



**NS Solutions**

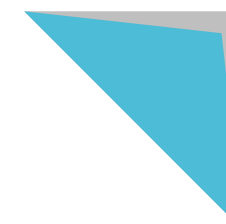
 **NIPPON STEEL**

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

(April 1, 2019 through March 31, 2020)

July 30, 2019

**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 Consolidated Results for 1Q of FY Mar.2020

(¥ in billions)	FY ended Mar. 2019 1Q (April-June) A	FY ending Mar. 2020 1Q (April-June) B	Difference B-A
<b>Sales</b>	<b>58.4</b>	<b>81.7</b>	<b>+23.2</b>
Business solutions	37.5	58.7	+21.3
Service solutions	21.0	23.0	+2.0
<b>Gross Profit</b>	<b>12.2</b>	<b>15.3</b>	<b>+3.2</b>
<Gross Profit Margin>	<20.8%>	<18.8%>	<-2.0%>
<b>SG&amp;A</b>	<b>7.0</b>	<b>7.4</b>	<b>+0.3</b>
<b>Operating Profit</b>	<b>5.1</b>	<b>7.9</b>	<b>+2.8</b>
<b>Recurring Profit</b>	<b>5.3</b>	<b>8.2</b>	<b>+2.9</b>
<b>Profit attributable to owners of parent</b>	<b>3.0</b>	<b>5.1</b>	<b>+2.1</b>

# I -2. 1Q of FY Mar. 2020

## Sales by Segment / Customer Industry

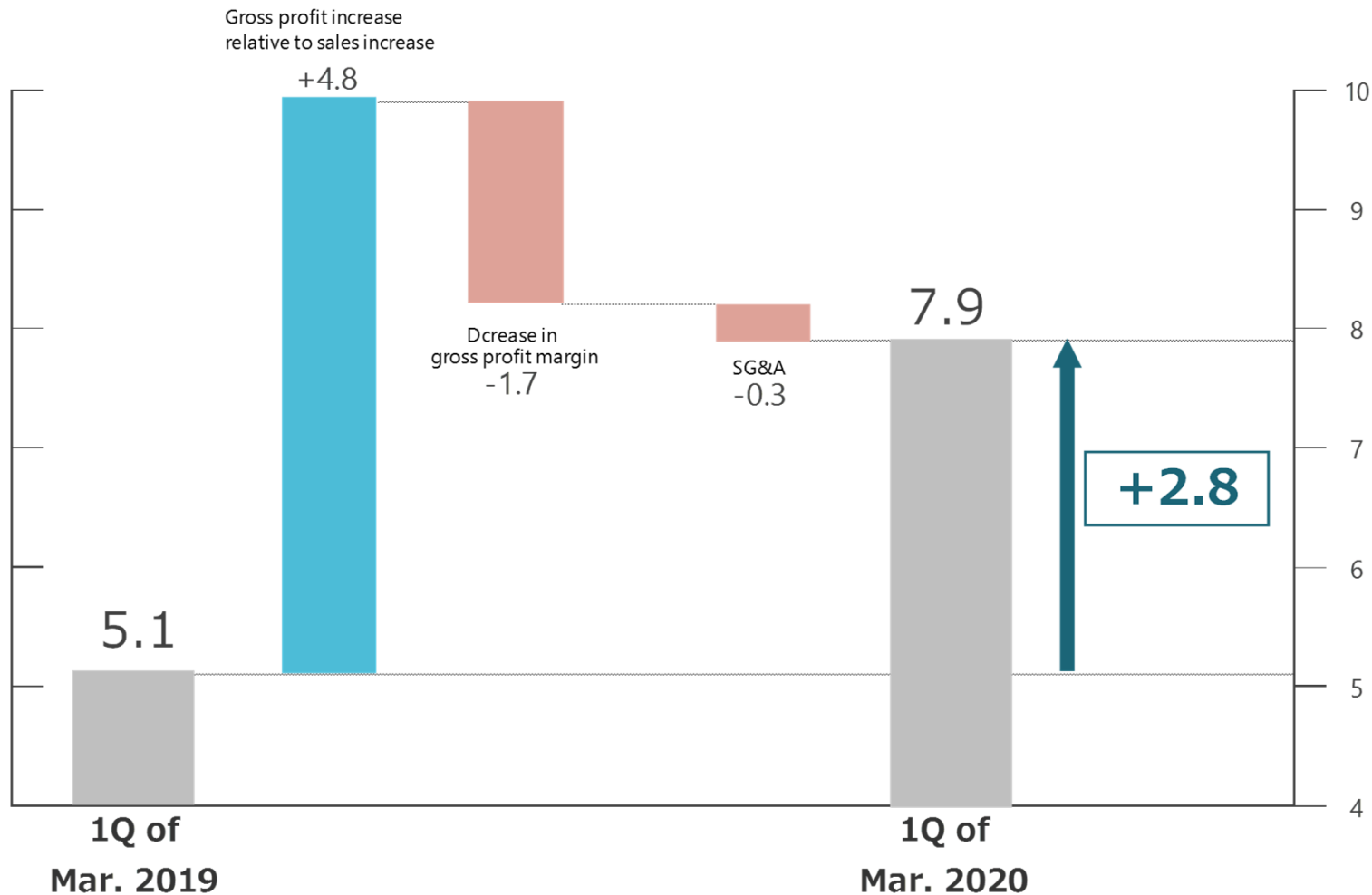
(¥ in billions)	1Q of FY Mar. 2019		1Q of FY Mar. 2020		Difference		Comments
	Total	IT platform	Total	IT platform	Total	IT platform	
	(Apr.-June.) A		(Apr.-June.) B		(Apr.-June.) B-A		
<b>Business Solutions</b>	<b>31.0</b>	9.1	<b>52.3</b>	17.6	<b>+21.3</b>	+8.5	
Manufacturing, Retail and Service	<b>15.3</b>	5.7	<b>24.6</b>	13.4	<b>+9.4</b>	+7.7	Increase in earnings received in transportation, manufacturing, travel related business, retail and large platform project.
Financial Services	<b>6.7</b>	2.3	<b>7.6</b>	2.8	<b>+0.9</b>	+0.6	Increase in product sales
Government, Public organizations	<b>9.1</b>	1.1	<b>20.1</b>	1.4	<b>+11.1</b>	+0.2	Received orders for large scale product procurement project for the government sector
<b>Service Solutions</b>	<b>19.9</b>		<b>21.4</b>		<b>+1.5</b>		
IT Platform	<b>6.8</b>	<9.1>	<b>7.5</b>	<17.6>	<b>+0.6</b>	<+8.5>	Sales increase in multi cloud services and DaaS.
Nippon Steel Group	<b>13.0</b>		<b>13.9</b>		<b>+0.9</b>		Nippon Steel's IT investment is active
<b>Subsidiaries</b>	<b>7.5</b>		<b>8.0</b>		<b>+0.4</b>		
<b>Total</b>	<b>58.4</b>		<b>81.7</b>		<b>+23.2</b>		
<b>Nippon Steel Sales</b>	(12.7)		(14.0)		(+1.3)		
<b>Total Order</b>	<b>55.6</b>		<b>68.7</b>		<b>+13.0</b>		Business solutions + 9.8 Service solutions + 3.2

# I -3. 1Q of FY Mar. 2020

## Consolidated Operating Profit Breakdown

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(¥ in billions)



## II -1. Outlook for FY Mar.2020 (1Q/2Q)

(¥ in billions)	FY ended Mar. 2019			FY ending Mar. 2020 Company Estimate			Difference		
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
	A	B	C	D	E	F	D-A	E-B	F-C
<b>Sales</b>	<b>58.4</b>	<b>66.2</b>	<b>124.6</b>	<b>81.7</b>	<b>60.3</b>	<b>142.0</b>	<b>+23.2</b>	<b>-5.9</b>	<b>+17.4</b>
Business Solutions	37.5	43.9	81.4	58.7	36.8	95.5	+21.3	-7.1	+14.1
Service Solutions	21.0	22.3	43.3	23.0	23.5	46.5	+2.0	+1.3	+3.2
<b>Gross Profit</b>	<b>12.2</b>	<b>12.7</b>	<b>24.9</b>	<b>15.3</b>	<b>11.3</b>	<b>26.6</b>	<b>+3.2</b>	<b>-1.4</b>	<b>+1.7</b>
<Gross profit margin>	<20.8%>	<19.2%>	<20.0%>	<18.8%>	<18.7%>	<18.7%>	<-2.0%>	<-0.5%>	<-1.2%>
<b>SG&amp;A</b>	<b>7.0</b>	<b>6.6</b>	<b>13.6</b>	<b>7.4</b>	<b>6.8</b>	<b>14.2</b>	<b>+0.3</b>	<b>+0.3</b>	<b>+0.6</b>
<b>Operating Profit</b>	<b>5.1</b>	<b>6.2</b>	<b>11.3</b>	<b>7.9</b>	<b>4.5</b>	<b>12.4</b>	<b>+2.8</b>	<b>-1.7</b>	<b>+1.1</b>
<b>Recurring Profit</b>	<b>5.3</b>	<b>6.2</b>	<b>11.5</b>	<b>8.2</b>	<b>4.3</b>	<b>12.5</b>	<b>+2.9</b>	<b>-1.9</b>	<b>+1.0</b>
<b>Profit attributable to owners of parent</b>	<b>3.0</b>	<b>4.2</b>	<b>7.2</b>	<b>5.1</b>	<b>2.9</b>	<b>8.0</b>	<b>+2.1</b>	<b>-1.3</b>	<b>+0.8</b>
<b>Order backlog at the beginning of the period</b>	<b>121.1</b>	<b>118.3</b>	<b>-</b>	<b>147.4</b>	<b>134.4</b>	<b>-</b>	<b>+26.3</b>	<b>+16.1</b>	<b>-</b>

## II -2. Semiannual Outlook for FY Mar.2020

### Sales by Service and Segment

(¥ in billions)	FY ended Mar. 2019			FY ending Mar. 2020			Difference		
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
	A	B	C	D	E	F	D-A	E-B	F-C
<b>Business Solutions</b>	<b>31.0</b>	<b>36.7</b>	<b>67.8</b>	<b>52.3</b>	<b>29.2</b>	<b>81.5</b>	<b>+21.3</b>	<b>-7.6</b>	<b>+13.7</b>
Manufacturing, Retail and Service	15.3	16.6	31.8	24.6	15.4	40.0	+9.4	-1.2	+8.2
Financial Services	6.7	7.6	14.3	7.6	7.4	15.0	+0.9	-0.2	+0.7
Government, Public organizations and Others	9.1	12.6	21.7	20.1	6.4	26.5	+11.1	-6.3	+4.8
<b>Service Solutions</b>	<b>19.9</b>	<b>21.2</b>	<b>41.1</b>	<b>21.4</b>	<b>22.6</b>	<b>44.0</b>	<b>+1.5</b>	<b>+1.4</b>	<b>+2.9</b>
IT Platform	6.8	8.9	15.8	7.5	9.5	17.0	+0.6	+0.6	+1.2
Nippon Steel Group	13.0	12.3	25.3	13.9	13.1	27.0	+0.9	+0.8	+1.7
<b>Subsidiaries</b>	<b>7.5</b>	<b>8.2</b>	<b>15.8</b>	<b>8.0</b>	<b>8.5</b>	<b>16.5</b>	<b>+0.4</b>	<b>+0.3</b>	<b>+0.7</b>
<b>Total</b>	<b>58.4</b>	<b>66.2</b>	<b>124.6</b>	<b>81.7</b>	<b>60.3</b>	<b>142.0</b>	<b>+23.2</b>	<b>-5.9</b>	<b>+17.4</b>
<b>Nippon Steel Sales</b>	<b>(12.7)</b>	<b>(11.9)</b>	<b>(24.6)</b>	<b>(14.0)</b>	<b>(12.0)</b>	<b>(26.0)</b>	<b>(+1.3)</b>	<b>(+0.0)</b>	<b>(+1.4)</b>

## II -3. Outlook for FY Mar.2020

(¥ in billions)	FY ended Mar. 2019			FY ending Mar. 2020 Company Estimate			Difference			FY 2019 Company Estimate as of April 26		Difference with Company Estimate	
	1H	2H	FY	1H	2H	FY	1H	2H	FY	2H	FY	2H	FY
	A	B	C	D	E	F	D-A	E-B	F-C	G	H	E-G	F-H
<b>Sales</b>	<b>124.6</b>	<b>140.6</b>	<b>265.3</b>	<b>142.0</b>	<b>144.0</b>	<b>286.0</b>	<b>+17.4</b>	<b>+3.4</b>	<b>+20.7</b>	<b>138.0</b>	<b>280.0</b>	<b>+6.0</b>	<b>+6.0</b>
Business Solutions	81.4	94.3	175.6	95.5	96.5	192.0	+14.1	+2.2	+16.4	90.5	186.0	+6.0	+6.0
Service Solutions	43.3	46.4	89.6	46.5	47.5	94.0	+3.2	+1.1	+4.4	47.5	94.0	-	-
<b>Gross Profit</b>	<b>24.9</b>	<b>27.7</b>	<b>52.6</b>	<b>26.6</b>	<b>28.5</b>	<b>55.1</b>	<b>+1.7</b>	<b>+0.8</b>	<b>+2.5</b>	<b>28.5</b>	<b>55.1</b>	<b>-</b>	<b>-</b>
<Gross profit margin>	<20.0%>	<19.7%>	<19.8%>	<18.7%>	<19.8%>	<19.3%>	<-1.2%>	<+0.1%>	<-0.6%>	<20.7%>	<19.7%>	<-0.9%>	<-0.4%>
<b>SG&amp;A</b>	<b>13.6</b>	<b>13.3</b>	<b>26.9</b>	<b>14.2</b>	<b>13.7</b>	<b>27.9</b>	<b>+0.6</b>	<b>+0.4</b>	<b>+1.0</b>	<b>13.7</b>	<b>27.9</b>	<b>-</b>	<b>-</b>
<b>Operating Profit</b>	<b>11.3</b>	<b>14.4</b>	<b>25.7</b>	<b>12.4</b>	<b>14.8</b>	<b>27.2</b>	<b>+1.1</b>	<b>+0.4</b>	<b>+1.5</b>	<b>14.8</b>	<b>27.2</b>	<b>-</b>	<b>-</b>
<b>Recurring Profit</b>	<b>11.5</b>	<b>14.6</b>	<b>26.1</b>	<b>12.5</b>	<b>15.0</b>	<b>27.5</b>	<b>+1.0</b>	<b>+0.4</b>	<b>+1.4</b>	<b>15.0</b>	<b>27.5</b>	<b>-</b>	<b>-</b>
<b>Profit attributable to owners of parent</b>	<b>7.2</b>	<b>9.9</b>	<b>17.1</b>	<b>8.0</b>	<b>10.0</b>	<b>18.0</b>	<b>+0.8</b>	<b>+0.1</b>	<b>+0.9</b>	<b>10.0</b>	<b>18.0</b>	<b>-</b>	<b>-</b>
<b>Nippon Steel Sales</b>	<b>(24.6)</b>	<b>(26.3)</b>	<b>(51.0)</b>	<b>(26.0)</b>	<b>(26.5)</b>	<b>(52.5)</b>	<b>(+1.4)</b>	<b>(+0.2)</b>	<b>(+1.5)</b>	<b>(26.5)</b>	<b>(52.5)</b>	<b>(-)</b>	<b>(-)</b>





Answers to power your future

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