

人と技術で次代を拓く

MEITEC

メイテックグループ

Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2017

November 8, 2016

MEITEC CORPORATION

President and CEO, COO

MEITEC Group CEO

Hideyo Kokubun

1. Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2017
2. Forecast for the Fiscal Year Ending March 31, 2017
3. Reference Materials

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

- I will now discuss the results for the second quarter of the fiscal year ending March 31, 2017, and forecasts for the fiscal year ending March 31, 2017.
- Please see the reference materials later.

1. Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2017



- I will begin by discussing results for the second quarter of the fiscal year ending March 31, 2017.

Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2017 (Group Consolidated)

- ✓ **Net sales rose 4.7% year on year and operating income was up 6.9%, 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 in the second quarter declined 8.7%, reflecting the absence of extraordinary income booked in the same period a year earlier.**

Group Consolidated (Millions of yen)	2Q ended Sep. 30, 2015	2Q ended Sep. 30, 2016	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2016	Progress toward the FY forecast
Net sales	42,143	44,111	+1,967	+4.7%	43,800	+311
Cost of sales	31,321	32,861	+1,539	+4.9%	32,700	+161
Cost of sales to Net sales	74.3%	74.5%	+0.2%			
SG&A Expenses	6,077	6,178	+101	+1.7%	6,500	(321)
Operating income	4,744	5,071	+326	+6.9%	4,600	+471
Operating income margins	11.3%	11.5%	+0.2%		10.5%	+1.0%
Ordinary income	4,723	5,074	+351	+7.4%	4,600	+474
Extraordinary income & loss	1,054	(0)	(1,055)			
Profit before income taxes	5,777	5,073	(704)	(12.2%)		
Profit attributable to owners of parent	3,798	3,466	(332)	(8.7%)	3,000	+466
Profit margins	9.0%	7.9%	(1.1%)			

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- This is the summary of the Group's consolidated results.
- Earnings were driven by the professional staffing business for engineers as major manufacturers, which are Meitec's main clients, continued investment in technological development. Net sales rose 4.7% year on year to ¥44,111 million, and operating income was up 6.9% year on year to ¥5,071 million.
- Profit attributable to owners of parent declined 8.7% year on year to ¥3,466 million, reflecting the absence of extraordinary income booked in the same period a year earlier, including gains on the sale of real estate.

Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2017 (Business Domains)

- ✓ The Temporary Staffing Business, which accounted for more than 90% of consolidated net sales, continued to be the earnings driver.
- ✓ Sales and profits also rose in the Recruiting & Placement Business specializing in engineers, but the Engineering Solutions Business posted an operating loss.

Business Domains (Millions of yen)	2Q ended Sep. 30, 2015	2Q ended Sep. 30, 2016	YoY Amount	% Change
Sales of Temporary Staffing Business	40,696	42,540	+ 1,843	+ 4.5%
Component ratio	96.6%	96.4%	(0.1%)	
Operating income	4,518	4,785	+ 267	+ 5.9%
Sales of Recruiting&Placement Business	720	846	+ 126	+ 17.6%
Component ratio	1.7%	1.9%	+ 0.2%	
Operating income	217	299	+ 81	+ 37.5%
Sales of Engineering Solutions Business	846	821	(25)	(3.0%)
Component ratio	2.0%	1.9%	(0.1%)	
Operating income	10	(13)	(24)	—

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- This is the summary of the Group's results by business domain.
- Sales and profits rose in the Temporary Staffing Business which is the domain's core business, and the Recruiting & Placement Business specializing in engineers, but the Engineering Solutions Business posted an operating loss.

Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2017 (Meitec)

- ✓ **Net sales increased 2.8% year on year and operating income rose 4.4%, supported by growth in the number of engineers assigned to clients.**
- ✓ **The utilization ratio declined 0.7 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.**

Meitec (Millions of yen)	2Q ended Sep. 30, 2015	2Q ended Sep. 30, 2016	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2016	Progress toward the FY forecast
Net sales	33,131	34,073	+ 941	+ 2.8%	34,000	+ 73
Cost of sales	24,758	25,545	+ 787	+ 3.2%	25,500	+ 45
Cost of sales to net sales	74.7%	75.0%	+ 0.3%		75.0%	—
SG&A Expenses	4,444	4,426	(17)	(0.4%)	4,700	(273)
Operating income	3,927	4,100	+ 172	+ 4.4%	3,800	+ 300
Operating income margins	11.9%	12.0%	+ 0.1%		11.2%	+ 0.8%
Ordinary income	4,395	4,679	+ 283	+ 6.5%	4,300	+ 379
Extraordinary income & loss	1,041	12	(1,029)			
Profit before income taxes	5,437	4,691	(745)	(13.7%)		
Profit	3,749	3,279	(470)	(12.5%)	3,000	+ 279
Utilization ratio (Company-wide)	96.0%	95.3%	(0.7%)		95.6%	(0.3%)
Working Hours<h/day>	8.77	8.74	(0.03)	(0.3%)	8.77	(0.03)
Number of Engineers as Period-End	6,563	6,735	+ 172	+ 2.6%		

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- This is the results summary for Meitec.
- Net sales increased 2.8% year on year to ¥34,073 million, and operating income rose 4.4% year on year to ¥4,100 million, as the growth in the number of engineers assigned to clients had an extremely large impact. Profit declined 12.5% year on year to ¥3,279 million, reflecting the absence of the extraordinary income booked in the same period a year earlier.
- The utilization ratio was 95.3%, 0.7 percentage points lower than the same period a year earlier.
This is by no means indicative of a deterioration in the environment, but was instead caused by careful selection of work assignments for newly graduated engineers that joined Meitec in April 2016, and the strategic rotation of engineers between clients and assignments to support career enhancement.
- Working hours declined 0.03 hours per day both year on year and compared to the initial forecasts.
I will discuss this in more detail later on.

Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2017 (Meitec Fielders)

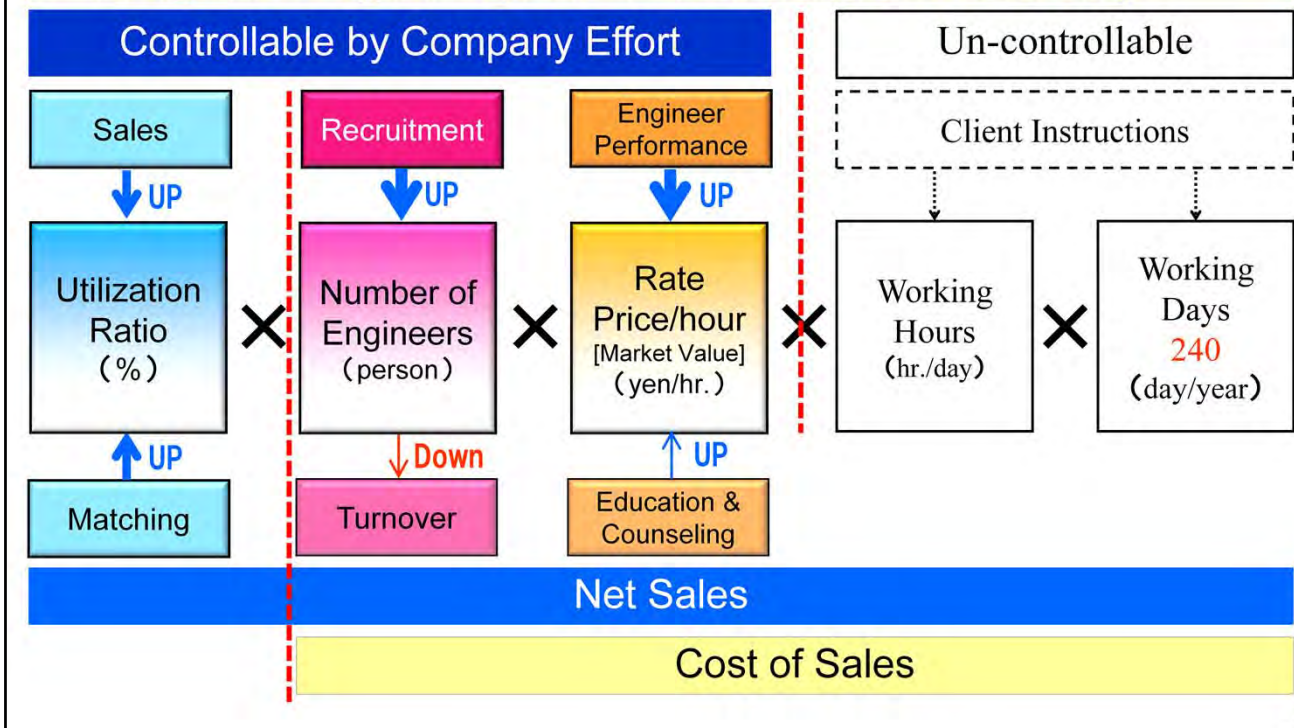
- ✓ Net sales increased 13.0% year on year and operating income rose 17.1%, supported by growth in the number of engineers assigned to clients.
- ✓ The utilization ratio increased 0.3 percentage points year on year, mainly reflecting steady progress in assigning newly graduated engineers.
- ✓ Profit surged 49.7% year on year, partly reflecting a reduction in the tax burden.

Meitec Fielders	2Q ended Sep. 30, 2015	2Q ended Sep. 30, 2016	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2016	Progress toward the FY forecast
(Millions of yen)						
Net sales	6,386	7,218	+831	+13.0%	6,800	+418
Cost of sales	4,965	5,637	+672	+13.5%	5,300	+337
Cost of sales to net sales	77.7%	78.1%	+0.4%		77.9%	+0.2%
SG&A Expenses	873	939	+65	+7.5%	940	—
Operating income	547	641	+93	+17.1%	560	+81
Operating income margins	8.6%	8.9%	+0.3%		8.2%	+0.7%
Ordinary income	548	639	+91	+16.8%	560	+79
Extraordinary income & loss	0	0	—			
Profit before income taxes	548	639	+91	+16.8%		
Profit	349	523	+173	+49.7%	380	+143
Utilization ratio (Company-wide)	94.2%	94.5%	+0.3%		92.8%	+1.7%
Working Hours<h/day>	8.90	8.87	(0.03)	(0.3%)	8.89	(0.02)
Number of Engineers as Period-End	1,770	1,969	+199	+11.2%		

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- This is the results summary for Meitec Fielders.
- Net sales increased 13.0% year on year to ¥7,218 million, and operating income rose 17.1% year on year to ¥641 million, due to an extremely large impact from the growth in the number of engineers assigned to clients, as with Meitec. Profit rose 49.7% year on year to ¥523 million, partly reflecting a reduction in the tax burden.
- The utilization ratio rose by 0.3 percentage points year on year to 94.5%, mainly reflecting steady progress in assigning newly graduated engineers.
- A decline in working hours was also seen at Meitec Fielders, but I will discuss the details later on.

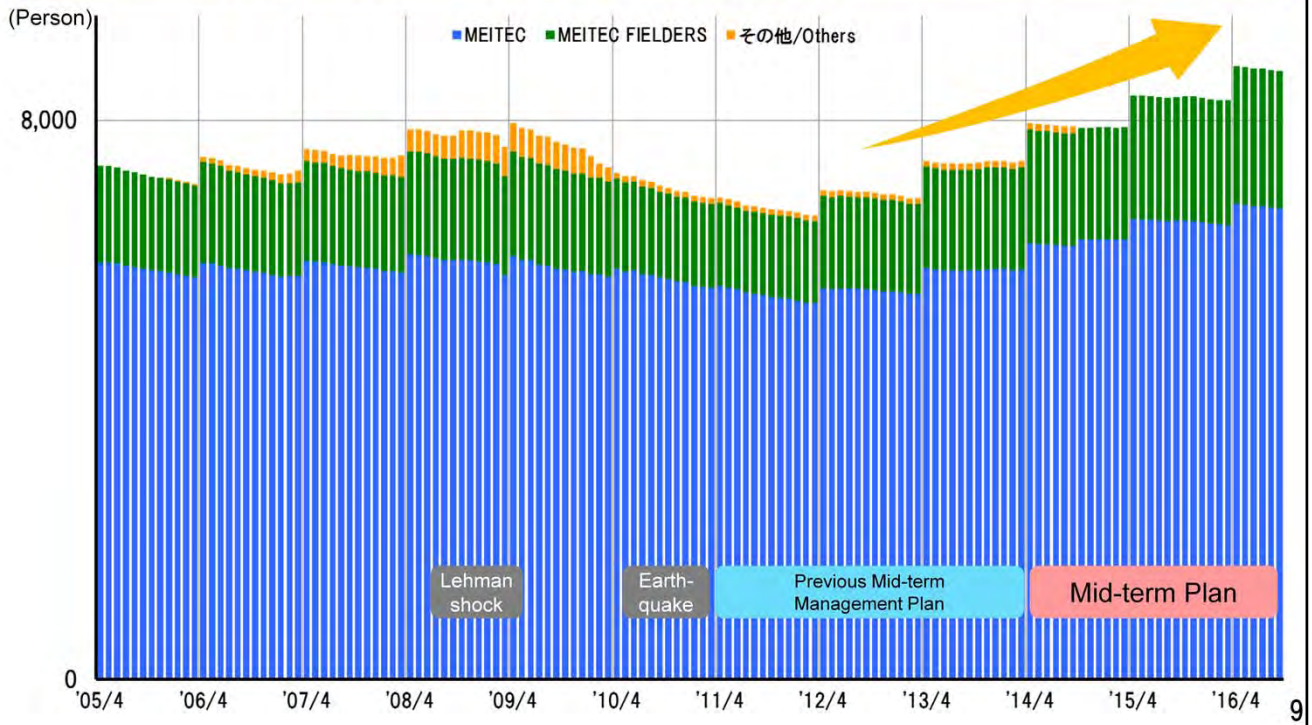
- ✓ Increasing the number of engineers while maintaining high utilization and price, or improving them further, holds the key to growth.
- ✓ Working hours is a key indicator, but it is outside the control of the Meitec Group.



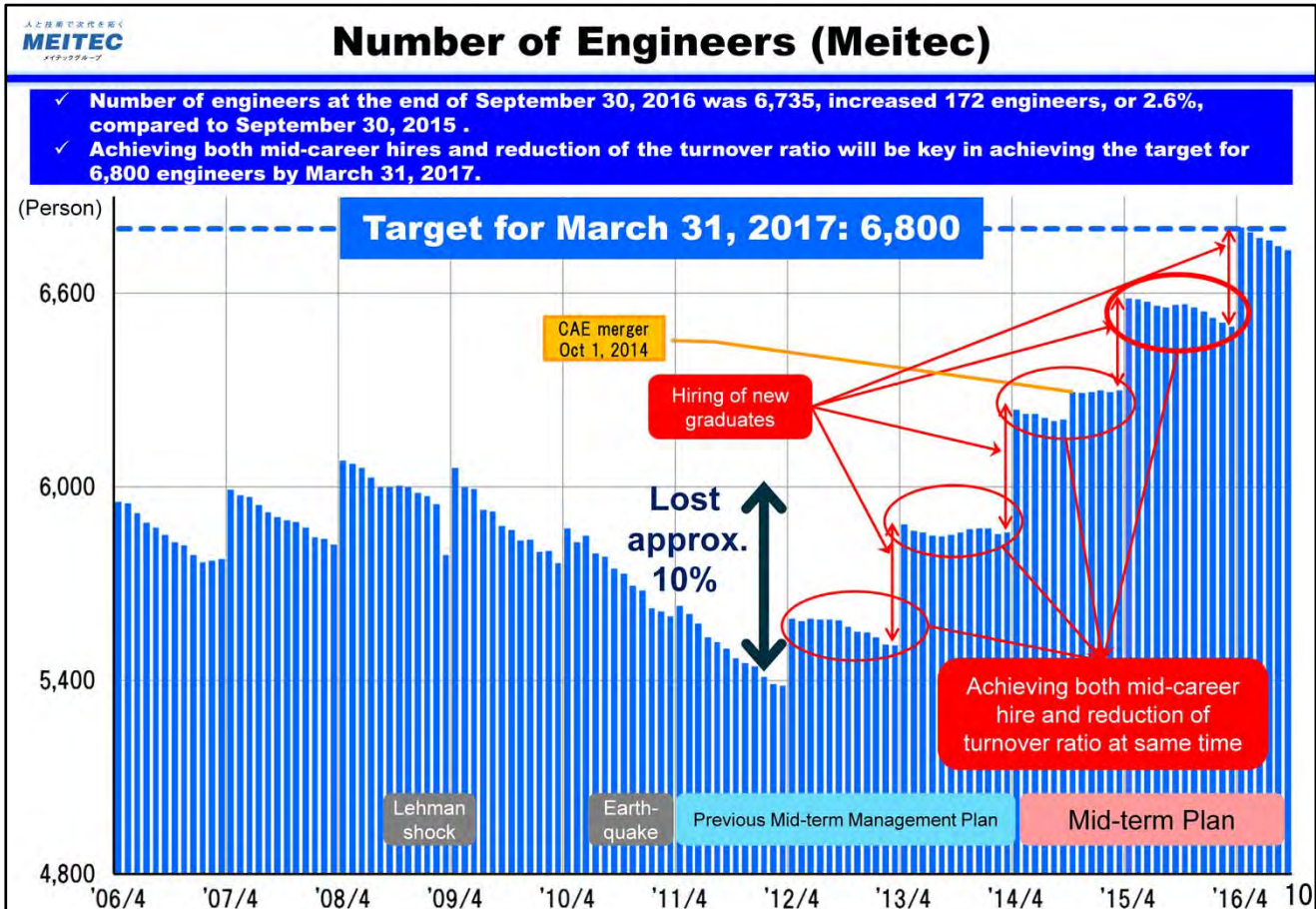
- This is a summary of the main components of net sales and cost of sales in the professional staffing business for engineers for the indefinite and regular employed engineers.
- Going forward, we are continuously working on initiatives to raise the utilization ratio, number of engineers and prices. On the other hand, working hours and working days cannot be controlled by Meitec, but we continue to focus on these figures as important indicators.

Number of Engineers (Group Consolidated)

✓ Number of engineers at the end of September 30, 2016 was 8,704, increased 371 engineers, or 4.5%, compared to September 30, 2015



- This shows the trend in the number of engineers across the Group.
- As of September 30, 2016, the number of engineers was 8,704, increased 371, or 4.5%, compared to September 30, 2015.
- Organic growth in the number of engineers has been firm both at Meitec and Meitec Fielders.

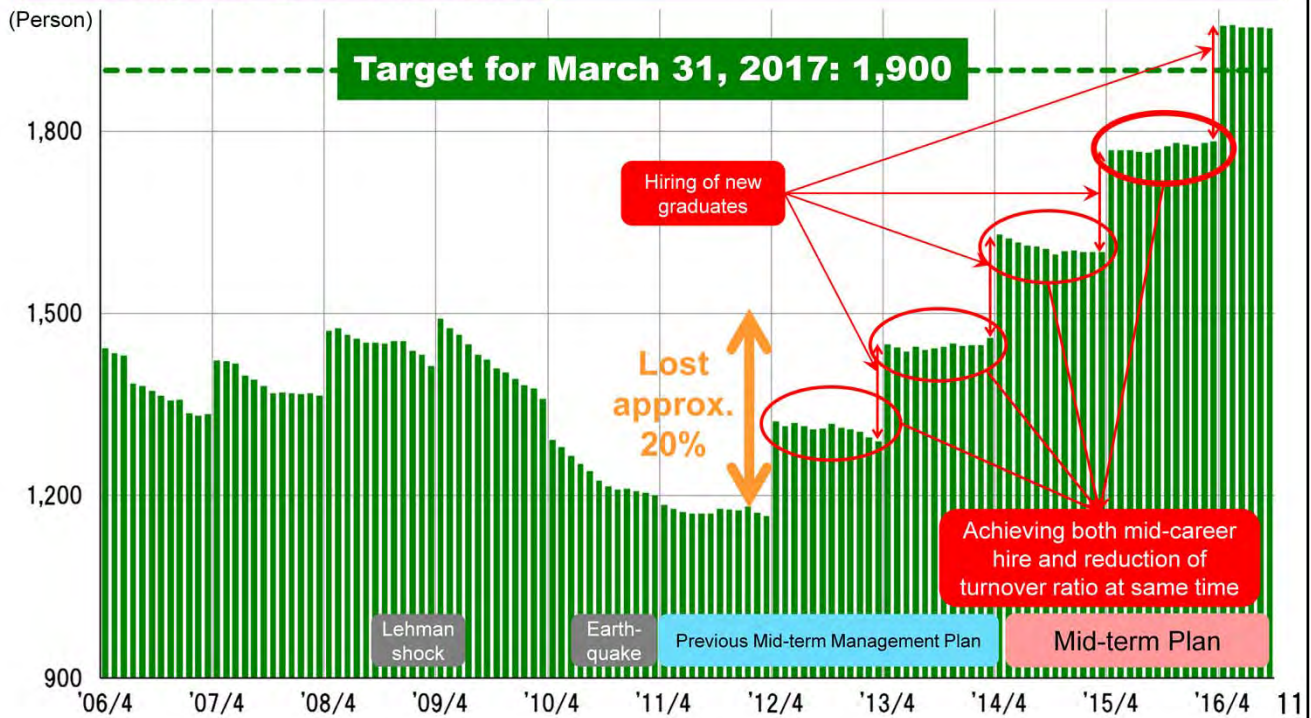


- This shows the trend in the number of engineers at Meitec.
- As of September 30, 2016, the number of engineers was 6,735, increased 172, or 2.6%, compared to September 30, 2015.
- We are in the third year of the Mid-term Management Plan, and with regard to achieving the target of 6,800 engineers by March 31, 2017, achieving both mid-career hires and the reduction of the turnover ratio will be key.

Going forward, we will continue to build the Meitec brand in the recruitment market, while also maintaining our focus on quality in recruitment activities.

Number of Engineers (Meitec Fielders)

- ✓ Number of engineers at the end of September 30, 2016 was 1,969, increased 199 engineers, or 11.2%, compared to September 30, 2015.
- ✓ 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.



- This shows the trend in the number of engineers at Meitec Fielders.
- As of September 30, 2016, the number of engineers was 1,969, increased 199, or 11.2%, compared to September 30, 2015.
- Furthermore, as of September 30, 2016, we achieved our Mid-term Management Plan target of 1,900 engineers by March 31, 2017, although we continue to push ahead with both mid-career hires and reduction of the turnover ratio.

Hiring Target for Fiscal Year Ending Mar. 2017

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		Total		Newly Graduate April 2017	
		<Target>	Comparison to Initial Forecast	<Target>	Comparison to Initial Forecast	<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			

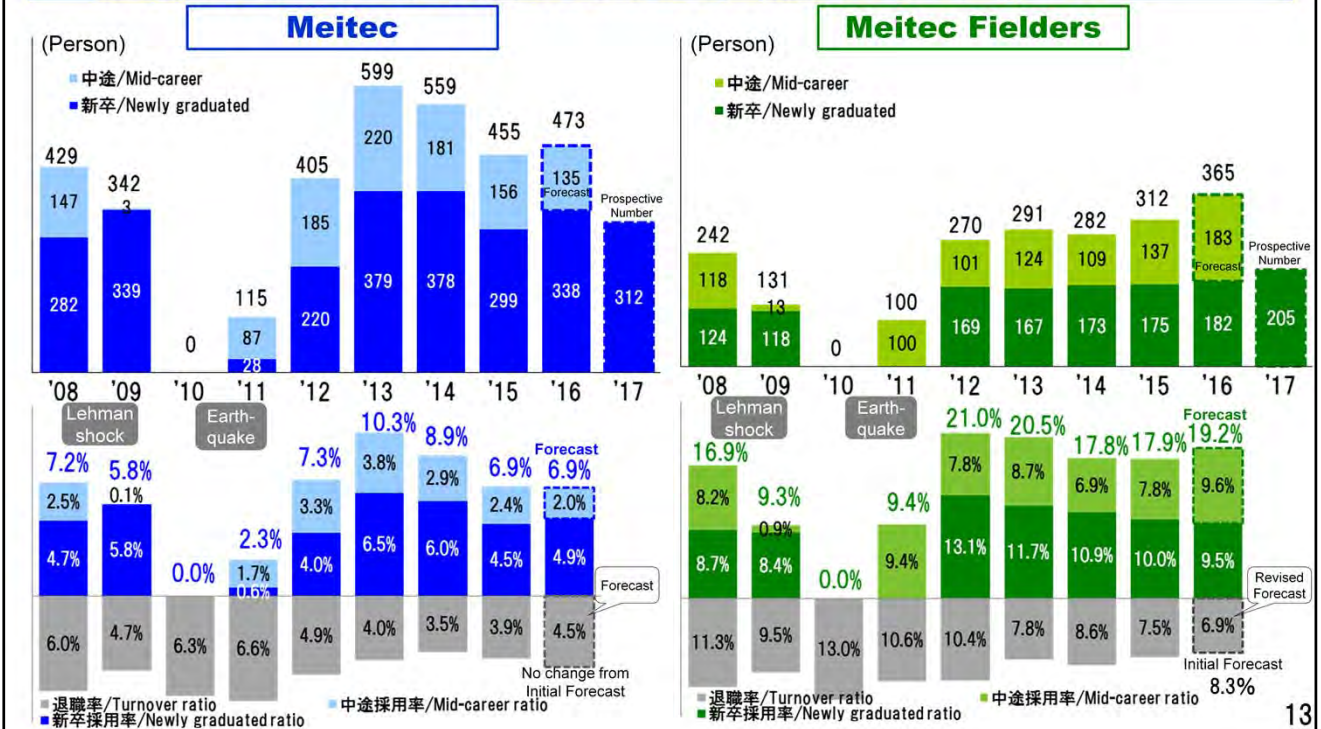
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- This shows the recruitment trends for the Group.
- First, on mid-career hires, the hiring environment remains challenging amid further growth in the number of engineer job offers, but we poured our efforts into recruitment in accordance with order trends, while maintaining our hiring standards focusing on quality.
- Based on our performance in the first half, our target for mid-career hires for the Group is unchanged from the initial target, but Meitec has been revised down by 25 engineers and Meitec Fielders has been revised up by 25.
- Next is the state of newly graduated engineers who will join the Group in April 2017.
With rising corporate demand for engineers, the earlier start to recruitment activities and a strong local-oriented activities, the hiring environment remains difficult, but while maintaining hiring standards, we took creative initiatives to secure candidates. As a result, as of October 1, the Group offers 517 candidates, 23 short of the initial target. This is the result of being selective with regard to hiring standards and quality.
- According to newspaper reports, the total of 517 new hires placed the Meitec Group 23rd among Japanese companies and 2nd for science and engineering companies. We believe our efforts to promote Meitec as a place where people can build life-long careers as professional engineers is gaining some traction and understanding in the recruitment market. Going forward, we will continue to appeal to the labor market and to further enhance our recruitment brand.

Recruitment and Turnover

✓ Our forecasts for the number of recruitment and the turnover ratio as of the release of 2Q results are as follows.

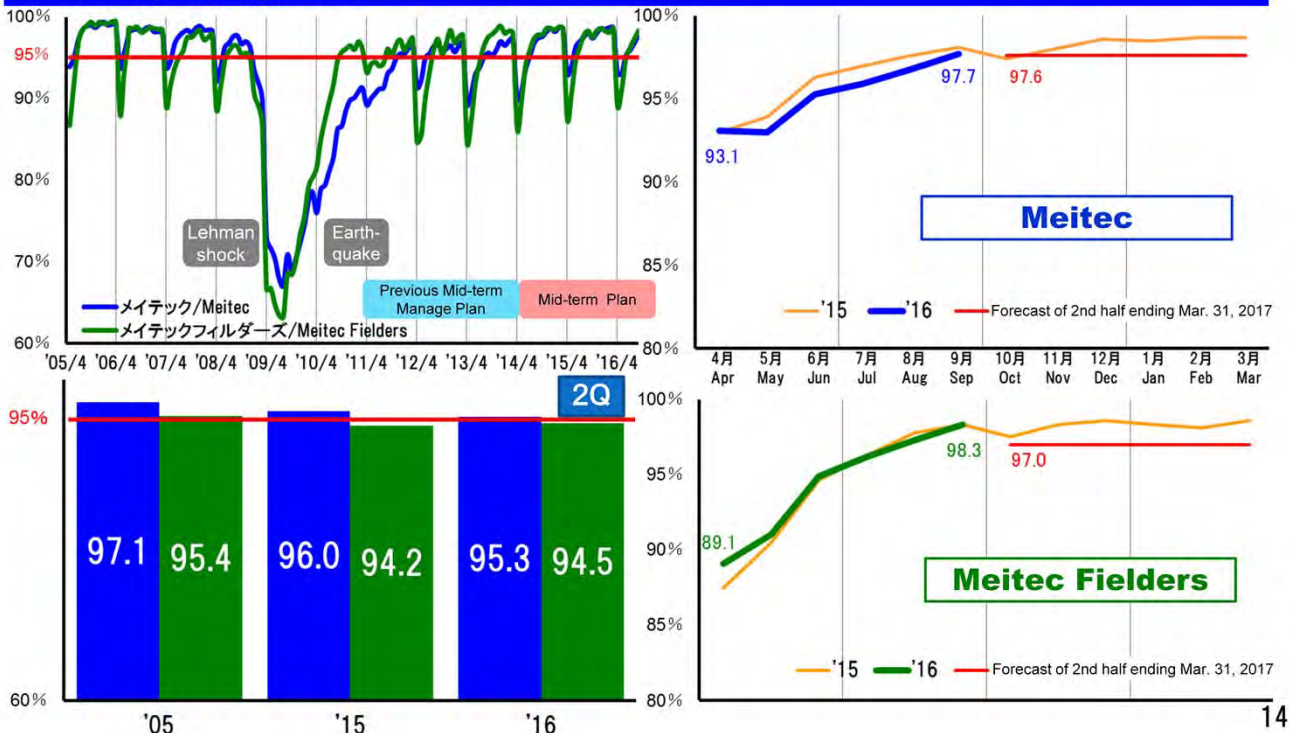
※We plan to announce the actual recruitment and turnover ratios in May 2017.



- This shows our forecasts for the number of recruitment and the turnover ratio as of the release of 2Q results.
- In light of first half results, there has been no change in the initial forecast turnover ratio of 4.5% for Meitec, but the turnover ratio for Meitec Fielders in first half was extraordinarily low, so we have revised that from the initial forecast of 8.3% to 6.9%.

Utilization Ratio

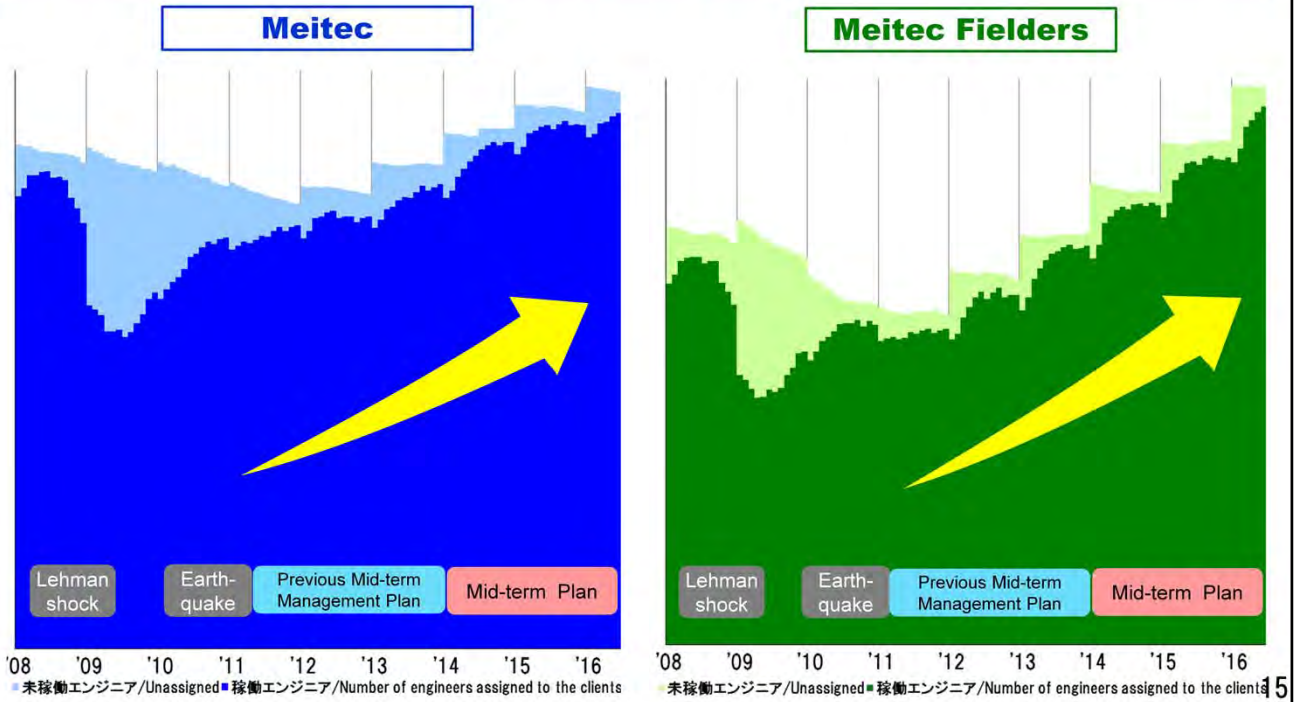
✓ The utilization ratio declined slightly year on year, mainly due to the strategic rotation of engineers between clients and assignments to support career enhancement, but remained steadily at a high level.



- This shows the trend in utilization ratios.
- Amid a firm order environment, the utilization ratio for both Meitec and Meitec Fielders was stable.
- Although Meitec undershot the previous fiscal year's performance slightly, the background to that is as already explained in the results for Meitec.

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MEITEC Number of Engineers Assigned to the Clients (Key factor of Sales)
メイトックグループ

✓ 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.

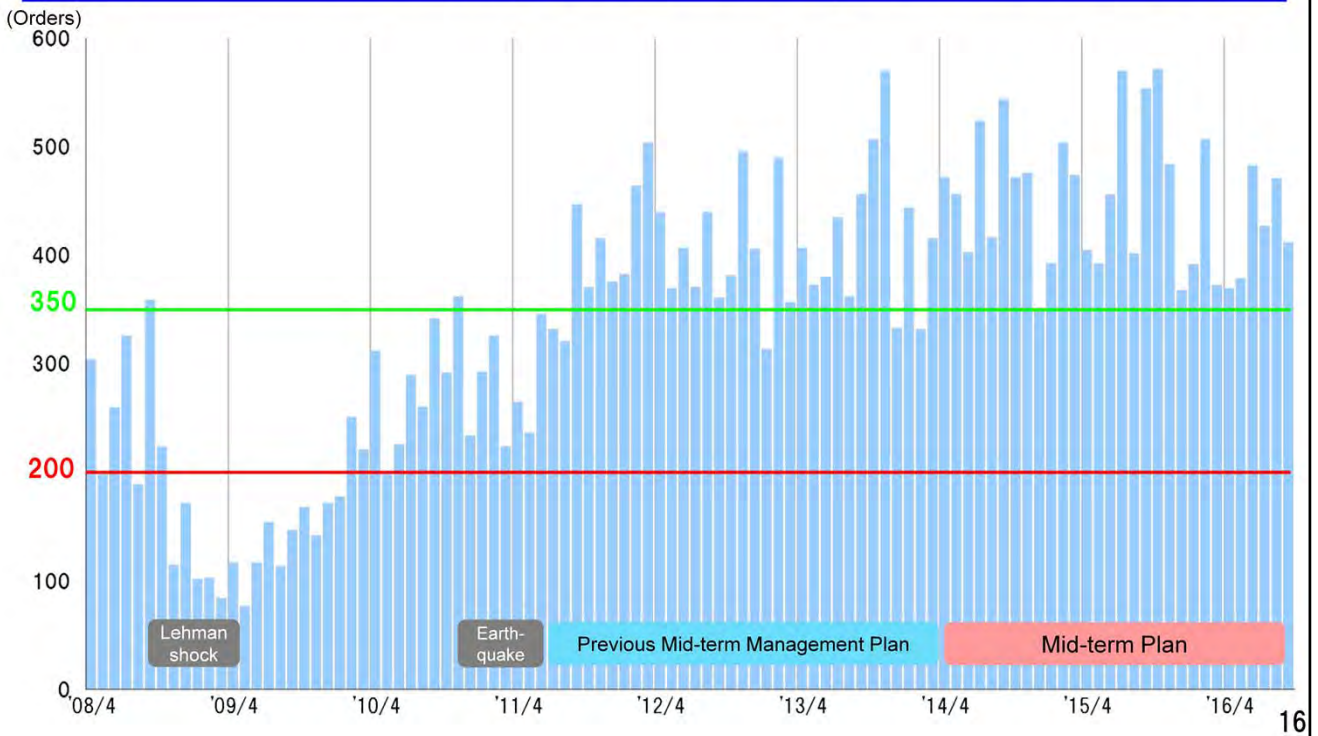


- This shows the trend in number of engineers assigned to clients.
- The number of engineers assigned to clients, which is the “number of engineers” multiplied by the “utilization ratio,” is growing steadily, as the number of engineers increased and the utilization ratio remained high.
- Going forward, we plan to sustain this steady growth by securing orders for projects that support career advancement for our engineers, rotating engineers between projects and by promptly placing engineers with clients.

Trend in New Orders by Month

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

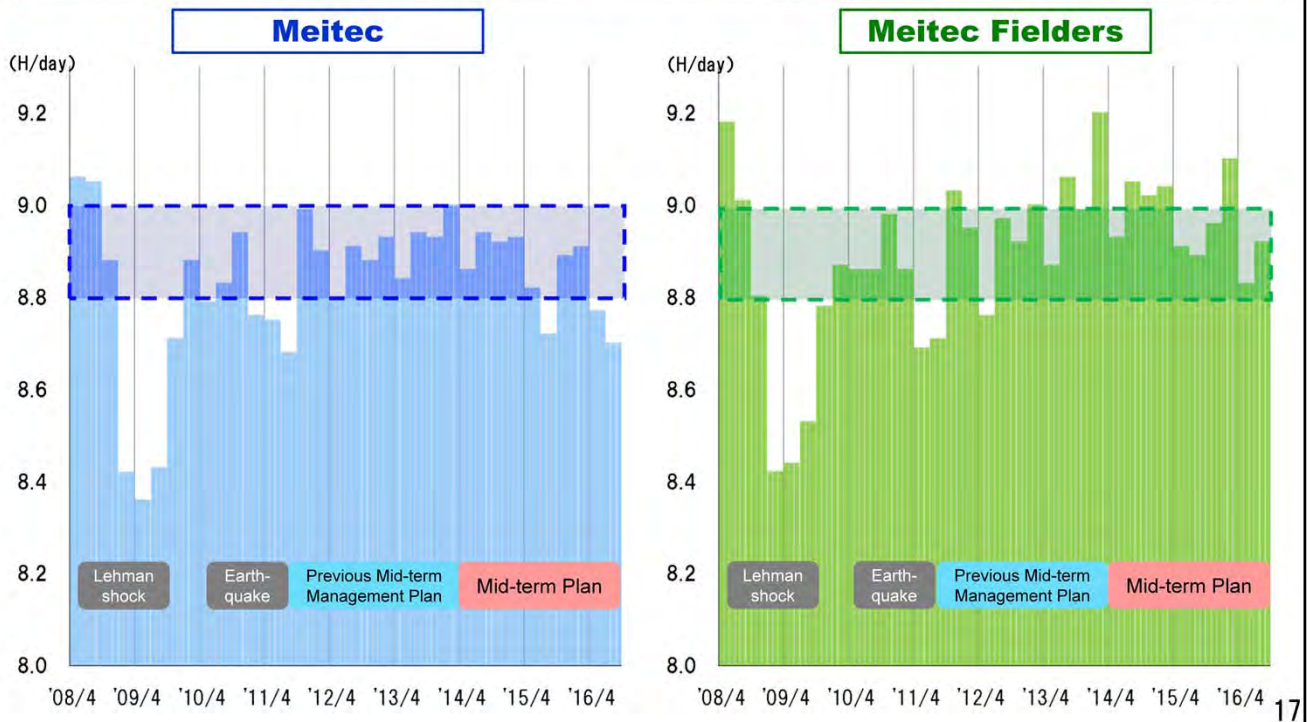
※From a confidentiality perspective, we refrain from disclosing the breakdown of new orders (industry, client, etc.).



- This shows the trend in new monthly orders.
- The number of monthly new orders is firm when it exceeds 350 orders and we are at risk when the number falls below 200.
- Recent orders are being supported by clients in the manufacturing industry, which continue to invest in technological development based on a long-term outlook.

Working Hours

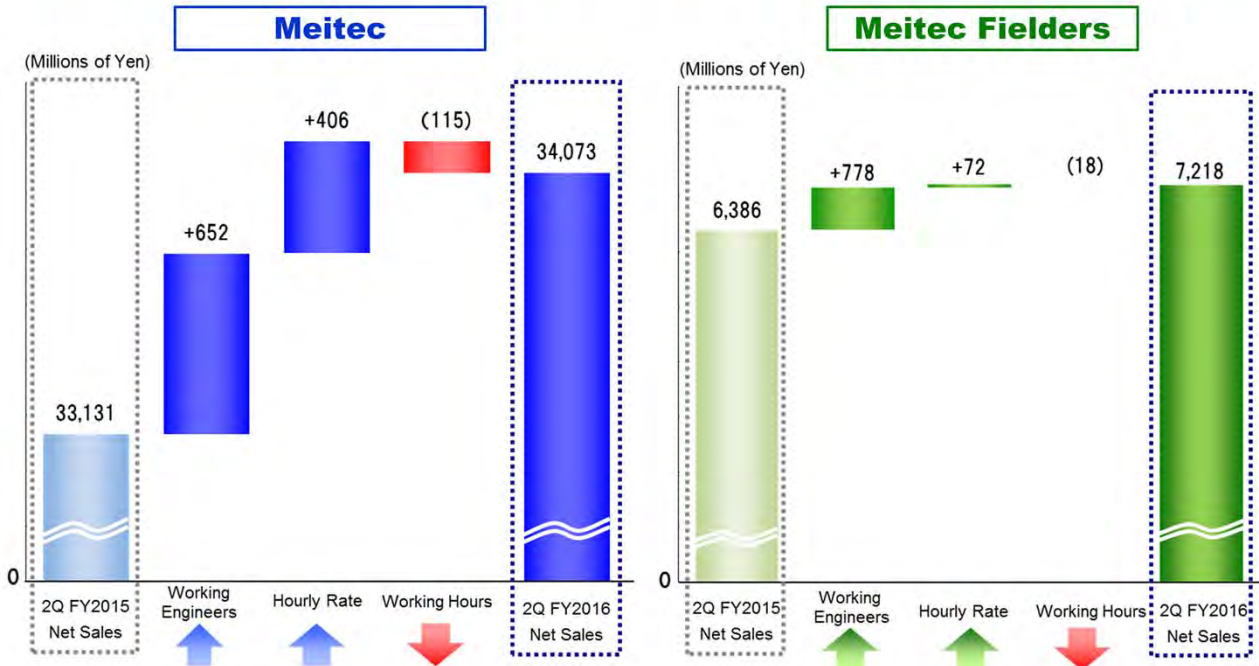
- ✓ Working hours declined year on year due to reductions in overtime hours etc.
→ We view 8.8-9.0 hours per day to be a solid level
- ✓ We do not see this as a major risk but close attention will be required going forward. ※Uncontrollable by Meitec



- This shows the trend in working hours.
- As 0.1 of one working hour equates to around 1% of total net sales, this is one factor that has a significant impact on earnings.
- However, the number of working hours is determined by our clients and is not something we can control.
- The shaded area shows a firm level of working hours of between 8.8 and 9.0 hours, but for Meitec in particular, for certain clients there was a reduction in overtime hours, which led to a year-on-year decline in 1Q and 2Q.
- In today's world, from the perspective of health and safety and operational productivity, clients are also carrying out thorough management of overtime hours, and the trend toward work-life balance is also strengthening, and it is our view that amid such conditions working hours are decreasing.
- Currently the decline in working hours is not creating negative conditions for the client's R&D investment, so we do not consider it a major risk but we continue to focus on this.

Comparison of Net Sales

✓ The graph shows the positive impact on sales from “increase in the number of engineers assigned to clients” and the negative impact on sales from “decline in working hours.”



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- This is a breakdown of factors affecting changes in net sales at Meitec and Meitec Fielders.
- The main factors that lifted net sales at both companies were “increase in the number of engineers assigned to clients,” and “increase in average rate” as shown in the graph.

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Top 10 Clients by Sales

✓ 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%

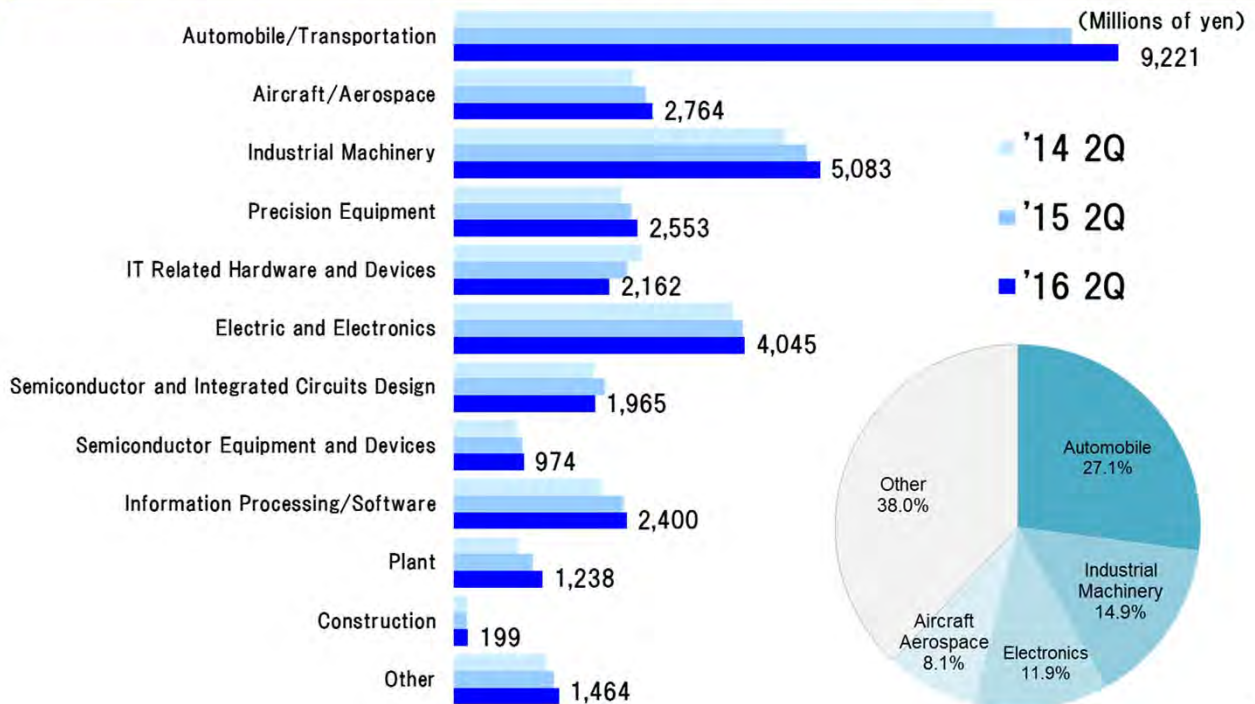
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- This shows Meitec's top 10 clients by sales.
- There have been some minor changes in the order but there have been no major changes in the clients making up the top 10.
- To further reinforce Meitec's strengths, we will have to expand the environment that allows us to intentionally rotate engineers to growth sectors and new technological areas, and offer a wide range of services without depending on certain clients.

Sales by the Industrial Segments

✓ 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.



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- This shows sales trends by industrial segment.
- Sales growth in the automobile/transportation segment and the industrial machinery segment remained pronounced, a trend we also saw in the previous fiscal year.
- We conduct business with clients in a wide range of fields and industries, which allows us to intentionally shift engineers to other sectors or fields if sales are sluggish in a specific field or industry.

2. Forecast for the Fiscal Year Ending March 31, 2017



- Next I will discuss our forecasts for the fiscal year ending March 31, 2017.

Progress on Mid-term Management Plan ~the third year of the Mid-term Management Plan~

- ✓ 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.

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

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- In light of recent trends, we have revised our initial forecasts for the fiscal year ending March 31, 2017.
- We have more or less achieved the targets set for the third year of the Mid-term Management Plan, but there are still some issues regarding the operating income margin.

Forecasts for the Fiscal Year Ending March 31, 2017 (Group Consolidated) Comparison to the Initial Forecasts at the beginning of the Fiscal Year

- ✓ We have revised our earnings forecasts in light of recent trends, based on the assumption that the firm order environment will continue.
- ✓ Net sales: We have raised our full-year forecast by 0.3 billion yen (+0.3%), comprising an upward revision of roughly 0.3 billion yen for 1H and almost ±0 billion yen for 2H.
- ✓ Operating income: We have raised our full-year forecast by 0.4 billion yen (+3.9%), comprising an upward revision of roughly 0.5 billion yen for 1H and a downward revision of roughly 0.1 billion yen for 2H.
→Mainly reflecting a change in the timing of some SG&A expenses from 1H to 2H.
- ✓ Profit attributable to owners of parent: We have raised our full-year forecast by 0.6 billion yen (+8.6%), comprising an upward revision of roughly 0.5 billion yen for 1H and an upward revision of roughly 0.1 billion yen for 2H.

Group Consolidated	Forecast FY ending March 31, 2017	Comparison to Initial Forecast	% Change	2Q ended Sept. 30, 2016	Forecast 2nd Half	Comparison to Initial Forecast	% Change
(Fractions of one million yen are rounded down)							
Net sales	90,800	+ 300	+ 0.3%	44,111	46,688	(11)	—
Cost of sales	67,100	+ 200	+ 0.3%	32,861	34,238	+ 38	+ 0.1%
SG&A Expenses	13,000	(300)	(2.3%)	6,178	6,821	+ 21	+ 0.3%
Operating income	10,700	+ 400	+ 3.9%	5,071	5,628	(71)	(1.3%)
Operating income margins	11.8%	+ 0.4%		11.5%	12.1%	(0.1%)	
Ordinary income	10,700	+ 400	+ 3.9%	5,074	5,625	(74)	(1.3%)
Profit attributable to owners of parent	7,600	+ 600	+ 8.6%	3,466	4,133	+ 133	+ 3.3%
Earnings per Share	262.58	+ 24.19		118.83			

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- We have revised our earnings forecasts for major indicators in the professional staffing business for engineers, in light of recent trends, based on the assumption that the firm order environment will continue.
- First, this shows a comparison between our new consolidated forecasts and our initial forecasts.
- We raised our consolidated net sales forecast by ¥0.3 billion, comprising an upward revision of ¥0.3 billion for the first half and almost no change for the second half.
- This breakdown is roughly the same as that for Meitec, which I will discuss later.
We raised our full-year operating income forecast by ¥0.4 billion, comprising an upward revision of around ¥0.5 billion for the first half and a downward revision of about ¥0.1 billion.
- We raised our forecast for profit attributable to owners of parent by ¥0.6 billion, comprising an upward revision of around ¥0.5 billion for the first half and an upward revision of about ¥0.1 billion for the second half. The upward revision for profit attributable to owners of parent is larger than that for operating income because we have factored in the application of tax credits for salary growth, as in the previous fiscal year.

Forecasts for the Fiscal Year Ending March 31, 2017 (Group Consolidated) Comparison to the Previous Fiscal Year

- ✓ **Net sales: 90.8 billion yen (+3.3% year on year),
Operating income: 10.7 billion yen (-1.6%), Ordinary income: 10.7 billion yen (-1.3%)**
⇒ Decline in operating income reflects higher SG&A expenses.
- ✓ **Profit attributable to owners of parent: 7.6 billion yen (-6.0% year on year).**
⇒ Mainly due to the absence of extraordinary income of roughly 1.0 billion yen booked in the previous fiscal year arising from the sale of training facilities and other facility

Group Consolidated	Forecast FY ending March 31, 2017	YoY Amount	% Change	2Q ended Sept. 30, 2016	Forecast 2nd Half	YoY Amount	% Change
(Fractions of one million yen are rounded down)							
Net sales	90,800	+2,911	+3.3%	44,111	46,688	+943	+2.1%
Cost of sales	67,100	+2,438	+3.8%	32,861	34,238	+898	+2.7%
SG&A Expenses	13,000	+647	+5.2%	6,178	6,821	+546	+8.7%
Operating income	10,700	(174)	(1.6%)	5,071	5,628	(501)	(8.2%)
Operating income margins	11.8%	(0.6%)		11.5%	12.1%	(1.3%)	
Ordinary income	10,700	(145)	(1.3%)	5,074	5,625	(496)	(8.1%)
Profit attributable to owners of parent	7,600	(483)	(6.0%)	3,466	4,133	(151)	(3.5%)
Earnings per Share	262.58	(6.66)		118.83			

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- Next we have a comparison between our new forecasts and performance in the previous fiscal year.
Net sales are forecast to rise 3.3% to ¥90.8 billion, while operating income has been revised to ¥10.7 billion, down 1.6% year on year.
- The background to the decline in operating income is that we expect increases in expenses related to recruitment and to systems, causing SG&A expenses to rise.
- We have revised profit attributable to owners of parent to ¥7.6 billion, down 6.0% year on year.
The background to profits falling compared to the previous fiscal year is that it is significantly affected by the extraordinary income posted in the previous fiscal year.

Forecasts for the Fiscal Year Ending March 31, 2017 (Meitec) Comparison to the Initial Forecasts at the beginning of the Fiscal Year

- ✓ **Net sales:** Initial full-year forecast largely unchanged, reflecting an upward revision of roughly 0.1 billion yen for 1H and a downward revision of roughly 0.1 billion yen for 2H.
- ✓ **Operating income:** We have raised our full-year forecast by 0.3 billion yen (+3.5%), comprising an upward revision of 0.3 billion yen for 1H and ±0 billion yen for 2H.
- ✓ **Profit attributable to owners of parent:** We have raised our full-year forecast by 0.4 billion yen (+6.3%), comprising an upward revision of around 0.3 billion yen for 1H and a downward revision of roughly 0.1 billion yen for 2H.

Meitec		Forecast FY ending March 31, 2017	Comparison to Initial Forecast	% Change	2Q ended Sept. 30, 2016	Forecast 2nd Half	Comparison to Initial Forecast	% Change
(Fractions of one million yen are rounded down)								
Net sales		70,200	—	—	34,073	36,126	(73)	(0.2%)
Cost of sales		52,200	—	—	25,545	26,654	(45)	(0.2%)
Cost of sales to Net sales		74.4%	—	—	75.0%	73.8%	—	—
SG&A Expenses		9,200	(300)	(3.2%)	4,426	4,773	(26)	(0.6%)
Operating income		8,800	+300	+3.5%	4,100	4,699	—	—
Operating income margins		12.5%	+0.4%	—	12.0%	13.0%	—	—
Ordinary income		9,300	+300	+3.3%	4,679	4,620	(79)	(1.7%)
Profit		6,700	+400	+6.3%	3,279	3,420	+120	+3.7%
Utilization ratio (Company-wide)		96.5%	(0.2%)	Comparison to Initial Forecast (0.3%)	95.3%	97.6%	(0.2%)	
Working Hours<h/day>		8.82	(0.01)		8.74	8.90	—	
Number of Recruitment		473	(25)		Expected New Graduates for April 2017		Comparison to Initial Forecast	
Newly graduated		338	—		312		(18)	
Mid-career		135	(25)					
Turnover Ratio		4.5%	—					

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- This shows a comparison between our new forecasts and our initial forecasts for Meitec.
- Net sales are more or less unchanged from the initial forecast. As for the second-half forecasts, we expect the decline in the number of engineers assigned to clients, caused by the fall in mid-career hiring targets, will be offset by the increase in the average rate, so the forecasts are more or less unchanged from initial forecasts.
- We raised our full-year operating income forecast by ¥0.3 billion, comprising an upward revision of ¥0.3 billion for the first half and almost no change for the second half.

Forecasts for the Fiscal Year Ending March 31, 2017 (Meitec) Comparison to the Previous Fiscal Year

- ✓ **Net sales: 70.2 billion yen (+1.9% year on year) ⇒Against the backdrop of increase in the number of engineers assigned to clients**
- ✓ **Operating income: 8.8 billion yen (-2.9% year on year) ⇒Reflecting increase in SG&A expenses**
- ✓ **Profit: 6.7 billion yen (-9.4% year on year) ⇒Reflecting absence of extraordinary income of roughly 1.0 billion yen booked in the previous fiscal year arising from the sale of training facilities and other facility**

Meitec <small>(Fractions of one million yen are rounded down)</small>	Forecast FY ending March 31, 2017	YoY Amount	% Change	2Q ended Sept. 30, 2016	Forecast 2nd Half	YoY Amount	% Change
Net sales	70,200	+1,321	+1.9%	34,073	36,126	+379	+1.1%
Cost of sales	52,200	+1,315	+2.6%	25,545	26,654	+528	+2.0%
Cost of sales to Net sales	74.4%	+0.5%		75.0%	73.8%	+0.7%	
SG&A Expenses	9,200	+267	+3.0%	4,426	4,773	+285	+6.4%
Operating income	8,800	(261)	(2.9%)	4,100	4,699	(433)	(8.5%)
Operating income margins	12.5%	(0.7%)		12.0%	13.0%	(1.4%)	
Ordinary income	9,300	(226)	(2.4%)	4,679	4,620	(509)	(9.9%)
Profit	6,700	(691)	(9.4%)	3,279	3,420	(221)	(6.1%)
Utilization ratio (Company-wide)	96.5%	(0.7%)		95.3%	97.6%	(0.7%)	
Working Hours<h/day>	8.82	(0.01)		8.74	8.90	—	
Number of Recruitment	473	+18					
Newly graduated	338	+39					
Mid-career	135	(21)					
Turnover Ratio	4.5%	+0.6%					
				Expected New Graduates for April 2017		To Apr. 2016	
				312		(26)	

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- Next we have a comparison between our new forecasts and performance in the previous fiscal year.
Due to the increase in the number of engineers assigned to clients, we expect net sales for the full year to grow around ¥1.3 billion, or 1.9% year on year.
The breakdown is an increase of about ¥0.9 billion in the first half and a rise of around ¥0.4 billion in the second half.
- Net income for the full year is seen falling 9.4% year on year to ¥6.7 billion, the primary reasons for which were mentioned in the discussion of the consolidated forecasts.

Forecasts for the Fiscal Year Ending March 31, 2017 (Meitec Fielders) Comparison to the Initial Forecasts at the beginning of the Fiscal Year

✓ **Net sales: We have raised our full-year forecast by 0.6 billion yen (+4.2%), comprising an upward revision of roughly 0.4 billion yen for 1H and an upward revision of around 0.2 billion yen for 2H.**
→ Reflecting an expected rise in the number of engineers based on the increase in the target for mid-career hires and a positive effect of high utilization ratio

Meitec Fielders (Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2017	Comparison to Initial Forecast	% Change	2Q ended Sept. 30, 2016	Forecast 2nd Half	Comparison to Initial Forecast	% Change
Net sales	14,800	+600	+4.2%	7,218	7,581	+181	+2.5%
Cost of sales	11,500	+500	+4.5%	5,637	5,862	+162	+2.8%
Cost of sales to Net sales	77.7%	+0.2%		78.1%	77.3%	+0.3%	
SG&A Expenses	2,000	—	—	939	1,060	—	—
Operating income	1,300	+100	+8.3%	641	658	+18	+2.9%
Operating income margins	8.8%	+0.3%		8.9%	8.7%	+0.1%	
Ordinary income	1,300	+100	+8.3%	639	660	+20	+3.1%
Profit	1,000	+200	+25.0%	523	476	+56	+13.4%
Utilization ratio (Company-wide)	95.8%	+0.9%	Comparison to Initial Forecast +1.7%	94.5%	97.0%	+0.1%	
Working Hours (h/day)	8.95	(0.01)		8.87	9.03	—	
Number of Recruitment	365	+25		Expected New Graduates for April 2017		Comparison to Initial Forecast	
Newly graduated	182	—		205		(5)	
Mid-career	183	+25					
Turnover Ratio	6.9%	(1.4%)					

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- This shows a comparison between our new consolidated forecasts and our initial forecasts for Meitec Fielders.
- We raised our full-year net sales forecast by ¥0.6 billion, comprising an upward revision of about ¥0.4 billion for the first half and an upward revision of around ¥0.2 billion for the second half.
- In the second half we expect the increase in mid-career hiring targets, etc. to lead to an increase in the number of engineers assigned to clients, so we have raised our initial forecast for net sales.
- Based on performance in the first half, we lowered our forecast for the full-year turnover ratio.
- The upward revision for profit attributable to owners of parent is larger than that for net sales and operating income because, as I stated before, we have factored in the application of tax credits for salary growth, as in the previous fiscal year.

**Forecasts for the Fiscal Year Ending March 31, 2017 (Meitec Fielders)
Comparison to the Previous Fiscal Year**

- ✓ **Net sales: 14.8 billion yen (+11.0% year on year), ⇒ Reflecting increase in number of engineers assigned to clients**
- ✓ **Profit: 1.0 billion yen (+27.2% year on year), ⇒ Reflecting expected reduction in corporate tax burden due to tax credits for salary growth**

Meitec Fielders <small>(Fractions of one million yen are rounded down)</small>	Forecast FY ending March 31, 2017	YoY Amount	% Change	2Q ended Sept. 30, 2016	Forecast 2nd Half	YoY Amount	% Change
Net sales	14,800	+1,472	+11.0%	7,218	7,581	+640	+9.2%
Cost of sales	11,500	+1,211	+11.8%	5,637	5,862	+538	+10.1%
Cost of sales to Net sales	77.7%	+0.5%		78.1%	77.3%	+0.6%	
SG&A Expenses	2,000	+165	+9.0%	939	1,060	+100	+10.4%
Operating income	1,300	+95	+7.9%	641	658	+1	+0.3%
Operating income margins	8.8%	(0.2%)		8.9%	8.7%	(0.8%)	
Ordinary income	1,300	+94	+7.8%	639	660	+2	+0.4%
Profit	1,000	+213	+27.2%	523	476	+40	+9.2%
Utilization ratio (Company-wide)	95.8%	(0.4%)		94.5%	97.0%	(1.2%)	
Working Hours (h/day)	8.95	(0.02)		8.87	9.03	—	
Number of Recruitment	365	+53					
Newly graduated	182	+7					
Mid-career	183	+46					
Turnover Ratio	6.9%	(0.6%)					
					Expected New Graduates for April 2017	To Apr. 2016	
					205	+23	

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- Next we have a comparison between our new forecasts and performance in the previous fiscal year.
- Due to the increase in the number of engineers assigned to clients, we forecast that net sales for the full year will rise around ¥1.5 billion, or 11% year on year.
- The breakdown of the expected increase in sales is growth of about ¥0.8 billion in the first half and growth of about ¥0.6 billion in the second half.
- The utilization ratio for the full year is assumed to fall by 0.4 percentage points year on year to 95.8%, with the utilization ratio in the second half decreasing by 1.2 percentage points year on year to 97.0%. The utilization ratio is already at a high level, so some deterioration can be expected. Also, our forecast is based on typical trends in engineer assignments and the number of contracts expiring, rather than any expectation of a significant deterioration in the utilization ratio this fiscal year.

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

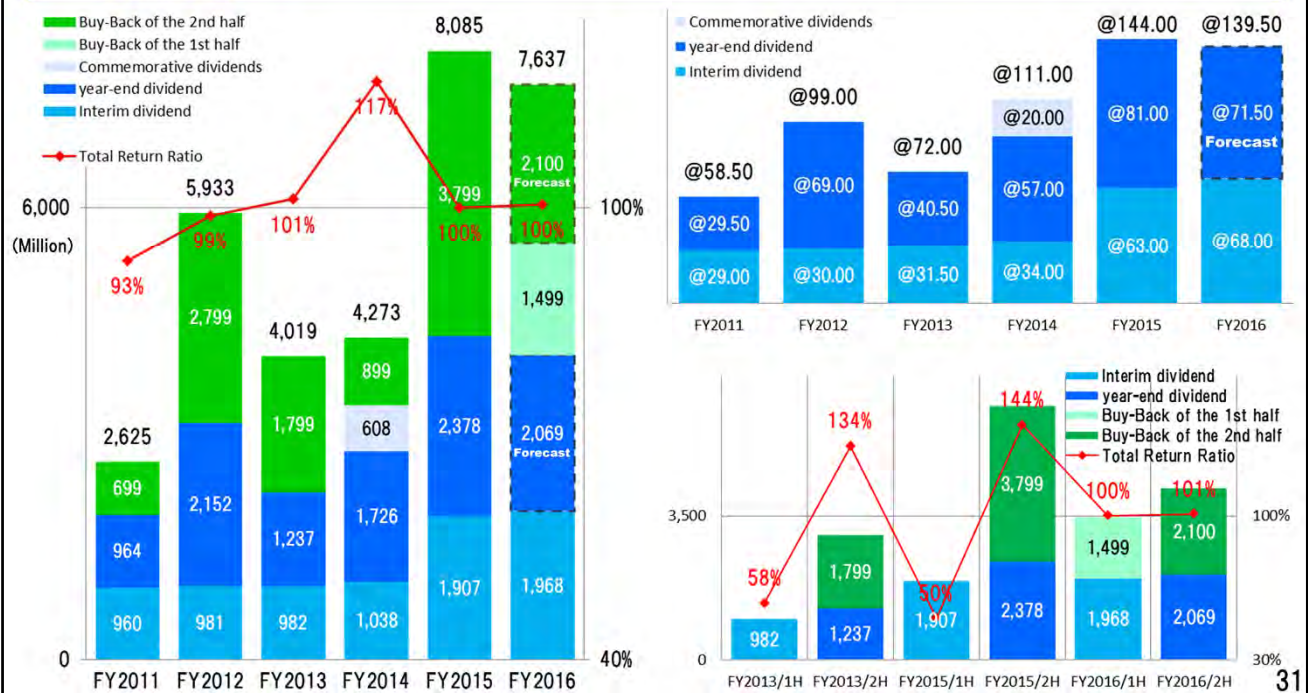
- Three Months Net Sales = Working capital: Consolidated two months net sales + Fund for strengthening the financial base (a fund to sustain the business operation in the event of a crisis equivalent to that of fiscal year ended March 2010): consolidated one month net sales
- To realize the flexible 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.

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- Our Basic Policy Regarding Profit Distribution, revised in May 2011, remains unchanged. We plan to continue with this policy.

Results and Forecast of Profit Distribution

- ✓ 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.



- In line with our basic policy, we have revised up our full-year forecast for the distribution of profits because performance in the first half exceeded initial forecasts and because we have revised up our full-year forecasts.
- With regard to distribution of profits for the first half, we will return 100% of quarterly profits of more than ¥3.4 billion to shareholders.
We have already purchased about ¥1.5 billion in treasury shares, and we will revise the interim dividend to over ¥1.9 billion, revising the initial forecast of ¥51.50 per share upward to ¥68.00 per share.
- In addition, our new full-year profit forecast is ¥7.6 billion, so over ¥4.1 billion in profit is expected for the second half. We forecast that 100% of profit in the second half will be returned to shareholders and, based on communication with all investors, we have decided to divide profit distribution equally between regular dividends and the purchase of treasury shares.
- Accordingly, the year-end dividend per share has been revised up from the initial forecast of ¥68.50 to ¥71.50, while the purchase of treasury shares has also been revised up from the initial forecast of ¥2.0 billion to ¥2.1 billion.

IN (Recruiting) Strategy	Strengthen “the power of obtaining applicants and implementing follow-up”	✓ Annual number of recruitment to miss initial target in the Mid-term Management Plan	<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^{※1}</td> <td>630</td> <td>473</td> <td>(157)</td> </tr> <tr> <td>MF^{※2}</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>	(person)	Initial target in the Mid-term Management Plan	Target for FY2016	Difference	MT ^{※1}	630	473	(157)	MF ^{※2}	300	365	+65	total	930	838	(92)	✓ Improving operating income margin ✓ Continuing to increase the number of engineers holds the key to growth
		(person)		Initial target in the Mid-term Management Plan	Target for FY2016	Difference														
MT ^{※1}	630	473	(157)																	
MF ^{※2}	300	365	+65																	
total	930	838	(92)																	
※1 Meitec ※2 Meitec Fielders																				
OUT (Sales) Strategy	Group cooperation in sales efforts	✓ Utilization ratio remaining above 95% ✓ New orders exceed 350/month																		
	Improvement of organizational strength																			
	Collaboration with engineers																			
FOLLOW (Growth Support) Strategy	Improvement of “Technological Strength x Human Strength = Total Strength” & support for career development	✓ Maintaining and improving average rate for engineer performance	Next Mid-term Management Plan scheduled for release in May 2017																	

- I would like to talk about progress we have made with the Mid-term Management Plan and so on.
- Aside from the IN (recruiting) strategy, we see the two strategies having been progressing satisfactorily. However, for the IN (recruiting) strategy, the full-year number of hires is expected to undershoot the initial target for the Mid-term Management Plan, and we consider this a major issue for our future growth.
- In consideration of these issues, we will polish our next Mid-term Management Plan, which we plan to announce in May 2017.

✓ **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

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- Finally, we have already disclosed this, but we have established “employee system exclusively for local areas” as part of which we have begun a Kyushu-specialized professional staffing business for engineers.
- We will create further diversified career styles and also broaden the options for the human resources that we can provide to manufacturing companies.
- Manufacturing industry in Kyushu spans a wide range from automobiles to semiconductors and industrial machinery, and we believe that the scale of Specified Worker Dispatching in the area is about 15,000 people.
- Accordingly, in order to respond to the needs of the labor market and client needs, we will leverage our strengths, expand career styles and meet the challenge of expanding staffing choices for clients, while moving carefully ahead with new initiatives for the Meitec Group.
- That ends my presentation today.
- We will continue to strive to respond your expectations in the future.
- Thank you for listening.

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

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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.

3. Reference Materials

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

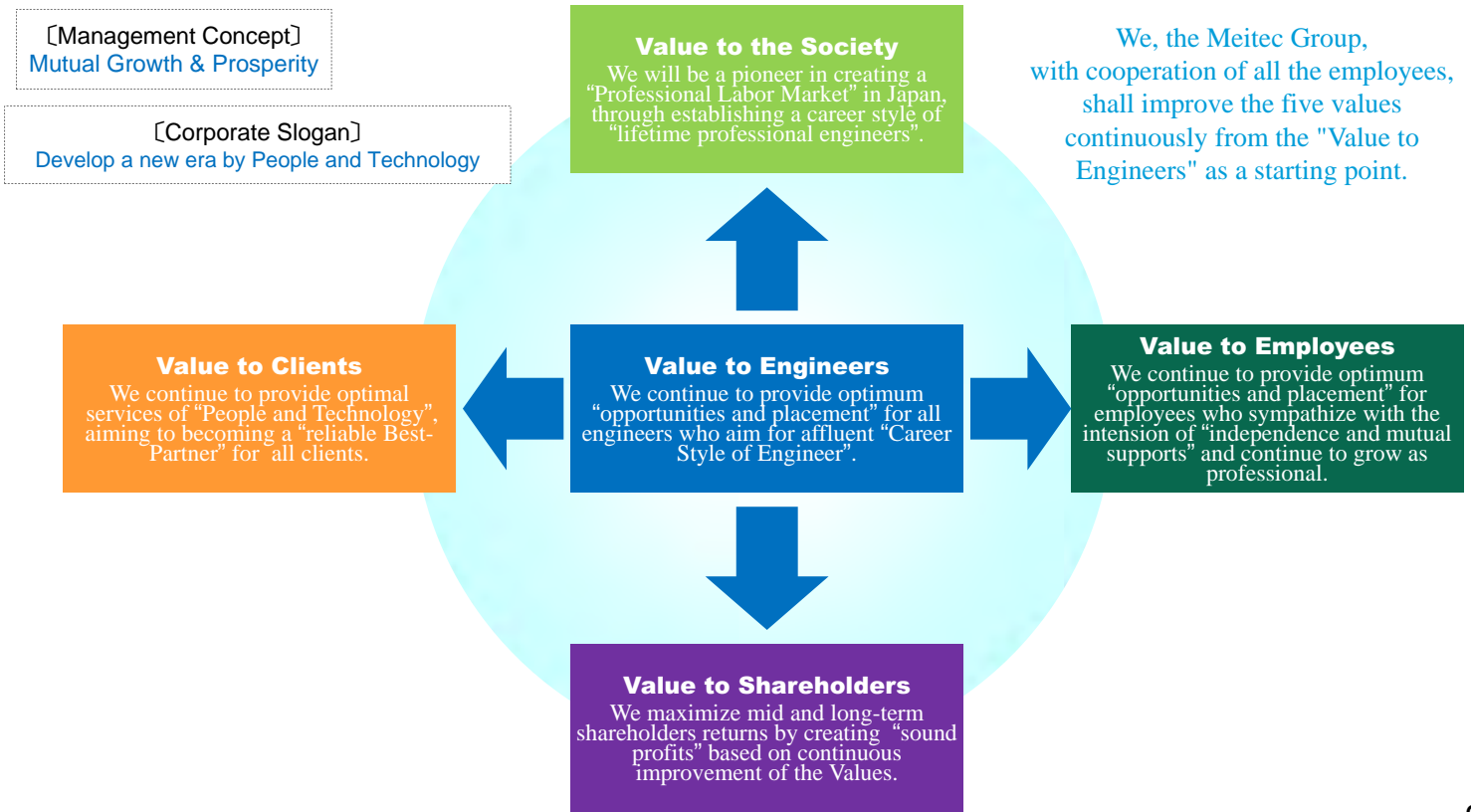
〈Largest number of transactions in the industry & the best quality in the industry; a pioneer〉

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

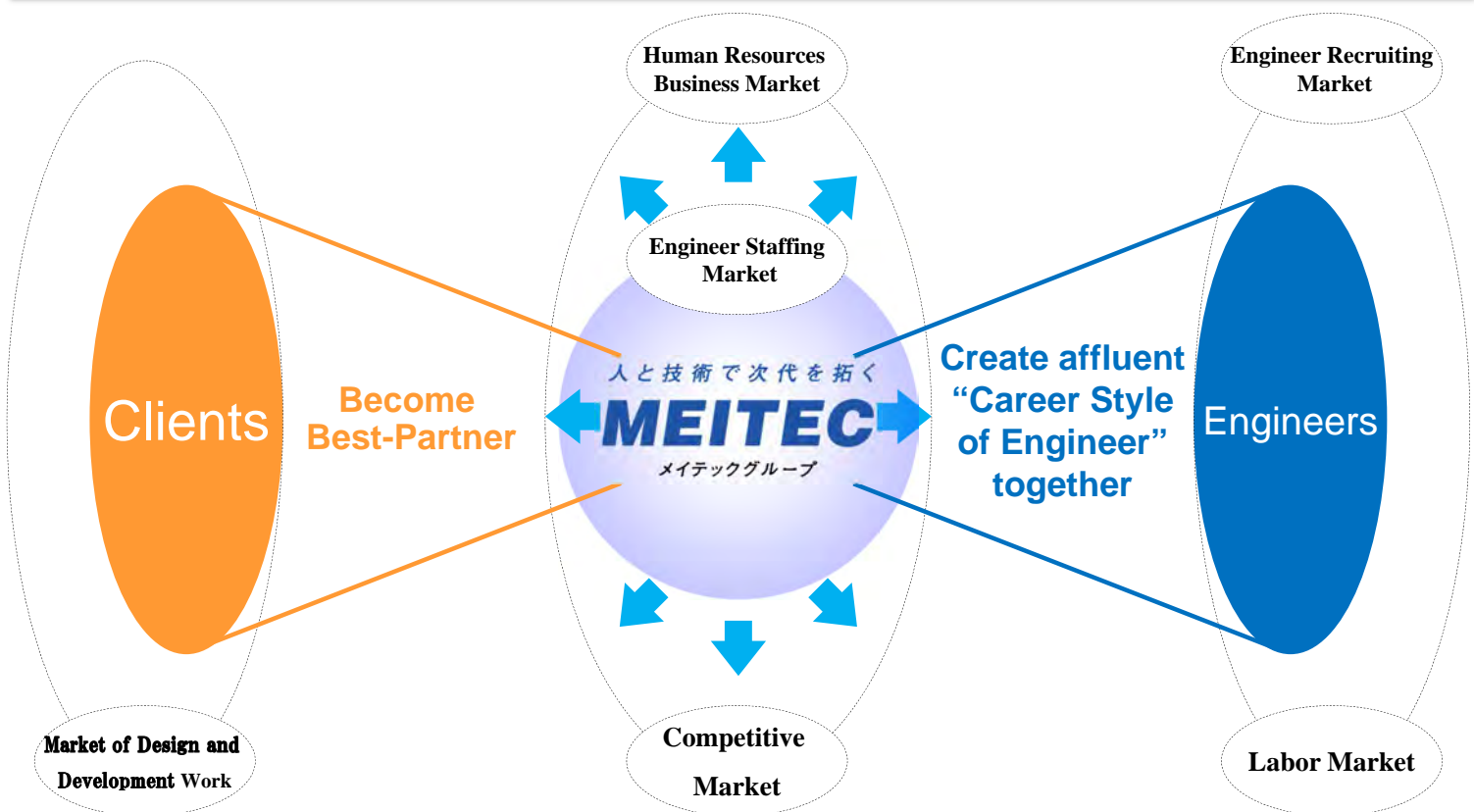
〈More than 4,000 companies in total over the 40 years since the company was established〉

- ✓ 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



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- ✓ 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.”



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Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2017 (Group Companies)

- ✓ 2nd Quarter performance by subsidiary
- ✓ Operating income per net sales of Meitec Next (recruiting & placement business) is approx. 30%.

(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	34,073	7,218	1,340	45	758	65	33	821
YoY Amount	+941	+831	+41	+16	+119	(2)	+7	(25)
% Change	+2.8%	+13.0%	+3.2%	+56.9%	+18.7%	(3.7%)	+29.6%	(3.0%)
Operating income	4,100	641	49	(13)	283	21	(5)	(13)
YoY Amount	+172	+93	+2	—	+79	(7)	+18	(24)
% Change	+4.4%	+17.1%	+4.9%	—	+38.8%	(26.5%)	—	—
Ordinary income	4,679	639	49	(13)	283	21	(5)	(14)
Profit	3,279	523	39	(13)	193	17	(5)	9

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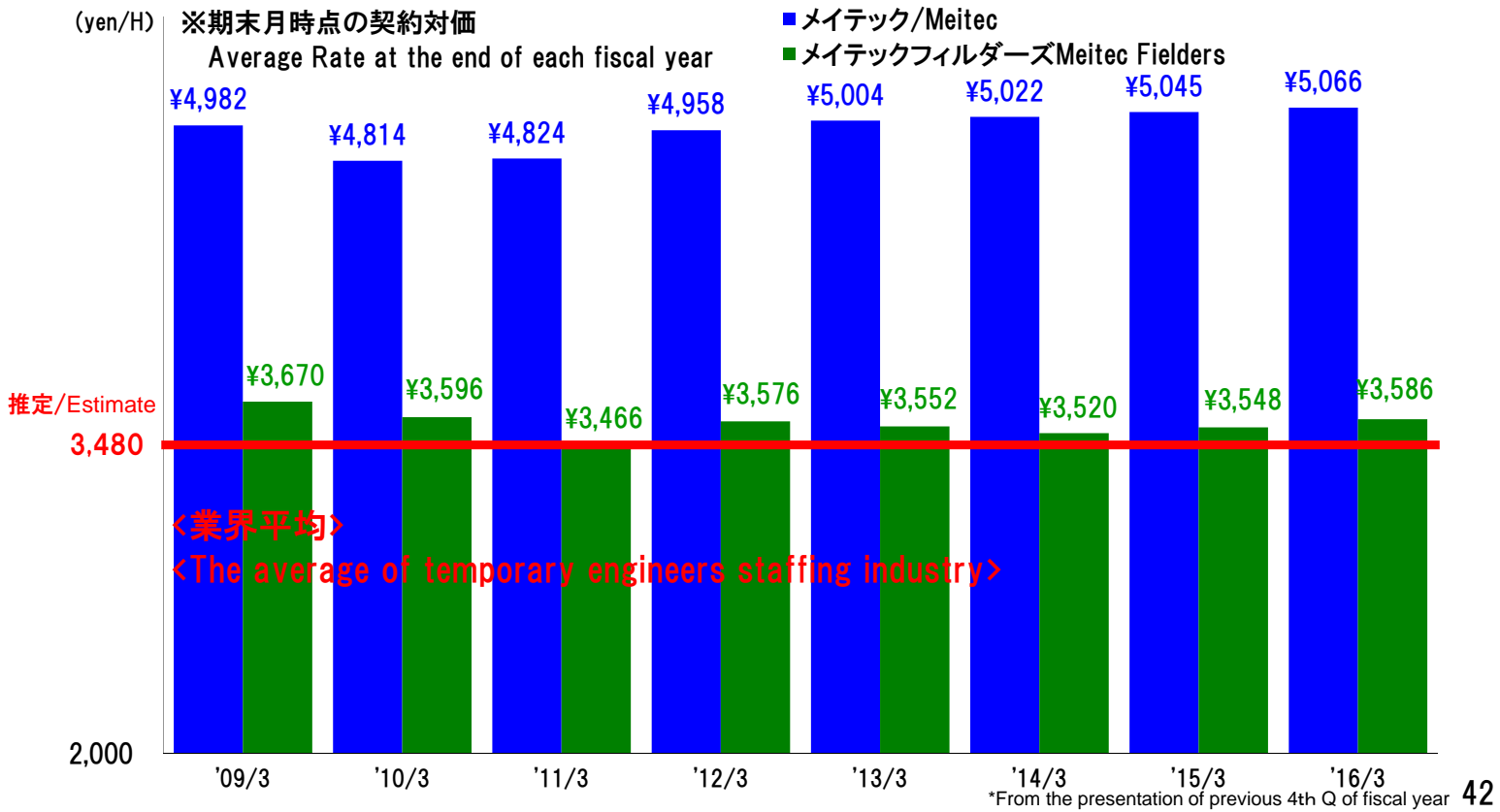
Forecast for the Fiscal Year Ending March 31, 2017

- ✓ Forecast of performance by subsidiary
- ✓ Meitec Next (recruiting & placement business) plans a net sales increase of +21.1% year on year.

(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	70,200	14,800	2,700	110	1,600	120	100	1,750
YoY Amount	+1,321	+1,472	+64	+41	+278	(13)	+29	(255)
% Change	+1.9%	+11.0%	+2.5%	+59.5%	+21.1%	(9.9%)	+42.7%	(12.7%)
Operating income	8,800	1,300	90	(30)	540	10	0	5
YoY Amount	(261)	+95	+2	—	+106	(40)	+33	(63)
% Change	(2.9%)	+7.9%	+3.0%	—	+24.5%	(80.4%)	—	(92.7%)
Ordinary income	9,300	1,300	90	(30)	540	10	0	5
Profit	6,700	1,000	60	(30)	360	10	0	20

*From the presentation of previous 4th Q of fiscal year 41

- ✓ Re-posted (data disclosed in May 2016)
- ✓ Average rate will be disclosed at the time of disclosure of the results of the fiscal year.



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Sales by the Industrial Segments (Meitec)

Millions of Yen

Meitec	2Q FY2012	2Q FY2013	2Q FY2014	2Q FY2015	2Q FY2016			
	Nete Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	5,529	6,283	7,517	8,574	9,221	27.1%	+647	+7.5%
Aircraft/Aerospace	2,099	2,276	2,492	2,669	2,764	8.1%	+95	+3.6%
Industrial Machinery	4,081	4,130	4,611	4,908	5,083	14.9%	+174	+3.6%
Precision Equipment	1,977	2,194	2,335	2,468	2,553	7.5%	+84	+3.4%
IT Related Hardware and Devices	2,492	2,588	2,618	2,406	2,162	6.3%	(244)	(10.2%)
Electric and Electronics	4,335	3,946	3,886	4,016	4,045	11.9%	+28	+0.7%
Semiconductors and Integrated Circuits Design	1,658	1,760	1,949	2,095	1,965	5.8%	(129)	(6.2%)
Semiconductor Equipment and Devices	908	920	865	949	974	2.9%	+24	+ 2.6%
Information Processing/Software	1,900	1,843	2,036	2,357	2,400	7.0%	+42	+1.8%
Plant	769	778	888	1,103	1,238	3.6%	+135	+12.3%
Construction	172	182	187	181	199	0.6%	+18	+ 9.9%
Others	1,200	1,246	1,293	1,398	1,464	4.3%	+65	+4.7%
Total	27,125	28,150	30,681	33,131	34,073	100.0%	+941	+2.8%

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Sales by the Industrial Segments (Meitec Fielders)

Millions of Yen

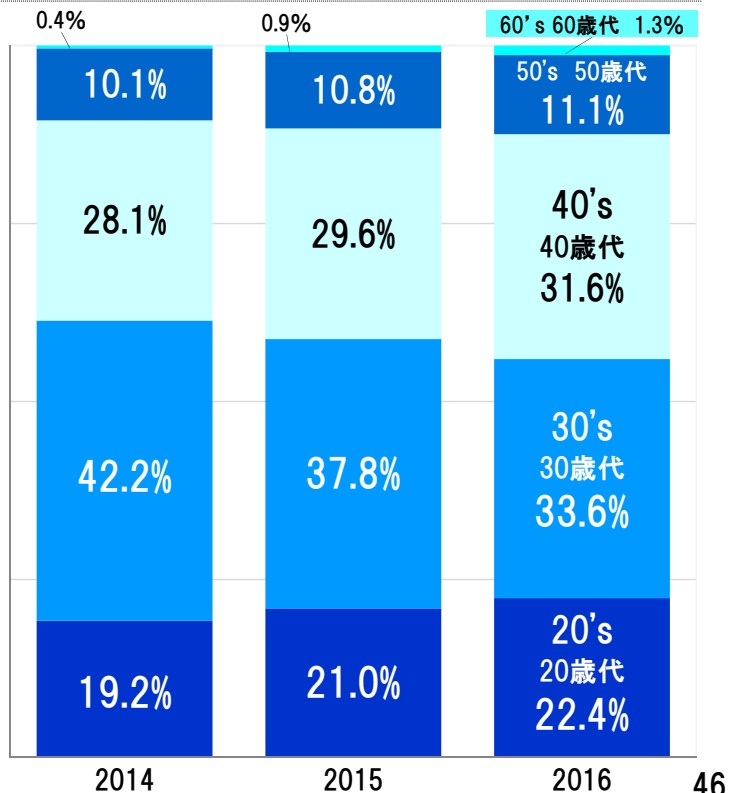
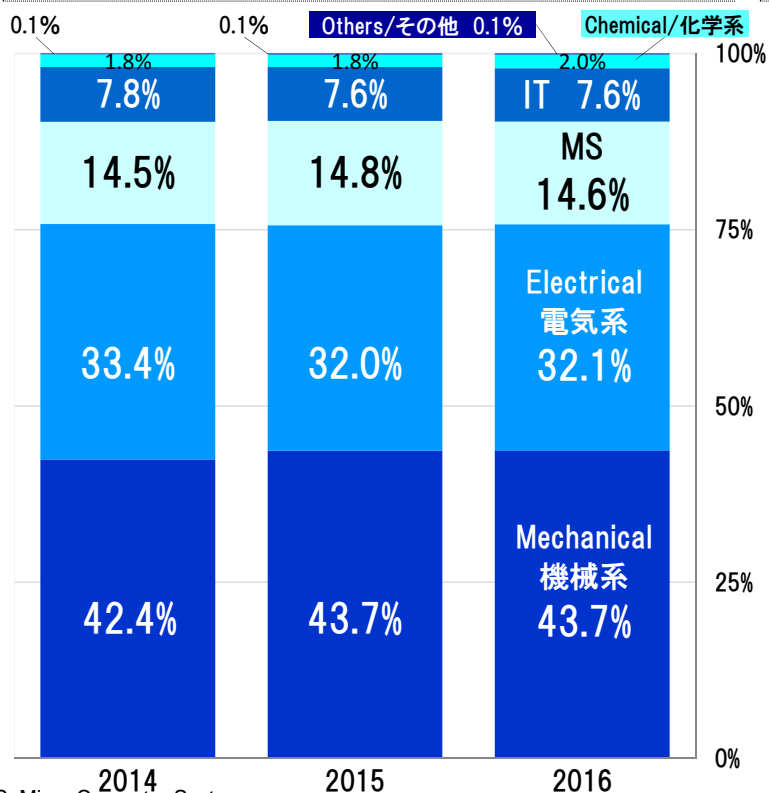
Meitec Fielders	2Q FY2012	2Q FY2013	2Q FY2014	2Q FY2015	2Q FY2016			
	Nete Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	1,249	1,551	1,981	2,385	2,682	37.2%	+297	+ 12.5%
Aircraft/Aerospace	74	91	95	115	173	2.4%	+57	+ 49.4%
Industrial Machinery	611	715	862	941	1,036	14.4%	+95	+ 10.1%
Precision Equipment	603	763	820	808	836	11.6%	+28	+ 3.6%
IT Related Hardware and Devices	163	169	201	209	263	3.6%	+54	+ 25.8%
Electric and Electronics	873	735	768	819	874	12.1%	+55	+ 6.7%
Semiconductors and Integrated Circuits Design	264	234	226	233	264	3.7%	+31	+ 13.4%
Semiconductor Equipment and Devices	200	234	196	230	341	4.7%	+111	+ 48.3%
Information Processing/Software	73	111	164	168	164	2.3%	(4)	(2.4%)
Plant	91	132	183	225	263	3.6%	+38	+ 17.0%
Construction	44	46	12	7	10	0.1%	+2	+ 30.0%
Others	264	249	241	242	307	4.3%	+64	+ 26.8%
Total	4,513	5,037	5,753	6,386	7,218	100.0%	+831	+13.0%

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

技術分野/Technical field

年齢/According to age

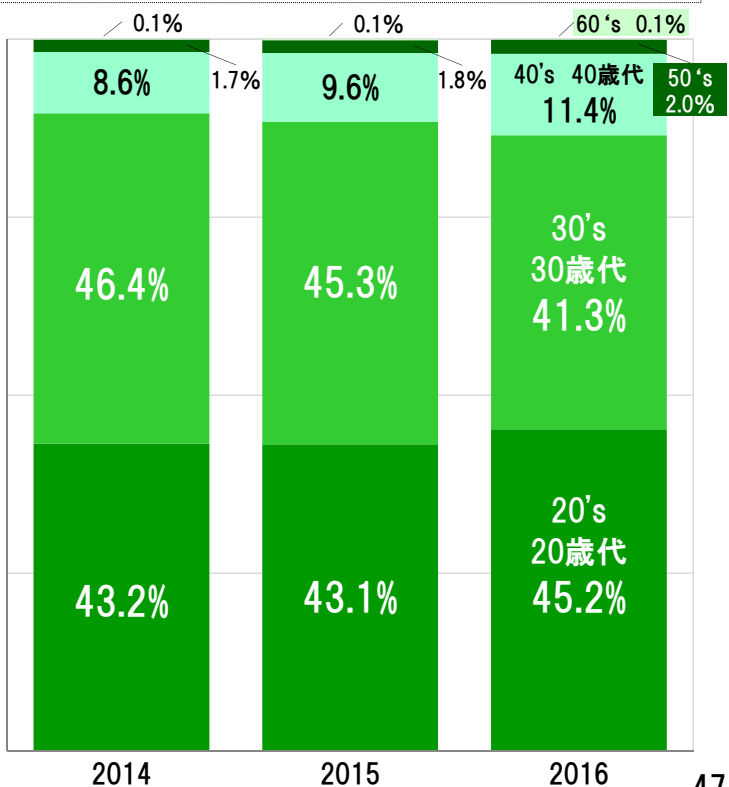
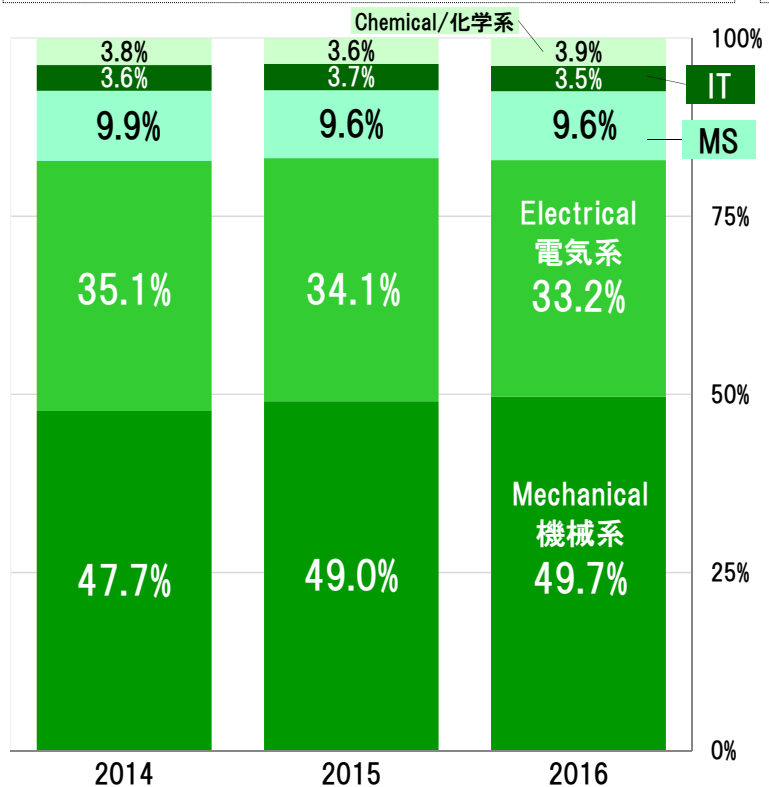


MS: Micro Computer System

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

技術分野/Technical field

年齢/According to age



MS: Micro Computer System

Trend of Performances (Consolidated)

(Millions of Yen)	2008-2Q	2009-2Q	2010-2Q	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q
Net sales	41,396	26,203	29,357	31,937	34,130	35,754	39,300	42,143	44,111
Cost of sales	29,429	23,478	23,628	24,052	25,119	26,607	29,366	31,321	32,861
Cost of sales to Net sales	71.1%	89.6%	80.5%	75.3%	73.6%	74.4%	74.7%	74.3%	74.5%
Gross profit	11,966	2,724	5,728	7,885	9,010	9,146	9,934	10,822	11,249
Selling, general and administrative expenses	6,591	5,973	5,065	5,556	6,119	6,239	5,941	6,077	6,178
SG&A expenses to Net sales	15.9%	22.8%	17.3%	17.4%	17.9%	17.4%	15.1%	14.4%	14.0%
Operating income	5,375	(3,248)	662	2,328	2,891	2,907	3,992	4,744	5,071
Operating income margins	13.0%	(12.4%)	2.3%	7.3%	8.5%	8.1%	10.2%	11.3%	11.5%
Non-operating income	53	2,456	1,468	46	74	33	24	14	11
Non-operating expenses	33	58	43	24	20	9	3	35	7
Ordinary income	5,395	(850)	2,087	2,350	2,945	2,931	4,012	4,723	5,074
Ordinary income margins	13.0%	(3.2%)	7.1%	7.4%	8.6%	8.2%	10.2%	11.2%	11.5%
Extraordinary income	10	26	297	—	47	—	7	1,084	2
Extraordinary loss	60	26	83	2	206	18	3,464	30	3
Profit before income taxes	5,345	(850)	2,302	2,347	2,786	2,913	555	5,777	5,073
Total income taxes	2,305	364	686	1,051	1,094	1,207	361	1,979	1,607
Profit attributable to owners of parent	3,039	(1,214)	1,615	1,295	1,692	1,706	194	3,798	3,466
Profit margins	7.3%	(4.6%)	5.5%	4.1%	5.0%	4.8%	0.5%	9.0%	7.9%

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Trend of Performances (Meitec)

(Millions of Yen)	2008-2Q	2009-2Q	2010-2Q	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q
Net sales	31,163	20,097	22,698	25,256	27,125	28,150	30,682	33,131	34,073
Cost of sales	22,095	18,015	18,629	19,180	20,081	21,094	23,091	24,758	25,545
Cost of sales to Net sales	70.9%	89.6%	82.1%	75.9%	74.0%	74.9%	75.3%	74.7%	75.0%
Gross profit	9,067	2,082	4,069	6,075	7,043	7,056	7,590	8,372	8,527
Selling, general and administrative expenses	4,082	4,013	3,829	4,131	4,583	4,664	4,325	4,444	4,426
SG&A expenses to Net sales	13.1%	20.0%	16.9%	16.4%	16.9%	16.6%	14.1%	13.4%	13.0%
Operating income	4,985	(1,931)	239	1,944	2,460	2,392	3,265	3,927	4,100
Operating income margins	16.0%	(9.6%)	1.1%	7.7%	9.1%	8.5%	10.6%	11.9%	12.0%
Non-operating income	510	2,070	1,350	337	291	403	435	497	585
Non-operating expenses	24	28	16	19	11	4	3	30	6
Ordinary income	5,471	109	1,573	2,262	2,739	2,791	3,697	4,395	4,679
Ordinary income margins	17.6%	0.5%	6.9%	9.0%	10.1%	9.9%	12.0%	13.3%	13.7%
Extraordinary income	5	1	1	—	—	—	8	1,084	15
Extraordinary loss	56	15	73	2	210	43	3,463	43	3
Profit before income taxes	5,420	95	1,501	2,260	2,528	2,748	242	5,437	4,691
Total income taxes	2,018	64	600	904	935	1,003	69	1,687	1,411
Profit	3,402	31	900	1,356	1,593	1,745	172	3,749	3,279
Profit margins	10.9%	0.2%	4.0%	5.4%	5.9%	6.2%	0.6%	11.3%	9.6%

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Trend of Performances (Meitec Fielders)

(Millions of Yen)	2008-2Q	2009-2Q	2010-2Q	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q
Net sales	5,531	3,402	3,942	4,113	4,513	5,037	5,753	6,386	7,218
Cost of sales	4,029	3,372	3,138	3,134	3,436	3,879	4,453	4,965	5,637
Cost of sales to Net sales	72.8%	99.1%	79.6%	76.2%	76.1%	77.0%	77.4%	77.7%	78.1%
Gross profit	1,502	30	804	978	1,076	1,157	1,300	1,421	1,580
Selling, general and administrative expenses	1,032	990	549	738	807	806	813	873	939
SG&A expenses to Net sales	18.7%	29.1%	13.9%	17.9%	17.9%	16.0%	14.1%	13.7%	13.0%
Operating income	469	(960)	254	240	269	351	486	547	641
Operating income margins	8.5%	(28.2%)	6.4%	5.8%	6.0%	7.0%	8.5%	8.6%	8.9%
Non-operating income	4	455	136	2	1	1	—	—	—
Non-operating expenses	—	1	—	—	—	—	—	—	1
Ordinary income	474	(506)	389	242	270	352	486	548	639
Ordinary income margins	8.6%	(14.9%)	9.9%	5.9%	6.0%	7.0%	8.5%	8.6%	8.9%
Extraordinary income	—	—	—	—	—	—	—	—	—
Extraordinary loss	—	—	1	—	—	—	—	—	—
Profit before income taxes	473	(507)	389	242	270	352	486	548	639
Total income taxes	197	277	15	96	102	133	189	198	116
Profit	276	(785)	373	145	167	218	297	349	523
Profit margins	5.0%	(23.1%)	9.5%	3.5%	3.7%	4.3%	5.2%	5.5%	7.3%

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Trend of Performances (Meitec NEXT)

(Millions of Yen)	2008-2Q	2009-2Q	2010-2Q	2011-2Q	2012-2Q	2013-2Q	2014-2Q	2015-2Q	2016-2Q
Net sales	275	173	215	283	368	447	536	639	758
Cost of sales									
Cost of sales to Net sales									
Gross profit	275	173	215	283	368	447	536	639	758
Selling, general and administrative expenses	289	180	162	203	246	278	355	435	475
SG&A expenses to Net sales	105.2%	104.0%	75.1%	71.7%	67.0%	62.2%	66.3%	68.0%	62.6%
Operating income	(14)	(6)	53	80	121	169	180	204	283
Operating income margins	(5.2%)	(4.0%)	24.9%	28.3%	33.0%	37.8%	33.7%	32.0%	37.4%
Non-operating income	—	—	1	—	—	—	—	—	—
Non-operating expenses	—	—	—	—	—	—	—	—	—
Ordinary income	(14)	(6)	55	80	121	169	180	204	283
Ordinary income margins	(5.2%)	(3.9%)	25.5%	28.4%	33.0%	37.9%	33.7%	32.0%	37.4%
Extraordinary income	—	—	—	—	—	—	—	—	—
Extraordinary loss	—	—	—	—	—	—	—	—	—
Profit before income taxes	(14)	(6)	54	80	121	169	180	204	283
Total income taxes	—	—	—	—	9	55	64	67	90
Profit	(14)	(7)	54	80	112	114	116	136	193
Profit margins	(5.3%)	(4.1%)	25.1%	28.4%	30.5%	25.5%	21.6%	21.4%	25.5%

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Trend of Balance Sheets (Consolidated)

(Millions of Yen)	2007/9/30	2008/9/30	2009/9/30	2010/9/30	2011/9/30	2012/9/30	2013/9/30	2014/9/30	2015/9/30	2016/9/30
Cash and deposits	17,295	18,925	14,851	19,548	24,504	27,506	27,866	30,719	35,716	34,954
Notes and accounts receivable - trade	12,687	12,395	8,016	9,389	9,391	10,036	10,070	11,680	12,048	12,695
Total current assets	36,141	35,285	27,391	32,210	37,128	40,935	42,090	46,427	52,071	52,568
Property, plant and equipment	13,873	13,093	12,390	11,986	11,465	10,920	10,785	7,333	5,980	5,632
Total non-current assets	22,004	22,280	19,823	18,600	17,494	16,215	15,799	12,393	12,271	11,183
Total assets	58,146	57,565	47,214	50,811	54,623	57,150	57,890	58,821	64,343	63,752
Total current liabilities	13,363	12,807	5,762	7,488	8,409	9,760	9,642	11,351	12,850	12,923
Total non-current liabilities	6,634	6,708	7,423	8,271	8,890	9,496	10,256	10,857	12,046	13,555
Total liabilities	19,997	19,516	13,185	15,760	17,299	19,257	19,898	22,209	24,897	26,478
Total shareholders' equity	38,541	38,474	34,604	35,716	38,146	38,744	38,816	38,401	41,387	39,570
Other net assets	(393)	(424)	(575)	(666)	(822)	(851)	(824)	(1,789)	(1,941)	(2,296)
Total net assets	38,148	38,049	34,028	35,050	37,324	37,893	37,991	36,612	39,445	37,273

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Trend of Profit Distributions and Forecast

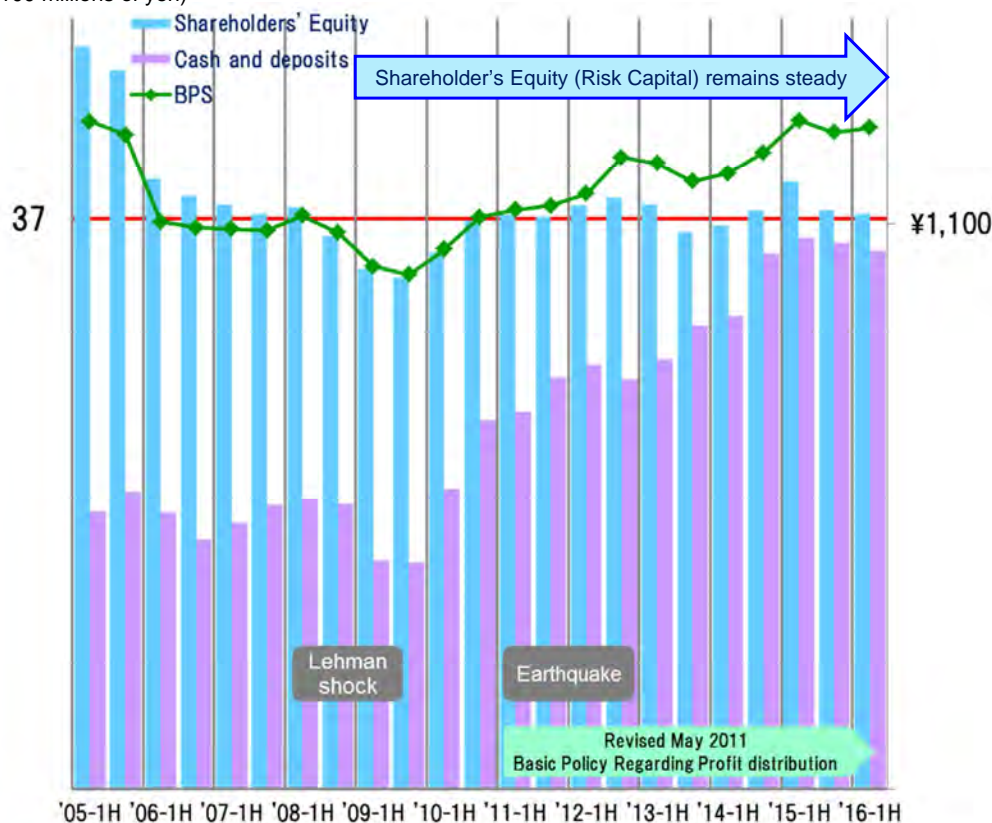
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Actual FY2015	Forecast FY2016	
Dividend Payout ratio	65.1%	1,085.7%	50.5%	58.9%	—	24.7%	68.5%	53.2%	56.1%	92.4%	53.5%	53.1%	
Dividend on Equity	7.1%	7.4%	6.5%	6.9%	2.4%	2.6%	5.2%	8.4%	6.0%	9.2%	11.4%		
Annual Dividends	Per Share	@¥90.50	@¥89.00	@¥72.00	@¥75.00	@¥24.50	@¥27.50	@¥58.50	@¥99.00	@¥72.00	@¥111.00	@¥144.00	@¥139.50
	Millions of Yen	3,329	3,162	2,488	2,518	812	911	1,925	3,134	2,220	3,373	4,286	4,038
2nd Quarter	Per Share	@¥44.00	@¥44.00	@¥37.50	@¥47.00	@¥24.50		@¥29.00	@¥30.00	@¥31.50	@¥44.00	@¥63.00	@¥68.00
	Millions of Yen	1,630	1,579	1,304	1,590	812		961	981	983	1,344	1,908	1,968
Year-end	Per Share	@¥46.50	@¥45.00	@¥34.50	@¥28.00		@¥27.50	@¥29.50	@¥69.00	@¥40.50	@¥67.00	@¥81.00	@¥71.50
	Millions of Yen	1,699	1,583	1,184	928		911	965	2,153	1,237	2,029	2,378	2,069
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	3,599
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	7,637
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	@¥262.58
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	

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Shareholder's Equity and Cash and Deposit

- ✓ 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)

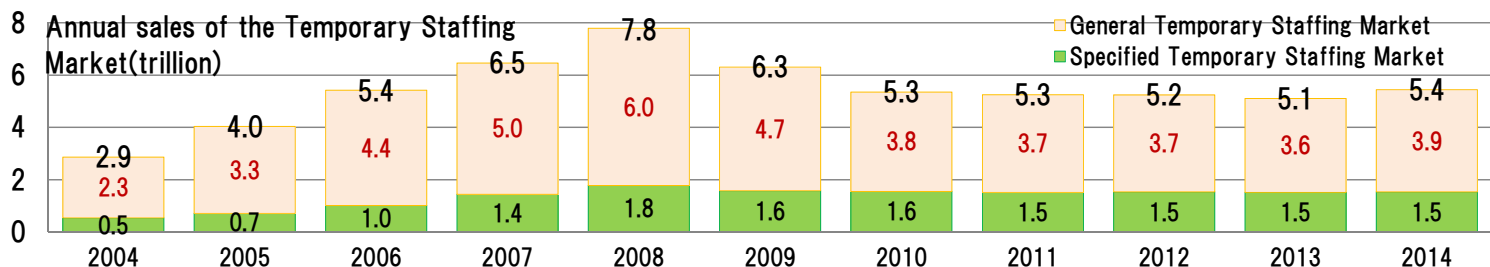
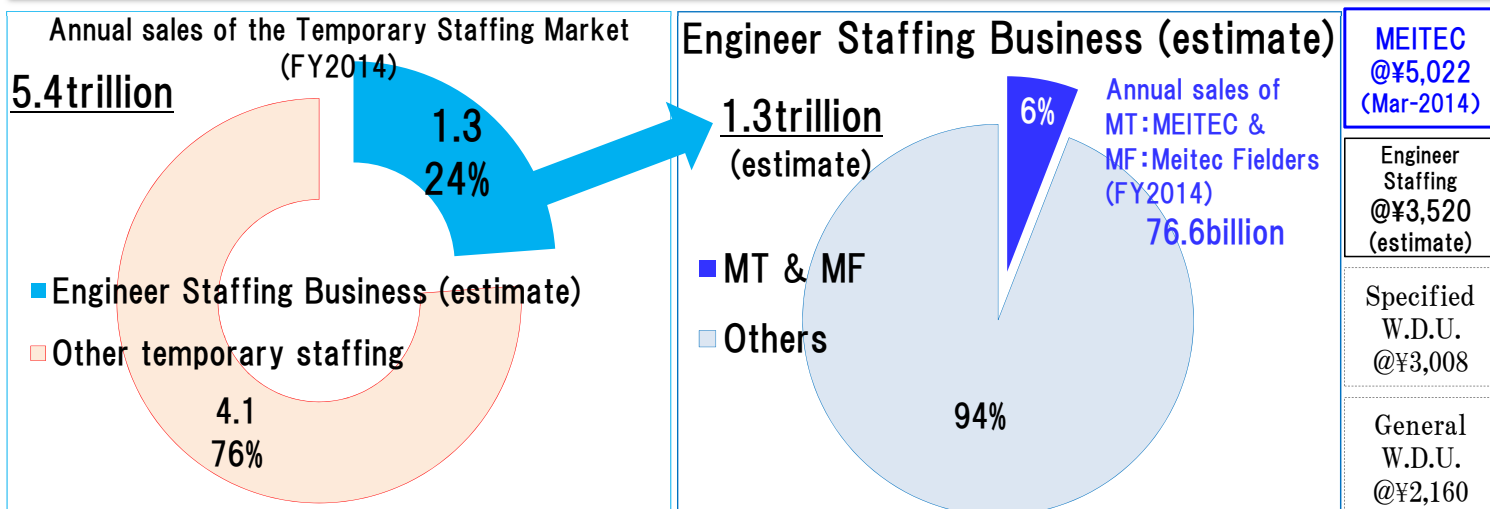


- Protecting employment of engineers under economic crisis is essential for sustainable growth for indefinite employment engineer staffing business.
→ Engineers can continue to concentrate on brushing up their own career under assumption of stable employment.
- With consideration of remaining fund, prioritize 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 54

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".

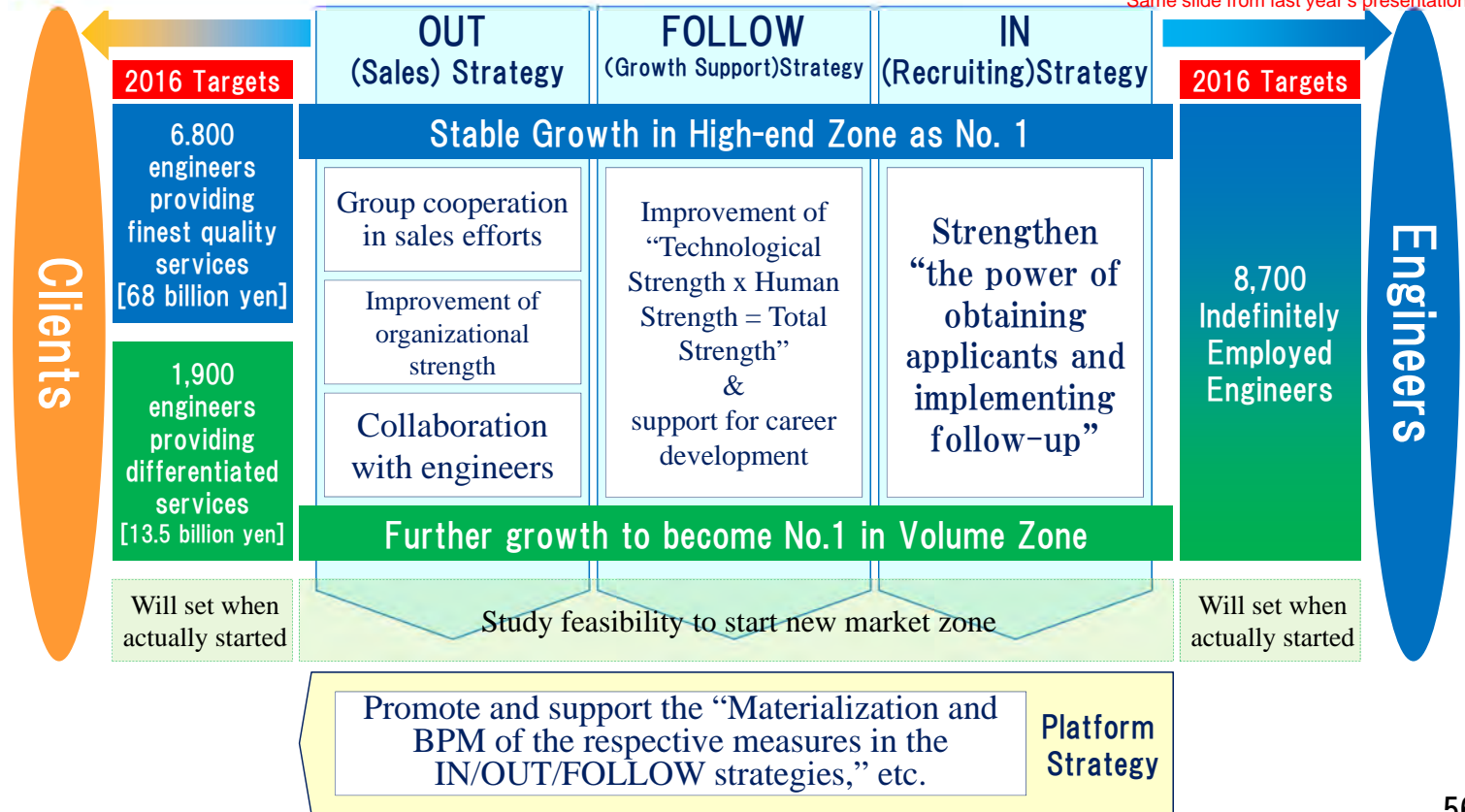


Original source: 2013 MHLW statistics . We calculated the estimate originally. * We assume no responsibility for our estimation.

Mid-term Management Plan of Meitec Group 2014~2016 (Professional Staffing Business for Engineers)

✓ We will further expand the “maximum and greatest opportunity and place,” which is our strength, in the Professional Staffing Business for Engineers.
→Four strategies (IN/OUT/FOLLOW/Platform) will work in unison to improve the values provided to the two service users.

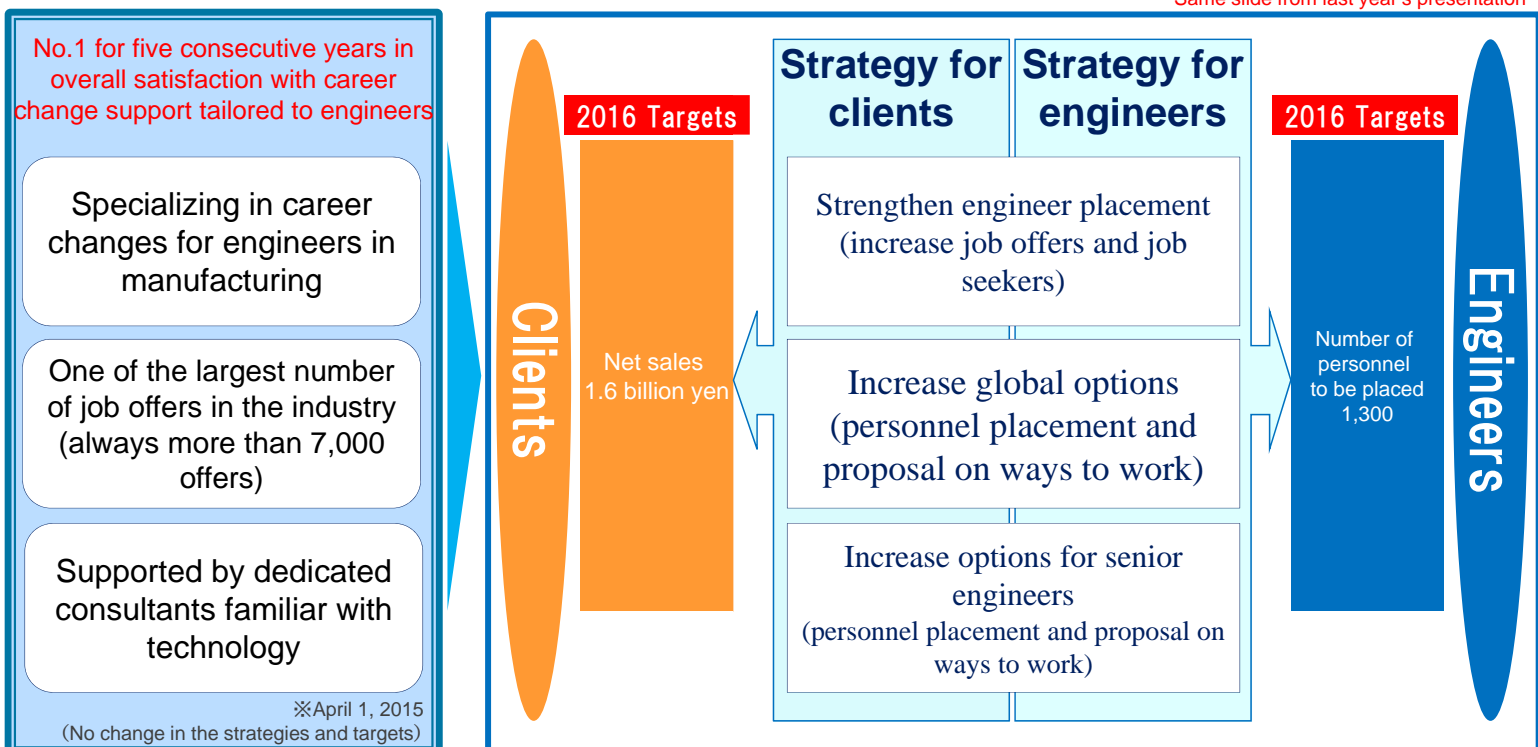
*Same slide from last year's presentation



Mid-term Management Plan of Meitec Group 2014~2016 (Recruiting & Placement Business for Engineers)

✓ Hone our “No.1 position for overall satisfaction with career change support tailored to engineers” in the recruiting & placement business focusing on engineers, and achieve further expansion
✓ In the new Mid-term Management Plan, global business is considered in the recruiting & placement business

*Same slide from last year's presentation

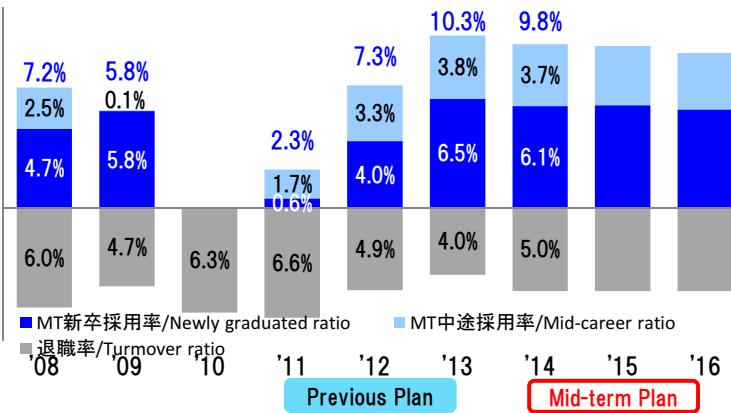


※Note: The above fiscal 2016 target includes targets of the placement business in Meitec Cast.

Performance Targets of Mid-term Management Plan of Meitec Group 2014~2016

**Pursuing stable growth
at the top of the high-end zone**

**Continue to hire approx. 630
engineers/year**

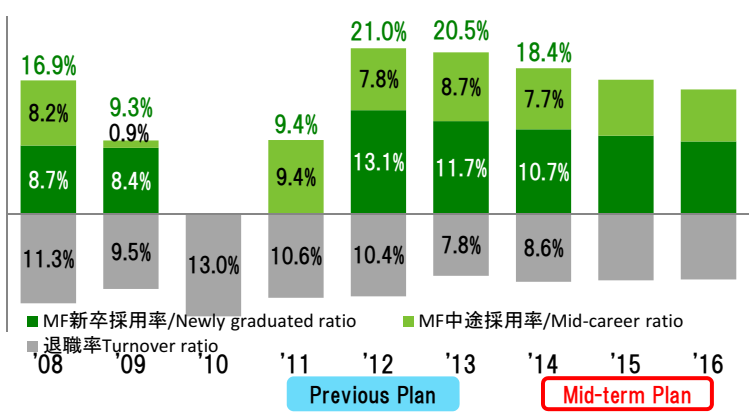


Sustain the current price of 5,000 yen/hr.

Expect working hours to be at current level

**Extensive growth toward
the top of the volume zone**

**Continue to hire approx. 300
engineers/year**



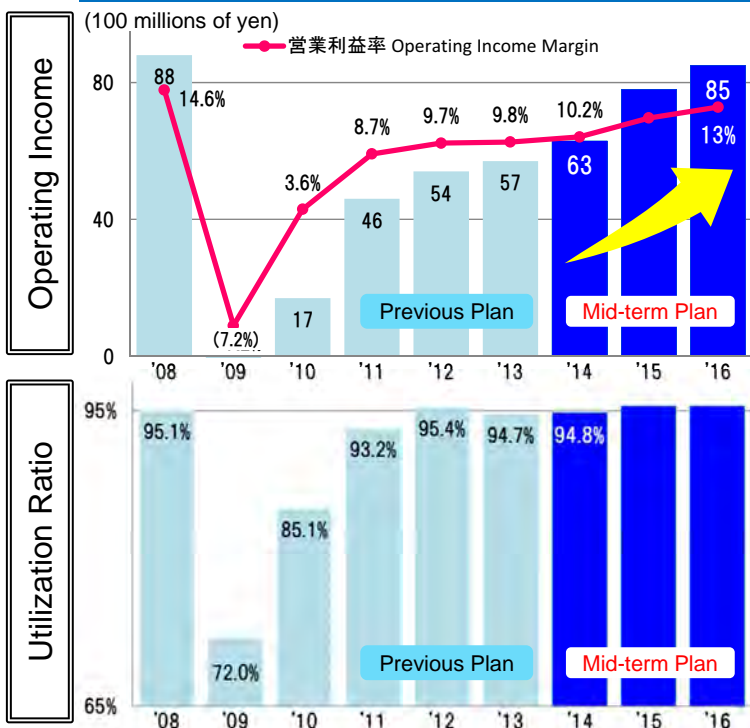
Sustain the current price of 3,500 yen/hr.

Expect working hours to be at current level

Performance Targets of Mid-term Management Plan of Meitec Group 2014~2016

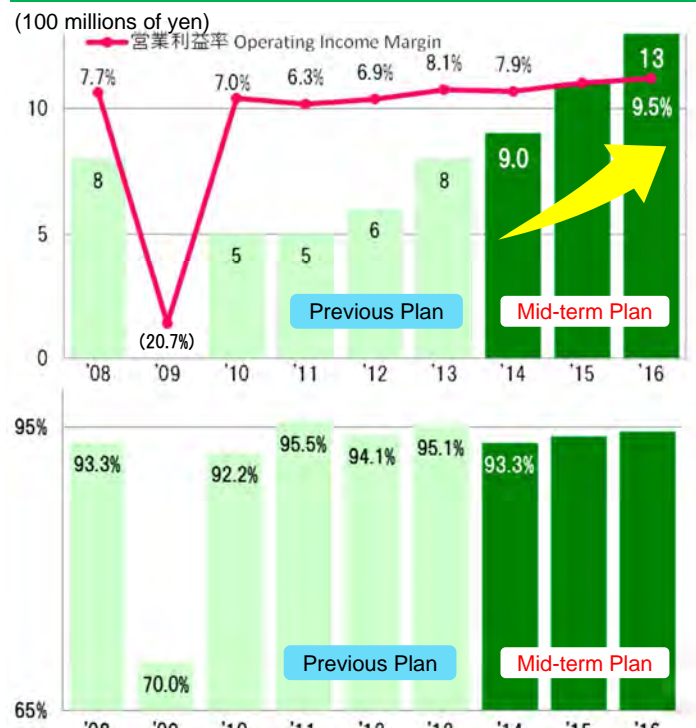
**Pursuing stable growth
at the top of the high-end zone**

Maintain utilization ratio of approx. 95%



**Extensive growth toward
the top of the volume zone**

**Utilization ratio would drop to just below 95%,
due to the actively hiring to increase engineers.**



- ✓ 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 (COO)	Yearly payment	¥28,800K (Monthly ¥2,400K)
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)

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Shareholders by Business Segments

Shareholder Segment	As of September 30, 2016			
	Shareholders	%	Shares Held	%
Banks	5	0.1%	725,101	2.3%
Trust Banks	20	0.3%	7,554,900	24.1%
Life and nonlife insurance companies	25	0.4%	4,282,783	13.7%
Securities financing and other financial companies	5	0.1%	24,760	0.1%
Securities companies	35	0.6%	712,312	2.3%
Business concerns and other companies	95	1.6%	400,246	1.3%
Overseas companies and investors	210	3.5%	11,959,574	38.2%
Individuals and others	5,623	93.4%	5,640,324	18.0%
Total	6,018	100.0%	31,300,000	100.0%

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Company Information

Tokyo Headquarters	Akasaka, Minato-ku, Tokyo														
Nagoya Headquarters	Nishi-ku Nagoya														
Stock listings	Tokyo Stock Exchange, 1st Section (No. 9744)														
Incorporated	July 17, 1974														
C l i e n t s	Approximately 1,000 blue-chip companies, mostly listed in the first and second sections of Tokyo Stock Exchange														
B r a n c h e s	34 Sales offices, including Tokyo, Osaka, Nagoya, and other major Japanese cities														
Group Companies	<table border="0"> <tr> <td>[Temporary Staffing Business]</td> <td>[Recruiting & Placement Business]</td> </tr> <tr> <td>■ MEITEC FIELDERS INC.</td> <td>■ MEITEC NEXT CORPORATION</td> </tr> <tr> <td>■ MEITEC CAST INC.</td> <td>■ all engineer.jp CORPORATION</td> </tr> <tr> <td>■ MEITEC EX CORPORATION</td> <td>■ Meitec Shanghai</td> </tr> <tr> <td></td> <td>■ MEITEC Shanghai Human Resources Co. Ltd.</td> </tr> <tr> <td></td> <td>[Engineering Solutions Business]</td> </tr> <tr> <td></td> <td>■ APOLLO GIKEN CO., LTD.</td> </tr> </table>	[Temporary Staffing Business]	[Recruiting & Placement Business]	■ MEITEC FIELDERS INC.	■ MEITEC NEXT CORPORATION	■ MEITEC CAST INC.	■ all engineer.jp CORPORATION	■ MEITEC EX CORPORATION	■ Meitec Shanghai		■ MEITEC Shanghai Human Resources Co. Ltd.		[Engineering Solutions Business]		■ APOLLO GIKEN CO., LTD.
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■ MEITEC FIELDERS INC.	■ MEITEC NEXT CORPORATION														
■ MEITEC CAST INC.	■ all engineer.jp CORPORATION														
■ MEITEC EX CORPORATION	■ Meitec Shanghai														
	■ MEITEC Shanghai Human Resources Co. Ltd.														
	[Engineering Solutions Business]														
	■ APOLLO GIKEN CO., LTD.														

Develop a New Era by People and Technology

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〈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.