

New Medium-term Management Plan **(FY 3/2020 ~ FY 3/2022)**

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NISSO CORPORATION

 **日総工産株式会社**

TSE Code: 6569

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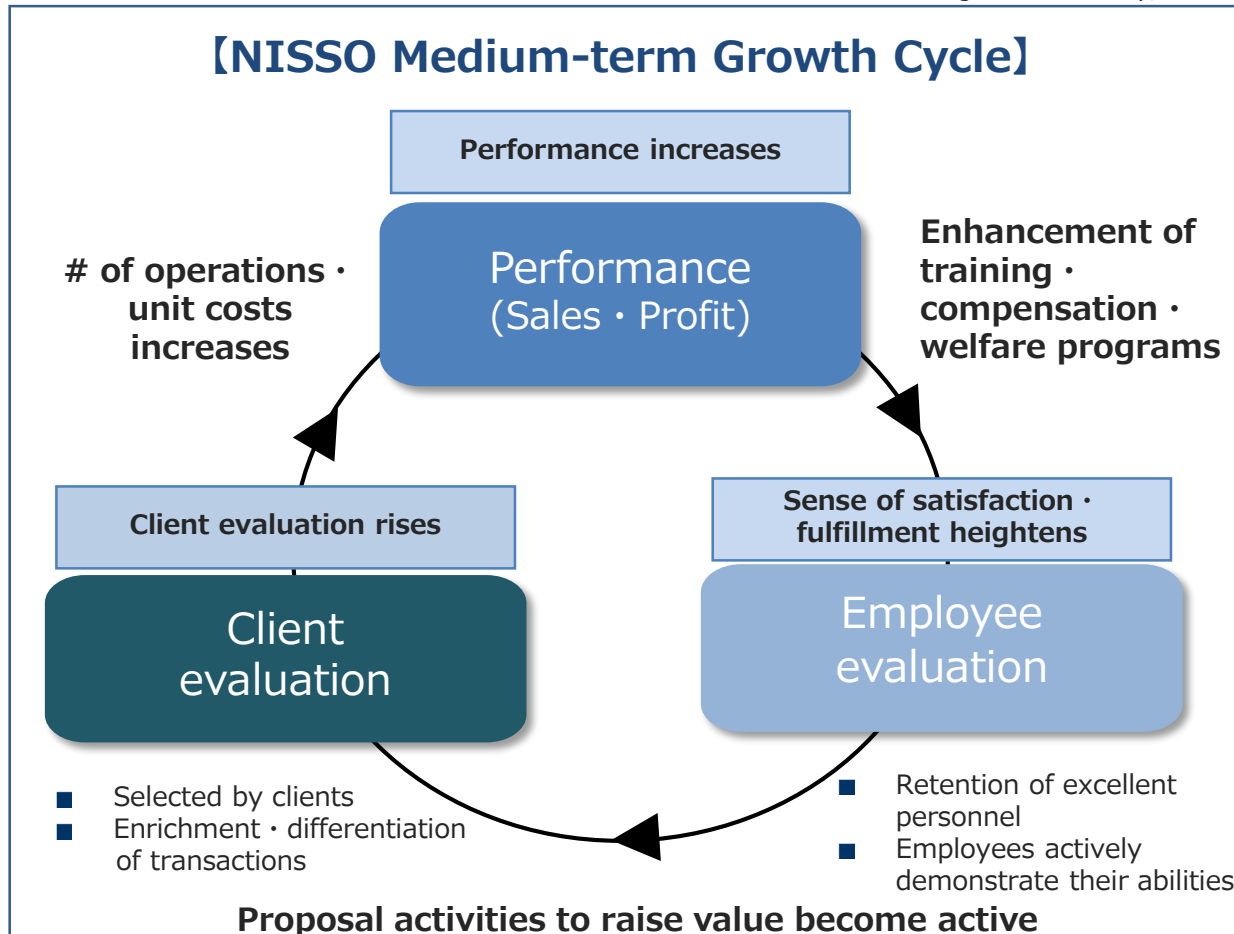
Overview of New Medium-term Management Plan

FY 3/19 Retrospective Review

Progress of previous medium-term management plan mission:

"Becoming the Industry Leader in Overall Evaluation"

from Financial Results Briefing Materials May, 2018



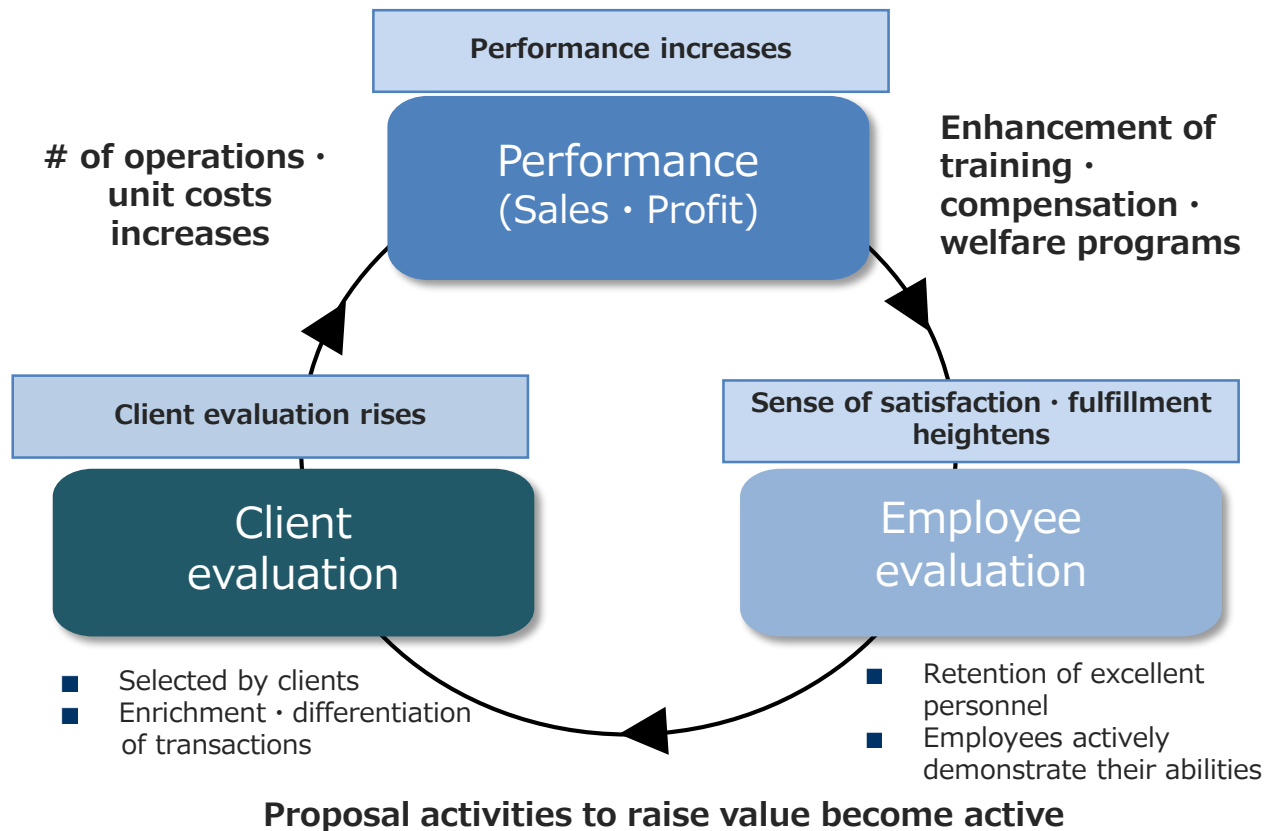
- Received consecutive commendations/awards for #1 ranking in client evaluation and retention rates (Automobiles-related Company A)
- Received 1st Place ranking in Manufacturing Dispatching Company satisfaction survey (2019) by Oricon and employee evaluation
- NISSO Medium-term Growth Cycle succeeds, **significantly exceeds initial plan**
- There is still a gap with other companies regarding profit margin

NISSO will further develop the growth cycle in order to achieve increased performance and improvement of profit margins

- Recognizes the urgent need to respond promptly to rapid changes in the business environment
- Determines that a new management structure is necessary to make quick and flexible management decisions
- Under the new management structure, in order to achieve mid- to long-term corporate value enhancement and aim to become the industry leader, NISSO has formulated a **medium-term management plan covering 3 years from FY 3/2020 to FY 3/2022**

Becoming the Leader in Absolute Evaluation in the Manufacturing-related Human Resources Business Domain Sales of 100+ billion yen, Operating profit margin 7% (FY 3/22)

【NISSO Medium-term Growth Cycle】



- Final fiscal year (FY 3/21) targets set forth in the previous medium-term management plan were achieved 1 year ahead of schedule
- Management policies that place the highest importance on employee evaluation

New Medium-term Management Plan

(Unit: 100 million yen)

	FY 3/19 (Actual/Target)	FY 3/20 (Target)	FY 3/21 (Target)	FY 3/22 (Target)
Net sales	691	800	926	1,012
	656	727	803	–
Operating profit (Profit margin, %)	28.6 (4.1%)	39.0 (4.9%)	56.0 (6.0%)	73.0 (7.2%)
	20.9 (3.2%)	30.4 (4.2%)	40.2 (5.0%)	–
Profit attributable to owners of parent	20.5	27.6	38.5	50.0
	13.7	20.3	27.0	–

Top: New Medium-term Management Plan (actual figures for FY 3/19)

Bottom: Previous Medium-term Management Plan (FY 3/19 target figures from initial plan)

【 2 Keywords】

Personnel Strategy

Skilled Staff

**High quality
personnel**

**Region- · industry-restricted
indefinite-term employees**

Dispatch as indefinite-
term employees



Consideration ·
compensation according
to skills

Client Strategy

**Account
Companies**

**Expand
transactions**

**Companies that build relationships based on
trust · network of contacts in long-term
transactions, share production plans,
implement well-planned staffing, and allow
NISSO to make unique proposals**

**Aiming to raise unit costs and improve profitability through
assignment of skilled staff to important clients, centering on
Account Companies**

Growth Acceleration Drivers for Net Sales · Profits

Net sales	<p>Annual rate +15.4%</p>	<ul style="list-style-type: none"> ● Expansion of Account Companies net sales <ul style="list-style-type: none"> • Acquisition of new business partners within groups by strengthening proposal capabilities, increasing shares with existing client companies • Increase in unit costs (active assignment of skilled staff) • Development of new Account Companies in growth sectors and high-added value sectors ● Development of new business models (M&A, Alliances...)
Gross profit	<p>FY 3/19 YOY +1.6 pts</p>	<ul style="list-style-type: none"> ● Increase in profit margins by improving client evaluations for NISSO's initiatives <ul style="list-style-type: none"> • Continued investment in practical education such as educational facilities • Reflection of increased profits in treatment, motivation for retention · skill enhancement
Operating profit	<p>FY 3/19 YOY +3.1 pts SG&A expenses rate (1.5) pts</p>	<ul style="list-style-type: none"> ● Control of recruitment costs <ul style="list-style-type: none"> • Reduction in recruitment of replacement personnel due to decline in turnover rates • Introduction of efficient recruitment methods ● Reform of Headquarters · Departments <ul style="list-style-type: none"> • Operational efficiency through systems investments

Key Management Indicators

		FY 3/19 (Actual)	FY 3/22 (Plan)	% Change
# enrolled at FY-end (# of staff)	Overall	14,042	18,300	+30.7%
	Skilled staff	3,904	8,000	+104.9%
Turnover rates (%/month)	Overall	4.6	3.5	(1.1) pts
	Skilled staff	1.5	1.5	—
Net sales per capita (thousand yen /month)	Overall	391	466	+19.2%

2

Priority Measures to Achieve Numerical Targets

Business Environments

● Domestic Manufacturing Industry Trends

- Although environments surrounding semiconductor and electronics devices are uncertain, automotive electronics and 5G communications sectors are promising
- Automobiles continued to remain stable from previous FY

● Recruitment Environment

- Severe labor shortages across all sectors
- Recruitment costs per capita continue to rise

● Manufacturing Dispatching Industry Trends (Competitive Environment)

- Revisions of dispatch law, work-style reform, and utilization of foreign workforce
- Since responding to the above requires business scale and proper management, reorganization and selection within the industry will accelerate further

NISSO's Countermeasures

Prioritizing the assignment of skilled staff to Account Companies

Enabling efficiency through NISSO's unique recruitment methods and coping with large-scale projects

Leveraging the advantage of being a major business operator to expand performance

Priority Measure - Sales

Sales

Reinforcement of business infrastructures with important clients (Account Companies)

Industry-specific Momentum

	FY 3/20		FY 3/21	FY 3/22	
	1st Half	2nd Half			
Automobiles-related					Increased demand due to vehicle electrification and promotion of eco-cars
Semiconductor · Electronics devices					Adjustment of inventory levels to be completed by 1st half of FY 3/20; recovery expected from 2nd half onwards due to mid- to long-term demand trends for automotive-, 5G communication-, IoT-related components

Estimated by NISSO based on data from manufacturers, research institutes, etc.

① Promotion of upgrading existing transactions

Improvement of skills, centering on skilled staff, enhancement of services provided, and promotion of market share expansion by improving client satisfaction

② Launching of new Account Company Groups

FY 3/22: 50%+ in Account Company net sales composition (FY 3/19: 43.3%)

Recruitment

Development · implementation of new recruitment methods

- ① **Development-type New Graduate Recruitment**
Expansion of global new graduate recruitment based on long-term development by NISSO training curriculums (domestic, China, etc.)
- ② **Media Strategy**
Use of NISSO DBR (NISSO DataBase Recruiting) system for optimal media utilization and cost efficiency
※NISSO DBR : A system that segmentalizes the entire country and analyzes the effects of individual media on a weekly basis, enabling efficient and speedy decision-making
- ③ **Utilization of Human Resources Big Data**
Increasing the number of applicants through scout-mails and follow-ups of registrants

Priority Measure - Education

Education

Practice of education that contributes to profit improvement

① Reinforcement and active utilization of existing training facilities

FY 3/19 Training achievements (totals) TC Naka-Nihon: 443 participants

TC Higashi-Nihon: 1,479 participants

NISSO Technical Center Naka-Nihon: New introduction of assembly skills training equipment

【Main Education】

TC = Technical Center

	Course name	Main educational content	Main assignment destinations
TC Higashi-Nihon	Pre-assignment education	Safety, assembly skills training, etc.	Automobiles manufacturers
	Skilled staff education	Working-adult education, motivation, Basic MONOZUKURI education, etc.	
TC Naka-Nihon	Pre-assignment education	Safety, quality, mechanical · electrical fundamentals, actual machine training, etc.	Semiconductor manufacturers
	Skilled staff education	Working-adult education, motivation, Basic MONOZUKURI education, etc.	

② Increase of technical positions · personnel

Enhancement of CATIA training equipment

③ Establishment of new facilities based on client needs and demand forecasts

3

ESG Initiatives through Business Activities~

Community-rooted Contribution Activities

In addition to employing people with disabilities, expanding their opportunities for success

Working with team of employees with disabilities

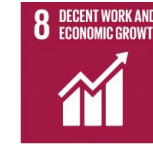
Expansion of intra-company sales by employees with disabilities



~Activities were highly regarded externally, leading to company visits by major companies · local governments~

Approximately 3,000 visitors in 5 years

Past Achievements



Examples of Social Recognition · Awards

2009~2018



『Yokohama Community Contribution Company』
Top-level Certification

「Contributions in the Yokohama Area for the Employment of Persons with Disabilities」

2015~2018



『Yokohama Good Balance Award』 Certification

「Promotion of Women's Participation and Advancement in the Workplace and Work-Life Balance」

2017

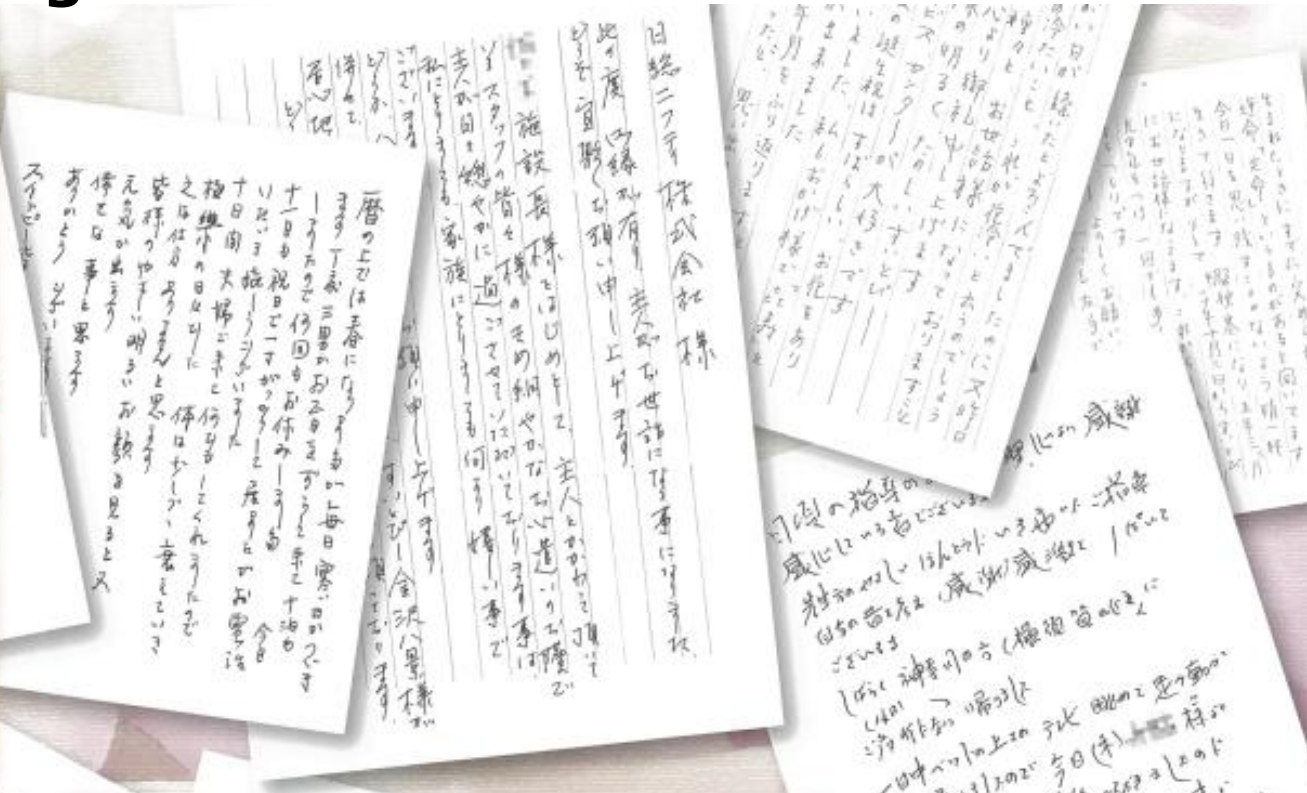


『Yokohama Health and Productivity Certification』 Class A

「Efforts to Maintain · Improve Employee Health Aimed at Increasing the Profitability of Companies in the Future」

Initiatives for Nursing Care Business

Contributing to society through thoughtful community-rooted nursing care



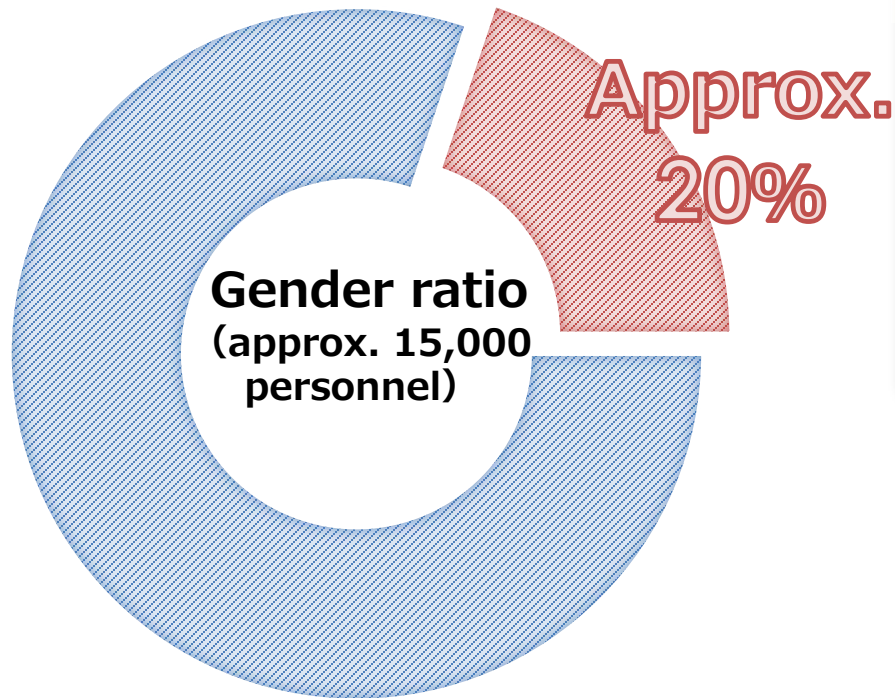
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Letters of gratitude from users・families

~NISSO's nursing care facilities earned rankings in nursing care-related specialty magazine surveys~

Diversity Initiatives

Promotion of expansion for women's employment, participation and advancement in the workplace



~Many female leaders are active in various workplaces as future upper-management executive candidates~

SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



**~NISSO signed the "UN Global Compact (UNGC)"
advocated by the United Nations on March 18, 2019~**

Continued dividend payout ratio of 30% or more

In view of +share price level, liquidity, demand for funds, etc., share buy-backs are implemented flexibly

	FY 3/19	FY 3/20 forecast
Profit	2,053 million yen	2,760 million yen
EPS	61.58	82.24
Dividend per share	18.50	25.00
Dividend payout ratio	30.0%	30.4%

The forward-looking statements and performance forecasts contained in this document are forecasts determined by NISSO based on information available at the time of preparation, and include potential risks and uncertainties. Therefore, please be aware that the actual results may differ greatly from the forward-looking statements described due to changes in various factors.

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