



NIPPON STEEL & SUMITOMO METAL CORPORATION GROUP



NS Solutions

Financial Information for the Second Quarter of the Fiscal Year ending March 31, 2015

(April 1, 2014 through September 30, 2014)

October 28, 2014

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.

Consolidated Financial Highlights



(JPY billion)

	2Q(1H)of FY Mar.2014 A	2Q(1H)of FY Mar.2015 B	Change B-A	2Q of 2015 Previous outlook (4/25) C	Change B-C
Sales	81.5	94.9	+13.4	86.0	+8.9
Business solutions	46.1	56.3	+10.1	48.0	+8.3
Platform solutions	9.8	10.3	+0.5	10.0	+0.3
Business services	25.5	28.3	+2.8	28.0	+0.3
Gross profit	15.5	18.6	+3.1	16.5	+2.1
<Gross profit margin>	<19.0%>	<19.6%>	<+0.6%>	<19.2%>	<+0.4%>
SG&A	11.0	11.6	+0.6	11.7	-0.1
Operating income	4.5	7.0	+2.5	4.8	+2.2
Ordinary income	4.7	7.2	+2.5	5.0	+2.2
Net income	2.5	4.2	+1.8	2.7	+1.5

Sales by Business Line / Customer Industry



(JPY billion)

	2Q(1H)of FY Mar.2014 A	2Q(1H)of FY Mar.2015 B	Change B-A	Comment
Business solutions	37.5	46.7	+9.1	-
Manufacturing, distribution and service industries	19.9	24.0	+4.1	Increase in global manufacturing projects
Financial services	12.1	16.2	+4.0	Increase in sales to megabanks and securities companies
Government, public organizations and others	5.5	6.5	+1.0	Increase in IT platform engineering sales to the public sector
Platform solutions	8.7	9.1	+0.5	Increase in IT platform renewal and migration, and sales of VDI and DaaS
Business services	25.4	28.3	+2.9	Increase in sales to NSSMC
Subsidiaries, net	9.9	10.8	+0.9	Increase in domestic and overseas subsidiaries
Consolidated sales	81.5	94.9	+13.4	-
Amount of orders accepted	84.8	97.0	+12.2	-

Change from Previous outlook(4/25)

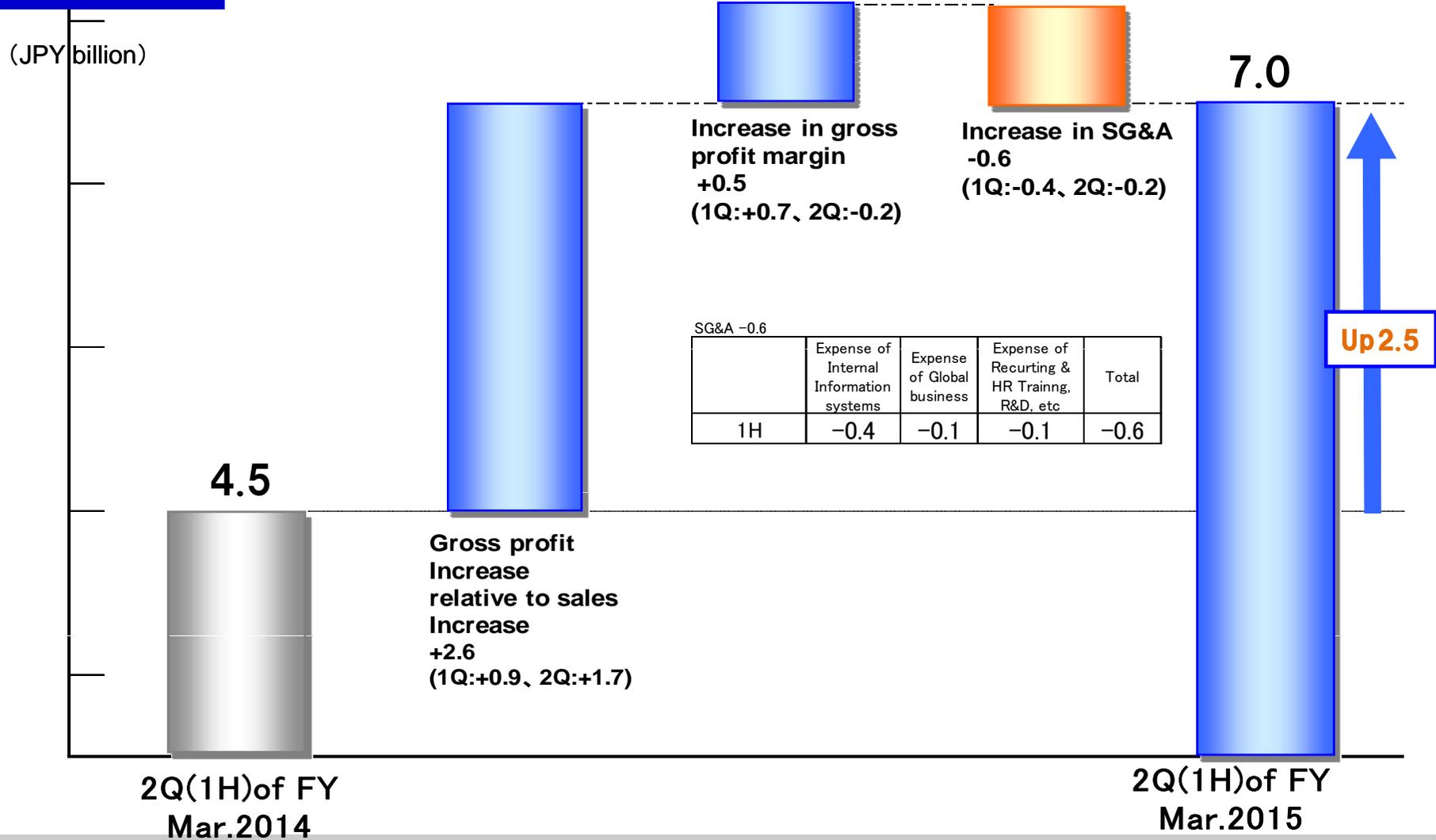
(JPY billion)

	2Q(1H)of FY Mar.2015 Previous outlook (4/25) A	2Q(1H)of FY Mar.2015 B	Change B-A
Business solutions	39.0	46.7	+7.7
Manufacturing, distribution and service industries	20.5	24.0	+3.5
Financial services	14.0	16.2	+2.2
Government, public organizations and others	4.5	6.5	+2.0
Platform solutions	9.0	9.1	+0.1
Business services	28.0	28.3	+0.3
Subsidiaries, net	10.0	10.8	+0.8
Consolidated sales	86.0	94.9	+8.9

During the first half of the current fiscal year, based on the solid recovery in IT investments, NSSOL received favorable orders in the manufacturing, distribution and service, finance, and social and public sectors and some of the projects were accelerated forward. As a result, net sales are expected to exceed previous forecasts mainly in the business solution area on a consolidated and non-consolidated basis.

Consolidated Operating Income Breakdown

Year on year



Market Trends by Business Line / Customer Industry



Business line and customer industry	Market features	Market trend
Business solutions		
Manufacturing, distribution and service industries	Investment in strategic systems for core manufacturing areas, i.e., PLM*1 and production management systems, expands strongly. Internet-related and retail/distribution sectors' IT investment continues firmly.	
Financial services	Mega banks' strategic IT investments are in line with their mid-term growth strategies. Recovery in the securities sector's IT investment.	
Government, public organizations, etc.	Competition remains severe in large-scale IT platform engineering.	
Platform solutions	Steady demand in IT platform renewal and migration. Higher demand in device management, i.e., VDI*2/DaaS*3 and MDM*4	
Business services	Strong IT investment continues at NSSMC. Data center and IT operation outsourcing service needs are expanding. Telecom market remains severe.	

*1:PLM:Product Lifecycle Management *3:DaaS:Desktop as a Service
 *2:VDI:Virtual Desktop Infrastructure * 4:MDM:Mobile Device Management

Outlook For Semiannual Consolidated Results



(JPY billion)

	FY ended Mar.2014			FY ending Mar.2015			Change		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
	A	B	C	D	E	F	D-A	E-B	F-C
Sales	81.5	98.5	180.0	94.9	100.1	195.0	+13.4	+1.6	+15.0
Business solutions	46.1	61.6	107.7	56.3	61.2	117.5	+10.1	-0.3	+9.8
Platform solutions	9.8	11.5	21.3	10.3	11.2	21.5	+0.5	-0.3	+0.2
Business services	25.5	25.5	51.0	28.3	27.7	56.0	+2.8	+2.3	+5.0
Gross profit	15.5	19.0	34.5	18.6	19.1	37.7	+3.1	+0.1	+3.2
<Gross profit margin>	<19.0%>	<19.3%>	<19.2%>	<19.6%>	<19.1%>	<19.3%>	<+0.6%>	<-0.2%>	<+0.1%>
SG&A	11.0	11.1	22.0	11.6	10.9	22.5	+0.6	-0.2	+0.5
Operating income	4.5	7.9	12.4	7.0	8.2	15.2	+2.5	+0.3	+2.8
Ordinary income	4.7	8.0	12.8	7.2	8.3	15.5	+2.5	+0.2	+2.7
Net income	2.5	4.6	7.1	4.2	5.0	9.2	+1.8	+0.4	+2.1
Order backlog at beginning of the period	78.4	81.8	-	85.2	87.3	-	+6.8	+5.5	-

NSSOL has revised its earnings forecasts, based on recent business trends on October 21 , 2014.

Sales by Business Line / Customer Industry



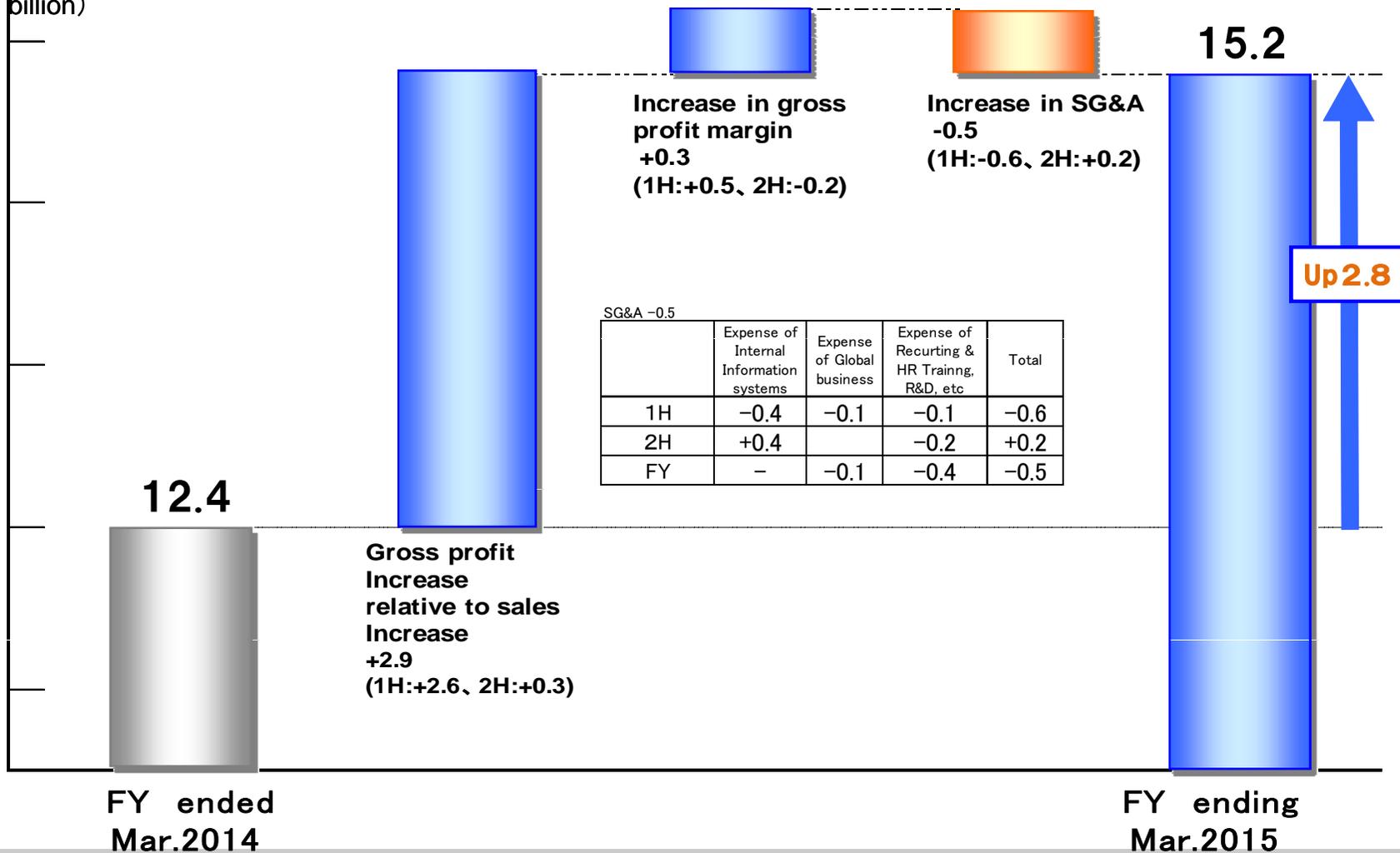
(JPY billion)

	FY ended Mar.2014		FY ending Mar.2015		Change	
	1H A	2H B	1H C	2H D	1H C-A	2H D-B
Business solutions	37.5	51.8	46.7	51.0	+9.1	-0.7
Manufacturing, distribution and service industries	19.9	22.7	24.0	24.0	+4.1	+1.3
Financial services	12.1	15.6	16.2	14.8	+4.0	-0.8
Government, public organizations and others	5.5	13.5	6.5	12.2	+1.0	-1.3
Platform solutions	8.7	10.0	9.1	9.7	+0.5	-0.3
Business services	25.4	25.4	28.3	27.7	+2.9	+2.3
Subsidiaries, net	9.9	11.3	10.8	11.7	+0.9	+0.4
Consolidated sales	81.5	98.5	94.9	100.1	+13.4	+1.6

Consolidated Operating Income Breakdown

Year on year

(JPY billion)



Major Actions in this year (FY Ending Mar.2015)



1. Structural Business Growth

- Enhance client base
- Enhance system development platform
- Expansion of service business
- Expansion of global footprint
- System support for NSSMC

2. Strengthening Risk Management

- Reinforce project management
- Strengthen service business risk management
- Enhance information security

3. Enhance Resource Management

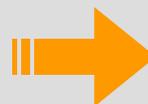
- Renewal of internal information systems
- NSSOL Academy (Human Resources)

Policy on profit sharing

✧ Provide stable dividends to shareholders and maintain internal reserve for expansion



2014/03
¥40.00 per share



2015/03
¥45.00 per share



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