

November 6, 2015

**SUMMARY OF THE Q&A SESSION**  
**AT THE IR MEETING FOR THE 2ND QUARTER ENDED SEPTEMBER 30, 2015**

MEITEC CORPORATION

1. Date: November 5, 2015, 16:00–16:55
2. Place: 11th Floor, Trust City Conference Marunouchi
3. Q&A:
  - Q. Please tell us about planned SG&A expenses for the second half. What cost items were pushed back from the first half to the second?
  - A. System-related expenses was the main item pushed into the second half.
  
  - Q. I can understand how the number of working hours is outside the control of Meitec, but do you think your assumption for the utilization ratio in the second half is achievable?
  - A. Business conditions are very favorable at the moment, so we are systematically implementing the strategic rotation of engineers to enhance value (technological strength, human strength, and career) in order to support sustained growth. Consequently, we are confident our second half assumption is at right level.
  
  - Q. The number of new graduates scheduled to join Meitec in April 2016 is higher than your target, but the number for Meitec Fielders is below your target. Is this because it is easier to attract high-end engineers, or because it is much harder to attract mid-level engineers?
  - A. In many cases, Meitec is competing with Japan's leading manufacturers in new graduate recruitment, but for graduates selecting engineering jobs, Meitec is increasingly viewed as the best platform to advance their careers. This is the main reason why new graduate recruitment has exceeded our forecasts at Meitec.  
  
In contrast, Meitec Fielders faces intense competition for engineers from regional and local SMEs and from local industries, so students are probably applying for jobs at more than one company. We think this is affecting recruitment at Meitec Fielders.
  
  - Q. You forecast a drop in operating income in the second half. Is this because growth has peaked?
  - A. Our forecast for operating income reflects a cautious outlook for the quantitative indicator of number of working hours, which is outside our control and has declined recently.
  
  - Q. How many companies in the sector have been certified as "Excellent Dispatch Company," and is there any special meaning attached to the certification?
  - A. Nearly 100 companies have secured this certification. The certification system is based on an objective assessment of conditions at the temporary staffing company, including the working environment for

temporary workers and compliance systems, enabling client companies to make informed decisions about which temporary staffing company to select. As a leading company in the sector, Meitec will work to encourage many business owners to improve conditions in line with the goals of the certification system.

Q. Why has recruitment been smooth this fiscal year?

A. We have been implementing a number of short-term measures. However, our ultimate goal is to clearly communicate to the recruitment market that Meitec provides a platform for people to build life-long careers as professional engineers. We also want to create conditions that make engineers feel comfortable about joining Meitec. Rather than relying on TV commercials and online advertising, we are implementing initiatives to communicate the facts about working at Meitec and convince candidates that it is a secure place to work. This is not something we can achieve overnight, but we have been taking these steps each year during our Mid-term Management Plan. I think the good recruitment figures this fiscal year partly reflect those efforts.

Q. Has recruitment improved since last year? What concrete steps did you take?

A. We created more opportunities for face-to-face contact to explain directly how we work and careers on offer at Meitec.

Q. Why did you lower your profit forecasts for Meitec and Meitec Fielders for the second half only?

A. We expect to book recruitment-related expenses and system-related expenses in the second half.

Q. Why do you expect costs at Meitec to rise by around ¥1.0 billion year on year?

A. Cost of sales is set to rise due to an increase in performance-linked pay and other factors.

Q. Why do you forecast flat profits year on year in the second half, despite projecting higher sales?

A. We forecast a drop in working hours, which is out of our control.

Q. Please tell us about the rate of pay growth.

A. Union members received average monthly pay increases of ¥3,000 last year and the year before.

Q. Is there a possibility that wages will rise further? Also, do you expect the gross margin to fall temporarily due to efforts to secure personnel?

A. Almost all our employees and union members are engineers. As one of our most important stakeholder groups, we need to put priority on their satisfaction to ensure they are motivated to work. Consequently, we need to create the necessary conditions to secure higher average pay rates from clients by boosting the market value of engineers, while also giving each of them the opportunities to advance their careers. The key is to ensure a balanced approach when dealing with our employees.