

Consolidated Results of Operations for 3rd Quarter of Fiscal Year Ending March 2020

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January 31, 2020

SCSK Corporation

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Highlights of Consolidated Business Performance

Net Sales 280,722 JPY Million **YOY 9.7%**

Operating Profit 30,879 JPY Million **YOY 16.5%**

Operating Margin 11.0 % **YOY 0.6 p.p.**

Backlog 126,789 JPY Million **YOY 5.4%**

Summary of Financial Results from Apr. to Dec. 2019

(PL/Incoming Orders/Backlog)

(Millions of yen)

	FY2018	FY2019	Increase/Decrease	
	(Apr. 2018 - Dec. 2018)	(Apr. 2019 - Dec. 2019)	Amount	Change (%)
Net Sales	255,917	280,722	24,804	9.7%
Gross Profit	63,807	71,095	7,287	11.4%
Gross Profit Margin (%)	24.9%	25.3%		
SG&A Expenses	37,311	40,215	2,904	7.8%
Operating Profit	26,496	30,879	4,383	16.5%
Operating Profit Margin (%)	10.4%	11.0%		
Ordinary Profit	27,064	31,477	4,413	16.3%
Profit attributable to owners of parent	17,765	23,049	5,284	29.7%
Incoming Orders	259,178	266,265	7,086	2.7%
Backlog	120,307	126,789	6,482	5.4%

※The backlog of FY2019 is including the backlog of Minori Solutions Co., Ltd. Which is newly consolidated subsidiary as of December 19, 2019.

Summary of Financial Results from Oct. to Dec. 2019

(PL/Incoming Orders/Backlog)

(Millions of yen)

	FY2018 (Oct. 2018 - Dec. 2018)	FY2019 (Oct. 2019 - Dec. 2019)	Increase/Decrease	
			Amount	Change (%)
Net Sales	88,493	93,393	4,899	5.5%
Gross Profit	22,589	24,233	1,644	7.3%
Gross Profit Margin (%)	25.5%	25.9%		
SG&A Expenses	12,097	13,154	1,056	8.7%
Operating Profit	10,491	11,079	587	5.6%
Operating Profit Margin (%)	11.9%	11.9%		
Ordinary Profit	10,700	11,140	440	4.1%
Profit attributable to owners of parent	6,928	9,253	2,324	33.6%
Incoming Orders	89,517	85,860	-3,657	-4.1%
Backlog	120,307	126,789	6,482	5.4%

※The backlog of FY2019 is including the backlog of Minori Solutions Co., Ltd. Which is newly consolidated subsidiary as of December 19, 2019.

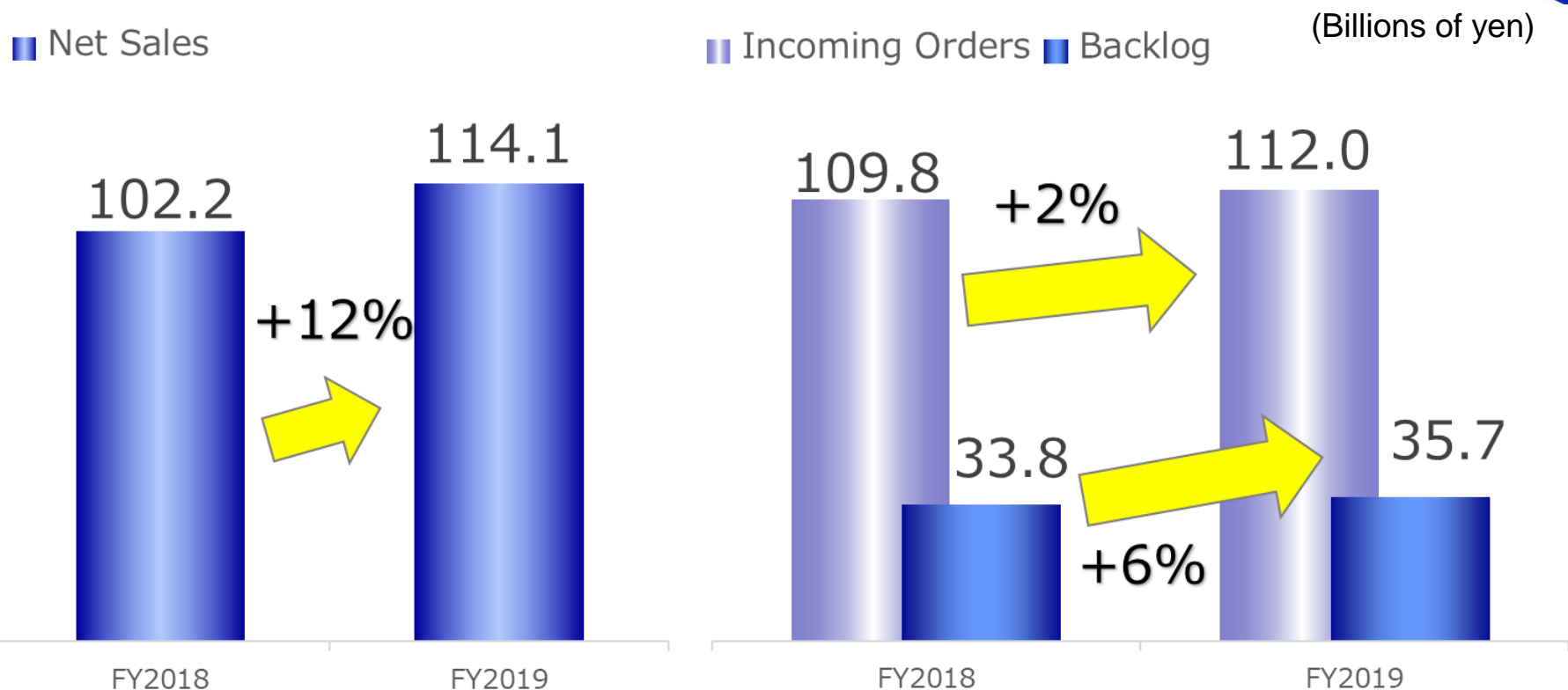
Comparison by Sales Segment (Sales/Incoming Orders/Backlog)

(Millions of yen)

	Sales Segment	FY2018	FY2019	Increase/Decrease	
				Amount	Change (%)
Net Sales	Systems Development	102,288	114,149	11,860	11.6%
	System Maintenance and Operation/ Services	98,970	105,945	6,974	7.0%
	Packaged Software/ Hardware Sales	54,659	60,627	5,968	10.9%
	Total	255,917	280,722	24,804	9.7%
Incoming Orders	Systems Development	109,829	112,077	2,248	2.0%
	System Maintenance and Operation/ Services	86,761	89,070	2,308	2.7%
	Packaged Software/ Hardware Sales	62,587	65,116	2,529	4.0%
	Total	259,178	266,265	7,086	2.7%
Backlog	Systems Development	33,838	35,747	1,908	5.6%
	System Maintenance and Operation/ Services	69,354	71,831	2,477	3.6%
	Packaged Software/ Hardware Sales	17,113	19,209	2,095	12.2%
	Total	120,307	126,789	6,482	5.4%

※The backlog of FY2019 is including the backlog of Minori Solutions Co., Ltd. Which is newly consolidated subsidiary as of December 19, 2019.

Systems Development (Sales/Incoming Orders/Backlog)



Net Sales : Benefited from strong demand for strategic investments, re-constructing ERP systems, and streamlining and operational efficiency improvement

Incoming Orders : Increased due to ERP and other deal demands despite being impacted by the rebound from large-scale orders from communications, distributors, financial institutions customers

Backlog : Increased due to ERP deal demands, and the impact from newly consolidated Minori Solutions Co., Ltd.

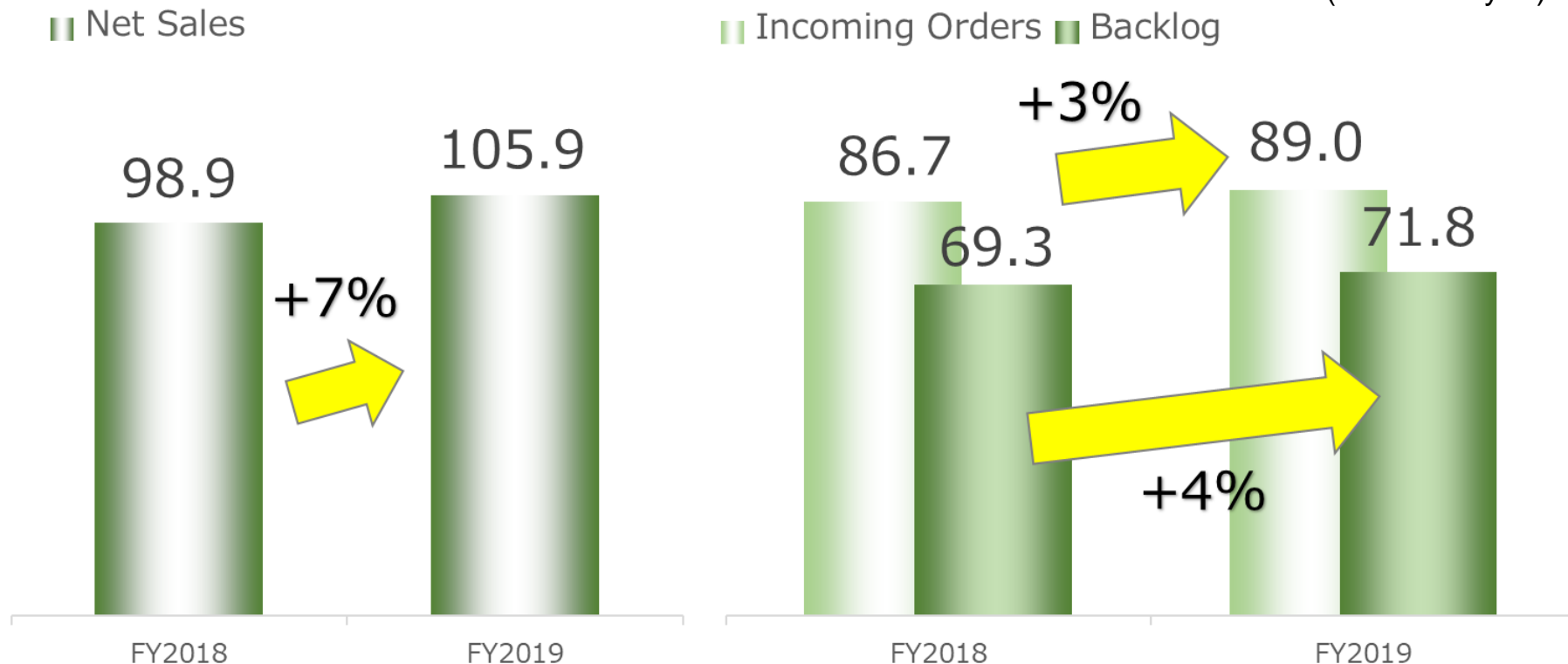
※The backlog of FY2019 is including the backlog of Minori Solutions Co., Ltd. Which is newly consolidated subsidiary as of December 19, 2019.

3rd Quarter of Fiscal Year Ending March 2020

System Maintenance and Operation/Services

(Sales/Incoming Orders/Backlog)

(Billions of yen)



Net Sales : Expansion of systems maintenance businesses and testing/ verification services for products development

Solid trend of BPO services and cloud-based services for core systems

Incoming Orders / Backlog : Accumulation of orders from data center businesses and BPO projects

※The backlog of FY2019 is including the backlog of Minori Solutions Co., Ltd. Which is newly consolidated subsidiary as of December 19, 2019.

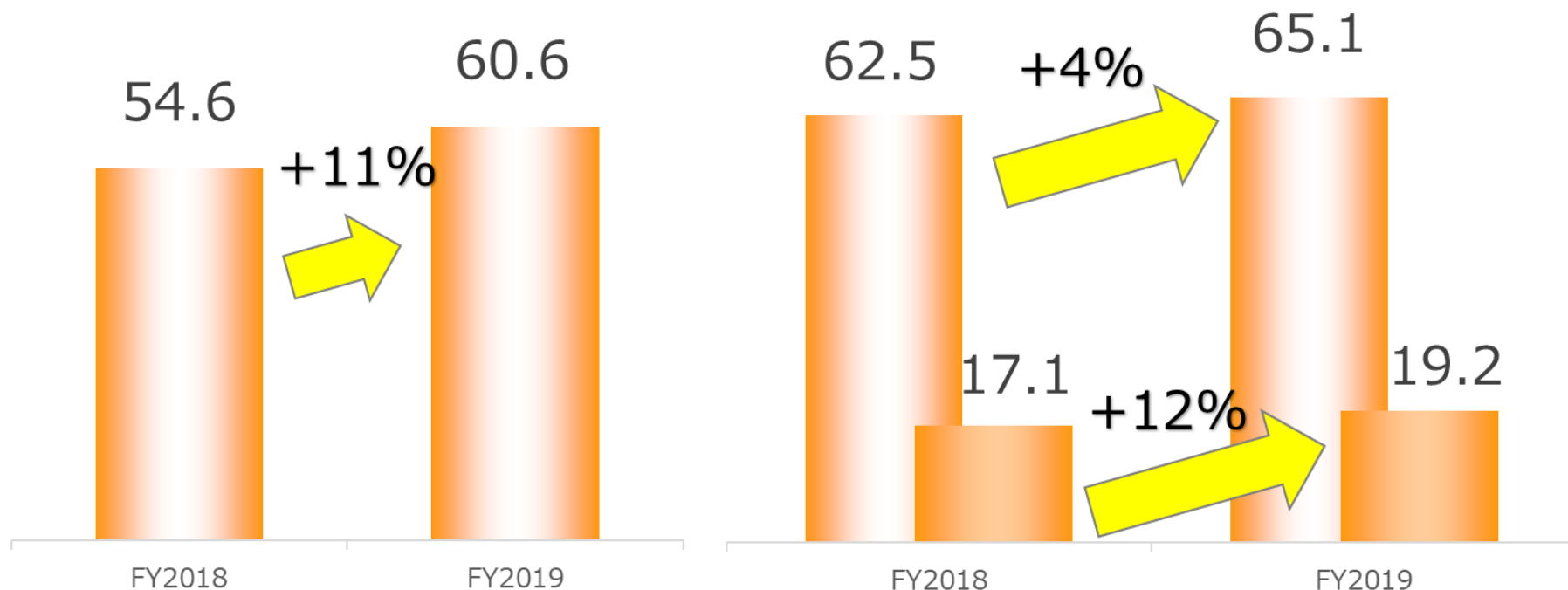
Packaged Software/Hardware Sales

(Sales/Incoming Orders/Backlog)

(Billions of yen)

Net Sales

Incoming Orders Backlog

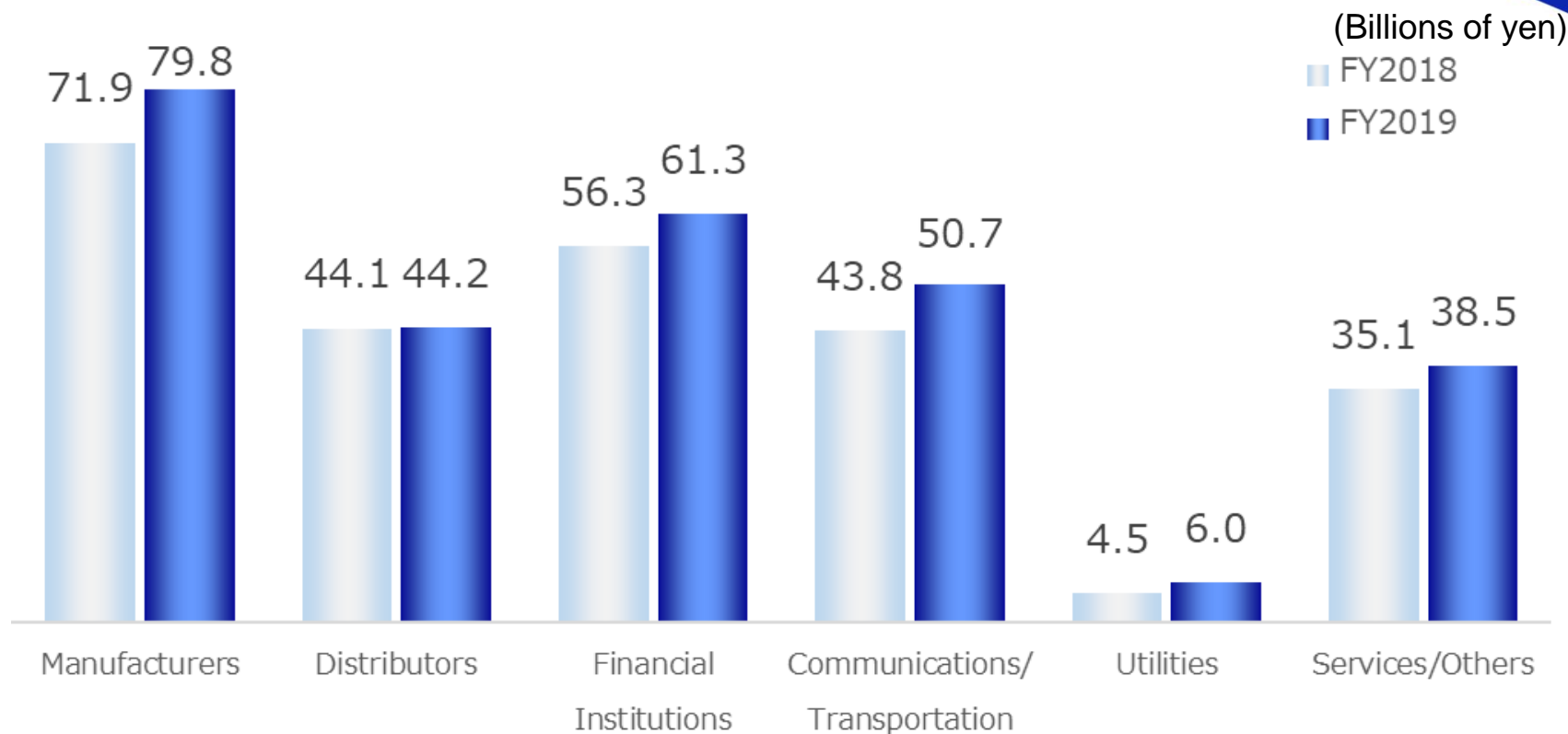


Net Sales : Increased the network equipment sales to the communications industry and hardware sales to the manufacturing industry

Incoming Orders / Backlog : Brisk trend in orders for network equipment from the communications industry, and hardware from automotive manufacturers

※The backlog of FY2019 is including the backlog of Minori Solutions Co., Ltd. Which is newly consolidated subsidiary as of December 19, 2019.

Sales Comparison by Customer Industry



<Main factors of sales increase by customer industry>

Manufacturers : Systems development and testing/ verification services for automotive manufacturers, and other BPO services

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

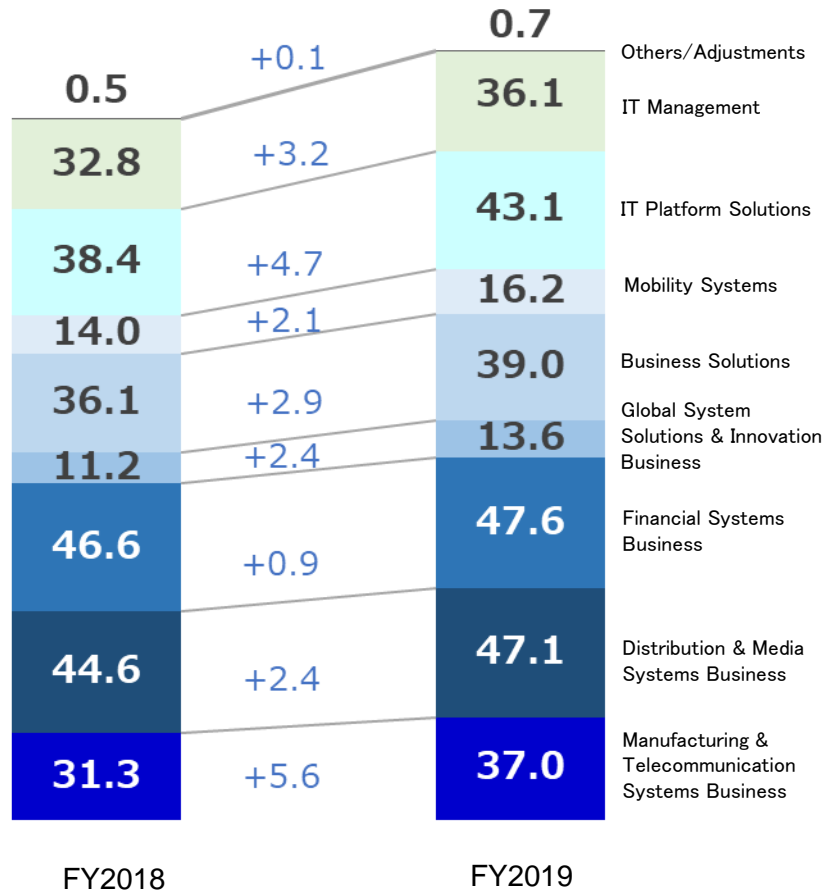
Others : Core system construction projects and EC total outsourcing businesses

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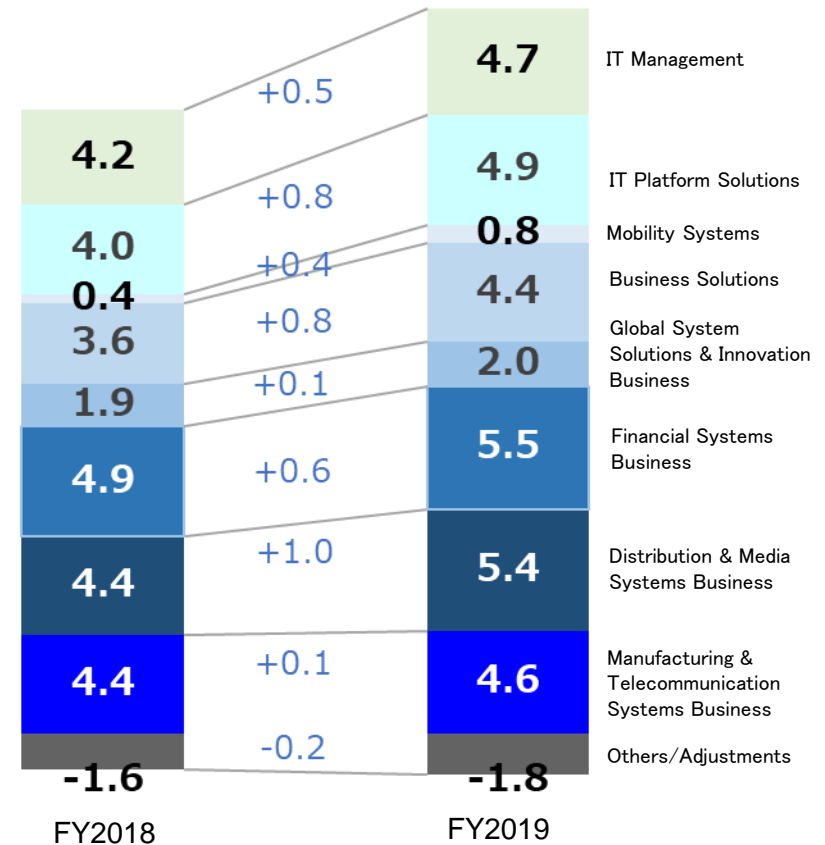
Business Performance by Reportable Segment

(Billions of yen)

Net Sales

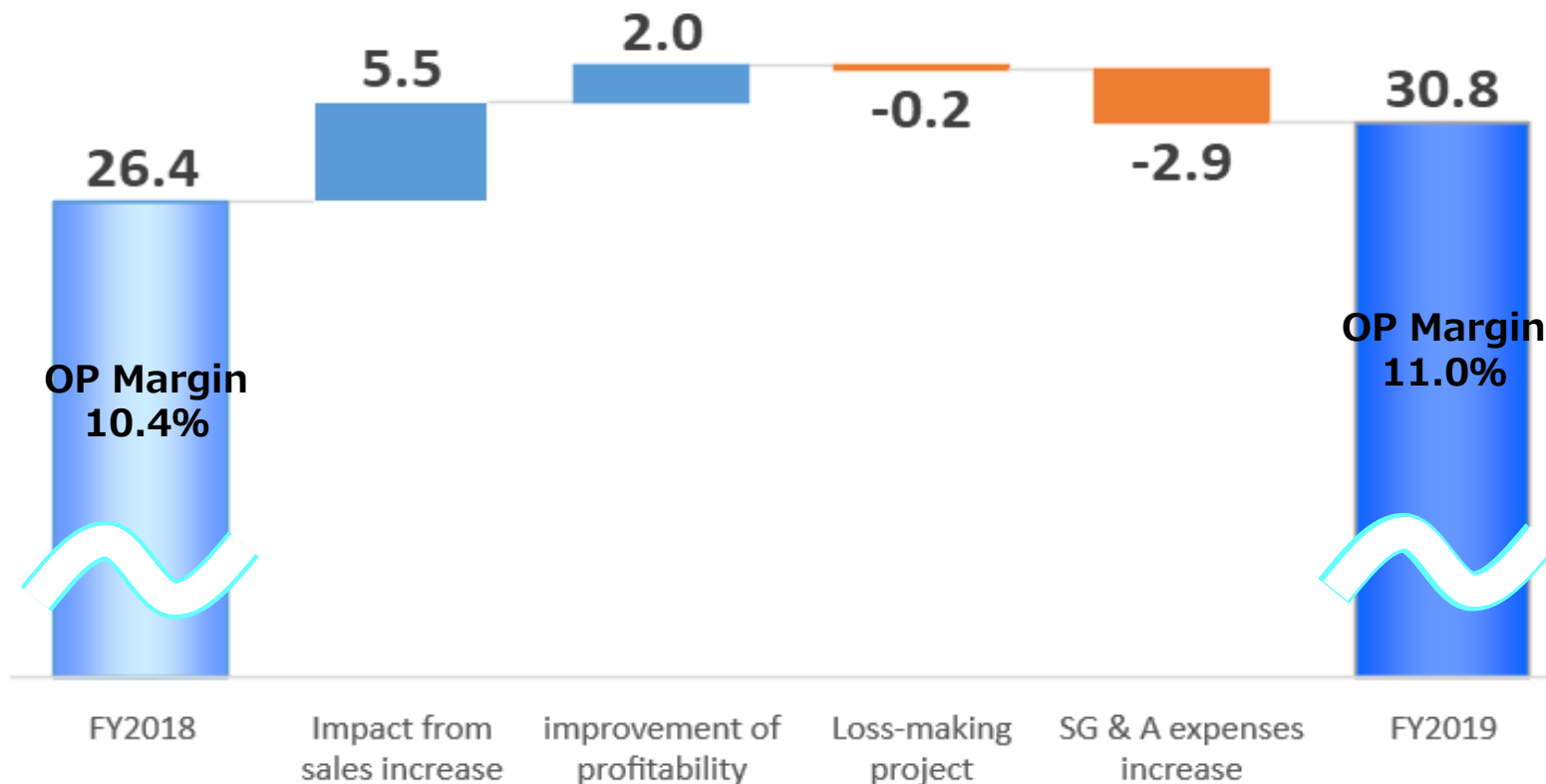


Operating Profit



3rd 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
- Expenses associated with commemorative events for the 50th anniversary of SCSK's founding and extension of the training period for new recruits
- Business investment expenses, etc.

3rd 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 December 31, 2019

Total Assets 320.3

Current Assets 195.4	Total Liabilities 116.8
Cash and Cash Deposits 103.5	Loans/Bonds 55.4
	Minori 2.6
Minori 9.7	
Fixed Assets 124.9	Net Assets 203.5
Minori 1.3	Minori 8.3

Equity Ratio 63.3%
BPS JPY1,952.09

3rd Quarter of Fiscal Year Ending March 2020 Consolidated Financial Forecasts

No Change from Initial Forecasts

(Millions of yen)

Consolidated Financial Forecasts	FY2018	FY2019 (forecasts)	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%

Topics

Voluntary Adoption of IFRS*

*International Financial Reporting Standards

Attention on the use of this document

- We have made amendment of previous year's data in page 9 (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 10 (Business Performance by Reportable Segment) to enable a fair comparison with this year's data under realigned reportable segments.

Disclaimer

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