

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

Tooru Tanihara
Representative Director
President and Chief Operating Officer

SCSK Corporation
October 29, 2018

I . Financial Results for 2nd Quarter of FY2018

(Billions of Yen)

	Apr. 2017- Sept. 2017	Apr. 2018- Sept. 2018	<i>Increase/Decrease</i>	
			<i>Amount</i>	<i>%</i>
Net Sales	163.4	167.4	3.9	2.4%
Operating Profit	13.2	16.0	2.7	20.6%
Ordinary Profit	14.2	16.3	2.0	14.6%
Net Profit Attributable to Owners of Parent	12.0	10.8	-1.1	-10.0%

I . Forecasts for FY2018

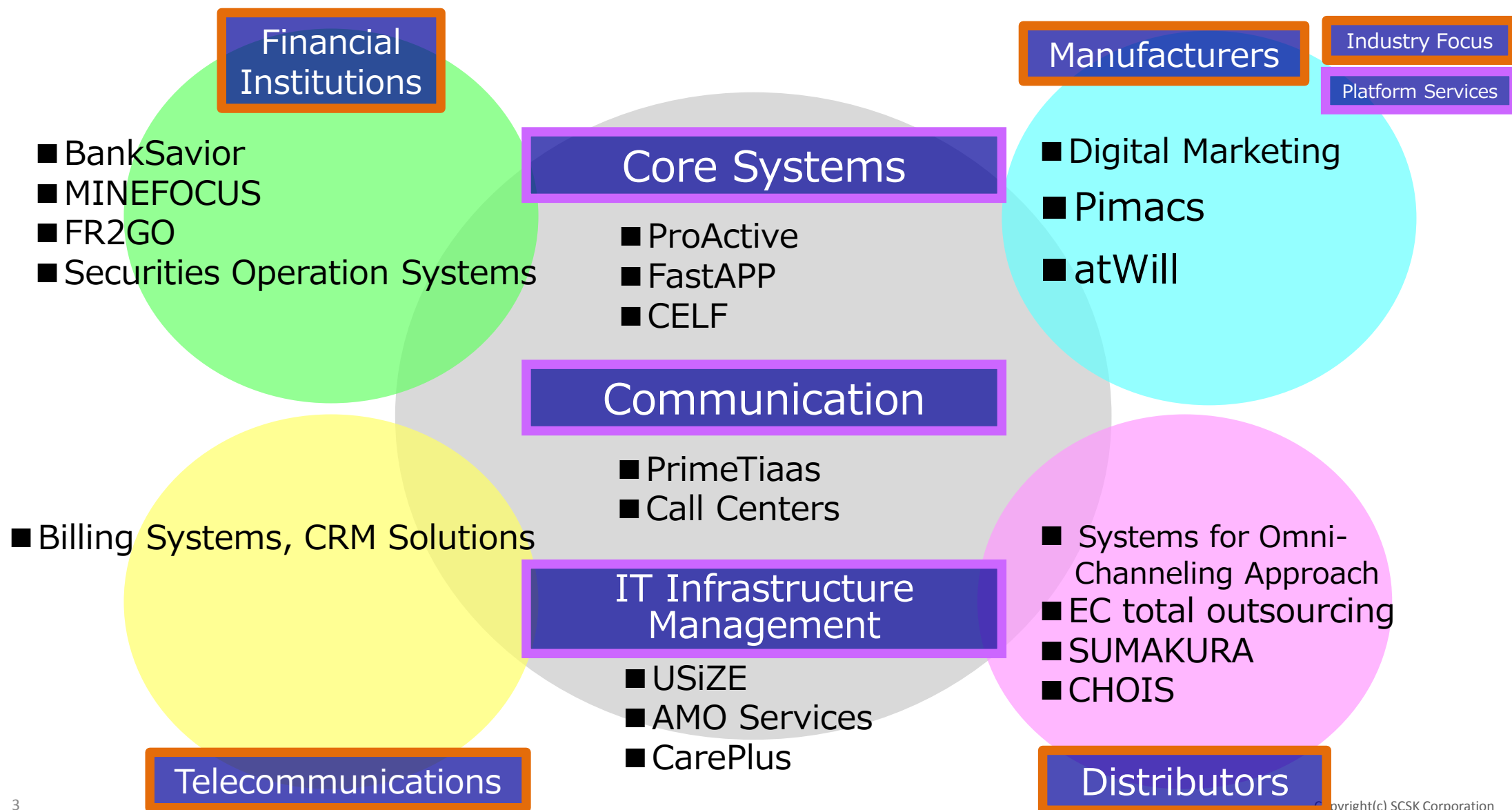
No change from initial forecasts

(Billions of Yen)

	Apr. 2017- Mar. 2018	Apr. 2018- Mar. 2019 (Forecast)	<i>Increase/Decrease</i>	
			<i>Amount</i>	<i>%</i>
Net Sales	336.6	345.0	8.3	2.5%
Operating Profit	34.6	37.0	2.3	6.9%
Ordinary Profit	36.2	37.5	1.2	3.3%
Net Profit Attributable to Owners of Parent	32.4	25.0	-7.4	-23.1%

II . Shift to Service-Oriented Businesses

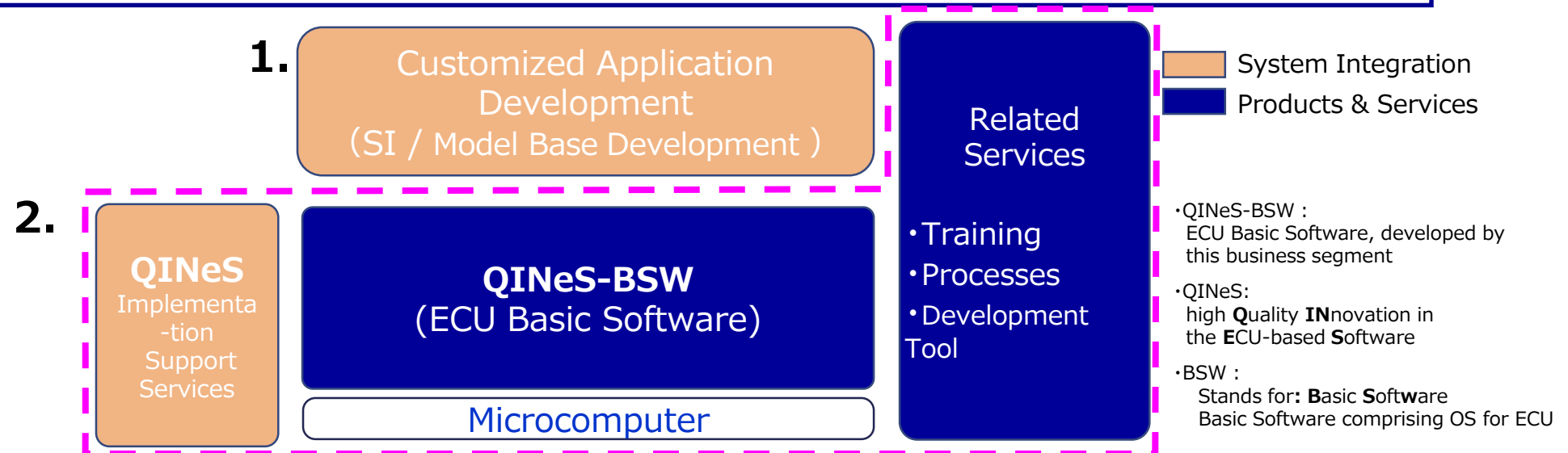
2nd Quarter of FY2017 ¥34.0B → 2nd Quarter of FY2018 ¥36.0B (YOY 6%)



III. Automotive Software Systems Business

■ 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

IV. Commercialization of Digital Transformations (DX)

■ Establish the DX & Innovation Business Committee

This cross-Company organization will be supporting the creation and commercialization of new business models, both together with customers and exclusively.

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

Tetsuya Fukunaga
Director, CFO
Senior Managing Executive Officer

SCSK Corporation
October 29, 2018

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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

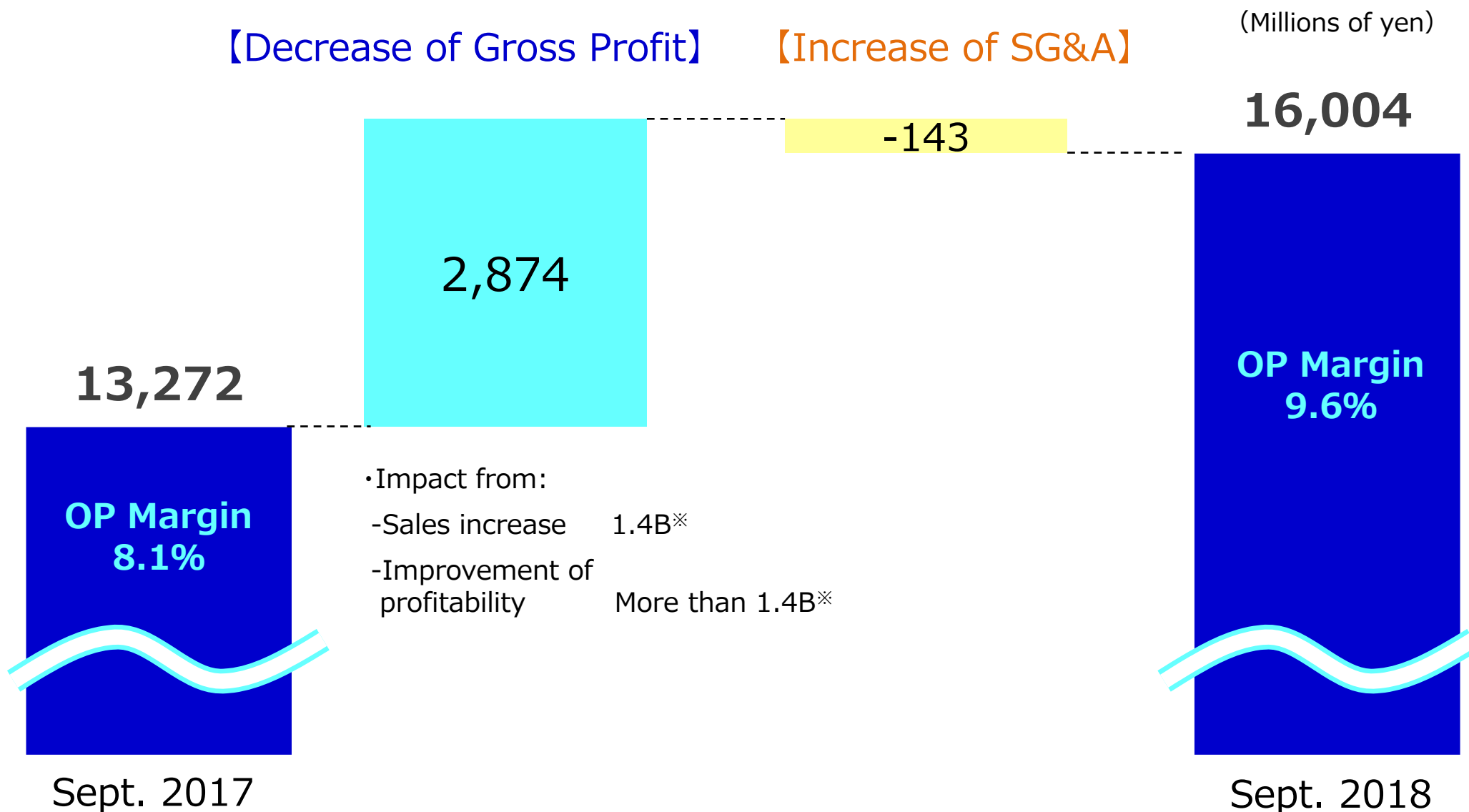
(Millions of yen)

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

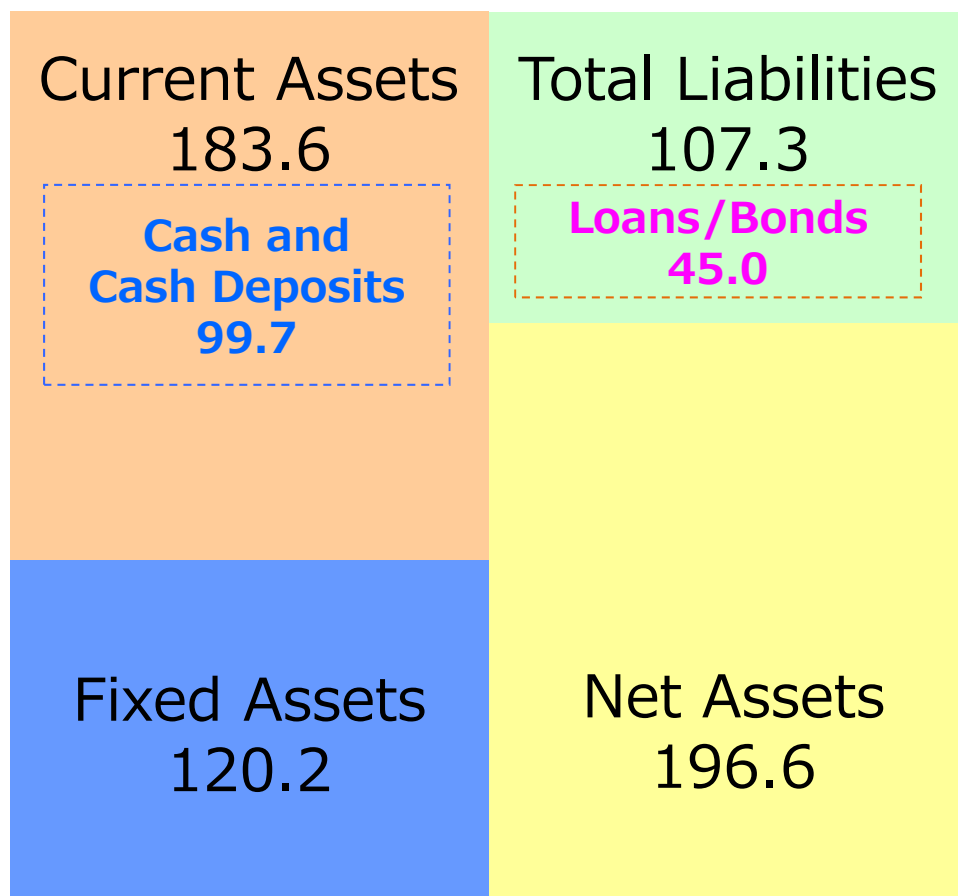


※Adjusted QUO CARD Co., Ltd. revenue and other impact

VIII. Consolidated Balance Sheets

As of March 31, 2018

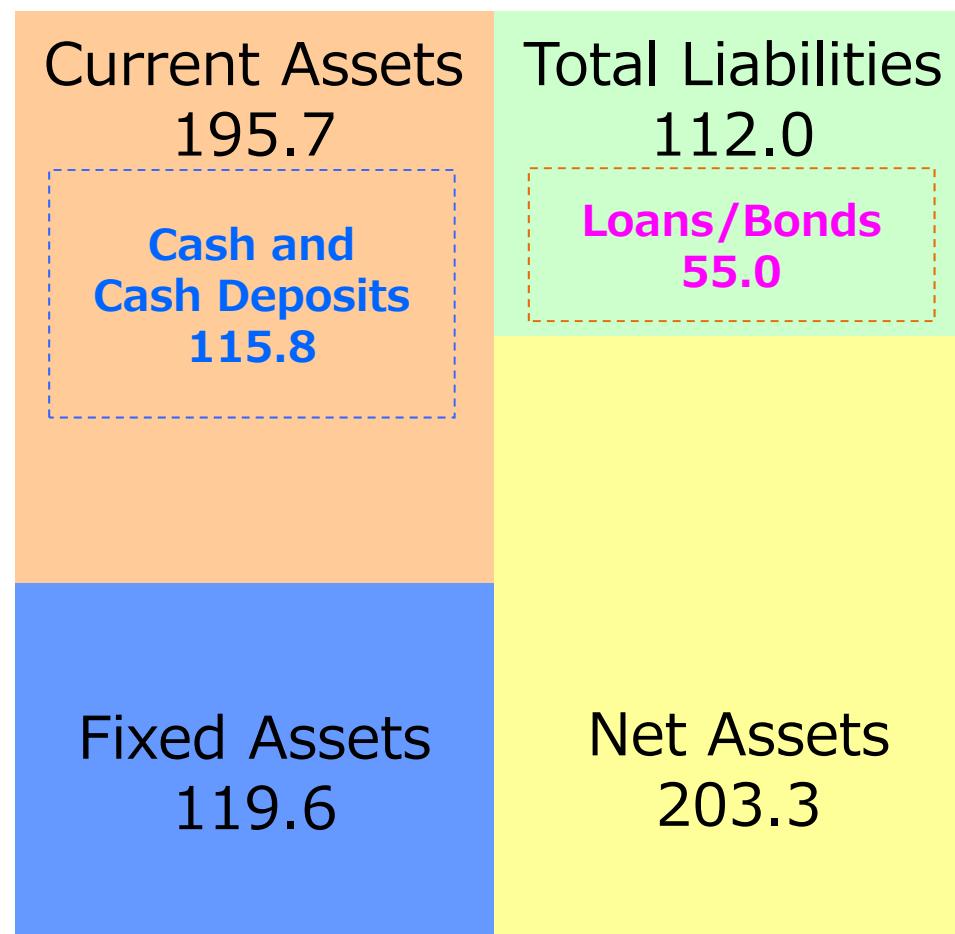
Total Assets 303.9 (Billions of yen)



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.

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