



# Company Presentation for the First Quarter of Fiscal Year ending March 31, 2017

August 4, 2016  
NTT DATA Corporation

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

**NTT DATA**

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**Cautionary Statement  
Regarding Forward-looking Statements**

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I am Masanori Shiina, Representative Director and Senior Executive Vice President of NTT DATA.

Thank you for being here today.

I would like to provide an outline of our financial results for the first quarter of fiscal year ending March 31, 2017 and the future outlook for the operating environment.

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# Results for the First Quarter of Fiscal Year Ending March 31, 2017

Results for the First Quarter of Fiscal Year Ending March 31, 2017  
and Overview of year-on-year changes in earnings

NTT DATA

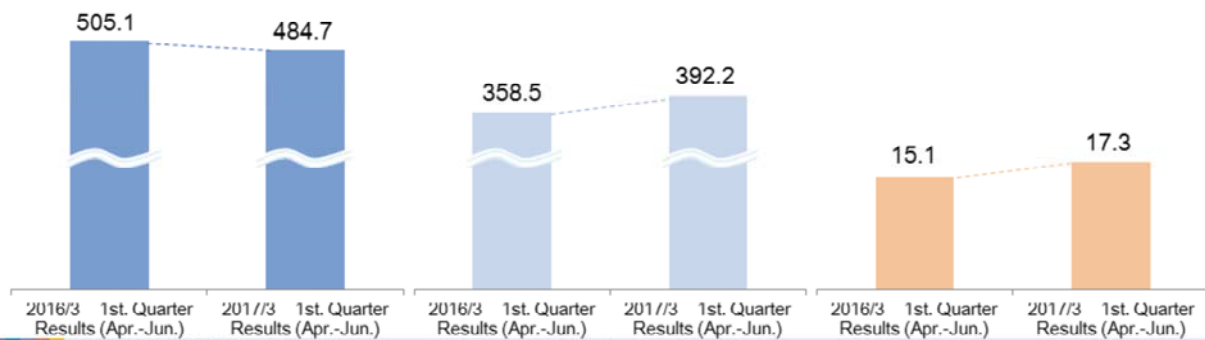
(Billions of Yen,%)

	2016/3 1st. Quarter Results (Apr.-Jun.)	2017/3 1st. Quarter Results (Apr.-Jun.)	YoY (Amount)	YoY (Rate)	
New Orders Received	505.1	484.7	-20.3	-4.0%	➔
Net Sales	358.5	392.2	+33.6	+9.4 %	➔
Operating Income	15.1	17.3	+2.2	+15.0%	➔
Income Before Income Taxes	15.3	17.3	+1.9	+12.8%	➔
Net income attributable to owners of parent	7.3	10.0	+2.6	+36.5%	➔

【New Orders Received】

【Net Sales】

【Operating Income】



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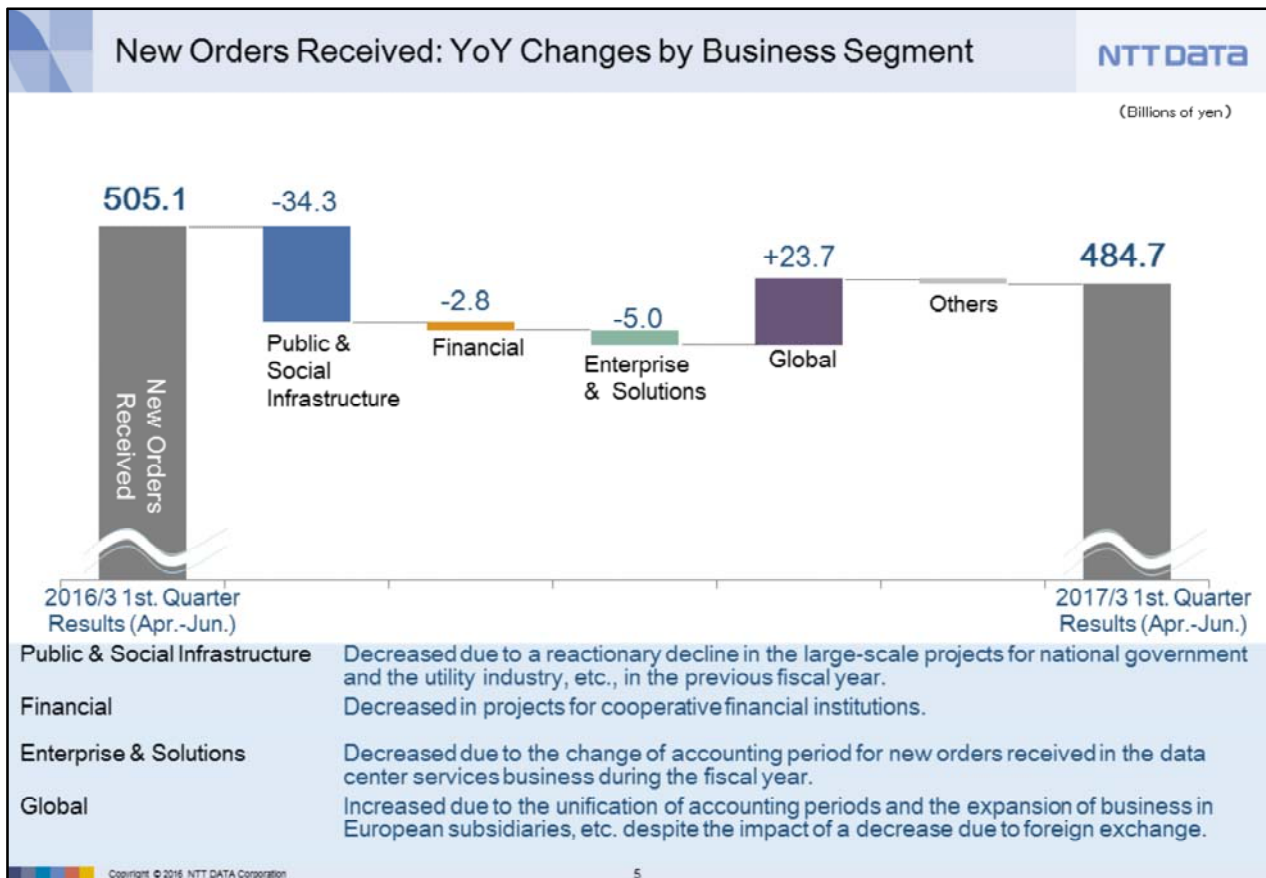
First, I would like to outline the consolidated financial results of the company as a whole.

Similar to the trends in the full-year consolidated earnings estimates, the number of new orders received declined by ¥20.3 billion YoY to ¥484.7 billion partly owing to a reactionary decline of large-scale orders received in the previous fiscal year.

Meanwhile, net sales increased by ¥33.6 billion YoY to ¥392.2 billion, and operating income increased by ¥2.2 billion YoY mainly owing to growth in revenues. As a result, the company could post positive financial results.

We believe that our full-year consolidated earnings estimates are “on track.”

Next, I will explain the details of the increase and decrease in each category.



First, I would like to talk about the new orders received.

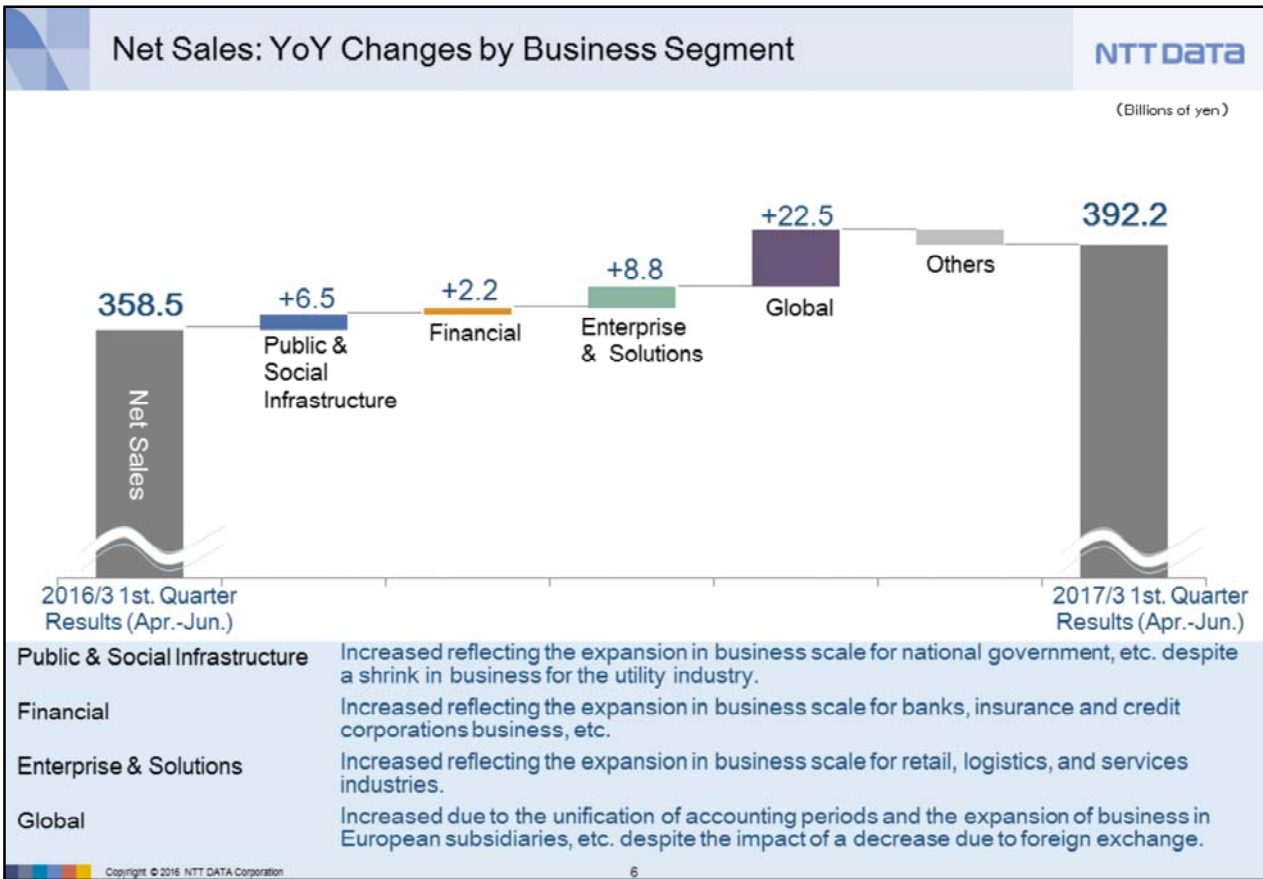
As a whole, new orders received fell by ¥20.3 billion YoY, mainly owing to the “Public & Social Infrastructure” segment. In the previous fiscal year, we received orders for large projects from the national government as well as the utility industry, but in the current fiscal year, we suffered a reactionary decline in large-scale orders received, decreasing by ¥34.3 billion YoY. However, this decline was anticipated at the beginning of the current fiscal year.

Second, both the “Financial” and “Enterprise & Solutions” segments recorded a YoY decline in new orders received in the first quarter. For the “Enterprise & Solutions” segment in particular, this decline is due to the revision of the timing to report new orders received for the data center business within the current fiscal year. This revision will not affect the annual results.

For the “Global” segment, along with the change in the accounting period of NTT DATA EMEA from January-December to April-March, new orders received over six months were reported in the first quarter, which boosted increase by about ¥20 billion. While the appreciation of the yen caused a decline of about ¥10 billion, the segment saw a YoY increase of ¥23.7 billion as a whole owing to the organic growth of European businesses as a whole, such as everis in Spain, and NTT DATA Business Solutions.

Essentially, all factors for the increase and decrease are anticipated in the full-year consolidated financial results.

Given that the full-year consolidated financial results are expected to show a decline of about ¥150 billion YoY, the rate of decline in the first quarter seems small. However, in the third quarter of the previous fiscal year, the volume of new orders received increased by around ¥100 billion YoY. Given the anticipated future reactionary decline of the increase, we recognize that the progress made has been largely as planned.

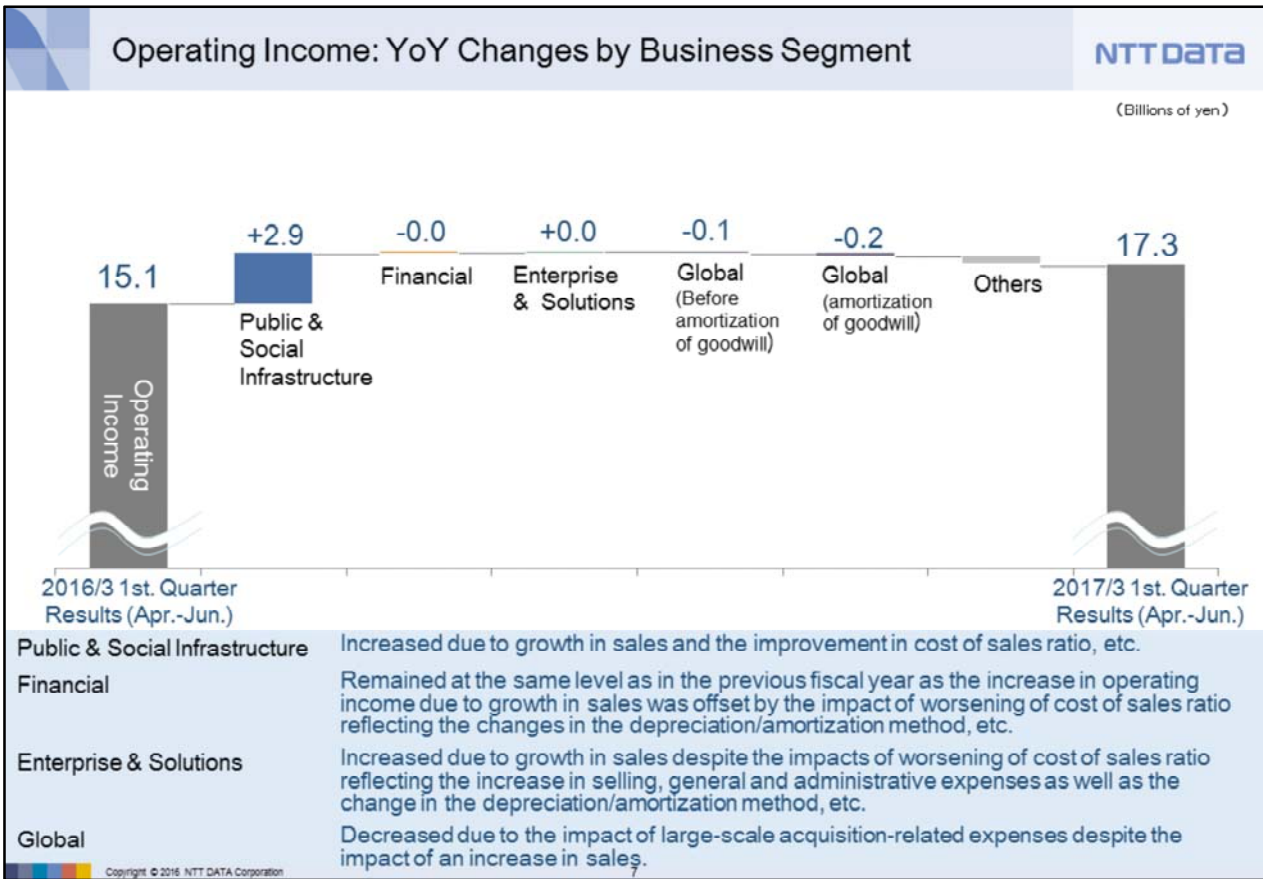


Next, I would like to talk about net sales. Net sales increased in all business segments.

The “Global” segment posted an especially large increase. Similar to new orders received, net sales increased by about ¥20 billion YoY owing to the inclusion of NTT DATA EMEA’s results over six months and the organic growth in European businesses as a whole. Meanwhile, the appreciation of the yen caused net sales to fall by about ¥12 billion.

With regard to the three domestic business segments, each posted an increase in revenues as expected at the beginning of this fiscal year.

This is a good progress against the full-year consolidated earnings estimates. As for net sales, we witnessed temporary sales of about ¥10 billion in the third quarter of the previous fiscal year. Given the anticipated reactionary decline of the increase, we are largely “on track,” as is also the case of new orders received.



Now, I will talk about operating income. All segments, except for “Public & Social Infrastructure,” recorded results similar to those in the previous fiscal year.

Meanwhile, the loss from unprofitable transactions was less than ¥1 billion across the company. However, the company posted a loss of ¥1.2 billion in the first quarter of the previous fiscal year, and therefore, this figure does not significantly contribute to increasing profits.

By segment, “Public & Social Infrastructure” witnessed an increase in profits owing to the improvement in cost ratios, in addition to a growth in revenues. This is the result of several transactions with relatively good profitability ratios.

The “Financial” and “Enterprise & Solutions” segments posted a growth in revenues. However, the effects of changing the method of calculating depreciation for tangible fixed assets from the declining-balance method to the straight-line method from the current fiscal year appeared as increased amortization expenses in the first quarter. As a result, operating income in these segments remained almost unchanged from the previous fiscal year. Therefore, I would like to emphasize that if the method of calculating depreciation had not been changed, both segments would have posted an increase in revenues as well as profits.





Meanwhile, changing the method of calculating depreciation caused a decline in operating income in the first quarter. However, as there will be effects of a gradual decline in amortization expenses after the second quarter, there will be almost no effect of the change on the full-year financial results as explained at the beginning of the current fiscal year.

The “Global” segment posted a slight decline in profits owing to the about ¥1 billion related to the large-scale acquisition in North America, which is now heading for closure. I would like to emphasize that if the temporary costs had not been incurred, the segment would have posted an increase in profits.

As mentioned previously, the financial results in the first quarter are as expected. If various factors anticipated in the second quarter or after are added, the full-year operating income estimate will amount to around ¥105 billion, which is in accordance with the estimate made at the beginning of the fiscal year.

In Page 8 and the following pages, figures by segment are presented. Please refer to these figures later as I will not be explaining them here.

(Billions of Yen, %)

	2016/3 1st. Quarter Results (Apr.-Jun.)	2017/3 1st. Quarter Results (Apr.-Jun.)	YoY (Amount)	YoY (Rate)	
New Orders Received	150.1	115.7	-34.3	-22.9%	
Net Sales	82.5	89.1	+6.5	+8.0%	
Operating Income	4.0	7.0	+2.9	+72.6%	
Segment Profit(*)	4.1	7.2	+3.0	+73.2%	

(\*)Segment Profit is income before income taxes

New orders received	Decreased due to a reactionary decline in the large-scale projects for national government and the utility industry, etc., in the previous fiscal year.
Net sales	Increased reflecting the expansion in business scale for national government, etc. despite a shrink in business for the utility industry.
Operating income	Increased due to growth in sales and the improvement in cost of sales ratio, etc.

(Description abbreviated)



(Billions of Yen, %)

	2016/3 1st. Quarter Results (Apr.-Jun.)	2017/3 1st. Quarter Results (Apr.-Jun.)	YoY (Amount)	YoY (Rate)	
New Orders Received	162.3	159.4	-2.8	-1.8%	➔
Net Sales	116.3	118.6	+2.2	+1.9%	➔
Operating Income	6.7	6.6	-0.0	-0.9%	➔
Segment Profit(*)	7.0	6.9	-0.0	-1.3%	➔

(\*)Segment Profit is income before income taxes

New orders received	Decreased in projects for cooperative financial institutions.
Net sales	Increased reflecting the expansion in business scale for banks, insurance and credit corporations business, etc.
Operating income	Remained at the same level as in the previous fiscal year as the increase in operating income due to growth in sales was offset by the impact of worsening of cost of sales ratio reflecting the changes in the depreciation/amortization method, etc.

(Description abbreviated)

(Billions of Yen, %)

	2016/3 1st. Quarter Results (Apr.-Jun.)	2017/3 1st. Quarter Results (Apr.-Jun.)	YoY (Amount)	YoY (Rate)	
New Orders Received	75.5	70.5	-5.0	-6.7%	
Net Sales	88.9	97.7	+8.8	+9.9%	
Operating Income	5.9	6.0	+0.0	+1.6%	
Segment Profit(*)	6.8	6.9	+0.0	+0.7%	

(\*)Segment Profit is income before income taxes

New orders received	Decreased due to the change of accounting period for new orders received in the data center services business during the fiscal year.
Net sales	Increased reflecting the expansion in business scale for retail, logistics, and services industries.
Operating income	Increased due to growth in sales despite the impacts of worsening of cost of sales ratio reflecting the increase in selling, general and administrative expenses as well as the change in the depreciation/amortization method, etc.

(Description abbreviated)

(Billions of Yen,%)

	2016/3 Results (Apr.-Jun.)	2017/3 Results (Apr.-Jun.)	YoY (Amount)	YoY (Rate)	
New Orders Received	112.9	136.6	+23.7	+21.0%	
Net Sales	122.6	145.2	+22.5	+18.4%	
Operating income (before amortization of goodwill)	1.4	1.2	-0.1	-13.1%	
Operating Income	-2.3	-2.8	-0.4	-20.1%	
Segment Profit(*)	-2.8	-3.7	-0.8	-30.2%	

(\*)Segment Profit is income before income taxes

<b>New orders received</b>	Increased due to the unification of accounting periods and the expansion of business in European subsidiaries, etc. despite the impact of a decrease due to foreign exchange.
<b>Net sales</b>	Increased due to the unification of accounting periods and the expansion of business in European subsidiaries, etc. despite the impact of a decrease due to foreign exchange.
<b>Operating income (Before amortization of goodwill)</b>	Decreased due to the impact of large-scale acquisition-related expenses despite the impact of an increase in sales.

(Description abbreviated)

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Operating Environment  
and Business

Next, I will explain about the operating environment of the company and major topics in the first quarter by segment.

- Although we face severe market environment in the overall business for national government on the back of intensified competitions and more demands for cost reductions, we expect growth in business opportunities as the realization and achievement of society using the world's leading IT is required.
- The social security and tax number system under the so-called "Number Act" (the "My Number System") was launched in January 2016, and the government, local governments, financial institutions and private-sector corporations are continuing their efforts for setting up necessary frameworks for information sharing, etc.
- In the utilities industry, market changes arising from system changes including electricity and gas systems reforms are expected to prompt an increase in IT spending.

National Government	<ul style="list-style-type: none"> <li>• With the "Declaration on the Creation of the World's Most Advanced IT Nation" revised in May 2016, we expect growth in business opportunities as demands for cost reduction in the administrative information systems are increasing while the realization and achievement of society using the world's leading IT such as IoT (Internet of Things) and AI (Artificial Intelligence) is required.</li> <li>• In relation to the My Number System, relevant authorities started issuing notifications of personal ID number (the "My Number") and accepting applications for card issuance in October 2015. The My Number has been effective for use since January 2016, and the government, local governments, financial institutions and private-sector corporations are continuing their efforts for setting up necessary frameworks for information sharing, etc.</li> </ul>
Local Government	<ul style="list-style-type: none"> <li>• Amid overall belt-tightening, the market environment is becoming harsher due to heightened demands for cost reduction and intensified competitions, but we expect growth in business opportunities reflecting the promotion of vitalization of local economy through the use of IT, etc.</li> <li>• In relation to the social security and tax number system, relevant demand is rising from the assignment and notification of the numbers in October 2015 toward the cooperation between the government and local public bodies in 2017.</li> </ul>
Healthcare	<ul style="list-style-type: none"> <li>• With "The improvement of environment for utilization of personal data" and "The full-scale implementation of ICT in the medical/nursing care industries" highlighted in the government policy, and given that the intensive consideration is being conducted concerning the improvement and utilization of the number system to be utilized in the medical industry as well as the related database of the medical industry held by the central government, etc., and concrete approaches for integrated use of personal medical and health information, it is assumed that the ICT and the use of medical information in the medical industry will be accelerated more and more.</li> </ul>
Telecom and Utility	<ul style="list-style-type: none"> <li>• In the utilities industry, market changes arising from system changes including electricity and gas systems reforms are expected to prompt an increase in IT spending.</li> <li>• In the telecom industry, business focus will be shifted to non-telecom businesses and cross-sectoral collaboration responding to intensifying competitions. IT spending is also shifted from infrastructure and networking facilities to new services, continuously requiring further cost reduction in the IT spending for the existing domains.</li> </ul>

First, I would like to talk about the operating environment of the "Public & Social Infrastructure" segment. In relation to the national government and local governments, fierce competition and the request for cost reductions continue, and therefore, we recognize that the market circumstances remain difficult. Meanwhile, against a backdrop of the "Declaration on the Creation of the World's Most Advanced IT Nation" revised in May this year, we believe there will be business opportunities in areas such as Internet of Things (IoT) and Artificial Intelligence (AI), and we will therefore continue to focus on this segment.

In addition, with regard to areas related to the personal ID number system, so-called My Number system and utilities, there have been no significant changes in outlook for the past three months. We will continue to actively engage in these business areas.

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

• While overall IT investments remain conservative partly reflecting the impact of negative interest rates, uncertain global financial situations, etc., it is expected that the investments will be made to meet the growing needs for availability of domestic inter-bank payments 24 hours a day and 365 days a year, sophistication of settlement activities, and globalization. Additionally, driven by growing interests in Fintech, etc., there may be opportunities for new services.

Financial	<b>Banks</b>	<p>Careful attention must be paid to the increasing sense of uncertainty in the economy and the impacts of the revision to the Banking Act on the banking industry and IT investments.</p> <p><b>[Major Banks]</b></p> <ul style="list-style-type: none"> <li>• While it is necessary to keep an eye on the impacts of the sense of uncertainty for economic outlook on IT investments, we expect that the needs for services using the new technologies including Fintech will continue.</li> <li>• Given relaxing of regulations, the development of new services using IT and creation of subsidiaries are expected.</li> <li>• The trend of major banks' global development for supporting the overseas expansion of the Japanese companies centering in Asia has shifted from comprehensive investments to investments in the businesses in need.</li> </ul> <p><b>[Regional Banks]</b></p> <ul style="list-style-type: none"> <li>• There are growing needs for Fintech-related services.</li> <li>• Looking ahead, we expect to see active IT investments associated with business consolidation, as well as investments in anticipation of systems reform.</li> <li>• There are increasing needs related to online activities, including functions to prevent unauthorized accesses to internet banking services, as well as banking services through downloaded applications.</li> <li>• Profitability in the main businesses (net interest margin) still faces tough environment in which the need for cutting running costs will continue. At the same time, needs for joint use of IT has been rising.</li> </ul>
	<b>Insurance</b>	<ul style="list-style-type: none"> <li>• While IT spending in the overall industry faces tough situations, investments in new channels, new products, improvement of efficiency and other fields are expected.</li> </ul>
	<b>Security</b>	<ul style="list-style-type: none"> <li>• While domestic markets remain unstable, appetite for investing in the areas of "regulatory compliance" and "wealth accumulation in the retail business" is observed.</li> </ul>
	<b>Credit Corporations</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• With diversifying means of payment and settlement, the risk of information leakage from the member stores' side is increasing. The payment card industry is now considering the methods of examination and management of member stores.</li> </ul>
	<b>Cooperative Financial Institutions</b>	<ul style="list-style-type: none"> <li>• A moderate recovery trend of the domestic economy including regions continues despite some weakness observed in some areas. Lending activities for small- and medium-sized enterprises are on an upward trend. Meanwhile, a substantial boost in IT spending cannot be expected taking into consideration the lingering fierce business environment such as uncertain outlook for the future economy as well as lowering lending rates on the back of competitions in interest rates.</li> <li>• Trends of improvement of cost efficiency through reorganizations and outsourcing operations, as well as promoting investments in IT strategic domains can be observed.</li> </ul>
	<b>Financial Infrastructure and Financial Network Services</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

Next is the "Financial" segment. We continue to expect business opportunities such as making available interbank payments 24 hours a day and 365 days a year and Fintech (innovation in financial services), and will focus on these businesses. However, the uncertain global financial situation owing to Britain's exit from the EU, or Brexit, and other factors could bring about some changes to the IT investment stance of respective financial institutions, and therefore, it will be necessary to carefully watch the future effects going forward.

	<ul style="list-style-type: none"> <li>On the back of the uncertain perspectives of the overall domestic economy, a cautious attitude toward domestic IT spending has continued. Under such circumstances, new IT spending such as omni-channels and IoT has been activating despite a sign of sluggish business sentiment in the manufacturing industry. Furthermore, from a perspective of BCP, demands for more reliable network and data centers remain strong.</li> </ul>
<p>Retail, Logistics, Payment and Other Service Industry</p>	<ul style="list-style-type: none"> <li>Demands for IT spending aiming at increasing sales by using Omni-channel strategy including sales promotion activities connecting e-commerce to real stores have been growing steadily. These investments can be also expected for businesses aiming at foreign tourists visiting Japan.</li> <li>Needs for peripheral functions of payment (electronic sign, point management, etc.) and inbound travelers service functions (overseas cards, multi-currency settlement, issuance of tax-exempt documents, etc.) were robust in addition to needs for payment services by credit cards, debit cards and cyber money. Concurrently, needs for cloud services enabling the member stores to add and extend those diverse payment functions are expanding.</li> </ul>
<p>Manufacturing Industry</p>	<ul style="list-style-type: none"> <li>Despite signs of sluggish business sentiment coming into view in the manufacturing industry, growth in IT spending can be expected, particularly in the digital domains including signs of a possible breakdown indicated by the big data using IoT as well as digital marketing for consumer products, etc. As system improvement toward the enhancement of global competitiveness as well as measures for reinforcement of production facilities are consistently implemented, it is expected that the demand for visibility of supply chains and the reconstruction of logistic infrastructure will become apparent.</li> </ul>
<p>Network Services, Data Center Services, Cloud Services and Digital Services</p>	<p><b>【Network Services】</b></p> <ul style="list-style-type: none"> <li>Wired networks business continued to grow steadily, driven by the demand for building global operations, in addition to the BCP-related demand (network redundancy, etc.).</li> <li>In the wireless network business, the introduction of public relations terminals is under way in various industries, thereby it is expected that the use of tablet terminals, lines for mobile terminals and wireless LAN will expand further.</li> </ul> <p><b>【Data Center Services and Cloud Services】</b></p> <ul style="list-style-type: none"> <li>For the purpose of business continuity planning, there are solid needs for data centers that maintain high level of business continuity with quake-absorbing/ earthquake-resistant structure and private power generation equipment.</li> <li>There are increasing needs for hybrid- and multi-cloud environment whereby a variety of cloud environment, including public cloud, are linked together.</li> </ul> <p><b>【Digital Services】</b></p> <ul style="list-style-type: none"> <li>The IT spending in the sales and customer contact domains has been growing with the aim of preventing opportunity losses by diversifying sales channels and upgrading customer experience based on customer analyses. Projects associated with omni-channels, data integration, business intelligence (BI), marketing automation, etc. have been further developed.</li> <li>In the big data-related businesses which formerly consisted of consulting services and demonstration tests, needs for large-scale real time analysis and processing platforms in the IoT and marketing automation domains have surfaced, and the relevant projects are under development.</li> </ul>

There has been no significant environmental change in the “Enterprise & Solutions” segment over the past three months. We would like to continue to expand businesses in the fields of omni-channels and IoT.

Global	Americas	<ul style="list-style-type: none"> <li>The US economic outlook for 2016 remains modest in general, driven by opposing forces of solid domestic spending and cautious investment in a weak global environment. The dollar remains strong, bolstered by higher consumer spending, driven in part by strong consumer confidence, jobs growth and personal income. Meanwhile, the industrial core of the economy is expected to continue to decelerate with weaker appetite for investment. This is mainly due to sluggish oil and energy prices and uncertain demand from outside the United States which is expected to remain in a holding pattern for some time to come.</li> <li>The IT services market in the United States is expected to maintain moderate growth with demand focused on consulting, etc. aiming at the application of cutting-edge technology to businesses.</li> <li>The economy in the overall region of Latin America is further decelerating mainly due to weaker external demands, lower resource prices, fragile financial base, etc. Brazil, among others, faces serious economic recessions on the back of the lingering political and economic disorders. Meanwhile, Chile is expected to maintain its growth path despite some sense of deceleration, and Mexico is likely to achieve steady growth thanks to lower oil price and robust US economy. While companies continue to take cautious stance toward investments as a whole on the back of uncertainty in the regional economic outlook, demands are expected to continue for IT spending that contributes to the standardization, improvement of efficiency of business operations, and cost reduction.</li> </ul>
	EMEA	<ul style="list-style-type: none"> <li>Although the Eurozone economy maintained a modest recovery on the back of robust private consumption, concerns over future outlook of politics and economy are growing as a result of the UK's national referendum in which pro-Brexit voters obtained a majority. Uncertainty in the outlook has forced companies to revise their investment plans, and to become aware of the risk of decelerating consumer spending.</li> <li>While the UK economy also remained robust led mainly by consumer spending, it is likely that the economic downturn will be inevitable as a result of the decision of Brexit. Amid the increasing uncertainty toward the political and economic outlook, it is anticipated that the economy will be weighed down by the decline in investments and consumption due to deteriorating business sentiment in the UK companies and households, in addition to freeze on, and withdrawal from, foreign investments in the UK.</li> <li>The IT services market maintains its robust trend, but careful attention must be paid to the situation because it is likely that companies in Eurozone and the UK will strengthen cautious attitudes toward IT spending in the future.</li> </ul>
	Asia-Oceania	<ul style="list-style-type: none"> <li>The economy in India and Southeast Asia in general shows robust trend due to the increase in consumer spending on the back of lowering resource prices and rising disposable personal income despite stagnant exports triggered by the deceleration of the Chinese economy. While it is likely that domestic demands will continue to be strong, some take the view that it will take time to achieve a full-scale recovery of export. In the IT services market, there is a concern over changes in investment attitude reflecting the rising uncertainty for future outlook.</li> <li>The Chinese economy has been on the decelerating trend. While the services sector continued to observe stable growth, the growth rate of the industry sector remained low amid the strengthened efforts to eliminate overcapacity, showing no sign of trend reversals. IT spending maintained its strengths led mainly by vigorous investment appetite of the internet-related industry, but a modest slowdown in the growth rate of the overall IT service market is anticipated reflecting the decelerating real economy.</li> </ul>

Finally, I would like to explain the operating environment surrounding the “Global” segment. In North America, there has been no major change in recent years, and we continue to expect moderate market growth. However, deteriorating overseas business sentiments concerning North America have led investors to take a cautious investment stance in select business areas, and therefore we would need to pay attention to this situation going forward.

In Central and South America, IT spending is still considered an investment aimed at reducing costs via operational standardization and efficiency improvement. It will be necessary to pay sufficient attention to uncertainties in politics and macroeconomics in the region.

In Europe, we believe that the IT service market will remain strong, but we would like to carefully watch the future effects of Brexit etc. as mentioned before.

In Asia, there has been no major change, and therefore, we will engage in this region and position it as a long-term growth market.



Public & Social Infrastructure	1	<p><b>Launch of world's most precise "AW3D Global Digital 3D Map" service for full global coverage</b></p> <p>NTT DATA and the Remote Sensing Technology Center of Japan (RESTEC) have started providing the "AW3D Global Digital 3D Map" (Note 1), with the world's best accuracy using satellite images as a 3D map covering all land on earth, from April 26. It has been used in a wide range of areas in 60 countries; the 3D map of the whole world enables new demands to be met, such as the conducting of global research and simulation of resources, environment, disaster prevention, and transport. The High-Definition Version with a maximum definition of 50 cm using high-definition satellite images and the 3D Building Map precisely showing buildings has been added. With these products, we are aiming toward further business expansion in areas such as urban design requiring detailed information, facility management, radio transmission simulation, etc.</p>
	2	<p><b>Launch of various services associated with the deregulation of electricity retail business</b></p> <p>We have started providing services concerning measures for liberalization of electricity retailing in the smart meter operations management system for electric power companies including Tokyo Electric Power Company Holdings, Inc. and others, as well as various systems such as the Switching Support System for Organization for Cross-regional Coordination of Transmission Operators, JAPAN. A cloud service for new electric power providers, "ECONO-CREA," has also been fully launched, as the liberalization of electricity retailing started on April 1, 2016. We are also aiming to expand our business in total liberalization of gas retailing in April 2017.</p>
	3	<p><b>Launch of the IoT platform "ANYSENSE" concurrently with the promotion of its application to monitoring and controlling of the private-sector manufacturing industry, etc.</b></p> <p>We started providing "ANYSENSE" (Note 3), an IoT platform that allows reduction in development costs and quicker adoption of an IoT system (Note 2) than the conventional system for water and sewerage companies. Further, we are expanding introduction of the service to municipalities and the private sector concerning rivers, roads, etc., and promoting introduction and provision of the service to 12 organizations and companies. We will promote application of the service to other areas based on the trend of Industrie 4.0 (the fourth industrial revolution), and expand fields/markets of application by providing integrated monitoring control solutions among facilities*, as well as abnormality and fault detection solution, not only in water and sewerage areas, but also in the agricultural area and the private manufacturing area.</p>
<p>( Note 1 ) "AW3D Global Digital 3D Map Distribution" : In cooperation with the Japan Aerospace Exploration Agency (JAXA), we began providing the service for the world's first five-meter-resolution 3D map with the Digital Elevation Model (DEM) that uses 3 million satellite images taken by "DAICHI (ALOS)," JAXA's land-area observation technology satellite and can show the ups and downs of the land surface of the Earth. We also began the service providing more precise versions by using commercial satellite images. This service has allowed users to get more precise 3D mapping data at a lower cost and in a shorter period than conventional technologies including aerial photographs. Therefore, the use of this service is spreading to wide-ranging areas in emerging countries particularly in Asia and Africa, in various fields including map creation, disaster prevention, power generation plans in the power sector, mining-field inspections in the resource sector, preventive measures against the expansion of infectious diseases in the hygiene sector and the urban and facility planning.</p> <p>( Note 2 ) IoT ( Internet of Things ) : IoT is what is generally called "the Internet of Things." Just in the same way as people exchange information and do activities on the Internet, "things" connected via the Internet also share information, provide beneficial information, and even move without anyone's help.</p> <p>( Note 3 ) "ANYSENSE" : This is an IoT platform that collects and delivers information on various distant "things" including sensors, devices, plants, etc. Utilizing its strengths in "connecting" and "pooling," it enables the collection and accumulation of data from various devices, robots, and machine tools in facilities such as plants, etc.</p> <p>*Applied facilities/systems, etc. : Water and sewerage area: filter plants/pumping stations; Agriculture area: agricultural water management systems; Private manufacturing area: factories/plants</p> <p>Copyright © 2016 NTT DATA Corporation 17</p>		

I would like to introduce the major topics in the first quarter, which are presented on Page 17 onwards.

First, in the "Public & Social Infrastructure" segment, our business strategy focuses on new domains such as the My Number system and IoT, the overseas deployment of domestic results and know-how, and IT markets in the electricity and gas sectors.

Measures taken during the first quarter include providing a global digital 3D map covering all land on earth, the promotion of new services for water and sewerage companies using our IoT platform, and providing various services responding to the liberalization of electricity retailing.

Financial	4	<p><b>Launch of "Densai Factoring Service" for Resona Bank, Limited. and The Hachijuni Bank, Ltd.</b></p> <p>We started providing Densai Factoring Service, a collective factoring service <sup>(Note 1)</sup> of Electronically Recorded Monetary Claim for financial institutions, to Resona Bank, Limited. and Hachijuni Bank, Ltd. By providing the factoring service of Electronically Recorded Monetary Claim, whose provision was only possible by mega-banks with their own recording institutions or financial institutions in alliance with mega-banks as a collective-use function, financial institutions joining "Densai Net" <sup>(Note 2)</sup> will be able to provide the service to their customers in the first instance at a low cost. It also prevents their clients' financial transactions and accounts for payment from being removed to other financial institutions, as well as promoting the use of Electronically Recorded Monetary Claim to companies using bills. We are aiming to introduce the service to more financial institutions in addition to Resona Bank, Limited. and Hachijuni Bank, Ltd.</p>
	5	<p><b>Launch of the mission-critical system "BeSTAcldoud" for Aozora Bank, Ltd.</b></p> <p>We started providing "BeSTAcldoud", <sup>(Note 3)</sup> an enterprise system for financial institutions, to Aozora Bank, Ltd., which employed the service for the first time among banks except regional financial institutions. The bank valued its high scalability and flexibility, the highest standard backup function in the country with two centers in the east and the west, and our performance in operating enterprise systems. We will expand advanced system functions based on "BeSTA" and promote expansion of the number of user banks by proposing the best solution to a wide variety of financial institutions.</p>
Enterprise & Solutions	6	<p><b>Agreed with Netyear Group Corporation to collaborate in promoting the Omni-channel.</b></p> <p>Netyear Group Corporation and NTT DATA agreed to collaborate in promoting the introduction of the omni-channel to companies including those in the retail industry. By combining Netyear Group's strength in user experience <sup>(Note 4)</sup> design, and our strength in project management and system development ability, we provide total support including consultation, system development/maintenance, and information analysis in operation, and aim to provide the optimized omni-channel to strengthen clients' competitive ability.</p>
<p>( Note 1 ) Collective factoring : This is a service whereby financial institutions buy payables paid with bills by using (paying) companies and provide funds at a discount rate with low interest using the credit of the using (paying) companies.</p> <p>( Note 2 ) "Densai Net" : This is the Electronically Recorded Monetary Claim service provided by the Zengin Electronic Monetary Claim Network.</p> <p>( Note 3 ) "BeSTAcldoud" : As an enterprise system with more flexibility for each user bank based on "BeSTA", a standard banking application, this is provided to SHONAI BANK, Ltd. and Hokuto Bank, Ltd., in the FIDEA Group, the first user of this system since 2014.</p> <p>( Note 4 ) User experience : This is a general term for experiences that can be gained by users through using products and services.</p>		

This page introduces some measures in the "Financial" and "Enterprise & Solutions" segments. First, I will explain topics concerning the "Financial" segment. The business strategy for the "Financial" segment features responses to the sophistication of settlement activities, creation of new services following deregulations, and business expansion by capturing changes in client strategy such as the acceleration of overseas advancement.

There were two main measures taken in the first quarter. One was providing a collective factoring service of Electrically Recorded Monetary Claim for financial institutions to Resona Bank and Hachijuni Bank, and the other was providing "BeSTAcldoud," which is an enterprise system for financial institutions, to Aozora Bank.

I would like to move to the "Enterprise & Solutions" segment. The business strategy for this segment is to evolve ourselves from IT partner to business partner by capturing changes in value chains triggered by digitalization and the global needs of customers and providing total services. From this perspective, two cases are presented here. The first one is the agreement with Netyear Group Corporation to collaborate in promoting the omni-channels, and the second one is introduced on Page 19.

Enterprise & Solutions	7	<p><b>Established a collaborative relationship with Denso Corporation mainly for development of automotive software.</b></p> <p>NTT DATA M&amp;E CORPORATION, our subsidiary, and Denso Corporation formed a partnership through capital alliance. In the safety area of automobile industry, the importance of safety-promotion systems for drivers is increasing and vehicle-installed software development for controlling these systems has become more sophisticated and complex. We will improve our ability and efficiency in vehicle-installed software development through creating a partnership with Denso Corporation, which supports drivers for advanced driving, and NTT DATA M&amp;E CORPORATION, which is strong in vehicle-installed software and embedded software development, and contribute to the realization of a next-generation automobile society utilizing IT.</p>
Global	8	<p><b>Enhanced the foundation of SAP-related business in Germany</b></p> <p>We acquired 100% ownership of ITML GmbH (ITML) in June 2016, and BIT. Verwaltungs GmbH (BIT) in July 2016 through itelligence AG, our subsidiary in Germany. By this, we have gained the ability to provide services in growth-expected CRM (customer relationship management) using SAP and our business and good customer base in the booming automobile and manufacturing industries in southern Germany, as well as resource expansion for development and maintenance/operation in eastern Germany where BIT has its base. We will expand our share in Germany, a core market in Europe/euro zone, creating synergy in the aspects of solution, regions, and customer base among NTT DATA, ITML, and BIT.</p>
	9	<p><b>Converted VietUnion, a Vietnamese company, into a subsidiary.</b></p> <p>We agreed to acquire VietUnion Online Services Corporation (VietUnion) in Vietnam by additional acquisition of its shares and raising the stake through NTT DATA ASIA PACIFIC PTE. LTD., our subsidiary. By this, we will establish our position in the bill payment business (payment service through major participating stores such as convenience stores), the strength of VietUnion, and contribute to the development of payment infrastructure service in Vietnam, expanding our service utilizing our know-how in "CAFIS".</p>

The second case in the “Enterprise & Solutions” segment is the establishment of a collaborative relationship with Denso Corporation for the development of automotive software. This will lead to new developments in business in terms of the development of the next-generation automobile society.

In the “Global” segment, aiming for the Global 2<sup>nd</sup> Stage, the business strategy continues to aim at creating the source of competitiveness by globally promoting business cooperation among group companies and bringing together strengths and resources, while increasing their presence in each region and business domain through organic growth and M&As.

Amid such circumstances, two cases are presented here. In the first case, we conducted two M&As via itelligence AG, our core subsidiary of Business Solutions, to enhance the foundation of our SAP-related business mainly in Germany. The second case concerns Vietnam in the APAC region. In Vietnam, the bill payment business (payment service through major participating stores such as convenience stores) is expected to expand. To further expand our mainstay settlement business, we converted VietUnion Online Services Corporation (VietUnion,) whose strength lies in the payment business, into a consolidated subsidiary.

**Promoted research and development to address the challenges of legacy modernization, and foster the awareness of the challenges on the client side.**

We will promote research and development of methodology to safely and securely execute legacy modernization <sup>(Note 1)</sup>, analyze legacy systems, and define processes to recover systems based on the analysis. In order to foster the customer's (contractee's) awareness of issues concerning legacy modernization, "System Development Upper Process Enforcement/Modernization WG" is established under the Information-Technology Promotion Agency, Japan (IPA) with our encouragement. We will promote improvement of the environment for tackling the issues of legacy modernization as a whole society.

**Conducted demonstration tests of alleviation of traffic congestion in Guiyang City, China, by means of signal control.**

In Guiyang, China, we have conducted a demonstration experiment on traffic congestion reduction technology by controlling traffic lights. Using one million data from about one hundred traffic management cameras installed at intersections, we conducted traffic congestion forecasting and traffic light control simulation, and optimized traffic light settings. We confirmed an average of 10% and a maximum of 51% improvement in travel time within the experimental areas. Based on the performance including this demonstration experiment, we will put this traffic congestion reduction solution into practice and promote its application domestically and internationally.

**Conducted demonstration tests of customer response support by using a communication robot at a regional financial institution.**

We have started a demonstration experiment of customer support using "Sota", a communication robot, in cooperation with the Bank of Iwate, Ltd., Fukui Bank, Ltd., and the Bank of Kyoto, Ltd. It is the first installation of "Sota" in a regional financial institution. Through the demonstration experiment, we will learn the characteristics of customer support operations in regional financial institutions, improve precision of communication, list concrete scenes of its utilization, and aim to commercialize it within FY2016.

( Note 1 ) Legacy modernization : The entire operations realized by the current system, which has been maintained for a long period of time (legacy system), are becoming difficult to understand with the system becoming increasingly enlarged, complex, and dependent on individual skills. The aim of legacy modernization is to clear those specifications of such black-box systems, utilize existing assets, and renovate them into new systems.

Finally, I would like to talk about our research and development activities.

Aiming to enhance the ability to develop system integration, which is our mainstay business, we engage in the theme of innovation in production technologies. As a concrete example of this, our legacy modernization initiative is presented here.

In addition, we have conducted an experiment to demonstrate traffic congestion reduction technology in Guiyang, China, which is an example of our efforts to utilize cutting-edge technologies in order to offer attractive systems to customers. Another experiment involving a communication robot in cooperation with regional financial institutions is also presented at the end of this material.

So far, I have introduced some topics on measures taken in each segment in the first quarter. While three months have elapsed since we started the new Medium-term Management Strategy, today I was able to introduce services to respond to the liberalization of electricity retailing in relation to the "further deepening of remarketing," one of main features of our strategy. With regard to another main feature "value creation through technological innovations," I could introduce a demonstration experiment in the robotics field as well as IoT services. In addition, with regard to enhancing our local presence, one of goals set in the "NTT DATA: ASCEND" initiative, I could report some cases including the enhancement of our SAP-related business in Germany. Given these, I believe we could make a good start.

We would like to make continued efforts to report more such topics to you in the future.

## 3

## Appendices

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I would like to close my presentation using the information material. Finally, I will explain the current state of the large-scale acquisition in North America that the company is currently in the process of closing.

At present, we are sending the necessary applications to authorities in relevant countries and identifying the assets subject to the transfer.

Application procedures for competition law are currently being implemented in multiple countries including emerging countries. Our applications have been approved of in most of the countries, and the remaining ones are in the final stages of the process.

On the other hand, because the Dell Services division operates businesses globally and the latest acquisition is not a mere acquisition of shares, but involves the transfer of businesses from the concerned Dell group companies, it is taking time to identify assets subject to the transfer and complete the necessary procedures. However, everything has gone smoothly so far.

With regard to when the acquisition will be completed, I cannot provide any concrete dates at present, but I would like to report that our company will aim to close the acquisition around this autumn.

We will announce numerical targets in the Medium-term Management Plan and full-year consolidated earnings estimates for this fiscal year based on the large-scale acquisition as early as possible after closing the acquisition. Therefore, I would require your patience for the time being.

I would now like to conclude my presentation. Thank you for listening.

## Overview of Consolidated Earnings and New Orders Received for the 1st Quarter of FY Ending March 31, 2017

NTT DATA

(Billions of Yen.%)

	2016/3 1st. Quarter Results (Apr.-Jun.)	2017/3 1st. Quarter Results (Apr.-Jun.)	Y oY ( % )	2017/3 Full-Year Forecasts
New Orders Received	505.1	484.7	-4.0	1,510.0
Orders on Hand	1,527.2	1,663.3	+8.9	1,508.0
Net Sales	358.5	392.2	+9.4	1,650.0
Cost of Sales	270.5	294.5	+8.9	1,236.0
Gross Profit	88.0	97.6	+11.0	414.0
SG&A Expenses	72.8	80.3	+10.2	309.0
Selling Expenses	33.4	34.6	+3.8	140.0
R&D Expenses	2.9	2.8	-4.1	13.0
Other Administrative Expenses	36.5	42.7	+17.2	156.0
Operating Income	15.1	17.3	+15.0	105.0
Operating Income Margin(%)	4.2	4.4	+0.2P	6.4
Ordinary Income	15.3	17.3	+12.8	99.0
Extraordinary Income and Loss	-	-	-	-
Income before Income Taxes	15.3	17.3	+12.8	99.0
Income Taxes and Others	7.9	7.2	-9.1	41.0
Net income attributable to owners of parent	7.3	10.0	+36.5	58.0
Capital Expenditures	26.8	28.5	+6.3	150.0
Depreciation and Amortisation/Loss on Disposal of Property and Equipment and Intangibles	40.3	39.3	-2.3	157.0

Note : Income Taxes and Others include Income, Residential and Enterprise Taxes, Adjustment to Income Taxes and Net income attributable to non-controlling interests.

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(Description abbreviated)

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

(Billions of yen)

	2016/3 1st. Quarter Results (Apr.-Jun.)	2017/3 1st. Quarter Results (Apr.-Jun.)	2017/3 Full-Year Forecasts
Public & Social Infrastructure	68.0	72.9	354.0
Financial	105.2	106.8	466.0
Enterprise & Solutions	63.0	69.6	290.0
Global	119.1	141.3	534.0

(Description abbreviated)

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

NTT DATA

(Billions of yen.)

	2016/3 1st. Quarter Results (Apr.-Jun.)	2017/3 1st. Quarter Results (Apr.-Jun.)	2017/3 Full-Year Forecasts
<b>Public &amp; Social Infrastructure</b>			
(Main item) : Central government and related agencies, Local Government, and Healthcare	89.2	63.7	127.0
Telecom and Utility	30.7	29.1	83.0
<b>Financial</b>			
(Main item) : Banks, Insurance, Security, Credit Corporations and Financial Infrastructure	106.2	105.4	290.0
Cooperative financial institutions and Financial Network Services	49.2	44.2	143.0
<b>Enterprise &amp; Solutions</b>			
(Main item) : Retail, Logistics, Payment and Other Service Industry	25.0	29.1	69.0
Manufacturing Industry	35.5	32.8	117.0
Network Services, Data Center Services, Cloud Services and Digital Services	13.0	6.9	31.0
Orders on Hand	1,527.2	1,663.3	1,508.0
Public & Social Infrastructure	-	465.7	347.0
Financial	-	846.9	820.0
Enterprise & Solutions	-	103.9	82.0
Global	-	243.4	256.0

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

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(Description abbreviated)



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

NTT DATA

(Billions of yen.)

		2016/3 1st. Quarter Results (Apr.-Jun.)	2017/3 1st. Quarter Results (Apr.-Jun.)	2017/3 Full-Year Forecasts
<b>Public &amp; Social Infrastructure</b>				
(Main item)	Central government and related agencies, Local Government, and Healthcare	36.4	40.7	200.0
	Telecom and Utility	20.6	18.9	83.0
<b>Financial</b>				
(Main item)	Banks, Insurance, Security, Credit Corporations and Financial Infrastructure	69.1	72.6	319.0
	Cooperative financial institutions and Financial Network Services	30.6	29.0	119.0
<b>Enterprise &amp; Solutions</b>				
(Main item)	Retail, Logistics, Payment and Other Service Industry	24.7	30.1	114.0
	Manufacturing Industry	25.7	26.0	121.0
	Network Services, Data Center Services, Cloud Services and Digital Services	11.3	11.6	48.0
	Integrated IT Solution	114.8	118.5	474.0
	System & Software Development	79.2	92.5	455.0
	Consulting & Support	149.1	166.9	666.0
	Others	15.4	14.2	55.0
<b>Net Sales by Products and Services Total</b>		<b>358.5</b>	<b>392.2</b>	<b>1,650.0</b>

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

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(Description abbreviated)

## Non-Consolidated Earnings and New Orders Received

NTT DATA

(Billions of Yen,%)

	2016/3 1st. Quarter Results (Apr.-Jun.)	2017/3 1st. Quarter Results (Apr.-Jun.)	2017/3 Full-Year Forecasts
New Orders Received	299.1	260.9	695.0
Orders on Hand	1,144.3	1,271.4	1,135.0
Net Sales	186.1	193.8	840.0
Cost of Sales	141.4	146.7	641.0
Gross Profit	44.6	47.0	199.0
SG&A Expenses	27.9	28.8	120.0
Selling Expenses	13.4	13.0	58.0
R&D Expenses	2.4	2.3	11.0
Other Administrative Expenses	12.1	13.3	51.0
Operating Income	16.6	18.2	79.0
Operating Income Margin(%)	9.0	9.4	9.4
Ordinary Income	21.1	23.9	80.0
Extraordinary Income and Loss	-	-	-
Income before Income Taxes	21.1	23.9	80.0
Income Taxes and Others	5.1	5.7	23.0
Net Income	15.9	18.1	57.0
Capital Expenditures	20.0	22.5	124.0
Depreciation and Amortisation /Loss on Disposal of Property and Equipment and Intangibles	31.8	31.4	124.0

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

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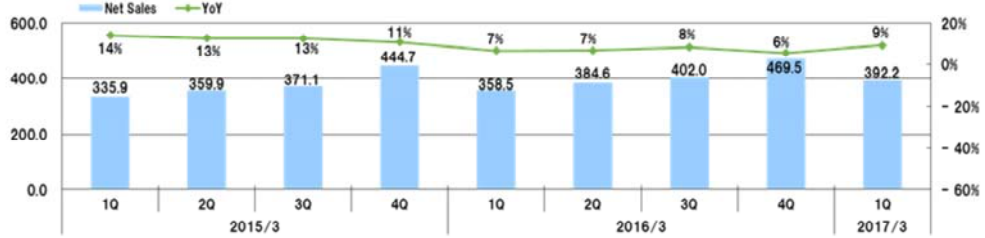
(Description abbreviated)

# Trends in Quarter (Consolidated)

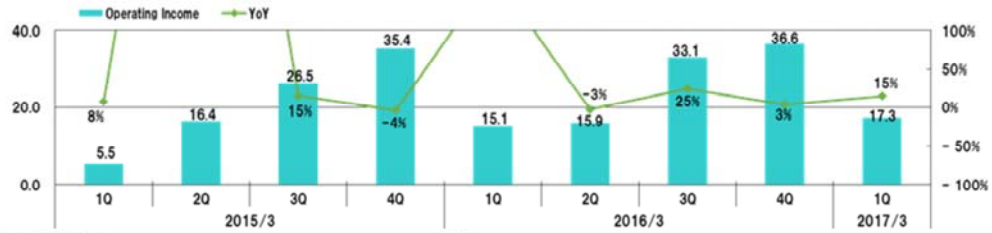
## ■ New Orders Received



## ■ Net Sales



## ■ Operating Income



(Description abbreviated)

(Yen / %)

	2016/3 1st Quarter Results (Apr.-Jun.)	2017/3 1st Quarter Results (Apr.-Jun.)	YoY (%)	2016/3 Results	2017/3 Full-year Assumed Rates	YoY (%)
	①	②	(②-①)/①	③	④	(④-③)/③
USD	121.44	107.74	-11.3%	120.01	113.00	-5.8%
EUR (For December-end companies)	133.97	127.13	-5.1%	134.28	126.00	-6.2%
EUR (For March-end companies)	134.18	121.88	-9.2%	132.57	126.00	-5.0%
RMB (Chinese Yuan Renminbi)	19.10	17.59	-7.9%	19.26	18.00	-6.5%

(Description abbreviated)



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