

# Consolidated Results of Operations for 1<sup>st</sup> Quarter of Fiscal Year Ending March 2018

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## **Consolidated Financial Results of Operations for 1<sup>st</sup> Quarter of FY2017**

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# (1) Highlights for 1<sup>st</sup> Quarter of FY2017

## Net Sales

**77,219** JPY Million

YOY + 2.5%

## Operating Profit

**3,889** JPY Million

YOY -36.5%

## Order Backlog

**115,095** JPY Million

YOY + 2.9%

## Operating Margin

**5.0%**

YOY -3.1 p.p.

## (2) Consolidated Statements of Income

(Millions of yen)

	Apr. 2016- Jun. 2016	Apr. 2017- Jun. 2017	Increase/Decrease	
			Amount	Change (%)
Net Sales	75,352	<b>77,219</b>	1,866	2.5%
Gross Profit	18,211	<b>16,824</b>	- 1,387	- 7.6%
(Gross Profit Margin)	(24.2%)	<b>(21.8%)</b>		
SG&A Expenses	12,086	<b>12,934</b>	847	7.0%
Operating Profit	6,124	<b>3,889</b>	- 2,235	- 36.5%
(Operating Profit Margin)	(8.1%)	<b>(5.0%)</b>		
Ordinary Profit	6,732	<b>4,455</b>	- 2,276	- 33.8%
Profit attributable to owners of parent	7,296	<b>2,844</b>	- 4,452	- 61.0%

# (3) Sales Comparison by Sales Segment

(Millions of yen)

	Apr. 2016- Jun. 2016	Apr. 2017- Jun. 2017	Increase/Decrease	
			Amount	Change (%)
Systems Development	29,735 (39.5%)	<b>29,559</b> (38.3%)	- 176	- 0.6%
System Maintenance and Operation/ Services	30,438 (40.4%)	<b>31,313</b> (40.6%)	874	2.9%
Packaged Software/ Hardware Sales	14,351 (19.0%)	<b>15,448</b> (20.0%)	1,096	7.6%
Prepaid Card	826 (1.1%)	<b>898</b> (1.2%)	71	8.6%
Total	75,352 (100.0%)	<b>77,219</b> (100.0%)	1,866	2.5%

# (4) Incoming Orders and Backlog

(Millions of yen)

		Apr. 2016- Jun. 2016	Apr. 2017- Jun. 2017	Increase/Decrease	
				Amount	Change (%)
Systems Development	Incoming orders	31,044	<b>30,109</b>	- 935	- 3.0%
	Backlog	26,420	<b>25,874</b>	- 546	- 2.1%
System Maintenance and Operation/ Services	Incoming orders	28,591	<b>27,183</b>	- 1,408	- 4.9%
	Backlog	75,923	<b>77,720</b>	1,796	2.4%
Packaged Software /Hardware Sales	Incoming orders	17,321	<b>16,972</b>	- 349	- 2.0%
	Backlog	9,470	<b>11,501</b>	2,030	21.4%
Total	Incoming orders	76,958	<b>74,264</b>	- 2,693	- 3.5%
	Backlog	111,814	<b>115,095</b>	3,280	2.9%

# (5) Sales Comparison by Customer Industry

(Millions of yen)

	Apr. 2016 - Jun. 2016		Apr. 2017 - Jun. 2017		Increase/ Decrease	
	Amount	Composition	Amount	Composition	Amount	Change (%)
Manufacturers	21,150	28.1%	<b>20,812</b>	<b>27.0%</b>	- 337	- 1.6%
Distributors	12,521	16.6%	<b>12,851</b>	<b>16.6%</b>	329	2.6%
Financial Institutions	18,005	23.9%	<b>17,651</b>	<b>22.9%</b>	- 353	- 2.0%
Banks	5,834	7.7%	<b>5,883</b>	<b>7.6%</b>	49	0.8%
Securities Firms	2,197	2.9%	<b>2,176</b>	<b>2.8%</b>	- 20	- 0.9%
Shopping Credit/ Leasing Companies	2,981	4.0%	<b>2,889</b>	<b>3.7%</b>	- 91	- 3.1%
Insurance Companies	6,991	9.3%	<b>6,701</b>	<b>8.7%</b>	- 290	- 4.2%
Communications/ Transportation	11,007	14.6%	<b>13,453</b>	<b>17.4%</b>	2,445	22.2%
Utilities	932	1.2%	<b>806</b>	<b>1.0%</b>	- 126	- 13.6%
Services/Others*	11,735	15.6%	<b>11,644</b>	<b>15.1%</b>	- 91	- 0.8%
Total	75,352	100.0%	<b>77,219</b>	<b>100.0%</b>	1,866	2.5%

# (6) External Sales and Segment profit by Reportable Segment

(Millions of yen)

External Sales	Manufacturing Systems	Telecommunication Systems	Distribution Systems	Financial Systems	Business Solution	Business Services	Platform Solution	Prepaid Card	Others	Adjustments	Total
Apr. 2017~ Jun. 2017	9,265	6,403	11,098	16,778	6,053	10,418	16,112	898	190	-	77,219
Apr. 2016~ Jun. 2016	9,530	6,306	10,894	16,976	5,795	10,145	14,685	826	192	-	75,352
Increase/Decrease (Amount)	- 265	96	203	- 198	258	273	1,427	71	- 2	-	1,866
Increase/Decrease (%)	- 2.8%	1.5%	1.9%	- 1.2%	4.5%	2.7%	9.7%	8.6%	- 1.0%	-	2.5%

Segment Profit	Manufacturing Systems	Telecommunication Systems	Distribution Systems	Financial Systems	Business Solution	Business Services	Platform Solution	Prepaid Card	Others	Adjustments	Total
Apr. 2017~ Jun. 2017	318	990	940	583	61	393	1,018	101	-19	-498	3,889
Apr. 2016~ Jun. 2016	835	1,018	1,328	1,925	214	567	624	111	-9	-491	6,124
Increase/Decrease (Amount)	- 517	- 27	- 388	- 1,342	- 153	- 174	394	- 9	- 9	- 7	- 2,235
Increase/Decrease (%)	- 61.9%	- 2.7%	- 29.2%	- 69.7%	- 71.4%	- 30.7%	63.2%	- 9.0%	-	-	- 36.5%



# (7) Operating Profit Analysis

(Millions of yen)

## 【Decrease of Gross Profit】

6,124



Jun. 2016



- Impact from:
  - Sales increase +0.45B
  - Gross margin decline -1.83B

## 【Increase of SG&A】



- Increase in:
  - Business investment-related expenses
  - Marketing expenses

3,889

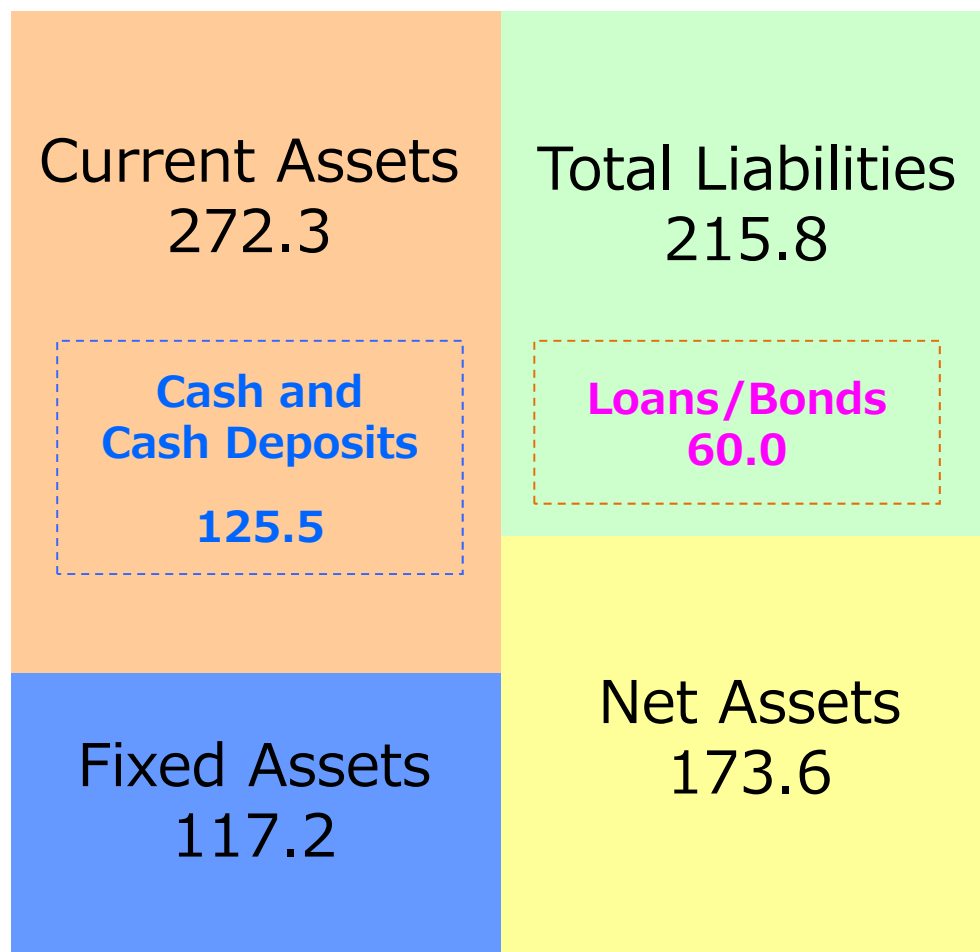


Jun. 2017

# (8) Consolidated Balance Sheets

As of March 31, 2017

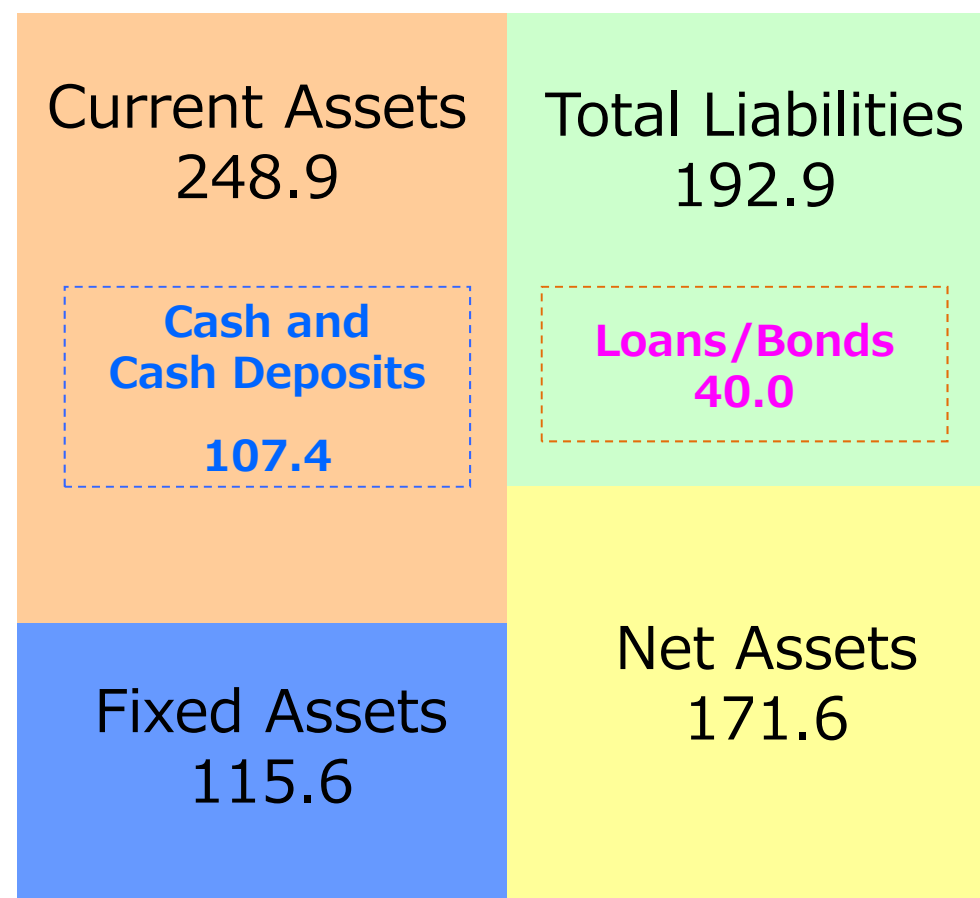
Total Assets 389.5 (Billions of yen)



Equity Ratio 42.8%  
BPS JPY1,607.74

As of June 30, 2017

Total Assets 364.6 (Billions of yen)



Equity Ratio 45.2%  
BPS JPY 1,587.81

## Medium-Term Management Plan

### Core Strategies

Shift to Service- Oriented  
Businesses

Promote Strategic Businesses  
that Captures the Changing  
Times

Second Stage of Global  
Business Expansion

### Strengthen Management Base

1. Seek Operational Quality

2. Improve Business  
Profitability

3. Enhance Operational  
Efficiency

4. Pleasant, fulfilling place to work/  
Promote health & productivity mgt.

5. Enhance Human Resource  
Capabilities

## **Attention on the use of this document**

- We have made amendment of previous year's data in page 6 (Sales Comparison by Customer Industry) to reflect the revision of industry applied to some customers.
- We have made amendment of previous year's data in page 7 (External Sales and Operating Income by Reported Segment) to enable a fair comparison with this year's data under realigned reported segments.

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