



INFORMATION DEVELOPMENT CO., LTD.

Financial results of Apr – Sep 2014

November 2014

TSE 1st section
Code:4709

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

1. What's ID Group ?

About ID Group

ID GROUP



INFORMATION DEVELOPMENT

ID's ownership

Paid in capital:
¥592.34 million

Established:
October 1969

No. of employees:
1,517 (parent)
2,025 (consolidated)

CS
NIHON CULTURESOFT SERVICE

100%

Paid-in capital: ¥90M
Established: 1977
No. of employees: 233

SD
SOFTWARE DEVELOPMENT

80%

Paid-in capital: ¥100M
Established: 1982
No. of employees: 101



PURAIDO

54.4%

Paid-in capital: ¥40M
Established: 1988
No. of employees: 22



ID Wuhan

100%

Paid-in capital: \$1.1M
Established: 2004
No. of employees: 134



ID Singapore

100%

Paid-in capital: S\$1.5M
Established: 2012
No. of employees: 9



ID America

100%

Paid-in capital: \$5.5M
Established: 2012
No. of employees: 1



AI FACTORY

100%

Established in Jan. 2014

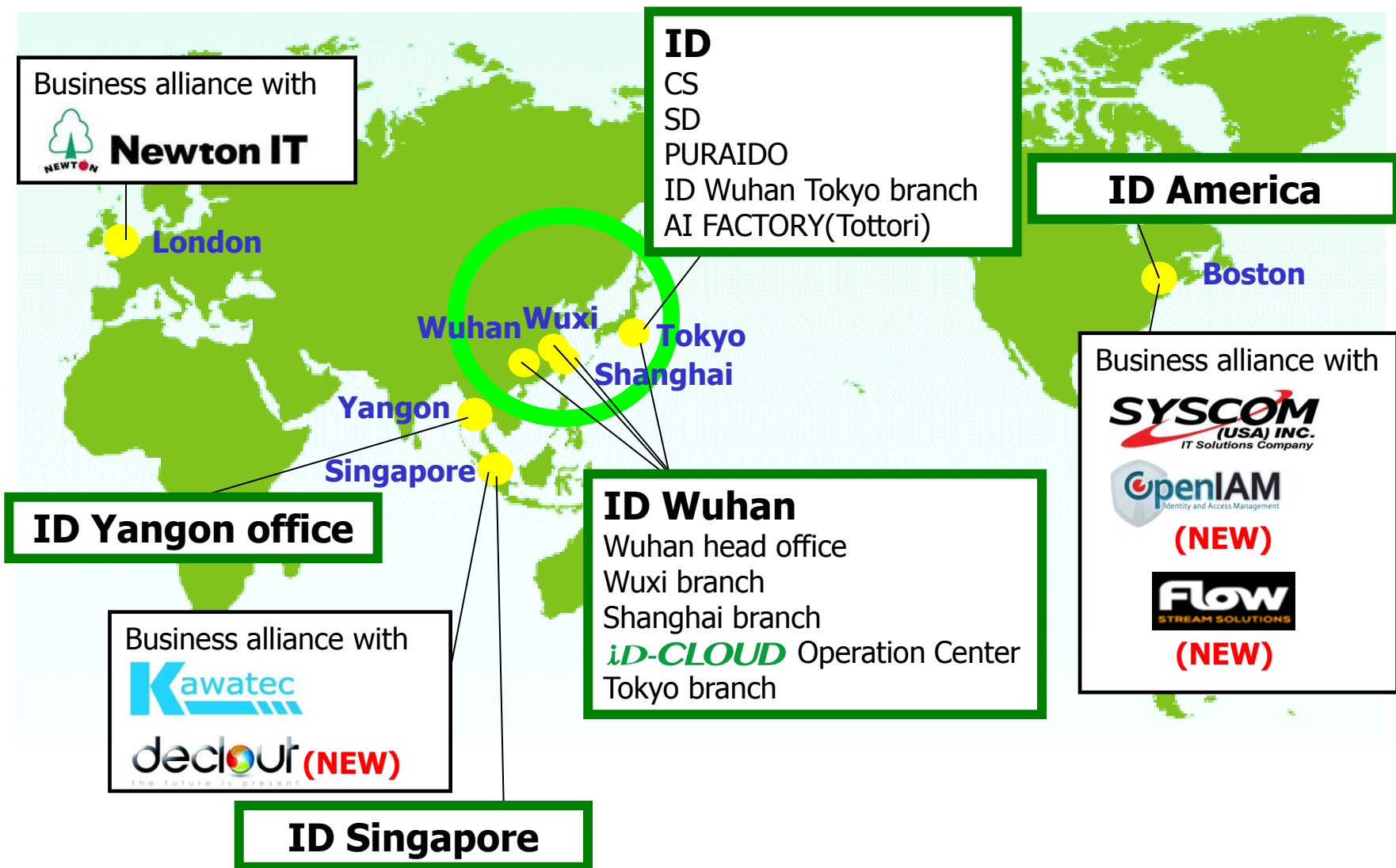
Paid-in capital: ¥50M
Established: 2014
No. of employees: 8

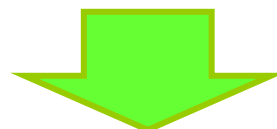
* No. of employees: as of Sep.30, 2014

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

Global Network

Change or Die!





One-stop solution from consulting to BPO

System Operation Management
Software Development
Cloud & Security, BPO

Yangon office

PURAIDO

Consulting

SOFTWARE DEVELOPMENT

Software Development

NIHON CULTURESOFT SERVICE

System Operation Management

ID Wuhan

System Operation Management
Software Development, BPO

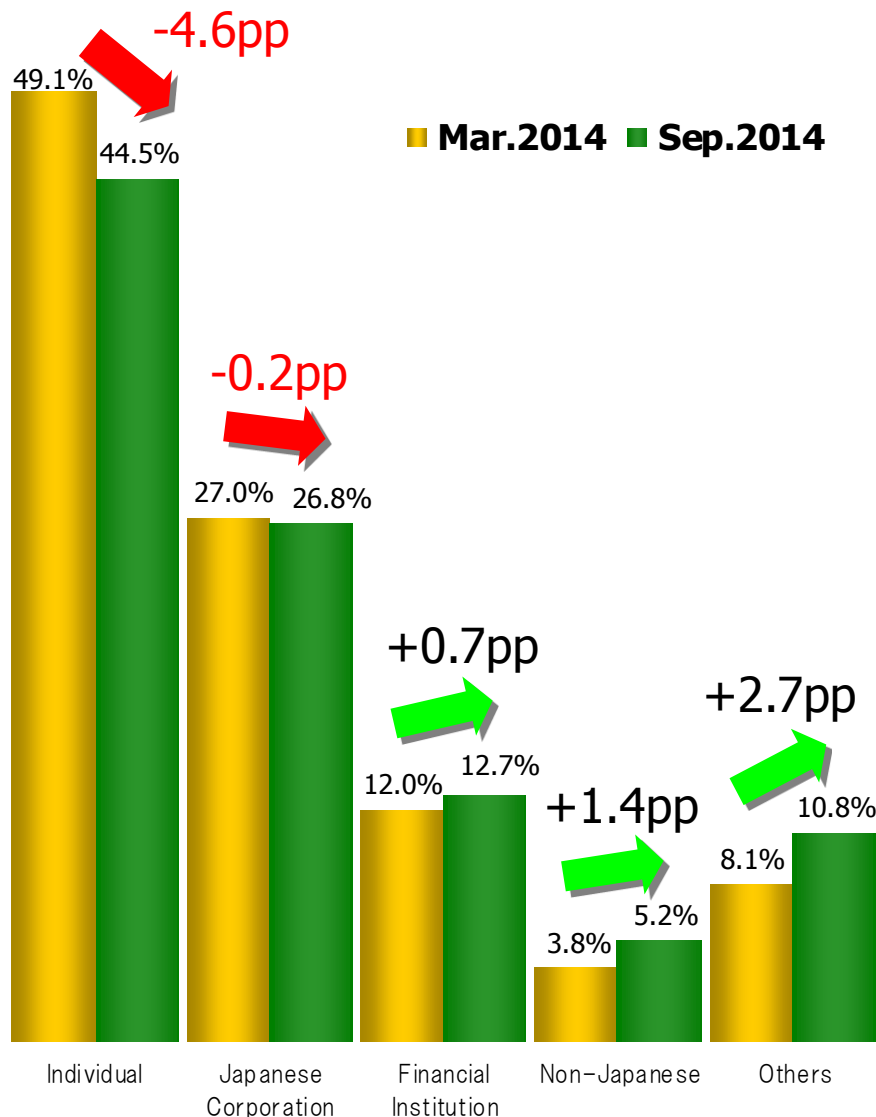
ID Singapore

System Operation Management
Software Development

ID America

Software Development,
Recruitment and training,
Research of IT markets

◆ Shareholding by investor type



◆ Major shareholders

No. of shareholders: 2,843 (-23 since Mar. 2014)

No. of shareholders with voting rights: 2,366
(-22 since Mar. 2014)

	Major shareholders	% of total shares
1	A. K. Corporation	8.7%
2	Mizuho Trust Systems Co., Ltd.	8.5%
3	INFORMATION DEVELOPMENT CO., LTD	7.3%
4	ID Employee Ownership Account	5.9%
5	Mizuho Trust & Banking Co., Ltd.	3.5%
6	K.C.S Co., Ltd.	3.5%
7	Trust & Custody Services Bank, Ltd.	3.4%
8	The Master Trust Bank of Japan, Ltd.	2.8%
9	TDC SOFTWARE ENGINEERING Inc.	2.4%
10	STATE STREET BANK AND TRUST COMPANY	2.0%

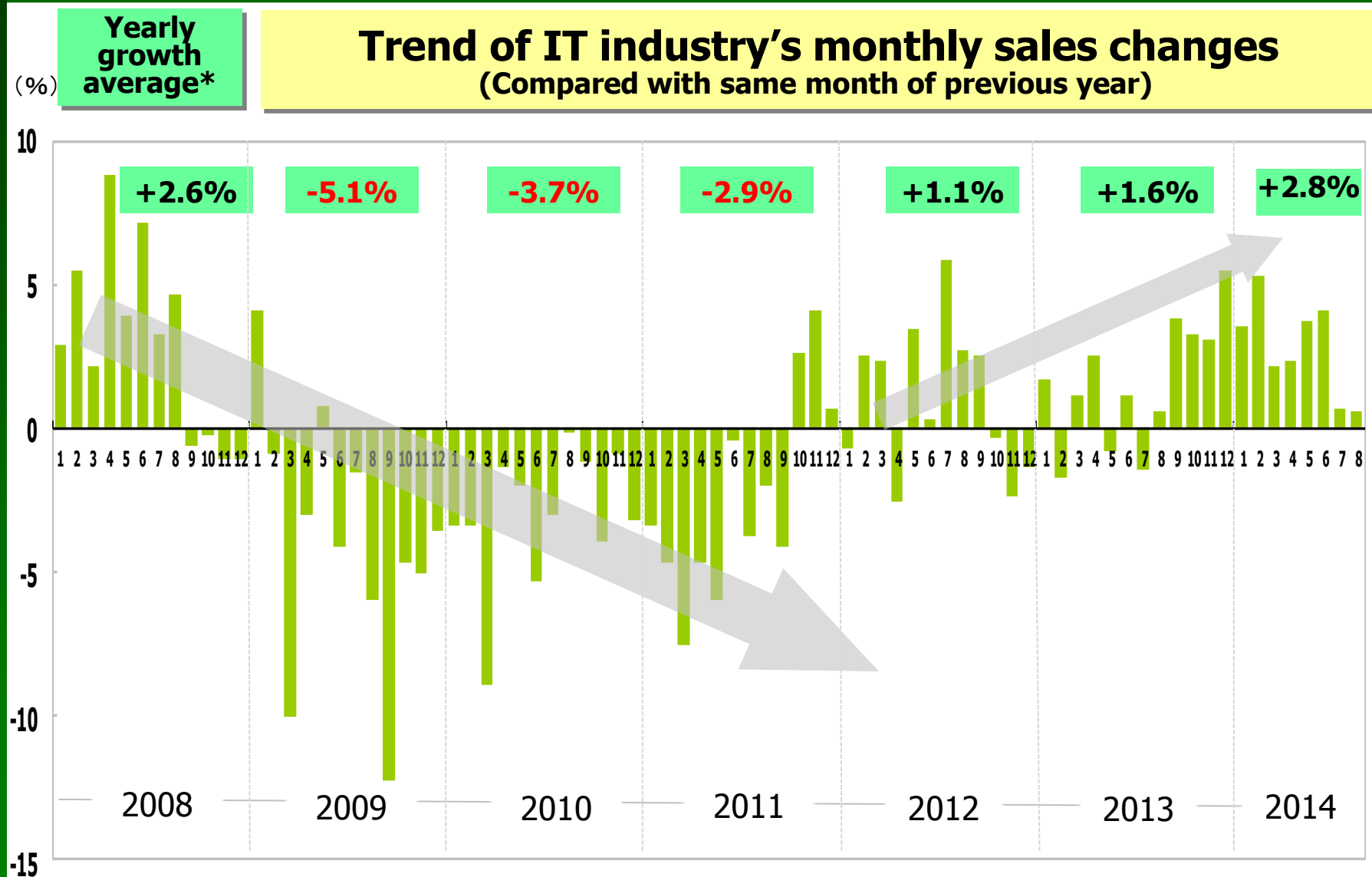
* As of Sep.30 ,2014

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)



(¥ million)	Sep. 2013	(% of revenue)	Sep. 2014	(% of revenue)	YoY
Revenue	8,473	100.0	9,098	100.0	+7.4%
System Operation Management	5,203	61.4	5,531	60.8	+6.3%
Software Development	3,000	35.4	3,316	36.5	+10.5%
Others	269	3.2	250	2.7	-7.2%
Cost of Sales	6,902	81.5	7,385	81.2	+7.0%
Gross Profit	1,571	18.5	1,712	18.8	+9.0%
SG&A Expenses	1,216	14.4	1,300	14.3	+6.9%
(Amortization of goodwill)	39	0.5	31	0.4	-18.6%
Operating Profit	354	4.2	412	4.5	+16.3%
Recurring Profit	356	4.2	424	4.7	+19.1%
Net Profit	187	2.2	230	2.5	+23.3%

2Q Financial Results (parent)

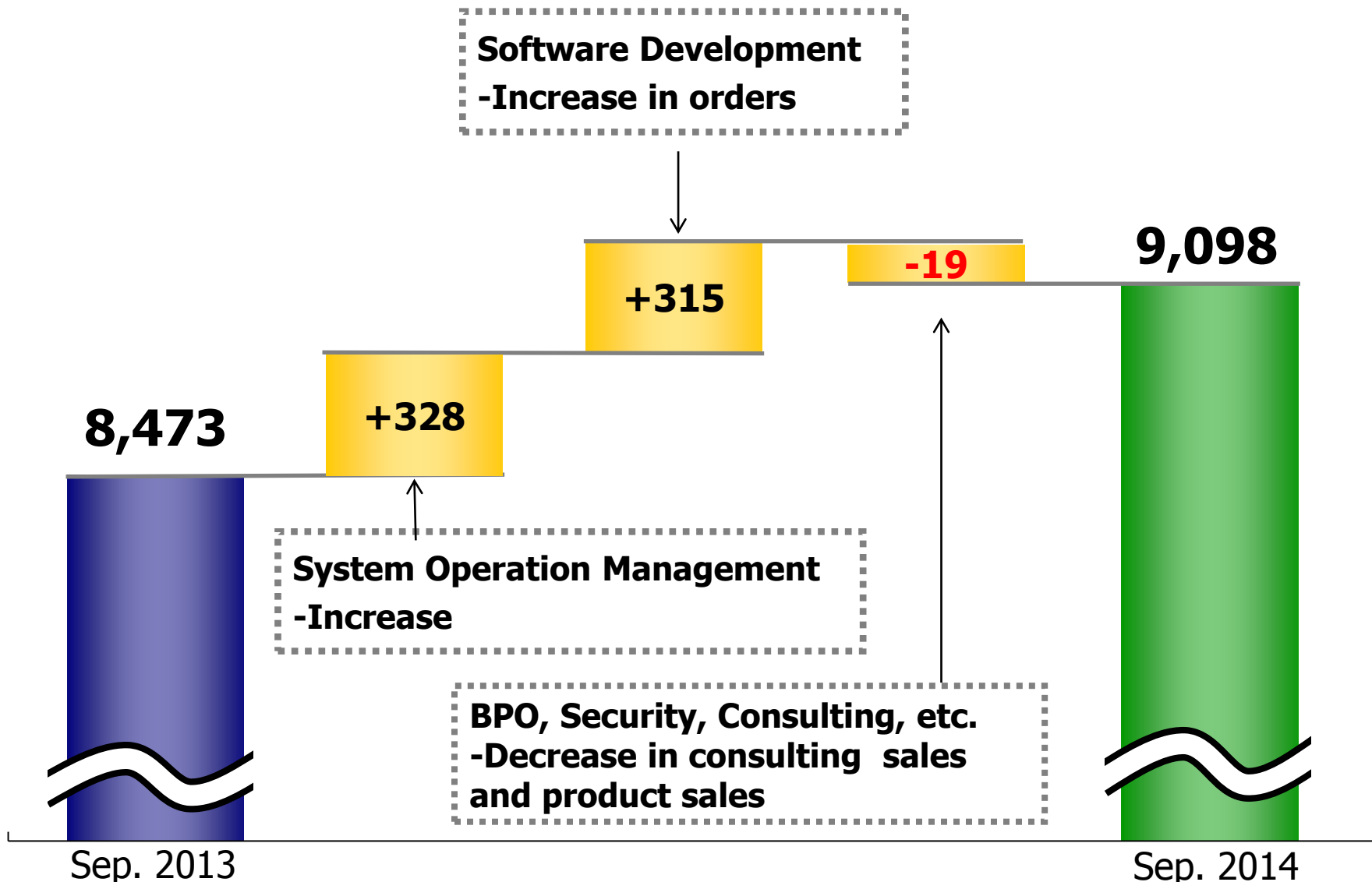


Change or Die!

(¥ million)	Sep. 2013	(% of revenue)	Sep. 2014	(% of revenue)	YoY
Revenue	6,909	100.0	7,472	100.0	+8.1%
Cost of Sales	5,671	82.1	6,101	81.6	+7.6%
Gross Profit	1,238	17.9	1,371	18.4	+10.8%
SG&A Expenses	1,010	14.6	1,104	14.8	+9.3%
Operating Profit	227	3.3	267	3.6	+17.6%
Recurring Profit	375	5.4	428	5.7	+14.1%
Net Profit	266	3.9	295	4.0	+10.9%

2Q Revenue Analysis (consolidated)

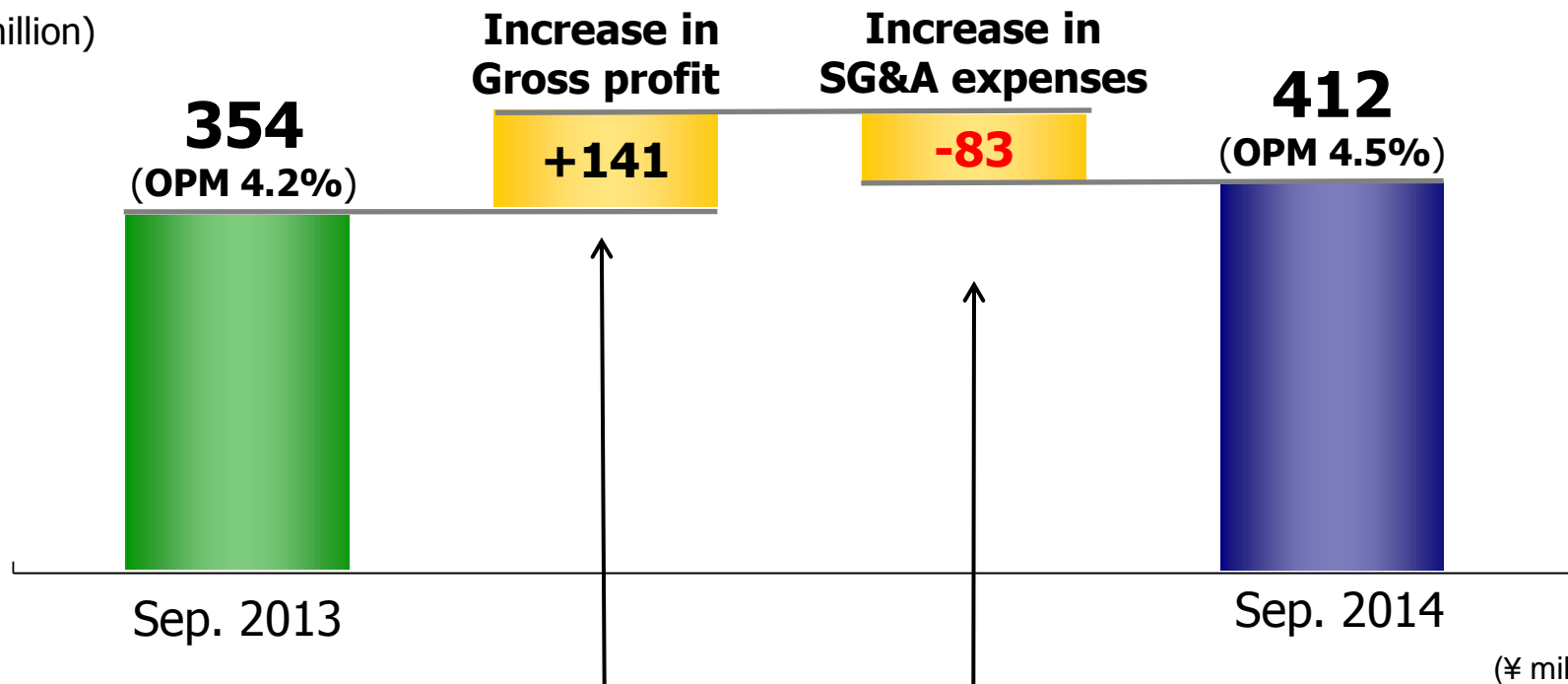
(¥ million)



2Q Operating Profit Analysis (consolidated)



(¥ million)



(¥ million)

◆ Gross profit	+141
Revenue	+624
Cost of Sales	+483
<Major changes in cost of sales>	
▪ Labor costs	- 37
▪ Outsourcing costs	+466
▪ Production expenses	+ 22
▪ Purchasing	- 14

◆ SG&A expenses	+83
<Major changes in SG&A expenses >	
▪ Labor costs	+18
▪ Others	+65

2Q Financial Position (consolidated)



Change or Die!

(¥ million)	Mar. 2014	Sep. 2014	YoY
Current assets	6,399	6,063	-5.2%
Cash and deposits	2,724	2,747	+0.8%
Fixed assets	3,270	3,298	+0.8%
Total assets	9,670	9,362	-3.2%
Liabilities	3,584	3,149	-12.1%
Interest-bearing debt	890	560	-37.1%
Retained earnings	5,133	5,186	+1.0%
Total Shareholders' Equity	5,675	5,750	+1.3%

2Q Feature of ID Group 1

Revenue by business

(¥ million)

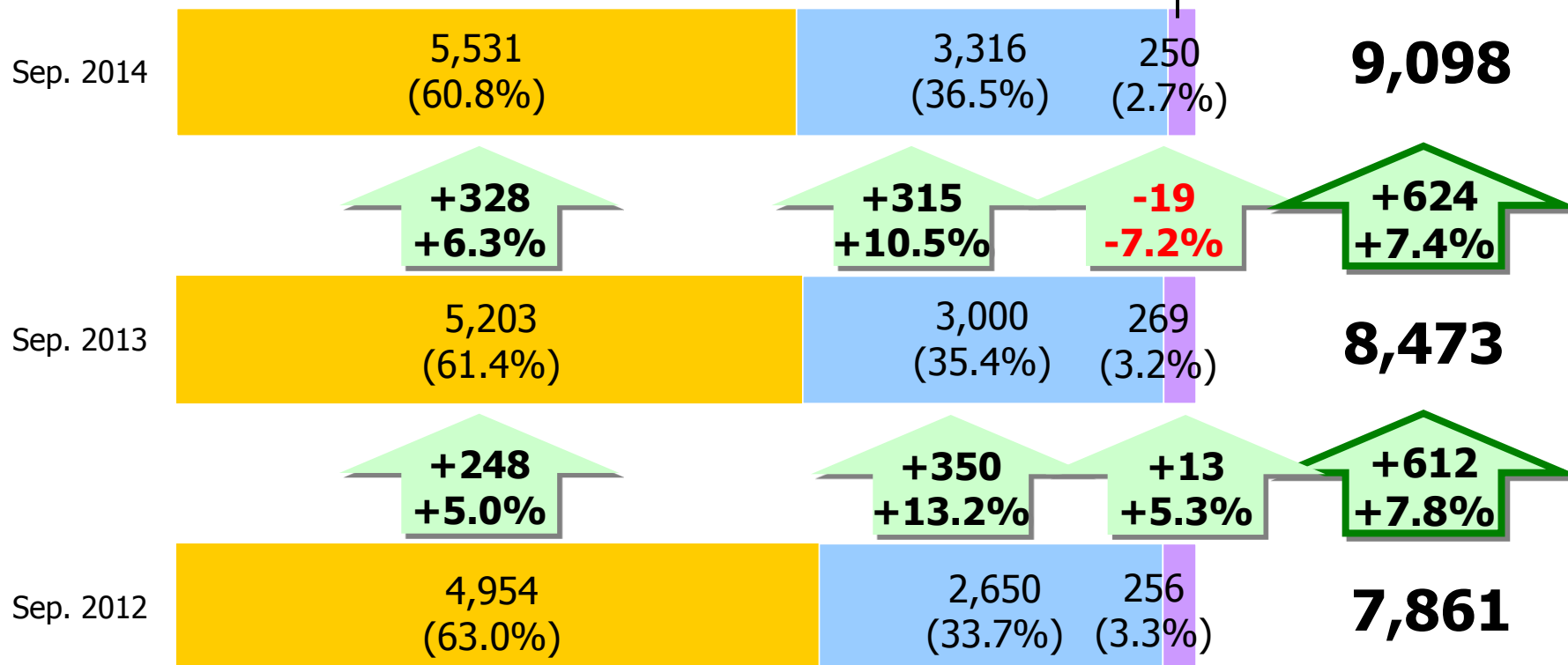
*Figures in brackets indicate % of revenue.

**BPO, Security,
Consulting, etc.**

System Operation Management

Software Development

Total Sales

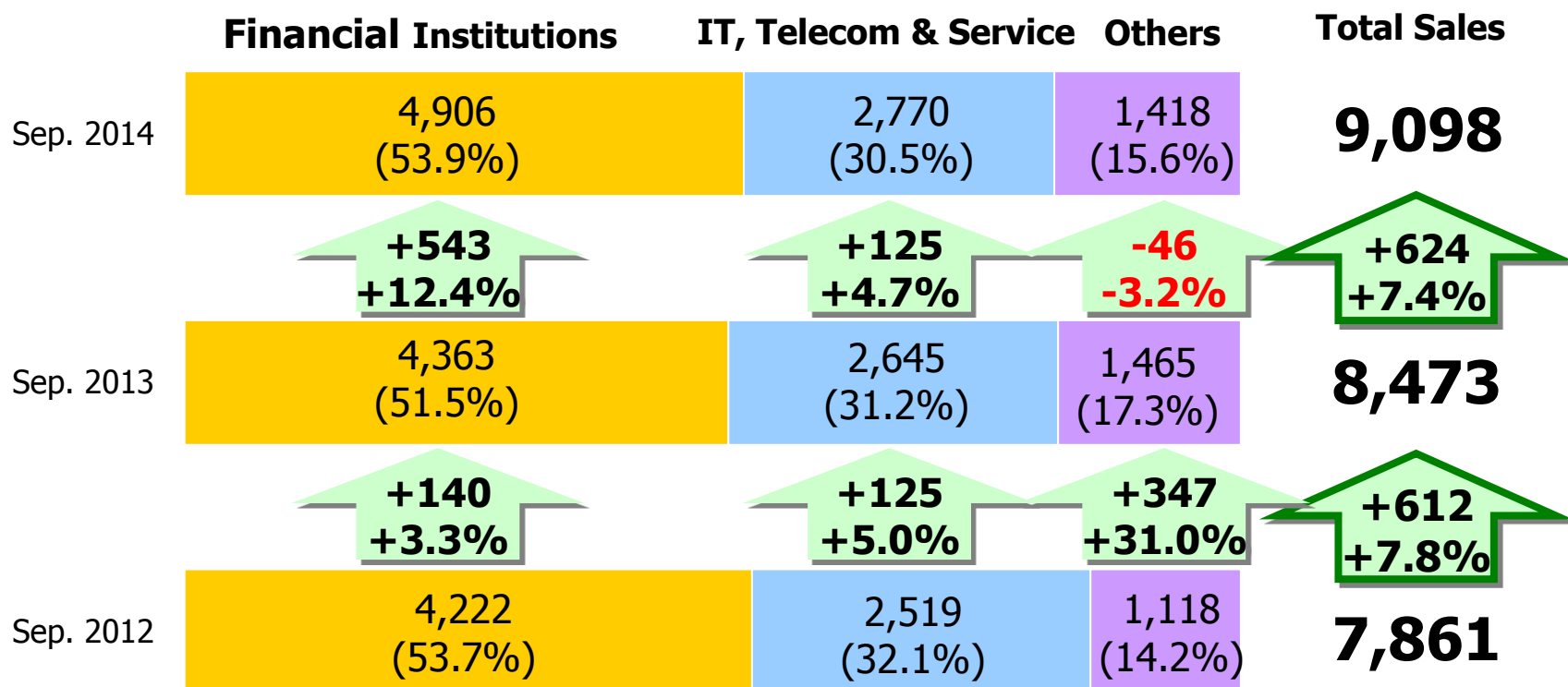


2Q Feature of ID Group 2

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

Prime Contracts

Strategic Partners

Total Sales
9,098

Sep. 2014

6,913
(76.0%)

2,185
(24.0%)

+531
+8.3%

+93
+4.5%

+624
+7.4%

Sep. 2013

6,382
(75.3%)

2,091
(24.7%)

8,473

+432
+7.3%

+179
+9.4%

+612
+7.8%

Sep. 2012

5,949
(75.7%)

1,912
(24.3%)

7,861

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

Strategic partners

Major IT Vendors

Quarterly Results



Change or Die!

Accounting period (¥ million)	Revenue	Operating profit	OPM
Apr-Jun 2013	4,160	219	5.3%
Jul-Sep 2013	4,313	135	3.1%
Oct-Dec 2013	4,535	200	4.4%
Jan-Mar 2014	4,569	180	4.0%
Apr-Jun 2014	4,502	210	4.7%
Jul-Sep 2014	4,596	201	4.4%
YoY	+6.6%	+49.1%	+1.3pp

Mar. 2015 Forecast



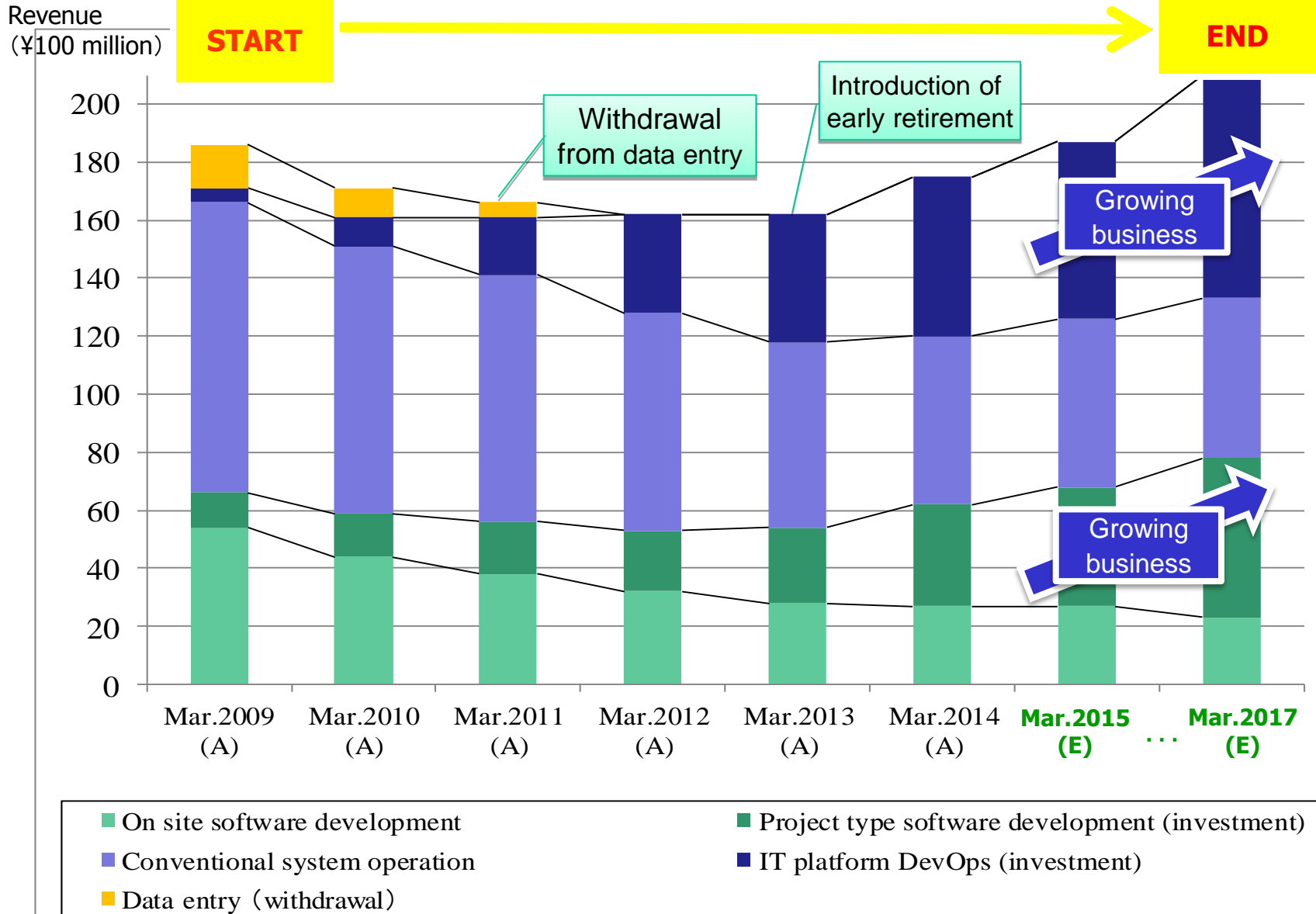
Change or Die!

(¥ million)	Mar. 2014 results	(% of revenue)	Mar. 2015 plan	(% of revenue)	YoY
Revenue	17,578	100.0	18,730	100.0	+6.5%
Operating Profit	735	4.2	940	5.0	+27.7%
Recurring Profit	765	4.4	940	5.0	+22.8%
Net Profit	372	2.1	540	2.9	+45.1%
EPS (¥)	52.42	-	75.33	-	+22.91
DPS (¥)	24.00	-	30.00	-	+6.00

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

Structural Reform

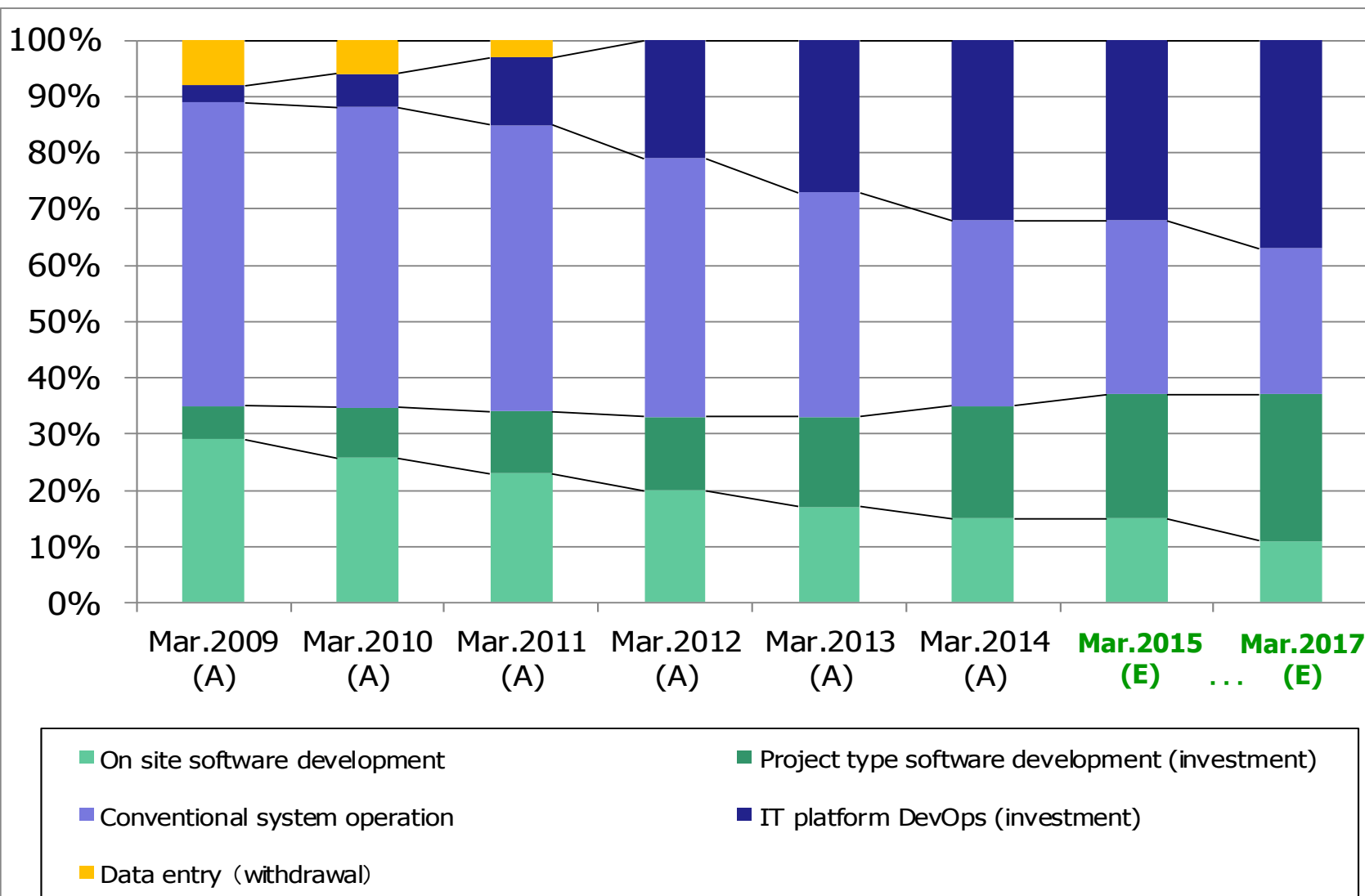
Change or Die!

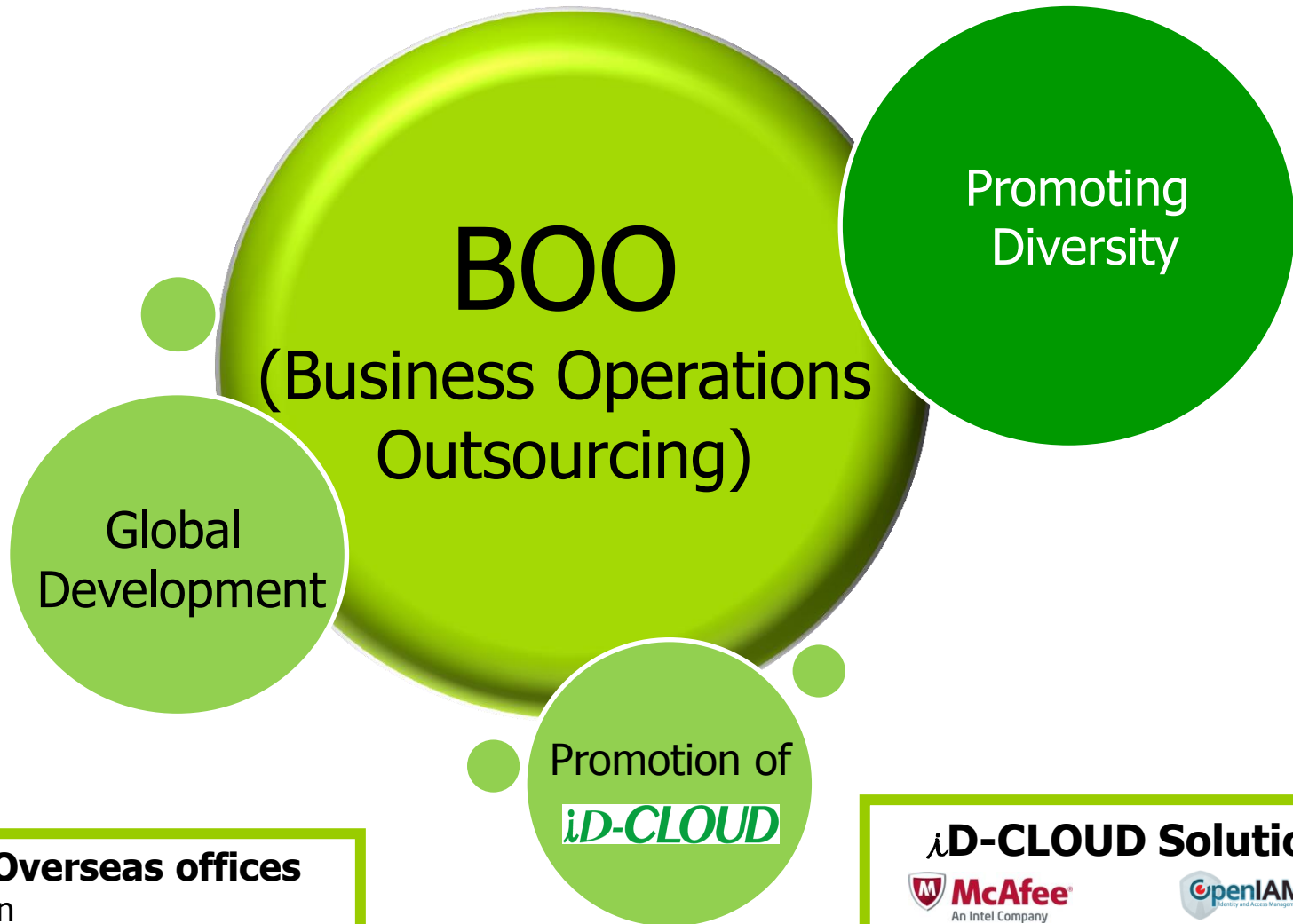


Structural Reform

Change or Die!

Revenue breakdown by business





ID's Overseas offices

- ID Wuhan
- ID Singapore
- ID America
- ID Yangon office

iD-CLOUD Solution



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.

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

* As of Mar. 31, 2014

Focus business resources on selected customers
"Stable growth"

▪ IT Vendor

Strategic partners

▪ Financial

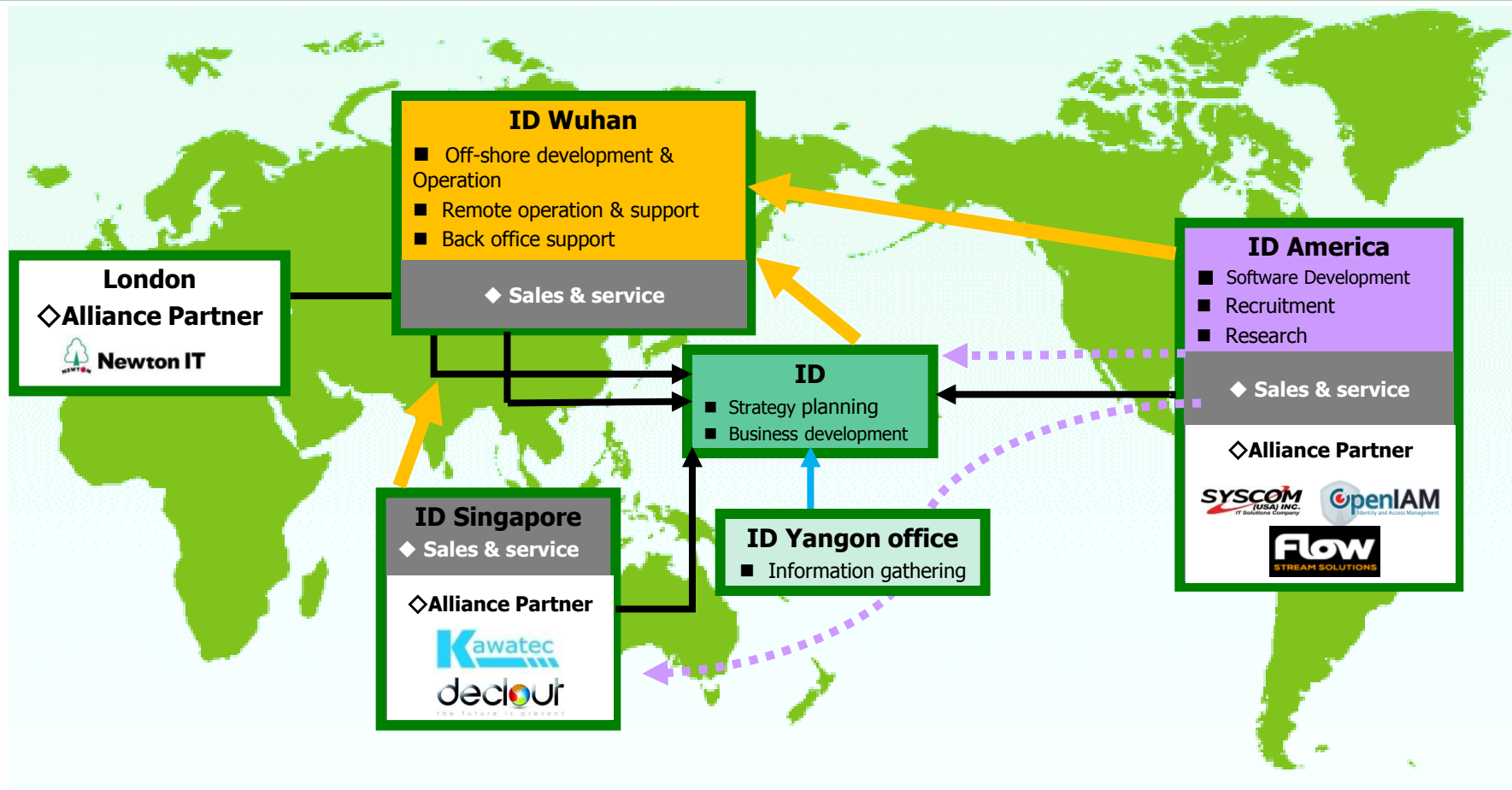
- Financial
- Transportation
- IT, Communication
- Utility

Major customers

Selected 14 customer groups out of 1,000 customers

Global Expansion

Change or Die!



Off-shore development/Operation/BPO



Recruitment/New contents supply



Customer referral (incl. non-Japanese)



Provision of information



Operation and monitoring in iD-CLOUD Operation Center

Operation

Implementation support



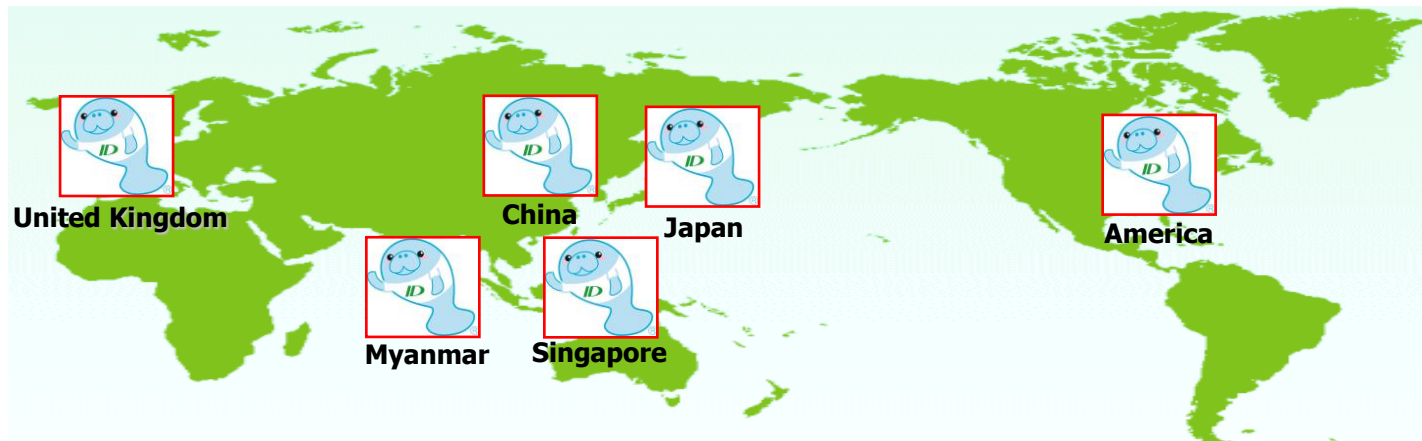
Application (SaaS)



OS/ Middleware (PaaS)



Hardware (IaaS)



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