

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

February 7, 2017
NTT DATA Corporation

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

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I am Yo Honma, Representative Director and Senior Executive Vice President. Thank you for your attendance today in spite of your busy schedule. Now I would like to begin my explanation about the outline and operating environment of the third quarter of the fiscal year ending March 31, 2017. Please open your booklet to page 4.

INDEX

1. Results for the Third Quarter of Fiscal Year Ending March 31, 2017
2. Operating Environment and Business Outlook
3. Appendices

Cautionary Statement Regarding Forward-looking Statements

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(Description abbreviated)

1

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

(Description abbreviated)

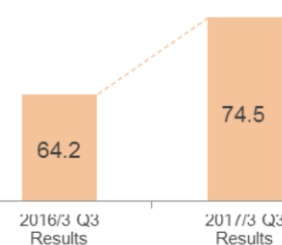
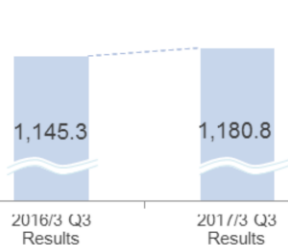
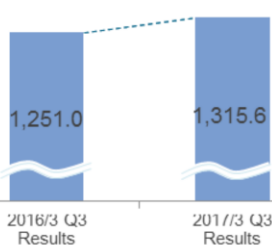
Results for the Third Quarter of Fiscal Year Ending March 31, 2017

	2016/3 Q3 Results (Apr.-Dec.)	2017/3 Q3 Results (Apr.-Dec.)	YoY (Amount)	YoY (Rate)	(Billions of Yen, %)
New Orders Received	1,251.0	1,315.6	+64.5	+5.2%	➔
Net Sales	1,145.3	1,180.8	+35.5	+3.1%	➔
Operating Income	64.2	74.5	+10.2	16.0%	➔
Income Before Income Taxes	76.0	71.4	-4.5	-6.0%	➔
Net income attributable to owners of parent	43.9	45.0	+1.1	+2.6%	➔

【New Orders Received】

【Net Sales】

【Operating Income】



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4

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■ Firstly, I need to inform you about the consolidation status of the previous Dell Services, the acquisition of which we announced in November 2016: NTT DATA has started consolidating the company since the third quarter.

Meanwhile, please note that we are consolidating only their balance sheet in the third quarter; their profit and loss statement will be combined from the fourth quarter.

■ Now I will begin to explain the financial figures. As a whole, we consider the results of the third quarter robust, following the favorable results of the second quarter.

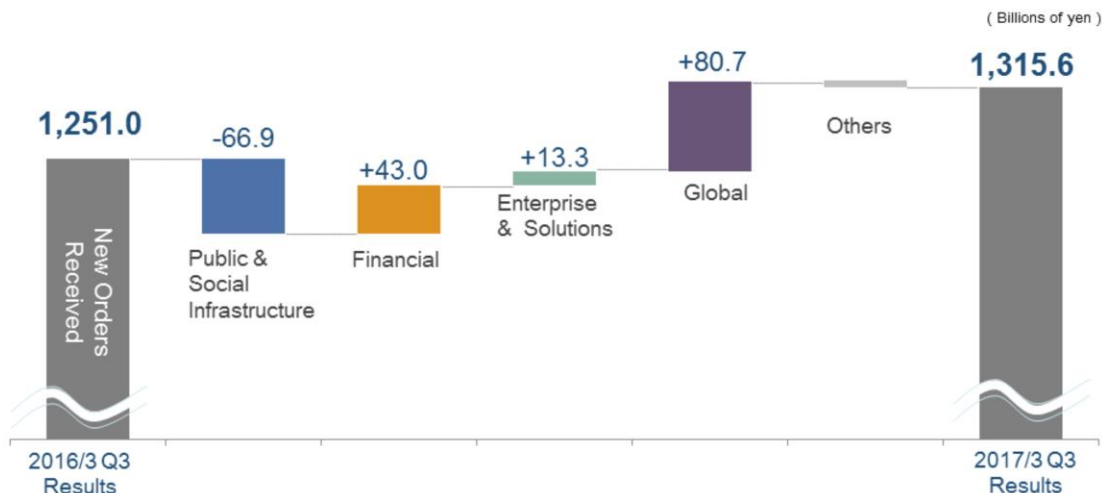
■ New orders received remained solid, up by 5.2% year on year, although it increased less than it had in the first half of the current fiscal year due to a pullback of large project orders received in the third quarter of the previous fiscal year.

■ Net sales and operating income continue to be positive, higher by 3.1% and 16% year on year, respectively.

■ Net profit before tax decreased year on year due to the incurrance of extraordinary losses. I will explain this in detail later.

■ Please open the booklet to page 5.

New Orders Received: YoY Changes by Business Segment



Public & Social Infrastructure	Decreased due to a reactionary decline in large-scale projects for national government in the previous fiscal year.
Financial	Increased as a result of winning large-scale projects for banks.
Enterprise & Solutions	Increased reflecting the expansion of businesses mainly for the manufacturing industry.
Global	Increased based on newly obtained large-scale projects in Australia and Spain and the unification of accounting periods of European subsidiaries, etc., despite a decrease due to foreign exchange.

■ I will explain the details on new orders received, net sales and operating income.

■ Firstly, new orders received: The overall trend has remained unchanged since the first half of the current fiscal year. In detail, although we experienced a drop in the Public and Social Infrastructure segment due to a reaction to the large project orders received in the previous fiscal year, all the other segments saw year-on-year increases in new orders received.

■ The Financial segment received new orders far above the figure of the previous fiscal year thanks to large project orders received from banks, although they rose less than they had done in the first half of the current fiscal year.

■ The results of the Global segment require a detailed explanation:

Firstly, please note that the figure on the chart includes a loss of a little less than 60 billion yen caused by the impact of foreign exchange, namely the strong yen.

Therefore, if this impact of the strong yen was excluded, the new orders received of this segment would additionally surge up about 140 billion yen.

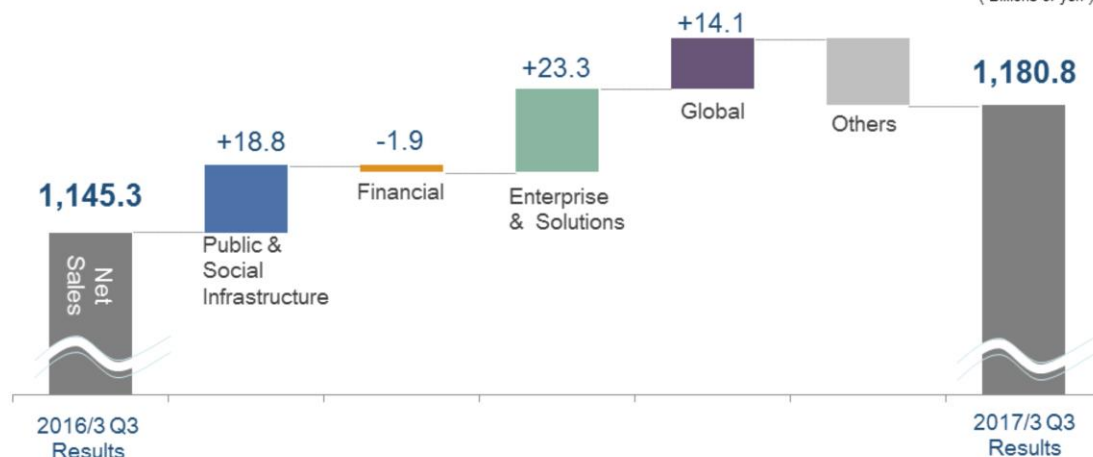
Such a steep surge was enabled mainly by the contract we signed in the first half of the current fiscal year for the transport smart-card ticketing system in Victoria, Australia, as well as the large project orders we obtained in Spain.

Secondly, as we have been explaining since the first quarter, the new orders received of this segment also include some additional 16 billion yen as a result of adjusting NTT DATA EMEA's fiscal term—from the term closing in December to the term in March. This adjustment added three more months to this fiscal year as a temporary measure.

■ Please see page 6.

Net Sales: YoY Changes by Business Segment

(Billions of yen)



Public & Social Infrastructure	Increased reflecting the expansion of businesses for national government, etc., despite a decrease in businesses for the utilities industry.
Financial	Remained at the same level as the previous year, reflecting a decline against the large-scale projects ordered in the previous period, which offset the increased size of projects for banks.
Enterprise & Solutions	Increased reflecting the expansion of businesses for the retail, logistics, and services industry.
Global	Increased as a result of the unification of accounting periods of European subsidiaries and the expansion of businesses, etc., despite the impact of a decrease due to foreign exchange.

■ Now I will move to net sales. Net sales continued to grow overall, unchanged from the first half of the current fiscal year.

■ The Enterprise and Solutions segment enjoyed the largest increase in net sales; the business of this segment is growing robustly, benefiting from a wide range of projects targeting the logistics service industry as well as payment and settlement services.

■ The Financial segment is basically on a growth track. However, it temporarily experienced a slight drop in its net sales due to a pullback of large one-shot projects received in the third quarter of the previous fiscal year.

This drop is not likely to affect our full-year projected figures so much because we expected it at the beginning of this fiscal year.

■ Here again, the Global segment requires a detailed explanation.

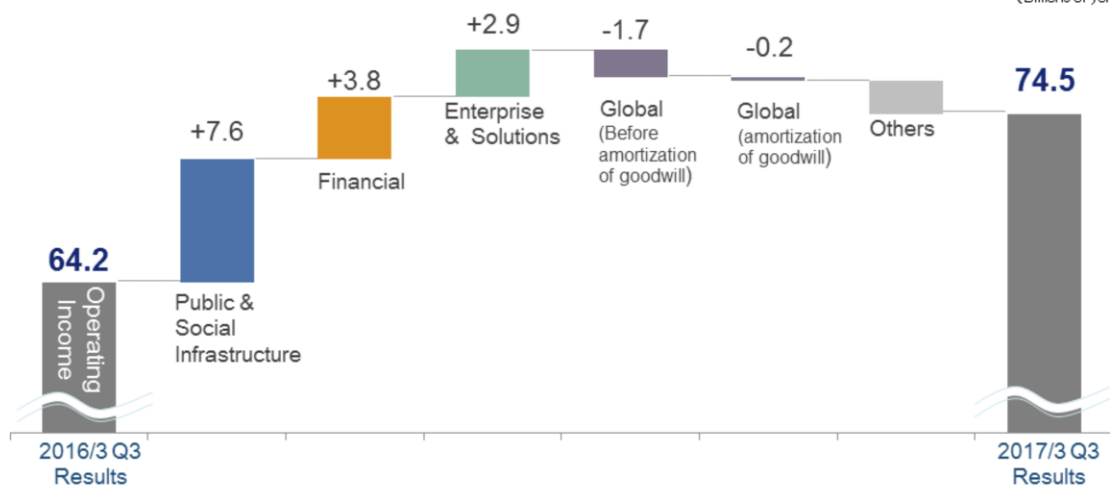
The figure of its net sales shown here includes about a 50 billion yen decrease that has been caused by foreign exchange impact. Without such a deduction, the net sales would soar another additional 64 billion yen.

Such an enormous increase was achieved by strong net sales in Europe, particularly in Spain, as well as additional net sales—about 21 billion yen—for the extra three months of NTT DATA EMEA.

■ Please see page 7.

Operating Income: YoY Changes by Business Segment

(Billions of yen)



Public & Social Infrastructure	Increased due mainly to sales growth and a decrease in unprofitable projects.
Financial	Increased due to a decrease in unprofitable projects.
Enterprise & Solutions	Increased due to growth in sales.
Global	Declined due to factors such as advisory expenses associated with the large-scale business acquisition which more than offset revenue-increasing factors.

■ The operating income rose in almost all segments and remained positive overall, following the first half of the current fiscal year.

■ The Global segment shows a 1.7 billion yen decrease in the operating income before amortization of goodwill. This is because the figure includes one-off expenses such as advisory expenses related to the acquisition of the previous Dell Services, which amounted to about 3.5-billion yen. As a whole, the operating income of this segment can be considered to continue to grow and the operating income rate to continue to improve, too.

Since the advisory expenses were originally expected to be around two billion yen as selling, general and administrative expenses in our full-year projected figures, it means that more of the advisory expenses were actually incurred than our expectations. Meanwhile, in relation to the expenses for the Dell Services acquisition, we had also projected extraordinary losses to be 14 billion yen. Since the actual amount to be incurred as extraordinary losses is now likely to fall below our expectations, the advisory expenses will unlikely cause downward pressure on the profit before tax if combined with the extraordinary losses.

■ The positive operating income of the three domestic segments basically comprises the following two parts: the increased income resulting from growing net sales and the reduced unprofitable projects.





■ The unprofitable projects were about 4.3 billion yen over the last nine months up to the end of the third quarter, which amounts to a 5.7 billion yen decrease year on year. Such a reduction in unprofitable projects primarily benefited the Public and Social Infrastructure and the Financial segments, which both posted increased income.

We have been able to keep the unprofitable projects under control: Although our full-year projected figures included six billion yen as a risk buffer, the number of unprofitable projects is likely to stay below that level.

■ From the next page, figures are shown by segment for your later perusal. Here, I will touch only on the extraordinary losses of the Global segment. Please see page 11.

Public & Social Infrastructure

(Billions of Yen,%)

	2016/3 Q3 Results	2017/3 Q3 Results	YoY (Amount)	YoY (Rate)	
New Orders Received	312.7	245.7	-66.9	-21.4%	
Net Sales	277.5	296.3	+18.8	+6.8%	
Operating Income	18.8	26.5	+7.6	+40.6%	
Segment Profit(*)	19.0	26.8	+7.7	+40.6%	





(*)Segment Profit is income before income taxes

New orders received	Decreased due to a reactionary decline in large-scale projects for national government in the previous fiscal year.
Net sales	Increased reflecting the expansion of businesses for national government, etc., despite a decrease in businesses for the utilities industry.
Operating income	Increased due mainly to sales growth and a decrease in unprofitable projects.

(Description abbreviated)

Financial

(Billions of Yen,%)

	2016/3 Q3 Results	2017/3 Q3 Results	YoY (Amount)	YoY (Rate)	
New Orders Received	372.4	415.4	+43.0	+11.6%	
Net Sales	372.7	370.7	-1.9	-0.5%	
Operating Income	24.0	27.8	+3.8	+16.0%	
Segment Profit(*)	24.6	28.3	+3.6	+14.8%	

(*)Segment Profit is income before income taxes

New orders received Increased as a result of winning large-scale projects for banks.

Net sales Remained at the same level as the previous year, reflecting a decline against the large-scale projects ordered in the previous period, which offset the increased size of projects for banks.

Operating income Increased due to a decrease in unprofitable projects.

(Description abbreviated)

Enterprise & Solutions

(Billions of Yen, %)

	2016/3 Q3 Results	2017/3 Q3 Results	YoY (Amount)	YoY (Rate)	
New Orders Received	168.2	181.5	+13.3	+7.9%	
Net Sales	280.6	304.0	+23.3	+8.3%	
Operating Income	22.3	25.2	+2.9	+13.3%	
Segment Profit(*)	37.7	41.1	+3.4	+9.1%	

(*)Segment Profit is income before income taxes

New orders received	Increased reflecting the expansion of businesses mainly for the manufacturing industry.
Net sales	Increased reflecting the expansion of businesses for the retail, logistics, and services industry.
Operating income	Increased due to growth in sales.
Segment Profit	As in the previous year, included reflecting gains on sales of investment securities.



(Description abbreviated)

Global

(Billions of Yen,%)

	2016/3 Q3 Results	2017/3 Q3 Results	YoY (Amount)	YoY (Rate)	
New Orders Received	386.3	467.0	+80.7	+20.9%	
Net Sales	382.6	396.7	+14.1	+3.7%	
Operating income (before amortization of goodwill)	8.0	6.2	-1.7	-21.8%	
Operating Income	-3.4	-5.5	-2.0	-57.7%	
Segment Profit(*)	-5.5	-22.7	-17.2	-312.7%	

(*)Segment Profit is income before income taxes

New orders received	Increased based on newly obtained large-scale projects in Australia and Spain and the unification of accounting periods of European subsidiaries, etc., despite a decrease due to foreign exchange.
Net sales	Increased as a result of the unification of accounting periods of European subsidiaries and the expansion of businesses, etc., despite the impact of a decrease due to foreign exchange.
Operating income (Before amortization of goodwill)	Declined due to factors such as advisory expenses associated with the large-scale business acquisition which more than offset revenue-increasing factors.
Segment Profit	Decreased due to acquisition expenses and loss on restructuring of subsidiaries and affiliates.

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11

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■ Look at the table by comparing the year-on-year figures of the operating income and the segment profit.

While the operating income shrunk by two billion yen, the segment profit plunged by 17.2 billion yen, which is 15 billion yen more than the two billion yen.

■ This is because we recorded two major expenses as extraordinary losses: One is the loss on restructuring of subsidiaries and affiliates—four billion yen—which stems from the integration of the previous Dell Services into NTT DATA; and the other is the temporary expenses related to everis in Spain—12.7 billion yen—which have already been recorded in the first half of the current fiscal year.

Both expenses had been included in the full-year projected figures.

■ That is all for my explanation on the results for the third quarter.

Now I will move on to the business outlook for the whole fiscal year ending March 2017.

Please see page 12.

Full Year Forecasts of Business Performance for Fiscal Year Ending March 31, 2017

(Billions of Yen, %)

	2016/3 Results	2017/3 Forecasts	YoY Amount Rate	
New Orders Received	1,662.6	1,680.0	+17.3 +1.0%	
Net Sales	1,614.8	1,670.0	+55.1 +3.4%	
Operating Income	100.8	105.0	+4.1 +4.1%	
Income Before Income Taxes	107.7	86.0	-21.7 -20.2%	
Net income attributable to owners of parent	63.3	49.0	-14.3 -22.7%	
Cash Dividends per share (yen)	70	70	-	

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12

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■ Our full year forecasts are as shown here in page 12. There is no change from the projected figures already announced.

■ Given the situation up to the third quarter, it is likely that new orders received and net sales will exceed our original expectation and that extraordinary losses will become less.

However, we will keep our forecasts unchanged because there are also uncertain elements, such as changes in the time when our customers place their orders and fluctuations in foreign exchange markets.

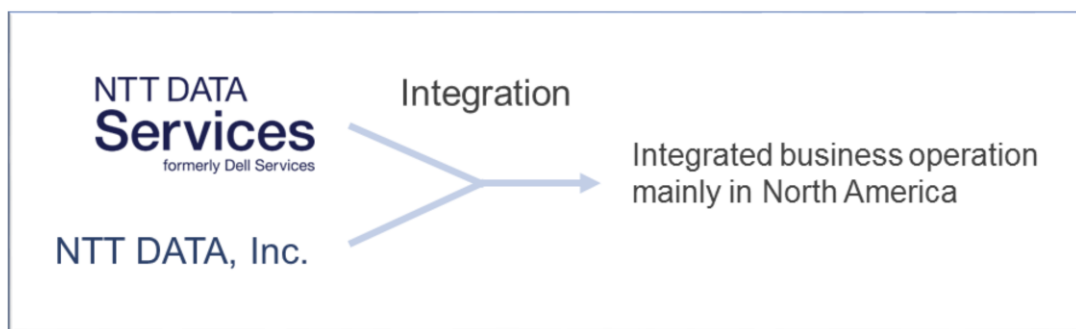
■ However, considering our current steady progress toward the full-year goals, we are highly likely to achieve them.

■ Next, I will go on to the progress we have made as for the integration of the previous Dell Services.

Please see page 13.

NTT Data Services: Status of Integration

Operation under the new organization to start on April 1, 2017



■ Operation under the new organization will start on April 1, 2017. Meanwhile, the logo and brand has already been unified into “NTT DATA,” which began being used immediately after the closing in 2016.

■ Specifically, we will integrate the organizational and personnel management systems in our North American business.

With the head office in Plano, Texas, the U.S. and the management system centered with John McCain, the CEO of NTT DATA, Inc. as well as the Senior Vice President of NTT DATA, we will manage the whole North American business in an integrated manner, including the previous Dell Services’ projects, to dramatically develop our North American business.

■ The integration work for the internal IT systems will continue even after April 1, 2017. We will keep working on the integration as planned.

■ I will also explain the goodwill and PPA incurred as a result of the acquisition, as I suppose you are all interested in this topic.

On the balance sheet for the third quarter, goodwill of 146 billion yen and PPA assets of 92 billion yen were recorded.

Please note that these are approximate figures at the present time, and we need to continue to closely look into them. Changes in these figures are likely also because of the impact of foreign exchange fluctuations.

In addition, since the amortization period is also under our close examination, we are unfortunately unable to inform you today of the final results. Currently, we are discussing the possibility of amortizing the good will over a long period of time considering its enormous impact.

■ Finally, I will talk about our operating environment and other topics. Please see page 15.

2

Operating Environment and Business

(Description abbreviated)

Operating Environment Surrounding NTT DATA and Business Outlook (1/4)

Public & Social Infrastructure

- 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"> • 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. • In relation to the My Number System, relevant authorities started issuing notifications of personal ID number (the "My Number") and accepting application for card issuance in October 2015. The My Number has been effective for use since January 2016, and preparation is continuing towards the expanded information sharing scheduled in July 2017.
Local Government	<ul style="list-style-type: none"> • Amid overall belt-tightening, the market environment is becoming harsher due to heightened demands for cost reduction and intensified competitions reflecting the promotion of vitalization of local economy through the use of IT, etc. • As with national government, preparation in relation to the My Number System is also continuing for the expanded information sharing scheduled in July 2017.
Healthcare	<ul style="list-style-type: none"> • 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, it is assumed that the ICT and the use of medical information in the medical industry will be accelerated more and more. At the same time, we expect that the government will need a careful examination in terms of general corporations' use of medical information, considering the scheduled implementation of the revised Personal Information Protection Law and the direction of individual legal systems with respect to protecting medical information. With advances in AI technology, the scope of AI application in the medical industry is expected to expand.
Telecom and Utility	<ul style="list-style-type: none"> • 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. • 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.

■ I will begin with the operating environment for the Public and Social Infrastructure segment in Japan.

■ Overall, the national government-related business is likely to continuously see fierce competition and the growth of demand for cost-reduction. Meanwhile, there is still room for opportunities for IoT and AI.

■ We also recognize that the business related to the "My Number System"—or the newly introduced system in Japan of common numbers for tax and social security—and the utility industry still have potential for further growth.

■ Now, I will go on to the Financial segment in Japan. Please see page 16.

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, there are vigorous activities in relation to Fintech, and it is expected that investments in initiatives that are related to new services will increase.

Financial	Banks	<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>[Major Banks]</p> <ul style="list-style-type: none"> We expect that the needs for services using the new technologies including Fintech will continue. It should be noted, however, that deterioration of their business performance may hinder their IT investments. Given relaxing of regulations, the development of new services using IT and creation of subsidiaries are expected. 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. <p>[Regional Banks]</p> <ul style="list-style-type: none"> There are growing needs for Fintech-related services. Looking ahead, we expect to see active IT investments associated with business consolidation, as well as investments in anticipation of systems reform. 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. Profitability in the main businesses 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.
	Insurance	<ul style="list-style-type: none"> While IT spending in the overall industry faces tough situations, investments in new channels, new products, improvement of efficiency and other fields are expected.
	Security	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 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.
	Cooperative Financial Institutions	<ul style="list-style-type: none"> The overall regional economy, albeit slower recovery in certain regions, has shown a similar trend with the domestic economy and continued to recover at a moderate pace. 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. 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	<ul style="list-style-type: none"> 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.

■ Given the unstable financial situation, it is unclear what the attitude of each financial institution will be like toward the IT investment. However, we believe that much can still be expected in the Financial segment particularly in areas such as the advanced and globalized financial settlement and Fintech.

■ I will move to the Enterprise and Solutions segment in Japan.
Please see page 17.

Operating Environment Surrounding NTT DATA and Business Outlook (3/4)

Japan's overall economy has recovered at a moderate pace, which is evidenced by, such as, the improvement of consumer spending. However, it should be noted that in some areas, the attitude towards IT spending remains cautious. On the other hand, investments targeting "keen users of IT technology", aiming for increasing revenues at sales-customer contact points and transforming business by use of AI, have accelerated.

Enterprise & Solutions

Retail, Logistics, Payment and Other Service Industry	<ul style="list-style-type: none"> • Demands for IT spending aiming at increasing sales by using Omni-channel have been growing steadily. These investments remain promising for businesses aiming at foreign tourists visiting Japan. • Demands for IT spending 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 conventional payment services. • Needs for implementing foreign payment services through smartphones/new technologies have increased.
Manufacturing Industry	<ul style="list-style-type: none"> • There are strong needs for enterprise system/ERP restructuring and integration within the company group. • 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 logistics infrastructure will become apparent.
Network Services, Data Center Services, Cloud Services and Digital Services	<p>[Network Services]</p> <ul style="list-style-type: none"> • 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.). • 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. <p>[Data Center Services and Cloud Services]</p> <ul style="list-style-type: none"> • There are increasing needs for hybrid- and multi-cloud environment whereby a variety of cloud environment, including public cloud, are linked together. <p>[Digital]</p> <ul style="list-style-type: none"> • In the big data-related businesses, which mainly consisted of demonstration testing, needs for large-scale, real time analysis and processing platforms in IoT and marketing automation have surfaced, and the relevant projects are under development. • Needs for long-term business transformation using new IT spending, such as in AI, has increased.

■ Some companies in Japan have been continuously refraining from investing in IT. Meanwhile, we feel that investment in the digital field—such as omni-channel retailing, AI and IoT— is becoming active.

■ I will go on to the environment for the Global segment. Please see page 18.

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

Global	Americas	<ul style="list-style-type: none"> • The US economic outlook for 2017 is experiencing a cyclical rebound. The dollar will remain strong. External trade will remain in deficit as exports struggle to remain competitive. From 2017 to 2018, the economic growth will be supported by firm consumer spending, stronger business investment, and steady government outlays. • IT services spending growth is modest overall with demand focused on solutions that drive operational efficiencies such as Cloud, and increased spending for consulting as companies look for help navigating business and technology complexities. Automation is expected to drive the next wave of cost reduction in the IT services space. • While the overall economy in the Latin America region has trended downward, in Brazil, the rate of decline in economic indicators is slowing with the bottoming out natural resource prices and Brazilian currency, indicating some signs of exit from the phase of economic slowdown. On the other hand, Mexico, despite the continued moderate growth led by the steady growth of the U.S. economy, is facing a growing concern over the new U.S. administration's trade policies.
	EMEA	<ul style="list-style-type: none"> • The Eurozone economy continues to show steady recovery, mainly led by the demand within the region. The immediate effects of the U.K.'s decision to withdraw from European Union seems limited at this juncture. The moderate growth of the Eurozone economy is expected to continue based on ECB's monetary easing, etc. However, the future direction of countries in relation to the U.K.'s situation remains uncertain, and there are concerns over the impact of Brexit on corporates' plans for investment and consumer spending. • In the U.K., based on increased imports resulted from a sudden depreciation of the British pound, concerns over a sharp economic decline due to Brexit has been alleviated at this juncture. However, going forward, amid the increasing uncertainty towards the political and economic outlook, it is anticipated that the economy will be weighed down by the adjustment to investments from foreign countries, in addition to the decline in investments and consumption due to deteriorating business sentiment in the U.K. companies and households. • The IT services market remains robust at this juncture, but careful attention must be paid to the situation because it is likely that companies in Eurozone and the U.K. will strengthen cautious attitudes toward IT spending in the future.
	Asia-Oceania	<ul style="list-style-type: none"> • The economy in India and Southeast Asia generally remained robust due to the increase in consumer spending on the back of lowering resource prices and rising disposable personal income. For the IT services market, in India and Indonesia, there is growing demand for innovative services using IT, in addition to conventional IT services. In Singapore, there is strong demand for cutting-edge technologies, such as big data analytics, AI and IoT. • As for the Chinese economy, the service sector continues to see stable growth, but the growth rate of the industrial sector remains low amid the strengthened efforts to eliminate overcapacity. IT spending maintained its strengths led mainly by vigorous investment appetite of the internet-related industry, but the overall growth of the IT service market is projected to somewhat slow down, reflecting the country's real economy.

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18

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■ The North American business is likely to continue to grow thanks to the IT investment made for new technology utilization aiming for efficient operations and business growth. However, close attention will be necessary regarding the direction the new U.S. administration will take and its impact.

In particular, we can be affected by any move to limit people's movements, such as an order banning entry. For this reason, we will need to consider various potential risk factors for our management.

■ The EU market has been brisk so far. However, we also need to keep a close watch on it because a worst-case scenario could come about in which Brexit might depress the macro-economy and then such a depressed macro-economy would lead to reduced IT investment.

■ On page 19 and after, NTT DATA's major topics are introduced for your later perusal. Here, I will touch on some of them as the progress we have made as part of the strategies of NTT DATA's Medium-term Management Plan.

Principal Measures Taken in Fiscal Year Ending March 31, 2017(1/4)

Tokyo Gas Co., Ltd. selects NTT Data's energy-trading/risk management package "Allegro"

NTT DATA and NTT DATA Financial Solutions Corporation, one of NTT DATA's subsidiaries, have begun providing Tokyo Gas Co., Ltd. with the ETRM (Energy Trading and Risk Management) integrated package product "Allegro," in partnership with Allegro Development Corporation. This initiative represents the first case in Japan that employs "Allegro" in the electric industry. "Allegro" conducts increasingly efficient trading as well as income and risk management through the control of spot and financial transactions in various products encompassing electricity, gas, coal and petroleum, and of schedules, dispatching (Note 1) and position risks (market and credit) in an integrated manner. The NTT DATA Group will actively promote the proposal and deployment of "Allegro" and will swiftly respond to the various needs of energy providers to assist them in enhancing their business performance.

Launch of Myanmar-version of NACCS/CIS (MACCS/MCIS) services

As part of a grant-aid project of the Japan International Cooperation Agency (JICA), NTT DATA has developed Myanmar versions of the Nippon Automated Cargo and Port Consolidated System (NACCS(Note2)) and the Customs Intelligence Database System (CIS(Note3))—the Japanese systems for trading and customs clearance. The Myanmar versions are called the Myanmar Automated Cargo Clearance System (MACCS) and Myanmar Customs Intelligence System (MCIS) respectively, and are now in service. The development and deployment of those systems have contributed to increased efficiency and swiftness in Myanmar's trading and logistics, which previously relied on human resources. The system has also enabled speedier trading procedures for Japanese companies than before because NTT DATA has developed those NACCS-type systems by targeting Southeast Asia, where numerous Japanese companies have expanded to, and the system has allowed operation similar to that of how it is carried out in Japan. NTT DATA intends to export the NACCS and CIS system infrastructures of Japan under the similar scheme to countries mainly in the ASEAN region.

1. Dispatching : Generally, this term refers to prioritizing and allotting tasks to be done. When it comes to "Allegro", this term means that energy providers judge what materials to purchase and to which customers to deliver and adjust the amounts of electricity output and supply in a timely manner to meet the continuously changing demand for energy.
2. NACCS (Nippon Automated Cargo and Port Consolidated System) : This term refers to an electronic application system shared by the public and private sectors to process governmental procedures (such as import and export declarations and arrival and departure procedures of vessels and airplanes) and non-governmental procedures relating to import and export procedures.
3. CIS (Customs Intelligence Database System) : This is an information system that centrally stores historical records of import and export customs clearance as well as information on importers and exporters.

■ As part of our Game-changing Approach, which is one of the strategies of the Medium-term Management Plan, we are endeavoring to meet the IT needs in the Public and Social Infrastructure segment that are arising from system changes in the electricity and gas industries. We are also striving to create a new market by deploying Japanese business models overseas.

■ The two cases shown on page 19 are the results of the strategy I have just mentioned, and exhibit the favorable progress we have been making.

Principal Measures Taken in Fiscal Year Ending March 31, 2017(2/4)

Launch of BeSTA FinTech Lab

Since September 2013, we have been working various activities, including holding business contests such as "From the Toyosu Port (Toyosu no minato kara)," which are aimed at swiftly creating new business through open innovation by connecting our client companies from a wide range of business fields, venture companies, and NTT DATA. As part of such efforts, NTT DATA has launched the "BeSTA FinTech Lab" to create new financial related services. The purpose of "BeSTA FinTech Lab" is to assist regional banks that use our core application "BeSTA" in putting more energy into the setup and use of open innovation, and in creating new financial related services. Of the systems and services employing "BeSTA," NTT DATA is starting with the service to the banks participating in "the NTT DATA Regional Bank Integrated Services Center." In this service, NTT DATA provides the latest information such as the trends in industries and regulations, conducts joint experiments on business ideas offered by the Lab, and introduces hopeful venture companies that NTT DATA has come to know through its open innovation activities. In the future, the Lab intends to create a large number of ideas and improve services by verifying such ideas through trial and error. It is also planning to make more attractive the spaces provided to the participating banks based on their demand to boost the cooperation with the regional banks.

Participation of Higashi-Nippon Bank in the shared banking system and San-in Godo Bank in "NTT Data Regional Bank Integrated Services Center"

Higashi-Nippon Bank, Ltd. has pledged to take part in a joint BeSTA-based system that has been in use by the following four banks: Bank of Yokohama, Ltd.; Hokuriku Bank, Ltd.; Hokkaido Bank, Ltd.; and 77 Bank, Ltd. Accordingly, NTT DATA has signed a master agreement with those five banks with respect to the joint system use. Similarly, the San-In Godo Bank, Ltd. has decided to join "the NTT DATA Regional Bank Integrated Services Center," a BeSTA-based shared system that targets first- and second-tier regional banks. Thus, a total of 15 banks are now participating in this system. Both systems acquired a favorable reputation as a next-generation accounting system indispensable for carrying into practice future business strategies, thanks to their potential, progressiveness, expandability and flexibility. NTT DATA will continue to work on these advanced BeSTA-based systems for more extensive and improved functions. We will also strive to increase the number of banks participating in these systems by offering optimum solutions to a wide range of financial institutions.

■ The Game-changing Approach in the Financial segment certainly includes the incubation of new business based on Fintech. As laid out on page 20, we have launched "BeSTA FinTech Lab," linking the three parties—our existing customers with whom we have established close relations, venture companies, and us—to further develop a structure that can generate new business.

This initiative is part of "the creation of new values by Breakthrough Technology," the other strategy of the Medium-term Management Plan.

Principal Measures Taken in Fiscal Year Ending March 31, 2017(3/4)

Efforts for digital business

As a business partner of our clients that are actively working on new initiatives employing digital technology, we are providing the following technological support and services: (1) We have begun providing the service that supports our clients' preventive maintenance work with a solution that can detect abnormal sounds, by visualizing the sounds of operating equipment at production sites. Detection of any changes in the sounds (abnormal sounds) of operating equipment has been enabled by the technology of analyzing audio signals that has been developed in the NTT Group and the artificial intelligence (AI) technology. This solution contributes to the visualization of skilled workers' know-how in maintenance, less-frequent equipment failures, and improved operating rates. (2) NTT DATA has formed a capital tie-up with Solairo, Inc., which has strength in the customer service that employs interactive chat systems on websites. This tie-up aims to increase sales to our clients by combining Solairo's services and NTT DATA's omnichannel platform. (3) NTT DATA has commenced providing the service that stores and manages video files of the Japan e-Sports League (Note 1). The use of this service enables user teams and athletes to train players and strengthen their teams. NTT DATA will conduct a more detailed analysis by multiplying the images and the data of games, including those of tournaments, teams, players and their careers. Through these initiatives, we intend to improve the e-Sports market condition and to contribute to further development of the market.

Enhancement of the embedded software development system

We have reached an agreement with Sharp Corporation to make Sharp Business Computer Software Inc.—known for its strong technical skills in embedded software development—a subsidiary of ours. Accordingly, the company has been renamed NTT DATA SBC Corporation and started its operations in January 2017 under a new structure. NTT DATA has also agreed to form a capital tie-up with Seltech Corporation, which is recognized for its advanced technology in the security for embedded equipment and AI. Previously, NTT DATA had been working mainly with its group companies such as NTT DATA MSE Corporation and NJK Corporation. However, we will put more effort into bolstering the embedded software development system, aiming to further grow the IoT and connected-vehicle businesses (Note 2).

Completion of the Dell Service acquisition; operation commenced as “NTT Data Services”

More than 98% of the assets of the Dell Services Division—based on the transferred asset value—was completely transferred to us on November 2, 2016, U.S. time, through our U.S. subsidiary NTT DATA International L.L.C., etc. As a result, the Dell Services Division has been renamed NTT DATA Services, LLC and has taken over existing operations. NTT DATA Services (the Dell Services Division) has a strong business base with their major clients including healthcare, manufacturing and service industries as well as financial institutions and the Federal Government. In particular, the Division has gained a reputation for its industry-specific digital solutions with the healthcare business and provision of BPO services. Through the acquisition of this Division, we will expand our businesses in the relevant industries of North America. At the same time, we will also strengthen our services that utilize our cutting-edge technology in cloud and BPO services.

1. JAPAN e-SPORTS LEAGUE : This is a national league of “e-Sports” for multiplayer games on a computer or TV.

2. Connected Vehicles : This term refers to a system that connects vehicles to the Internet around the clock and improves the safety and comfort of such vehicles.

■ In Enterprise and Solutions, we recognize the three items—digital marketing, IoT, and connected vehicles—as Game-changing Approach themes.

■ The business cases mentioned on page 21 show the results and initiatives based on these themes. We believe that these cases, combined with the Game-changing Approach strategies in the Public and Social Infrastructure and the Financial segment, will lead to achievement of the Medium-Term Management goals—net sales of over two trillion yen and a 50% increase in adjusted operating income.

■ At the bottom of page 21, Dell Services acquisition is mentioned. As we have been explaining, this acquisition will contribute immensely to enhancing our local presence and establishing our global brand, which are both qualitative goals of the Medium-term Management Plan.

Principal Measures Taken in Fiscal Year Ending March 31, 2017(4/4)

NTT Data and Goodpatch to collaborate in UX Design business

NTT DATA has reached an agreement with Goodpatch Inc. to collaborate in the user experience (UX) design (Note 1) field to provide an early-stage assist to our clients in creating new services. Under a UX-design category, one of the elements that matter most is the user interface (UI) design, which constitutes an interface between users and services. For this reason, highly valuable services require excellent UI design. NTT DATA and Goodpatch Inc. will make full use of NTT DATA's UX design processes for agile development and Goodpatch's UX design know-how focusing on its own UI design, as well as its prototyping tool "Prot." By doing so, we intend to provide the UX design processes and solutions that will achieve our clients' high satisfaction and their early service provision.

NTT Data, NTT Intellink and Oracle to collaborate in the hybrid cloud business utilizing "Oracle Cloud at Customer"

We have joined forces with NTT DATA INTELLILINK Corporation, one of our subsidiaries, and Oracle Corporation Japan in the hybrid cloud field, utilizing "Oracle Cloud at Customer." These days, the situation surrounding system development has changed drastically, with IT investment made not only to maintain and enhance the existing systems-of-record (SoR) (Note 2) area, but to create new business value in the systems-of-engagement (SoE) (Note 3) area and to connect both areas seamlessly. Given this background, we, a group of the three companies, are intending to provide a platform that reduces the total cost of ownership (TCO) of the existing systems while creating new business value, by embracing different system characteristics of SoR and SoE. Thus, we would like to assist our clients in creating new business value with the use of X-Tech (Note 4).

Practical application of remote operation support system using smart glasses

NTT DATA and Newson Co., Ltd. have jointly developed and released in the market "the Remote Assist System," which employs smart glasses. NTT DATA has worked on research and development for the utilization of wearable devices, and studied a system that supported remote operations. Aiming to put the system to practical use, both companies performed joint verification tests with numerous companies in the communications, electricity and manufacturing industries, which all require maintenance and inspection work as part of their operations. Having completed the development of functions necessary for the work-site operations using smart glasses, we have successfully verified the effectiveness of those functions on site. In the future, we will endeavor to achieve compatibility with other operational systems at companies that have adopted the system, and also compatibility with other technologies that constitute the IoT system, such as AI, robotics, and sensors.

1. User Experience Design (UX design) : This means designing the entire services from the upper to lower processes based on users' experience and incidental feelings obtained through the services.
2. Systems of Record (SoR) : This term refers to all conventional operational systems, such as core systems.
3. Systems of Engagement (SoE) : This term refers to a system that enables digital innovation, such as the innovation in corporate business processes and the creation of new business.
4. X-Tech : This refers to the trend in various industries in which sophisticated IT technology, in conjunction with other elements, offers new values or frameworks that did not exist before.

■ Finally, page 22 introduces a couple of topics related to our research and development.

■ In addition to Game-changing Approach, we are also promoting "creation of new values by Breakthrough Technology" as part of the other Medium-term Management strategy. The topics on page 22 are initiatives in line with this strategy.

■ We believe that the first and second initiatives shown on this page will enhance our system development technology—our core competence—and software production technology.

■ By enhancing our technological capabilities, we are aiming to provide our systems and services with increased swiftness and flexibility as well as to reduce costs.

We are intending to make such technological enhancement a driving force not only for improved profitability but also for top-line growth.

■ Although it has been only nine months since our three-year Medium-term Management Plan started, our short-period performance has been favorable, with some specific results achieved in our strategic initiatives.

We will continue to steadily work on such initiatives to establish our global brand, one of the goals of the current Medium-term Management Plan.

■ Page 23 and following are dedicated to detailed data for your reference. I appreciate your attendance today, and that will conclude my presentation. Thank you.

3

Appendices

Overview of Consolidated Earnings and New Orders Received

(Billions of Yen,%)

	2016/3 Q3 Results (Apr.-Dec.)	2017/3 Q3 Results (Apr.-Dec.)	YoY (%)	2017/3 Full-Year Forecasts
New Orders Received	1,251.0	1,315.6	+5.2	1,680.0
Orders on Hand	1,543.6	2,507.5	+62.4	2,310.0
Net Sales	1,145.3	1,180.8	+3.1	1,670.0
Cost of Sales	862.3	874.9	+1.5	1,253.0
Gross Profit	282.9	305.8	+8.1	417.0
SG&A Expenses	218.6	231.3	+5.8	312.0
Selling Expenses	100.1	104.5	+4.3	146.0
R&D Expenses	8.6	8.3	-3.2	13.0
Other Administrative Expenses	109.8	118.4	+7.8	153.0
Operating Income	64.2	74.5	+16.0	105.0
Operating Income Margin(%)	5.6	6.3	+0.7P	6.3
Ordinary Income	60.9	73.1	+20.0	98.0
Extraordinary Income and Loss	15.0	-1.7	-	-12.0
Income before Income Taxes	76.0	71.4	-6.0	86.0
Income Taxes and Others	32.0	26.3	-17.8	37.0
Net income attributable to owners of parent	43.9	45.0	+2.6	49.0
Capital Expenditures	88.1	105.6	+19.8	153.0
Depreciation and Amortization/Loss on Disposal of Property and Equipment and Intangibles	115.8	112.5	-2.8	162.0

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

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

(Billions of yen)

	2016/3 Q3 Results (Apr.-Dec.)	2017/3 Q3 Results (Apr.-Dec.)	2017/3 Full-Year Forecasts
Public & Social Infrastructure	227.0	244.3	354.0
Financial	335.9	329.8	466.0
Enterprise & Solutions	199.8	216.7	290.0
Global	371.7	384.8	554.0

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

(Billions of yen.)

		2016/3 Q3 Results (Apr.-Dec.)	2017/3 Q3 Results (Apr.-Dec.)	2017/3 Full-Year Forecasts
Public & Social Infrastructure				
(Main item)	Central government and related agencies, Local Government, and Healthcare	180.3	122.6	150.0
	Telecom and Utility	79.1	66.7	83.0
Financial				
(Main item)	Banks, Insurance, Security, Credit Corporations and Financial Infrastructure	191.3	254.8	350.0
	Cooperative financial institutions and Financial Network Services	163.3	145.4	177.0
Enterprise & Solutions				
(Main item)	Retail, Logistics, Payment and Other Service Industry	54.0	53.8	61.0
	Manufacturing Industry	84.7	90.2	110.0
	Network Services, Data Center Services, Cloud Services and Digital Services	25.5	32.3	46.0
Orders on Hand				
	Public & Social Infrastructure	462.5	425.0	370.0
	Financial	729.1	901.1	914.0
	Enterprise & Solutions	84.0	100.5	82.0
	Global	264.7	1,079.2	941.0

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

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

(Billions of yen.)

		2016/3 Q3 Results (Apr.-Dec.)	2017/3 Q3 Results (Apr.-Dec.)	2017/3 Full-Year Forecasts
Public & Social Infrastructure				
(Main item)	Central government and related agencies, Local Government, and Healthcare	120.7	137.2	200.0
	Telecom and Utility	64.2	62.8	83.0
Financial				
(Main item)	Banks, Insurance, Security, Credit Corporations and Financial Infrastructure	228.8	235.6	333.0
	Cooperative financial institutions and Financial Network Services	89.0	87.0	119.0
Enterprise & Solutions				
(Main item)	Retail, Logistics, Payment and Other Service Industry	77.0	79.6	104.0
	Manufacturing Industry	83.2	82.5	114.0
	Network Services, Data Center Services, Cloud Services and Digital Services	35.3	48.9	65.0
Integrated IT Solution				
	System & Software Development	344.2	352.6	477.0
	Consulting & Support	291.8	304.4	460.0
	Others	464.7	481.1	678.0
	Others	44.4	42.6	55.0
Net Sales by Products and Services Total		1,145.3	1,180.8	1,670.0

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

Non-Consolidated Earnings and New Orders Received

(Billions of Yen,%)

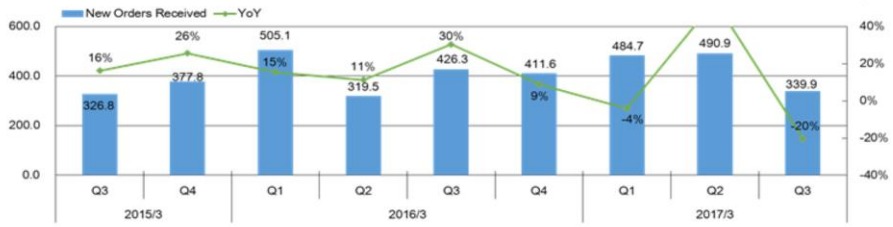
	2016/3 Q3 Results (Apr.-Dec.)	2017/3 Q3 Results (Apr.-Dec.)	2017/3 Full-Year Forecasts
New Orders Received	660.8	627.8	812.0
Orders on Hand	1,147.7	1,277.3	1,252.0
Net Sales	593.4	607.7	840.0
Cost of Sales	456.9	454.7	639.0
Gross Profit	136.5	153.0	201.0
SG&A Expenses	83.3	88.6	120.0
Selling Expenses	40.3	40.9	58.0
R&D Expenses	7.2	6.8	11.0
Other Administrative Expenses	35.7	40.7	51.0
Operating Income	53.1	64.4	81.0
Operating Income Margin(%)	9.0	10.6	9.6
Ordinary Income	56.4	70.6	82.0
Extraordinary Income and Loss	15.0	15.0	15.0
Income before Income Taxes	71.4	85.7	97.0
Income Taxes and Others	20.8	24.7	28.0
Net Income	50.6	60.9	69.0
Capital Expenditures	68.8	84.0	124.0
Depreciation and Amortization /Loss on Disposal of Property and Equipment and Intangibles	91.3	90.6	124.0

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

Trends in Quarter (Consolidated)

(Billions of Yen,%)

■ New Orders Received



■ Net Sales



■ Operating Income



Foreign exchange rates (used for the conversion of the amount of orders received and incomes of the overseas group companies)

(Yen / %)

	2016/3 Q3 Results (Apr.-Dec.)	2017/3 Q3 Results (Apr.-Dec.)	YoY (%)	2016/3 Results	2017/3 Full-year Assumed Rates	YoY (%)
	①	②	(②-①)/①	③	④	(④-③)/③
USD	121.66	106.36	- 12.6	120.01	103.00	- 14.2
EUR (For December-end companies)	134.71	121.09	- 10.1	134.28	119.00	- 11.4
EUR (For March-end companies)	134.39	118.00	- 12.2	132.57	115.00	- 13.3
RMB (Chinese Yuan Renminbi)	19.36	16.46	- 15.0	19.26	16.00	- 16.9



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