

Consolidated Results of Operations for 2nd Quarter of Fiscal Year Ending March 2020

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SCSK Corporation

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Highlights of Consolidated Business Performance

Net Sales 187,329 JPY Million YOY 11.9%

Operating Profit 19,800 JPY Million YOY 23.7%

Operating Margin 10.6 % YOY 1.0 p.p.

Backlog 130,463 JPY Million YOY 9.4%

Summary of Financial Results (PL/Incoming Orders/Backlog)

(Millions of yen)

	FY2018	FY2019	Increase/Decrease	
			Amount	Change (%)
Net Sales	167,424	187,329	19,905	11.9%
Gross Profit	41,218	46,861	5,643	13.7%
Gross Profit Margin (%)	24.6	25.0		
SG&A Expenses□	25,213	27,061	1,847	7.3%
Operating Profit□	16,004	19,800	3,795	23.7%
Operating Profit Margin (%)	9.6	10.6		
Ordinary Profit□	16,364	20,337	3,972	24.3%
Profit attributable to owners of parent	10,836	13,796	2,959	27.3%
Incoming Orders	169,660	180,404	10,743	6.3%
Backlog	119,283	130,463	11,180	9.4%

2nd Quarter of Fiscal Year Ending March 2020

By Sales Segment (Sales/Incoming Orders/Backlog)

(Millions of yen)

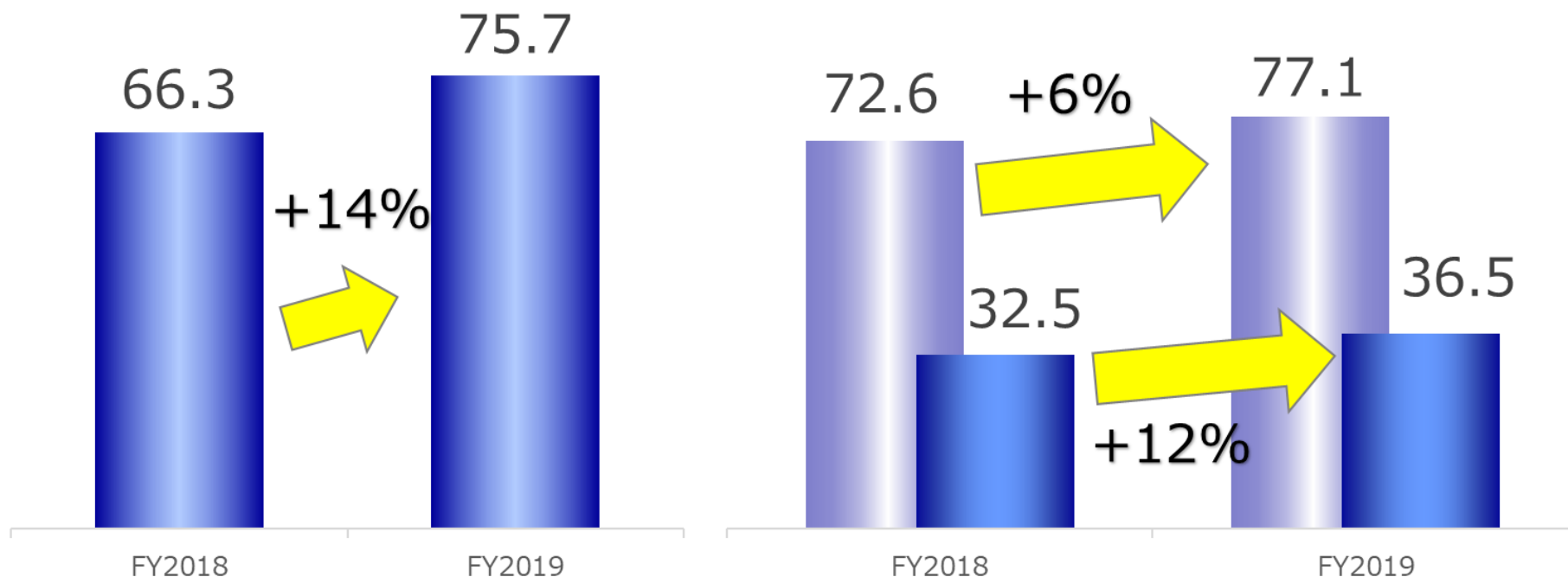
	Sales Segment	FY2018	FY2019	Increase/Decrease	
				Amount	Change (%)
Net Sales	Systems Development	66,352	75,742	9,390	14.2%
	System Maintenance and Operation/ Services	65,212	69,862	4,649	7.1%
	Packaged Software/ Hardware Sales	35,859	41,724	5,865	16.4%
	Total	167,424	187,329	19,905	11.9%
Incoming Orders	Systems Development	72,630	77,129	4,499	6.2%
	System Maintenance and Operation/ Services	59,875	60,624	748	1.2%
	Packaged Software/ Hardware Sales	37,155	42,650	5,495	14.8%
	Total	169,660	180,404	10,743	6.3%
Backlog	Systems Development	32,575	36,506	3,930	12.1%
	System Maintenance and Operation/ Services	76,226	78,479	2,252	3.0%
	Packaged Software/ Hardware Sales	10,481	15,478	4,996	47.7%
	Total	119,283	130,463	11,180	9.4%

Systems Development (Sales/Incoming Orders/Backlog)

(Billions of yen)

■ Net Sales

■ Incoming Orders ■ Backlog



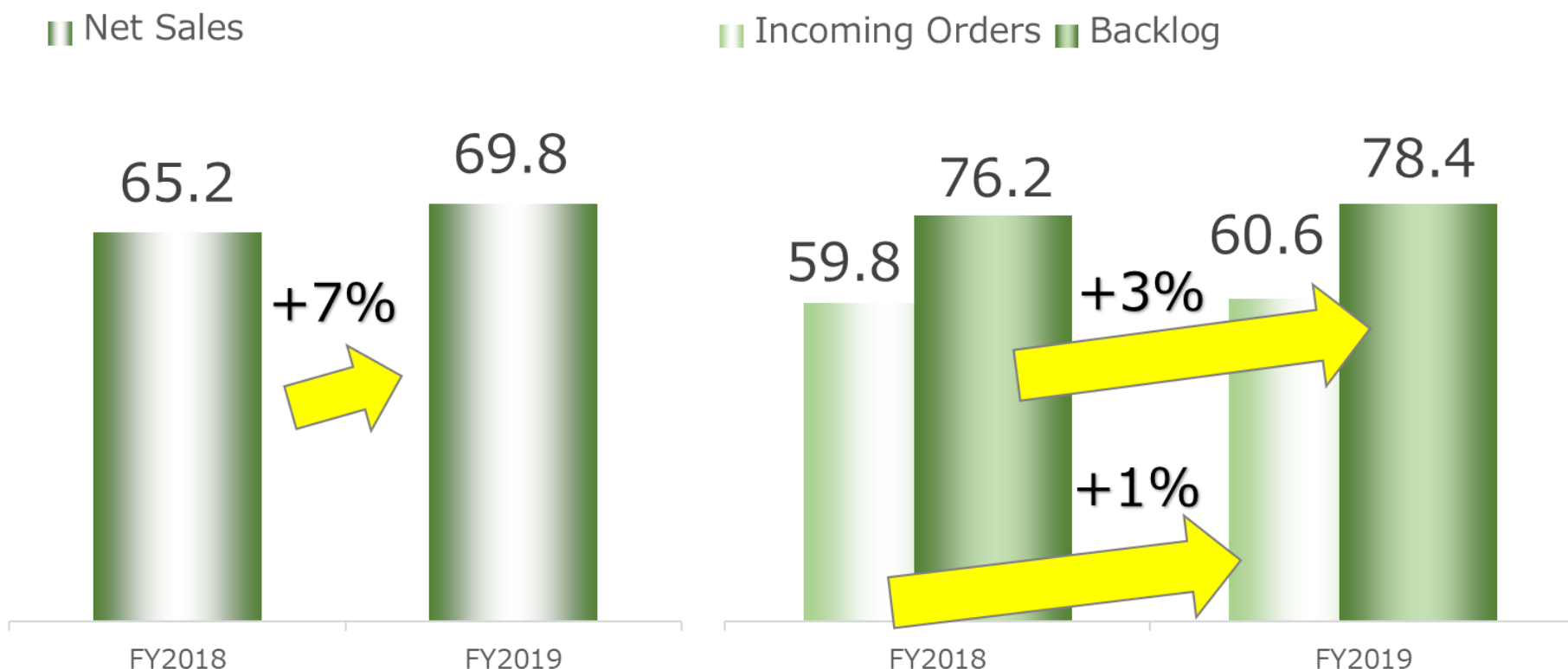
Net Sales : Benefited from strong demand for strategic investments, upgrades to ERP and CRM systems, and operational efficiency improvement and streamlining

Incoming Orders : Increased despite being impacted by the rebound from large-scale orders from communications industry customers

Backlog : Accumulation of orders for customers in communications, power and gas, and various other industries

System Maintenance and Operation/Services (Sales/Incoming Orders/Backlog)

(Billions of yen)



Net Sales : Expansion of systems maintenance businesses and verification services
Solid trend of BPO services and cloud-based services for core systems

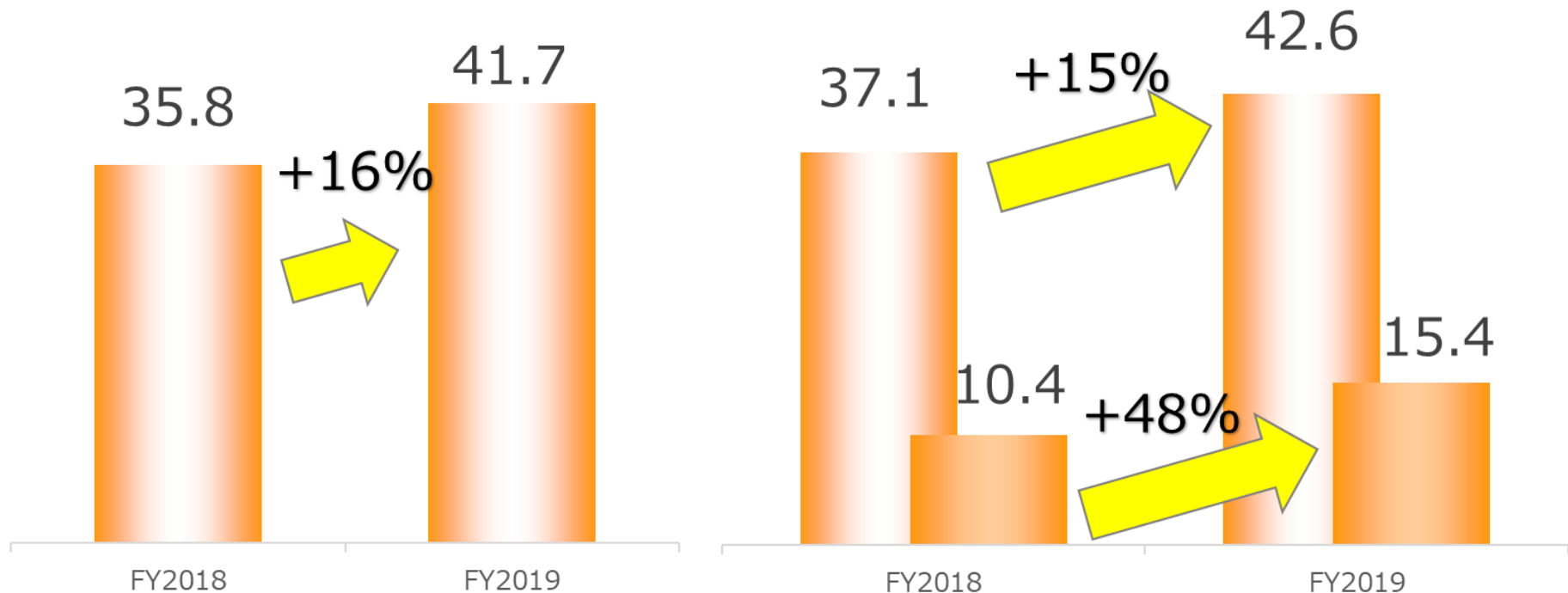
Incoming Orders / Backlog : Accumulation of orders from BPO projects

Packaged Software/Hardware Sales (Sales/Incoming Orders/Backlog)

(Billions of yen)

Net Sales

Incoming Orders Backlog

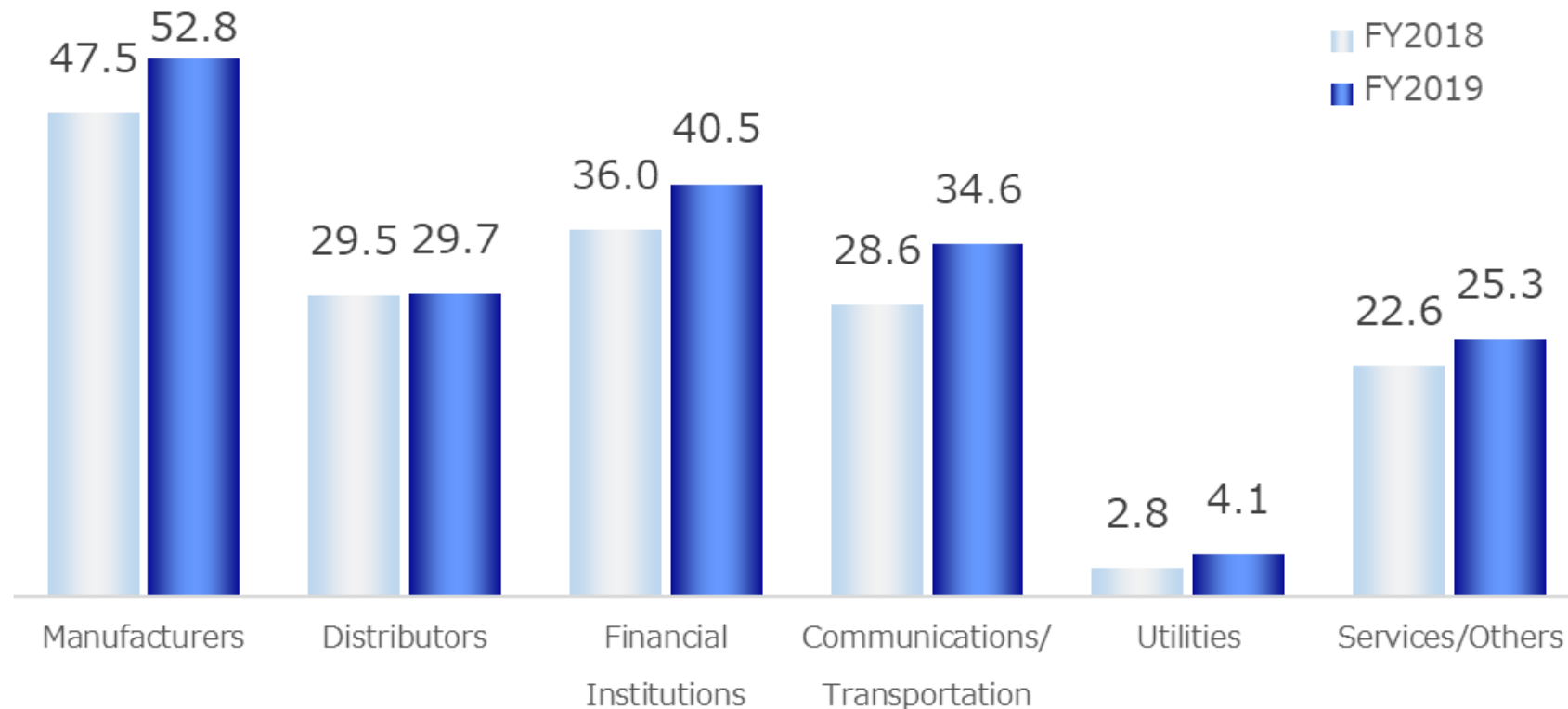


Net Sales : Increased the network equipment sales to the communications industry and hardware sales to the manufacturing industry

Incoming Orders / Backlog : Brisk trend in orders for network equipment from the communications industry, the accumulation of orders for hardware from academic research institutions

Sales Comparison by Customer Industry

(Billions of yen)



<Main factors of sales increase by customer industry>

Manufacturers : Systems development and Testing/ verification Services for automobile manufacturers

Distributors : Core system re-construction

Financial Institution : System upgrade for Banks and Shopping Credit/ Leasing Companies

Communications/Transportation : Network equipment sales to communications industry customers, core system upgrade projects for the transportation industry

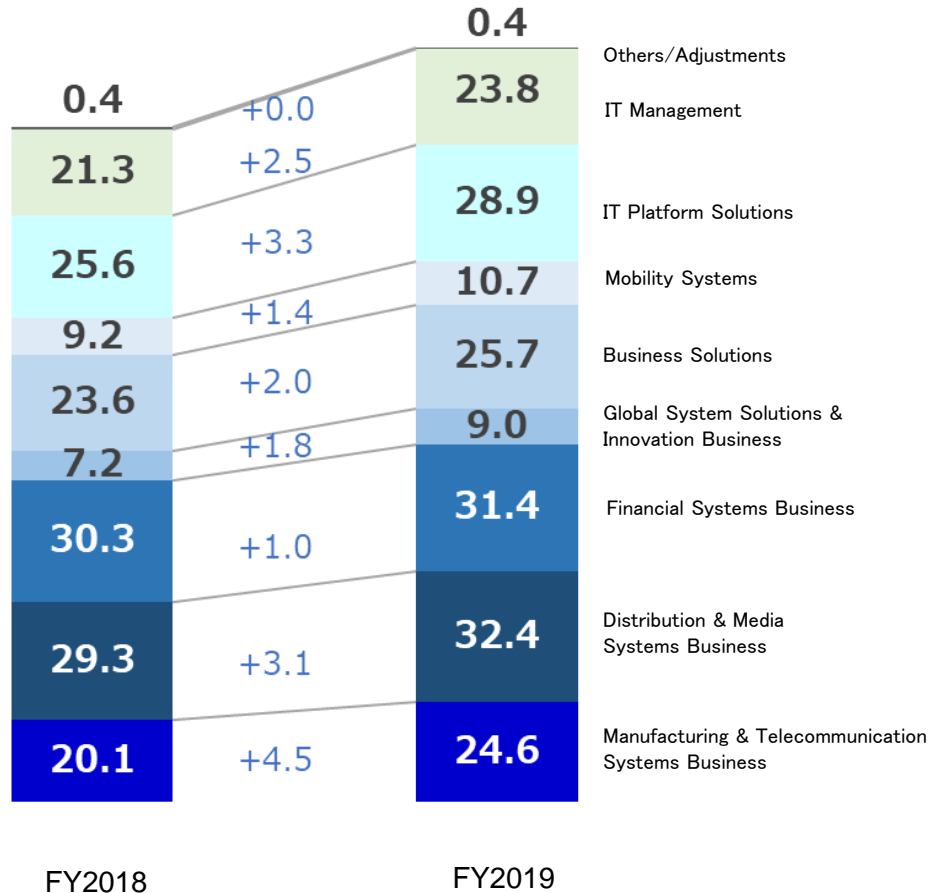
Utilities : IT Investment demand for operational efficiency and customer service expansion

2nd Quarter of Fiscal Year Ending March 2020

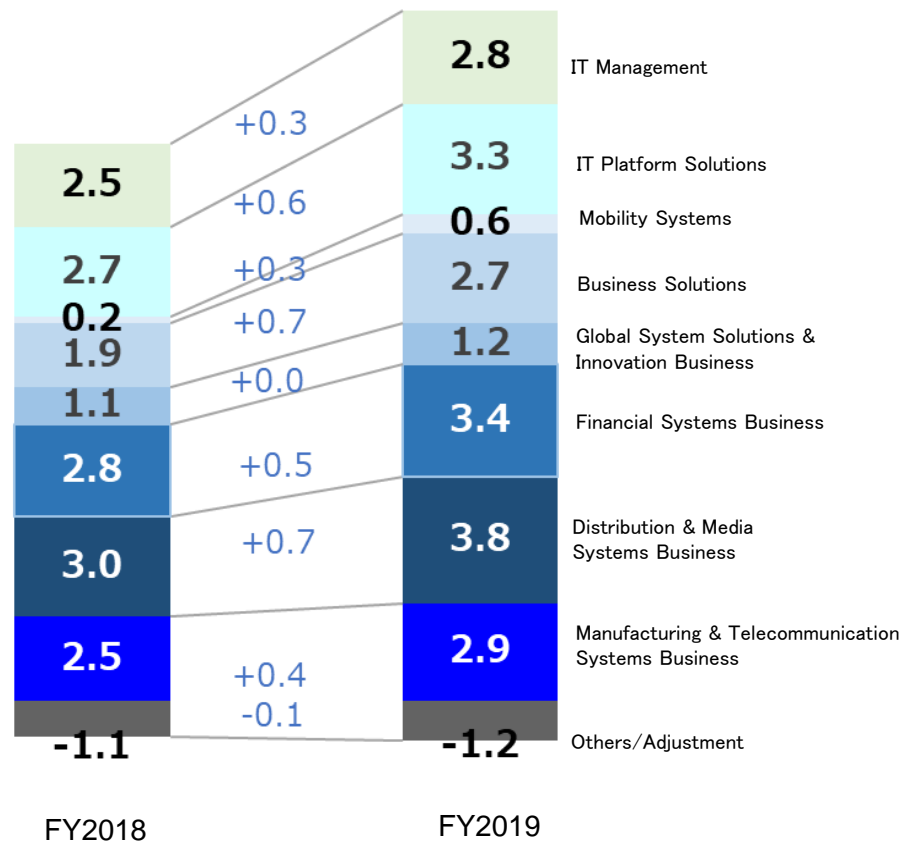
Business Performance by Reportable Segment

(Billions of yen)

Net Sales

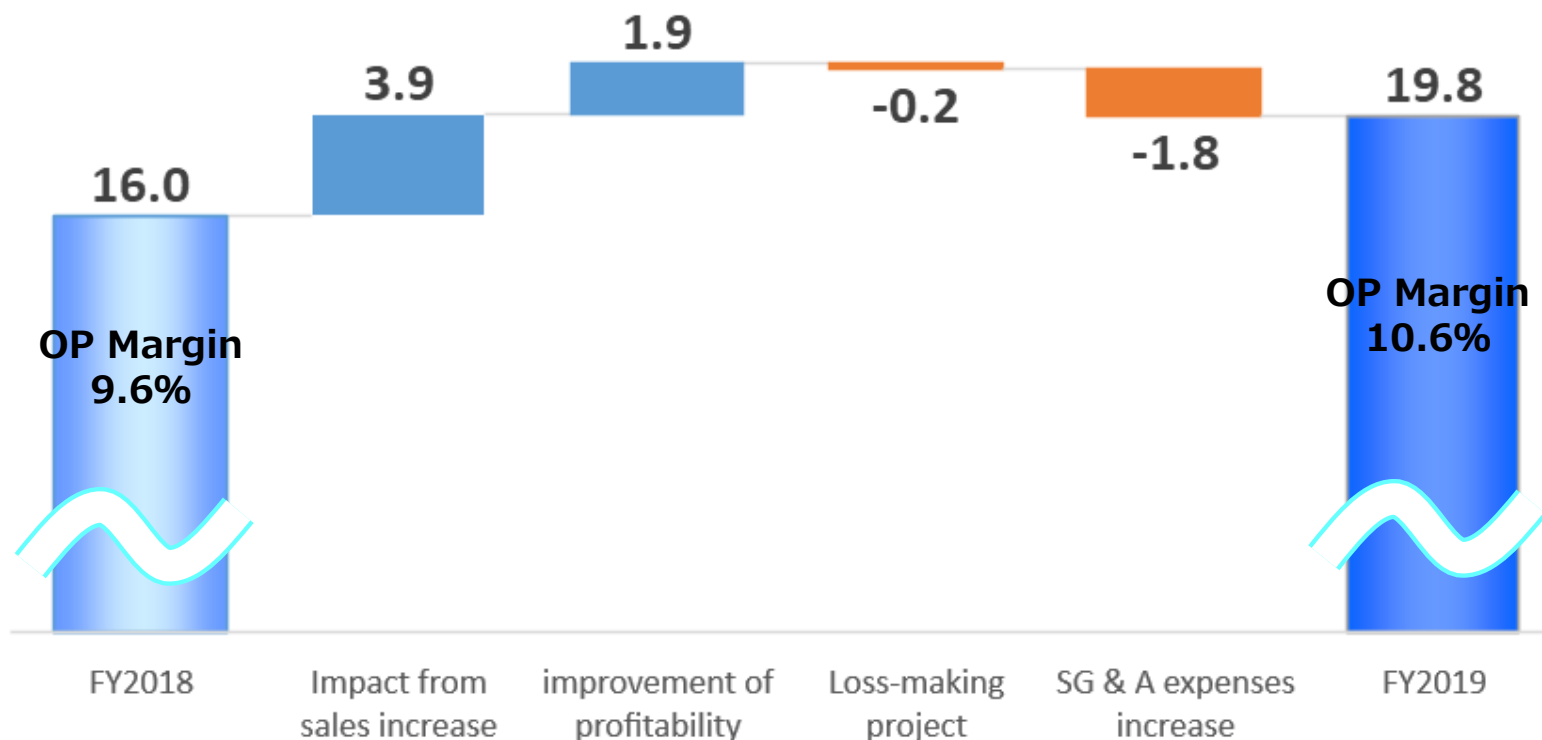


Operating Profit



2nd Quarter of Fiscal Year Ending March 2020 Operating Profit Analysis

(Billions of yen)



<Main factors of SG & A expenses increase>

- Higher payments of performance-linked bonuses in reflection of the impressive performance in last fiscal year
- Business investment expenses
- Expenses associated with events commemorating the 50th anniversary of SCSK's founding, etc.

2nd Quarter of Fiscal Year Ending March 2020 Consolidated Balance Sheets

(Billions of yen)

As of March 31, 2019

Total Assets 314.8

Current Assets 201.0	Total Liabilities 120.3
Cash and Cash Deposits 106.1	Loans/Bonds 55.0
Fixed Assets 113.8	Net Assets 194.4

Equity Ratio 61.4%
BPS JPY1,862.78

As of September 30, 2019

Total Assets 317.1

Current Assets 204.8	Total Liabilities 116.1
Cash and Cash Deposits 114.1	Loans/Bonds 55.0
Fixed Assets 112.2	Net Assets 201.0

Equity Ratio 63.3%
BPS JPY1,932.93

2nd Quarter of Fiscal Year Ending March 2020

Consolidated Financial Forecasts/Interim Dividends

No Change from Initial Forecasts

(Millions of yen)

Consolidated Financial Forecasts	FY2018	FY2019	Increase/Decrease	
			Amount	Change (%)
Net Sales	358,654	380,000	21,345	6.0%
Operating Profit□	38,378	41,000	2,621	6.8%
Operating Profit Margin (%)	10.7%	10.8%		
Ordinary Profit□	38,650	41,000	2,349	6.1%
Profit attributable to owners of parent	27,892	28,000	107	0.4%

Interim Dividends	FY2018	FY2019			Change Amount	Dividend increase rate
		Ordinary Dividend	Commemorative Dividend	Total		
Dividends per share (Yen)	50	55	10	65	15	30.0%

Attention on the use of this document

- We have made amendment of previous year's data in page 8 (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 9 (Business Performance by Reportable Segment) to enable a fair comparison with this year's data under realigned reportable segments.

Disclaimer

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