



**NS Solutions**

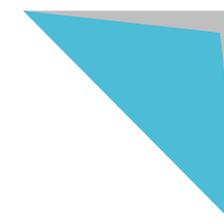
 **NIPPON STEEL**

# Financial Information for the Third Quarter of the Fiscal Year ending March 31, 2020

(April 1, 2019 through December 31, 2019)

February 6 , 2020

**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.

# I -1. 3Q of FY 2019(ending March 31, 2020) Consolidated Financial Results

(¥ in billions)	FY ended Mar. 2019		FY ending Mar. 2020		Difference	
	3Q	1-3Q	3Q	1-3Q	3Q	1-3Q
	(Oct.-Dec.)	(Apr.-Dec.)	(Oct.-Dec.)	(Apr.-Dec.)	(Oct.-Dec.)	(Apr.-Dec.)
	A	B	C	D	C-A	D-B
<b>Sales</b>	<b>58.7</b>	<b>177.0</b>	<b>61.7</b>	<b>198.4</b>	<b>+2.9</b>	<b>+21.4</b>
Business solutions	38.3	113.3	40.0	129.8	+1.8	+16.5
Service solutions	20.5	63.7	21.6	68.6	+1.2	+4.9
<b>Gross Profit</b>	<b>12.6</b>	<b>37.2</b>	<b>12.4</b>	<b>40.9</b>	<b>-0.2</b>	<b>+3.8</b>
<Gross Profit Margin>	<21.4%>	<21.0%>	<20.2%>	<20.6%>	<-1.3%>	<-0.4%>
<b>SG&amp;A</b>	<b>6.4</b>	<b>20.0</b>	<b>6.7</b>	<b>21.0</b>	<b>+0.3</b>	<b>+1.0</b>
<b>Operating Profit</b>	<b>6.2</b>	<b>17.1</b>	<b>5.7</b>	<b>19.9</b>	<b>-0.4</b>	<b>+2.8</b>
<b>Recurring Profit</b>	<b>6.4</b>	<b>17.5</b>	<b>6.0</b>	<b>20.2</b>	<b>-0.4</b>	<b>+2.6</b>
<b>Profit attributable to owners of parent</b>	<b>4.3</b>	<b>11.2</b>	<b>4.3</b>	<b>13.0</b>	<b>-0.0</b>	<b>+1.8</b>

# I -2. 3Q of FY ending March 31, 2020 Quarterly Consolidated Results

	3Q of FY Mar. 2019		3Q of FY Mar. 2020		Difference		Comments
	Total	IT platform	Total	IT platform	Total	IT platform	
	(Oct.-Dec.) A		(Oct.-Dec.) B		(Oct.-Dec.) B-A		
<b>Business Solutions</b>	<b>31.9</b>	7.0	<b>32.5</b>	7.5	<b>+0.6</b>	+0.5	
Manufacturing, Retail and Service	<b>15.5</b>	4.6	<b>16.1</b>	4.6	<b>+0.6</b>	-	Sales increase in transportation, travel related business and e-commerce.
Financial Services	<b>6.9</b>	1.7	<b>6.2</b>	1.6	<b>-0.6</b>	-0.1	
Government, Public organizations and Others	<b>9.5</b>	0.7	<b>10.1</b>	1.3	<b>+0.6</b>	+0.6	Orders from government sector added-up
<b>Service Solutions</b>	<b>19.4</b>		<b>20.7</b>		<b>+1.3</b>		
IT Platform	<b>7.8</b>	<7.0>	<b>7.3</b>	<7.5>	<b>-0.5</b>	<+0.5>	
Nippon Steel Group	<b>11.6</b>		<b>13.3</b>		<b>+1.8</b>		Increase in Nippon steel business
<b>Subsidiaries</b>	<b>7.4</b>		<b>8.5</b>		<b>+1.1</b>		
<b>Total</b>	<b>58.7</b>		<b>61.7</b>		<b>+2.9</b>		
<b>Nippon Steel Sales</b>	(11.5)		(13.0)		(+1.5)		
<b>Total Order</b>	<b>59.2</b>		<b>50.1</b>		<b>-9.1</b>		

# I -3. Sales by Service and Segment (3Q total)

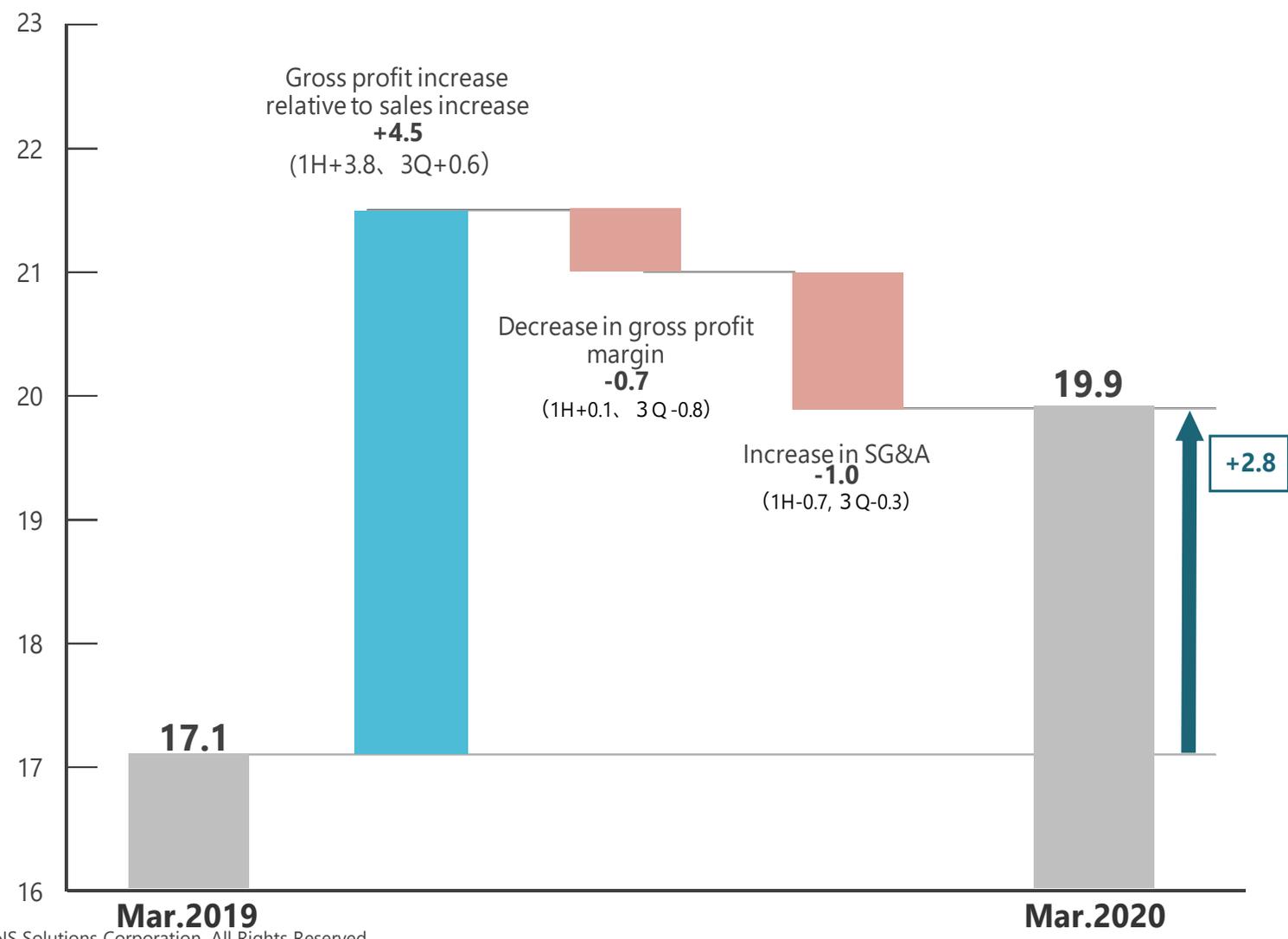
(¥ in billions)	3Q of FY Mar. 2019		3Q of FY Mar. 2020		Difference		Comments
	Total	IT platform	Total	IT platform	Total	IT platform	
	(Apr.-Dec.) A		(Apr.-Dec.) B		(Apr.-Dec.) B-A		
<b>Business Solutions</b>	<b>93.3</b>	24.6	<b>107.6</b>	33.7	<b>+14.3</b>	+9.0	
Manufacturing, Retail and Service	<b>47.7</b>	16.1	<b>58.5</b>	22.8	<b>+10.8</b>	+6.7	Sales Increase in manufacturing, transportation, e-commerce, travel related business and retail
Financial Services	<b>21.2</b>	5.2	<b>22.1</b>	6.9	<b>+0.9</b>	+1.6	Increase in product
Government, Public organizations and Others	<b>24.4</b>	3.3	<b>27.1</b>	4.0	<b>+2.7</b>	+0.7	Orders from government sector added-up
<b>Service Solutions</b>	<b>60.5</b>		<b>64.6</b>		<b>+4.1</b>		
IT Platform	<b>23.6</b>	<24.6>	<b>23.9</b>	<33.7>	<b>+0.4</b>	<+9.0>	Increase in multi cloud and DaaS/VDI
Nippon Steel Group	<b>36.9</b>		<b>40.6</b>		<b>+3.7</b>		Increase in Nippon Steel business
<b>Subsidiaries</b>	<b>23.2</b>		<b>26.2</b>		<b>+3.0</b>		
<b>Total</b>	<b>177.0</b>		<b>198.4</b>		<b>+21.4</b>		
<b>Nippon Steel Sales</b>	(36.1)		(40.2)		(+4.1)		

# I -4. 3Q total of FY ending March 31, 2020 Consolidated Operating Profit Breakdown



**YoY**

(¥ in billions)



# I -5. Outlook for FY ending March 31, 2020 (YoY)

(¥ in billions)	FY Mar. 2019			FY Mar. 2020 Co. Est as of February 6			Difference		
	1H (Apr. – Sep.)	2H (Oct.– Mar.)	FY (Apr.– Mar.)	1H (Apr. – Sep.)	2H (Oct.– Mar.)	FY (Apr.– Mar.)	1H (Apr. – Sep.)	2H (Oct.– Mar.)	FY (Apr.– Mar.)
	A	B	C	D	E	F	D-A	E-B	F-C
<b>Sales</b>	<b>118.3</b>	<b>136.8</b>	<b>255.1</b>	<b>136.8</b>	<b>137.2</b>	<b>274.0</b>	<b>+18.5</b>	<b>+0.4</b>	<b>+18.9</b>
Business Solutions	75.0	90.5	165.5	89.8	89.7	179.5	+14.8	-0.7	+14.0
Service Solutions	43.3	46.4	89.6	47.0	47.5	94.5	+3.7	+1.1	+4.9
<b>Gross Profit</b>	<b>24.6</b>	<b>27.7</b>	<b>52.3</b>	<b>28.5</b>	<b>28.3</b>	<b>56.8</b>	<b>+3.9</b>	<b>+0.6</b>	<b>+4.5</b>
<Gross profit margin>	<20.8%>	<20.3%>	<20.5%>	<20.8%>	<20.6%>	<20.7%>	<+0.1%>	<+0.4%>	<+0.2%>
<b>SG&amp;A</b>	<b>13.6</b>	<b>13.3</b>	<b>26.9</b>	<b>14.3</b>	<b>14.1</b>	<b>28.4</b>	<b>+0.7</b>	<b>+0.8</b>	<b>+1.5</b>
<b>Operating Profit</b>	<b>11.0</b>	<b>14.4</b>	<b>25.4</b>	<b>14.2</b>	<b>14.2</b>	<b>28.4</b>	<b>+3.2</b>	<b>-0.2</b>	<b>+3.0</b>
<b>Recurring Profit</b>	<b>11.2</b>	<b>14.6</b>	<b>25.8</b>	<b>14.2</b>	<b>14.3</b>	<b>28.5</b>	<b>+3.0</b>	<b>-0.3</b>	<b>+2.7</b>
<b>Profit attributable to owners of parent</b>	<b>6.9</b>	<b>9.9</b>	<b>16.7</b>	<b>8.7</b>	<b>9.6</b>	<b>18.3</b>	<b>+1.9</b>	<b>-0.3</b>	<b>+1.6</b>

# I -6. Outlook for FY ending March 31, 2020 (vs previous plan)

(¥ in billions)	FY Mar.2020 Co. Est as of Oct 29			FY Mar.2020 Co. Est as of February 6			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
	(Apr. – Sep.)	(Oct.– Mar.)	(Apr.– Mar.)	(Apr. – Sep.)	(Oct.– Mar.)	(Apr.– Mar.)	(Apr. – Sep.)	(Oct.– Mar.)	(Apr.– Mar.)
	A	B	C	D	E	F	D-A	E-B	F-C
<b>Sales</b>	<b>149.8</b>	<b>143.7</b>	<b>293.5</b>	<b>136.8</b>	<b>137.2</b>	<b>274.0</b>	<b>-13.1</b>	<b>-6.4</b>	<b>-19.5</b>
Business Solutions	102.8	96.2	199.0	89.8	89.7	179.5	-13.1	-6.4	-19.5
Service Solutions	47.0	47.5	94.5	47.0	47.5	94.5	-	-	-
<b>Gross Profit</b>	<b>29.4</b>	<b>28.7</b>	<b>58.1</b>	<b>28.5</b>	<b>28.3</b>	<b>56.8</b>	<b>-0.9</b>	<b>-0.4</b>	<b>-1.3</b>
<Gross profit margin>	<19.6%>	<20.0%>	<19.8%>	<20.8%>	<20.6%>	<20.7%>	<+1.2%>	<+0.7%>	<+0.9%>
<b>SG&amp;A</b>	<b>14.3</b>	<b>14.3</b>	<b>28.6</b>	<b>14.3</b>	<b>14.1</b>	<b>28.4</b>	<b>-</b>	<b>-0.2</b>	<b>-0.2</b>
<b>Operating Profit</b>	<b>15.1</b>	<b>14.4</b>	<b>29.5</b>	<b>14.2</b>	<b>14.2</b>	<b>28.4</b>	<b>-0.9</b>	<b>-0.2</b>	<b>-1.1</b>
<b>Recurring Profit</b>	<b>15.1</b>	<b>14.4</b>	<b>29.5</b>	<b>14.2</b>	<b>14.3</b>	<b>28.5</b>	<b>-0.9</b>	<b>-0.1</b>	<b>-1.0</b>
<b>Profit attributable to owners of parent</b>	<b>9.6</b>	<b>9.7</b>	<b>19.3</b>	<b>8.7</b>	<b>9.6</b>	<b>18.3</b>	<b>-0.9</b>	<b>-0.1</b>	<b>-1.0</b>

# I -7. YoY Difference for FY March 31, 2020

Previous VS current

(¥ in billions)	Previous			New		
	FY 2018	FY 2019		FY 2018	FY 2019	
		Comapany Estimate	Difference		Company Estimate	Difference
	A	B	B-A	C	D	D-C
Sales	265.3	293.5	+28.2	255.1	274.0	+18.9
Business Solutions	175.6	199.0	+23.4	165.5	179.5	+14.0
Service Solutions	89.6	94.5	+4.9	89.6	94.5	+4.9
Gross Profit	52.6	58.1	+5.5	52.3	56.8	+4.5
<Gross profit margin>	<19.8%>	<19.8%>	<+19.5%>	<20.5%>	<20.7%>	<+0.2%>
SG&A	26.9	28.6	+1.7	26.9	28.4	+1.5
Operating Profit	25.7	29.5	+3.8	25.4	28.4	+3.0
Recurring Profit	26.1	29.5	+3.4	25.8	28.5	+2.7
Profit attributable to owners of parent	17.1	19.3	+2.2	16.7	18.3	+1.6

# I -8. Outlook for FY ending March 31, 2020

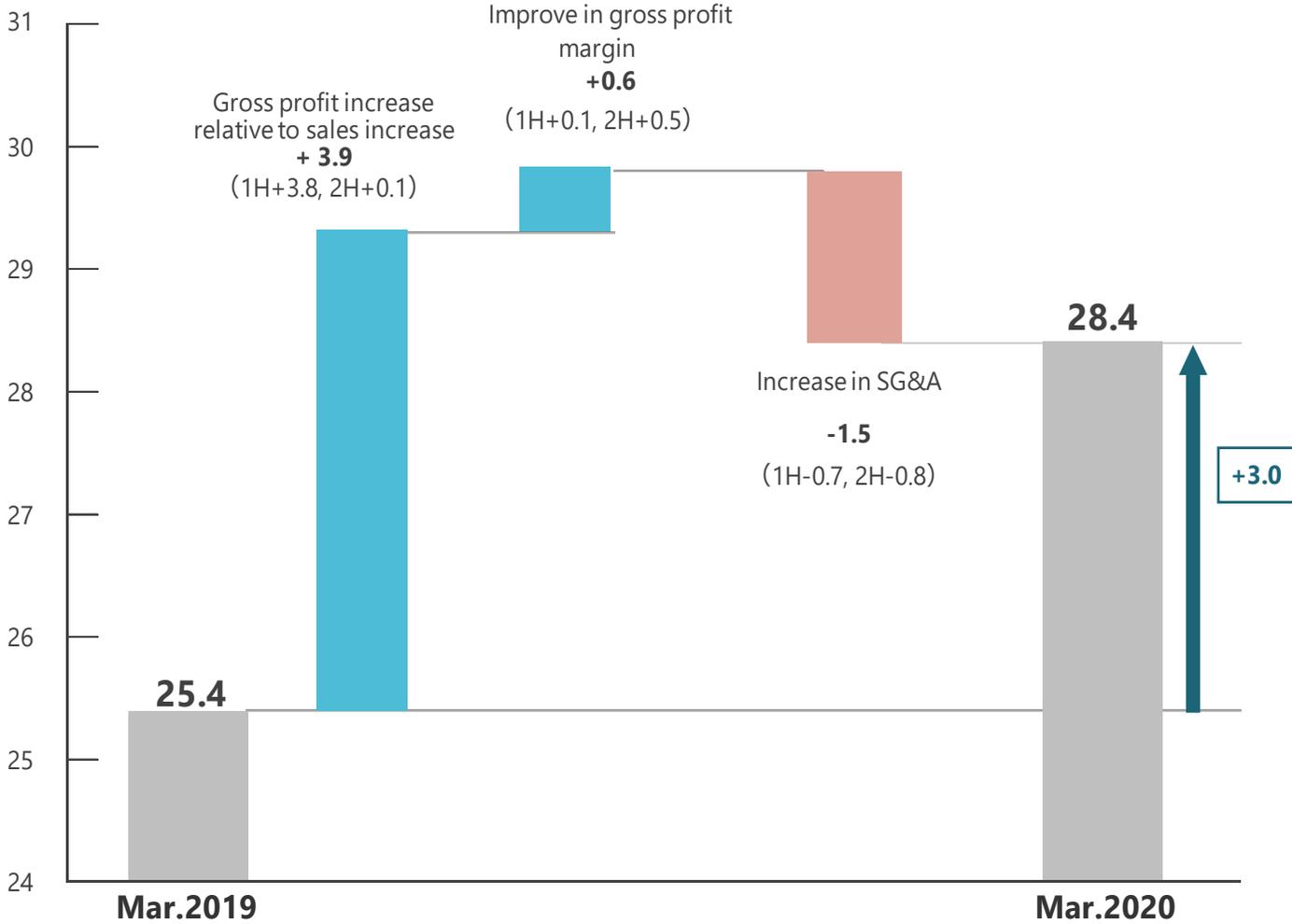
## Sales by Service and Segment

(¥ in billions)	FY Mar. 2019				FY Mar.2020				Difference			
	1H	3Q	4Q	2H	1H	3Q	4Q Company Estimate	2H Company Estimate	1H	3Q	4Q Company Estimate	2H Company Estimate
	A	B	C	D	E	F	G	H	E-A	F-B	G-C	H-D
<b>Business Solutions</b>	<b>61.4</b>	<b>31.9</b>	<b>43.1</b>	<b>74.9</b>	<b>75.1</b>	<b>32.5</b>	<b>41.4</b>	<b>73.9</b>	<b>+13.7</b>	<b>+0.6</b>	<b>-1.7</b>	<b>-1.1</b>
Manufacturing, Retail and Service	32.2	15.5	18.2	33.7	42.3	16.1	19.0	35.2	+10.1	+0.6	+0.8	+1.4
Financial Services	14.3	6.9	9.6	16.5	15.8	6.2	9.4	15.7	+1.5	-0.6	-0.1	-0.8
Government, Public organizations and Others	14.9	9.5	15.2	24.7	17.0	10.1	12.9	23.0	+2.1	+0.6	-2.3	-1.7
<b>Service Solutions</b>	<b>41.1</b>	<b>19.4</b>	<b>24.2</b>	<b>43.7</b>	<b>43.9</b>	<b>20.7</b>	<b>23.9</b>	<b>44.6</b>	<b>+2.8</b>	<b>+1.3</b>	<b>-0.3</b>	<b>+0.9</b>
IT Platform	15.8	7.8	9.6	17.4	16.6	7.3	11.1	18.4	+0.8	-0.5	+1.5	+1.0
Nippon Steel Group	25.3	11.6	14.6	26.2	27.3	13.3	12.9	26.2	+2.0	+1.8	-1.8	-0.0
<b>Subsidiaries</b>	<b>15.8</b>	<b>7.4</b>	<b>10.8</b>	<b>18.2</b>	<b>17.7</b>	<b>8.5</b>	<b>10.3</b>	<b>18.8</b>	<b>+2.0</b>	<b>+1.1</b>	<b>-0.5</b>	<b>+0.5</b>
<b>Total</b>	<b>118.3</b>	<b>58.7</b>	<b>78.1</b>	<b>136.8</b>	<b>136.8</b>	<b>61.7</b>	<b>75.6</b>	<b>137.2</b>	<b>+18.5</b>	<b>+2.9</b>	<b>-2.5</b>	<b>+0.4</b>
<b>Nippon Steel Sales</b>	<b>(24.6)</b>	<b>(11.5)</b>	<b>(14.9)</b>	<b>(26.4)</b>	<b>(27.3)</b>	<b>(13.0)</b>	<b>(12.8)</b>	<b>(25.7)</b>	<b>(+2.7)</b>	<b>(+1.5)</b>	<b>(-2.2)</b>	<b>(-0.7)</b>
<b>Order backlog at end of period</b>	<b>117.4</b>	<b>126.0</b>	<b>126.4</b>	<b>-</b>	<b>133.4</b>	<b>132.7</b>	<b>121.1</b>	<b>-</b>	<b>+16.0</b>	<b>+6.8</b>	<b>-5.3</b>	<b>-</b>

# I -9. FY March 31, 2020 OP Outlook Breakdown

YoY

(¥ in billions)



# I -10. Shareholders Return Policy

The management believes it is important for the company to maintain and increase its competitiveness and to continue to enhance the company's enterprise value in the long run.

Our basic policy with respect to profit sharing is to secure fair and stable shareholder returns, while also retaining earnings that are sufficient to grow the Company's business.

We consider it important to return to shareholders profits that are in line with the company's consolidated results. We aim for a consolidated dividend payout ratio of 30%.

## Plan for FY Ending March 31, 2020 Dividend

**FY Mar. 2020**

**65.00yen**

As previously announced

**(Reference)  
FY Mar.2019**

**55.00 yen**



Answers to power your future

<https://www.nssol.nipponsteel.com/>

NS Solutions, NSSOL, NS logos are either registered trademarks or trademarks of NS Solutions Corporation.

All other company and product names in this material are either registered trademarks or trademarks of their respective owners.