



**IT HOLDINGS**

Go Beyond

# **Information Meeting Materials for the First Two Quarters of the Fiscal Year Ending March 31, 2016**

October 29, 2015

IT Holdings Corporation

## **Fiscal 2016 First Two Quarters Financial Highlights**

**Fiscal 2016 Performance Forecast**

**Status of Progress on Key Strategies**

**Reference Materials**

# Fiscal 2016 First Two Quarters: Financial Highlights

(Millions of yen)

- Recorded higher sales and income, year-on-year, exceeding targets.
- Favorable business environment provided backdrop for growth in net sales, which created a solid starting point for improvement on the income front.

Net Sales ¥182,683 million

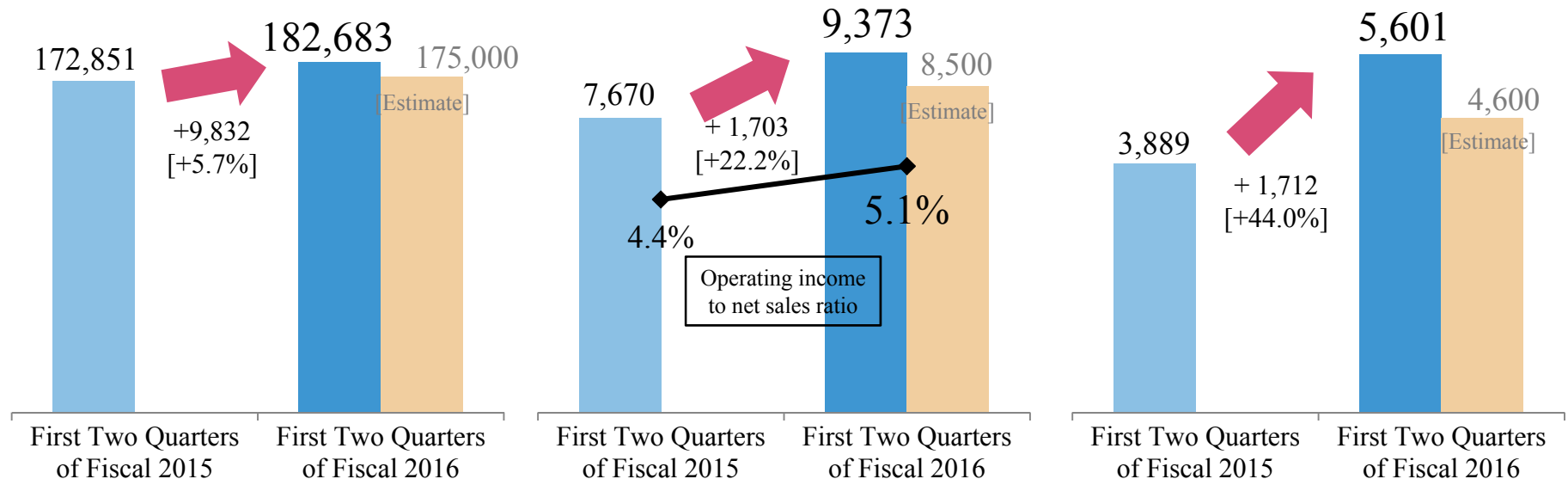
YOY change: +¥ 9,832 million [+5.7%]  
Compared with estimate: +¥7,683 million [+4.4%]

Operating Income ¥9,373 million

YOY change : +¥ 1,703 million [+22.2%]  
Compared with estimate: +¥873 million [+10.3%]

Net income attributable to owners of the parent company ¥5,601 million

YOY change : +¥ 1,712 million [+44.0%]  
Compared with estimate: +¥1,001 million [+21.8%]



In fields where IT investment is showing an uptrend, accurate identification of client needs fueled a year-on-year increase in sales, with results exceeding expectations.

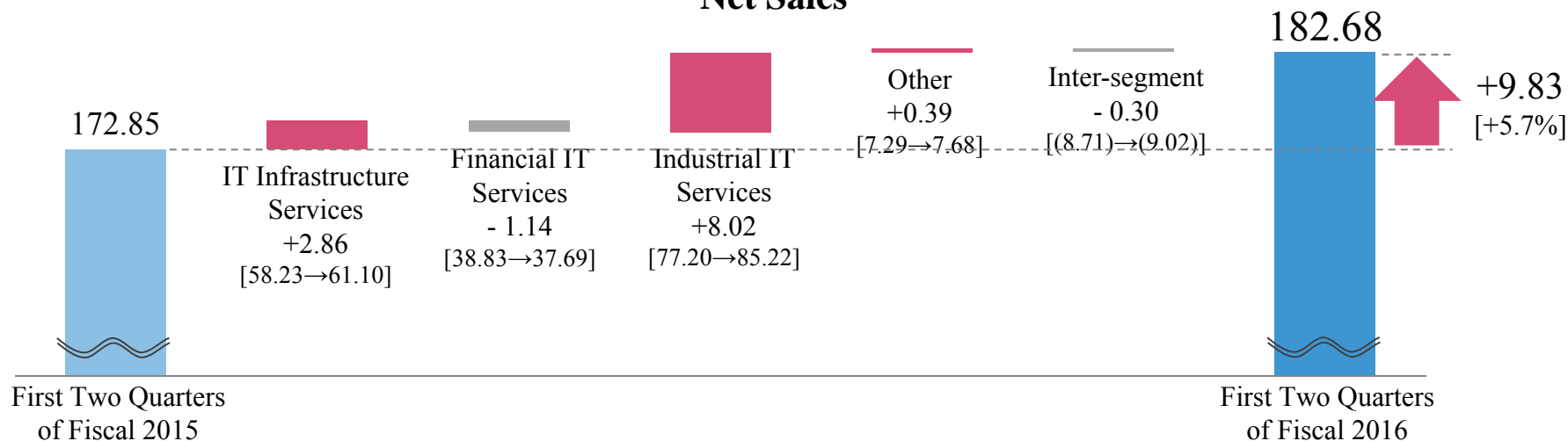
Higher sales and successful efforts to boost profitability neutralized the effects of tighter IT investment budgets and reduced scale of business among some existing clients, pushing operating income up year-on-year, with results exceeding expectations.

Net income was up over the corresponding period a year ago, thanks mainly to higher operating income, and exceeded expectations. Booked gain on sale of investment securities, but showed extraordinary losses associated with impairment loss following review of data center operations and also the impact of Group restructuring efforts.

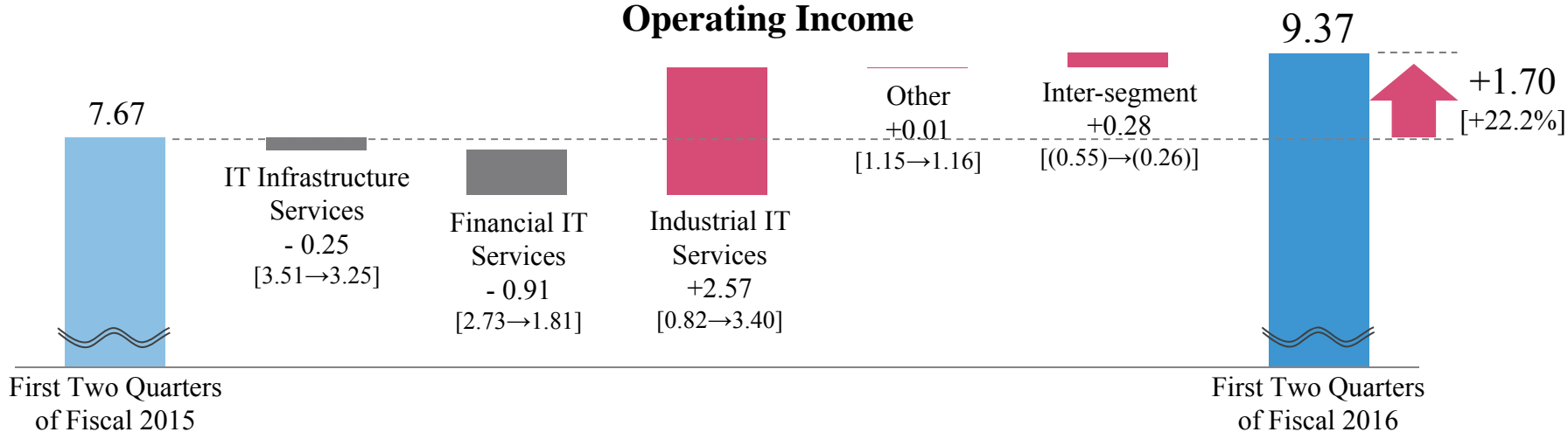
# Fiscal 2016 First Two Quarters: Net Sales and Operating Income Analysis

(Billions of yen)

## Net Sales



## Operating Income



# Fiscal 2016 First Two Quarters: Sales and Income for Key Segments

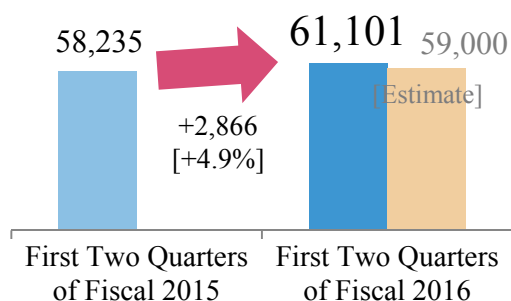
(Millions of yen)

## IT Infrastructure Services

Net Sales ¥61,101 million

YOY change : +¥2,866 million [+4.9%]

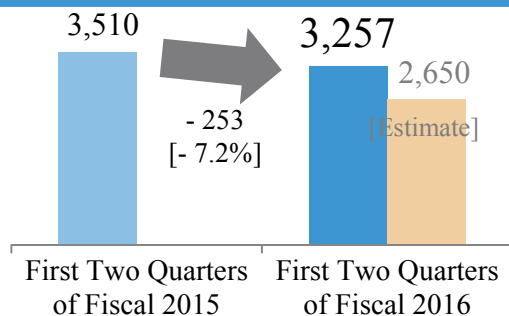
Compared with estimate : +¥2,101 million [+3.6%]



Operating Income ¥3,257 million

YOY change : - ¥253 million [- 7.2%]

Compared with estimate : +¥607 million [+22.9%]



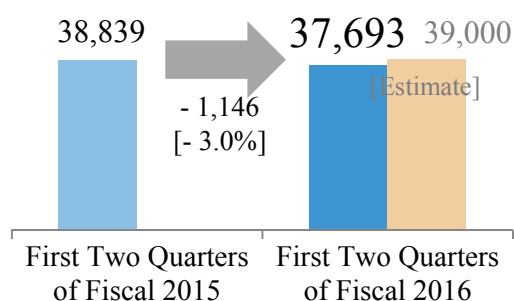
Stable demand for data center and BPO services, complemented by successful M&A activity, pushed segment sales higher year-on-year. But reduced scale of business with some existing clients and lower profitability led to a decrease in operating income over corresponding period a year ago.

## Financial IT Services

Net Sales ¥37,693 million

YOY change : -¥1,146 million [- 3.0%]

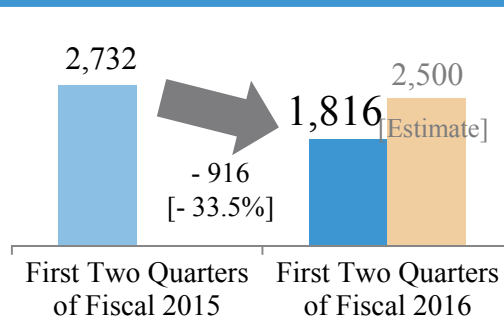
Compared with estimate : - ¥ 1,307 million [- 3.4%]



Operating Income ¥1,816 million

YOY change : - ¥916 million [- 33.5%]

Compared with estimate : - ¥684 million [- 27.4%]



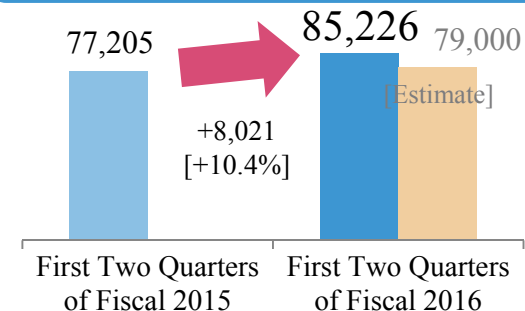
Shift toward greater IT investment by clients was generally favorable, but IT investment cuts at some existing clients had a significant impact on segment performance, causing a year-on-year drop in operating income.

## Industrial IT Services

Net Sales ¥85,226 million

YOY change : +¥8,021 million [+10.4%]

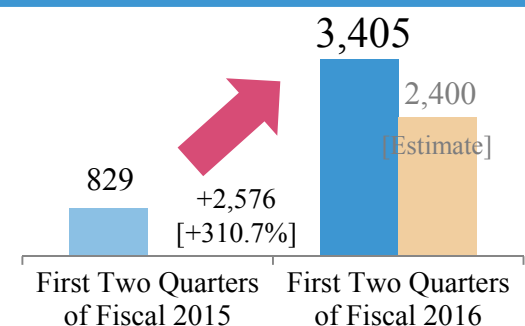
Compared with estimate : +¥6,226 million [+ 7.9%]



Operating Income ¥3,405 million

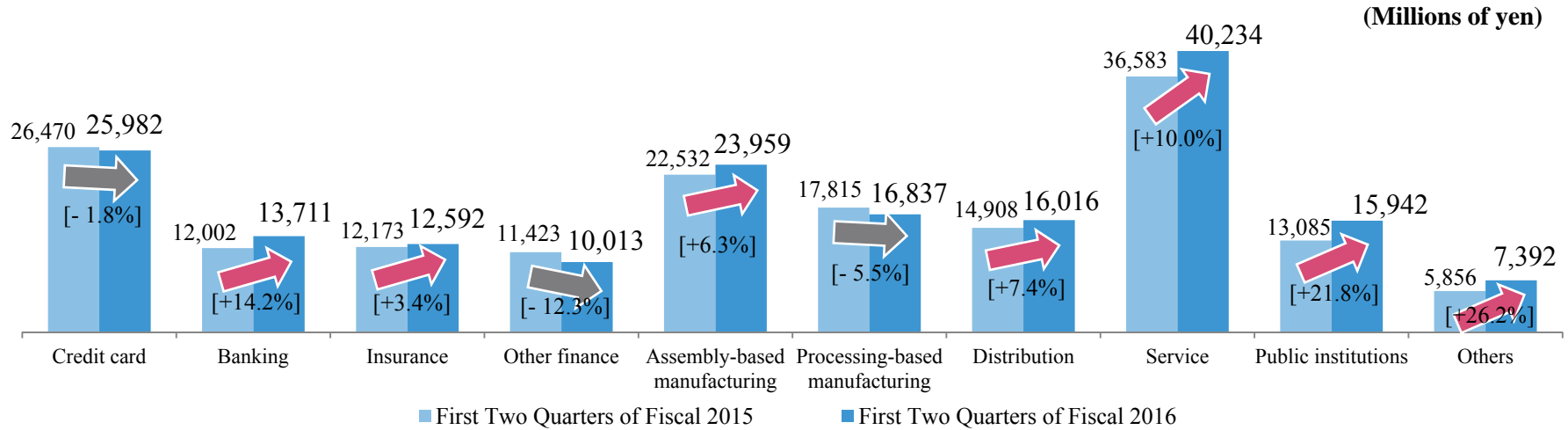
YOY change : +¥2,576 million [+310.7%]

Compared with estimate : +¥1,005 million [+41.9%]

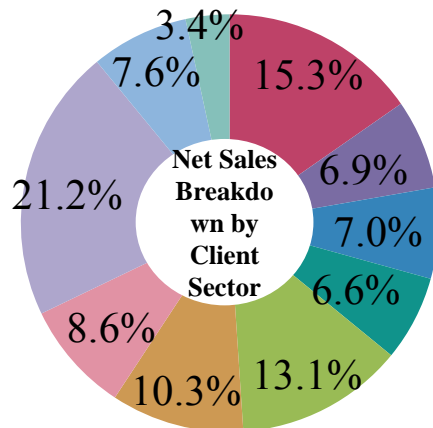


Demand was brisk, mainly for energy-related IT services, as electric power system reform spurred IT investment activity. Segment sales grew year-on-year. Higher sales starting point and successful efforts to boost profitability delivered vastly improved operating income.

# Fiscal 2016 First Two Quarters: Sales by Client Sector

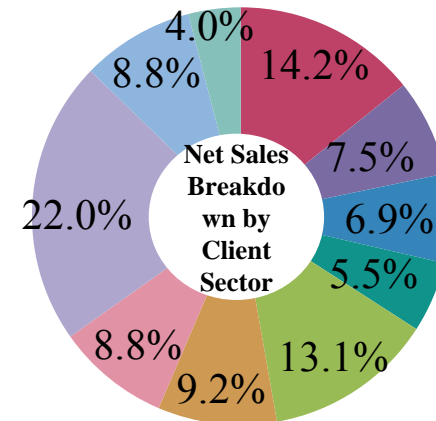


First Two Quarters of Fiscal 2015



Financial sector: 35.8% Industrial sector: 53.2%  
Public sector: 7.6% Other sectors: 3.4%

First Two Quarters of Fiscal 2016



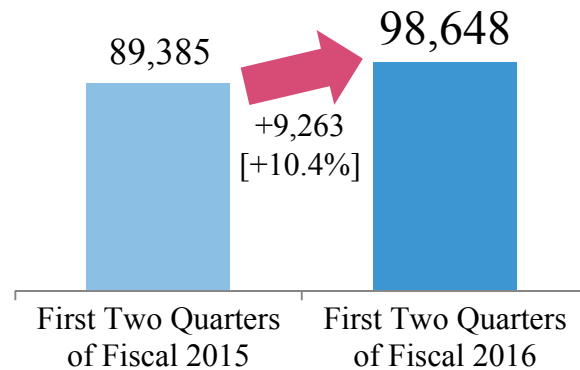
Financial sector: 34.1% Industrial sector: 53.1%  
Public sector: 8.8% Other sectors: 4.0%

# Fiscal 2016 First Two Quarters: Order Status

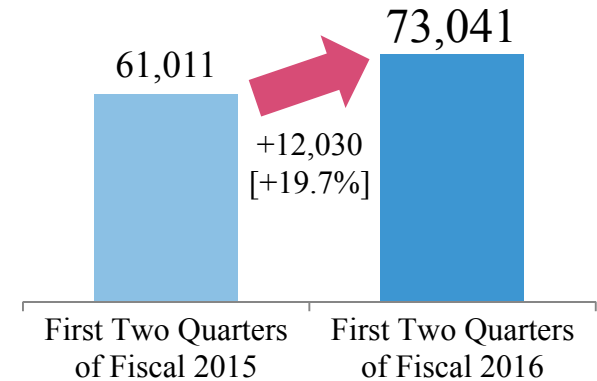
(Millions of yen)

- Order volume rose year-on-year, driven by demand for energy-related IT services which got a boost from higher investment activity.
- Order backlog at the end of the second quarter was up year-on-year, buoyed by contribution from large public-sector projects obtained in the previous term.

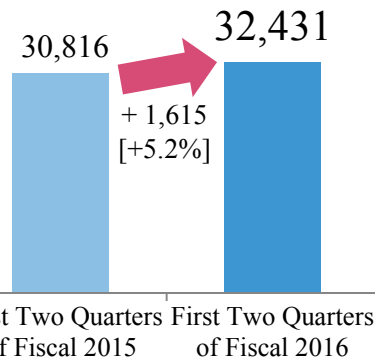
Orders received during first quarter  
¥ 98,648 million  
YOY change: +¥9,263 million [+10.4%]



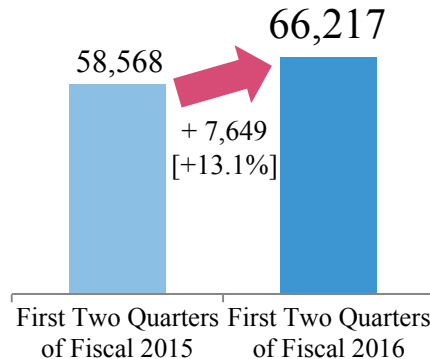
Order backlog at end of first quarter  
73,041 million  
YOY change: +¥12,030 million [+19.7%]



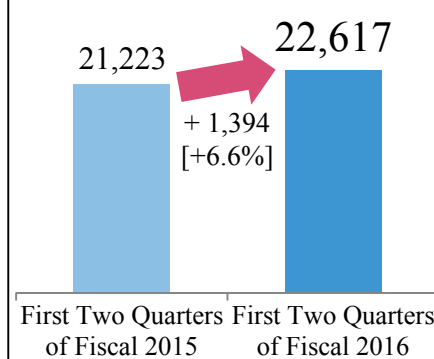
## Financial IT Services



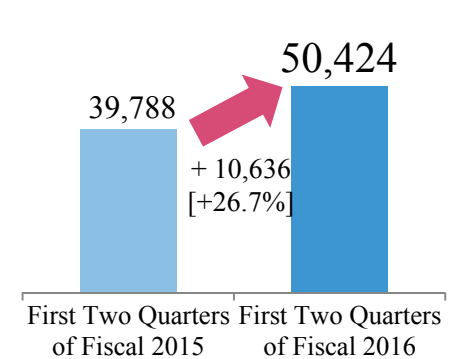
## Industrial IT Services



## Financial IT Services

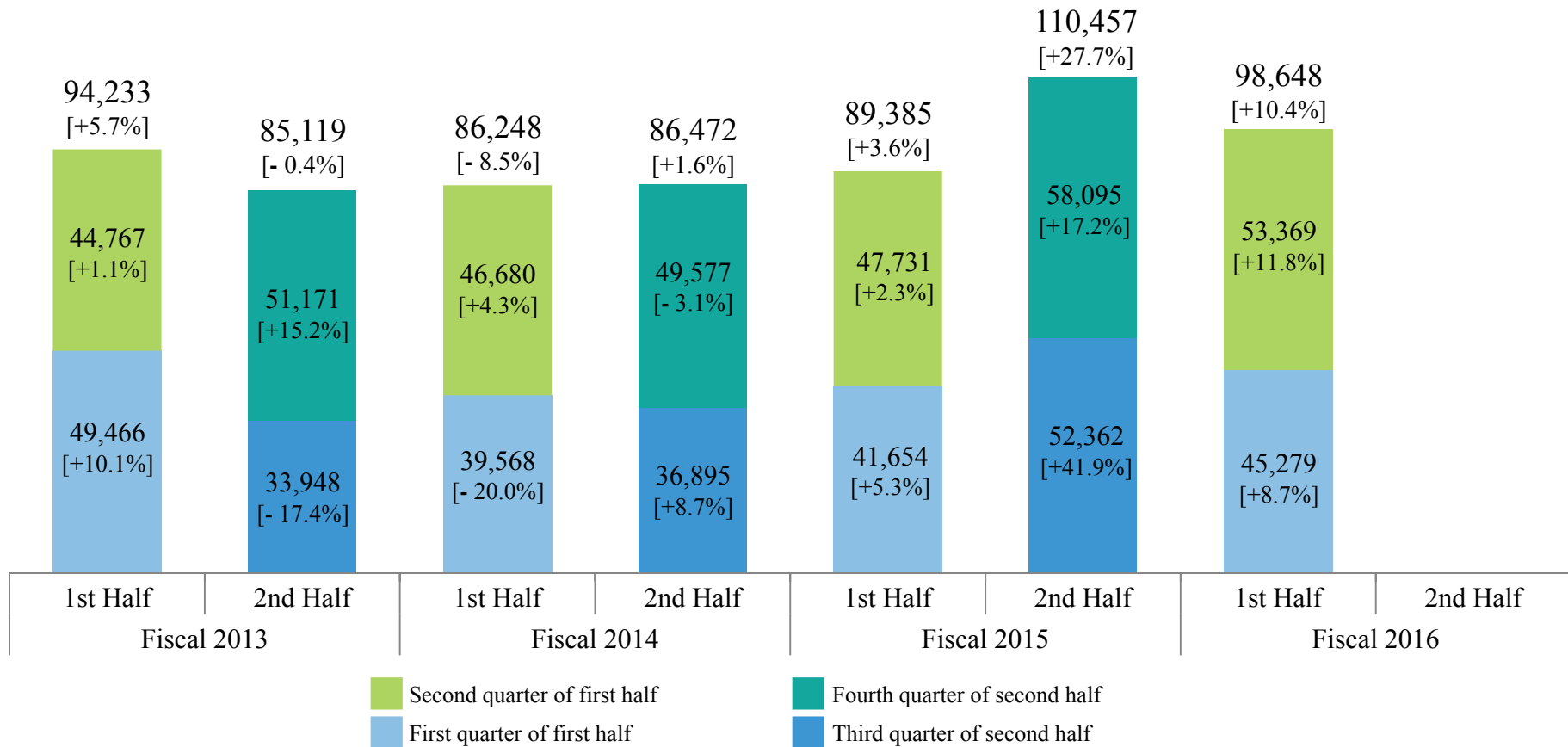


## Industrial IT Services



# Changes in Orders Received

(Millions of yen)



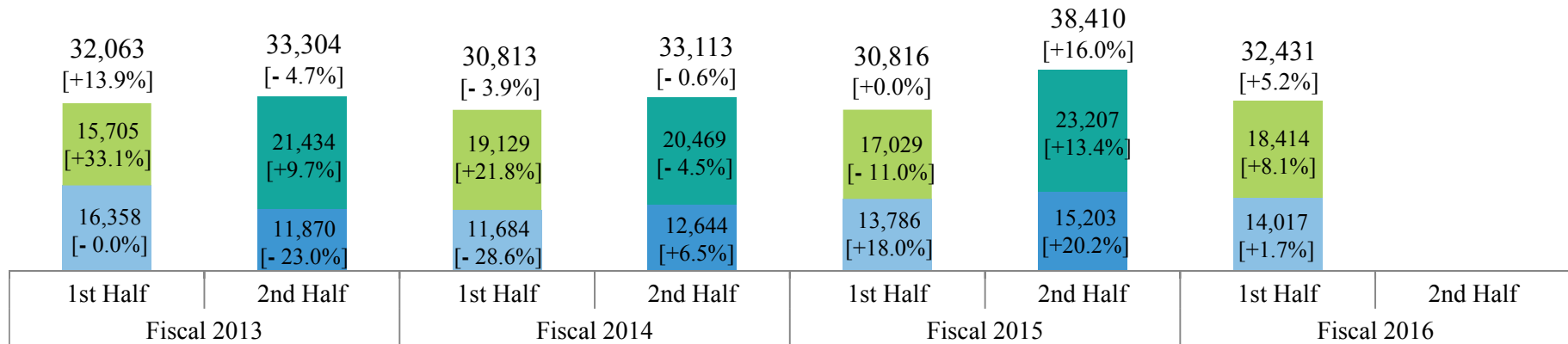
\*Orders received during each quarter of each fiscal year apply to Software Development only. Percentages in columns indicate increase or decrease from the corresponding quarter in the previous fiscal year.



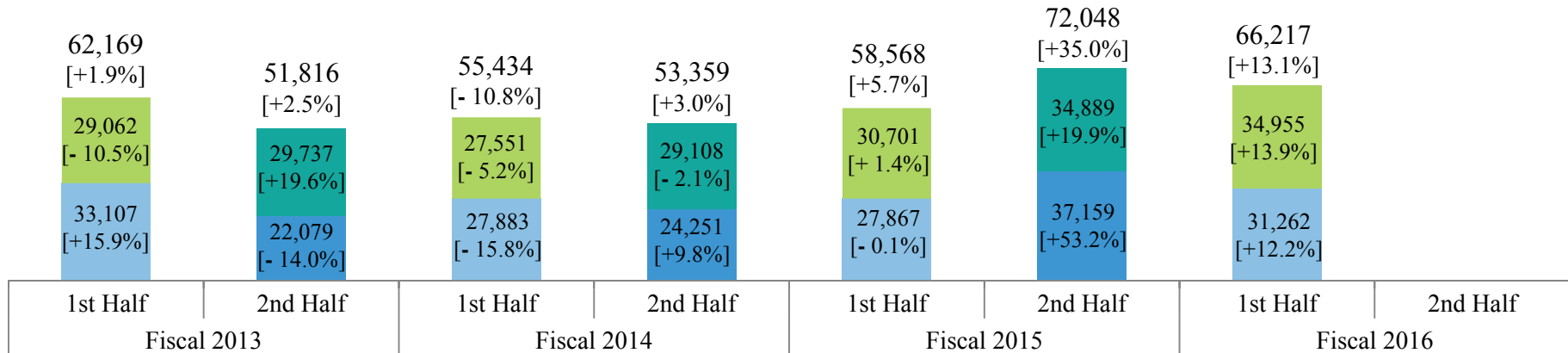
# Changes in Orders Received

(Millions of yen)

## Financial IT Services



## Industrial IT Services



■ Second quarter of first half  
■ First quarter of first half

■ Fourth quarter of second half  
■ Third quarter of second half

\*Orders received during each quarter of each fiscal year apply to Software Development only. Percentages in columns indicate increase or decrease from the corresponding quarter in the previous fiscal year.

**Fiscal 2016 First Two Quarters Financial Highlights**

**Fiscal 2016 Performance Forecast**

**Status of Progress on Key Strategies**

**Reference Materials**

# Understanding the External Environment

- **Operating environment should remain favorable, buoyed mainly by expanding IT investment needs among clients as the business environment acquires a gradual recovery tone.**
- **Ongoing issues include approaches to secure human resources and make project management more efficient.**

## IT Infrastructure Services

- Data centers should continue to see demand for access to cloud services. Inquiries for services to underpin business continuity planning (BCP) and disaster recovery (DR) will be steady but maintaining profitability amid fierce competition will be a key issue.
- Outsourced business processing that contributes to improved corporate management is in greater demand, boosting interest in BPO. Start of My Number social security and tax identification system should also expand demand for services.

To date



From now



## Financial IT Services

- In the credit card sector, some clients appear to be cutting back on investment, but overall, IT investment is expanding, primarily to upgrade core systems.
- Among banks, IT investment will continue to be directed into system integration and overhauls by the majors for improving global responses and enhancing front-office capabilities.



## Industrial IT Services

- In manufacturing, service and distribution sectors, companies are keen to invest in front-office IT to sharpen competitive edge, especially in marketing activities.
- In the energy sector, IT investment will continue to be invigorated by companies entering from other sectors following changes in the power system structure.
- In the public sector, My Number system should sustain investment in IT structure.



## Fiscal 2016 Group Management Direction

### Third Medium-term Management Plan Basic concepts

### Fiscal 2016 Group Management Direction

#### Profit Emphasis

1. Emphasize ROE as a key performance indicator and strive to boost corporate value
2. Improve profitability from business activities by raising productivity
3. Shift to management emphasizing return on invested capital

#### IT Brain

1. Sharpen forte strengths and prime the growth engine
2. Promote proposal-type business (value-added business)
3. Promote industry platform business (market-cultivating business)

#### Portfolio Management

1. Take first step toward business portfolio management
2. Promote reforms in corporate governance
3. Promote integration and centralization of shared Group functions

## Fiscal 2016: Performance Forecasts

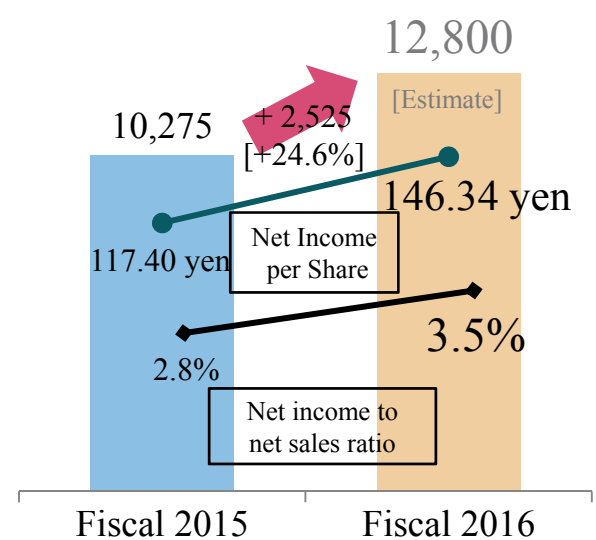
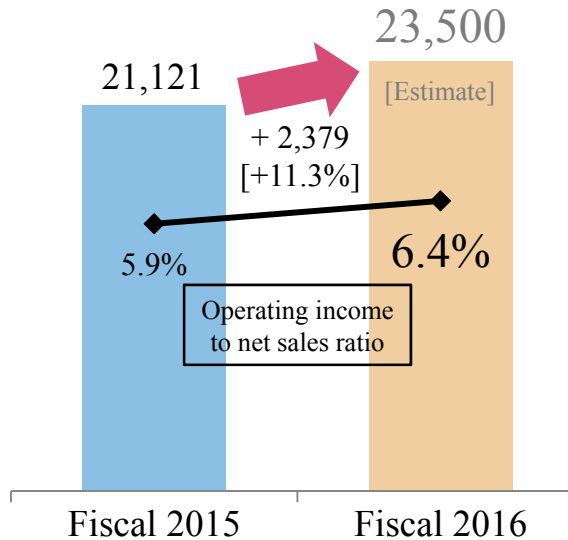
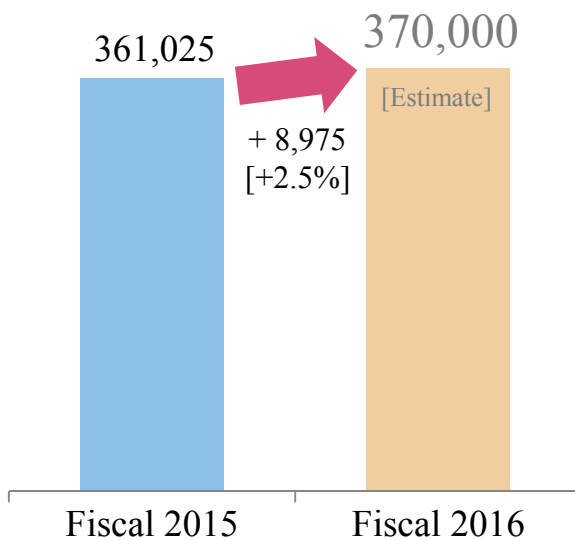
(Millions of yen)

- Expect favorable business conditions to continue, fueling higher sales and profits.
  - Will expand business activities while promoting efforts, such as measures to boost productivity, that will lead to enhanced profitability.
- ⇒ Progress generally on track, obviating any need to revise initial targets. Will fine-tune segment-specific loss forecasts.

Net Sales ¥370,000 million  
YOY change: +¥8,975 million [+2.5%]

Operating Income ¥23,500 million  
YOY change: +¥2,379 million [+11.3%]

Net income attributable to owners of the parent company ¥12,800 million  
YOY change: +¥2,525 million [+24.6%]



Emphasizing industrial IT services, we will expand our business reach by accurately responding to clients' IT investment needs. This should deliver a year-on-year increase in net sales.

Anticipating higher income, primarily because of the higher net sales starting point, enhanced productivity and other efforts to boost profitability, and lower goodwill amortization expenses.

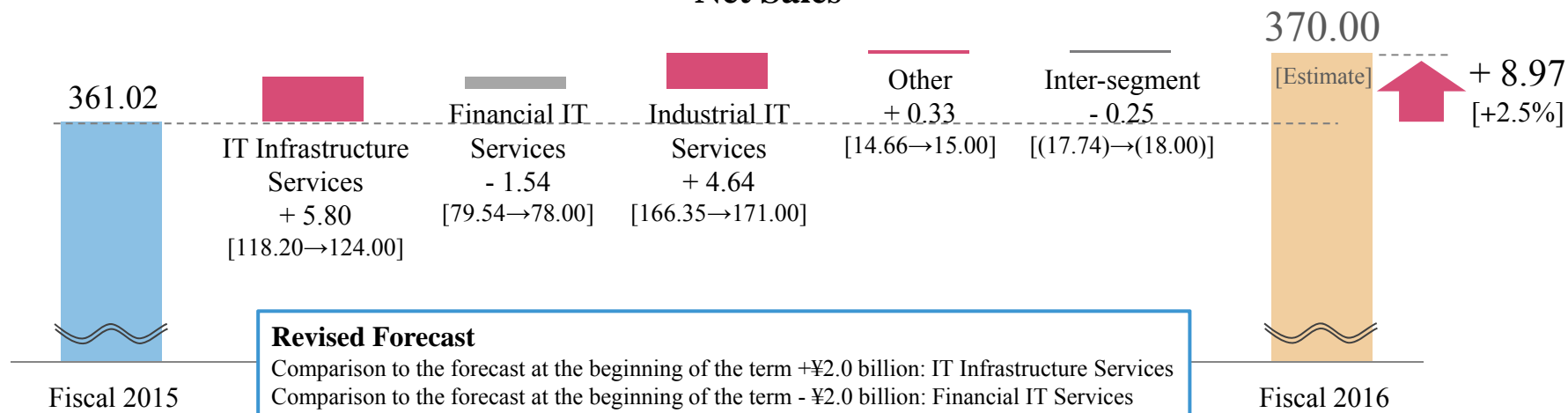
Higher operating income should lead to an increase in net income attributable to the parent company.

# Fiscal 2016:

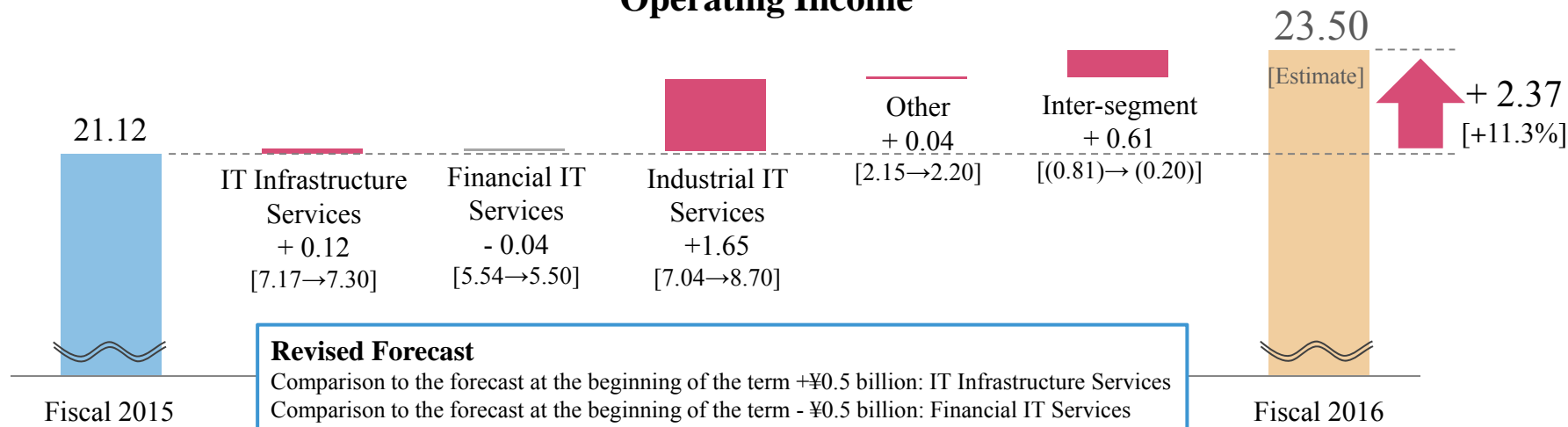
## Net Sales and Operating Income Analysis [Forecast]

(Billions of yen)

### Net Sales



### Operating Income



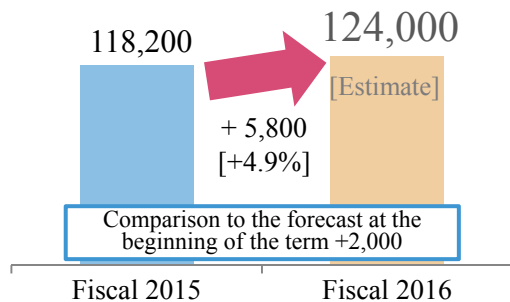
# Fiscal 2016: Key Business Segment Performances [Forecast]

(Millions of yen)

## IT Infrastructure Services

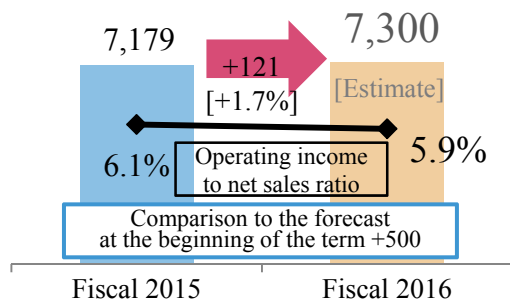
Net Sales ¥124,000 million

YOY change: +¥5,800 million [+4.9%]



Operating Income ¥7,300 million

YOY change: +¥121 million [+1.7%]

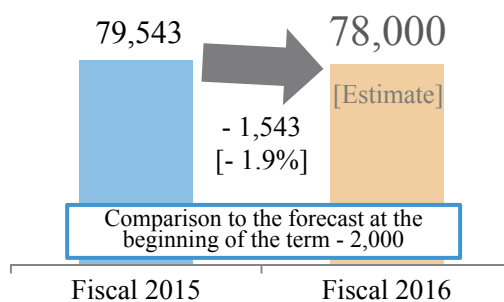


Segment sales are expected to increase, reinforced by successful M&A activity during the fiscal year. Operating income now likely to rise due to lower depreciation following impairment loss write-offs in the data center business. Increase paralleling segment changes prompted by careful review of business content.

## Financial IT Services

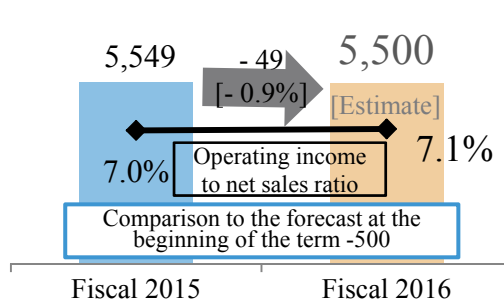
Net Sales ¥78,000 million

YOY change: -¥1,543 million [-1.9%]



Operating Income ¥5,500 million

YOY change: -¥49 million [-0.9%]

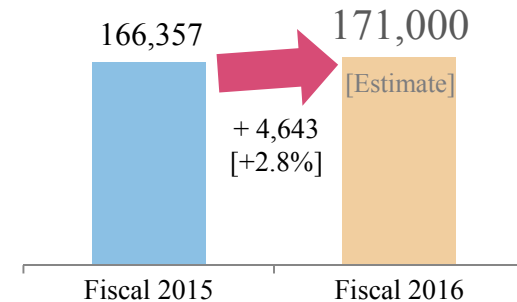


Given some clients' steps to limit IT spending, segment sales and operating income are now heading for a year-on-year decrease. Decrease due to sale of subsidiaries.

## Industrial IT Services

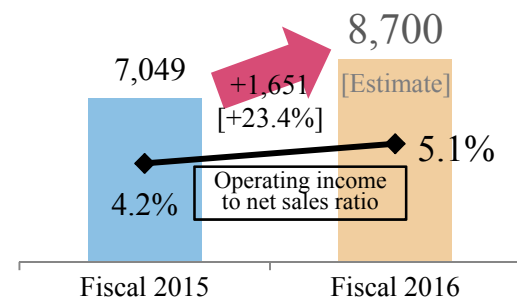
Net Sales ¥171,000 million

YOY change: +¥4,643 million [+2.8%]



Operating Income ¥8,700 million

YOY change: +¥1,651 million [+23.4%]



Growth paralleling overall expansion in IT investment, particularly by energy-related companies, as well as successful measures to boost productivity and enhance profitability, should lead to higher sales and income in this segment. Decrease following segment changes prompted by careful review of business content.

## Fiscal 2016: Approach on Enhancing Return to Shareholders

### Policy on Return to Shareholders. Effective from Fiscal 2016

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

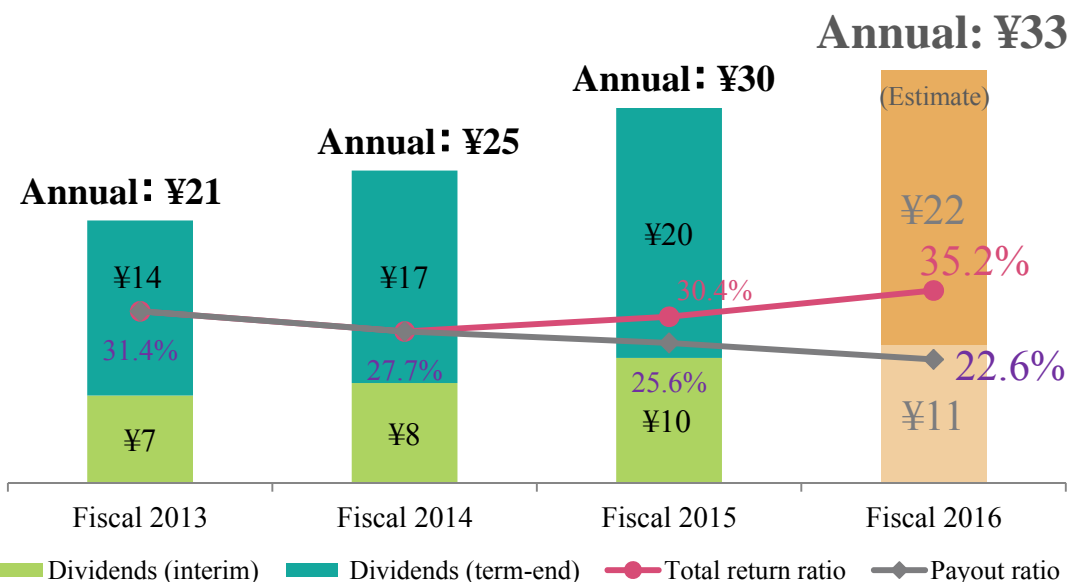
**Targeting total payout ratio of 35% (Stable, continuous dividends + own share repurchase)**

(Current estimate)

- Total annual dividend payout: ¥2.9 billion \*Presumed payout of ¥33 per share
- Own share repurchase: ¥1.6 billion \*Total cost of purchase (maximum) announced October 29, 2015

**⇒ Total shareholder return in fiscal 2016, based on current performance forecast, expected to reach 35.2%**

### Changes in Dividends per Share



### Details on Own Share Repurchase Announced October 29, 2015

#### 1. Reason for repurchase of own shares

To achieve flexibility in capital policy adapted to changes in the operating environment, and to improve shareholder returns and capital efficiency

#### 2. Details on repurchase

- (1) Class of shares to be acquired: Common stock
- (2) Total number of shares to be acquired: 800,000 (maximum)
- (3) Total cost of share repurchase: ¥1.6 billion (maximum)
- (4) Period of acquisition: October 30, 2015 - January 31, 2016
- (5) Method of acquisition: Market purchase through Tokyo Stock Exchange



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**Fiscal 2016 Performance Forecast**

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# Background and Purpose of Integration and Reorganization within the Group

## Changes in External Environment

### 1. Different competitive environment surrounding IT market in recent years

- The domestic IT market may have matured, but demand remains brisk, driven by large projects for megabanks, increased system sharing accompanying regional bank realignment, new systems coinciding with the introduction of the My Number program, and replacement of large card-based systems.
- Competitors are strengthening their lineup of services. Sales continue to expand, and return on sales is improving.

### 2. New currents, including advent of cloud services

- Shift from “ownership” to “use”  
⇒ Emphasis on business scale and financial footing that can facilitate investment front-loading, especially on data center operation and shared use service AP (access point) development.
- Expect growth in Third Platform market, built around cloud and mobile computing, Big Data, Internet of Things (IoT) and social networking, paralleling use of IT in user divisions at client companies.

### 3. Expanding overseas IT market

- Will probably see greater need to respond to clients’ global expansion strategies as well as IT investment in local markets.

## Issues within the Group

### 1. Limitations on pure holding company structure

- Each company under the Group umbrella emphasized business practices optimizing respective capabilities under a concept of independence and friendly rivalry within the Group.  
⇒ Cohesive power of ITHD diminished
- Revision of Company Law and new corporate governance code require tougher approach to governance from a groupwide perspective.

### 2. Group management that restricts business synergies

- Even though Group activities encompass IT-related businesses from upstream to downstream, noteworthy capabilities and strengths are not readily apparent to clients and competitors.
- While the Group offers services to a diverse range of clients overall, from huge corporations to small and mid-sized companies, and its client base extends across financial, industrial and public sectors, activities are divided vertically through the Group, preventing best practices and other know-how from being shared adequately throughout the Group.

# Background and Purpose of Integration and Reorganization within the Group

- Difficult to fully utilize groupwide management resources under current Group formation
- Concerned that our services will lose appeal as market changes

By reshaping Group formation...

Achieve overall optimization  
of Group capabilities

- Provide top-level services from a groupwide team of about 20,000 people at 50 companies
- Eliminate redundant investments and costs

Enhance  
portfolio management

- Sort IT services according to business model and create strengths by applying the right management practices for each model.
- Frequently adjust level of invested resources to match changes in the business environment.

We desire to be...

Well-trusted by  
clients and chosen  
often to provide IT  
services

Where employees can  
demonstrate their  
skills

An industry leader

Able to accelerate  
business model  
reform  
(sophistication)

More involved in  
overseas businesses  
Achieving growth  
in new fields

# Summary of Integration and Reorganization within the Group:

## Main Points

### 1 Transition from pure holding company to operating holding company

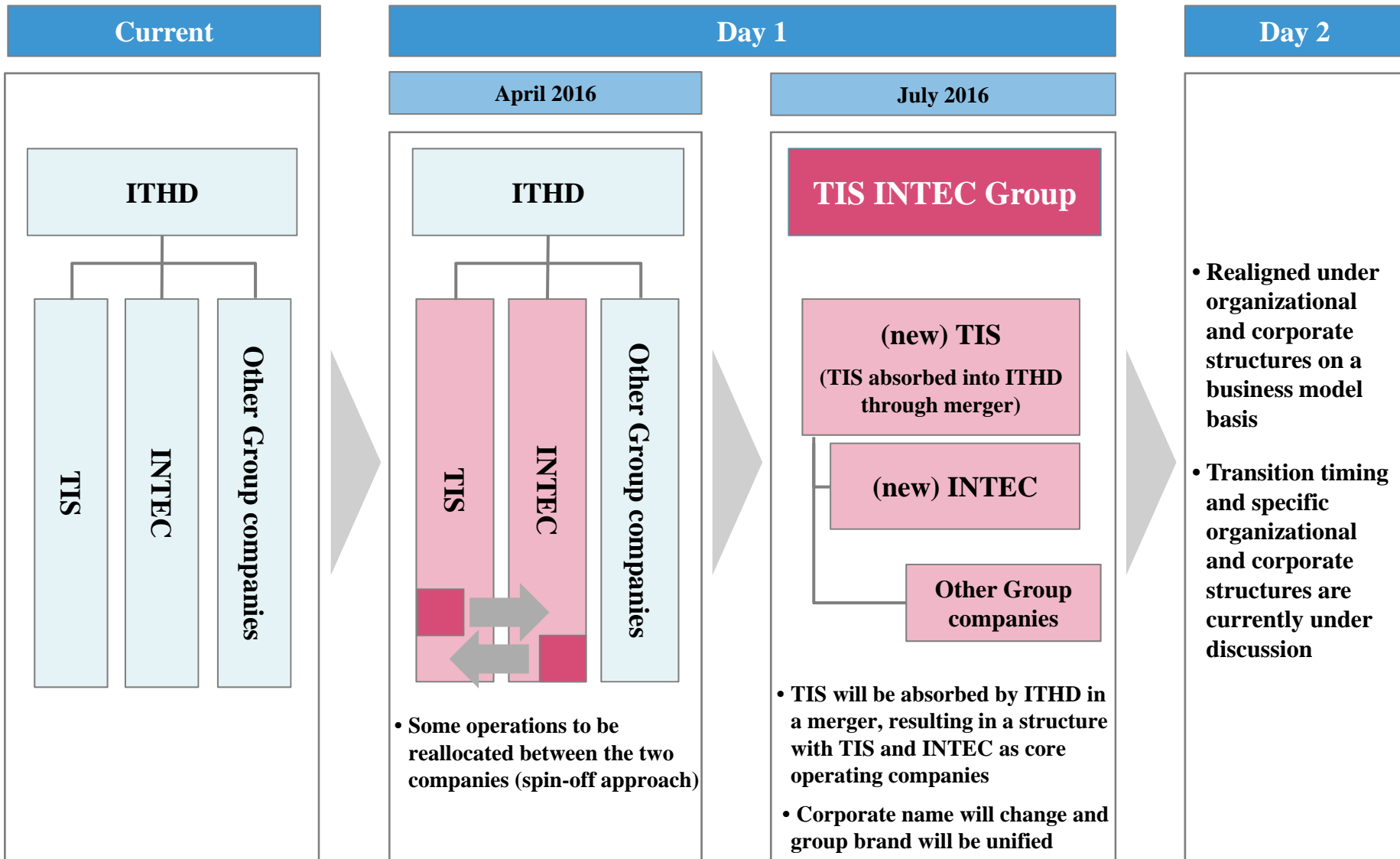
- Reviewed current pure holding company structure, prompting transition to operating holding company structure through an absorption-style merger of TIS into ITHD.
- Took this opportunity to reassess decentralized governance practices under pure holding company structure and will switch to a governance framework that prioritizes overall optimization of the Group driven by the cohesive power of core operating companies.
  - ⇒ Switch to a structure that expedites allocation of management resources to where they will be most effective and facilitates quick reassessment of Group formation matched to the external environment and changes in strategy.

### 2 Integration and reorganization in two stages

- To minimize disruption to business activities and back-office administration accompanying integration and reorganization, the process will be executed in two stages, dubbed Day 1 and Day 2.

Stage	Period	Actions
Day 1	April 2016	Partial transfer of businesses between TIS and INTEC
	July 2016	Absorption-style merger of TIS into ITHD, with ITHD becoming an operating holding company
Day 2	(Not determined yet)	<p>“Group Structure Integration and Reorganization Ideal: Direction of Discussions on Day 2” (refer to page 24) guides efforts to create organizational and corporate structures based on business model format</p> <p>⇒ Specific organizational and corporate structures are under discussion</p> <p>Note: The intention is not necessarily to integrate all operations into one company, and a flexible approach will be applied to determine a corporate structure based on the most appropriate business model</p>

# Summary of Integration and Reorganization within the Group: Process



# Summary of Integration and Reorganization within the Group: Day 1 Details

Date	Actions
<p><b>April 1, 2016</b></p>	<ul style="list-style-type: none"> <li>• <b>Some operations at TIS will be transferred to INTEC and vice versa</b> <ul style="list-style-type: none"> <li>➤ As the first step in realigning organizational and corporate structures on a business model basis, operations will be reciprocally transferred to the business model that best serves the particular activity.                             <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p><b>Businesses targeted for transfer from TIS to INTEC (planned)</b></p> <ul style="list-style-type: none"> <li>• Business activities related to national health insurance program</li> </ul> <p><b>Businesses targeted for transfer from INTEC to TIS (planned)</b></p> <ul style="list-style-type: none"> <li>• Business activities related to electric power and gas sectors</li> <li>• Overseas business activities</li> </ul> </div> </li> </ul> </li> <li>➤ Initiate measures designed to demonstrate Group synergies and deepen mutual understanding of business activities and administrative tasks in preparation of Day 2 tasks</li> <li>➤ Business realignment aimed at reallocating operations to achieve optimum effect will probably continue after Day 1</li> </ul>
<p><b>July 1, 2016</b></p>	<ul style="list-style-type: none"> <li>• <b>Transition to operating holding company structure through merger of ITHD and TIS</b> <ul style="list-style-type: none"> <li>➤ ITHD will be the surviving company in a simplified and short-form merger, absorbing the operations of TIS, after which the latter is dissolved.</li> </ul> </li> <li>• <b>Corporate name will change from IT Holdings to TIS</b> <ul style="list-style-type: none"> <li>➤ The corporate name will change to TIS, conditioned upon shareholder approval at the General Meeting of Shareholders scheduled for June 24, 2016.</li> </ul> </li> <li>• <b>Consolidate group brands</b> <ul style="list-style-type: none"> <li>➤ Following integration and reorganization, the corporate group will be known as the TIS INTEC Group, and this group brand will replace all brands previously used separately by individual corporate groups under the ITHD Group umbrella.</li> </ul> </li> </ul>

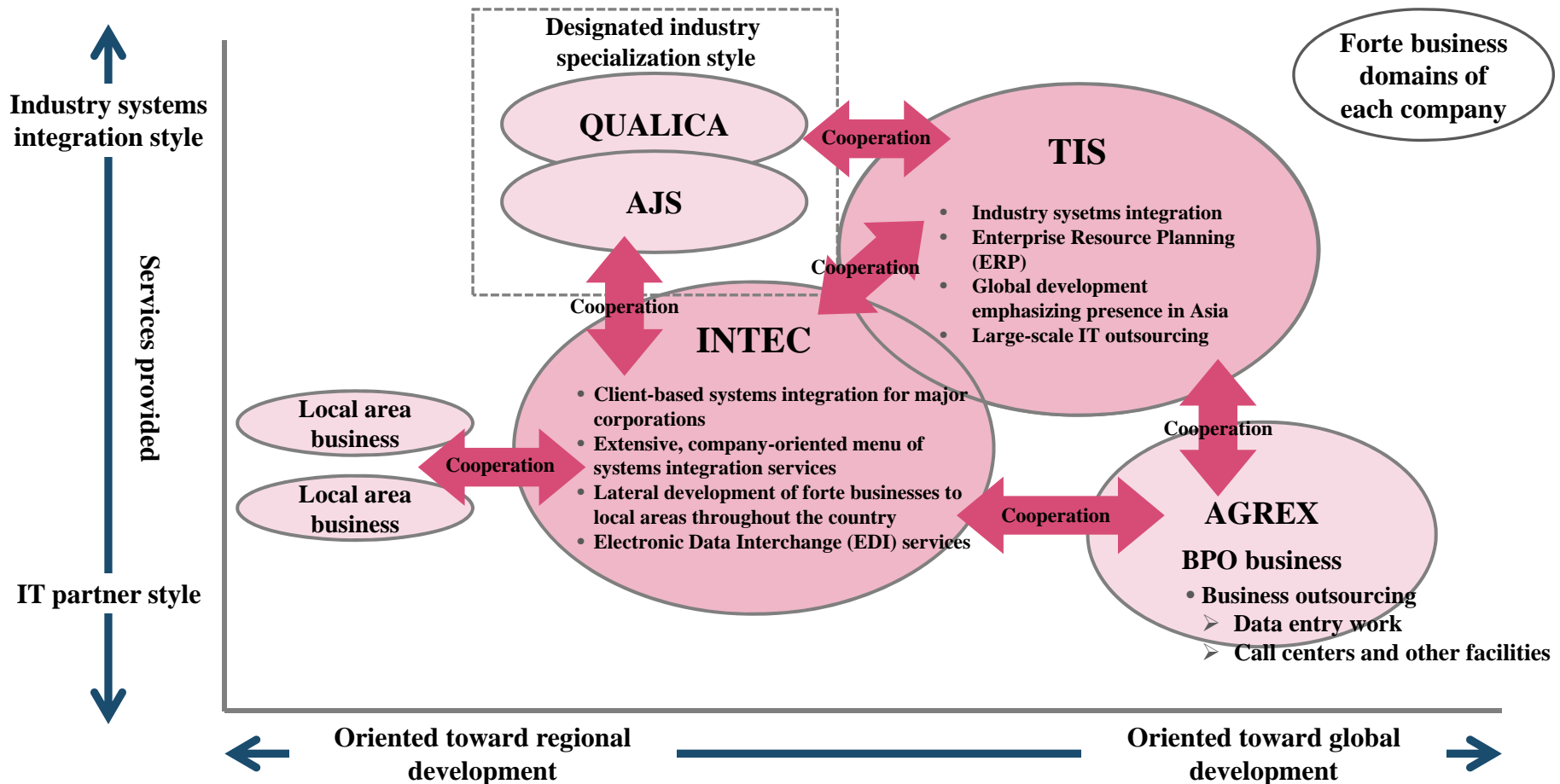
# Summary of Integration and Reorganization within the Group: Business Realignment during Gap between Day 1 and Day 2

- Efforts to reorganize operations to ensure the best allocation of businesses within the Group and thereby underpin the Day 2 establishment of organizational and corporate structures on a business model basis will likely continue after Day 1.

<b>Day 1</b>	<b>Reorganization commences in April 2016</b>	<p>Businesses targeted for transfer from TIS to INTEC (planned)</p> <ul style="list-style-type: none"> <li>• Business activities related to national health insurance program</li> </ul> <p>Businesses targeted for transfer from INTEC to TIS (planned)</p> <ul style="list-style-type: none"> <li>• Business activities related to electric power and gas sectors</li> <li>• Overseas business activities</li> </ul>
<b>Between Day 1 and Day 2</b>	<b>Businesses/operations under consideration for realignment</b>	<ul style="list-style-type: none"> <li>• Bank-related business</li> <li>• Regional hubs, local area subsidiaries</li> <li>• IT infrastructure</li> <li>• Service platforms</li> <li>• BPO business</li> </ul>

# Group Structure Integration and Reorganization Ideal: Cultivating Strengths Between Day 1 and Day 2

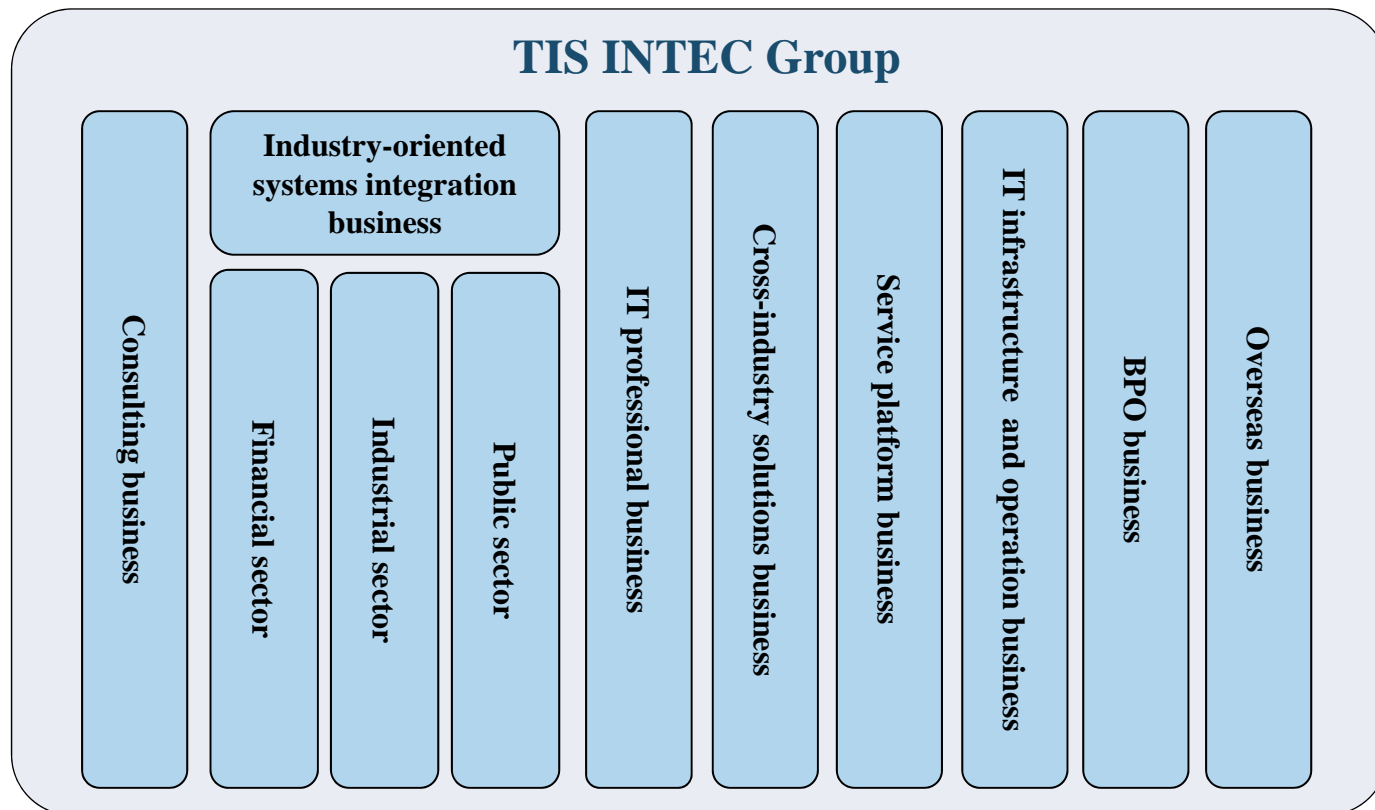
- Business domains, hinging on TIS and INTEC, will demonstrate the strengths of each key company. We imagine the breakdown shown below.
- Priority fields have been clarified and business realignment will be implemented as necessary to enhance capabilities in forte fields.





# Group Structure Integration and Reorganization Ideal: Direction of Discussions on Day 2

- On Day 2, Group businesses, including the activities of AGREX, QUALICA and AJS, will be arranged by business model and realigned to achieve the organizational and corporate structures ideally suited to successful portfolio management.
- Note that the duration of Day 2 and specific organizational and corporate structures have not been determined yet as discussions are still in progress.



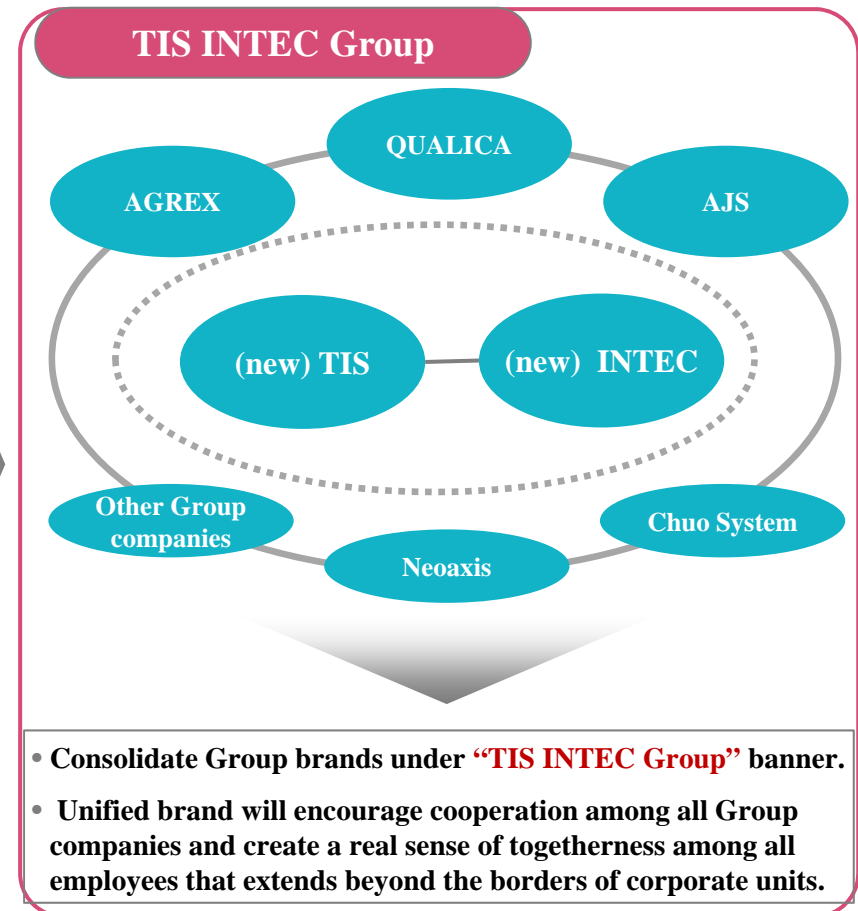
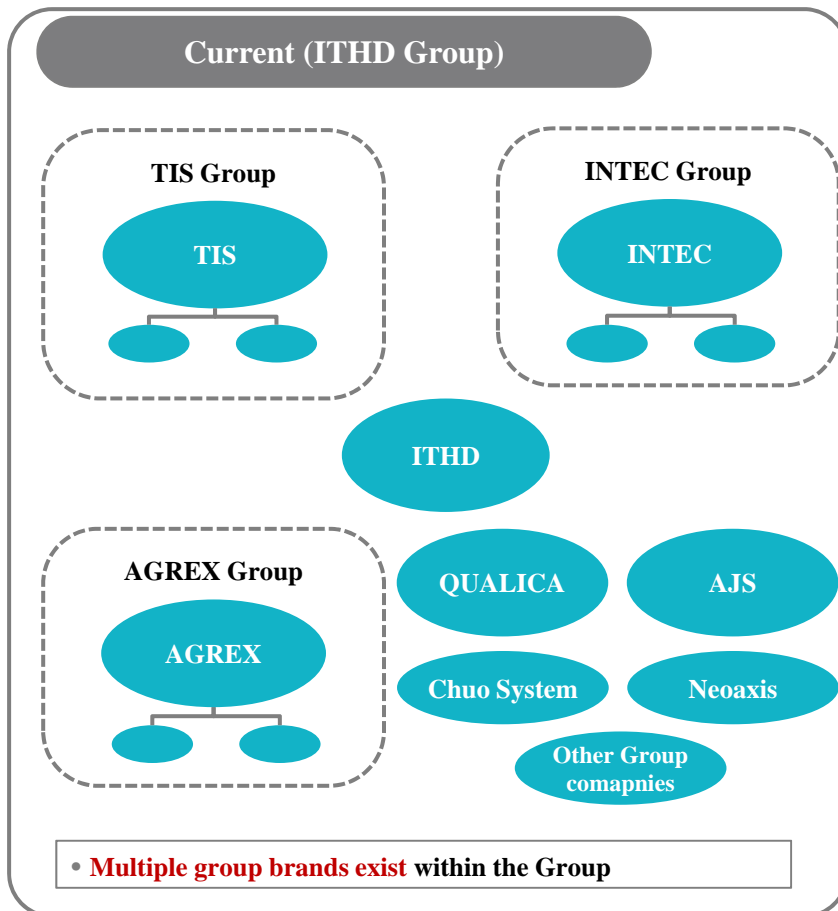


## (Reference) Definitions of Business Models Applicable to Group Structure Integration and Reorganization Ideal: Direction for Discussions on Day 2

Business Models	Business Concepts	Value Provided
<b>Consulting business</b>	<ul style="list-style-type: none"> <li>Combine high-level understanding of industry sectors and inherent services as well as proven results for clients with strategic thinking and processes that provide support to clients in super-upstream domains.</li> </ul>	<ul style="list-style-type: none"> <li>Solutions based on sophisticated business knowledge</li> </ul>
<b>Industry systems integration business</b>	<ul style="list-style-type: none"> <li>Utilize knowledge of industry-, service- and client-based systems to provide, as prime vendor, one-stop access to IT consultations, system planning requirement definitions, development, maintenance and operation.</li> <li>Provide shared solutions concentrating know-how in areas of expertise specific to type of business and industry sector.</li> </ul>	<ul style="list-style-type: none"> <li>IT systems consolidating industry knowledge and understanding of business operations</li> <li>Comprehensive capabilities culminating in system creation</li> <li>Leading-edge, industry-specific solutions</li> </ul>
<b>IT professionals business</b>	<ul style="list-style-type: none"> <li>Deliver customer-oriented, fast and flexible IT administration services by IT professionals.</li> </ul>	<ul style="list-style-type: none"> <li>Flexible solutions underpinned by expertise of IT professionals</li> </ul>
<b>Cross-industry solutions business</b>	<ul style="list-style-type: none"> <li>Provide shared solutions concentrating know-how in areas of expertise cutting across types of business and industry sectors.</li> </ul>	<ul style="list-style-type: none"> <li>Leading-edge packaged solution systems</li> </ul>
<b>Service platform business</b>	<ul style="list-style-type: none"> <li>Utilize results and know-how accumulated by other segments to configure and operate platforms that provide services through N:N to clients in all industries.</li> </ul>	<ul style="list-style-type: none"> <li>Services offering industry-standard business administration infrastructure capabilities</li> </ul>
<b>IT infrastructure and operations business</b>	<ul style="list-style-type: none"> <li>Provide clients with access to IT platforms, including data center and network functions and services.</li> </ul>	<ul style="list-style-type: none"> <li>① IT infrastructure-related facility function</li> <li>② Efficient handling of business processes on behalf of clients</li> </ul>
<b>BPO business</b>	<ul style="list-style-type: none"> <li>Handle office tasks, including business form data entry/printing/envelope sealing, on behalf of clients.</li> </ul>	
<b>Overseas business</b>	<ul style="list-style-type: none"> <li>Tapping China and ASEAN region as key business areas, expand local activities through M&amp;A and alliances with local partners having expertise in target operations. Pursue full-scale development of global BPO business.</li> </ul>	<ul style="list-style-type: none"> <li>Global development of advanced IT backed by industry knowledge and understanding of business operations</li> </ul>

# Group Structure Integration and Reorganization Ideal: Consolidate Group Brands

- To date, several corporate groups have existed under the ITHD Group umbrella. This became a barrier to mutual harmony.
- The new structure will remove this barrier and promote integration under a single group — the TIS INTEC Group — which will encourage wider cooperation among all companies and elicit a real sense of togetherness that extends beyond the borders of corporate units and encompasses all employees.



## New Management Structure (planned)

- To accelerate the integration and reorganization process, new representative directors will be appointed at core companies of the reinvigorated Group.  
(On June 24, 2016)
- In light of the integration and reorganizations, ITHD will change its name to TIS Inc.  
(Effective July 1, 2016)

(Effective July 1, 2016)

TIS Inc.  
Chairman (planned)  
Norio Maenishi



TIS Inc.  
President (planned)  
Toru Kuwano



INTEC Inc.  
President (planned)  
Shigeki Kusaka







## Other News

### Booking of extraordinary loss following review of TIS' data center operations and booking of extraordinary income due to sale of investment securities (announced September 30, 2015)

- **Following thorough review of approach to data center operations and future direction of this business, decision made to integrate data center operations in Tokyo and Osaka areas.**
  - TIS began data center services more than 40 years ago, and at some locations, existing equipment specifications and capacity have become insufficient to properly meet current client needs. To provide continuous services into the future, management realized that sweeping measures would be necessary as equipment becomes outdated over time.
  - Anticipating rapid progress in cloud services and heightened competition among providers, management felt it was necessary to take a different approach than before.
- ⇒ Will book extraordinary loss of about ¥14 billion due to impairment loss accounting on some data centers.  
The integration of data center operations will inevitably mitigate huge future costs otherwise spent to deal with outdated facilities and equipment and will also have a direct revenue-improvement effect paralleling impairment loss accounting, as the burden of depreciation will likely shrink by about ¥600 million in the second half of the current fiscal year and by about ¥1 billion in fiscal 2016.
- **Sale of investment securities held by TIS will circumvent impact of data center changes on business results.**
  - ⇒ Will book extraordinary income of ¥16 billion. Lead to more efficient use of corporate assets and improve financial footing.

### TIS' Future Flagship Data Centers

<b>Osaka area</b>		<b>Tokyo area</b>	
			
Shinsaibashi gDC	Shinsaibashi gDC-EX	GDC Osaka (Opened in summer 2016)	GDC Gotenyama

## Other News

### Progress on integration and centralization of Group offices

⇒ Implemented in the Osaka area (July 2015), and planned for the Nagoya area (for summer 2016)

- Office centralization from the perspective of optimizing Group capabilities. Seek to promote cooperation and smooth communication among Group companies.

### Progress to Date and Looking Ahead

#### Office integration/centralization in the Tokyo area

- Offices of nine companies
- December 2011 – February 2012
- Office space reduced by 25%
- Costs reduced by ¥900 million/year



New location: Tokyo area offices

#### Office integration/centralization in the Osaka area

- Offices of nine companies
- July 2015
- Office space reduced by 40%
- Costs reduced by ¥150 million/year



New location: Osaka area offices

#### Office integration/centralization in the Nagoya area

- Offices of nine companies
- Summer 2016
- Increase office space to reflect expanding business activities and improve working environment
- Costs to be reduced by ¥40 million/year



New location: Nagoya area offices

## Other News

### BPO services offered by Group companies centralized under AGREX (October 2015)

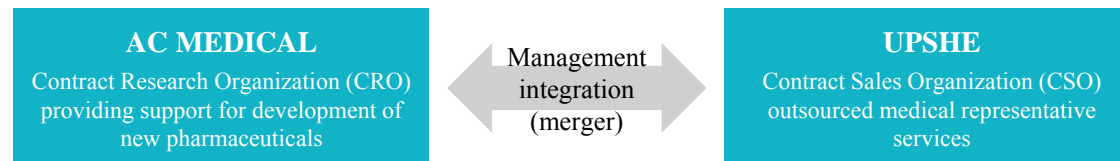
- Strategy connected to portfolio management, a basic concept under the Third Medium-term Management Plan. Part of the goal to apply business realignment to strengthen the forte pursuits of Group companies, optimize overall capabilities and reinforce the business foundation.
- BPO business scattered within the Group will gradually be centralized under AGREX, consolidating duplicated functions and promoting greater efficiency while strengthening and expanding the business. Based on this direction, the first step will be to transfer some of the BPO services handled by TIS subsidiaries in the Tokyo area. Additional integration is being considered, and discussions are in progress.



AGREX has been positioned as the core company of the Group's BPO business and will utilize inherent strengths and latent growth potential to reinforce services in this field.

### AC MEDICAL and UPSHE to undergo management integration (scheduled for January 2016)

- AC MEDICAL INC and UPSHE Co., Ltd., under the AGREX umbrella, will undergo management integration in an effort to enhance corporate capabilities and expand services.



The invigorated company will hone a sharper competitive edge as a provider of comprehensive solutions to pharmaceutical companies with drug development, medical affairs administration and marketing services that quickly and accurately address the needs of clients.

**Fiscal 2016 First Two Quarters Financial Highlights**

**Fiscal 2016 Performance Forecast**

**Status of Progress on Key Strategies**

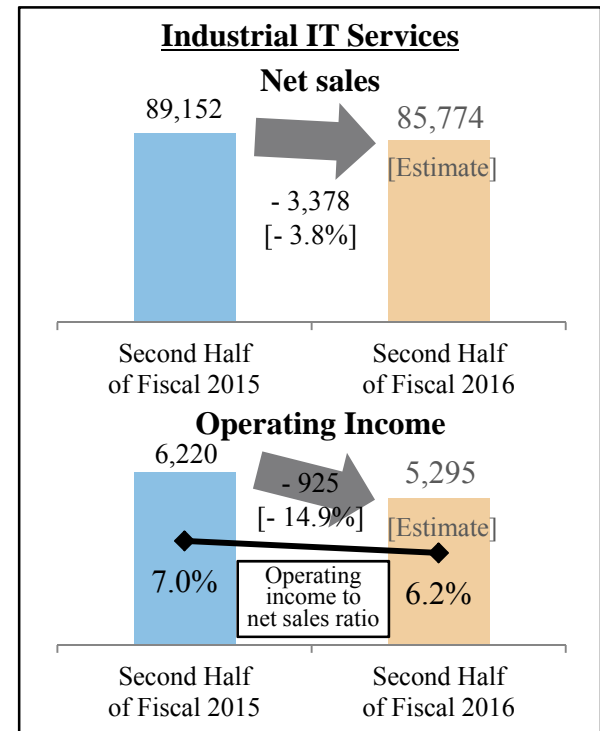
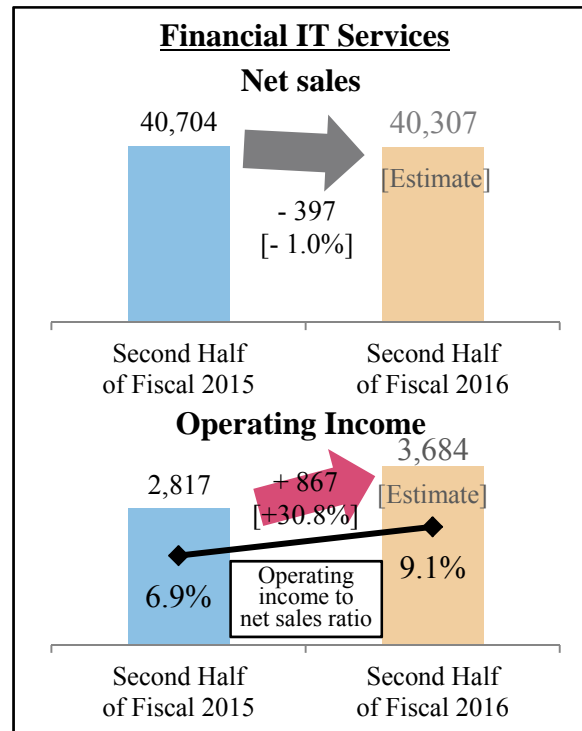
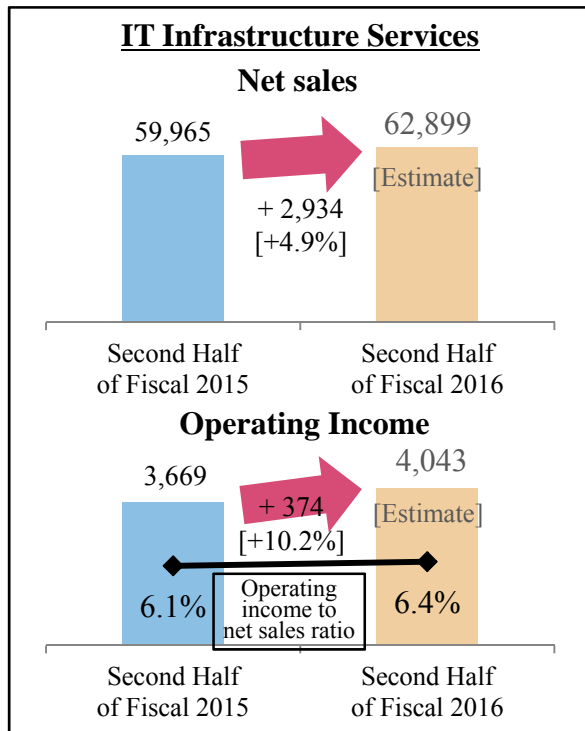
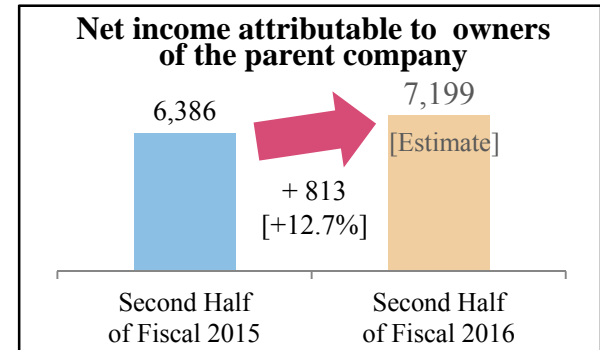
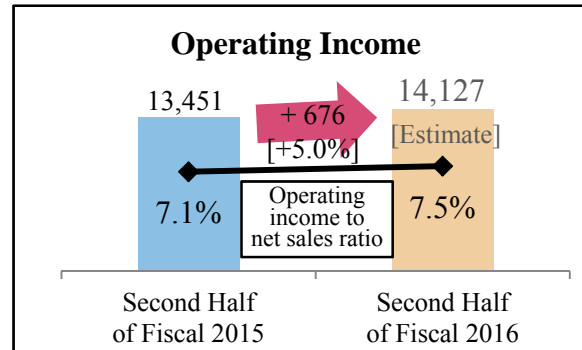
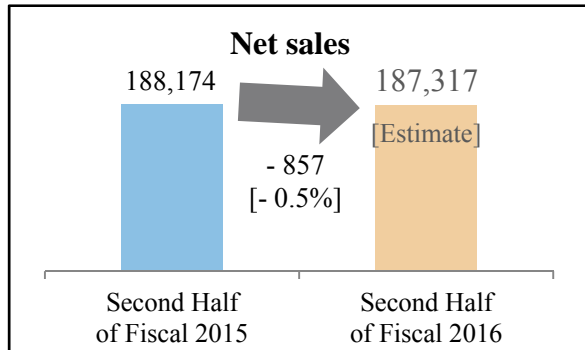
**Reference Materials**





(Millions of yen)

# Fiscal 2016 Second Half: Key Business Segment Performances [Forecast]





# IT HOLDINGS

Go Beyond

## **Cautionary Statements**

- In these materials, IT Holdings is abbreviated ITHD.
- All statements described in these materials are based on information available to management regarding the ITHD Group—that is, ITHD and the subsidiaries under its umbrella—as of the presentation date and 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.