

November 7, 2019

For Immediate Release

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

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

### UT Group Reports Net Sales of 51.6 Billion Yen, an Increase of 6.5% Y-o-y and Operating Profit of 3.8 Billion Yen, an Increase of 23.6% Y-o-y

Sluggish business in the semiconductors and electronic components sector was more than offset by growth in other sectors to increase both sales and profit

In the first six months of fiscal 2019, UT Group recorded net sales of 51.6 billion yen (up 6.5% from the same period of the previous fiscal year), operating profit of 3.8 billion yen (up 23.6%), profit attributable to owners of the parent of 1.7 billion yen (down 14.2%), and EPS of 43.36 yen (down 14.2%). The number of technical employees totaled 20,302 (down 1.3%).

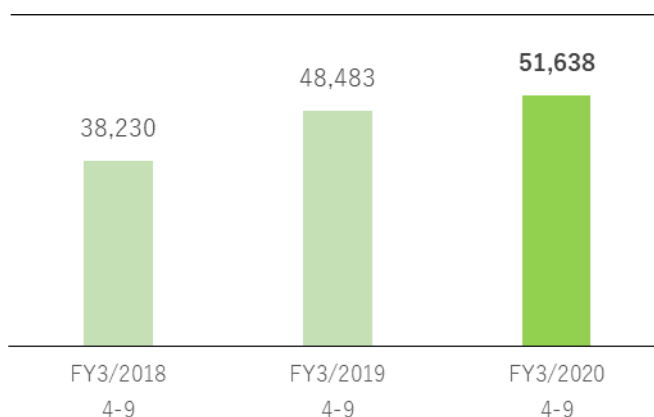
The business environment surrounding UT Group was harsh as demand for dispatched workers in the semiconductors and electronic components sector was stagnant due to the impact of the ongoing US-China trade friction while the jobs-to-applicants ratio showed signs of weakening despite remaining at a high level. Looking by business segment, the mainstay Manufacturing Business recorded an increase in sales and profit, contributed by an increase in demand for dispatched workers in the automotive-related sector which is experiencing a labor shortage. This increase more than offset a slowdown in the semiconductors and electronic components sector. The Solution Business posted steady expansion in sales and profit by acquiring a large-lot order for dispatched workers. The Engineering Business also increased sales with an increase in the number of technical employees by hiring of new graduates and the inter-group transfer program "One UT," and their placement in areas of high demand for workers, such as field engineers, equipment maintenance operators, civil engineering and construction workers.

#### Major indicators

(Million yen)	FY3/2019 2Q	FY3/2020 2Q	Y-O-Y
Net sales	48,483	51,638	6.5%
EBITDA	3,411	4,139	21.3%
Operating profit	3,126	3,862	23.6%
Net profit attributable to UT Group	2,040	1,749	△14.2%
EPS (Yen)	50.53	43.36	△14.2%
Number of technical employees (Persons)	20,565	20,302	△1.3%

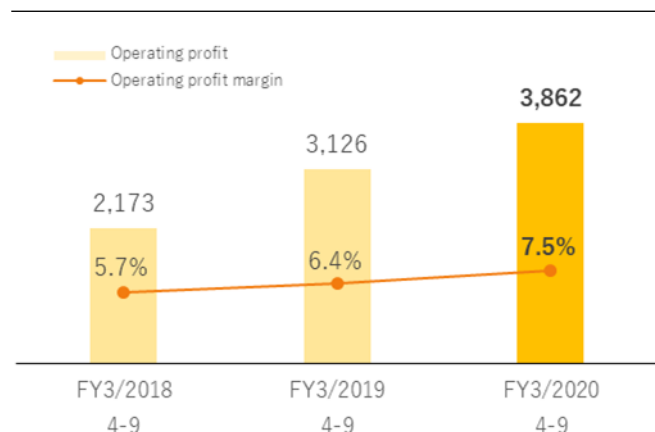
#### Net sales

(Million yen)



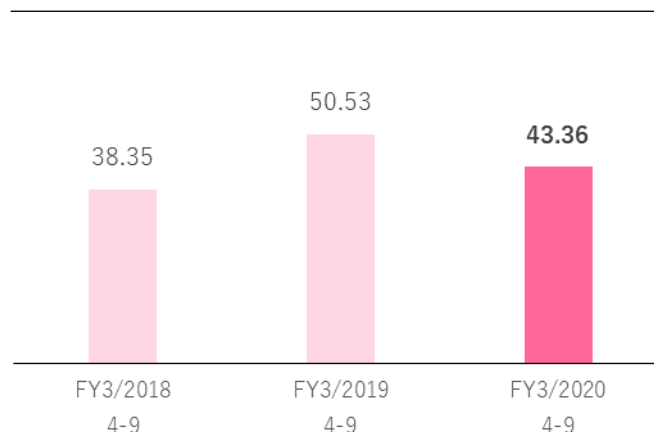
#### Operating profit

(Million yen)



#### EPS

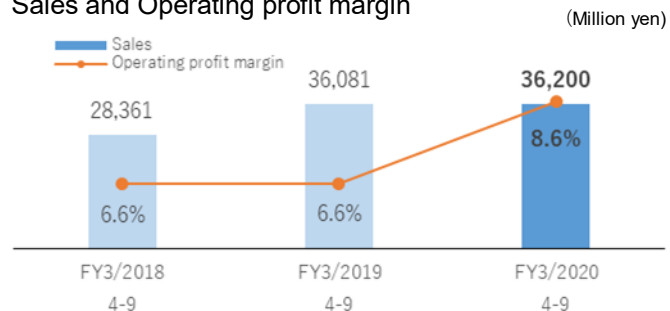
(Million yen)



## Results by Sector

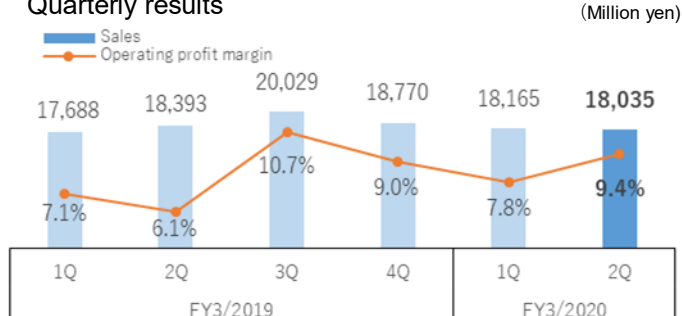
### Manufacturing Business

#### Sales and Operating profit margin



- Sales increased y-o-y, driven by demand growth for dispatched workers in the automotive-related sector, despite a decline in the semiconductors and electronic components sector, caused by production adjustment, partly due to the impact of the US-China trade friction.
- The operating margin substantially improved from the previous year, contributed by an increase in high-unit-price projects mostly in the automotive-related sector and greater efficiency in recruitment activities.

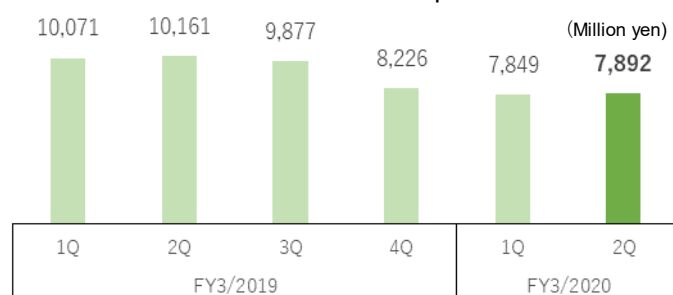
#### Quarterly results



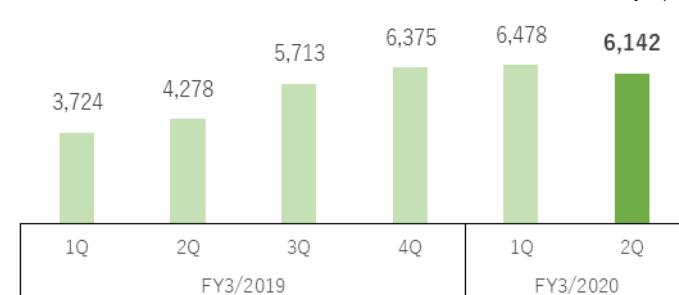
- Continued production adjustments by some clients in the semiconductors and electronic components sector, which began in January 2019, appeared to be stabilizing.
- Demand for dispatched workers was sluggish in the automotive-related sector as some automakers increased hiring of contract workers along with a decline in the jobs-to-applicants ratio.
- The operating margin improved from the previous quarter due to a decline in job transfer and other operations as a demand decline in the semiconductors and electronic components sector narrowed.

#### Sales by sector

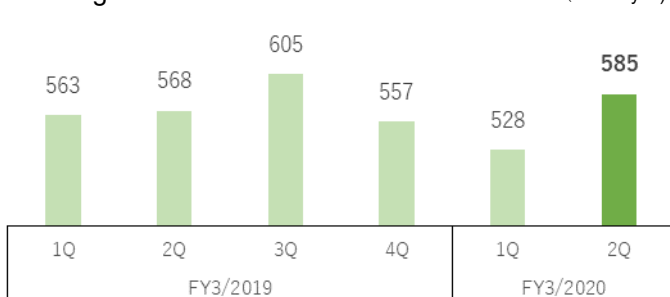
##### Semiconductors and electronic components sector



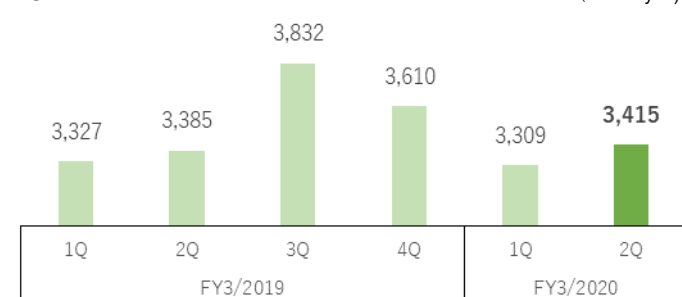
##### Automotive-related sector



##### Housing-related sectors

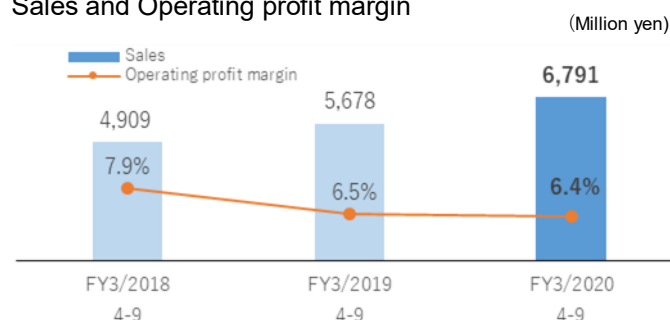


##### Other sectors



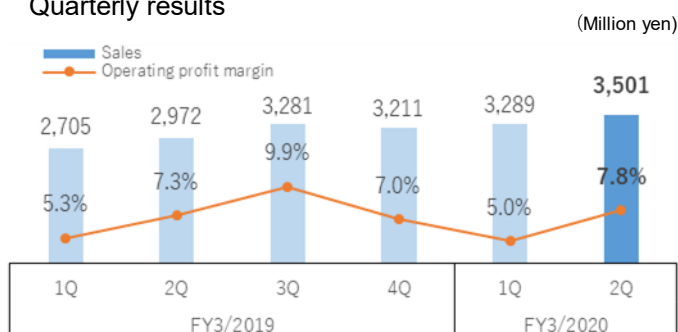
## Solution Business

### Sales and Operating profit margin



- Transfer of employees of client companies and a new large-lot order for dispatched workers contributed to steady y-o-y sales growth.
- Production adjustments in Electric Vehicle batteries, due to the impact of the US-China trade friction, caused a decline in the operating margin.

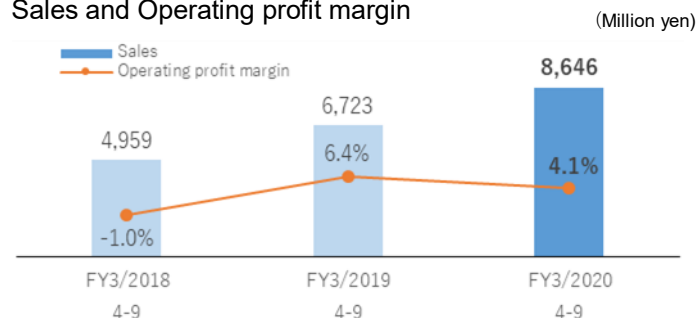
### Quarterly results



- Progress in transfer of employees of client companies, a new large-lot order for dispatched workers, and the resultant increase in the number of technical employees contributed to a q-o-q increase in sales.
- The operating margin improved from the previous quarter as a large-lot order, received and incurred advanced expenses in the first quarter, started operation in the second quarter.

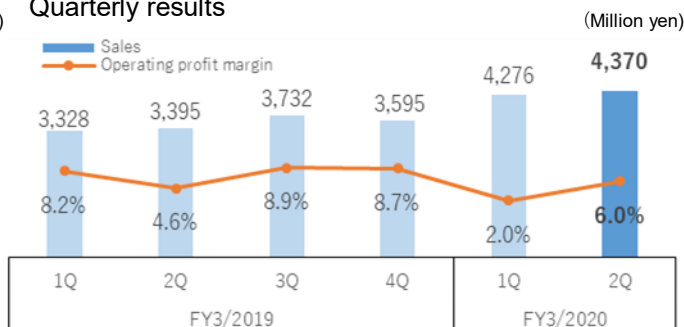
## Engineering Business

### 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 a y-o-y 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 for field engineers, equipment maintenance operators, and civil engineering and construction workers and increased sales q-o-q.
- The new hires completed the initial training and were placed in workplaces, contributing to an improvement in the segment's operating margin from the second quarter.

## Outlook

In the mainstay Manufacturing Business, uncertain business conditions are expected to continue. The impact of production adjustments by some clients in the semiconductors and electronic components sector, due to a weakening demand for smartphones and the US-China trade friction, has petered out but a recovery in demand has been more delayed than initially expected. In addition, in the automotive-related sector, changes in the supply-demand balance of personnel has prompted some automakers to increase the ratio of contract workers. In contrast, demand for personnel is expected to remain robust in housing and other areas, contributed by UT Group's full-fledged efforts in the housing-related sector and its area strategy. Demand in the Solution Business is expected to continue expanding as there is a growing momentum toward structural reform mainly among large companies, in light of growing uncertainties in the global economic outlook. The Engineering Business is projecting an increase in sales and improvement in profit as the new hires will continue to be placed in workplaces in the ongoing strong demand environment for personnel.

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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