



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

Financial results of Apr - Sep 2013

Dec 2013

JASDAQ Standard  
Code:4709

1. What's ID Group ?
2. 2Q Performance overview
3. The 3-Year Plan of ID Group  
(Structural reform)

<Reference>

Performance overview for the fiscal year ended March 2013

# 1. What's ID Group ?

# About ID Group

**ID GROUP**



INFORMATION DEVELOPMENT

**Paid in capital:**  
**¥592.34 million**

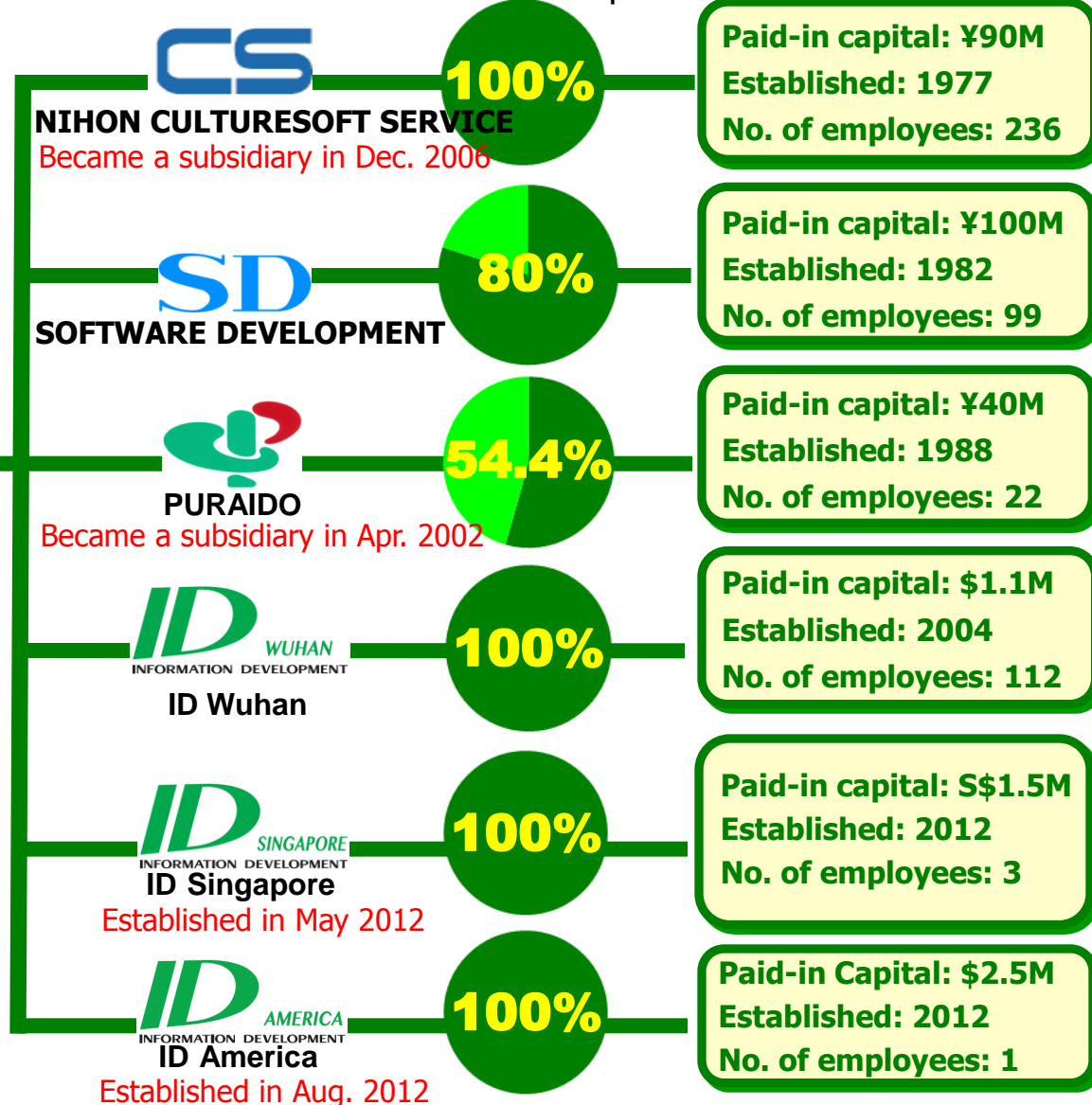
**Established:**  
**October 1969**

**No. of employees:**  
**1,510 (parent)**  
**1,983 (consolidated)**

\* No. of employees: as of Sep 30, 2013

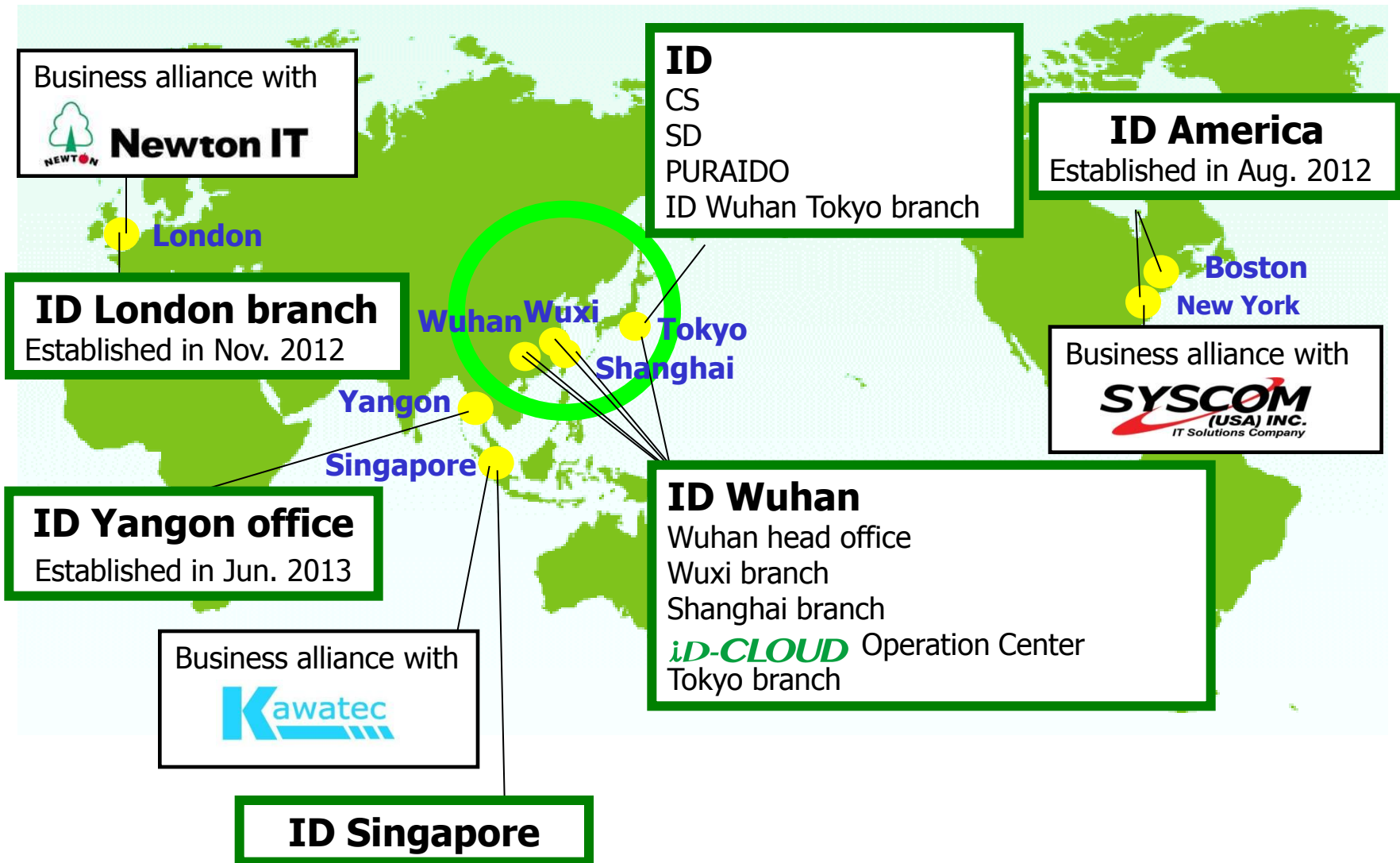
\* ID's ownership ratios are calculated by number of shares excluding treasury stock

ID's ownership



# Global network

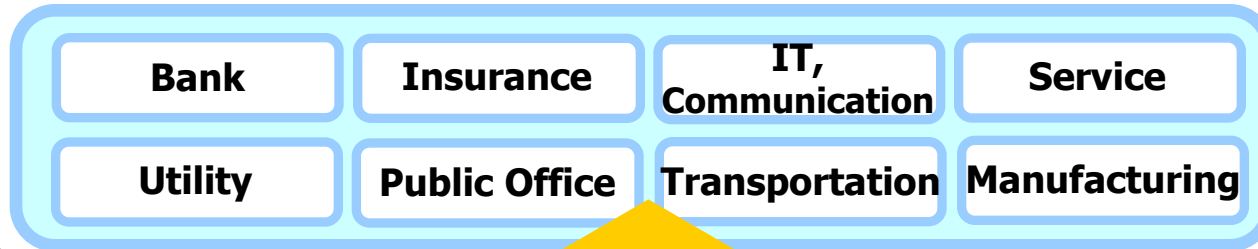
Change or Die!



Consumers

Society, Community

Citizens



**i-Bos24**

## INFORMATION DEVELOPMENT Group

PURAIIDO

INFORMATION DEVELOPMENT  
(ID)

London branch

Yangon office

ID Wuhan

ID  
Singapore

SOFTWARE  
DEVELOPMENT  
(SD)

NIHON CULTURES  
SOFTWARE SERVICE  
(CS)

ID America

Group Coordination

Consulting

Software  
Development

System Operation  
Management

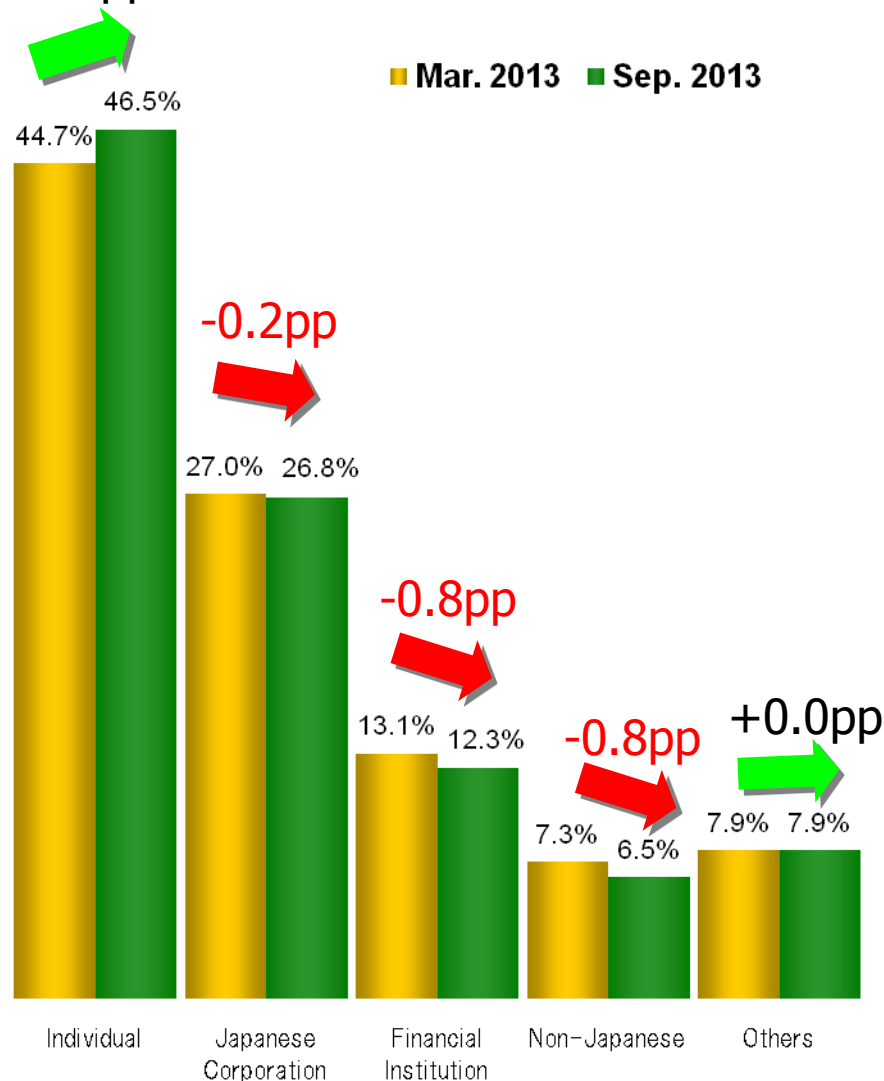
Cloud,  
Security

BPO

Sales & Research  
Offices

## ◆ Shareholding by investor type

+1.8pp



## ◆ Major shareholders

No. of shareholders: 2,264 (+303 since Mar. 2013)

No. of shareholders with voting rights: 1,770

(+305 since Mar. 2013)

	Major shareholders	% of total shares
1	A. K. Corporation	8.7%
2	Mizuho Trust Systems Co., Ltd.	8.5%
3	ID Employee Ownership Account	8.3%
4	INFORMATION DEVELOPMENT CO., LTD	7.5%
5	Trust & Custody Services Bank, Ltd.	3.9%
6	Mizuho Trust & Banking Co., Ltd	3.5%
7	K.C.S Co., Ltd.	3.5%
8	The Master Trust Bank of Japan, Ltd.	2.8%
9	Wahei Takeda	2.6%
10	STATE STREET BANK AND TRUST COMPANY	2.5%

\* As of Sep. 2013

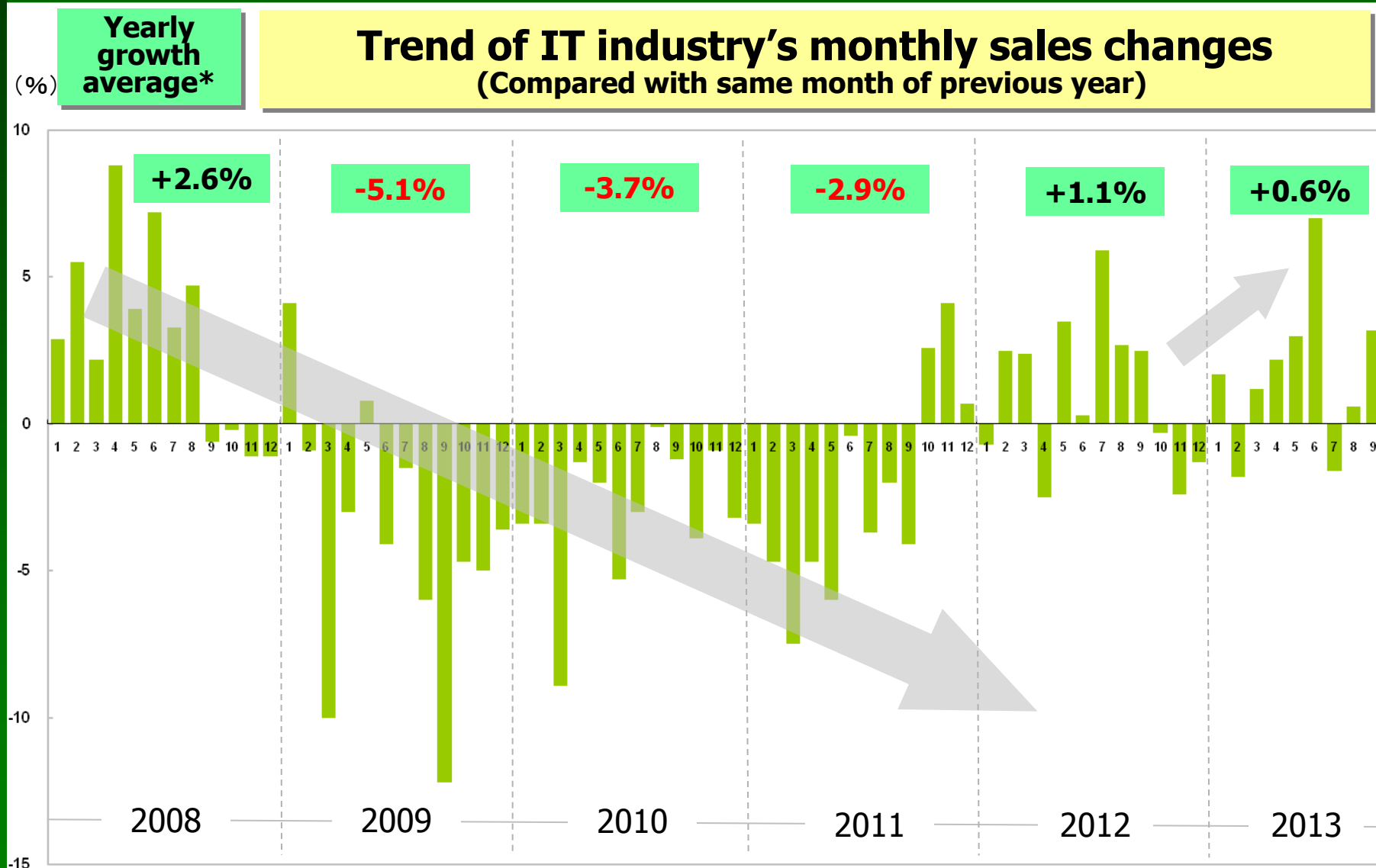
## 2. 2Q Performance overview

**Change or Die!**



# Industry trend

Change or Die!



\*The average of YoY monthly sales changes

Source: Ministry of Economy, Trade and Industry  
"Monthly report on the current survey of selected service industries", ID

# 2Q Financial results (consolidated)



Change or Die!

(¥ million)	Sep. 2012	(% of revenue)	Sep. 2013	(% of revenue)	YoY	% against revised forecast (Jul.13)
<b>Revenue</b>	<b>7,861</b>	100.0	<b>8,473</b>	100.0	+7.8%	+1.4%
<b>System Operation Management</b>	<b>4,954</b>	63.0	<b>5,203</b>	61.4	+5.0%	-
<b>Software Development</b>	<b>2,650</b>	33.7	<b>3,000</b>	35.4	+13.2%	-
<b>Others</b>	<b>256</b>	3.3	<b>269</b>	3.2	+5.3%	-
<b>Cost of Sales</b>	<b>6,557</b>	83.4	<b>6,902</b>	81.5	+5.3%	+1.6%
<b>Gross Profit</b>	<b>1,303</b>	16.6	<b>1,571</b>	18.5	+20.5%	+0.3%
<b>SG&amp;A Expenses</b>	<b>1,174</b>	14.9	<b>1,216</b>	14.4	+3.6%	-3.2%
<b>(Amortization of goodwill)</b>	<b>39</b>	0.5	<b>39</b>	0.5	0.0%	-
<b>Operating Profit</b>	<b>129</b>	1.6	<b>354</b>	4.2	+173.6%	+14.3%
<b>Recurring Profit</b>	<b>134</b>	1.7	<b>356</b>	4.2	+164.8%	+14.8%
<b>Net Profit</b>	<b>62</b>	0.8	<b>187</b>	2.2	+200.8%	+24.8%

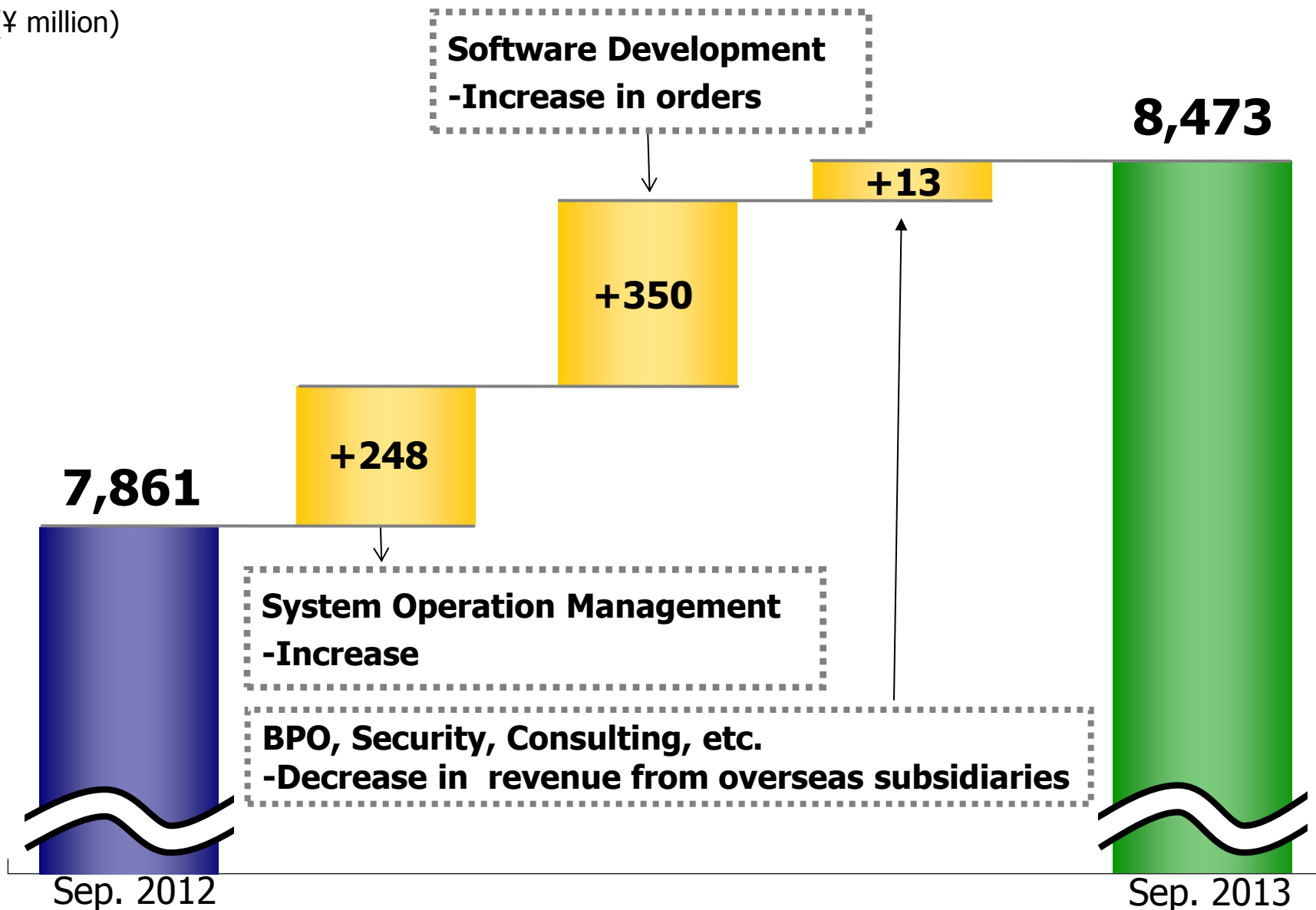
# 2Q Financial results (parent)



(¥ million)	Sep. 2012	(% of revenue)	Sep. 2013	(% of revenue)	YoY
<b>Revenue</b>	<b>6,413</b>	100.0	<b>6,909</b>	100.0	+7.7 %
<b>Cost of Sales</b>	<b>5,430</b>	84.7	<b>5,671</b>	82.1	+4.4%
<b>Gross Profit</b>	<b>982</b>	15.3	<b>1,238</b>	17.9	+26.0%
<b>SG&amp;A Expenses</b>	<b>980</b>	15.3	<b>1,010</b>	14.6	+3.1%
<b>Operating Profit</b>	<b>1</b>	0.0	<b>227</b>	3.3	-
<b>Recurring Profit</b>	<b>315</b>	4.9	<b>375</b>	5.4	+19.0%
<b>Net Profit</b>	<b>301</b>	4.7	<b>266</b>	3.9	-11.5%

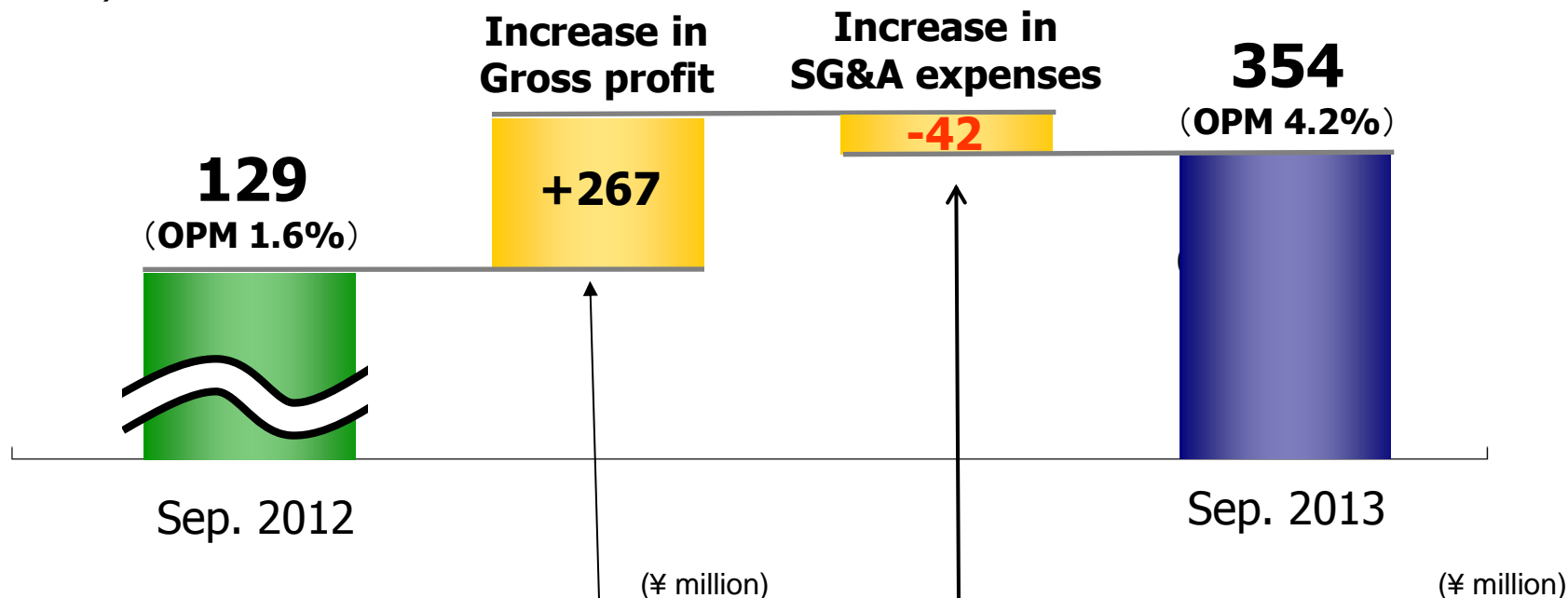
# 2Q Revenue analysis (consolidated)

(¥ million)



## 2Q Operating profit analysis (consolidated)

(¥ million)



◆ <b>Gross profit</b>	<b>+267</b>
Revenue	+612
Cost of Sales	+345
<Major changes in cost of sales>	
▪ Labor costs	-220
▪ Production expenses	-20
▪ Outsourcing costs	+570
▪ Purchasing	+14

◆ <b>SG&amp;A expenses</b>	<b>+42</b>
<Major changes in SG&A expenses >	
▪ Labor costs	+30

## 2Q Financial position (consolidated)



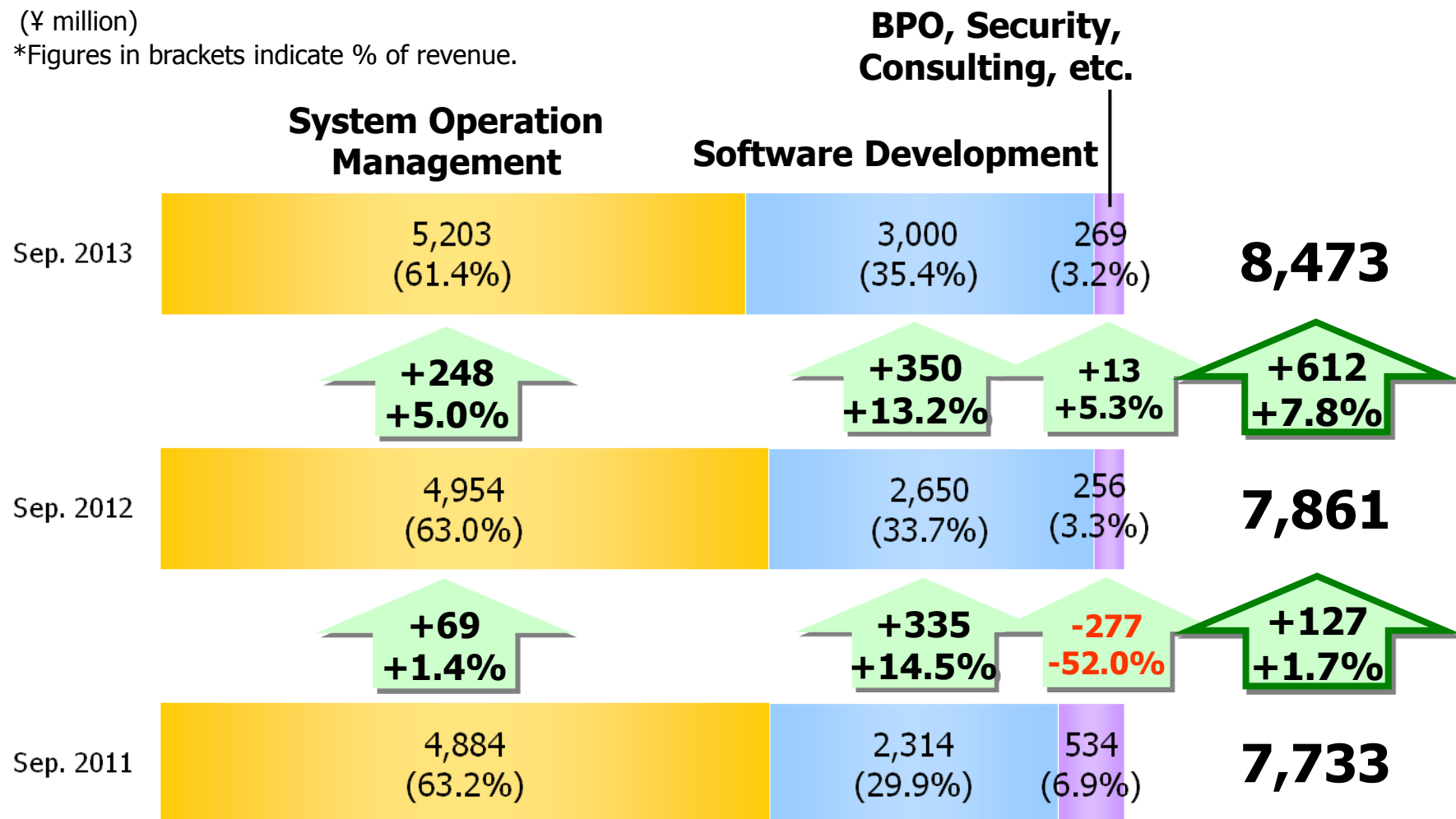
(¥ million)	March. 2013	Sep. 2013	YoY
<b>Current assets</b>	6,412	<b>5,483</b>	-14.5%
<b>Cash and deposits</b>	3,117	<b>2,328</b>	-25.3%
<b>Fixed assets</b>	3,389	<b>3,347</b>	-1.2%
<b>Total assets</b>	9,801	<b>8,831</b>	-9.9%
<b>Liabilities</b>	4,159	<b>3,079</b>	-26.0%
<b>Interest-bearing debt</b>	1,100	<b>570</b>	-48.2%
<b>Retained earnings</b>	4,917	<b>4,956</b>	+0.8%
<b>Total Shareholders' Equity</b>	5,413	<b>5,487</b>	+1.4%

# 2Q Feature of ID Group 1

## Revenue by business

(¥ million)

\*Figures in brackets indicate % of revenue.

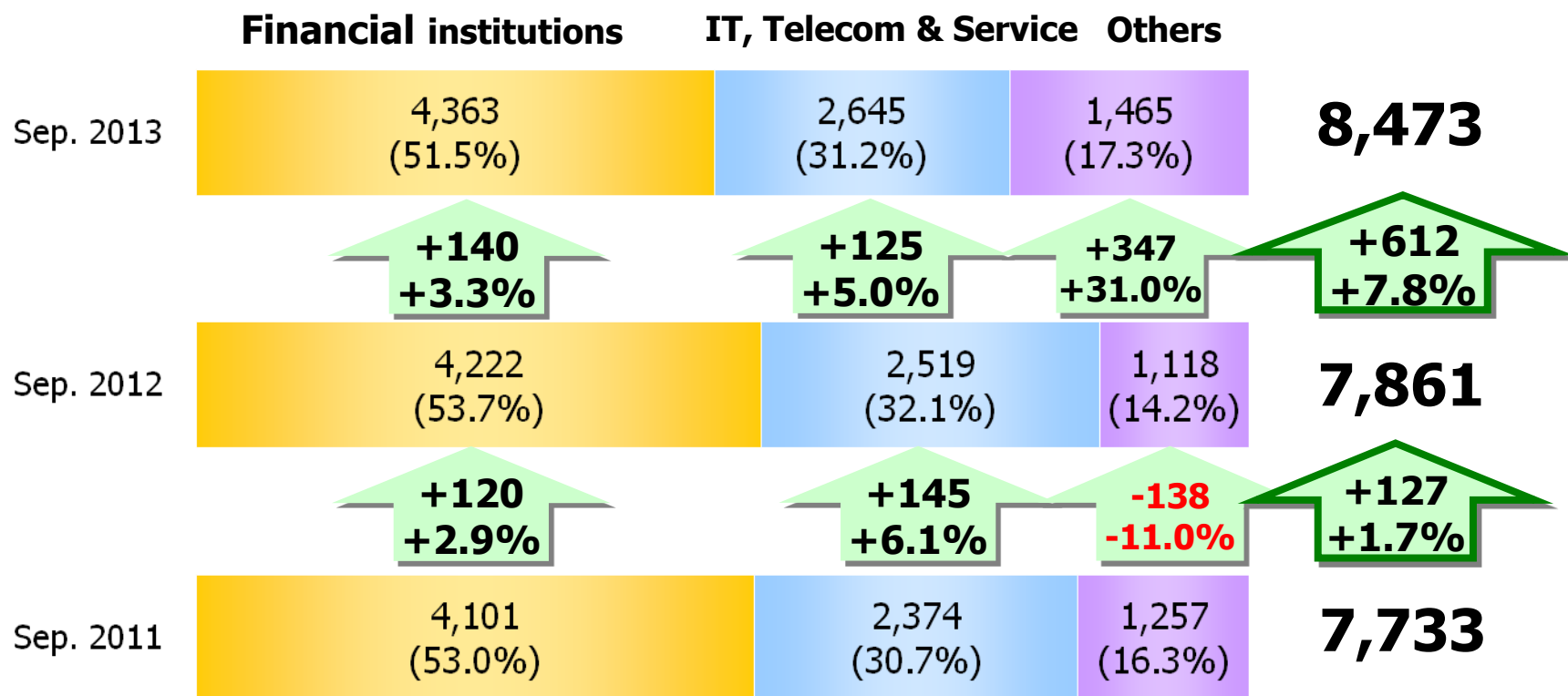


# 2Q Feature of ID Group 2

## Revenue by customer

(¥ million)

\*Figures in brackets indicate % of revenue





# 2Q Feature of ID Group 3

## Revenue by contract

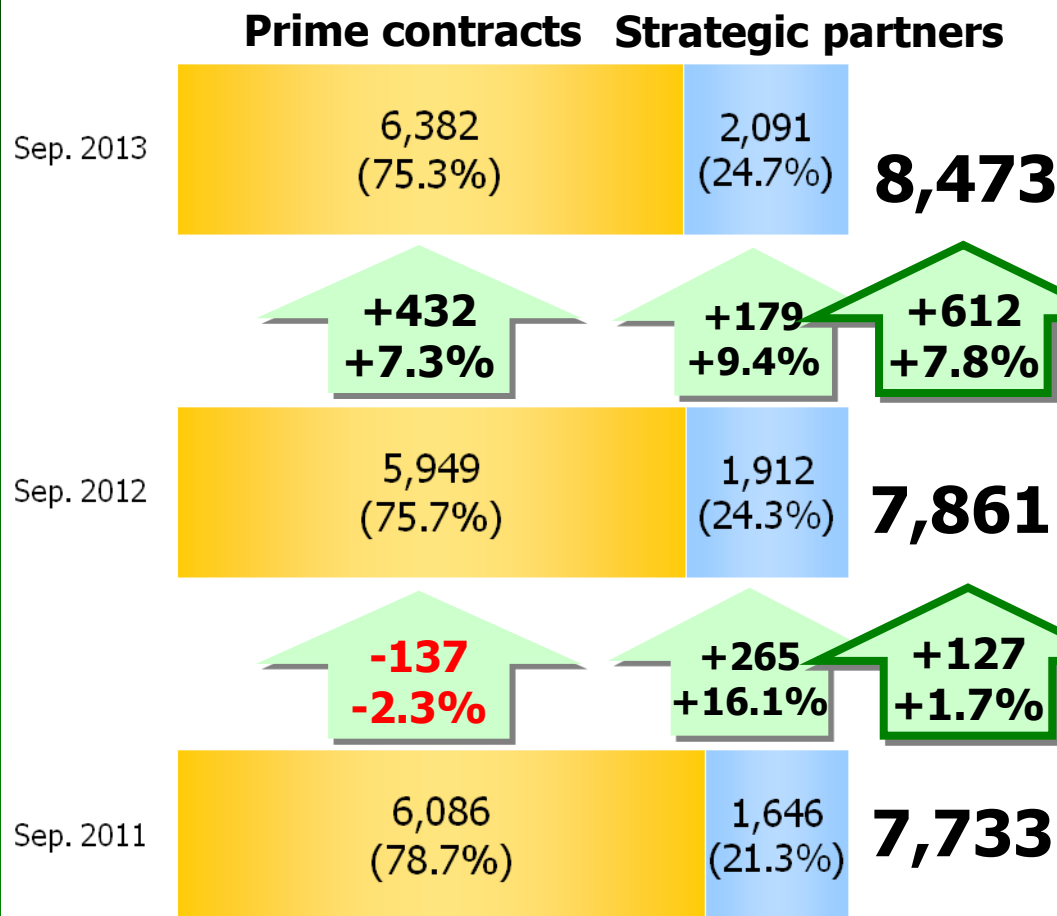
(¥ million)

\*Figures in brackets indicate % of revenue

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

< Major customers >

### Prime contracts



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

### Strategic partners

Major IT Vendors

# Quarterly results

Change or Die!

(¥ million)	Revenue	Operating profit	OPM
<b>Apr-Jun 2012</b>	3,838	-59	-
<b>Jul-Sep 2012</b>	4,023	188	4.7%
<b>Oct-Dec 2012</b>	4,157	199	4.8%
<b>Jan-Mar 2013</b>	4,427	99	2.2%
<b>Apr-Jun 2013</b>	4,160	219	5.3%
<b>Jul-Sep 2013</b>	<b>4,313</b>	<b>135</b>	<b>3.1%</b>
<b>YoY</b>	+7.2%	-28.2%	-

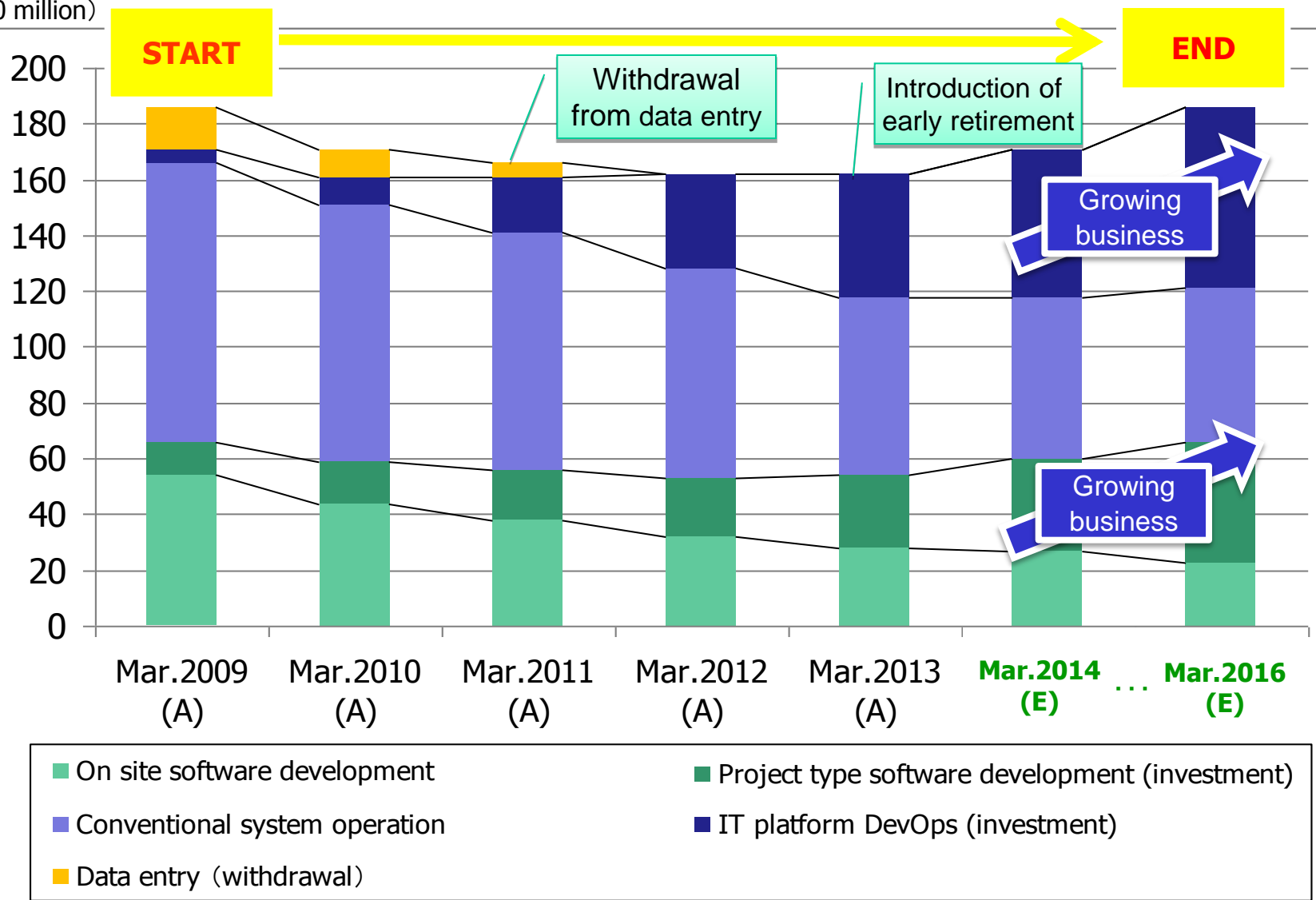
# Mar. 2014 forecast

(¥ million)	Mar. 2013 results	(% of revenue)	Mar. 2014 plan	(% of revenue)	YoY
<b>Revenue</b>	16,446	100.0	<b>16,870</b>	100.0	+2.6%
<b>Operating Profit</b>	427	2.6	<b>620</b>	3.7	+44.9%
<b>Recurring Profit</b>	448	2.7	<b>620</b>	3.7	+38.4%
<b>Net Profit</b>	-490	-	<b>330</b>	2.0	-
<b>EPS (¥)</b>	-	-	<b>46.40</b>	-	-
<b>DPS (¥)</b>	21.00	-	<b>21.00</b>	-	0.00

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

# Structural reform

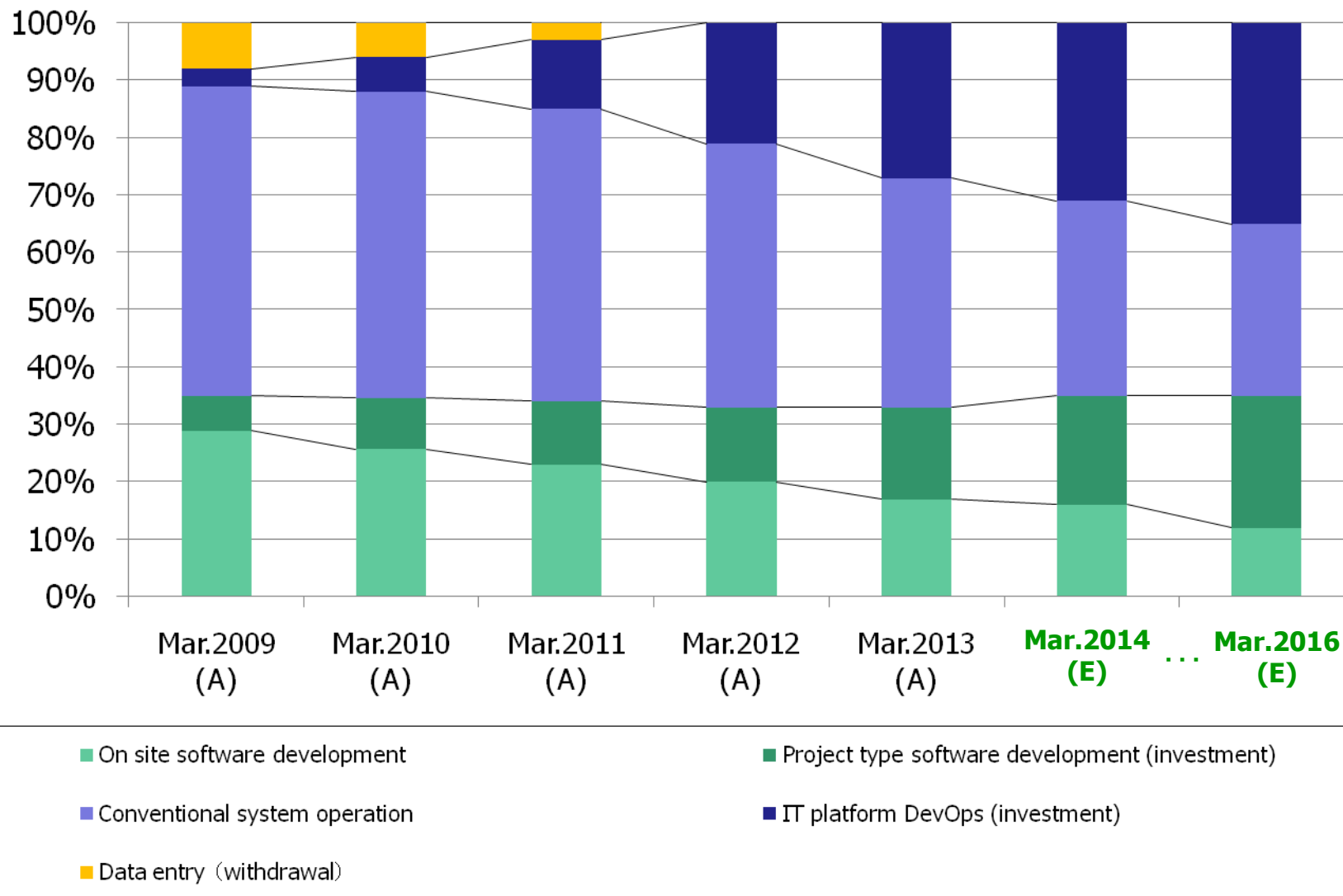
Revenue  
(¥100 million)



# Structural reform

Change or Die!

## Revenue breakdown by business





# BOO (Business Operations Outsourcing) ①

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

\*Providing multiple services to one customer, from software development to system operation management and BPO

Customers:	A	B	C	D	E	F	G	H	I	J
System Operation Management	Existing Business	Existing Business new <u>Target</u>	Existing Business new	Existing Business	Existing Business new <u>Target</u>	Existing Business <u>Target</u>	Existing Business	<u>Target</u> new	new <u>Target</u>	Existing Business new <u>Target</u>
Software Development	Existing Business	Existing Business	new <u>Target</u>	Existing Business	Existing Business	Existing Business	<u>Target</u>	Existing Business	Existing Business new <u>Target</u>	Existing Business new <u>Target</u>
BPO, Security, Consulting	Existing Business	Existing Business <u>Target</u>	Existing Business <u>Target</u>	Existing Business	<u>Target</u>	<u>Target</u>	<u>Target</u>	new <u>Target</u>	<u>Target</u>	<u>Target</u>

\* As of March 31, 2013



**Focus business resources on selected customers**  
**"Stable growth"**

▪ IT Vendor

**Strategic partners**

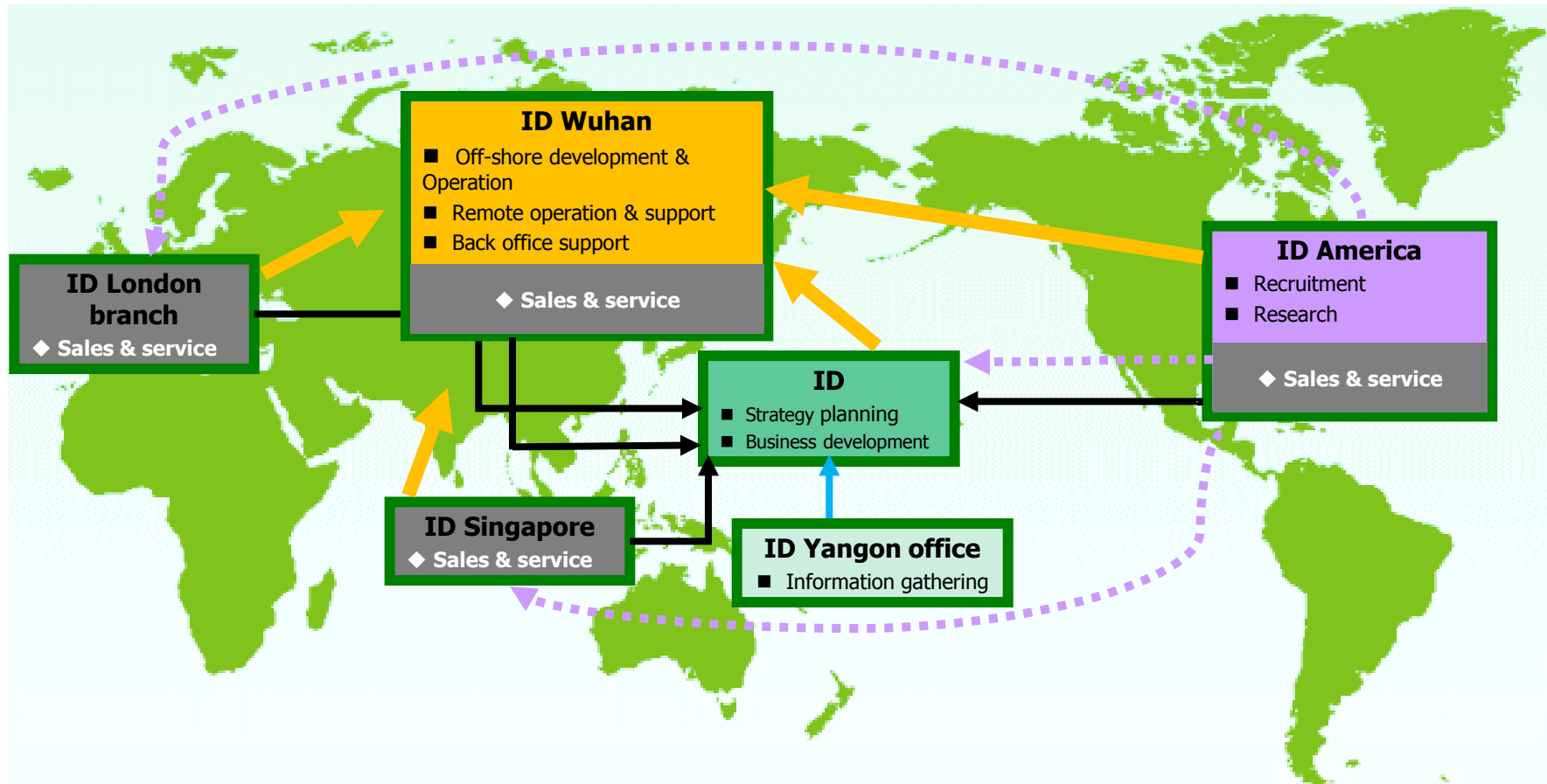
▪ Financial

- Financial
- Transportation
- IT, Communication
- Utility

**Major customers**

**Selected 13 customer groups out of 1,000 customers**

# Global expansion



Off-shore development/Operation/BPO



Recruitment/New contents supply



Customer referral (incl. non-Japanese)



Provision of information



## Alliance partner

• ID Singapore



• ID America



• ID London branch



## Operation and monitoring in iD-CLOUD Operation Center

Operation

Implementation support

Application (SaaS)

OS/ Middleware (PaaS)

Hardware (IaaS)



## <Reference>

Performance overview for the fiscal year ended March 2013

# Financial results (consolidated)



(¥ million)	Mar. 2012	(% of revenue)	Mar. 2013	(% of revenue)	YoY
<b>Revenue</b>	16,137	100.0	<b>16,446</b>	100.0	+1.9%
System Operation Management	9,969	61.8	<b>10,093</b>	61.4	+1.2%
Software Development	5,239	32.5	<b>5,744</b>	34.9	+9.7%
Others	928	5.7	<b>608</b>	3.7	-34.5%
<b>Cost of Sales</b>	13,207	81.8	<b>13,650</b>	83.0	+3.3%
<b>Gross Profit</b>	2,929	18.2	<b>2,795</b>	17.0	-4.6%
<b>SG&amp;A Expenses</b>	2,299	14.3	<b>2,367</b>	14.4	+3.0%
(as for Amortization of goodwill)	78	0.5	<b>78</b>	0.5	0.0%
<b>Operating Profit</b>	629	3.9	<b>427</b>	2.6	-32.0%
<b>Recurring Profit</b>	659	4.1	<b>448</b>	2.7	-32.0%
<b>Net Profit</b>	365	2.3	<b>-490</b>	-	-
<b>EPS (yen)</b>	49.15	-	<b>-</b>	-	-

# Financial position (consolidated)

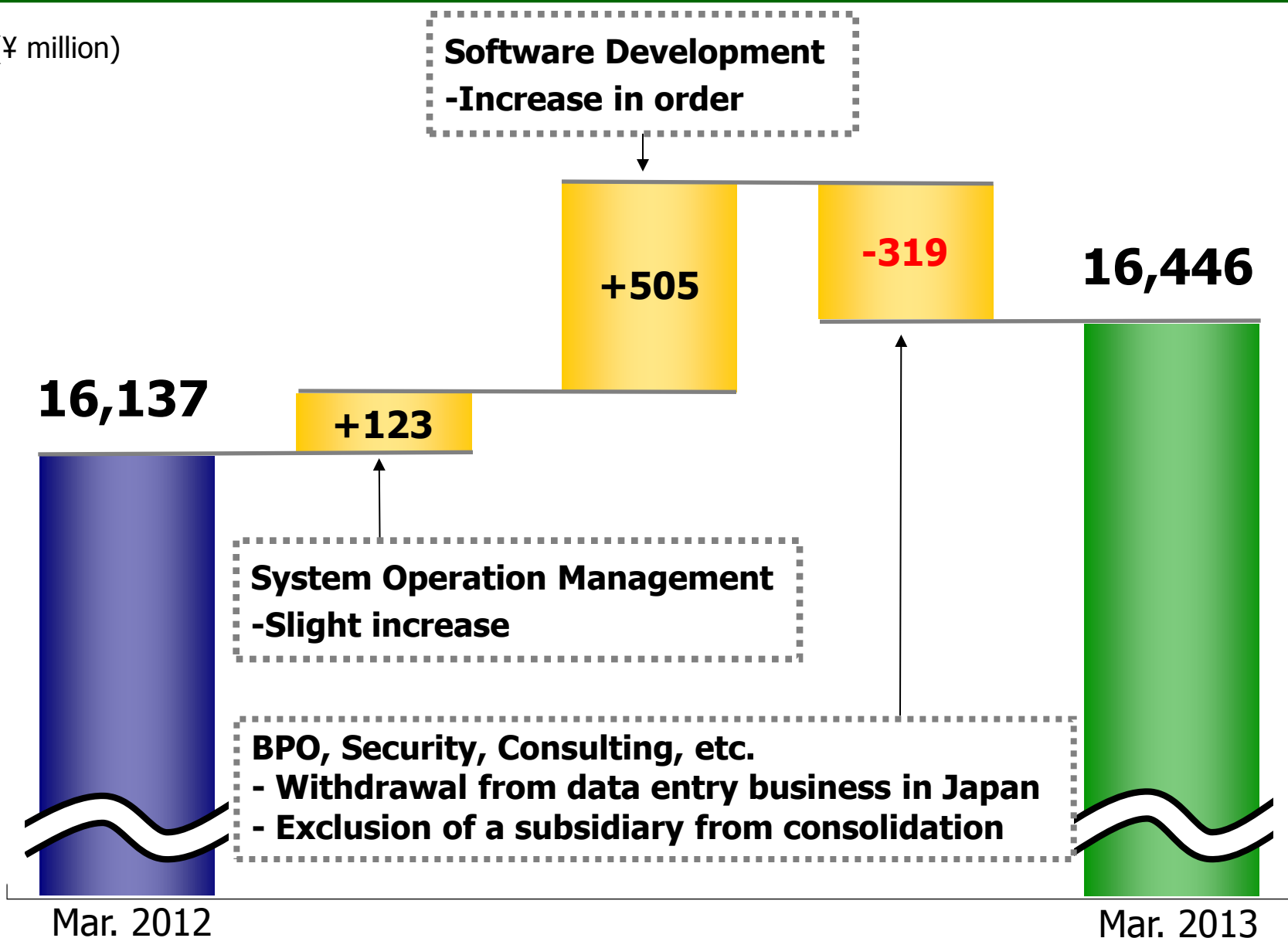


Change or Die!

(¥ million)	Mar. 2012	Mar. 2013	YoY
<b>Current assets</b>	5,740	<b>6,412</b>	+11.7%
<b>Cash and deposits</b>	2,583	<b>3,117</b>	+20.6%
<b>Fixed assets</b>	4,105	<b>3,389</b>	-17.4%
<b>Total assets</b>	9,845	<b>9,801</b>	-0.4%
<b>Liabilities</b>	3,457	<b>4,159</b>	+20.3%
<b>Interest-bearing debt</b>	1,186	<b>1,100</b>	-7.2%
<b>Retained earnings</b>	5,564	<b>4,917</b>	-11.6%
<b>Total Shareholders' Equity</b>	6,272	<b>5,413</b>	-13.7%
<b>Operating cash flows</b>	666	<b>772</b>	
<b>Investment cash flows</b>	-324	<b>67</b>	
<b>Financial cash flows</b>	217	<b>-455</b>	

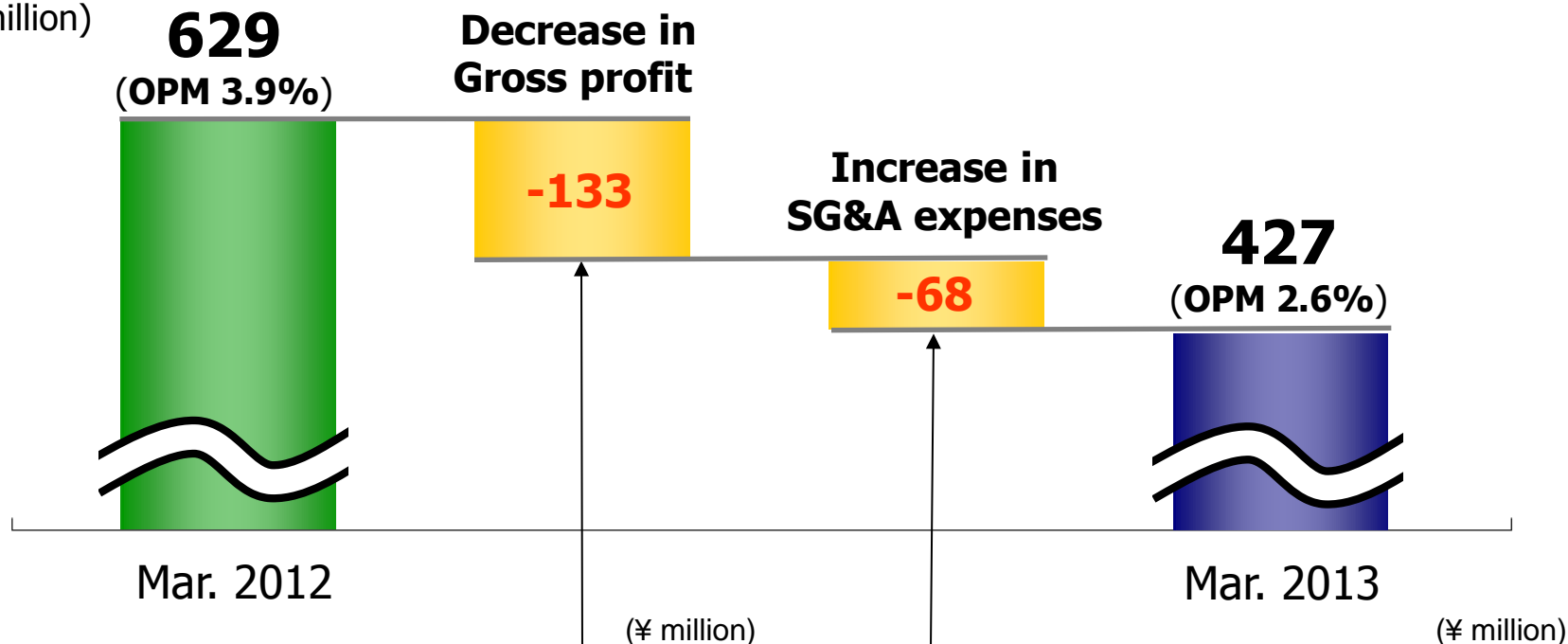
# Revenue analysis (consolidated)

(¥ million)



# Operating profit analysis (consolidated)

(¥ million)



◆ <b>Gross profit</b>	<b>-133</b>
Revenue	+308
Cost of Sales	+442
<Major changes in cost of sales>	
▪ Labor costs	-16
▪ Production expense	+14
▪ Outsourcing costs	+548
▪ Purchasing	-89

◆ <b>SG&amp;A expenses</b>	<b>+68</b>
<Major changes in SG&A expenses >	
▪ Labor costs	-11
▪ Depreciation costs	+16
▪ Outsourcing costs	+11
▪ Training costs	+9
▪ Communication costs	+9



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