



IT Holdings

# **Information Meeting Materials for the First Three Quarters of the Fiscal Year ending March 31, 2012**

**February 3, 2012**

IT Holdings Corporation

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IT Holdings Group

## **Fiscal 2012 Performance Highlights: First Three Quarters**

## **Fiscal 2012 Full-Year Performance Forecasts**

# Fiscal 2012 Performance Highlights: First Three Quarters



## External Environment

- Despite signs of gradual improvement in the domestic economy overall, the external environment remained unsettled, due to such events as national and corporate financial crises in Europe as well as yen appreciation and the floods in Thailand.
- There is concern that clients just starting to take a more forward-looking perspective on IT investment will be forced to back off on spending because of the economy's downside risk.

## ITHD Group Status

- Net sales hovered around the level achieved in the corresponding period a year ago as steady order activity and backlog for industrial IT services offset sluggish demand elsewhere, particularly for financial IT services.
- Operating income and recurring profit were up over the first three quarters of fiscal 2011, thanks to meticulous efforts to cut costs, which compensated for start-up investment in new data centers, and also thanks to tangible results from structural reforms implemented in the first half of fiscal 2012.
- Structural reforms highlighted the relocation and centralization of Group offices and the introduction of a special career-change support program at TIS. We recorded extraordinary losses of about ¥7.4 billion—about ¥3.0 billion for the office reorganization and about ¥4.4 billion for the support program—on temporary expenses associated with these measures to achieve a more resilient management structure.
- A change in the effective corporate income tax rate, due to revision of the tax system, had a ¥1.0 billion impact—write-down—on deferred tax assets.

ITHD, Consolidated (Millions of yen)	Fiscal 2011 First Three Quarters	Fiscal 2012 First Three Quarters	YOY Change	
Net sales	223,990	225,596	+0.7%	+1,606
Operating income	4,044	4,804	+18.8%	+760
Recurring income	3,915	4,751	+21.3%	+836
Net income	173	(3,729)	—	— 3,902
New order volume during the term	117,557	130,270	+10.8%	+12,713
Order backlog at the end of the term	57,898	67,270	+16.2%	+9,372

Order volume, and end-of-order backlog apply to Software Development only.

# Fiscal 2012 First Three-Quarter Highlights



ITHD, Consolidated (Millions of yen)	Fiscal 2011		Fiscal 2012		YOY Change	
	First Three Quarters		First Three Quarters			
Net sales		223,990		225,596	+0.7%	+1,606
IT Infrastructure services	36.1%	80,912	35.4%	79,950	-1.2%	-962
Financial IT services	22.0%	49,194	20.6%	46,579	-5.3%	-2,615
Industrial IT services	39.4%	88,288	41.6%	93,931	+6.4%	+5,643
Other business	2.5%	5,596	2.3%	5,135	-8.2%	-461
Operating income	1.8%	4,044	2.1%	4,804	+18.8%	+760
Recurring profit	1.7%	3,915	2.1%	4,751	+21.3%	+836
Net income (loss)	0.1%	173	(1.7)%	(3,729)	-	-3,902

## References: Fiscal 2012 Third Quarter Results (From October 2011 to December 2011)

ITHD, Consolidated (Millions of yen)	Fiscal 2011		Fiscal 2012		YOY Change	
	First Three Quarters		First Three Quarters			
Net sales		69,981		70,914	+1.3%	+933
IT Infrastructure services	37.6%	26,327	36.4%	25,787	-2.1%	-540
Financial IT services	20.5%	14,373	20.4%	14,491	+0.8%	+118
Industrial IT services	39.2%	27,428	40.8%	28,942	+5.5%	+1,514
Other business	2.6%	1,853	2.4%	1,695	-8.5%	-158
Operating income	(0.9)%	(623)	0.2%	121	-	+744
Recurring profit	(1.2)%	(847)	0.1%	72	-	+919
Net income (loss)	(1.2)%	(831)	(3.2)%	(2,260)	-	-1,429

# Fiscal 2012 First Three-Quarters: Sales by Client Sector



ITHD, Consolidated (Millions of yen)	Fiscal 2011		Fiscal 2012		YOY Change	
	First Three Quarters		First Three Quarters			
<b>Net sales</b>		223,990		225,596	+0.7%	+1,606
<b>Credit card</b>	16.7%	37,377	13.4%	30,189	-19.2%	-7,188
<b>Banking</b>	8.2%	18,334	8.2%	18,510	+1.0%	+176
<b>Insurance</b>	7.6%	16,987	7.4%	16,650	-2.0%	-337
<b>Other finance</b>	6.0%	13,484	7.2%	16,214	+20.2%	+2,730
<b>Assembly-based manufacturing</b>	14.1%	31,603	12.5%	28,095	-11.1%	-3,508
<b>Processing-based manufacturing</b>	8.4%	18,885	9.9%	22,314	+18.2%	+3,429
<b>Distribution</b>	7.3%	16,277	8.2%	18,490	+13.6%	+2,213
<b>Services</b>	21.3%	47,657	20.9%	47,262	-0.8%	-395
<b>Public institutions</b>	7.7%	17,190	8.6%	19,465	+13.2%	+2,275
<b>Others</b>	2.8%	6,196	3.7%	8,402	+35.6%	+2,206

# Fiscal 2012 First Three-Quarter: Sales and Income by Business Segment

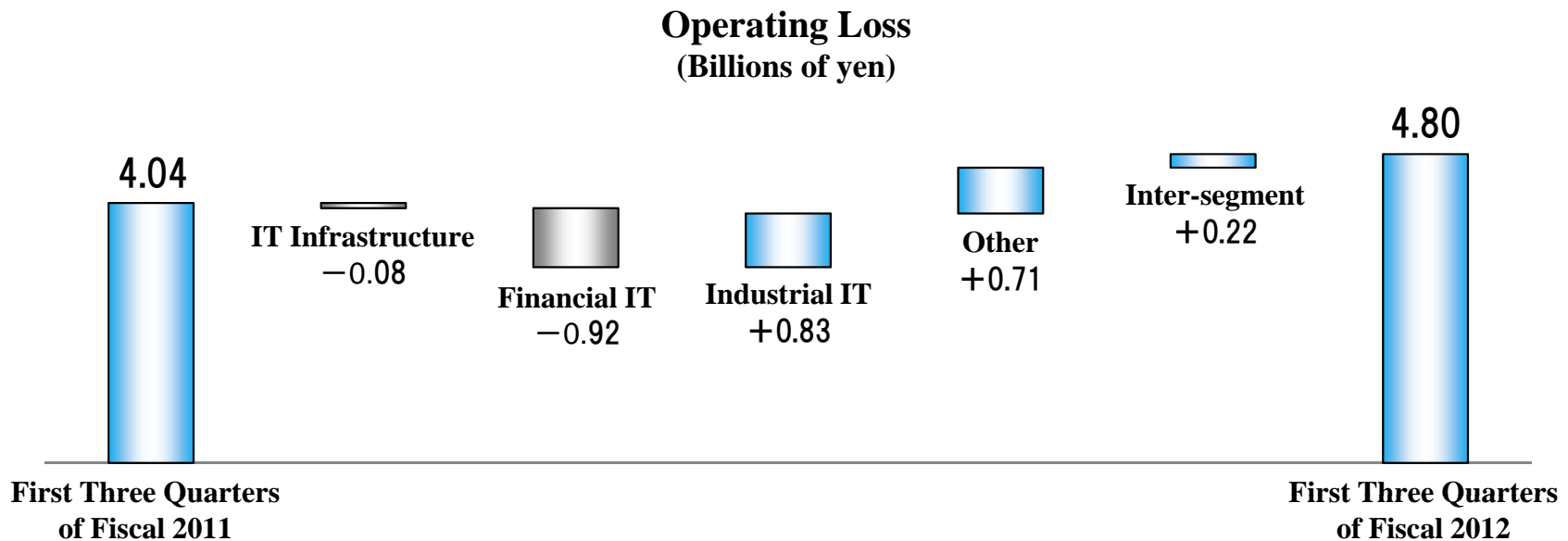
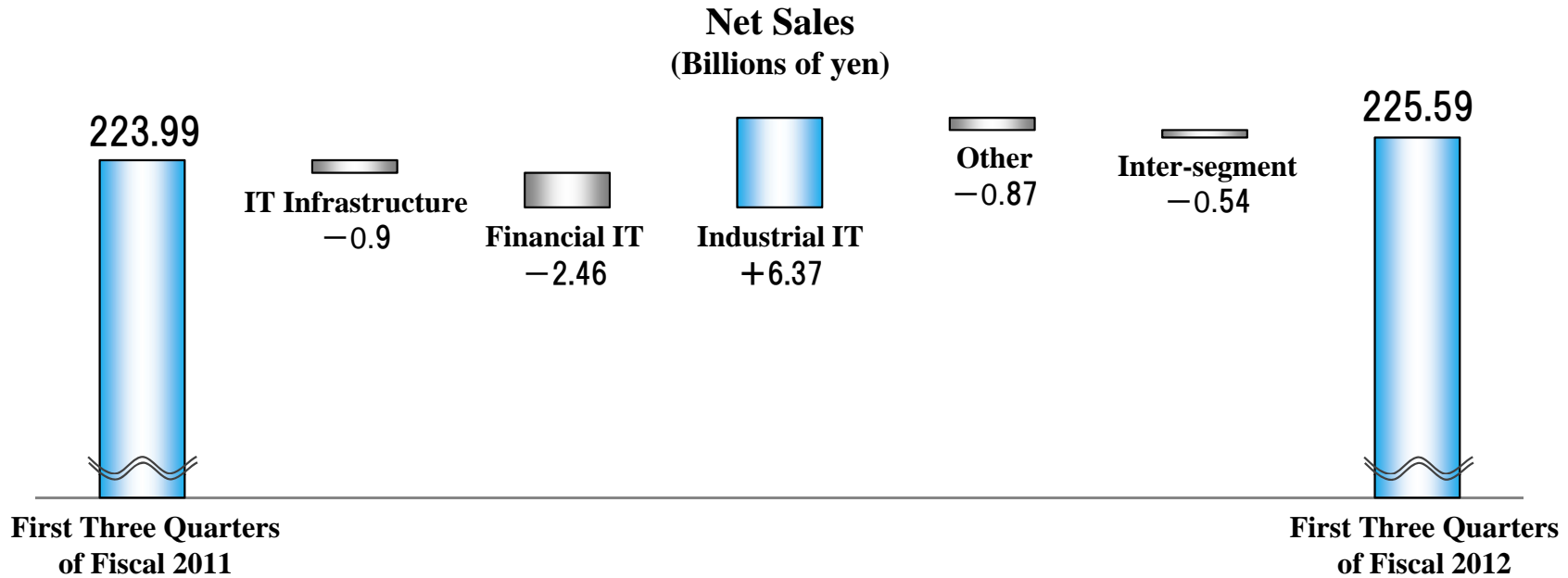


ITHD, Consolidated (Millions of yen)		Fiscal 2011 First Three Quarters	Fiscal 2012 First Three Quarters	YOY Change	
IT Infrastructure Services	Net sales	82,263	81,365	-1.1%	-898
		36.7%	36.1%		
	Operating income	5,550	5,469	-1.5%	-81
		137.2%	113.8%		
	Operating income ratio	6.7%	6.7%		
Financial IT Services	Net sales	49,255	46,797	-5.0%	-2,458
		22.0%	20.7%		
	Operating income	1,582	665	-57.9%	-917
		39.1%	13.8%		
	Operating income ratio	3.2%	1.4%		
Industrial IT Services	Net sales	93,311	99,680	+6.8%	+6,369
		41.7%	44.2%		
	Operating income	(2,512)	(1,678)	-	+834
		(62.1)%	(34.9)%		
	Operating income ratio	(2.7)%	(1.7)%		
Other Business	Net sales	12,303	11,435	-7.1%	-868
		5.5%	5.1%		
	Operating income	936	1,650	+76.3%	+714
		23.1%	34.3%		
	Operating income ratio	7.6%	14.4%		
Inter-segment elimination/ adjustments	Net sales	(13,145)	(13,682)	-	-537
	Operating income	(1,513)	(1,303)	-	+210

Net sales for each segment include intersegment sales.

# Fiscal 2012 Net Sales and Operating Income Analysis, First Three Quarters

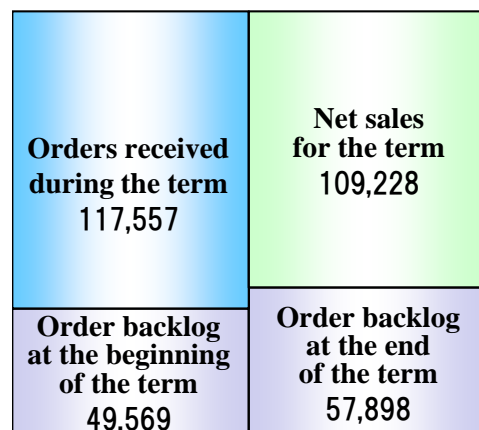
(YOY Comparison)



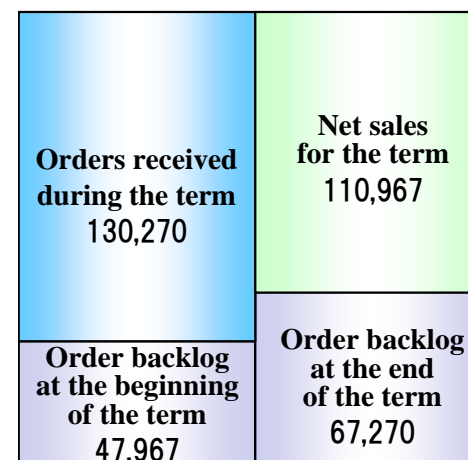
# Fiscal 2012 First Three-Quarter Order Status: Software Development



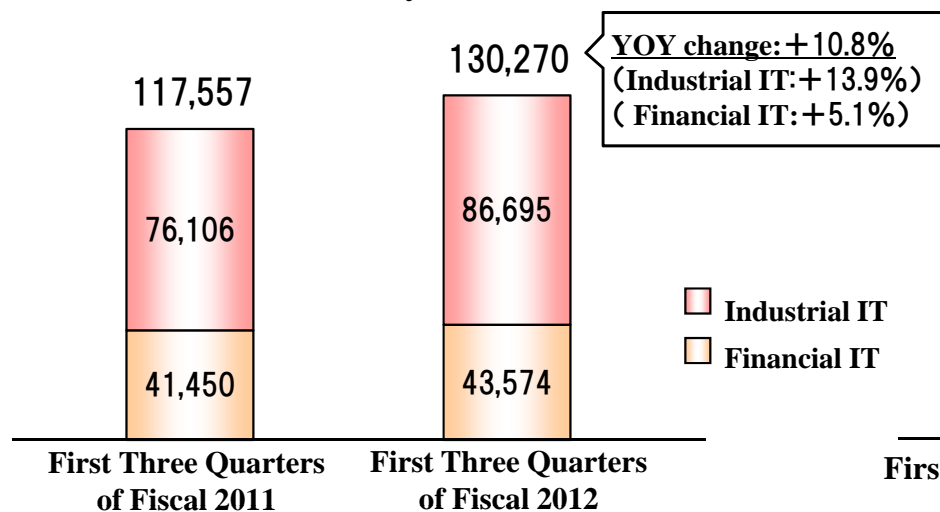
**First Three Quarters of Fiscal 2011**  
(Millions of yen)



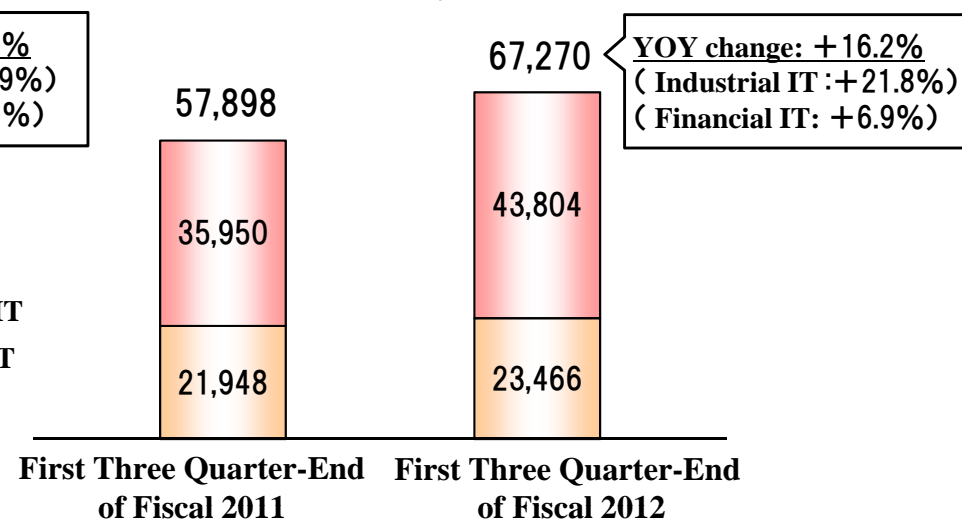
**First Three Quarters of Fiscal 2012**  
(Millions of yen)



**Orders received during the term**  
(Millions of yen)



**Order backlog at the end of the term**  
(Millions of yen)

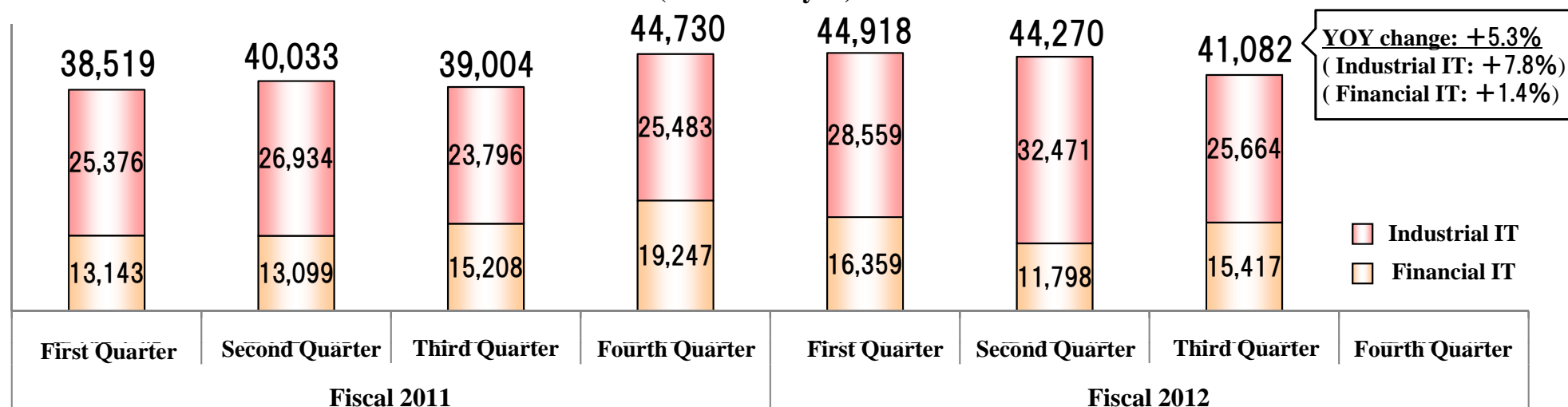


Order volume, end-of-order backlog and net sales apply to Software Development only.

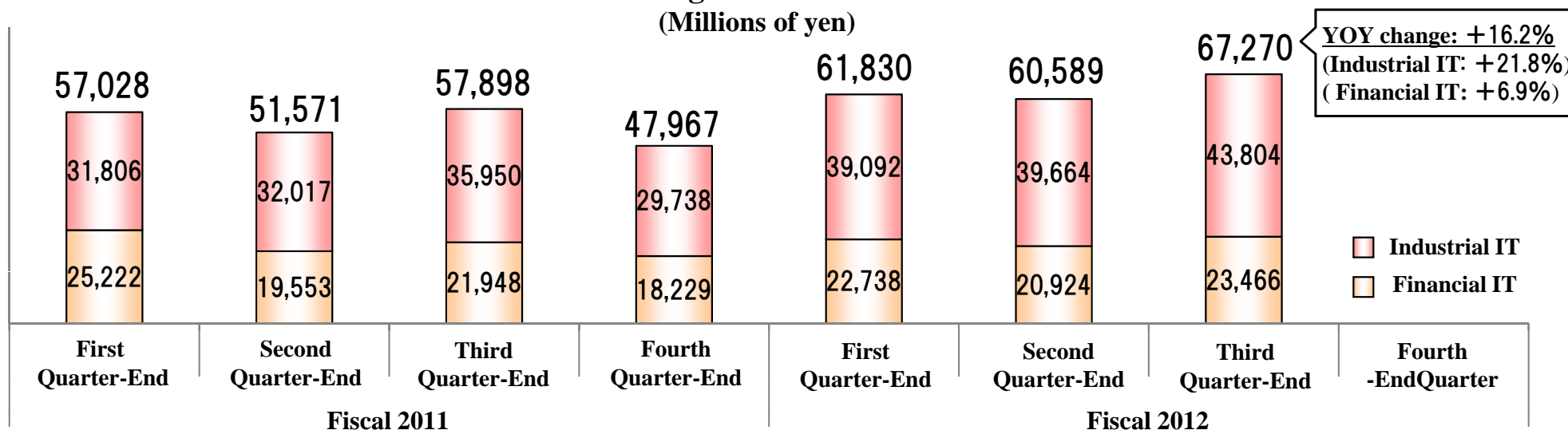


# Quarterly Order Status

## Orders received during the term (Millions of yen)



## Order backlog at the end of the term (Millions of yen)



Quarterly order volume, end-of-quarter backlog and quarterly net sales apply to Software Development only.

# Fiscal 2012 First Three-Quarter Order Status



ITHD, Consolidated (Millions of yen)	Fiscal 2011				Fiscal 2012			
	First Quarter	Second Quarter	Third Quarter	First Three Quarters	First Quarter	Second Quarter	Third Quarter	First Three Quarters
<b>Orders received during the term</b>	38,519	40,033	39,005	117,557	44,918	44,270	41,082	130,270
YOY change	+1.0%	+26.4%	+25.7%	+16.6%	+16.6%	+10.6%	+5.3%	+10.8%
<b>Financial IT Services</b>	13,143	13,099	15,208	41,450	16,359	11,798	15,417	43,574
YOY change	—	—	—	—	+24.5%	−9.9%	+1.4%	+5.1%
<b>Industrial IT Services</b>	25,376	26,934	23,796	76,106	28,559	32,471	25,664	86,694
YOY change	—	—	—	—	+12.5%	+20.6%	+7.9%	+13.9%

ITHD, Consolidated (Millions of yen)	Fiscal 2011			Fiscal 2012		
	First Quarter-End	Second Quarter-End	Third Quarter-End	First Quarter-End	Second Quarter-End	Third Quarter-End
<b>Order backlog at the end of the term</b>	57,028	51,571	57,898	61,830	60,589	67,270
YOY change	−10.2%	−1.4%	−8.7%	+8.4%	+17.5%	+16.2%
<b>Financial IT Services</b>	25,222	19,553	21,948	22,738	20,924	23,466
YOY change	—	—	—	−9.8%	+7.0%	+6.9%
<b>Industrial IT Services</b>	31,806	32,017	35,950	39,092	39,664	43,804
YOY change	—	—	—	+22.9%	+23.9%	+21.8%

Order volume, and end-of-order backlog apply to Software Development only.

# Fiscal 2012 First Three-Quarters : Principal Subsidiaries, TIS and INTEC



TIS, Nonconsolidated (Millions of yen)	Fiscal 2011				Fiscal 2011				YOY Change			
	Third Quarter		First Three Quarters		Third Quarter		First Three Quarters		Third Quarter		First Three Quarters	
Net sales	31,178	104,145	29,415	99,778	-5.7%	-1,763	-4.2%	-4,367				
IT Infrastructure services	43.7% 13,620	41.0% 42,687	41.5% 12,195	40.9% 40,761	-10.5%	-1,425	-4.5%	-1,926				
Financial IT services	26.4% 8,217	29.4% 30,646	28.0% 8,235	26.8% 26,736	+0.2%	+18	-12.8%	-3,910				
Industrial IT services	30.0% 9,345	29.6% 30,815	30.5% 8,984	32.4% 32,280	-3.9%	-361	+4.8%	+1,465				
Operating income (loss)	(3.6)% (1,107)	0.8% 879	(5.2)% (1,528)	0.2% 197	-	-421	-77.6%	-682				
Recurring income (loss)	(3.5)% (1,092)	2.2% 2,243	0.9% 253	2.6% 2,628	-	+1,345	+17.2%	+385				
Net income (loss)	(1.8)% (570)	0.8% 871	(1.1)% (322)	(2.9)% (2,846)	-	+248	-	-3,717				

- On April 1, 2011, SORUN and UFIT merged into TIS. Amounts for fiscal 2011 are simple totals adding together the non-consolidated results of TIS, SORUN and UFIT.
- On October 1, 2011, TIS transferred its on-site services, in which a provider resides permanently with the client, to a subsidiary that was renamed TIS Solution Link. This transfer of operations had an impact of about ¥1.2 billion on net sales and about ¥200 million on operating income.

INTEC, Nonconsolidated (Millions of yen)	Fiscal 2011				Fiscal 2011				YOY Change			
	Third Quarter		First Three Quarters		Third Quarter		First Three Quarters		Third Quarter		First Three Quarters	
Net sales	20,181	61,736	20,513	63,915	+1.6%	+332	+3.5%	+2,179				
IT Infrastructure services	26.9% 5,419	26.2% 16,166	26.6% 5,466	26.1% 16,694	+0.9%	+47	+3.3%	+528				
Financial IT services	21.5% 4,335	21.0% 12,989	18.4% 3,770	19.9% 12,689	-13.0%	-565	-2.3%	-300				
Industrial IT services	51.7% 10,426	52.8% 32,580	55.0% 11,278	54.0% 34,532	+8.2%	+852	+6.0%	+1,952				
Operating income	1.0% 192	2.6% 1,628	1.8% 361	2.5% 1,572	+88.0%	+169	-3.4%	-56				
Recurring income (loss)	(0.1)% (19)	2.2% 1,360	1.3% 268	2.3% 1,457	-	+287	+7.1%	+97				
Net income (loss)	(1.5)% (293)	0.0% 18	(0.4)% (85)	0.6% 414	-	+208	+2200.0%	+396				

On April 1, 2011, INTEC Systems Institute and Nippon System Gijutsu merged into INTEC.

**Fiscal 2012 Performance Highlights: First Three Quarters**

**Fiscal 2012 Full-Year Performance Forecasts**

# Fiscal 2012 Full-Year Performance Forecast Highlights

※ITHD has not changed its forecasts announced on November 2, 2011.



## External Environment

- Overall domestic economic conditions are likely to remain unsettled.
- The direction that demand will take is still uncertain, mainly due to concern that the economy's downside risk may become more entrenched and prompt clients to back off from IT investment.

## ITHD Group Status

- Against a backdrop highlighted by brisk order activity, net sales, operating income and recurring profit are moving in the anticipated direction.
- Net sales as well as income categories are greatly affected by conditions during the fourth quarter of the consolidated accounting period, so performance forecasts will be revised as necessary, based on the impact of unsettled economic conditions and the external environment as well as tax system changes that have not been incorporated into original estimates.
- The dividend forecast has not been changed and the year-end dividend will most likely remain at ¥18 per share.

ITHD, Consolidated (Millions of yen)	Fiscal 2011	Fiscal 2012	YOY Change	
	Full Year (actual)	Full Year (estimates)		
Net sales	323,173	325,000	+0.6%	+1,827
Operating income	12,818	14,000	+9.2%	+1,182
Recurring income	12,625	13,500	+6.9%	+875
Net income	5,985	2,000	-66.6%	-3,985

# Fiscal 2012 Full-Year Forecasts

※ITHD has not changed its forecasts announced on November 2, 2011.



ITHD, Consolidated (Millions of yen)	Fiscal 2011 Full Year (actual)		Fiscal 2012 Full Year (estimates)		YOY Change	
<b>Net sales</b>		323,173		325,000	+0.6%	+1,827
<b>IT Infrastructure services</b>	33.8%	109,092	33.3%	108,100	-0.9%	-992
<b>Financial IT services</b>	22.4%	72,550	20.8%	67,500	-7.0%	-5,050
<b>Industrial IT services</b>	41.6%	134,328	44.0%	142,900	+6.4%	+8,572
<b>Other business</b>	2.2%	7,202	2.0%	6,500	-9.7%	-702
<b>Operating income</b>	4.0%	12,818	4.3%	14,000	+9.2%	+1,182
<b>Recurring income</b>	3.9%	12,625	4.2%	13,500	+6.9%	+875
<b>Net income</b>	1.9%	5,985	0.6%	2,000	-66.6%	-3,985

# Fiscal 2012 Full-Year Forecasts: Sales and Income by Business Segment

※ITHD has not changed its forecasts announced on November 2, 2011.



ITHD, Consolidated (Millions of yen)		Fiscal 2011 Full Year (actual)	Fiscal 2012 Full Year (estimates)	YOY Change	
IT Infrastructure Services	Net sales	110,916 34.3%	110,000 33.8%	-0.8%	-916
	Operating income	8,132 63.4%	7,000 50.0%	-13.9%	-1,132
	Operating income ratio	7.3%	6.4%		
Financial IT Services	Net sales	72,665 22.5%	67,800 20.9%	-6.7%	-4,865
	Operating income	3,923 30.6%	3,900 27.9%	-0.6%	-23
	Operating income ratio	5.4%	5.8%		
Industrial IT Services	Net sales	141,294 43.7%	151,200 46.5%	+7.0%	+9,906
	Operating income	1,625 12.7%	3,000 21.4%	+84.6%	+1,375
	Operating income ratio	1.2%	2.0%		
Other Business	Net sales	16,596 5.1%	16,000 4.9%	-3.6%	-596
	Operating income	1,314 10.3%	1,900 13.6%	+44.6%	+586
	Operating income ratio	7.9%	11.9%		
Inter-segment elimination/ adjustments	Net sales	(18,298)	(20,000)	-	-1,702
	Operating income	(2,175)	(1,800)	-	+375

Net sales for each segment include intersegment sales.

# Fiscal 2012 Full-Year Forecasts: Principal Subsidiaries, TIS and INTEC

※ITHD has not changed its forecasts announced on November 2, 2011.



TIS, Nonconsolidated (Millions of yen)	Fiscal 2011		Fiscal 2012		YOY Change	
	Full Year (actual)		Full Year (estimates)			
<b>Net sales</b>		153,567		151,000	-1.7%	-2,567
<b>IT Infrastructure Services</b>	37.8%	58,058	36.2%	54,700	-5.8%	-3,358
<b>Financial IT Services</b>	30.4%	46,673	27.5%	41,500	-11.1%	-5,173
<b>Industrial IT Services</b>	31.8%	48,836	36.3%	54,800	+12.2%	+5,964
<b>Operating income</b>	3.8%	5,847	4.3%	6,500	+11.2%	+653
<b>Recurring income</b>	4.6%	7,133	4.6%	6,900	-3.3%	-233
<b>Net income</b>	1.5%	2,301	0.7%	1,000	-56.5%	-1,301

- On April 1, 2011, SORUN and UFIT merged into TIS. Amounts for fiscal 2011 are simple totals adding together the non-consolidated results of TIS, SORUN and UFIT.
- On October 1, 2011, TIS transferred its on-site services, in which a provider resides permanently with the client, to a subsidiary that was renamed TIS Solution Link. This transfer of operations will probably have an impact of about ¥2.5 billion on net sales and about ¥400 million on operating income.

INTEC, Nonconsolidated (Millions of yen)	Fiscal 2011		Fiscal 2012		YOY Change	
	Full Year (actual)		Full Year (estimates)			
<b>Net sales</b>		89,406		91,700	+2.6%	+2,294
<b>IT Infrastructure Services</b>	24.3%	21,751	24.5%	22,500	+3.4%	+749
<b>Financial IT Services</b>	20.5%	18,339	20.0%	18,300	-0.2%	-39
<b>Industrial IT Services</b>	55.2%	49,316	55.5%	50,900	+3.2%	+1,584
<b>Operating income</b>	3.8%	3,377	4.0%	3,700	+9.6%	+323
<b>Recurring income</b>	3.3%	2,963	3.7%	3,430	+15.8%	+467
<b>Net income</b>	0.6%	574	1.5%	1,400	+143.9%	+826

On April 1, 2011, INTEC Systems Institute and Nippon System Gijutsu merged into INTEC.



## 1. Establish new Group structure

- April 2011: SORUN and UFIT were merged into TIS  
INTEC Systems Institute and Nippon System Gijutsu were merged into INTEC.
- October 2011: TIS moved reorganization of its divisional structures up by six months, from the old three-company basis to an industry unit.  
TIS Solution Link assumed TIS' on-site outsourcing services, wherein personnel are permanently posted to the client's location.
- April 2012 (planned): TIS System Service Inc. and System Support Co., Ltd., will merge.

## 2. Strengthen Group business foundation and revenue structure

- Groupwide efforts to reduce unprofitable projects are beginning to show results, especially at INTEC.
- Brought the offices of nine Group companies, including ITHD, in the Tokyo area into a centralized location in the Shinjuku district of Tokyo.
- TIS implemented a special career-change support program paralleling companywide structural reforms.

## 3. Extend top lines and expand stock business

- Gradually launching operations at next-generation data centers, including gDC Gotenyama and INTEC Manyo Square.

## 4. Build a presence—invest—in activities with the potential to become services and solutions in the medium term

- Qualica is developing systems, such as AToMsQube and TastyQube, and expanding its sales force to boost demand. Orders are building from clients in Japan and China.



# 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 reflect somewhat objective assumptions deemed reasonable at this time. Various factors may cause future results to be substantially different from the assumptions presented in these materials.
- Each quarterly figures have been determined by subtracting first quarter or first two-quarter results from first two-quarter or first three-quarter results, respectively.