



# Presentation Materials for the FY2018 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

<b>Sales</b> <b>36,576 million yen</b> (Up 9.0%)	<b>Operating income</b> <b>1,668 million yen</b> (Up 28.6%)	<b>Net income</b> attributable to shareholders of the parent company <b>1,020 million yen</b> (Up 24.2%)
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### Business results

- ✓ Sales and earnings up y-o-y
- ✓ Net income exceeded 1,000 million yen

(Unit: 100 million yen)

### ✓ Sales according to plan, income more than 20% above plan

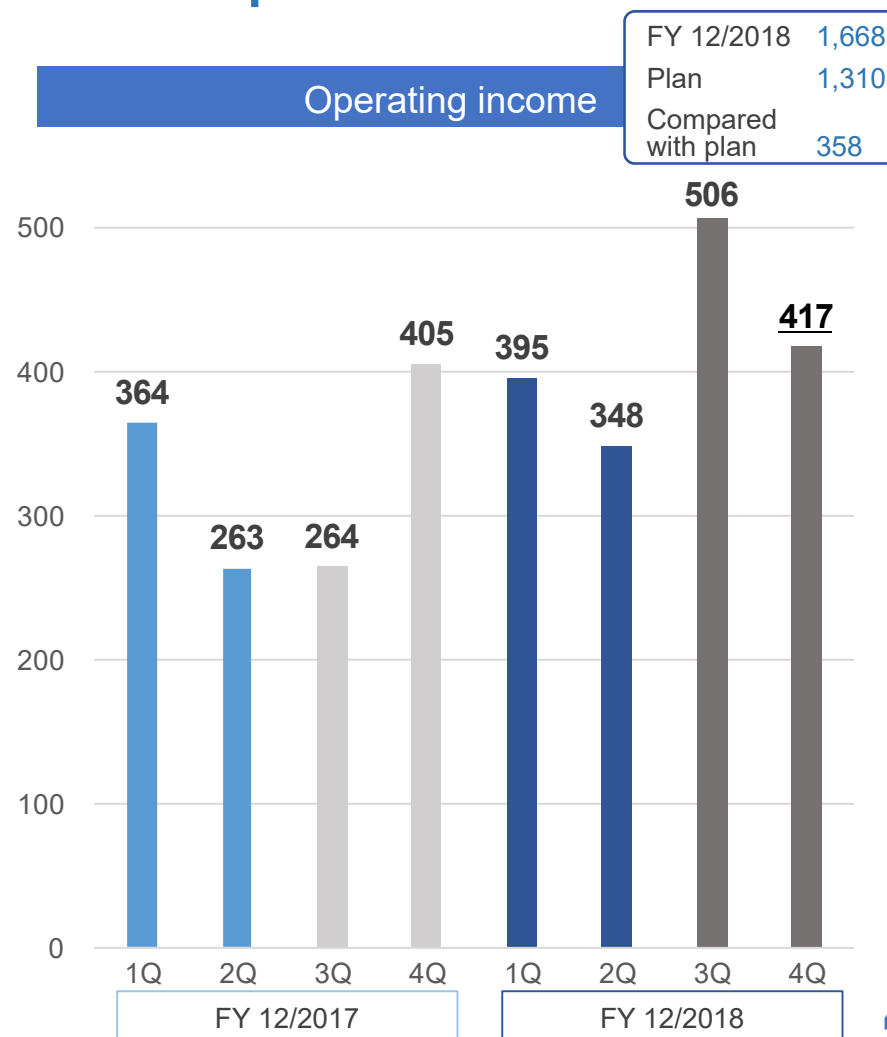
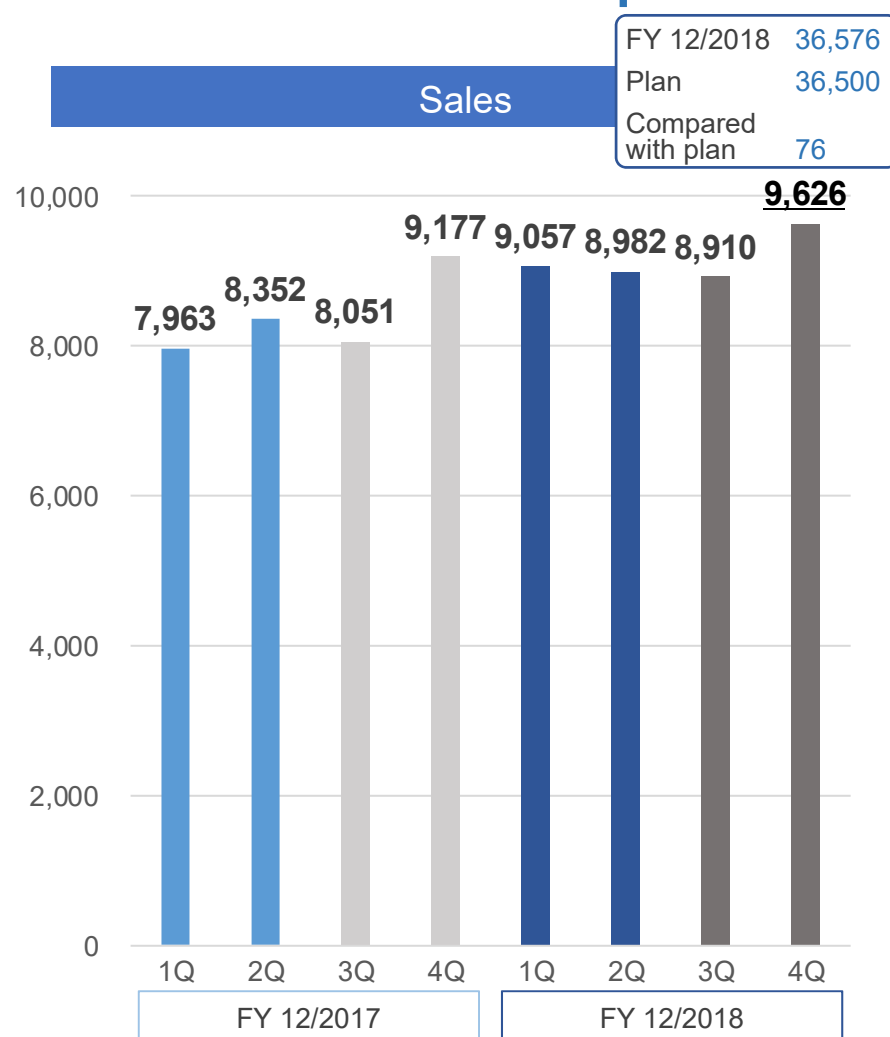
	FY 12/2017	FY 12/2018	Y-o-y (%)	Plan	Attainment ratio
Sales	33,545	36,576	9.0%	36,500	100.2%
Operating income	1,297	1,668	28.6%	1,310	127.4%
Income ratio	3.9%	4.6%	Up 0.7%	3.6%	
Ordinary income	1,336	1,720	28.7%	1,345	127.9%
Income ratio	4.0%	4.7%	Up 0.7%	3.7%	
Net income	821	1,020	24.2%	843	121.0%

# FY2018 Transition in Quarterly Business Results



(Unit: 100 million yen)

✓ One reason for jump in 3Q income was large amount of software development acceptance inspections

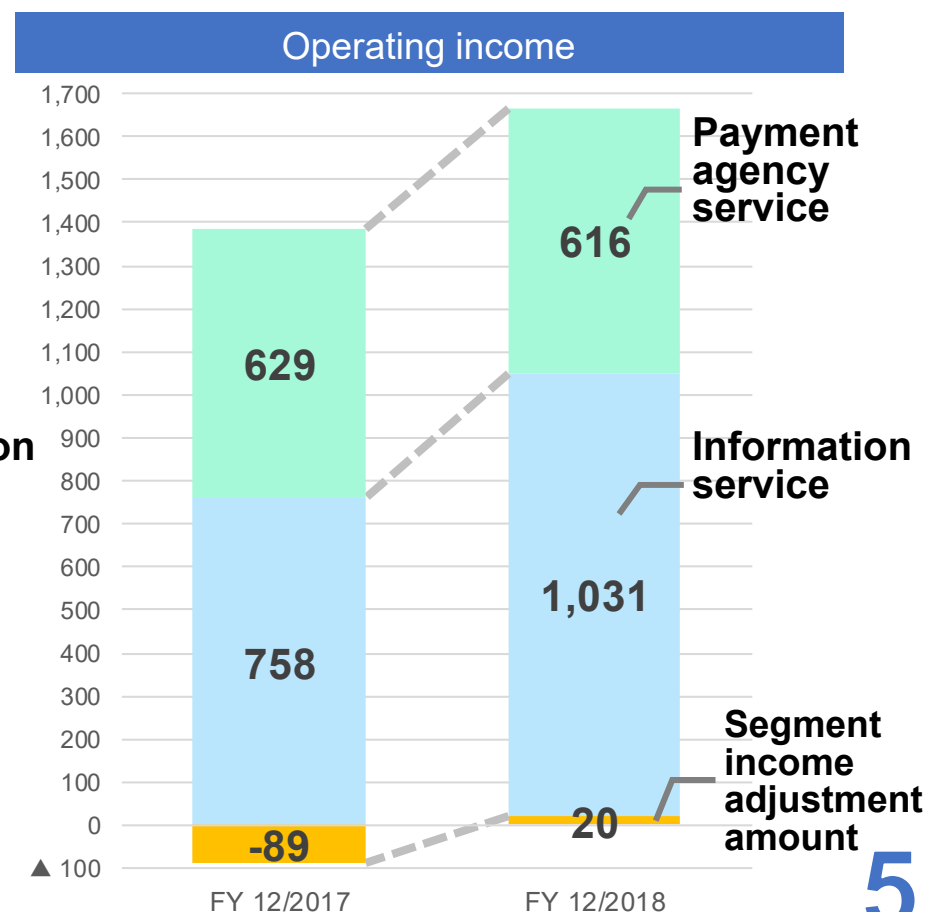
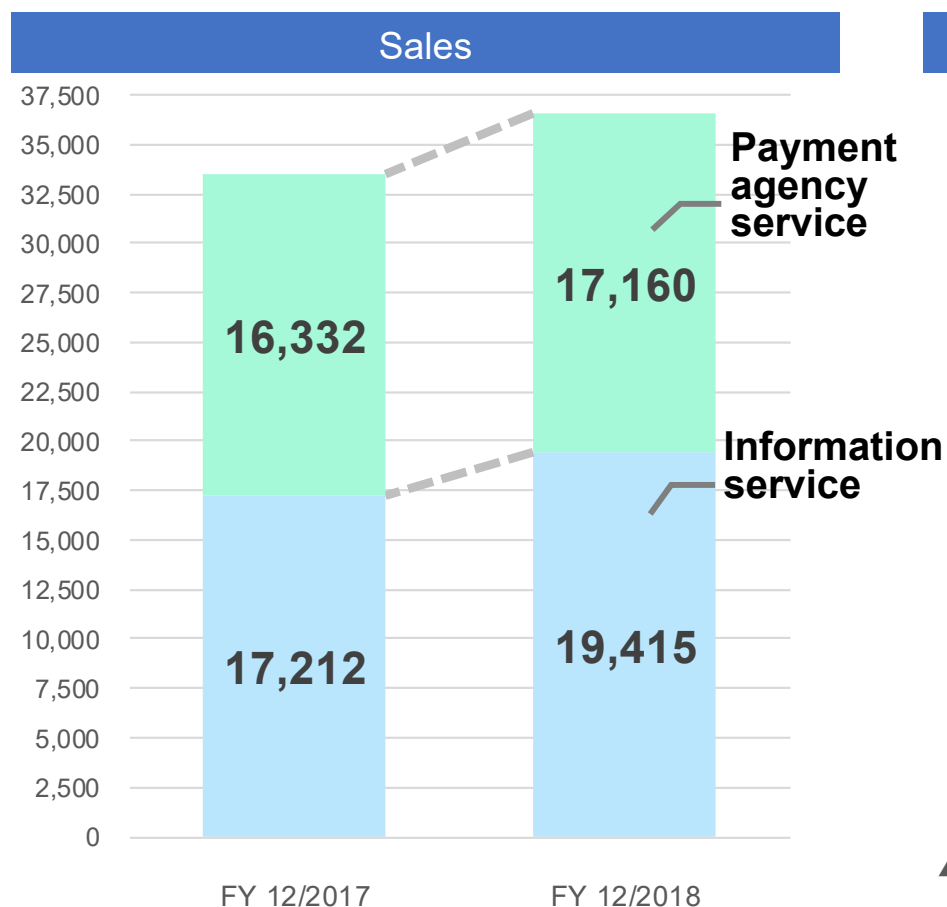


## FY2018 By Segment



(Unit: 100 million yen)

- ✓ Information services business sales and income grew significantly
- ✓ Earnings decline in payment agency services business mainly due to conclusion of high margin projects in remittance operations



(Unit: 100 million yen)

- ✓ Sales and income up y-o-y and over plan in information services business  
Income growth particularly high, including nearly one percentage point improvement in margin

	FY 12/2017	FY 12/2018	Y-o-y		Plan	Attainment ratio
			Amount	Ratio		
Sales	17,212	19,415	2,203	12.8%	18,888	102.8%
SI and software development	10,491	11,548	1,056	10.1%	11,913	96.9%
Information processing	5,004	5,705	700	14.0%	5,608	101.7%
Merchandise sales	1,716	2,161	445	26.0%	1,366	158.2%
Operating income	758	1,031	273	36.0%	809	127.5%
Operating income ratio	4.4%	5.3%	Up 0.9%		4.3%	

## SI and software development

- ✓ Development projects going well in favorable environment
- ✓ Used car auction venue share over 30%

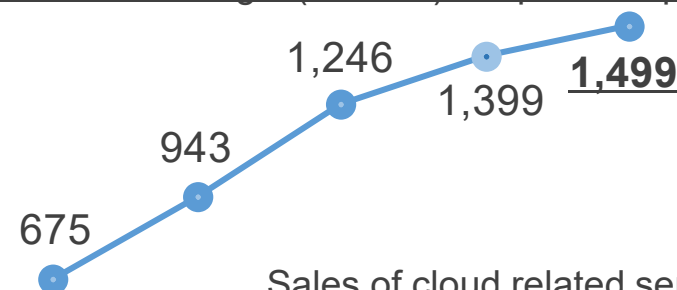
**Number of Google (G Suite) adopter companies**

**: Approx. 1,500 projects**

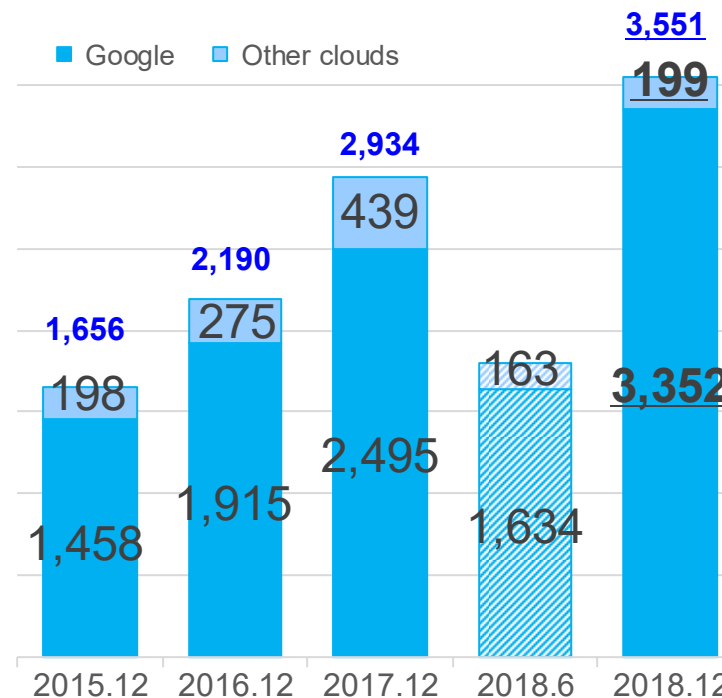
**Sales of cloud related services**

**: Up 21.0%**

Number of Google (G Suite) adopter companies



Sales of cloud related services

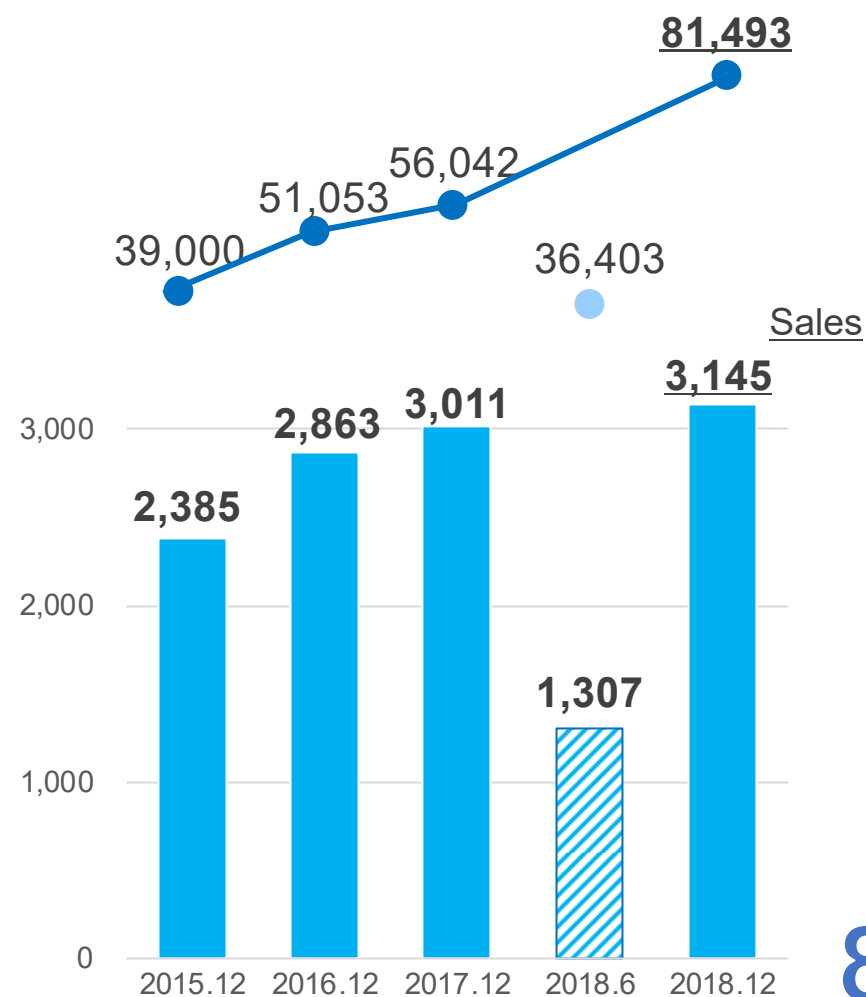


## BPO business

✓ BPO Center completed

✓ Proactive introduction of RPA

Number of items processed (in thousand items)





## FY2018 Payment Agency Services Summary

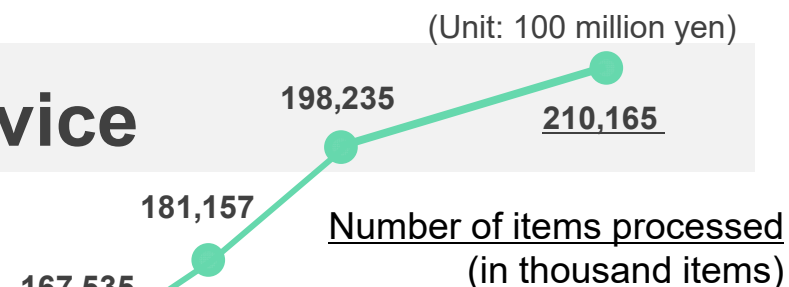


(Unit: 100 million yen)

✓ Sales missed target, and income was down y-o-y in payment agency services business

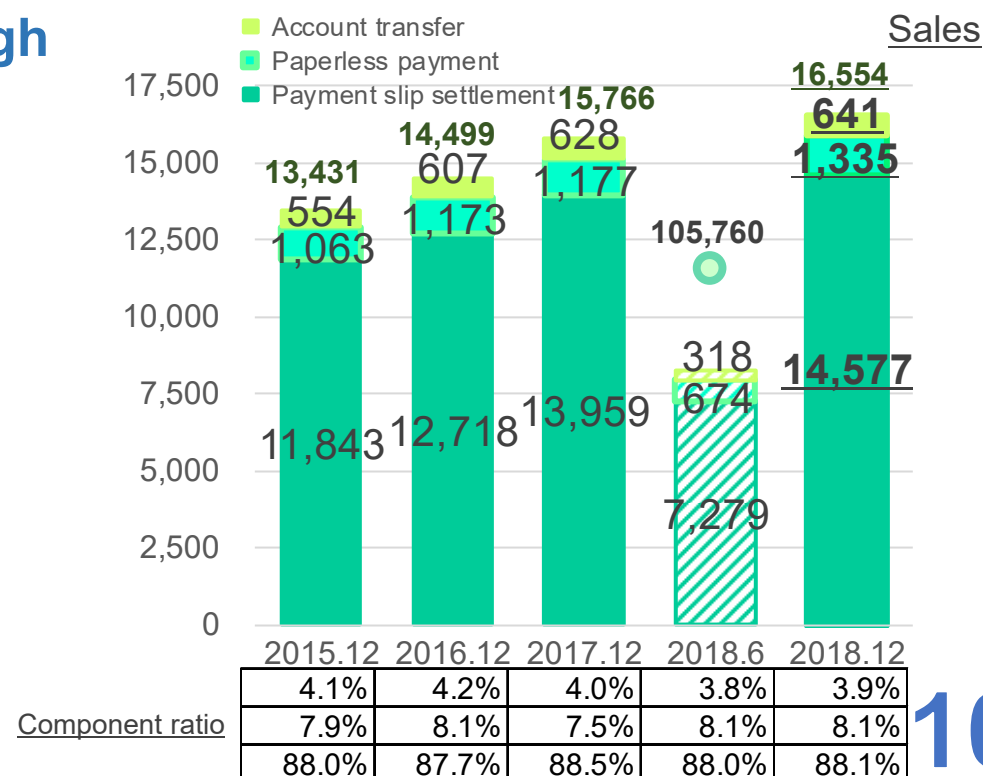
	FY 12/2017	FY 12/2018	Y-o-y		Plan	Attainment ratio
			Amount	Ratio		
Sales	16,332	17,160	828	5.1%	17,612	97.4%
Payment service	15,766	16,554	788	5.0%	16,962	97.6%
Payment slip settlement service	13,959	14,577	618	4.4%	15,163	96.1%
Paperless payment service	1,177	1,335	157	13.3%	1,155	115.5%
Account transfer service	628	641	12	2.1%	643	99.8%
Payment innovation	566	606	40	7.1%	642	94.4%
Remittance service	311	289	-22	-7.1%	—	—
Counter payment collection services	254	317	62	24.5%	—	—
Operating income	629	616	-12	-2.1%	591	104.3%
Operating income ratio	3.9%	3.6%	Down 0.26%		3.4%	—

## Payment service



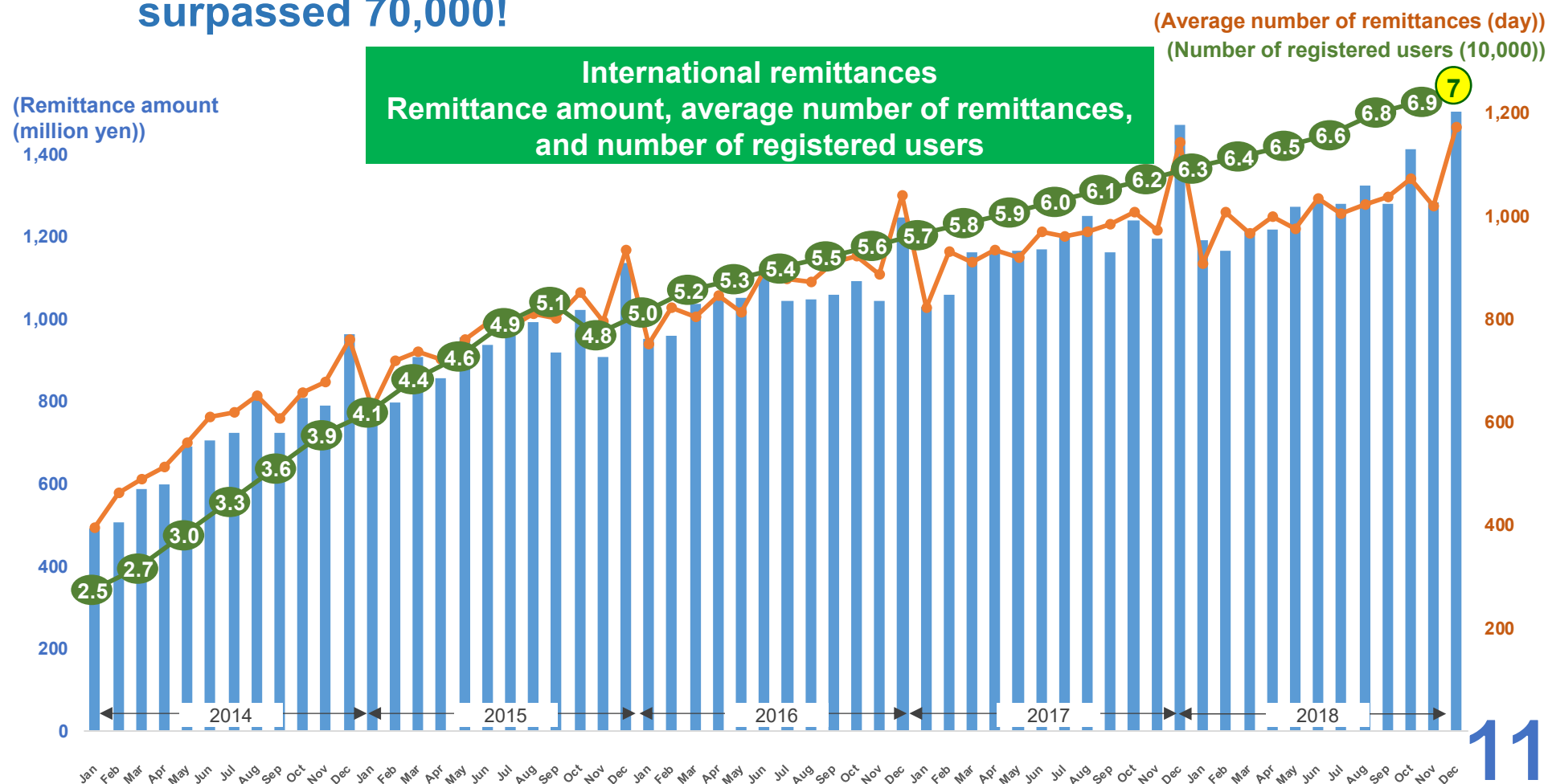
✓ Platform transition completed

✓ Pursued convenience through support for various smartphones



## Status of payment innovation

- ✓ Counter payment service - 3,504 adopter stores (+1,201)
- ✓ Number of registered users of international remittance service surpassed 70,000!



## ✓ Aim for sales of 40,000 million yen by organic growth

	FY 12/2018			FY 12/2019 projection			Full year	
	1H	2H	Full year	1H	2H	Full year	Change in amount	Y-o-y
Sales	18,039	18,536	36,576	19,731	20,269	40,000	3,424	9.4%
Operating income	744	924	1,668	803	1,007	1,810	141	8.5%
Income ratio	4.1%	5.0%	4.6%	4.1%	5.0%	4.5%		
Ordinary income	785	935	1,720	834	1,016	1,850	129	7.5%
Income ratio	4.4%	5.0%	4.7%	4.2%	5.0%	4.6%		
Net income	520	500	1,020	548	681	1,228	208	20.4%

(Unit: 100 million yen)

- ✓ **SI and software development expected to continue performing well, planning for high growth**
- ✓ **Increase income in information processing with greater efficiency from RPA**

	FY 12/2018			FY 12/2019 projection			Full year	
	1H	2H	Full year	1H	2H	Full year	Change in amount	Y-o-y
Sales	9,476	9,939	19,415	10,542	11,065	21,607	2,191	11.3%
SI and software development	5,541	6,006	11,548	7,138	7,354	14,492	2,943	25.5%
Information processing	2,597	3,107	5,705	2,650	3,134	5,783	78	1.4%
Merchandise sales	1,336	824	2,161	755	577	1,332	-830	-38.4%
Operating income	374	656	1,031	519	651	1,170	138	13.4%
Income ratio	4.0%	6.6%	5.3%	4.9%	5.9%	5.4%		

## FY2018 **Payment Agency Services** Projection



(Unit: 100 million yen)

✓ Aim to improve margin this year after last year's bottoming out

	FY 12/2018			FY 12/2019 projection			Full year	
	1H	2H	Full year	1H	2H	Full year	Change in amount	Y-o-y
Sales	8,563	8,597	17,160	9,188	9,205	18,393	1,232	7.2%
Payment service	8,273	8,281	16,554	8,873	8,801	17,674	1,119	6.8%
Payment slip settlement service	7,279	7,297	14,577	7,799	7,782	15,580	1,003	6.9%
Paperless payment service	674	660	1,335	746	687	1,433	98	7.4%
Account transfer service	318	323	641	328	332	660	18	2.8%
Payment innovation	290	316	606	315	404	719	113	18.6%
Operating income	318	298	616	355	365	720	104	16.8%
Income ratio	3.7%	3.5%	3.6%	3.9%	4.0%	3.9%		

## Key measures

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

# Medium-Term Management Plan (3-Year Plan from Dec. 2019 to Dec. 2021)



(Unit: 100 million yen)

	FY 12/2018 Actual	FY 12/2019 Plan	FY 12/2020 Plan	FY 12/2021 Plan	Growth rate y-o-y
Sales	36,576	40,000	44,000	47,500	9.1%
Information service	19,415	21,607	24,090	26,058	
Payment agency service	17,160	18,393	19,910	21,442	
Operating income	1,668	1,810	2,050	2,400	12.9%
Information service	1,031	1,170	1,315	1,550	
Payment agency service	616	720	815	890	
Income ratio	4.6%	4.5%	4.7%	5.1%	
Information service	5.3%	5.4%	5.5%	5.9%	
Payment agency service	3.6%	3.9%	4.1%	4.2%	
Ordinary income	1,720	1,850	2,090	2,440	12.4%
Income ratio	4.7%	4.6%	4.8%	5.1%	



## Overseas business development

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

**March 2016: Business alliance**

**March 2017: Capital and business alliance**

**October 2017: Conclusion of business agreement (signing ceremony attended by President Duterte)**

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

**2019: Ministop store and communication environment preparations completed after delay**  
**Introduction efforts began on January 30**



## Transition from flow business to stock business



**More efficient BPO Center with  
introduction of RPA!**

## Proactive M&A

- ✓ June 2018: Made GOGA wholly owned subsidiary  
(remaining 49% of shares acquired)  
Further enhancement of integration with Densan System  
Google business

**Geared at One Google service companies**

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

- ✓ Currently working on and considering various M&A deals

## 3 fields, 7 businesses - Achieve over 80%

### ● Payment field

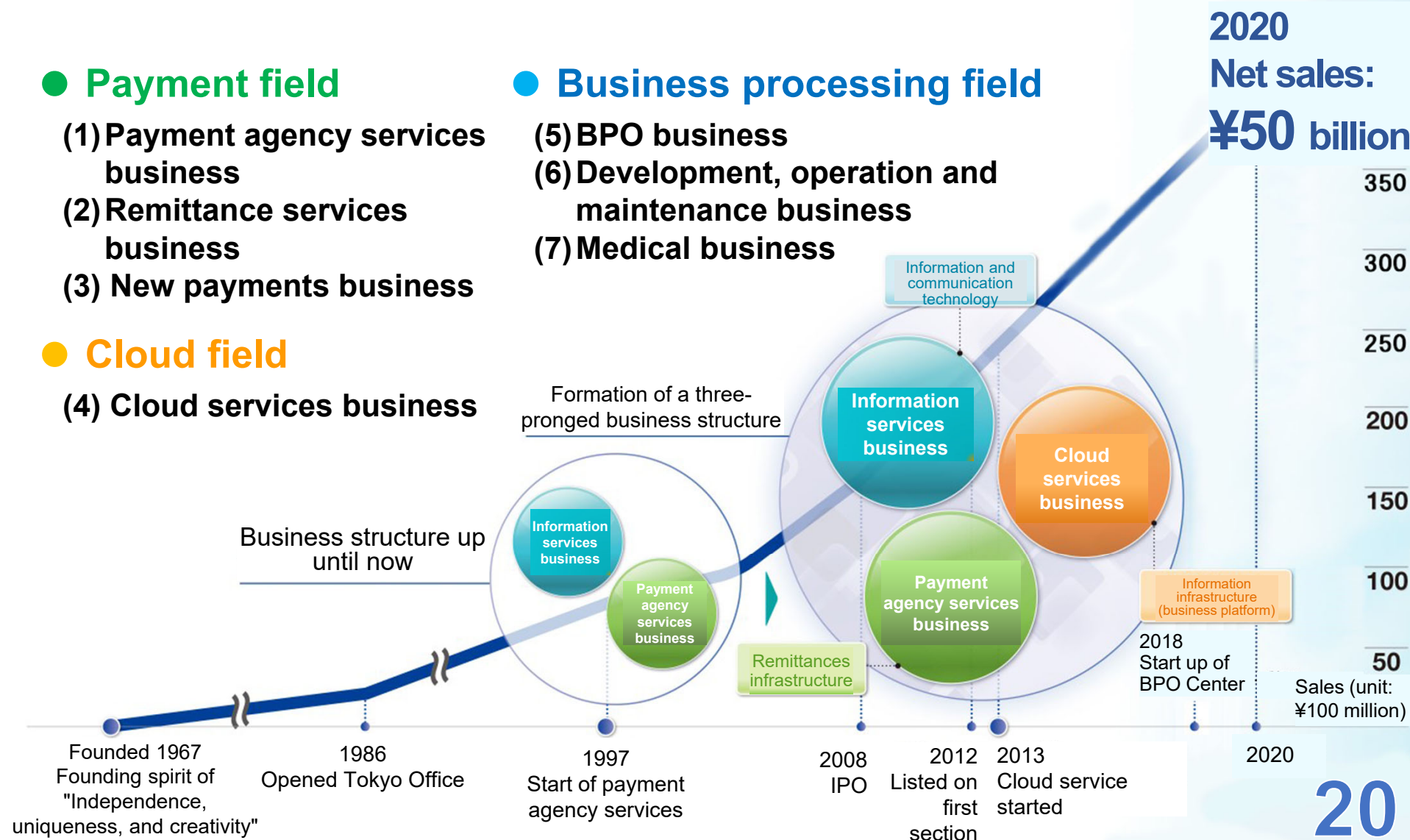
- (1) Payment agency services business
- (2) Remittance services business
- (3) New payments business

### ● Cloud field

- (4) Cloud services business

### ● Business processing field

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



**A string of new payment agency services and continuing expansion!**

**April 2018: Launched LINE Pay invoice payment**

**October 2018: Introduced at Tohoku Electric Power**

**December 2018: First introduction for taxes nationwide in Osaka City**

**January 2019: Introduced in Ogaki City, Gifu and Kanagawa**



Launch LINE app and scan barcode on payment slip

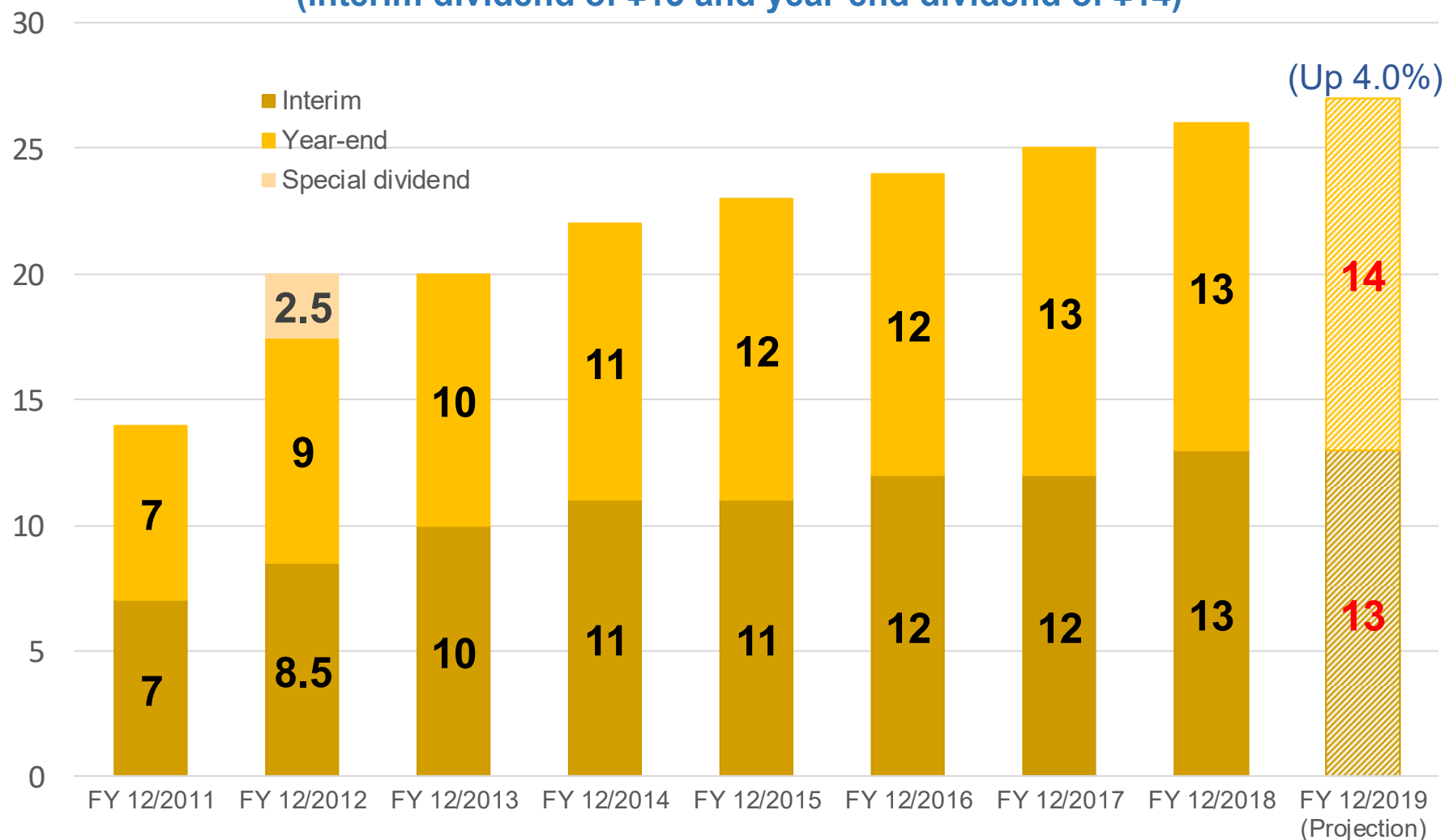
**June 2018: Adopted by ORBIS app PAYSLE service**

**July 2018: Launched at Lawson, December 2018: Launched at Seven-Eleven**

**December 2018: Business alliance with Rakuten Bank for Rakuten Bank Convenience Store Payment Service (pay with payment slip via app)**



✓ Annual ordinary dividend per share: ¥27  
(interim dividend of ¥13 and year-end dividend of ¥14)



**Thank you for your attention.**

