

人と技術で次代を拓く

MEITEC

メイテックグループ

Results for the Fiscal Year Ended March 31, 2016

May 10, 2016

MEITEC CORPORATION

President and CEO, COO

MEITEC Group CEO

Hideyo Kokubun

- Today I will discuss results for the fiscal year ended March 31, 2016, progress with the Mid-term Management Plan and forecasts for the fiscal year ending March 31, 2017.
- Please take a look at the reference materials later.

1. Results for the Fiscal Year Ended March 31, 2016



- I will begin by discussing results for the fiscal year ended March 31, 2016.

- ✓ **Leading manufacturers, which represent the Company's major clients, continued R&D investments. As a result, the professional staffing business for engineers drove earnings, and net sales increased 7.0% y-o-y, while operating income increased 14.0%.**
- ✓ **Due to the recording of about 1 billion yen in extraordinary income, profit rose significantly to 8.083 billion yen.**

Group Consolidated (Millions of yen)	FY ended March 31, 2015	FY ended March 31, 2016	YoY Amount	% Change	Past Forecasts	% Change
Net sales	82,136	87,888	+ 5,752	+ 7.0%	86,400	+ 1,488
Cost of sales	60,481	64,661	+ 4,180	+ 6.9%	63,800	+ 861
Cost of sales to Net sales	73.6%	73.6%	—			
SG&A Expenses	12,114	12,352	+ 238	+ 2.0%	12,600	(248)
Operating income	9,540	10,874	+ 1,334	+ 14.0%	10,000	+ 874
Operating income margins	11.6%	12.4%	+ 0.8%		11.6%	+ 0.8%
Ordinary income	9,643	10,845	+ 1,202	+ 12.5%	10,000	+ 845
Extraordinary income & loss	(3,601)	1,019	+ 4,620			
Profit before income taxes	6,041	11,865	+ 5,824	+ 96.4%		
Profit attributable to owners of parent	3,659	8,083	+ 4,423	+ 120.9%	7,600	+ 483
Profit margins	4.5%	9.2%	+ 4.7%			
Return on Equity (ROE)	9.9%	21.5%	+ 11.6%			
Ordinary income to total assets ratio	15.2%	16.7%	+ 1.5%			

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- This shows 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 7.0% year on year to ¥87,888 million, operating income increased 14.0% year on year to ¥10,874 million and ordinary income rose 12.5% year on year to ¥10,845 million.
- Profit attributable to owners of parent increased sharply to ¥8,083 million, reflecting a significant improvement in extraordinary income & loss due to an extraordinary income of roughly ¥1.0 billion, compared with an extraordinary loss of around ¥3.6 billion in the previous fiscal year.

- ✓ The Temporary Staffing Business, which accounted for more than 90% of consolidated net sales, continued to be the earnings driver.
- ✓ The Recruiting & Placement Business specializing in engineers and the Engineering Solutions Business both posted increases in net sales and operating income.

Business Domains (Millions of yen)	FY ended March 31, 2015	FY ended March 31, 2016	YoY Amount	% Change
Sales of Temporary Staffing Business	79,346	84,614	+ 5,267	+ 6.6%
Component ratio	96.6%	96.3%	(0.3%)	
Operating income	9,145	10,341	+ 1,195	+ 13.1%
Sales of Recruiting&Placement Business	1,340	1,499	+ 159	+ 11.9%
Component ratio	1.6%	1.7%	+ 0.1%	
Operating income	387	467	+ 79	+ 20.6%
Sales of Engineering Solutions Business	1,657	2,005	+ 347	+ 21.0%
Component ratio	2.0%	2.3%	+ 0.3%	
Operating income	12	69	+ 57	+ 479.4%

(Note) The Company merged with its consolidated subsidiary Meitec CAE on October 1, 2014. As a result, the operating results of Meitec CAE, which had been included in the Engineering Solutions Business segment were presented within the Temporary Staffing Business.

For the purpose of comparison with the same period of the previous fiscal year, figures for the same period of the previous fiscal year have been reclassified according to the segment after such change.

- This shows results for the Group's business segments.
- Sales and profits rose in all three business segments: the Temporary Staffing Business, Meitec's core business segment, the Recruiting & Placement Business, which is focused on engineer placements, and the Engineering Solutions Business.

MEITEC Results for the Fiscal Year Ended March 31, 2016 (Meitec)

- ✓ Net sales increased by 6.5% y-on-y to 68,878 million yen, a record high, and operating income rose 14.3% y-on-y to 9,061 million yen.
- ✓ Due to the recording of about 1 billion yen in extraordinary income, profit rose significantly to 7.391 billion yen

Meitec (Millions of yen)	FY ended March 31, 2015	FY ended March 31, 2016	YoY Amount	% Change	Past Forecasts	% Change
Net sales	64,675	68,878	+4,202	+6.5%	67,900	+978
Cost of sales	47,857	50,884	+3,026	+6.3%	50,300	+584
Cost of sales to net sales	74.0%	73.9%	(0.1%)		74.1%	(0.2%)
SG&A Expenses	8,891	8,932	+40	+0.5%	9,200	(268)
Operating income	7,925	9,061	+1,135	+14.3%	8,400	+661
Operating income margins	12.3%	13.2%	+0.9%		12.4%	+0.8%
Ordinary income	8,438	9,526	+1,087	+12.9%	8,900	+626
Extraordinary income & loss	(3,349)	1,037	+4,386			
Profit before income taxes	5,089	10,563	+5,474	+107.6%		
Profit	3,340	7,391	+4,051	+121.3%	7,000	+391
Utilization ratio (Company-wide)	96.1%	97.2%	+1.1%		96.8%	+0.4%
Working Hours(h/day)	8.93	8.83	(0.10)	(1.1%)	8.77	+0.06
Number of Recruitment	559	455	(104)	(18.6%)	489	(34)
Newly graduated	378	299	(79)	(20.9%)	299	—
Mid-career	181	156	(25)	(13.8%)	190	(34)
Turnover Ratio	3.5%	3.9%	+0.4%		4.4%	(0.5%)
Number of Engineers as Period-End	6,299	6,497	+198	+3.1%		

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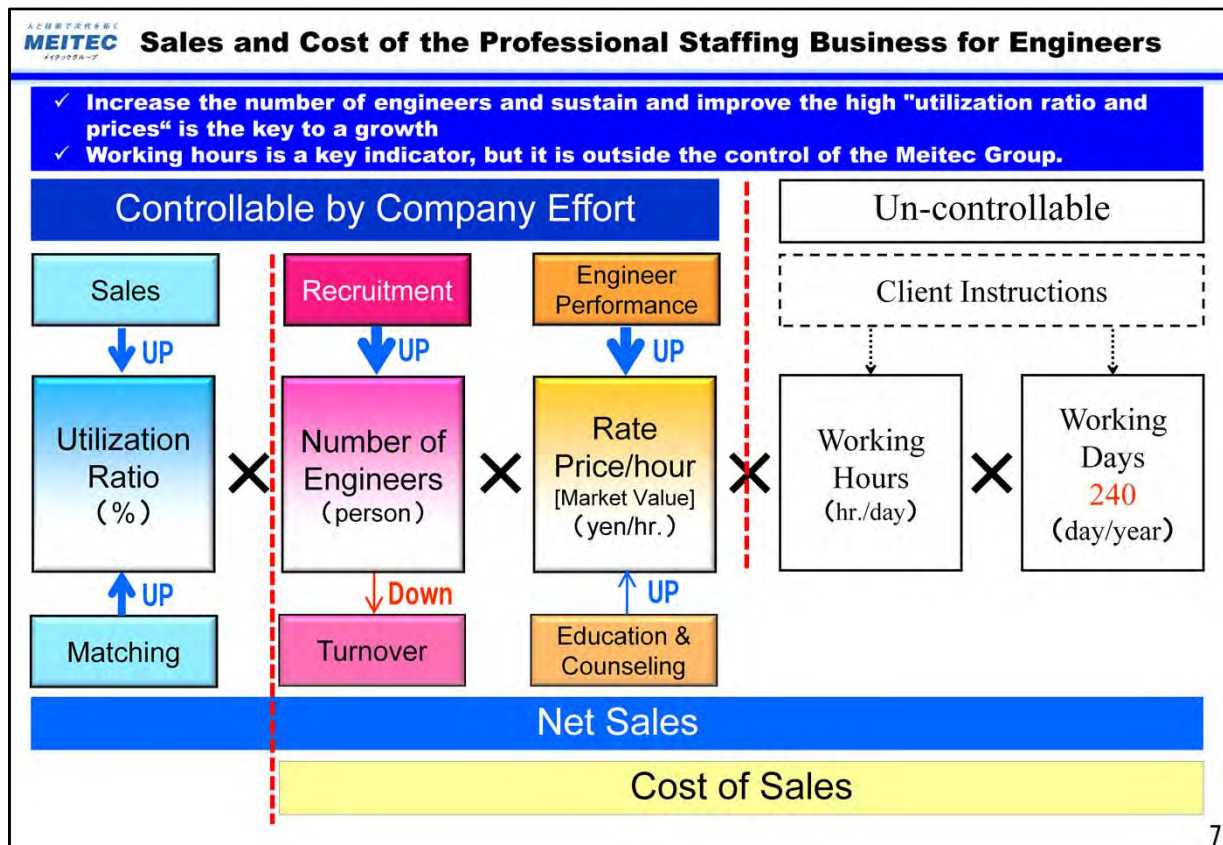
- This shows results for Meitec.
- Net sales increased 6.5% year on year to ¥68,878 million and operating income rose 14.3% year on year to ¥9,061 million, mainly reflecting growth in the number of engineers assigned to clients. Profit improved sharply to ¥7,391 million due to extraordinary income of approximately ¥1.0 billion.
- The utilization ratio increased 1.1 percentage points year on year to 97.2%, mainly reflecting steady progress in assigning newly hired graduate engineers and existing engineers.
- Working hours declined 0.10 hours per day from the previous fiscal year, mainly due to a drop in overtime hours.

- ✓ Net sales increased by 11.9% y-on-y to 13,327 million yen, a record high, and operating income rose 12.2% y-on-y to 1,204 million yen.
- ✓ The number of engineers as of March 31, 2016 was 1,783 engineers, which was a 11.4% y-o-y increase.

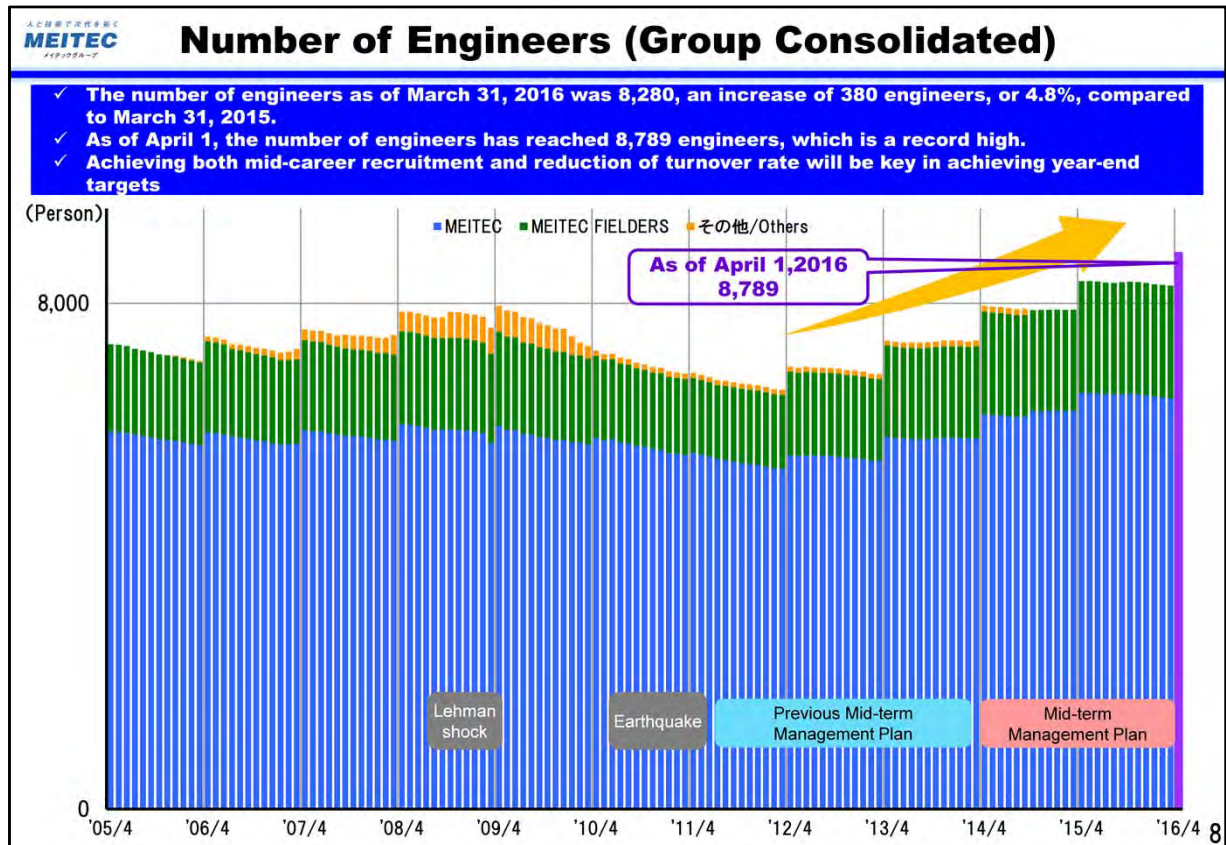
Meitec Fielders (Millions of yen)	FY ended March 31, 2015	FY ended March 31, 2016	YoY Amount	% Change	Past Forecasts	% Change
Net sales	11,911	13,327	+1,416	+11.9%	13,000	+327
Cost of sales	9,154	10,288	+1,134	+12.4%	10,100	+188
Cost of sales to net sales	76.9%	77.2%	+0.3%		77.7%	(0.5%)
SG&A Expenses	1,682	1,834	+151	+9.0%	1,800	+34
Operating income	1,073	1,204	+130	+12.2%	1,100	+104
Operating income margins	9.0%	9.0%	—		8.5%	+0.5%
Ordinary income	1,074	1,205	+131	+12.2%	1,100	+105
Extraordinary income & loss	(5)	(7)	(2)			
Profit before income taxes	1,068	1,198	+129	+12.1%		
Profit	648	786	+137	+21.2%	700	+86
Utilization ratio (Company-wide)	96.0%	96.2%	+0.2%		95.7%	+0.5%
Working Hours<h/day>	9.04	8.97	(0.07)	(0.8%)	8.93	+0.04
The number of Recruitment	282	312	+30	+10.6%	280	+32
Newly graduated	173	175	+2	+1.2%	175	—
Mid-career	109	137	+28	+25.7%	105	+32
Turnover Ratio	8.6%	7.5%	(1.1%)		8.1%	(0.6%)
Number of Engineers as Period-End	1,601	1,783	+182	+11.4%		

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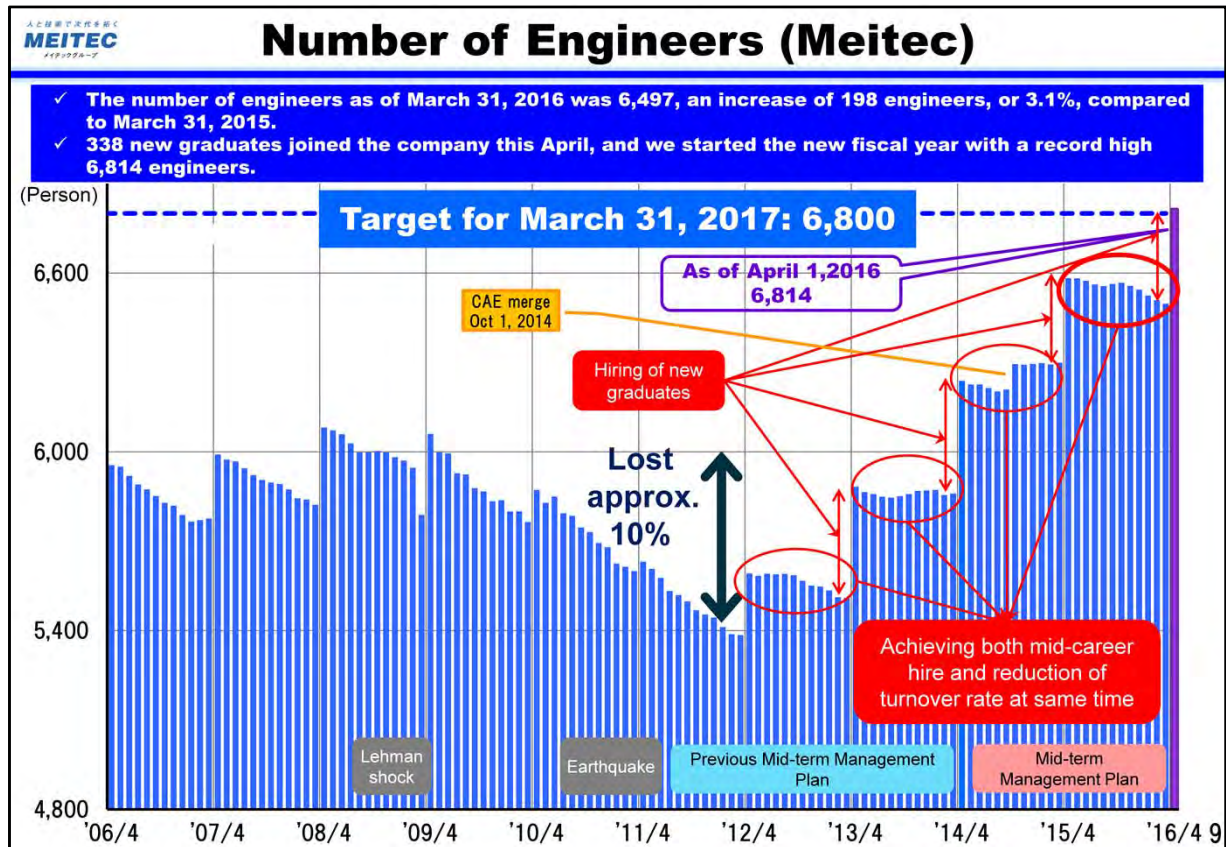
- This shows results for Meitec Fielders.
- Net sales increased 11.9% year on year to ¥13,327 million and operating income rose 12.2% year on year to ¥1,204 million, mainly reflecting an increase in the number of engineers assigned to clients, as with Meitec. Profit was ¥786 million, up 21.2% year on year.
- The utilization ratio increased 0.2 percentage points year on year to 96.2%, mainly reflecting steady progress in assigning engineers.
- Working hours declined 0.07 hours per day from the previous fiscal year, as with Meitec.



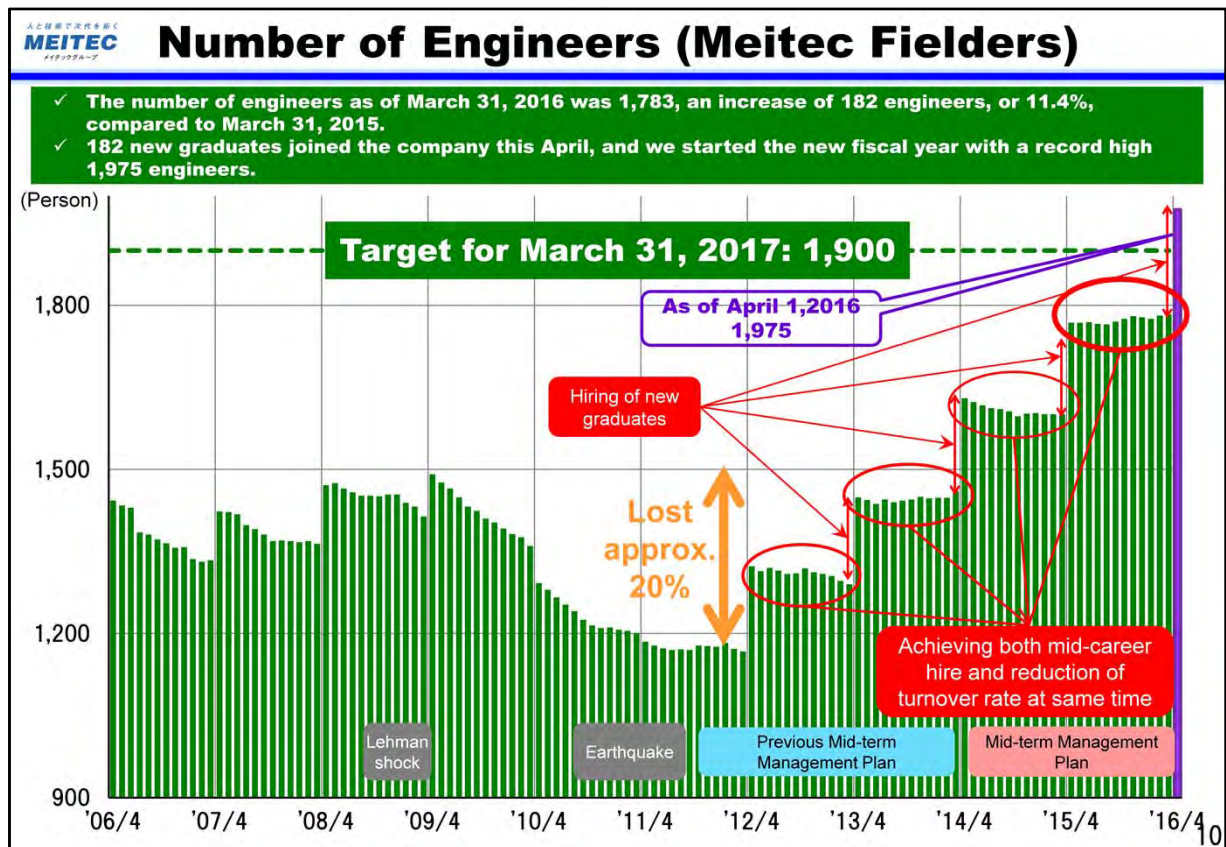
- This is a summary of the main components of net sales and cost of sales in the professional staffing business for engineers for indefinite and regular full-time employment.
- We are currently working to increase the utilization ratio, the number of engineers and prices.
- In the past fiscal year, indicators that can be controllable by the company improved overall.
- Working hours, which is outside the company's control, declined, but we will continue to focus on working hours as a key indicator.
- Working days, which is another indicator outside the company's control, increased by one day due to the leap year.



- This shows the trend in the number of engineers across the Group, an indicator of the success of company efforts.
- As of March 31, 2016, the number of engineers was 8,280, an increase of 380, or 4.8%, compared with March 31, 2015.
- As of April 1, 2016, the number of engineers reached a record high 8,789, reflecting organic growth in the number of engineers since the global financial crisis.



- This shows the trend in the number of engineers at Meitec.
- As of March 31, 2016, the number of engineers was 6,497, an increase of 198, or 3.1%, compared with March 31, 2015.
- Also, as of April 1, 2016, the number of engineers reached a record high of 6,814, including 338 newly graduated engineers hired in April.
- With the recruitment of those newly graduated engineers, we temporarily achieved our Mid-term Management Plan target of 6,800 by March 31, 2017. However, over the next year, mid-career hires and reduction of the turnover ratio will be key to ensuring we maintain our target level of engineers.
- We will continue to build the Meitec brand while also maintaining our focus on quality in recruitment activities.



- This shows the trend in the number of engineers at Meitec Fielders.
- As of March 31, 2016, the number of engineers was 1,783, an increase of 182, or 11.4%, compared with March 31, 2015.
- Including 182 newly graduated engineers hired in April, the number of engineers as of April 1, 2016 was 1,975. As a result, we achieved our Mid-term Management Plan target of 1,900 by March 31, 2017, but as with Meitec, mid-career hires and reduction of the turnover ratio will be key to ensuring we maintain our target level of engineers.

Status of Recruitment for the Fiscal Year Ended Mar. 31, 2016

Mid-career (FY 2016/3)

- ✓ We hired mainly the mechanical and electric/electronics engineers, while maintaining our hiring standards and considering the trend of incoming orders.
- ✓ Eagerness to hire remains high among manufacturers and others, resulting in an increasingly difficult hiring environment. Meitec, which competes for hiring with mid-ranking and major manufacturers in particular, struggled to secure sufficient applicant numbers.
- ✓ Number of mid-career hire was 156, 34 less the initial forecast, for Meitec. And 137, 32 more the initial forecast, for Meitec Fielders.

New Graduates (Joined April 2016)

- ✓ While bearing in mind the inclinations of the new graduates, we continued our efforts without lowering our hiring standards.
- ✓ The hiring environment was extremely challenging, due to more companies hiring and an increase in number of persons being hired, as well as earlier recruiting activities. In particular, changes in the environment for local-oriented hiring activities hit Meitec Fielders hard.
- ✓ The number of newly graduated hired was 338, 28 more the initial forecast, for Meitec. On the other hand, it was 182, 8 less the initial forecast, for Meitec Fielders.

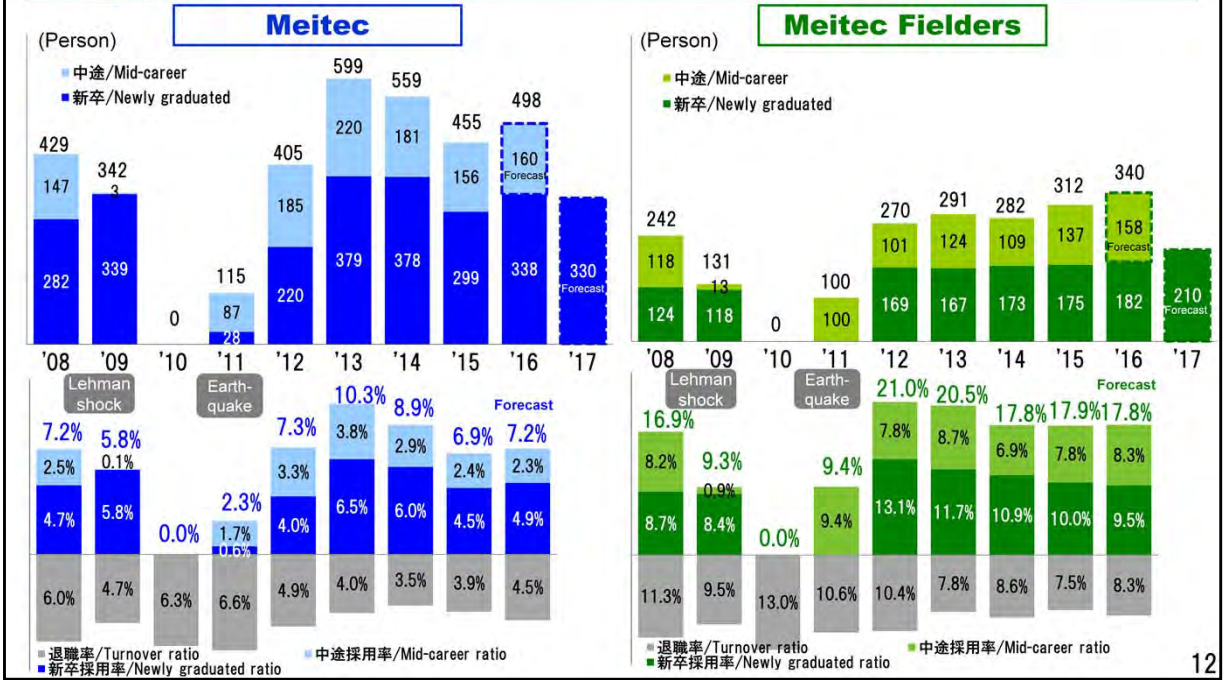
(person)	Fiscal Year Ended March 31, 2016						Fiscal Year Ending March 31, 2017				
	Newly Graduate April 2015	Mid-career			Total	YoY	Newly Graduate April 2016				
		Initial Forecast		To Initial Forecast			Initial Forecast	15/11/5 Expected Number		To Initial Forecast	YoY
Meitec	299	190	156	(34)	455	(104)	310	332	338	+28	+39
Meitec Fielders	175	105	137	+32	312	+30	190	173	182	(8)	+7
Total	474	295	293	(2)	767	(74)	500	505	520	+20	+46
Comparison to previous year	(77)	+5	+3		(74)			To 15/11/5 Revised Forecast	+15		

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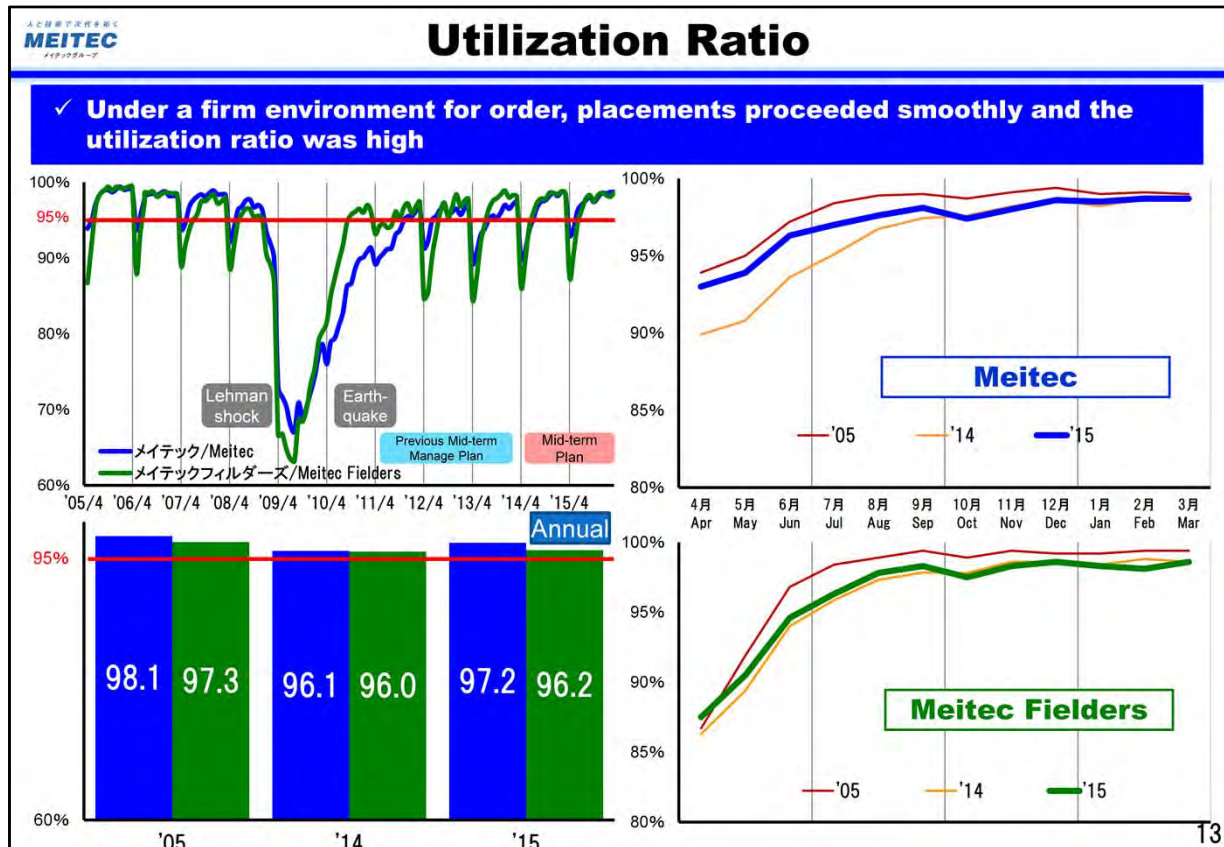
- This shows our recruitment record for the fiscal year ended March 31, 2016.
- Hiring conditions have become even more challenging due to a persistently high level of demand in engineering recruit market.
- First, mid-career hires. We struggled to secure new mid-career hires due to competition from major manufacturers and our commitment to maintaining hiring standards. As a result, the number of mid-career hires was 156, or 34 fewer than our initial forecast.
- In contrast, Meitec Fielders recruited 137 mid-career engineers, or 32 more than the initial forecast, reflecting creative approaches to secure candidates and other successful initiatives.
- As a result, the Group as a whole secured 293 mid-career hires, despite the challenging recruitment environment.
- Next, newly graduated engineers. Recruitment conditions were also very challenging in this market due to an increase in the number of job openings and an earlier start of recruitment processes. However, by implementing a number of successful initiatives targeting recent trends among new graduates, and by attracting more candidates after October when formal job offers are announced, the Group recruited 520 newly graduated engineers, comprising 338 at Meitec, 28 more than the initial forecast, and 182 at Meitec Fielders, eight fewer than the initial forecast.

Recruitment and Turnover

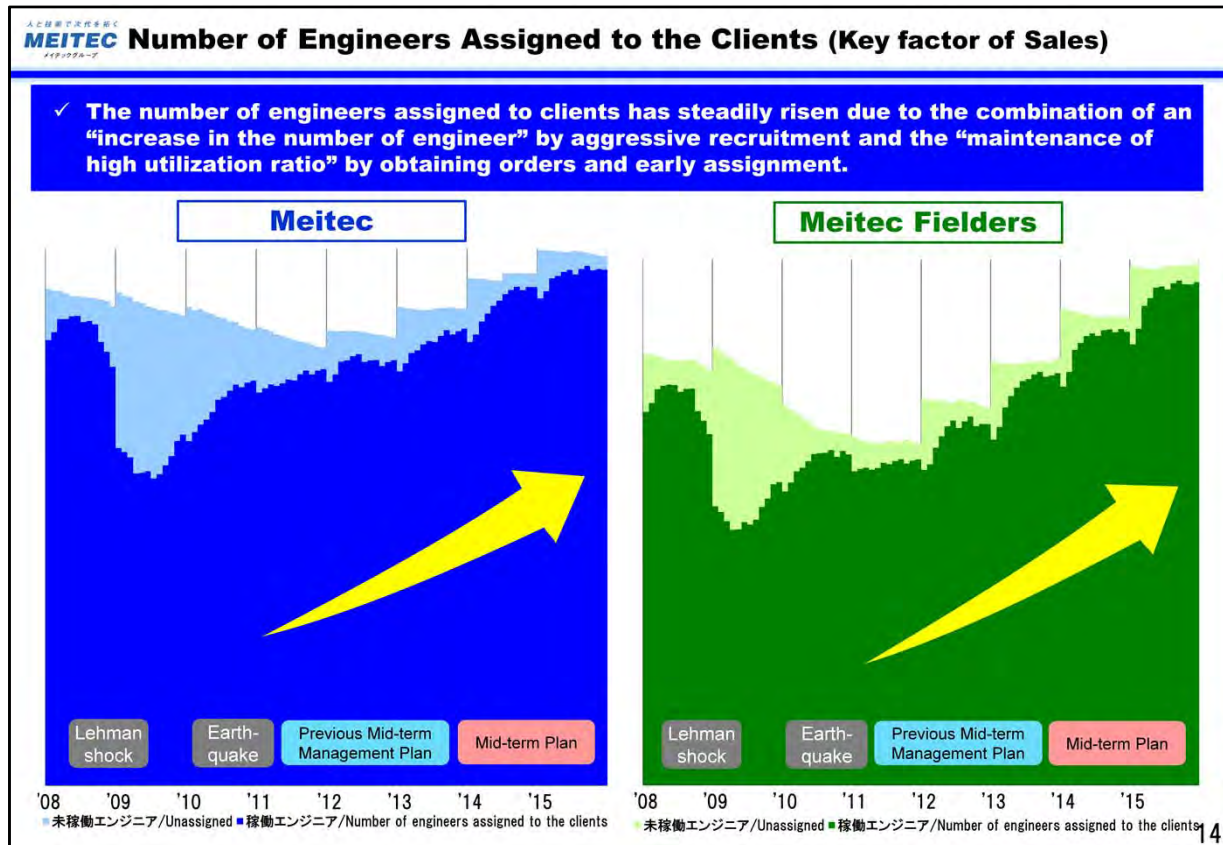
✓ The hiring environment is challenging, but we maintained hiring standards
 ✓ The turnover ratio has fallen to a record-low level ⇒ Contributing to the increase in engineers.



- This shows trends in the number of recruitment and ratios for recruitment and turnover.
- In the fiscal year ended March 31, 2016, Meitec maintained its hiring standards in a tough recruitment environment. Consequently, the recruitment ratio declined to 6.9%, but the turnover ratio remained low at 3.9%.
 As a result, although the number of engineers increased, the growth rate declined, which we recognize is a major issue.
- In contrast, the number of engineers rose steadily at Meitec Fielders, as in the previous fiscal year, with the recruitment ratio at 17.9% and the turnover ratio falling to 7.5%.
- We will explain our forecasts for the fiscal year ending March 31, 2017 later in this presentation.



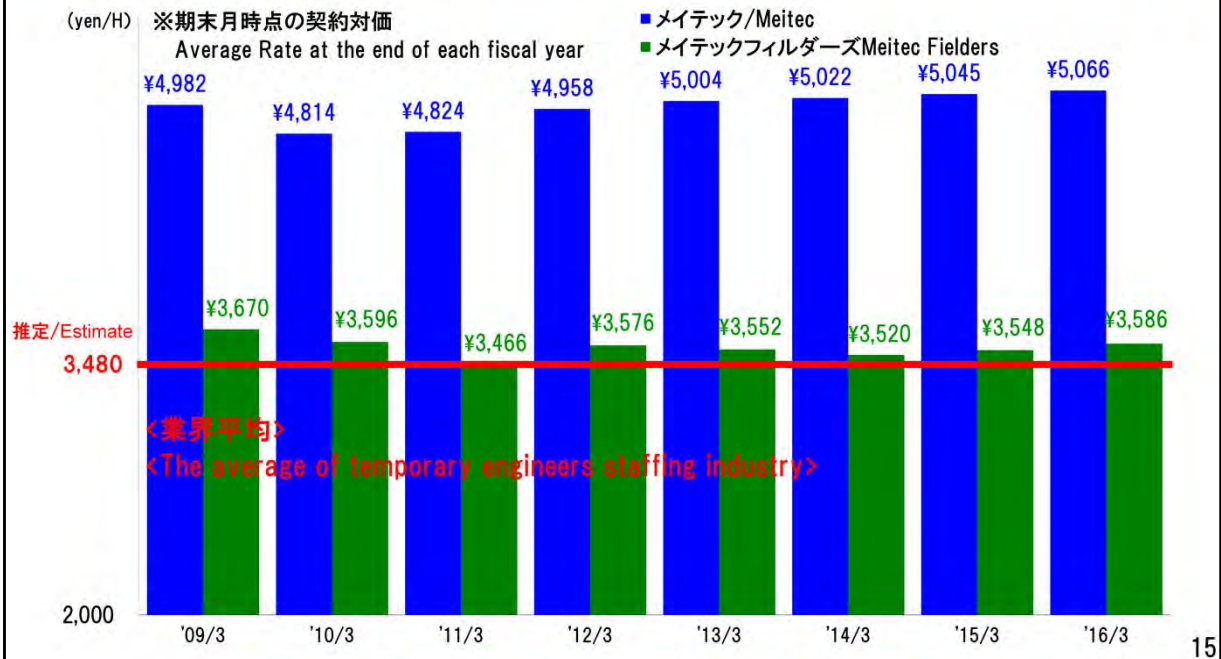
- This shows the trend in utilization ratios.
- Amid the strong order environment, Meitec and Meitec Fielders both made good progress in assigning newly graduated engineers and existing engineers to clients.



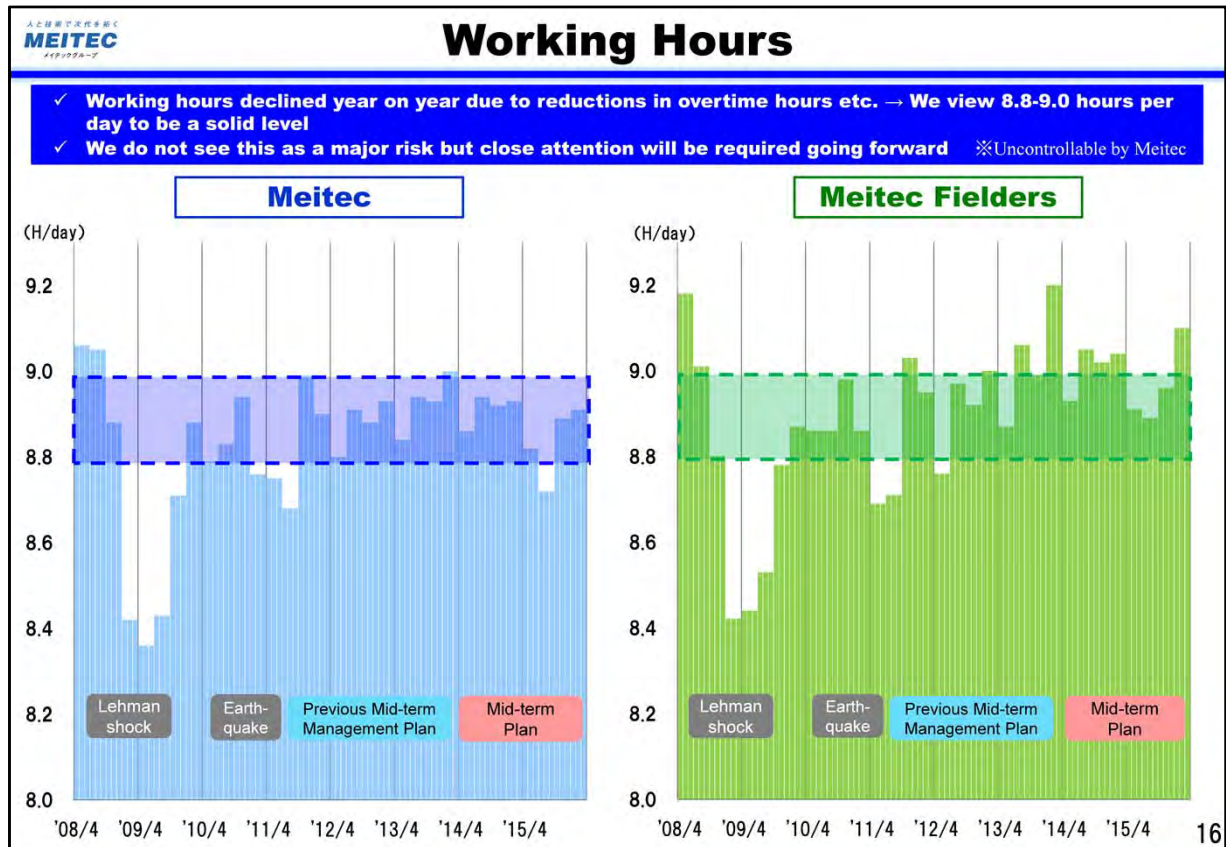
- This shows the trend in the number of engineers assigned to clients.
- The number of engineers assigned to clients, which is the “number of engineers” multiplied by the “utilization ratio,” is growing steadily, as the number of engineers increased and the utilization ratio remained high.
- Going forward, 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 Average Rate = (Market Value)

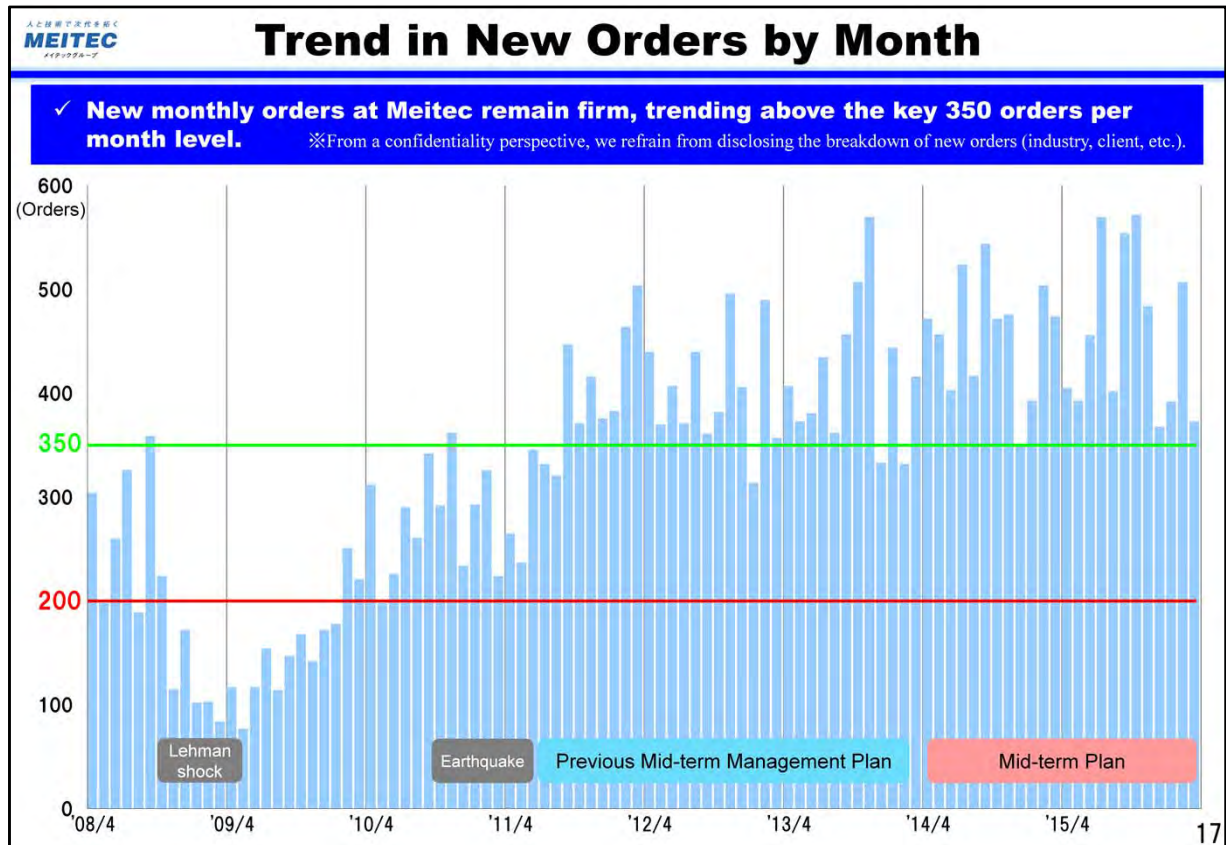
✓ Each engineer raises the value of his/her performances, helping clients' understand the value.
→ We will continue to make efforts to "obtain appropriate compensation" based on market value.



- This shows the trend in average pay rates for engineers.
- As a leading company in the sector, Meitec continues to secure an average pay rate of around ¥5,000, which is significantly higher than the industry average, by maintaining high quality levels.
We believe it is essential to maintain hiring standards to ensure the average pay rate remains high.
- Meitec Fielders also maintained its pay rate at the ¥3,500 level, slightly higher than the industry average.
- Going forward, we will continue to work on obtaining an appropriate rate based on market value by creating the conditions for securing fair pay rates. Specifically, regardless of changes in supply and demand, we will encourage clients to recognize the high market value of every one of our engineers and continue to expand opportunities for them to steadily increase output.



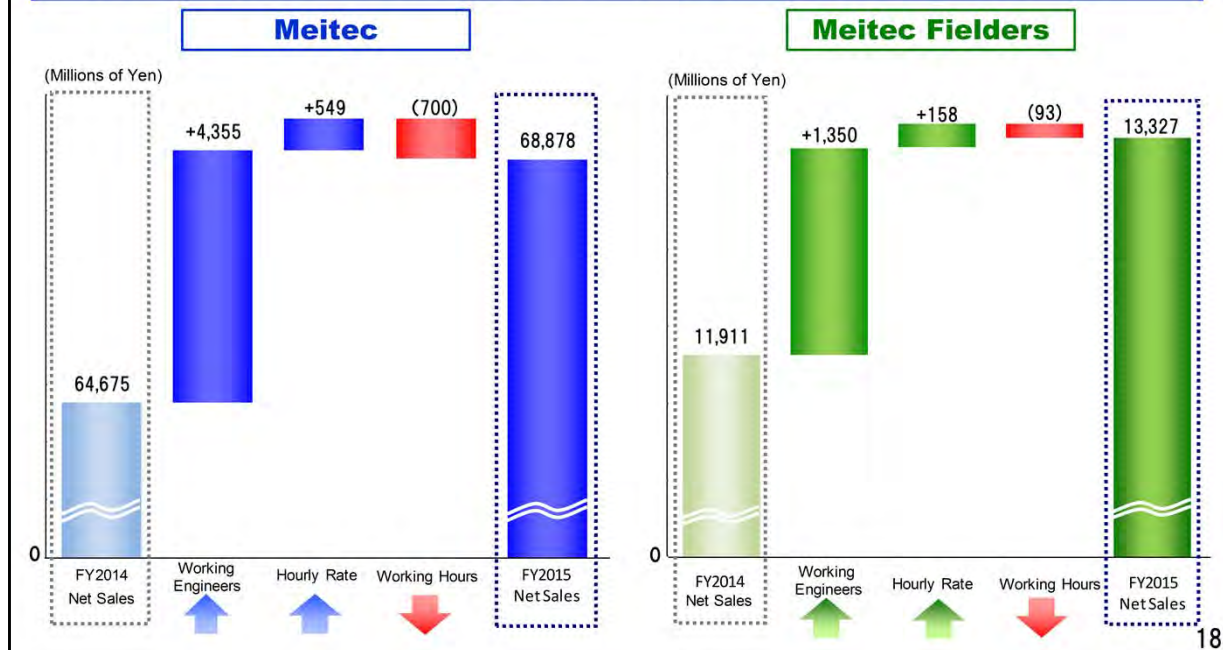
- This shows trends in working hours.
- We continue to focus on working hours, as it is one factor that has a significant impact on earnings, as 0.1 of one working hour equates around 1% of total net sales.
- However, the number of working hours is determined by our clients and is not something we can control.
- The shaded area shows a firm level of working hours of between 8.8 and 9.0 hours. In the second quarter of the fiscal year, working hours declined sharply, mainly due to a drop in overtime hours.
- There was a modest pickup in the second half of the fiscal year, but overall, working hours declined year on year.



- This shows the trend in monthly new 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 firm, trending above the 350 level. This reflects support from clients in the manufacturing industry, which continue to invest in technological development based on a long-term outlook.

Comparison of Profit

- ✓ The main factor lifting net sales higher year on year was “increase in the number of engineers assigned to clients,” as shown in the graph below.
- ✓ The graph also shows the negative impact on sales from a “decline in working hours”



- This is a breakdown of factors affecting changes in net sales at Meitec and Meitec Fielders.
- The main factor that lifted net sales at both companies is “increase in the number of engineers assigned to clients.”
- The negative impact on sales from “decline in working hours,” explained earlier, is shown in the graph.

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)

FY2010			FY2014			FY2015		
1	Panasonic		1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries	
2	Mitsubishi Heavy Industries		2	Canon		2	Canon	
3	Canon		3	Denso		3	Denso	
4	Nikon		4	Panasonic		4	Panasonic	
5	Denso		5	Toyota Motor		5	Toyota Motor	
6	Toyota Motor		6	Nikon		6	Nikon	
7	Sony		7	Kawasaki Heavy Industries		7	Sony	
8	Kawasaki Heavy Industries		8	Omron		8	Kawasaki Heavy Industries	
9	Daikin Industries		9	Sony		9	Mitsubishi Aircraft	
10	Mitsubishi Electric		10	Toshiba		10	Omron	
Top 10 Total	15,149	31.4%	Top 10 Total	17,170	26.5%	Top 10 Total	18,040	26.2%
Top 20 Total	19,899	41.2%	Top 20 Total	23,690	36.6%	Top 20 Total	24,867	36.1%
Others	28,360	58.8%	Others	40,984	63.4%	Others	44,011	63.9%
Total	48,260	100.0%	Total	64,675	100.0%	Total	68,878	100.0%

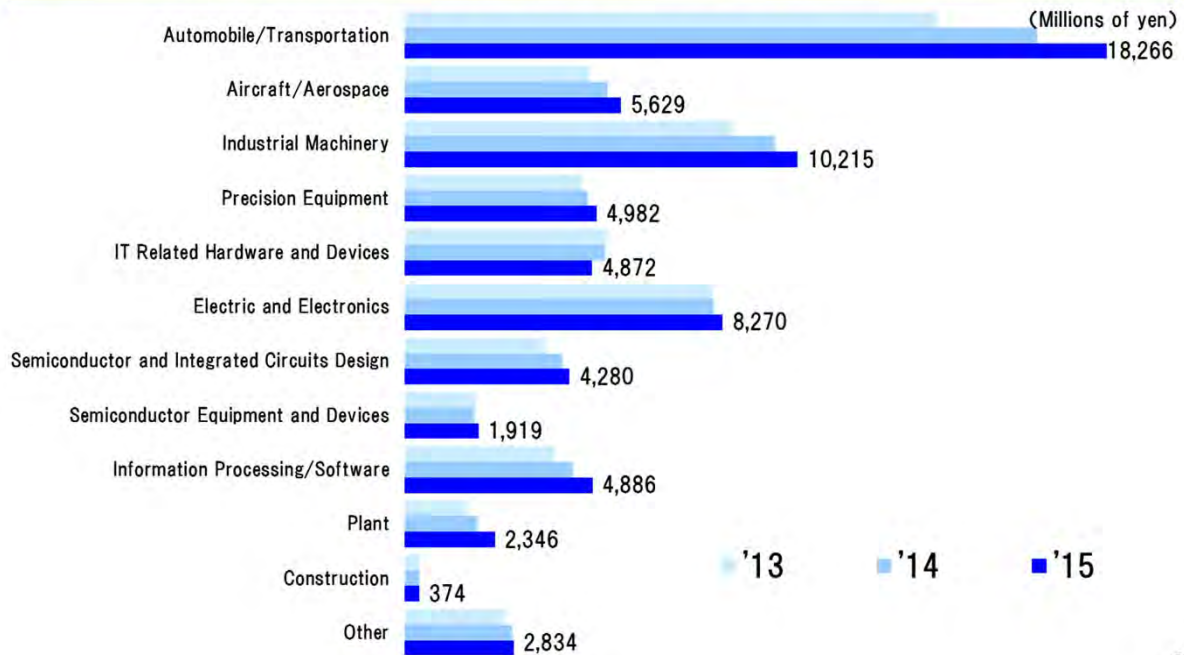
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- This shows Meitec's top 10 clients by sales.
- There were no major changes in the rankings of the top 10 clients.
- To further reinforce Meitec's strengths, we will have to expand the environment that allows us to intentionally rotate engineers to 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.
- As shown in the graph, we conduct business with clients in a wide range of industries and fields, which allows us to intentionally shift engineers to other sectors if conditions are tough in a specific field or industry.

Extraordinary Income & losses

✓ In order to reduce the burden of maintenance cost and lower the risk of future cost increases, in October 2014, the Company decided to discontinue usage of four major training and other facilities.
 → The sale of all four facilities was completed in FY2015, resulting in gain on sale of real estate of roughly 1.0 billion yen.



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- This is a summary of extraordinary income & losses.
- In October 2014, we suspended the use of four facilities, including major training facilities, and booked impairment losses of around ¥3.5 billion on those facilities.
- In the fiscal year ended March 31, 2016, we completed the sale of all four properties, resulting in gain on sale of real estate of roughly ¥1.0 billion.

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2. Progress on Mid-term Management Plan



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- Next I would like to talk about progress we have made with the Mid-term Management Plan.

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Forecast·Progress on Mid-term Management Plan 1/2

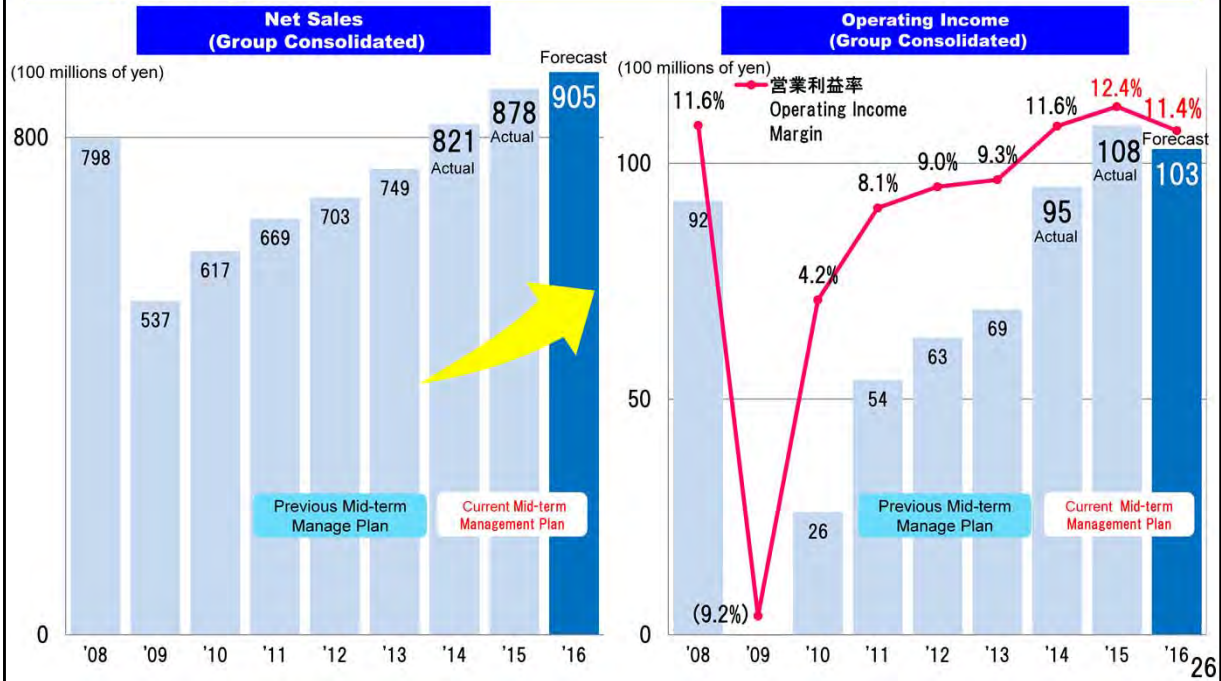
✓ In FY2015, the second year of the plan, results almost reached the target levels for the third year of the plan but, as shown by the forecasts for FY2016, some issues remain to be addressed

billion yen	Mid-term Management Plan (Targets)	FY2014 (Actual)	FY2015 (Actual)	FY2016 (Forecast)
Group Consolidated				
Net Sales	88.0	82.1	87.8	90.5
Operating Income	10.0	9.5	10.8	10.3
Margin	equal or more than 12%	11.6%	12.4%	11.4%
Profit	6.0	3.6	8.0	7.0
ROE	equal or more than 15%	9.9%	21.5%	18.7%
Meitec				
Net Sales	68.0	64.6	68.8	70.2
Operating Income	8.5	7.9	9.0	8.5
Margin	equal or more than 13%	12.3%	13.2%	12.1%
Meitec Fielders				
Net Sales	13.5	11.9	13.3	14.2
Operating Income	1.3	1.0	1.2	1.2
Margin	equal or more than 9.5%	9.0%	9.0%	8.5%

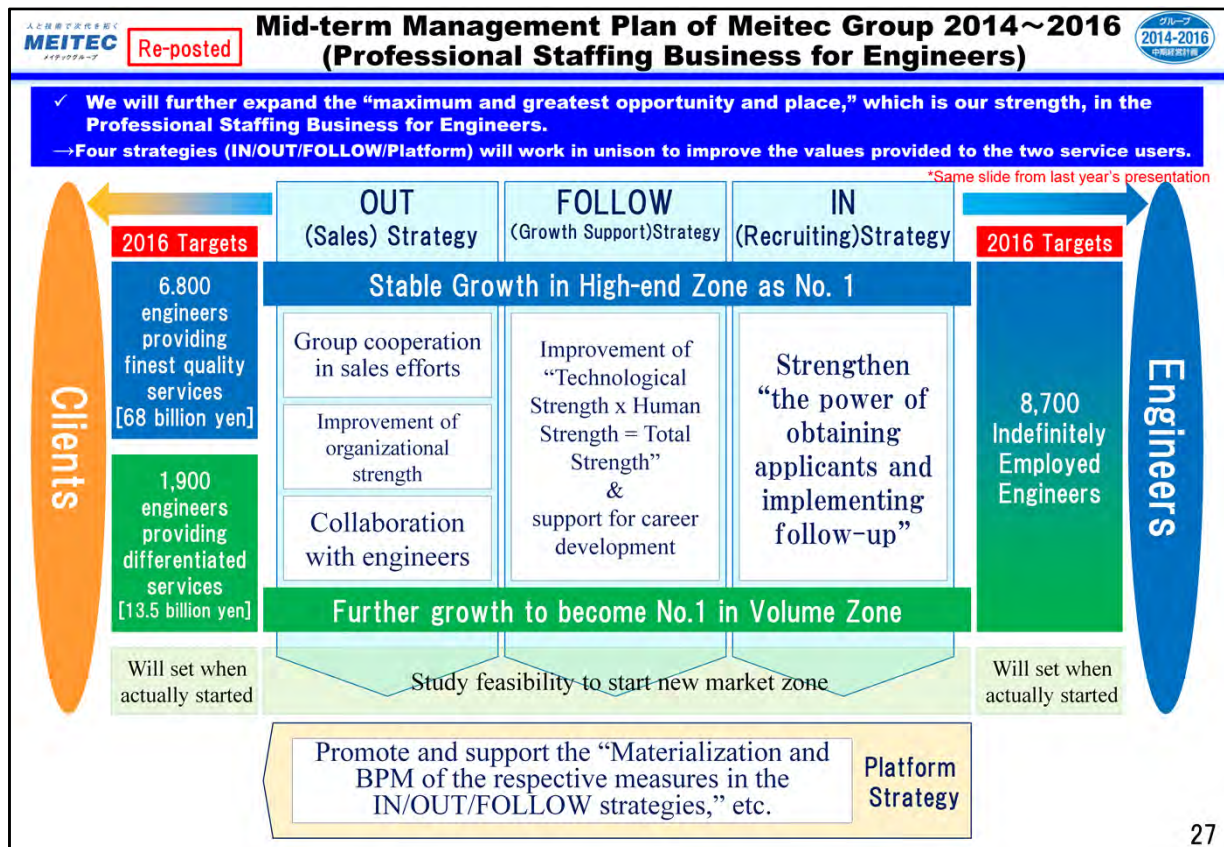
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- In the fiscal year ended March 31, 2016, we largely achieved the third-year targets of the Mid-term Management Plan. However, in our forecasts for the fiscal year ending March 31, 2017, the operating income margin is still an area that needs work.
- Later in this presentation, I will go into more detail about our forecasts and assumptions for the current fiscal year.



✓ Forecasts for FY2016, the third year of the plan:
Net sales of a record-high 90.5 billion yen, with operating income falling year on year to 10.3 billion yen



- Our targets for net sales, operating income and operating income margin for the third year of the Mid-term Management Plan are shown in the graph above.
- We are aiming for record net sales of ¥90.5 billion, but we expect operating income to drop year on year to ¥10.3 billion.





- This shows the strategies and initiatives for the professional staffing business for engineers that we set at the start of the plan.

 Progress in the 2nd Year on the Mid-term Management Plan Professional Staffing Business for Engineers 	
What was done in 2 nd year	
IN (Recruiting) Strategy	Strengthen “the power of obtaining applicants and implementing follow-up” <ul style="list-style-type: none"> ✓ Focused on improving relationships with schools through cooperation of the three divisions ✓ Improved screening method, making use of customer orders
OUT (Sales) Strategy	Group cooperation in sales efforts <ul style="list-style-type: none"> ✓ Set group target customers and make concerted sales push
	Improvement of organizational strength <ul style="list-style-type: none"> ✓ Begin trial themes by area
	Collaboration with engineers <ul style="list-style-type: none"> ✓ Expand engineer-led activities and joint marketing activities between sales and engineering
FOLLOW (Growth Support) Strategy	Improvement of “Technological Strength x Human Strength = Total Strength” & support for career development <ul style="list-style-type: none"> ✓ Review and improve support tools ✓ Expand group training

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- In the plan’s second year, the professional staffing business for engineers made steady progress by organically combining strategies based on cooperation in three areas; IN: recruiting, OUT: sales, and FOLLOW: growth support.


Re-posted
**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

No.1 for five consecutive years in overall satisfaction with career change support tailored to engineers

- Specializing in career changes for engineers in manufacturing
- One of the largest number of job offers in the industry (always more than 10,000 offers)
- Supported by dedicated consultants familiar with technology

※March 31, 2016
(No change in the strategies and targets)

Clients

2016 Targets

Net sales
1.6 billion yen

Strategy for clients	Strategy for engineers
Strengthen engineer placement (increase job offers and job seekers)	
Increase global options (personnel placement and proposal on ways to work)	
Increase options for senior engineers (personnel placement and proposal on ways to work)	

Engineers



2016 Targets

Number of personnel to be placed
1,300

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

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- This shows the strategies and initiatives for the recruiting & placement business that we set at the start of the plan.

 Progress in the 2nd Year on the Mid-term Management Plan Recruiting & Placement Business for Engineers 		
What was done in 2 nd year		
Strategy for clients Strategy for engineers	Strengthen engineer placement (increase job offers and job seekers)	✓ Began a job placement business specialized in the new science and technology graduated (Science & Technology Hiring Charge) on March 1, 2016
Strategy for clients Strategy for engineers	Increase global options (personnel placement and proposal on ways to work)	✓ Reviewed methods of attracting customers, put system in place in Japan and China for mutual introductions
Strategy for clients Strategy for engineers	Increase options for senior engineers (personnel placement and proposal on ways to work)	✓ Through reviewing the use of advertising medium, increased the number of placements for older engineers

- In the Recruiting & Placement Business, Meitec Next is leading the strategies and initiatives. We have started a new job placement business to introduce specialist science students to potential employers as part of efforts to strengthen our engineer placement services and expand our business.

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




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

- ✓ Net sales rose 3.0% year on year to 90.5 billion yen (a record high), while operating income fell by 5.3% YoY to 10.3 billion yen.
→ Impact of cost of sales rising 3.5% YoY and SG&A expenses increasing 7.7% YoY
→ To be explained below on a per-company basis
- ✓ Profit attributable to owners of parent fell 13.4% year on year to 7 billion yen, due to the disappearance of the extraordinary income of 1 billion yen posted in the previous term → However, this was higher than the 6 billion yen target for the third year of the mid-term plan.

Group Consolidated	Forecast FY ending March 31, 2017	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2016	YoY Amount	% Change	Forecast 2nd Half
(Fractions of one million yen are rounded down)							
Net sales	90,500	+2,611	+3.0%	43,800	+1,656	+3.9%	46,700
Cost of sales	66,900	+2,238	+3.5%	32,700	+1,378	+4.4%	34,200
SG&A Expenses	13,300	+947	+7.7%	6,500	+422	+7.0%	6,800
Operating income	10,300	(574)	(5.3%)	4,600	(144)	(3.0%)	5,700
Operating income margins	11.4%	(1.0%)		10.5%	(0.8%)		12.2%
Ordinary income	10,300	(545)	(5.0%)	4,600	(123)	(2.6%)	5,700
Profit attributable to owners of parent	7,000	(1,083)	(13.4%)	3,000	(798)	(21.0%)	4,000
Earnings per Share	238.39	(30.85)		102.17	(23.26)		

- This shows our consolidated forecasts for the Group.
- We forecast record net sales of ¥90.5 billion, up 3.0% year on year, and operating income of ¥10.3 billion, down 5.3% year on year.
Our forecast for a drop in operating income year on year is due to our outlook for increases in cost of sales and SG&A expenses.
- We forecast profit attributable to owners of parent of ¥7.0 billion, a decline of 13.4% year on year due to the absence of extraordinary income recorded in the fiscal year ended March 31, 2016. However, our forecast still exceeds the Mid-term Management Plan's third-year target of ¥6.0 billion.

 Forecast for the Fiscal Year Ending March 31, 2017 (Meitec)							
✓ Net sales rose 1.9% year on year to 70.2 billion yen (a record high) and operating income declined 6.2% year on year to 8.5 billion yen → The cost of sales rose due to increases the number of engineers, while SG&A expenses rose as a result of higher system costs and tax burden.							
Meitec	Forecast FY ending March 31, 2017	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2016	YoY Amount	% Change	Forecast 2nd Half
(Millions of yen)							
Net sales	70,200	+1,321	+1.9%	34,000	+ 868	+2.6%	36,200
Cost of sales	52,200	+1,315	+2.6%	25,500	+ 741	+3.0%	26,700
Cost of sales to Net sales	74.4%	+0.5%		75.0%	+0.3%		73.8%
SG&A Expenses	9,500	+567	+6.4%	4,700	+255	+5.7%	4,800
Operating income	8,500	(561)	(6.2%)	3,800	(127)	(3.3%)	4,700
Operating income margins	12.1%	(1.1%)		11.2%	(0.7%)		13.0%
Ordinary income	9,000	(526)	(5.5%)	4,300	(95)	(2.2%)	4,700
Profit	6,300	(1,091)	(14.8%)	3,000	(749)	(20.0%)	3,300
Utilization ratio (Company-wide)	96.7%	(0.5%)		95.6%	(0.4%)		97.8%
Working Hours<h/day>	8.83	—		8.77	—		8.90
Number of Recruitment	498	+43					
Newly graduated	338	+39					
Mid-career	160	+4					
Turnover Ratio	4.5%	+0.6%					
				Target of Newly Graduates hire for April 2017	To Apr. 2016		
				330	(8)		

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- This shows our forecasts for Meitec.
- We forecast record net sales of ¥70.2 billion, up 1.9% year on year, and operating income of ¥8.5 billion, down 6.2% year on year.
- Increases in cost of sales and SG&A expenses are the main reasons behind our forecast for lower operating income.
- The increase in cost of sales is mainly due to growth in the number of engineers.
- The increase in the ratio of cost of sales to net sales is based on our forecast for the utilization ratio.
- We expect the utilization ratio to decline 0.5 percentage points from the previous fiscal year, when the rate was very high. As usual, we will not focus on the utilization rate alone when making decisions on utilizing and assigning engineers.
We aim to provide sufficient training to newly hired employees.
- The increase in SG&A expenses reflects higher system costs and a rise in factor-based tax. We expect upgrade work on existing systems to lead to higher systems costs.
- We forecast profit of ¥6.3 billion, down 14.8% year on year due to the absence of roughly ¥1.0 billion in extraordinary income recorded in the previous fiscal year.

Forecast for the Fiscal Year Ending March 31, 2017 (Meitec Fielders)

✓ Net sales rose 6.5% year on year to 14.2 billion yen (a record high) and operating income declined 0.4% year on year to 1.2 billion yen
 → The cost of sales rose due to increases the number of engineers, while SG&A expenses rose due to increases in expenses related to higher recruiting costs.

Meitec Fielders	Forecast FY ending March 31, 2017	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2016	YoY Amount	% Change	Forecast 2nd Half
(Millions of yen)							
Net sales	14,200	+ 872	+ 6.5%	6,800	+ 413	+ 6.5%	7,400
Cost of sales	11,000	+ 711	+ 6.9%	5,300	+ 334	+ 6.7%	5,700
Cost of sales to Net sales	77.5%	+ 0.3%		77.9%	+ 0.2%		77.0%
SG&A Expenses	2,000	+ 165	+ 9.0%	940	+ 66	+ 7.6%	1,060
Operating income	1,200	(4)	(0.4%)	560	+ 12	+ 2.3%	640
Operating income margins	8.5%	(0.5%)		8.2%	(0.4%)		8.6%
Ordinary income	1,200	(5)	(0.5%)	560	+ 11	+ 2.2%	640
Profit	800	+ 13	+ 1.8%	380	+ 30	+ 8.7%	420
Utilization ratio (Company-wide)	94.9%	(1.3%)		92.8%	(1.4%)		96.9%
Working Hours(h/day)	8.96	(0.01)		8.89	(0.01)		9.03
Number of Recruitment	340	+ 28					
Newly graduated	182	+ 7					
Mid-career	158	+ 21					
Turnover Ratio	8.3%	+ 0.8%					
				Target of Newly Graduates hire for April 2017	To Apr. 2016		
				210	+ 28		

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- This shows our forecasts for Meitec Fielders.
- As with Meitec, we forecast record net sales of ¥14.2 billion.
- We also forecast operating income of ¥1.2 billion, down 0.4% year on year, and a decline in the operating income margin of 0.5 percentage points.
- As with Meitec, this reflects expected increases in cost of sales and SG&A expenses.
- The increase in cost of sales is mainly due to growth in the number of engineers.
- The increase in the ratio of cost of sales to net sales is based on our forecast for the utilization ratio.
- We forecast the utilization ratio will decline 1.3 percentage points, mainly due to growth in the number of new hires from the previous fiscal year.
- The rise in SG&A expenses reflects an expected rise in hiring costs based on plans to further expand recruitment.
- We forecast profit of ¥0.8 billion, up 1.8% year on year.

Hiring Target for Fiscal Year Ending Mar. 2017

Mid-career (FY 2017/3)

- The number of placements for job seekers wishing to change to careers at manufacturers continues to rise and there is no end in sight to corporate demand for hiring.
⇒ The market for career change is brisk.
- ✓ We will improve the efficiency of hiring mainly the mechanical and electric/electronics engineers, while continue to maintain our hiring standards.
→ Strengthen cooperation with placement agency
→ Focus on the growth motivation of applicant, and consider expanding condition of the applicant

New Graduates (Joined April 2017)

- As the number of hiring company and their hiring target is over two digit increase compare to the last year, hiring market continue to be in highly competitive condition.
- Some unease about the increasingly early / shortened schedule for hiring season.
- ✓ Focus to promote understanding the career path to the lifetime engineer
- ✓ Focus on the growth motivation of applicant, and consider expanding condition of the applicant ⇒ Focus on adding the number of hire
- ※Due to the nature of our engineer's involvement with the state-of-the-art technology and the latest product at the design and development department, hiring standard can not be lowered.

(person)	Fiscal Year Ending March 31, 2017					Fiscal Year Ending March 31, 2018	
	Newly Graduate April 2016	Mid-career		Total		Newly Graduate April 2017	
	(Actual)	<Target>	Comparison to Previous Year	<Target>	Comparison to Previous Year	<Target>	Comparison to Previous Year
Meitec	338	160	+4	498	+43	330	(8)
Meitec Fielders	182	158	+21	340	+28	210	+28
Total	520	318	+25	838	+71	540	+20

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- This shows our recruitment targets for the fiscal year ending March 31, 2017.
- In the current recruitment market, corporate demand for engineers continues to rise due to shortages of engineers. We expect conditions to remain extremely difficult, as recruitment demand shows no signs of easing.
- Against this backdrop, we aim to hire a combined 540 newly graduated engineers at Meitec and Meitec Fielders in April 2017.
- Mid-term Management Plan target for newly graduated engineers: Our target is lower than the full-year target of 575 graduates in the Mid-term Management plan. However, according to a newspaper report about graduate hiring plans, Meitec ranks 40th among Japanese companies and third for the number of science and engineering majors, illustrating how we still have ambitious recruitment targets.
- The very tough recruitment environment for mid-career engineers is likely to continue, but we aim to increase recruitment by 25 engineers compared with the previous fiscal year.
- Meitec and Meitec Fielders both focus on placing personnel in clients' product design and development divisions, where they are involved in the development of cutting-edge technologies and the latest products. Consequently, we will continue to maintain our high hiring standards, even though recruitment conditions are likely to remain challenging.

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 profit

Minimum
Dividend

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

Treasury
Shares
Acquisition

Acquisition of
treasury shares

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

Retain
Maximum of 2 million shares

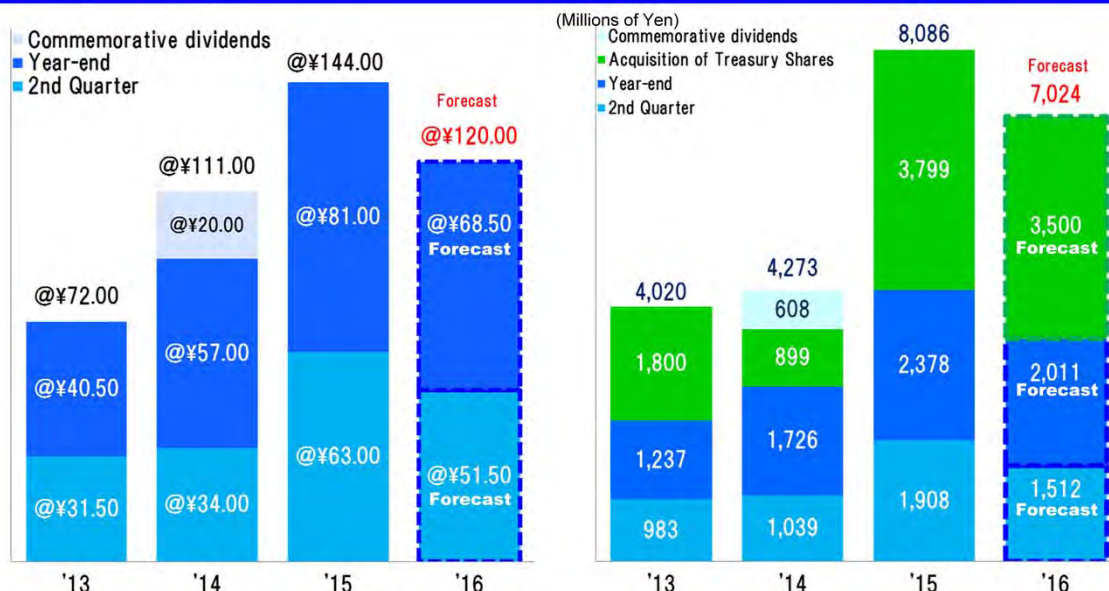
Retired
Excess above maxim to be retired

- 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.

- Our Basic Policy Regarding Profit Distribution, revised in May 2011, remains unchanged.

Results and Forecast of Profit Distribution

- ✓ The year-end dividend for FY2015 is 81 yen, which together with the interim dividend of 63 yen comes to an annual dividend of 144 yen.
- ✓ The profit distribution forecast for the fiscal 2016 is the regular dividends at 120 yen per share totaling 3.5 billion yen, and acquisition of treasury shares totaling 3.5 billion yen, in line with our basic policy regarding profit distribution * Total return ratio 100% = (ordinary dividends 3.5 billion yen + purchase of treasury stock amount 3.5 billion yen) ÷ forecast profit 7.0 billion yen



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- Profit attributable to owners of parent in the fiscal year ended March 31, 2016 exceeded our forecast. Consequently, in line with our basic policy, we have revised up our dividend forecast from ¥63 per share to ¥81 per share. We will seek approval for this higher dividend at the general meeting of shareholders.

Together with the interim dividend of ¥63, this will result in an annual dividend of ¥144 per share.

- In line with our basic policy, our forecast for the fiscal year ending March 31, 2017 consists of ordinary dividends and the acquisition of treasury shares, based on a total return ratio of no more than 100%.
- After consulting with investors, we intend to allocate 50% of profit attributable to owners of parent to the dividend and the remaining 50% to the acquisition of treasury shares. Based on our forecast for profit attributable to owners of parent of ¥7.0 billion, we will therefore allocate roughly ¥3.5 billion to the ordinary dividend, equating to ¥120 per share, and ¥3.5 billion to the acquisition of treasury shares, for a total of ¥7.0 billion.

✓ The resolutions that will be put before the Annual General Meeting of Shareholders in June of this year are scheduled to include, in addition to the ordinary resolutions of year-end dividends and the election of substitute Audit & Supervisory Board Members, the following two resolutions (for details, please see the reference materials).

① Reduction in amount of Capital stock and Legal capital surplus

- Primarily to secure funds to retire treasury shares purchased, in accordance with the Basic Policy Regarding Profit Distribution
(Formerly the retirement of treasury shares was conducted with funds allocated from Other capital surplus)

	After reduction	Currently	Decrease in amount
Capital stock	5,000 million yen	16,825 million yen	(11,825 million yen)
Legal capital surplus	1,250 million yen	4,210 million yen	(2,960 million yen)

② Revision to remuneration of Directors and Audit & Supervisory Board Members

- To further raise the proportion of executive directors' remuneration that is linked to performance
- AGM resolution would lead to a change to a remuneration framework
→ However, disclosure of individual's fixed remuneration to be continued

	Summary after approval
Performance-Linked Directors' Remuneration amount	Consolidated profit × <u>2.5%</u> (previously 2.0%) <u>and less than 250 million yen</u>
Rough estimate of proportion of director remuneration	Fixed: <u>Performance-linked</u> → CEO <u>4:6</u> (previously 5:5), Directors <u>5:5</u> (previously 6:4).

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- Lastly, in addition to the usual proposals submitted to the general meeting of shareholders, we intend to submit two additional proposals regarding reduction in amount of capital stock and legal capital surplus and revision to director remuneration.
- The reduction in amount of capital stock and legal capital surplus is to be used to retire treasury shares.
For more details, please refer to page 59 of the reference materials.
- The revision to director remuneration are to increase the portion of pay linked to earnings performance.
For more details, please refer to pages 60 and 61 of the reference materials.
- Going forward, we will continue to emphasize the importance of communication with all shareholders and investors while working to ensure the Meitec Group continues to deliver sustained growth.
- That ends my presentation today. Thank you for listening.

4. Reference Materials



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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.

Features of the Meitec Group

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

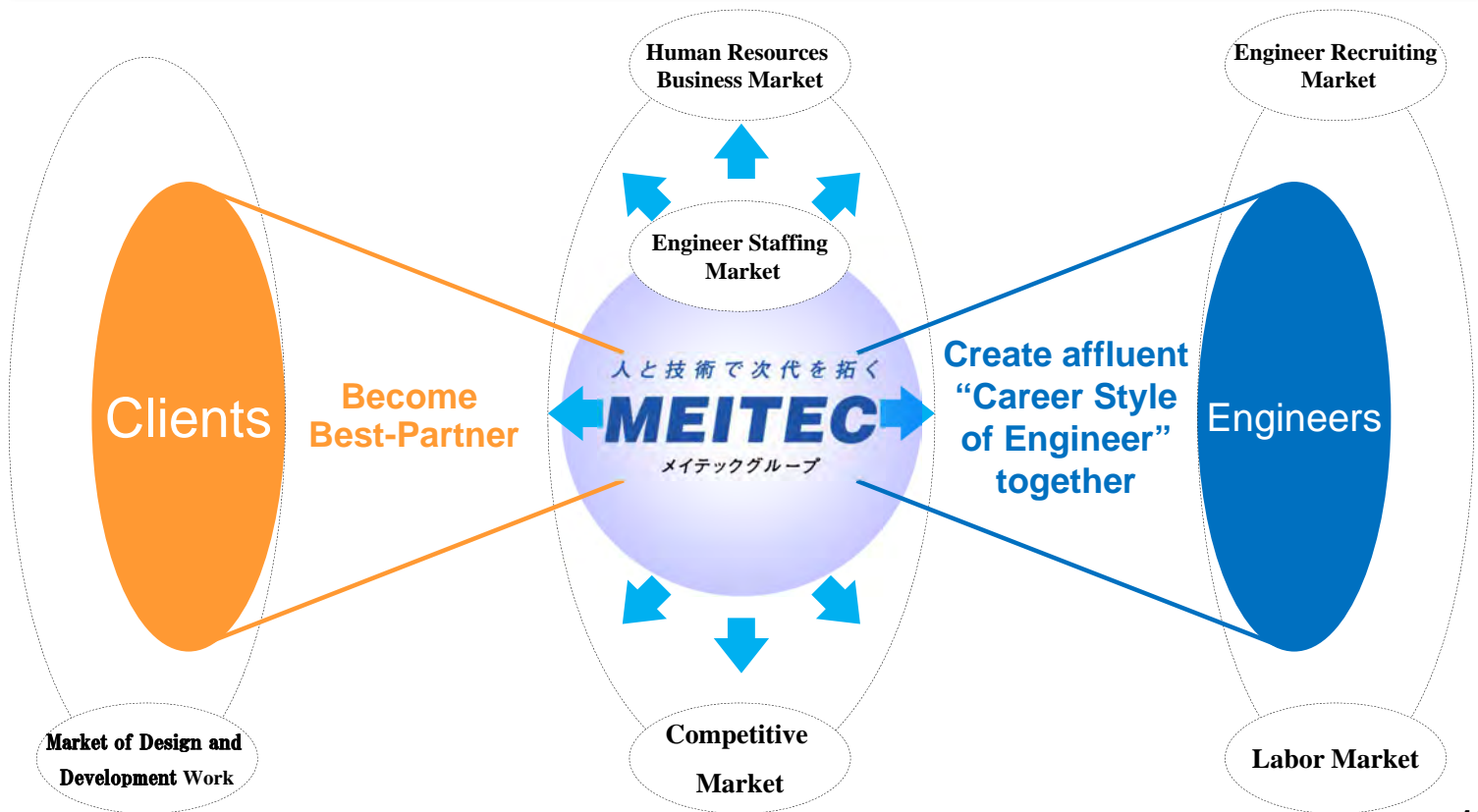
〈Largest number of transactions in the industry & the best quality in the industry; a pioneer〉

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

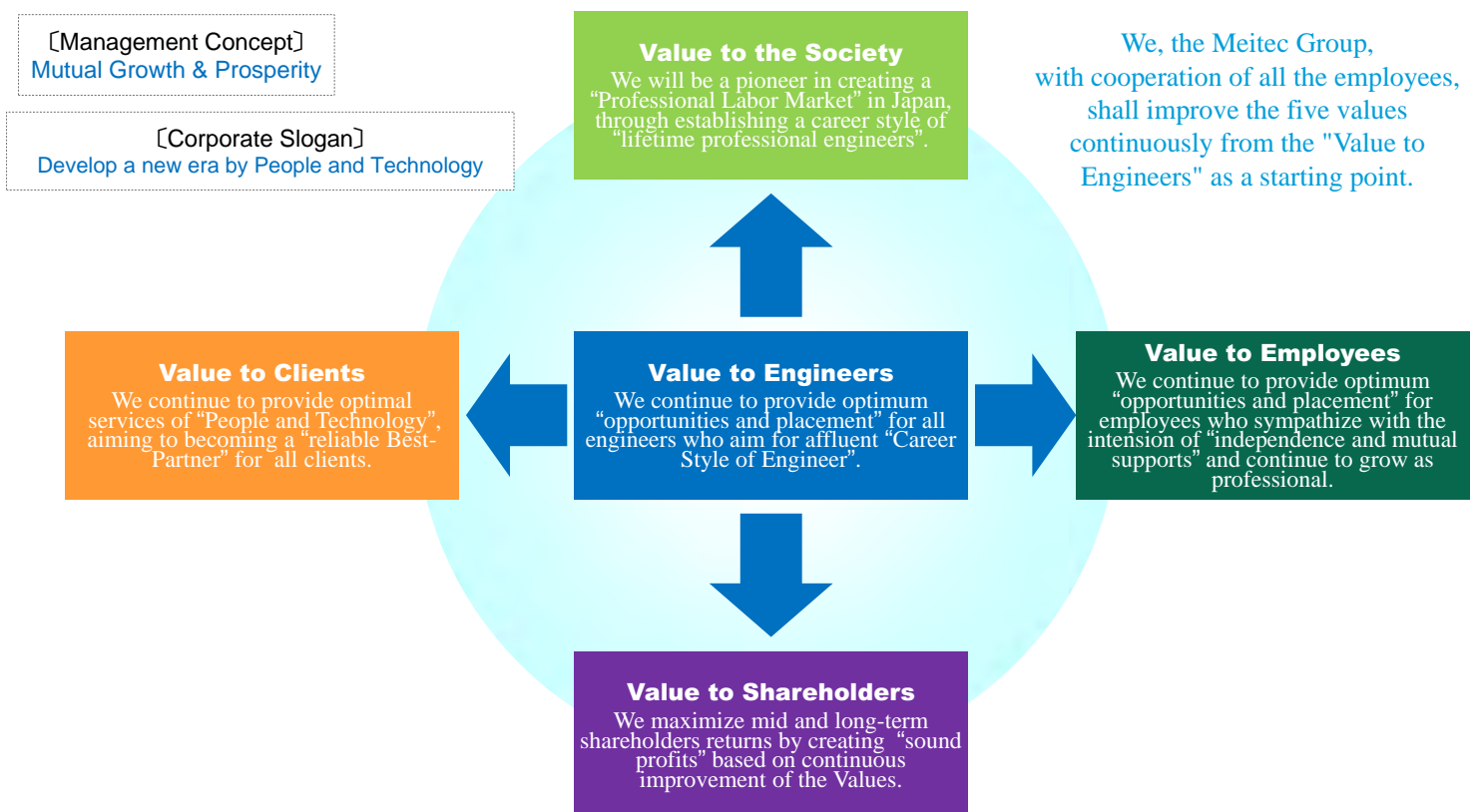
〈More than 4,000 companies in total over the 40 years since the company was established〉

- ✓ 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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- ✓ 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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Results for the Fiscal Year Ended March 31, 2016

- ✓ Previous year's performance by subsidiary
- ✓ Operating income per net sales of Meitec Next (recruiting & placement business) is approx. 30%.

	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.
(Millions of yen)								
Net sales	68,878	13,327	2,635	68	1,321	133	70	2,005
YoY Amount	+4,202	+1,416	+110	+15	+189	+15	(32)	+347
% Change	+6.5%	+11.9%	+4.4%	+28.9%	+16.8%	+13.6%	(31.7%)	+20.9%
Operating income	9,061	1,204	87	(29)	433	50	(33)	68
YoY Amount	+1,135	+130	(10)	(0)	+48	+25	+21	+56
% Change	+14.3%	+12.2%	(10.7%)	—	+12.5%	+101.6%	—	+479.7%
Ordinary income	9,526	1,205	87	(27)	433	50	(38)	69
Profit	7,391	786	54	(27)	288	44	(41)	67

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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.

	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.
(Millions of yen)								
Net sales	70,200	14,200	2,700	110	1,600	120	100	1,900
YoY Amount	+1,321	+872	+64	+41	+278	(13)	+29	(105)
% Change	+1.9%	+6.5%	+2.5%	+59.5%	+21.1%	(9.9%)	+42.7%	(5.2%)
Operating income	8,500	1,200	90	(30)	460	10	0	40
YoY Amount	(561)	(4)	+2	—	+26	(40)	+33	(28)
% Change	(6.2%)	(0.4%)	+3.0%	—	+6.1%	(80.4%)	—	(41.8%)
Ordinary income	9,000	1,200	90	(30)	460	10	0	40
Profit	6,300	800	60	(30)	300	10	0	30

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Sales by the Industrial Segments (Meitec)

Millions of Yen

Meitec	FY2011	FY2012	FY2013	FY2014	FY2015			
	Nete Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	10,463	12,069	13,831	16,446	18,266	26.5%	+1,820	+11.1%
Aircraft/Aerospace	4,006	4,402	4,825	5,265	5,629	8.2%	+363	+6.9%
Industrial Machinery	8,073	8,205	8,477	9,631	10,215	14.8%	+584	+6.1%
Precision Equipment	3,608	4,041	4,599	4,762	4,982	7.2%	+220	+4.6%
IT Related Hardware and Devices	5,241	5,114	5,248	5,204	4,872	7.1%	(332)	(6.4%)
Electric and Electronics	8,586	8,532	7,990	8,032	8,270	12.0%	+237	+3.0%
Semiconductors and Integrated Circuits Design	3,197	3,424	3,622	4,104	4,280	6.2%	+176	+4.3%
Semiconductor Equipment and Devices	1,807	1,844	1,837	1,792	1,919	2.8%	+127	+ 7.1%
Information Processing/Software	3,925	3,886	3,887	4,365	4,886	7.1%	+521	+11.9%
Plant	1,471	1,563	1,611	1,903	2,346	3.4%	+442	+23.3%
Construction	273	325	371	368	374	0.5%	+5	+ 1.6%
Others	2,532	2,412	2,572	2,797	2,834	4.1%	+36	+1.3%
Total	53,188	55,822	58,876	64,675	68,878	100.0%	+4,202	+6.5%

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Sales by the Industrial Segments (Meitec Fielders)

Millions of Yen

Meitec Fielders	FY2011	FY2012	FY2013	FY2014	FY2015			
	Nete Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	2,044	2,662	3,349	4,241	4,981	37.4%	+740	+17.5%
Aircraft/Aerospace	109	152	200	207	251	1.9%	+44	+21.3%
Industrial Machinery	1,144	1,254	1,509	1,770	1,929	14.5%	+159	+9.0%
Precision Equipment	1,141	1,300	1,609	1,625	1,666	12.5%	+41	+2.6%
IT Related Hardware and Devices	324	326	378	397	452	3.4%	+54	+ 13.7%
Electric and Electronics	1,764	1,682	1,508	1,568	1,656	12.4%	+87	+5.6%
Semiconductors and Integrated Circuits Design	647	532	437	457	505	3.8%	+47	+10.5%
Semiconductor Equipment and Devices	536	414	455	403	536	4.0%	+132	+ 33.0%
Information Processing/Software	90	166	261	342	341	2.6%	+0	(0.2%)
Plant	147	225	287	389	473	3.6%	+84	+21.6%
Construction	18	97	98	26	16	0.1%	(10)	(37.5%)
Others	541	534	491	481	515	3.9%	+34	+7.2%
Total	8,510	9,349	10,587	11,911	13,327	100.0%	+1,416	+11.9%

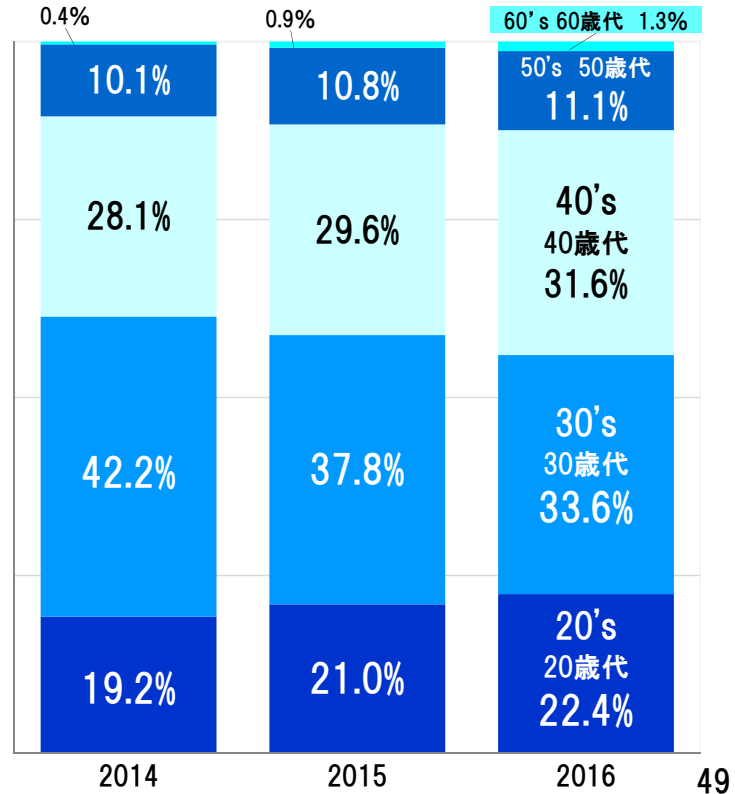
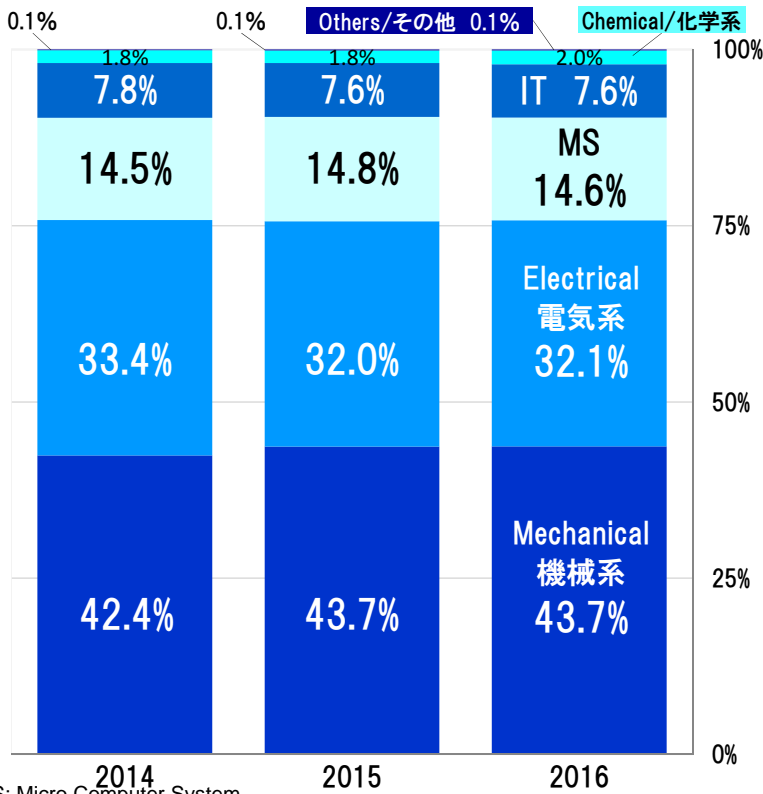
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Distribution of Engineers by Technical Fields and Age

✓ 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



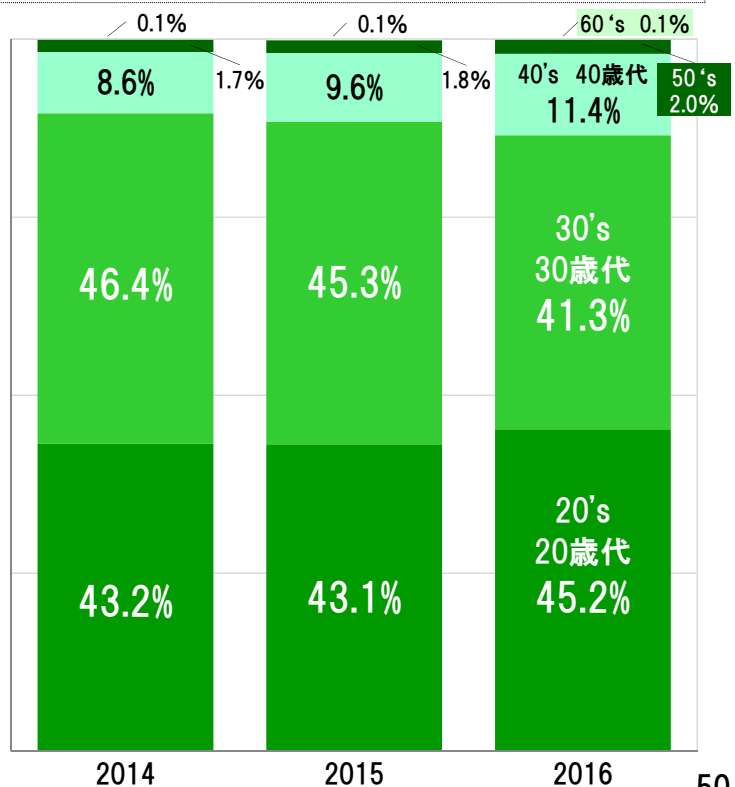
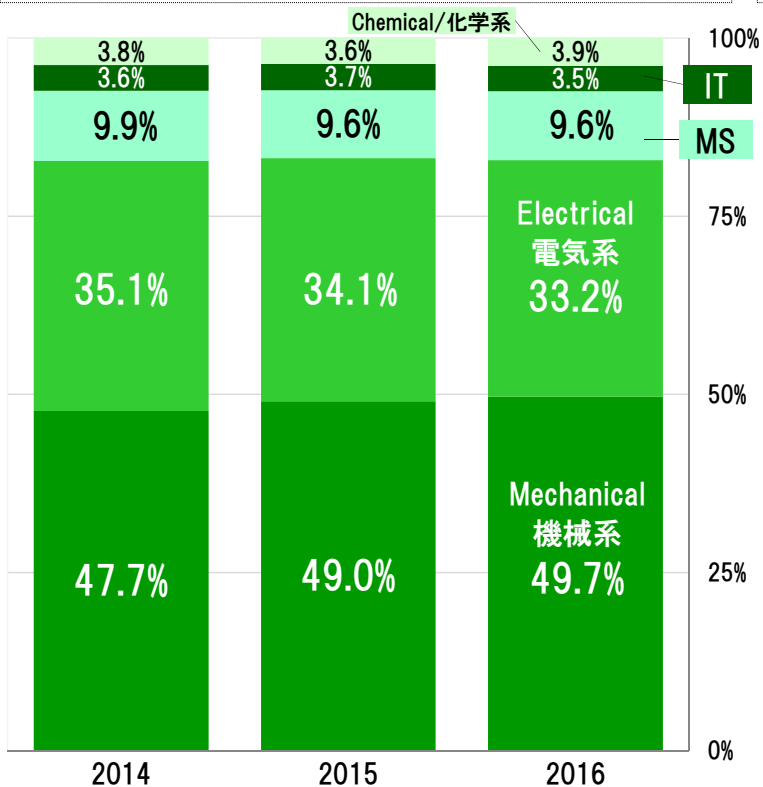
MS: Micro Computer System

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.

技術分野/Technical field

年齢/According to age



MS: Micro Computer System

Trend of Performances (Consolidated)

(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%

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Trend of Performances (Meitec)

(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%

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Trend of Performances (Meitec Fielders)

(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%

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Trend of Performances (Meitec NEXT)

(Millions of Yen)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net sales				8	252	480	334	438	593	734	872	1,131	1,321
Cost of sales													
Cost of sales to Net sales													
Gross profit				8	252	480	334	438	593	734	872	1,131	1,321
Selling, general and administrative expenses				207	470	559	349	333	446	512	577	746	887
SG&A expenses to Net sales				2,587.5%	186.5%	116.5%	104.5%	76.0%	75.2%	69.8%	66.2%	66.0%	67.1%
Operating income				(198)	(217)	(78)	(14)	104	147	221	295	385	433
Operating income margins				(2,475.0%)	(86.1%)	(16.3%)	(4.2%)	23.7%	24.8%	30.1%	33.8%	34.0%	32.8%
Non-operating income				—	—	—	2	2	—	—	—	—	—
Non-operating expenses				—	—	—	—	—	—	—	—	—	—
Ordinary income				(198)	(217)	(78)	(12)	106	147	221	295	385	433
Ordinary income margins				(2,475.0%)	(86.1%)	(16.3%)	(3.6%)	24.2%	24.8%	30.1%	33.8%	34.0%	32.8%
Extraordinary income				—	—	—	—	—	—	—	—	—	—
Extraordinary loss				—	—	—	—	—	—	—	—	—	—
Profit before income taxes				(198)	(217)	(78)	(13)	106	147	221	295	385	433
Total income taxes				—	—	1	—	—	—	19	95	141	145
Profit				(199)	(217)	(79)	(14)	105	147	201	200	243	288
Profit margins				(2,487.5%)	(86.1%)	(16.5%)	(4.2%)	24.0%	24.8%	27.4%	22.9%	21.5%	21.8%

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Trend of Balance Sheets (Consolidated)

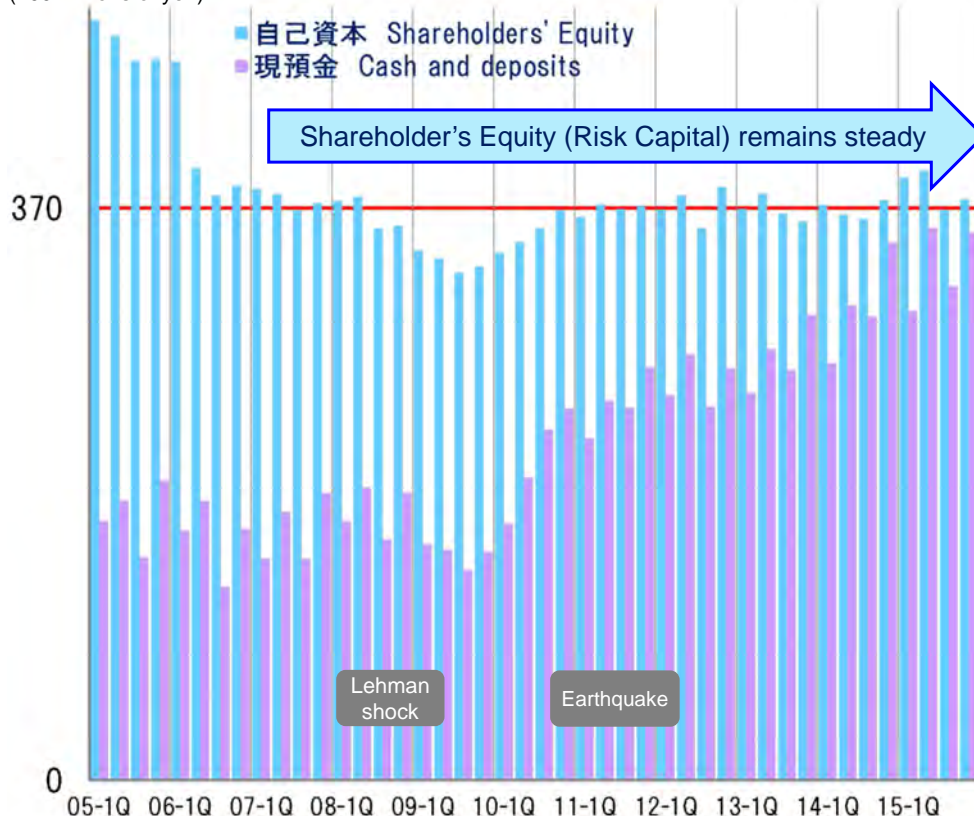
(Millions of Yen)	2007/3/31	2008/3/31	2009/3/31	2010/3/31	2011/3/31	2012/3/31	2013/3/31	2014/3/31	2015/3/31	2016/3/31
Cash and deposits	16,177	18,512	18,526	14,732	23,999	26,686	26,592	30,104	34,773	35,413
Notes and accounts receivable - trade	13,256	12,841	10,985	9,582	10,245	10,675	10,887	11,297	12,858	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

Shareholder's Equity and Cash and Deposit

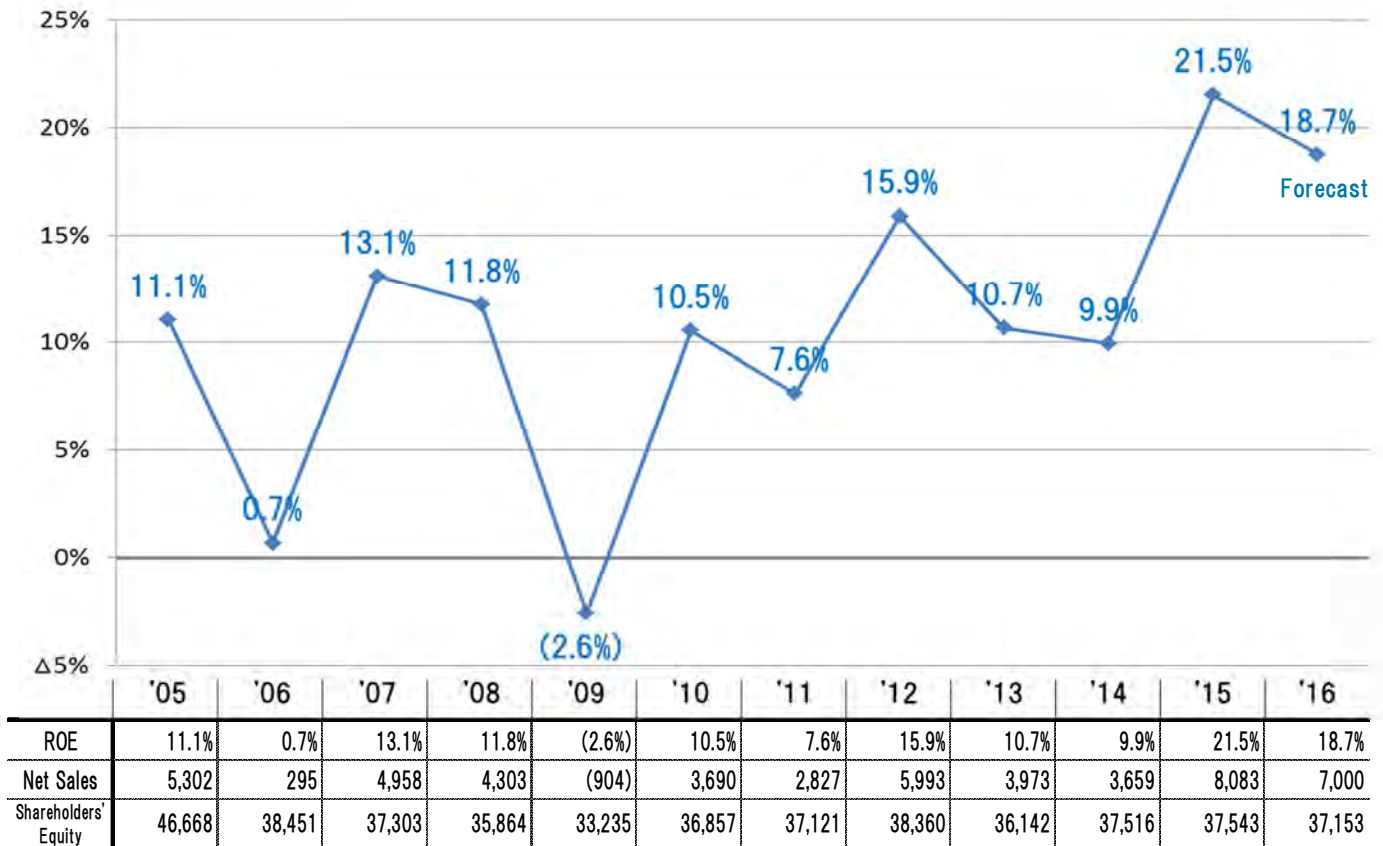
- ✓ By continuing the profit distribution according to the current policy, sustain 37 billion yen of shareholder's equity
- ✓ Prioritize the improvement of "quality and quantities" of the current level of shareholder's equity in consideration of future growth target.

(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.

Trend of ROE



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Trend of Profit Distributions and Forecast

												Actual	Forecast
												FY2015	FY2016
		FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014		
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	

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Securing Funds to Retire Treasury Shares = Decrease in Capital Stock and Legal Capital Surplus

✓ The retirement of treasury shares purchased in accordance with the policy on distribution of profits has hitherto been accomplished via allocations from “other capital surplus,” but in order to secure funds for future retirements, we will decrease capital stock and the legal capital surplus (assuming this is approved at the Annual General Meeting of Shareholders in June this year).

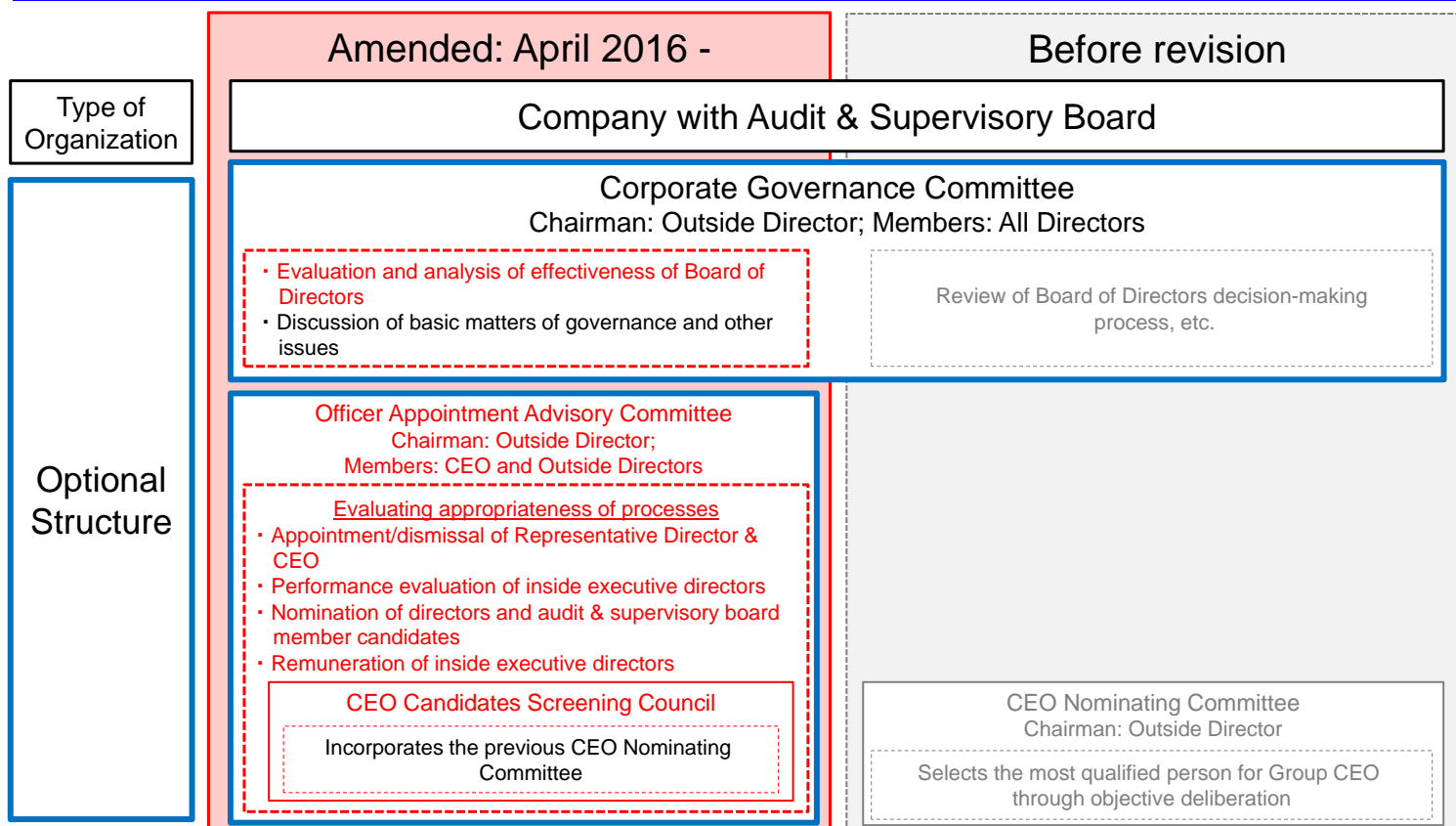
- We acknowledge the purchase of treasury shares and their retirement as a means of rewarding shareholders, for which we will allocate funds from capital surplus.
- We acknowledge dividends as a distribution of profit to shareholders, for which we allocate funds from retained earnings.

(unit:Millions of yen)	31-Mar -2007	31-Mar -2008	FY2008~ FY2015	31-Mar -2016	Amount after Implementation	Fluctuation
Meitec						
Capital stock	16,825	16,825	Total cost of	16,825	5,000	(11,825)
Legal capital surplus	15,480	4,210	acquisition	4,210	1,250	(2,960)
Other capital surplus	-	11,270	12,798	281	15,067	+14,785
Legal retained earnings	4,202	-		-	-	
Other retained earnings	3,841	10,033		21,207	21,207	
Treasury shares	(1,008)	(4,115)		(5,989)	(5,989)	
Total shareholders' equity	39,341	38,224		36,535	36,535	±0

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Corporate Governance ~ 1/2

✓ On April 26 and May 10 of this year, we revised our Basic Policy Regarding Corporate Governance. → (1) Specified that the chairman should be an Outside Director (2) Amended the calculations for remuneration of Directors



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- ✓ Reviewing directors' remuneration so that the proportion linked to performance is even higher (assuming this is approved at the Annual General Meeting of Shareholders in June this year)
→The AGM resolution would lead to a change to a remuneration framework, with continuous disclosure of individual remuneration after consultation with the Directors Human Resources Consultation Committee.

Remuneration Amounts to Individual Executives

¥1K=JPY1,000-	Revised April 2016		Before the revision
CEO, MEITEC Group President and CEO, COO (COO)	Yearly payment ¥28,800K (Monthly payment ¥2,400K (20%))		Monthly payment ¥3,000K or less
Director	Yearly payment ¥19,200K (Monthly payment ¥1,600K (20%))		Monthly payment ¥2,000K or less
Outside Director	Yearly payment ¥9,000K (Monthly payment ¥750K +50%)		Monthly payment ¥500K or less
Standing audit & supervisory board member	Yearly payment ¥24,000K (Monthly payment ¥2,000K -)		Monthly payment ¥2,000K or less
Audit & supervisory board member	Yearly payment ¥7,800K (Monthly payment ¥650K +30%)		Monthly payment ¥500K or less

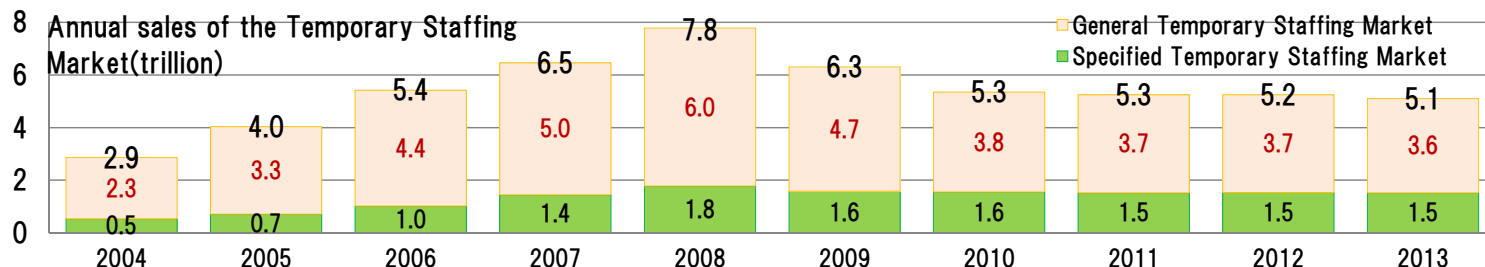
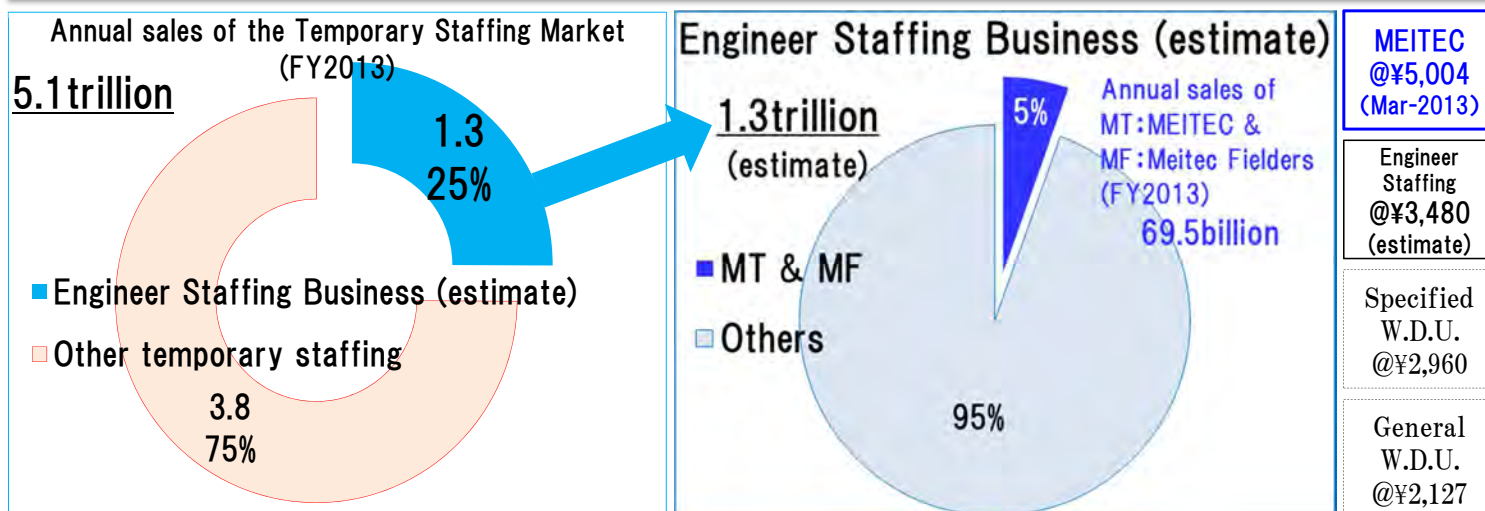
Performance-linked remuneration etc.

	Revised: April 1, 2016	Before revision
Consolidated profit (not including performance-linked directors' remuneration)	x 2.5% Upper limit: 250 million yen annually	2.0%
Of which Outside Directors	Not eligible for allocation	6 million yen per person or less
Of which the equivalent to 20% of post-tax value	Allocated for purchase of treasury shares (Directors shareholding association method)	(New)

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Market of Engineer Staffing Business (estimate)

- ✓ Meitec Group hold over 5% 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.

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Shareholders by Business Segments

Shareholder Segment	(As of the Fiscal year ended March 31, 2016)			
	Shareholders	%	Shares Held	%
Banks	7	0.1%	921,101	2.9%
Trust Banks	20	0.3%	7,770,600	24.8%
Life and nonlife insurance companies	24	0.4%	3,946,083	12.6%
Securities financing and other financial companies	6	0.1%	39,760	0.1%
Securities companies	40	0.7%	599,128	1.9%
Business concerns and other companies	93	1.5%	573,578	1.8%
Overseas companies and investors	206	3.4%	12,237,817	39.1%
Individuals and others	5,687	93.5%	5,211,933	16.7%
Total	6,083	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	<p>[Temporary Staffing Business]</p> <ul style="list-style-type: none"> ■ MEITEC FIELDERS INC. ■ MEITEC CAST INC. ■ MEITEC EX CORPORATION <p>[Recruiting & Placement Business]</p> <ul style="list-style-type: none"> ■ MEITEC NEXT CORPORATION ■ all engineer.jp CORPORATION ■ Meitec Shanghai ■ MEITEC Shanghai Human Resources Co. Ltd. <p>[Engineering Solutions Business]</p> <ul style="list-style-type: none"> ■ APOLLO GIKEN CO., LTD.

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