

Briefing on Results for the 3rd quarter FY2019

– January to September 2019 –

November 8, 2019

CAC Holdings Corporation

Overview of Consolidated Results (Year on Year)

(JPY: mil)

	3rd quarter FY2018	3rd quarter FY2019	YoY Change	
			Amount	%
Net sales	37,394	37,827	+432	+1.2%
Gross profit	7,558	7,732	+174	+2.3%
(profit margin)	20.2%	20.4%	0.2pt	
SG & A	6,676	6,693	+16	+0.2%
Operating income	881	1,039	+157	+17.9%
(profit margin)	2.4%	2.7%	0.4pt	
Ordinary income	811	966	+155	+19.1%
(profit margin)	2.2%	2.6%	0.4pt	
Extraordinary income	370	5,295	+4,925	—
Extraordinary losses	159	294	+134	+84.5%
Net income	468	3,954	+3,486	+744.6%
(profit margin)	1.3%	10.5%	9.2pt	

- ✓ Despite growth in domestic IT and overseas IT, a major fall in revenue from CRO business meant only slight growth in net sales overall.
- ✓ Both operating income and ordinary income grew due to the impact of increased revenue.
- ✓ Profit attributable to owners of parent saw a large increase due to extraordinary income recognized from the divestment of investment securities.

Net Sales and Operating Income by Segment (Consolidated)

Net Sales

(JPY: mil)

	3rd quarter FY2018		3rd quarter FY2019		YoY	
	Amount	vs Total	Amount	vs Total	Amount	%
Domestic IT	21,689	58.0%	23,712	62.7%	+2,023	+9.3%
Overseas IT	7,455	19.9%	7,872	20.8%	+417	+5.6%
CRO	8,250	22.1%	6,242	16.5%	(2,007)	(24.3%)
Total	37,394	100.0%	37,827	100.0%	+432	+1.2%

Operating Income

	3rd quarter FY2018		3rd quarter FY2019		YoY	
	Amount	vs Total	Amount	vs Total	Amount	%
Domestic IT	537	2.5%	1,246	5.3%	+708	+131.9%
Overseas IT	(226)	-	(32)	-	+193	-
CRO	570	6.9%	(174)	-	(745)	-
Total	881	2.4%	1,039	2.7%	+157	+17.9%

- ✓ Domestic IT's net sales and income grew, centered on major customers.
- ✓ Although overseas IT incurred M&A-related expenses, operating loss was minimized due to net sales increase and cost cutting measures.
- ✓ Both net sales and operating income decreased for the CRO segment, due to the completion of large-scale project and scaling back of other projects.

Net Sales by Industry (Consolidated)

(JPY: mil)

	3rd quarter FY2018		3rd quarter FY2019		YoY	
	Amount	vs Total	Amount	vs Total	Amount	%
Financial services	4,771	12.8%	4,305	11.4%	(466)	(9.8%)
Trust banks	3,148	8.4%	4,127	10.9%	+979	+31.1%
Phamaceuticals	11,908	31.8%	10,447	27.6%	(1,461)	(12.3%)
Food services	2,053	5.5%	2,142	5.7%	+89	+4.3%
Manufacturing	2,768	7.4%	3,101	8.2%	+333	+12.0%
Service and others	12,743	34.1%	13,702	36.2%	+958	+7.5%
Total	37,394	100.0%	37,827	100.0%	+432	+1.2%

- Financial services : Net sales fell for both domestic IT and overseas IT.
- Trust banks : Sales from major customers (of domestic IT) grew.
- Pharmaceuticals : Although net sales for domestic IT rose, net sales overall fell, impacted by a major decrease in the CRO segment.
- Service and others : Net sales increased for both domestic IT and overseas IT.

Orders and Order Backlog by Segment (Consolidated)

Orders Received (JPY: mil)

	3rd quarter FY2018	3rd quarter FY2019	YoY	
			Amount	%
Domestic IT	22,333	24,572	+2,238	+10.0%
Overseas IT	8,111	7,840	(271)	(3.3%)
CRO	7,403	6,089	(1,314)	(17.7%)
Total	37,848	38,502	+653	+1.7%

Order Backlog

	3rd quarter FY2018	3rd quarter FY2019	YoY	
			Amount	%
Domestic IT	7,386	7,567	+180	+2.4%
Overseas IT	1,896	3,134	+1,238	+65.3%
CRO	6,847	5,914	(932)	(13.6%)
Total	16,130	16,616	+485	+3.0%

- ✓ While orders received grew for domestic IT, a major decrease in the CRO segment led to a small increase overall.
- ✓ CRO also saw the order backlog significantly decrease.

For overseas IT, the order backlog grew not only for an Indian subsidiary, but for a U.S. subsidiary as well.

Orders received by Industry (Consolidated)

Orders Received		(JPY: mil)		
	3rd quarter FY2018	3rd quarter FY2019	YoY Amount	YoY %
Financial services	5,104	4,365	(738)	(14.5%)
Trust banks	3,075	4,514	+1,438	+46.8%
Pharmaceuticals	11,240	10,832	(408)	(3.6%)
Food services	2,040	2,145	+105	+5.2%
Manufacturing	3,153	3,616	+462	+14.7%
Service and others	13,234	13,028	(206)	(1.6%)
Total	37,848	38,502	+653	+1.7%

- Financial services : Decrease in orders received, particularly from major customers of domestic IT.
- Trust banks : Increase in orders received from major customers (of domestic IT).
- Pharmaceuticals : Although orders received for domestic IT increased, the impact from a major decrease in CRO segment led to reduction overall.
- Service and others : Decrease in orders received from major overseas IT customers.

Results Forecasts for FY2019 (Consolidated)

Revision to Full-Year Results Forecast

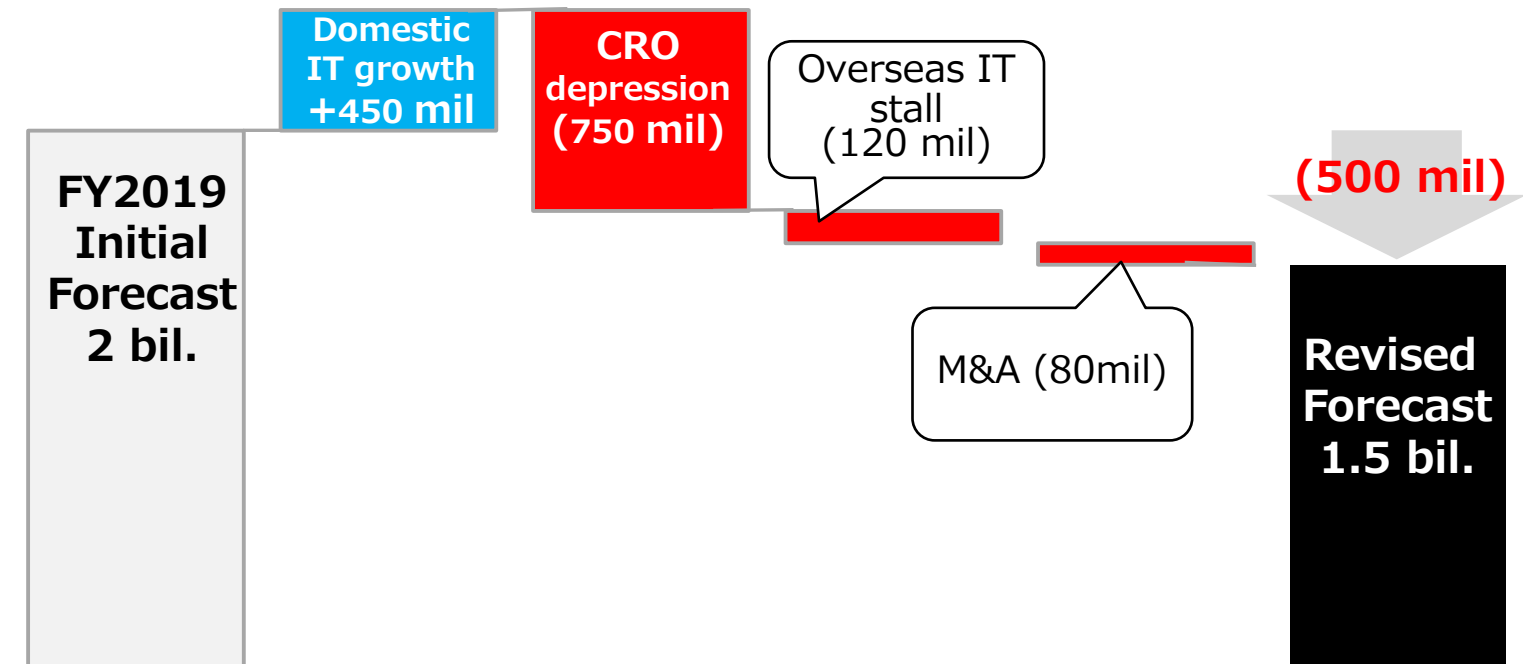
(JPY: mil)

	Initial forecast 14-Feb	Revised Forecast 8-Nov	Change	3rd quarter FY2019	%
Net sales	52,000	51,500	(500)	37,827	73.5%
Operating income	2,000	1,500	(500)	1,039	69.3%
(profit margin)	3.8%	2.9%		2.7%	-
Ordinary income	1,900	1,400	(500)	966	69.0%
(profit margin)	3.7%	2.7%		2.6%	-
Net income	1,350	1,700	+350	3,954	232.6%
(profit margin)	2.6%	3.3%		10.5%	-

- ✓ Predict net sales will remain largely unchanged from last year.
- ✓ Downward revision of operating income and ordinary income due to underperforming CRO business, loss of momentum for overseas IT business, etc. ※See next page for details.
- ✓ Profit attributable to owners of parent this fiscal year was impacted by our recognizing extraordinary income from divestment of investment securities, while we plan to recognize extraordinary loss from expenses related to business restructuring designed to improve profitability from next year.
- ✓ Annual dividend payout will be as anticipated at the beginning of the year: ¥50 per share (¥25 at the end of the second quarter and ¥25 at year end).

Revision to Full-Year Results Forecast (Operating income)

- ➡ Domestic IT will exceed our initial forecast, backed by strong IT demand from existing customers.
- ➡ CRO will fall greatly below initial forecast, due to scaling back of projects and slump in new orders.
- ➡ Overseas IT will lose momentum, as we expect an Indian subsidiary to stall from 3Q onward alongside a worsening Indian market.
- ➡ Overseas IT segment will incur M&A-related expenses.



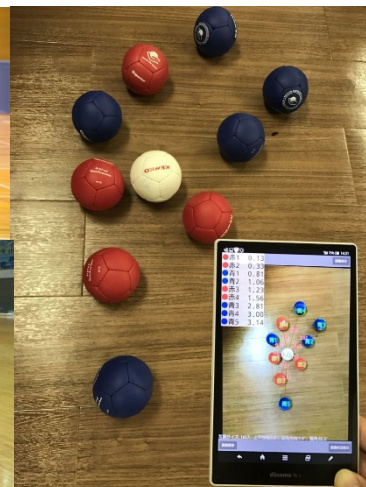


CAC Holdings Corporation

Enterprise Value Up Group, Corporate Planning Division

Tel: 03-6667-8010 E-mail: prir@cac.co.jp

<https://www.cac-holdings.com/>



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