



**TIS**

TIS INTEC Group

Go Beyond

# **Information Meeting Materials for the Fiscal Year Ended March 31, 2017**

---

**May 10, 2017**

**TIS Inc.**



## **Fiscal 2017 Financial Highlights**

**Fiscal 2018 Performance Forecast**

**Progress on Key Strategies**

**Reference Materials**

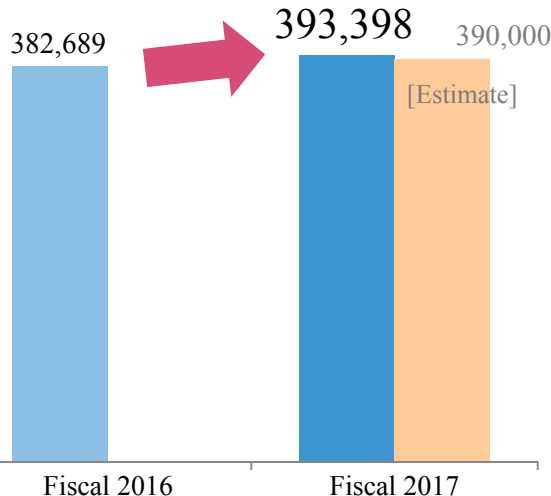
# Fiscal 2017: Performance Highlights (1)

[Millions of yen]

- Rode tailwind of good business environment to year-on-year growth in sales and income, ending above target. Hit all-time high.
- Net income attributable to owners of parent reached target stated in medium-term management plan a year ahead of schedule.

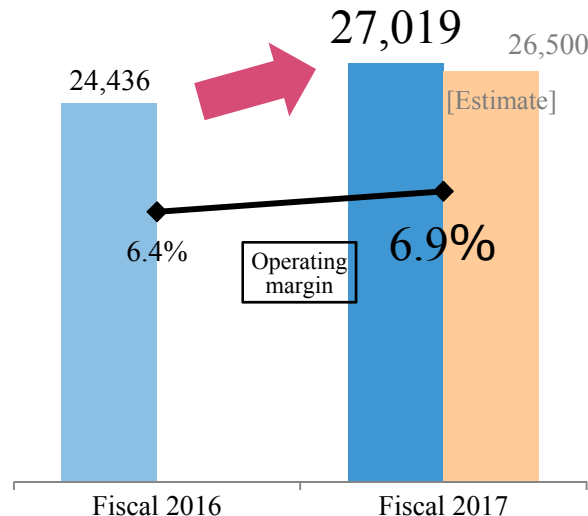
## Net Sales

YOY change: +¥10,709 million [+2.8%]  
Compared with estimate: +¥3,398 million [+0.9%]



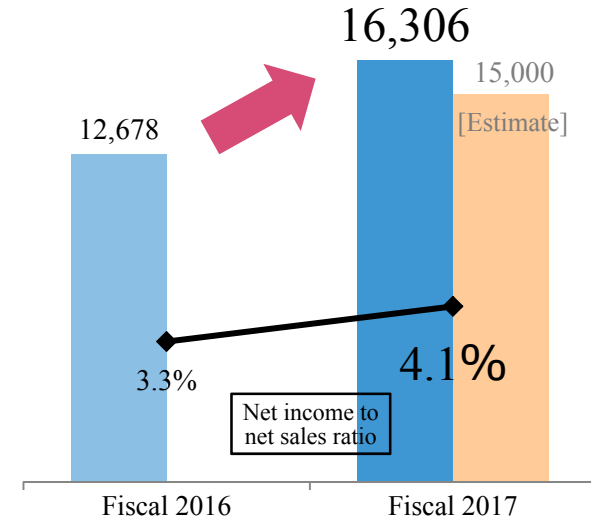
## Operating Income

YOY change: +¥ 2,583 million [+10.6%]  
Compared with estimate: +¥519 million [+2.0%]



## Net Income Attributable to Owners of the Parent Company

YOY change: +¥3,628 million [+28.6%]  
Compared with estimate: +¥1,306 million [+ 8.7%]



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. Exceeded target.

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

Net income attributable to owners of parent was up year-on-year, buoyed mainly by higher operating income.

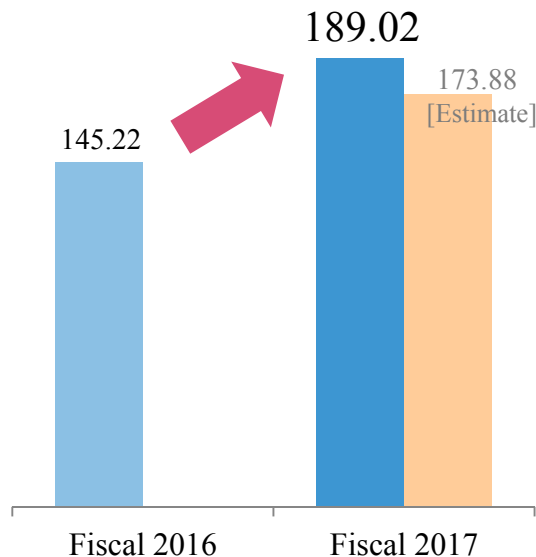
## Fiscal 2017: Performance Highlights (2)

[Yen]

- ROE hit target stated in medium-term management plan a year ahead of schedule, paralleling higher profitability. Achieved record-high.

### Net Income per Share

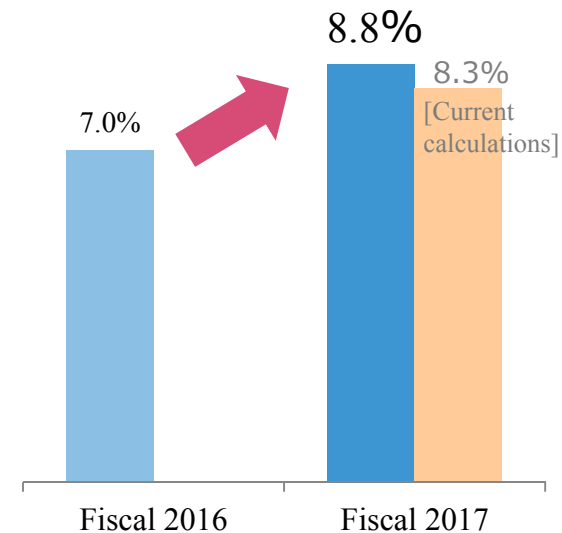
YOY change: +¥43.80 [+30.2%]  
Compared with estimate: +¥15.14 [+8.7%]



Year-on-year improvement, paralleling higher net income attributable to owners of parent. Exceeded target.

### ROE

YOY change: +1.8 %  
Compared with current calculations: +0.5%



Year-on year improvement, reflecting higher profitability as well as successful efforts to reduce assets. Better than initially projected.

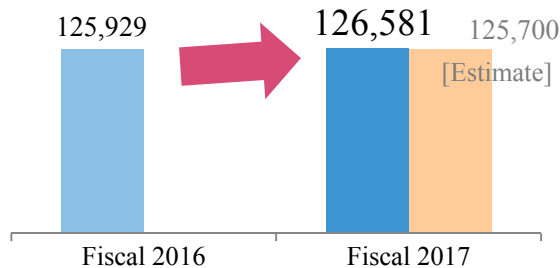
# Fiscal 2017: Sales and Income for Key Business Segments

[Millions of yen]

## IT Infrastructure Services

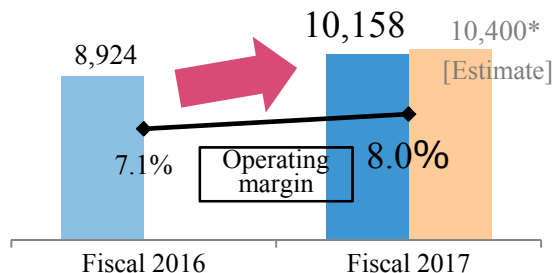
### Net Sales

YOY change: +¥652 million [+0.5%]  
Compared with estimate: +¥881 million [+0.7%]



### Operating Income

YOY change: +¥1,234 million [+13.8%]  
Compared with estimate: -¥242 million [-2.3%]

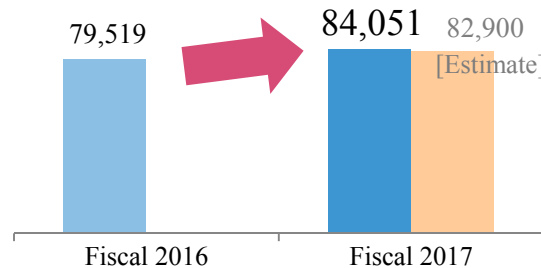


Sales and income up year-on-year and generally on target, reflecting favorable shift in data center business, mainly contribution from large projects for public sector clients, as well as expansion in BPO operations and cost reduction through successful efforts to boost efficiency.

## Financial IT Services

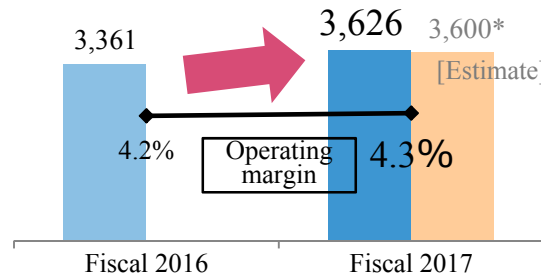
### Net Sales

YOY change: +¥4,532 million [+ 5.7%]  
Compared with estimate: +¥1,151 million [+1.4%]



### Operating Income

YOY change: +¥265 million [+7.9%]  
Compared with estimate: +¥26 million [+ 0.7%]

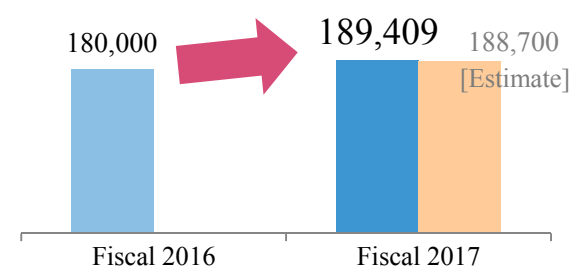


Sales and income up year-on-year and generally on target, thanks to expanded business volume on renewed IT investment interest from clients in payment settlement sector, particularly credit card companies.

## Industrial IT Services

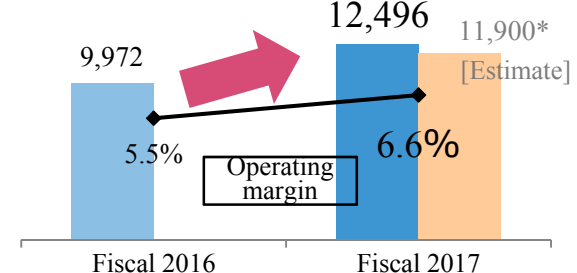
### Net Sales

YOY change: +¥9,409 million [+5.2%]  
Compared with estimate: +¥709 million [+0.4%]



### Operating Income

YOY change: +¥2,524 million [+25.3%]  
Compared with estimate: +¥596 million [+5.0%]

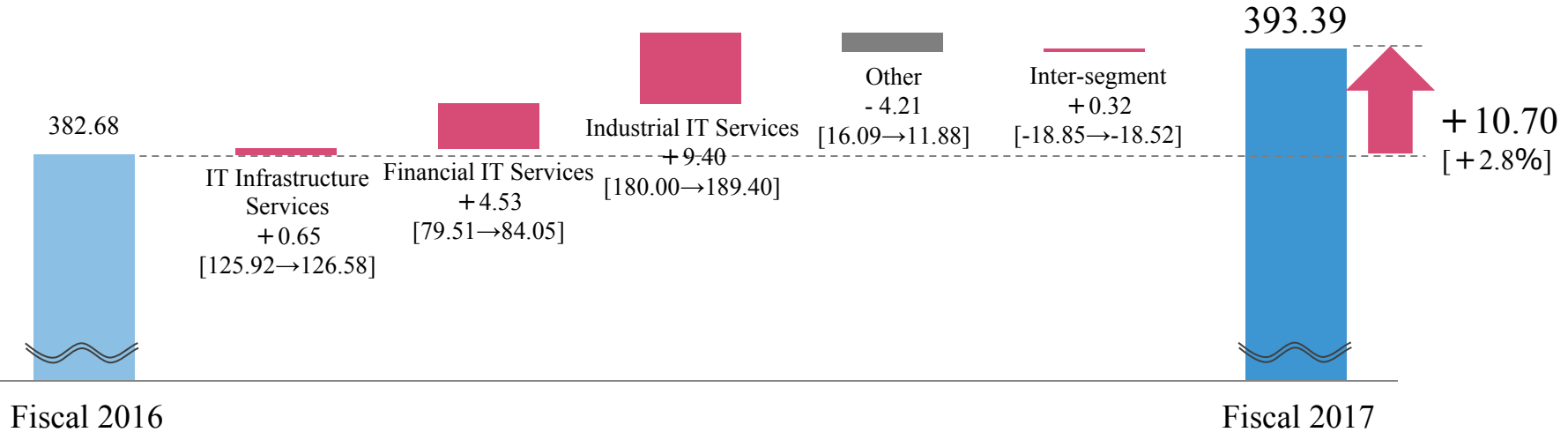


Sales and income up year-on-year and above target, reflecting expanded business volume, primarily due to sustained brisk IT investment by clients in energy-related fields, contributions from large projects for clients in public sector, and a trend toward greater IT investment matched to clients' growth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

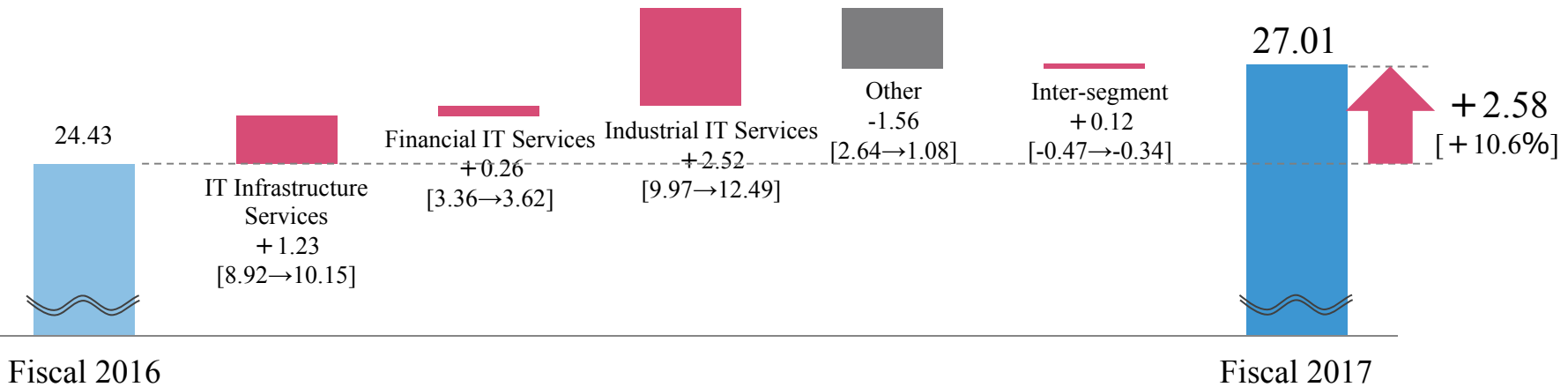
# Fiscal 2017: Net Sales and Operating Income Analysis

[Billions of yen]

## Net Sales

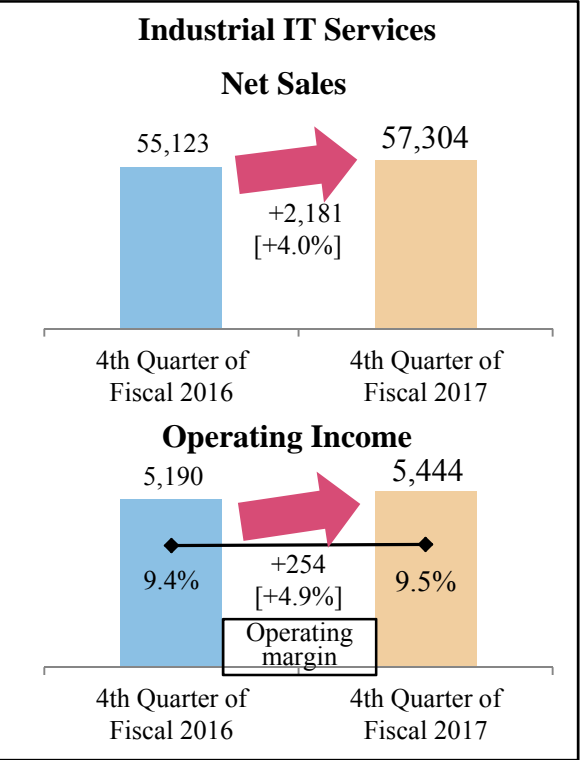
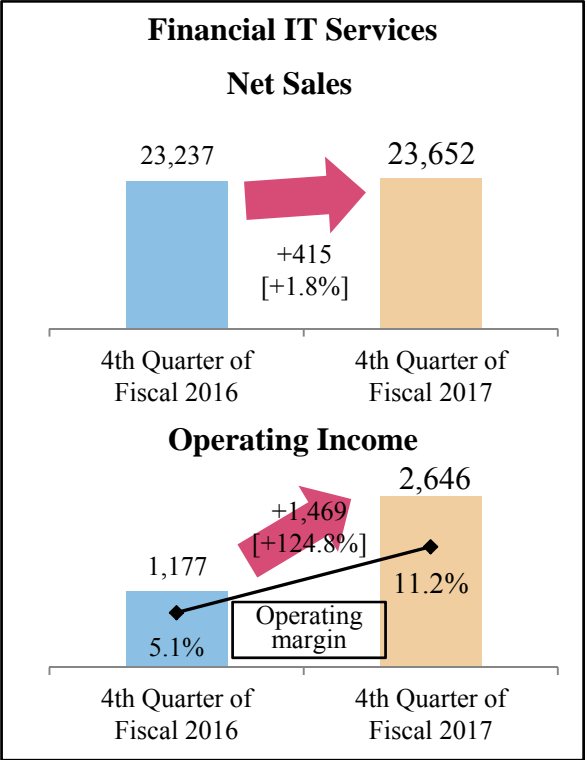
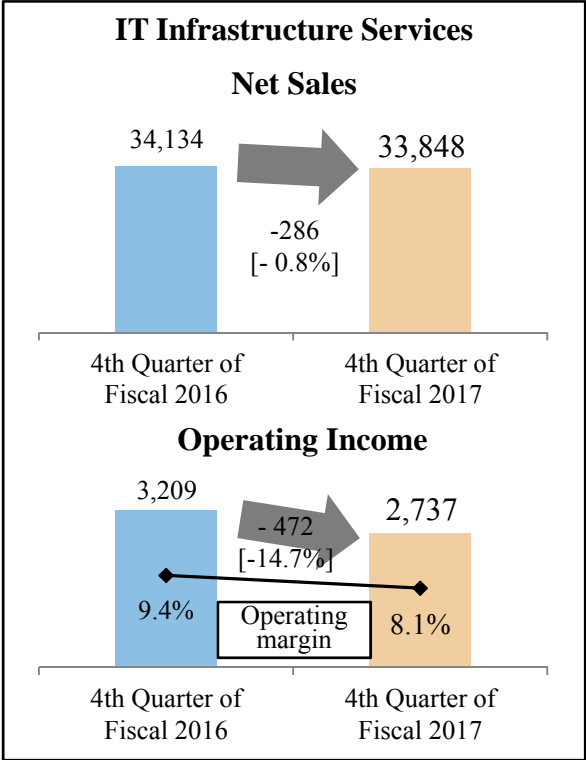
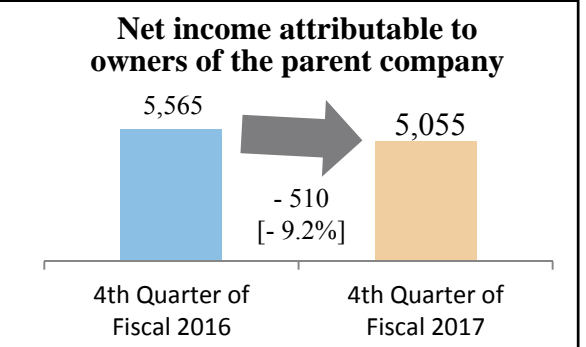
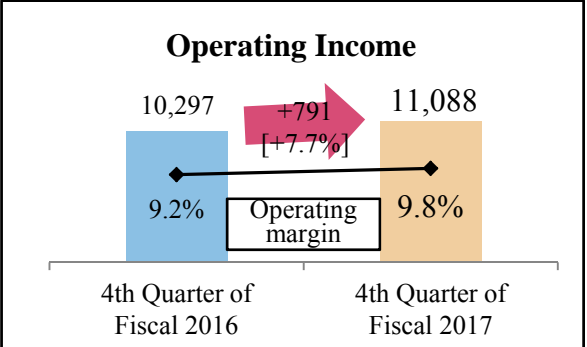
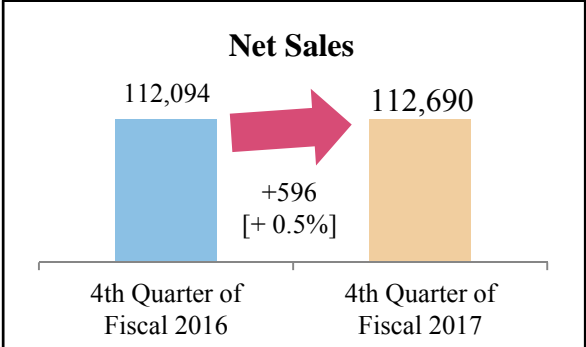


## Operating Income



# Fiscal 2017 Fourth Quarter: Sales and Income for Key Business Segments

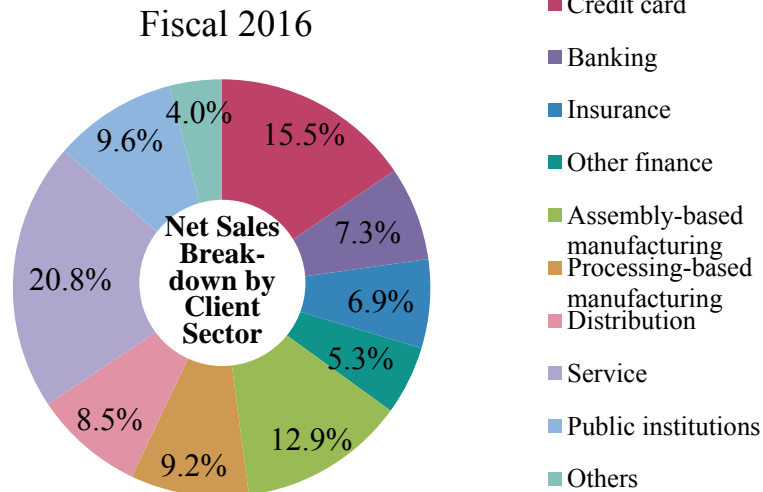
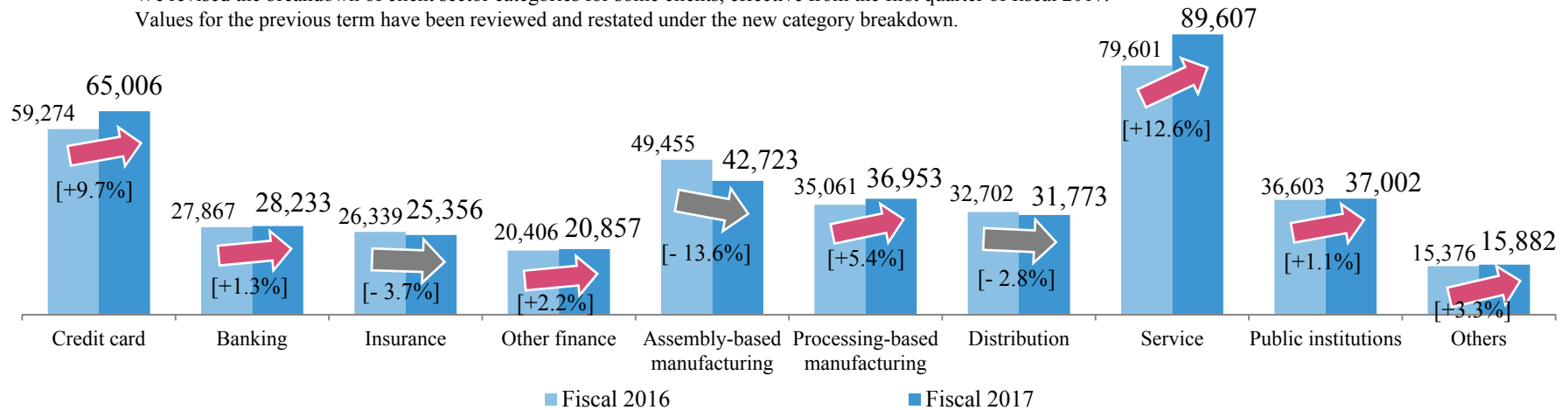
[Millions of yen]



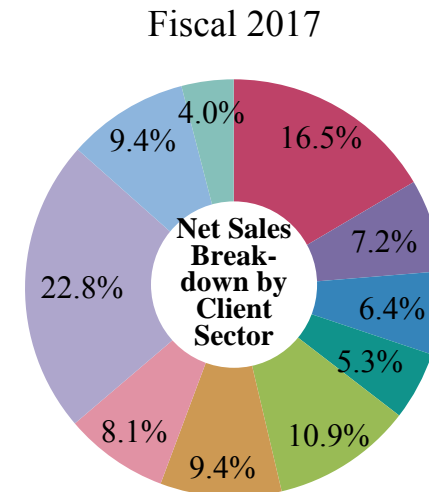
# Fiscal 2017: Sales by Client Sector

[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.



Financial sector: 35.0%    Industrial sector: 51.4%  
Public sector: 9.6%    Other sectors: 4.0%



Financial sector: 35.4%    Industrial sector: 51.2%  
Public sector: 9.4%    Other sectors: 4.0%



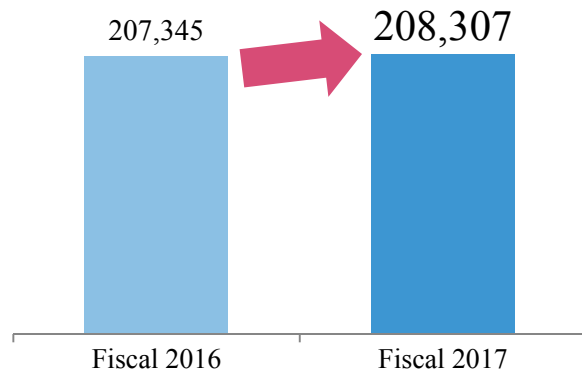
# Fiscal 2017: Order Status

[Millions of yen]

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

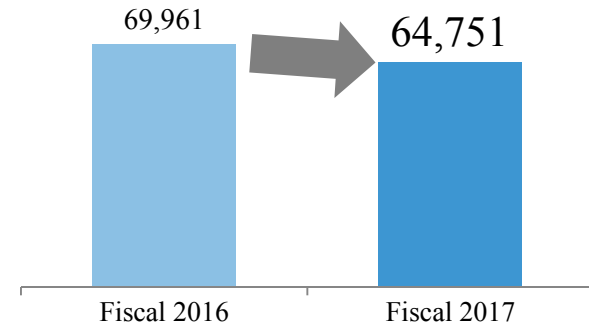
## Orders received during fiscal year

YOY change: +¥ 962 million [+ 0.5%]

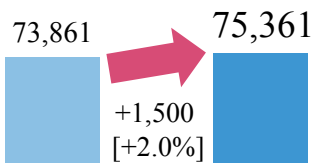


## Order backlog at year-end

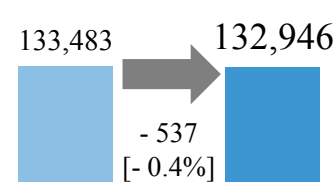
YOY change: -¥ 5,210 million [-7.4%]



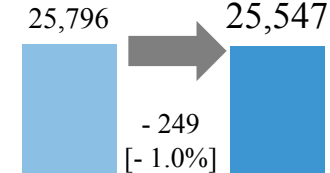
### Financial IT Services



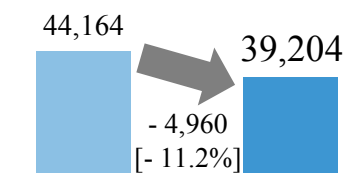
### Industrial IT Services



### Financial IT Services

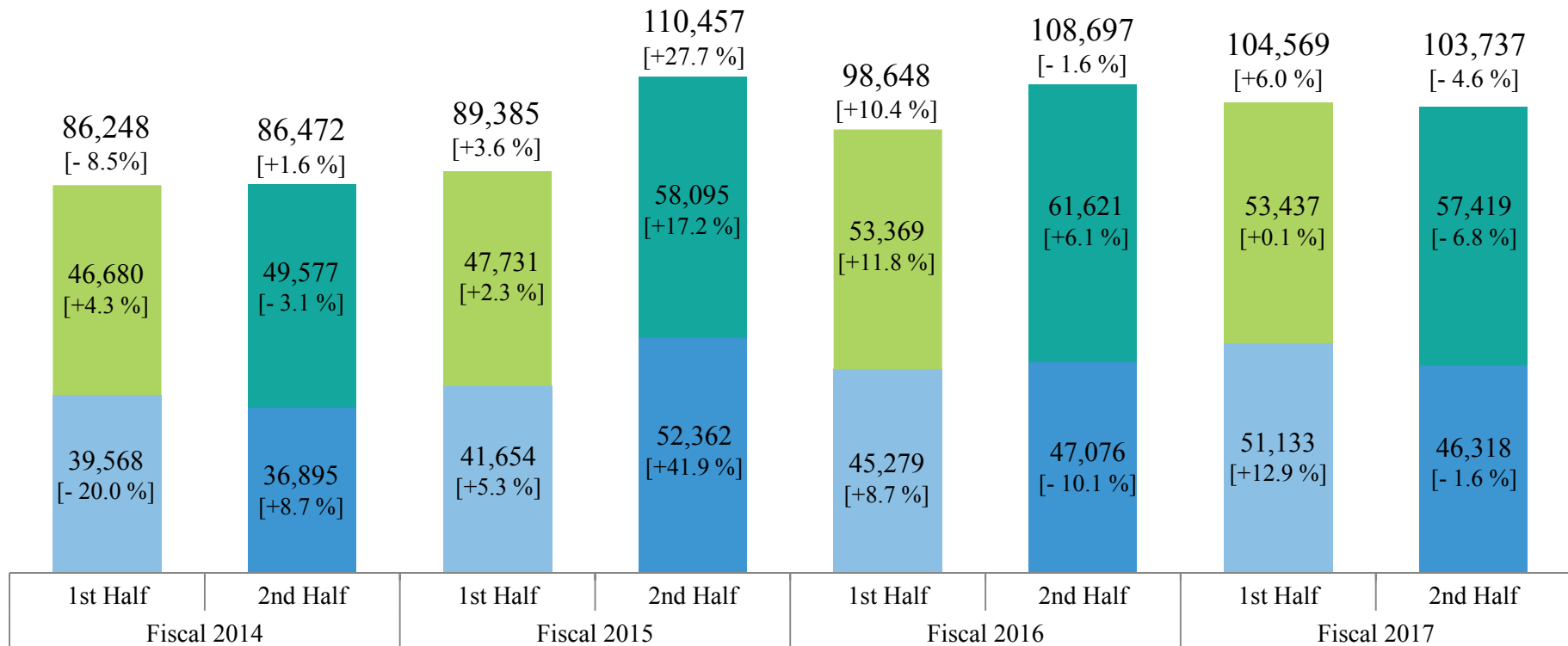


### Industrial IT Services



# Changes in Orders Received

[Millions of yen]

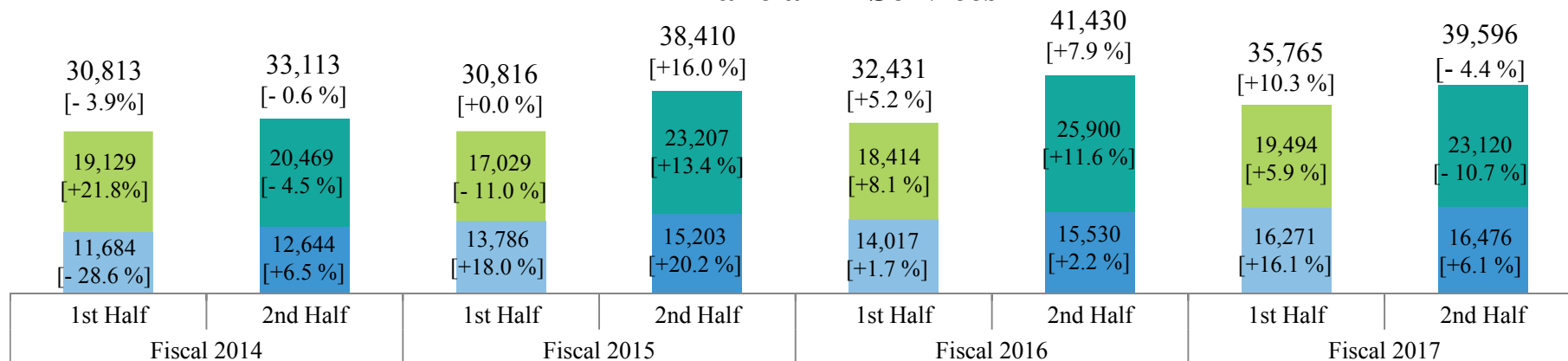


■ Second quarter of first half      ■ Fourth quarter of second half  
■ First quarter of first half      ■ Third quarter of second half

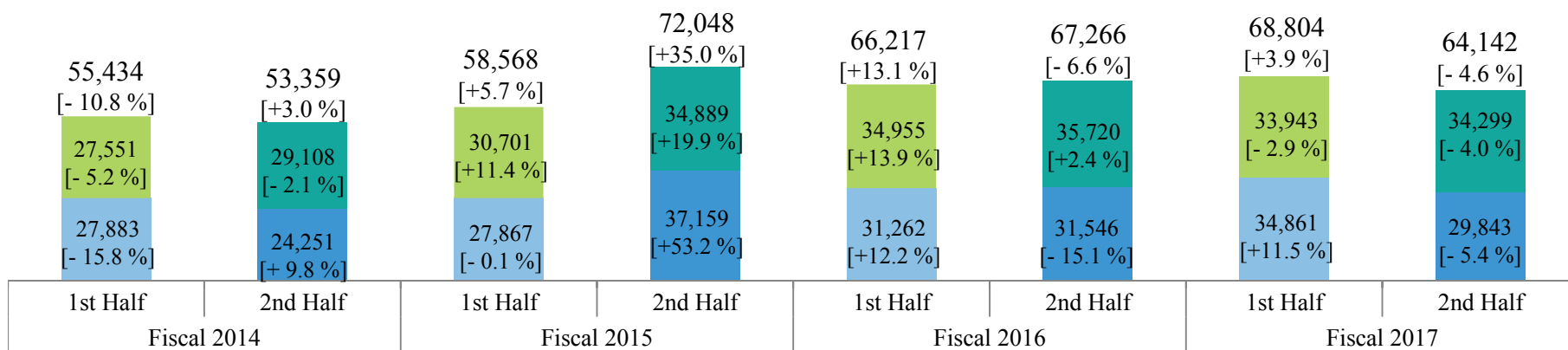
# Changes in Orders Received

[Millions of yen]

## Financial IT Services



## Industrial IT Services



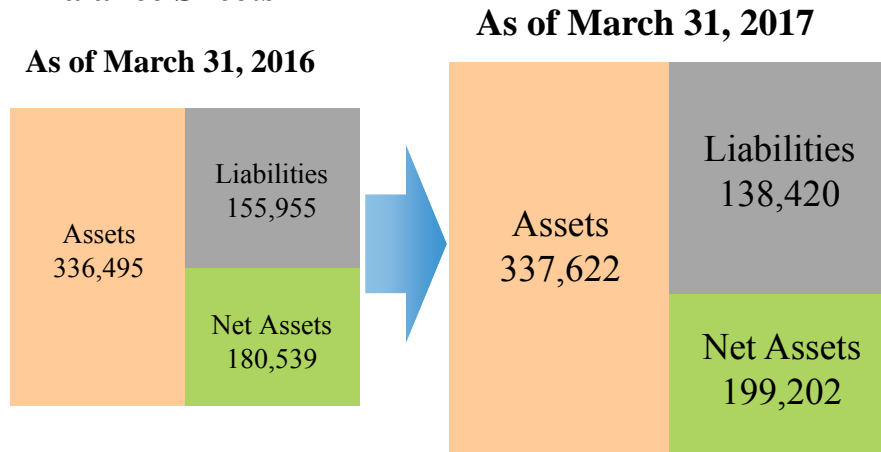
■ Second quarter of first half      ■ Fourth quarter of second half  
■ First quarter of first half      ■ Third quarter of second half

# Fiscal 2017: Balance Sheets and Cash Flow Status

[Millions of yen]

- Continued to reduce assets, primarily strategic stockholdings and real estate.

## Balance Sheets



### Assets: + ¥1,127 million

- Current assets : -¥14,504 million [Includes cash and deposits. -¥20,604 million]
- Fixed assets: +¥15,631 million [Includes investments in securities, +¥14,951 million]

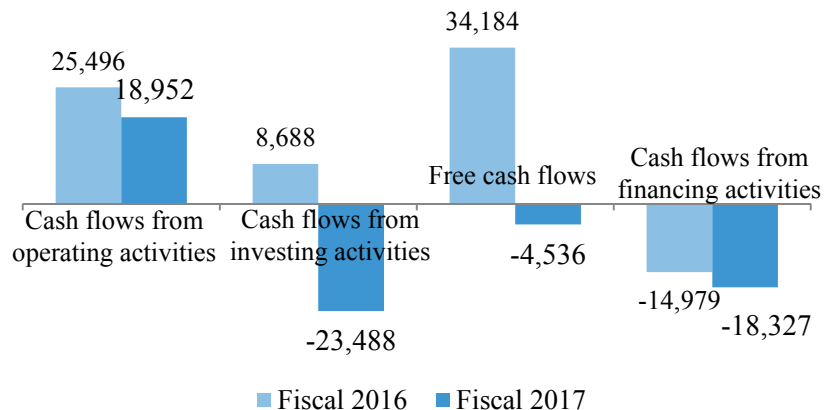
### Liabilities: -¥17,535 million

- Current liabilities: -¥12,832 million [Includes short-term borrowings, -¥6,985 million; income taxes payable, -¥6,066 million]
- Fixed liabilities: -¥4,704 million [Includes long-term debt, -¥5,197 million]

### Net Assets : +¥18,663 million

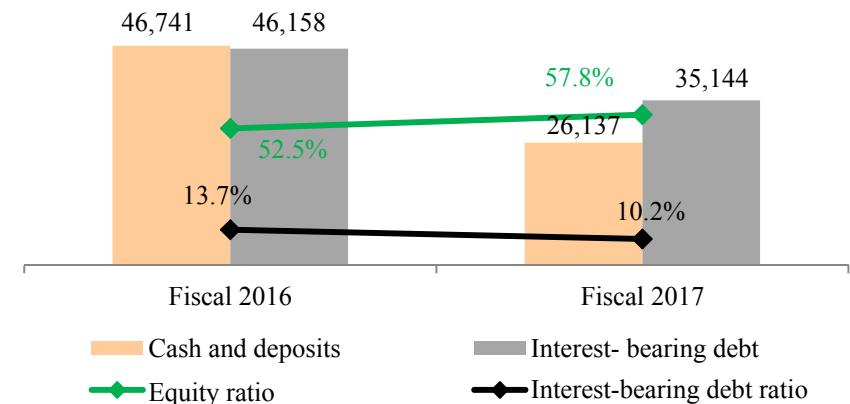
- Shareholders' equity: +¥11,253 million [Includes retained earnings, +¥13,361 million]
- Other total comprehensive income : +¥7,251 million [Includes net unrealized gains on other securities, +¥6,819 million]

## Cash Flows



### Equity Ratio: 57.8% [+5.3%]

### Interest-bearing Debt: ¥35,144 million [- ¥11,016 million]



**Fiscal 2017 Financial Highlights**

**Fiscal 2018 Performance Forecast**

**Progress on Key Strategies**

**Reference Materials**

# Understanding the External Environment

- Although economic path ahead is uncertain, business environment should remain favorable, against backdrop of growing IT investment needs among clients who are increasingly keen on digital management.
- With business environment humming with activity, ongoing issues will be to secure human resources to meet demand and spur reforms in approaches to work and productivity.

## IT Infrastructure Services

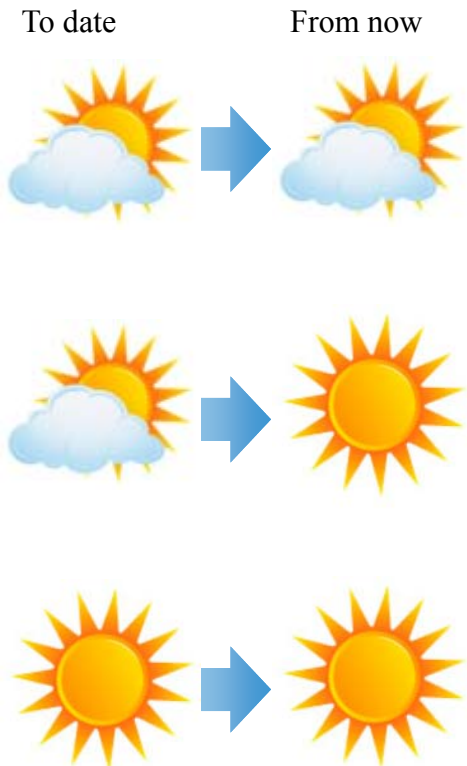
- Data center business should continue to benefit from trend toward greater use of cloud services. Expanding need for value-added services, such as data security.
- BPO business should see sustained increase in demand for outsourced administrative services contributing to improved corporate management.

## Financial IT Services

- In the credit card sector, IT investment, especially core system replacement demand and responses to restructuring in the payment settlement business, will remain high.
- IT investment by banks is growing as they strive to incorporate new technologies, such as FinTech, and promote reforms in business and services. But demand for existing technologies is being squeezed by cost reductions.
- Negative interest rates continue to impact the IT investment trends of financial institutions.

## Industrial IT Services

- In manufacturing, service and distribution sectors, companies will continue to invest in front-office IT to sharpen competitive edge, especially in marketing-related pursuits, but temporary lull is a worry, given business sentiment.
- ERP market remains favorable, buoyed by replacement demand from manufacturing, service and distribution sectors.
- IT investment among utilities, spurred by electric power and gas system reforms, is coming full circle, but new demand, mainly in response to decentralization, is expected.



\* These trends may differ from general industry trends since management's assumptions also take into consideration the status of IT investment by TIS INTEC group clients

# Fiscal 2018: Performance Forecasts Highlights (1)

[Millions of yen]

- Expecting higher sales and income year on year. Net sales and operating income set at medium-term management plan targets.
- Seek to push net income attributable to owners of parent, which hit the target stated in the medium-term management plan a year ahead of schedule, and ROE even higher.

## Net Sales

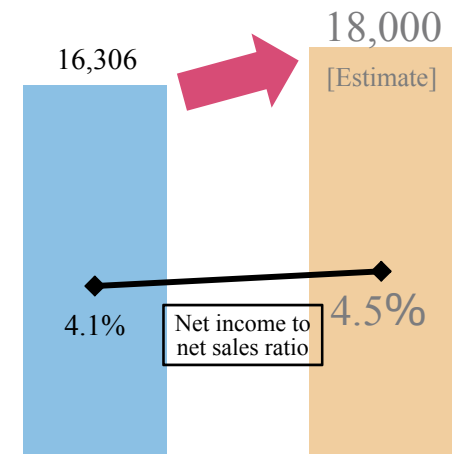
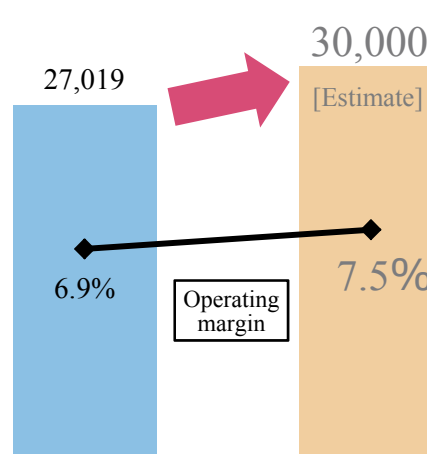
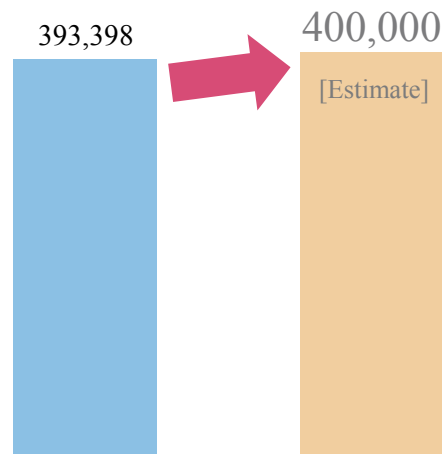
## Operating Income

## Net Income Attributable to Owners of the Parent Company

YOY change: +¥ 6,602 million [+1.7%]

YOY change: +¥2,981 million [+11.0%]

YOY change: +¥1,694 million [+10.4%]



Fiscal 2017      Fiscal 2018

Fiscal 2017      Fiscal 2018

Fiscal 2017      Fiscal 2018

Anticipate higher net sales, underpinned by business expansion through accurate responses to clients' IT investment needs and by steady execution of big projects.

Continued boost not only from higher sales but also from successful efforts to keep projects from turning unprofitable and enhanced productivity. Should be able to absorb higher costs, including prior investments, and post year-on-year increase in operating income.

Looking at higher net income attributable to owners of parent, mainly because of higher operating income.

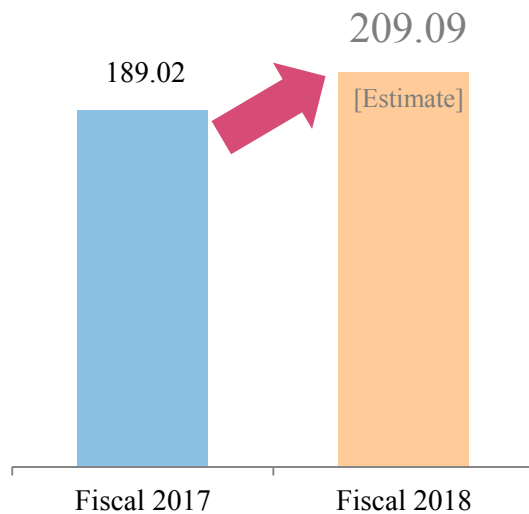
## Fiscal 2018: Performance Forecasts Highlights (2)

[Yen]

- Seeking ROE improvement, with goal to exceed 10% by fiscal 2021.

### Net Income per Share

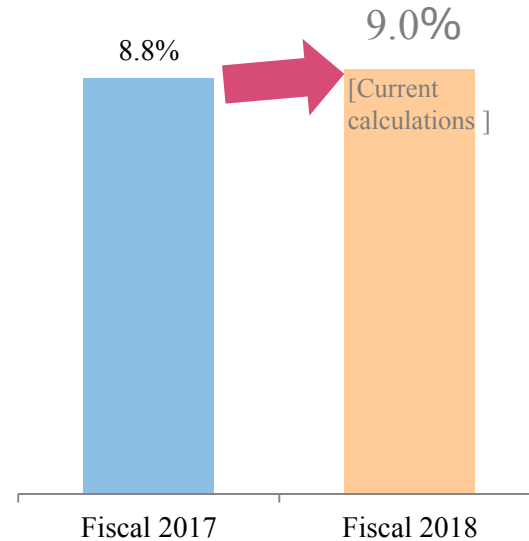
YOY change: +¥ 20.07 [+10.6 %]



Anticipating year-on-year improvement, paralleling higher net income attributable to owners of parent.

### ROE

YOY change: + 0.2 %



Anticipating further growth, mainly due to higher profitability.



## Fiscal 2018: Priority Focus by Key Business Segment

### IT Infrastructure Services

- Accelerate shift toward service-style business through expansion of value-added services, including security
- Actively promote cross-selling within the Group for data center/network business
- Improve profitability through creation of BPO integration effect and wider base of high-profit projects

### Financial IT Services

- Steadily execute large projects for clients in card-based operations
- Expand payment settlement services business by enhancing PAYCIERGE 2.0 presence and accelerating monetization
- Pinpoint diversifying needs in payment settlement sector and expand client base to include payment settlement service providers, and clients in distribution and transportation sectors
- Business sentiment among banks and insurers is unclear, but marketing will target key themes, especially core client operations

### Industrial IT Services

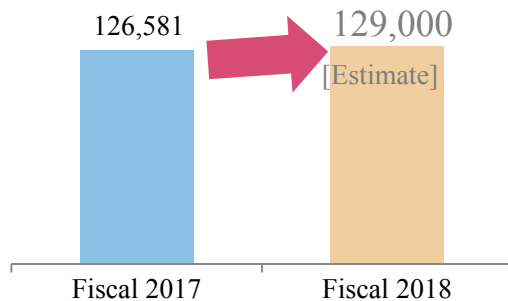
- Steadily execute large projects for clients in public sector
- Cultivate demand by embracing themes of strategic importance to core clients and by drawing on Group connections
- Expand client base by embracing ERP replacement demand, especially among manufacturers
- IT strategies are viewed as having a direct link to management strategies, so promote “untiring pursuit of high-value-added businesses” by reinforcing consulting and upstream businesses to complement existing SI business

# Fiscal 2018: Key Business Segment Performances [Forecast]

[Millions of yen]

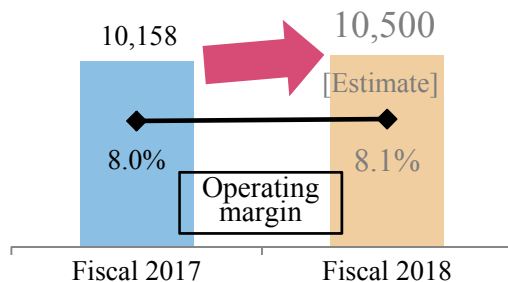
## IT Infrastructure Services Net Sales

YOY change: +¥2,419 million [+1.9%]



## Operating Income

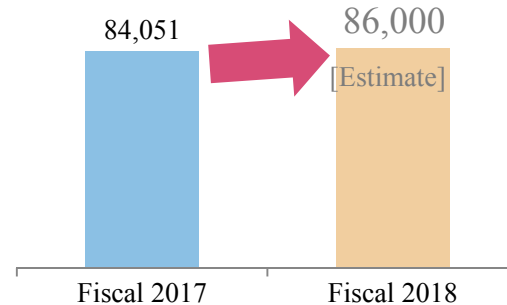
YOY change: +¥ 342 million [+3.4%]



Positive factors, such as expanding data center-related business through Group connections and rising BPO revenue, will absorb some of cost burden and lead to year-on-year improvement in sales and income.

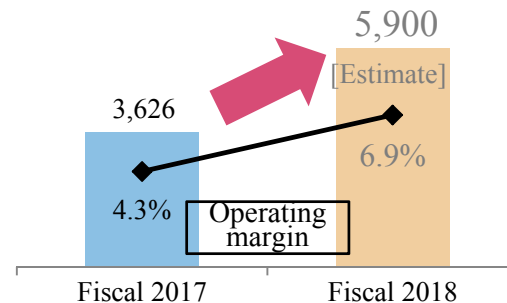
## Financial IT Services Net Sales

YOY change: +¥1,949 million [+2.3%]



## Operating Income

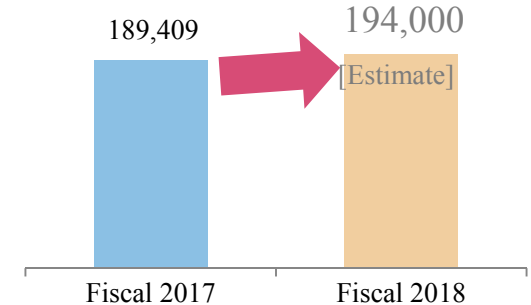
YOY change: +¥2,274 million [+62.7%]



Anticipate year-on-year increase in sales and income, reflecting steady execution of big projects and wider business volume achieved by decisively capitalizing on growing demand for payment settlement services.

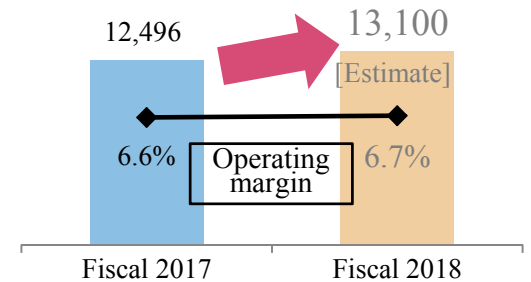
## Industrial IT Services Net Sales

YOY change: +¥4,591 million [+2.4%]



## Operating Income

YOY change: +¥604 million [+4.8%]

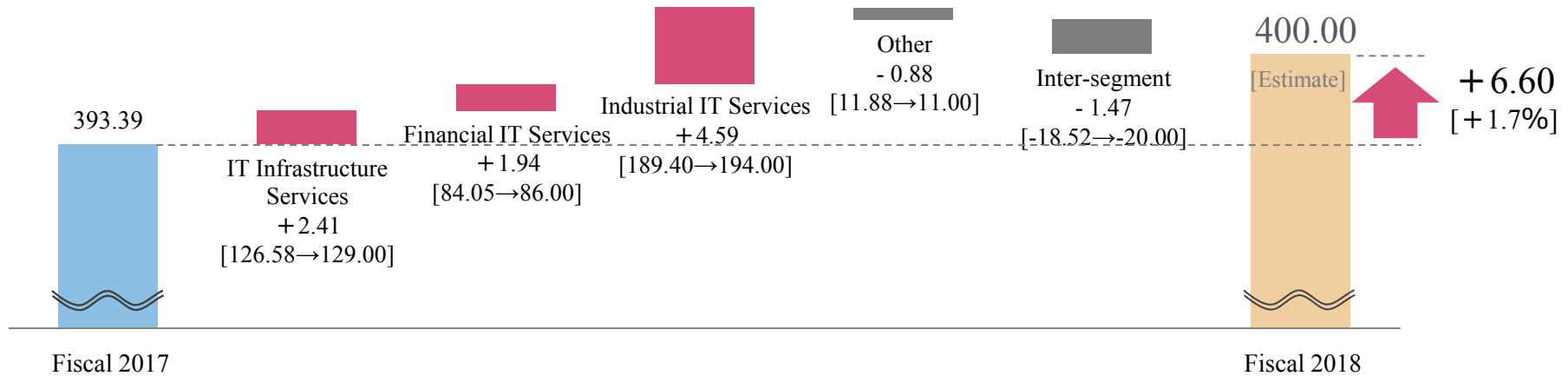


Looking at year-on-year increase in sales and income, as impact of reactionary drop in large projects largely offset by decisive capture of growing ERP demand from manufacturing sector and efforts to promote greater cooperation among Group companies at core.

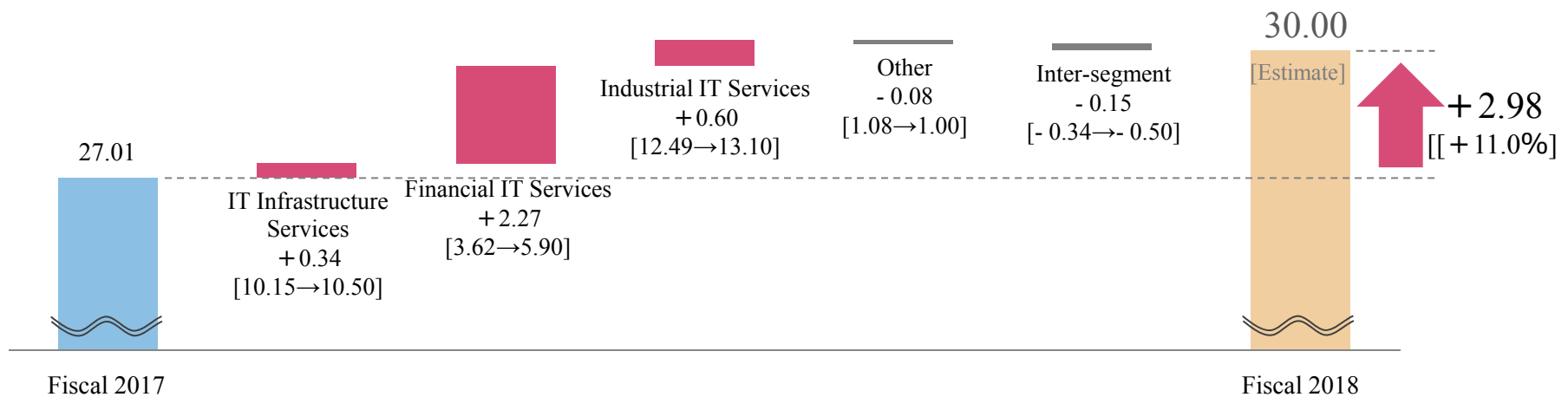
# Fiscal 2018: Net Sales and Operating Income Analysis [Forecast]

[Billions of yen]

## Net Sales



## Operating Income



## Fiscal 2018: Return to Shareholders

### <Policy on return to shareholders during the Third Medium-term Management Plan >

Will adopt total shareholder return measure (total return ratio) to promote shareholder returns through dividends and an appropriate capital structure through treasury stock buyback.

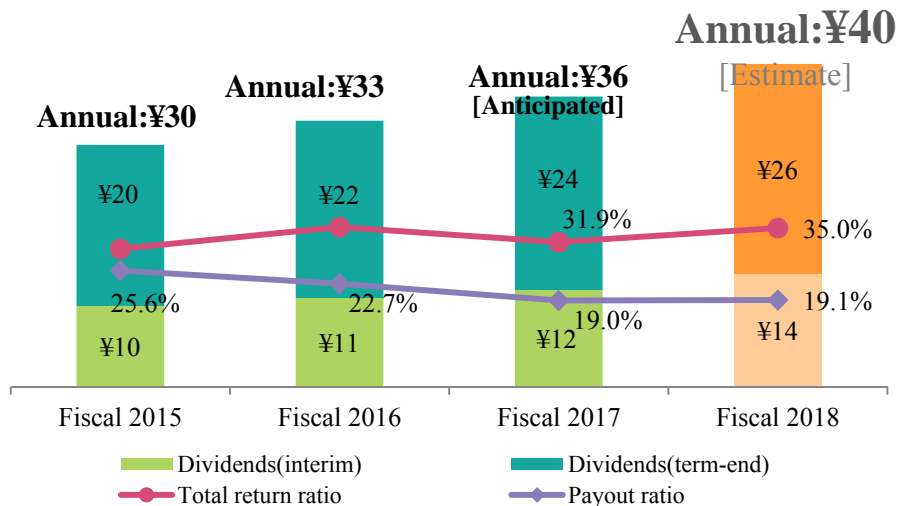
**Target 35% total return ratio**  
(Stable, continuous dividends + share buybacks)

**Dividends per Share (plan)**  
**¥40 (YOY +¥4)**

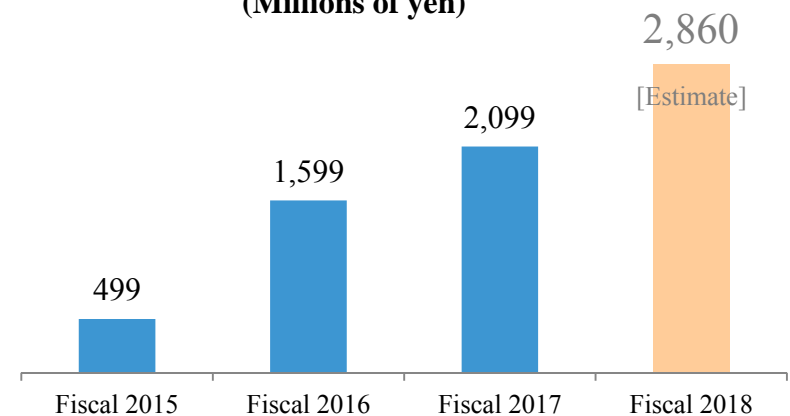
**Acquisition of Treasury Shares**  
**Total ¥2,860 million (Upper limit)\***

\* Amount of treasury stock buyback announced May 10, 2017

### Changes in Dividends per Share



### Total Acquired Treasury Shares (Millions of yen)



**Fiscal 2017 Financial Highlights**

**Fiscal 2018 Performance Forecast**

**Progress on Key Strategies**

**Reference Materials**

# Fiscal 2018: Group Management Direction

## Third Medium-term Management Plan Basic Concepts

**Profit Emphasis**

**IT Brain**

Expand value-added business

**Portfolio Management**

Seek overall optimization of Group

Cultivate sense of solidarity

## Fiscal 2017 Group Management Direction, Key Results

- Achieved ROE of 8.8% (a year ahead of schedule)
- Thorough review and reinforcement of corporate risk supervision to ensure steady execution of large projects, with emphasis on reassigning essential personnel and enhancing monitoring system
- Promoted control measures through Group System Development and Quality Management Innovation Committee and other structures
- Constantly promote shift to planning- and service-style business for payment settlement- and energy-related systems
- Accelerated approach into FinTech, IoT and AI-related businesses, including CVC application
- Promoted business centralization at home and abroad, paralleling realignment of Group operations
- Began building awareness of and creating a structure covering intragroup connections according to business domain, know-how and policy development
- Accelerated global business through M&A and alliance strategy
- Pushed ahead on reform of corporate governance

**Formulated Group Vision 2026, paralleling launch of new Group structure**



## Fiscal 2018 Management Direction

### Further reinforce management with profit emphasis

- Achieve operating income of ¥30 billion and raise ROE even higher through measures to improve profitability
- Push steadily forward on big projects
- Realize development loss ratio below 1.0% through groupwide promotion of system development and quality management innovation policy

### More prior investment to fuel growth engine

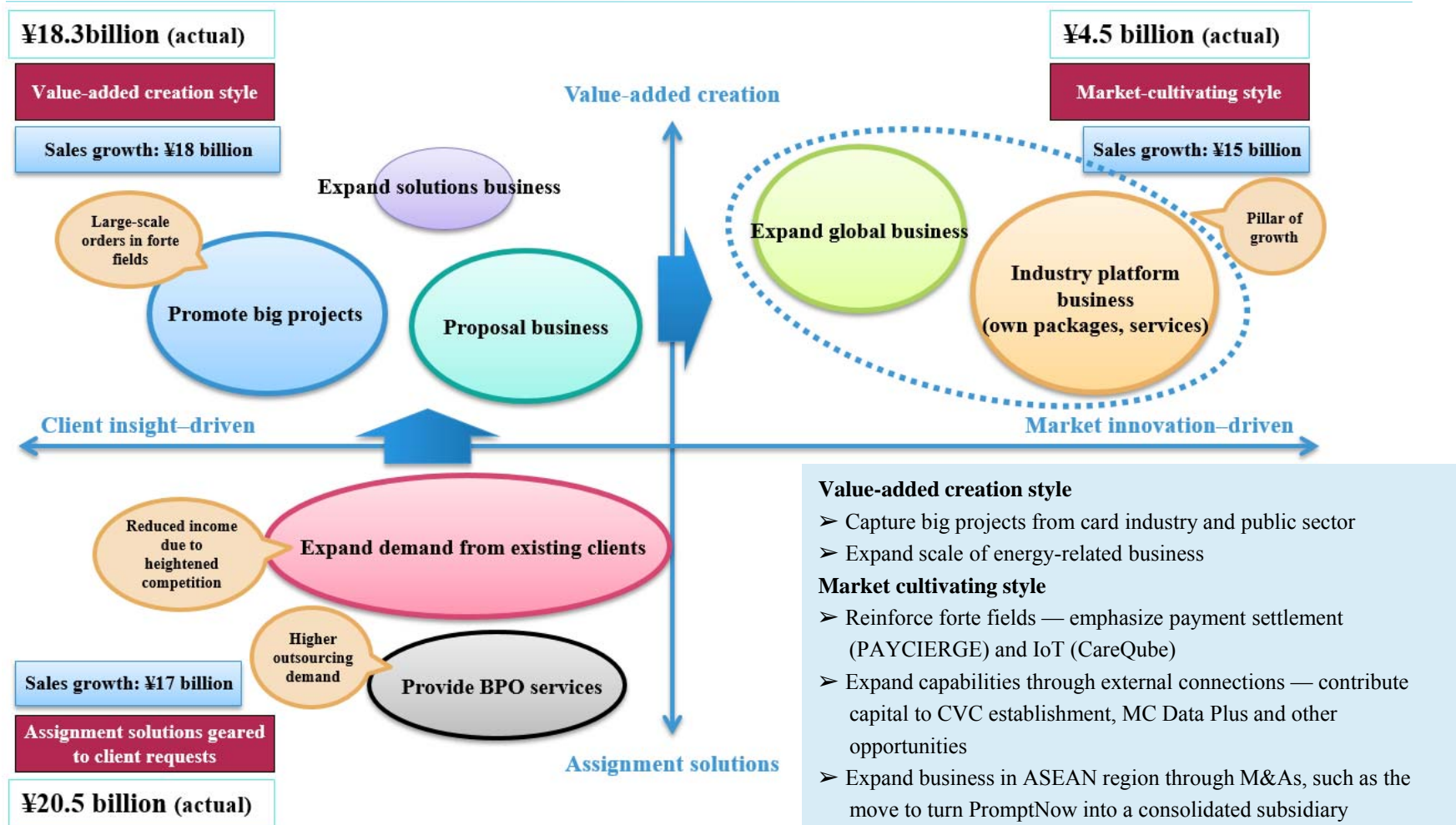
- Strengthen settlement business structure, expand client base with eye on payment settlement diversification, and accelerate global development toward new market creation
- Create value-added services through investment in leading-edge fields, such as AI, IoT and robotics

### Promote stronger intragroup connections that leverages operating holding company structure, and implement quick structural reform

- Further cultivate business from core clients through stronger connections in industrial fields
- Promote Group strategy priority measures, including BPO business strategy
- Promote a well-organized business portfolio and revenue structure reform
- Develop themes shared groupwide, such as production innovation and new approaches to work

**Deepen awareness of Group Vision 2026, weave concept into next medium-term management plan**

# Status of Progress on Third Medium-term Management Plan



Demand for value-added creation style responses, complementing assignment solutions geared to client requests, will fuel expansion of consolidated sales.

Shift toward market-cultivating style services requires greater sense of speed.

# Status of Progress on Third Medium-term Management Plan

	Results of Key Activities	Future Issues
Promote optimized capabilities within Group	<ul style="list-style-type: none"> <li>➤ Implemented shift to operating holding company to strengthen Group governance</li> <li>➤ Executed transfer of businesses between TIS ⇔ INTEC</li> <li>➤ Promoted concentration of domestic and overseas BPO operations under AGREX</li> </ul>	Must constantly review Group business portfolio
Integrate /centralize shared functions within the Group	<ul style="list-style-type: none"> <li>➤ Integrated offices in Tokyo, Osaka and Nagoya</li> <li>➤ Realized full Group rollout of CMS, improved capital efficiency of Group overall</li> <li>➤ Conducted review of strategic stockholdings and data centers, improved asset efficiency</li> </ul>	Must cut costs with quantitative targets and elicit integrated synergies
Realize higher level of administrative management	<ul style="list-style-type: none"> <li>➤ Promoted better response to taxation topics (BEPS response), mainly at overseas Group companies</li> <li>➤ Produced integrated report, effective from fiscal 2017; promoted more in-depth IR content</li> <li>➤ Organized and consolidated internal control management systems, and brought unified system under Group Internal Control Committee supervision</li> </ul>	Must consistently address lingering issues, such as a groupwide human resources policy
Cultivate corporate culture with sense of solidarity	<ul style="list-style-type: none"> <li>➤ Debuted unified Group logo in July 2016</li> <li>➤ Formulated new Group vision</li> <li>➤ Published first Group newsletter “WA”</li> </ul>	Must promote widespread awareness of vision to tackle issues with sense of solidarity

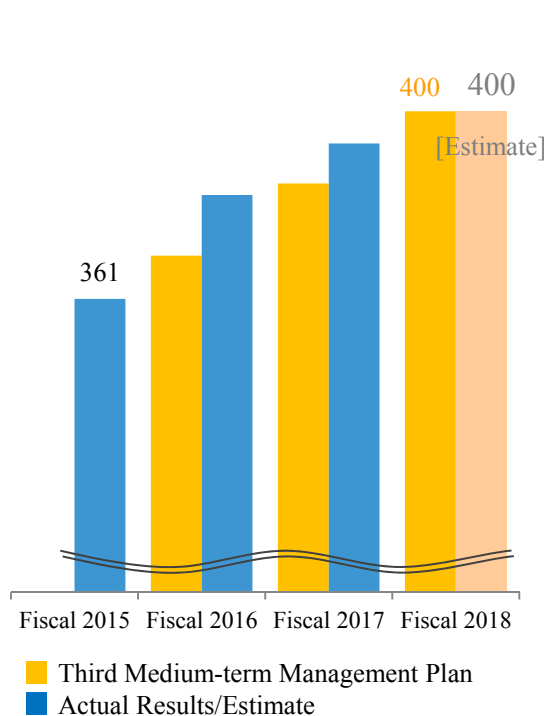


# Status of Progress on Third Medium-term Management Plan

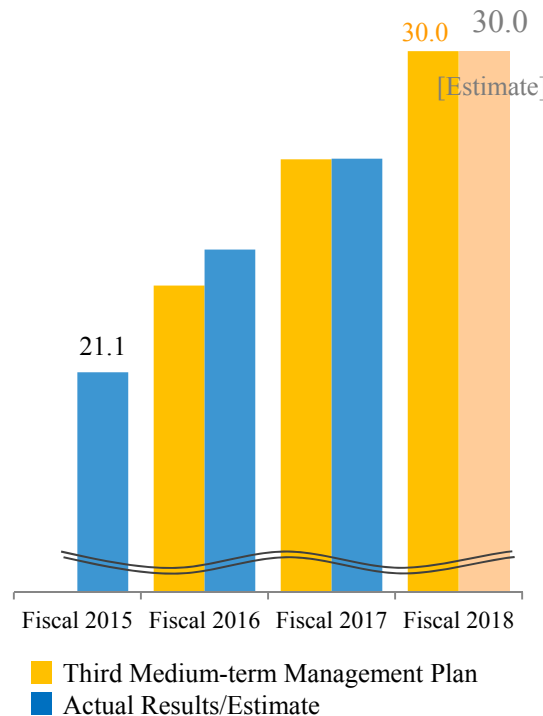
[Billions of yen]

- Rode tailwind of good business environment and marked favorable progress toward major management targets
- Net income attributable to owners of parent hit target stated in medium-term management plan a year ahead of schedule
- Impact of unprofitable projects offset mainly by improved profitability, but preventing projects from becoming unprofitable remains a key issue

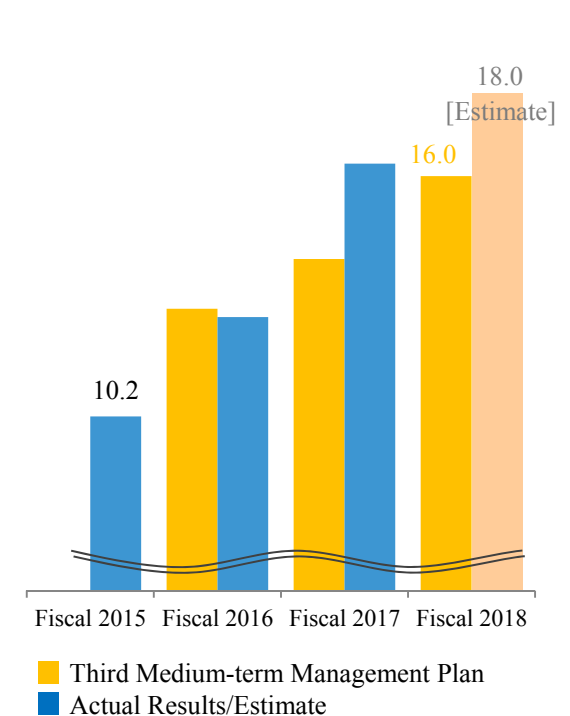
### Net Sales



### Operating Income



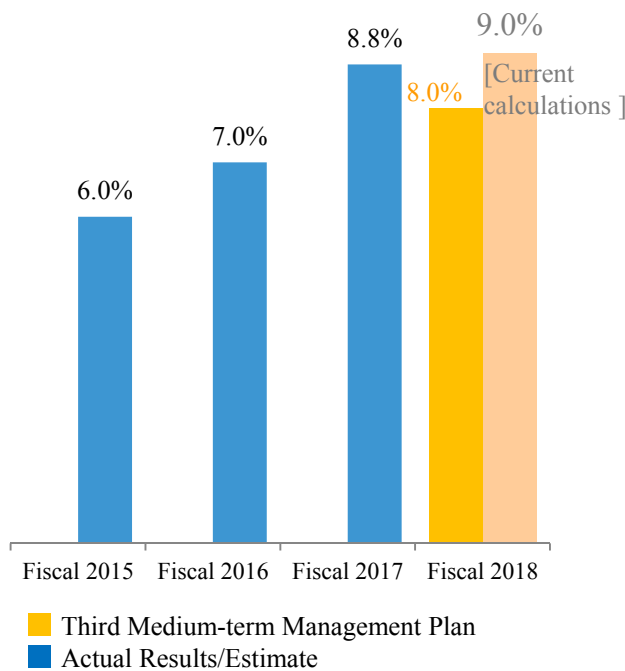
### Net Income Attributable to Owners of the Parent Company



## Status of Progress on Third Medium-term Management Plan

- ROE improved through successful efforts to boost the profitability of business activities, which hinged on a better ROE result  
⇒ Hit 8.8% in fiscal 2017, marking achievement of medium-term target (8.0%) a year ahead of schedule

### ROE



	Fiscal 2015		Fiscal 2017
ROE	6.0%	↗	8.8%
Net income ratio	2.8%	↗	4.1%
×			
Total asset turnover ratio	1.1	→	1.2
×			
Financial leverage	1.9	→	1.8

# Business Alliance with Toppan Printing, Start of Joint Services

- Initiated business alliance, seeking higher corporate value for both companies**

TIS embarked on a business alliance with Toppan Printing Co., Ltd., that covers a capital aspect as well, to pinpoint domains in which the strengths of both companies can be leveraged and to develop and provide solutions that address client issues in a rapidly diversifying market.

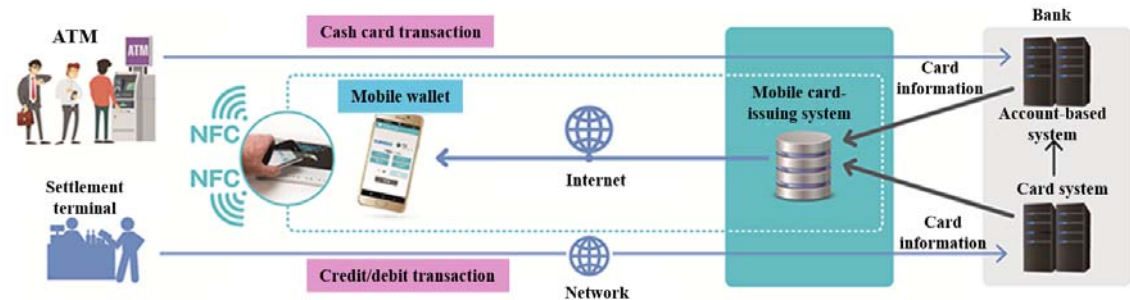
- As first step, start offering mobile wallet service to financial institutions**

With Toppan Printing, TIS will launch a mobile wallet service aimed at financial institutions to facilitate the use of mobile cash. Toppan Printing will provide the wallet app that is downloaded into smartphones, and TIS will provide the technology that safely stores information contained in cash cards on customers' smartphones so that the devices can be used as mobile cash cards.

**Make existing cash card operations cardless**

**Future cloud service will facilitate ATM transactions through tap operation**

- Through the use of this service, banks will be able to enhance customer satisfaction and convenience by shortening ATM operating time and making cash card transactions cardless.
- Secure operation is made possible because of protection features, including high-level encryption technology and PCIDSS standard for cloud servers





# Leveraging Strength in Payment Settlement Sector

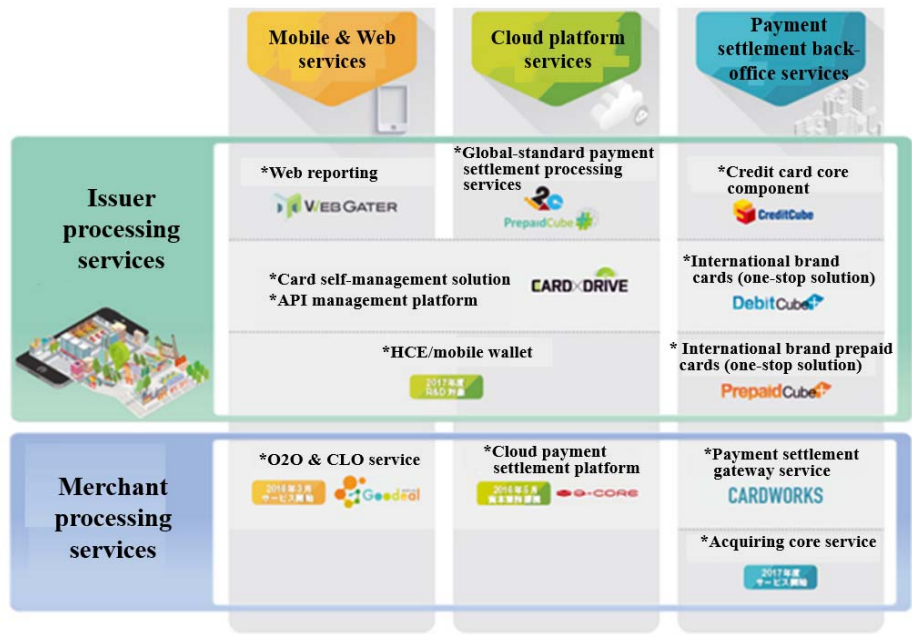
## Develop wider interest in retail payment solution PAYCIERGE through new concept and target market

PAYCIERGE, which debuted in 2014 and reflected huge changes in the payment settlement business environment, was recently reconfigured to match new market needs. The new version, PAYCIERGE 2.0, has rolled out.

With a catchphrase “Connecting to see. New payment settlement methods lead to new businesses,” TIS presents various services under the PAYCIERGE label to support richly varied and extensive payment settlement businesses, with a focus on banks, regional governments and FinTech companies.

- Strengthen connections through alliances
- Strengthen connections through open API platform
- Expand in overseas markets

- Raised equity stake in Indonesia-based Anabatic Technologies to 28%. 
- Turned Thailand-based PromptNow into consolidated subsidiary. 



We expect the PAYCIERGE-related business to grow to ¥10 billion by 2020.

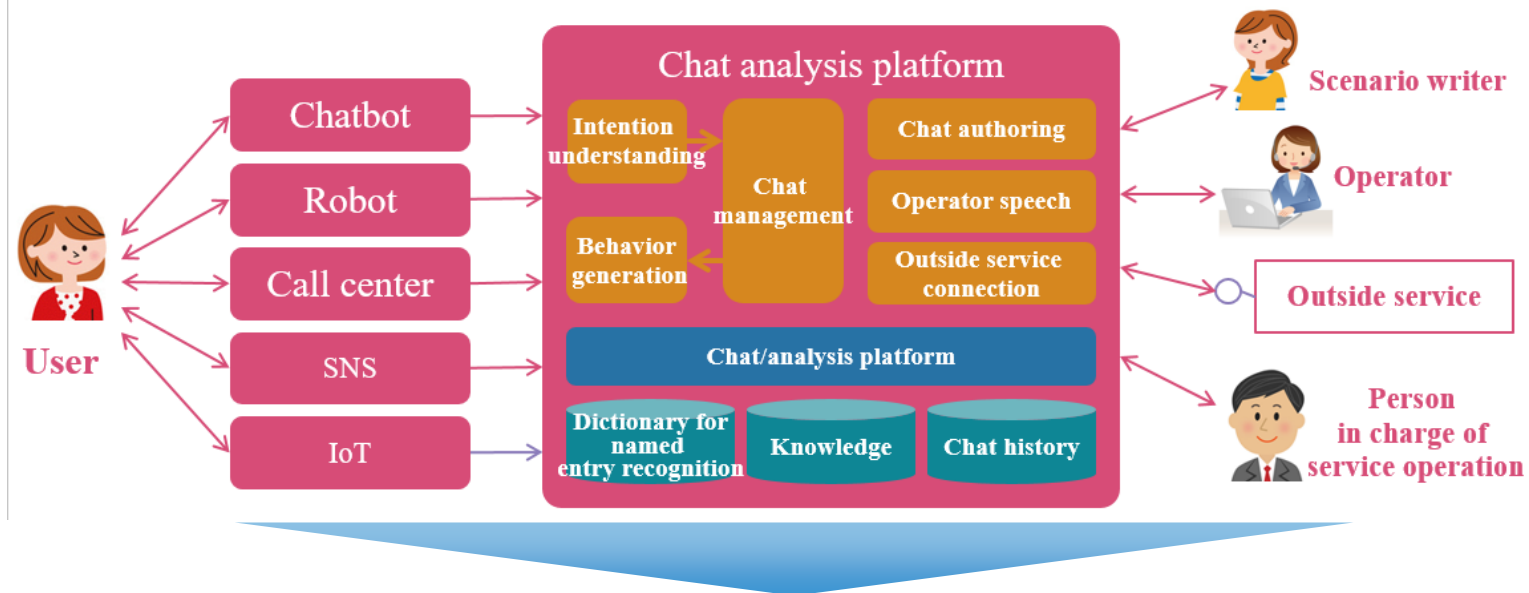
# Promoting AI/Robot-Related Business

## • Leverage SI know-how and support application into AI/robot-related business systems

- Emphasizing technology division, develop solutions using technologies, such as machine learning and natural language processing, and related technologies, put Proof of Concept (PoC) into practice, and pursue joint research with universities
- Present business use and PoC implementation as an IBM Watson Eco-System Program technology partner and business partner
- Promote cooperative business opportunities through investment into start-ups and venture companies

Combine activities and create structure facilitating proposals and responses to meet need to utilize AI and robotics technology in business operations—a need that is sure to grow

### Image of Provided AI and Robot-Related Technologies and Services



We expect the AI and robot-related business to grow to ¥20 billion by 2020.

# New Measures for System Development and Quality Management Innovation for TIS INTEC Group

**Group System Development and Quality Management Innovation Committee promoting various measures groupwide**  
 Experts from Group companies come together; tenaciously push measures for implementation and improvement on a groupwide basis

**• Loss Elimination Group**

After having set a goal to prevent unprofitable projects within the Group and establishing a PDCA scheme to achieve this goal, monitored status of efforts Analyzed unprofitable project status, shared Group company project supervision rules and measures, identified issues for improvement, beginning with a format for screening projects at the proposal stage and a format for monitoring—visualizing—project status, and implemented changes

**• Technology Reinforcement Group**

Started with goal to share measures related to enhanced technological expertise, such as development framework and development methods, throughout the Group, and to promote higher level of sophistication

**Core business system (Mode 1, SOR) field**

- Set stage for Nablarch and utilize on corporate basis
- Raise level of required definition expertise
- Raise level of project management expertise
- Enhancement reform activities

**Digital innovation (Mode 2, SOE) field**

- Application of agile development approach
- Greater use of cloud, PaaS

**Enhance project risk supervision**

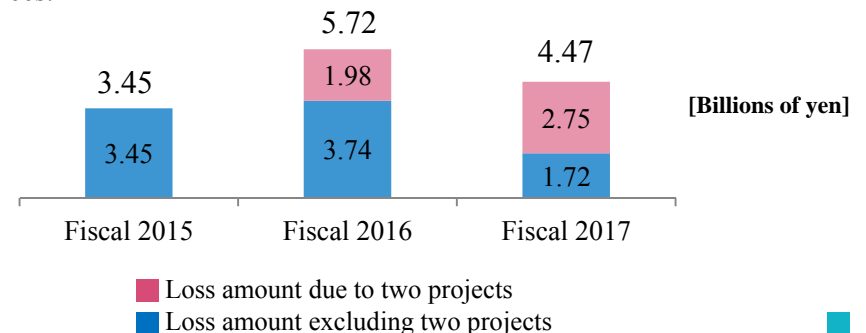
- Rigorous check to ensure that system and plan have been confirmed through review at project start
- Pinpoint problems through project diagnostic

- Anticipating positive effect on two fronts—improved productivity and reduced appearance of unprofitable projects—which are actually two sides of same coin
- Will utilize insights and know-how accumulated by TIS to unroll new system development and quality management innovation measures. Gradually promoting measures through Group as precedents and best practices.

**Trend in Unprofitable Projects**

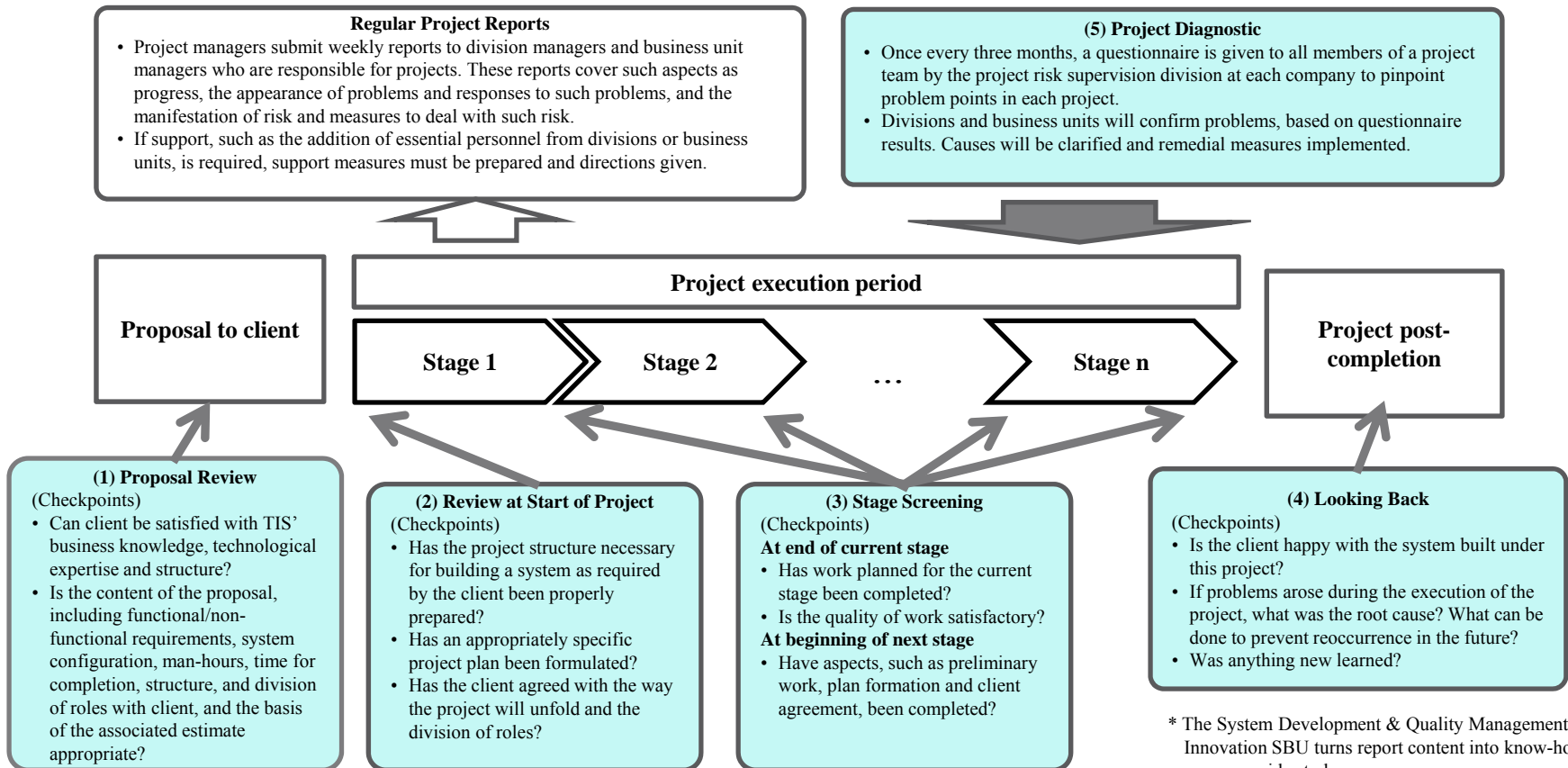
If two unprofitable projects—one for card-oriented system and one for a bank-oriented system—having a huge impact on recent performance are excluded, the value impact of unprofitable projects is on a downtrend.

⇒ **Expect development loss ratio to be within 1.0% range in fiscal 2018.**



# Reference: Project Risk Supervision Structure at TIS

- At TIS, the System Development & Quality Management Innovation SBU monitors project risk to ensure delivery of the promised systems to clients while maintaining quality, cost and delivery conditions.
  - Project risk is monitored through four review boards—(1), (2), (3), (4) below—which engage at every milestone, and through a questionnaire-based survey (5) of on-site members of the project team
- ⇒ Efforts to prevent unprofitable projects also part of this structure. Being rolled out to companies under Group umbrella through Group System Development and Quality Management Innovation Committee.



# Changes to TIS INTEC Group’s Approach to Work

Human resources are a driver of growth and a precious management resource. We are actively promoting a change in our approach to work as an indispensable effort that supports sustainable growth and improved corporate value of the Group.

⇒ TIS, as the operating holding company, compiles precedents and best practices from each Group company and tenaciously promotes widespread implementation throughout the Group.

## Key Steps in Changing TIS Workstyle

### Raise Motivation

- Expand learning investment (more opportunities for learning)  
⇒ Set a number of days for learning: 10 days annually/person
- Concurrent licensing system
- Organize TIS INTEC Group Hackathon
- Expand in-house recruiting program: Regular job postings, venture business challenge

### Enhance Workplace Environment

- Set up free address workplace and multi-use areas at the head office
- Expand options for work-at-home
- Set up “bit & innovation” coworking and event space
- Open Satellite Marunouchi satellite office

### Enhance Working Conditions

- Reduce work during off-the-clock time, turn paid vacation utilization ratio into KPI  
⇒ Decrease overtime work by five hours per month  
⇒ Boost paid vacation utilization ratio above 80%
- Encourage application of flextime system  
⇒ Offer two-pattern option: morning or full-day
- Encourage employees to take paid vacation  
⇒ Set days that employees are encourage to take as paid vacation days and promote Premium Friday quit-work-early campaign
- Boost base salary, anticipating a drop in overtime hours

**Boost employees’ incentive to work by promoting enhanced productivity and diverse approaches to work**



## ~ 2026 Ideal: Group Management and Key Resources ~

### Corporate Image in 2026

*“Create Exciting Future”*

**Utilize advanced technologies and know-how  
to realize business innovation and market creation**

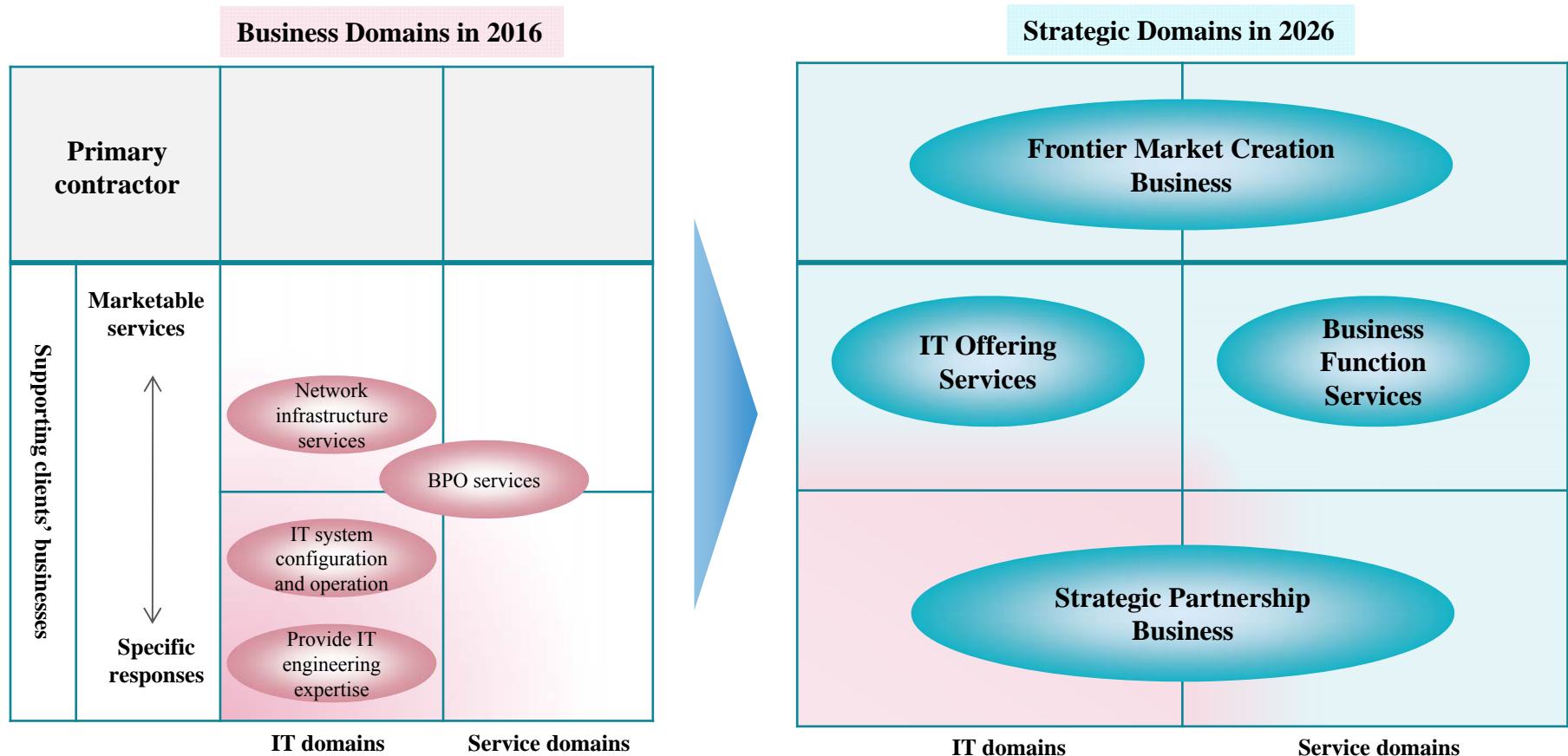
### Seeking Position on Global Stage

- Be seen by leading companies in different industries as having an appealing presence, always trusted as a strategic partner
- Always embrace reform in existing industries and markets, and earn reputation as market-creating innovator
- Transcend the limits of an IT enterprise and be a leading company under a new market concept
- Be proud of high profile and showcase solid standing as a corporate group chosen by clients, society, employees—everyone

# New Group Vision

## ~ Evolution of 2026 Strategic Domains ~

- IT domains ⇒ Shift to service domains that include IT  
 Specific responses ⇒ Shift to marketable services  
 Supporting clients' businesses ⇒ Shift to primary contractor status
- Business domains existing in 2016 may remain, but the emphasis will be on qualitative evolution and expansion into strategic domains likely to present in 2026



# New Group Vision

## ~ 2026 Ideal: Group Management and Key Resources ~

### Revenue Model

- Shift from structure dependent on labor-intensive revenue model in favor of revenue model hinging on prior investment, which will be a driver of Group profit
- Establish several revenue structures, covering business revenue, consolidated/equity-based profit for jointly run operations, and dividend income

### Technology/Know-how

- Have access and utilize various leading-edge technologies, including technology in anticipation of latent client needs
- Apply business know-how accumulated across various industries through activities with companies at the top the industry
- Have know-how that draws on external resources, such as alliances and M&A
- Accumulate and share high-level production technology that forms the basis to underpin strategic domains

### Human Resources

- Consultants who work with clients to formulate business strategies
- Service producers who turn industry knowledge and business know-how into marketable products
- Intrapreneurs (in-house entrepreneurs) who are able to plan, kick-start and move new businesses forward
- High-level technical engineers whose quality and productivity support successful participation in strategic domains

### Corporate Culture

- Enterprising and bold corporate group that encourages free thinking and the pursuit of new challenges without fear of failure
- A corporate group that instills pride in each and every employee under its umbrella, motivates and enables employees to achieve personal growth

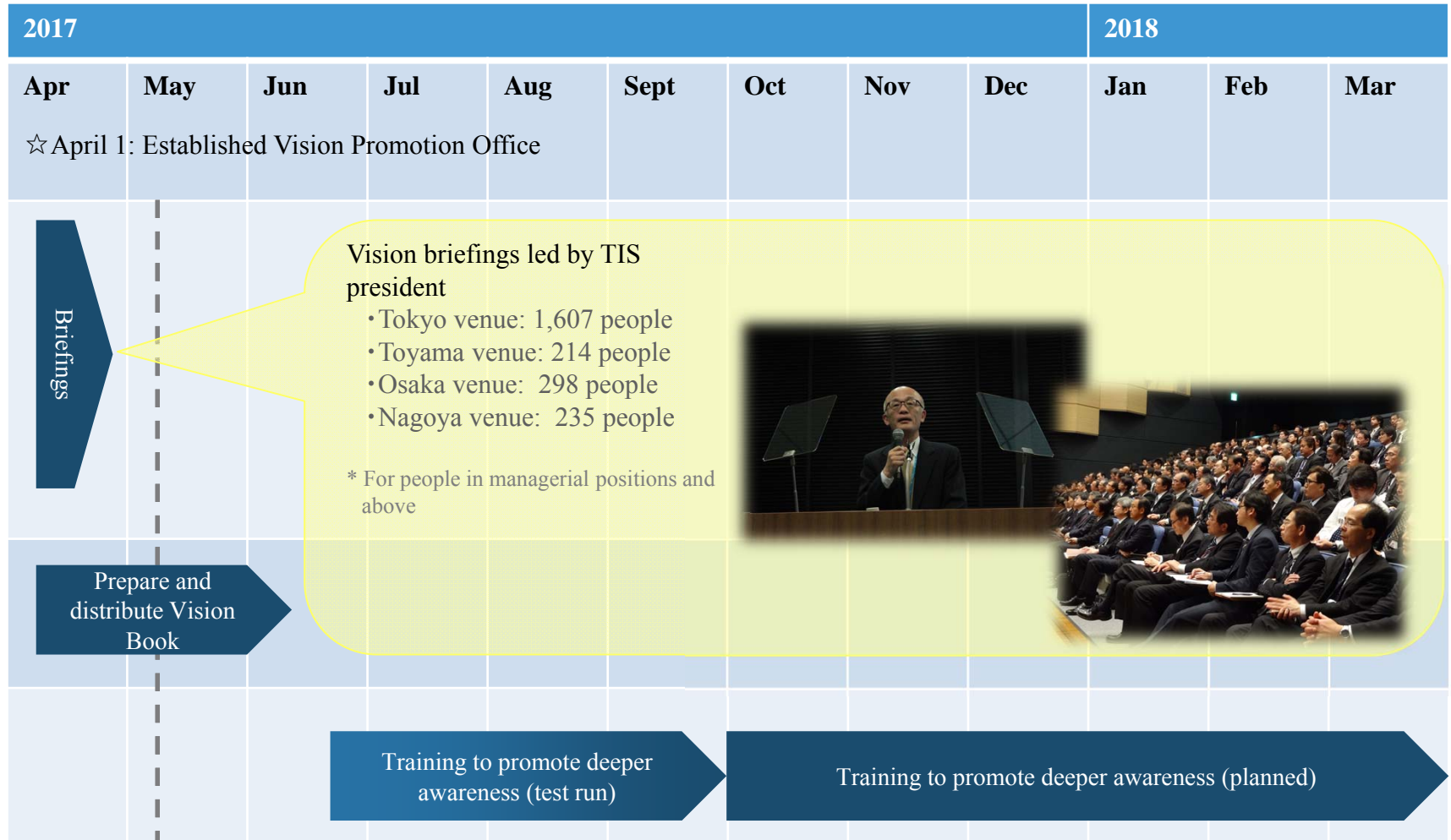
### Management

- Emphasis on overall optimization of the Group and a medium- to long-term perspective
- Quick decision-making
- Continuous management system reform

# New Group Vision

## ~ Status of Efforts to Instill Group Vision ~

- To instill vision throughout the Group, we will promote various measures led by TIS president
  - Established Vision Promotion Office, currently working out various measures to promote deeper understanding of vision



**Fiscal 2017 Financial Highlights**

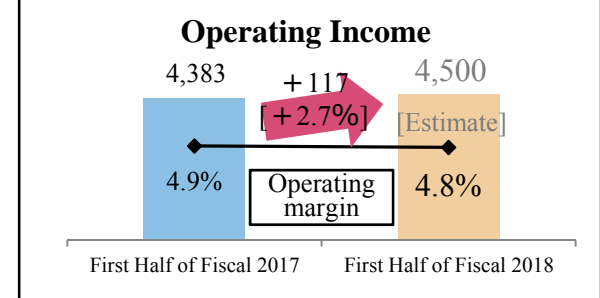
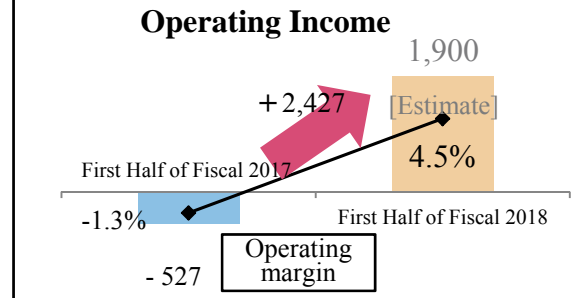
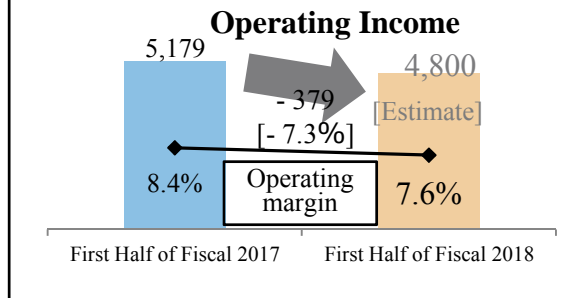
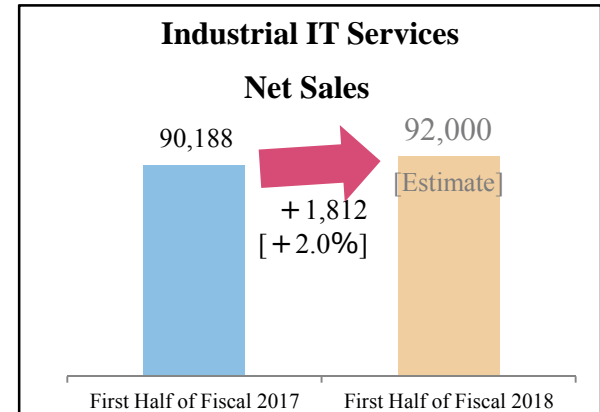
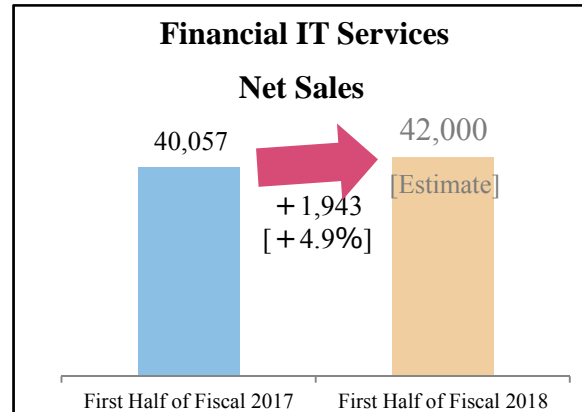
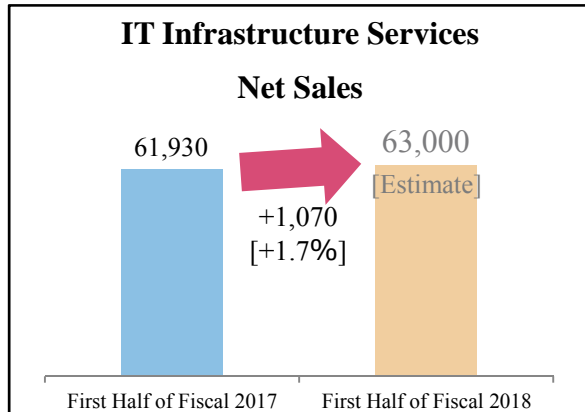
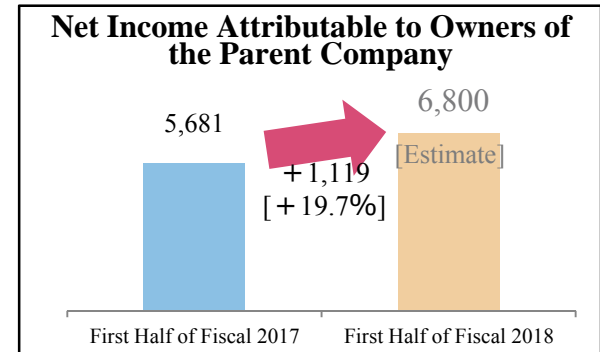
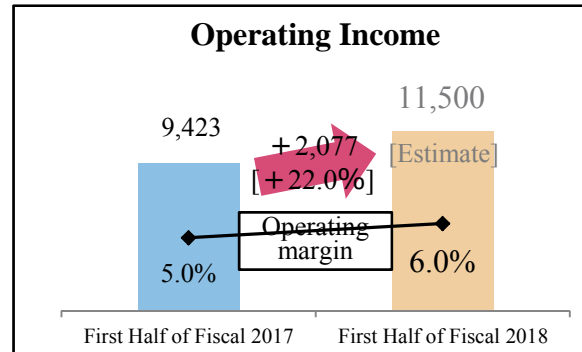
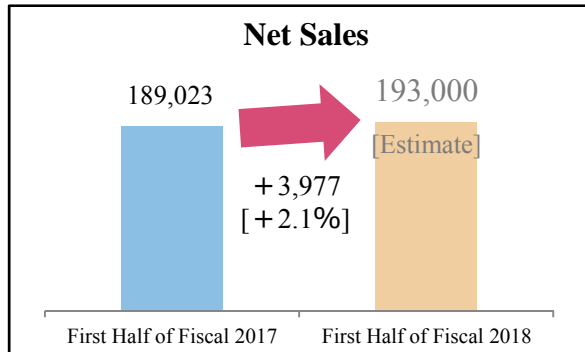
**Fiscal 2018 Performance Forecast**

**Progress on Key Strategies**

**Reference Materials**

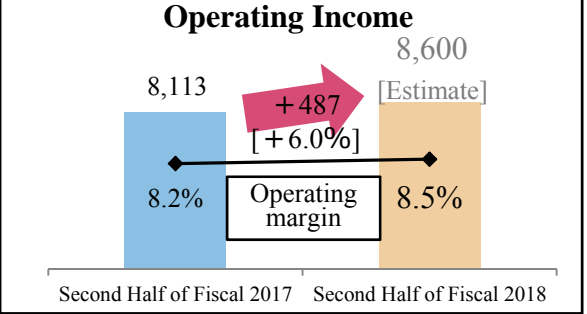
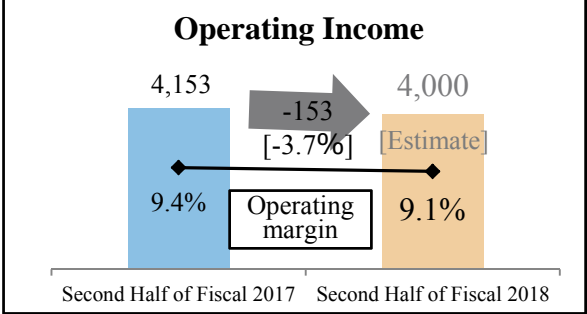
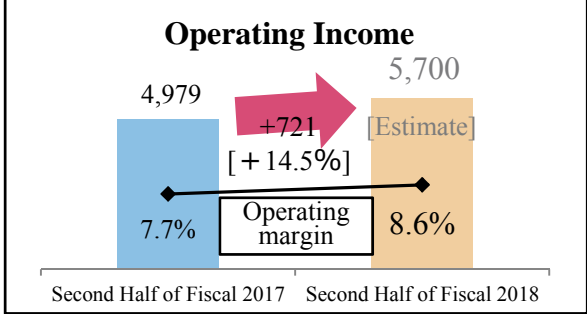
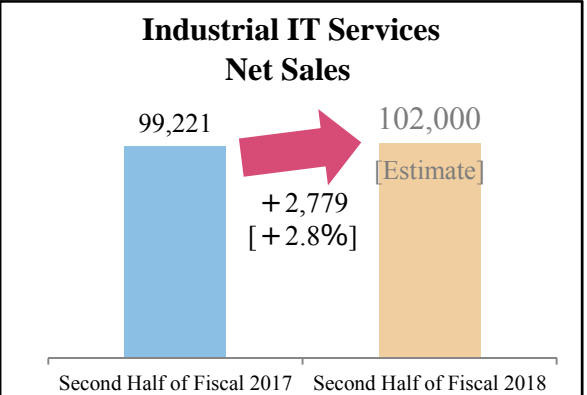
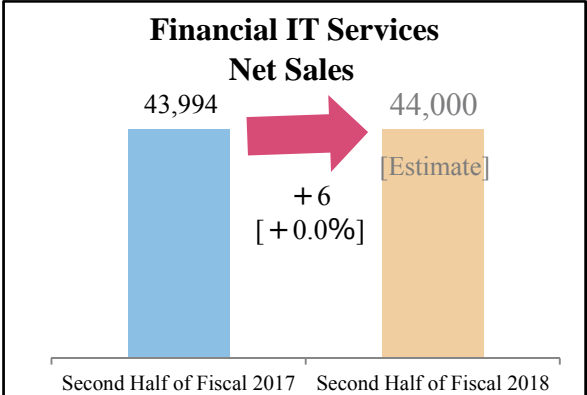
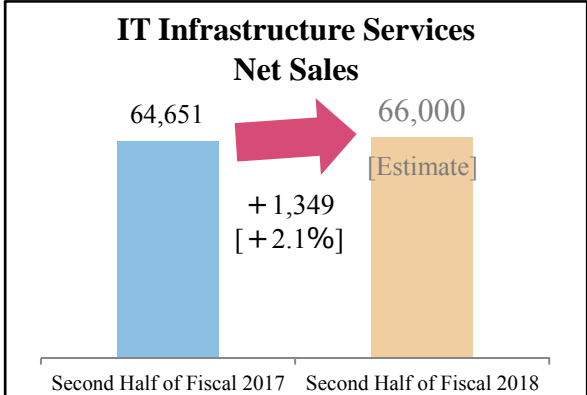
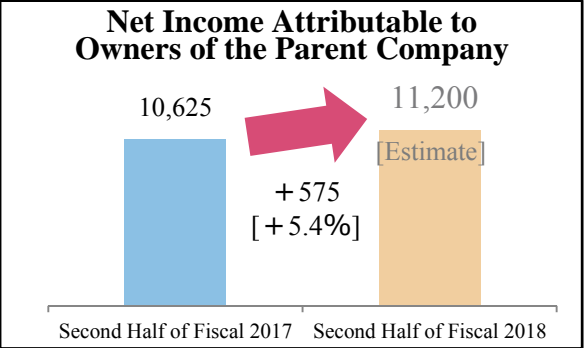
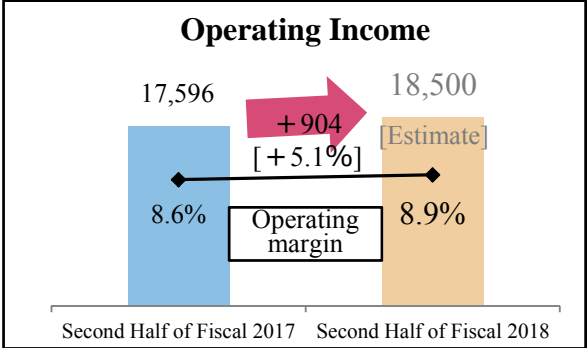
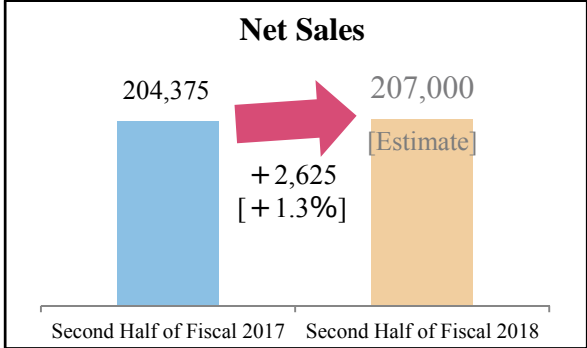
# Fiscal 2018 First Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]



# Fiscal 2018 Second Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]



\*Estimated amounts for the second half of Fiscal 2018 are calculated by subtracting the first half estimates from the annual estimates of Fiscal 2018. \*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.