



NS Solutions

# Financial Information Meeting for Fiscal Year 2006 (Year ended March 31, 2007)

2007. 04. 27

Shigeru Suzuki

Representative Director & President

## NS Solutions Corporation

## FORWARD-LOOKING STATEMENTS

This document includes statements of forward-looking descriptions regarding the intent, belief or current expectations of NS Solutions Corporation (the “Company”) or its officers in terms of its operation and financial condition. Accordingly, such statements contain risks and uncertainties since they are neither historical facts nor guarantees of future performance. Actual results may be varied and influenced by various factors. The Company does not undertake to revise such forward-looking descriptions to reflect those factors.

# FY2006 Consolidated Results Highlights

(Billions of yen)

	FY05 (Actual) A	FY06 (Actual) B	Change B-A	FY06 (Previous outlook) C	Change B-C
<b>Sales</b>	148.3	156.5	+ 8.2	156.0	+ 0.5
Business solutions	84.0	92.6	+ 8.6	91.5	+ 1.1
Platform solutions	24.2	24.5	+ 0.3	24.5	+ 0.0
Business services	40.1	39.4	- 0.7	40.0	- 0.6
<b>Gross profit</b>	30.5	33.3	+ 2.8	32.1	+ 1.2
<Gross profit margin>	<20.6%>	<21.3%>	<+ 0.7%>	<20.6%>	<+ 0.7%>
<b>SG&amp;A</b>	-18.4	-19.2	- 0.8	-19.2	+ 0.0
<b>Operating income</b>	12.1	14.1	+ 2.0	12.9	+ 1.2
<b>Recurring profit</b>	12.4	14.4	+ 2.0	13.0	+ 1.4
<b>Net income</b>	7.5	8.1	+ 0.6	7.3	+ 0.8

# FY06 Sales by Business Line/Customer Industry

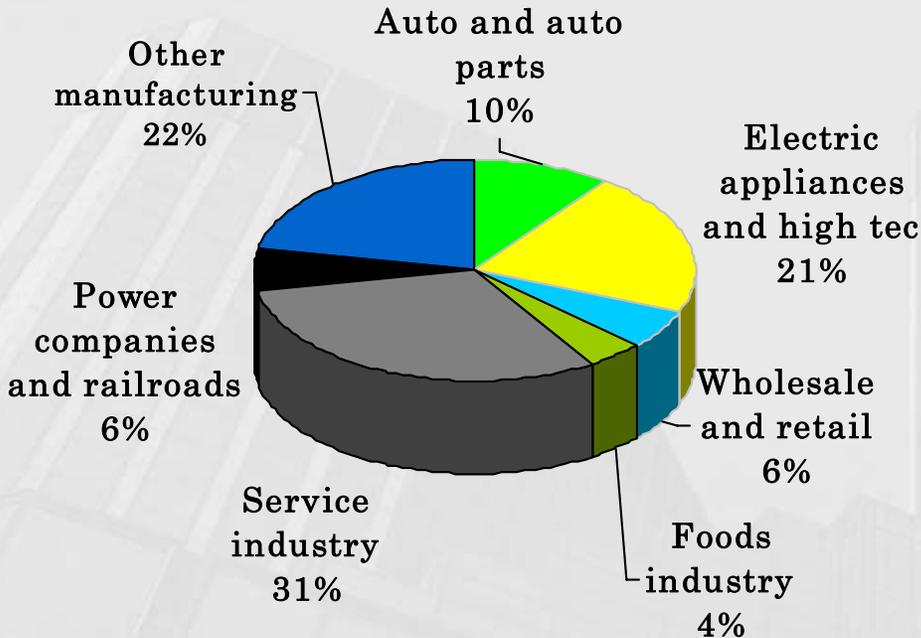
(Billions of yen)

Business line/ Customer industry	FY05 (Actual) A	FY06 (Actual) B	Change B-A	Comment
<b>Business solutions</b>	72.0	78.6	+ 6.6	
Manufacturing, distribution and service industries	36.6	36.1	- 0.5	Almost flat year on year
Financial services	19.6	24.9	+ 5.3	Growth in mega bank and Japan Post sectors
Government, public organizations and others	15.8	17.6	+ 1.8	Growth in satellite and science sectors
<b>Platform solutions</b>	21.5	22.2	+ 0.7	Increase in product maintenance
<b>Business services</b>	39.6	39.0	- 0.6	Decrease in Nippon Steel-related businesses. Increase in non-Nippon Steel businesses.
<b>Non-consolidated sales</b>	133.1	139.8	+ 6.7	
<b>Subsidiaries, net</b>	15.2	16.7	+ 1.5	
<b>Consolidated sales</b>	148.3	156.5	+ 8.2	

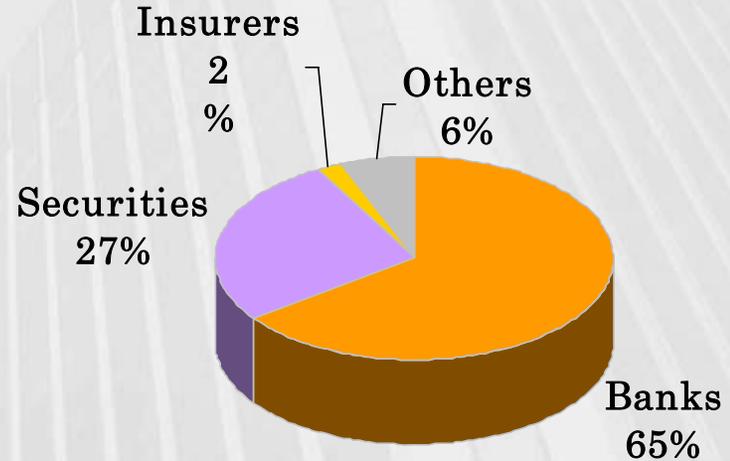
# FY06 Breakdown of Sales to Manufacturing, Distribution and Service Industries, and Financial Services



## Manufacturing, distribution and service industries



## Financial services



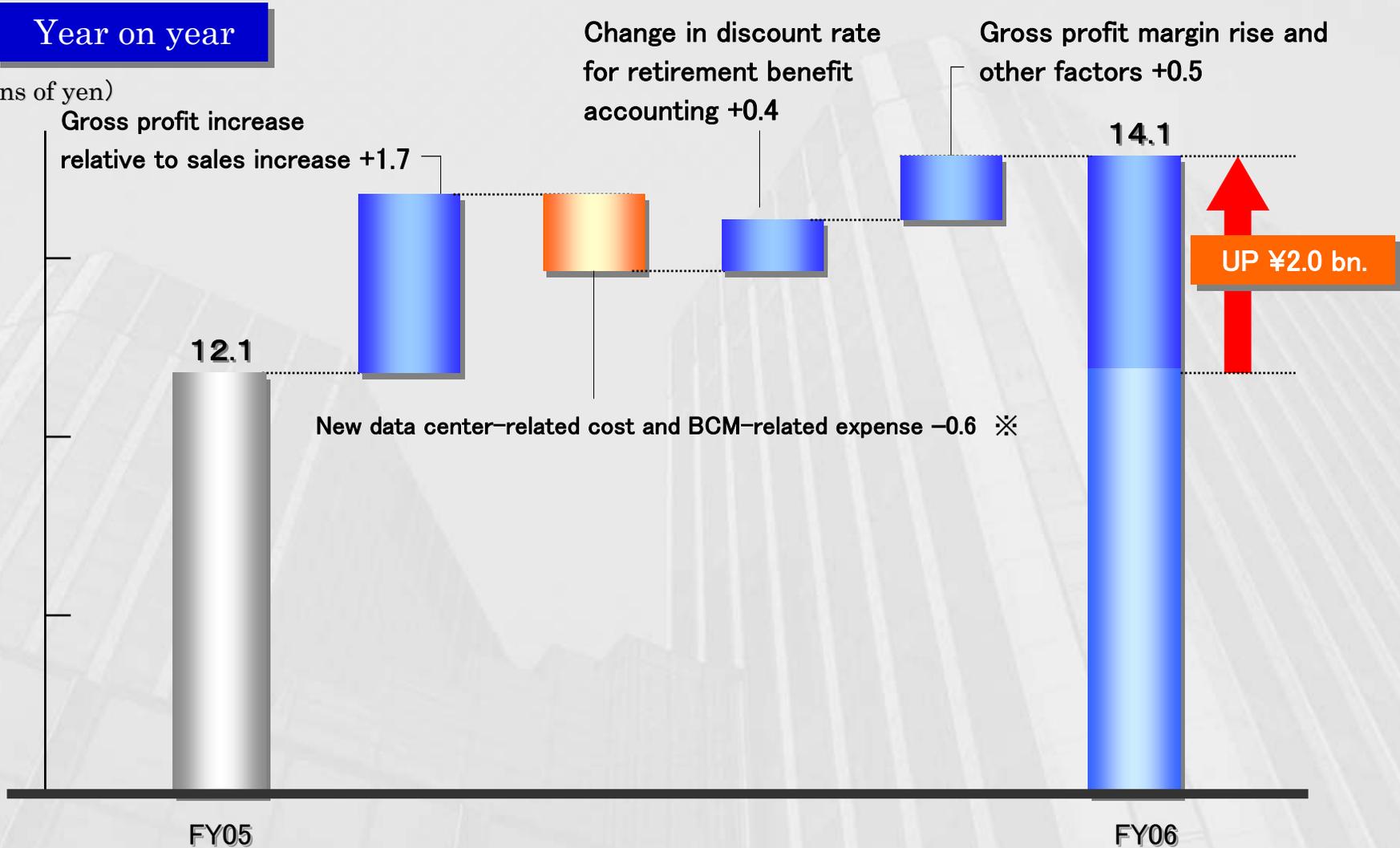
# FY2006 Consolidated Operating Income Breakdown



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## Year on year

(Billions of yen)



FY05

FY06

※BCM: Business Continuity Management

# Outlook for FY2007 Consolidated Results

(Billions of yen)

	FY06 (Actual) A	FY07 (Outlook) B	Change B-A
<b>Sales</b>	156.5	165.0	+ 8.5
Business solutions	92.6	97.0	+ 4.4
Platform solutions	24.5	26.0	+ 1.5
Business services	39.4	42.0	+ 2.6
<b>Gross profit</b>	33.3	34.7	+ 1.4
<Gross profit margin>	<21.3%>	<21.0%>	<- 0.3%>
<b>SG&amp;A</b>	-19.2	-20.0	- 0.8
<b>Operating income</b>	14.1	14.7	+ 0.6
<b>Recurring profit</b>	14.4	15.0	+ 0.6
<b>Net income</b>	8.1	8.3	+ 0.2

# Market Trends by Business Line/ Customer Industry are...



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Business line/ Customer industry	Market trend	Market direction
<b>Business solutions</b>		
Manufacturing, distribution and service industries	<ul style="list-style-type: none"> <li>▪ Clients in the distribution and service industries need to sharpen their competitive edges by aggressive IT investments.</li> <li>▪ Steady demand from large manufacturers for IT investments to enhance international competitiveness</li> </ul>	→
Financial services	<ul style="list-style-type: none"> <li>▪ Mega banks continue strategic IT investments.</li> <li>▪ Japan Post invests in IT before its privatization.</li> </ul>	↗
Government and public organizations	<ul style="list-style-type: none"> <li>▪ Movement for reforming government's procurement procedures</li> </ul>	→
<b>Platform solutions</b>	<ul style="list-style-type: none"> <li>▪ We see steady demand for IT platform investments from a big point of view.</li> <li>▪ Clients care very much about ROI and still have a cautious stance on IT investments.</li> </ul>	<b>Engineering</b> → <b>Product sales</b> →
<b>Business services</b>	<ul style="list-style-type: none"> <li>▪ Strong demand for server space due to an increase in digital content distribution</li> <li>▪ Steady demand for outsourcing services</li> </ul>	↗

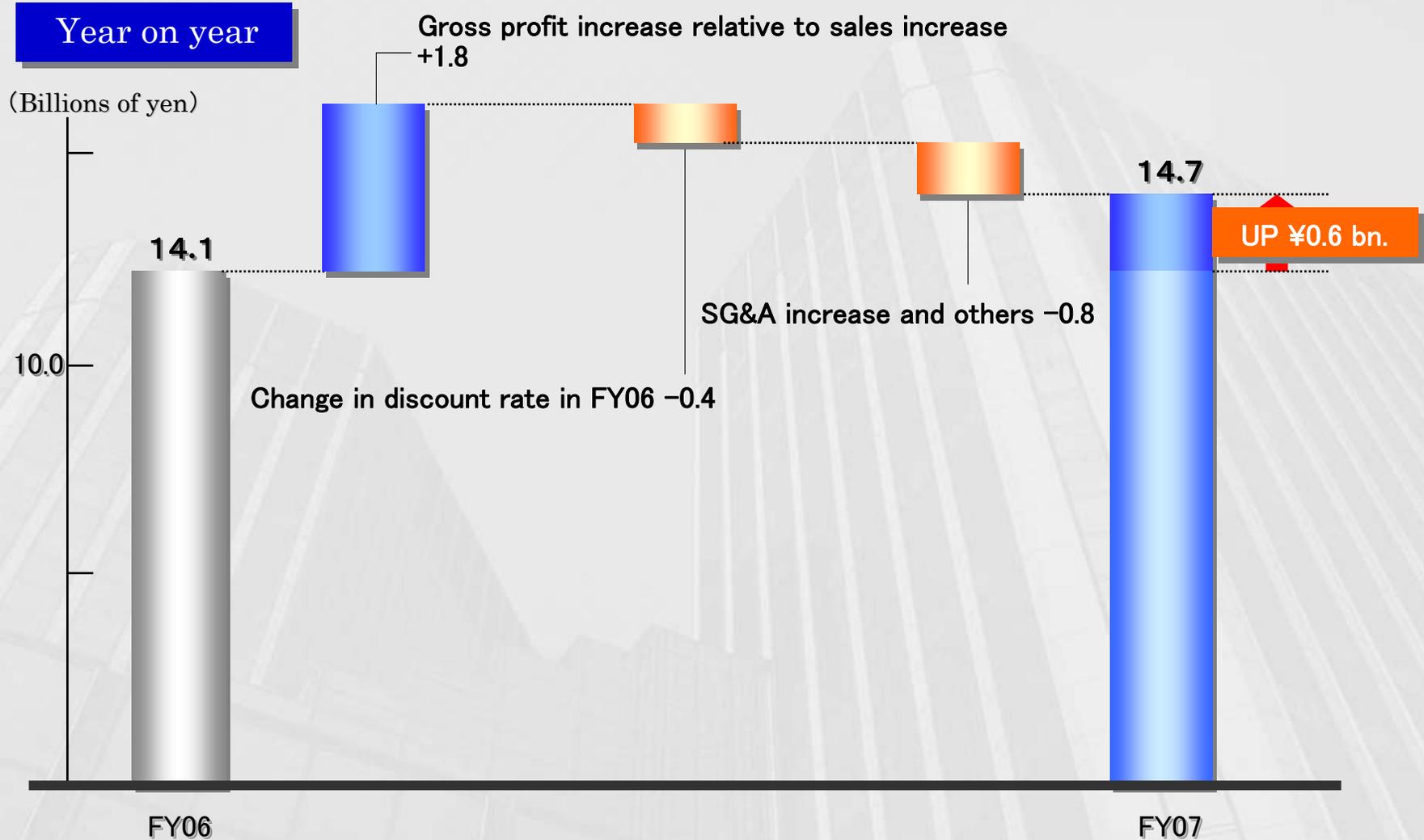
# Outlook for FY07 Sales by Business Line / Customer Industry



(Billions of yen)

Business line/ Customer industry	FY06 (Actual) A	FY07 (Outlook) B	Change B-A	Comment
<b>Business solutions</b>	78.6	82.0	+ 3.4	
Manufacturing, distribution and service industries	36.1	39.0	+ 2.9	Growth mainly in manufacturing sector
Financial services	24.9	26.0	+ 1.1	Business expansion mainly in mega bank and Japan Post sectors
Government, public organizations and others	17.6	17.0	- 0.6	
<b>Platform solutions</b>	22.2	24.0	+ 1.8	Increase in engineering and maintaining products
<b>Business services</b>	39.0	41.0	+ 2.0	Increase in non- Nippon Steel businesses
<b>Non-consolidated sales</b>	139.8	147.0	+ 7.2	
<b>Subsidiaries, net</b>	16.7	18.0	+ 1.3	
<b>Consolidated sales</b>	156.5	165.0	+ 8.5	

# FY2007 Consolidated Operating Income Breakdown



# Outlook for FY2007 Semiannual Consolidated Results



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(Billions of yen)

	FY06 (Actual)		FY07 (Outlook)		Change	
	1H A	2H B	1H C	2H D	1H C-A	2H D-B
<b>Sales</b>	70.1	86.4	75.0	90.0	+ 4.9	+ 3.6
Business solutions	39.4	53.2	42.0	55.0	+ 2.6	+ 1.8
Platform solutions	12.1	12.4	13.0	13.0	+ 0.9	+ 0.6
Business services	18.6	20.8	20.0	22.0	+ 1.4	+ 1.2
<b>Gross profit</b>	14.5	18.8	15.8	18.9	+ 1.3	+ 0.1
<Gross profit margin>	<20.8%>	<21.8%>	<21.1%>	<21.0%>	<+ 0.3%>	<- 0.8%>
<b>SG&amp;A</b>	-9.4	-9.8	-10.0	-10.0	- 0.6	- 0.2
<b>Operating income</b>	5.1	9.0	5.8	8.9	+ 0.7	- 0.1
<b>Recurring profit</b>	5.2	9.2	6.0	9.0	+ 0.8	- 0.2
<b>Net income</b>	3.0	5.1	3.1	5.2	+ 0.1	+ 0.1
<b>Order backlog at beginning of period</b>	38.0	47.9	44.0	—	+ 6.0	—

## Major business strategies

- Enhancing technical capabilities to develop systems in an organized way
- Strengthening sales forces
- Incubating and enlarging service businesses
- Carrying forward business continuity management
- Improving subcontractor management

## Structural reform of clients and projects

- Selecting industries and clients, and concentrating on those
- Shifting to large-scale and high-value-added businesses
- Shifting from selling products to engineering and maintaining products

## ① Trying to be on a sustained growth path

- Utilizing IT platform integration skills

## ② Enhancing technical capabilities to develop systems

- Standardizing system development processes
- Improving common environments for system development

## ③ Strengthening our operating base

- Carrying forward business continuity management
- Improving subcontractor management
- Enriching training programs

## ④ Aiming for a vibrant and attractive company



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# Platform Solutions Contribute to Our Business Expansion

## NS Solutions Corporation

## Reducing the total cost of ownership

- The individual optimization of a silo-like system reaches a limit
- Increasing system operation costs

## Taking measures to follow the J-SOX Law and other regulations

- Distributed IT platforms need company-wide control

## IT platforms that can keep up with changes in business models

- IT platforms that can easily follow load changes
- Computer systems that can be easily changed

# Features of Our Platform Integration Skills

## We provide System Life Cycle Total Solutions

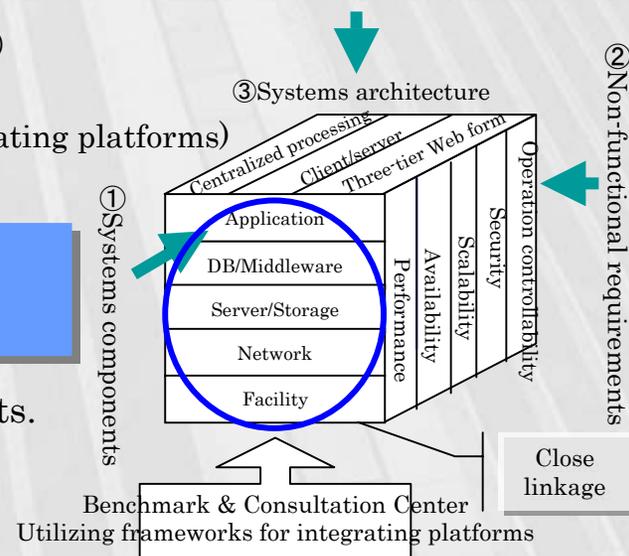
- We provide applications software, platforms and systems operation in a unified manner  
:Seamlessly integrating the entire system from applications software to platforms and systems operation from the viewpoint of system users
- Optimizing IT systems from three perspectives  
:Three perspectives such as systems components, systems architecture and non-functional requirements

## We assess and test new products, accumulate IT utilization technologies and successfully implement projects in accordance with our frameworks for integrating IT platforms

- Assessing products (RAC (Real Application Clusters) Solution Center, etc.)
- Assessing performance (Benchmark & Consultation Center)
- Improving methodologies and tools (Our own make frameworks for integrating platforms)

## We design IT platforms from users' viewpoint, controlling software and hardware vendors

- We create a best mix of the advantages of multi-vendor products. We have the capability to control multiple vendors and to successfully implement actual projects.



# Differentiating Ourselves by Next-generation IT Platform Technologies

## We've set up the NS Solutions Grid & Utility Computing Center (the "NSGUC")

- Nation's largest laboratory to conduct empirical research on grid and virtualization technologies
- We've set up the NSGUC in December 2005 inside our Systems R&D Center

## Researching and utilizing grid & utility technologies

- Grid & utility technologies to be adopted to business scenes
  - Company-wide needs for using computer resources efficiently (ex. inside clients' data centers)
- High-performance computing needs for:
  - financial institutions
  - scientific and engineering calculations

(We've provided the Regional ATLAS Data Analysis Center in the University of Tokyo with grid computing systems.)

## Researching and utilizing virtualization technologies

- Virtually integrating dispersed IT platforms
- Dividing a single IT platform into virtual partitions

# Next-generation IT Platform Design and Development Methods for Grid & Utility Computing (“NSGRANDIR” ※1)

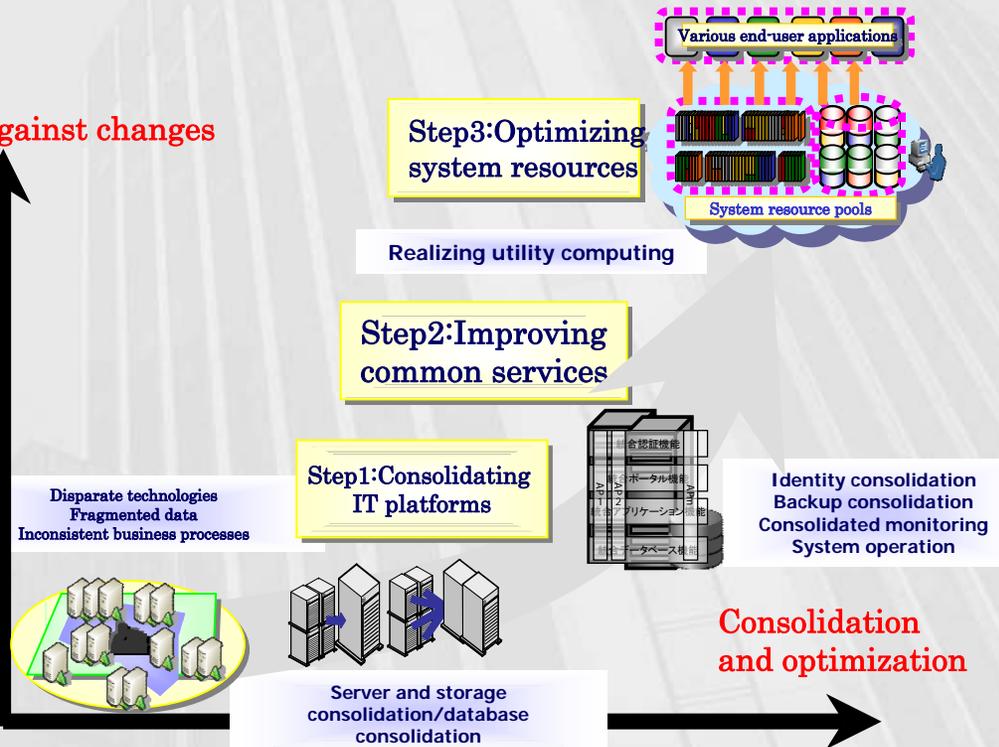


- Incorporating the most appropriate products
- Adopting our own make frameworks for integrating IT platforms
- Utilizing empirically-based grid & utility computing assessment done by the NSGUC ※2



Flexibility against changes

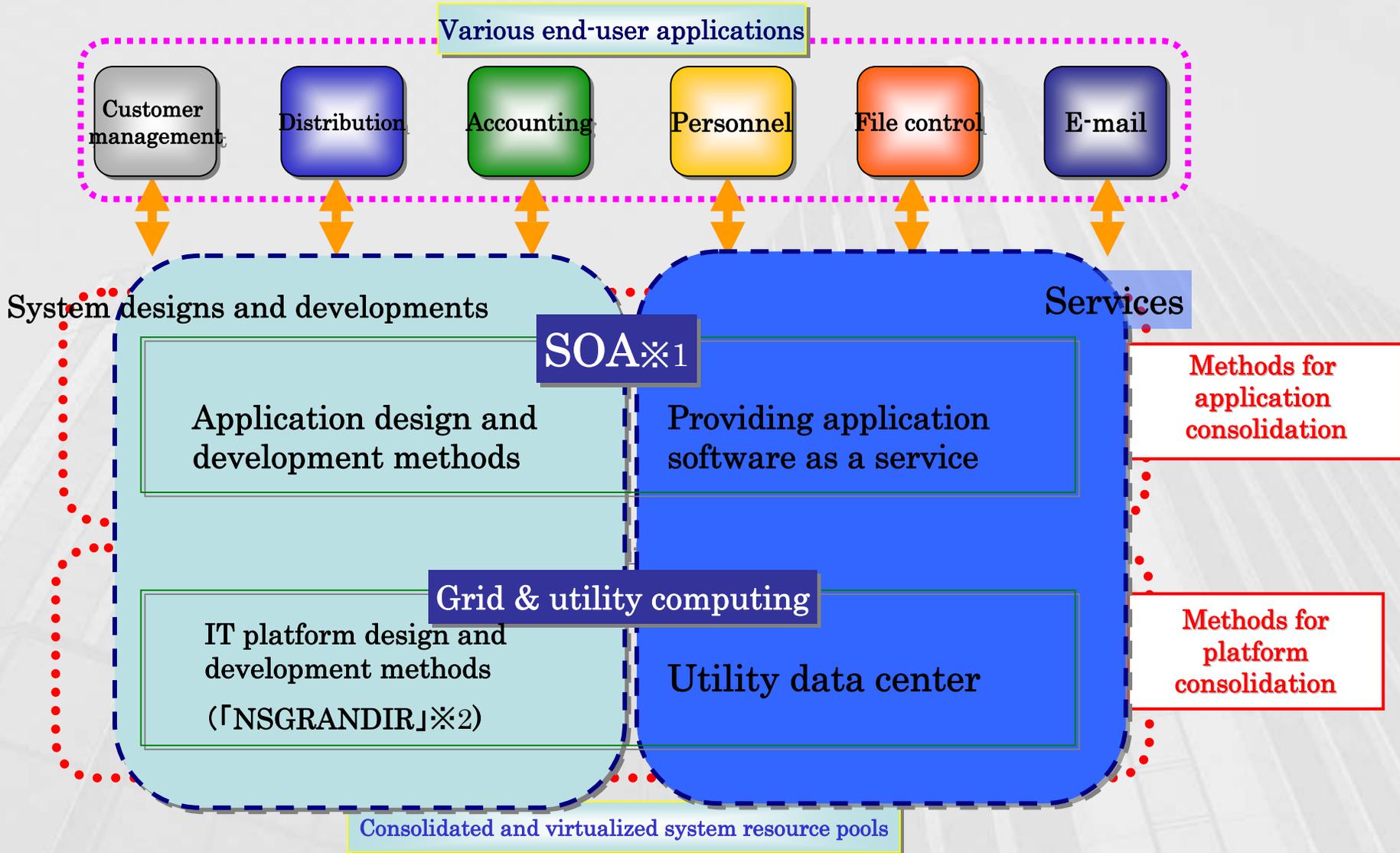
- We design and develop systems that have availability, a high-security level, operation controllability and scalability at minimum cost



※1 NSGRANDIR: NS Solutions Grid And Dynamic Infrastructure

※2 NSGUC: NS Solutions Grid & Utility Computing Center

# Adopting Next-generation Technologies to System Designs and Developments, and Services



※1 SOA: Service Oriented Architecture

※2 NSGRANDIR: NS Solutions Grid And Dynamic Infrastructure

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- In September 2006, We've acquired the No.1 Data Center that we had rented for business
  - We've set up a system development center in Dalian, China  
(We've closed a quantity guarantee contract with Dalian Hi-Think Computer Technology Co., Ltd.(DHC))
  - We've newly started No.4 Data Center operations in April 2007
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- ◇ We provide stable dividends to shareholders and maintain internal reserve for expanding our businesses in the future and for others.
- ◇ NS Solutions' operating income has hit an all-time high.
- ◇ Distributing profits among shareholders



We plan to increase an annual per-share dividend.

**2007/3**  
¥35.00 per share



**2008/3**  
¥40.00 per share



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