

The Third Quarter of Fiscal 2018, Ending March 31, 2019 UT Group Reports Operating Income of 5.8 Billion Yen, an Increase of 66.2% Y-o-y

～Upward Revision in Full-Year Earnings Forecasts due to Improvement of Profitability～

In the first nine months of fiscal 2018, UT Group recorded net sales of 75.5 billion yen (up 25.8% from the same period of the previous fiscal year), operating profit of 5.8 billion yen (up 66.2%), profit attributable to owners of the parent of 3.8 billion yen (up 69.6%), and EPS of 96.34 yen (up 60.3%). The number of technical employees totaled 21,042 (up 16.9%).

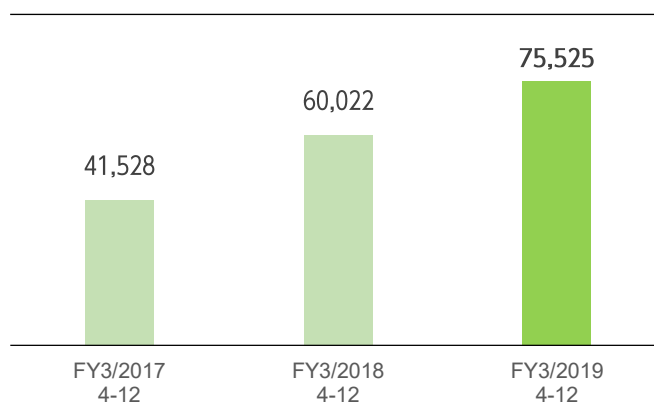
All three business segments reported growth in sales and profit. The mainstay Manufacturing Business was strong while both the Solution Business and the Engineering Business steadily expanded business.

Major indicators

[Million yen]	FY3/2018 1Q-3Q	FY3/2019 1Q-3Q	Y-O-Y
Net sales	60,022	75,525	25.8%
EBITDA	3,916	6,320	61.4%
Operating profit	3,538	5,879	66.2%
Net profit attributable to UT Group	2,293	3,889	69.6%
EPS [Yen]	60.10	96.34	60.3%
Number of technical employees [Persons]	17,999	21,042	16.9%

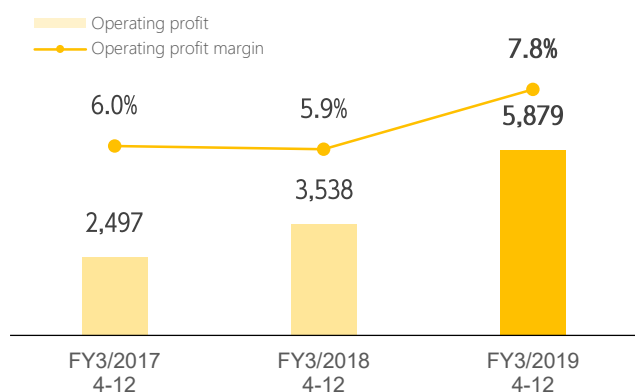
Net sales

[Million yen]



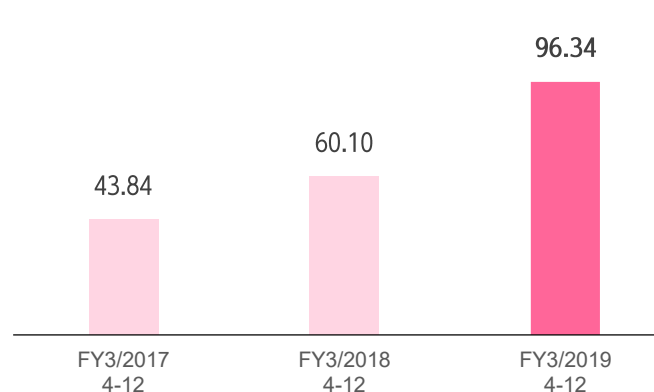
Operating profit

[Million yen]



EPS

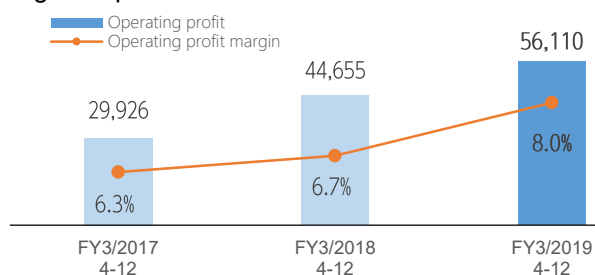
[Yen]



Results by Sector

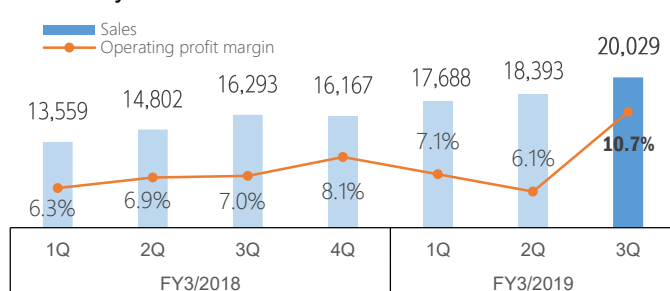
Manufacturing Business

Segment profit



- Strong demand to switch from fixed-term workers to dispatched workers mainly in the automotive sector.
- Consolidation into large-lot, high-unit-price orders helped improve profitability.

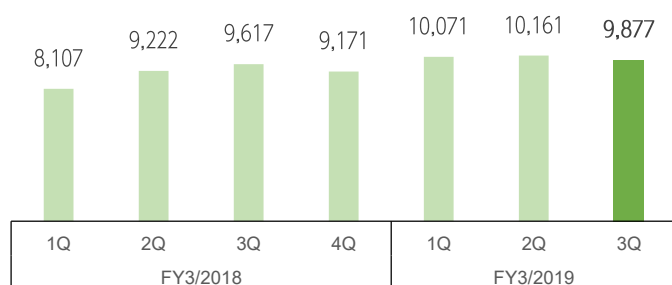
Quarterly results



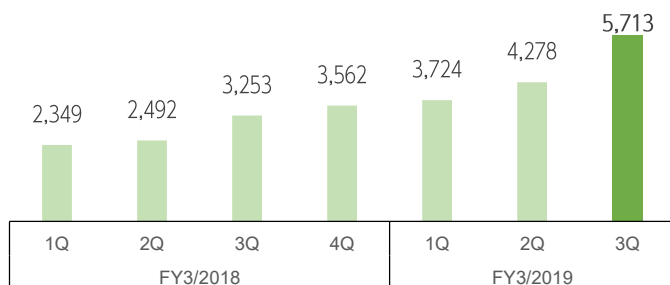
- Demand for dispatched workers remained strong in the automotive sector, while demand in the semiconductors and electronic components sector stayed dull.
- Operating margin improved significantly due to more efficient hiring and containment of hiring cost.

Sales by sector

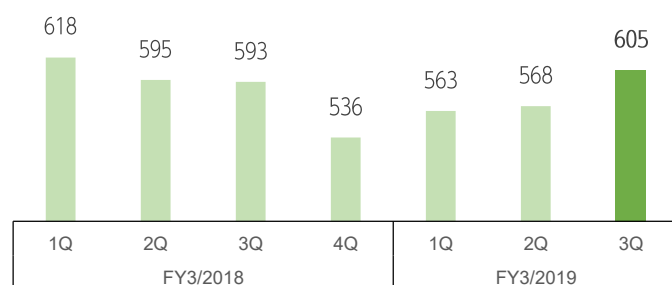
Semiconductors and electronic components sector



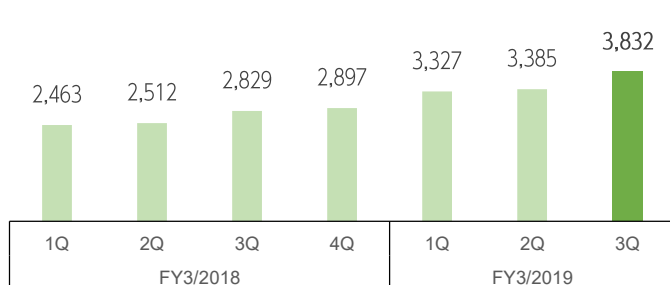
Automotive-related sector



Housing-related sectors

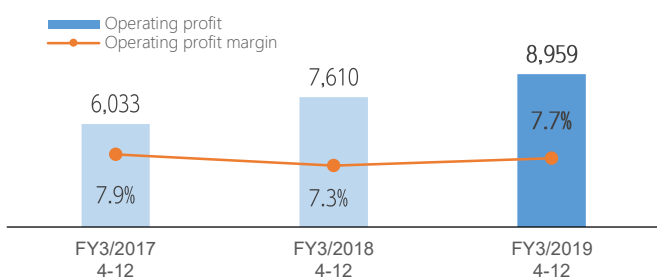


Other sectors



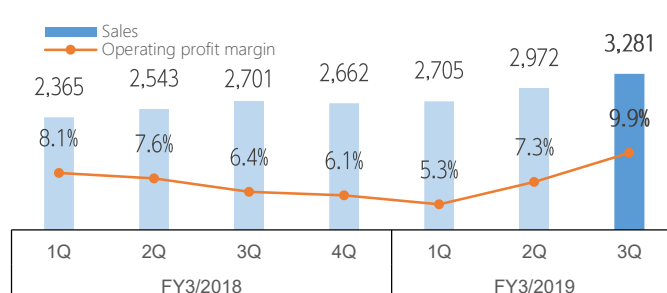
Solution Business

Segment profit



- In addition to more stable operation by UT HP, which was established in FY3/2018, the start-up of Fujitsu UT in FY3/2019 contributed to an increase in sales.
- An increase in the number of employees helped improve profitability.

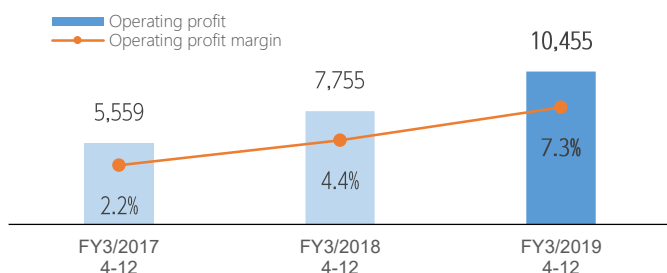
Quarterly results



- Progress in transfer of employees of client companies and the resultant increase in the number of technical employees contributed to an increase sales and improvement of profitability.

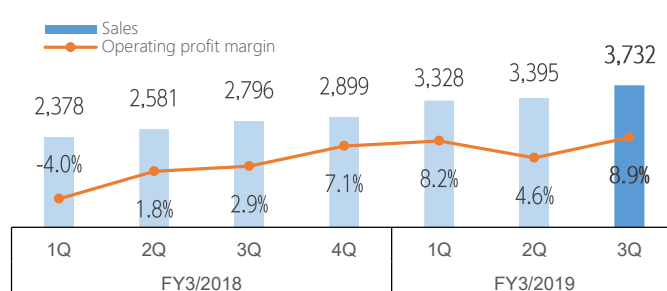
Engineering Business

Segment profit



- The number of technical employees increased due to new hires and the One UT, a transfer system within the UT Group.
- Revamping of the sales management organization and integration of a subsidiary were the main contributors to improved profitability.

Quarterly results



- Reduction in recruitment cost for new hires in 2019 helped improve the operating profit margin.

Outlook

In the mainstay Manufacturing Business, uncertain business conditions are expected to continue partly due to sluggish demand for dispatched workers, which has been more prolonged than initially expected, reflecting a weakening demand for smartphones and the impact of the US-China trade friction in the semiconductors and electronic components sector. In contrast, demand to switch from fixed-term workers to dispatched workers is projected to remain strong in the automotive sector. In addition, the business environment of the Solution Business and the Engineering Business remains favorable. Consequently, the full-year forecasts are expected to be achieved as planned. Given these developments, the Company is expecting upward revision in earnings compared to the initial forecasts.

Please refer to the the “Notice on Revision of Consolidated Earnings Forecast”, which are available on UT Group's website, for details.

<https://www.ut-g.co.jp/english/>

For inquiry : IR Unit ir@ut-g.co.jp