



# **INFORMATION DEVELOPMENT CO., LTD.**

Financial results of Apr 2015 – Mar 2016

May 2016

President and Representative Director  
Masaki Funakoshi

TSE 1st section  
Code:4709

1. Main Topics
2. Performance Overview
3. The 3-Year Plan of ID Group  
(Structural reform)

# 1. Main Topics

**Change or Die!**

# Main Topics

## ■ Achievement of 20 billion yen Revenue

(Net sales of 10 billion yen were achieved in March 2002)

## ■ Fourth consecutive increase in revenue

## ■ Business and capital alliance with Real Globe (March 2016)

- Real Globe, a venture company (Ltd.) originated from the University of Tokyo

Business and capital alliance, promoting the cloud service

## ■ Start of the CSIRT construction and operation support service provision (April 2016)

※CSIRT : General term for the organization that conducts an investigation of the cause analysis and impact range if a problem occurs, as well as, network security (etc.) monitoring of problem occurrence or non-occurrence

## ■ Acquisition of Terra Corporation (April 2016)

## ■ AI Factory qualified for a special subsidiary certification (May 2016)

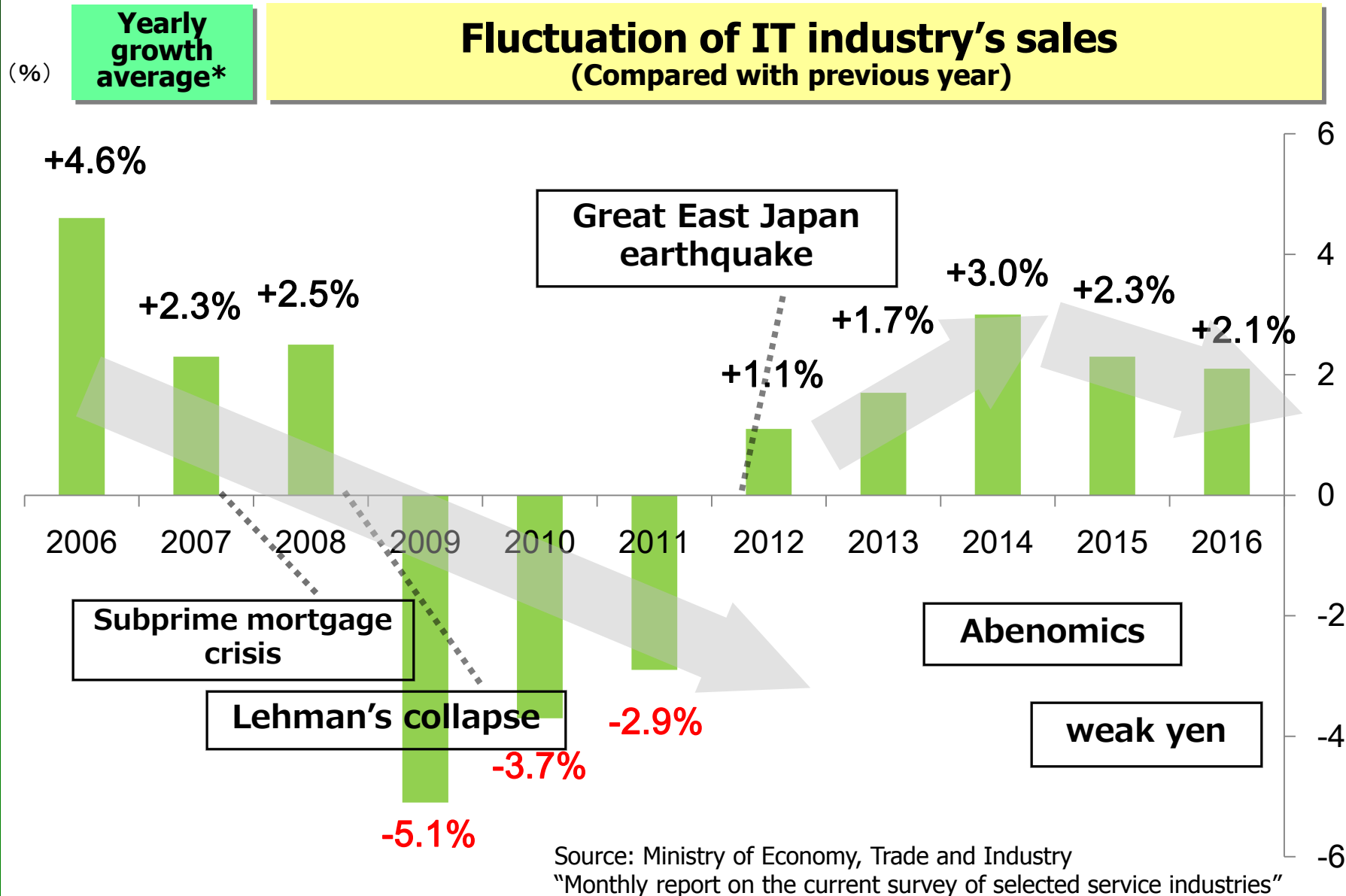
- A Certification of a special subsidiary that is based on the “Law for the Promotion of the Employment of People with Disabilities”

## 2. Performance Overview

**Change or Die!**

## "Revenue and Profit" increased

- **Revenue increase (sales of 20 billion yen achieved, the fourth consecutive increase in Revenue)**
  - Sales grew in the systems operation management and software development business.
- **Operating Profit increase**
  - Operating Profit increased due to an increase in net sales.
- **Decrease in Recurring Profit**
  - The Operating Profit increased, but the decrease is related to the foreign exchange losses.
- **Net Profit increase**
  - Increased by the gains on sales of investment securities.



# Financial Results① (consolidated)



( JPY million )	Mar. 2015	(% of revenue)	Mar. 2016	(% of revenue)	Diff.	YoY
Revenue	18,868	-	20,082	-	+1,213	+6.4%
Cost of Sales	15,219	80.7	16,108	80.2	+889	+5.8%
Gross Profit	3,649	19.3	3,973	19.8	+324	+8.9%
SG&A Expenses	2,682	14.2	3,003	15.0	+321	+12.0%
Operating Profit	966	5.1	970	4.8	+3	+0.4%
Recurring Profit	998	5.3	964	4.8	-34	-3.4%
Net Profit	508	2.7	548	2.7	+40	+7.9%



# Financial Results② (consolidated)



Change or Die!

( JPY million )	Mar. 2016	(% of revenue)	Mar. 2016 (forecast)	(% of revenue)	Diff.
Revenue	20,082	-	20,000	-	+0.4%
Operating Profit	970	4.8	1,040	5.2	-6.7%
Recurring Profit	964	4.8	1,040	5.2	-7.2%
Net Profit	548	2.7	580	2.9	-5.4%

# Financial Results of Consolidated Subsidiaries



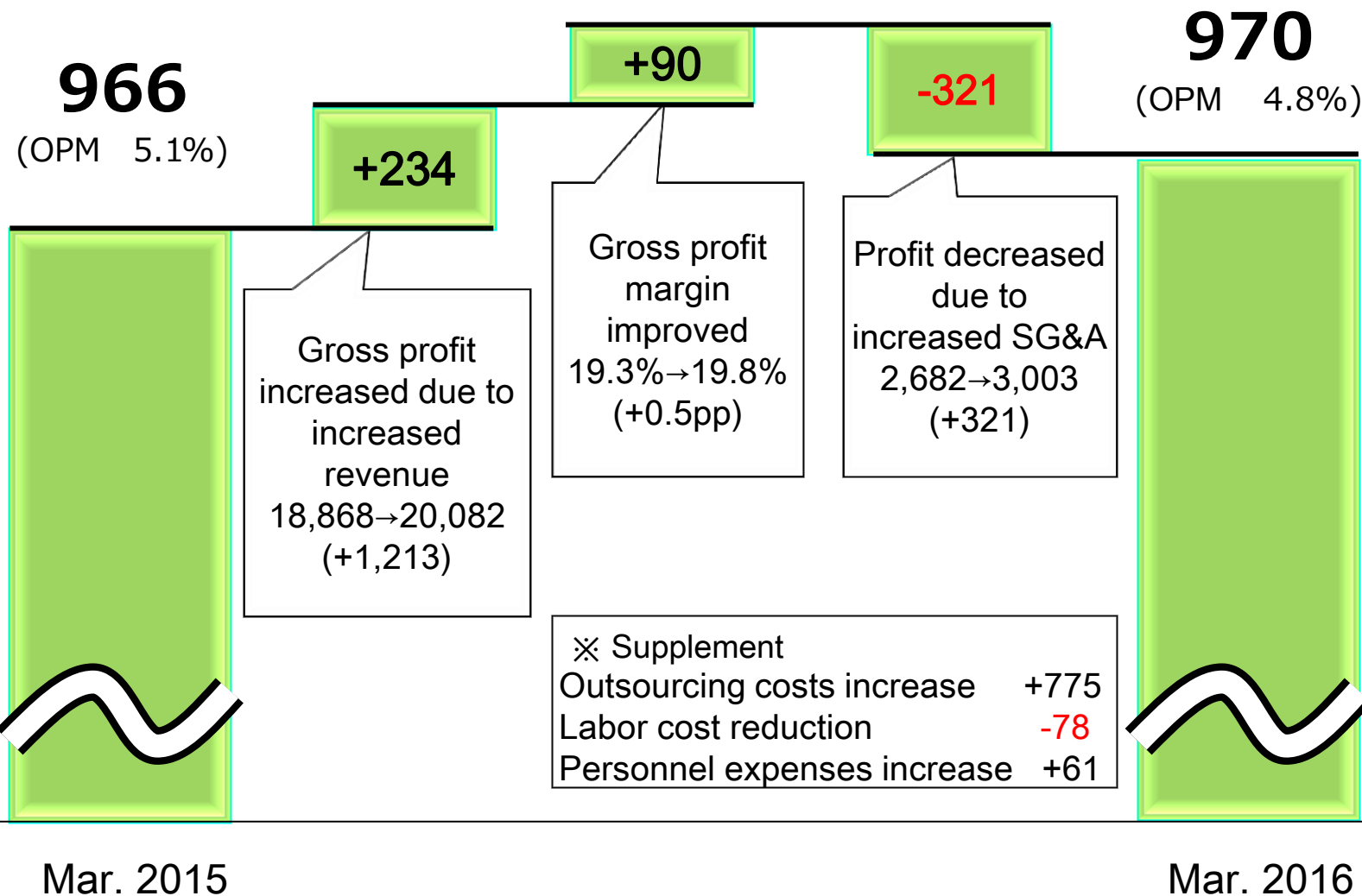
Change or Die!

( JPY million )	Revenue				Operating Profit			
	Mar. 2015	Mar. 2016	Diff.	YoY	Mar. 2015	Mar. 2016	Diff.	YoY
PURAIIDO	319	352	+32	+10.1%	46	38	-7	-17.3%
ID Wuhan	573	507	-66	-11.5%	34	3	-30	-88.6%
ID Singapore	36	31	-5	-15.1%	-49	-45	+4	-
ID America	25	27	+1	+7.0%	-32	-17	+14	-
ID Indonesia	-	1	-	-	-	-9	-	-
AI FACTORY	1	4	+2	+146.3%	-30	-41	-10	-

(Note) Figures for each company are on a non-consolidated basis, so the total does not equal consolidated figures.

# Operating Profit Analysis (consolidated)

( JPY million )



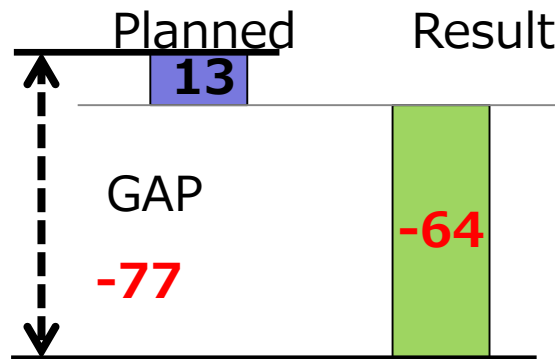
# Detailed Analysis

(unprofitable projects, etc.)

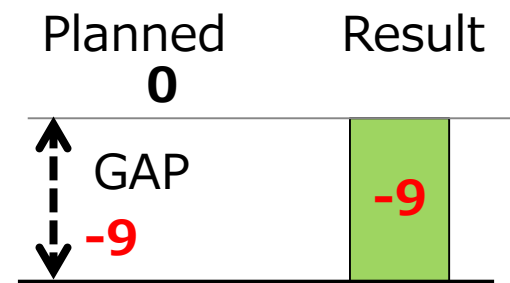
## Jul.-Sep. Generated content

( JPY million )

### ● Unprofitable Project (A)



### ● Unprofitable Project (B)

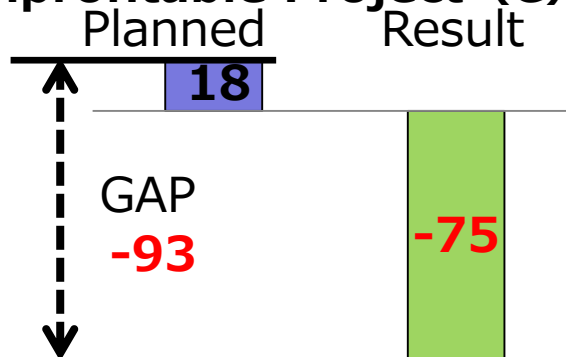


### ● Expense for Office Relocation

( JPY million )	Planned	Result	Diff.	YoY
Total Expense	186	231	+45	+24.2%

## Jan.-Mar. Generated content

### ● Unprofitable Project (C)



By productivity improvement,  
reducing labor costs  
(approximately 100 million yen)

↓  
Cancelling out the minus

# Quarterly consolidated financial results



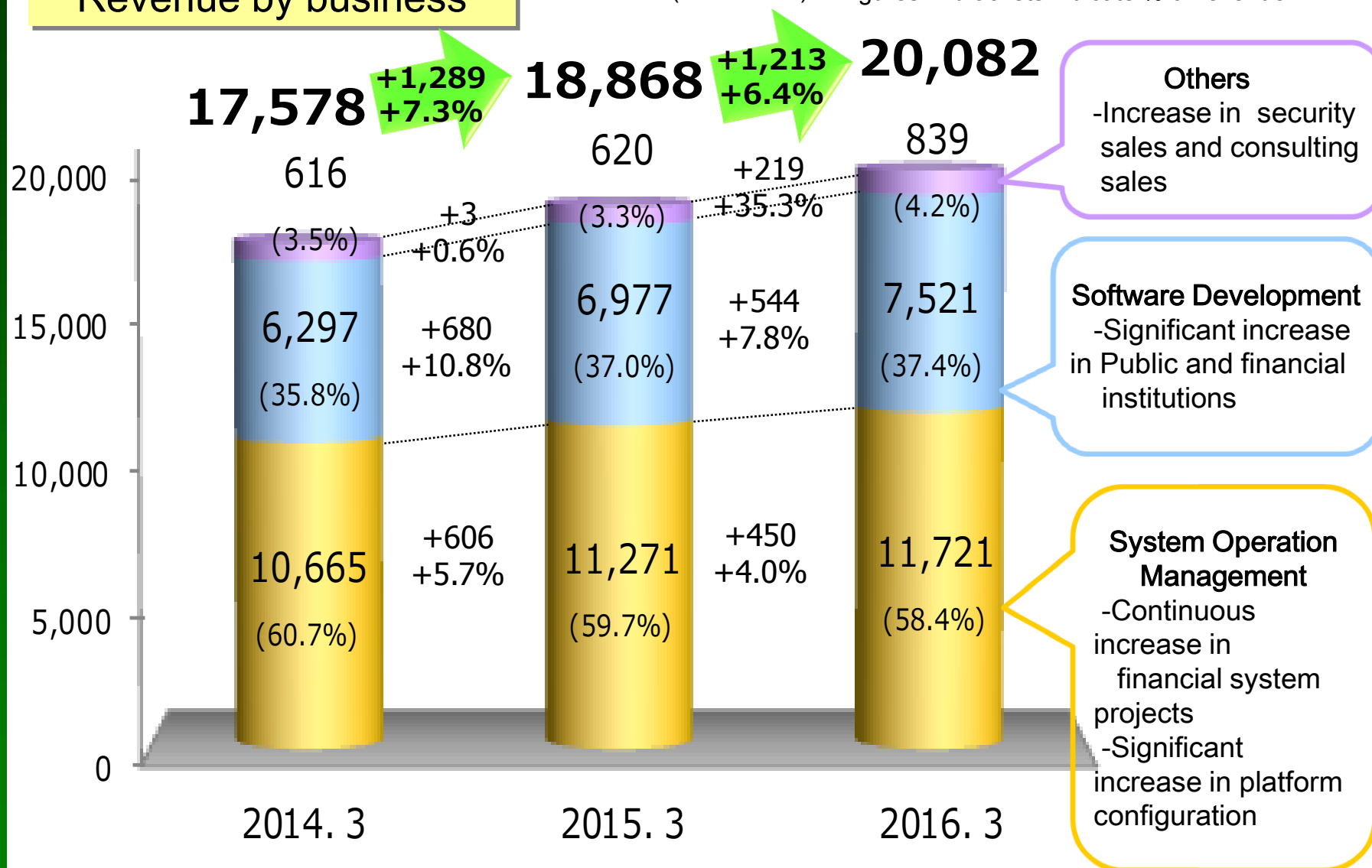
Change or Die!

( JPY million )		Apr.- Jun.	Jul.- Sep.	Total (Apr. - Sep.)	Oct.- Dec.	Jan.- Mar.	Total (Oct.- Mar.)
Mar. 2015	Revenue	4,502	4,596	9,098	4,719	5,050	9,770
	Operating Profit	210	201	412	298	255	554
	OPM	4.7%	4.4%	4.5%	6.3%	5.1%	5.7%
Mar. 2016	Revenue	4,746	4,982	9,729	5,038	5,314	10,353
	Operating Profit	188	12	200	320	448	769
	OPM	4.0%	0.3%	2.1%	6.4%	8.4%	7.4%
YoY	Revenue	+244	+386	+630	+ 319	+263	+582
	Operating Profit	-22	-189	-211	+ 21	+193	+215
	OPM	-0.7pp	-4.1pp	-2.4pp	+ 0.1pp	+3.3pp	+1.7pp

# Feature of ID Group①

## Revenue by business

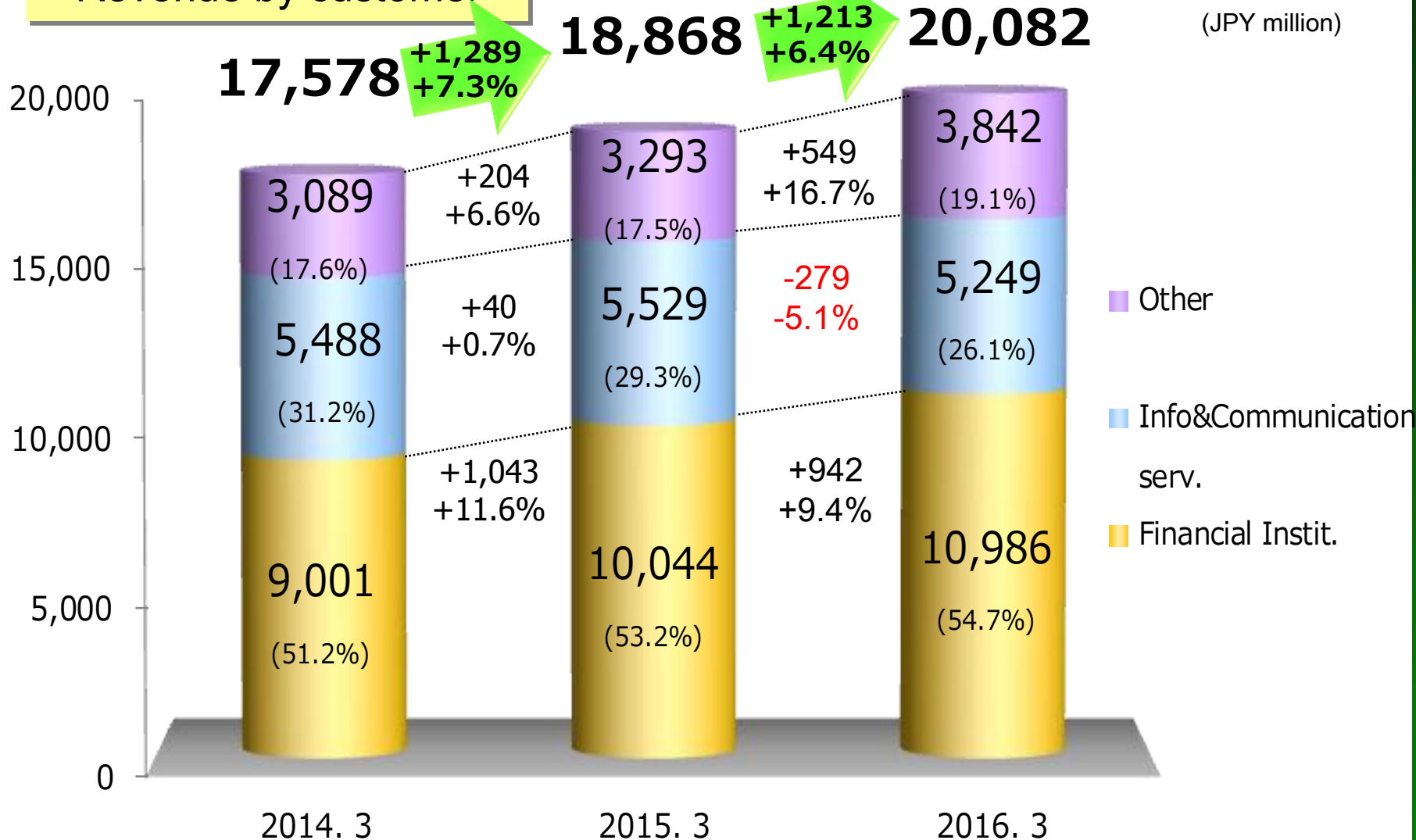
(JPY million) \*Figures in brackets indicate % of revenue.



# Feature of ID Group②

## Revenue by customer

\*Figures in brackets indicate % of revenue  
(JPY million)



# Feature of ID Group③

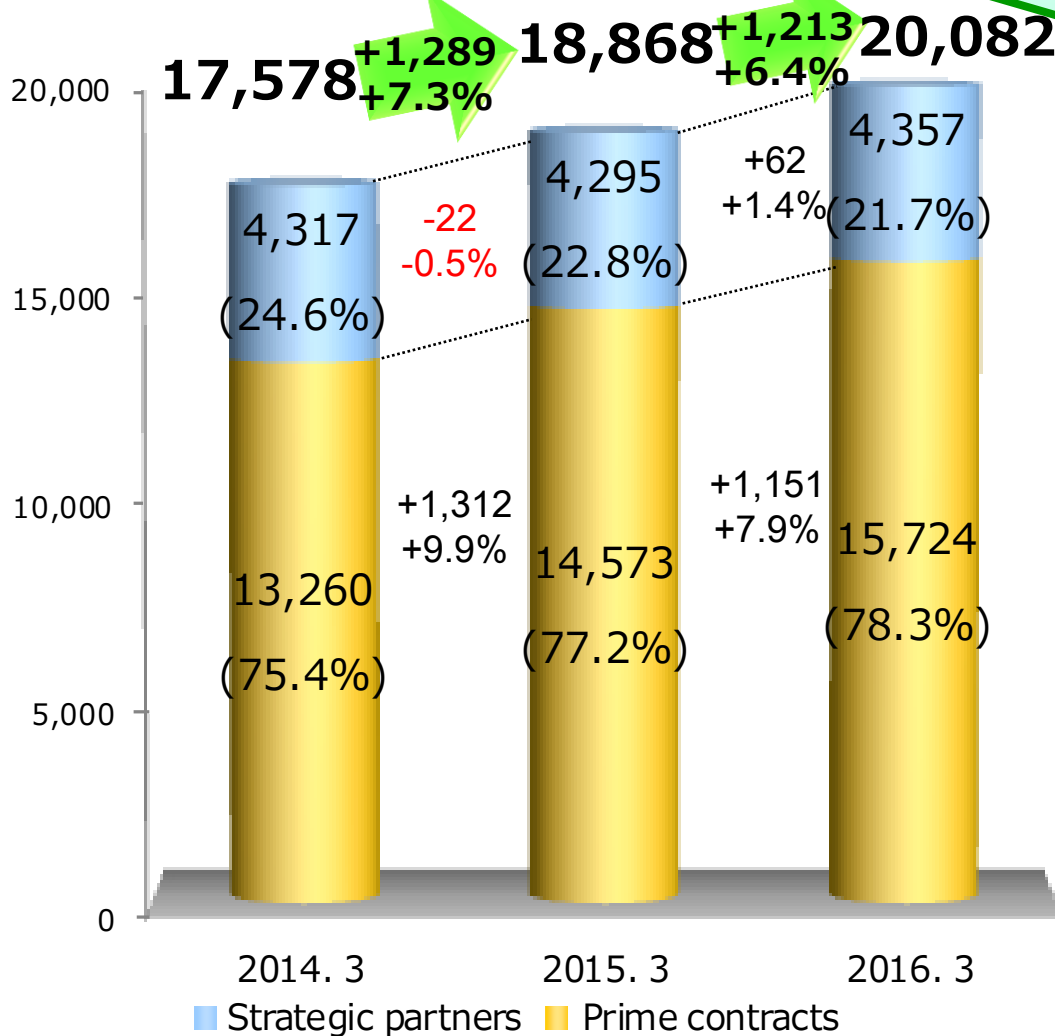
## Revenue by contract type

(JPY million)  
\*Figures in brackets indicate % of revenue

About 50 customers are among the top 500 in the Forbes Global 2000

< Major customers >

## Prime contracts



- Financial Institution
- IT, Telecom & Services
- Others  
(Manufacturing, Transportation, Public Office, Utility etc.)

## Strategic partners

- Major IT Vendors



# Financial Position (consolidated)

( JPY million )	Mar. 2015	Mar. 2016	Diff.	Main reasons
Current assets	6,731	<b>6,551</b>	<b>-179</b>	-Decrease in cash and deposits ( <b>-368</b> )
Fixed assets	3,571	<b>3,768</b>	+197	-Increase in sales and other receivables ( +219 ) -Increase in tangible fixed assets ( +414 )
Total assets	10,303	<b>10,319</b>	+16	
Current liabilities	3,331	<b>3,105</b>	<b>-226</b>	-Increase in accounts payable ( +135 ) -Decrease in income taxes payable ( <b>-266</b> )
Fixed liabilities	210	<b>705</b>	+494	-Decrease in reserve for bonuses ( <b>-167</b> )
Total liabilities	3,542	<b>3,810</b>	+268	-Increase in net defined benefit liability ( +563 )
Total net assets	6,760	<b>6,509</b>	<b>-251</b>	-Increase in net profit attributed to the shareholders of the parent ( +548 ) -Decrease by payment for dividends ( <b>-223</b> ) -Decrease in remeasurements of defined benefit plans ( <b>-631</b> )
Total liabilities and net assets	10,303	<b>10,319</b>	+16	

# Order Backlog

( JPY million )	Orders received	YoY	Backlog	YoY
System operation management	<b>11,732</b>	+3.8%	<b>625</b>	+1.8%
Software development	<b>8,157</b>	+18.0%	<b>759</b>	+517.3%
Others	<b>96</b>	+115.7%	<b>50</b>	+211.5%
Total	<b>19,987</b>	+9.4%	<b>1,435</b>	+90.5%

# Return to Shareholders

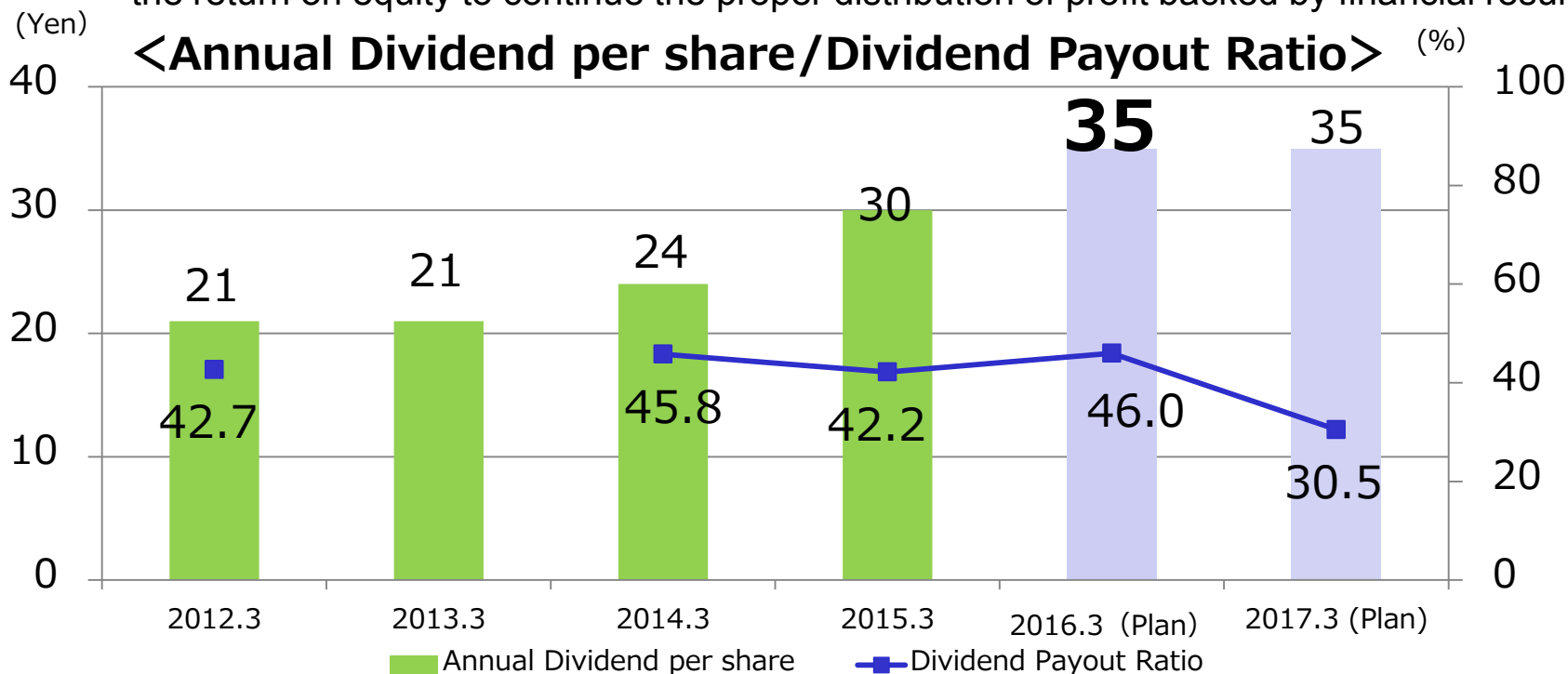
The dividend for the fiscal year ended March 2016

(plan) **¥30 → ¥35**

- As a result of the recent business conditions, surplus dividend payout is planned as above

- **Basic Dividend Policy**

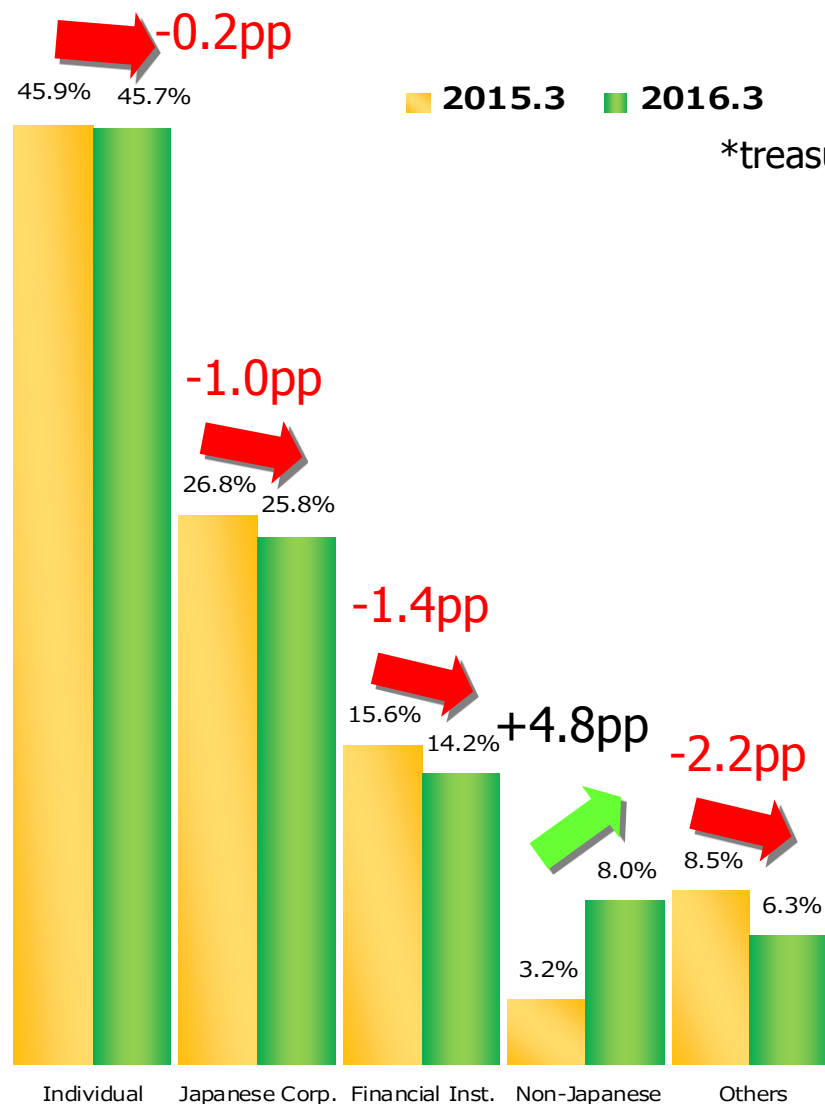
We will strive to secure a solid financial footing and stable profit, and work to increase the return on equity to continue the proper distribution of profit backed by financial results.



# Shareholders (March 31, 2016)



## ◆ Shareholding by investor type



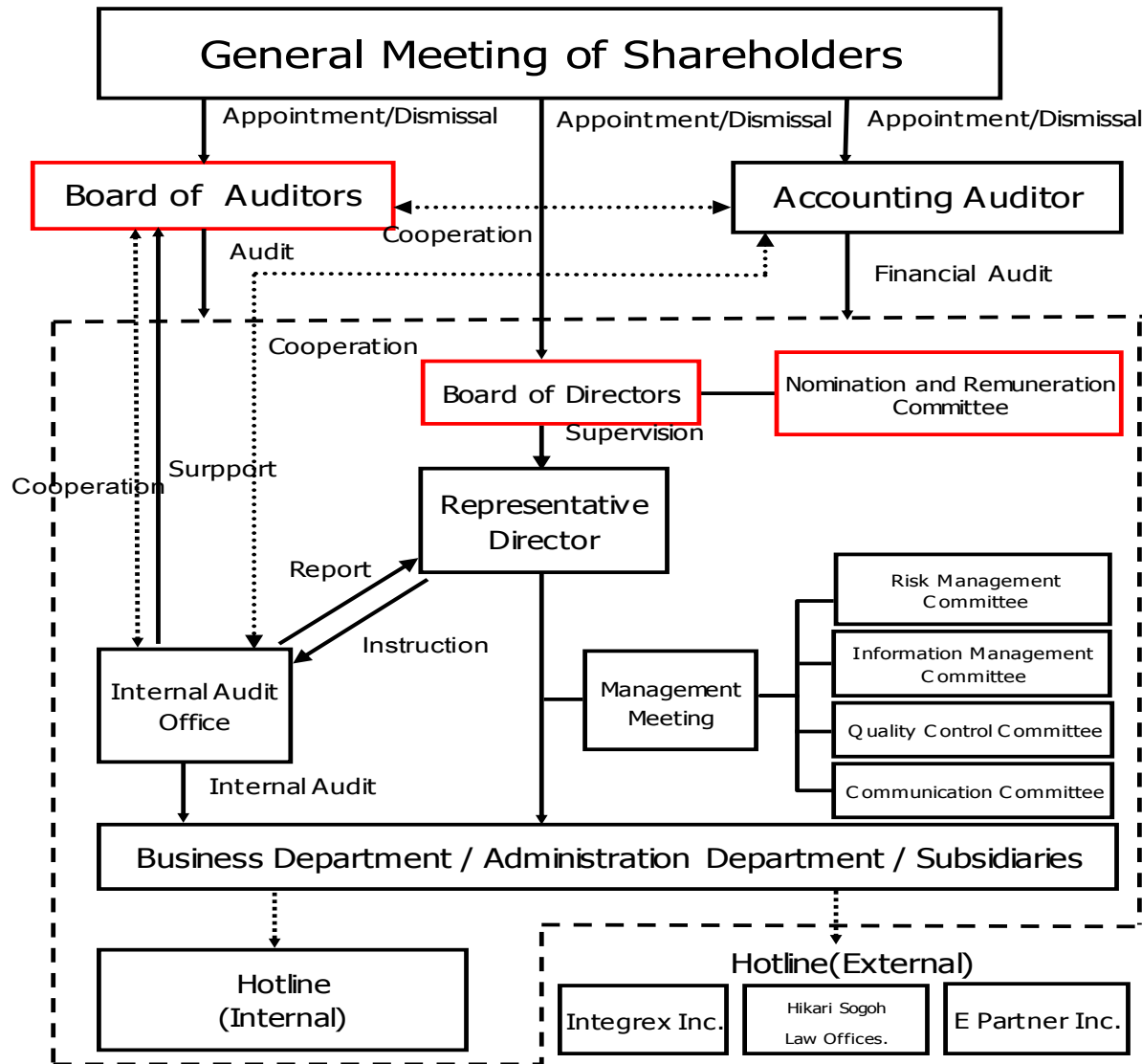
## ◆ Major shareholders

- No. of shareholders: 3,155(+145 since Mar. 2015)
- No. of shareholders with voting rights: 2,713 (+163 since Mar. 2015)

\*treasury stocks: 461000 (5.74%) isn't included in the list below

	Major shareholders	% of total shares
1	A. K. Corporation	11.19%
2	Mizuho Trust Systems Co., Ltd.	8.50%
3	ID Employee Ownership Account	6.05%
4	MSCO CUSTOMER SECURITIES	4.25%
5	Trust & Custody Services Bank, Ltd.	4.20%
6	Mizuho Trust & Banking Co., Ltd.	3.51%
7	NORTHERN TRUST CO.(AVFC) RE NORTHERN TRUST GUERNSEY NON TREATY CLIENTS	2.62%
8	TDC SOFTWARE ENGINEERING Inc.	2.35%
9	Akemi Funakoshi	1.64%
10	Kaori Marubayashi	1.49%

# Corporate Governance System



※Board of Directors consists of 6 (2 external, Yoy +1)

※Board of Auditors consists of 4 (3 external)

### 3. The 3-Year Plan of ID Group (Structural reform)

# Three basic policies

## Three basic policies to support the three-year plan

Thorough  
**Structural  
reforms  
(BPR)**

Construction of  
**New Areas of  
Growth**

**Consolidated  
management  
Strengthening  
(Governance)**

**Skill improvement and activation  
of employees**

## Aspiration 「Management Vision」

“Upgrading the speed of delivery of high quality services to our customers”

### ○Goal (Mar. 2019)

Revenue	<b>24</b> Billion
Operating Profit	<b>1.68</b> Billion
OPM	<b>7.0</b> %
ROE	<b>13.5</b> %

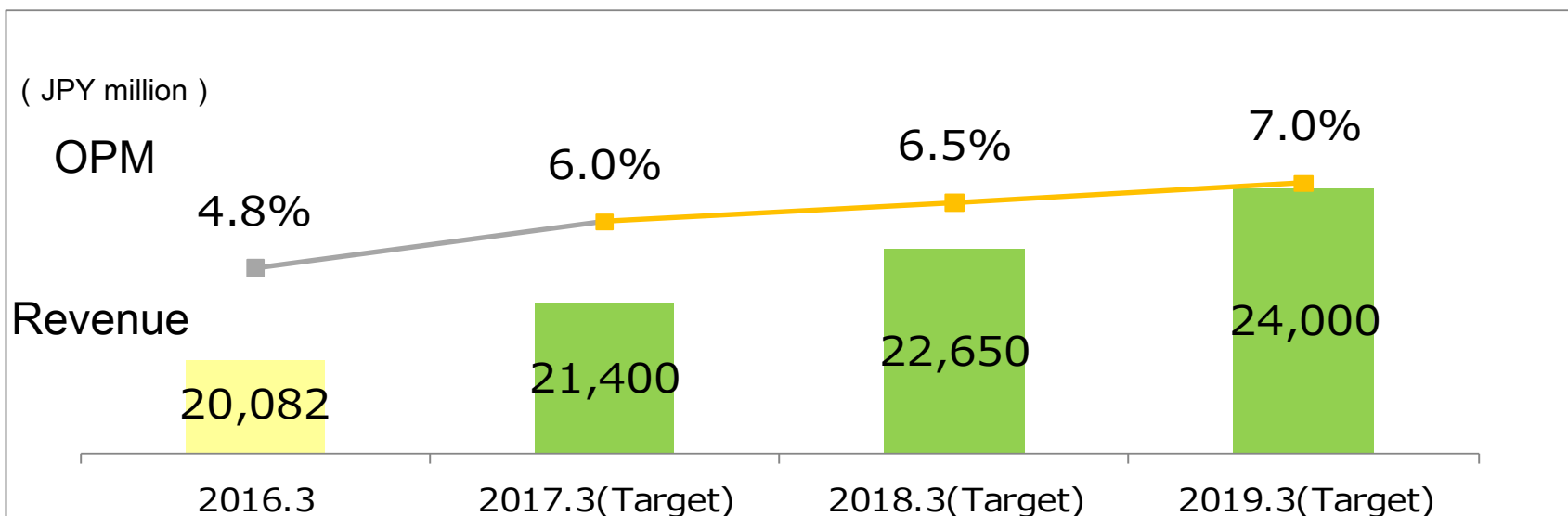
### ○Second structural reforms (BPR)

OPM Improved by more than **2**%



# Numerical Targets

( JPY million)	Mar. 2016	Mar. 2019 (Target)
Revenue	20,082	<b>24,000</b> ( Diff. +3,918 )
Operating Profit	970	<b>1,680</b> ( Diff. +710 )
OPM	4.8%	<b>7.0%</b> ( Diff. +2.2pp )
ROE	8.3%	<b>13.5%</b> ( Diff. +5.2pp )



# Essence of Management Strategy **ID GROUP**

Change or Die!

1	<b>Diversity &amp; Inclusion</b>	<ul style="list-style-type: none"> <li>◆ Set out an objective of female managerial position ratio and monitor periodically</li> <li>◆ Raise the number of bilingual employees for vitalization of the company                             <ul style="list-style-type: none"> <li>-Objective by 2020: Female employees ratio to 50% ; Female managerial position ratio to 30%</li> <li>-Objective by 2018: Foreign employees ratio to 15%</li> </ul> </li> </ul>
2	<b>Business Operation Outsourcing</b>	<ul style="list-style-type: none"> <li>◆ Pursue cross-selling to existing customers and develop new customers</li> <li>◆ Provide one-stop service called <b>i-Bos24®</b></li> </ul>
3	<b>Cloud Service</b> <b>iD-CLOUD</b>	<ul style="list-style-type: none"> <li>◆ Provide innovative services with world-class security products and reliable cloud system operation</li> <li>◆ Leverage our design capabilities of the cloud platform by inputting more resources and increase revenue</li> </ul>
4	<b>Globalization</b>	<ul style="list-style-type: none"> <li>◆ Enhance collaboration with our subsidiaries and business partners in China, Singapore, Myanmar, Indonesia, US and UK</li> <li>◆ Make business alliance with not only Japanese companies, but also indigenous companies where ID has a overseas subsidiary company</li> <li>◆ Formed a joint venture company in Myanmar, opened IT training academy</li> <li>◆ Established a subsidiary company in Indonesia</li> </ul>
5	<b>Improve business processes for more efficient group management</b>	<ul style="list-style-type: none"> <li>◆ Raise the level of human resources by merger of subsidiary companies in Japan</li> <li>◆ Enhance cooperation within the Group in terms of sales activities</li> <li>◆ Improving operational processes such as increasing productivity, assigning personnel to suitable positions, and tightening the control on working overtime</li> <li>◆ Acquisition of Terra Corporation subsidiary</li> </ul>

# BOO (Business Operations Outsourcing) ①



**Promote Business Operations Outsourcing\* to expand services for existing and new customers of ID Group**

\*One stop service. From software development, system operation management, cloud & security service and BPO to consulting.

Change or Die!

	A	B	C	D	E	F	G	H	I	J
System Operation Management	Existing Business Expansion	Existing Business	Existing Business	Existing Business Expansion	<b>Target</b>	Existing Business	Existing Business	<b>Target</b>	Existing Business	<b>Target</b>
IT platform	Existing Business	<b>Target</b>	Existing Business	Existing Business	Existing Business Expansion	<b>Target</b>	Existing Business	Existing Business	<b>Target</b>	Existing Business
Software Development	Existing Business	Existing Business	<b>Target</b>	Existing Business	Existing Business	Existing Business	<b>Target</b>	Existing Business	Existing Business	Existing Business
Cloud	<b>Target</b>	<b>Target</b>	<b>Target</b>	Existing Business	New	<b>Target</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>
Security	Existing Business	<b>Target</b>	Existing Business	Existing Business	New	New	<b>Target</b>	New	<b>Target</b>	Existing Business
Global	Existing Business New	<b>Target</b>	<b>Target</b>	<b>Target</b>	Existing Business	<b>Target</b>	<b>Target</b>	<b>Target</b>	<b>Target</b>	Existing Business New

\* As of Mar. 31, 2016

# Mar. 2017 Performance plan (consolidated)



Change or Die!

( JPY million )	Mar. 2016	(% of revenue)	Mar. 2017 (Forecast)	(% of revenue)	Diff.	YoY
Revenue	20,082	-	<b>21,400</b>	-	+1,318	+6.6%
Operating Profit	970	4.8%	<b>1,280</b>	<b>6.0%</b>	+310	+32.0%
Recurring Profit	964	4.8%	<b>1,260</b>	<b>5.9%</b>	+296	+30.7%
Net Profit	548	2.7%	<b>830</b>	<b>3.9%</b>	+282	+51.5%
EPS (¥)	76.09	-	<b>114.79</b>	-	+38.7	-
DPS (¥)	35.00	-	<b>35.00</b>	-	-	-

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