TechnoPro Group Financial Results for the 2nd Quarter of FYE June 2016

TechnoPro Holdings, Inc.

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* Cumulative 1st to 2nd Quarter is stated as '1st Half' or 'H1' in this presentation
** KPI excludes 'Other' business.
*** Accounting figures are rounded down to the nearest unit.

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1st Half FYE June 2016 Overview

- Annual forecast made public on July 31, 2015 remains unchanged.

(JPY in millions, except per share amounts)

	1st Half					Full Year		
	H1 FY2015 (Actual)	Progress	H1 FY2016 (Actual)	Progress	YOY	Full Year FY2015 (Actual)	Full Year FY2016 (Forecast)	YOY
Revenue	39,848	*49%*	43,989	*50%*	*+10.4%*	81,241	88,000	*+8.3%*
Gross profit	9,433	*49%*	10,440	*50%*	*+10.7%*	19,081	21,000	*+10.1%*
GP margin	*23.7%*		*23.7%*			*23.5%*	*23.9%*	
SG&A expenses	5,594	*47%*	6,152	*48%*	*+10.0%*	11,797	12,900	*+9.3%*
Ratio on revenue	*14.0%*		*14.0%*			*14.5%*	*14.7%*	
Operating profit (OP)	3,845	*53%*	4,343	*54%*	*+12.9%*	7,283	8,100	*+11.2%*
OP margin	*9.7%*		*9.9%*			*9.0%*	*9.2%*	
Profit before income taxes	3,603	*53%*	4,178	*54%*	*+16.0%*	6,832	7,700	*+12.7%*
Net profit	3,538	*51%*	4,090	*54%*	*+15.6%*	6,875	7,600	*+10.5%*
Net profit per share	103.83	–	119.83	–	–	201.76	223.04	–
Dividend per share	–	–	50.00	–	–	100.88	111.52	–

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* Amounts are rounded down to the nearest unit.

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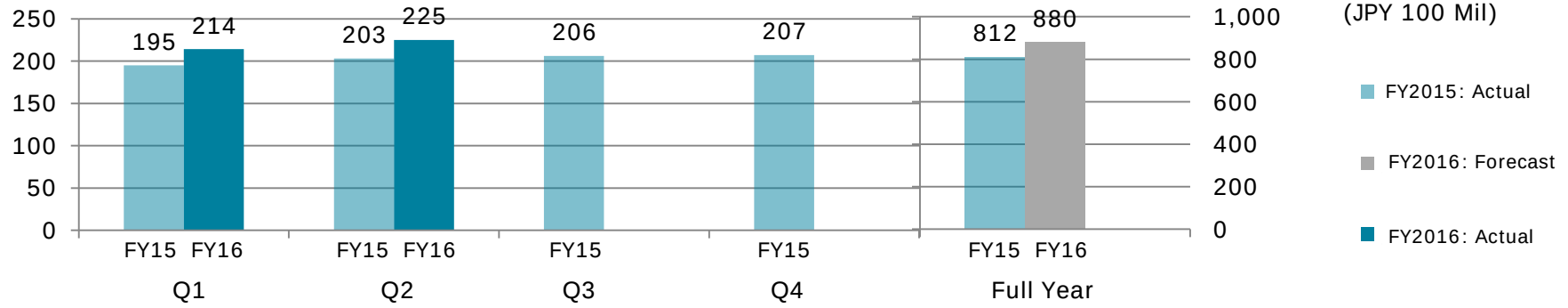
Quarterly Performance

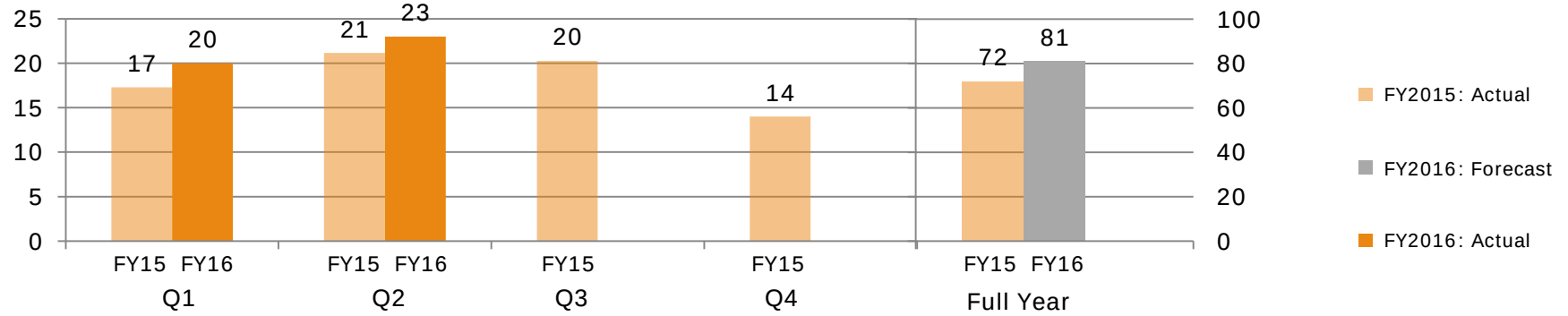
- Progress rates of revenue and OP against forecast are 50% and 54% respectively, on similar level as previous year.

Revenue



	Q1		Q2		Q3	Q4	Full Year	
Composition %	24%	24%	25%	26%	25%	26%		
YOY	9.7%		11.0%					

Operating Profit



	Q1		Q2		Q3	Q4	Full Year	
Composition %	24%	25%	29%	29%	28%	19%		
OP ratio	8.9%	9.4%	10.4%	10.4%	9.8%	6.8%	9.0%	9.2%
YOY	15.9%		10.5%					

* Amounts are rounded down to the nearest unit.

Impacted by payroll/training expenditure for 360 new graduate engineers hired on April 2015.

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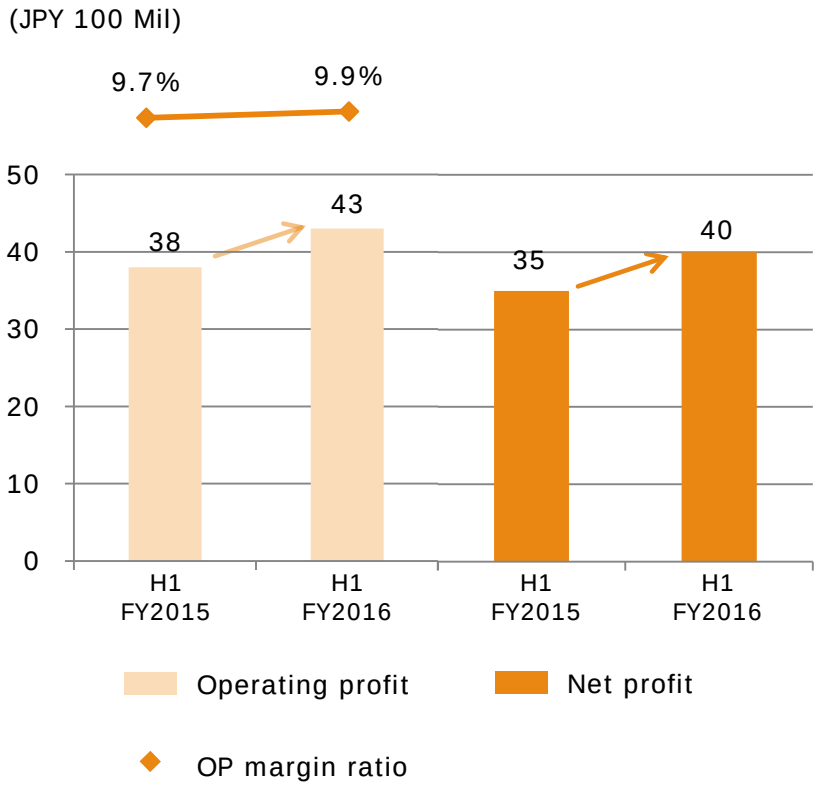
1st Half FYE June 2016 P&L Summary



(JPY 100 Mil)	H1 FY2015	H1 FY2016	Diff. YOY	YOY(%)
Revenue	**398**	**439**	**+41**	**+10.4%**
Impact by Engineer increase			**+33**	
Impact by unit sales price increase			**+6**	
Other			**+2**	
CoGs	**304**	**335**	**+31**	**+10.3%**
Ratio to revenue	*76.3%*	*76.3%*	*-0.1%*	
Impact by Engineer increase			**+25**	
Other			**+6**	
Gross profit	**94**	**104**	**+10**	**+10.7%**
Ratio to revenue	*23.7%*	*23.7*	*+0.1%*	
SG&A	**55**	**61**	**+5**	**+10.0%**
Ratio to revenue	*14.0%*	*14.0%*	*-0.1%*	
Other income−Other expenses	**0**	**0**	**+0**	
Operating profit	**38**	**43**	**+4**	**+12.9%**
Financial income	**0**	**0**	**-0**	
Financial expenses	**2**	**1**	**-0**	
Net profit before income taxes	**36**	**41**	**+5**	**+16.0%**
Corporate / income taxes	**0**	**0**	**+0**	
Net Profit	**35**	**40**	**+5**	**+15.6%**

* Amounts are rounded down to the nearest unit.

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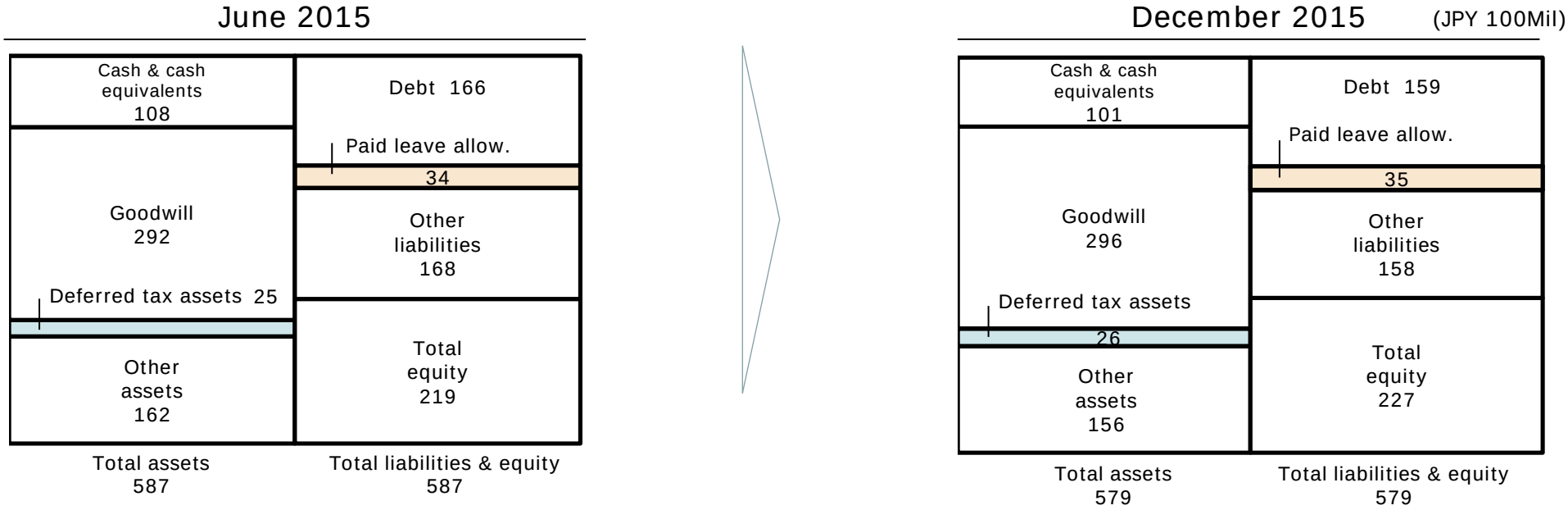
1st Half FYE June 2016 Balance Sheet and Cash Flow

- During the 1st half of FY2016, cash & cash equivalents amounted to an outflow of 0.68 Bn yen, reflecting dividend payment of 3.43 Bn yen and scheduled debt repayment of 0.76 Bn yen.
- Net worth ratio improved to 39.3%.

(JPY 100Mil)



D/E ratio :	0.8 x
Net D/E ratio :	0.3 x
Net worth ratio :	37.4%

H1 FY2016 CF

・Operating CF	41
・Investing CF	(6)
・Financial CF	(42)
Net CF	(6)

FCF 35

D/E ratio :	0.7 x
Net D/E ratio :	0.3 x
Net worth ratio :	39.3%

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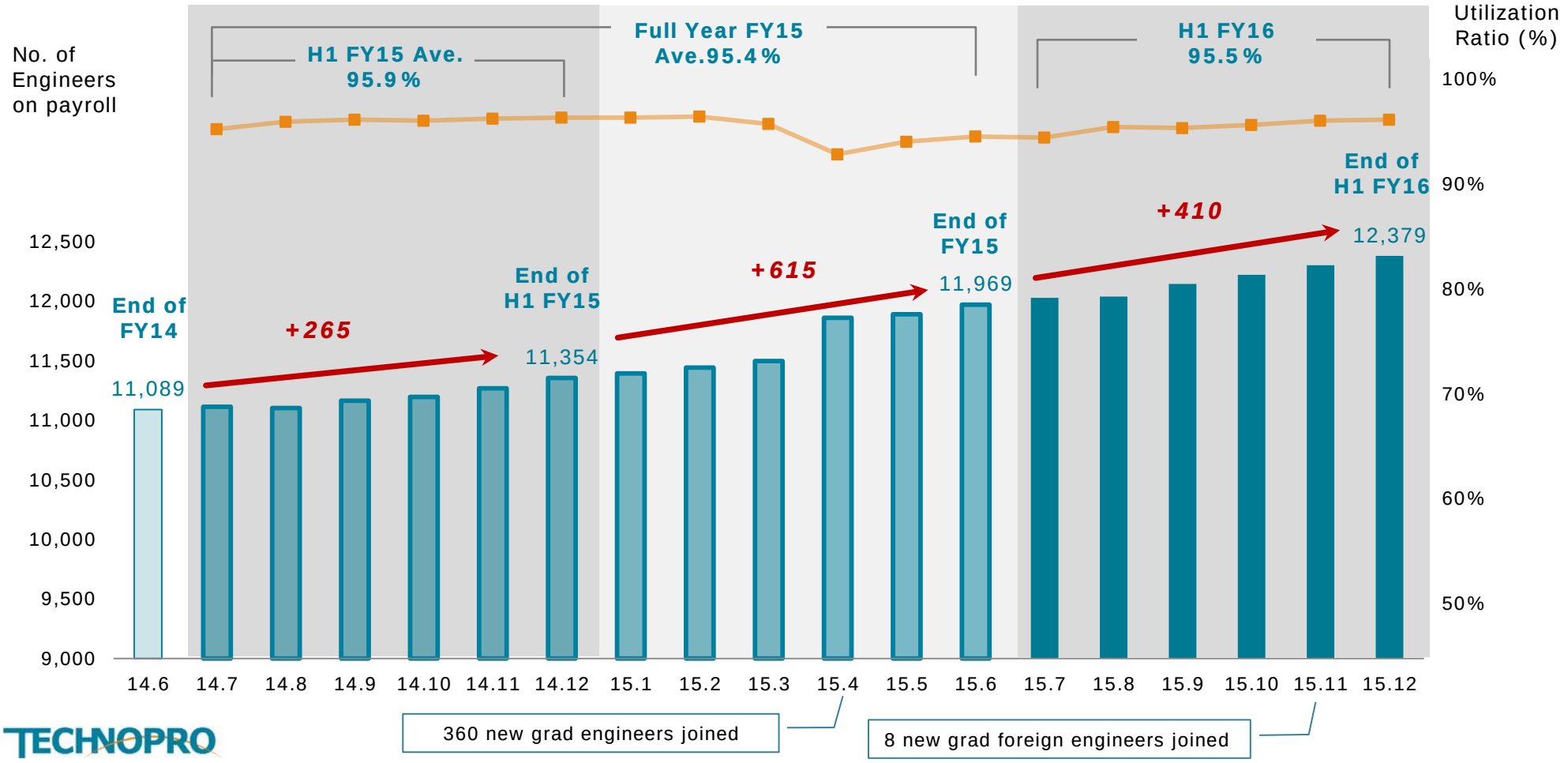
No. of Engineers & Utilization Rate

- Total engineers on payroll at the end of 1st half FY2015 were 12,379, with net increase of 410. (+54.7% YOY)
- Engineer utilization rate in the 1st half FY2015 was 95.5%, exceeding eligible ratio 95.0%.



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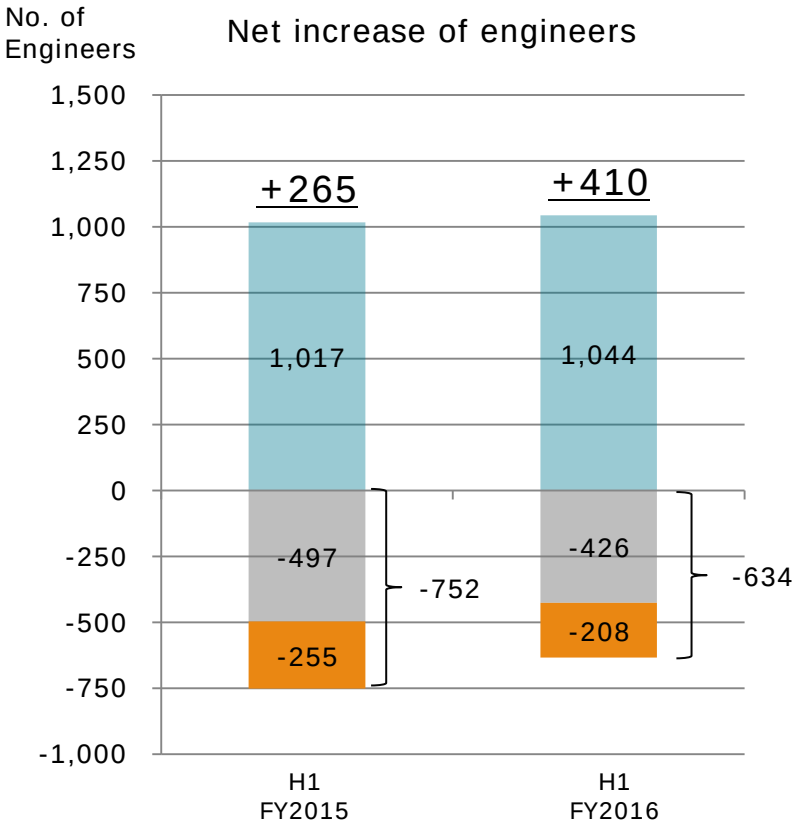
Year-on-year Comparison of Hiring/Retirement

- Newly hired engineers were 1,044 (+2.7% YOY).
- Retirement rate was 7.0%, contributed to net increase of engineers as well as robust hiring.



(Difference / % YOY)

Hired 1,044 (+27 / *+2.7%*)

Retired 426 (- 71 / *-14.3%*)
Retirement rate decreased to 7.0% compared with the previous year (8.9%)

Contract terms matured, others 208 (-47 / *-18.4%*)

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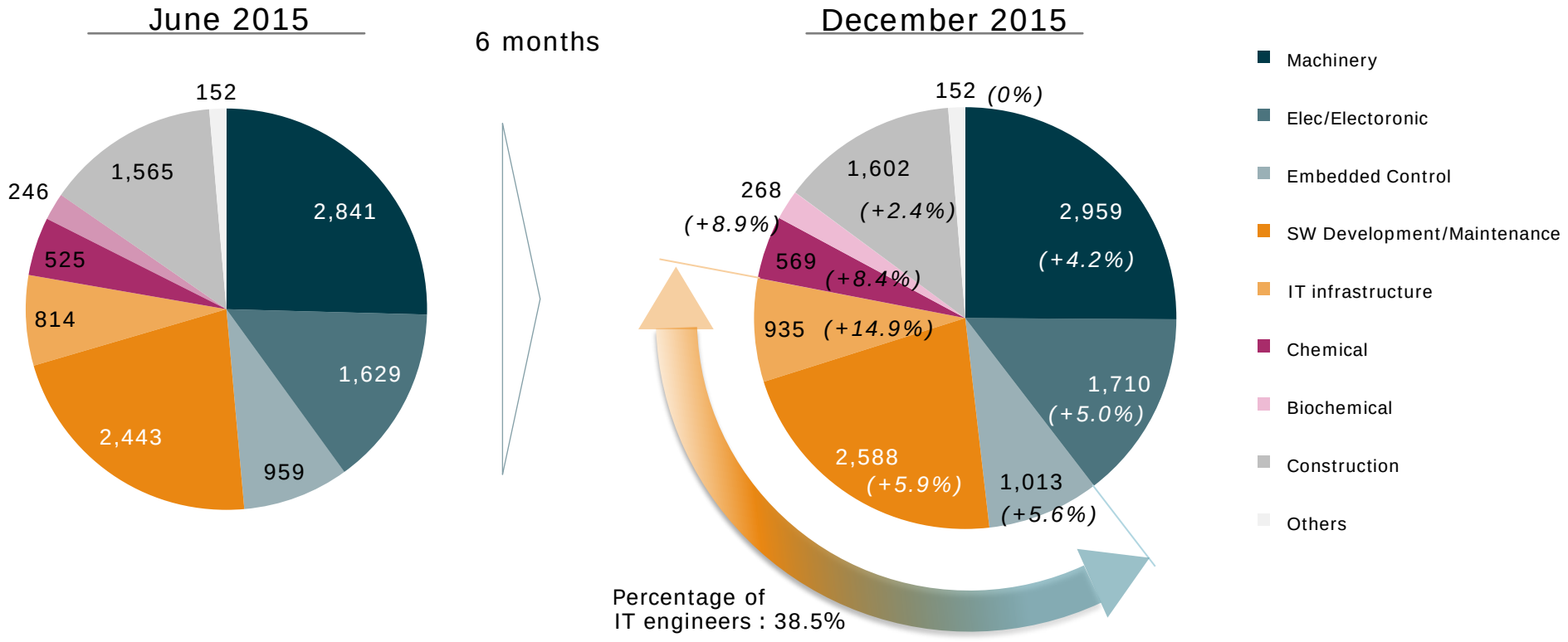
Assigned Engineers by Technology

- Number of assigned engineers* increased in all technology.
- Shortfall of IT engineers remains obvious in the market, and the assigned engineers posted a major growth in IT sector such as software development/maintenance and infrastructure.

No. of engineers



* No. of assigned engineers in the beginning of month.
** No. in a parenthesis shows % change.

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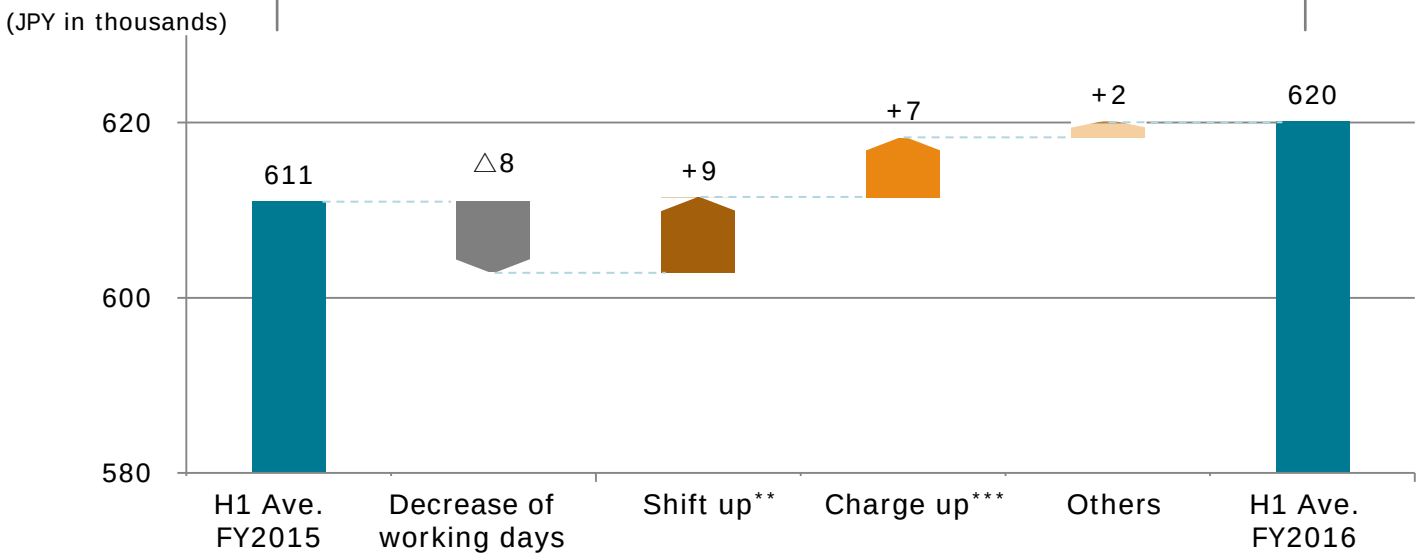
Unit Sales Price

- Unit sales price* was JPY 620,000 (+JPY 9,000/month YOY), increased by +1.5% YOY.
- Comparing to the previous year, revenue decreased by JPY 8,000/month due to 3.3 shorter working days.
- Unit sales price went up JPY 9,000/month by shift up**, and JPY 7,000/month by charge up***.

Unit sales price bridge
+ 1.5% YOY

Excluding the impact of shorter working days
+2.8%



* Amounts are rounded off to the nearest unit.

* Unit sales price
Average sales per engineer per month, which includes contract price, overtime charges and others.

** Shift up
increase unit sales prices through changes in place of assignment

*** Charge up
increase unit sales prices at the time of contract renewal at the same place of assignment

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Dividend Forecast for FYE June 2016

- Consolidated dividend payout ratio is 50% and dividend forecast is JPY 111.52/share. Company's earnings forecast previously announced remains unchanged.
- Estimated dividend yield based on the closing price of January 29, 2016 (JPY 3,300), is 3.38%.

(JPY/share)

	June 2016
Interim dividend (forecast)	50.00
End-term dividend (forecast)	61.52
EPS (forecast)	223.04
Payout ratio	50%

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