



NIPPON STEEL & SUMITOMO METAL CORPORATION GROUP



NS Solutions

Financial Information for the Fiscal Year ended March 31, 2015

(April 1, 2014 through March 31, 2015)

April 28, 2015

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 Results



(Billions of yen)

	FY Mar.2014 (Actual) A	FY Mar.2015 (Actual) B	Change B-A	FY Mar.2015 Previous outlook C	Change B-C
Sales	180.0	206.3	+26.3	195.0	+11.3
Business solutions	107.7	129.0	+21.3	117.5	+11.5
Platform solutions	21.3	20.5	-0.8	21.5	-1.0
Business services	51.0	56.9	+5.9	56.0	+0.9
Gross profit	34.5	39.3	+4.9	37.7	+1.6
<Gross profit margin>	<19.2%>	<19.1%>	<-0.1%>	<19.3%>	<-0.2%>
SG&A	22.0	23.1	+1.1	22.5	+0.6
Operating income	12.4	16.2	+3.8	15.2	+1.0
Ordinary income	12.8	16.5	+3.7	15.5	+1.0
Net income ※	7.1	9.1	+2.0	9.2	-0.1

※Income taxes increased owing to the reversal of deferred tax assets due to the amendment of Corporate Tax Act.
-0.2billion in Mar.2014, -0.9billion in Mar.2015.

Sales by Business Line / Customer Industry

(Billions of yen)

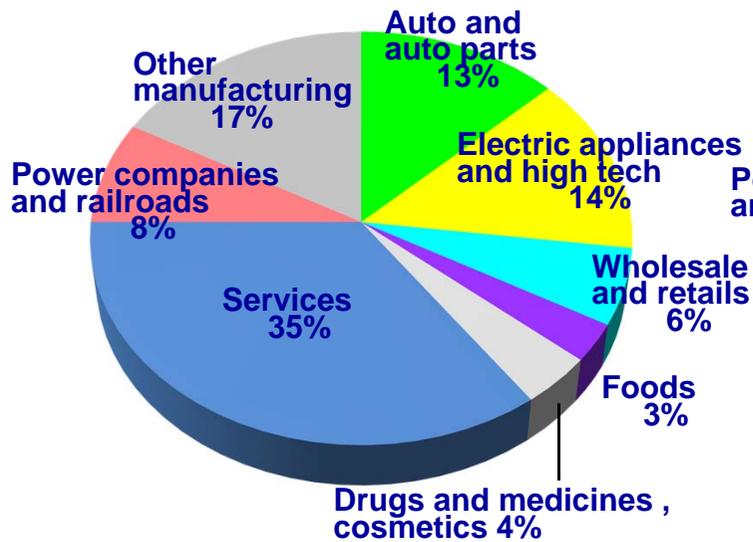
	FY Mar.2014 (Actual) A	FY Mar.2015 (Actual) B	Change B-A	Comment
Business solutions	89.3	107.2	+17.9	-
Manufacturing, distribution and service industries	42.6	51.1	+8.5	Increase in global manufacturing and Transportation & Internet Business
Financial services	27.7	35.9	+8.1	Increase in the mega-banks and securities
Government, public organizations and others	19.0	20.3	+1.3	Increase in the government
Platform solutions	18.7	18.3	-0.4	Increase in Private Cloud and Service, decrease in product
Business services	50.8	56.8	+6.0	Increase in NSSMC
Subsidiaries, net	21.2	24.0	+2.8	Increase in Local business. (Including overseas)
Consolidated sales	180.0	206.3	+26.3	-
Amount of orders accepted	186.7	207.0	+20.2	-

Breakdown of Sales

to Manufacturing, Distribution and Service Industries

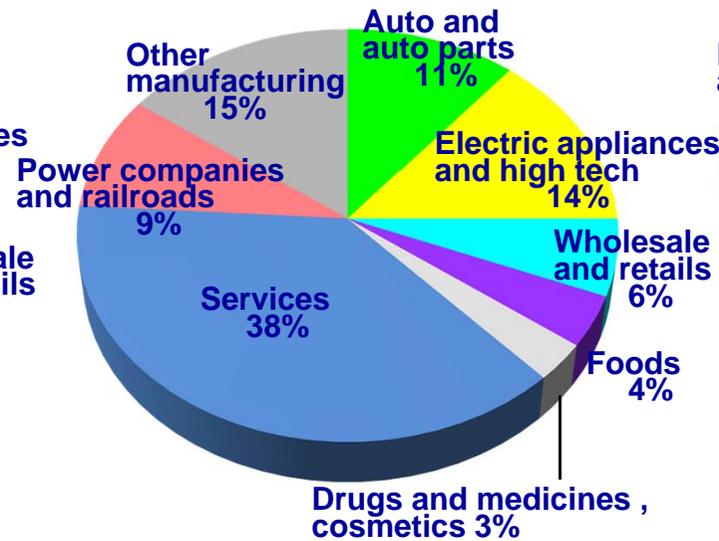


41.1 Billions



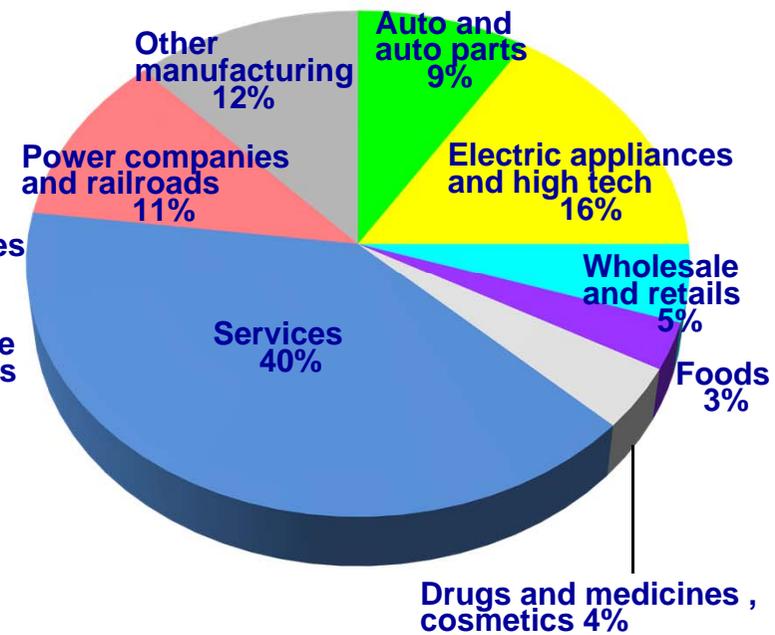
Mar.2013

42.6 Billions



Mar.2014

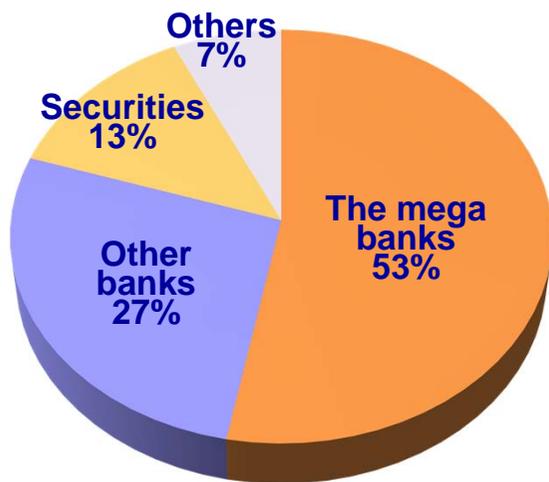
51.1 Billions



Mar.2015

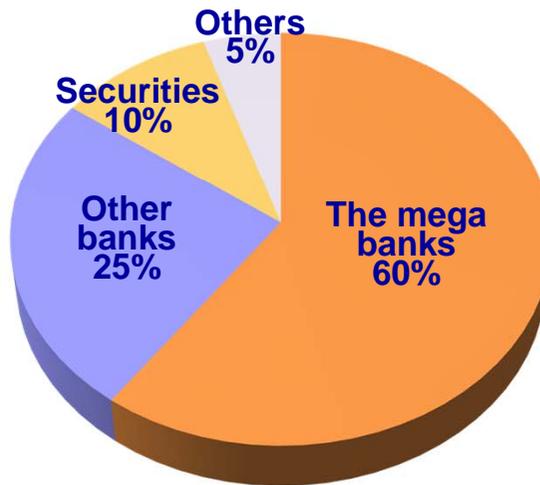
Breakdown of Sales to Financial Services

21.1 Billions



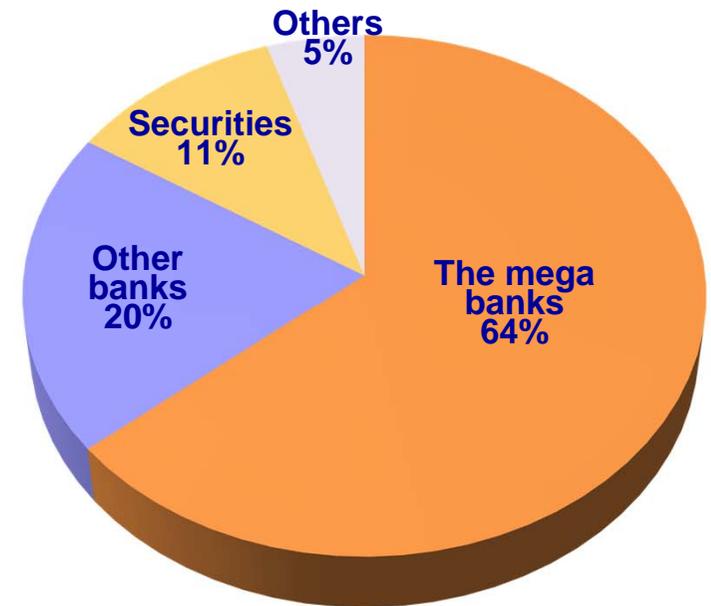
Mar. 2013

27.7 Billions



Mar. 2014

35.9 Billions



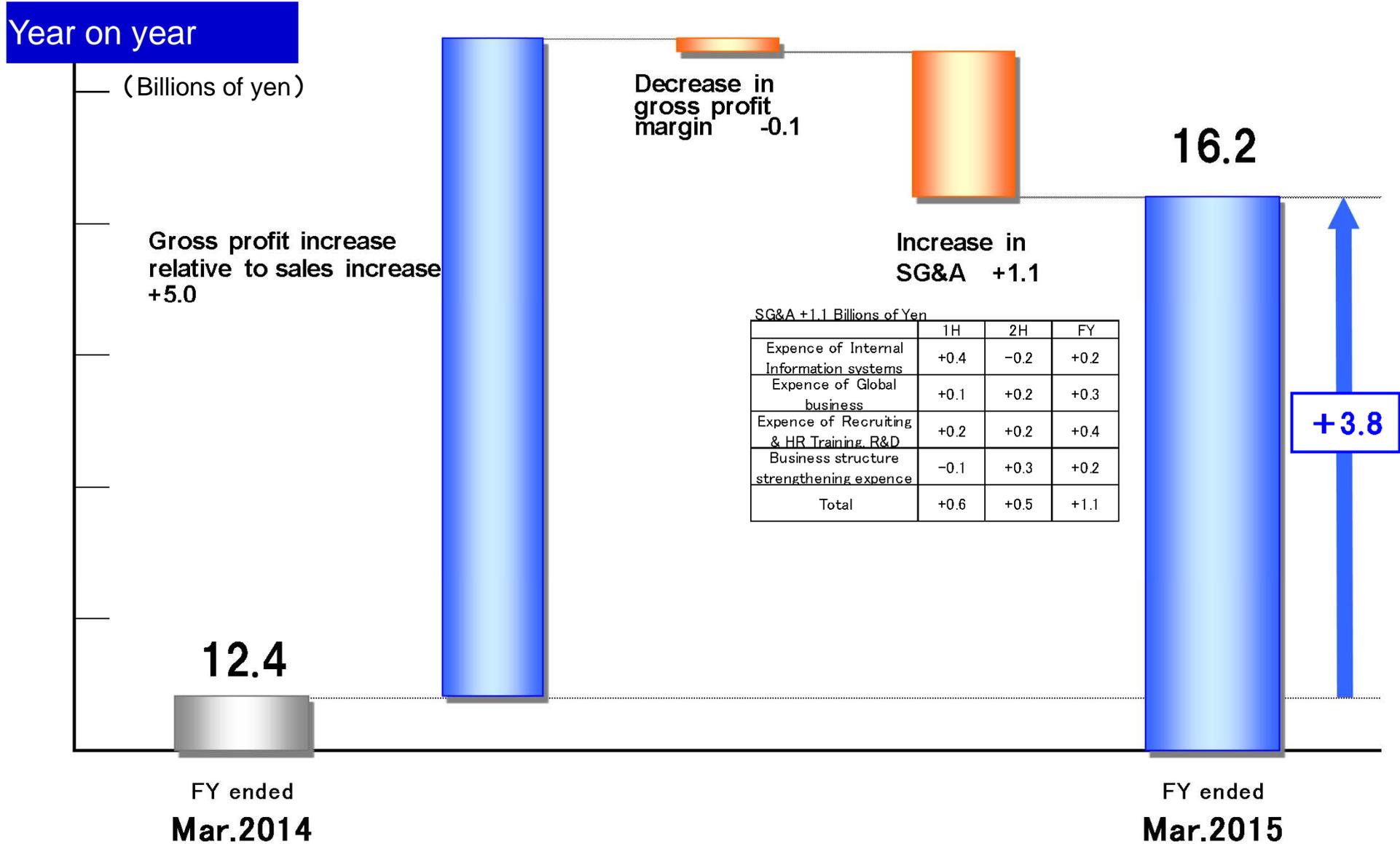
Mar. 2015

Semiannual Consolidated Results

(Billions of yen)

	FY ended Mar.2014			FY ended Mar.2015			Change		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
	(Actual) A	(Actual) B	(Actual) C	(Actual) D	(Actual) E	(Actual) F	Change D-A	Change E-B	Change F-C
Sales	81.5	98.5	180.0	94.9	111.4	206.3	+13.4	+12.9	+26.3
Business solutions	46.1	61.6	107.7	56.3	72.7	129.0	+10.1	+11.1	+21.3
Platform solutions	9.8	11.5	21.3	10.3	10.1	20.5	+0.5	-1.4	-0.8
Business services	25.5	25.5	51.0	28.3	28.6	56.9	+2.8	+3.1	+5.9
Gross profit	15.5	19.0	34.5	18.6	20.7	39.3	+3.1	+1.8	+4.9
<gross profit margin>	<19.0%>	<19.3%>	<19.2%>	<19.6%>	<18.6%>	<19.1%>	<+0.6%>	<-0.7%>	<-0.1%>
SG&A	11.0	11.1	22.0	11.6	11.5	23.1	+0.6	+0.5	+1.1
Operating income	4.5	7.9	12.4	7.0	9.2	16.2	+2.5	+1.3	+3.8
Ordinary income	4.7	8.0	12.8	7.2	9.2	16.5	+2.5	+1.2	+3.7
Net income	2.5	4.6	7.1	4.2	4.8	9.1	+1.8	+0.2	+2.0
Order backlog at beginning of the period	78.4	81.8		85.2	87.3		+6.8	+5.5	-

Consolidated Operating Income Breakdown



Change of classification of our services from the fiscal year ending March 31, 2016 (1)

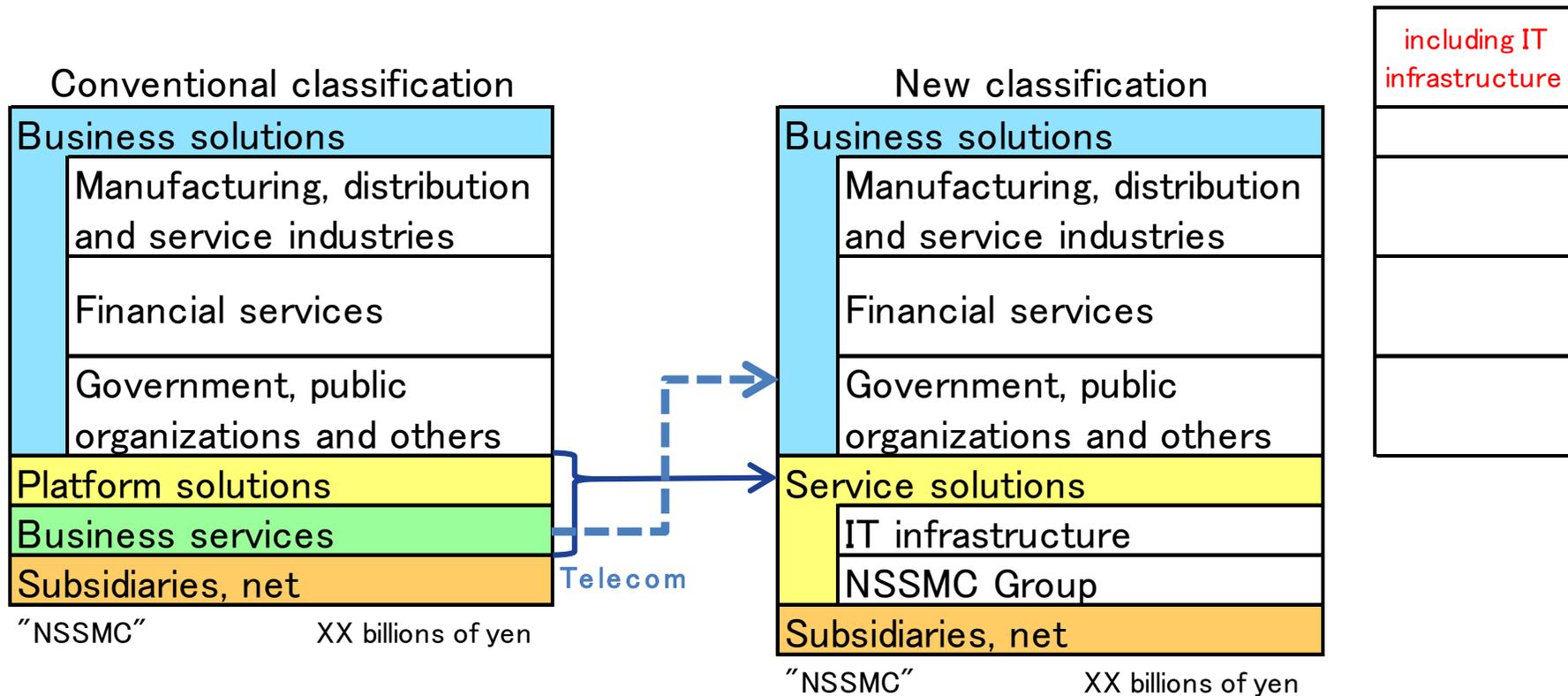
In line with the trend towards servitization, NSSOL is transforming its business model and carrying out improvements of its organization structure as follows:

- Integrate the “Platform solutions” and “Business services”, and thereby offer a cloud service that provides both IT infrastructure engineering and advanced operation services (“DevOps”);
- To implement the strategic account management based on coordination between the account/business-oriented divisions and the platform/service-oriented divisions, so as to expand sales of IT infrastructure engineering and operation services alongside business solutions.

Accordingly, from the fiscal year ending March 31, 2016, the classification of our services changes from “Business solutions”, “Platform solutions”, “Business services” and “Subsidiaries, net” to “Business solutions”, “Services solutions” and “Subsidiaries, net” as described in the following charts.

The following charts also include for your reference the sales of “IT infrastructure” that is included in the relevant figures of the respective “Business solutions” divisions.

Change of classification of our services from the fiscal year ending March 31, 2016 (2)



Categories definition

- Business solutions: Information systems solutions for specific industries and businesses
- Service solutions: Building of system infrastructure to meet mission-critical requirements and operations services, and full outsourcing services related to information systems (NSSMC Group)

Note: under the new classification defined above. Telecom is moved from "Business services" in the former classification to "Government, public organizations and others" in "Business solutions" in the new classification.

Reclassified Categories



Conventional classification

	FY Mar.2015 (Actual) A
Business solutions	107.2
Manufacturing, distribution and service industries	51.1
Financial services	35.9
Government, public organizations and others	20.3
Platform solutions	18.3
Business services	56.8
Subsidiaries, net	24.0
Consolidated sales	206.3
"NSSMC"	(35.6)

New classification

(Billions of yen)

	FY Mar.2015 (Actual) B	including IT infrastructure	(Reference) Adjusted sales
Business solutions	117.0	30.7	86.3
Manufacturing, distribution and service industries	51.1	17.0	34.1
Financial services	35.9	8.4	27.5
Government, public organizations and others	30.1	5.4	24.7
Service solutions	65.3		
IT infrastructure	28.4	<30.7>	59.1
NSSMC Group	36.8		
Subsidiaries, net	24.0		
Consolidated sales	206.3		
"NSSMC"	(35.6)		

Categories of after reclassification

Sales by Business Line / Customer Industry

(Billions of yen)

	FY Mar.2014 (Actual)		FY Mar.2015 (Actual)		Change		Comment
	A	including IT infrastructure	B	including IT infrastructure	B-A	including IT infrastructure	
Business solutions	98.7	25.8	117.0	30.7	+18.3	+4.8	-
Manufacturing, distribution and service industries	42.6	13.6	51.1	17.0	+8.5	+3.4	Increase in global manufacturing and Transportation & Internet Business
Financial services	27.7	6.6	35.9	8.4	+8.1	+1.8	Increase in the mega-banks and securities
Government, public organizations and others	28.4	5.7	30.1	5.4	+1.7	-0.3	Increase in the government
Service solutions	60.0		65.3		+5.2		-
IT infrastructure	30.1	<25.8>	28.4	<30.7>	-1.6	<+4.8>	Increase in Private Cloud and Service
NSSMC Group	30.0		36.8		+6.9		Increase in NSSMC
Subsidiaries, net	21.2		24.0		+2.8		Foreign subsidiaries +0.9 Domestic subsidiaries +1.9
Consolidated sales	180.0		206.3		+26.3		-
"NSSMC"	(29.6)		(35.6)		(+6.0)		

Market Trends by Business Line / Customer Industry

Business line/ customer industry	Market perception	Market trend
Business solutions		
Manufacturing, distribution and service industries	Manufactures are actively making strategic systems investments such as PLM (* 1) and production management, etc. Internet-related businesses and retail/distribution sectors will continue to make brisk IT investments.	
Financial services	The Mega banks will maintain high level of IT investments in line with their mid/long-term growth strategies including overseas investments. IT investment in securities sectors is also active.	
Government, public organizations and others	Although there may be increase in new areas such as “My Number”, the government IT budget in the existing areas is shrinking , and the competition will continue to be keen. Telecom market remains severe.	
Service solutions		
IT infrastructure	Steady demand is seen for building and renewal of integrated IT platform. Demand for integrated device management such as VDI*2, DaaS*3 and MDM*4 will expand. There will be steady needs for IT infrastructure outsourcing services, including Data center.	
NSSMC Group	NSSMC Group-related businesses will maintain high due to the NSSMC' s integration support.	

*1:PLM:Product Lifecycle Management

*3:DaaS:Desktop as a Service

*2:VDI:Virtual Desktop Infrastructure

*4:MDM:Mobile Device Management

Outlook for FY Mar.2016 Consolidated Results



(Billions of yen)

	FY Mar.2015 (Actual) A	FY Mar.2016 (Outlook) B	Change B-A
Sales	206.3	211.0	+4.7
Business Solutions	139.3	139.5	+0.2
Service Solutions	67.0	71.5	+4.5
Gross Profit	39.3	40.8	+1.5
<Gross profit margin>	<19.1%>	<19.3%>	<+0.2%>
SG&A	23.1	23.5	+0.4
Operating income	16.2	17.3	+1.1
Ordinary income	16.5	17.5	+1.0
Net income	※ 9.1	10.8	+1.7

※-0.9billion (Income taxes increased owing to the reversal of deferred tax assets due to the amendment of Corporate Tax Act.)

Sales by Business Line / Customer Industry



(Billions of yen)

	FY Mar.2015 (Actual)		FY Mar.2016 (Outlook)		Change		Comment
	A	including IT infrastructure	B	including IT infrastructure	B-A	including IT infrastructure	
Business solutions	117.0	30.7	116.0	30.0	-1.0	-0.7	-
Manufacturing, distribution and service industries	51.1	17.0	53.0	17.0	+1.9	-	Increase in global manufacturing and Internet Business
Financial services	35.9	8.4	34.0	8.0	-1.9	-0.4	Slight decrease of the mega-banks
Government, public organizations and others	30.1	5.4	29.0	5.0	-1.1	-0.4	Budget shrinking
Service solutions	65.3		70.0		+4.7		-
IT infrastructure	28.4	<30.7>	29.0	<30.0>	+0.6	<-0.7>	Increase in Private Cloud and Data center, decrease in product
NSSMC Group	36.8		41.0		+4.2		Increase in NSSMC
Subsidiaries, net	24.0		25.0		+1.0		-
Consolidated sales	206.3		211.0		+4.7		-
"NSSMC"	(35.6)		(40.0)		(+4.4)		

Semiannual Consolidated Results



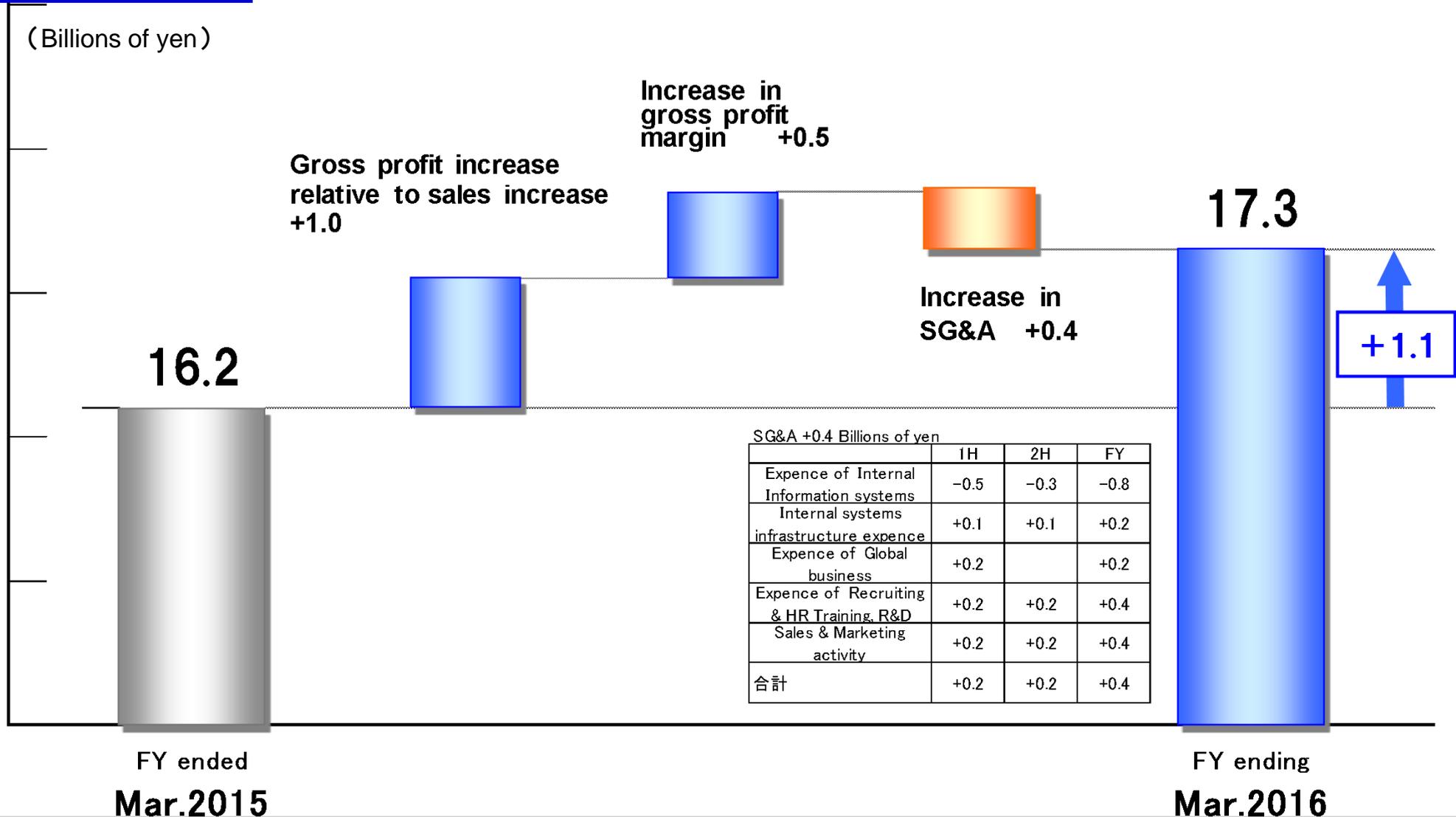
(Billions of yen)

	FY ended Mar.2015			FY ending Mar.2016			Change		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
	(Actual) A	(Actual) B	(Actual) C	(Outlook) D	(Outlook) E	(Outlook) F	Change D-A	Change E-B	Change F-C
Sales	94.9	111.4	206.3	101.0	110.0	211.0	+6.1	-1.4	+4.7
Business solutions	61.6	77.8	139.3	64.5	75.0	139.5	+2.9	-2.8	+0.2
Service solutions	33.3	33.6	67.0	36.5	35.0	71.5	+3.2	+1.4	+4.5
Gross profit	18.6	20.7	39.3	19.6	21.2	40.8	+1.0	+0.5	+1.5
<gross profit margin>	<19.6%>	<18.6%>	<19.1%>	<19.4%>	<19.3%>	<19.3%>	<-0.2%>	<+0.7%>	<+0.2%>
SG&A	11.6	11.5	23.1	11.8	11.7	23.5	+0.2	+0.2	+0.4
Operating income	7.0	9.2	16.2	7.8	9.5	17.3	+0.8	+0.3	+1.1
Ordinary income	7.2	9.2	16.5	8.0	9.5	17.5	+0.8	+0.3	+1.0
Net income	4.2	4.8	9.1	4.7	6.1	10.8	+0.5	+1.3	+1.7
Order backlog at beginning of the period	85.2	87.3		85.9			+0.7	-	-

Consolidated Operating Income Breakdown



Year on year



FY ended Mar. 31, 2015 consolidated balance sheet performance

About the impact of share buybacks

○ Dec. 4, 2014

Start share buybacks: 7,143,000 shares, 22 billion yen

○ Feb. 2, 2015

Completed share buybacks: 6,493,500 shares, 20 billion yen

○ Mar. 31, 2015

Shares outstanding : 52,999 thousand shares

Treasury stock : 6,495 thousand shares

Voting shares : 46,504 thousand shares

○ Shareholding situation of NSSMC

35,510 thousand shares ⇒ 29,017 thousand shares

Voting rights based : 67.00% ⇒ 62.40%

Outstanding stock-based : 67.00% ⇒ 54.75%

FY ended Mar. 2014, Balance sheet

Current assets	121.3	Current liabilities	44.5
cash and deposits, etc.	58.8	Noncurrent liabilities	17.3
Noncurrent assets	41.5	Net assets	101.0
Investment securities	5.6	Treasury shares	-0.0
Deferred tax asset	6.4	Valuation difference on available-for-sale securities	0.1
Total assets	162.8		

FY ended Mar. 2015, Balance sheet

Current assets	116.0	Current liabilities	50.7
cash and deposits, etc.	47.9	Noncurrent liabilities	18.2
Noncurrent assets	50.3	Net assets	97.4
Investment securities	19.7	Treasury shares	-20.0
Deferred tax asset	2.2	Valuation difference on available-for-sale securities	9.2
Total assets	166.3		

Return(Ordinary income) on Asset	8.3%
Return(Net income) on Equity	7.5%
Equity ratio	59.8%
Earnings per share	¥133.43

Return(Ordinary income) on Asset	10.0%
Return(Net income) on Equity	9.5%
Equity ratio	56.3%
Earnings per share	¥174.68

Included in cash and deposits, etc. :

Cash and deposits, Deposits paid, Short-term investment securities, Short-term loans receivable from subsidiaries and associates

Policy on profit sharing

- ✧ Provide stable dividends to shareholders and maintain internal reserves for expansion.
- ✧ Introducing payout ratio of 30% from the fiscal year ending March 31, 2016

2016/03
¥70.00 per share

(Reference)
2015/03
¥45.00 per share



<http://www.nssol.nssmc.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.