

# Consolidated Business Results for the Aggregate Third Quarter of the Fiscal Year Ending December 2018 (Jan. – Sep. 2018)

November 9, 2018      FULLCAST HOLDINGS CO., LTD. (4848)



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- In this document, the “Short-Term Operational Support Business” is referred to as “Short-Term”, and the “Sales Support Business” is referred to as “Sales” in some parts.
- We acquired the shares of BOD Co., Ltd. during the first quarter and it has now been newly included in the scope of consolidation. The earnings of BOD Co., Ltd. are included in the “Short-Term Operational Support Business”.
- In the second quarter, BOD Co., Ltd. changed its settlement date to December 31; therefore, the settlement date is the same as the consolidated account settlement date. Financial statements were prepared based on a provisional settlement conducted by BOD Co., Ltd. as of the consolidated settlement date; therefore, this change does not have any impact on quarterly financial statements. The final day of the business year of other consolidated subsidiaries all match the consolidated account settlement date.
- We acquired the shares of Minimaid Service Co., Ltd. during the third quarter and it has now been newly included in the scope of consolidation.
- The shares of Minimaid Service Co., Ltd. have a deemed acquisition date of September 30, 2018. Because only the quarterly balance sheet of this subsidiary is consolidated for the third quarter, the business performance of the acquired company is not included in the consolidated profit and loss statement for the third quarter.
- From the fiscal year ending December 2018, the name of “Management” service has been changed to the “BPO” service.
- In this document, names of services are written in an abbreviated form; “Part-Time Worker Placement” service is referred to as “Placement”; and “Part-Time Worker Payroll Management”, “My Number Management”, “Year-End Tax Adjustment Management”, and BPO services by BOD Co., Ltd. are referred to as “BPO” in the “Short-Term Operational Support Business”, which were launched along with the implementation of the Revised Worker Dispatching Act on October 1, 2012. In addition, “Long-Term Dispatching” services with a contract period of 31 days or longer, which has been conducted after the implementation of the Revised Worker Dispatching Act, is referred to as “Dispatching.”

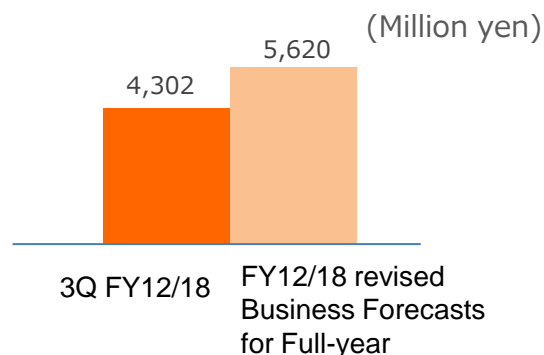
# **3Q FY12/18** **Summary of Business Performance**

# 3Q FY12/18 Summary of Business Performance

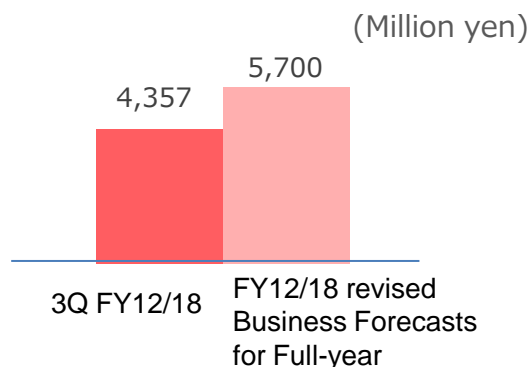
## ■ Maintained growth of existing mainstay services and saw steady results in consolidated business performance

- ◆ The Fullcast Group's business performance resulted in higher revenues and profits compared to the previous year, mainly attributed to growth in existing mainstay services.
- ◆ Consolidated earnings trended favorably against our revised full-year business forecasts.

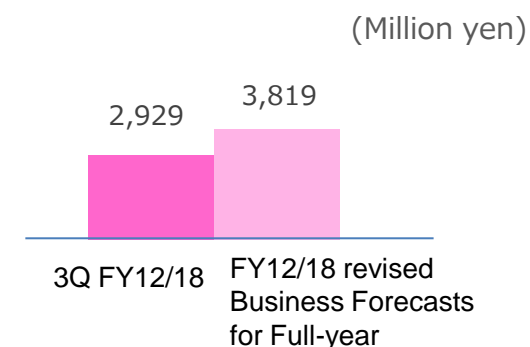
Operating Income  
(76.6% of FY12/18 E)



Ordinary Income  
(76.4% of FY12/18 E)



Quarterly Net Income attributable to Fullcast Holdings Co., Ltd.  
(76.7% of FY12/18 E)



## ■ Establishment and commencing Business Activity of the Company providing staffing services focused exclusively on global human resources

- ◆ We established the company called Fullcast Global Co., Ltd. to provide staffing services (dispatching and placement) mainly for foreign nationals, and this company commenced business activity on October 1, 2018.
- ◆ The start of operations of this Company is expected to have minimal effect upon this term's earnings.



# **3Q FY12/18 Consolidated Business Highlights (Jan.–Sep. 2018)**

# Consolidated: 3Q FY12/18 Year-On-Year Comparison

## 【Factors Behind the Change in Net Sales】

- ◆ Net sales **increased by 19.8%** year-on-year attributed mainly to higher sales of the existing mainstay services of “Placement” and “BPO” continued from the first half, in addition to growth in “BPO” from the inclusion of the results of BOD Co., Ltd. in the “Short-Term Operational Support Business”, a mainstay business.

## 【Factors Behind the Change in Operating Income】

- ◆ Operating income **increased by 32.6%** and operating income ratio **increased 1.5PT** year-on-year due mainly to an increase in sales in the “Short-Term Operational Support Business”.

### Net Sales

(Million yen)

↑ **19.8%**

23,534

28,204

3Q FY12/17

3Q FY12/18

### Operating Income

(Million yen)

↑ **32.6%**

3,245

Operating  
Income Ratio  
13.8%

3Q FY12/17

4,302

Operating  
Income Ratio  
15.3%

3Q FY12/18

## Consolidated: 3Q FY12/18 Year-On-Year Comparison

- ◆ Ordinary income **increased by 35.1%** year-on-year on the back of growth in consolidated operating income.
- ◆ Quarterly net income attributable to Fullcast Holdings Co., Ltd. **increased by 32.6%** year-on-year because the tax burden in the third quarter increased after the amount of loss carried forward was eliminated in the previous fiscal year and because a gain on step acquisitions\* of 167 million yen was posted in the previous third quarter.

(Million yen)

	3Q FY12/17	3Q FY12/18	Difference	Rate of change
Net Sales	23,534	28,204	4,670	19.8%
Gross Profit	9,245	12,072	2,827	30.6%
SG&A expenses	6,000	7,770	1,770	29.5%
Operating Income	3,245	4,302	1,057	32.6%
Operating Income Ratio	13.8%	15.3%	—	1.5 PT
Ordinary Income	3,225	4,357	1,132	35.1%
Quarterly Net Income attributable to Fullcast Holdings Co., Ltd.	2,209	2,929	720	32.6%

\* "Gain on step acquisitions" represents a gain not accompanying a transfer of cash that occurred because the revised market value of existing equity interest exceeding book value when turning F-PLAIN Corporation from an affiliate under the equity method to a consolidated subsidiary.

# ■ ■ 3Q FY12/18

## Segment Highlights

### Short-Term Operational Support

### Business Earnings

### (Jan.–Sep. 2018)

- BOD Co., Ltd., which belongs in the Short-Term Operational Support Business segment, changed its settlement date to December 31 during the first half, and as a result, it is now the same as the consolidated account settlement date. Financial statements were prepared based on a provisional settlement conducted by BOD Co., Ltd. as of the consolidated settlement date; therefore, this change does not have any impact on quarterly financial statements.



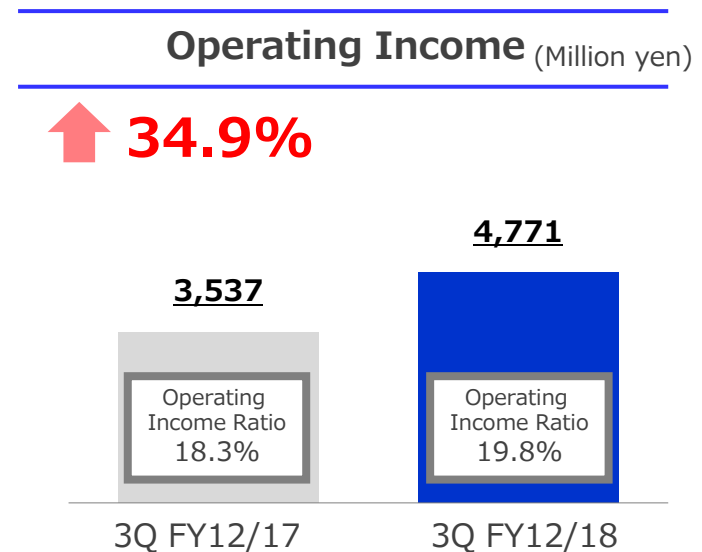
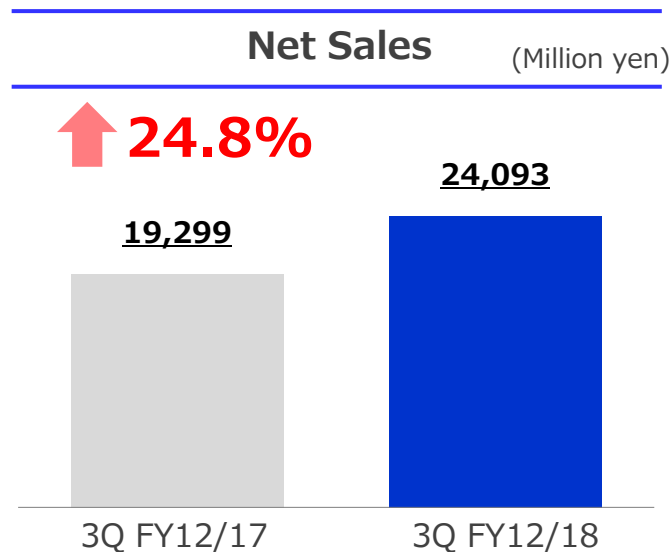
## Short-Term: 3Q FY12/18 Year-On-Year Comparison

### 【Factors Behind the Change in Net Sales】

- ◆ Net sales **increased by 24.8%** year-on-year due mainly to growth in “BPO” associated with the inclusion of the earnings of BOD Co., Ltd. and higher sales of the existing mainstay services of “Placement” and “BPO” amid strong demand for hiring among client companies.

### 【Factors Behind the Change in Operating Income】

- ◆ Operating income **increased by 34.9%** and operating income ratio **increased 1.5PT** year-on-year due mainly to an increase in sales of existing mainstay services.



## Short-Term: 3Q FY12/18 Year-On-Year Comparison (By Service Category)

(Million yen)

	3Q FY12/17	3Q FY12/18	Difference	Rate of change
Net Sales	19,299	24,093	4,794	24.8%
Placement	3,382	4,046	664	19.6%
BPO	2,067	4,351	2,284	110.5%
Dispatching	11,294	13,125	1,831	16.2%
Outsourcing	2,556	2,571	15	0.6%

Gross Profit	7,667	10,686	3,019	39.4%
Placement	3,271	3,923	652	19.9%
BPO	2,063	4,184	2,121	102.8%
Dispatching	1,807	2,088	281	15.6%
Outsourcing	527	491	(36)	(6.8)%

- ◆ “BPO” sales rose due to the inclusion of earnings of BOD Co., Ltd., which was newly consolidated.
- ◆ Existing mainstay “Placement” and “BPO” services continued to see growth thanks to sustained strong demand for hiring amongst client companies.
- ◆ “Dispatching” services also grew due to our ability to satisfy the long-term human resource needs of client companies amidst efforts to build a market for mainstay services.

- Earnings of BOD Co., Ltd., acquired on January 4, 2018, have been included in “BPO” services beginning from the first quarter of this fiscal year.
- From the fiscal year ending December 2018, the name of “Management” service has been changed to the “BPO” service.
- “BPO” services represent the aggregated total of “Part-Time Worker Payroll Management”, “My Number Management”, “Year-End Tax Adjustment Management”, and BPO services conducted by BOD Co., Ltd.
- Numerical data represent reference figures and have not been audited by our accounting auditor.

■ ■ **3Q FY12/18**  
**Segment Highlights**  
**Sales Support Business Earnings**  
**(Jan.–Sep. 2018)**

## Sales: 3Q FY12/18 Year-On-Year Comparison

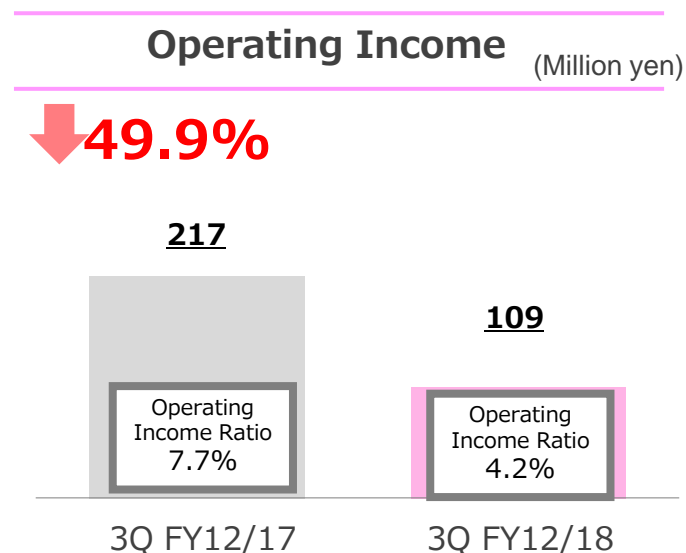
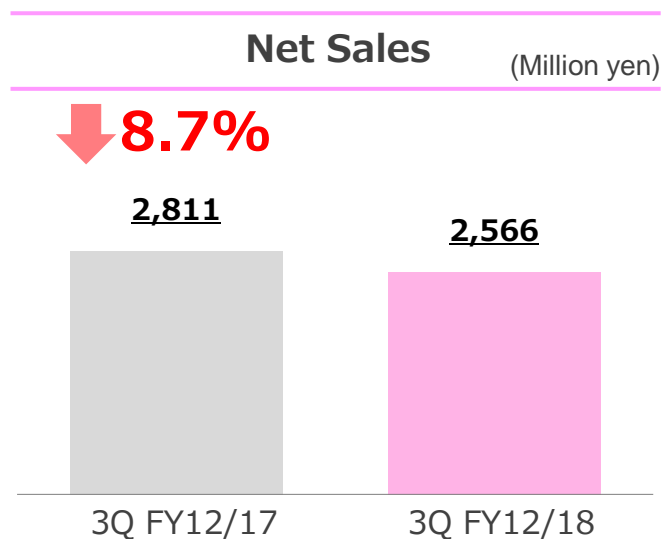
### 【Factors Behind the Change in Net Sales】

- ◆ Net sales **declined by 8.7%** year-on-year due to slow sales of telecommunications products that has continued since the first half.

### 【Factors Behind the Change in Operating Income】

- ◆ Operating income **declined by 108 million yen** year-on-year because of the decline in net sales, despite a boost seen from reining in SG&A expenses during the third quarter.

- The “Sales Support Business” segment is mainly comprised of the “call center”, “online”, “alliance” and “entertainment” businesses.
- The “call center”, “online” and “alliance” businesses each involve the sale of Internet access.





# **3Q FY12/18 Segment Highlights Security, Other Businesses Earnings (Jan.–Sep. 2018)**

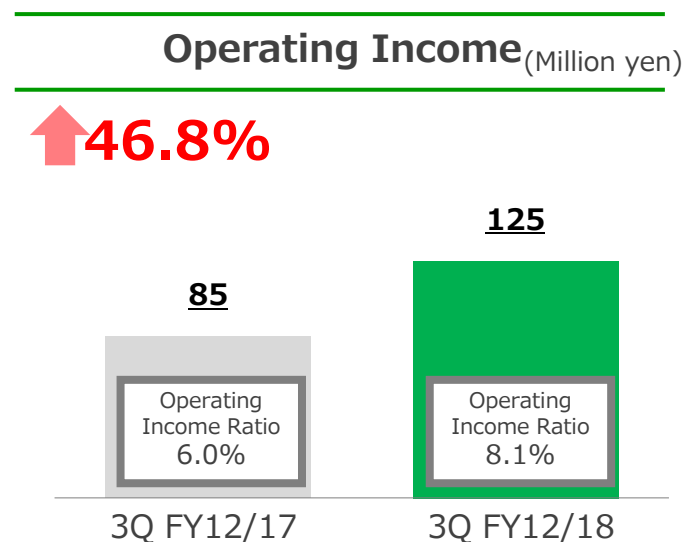
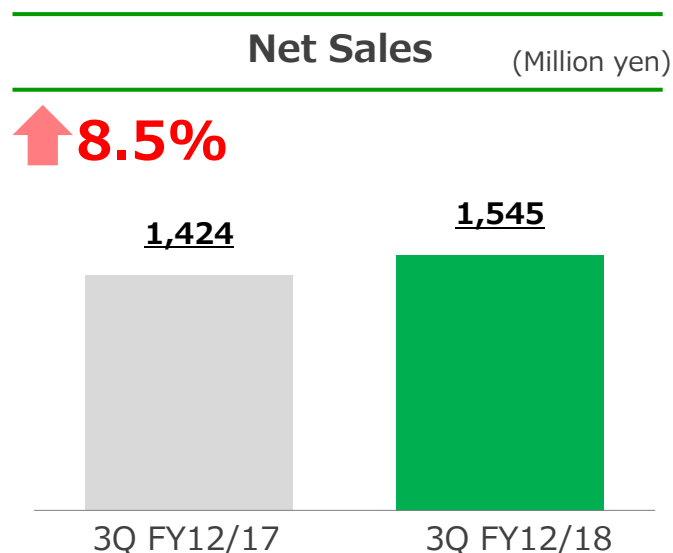
## Security, Other: 3Q FY12/18 Year-On-Year Comparison

### 【Factors Behind the Change in Net Sales】

- ◆ Net sales **increased by 8.5%** year-on-year due mainly to an increase in the number of long-term security projects in the “Security Business”, the core service of this segment.

### 【Factors Behind the Change in Operating Income】

- ◆ Operating income **increased by 46.8%** year-on-year due mainly to sales activities focused on raising profitability in the “Security Business” and improvements in gross margin by securing high profit margin long-term security projects, in addition to efforts to restrain SG&A expenses ratio.



# ■ ■ Establishment and Commencing Business Activity of the Company

# ■ Establishment and Commencing Business Activity of the Company

## ● Establishment of the company



# FULLCAST GLOBAL

Company Name: Fullcast Global Co., Ltd.  
Capital: 80 million yen  
Business Description: Staffing services focused exclusively on global human resources

- ◆ On June 29, 2018, we established the company called Fullcast Global Co., Ltd. to provide staffing services (dispatching and placement) mainly for foreign nationals, in order to provide diverse employment opportunities in which anyone can work with peace of mind. This company began operations on October 1, 2018.
- ◆ This company will seek to meet the staffing needs of client companies by utilizing global human resources with status of residence and work authorization, including “permanent residents” who have no limitations on work activities and “international students” who can engage in certain work activities after receiving permission for activities outside of their status of residence.
- ◆ The commencing operation of this Company is expected to have minimal effect upon full-year consolidated business performance for the fiscal year ending December 2018.



# ■ ■ Impact of the Earthquake in Hokkaido Iburi Eastern



## Impact of the Earthquake in Hokkaido Iburi Eastern

**Fullcast Holdings would like to extend its deepest condolences to those affected by the recent earthquake that struck the Iburi region of Hokkaido. The Fullcast Group has been impacted by this earthquake as follows.**

### Status of employees


-  None of the Group's employees were physically injured in the earthquake.

### Status of sales sites

-  The sales offices of Fullcast Co., Ltd. in Hokkaido (Sapporo Sales Section, Sapporo Office Sales Section, Asahikawa Sales Section, Hakodate Sales Section, Obihiro Sales Section) were forced to suspend operations due to a power outage caused immediately after the earthquake. However, each of these offices has restarted operations sequentially since September 7.
-  The sales offices of F-PLAIN Co., Ltd. in Hokkaido (Sapporo Branch) were forced to suspend operations due to a power outage caused immediately after the earthquake. However, this office restarted operations on September 9.

### Impact on business performance

-  The earthquake in Hokkaido Iburi Eastern will have a minimal impact on full-year business performance for the year ending December 2018.



# **3Q FY12/18 Progress Relative to Business Forecasts**

## 3Q FY12/18 Progress Relative to Business Forecasts

- ◆ The rate of progress of our earnings in the aggregate third quarter relative to our revised full-year business forecasts was **74.7%** for net sales, **76.6%** for operating income, **76.4%** for ordinary income, and **76.7%** for quarterly net income attributable to Fullcast Holdings Co., Ltd.
- ◆ We endeavor to achieve our revised business forecast by continuing to capture robust demand from client companies.

(Million yen)

		3Q FY12/18	FY12/18 Business forecasts for full-year (Revised)	Rate of progress
Net Sales		28,204	37,780	74.7%
Gross Profit		12,072	16,272	74.2%
Operating Income		4,302	5,620	76.6%
Ordinary Income		4,357	5,700	76.4%
Quarterly Net Income attributable to Fullcast Holdings Co., Ltd.		2,929	3,819	76.7%
Short-Term Operational Support Business	Net Sales	24,093	32,375	74.4%
	Placement	4,046	5,579	72.5%
	BPO	4,351	5,733	75.9%
	Dispatching	13,125	17,629	74.5%
	Outsourcing	2,571	3,434	74.9%
Sales Support Business	Net Sales	2,566	3,336	76.9%
Security, Other Businesses	Net Sales	1,545	2,069	74.7%

## (Reference) Basic Stance on Capital Policy

### Basic Stance on Capital Policy

**The Fullcast Group maintains a basic policy of maximizing capital efficiency and securing financial soundness to achieve sustained improvement in corporate value.**

- ◆ **Maintaining a total return ratio of 50% relative to adjusted net income(\*) targeted at providing returns to shareholders as an indicator to support sustained improvement in corporate value and to maximize capital efficiency.**
- ◆ **Our goal of enhancing corporate value is to maintain an ROE of 20% or greater relative to adjusted net income.**
- ◆ **We will maintain a maximum D/E ratio of 0.5x in order to enhance corporate value and to maintain financial soundness.**

\* "Adjusted net income" refers to net income attributable to Fullcast Holdings Co., Ltd. excluding the influence of income taxes-deferred arising from recording of deferred tax assets for deduction of loss carried forward. "Adjusted net income" is used as the based for calculating the total return ratio and ROE.

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## ADR (American Depositary Receipts) Program:

Program Type: Sponsored Level 1



**BNY MELLON**  
DEPOSITARY RECEIPTS

Exchange Ratio with Underlying Stock: 1ADR = 1 Underlying Stock  
CUSIP Code: 35968P100

Symbol: FULCY  
Depository: The Bank of New York Mellon

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