



NIPPON STEEL & SUMITOMO METAL CORPORATION GROUP



NS Solutions

# Financial Information for the Fiscal Year ended March 31, 2014

(April 1, 2013 through March 31, 2014)

April 25, 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



(Billions of yen)

	FY Mar.2013 (Actual) A	FY Mar.2014 (Actual) B	Change B-A	FY Mar.2014 Previous outlook C	Change B-C
Sales	172.0	180.0	+8.0	178.0	+2.0
Business solutions	95.9	107.7	+11.8	103.0	+4.7
Platform solutions	18.6	21.3	+2.7	21.5	-0.2
Business services	57.5	51.0	-6.5	53.5	-2.5
Gross profit	31.3	34.5	+3.1	34.5	-
<Gross profit margin>	<18.2%>	<19.2%>	<+1.0%>	<19.4%>	<-0.2%>
SG&A	20.2	22.0	+1.8	21.8	+0.2
Operating income	11.1	12.4	+1.3	12.7	-0.3
Ordinary income	11.6	12.8	+1.2	13.0	-0.2
Net income	6.6	7.1	+0.5	7.4	-0.3

FY Mar.2014

# Sales by Business Line / Customer Industry



(Billions of yen)

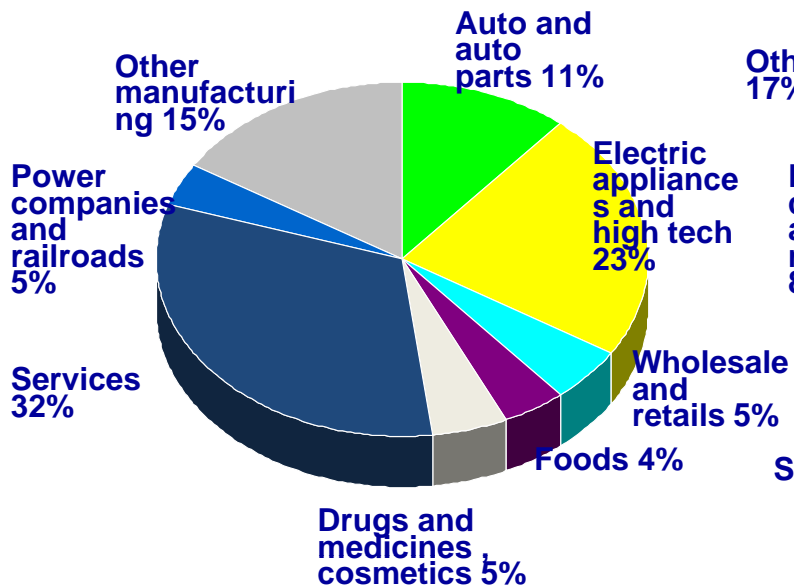
	FY Mar.2013 A	FY Mar.2014 B	Change B-A	Comment
Business solutions	79.4	89.3	+9.9	-
Manufacturing, distribution and service industries	41.1	42.6	+1.5	Increase in Transportation and Internet & Retail Business
Financial services	21.1	27.7	+6.6	Increase in the mega-banks
Government, public organizations and others	17.2	19.0	+1.8	Increase in the government
Platform solutions	16.6	18.7	+2.1	Increase in Private Cloud and Service, decrease in product
Business services	57.2	50.8	-6.4	Decrease in Telecom and NSSMC
Subsidiaries, net	18.9	21.2	+2.3	Increase in Local business. (Including overseas)
Consolidated sales	172.0	180.0	+8.0	-
Amount of orders accepted	181.6	186.7	+5.1	-

# Breakdown of Sales

## to Manufacturing, Distribution and Service Industries

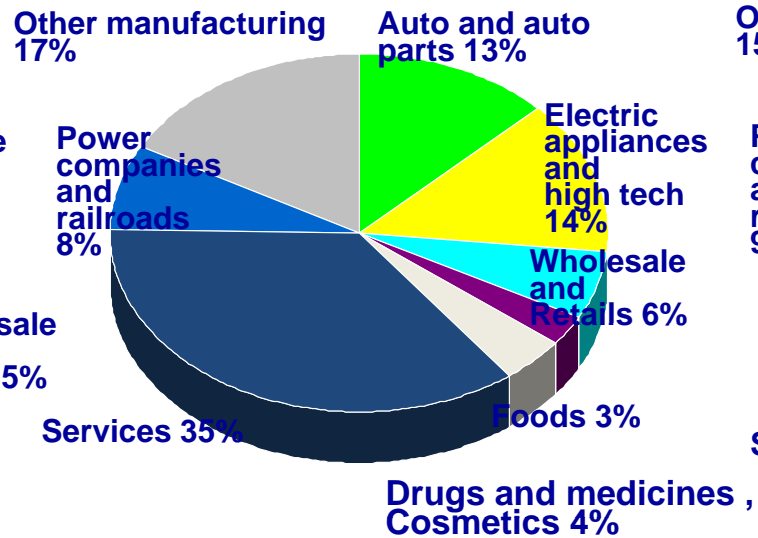


37.6 Billions



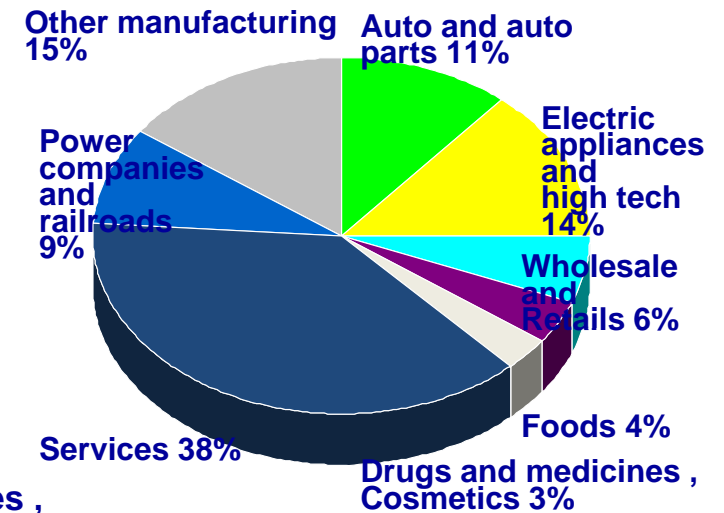
Mar. 2012

41.1 Billions



Mar. 2013

42.6 Billions



Mar. 2014

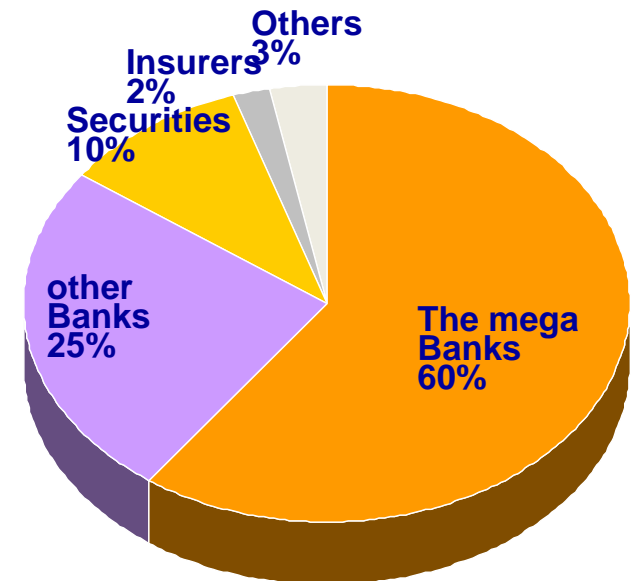
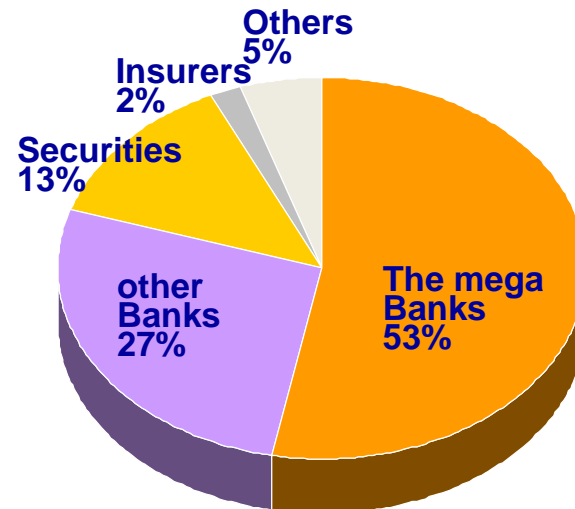
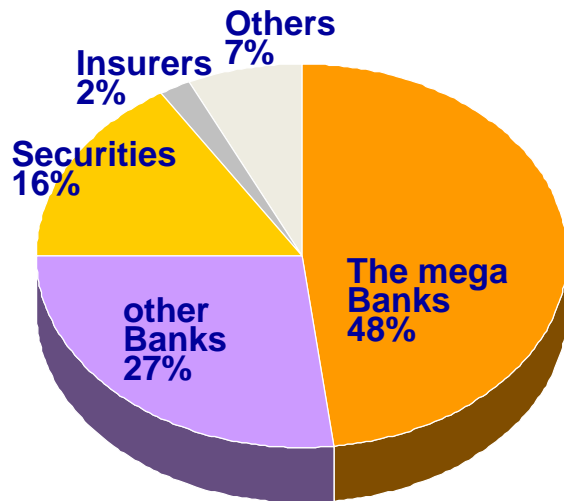
# Breakdown of Sales to Financial Services



22.5 Billions

21.1 Billions

27.7 Billions

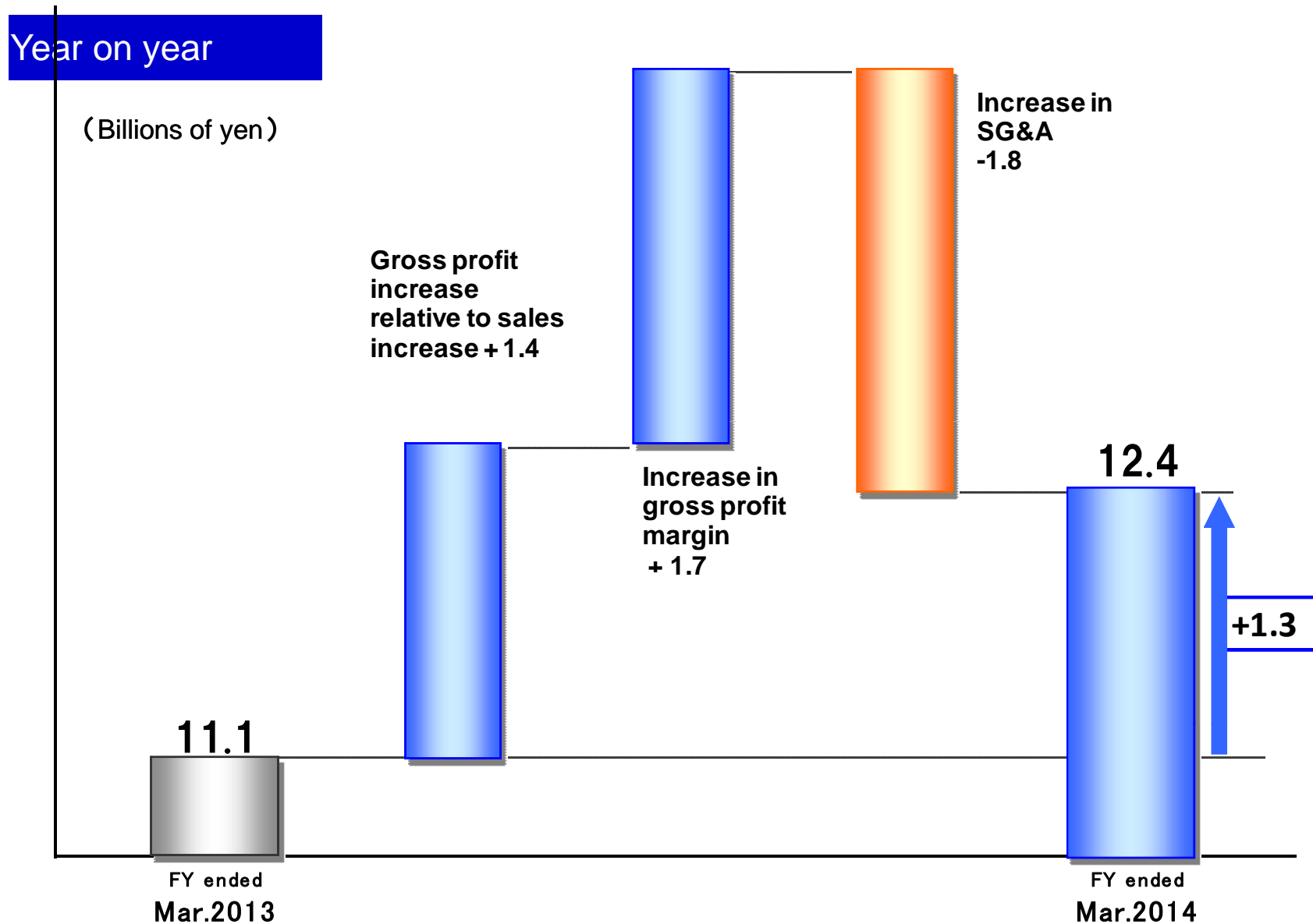


Mar. 2012






Mar. 2013

Mar. 2014

# Consolidated Operating Income Breakdown



# Market Trends by Business Line / Customer Industry

Business line/ customer industry	Market trend	
<b>Business solutions</b>		
<b>Manufacturing, distribution and service industries</b>	In the context of the strong economic growth, IT investment in manufacturing sector is expanding for enhancement of global operations and competitiveness. IT investment is robust continuously in net business & retail distribution.	
<b>Financial services</b>	The mega banks are continuing the strategic IT investment in global operation and system integration. IT investment of regional banks is weak. IT investment in securities sector is rapidly recovering, due to the strong results of major securities.	
<b>Government and public organizations</b>	Government IT budgets increase in MY number projects, while decrease in other areas.	
<b>Platform solutions</b>	There are growing needs for cloud-computing, servicing and data center. There are also high demands in DaaS(Desktop as a Service) & MDM(Mobile Device Management)	
<b>Business services</b>	IT investment of Nippon Steel and Sumitomo Metal is at high level due to the post merger system optimization. Increase in the incorporation of System operations business, transferred from IS Information System Co. Ltd. (former Sumitomo Metal Industries). Decrease in old generation ASP services.	



# Outlook for FY Mar.2015 Consolidated Results



(Billions of yen)

	FY Mar.2014 (Actual) A	FY Mar.2015 (Outlook) B	Change B-A
<b>Sales</b>	<b>180.0</b>	<b>188.0</b>	<b>+8.0</b>
Business Solutions	107.7	110.5	+2.8
Platform Solutions	21.3	21.5	+0.2
Business Service	51.0	56.0	+5.0
<b>Gross Profit</b>	<b>34.5</b>	<b>36.2</b>	<b>+1.7</b>
<Gross profit margin>	<19.2%>	<19.3%>	<+0.1%>
<b>SG&amp;A</b>	<b>22.0</b>	<b>22.5</b>	<b>+0.4</b>
<b>Operating income</b>	<b>12.4</b>	<b>13.7</b>	<b>+1.3</b>
<b>Ordinary income (Recurring profit)</b>	<b>12.8</b>	<b>14.0</b>	<b>+1.2</b>
<b>Net income</b>	<b>7.1</b>	<b>8.2</b>	<b>+1.1</b>

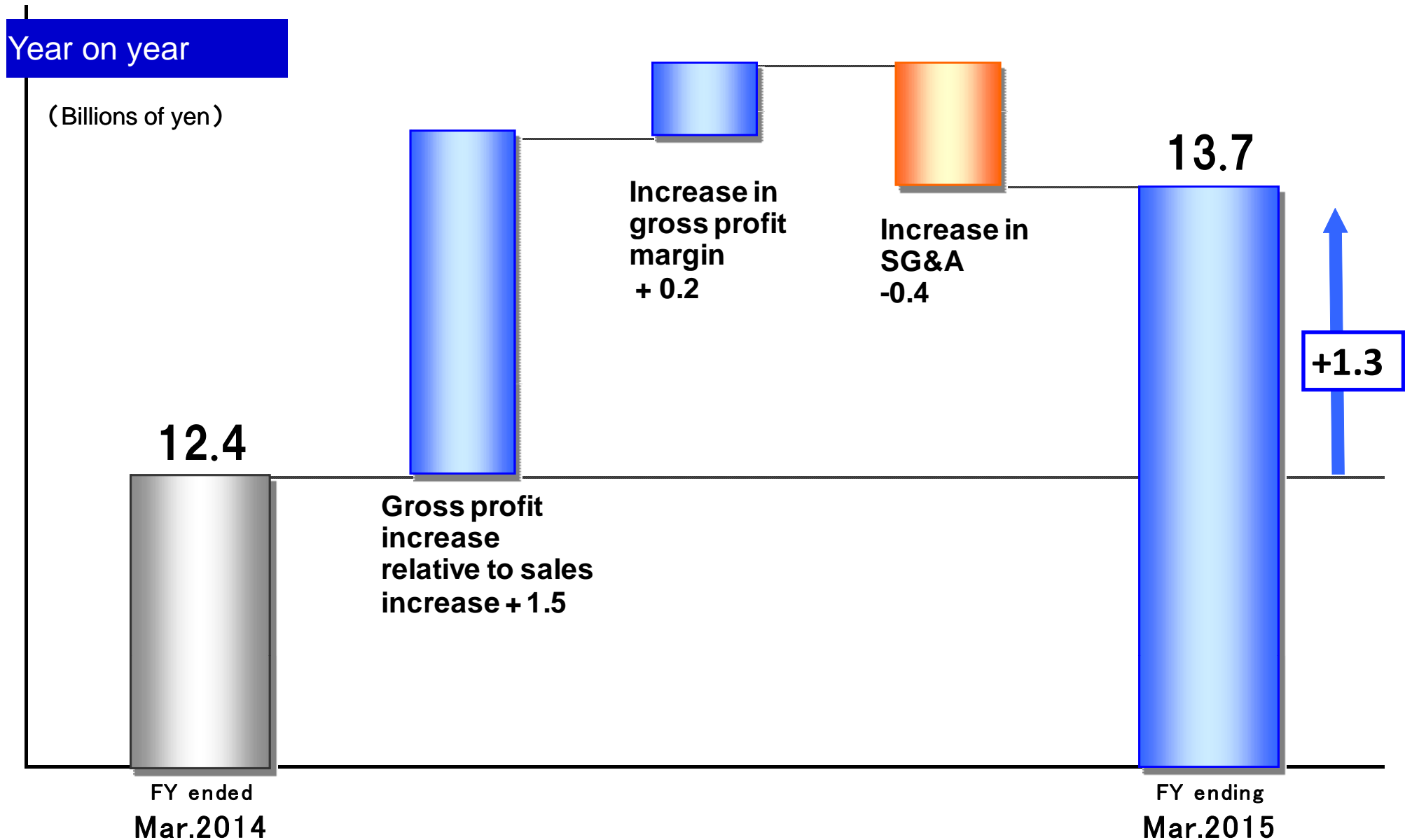
# Sales by Business Line / Customer Industry



(Billions of yen)

	FY	FY	Change	Comment
	Mar.2014 (Actual) A	Mar.2015 (Outlook) B	B-A	
<b>Business solutions</b>	<b>89.3</b>	<b>91.5</b>	<b>+2.2</b>	-
Manufacturing, distribution and service industries	42.6	44.5	+1.9	It is expected that IT investment in manufacturing sector would recover further. Increase in Internet & Retail
Financial services	27.7	29.0	+1.3	Increase in mega banks
Government, public organizations and others	19.0	18.0	-1.0	Decrease in government
<b>Platform solutions</b>	<b>18.7</b>	<b>19.0</b>	<b>+0.3</b>	
<b>Business service</b>	<b>50.8</b>	<b>55.5</b>	<b>+4.7</b>	Increase in NSSMC, Decrease in old generation ASP Services
<b>Subsidiaries, net</b>	<b>21.2</b>	<b>22.0</b>	<b>+0.8</b>	
<b>Consolidated sales</b>	<b>180.0</b>	<b>188.0</b>	<b>+8.0</b>	-

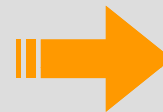
# Consolidated Operating Income Breakdown



# 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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