Bridge Report Bridge Salon

Bridge Report WILL GROUP, INC. (6089)

Ryosuke Ikeda, Chairman and CEO

Company	WILL GROUP, INC.
Code No.	6089
Exchange	First Section, TSE
Industry	Services
Chairman and CEO	Ryosuke Ikeda
HQ	1-32-2 Honcho, Nakano-ku, Tokyo, Japan
Business Description	Personnel services, including the dispatch and introduction of workers and the undertaking of tasks. The core business is to dispatch sales staff to retailers, such as consumer electronics mass retailers. Its business is characterized by “hybrid dispatch,” in which full-time employees called field supporters are stationed at each site.
Year-end	End of March
Website	http://willgroup.co.jp/english

— Stock Information —

Share Price	Number of shares issued (excluding treasury shares)		Total market cap	ROE (Act.)	Trading Unit
¥902	18,370,032 shares		¥16,570 million	26.5%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥14.00	1.6%	¥59.88	15.1 times	¥219.56	4.1 times

*Stock prices as of the close on June 2, 2017. Number of shares issued at the end of the most recent quarter excluding treasury shares.
ROE and BPS based on previous term’s results.

— Consolidated Earnings Trends —

(Unit: Million yen or yen)

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS (¥)	DPS (¥)
March 2014	26,798	808	774	384	91.67	26.00
March 2015	32,586	939	950	547	57.97	24.00
March 2016	45,028	1,429	1,468	692	36.38	20.00
March 2017	60,599	1,963	1,980	1,011	54.23	14.00
March 2018 Est.	75,000	2,250	2,250	1,100	59.88	14.00

*Estimated by the Company. Net Income means Net Income Attributable to Owners of the Parent since FY 3/16.
* A 2 for 1 stock splits were conducted in September 2014, September 2015 and December 2016.
* Dividend and earnings per share data (DPS, EPS) for FY3/16 was taken from the FY3/16 securities report.
FY3/17 DPS and EPS data have been adjusted to reflect the stock split to be conducted in December 2016.

This Bridge Report reviews the fiscal year March 2017 earnings results and fiscal year March 2018 earnings estimates on WILL GROUP, INC.

1. Company Overview
2. Fiscal Year March 2017 Earnings Results
3. Fiscal Year March 2018 Earnings Estimates
4. Progress of The Mid-term Managerial Plan “Will Vision 2020”
5. Conclusions

<Reference: Regarding Corporate Governance>

Key Points

・For the fiscal year ended March 2017, sales and operating income grew by 34.6% and 37.3%, respectively, year on year. While the 3 major businesses of sales outsourcing, call center outsourcing, and factory outsourcing are expanding, the nursing care support business and the overseas business centrally led by the subsidiary in Singapore contributed to the sales growth. The company plans to pay the term-end dividend of 14 yen/share (the dividend at the end of the previous term was 10 yen/share, including a 5 yen-commemorative dividend), (virtually up by 9 yen/share, as the 2-for-1 share split was conducted in December 2016.)

・For the fiscal year ending March 2018, sales and operating income are estimated to increase by 23.8% and 14.6%, respectively, year on year. The sales of the 3 major businesses are forecasted to keep high growing considerably, the nursing care support business and the overseas business are expected to expand broadly, and the sales of new businesses that are being nurtured domestically are projected to rise. Considering the augmentation of goodwill amortization, the increase in the sales ratio of new businesses inside and outside Japan, etc., operating income rate is estimated to decline slightly, but it will be offset by sales growth. The term-end dividend is to be 14 yen/share.

・Taking advantage of the shortage of manpower and the "work-style reforms," staffing companies are performing well. Will Group is developing some businesses that would not be swayed by such a situation, including the nursing care support business and the overseas business, unlike other staffing companies. The nursing care business support section recruits and educates inexperienced workers and supply personnel to nursing care facilities for various jobs, growing its business, while the overseas business is expanding in parallel with the growth of ASEAN and Oceanian countries. Around the end of this term, the goal of achieving "sales of 100 billion yen and an operating income of 4 billion yen in the fiscal year ending March 2020" is expected to become within reach.

1. Company Overview

WILL GROUP, INC. provides sales support staff, call center operator, manufacturing line staff, and other human resources dispatched staff (Temporary staffing business) primarily to food manufacturing and other manufacturing industry applications. A characteristic of the Company is its "hybrid temporary staffing system" that combines the use of permanent employees of Will Group who work alongside temporary staff in the dispatched workplace. Will Group differentiates itself from its competitors and places its highest priority upon the workplace in its endeavor to achieving its goal of ¥100 billion in sales by creating new businesses.

Will Group companies includes the call center outsourcing services company SAINT MEDIA, INC., the company specializing in manufacturing industry temporary staffing services FAJ, INC., the assistant language teacher dispatch and elementary school foreign language class outsourcing company Border Link, Inc., the sales promotion company CreativeBank INC. and others for a total of 28 consolidated subsidiaries (including Domestic: 11 companies, Overseas: 17. As of end of March 2017).

Main Subsidiaries Business Description

SAINT MEDIA, INC.	Retail store sales staff dispatch, call center operator dispatch, nursing care staff dispatch
FAJ, INC.	Manufacturing industry staff dispatch, consignment
WILL GROUP Asia Pacific Pte. Ltd. (Singapore)	Intermediary holding company overseeing overseas business

<Will Vision>

Creating a strong brand with high expected value and becoming No. 1 in the business fields of "working," "interesting," "learning" and "living."

Working:	Business fields for Support **"Working"**
Interesting:	Business fields for Support **"Interesting"**
Learning:	Business fields for Support **"Learning"**
Living:	Business fields for Support **"Living"**

<Corporate History>

The predecessor of this corporate group was SAINT MEDIA, INC., a company established in Kita-ku, Osaka-shi in January 1997, which operated telemarketing business. SAINT MEDIA, INC., is now a consolidated subsidiary. In the meantime, in August 1997, Big Aid Co., Ltd. which undertook short-term businesses, was established in Naniwa-ku, Osaka-shi, and Mr. Ryosuke Ikeda, the current Representative Director and President, joined Big Aid Co., Ltd. as one of its co-founders in October 1997. In February 2000, the two companies merged, with SAINT MEDIA, INC. being the surviving company, hoping to produce synergetic effects between telemarketing and task undertaking business, and Mr. Ikeda was appointed as the president of this new company. Since then, this business group has operated personnel services with SAINT MEDIA, INC. as its core company, creating new businesses and restructuring existing businesses to keep pace with market changes. In April 2006, Will Holdings, Inc. (renamed to WILL GROUP, INC. in June 2012) was founded as a pure holding company, shifting to group business administration in order to improve the expertise of operational companies and optimize managerial resources. The Company was listed in the second section of the Tokyo Stock Exchange in December 2013, then in December 2014, designated to the first section of the Tokyo Stock Exchange.

<Business Description>

While operating the 3 core businesses of "sales outsourcing," "call center outsourcing," and "factory outsourcing" as its mainstay, Will Group is nurturing a variety of businesses not limited to staffing services, in order to build the next pillar for growth (related revenue is recorded in "Others." As for the sales composition in the fiscal year ended March 2017, the sales outsourcing business accounts for 33%, the call center outsourcing 20%, the factory outsourcing 23%, the nursing care domain support business 9%, and others 15%. As for the sales composition of the 3 major businesses of sales outsourcing, call center outsourcing and factory outsourcing according to business category, worker dispatch makes up by 64% [hybrid dispatch: 35%, general dispatch: 29%], task undertaking 27%, personnel introduction 1%, and others 9%.)

Hybrid dispatch is Will Group's original service in which a full-time employee called a field supporter (FS, a hands-on employee) works and do the same tasks with dispatched workers while managing, instructing, and educating them at a workplace. This is a strength of Will Group. As loyal field supporters conduct on-site management, they can offer high-quality services, grasp the needs of clients, and respond to them swiftly, receiving exclusive orders (Will Group becoming the exclusive service provider), increasing in-store share (ratio of Will Group's workers in each client's business establishment), and fortifying its client base.

Sales Outsourcing Business SAINT MEDIA, INC.. CreativeBank INC.

Dispatching of temporary staff to provide storefront sales services at apparel, home electronic mass retail and cellular telephone shops and outsourcing of related business processes are conducted in this business segment. CreativeBank INC. was turned into a consolidated subsidiary in September 2015 and earnings derived from its sales promotion planning and operations are booked in this segment (A comprehensive support structure has been facilitated to provide sales promotion operations and sales support).

Call Center Outsourcing Business SAINT MEDIA, INC.

Call center operators are dispatched to companies operating telemarketing services and call centers including communications companies and a growing number of finance industry companies. Will Group is also able to provide business process outsourcing of telemarketing functions because of its in-house call center.

Factory Outsourcing Business FAJ, INC.

The consolidated subsidiary FAJ, INC. provides business process outsourcing and temporary worker dispatching services to the food manufacturing industry (Convenience store lunch boxes and other food side dishes), which is relatively stable and is not largely impacted by fluctuations in the economy, and the light work job applications (Inspecting, quality assurance, sorting, packing, others).

Nursing Care Domain Support Business SAINT MEDIA, INC.

This is the business domain of the consolidated subsidiary SAINT MEDIA, INC. Inexperienced workers are recruited and educated, and then dispatched as assistants to certified care workers. Will Group offers job establishments not only as full-time works, but also as other various type of ones, to make the working environments comfortable to temporary workers. This business was started in the fiscal year ended March 2014, as the staffing market grew considerably because of the shortage of care workers. The company has carried out upfront investment while prioritizing business expansion over making a profit, but in the fiscal year ended March 2017, quarterly results constantly became the black.

Others

Will Group offers the 3 prioritized businesses: "nursing care support," "introduction of personnel specializing in the Internet and IoT fields" by NET jinzai bank, Inc. and "overseas staffing services in ASEAN countries" operated mainly by WILL GROUP Asia Pacific Pte. Ltd. In addition to these, the Group offers the 9 new businesses that are at the investment stage: the dispatch of workers to offices, etc., the introduction of personnel in the sporting field, the dispatch of assistant language teachers (ALTs), the dispatch of IT engineers, the introduction and dispatch of nursery staff, shared house operation, video utilization services, the introduction of medical doctors and nurses, and funds (incubation and HRTech)

FY3/17 Segment Sales, Operating Income

(Unit: Million yen)

	Sales	Share	YoY Change	Operating Income	Share	YoY Change
Sales Outsourcing	20,071	33.1%	+15.6%	1,489	46.1%	+22.2%
Call Center Outsourcing	12,352	20.4%	+24.3%	699	21.7%	+9.1%
Factory Outsourcing	13,697	22.6%	+32.4%	719	22.3%	+26.5%
Nursing care domain support business	5,244	8.7%	+97.6%	80	2.5%	-
Others	9,234	15.2%	+95.3%	238	7.4%	+98.1%
Adjustments	-	-	-	-1,264	-	-
Total	60,599	100.0%	+34.6%	1,963	-	+37.3%

Sales by 3 Prioritizeed Business Category

(Unit: Million yen)

	FY3/16	Share	FY3/17	Share	YoY Change
Temporary Staffing	23,585	62.7%	29,446	63.8%	+24.9%
Hybrid Temporary Staff	13,146	34.9%	15,935	34.6%	+21.2%
General Temporary Staff	10,439	27.7%	13,511	29.3%	+29.4%
Outsourcing	11,120	29.5%	12,223	26.5%	+9.9%
Permanent Placement	319	0.8%	425	0.9%	+33.2%
Others	2,618	7.0%	4,025	8.7%	+53.7%
Total Consolidated Sales	37,645	100.0%	46,121	100.0%	+22.5%

Sales by segment

(Unit: Million yen)

	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
Sales outsourcing	9,040	11,172	13,053	17,359	20,071
Call center outsourcing	5,384	6,975	8,159	9,938	12,352
Factory outsourcing	5,515	6,287	7,537	10,346	13,697
Nursing care domain support busines	-	-	-	2,654	5,244
Others	2,234	2,362	3,835	4,729	9,234
Total Consolidated Sales	22,174	26,798	32,586	45,028	60,599

【Transition of ROE】

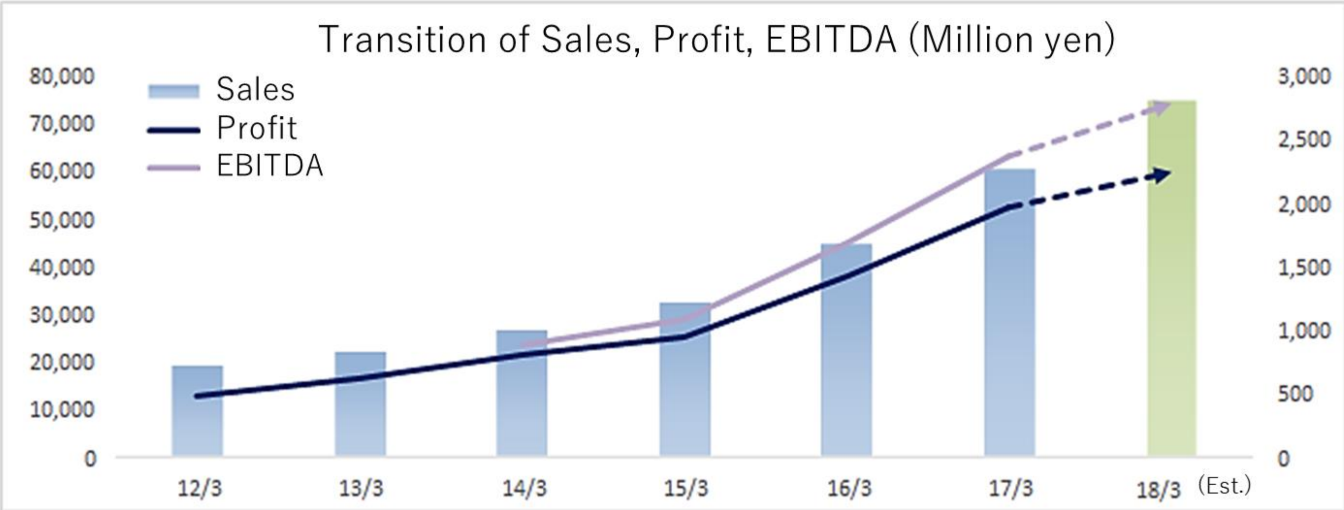
	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
ROE	26.92%	20.68%	19.72%	20.80%	26.47%
Ratio of net income to sales	1.31%	1.43%	1.68%	1.54%	1.67%
Total asset turnover (times)	5.30	5.05	4.62	4.42	4.09
Leverage (times)	3.88	2.86	2.54	3.06	3.88

＊ROE（Ratio of net income to sales）is the result of multiplying three elements such as "net income margin (net income ÷ sales)", "total asset turnover rate (sales ÷ total assets)", "leverage (total assets ÷ capital, reciprocal of capital adequacy ratio".

＊The above is calculated based on the data of the financial results and security reports, but total assets and equity capital required for the calculation are based on mid term avarage balance (the average of balance at the end of the previous term and balance at the end of the period)

（Due to capital adequacy ratio stated in earnings summery and security reports is calculated by the year-end balance, the inverse numbers do not necessarily agree with the above leverages）.

【Transition of Sales, Profit, EBITDA】



2. Fiscal Year March 2017 Earnings

(1) Consolidated Earnings

(Unit: Million yen)

	FY3/16	Share	FY3/17	Share	YoY Change	Initial Est.	Divergence
Sales	45,028	100.0%	60,599	100.0%	+34.6%	59,000	+2.7%
Gross Profit	8,744	19.4%	11,774	19.4%	+34.7%	-	-
SG & A	7,314	16.2%	9,811	16.2%	+34.1%	-	-
Operating Income	1,429	3.2%	1,963	3.2%	+37.3%	1,670	+17.6%
Ordinary Income	1,468	3.3%	1,980	3.3%	+34.9%	1,680	+17.9%
Net Income	692	1.5%	1,011	1.7%	+46.1%	730	+38.5%

※Values in this table and other parts of this report include figures which have been calculated by Investment Bridge as reference values, and may differ from those of the Company (same as above).

Sales and operating income grew by 34.6% and 37.3%, respectively, year on year.

The sales of the 3 major businesses of sales outsourcing, call center outsourcing, and factory outsourcing were 46,121 million yen, up by 22.5% year on year, while the sales of the nursing care domain support business grew by 97.6% year on year, and the sales of the overseas business increased 4.2 times to 4,109 million yen, thanks to the effects of M&A. As for the performance of each business category, the sales of general dispatch, hybrid dispatch, and task undertaking increased steadily. EBITDA (operating income + depreciation + goodwill amortization), which is one of the managerial indicators the company puts importance on, was 2,375 million yen, up by 40.7% year on year (from 1,688 million yen in the previous term).

As for M&A, Will Group reorganized Somethingfun Inc. (located in Osaka), which produces moving pictures, in December 2016, with the Group expecting the growth of the moving image market in Japan. Outside Japan, the company acquired Asia Recruit Holdings Sdn. Bhd., which operates staffing business, etc. in major cities of Malaysia in June 2016, Ethos Corporation Pty. Ltd., which offers staffing services in Australia and Singapore, and other two companies as consolidated subsidiaries in January 2017.

Sales by three prioritized businesses (Unit: Million yen)

	FY3/16	Share	FY3/17	Shaare	YoY Change
Temporary Staffing	23,585	62.7%	29,446	63.8%	+24.9%
Hybrid Temporary Staff	13,146	34.9%	15,935	34.6%	+21.2%
General Temporary Staff	10,439	27.7%	13,511	29.3%	+29.4%
Outsourcing	11,120	29.5%	12,223	26.5%	+9.9%
Permanent Placement	319	0.8%	425	0.9%	+33.2%
Others	2,618	7.0%	4,025	8.7%	+53.7%
Consolidated Sales	37,645	100.0%	46,121	100.0%	+22.5%

(2) Sales and profit by segment (Unit: Million yen)

	FY3/16	Share	FY3/17	Shaare	YoY Change
Sales outsourcing	17,359	38.6%	20,071	33.1%	+15.6%
Call center outsourcing	9,938	22.1%	12,352	20.4%	+24.3%
Factory outsourcing	10,346	23.0%	13,697	22.6%	+32.4%
Nursing care domain support	2,654	5.9%	5,244	8.7%	+97.6%
Others	4,729	10.5%	9,234	15.2%	+95.3%
Consolidated Sales	45,028	100.0%	60,599	100.0%	+34.6%
Sales outsourcing	1,219	48.1%	1,489	46.1%	+22.2%
Call center outsourcing	641	25.3%	699	21.7%	+9.1%
Factory outsourcing	568	22.4%	719	22.3%	+26.5%
Nursing care domain support	-13	-0.5%	80	2.5%	-
Others	120	4.7%	238	7.4%	+98.1%
Adjustments	-1,106	-	-1,264	-	-
Consolidated operating income	1,429	-	1,963	-	+37.3%

Sales outsourcing business

Sales were 20,071 million yen (up by 15.6% year on year), and profit was 1,489 million yen (up by 22.2% year on year). As for sales, CreativeBank INC., which became a consolidated subsidiary in the previous term, contributed to annual sales (increasing sales by 1.3 billion yen), and the sales of SAINT MEDIA, INC. grew 1.4 billion yen because the transactions for dispatching workers and undertaking tasks in the communications section, which is the mainstay of WILL GROUP, INC. rose, and more workers were dispatched in the apparel section, which is being developed as a new business domain. As for profit (up by 270 million yen), the factors in profit increase are the sales growth, the growth of profit of SAINT MEDIA INC. (up by 210 million yen) due to the increased transactions for undertaking tasks and improved profitability through the efficient spending of expenses for recruiting staff, and the full-year contribution of CreativeBank INC. (up by 60 million yen).

Quarterly Sales, Operating Income Trends of **Sales Outsourcing business** (Unit: Million yen)

	FY3/16-1Q	2Q	3Q	4Q	FY3/17-1Q	2Q	3Q	4Q
Sales	3,607	3,867	4,958	4,926	4,595	4,818	5,227	5,380
Operating Income	316	266	356	279	211	349	419	510

Call center outsourcing business

Sales were 12,352 million yen (up by 24.3% year on year), and profit was 699 million yen (up by 9.1% year on year). Sales rose, as the operators who explain how to use smartphones, etc. increased to meet the demand for after-sales services in the growing smartphone market, the labor force population decreased, the transactions in the BPO market augmented amid the globalization of enterprises, and the recent business increased in new fields, including the financial one. The sales growth offset the augmentation in personnel and recruitment costs due to the active business expansion, and profit rose.

Quarterly Sales, Operating Income Trends of **Call Center Outsourcing business** (Unit: Million yen)

	FY3/16-1Q	2Q	3Q	4Q	FY3/17-1Q	2Q	3Q	4Q
Sales	2,203	2,429	2,560	2,745	2,851	3,160	3,187	3,152
Operating Income	133	149	160	198	120	177	173	228

Factory outsourcing business

Sales were 13,697 million yen (up by 32.4% year on year), and profit was 719 million yen (up by 26.5% year on year). The company's efforts to increase sales footholds for meeting the growing demand for such as sweets, boxed lunches, for deli sections and convenience stores paid off, and the core sales toward the food manufacturing industry (accounting for 60% of total sales in this business segment) increased 2.1 billion yen to about 7.9 billion yen, while the new business domains, including the logistics one on which is focused, grew. The augmentation of personnel and recruitment costs due to the increase of sales footholds was offset by sales growth, and profit grew considerably.

Quarterly Sales, Operating Income Trends of **Factory Outsourcing business** (Unit: Million yen)

	FY3/16-1Q	2Q	3Q	4Q	FY3/17-1Q	2Q	3Q	4Q
Sales	2,134	2,435	2,865	2,911	3,157	3,363	3,554	3,622
Operating Income	105	133	200	129	143	151	188	236

Nursing care domain support business

Sales were 5,244 million yen (up by 97.6% year on year), and profit was 80 million yen (the previous term got to a loss of 13 million yen). This business through Will Group is expanding mainly by the dispatch of nursing-care staff and the introduction of personnel to nursing-care facilities, and has been conducting upfront investment, including the increase of footholds and personnel recruitment. The cost of the upfront investment was offset, and it became possible to earn a profit.

Quarterly Sales, Operating Income Trends of **Nursing Care Domain Support business** (Unit: Million yen)

	FY3/16-1Q	2Q	3Q	4Q	FY3/17-1Q	2Q	3Q	4Q
Sales	417	570	743	923	1,102	1,287	1,377	1,477
Operating Income	-15	-15	4	13	-31	24	19	68

Others

(Unit: Million yen)

	FY3/16	Share	FY3/17	Share	YoY Change
For Domestic	3,744	79.2%	5,125	55.5%	+36.9%
For Overseas	984	20.8%	4,109	44.5%	+317.5%
Sales	4,729	100.0%	9,234	100.0%	+95.3%
For Domestic	142	118.3%	139	58.4%	-1.7%
For Overseas	-22	-18.3%	98	41.2%	-
Operating Income	120	100.0%	238	100.0%	+98.1%

For Domestic (8 companies)

Sales were 5,125 million yen (up by 36.9% year on year), and profit was 139 million yen (down by 1.7% year on year). As the demand for executives from Internet and IoT ventures grew, the introduction of personnel in the fields of the Internet and IoT, which is one of the concentrated businesses, expanded healthily. Sales grew such as in the business of dispatching workers to offices, for which the strengthening of sales systems bore fruit, the business of dispatching ALTs, in which the orders for continued dispatch and new orders increased because many municipalities are keenly interested in enriching English education, and the business of dispatching IT engineers under the business environment where the number of engineers is insufficient. As for profit, the cost for upfront investment was offset, and the company earned a profit comparable to that in the previous term.

Quarterly Sales, Operating Income Trends of Others（For Domestic） (Unit: Million yen))

	FY3/16-1Q	2Q	3Q	4Q	FY3/17-1Q	2Q	3Q	4Q
Sales	860	907	947	1,029	1,110	1,191	1,181	1,641
Operating Income	19	41	20	60	-14	68	20	65

For Overseas (17 companies)

Sales were 4,109 million yen (up by 317.5% year on year), and profit was 98 million yen (the previous term got to a loss of 22 million yen). Oriental Aviation International Pte. Ltd., which became a consolidated subsidiary in February 2016, and others contributed to annual sales. Upfront investment was offset, and it became possible to earn a profit. As previously explained, the company kept executing M&A actively. Oriental Aviation International dispatches engineers to the enterprises that offer aircraft maintenance services at Changi International Airport in Singapore. (The license issued by the Singaporean government is necessary.)

Quarterly Sales, Operating Income Trends of Others（For Overseas） (Unit: Million yen)

	FY3/16-1Q	2Q	3Q	4Q	FY3/17-1Q	2Q	3Q	4Q
Sales	209	222	208	342	601	631	847	2,028
Operating Income	3	16	-26	-14	19	16	3	58

(3) Financial Position and Cash Flow

Balance Sheet (Unit: Million yen)

	FY3/16	FY3/17		FY3/16	FY3/17
Cash, equivalents	2,749	3,656	Payables	3,806	4,773
Receivables	7,177	9,463	Unpaid expenses	583	604
Real Estate for Sale	-	621	Unpaid taxes	1,518	1,287
Current Assets	10,444	14,361	Bonus reserves	342	435
Tangible assets	299	445	Interest bearing liabilities	1,213	4,361
Intangible assets	1,174	1,758	Liabilities	8,093	12,282
Investments, others	426	735	Net Assets	4,250	5,018
Noncurrent Assets	1,899	2,939	Total Liabilities, Net Assets	12,343	17,300

Term-end total assets were 17.3 billion yen, up by 4,956 million yen from the end of the previous term. As for current assets, accounts receivables rose through business expansion, and real estate for sale and in process increased due to the real estate for shared houses under development. As for noncurrent assets, goodwill grew from 893 million yen to 1,414 million yen and investment securities increased from 88 million yen to 242 million yen. Since the amortization period of the currently posted goodwill is 5 to 7 years, the amortization of most goodwill will end by 2020.
As for liabilities, accounts payables increased due to business expansion, and interest-bearing debts augmented due to uptaking of funds for growth and the immediate demand for funds. Net assets, mainly retained earnings, increased. Equity ratio was 23.3% (29.2% at the end of the previous term). Rate of return on invested capital was 18.5% (20.7% at the end of the previous term).

Cash Flow Summary (Unit: Million yen)

	FY3/16	FY3/17	YoY Change	
Operating cash flow (A)	453	38	-415	-91.6%
Investing cash flow (B)	-1,201	-1,576	-375	-
Free cash flow (A+B)	-748	-1,538	-790	-
Financing cash flow	1,080	2,446	+1,366	+126.5%
Cash, equivalents at end term	2,749	3,627	+878	+31.9%

Operating CF declined, due to the increase in such as procurement of real estate for sale (-621 million yen) and corporate income tax (-341 million yen → -896 million yen). Investing CF became negative, due to M&A, the acquisition of investment securities, and the renewal of mission-critical systems.

3. Fiscal Year March 2018 Earnings Estimates

(1) Consolidated Earnings

(Unit: Million yen)

	FY3/17 Act.	Share	FY3/18 Est.	Share	YoY Change
Sales	60,599	100.0%	75,000	100.0%	+23.8%
Operating Income	1,963	3.2%	2,250	3.0%	+14.6%
Ordinary Income	1,980	3.3%	2,250	3.0%	+13.6%
Net profit	1,011	1.7%	1,100	1.5%	+8.8%

Sales and operating income are estimated to grow by 23.8% and 14.6%, respectively, year on year. Both sales and profit are expected to keep marking a record high.

Sales are estimated to grow by 23.8% year on year to 75 billion yen. While the sales of the 3 major businesses are expected to keep rising, the nursing care domain support business and the overseas business are forecasted to grow considerably, and the sales of new businesses, which are under development in Japan, are projected to increase.

As for profit, operating income rate will decline slightly, due to the IT investment for achieving the mid-term managerial plan, the enhanced upfront investment in new businesses, including the nursing care domain support business, for prioritizing business expansion, and the augmentation of goodwill amortization through M&A, but this decline will be offset by sales growth. Consequently, operating income is estimated to increase by 14.6% year on year to 2,250 million yen.

Segment Sales

(Unit: Million yen)

	FY3/17 Act.	Share	FY3/18 Est.	Share	YoY Change
Sales Outsourcing	20,071	33.1%	21,800	29.1%	+8.6%
Call Center Outsourcing	12,352	20.4%	13,900	18.5%	+12.5%
Factory Outsourcing	13,697	22.6%	16,900	22.5%	+23.4%
Nursing care domain support business	5,244	8.7%	8,000	10.7%	+52.5%
Others	9,234	15.2%	14,400	19.2%	+55.4%
for Domestic	5,125	8.5%	7,000	9.3%	+36.6%
for Overseas	4,109	6.8%	7,400	9.9%	+80.1%
Total Consolidated Sales	60,599	100.0%	75,000	100.0%	+23.8%

4. Progress of the mid-term managerial plan "Will Vision 2020"

The company is proceeding with the mid-term managerial plan "Will Vision 2020" to achieve sales of 100 billion yen and an operating income of 4 billion yen in the fiscal year ending March 2020. "Will Vision 2020" will be pursued under the "Will Vision" to create a brand developing company that has high expected value in the 4 business fields: Working, Interesting, Learning, and Life, and become No.1 in each field. The managerial goal is to achieve the above target sales and operating income. As a policy for returning profits to shareholders, the total return ratio (the ratio of the sum of dividends and treasury shares to net income) for the fiscal year ending March 2020 has been set at 30%.

【Major strategies for attaining goals】

Strategy 1: To grow the current 3 major businesses into No.1 in respective fields.

Strategy 2: To establish 3 new businesses as another pillars.

Strategy 3: To create new business domains other than the above on a certain scale.

Three major businesses: Strategy 1	Dispatch and contracting of sales staff, call center operators, and light duty staff for factories, etc.
Three concentrated businesses: Strategy 2	Dispatch of nursing care staff (new segment from the fiscal year ended March 2017), the introduction of personnel specializing in the Internet and IoT domain, and overseas staffing services in ASEAN countries
Businesses under development: Strategy 3 Red: new businesses	Dispatch of workers to offices, etc., personnel in the field of sports, ALTs, and IT engineers, the introduction and dispatch of nursery staff, shared houses, video utilization services, the introduction of medical doctors and nurses, and funds (incubation and HR tech)

Strategy 1: To grow the current 3 major businesses into No.1 in respective fields.

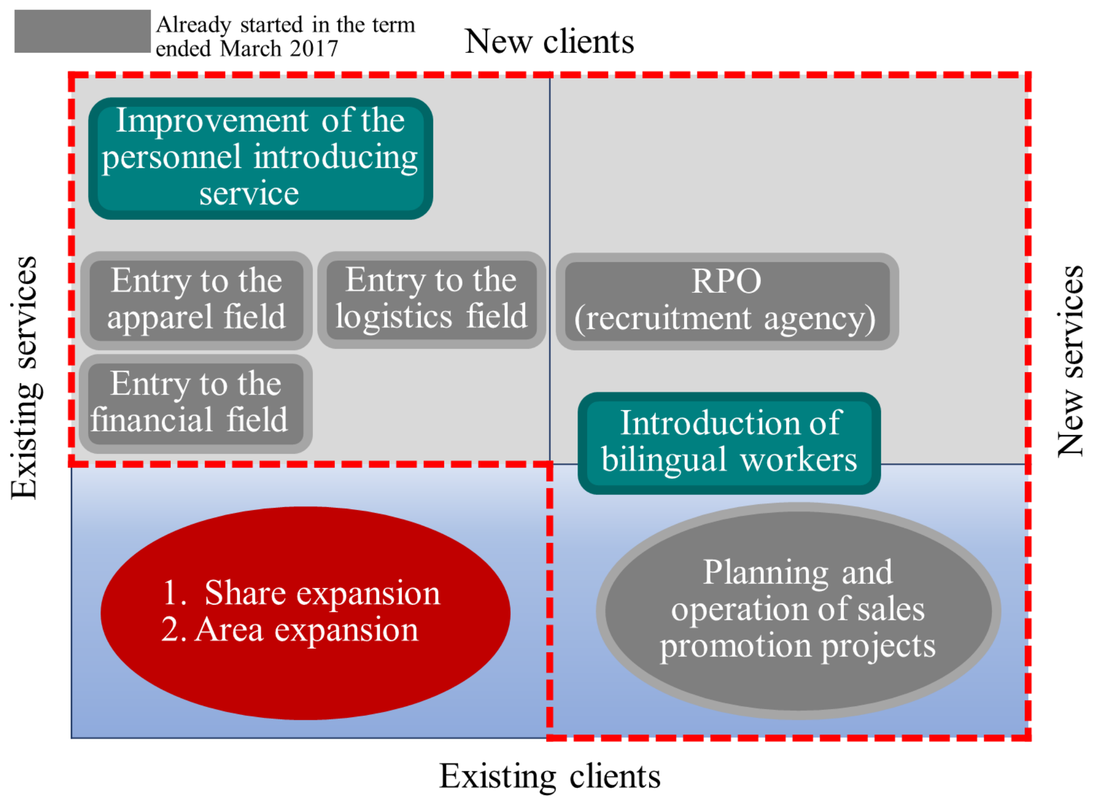
Will Group is striving to (1) expand the in-store share of its corporate group among clients, (2) broaden the target area for sales expansion, and (3) diversify its business domains. As for (1), the sales toward existing clients increased considerably, indicating the outcome of the efforts.

Sales outsourcing business (excluding CreativeBank): up by 5% year on year
Call center outsourcing business: up by 21% year on year
Factory outsourcing business: up by 26% year on year

As for (2), the number of business footholds is increasing steadily. As of the end of the fiscal year ended March 2017, the number was 66, up by 9 from the end of the previous term.

	End of FY 3/14	End of FY 3/15	End of FY 3/16	End of FY 3/17
No. of business footholds	38	52	57	66

As for (3), the company has made inroads into the industries of apparel, logistics, and finance to increase new clients for its (existing) staffing services, and started planning and operating sales promotion projects as a new service for existing clients.



(Source: WILL GROUP, INC..)

Strategy 2: To establish 3 new businesses as another pillars.

The nursing care domain support business has grown rapidly since it was launched 4 years ago, and was categorized as an independent business segment. In addition, the business of introducing personnel in the fields of the Internet and IoT has grown steadily, and so it was spun off into a separate company in Sep. 2016. Furthermore, Will Group reorganized Asia Recruit Holdings Sdn. Bhd., Ethos Corporation Pty. Ltd. and other two companies into subsidiaries, and grew its overseas staffing services considerably through the M&A strategy.

	FY 3/12	FY 3/13	FY 3/14	FY 3/15	FY 3/16	FY 3/17

Overseas sales	60 million yen	90 million yen	120 million yen	520 million yen	980 million yen	4.1 billion yen
No. of companies	2	2	3	3	8	17

Feb. 2011 Setup operations in Singapore for the first time, acquiring Good Job Creations.
Feb. 2014 Established WILL GROUP Asia Pacific, a company for managing overseas business. Stationed overseas M&A squads, to accelerate M&A outside Japan.
Aug. 2014 Acquired Scientec Consulting.
Nov. 2014 Withdrew from China.
May 2015 Setup operations in Myanmar, and established GJC Myanmar.
Feb. 2016 Acquired Oriental Aviation International and other two companies.
Jun. 2016 Setup operations in Malaysia, and acquired Asia Recruit Holdings.
Jan. 2017 Setup operations in Australia, and acquired Ethos Corporation and other two companies.

Strategy 3: To create new business domains other than the above on a certain scale.
As of the end of March 2017, the company has invested in 12 venture firms through corporate venture capital, conducted M&A or minor investments in 3 companies, and formed an alliance with 1 company. (In May 2017, which is in the fiscal year ending March 2018, the company established "HR Tech Fund" specializing in the investments in staffing business.) As new original businesses, the company launched in-house businesses of shared house operation, the introduction of nursery staff, medical doctors, and nurses.

Companies in which Will Group invested through corporate venture capital

Corporate name	Business content
Travee Inc.	Tourism platform business
SECUAL Inc.	IoT-based home intelligent security business
AnotherShotGolf Inc.	O2O golf lesson business
Health Care Markets Japan Inc.	Home helper time sharing business
KIYO Learning Co., Ltd.	Smartphone-based learning business
VISIT WORKS Co., Ltd.	Career SNS platform business

Corporate name	Business content
DVERSE Inc.	VR contents producing tool
MiRTeL Co., Ltd.	Business of the very early detection of cancer and Alzheimer's disease
HRDatabank, Inc.	Cross-border employment and job hunting platform business
appArray, Inc.	AI-based English conversation app business
BRAIN MAGIC Ltd.	Innovative device for creators
Setsuro Tech Co., Ltd.	Highly efficient genome editing business

5. Conclusions

Taking advantage of the shortage of manpower and the "work-style reforms," staffing companies are performing well. Accordingly, the good performance of Will Group is by necessity, but Will Group is developing some businesses that would not be swayed by such a situation, including the nursing care domain support business and the overseas business, unlike other staffing companies. The nursing care domain support business section recruits and educates inexperienced workers and supply personnel to nursing care facilities for various jobs, including full-time and part-time ones offered in an out-of-the-box manner for growing its business. According to "Estimated demand and supply (definite values) for nursing care manpower till 2025" by the Ministry of Health, Labour and Welfare, Japan will be 380,000 nursing care workers short in fiscal 2025. Namely, Will Group does not rely on the temporal shortage of manpower or the government-led "work-style reforms." On the other hand, the overseas business takes advantage of the growth of ASEAN and Oceanian countries. The precision of M&A is improving, and the company has successfully reorganized characteristic enterprises, such as Oriental Aviation International, into subsidiaries. Another factor in success is the managerial judgment of withdrawing from business in China and shifting managerial resources to Asia and Oceania, especially Southeast Asia. In addition, the future progress of the personnel introduction business in the fields of the Internet and IoT, which was spun off into a separate company in Sep. 2016, is noteworthy.

As for existing businesses, the strategy of shifting from general dispatch to hybrid dispatch to task undertaking to enhance profitability and cement the relationships with clients is progressing healthily, and the business structure of Will Group will become so robust to survive even after the current favorable circumstances end.
Around the end of this term, the goal of achieving "sales of 100 billion yen and an operating income of 4 billion yen in the fiscal year ending March 2020" is expected to become within reach.

<Reference: Regarding Corporate Governance>

◎ Organization type, and the composition of directors and auditors

Organization type	Company with company auditor(s)
Directors	6 directors, including 2 external ones
Auditors	4 auditors, including 3 external ones

◎ Corporate Governance Report **Updated on Jun. 21, 2016**

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

【Principle 1-4】

(A) Policy on strategically held shares

Comprehensively considering creation of business opportunities, and establishment, maintenance and enhancement of transaction and cooperative relationships, and the like, our company will hold shares when strategically necessary.

(B) Criteria for the execution of voting rights relating to strategically held shares

Our company will determine whether or not to exercise our voting rights based on various perspectives such as medium- to long-term improvement of corporate value and enhancement of shareholder return, with sufficient respect for the management policy, strategy, and the like of companies that we invest in, not based on pros and cons in a uniform manner.

【Principle 5-1】

Our company has formulated the disclosure policy which consists of "Basic policy on information disclosure," 'Criteria for information disclosure," "Methods for information disclosure," "Future outlook," and "Silent period" and published them on our website. Moreover, our policy on encouraging constructive dialogue with shareholders is as follows:

(1) In our company, the president and the director in charge of the Administration department proactively have dialogue and conduct IR activities to facilitate good bilateral communication with shareholders, with weight attached to fairness, accuracy, and continuity of the management strategy, business strategy, financial information, and the like.
(2) Various departments, including not only the Administration department, but also the Management planning department, General Affairs department, Financial department, Accounting department, Legal department, and personnel in charge of each business, organically cooperate with each other to disclose information in a timely, fair and proper fashion.
(3) Our company endeavors to enrich company information sessions for shareholders and the like, as means of dialogue.
(4) Our company appropriately and effectively feeds back opinions or concerns of shareholders, and the like, obtained through dialogue with them to each meeting structure of our company by the president or the director in charge of the Administration department.
(5) In addition to the silent period in accordance with the disclosure policy, our company thoroughly enforces the regulations for management of insider information.

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