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

November 4, 2016
NTT DATA Corporation

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

# INDEX

NTT DATA



**Cautionary Statement**
**Regarding Forward-looking Statements**

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

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

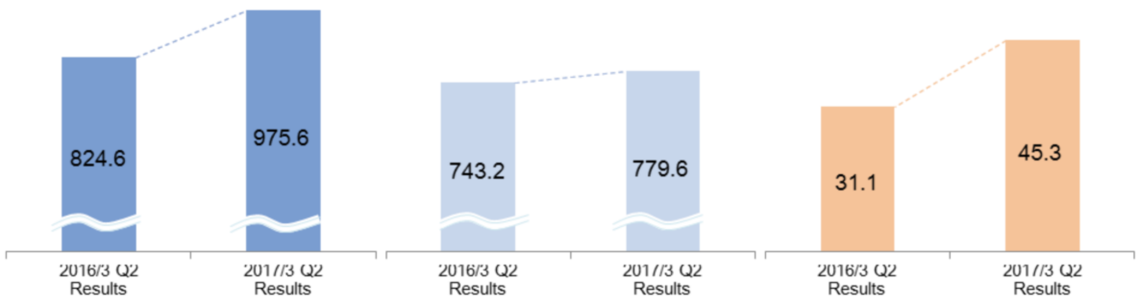
## Results for the Second Quarter of Fiscal Year Ending March 31, 2017 and Overview of year-on-year changes in earnings

NTT DATA

(Billions of Yen,%)

| | 2016/3 Q2 Results (Apr.-Sep.) | 2017/3 Q2 Results (Apr.-Sep.) | YoY (Amount) | YoY (Rate) |
|---|---|---|---|---|
| New Orders Received | 824.6 | 975.6 | +151.0 | +18.3% |
| Net Sales | 743.2 | 779.6 | +36.4 | +4.9% |
| Operating Income | 31.1 | 45.3 | +14.2 | +45.8% |
| Income Before Income Taxes | 31.2 | 44.9 | +13.7 | +43.9% |
| Net income attributable to owners of parent | 15.7 | 29.0 | +13.3 | +84.5% |

【New Orders Received】 【Net Sales】 【Operating Income】







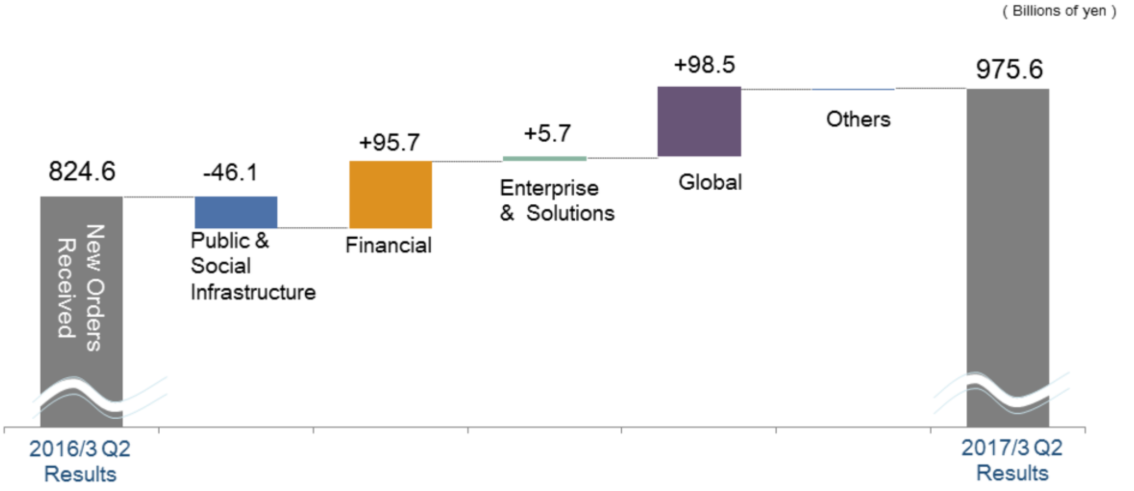
Firstly, we will explain the financial results for the first half of the fiscal year ending March 2017.

We were able to achieve favorable results, with all of the new orders received, net sales and operating income having increased compared with the same period last year.

New orders received, among others, showed significant growth in this fiscal year as well, resulting in an approximately 150 billion-yen increase compared with the same period last year. This was in sharp contrast to our original estimation that new orders would decrease as a reaction to the several large projects we received in the last fiscal year. Net sales also continued to rise steadily, and the operating income posted a significant gain from a year earlier thanks to restraining of unprofitable projects.

## New Orders Received: YoY Changes by Business Segment

NTT DATA




| | |
|---|---|
| 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 and cooperative financial institutions. |
| Enterprise & Solutions | Increased reflecting the expansion of businesses mainly for the manufacturing industry. |
| Global | Increased as a result of winning a large-scale project in Australia and the unification of accounting periods of European subsidiaries, etc., despite a decrease due to foreign exchange. |




Now, we will explain new orders received by each segment.

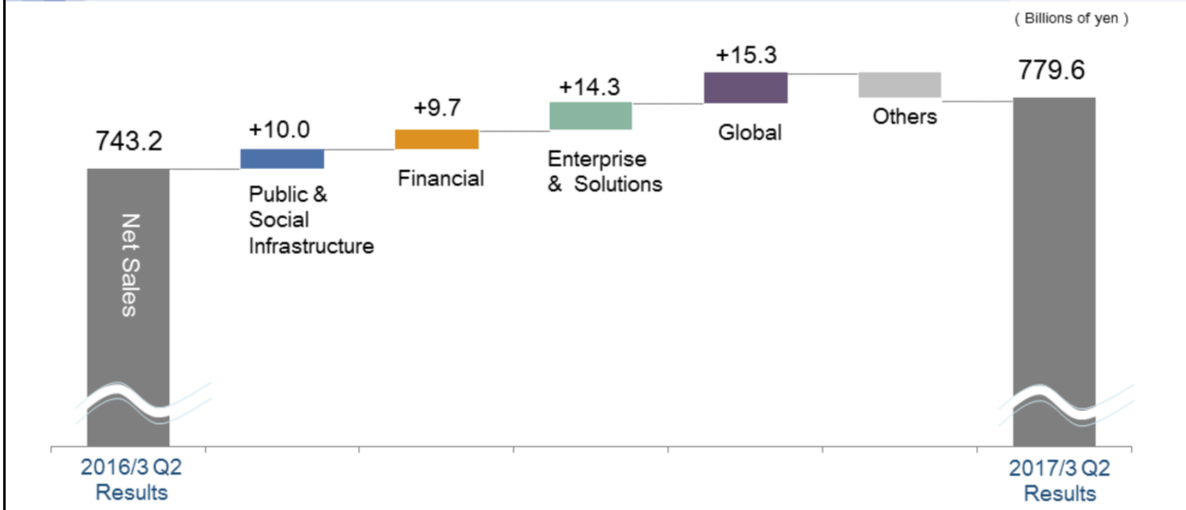
The Public and Social Infrastructure segment experienced a drop in new orders received as a reaction to the orders for several large projects we received in the previous term. This drop had already been taken into consideration from the beginning of the current term. Other than this reactionary drop, the new orders received remained positive.

The Financial segment saw an approximately 100 billion-yen increase, thanks to our overall robust business situation, including business with banks, as well as receiving a project in the current term that was originally scheduled for the next term.

The Global segment was negatively affected by foreign exchange with a decrease of approx. 40 billion yen compared with the previous quarter.  Meanwhile, there was also a positive element for this segment, with a period of three months being added to the conventional fiscal term of the group's European subsidiaries in order to adjust their settlement term in line with the consolidated term.

## Net Sales: YoY Changes by Business Segment

NTT DATA




| | |
|---|---|
| Public & Social Infrastructure | Increased reflecting the expansion of businesses for national government, etc., despite a decrease in businesses for the utilities industry. |
| Financial | Increased reflecting the expansion of businesses for banks and credit corporations, etc. |
| 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. |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Net sales rose in all segments, compared with the same period last year.

Although the utility business recorded decreased net sales as a reaction from the previous term, the Public and Social Infrastructure segment posted an increase, benefiting from the growth in businesses related to central ministries and agencies.

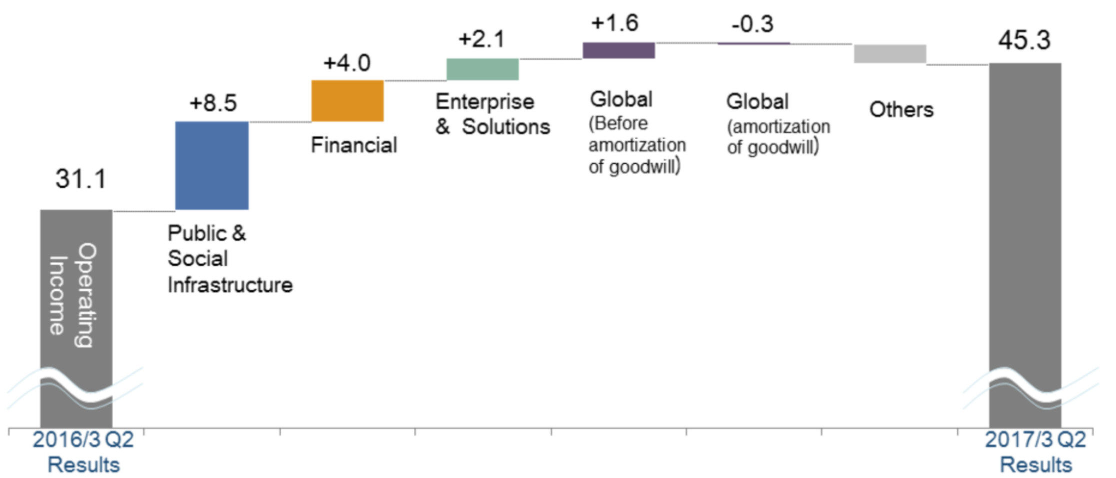
The Financial and the Enterprise and Solution segments also registered a rise in net sales.

The Global segment was affected by foreign exchange with a loss of some 30 billion yen. But it still chalked up an increase as a result of the added fiscal period to the conventional fiscal term of the group’s European subsidiaries, a measure intended for consolidated settlement in the same way as the new orders received.

## Operating Income: YoY Changes by Business Segment

NTT DATA

(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 | Increased due to growth in sales despite an impact of a decrease in profit arising mainly from advisory expenses associated with the large-scale business acquisition. |

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The operating income rose in all segments.

The year-on-year increase in the Financial segment, and the Public and Social Infrastructure segment were achieved by restraining unprofitable projects.

The Global segment was affected by a loss due to advisory expenses etc. related to acquisition of Dell Services business, but still posted an increase as a whole thanks to its increased sales.

## Public & Social Infrastructure

NTT DATA

(Billions of Yen,%)

| | 2016/3 Q2 Results | 2017/3 Q2 Results | YoY (Amount) | YoY (Rate) |
|---|---|---|---|---|
| New Orders Received | 225.0 | 178.9 | -46.1 | -20.5% |
| Net Sales | 176.7 | 186.7 | +10.0 | +5.7% |
| Operating Income | 6.0 | 14.5 | +8.5 | +140.9% |
| Segment Profit(*) | 6.2 | 14.8 | +8.5 | +136.9% |

(*)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

NTT DATA

(Billions of Yen,%)

| | 2016/3 Q2 Results | 2017/3 Q2 Results | YoY (Amount) | YoY (Rate) | |
|---|---|---|---|---|---|
| New Orders Received | 230.7 | 326.5 | +95.7 | +41.5% | ↗ |
| Net Sales | 236.6 | 246.3 | +9.7 | +4.1% | ↗ |
| Operating Income | 12.6 | 16.7 | +4.0 | +31.6% | ↗ |
| Segment Profit(*) | 13.2 | 17.0 | +3.8 | +28.6% | ↗ |

(*)Segment Profit is income before income taxes

| | |
|---|---|
| New orders received | Increased as a result of winning large-scale projects for banks and cooperative financial institutions. |
| Net sales | Increased reflecting the expansion of businesses for banks and credit corporations, etc. |
| Operating income | Increased due to a decrease in unprofitable projects. |




(Description abbreviated)

## Enterprise & Solutions

NTT DATA

(Billions of Yen,%)

| | 2016/3 Q2 Results | 2017/3 Q2 Results | YoY (Amount) | YoY (Rate) |
|---|---|---|---|---|
| New Orders Received | 122.0 | 127.8 | +5.7 | +4.7% |
| Net Sales | 186.5 | 200.9 | +14.3 | +7.7% |
| Operating Income | 13.3 | 15.4 | +2.1 | +16.0% |
| Segment Profit(*) | 14.4 | 31.3 | +16.8 | +116.4% |

(*)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 | Increased reflecting gains on sales of investment securities in addition to growth in operating income. |




Although not going into the details on individual segments, the segment profit for the Enterprise and Solution segment significantly increased compared with the previous term. This was mainly a result of recording profits on the sale of securities including the shares of Recruit Holdings Co., Ltd.

## Global

(Billions of Yen,%)

| | 2016/3 Q2 Results | 2017/3 Q2 Results | YoY (Amount) | YoY (Rate) |
|---|---|---|---|---|
| New Orders Received | 239.8 | 338.4 | +98.5 | +41.1% |
| Net Sales | 252.6 | 268.0 | +15.3 | +6.1% |
| Operating income (before amortization of goodwill) | 4.5 | 6.2 | +1.6 | +37.5% |
| Operating Income | -3.2 | -1.9 | +1.3 | +40.4% |
| Segment Profit(*) | -3.7 | -17.3 | -13.6 | -367.5% |

(*)Segment Profit is income before income taxes

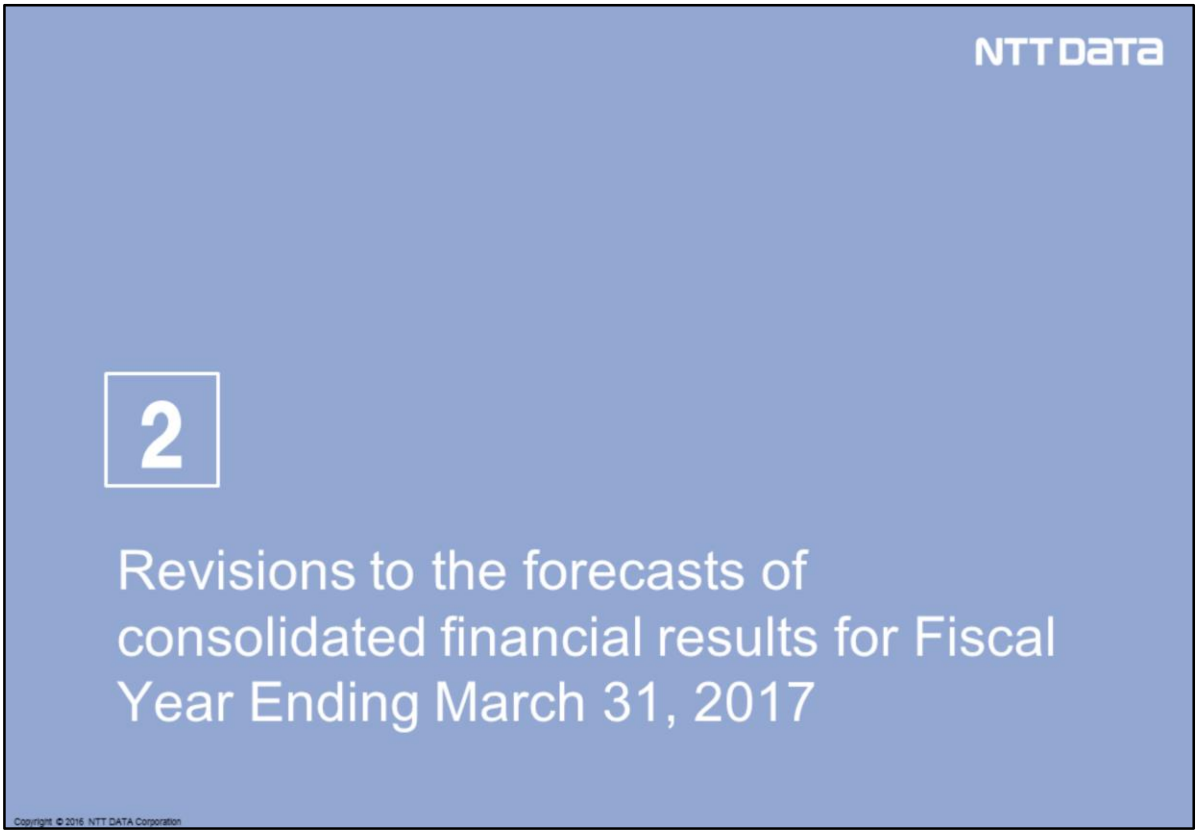
| | |
|---|---|
| New orders received | Increased as a result of winning a large-scale project in Australia and the unification of accounting periods of European subsidiaries, etc., despite a decrease due to foreign exchange. |
| Net sales | Increased as a result of the unification of accounting periods 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) | Increased due to growth in sales despite an impact of a decrease in profit arising mainly from advisory expenses associated with the large-scale business acquisition. |
| Segment Profit | Decreased due to acquisition expenses and loss on restructuring of subsidiaries and affiliates despite growth in operating income. |




We will explain two points with regard to the elements that decreased segment profits in the Global segment as follows:

The first point relates to everis, our subsidiary in Spain. We bought everis about three years ago for 360 million euros. When negotiating for a large-scale acquisition, NTT DATA takes into consideration a future business plan for about five years and makes a calculation based on discounted cash flow to determine the corporate value of the company it is considering acquiring. It was estimated that the corporate value of everis could be maximized to as much as 500 million euros if it achieved better results than certain standards three years after it had been acquired. But our company agreed with the former shareholders of everis that we would pay 360 million euros at the beginning. After the acquisition, everis steadily increased its earnings, with the sales growing by over 30 percent and the income almost doubling in three years. Since everis secured earnings and income far exceeding our original expectations, NTT DATA decided to pay the difference in corporate value in accordance with the agreement entered into three years ago. This is how we recorded about 13 billion yen as extraordinary losses in the segment profit category.

The second point relates to the expenses incurred by the acquisition of Dell Services business.

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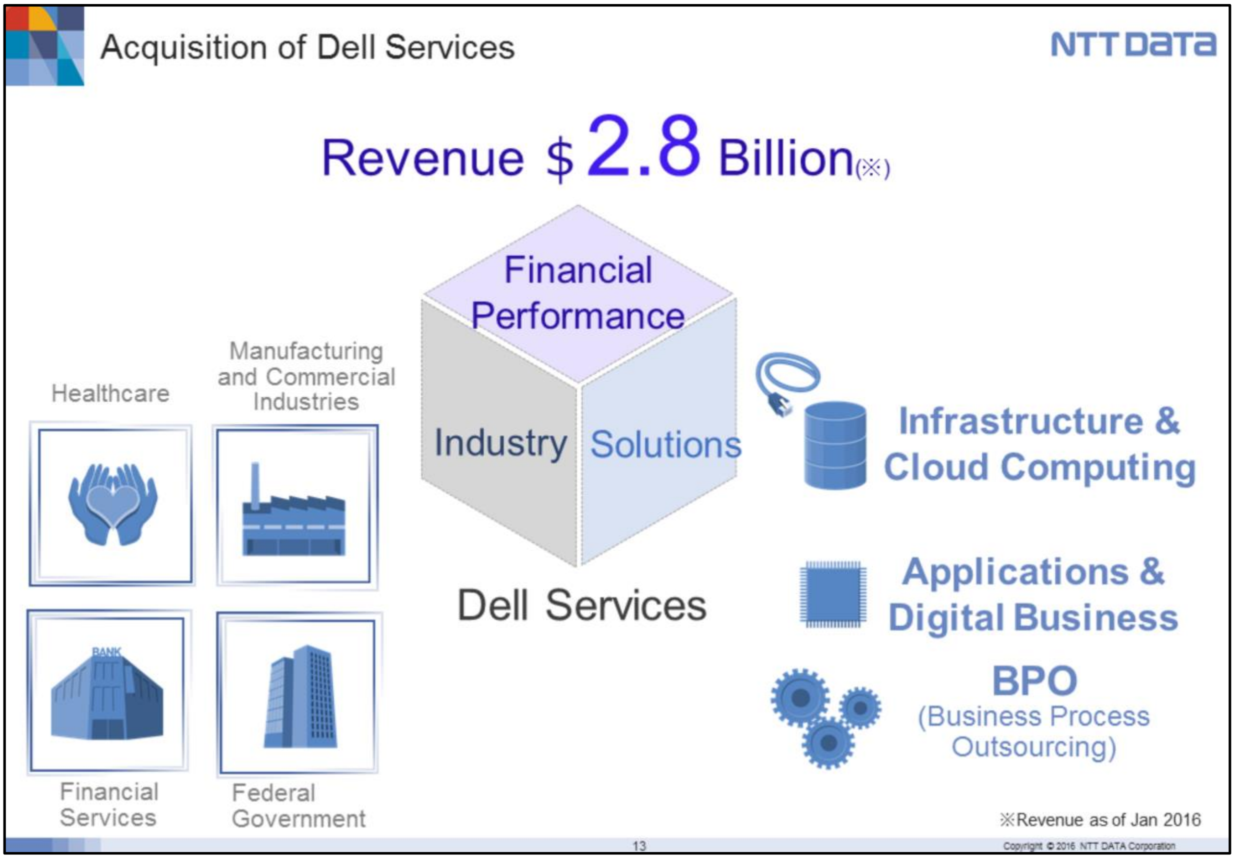
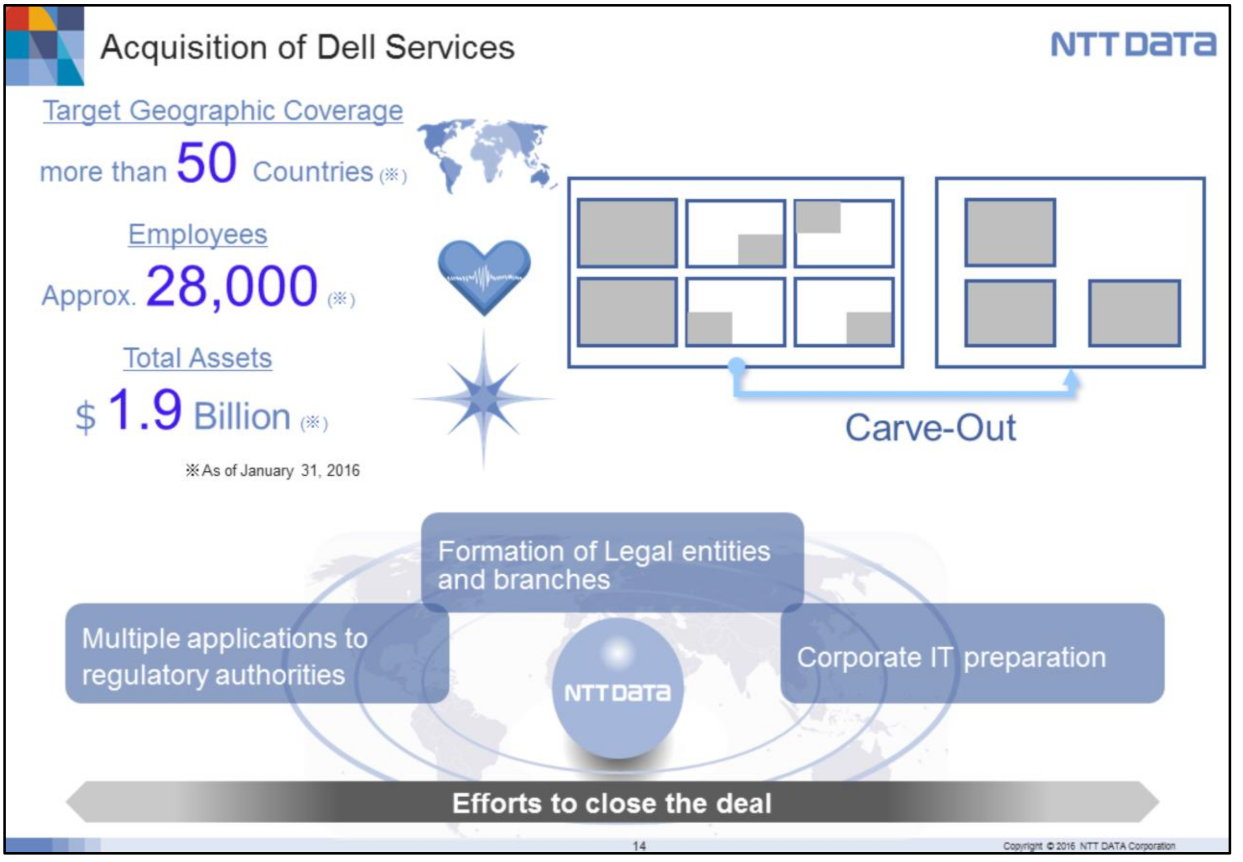



We will explain the revision to the projected results for the whole fiscal year ending March 2017.

In May 2016, the guidance was released excluding the effect of the acquisition of Dell Services business. But, this time, we took the acquisition effect into consideration and revised the result projection for the whole fiscal year.

We will begin with the details of Dell Services.

Dell Services has an enormous advantage in the healthcare industry, also maintaining a certain level of dominance in the field such as the financial, federal government and enterprise field such as manufacturing sectors.
In terms of solutions, Dell Services is strong in IT infrastructures and cloud as well as BPO.
Of the entire sales of DELL for the fiscal term ended January 2016, the portion of Dell Services accounted for 2.8 billion dollars.
Operating income, as already shown in another material, will be different between when seen as that of Dell Services within DELL and when consolidated with NTT DATA with expenses being recalculated. When consolidated with NTT DATA, the operating income rate is projected to be about seven percent.




Dell Services has incorporated based on the former Perot Systems and has its bases spread over 50 countries with its center in the U.S. The company has about 28,000 employees and total assets of 1.9 billion dollars.

We acquired Dell Services using carve-out, a method to cut out targeted business assets from several relevant companies rather than simply buying one company. In March 2016, when the acquisition was released, due diligence was completed and the acquisition amount was fixed at about 3 billion dollars. However, it still took another seven months until closing of the acquisition because we carved out and acquired targeted businesses from numerous countries.
In particular, the following three issues required time.

Firstly, we underwent screenings by national authorities in accordance with competition law and notification made for investment in foreign companies: Although we did not undergo screenings or make notification in all 50 countries, it still took us a long time.
Secondly, the method of carve-out required establishment of entities to receive assets in each country: We needed to carry out procedures such as opening bank accounts and establishing corporate bodies and their branches in individual areas and countries.
Thirdly, we needed to set up an environment for the internal IT system transition: Dell Services has about 700 systems, most of which are to be transferred to NTT DATA and used as NTT DATA's assets. However, the accounting and human resources departments of Dell Services will continue to use their system owned by DELL for about two years, during which NTT DATA will pay DELL rental fees. Then, in about two years, the system will be totally transferred to NTT DATA and used as the information system of NTT DATA. For this purpose, we spent seven months setting up the environment and verifying whether the system would operate without any problems after closing the acquisition.

The expenses for setting up the internal IT system will amount to about 10 billion yen per year. These expenses will be incurred as extraordinary losses not only in Fiscal 2016 but also in 2017. However, by Fiscal 2018, most of these expenses are estimated to disappear and the system will be independently operated by NTT DATA.

## Revisions to the Full-year Forecasts of Business Performance for Fiscal Year ending March 31, 2017

NTT DATA

( Billions of Yen, % )

| | 2016/3 Results ① | 2017/3 Initial Forecasts ② | 2017/3 Revised Forecasts ③ | YoY ③-① | Versus Initial Forecasts ③-② |
|---|---|---|---|---|---|
| New Orders Received | 1,662.6 | 1,510.0 | 1,680.0 | + 17.3<br>+ 1.0% | + 170.0<br>+ 11.3% |
| Net Sales | 1,614.8 | 1,650.0 | 1,670.0 | + 55.1<br>+ 3.4% | + 20.0<br>+ 1.2% |
| Operating Income | 100.8 | 105.0 | 105.0 | + 4.1<br>+ 4.1% | - |
| Income Before Income Taxes | 107.7 | 99.0 | 86.0 | -21.7<br>-20.2% | -13.0<br>-13.1% |
| Net income attributable to owners of parent | 63.3 | 58.0 | 49.0 | -14.3<br>-22.7% | -9.0<br>-15.5% |
| Cash Dividends per share (yen) | 70 | 70 | 70 | - | - |

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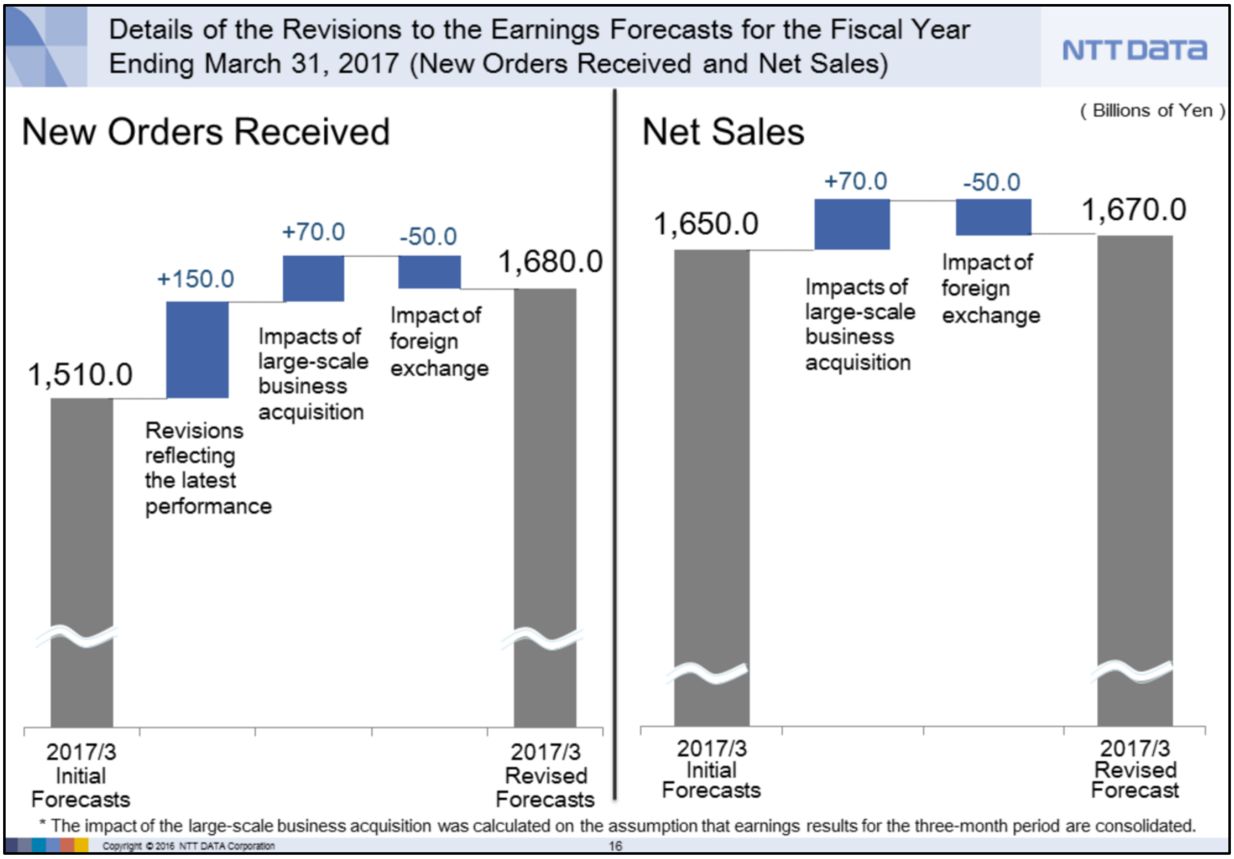
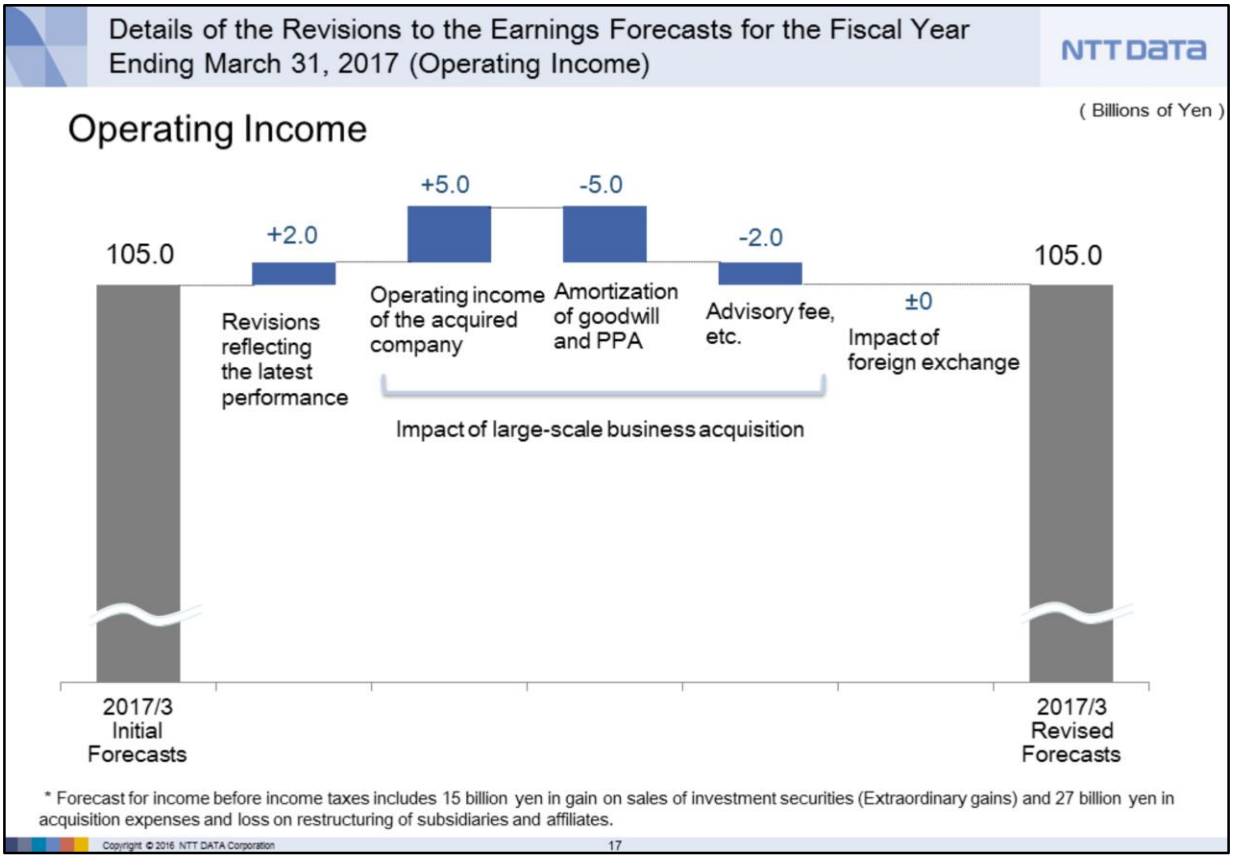
Based on the above explanation, we will now go into the outlook for the results in the fiscal year ending March 2017 that has been revised from the original projection made at the beginning of the current term.

New orders received and net sales are forecast to exceed our projection made at the beginning of the current term, benefiting from the most recent favorable situation and the positive effect of the acquisition of Dell Services business. Operating income is estimated to remain at the original projection of 105 billion yen. Income before income taxes and minority interests for the current term has been revised to 86 billion yen, given the negative effects of the expenses incurred in relation to the acquisition of Dell Services business.




New orders received are expected to achieve a 150 billion-yen increase, based on the most recent positive results both in Japan and abroad. The acquisition of Dell Services business is forecast to bring an approximately 70 billion-yen increase based on the assumption that a period of three months will be added to the consolidated settlement. However, because the loss of foreign exchange needs to be considered, which could amount to about 50 billion yen, new orders received for the whole term is projected to be 1.68 trillion yen.

Net sales is estimated to be 1.67 trillion yen, with a profit of 70 billion yen generated by the acquisition of Dell Services business and a loss of 50 billion yen by foreign exchange considered.




The projection of operating income is made with the added three-month period due to the consolidation of Dell Services t o the consolidated settlement, which is equivalent to about 5 billion yen, taken into consideration. Meanwhile, expenses for amortizing goodwill and PPA are expected to be almost the same as the above 5 billion yen. Besides that, an expense of about 2 billion yen is estimated to be incurred for the financial advisories related to the acquisition.

However, since unprofitable projects are expected to be further restrained by another 2 billion dollars than the originally projected 8 billion yen, operating income is estimated to remain at 105 billion yen, unchanged from the original projection.

New orders received and net sales can be directly affected by foreign exchange, as you may know. Meanwhile, foreign exchange is considered to hardly affect operating income, although situations vary from country to country. This is because costs of sales and selling, general and administrative expenses are also denominated in the local currency in most cases.

## Public & Social Infrastructure
(Earnings Forecasts for the Fiscal Year Ending March 31, 2017)

NTT DATA

( Billions of Yen, % )

| | 2016/3 Results ① | 2017/3 Initial Forecasts ② | 2017/3 Revised Forecasts ③ | YoY ③-① | Versus Initial Forecasts ③-② |
|---|---|---|---|---|---|
| New Orders Received | 401.1 | 277.0 | 300.0 | -101.1<br>-25.2 % | + 23.0<br>+ 8.3% |
| Net Sales | 420.8 | 426.0 | 426.0 | + 5.1<br>+ 1.2% | - |
| Operating Income | 33.4 | 38.0 | 38.0 | + 4.5<br>+ 13.6% | - |
| Segment Profit(*) | 32.2 | 38.0 | 38.0 | + 5.7<br>+ 17.8% | - |

(*)Segment Profit is income before income taxes




(Description abbreviated)

## Financial
## (Earnings Forecasts for the Fiscal Year Ending March 31, 2017)

NTT DATA

( Billions of Yen, % )

| | 2016/3 Results ① | 2017/3 Initial Forecasts ② | 2017/3 Revised Forecasts ③ | YoY ③-① | Versus Initial Forecasts ③-② |
|---|---|---|---|---|---|
| New Orders Received | 520.9 | 462.0 | 556.0 | +35.0<br>+ 6.7% | + 94.0<br>+ 20.3% |
| Net Sales | 523.6 | 520.0 | 520.0 | -3.6<br>-0.7% | - |
| Operating Income | 31.9 | 38.0 | 38.0 | + 6.0<br>+ 18.8% | - |
| Segment Profit(*) | 34.0 | 38.0 | 38.0 | + 3.9<br>+ 11.6% | - |

(*)Segment Profit is income before income taxes




(Description abbreviated)

## Enterprise & Solutions
## (Earnings Forecasts for the Fiscal Year Ending March 31, 2017)

NTT DATA

( Billions of Yen, % )

| | 2016/3 Results ① | 2017/3 Initial Forecasts ② | 2017/3 Revised Forecasts ③ | YoY ③-① | Versus Initial Forecasts ③-② |
|---|---|---|---|---|---|
| New Orders Received | 220.9 | 223.0 | 223.0 | + 2.0<br>+ 0.9% | - |
| Net Sales | 391.8 | 406.0 | 406.0 | + 14.1<br>+ 3.6% | - |
| Operating Income | 32.6 | 32.0 | 32.0 | -0.6<br>-2.0% | - |
| Segment Profit(*) | 48.0 | 33.0 | 48.0 | -0.0<br>-0.2% | + 15.0<br>+ 45.5% |

(*)Segment Profit is income before income taxes

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(Description abbreviated)

## Global
(Earnings Forecasts for the Fiscal Year Ending March 31, 2017)

NTT DATA

( Billions of Yen, % )

| | 2016/3 Results ① | 2017/3 Initial Forecasts ② | 2017/3 Revised Forecasts ③ | YoY ③-① | Versus Initial Forecasts ③-② |
|---|---|---|---|---|---|
| New Orders Received | 502.7 | 542.0 | 595.0 | + 92.2<br>+ 18.3% | + 53.0<br>+ 9.8% |
| Net Sales | 519.6 | 549.0 | 569.0 | + 49.3<br>+ 9.5% | + 20.0<br>+ 3.6% |
| Operating income (before amortization of goodwill) | 12.7 | 17.0 | 17.0 | + 4.2<br>+ 33.7% | - |
| Operating Income | 0.8 | 2.0 | 0.0 | -0.8<br>-100.0% | -2.0<br>-100.0% |
| Segment Profit(*) | -4.8 | -1.0 | -31.0 | -26.1<br>-539.7% | -30.0<br>- |

(*)Segment Profit is income before income taxes

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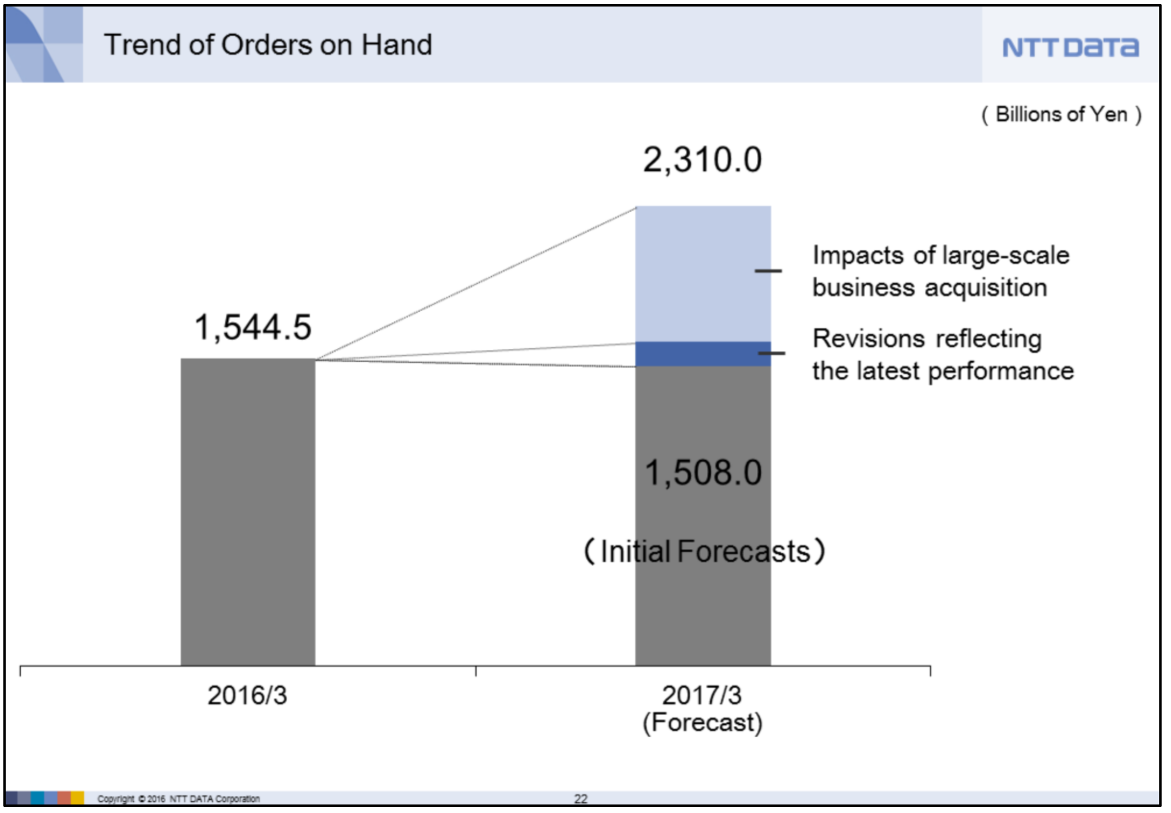
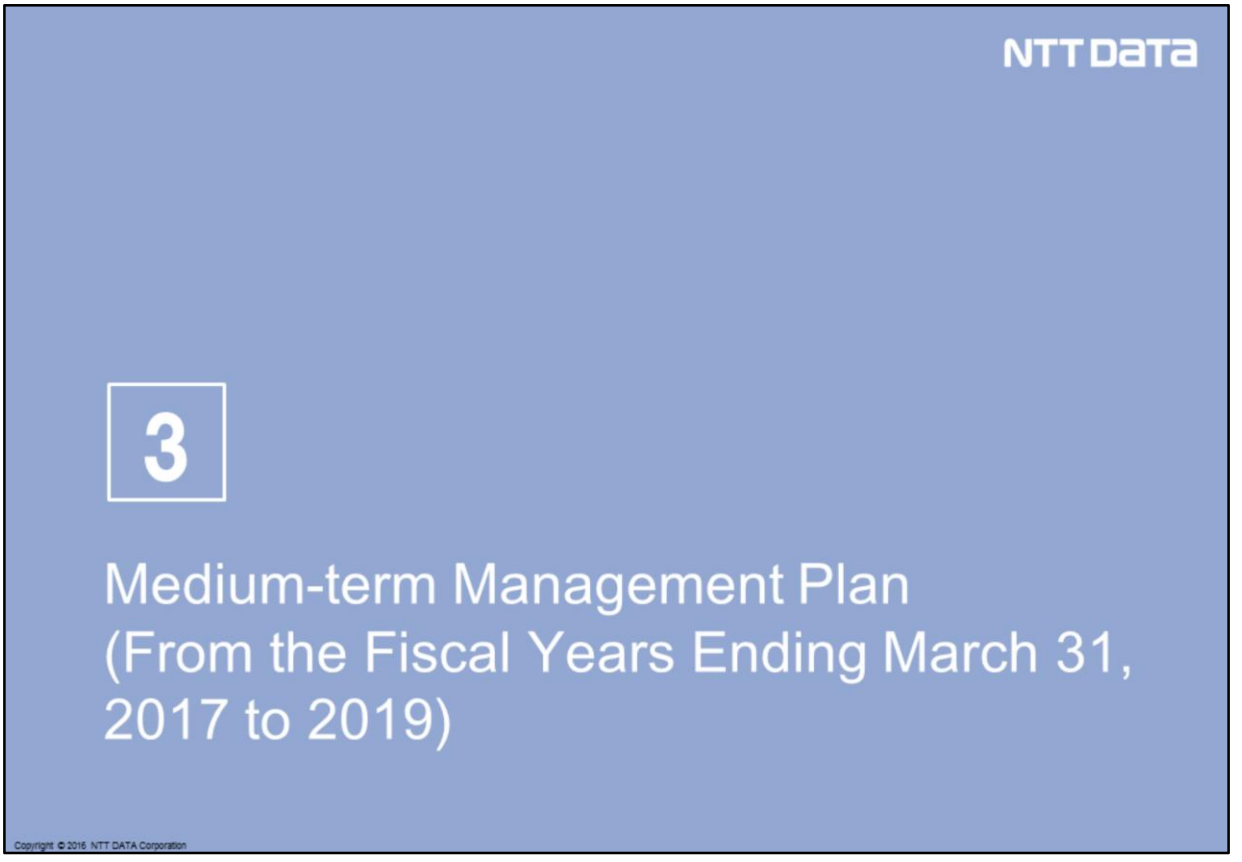
The segment profit in the Global segment is projected to post a loss of about 31 billion yen, given the expenses related to the acquisition of everis as mentioned above, Dell Services' internal IT system expenses, and other expenses related to restructuring and consolidation.




Please look at the chart of the changes in the backlog of orders received. The backlog had already exceeded 1.5 trillion yen at the end of the fiscal year ended March 2016, and in the fiscal year ending March 2017, a further surge is estimated. This is because of the positive results brought by our strong performance in these days and the consolidation of Dell Services.

As we have already explained, most of Dell Service's businesses are related to BPO and ITO. In addition, most of the contracts Dell Services holds with its loyal customers are long-term, spanning four to five years. For these reasons, their backlog of orders received is enormous. The addition of Dell Services' over 600-billion-yen orders received allows NTT DATA to exceed the benchmark of 2 trillion yen for the first time, reaching 2.31 trillion yen. Since Dell Services operates on a business model that secures significantly stable earnings, the acquisition of their business benefits NTT DATA immensely.

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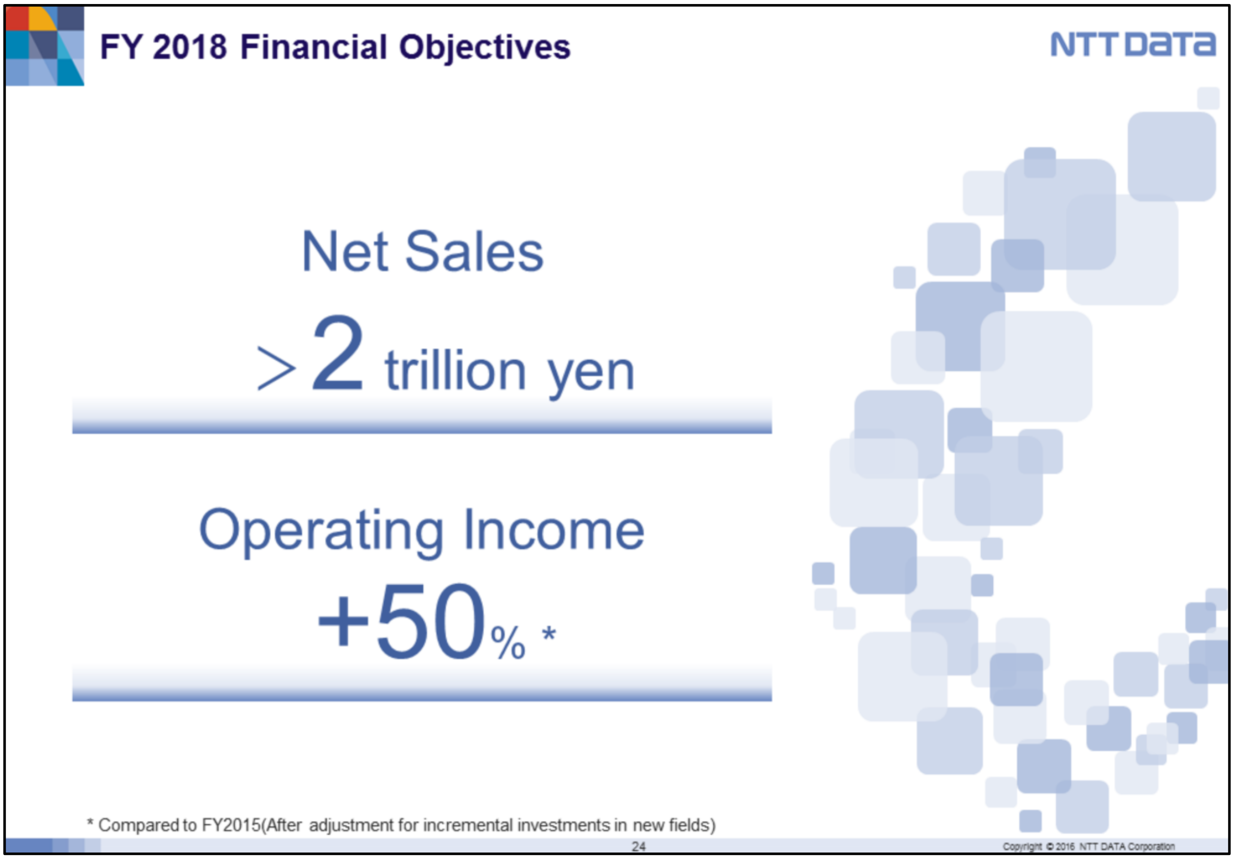


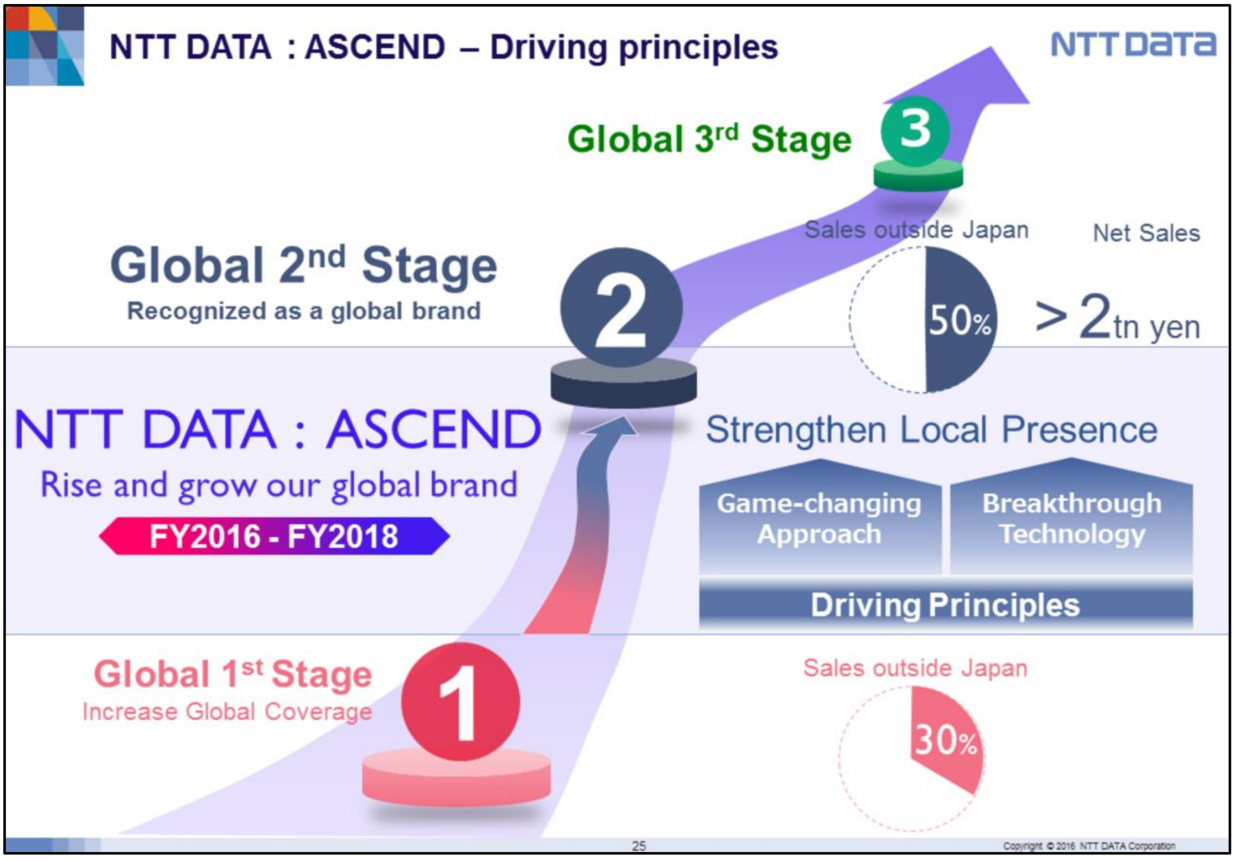

Next, we will explain our medium-term management plan. In May 2016, we gave a qualitative explanation excluding the effect of the acquisition of Dell Services business. But, this time, we will go into the details taking into consideration such effect.

We have established two main goals with regard to the medium-term management plan for the fiscal year ending March 2019.

One is to increase consolidated net sales beyond 2 trillion yen. This means that we will need to continuously work on our growth strategy.

The other goal is to record a 50 percent increase in consolidated operating income after adjustment, compared with the fiscal year ended March 2016. Since the operating income for the fiscal year ended March 2016 was 100.8 billion yen, we will need to add about another 50 billion yen to make it approximately 150 billion yen, excluding an increase in investment in new fields. Also, without mentioning our continued investment in M&A, the research and development investment should be doubled compared with Fiscal 2015 with an approximately 10 billion increase.

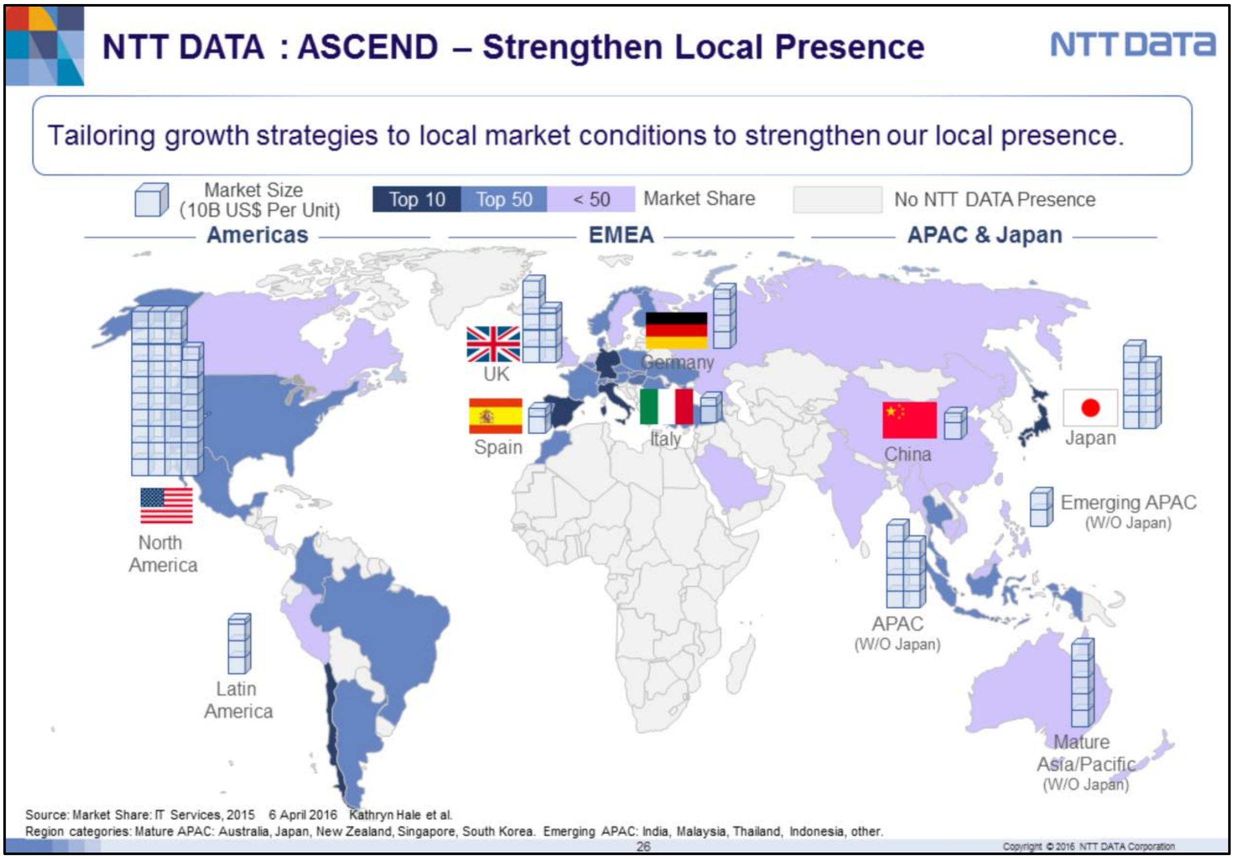
The previous medium-term management plan aimed at net sales of over 1.5 trillion yen and EPS of 200 yen. EPS is an important indicator, but it gives the false impression to both Japanese and foreign investors that NTT DATA might be seeking to reacquire its own stock. Generally speaking, EPS can rise by decreasing the number of shares issued, which acts as a denominator. However, NTT DATA does not intend to reacquire its own shares for a while, but rather aims to increase the income, which acts as a numerator. For this reason, the medium-term management plan this time has set the amount of operating income as our goal.




NTT DATA achieved one of its goals, Global 1st Stage, around 2014, in the midst of the period for the previous medium-term management plan. This means that we realized our geographical expansion worldwide to meet demand from our customers including multinational companies and also achieved our overseas sales ratio target of 25 percent. In the fiscal year ended March 2016, the overseas sales ratio grew further beyond 30 percent. Since establishing our new goal, Global 2nd Stage, around 2014, we have been aiming to further raise the overseas sales ratio to the same level as our sales in Japan and to achieve consolidated net sales of over 2 trillion yen by 2020, when Tokyo will host the Olympics and Paralympics.

Toward the Global 2nd Stage, we have released our medium-term management plan. Under the keyword of NTT DATA: ASCEND, we have adopted a slogan, “Rise and grow our global brand,” aiming to have the NTT DATA brand widely known across the globe. To achieve this, we will work on creating new value by Game-changing Approach and Breakthrough Technology.

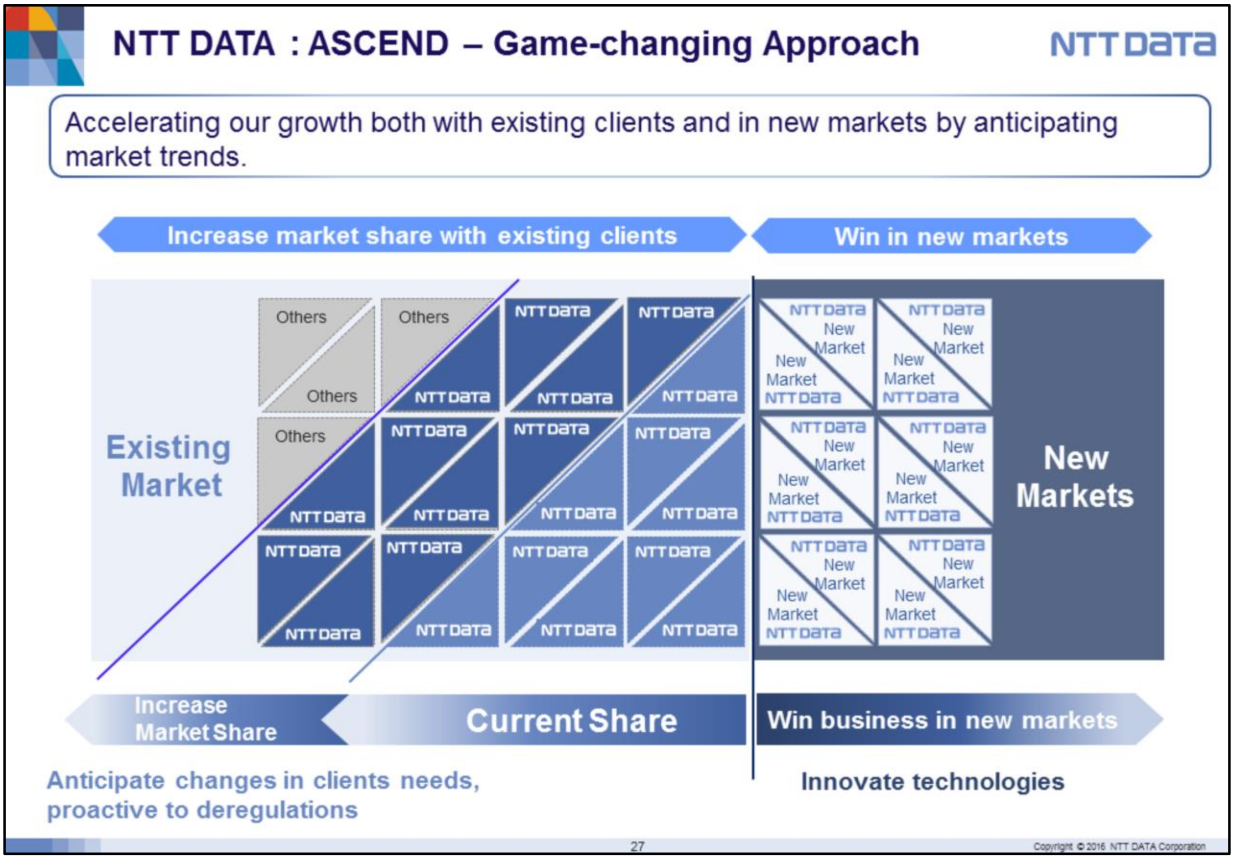
Now that the acquisition of Dell Services has been completed, we are intending to achieve the Global 2nd Stage during the period for the current medium-term management plan instead of by around 2020. We have actually started discussions with an eye to our next goal, the Global 3rd Stage.




We will explain the reason why NTT DATA is working on a growth strategy that aims to improve our local presence. As the chart shows, the sales of NTT DATA are ranked in the top 10 in Japan, Spain, Germany, Italy and Chili. Generally speaking, the 10th rank has a share of about 2 percent in each of the local markets mentioned above.

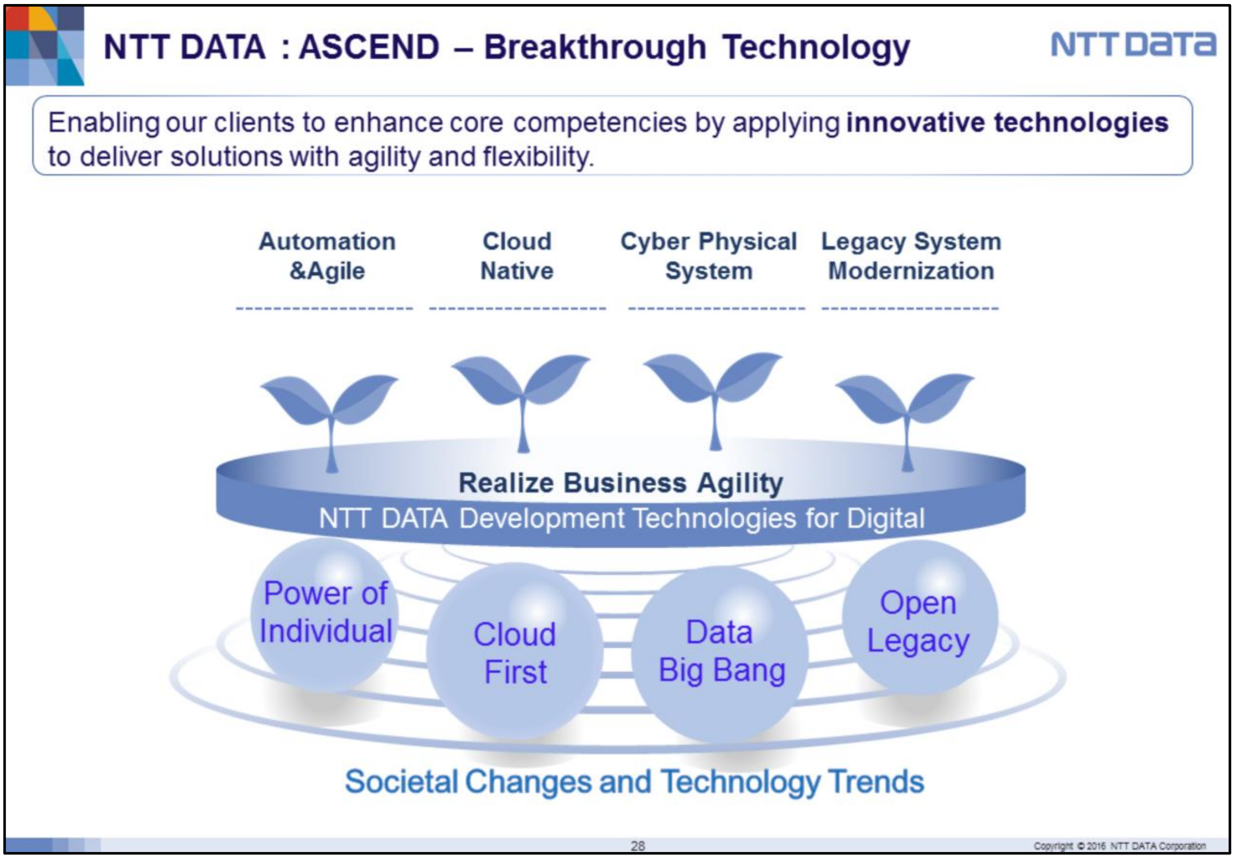
In the U.S., our current net sales are over 200 billion yen, but this accounts for only 0.5 percent of a share in the North American IT service market due to the immensity of its market size. The market share would still be only about 1.1 to 1.2 percent with Dell Services included. Given these circumstances, we need to further grow in the U.S.

We consider it crucial to improve our local presence. With a low local presence, we have fewer opportunities to make suggestions to customers. Improvement in our presence in each area and country would contribute to increased opportunities for us to make our value widely known and appeal to leading customers, including multinational companies.



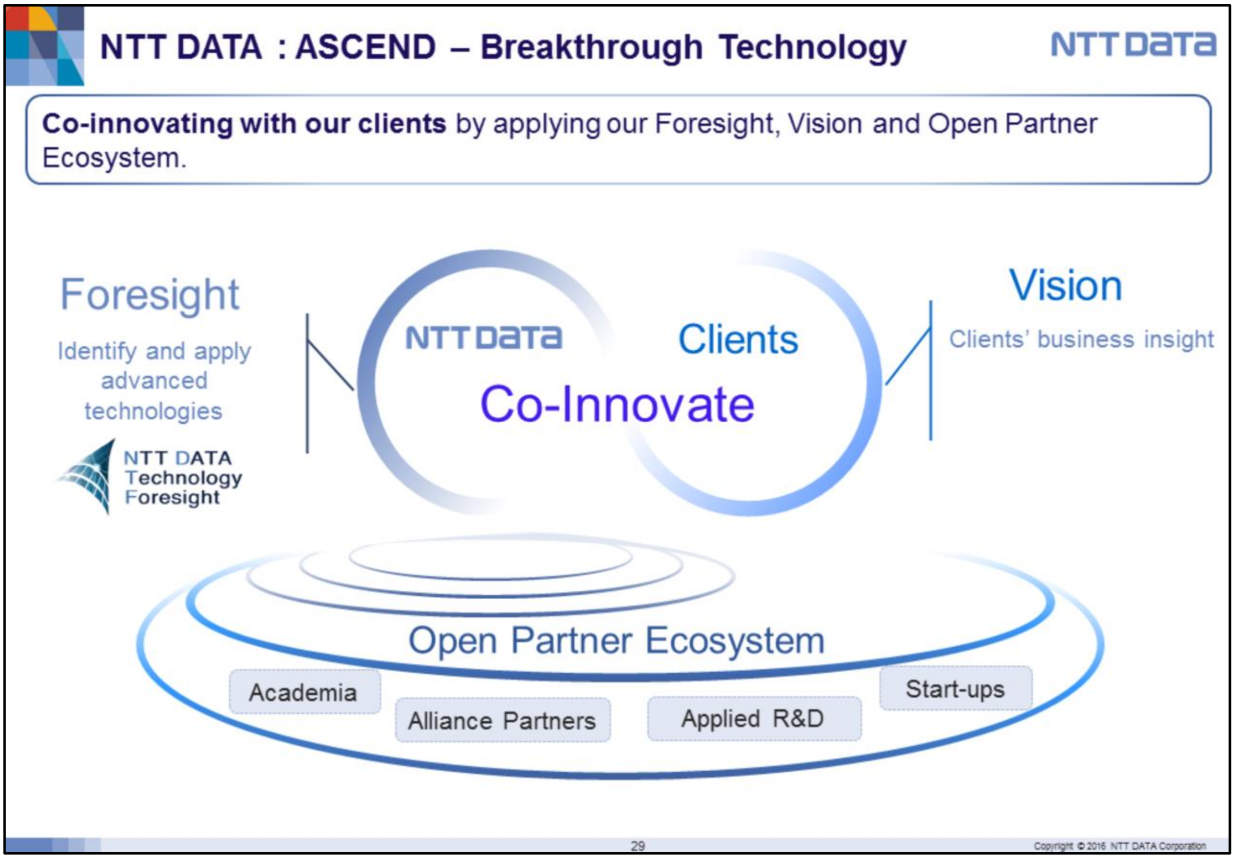

We have two measures to improve our local presence.

One is Game-changing Approach: We worked on Game-changing Approach during the period for the previous medium-term management plan and had very fruitful results. In the existing markets, we will aim to further increase our share by taking advantage of deregulation , etc. We also intend to create a new market with the full use of new technology.




The other important measure is to create value through Breakthrough Technology. Although "digital" has not been specifically defined, it has become a keyword across the globe. Until around 2014, SMAC and CAMS, which stand for social (S), mobile (M), big data analytics (A) and cloud (C) respectively, were considered important. But those words are now being overwhelmed by "digital." In this dramatically changing digital society, we would like to develop our business by taking into consideration the following: our response to the changes in development methods, such as the emergence of agile development, automation of software development, and system development that can swiftly adapt to business changes; and the changes in a business model with an eye to new technology related to big data.

We are aiming to make a research and development investment in around 2018 by adding another 10 billion yen or more to the current amount of such an investment. As a matter of fact, we would like to make more investment in research and development. However, considering the balance of cash allocation, we decided the additional amount for this investment to be about 10 billion yen.




NTT DATA has been working for four years on an initiative called "NTT DATA Technology Foresight." This year, we are focusing on 267 of the latest technologies, intending to make innovations by multiplying the expertise and conceptions of the highest quality in each of our customer's industries by our high technological competence.  We will also build an Open Partner Ecosystem by joining forces with venture companies. In Spain, we have a database of 1.9 million venture companies and carry out data crawling every day. With the use of such a system, we would like to promote the creation of new value.

## NTT DATA Services

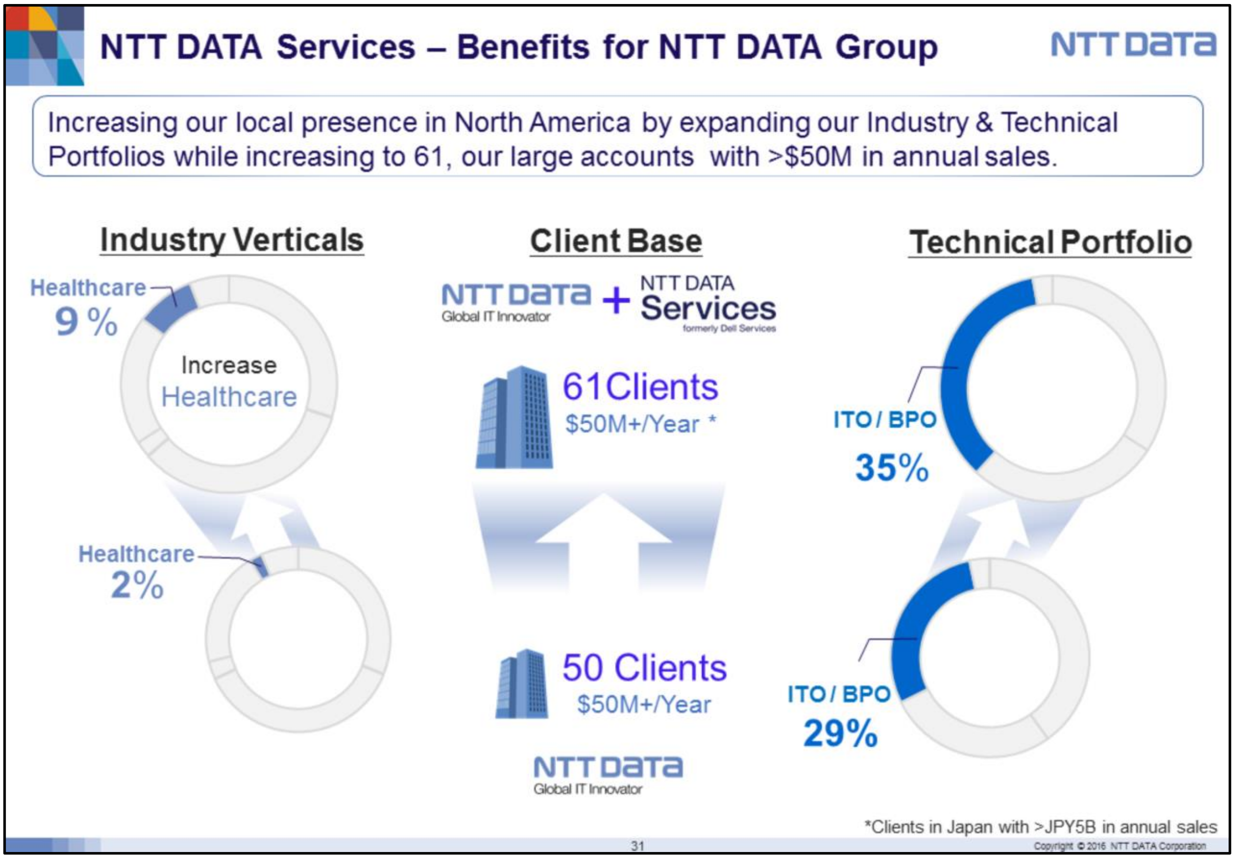
NTT DATA

As per “Notice regarding NTT DATA’s acquisition of Dell Systems Corporation and IT services related assets” dated November 3rd, 2016, the name of the entity that owns the assets and businesses has been changed as of November 3rd, 2016.





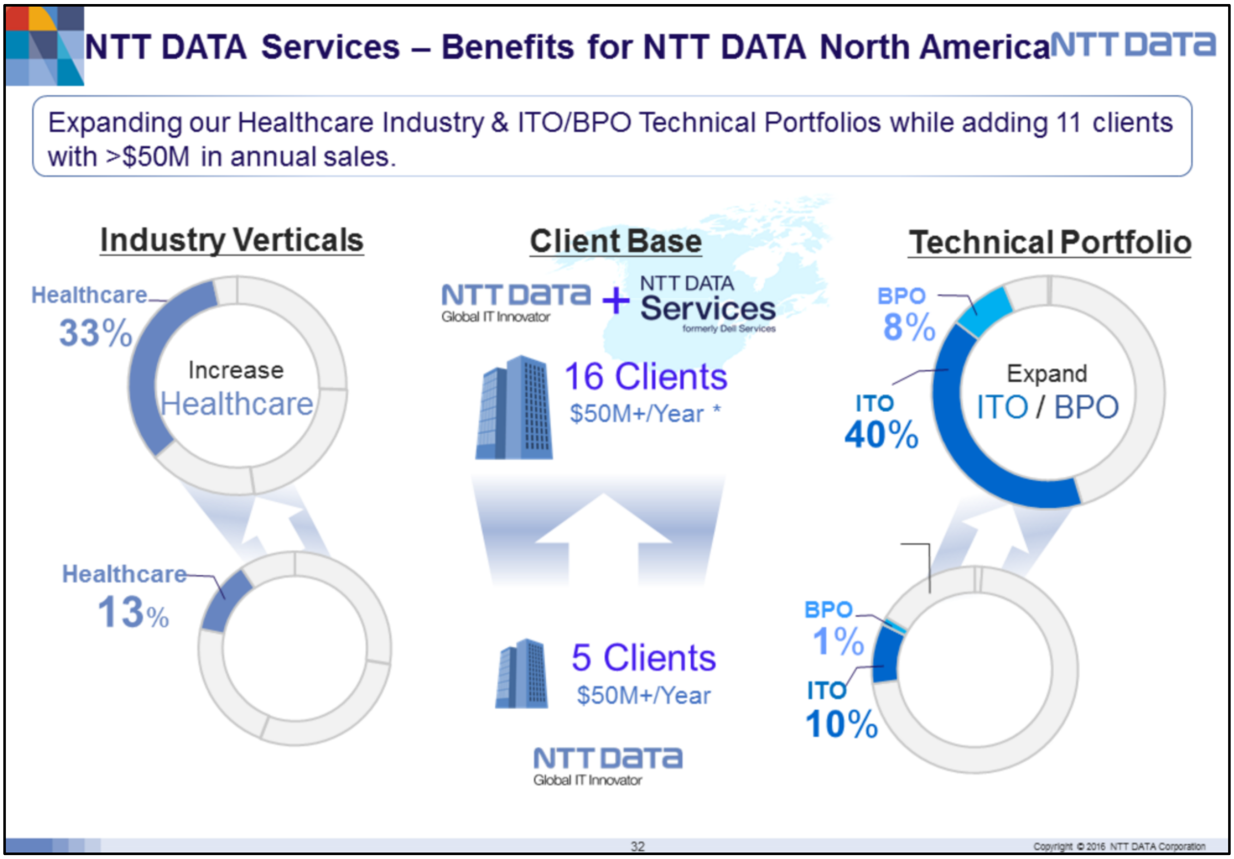
(Description abbreviated)




Here, we would like to give a supplementary explanation about the effects of Dell Services consolidation.

Firstly, the consolidation will increase the number of our customers for which we have annual sales of 50 million dollars or more from 50 to 61.

Secondly, in terms of industrial categories, the percentage of healthcare in NTT DATA's portfolio will rise from two to nine percent because Dell Services has a strong advantage in the healthcare field. Also, in terms of solutions, the percentage of ITO and BPO will be significantly up.

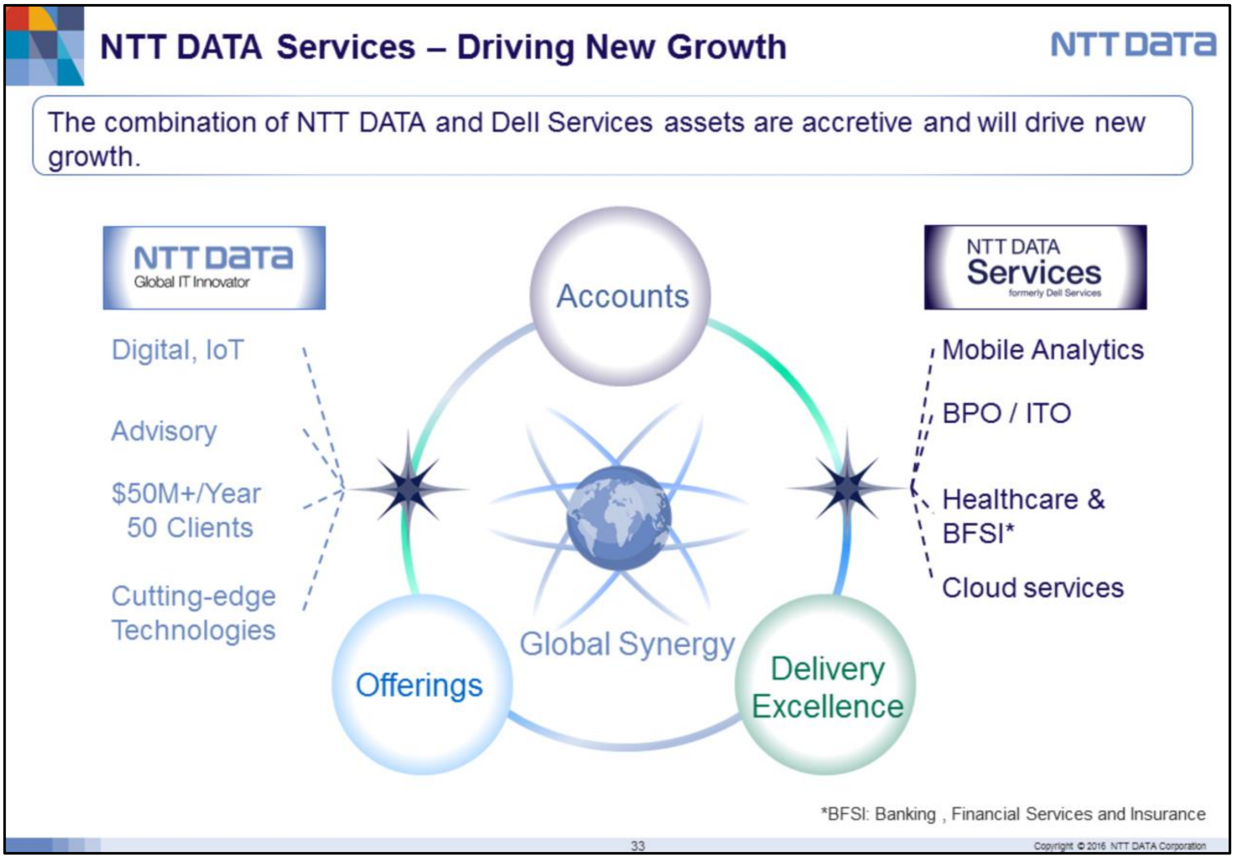



Further business growth is expected in North America, given that there is little overlap in businesses between NTT DATA Inc. and Dell Services and the consolidation is therefore estimated to produce significant synergy.

We are projecting further growth in the U.S. healthcare field. Based on this projection, NTT DATA Inc. have had in-depth discussions including the study of M&A, aiming to enhance its services in the healthcare field. The ratio of the healthcare field in NTT DATA Inc. was only about 13 percent before. The acquisition of Dell Services will increase the ratio to as much as 33 percent.

Also, in the technical portfolio, the ratio of ITO and BPO will rise considerably. Since both ITO and BPO are based on long-term contracts, we will be able to secure a stable income over a long period of time.

We expect that the expansion of our business and enhancement of our management stability will contribute to deepened relationships with our existing customers as well as providing increased opportunities for us to make suggestions to new customers.




By multiplying NTT DATA's accumulated strength by Dell Services' strength, we are aiming to enhance our synergy while improving our Account (customer) management, Offering (solutions we provide to customers) and Delivery Excellence, which refers to the delivery of solutions to our customers.

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

4

# Appendices

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

NTT DATA

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.

| | |
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| National Government | ・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.<br>・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 | ・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.<br>・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 | ・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. With advances in AI technology, the scope of AI application in the medical industry is expected to expand. |
| Telecom and Utility | ・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.<br>・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. |

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

NTT DATA

Financial

・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.

| | |
|---|---|
| Banks | 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.<br>【Major Banks】<br>• 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.<br>• Given relaxing of regulations , the development of new services using IT and creation of subsidiaries are expected.<br>• 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.<br>【Regional Banks】<br>・There are growing needs for Fintech-related services.<br>・Looking ahead, we expect to see active IT investments associated with business consolidation, as well as investments in anticipation of systems reform.<br>・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.<br>・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. |
| Insurance | ・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 | ・While domestic markets remain unstable, appetite for investing in the areas of "regulatory compliance" and "wealth accumulation in the retail business" is observed. |
| Credit Corporations | ・The credit card market has been growing steadily. With substantially improving investment environment in the relevant industry, IT spending is expected to increase for "cost-cutting projects" in addition to the "measures to increase the top line." Cashless settlements seem to continue as seen in the NFC mobile settlements, the use of smartphones as a credit card terminal for settlement, branded prepaid cards and debit cards.<br>・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 | ・A moderate recovery trend of the domestic economy including regions continues despite some weakness observed in some areas. 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.<br>・Trends of improvement of cost efficiency through reorganizations and outsourcing operations, as well as promoting investments in IT strategic domains can be observed. |
| Financial Infrastructure and Financial Network Services | • Needs for sophisticated settlements are increasing on the back of the economic globalization and the improving convenience by using IT technology. The improvement of settlement infrastructure is being considered. In Japan, a movement for 24-hour/365-day operation has begun, thereby it is anticipated that financial institutions will implement IT spending to realize such operation systems. |

Enterprise & Solutions

While consumer spending has shown signs of recovery, the direction of Japan's economy remains uncertain, with a continuing cautious attitude towards IT spending. 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.

| | |
|---|---|
| Retail, Logistics, Payment and Other Service Industry | ・Demands for IT spending aiming at increasing sales by using Omni-channel have been growing steadily. These investments can be also expected for businesses aiming at foreign tourists visiting Japan.<br>・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.<br>・Needs for implementing foreign payment services through smartphones/new technologies have increased. |
| Manufacturing Industry | ・There are strong needs for enterprise system/ERP restructuring and integration within the company group.<br>・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.<br>・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 | 【Network Services】<br>・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.).<br>・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.<br>【Data Center Services and Cloud Services】<br>・There are increasing needs for hybrid- and multi-cloud environment whereby a variety of cloud environment, including public cloud, are linked together.<br>【Digital】<br>・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.<br>・There are growing needs for long-term business transformation based on new IT spending, such as in AI. |

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

NTT DATA

| | | |
|---|---|---|
| Global | Americas | ・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.<br>・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.<br>・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. Chile and Mexico, despite some sense of deceleration, are expected to achieve moderate growth owing to the steady growth of the U.S. economy.<br>The overall regional economy is likely to require more time to achieve a full-fledged recovery, and companies remain cautious towards investments as a whole, including IT. However, there will continue to be solid demand for IT spending that contributes to the standardization, improvement of efficiency of business operations, and cost reduction. |
| | EMEA | ・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.<br>・In the U.K., mainly led by consumer spending, concerns over the potential severe economic triggered by the decision for Brexit diminished for now. At the same time, amid the lingering uncertainty towards 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 U.K. companies and households, in addition to the adjustment to investments from foreign countries.<br>・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 | ・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.<br>・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, showing no sign of trend reversals. 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. |

# Overview of Consolidated Earnings and New Orders Received

NTT DATA

(Billions of Yen,%)

| | 2016/3 Q2 Results (Apr.-Sep.) | 2017/3 Q2 Results (Apr.-Sep.) | YoY ( % ) | 2017/3 Full-Year Forecasts |
|---|---|---|---|---|
| New Orders Received | 824.6 | 975.6 | +18.3 | 1,680.0 |
| Orders on Hand | 1,494.7 | 1,793.4 | +20.0 | 2,310.0 |
| Net Sales | 743.2 | 779.6 | +4.9 | 1,670.0 |
| Cost of Sales | 566.6 | 581.2 | +2.6 | 1,253.0 |
| Gross Profit | 176.6 | 198.3 | +12.3 | 417.0 |
| SG&A Expenses | 145.5 | 153.0 | +5.2 | 312.0 |
| Selling Expenses | 66.0 | 68.3 | +3.5 | 146.0 |
| R&D Expenses | 5.6 | 5.5 | -2.1 | 13.0 |
| Other Administrative Expenses | 73.7 | 79.0 | +7.2 | 153.0 |
| Operating Income | 31.1 | 45.3 | +45.8 | 105.0 |
| Operating Income Margin(%) | 4.2 | 5.8 | 1.6P | 6.3 |
| Ordinary Income | 31.2 | 45.0 | +44.3 | 98.0 |
| Extraordinary Income and Loss | - | -0.1 | - | -12.0 |
| Income before Income Taxes | 31.2 | 44.9 | +43.9 | 86.0 |
| Income Taxes and Others | 15.4 | 15.8 | +2.7 | 37.0 |
| Net income attributable to owners of parent | 15.7 | 29.0 | +84.5 | 49.0 |
| Capital Expenditures | 58.2 | 67.6 | 16.2 | 153.0 |
| Depreciation and Amortization/Loss on Disposal of Property and Equipment and Intangibles | 77.9 | 76.0 | -2.4 | 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)

NTT DATA

（Billions of yen）

| | 2016/3 Q2 Results (Apr.-Sep.) | 2017/3 Q2 Results (Apr.-Sep.) | 2017/3 Full-Year Forecasts |
|---|---|---|---|
| Public & Social Infrastructure | 144.3 | 152.8 | 354.0 |
| Financial | 213.4 | 219.3 | 466.0 |
| Enterprise & Solutions | 133.0 | 143.7 | 290.0 |
| Global | 245.6 | 260.5 | 554.0 |

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

NTT DATA

(Billions of yen)

| | | 2016/3 Q2 Results (Apr.-Sep.) | 2017/3 Q2 Results (Apr.-Sep.) | 2017/3 Full-Year Forecasts |
|---|---|---|---|---|
| Public & Social Infrastructure | | | | |
| (Main item) | Central government and related agencies, Local Government, and Healthcare | 129.1 | 96.3 | 150.0 |
| | Telecom and Utility | 53.9 | 43.1 | 83.0 |
| Financial | | | | |
| (Main item) | Banks, Insurance, Security, Credit Corporations and Financial Infrastructure | 147.1 | 191.9 | 350.0 |
| | Cooperative financial institutions and Financial Network Services | 71.3 | 122.7 | 177.0 |
| Enterprise & Solutions | | | | |
| (Main item) | Retail, Logistics, Payment and Other Service Industry | 40.4 | 38.5 | 61.0 |
| | Manufacturing Industry | 58.2 | 62.8 | 110.0 |
| | Network Services, Data Center Services, Cloud Services and Digital Services | 20.3 | 22.8 | 46.0 |

| | | | |
|---|---|---|---|
| Orders on Hand | 1,494.7 | 1,793.4 | 2,310.0 |
| Public & Social Infrastructure | 457.4 | 449.4 | 370.0 |
| Financial | 700.2 | 912.3 | 914.0 |
| Enterprise & Solutions | 90.1 | 103.8 | 82.0 |
| Global | 244.2 | 325.9 | 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)

NTT DATA

（Billions of yen）

| | | 2016/3 Q2 Results (Apr.-Sep.) | 2017/3 Q2 Results (Apr.-Sep.) | 2017/3 Full-Year Forecasts |
|---|---|---|---|---|
| Public & Social Infrastructure | | | | |
| (Main item) | Central government and related agencies, Local Government, and Healthcare | 76.8 | 84.8 | 200.0 |
| | Telecom and Utility | 42.4 | 40.1 | 83.0 |
| Financial | | | | |
| (Main item) | Banks, Insurance, Security, Credit Corporations and Financial Infrastructure | 142.2 | 156.8 | 333.0 |
| | Cooperative financial institutions and Financial Network Services | 58.9 | 57.8 | 119.0 |
| Enterprise & Solutions | | | | |
| (Main item) | Retail, Logistics, Payment and Other Service Industry | 51.8 | 53.8 | 104.0 |
| | Manufacturing Industry | 55.1 | 53.4 | 114.0 |
| | Network Services, Data Center Services, Cloud Services and Digital Services | 23.3 | 32.4 | 65.0 |

| | 2016/3 Q2 Results (Apr.-Sep.) | 2017/3 Q2 Results (Apr.-Sep.) | 2017/3 Full-Year Forecasts |
|---|---|---|---|
| Integrated IT Solution | 229.0 | 236.8 | 477.0 |
| System & Software Development | 176.2 | 191.8 | 460.0 |
| Consulting & Support | 308.2 | 322.8 | 678.0 |
| Others | 29.7 | 28.2 | 55.0 |
| Net Sales by Products and Services Total | 743.2 | 779.6 | 1,670.0 |

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

# Non-Consolidated Earnings and New Orders Received

NTT DATA

(Billions of Yen,%)

| | 2016/3 Q2 Results (Apr.-Sep.) | 2017/3 Q2 Results (Apr.-Sep.) | 2017/3 Full-Year Forecasts |
|---|---|---|---|
| New Orders Received | 433.4 | 483.6 | 812.0 |
| Orders on Hand | 1,108.3 | 1,318.5 | 1,252.0 |
| Net Sales | 380.8 | 395.9 | 840.0 |
| Cost of Sales | 298.1 | 298.0 | 639.0 |
| Gross Profit | 82.7 | 97.9 | 201.0 |
| SG&A Expenses | 55.1 | 57.7 | 120.0 |
| Selling Expenses | 26.6 | 26.3 | 58.0 |
| R&D Expenses | 4.7 | 4.7 | 11.0 |
| Other Administrative Expenses | 23.7 | 26.6 | 51.0 |
| Operating Income | 27.5 | 40.1 | 81.0 |
| Operating Income Margin(%) | 7.2 | 10.1 | 9.6 |
| Ordinary Income | 32.1 | 46.9 | 82.0 |
| Extraordinary Income and Loss | - | 15.0 | 15.0 |
| Income before Income Taxes | 32.1 | 61.9 | 97.0 |
| Income Taxes and Others | 8.5 | 17.5 | 28.0 |
| Net Income | 23.5 | 44.4 | 69.0 |
| Capital Expenditures | 45.3 | 56.4 | 124.0 |
| Depreciation and Amortization /Loss on Disposal of Property and Equipment and Intangibles | 61.4 | 60.7 | 124.0 |

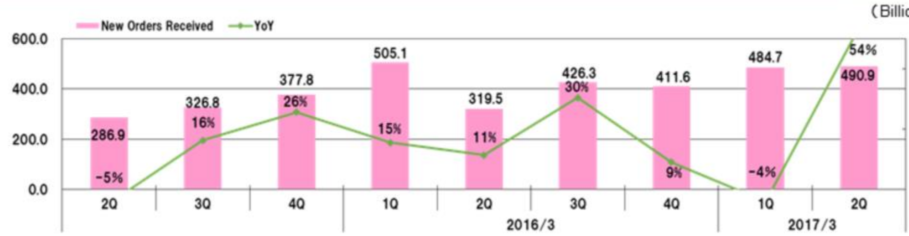
Note : Income Taxes and Others include Income, Residential and Enterprise Taxes, Adjustment to Income Taxes.

# Trends in Quarter (Consolidated)

NTT DATA

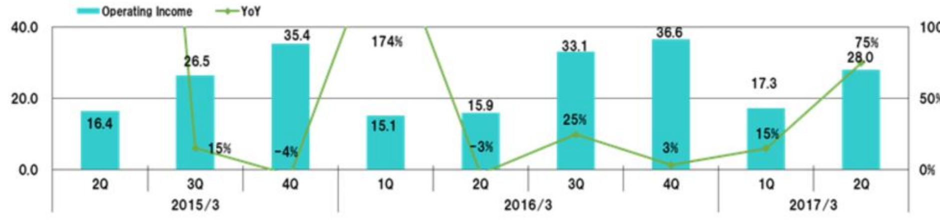
(Billions of Yen,%)

■ 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)

NTT DATA

(Yen / %)

| | 2016/3 Q2 Results (Apr.-Sep.) | 2017/3 Q2 Results (Apr.-Sep.) | YoY (%) | 2016/3 Results | 2017/3 Forecast (At beginning of the term) | 2017/3 Forecasts (Revised forecasts) | Ratio to forecasts at beginning of the term (%) |
|---|---|---|---|---|---|---|---|
| | ① | ② | (②−①)/① | − | ③ | ④ | (④−③)/③ |
| USD | 121.85 | 104.91 | -13.9% | 120.01 | 113.00 | 103.00 | -8.8% |
| EUR (For December-end companies) | 134.08 | 124.51 | -7.1% | 134.28 | 126.00 | 119.00 | -5.6% |
| EUR (For March-end companies) | 135.09 | 118.07 | -12.6% | 132.57 | 126.00 | 115.00 | -8.7% |
| RMB (Chinese Yuan Renminbi) | 19.34 | 17.04 | -11.9% | 19.26 | 18.00 | 16.00 | -11.1% |

NTT DATA

Global IT Innovator