



# NTT DATA Company Briefing Session

December 18, 2020

NTT DATA Corporation

Executive Vice President and Director

Masanori Suzuki

- 1. About NTT DATA**
- 2. Growth Strategy**
- 3. Shareholder Returns**

# 1. About NTT DATA

## Mission Statement

**NTT DATA uses information technology to create new paradigms and values, which help contribute to a more affluent and harmonious society.**

## Group Vision

**Trusted Global Innovator**

### ■ Company Name

NTT DATA Corporation

### ■ Head Office

Toyosu Center Bldg., 3-3, Toyosu 3-chome,  
Koto-ku, Tokyo 135-6033, Japan

### ■ CEO

Yo Honma

President and CEO, Representative Director

### ■ Offices

53 countries and regions, 225 cities

### ■ History

1967 Established DATA Communications Bureau within Nippon Telegraph and Telephone Public Corporation

1988 NTT DATA founded

1995 Listed on the Second Section of the Tokyo Stock Exchange

1996 Listed on the First Section of the Tokyo Stock Exchange

### ■ Number of Employees (As of March 31, 2020))

Consolidated : 133,196

Overseas : 94,424

# NTT DATA's Business

Familiarizing with the businesses of clients to globally provide them with optimal IT services chosen from various options

Clients from a wide range of industries worldwide

Government and municipal offices	Energy and utilities	Telecommunications	Healthcare	Banking	Insurance
Manufacturing	Retail	Service	Logistics	Education	Media

**NTT DATA**

## Consulting

We think of clients' business together with the clients to develop the concept of their IT system

## Plan-based service

We provide services to clients using systems we planned/developed and retain

## System development

We receive requests from clients and develop their systems individually

## Outsourcing (AMO/ITO/BPO)

We undertake management/operation related to clients' IT on their behalf

Choosing optimal combinations from various options for integrating

External partners

<p><b>Hardware manufacturers</b></p> <p>Fujitsu, NEC, Hitachi, Dell Technologies, etc.</p>	<p><b>Software companies</b></p> <p>Microsoft, Oracle, SAP, Various cloud services, etc.</p>	<p><b>Programming companies</b></p> <p>Business partner companies, systems subsidiaries, etc.</p>	<p><b>Network carriers</b></p> <p>Various telecommunication carriers: NTT Com, NTT Inc., etc.</p>
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## NTT DATA's Strengths

The unwavering Long-Term Relationships with clients are the cornerstone of NTT DATA's competitive advantage

- A multi-vendor, which does not solely provide certain hardware / software
- The partnership with players in various products and service segments
- Develop a social infrastructure system that would require coordination of a lot of vendors

## Long-Term Relationships — Unwavering Bonds of Trust —

NTT DATA's Competitive Advantage Brought about by Long-Term Relationships

Provision of high  
added value /  
client satisfaction

Sharing knowledge  
with Group companies

Stability

# Changes in Net Sales

Net sales has been increasing steadily since our founding, and keep growing in three phases



## Our Presence in Domestic Markets

While possessing a large market share in financial and public/social Infrastructure markets, there is still a large room to grow in enterprise/solutions market

### NTT DATA's domestic rankings in 2019\*

**Public & Social Infrastructure market**

2<sup>nd</sup>

**Financial market**

1<sup>st</sup>

**Enterprise & Solutions market**

4<sup>th</sup>

### NTT DATA's market share and the size of domestic markets in 2019\*

13.4%

(Market size: 2.5 trillion yen)

17.3%

(Market size: 3.2 trillion yen)

5.6%

(Market size: 6.9 trillion yen)

\*Graphs/charts are created by NTT DATA based on Gartner Research.

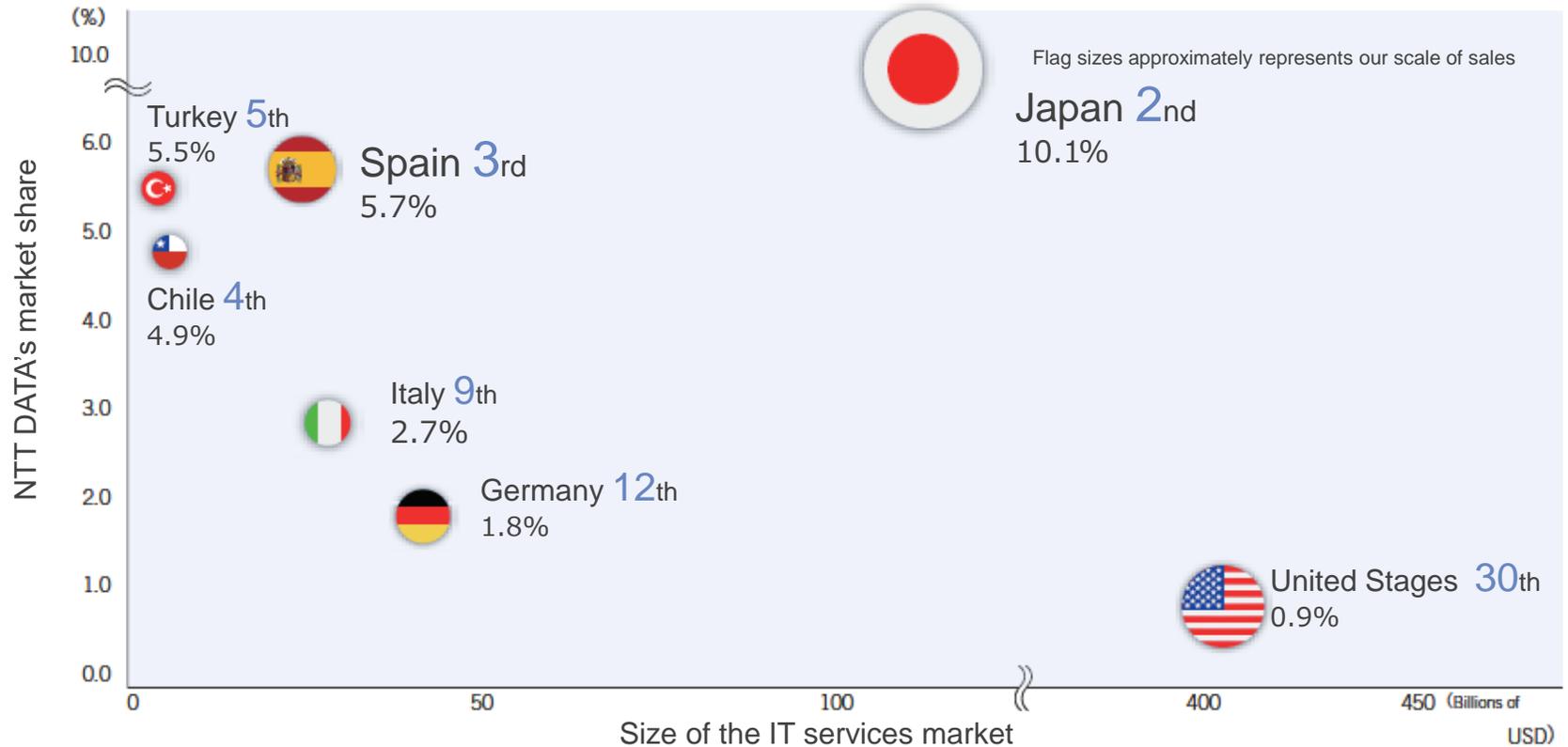
Source Gartner "Market Share : IT Services, Worldwide 2019", Dean Blackmore et al., 13 April 2020

(2019 : 1\$ = ¥109.02) Public & Social Infrastructure market = Government, Education, Healthcare Providers, Utilities/Financial market=Banking & Securities, Insurance/Enterprise & Solutions market=Transportation, Wholesale Trade, Communications, Media & Services, Manufacturing & Natural Resources, Retail based on vendor revenue in Current US\$.

# Our Presence in Overseas Markets

We pride ourselves in also having large market shares overseas, such as in Spain and Italy, but keep on aiming to increase our presence mainly in countries with a large market size

**Size of market in each country, our ranking and market share in 2019\***

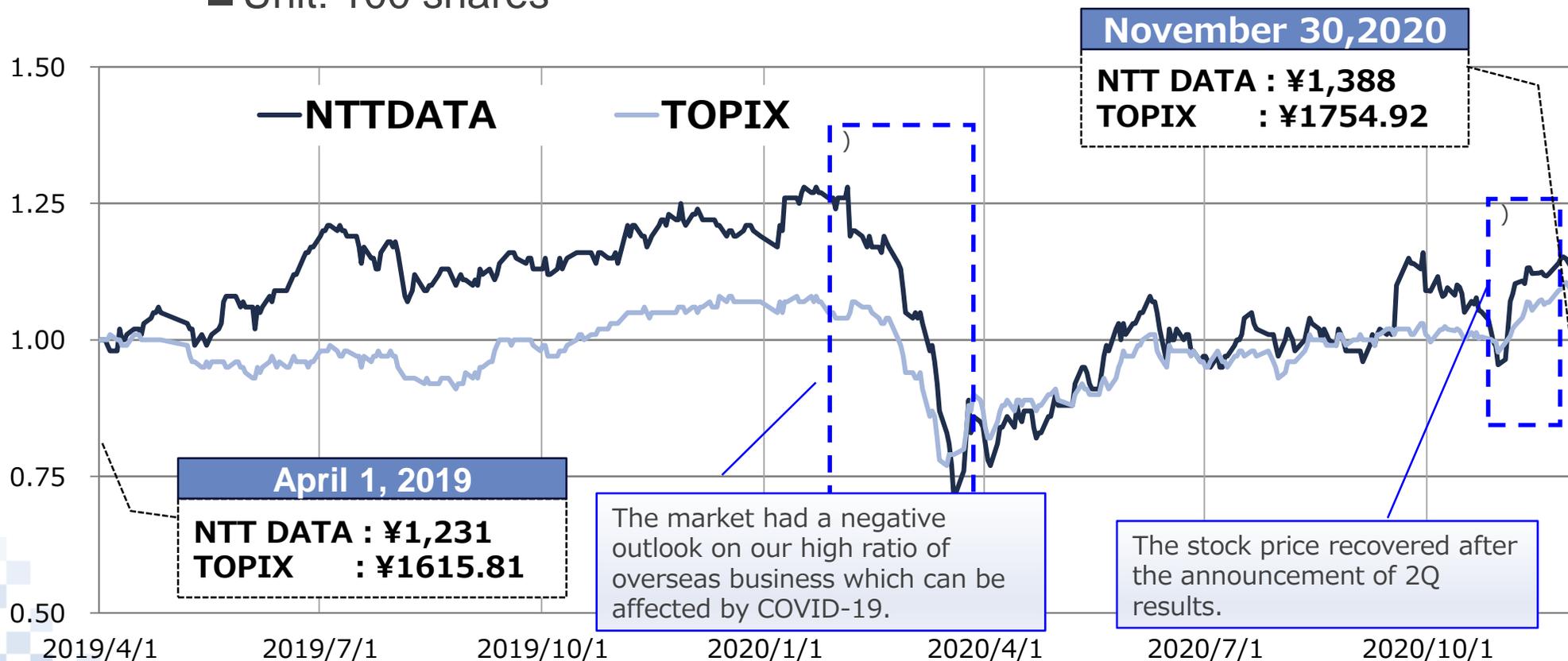


\*Graphs/charts are created by NTT DATA based on Gartner Research.  
 Source Gartner "Market Share : IT Services, WorldWide 2019, Dean Blackmore et al., 13 April 2020" Share in Current US\$.

# Our Stock Price Trend

## Stock price trending higher than TOPIX

- Total number of shares issued: 1,402,500,000
- Unit: 100 shares





Minus  
influence

- **Negative impact is expected broadly, although the level varies by country and by industry,** since investment appetite is likely to decline due to deterioration in business confidence and restrained investment on the side of clients who would strive to maintain and improve their businesses.  
**Delays, downsizing, or suspension of development are expected** mainly with existing expanded projects and additional projects.
- **Greater negative impact is expected on the enterprise market, new projects, and business targeting SMEs markets both in Japan and abroad,** since those businesses are likely to reduce IT spend



Plus  
influence

- On the other hand, in order to build back better in new normal with COVID-19 or in Post-COVID-19 era, **businesses leveraging digital technologies to build new society are expected to accelerate, which would provide more business opportunities for NTTD to contribute to.**
- **Many of such businesses would be recognized in our business performance from FY21 and onwards,** since clients would start to consider and spend for such projects from FY20.

# Full Year Forecasts for Fiscal Year Ending March 31, 2021

Forecast as of  
Aug. 7, 2020

- Assume negative impact of COVID-19, though the situation differs depending on a country or an industry.
  - New orders received will decrease due mainly to less orders from the previous fiscal year such as for large-scale projects and IT investment restraint overseas.
  - Net sales will decrease due mainly to a decrease of sales from orders of the current fiscal year, despite stable conversion of order backlogs.
  - Operating income will decrease due mainly to sales decline, despite a decrease of temporary costs of the previous fiscal year.
- Aim to secure the same level of operating income margin as the previous fiscal year while carrying out structural transformation for the future.

	FY ended 2020/3 (Results)	FY ending 2021/3 (Forecasts)	YoY (Amount)	YoY (Rate)	( Billions of Yen, % )
New Orders Received	2,275.2	1,900.0	-375.2	-16.5%	
Net Sales	2,266.8	2,170.0	-96.8	-4.3%	
Operating Income (Operating income margin)	130.9 (5.8%)	120.0 (5.5%)	-10.9 (-0.2P)	-8.4%	
Net Income Attributable to Shareholders of NTT DATA	75.1	71.0	-4.1	-5.5%	
Dividends per share (JPY)	18	18	-	-	

# Results for the Second Quarter of Fiscal Year Ending March 31, 2021

**We are making stable progress toward our full year forecast, despite negative impacts by the spread of COVID-19 on our entire business, particularly in North America, EMEA & LATAM, and Enterprise & Solutions segments.**

- New orders received decreased due mainly to less orders compared to the previous fiscal year such as for large scale projects.
- Net sales remained on par with the previous fiscal year due mainly to a stable conversion of order backlogs.
- Operating income remained on par with the previous fiscal year due mainly to reduced unprofitable projects despite an increase in expenses for structural transformation.

(Billions of Yen, %)

	2020/3 2nd Quarter Results (Apr-Sep)	2021/3 2nd Quarter Results (Apr-Sep)	YoY (Amount)	YoY (Rate)	
New Orders Received	1,088.8	1,065.5	-23.3	-2.1%	
Net Sales	1,077.8	1,080.1	+2.3	+0.2%	
Operating Income (Operating income margin)	63.8 (5.9%)	63.8 (5.9%)	+0.1 (-0.0P)	+0.1%	
Net Income Attributable to Shareholders of NTT DATA	40.2	41.2	+1.0	+2.6%	

# Impact of COVID-19 on NTTD Business

- By and large, the negative impact of COVID-19 was smaller than expected at the time of the announcement of the earnings forecast in this August. The situation has been steady mainly in existing businesses and digital related projects. However, we will continue to monitor the impact of regional economies and corporate activities, including the re-spread of COVID-19 in Europe.

## Assumptions at the time of announcement of earnings forecasts (2020/8/7)

## Second Quarter Status against Forecast

### Public & Social Infrastructure Segment

Despite the small impact on critical social infrastructure, mainly of the central government and ministries, the negative impact would be expected in regions in enterprise businesses and telecom sector due to restraint on IT investment.

Although there is an impact on some enterprise businesses in the regions, impact on telecom sector was smaller than expected and businesses for central government and ministries remained strong.

### Financial Segment

Despite the positive impact of the digitalization in banking, insurance and securities sector, the downturn in the local economy would gradually have a negative impact such as the extension of development projects in the banking sector.

Despite the impact of cancellation or postponement of some projects, mainly in the banking sector, the Financial Segment remained stronger than expected due to the expansion of projects for financial institutions centered on banks, insurance and securities companies.

### Enterprise & Solutions Segment

Despite the expected expansion of the demand in the payment sector, the negative impact would be significant, caused by decreasing demand due to self-restraint in the retail and service industry and the manufacturing industry, and restraint on IT investment.

Although the impact from the Covid-19 particularly in the manufacturing industry is continuing, the result has remained stronger than expected due to the expansion of demand in the payment sector and digital projects in the retail and service industry.

### North America Segment

Despite the steady progress in the public sector, the negative impact would be significant, caused by temporary decreasing orders for large-scale ITO and BPO projects due to restraint on IT investment in the manufacturing industry and medical institutions.

In spite of some negative impact caused by restraint on IT investment in the manufacturing industry and medical institutions, the impact has been smaller than expected due to the recovery of large-scale projects and revitalization of digital-related projects.

### EMEA & LATAM Segment

Despite the steady progress in public and utility sectors especially in Spain, negative effects would be significant in the automotive sector in Germany and hospitality and retail sectors in Spain. In addition, there will be a negative impact of foreign exchange due to currency depreciation in Latin America.

Despite the impact on financial institutions in Spain and automotive industry in Germany from the new lockdown and travel restraints as well as the negative impact of foreign exchange due to currency depreciation in Latin America, the impact is smaller than expected due mainly to the revitalization of digital-related projects particularly in Italy.

# DX Solution Accelerated with Co-Existing COVID-19

Announcement of the "DX solution accelerated co-existing COVID-19 " for the realization of a new society  
Accelerate contributions to society and companies that are expected to transform themselves  
as our initiatives to resolve issues through our business activities.

## New designs required by companies and industries

- **Need for supply chains and data linkages** adaptable to uncertain conditions
- Every contact point will be **replaced by a non-face-to-face contact point**, and **every customer contact point will be converted into data** and serve a **source of new value creation**.
- **Remote work has become mainstream and made the role of the office change**, in addition, has made the IT infrastructure and security for support the business environment evolve.

## DX solution accelerated With COVID-19

### Digital supply chain in an era of uncertainty



block chain  
SCM  
inter-enterprise collaboration



### New Normal Customer Contact Utilizing Data



non-facing channel  
digital success  
CRM, AI, and BI  
data utilization



### Design a workplace - For diversified work styles.



office transformation  
remote work



### Cyber security in the zero-trust era



Cloud Security  
EDR



### System Operation in the With COVID-19 Era



IT Infrastructure Managed Services  
Automation  
unmanned  
Remote/Home Support



# Initiatives for a Digital Society (1/2)

In the first quarter, we started to solve various social issues in with COVID-19 era, accelerate social contribution through our business activities, and promote reform of ourselves to realize a new society.

## NTT DATA's Vision for a New Society

Impact of the COVID-19



**A society where people can use things freely according to their purpose  
= best mix of real and online**

### Accelerating Social Contribution through Business ~ Solving Challenges for the Realization of a New Society ~

**Society**  
A new nation  
A new society

**Life**  
New daily living  
New consumer  
behavior

**Industry**  
A new industry  
New corporate  
structure

### Transformation of NTT DATA Reforming working styles to realize a new society

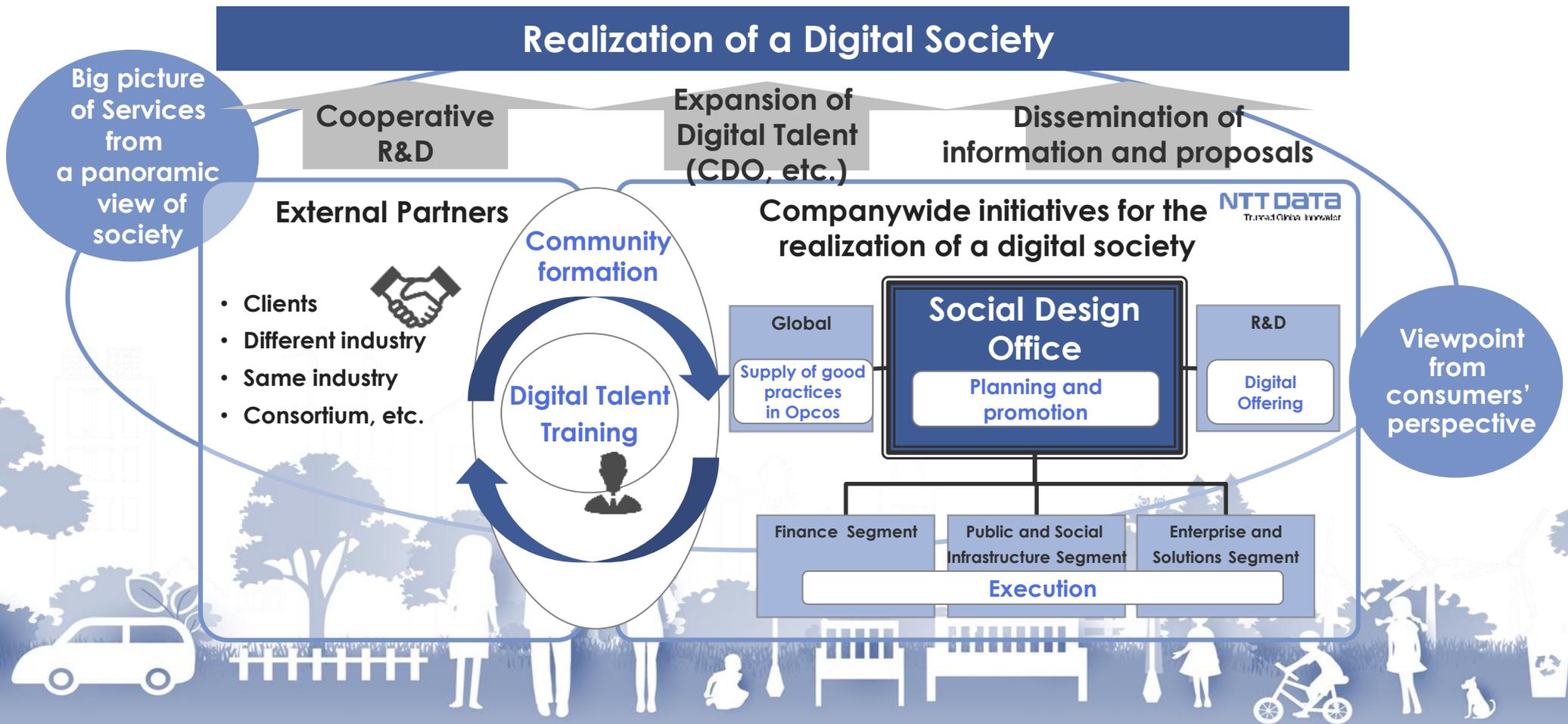
Diverse ways  
of working

Advanced  
Business  
processes

Safe and secure  
Workplace  
environment

# Initiatives for a Digital Society (2/2)

In order to contribute to the DX of whole society, we have established the Social Design Office and will accelerate activities as a company-wide initiative across industries.



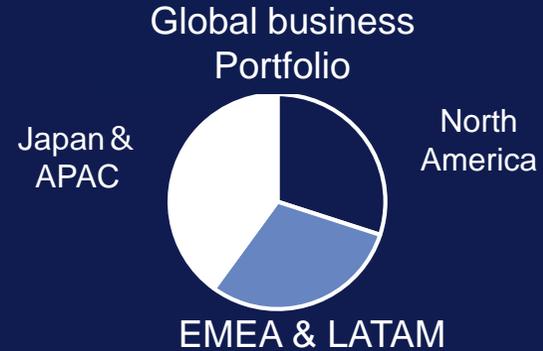
## 2. Growth Strategy

# The Road to Trusted Global Innovator

Aiming to become a company trusted by worldwide clients as one of the Global Top 5 companies around 2025

**3** Global 3<sup>rd</sup> Stage  
Reputation as Trusted Brand

Around 2025  
**Global Top 5**



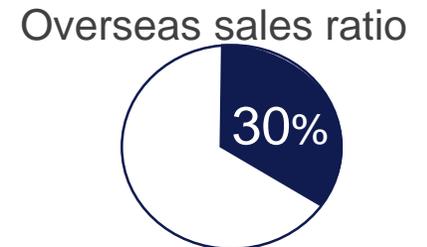
**2** Global 2<sup>nd</sup> Stage  
Recognized Global Brand

FY2016-2018  
Net sales  
1.6 → 2.2 trillion yen



**1** Global 1<sup>st</sup> Stage  
Increased Global Coverage

FY2005-2015  
Net sales  
0.9 → 1.6 trillion yen



## Overview of the Mid-Term Management Plan for FY2019-2021

Aiming for profitable global growth with courage to change and consistent belief during the next three critical years to achieve the Global 3<sup>rd</sup> Stage

### Profitable Global Growth: FY2021 Business Goals

#### Growth

**Net Sales: 2.5 trillion yen**  
**Client Base: over 80**

#### Earnings

**Operating Income Margin: 8%**  
**Overseas EBITA: 7%**

### COURAGE TO CHANGE: Maximize value for clients

#### Transformation & Synergy

##### Strategy 1

**Expand global digital offerings**

##### Strategy 2

**Deliver greater value to clients  
based on regional needs**

##### Strategy 3

**Unleash our employees' potential that maximize organizational strengths**

**Drive  
NTT Group  
collaboration**

### CONSISTENT BELIEF: Shape the future society with our clients

# COURAGE TO CHANGE Strategy 1: Expand global digital offerings

Setting specific industries and technologies as areas of focus and creating strengths from active investments

Healthcare



BFSI



Automotive



Telco



Retail

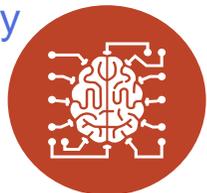


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Industry

Technology



Data & Intelligence



Intelligent Automation



Customer Experience



Internet of Things



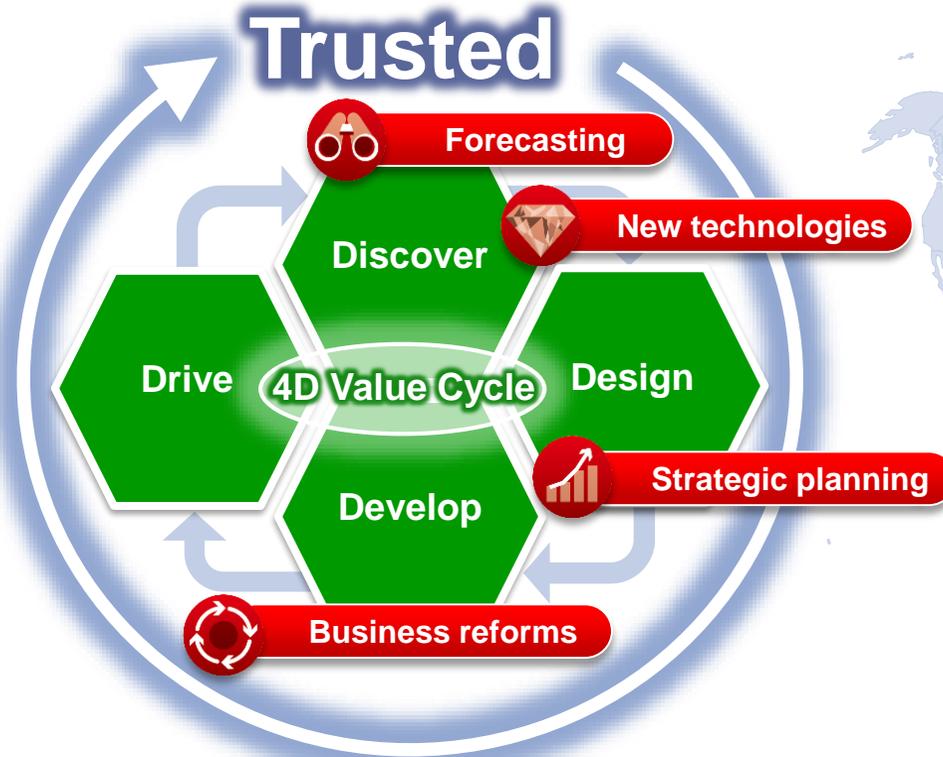
IT Optimization



Cybersecurity

Providing enhanced value to our clients by promoting consistent value offering model and regional strategy

### Common value offering model



### Regional strategy

**Japan**  
Leverage strength in existing areas to create new value

**China & APAC**  
Capitalize on market growth to dramatically expand business

**North America**  
Expand our focused service portfolio, and secure high-potential customers

**EMEA**  
Enhance value towards clients through unification

Discover : Forecasting on the market and clients' needs, discovering new technology  
Design : Grand plan with a view to collaboration of various businesses and services

Develop : Creating and offering solutions based on advanced system construction abilities and applicability

Drive : Support for clients' maximum utilization of solutions

Promoting collaboration among all employees based on globally consistent values and maximizing organizational strengths by enhancing individual power



**Unleash employees' potential**

- ✓ Enhance digital capabilities
- ✓ Ensure our workplace enhances the diversity of our professionals
- ✓ Improve employee engagement



**Digitize our work environment**

- ✓ Share knowledge, promote collaboration & transform business process leveraging digital
- ✓ Transform the system development process by the next generation production technology



**Enhance our governance processes**

- ✓ Enhance risk management
- ✓ Advance project management

Clients First

Foresight

**Values**

Teamwork

## COURAGE TO CHANGE Drive collaboration across NTT Group

Enhance our presence in the global market by creating new values with NTT Group, while continuing to strengthen the NTT DATA brand



### Collaboration in advanced fields

Leverage global solution-based R&D\*<sup>1</sup> as well as R&D in next-generation science\*<sup>2</sup>

### Collaboration in each region

Expand business by cross-sell and provision of total service (B2B2X etc.)

### Collaboration utilizing economy of scale

Drive reduced costs through NTT Global Procurement Organization

\*1 AI, IoT, etc. \*2 Quantum computing science, cryptography information theory, biological information processing

## CONSISTENT BELIEF

Contributing to solving social issues through business/corporate activities and constantly increasing corporate value

# “Shape the future society with our clients”



## Concepts of ESG Management

### Contributing to society and increasing corporate value through business

- Resolve social issues with our clients through our services and solutions

### Contributing to society and increasing corporate value through corporate activities

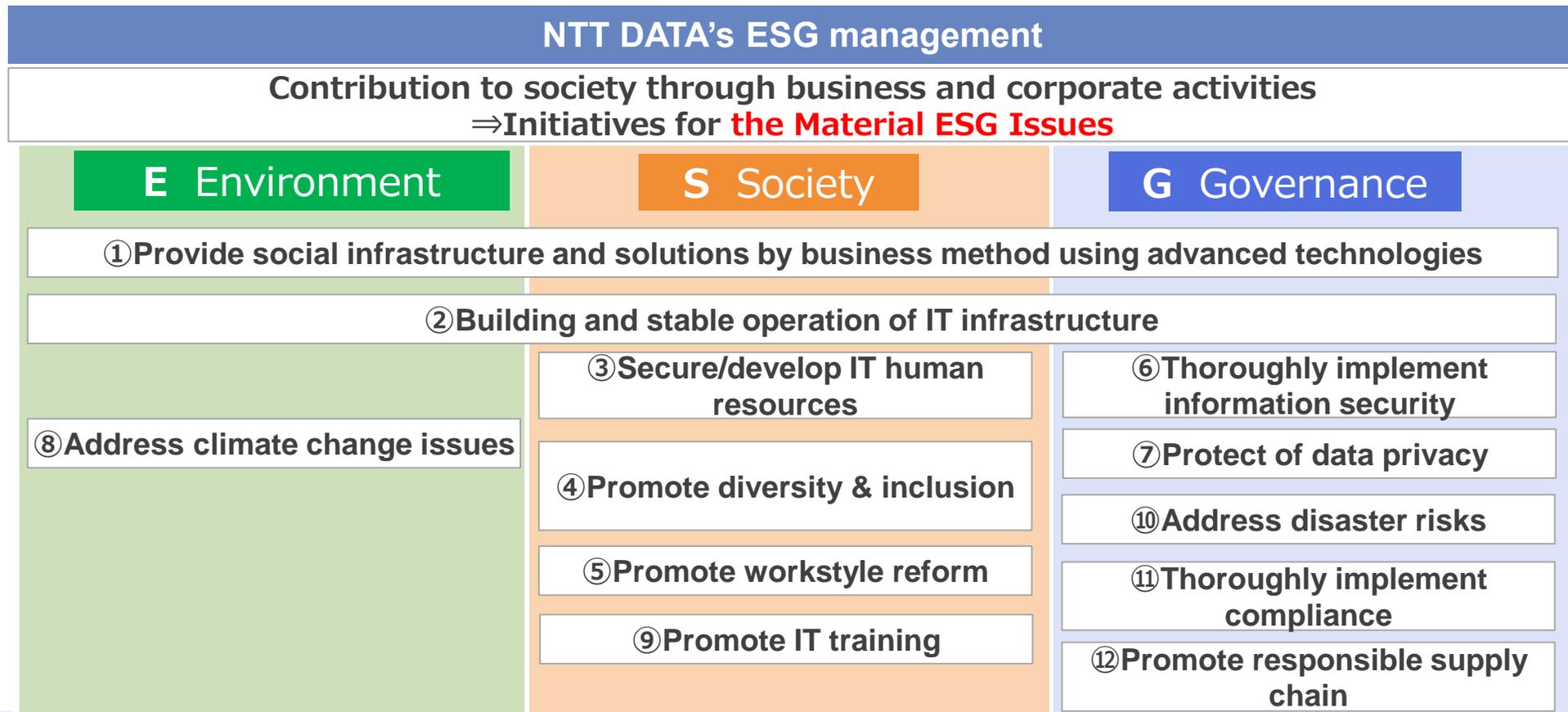
- Resolve each of our material ESG issues
- Make use of know-how we have cultivated through our corporate activities

### Reinforce Corporate Governance

- The reinforcement of our governance system
- More effective Board of Directors.

# NTT DATA's ESG Management

We set KPIs for the 12 Material ESG Issues to further promote our ESG management

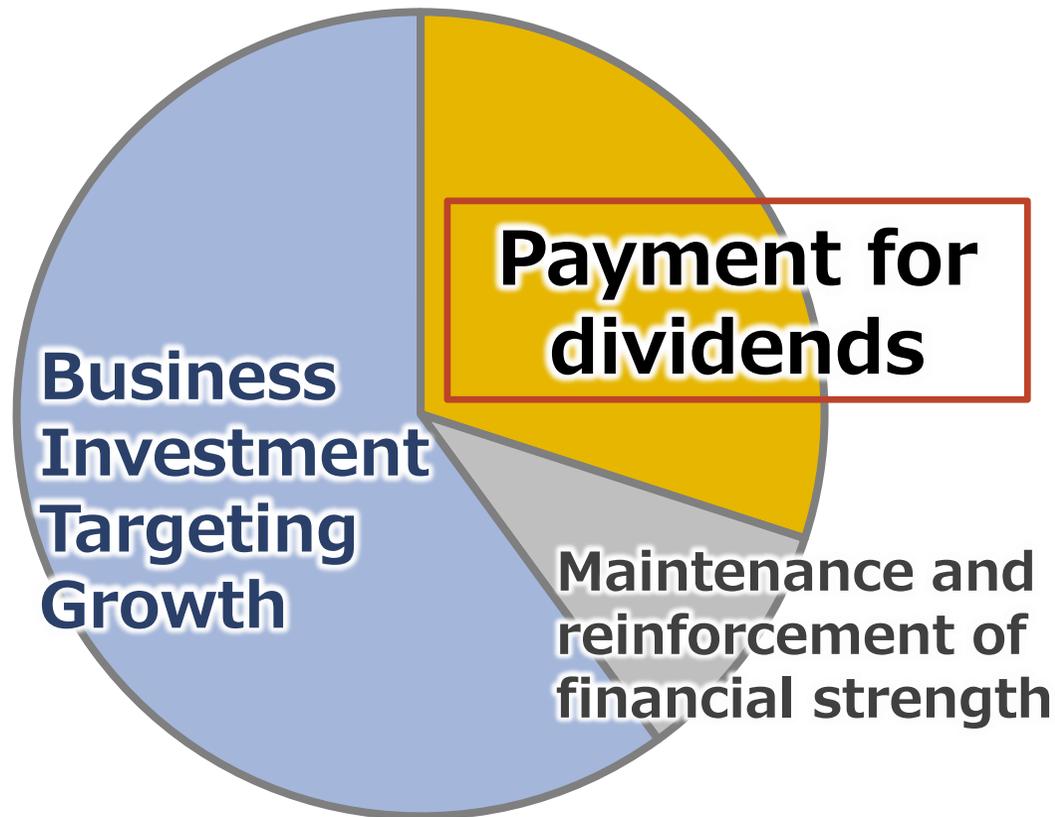


# 3. Shareholder Returns

## Capital Allocation Policy

Cash flow based on the balance of **growth investment, shareholder returns, and maintaining financial strength.**

### Use of Funds

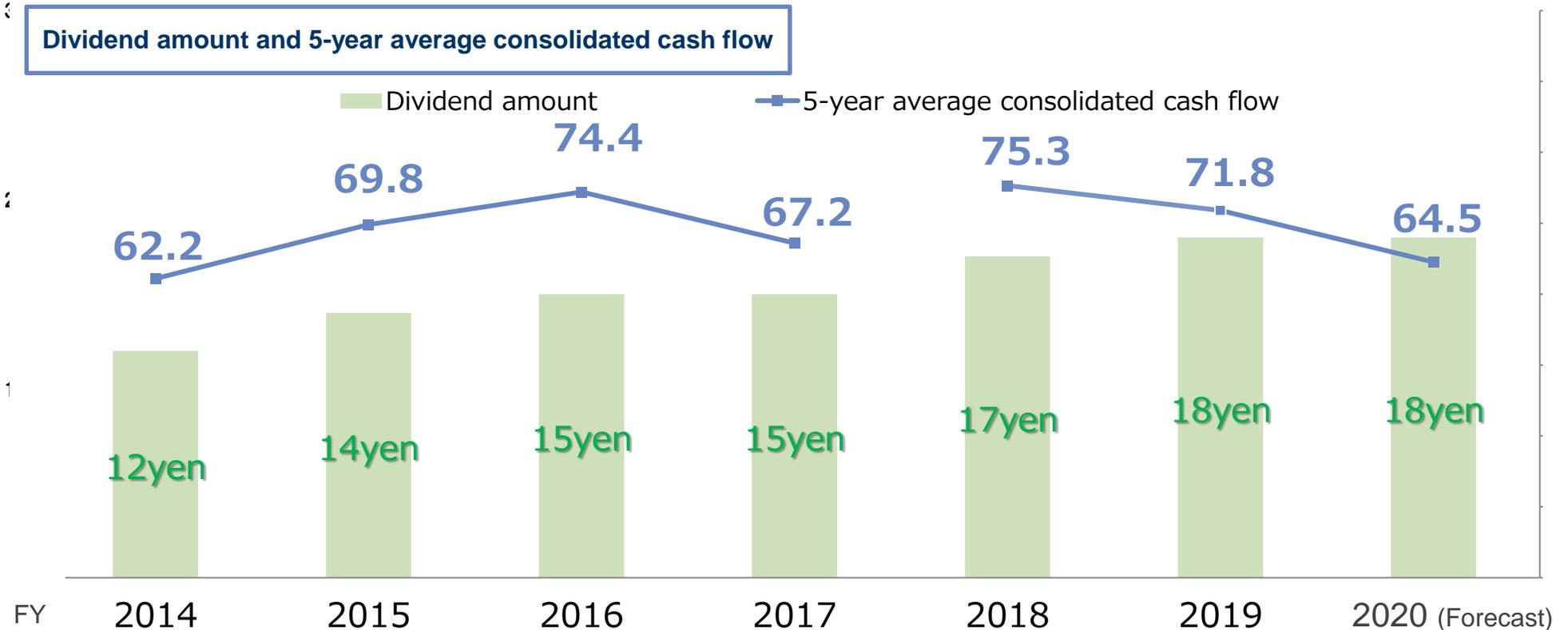


**Annual Dividend  
on FY2021/3**

**18** yen  
(Forecast)

# Changes of Dividend Amount

Placing value on maintaining mid- to long-term cash flow dividend payout ratio for dividend amount, which increases along with an increase in consolidated cash flow



※Figures for FY2017 and earlier are based on JGAAP and those from 2018 onwards are based on IFRS.

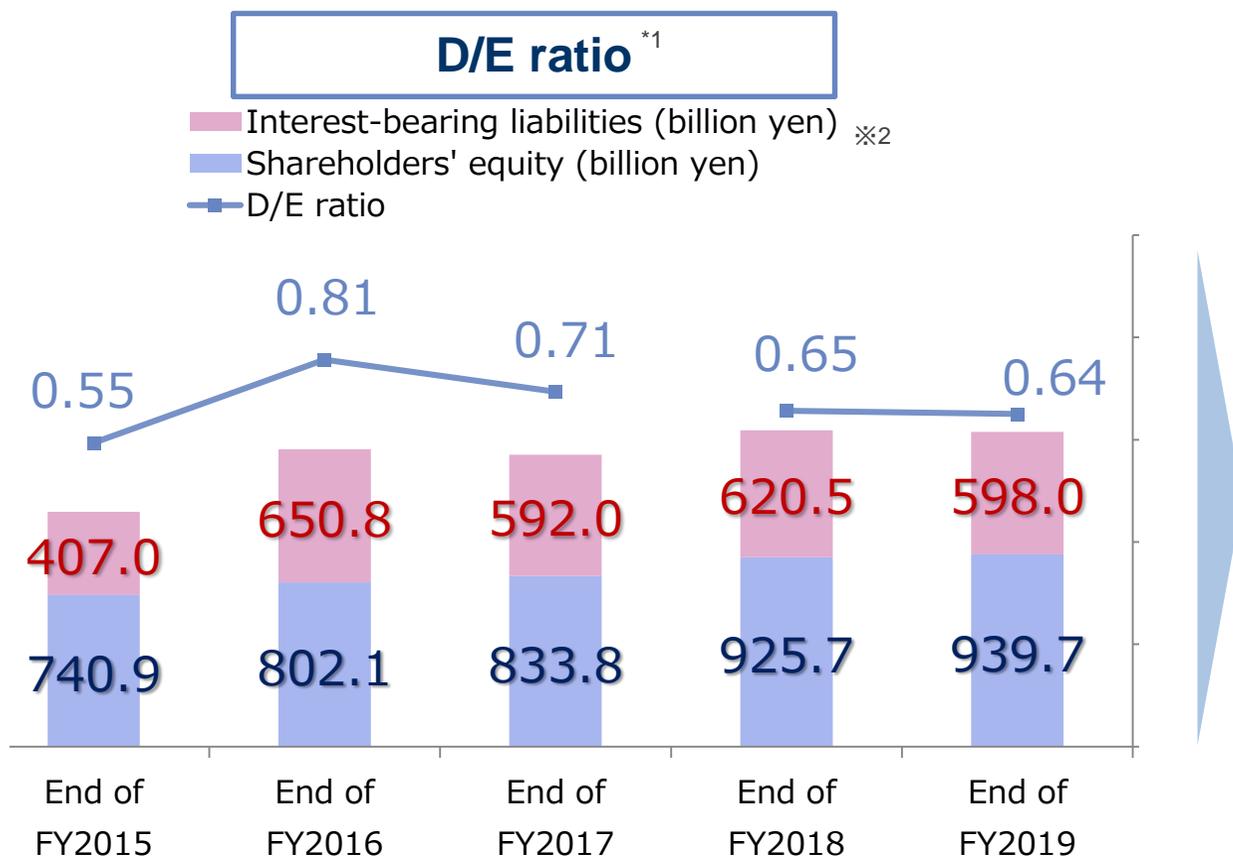
※In October 2013, 100-for-1 stock split of common shares was conducted and the unit share system was adopted. Dividend per share is recorded with an amount considering this stock split. On July 1, 2017, a 5-for-1 stock split was conducted. Dividend per share is recorded with an amount considering this stock split.

※Consolidated cash flow = net income attributable to shareholders of NTT DATA + depreciation cost + loss on retirement of fixed assets – capital investment

※For “weighted average of past 5 yrs.” in IFRS, figures based on JGAAP are used in FY2016 and earlier.

## Maintaining Soundness of Financial Base

Paying attention to maintain the credit ratings and creating long-lastingly reliable financial base for clients



Maintain credit ratings of "AA"<sup>\*3</sup>

Japan Credit Rating Agency **AA+**  
 Rating and Investment Information **AA**

\*3 As of September 2020

\*1 Figures for FY2017 and earlier are based on JGAAP and on IFRS for those from FY2018 onwards.

\*2 Interest-bearing liabilities, based on JGAAP, are the total of borrowings, corporate bond, and lease payables. Those based on IFRS are the total of borrowings and corporate bond.

# Thank you for your attention

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## Notes

※Descriptions and predictions in this document are based on the current information and may change due to domestic and international economy, trend in the information service industry, development of new services and technologies. Therefore, our Group will not guarantee its certainty.

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