



# Presentation Materials for the FY2017 Results Briefing Densan System Co., Ltd.

Tokyo Stock Exchange, First Section  
Nagoya Stock Exchange, First Section  
Securities Code: 3630

Forward-looking statements contained in this document are based on current estimates and projections and include potential risks and uncertainties.

Future results are therefore not guaranteed. Please note that actual results may differ from projections due to changes in the business environment and other factors.

Amounts are displayed rounded down to units of 100 million yen. Aggregate totals stated in charts may not tally with a result.

Percentages are displayed rounded to the second decimal point.

Y-o-y change in parentheses

## Sales

**33,545 million yen**

(Up 10.5%)

## Operating income

**1,297 million yen**

(Up 15.3%)

**Net income** attributable to  
shareholders of the parent company

**821 million yen**

(Up 12.2%)

## Business results

- ✓ Sales and earnings up y-o-y
- ✓ Sales miss plan by a slim margin but income overshoots plan by 10%, and especially net income overshoots by 20%
- ✓ Focus on solutions to various issues

(Unit: 100 million yen)

### ✓ Sales almost to plan, income ahead of plan

	FY 12/2016	FY 12/2017	Y-o-y (%)	Plan	Attainment ratio
Sales	30,369	33,545	10.5%	33,700	99.5%
Operating income	1,125	1,297	15.3%	1,170	110.9%
Income ratio	3.7%	3.9%	Up 0.2%	3.5%	
Ordinary income	1,157	1,336	15.5%	1,180	113.3%
Income ratio	3.8%	4.0%	Up 0.2%	3.5%	
Net income	732	821	12.2%	675	121.6%

# Transition in Quarterly Business Results

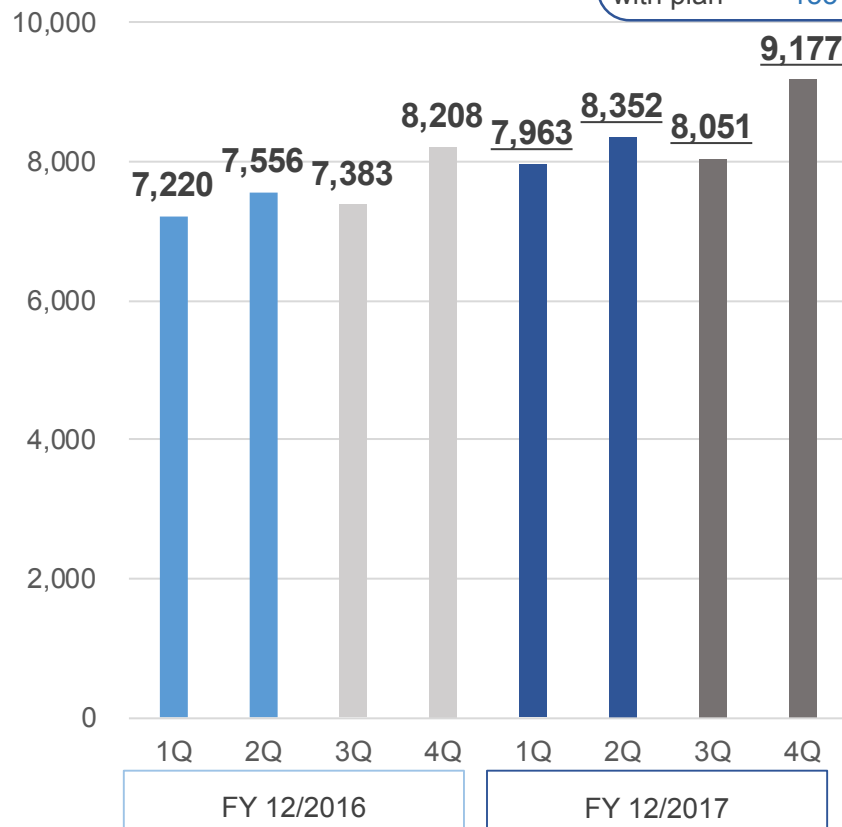


(Unit: 100 million yen)

## ✓ 4Q posted income growth as planned

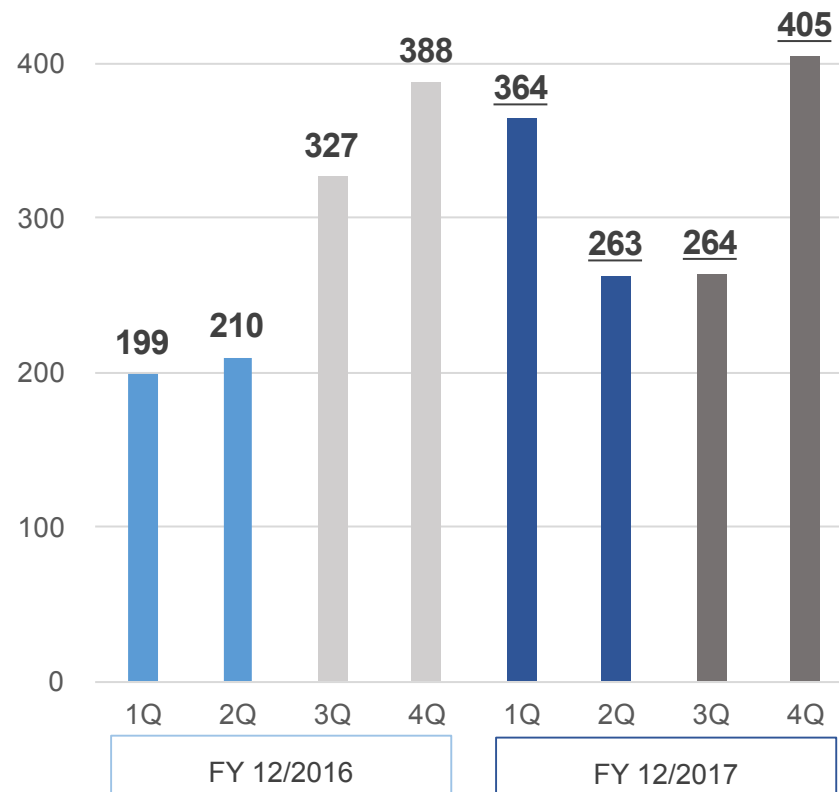
### Sales

FY 12/2017	33,545
Plan	33,700
Compared with plan	-155



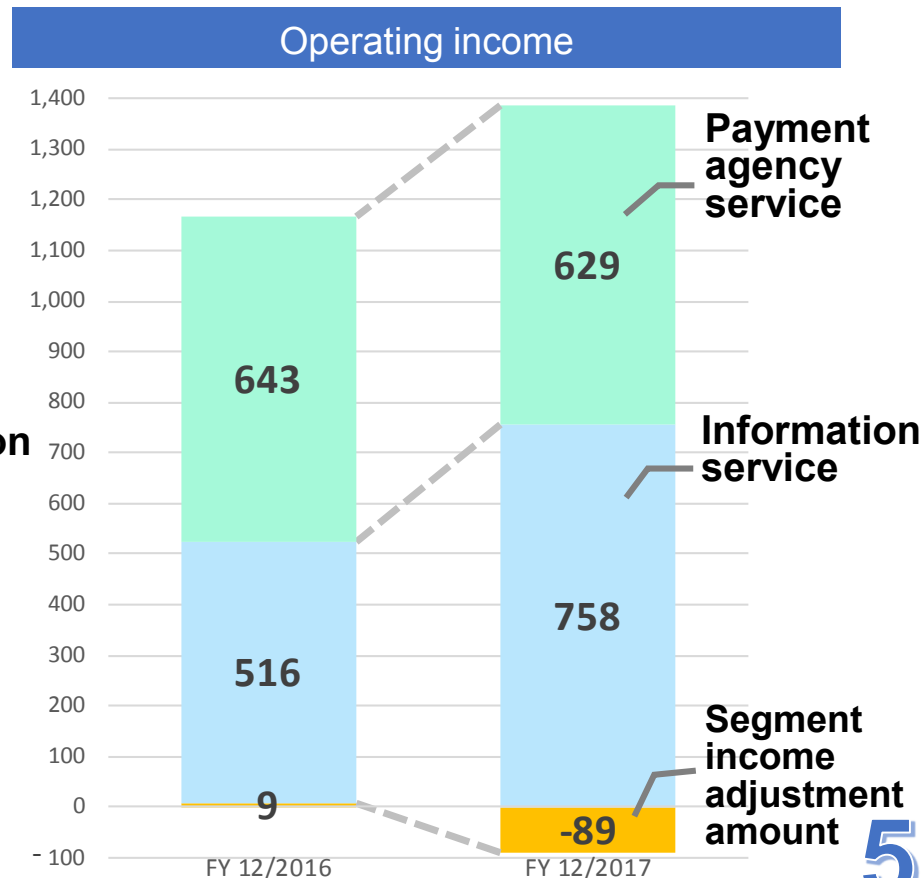
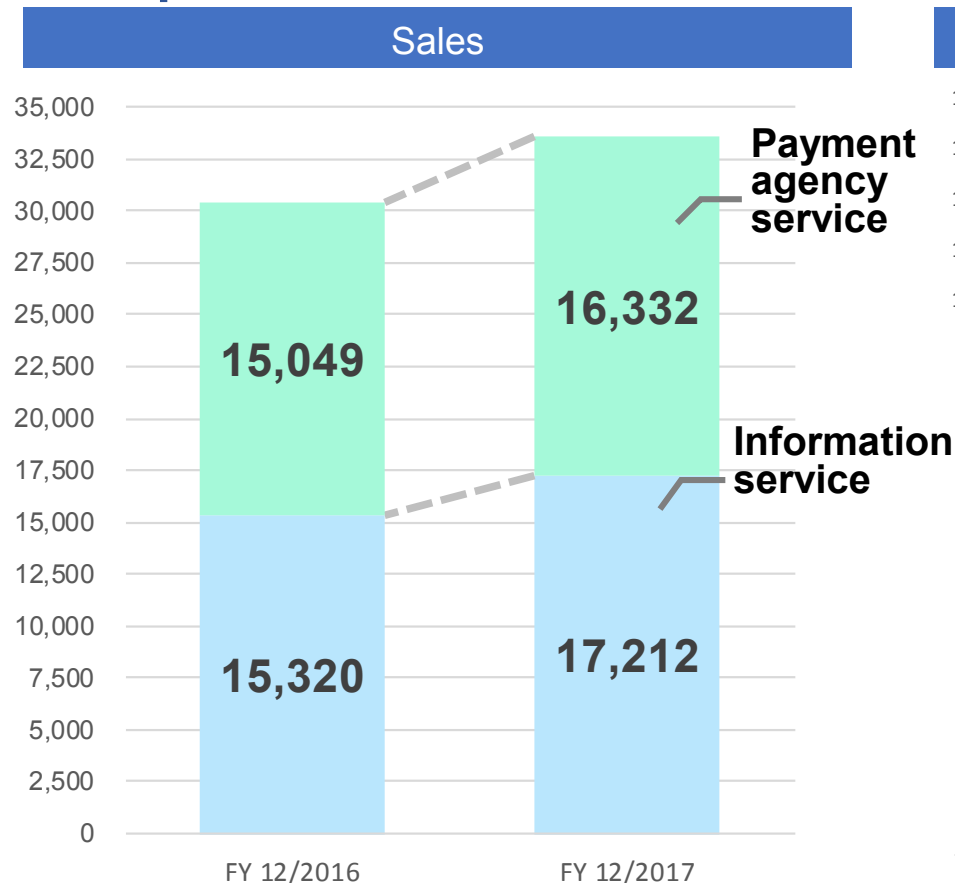
### Operating income

FY 12/2017	1,297
Plan	1,170
Compared with plan	127



(Unit: 100 million yen)

- ✓ Earnings restored at information service (due to the absence of significant loss-making projects)
- ✓ Earnings decline at payment agency service mainly due to platform transition costs



✓ Information services overall missed sales target but contributed to income  
Higher income from growing cloud services and enhanced margins at matured services

Information processing services down y-o-y due to processing for large gas stations falling away

	FY 12/2016	FY 12/2017	Y-o-y		Plan	Attainment ratio
			Amount	Ratio		
Sales	15,320	17,212	1,892	12.4%	17,500	98.4%
SI and software development	9,040	10,491	1,451	16.1%	11,225	93.5%
Information processing	5,034	5,004	-29	-0.6%	5,092	98.3%
Merchandise sales	1,245	1,716	471	37.8%	1,182	145.2%
Operating income	516	758	242	46.9%	620	122.4%
Operating income ratio	3.4%	4.4%	Up 1.0%		3.5%	

## SI and software development

✓ **Data center business makes favorable turnaround**

✓ **Software development commissions doing well**

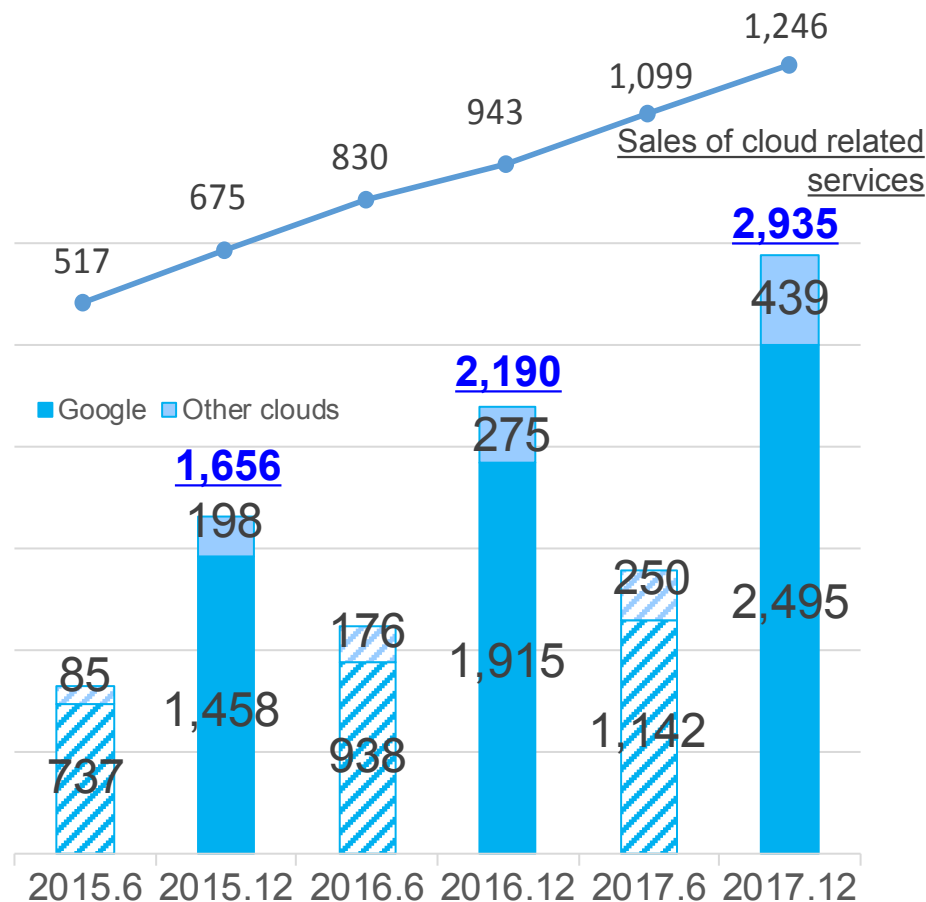
**Number of Google (G Suite) adopter companies**

**: Exceeded 1,200 projects**

**Sales of cloud related services**

**: Up 34.0%**

Number of Google (G Suite) adopter companies



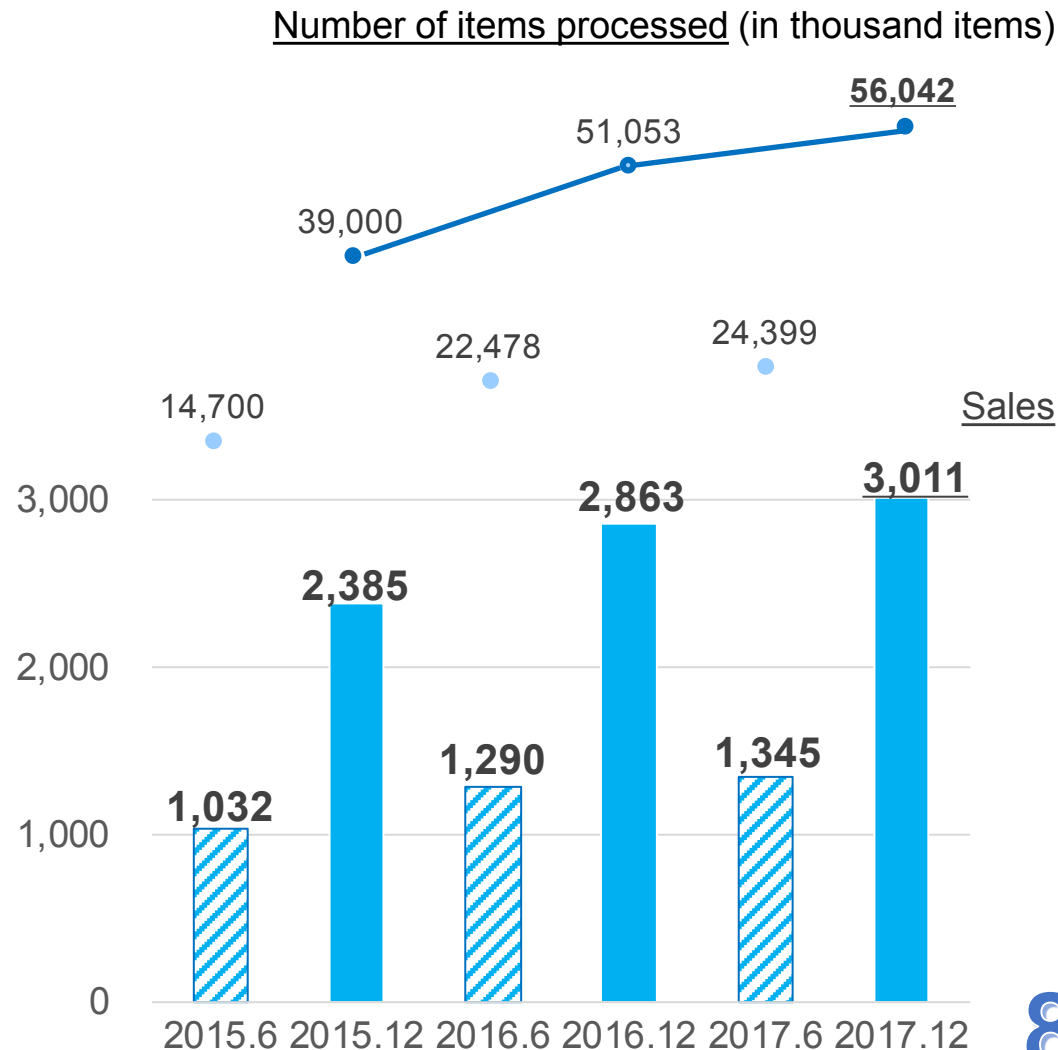
Component	10.4%	12.0%	15.8%	12.6%	18.0%	15.1%
ratio	89.6%	88.0%	84.2%	87.4%	82.0%	84.9%

(Unit: 100 million yen)

## BPO business

✓ Start-up of new services

✓ BPO center construction upcoming





## FY2017 Payment Agency Services Summary

(Unit: 100 million yen)

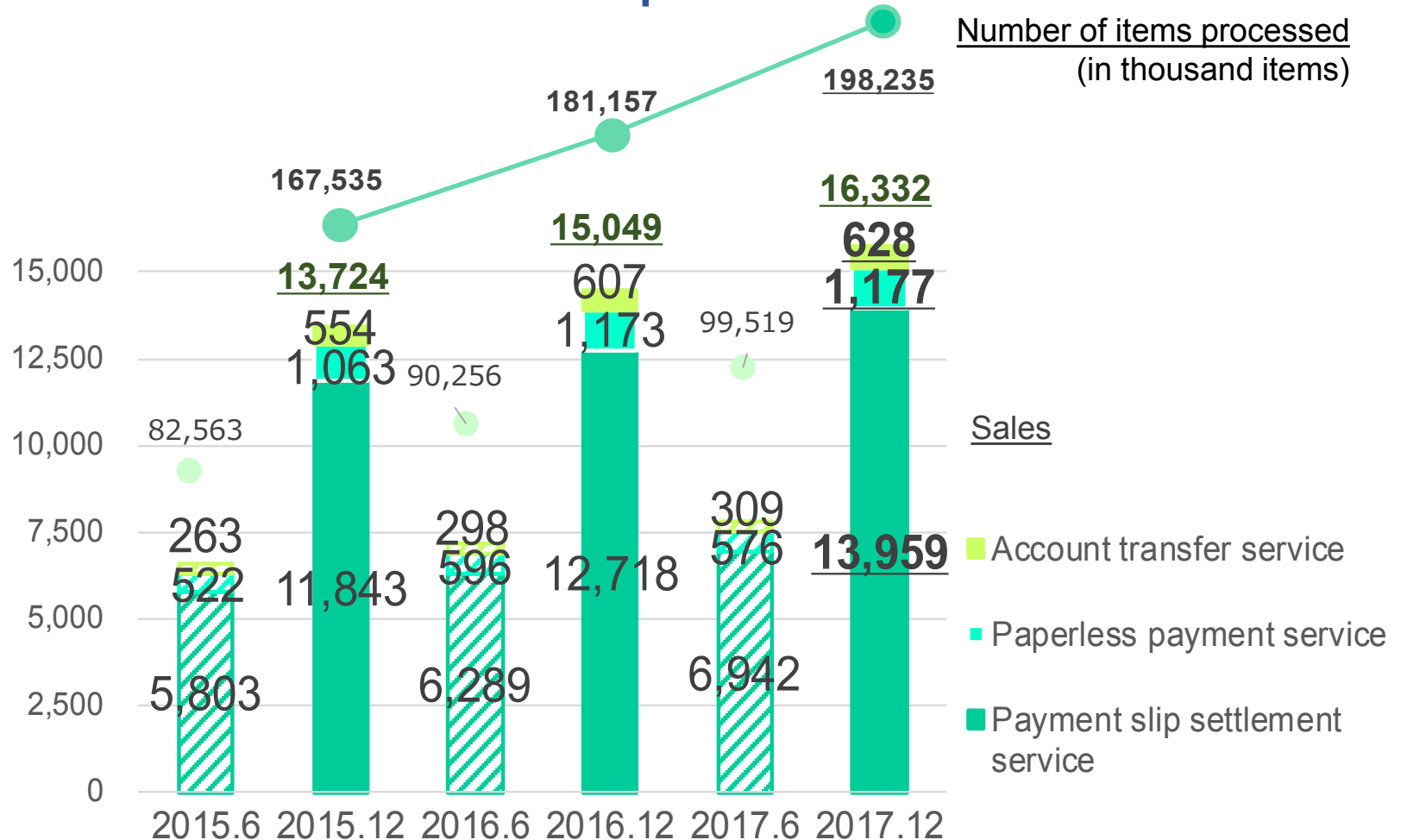
✓ **Payment agency services overall post y-o-y income drop**  
**Income ahead of plan due to overseas cost; y-o-y drop due to platform transition cost**

	FY 12/2016	FY 12/2017	Y-o-y		Plan	Attainment ratio
			Amount	Ratio		
Sales	15,049	16,332	1,282	8.5%	16,200	100.8%
Payment service	14,499	15,766	1266	8.7%	15,577	101.2%
Payment slip settlement service	12,718	13,959	1240	9.8%	13,734	101.6%
Paperless payment service	1,173	1,177	4	0.4%	1,194	98.7%
Account transfer service	607	628	21	3.5%	648	97.1%
Payment innovation	550	566	16	3.0%	622	91.1%
Remittance service	320	311	-8	-2.7%	-	-
Counter payment collection services	230	254	24	10.8%	-	-
Operating income	643	629	-14	-2.2%	550	114.4%
Operating income ratio	4.3%	3.9%	Down 0.42%		3.4%	-

## Payment service

✓ Sales and number of processed items favorable

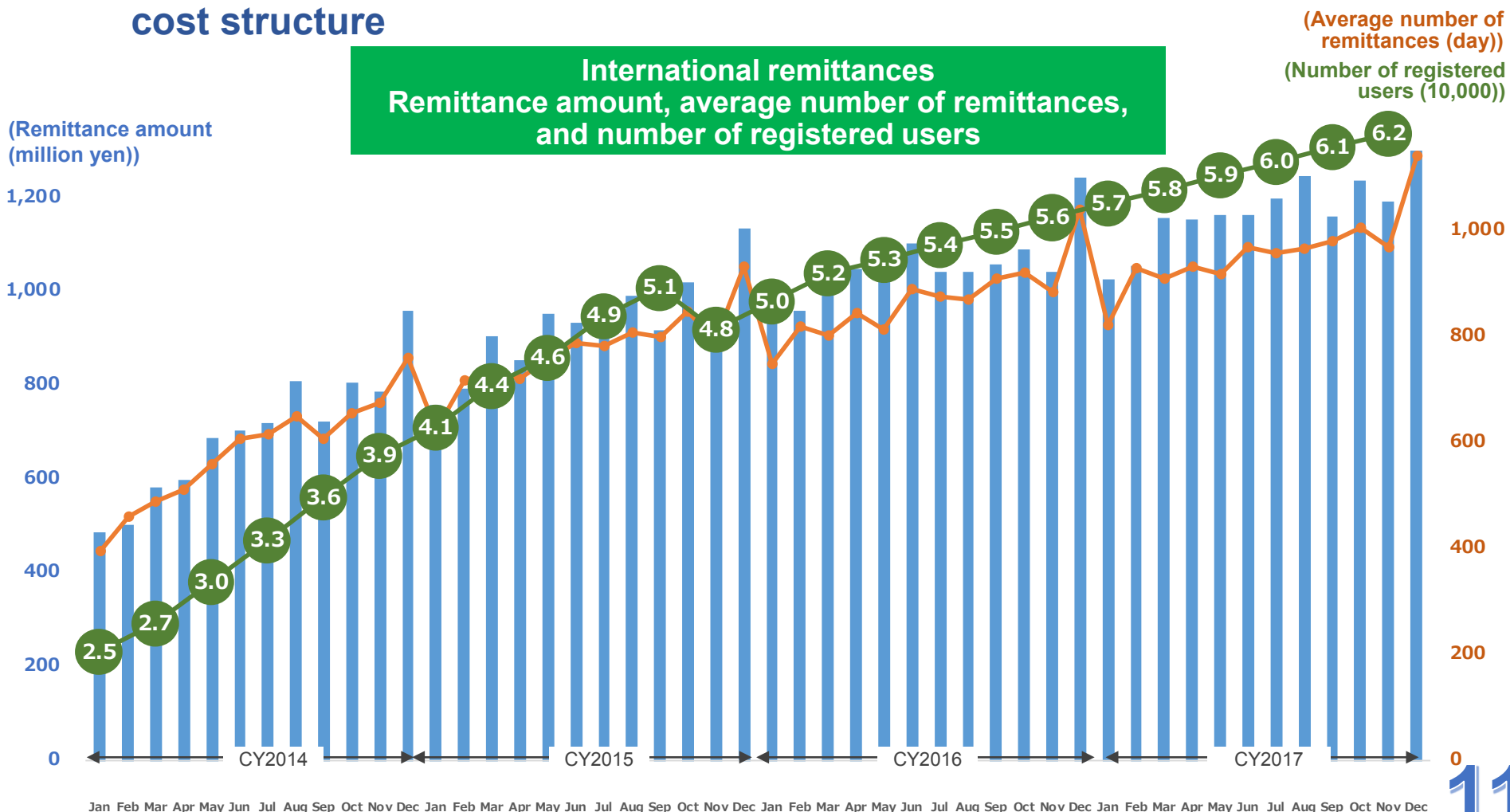
Number of items processed  
(in thousand items)



Component ratio	4.0%	4.1%	4.1%	4.2%	3.9%	4.0%
	7.9%	7.9%	8.3%	8.1%	7.4%	7.5%
	88.1%	88.0%	87.6%	87.7%	88.7%	88.5%

## Status of payment innovation

- ✓ Counter payment service - 2,300 adopter stores
- ✓ International remittances - Earnings improvement due to changed cost structure



(Unit: 100 million yen)

- ✓ Reason for income growth falling behind sales expansion  
Proactive M&A, acquisition of PCIDSS, and payment agency service transitioning to secondary platform and other miscellaneous costs are expected to weigh down income

	FY 12/2017			FY 12/2018			Full year	
	1H	2H	Full year	1H	2H	Full year	Change in amount	Y-o-y
Sales	16,315	17,229	33,545	17,990	18,509	36,500	2,954	8.8%
Operating income	628	669	1,297	523	786	1,310	12	0.9%
Income ratio	3.9%	4.3%	3.9%	2.9%	4.3%	3.6%		
Ordinary income	654	682	1,336	550	794	1,345	8	0.6%
Income ratio	4.0%	4.0%	4.0%	3.1%	4.3%	3.7%		
Net income	416	405	821	343	499	843	21	2.7%
Segment income adjustment amount	-18	-71	-89	16	-106	-90		

✓ **SI and software development****Software development to remain favorable****Google related business to grow strongly**✓ **Information processing****Many new BPO projects, aiming to acquire orders**

	FY 12/2017			FY 12/2018 projection			Full year	
	1H	2H	Full year	1H	2H	Full year	Change in amount	Y-o-y
Sales	8,196	9,016	17,212	9,192	9,695	18,888	1,675	9.7%
SI and software development	4,990	5,501	10,491	6,005	5,907	11,913	1,421	13.5%
Information processing	2,331	2,672	5,004	2,399	3,209	5,608	603	12.1%
Merchandise sales	874	841	1,716	786	579	1,366	-350	-20.4%
Operating income	316	441	758	216	592	809	50	6.6%
Income ratio	3.9%	4.9%	4.4%	2.4%	6.1%	4.3%		

(Unit: 100 million yen)

- ✓ Transition to secondary platform (final) in order to establish the perfect system
- ✓ Strengthening the planning division, pursuing new services

	FY 12/2017			FY 12/2018 projection			Full year	
	1H	2H	Full year	1H	2H	Full year	Change in amount	Y-o-y
Sales	8,119	8,212	16,332	8,797	8,814	17,612	1,279	7.8%
Payment service	7,829	7,936	15,766	8,502	8,466	16,969	1,203	7.6%
Payment slip settlement service	6,942	7,016	13,959	7,604	7,566	15,170	1,211	8.7%
Paperless payment service	576	601	1,177	578	577	1,155	-22	-1.9%
Account transfer service	309	319	628	320	322	648	19	3.0%
Payment innovation	290	276	566	294	347	642	75	13.4%
Operating income	330	299	629	290	300	591	-38	-6.1%
Income ratio	4.1%	3.6%	3.9%	3.3%	3.4%	3.4%		

# Driving structural transformation

## Key measures

1. Overseas business development
2. Transition from flow business to stock business
3. Proactive M&A

(Unit: 100 million yen)

✓ **Driving structural transformation**

	FY 12/2017 Actual	FY 12/2018 Plan	FY 12/2019 Plan	FY 12/2020 Plan	Growth rate y-o-y Average
Sales	33,545	36,500	40,000	44,000	9.5%
Information service	17,212	18,888	20,865	23,276	
Payment agency service	16,332	17,612	19,135	20,724	
Operating income	1,297	1,310	1,500	1,700	9.6%
Information service	758	809	881	995	
Payment agency service	629	591	699	785	
Income ratio	3.9%	3.6%	3.8%	3.9%	
Information service	4.4%	4.3%	4.2%	4.3%	
Payment agency service	3.9%	3.4%	3.7%	3.8%	
Ordinary income	1,336	1,345	1,530	1,730	9.2%
Income ratio	4.0%	3.7%	3.8%	3.9%	
Net income	821	843	961	1,092	10.1%



## 3 fields, 7 businesses - Achieve over 80% stock-type business

### ● Payment field

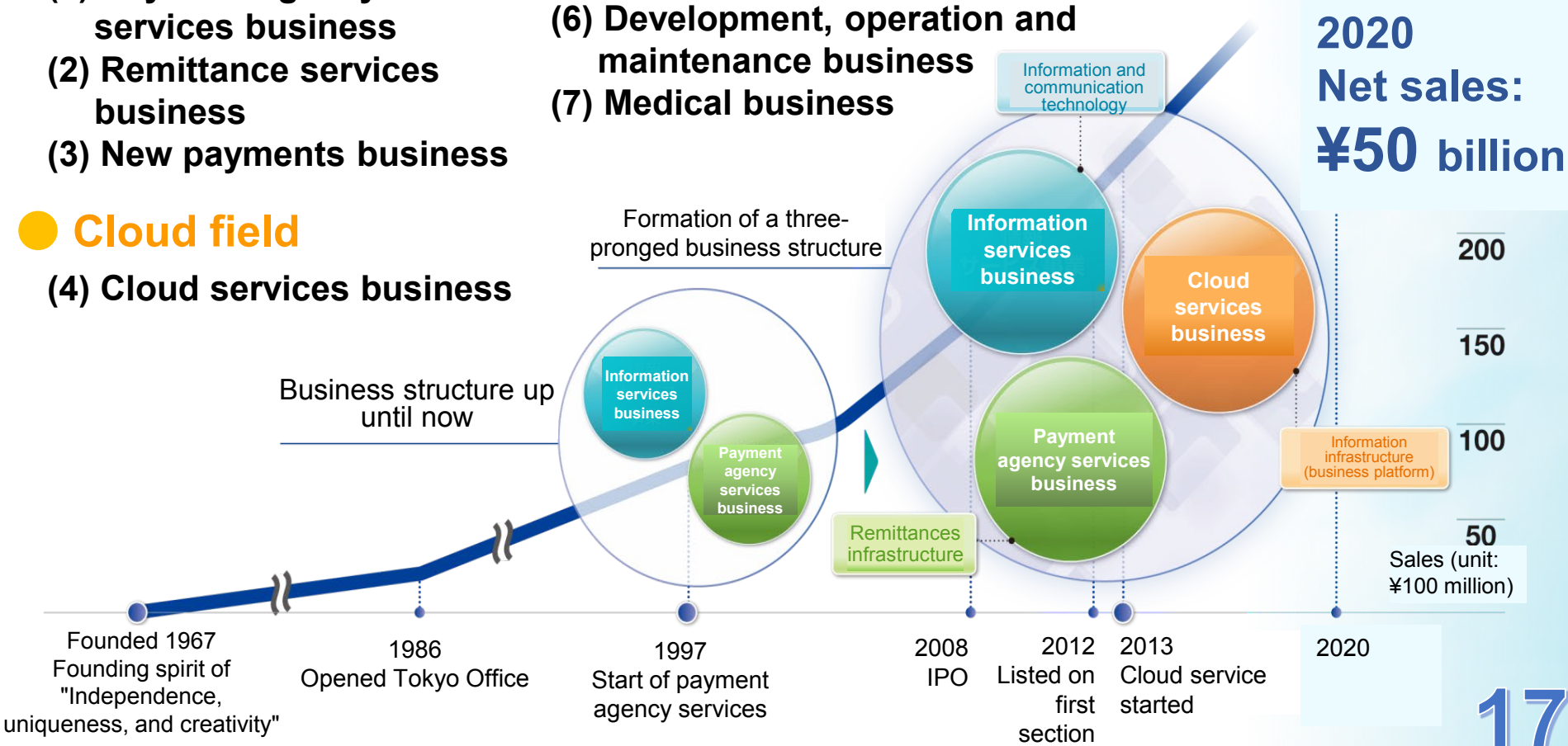
- (1) Payment agency services business
- (2) Remittance services business
- (3) New payments business

### ● Cloud field

- (4) Cloud services business

### ● Business processing field

- (5) BPO business
- (6) Development, operation and maintenance business
- (7) Medical business



## Overseas business development

- ✓ With Philippines-based payment agency service company CIS Bayad Center, Inc.

Mar. 16: Widening of operational cooperation to capital participation

Oct. 30: Conclusion of a business agreement  
Signing ceremony attended by President Duterte involving 18 parties (at the Imperial Hotel)



- ✓ February 2018: Start of payment agency service system at Philippines-based convenience store

At MINISTOP start of utilities charges payment collection in February



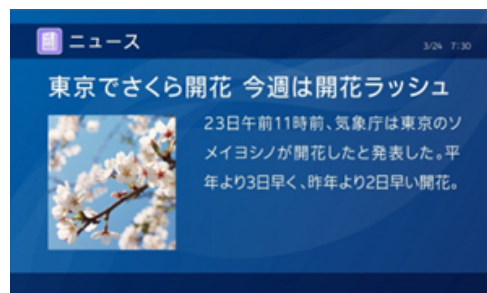
## Transition from flow business to stock business

✓ Digital signage Toei Bus, Tokyo Metro  
(Cloud-type digital signage system)

Toei Bus



Tokyo Metro



## Transition from flow business to stock business

### ✓ Japan Post Mimamori Service

**Japan Post Mimamori Service (Mimamori House Call Service and Mimamori Phone Service)**

**Aug. 7: Start of application acceptance**

**Oct. 1: Start of service provision**

**Clerical center operations**

**Back office operations / Call center operations /**

**Invoicing and payment receipt management operations**

## Proactive M&A

✓ Synergy effects with GOGA and GOGA Data Analysis

**Geared at One Google service companies**

**Considering data analysis services using Google Cloud Platform**



## Oct. 2: Relocation and expansion of Nagoya office

Juroku Bank Nagoya Building, 12th floor  
Floor area increased 50% for business expansion in Aichi Prefecture



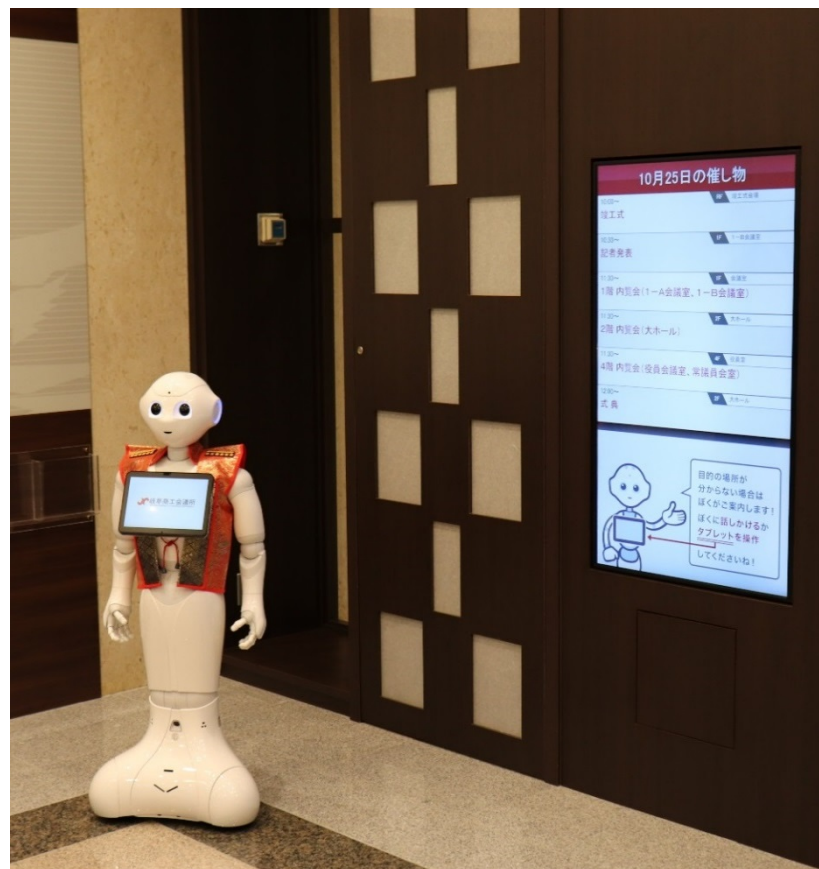
## Oct. 23: Commemorative seminar

Capital and business partnership company  
Works Applications Co., Ltd.  
Speech by CEO Masayuki



## Oct. 25: The Gifu Chamber of Commerce and Industry

Development of Pepper event information application



## A string of new payment agency services!

### June 27: New payment service provision using SMS



### July 18: Cooperative agreement with PayB smartphone payment app



### Sep. 7: Easy payment at convenience stores with electronic barcode payment app



## Facility expansion in Tono, Gifu Prefecture in 2018!

- ✓ March: Opening of Advanced Technology Development Center
- ✓ November: Tono BPO Center scheduled to start up
- ✓ Data center facility expansion under consideration

Planned location of the data center expansion

Data center and Advanced Technology Development Center

BPO Center

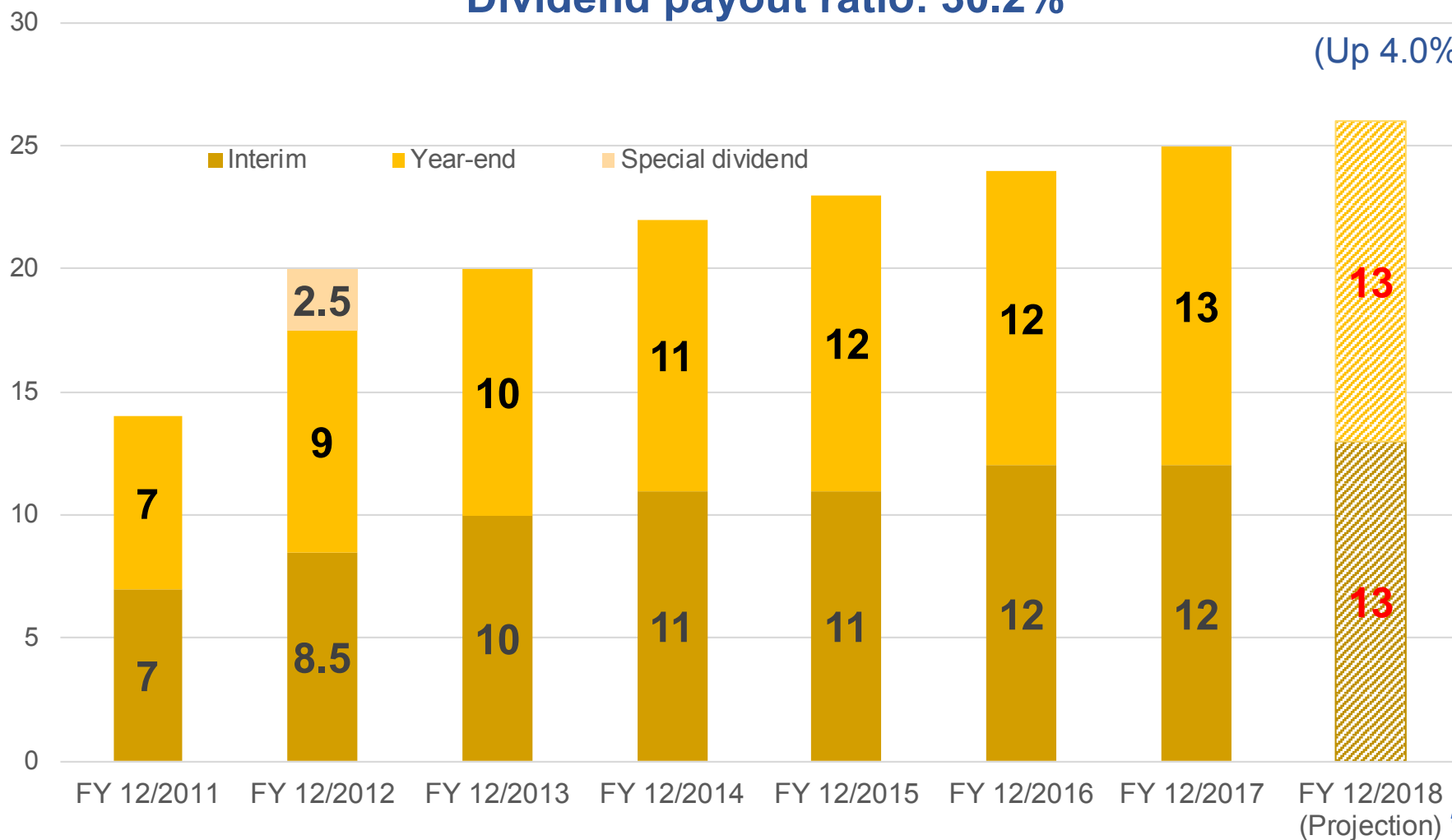
Yakumo Shrine



✓ Annual ordinary dividend per-share: ¥26.0

Dividend payout ratio: 30.2%

(Up 4.0%)



Thank you for your attention.

