

IT & YouT^

May 11, 2018

Presentation of Financial Results for the Fiscal Year Ended March 31, 2018



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※ Amounts less than the display unit are rounded down.
 Percentage figures are rounded off.



Financial Results for the Fiscal Year Ended March 31, 2018

■ Net Sales

Net sales increased 5.2% over the previous year, reflecting a favorable business environment.

■ Operating Income・Ordinary Income・Net Income

Due to an increase in profit by the increased sales, and due to a decrease in SG&A expenses of subsidiaries, a substantial increase in profit was achieved.

(Unit : Millions of yen)

	2017/3	2018/3						
	Results	Results	YoY	YoY(%)	Original Estimate (2017/4/27)	YoY	Revised Estimate (2017/10/30)	YoY
Net Sales	55,234	58,080	2,845	5.2%	57,000	1,080	58,270	△ 189
Gross Profit	(20.8%)	(20.5%)	0		(20.2%)	0	(20.2%)	0
	11,472	11,907	435	3.8%	11,500	407	11,780	127
SG & A Expenses	(7.8%)	(6.9%)			(7.1%)		(6.8%)	
	4,298	3,989	△309	△7.2%	4,050	△ 60	3,990	△0
Operating Income	(13.0%)	(13.6%)			(13.1%)		(13.4%)	
	7,173	7,918	745	10.4%	7,450	468	7,790	128
Ordinary Income	7,300	8,119	819	11.2%	7,550	569	7,950	169
Income before Income Taxes	6,981	8,014	1,032	14.8%	7,550	464	7,850	164
Net Income Attributable to Owners of the Parent	(8.2%)	(9.2%)			(8.8%)		(9.0%)	
	4,543	5,368	825	18.2%	5,000	368	5,220	148

※The ratios on the upper-left corners are percentage to Net Sales.



Net Sales and Gross Profit by Business Segments

(Unit : Millions of yen)

■ Net Sales	2017/3		2018/3		
	Results		Results	YoY	YoY(%)
System Solution Services	(99.3%) 54,858	(99.4%) 57,704	2,846	5.2%	
System Development	(78.1%) 43,137	(78.3%) 45,452	2,315	5.4%	
System Services	(16.6%) 9,169	(16.3%) 9,460	290	3.2%	
System Products	(4.6%) 2,552	(4.8%) 2,792	240	9.4%	
Real Estate Services	(0.7%) 376	(0.6%) 375	△0	△0.2%	
Total	55,234	58,080	2,845	5.2%	

※ The ratio on the upper-left corners are composition ratio to sales.

■ Gross Profit	2017/3		2018/3		
	Results		Results	YoY	YoY(%)
System Solution Services	(20.7%) 11,334	(20.4%) 11,769	(△0.3%) 434	3.8%	
System Development	(20.8%) 8,975	(20.2%) 9,195	(△0.6%) 219	2.4%	
System Services	(19.0%) 1,742	(19.0%) 1,801	(0.0%) 59	3.4%	
System Products	(24.2%) 617	(27.7%) 772	(3.5%) 155	25.2%	
Real Estate Services	(36.5%) 137	(36.8%) 138	(0.3%) 0	0.5%	
Total	(20.8%) 11,472	(20.5%) 11,907	(△0.3%) 435	3.8%	

※ The ratios on the upper-left corners are Gross Profit margin.



Net Sales and Gross Profit by Business Segments

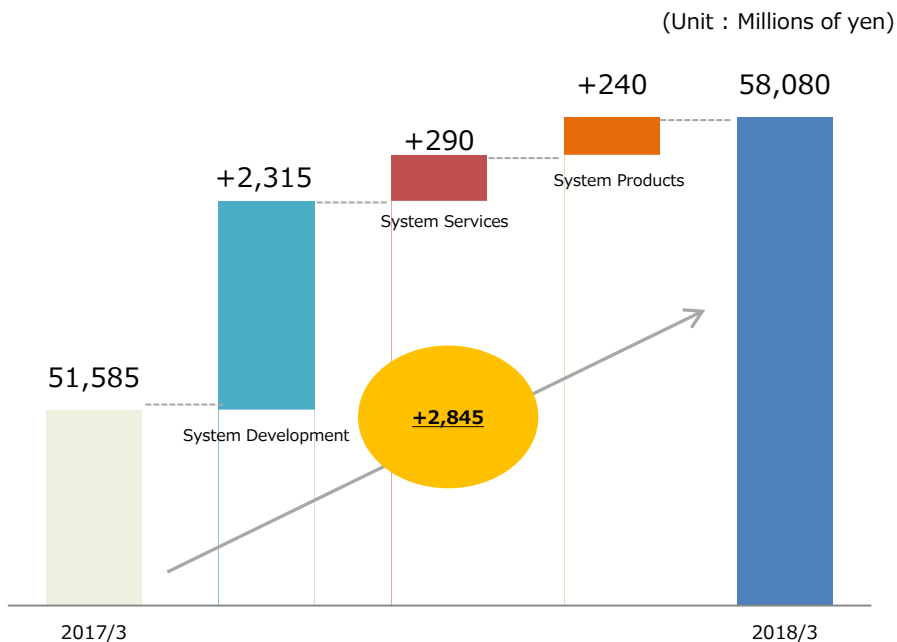
■ Net Sales

Net sales increased ¥ 2.8 billion year on year, to ¥ 58.0 billion, mainly due to the growth in the system development business with the steady growth in the system service business and the system products business.

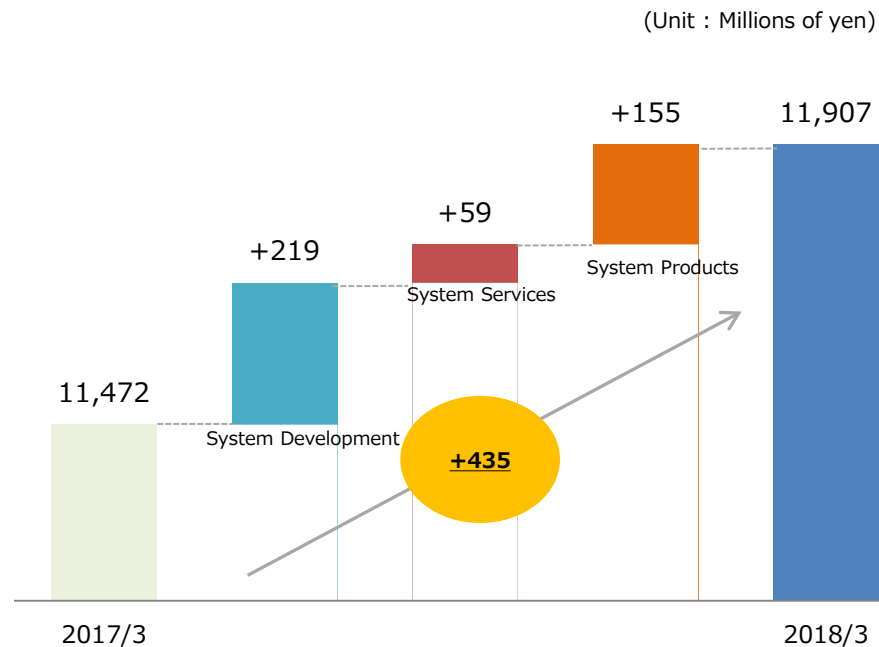
■ Gross Profit

Gross profit increased ¥ 0.4 billion year on year, to ¥ 11.9 billion, as a result of steady sales of own security products in the system product business, in addition to growth in the system development business.

■ Net Sales



■ Gross Profit





Net Sales by End-user Sector

	2017/3		2018/3				(Unit : Millions of yen) (Ref.) '2018/3	
	Results	Composition Ratio(%)	Results	Composition Ratio(%)	YoY	YoY(%)	Results Non-consolidated	YoY(%)
Finance	20,498	39.2%	20,499	37.3%	1	0.0%	19,870	39.6%
Service	8,986	17.2%	9,151	16.7%	165	1.8%	8,050	16.0%
Manufacturing	6,952	13.3%	6,557	11.9%	△395	△5.7%	5,893	11.7%
Telecommunication	4,099	7.8%	5,144	9.4%	1,045	25.5%	5,122	10.2%
Transportation	3,535	6.8%	3,892	7.1%	357	10.1%	3,191	6.4%
Commerce	2,349	4.5%	2,948	5.4%	598	25.5%	2,822	5.6%
Public	4,093	7.8%	4,431	8.0%	337	8.2%	3,150	6.3%
Construction	852	1.6%	1,200	2.2%	347	40.8%	1,134	2.2%
Electricity & Gas	713	1.4%	873	1.6%	160	22.6%	855	1.7%
Others	224	0.4%	212	0.4%	△12	△5.4%	149	0.3%
Total	52,306	100.0%	54,912	100.0%	2,606	5.0%	50,241	100.0%

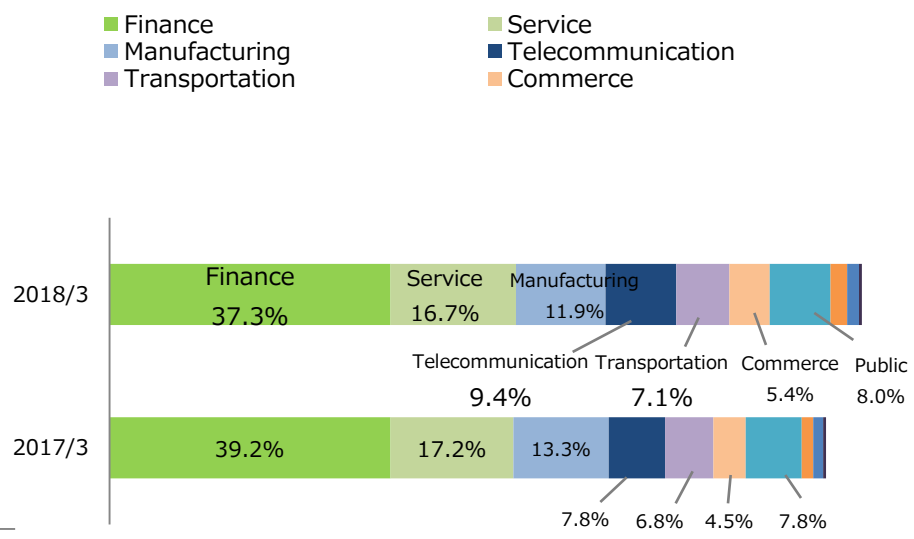
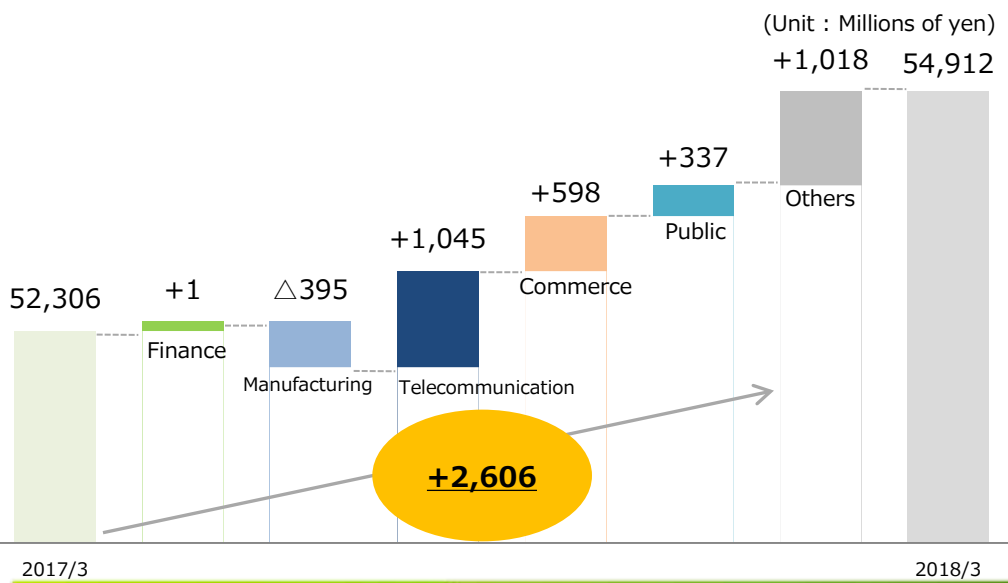
※ Figures indicate net sales of system development business segment and system services business segment.



Net Sales by End-user Sector

■ Net Sales
 Net sales increased by ¥ 2.6 billion year on year, to ¥ 54.9 billion, as sales in the financial sector remained high and sales in the telecommunication sector and commerce sector grew substantially.

- ✓ Finance :
 Net sales were nearly flat compared to the previous year, covering the decrease in sales from major banks by regional / other banks and securities companies.
- ✓ Manufacturing:
 Despite winning orders from a wide range of companies, net sales declined from the completion of large projects.
- ✓ Telecommunication :
 Net sales increased due to orders for large telecommunication carriers and strong growth in telecommunication group companies.
- ✓ Commerce :
 Net sales increased due to steady progress in orders for trading companies and their group companies.
- ✓ Public :
 Net sales increased due to steady orders from local public entities.





Net Sales by End-user Sector (Financial Sector)

(Unit : Millions of yen)

	2017/3		2018/3				(Ref.) '2018/3	
	Results	Composition Ratio(%)	Results	Composition Ratio(%)	YoY	YoY(%)	Results Non-consolidated	YoY(%)
Major Banks	8,308	40.5%	8,121	39.6%	△187	△2.3%	7,544	38.0%
Regional/Other Banks	2,290	11.2%	2,513	12.3%	222	9.7%	2,512	12.6%
Insurance Companies	6,680	32.6%	6,677	32.6%	△ 3	△0.1%	6,634	33.4%
Securities Companies	1,033	5.1%	1,168	5.7%	135	13.1%	1,153	5.8%
Credit Card Companies	1,380	6.7%	1,330	6.5%	△50	△3.6%	1,329	6.7%
Others	804	3.9%	689	3.3%	△ 115	△14.4%	695	3.5%
Toal	20,498	100.0%	20,499	100.0%	1	0.0%	19,870	100.0%

※ Figures indicate net sales of system development business segment and system services business segment.

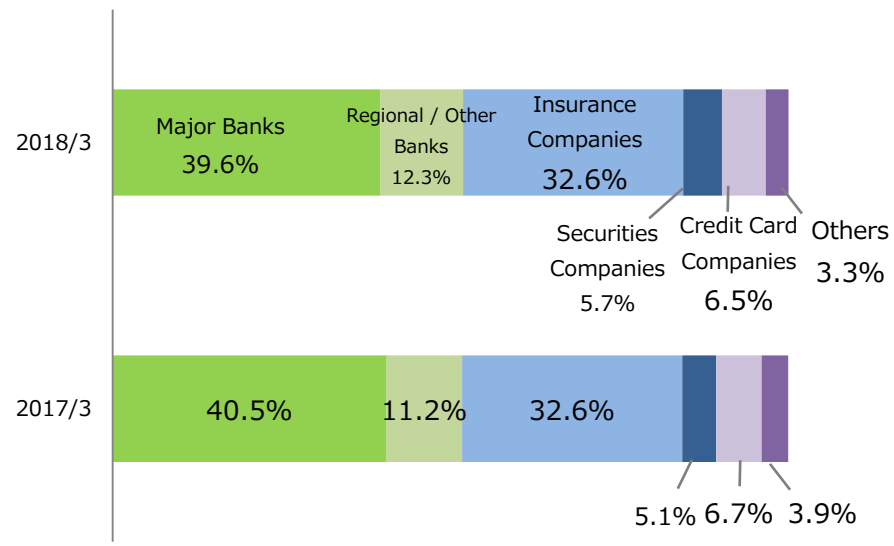
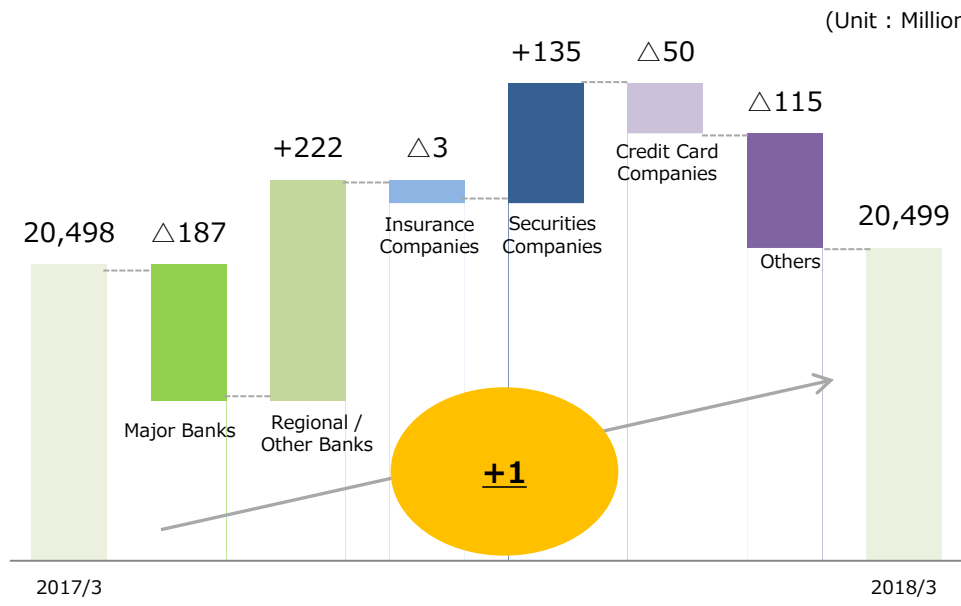


Net Sales by End-user Sector (Financial Sector)

■ Net Sales(Financial Sector)

Net sales were nearly flat at ¥ 20.4 billion compared with the previous year, covering the decrease in sales from major banks by regional / other banks and securities companies.

- ✓ Major Banks:
Despite receiving orders for new projects, net sales declined due to the peak-out of large-scale system integration projects.
- ✓ Regional/Other Banks:
Net sales increased due to strong orders from new customers.
- ✓ Insurance Companies:
Net sales continued to be high, as orders for large projects continued to be favorable.



Financial Estimates for the Fiscal Year Ending March 31, 2019



Net sales and profits are expected to increase as compared with the fiscal year ended March 2018, due to the system investment by financial institutions and IT investment for productivity improvement and enhancement of competitiveness.

(Unit : Millions of yen)

	2018/3	2019/3			2018/3	2019/3		
	1st-half Results	1st-half Estimate	YoY	YoY(%)	Full-year Results	Full-year Estimate	YoY	YoY(%)
Net Sales	28,765	29,500	734	2.6%	58,080	60,000	1,919	3.3%
Gross Profit	(19.4%) 5,566	(20.3%) 6,000	433	7.8%	(20.5%) 11,907	(21.0%) 12,600	692	5.8%
SG & A Expenses	(6.9%) 1,980	(7.8%) 2,300	319	16.2%	(6.9%) 3,989	(7.5%) 4,500	510	12.8%
Operating Income	(12.5%) 3,586	(12.5%) 3,700	113	3.2%	(13.6%) 7,918	(13.5%) 8,100	181	2.3%
Ordinary Income	3,641	3,700	58	1.6%	8,119	8,200	80	1.0%
Income before Income Taxes	3,543	3,700	156	4.4%	8,014	8,200	185	2.3%
Net Income Attributable to Owners of the Parent	(8.0%) 2,313	(8.1%) 2,400	86	3.7%	(9.2%) 5,368	(9.2%) 5,500	131	2.4%

※ The ratio on the upper-left comers are percentage to Net Sales.



Net Sales and Gross Profit by Business Segments

(Unit : Millions of yen)

■ Net Sales	2018/3	1st-half Estimate	2019/3		2018/3	Full-year Estimate	2019/3	
	1st-half Results		YoY	YoY(%)	1st-half Results		YoY	YoY(%)
System Solution Services	28,575	29,320	744	2.6%	57,704	59,640	1,935	3.4%
System Development	22,616	22,830	213	0.9%	45,452	46,510	1,057	2.3%
System Services	4,582	5,200	617	13.5%	9,460	10,320	859	9.1%
System Products	1,377	1,290	△ 87	△6.3%	2,792	2,810	17	0.6%
Real Estate Services	189	180	△ 9	△5.2%	375	360	△ 15	△4.2%
Total	28,765	29,500	734	2.6%	58,080	60,000	1,919	3.3%

■ Gross Profit	2018/3	1st-half Estimate	2019/3		2018/3	Full-year Estimate	2019/3	
	1st-half Results		YoY	YoY(%)	1st-half Results		YoY	YoY(%)
System Solution Services	(19.2%) 5,479	(20.2%) 5,920	440	8.0%	(20.4%) 11,769	(20.9%) 12,440	670	5.7%
System Development	(19.1%) 4,328	(19.6%) 4,480	151	3.5%	(20.2%) 9,195	(20.1%) 9,370	174	1.9%
System Services	(17.8%) 814	(21.2%) 1,100	285	35.1%	(19.0%) 1,801	(21.3%) 2,200	398	22.1%
System Products	(24.5%) 336	(26.4%) 340	3	0.9%	(27.7%) 772	(31.0%) 870	97	12.6%
Real Estate Services	(45.7%) 86	(44.4%) 80	△ 6	△7.7%	(36.8%) 138	(44.4%) 160	21	15.8%
Total	(19.4%) 5,566	(20.3%) 6,000	433	7.8%	(20.5%) 11,907	(21.0%) 12,600	692	5.8%

※ The ratios on the upper-left comers are percentage of Net Sales.



Trends of Order Value / Net Sales / Order Backlog

(Unit : Millions of yen)

		Order Value	YoY(%)	Net Sales	YoY(%)	Order Backlog	YoY(%)
2018/3	1Q	14,678	—	13,522	7.2%	12,439	—
	2Q	13,743	—	13,676	6.4%	12,506	—
	1st-half	28,421	—	27,198	6.8%	12,506	—
	3Q	11,966	—	13,796	4.8%	10,675	—
	4Q	15,659	—	13,917	1.8%	12,418	—
	Full-year	56,047	—	54,912	5.0%	12,418	10.1%

(Ref.) Non-consolidated		Order Value	YoY(%)	Net Sales	YoY(%)	Order Backlog	YoY(%)
2017/3	1Q	12,271	10.0%	11,309	9.7%	9,996	9.9%
	2Q	12,199	8.3%	11,776	7.4%	10,420	10.8%
	1st-half	24,470	9.1%	23,085	8.6%	10,420	10.8%
	3Q	10,708	8.0%	12,075	6.4%	9,052	13.6%
	4Q	13,128	4.3%	12,486	8.4%	9,694	7.3%
	Full-year	48,307	7.5%	47,647	8.0%	9,694	7.3%
2018/3	1Q	13,640	11.2%	12,335	9.1%	11,001	10.0%
	2Q	12,978	6.4%	12,586	6.9%	11,396	9.4%
	1st-half	26,618	8.8%	24,921	8.0%	11,396	9.4%
	3Q	11,123	3.9%	12,644	4.7%	9,878	9.1%
	4Q	13,585	3.5%	12,675	1.5%	10,790	11.3%
	Full-year	51,328	6.2%	50,241	5.4%	10,790	11.3%

※ Figures indicate sum of system development business segment and system services business segment.

(Reference) Trends of Financial Results



(Unit : Millions of yen)

	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3			2019/3		
						Results	YoY	YoY(%)	Estimate	YoY	YoY(%)
Net Sales	36,632	40,285	42,990	51,585	55,234	58,080	2,845	5.2%	60,000	1,919	3.3%
Gross Profit	(20.6%) 7,564	(21.4%) 8,630	(21.4%) 9,213	(21.2%) 10,911	(20.8%) 11,472	(20.5%) 11,907			(21.0%) 12,600		5.8%
SG & A Expenses	(8.4%) 3,080	(9.4%) 3,781	(9.5%) 4,069	(8.8%) 4,532	(7.8%) 4,298	(6.9%) 3,989	△ 309	△ 7.2%	(7.5%) 4,500	510	12.8%
Operating Income	(12.2%) 4,483	(12.0%) 4,848	(12.0%) 5,144	(12.4%) 6,378	(13.0%) 7,173	(13.6%) 7,918	745	10.4%	(13.5%) 8,100	181	2.3%
Ordinary Income	4,530	5,076	5,326	6,456	7,300	8,119	819	11.2%	8,200	80	1.0%
Net Income Attributable to Owners of the Parent	(6.7%) 2,454	(7.9%) 3,165	(6.9%) 2,973	(6.0%) 3,110	(8.2%) 4,543	(9.2%) 5,368	825	18.2%	(9.2%) 5,500	131	2.4%
Net Income per Share (yen)	58.37	76.19	72.04	70.98	105.81	126.76	20.95	19.8%	130.22	3.46	2.7%
DPS (yen)	27	32	※2 33	37	44	52	—	—	54	—	—
Dividend Payout Ratio	46.3%	42.0%	※2 45.8%	52.1%	41.6%	41.0%	—	—	—	—	—
Shareholder Equity	41,940	42,714	42,229	40,999	43,374	45,368	—	—			
Shareholder Equity Ratio	88.6%	88.4%	84.8%	85.1%	85.2%	83.9%	-1.3%	—			
ROE	6.0%	7.5%	6.9%	7.5%	10.8%	12.1%	1.3%	—			

※1 The rates on the upper-left corners are percentage to Net Sales.

※2 DPS and Payout ratio are shown excluding commemorative dividends.

In the fiscal year ended March 31, 2015, a dividend of 45 yen was paid to commemorate the 45th anniversary of the founding.





Corporate Profile

[As of March 31, 2018]

Name of Company :	NSD CO., LTD.	Major Shareholders	Japan Trustee Services Bank, Ltd.
Foundation :	April 8, 1969	*	IPC Co., Ltd.
Capital :	7,205,864,914 yen	Treasury stocks and Employee Stock Ownership Association are excluded	The Nomura Trust and Banking Co., Ltd.
Number of Shares :	Authorized :	200,000,000	The Master Trust Bank of Japan ,Ltd.
	Outstanding :	47,172,160	State Street Bank and Trust Company
	Treasury stocks :	4,936,443	KD Associates, Ltd.
Stock Listing :	Tokyo Stock Exchange, 1st Section		Reiko Hashida
Number of Shareholders :	20,055 (As of March 31, 2017 21,258)		RBC IST
Number of Employees :	Consolidated 3,379		The Dai-ichi life insurance company., Ltd.
	(As of March 31, 2017 3,315)		
	Non-Consolidated 2,975		
	(As of March 31, 2017 2,967)		

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