

# FY2014 2Q Financial Results

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**Benefit One Inc.**

Listed on second section of TSE (2412)

November 6, 2014

<http://www.benefit-one.co.jp>









# Financial Highlights for FY2014 2Q (year-to-date)

- Sales **9.93** billion yen 

+500 million yen  
year-on-year  
(+5.3%)
- Ordinary income **1.24** billion yen 

+250 million yen  
year-on-year  
(+25.4%)

# Summary of 2Q results (year-to-date)

Major business	Year-on-year	Vs. Plan
① Welfare Program	 <p>Sales and profits increased</p>	 <p>Sales exceeded but profits fell short</p>
② Personal	 <p>Sales and profits increased</p>	 <p>Sales and profits exceeded</p>
③ Incentive	 <p>Sales and profits increased</p>	 <p>Sales fell short but profits exceeded</p>
④ Healthcare	 <p>Sales and profits decreased</p> <p>*Both are expected to increase for full-term.</p>	 <p>Sales and profits fell short</p> <p>*Both are expected to exceed the plan for full-term.</p>

## 1st half summary

Sales for 1H **6.42** billion yen/Operating income for 1H **920** million yen

+4.8% YoY, -1.0% vs. Plan      +15.4% YoY, +13.2% vs. Plan

### 【Year-on-year】

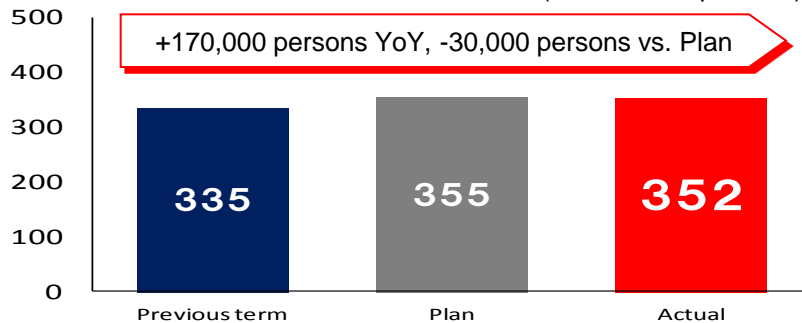
- Revenue from membership fees increased by 250 million yen, thanks to the increase in membership.
- Despite higher labor cost due to adding staff, operating income increased by 120 million yen resulting from a decrease in supplemental payment to users.

### 【Vs. Plan】

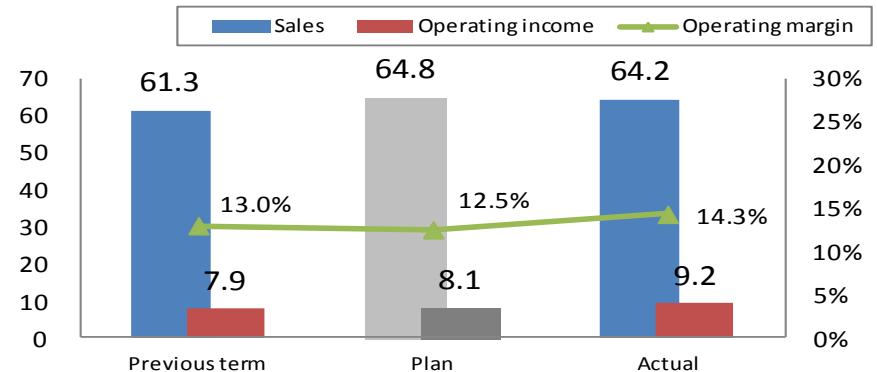
- A decrease in use due to consumption tax hike resulted in lower supplemental payment to users.
- Operating income increased by 100 million yen, partly contributed by cost reduction efforts such as operation improvement.

### ● Welfare program membership, end of Sep.

(Unit: 10,000 persons)



### ● Performance (Unit: 100 million yen)



## 2<sup>nd</sup> half measurements

Sales plan **13.1** billion yen/Operating income plan **2.43** billion yen

(full-term forecast)

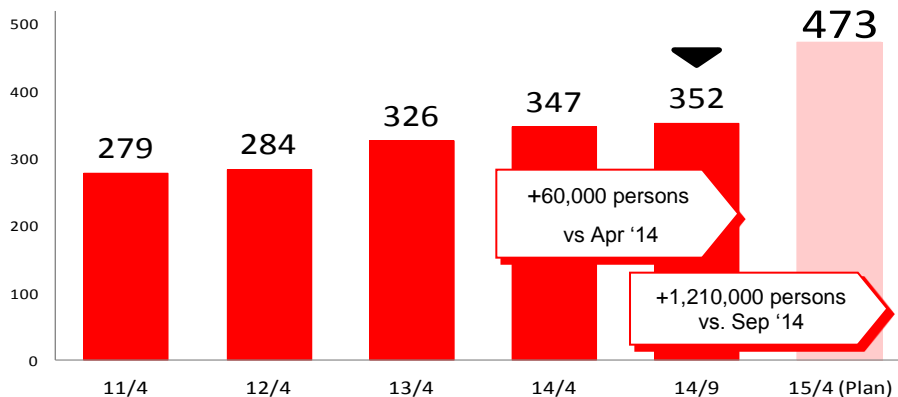
↓ **12.99** billion yen  
+4.7% YoY, -0.9% vs. Plan

(full-term forecast)

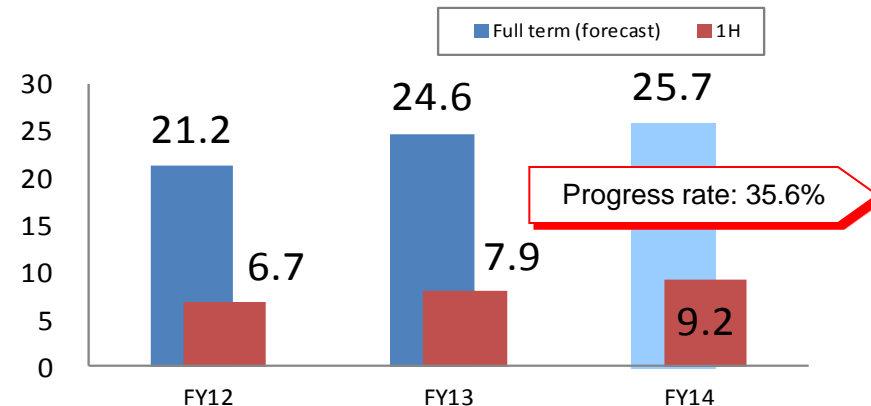
↑ **2.57** billion yen  
+4.4% YoY, +5.8% vs. Plan

- Propose welfare programs as ES improvement measures, backed by labor shortage of companies
- Focus on new SMEs customer acquisition ⇒ enhance measures for agencies, active use of seminar and DM
- Expand deals with the large mutual association ⇒ continue marketing toward all-chapter enrollment
- Optimize operation cost thru BPR promotion ⇒ re-define service, invest in system strategically

### ● Welfare Program membership (Unit: 10,000 persons)



### ● Transition of operating income (Unit: 100 million yen)



## 1st half summary

Sales for 1H **780** million yen/Operating income for 1H **280** million yen

+43.6% YoY, +14.4% vs. Plan

+79.7% YoY, +42.3% vs. Plan

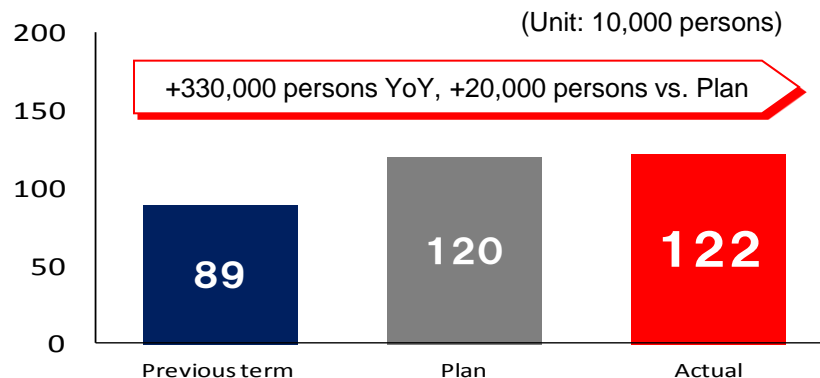
### 【Year-on-year】

- Sales increased by 240 million yen, resulting from steady membership increase.
- Number of client companies increased, thanks to horizontal spread in focus industries (e.g. communication and fitness), in addition to further deals with existing clients.

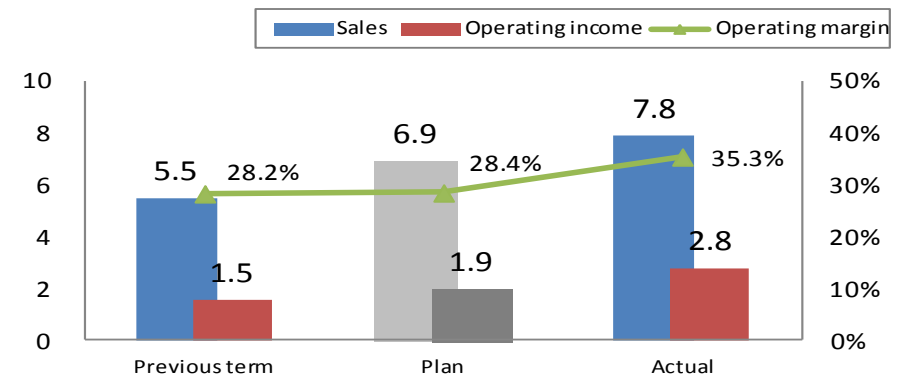
### 【Vs. Plan】

- Sales increased by 100 million yen, resulting from brisk new membership acquisition mainly in dealer-affiliated clients.
- Operating income also increased by 80 million yen, resulting from curbed costs.

### ● Personal membership, end of Sep.



### ● Performance (Unit: 100 million yen)



## 2<sup>nd</sup> half measurements

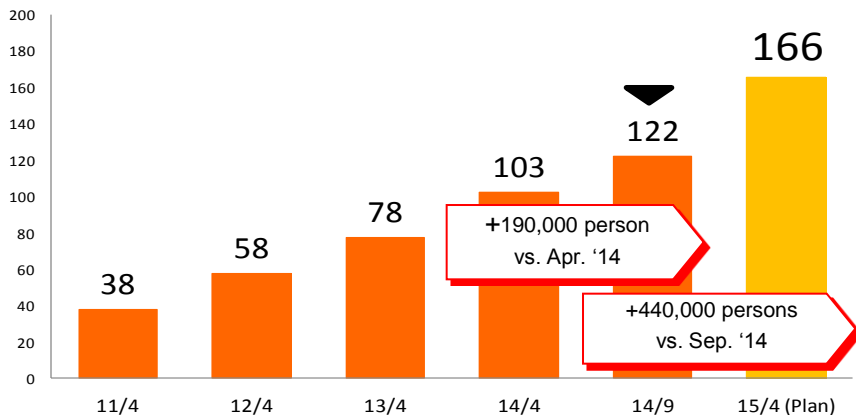
Sales plan **1.63** billion yen/Operating income plan **470** million yen  
(full-term forecast)

↑ **1.85** billion yen  
 +59.5% YoY, +13.1% vs. Plan

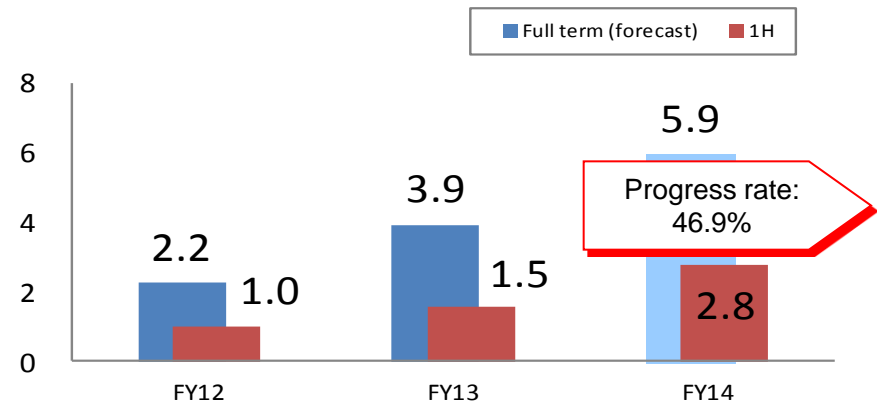
↑ **590** million yen  
 +50.6% YoY, +26.0% vs. Plan

- Mainstay Softbank Group remains brisk; further deals are expected.
- Expand customers in communication, real estate, fitness and distribution industries
- Focus on increasing sales partners that are suitable to “monthly charge X face-to-face selling”
- Consider full-scale entry into “BtoC business” via internet

● Personal membership (Unit: 10,000 persons)



● Transition of operating income (Unit: 100 million yen)



## 1st half summary

Sales for 1H **880** million yen/Operating income for 1H **100** million yen

+12.2% YoY, -21.9% vs. Plan

+80.7% YoY, +8.8% vs. Plan

### 【Year-on-year】

- Sales increased by 100 million yen, resulting from points conversion progress, which have been accumulated since the previous term.
- Profit ratio also improved, with increased exchange difference gain ratio and hoarded profit, resulting in 40 million yen increase in operating income.

### 【Vs. Plan】

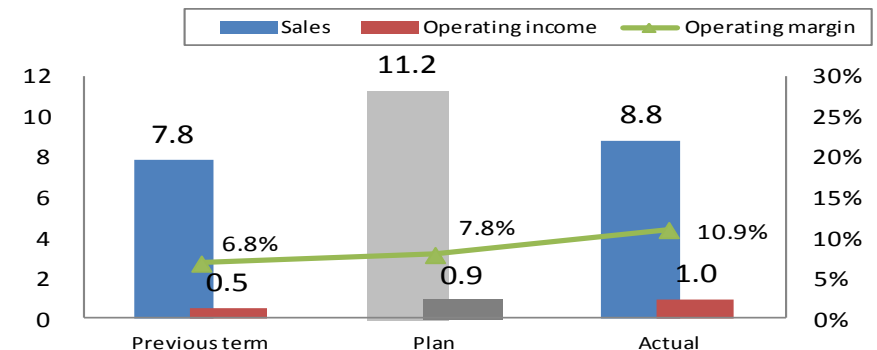
- Although grant points were steady, sales did not achieve the Plan due to slow exchange by major customers.
- On the other hand, profits were generally as planned, thanks to increased exchange difference gain ratio through enhanced purchase, etc.

### ● Grant points and exchange ratio in 1st half

(Unit: 100 million yen)	Previous term	Plan	Actual	YoY	Vs. Plan
Point carried forward as of previous term end	21.5	23.1	23.1	1.6	0.0
Grant	11.6	16.0	15.1	3.6	▲ 0.8
Existing	9.8	13.0	13.8	4.0	0.8
New	1.7	2.9	1.4	▲ 0.4	▲ 1.6
Cumulative grant point	33.0	39.0	38.2	5.2	▲ 0.8
Exchange ratio	27.2%	33.5%	27.2%	0pt	▲ 6.3pt

Note: Exchange ratio=cumulative exchange amount / (point carried forward as of previous term and + cumulative grant for the term)

### ● Performance (Unit: 100 million yen)





## 2<sup>nd</sup> half measurements

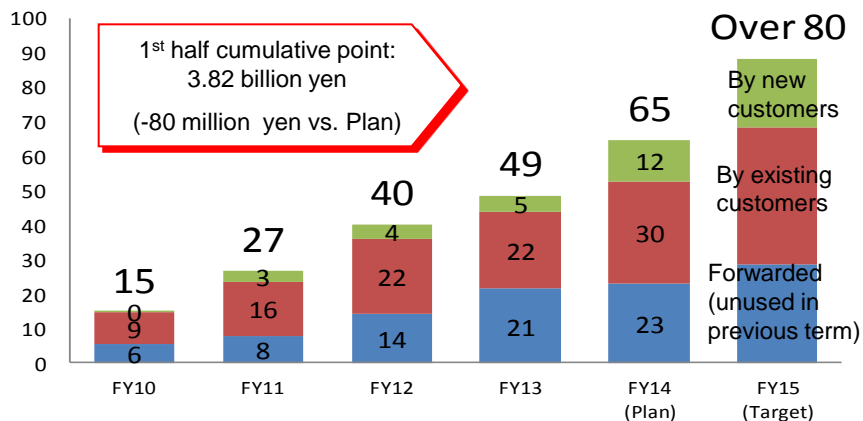
Sales plan **3** billion yen/Operating income plan **300** million yen

(full-term forecast)  
 ↓ **2.41** billion yen  
 +34.4% YoY, -19.6% vs. Plan

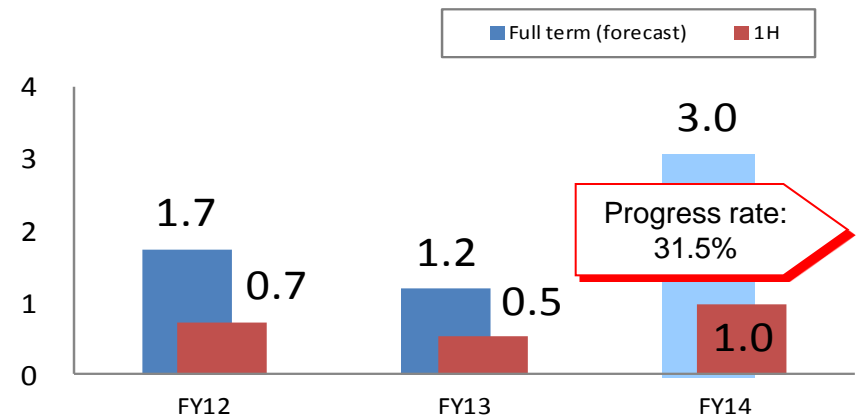
(full-term forecast)  
 → **300** million yen  
 +159.1% YoY, as planned

- Incorporate needs for part-timers to secure human resources and to improve retention rate
- New acquisition was steady. ⇒ Promote top-sales, cross-selling, and joint proposal with other companies
- Promote point exchange ⇒ Focus on line-up of attractive items and exchange and facilitate promotion
- Maintain appropriate exchange difference gain ratio ⇒ Strengthen purchase power by taking advantage of closed market

### ● Cumulative grant point (Unit: 100 million yen)



### ● Transition of operating income (Unit: 100 million yen)



## 1st half summary

Sales for 1H **1.08** billion yen/Operating income for 1H **-20** million yen

-11.4% YoY, -15.9% vs. Plan

-190.0% YoY, -182.8% vs. Plan

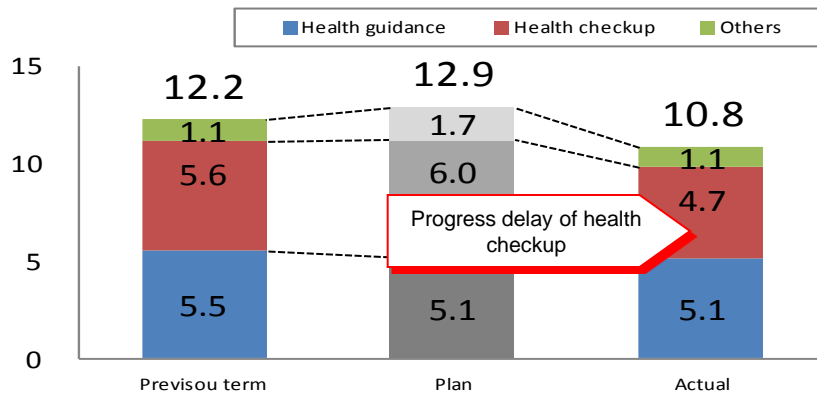
### 【Year-on-year】

- SG&A increased resulting from sales structure enforcement toward business expansion
- Sales and profits decreased due to delayed health checkup. (Both are expected to increase for the full-term as the delay catches up.)

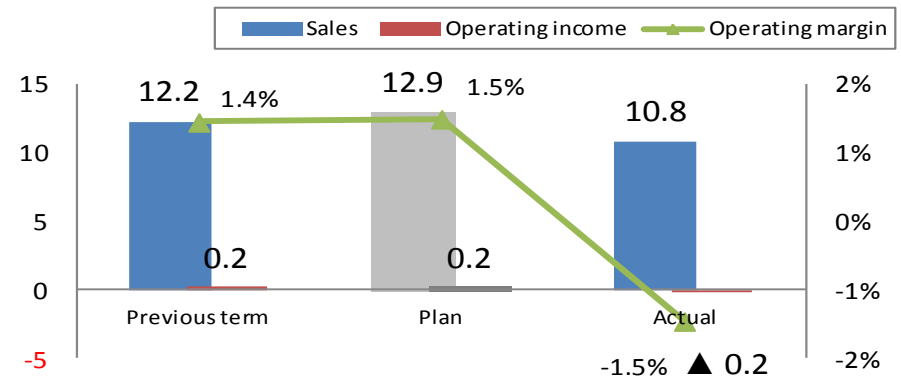
### 【Vs. Plan】

- Sales fell short of the Plan by 200 million yen, due to delays of health checkup and others (such as data health plan).
- Operating income was also below the Plan, with curbed costs not covering the shortage for the Plan.

### ● Sales breakdown (Unit 100 million yen)



### ● Performance (Unit: 100 million yen)



## 2<sup>nd</sup> half measurements

Sales plan **3.42** billion yen/Operating income plan **250** million yen

(full-term forecast)  
**↑ 3.44** billion yen  
 +3.2% YoY, +0.6% vs. Plan

(full-term forecast)  
**→ 250** million yen  
 +39.7% YoY, as planned

### ■ Capital and business tie-up with a large data analyzing company “Data Horizon Corporation”

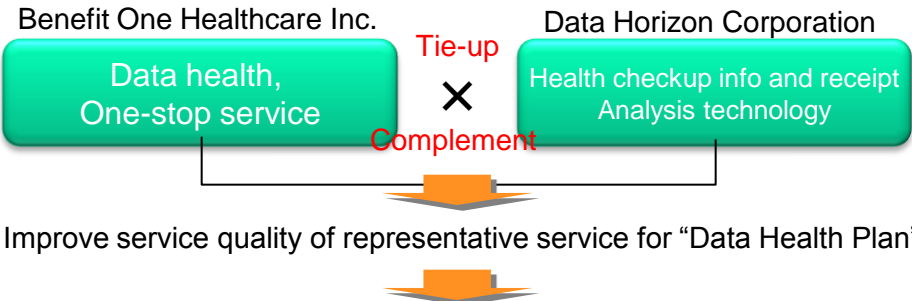
⇒ Acquired 250,000 shares of the ordinary stocks (7.03% of outstanding shares, with acquisition costs of 177 million yen) on Oct. 31.

### ■ Incorporating insurers’ needs based on “Data Health Plan” by MHLW is going well, and receiving orders.

### ■ Aim to achieve the Plan for the full-term, by conducting delayed health checkup early.

### ● Capital and business tie-up with Data Horizon

(announced on Oct. 29)

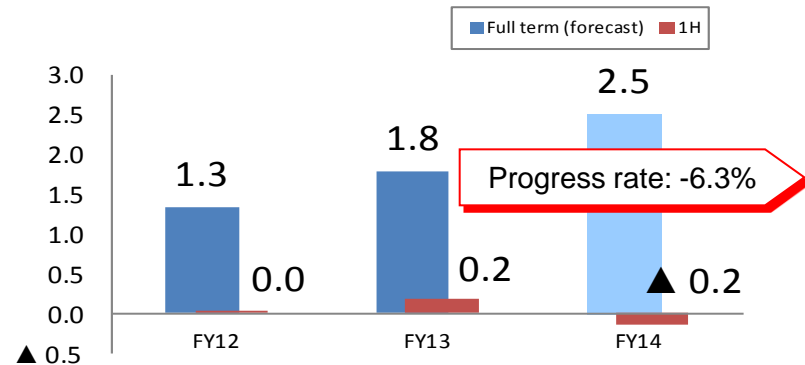


Improve service quality of representative service for “Data Health Plan”

Aim to quickly increase market share through sharing customers in relevant market

### ● Transition of operating income

(Unit: 100 million yen)



# Global Operation

Japanese original business model is now spread to the world

## <History of global operation>



## <Topics for this term>

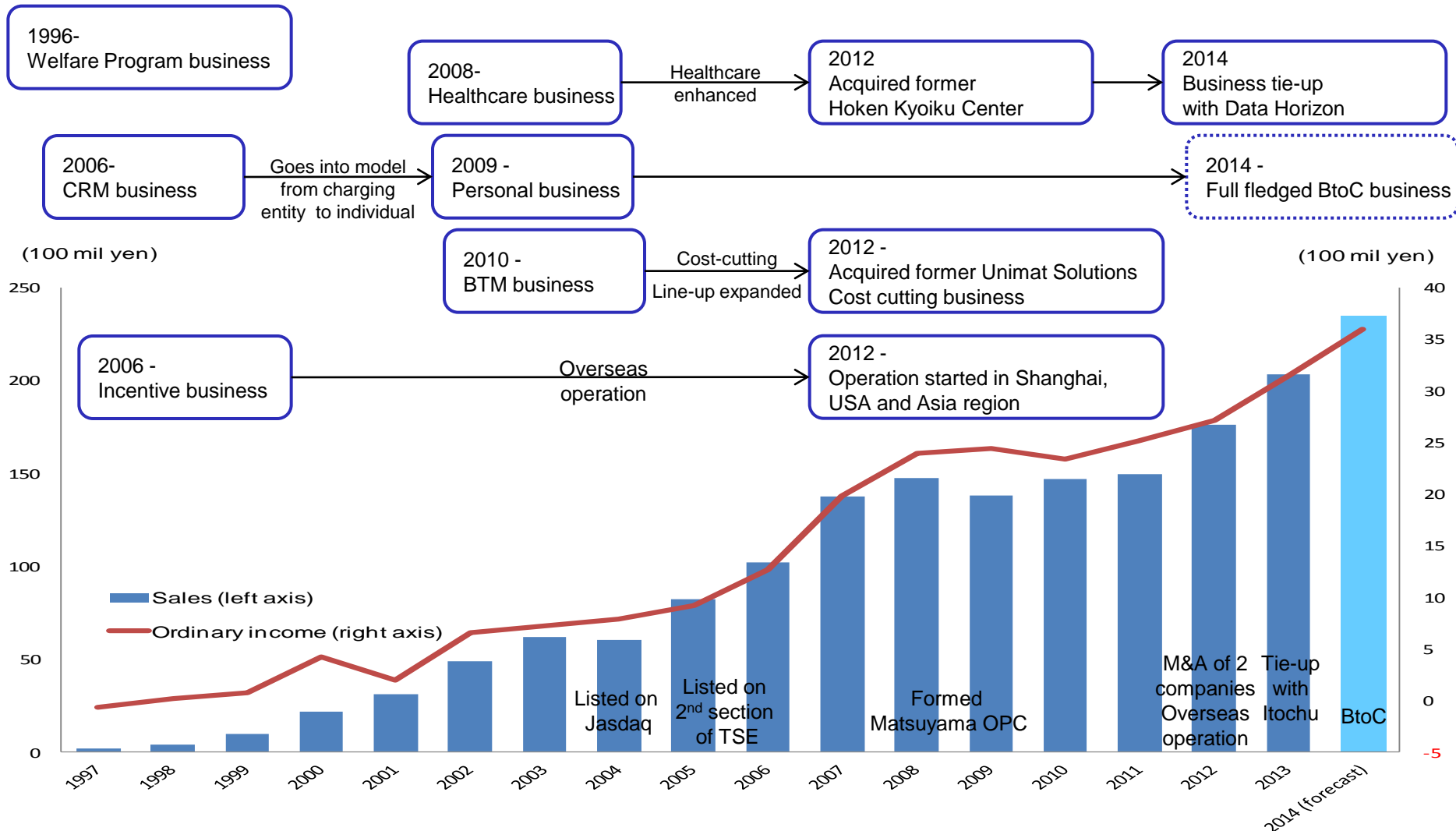
- June: Benefit One (Thailand) Co., Ltd
- Held opening ceremony in Bangkok, starting “Incentive Point” in full-scale
  - Focused on development of menu to visit Japan
- August: PT. BENEFIT ONE INDONESIA
- Held opening ceremony in Jakarta, starting “Incentive Point” in full-scale
- October: PT. BENEFIT ONE INDONESIA
- Basically agreed on capital tie-up with “PT Karang Mas Investama”, an investment business company of MidPlaza Holdings, a newly emerged company syndicate
  - Enhanced sales activities and service development for new customer development in Indonesia

\*Underlined entities are consolidated. Equity method is applied for CBO.

# Future Growth Strategy

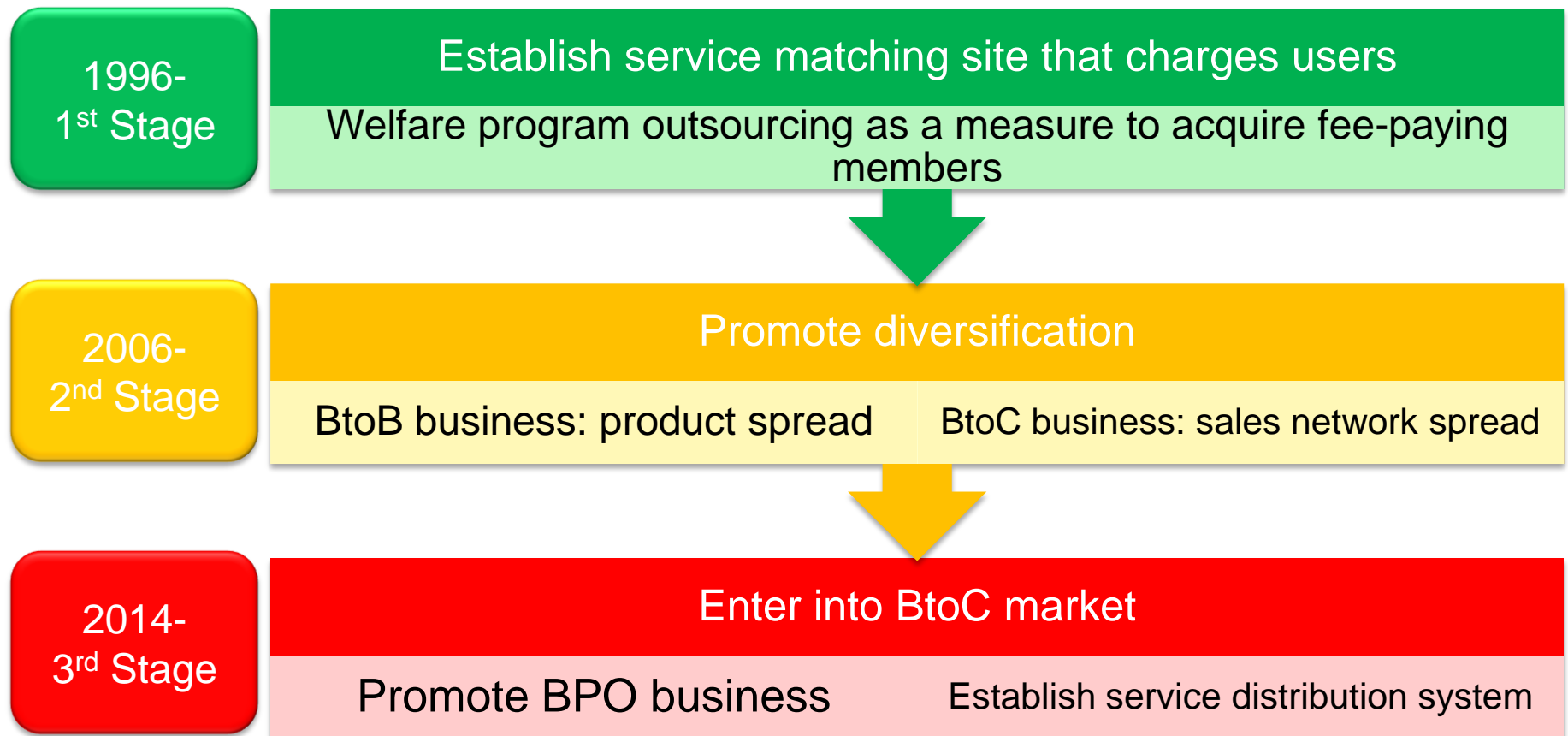
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# Business performance since foundation



# Growth Process

## To Achieve “Creation of Service Distribution”



**1<sup>st</sup> Stage**

Expand share in welfare program market ⇒ pursue economy of scale

- Management resources that Benefit One owns -

**Operation know-how/system**


Approx. 500 booths

**Entity customer network**


Approx. 5,000 entities

**Supplier network**


Approx. 500,000 contents

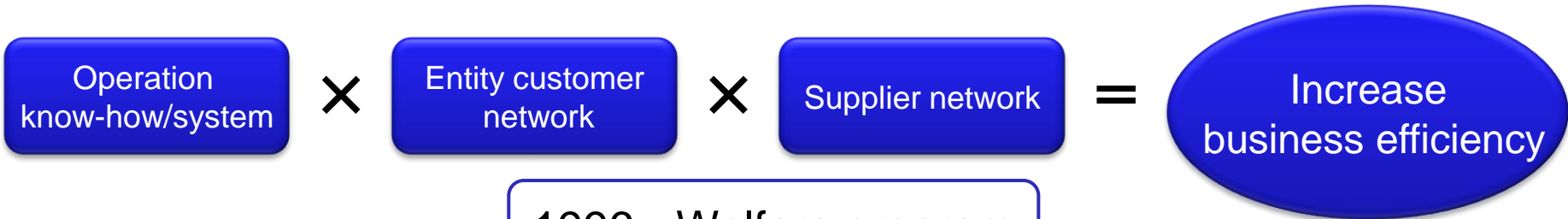
Note: figures are as of April 1, 2014.



**2<sup>nd</sup> Stage**

Promote diversification ⇒ effectively use resources fostered in Welfare business

- Enhance profit base by diversification of relevant businesses -



1996 Welfare program

**BtoB business**
**BtoC business**

- 2006 Incentive
- 2008 Healthcare
- 2010 BTM
- 2012 Cost-cutting

- 2006 CRM
- 2009 Personal

Direct sales structure is to be established

**3<sup>rd</sup> Stage**

Full-fledged BtoC business ⇒ Establish service distribution system

- Re-define domains -

## BtoB business

- Promote BPO business -

One-stop solution by taking advantage of personnel data

### Welfare program

(cafeteria plan/employees' saving scheme, ownership stake)

Healthcare (physical/mental)

Incentive

Cost-cutting/BTM

**Enhance solution-type sales**

## BtoC business

- Establish service distribution system -

Service matching site that charges users

Personal

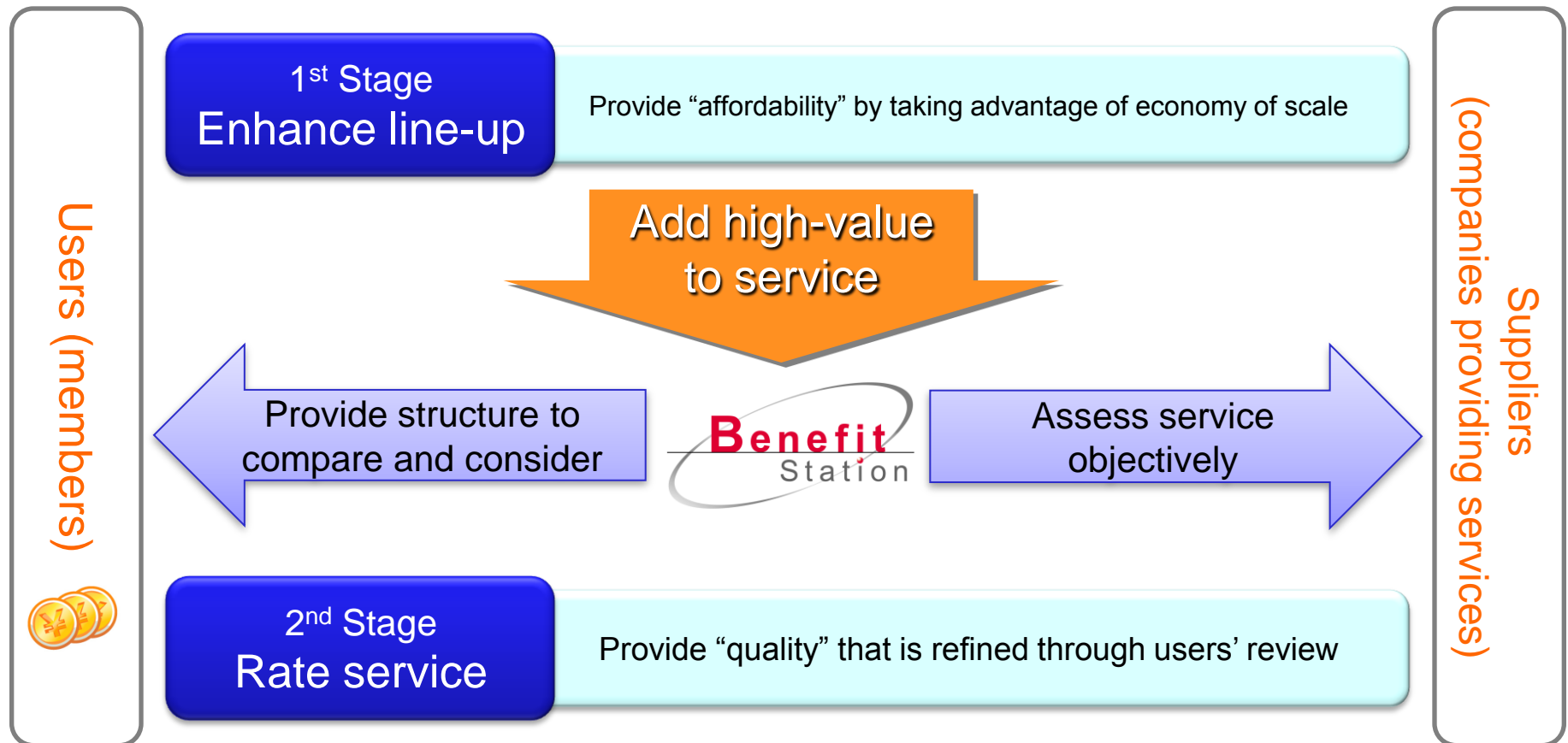
Healthcare

Inbound

**Pursue 100% of UU rate**

# Creation of Service Distribution

## Service matching site that charges users

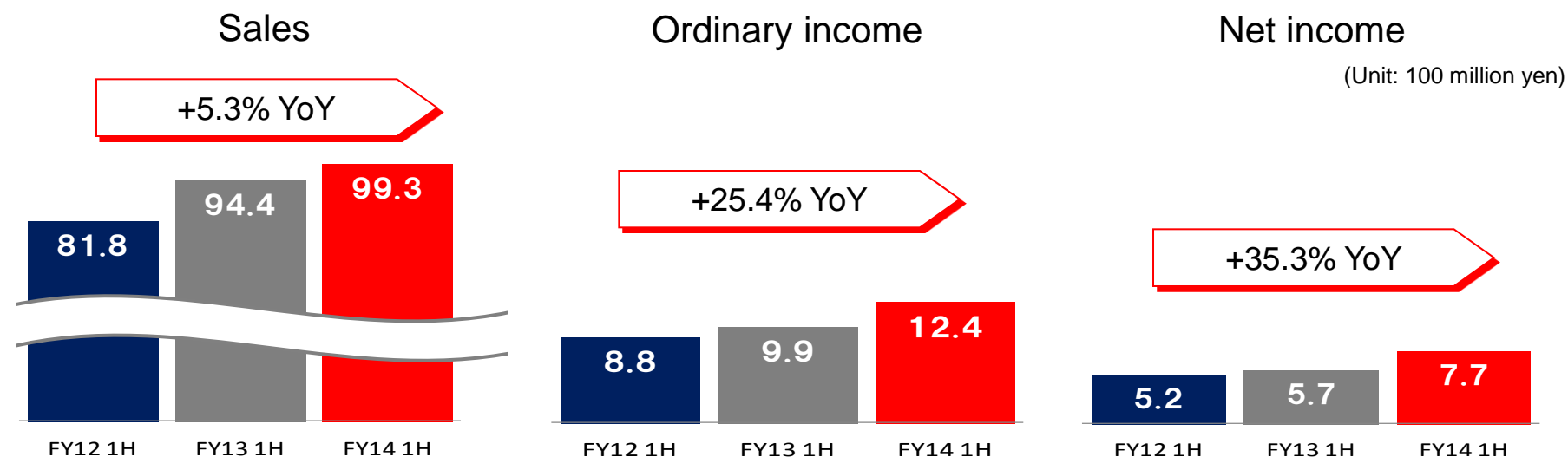


# 2Q Financial Highlights and Forecasts

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# Financial Highlights for 2Q

Both sales and profits performed well, with membership increase in Welfare and Personal as well as an increase in point exchange in Incentive.



(Unit: 100 million yen)	FY12 1H	(%)	FY13 1H	(%)	FY14 1H	(%)	YoY change	(%)	FY14 full-term Plan	Progress rate
Sales	8,176	(100.0)	9,436	(100.0)	9,932	(100.0)	496	+5.3%	23,500	42.3%
Operating income	880	(10.8)	1,025	(10.9)	1,237	(12.5)	212	+20.7%	3,620	34.2%
Ordinary income	876	(10.7)	986	(10.5)	1,237	(12.5)	251	+25.4%	3,600	34.4%
Net income	521	(6.4)	565	(6.0)	765	(7.7)	200	+35.3%	2,250	34.0%

Both sales and profits performed well in Welfare and Personal with increased membership, leading to brisk consolidated performance. Incentive also remains steady.

(Unit: million yen)	Sales					Ordinary income				
	FY12 1H	FY13 1H	FY14 1H	YoY	(%)	FY12 1H	FY13 1H	FY14 1H	YoY	(%)
<b>Total, consolidated</b> (①Domestic+②Overseas+Domestic↔ Overseas consolidation)	8,176	9,436	9,932	496	+5.3%	876	986	1,237	251	+25.4%
① Subtotal, domestic	8,176	9,436	9,925	489	+5.2%	876	986	1,303	316	+32.1%
Welfare program	5,749	6,126	6,418	292	+4.8%	667	804	934	130	+16.1%
Incentive	645	782	878	96	+12.2%	73	56	96	40	+72.7%
Personal	410	546	784	238	+43.6%	101	152	278	126	+83.0%
CRM	418	318	253	▲65	▲20.3%	54	27	20	▲6	▲23.8%
Healthcare	487	1,221	1,082	▲140	▲11.4%	3	17	▲15	▲33	-
Cost-cutting	181	171	194	23	+13.4%	36	31	33	2	+6.4%
BTM	23	34	40	6	+16.5%	▲11	3	▲5	▲8	-
Travel	56	21	15	▲6	▲28.0%	▲12	▲2	4	6	-
New business total	2,220	3,093	3,246	153	+4.9%	244	283	411	128	+45.3%
② Subtotal, overseas	0	0	7	7	-	0	0	▲65	▲65	-

Note: Sales and operating income of each business include internal transaction; the total may differ from that in consolidation.

## Cost of sales ratio: 62.2% (-2.9 pt YoY)

- Cost of goods purchased ratio decreased, due to a decrease in supplemental payment to users resulting from a decrease in use.
- Cost of goods manufactured ratio decreased, due to a decrease in commission according to health checkup delay, etc.

(Unit: million yen)	FY12 1H	FY13 1H	FY14 1H	YoY change	(%)
Cost of sales	5,286	6,142	6,176	35	+0.6%
Cost of goods purchased	3,610	3,709	3,835	126	+3.4%
Supplemental payment (hotel/service)	1,799	1,919	1,865	▲54	▲2.8%
Guidebook	429	372	374	2	+0.4%
Incentive	504	635	652	17	+2.6%
Product sales	251	271	289	18	+6.7%
Manufacturing cost	1,676	2,433	2,342	▲91	▲3.7%
Labor cost	908	1,137	1,163	26	+2.3%
Manufacturing expense	769	1,296	1,179	▲117	▲9.0%
<i>Cost of sales ratio</i>	64.7%	65.1%	62.2%	▲2.9pt.	—
<i>Cost of goods purchased ratio</i>	44.2%	39.3%	38.6%	▲0.7pt.	—
<i>Manufacturing cost ratio</i>	20.5%	25.8%	23.6%	▲2.2pt.	—

## SG&A ratio: 25.4% (+1.3 pt YoY)

SG&A increased, due to increased ad expenses and agency commission, etc. in addition to increased labor cost to enhance sales structure.

(Unit: million yen)	FY12 1H	FY13 1H	FY14 1H	YoY change	
					(%)
SG&A	2,009	2,268	2,517	249	+11.0%
Labor cost	982	1,098	1,219	121	+11.0%
General expenses	1,026	1,170	1,298	128	+11.0%
<i>SG&amp;A ratio</i>	<b>24.6%</b>	<b>24.0%</b>	<b>25.4%</b>	+1.3pt.	—



Profits exceeded the Plan, contributed by curbed costs in Welfare Program and CRM.

(Unit: million yen)	FY14 1H plan	(%)	FY14 1H actual	(%)	Difference	(%)
Sales	10,500	(100.0)	9,932	(100.0)	▲568	▲5.4%
Cost of sales	6,891	(65.6)	6,176	(62.2)	▲714	▲10.4%
Gross profit	3,609	(34.4)	3,755	(37.8)	146	+4.1%
SG&A	2,489	(23.7)	2,517	(25.4)	29	+1.2%
Operating income	1,120	(10.7)	1,237	(12.5)	118	+10.5%
Ordinary income	1,100	(10.5)	1,237	(12.5)	138	+12.5%
Net income	680	(6.5)	765	(7.7)	85	+12.6%

### ● Sales

- Incentive (delayed point exchange)
- Healthcare (delayed health checkup)

### ● Gross margin

- Supplemental payment for Welfare program was curbed.
- Start of large depreciation was delayed to 2<sup>nd</sup> half.

### ● SG&A

- Settlement fee increased due to increase in transactions.
- Traveling costs increased due to marketing expansion.

### ● Ordinary income

- Impact on investment income resulting from equity method
- Interest received increased.

## 1st half actual and full-term forecast of investment

(Unit: million yen)

(Unit: million yen)	FY12 full-term actual	FY13 full-term actual	FY14 (1H actual)	FY14 full-term plan	13→14 Change (full-term)
<b>Domestic business total (①+②+③)</b>	<b>919</b>	<b>1,301</b>	<b>587</b>	<b>1,098</b>	<b>▲203</b>
<b>① Benefit One subtotal</b>	<b>812</b>	<b>950</b>	<b>452</b>	<b>890</b>	<b>▲60</b>
Capital expenditure in information system	440	535	193	645	110
Welfare program capital expenditure	358	405	256	218	▲187
Head office and branches (office remodel work, etc.)	14	10	3	27	17
<b>② Benefit One Healthcare subtotal</b>	<b>89</b>	<b>302</b>	<b>103</b>	<b>168</b>	<b>▲134</b>
Capital expenditure in information system	83	291	93	168	▲123
<b>③ Benefit One Solutions subtotal</b>	<b>17</b>	<b>49</b>	<b>31</b>	<b>40</b>	<b>▲9</b>
Capital expenditure in information system	17	49	31	40	▲9
<b>Consolidated overseas affiliates total (BOA and Shanghai)</b>		<b>8</b>	<b>15</b>	<b>15</b>	<b>7</b>

Note 1: Including equivalent amount to long-term prepaid expenses (FY12 actual: 36M, FY13 actual: 37M, FY14 1st half actual: 14M).

Note 2: Including leased equipment (FY12 actual: 60M, FY13 actual: 105M, FY14 1st half actual: 63M).

## Financial condition

(Unit: million yen)	13/9	14/3	14/9	14/3→14/9 Change
Total assets	14,669	18,480	17,032	▲1,447
Current assets	9,381	12,369	10,552	▲1,816
Fixed assets	5,287	6,110	6,479	+368
Net assets	9,102	10,644	10,565	▲78
Equity ratio	62.1%	56.7%	61.0%	+4.3pt.

Cash on hand and in banks : Δ1,685  
 Accounts receivable: Δ715  
 Deposits: +484

Tangible fixed assets: +263  
 Intangible fixed assets: +66  
 Investments and other assets: +39

## Financial index

		13/9	14/3	14/9
Operating income to sales	%	10.9	15.6	12.5
Ordinary income on total assets	%	6.4	18.1	7.0
Return on equity capital (ROE)	%	6.2	19.2	7.3
Net earning per share	Yen	13.83	46.21	18.68
Net asset per share	Yen	222.14	255.52	253.75

Note: Our company adopts the share unit system where one common share was split into 200 shares and the number of one share units was 100 shares, effective on October 1, 2013. Accordingly, per share amount of net profit and per share amount of net assets are calculated by assuming that such stock split was carried out at the beginning of the previous consolidated accounting period.

(Unit: million yen)	13/9	14/9	Change
CF from operating activities	Δ134	512	+646
CF from investing activities	Δ937	Δ880	+57
CF from financing activities	Δ726	Δ893	Δ168
Cash and cash equivalents at end of year	4,827	5,382	+555

● **Cash increase**

- Net income before income taxes 1,238
- Depreciation 253
- Decrease in accounts receivable 715

● **Cash decrease**

- Decrease in accounts payable 1,160
- Income tax payment 819

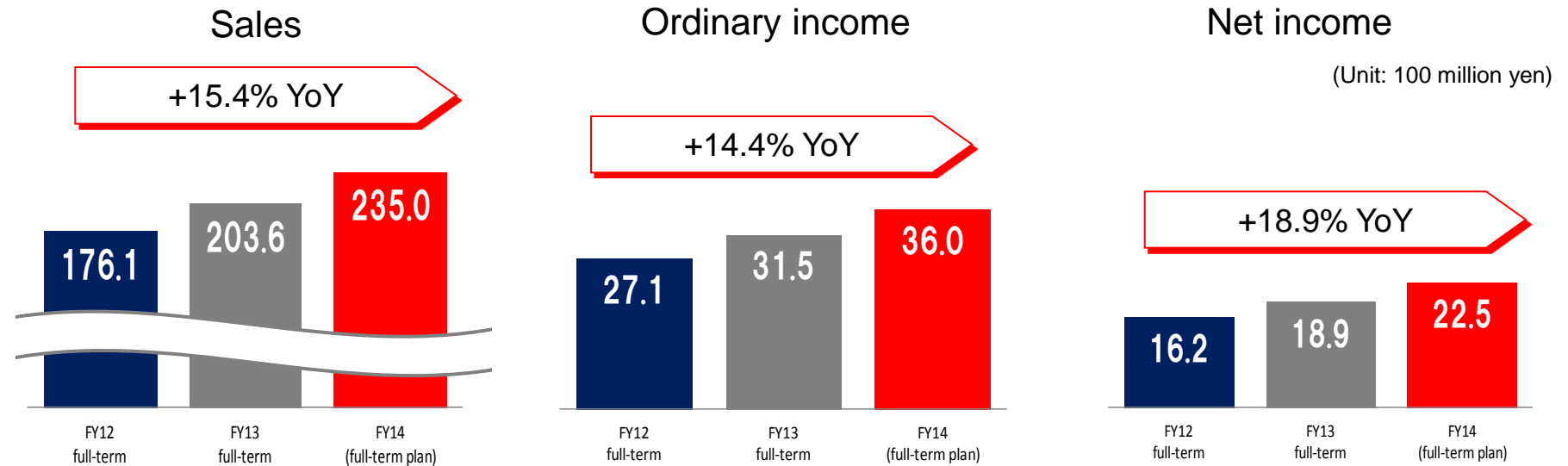
● **Cash decrease**

- Acquisition of tangible/intangible fixed assets 778

● **Cash decrease**

- Payment of dividend 859

Initial plan is maintained. Aim to increase both sales and profits with over 10% growth.



(Unit: million yen)	FY12 full-term	(%)	FY13 full-term	(%)	FY14 (full-term plan)	(%)	12→13 change	(%)	13→14 change	(%)
Sales	17,610	(100.0)	20,356	(100.0)	23,500	(100.0)	2,746	+15.6%	3,143	+15.4%
Operating income	2,731	(15.5)	3,169	(15.6)	3,620	(15.4)	438	+16.0%	450	+14.2%
Ordinary income	2,714	(15.4)	3,145	(15.5)	3,600	(15.3)	431	+15.9%	454	+14.4%
Net income	1,623	(9.2)	1,892	(9.3)	2,250	(9.6)	268	+16.5%	358	+18.9%

# FY2014 2Q Financial Results

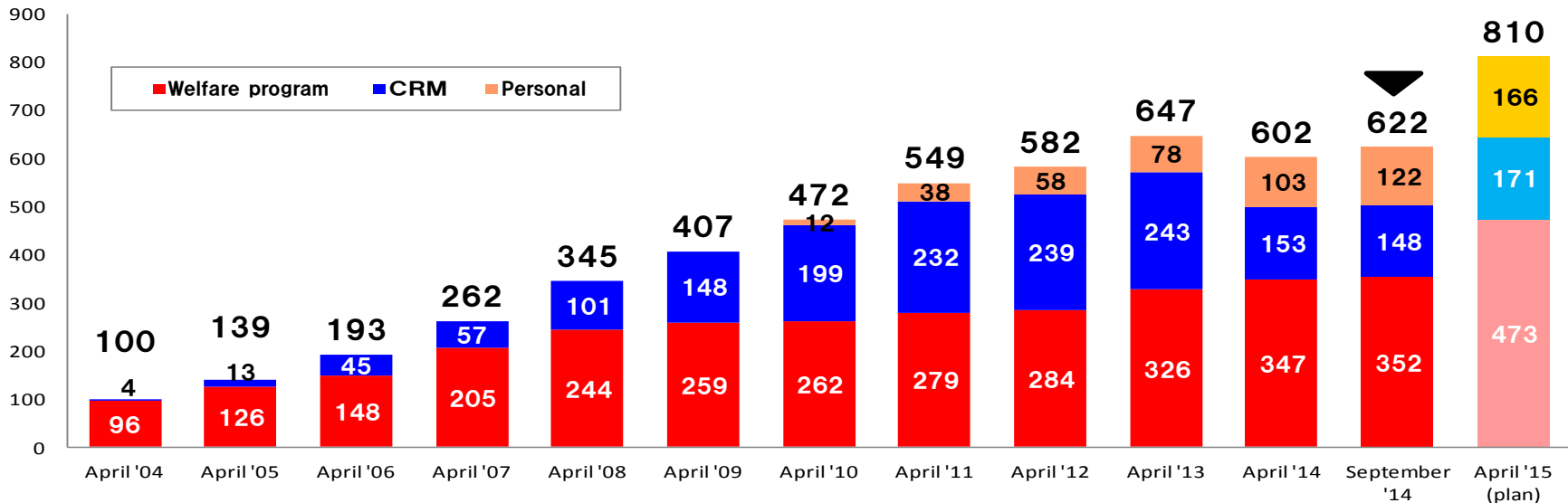
# **DATABOOK**

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# Transition of membership

Personal brisk, exceeding the plan. Welfare Program also steady. On the other hand, CRM slightly slow due to membership decrease in existing group.

(Unit: 10,000 persons)	April '04	April '05	April '06	April '07	April '08	April '09	April '10	April '11	April '12	April '13	April '14	September '14	April '15 (plan)
Welfare program	96	126	148	205	244	259	262	279	284	326	347	352	473
YoY change	▲ 4	30	22	57	39	15	3	17	5	42	20	6	126
<b>CRM</b>	4	13	45	57	101	148	199	232	239	243	153	148	171
YoY change	4	9	32	12	44	47	51	33	7	4	▲ 90	▲ 5	18
Personal	0	0	0	0	0	0	12	38	58	78	103	122	166
YoY change	0	0	0	0	0	0	12	26	20	19	25	19	63
<b>Total</b>	<b>100</b>	<b>139</b>	<b>193</b>	<b>262</b>	<b>345</b>	<b>407</b>	<b>472</b>	<b>549</b>	<b>582</b>	<b>647</b>	<b>602</b>	<b>622</b>	<b>810</b>
YoY change	0	39	54	69	83	62	65	77	33	66	▲ 45	20	207



## 1. Welfare program business Welfare program outsourcing service for various needs from companies' employees

【YoY】 Operating income increased by 120 million yen, with membership fees resulting from increased membership exceeding costs of staff increase and supplemental payment.

【Vs. Plan】 While sales did not achieve the Plan due to delayed new member acquisition, profits exceeded the plan, supported by decreases in supplemental payment for accommodation and operating costs.

(Unit: million yen)	FY13 1H		FY14 1H		Change YoY	(%)	Change vs. plan	(%)	FY14 (full-term)		FY14 (full-term)	
	actual	plan	actual	plan					(Progress rate)	plan	(Progress rate)	forecast
Sales	6,126	6,480	6,418		292	+4.8%	▲63	▲1.0%	49.0%	13,098	49.4%	12,986
Operating income	794	809	916		122	+15.4%	107	+13.2%	37.7%	2,428	35.6%	2,571
Operating margin	13.0%	12.5%	14.3%		+1.3Pt	-	+1.8Pt	-	-	18.5%	-	19.8%

## 2. Incentive business Loyalty and motivation increase support service, through various point exchange items

【YoY】 Accumulated points of major existing customers were steadily converted to sales, and both sales and profits increased. Improved profit ratio of point exchange items also contributed.

【Vs. Plan】 While sales did not achieve the Plan due to delays of point grant and exchange, operating income exceeded the Plan, supported by curbed manufacturing cost and SG&A.

(Unit: million yen)	FY13 1H		FY14 1H		Change YoY	(%)	Change vs. plan	(%)	FY14 (full-term)		FY14 (full-term)	
	actual	plan	actual	plan					(Progress rate)	plan	(Progress rate)	forecast
Sales	782	1,124	878		96	+12.2%	▲247	▲21.9%	29.2%	3,002	36.4%	2,413
Operating income	53	88	96		43	+80.7%	8	+8.8%	31.5%	304	31.5%	305
Operating margin	6.8%	7.8%	10.9%		+4.1Pt	-	+3.1Pt	-	-	10.1%	-	12.6%



## 3. Personal business Service for individual customer, promoted in cooperation with client company targeting the client's customer

【YoY】 Membership fee revenue increased on steady member increase. Operating income increased by 120 million yen, supported by brisk sales covering cost increase resulting from sales force enhancement.

【Vs. Plan】 Both sales and operating income exceeded the Plan, with brisk membership increase. Continuing focusing on receiving large orders mainly from communication industry.

(Unit: million yen)	FY13 1H		FY14 1H		Change YoY	(%)	Change vs. plan	(%)	FY14 (full-term)		FY14 (full-term)	
	actual	plan	actual	plan					(Progress rate)	plan	(Progress rate)	forecast
Sales	546	685	784		238	+43.6%	99	+14.4%	48.0%	1,633	42.4%	1,847
Operating income	154	195	277		123	+79.7%	82	+42.3%	59.1%	469	46.9%	591
Operating margin	28.2%	28.4%	35.3%		+7.1Pt	-	+6.9Pt	-	-	28.7%	-	32.0%

## 4. CRM business Customer satisfaction and loyalty improvement support service, for clients' customers

【YoY】 Sales decreased, with a large business contract termination not being covered. Operating income also decreased despite cost reduction efforts.

【Vs. Plan】 Sales did not achieve the Plan due to sluggish sales of services for wealthy people. On the other hand, profits exceeded the Plan, thanks to delayed start of large depreciation.

(Unit: million yen)	FY13 1H		FY14 1H		Change YoY	(%)	Change vs. plan	(%)	FY14 (full-term)		FY14 (full-term)	
	actual	plan	actual	plan					(Progress rate)	plan	(Progress rate)	forecast
Sales	318	303	253		▲65	▲20.3%	▲50	▲16.4%	32.3%	785	41.9%	604
Operating income	27	▲5	20		▲6	▲23.4%	26	-	21.6%	94	75.3%	27
Operating margin	8.4%	▲1.8%	8.1%		▲0.3Pt	-	+9.8Pt	-	-	12.0%	-	4.5%

## 5. Healthcare business

One-stop service from health check-up appointment agency to the implementation of specific health guidance.

【YoY】 Both sales and operating income decreased, resulting from delayed health checkup in existing organizations to the 2<sup>nd</sup> half.  
 【Vs. Plan】 Performance for the full-term is expected to achieve the Plan by early implementation of delayed health checkup.

(Unit: million yen)	FY13 1H		FY14 1H		Change YoY	(%)	Change vs. plan	(%)	FY14 (full-term)		FY14 (full-term)	
	actual	plan	actual	plan					(Progress rate)	plan	(Progress rate)	forecast
Sales	1,221	1,286	1,082		▲140	▲11.4%	▲204	▲15.9%	31.6%	3,421	31.4%	3,442
Operating income <small>Prior to goodwill amortization</small>	18	19	▲16		▲33	-	▲35	-	-	250	-	250
Operating margin	1.4%	1.5%	▲1.5%		▲2.9Pt	-	▲2.9Pt	-	-	7.3%	-	7.3%

## 6. Cost-cutting business

Outsourcing service of administrative work, such as adjustments for communication line use and travel expenses

【YoY】 Sales increased with brisk mainstay Hi-VOX sales. Operating income only edged up, due to a cost increase resulting from office relocation.  
 【Vs. Plan】 Sales did not achieve the Plan, mainly due to delayed large case. Profits also did not achieve the plan, resulting from higher system development costs. Can be caught up in the 2<sup>nd</sup> half through new service launch, etc.

(Unit: million yen)	FY13 1H		FY14 1H		Change YoY	(%)	Change vs. plan	(%)	FY14 (full-term)		FY14 (full-term)	
	actual	plan	actual	plan					(Progress rate)	plan	(Progress rate)	forecast
Sales	171	236	194		23	+13.4%	▲41	▲17.5%	37.5%	519	43.8%	444
Operating income <small>Prior to goodwill amortization</small>	31	74	33		3	+8.4%	▲41	▲55.3%	22.2%	150	30.5%	109
Operating margin	17.9%	31.6%	17.1%		▲0.8Pt	-	▲14.5Pt	-	-	28.9%	-	24.5%

## 7. BTM business Business travel support service, aiming at integrated purchasing

【YoY】 Sales increased, with business partners increase. On the other hand, operating income decreased, with higher labor costs not covered by sales increase.

【Vs. Plan】 Both sales and profits did not achieve the Plan, due to delayed introduction or a decrease in use resulting from bad weather. Aim to recover profits through early completion of set-up for already determined companies.

(Unit: million yen)	FY13 1H		FY14 1H		Change YoY	(%)	Change vs. plan	(%)	FY14 (full-term)		FY14 (full-term)	
	actual	plan	actual	plan					(Progress rate)	plan	(Progress rate)	forecast
Sales	34	57	40		6	+16.5%	▲17	▲30.0%	31.6%	127	43.6%	92
Operating income	3	6	▲5		▲8	-	▲11	-	-	31	-	3
Operating margin	8.0%	10.8%	▲12.1%		▲20.1Pt	-	▲22.9Pt	-	-	24.4%	-	3.5%

## 8. Travel business Various travel arrangement services, such as planning and operating company trip and events.

【YoY】 Sales decreased, without a large order unlike the previous term. Operating income increased, thanks to a significant decrease in costs as the revenue is mostly from commission.

【Vs. Plan】 Both sales and profits exceeded the Plan, resulting from increased commission of package tour. Focus on catching inbound demands in the 2<sup>nd</sup> half.

(Unit: million yen)	FY13 1H		FY14 1H		Change YoY	(%)	Change vs. plan	(%)	FY14 (full-term)		FY14 (full-term)	
	actual	plan	actual	plan					(Progress rate)	plan	(Progress rate)	forecast
Sales	21	9	15		▲6	▲28.0%	6	+69.5%	29.1%	51	34.9%	42
Operating income	▲2	▲3	4		6	-	7	-	34.1%	11	-	0
Operating margin	▲11.0%	▲32.1%	26.1%		+37.1Pt	-	+58.2Pt	-	-	22.2%	-	0.0%

## 9. Overseas business Operating business, mainly Incentive business, in 6 countries (2 consolidated subsidiaries, and 1 equity method subsidiary)

**【Vs Plan】** While closing contract in China progresses slightly slow, inquiries are increasing. Joint venture in Taiwan is progressed as planned. Accelerate both customer development and service development in the 2<sup>nd</sup> half, toward early achievement of profits.

(Unit: million yen)	FY13 1H		FY14 1H		Change YoY	(%)	Change vs. plan		FY14 (full-term)		FY14 (full-term)	
	actual	plan	actual	plan			(%)	(Progress rate)	plan	(Progress rate)	forecast	
Sales	0	90	7		7	-	▲83	▲92.2%	2.6%	270	5.7%	122
Operating income	0	▲32	▲44		▲44	-	▲11	-	-	▲54	-	▲78

Establish further solid revenue base through **diversification of revenue sources**; moving from Welfare Program to **new businesses**

(Unit: million yen)	Sales							Ordinary income						
	FY13	FY14 (Plan)	FY14 (Forecast)	13→14 forecast change		14 plan→14 forecast Change		FY13	FY14 (Plan)	FY14 (Forecast)	13→14 forecast Change		14 plan→14 forecast Change	
					(%)		(%)					(%)		
<b>Total, consolidated</b> (①Domestic+②Overseas+Domestic⇄ Overseas consolidation)	<b>20,356</b>	<b>23,500</b>	<b>22,679</b>	<b>2,322</b>	<b>+11.4%</b>	<b>▲821</b>	<b>▲3.5%</b>	<b>3,145</b>	<b>3,600</b>	<b>3,642</b>	<b>497</b>	<b>+15.8%</b>	<b>42</b>	<b>+1.2%</b>
①Subtotal, domestic	20,356	23,230	22,557	2,200	+10.8%	▲673	▲2.9%	3,157	3,684	3,758	600	+19.0%	73	+2.0%
Welfare Program	12,399	13,098	12,986	587	+4.7%	▲113	▲0.9%	2,485	2,450	2,601	115	+4.6%	151	+6.2%
Incentive	1,796	3,002	2,413	618	+34.4%	▲588	▲19.6%	120	304	305	185	+153.7%	0	+0.1%
Personal	1,158	1,633	1,847	689	+59.5%	214	+13.1%	390	469	592	202	+51.9%	123	+26.3%
CRM	631	785	604	▲26	▲4.1%	▲181	▲23.0%	57	94	27	▲30	▲52.7%	▲67	▲71.5%
Healthcare	3,336	3,421	3,442	106	+3.2%	21	+0.6%	195	250	250	55	+28.4%	0	+0.0%
Cost reduction	369	519	444	75	+20.2%	▲75	▲14.4%	75	150	107	33	+43.4%	▲42	▲28.2%
BTM	71	127	92	21	+28.8%	▲35	▲27.6%	10	31	3	▲7	▲67.5%	▲28	▲89.6%
Travel	29	51	42	13	+46.6%	▲8	▲16.7%	▲6	11	0	6	-	▲11	-
New business total	7,390	9,537	8,885	1,495	+20.2%	▲652	▲6.8%	841	1,310	1,285	444	+52.9%	▲25	▲1.9%
②Subtotal, overseas	0	270	122	122	-	▲149	▲55.0%	▲12	▲84	▲116	▲104	-	▲31	-

Note: Sales and operating income of each business include internal transaction; the total may differ from that in consolidation.

# Creation of Service Distribution

- One-stop site for service matching -

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■ IR contact: Corporate Planning Division

Tel: 03-6892-5202 Mail: [ir\\_inquiry@benefit-one.co.jp](mailto:ir_inquiry@benefit-one.co.jp) URL: <http://www.benefit-one.co.jp/>

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