



NIPPON STEEL & SUMITOMO METAL CORPORATION GROUP



# Financial Information for the Third Quarter of the Fiscal Year ending March 31, 2019

(April 1, 2018 through December 31, 2018)

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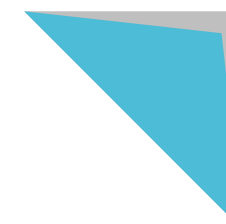


**NS Solutions**

February 1, 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.

# Consolidated Financial Results for 3Q of FY2018

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# I -1. 3Q of FY 2018(ending March 31, 2019) Consolidated Financial Results

(¥ in billions)	FY ended Mar. 2018		FY ending Mar. 2019		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>51.8</b>	<b>168.3</b>	<b>62.6</b>	<b>187.3</b>	<b>+10.8</b>	<b>+18.9</b>
Business solutions	32.5	109.3	42.2	123.5	+9.6	+14.3
Service solutions	19.3	59.0	20.5	63.7	+1.2	+4.7
<b>Gross Profit</b>	<b>10.3</b>	<b>33.8</b>	<b>12.8</b>	<b>37.7</b>	<b>+2.5</b>	<b>+3.8</b>
<Gross Profit Margin>	<19.8%>	<20.1%>	<20.4%>	<20.1%>	<+0.6%>	<+0.0%>
<b>SG&amp;A</b>	<b>6.5</b>	<b>20.0</b>	<b>6.4</b>	<b>20.0</b>	<b>-0.0</b>	<b>+0.0</b>
<b>Operating Profit</b>	<b>3.8</b>	<b>13.9</b>	<b>6.4</b>	<b>17.6</b>	<b>+2.6</b>	<b>+3.8</b>
<b>Recurring Profit</b>	<b>4.0</b>	<b>14.4</b>	<b>6.5</b>	<b>18.1</b>	<b>+2.6</b>	<b>+3.6</b>
<b>Profit attributable to owners of parent</b>	<b>3.2</b>	<b>9.8</b>	<b>4.5</b>	<b>11.7</b>	<b>+1.3</b>	<b>+2.0</b>

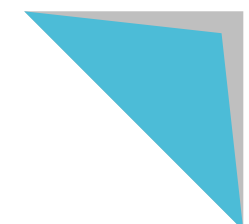
# I -2. Sales by Segment / Customer Industry (3Q)

(¥ in billions)	3Q of FY Mar. 2018		3Q of FY Mar. 2019		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>26.3</b>	6.4	<b>35.8</b>	7.0	<b>+9.4</b>	+0.6	
Manufacturing, Retail and Service	<b>14.3</b>	4.4	<b>15.6</b>	4.6	<b>+1.2</b>	+0.1	Sales increase in e-commerce, travel related business and retail
Financial Services	<b>7.0</b>	1.2	<b>6.9</b>	1.7	<b>-0.2</b>	+0.5	
Government, Public organizations and Others	<b>5.0</b>	0.8	<b>13.3</b>	0.7	<b>+8.3</b>	-0.0	Orders from government and telecom sector added-up
<b>Service Solutions</b>	<b>18.1</b>		<b>19.4</b>		<b>+1.4</b>		
IT Platform	<b>7.5</b>	<6.4>	<b>7.8</b>	<7.0>	<b>+0.3</b>	<+0.6>	Increase in product and DaaS/VDI
NSSMC Group	<b>10.6</b>		<b>11.6</b>		<b>+1.0</b>		Increase in NSSMC business
<b>Subsidiaries</b>	<b>7.4</b>		<b>7.4</b>		<b>+0.1</b>		
<b>Total</b>	<b>51.8</b>		<b>62.6</b>		<b>+10.8</b>		
<b>NSSMC Sales</b>	(10.3)		(11.5)		(+1.2)		
<b>Total Order</b>	<b>57.5</b>		<b>63.9</b>		<b>+6.4</b>		

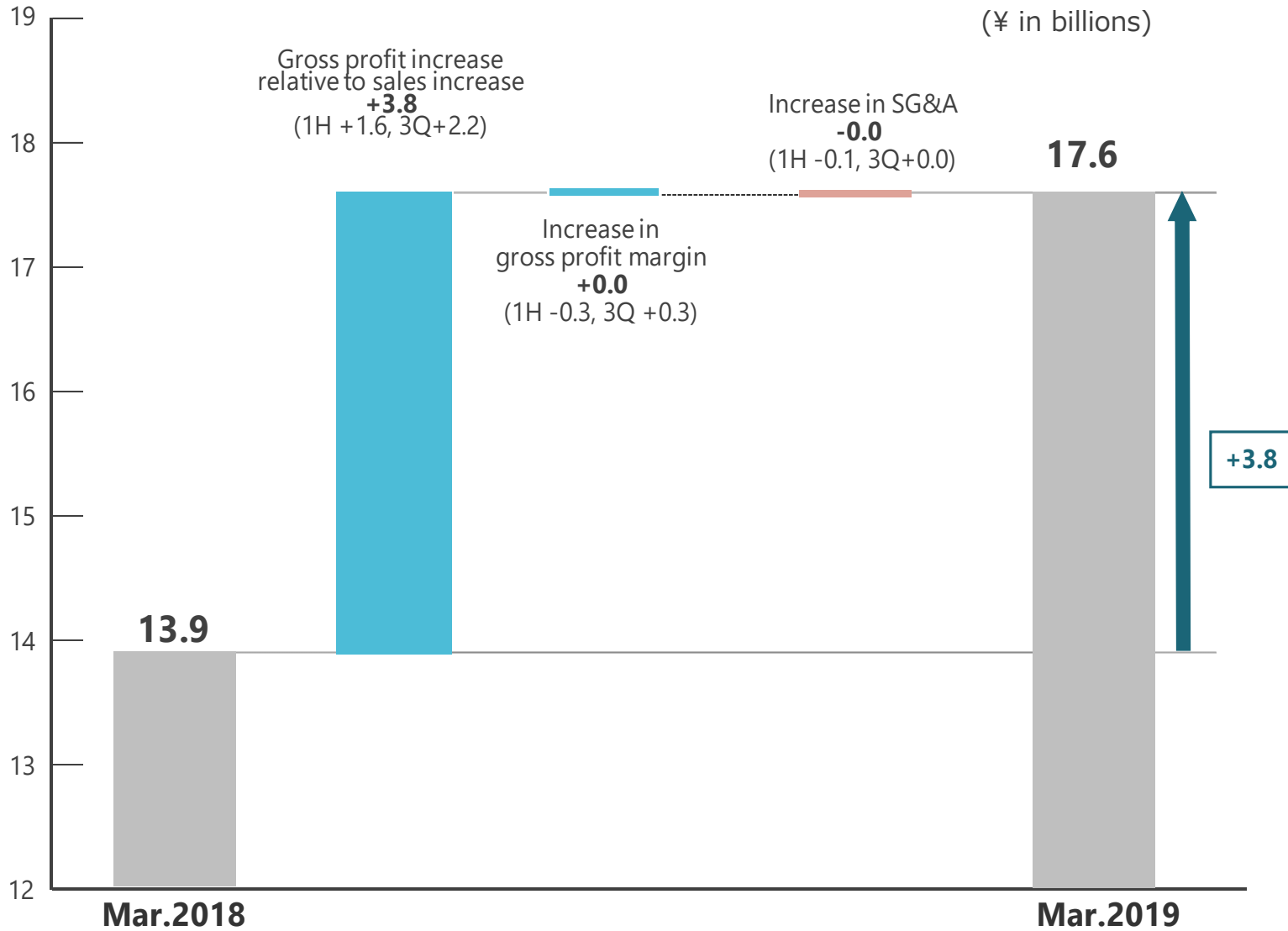
# I -3. Sales by Segment / Customer Industry (3Q Total)

(¥ in billions)	3Q of FY Mar. 2018		3Q of FY Mar. 2019		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>90.1</b>	21.7	<b>103.5</b>	24.6	<b>+13.4</b>	+2.9	
Manufacturing, Retail and Service	<b>42.1</b>	12.7	<b>47.4</b>	16.1	<b>+5.3</b>	+3.4	Sales Increase in e-commerce, travel related business and retail
Financial Services	<b>24.4</b>	6.0	<b>21.2</b>	5.2	<b>-3.2</b>	-0.8	System consolidation project for a megabank client peaked out
Government, Public organizations and Others	<b>23.7</b>	3.0	<b>35.0</b>	3.3	<b>+11.3</b>	+0.3	Orders from government and telecom sector added-up
<b>Service Solutions</b>	<b>55.7</b>		<b>60.5</b>		<b>+4.8</b>		
IT Platform	<b>23.1</b>	<21.7>	<b>23.6</b>	<24.6>	<b>+0.5</b>	<+2.9>	Increase in product and DaaS/VDI
NSSMC Group	<b>32.7</b>		<b>36.9</b>		<b>+4.2</b>		Increase in NSSMC business
<b>Subsidiaries</b>	<b>22.4</b>		<b>23.2</b>		<b>+0.8</b>		
<b>Total</b>	<b>168.3</b>		<b>187.3</b>		<b>+18.9</b>		
<b>NSSMC Sales</b>	(32.2)		(36.1)		(+3.9)		
<b>Order backlog at end of period</b>	<b>125.8</b>		<b>135.8</b>		<b>+9.9</b>		

# I -4. 3Q of FY 2018 (ending March 31, 2019) Consolidated Operating Profit Breakdown



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## I -5. Outlook for FY 2018( ending March 31, 2019)

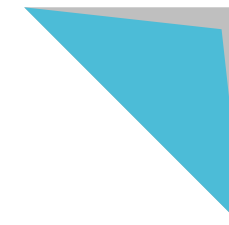
(¥ in billions)	FY 2017	FY 2018	Difference
	A	Comapany Estimate B	B-A
<b>Sales</b>	<b>244.2</b>	<b>258.0</b>	<b>+13.8</b>
Business Solutions	161.1	170.5	+9.4
Service Solutions	83.1	87.5	+4.4
<b>Gross Profit</b>	<b>49.1</b>	<b>51.0</b>	<b>+1.9</b>
<Gross profit margin>	<20.1%>	<19.8%>	<-0.3%>
<b>SG&amp;A</b>	<b>26.4</b>	<b>27.0</b>	<b>+0.6</b>
<b>Operating Profit</b>	<b>22.7</b>	<b>24.0</b>	<b>+1.3</b>
<b>Recurring Profit</b>	<b>23.1</b>	<b>24.5</b>	<b>+1.4</b>
<b>Profit attributable to owners of parent</b>	<b>14.9</b>	<b>16.0</b>	<b>+1.1</b>



# I -6. Sales by Segment / Customer Industry (2H )

(¥ in billions)	FY Mar. 2018				FY Mar.2019				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>63.8</b>	<b>26.3</b>	<b>43.7</b>	<b>70.0</b>	<b>67.8</b>	<b>35.8</b>	<b>39.0</b>	<b>74.7</b>	<b>+4.0</b>	<b>+9.4</b>	<b>-4.7</b>	<b>+4.7</b>
Manufacturing, Retail and Service	27.7	14.3	16.8	31.1	31.8	15.6	16.6	32.2	+4.1	+1.2	-0.2	+1.1
Financial Services	17.4	7.0	9.1	16.1	14.3	6.9	9.3	16.2	-3.1	-0.2	+0.3	+0.1
Government, Public organizations and Others	18.7	5.0	17.8	22.8	21.7	13.3	13.0	26.3	+3.0	+8.3	-4.8	+3.5
<b>Service Solutions</b>	<b>37.7</b>	<b>18.1</b>	<b>22.5</b>	<b>40.6</b>	<b>41.1</b>	<b>19.4</b>	<b>22.0</b>	<b>41.4</b>	<b>+3.4</b>	<b>+1.4</b>	<b>-0.5</b>	<b>+0.8</b>
IT Platform	15.6	7.5	9.5	17.1	15.8	7.8	9.4	17.2	+0.2	+0.3	-0.2	+0.1
NSSMC Group	22.1	10.6	13.0	23.5	25.3	11.6	12.6	24.2	+3.2	+1.0	-0.4	+0.7
<b>Subsidiaries</b>	<b>15.1</b>	<b>7.4</b>	<b>9.7</b>	<b>17.1</b>	<b>15.8</b>	<b>7.4</b>	<b>9.8</b>	<b>17.2</b>	<b>+0.7</b>	<b>+0.1</b>	<b>+0.1</b>	<b>+0.1</b>
<b>Total</b>	<b>116.6</b>	<b>51.8</b>	<b>75.9</b>	<b>127.7</b>	<b>124.6</b>	<b>62.6</b>	<b>70.7</b>	<b>133.4</b>	<b>+8.1</b>	<b>+10.8</b>	<b>-5.2</b>	<b>+5.7</b>
<b>NSSMC Sales</b>	(21.9)	(10.3)	(13.5)	(23.7)	(24.6)	(11.5)	(12.5)	(23.9)	(+2.7)	(+1.2)	(-1.0)	(+0.2)

# Appendix



## 1. Extraordinary profits and losses

① Sale of investment securities	(Extraordinary profit	+1 billion yen)
② Office transfer cost	(Extraordinary loss	− 1 billion yen)

## 2. (1) Overview of acquisition of treasury stock

(at the Board member meeting held on August 2nd, 2018)

- ① Type of shares to be acquired: common stock
- ② Total number of shares to be acquired: Up to 4.7million  
※Percentage out of total number of issued shares (excluding treasury stock) : 4.96%
- ③ Total amount of acquisition : Up to ¥10,000 million
- ④ Acquisition period : From August 6th, 2018 to March 22nd , 2019

## (2) Total Treasury Stock acquired (As of December 31th, 2018)

① Total number of acquired shares :	1,967,000
② Total amount of acquisition :	¥6,493,830,000



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