



**TIS**

TIS INTEC Group

Go Beyond

# **Information Meeting Materials for the First Three Quarters of the Fiscal Year Ending March 31, 2017**

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2017.2.2

TIS Inc.

## **Fiscal 2017 First Three Quarters: Financial Highlights**

**Fiscal 2017 Performance Forecast**

**Reference Materials**

# Fiscal 2017 First Three Quarters: Financial Highlights

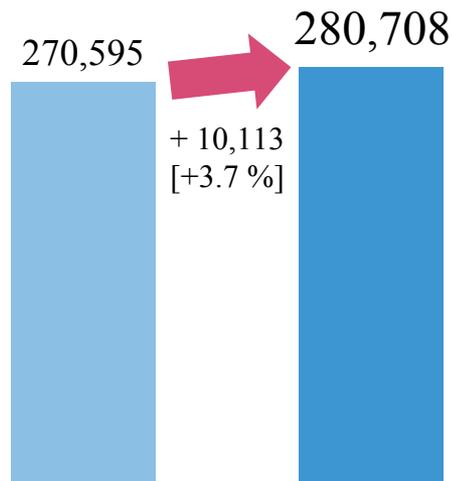
[Millions of yen]

- Net sales grew against favorable business backdrop, leading to year-on-year improvement.
- On profit front, efforts to expand business volume and boost profitability offset the impact of unprofitable projects, pushing profits up year-on-year.

**Net Sales** ¥280,708 million  
 YOY change: +¥10,113 million [+3.7%]

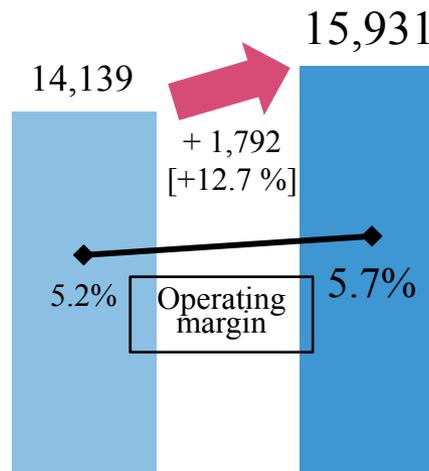
**Operating Income** ¥15,931 million  
 YOY change: +¥1,792 million [+12.7%]

**Net income** attributable to owners of the parent company ¥11,251 million  
 YOY change: +¥4,138 million [+58.2%]



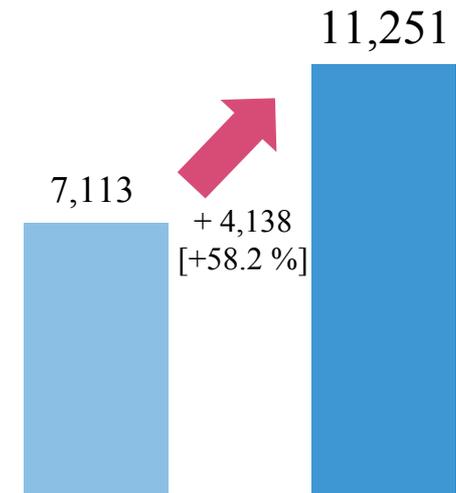
First Three Quarters of Fiscal 2016      First Three Quarters of Fiscal 2017

In sectors where IT investment is showing renewed growth, we emphasized accurate identification of client needs and were rewarded with higher sales, year-on-year.



First Three Quarters of Fiscal 2016      First Three Quarters of Fiscal 2017

Successful efforts to improve profitability, along with higher net sales starting point, offset impact of unprofitable projects, pushing operating income up year-on-year.



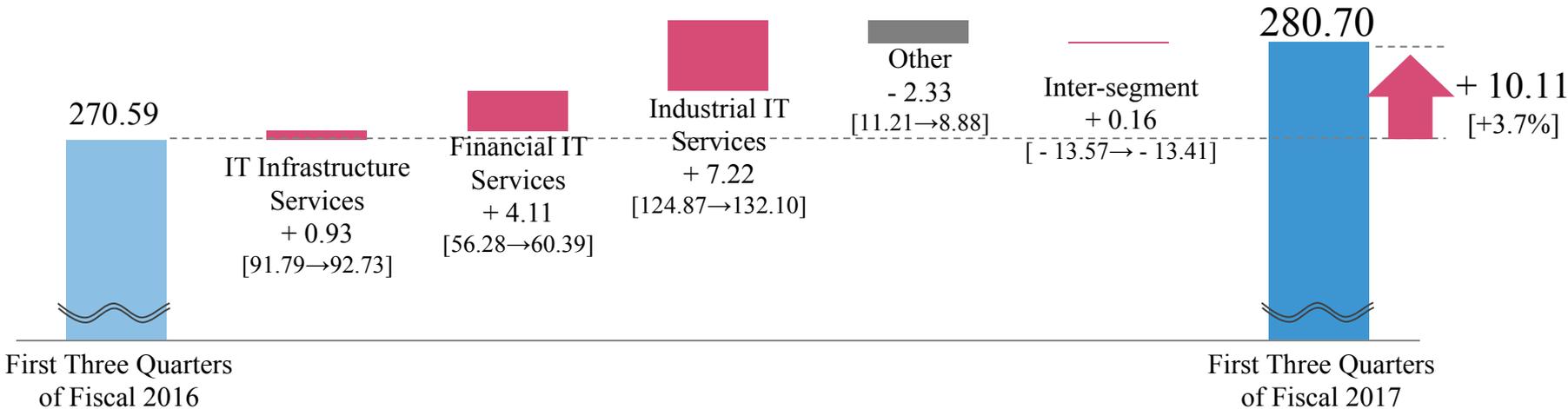
First Three Quarters of Fiscal 2016      First Three Quarters of Fiscal 2017

Net income attributable to owners of parent was up year-on-year, buoyed by higher operating income and reduced extraordinary loss.

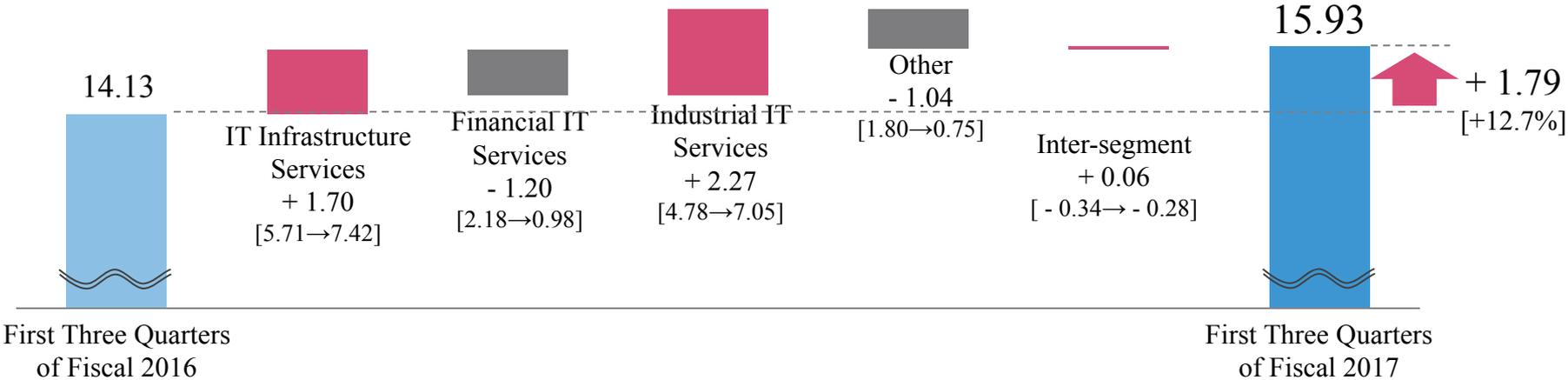
# Fiscal 2017 First Three Quarters: Net Sales and Operating Income Analysis

[Billions of yen]

## Net Sales



## Operating Income



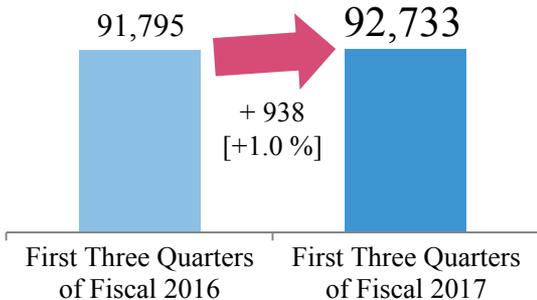
# Fiscal 2017 First Three Quarters: Sales and Income for Key Segments

[Millions of yen]

## IT Infrastructure Services

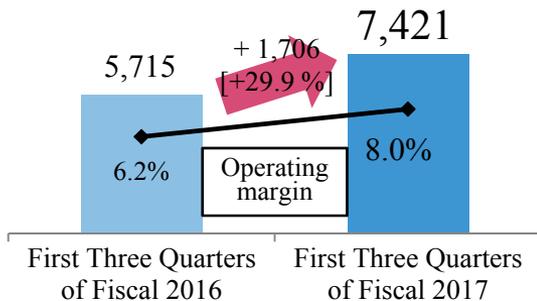
Net Sales ¥92,733 million

YOY change: +¥938 million [+1.0 %]



Operating Income ¥7,421 million

YOY change: +¥1,706 million [+29.9 %]

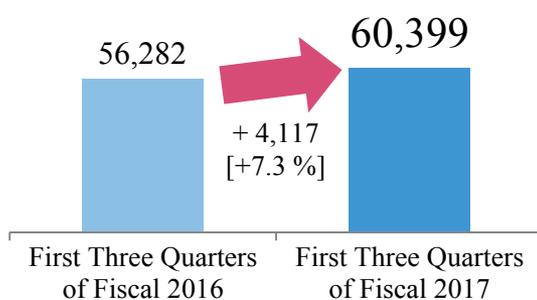


Sales and income up year-on-year and above target, reflecting favorable shift in data center business, mainly contribution from large projects for public sector clients, as well as expansion in BPO operations and cost reduction through successful efforts to boost efficiency.

## Financial IT Services

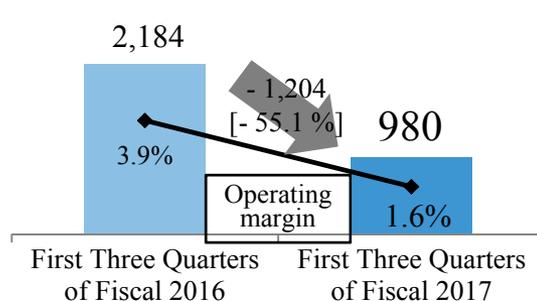
Net Sales ¥60,399 million

YOY change: +¥4,117 million [+7.3 %]



Operating Income ¥980 million

YOY change: -¥1,204 million [-55.1 %]

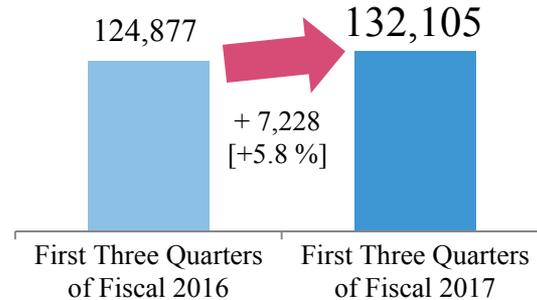


Sales up year-on-year, thanks to expanded business volume on renewed IT investment interest from clients in payment settlement sector, particularly credit card companies. But operating income declined, mainly due to huge impact from unprofitable projects that appeared in second quarter.

## Industrial IT Services

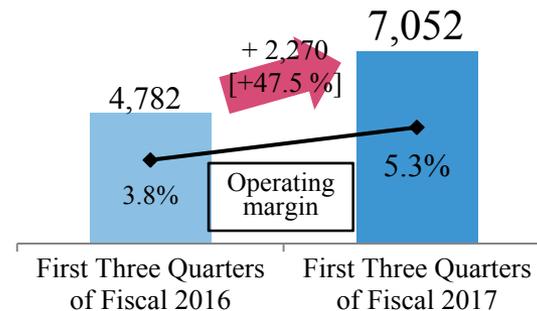
Net Sales ¥132,105 million

YOY change: +¥7,228 million [+5.8 %]



Operating Income ¥7,052 million

YOY change: +¥2,270 million [+47.5 %]

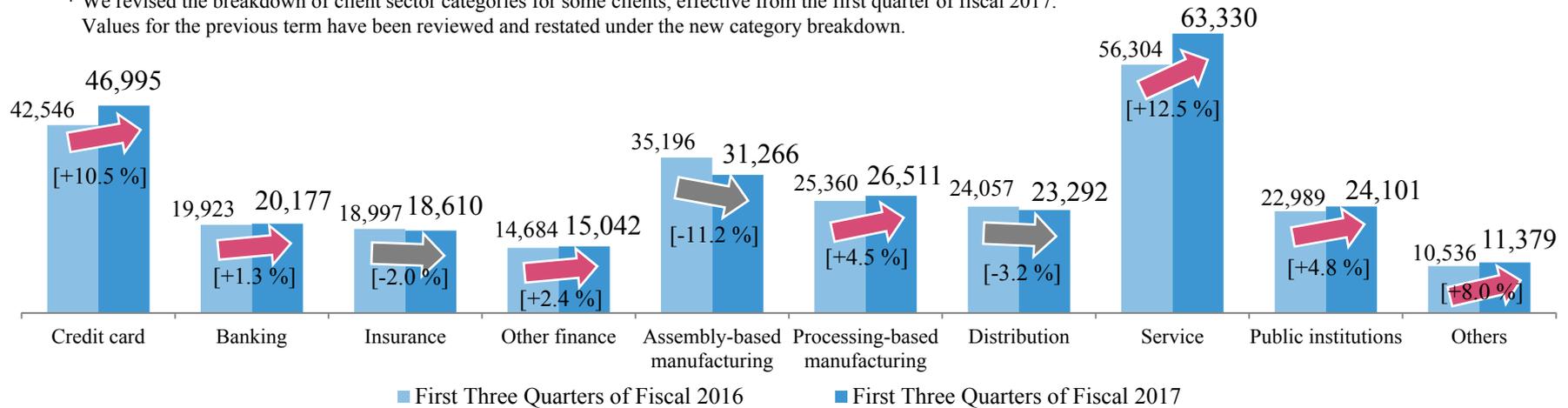


Sales and income up year-on-year, reflecting expanded business volume, primarily due to sustained brisk IT investment by clients in energy-related fields, contributions from large projects for clients in public sector, and a trend toward greater IT investment matched to clients' growth strategies. Also fueled by successful efforts to improve profitability.

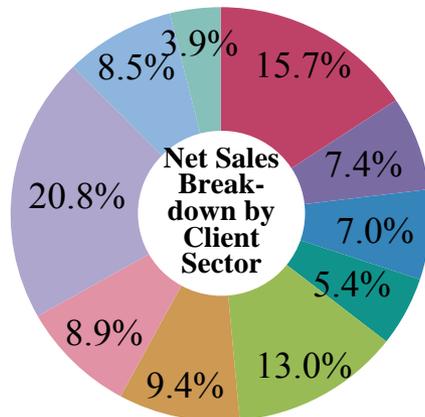
# Fiscal 2017 First Three Quarters: Sales by Client Sector

[Millions of yen]

\* We revised the breakdown of client sector categories for some clients, effective from the first quarter of fiscal 2017. Values for the previous term have been reviewed and restated under the new category breakdown.

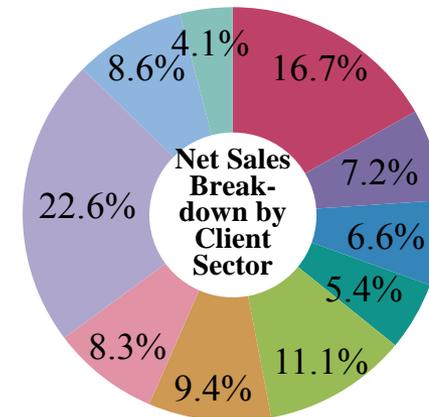


First Three Quarters of Fiscal 2016



Financial sector: 35.5%    Industrial sector: 52.1%  
Public sector: 8.5%    Other sectors: 3.9%

First Three Quarters of Fiscal 2017



Financial sector: 35.9%    Industrial sector: 51.4%  
Public sector: 8.6%    Other sectors: 4.1%

# Fiscal 2017 First Three Quarters: Order Status

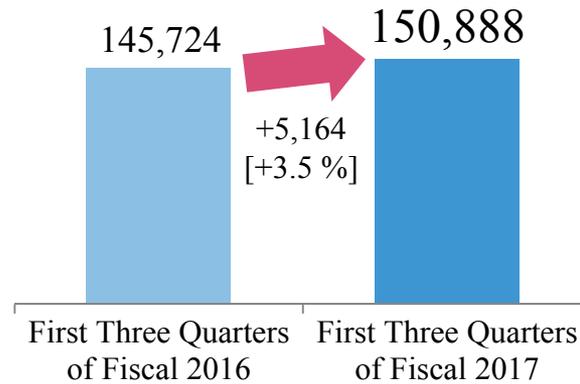
[Millions of yen]

- Against a brisk business backdrop, order volume high enough to offset adverse factors, such as reactionary drop in demand, leading to year-on-year increase.
- Backlog decreased year-on-year, but primary cause was drop due to progress on large projects for clients in public sector.

## Orders received during first quarter

¥150,888 million

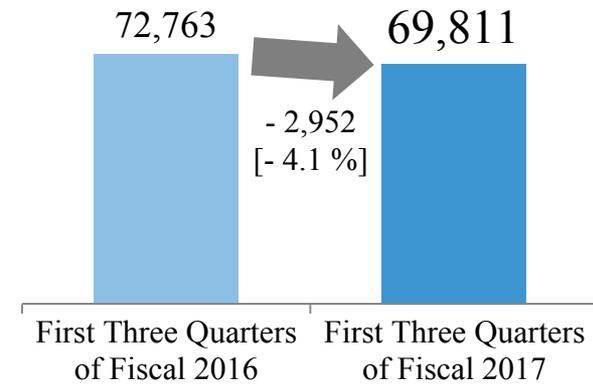
YOY change: +¥5,164 million [+3.5%]



## Order backlog at end of first quarter

¥69,811 million

YOY change: -¥2,952 million [-4.1%]



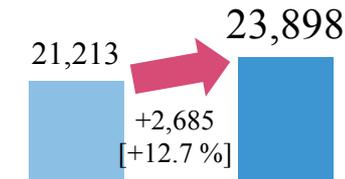
## Financial IT Services



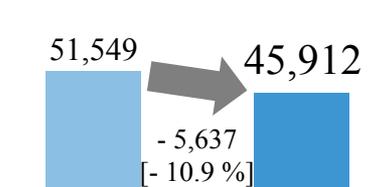
## Industrial IT Services



## Financial IT Services

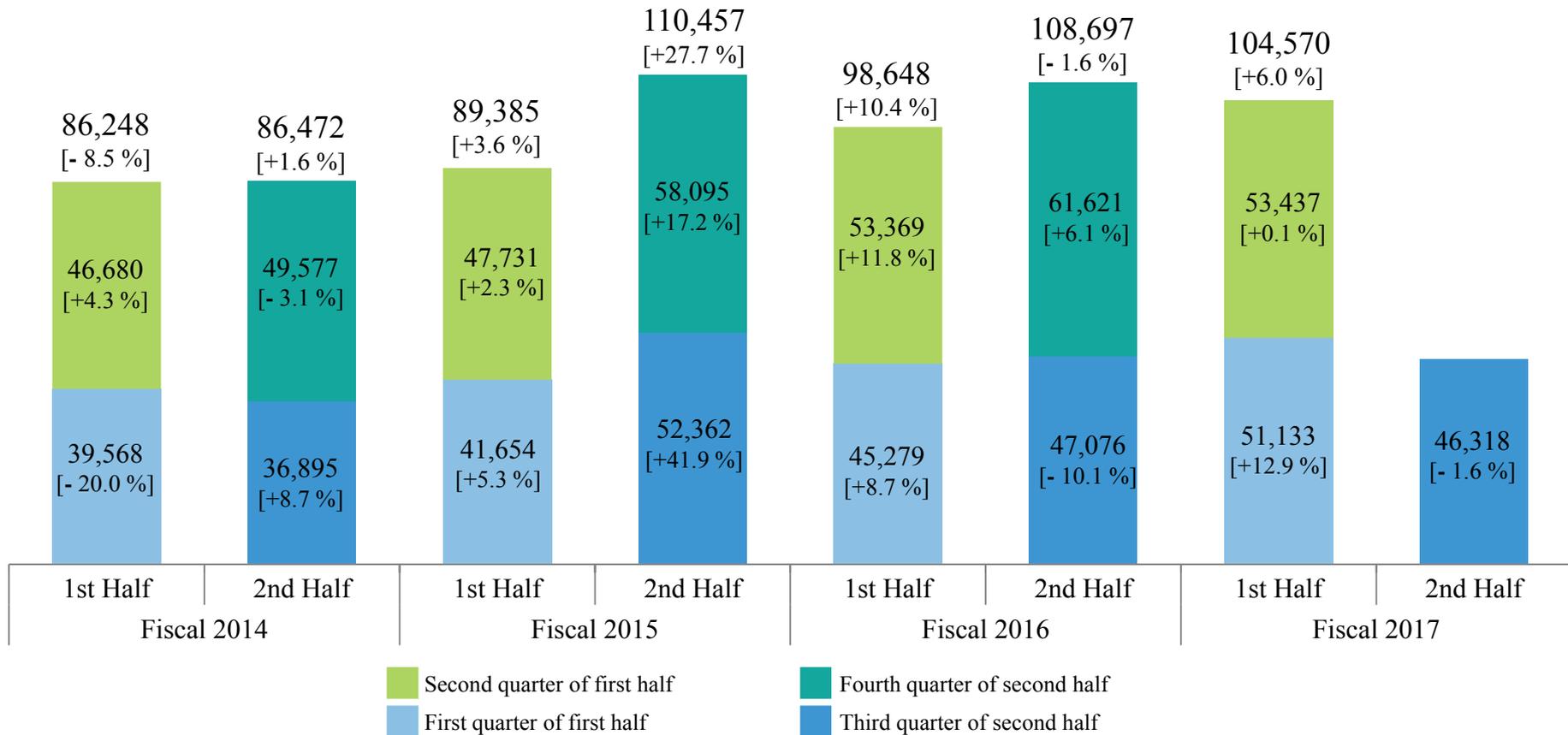


## Industrial IT Services



# Changes in Orders Received

[Millions of yen]

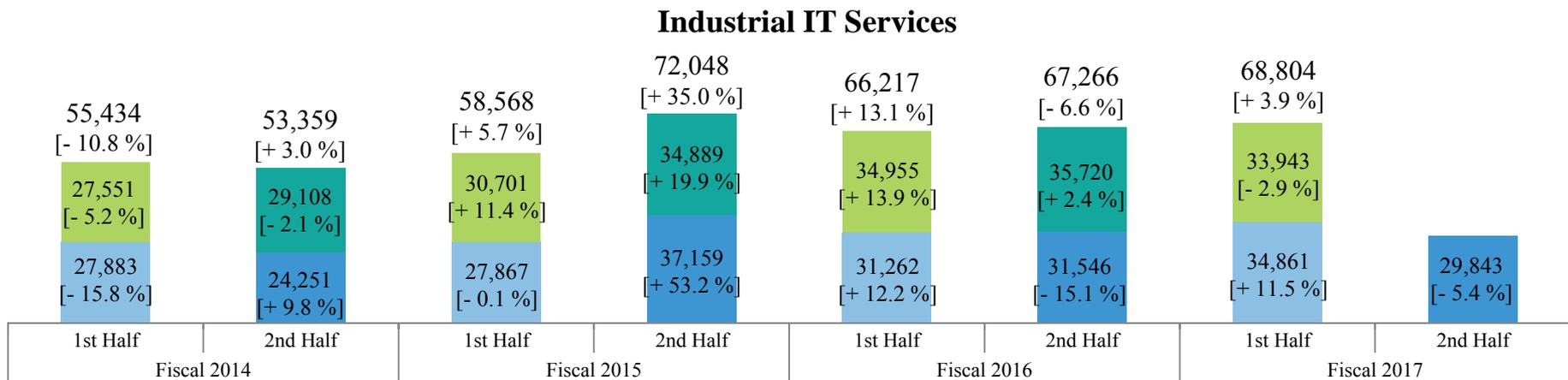
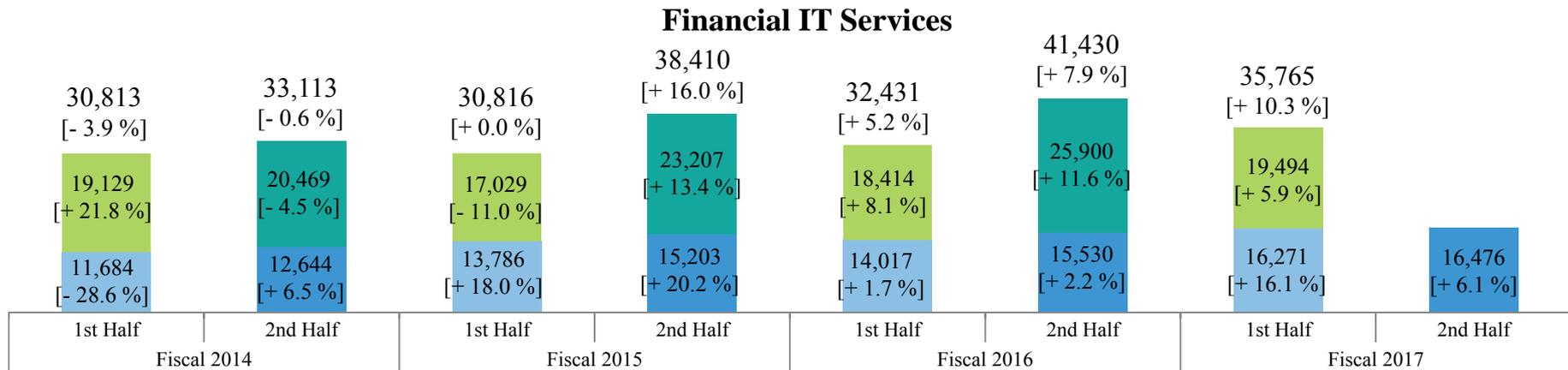


\* Orders received during the term apply to Software Development only.

\* Percentage figures in columns indicate increase or decrease from the previous term.

# Changes in Orders Received

[Millions of yen]



■ Second quarter of first half      ■ Fourth quarter of second half  
■ First quarter of first half      ■ Third quarter of second half

\* Orders received during the term apply to Software Development only.

\* Percentage figures in columns indicate increase or decrease from the previous term.

**Fiscal 2017 First Three Quarters: Financial Highlights**

**Fiscal 2017 Performance Forecast**

**Reference Materials**

## Fiscal 2017: Performance Forecasts

[Millions of yen]

- Higher sales and income are expected. Will strive to expand business volume by accurately responding to IT investment needs of clients and by steadily executing large projects, in addition to promoting strategies to boost profitability, including measures to raise productivity.
- ⇒ Results are generally on track, obviating the need to revise initial targets.

Net Sales ¥390,000 million

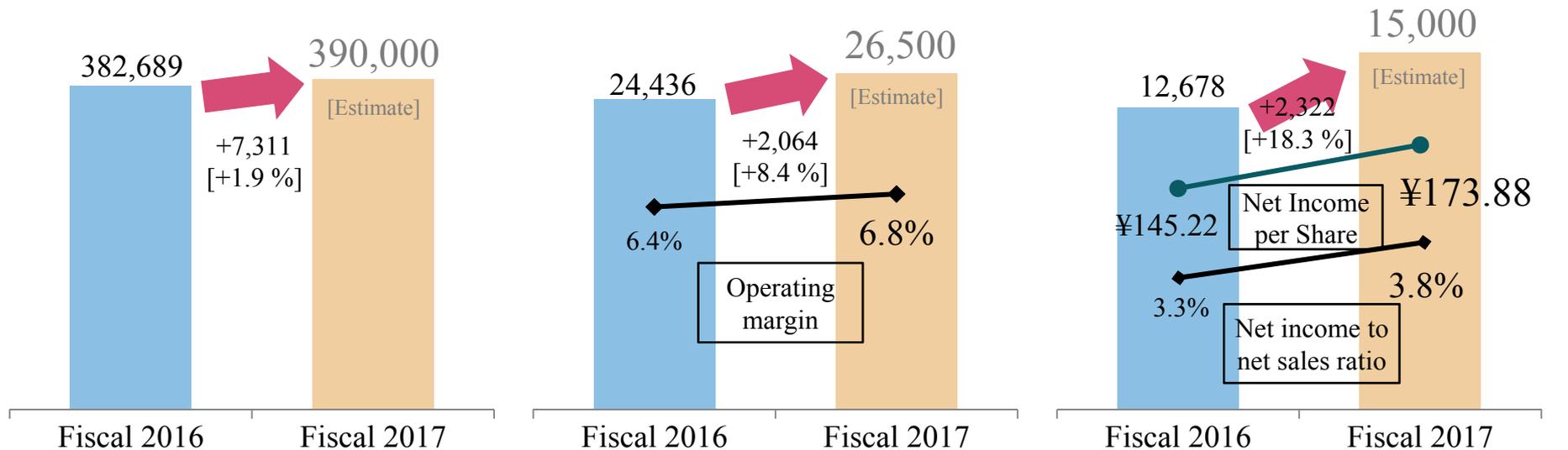
YOY change: +¥7,311 million [+1.9 %]

Operating Income ¥26,500 million

YOY change: +¥2,064 million [+8.4 %]

Net income attributable to owners of the parent company 15,000 million

YOY change: +¥2,322 million [+18.3 %]



Anticipate higher net sales year-on-year, mainly from expanded business volume achieved through accurate responses to clients' IT investment needs and from steady execution of large projects.

Expect higher operating income year-on-year, buoyed by higher net sales as well as progress on strategies to boost profitability, such as measures to improve productivity. Emphasis also on approaches to prevent projects from turning unprofitable.

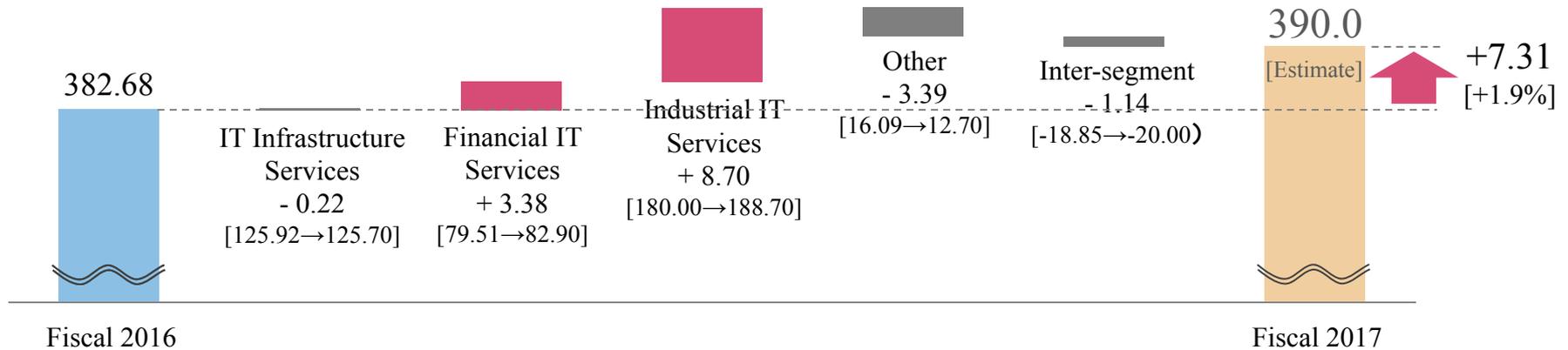
Net income attributable to owners of parent should rise year-on-year, mainly due to boost from operating income.

# Fiscal 2017:

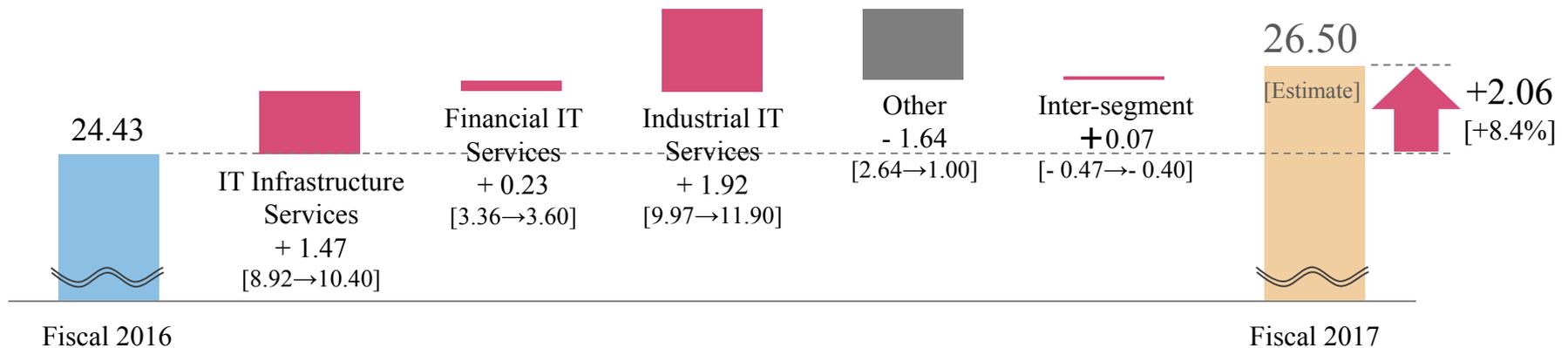
## Net Sales and Operating Income Analysis [Forecast]

[Billions of yen]

### Net Sales



### Operating Income



# Fiscal 2017:

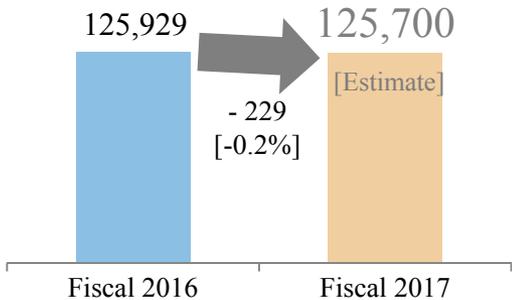
## Key Business Segment Performances [Forecast]

[Millions of yen]

### IT Infrastructure Services

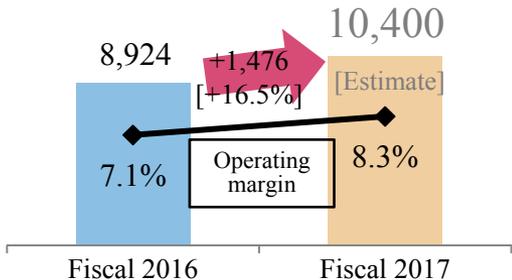
Net Sales ¥125,700 million

YOY change: -¥229 million [-0.2%]



Operating Income ¥10,400 million

YOY change: +¥1,476 million [+16.5%]

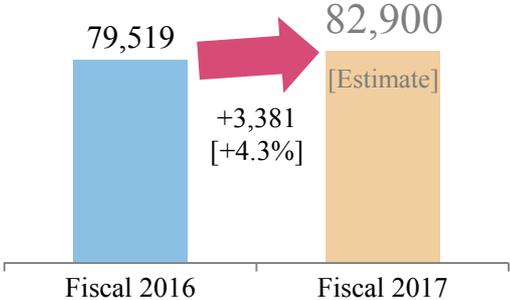


Segment sales likely to decrease year-on-year, mainly due to impact of restructuring, but on a real basis, sales expected to rise, along with income, mainly due to successful cost-cutting efforts.

### Financial IT Services

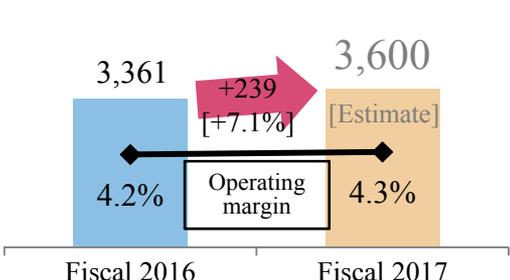
Net Sales ¥82,900 million

YOY change: +¥3,381 million [+4.3%]



Operating Income ¥3,600 million

YOY change: +¥239 million [+7.1%]

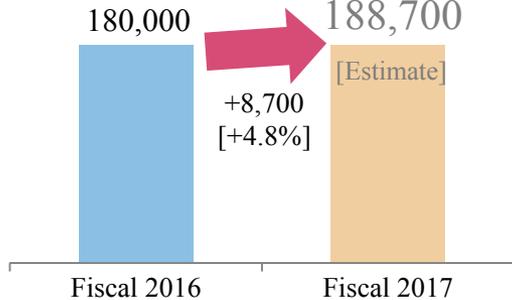


Despite impact from unprofitable projects in first half, business volume should expand, mainly through contributions from large development projects, pushing sales and income above levels recorded in the previous fiscal year.

### Industrial IT Services

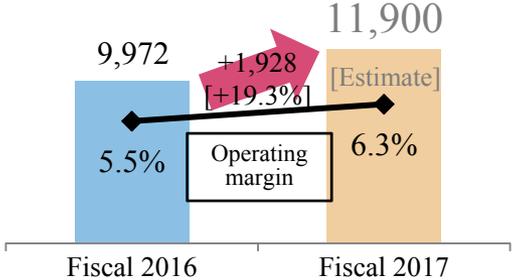
Net Sales ¥188,700 million

YOY change: +¥8,700 million [+4.8%]



Operating Income ¥1,900 million

YOY change: +¥1,928 million [+19.3%]



Expect higher sales and income year-on-year, mainly owing to wider demand paralleling overall increase in IT investment and to successful efforts to prevent projects from turning unprofitable while improving productivity.

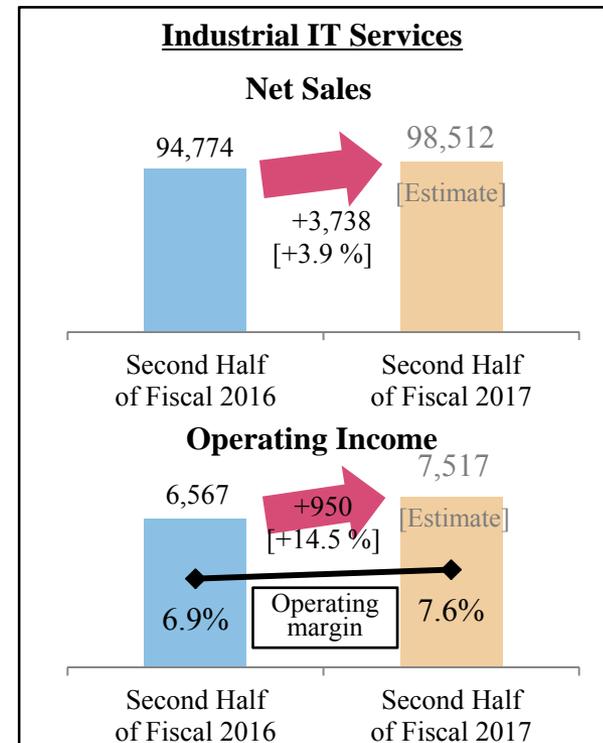
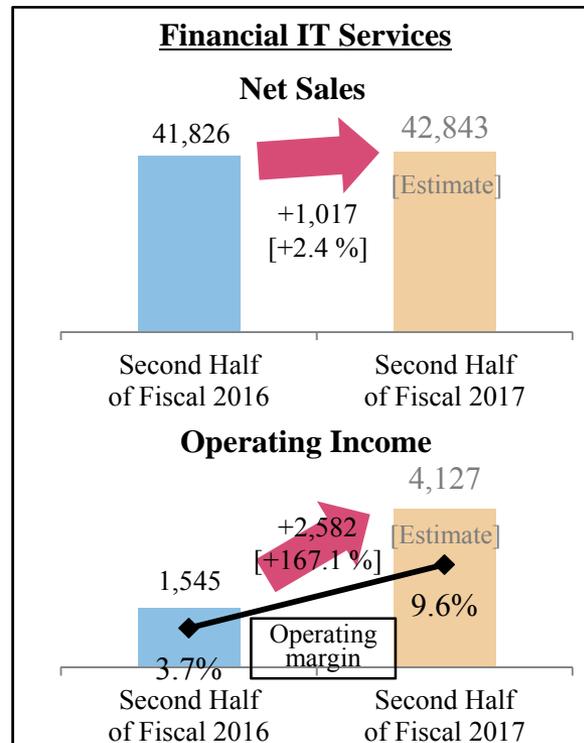
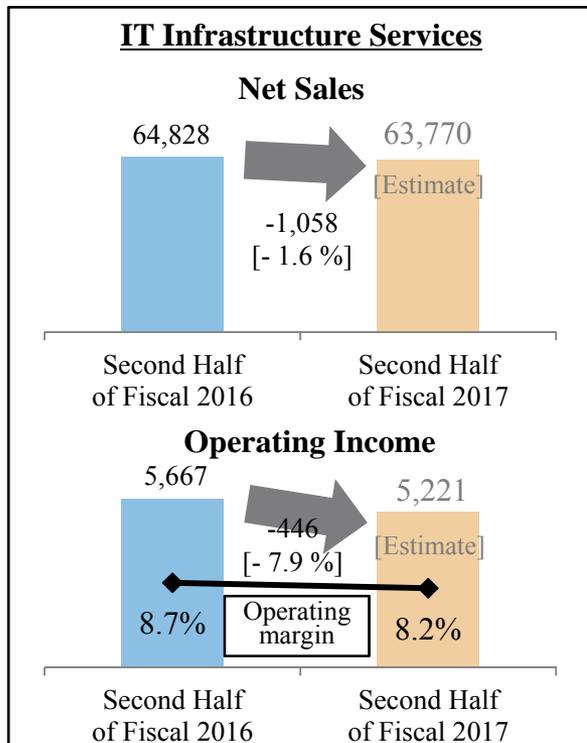
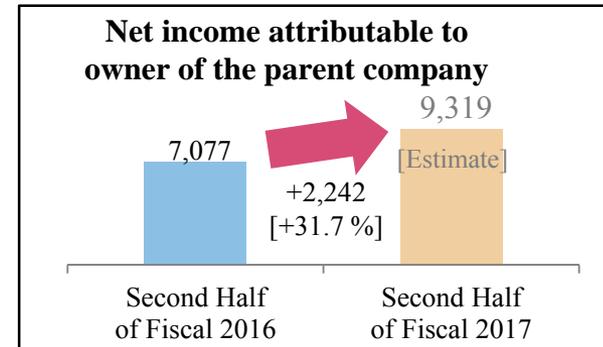
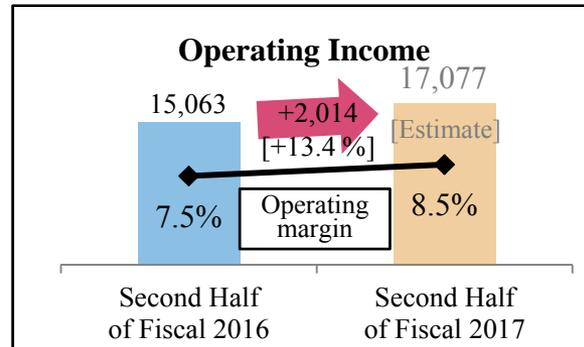
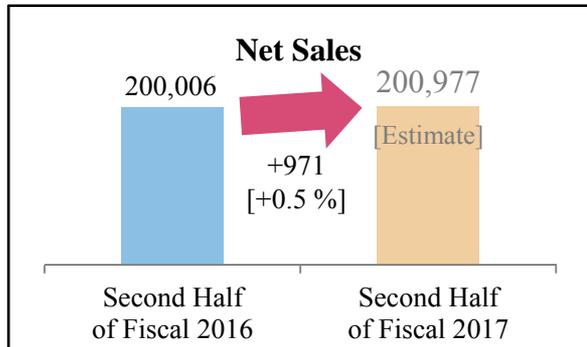
**Fiscal 2017 First Three Quarters: Financial Highlights**

**Fiscal 2017 Performance Forecast**

**Reference Materials**

# Fiscal 2017 Second Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]



\*Estimated amounts for the second half of Fiscal 2016 are calculated by subtracting the first half estimates from the annual estimates of Fiscal 2016. \*Segment sales include intersegment sales.

**Cautionary Statements**

- All statements described in these materials are based on information available to management regarding the TIS INTEC Group—that is, TIS 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.