

Results of Operations for 2nd Quarter of Fiscal Year Ending March 2018

Tooru Tanihara
President

SCSK Corporation
October 30, 2017

Financial Results for 2nd Quarter of Fiscal Year 2017

(Billions of Yen)

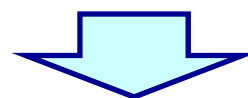
	Apr. 2016- Sep. 2016	Apr. 2017- Sep. 2017	<i>Increase/Decrease</i>	
			<i>Amount</i>	<i>%</i>
Net Sales	157.4	163.4	6.0	3.8%
Operating Profit	14.7	13.2	-1.4	-9.8%
Ordinary Profit	15.7	14.2	-1.5	-9.6%
Net Profit Attributable to Owners of Parent	13.2	12.0	-1.2	-9.4%

Revised Forecasts for FY2017 Reflecting Share Transfer of a Subsidiary

■ Previous Forecasts Released on 28th Apr. 2017

(%: Rate of Change, YOY)

Net Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Owners of Parent	
JPY B	%	JPY B	%	JPY B	%	JPY B	%
340.0	3.2	36.0	6.8	37.0	2.4	24.5	-13.9



■ Revised Forecasts

([] :Amounts Revised,%:Rate of Change, YOY)

Net Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Owners of Parent	
JPY B	%	JPY B	%	JPY B	%	JPY B	%
340.0 [No Change]	3.2	36.0 [No Change]	6.8	37.0 [No Change]	2.4	33.5 [+9]	17.7

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

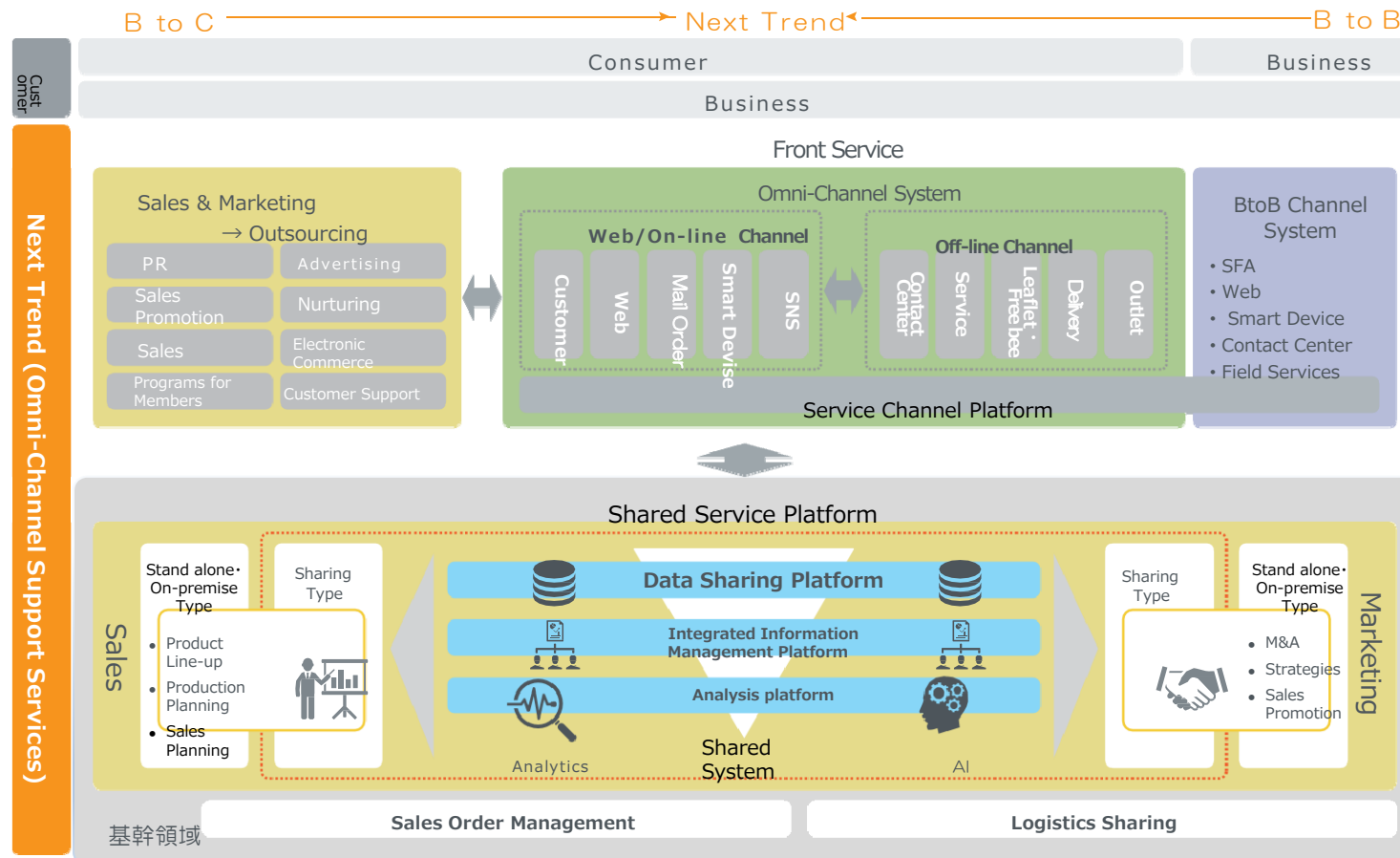
Core Strategies

- 1). Shift to service-oriented businesses
- 2). Promote strategic businesses that capture the changing times
- 3). Enter into the second stage of global business expansion

Strengthen Management Base

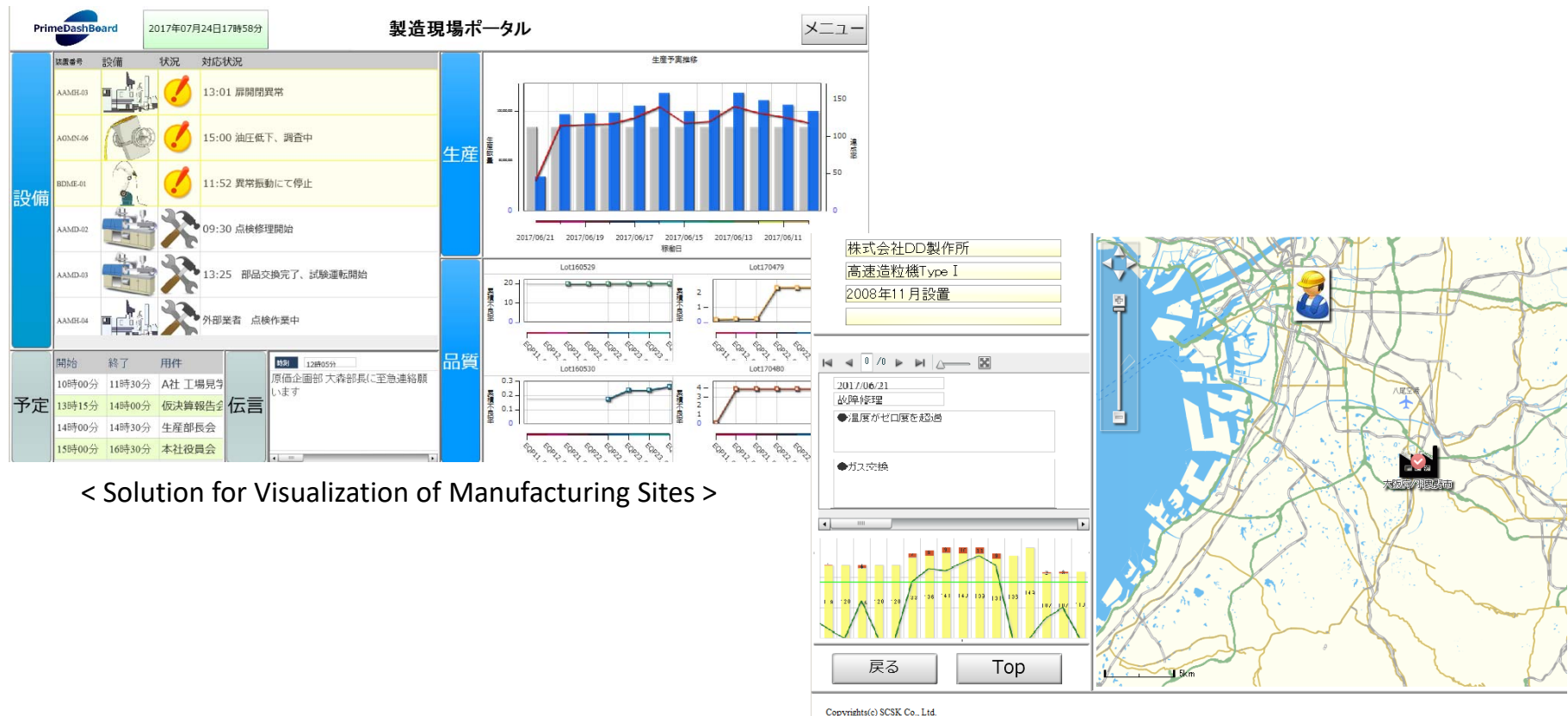
- 1). Seek operational quality
- 2). Improve business strategies profitability
- 3). Enhance operational efficiency
- 4). Pleasant, fulfilling place to work / Promote health and productivity mgt.
- 5). Enhance human resource capabilities

Omni-Channel Support Services for Distributors 「Next Trend」



< Business Scheme of 「Next Trend」 : designed for Distributors >

IoT Solution for Manufactures 「PrimeDashboard」 - Process Visualization Tool to Support Operational Restructuring -



< Solution for Visualization of Manufacturing Sites >

<Solution for Protection/Maintenance of Facilities and Machines>

Application for Financial Institutions 「MINEFOCUS」 - Realization of One-to-One Communication with Customers -

MINEFOCUSの基本メニュー

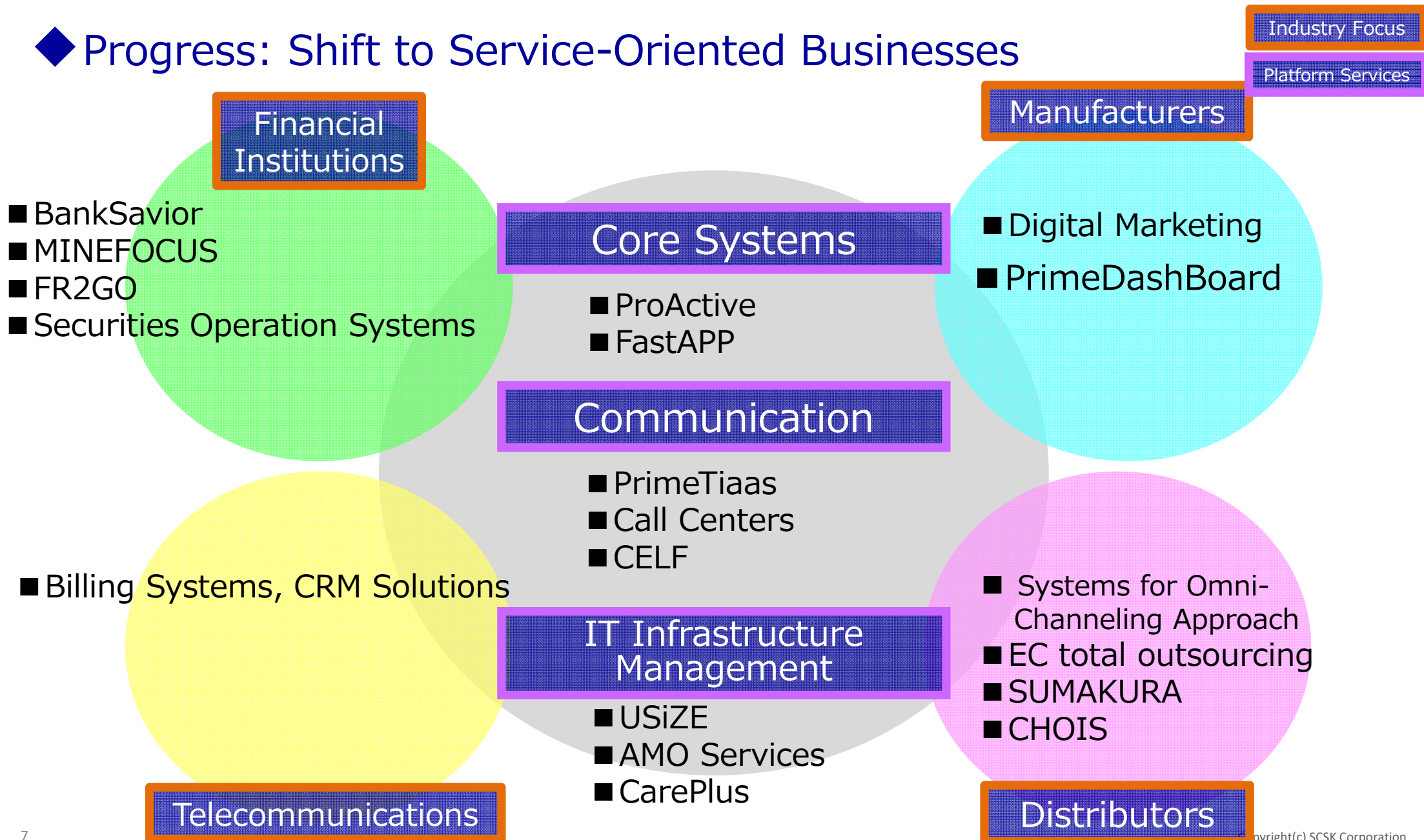


活用例 ユーザーの興味や行動履歴からWebサービスの利用と多様なサービスや商品を自然と結びつけて適切な商品やサービスを提案し、
提案を拒否しないという状態を維持することで地域金融機関の親と顧客との関係性を強化し、収益を向上させます



Shift to Service-Oriented Businesses

◆ Progress: Shift to Service-Oriented Businesses



Enhance Support Structure for Service-Oriented Businesses Utilizing AI Technologies

- Invested in Asian Frontier Co.,LTD.

Several Businesses in Place; Applying AI Technologies

- "DIMo" for Efficient Damage Investigation
for Non-life Insurance Companies
- AI Face-to-face Web Agent "Desse"
- Next Generation Services Utilizing VOC "VOiC"

By applying AI and other variety of technologies & mechanisms
Provide solutions to solve issues of customers from a wide perspective



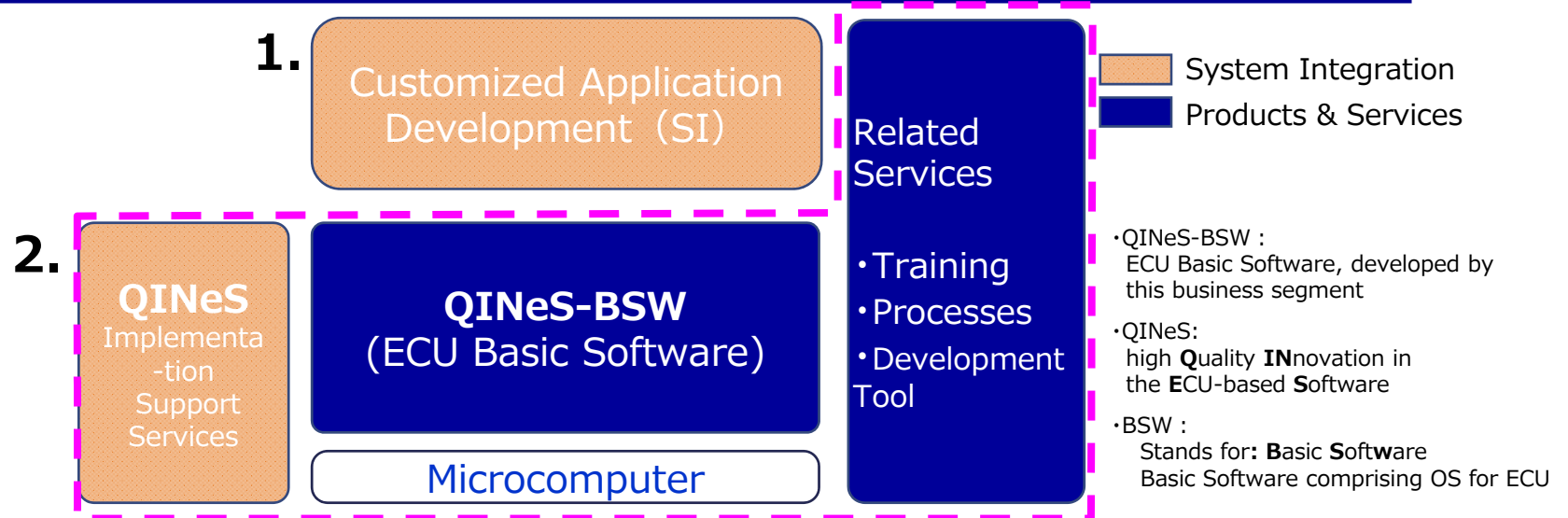
<Desse : Screen Image>



<VOiC: Analysis Template>

■ SCSK's Automotive Software Systems Business

1. Development of Customized Application
2. Development and Sales of Our Proprietary Software
 - Develop ECU Basic Software (QINeS-BSW) and Related Services
 - Provide Customers with QINeS Related Products, System Integration Services (Implementation Support Services and Application Development Services)



Ensuring high quality, QINeS realizes high productivity in automotive software development which became more complex, large in size.

Contribute to Global Competitiveness of Japanese Auto Industry

Create Our Future of Dreams

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

Disclaimer

- This data is intended to provide information about the Group's performance and business strategy and is not intended to solicit the purchase or sales of shares in Group companies.
- Estimates, targets, and outlooks included in this report are forward-looking statements based on information available as of the date of publication. Results and outcomes may differ materially from the forward-looking statements and no guarantee is made that targets will be reached. All such statements are subject to change without notice.
- SCSK cannot be held responsible for losses resulting from information contained in this report. This report should not be reproduced or retransmitted without authorization.

Consolidated Results of Operations for 2nd Quarter of Fiscal Year Ending March 2018

Tetsuya Fukunaga

SCSK Corporation
October 30, 2017

Consolidated Financial Results of Operations for 2nd Quarter of FY2017

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(1) Highlights for 2nd Quarter of FY2017

Net Sales

163,466 JPY Million

YOY 3.8%

Operating Profit

13,272 JPY Million

YOY -9.8%

Order Backlog

105,245 JPY Million

YOY -2.8%

Operating Margin

8.1%

YOY -1.3 p.p.

(2) Consolidated Statements of Income

(Millions of yen)

	Apr. 2016- Sept. 2016	Apr. 2017- Sept. 2017	Increase/Decrease	
			Amount	Change (%)
Net Sales	157,412	163,466	6,053	3.8%
Gross Profit	38,460	38,343	-117	-0.3%
(Gross Profit Margin)	(24.4%)	(23.5%)		
SG&A Expenses	23,737	25,070	1,332	5.6%
Operating Profit	14,723	13,272	-1,450	-9.8%
(Operating Profit Margin)	(9.4%)	(8.1%)		
Ordinary Profit	15,781	14,273	-1,508	-9.6%
Profit attributable to owners of parent	13,286	12,034	-1,252	-9.4%

(3) Sales Comparison by Sales Segment

(Millions of yen)

	Apr. 2016- Sept. 2016	Apr. 2017- Sept. 2017	Increase/Decrease	
			Amount	Change (%)
Systems Development	61,957 (39.4%)	62,489 (38.2%)	531	0.9%
System Maintenance and Operation/ Services	61,776 (39.2%)	63,560 (38.9%)	1,784	2.9%
Packaged Software/ Hardware Sales	32,138 (20.4%)	35,524 (21.7%)	3,385	10.5%
Prepaid Card	1,539 (1.0%)	1,892 (1.2%)	352	22.9%
Total	157,412 (100.0%)	163,466 (100.0%)	6,053	3.8%

(4) Incoming Orders and Backlog

(Millions of yen)

		Apr. 2016- Sept. 2016	Apr. 2017- Sept. 2017	Increase/Decrease	
				Amount	Change (%)
Systems Development	Incoming orders	63,480	64,038	558	0.9%
	Backlog	26,633	26,873	240	0.9%
System Maintenance and Operation/ Services	Incoming orders	54,744	51,709	-3,035	-5.5%
	Backlog	70,739	69,999	-739	-1.0%
Packaged Software /Hardware Sales	Incoming orders	36,499	33,918	-2,580	-7.1%
	Backlog	10,860	8,371	-2,489	-22.9%
Total	Incoming orders	154,724	149,667	-5,056	-3.3%
	Backlog	108,233	105,245	-2,988	-2.8%

(5) Sales Comparison by Customer Industry

(Millions of yen)

	Apr. 2016 – Sept. 2016		Apr. 2017 – Sept. 2017		Increase/ Decrease	
	Amount	Composition	Amount	Composition	Amount	Change (%)
Manufacturers	44,054	28.0%	44,253	27.1%	198	0.5%
Distributors	25,059	15.9%	26,158	16.0%	1,099	4.4%
Financial Institutions	37,335	23.7%	36,649	22.4%	-685	-1.8%
Banks	12,198	7.7%	11,753	7.2%	-445	-3.7%
Securities Firms	5,105	3.2%	5,590	3.4%	484	9.5%
Shopping Credit/ Leasing Companies	6,176	3.9%	6,048	3.7%	-128	-2.1%
Insurance Companies	13,854	8.8%	13,258	8.1%	-596	-4.3%
Communications/ Transportation	23,998	15.2%	28,448	17.4%	4,449	18.5%
Utilities	1,711	1.1%	1,871	1.1%	160	9.4%
Services/Others*	25,253	16.0%	26,083	16.0%	830	3.3%
Total	157,412	100.0%	163,466	100.0%	6,053	3.8%

*Services / Others includes Prepaid Card Business

(6) External Sales and Segment profit by Reportable Segment

(Millions of yen)

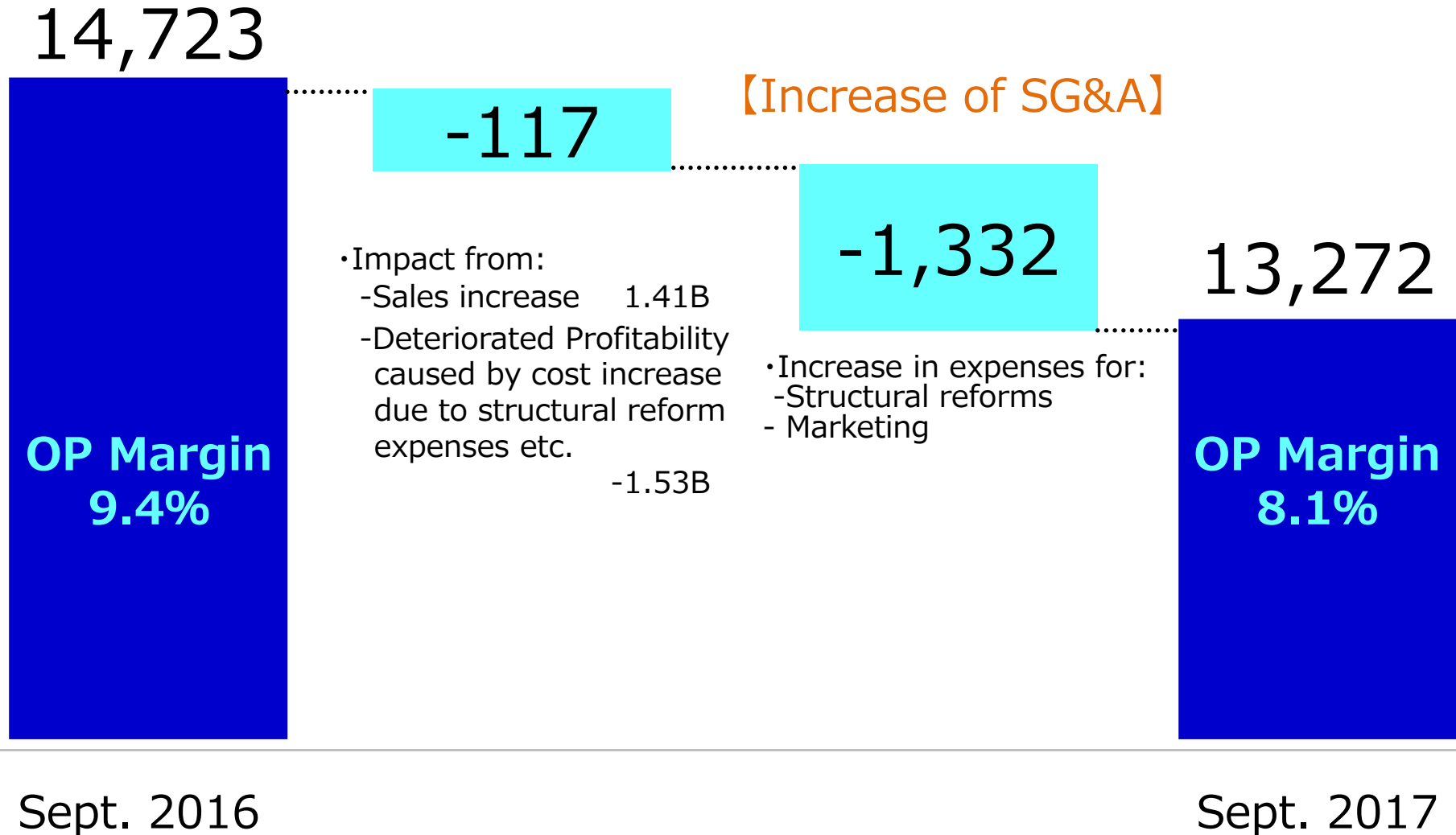
External Sales	Manufacturing Systems	Telecommunication Systems	Distribution Systems	Financial Systems	Business Solution	Business Services	Platform Solution	Prepaid Card	Others	Adjustments	Total
Apr. 2017~ Sept. 2017	19,503	12,894	22,747	34,764	12,437	21,581	37,260	1,892	384	-	163,466
Apr. 2016~ Sept. 2016	19,215	12,995	22,402	34,957	11,662	20,830	33,422	1,539	387	-	157,412
Increase/Decrease (Amount)	287	-100	344	-193	775	751	3,837	352	-2	-	6,053
Increase/Decrease (%)	1.5%	-0.8%	1.5%	-0.6%	6.6%	3.6%	11.5%	22.9%	-0.5%	-	3.8%

Segment Profit	Manufacturing Systems	Telecommunication Systems	Distribution Systems	Financial Systems	Business Solution	Business Services	Platform Solution	Prepaid Card	Others	Adjustments	Total
Apr. 2017~ Sept. 2017	1,551	2,333	2,566	2,998	401	1,169	3,222	150	17	-1,138	13,272
Apr. 2016~ Sept. 2016	1,854	2,262	3,222	3,653	571	1,475	2,455	146	58	-976	14,723
Increase/Decrease (Amount)	-303	70	-656	-655	-169	-306	767	3	-40	-161	-1,450
Increase/Decrease (%)	-16.3%	3.1%	-20.4%	-17.9%	-29.7%	-20.8%	31.3%	2.5%	-69.0%	-	-9.8%

(7) Operating Profit Analysis

(Millions of yen)

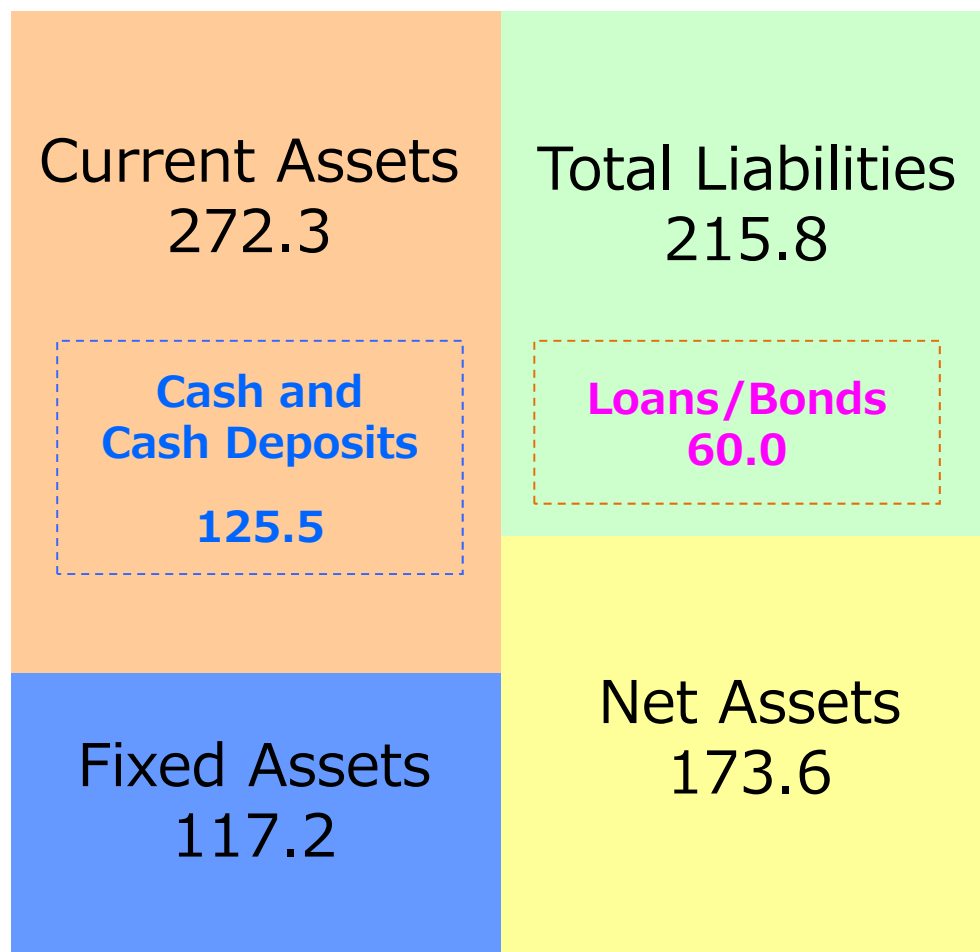
【Decrease of Gross Profit】



(8) Consolidated Balance Sheets

As of March 31, 2017

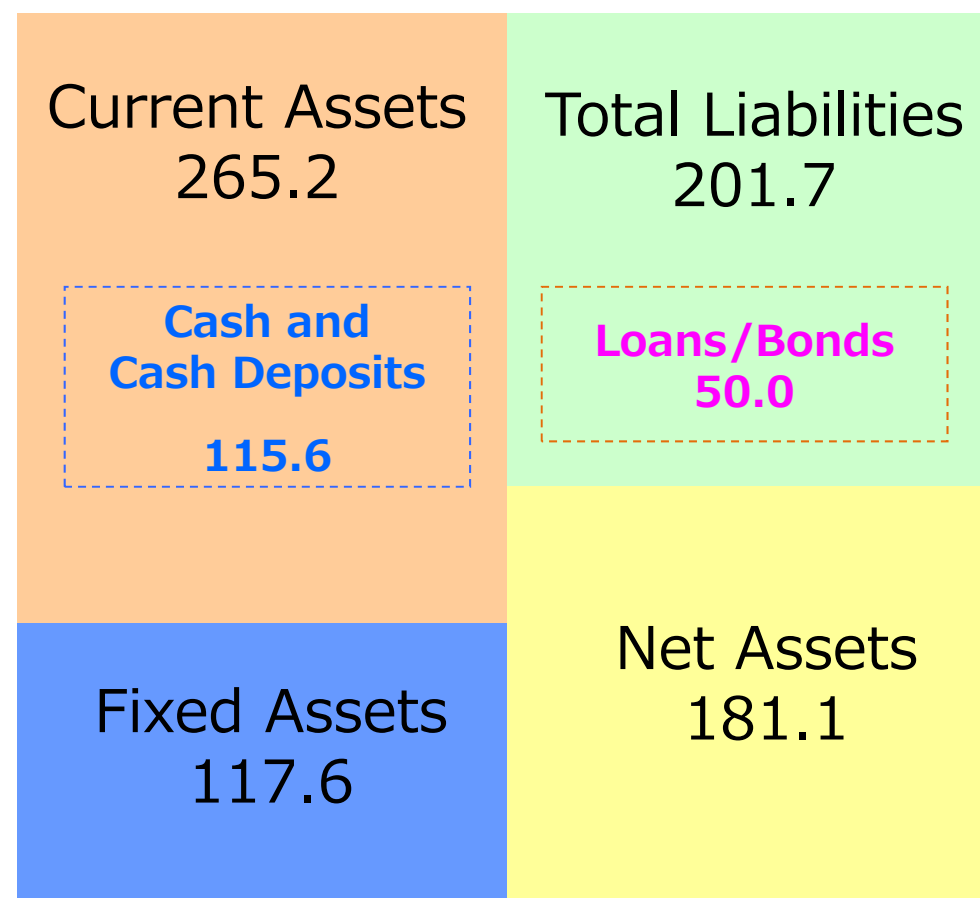
Total Assets 389.5 (Billions of yen)



Equity Ratio 42.8%
BPS JPY1,607.74

As of September 30, 2017

Total Assets 382.8 (Billions of yen)



Equity Ratio 45.5%
BPS JPY 1,677.16

(9) Share Transfer of a Subsidiary

■ Outline of Share Transfer

Shares to be Transferred	Ordinary Shares of QUO CARD Co., Ltd. (SCSK's Share Ownership Rate: 100%)
Name of the Transferee	T-Gaia Corporation
Impact on Financial Results	Around ¥10.9 B of gain on sales of investment securities to be recorded in 3 rd Q, FY17
Impact on Results for FY2017	Revise financial forecasts for FY2017 due to the recording of the gain mentioned above (Details are stated below)

■ Impact on Consolidated Balance Sheets

	9/30/2017	Pro-forma Numbers To be Closed on 9/30/2017
Net Assets	JPY 181.1 B	JPY 190.0 B
Total Assets	JPY 382.8 B	JPY 300.0 B
Capital Adequacy Ratio	45.5%	Around 60% or more
BPS	JPY 1,677.16	JPY 1,750.00
Interest-bearing Debt	Cash Positive: JPY20B*	Cash Positive JPY 40B

*Excluding Cash and Deposit possessed by QUO Card

(10) Cancellation of Treasury Shares

	Before Cancellation (Sept. 30, 2017)	After Cancellation	Number of Shares to Cancel
Number of Treasury Shares	3,950 K	146 K*	-3,804K
Number of Shares Issued	107,986 K	104,181K	-3,804 K
% of Treasury Shares against Total Number of Shares Issued	3.66%	0.14%	—

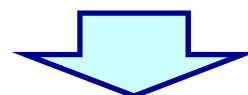
*Number will vary until the cancellation date (November, 30, 2017) due to the impact of exercise of stock options

(11) Revised Forecasts for FY2017

■ Previous Forecasts Released on 28th Apr. 2017

(%: Rate of Change, YOY)

Net Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Owners of Parent	
JPY B	%	JPY B	%	JPY B	%	JPY B	%
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■ Revised Forecasts

([] :Amounts Revised,%:Rate of Change, YOY)

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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.

Disclaimer

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