

Consolidated Results of Operations for 1st Quarter of Fiscal Year Ending March 2019

Tetsuya Fukunaga

SCSK Corporation

July 30, 2018

Consolidated Financial Results of Operations for 1st Quarter of FY2018

(1) Highlights for 1 st Quarter of FY2018	•••• P2
(2) Consolidated Statements of Income	•••• P3
(3) Sales Comparison by Segment	•••• P4
(4) Incoming Orders and Backlog	•••• P5
(5) Sales Comparison by Customer Industry	•••• P6
(6) Business Performance by Reportable Segment	•••• P7
(7) Operating Profit Analysis	•••• P8
(8) Consolidated Balance Sheets	•••• P9
(9) Business Strategies for FY2018	•••• P10

(1) Highlights for 1st Quarter of FY2018

Net Sales

80,166 JPY Million

YOY 3.8%

Operating Profit

6,333 JPY Million

YOY 62.8%

Incoming Orders

84,379 JPY Million

YOY 12.4%

Operating Margin

7.9 %

YOY 2.9 p.p.

(2) Consolidated Statements of Income

(Millions of yen)

	Apr. 2017- Jun. 2017	Apr. 2018- Jun. 2018	Increase/Decrease	
			Amount	Change (%)
Net Sales	77,219	80,166	2,946	3.8%
Gross Profit	16,824	19,249	2,425	14.4%
(Gross Profit Margin)	(21.8%)	(24.0%)		
SG&A Expenses	12,934	12,916	-17	-0.1%
Operating Profit	3,889	6,333	2,443	62.8%
(Operating Profit Margin)	(5.0%)	(7.9%)		
Ordinary Profit	4,455	6,588	2,132	47.9%
Profit attributable to owners of parent	2,844	4,301	1,457	51.2%

(3) Sales Comparison by Segment

(Millions of yen)

	Apr. 2017- Jun. 2017	Apr. 2018- Jun. 2018	Increase/Decrease	
			Amount	Change (%)
Systems Development	29,559 (38.3%)	32,154 (40.1%)	2,594	8.8%
System Maintenance and Operation/ Services	31,313 (40.6%)	32,079 (40.0%)	765	2.4%
Packaged Software/ Hardware Sales	15,448 (20.0%)	15,933 (19.9%)	485	3.1%
Prepaid Card	898 (1.2%)	— (—)	-898	-100.0%
Total	77,219 (100.0%)	80,166 (100.0%)	2,946	3.8%

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

※ () indicate composition ratio.

(4) Incoming Orders and Backlog

(Millions of yen)

		Apr. 2017- Jun. 2017	Apr. 2018- Jun. 2018	Increase/Decrease	
				Amount	Change (%)
Systems Development	Incoming orders	30,952	36,466	5,514	17.8%
	Backlog	25,874	30,609	4,735	18.3%
System Maintenance and Operation/ Services	Incoming orders	27,183	29,591	2,408	8.9%
	Backlog	77,720	79,075	1,355	1.7%
Packaged Software /Hardware Sales	Incoming orders	16,935	18,322	1,386	8.2%
	Backlog	11,501	11,574	73	0.6%
Total	Incoming orders	75,070	84,379	9,308	12.4%
	Backlog	115,095	121,259	6,164	5.4%

(5) Sales Comparison by Customer Industry

(Millions of yen)

	Apr. 2017 – Jun. 2017		Apr. 2018 – Jun. 2018		Increase/ Decrease	
	Amount	Composition	Amount	Composition	Amount	Change (%)
Manufacturers	20,809	26.9%	23,180	28.9%	2,370	11.4%
Distributors	12,863	16.7%	13,914	17.4%	1,051	8.2%
Financial Institutions	17,670	22.9%	17,737	22.1%	67	0.4%
Banks	5,883	7.6%	5,593	7.0%	-289	-4.9%
Securities Firms	2,177	2.8%	1,948	2.4%	-228	-10.5%
Shopping Credit/ Leasing Companies	2,908	3.8%	2,992	3.7%	84	2.9%
Insurance Companies	6,701	8.7%	7,202	9.0%	500	7.5%
Communications/ Transportation	13,444	17.4%	12,885	16.1%	-558	-4.2%
Utilities	806	1.0%	1,287	1.6%	481	59.7%
Services/Others [※]	11,625	15.1%	11,160	13.9%	-465	-4.0%
Total	77,219	100.0%	80,166	100.0%	2,946	3.8%

※"Services/Others" from Apr. 2017 to Jun. 2017 includes sales of Prepaid Card Business.

(6) Business Performance by Reportable Segment

(Millions of yen)

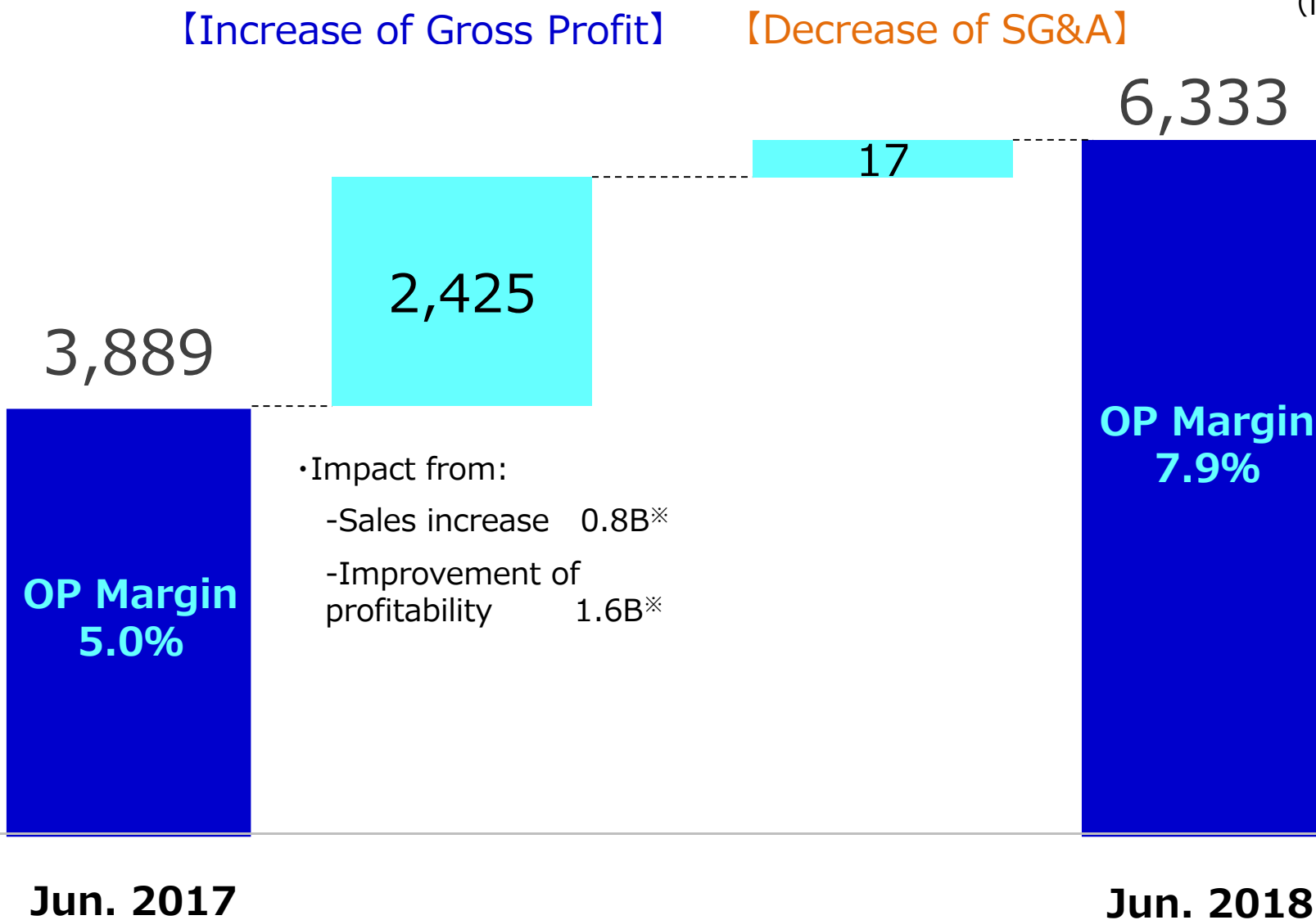
External Sales	Manufacturing & Telecommunication Systems Business	Distribution & Media Systems Business	Financial Systems Business	Global System Solutions & Innovation Business	Business Solutions	IT Platform Solutions	IT Management	Others	Adjustments	Total
Apr. 2018~ Jun. 2018	9,812	13,912	14,922	3,465	15,522	12,089	10,232	210	-	80,166
Apr. 2017~ Jun. 2017	8,555	13,471	15,211	2,995	15,015	10,883	9,998	1,088	-	77,219
Increase/Decrease (Amount)	1,257	441	-289	470	506	1,206	233	-877	-	2,946
Increase/Decrease (%)	14.7%	3.3%	-1.9%	15.7%	3.4%	11.1%	2.3%	-80.6%	-	3.8%

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~ Jun. 2018	1,022	1,474	1,048	552	713	1,003	1,019	-58	-444	6,333
Apr. 2017~ Jun. 2017	444	1,377	420	289	460	631	661	82	-477	3,889
Increase/Decrease (Amount)	578	97	628	262	253	372	358	-141	32	2,443
Increase/Decrease (%)	130.1%	7.1%	149.7%	90.7%	55.0%	59.0%	54.2%	-	-	62.8%

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

(7) Operating Profit Analysis

(Millions of yen)

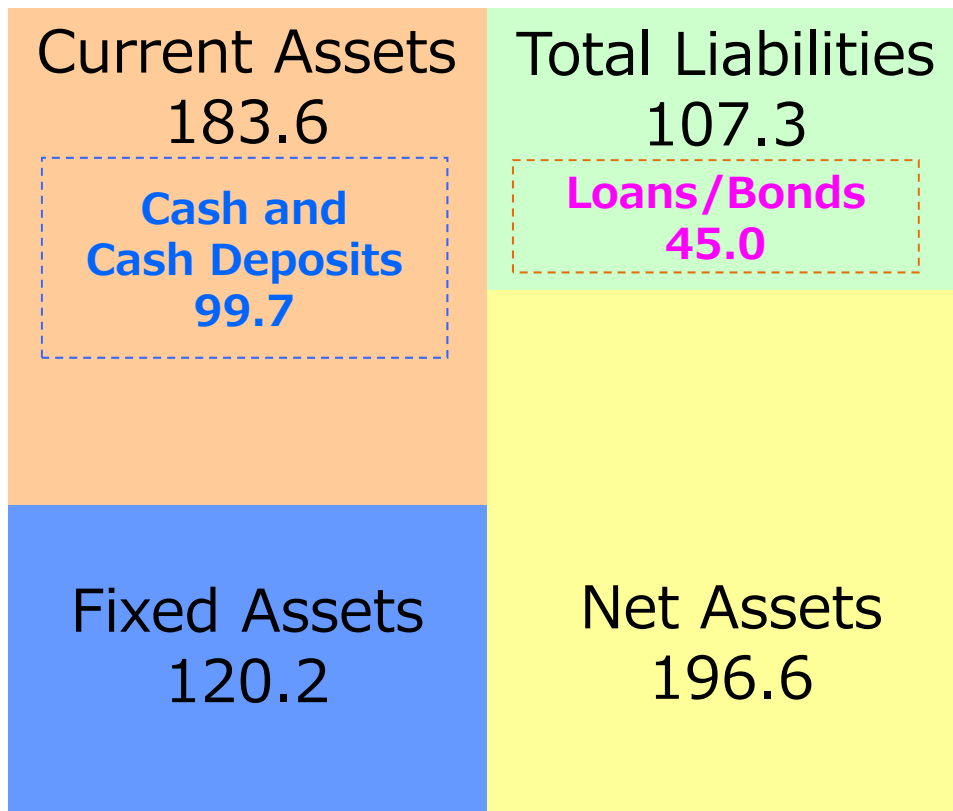


※Adjusted QUO CARD Co., Ltd. revenue and other impact

(8) Consolidated Balance Sheets

As of March 31, 2018

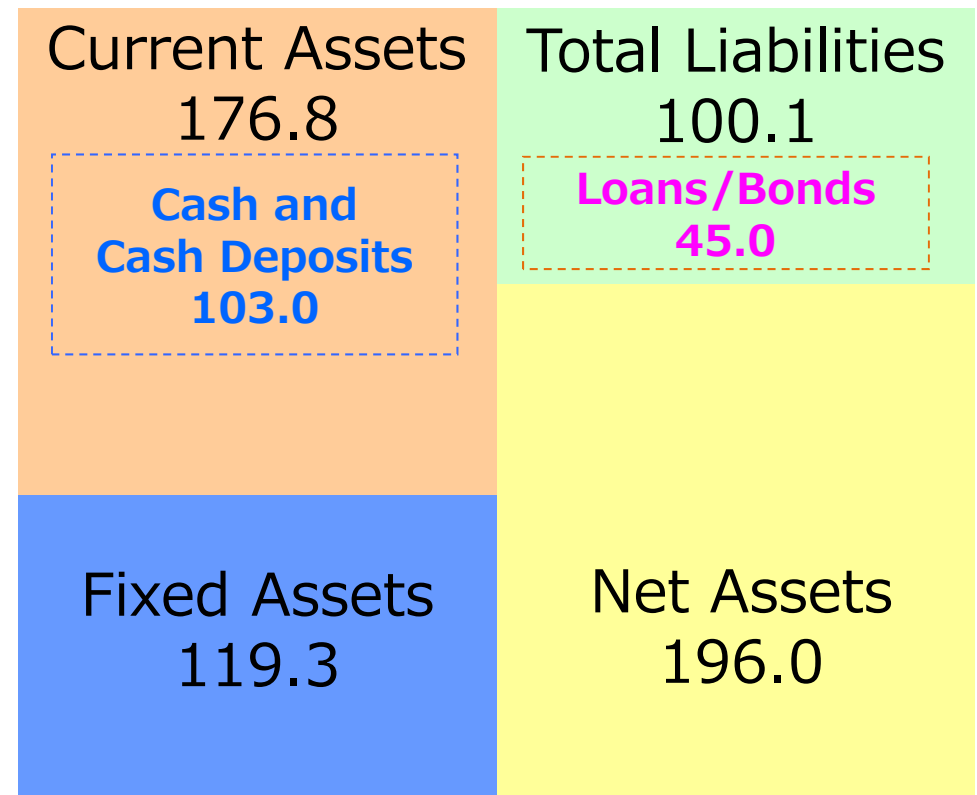
Total Assets 303.9 (Billions of yen)



Equity Ratio 62.3%
BPS JPY1,822.54

As of June 30, 2018

Total Assets 296.1 (Billions of yen)



Equity Ratio 63.7%
BPS JPY1,817.04

(9) Business Strategies for FY2018

Medium-Term Management Plan

Core Strategies

Shift to Service- Oriented
Businesses

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

5. Enhance Human Resource
Capabilities

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 (External Sales and Operating Income by Reportable Segment) to enable a fair comparison with this year's data under realigned reportable segments.

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.
- SCSK cannot be held responsible for losses resulting from information contained in this report. This report should not be reproduced or retransmitted without authorization.