of medium-term management plan

The Company's new 3-year plan of operations targets consolidated net sales of ¥26.8bn, operating profit of ¥1.44bn, ordinary profit of ¥1.43bn, and profit attributable to owners of the parent of ¥960mn for FY2/20. These targets are lower than the targets of the Company's previous 3-year plan, which were sales of ¥30.0bn and operating profit of ¥1.85bn in FY2/19. The Company's performance in FY2/17 and its current forecasts for FY2/18 are also smaller than the Company had planned previously, mainly because of the unforeseen decline in the amount of work for a large private-sector project. Thus, the Company's new 3-year plan appears more realistic than its previous plan. However, the new plan, like the old one, aims to expand sales and income aggressively, targeting compound annual growth rates (CAGR) of about 13% for both net sales and operating profit in FY2/18–2/20. As the scale of the Company's businesses increases, the ratio of its indirect costs to sales should drop. Thus, the Company should be able to lift its operating profit margin to about 6.0%. However, the Company is taking a conservative stance, aiming only to return its operating profit margin to FY2/17's level of 5.4% by FY2/20.

Medium-term management plan

(¥mn)

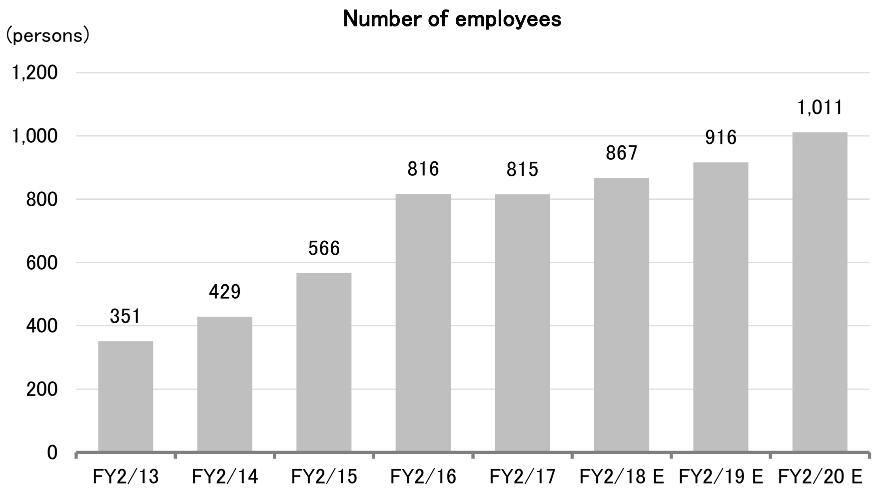
	FY2/17 results	FY2/18 plan	FY2/19 plan	FY2/20 plan	CAGR (FY2/17–FY2/20)
Net sales	18,459	19,056	22,300	26,800	13.2%
Business process outsourcing	12,193	12,900	15,300	18,600	15.1%
Customer relationship management	2,903	2,800	2,900	3,000	1.1%
Manufacturing and technology	2,120	2,600	3,500	4,500	28.5%
Office services	1,242	500	500	600	-21.5%
Operating profit	1,000	709	1,010	1,440	12.9%
(Operating profit margin)	5.4%	3.7%	4.5%	5.4%	-
Ordinary profit	993	700	1,000	1,430	12.9%
Profit attributable to owners of parent	642	467	670	970	14.7%

Source: Prepared by FISCO from Company materials

Management's strategy to achieve the targets of its medium-term plan is to concentrate on expanding the BPO and manufacturing and technology divisions. Using its team dispatch approach, the BPO division will seek to win more orders for large projects in the private and public sectors. A main strength of the division is its cumulative know-how in dispatching teams to launch projects quickly and to improve the quality of administrative work. The BPO division will also exploit the demand from financial companies for services to implement the personal ID number system. This demand is projected to grow significantly as banks require personal ID numbers for their accounts.

The manufacturing and technology division plans to continue to increase its business, mainly for the food processing industry, while expanding its area of operations. The Company is also considering M&A to acquire capabilities in systems development, which would improve the competitiveness of the BPO division. In the current business environment, however, it is difficult to find an M&A target company. Thus, the Company has not included the contribution of such a target company in its medium-term plan targets.

The Company plans to increase the number of its employees, including temporary employees, from 815 at the end of FY2/17 to 1,011 at the end of FY2/20. This would equate to a compound average growth rate of 7.3%. About 40–60 recent university graduates will be hired each year. This hiring process should gradually lower the Company's ratio of personnel compensation costs to sales.



Note: These numbers include temporary employees
Source: Prepared by FISCO from Company materials

2. Planned sales by division

(1) Business process outsourcing

For FY2/20, the medium-term plan calls for BPO sales of ¥18.6bn, which implies a compound average growth rate of 15.1% from FY2/17 sales. The Japanese market for BPO is currently worth about ¥4trn per year, and there is ample room for the Company to grow by increasing its share of this market. While strengthening its competitiveness in the market for temporary personnel by applying the operational knowledge acquired in undertaking large projects, the BPO division aims to raise its status from a BPO solutions supplier and become a tier 1 supplier receiving orders directly from final users of BPO services. In name and in practice, it aims to become “high-quality Careerlink” and to build a strong brand by improving product quality, thereby increasing its business.

(2) Customer relationship management

For FY2/20, the medium-term plan calls for CRM sales of ¥3.0bn, which implies a compound average growth rate of only 1.1% from FY2/17 sales. The amount of business for this division is projected to grow more strongly than sales, but sales growth will be stifled by the transfer of supplemented division business to the BPO division. The CRM division plans to win more orders from the financial services industry, where demand is strong, and to benefit from the demand from telemarketing companies. By hiring and training highly qualified employees, the division will raise the quality of its employees and continue to increase the average price of its orders received. Competition in CRM is intense, but the division intends to increase its income by introducing key performance indicators for its dispatched teams and improving its administrative efficiency and the satisfaction of its customers.

(3) Manufacturing and technology

For FY2/20, the medium-term plan calls for manufacturing and technology sales of ¥4.5bn, which implies a compound average growth rate of 28.5% from FY2/17 sales, the highest growth rate of the four divisions. The division’s strategy is to grow by gaining more orders mainly from food processors and by expanding its area of operations. It intends to increase the share of work performed for its customers by including older workers and non-Japanese workers in its dispatched teams.

(4) Office services

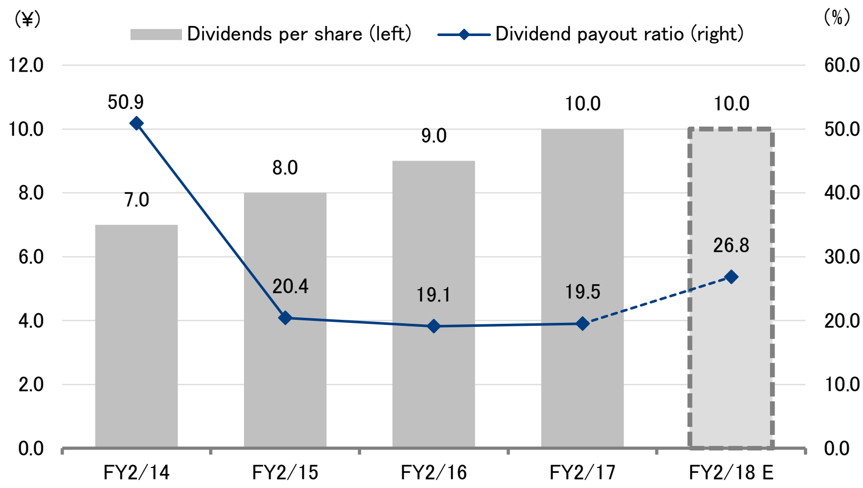
For FY2/20, the medium-term plan calls for office service sales of only ¥600mn. Sales are expected to remain weak because much of the division’s high-margin contracts will be supplemented by additional administrative work and transferred to the BPO division. However, the office services division plans to win more contracts to contribute to the growth of the BPO division.

Shareholder return policy

The Company pays stable dividends reflecting its income growth and extends gifts to shareholders

Careerlink intends to pay steady dividends to its shareholders reflecting its profit growth as it retains enough funds for its top priority of increasing its enterprise value by measures such as investing in information technology and acquiring other companies. For FY2/18, it plans to pay dividends of ¥10.0 per share, which is the dividends it paid for FY2/17, even though it projects income declines for FY2/18. This would result in a dividend payout ratio of 26.8%, based on the Company's projection of earnings per share for FY2/18. The Company also presents original QUO cards worth ¥500–2,000, depending on the holdings, to all shareholders as of the end of August. Holders of 100–199 shares receive a card worth ¥500. Holders of 200–499 shares receive a card worth ¥1,000, and holders of 500 shares or more get a card worth ¥2,000.

Dividends per share and the dividend payout ratio



Note: Dividends per share have been adjusted for a 2-for-1 stock split implemented on June 1, 2016
Source: Prepared by FISCO from the Company's financial results

Shareholder gifts

Qualifying shareholders	All shareholders registered at the end of August	
Gift	Holders of 100-199	QUO card worth ¥500
	Holders of 200-499	QUO card worth ¥1,000
	Holders of 500 shares or more	QUO card worth ¥2,000
Frequency and timing	Once a year, scheduled for the latter part of October	

Source: Prepared by FISCO from the Company's results briefing materials

Disclaimer