



TIS

TIS INTEC Group

Go Beyond

Information Meeting Materials for the First Three Quarters of the Fiscal Year Ending March 31, 2018

February 2, 2018

TIS Inc.

Fiscal 2018 First Three Quarters Financial Highlights

Fiscal 2018 Performance Forecast

Reference Materials

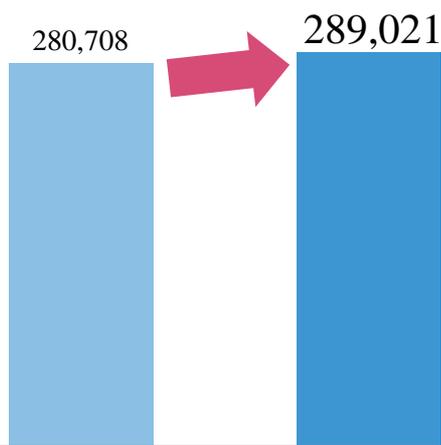
Fiscal 2018 First Three Quarters: Financial Highlights

[Millions of yen]

• Against a favorable business backdrop, sales and income were up over the corresponding three quarters a year ago, thanks to higher business volume and efforts to improve profitability.

Net Sales

YOY change: + ¥8,312 million [+3.0 %]

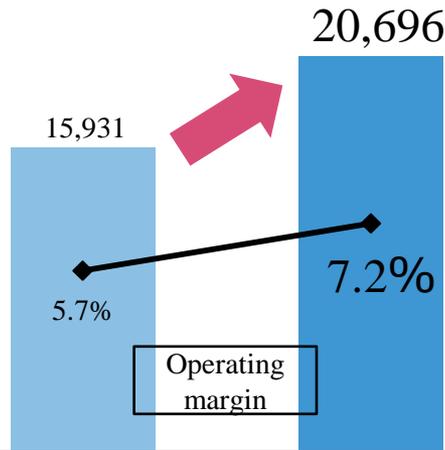


First Three Quarters of Fiscal 2017 First Three Quarters of Fiscal 2018

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.

Operating Income

YOY change: + ¥4,765 million [+29.9 %]

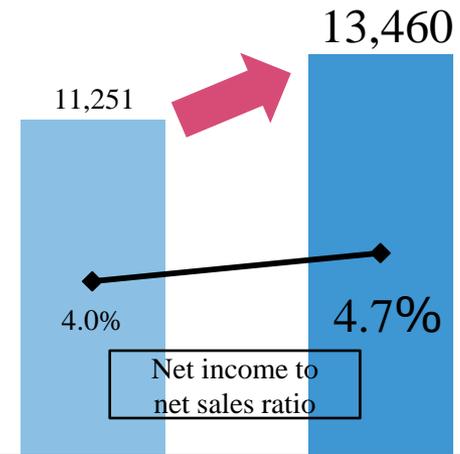


First Three Quarters of Fiscal 2017 First Three Quarters of Fiscal 2018

Year-on-year improvement in income reflects higher net sales starting point and successful efforts to boost profitability, including steps to prevent unprofitable projects, which absorbed cost increases incurred to enhance employee benefits and sharpen competitiveness.

Net income attributable to owners of the parent company

YOY change: + ¥2,208 million [+19.6 %]



First Three Quarters of Fiscal 2017 First Three Quarters of Fiscal 2018

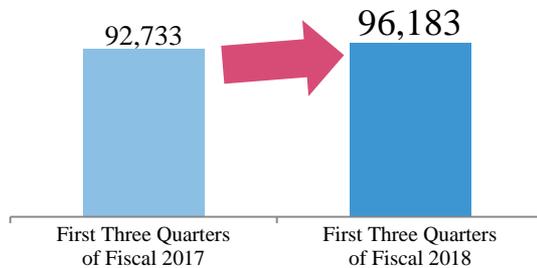
Net income attributable to owners of parent company was up year-on-year, buoyed mainly by higher operating income.

Fiscal 2018 First Three Quarters: Sales and Income for Key Segments

[Millions of yen]

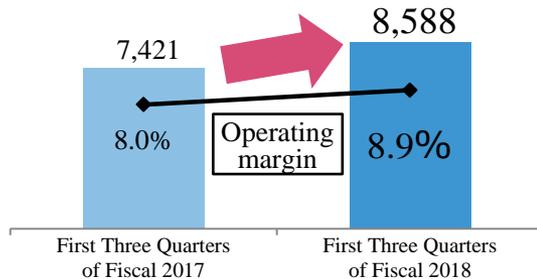
IT Infrastructure Services Net Sales

YOY change: + ¥3,449 million [+3.7%]



Operating Income

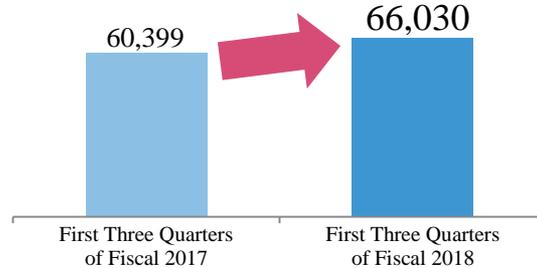
YOY change: + ¥1,166 million [+15.7%]



Sales and income up year-on-year, as wider demand for BPO services as well as contribution from large public-sector projects and brisk demand for data center services fueled by interest in cloud-based services absorbed higher costs incurred to strengthen business capabilities.

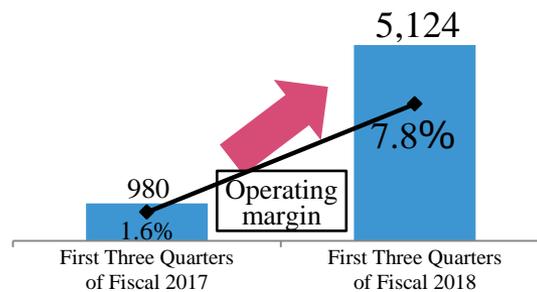
Financial IT Services Net Sales

YOY change: + ¥5,631 million [+9.3%]



Operating Income

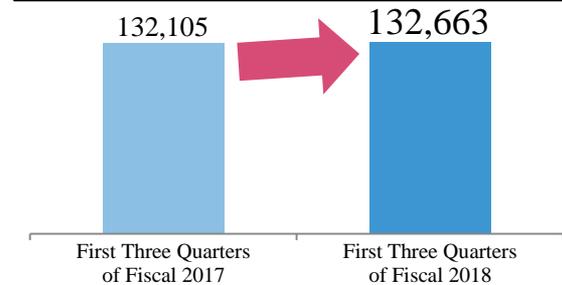
YOY change: + ¥4,143 million [+422.7%]



Sales and income up year-on-year, owing to contribution from large projects for clients in credit card sector as well as increase in business volume paralleling greater IT investment by clients in payment settlement sector. Successful efforts to prevent unprofitable projects also helped boost segment results.

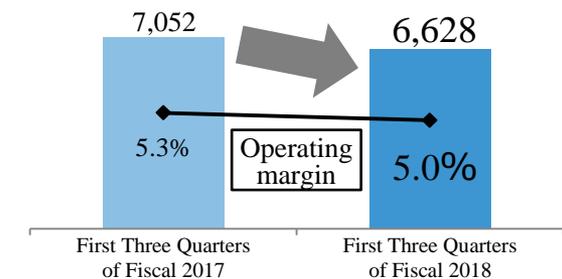
Industrial IT Services Net Sales

YOY change: + ¥557 million [+0.4%]



Operating Income

YOY change: - ¥424 million [- 6.0%]

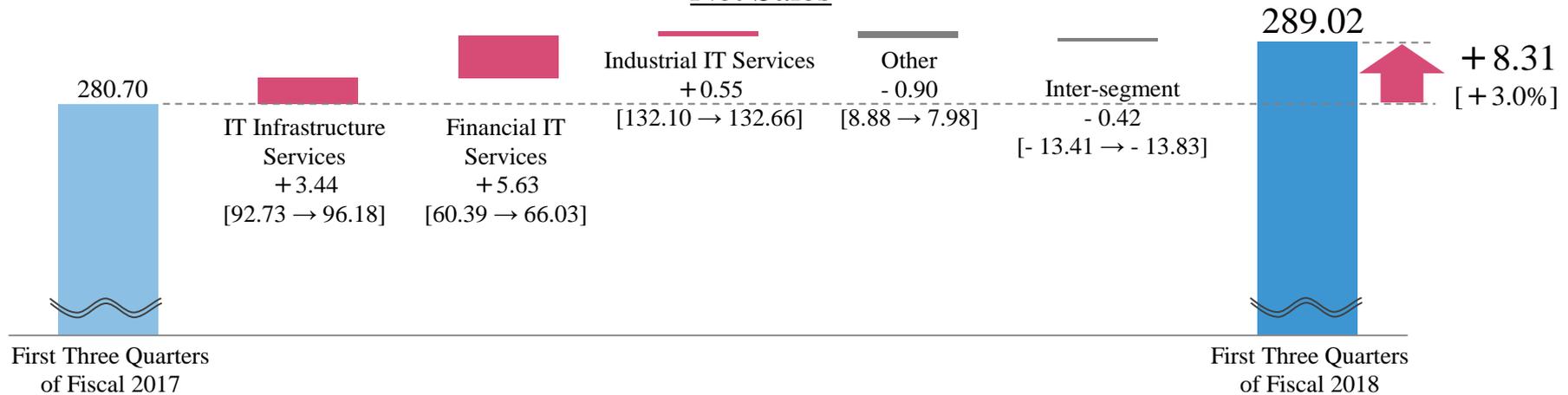


Sales were at a year-on-year par, as greater IT investment by clients offset a reactionary drop in demand for large projects. Operating income fell year on year, owing to higher costs related to the establishment of a dedicated structure and system improvements amid a push to boost profitability.

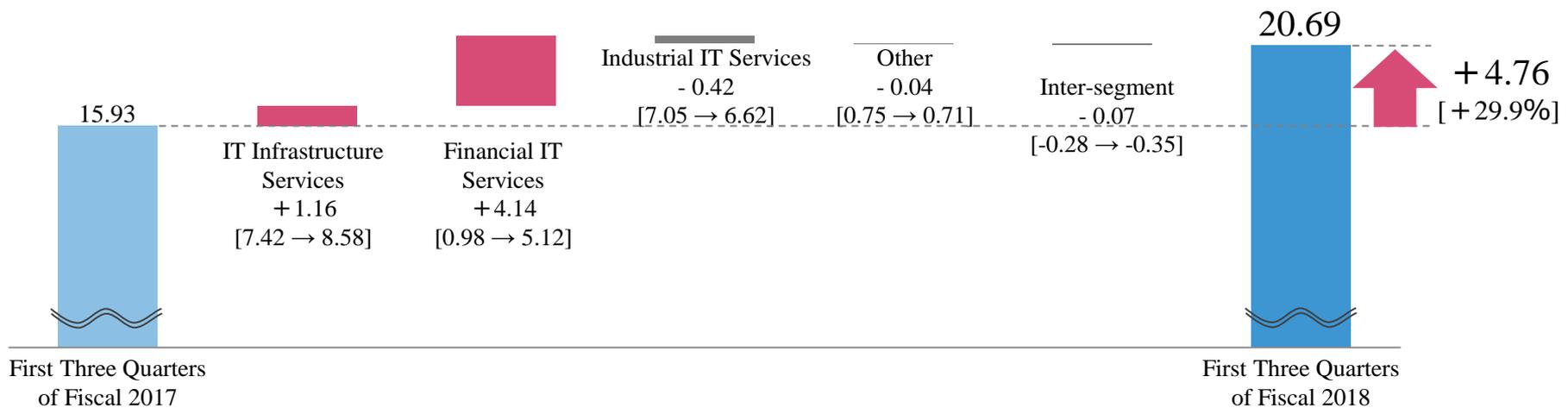
Fiscal 2018 First Three Quarters: Net Sales and Operating Income Analysis

[Billions of yen]

Net Sales

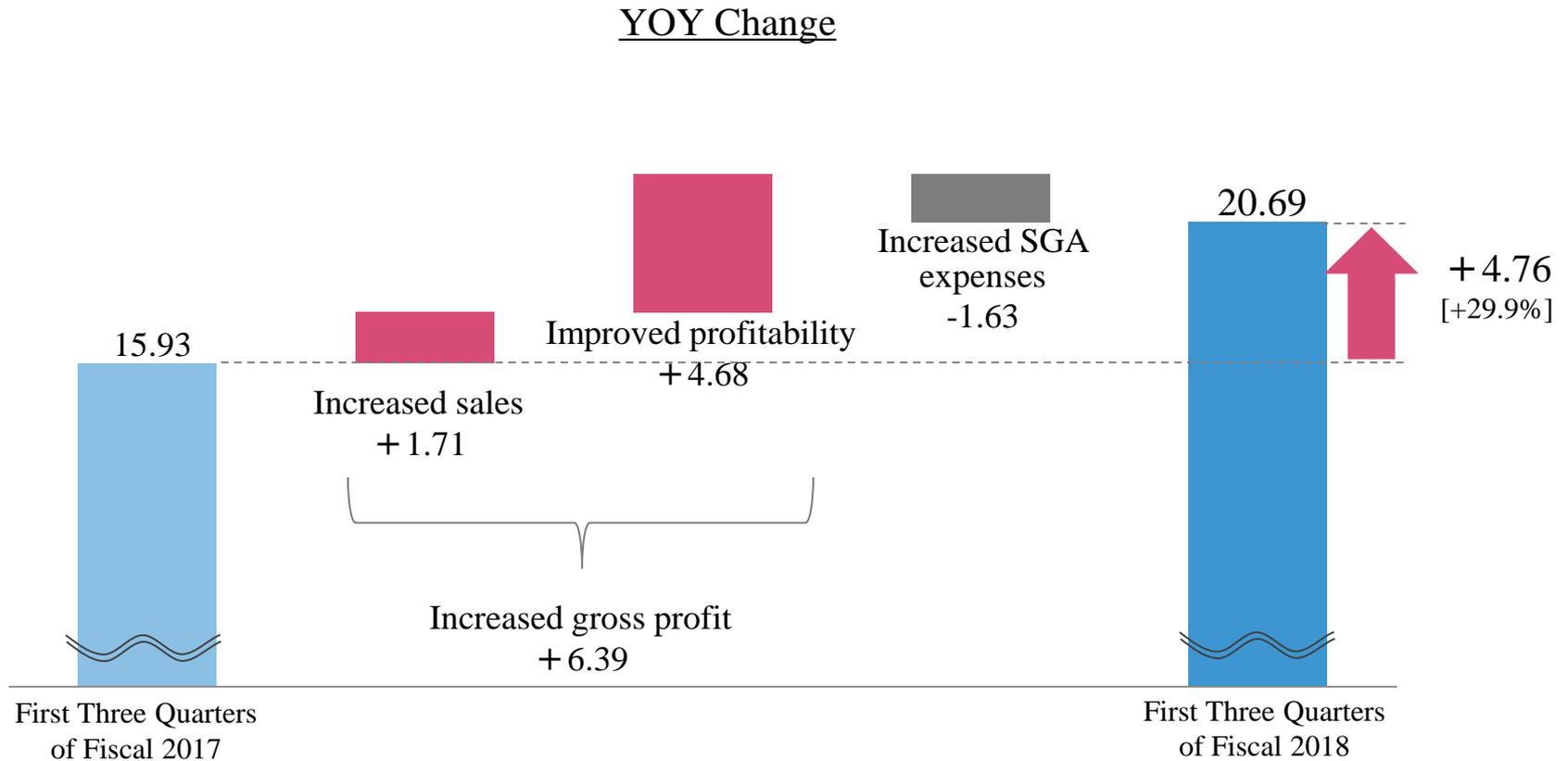


Operating Income



Fiscal 2018 First Three Quarters: Operating Income Analysis, Increase/Decrease Reasons

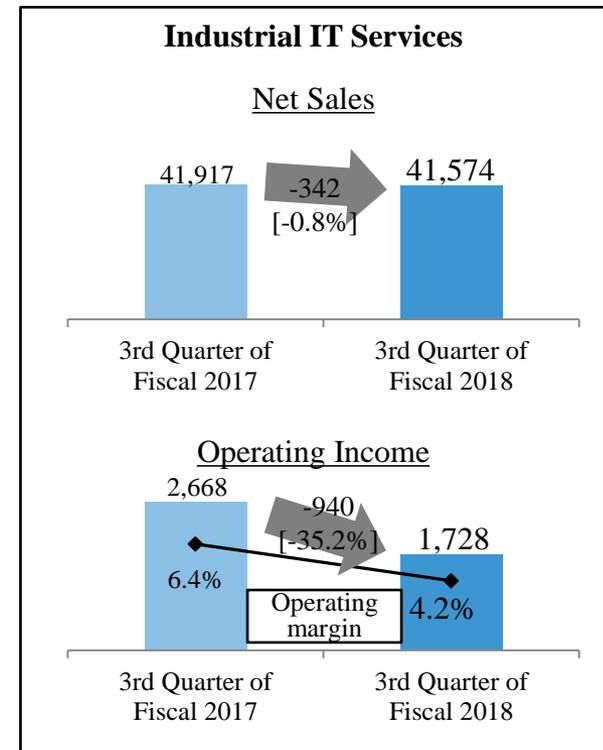
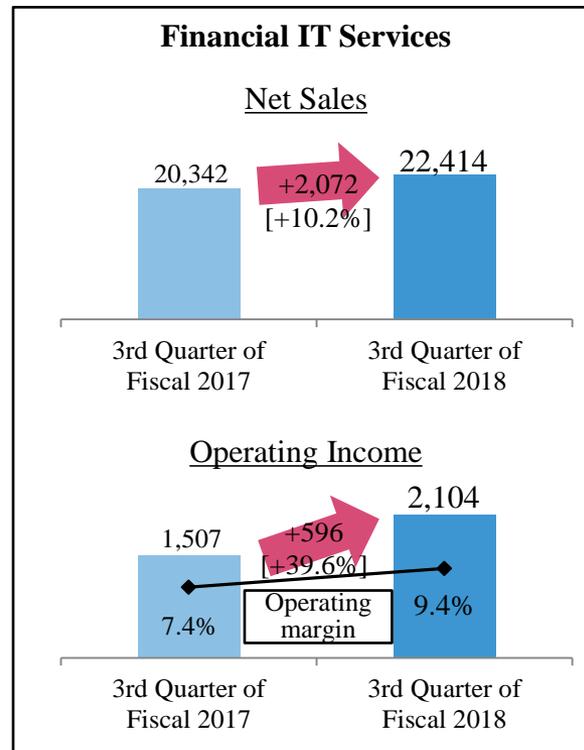
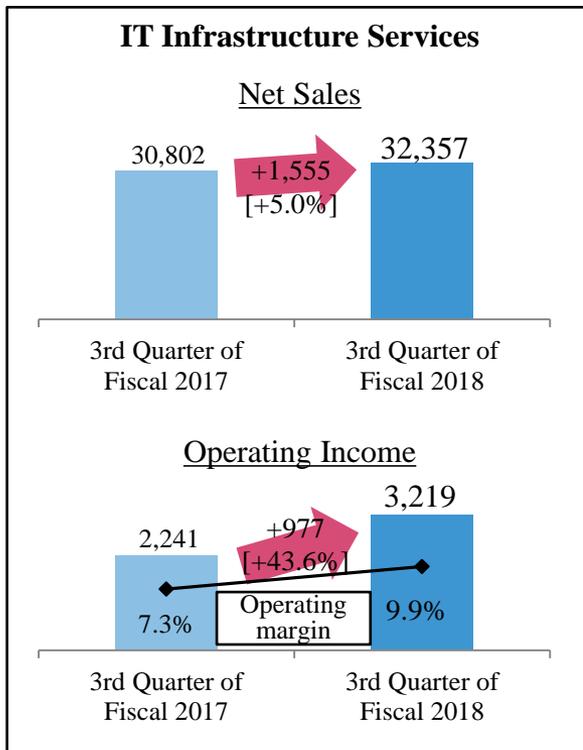
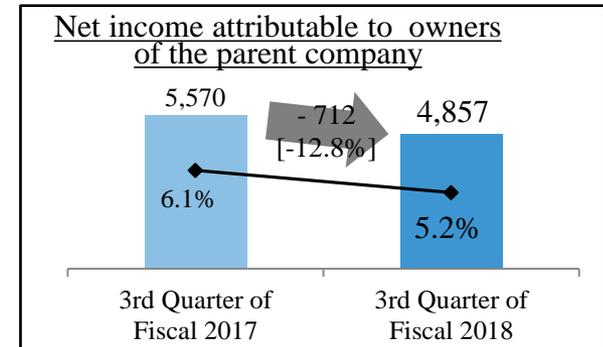
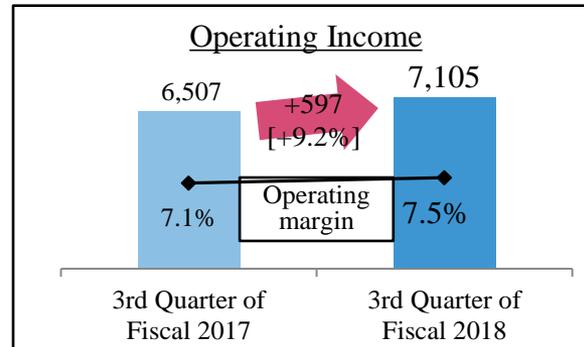
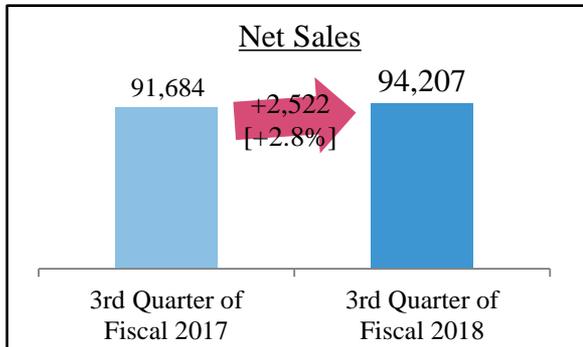
[Billions of yen]



Reference: Fiscal 2018 Third Quarter (October - December)

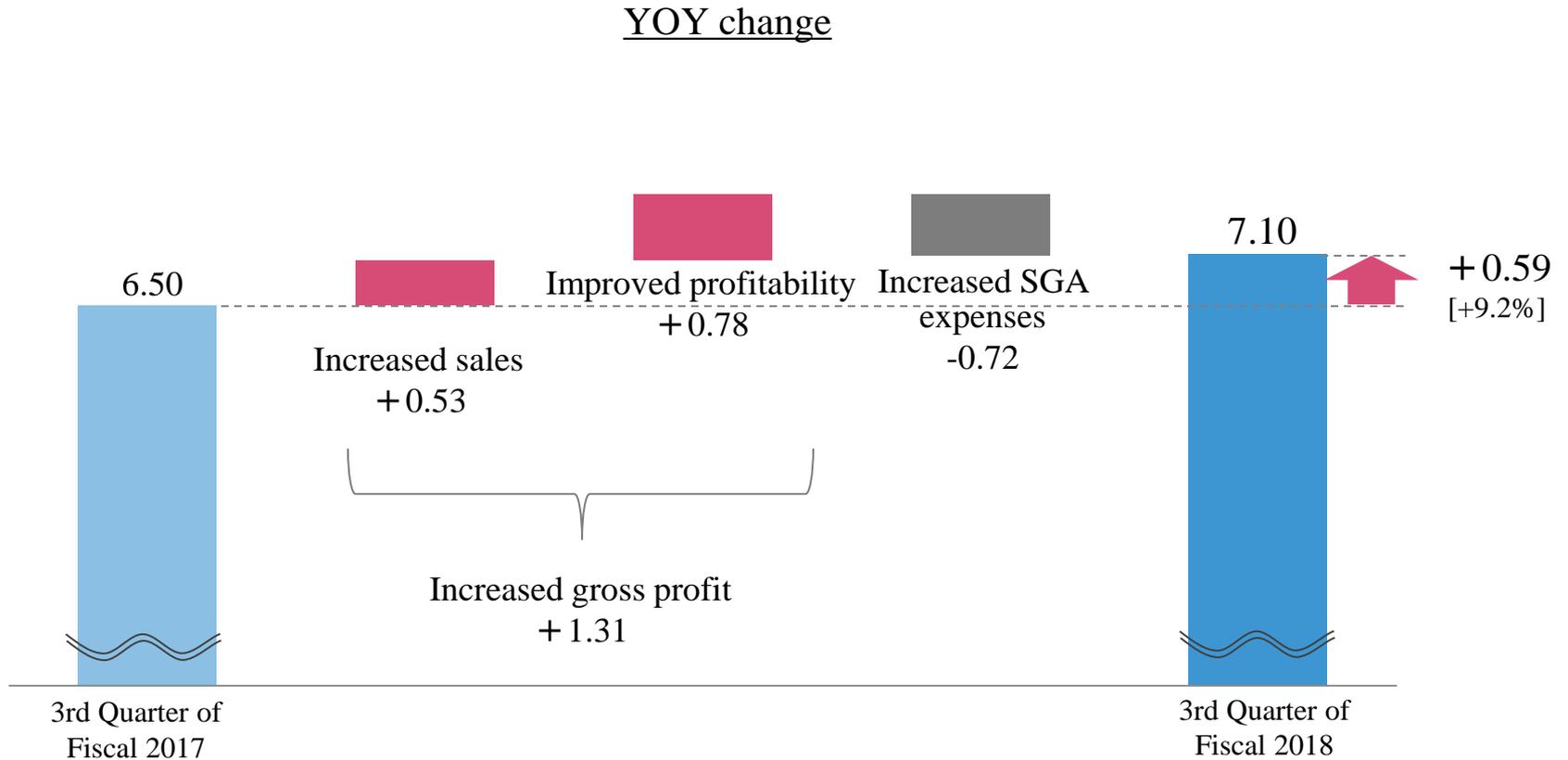
Sales and Income for Key Business Segments

[Millions of yen]



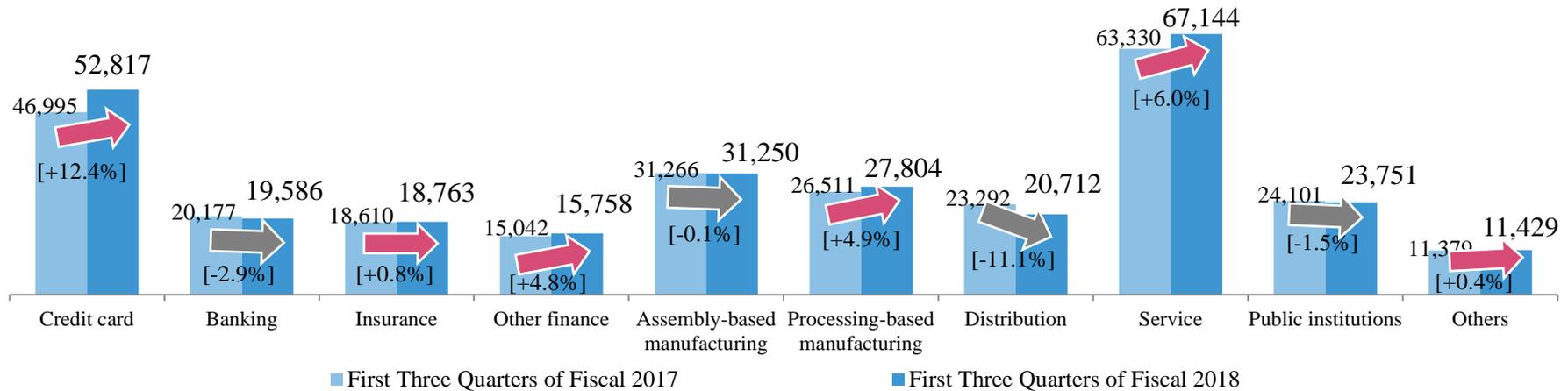
Reference: Fiscal 2018 Third Quarter (October - December) Operating Income Analysis, Increase/Decrease Reason

[Billions of yen]

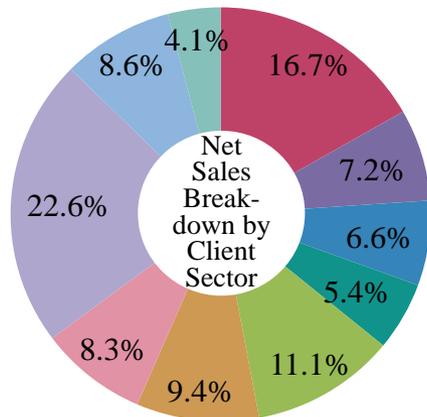


Fiscal 2018 First Three Quarters: Sales by Client Sector

[Millions of yen]

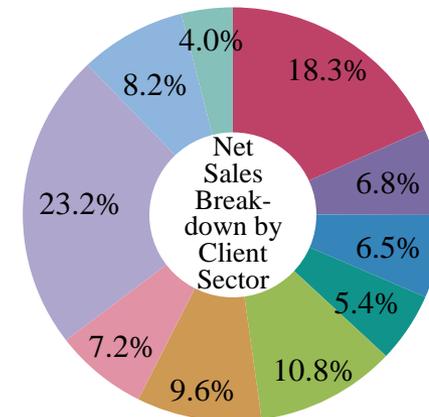


<First Three Quarters of Fiscal 2017>



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

<First Three Quarters of Fiscal 2018>



Financial sector: 37.0 % Industrial sector: 50.8 %
Public sector: 8.2 % Other sectors: 4.0 %

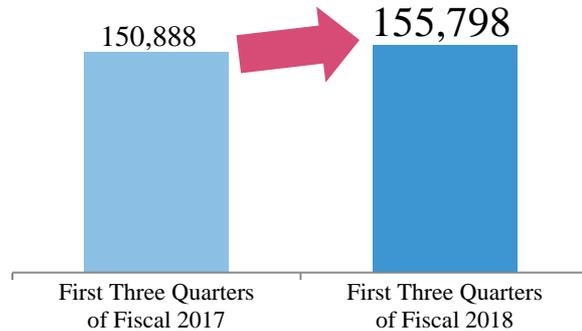
Fiscal 2018 First Three Quarters: Order Status

[Millions of yen]

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

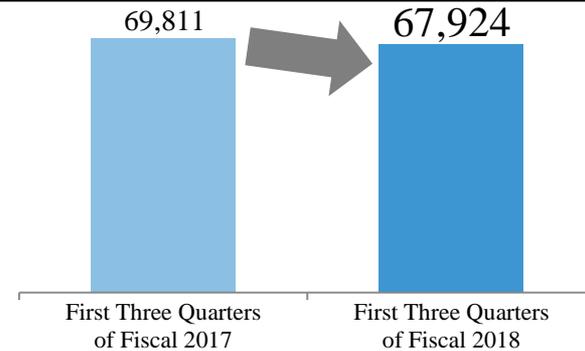
Orders received during first three quarters

YOY change: +¥4,910 million [+3.3%]

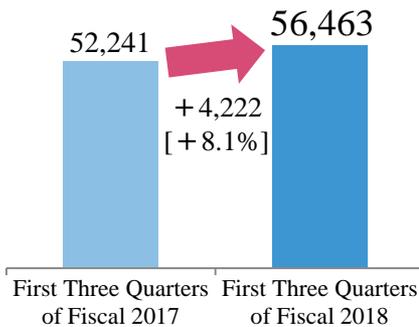


Order backlog at end of first three quarters

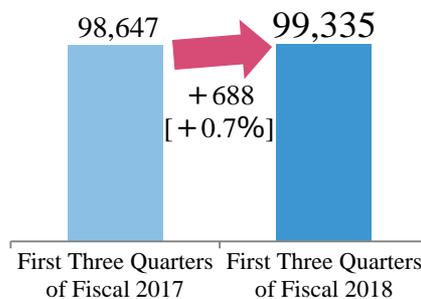
YOY change: -¥1,887 million [-2.7%]



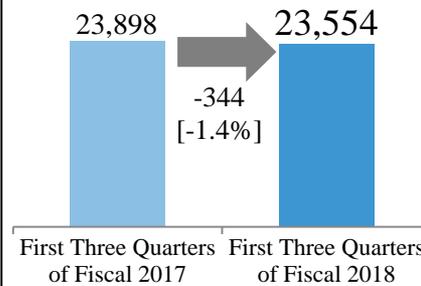
Financial IT Services



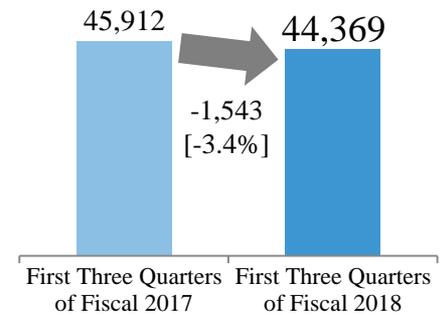
Industrial IT Services



Financial IT Services

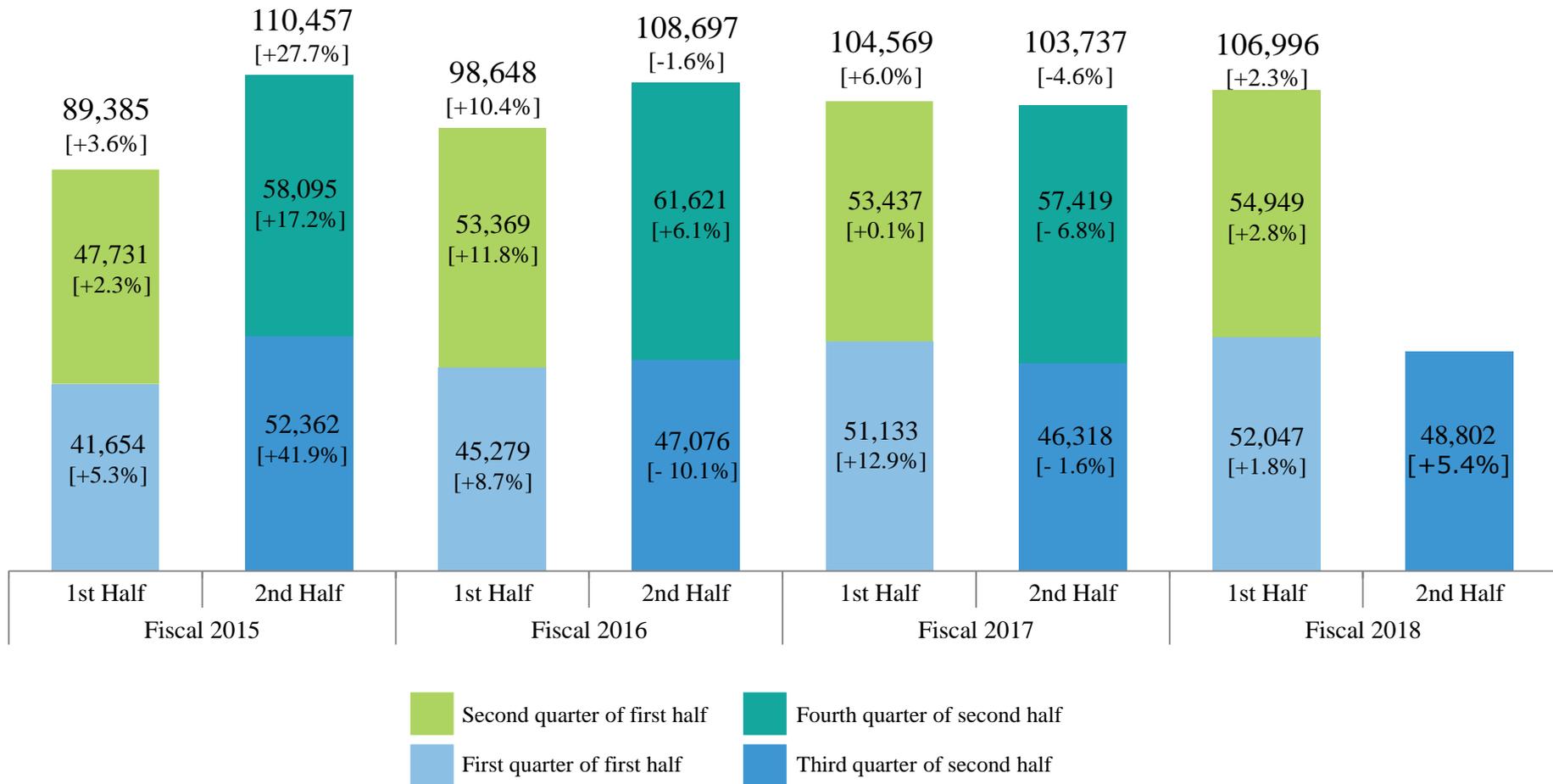


Industrial IT Services



Changes in Orders Received

[Millions of yen]



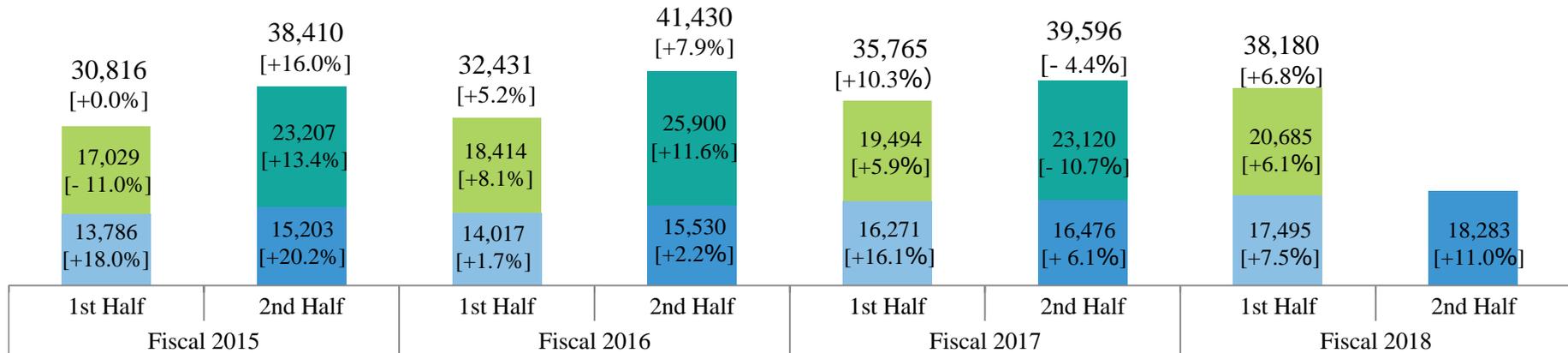
* Orders received during the term apply to Software Development only.

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

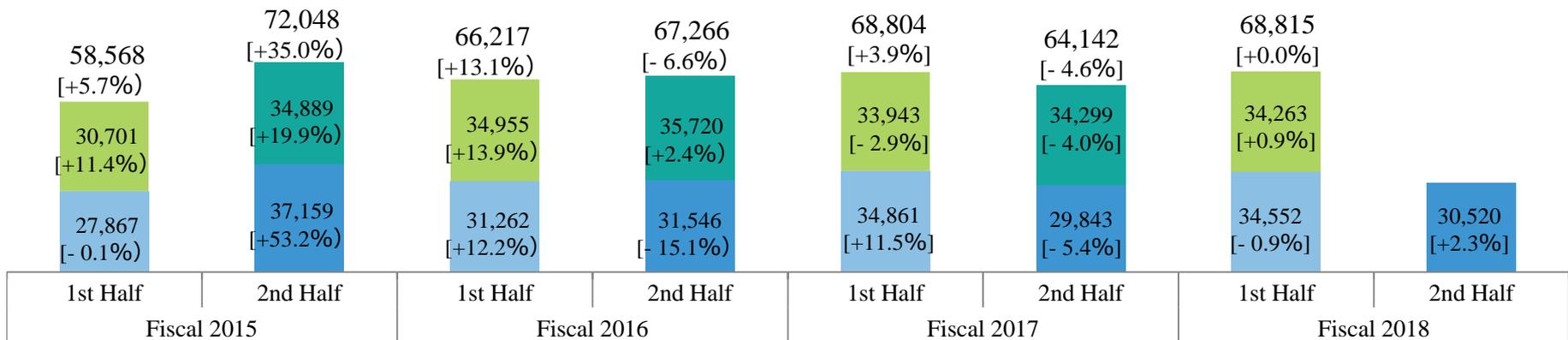
Changes in Orders Received

[Millions of yen]

Financial IT Services



Industrial IT Services



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

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

Fiscal 2018 First Three Quarters Financial Highlights

Fiscal 2018 Performance Forecast

Reference Materials

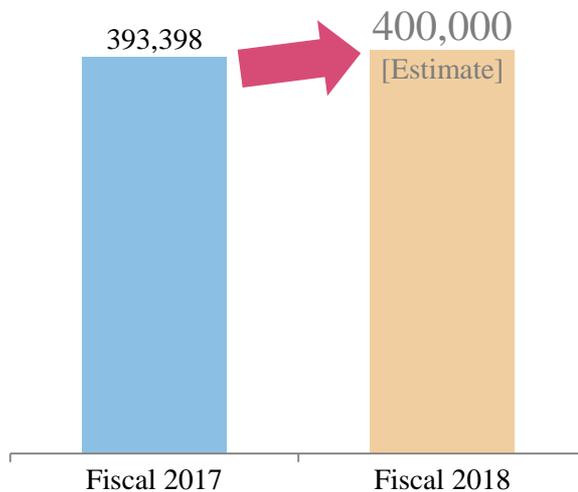
Fiscal 2018: Performance Forecasts-1

[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, even higher.
- ⇒Favorable shift in consolidated results. Will continue to work toward initial targets.
No change to those numerical goals.

Net Sales

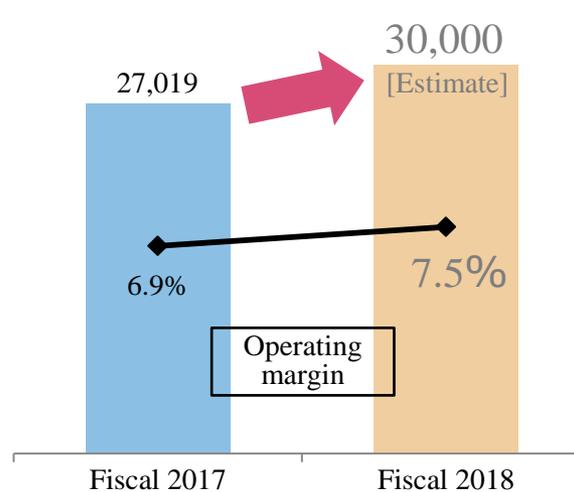
YOY change:
+ ¥6,602 million [+1.7%]



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

Operating Income

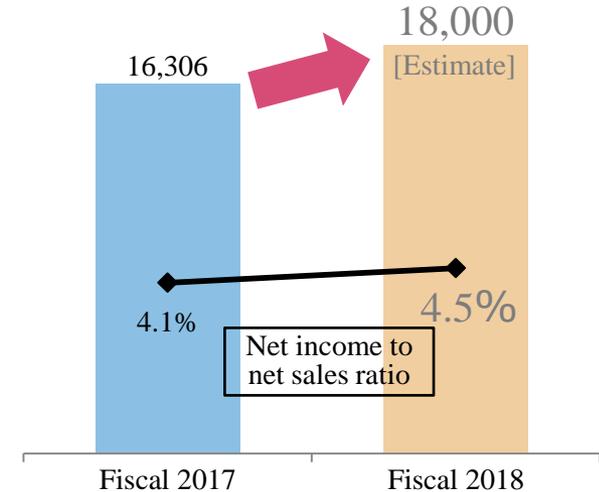
YOY change:
+ ¥2,981 million [+11.0%]



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.

Net income attributable to owners of the parent company

YOY change:
+ ¥1,694 million [+10.4%]



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

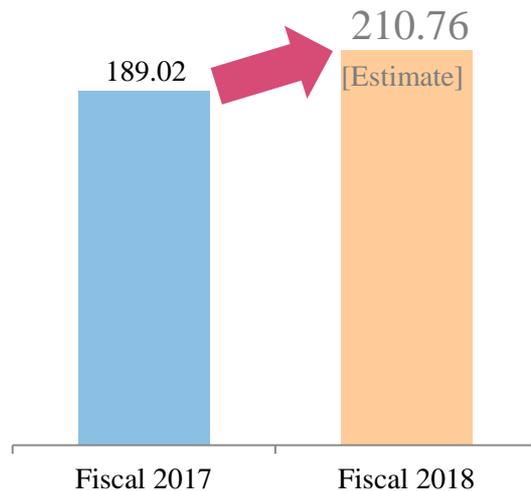
Fiscal 2018: Performance Forecasts-2

[Yen]

- Seeking ROE improvement, with goal to exceed 10% by fiscal 2021, ending March 31, 2021.

Net Income per Share

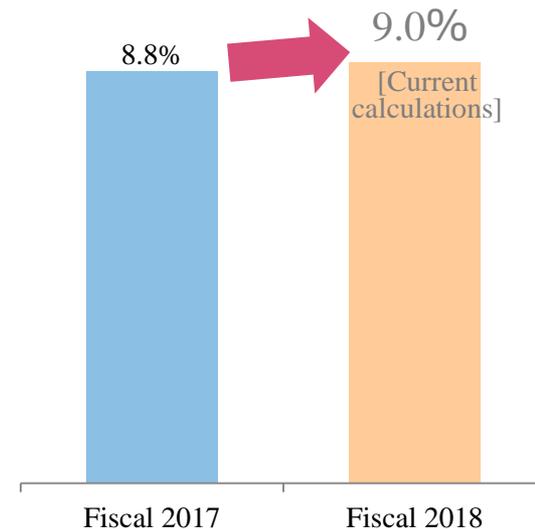
YOY change: + ¥21.74 [+11.5%]



Anticipating year-on-year improvement, paralleling higher net income attributable to owners of parent. (Initial target raised, paralleling purchase of treasury stock)

ROE

YOY change: + 0.2 %



Anticipating further growth, mainly due to higher profitability.

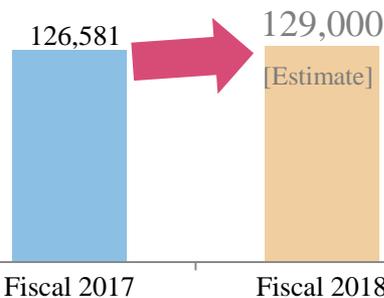
Fiscal 2018: Key Business Segment Performances [Forecast]

[Millions of yen]

IT Infrastructure Services

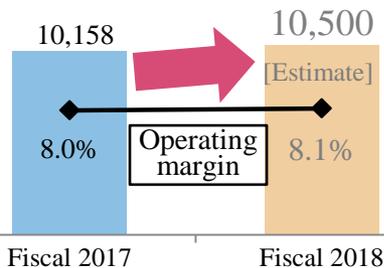
Net Sales

YOY change: +¥2,419 million [+1.9 %]



Operating Income

YOY change: +¥342 million [+3.4 %]

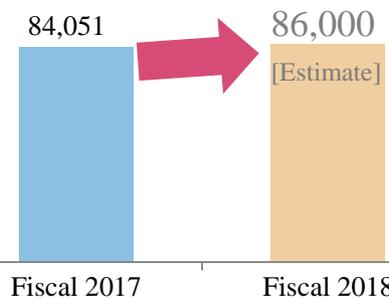


Positive factors, such as expanding data center-related business through Group connections and rising BPO revenue, will absorb some of cost burden and lead to year-on-year improvement in sales and income.

Financial IT Services

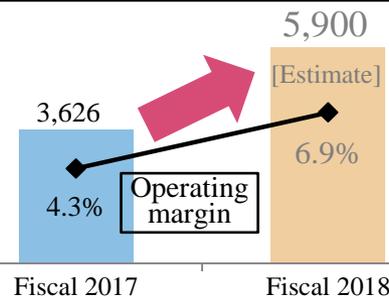
Net Sales

YOY change: +¥1,949 million [+2.3 %]



Operating Income

YOY change: +¥2,274 million [+62.7 %]

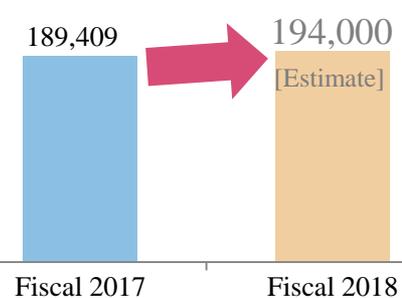


Anticipate year-on-year increase in sales and income, mainly due to steady execution of big projects, wider business volume achieved by decisively capitalizing on growing demand for payment settlement services, and a reduction in unprofitable projects.

Industrial IT Services

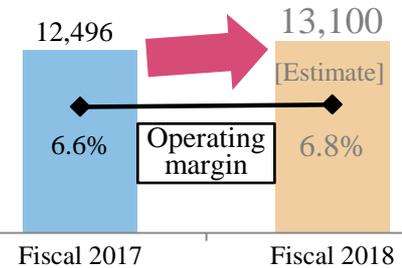
Net Sales

YOY change: +¥ 4,591 million [+2.4 %]



Operating Income

YOY change: +¥604 million [+4.8 %]

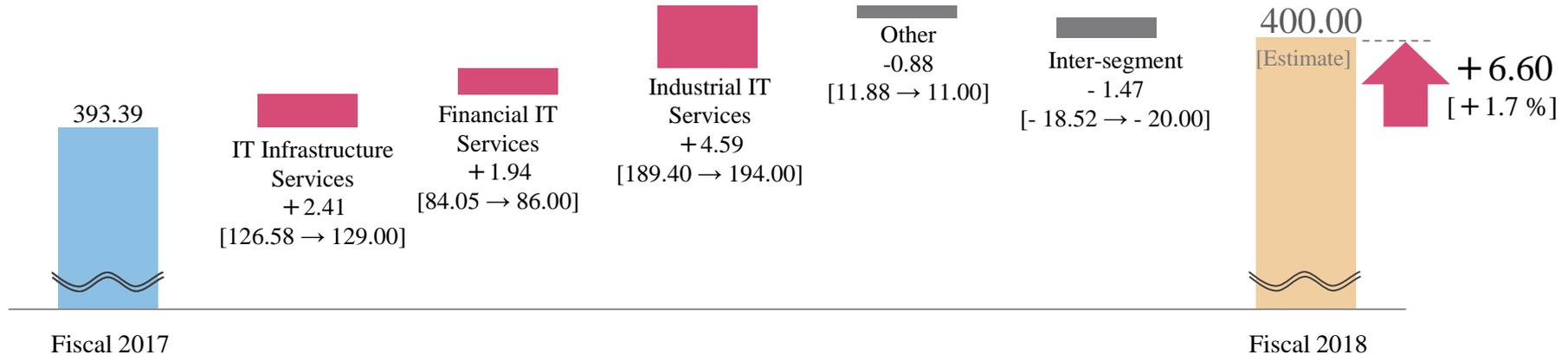


Looking at year-on-year increase in sales and income, as impact of reactionary drop in large projects offset by decisive capture of growing ERP demand from manufacturing sector and greater cooperation among Group companies to address core clients' needs.

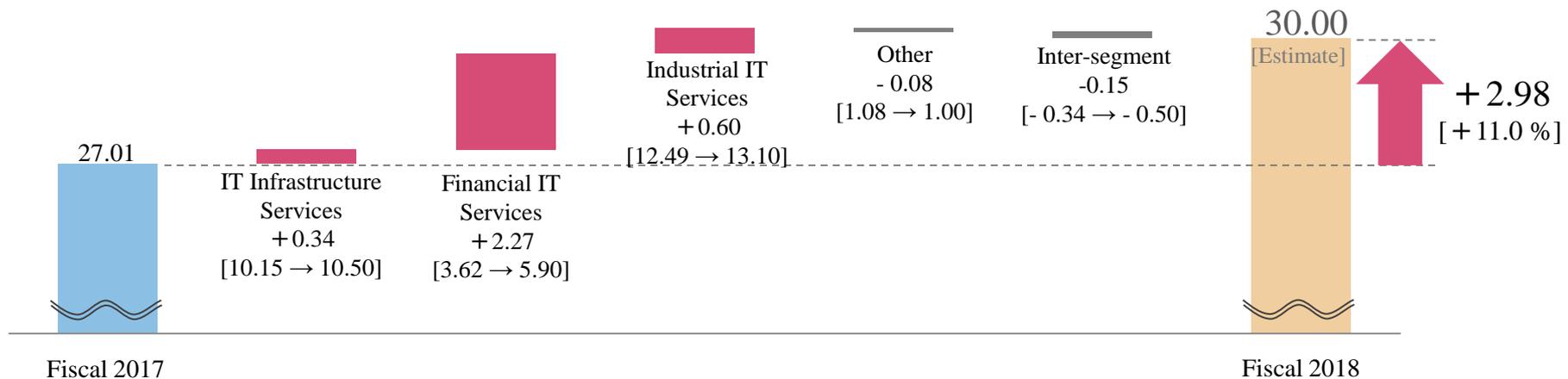
Fiscal 2018: Net Sales and Operating Income Analysis [Forecast]

[Billions of yen]

Net Sales



Operating Income



Fiscal 2018: Priority Focus by Core Business Segment

IT Infrastructure Services

- Accelerate shift toward service-style business through wider variety of value-added services, including security, and expanded menu of cloud services
- Actively promote cross-selling within the Group for data center/network business, including groupwide connection start for DCAN (Datacenter and cloud services – Customer Adapted Network) closed network service
- 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, embrace themes of strategic importance to core clients
- 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 enhanced marketing efforts 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 capitalizing on 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

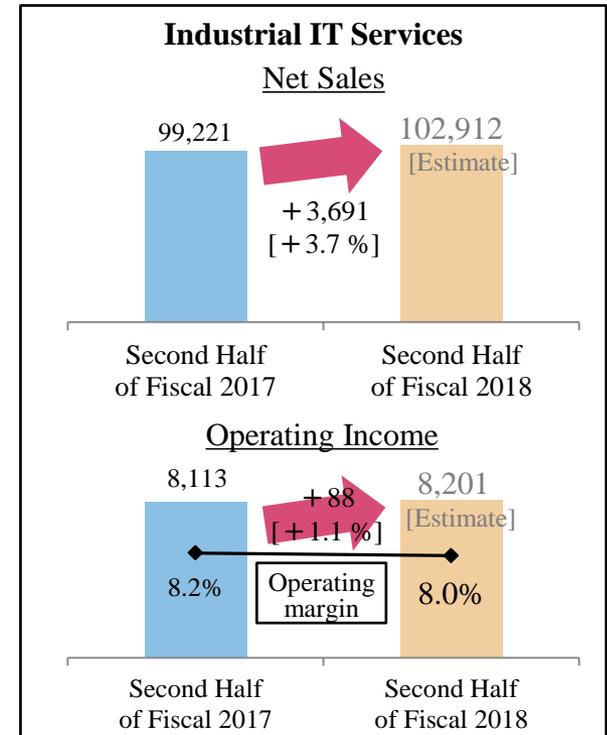
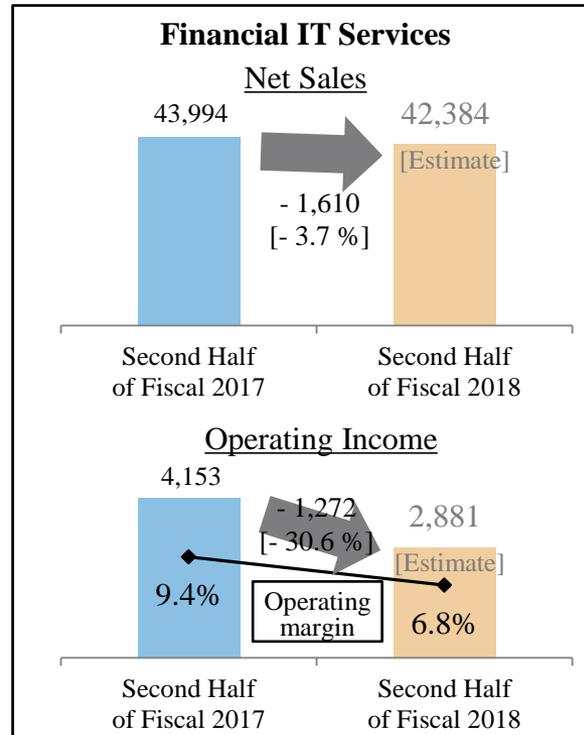
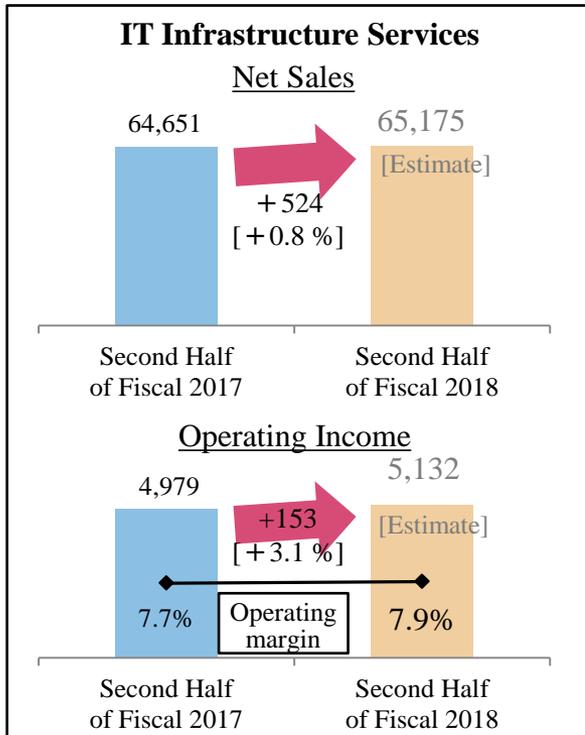
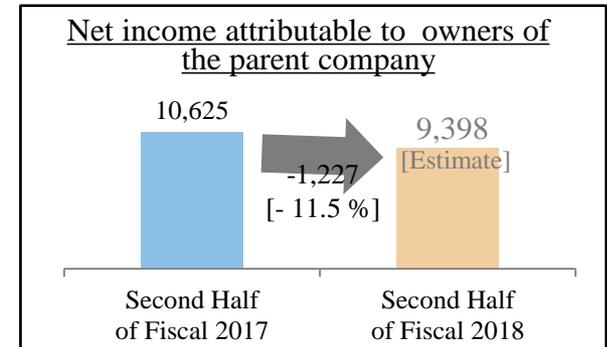
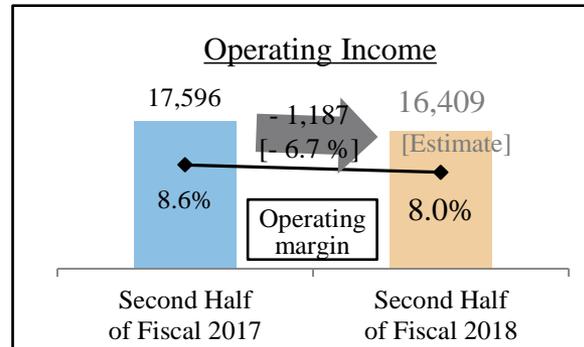
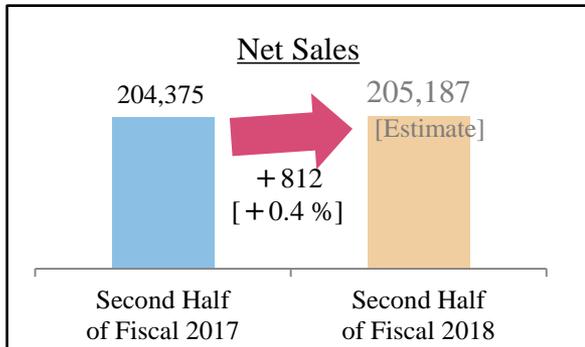
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Fiscal 2018 Performance Forecast

Reference Materials

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 results 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.