

# Announcement of 3<sup>rd</sup> Quarter Operating Results for the Fiscal Year Ending March 31, 2016

**January 28, 2016**

**ITOCHU Techno-Solutions Corporation**

These materials contain forward-looking statements about the future performance of CTC, based on management's assumptions and beliefs in light of information currently available to it, and involve certain risks and uncertainties. Actual results may differ from projected performance, owing to a variety of factors, including changes in the economic environment.

# 3<sup>rd</sup> Quarter FY2015 Performance Highlights (Compared with 3<sup>rd</sup> Quarter FY2014)



(Billions of yen)

## Major Factor

	3rd Q FY2014 Actual (9 months)	3rd Q FY2015 Actual (9 months)	YoY Change	
				(%)
Revenue	255.8	251.7	(4.0)	(1.6%)
Gross profit	60.3	57.5	(2.7)	(4.6%)
<i>Gross profit margin</i>	<i>23.6%</i>	<i>22.9%</i>	<i>(0.7pt)</i>	-
Other income and expenses	(44.9)	(47.6)	(2.7)	+6.0%
Operating income	15.3	9.9	(5.4)	(35.6%)
<i>Operating income margin</i>	<i>6.0%</i>	<i>3.9%</i>	<i>(2.1pt)</i>	-
Profit attributable to owners of the Company	9.5	6.2	(3.3)	(34.7%)
Orders received	247.8	250.1	+2.3	+0.9%
Backlog	187.5	200.0	+12.5	+6.7%

### [Revenue]

Decreased due to decline in projects for mobile carrier and convenience stores.

### [Gross profit]

Although unprofitable project was improved, gross profit decreased due to decline in revenue and drop of the gross profit margin.

### [Other income and expenses]

SG&A expenses such as personnel expenses and R&D expenses increased.

### [Operating income]

Decreased due to decline in gross profit and increase in SG&A expenses.

### [Orders received]

Increased due to projects in finance and overseas subsidiaries.

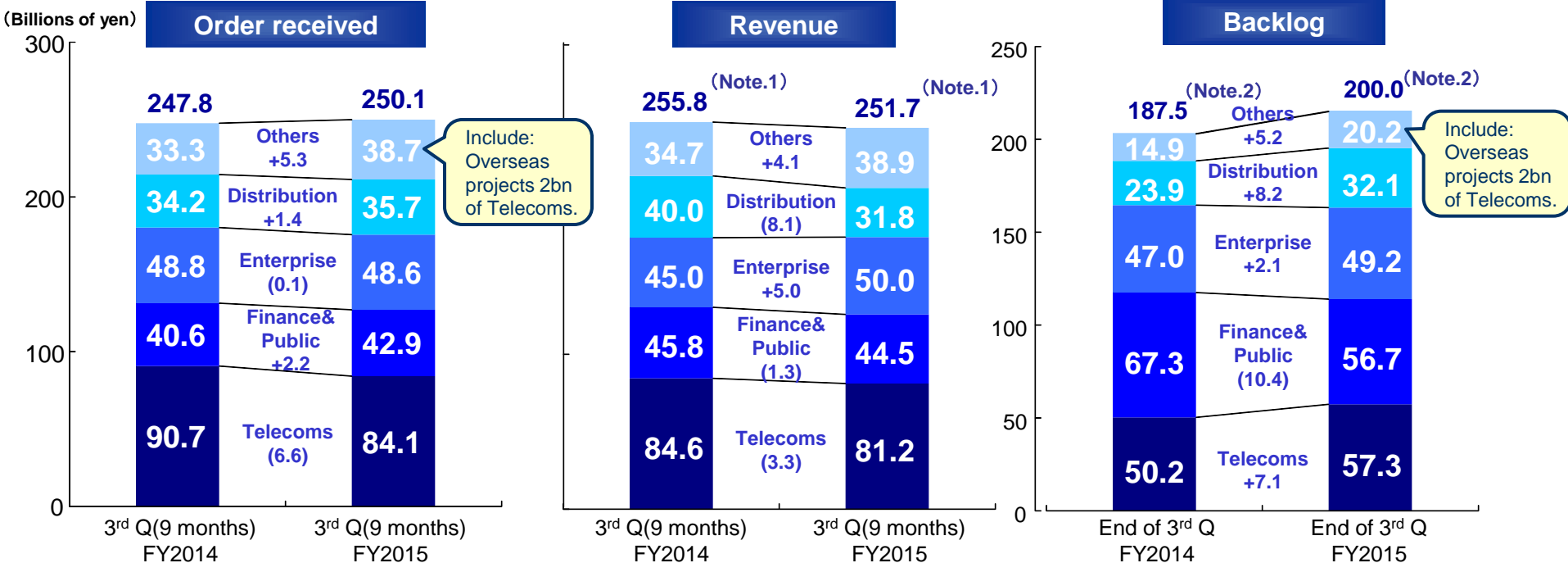
### [Backlog]

Increased due to projects for mobile carrier and convenience stores.

# Performance by Business Group (Compared with 3<sup>rd</sup> Quarter FY2014)

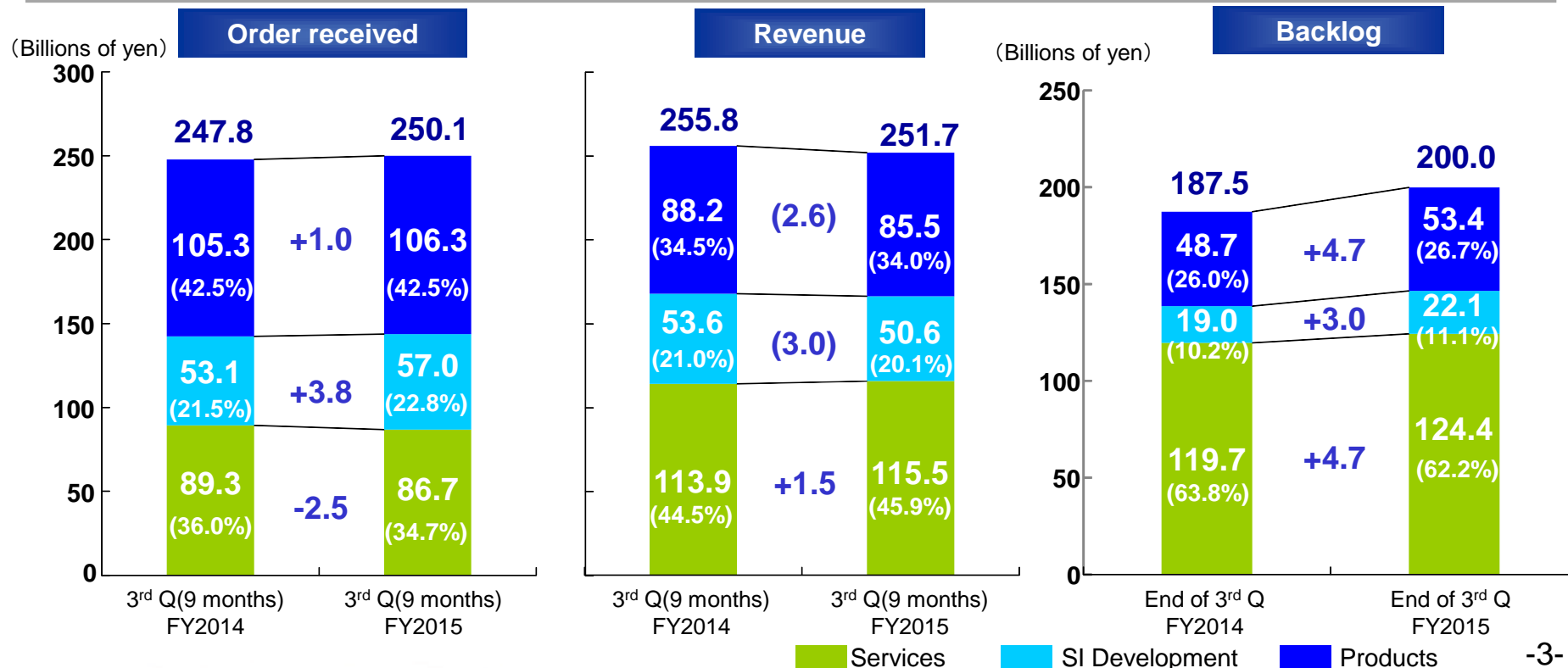


- Telecoms: Orders received and revenue decreased due to projects for mobile carrier.
- Finance & Public: Orders received increased due to SI development and service projects for finance.  
Revenue decreased due to network projects for telecommunications companies affiliated with electric power companies.
- Enterprise: Orders received is same level with previous year. Revenue increased due to common platform construction projects for manufacturing industry and service business for transportation company.
- Distribution: Orders received increased due to SI development projects for trading company and service projects for real estate company.  
Revenue decreased mainly due to projects for convenience stores and food wholesalers.
- Other: Orders received increased due to products business for finance and infrastructure construction projects for service provider in overseas subsidiaries. Revenue increased due to products business for finance.

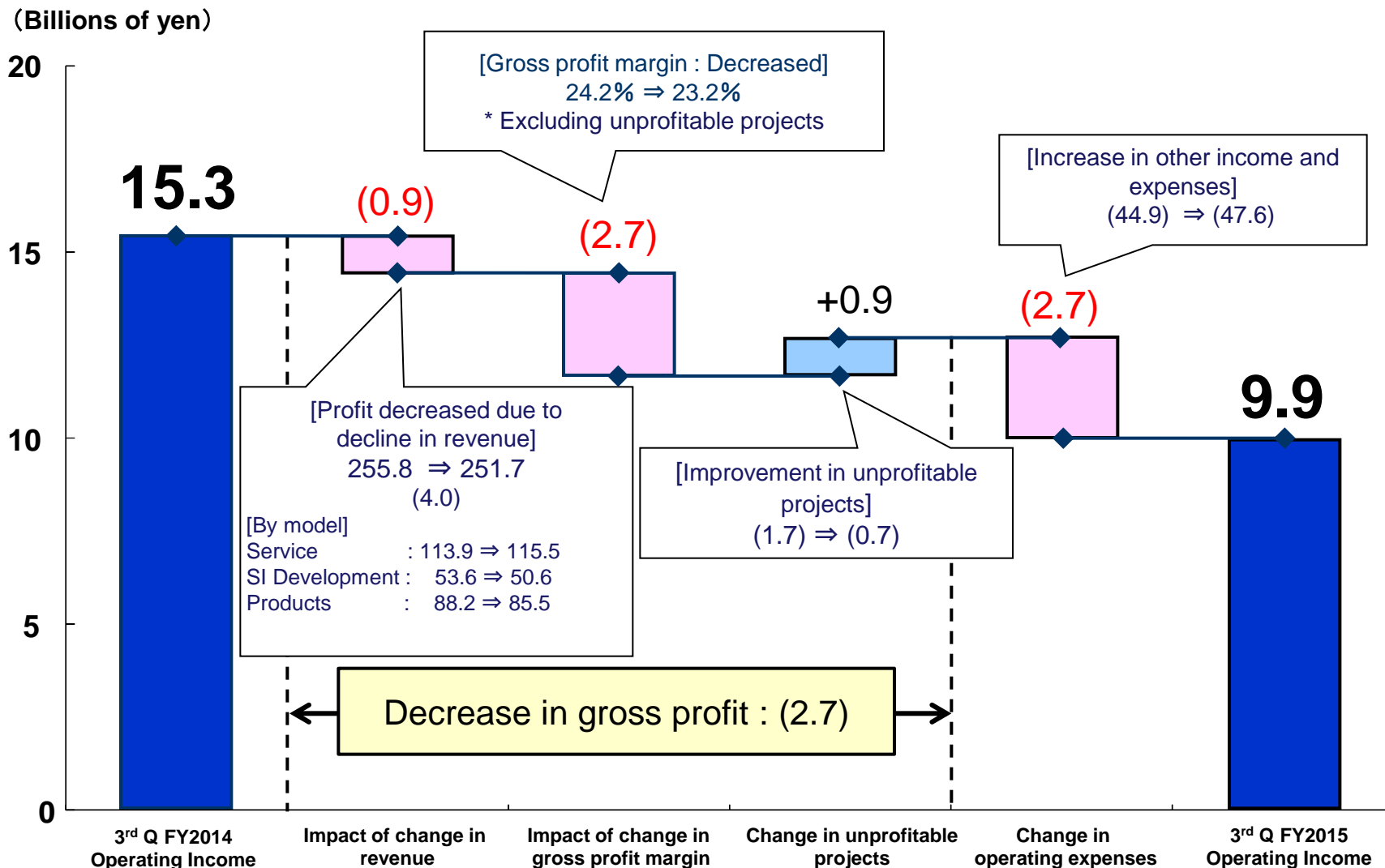


# Performance by Business Model (Compared with 3<sup>rd</sup> Quarter FY2014)

- **Services** : Orders received decreased due to network construction projects for mobile carrier and products maintenance business in overseas subsidiaries. Revenue increased mainly due to products maintenance and system operation for public service.
- **SI Development**: Orders received increased due to SI development projects for megabanks and trading company.  
Revenue decreased due to:
  1. Decreased infrastructure construction projects for mobile carrier and public service.
  2. Decreased SI development project for food wholesalers.
- **Products**: Orders received increased due to servers for service provider and finance industry in overseas subsidiaries.  
Revenue decreased due to:
  1. Decreased network for mobile carrier and telecommunications companies affiliated with electric power companies.
  2. Decreased store-related equipment for convenience stores.



# Main reasons for YoY Change in Operating Income



# For Reference: Breakdown of other income and expenses

(Billions of yen)

		3 <sup>rd</sup> Quarter FY2014 Actual (9 Months)	3 <sup>rd</sup> Quarter FY2015 Actual (9 Months)	YoY Change	Major factors
	Personal expenses	(27.0)	(27.7)	(0.6)	Increase in number of employees and salary and bonuses
	Outside staff expenses	(4.5)	(4.4)	+0.1	
	Depreciation and amortization	(2.1)	(2.2)	+0.0	
	Others	(12.1)	(13.5)	(1.3)	R&D expenses : (0.6) Office relocation expenses : (0.1) Information system expenses : (0.1) taxes and dues : (0.2)
SG & A expenses		(46.0)	(47.8)	(1.8)	
Other income		1.1	0.3	(0.7)	Foreign exchange gains: (0.8)
Other expenses		(0.0)	(0.1)	(0.0)	
Other income and expenses		(44.9)	(47.6)	(2.7)	

**CTC**

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