

Announcement of 1st Quarter Operating Results for the Fiscal Year Ending March 31, 2018

August 3, 2017

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.

Performance highlights (Compared with 1st Q FY2016)



(Billions of yen)

	1 st Quarter FY2016 Actual	1 st Quarter FY2017 Actual	YoY change	YoY change (%)
Revenue	82.3	86.0	+3.6	+4.4%
Gross profit	18.0	19.5	+1.4	+7.9%
Gross profit margin	21.9%	22.7%	+0.8pt	-
Other income and expenses	(16.0)	(16.7)	(0.6)	+4.2%
Operating income	1.9	2.7	+0.7	+38.2%
Operating income margin	2.4%	3.2%	+0.8pt	-
Net profit attributable to CTC's shareholders	1.2	2.0	+0.8	+65.9%
Order received	78.6	83.7	+5.0	+6.4%
Backlog	204.5	235.7	+31.1	+15.2%

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1st Quarter FY2017 Performance highlights

[Revenue]

Increase in business for telecoms and social.

[Gross profit]

Increased due to higher revenue and improvement in gross profit margin.

* Gross profit margin excluding "Unprofitable projects" improved 1.2pt YoY.

[Other income and expenses]

Increase in personnel cost and business commission fee.

[Operating income]

Increased due to gain in gross profit.

[Net profit attributable to CTC's shareholders]

Increase due to gain in operating income and financial income.

[Order received]

Increase in business for distribution, telecoms and social.

[Backlog]

Same as the above.

Performance by Business group



(Billions of yen)

	Order received			Revenue			Backlog		
	1 st Quarter FY2016 Actual	1 st Quarter FY2017 Actual	YoY Change	1 st Quarter FY2016 Actual	1 st Quarter FY2017 Actual	YoY Change	1 st Quarter FY2016 Actual	1 st Quarter FY2017 Actual	YoY Change
Distribution & Enterprise	19.4	23.0	+3.6	25.4	25.5	+0.0	66.6	83.6	+16.9
Telecommunication	28.6	30.2	+1.6	25.3	26.7	+1.4	55.0	66.0	+10.9
Public & Regional	10.7	8.7	(1.9)	7.2	7.5	+0.2	33.4	31.7	(1.6)
Finance & Social	6.7	11.6	+4.8	11.1	12.6	+1.4	37.7	42.3	+4.5
Others	13.0	9.9	(3.0)	13.0	13.5	+0.4	11.5	11.8	+0.2
Total	78.6	83.7	+5.0	82.3	86.0	+3.6	204.5	235.7	+31.1

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Performance by Business group

[Distribution & Enterprise]

Order received increased due to products sales for distribution and service business for transportation and construction.

Revenue were roughly unchanged YoY.

[Telecommunication]

Order received and revenue increased mainly due to network construction projects for telecom.

[Public & regional]

Order received decreased due to network construction projects for public.

Revenue were roughly unchanged YoY.

[Finance & social]

Order received increased due to infrastructure construction projects for social.

Revenue were roughly unchanged YoY.

[Others]

Orders received decreased due to decline in financial operations and product businesses at domestic subsidiaries and overseas subsidiaries, as well as by the reorganization of domestic subsidiary.

Revenue were roughly unchanged YoY.

Performance by Business model

(Billions of yen)

	Order received			Revenue			Backlog		
	1 st Quarter FY2016 Actual	1 st Quarter FY2017 Actual	YoY Change	1 st Quarter FY2016 Actual	1 st Quarter FY2017 Actual	YoY Change	1 st Quarter FY2016 Actual	1 st Quarter FY2017 Actual	YoY Change
Services	29.3 (37.4%)	30.9 (36.9%)	+1.5 -	38.6 (46.9%)	39.5 (46.0%)	+0.8 -	147.0 (71.9%)	159.1 (67.5%)	+12.1 -
SI Development	19.0 (24.2%)	19.6 (23.4%)	+0.6 -	17.1 (20.9%)	19.7 (22.9%)	+2.5 -	22.5 (11.0%)	26.8 (11.4%)	+4.2 -
Products	30.2 (38.4%)	33.1 (39.7%)	+2.9 -	26.5 (32.2%)	26.7 (31.1%)	+0.2 -	34.9 (17.1%)	49.7 (21.1%)	+14.7 -
Total	78.6	83.7	+5.0	82.3	86.0	+3.6	204.5	235.7	+31.1

*Within the parenthesis is composition ratio.

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Performance by business model

[Services]

Order received increased due to operations for social.

Revenue increased due to products maintenance for telecoms and operation for manufacture.

[SI Developments]

Order received increased due to application developments for pharmaceutical and finance.

Revenue increased due to application developments for distribution and infrastructure construction projects for social.

[Products]

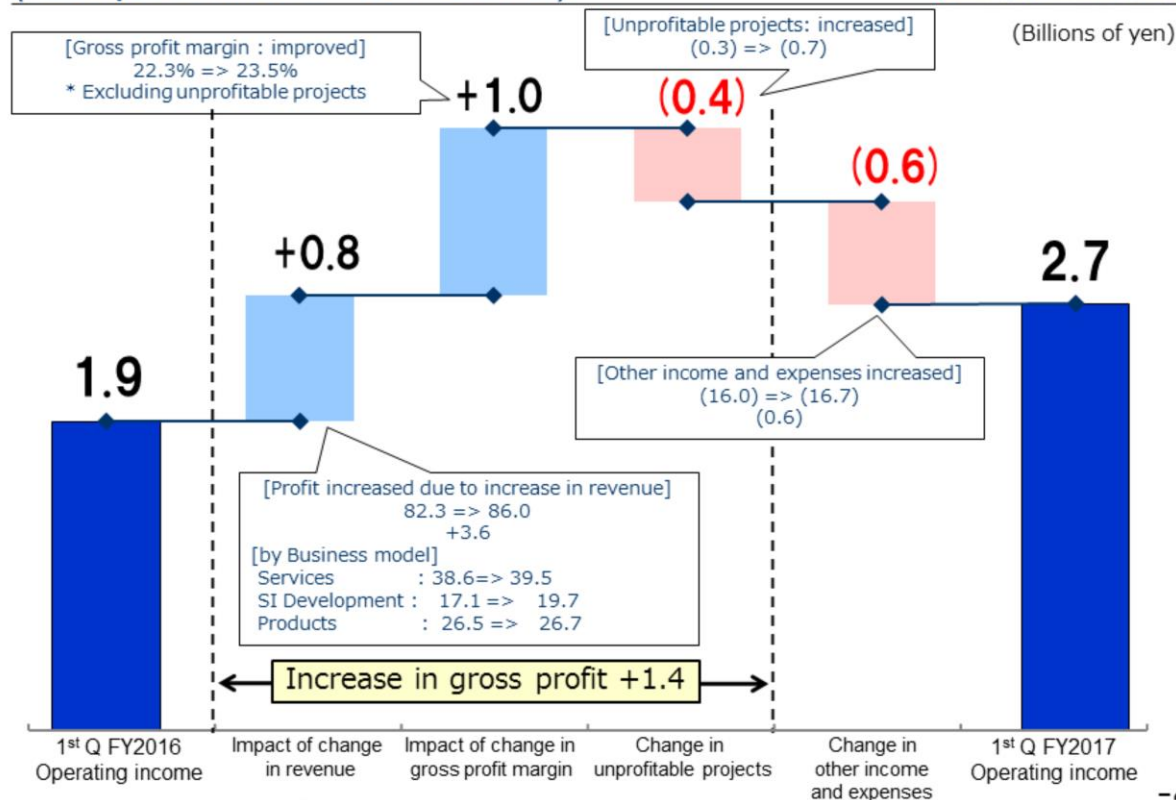
Order received increased due to products for distribution and network for telecoms.

Revenue were roughly unchanged YoY.

Main reasons for YoY change in operating income (Compare with 1st Q FY2016)



Challenging Tomorrow's Changes



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Reference:
Breakdown of "Other income and expenses"

(Billions of yen)

	1 st Quarter FY2016 Actual	1 st Quarter FY2017 Actual	YoY change
Personnel expenses	(9.1)	(9.7)	(0.6)
Outside staff expenses	(1.4)	(1.6)	(0.1)
Depreciation and amortization	(0.6)	(0.6)	+0.0
Others	(4.5)	(4.8)	(0.2)
SG&A expenses	(15.7)	(16.7)	(1.0)
Other income	0.0	0.0	+0.0
Other expenses	(0.3)	(0.0)	+0.3
Other income and expenses	(16.0)	(16.7)	(0.6)

“CTC is the Answer.”



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