

# Announcement of 1st Quarter Operating Results for the Fiscal Year Ending March 31, 2017

August 1, 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.

# 1<sup>st</sup> Quarter FY2016 Performance Highlights (Compared with 1<sup>st</sup> Quarter FY2015)



(Billions of yen)

## Major Factors

### [Revenue]

Increase in business for convenience stores and finance etc.

### [Gross profit]

Gross profit increase due to revenue Growth.

### [Other income and expenses]

SG&A expenses are close to last year actual. Increase in costs are from loss on valuation of foreign exchange.

### [Operating income]

Operating income increased from gross profit increase.

### [Orders received]

Increase in business for convenience stores, mobile carrier and the Central Government Ministries and Agencies.

### [Backlog]

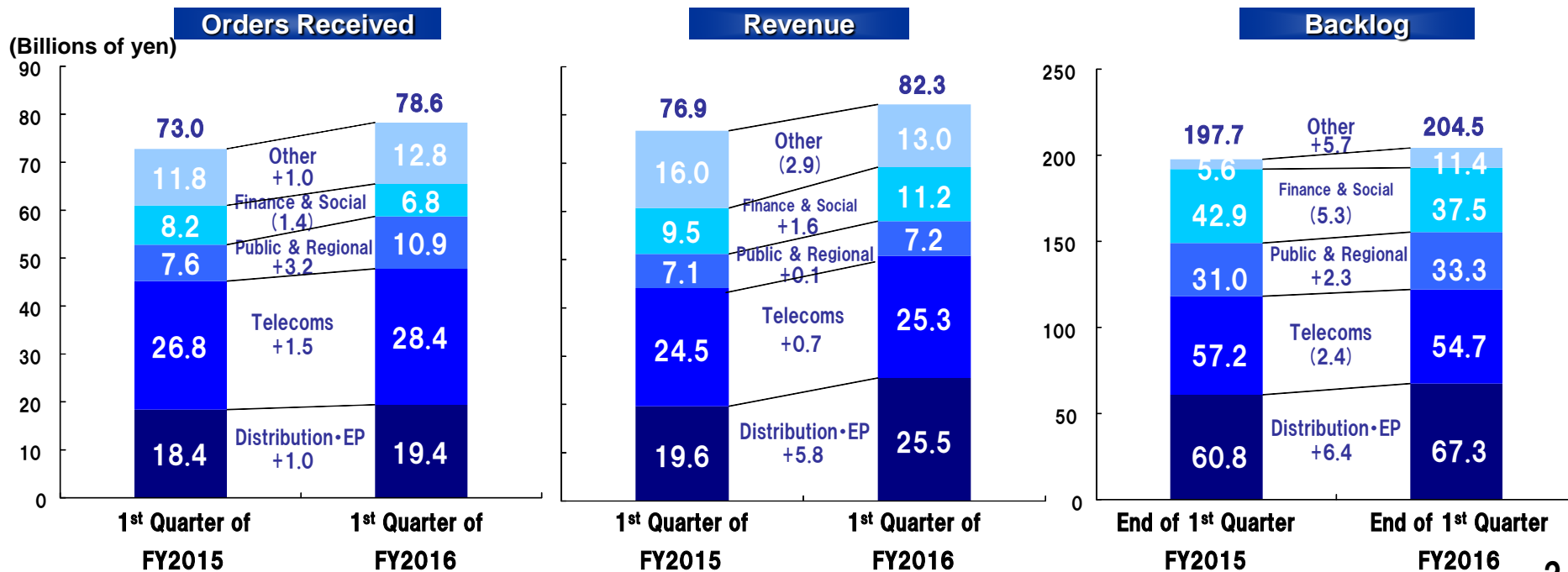
Same as above

	1st Q FY2015 Actual (3 months)	1st Q FY2016 Actual (3 Months)	YoY Change	
				(%)
Revenue	76.9	82.3	+5.4	+7.1%
Gross profit	17.4	18.0	+0.6	+3.8%
Gross profit margin	22.6%	21.9%	(0.7p)	-
Other income and expenses	(15.7)	(16.0)	(0.3)	+2.4%
Operating income	1.6	1.9	+0.2	+17.0%
Operating income margin	2.2%	2.4%	+0.2p	-
Profit attributable to owners of the Company	1.1	1.2	+0.0	+4.5%
Orders received	73.0	78.6	+5.6	+7.7%
Backlog	197.7	204.5	+6.8	+3.5%

# Performance by Business Group (Compared with 1<sup>st</sup> Quarter FY2015)

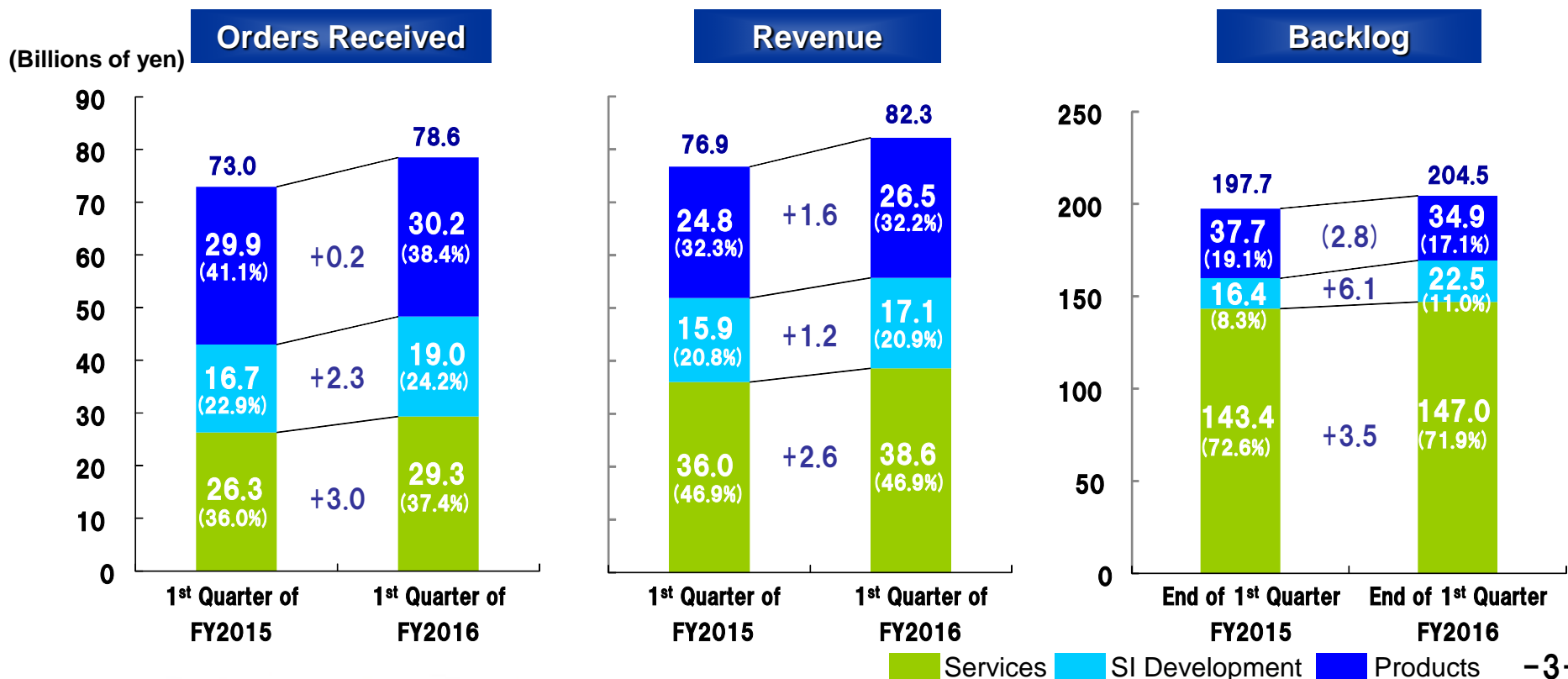


- **Distribution & Enterprise:** Orders received increased due to infrastructure deals for manufacture, SI development deals for trading companies, convenience store system business. Revenue increased due to increase in deals for trading company, convenience stores and infrastructure deals for real estate companies.
- **Telecoms:** Orders received and revenue increased due to network deals for mobile carrier and other deals.
- **Public & Regional:** Orders received increased due to the increase in network deals for the Central Government Ministries and Agencies. Revenue is at the same level with previous year.
- **Finance & Social Infrastructure :** Orders received decreased from the decrease in SI developments for major banks. Revenue increased due to infrastructure deals for major banks and service business for credit card company.
- **Other:** Orders received increased due to subsidiaries' service business for convenience stores and medical companies. Revenue decreased from the decrease in overseas subsidiaries' product deals for finance and the adjustments from IFRS.



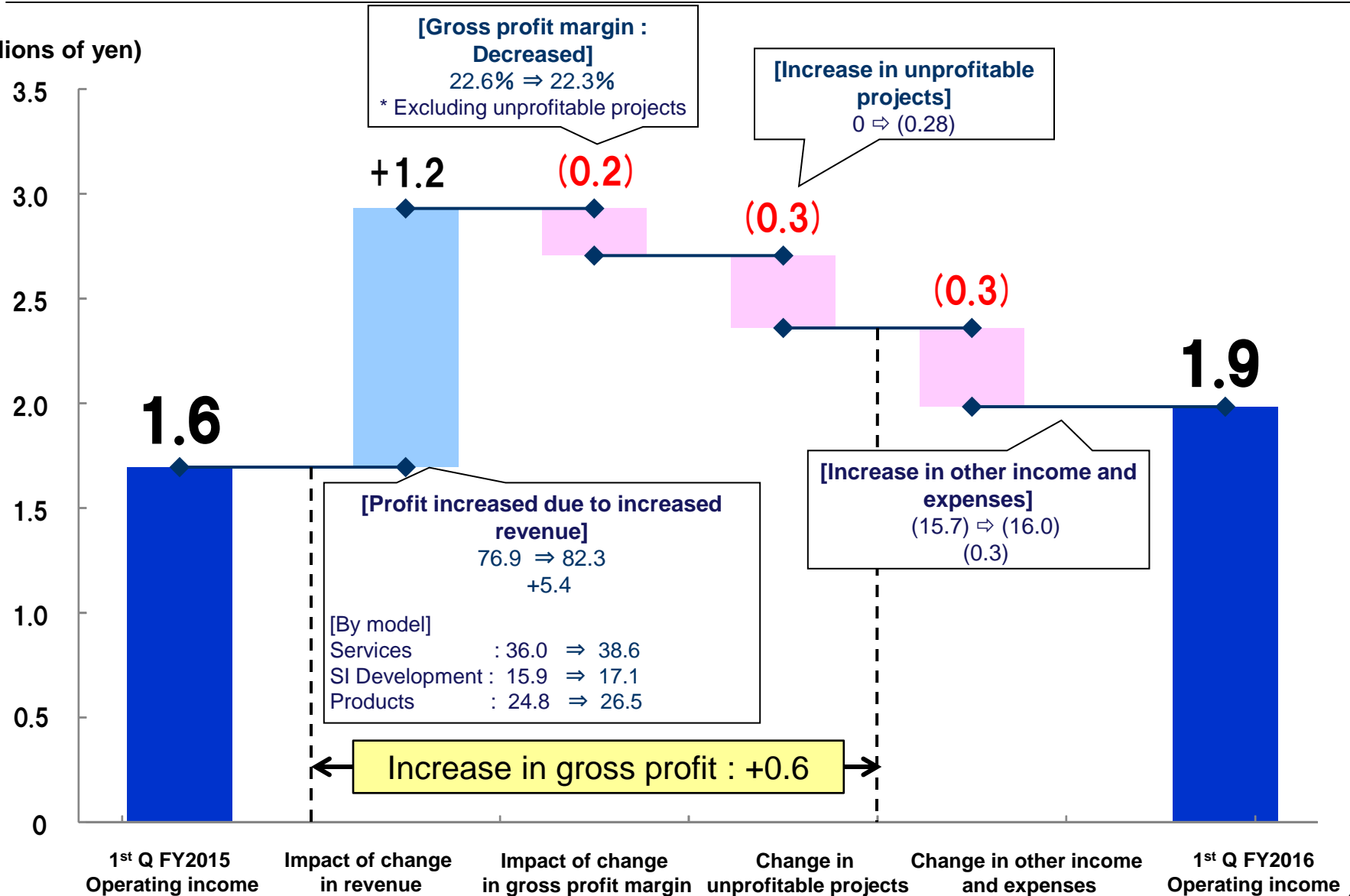
# Performance by Business Model (Compared with 1<sup>st</sup> Quarter FY2015)

- **Services** : Increase in orders mainly due to the product & maintenance deals for mobile career, and SI development deals for the Central Government Ministries and Agencies. Revenue increased mainly due to the product implementation deals for convenience stores and operation deal for automotive companies etc.
- **SI Development**: Orders received increased due to SI development deals for trading companies & credit card companies. Revenue increased due to SI development deals for trading companies, transportation company and infrastructure deal for auto motive companies.
- **Products**: Orders received same as last year. Revenue increased mainly due to convenience stores related product deal, infrastructure deal for real estates and network deals for mobile carrier companies.



# Main reasons for YoY Change in Operating Income

(Billions of yen)



# For reference: Breakdown of other income and expenses.

(Billions of yen)

		1st Q FY2015 Actual (3 months)	1st Q FY2016 Actual (3 Months)	YoY Change	Major factors
	Personal expenses	(9.0)	(9.1)	(0.0)	
	Outside staff expenses	(1.4)	(1.4)	+0.0	
	Depreciation and amortization	(0.7)	(0.6)	+0.1	
	Others	(4.4)	(4.5)	(0.1)	Taxes and dues : (0.1)
	SG & A expenses	(15.8)	(15.7)	+0.0	
	Other income	+0.0	+0.0	(0.0)	
	Other expenses	(0.0)	(0.3)	(0.3)	Loss on valuation of foreign exchange : (0.2)
Other income and expenses		(15.7)	(16.0)	(0.3)	

“CTC is the Answer.”

**CTC**

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