



TechnoPro Group Financial Results for the 3rd Quarter of FYE June 2017

TechnoPro Holdings, Inc.

April 28, 2017



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* KPI excludes 'Other' business.

Q3 FY2017 Overview

- Revenue and operating profit exceed guidance for year-to-date Q3 FY2017 period, despite the fewer working days (down 0.8 day YOY) in Q3 (Jan.-Mar.)
- Tax effects changed reflecting strong earnings, resulting in the increase of estimated effective tax rate; maintaining annual guidance provided on July 29, 2016

(JPY in millions, except per share amounts)

	Quarterly						Full Year			
	YTD Q3 FY2016 (Actual)	Progress	YTD Q3 FY2017 (Actual)	Progress	YOY	Q3 FY2017 (Actual)	YOY	Full Year FY2016 (Actual)	Full Year FY2017 (Guidance)	YOY
Revenue	67,013	74%	74,141	76%	10.6%	25,330	10.0%	90,323	98,000	+8.5%
Gross profit (GP)	15,991	75%	17,447	75%	9.1%	5,932	6.9%	21,328	23,200	+8.8%
<i>GP margin</i>	23.9%		23.5%			23.4%		23.6%	23.7%	
SG&A expenses	9,349	73%	10,110	72%	8.1%	3,447	7.8%	12,831	14,100	+9.9%
<i>Ratio on revenue</i>	14.0%		13.6%			13.6%		14.2%	14.4%	
Operating profit (OP)	6,679	79%	7,407	81%	10.9%	2,505	7.3%	8,494	9,100	+7.1%
<i>OP margin</i>	10.0%		10.0%			9.9%		9.4%	9.3%	
Profit before income taxes	6,437	81%	7,341	82%	14.0%	2,483	9.9%	7,920	9,000	+13.6%
Net profit **	6,205	84%	5,873	76%	(5.4%)	1,775	(16.4%)	7,359	7,700	+4.6%
Net profit per share	182.11	—	171.66	—	—	—	—	215.80	225.05	—
Dividend per share (forecast)	—	—	—	—	—	—	—	111.52	112.53	—

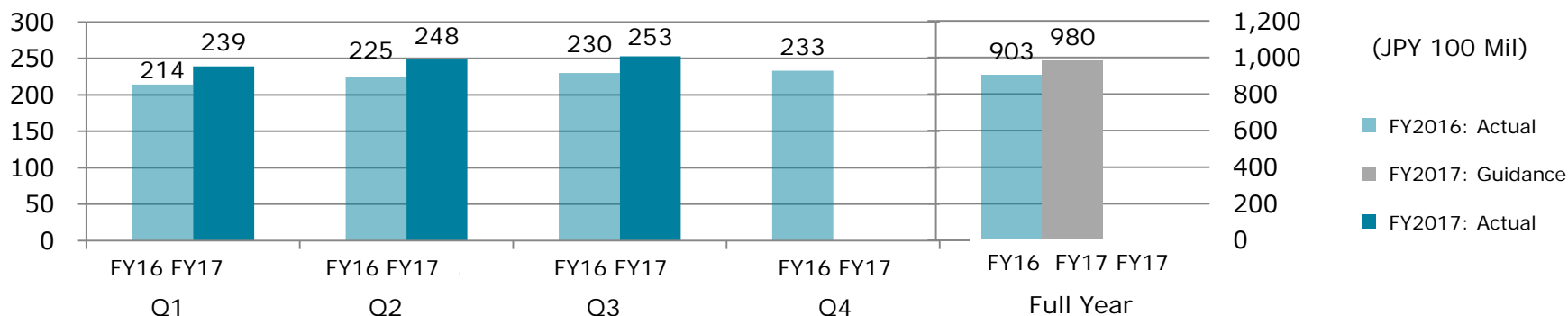
* Amounts are rounded down to the nearest unit.

** Net profit attributable to owners of the parent company after deducting non-controlling interests

Quarterly Performance

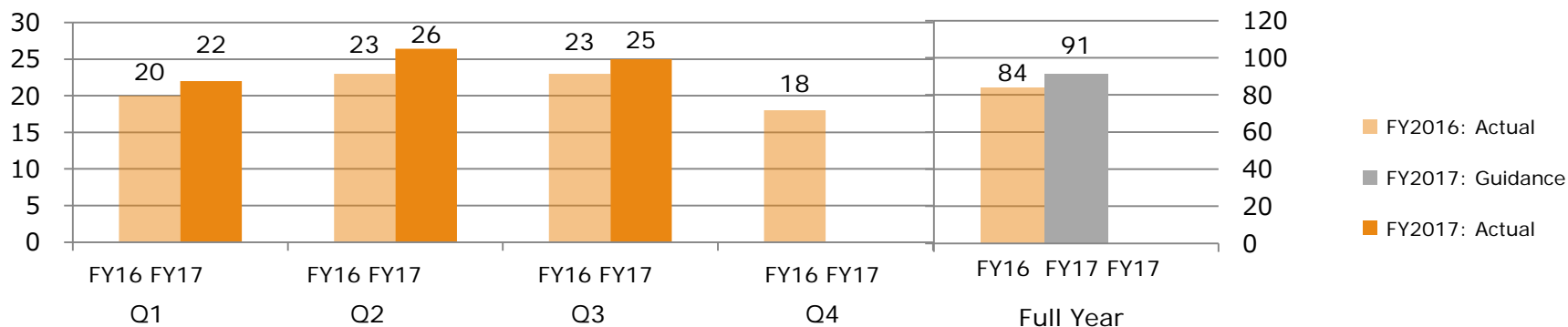
- Progress rates against annual guidance were 76% on revenue and 81% on OP, grew faster than the previous fiscal year
- GP margin rate declined 0.3% due to increased outsourcing expenses
- SG&A ratio had been controlled less than 14% through efficiency improvement

Revenue



Composition %	24%	24%	25%	25%	25%	26%	26%
YOY	11.8%	10.2%	10.0%	-	-	-	-

Operating Profit

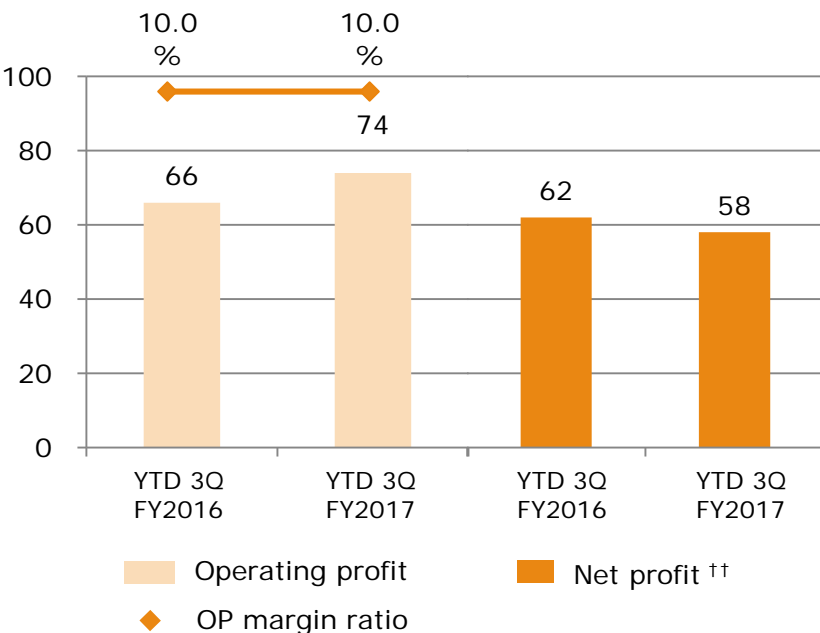


Composition %	24%	25%	28%	29%	27%	28%	21%
OP ratio	9.4%	9.4%	10.4%	10.6%	10.1%	9.9%	7.8%
YOY	12.8%	12.9%	7.3%	-	-	-	-

* Amounts are rounded down to the nearest unit.

P&L Summary

(JPY 100 Mil)



† Outsourcing expenses increased 700 million yen YOY, with the acquisition of ON THE MARK as a consolidated subsidiary

†† Net profit declined 300 million yen YOY, impacted by increased corporate income tax expenses

* Amounts are rounded down to the nearest unit.

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(JPY 100 Mil)

	YTD Q3 FY2016	YTD Q3 FY2017	Diff. YOY	YOY(%)
Revenue	670	741	+71	+10.6%
<i>Impact of Engineer increase</i>			+57	
<i>Impact of unit sales price increase</i>			+10	
<i>Others</i>			+5	
CoGs	510	566	+56	+11.1%
<i>Ratio to revenue</i>	<u>76.1%</u>	<u>76.5%</u>		
<i>Impact of Engineer increase</i>			+44	
<i>Impact of outsourcing expense increase[†]</i>			+8	
<i>Others</i>			+6	
Gross profit	159	174	+14	+9.1%
<i>Ratio to revenue</i>	<u>23.9%</u>	<u>23.5%</u>		
SG&A	93	101	+7	+8.1%
<i>Ratio to revenue</i>	<u>14.0%</u>	<u>13.6%</u>		
Other income – Other expenses	0	0	+0	
Operating profit	66	74	+7	+10.9%
Financial income	0	0	(0)	
Financial expenses	2	0	(2)	
Net profit before income taxes	64	73	+9	+14.0%
Corporate / income taxes	2	14	+12	
Net Profit^{††}	62	58	(3)	(5.4%)

Balance Sheet & Cash Flow

- Cash outflow of 5.6 billion yen in financing activities, due mainly to dividend payment (3.8 billion yen) and repayments of interest-bearing debt (1.4 billion yen); cash & cash equivalents decreased by 600 million yen
- Net worth ratio improved to 40.0%

June 2016

Cash & cash equivalents 117	Debt 161
Goodwill 293	Other liabilities 234
Deferred tax assets 36	Total equity 241
Other assets 190	

Total assets
636

Total liabilities & equity
636

March 2016

(JPY 100Mil)

Cash & cash equivalents 110	Debt 147
Goodwill 295	Other liabilities 241
Deferred tax assets 50	Total equity 258
Other assets 191	

Total assets
646

Total liabilities & equity
646

D/E Ratio: 0.7 x
Net D/E Ratio: 0.2 x
Net worth ratio: 37.9%

Q3 FY2017 YTD CF

• Operating CF	55
• Investing CF	(5)
• Financial CF	(56)
Net CF	(6)

D/E ratio: 0.6 x
Net D/E ratio: 0.1 x
Net worth ratio: 40.0%

FCF 49

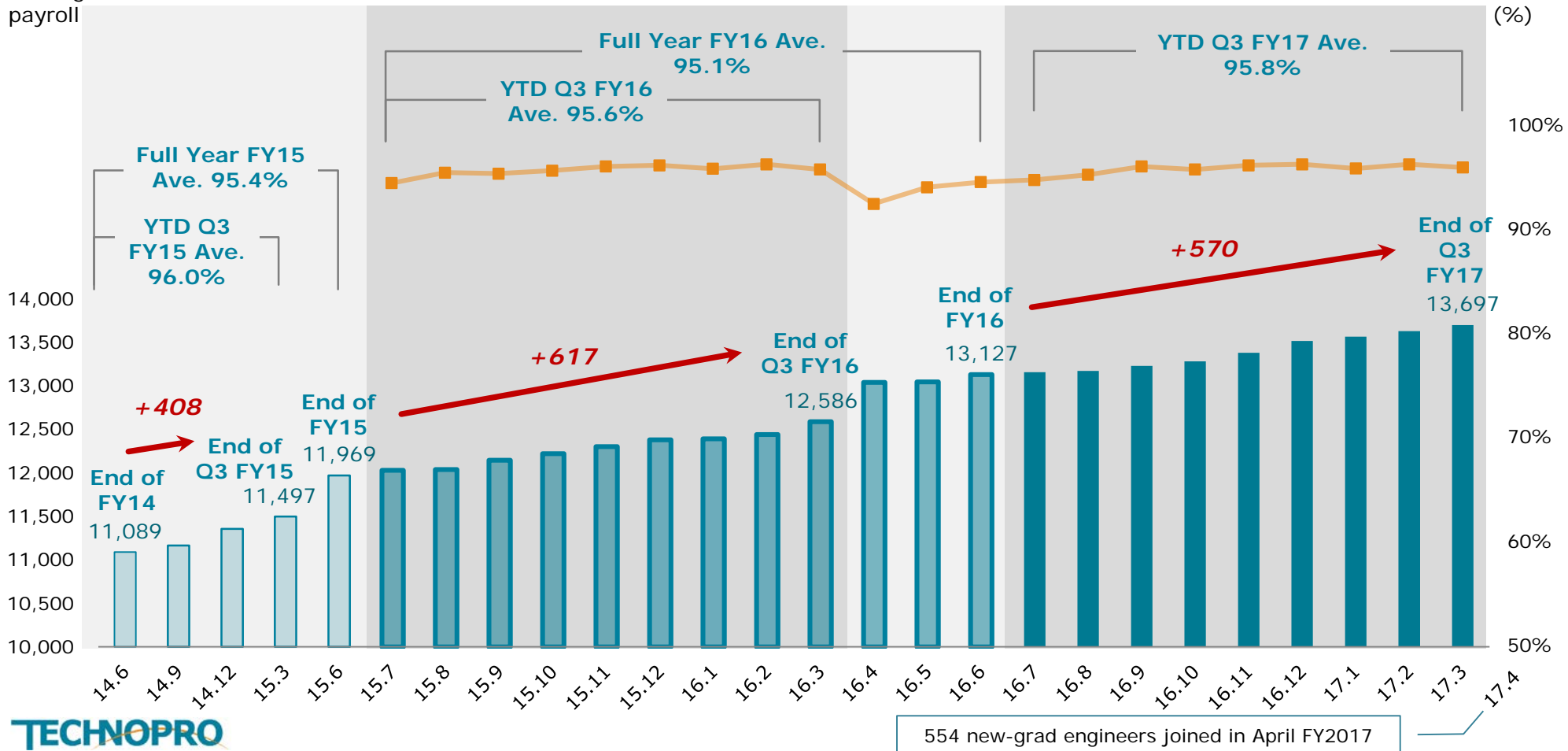
* Amounts are rounded down to the nearest unit.

Number of Engineers & Utilization Rate

- Total engineers on payroll were 13,697 at the end of Q3 FY2017, with net increase of 570 from the end of previous fiscal year
- Average utilization rate was 95.8% for YTD Q3 FY2017 period, maintaining eligible 95% range

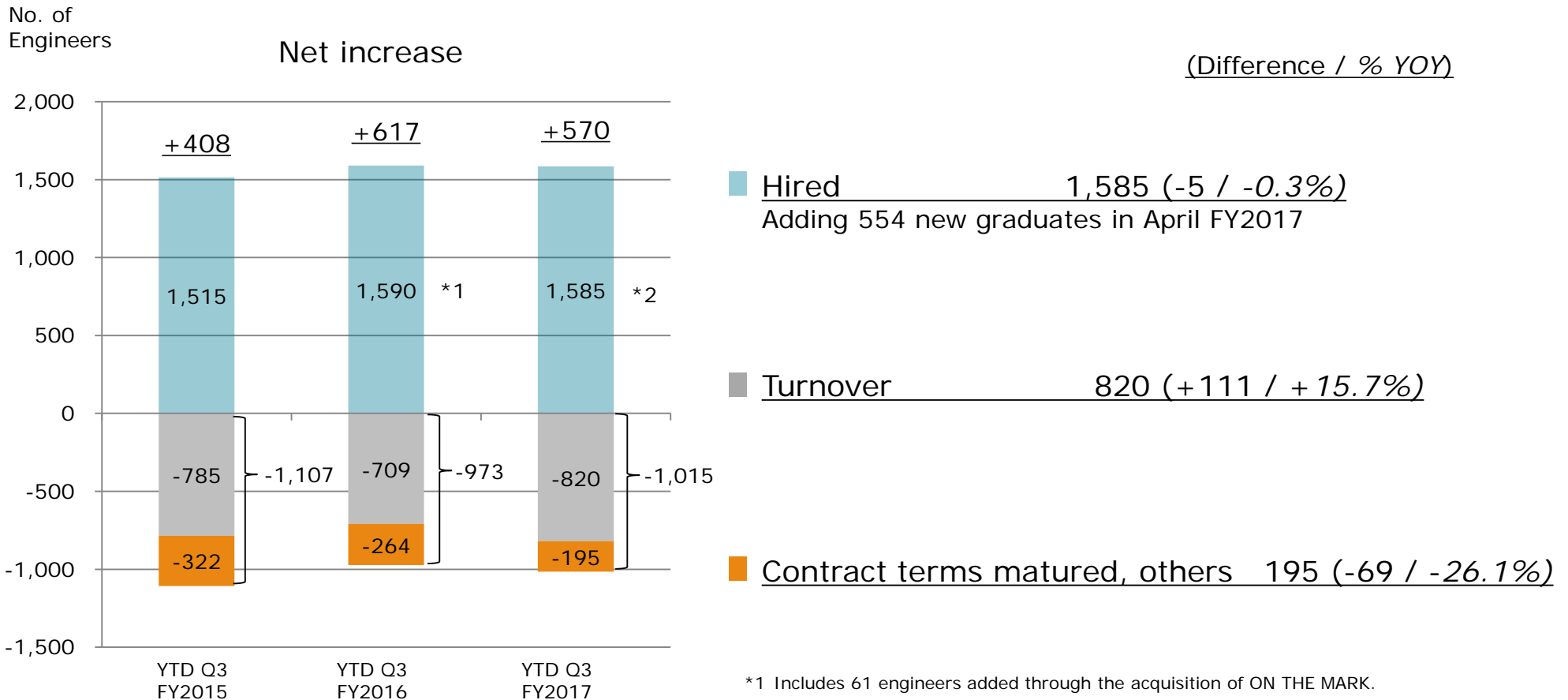
No. of Engineers on payroll

Utilization Ratio (%)



Recruitment/Turnover

- Hired 1,585 engineers (down 0.3% YOY, up 4.6% from FY2015 Q3)
- Turnover rate: 8.2% (FY2016 Q3: 7.7%, FY2015 Q3: 9.3%)



*1 Includes 61 engineers added through the acquisition of ON THE MARK.

*2 Includes 51 engineers added through the acquisition of Yaskawa Information Embedded (renamed to "TechnoPro Embedded" after acquisition).

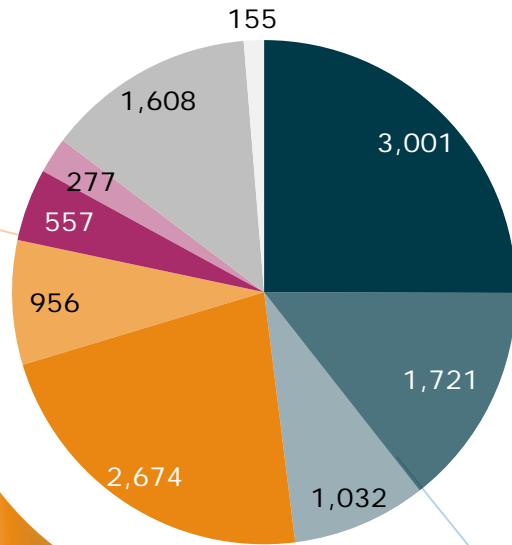
Assigned Engineers by Technology

- Number of assigned engineers* increased in all technologies
- Strong demand for IT engineers continues

End of March 2016

Assigned engineers: 11,981

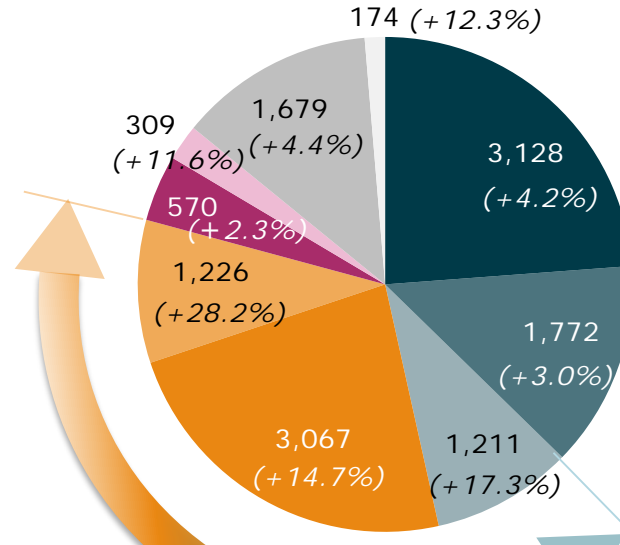
No. of engineers



Percentage of IT engineers : 38.9%

End of March 2017

Assigned engineers: 13,136



Percentage of IT engineers : 41.9%

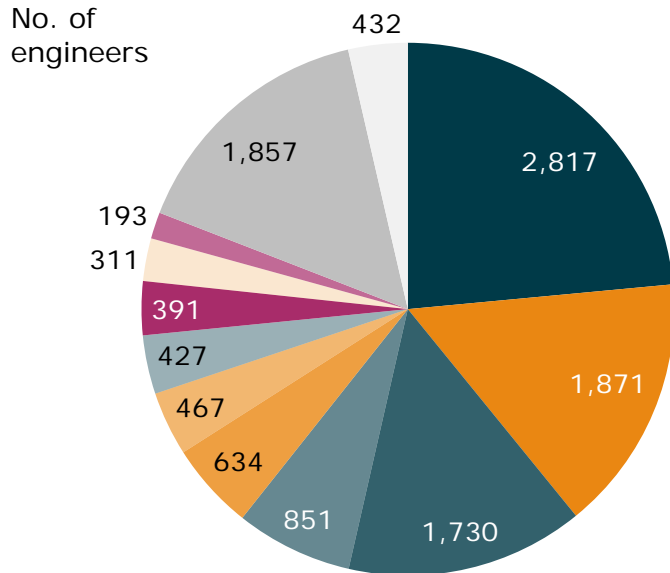
- Machinery
- Elec/Electronic
- Embedded Control
- SW Development/Maintenance
- IT infrastructure
- Chemical
- Biochemical
- Construction
- Others

* Figures indicate assigned engineers at the end of month.
 ** Figure in parenthesis indicates % change.

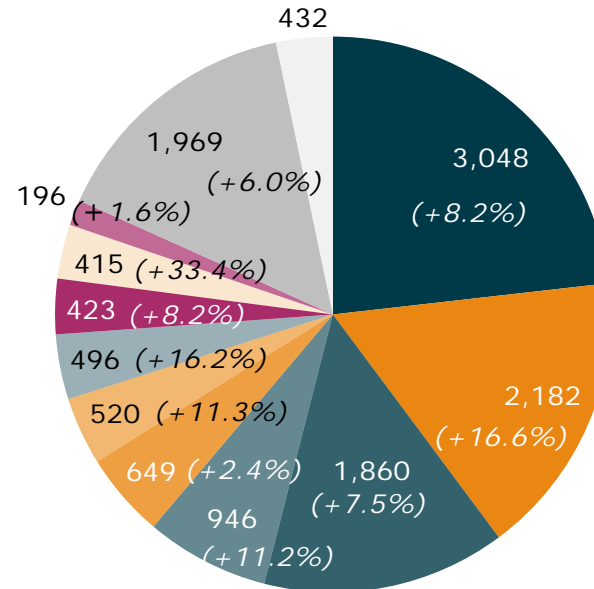
Assigned Engineers by Industrial Sectors

- Number of assigned engineers* increased in all industrial sectors

End of March 2016
Assigned engineers: 11,981



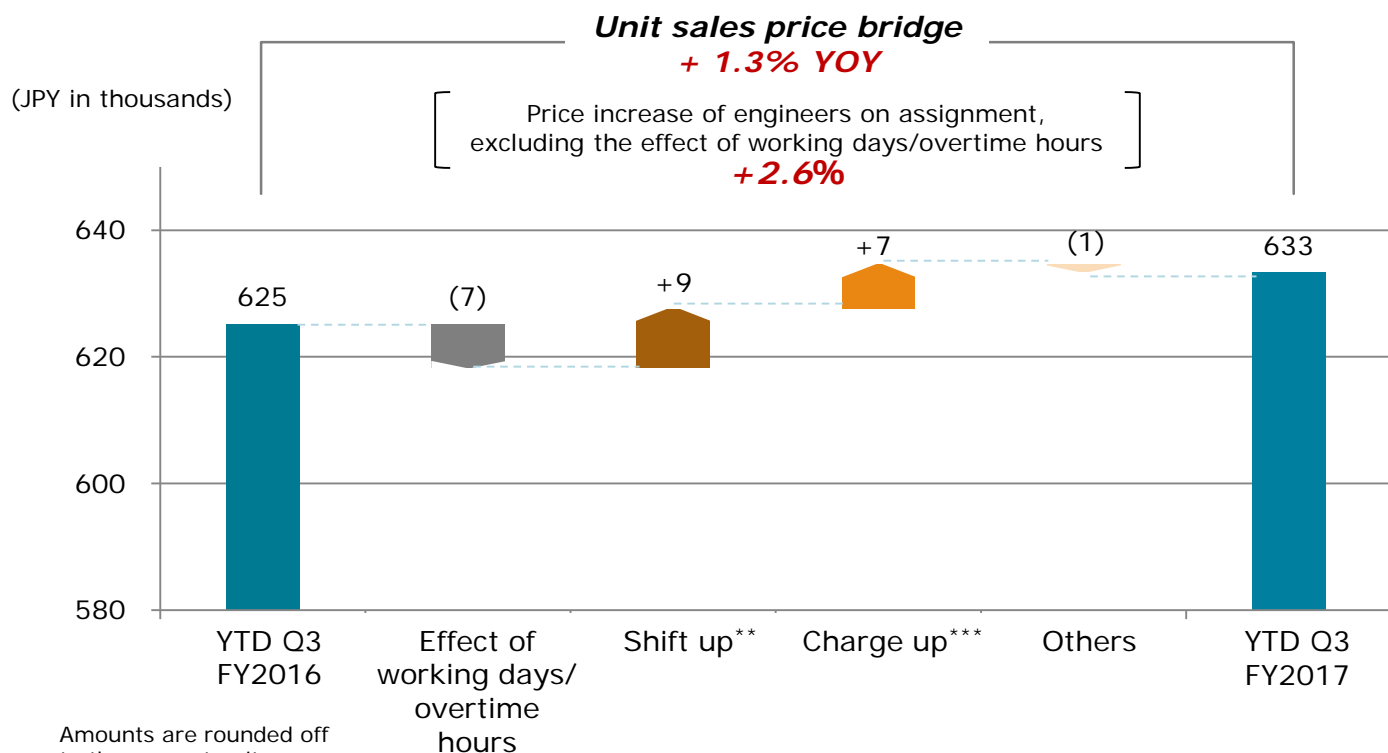
End of March 2017
Assigned engineers: 13,136



- Transportation Equipment
- IT
- Industrial Machinery
- Elec/Electoronic
- Electricity/Gas/Public
- Consumer
- Medical Device
- Material
- Financial and Securities
- Pharmaceutical and Chemical
- Construction and Plant Eng.
- Others

Unit Sales Price

- Unit sales price* increased 1.3% (up 8,000 yen/month YOY) to 633,000 yen
- Decreased 7,000 yen/month YOY due to fewer working days (down 0.2 days) and shorter overtime hours (down 0.1 hour/day)
- Increased 9,000 yen/month by shift up** and 7,000 yen/month by charge up***
- Decreased 1,000 yen/month due to new graduate engineer assignment, etc. ("Others")



* 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

Amounts are rounded off to the nearest unit.

Dividend Forecast

- 50% dividend payout ratio, anticipated annual dividend of 112.53 yen per share; maintaining earnings guidance provided previously
- 2.7% expected dividend yield, based on the closing price of April 21, 2017 (JPY 4,220)

(JPY/share)

	FY2017
Interim dividend	50.00
Year-end dividend (forecast)	62.53
EPS (forecast)	225.05
Payout ratio	50%

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