

Consolidated Results of Operations for 3rd Quarter of Fiscal Year Ending March 2017

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Consolidated Financial Results of Operations for 3rd Quarter of FY2016

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(1) Highlights for 3rd Quarter of FY2016

Net Sales

239,047 JPY Million

YOY + 1.6%

Operating Income

23,368 JPY Million

YOY + 4.3%

Operating Margin

9.8%

YOY + 0.3%

Order Backlog

101,612 JPY Million

YOY + 2.1%

(2) Consolidated Statements of Income

(Millions of yen)

	Apr. 2015- Dec. 2015	Apr. 2016- Dec. 2016	Increase/Decrease	
			Amount	Change (%)
Net Sales	235,216	239,047	3,830	1.6%
Gross Profit	56,629	59,013	2,384	4.2%
(Gross Profit Margin)	(24.1%)	(24.7%)		
SG&A Expenses	34,225	35,644	1,419	4.1%
Operating Income	22,403	23,368	964	4.3%
(Operating Income Margin)	(9.5%)	(9.8%)		
Ordinary Income	23,717	25,147	1,430	6.0%
Profit attributable to owners of parent	17,734	20,253	2,519	14.2%

(3) Sales Comparison by Segment

(Millions of yen)

	Apr. 2015- Dec. 2015	Apr. 2016- Dec. 2016	Increase/Decrease	
			Amount	Change (%)
Systems Development	90,883 (38.6%)	93,272 (39.0%)	2,388	2.6%
System Maintenance and Operation/ Services	88,049 (37.4%)	93,538 (39.1%)	5,488	6.2%
Packaged Software/ Hardware Sales	53,919 (22.9%)	49,878 (20.9%)	-4,040	-7.5%
Prepaid Card	2,363 (1.0%)	2,357 (1.0%)	-5	-0.2%
Total	235,216 (100.0%)	239,047 (100.0%)	3,830	1.6%

(4) Incoming Orders and Backlog

(Millions of yen)

		Apr. 2015- Dec. 2015	Apr. 2016- Dec. 2016	Increase/Decrease	
				Amount	Change (%)
Systems Development	Incoming orders	92,100	95,379	3,279	3.6%
	Backlog	24,852	27,218	2,366	9.5%
System Maintenance and Operation/ Services	Incoming orders	77,976	80,716	2,739	3.5%
	Backlog	64,083	64,948	865	1.4%
Packaged Software /Hardware Sales	Incoming orders	56,297	52,823	-3,473	-6.2%
	Backlog	10,629	9,444	-1,184	-11.1%
Total	Incoming orders	226,374	228,919	2,545	1.1%
	Backlog	99,564	101,612	2,047	2.1%

(5) Sales Comparison by Customer Industry

(Millions of yen)

	Apr. 2015-Dec. 2015		Apr. 2016 –Dec. 2016		Increase/ Decrease	
	Amount	Composition	Amount	Composition	Amount	Change (%)
Manufacturers	63,101	26.8%	66,492	27.8%	3,390	5.4%
Distributors	36,483	15.5%	37,566	15.7%	1,082	3.0%
Financial Institutions	53,691	22.8%	55,283	23.1%	1,591	3.0%
Banks	17,447	7.4%	18,720	7.8%	1,273	7.3%
Securities Firms	8,665	3.7%	6,924	2.9%	-1,741	-20.1%
Shopping Credit/ Leasing Companies	8,641	3.7%	9,110	3.8%	468	5.4%
Insurance Companies	18,936	8.1%	20,527	8.6%	1,591	8.4%
Communications/ Transportation	43,362	18.4%	38,958	16.3%	-4,403	-10.2%
Utilities	2,509	1.1%	2,507	1.0%	-2	-0.1%
Services	24,611	10.5%	25,469	10.7%	858	3.5%
Others*	11,456	4.9%	12,770	5.3%	1,314	11.5%
Total	235,216	100.0%	239,047	100.0%	3,830	1.6%

*Others includes Prepaid Card Business

(6) Business Performance by Reported Segment

(Millions of yen)

External Sales	Manufacturing Systems	Telecommunication Systems	Distribution Systems	Financial Systems	Business Solution	Business Services	Platform Solution	Prepaid Card	Others	Adjustments	Total
Apr. 2016~ Dec. 2016	30,985	19,418	35,626	52,107	14,197	31,726	52,050	2,357	578	-	239,047
Apr. 2015~ Dec. 2015	29,429	17,817	35,888	51,132	14,198	28,723	55,078	2,363	584	-	235,216
Increase/Decrease (Amount)	1,556	1,600	-261	974	-1	3,002	-3,027	-5	-6	-	3,830
Increase/Decrease (%)	5.3%	9.0%	-0.7%	1.9%	-0.0%	10.5%	-5.5%	-0.2%	-1.2%	-	1.6%

Operating Income	Manufacturing Systems	Telecommunication Systems	Distribution Systems	Financial Systems	Business Solution	Business Services	Platform Solution	Prepaid Card	Others	Adjustments	Total
Apr. 2016~ Dec. 2016	2,291	3,669	5,239	5,244	1,404	2,461	4,285	182	131	-1,541	23,368
Apr. 2015~ Dec. 2015	1,840	2,978	5,023	6,628	966	2,041	3,711	174	214	-1,175	22,403
Increase/Decrease (Amount)	450	691	215	-1,384	438	419	574	7	-82	-366	964
Increase/Decrease (%)	24.5%	23.2%	4.3%	-20.9%	45.4%	20.5%	15.5%	4.6%	-38.6%	-	4.3%

(7) Operating Income Analysis

(Millions of yen)

【Increase of Gross Profit】

【Increase of SG&A】

2,384

1,419

- Sales Growth 0.9B
- Gross Margin Improvement 1.4B

- Increase of
- Size-based Corporate taxes
- Pension Costs

22,403

23,368

Operating
Margin
9.5%

Operating
Margin
9.8%

Dec. 2015

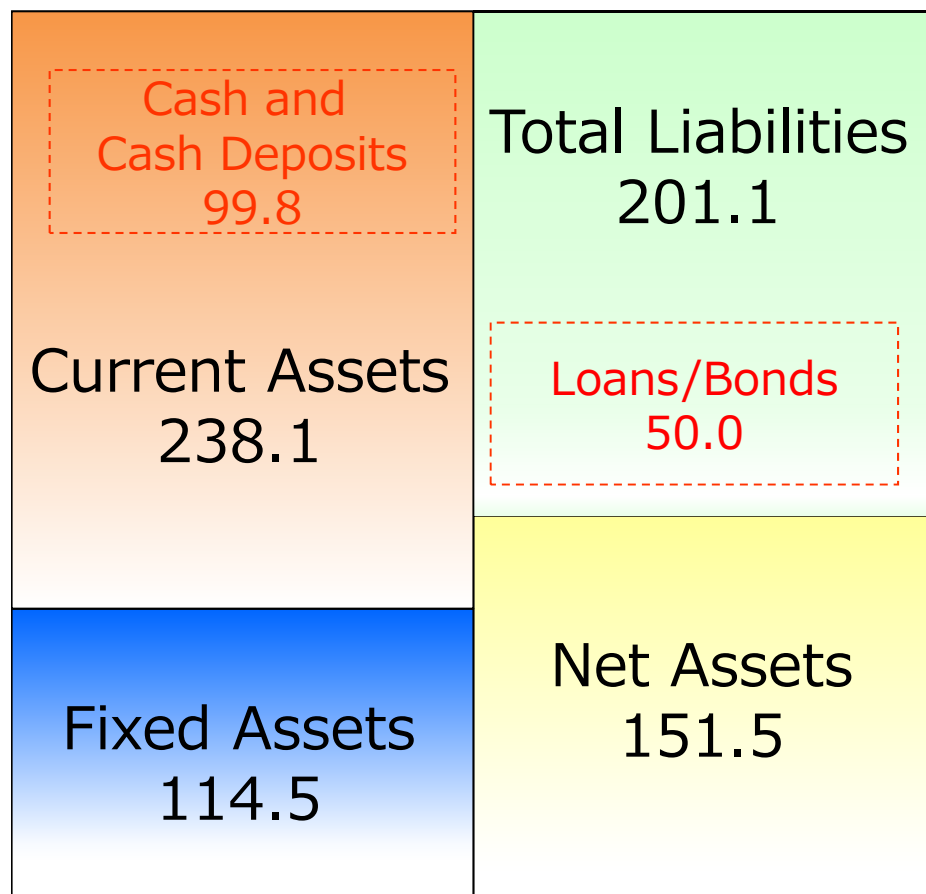
Dec. 2016

(8) Consolidated Balance Sheets

As of March 31, 2016

(Billions of yen)

Total Assets 352.6

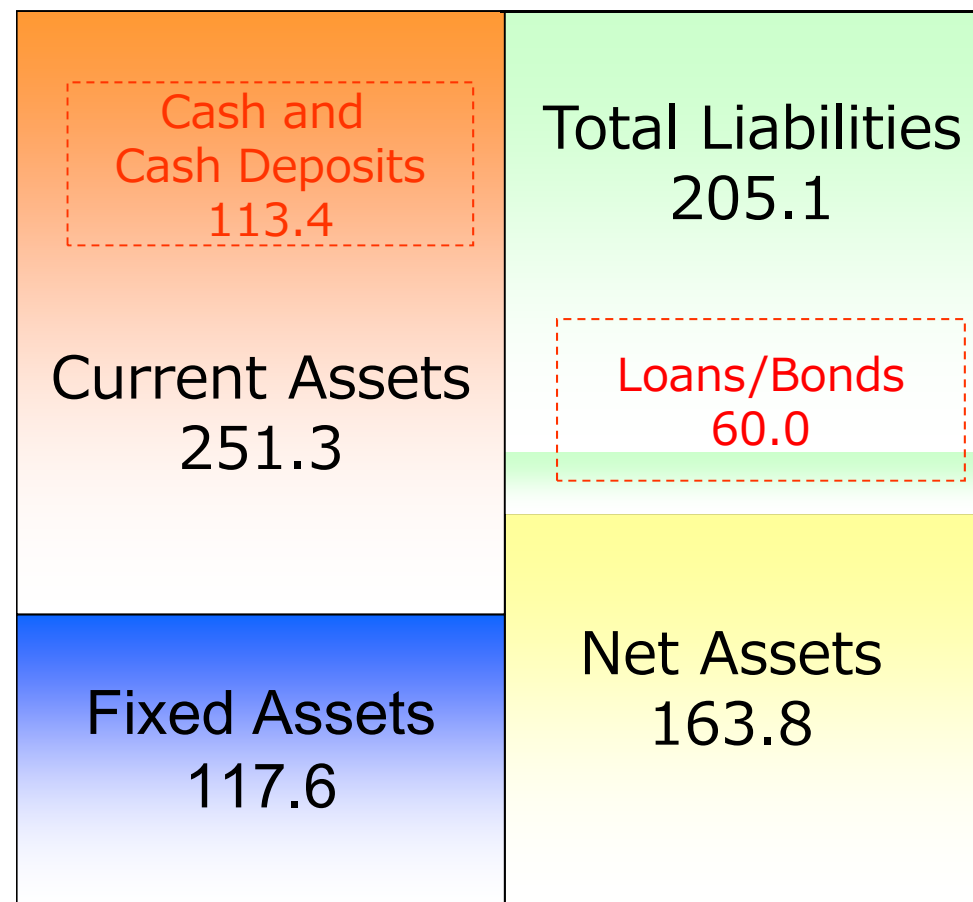


Equity Ratio 41.2%
BPS JPY1,401.00

As of December 31, 2016

(Billions of yen)

Total Assets 368.9



Equity Ratio 42.6%
BPS JPY 1,515.50

(9) Business Strategies for FY2016

Medium-Term Management Plan

Core Strategies

Shift to a Service- Oriented Business

Promote Strategic Business 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, safe, fulfilling place to work/
Promote health & productivity mgt.

5. Enhance Human Resource Capabilities

(10) Strengthening Corporate Governance Structure

Strengthening Supervisory Function of the Board of Directors

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 Reported Segment) to enable a fair comparison with this year's data under realigned reported segments.

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