

Medium-term Management Plan (April 2015-March 2020)

Nobuhide Nakaido
Chairman

SCSK Corporation
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I. Previous Mid-term Management Plan (2011/10-2015/3)

— Summary of the Plan & Performance of FY2014 —

1. Execution of Basic Strategy

- Promote cross-selling
- Enhance line-up of cloud-related business
- Enhance line-up of global solutions business

2. Reinforcement of Operational Efficiency

- Rebuild business portfolio
 - ⇔ Business screening
- Streamline business expenses
 - ⇔ Optimize personnel costs and
Reduce outsourcing expenses
- Enhance operational quality
 - ⇔ Integrate development standards
Improve project management

3. Make a Company a Pleasant & Fulfilling Place to Work - that realizes our people's potential -

- Revise all business management frameworks
- Introduce “Smart Work Challenge”
- Promote diversity at work,
Put focus on Health & Productivity Management

Strategic Targets

Following the two companies' merger in October 2011, promoted true integration and sought merger synergies. Improved and expanded revenue base

	Previous med-term plan targets	Results for FY ended March 2015
Sales	JPY300.0B	JPY 297.6B
Operating Income	JPY25 to 30 B	JPY 28.0B
Operating Income Margin	8 -10%	9%
ROE	At least 10%	12% *

* Standard tax rate basis
SCSK estimates

II. New Medium-Term Management Plan (2015/4 – 2020/3)

(a) Targets

**Transform Business Structure
(to a non-labor-intensive business) /
Dynamic Growth Strategy
Aiming to Achieve High Profit Growth**

Core Strategy

1. Shift to a Service- Oriented Business
2. Promote Strategic Business that Captures
the Changing Times
3. Second Stage of Global Business Expansion

Strengthen Management Base

1. Seek Operational Quality
2. Improve Business Profitability
3. Enhance Operational Efficiency
4. Pleasant, safe, fulfilling place to work
/Promote health & productivity mgt.
5. Enhance Human Resource Capabilities

■ Transform Business Model

■ Aims

Current Model

Service-oriented Business

Labor-intensive
Man-month-based
Contracts

Based on our own intellectual property rights and IT assets, create high-added-value services that only SCSK can do, and offer these to our customers over the long term

1. Acquire market share
⇔ Sustainable high growth
2. Greater profitability
3. Build long-term stable relationships with customers
⇔ Being the "No. 1 vendor" among our customers

- Transform our organizational structure, Implement strategic action plan throughout the entire company (see the next page)
- Offer our own original IT services ahead of our competitors

■ Examples of Services

Promote transformation away from the conventional businesses

- USiZE services
- FastAPP
- System for securities business
- AMO services
- ProActive for SaaS
- WEB solutions

Expansion of existing service business

- Services for the distribution industry (Sumakura (EDI), CRIPS, CHOIS, etc.)
- Services for pharmaceuticals (MR2GO, etc.)
- Services for call centers (PrimeTiaas)
- BPO services

(c) Structural Reorganization to Promote Service-oriented Businesses

■ Structure for Business Promotion

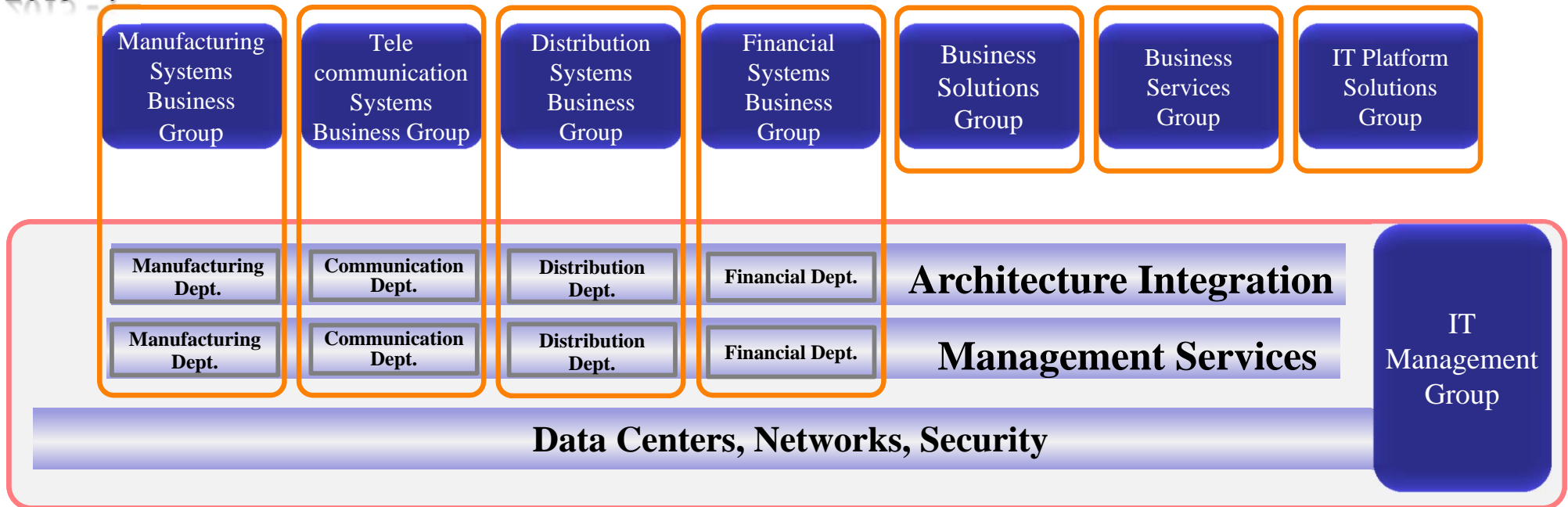
Organizational Change in April 2015:

- Change to a structure for the promotion and growth of service-oriented businesses
- Provide comprehensive services ranging from system development, infrastructure building and system maintenance & management by client industry

- Mar.2015:



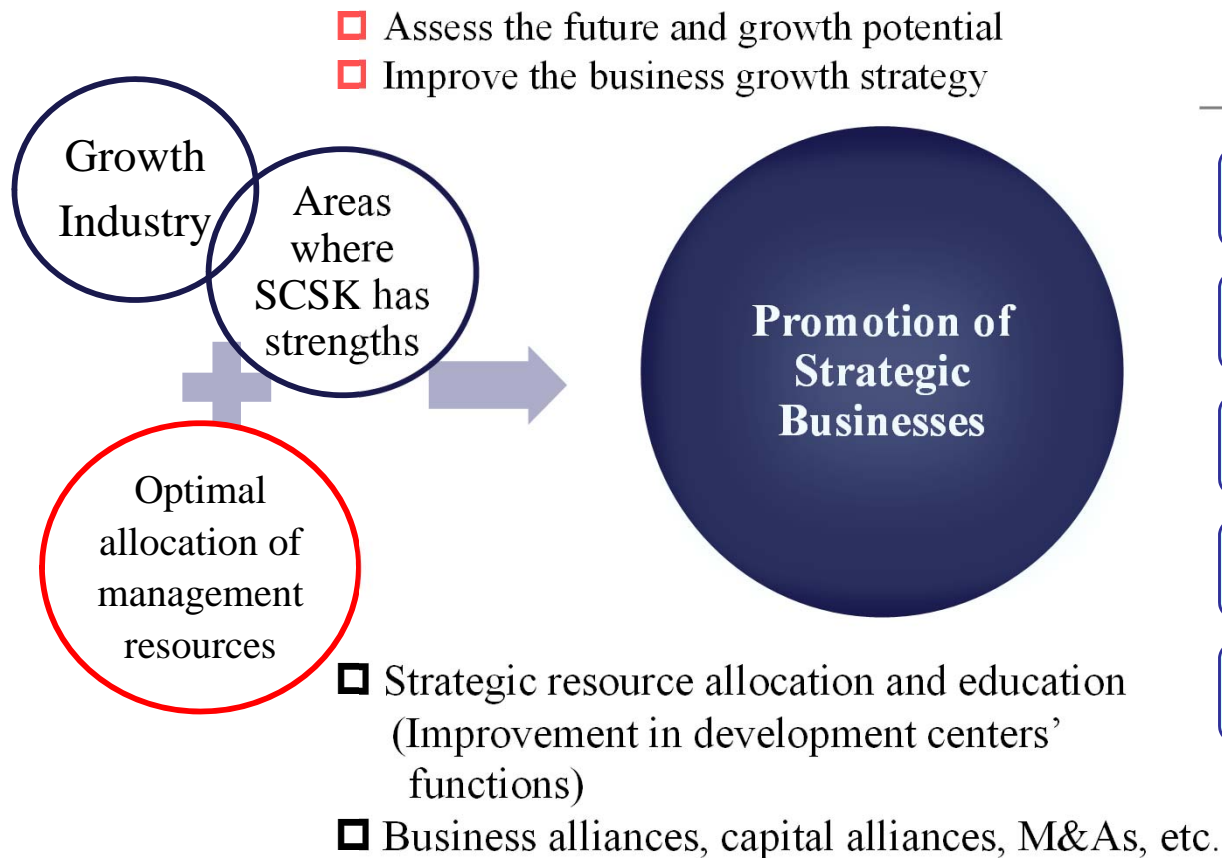
Apr. 2015 - :



(d) Core Strategy 2:

Promote Strategic Business that Captures the Changing Times

In growth industries and fields where we can demonstrate our strengths, promote strategic businesses in these areas while being mindful of their future potential and growth potential, and establish a solid position in the market.



Examples of Strategic Businesses

For the Automotive Industry
Automotive Embedded Systems Business

For the Energy Industry
Power Generation Liberalization-related Business

For the Distribution Industry
Marketing Solutions

For the Financial Industry
Mega Banks/Global Business

All Industries
Security, Big Data

(e) Automotive Embedded Systems Software for the Automotive Industry

By offering products and services that can enable improvement and increase efficiency in the development of automotive embedded systems, we can help both Japanese auto makers and suppliers develop ECUs (Electronic Control Units) and contribute to the expansion of the Japanese automobile industry.

(Current Situation)

**No. 1 supplier in ECU model base
development for Japanese auto
makers**



(Goal)

**Be the No. 1 vendor/provider of AUTOSAR
(AUTomotive Open System ARchitecture)
compatible OSs and middleware(BSW)**

■ Setting up the systems

(1) Engineers (including business partners)

- Increase the number of automotive embedded system technicians from current approx. 500 to 2,000

(2) Consortium Alliances

- In November 2014, we announced a collaborative alliance among six IT companies in the automotive embedded systems field. In practical terms, this enables us to have 600 – 700 technical staff in total
- Further set up alliances, capital alliances, M&As with other ventures or enterprises who have advanced technologies

(3) Business investment in R&D, personnel shifts, etc.

- Invest 15 – 20 billion yen in the next 5 years

Expand the scale of the business from tens of billions yen to ultimately 200 -300 billion yen

Work towards the next stage of our “Greater Japanese Market” strategy
Establish systems for providing services, with the objective of global expansion in strategic businesses

First stage

Previous mid-term mgt. plan

Enhance line-up of global-related businesses

- Provide services from Japan for globally active Japanese companies
- Sales target: 10% of total sales

Second stage

New mid-term mgt. plan

Enhance operation and expand scale of involvement in strategic businesses

- Select target fields, set up systems for overseas local businesses, focus on expanding business
- Sales target: 100 billion yen

Examples of Target Fields

1. Automotive Embedded Systems Business

-Overseas Expansion of BSW (Basic Software)

- ❑ Overseas expansion support for domestic suppliers
- ❑ Offering BSW to overseas suppliers

-Establishment of an overseas expansion structure

- ❑ Building up local systems overseas to create bases for system development (including M&As and business partnerships)

2. Businesses Aimed at Finance, Mega Banks

-Expand business through the establishment of borderless operations

- ❑ IT support for mega bank’s overseas branches
- ❑ Expansion of system for providing on-site maintenance & support, as well as overseas solutions (Expansion in Asia, from a base in Singapore)
- ❑ Allocation of staff specializing in finance to overseas branches (Southeast Asia, Europe and the US)

1

Seek Operational Quality

Promotion of company-wide application of development standard “SE+” in moving from “reduction of unprofitable projects” to “better profitability and productivity through high quality”

2

Improve Business Profitability

Improved profitability through revision of our business portfolio by continuous business screening

3

Enhance Operational Efficiency

Cost reductions through improvements in working style and a better business process

4

Make a pleasant, safe and fulfilling place to work
Promote health & productivity management

From “Smart Work Challenge 20” to being a company that realizes potential of its people: moving to the next stage

5

Enhance Human Resource Capabilities

Cultivation of talents, especially development of highly specialized positions and managerial positions

(h) Management Targets and Forecast for FY ending March 2016

	FY ended March 2015	New Medium-term Management Plan Period	
		Forecast for FY ending March 2016	Strategic Targets for FY ending March 2020
Sales	JPY 297.6B	JPY 310.0B	
Operating Income	JPY 28.0B	JPY 29.0B	JPY 50.0B
Operating Income Margin	9%	9%	10~12%
EPS	150 yen *	178 yen *	320 yen
ROE	12% *	13% *	15%
Annual Dividend	50 yen	70 yen	

* Standard tax rate basis
SCSK estimates

Create our Future of Dreams

We create our future of dreams by establishing value based on our customers' trust.

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