

Announcement of 1st Quarter Operating Results for the Fiscal Year Ending March 31, 2020

August 1, 2019

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.



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Performance highlights (Compared with 1st Q FY2018)

(Billions of yen)

	1st Quarter FY2018 Results	1st Quarter FY2019 Results	YoY change	YoY change (%)
Revenue	90.9	96.9	+5.9	+6.6%
Gross profit	20.9	22.8	+1.9	+9.2%
Gross profit margin	23.0%	23.6%	+0.6p	-
Other income and expenses	(17.8)	(18.0)	(0.2)	+1.3%
Operating income	3.1	4.8	+1.7	+54.5%
Operating income margin	3.4%	5.0%	+1.5p	-
Net profit attributable to CTC's shareholders	2.2	3.2	+0.9	+43.2%
Orders received	88.1	101.6	+13.4	+15.3%
Backlogs	241.9	267.6	+25.7	+10.6%

1st Quarter FY2019 Performance highlights

[Revenue]

Increased in business for manufacture and distribution and overseas subsidiaries business.

[Gross profit]

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

* Gross profit margin excluding "Unprofitable projects" improved 0.6p YoY.

[Other income and expenses]

SG&A expenses increased due to a rise in personnel cost and rents.

[Operating income]

Increased due to an increased in gross profit.

[Net profit attributable to CTC's shareholders]

Increased due to an increased in operating income.

[Order received]

Increased in business for manufacture and public.

[Backlog]

Increased in business for manufacture and public.

Performance by Business group

(Billions of yen)

	Orders received			Revenue			Backlogs		
	1st Quarter FY2018 Results	1st Quarter FY2019 Results	YoY Change	1st Quarter FY2018 Results	1st Quarter FY2019 Results	YoY Change	1st Quarter FY2018 Results	1st Quarter FY2019 Results	YoY Change
Enterprise	23.0	28.7	+5.6	21.7	25.3	+3.5	64.3	66.7	+2.3
Distribution	7.6	5.9	(1.6)	10.1	11.3	+1.2	25.8	26.0	+0.2
Telecommunication	35.5	32.3	(3.2)	35.3	28.7	(6.5)	69.7	81.7	+12.0
Regional & Social Infrastructure	9.7	19.2	+9.4	10.2	10.9	+0.6	46.1	55.8	+9.7
Financial Services	3.6	3.8	+0.2	5.8	5.0	(0.8)	17.1	14.3	(2.8)
Others	8.5	11.5	+3.0	7.6	15.4	+7.8	18.7	22.9	+4.1
Total	88.1	101.6	+13.4	90.9	96.9	+5.9	241.9	267.6	+25.7

Performance by Business group

[Enterprise]

Order received and revenue increased in infrastructures for manufacture.

[Distribution]

Order received decreased in infrastructures for securities.

Revenue increased in SI development projects for distribution.

[Telecommunication]

Order received decreased in infrastructures for telecoms and internet service providers.

Revenue decreased due to the project in new business area for CTC in last year.

[Regional & Social infrastructure]

Order received increased in SI development projects and infrastructures for public.

Revenue increased in infrastructures for manufacture.

[Financial Services]

Order received were roughly unchanged YoY.

Revenue increased in infrastructure construction projects for banks.

[Others]

Order received increased in infrastructures and services in domestic subsidiaries.

Revenue increased due to accounting change in last year and overseas subsidiaries business.

Performance by Business model

(Billions of yen)

	Orders received			Revenue			Backlogs		
	1st Quarter FY2018 Results	1st Quarter FY2019 Results	YoY Change	1st Quarter FY2018 Results	1st Quarter FY2019 Results	YoY Change	1st Quarter FY2018 Results	1st Quarter FY2019 Results	YoY Change
Services	29.1 (33.1%)	36.2 (35.7%)	+7.0	41.9 (46.1%)	44.9 (46.3%)	+2.9	171.4 (70.9%)	180.8 (67.6%)	+9.3
SI Development	21.3 (24.2%)	24.4 (24.0%)	+3.1	18.7 (20.6%)	21.8 (22.5%)	+3.1	27.8 (11.5%)	34.3 (12.8%)	+6.4
Products	37.6 (42.7%)	40.9 (40.3%)	+3.3	30.2 (33.3%)	30.2 (31.2%)	+0.0	42.5 (17.6%)	52.4 (19.6%)	+9.9
Total	88.1	101.6	+13.4	90.9	96.9	+5.9	241.9	267.6	+25.7

*Within the parenthesis is composition ratio.

Performance by business model

[Services]

Order received increased due to maintenances for manufacture, telecoms and public.
Revenue increased due to services for distribution and maintenances for telecoms.

[SI Development]

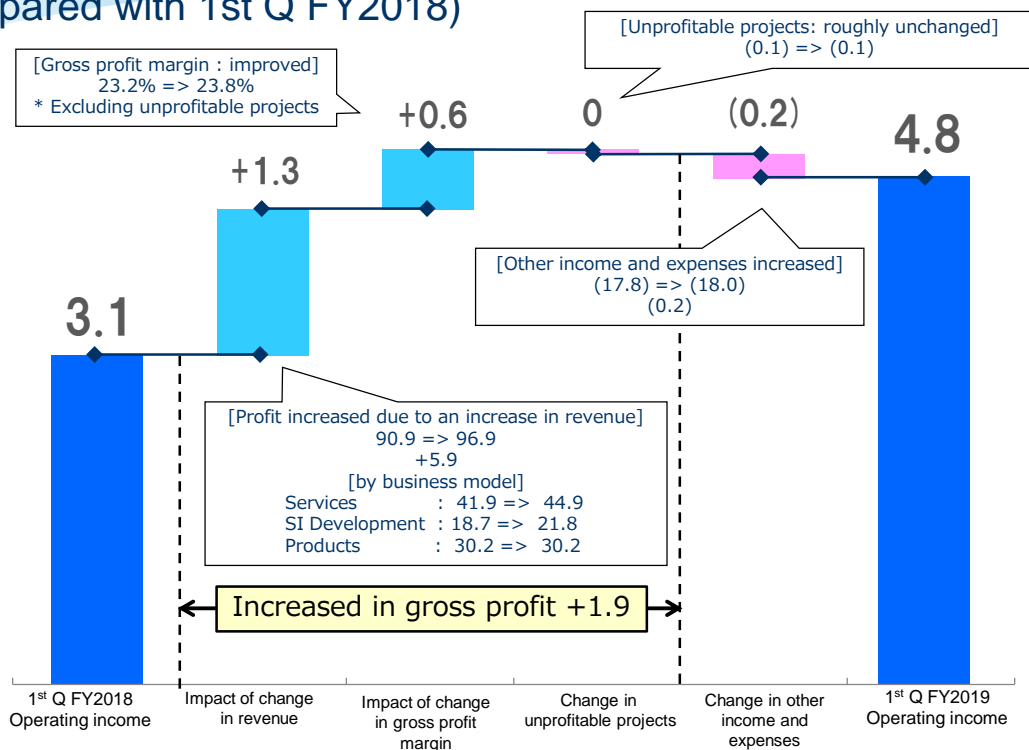
Order received increased due to infrastructure construction projects for telecoms and SI development projects and infrastructure construction projects for public.
Revenue increased in SI development projects for distribution and infrastructure construction projects for public.

[Products]

Order received increased due to infrastructures for manufacture and public and infrastructures in overseas subsidiaries.
Revenue were roughly unchanged YoY. Despite an increase infrastructures for manufacture and public and infrastructures in overseas subsidiaries, decreased due to the project in new business area for CTC in last year and infrastructures for telecoms.

Main reasons for YoY changes in operating income (Compared with 1st Q FY2018)

(Billions of yen)



Reference: Breakdown of “Other income and expenses”

(Billions of yen)

	1st Quarter FY2018 Results	1st Quarter FY2019 Results	YoY change
Personnel expenses	(10.2)	(10.4)	(0.1)
Outside staff expenses	(1.7)	(1.6)	+0.1
Depreciation and amortization	(0.7)	(1.5)	(0.8)
Others	(5.0)	(4.4)	+0.6
SG&A expenses	(17.8)	(18.1)	(0.2)
Other income	0.0	0.0	+0.0
Other expenses	(0.0)	(0.0)	+0.0
Other income and expenses	(17.8)	(18.0)	(0.2)

Breakdown of “Other income and expenses”

[Personnel expenses]

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

[Depreciation and amortization]

Depreciation and amortization increased due to accounting change.

* on the other hand, rents decreased by the same amount as depreciation and amortization. The impact of accounting change on consolidated SG&A expenses is insignificant.

[Others]

Rents increased due to office expansion and rent revision.

“CTC is the Answer.”