



IT Holdings

# **Information Meeting Materials for the First Three Quarters of the Fiscal Year Ending March 31, 2014**

**February 3, 2014**

IT Holdings Corporation

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IT Holdings Group



**Fiscal 2014 First Three Quarters: Financial Highlights**

Fiscal 2014 Full-Year Performance Forecasts

Reference Materials

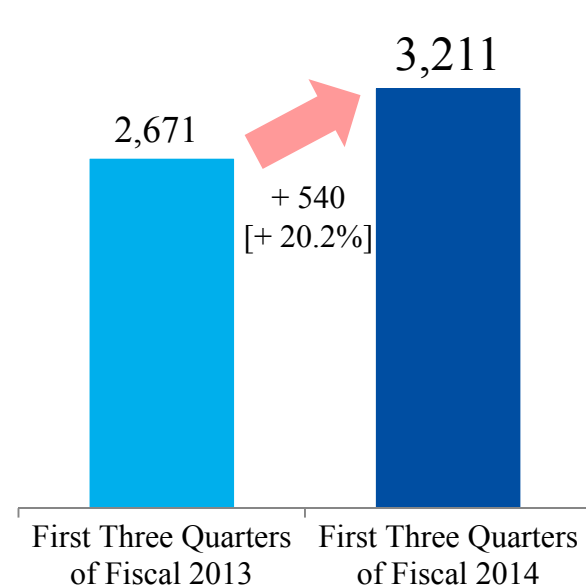
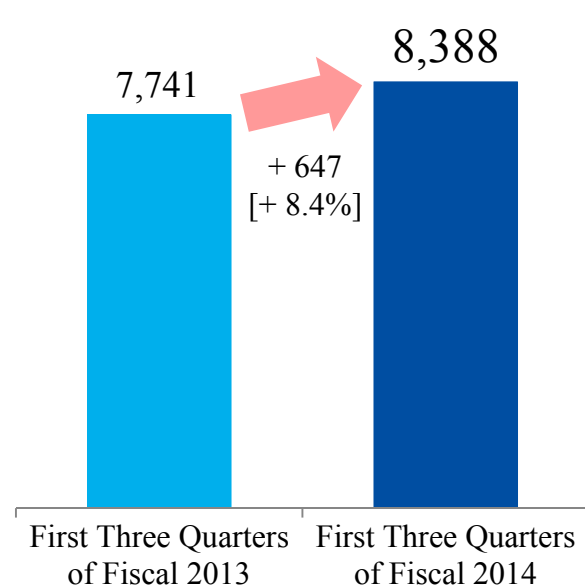
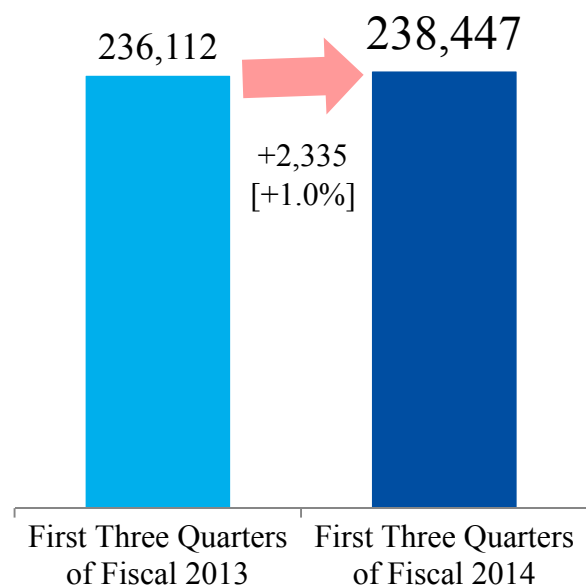
# Fiscal 2014 First Three Quarters: Financial Highlights

- The impact of aggressive fiscal and monetary policies implemented by the government buoyed consumer spending as well as exports and production, which appears to have invigorated the the gradual economic recovery trend. Paralleling this, industrial sectors are at last showing renewed interest in IT investment.
- Sales and income were up over the corresponding period a year ago. Successful efforts in cost-cutting and the positive effect of higher sales helped to cover such the impact of such issues as unprofitable projects.

**Net sales** ¥238,447 million  
YOY change : +¥2,335 million [+1.0%]

**Operating income** ¥8,388 million  
YOY change : +¥647 million [+8.4%]

**Net income** ¥3,211 million  
YOY change: +¥540 million [+20.2%]



Higher demand for IT infrastructure services and financial IT services offset the reactionary decline in large development projects seen in the industrial IT service segment in the previous term. This led to an overall improvement in sales year-on-year.

Despite the impact of unprofitable projects, the positive effect of higher sales and a concerted effort to cut costs pushed operating income above the level recorded a year ago.

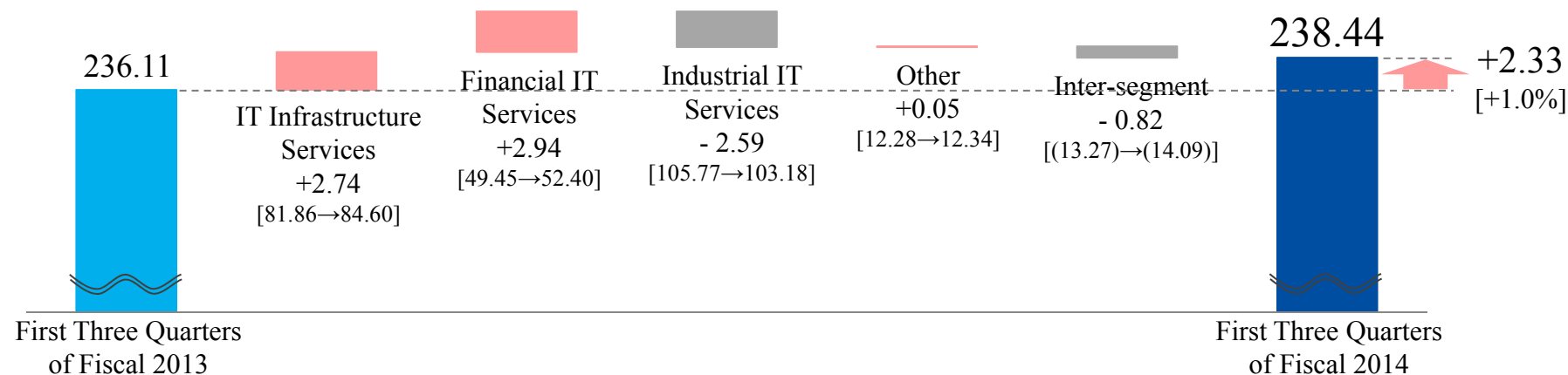
Net income grew year-on-year, reflecting higher operating income and a decrease in extraordinary expenses.

# Fiscal 2014 First Three Quarters: Net Sales and Operating Income Analysis

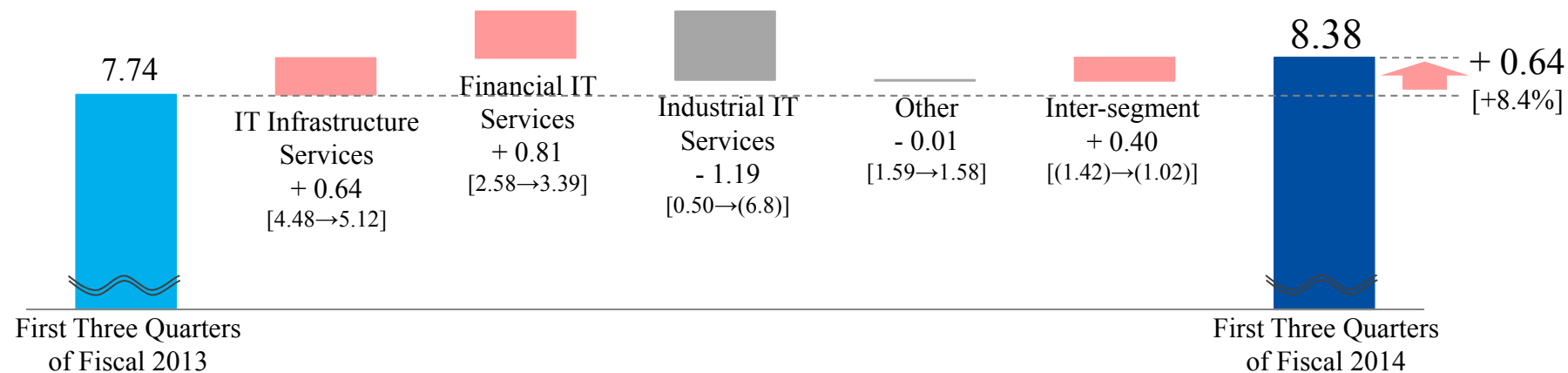
(Billions of yen)



## Net Sales



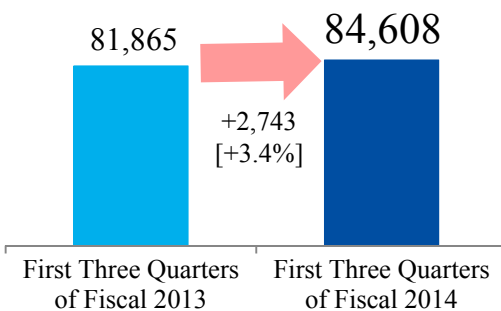
## Operating Income



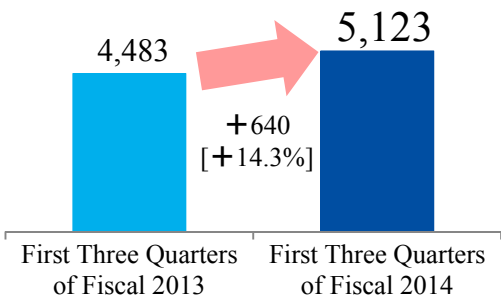
# Fiscal 2014 First Three Quarters: Sales and Income for Key Segments

## IT Infrastructure Services

Net sales ¥84,608 million  
YOY change: +¥2,743 million [+3.4%]



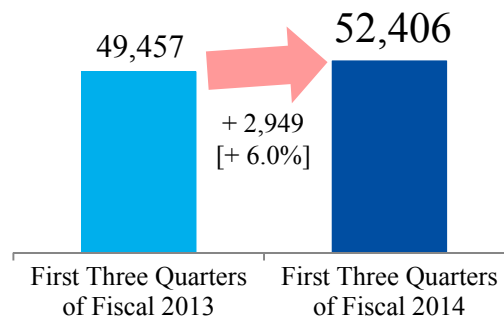
Operating income ¥5,123 million  
YOY change: +640 million [+14.3%]



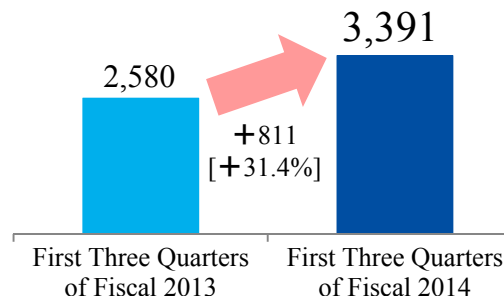
Greater use of data centers and a favorable shift in demand for business process outsourcing, fueled by responses related to Japan's new tax-free investment scheme (Nippon Individual Savings Account system), led to higher sales and income.

## Financial IT Services

Net sales ¥52,406 million  
YOY change: +¥2,949 million [+6.0%]



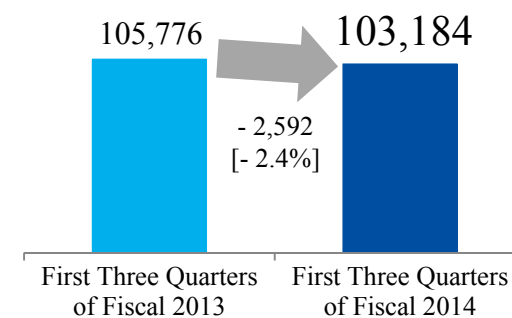
Operating income ¥3,391 million  
YOY change: +811 million [+31.4%]



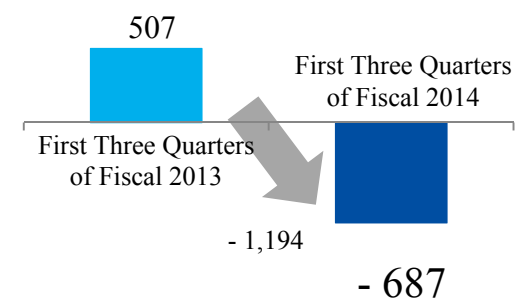
Gradual upturn in IT investment by clients in the credit card, banking and insurance sectors underpinned higher sales and income.

## Industrial IT Services

Net sales ¥103,184 million  
YOY change: -¥2,592 million [-2.4%]



Operating income ¥(687) million  
YOY change: -¥1,194 million

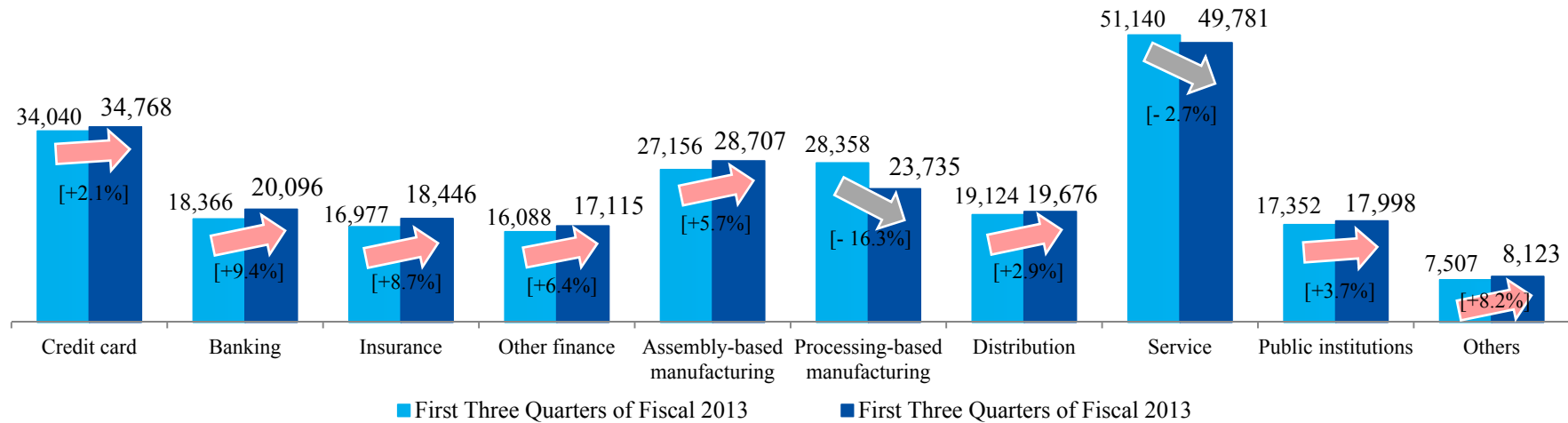


A reactionary decrease on large development projects led to lower sales. Income dropped, mainly because of additional expenses on some development projects and measures to strengthen the sales structure that pushed up cost of sales.

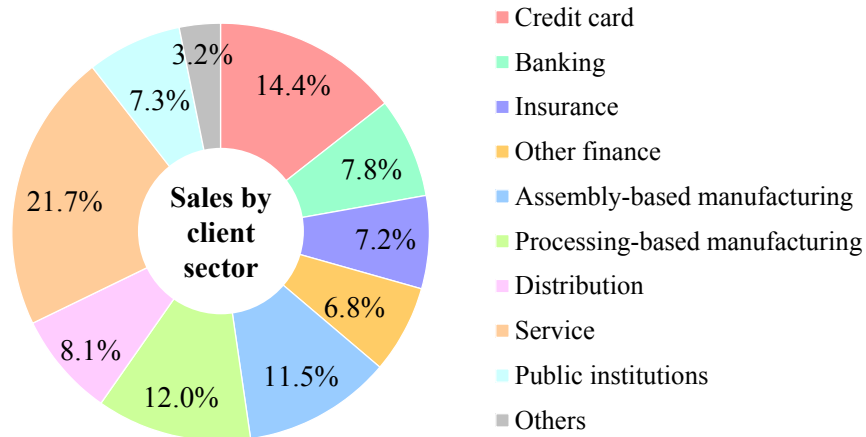
\*Segment sales include intersegment sales.

# (Reference) Fiscal 2014 First Three Quarters: Sales by Client Sector

(Millions of yen)

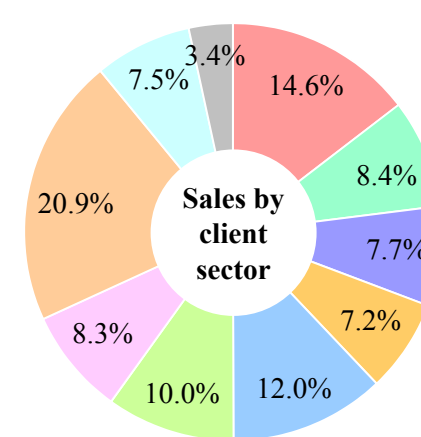


## Fiscal 2013 First Three Quarters



Finance sector: 36.2%    Industrial sector: 53.3%  
Public sector: 7.3%    Other sectors: 3.2%

## Fiscal 2014 First Three Quarters

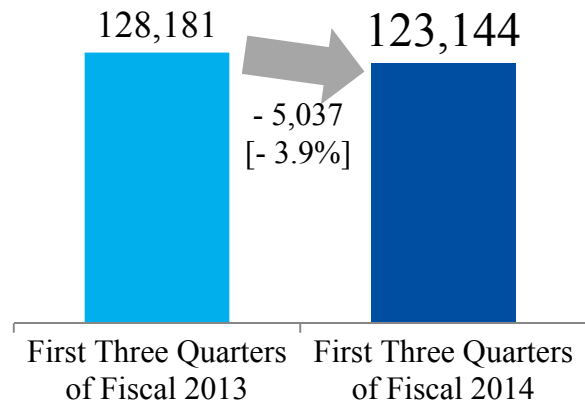


Finance sector: 37.9%    Industrial sector: 51.2%  
Public sector: 7.5%    Other sectors: 3.4%

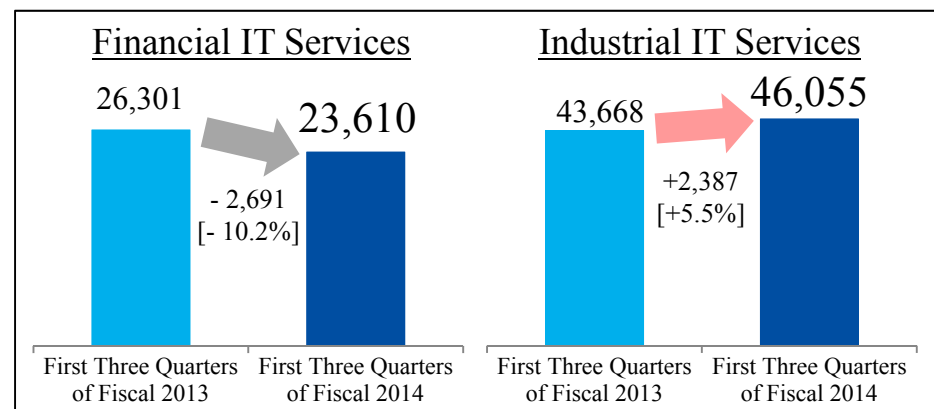
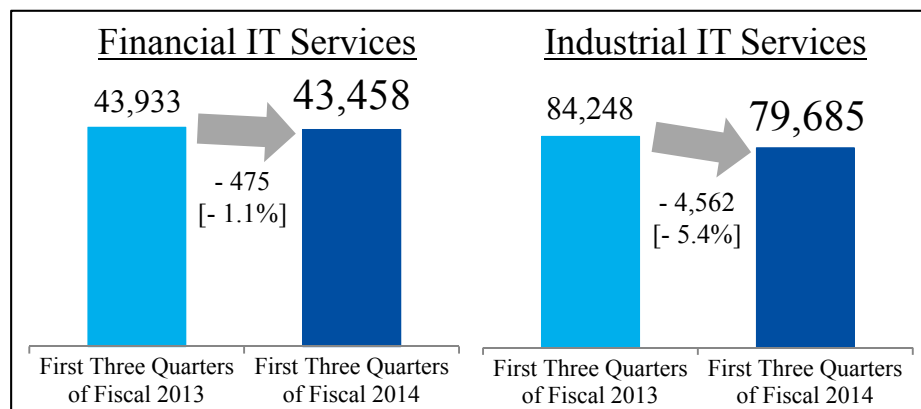
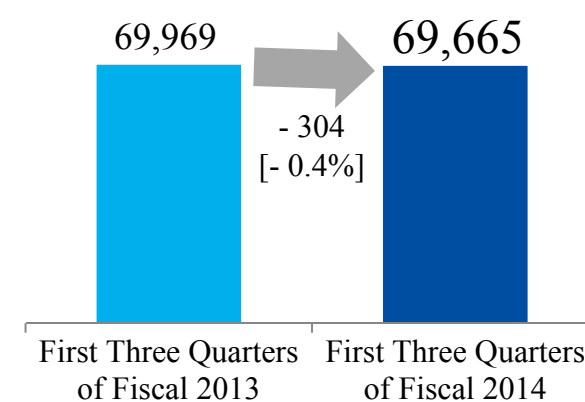
# Fiscal 2014 First Three Quarters: Order Status

Inquiries were brisk, but order volume decreased due to impact of project changeover periods in first quarter. Following on order status for financial IT services in the second quarter, order status for industrial IT services rebounded year-on-year in the third quarter. Backlog at end of third quarter was at level posted a year ago.

**Orders received during the term**  
 ¥123,144 million  
 YOY change: - ¥5,037 million [-3.9%]

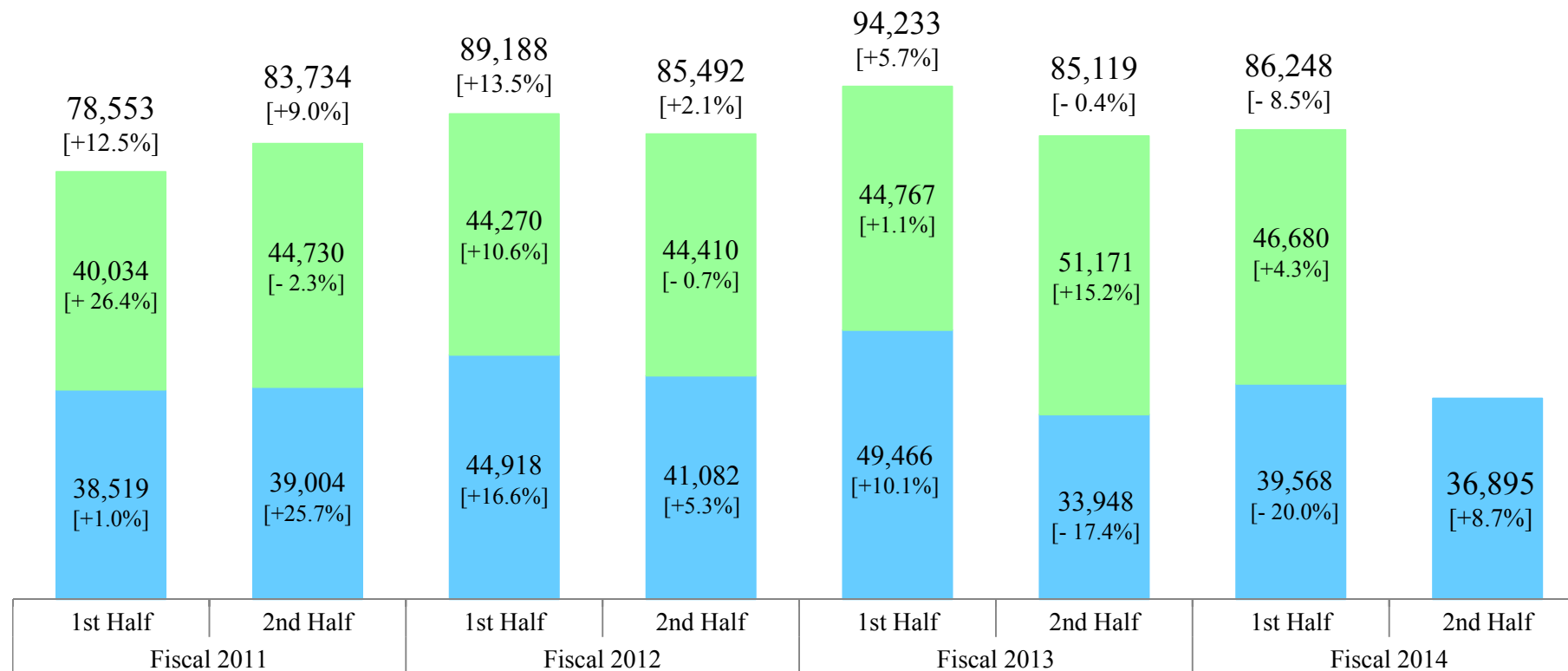


**Order backlog at term-end**  
 ¥69,665 million  
 YOY change: - ¥304 million [-0.4%]



\* Order volume and backlog at term-end and net sales apply to Software Development only.

# Changes in Orders Received



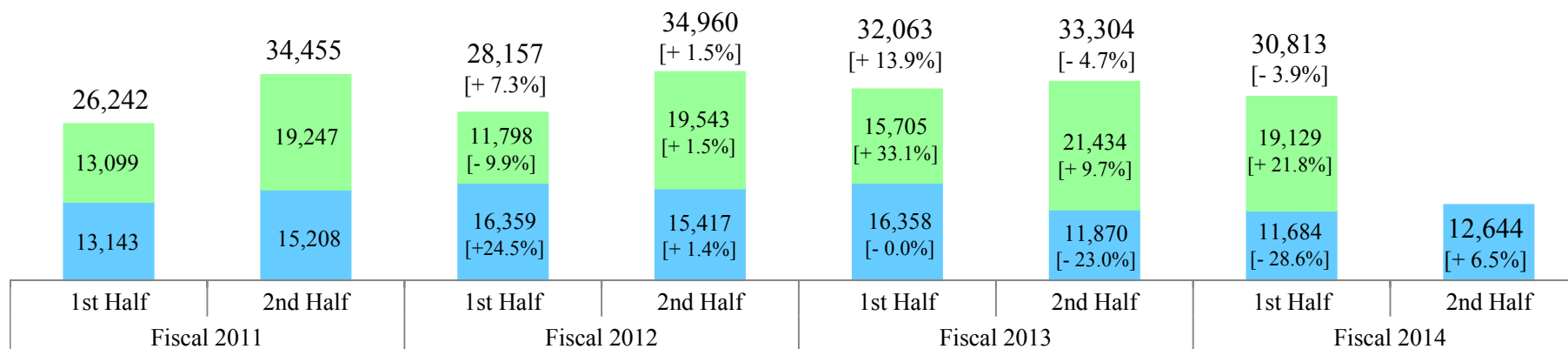
■ First Half: Second Quarter, Second Half: Fourth Quarter  
■ First Half: First Quarter, Second Half: Third Quarter

Orders received during the term, term-end backlog and net sales apply to Software Development only.  
 Percentage figures in columns indicate increase or decrease from the previous term.

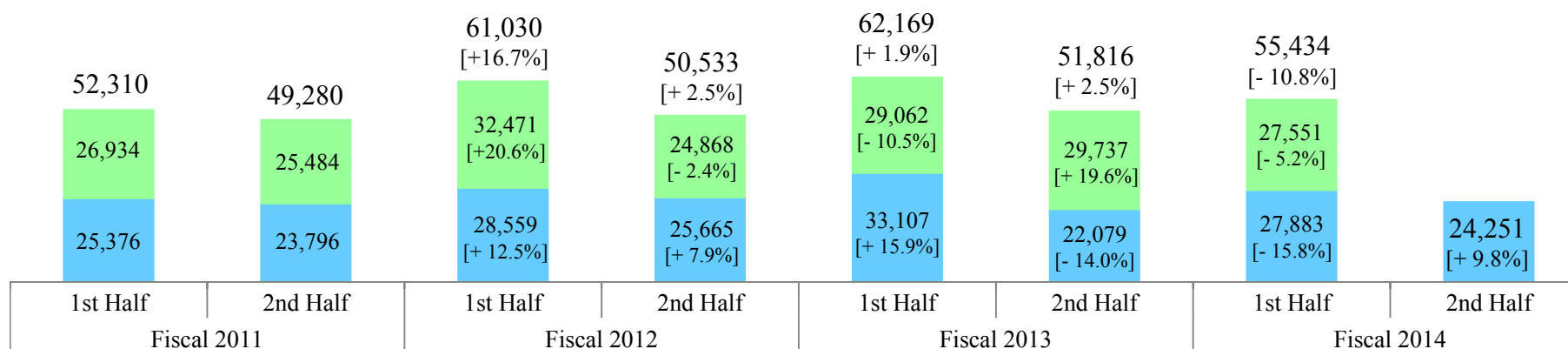


# Changes in Orders Received

## Financial IT Services



## Industrial IT Services



■ First Half: Second Quarter, Second Half: Fourth Quarter  
■ First Half: First Quarter, Second Half: Third Quarter

Orders received during the term, term-end backlog and net sales apply to Software Development only. Percentage figures in columns indicate increase or decrease from the previous term. However, order volume by segment is disclosed from fiscal 2011, so no percentage change is available for fiscal 2011.



Fiscal 2014 First Three Quarters: Financial Highlights

**Fiscal 2014 Full-Year Performance Forecasts**

Reference Materials

## Fiscal 2014: Performance Forecasts

(Millions of yen)



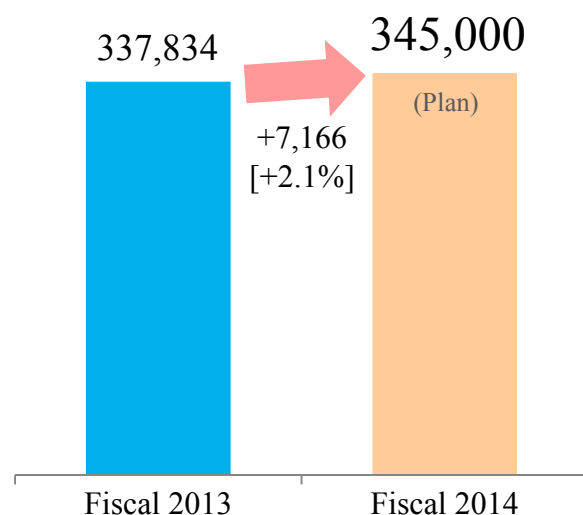
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- No change from original plan, expect year-on-year growth in sales and income.
- Progress on operating income front is sluggish, but effect of better business environment and united groupwide effort to cut costs will pave way toward achievement of stated targets.

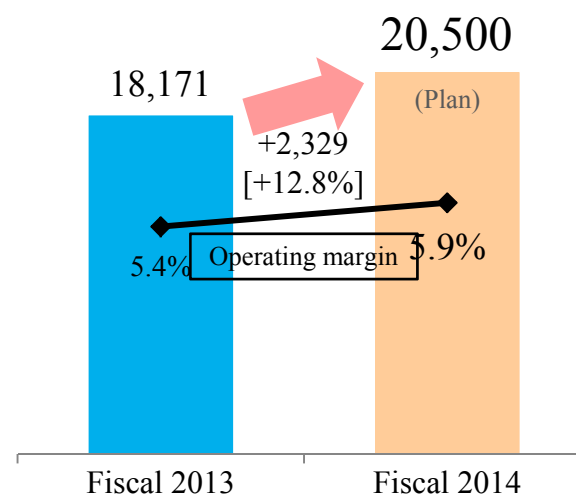
Net sales ¥345,000 million  
YOY change: +¥7,166 million [+2.1%]

Operating income ¥ 20,500 million  
YOY change: +2,329 million [+12.8%]

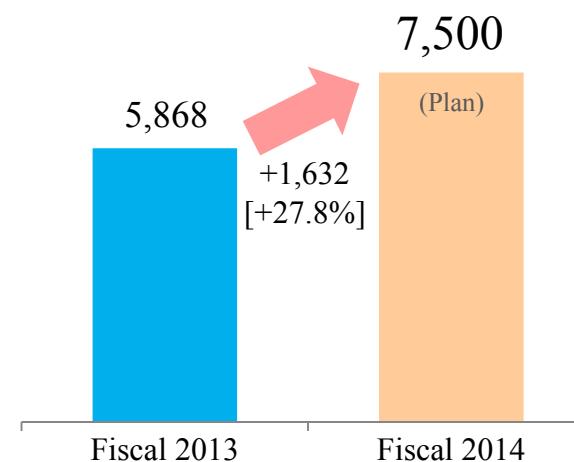
Net income ¥7,500 million  
YOY change: +¥1,632 million [+27.8%]



The reactionary decrease in large development projects experienced by the industrial IT services segment in the previous fiscal year will be covered, thereby leading to higher net sales.



The effect of higher net sales as well as improved productivity and successful cost reduction will be key in realizing higher operating income.



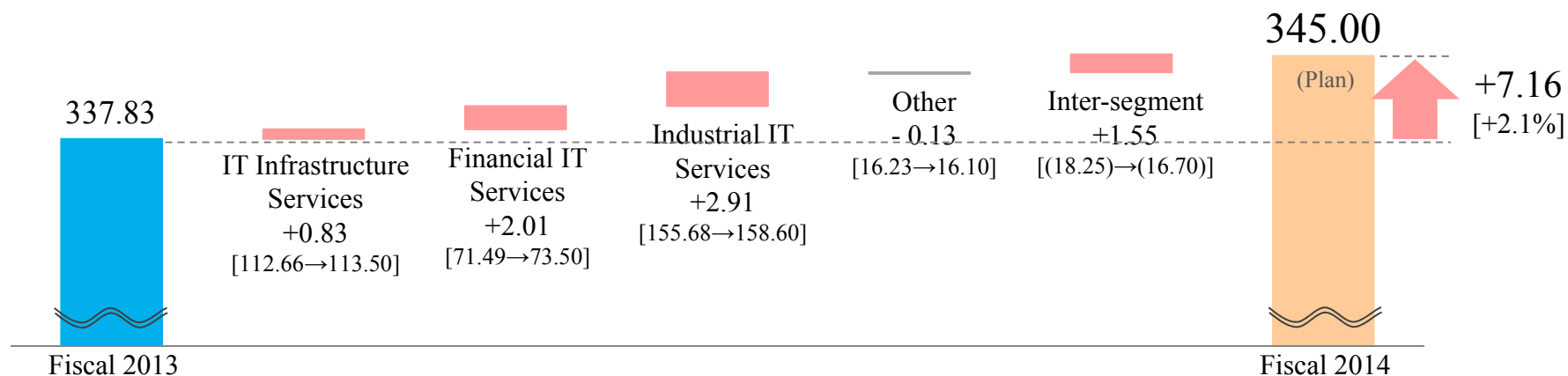
The boost from operating income, along with a decrease in extraordinary expenses should lead to higher net income.

# Fiscal 2014: Net Sales and Operating Income Analysis (Plan)

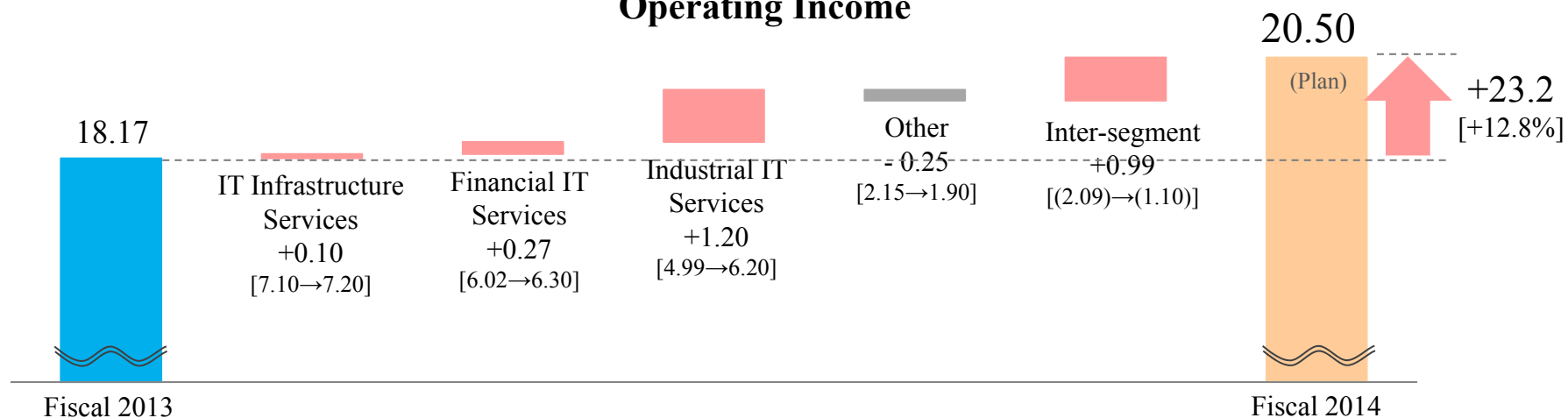
(Billions of yen)



## Net Sales



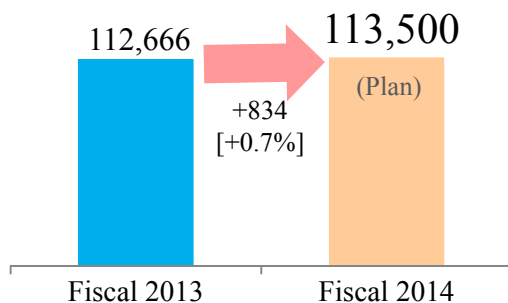
## Operating Income



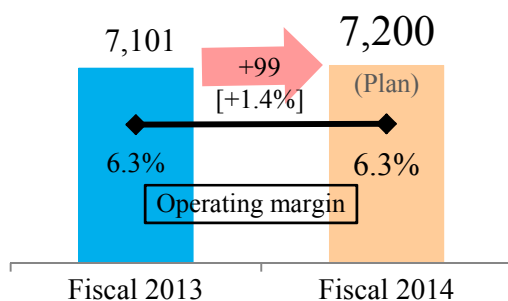
# Fiscal 2014: Key Segment Performances (Plan)

## IT Infrastructure Services

Net sales ¥113,500 million  
YOY change: +¥ 834 million [+0.7%]



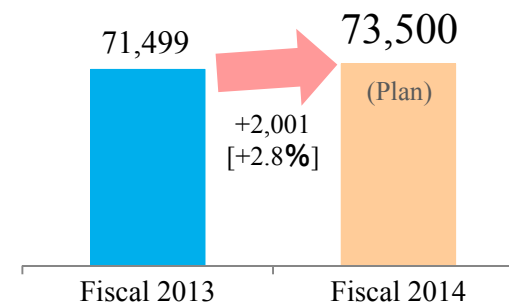
Operating income ¥ 7,200 million  
YOY change: +¥ 99 million [+1.4%]



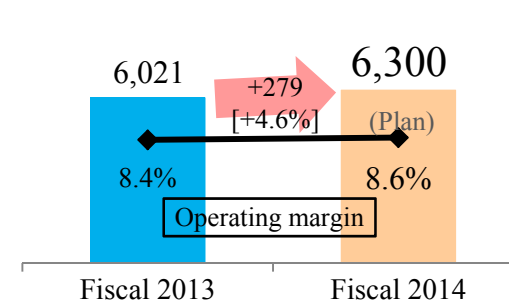
Better business results from GDC Gotenyama, and a favorable shift in demand for BPO should contribute to higher segment sales and operating income.

## Financial IT Services

Net sales ¥73,500 million  
YOY change: +¥ 2,001 million [+ 2.8%]



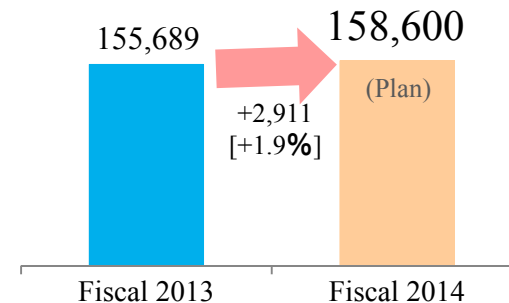
Operating income ¥ 6,300 million  
YOY change: +¥ 279 million [+4.6%]



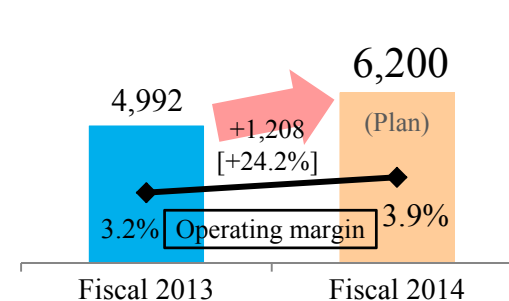
Rising demand from banks and credit card companies should lead to higher segment sales and operating income.

## Industrial IT Services

Net sales ¥158,600 million  
YOY change: +¥ 2,911 million [+1.9%]



Operating income ¥ 6,200 million  
YOY change: +¥ 1,208 million [+24.2%]



The reactionary drop in large development projects will be covered by project backlog, and with lower expenses, mainly through successful cost-cutting, the segment should achieve higher sales and operating income.

\*Segment sales include intersegment sales.

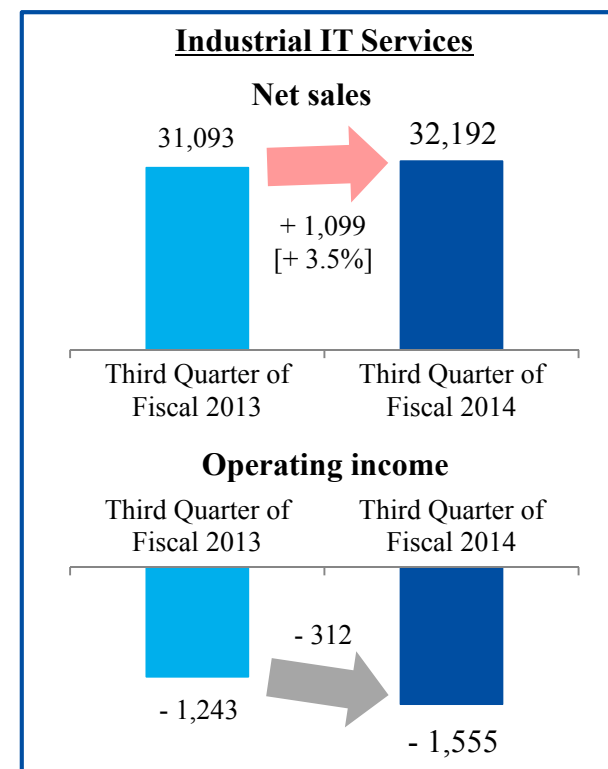
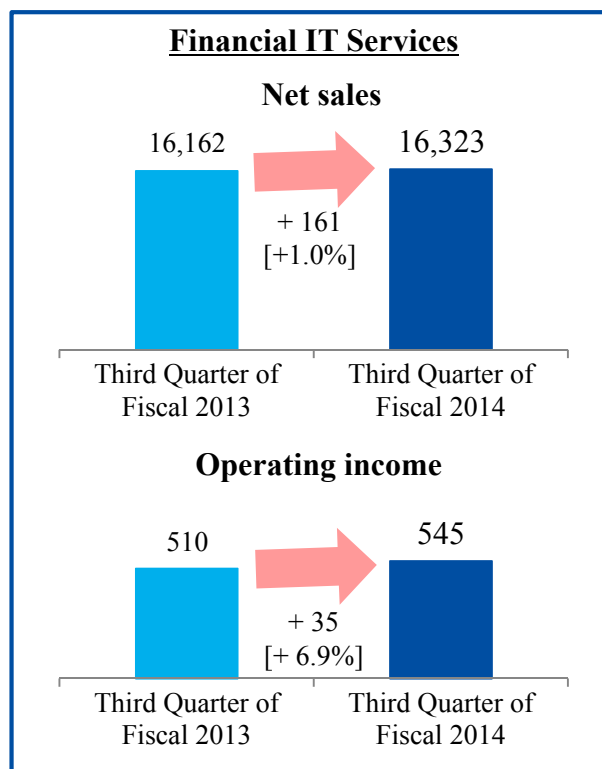
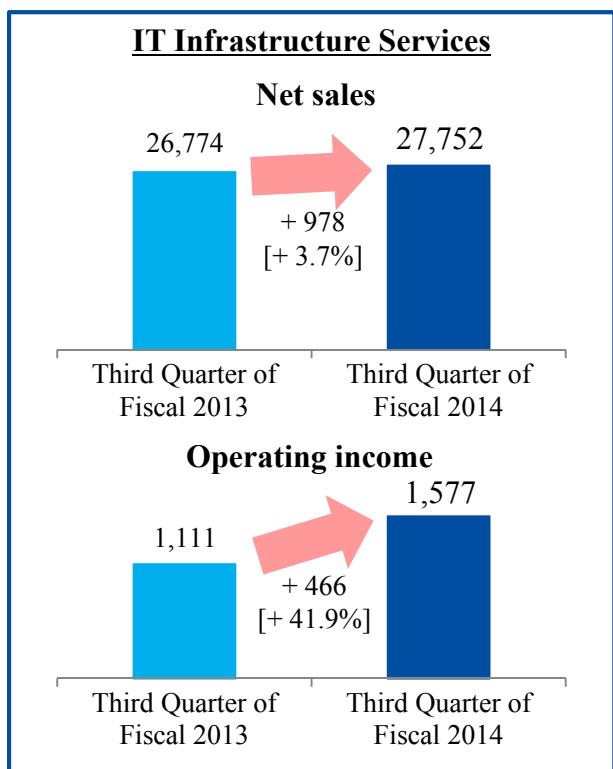
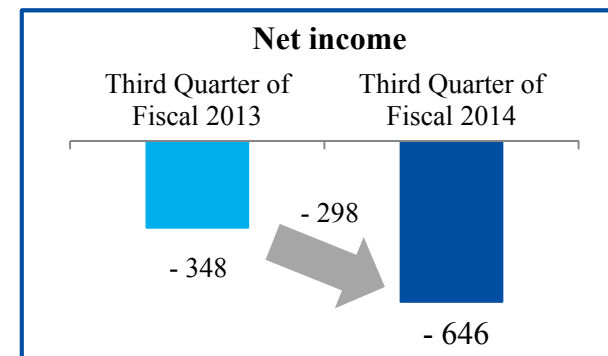
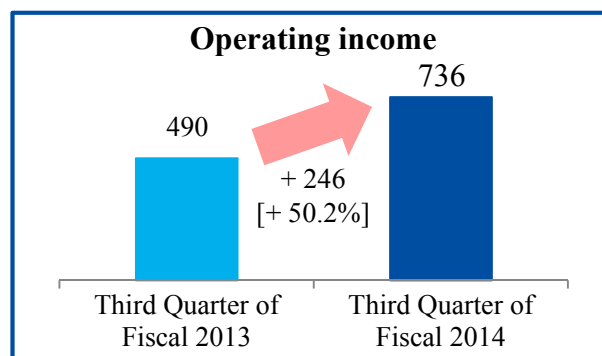
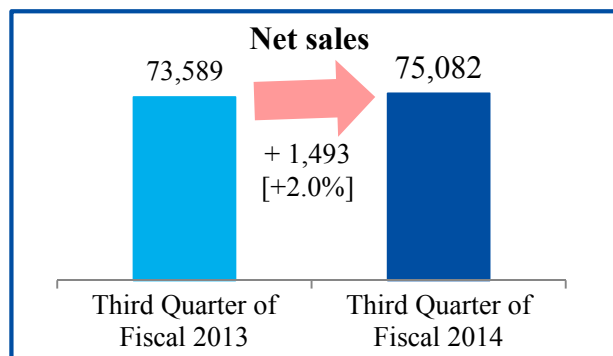


Fiscal 2014 First Three Quarters: Financial Highlights

Fiscal 2014 Full-Year Performance Forecasts

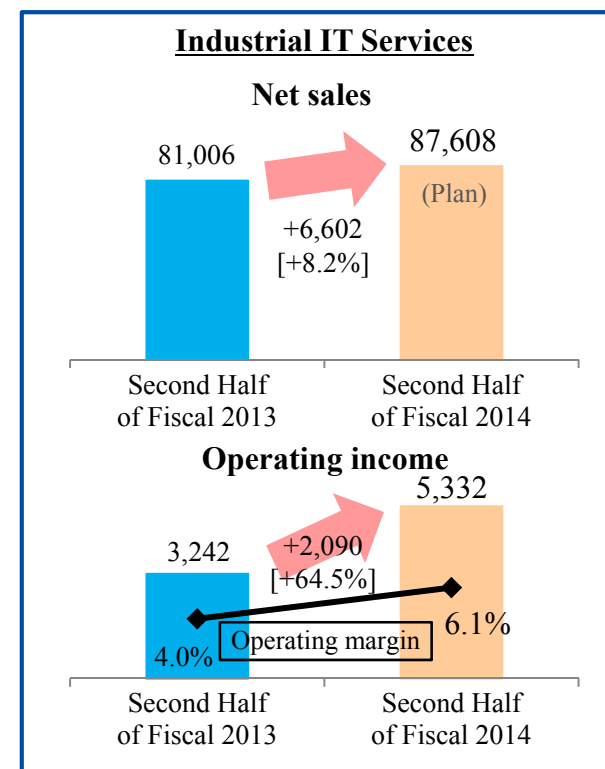
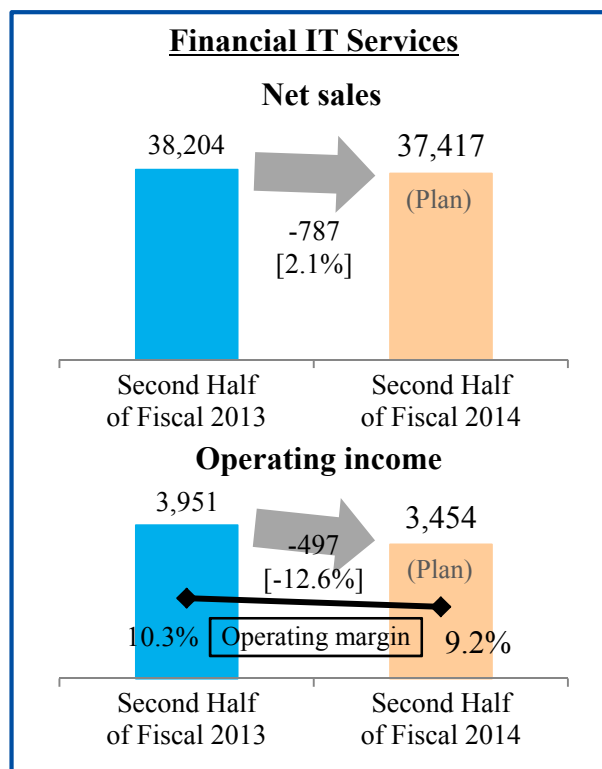
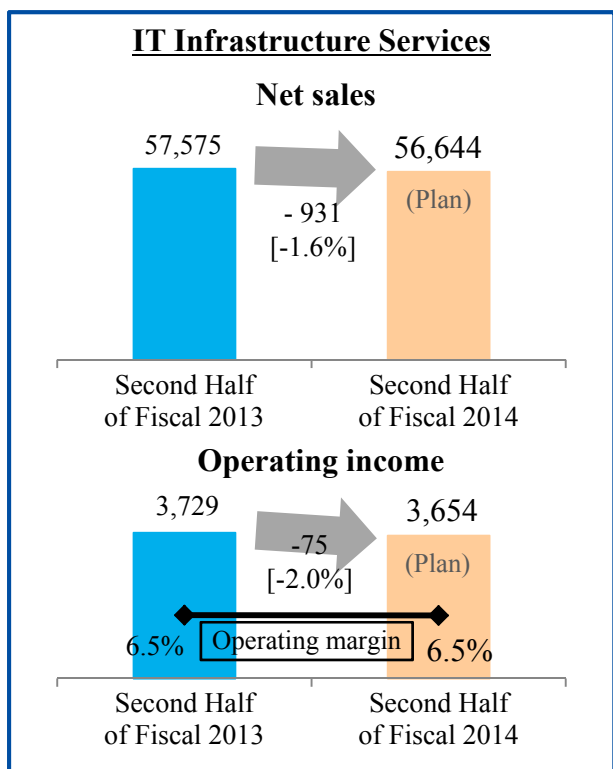
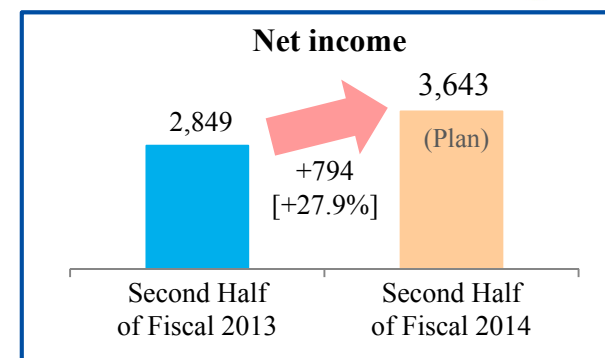
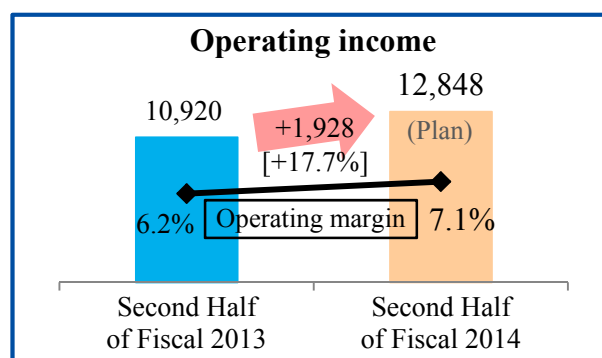
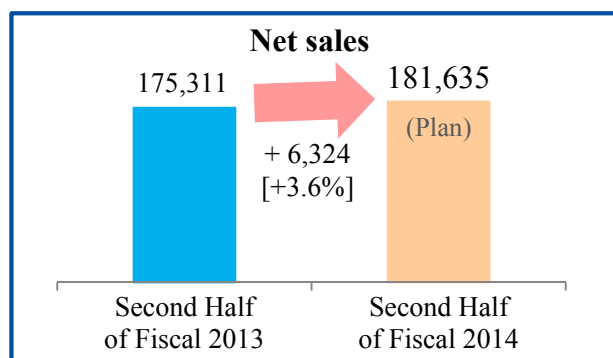
**Reference Materials**

# Fiscal 2014 Third Quarter: Sales and Income for Key Segments



\*Segment sales include intersegment sales.

# Fiscal 2014 Second Half: Sales and Income for Key Segments (Plan)



\*Segment sales include intersegment sales. Amounts for second-half estimates are calculated by subtracting first-half results from the annual estimates.





## IT Holdings

### **Cautionary Statements**

- In these materials, IT Holdings is abbreviated ITHD.
- All statements described in these materials are based on information available to management regarding the ITHD Group—that is, ITHD and the subsidiaries under its umbrella—as of the presentation date and certain assumptions deemed reasonable at this time. No intent is implied of promise by the Company to achieve such forward-looking statements. Indeed, various factors may cause future results to be substantially different from the assumptions presented in these materials.
- Amounts for each three-month quarter are calculated by subtracting data for the respective period from the cumulative total.