

## en-japan (4849)

Target price: **Y4,000** (from Y3,500 as of 17 Aug)Share price (18 Nov): **Y3,320** | Up/downside: **+20.5%****Outperform**  
(unchanged)**Business conditions for en Career Change improved**

- 1H op profit down 53% y/y to Y2.9bn; *en Career change* recovered q/q
- Good KPIs for *engage*; changed monetization method to benefit all
- Time ripe for rally by stock; upbeat results, positives for *engage*

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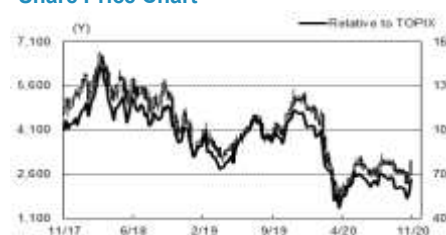
Daiwa Securities Co. Ltd

**What's new:** We updated our view on en-japan in light of 2Q FY20 results and our company interview.

**Results overview:** For 1H, en-japan reported operating profit of **Y2.92bn (down 53% y/y)**, outpacing its Y1.99bn guidance. The mainstay en Career Change Info business contributed to revenue. Compared with the rate of decline in the recruitment market (down by around 40-60% y/y in May-Sep), **the firm fared better thanks to success in capturing SME customers, and the number of job listings rose q/q in 2Q. The en Career Change Info business saw revenue recover from a 49% y/y decline in 1Q to a 39% decline in 2Q.** In the HR-Tech segment (*engage*), 2Q revenue was up modestly q/q. **The firm changed its method for monetizing engage from September. While we believe its initiatives will prove beneficial for all parties—client companies, other recruitment services, and en-japan itself—but the change in the way it does business had a negative impact in the near term.** KPIs such as the number of companies using paid services and the number of paid job board placements bottomed in 1Q and came in above 4Q FY19 levels in 2Q, suggesting that earnings have bottomed out.

**Outlook:** The firm disclosed guidance for FY20. It expects revenue to **decline 26.9% y/y and operating profit to fall 44.3% to Y6.13bn.** Its outlook for revenue to decline more in 2H than in 1H reflects the timing for booking revenue from success-based services and the impact from overseas earnings. HR-Tech struggled in 1H, and the firm's outlook for 2H calls for only a modest rise in segment revenue vs. 1H. It also expects the recovery in the domestic job board segment to be more moderate than the q/q change reported for 2Q. **The firm plans to boost spending on advertising, and guidance looks conservative overall.** Our estimates call for operating profit of Y6.61bn (down 39.9% y/y) in FY20, Y8.54bn (up 29.2%) in FY21, and Y12.6bn (up 47.7%) in FY22. We lowered our forecast for FY21, mainly to reflect our revised advertising spend estimate, and raised that for FY22, expecting benefits from promotional spending to emerge.

**What we recommend:** We maintain our 2 (Outperform) rating, with our six- to 12-month target price at Y4,000, which implies 20.5% upside from the 18 August close. We derived the price objective by applying a multiple of roughly 25X to our FY21 EPS estimate and then adding the fair value of engage operations (see Chart 1). **The 2Q results left us with a positive impression due to confirmation of a recovery by mainstay operations as well as bright spots for future growth for engage. The shares have fared relatively poorly over the past six months, even compared to sector peers, but we think the time is ripe for a rebound.**

**Share Price Chart**

Source: Compiled by Daiwa.

**Market data**

12-month range (Y)	1,620-5,400
Market cap (Y mn; 18 Nov)	148,660
Shares outstanding (000; 11/20)	44,777
Foreign ownership (%; 3/20)	36.3

**Investment Indicators**

	3/20	3/21 E	3/22 E
P/E (X)	21.3	36.8	26.0
EV/EBITDA (X)	9.3	14.1	11.2
P/B (X)	3.98	3.86	3.52
Dividend yield (%)	2.25	1.29	1.93
ROE (%)	19.6	10.6	14.1
Net debt/equity (X)	-0.8	-0.8	-0.8

**Income Summary**

(Y mn)	3/20	3/21 E	3/22 E
Revenue	56,848	41,440	53,490
Op profit	11,005	6,610	8,540
Rec profit	11,057	6,730	8,560
Net income	7,125	4,040	5,710
EPS (Y)	156.2	90.2	127.5
DPS (Y)	74.80	42.90	64.00

See end of report for notes concerning indicators.

## en-japan (4849): Income Summary (Y mn; y/y %)

Year to	Revenue		Op profit		Rec profit		Net income		EPS (Y)	DPS (Y)
3/18	40,710	(28)	9,631	(40)	9,736	(42)	6,368	(59)	140.0	46.50
3/19	48,733	(20)	11,661	(21)	11,834	(22)	8,144	(28)	179.0	62.80
3/20	56,848	(17)	11,005	(-6)	11,057	(-7)	7,125	(-13)	156.2	74.80
3/21 E	41,440	(-27)	6,610	(-40)	6,730	(-39)	4,040	(-43)	90.2	42.90
3/22 E	53,490	(29)	8,540	(29)	8,560	(27)	5,710	(41)	127.5	64.00
3/23 E	67,560	(26)	12,610	(48)	12,630	(48)	8,490	(49)	189.6	95.00
3/21 PE	42,210	(-26)	6,910	(-37)	6,930	(-37)	4,590	(-36)	102.5	48.70
3/22 PE	50,990	(21)	8,220	(19)	8,240	(19)	5,490	(20)	122.6	61.00
3/23 PE	64,290	(26)	12,260	(49)	12,280	(49)	8,250	(50)	184.3	92.00
3/21 CP	41,543	(-27)	6,129	(-44)	6,261	(-43)	3,741	(-47)	83.6	39.70

E: Daiwa estimates.

PE: Previous Daiwa estimates.

CP: Company projections.

## Target price

### Six- to 12-month target price of Y4,000

We set our six-to 12-month target price at Y4,000 (20.5% upside vs. 18 November close). We used a sum-of-the-parts valuation approach to derive this price.

For established business lines, we applied a P/E of about 25X to our FY21 EPS estimate of Y128. The applied multiple is roughly on par with the average P/E for major HR service firms. We believe the applied multiple for the established business lines is justified given (1) that it is below the P/E of 30X over 2017-18 when sector shares surged, (2) P/E multiple expansion in the broader market, and (3) the earnings bottom, which we discuss later.

For the employment support tool engage business, a price-to-sales ratio seems justifiable. As we touch on later in this report, we expect revenue from engage to reach Y3.5bn in FY21. We derived our price-to-sales ratio based on the annualized growth rate of 30% for the recent rise in the number of companies using engage. For further details, please see our [24 May 2019 report on en-japan](#).

Chart 1: Target Price Calculation (Y mn)

	FY21 E
EPS for established ops (Y)	128
Applied P/E (X)	25
Fair value of established ops (a)	142,750
Revenue from engage ops	3,490
Applied P/S (X)	10
Fair value of engage ops (b)	34,900
Total fair value (c) = (a + b)	177,650
Shares outstanding (000) (d)	44,777
Theoretical value (Y) (c / d)	3,967

Source: Compiled by Daiwa.

E: Daiwa estimates.

Chart 2: Current-FY P/E for Staffing/recruiting Services Firms (X)



Source: QUICK; compiled by Daiwa.

## Momentum shift in career change services market

### Career change services market looks to have begun period of improved momentum

We think the career change services market has entered a period of improving momentum. Many companies suspended recruiting activities during the state of emergency in Apr-May. Even overtime was on a y/y downtrend.

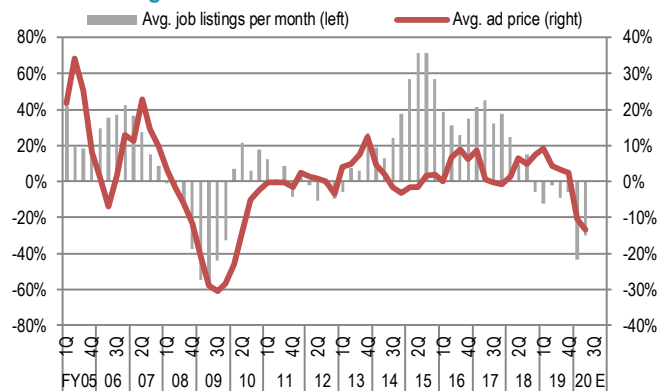
However, conditions have been changing since July. Overtime marked a bottom in June, with manufacturers resuming output. With overtime picking up, en-japan has seen requests from manufacturers for additional workers, while it also appears to have seen demand for more employees from companies enjoying growth in the era of “with COVID-19,” especially IT/communications firms. With such demand likely factoring in possible third and fourth COVID-19 waves, a resurgence in cases should have just a slight impact.

Chart 3: Y/y Change in Seasonally Adjusted Overtime Index



Source: Ministry of Health, Labour and Welfare (MHLW); compiled by Daiwa.

Chart 4: Monthly Avg. Job Listings, Avg. Ad Price for en Career Change Info

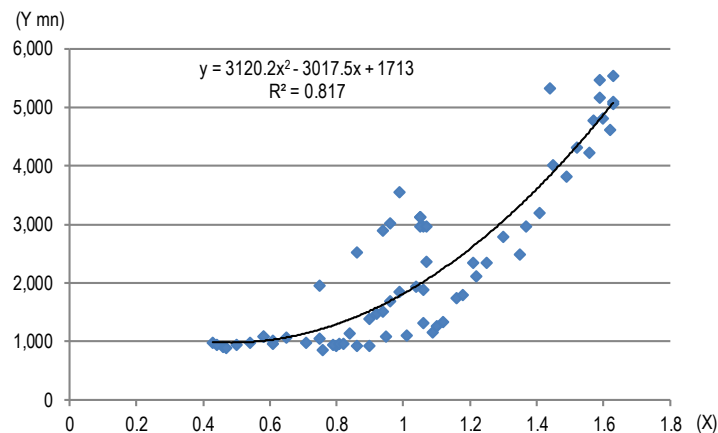


Source: QUICK; compiled by Daiwa.

### Expect recovery in quarterly earnings to be more pronounced

The *en Career Change Info* business saw revenue recover from a 49% y/y decline in 1Q to a 39% decline in 2Q. It successfully captured SME customers and prices were down y/y. Demand from major customers, for which it had gained market share, looks to be improving remarkably since November. Based on past experience, en-japan's earnings tend to benefit considerably during expansion in the jobs-to-applicants ratio. As such, we expect the rebound in quarterly earnings to become more pronounced.

Chart 5: Quarterly *en Career Change Info* Revenue and Jobs-to-applicants Ratio



Source: MHLW, company materials; compiled by Daiwa.

Note: Data for FY04 (ended Dec 2004) through to FY19 (ended Mar 2020).

## Firm could leverage *engage* revamp to increase service lineup

The company revamped its employment support tool *engage* in September. The two key points of the renewal are discussed below.

### Engage revamped in Sep; all parties benefit

1) A new fee-based plan allows job listings in paid spots of various other recruitment services such as *Indeed*, *Kyujin Box*, and *Google for Jobs*. Prior to the revamp, after clients produced recruitment pages for *engage*, listings in paid spots were largely limited to group sites such as *en Career Change Info*, *en Baito*, and *Line Career*. As a result, when the paid listing business retreated after the outbreak of COVID-19, the gap between page views (PVs) for free and paid spots narrowed, apparently reducing the incentive for customers to utilize *engage* paid services.

In our view, the *engage* revamp works to benefit all relevant parties—*engage* client companies, other recruitment services, and en-japan itself. First, *engage* customers are able post listings on a range of job boards in one-stop fashion, and thus entrust *engage* with management of all listing costs. This feature is expected to be particularly attractive to small/medium-sized companies that may lack the capability to effectively manage job listing expenditures. Other recruitment services, meanwhile, are effectively able to sell paid spots without relying on their own marketing efforts. Finally, by utilizing the job boards of other firms, en-japan has already achieved a major difference in PVs vs. its free service—23X higher—which should work to boost the attractiveness of the fee-based plan.

Chart 6: Revamp to *engage*

	Prior to revamp	After revamp
Paid spots	Mainly at compay website	Company website + paid posts (indeed, etc.)
Method of using paid service	Billed & paid monthly at time of application	Top-up in advance with minimum charge of ¥50,000
Billing model	Pay at time of application	Pay at time of application (deducted from monetary top-up)
Listing recruitment	Unlimited listing of posts, employment status and recruitment areas is possible	

Source: Company materials; compiled by Daiwa.

### Billing structure shifted to upfront charges

2) The firm has revised its fee/billing structure, shifting to a system based on upfront charges. The minimum upfront charge is ¥50,000 (we estimate fees from around ¥10,000 per job application). Previously, the company tracked the number of paid-spot applications via *engage* and billed client companies for each job application on a monthly basis. However, this system made it difficult for customers to manage their budgets, while billing by individual application was complicated for en-japan as well. By shifting to a system of upfront charges, we also think that the firm will have an easier time forecasting future cash inflows.

Chart 7: Flow of engage Service

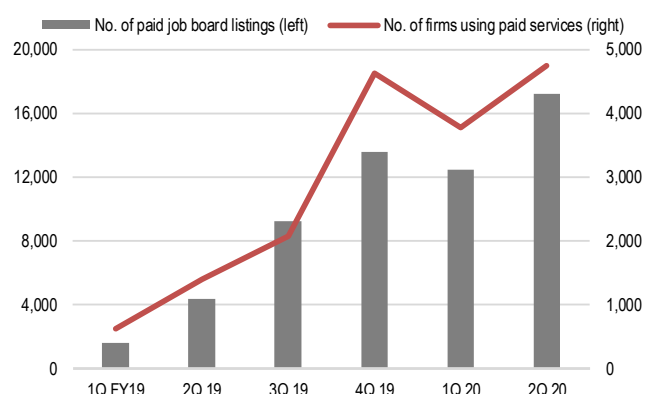


Source: Company materials; compiled by Daiwa.

### Revenue weak in short term but KPIs improve

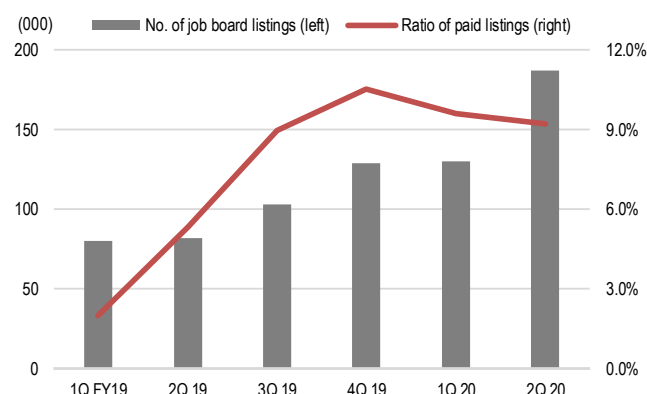
*Engage* revenue rose moderately q/q in 2Q and fell slightly short of guidance. The change in marketing strategies associated with the revamp apparently had a negative impact. However, KPIs such as the number of companies using paid services and the number of paid job board listings bottomed in 1Q and came in above 4Q FY19 levels in 2Q. Looking ahead, we see a rise in the ratio of paid listings (Chart 9), which should lead to accelerated revenue growth. All told, we believe that earnings have pulled out of the bottom.

Chart 8: No. of Paid Job Board Listings, No. of Firms Using Paid Services



Source: MHLW; compiled by Daiwa.

Chart 9: Ratio of Paid Listings for engage



Source: QUICK; compiled by Daiwa.

### Increased likelihood of engage transforming into broader platform

We see an increased likelihood that *engage* could transform into a broader services platform. In our view, the function of directing client companies to the paid spots of different recruitment services should help to drive this transformation. This is because if *engage* becomes an indispensable hub for companies at the time of recruitment, the firm should see growing scope to provide other services to client companies including post-hire training and proposals to boost efficiency of HR-related operations. On 13 November, en-japan announced that it will make a limited partnership investment in One Capital No. 1 Investment Limited Partnership, the first investment fund launched by One Capital, a venture capital firm focused on SaaS. One Capital was started by Shinji Asada, formerly the Japan head of Salesforce Ventures, and Wataru Sakakura, formerly managing director & partner of Boston Consulting Group, where he promoted digital transformation (DX). Mr. Asada and Mr. Sakakura will apparently serve as strategy advisors to en-japan. We are focusing on their contributions because they may help strengthen proposals of newly emerging services to *engage* clients.

## More on ESG

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The overarching philosophy of en-japan is to help people achieve what it terms “human growth.” The vision for the world the firm aims to help create is one in which people view their work as an important stage of their own personal development as professionals, bringing together their minds and skills to enrich themselves both mentally and materially. The business philosophy of the firm focuses on the connections between people and corporations. Its business guidelines highlight what can be viewed as its stated missions, which include remaining firmly committed to upholding justice in its pursuit of profitability. This sense of justice revolves around actively exploring the ideal image of society, and then working hard to bring that to fruition. Another major concept at the heart of en-japan’s operations is ensuring employees can settle in and succeed once they join a company. Indeed, this concept informs the original process through which the firm identifies companies and candidates that are ideally suited for each other. This approach, in our view, is consistent with its overarching philosophy and business guidelines.

The firm views its business operations as a vehicle for helping tackle the problems society faces, and it actively applies the aims of its business philosophy and guidelines to this end. The four sustainable development goals it considers to be especially important are quality education, gender equality, self-enriching work and economic growth, and reducing inequalities. We believe these goals mesh well with en-japan’s business operations.

In terms of governance, the company is supervised by a body of eight executives (directors, auditors; as of FY20). Two of these executives are female and five of them come from outside the company, a testament to the firm’s commitment to bringing external directors on board. The average age of employees at en-japan (as of end-FY19) is just shy of 30 years old. With this in mind, we look for the firm to promote younger employees to the ranks of senior leadership over the medium/long term.

**Chart 10: Consolidated Income Statement (¥ mn; y/y %)**

	FY17		18		19		20 E		21 E		22 E	
<b>Revenue</b>	<b>40,710</b>	<b>28.3%</b>	<b>48,733</b>	<b>19.7%</b>	<b>56,848</b>	<b>16.7%</b>	<b>41,440</b>	<b>-27.1%</b>	<b>53,490</b>	<b>29.1%</b>	<b>67,560</b>	<b>26.3%</b>
Domestic job board			31,399	-	32,126	2.3%	20,450	-36.3%	27,460	34.3%	35,390	28.9%
Domestic permanent recruitment			11,152	-	11,878	6.5%	10,250	-13.7%	12,920	26.0%	15,630	21.0%
Overseas			4,635	-	10,745	131.8%	7,880	-26.7%	8,000	1.5%	7,700	-3.8%
HR-Tech			0	-	475	-	1,240	161.1%	3,490	181.5%	7,220	106.9%
Other			2,021	-	2,113	4.6%	2,110	-0.1%	2,110	0.0%	2,110	0.0%
Eliminations/unallocated			-474	-	-489	-	-490	-	-490	-	-490	-
Hiring business	39,484	28.6%	47,508	20.3%								
en Career Change Info	18,182	38.2%	20,798	14.4%								
Job placement services	9,278	20.0%	10,988	18.4%								
en world Japan	5,493	12.6%	6,775	23.3%								
en Agent, etc.*	3,785	32.7%	4,213	11.3%								
Other sites	12,024	22.5%	15,722	30.8%								
Education/evaluation business	1,337	21.7%	1,315	-1.6%								
Eliminations/unallocated	-111		-90									
Cost of revenue	3,835		4,682		10,451		8,670		9,880		11,290	
<b>Gross profit</b>	<b>36,875</b>	<b>29.2%</b>	<b>44,051</b>	<b>19.5%</b>	<b>46,397</b>	<b>5.3%</b>	<b>32,770</b>	<b>-29.4%</b>	<b>43,610</b>	<b>33.1%</b>	<b>56,270</b>	<b>29.0%</b>
Gross margin (%)	90.6%		90.4%		81.6%		79.1%		81.5%		83.3%	
SG&A	27,243		32,389		35,392		26,160		35,070		43,660	
SG&A ratio (%)	66.9%		66.5%		62.3%		63.1%		65.6%		64.6%	
<b>Operating profit</b>	<b>9,631</b>	<b>40.5%</b>	<b>11,661</b>	<b>21.1%</b>	<b>11,005</b>	<b>-5.6%</b>	<b>6,610</b>	<b>-39.9%</b>	<b>8,540</b>	<b>29.2%</b>	<b>12,610</b>	<b>47.7%</b>
Operating profit margin (%)	23.7%		23.9%		19.4%		16.0%		16.0%		18.7%	
Non-operating income	219		183		146		220		120		120	
Non-operating expenses	114		10		94		100		100		100	
<b>Recurring profit</b>	<b>9,736</b>	<b>42.2%</b>	<b>11,834</b>	<b>21.5%</b>	<b>11,057</b>	<b>-6.6%</b>	<b>6,730</b>	<b>-39.1%</b>	<b>8,560</b>	<b>27.2%</b>	<b>12,630</b>	<b>47.5%</b>
Recurring profit margin (%)	23.9%		24.3%		19.5%		16.2%		16.0%		18.7%	
Extraordinary gains	9		57		113		0		0		0	
Extraordinary losses	403		202		563		600		0		0	
Pretax income	9,342		11,689		10,608		6,130		8,560		12,630	
<b>Net income</b>	<b>6,368</b>	<b>59.0%</b>	<b>8,144</b>	<b>27.9%</b>	<b>7,125</b>	<b>-12.5%</b>	<b>4,040</b>	<b>-43.3%</b>	<b>5,710</b>	<b>41.3%</b>	<b>8,490</b>	<b>48.7%</b>
Net income margin (%)	15.6%		16.7%		12.5%		9.7%		10.7%		12.6%	

Source: Company materials; compiled by Daiwa.

\* Incl. job placement service carried out without interviews by en-japan staff.

Note: Breakdown of revenue by segment for FY18 retroactively adjusted.

E: Daiwa estimates.

**Chart 11: Consolidated Balance Sheet (¥ mn; % of total)**

	FY14		15		16		17		18		19	
<b>Assets</b>												
<b>Current assets</b>	<b>14,343</b>	<b>56.8%</b>	<b>19,880</b>	<b>69.6%</b>	<b>24,826</b>	<b>75.5%</b>	<b>31,405</b>	<b>77.6%</b>	<b>37,255</b>	<b>74.7%</b>	<b>37,065</b>	<b>71.4%</b>
Cash and cash equivalents	8,126		13,953		18,228		23,505		28,409		28,081	
Accounts receivable	2,453		3,069		3,567		4,662		5,614		5,736	
Marketable securities	3,011		2,000		2,000		2,000		2,000		2,047	
Inventories	12		13		17		10		22		42	
Deferred tax assets	384		514		523		601		0		0	
Other	357		331		491		627		1,210		1,159	
<b>Fixed assets</b>	<b>10,897</b>	<b>43.2%</b>	<b>8,678</b>	<b>30.4%</b>	<b>8,074</b>	<b>24.5%</b>	<b>9,087</b>	<b>22.4%</b>	<b>12,596</b>	<b>25.3%</b>	<b>14,830</b>	<b>28.6%</b>
Tangible fixed assets	743		699		640		580		719		1,021	
Intangible fixed assets	6,696		6,037		5,246		5,677		6,858		7,712	
Investments and other assets	3,457		1,941		2,187		2,830		5,018		6,096	
<b>Total assets</b>	<b>25,241</b>	<b>100.0%</b>	<b>28,558</b>	<b>100.0%</b>	<b>32,900</b>	<b>100.0%</b>	<b>40,492</b>	<b>100.0%</b>	<b>49,852</b>	<b>100.0%</b>	<b>51,896</b>	<b>100.0%</b>
<b>Liabilities</b>												
<b>Current liabilities</b>	<b>4,859</b>	<b>19.3%</b>	<b>6,773</b>	<b>23.7%</b>	<b>8,533</b>	<b>25.9%</b>	<b>10,982</b>	<b>27.1%</b>	<b>13,274</b>	<b>26.6%</b>	<b>11,762</b>	<b>22.7%</b>
Accounts payable	45		58		72		111		126		475	
Other	4,814		6,715		8,461		10,871		13,148		11,287	
<b>Long-term liabilities</b>	<b>605</b>	<b>2.4%</b>	<b>671</b>	<b>2.3%</b>	<b>724</b>	<b>2.2%</b>	<b>881</b>	<b>2.2%</b>	<b>1,111</b>	<b>2.2%</b>	<b>1,485</b>	<b>2.9%</b>
Long-term borrowings	18		0		0		0		0		0	
Deferred tax liabilities	125		100		85		126		181		124	
Other	462		571		639		755		930		1,361	
<b>Total liabilities</b>	<b>5,464</b>	<b>21.6%</b>	<b>7,445</b>	<b>26.1%</b>	<b>9,258</b>	<b>28.1%</b>	<b>11,864</b>	<b>29.3%</b>	<b>14,385</b>	<b>28.9%</b>	<b>13,247</b>	<b>25.5%</b>
<b>Net assets</b>												
Total shareholders' equity	18,974		20,348		23,077		28,119		34,434		37,663	
Noncontrolling interests	101		120		37		42		555		710	
<b>Total net assets</b>	<b>19,775</b>	<b>78.3%</b>	<b>21,112</b>	<b>73.9%</b>	<b>23,642</b>	<b>71.9%</b>	<b>28,628</b>	<b>70.7%</b>	<b>35,466</b>	<b>71.1%</b>	<b>38,648</b>	<b>74.5%</b>
<b>Total liabilities and net assets</b>	<b>25,241</b>	<b>100.0%</b>	<b>28,558</b>	<b>100.0%</b>	<b>32,900</b>	<b>100.0%</b>	<b>40,492</b>	<b>100.0%</b>	<b>49,852</b>	<b>100.0%</b>	<b>51,896</b>	<b>100.0%</b>

Source: Company materials; compiled by Daiwa.

Note: From FY18, deferred tax assets included under investments and other assets. FY17 and earlier figures not retroactively adjusted to reflect this change.



## Financial Statements

(Y mn)	3/18	3/19	3/20	3/21 E	3/22 E	3/23 E
<b>Income statement</b>						
Sales / Revenue	40,710	48,733	56,848	41,440	53,490	67,560
Operating profit	9,631	11,661	11,005	6,610	8,540	12,610
EBITDA	11,345	13,259	12,769	8,370	10,300	14,370
Recurring profit	9,736	11,834	11,057	6,730	8,560	12,630
Net income	6,368	8,144	7,125	4,040	5,710	8,490
<b>Balance sheet</b>						
Liquidity on hand	25,505	30,409	30,128	31,009	33,770	40,630
Fixed assets / Non-current assets	9,087	12,596	14,830	14,742	14,655	14,568
Total assets	40,492	49,852	51,896	53,330	58,348	64,945
Interest-bearing debt	0	0	0	-	-	-
Total liabilities	11,864	14,385	13,247	13,991	15,220	16,193
Total net assets / Total equity	28,628	35,466	38,648	39,339	43,128	48,752
Shareholders' equity	28,463	34,774	37,784	38,475	42,264	47,888
<b>Cash flow statement</b>						
Cash flows from operating activities	9,458	10,680	8,044	5,903	6,355	11,399
Net income	6,368	8,144	7,125	4,040	5,710	8,490
Depreciation and amortization	1,714	1,598	1,764	1,760	1,760	1,760
Cash flows from investing activities	-2,724	-4,556	-4,127	-1,673	-1,673	-1,673
Free cash flow	6,734	6,124	3,917	4,230	4,682	9,726
Cash flows from financing activities	-1,339	-2,237	-5,036	-3,349	-1,921	-2,866
Increase (decrease) in cash and cash equivalents	5,355	3,792	-1,163	881	2,761	6,861
Accounting standards	JGAAP	JGAAP	JGAAP	JGAAP	JGAAP	JGAAP
<b>Financial indicators</b>						
Growth						
Sales / Revenue (y/y %)	28.3	19.7	16.7	-27.1	29.1	26.3
Operating profit (y/y %)	40.5	21.1	-5.6	-39.9	29.2	47.7
Profitability						
Operating profit margin (%)	23.7	23.9	19.4	16.0	16.0	18.7
EBITDA margin (%)	27.9	27.2	22.5	20.2	19.3	21.3
ROE (%)	24.5	25.8	19.6	10.6	14.1	18.8
ROA (%)	17.4	18.0	14.0	7.7	10.2	13.8
Financial leverage/dividend policy						
Net debt-to-equity ratio (X)	-0.9	-0.9	-0.8	-0.8	-0.8	-0.8
Equity-to-assets ratio (%)	70.3	69.8	72.8	72.1	72.4	73.7
Total dividends / shareholders' equity (%)	7.4	8.2	9.0	5.0	6.8	8.9
Dividend payout ratio (%)	33.2	35.1	47.9	47.5	50.2	50.1
Per-share data						
EPS (Y)	140.0	179.0	156.2	90.2	127.5	189.6
DPS (Y)	46.50	62.80	74.80	42.90	64.00	95.00
Book value per share (Y)	625.6	762.5	834.7	859.3	943.9	1,069.5
Valuations Share price: ¥3,320; market cap: ¥148,660mn (18 Nov 2020)						
P/E (X)	23.7	18.6	21.3	36.8	26.0	17.5
EV/EBITDA (X)	10.9	8.9	9.3	14.1	11.2	7.5
P/B (X)	5.31	4.35	3.98	3.86	3.52	3.10
Dividend yield (%)	1.40	1.89	2.25	1.29	1.93	2.86

Source: Company materials; compiled by Daiwa.

E: Daiwa estimates.

## Company Outline

En-japan is a leading operator of job listings websites and has a top-class market share in career services. Its sites have helped employers attract a higher number of applicants per job listing than rivals' services, thanks to attractive job ad contents based on interviews by en-japan staff and enhanced usability of the sites.



**Notes concerning market data, investment indicators, and income summary on pages 1-2**

- Estimates on page 1 by Daiwa
- Net income is that attributable to shareholders of parent
- Shares outstanding: Common shares outstanding (excl. treasury stock)
- Market cap: Based on shares outstanding and closing price as of indicated date
- EV: Market cap + interest-bearing debt – liquidity on hand
- EBITDA: Operating profit + depreciation & amortization
- ROE: Net income / average of start-FY and end-FY shareholders' equity (figures based on net income attributable to shareholders of parent)
- Share Price Chart and per-share figures retroactively adjusted to reflect stock splits/reverse stock splits

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- 2: Outperform TOPIX/benchmark index by 5-15% over the next 12 months.
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- 4: Underperform TOPIX/benchmark index by 5-15% over the next 12 months.
- 5: Underperform TOPIX/benchmark index by more than 15% over the next 12 months.

Benchmark index: TOPIX for Japan, S&P 500 for US, STOXX Europe 600 for Europe, HSI for Hong Kong, STI for Singapore, KOSPI for Korea, TWII for Taiwan, and S&P/ASX 200 for Australia.

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1) As of 26 April 2016, Daiwa Securities Co. Ltd., its parent company Daiwa Securities Group Inc., GMO Financial Holdings, Inc., and its subsidiary GMO CLICK Securities, Inc. concluded a basic agreement for the establishment of a business alliance between the four companies.

As of end-December 2017, Daiwa Securities Group Inc. owned shares in GMO Financial Holdings, Inc. equivalent to approximately 9.3% of the latter's outstanding shares. Given future developments in and benefits from the prospective business alliance, Daiwa Securities Group Inc. could boost its stake in GMO Financial Holdings, Inc. to up to 20% of outstanding shares.

2) Daiwa Real Estate Asset Management is a subsidiary of Daiwa Securities Group Inc. and serves as the asset management company for the following J-REITS: Daiwa Office Investment Corporation (8976), Daiwa Securities Living Investment Corporation (8986).

3) Samty Residential Investment became a consolidated subsidiary of Daiwa Securities Group Inc. effective 10 September 2019.

4) On 30 May 2019, Daiwa Securities Group Inc. formalized an equity/business alliance with Samty, and as of 14 June 2019 it owned 16.95% of shares outstanding in Samty along with convertible bonds with a par value of ¥10bn. Conversion of all of said convertible bonds into common shares would bring the stake of Daiwa Securities Group Inc. in Samty to 27.28%.

5) Daiwa Securities Group Inc. and Credit Saison Co., Ltd. entered into a capital and business alliance, effective 5 September 2019. In line with this alliance, Daiwa Securities Group Inc. is to acquire up to 5.01% of Credit Saison's total common shares outstanding (excl. treasury shares; as of 31 July 2019).

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- For derivative and margin transactions etc., our company may require collateral or margin requirements in accordance with an agreement made beforehand with you. Ordinarily in such cases, the amount of the transaction will be in excess of the required collateral or margin requirements\*\*.
- There is a risk that you will incur losses on your transactions due to changes in the market price of financial instruments based on fluctuations in interest rates, exchange rates, stock prices, real estate prices, commodity prices, and others. In addition, depending on the content of the transaction, the loss could exceed the amount of the collateral or margin requirements.
- There may be a difference between bid price etc. and ask price etc. of OTC derivatives handled by our company.
- Before engaging in any trading, please thoroughly confirm accounting and tax treatments regarding your trading in financial instruments with such experts as certified public accountants.

\* The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

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**When making an actual transaction, please be sure to carefully read the materials presented to you prior to the execution of agreement, and to take responsibility for your own decisions regarding the signing of the agreement with our company.**

Corporate Name: Daiwa Securities Co. Ltd.

Registered: Financial Instruments Business Operator, Chief of Kanto Local Finance Bureau (Kin-sho) No.108

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