

Financial Results for the First Half of the Fiscal Year Ending March 31, 2019

November 21, 2018

Ryosuke Ikeda

Chairman and Representative Director, CEO

WILL GROUP, INC. (Tokyo Stock Exchange, First Section / Stock code: 6089)



- I. 1H FY3/19 Highlights
- II. 1H FY3/19 Topics
- III. Progress of Medium-term Management Plan
“Will Vision 2020”

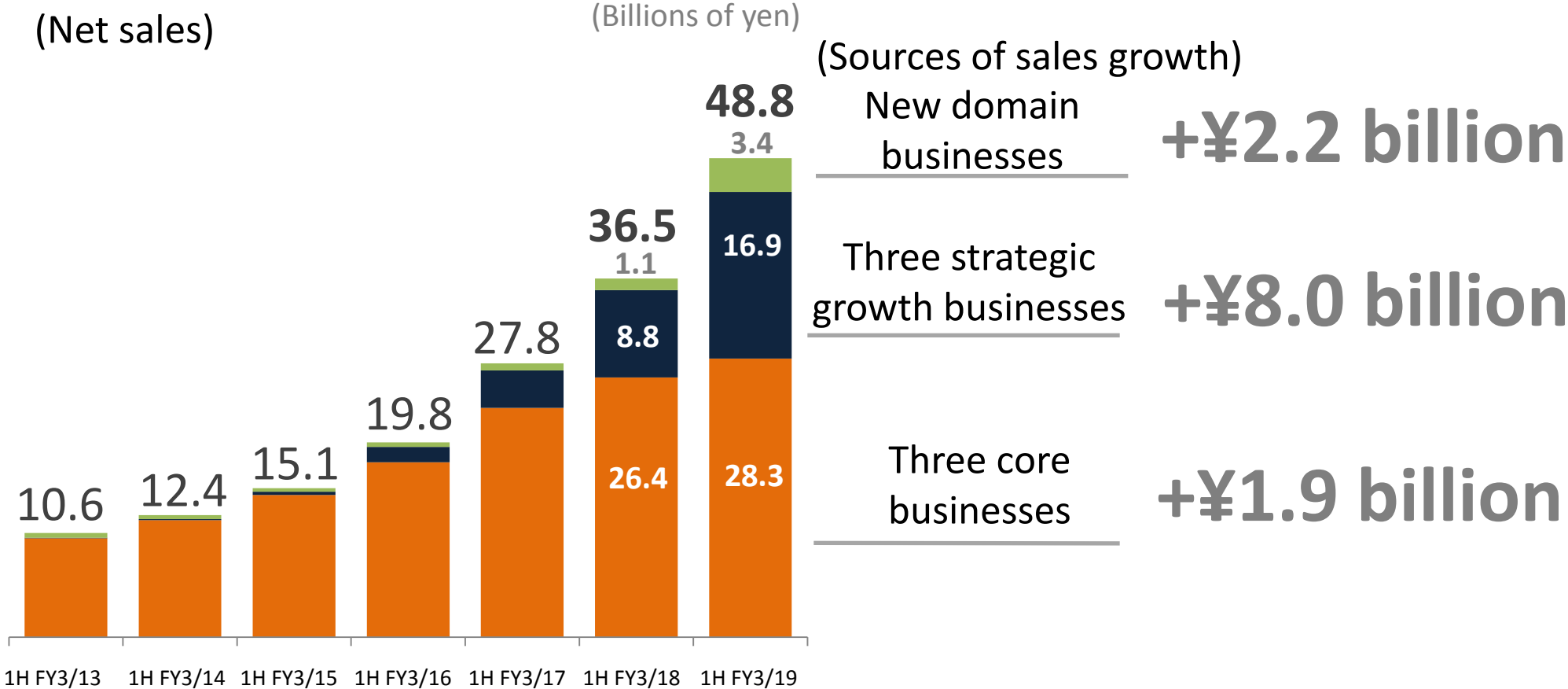
I. 1H FY3/19 Highlights

1 Consistent Double-digit Growth

2 First Half Performance Surpasses the Forecast

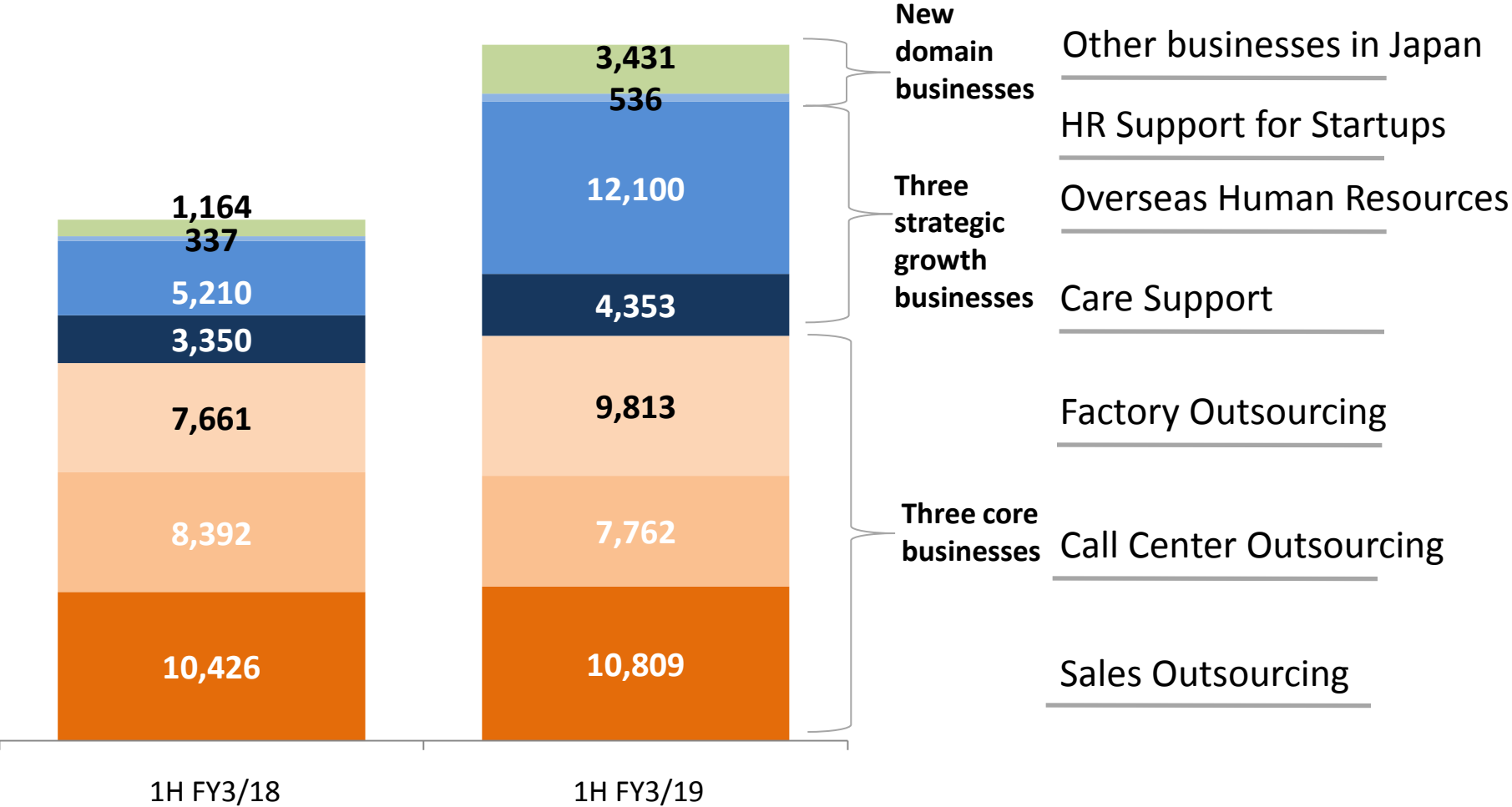
3 Decline in Equity Ratio

YoY sales growth: 33.6%

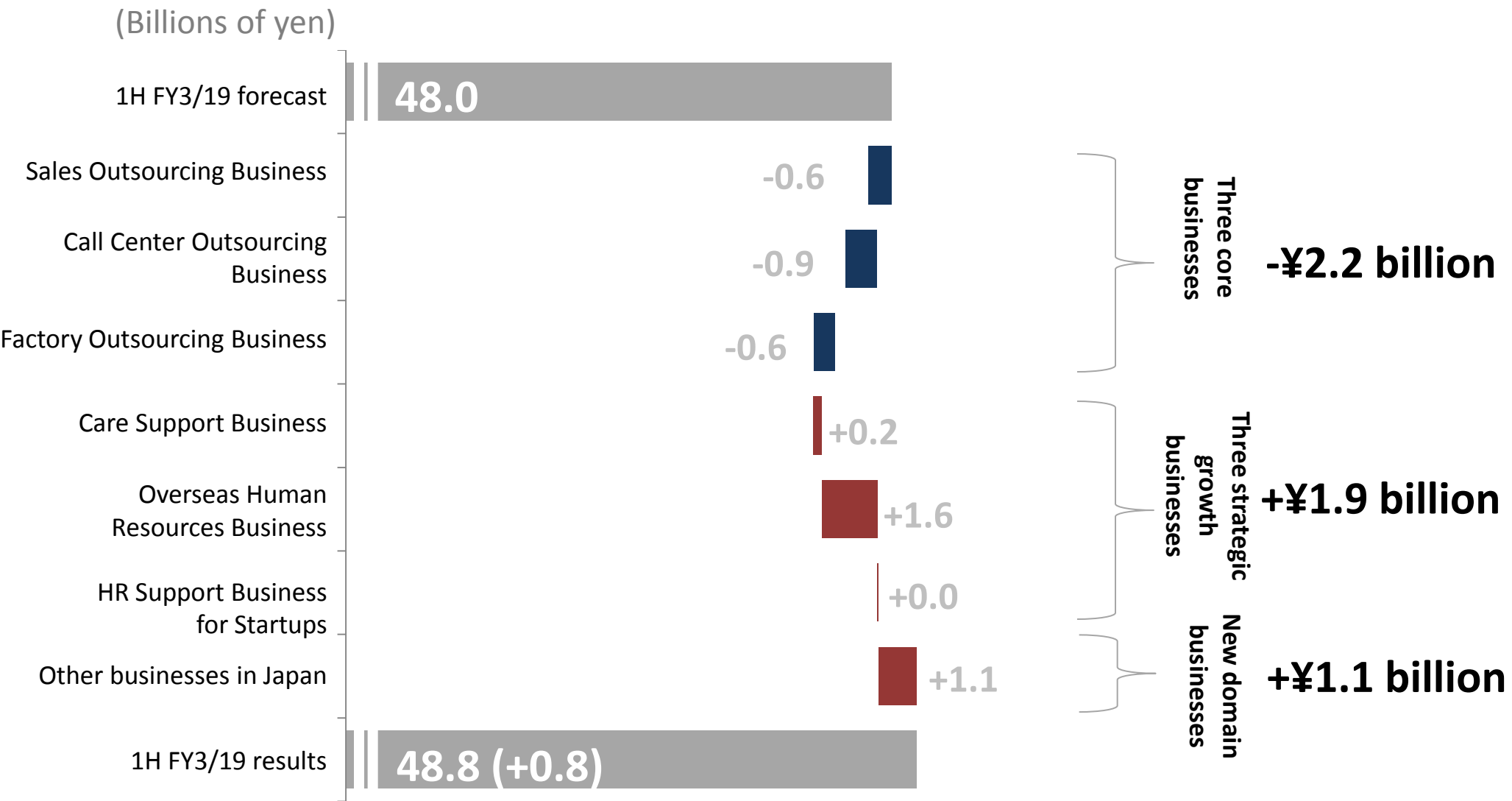


Consistent Double-digit Growth

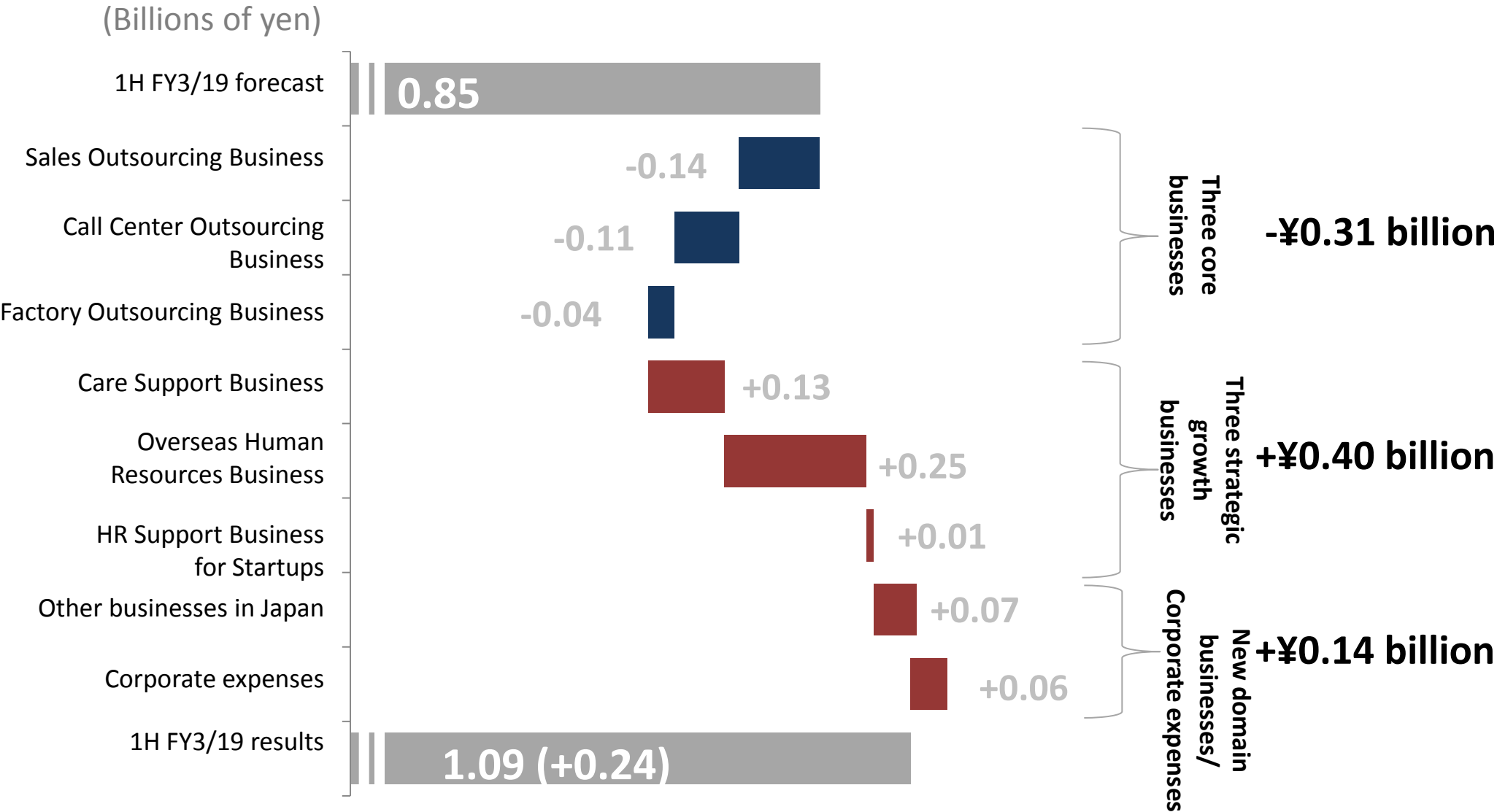
(Millions of yen)



First Half Performance Surpasses the Forecast (Net Sales) WILL GROUP

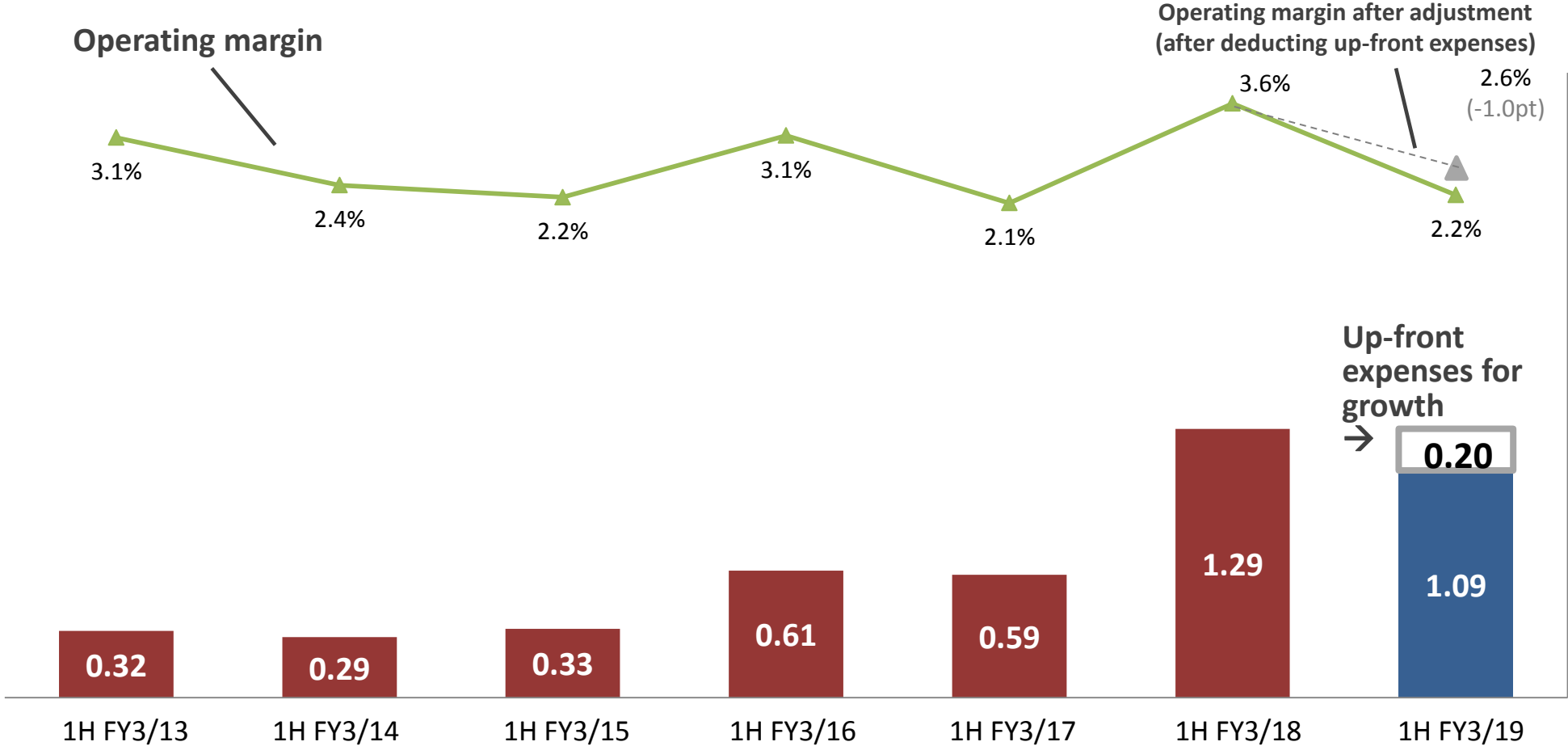


First Half Performance Surpasses the Forecast (Operating Profit) WILL GROUP



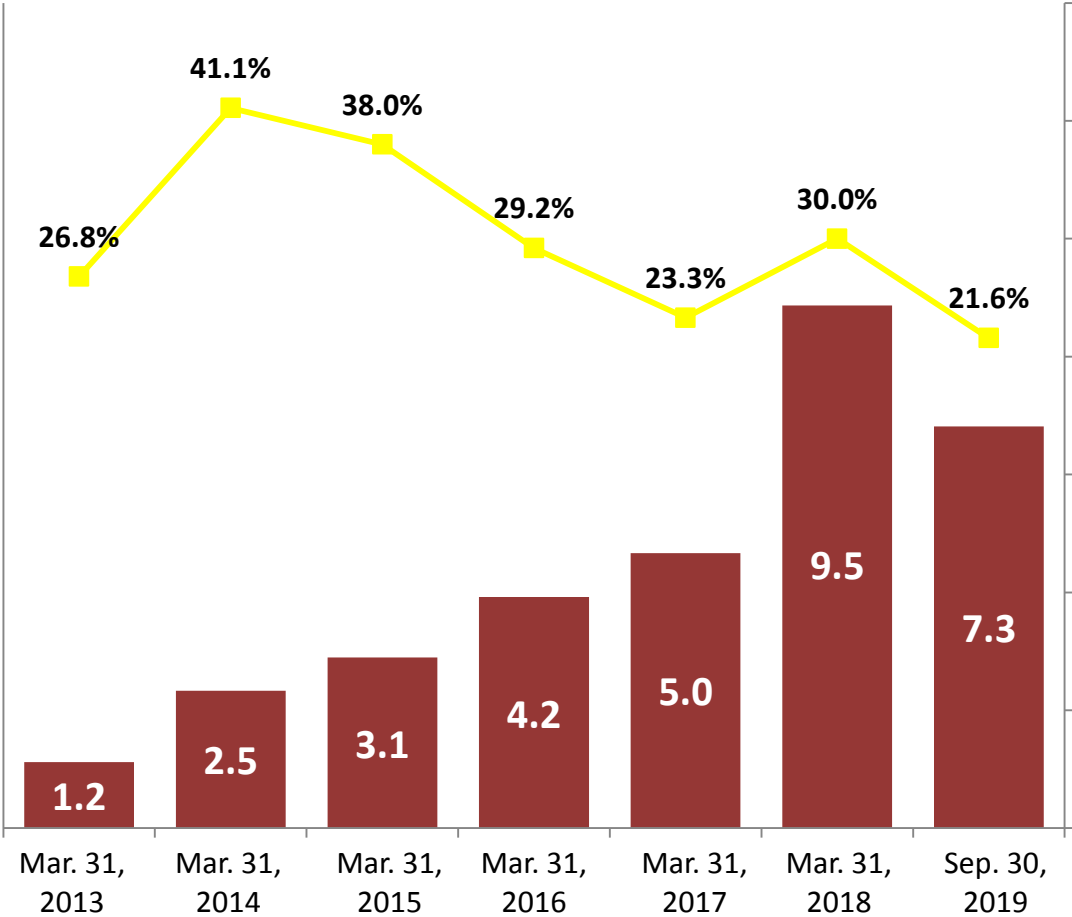
(Operating profit)

(Billions of yen)



(Consolidated net assets and equity ratio)

(Billions of yen)



Equity ratio decreased by 8.4 percentage points resulting from acquisition of additional shares of consolidated subsidiaries



M&A target

Human resources service domain

M&A scheme

Wholly owned subsidiary scheme

Earn-out scheme

*Earn-out for other than existing businesses

Initial investment of more than 50% equity stake and additional investment within one to three years

	FY3/18		1H FY3/19
Equity ratio	30.0%	➔	21.6%
Net debt equity (DE) ratio <small>(Interest-bearing debt - Cash and deposits) / Shareholders' equity</small>	-0.3 times	➔	0.5 times
Adjusted interest-bearing debt to EBITDA ratio <small>Interest-bearing debt (excluding short-term loans) / EBITDA</small> <small>Note: 1H FY3/19 ratio uses the fiscal year EBITDA forecast</small>	1.1 times	➔	2.2 times

Challenges in the three core businesses (Sales Outsourcing, Call Center Outsourcing, Factory Outsourcing) but solid growth in the three strategic growth businesses (Care Support, Overseas Human Resources, HR Support for Startups)

(Millions of yen)	1H FY3/18 Results	1H FY3/19 Results	Change	% change	1H FY3/19 Forecast	Achievement rate
Net sales	36,543	48,807	12,264	33.6%	48,000	101.7%
Gross profit (Gross profit margin)	7,532 (20.6%)	9,794 (20.1%)	2,261 (-0.5pt)	30.0%	-	-
Operating profit (Operating margin)	1,299 (3.6%)	1,092 (2.2%)	-207 (-1.3pt)	-15.9%	850	128.5%
Ordinary profit	1,299	1,097	-202	-15.6%	850	129.1%
Profit attributable to owners of parent	651	557	-93	-14.4%	420	132.8%
EBITDA	1,557	1,566	9	0.6%	-	-
		Employees: 3,205 (+1,161 from End-FY3/18)			Field supporters: 880 (+398 from End-FY3/18)	

II. 1H FY3/19 Topics

M&A

Purchased 100% of the stock of C4 inc., a construction management engineer temporary staffing and permanent placement company operating mainly in the Tohoku region of Japan (June 2018)

Business:	Construction management engineer temporary staffing and permanent placement business
Net sales:	¥3,494 million (FY3/18)
Operating profit:	¥306 million (FY3/18)
Profit:	¥201 million (FY3/18)
Acquisition cost:	¥3,409 million
Goodwill (provisional):	¥2,416 million (to be amortized over 7 years)

Purchased 51% of the stock of Quay Appointments Pty Ltd, which has strengths in providing temporary staffing services to government agencies in Australia (September 2018)

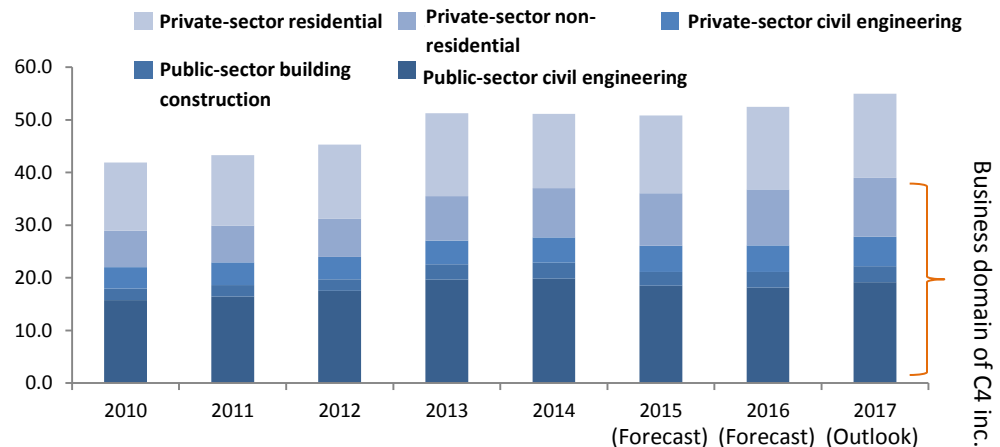
Net sales:	¥4,783 million (FY6/18)
Profit before income taxes:	¥223 million (FY6/18)
Profit:	¥156 million (FY6/18)
Acquisition cost:	¥503 million
Goodwill (provisional):	¥249 million

Note: Calculated at AUD 1 = JPY 80.50



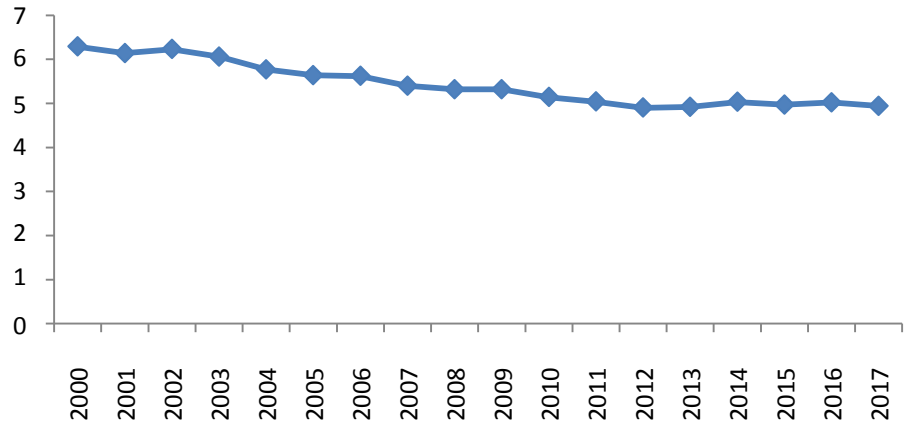
Construction management engineer temporary staffing and permanent placement business

Construction Investments in Japan (Trillions of yen)



Source: Construction Investment Outlook (2017) by the Ministry of Land, Infrastructure, Transport and Tourism

Employment in the Japanese Construction Industry (Millions)



Source: Labor Force Survey, Statistics Bureau, Ministry of Internal Affairs and Communications

Market

¥230 billion*

Annual growth

9%*

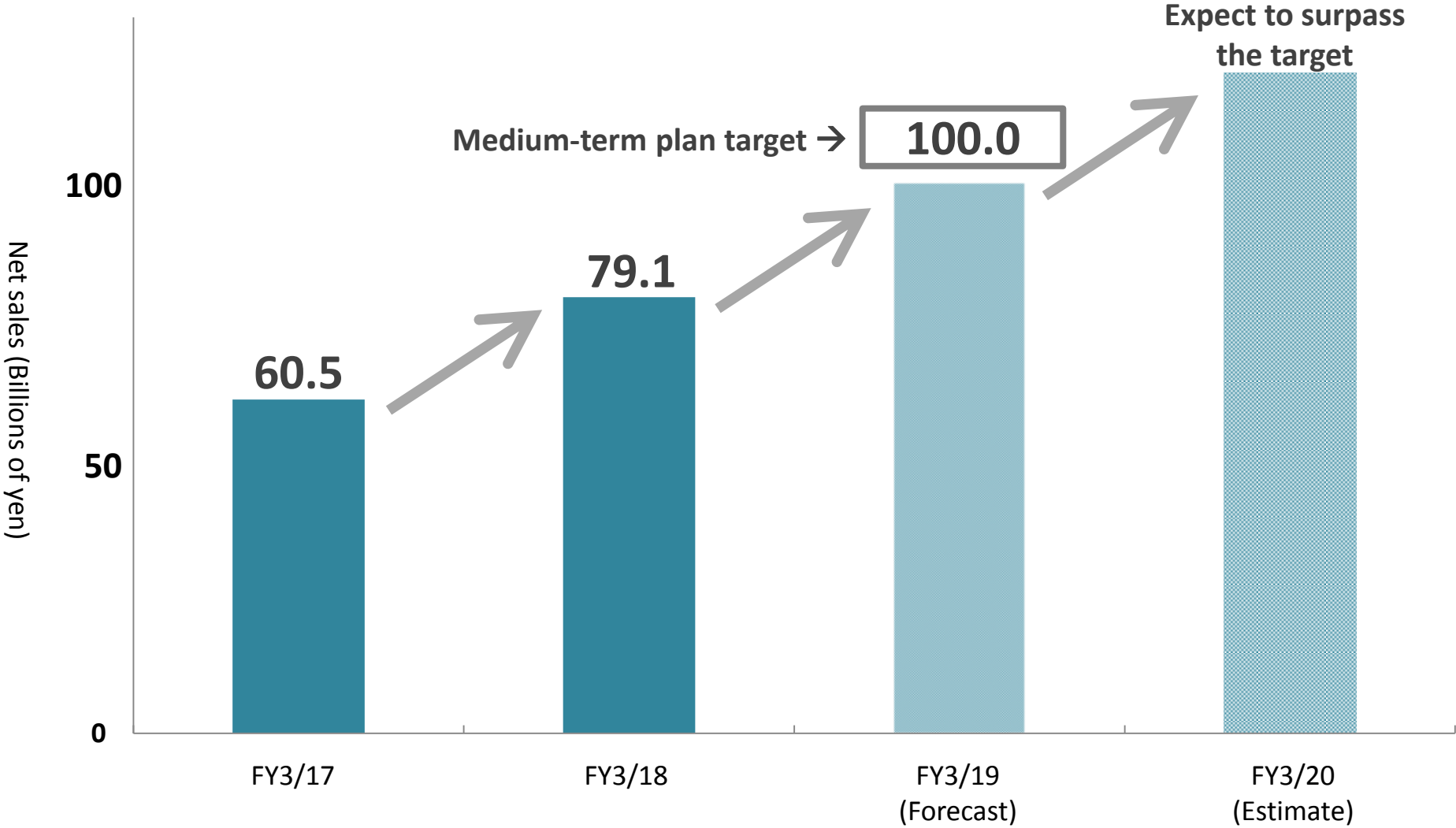
Market share

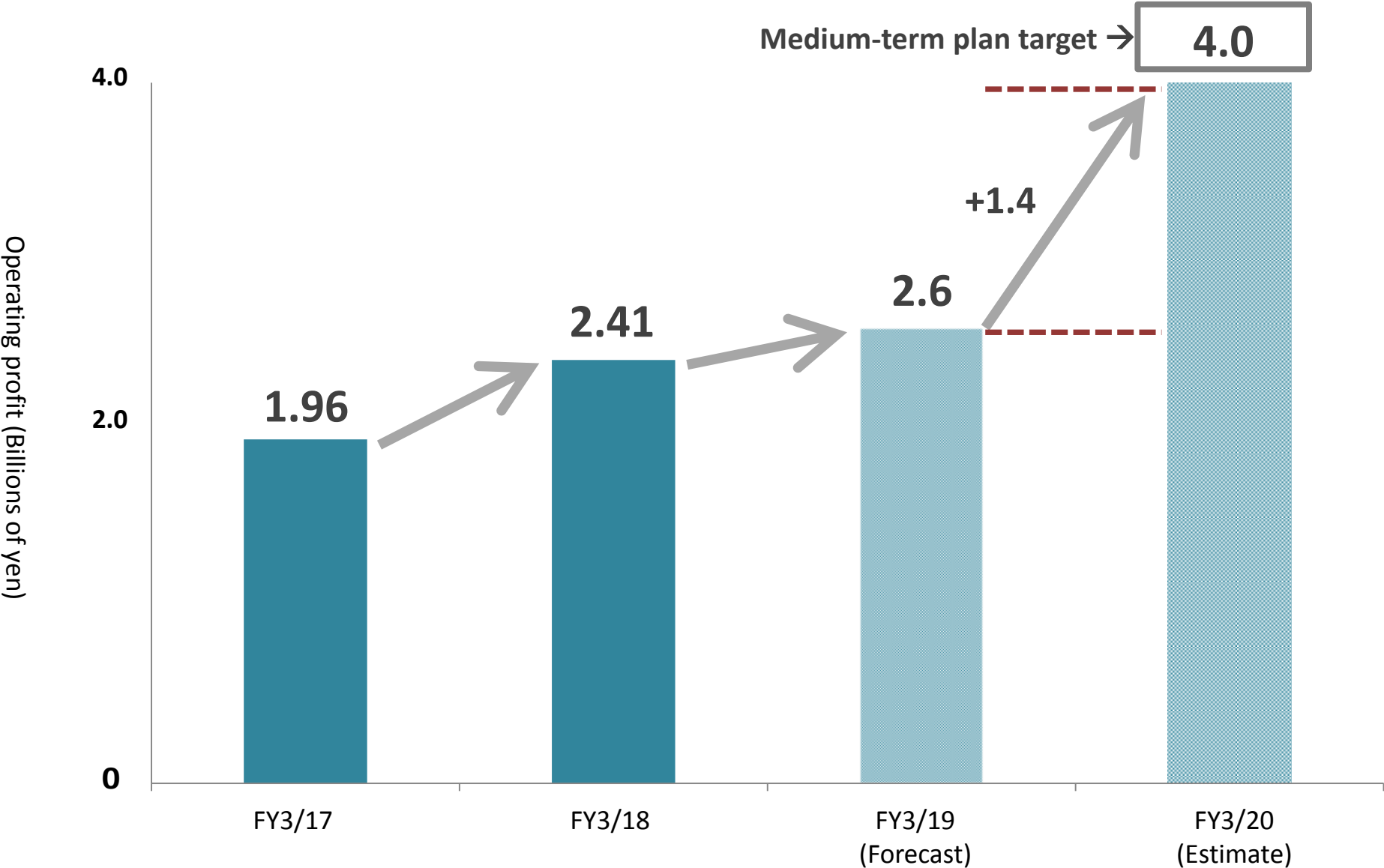
0%

* WILL GROUP study

III. Progress of Medium-term Management Plan “Will Vision 2020”

Steadily on pace to reach the sales target one year early





No change in the forecast because of the uncertain outlook for the business climate

(Millions of yen)	FY3/18 Results	FY3/19 Forecast	1H FY3/19 Results	Achievement rate
Net sales	79,197	100,000	48,807	48.8%
Operating profit (Operating margin)	2,417 (3.1%)	2,600 (2.6%)	1,092 (2.2%)	42.0%
Ordinary profit	2,437	2,600	1,097	42.2%
Profit attributable to owners of parent	1,210	1,350	557	41.3%
EBITDA	3,044	3,440	1,566	45.5%

FY3/20 Expect ¥1.4bn Growth in Operating Profit WILL GROUP

(Billions of yen)

Forecast for FY3/19 to FY3/20
operating profit growth

**After reflecting current
performance**



Three core businesses

- Sales Outsourcing Business
- Call Center Outsourcing Business
- Factory Outsourcing Business

+0.89



Three strategic growth businesses

- Care Support Business
- Overseas Human Resources Business
- HR Support Business for Startups

+0.67



**New domain businesses
Corporate expenses**

-0.16





WILL GROUP

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the Will Group's management at the time the materials were prepared, but are not promises by the Will Group regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

This report is an English translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between the original Japanese version and this translated version, the Japanese version shall prevail.

■ IR Contact:

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Appendix

Company Overview

FY3/17-FY3/18 Included in JPX-Nikkei Mid and Small Cap Index

Stock code:	6089 (Tokyo Stock Exchange, First Section)
Established:	April 2006 (Founded in 1997)
Head office:	27th floor, Harmony Tower, 1-32-2, Honcho, Nakano-ku, Tokyo
Representative:	Ryosuke Ikeda, Chairman and Representative Director, CEO Shigeru Ohara, President and Representative Director, COO
Business:	Human resources services in Japan and overseas for sales, call centers, factories, nursing care and other fields
Capital:	¥2,000 million (As of September 30, 2018)
Number of employees:	3,205 (consolidated) (As of September 30, 2018)
Number of subsidiaries:	39 (13 domestic, 26 overseas) (As of September 30, 2018)

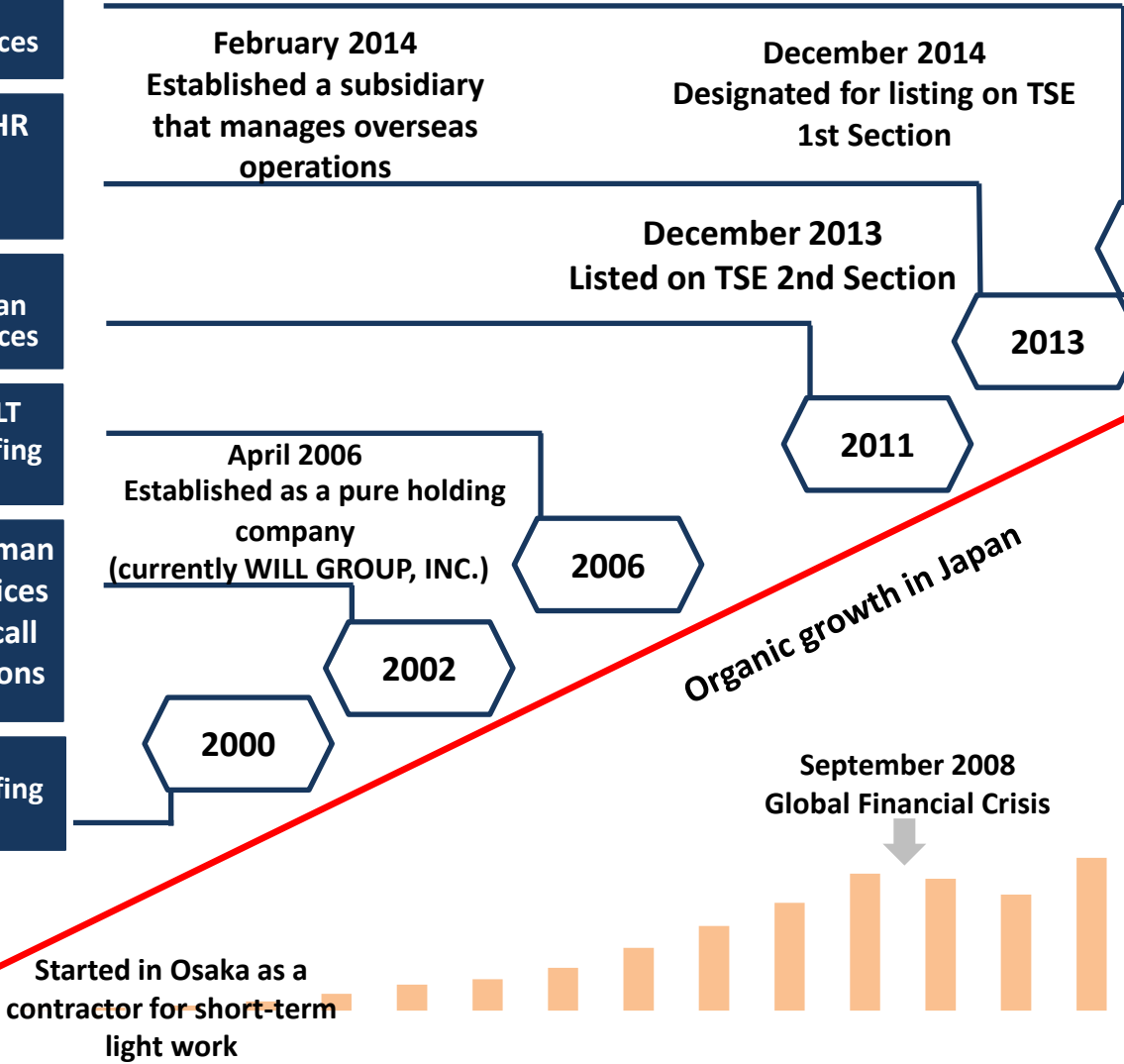


History and Growth in Sales

- Start of the nursing care human resources services
- Start of the HR support for startups
- Start of the overseas human resources services
- Start of the ALT temporary staffing services
- Start of the human resources services for sales and call center operations
- Start of the temporary staffing services

Founded

1997



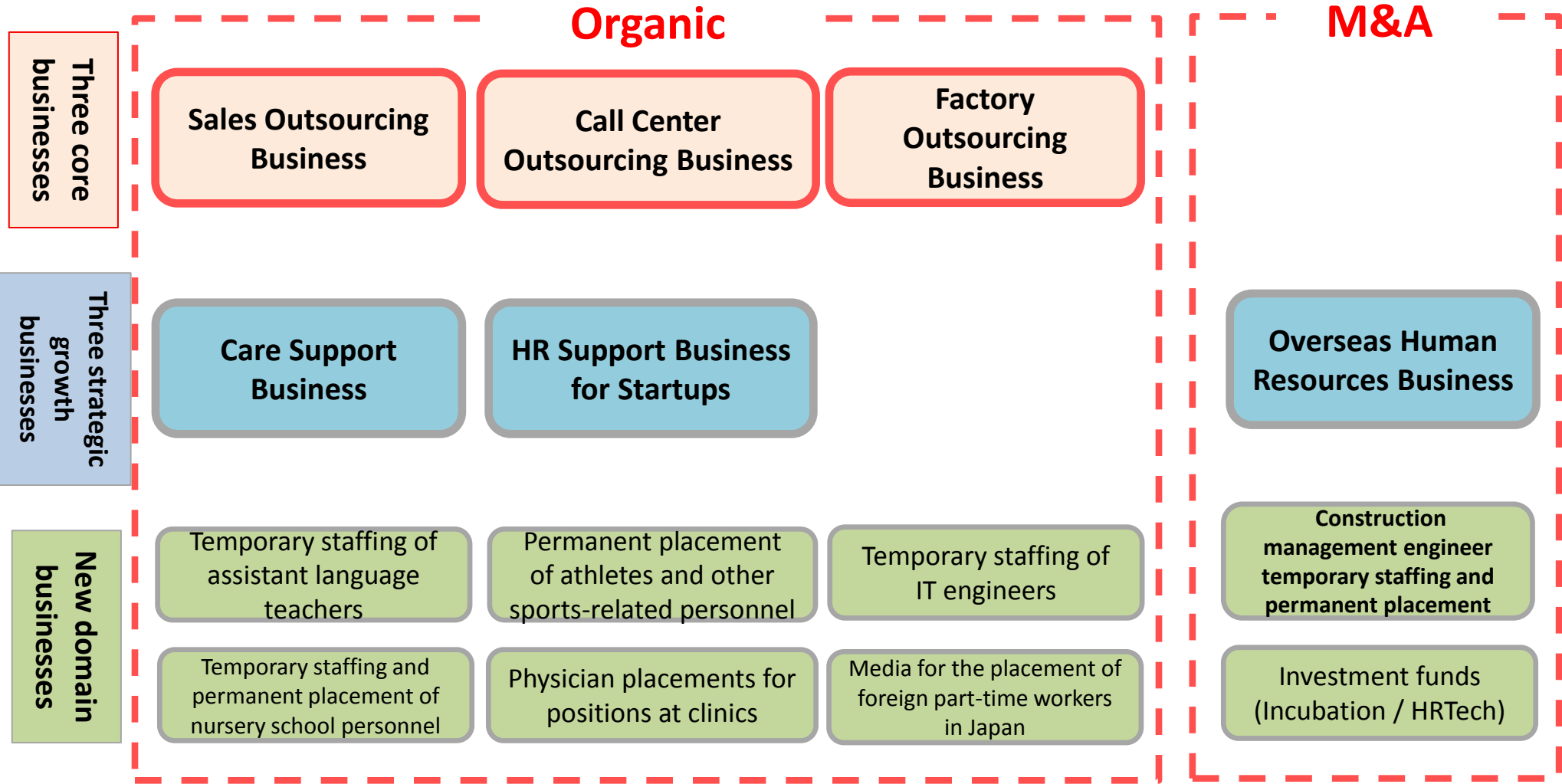
Organic growth in Japan

M&A strategy with emphasis on investments outside Japan



79.1 billion yen

FY3/18







Records of Corporate Venture Capital (CVC) Investment (As of September 30, 2018)

Invested in	Company name
	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
	VISITS Technologies Inc.
	Career SNS platform business
	DVERSE Inc.
	VR contents producing tool

Invested in	Company name
	Business
	MiRTel Co., Ltd.
	Business of the very early detection of cancer and Alzheimer's disease
	appArray, Inc.
	AI-based English conversation app business
	BRAIN MAGIC Ltd.
	Innovative device for creators
	Setsuro Tech Co., Ltd.
	Highly efficient genome editing business
	RESVO Inc.
	R&D of medicines and test agents related to FLC for schizophrenia
	MyDearest Inc.
	Production and distribution of VR novels

Records of Corporate Venture Capital (CVC) Investment (As of September 30, 2018)

Invested in	Company name
	Business
 O:INC.	O:INC
	App for improving sleep
	mama square Co., Ltd.
	Operation of "mama square"

Invested in	Company name
	Business
	Hmcomm Co. Ltd.
	Speech-recognition AI business
	VCV inc. (Headquarters: United States)
	AI-powered recruiting robot business
—	OMEGA Inc.
	Development of ad distribution technologies

