Company Presentation for the Second Quarter of the Fiscal Year ending March 31, 2016

October 29, 2015
NTT DATA Corporation

This English text is a translation of the Japanese original. The Japanese Original is authoritative.

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Cautionary Statement
Regarding Forward-looking Statements

※ Forecast figures in this document are based on current economic and market conditions. As changes in the global economy and information services market are possible, NTT DATA Group cannot guarantee their accuracy.

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Good morning (afternoon), ladies and gentlemen. My name is Toshio Iwamoto, President and Chief Executive Officer. Now, let me explain the overview of our operating results.

1. Results for the Second Quarter of Fiscal Year Ending March 31, 2016 and Forecasts of Earnings for Fiscal Year Ending March 31, 2016

Results for the Second Quarter of Fiscal Year Ending March 31, 2016 and Overview of year-on-year changes in earnings

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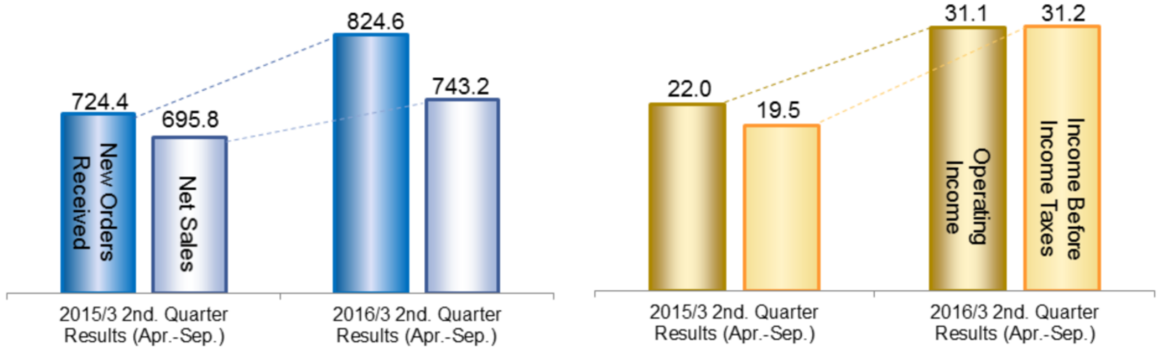
【Billions of yen,% 】

	2015/3 2nd. Quarter Results (Apr.-Sep.)	2016/3 2nd. Quarter Results (Apr.-Sep.)	YoY (Amount)	YoY (Rate)
New Orders Received	724.4	824.6	+100.2	+13.8%
Net Sales	695.8	743.2	+47.4	+6.8%
Operating Income	22.0	31.1	+9.0	+41.3%
Income Before Income Taxes	19.5	31.2	+11.6	+59.8%
Net income attributable to owners of parent	7.1	15.7	+8.6	+120.9%



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We achieved a year-on-year increase in all accounting items for the six-month period of the fiscal year ending March 2016. In particular, significant growths were recorded in new orders received and net sales. Due partly to the impact of foreign exchange, the euro contributed negatively, while U.S dollar contributed positively, to these results.

While operating income increased by 9.0 billion yen, representing more than 40% year on year, this result includes one negative factor that failed to advance as scheduled. The loss arising from unprofitable projects amounted to 10.7 billion yen for the six month period this year in contrast to a loss of 13.0 billion yen in the same period last year. The decrease in unprofitable projects contributed to a year-on-year increase of only approximately 2.0 billion yen in operating income, failing to reach the amount of increase we had expected at the beginning of the fiscal year. Out of the year-on-year increase in profit of 9.0 billion yen, the increase of 7.0 billion yen after excluding the aforementioned contribution by the decrease in unprofitable projects is attributable to the year-on-year increase of 47.4 billion yen in net sales and the increase in gross margin resulting from the fall in cost of sales ratio.

Net income grew as a result of the increase in operating income.

Earnings Forecasts for Fiscal Year Ending March 31, 2016 and Results for Fiscal Year Ended March 31,2015

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【Billions of yen（except EPS, Cash Dividends per share）,%】

	FY ended 2015/3 Results	FY ending 2016 / 3 Forecasts	YoY
New Orders Received	1,429.1	1,450.0	+20.8 +1.5%
Net Sales	1,511.8	1,540.0	+28.1 +1.9%
Operating Income	84.0	100.0	+ 15.9 +19.0%
Income Before Income Taxes	73.9	95.0	+21.0 +28.4%
Net income attributable to owners of parent	32.1	56.0	+23.8 +74.2%
EPS (yen)	115 yen	200 yen	+85 yen +74.2%
Cash Dividends per share (yen)	60 yen	70 yen	+10 yen +16.7%

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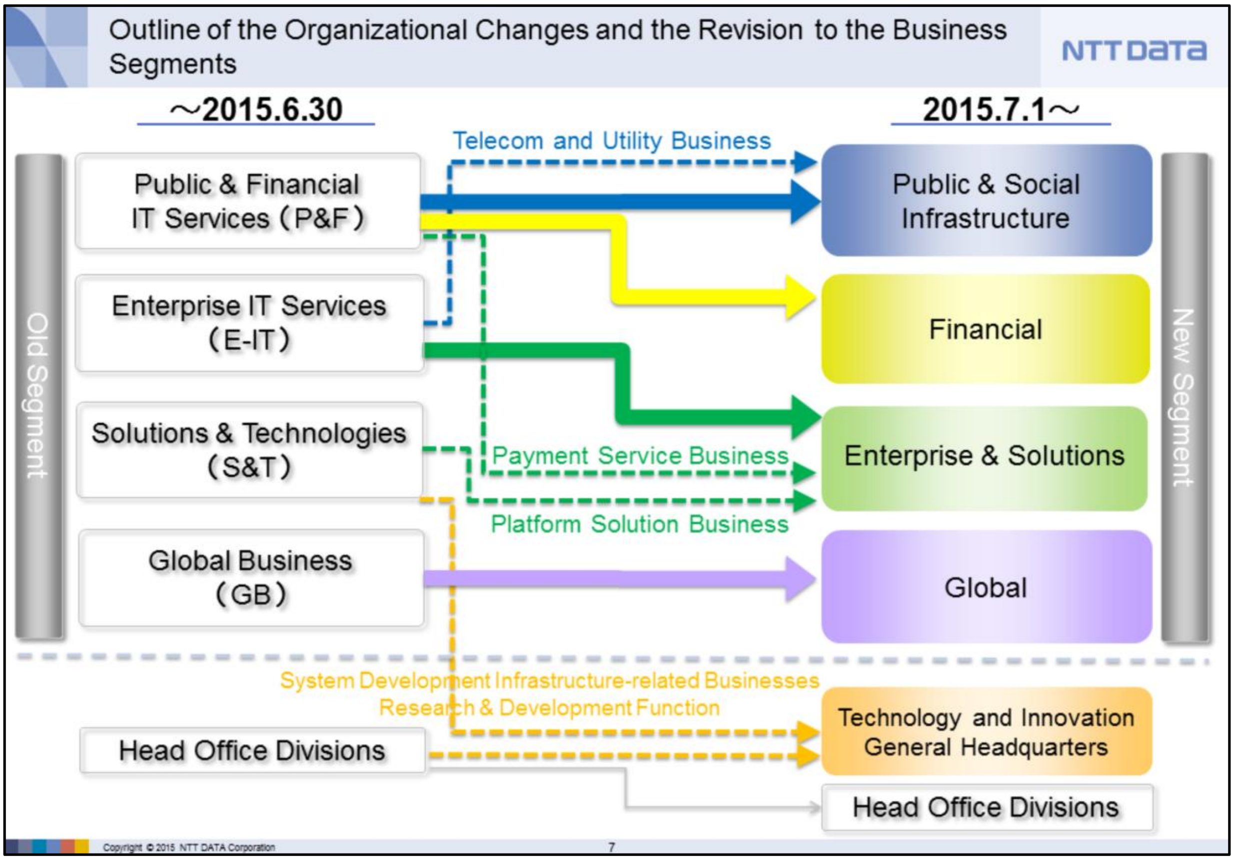
With respect to the full-year forecast for the fiscal year ending March 2016, we expect year-on-year growth in all accounting items. Although the results of new orders received and net sales were favorable in the first six-month period under review, we leave the full-year forecast unchanged at 1,450 billion yen in new order received and 1,540 billion yen in net sales, taking into consideration various risk factors. As to operating income, although we had another unexpected unprofitable project in the first six-month period under review, we will endeavor to make a recovery in the second half of the fiscal year to achieve the initial forecast of 100 billion yen.

We are now in the final fiscal year of the Medium-term Management Plan. The target of the Medium-term Management Plan is to achieve net sales of more than 1,500 billion yen and 200 yen in EPS. We believe that it is highly likely for us to achieve the target of net sales, and we also hope to definitely achieve 200 yen in EPS whatever it takes. The full-year dividend will remain at 70 yen per share as announced at the beginning of the term.

2. Revision to the Business Segments

Now, before explaining the details of the operating results, I would like to report on the change in the classification of business segments.



In July 2015, following the organizational changes, we have changed the classification of reportable segments effective from the first six-month period under review. During the past six years, we were under the in-house company system based on the business operations by four companies consisting of P&F, E-IT, S&T and GB, which were simultaneously the reportable segments. One of the reasons for the organizational changes we conducted in July was to formulate a new Medium-term Management Plan starting from the next fiscal year based on the new organization.

When we introduced the in-house company system six years ago, we had an intention to break through the structural problems that the NTT DATA Group were facing at that time in an effort to make another leap forward into the future. For example, in the Public & Financial sector, we had a large market share, but we anticipated that the scale of sales would shrink each time the systems of large projects are renewed every 8 to 10 years. This occurs because hardware and software, as well as the methods of manufacturing software, are expected to progress. To address the issue of shrinking scale, we planned to develop a new market for the public and financial sectors as a single organization. Also, it was part of our intention to make our future growth field by placing an emphasis on the business for corporate customers in which we had only a small market share.

In the organizational changes implemented in July 2015, we abolished the in-house company system under which we had placed in-house companies upon the business headquarters. We implemented such reform with the aim of accelerating our decision-making process considering the likelihood of further intensified speed of changes in the management environment surrounding us, such as society, customers and technologies. Furthermore, in terms of changes in the management environment, it is also necessary for each of our businesses to strengthen cooperation with each other. Therefore, we consolidated 11 business headquarters into four business fields and the Technology and Innovation General Headquarters.

The aim of Organizational Changes in each Business Segments

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Public & Social Infrastructure	Providing IT services of greater quality to support the social infrastructure that leverages our regional bases and networks by adding the telecommunication and electric power industries as highly public and regional business domains.
Financial	Business that provides high-value added IT services that help financial institutions to improve their business efficiency and offer good services.
Enterprise & Solutions	Providing highly sophisticated solutions responding to the progress of IT technology to meet our diverse corporate customer needs such as collaboration between payment services and omni-channels such as distribution and retailing industries.
Global	Global business that provides high-value added IT services offered in each region and across regions.
Technology and Innovation General Headquarters	We have newly established the Technology and Innovation General Headquarters to keep us up to date with our growing global business and rapidly improving IT technology, which we believe will lead to the improved productivity of our entire group and more globally competitive business models.

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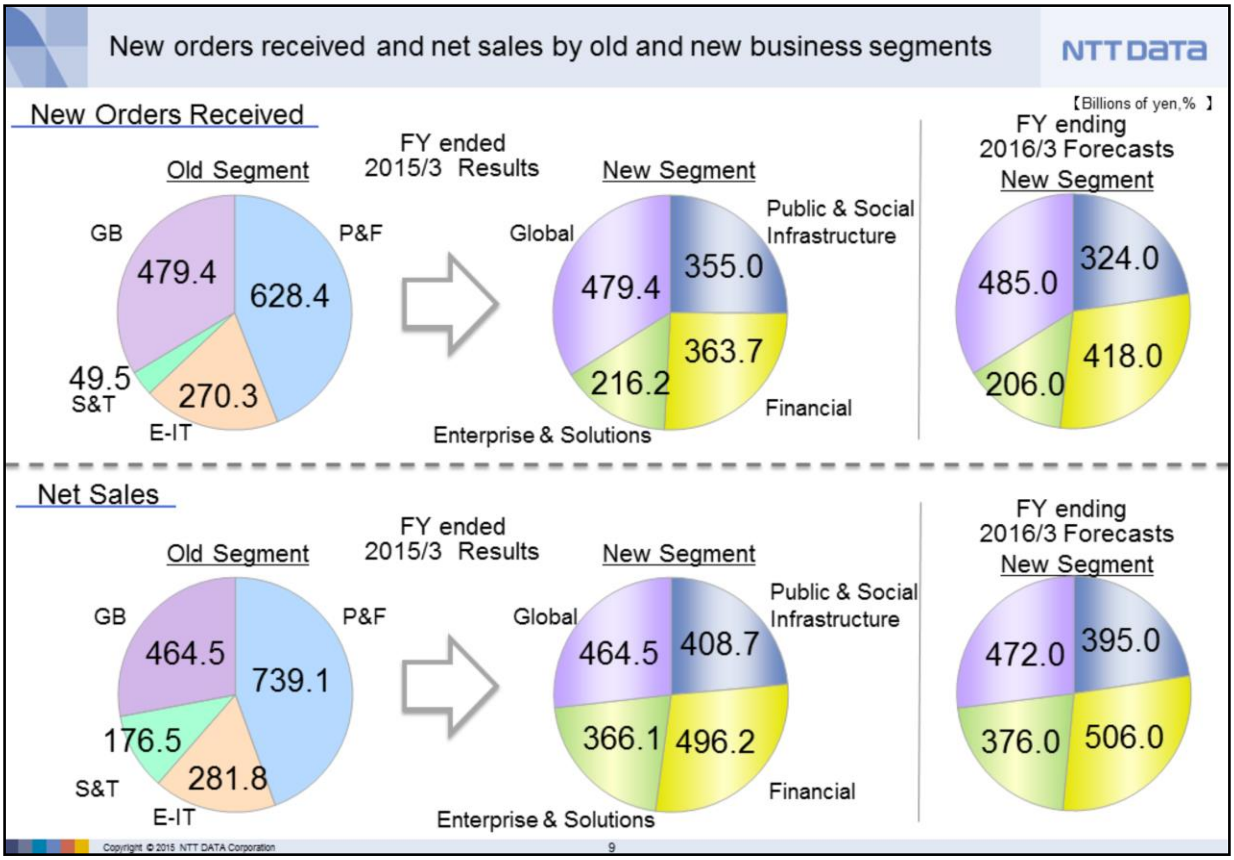
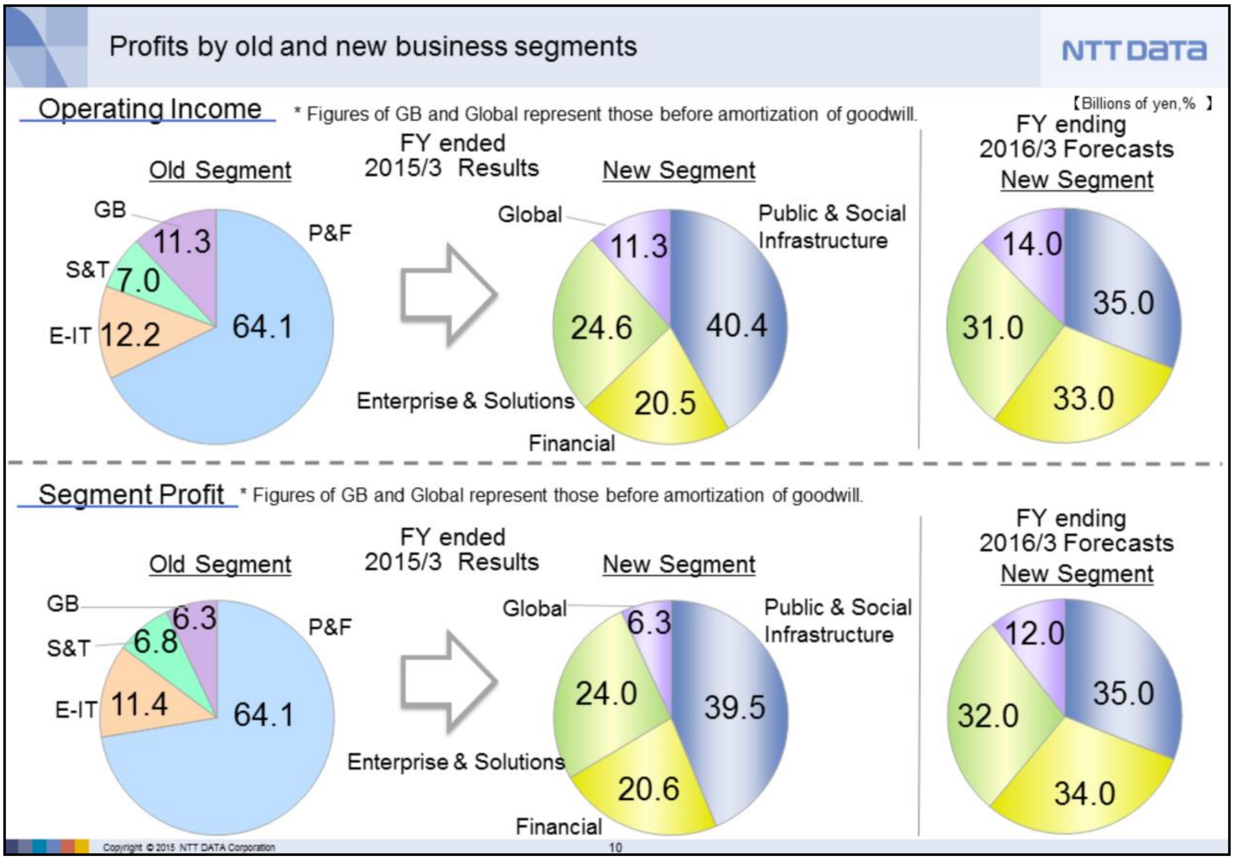
The organizational changes for each segment was carried out with the aims as described herein.

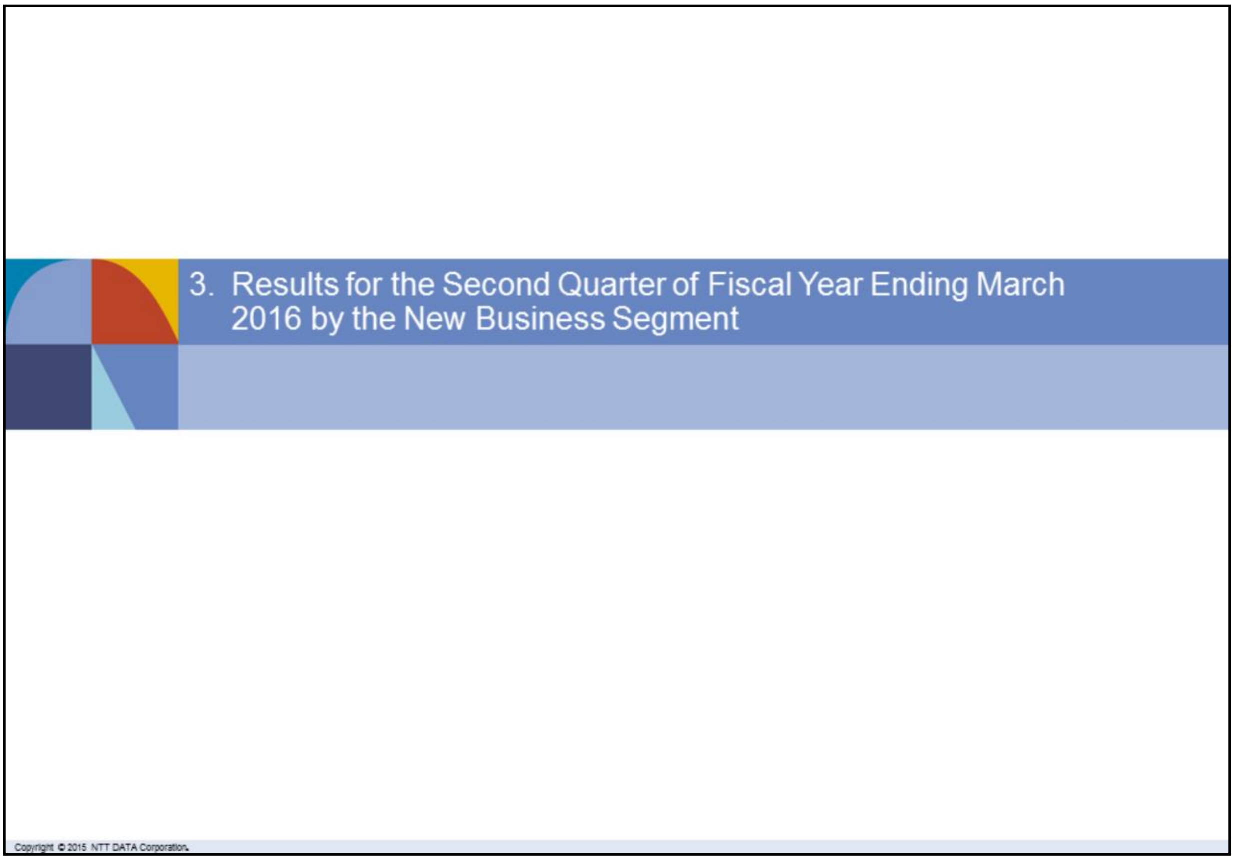


On this page, we indicated the numbers of the full-year operating results for the fiscal year ended March 2015 based on the old and new business segments, and the full-year forecast for the fiscal year ending March 2016 based on the new segments. While the P&F segment showed the largest number in both new orders received and net sales based on the old segment under the in-house company system, the results of each segment are well-balanced when shown by new segment.

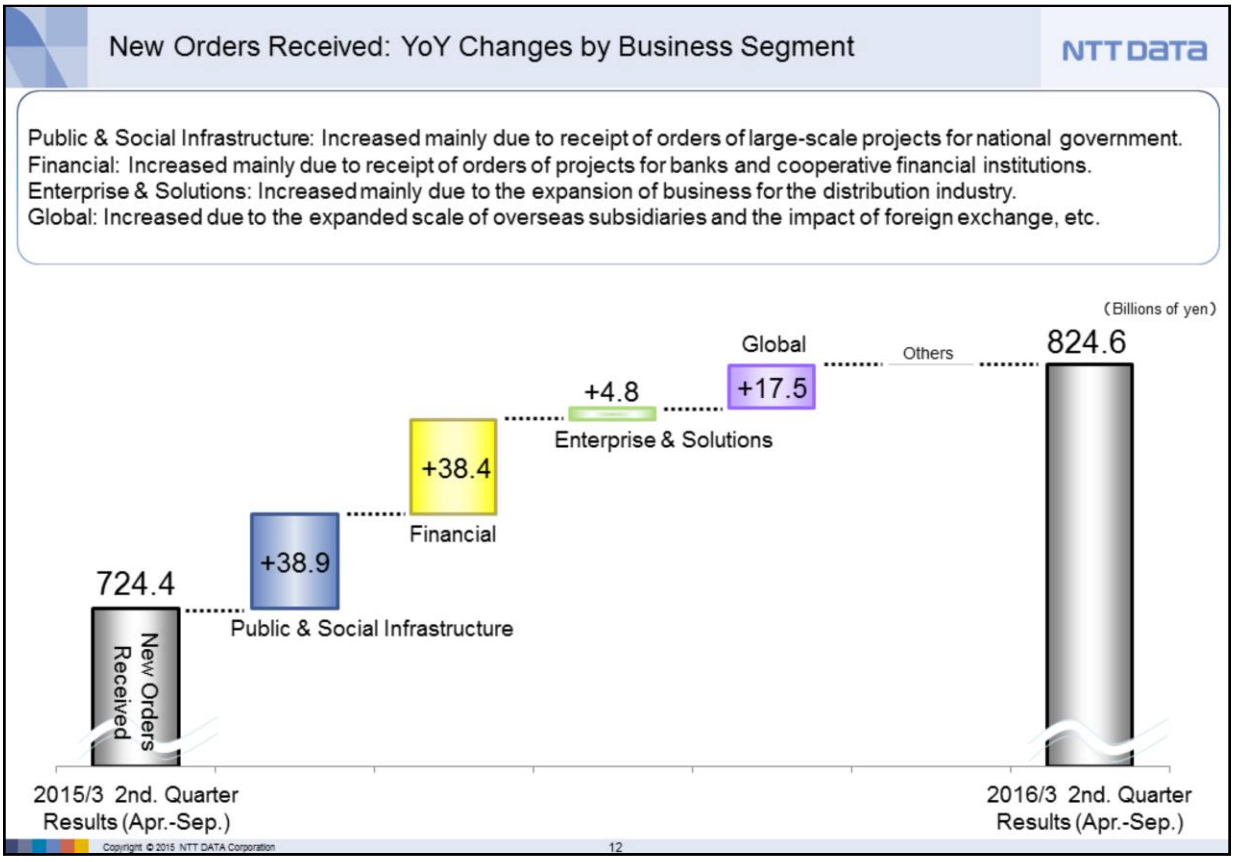


In contrast to operating income in the P&F sector as recorded based on the old segment which had a larger share, the forecast of operating income based on the new segment for the fiscal year ending March 2016 is balanced among the Public & Social Infrastructure, Financial, Enterprise & Solutions segments at around 30 billion yen, respectively. The number of employees in each segment is also well balanced with just more than 3,000, respectively. In this manner, by way of appropriately allocating resources in each segment, we will pursue further growth in the Global and Enterprise & Solutions segments, in particular.

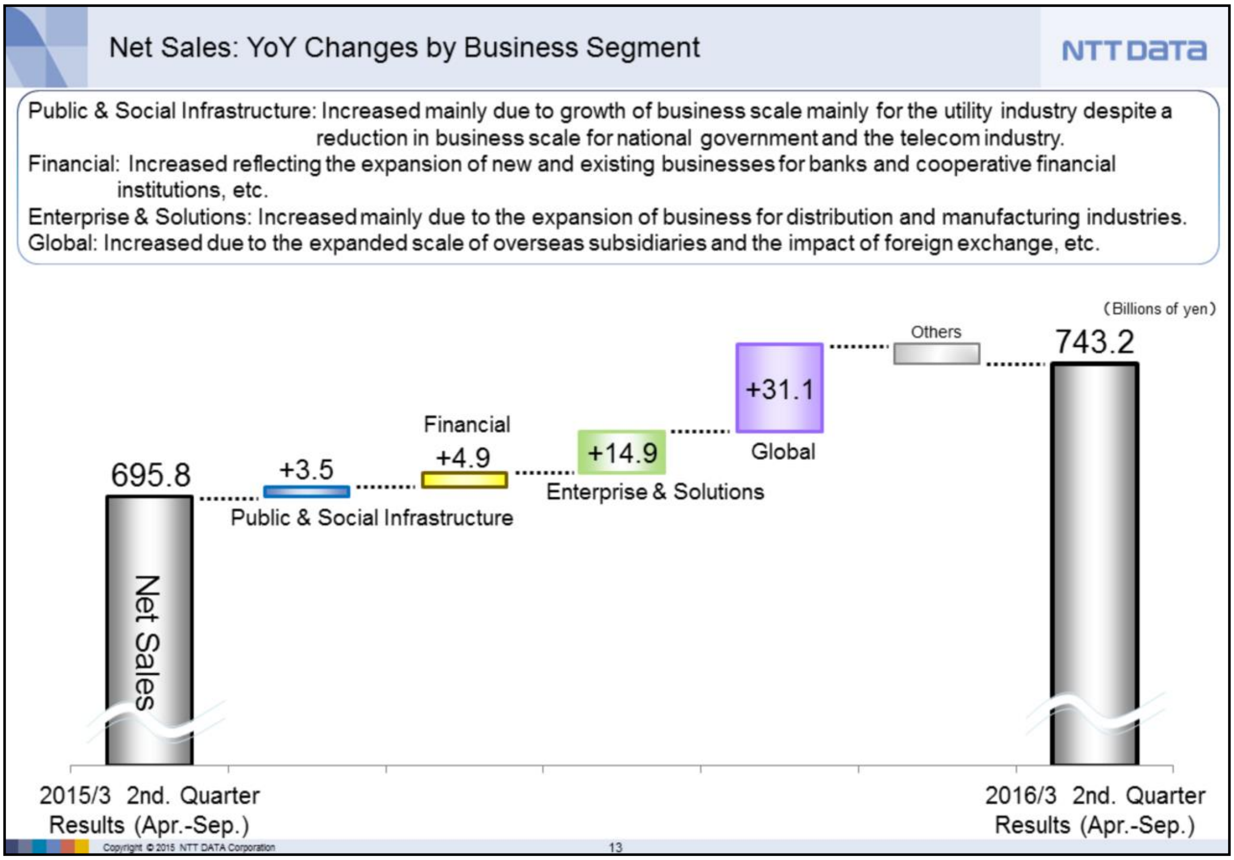
And, we will formulate a new Medium-term Management Plan starting from the next fiscal year under this segment system.



Now, let me explain on new orders received, net sales and operating income for the first six-month period under review based on the aforementioned new segment classification.



New orders received increased in all segments. Among others, in the Public & Social Infrastructure segment and the Financial segment, orders for large-scale renewal projects were steadily received, contributing to a significant year-on-year increase, respectively. Also in the Enterprise & Solutions segment, new orders received increased on the back of a trend such as omni-channel in which active investments applying new IT systems have become apparent specifically in the distribution industry. In the Global segment, out of the year-on-year increase of 17.5 billion yen, net increase amounted to approximately 10 billion yen after deducting the 8.0 billion yen increase arising from the impact of foreign exchange. While in this growth we see some effects of the merger of Carlisle & Gallagher, a U.S. financial consulting firm, we steadily achieved organic growth in new orders received.

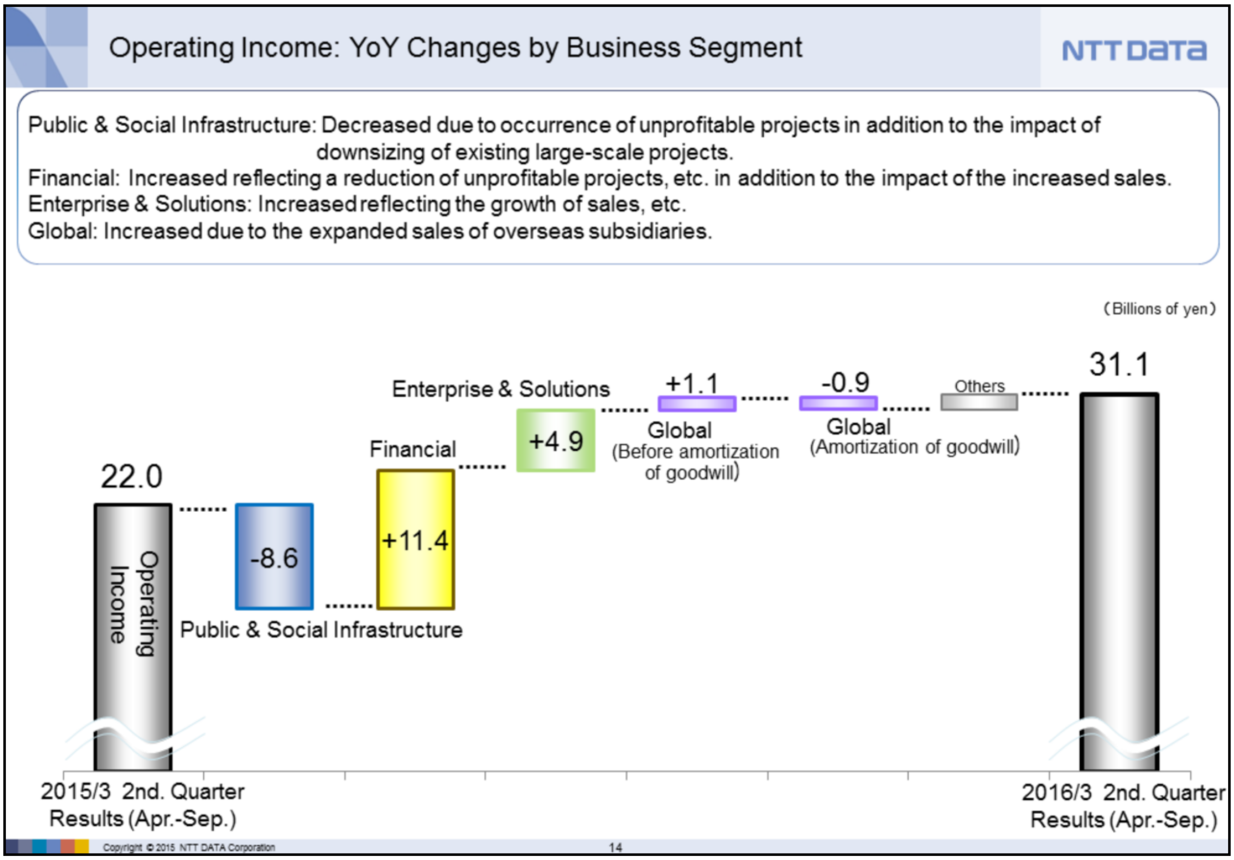


In the businesses for national government in the Public & Social Infrastructure segment, as I mentioned earlier, sales and profits shrink every time the system renewal occurs. And in the telecom industry, capital expenditure tends to decline compared with several years ago, which ended up significantly negative impact on us. However, the overall net sales ultimately increased year on year as sales for the utility industry grew. The scale of our business has been expanding amid the progress of transformation of the industrial structure such as in power generation, distribution and retail following the liberalization of retail of electric power that will take place shortly.

In the Financial segment, our business expanded as a result of development of new customers and new services despite the negative impact of the shrinkage of the business scale due to system renewals.

In the Enterprise & Solutions segment, subsidiaries' businesses for distributors and manufacturers in addition to omni-channels for the distribution industry showed robust growth.

In the Global segment, net sales increased by as much as 20 billion yen, apart from approximately 11 billion yen gained from the favorable impact of foreign exchange.



Now, I will explain about operating income. Unprofitable projects that occurred within the entire Group amounted to approximately 10.7 billion yen in the first six-month period under review.

In the Public & Social Infrastructure segment, operating income fell significantly on a year-on-year basis due to the impact of the unprofitable projects that affected this segment most in addition to the shrinkage of net sales and profits suffered at the time of system renewal of large-scale projects.

In other business segments, operating income grew year on year. The Financial segment recorded a significant year-on-year increase in operating income reflecting the increase in sales in addition to the reduction in the unprofitable projects that occurred last year, despite some unprofitable projects that occurred also in this term.

The Enterprise & Solutions segment also witnessed growth in operating income which was significantly attributable to the increase in sales.

In the Global segment, we have a full-year target to achieve profitability after amortization of goodwill, and operating income before amortization for the six-month period under review increased by 1.1 billion year on year. Operating income after amortization slightly exceeded the results of last year even after the deduction of the increase in amortization of goodwill associated with the merger of Carlisle & Gallagher.

Public & Social Infrastructure

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(Billions of Yen,%)

	2015/3 2nd. Quarter Results (Apr.-Sep.)	2016/3 2nd. Quarter Results (Apr.-Sep.)	YoY (Amount)	YoY (Rate)	
New Orders Received	186.0	225.0	+38.9	+21.0%	↗
Net Sales	173.1	176.7	+ 3.5	+2.1%	↗
Operating Income	14.7	6.0	- 8.6	- 58.9%	↘
Segment Profit(*)	14.4	6.2	- 8.1	- 56.6%	↘

- New orders received :Increased mainly due to receipt of orders of large-scale projects for national government.
- Net sales :Increased mainly due to growth of business scale mainly for the utility industry despite a reduction in business scale for national government and the telecom industry.
- Operating income :Decreased due to occurrence of unprofitable projects in addition to the impact of downsizing of existing large-scale projects.

(*)Segment Profit is income before income taxes

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As to the results by business segment, I will omit the explanation because they overlap the aforementioned.

Financial

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(Billions of Yen,%)

	2015/3 2nd. Quarter Results (Apr.-Sep.)	2016/3 2nd. Quarter Results (Apr.-Sep.)	YoY (Amount)	YoY (Rate)
New Orders Received	192.3	230.7	+38.4	+20.0%
Net Sales	231.6	236.6	+4.9	+2.1%
Operating Income	1.2	12.6	+11.4	+956.9%
Segment Profit(*)	1.7	13.2	+11.5	+649.8%

- New orders received :Increased mainly due to receipt of orders of projects for banks and cooperative financial institutions.
- Net sales :Increased reflecting the expansion of new and existing businesses for banks and cooperative financial institutions, etc.
- Operating income :Increased reflecting a reduction of unprofitable projects, etc. in addition to the impact of the increased sales.

(*)Segment Profit is income before income taxes

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(Billions of Yen,%)

	2015/3 2nd. Quarter Results (Apr.-Sep.)	2016/3 2nd. Quarter Results (Apr.-Sep.)	YoY (Amount)	YoY (Rate)	
New Orders Received	117.2	122.0	+4.8	+4.1%	↗
Net Sales	171.6	186.5	+14.9	+8.7%	↗
Operating Income	8.3	13.3	+4.9	+59.4%	↗
Segment Profit(*)	8.6	14.4	+5.8	+67.8%	↗

・New orders received :Increased mainly due to the expansion of business for the distribution industry.

・Net sales :Increased mainly due to the expansion of business for distribution and manufacturing industries.

・Operating income :Increased reflecting the growth of sales, etc.

(*)Segment Profit is income before income taxes

Global Business

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(Billions of Yen,%)

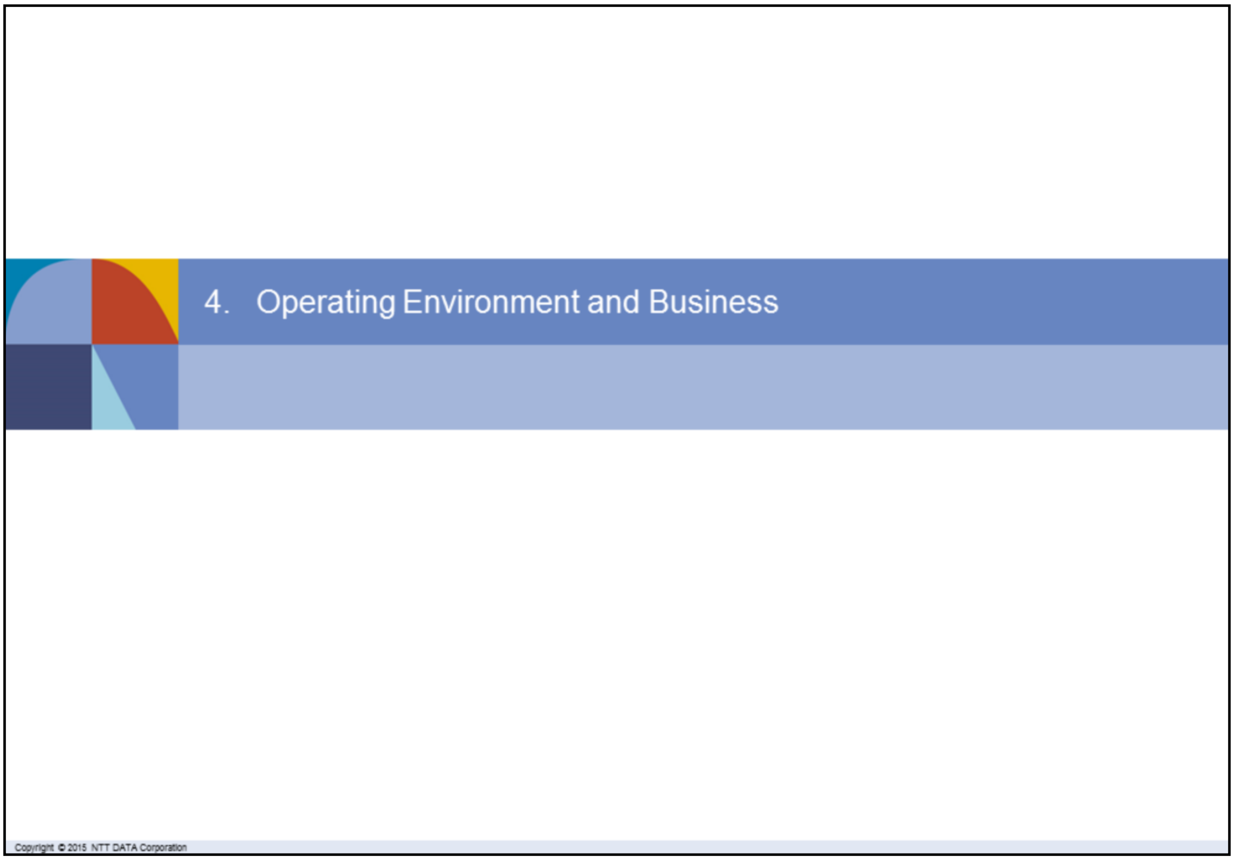
	2015/3 2nd. Quarter Results (Apr.-Sep.)	2016/3 2nd. Quarter Results (Apr.-Sep.)	YoY (Amount)	YoY (Rate)
New Orders Received	222.2	239.8	+17.5	+7.9%
Net Sales	221.5	252.6	+31.1	+14.1%
Operating income (before amortization of goodwill)	3.3	4.5	+1.1	+33.6%
Operating Income	- 3.4	- 3.2	+0.1	+5.6%
Segment Profit(*)	- 4.8	- 3.7	+1.1	+23.2%

・New orders received :Increased due to the expanded scale of overseas subsidiaries and the impact of foreign exchange, etc.

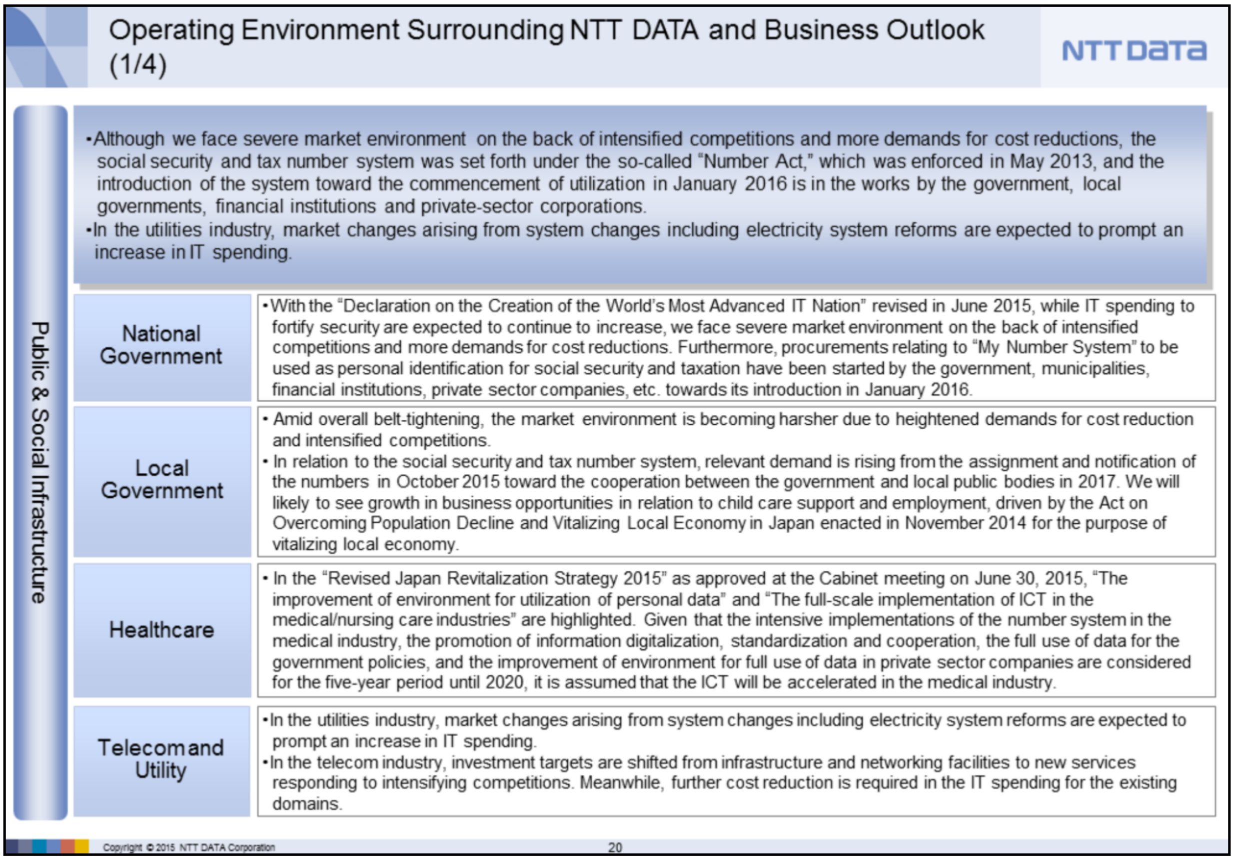
・Net sales :Increased due to the expanded scale of overseas subsidiaries and the impact of foreign exchange, etc.

・Operating income (Before amortization of goodwill) :Increased due to the expanded sales of overseas subsidiaries.

(*)Segment Profit is income before income taxes



Next, I will explain the business environment surrounding us and the outlook for the future.



In the Public & Social Infrastructure segment, the social security and tax number system, in which many of us are very much interested, started. There are domains directly associated with the issuance and management of such numbers as well as those associated with tax and social security related thereto. In the future, we assume that there will be number-collecting service in enterprises and such service will be expanded to financial institutions. NTT DATA has steadily received new orders for, and is working on, projects directly relating to the relevant number system.

The overall trend of IT spending by the national government and local governments will change in terms of the breakdown of investments, but we do not anticipate that the total budget including the social security and tax number system will be changed significantly. To date, we have constantly received orders for the projects that we handled in the past and are now in the period for system renewal. Therefore, we will attach more value-added to those projects and broaden our service.

In local governments, discussions on regional revitalization are active in addition to those on the social security and tax number system. We, however, consider that a significant growth in the total amount of IT spending will be unlikely, and that competitive relationship with other companies will be much more intense than ever. Therefore, we should work on this business in a more efficient manner.

In the telecom industry, there is a growing trend of reducing IT spending, which is a serious negative factor for us. We anticipate that the trend will continue into the second half of the fiscal year under review, but it is the utilities industry that outweighs the negative factors. We believe that the present active business environment including the deregulation of electric power business will continue into the second half of the current fiscal year and far into the next fiscal year and thereafter. As to the smart meter operation management system of the Tokyo Electric Power Company (TEPCO), we have already started our service, which is now steadily being deployed, and it is scheduled to be introduced to 27 million households in several years.

Operating Environment Surrounding NTT DATA and Business Outlook (2/4)

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- On the back of the major banks' global business development for supporting the overseas expansion of the Japanese companies mainly in Asia, a growth in IT spending is expected.
- While the overall IT investments face cautious trend in Japan, there are some signs of investment in new services utilizing IT.

Financial		
	Banks	【Major Banks】 • Appetites for IT spending persists, and consistent investments are expected. • Given deregulation, IT spending is expected to grow due to development of new services using IT and creation of subsidiaries. • It is expected that the trend of major banks' global development for supporting the overseas expansion of the Japanese companies centering in Asia will bring an increased IT spending. 【Regional Banks】 • Consolidation of regional banks is becoming active, as seen in the merger between The Bank of Yokohama, Ltd. and The Higashi-Nippon Bank, Limited., Kyushu Financial Group (merger between The Higo Bank, Ltd. and The Kagoshima Bank, Ltd.), TOMONY Holdings, Inc. and The Taisho Bank, Ltd., and Tokyo TY Financial Group, Inc. with ShinGinko Tokyo, Limited. • Profitability in the main businesses (net interest margin) faces tough environment in which the need for cutting running costs will continue.
	Insurance	• The current IT spending is sluggish across the industry despite expectations for investments in new channels, new products, streamlining of administrative works, etc.
	Security	• While domestic markets remain unstable, appetite for investing in the areas of "regulatory compliance" and "wealth accumulation in the retail business" is observed.
	Credit Corporations	• The credit card market has been growing steadily. With substantially improving investment environment in the relevant industry, IT spending is expected to increase for "cost-cutting projects" in addition to the "measures to increase the top line." Cashless settlements seem to continue as seen in the NFC mobile settlements, the use of smartphones as a credit card terminal for settlement, branded prepaid cards and debit cards. Measures for further convenience, safety and security are expected to accelerate towards 2020 under the "Revised Japan Revitalization Strategy" of the Japanese government.
	Cooperative Financial Institutions	• A moderate recovery trend of the domestic economy including regions continues despite slow movement in some areas. While lending activities for small- and medium-sized enterprises are on an upward trend, a substantial boost in IT spending cannot be expected taking into consideration the lingering fierce business environment such as interest rate competitions with neighboring financial institutions. • Trends of improvement of cost efficiency through reorganizations and outsourcing operations, as well as promoting investments in IT strategic domains can be observed.
	Financial Infrastructure and Financial Network Services	• Needs for sophisticated settlements are increasing on the back of the economic globalization and the improving convenience by using IT technology. The improvement of settlement infrastructure is being considered. In Japan, a movement for 24-hour/365-day operation has begun, thereby it is anticipated that financial institutions will implement IT spending to realize such operation systems.

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In terms of financial institutions, businesses have been developed globally by banks, insurance companies and securities firms, respectively. Therefore, it is expected that investments in overseas business will grow, but on the contrary, they remain cautious about the domestic IT spending as a whole. NTT DATA has a lot of overseas business bases, and we believe that the overseas business of the domestic financial institutions can also become a positive factor for us.

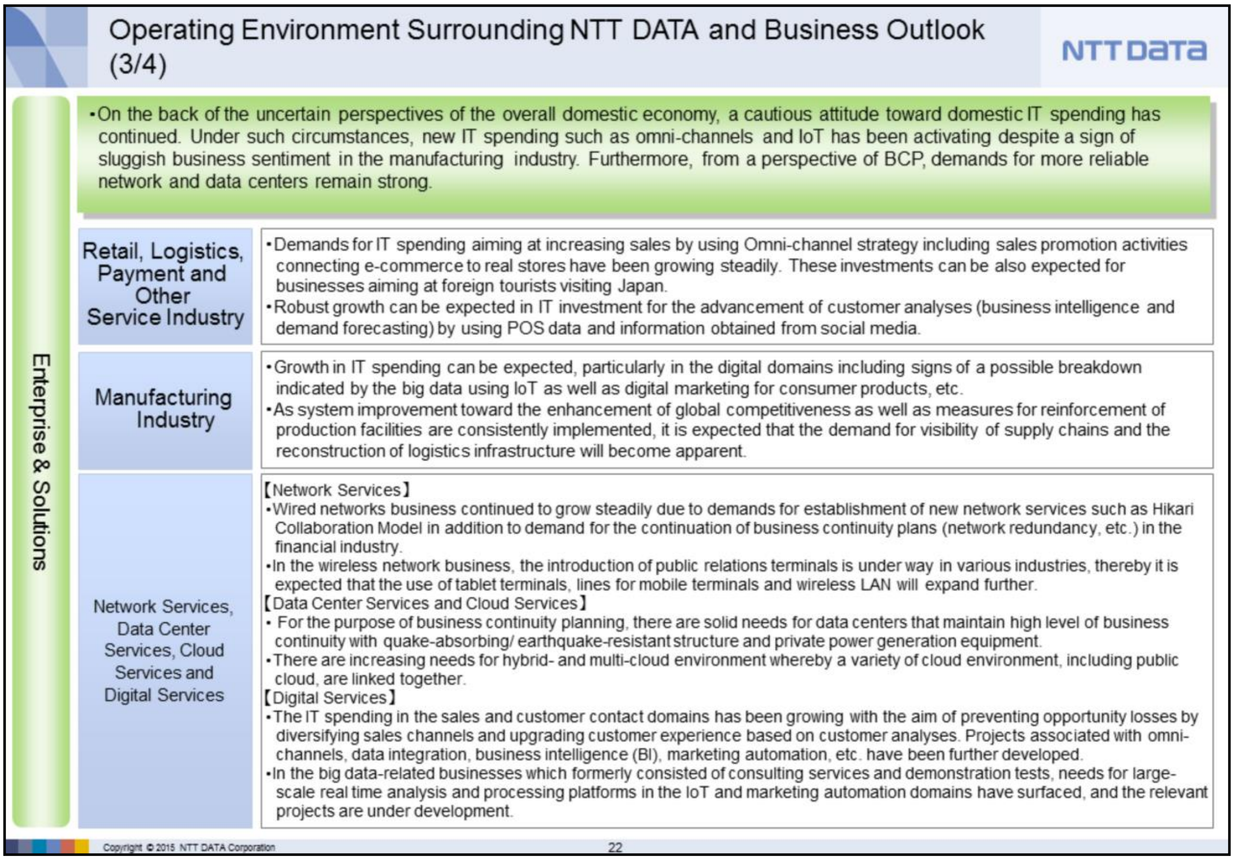
With respect to regional banks, we anticipate that fierce business environment will continue as in the past. Ashikaga Holdings Co., Ltd., whose planned business integration was reported by media, is one of our important customers of the Regional Bank Integrated Services Center. Business integrations and reorganizations have also taken place in other regional banks, and we expect that this movement will further accelerate on a medium-term basis. This trend may become either a favorable opportunity or a risk for NTT DATA, and we should keep on watching on proposed projects on an individual basis.

With respect to shinkin banks and credit cooperatives, NTT DATA operates shared systems based on which we will provide support services by responding to the customers' environmental changes while listening to their demands.

As to the financial infrastructure and financial networks, we plan to develop systems to concrete business for operating 24 hours and 365 days from the second half of the current fiscal year up to the next fiscal year. And, as we hear the word "Fintech" more often than ever, the progress of IT is now on a stronger trend of changing the conventional frameworks and business models in the financial world.

We have been already working on the Fintech-related measures such as holding study meetings with our customers, and we expect that such kind of study meeting will also continue to increase from the second half of the current fiscal year to the next fiscal year.

In the credit business, in addition to the conventional credit card market, the settlement in the internet shopping sites has been increasing. We see business opportunities in such settlement systems as handling of e-money, points, etc. has become widespread.



In the Enterprise & Solutions segment, as the business globalization of our customers in the manufacturing industry advances, NTT DATA will proactively focus on providing support services to the Japanese companies abroad in addition to the provision of IT services in Japan.

In the distribution industry, etc., with the expansion of the effects of strategic use of IT such as omni-channel in advanced companies, further growth in IT spending is expected.

In the manufacturing industry, although the situation varies depending on the type of business and business format, there are many customers at present who focus more on IT spending. Responding to such trend, we will look to support their efforts.

In the Enterprise and Solution segment, the network and the datacenter businesses which belonged to the old segment of S&T (Solutions and Technologies), is now included. As we have more corporate customers in the private sector than customers in the public and financial sectors, these businesses were incorporated into the Enterprise & Solutions segment as a result of the organizational changes. With steady and robust demands for both network and datacenter business, we expect that there will be opportunities for us as constant investments will continue in the second half of the fiscal year as well as the next fiscal year toward the improvement of disaster-prevention measures and credibility.

Operating Environment Surrounding NTT DATA and Business Outlook (4/4)

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Global	Americas	• The U.S. economy is expected to show a sustained trend of modest growth into the second half of FY 2015 on the back of lower energy prices, growth of sales in the retail industry, an increase in shipment of durable consumer goods, an expansion of the housing market, etc. in addition to robust growth in employment. While domestic demand remains strong mainly in the personal sector, there are concerns over the negative impacts of the stronger dollar, a decrease in demand from outside the U.S., swelling inventories, etc. on the production activities of companies. • In the U.S. IT service investments, while demands for highly efficient delivery techniques, introduction of package software and cost-cutting solutions were sluggish, demands for consulting services for the application of cutting-edge technologies to businesses are increasing. Particularly, consulting services relating to building digital businesses have been drawing more attention, and further expansion of investments is expected for 2016. • The economy in Latin America is decelerating. Currency depreciations advanced as resource prices dropped and fiscal situations of the government deteriorated, and the resulting worsened business sentiment is affecting the spending budgets of the governments and companies. Meanwhile, the IT service market is likely to continue to grow, leading to demands for IT spending that contributes to the standardization and improvement of efficiency of business operations.
	EMEA	• The Eurozone economy has maintained a modest recovery led by consistently robust personal consumption. In particular, the Spanish economy showed strong recovery. Although business sentiment among companies is improving, active expansion of investment seems unlikely for a while, given concerns over slowdown in emerging economies like China and decreasing exports. While the U.K. economy has sustained growth mainly in personal consumption, decreasing demand in emerging countries such as China will be a concern. • Given continuing customer requests for price reduction amid cautious stance shown by companies, IT spending is unlikely to recover, especially in Italy, in the short run. Meanwhile, the IT service market in Germany, the U.K. and Spain is expected to continue to see robust growth.
	Asia-Oceania	• The Chinese economy's swelling uncertainty has been a pressure on the Southeast Asia including Singapore, Malaysia, Thailand and Indonesia which are the key markets of the NTT DATA Group. In the IT service market, there is also a concern over possible changes in investment attitudes due to the worsening business sentiment. • The Chinese economy is on the decelerating trend under the downward pressure of weaker investments in fixed assets. While the favorable effects of financial policies including the depreciation of the renminbi and interest rate cuts are expected to become apparent by the end of the second half of FY 2015, further downturn risks are also feared. Demands for IT spending remain strong, but a modest slowdown in the growth rate of the IT service market is anticipated in the short run reflecting the decelerating real economy.

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With respect to the Global segment, I will explain on each region because the situation varies depending on the region.

In the Americas, the business environment is definitively different between North America and South America. The North American economy has been growing very steadily despite diverse challenges. While diverse events and risk factors can be expected within a year from now considering the Presidential election slated for next year, we expect the economy will keep its robust growth for a while. NTT Data, Inc., one of our Group companies in North America, has recorded significantly high operating margin. It also acquired Carlisle & Gallagher, a financial consulting firm. Now that Fintech is the hottest topic in North America and Europe centering on the United Kingdom, we think that we have obtained a very strong resource considering that consulting service in the upstream will be very important in the future.

With regard to Latin America, an extremely tough situation is forecasted for the future. In the event that an exit strategy will be issued by the U.S. Fed Chair Janet Yellen, it is assumed that there will be considerable impacts on Latin America and Southeast Asia. On the other hand, everis of Spain, which we acquired last year, is based in six countries in Latin America including Mexico, has been showing relatively robust performance in Latin American business. We will carefully watch the economic environment in the entire Latin America as well as the performance of everis to put in practice our management.

In the Global segment, while EMEA has the most serious challenges, we have seen some good results of the revisions we made to the structure and management, and the performance for the first six-month period under review was almost in line with the business plan. Among the business bases of NTT DATA in the EMEA region, the U.K. and Germany showed relatively robust performance, but it is likely that in Germany, negative impacts of the Volkswagen problems will emerge in the future.

Although we had concerns over the business in South Europe such as Spain, Portugal, Italy, etc., we are now pleased that the business performance of everis has recovered steadily in Spain. In Italy, our business remains slightly tough, and this situation is likely to continue for a while.

In Asia, Oceania and China, the scale of our business is not large, but there exist some concerns on negative factors in Southeast Asia arising from the impact of economic slowdown of the U.S. and China.

China is basically our business base for offshore development, and we are also doing business in the local market. We should be careful in the operation in China by taking political factors into consideration. As to offshore transactions, our business had an impact of the stronger Chinese yuan to a certain extent, but we understand that such negative effect has been offset and recovered to a satisfactory level by means of currency hedging.

Principal Measures Taken in Fiscal Year Ending March 31, 2016(1/3)

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Public & Social Infrastructure

1 Received orders of "Equipment for Electronic National Tax Filing and Payment System (e-Tax)"

We received the order of "Equipment for Electronic National Tax Filing and Payment System (e-Tax)" from the National Tax Agency. The e-tax system facilitates tax declaration processes and others related to national taxes online by taxpayers.

2 Confirmed the effects of video advertising and contents through the evaluation of demonstration tests using decoding technologies of brain activity patterns

As our first attempt to adopt Neuromarketing (Note 1) approaches, our group carried out a demonstration experiment (Note 2) on decoding brain information by working together with the National Institute of Information and Communications Technology and TM'S Co., Ltd. We confirmed that the brain information decoding technology can be applied to other technologies to evaluate and improve video advertisements and project the effects of them before the issuance. Based on this result, we started to provide a trial service (Note 3) that evaluates TV commercials and other materials, which is the world's first service where the brain information decoding technology is used to evaluate video advertisements.

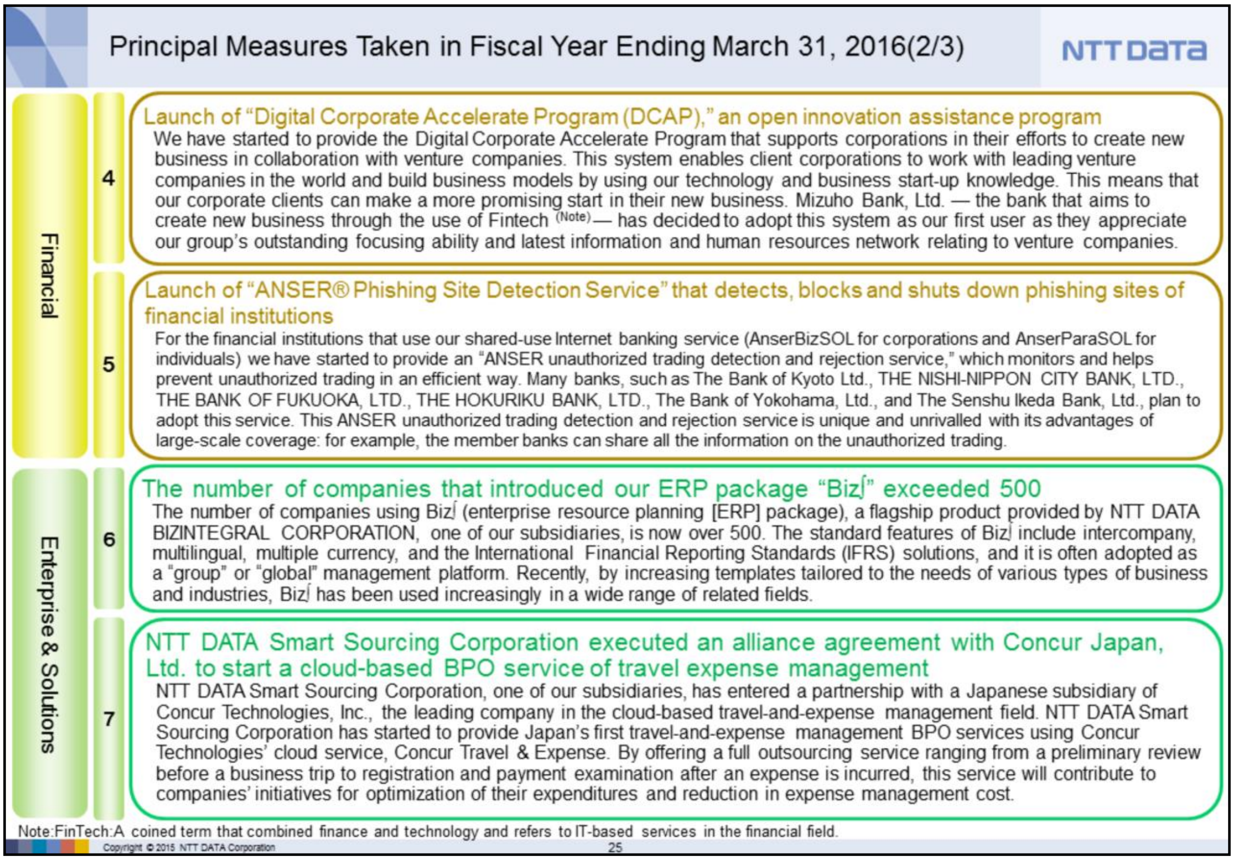
3 Started development of "Disaster Prevention Information Transmission System for Sukumo City, Kochi Prefecture"

NTT DATA SHIKOKU CORPORATION, one of our subsidiaries, received an order for a "disaster information transmission system" from Sukumo City, Kochi Prefecture. This system is designed to make sure the residents are informed of necessary information at the time of disaster by using our "disaster reduction communication system" that sends information directly to the residents' devices such as smartphones and cell phones so that they can receive evacuation advisories and disaster information quickly and accurately.

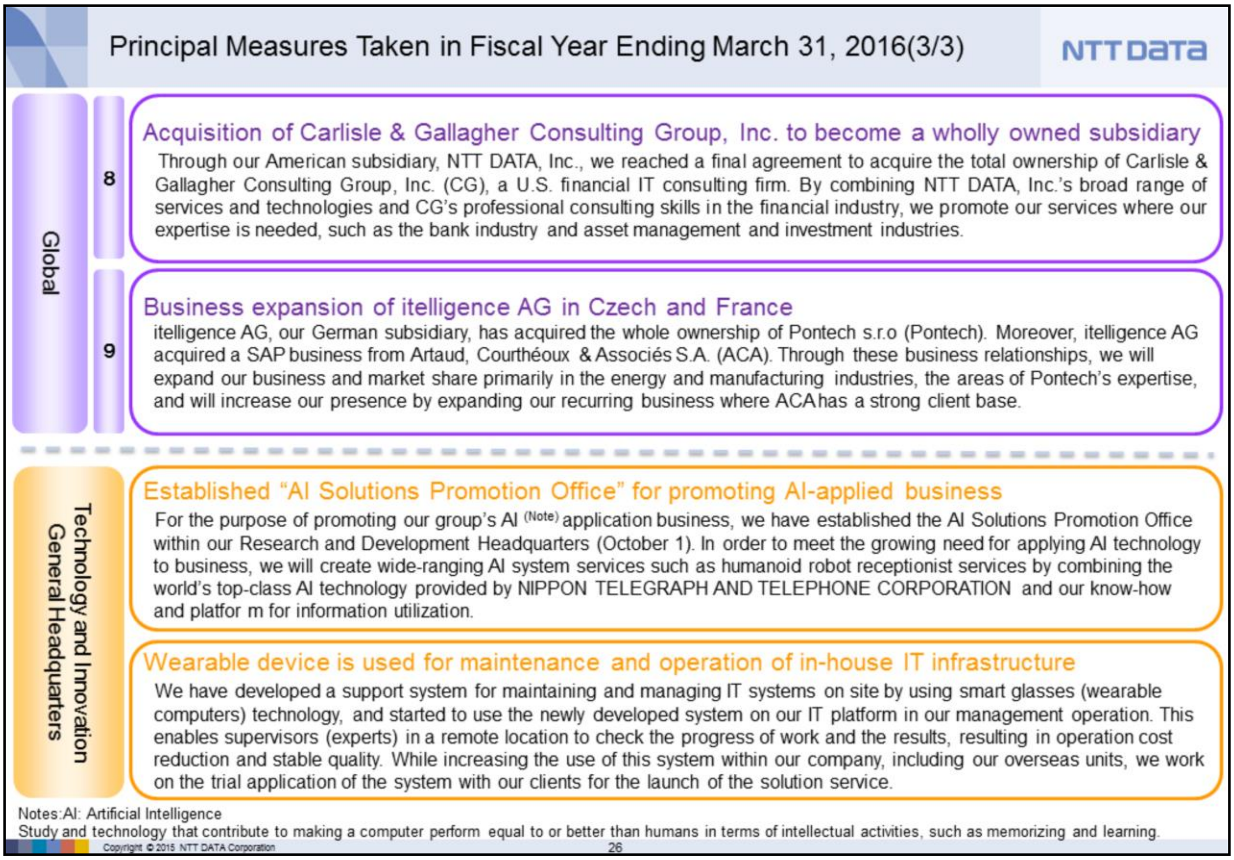
Notes:
1. Neuromarketing
An approach to understand consumer sentiment and behavior and apply them to marketing strategies by measuring the brain response of customers from the viewpoint of brain science.
2. Demonstration experiment
A test to prove that the evaluation of video advertisements provided by viewers can be visualized by analyzing the complicated patterns of their brain activity during viewing.
3. Trial service
A service that analyzes the impression given by each scene of a video advertisement, evaluates impacts as a video advertisement material, analyzes the quantitative difference between the advertisers' intentions behind video advertisements and their actual effects, makes detailed creative proposals to improve materials, and projects and evaluates video advertisements using storyboards before the issuance.

Now, I will explain several measures that we have taken up to the first six-month period under review.

In the Public & Social Infrastructure segment, since several years ago, we have been working on a brain science consortium consisting of over 10 companies including NTT DATA Institute of Management Consulting, Inc., an NTT DATA Group company. For example, when we eat delicious meals, take a sniff, or look at a beautiful painting, now we know little by little which part of, and how, the brain is responding to such senses, and we expect that new neuromarketing can be realized by utilizing this knowledge. For instance, by analyzing viewers' reactions to commercial messages, it will be possible to measure the effects of the commercial messages to a certain extent.



In the Financial segment, since several years ago, we have implemented specific measures to link new ideas of venture capitals to large companies including us as well as financial institutions. And some of those efforts have reached fruition. This is our open innovation support program, in other words, Digital Corporate Accelerate Program (DCAP).



That's all what I have to say about the principal measures we took up to the six-month period under review. I wrap up my presentation now. Thank you very much for your attention.

5. Appendices

Overview of Consolidated Earnings and New Orders Received for the 2nd Quarter of FY Ending March 31, 2016

NTT DATA

(Billions of yen [except Operating Income Margin and %])

	2016/3 2nd. Quarter Results (Apr.-Sep.)	YoY (%)	2016/3 2nd. Quarter Results (Jul.-Sep.)	YoY (%)	2016/3 Full-Year Forecasts
New Orders Received	824.6	+13.8	319.5	+11.3	1,450.0
Orders on Hand	1,494.7	+5.4			1,367.0
Net Sales	743.2	+6.8	384.6	+6.9	1,540.0
Cost of Sales	566.6	+5.8	296.0	+7.6	1,155.0
Gross Profit	176.6	+10.2	88.6	+4.5	385.0
SG&A Expenses	145.5	+5.2	72.6	+6.3	285.0
Selling Expenses	66.0	+3.8	32.6	+0.5	135.0
R&D Expenses	5.6	-9.1	2.7	-13.4	13.0
Other Administrative Expenses	73.7	+7.8	37.2	+14.1	137.0
Operating Income	31.1	+41.3	15.9	-3.1	100.0
Operating Income Margin	4.2	+1.0P	4.2	-0.4P	6.5
Ordinary Income	31.2	+59.8	15.8	+4.9	95.0
Special Gains and Losses	-	-	-	-	-
Income before Income Taxes	31.2	+59.8	15.8	+4.9	95.0
Income Taxes and Others	15.4	+24.7	7.5	-10.6	39.0
Net income attributable to owners of parent	15.7	+120.9	8.3	+24.3	56.0
Capital Expenditures	58.2	+0.1	31.3	-1.7	130.0
Depreciation and Amortisation/Loss on Disposal of Property and Equipment and Intangibles	77.9	+1.1	37.6	-3.0	157.0

Consolidated Net Sales by Customer Sector and Service
(to Customers Outside the NTT DATA Group)

NTT DATA

（Billions of yen）

	2015/3 2nd. Quarter Results (Apr.-Sep.)	2016/3 2nd. Quarter Results (Apr.-Sep.)	2015/3 Full-Year Results	2016/3 Full-Year Forecasts
Public & Social Infrastructure	144.3	144.3	341.0	332.0
Financial	206.0	213.4	441.5	461.0
Enterprise & Solutions	124.2	133.0	264.1	269.0
Global	214.3	245.6	449.0	461.0

Detail of Consolidated New Orders Received
(to Japanese Customers Outside the NTT DATA Group)

NTT DATA

(Billions of yen)

		2015/3 2nd. Quarter Results (Apr.-Sep.)	2016/3 2nd. Quarter Results (Apr.-Sep.)	2015/3 Full-Year Results	2016/3 Full-Year Forecasts
Public & Social Infrastructure					
(Main item)	Central government and related agencies, Local Government, and Healthcare	100.2	129.1	192.6	172.0
	Telecom and Utility	43.5	53.9	88.7	79.0
Financial					
(Main item)	Banks, Insurance, Security, Credit Corporations and Financial Infrastructure	120.0	147.1	230.6	255.0
	Cooperative financial institutions and Financial Network Services	56.2	71.3	101.6	138.0
Enterprise & Solutions					
(Main item)	Retail, Logistics, Payment and Other Service Industry	36.6	40.4	64.8	56.0
	Manufacturing Industry	60.4	58.2	109.9	122.0
	Network Services, Data Center Services, Cloud Services and Digital Services	17.3	20.3	36.2	26.0

Note：Net Sales and New Orders Received of Enterprise & Solutions does not include orders taken via other segments.

Detail of Consolidated Net Sales and Services Net Sales
(to Customers Outside the NTT DATA Group)

NTT DATA

(Billions of yen)

		2015/3 2nd. Quarter Results (Apr.-Sep.)	2016/3 2nd. Quarter Results (Apr.-Sep.)	2015/3 Full-Year Results	2016/3 Full-Year Forecasts
Public & Social Infrastructure					
(Main item)	Central government and related agencies, Local Government, and Healthcare	77.0	76.8	189.3	181.0
	Telecom and Utility	40.5	42.4	85.1	78.0
Financial					
(Main item)	Banks, Insurance, Security, Credit Corporations and Financial Infrastructure	136.7	142.2	293.1	316.0
	Cooperative financial institutions and Financial Network Services	59.3	58.9	121.3	119.0
Enterprise & Solutions					
(Main item)	Retail, Logistics, Payment and Other Service Industry	44.8	51.8	95.1	97.0
	Manufacturing Industry	53.6	55.1	115.8	127.0
	Network Services, Data Center Services, Cloud Services and Digital Services	23.1	23.3	46.1	45.0

	2015/3 2nd. Quarter Results (Apr.-Sep.)	2016/3 2nd. Quarter Results (Apr.-Sep.)	2015/3 Full-Year Results	2016/3 Full-Year Forecasts
Integrated IT Solution	223.0	229.0	458.9	461.0
System & Software Development	170.7	176.2	402.8	422.0
Consulting & Support	275.6	308.2	595.3	609.0
Others	26.3	29.7	54.5	48.0
Net Sales by Products and Services Total	695.8	743.2	1,511.8	1,540.0

Note：Net Sales and New Orders Received of Enterprise & Solutions does not include orders taken via other segments.

Non-Consolidated Earnings and New Orders Received

NTT DATA

(Billions of yen)

		2015/3 2nd. Quarter Results (Apr.-Sep.)	2016/3 2nd. Quarter Results (Apr.-Sep.)	2016/3 Full-Year Forecasts
New Orders Received		355.5	433.4	695.0
Orders on Hand		1,062.4	1,108.3	988.0
Net Sales		369.3	380.8	815.0
Cost of Sales		293.6	298.1	623.0
Gross Profit		75.6	82.7	192.0
SG&A Expenses		55.0	55.1	115.0
	Selling Expenses	26.0	26.6	55.0
	R&D Expenses	5.3	4.7	11.0
	Other Administrative Expenses	23.6	23.7	49.0
Operating Income		20.6	27.5	77.0
	Operating Income Margin	5.6	7.2	9.4
Ordinary Income		26.4	32.1	79.0
Special Gains and Losses		-	-	-
Income before Income Taxes		26.4	32.1	79.0
Income Taxes and Others		7.1	8.5	25.0
Net Income		19.2	23.5	54.0
Capital Expenditures		44.7	45.3	105.0
Depreciation and Amortisation /Loss on Disposal of Property and Equipment and Intangibles		60.1	61.4	126.0

Note: Income Taxes and Others include Income, Residential and Enterprise Taxes, Adjustment to Income Taxes.

Non-Consolidated Earnings, New Orders Received by Segment and Others

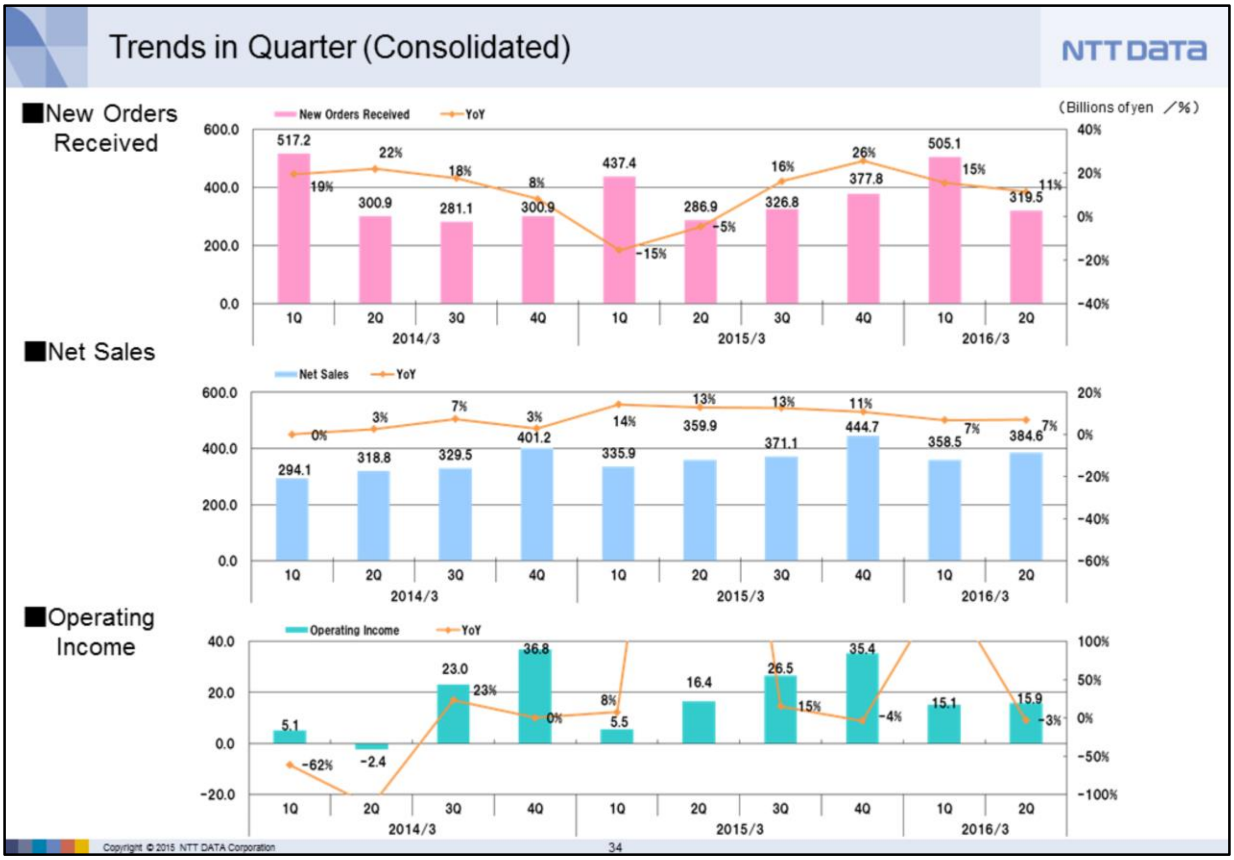
NTT DATA

(Billions of Yen)

	2015/3 Full-Year Results	2016/3 Full-Year Forecasts
New Orders Received	681.2	695.0
Public & Social Infrastructure	281.5	253.0
Financial	282.2	339.0
Enterprise & Solutions	115.0	100.0
Global	0.1	-

Net Sales (to Customers Outside the NTT DATA Group)	799.3	815.0
Public & Social Infrastructure	271.8	259.0
Financial	365.5	384.0
Enterprise & Solutions	159.3	169.0
Global	0.1	-

Note: Net Sales and New Orders Received of Enterprise & Solutions does not include orders taken via other segments.


Trends in Quarter (Consolidated)
NTT DATA
(Billions of yen ／%)
■New Orders Received
New Orders Received
YoY
517.2
19%
300.9
22%
281.1
18%
300.9
8%
437.4
-15%
286.9
-5%
326.8
16%
377.8
26%
505.1
15%
319.5
11%
■Net Sales
Net Sales
YoY
294.1
0%
318.8
3%
329.5
7%
401.2
3%
335.9
14%
359.9
13%
371.1
13%
444.7
11%
358.5
7%
384.6
7%
■Operating Income
Operating Income
YoY
5.1
-62%
-2.4
23.0
23%
36.8
0%
5.5
8%
16.4
26.5
15%
35.4
-4%
15.1
15.9
-3%
1Q
2Q
3Q
4Q
2014/3
2015/3
2016/3
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Foreign exchange rates (used for the conversion of the amount of orders received and incomes of the overseas group companies)

(Yen / %)

	2015/3 (Apr.-Sep.) Results	2016/3 (Apr.-Sep.) Results	YoY (%)	2015/3 Results	2016/3 Full-year Assumed Rates	YoY (%)
	①	②	(②-①)/①	③	④	(④-③)/③
USD	102.96	121.85	+18.3%	109.85	118.00	+7.4%
EUR (For December-end companies)	140.38	134.08	- 4.5%	140.30	130.00	- 7.3%
EUR (For March-end companies)	138.82	135.09	- 2.7%	138.60	130.00	- 6.2%
RMB (Chinese Yuan Renminbi)	16.61	19.34	+16.4%	17.16	19.00	+10.7%

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