

人と技術で次代を拓く

**MEITEC**

メイテックグループ

# **SMBC NIKKO Japan Series Executive Conference Tokyo 2017**

---

February 21, 2017

**MEITEC CORPORATION**

9744 TSE 1<sup>ST</sup> Section

# The Meitec Group's Enduring Goals



The Meitec Group aims to cater to as many corporate clients and engineers as possible to realize more inspiring and enjoyable job opportunities and placements.

As we head into fiscal 2016, the final year of the Group's Mid-term Management Plan 2014-2016, our aim is for the corporate group to continue to expand as a leading company in value creation.

Hideyo Kokubun  
President and CEO, COO,  
MEITEC CORPORATION CEO,  
MEITEC Group CEO

國分 秀世

## Features of the Meitec Group

1. The largest in the regular full-time employment engineer staffing industry

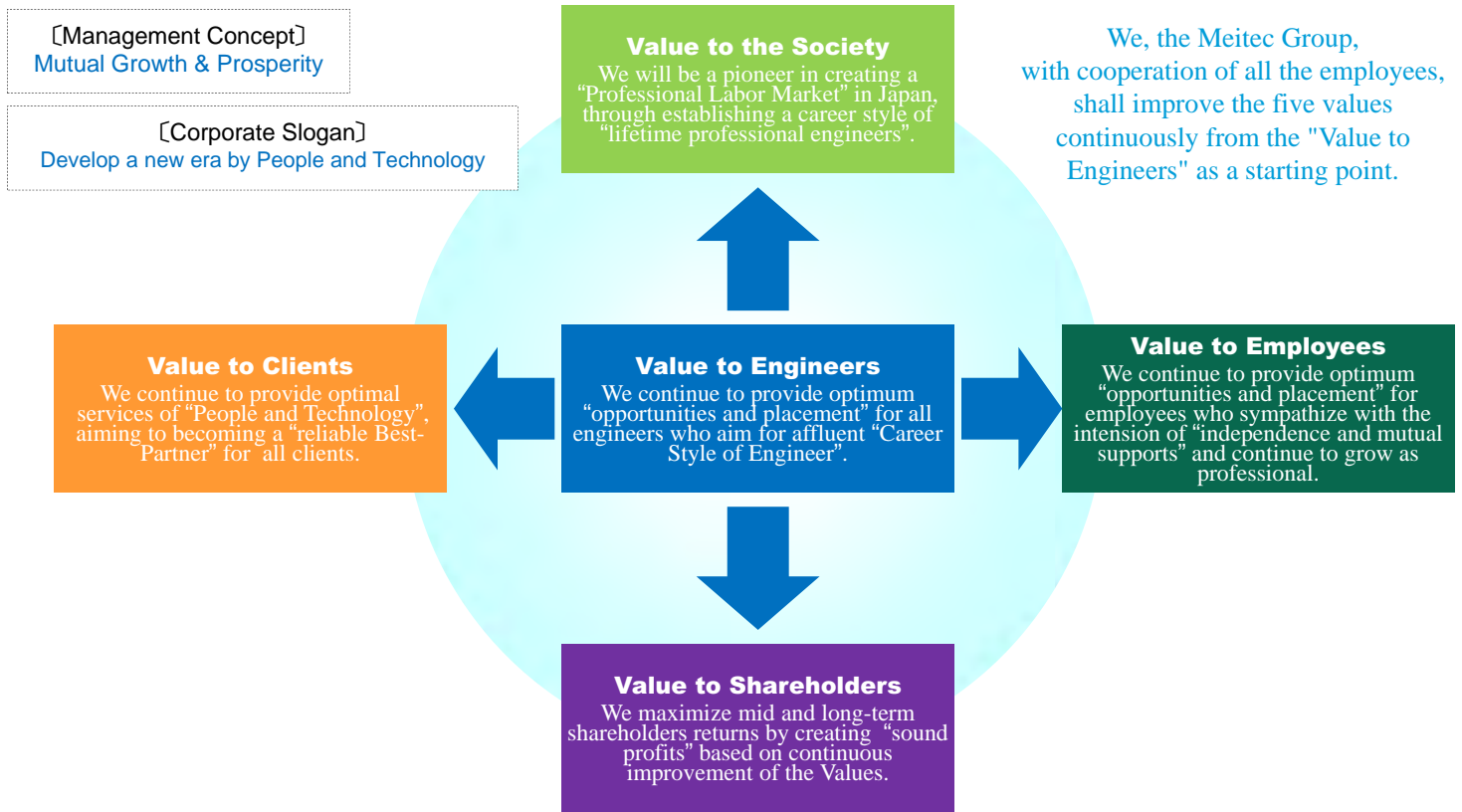
〈Largest number of transactions in the industry & the best quality in the industry; a pioneer〉

2. The largest “group of professional engineers” in Japan  
〈A platform that produces Lifetime Professional Engineers®〉

3. Clients include approx. 1,000 major manufacturing companies in Japan

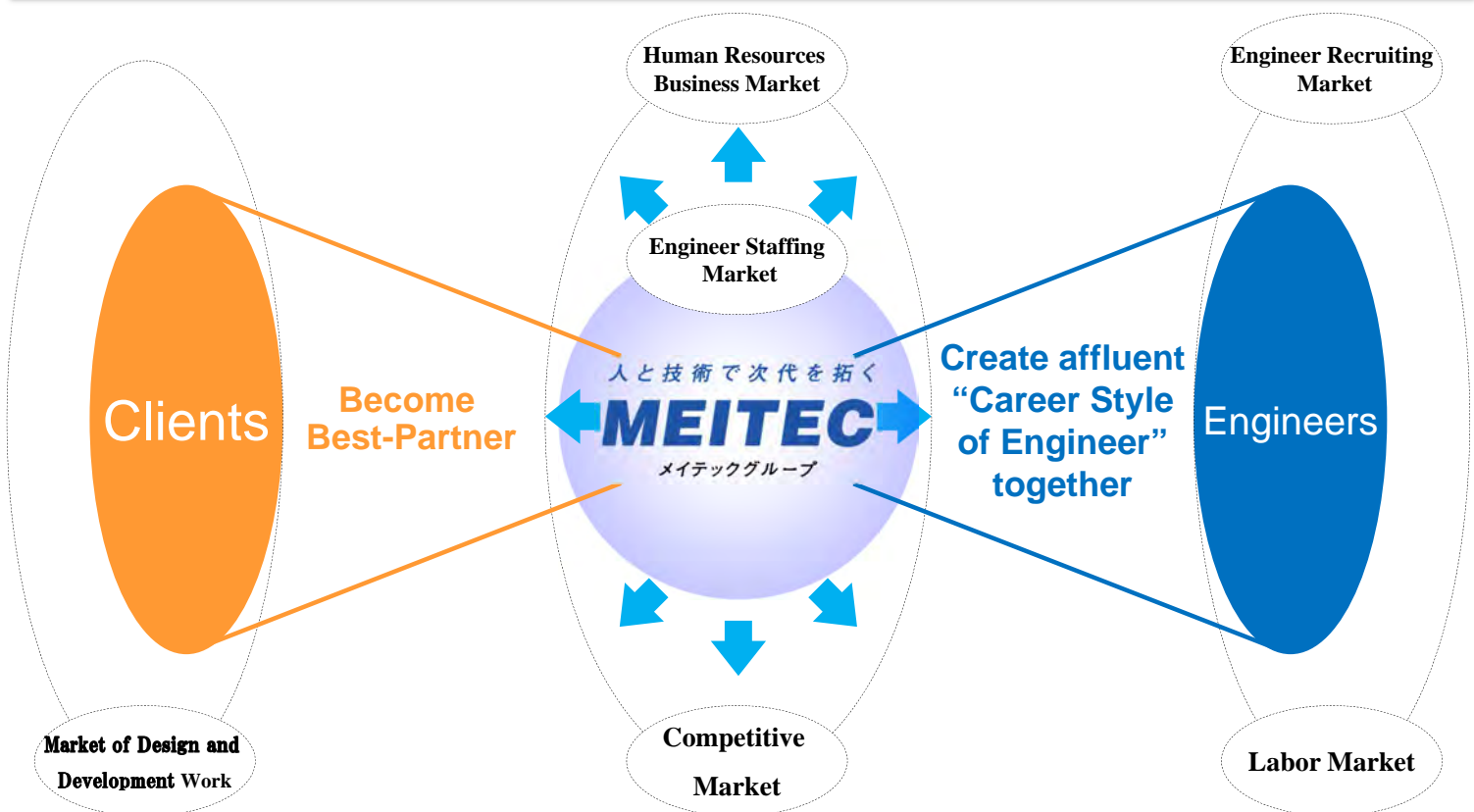
〈More than 4,000 companies in total over the 40 years since the company was established〉

- ✓ Prior to the start of the mid-term management plan, we have reviewed the “ideal state of the Group” (visions).
- ✓ The previous four values (employees, clients, shareholders, and society) have been amended to following five values



5

- ✓ We have set a business policy that clearly states the values provided by the Group to service users, through a review of our management concept and corporate slogan as well as our “ideal state.”



6



# Top 10 Clients by Sales

Re-posted

✓ The top 10 clients for Meitec are as below.

※Due to confidentiality reasons we refrain from disclosing specific figures.

(Millions of yen)

2nd Q FY2011			2nd Q FY2015			2nd Q FY2016		
1	Mitsubishi Heavy Industries		1	Canon		1	Mitsubishi Heavy Industries	
2	Panasonic		2	Mitsubishi Heavy Industries		2	Denso	
3	Nikon		3	Denso		3	Canon	
4	Canon		4	Panasonic		4	Panasonic	
5	Denso		5	Nikon		5	Nikon	
6	Sony		6	Kawasaki Heavy Industries		6	Sony Semiconductor Solutions	
7	Kawasaki Heavy Industries		7	Omron		7	Toyota Motor	
8	Daikin Industries		8	Sony		8	Kawasaki Heavy Industries	
9	Toyota Motor		9	Mitsubishi Aircraft		9	Mitsubishi Aircraft	
10	Mitsubishi Electric		10	Toyota Motor		10	Omron	
Top 10 Total	7,203	28.5%	Top 10 Total	8,518	25.7%	Top 10 Total	8,428	24.7%
Top 20 Total	9,737	38.6%	Top 20 Total	11,855	35.8%	Top 20 Total	11,885	34.9%
Others	15,519	61.4%	Others	21,276	64.2%	Others	22,188	65.1%
Total	25,256	100.0%	Total	33,131	100.0%	Total	34,073	100.0%

\*From the presentation of 2nd Q of fiscal year

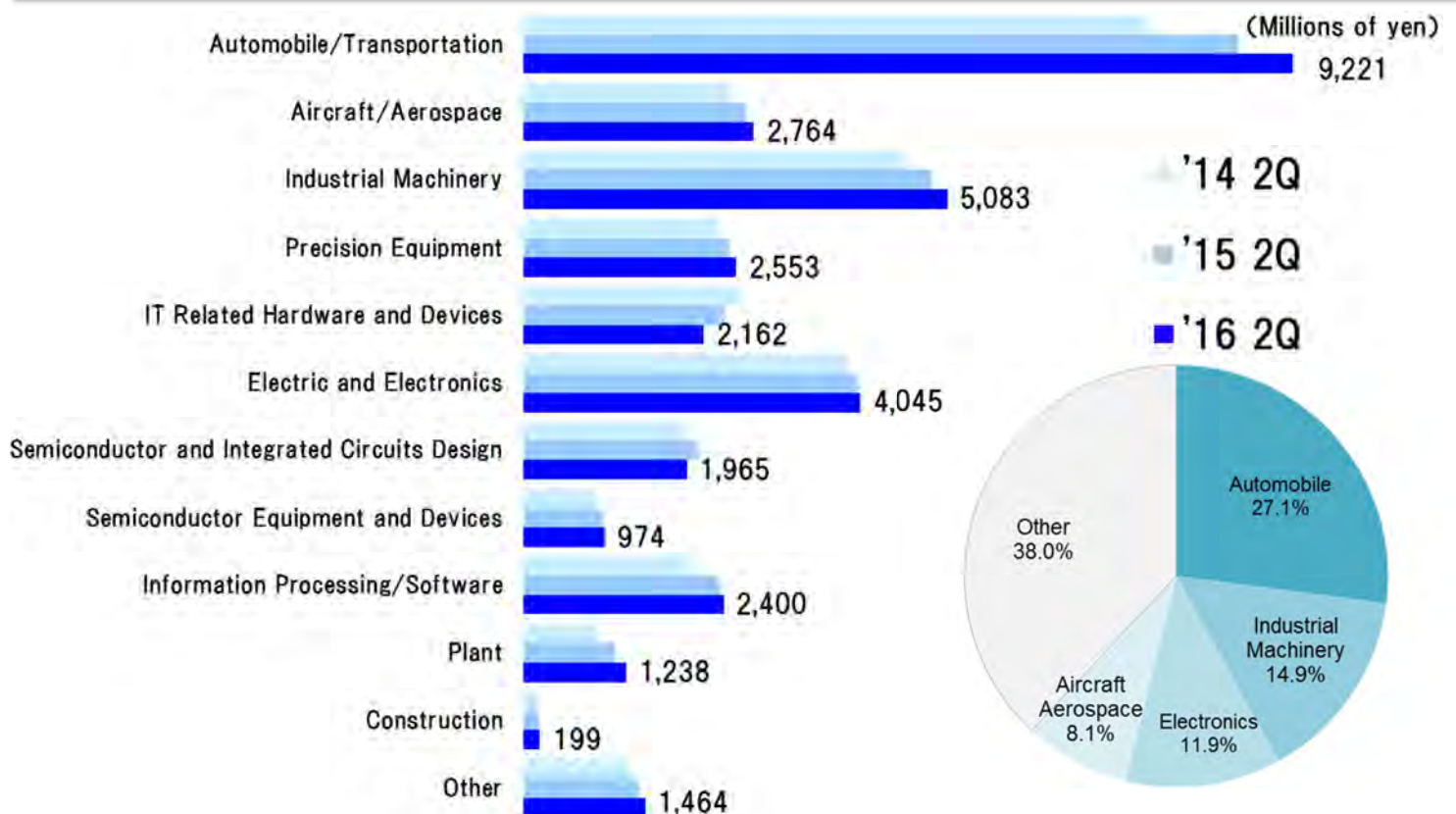
7

# Sales by the Industrial Segments

Re-posted

✓ Sales by the industrial segment for Meitec are as below.

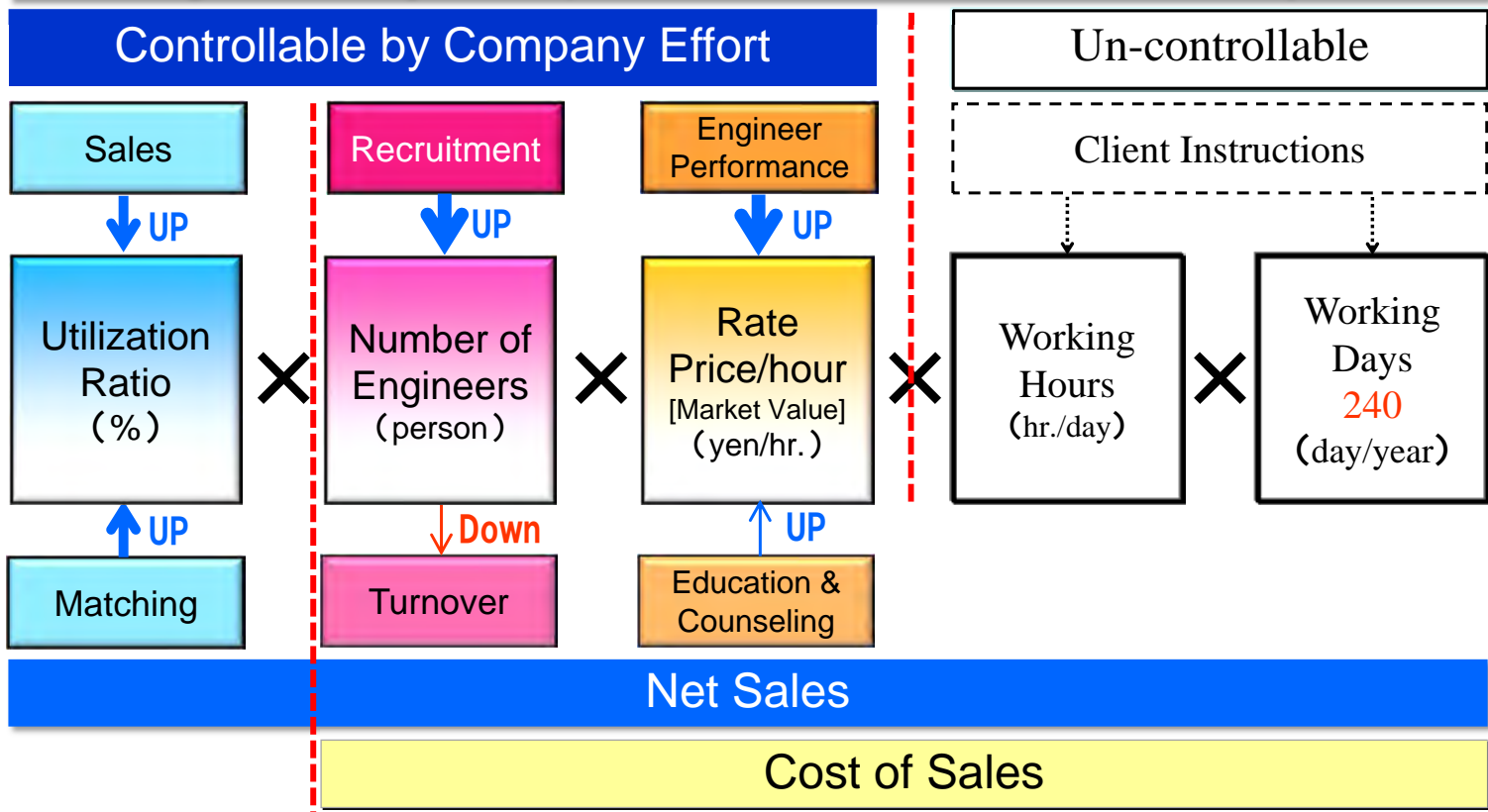
※Figures are stated in Reference Materials. From a confidentiality perspective, we refrain from disclosing the breakdown and outlook by clients.



\*From the presentation of 2nd Q of fiscal year

8

- ✓ Increase the number of engineers and sustain and improve the high "utilization ratio and prices" is the key to a growth
- ✓ Working hours is a key indicator, but it is outside the control of the Meitec Group.

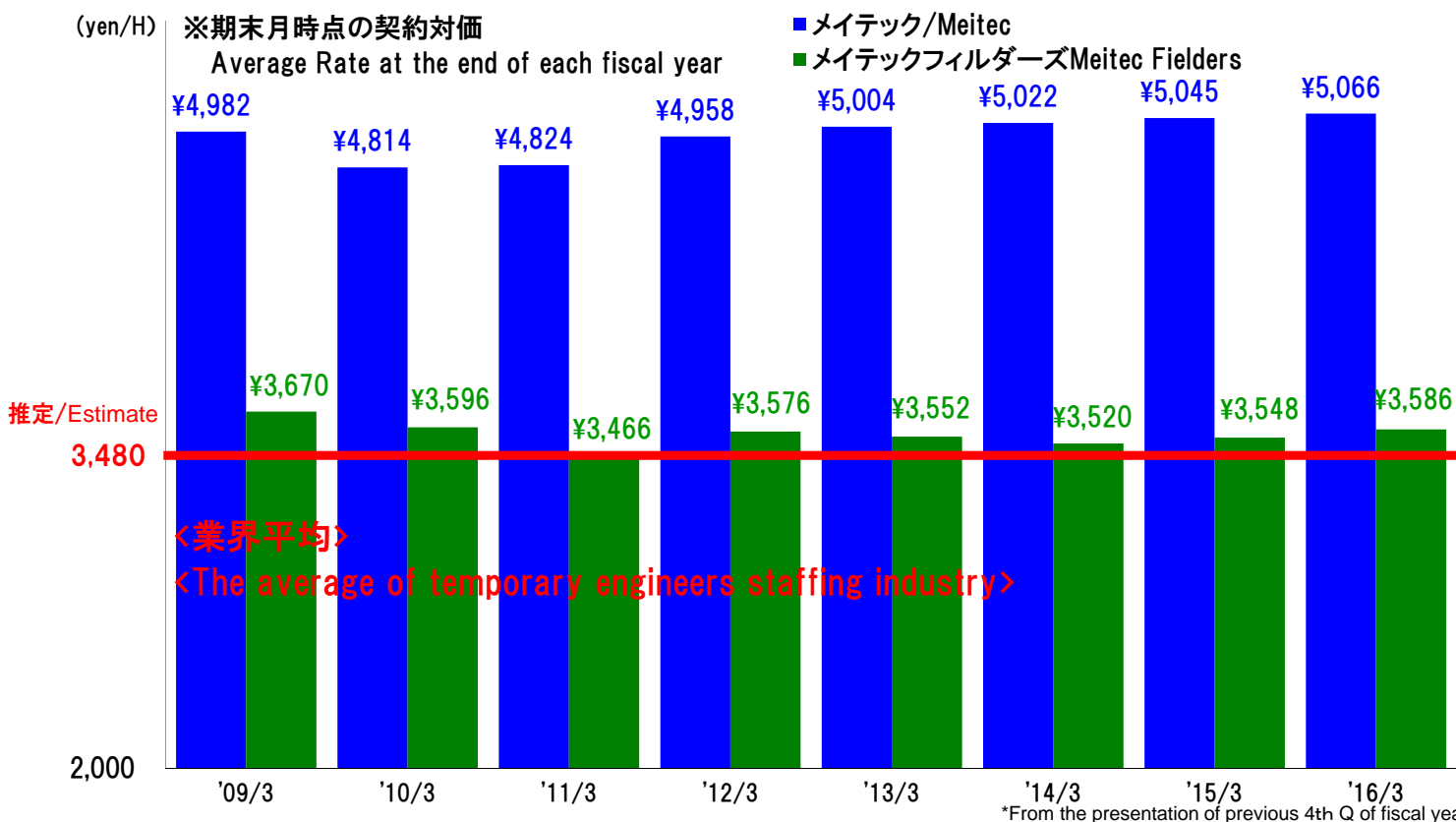


9

## Trend in Average Rate = (Market Value)

Re-posted

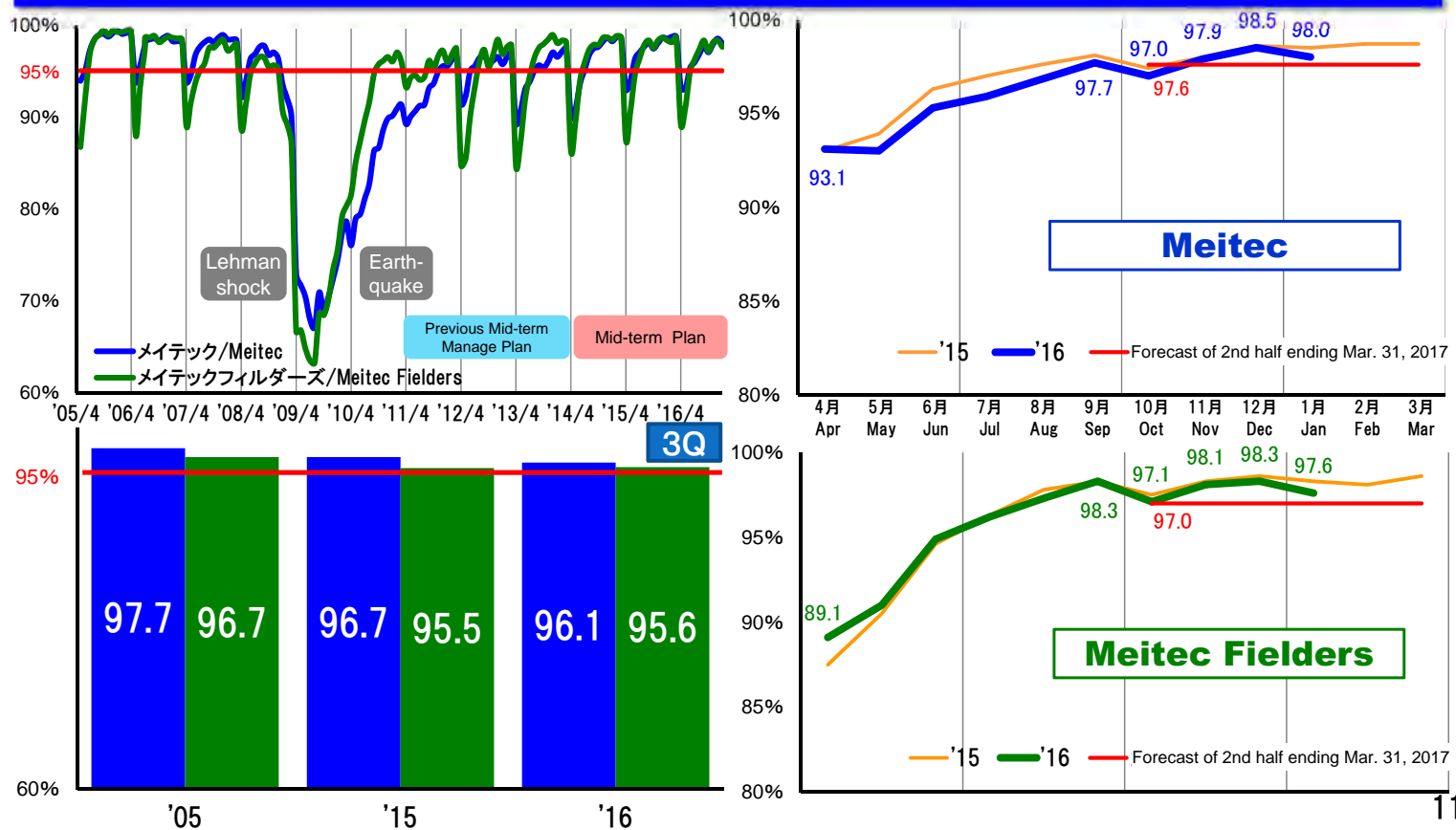
- ✓ Each engineer raises the value of his/her performances, helping clients' understand the value.
- We will continue to make efforts to "obtain appropriate compensation" based on market value.



10

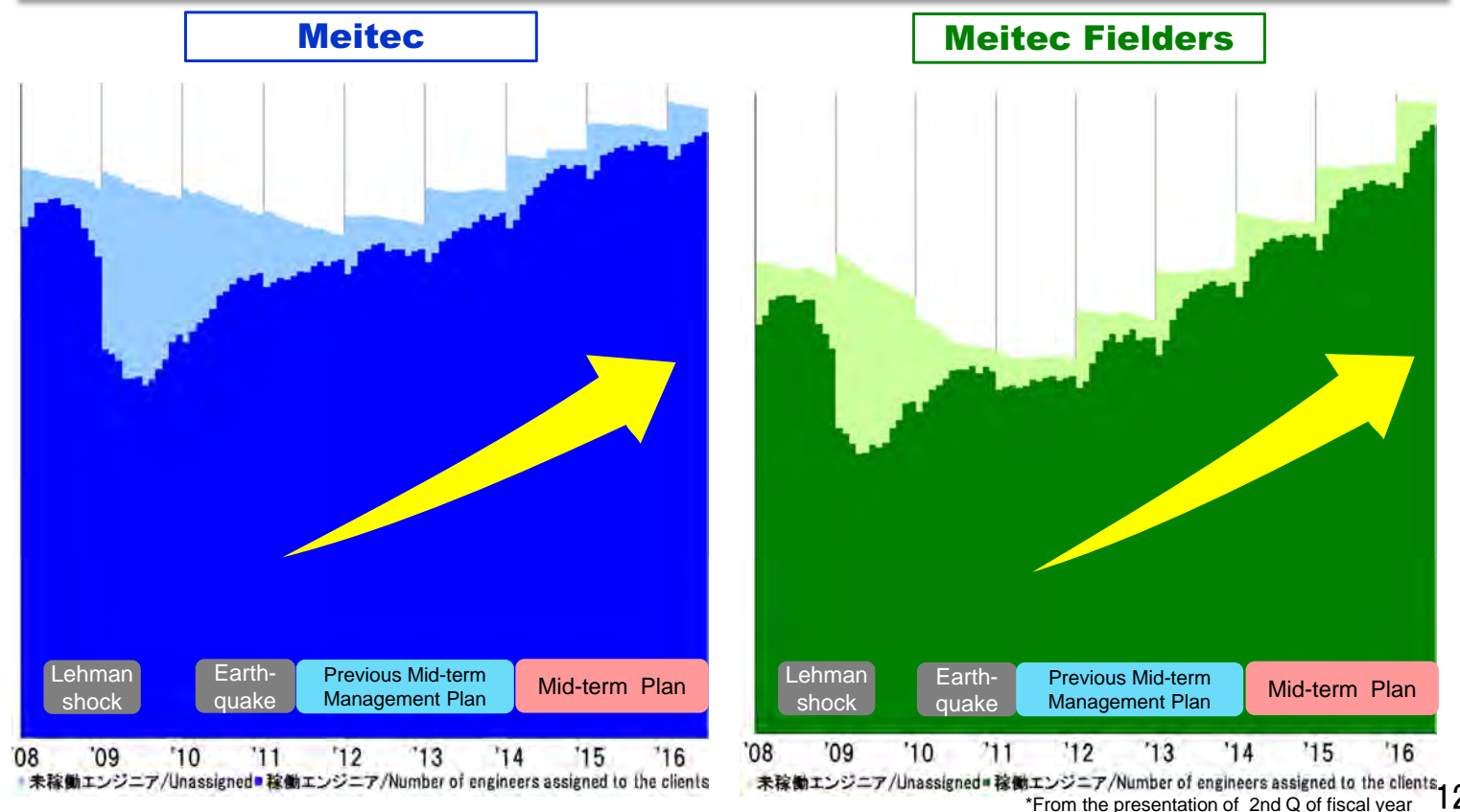
# Utilization Ratio

✓ The utilization ratio declined slightly year on year, mainly due to the strategic rotation of engineers between clients and assignments to support career enhancement, but remained steadily at a high level.



## Number of Engineers Assigned to the Clients (Key factor of Sales) Re-posted

✓ The number of engineers assigned to clients has steadily risen due to the combination of an “increase in the number of engineers” by aggressive recruitment and the “maintenance of high utilization ratio” by obtaining orders and early assignment.



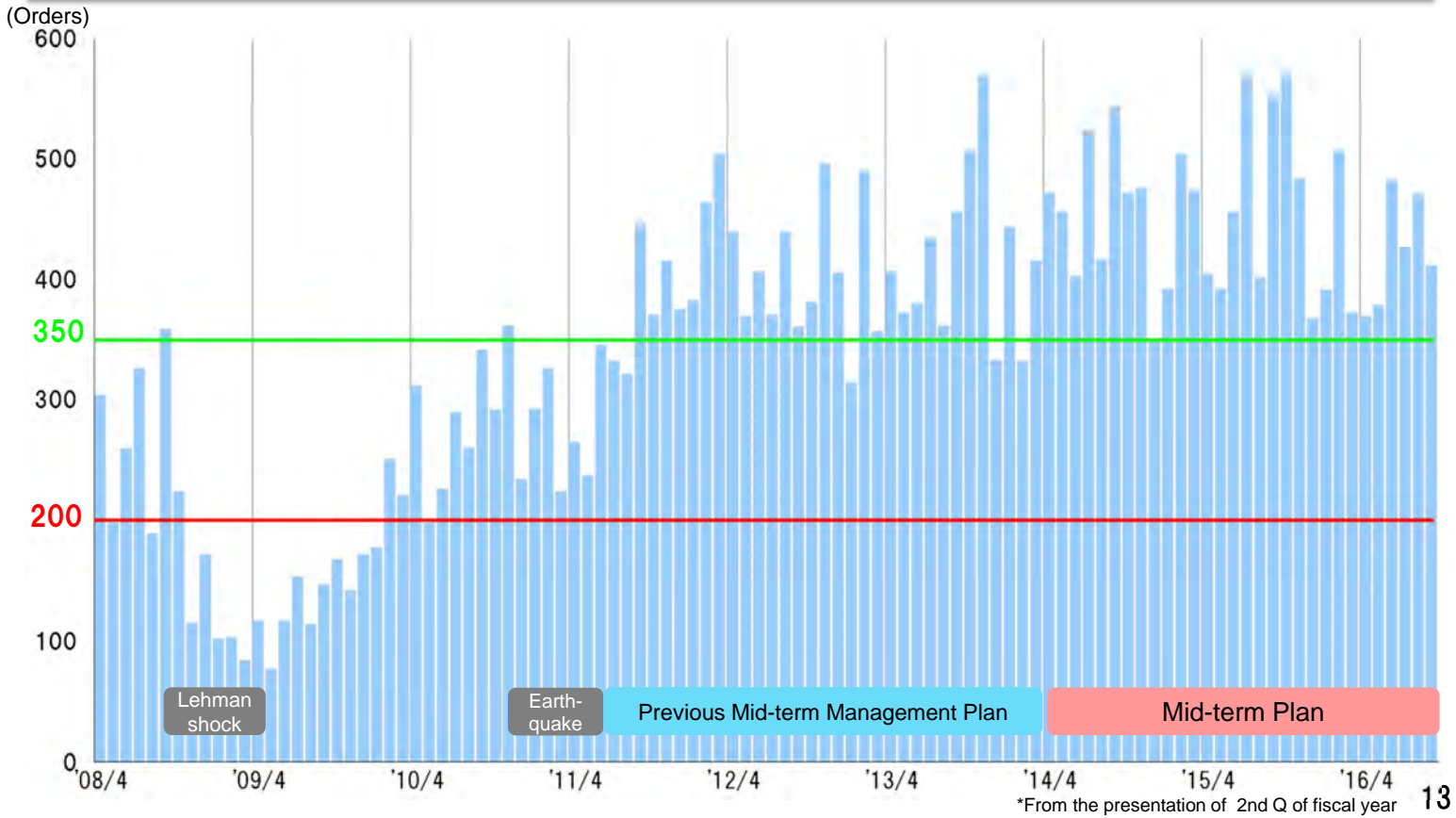


# Trend in New Orders by Month

Re-posted

✓ **New monthly orders at Meitec remain firm, trending above the key 350 orders per month level.**

※From a confidentiality perspective, we refrain from disclosing the breakdown of new orders (industry, client, etc.).



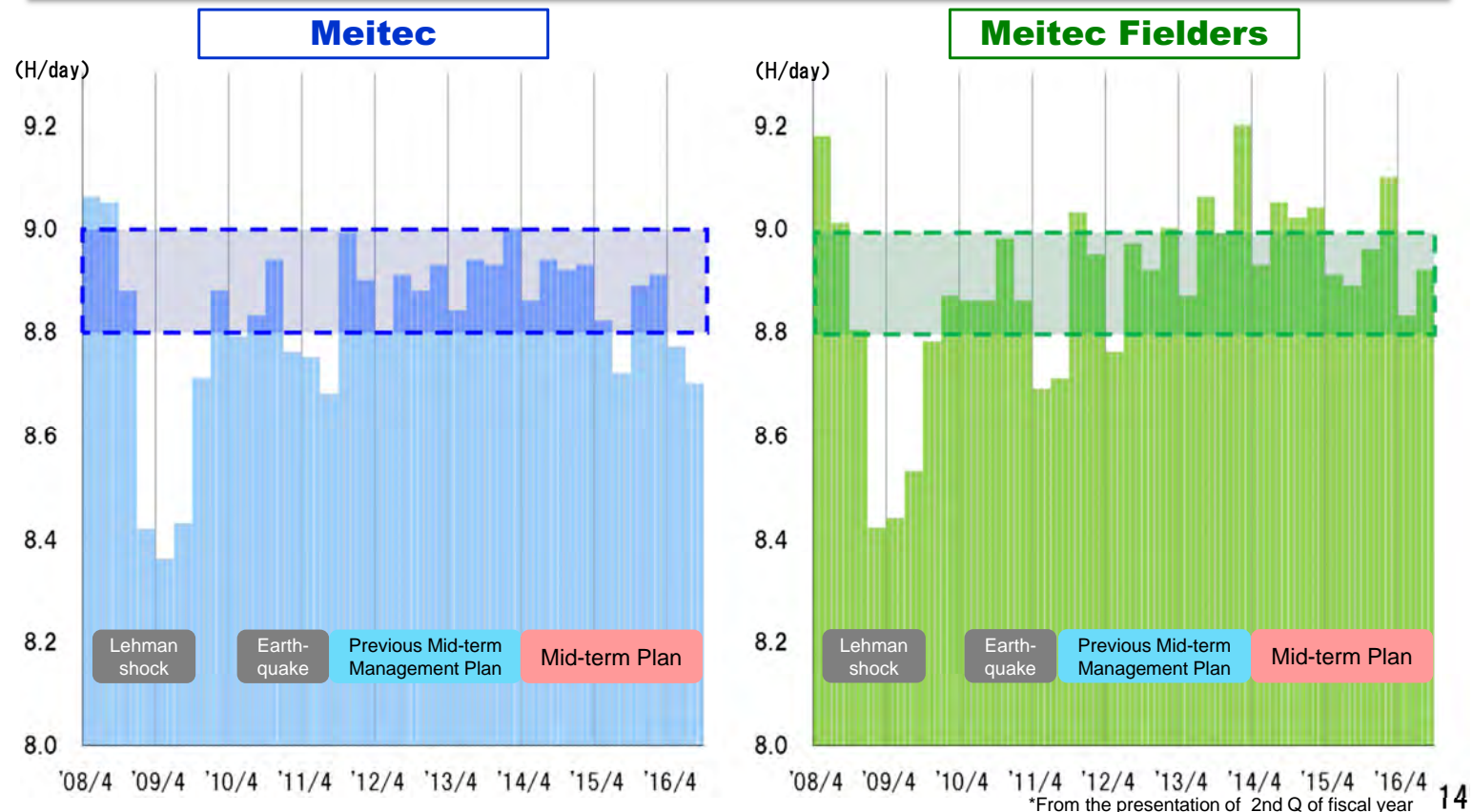
# Working Hours

Re-posted

✓ **Working hours declined year on year due to reductions in overtime hours etc.**

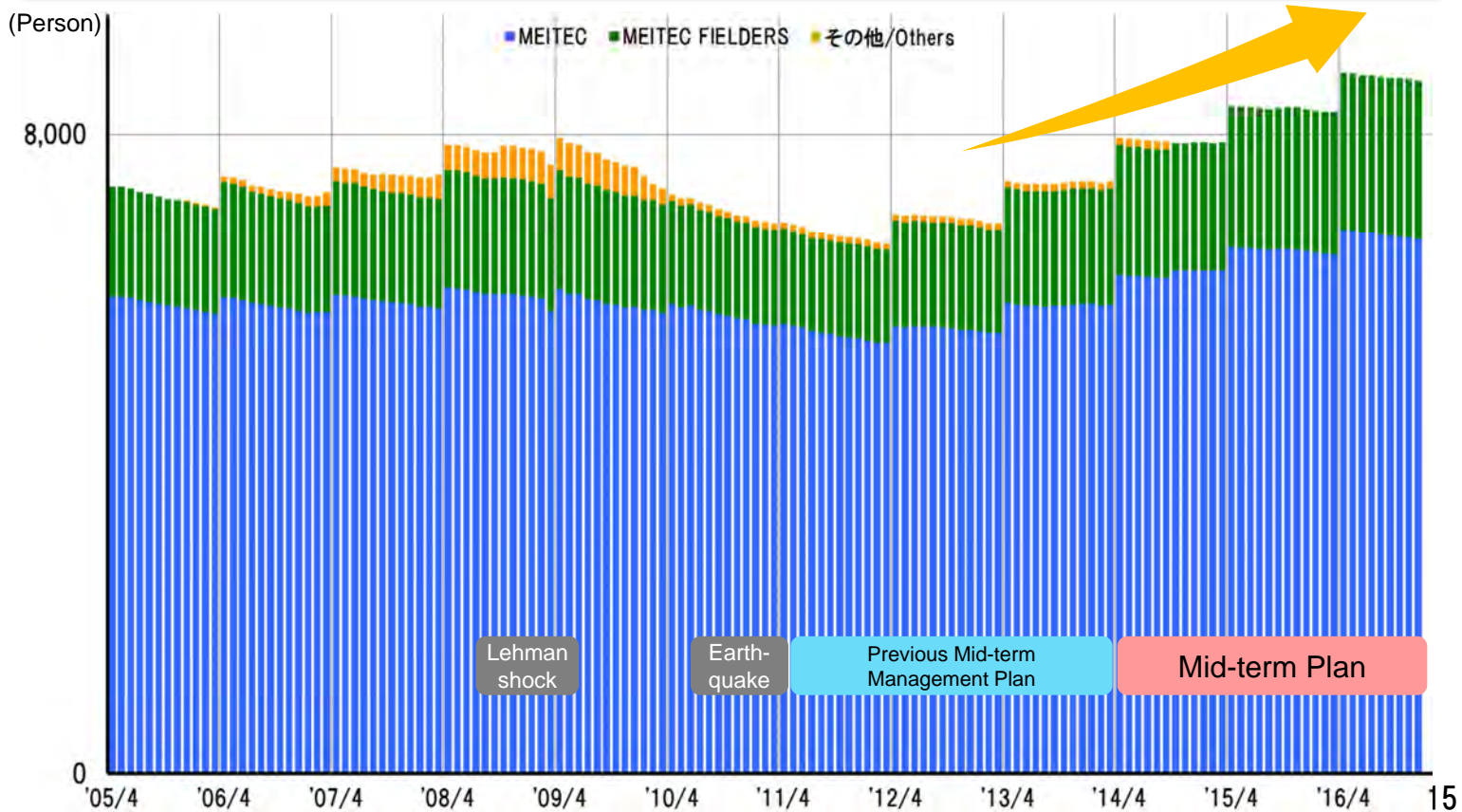
→We view 8.8-9.0 hours per day to be a solid level

✓ **We do not see this as a major risk but close attention will be required going forward.** ※Uncontrollable by Meitec



# Number of Engineers (Group Consolidated)

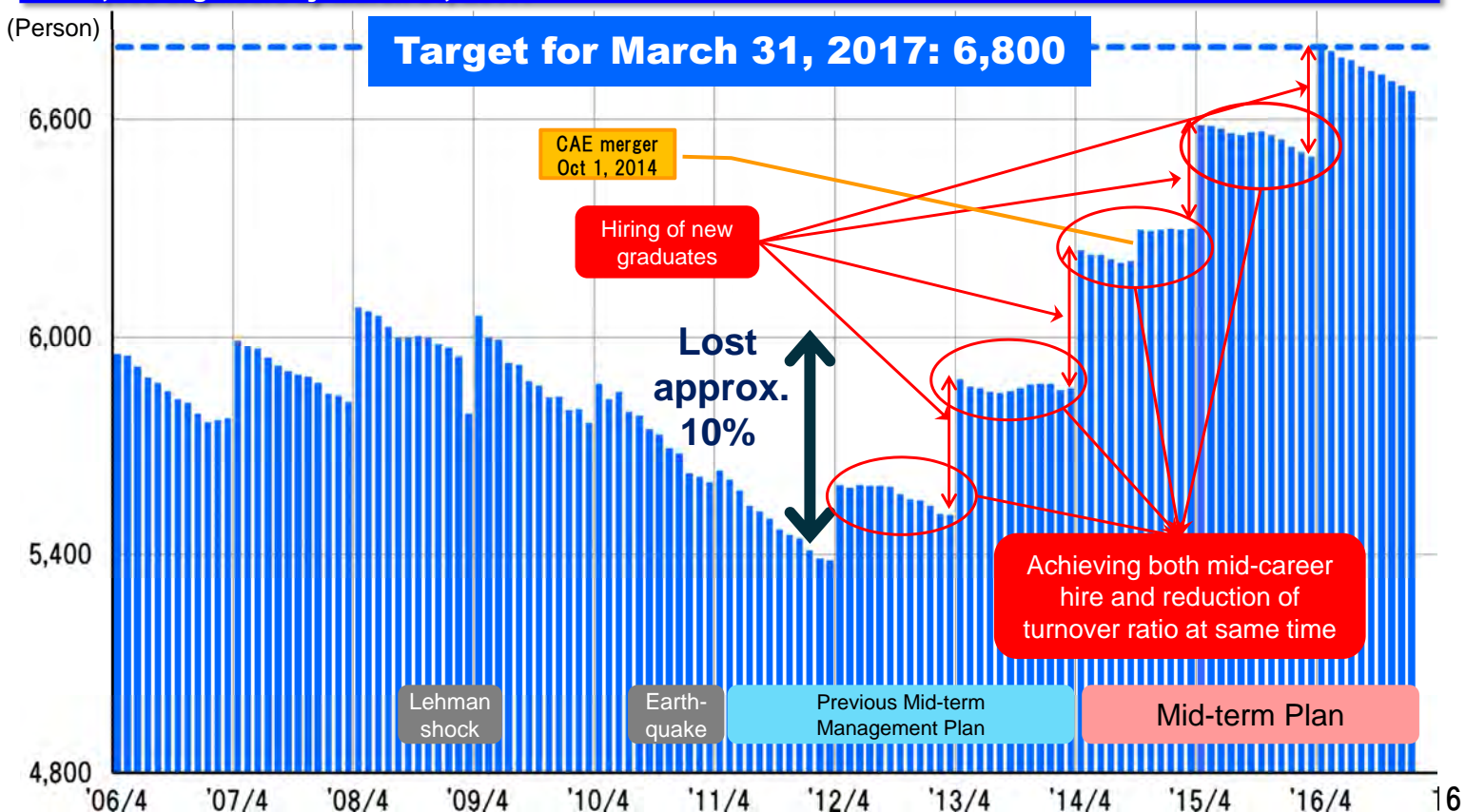
✓ Number of engineers at the end of January 31, 2017 was 8,661, increased 432 engineers, or 5.2%, compared to January 31, 2016



# Number of Engineers (Meitec)

✓ Number of engineers at the end of January 31, 2017 was 6,679, increased 155 engineers, or 2.4%, compared to January 31, 2016.

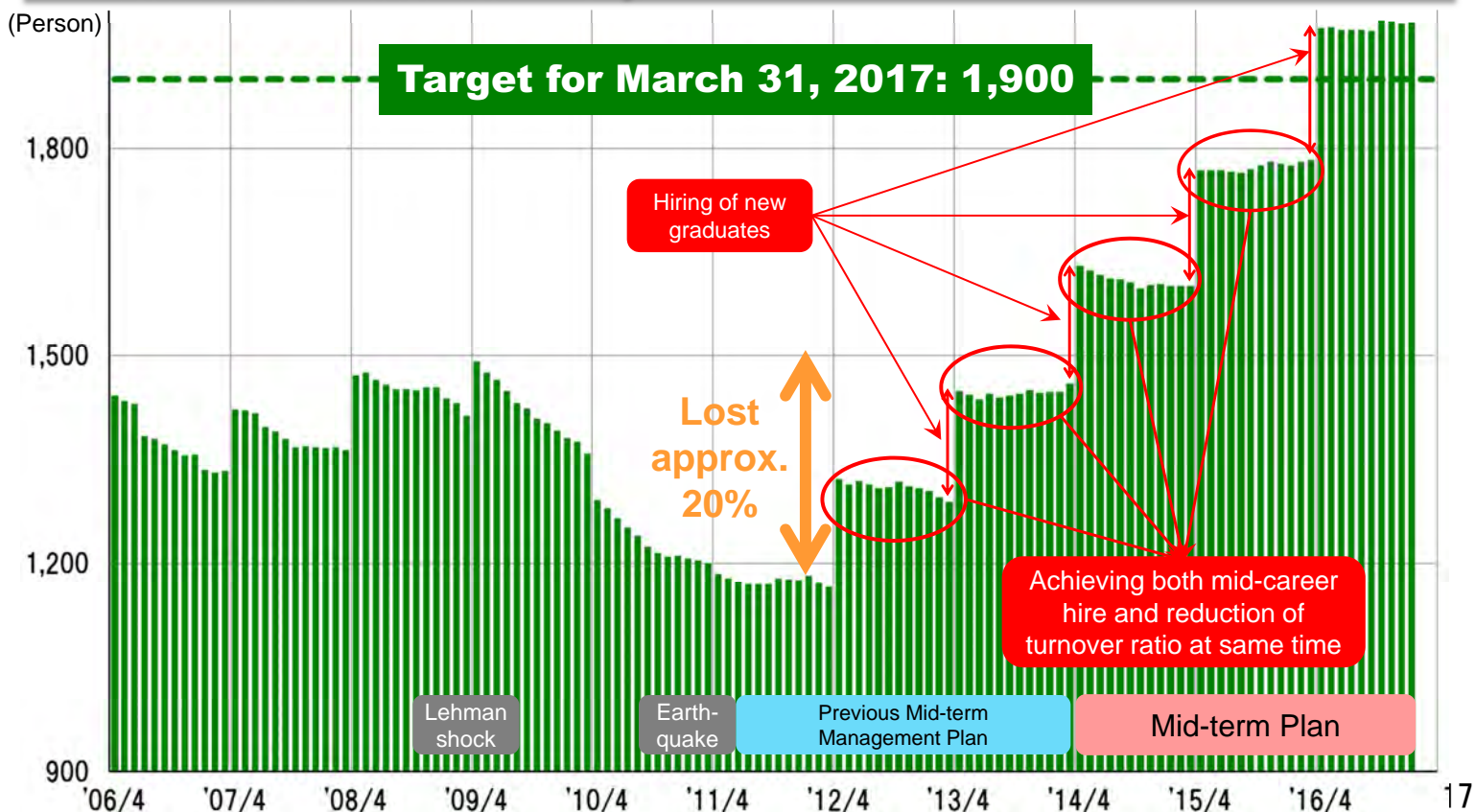
✓ Achieving both mid-career hires and reduction of the turnover ratio will be key in achieving the target for 6,800 engineers by March 31, 2017.





# Number of Engineers (Meitec Fielders)

- ✓ Number of engineers at the end of January 31, 2017 was 1,982, increased 207 engineers, or 11.7%, compared to January 31, 2016.
- ✓ The target for 1,900 engineers by March 31, 2017 has been reached, but achieving both mid-career hires and reduction of turnover ratio remains key.



## Hiring Target for Fiscal Year Ending Mar. 2017

Re-posted

### Mid-career (FY 2016)

- ✓ The hiring environment remains challenging amid further growth in the number of engineer job offers.
- ✓ Under these conditions, Meitec will continue to focus on hiring engineers in line with order trends, mainly in the machinery and electronic/electronics sectors, by maintaining hiring standards and the assumption of ensuring engineers can be assigned smoothly.
- ✓ The hiring target is 318 engineers (no change from initial forecast), breaking down as 135 for Meitec (-25) and 183 for Meitec Fielders (+25).

### New Graduates (Joined April 2017)

- ✓ The hiring environment remains difficult, mainly due to strong demand for new hires amid an increase in the number of hiring companies and the number of persons being hired. Other factors include earlier recruiting activities and strong local-oriented activities.
- ✓ Under these conditions, even experiencing the difficulty in ensuring the applicant, we continued our effort while maintaining our hiring standards.
- ✓ Job offers by the Meitec Group was below the initial forecast by 23 engineers (-3 year on year), comprising a shortfall of 18 (-26 year on year) for Meitec (-26 year on year) and a shortfall of 5 (+23 year on year, a record high) for Meitec Fielders.

(person)	Fiscal Year Ending March 31, 2017					Fiscal Year Ending March 31, 2018	
	Newly Graduate April 2016 (Actual)	Mid-career 〈Target〉	Comparison to Initial Forecast	Total 〈Target〉	Comparison to Initial Forecast	Newly Graduate April 2017 〈Prospective Number as of Oct. 2016〉	Comparison to Initial Forecast
Meitec	338	135	(25)	473	(25)	312	(18)
Meitec Fielders	182	183	+25	365	+25	205	(5)
Total	520	318	—	838	—	517	(23)
Comparison to previous year	+46	+25		+71			

- ✓ We have factored in revisions to our earnings forecasts for the second half of fiscal 2016
- ✓ Results almost reached the target levels for the third year of the Mid-term Management Plan, but issues remain to be addressed.

billions yen	Mid-term Management Plan (Targets)	FY2014 (Actual)	FY2015 (Actual)	FY2016 (Forecast)
<b>Group Consolidated</b>				
<b>Net Sales</b>	88.0	82.1	87.8	90.8
<b>Operating Income</b>	10.0	9.5	10.8	10.7
<b>Margin</b>	equal or more than 12%	11.6%	12.4%	11.8%
<b>Profit</b>	6.0	3.6	8.0	7.6
<b>ROE</b>	equal or more than 15%	9.9%	21.5%	20.3%
<b>Meitec</b>				
<b>Net Sales</b>	68.0	64.6	68.8	70.2
<b>Operating Income</b>	8.5	7.9	9.0	8.8
<b>Margin</b>	equal or more than 13%	12.3%	13.2%	12.5%
<b>Meitec Fielders</b>				
<b>Net Sales</b>	13.5	11.9	13.3	14.8
<b>Operating Income</b>	1.3	1.0	1.2	1.3
<b>Margin</b>	equal or more than 9.5%	9.0%	9.0%	8.8%

\*From the presentation of 2nd Q of fiscal year 19

Results for the 3rd Quarter of the Fiscal Year Ending  
March 31, 2017 (Group Consolidated)

- ✓ Net sales rose 3.8% year on year and operating income was up 5.1%, driven by the professional staffing business for engineers on the back of continued investment in technological development by major manufacturers, Meitec's main clients.
- ✓ Profit attributable to owners of parent declined 4.2%, reflecting the absence of extraordinary income booked in the same period a year earlier.

Group Consolidated (Millions of yen)	3Q ended Dec. 31, 2015	3Q ended Dec. 31, 2016	YoY Amount	% Change	Forecast FY ending March 31, 2017	% Change
Net sales	64,399	66,817	+2,417	+3.8%	90,800	73.6%
Cost of sales	47,578	49,481	+1,903	+4.0%	67,100	
Cost of sales to Net sales	73.9%	74.1%	+0.2%			
SG&A Expenses	9,063	9,185	+122	+1.3%	13,000	
Operating income	7,758	8,150	+392	+5.1%	10,700	76.2%
Operating income margins	12.0%	12.2%	+0.2%		11.8%	
Ordinary income	7,733	8,155	+421	+5.5%	10,700	76.2%
Extraordinary income & loss	1,039	26	(1,013)			
Profit before income taxes	8,773	8,182	(591)	(6.7%)		
Profit attributable to owners of parent	5,840	5,596	(244)	(4.2%)	7,600	73.6%
Profit margins	9.1%	8.4%	(0.7%)			

## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2017 (Meitec)

- ✓ Net sales increased 2.4% year on year and operating income rose 3.4%, supported by growth in the number of engineers assigned to clients.
- ✓ The utilization ratio declined 0.6 percentage points year on year, mainly due to careful selection of work assignments for newly graduated engineers and the strategic rotation of engineers between clients and assignments to support career enhancement.

<b>Meitec</b> (Millions of yen)	3Q ended Dec. 31, 2015	3Q ended Dec. 31, 2016	YoY Amount	% Change	Forecast FY ending March 31, 2017	% Change
Net sales	50,607	51,813	+1,205	+2.4%	70,200	73.8%
Operating income	6,457	6,674	+216	+3.4%	8,800	75.8%
Operating income margins	12.8%	12.9%	+0.1%		12.5%	
Ordinary income	6,925	7,259	+333	+4.8%	9,300	78.1%
Profit	5,492	5,153	(339)	(6.2%)	6,700	76.9%
Utilization ratio (Company-wide)	96.7%	96.1%	(0.6%)		96.5%	
Working Hours<h/day>	8.81	8.77	(0.04)	(0.5%)	8.82	
Number of Engineers as Period-End	6,544	6,695	+151	+2.3%		

21

## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2017 (Meitec Fielders)

- ✓ Net sales increased 12.3% year on year and operating income rose 17.1%, supported by growth in the number of engineers assigned to clients.
- ✓ The utilization ratio increased 0.3 percentage points year on year, mainly reflecting steady progress in assigning newly graduated engineers.
- ✓ Profit surged 49.7% year on year, partly reflecting a reduction in the tax burden.

<b>Meitec Fielders</b> (Millions of yen)	3Q ended Dec. 31, 2015	3Q ended Dec. 31, 2016	YoY Amount	% Change	Forecast FY ending March 31, 2017	% Change
Net sales	9,813	11,022	+1,209	+12.3%	14,800	74.5%
Operating income	889	1,041	+151	+17.1%	1,300	80.1%
Operating income margins	9.1%	9.4%	+0.3%		8.8%	
Ordinary income	890	1,040	+150	+16.9%	1,300	80.0%
Profit	570	798	+228	+40.0%	1,000	79.8%
Utilization ratio (Company-wide)	95.5%	95.6%	+0.1%		95.8%	
Working Hours<h/day>	8.92	8.90	(0.02)	(0.2%)	8.95	
Number of Engineers as Period-End	1,778	1,979	+201	+11.3%		

22

# Basic Policy Regarding Profit Distribution

- ✓ Through the realization of sustained growth, we will aim at the maximization of shareholder return on a medium- to long-term basis.
- ✓ The Company's basic concept concerning profit return is achievement return based on performance.

Revised May 2011  
Basic Policy  
Regarding Profit  
distribution

Total Return Ratio  
Basically within 100%

Dividend

Dividend related to performances Equal or more than 50% of consolidated net profit

Minimum Dividend Equal or more than Dividend on Equity ratio (DOE) 5%

Treasury Shares Acquisition

Purchase of treasury Shares Consolidated cash position excess of 3 months net sales to be planned for purchase of the treasury shares

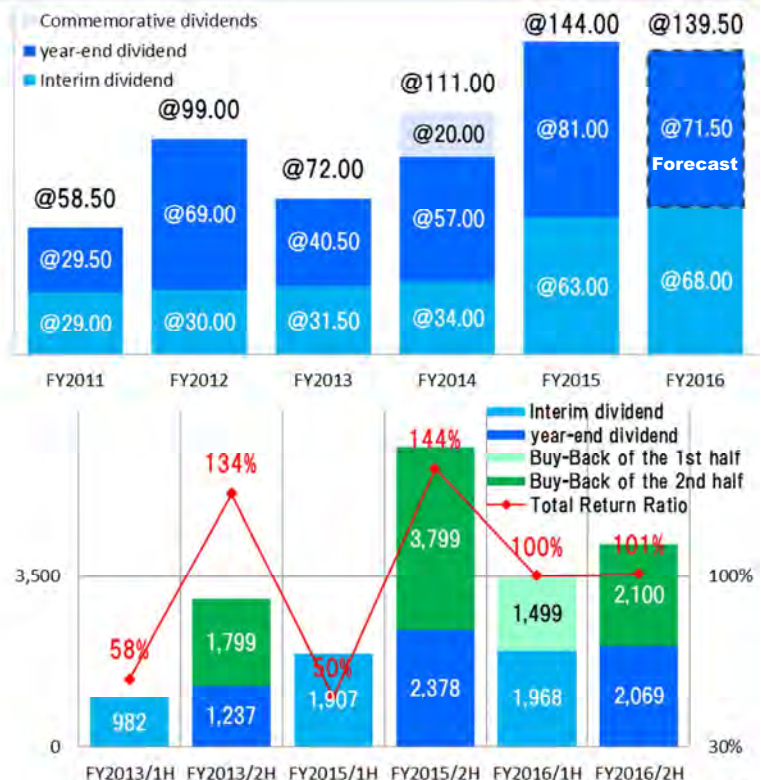
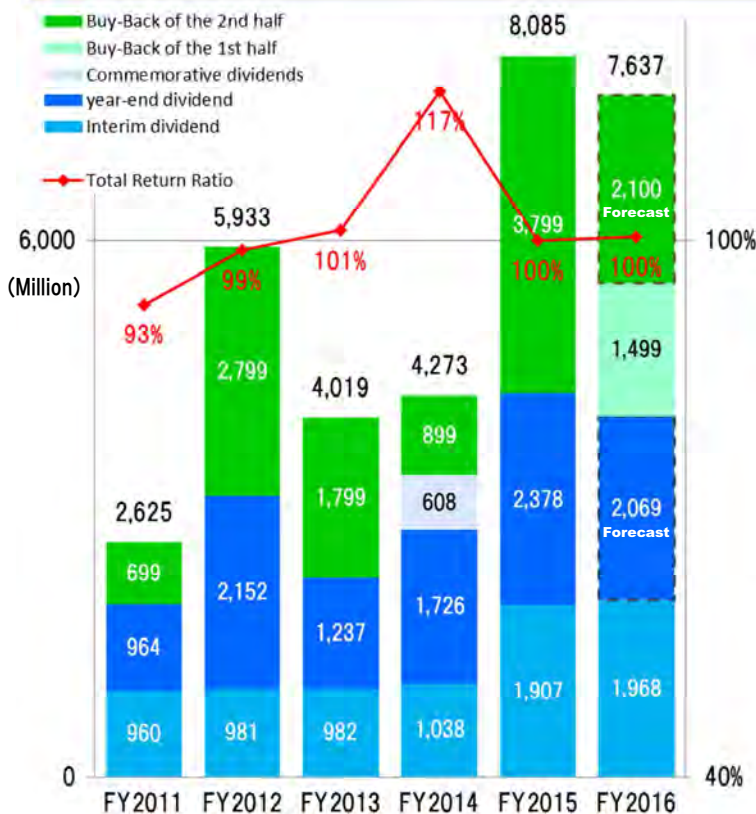
Retain Maximum of 2 million shares Retired Excess above maxim to be retired

- Three Months Net Sales = Working capital: Consolidated two months net sales + Fund for strengthening the financial base (a fund to sustain the business operation in the event of a crisis equivalent to that of fiscal year ended March 2010): consolidated one month net sales
- To realize the flexible financial position, for the implementation of future growth strategies and response to the risk associated in achieving the goals of the management plan, treasury shares will be held by the company.

# Results and Forecast of Profit Distribution

Re-posted

- ✓ We have raised our forecast for profit distribution in line with upward revision to our full-year earnings forecasts.
- ✓ Our new profit distribution forecasts equate to a total return ratio of 100% for the full year, 1H and 2H.



\*From the presentation of 2nd Q of fiscal year



## Progress on the Mid-term Management Plan ~Towards the Next Mid-term Management Plan~

IN (Recruiting) Strategy	Strengthen “the power of obtaining applicants and implementing follow-up”	<ul style="list-style-type: none"> <li>✓ Annual number of recruitment to miss initial target in the Mid-term Management Plan</li> </ul> <table border="1"> <thead> <tr> <th>(person)</th> <th>Initial target in the Mid-term Management Plan</th> <th>Target for FY2016</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>MT<sup>※1</sup></td> <td>630</td> <td>473</td> <td>(157)</td> </tr> <tr> <td>MF<sup>※2</sup></td> <td>300</td> <td>365</td> <td>+65</td> </tr> <tr> <td>total</td> <td>930</td> <td>838</td> <td>(92)</td> </tr> </tbody> </table> <p><small>※1 Meitec ※2 Meitec Fielders</small></p>	(person)	Initial target in the Mid-term Management Plan	Target for FY2016	Difference	MT <sup>※1</sup>	630	473	(157)	MF <sup>※2</sup>	300	365	+65	total	930	838	(92)	<ul style="list-style-type: none"> <li>✓ Improving operating income margin</li> <li>✓ Continuing to increase the number of engineers holds the key to growth</li> </ul>
		(person)	Initial target in the Mid-term Management Plan	Target for FY2016	Difference														
MT <sup>※1</sup>	630	473	(157)																
MF <sup>※2</sup>	300	365	+65																
total	930	838	(92)																
OUT (Sales) Strategy	Group cooperation in sales efforts	<ul style="list-style-type: none"> <li>✓ Utilization ratio remaining above 95%</li> <li>✓ New orders exceed 350/month</li> </ul>																	
	Improvement of organizational strength																		
	Collaboration with engineers																		
FOLLOW (Growth Support) Strategy	Improvement of “Technological Strength x Human Strength = Total Strength” & support for career development	<ul style="list-style-type: none"> <li>✓ Maintaining and improving average rate for engineer performance</li> </ul>	<div style="border: 1px dashed black; padding: 10px; text-align: center;"> <p>Next Mid-term Management Plan scheduled for release in May 2017</p> </div>																

25

## Progress on the Mid-term Management Plan ~Started a business dedicated to the Kyushu area~

- ✓ **A new business based on the business know-how and the career development support system, the longtime cultivated advantages of Meitec Group.**

Meitec Group established new employee system exclusively for local areas  
-Meitec Group has launched engineer dispatching services for the Kyushu area-

- ✓ Providing technical services based on the same career development system existing for the engineer

- ✓ Responding to the demands for diverse approaches to work

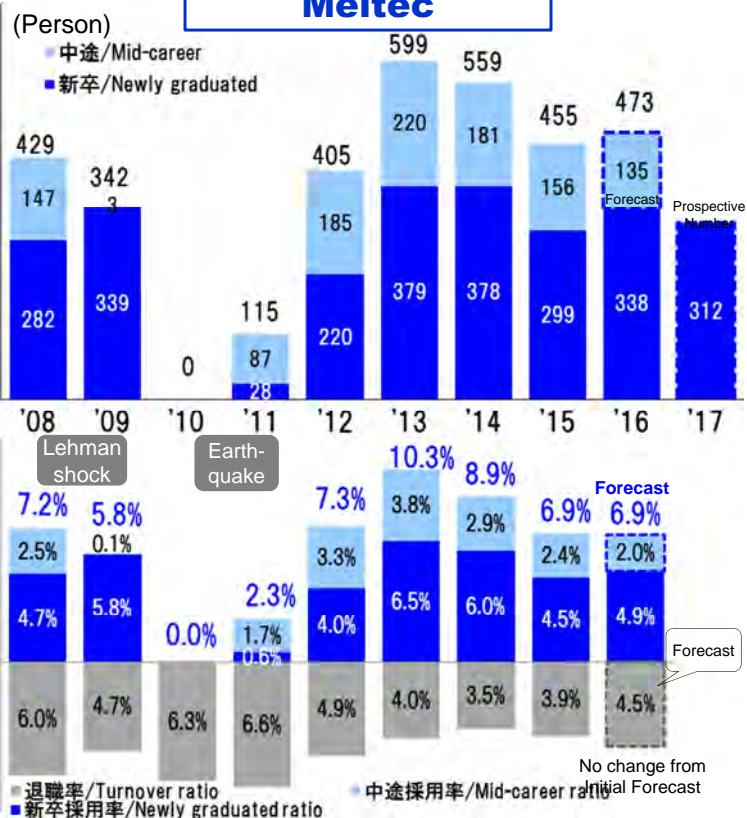
Meitec Group can create increasingly diverse approaches to work and support expanded staffing choices for manufacturing companies by using these new approaches to work in specific areas.

Plan to expand to 150 area limited employees in three years

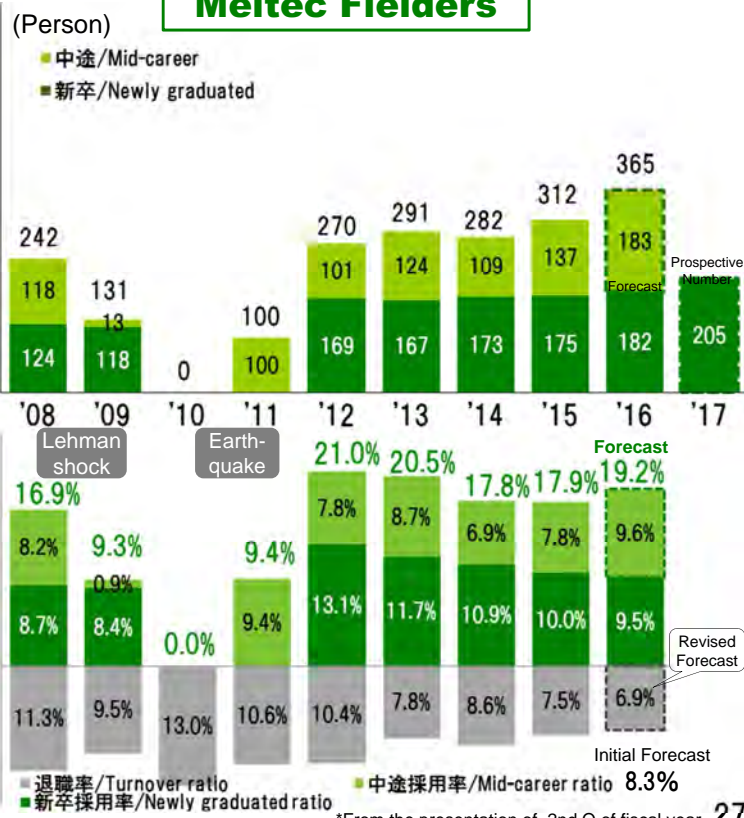
26

✓ Our forecasts for the number of recruitment and the turnover ratio as of the release of 2Q results are as follows.  
 ※We plan to announce the actual recruitment and turnover ratios in May 2017.

## Meitec



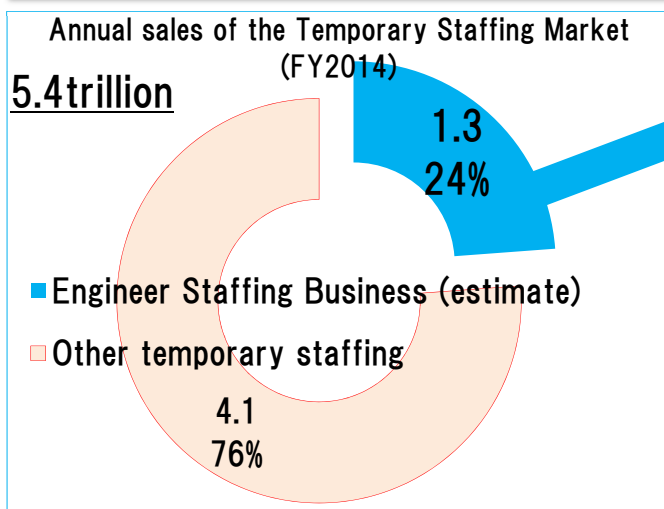
## Meitec Fielders



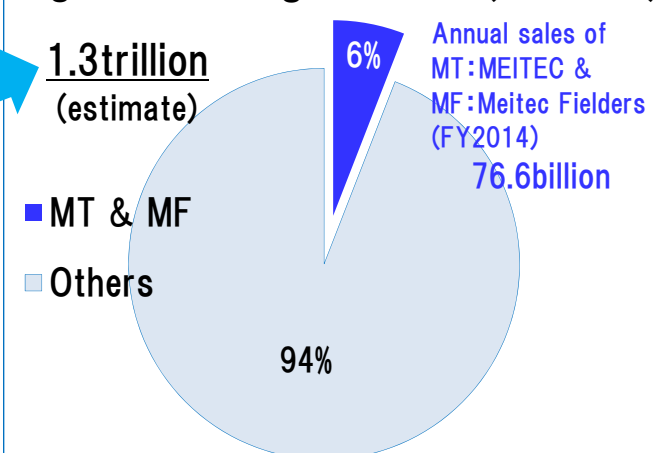
\*From the presentation of 2nd Q of fiscal year 27

## Market of Engineer Staffing Business (estimate)

✓ Meitec Group hold 6% share(estimate) of Engineer Staffing Business Market.  
 ✓ Meitec's high average price per hour is prominent.  
 It proves our engineer's high value in "Technological Strength X Human Strength".



### Engineer Staffing Business (estimate)

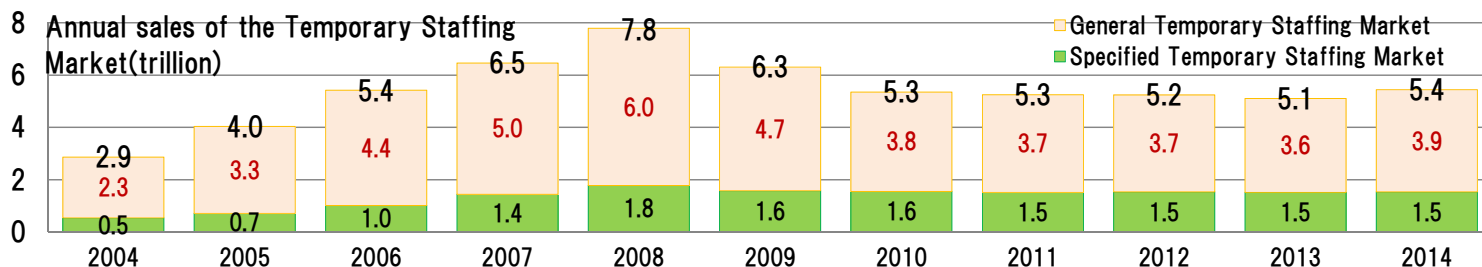


MEITEC  
@¥5,022  
(Mar-2014)

Engineer Staffing  
@¥3,520  
(estimate)

Specified W.D.U.  
@¥3,008

General W.D.U.  
@¥2,160



Original source: 2013 MHLW statistics . We calculated the estimate originally. \* We assume no responsibility for our estimation.

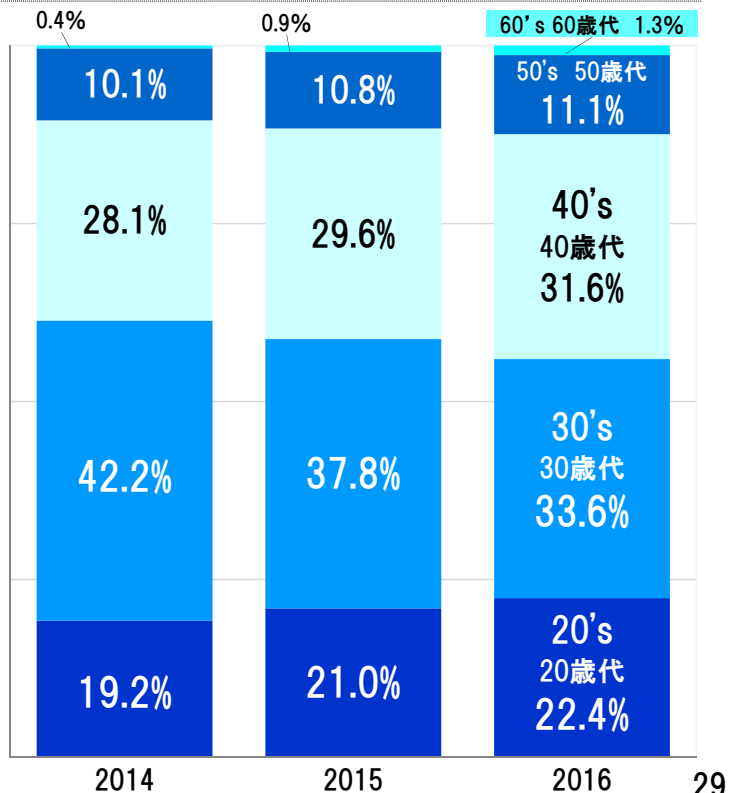
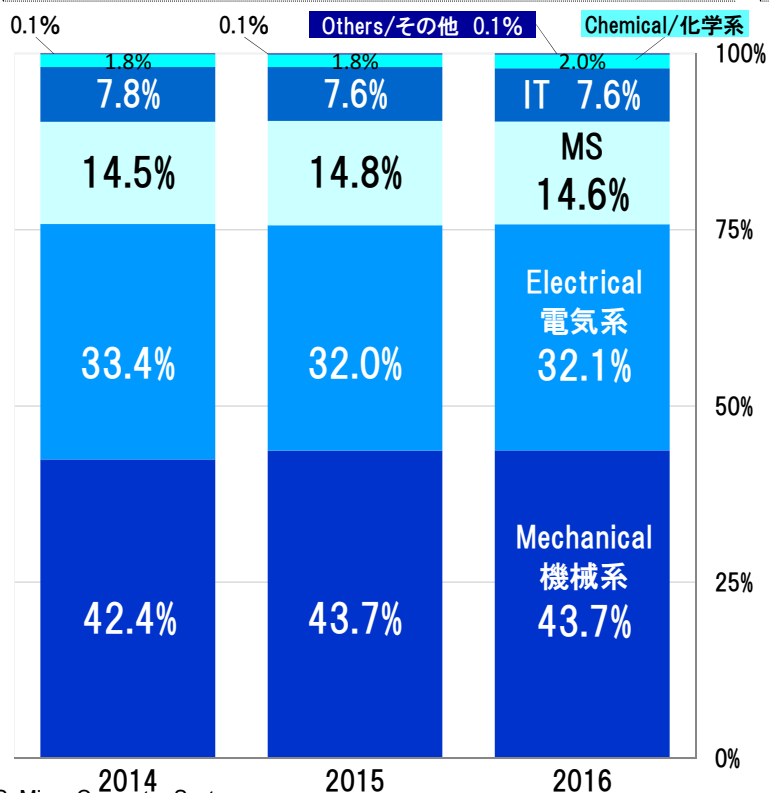
## Distribution of Engineers by Technical Fields and Age

✓ Mechanical and electrical engineering account for more than 70% in the technical fields of Meitec engineers.

\*As of the end of March 2016

技術分野/Technical field

年齢/According to age



MS: Micro Computer System

29

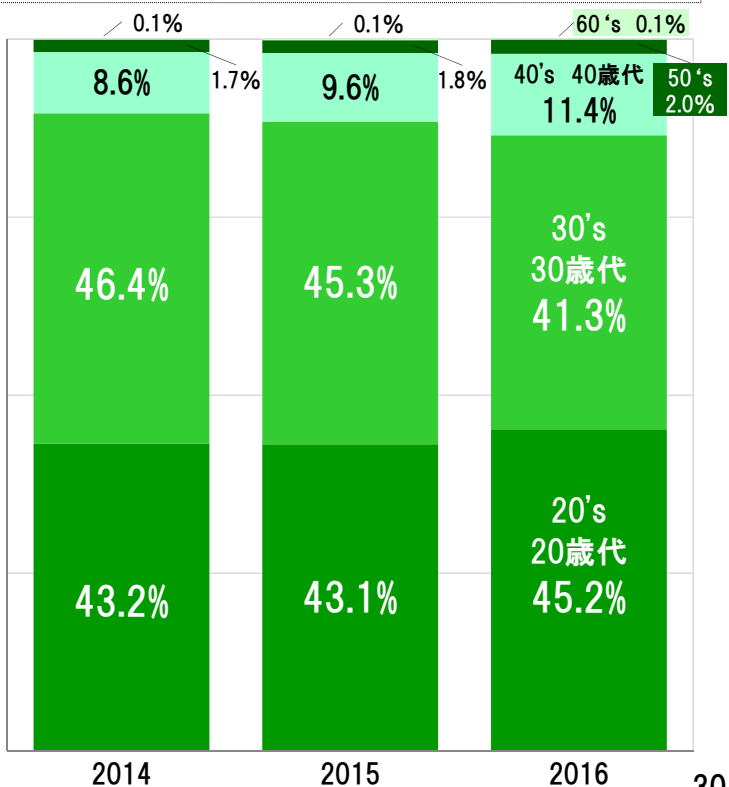
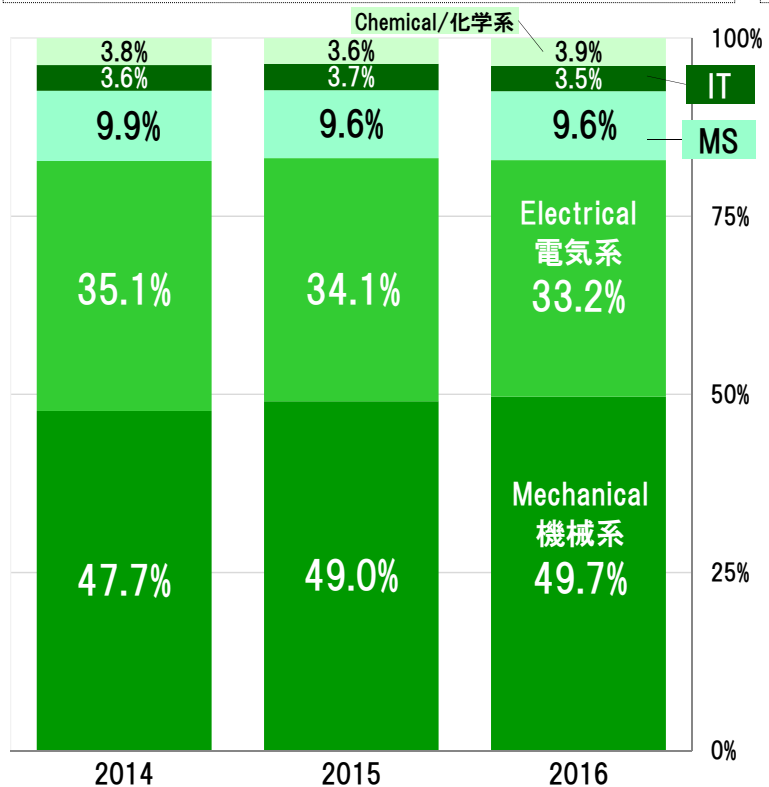
## Distribution of Engineers by Technical Fields and Age

✓ Mechanical and electrical engineering account for more than 80% in the technical fields of Meitec Fielders engineers.

\*As of the end of March 2016

技術分野/Technical field

年齢/According to age



MS: Micro Computer System

30

# Trend of Performances (Consolidated)

Re-posted

(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net sales	71,255	79,120	83,223	82,229	82,102	79,898	53,776	61,790	66,955	70,330	74,906	82,136	87,888
Cost of sales	49,648	54,460	56,685	57,701	57,777	57,177	46,765	48,832	49,875	51,639	55,370	60,481	64,661
Cost of sales to Net sales	69.7%	68.8%	68.1%	70.2%	70.4%	71.6%	87.0%	79.0%	74.5%	73.4%	73.9%	73.6%	73.6%
Gross profit	21,606	24,660	26,538	24,528	24,324	22,720	7,010	12,957	17,079	18,691	19,536	21,654	23,227
Selling, general and administrative expenses	9,339	12,371	14,053	12,946	12,959	13,439	11,939	10,337	11,629	12,337	12,556	12,114	12,352
SG&A expenses to Net sales	13.1%	15.6%	16.9%	15.7%	15.8%	16.8%	22.2%	16.7%	17.4%	17.5%	16.8%	14.7%	14.1%
Operating income	12,267	12,289	12,485	11,581	11,365	9,280	(4,928)	2,620	5,450	6,354	6,979	9,540	10,874
Operating income margins	17.2%	15.5%	15.0%	14.1%	13.8%	11.6%	(9.2%)	4.2%	8.1%	9.0%	9.3%	11.6%	12.4%
Non-operating income	106	87	137	74	84	87	4,729	2,146	114	97	50	113	29
Non-operating expenses	90	185	59	169	115	107	77	178	32	24	51	10	58
Ordinary income	12,283	12,190	12,562	11,487	11,334	9,260	(276)	4,588	5,531	6,427	6,978	9,643	10,845
Ordinary income margins	17.2%	15.4%	15.1%	14.0%	13.8%	11.6%	(0.5%)	7.4%	8.3%	9.1%	9.3%	11.7%	12.3%
Extraordinary income	149	393	538	5	6	13	32	378	—	58	—	20	1,084
Extraordinary loss	477	2,682	2,235	5,092	1,826	1,094	130	234	4	215	146	3,621	65
Profit before income taxes	11,955	9,900	10,866	6,400	9,514	8,178	(374)	4,732	5,526	6,270	6,832	6,041	11,865
Total income taxes and Minority interests in income (loss)	5,246	5,192	5,563	6,105	4,556	3,875	530	1,041	2,699	277	2,858	2,381	3,781
Profit attributable to owners of parent	6,709	4,707	5,302	295	4,958	4,303	(904)	3,690	2,827	5,993	3,973	3,659	8,083
Profit margins	9.4%	6.0%	6.4%	0.4%	6.0%	5.4%	(1.7%)	6.0%	4.2%	8.5%	5.3%	4.5%	9.2%

\*From the presentation of previous 4th Q of fiscal year 31

# Trend of Performances (Meitec)

Re-posted

(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net sales	59,518	61,109	61,425	61,795	62,956	60,457	41,319	48,260	53,188	55,822	58,876	64,675	68,878
Cost of sales	40,927	42,087	42,380	43,134	43,875	43,109	36,074	38,777	39,987	41,240	43,742	47,857	50,884
Cost of sales to Net sales	68.8%	68.9%	69.0%	69.8%	69.7%	71.3%	87.3%	80.4%	75.2%	73.9%	74.3%	74.0%	73.9%
Gross profit	18,591	19,021	19,045	18,660	19,081	17,348	5,245	9,482	13,200	14,582	15,134	16,817	17,994
Selling, general and administrative expenses	7,833	7,802	7,913	8,039	8,620	8,540	8,210	7,758	8,587	9,179	9,382	8,891	8,932
SG&A expenses to Net sales	13.2%	12.8%	12.9%	13.0%	13.7%	14.1%	19.9%	16.1%	16.1%	16.4%	15.9%	13.7%	13.0%
Operating income	10,757	11,219	11,131	10,621	10,460	8,807	(2,964)	1,724	4,613	5,402	5,751	7,925	9,061
Operating income margins	18.1%	18.4%	18.1%	17.2%	16.6%	14.6%	(7.2%)	3.6%	8.7%	9.7%	9.8%	12.3%	13.2%
Non-operating income	324	530	458	4,988	356	564	3,840	1,976	389	314	426	523	517
Non-operating expenses	90	35	33	109	48	76	53	150	14	19	426	10	52
Ordinary income	10,991	11,714	11,556	15,500	10,768	9,294	822	3,550	4,988	5,698	6,149	8,438	9,526
Ordinary income margins	18.5%	19.2%	18.8%	25.1%	17.1%	15.4%	2.0%	7.4%	9.4%	10.2%	10.4%	13.0%	13.8%
Extraordinary income	61	525	102	5	3	7	2	3	—	462	—	324	1,088
Extraordinary loss	412	800	132	10,202	2,084	2,912	626	318	66	228	372	3,673	50
Profit before income taxes	10,641	11,439	11,526	5,304	8,687	6,389	197	3,236	4,921	5,932	5,776	5,089	10,563
Total income taxes	4,597	4,586	4,706	5,388	3,749	3,391	144	1,094	2,331	(124)	2,352	1,749	3,171
Profit	6,044	6,853	6,820	(83)	4,938	2,998	53	2,141	2,590	6,056	3,425	3,340	7,391
Profit margins	10.2%	11.2%	11.1%	(0.1%)	7.8%	5.0%	0.1%	4.4%	4.9%	10.8%	5.8%	5.2%	10.7%

\*From the presentation of previous 4th Q of fiscal year 32



(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net sales	8,692	9,729	10,382	10,748	10,747	10,582	7,050	8,175	8,510	9,349	10,587	11,911	13,327
Cost of sales	6,428	7,234	7,655	7,888	7,759	7,744	6,621	6,361	6,387	7,061	8,084	9,154	10,288
Cost of sales to Net sales	74.0%	74.4%	73.7%	73.4%	72.2%	73.2%	93.9%	77.8%	75.1%	75.5%	76.4%	76.9%	77.2%
Gross profit	2,264	2,495	2,727	2,859	2,987	2,837	429	1,814	2,122	2,287	2,502	2,757	3,039
Selling, general and administrative expenses	989	1,174	1,357	1,551	1,677	2,018	1,890	1,238	1,585	1,639	1,646	1,682	1,834
SG&A expenses to Net sales	11.4%	12.1%	13.1%	14.4%	15.6%	19.1%	26.8%	15.1%	18.6%	17.5%	15.5%	14.1%	13.8%
Operating income	1,275	1,321	1,369	1,308	1,310	819	(1,461)	575	537	648	856	1,073	1,204
Operating income margins	14.7%	13.6%	13.2%	12.2%	12.2%	7.7%	(20.7%)	7.0%	6.3%	6.9%	8.1%	9.0%	9.0%
Non-operating income	5	6	3	3	10	6	848	182	3	3	1	—	—
Non-operating expenses	—	—	—	1	1	—	5	1	—	—	15	—	—
Ordinary income	1,280	1,328	1,373	1,310	1,319	825	(618)	757	540	651	841	1,074	1,205
Ordinary income margins	14.7%	13.6%	13.2%	12.2%	12.3%	7.8%	(8.8%)	9.3%	6.3%	7.0%	7.9%	9.0%	9.0%
Extraordinary income	88	5	6	—	—	—	—	1	—	—	—	—	—
Extraordinary loss	64	—	3	4	5	13	2	1	—	—	—	5	7
Profit before income taxes	1,304	1,333	1,376	1,306	1,314	811	(620)	756	540	651	841	1,068	1,198
Total income taxes	562	544	560	537	544	344	313	(187)	264	272	358	420	412
Profit	742	789	816	768	769	467	(933)	943	275	378	483	648	786
Profit margins	8.5%	8.1%	7.9%	7.1%	7.2%	4.4%	(13.2%)	11.5%	3.2%	4.0%	4.6%	5.4%	5.9%

\*From the presentation of previous 4th Q of fiscal year 33

## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2017 (Group Companies)

- ✓ As a part of the review of the Group strategy, as of January Meitec (China, Shanghai) has concluded the provision of placement services for new personnel.
- ✓ And on December 26, 2016, the Company carried out a transfer of all of the shares it held of APOLLO GIKEN CO., LTD.

(Millions of yen)	Temporary Staffing Business				Recruiting & Placement Business			Engineering Solutions Business
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next	all engineer .jp	Meitec (China)	Apollo Giken Gr.
Net sales	51,813	11,022	2,038	70	1,098	91	45	985
YoY Amount	+1,205	+1,209	+84	+21	+149	(9)	(4)	(307)
% Change	+2.4%	+12.3%	+4.3%	+44.8%	+15.8%	(9.5%)	(9.8%)	(23.8%)
Operating income	6,674	1,041	82	(20)	393	24	(10)	(47)
YoY Amount	+216	+151	+21	+0	+98	(16)	+14	(78)
% Change	+3.4%	+17.1%	+34.8%	—	+33.5%	(40.4%)	—	—
Ordinary income	7,259	1,040	82	(20)	394	24	(9)	(47)
Profit	5,153	798	61	(20)	269	19	(9)	(14)

# Trend of Balance Sheets (Consolidated)

Re-posted

(Millions of Yen)	2007/3/31	2008/3/31	2009/3/31	2010/3/31	2011/3/31	2012/3/31	2013/3/31	2014/3/31	2015/3/31	2016/3/31
Cash and deposits	16,177	18,512	18,526	14,732	23,999	26,686	26,592	30,104	34,773	35,413
Notes and accounts receivable - trade	13,256	12,841	10,985	9,582	10,245	10,675	10,887	11,297	12,858	13,823
Total current assets	35,564	35,356	33,295	28,444	37,661	40,643	41,802	44,998	51,639	53,104
Property, plant and equipment	14,548	13,374	12,818	12,069	11,688	11,257	10,908	10,555	7,207	5,721
Total non-current assets	21,914	22,428	20,934	19,180	18,053	16,915	16,199	16,447	13,458	11,363
Total assets	57,479	57,784	54,230	47,625	55,714	57,559	58,002	61,445	65,098	64,468
Total current liabilities	12,559	13,764	11,026	6,392	10,016	11,165	9,683	12,589	15,797	13,650
Total non-current liabilities	6,236	6,422	7,034	7,789	8,603	9,183	9,895	12,667	11,735	13,212
Total liabilities	18,795	20,186	18,061	14,181	18,619	20,349	19,579	25,257	27,532	26,862
Total shareholders' equity	39,144	38,048	36,747	34,101	37,745	38,017	39,264	38,299	39,619	39,973
Other net assets	(461)	(449)	(577)	(658)	(651)	(808)	(841)	(2,111)	(2,054)	(2,367)
Total net assets	38,683	37,598	36,169	33,443	37,094	37,209	38,422	36,188	37,565	37,605

Cash flows from operating activities	6,010	8,486	6,308	(1,545)	9,291	5,753	5,205	8,893	8,434	6,910
Cash flows from investing activities	(955)	124	623	(19)	287	(292)	(465)	(398)	(275)	1,487
Cash flows from financing activities	(8,366)	(5,997)	(5,580)	(1,835)	(104)	(2,769)	(4,837)	(4,991)	(3,495)	(7,752)
Net increase (decrease) in cash and cash equivalents	(3,303)	+2,634	+1,313	(3,394)	+9,467	+2,691	(93)	+3,511	+4,668	+643

\*From the presentation of previous 4th Q of fiscal year 35

# Trend of Profit Distributions and Forecast

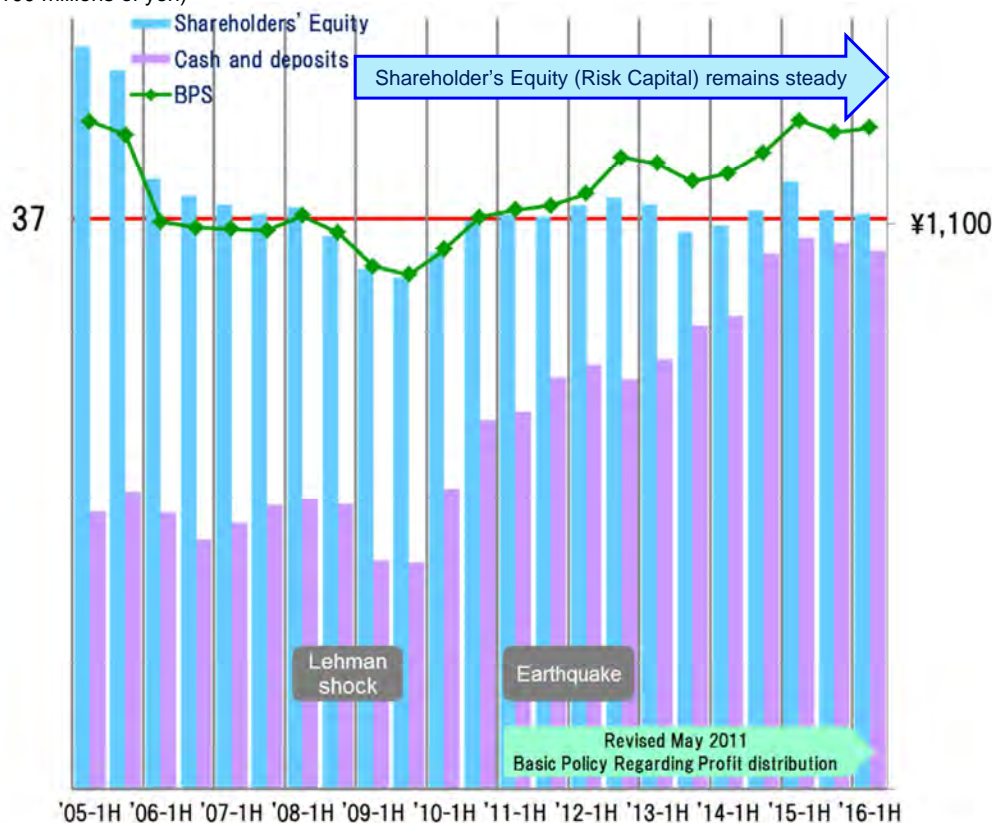
Re-posted

		FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Dividend Payout ratio		65.1%	1,085.7%	50.5%	58.9%	—	24.7%	68.5%	53.2%	56.1%	92.4%	53.5%	50.3%
Dividend on Equity		7.1%	7.4%	6.5%	6.9%	2.4%	2.6%	5.2%	8.4%	6.0%	9.2%	11.4%	
Annual Dividends	Per Share	@¥90.50	@¥89.00	@¥72.00	@¥75.00	@¥24.50	@¥27.50	@¥58.50	@¥99.00	@¥72.00	@¥111.00	@¥144.00	@¥120.00
	Millions of Yen	3,329	3,162	2,488	2,518	812	911	1,925	3,134	2,220	3,373	4,286	3,524
2nd Quarter	Per Share	@¥44.00	@¥44.00	@¥37.50	@¥47.00	@¥24.50		@¥29.00	@¥30.00	@¥31.50	@¥44.00	@¥63.00	@¥51.50
	Millions of Yen	1,630	1,579	1,304	1,590	812		961	981	983	1,344	1,908	1,512
Year-end	Per Share	@¥46.50	@¥45.00	@¥34.50	@¥28.00		@¥27.50	@¥29.50	@¥69.00	@¥40.50	@¥67.00	@¥81.00	@¥68.50
	Millions of Yen	1,699	1,583	1,184	928		911	965	2,153	1,237	2,029	2,378	2,011
Acquisition of Treasury Shares	Thousands of shares	1,405	1,353	857	1,174			421	1,506	641	269	279	
	Millions of Yen	5,100	5,099	3,100	2,800			700	2,800	1,800	899	3,799	3,500
Total Shareholders Return	Millions of Yen	8,429	8,261	5,588	5,318	812	911	2,625	5,934	4,020	4,273	8,086	7,024
Retirement of Treasury Stock	Thousands of shares	1,562	1,400		342			400	1,700	500	300	900	
Stock Price TSE#9744	As of April 1	¥3,830	¥3,870	¥3,860	¥3,040	¥1,242	¥1,893	¥1,621	¥1,681	¥2,193	¥2,857	¥3,965	¥3,865
	As of March 31	¥3,870	¥3,800	¥3,020	¥1,216	¥1,831	¥1,664	¥1,669	¥2,343	¥2,930	¥4,025	¥3,935	
Earnings per Share		@¥138.93	@¥8.20	@¥142.64	@¥127.31	@¥(27.30)	@¥111.33	@¥85.45	@¥186.08	@¥128.30	@¥120.12	@¥269.24	@¥238.39
Net Assets per share		@¥1,274.10	@¥1,092.80	@¥1,086.71	@¥1,081.85	@¥1,002.58	@¥1,112.69	@¥1,135.10	@¥1,229.62	@¥1,182.85	@¥1,238.78	@¥1,278.59	

\*From the presentation of previous 4th Q of fiscal year 36

- ✓ By continuing the profit distribution according to the current policy, sustain 37 billion yen of shareholder's equity
- ✓ Prioritize the improvement of "quality and quantities" of the current level of shareholder's equity in consideration of future growth target.

(100 millions of yen)



- Protecting employment of engineers under economic crisis is essential for sustainable growth for indefinite employment engineer staffing business.  
→ Engineers can continue to concentrate on brushing up their own career under assumption of stable employment.
- With consideration of remaining fund, prioritize the "improvement of "quality and quantity" of the shareholders equity" which would lead to the safeness of finance.

\*From the presentation of previous 4th Q of fiscal year 37

## Corporate Governance

- ✓ As of November 8, 2016.
- ✓ Committees unique to Meitec, clear director compensation calculations, etc.

### I. Organization of the Company

#### 1. Type of organization

Corporation with audit & supervisory board

#### 2. The company established following two distinctive committee chaired by an outside director.

##### i . Corporate Governance Committee

Chairman: Outside Director; Members: All Directors

- Evaluation and analysis of effectiveness of Board of Directors
- Discussion of basic matters of governance and other issues

##### ii . Officer Appointment Advisory Committee

Chairman: Outside Director;

Members: CEO and Outside Directors

##### Evaluating appropriateness of processes

- Appointment/dismissal of Representative Director & CEO
- Performance evaluation of inside executive directors
- Nomination of directors and audit & supervisory board member candidates
- Remuneration of inside executive directors

CEO Candidates Screening Council

### II. Executives

- Directors 9 (of which outside2, independent 2)
- Audit & supervisory board members 3 (of which outside3, independent 3)

\*The Company designates all the outside directors/audit & supervisory board members (executives) who satisfy the qualification for independent executives as independent executives.

### III. Calculation Method of Executive Remuneration

#### Remuneration Amounts to Individual Executives

¥1K=JPY1,000-	01-April-16	
CEO, MEITEC Group President and CEO, COO	Yearly payment	¥28,800K (Monthly ¥2,400K)
(COO)		
Director	Yearly payment	¥19,200K (Monthly ¥1,600K)
Outside Director	Yearly payment	¥9,000K (Monthly ¥750K)
Standing audit & supervisory board member	Yearly payment	¥24,000K (Monthly ¥2,000K)
Audit & supervisory board member	Yearly payment	¥7,800K (Monthly ¥650K)

#### Performance-linked remuneration etc.

	Revised: April 1, 2016
Consolidated profit (not including performance-linked directors' remuneration)	x 2.5% Upper limit: 250 million yen annually
Of which Outside Directors	Not eligible for allocation
Of which the equivalent to 20% of post-tax value	Allocated for purchase of treasury shares (Directors shareholding association method)

# Company Information

<b>Tokyo Headquarters</b>	<b>Akasaka, Minato-ku, Tokyo</b>								
<b>Nagoya Headquarters</b>	<b>Nishi-ku Nagoya</b>								
<b>Stock listings</b>	<b>Tokyo Stock Exchange, 1st Section (No. 9744)</b>								
<b>Incorporated</b>	<b>July 17, 1974</b>								
<b>C l i e n t s</b>	<b>Approximately 1,000 blue-chip companies, mostly listed in the first and second sections of Tokyo Stock Exchange</b>								
<b>B r a n c h e s</b>	<b>34 Sales offices, including Tokyo, Osaka, Nagoya, and other major Japanese cities</b>								
<b>Group Companies</b>	<table border="0"> <tr> <td><b>[Sales of Staffing Business]</b></td> <td><b>[Sales of Recruiting &amp; Placement Business]</b></td> </tr> <tr> <td>■ Meitec Fielders Inc.</td> <td>■ Meitec Next Co.</td> </tr> <tr> <td>■ Meitec Cast Inc.</td> <td></td> </tr> <tr> <td>■ Meitec EX Co.</td> <td></td> </tr> </table>	<b>[Sales of Staffing Business]</b>	<b>[Sales of Recruiting &amp; Placement Business]</b>	■ Meitec Fielders Inc.	■ Meitec Next Co.	■ Meitec Cast Inc.		■ Meitec EX Co.	
<b>[Sales of Staffing Business]</b>	<b>[Sales of Recruiting &amp; Placement Business]</b>								
■ Meitec Fielders Inc.	■ Meitec Next Co.								
■ Meitec Cast Inc.									
■ Meitec EX Co.									

*Develop a New Era by People and Technology*

人と技術で次代を拓く

**MEITEC**

メイテックグループ

**MEITEC GROUP**

For inquiry regarding investor relations:  
 Phone: +81-03-5413-0131 e-mail: [ir@meitec.com](mailto:ir@meitec.com)  
 URL: <http://www.meitec.co.jp>

〈Note〉

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. Actual results may therefore differ materially from these statements for various reasons.

Some important factors that might have an effect on business performance pertain to Business Risks stated in the Company's annual securities report and other information already released, but factors influencing business performance are not limited to those released.