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We believe the joy of work.

Earnings Presentation First Half Ended August 2017

CAREERLINK CO., LTD

October 13 (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 First Half**
-  **II. Annual Plan for FY2/18**
-  **III. Medium-Term Management Plan
(FY2/18-FY2/20)**
-  **IV. Reference**

I. FINANCIAL HIGHLIGHTS FOR THE FIRST HALF



Careerlink Co., Ltd.

(Wholly owned)
CareerLinkFactory
Corporation

Clerical human resources services

Business
Process
Outsourcing

Customer
Relationship
Management

Office
Services

Manufacturing human resource services

Food
Processing

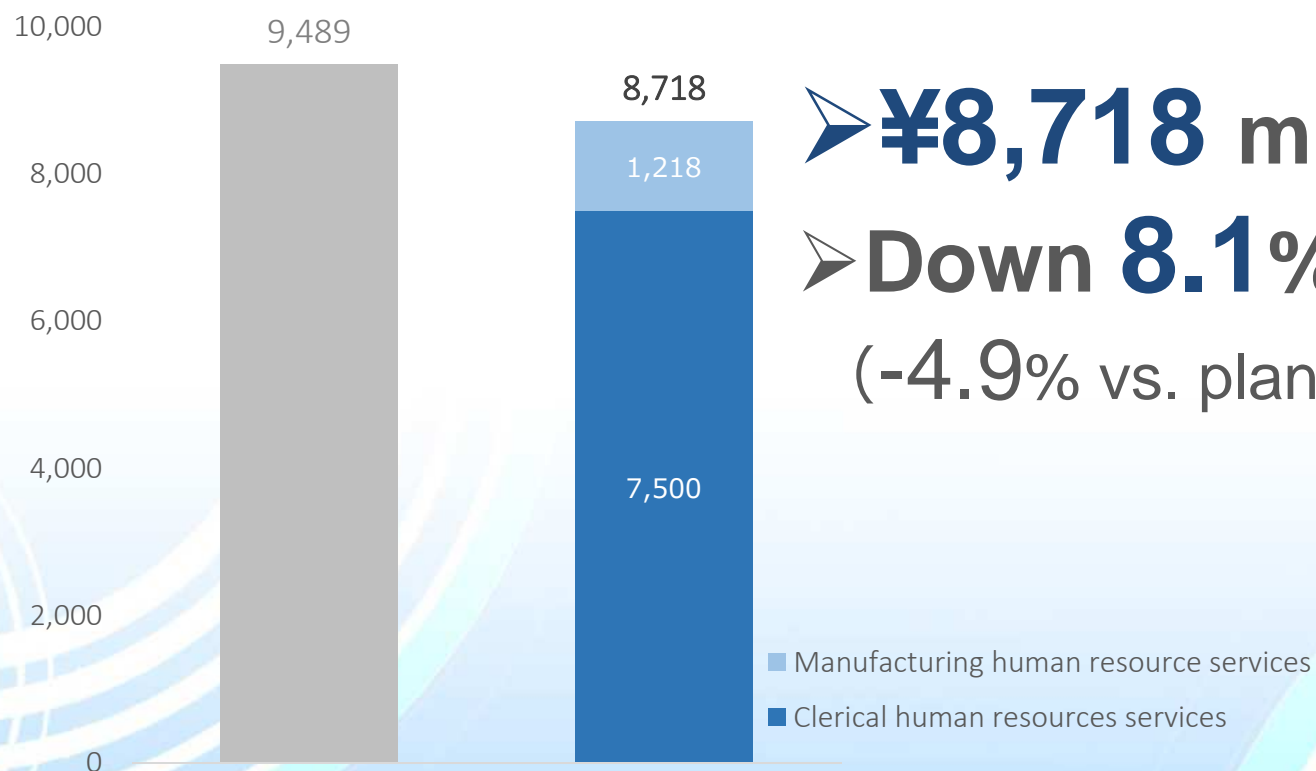
Manufacturing
& Technology

Careerlink started reporting consolidated financial information in the first quarter of this fiscal year due to the establishment of CareerlinkFactory Corporation, a wholly owned consolidated subsidiary, on March 1, 2017. Due to this change, instead of the single comprehensive human resource services business segment, there are now two business segments: the clerical human resource services business and the manufacturing human resource services business. Since there is no consolidated information for the prior fiscal year, comparisons with prior-year non-consolidated figures are shown for reference only.

Consolidated Financial Highlights (Sales)

Larger than expected decline in the volume of a BPO project for a private-sector company

(Million yen)



➤ **¥8,718 million**

➤ **Down 8.1% y-o-y**
(-4.9% vs. plan)

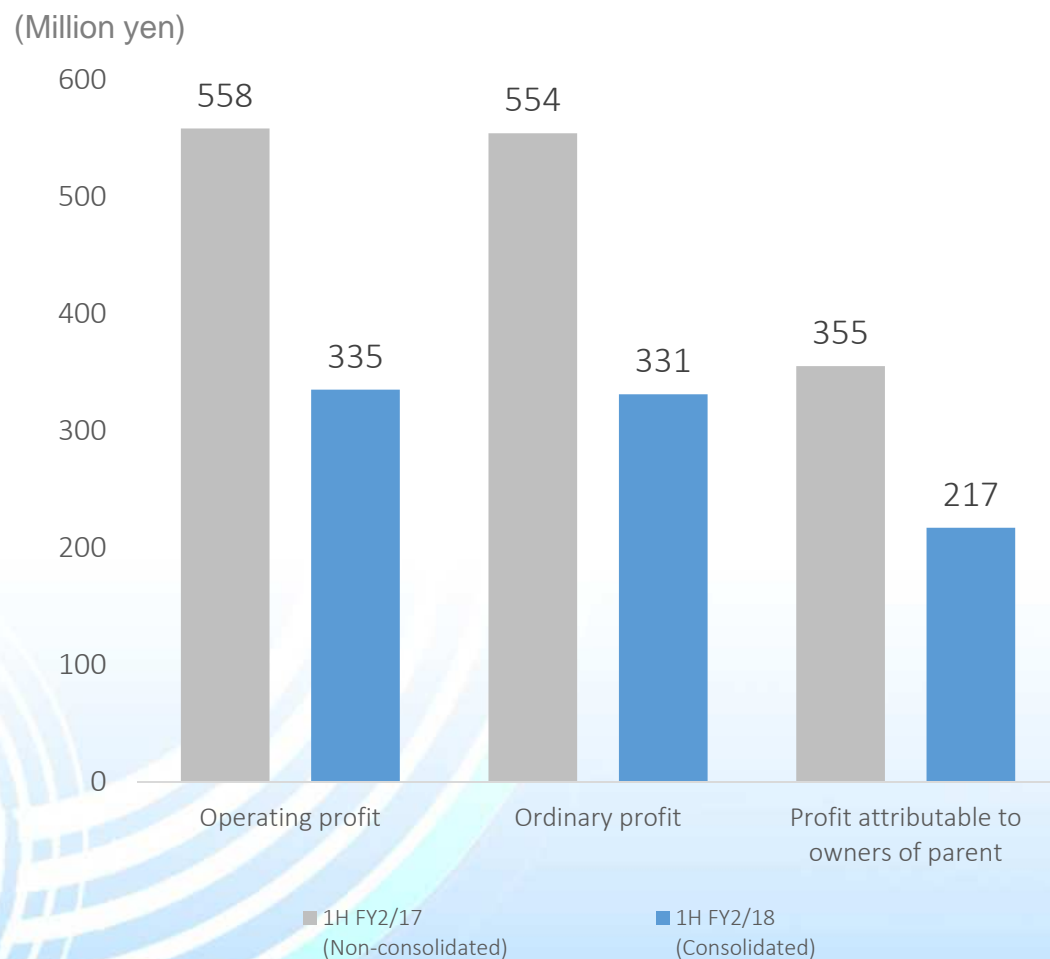
■ Manufacturing human resource services
■ Clerical human resources services

1H FY2/17
(Non-consolidated)

1H FY2/18
(Consolidated)

Consolidated financial statements started in the first quarter of FY2/18
Non-consolidated data for the first half of FY2/17

Consolidated Financial Highlights (Profits)



➤ Op. P **¥335** million

➤ Down **40.0%** y-o-y
(-2.0% vs. plan)

➤ Ord. P **¥331** million

➤ Down **40.3%** y-o-y
(-1.6% vs. plan)

➤ Profit attributable to owners of parent **¥217** million

➤ Down **38.9%** y-o-y
(-3.4% vs. plan)

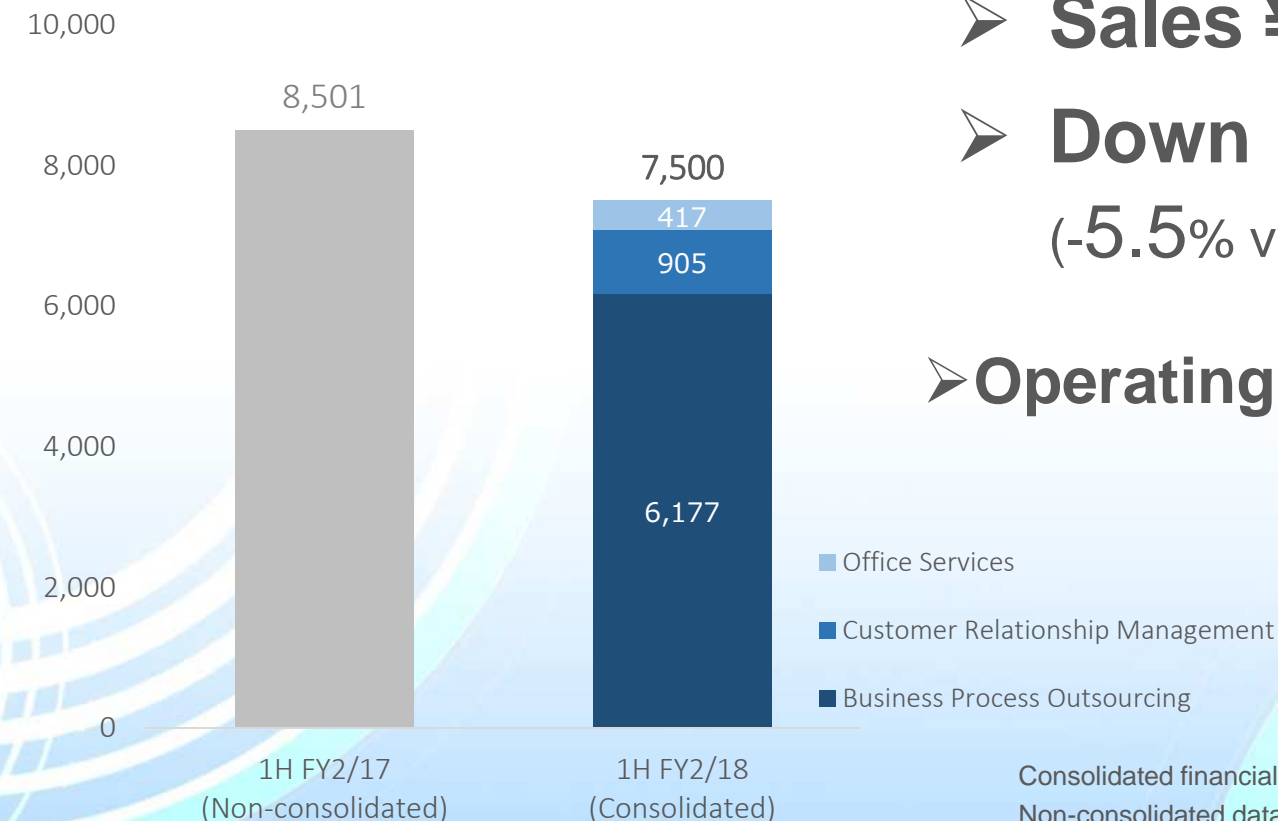
Consolidated financial statements started in the first quarter of FY2/18
Non-consolidated data for the first half of FY2/17

Segment Information (1)

Clerical Human Resources Services

Although there were activities to capture new orders from large BPO companies and other sources, sales were impacted by a larger than expected decline in the volume of a large BPO project for a private-sector company.

(Million yen)



➤ **Sales ¥7,500mn**

➤ **Down 11.8% y-o-y**
(-5.5% vs. plan)

➤ **Operating profit ¥308mn**

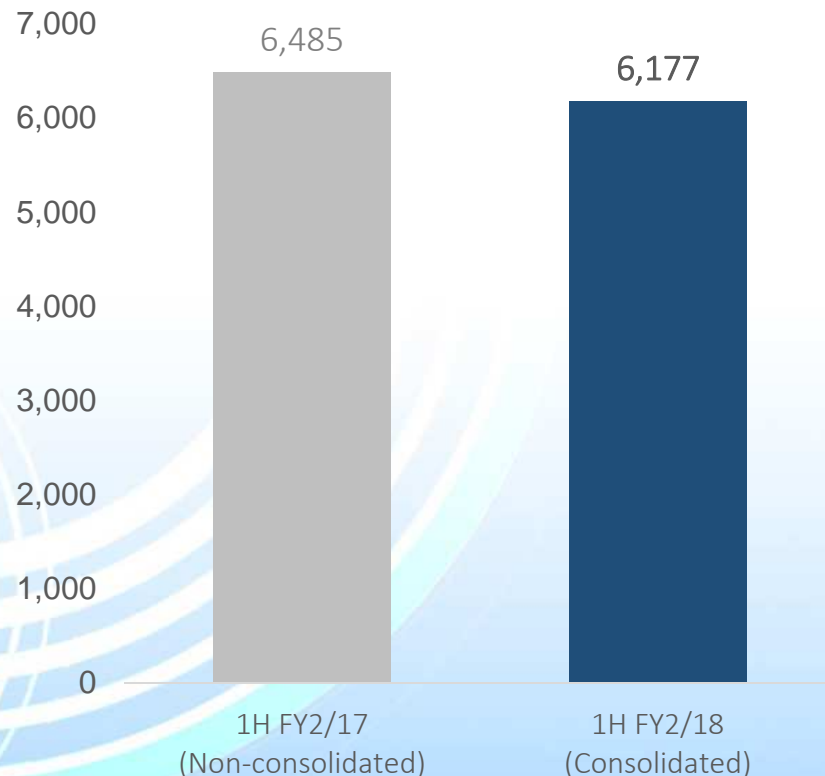
Consolidated financial statements started in the first quarter of FY2/18
Non-consolidated data for the first half of FY2/17

Segment Sales Break Down (1)

Business Process Outsourcing

Performance benefited from new orders from large BPO companies, the public sector, financial institutions, system integration companies and other sources. However, there was a larger than expected decline in the volume of a major BPO project for a private-sector company.

(Million yen)



- Sales **¥6,177mn**
- Down **4.7% y-o-y**
(-4.2% vs. plan)

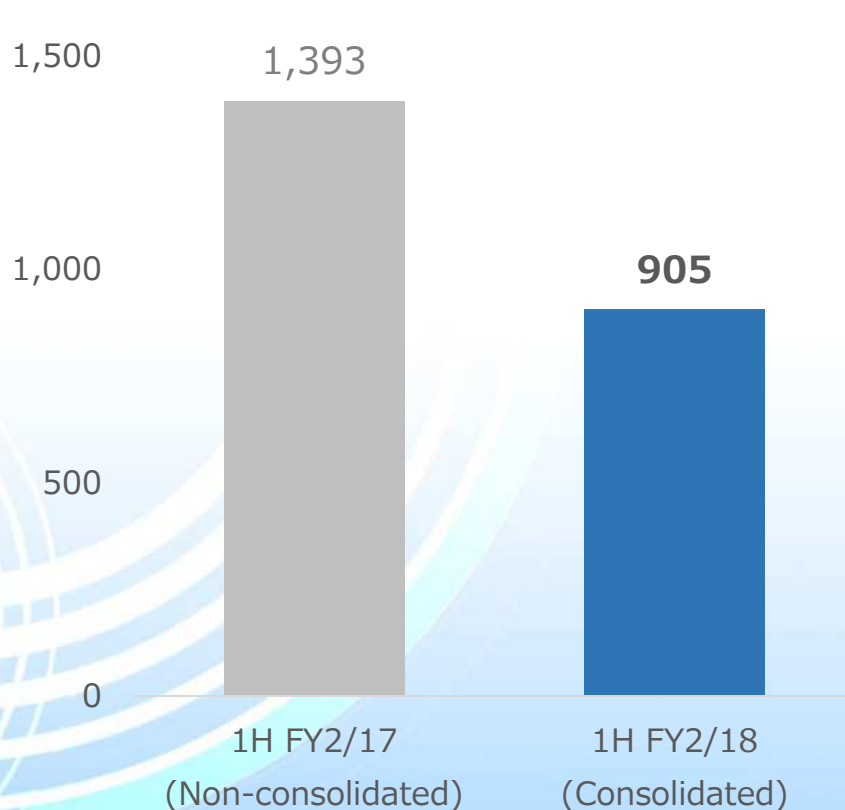
Consolidated financial statements started in the first quarter of FY2/18
Non-consolidated data for the first half of FY2/17

Segment Sales Break Down (2)

Customer Relationship Management

There were new orders from telemarketing companies in regions other than Japan's major metropolitan areas. But call center orders in the Tokyo area did not recover and there were call center orders that were included in BPO because they included associated tasks.

(Million yen)



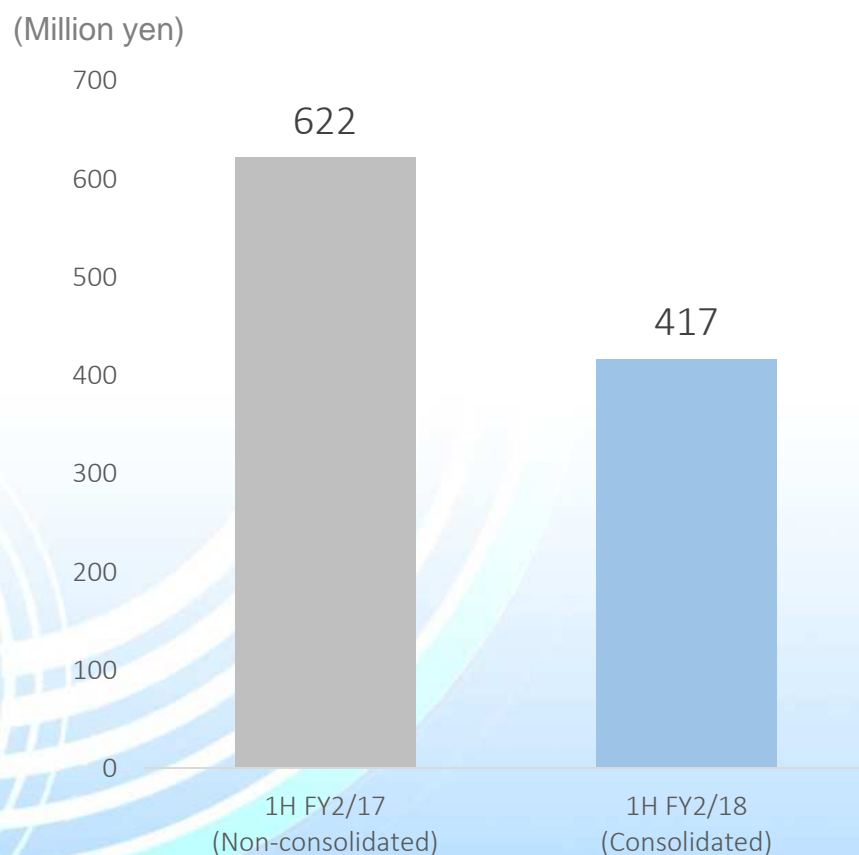
- **Sales ¥905mn**
- **Down 35.0% y-o-y**
(-19.9% vs. plan)

Consolidated financial statements started in the first quarter of FY2/18
Non-consolidated data for the first half of FY2/17

Segment Sales Break Down (3)

Office Services

Although there were new temporary staffing orders from the public sector and private-sector companies, many of these orders were included in the BPO because they included associated clerical tasks.



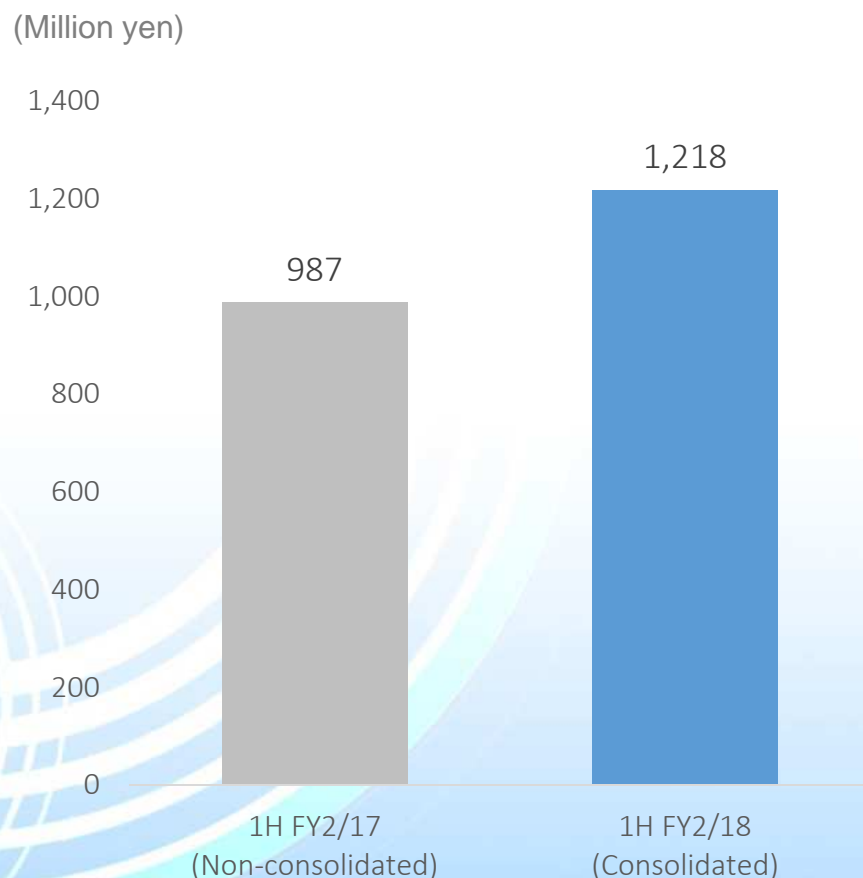
- Sales **¥417mn**
- Down **33.0% y-o-y**
(+17.5% vs. plan)

Consolidated financial statements started in the first quarter of FY2/18
Non-consolidated data for the first half of FY2/17

Segment Information (2)

Manufacturing Human Resource Services

There was a large volume of orders from food processors, large home electronics and appliance manufacturers, and other companies.



- **Sales ¥ 1,218mn**
- **Up 23.4% y-o-y**
(-1.0% vs. plan)
- **Operating profit ¥26mn**

Consolidated financial statements started in the first quarter of FY2/18
Non-consolidated data for the first half of FY2/17

Statements of Income

	FY2/17 (Non-consolidated)	Plan 1H FY2/18 (Consolidated)	Actual 1H FY2/18 (Consolidated)		
	Amount (Million yen)	Amount (Million yen)	Amount (Million yen)	Year on Year Variance (Million yen / %)	Vs. Plan
Sales	9,489	9,163	8,718	-770 -8.1%	-445 -4.9%
Clerical Human Resources Services (Sales Composition)	8,501 89.6%	7,933 86.6%	7,500 86.0%	-1,001 -11.8%	-433 -5.5%
BPO (Sales Composition)	6,485 68.3%	6,447 70.4%	6,177 70.9%	-307 -4.7%	-269 -4.2%
CRM (Sales Composition)	1,393 14.7%	1,130 12.3%	905 10.4%	-487 -35.0%	-225 -19.9%
Office Services (Sales Composition)	622 6.6%	355 3.9%	417 4.8%	-205 -33.0%	+62 +17.5%
Manufacturing Human Resource Services (Sales Composition)	987 10.4%	1,230 13.4%	1,218 14.0%	+230 +23.4%	-12 -1.0%
Operating profit (Operating profit to Sales)	558 5.9%	341 3.7%	335 3.8%	-223 -40.0%	-6 -2.0%
Ordinary profit (Ordinary profit to Sales)	554 5.8%	336 3.7%	331 3.8%	-223 -40.3%	-5 -1.6%
Profit attributable to owners of parent (Profit to Sales)	355 3.7%	224 2.5%	217 2.5%	-138 -38.9%	-7 -3.4%

Consolidated financial statements started in the first quarter of FY2/18. Non-consolidated data for the first half of FY2/17

Financial Condition

		End of FY2/17 (Non-consolidated)	End of 1H FY2/18 (Consolidated)		
		Amount (Million yen)	Amount (Million yen)	Variance (Million yen)	Main reasons for changes (Million yen)
	Current assets	5,178 88.2%	4,923 88.4%	-254	<ul style="list-style-type: none"> • Cash and deposits -138 • Accounts receivable -185 • Securities +100
	Non-current assets	658 11.2%	644 11.6%	-14	
Total assets		5,837 100.0%	5,567 100.0%	-269	
	Current liabilities	2,292 39.3%	1,943 34.9%	-348	<ul style="list-style-type: none"> • Bonds payable -18 • Loans payable -37 • Accounts payable -76 • Income taxes payable -100 • Accrued consumption taxes -139
	Non-current liabilities	341 5.8%	350 6.3%	+9	
Total liabilities		2,633 45.1%	2,293 41.2%	-339	
Total net assets		3,203 54.9%	3,273 58.8%	+70	
Total liabilities and net assets		5,837 100.0%	5,567 100.0%	-269	

Consolidated financial statements started in the first quarter of FY2/18. Non-consolidated data for the first half of FY2/17

Cash Flows

	1H FY2/17 (Non-consolidated)	1H FY2/18 (Consolidated)	
	Amount (Million yen)	Amount (Million yen)	Main reasons for changes (Million yen)
Operating activities	401	180	<ul style="list-style-type: none"> • Profit before income taxes +331 • Decrease in notes and accounts receivable +185 • Decrease in accrued consumption taxes -139 • Income taxes payed -197
Investing activities	49	-16	<ul style="list-style-type: none"> • Purchase of property, plant and equipment and intangible assets -14
Free cash flow	451	164	
Financing activities	-215	-202	<ul style="list-style-type: none"> • Proceeds/redemption of long-term loans -36 • Proceeds/redemption of bonds -18 • Cash dividends paid -125
Net increase/decrease in cash and cash equivalents	235	-38	
Cash and cash equivalents, beginning of period	2,617	2,778	
Cash and cash equivalents, end of period	2,853	2,739	

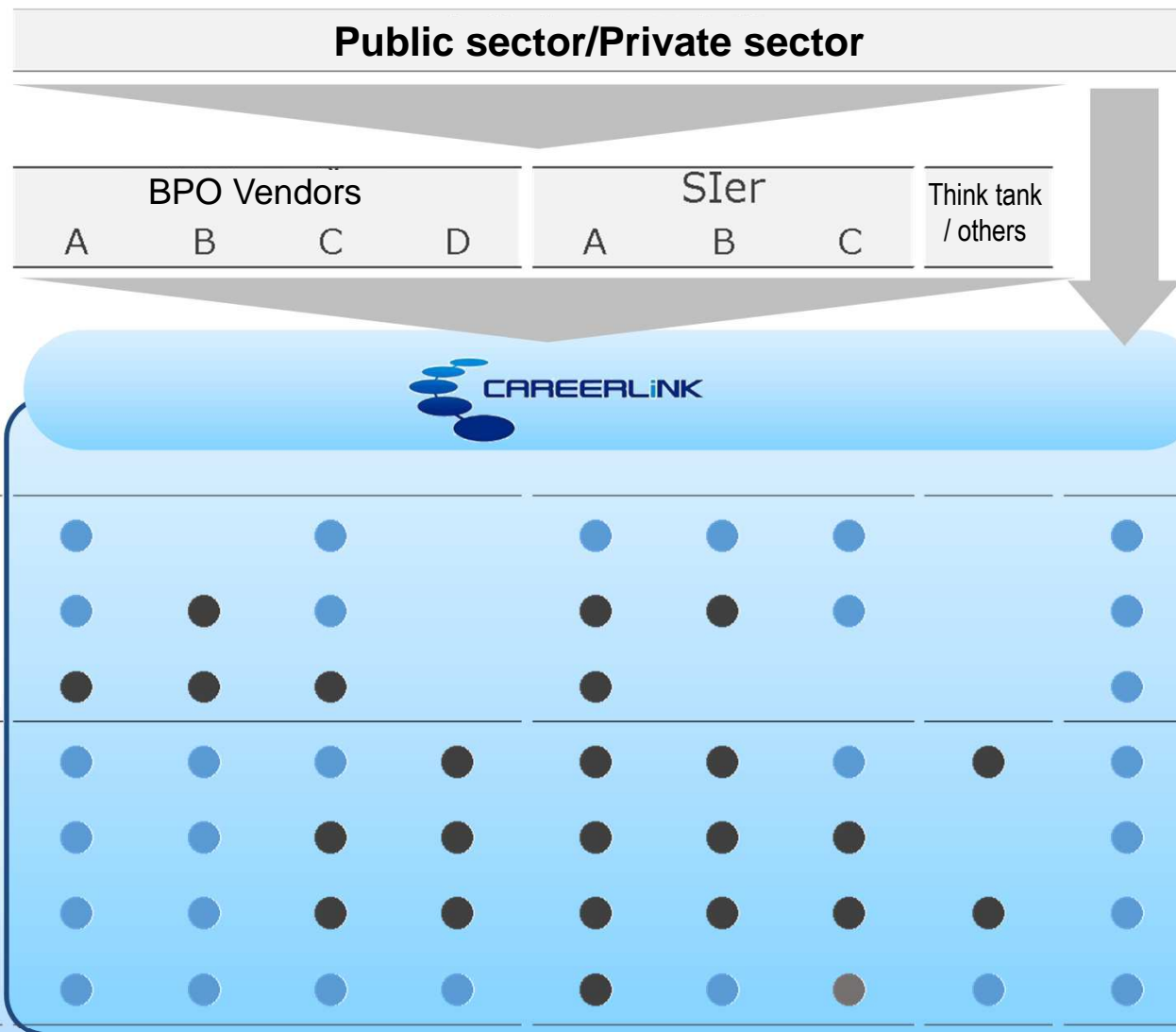
Consolidated financial statements started in the first quarter of FY2/18. Non-consolidated data for the first half of FY2/17

FY2/18 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



FY2/18 Achievement (2)

Focusing on sustained needs after capturing 40% share of proposal-based (personal ID) project market.

Personal ID number (10 orders)

- Taito ward • Ota ward • Musashino city • Fuchu city
- Matsudo city • Tokorozawa city • Kyoto city • Suita city
- Nishinomiya city • Himeji city

Low-income supplementary payment projects (8 orders)

- Sendai city • Adachi ward • Kokubunji city • Higashi-Osaka city
- Tondabayashi city • Neyagawa city • Himeji city • Others*

Others (30 orders)

- Tokyo Metropolitan • Shinjuku ward • Shibuya ward
- Shinagawa ward • Ohta ward • Nerima ward • Bunkyo ward
- Minato ward • Katsushika ward • Koto ward • Edogawa ward
- Fuchu city • Chofu city • Mitaka city • Machida city • Tsurumi ward
- Sagami-hara city • Chigasaki city • Ebina city • Saitama city
- Kyoto city • Osaka pref. • Osaka city • Sakai city • Kobe city
- Amagasaki city • Himeji city • Kawanishi city • Kyushu University
- The Japan Agency for Medical Research and Development

As of August 31, 2017

*The orders of low-income supplementary payment projects and others were received from BPO vendors as re-entrustment.

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

II . ANNUAL PLAN FOR FY2/18



Annual Plan for FY2/18 (consolidated)

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

	FY2/17 Actual (Non-consolidated)		FY2/18 Plan (Consolidated)	
	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 primarily for foreign students in Japan and seniors

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)
(Non-consolidated)

FY2/18 (Plan)
(Consolidated)

FY2/19 (Plan)
(Consolidated)

FY2/20 (Plan)
(Consolidated)

Numerical Goals (Profits)

Vs. FY2/17

Op. profit

+44.2%

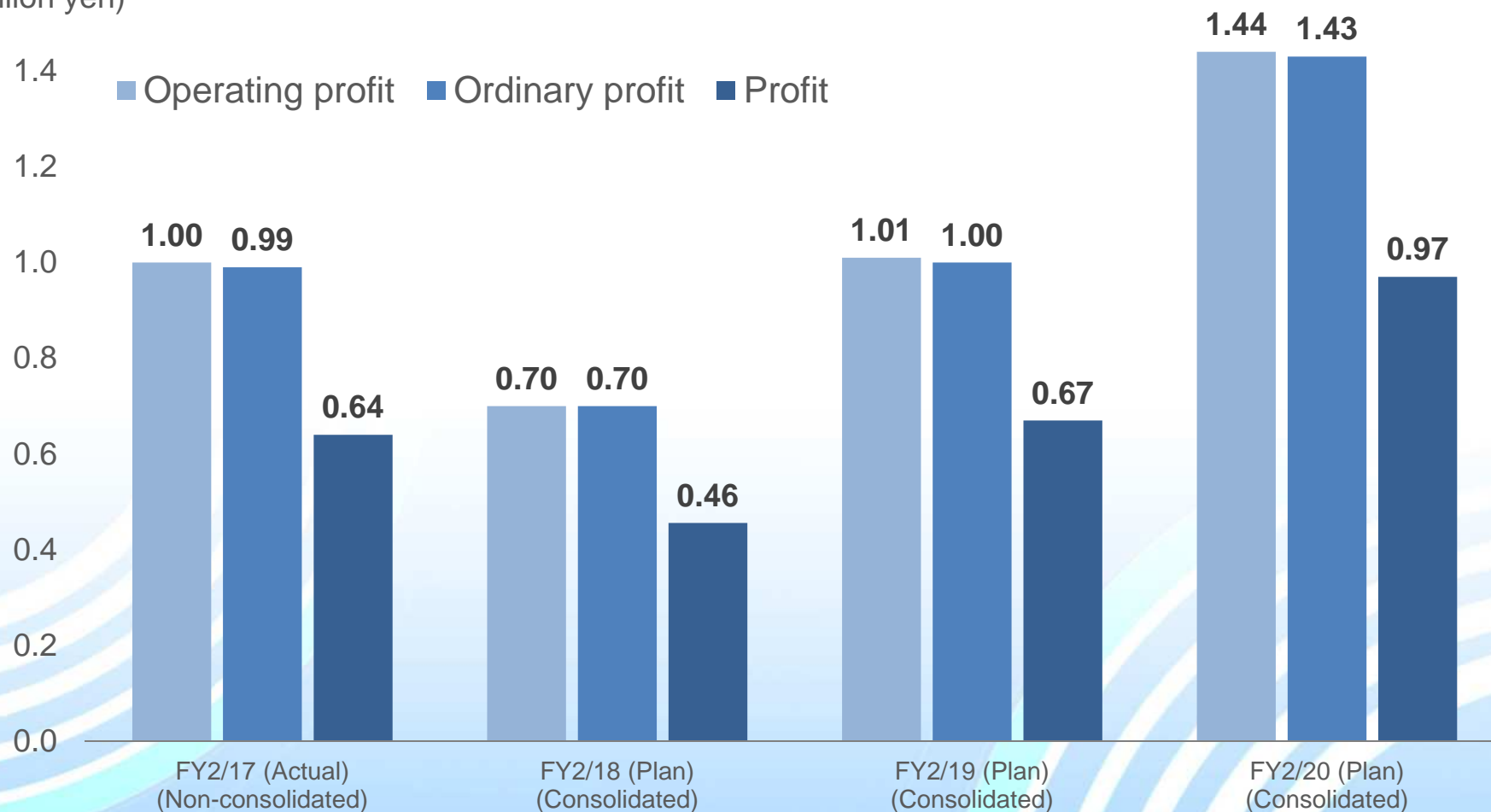
Ord. profit

+44.9%

Profit

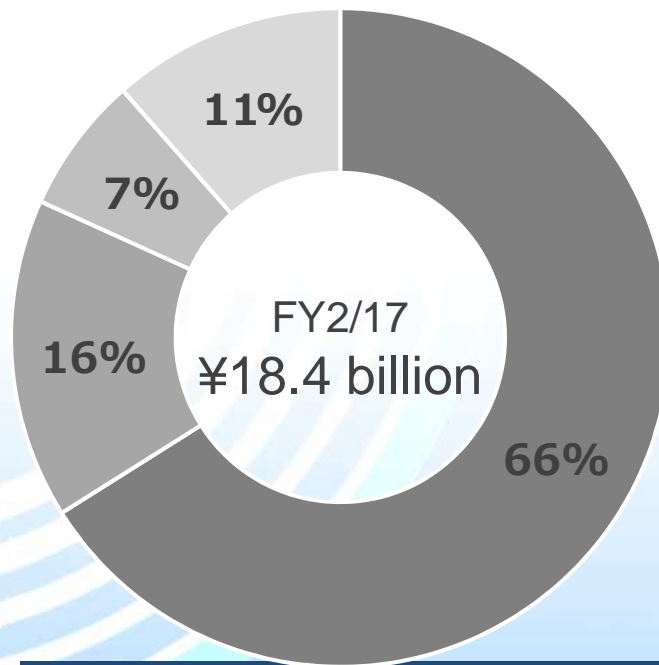
+51.4%

(Billion yen)

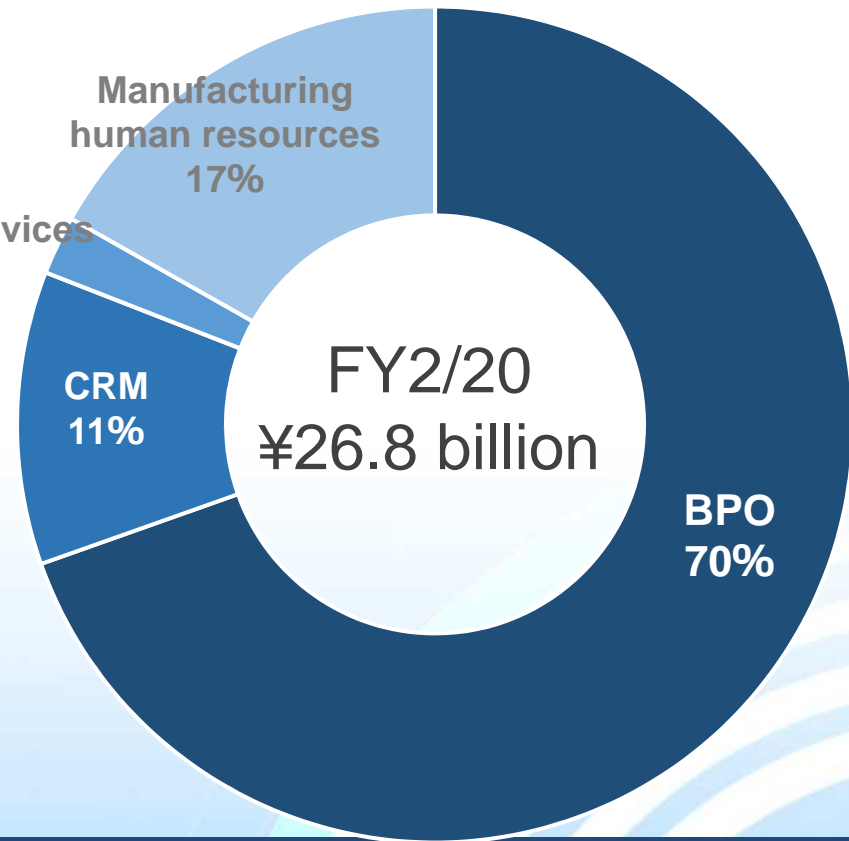


Sales by Business

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



Office services
2%



BPO Business

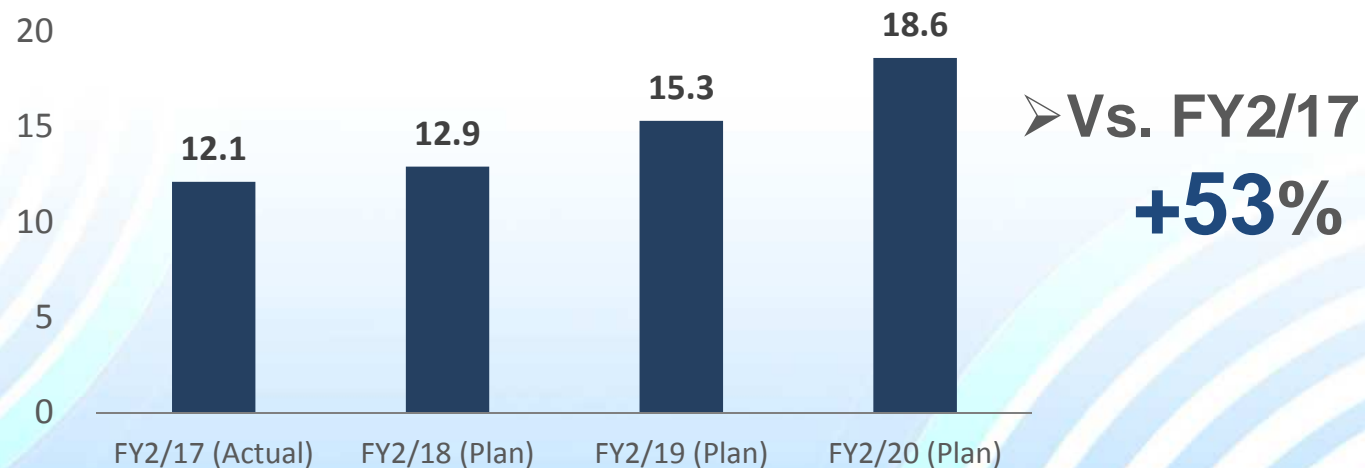
Goals

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

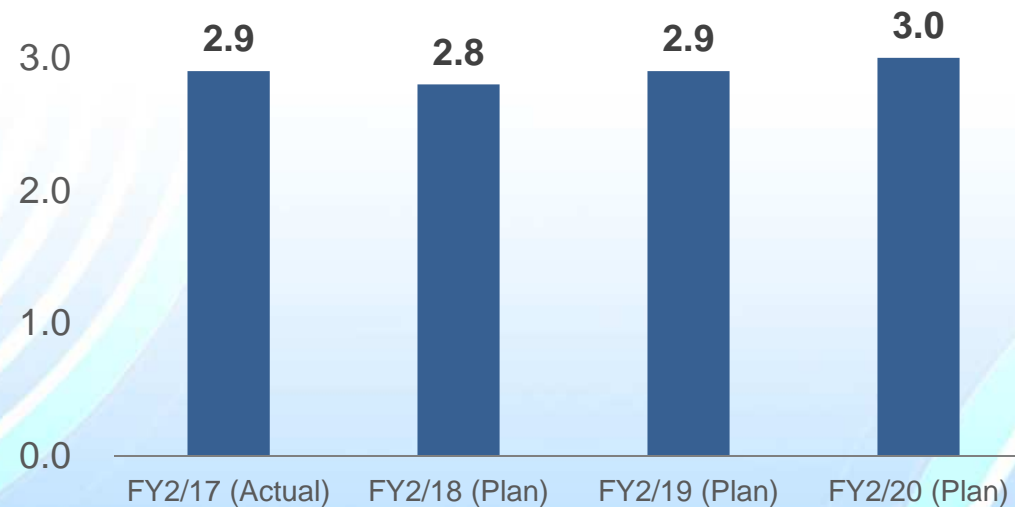
Goals

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

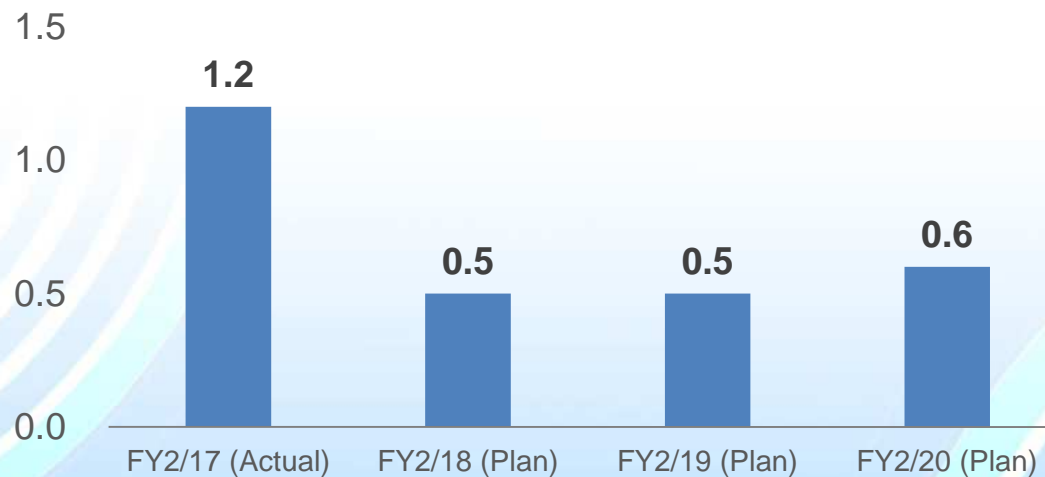
Goals

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)



➤ **Vs. FY2/17**
-51%

Manufacturing human resource services

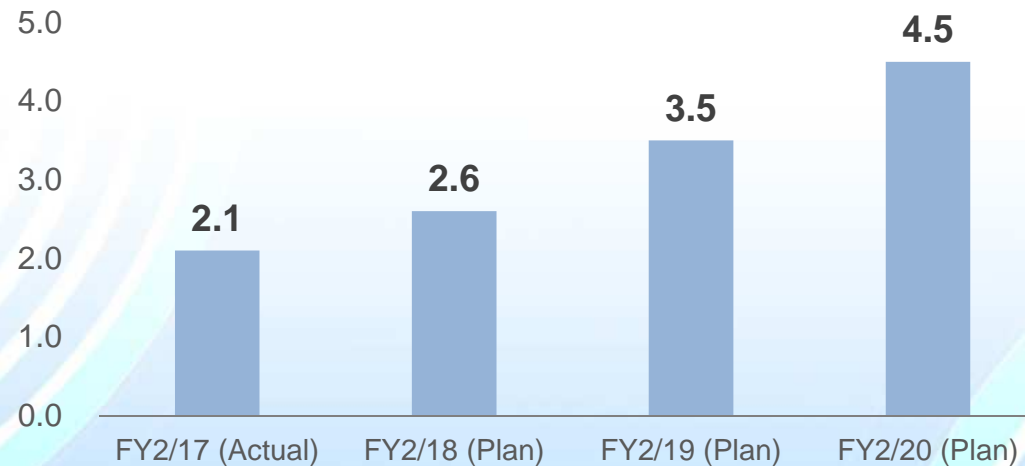
Goals

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)



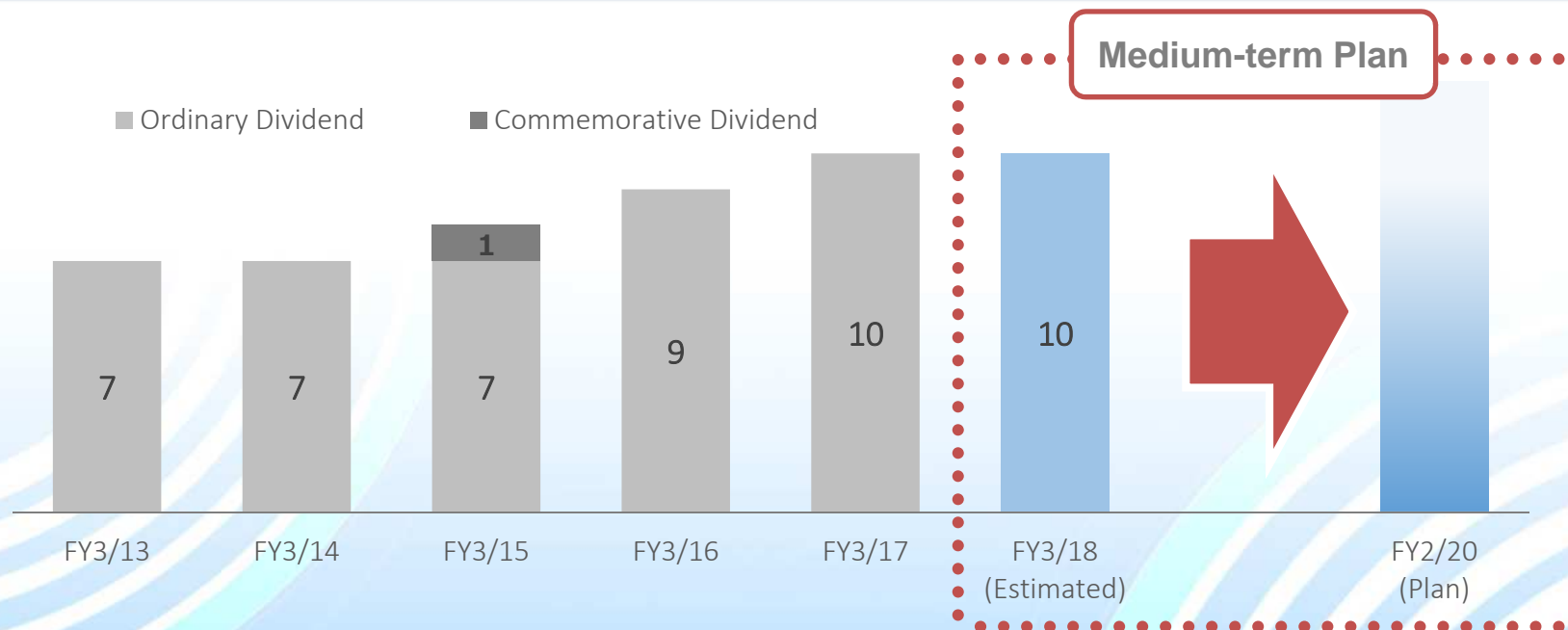
➤ **Vs. FY2/17**
+113%

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

Careerlink Co., Ltd.

Head Office

Nishi-Shinjuku 2-1-1, Shinjuku Ward, Tokyo

Representative

Chairman & Representative Director: Hirohiko Kondo
President & Representative Director: Motoaki Narusawa

Established

October 1st, 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

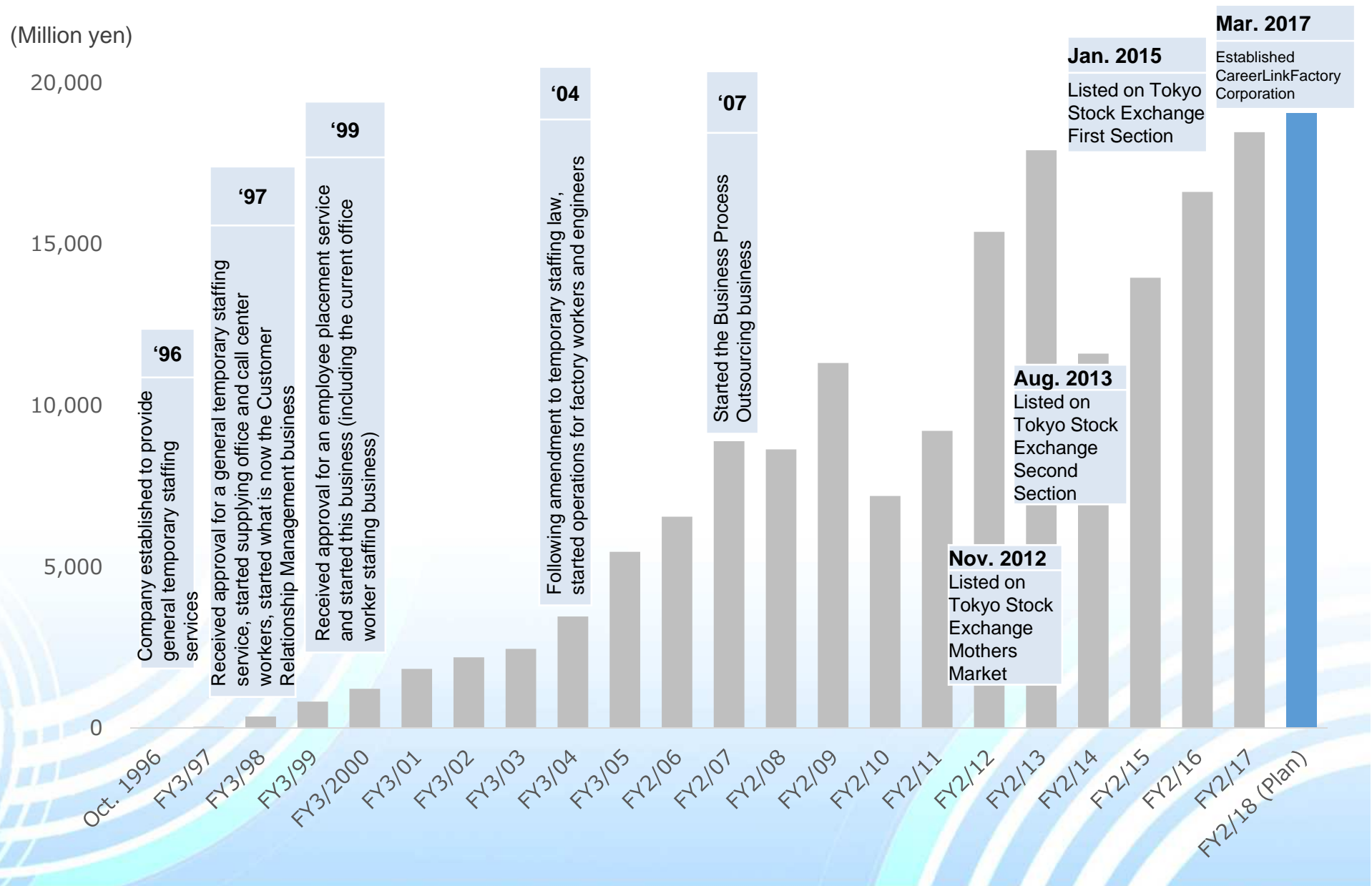
Tokyo Stock Exchange, First Section
(Stock Code: 6070)

Group Company

CareerLinkFactory Corporation

- Manufacturing human resources services

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.

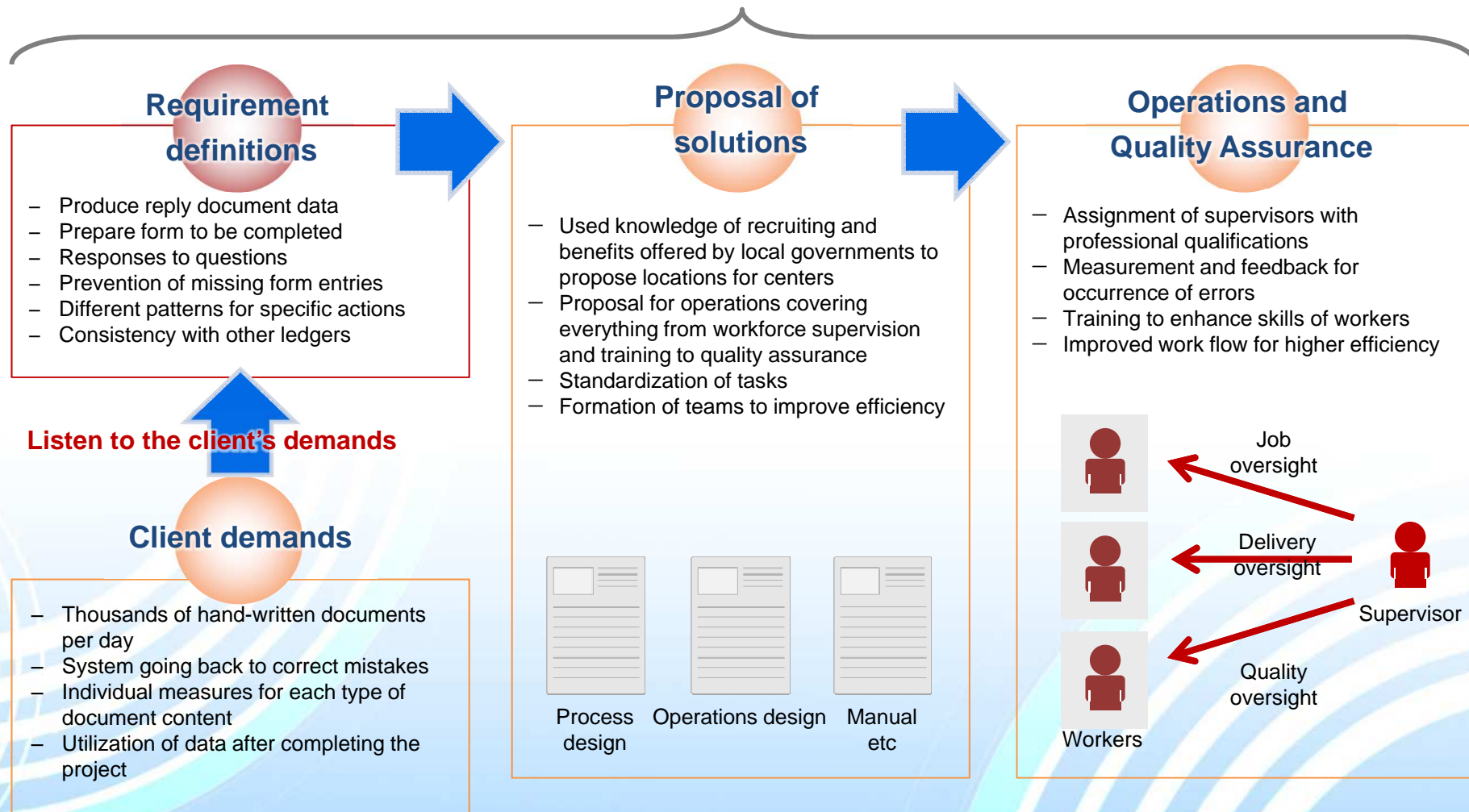
◆ Major examples of large projects

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

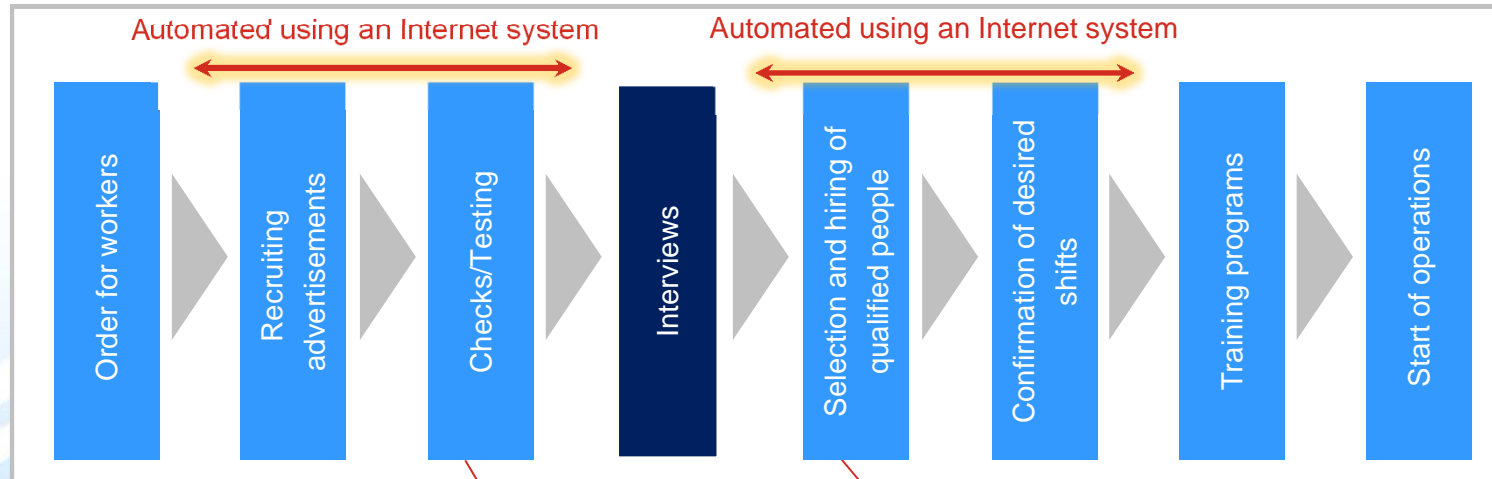
- Capable of **quickly setting up** a business process center operating framework and starting operations
- Workforce proposals using **an exclusive matching system** to select people who meet the requirements of each customer

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

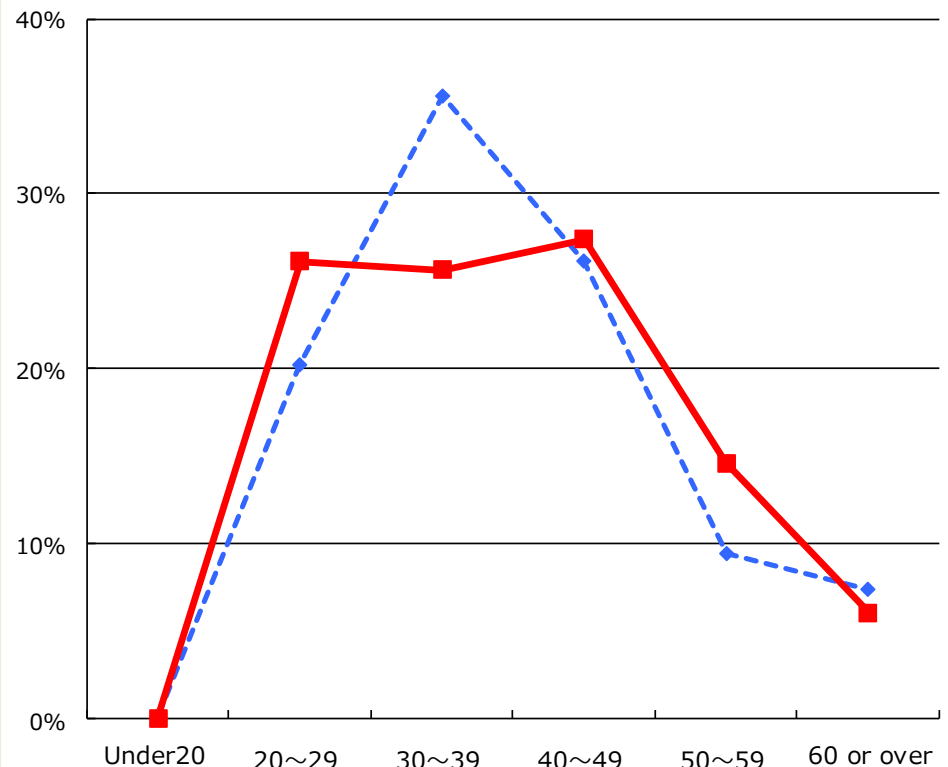
3 A framework for increasing workers' skills and job satisfaction

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)

Age Composition of the Temporary Placement Workers

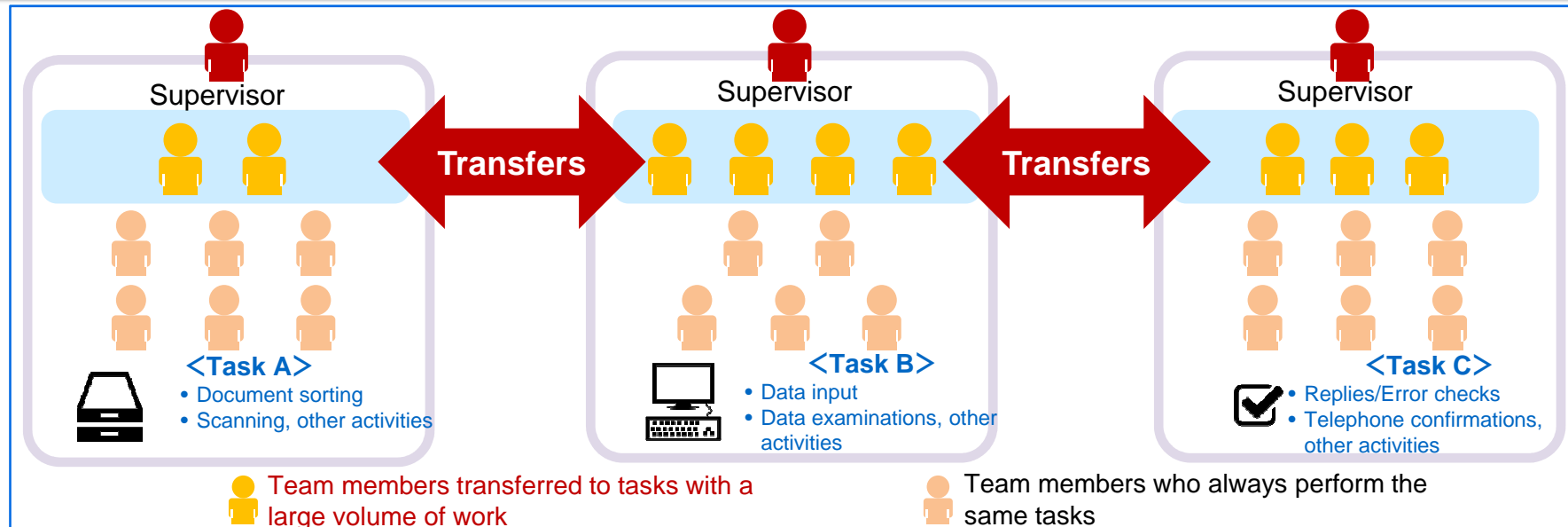


◆ Fiscal 2012 Temporary Worker Survey by the Ministry of Health, Labour and Welfare

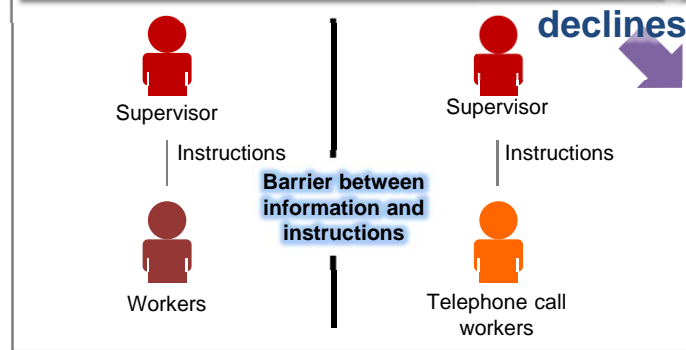
◆ The Careerlink temporary placement workforce (average for the past five years)

Three Key Strengths (3)-2

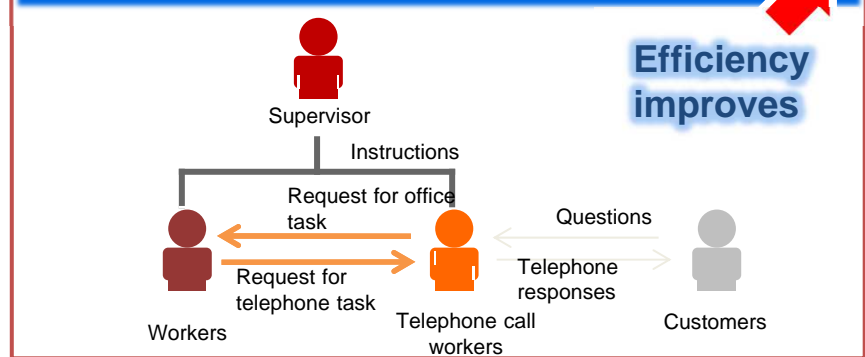
Sending workers in teams improves efficiency



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



When all tasks are outsourced to Careerlink...



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