

For Immediate Release

August 8, 2019

UT Group Co., Ltd.
(Securities code : 2146)

Consolidated Financial Results of The First Quarter of Fiscal 2019, Ending March 31, 2020

UT Group Reports Net Sales of 25.7 Billion Yen, an Increase of 8.5% Y-o-y Efforts in the Domestic Field Offset Sluggish Demand in the Export Field

In the first three months of fiscal 2019, UT Group recorded net sales of 25.7 billion yen (up 8.5% from the same period of the previous fiscal year), operating profit of 1.6 billion yen (up 0.3%), profit attributable to owners of the parent of 0.3 billion yen (down 72.0%), and EPS of 7.5 yen (down 72.0%). The number of technical employees totaled 20,640 (up 3.9%).

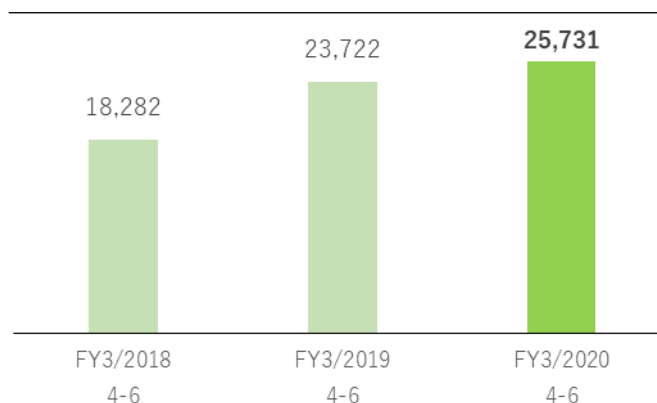
In the mainstay Manufacturing Business, some of their clients in Semiconductor Manufacturing Equipment in the semiconductors and electronic components sector continued to be in the production adjustment stage, while demand for personnel remained robust in the automotive-related and housing-related sectors. The Solution Business posted advance expenses with a large-lot project and the Engineering Business experienced a decline in manpower operating rate by a near doubling of new hires y-o-y. As a result, both business segments decreased net sales y-o-y but secured an increase in profit, continuing a steady expansion in scale of business.

Major indicators

(Million yen)	FY3/2019 1Q	FY3/2020 1Q	Y-O-Y
Net sales	23,722	25,731	8.5%
EBITDA	1,794	1,795	0.0%
Operating profit	1,653	1,657	0.3%
Net profit attributable to UT Group	1,082	302	-72.0%
EPS (Yen)	26.76	7.50	-72.0%
Number of technical employees (Persons)	19,868	20,640	3.9%

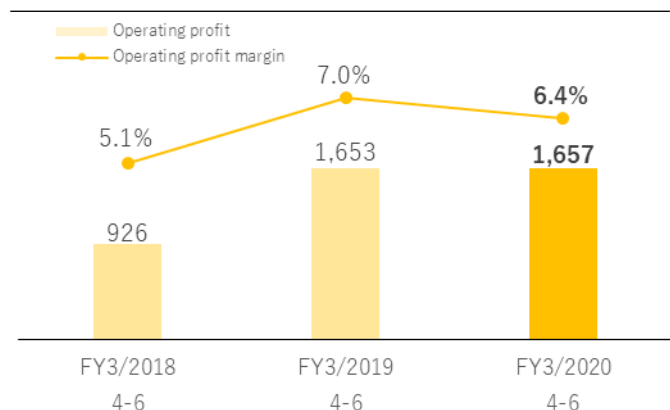
Net sales

(Million yen)



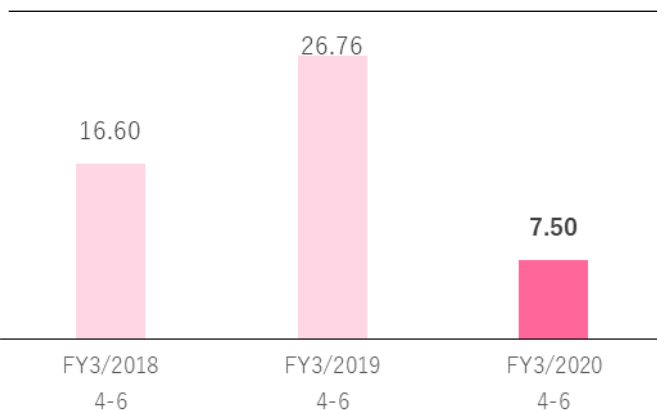
Operating profit

(Million yen)



EPS

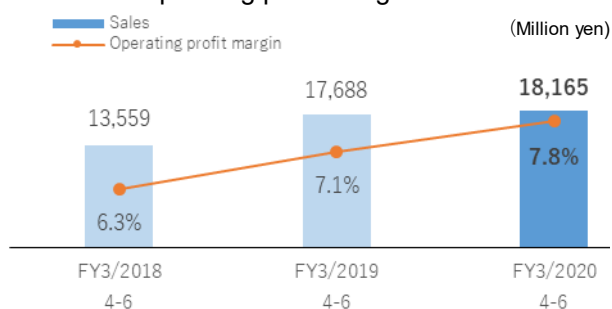
(Yen)



Results by Sector

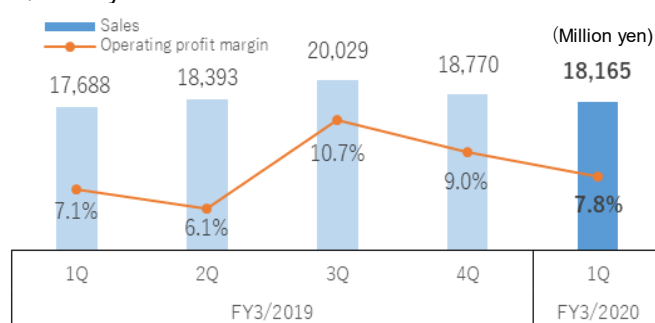
Manufacturing Business

Sales and Operating profit margin



- The US-China trade friction caused a substantial decline in the semiconductors and electronic components sector, where overseas demand is high.
- Switching from fixed-term workers to dispatched workers continued in the automotive-related sector.

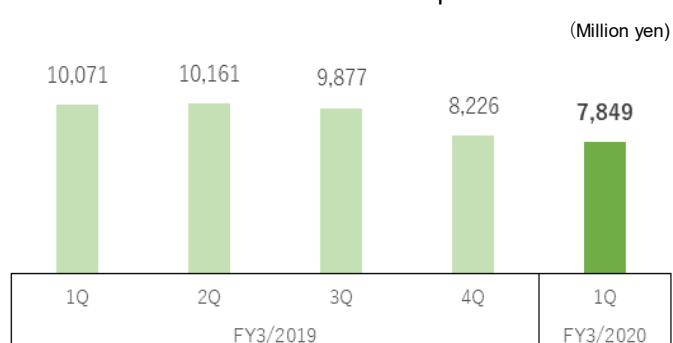
Quarterly results



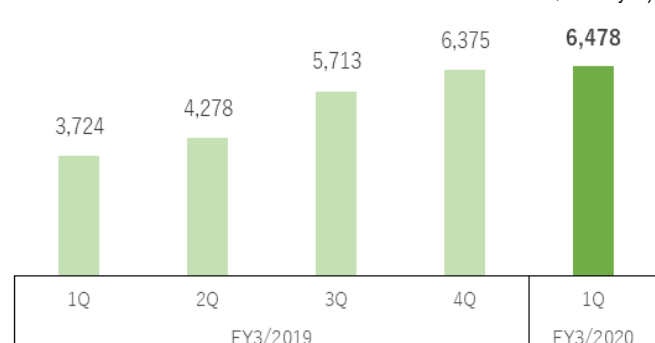
- Continued production adjustments by clients in the semiconductor manufacturing equipment-related field.
- Thanks mainly to efforts in the automotive-related sector and the area strategy, sales increased y-o-y but decreased q-o-q.

Sales by sector

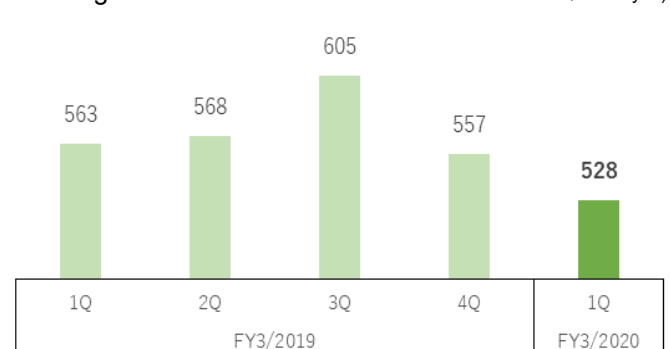
Semiconductors and electronic components sector



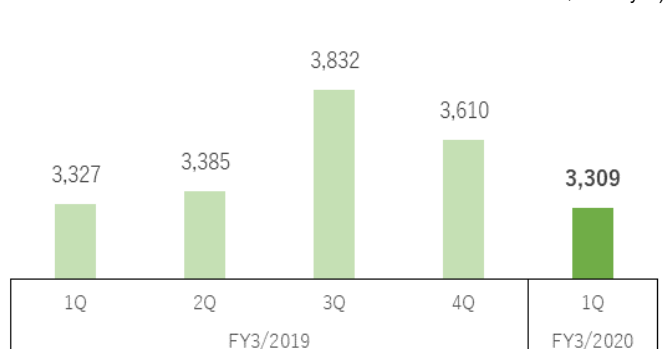
Automotive-related sector



Housing-related sectors

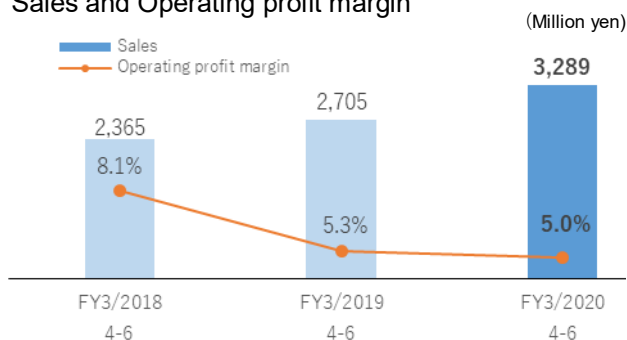


Other sectors



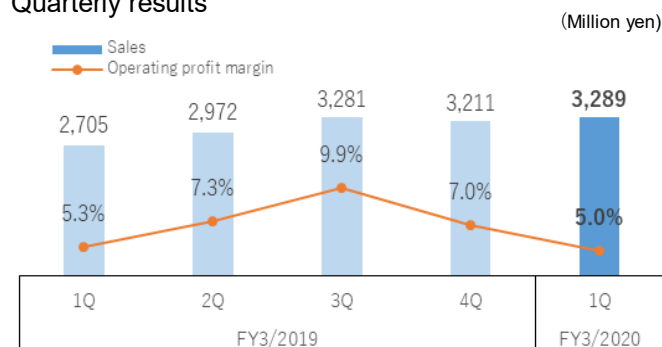
Solution Business

Sales and Operating profit margin



- Client companies' business restructuring and production increases contributed to sales growth.
- Production adjustments in Electric Vehicle batteries and the posting of advance expenses associated with a large order for dispatched workers caused a decline in the operating margin.

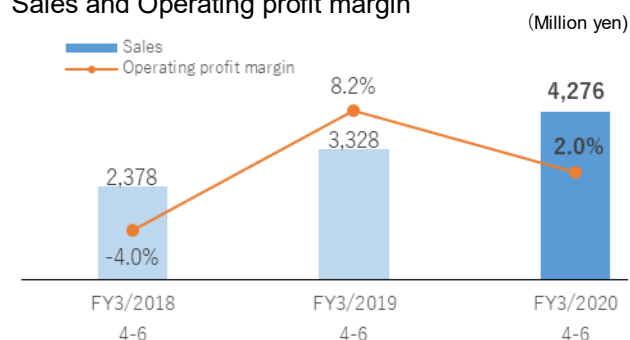
Quarterly results



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

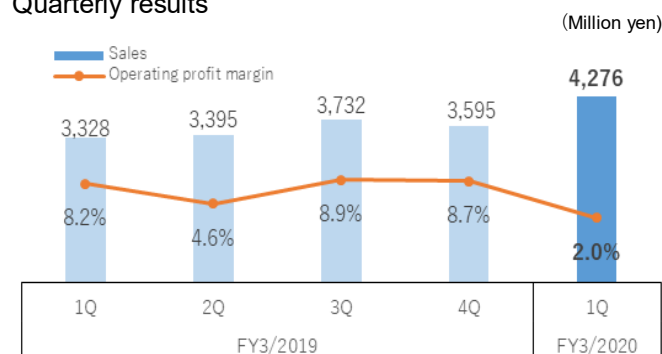
Engineering Business

Sales and Operating profit margin



- The number of technical employees increased due to hiring of new graduates and the inter-group transfer program "One UT," which led to an increase in sales.
- Initial training for over 900 new hires, a nearly doubling in number y-o-y led to a temporary contraction in the operating margin.

Quarterly results



- The segment responded to an increase in demand mainly of major manufacturers for field engineers, equipment maintenance operators, and automotive-related designers and developers, and increased sales.
- In the first quarter, the cost of conducting training programs for new hires was high and led to a temporary contraction in the operating margin.

Outlook

In the mainstay Manufacturing Business, uncertain business conditions are expected to continue as some of our clients in the semiconductors and electronic components segment are adjusting their production due to a weakening demand for smartphones and the US-China trade friction, and this is expected to continue affecting the Company's business through the end of 2019. In contrast, demand for personnel is expected to remain robust in the automotive-related and housing-related sectors, contributed by replacement demand ahead of an increase in consumption tax rate, domestic construction demand, and other factors. The Solution Business is expected to continue increasing the number of technical workers and sales, in spite of being affected by production adjustments by some clients. The Engineering Business is also projecting an increase in sales and improvement in profit as the new hires who completed the initial training in the first quarter are expected to start contributing to sales growth from the second quarter.

Please refer to the Summary of Consolidated Financial Statements, which is available on UT Group's website, for details of the financial results.

<https://www.ut-g.co.jp/english/ir/library/index.html>

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