

Consolidated Results of Operations for 2nd Quarter of Fiscal Year Ending March 2019

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I . Highlights for 2nd Quarter of FY2018

Net Sales

167,424 JPY Million

YOY 2.4%

Operating Profit

16,004 JPY Million

YOY 20.6%

Order Backlog

119,283 JPY Million

YOY 13.3%

Operating Margin

9.6%

YOY 1.4 p.p.

II . Consolidated Statements of Income

(Millions of yen)

	Apr. 2017- Sept. 2017	Apr. 2018- Sept. 2018	Increase/Decrease	
			Amount	Change (%)
Net Sales	163,466	167,424	3,957	2.4%
Gross Profit	38,343	41,218	2,874	7.5%
(Gross Profit Margin)	(23.5%)	(24.6%)		
SG&A Expenses	25,070	25,213	143	0.6%
Operating Profit	13,272	16,004	2,731	20.6%
(Operating Profit Margin)	(8.1%)	(9.6%)		
Ordinary Profit	14,273	16,364	2,090	14.6%
Profit attributable to owners of parent	12,034	10,836	-1,197	-10.0%

III. Sales Comparison by Sales Segment

(Millions of yen)

	Apr. 2017- Sept. 2017	Apr. 2018- Sept. 2018	Increase/Decrease	
			Amount	Change (%)
Systems Development	62,489 (38.2%)	66,352 (39.6%)	3,863	6.2%
System Maintenance and Operation/ Services	63,560 (38.9%)	65,212 (39.0%)	1,651	2.6%
Packaged Software/ Hardware Sales	35,524 (21.7%)	35,859 (21.4%)	335	0.9%
Prepaid Card	1,892 (1.2%)	— (—)	-1,892	-100.0%
Total	163,466 (100.0%)	167,424 (100.0%)	3,957	2.4%

※ All the shares of QUO CARD Co., Ltd., which constitutes Prepaid Card Business, was transferred as of December 1, 2017.

※ () indicate composition ratio.

IV. Incoming Orders and Backlog

(Millions of yen)

		Apr. 2017- Sept. 2017	Apr. 2018- Sept. 2018	Increase/Decrease	
				Amount	Change (%)
Systems Development	Incoming orders	64,881	72,630	7,748	11.9%
	Backlog	26,873	32,575	5,701	21.2%
System Maintenance and Operation/ Services	Incoming orders	51,709	59,875	8,165	15.8%
	Backlog	69,999	76,226	6,226	8.9%
Packaged Software /Hardware Sales	Incoming orders	33,881	37,155	3,273	9.7%
	Backlog	8,371	10,481	2,110	25.2%
Total	Incoming orders	150,473	169,660	19,187	12.8%
	Backlog	105,245	119,283	14,038	13.3%

V. Sales Comparison by Customer Industry

(Millions of yen)

	Apr. 2017- Sept. 2017		Apr. 2018- Sept. 2018		Increase/Decrease	
	Amount	Composition	Amount	Composition	Amount	Change (%)
Manufacturers	44,250	27.1%	47,665	28.5%	3,415	7.7%
Distributors	26,197	16.0%	29,477	17.6%	3,280	12.5%
Financial Institutions	36,672	22.4%	36,234	21.6%	-438	-1.2%
Banks	11,753	7.2%	11,247	6.7%	-505	-4.3%
Securities Firms	5,590	3.4%	4,126	2.5%	-1,464	-26.2%
Shopping Credit/ Leasing Companies	6,070	3.7%	6,321	3.8%	250	4.1%
Insurance Companies	13,258	8.1%	14,538	8.7%	1,280	9.7%
Communications/ Transportation	28,430	17.4%	28,692	17.1%	261	0.9%
Utilities	1,872	1.1%	2,801	1.7%	929	49.6%
Services/Others*	26,043	15.9%	22,552	13.5%	-3,490	-13.4%
Total	163,466	100.0%	167,424	100.0%	3,957	2.4%

*"Services/Others" from Apr. 2017 to Sept. 2017 includes sales of Prepaid Card Business.

VI. Business Performance by Reportable Segment

(Millions of yen)

External Sales	Manufacturing & Telecommunication Systems Business	Distribution & Media Systems Business	Financial Systems Business	Global System Solutions & Innovation Business	Business Solutions	IT Platform Solutions	IT Management	Others	Adjustments	Total
Apr. 2018~ Sept. 2018	20,119	29,349	30,387	7,214	32,883	25,687	21,344	436	-	167,424
Apr. 2017~ Sept. 2017	18,164	28,886	31,531	6,235	31,047	25,068	20,254	2,276	-	163,466
Increase/Decrease (Amount)	1,954	462	-1,143	979	1,835	618	1,090	-1,840	-	3,957
Increase/Decrease (%)	10.8%	1.6%	-3.6%	15.7%	5.9%	2.5%	5.4%	-80.8%	-	2.4%

Segment Profit	Manufacturing & Telecommunication Systems Business	Distribution & Media Systems Business	Financial Systems Business	Global System Solutions & Innovation Business	Business Solutions	IT Platform Solutions	IT Management	Others	Adjustments	Total
Apr. 2018~ Sept. 2018	2,564	3,104	2,859	1,151	2,094	2,720	2,603	-7	-1,085	16,004
Apr. 2017~ Sept. 2017	1,792	3,357	2,646	821	1,606	2,131	1,841	168	-1,092	13,272
Increase/Decrease (Amount)	771	-252	213	329	487	589	762	-176	6	2,731
Increase/Decrease (%)	43.0%	-7.5%	8.1%	40.1%	30.4%	27.7%	41.4%	-	-	20.6%

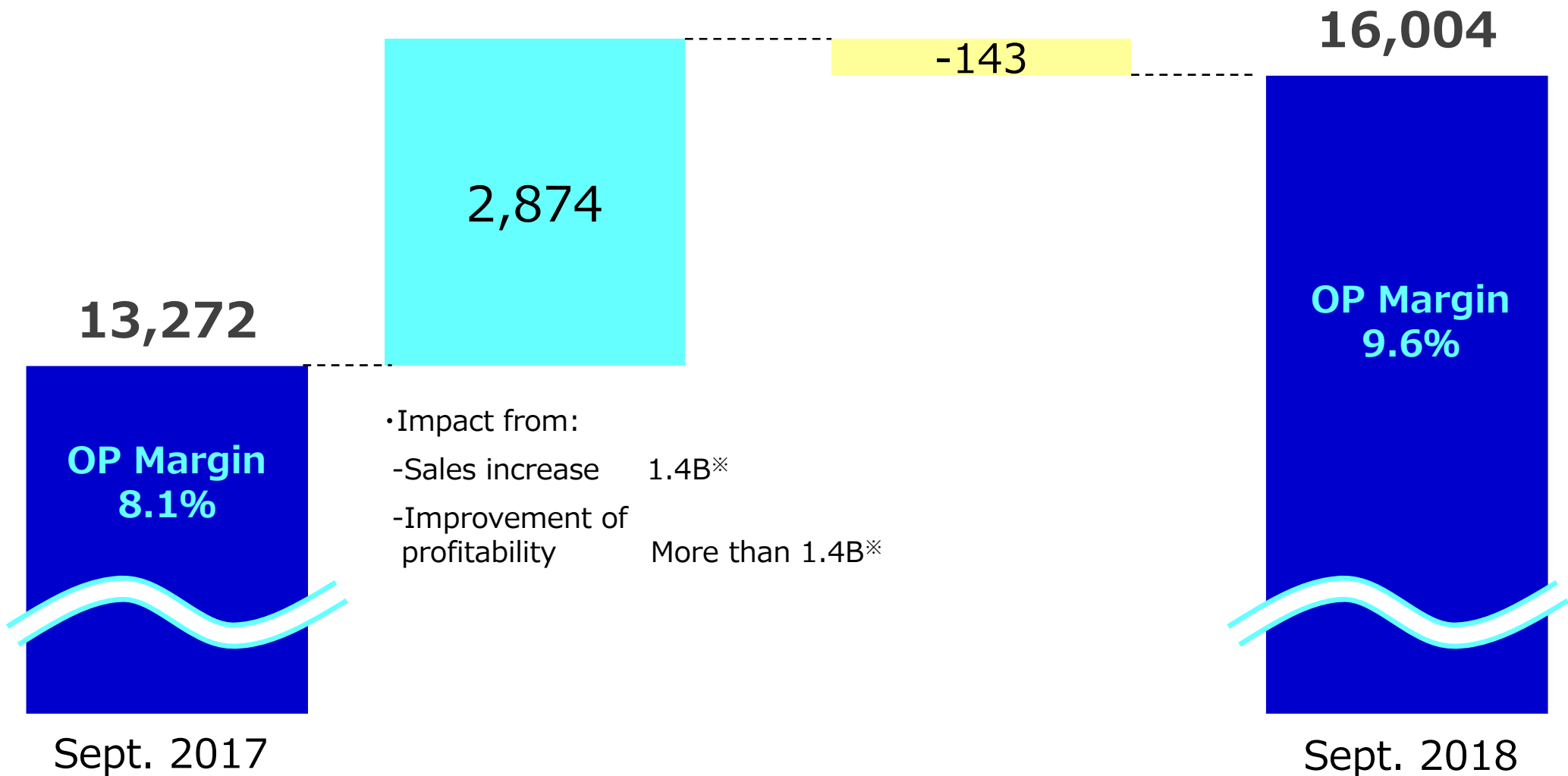
※"Others" from Apr. 2017 to Sept. 2017 includes sales of Prepaid Card Business.

VII. Operating Profit Analysis

(Millions of yen)

【Decrease of Gross Profit】

【Increase of SG&A】



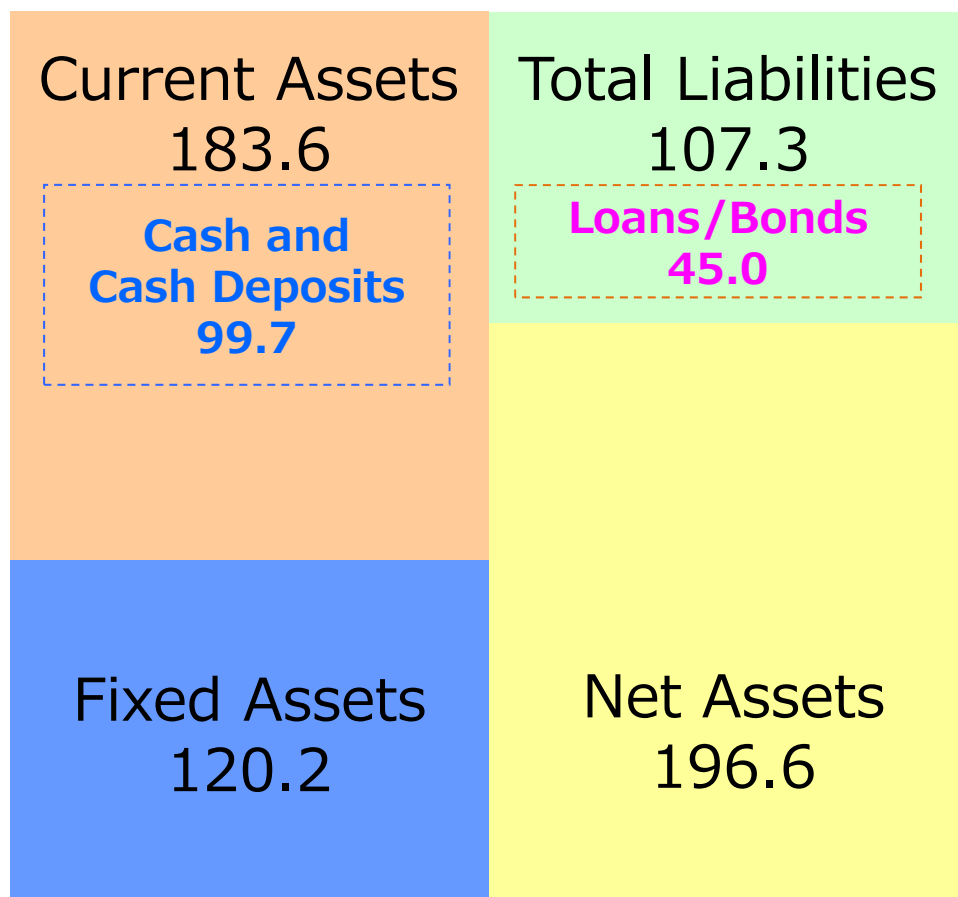
- Impact from:
 - Sales increase 1.4B*
 - Improvement of profitability More than 1.4B*

*Adjusted QUO CARD Co., Ltd. revenue and other impact

VIII. Consolidated Balance Sheets

As of March 31, 2018

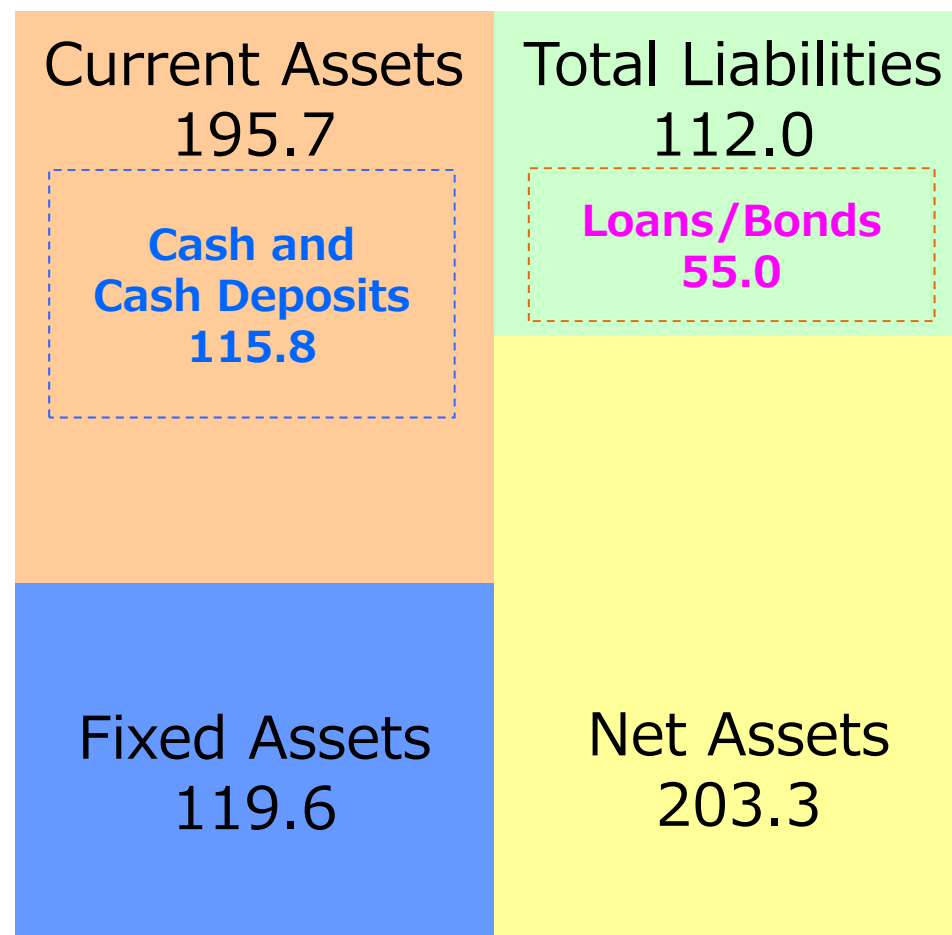
Total Assets 303.9 (Billions of yen)



Equity Ratio 62.3%
BPS JPY1,822.54

As of September 30, 2018

Total Assets 315.3 (Billions of yen)



Equity Ratio 62.1%
BPS JPY1,885.09

IX. Forecasts for FY2018 / Interim Dividend

No change from initial forecasts

(Millions of yen)

	Apr. 2017- Mar. 2018	Apr. 2018- Mar. 2019 (Forecasts)	Increase/Decrease	
			Amount	Change (%)
Net Sales	336,654	345,000	8,345	2.5%
Operating Profit	34,602	37,000	2,397	6.9%
(Operating Profit Margin)	(10.3%)	(10.7%)		
Ordinary Profit	36,291	37,500	1,208	3.3%
Profit attributable to owners of parent	32,488	25,000	-7,488	-23.1%

	FY2017	FY2018 (Actual)	Increase/Decrease	
			Amount	Change (%)
Interim Dividend Per Share	JPY47.50	JPY50.00	2.5	5.3%

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 (Business Performance by Reportable Segment) to enable a fair comparison with this year's data under realigned reported segments.

Disclaimer

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