

Consolidated Results of Operations for 3rd Quarter of Fiscal Year Ending March 2018

Tetsuya Fukunaga

SCSK Corporation
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Consolidated Financial Results of Operations for 3rd Quarter of FY2017

(1) Highlights for 3 rd Quarter of FY2017	•••• P2
(2) Consolidated Statements of Income	•••• P3
(3) Sales Comparison by Sales Segment	•••• P5
(4) Incoming Orders and Backlog	•••• P6
(5) Sales Comparison by Customer Industry	•••• P7
(6) Business Performance by Reportable Segment	•••• P8
(7) Operating Profit Analysis	•••• P9
(8) Consolidated Balance Sheets	•••• P10
(9) Revised Forecasts for FY2017	•••• P11
(10) Business Strategies for FY2017	•••• P12
(11) Organizational Reforms	•••• P13

(1) Highlights for 3rd Quarter of FY2017

Net Sales

244,851 JPY Million

YOY 2.4%

Operating Profit

21,565 JPY Million

YOY - 7.7%

Order Backlog

100,476 JPY Million

YOY - 0.4%

Operating Margin

8.8%

YOY -1.0 p.p.

(2) Consolidated Statements of Income

(Millions of yen)

	Apr. 2016- Dec. 2016	Apr. 2017- Dec. 2017	Increase/Decrease	
			Amount	Change (%)
Net Sales	239,047	244,851	5,803	2.4%
Gross Profit	59,013	58,610	-402	-0.7%
(Gross Profit Margin)	(24.7%)	(23.9%)		
SG&A Expenses	35,644	37,045	1,400	3.9%
Operating Profit	23,368	21,565	-1,803	-7.7%
(Operating Profit Margin)	(9.8%)	(8.8%)		
Ordinary Profit	25,147	23,035	-2,112	-8.4%
Profit attributable to owners of parent	20,253	25,495	5,241	25.9%

(2) Consolidated Statements of Income

(Millions of yen)

	Oct. 2016- Dec. 2016	Oct. 2017- Dec. 2017	Increase/Decrease	
			Amount	Change (%)
Net Sales	81,634	81,384	-249	-0.3%
Systems Development	31,314	31,764	450	1.4%
System Maintenance and Operation/ Services	31,761	32,472	711	2.2%
Packaged Software/ Hardware Sales	17,740	16,090	-1,649	-9.3%
Prepaid Card	818	1,056	237	29.1%
Gross Profit	20,552	20,267	-285	-1.4%
(Gross Profit Margin)	(25.2%)	(24.9%)		
SG&A Expenses	11,907	11,974	67	0.6%
Operating Profit	8,645	8,292	-353	-4.1%
(Operating Profit Margin)	(10.6%)	(10.2%)		
Ordinary Profit	9,365	8,762	-603	-6.4%
Profit attributable to owners of parent	6,967	13,460	6,493	93.2%

(3) Sales Comparison by Sales Segment

(Millions of yen)

	Apr. 2016- Dec. 2016	Apr. 2017- Dec. 2017	Increase/Decrease	
			Amount	Change (%)
Systems Development	93,272 (39.0%)	94,254 (38.5%)	981	1.1%
System Maintenance and Operation/ Services	93,538 (39.1%)	96,033 (39.2%)	2,495	2.7%
Packaged Software/ Hardware Sales	49,878 (20.9%)	51,614 (21.1%)	1,736	3.5%
Prepaid Card	2,357 (1.0%)	2,948 (1.2%)	590	25.0%
Total	239,047 (100.0%)	244,851 (100.0%)	5,803	2.4%

※ Due to the transfer of all the shares of QUO CARD Co., Ltd. as of December 1, 2017, the figure of the Company for FY2017 incorporated here is for the eight months results from April to November 2017.

(4) Incoming Orders and Backlog

(Millions of yen)

		Apr. 2016- Dec. 2016	Apr. 2017- Dec. 2017	Increase/Decrease		Oct. 2016- Dec. 2016	Oct. 2017- Dec. 2017	Increase/Decrease	
				Amount	Change (%)			Amount	Change (%)
Systems Development	Incoming orders	94,573	97,245	2,671	2.8%	31,351	32,363	1,011	3.2%
	Backlog	26,412	27,472	1,060	4.0%	–	–	–	–
System Maintenance and Operation/ Services	Incoming orders	80,716	77,384	-3,331	-4.1%	25,971	25,674	-296	-1.1%
	Backlog	64,948	63,201	-1,747	-2.7%	–	–	–	–
Packaged Software /Hardware Sales	Incoming orders	52,860	51,402	-1,457	-2.8%	16,358	17,520	1,162	7.1%
	Backlog	9,481	9,801	320	3.4%	–	–	–	–
Total	Incoming orders	228,149	226,032	-2,117	-0.9%	73,681	75,559	1,877	2.5%
	Backlog	100,842	100,476	-366	-0.4%	–	–	–	–

(5) Sales Comparison by Customer Industry

(Millions of yen)

	Apr. 2016 – Dec. 2016		Apr. 2017 – Dec. 2017		Increase/ Decrease	
	Amount	Composition	Amount	Composition	Amount	Change (%)
Manufacturers	66,484	27.8%	66,497	27.2%	13	0.0%
Distributors	37,588	15.7%	39,810	16.3%	2,221	5.9%
Financial Institutions	55,542	23.2%	55,334	22.6%	-208	-0.4%
Banks	18,661	7.8%	17,479	7.1%	-1,182	-6.3%
Securities Firms	6,913	2.9%	8,053	3.3%	1,139	16.5%
Shopping Credit/ Leasing Companies	9,440	3.9%	9,593	3.9%	153	1.6%
Insurance Companies	20,527	8.6%	20,207	8.3%	-319	-1.6%
Communications/ Transportation	38,895	16.3%	41,727	17.0%	2,831	7.3%
Utilities	2,507	1.0%	2,835	1.2%	327	13.0%
Services/Others*	38,028	15.9%	38,646	15.8%	618	1.6%
Total	239,047	100.0%	244,851	100.0%	5,803	2.4%

*"Services/Others" includes sales of Prepaid Card Business. Due to the transfer of all the shares of QUO CARD Co., Ltd. as of December 1, 2017, the figures of the Company for FY2017 incorporated here are for the eight months results from April to November 2017.

(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	Others	Adjustments	Total
Apr. 2017~ Dec. 2017	29,773	19,511	34,480	52,484	18,916	32,807	53,351	3,526	-	244,851
Apr. 2016~ Dec. 2016	29,141	19,755	33,808	52,122	17,507	31,726	52,050	2,936	-	239,047
Increase/Decrease (Amount)	631	-244	672	362	1,408	1,081	1,300	590	-	5,803
Increase/Decrease (%)	2.2%	-1.2%	2.0%	0.7%	8.0%	3.4%	2.5%	20.1%	-	2.4%

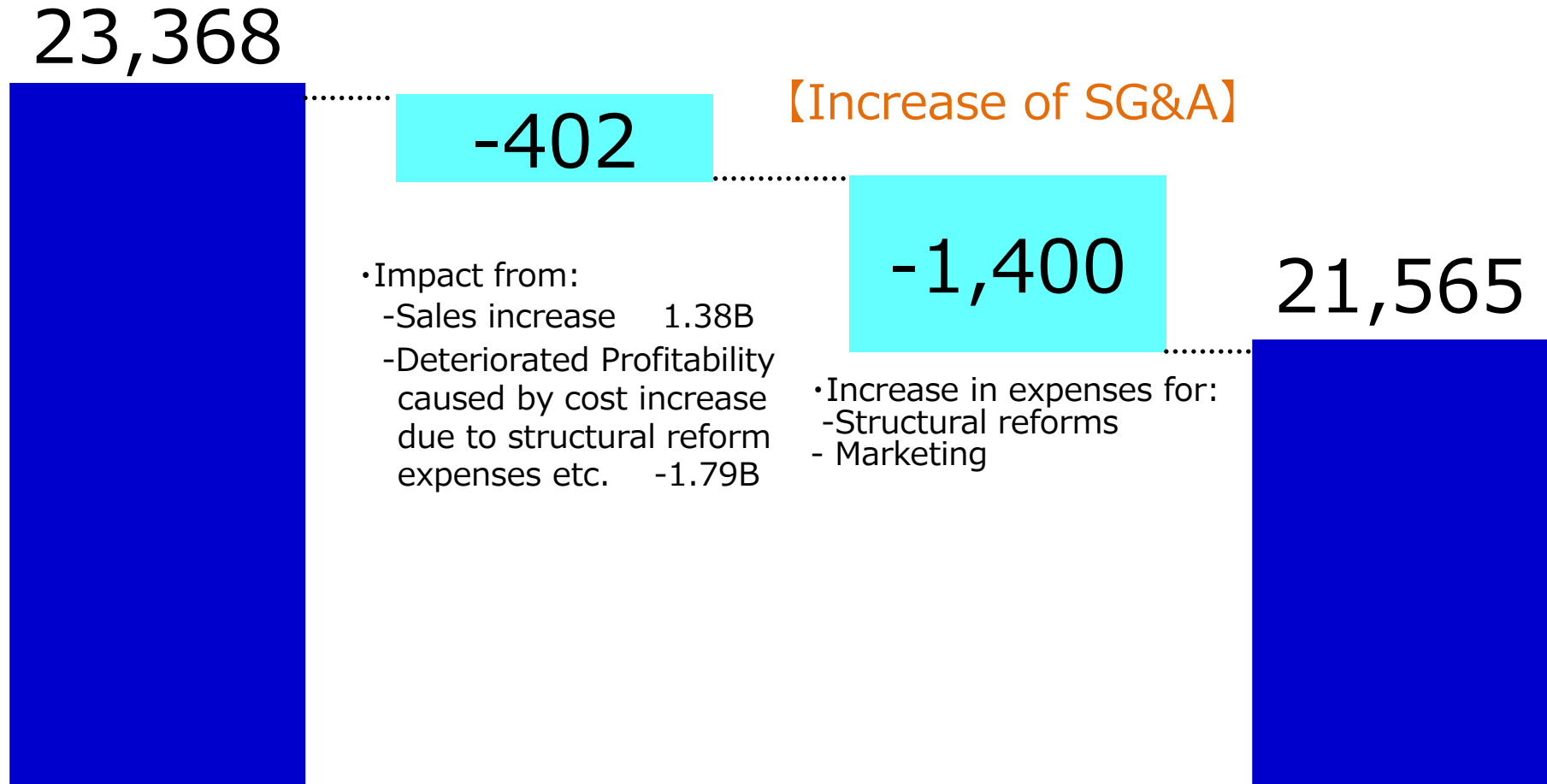
Segment Profit	Manufacturing Systems	Telecommunication Systems	Distribution Systems	Financial Systems	Business Solution	Business Services	Platform Solution	Others	Adjustments	Total
Apr. 2017~ Dec. 2017	2,892	3,676	4,170	4,565	885	2,167	4,639	272	-1,704	21,565
Apr. 2016~ Dec. 2016	2,951	3,744	4,888	5,301	945	2,460	4,303	313	-1,541	23,368
Increase/Decrease (Amount)	-58	-67	-717	-736	-60	-292	335	-41	-162	-1,803
Increase/Decrease (%)	-2.0%	-1.8%	-14.7%	-13.9%	-6.4%	-11.9%	7.8%	-13.3%	-	-7.7%

※"Others" includes figures of Prepaid Card Business. Due to the transfer of all the shares of QUO CARD Co., Ltd. as of December 1, 2017, the figures of the Company for FY2017 incorporated here are for the eight months results from April to November 2017.

(7) Operating Profit Analysis

【Decrease of Gross Profit】

(Millions of yen)



- Impact from:
 - Sales increase 1.38B
 - Deteriorated Profitability caused by cost increase due to structural reform expenses etc. -1.79B

- Increase in expenses for:
 - Structural reforms
 - Marketing

Dec. 2016

OP Margin
9.8%

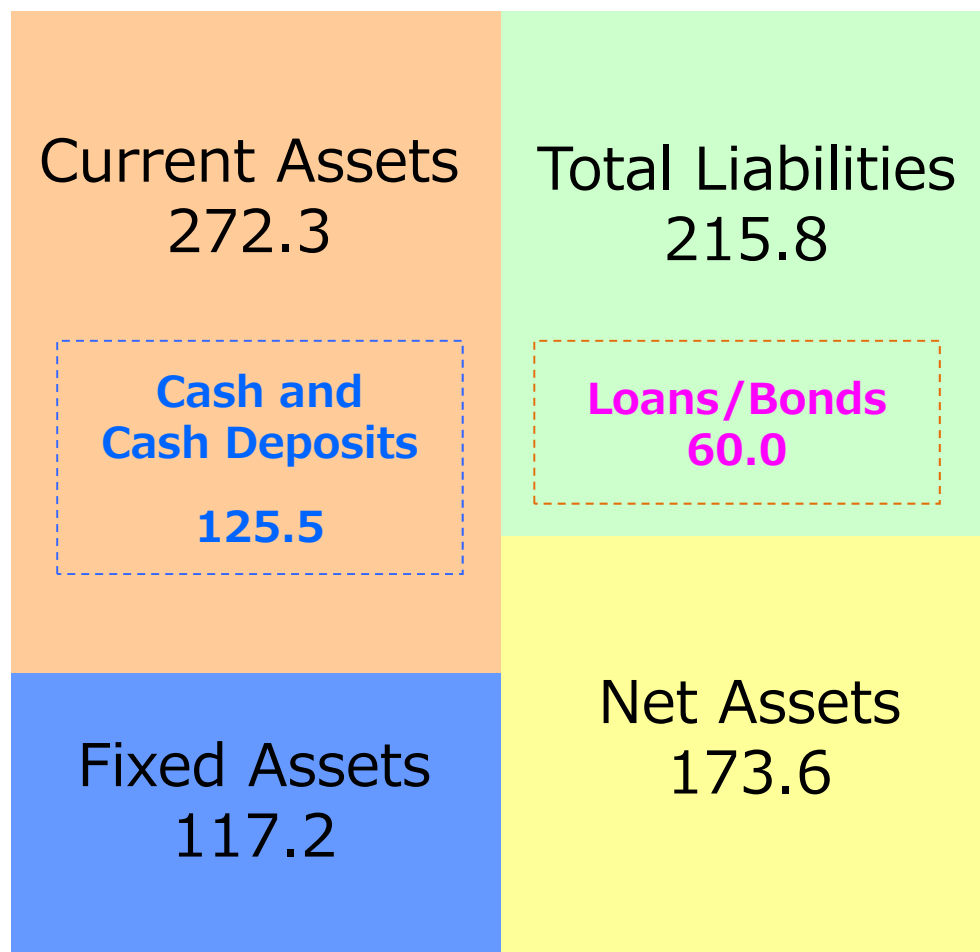
Dec. 2017

OP Margin
8.8%

(8) Consolidated Balance Sheets

As of March 31, 2017

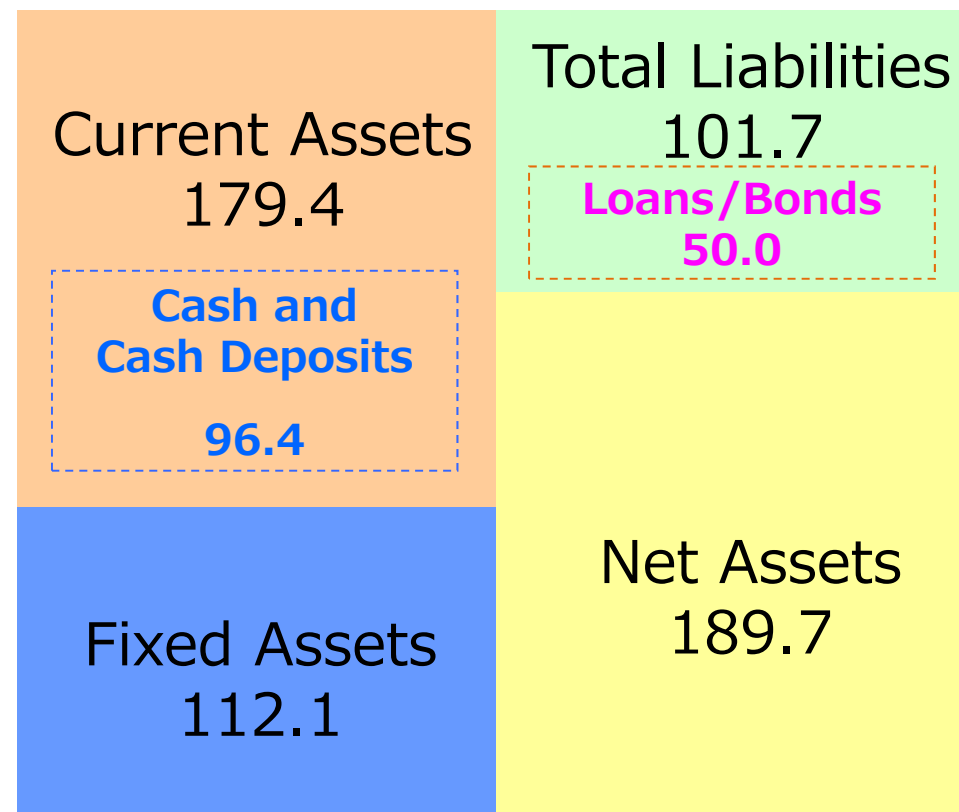
Total Assets 389.5 (Billions of yen)



Equity Ratio 42.8%
BPS JPY1,607.74

As of December 31, 2017

Total Assets 291.5 (Billions of yen)



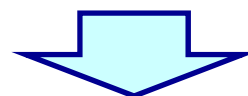
Equity Ratio 62.6%
BPS JPY 1,759.35

(9) Revised Forecasts for FY2017

■ Previous Forecasts Released on 30th Oct. 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	33.5	17.7



■ 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	34.0 [-2.0]	0.8	35.0 [-2.0]	-3.1	33.5 [No Change]	17.7

(10) Business Strategies for FY2017

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

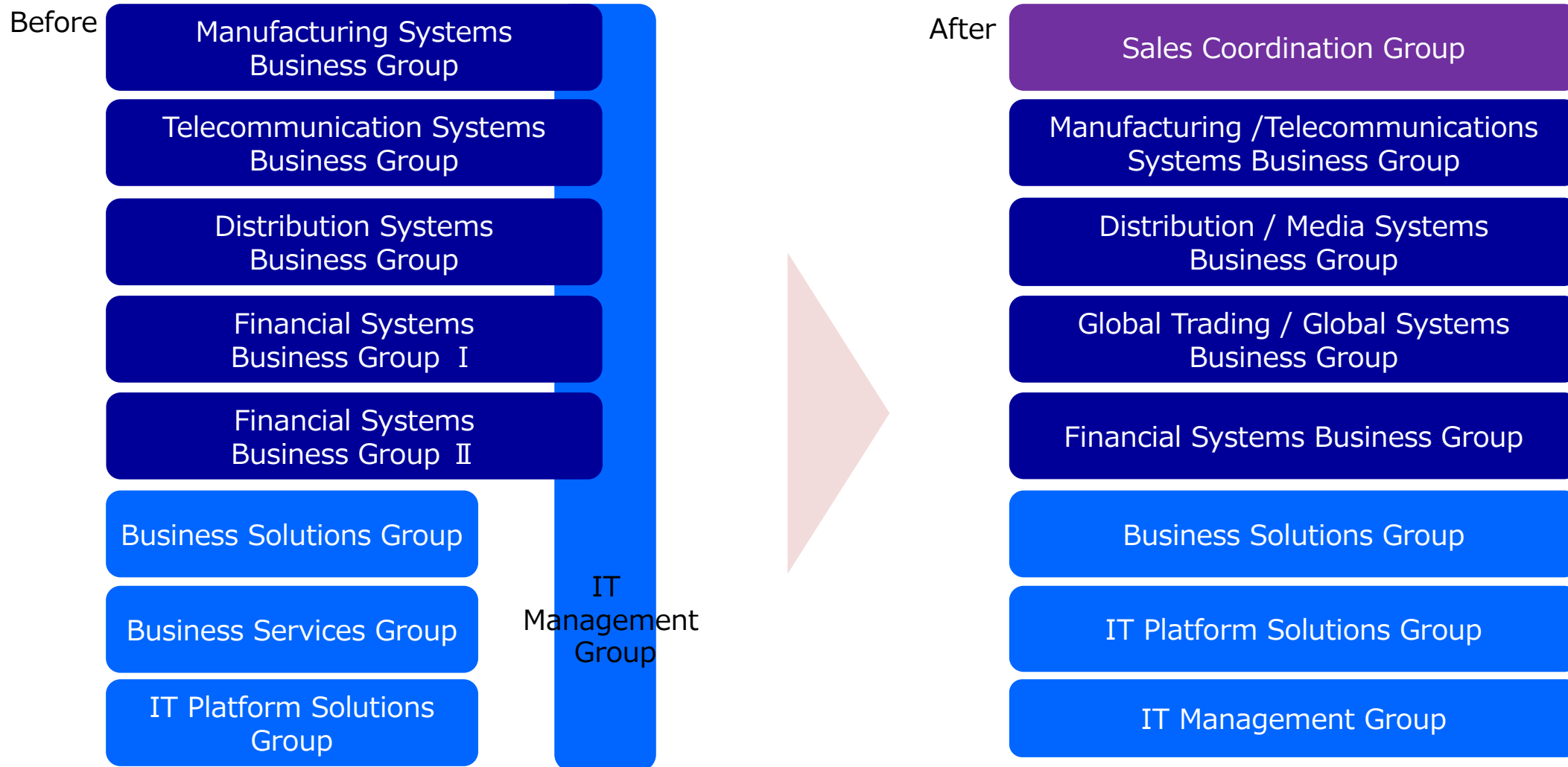
3. Enhance Operational
Efficiency

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

5. Enhance Human Resource
Capabilities

(11) Organizational Reforms

While committed to respond to strategic IT needs of our customers which is becoming more sophisticated with evolving digital transformation, we are accelerating shift to service oriented business model to achieve the Mid-Term Management Plan targets



※Actual organization names could change

※Effective as of April 1, 2018

Attention on the use of this document

- We have made amendment of previous year's data in page 7 (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 8 (External Sales and Operating Income by Reported Segment) to enable a fair comparison with this year's data under realigned reported segments.

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.
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