

Announcement of 3rd Quarter Operating Results for the Fiscal Year Ending March 31, 2018

February 1, 2018

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

<3rd Quarter FY2017 (9 months)> Performance highlights



(Billions of yen)

	3 rd Quarter (9months) FY2016 Actual	3 rd Quarter (9months) FY2017 Actual	YoY change	YoY change (%)
Revenue	271.9	294.7	+22.7	+8.4%
Gross profit	61.7	67.7	+5.9	+9.7%
Gross profit margin	22.7%	23.0%	+0.3p	-
Other income and expenses	(47.0)	(51.1)	(4.1)	+8.7%
Operating income	14.7	16.6	+1.8	+12.6%
Operating income margin	5.4%	5.6%	+0.2p	-
Net profit attributable to CTC's shareholders	9.9	12.3	+2.3	+23.9%
Order received	277.4	287.8	+10.4	+3.7%
Backlog	213.8	231.2	+17.3	+8.1%

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3rd Quarter FY2017 (9 months) Performance highlights

【Revenue】

Increase in all business group.

By industry, mainly increase in business for distribution, telecoms, and social.

【Gross profit】

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

※ Gross profit margin excluding “Unprofitable projects” improved 0.3p YoY.

【 Other income and expenses 】

Increased SG&A expenses due to personnel cost, business commission fee, and depreciation and amortization.

【Operating income】

Increased due to increase in gross profit.

【Net profit attributable to CTC's shareholders】

In addition to an increase in operating income, profit increased due to financial income, gains on sales of stocks of affiliated company.

【Order received】

Increase in business for distribution and finance.

【Backlog】

Same as order received.

<3rd Quarter FY2017(9 months)> Performance by business group



(Billions of yen)

	Order received			Revenue			Backlog		
	3 rd Quarter (9months) FY2016 Actual	3 rd Quarter (9months) FY2017 Actual	YoY Change	3 rd Quarter (9months) FY2016 Actual	3 rd Quarter (9months) FY2017 Actual	YoY Change	End of 3 rd Quarter FY2016 Actual	End of 3 rd Quarter FY2017 Actual	YoY Change
Distribution & Enterprise	68.7	77.1	+8.3	78.8	89.8	+11.0	62.7	74.3	+11.6
Telecommunication	103.1	99.9	(3.1)	87.7	96.2	+8.4	67.2	66.3	(0.8)
Public & Regional	29.3	27.8	(1.5)	24.6	26.7	+2.0	34.6	31.6	(3.0)
Finance & Social	35.6	45.1	+9.4	34.5	39.4	+4.8	43.2	49.0	+5.8
Others	40.5	37.7	(2.7)	46.1	42.5	(3.6)	6.0	9.7	+3.7
Total	277.4	287.8	+10.4	271.9	294.7	+22.7	213.8	231.2	+17.3

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Performance by business group

【Distribution & Enterprise】

Order received and revenue increased due to products sales and development projects for distribution.

【Telecommunication】

Order received decreased due to some network construction projects for telecoms, it was a high standard than last year.

Revenue increased due to network construction projects for telecoms and infrastructure construction projects for ISP.

【Public & Regional】

Order received decreased due to network construction projects for public.

Revenue increased due to network construction projects for public.

【Finance & Social】

Order received increased due to infrastructure construction projects for finance.

Revenue increased due to infrastructure construction projects for social.

【Others】

Order received decreased due to the merger of CTC Life Science into CTC.

Revenue is same reason as order received. In addition to that, products sales decreased in overseas subsidiaries for finance.

<3rd Quarter FY2017(9 months)> Performance by business model



(Billions of yen)

	Order received			Revenue			Backlog		
	3 rd Quarter (9months) FY2016 Actual	3 rd Quarter (9months) FY2017 Actual	YoY Change	3 rd Quarter (9months) FY2016 Actual	3 rd Quarter (9months) FY2017 Actual	YoY Change	End of 3 rd Quarter FY2016 Actual	End of 3 rd Quarter FY2017 Actual	YoY Change
Services	95.7 (34.5%)	101.3 (35.2%)	+5.5	120.6 (44.4%)	124.2 (42.2%)	+3.6	131.4 (61.5%)	144.8 (62.6%)	+13.4
SI Development	65.4 (23.6%)	66.6 (23.2%)	+1.2	57.8 (21.3%)	63.4 (21.5%)	+5.5	28.3 (13.2%)	30.1 (13.1%)	+1.8
Products	116.1 (41.9%)	119.8 (41.6%)	+3.6	93.3 (34.3%)	107.0 (36.3%)	+13.6	54.0 (25.3%)	56.1 (24.3%)	+2.0
Total	277.4	287.8	+10.4	271.9	294.7	+22.7	213.8	231.2	+17.3

*Within the parenthesis is composition ratio.

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Performance by business model

【Services】

Order received increased due to maintenance and operation for finance.

Revenue increased due to operation for manufacture and social.

【SI Development】

Order received increased due to infrastructure construction projects for social and finance.

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

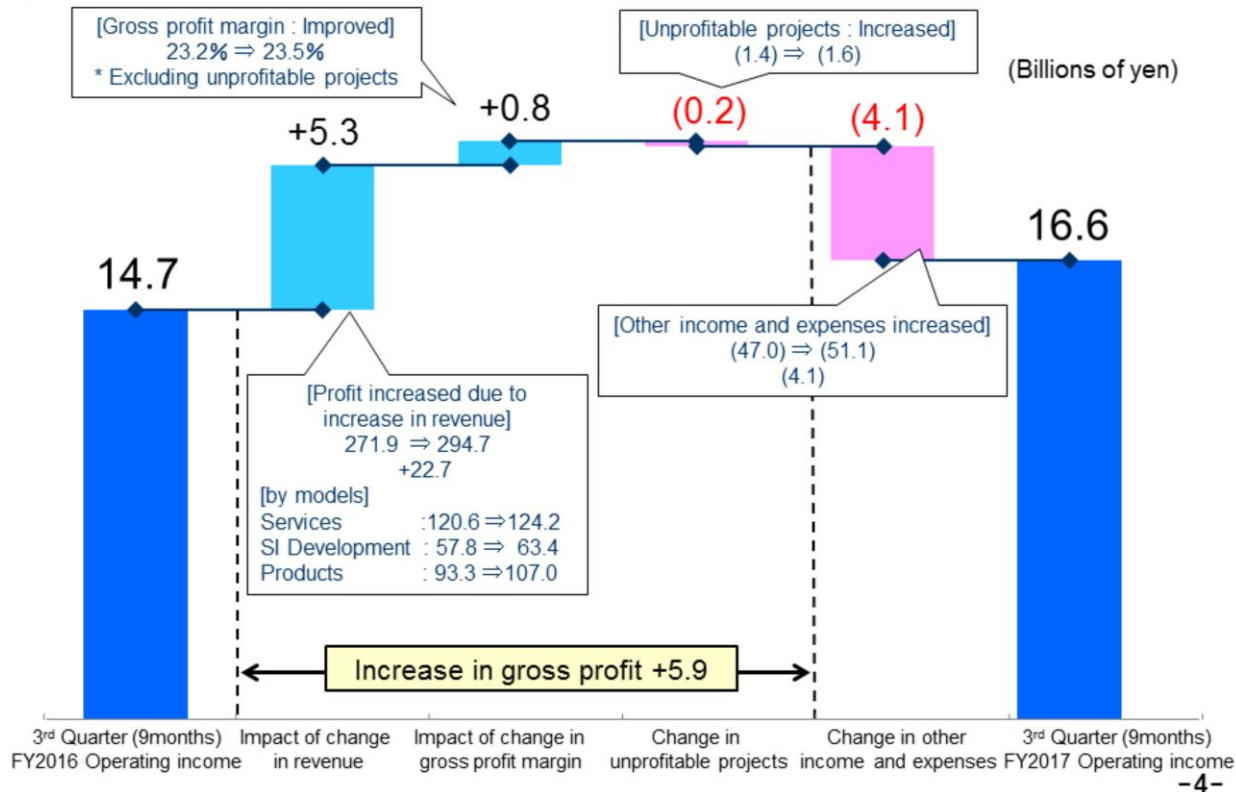
【Products】

Order received increased due to infrastructure products for distribution.

Revenue increased due to infrastructure products for distribution and network construction projects for telecoms and public.

<3rd Quarter FY2017 (9 months)>

Main reasons for YoY change in operating income



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<3rd Quarter FY2017 (9 months)> Breakdown of “Other income and expenses”



(Billions of yen)

	3 rd Quarter (9months) FY2016 Actual	3 rd Quarter (9months) FY2017 Actual	YoY Change
Personnel expenses	(27.3)	(29.3)	(2.0)
Outside staff expenses	(4.3)	(4.7)	(0.4)
Depreciation and amortization	(1.8)	(2.3)	(0.4)
Others	(13.4)	(14.8)	(1.3)
SG&A expenses	(46.9)	(51.2)	(4.3)
Other income	0.2	0.2	+0.0
Other expenses	(0.3)	(0.1)	+0.1
Other income and expenses	(47.0)	(51.1)	(4.1)

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Breakdown of “Other income and expenses”

[Personnel expenses]

Personnel expenses increased due to increase in number of employee, salaries and performance-linked bonuses.

[Depreciation and amortization]

Mainly increased due to development of our backbone systems.

[Others]

Mainly increase in business commission fee.

Business commission fee increased due to development of our backbone systems.

For reference: 3rd Quarter FY2017 (3 months)
Performance highlights



(Billions of yen)

	3rd Quarter (3months) FY2016 Actual	3rd Quarter (3months) FY2017 Actual	YoY change	YoY change (%)
Revenue	96.1	104.4	+8.2	+8.6%
Gross profit	21.5	23.4	+1.8	+8.8%
Gross profit margin	22.5%	22.5%	+0.0p	-
Other income and expenses	(15.7)	(17.3)	(1.6)	+10.3%
Operating income	5.8	6.1	+0.2	+4.6%
Operating income margin	6.1%	5.9%	(0.2p)	-
Net profit attributable to CTC's shareholders	4.0	4.2	+0.1	+4.6%
Order received	103.6	93.2	(10.3)	-10.0%
Backlog	213.8	231.2	+17.3	+8.1%

For reference: 3rd Quarter FY2017 (3 months)
Performance by business group/ business model

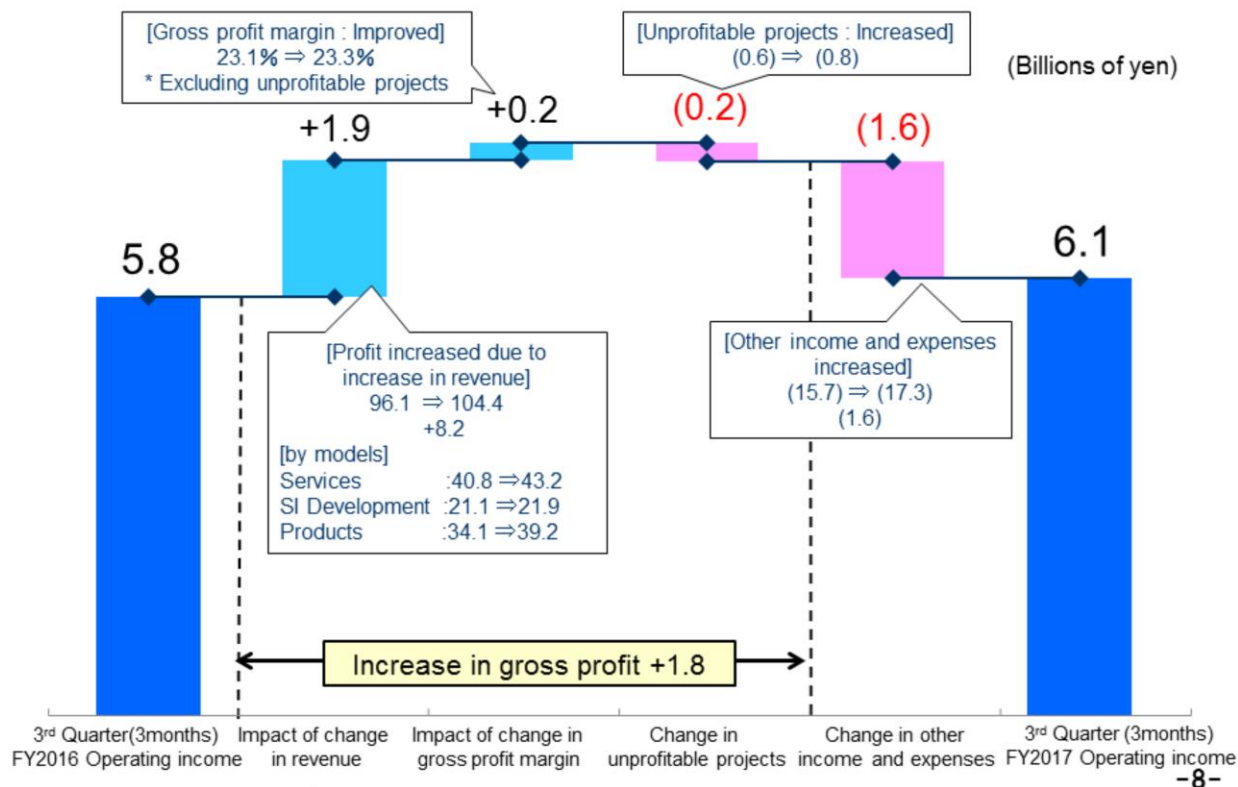


(Billions of yen)

	Order received			Revenue		
	3 rd Quarter (3months) FY2016 Actual	3 rd Quarter (3months) FY2017 Actual	YoY Change	3 rd Quarter (3months) FY2016 Actual	3 rd Quarter (3months) FY2017 Actual	YoY Change
Distribution & Enterprise	21.5	28.9	+7.4	26.2	33.5	+7.3
Telecommunication	40.7	31.2	(9.4)	30.4	34.9	+4.4
Public & Regional	10.3	9.6	(0.7)	9.7	8.4	(1.3)
Finance & Social	17.3	12.4	(4.8)	10.6	12.2	+1.6
Others	13.6	10.9	(2.7)	19.1	15.3	(3.7)
Total	103.6	93.2	(10.3)	96.1	104.4	+8.2
Services	33.1	32.5	(0.6)	40.8	43.2	+2.4
SI Development	21.9	21.1	(0.8)	21.1	21.9	+0.8
Products	48.5	39.5	(8.9)	34.1	39.2	+5.0
Total	103.6	93.2	(10.3)	96.1	104.4	+8.2

For reference: 3rd Quarter FY2017 (3 months)
Main reasons for YoY change in operating income

(Billions of yen)



For reference: 3rd Quarter FY2017 (3 months)
Breakdown of "Other income and expenses"

(Billions of yen)

	3 rd Quarter (3months) FY2016 Actual	3 rd Quarter (3months) FY2017 Actual	YoY change
Personnel expenses	(9.4)	(10.1)	(0.6)
Outside staff expenses	(1.3)	(1.5)	(0.1)
Depreciation and amortization	(0.6)	(0.7)	(0.1)
Others	(4.4)	(4.9)	(0.5)
SG&A expenses	(15.8)	(17.4)	(1.5)
Other income	0.1	0.1	+0.0
Other expenses	0.0	0.0	+0.0
Other income and expenses	(15.7)	(17.3)	(1.6)

The stock split shall have the record date of April 1, 2018, and shall involve splitting the common stock at a ratio of 2 for 1.

The purpose of the stock split is to enhance the liquidity of its stock and so on.

*Since the stock split will take effect on April 1, 2018, shares before the stock split will be subject to dividends at the end of the fiscal year ending March 31, 2018.

*Forecast of dividend per share in the latest announcement at the end of the fiscal year ending March 31, 2018 will not result in any change.

“CTC is the Answer.”



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