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Announcement of Medium-term Business Plan (April 2019 to March 2022)

COMTURE CORPORATION has established a medium-term business plan for the three-year period ending in March 2022.

1. Goal of the Medium-term Business Plan

A digital industrial revolution often referred to as the fourth industrial revolution is taking place worldwide. Digital technologies are used at many companies and in society for the purpose of dramatically altering their operations. Due to this revolution, continued growth is foreseen in the IT services market, in which the COMTURE Group operates.

The needs at companies concerning IT investments involving the digital transformation, the primary theme of the business operations of the Group, will continue to grow. Companies are using this transformation to increase sales and earnings, reform business models, create new working styles, raise efficiency and make other improvements. Many forecasts call for average annual growth of 30% in the digital transformation market.

As the digital business domain expands, the COMTURE Group has been targeting new digital technologies as opportunities for growth. Examples of these technologies include the cloud, big data, artificial intelligence, robotic process automation and other rapidly growing market sectors. The Group has grown consistently by being among the first to establish positions in these sectors. As the digital industrial revolution advances, IT investments associated with the digital transformation at companies and in society are likely to continue to grow.

When the COMTURE Group reached its 30th anniversary in 2015, a plan for the next 10 years called NEXT 10 was created. To accomplish the goals of this 10-year plan, the Group is taking actions for targeting the digital transformation into opportunities for growth. Many activities are under way involving this transformation with emphasis on the growing field of cloud computing solution as well as big data, digital analytics and other business categories. The objective is making business operations even stronger by being a source of assistance for the creation of digital businesses.

During the medium-term business plan, group companies will reexamine their activities in order to adapt to these changes in the business climate. Sustained growth is the central goal of this plan. There are three main initiatives for accomplishing this goal. First is adding more value by reinforcing upstream processes like consulting and the design of systems. Second is acquiring new technologies in the digital domain by stepping training activities for employees. Third is using working-style reforms to improve productivity.

2. Summary of the Medium-term Management Plan

Plan Period

Three years from April 2019 to March 2022

Management Philosophy

Be a source of excitement for customers and dreams for employees

Management Vision

By positioning the digital transformation as a growing business domain, make business operations even more powerful while creating innovative ideas with customers

Management Strategies

Growth strategy

Make the digital transformation an engine for growth that is centered on operations that generate substantial added value. One goal is raising sales per employee by strengthening consulting, system designs and other upstream activities. Another is increasing the volume of work by three times by performing highly efficient and effective sales activities. Achieving sustained double-digit growth is the overall objective.

Customer strategy

The COMTURE Group is focusing on high-quality customers that are making large IT investments in growing business domains. The goal is the receipt of projects where substantial value can be added. Group companies will create innovative ideas with customers by using the ability to provide proposals that allow identifying customers' needs and then supply timely solutions.

Human resources strategy

Use of a framework performs objective recruitment will make it possible to identify people who have the skills to adapt to new technologies. Group companies will hire many new graduates and mid-career professionals and give them training to upgrade their capabilities involving proposals and technologies. This strategy will ensure that the COMTURE Group has a workforce that can maintain a high rate of growth.

Innovation strategy

To create new forms of value, group companies will build stronger positions in digital transformation domains such as the cloud, big data, artificial intelligence and robotic process automation. The goal is to develop ahead of competitors' new technologies, solutions and services at the forefront of progress in our industry.

Quality strategy

To improve the quality of services and customer satisfaction, use rigorous project management and the visualization of quality, processes and costs for pre-emptive actions concerning problems involving projects.

Financial strategy

Consistently manage operations with priority on the growth of corporate value by aiming for an ROE of at least 20% and capital productivity that is well above the cost of capital. Clearly define the COMTURE Group's major KPI including a consistent improvement on the operating margin and maintain the visualization of the oversight of performance in order to maintain growth that is sound and steady.

Alliance strategy

To grow faster, use business alliances and M&A that can produce synergies as well as create a stronger foundation for business operations centered on growing sectors of digital transformation such as the cloud, big data and artificial intelligence.

Use these seven strategies for consistent double-digit annual sales growth along with earnings that increase at least at the same pace as sales.

Financial Target

	Fiscal year ended March 2019 (Results)	Fiscal year ending March 2020 (Plan)	Fiscal year ending March 2022 (Plan)	Average annual growth rate (April 2019 to March 2022)
Net sales (millions of yen)	18,070	20,000	24,200	10.2%
Operating profit (millions of yen)	2,570	2,880	3,582	11.7%
Operating margin (%)	14.2	14.4	14.8	-

Distribution of Earnings to Shareholders

The COMTURE Group is committed to the consistent growth of corporate value by conducting business operations aggressively and making strategic investments.

Based on this stance, the basic policy for earnings distributions is to increase these distributions in a manner that reflects earnings growth while maintaining the level of retained earnings needed for growth in the future and adapting to changes in market conditions. For the dividend, the goal is to make consistent payments while maintaining a payout ratio of at least 40%.

Note: Statements regarding future performance are based on information available to the management of COMTURE at the time this document was prepared. Actual results may differ from these forecasts due to changes in market conditions or many other reasons.