



**TIS**

TIS INTEC Group

Go Beyond

# **Information Meeting Materials for the First Quarter of the Fiscal Year Ending March 31, 2019**

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**August 1, 2018**

**TIS Inc.**

## **Fiscal 2019 First Quarter: Financial Highlights**

**Fiscal 2019 Performance Forecast**

**Reference Materials**

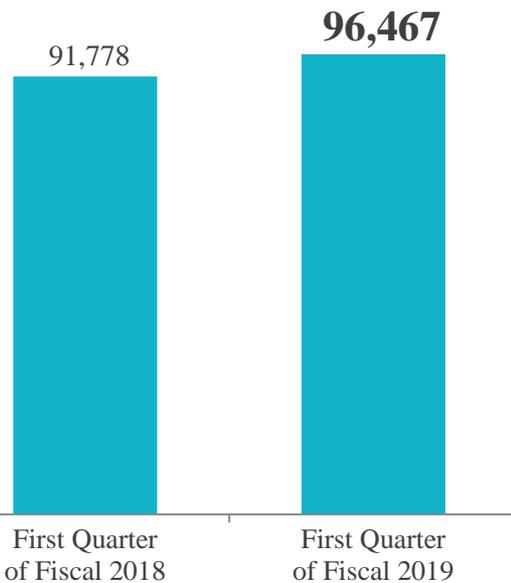
# Fiscal 2019 First Quarter: Financial Highlights

[Millions of yen]

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

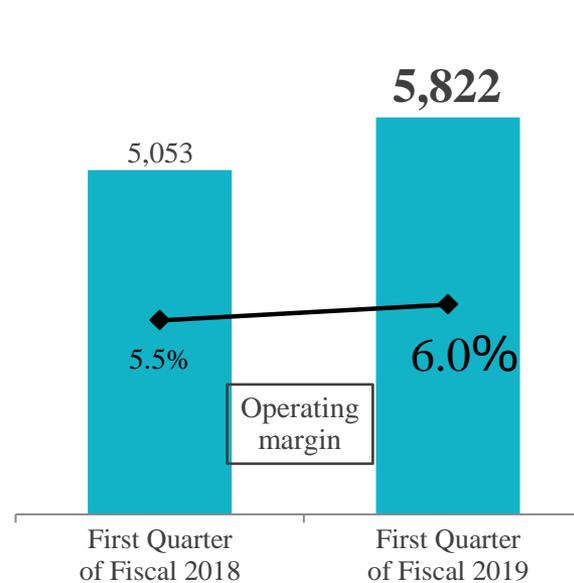
## Net Sales

• YOY change +¥4,689 million [+5.1%]



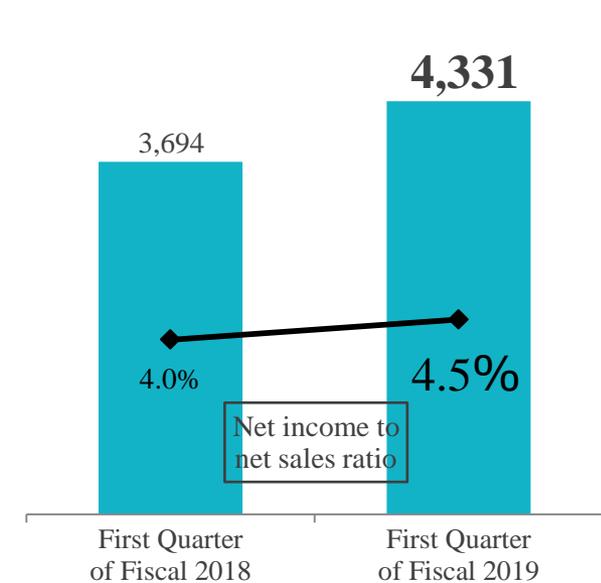
## Operating Income

• YOY change +¥768 million [+15.2%]



## Net Income Attributable to Owners of the Parent Company

• YOY change +¥637 million [+17.3%]



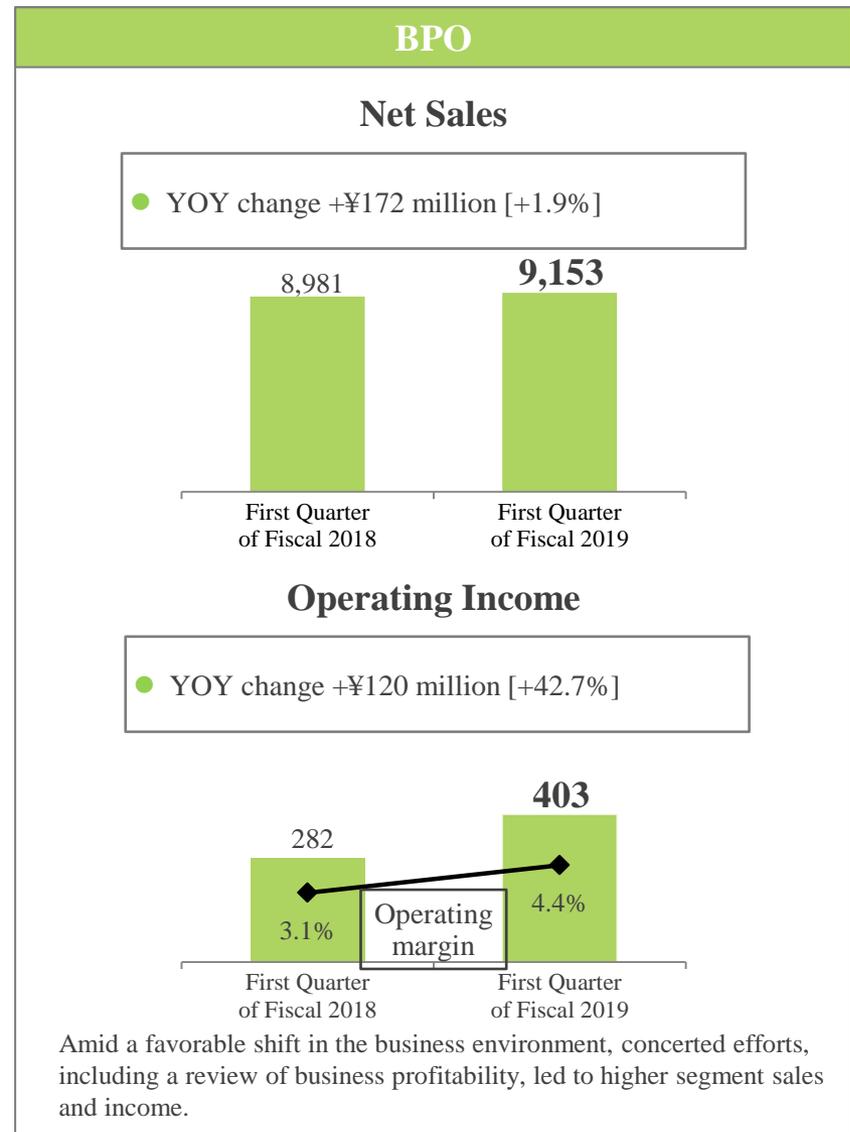
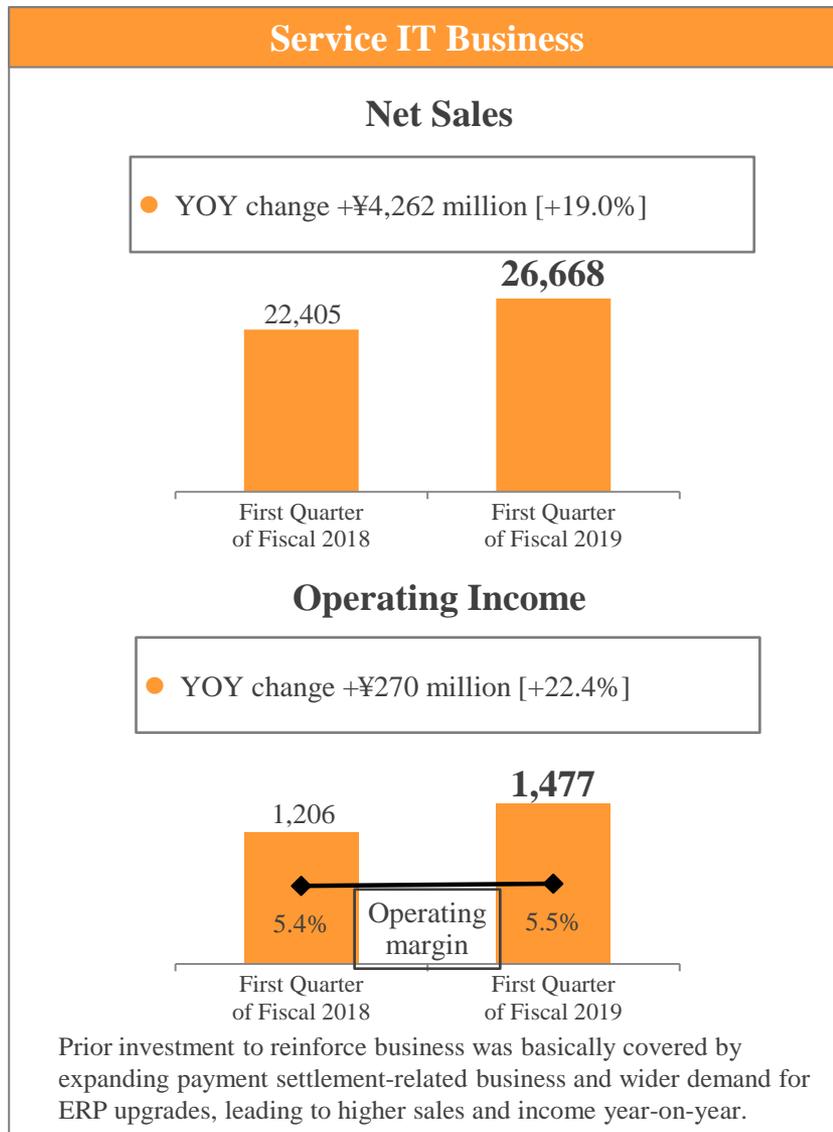
In sectors where IT investment is showing renewed growth, we emphasized accurate identification of client needs and were rewarded with higher sales, year-on-year.

Higher gross profit, reflecting rise in net sales and profitability, more than enough to absorb increase in selling, general and administrative expenses, particularly costs associated with stronger response to restructuring. Operating income thus rose year-on-year.

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

# Fiscal 2019 First Quarter: Sales and Income for Key Business Segments-1

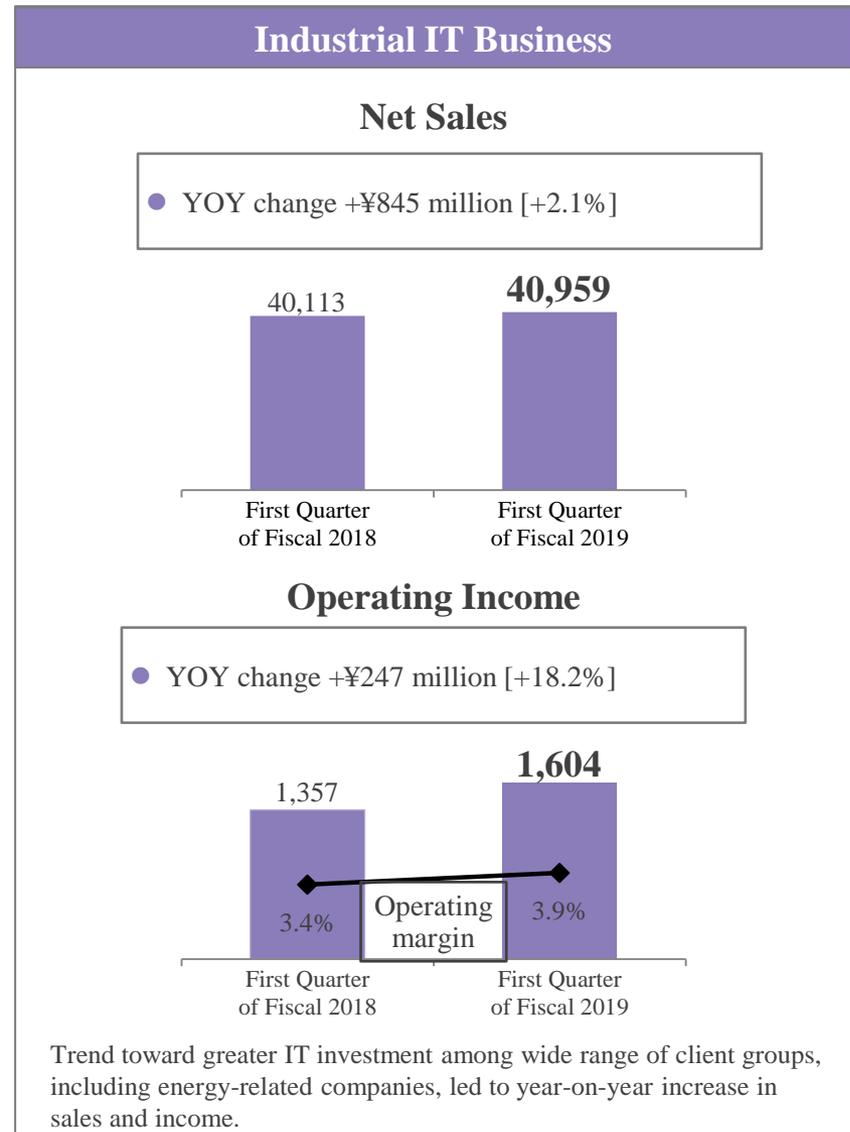
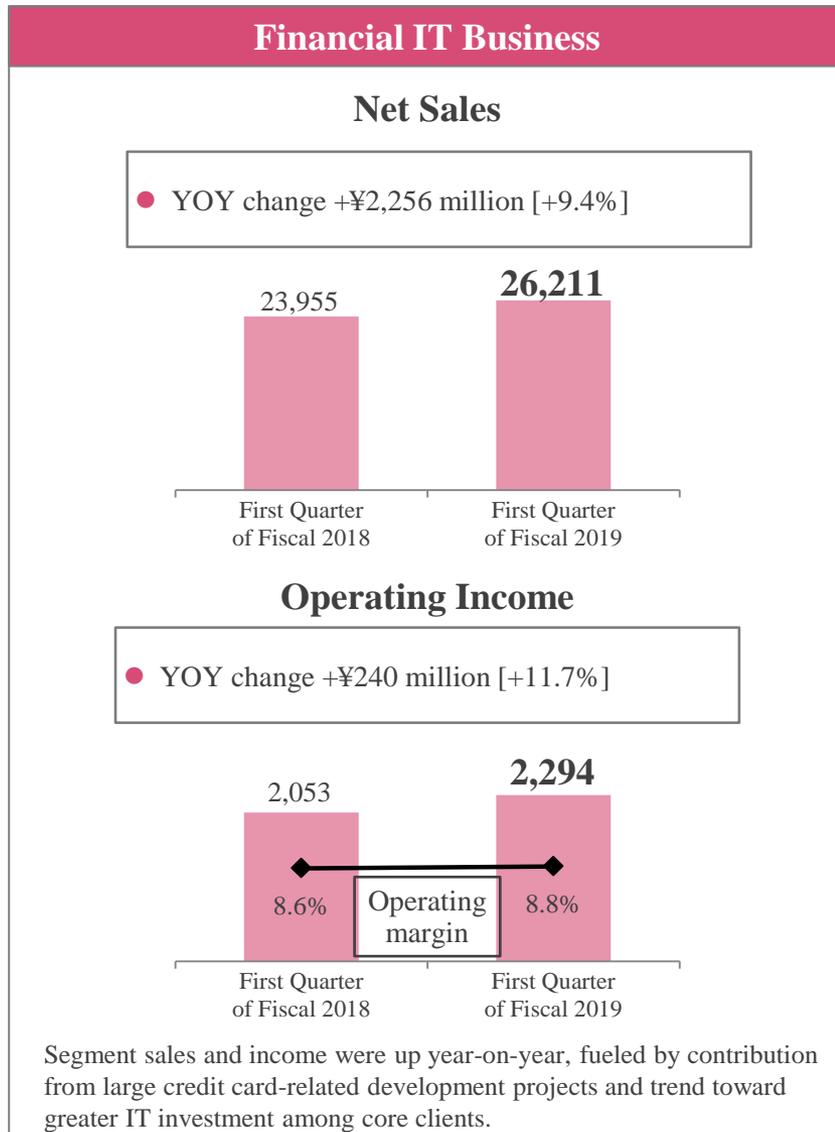
[Millions of yen]



# Fiscal 2019 First Quarter:

## Sales and Income for Key Business Segments-2

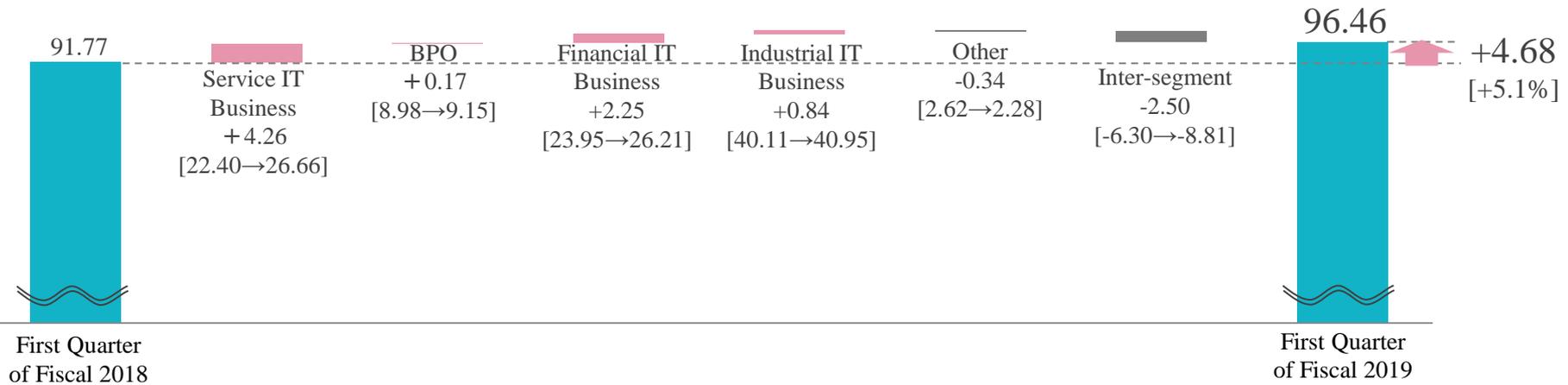
[Millions of yen]



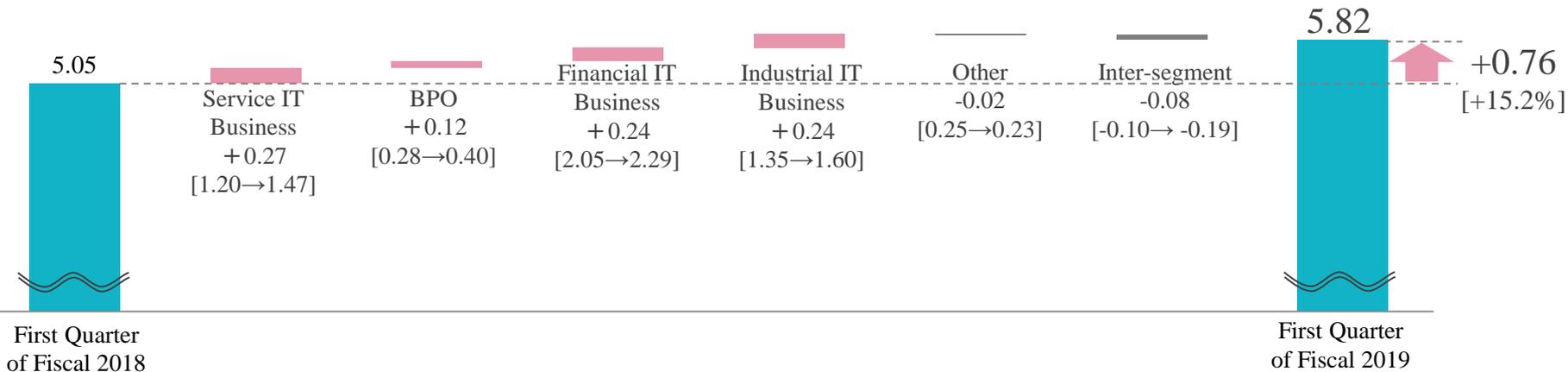
# Fiscal 2019 First Quarter: Net Sales and Operating Income Analysis

[Billions of yen]

## Net Sales

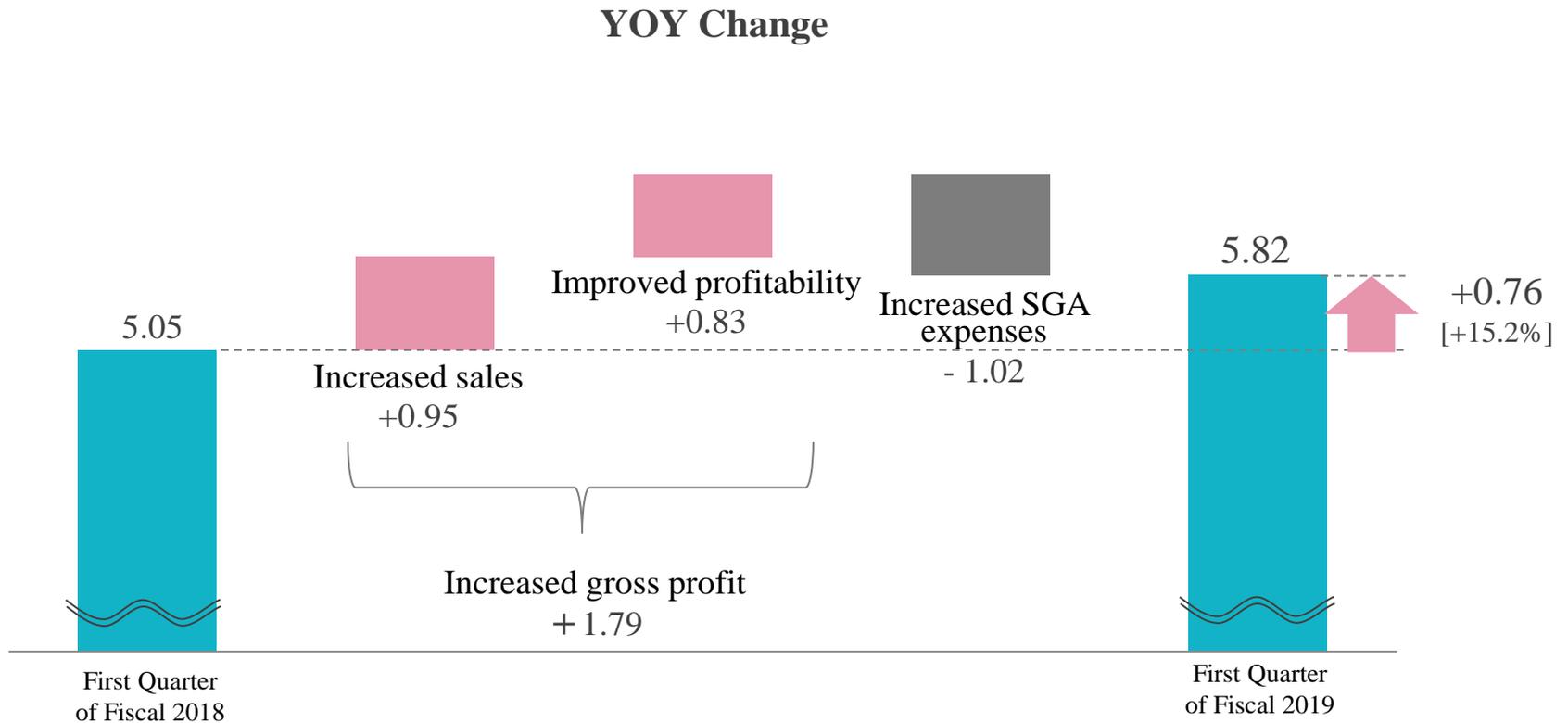


## Operating Income



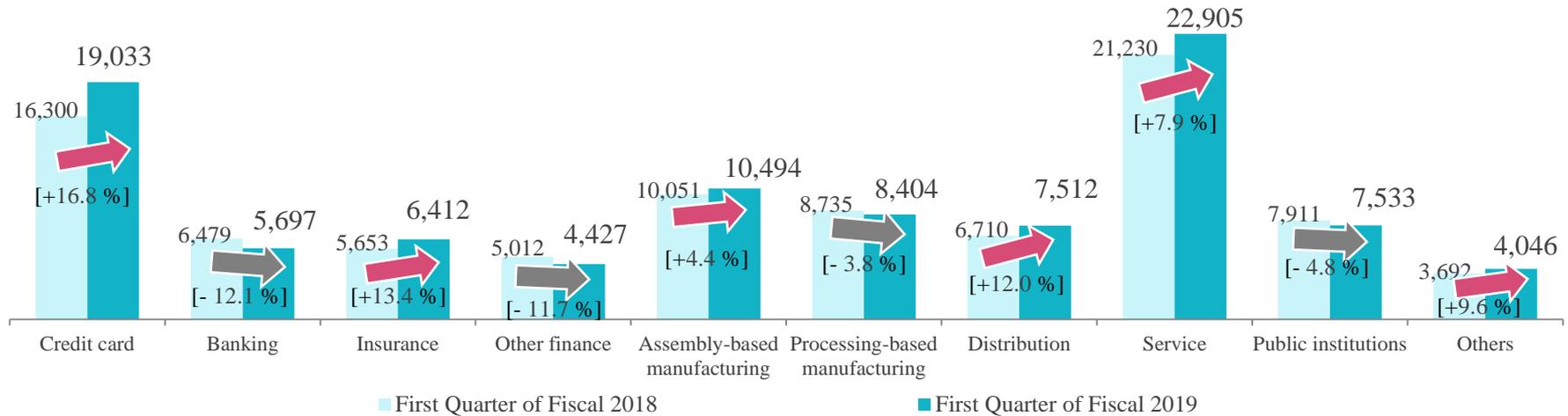
# Fiscal 2019 First Quarter: Operating Income Analysis, Increase/Decrease Reasons

[Billions of yen]

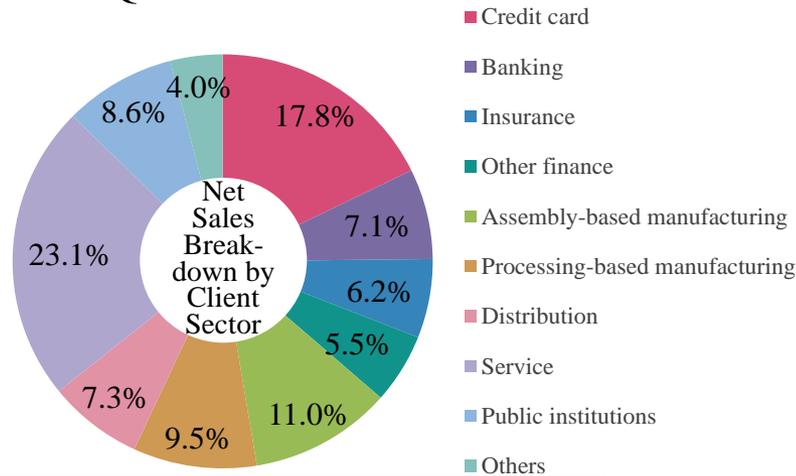


# Fiscal 2019 First Quarter: Sales by Client Sector

[Millions of yen]

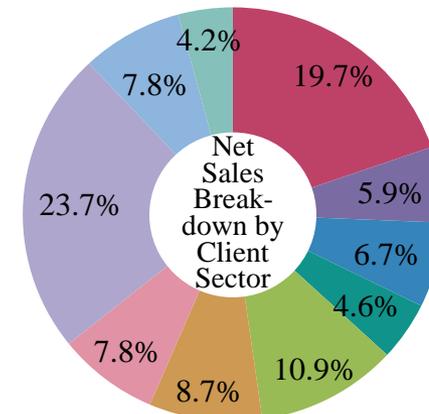


<First Quarter of Fiscal 2018>



Financial sector: 36.4%    Industrial sector: 50.9%  
Public sector: 8.6%    Other: 4.0%

<First Quarter of Fiscal 2019>



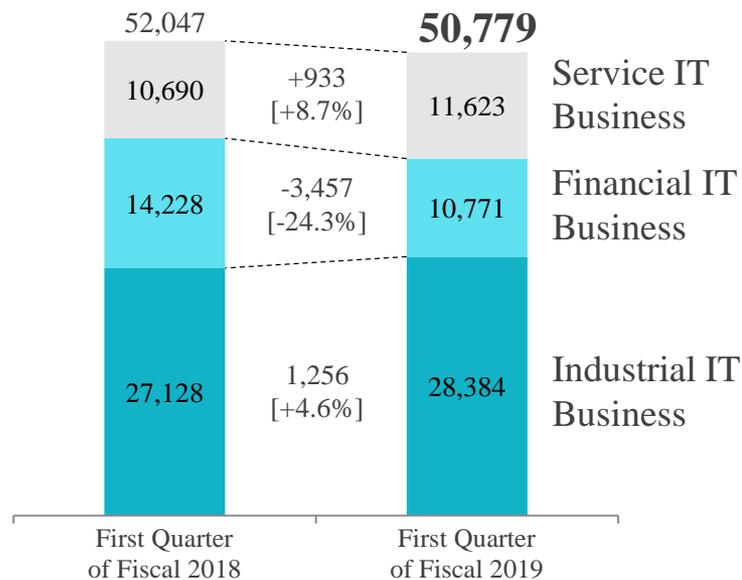
Financial sector: 36.9%    Industrial sector: 51.1%  
Public sector: 7.8%    Other: 4.2%

## Fiscal 2019 First Quarter: Order Status (Software Development) [Millions of yen]

- Order volume in the first quarter was down slightly from the balance at the end of fiscal 2018 and year-on-year, but this is likely due to a reactionary drop in large financial IT projects and a change of order time. On a market basis, order volume was brisk.

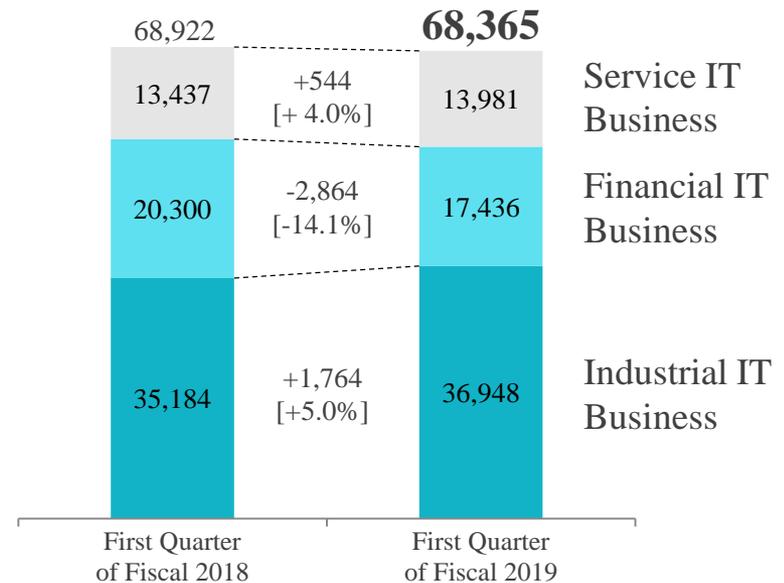
### Order received during first quarter

- YOY change - ¥1,268 million [-2.4%]



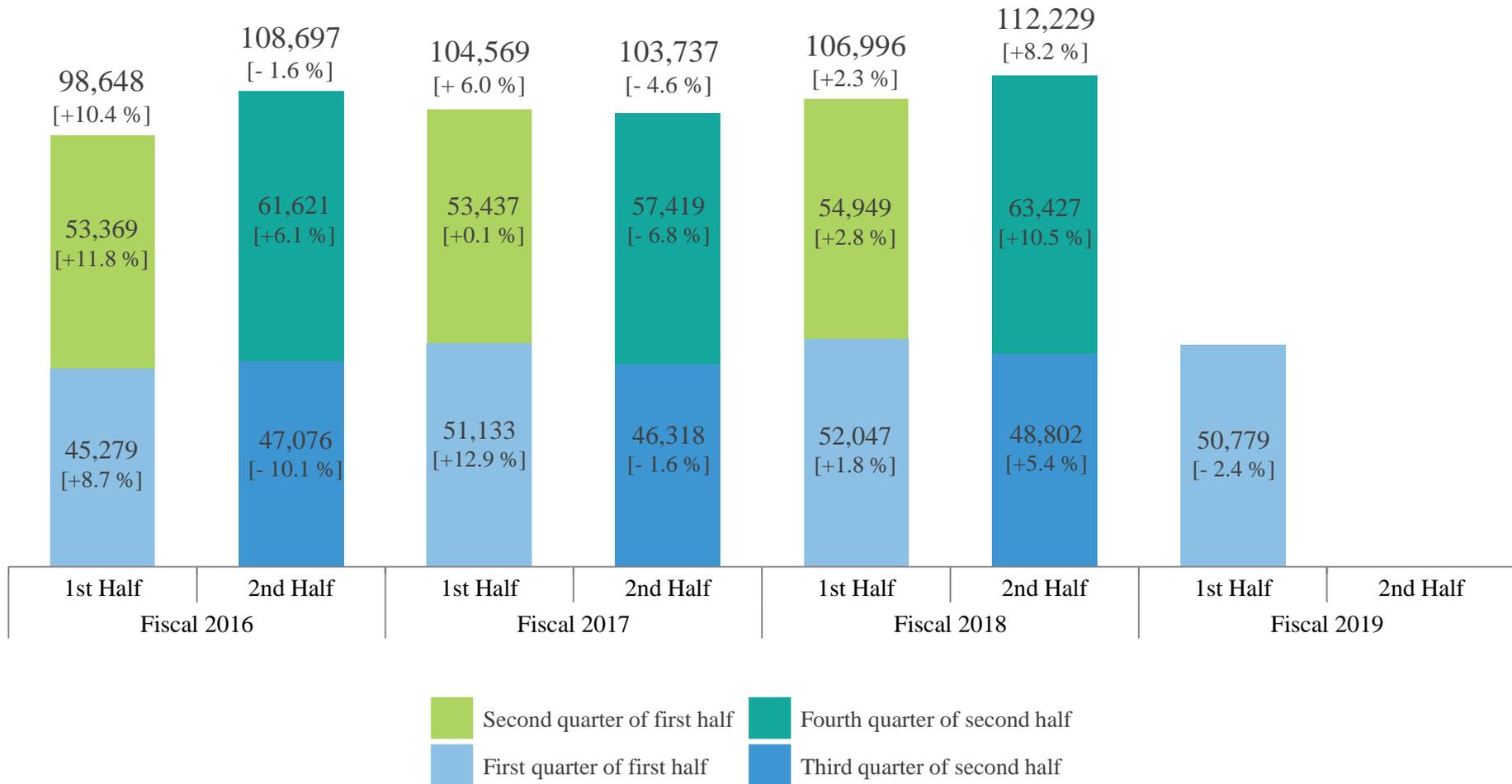
### Order backlog at end of first quarter

- YOY change - ¥557 million [-0.8%]



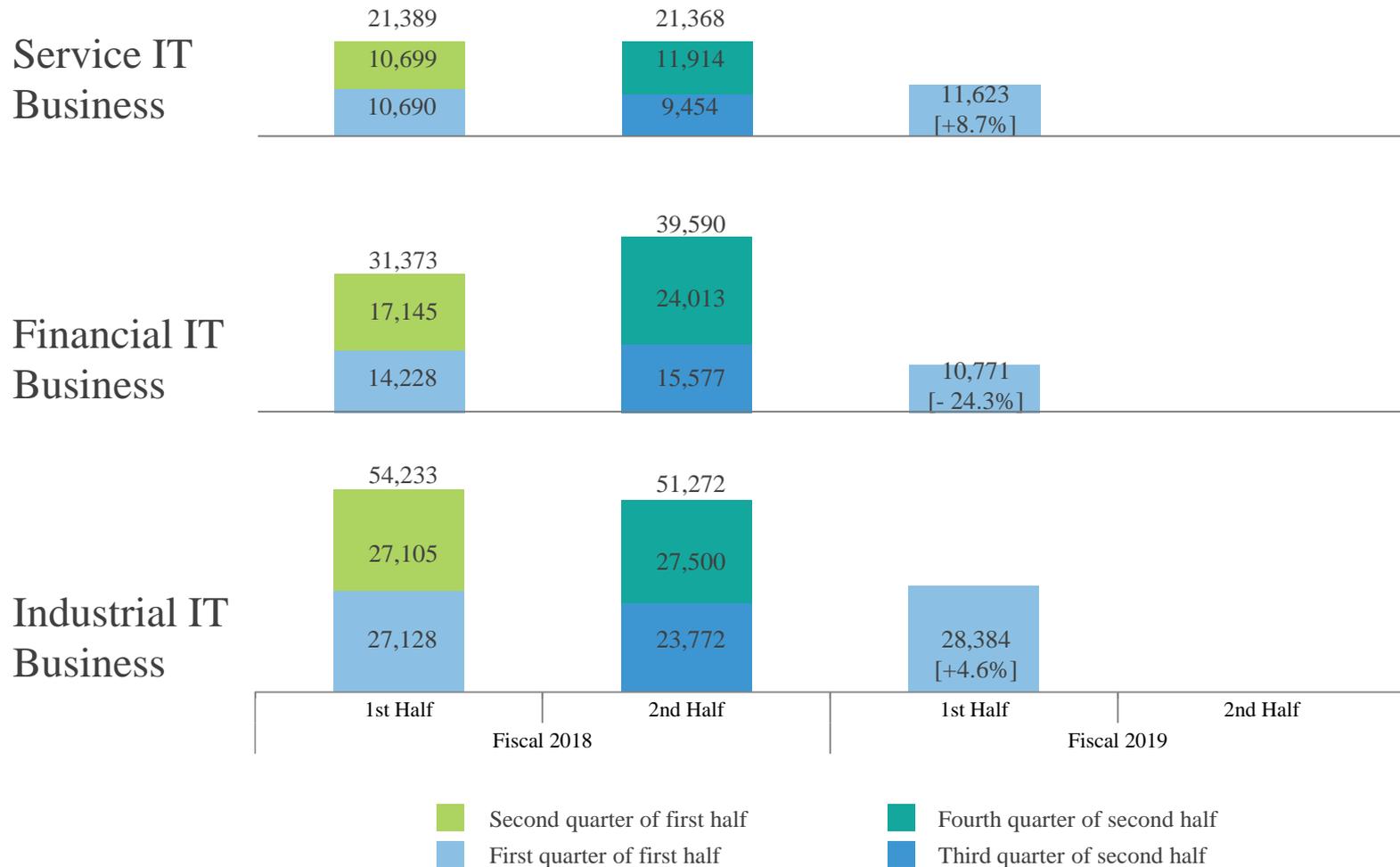
# Changes in Orders Received (Software Development)

[Millions of yen]



# Changes in Orders Received (Software Development, by Business Segment)

[Millions of yen]



**Fiscal 2019 First Quarter: Financial Highlights**

**Fiscal 2019 Performance Forecast**

**Reference Materials**

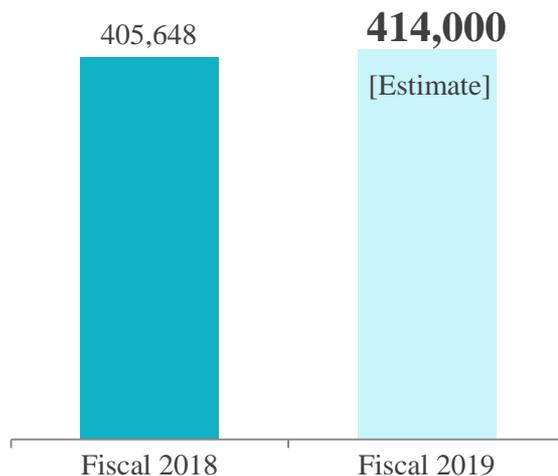
# Fiscal 2019: Performance Forecasts-1

[Millions of yen]

- Amid brisk business conditions, absorb reactionary drop in large projects and work toward higher sales and higher income.
- Vigorously invest into growth domains and forte fields to facilitate structural transformation described in new medium-term management plan.  
⇒ No change to initial targets

## Net Sales

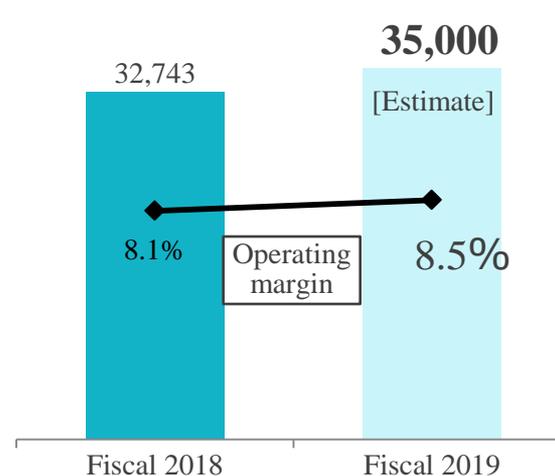
YOY change +¥8,352 million [+2.1%]



Focusing on service IT and industrial IT demand, strive to expand business through accurate responses to IT investment needs of clients. Expect year-on-year increase in sales.

## Operating Income

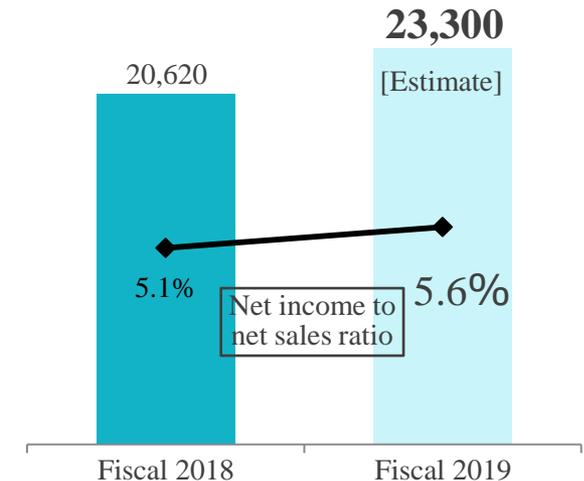
YOY change +¥ 2,257 million [+6.9%]



Higher sales effect and ongoing effort to boost productivity. Expect to absorb higher cost burden associated with structural transformation, including embrace of prior investment approach. Should lead to year-on-year increase in operating income.

## Net Income Attributable to Owners of the Parent Company

YOY change +¥ 2,680 million [+13.0%]



Increase in operating income and higher extraordinary income should deliver year-on-year improvement in income attributable to owners of parent.

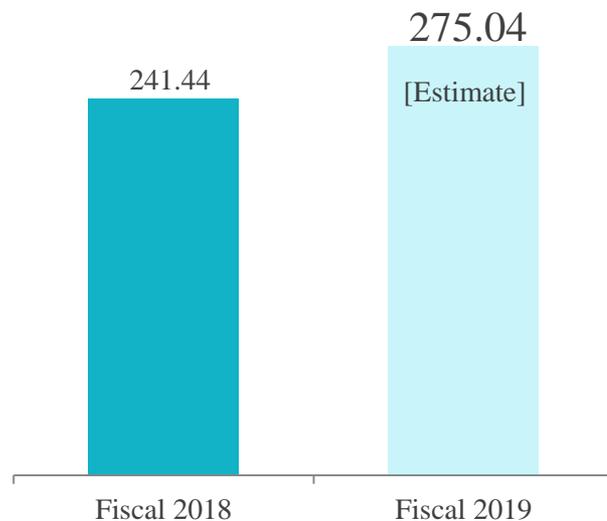
## Fiscal 2019: Performance Forecasts-2

[Yen]

- Seeking to exceed initial 10% ROE target.

### Net Income per Share

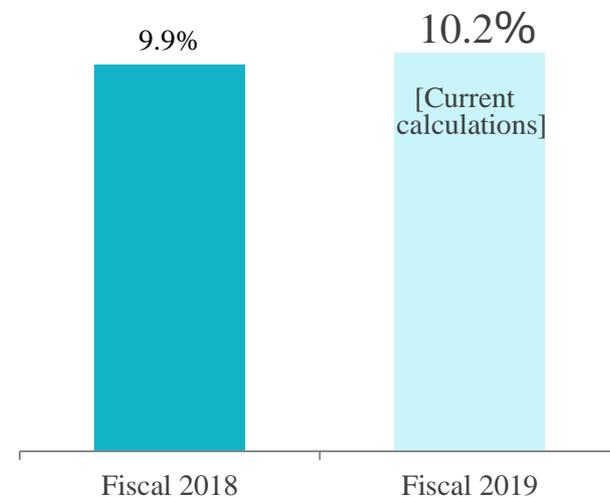
- YOY change: +¥33.60 [+13.9%]



Anticipating year-on-year improvement, paralleling higher net income attributable to owners of parent. (Raised from initial estimate, paralleling treasury stock purchase)

### ROE

- YOY change: + 0.3 %



Anticipating further growth, mainly due to higher profitability.

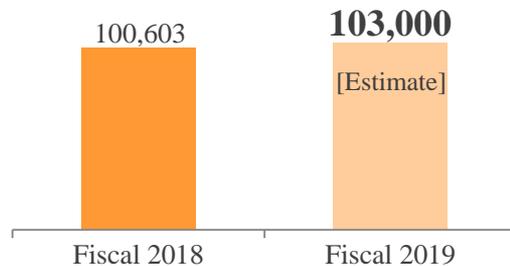
# Fiscal 2019: Key Business Segment Performances [Forecast] -1

[Millions of yen]

## Service IT Business

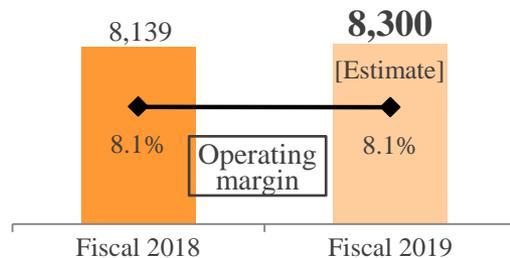
### Net Sales

● YOY Change: +¥2,397 million [+2.4%]



### Operating Income

● YOY Change: +¥ 161 million [+2.0%]

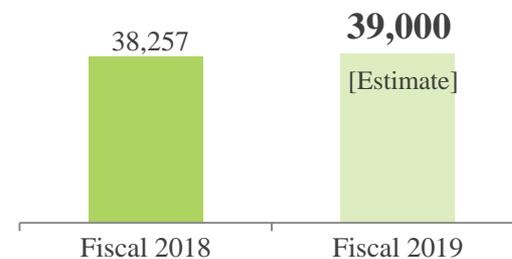


IT investment activities in growth fields, such as the cloud and networks, as well as definite efforts to expand payment settlement business and ERP demand will absorb cost burden of prior investments and should lead to higher sales and income.

## BPO

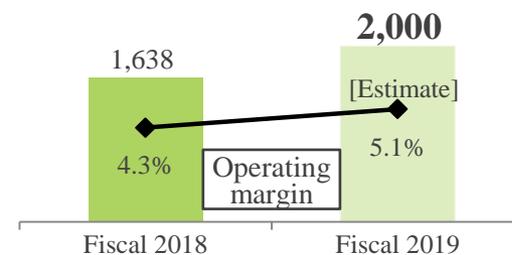
### Net Sales

● YOY Change: +¥ 743million [+ 1.9%]



### Operating Income

● YOY Change: +¥362 million [+ 22.1%]



Promote enhanced profitability through restructuring, by integrating BPO business locations and ensuring thorough profitability management, and through a shift to high-level, combined BPO services. Sales and income should increase year on year.

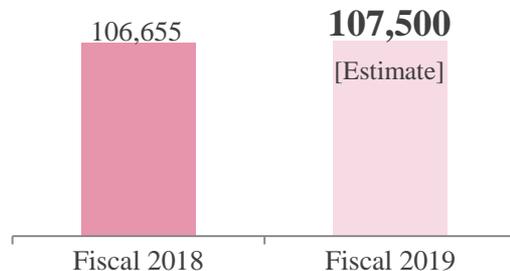
# Fiscal 2019: Key Business Segment Performances [Forecast] -2

[Millions of yen]

## Financial IT Business

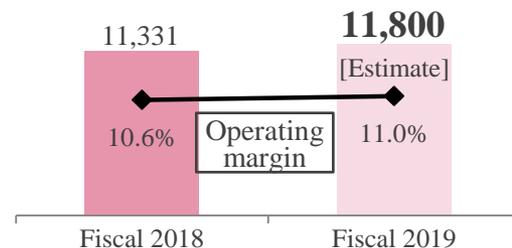
### Net Sales

● YOY Change: +¥ 845 million [+0.8%]



### Operating Income

● YOY Change: +¥ 469 million [+4.1%]

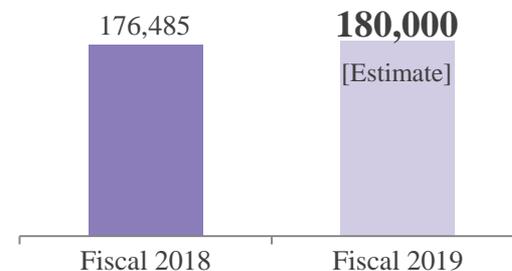


Steady execution of big projects, business expansion through stronger connections to primary clients, including those in credit card, banking and insurance sectors, and proposals anticipating client needs, and higher productivity should lead to higher sales and income year on year.

## Industrial IT Business

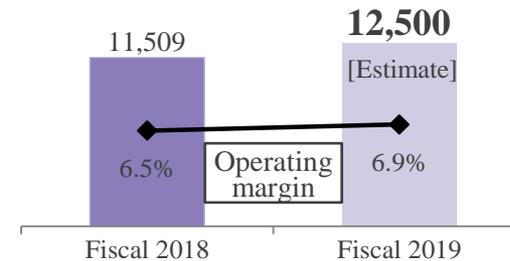
### Net Sales

● YOY Change: +¥ 3,515million [+ 2.0%]



### Operating Income

● YOY Change: +¥991 million [+ 8.6%]



Will absorb reactionary drop in big projects, mainly by promoting high-value-added services underpinned by consultations and enhanced upstream operations and by improving productivity. Should lead to higher sales and income year on year.

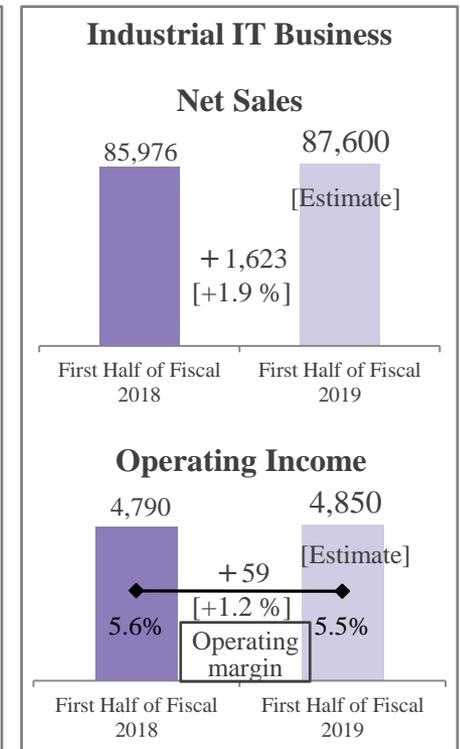
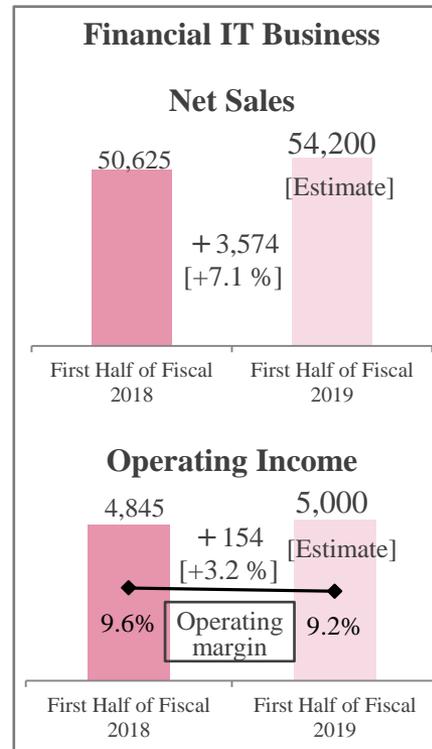
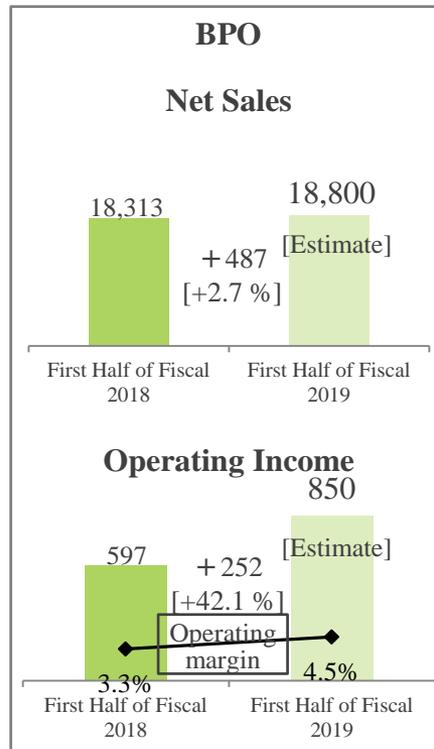
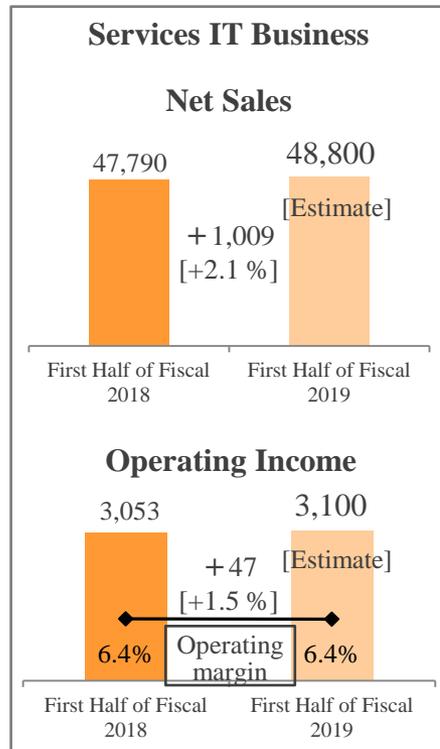
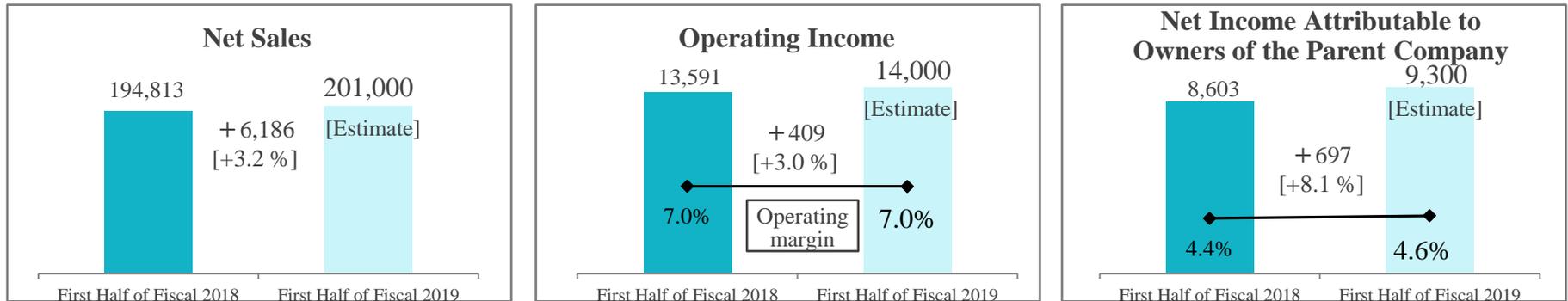
**Fiscal 2019 First Quarter: Financial Highlights**

**Fiscal 2019 Performance Forecast**

**Reference Materials**

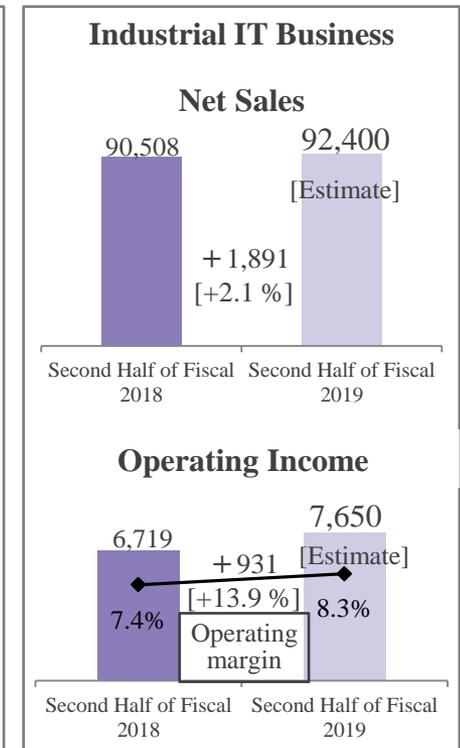
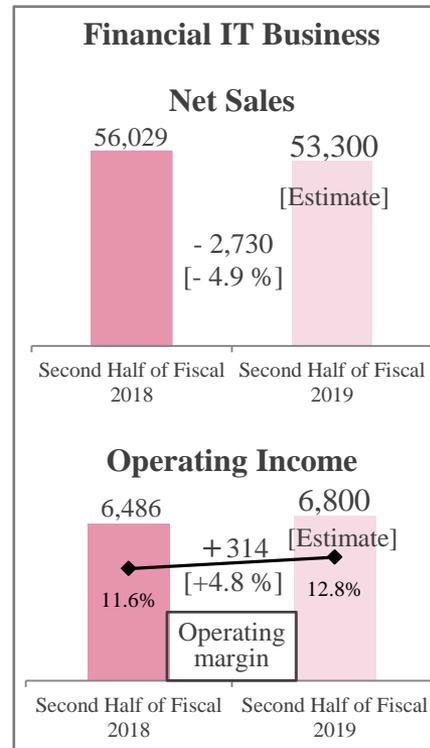
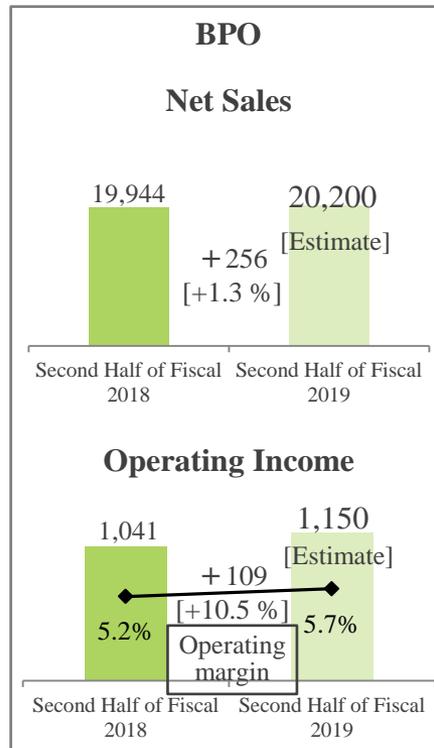
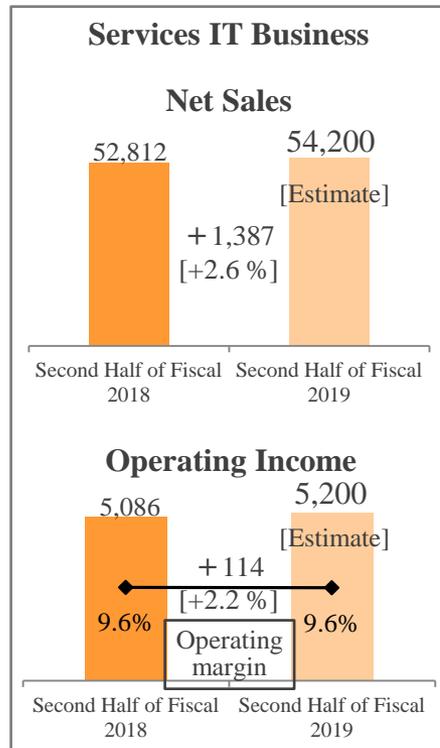
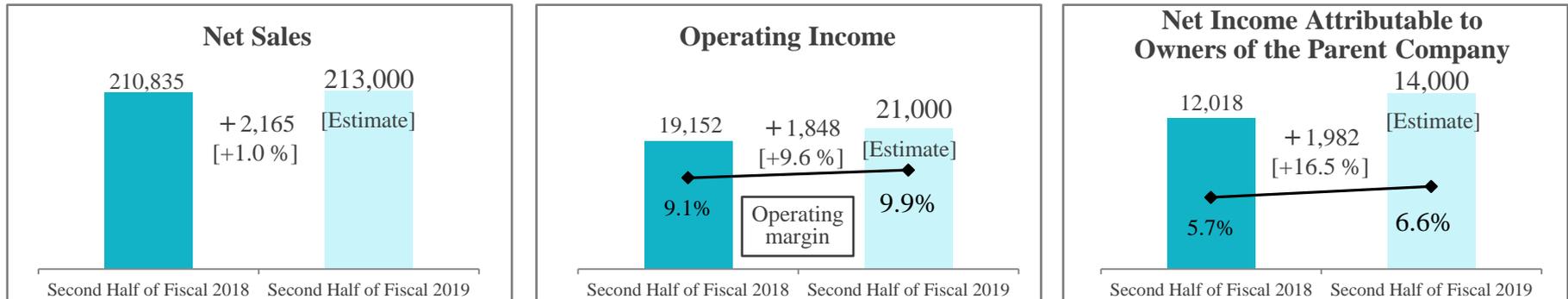
# Fiscal 2019 First Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]



# Fiscal 2019 Second Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]





### **TIS INTEC Group Logo Underlying Concepts**

The logo portrays the TIS INTEC Group as a tightly knit team, powered forward by the different sets of expertise that each member brings to the table. It features our two main corporate colors: “ocean blue” for the new challenges that we are constantly tackling, and “intelligent gray” for the solid technological foundations that underpin our business.

### **Brand Message “Go Beyond”**

The brand tagline, “Go Beyond,” embodies our constant quest into the beyond in search of new challenges. It represents our firm commitment as a group to delivering solutions that are always one step ahead, not only solving clients’ problems but anticipating and meeting their own customers’ needs too.

#### **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.
- From the fiscal year ending March 31, 2019, Business segments were reclassified at TIS, paralleling changes in the management structure designed to promote the shift to a new business structure. For comparison purposes, figures for fiscal 2018 have been recalculated and are presented according to the new segment breakdown