

Results for Q1 FY19

Ended June 30, 2019

Net One Systems Co., Ltd.
July 25, 2019 (Stock Code 7518: JP)



■ ■ ■ Agenda ■ ■ ■

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Q1 FY19 (Apr-Jun 3months) Results

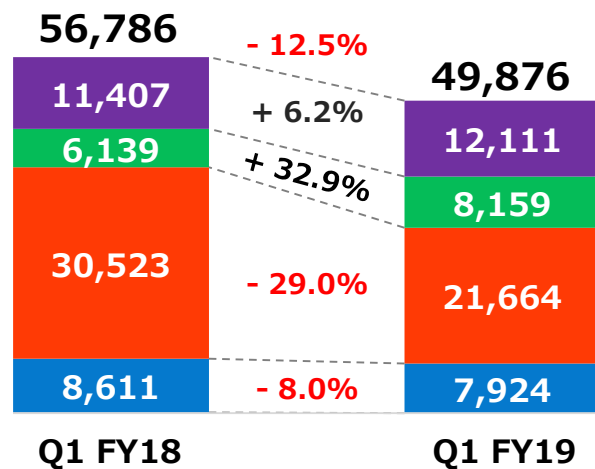
Results summary Q1 FY19 (Apr-Jun 3months)

(JPYmn, % to revenue)	FY18 Q1 Results		FY19 Q1 Results		YoY	
					Amount	%
Bookings	56,786		49,876		(6,909)	- 12.2%
Revenue	33,418	100.0%	36,038	100.0%	+ 2,619	+ 7.8%
Cost of revenue	24,627	73.7%	26,160	72.6%	+ 1,532	+ 6.2%
Gross profit	8,791	26.3%	9,878	27.4%	+ 1,087	+ 12.4%
SG&A	7,279	21.8%	7,770	21.6%	+ 491	+ 6.7%
Operating Income	1,511	4.5%	2,107	5.8%	+ 596	+ 39.4%
Ordinary Income	1,533	4.6%	2,216	6.1%	+ 682	+ 44.5%
Net Income attributable to owners of the parent company	1,035	3.1%	1,518	4.2%	+ 482	+ 46.6%
Backlog	92,489		89,474		(3,015)	- 3.3%

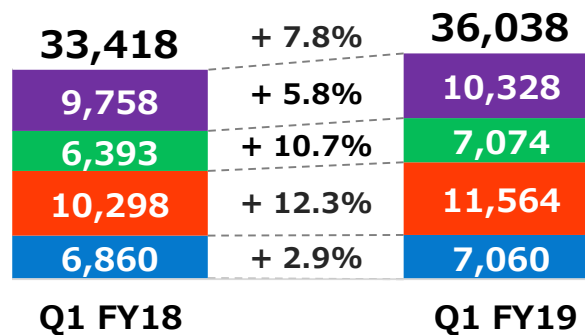
Revenue Growth and Service Business contributed the increase of profits.
Bookings exceeded the company plan without large-scale projects we had last year(Q1 FY18).

Performance by market sector

■ Bookings

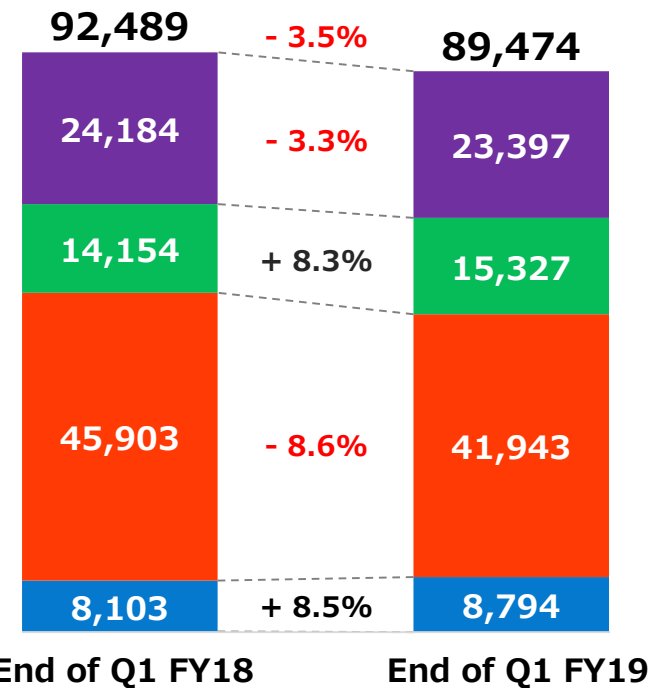


■ Revenue



■ Backlog

(JPYmn)



Enterprise

Business of security, cloud infrastructure, and work style innovation continued to grow steadily. Smart factory business, which is a focus market in the medium-term business plan also remained robust.

Telecom Carrier

Service infrastructure business performed well.

Public

Security and cloud infrastructure business including healthcare and education, the focus markets were strong. Bookings exceeded the company plan without large-scale projects we had last year(Q1 FY18).

Partner

Business with key partners continued to remain solid.

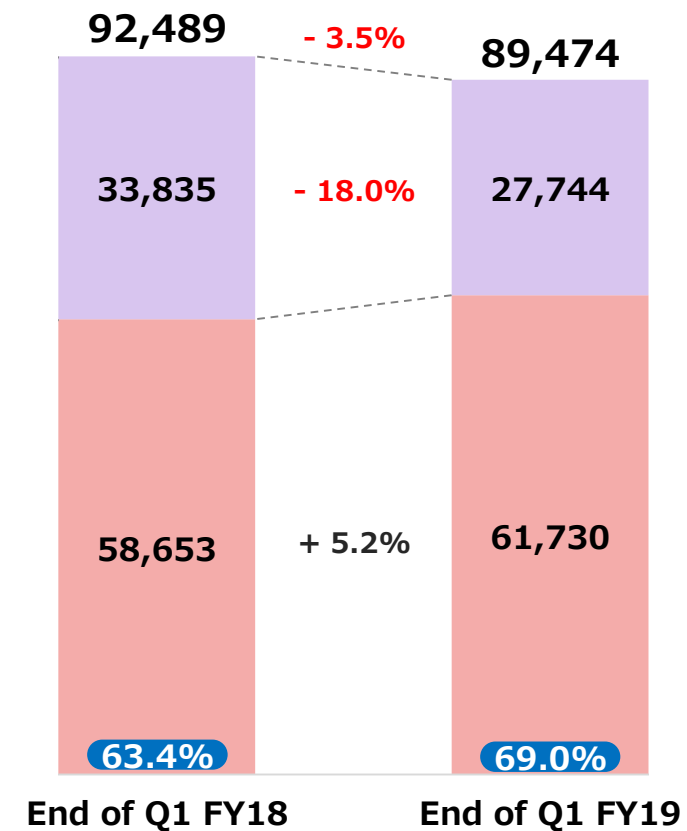
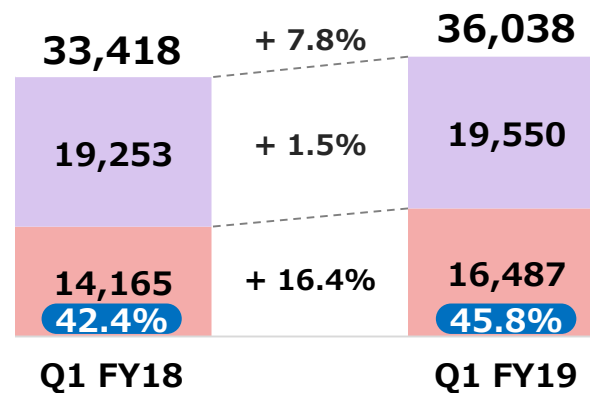
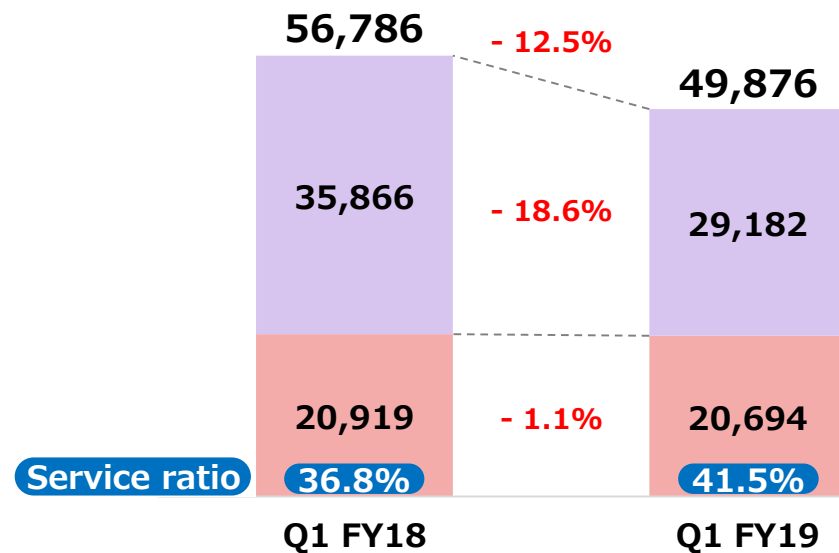
Performance by product category

■ Bookings

■ Revenue

■ Backlog

(JPYmn)



Products

Service
business

The "Integrated services business" expanded.
Services business ratio increased for bookings, revenue, and backlog, respectively.

Revenue and P/L by reportable segment

(JPYmn)		Reportable segment					Other	Total	Adjustment	Amount recorded in consolidated income statements
		Enterprise	Telecom Carrier	Public	Partner	Sub-total				
Q1 FY19 (Results)	Revenue	10,330	7,075	11,566	7,060	36,033	10	36,043	(4)	36,038
	Segment income	495	378	623	624	2,122	8	2,130	(22)	2,107
	Segment income margin	4.8%	5.4%	5.4%	8.9%					5.8%
Q1 FY18 (Previous)	Revenue	9,758	6,393	10,298	6,860	33,310	220	33,531	(112)	33,418
	Segment income	88	710	208	686	1,693	(28)	1,665	(153)	1,511
	Segment income margin	0.9%	11.1%	2.0%	10.0%					4.5%

- (Notes)
1. The adjustment in segment income included corporate expenses not attributable to any reportable segment.
 2. The "Other" segment is not included as a reportable segment. It contains the server service business and other businesses. Corporate expenses are mainly related to general administrative expenses not attributable to reportable segment.

Consolidated balance sheets

(JPYmn)	Mar 31, 2019	June 30, 2019	Change	
	Results	Results	Amount	%
Total assets	125,498	120,406	(5,092)	- 4.1%
Current assets	113,410	109,373	(4,036)	- 3.6%
Cash and deposits + CD・CP	25,305	22,911	(2,394)	- 9.5%
Notes and accounts receivable-trade	43,464	32,639	(10,824)	- 24.9%
Inventory assets	14,287	19,841	5,553	+ 38.9%
Other	30,352	33,981	3,629	+ 12.0%
Noncurrent assets	12,087	11,032	(1,055)	- 8.7%
Property, plant and equipment	5,240	5,015	(225)	- 4.3%
Intangible assets	1,434	1,566	132	+ 9.2%
Investment etc.	5,412	4,450	(962)	- 17.8%
Total liabilities	58,640	53,840	(4,799)	- 8.2%
Current liabilities	49,846	45,398	(4,448)	- 8.9%
Non-current liabilities	8,793	8,441	(351)	- 4.0%
Total net assets	66,858	66,565	(292)	- 0.4%
Shareholders' equity	66,631	66,482	(148)	- 0.2%
Accumulated other comprehensive income	62	(194)	(257)	-
Subscription rights to shares	163	137	(26)	- 16.2%
Non-controlling interests	-	140	140	-
Total liabilities and net assets	125,498	120,406	(5,092)	- 4.1%

Exchange rate, EPS, Employees

	FY18 Q1	FY19 Q1	YoY	
			Amount	%
Exchange rate (USD/JPY)	108.62	110.37	+ 1.75	+ 1.6%
Earnings per share (JPY)	12.24	17.93	+ 5.69	+ 46.5%

	End of FY18 Q1	End of FY19 Q1	YoY	
			Amount	%
Employees	2,372	2,454	+ 82	+ 3.5%

FY19 Outlook

FY19 outlook (※no change from the previous outlook)

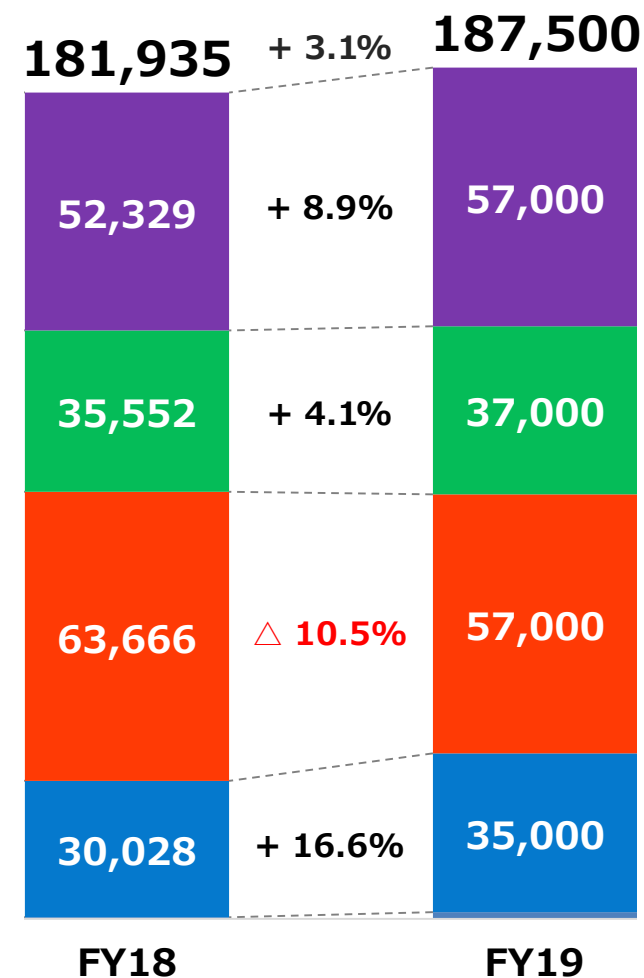
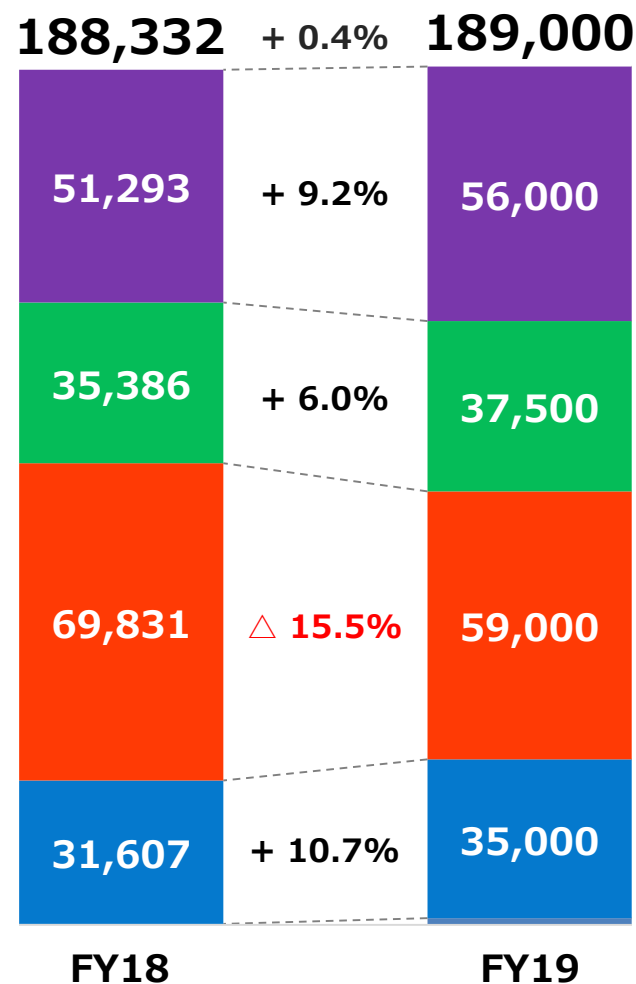
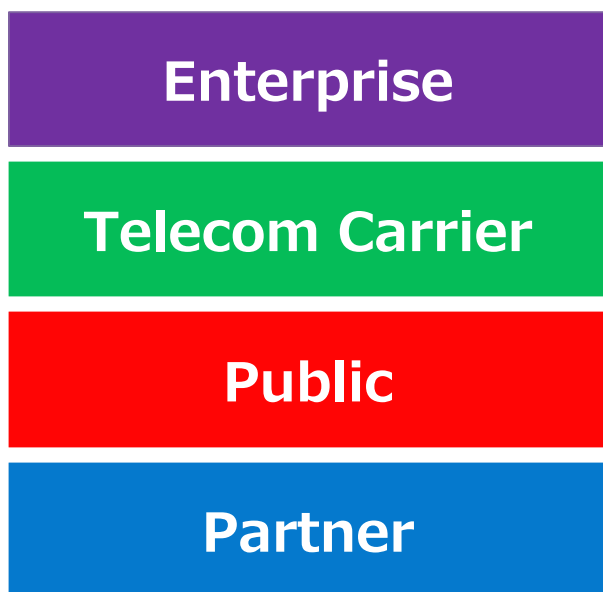
(JPYmn, % to revenue)	H1		H2		Annual	
Bookings	91,300		97,700		189,000	
Revenue	81,700	100.0%	105,800	100.0%	187,500	100.0%
Cost of sales	60,700	74.3%	79,100	74.8%	139,800	74.6%
Gross profit	21,000	25.7%	26,700	25.2%	47,700	25.4%
SG&A	15,800	19.3%	16,900	16.0%	32,700	17.4%
Operating income	5,200	6.4%	9,800	9.3%	15,000	8.0%
Ordinary income	5,200	6.4%	9,800	9.3%	15,000	8.0%
Net income attributable to owners of the parent	3,500	4.3%	6,700	6.3%	10,200	5.4%
Dividends per share	21.00 Yen		21.00 Yen		42.00 Yen	
	Annual					
Exchange rate	110.25 USD/JPY					

FY19 outlook by market sector (※no change from the previous outlook)

■ Bookings

■ Revenue

(JPYmn)



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