

# Financial Results

for 2<sup>nd</sup> Quarter FY March 2013

**October 26, 2012**

**Nomura Research Institute, Ltd.**

Tadashi Shimamoto,  
President, CEO&COO



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## **1. Financial Results for 2<sup>nd</sup> Quarter FY March 2013**

## **2. Priority Measures for Medium to Long-term Growth**

# Highlights of Consolidated Financial Results <1H>

(Unit:JPY million)

	1H FY Mar. 2012 (Apr.-Sep.)	1H FY Mar. 2013 (Apr.-Sep.)	Diff.	YoY Change
Sales	161,485	174,359	+12,874	+8.0%
Operating Profit	20,081	20,575	+494	+2.5%
Operating Profit Margin	12.4%	11.8%	(0.6P)	
Net Income	19,703	13,406	(6,296)	(32.0%) <sup>(*)</sup>
Earnings per share	¥100.97	¥68.20	(¥32.77)	
Dividends per share	¥26.00	¥26.00	—	

(\*)Impact of extraordinary profit posted in 1Q of the previous fiscal year

# Highlights of Consolidated Financial Results <2Q>

(Unit:JPY million)

	2Q FY Mar.2012 (Jul.-Sep.)	2Q FY Mar.2013 (Jul.-Sep.)	Diff.	YoY Change
Sales	83,019	89,947	+6,928	+8.3%
Operating Profit	11,439	12,329	+889	+7.8%
Operating Profit Margin	13.8%	13.7%	(0.1P)	
Net Income	6,822	7,707	+884	+13.0%
Earnings per share	¥34.92	¥39.16	+¥4.24	

# Highlights of Consolidated Results <1H>

## ■ Comparison to forecasts

(Unit:JPY million)

	1H FY Mar.2013 (Forecasts)*	1H FY Mar.2013 (Results)	Diff.	Change
Sales	175,000	174,359	(640)	(0.4%)
Operating Profit	21,000	20,575	(424)	(2.0%)
Net Income	13,000	13,406	+406	+3.1%

Note: Forecasts were announced on April 25, 2012

# Key Factors in Financial Results for 1H FY March 2013

## ● 1H sales rose 8.0% year-on-year

1. Consulting sales rose 9.9% → driven by system consulting sales
2. Financial IT Solutions sales rose 7.4% → growth in sales to securities, banking, and other financial sectors
3. Industrial IT Solutions sales rose 13.3% → Start of services for new customer (Ajinomoto)

## ● 1H operating profit rose 2.5%

Sales growth with higher utilization rates contributed steadily to profit

1. Operating profit rose in Consulting backed by strong sales growth, and operating profit margin also improved.
2. For Financial IT Solutions, utilization rates were high level in securities and banking. This satisfactorily offset the negative impact of additional costs in the insurance sector in 1Q.
3. Operating profit rose in Industrial IT Solutions, partly as a result of improved project profitability.

## ● Net income rose excluding impact of extraordinary profit (7.5 billion yen) posted in 1Q of the previous fiscal year

1. Net income declined 32.0%, when accounting for extraordinary profit posted in 1Q of the previous fiscal year

# Sales by Segment <1H>

(Unit:JPY million)

	1H FY Mar.2012 (Apr.-Sep.)	Share	1H FY Mar.2013 (Apr.-Sep.)	Share	Diff.	YoY Change
Consulting	9,667	6.0%	10,627	6.1%	+960	+9.9%
Financial IT Solutions	97,525	60.4%	104,697	60.0%	+7,172	+7.4%
Securities	46,445	28.8%	53,122	30.5%	+6,677	+14.4%
Insurance	28,143	17.4%	26,058	14.9%	(2,085)	(7.4%)
Banking	12,183	7.5%	13,351	7.7%	+1,168	+9.6%
Other financial	10,752	6.7%	12,164	7.0%	+1,412	+13.1%
Industrial IT Solutions	35,632	22.1%	40,384	23.2%	+4,751	+13.3%
Distribution	21,168	13.1%	21,805	12.5%	+636	+3.0%
Manufacturing, service and other	14,463	9.0%	18,579	10.7%	+4,115	+28.5%
IT Platform Services	14,445	8.9%	14,209	8.1%	(236)	(1.6%)
Others	4,214	2.6%	4,440	2.5%	+225	+5.4%
<b>Total</b>	<b>161,485</b>	<b>100.0%</b>	<b>174,359</b>	<b>100.0%</b>	<b>+12,874</b>	<b>+8.0%</b>
Nomura Holdings	40,585	25.1%	46,806	26.8%	+6,221	+15.3%
Seven & i Holdings	19,380	12.0%	21,927	12.6%	+2,547	+13.1%

\*Figures of Nomura Holdings and Seven & i Holdings, in principle, include sales to subsidiaries.

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# Segment performance results <1H>

■including Inter-segment sales for each segment

(Unit:JPY million)

		1H FY Mar.2012 (Apr.-Sep.)	1H FY Mar.2013 (Apr.-Sep.)	Diff.	YoY Change
Consulting	Sales	9,730	10,688	+958	+9.8%
	OP	813	1,032	+219	+27.0%
	OPM	8.4%	9.7%	+1.3P	
Financial IT Solutions	Sales	97,560	104,788	+7,227	+7.4%
	OP	9,511	9,725	+214	+2.3%
	OPM	9.7%	9.3%	(0.5P)	
Industrial IT Solutions	Sales	35,692	40,405	+4,712	+13.2%
	OP	2,410	2,719	+309	+12.8%
	OPM	6.8%	6.7%	(0.0P)	
IT Platform Services	Sales	49,615	51,756	+2,140	+4.3%
	OP	5,380	5,752	+372	+6.9%
	OPM	10.8%	11.1%	+0.3P	



# Segment performance results <2Q>

■including Inter-segment sales for each segment

(Unit:JPY million)

		2Q FY Mar.2012 (Jul.-Sep.)	2Q FY Mar.2013 (Jul.-Sep.)	Diff.	YoY Change
<b>Consulting</b>	<b>Sales</b>	<b>5,401</b>	<b>6,056</b>	<b>+655</b>	<b>+12.1%</b>
	<b>OP</b>	<b>914</b>	<b>1,180</b>	<b>+265</b>	<b>+29.0%</b>
	<b>OPM</b>	<b>16.9%</b>	<b>19.5%</b>	<b>+2.6P</b>	
<b>Financial IT Solutions</b>	<b>Sales</b>	<b>49,795</b>	<b>53,533</b>	<b>+3,737</b>	<b>+7.5%</b>
	<b>OP</b>	<b>4,411</b>	<b>6,094</b>	<b>+1,683</b>	<b>+38.2%</b>
	<b>OPM</b>	<b>8.9%</b>	<b>11.4%</b>	<b>+2.5P</b>	
<b>Industrial IT Solutions</b>	<b>Sales</b>	<b>18,075</b>	<b>20,743</b>	<b>+2,667</b>	<b>+14.8%</b>
	<b>OP</b>	<b>2,009</b>	<b>1,599</b>	<b>(410)</b>	<b>(20.4%)</b>
	<b>OPM</b>	<b>11.1%</b>	<b>7.7%</b>	<b>(3.4P)</b>	
<b>IT Platform Services</b>	<b>Sales</b>	<b>25,842</b>	<b>26,364</b>	<b>+521</b>	<b>+2.0%</b>
	<b>OP</b>	<b>3,045</b>	<b>2,929</b>	<b>(115)</b>	<b>(3.8%)</b>
	<b>OPM</b>	<b>11.8%</b>	<b>11.1%</b>	<b>(0.7P)</b>	

# Sales by Service <1H>

(Unit:JPY million)

	1H FY Mar.2012 (Apr.-Sep.)	Share	1H FY Mar.2013 (Apr.-Sep.)	Share	Diff.	YoY Change
Consulting Services	17,203	10.7%	18,595	10.7%	+1,391	+8.1%
System Development & System Application Sales	58,716	36.4%	66,773	38.3%	+8,056	+13.7%
System Management & Operation Services	81,319	50.4%	84,584	48.5%	+3,264	+4.0%
Product Sales	4,245	2.6%	4,406	2.5%	+161	+3.8%
<b>Total</b>	<b>161,485</b>	<b>100.0%</b>	<b>174,359</b>	<b>100.0%</b>	<b>+12,874</b>	<b>+8.0%</b>

# P/L Highlight <1H>

(Unit:JPY million)

	1H FY Mar.2012 (Apr.-Sep.)	1H FY Mar.2013 (Apr.-Sep.)	Diff.	YoY Change
<b>Sales</b>	<b>161,485</b>	<b>174,359</b>	<b>+12,874</b>	<b>+8.0%</b>
<b>Cost of Sales</b>	<b>113,347</b>	<b>125,113</b>	<b>+11,765</b>	<b>+10.4%</b>
<b>Subcontracting Costs</b>	<b>52,492</b>	<b>60,335</b>	<b>+7,842</b>	<b>+14.9%</b>
<b>Gross Profit</b>	<b>48,137</b>	<b>49,246</b>	<b>+1,108</b>	<b>+2.3%</b>
<b>Gross Profit Margin</b>	<b>29.8%</b>	<b>28.2%</b>	<b>(1.6P)</b>	
<b>SG&amp;A</b>	<b>28,056</b>	<b>28,670</b>	<b>+614</b>	<b>+2.2%</b>
<b>Operating Profit</b>	<b>20,081</b>	<b>20,575</b>	<b>+494</b>	<b>+2.5%</b>
<b>Operating Profit Margin</b>	<b>12.4%</b>	<b>11.8%</b>	<b>(0.6P)</b>	

# P/L Highlight cont. <1H>

(Unit:JPY million)

	1H FY Mar.2012 (Apr.-Sep.)	1H FY Mar.2013 (Apr.-Sep.)	Diff.	YoY Change
<b>Operating Profit</b>	<b>20,081</b>	<b>20,575</b>	<b>+494</b>	<b>+2.5%</b>
<b>Non-operating gain and loss</b>	<b>949</b>	<b>989</b>	<b>+40</b>	<b>+4.2%</b>
Dividend income	848	746	(101)	
Equity in earnings of affiliate	57	107	+50	
<b>Other Income and Expense</b>	<b>10,812</b>	<b>89 (10,722)</b>		
Gain on sales of subsidiaries and affiliates' stocks	8,564	—	(8,564)	
Bonus dividends income	3,010	—	(3,010)	
<b>Income taxes etc.</b>	<b>12,139</b>	<b>8,248</b>	<b>(3,890)</b>	
<b>Net Income</b>	<b>19,703</b>	<b>13,406</b>	<b>(6,296)</b>	<b>(32.0%)</b>

# Order Backlog (Outstanding)

(Unit:JPY million)

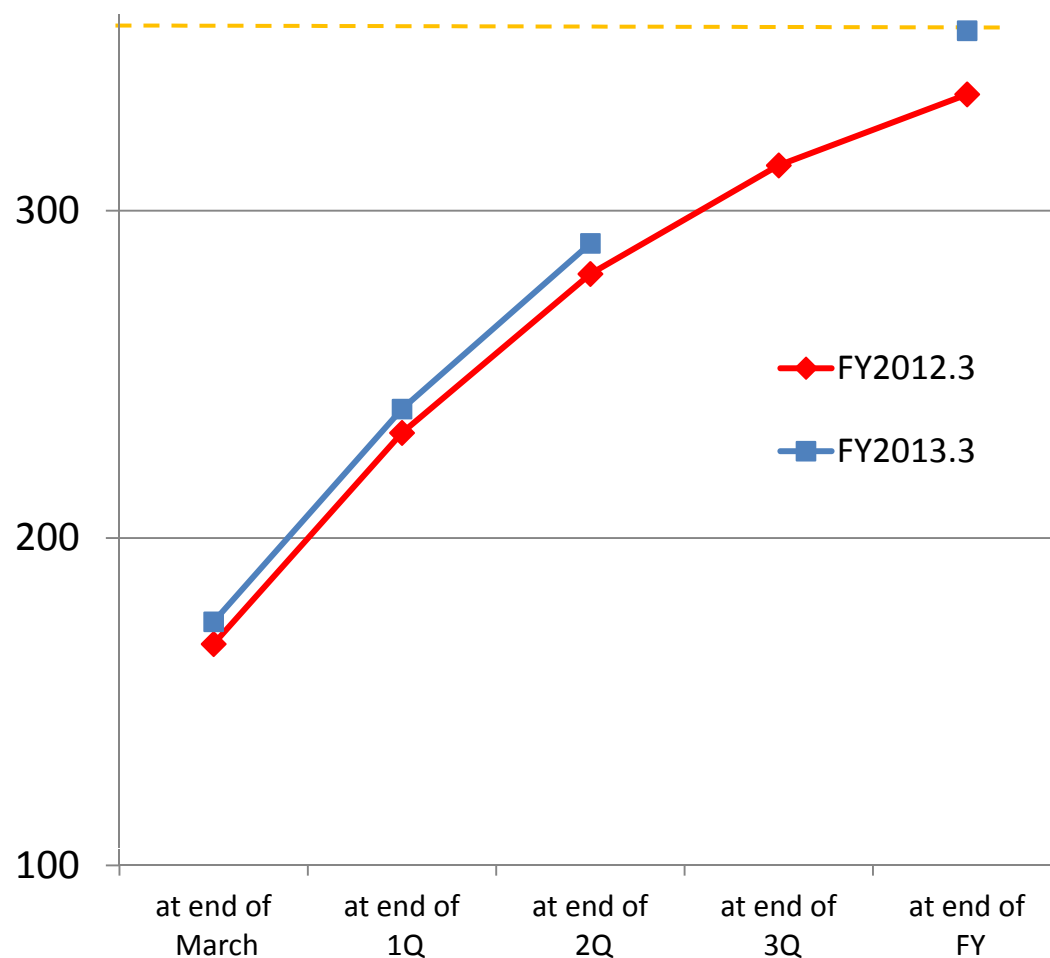
	At end of Sep. 2011	At end of Sep. 2012	Diff.	YoY Change
Consulting	4,688	5,998	+1,310	+28.0%
Financial IT Solutions	80,697	72,374	(8,323)	(10.3%) (note)
Industrial IT Solutions	26,144	28,897	+2,752	+10.5%
IT Platform Services	8,937	9,231	+293	+3.3%
Other	2,429	2,733	+304	+12.5%
<b>Total</b>	<b>122,896</b>	<b>119,235</b>	<b>(3,661)</b>	<b>(3.0%)</b>
<b>Order backlog in the current FY</b>	<b>119,203</b>	<b>115,674</b>	<b>(3,529)</b>	<b>(3.0%) (note)</b>

Notes: Effect of the timing of orders for major projects in securities industry  
In line with projections for the full-year sales forecasts

# Sales + Consolidated Order Backlog

➤ In line with forecasts








**Fluctuations in order backlog (of which current fiscal year) +  
cumulative sales**



# Initiatives in each sector

- **Aiming to complete large-scale key projects and acquire and increase new clients**

## Initiatives in Fiscal March 2013

Consulting		<ul style="list-style-type: none"> <li>• Promote support for clients' IT departments (PMO, etc.), respond to government and municipal office as well as overseas projects primarily in Asia</li> </ul>
Financial IT Solutions		
Securities		<ul style="list-style-type: none"> <li>• Implement STAR-IV at Nomura Securities on schedule, move to next stage of system renewal</li> <li>• Continue marketing aimed at increasing STAR-IV clients (new medium-sized securities firm have decided to introduce)</li> </ul>
Insurance		<ul style="list-style-type: none"> <li>• Activities to acquire additional projects with a focus on existing large clients.</li> <li>• Expand services for private life and non-life insurance sector to respond to trends in industry reorganization</li> </ul>
Banking		<ul style="list-style-type: none"> <li>• Steady acquisition of clients with Internet banking system Value Direct</li> </ul>
Other financial		<ul style="list-style-type: none"> <li>• For asset management ASP, (1) strengthen front-line and mid-level services and (2) update services utilizing crowd technology and pursue BPO businesses</li> </ul>
Industrial IT Solutions		
Distribution		<ul style="list-style-type: none"> <li>• Respond to domestic and overseas expansion by major client</li> </ul>
Manufacturing, service and other		<ul style="list-style-type: none"> <li>• Continue efforts to acquire new clients and new deals, with a focus on the consumer industry (consumer goods manufacturing, etc.)</li> </ul>

# Forecasts for FY March 2013 (Reposted)

➤ No changes to April 25 forecasts

【Full Year】

(unit: billion)

	FY Mar.2012 (Results)	FY Mar. 2013 (Forecasts as of Apr. 25)	Diff.	YoY Change
Sales	335.5	355.0	+19.4	+5.8%
Operating Profit	43.1	45.0	+1.8	+4.3%
Operating Profit Margin	12.9%	12.7%	(0.2P)	
Net Income	32.9	28.0	(4.9)	(14.9%)
Earnings per share	¥168.40	¥142.44	(¥25.96)	
Dividends per share	¥52.0	¥52.0	—	
Sales	30.9%	36.6%	+5.6P	



# Forecasts by Segment for FY March 2013

➤ Only breakdowns have changed since April 25 forecasts

【Full Year】

(unit: billion)

	FY Mar.2012 (Results)	FY Mar. 2013 (Forecasts as of Oct. 26)	YoY Change		FY Mar. 2013 (Forecasts as of Apr. 25)	Comparison to forecasts
			Diff.	%		
Consulting	21.6	23.0	+1.3	+6.1%	23.0	—
Financial IT Solutions	202.6	210.0	+7.3	+3.6%	208.5	+1.5
Securities	99.8	106.0	+6.1	+6.1%	103.0	+3.0
Insurance	54.5	52.0	(2.5)	(4.8%)	53.5	(1.5)
Banking	25.4	27.0	+1.5	+6.0%	27.0	—
Other financial	22.6	25.0	+2.3	+10.3%	25.0	—
Industrial IT Solutions	71.9	82.0	+10.0	+14.0%	82.0	—
Distribution	42.5	43.5	+0.9	+2.3%	42.0	+1.5
Manufacturing, service and other	29.3	38.5	+9.1	+31.0%	40.0	(1.5)
IT Platform Services	30.7	31.0	+0.2	+0.7%	32.5	(1.5)
Others	8.5	9.0	+0.4	+5.5%	9.0	—
<b>Total</b>	<b>335.5</b>	<b>355.0</b>	<b>+19.4</b>	<b>+5.8%</b>	<b>355.0</b>	<b>—</b>

# Forecasts by Service for FY March 2013

➤ Only breakdowns have changed since April 25 forecasts

【Full Year】

(unit: billion)

	FY Mar.2012 (Results)	FY Mar. 2013 (Forecasts as of Oct. 26)	YoY Change		FY Mar. 2013 (Forecasts as of Apr. 25)	Comparison to forecasts
			Diff.	%		
Consulting Services	36.0	37.0	+0.9	+2.5%	36.0	+1.0
System Development & System Application Sales	125.5	134.0	+8.4	+6.7%	135.0	(1.0)
System Management & Operation Services	164.0	175.0	+10.9	+6.7%	175.0	—
Product Sales	9.8	9.0	(0.8)	(8.3%)	9.0	—
<b>Total</b>	<b>335.5</b>	<b>355.0</b>	<b>+19.4</b>	<b>+5.8%</b>	<b>355.0</b>	<b>—</b>

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**1. Financial Results for 2<sup>nd</sup> Quarter FY March 2013**

**2. Priority Measures for Medium to Long-term Growth**

# Management Vision Driving toward Further Growth

**Developing a strong  
and future-oriented  
business portfolio**



## **[Increased advancement of services in financial sector]**

Providing industry-standard business platforms to meet wide-ranging needs for more clients in financial sector

## **[Expansion into industrial sectors]**

Expanding the range of companies we serve and the services we offer, principally in consumer industries directly reaching people

## **[Reinforcement and expansion of business in China and Asia]**

Building another NRI in China/Asia and contributing to enterprises and society through “Navigation × Solution”

## **[Productivity improvement and human resource development]**

Under the slogan, “Challenge the Status Quo, Innovate Ourselves” instituting a human resources training program that looks beyond the bounds of established frameworks

**Vision  
2015**

# Progress Toward Vision 2015

## ■ Qualitative results linked to Vision 2015 are beginning to appear

Increased advancement of services in financial sector

STAR-IV has made substantial progress as the industry standard business platform due to the introduction at Nomura Securities.

Increasing clients of Value Direct is the key to expansion in banking.

Expansion into industrial sectors

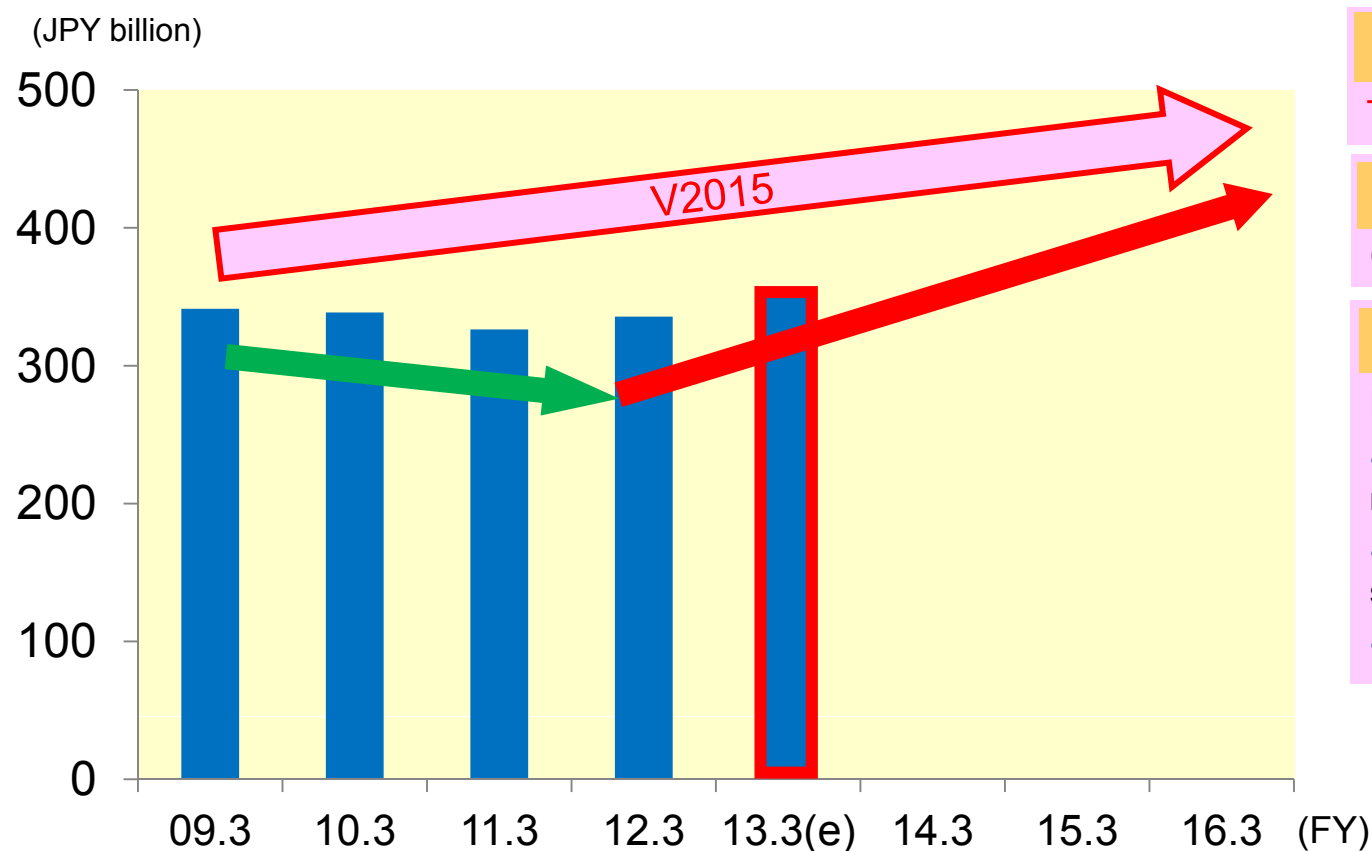
Our prime account strategy has won three clients.

Reinforcement and expansion of business in China and Asia

NRI Shanghai (Consulting) and growth of global SCM business  
Expansion of operational bases in India, ASEAN nations and Dalian, and establishment of NRI APAC

# Toward Achievement of Vision 2015

■ FY2012 is the **turning point** toward achievement of Vision 2015



Growth potential

To achieve 7% growth

Earning capacity

Operating profit margin of 13%

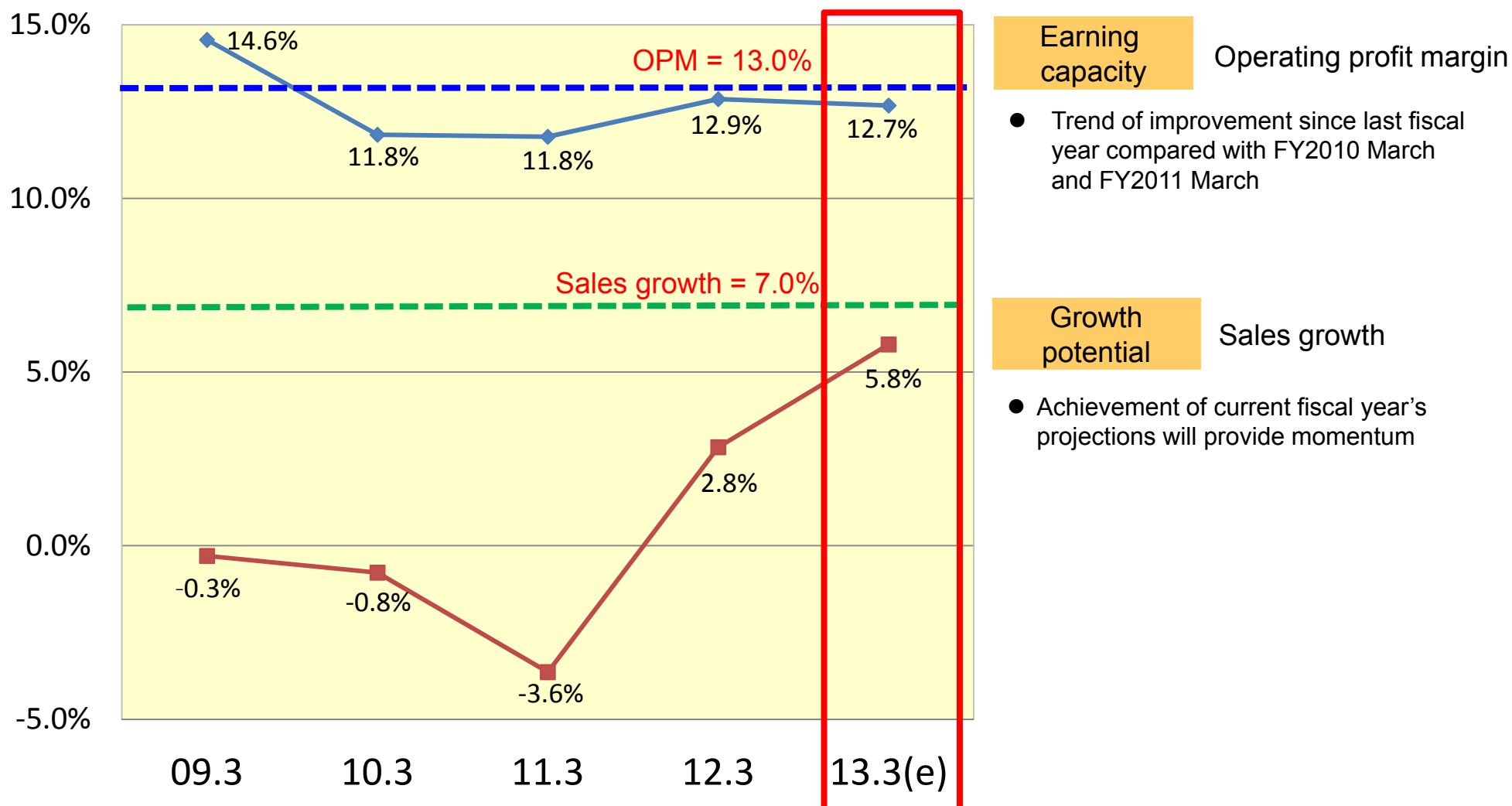
Stable growth potential

Powerful **portfolio**

- Expand proportion of sales beyond 2 major clients
- Expand proportion of sales in industrial sector
- Expand proportion of global sales

# Trend in Financial Results Moving Toward Vision 2015

## ■ Mode changing from current fiscal year



# Progress in Key Strategies Aimed at Achieving Vision 2015

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## Examples of Key Strategies

<b>Consulting</b>	● Expansion of business consulting
	● Expansion of systems consulting based on PMO and client's IT department reform
<b>Financial IT Solutions</b>	● Handling of Nomura Securities' system renewal project in Japan
	● Expansion of territory in industry standard business platforms
<b>Industrial IT Solutions</b>	● Strategies aimed at winning and retaining major clients in the industrial sector
<b>China and Asia</b>	● Strategies aimed at expanding business in ASEAN nations
<b>IT Infrastructure</b>	● Completion of Tokyo Data Center 1 and planning a new Data Center in Kansai region

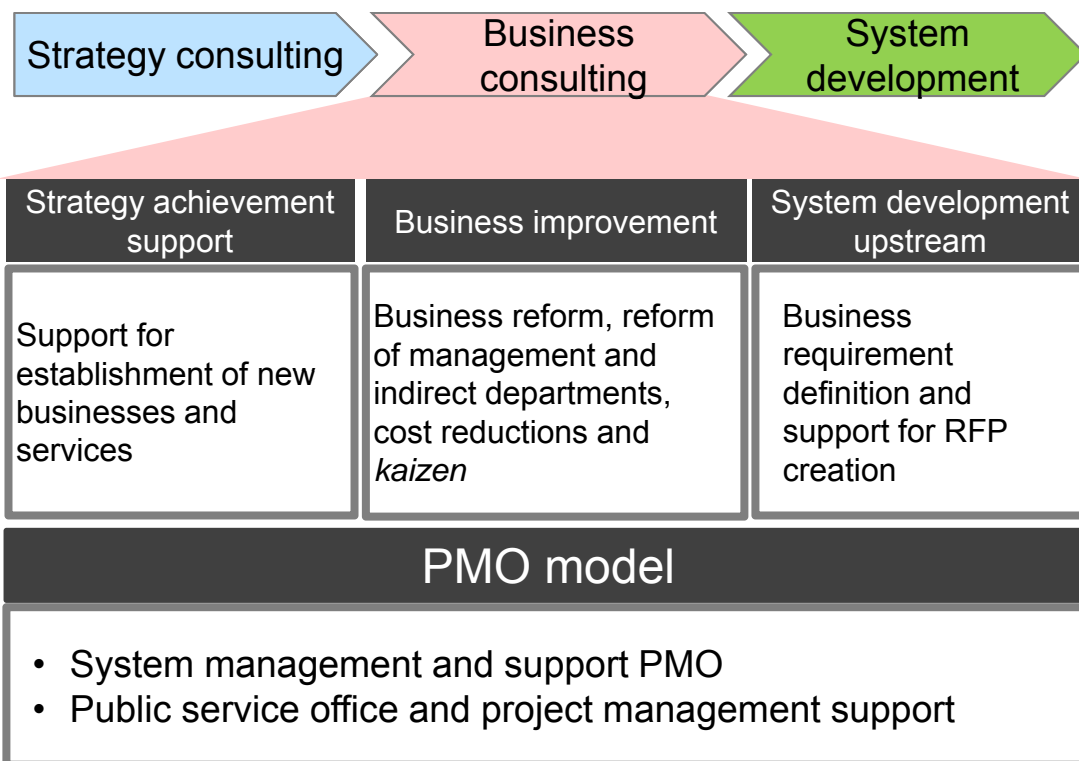


## 1.Consulting

# Expand Consulting through Business Consulting and PMO and client's IT Department Reforms

- Strengthen business consulting to expand management consulting business
- Expand systems consulting through PMO and IT department structural reforms

### Example of business consulting



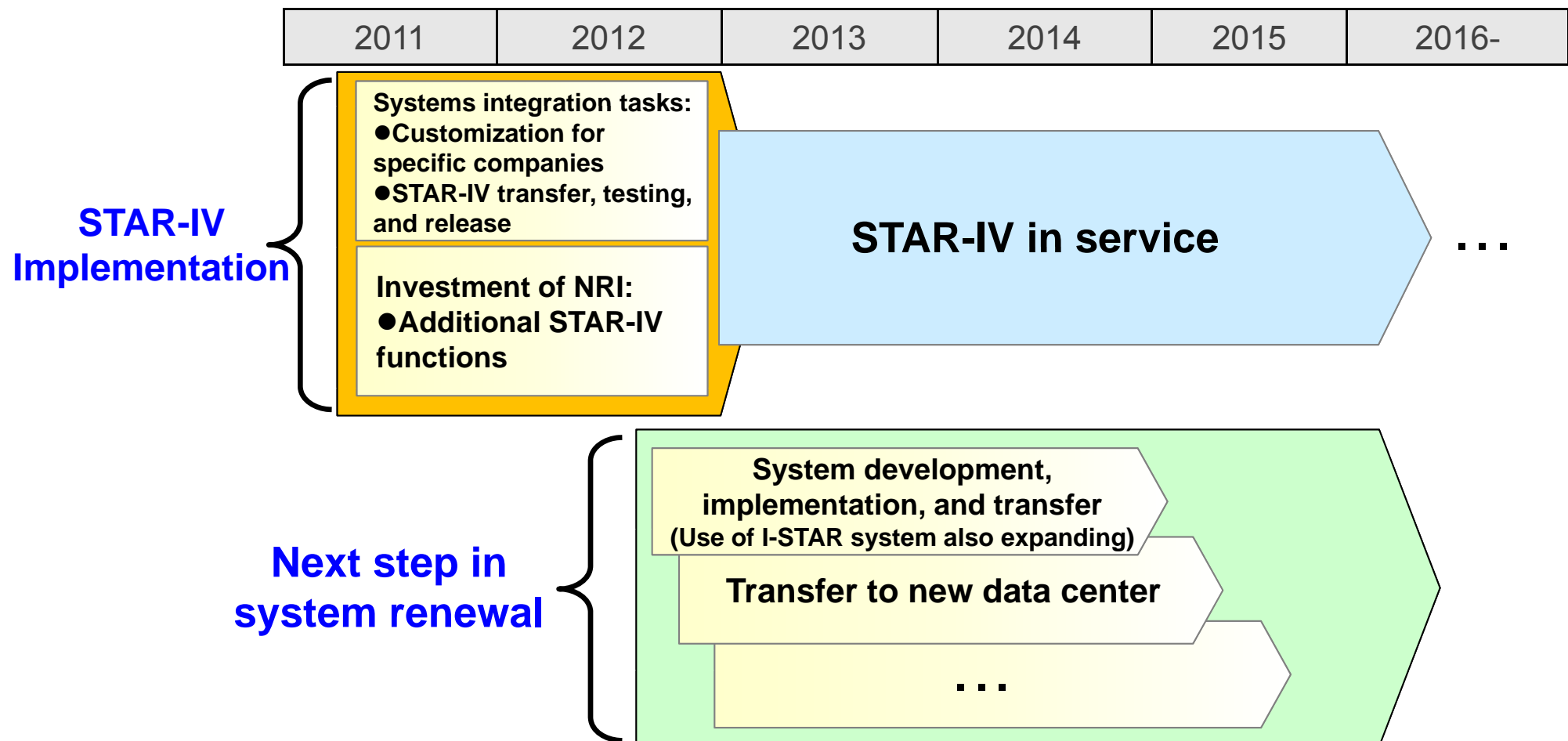
### Example of systems consulting

Theme	Summary
PMO	<ul style="list-style-type: none"> <li>● Overall IT strategy planning</li> <li>● Project prioritization and resource allocation management</li> <li>● Project management support</li> </ul>
IT department structural reform	<ul style="list-style-type: none"> <li>● Construct a new outsourcing model that uses external partners in order to reform IT departments</li> </ul>

## 2. Financial IT Solutions

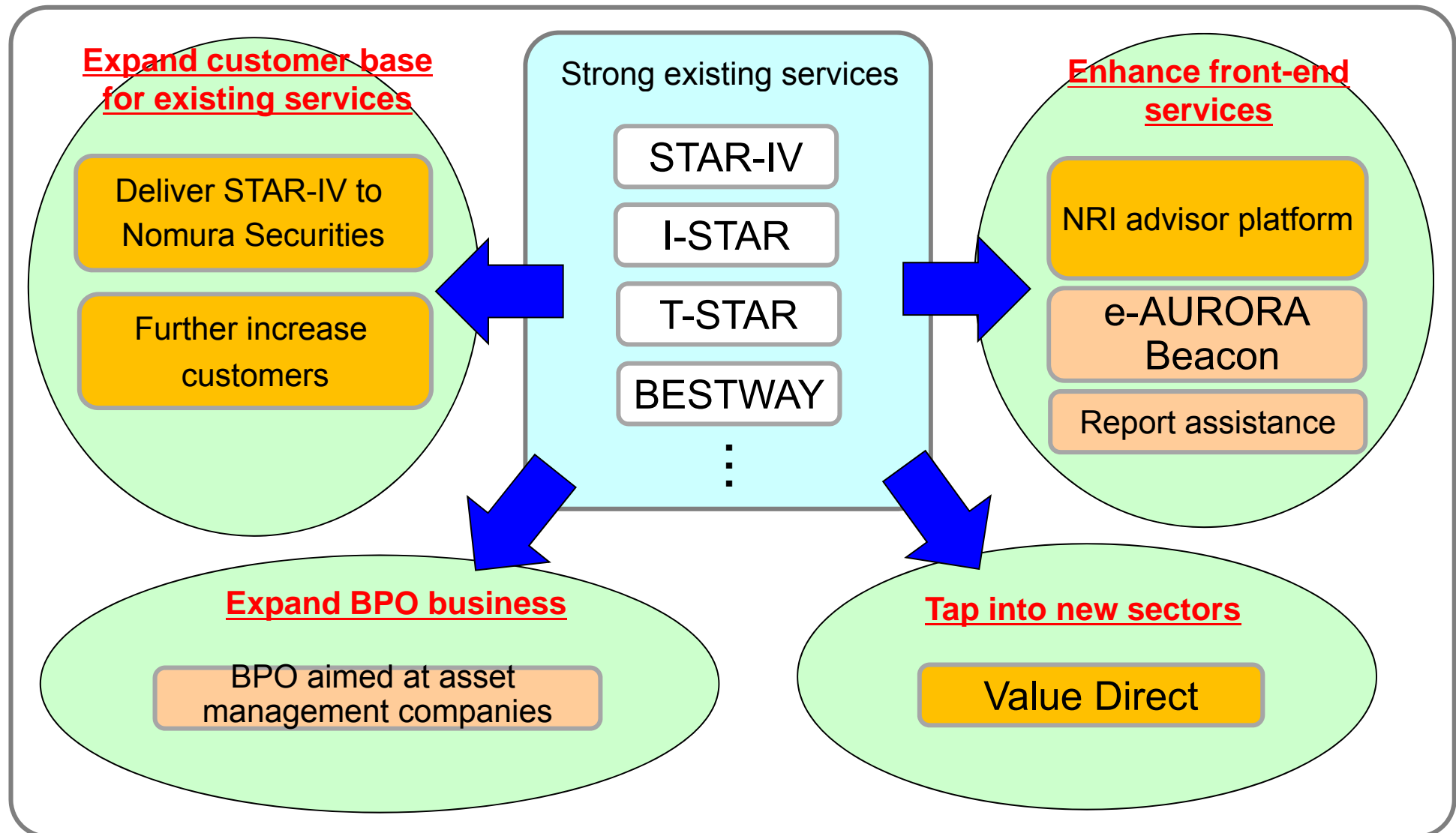
# Handling of Nomura Securities' Systems Renewal Project in Japan

- Implementation of STAR-IV at Nomura Securities is proceeding according to plan.  
Testing for release is reaching a climax
- Next step in system renewal beginning



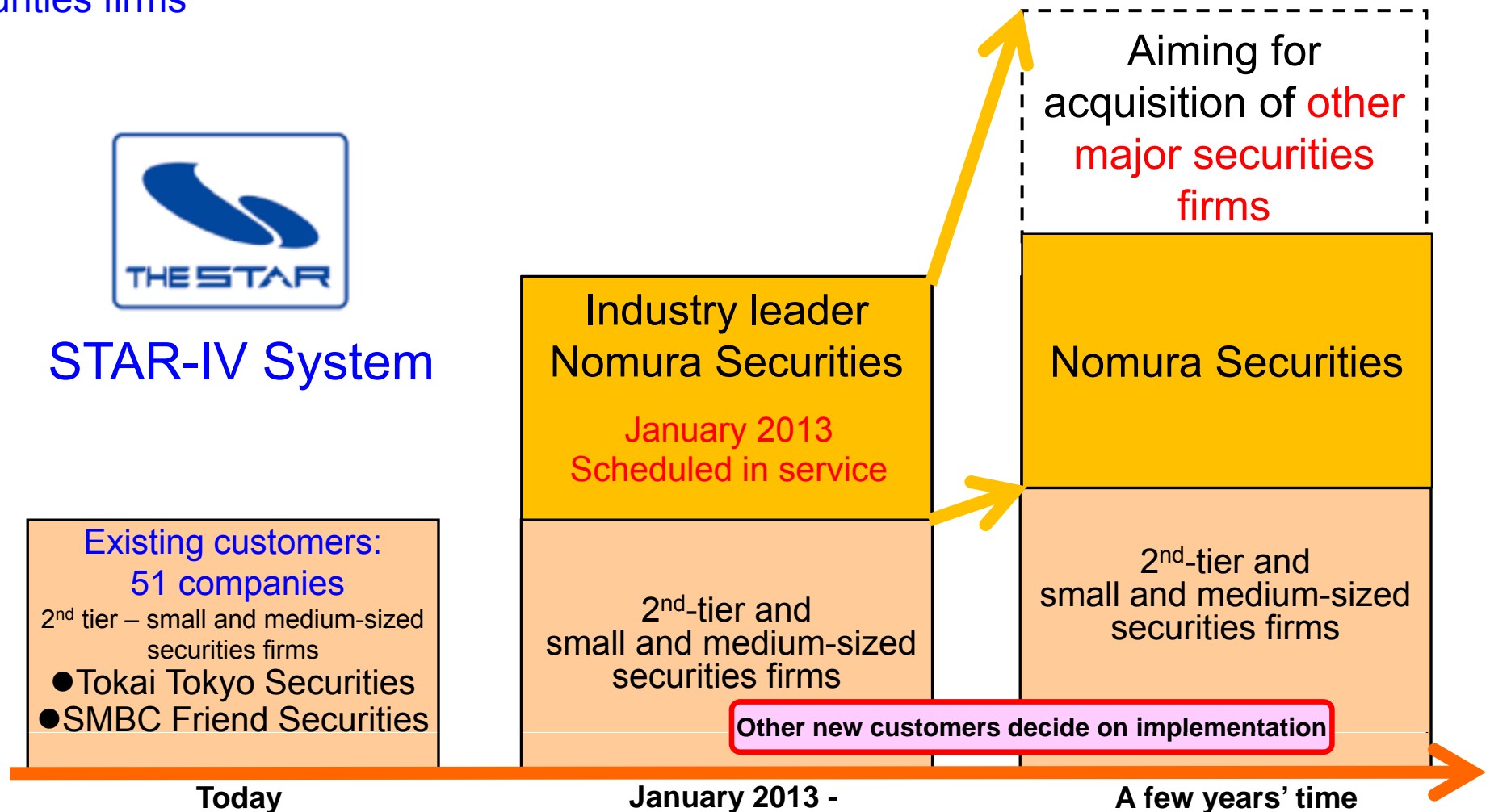
## 2. Financial IT Solutions

### Expand Territory in Industry Standard Business Platforms



## 2. Financial IT Solutions: Expand Territory in Industry Standard Business Platforms Further Increase Customers – Roll Out STAR-IV at Major Securities Firms

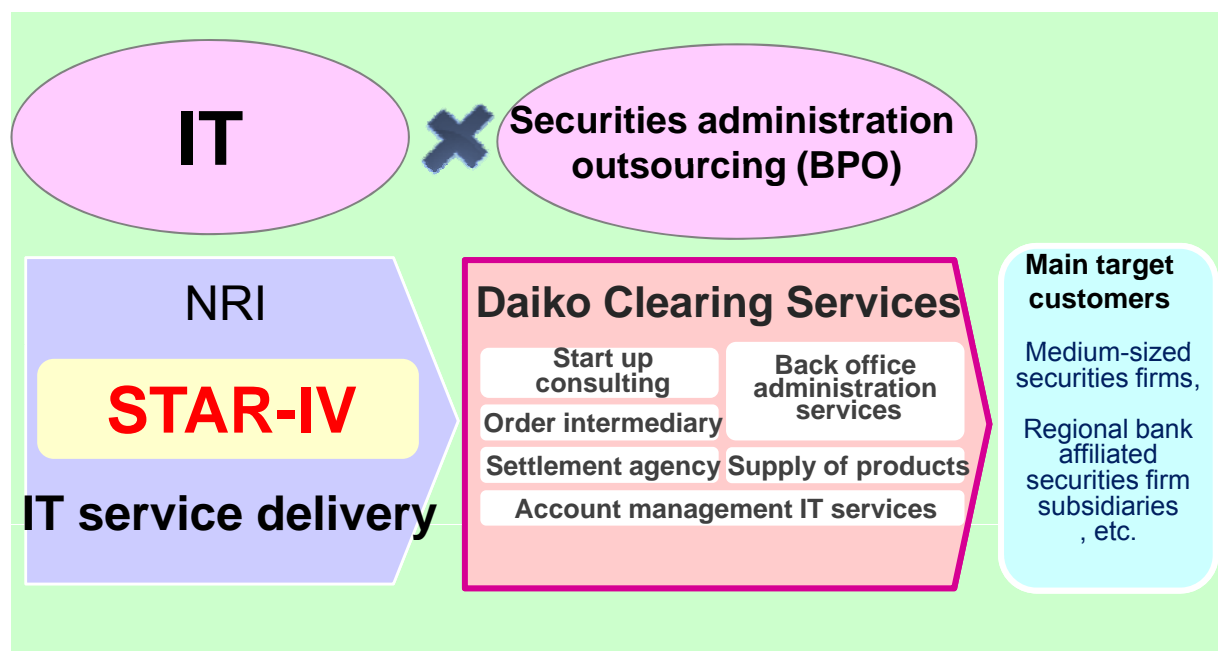
■ **Implementation of STAR-IV at Nomura Securities**, the industry leader ⇒ further consolidation of position for STAR-IV, increasing its appeal for other major and medium-sized securities firms



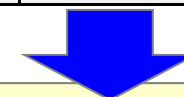
## 2. Financial IT Solutions: Expand Territory in Industry Standard Business Platforms Further Increase Customers – Expand Cooperation and Capital Alliance with Daiko Clearing Services Corporation

- Aim to further increase STAR-IV sales
- Collaborate with Daiko Clearing Services Corporation on securities administration outsourcing

Strengthen capital alliance through TOB



Period of share purchases	Spt. 18 – Oct. 16
Number of shares purchased	6.7 million shares
Cost of shares purchased	Approx. ¥1.9 billion
Equity stake after TOB	36.18% (As a proportion of total shares issued and outstanding)



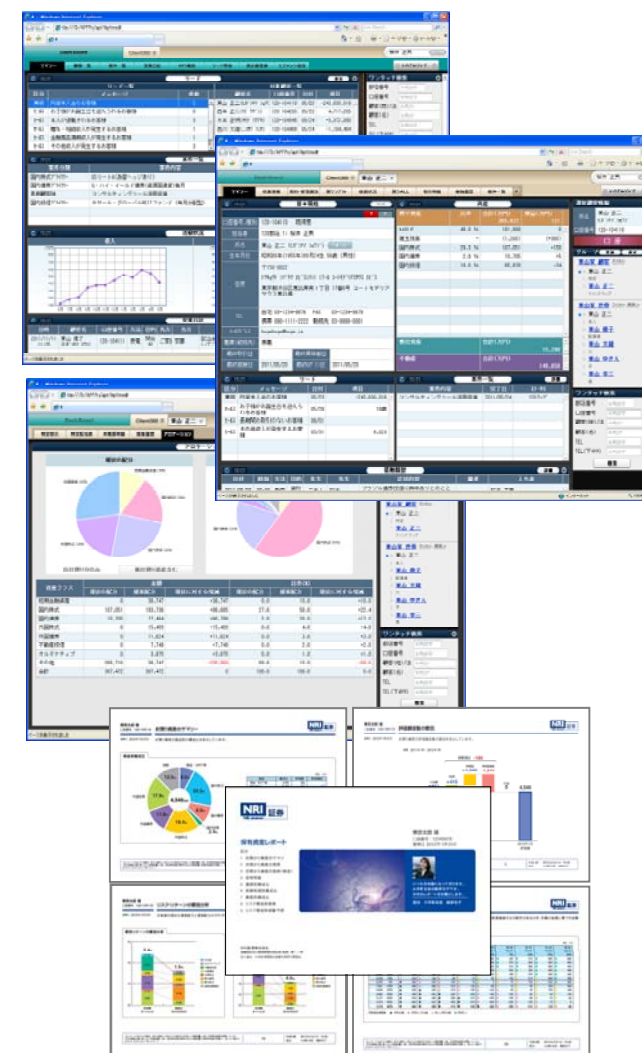
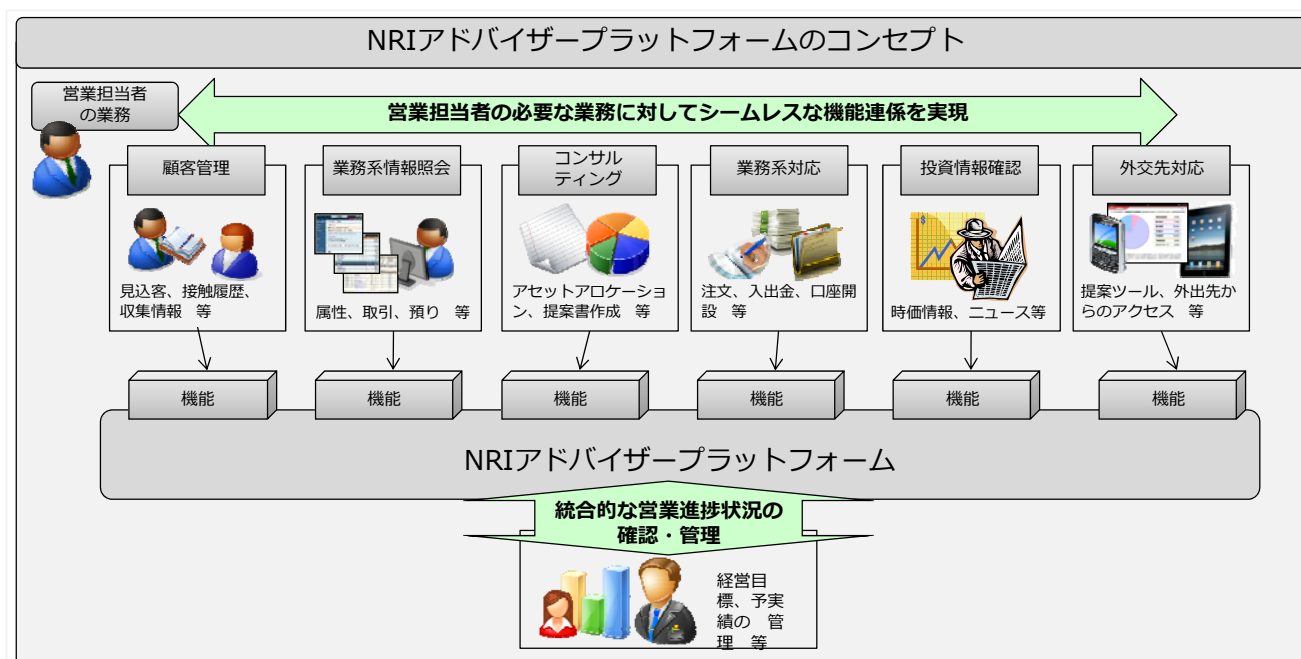
**Negative goodwill in 3Q**  
**Positive impact on net income:**  
**Approx. +¥5.0 billion**

## 2. Financial IT Solutions: Expand Territory in Industry Standard Business Platforms

# NRI Advisor Platform

➤ Front-end system to support consulting-type sales of financial products

**In service January 2013**



**High value-added service integrated with STAR-IV**

## 2. Financial IT Solutions: Expand Territory in Industry Standard Business Platforms

### Value Direct (Banking Sector)

- **Steadily increase the number of customers using Value Direct Internet banking service**

**Value Direct**

Suruga Bank

Minato Bank

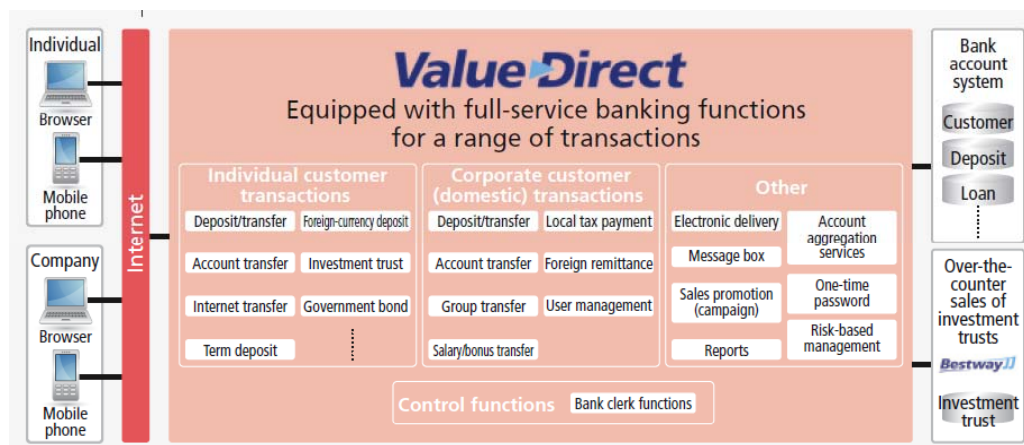
Nanto Bank

Sawakami Asset Management

⋮

**Decision to adopt at 9 banks<sup>(note)</sup>**  
**<In operation at 6 banks,**  
**includes decisions yet to be made official>**

(note) As of October 2012. Red text indicates customers featured for the first time in this report.

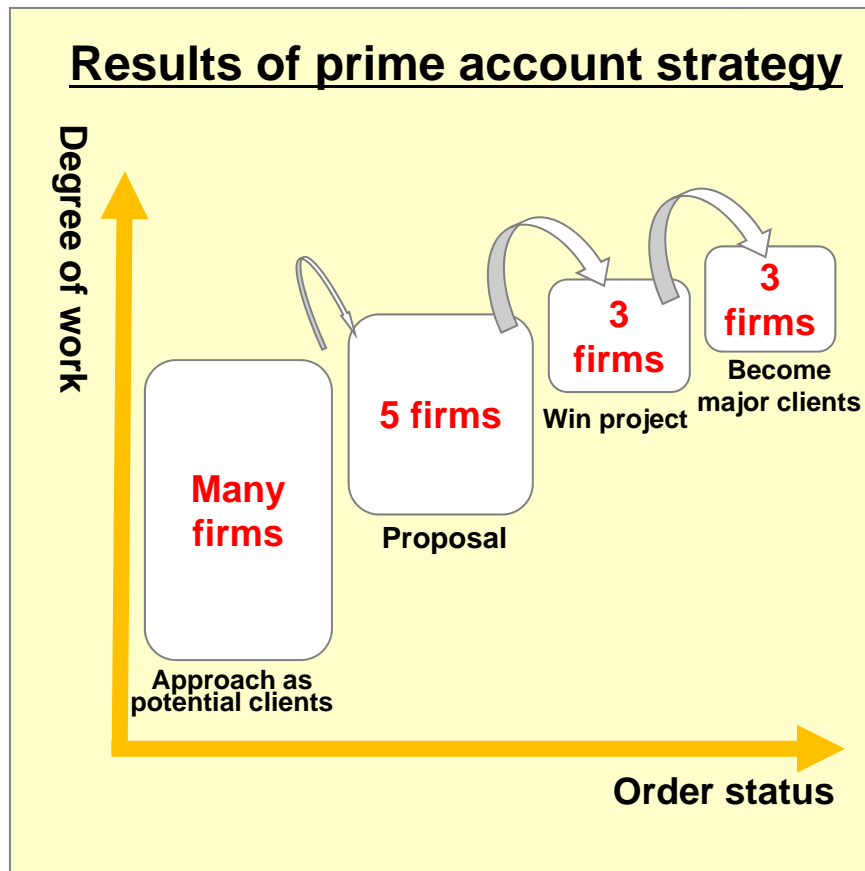


Note: Value Direct provides full banking functions to handle a series of transactions, including transfers and payments, term deposits, foreign currency deposits, mutual funds, government bonds, and loans. Value Direct/Mutual Fund offers the mutual fund functions from Value Direct

### 3. Industrial IT Solutions

## Acquiring Major Clients in Industrial Sector

- Win new customers through prime account campaign



Business expanded at 3 companies

Ajinomoto, Shiseido,  
a telecommunications firm

Won projects and increasing  
sales at 3 companies

Aim to develop ten major  
clients by 2015



## 4. China and Asia

# Strategies to Expand Business in ASEAN Nations

➤ Aim to expand business in ASEAN nations as well as China

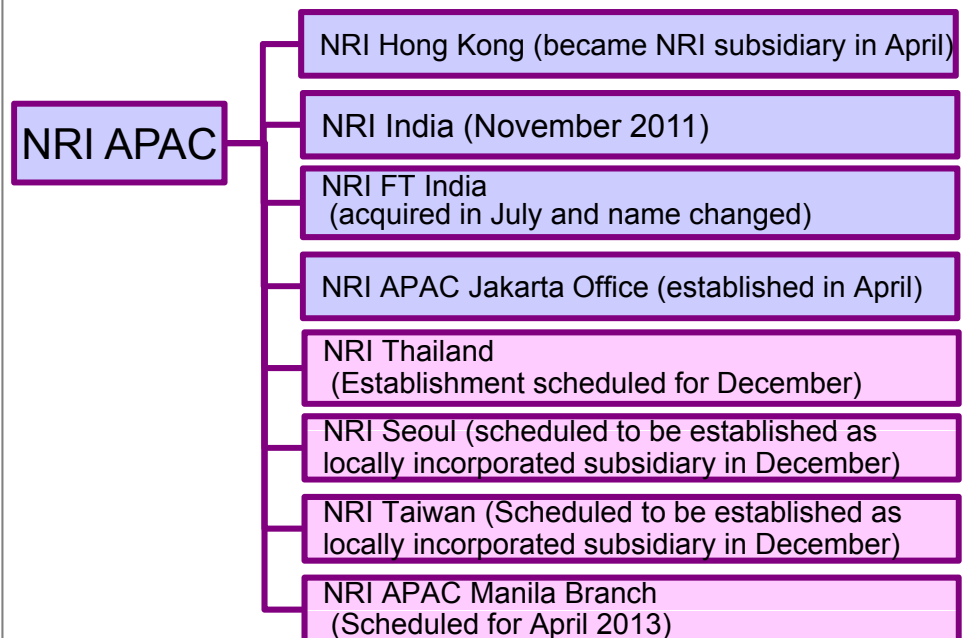
### Global SCM

- Clients are Japanese manufacturers' plants and sales companies and trading companies
- Experience at over 110 sites for 60 companies in 15 countries and regions



### Reorganization and reinforcement of overseas operational bases

Reinforcement of NRI (APAC), the core company in the Asian region, with branches in Seoul, Taipei and Manila to come under its umbrella



## 5. IT Infrastructure

# Completion of Tokyo Data Center 1

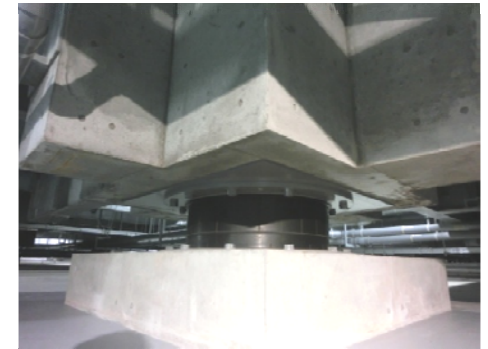
- Tokyo Data Center 1 was completed on October 17, and service will commence in November
- The data center has advanced disaster resistance and environmental performance to appeal to BCP/DR needs as well

### Interior Appearance

#### Tokyo Data Center 1 (Tama City)



**Double-decker system  
(Computer area)**



**Seismic isolation equipment**



**Double-decker system  
(Maintenance area)**



**Solar panels**

## 5. IT Infrastructure

# Strengthen the Data Center Business in Kansai Region

- Plans underway for construction of new data center to meet rising need for BCP/DR
- Aim to achieve advanced and efficient operating structures, including existing DCs
- Plan to implement strategies aimed at improving future business value on finance front

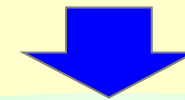
### Planning new data center featuring cutting edge equipment

Develop as base for industry standard business platforms and cloud services

⇒ Aim to be in service in FY2015

### Plans to implement asset rationalization strategy for Osaka Data Center (Off-balance sheet treatment)

Implementation of strategy expected to result in extraordinary loss of ¥7.0 billion this FY, with negative impact of about ¥4.0 billion on net income (offset by extraordinary income from negative goodwill)

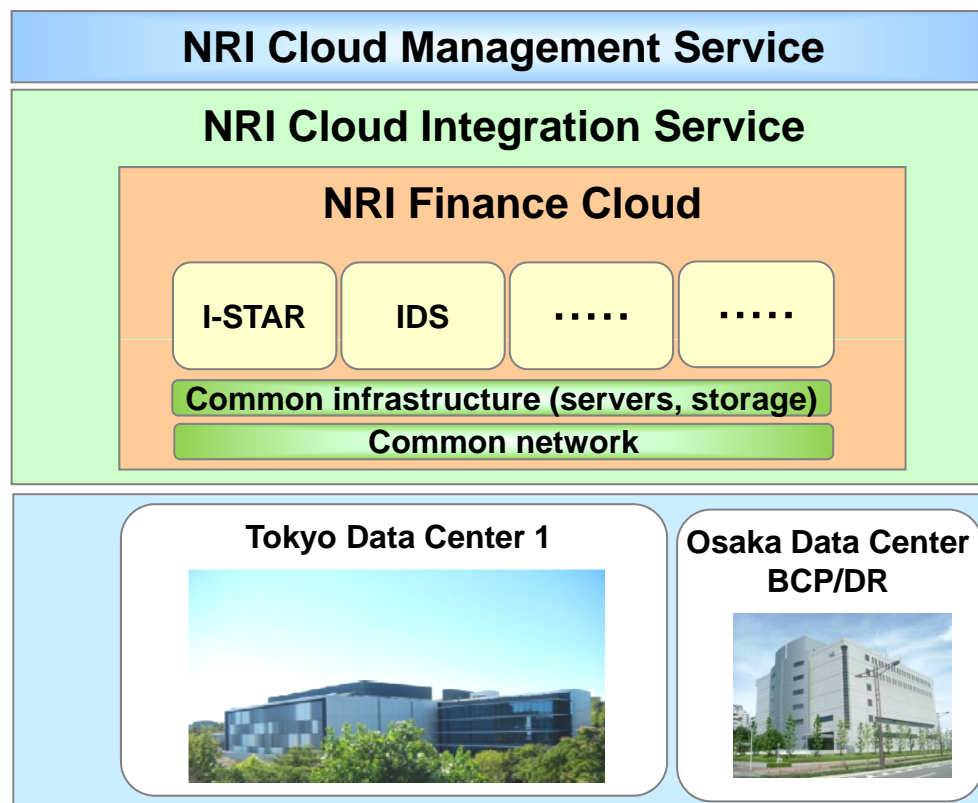


Cost cutting effect from next fiscal year

## 5. IT Infrastructure

# NRI Finance Cloud

- **Promote construction of NRI Finance Cloud at Tokyo Data Center 1**
- **Aim for cost efficiencies by creating an IT infrastructure cloud with shared-online services**
  - Strengthen areas such as large-scale data base and large scale transaction processing, DR functions and security in addition to creating common infrastructure



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*This document contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company.*

*Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.*

*The Company does not undertake to revise forward-looking statements to reflect future events or circumstances.*

# References

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- 1. Other Financial Result-related Data**
- 2. Recent Activities (excerpts from articles in magazines, newspapers, etc.)**
- 3. Example of projects**
- 4. Other**

# 1. Other Financial Result-related Data

## Highlights of Consolidated Financial Results <2Q>

(Unit:JPY million)

	2Q FY Mar.2012 (Jul.-Sep.)	2Q FY Mar.2013 (Jul.-Sep.)	Diff.	YoY Change
Sales	83,019	89,947	+6,928	+8.3%
Operating Profit	11,439	12,329	+889	+7.8%
Operating Profit Margin	13.8%	13.7%	(0.1P)	
Net Income	6,822	7,707	+884	+13.0%
Earnings per share	¥34.92	¥39.16	+¥4.24	

# 1. Other Financial Result-related Data

## Sales by Segment <2Q>

(Unit:JPY million)

	2Q FY Mar.2012 (Jul.-Sep.)	Share	2Q FY Mar.2013 (Jul.-Sep.)	Share	Diff.	YoY Change
Consulting	5,353	6.4%	6,023	6.7%	+670	+12.5%
Financial IT Solutions	49,777	60.0%	53,476	59.5%	+3,699	+7.4%
Securities	23,364	28.1%	26,510	29.5%	+3,145	+13.5%
Insurance	14,051	16.9%	13,789	15.3%	(262)	(1.9%)
Banking	6,713	8.1%	7,064	7.9%	+351	+5.2%
Other financial	5,648	6.8%	6,113	6.8%	+465	+8.2%
Industrial IT Solutions	18,031	21.7%	20,752	23.1%	+2,721	+15.1%
Distribution	10,705	12.9%	11,290	12.6%	+584	+5.5%
Manufacturing, service and other	7,325	8.8%	9,462	10.5%	+2,136	+29.2%
IT Platform Services	7,644	9.2%	7,537	8.4%	(106)	(1.4%)
Others	2,212	2.7%	2,156	2.4%	(56)	(2.5%)
<b>Total</b>	<b>83,019</b>	<b>100.0%</b>	<b>89,947</b>	<b>100.0%</b>	<b>+6,928</b>	<b>+8.3%</b>
Nomura Holdings	22,098	26.6%	23,362	26.0%	+1,263	+5.7%
Seven & i Holdings	9,768	11.8%	11,552	12.8%	+1,784	+18.3%

\*Figures of Nomura Holdings and Seven & i Holdings, in principle, include sales to subsidiaries.



These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment. Copyright(C) 2012 Nomura Research Institute, Ltd. All rights reserved.



# 1. Other Financial Result-related Data

## Segment performance results <2Q>

■including Inter-segment sales for each segment

(Unit:JPY million)

		2Q FY Mar.2012 (Jul.-Sep.)	2Q FY Mar.2013 (Jul.-Sep.)	Diff.	YoY Change
Consulting	Sales	5,401	6,056	+655	+12.1%
	OP	914	1,180	+265	+29.0%
	OPM	16.9%	19.5%	+2.6P	
Financial IT Solutions	Sales	49,795	53,533	+3,737	+7.5%
	OP	4,411	6,094	+1,683	+38.2%
	OPM	8.9%	11.4%	+2.5P	
Industrial IT Solutions	Sales	18,075	20,743	+2,667	+14.8%
	OP	2,009	1,599	(410)	(20.4%)
	OPM	11.1%	7.7%	(3.4P)	
IT Platform Services	Sales	25,842	26,364	+521	+2.0%
	OP	3,045	2,929	(115)	(3.8%)
	OPM	11.8%	11.1%	(0.7P)	

# 1. Other Financial Result-related Data

## Sales by Service <2Q>

(Unit:JPY million)

	2Q FY Mar.2012 (Jul.-Sep.)	Share	2Q FY Mar.2013 (Jul.-Sep.)	Share	Diff.	YoY Change
Consulting Services	8,494	10.2%	10,399	11.6%	+1,904	+22.4%
System Development & System Application Sales	31,010	37.4%	34,563	38.4%	+3,553	+11.5%
System Management & Operation Services	40,968	49.3%	42,580	47.3%	+1,611	+3.9%
Product Sales	2,546	3.1%	2,404	2.7%	(141)	(5.6%)
<b>Total</b>	<b>83,019</b>	<b>100.0%</b>	<b>89,947</b>	<b>100.0%</b>	<b>+6,928</b>	<b>+8.3%</b>

# 1. Other Financial Result-related Data

## P/L Highlight <2Q>

(Unit:JPY million)

	2Q FY Mar.2012 (Jul.-Sep.)	2Q FY Mar.2013 (Jul.-Sep.)	Diff.	YoY Change
<b>Sales</b>	<b>83,019</b>	<b>89,947</b>	<b>6,928</b>	<b>+8.3%</b>
<b>Cost of Sales</b>	<b>57,658</b>	<b>63,507</b>	<b>+5,849</b>	<b>+10.1%</b>
Subcontracting Costs	27,363	29,903	+2,539	+9.3%
<b>Gross Profit</b>	<b>25,360</b>	<b>26,439</b>	<b>+1,078</b>	<b>+4.3%</b>
Gross Profit Margin	30.5%	29.4%	(1.2P)	
<b>SG&amp;A</b>	<b>13,920</b>	<b>14,110</b>	<b>+189</b>	<b>+1.4%</b>
<b>Operating Profit</b>	<b>11,439</b>	<b>12,329</b>	<b>+889</b>	<b>+7.8%</b>
Operating Profit Margin	13.8%	13.7%	(0.1P)	

# 1. Other Financial Result-related Data

## P/L Highlight <2Q>

(Unit:JPY million)

	2Q FY Mar.2012 (Jul.-Sep.)	2Q FY Mar.2013 (Jul.-Sep.)	Diff.	YoY Change
<b>Operating Profit</b>	<b>11,439</b>	<b>12,329</b>	<b>+889</b>	<b>+7.8%</b>
Non-operating gain and loss	38	158	+120	
Other Income and Expense	(408)	0	+409	
Loss on valuation of Investment securities	(529)	—	+529	
Income taxes etc.	4,247	4,781	+534	
<b>Net Income</b>	<b>6,822</b>	<b>7,707</b>	<b>+884</b>	<b>+13.0%</b>

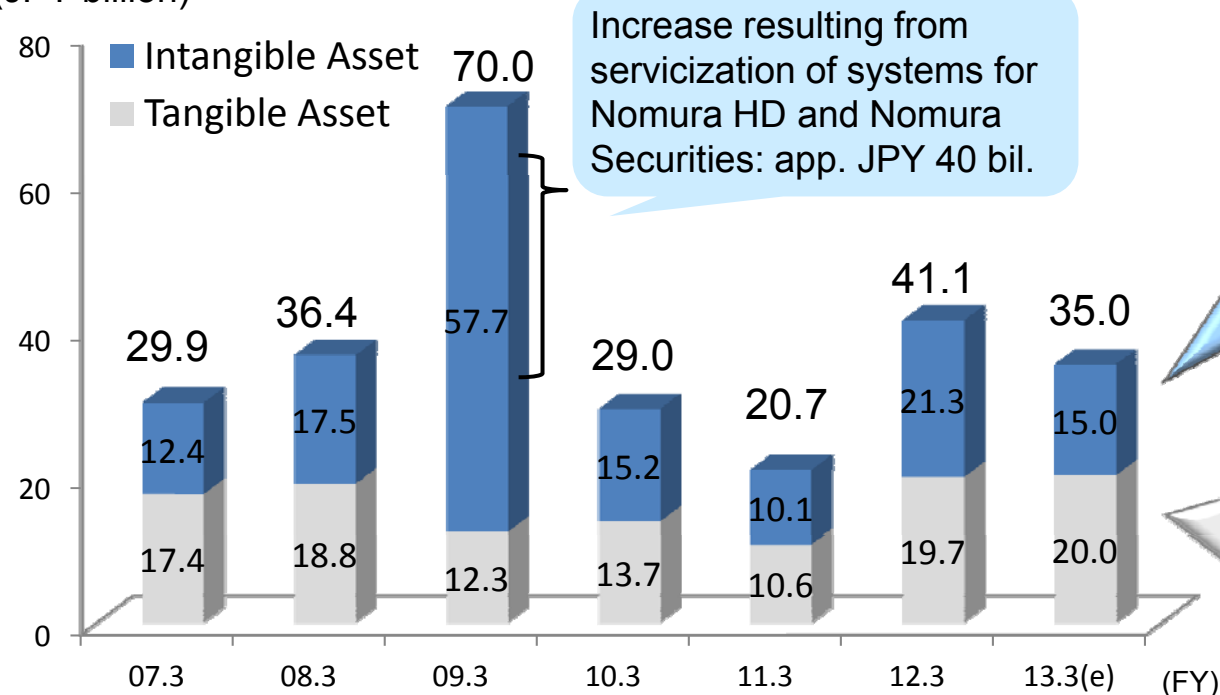
## 1. Other Financial Result-related Data

# Capital Investments

- **Tangible assets: construction of Tokyo Data Center 1**
- **Intangible assets: major investment in shared online services focusing on STAR-IV**

### Trends in capital investments

(JPY billion)



Increase resulting from  
servicization of systems for  
Nomura HD and Nomura  
Securities: app. JPY 40 bil.

#### Investment in intangible fixed assets

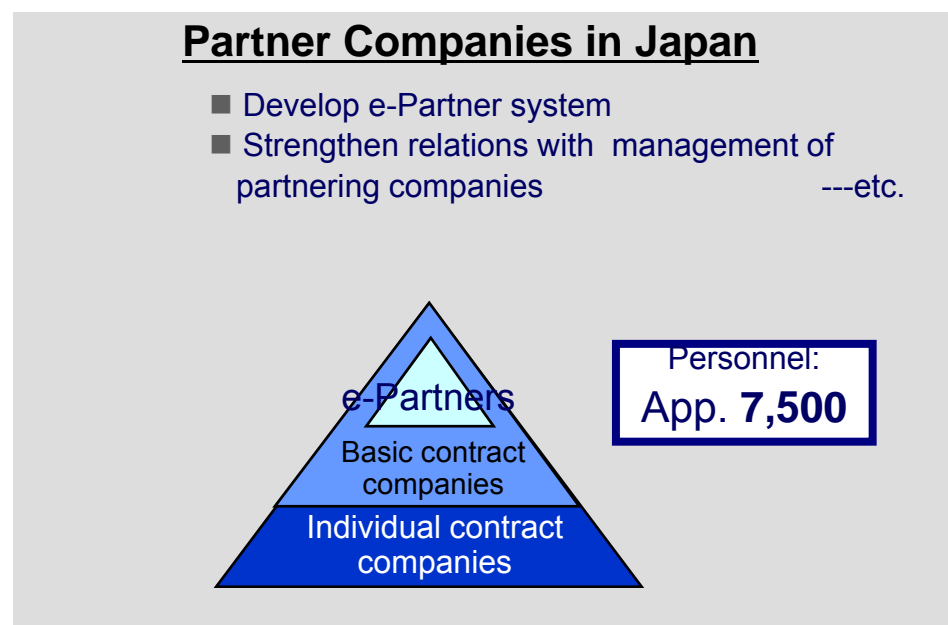
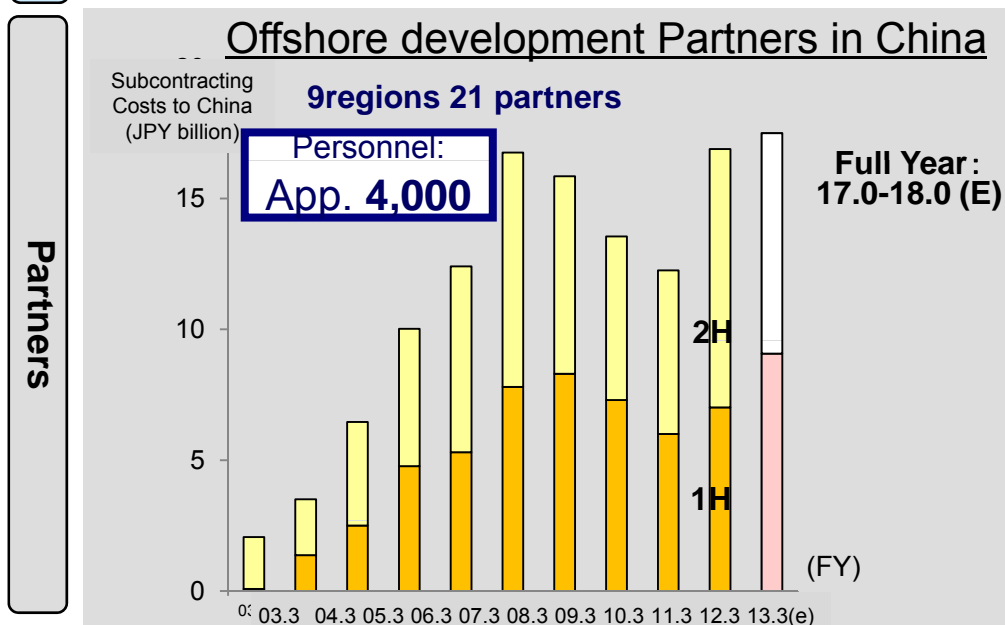
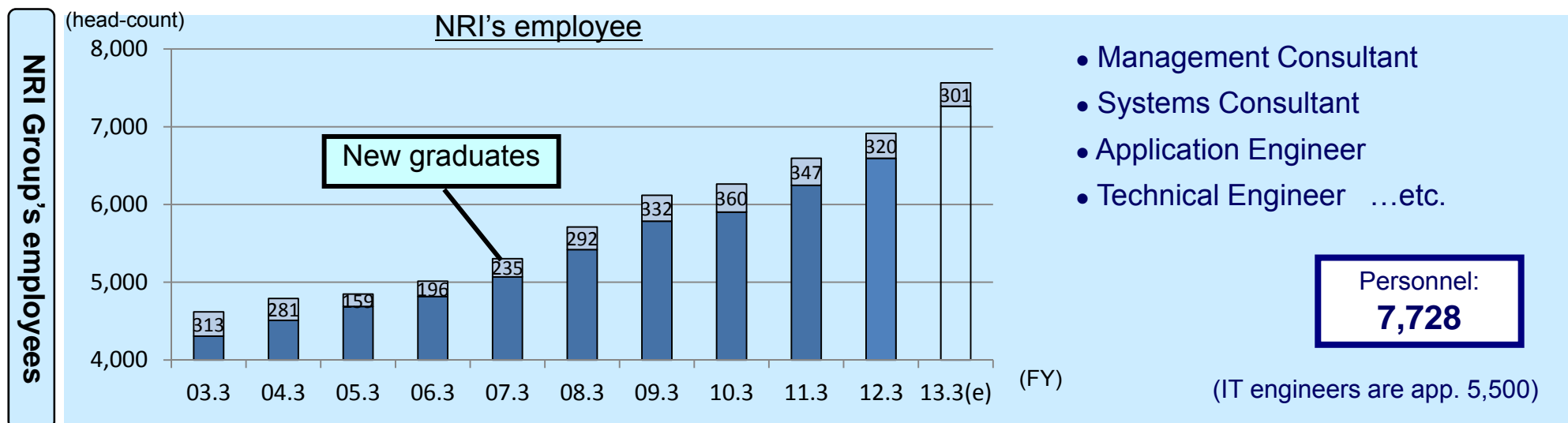
- Includes investment to improve STAR-IV functions

#### Investment in tangible fixed assets

- Investment of about ¥8 billion in Tokyo Data Center 1
- Investment to upgrade other facilities

## 1. Other Financial Result-related Data

### Depth in Human Resources -NRI's employees + Partners(in Japan & China)



## 2. Recent Activities

### Reform of Corporate IT Departments

- In view of the increasing number of managers who are dissatisfied with the current state of in-house IT departments, NRI will provide consulting to support top-down reform of IT departments.
- IT departments at client companies and their information system subsidiaries will be transformed over the period of at least one year into structures that can contribute directly to corporate management.
- Initially, NRI expects that the main clients for the service will be in industries that are experiencing full-scale offshore expansion, such as the food industry. NRI will provide support for IT departments at food companies to create a structure that can accommodate the requirements of each company department.

<p>野村総合研究所（NRI）は、IT化に関する技術指導に経営指導的な要素を取り入れたコンサルティングサービスを展開する。実施主体となる事業本部の人員180人のうち70-80人が参画。顧客企業内にあるIT部門とその情報システム子会社が、当該企業の経営</p>	<p>野村総研がコンサルティング</p>
<p>に直接貢献できる体制に1年以上かけて変えていく。NRIは、その際に20代後半から30代前半のコンサルタントに重要案件を任せる方針。</p>	<p>経営貢献型組織に</p>
<p>NRIで実施主体になるシステムコンサルティング事業本部が、経営指導を手がけるコンサルティング事業本部と連携を</p>	<p>強化する。まず食品など海外展開を本格化する業種を主要顧客に想定。食品企業内にあるIT部門が各部門の要望に応えられる体制作りを支援する。標準的なケースではNRIの3人の担当者が3カ月かけて顧客企業の現状を診断。顧客企業のIT部門を社内の情報シ</p>
<p>テムを開発・運用するだけの組織から、企業経営に参画する組織に変革する仕組みを作る。NRIは「社内のIT部門の現状に不満を持っている経営者が増えていく」と捉え、経営者のトップダウンによるIT部門の改革をコンサルティングで支援する。</p>	<p>企業 のIT部門を改革</p>

Nikkan Kogyo Shimbun, July 31, 2012

## 2. Recent Activities

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### Investment trust sales system also useable on tablet computer

- NRI has developed a sales support system for investment trusts that incorporates the expertise of the Bank of Yokohama and can also be used on a tablet computer.
- The new system uses a map of the world and graphs to display the amount invested in each asset class, such as shares and bonds, and how much is invested in which country and regions based on investment trust account information for each customer. This special feature allows a visual assessment of the risk of investment in specific assets, countries or regions. The system also features a query function for fund and market information, and it is likely to lead to a reduction in the administrative load for sales managers.
- NRI will begin marketing the new system to other regional banks in November, and aims for it to be adopted at about 40 banks.

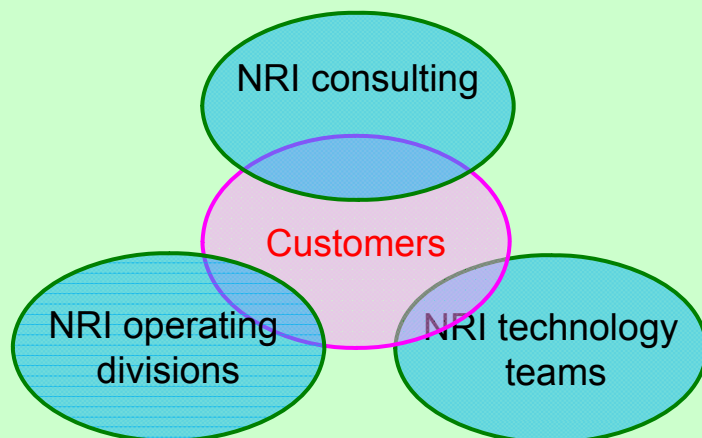
*Nihon Keizai Shimbun, August 20, 2012*



## 2. Recent Activities: NRI Mirai Garage

- **NRI Mirai Garage launched with the aim of creating innovative services in partnership with participating companies**

Identify customer needs, design and deliver innovative businesses and services together



Collaboration in all sectors among extensive array of human resources with expertise in consulting, research and technology

### Example research themes

- Applications of latest front-end technology
- Applications of big data, etc.

⇒ Objective is to launch studies into new services and proceed with operation tests during the current fiscal year



Dedicated office for NRI Mirai Garage:  
A newly established forum for dialog and collaboration

## 2. Recent Activities

### NRI Mirai Garage Initiatives NRI Big Data Lab NRI Smart Device & UX Lab

- NRI launched pioneering NRI Mirai Garage initiatives.
- The NRI Big Data Lab began full-scale operation. It is a cross-departmental organization to form specific business hypotheses and carry out operation tests to achieve effective big data applications in partnership with customers.
- The NRI Smart Device & UX Lab also began full-scale operation to create “futuristic” services in partnership with customers with the aim of effectively utilizing smart devices and delivering optimum user experience.

野村総合研究所（NRI）は、ユーザーや専門の研究者などと協力して新たなビジネスを創出する「NRI未来ガレージ」の第2弾として、スマートデバイスを実験的に活用する「NRIスマートデバイス&UXラボ」の活動を開始した。

操作性の良さと多機能のインターフェースといったスマートフォンの特徴を活用して、UX（ユーザーエクスペリエンス）を実現するための活動を行うもので、事業を素早く開始し、ユーザーのニーズを早い段階からフィードバックさせながら成長させていく「リンススタートアップ」手法を適用して、ユーザーとともに新ビジネスの早期立上げを目指す。

未来ガレージ第2弾はスマート端末

NRI

Nikkei Business Daily, July 30, 2012

Information Industries and Market News,  
September 17, 2012

## 2. Recent Activities

### 2030 Research Office

- On September 1, 2012, NRI established a new 2030 Research Office within its Center for Strategic Management & Innovation. The office will seek out new vitality for Japan through dialog and collaboration with “competitors in various fields who are promoting innovative thinking and initiatives.”
- The department will select 100 experts and managers to take part in dialog and collaboration, adopting an open innovation approach to promoting the creation of new proposals and businesses by bringing together ideas and skills not only from NRI, but also from other companies and people.

*Nikkei Business Daily, August 28, 2012*

## 2. Recent Activities

### Reform of Group Operational Bases in Asia

- NRI decided to establish a subsidiary in Thailand as its 20<sup>th</sup> overseas operational base. It is the first Japanese business consulting firm to have a subsidiary in Thailand. The company is headquartered in Bangkok and will cover Thailand and a wide area of Southeast Asia, primarily the neighboring countries of Vietnam, Myanmar, Laos, and Cambodia, in cooperation with other operational bases in the Asian region.
- NRI will transfer its business from the Seoul and Taipei branches to locally incorporated subsidiaries that NRI Asia Pacific (NRI APAC) will establish in both cities. At the same time, it will also transfer business from the Manila Branch to a branch office that NRI APAC will establish in Manila. NRI will also make a capital injection into NRI APAC to reinforce its function as the core operational base in the Asian region.

*Nihon Keizai Shimbun, August 25, 2012*

*Nihon Keizai Shimbun, July 28, 2012*

## 2. Recent Activities

## More Personnel in India

- During 2013, NRI will increase the number of personnel at its locally incorporated subsidiary in Kolkata, India (Nomura Research Institute Financial Technologies India Pvt. Ltd.) by 100 to create an organization with 300 personnel, boosting its business as a system provider for European and US financial institutions in India.
- In addition, NRI will also increase the number of consultants at its locally incorporated subsidiary in Dehli, India (Nomura Research Institute India Private Limited) from the current 11 to several dozen in three years time. NRI plans to hire and train local employees to capitalize on demand for consulting services due to the increase in Japanese companies expanding into India.

# 野村総研、インド増員

現地大量採用、300人体制

野村総合研究所（NRI）は2013年中に、インド・コルカタの現地法人を100人増の300人へ増やす。現地で20人を見込まず採用するほか、80人の新卒を採用する。中途採用者をシステム開発以外の部門に配属し、顧客への導入支援まで担える体制にする。現地で欧米金融機関向けシステム事業を強化していく。

## 証券システム拡販

中途採用は、証券会社や銀のシステム部門、ITサービス会社で働く人材を案に、入社を呼びかける。新卒採用は、情報学や工学系の大学・大学院説明会を開いて学生を勧誘する。新卒採用者はシステム開

発明部門に配属し、3年間をプログラムの設計・開発を担当された。増員するインドの現地法人「ララ・ラサチ・インシヤル・テクノ・フインシヤル・デュー・ノジス・インディア」は、NRIがインドのIT会社アシンスンソフトエナを買収した月に発足した。NRIは買収前からオフショア（海外委託）先として、証券会社「バークレイ・ストリート・インバースティメント」の開発を委託してきた。買収による社名変更

でバンドでも高い「ノム  
ラ」の知名度を生かす。  
NRIは欧米の金融機  
関へのシステム販売拡大  
のため、システマティ  
シアの体制強化を急ぐ。  
北米では証券会社のバ  
ックオフィス業務向け  
で高いシェアを持つシ  
ステムが証券各社で更  
改時期を迎えているた  
め、ISTAR/GVへの  
買い換えを勧める。

## インドのコンサル増員

## 野村総研 日系需要取り込み

[illegible]

*Nikkan Kogyo Shimbun,*  
September 19, 2012

*Nikkan Kogyo Shimbun,*  
September 6, 2012

## 2. Recent Activities

### NRI Ranked 9<sup>th</sup> in FinTech 100 for Third Consecutive Year

- In 2012, NRI was ranked 9<sup>th</sup> on the FinTech 100, an international listing of the top 100 IT service providers to the financial services industry. NRI was the only Japanese company ranked in the top 10, and it has achieved a top 10 ranking for three consecutive years since 2010.
- The FinTech 100 is researched and published by US specialist financial industry publications American Banker and Bank Technology News and IDC Financial Insights, a financial services company. The research covers IT service providers to financial services companies that derive more than one third of their global sales from the financial services industry, and the ranking is published each fall. The ranking is based on surveys of the service provider companies themselves as well as original research and market analysis conducted by IDC Financial Insights and determined using previous fiscal year sales and the percentage of sales attributed to financial solutions.

1	FIS
2	Tata Consultancy Services Limited (TCS)
3	Fiserv, Inc.
4	SunGard
5	NCR Corporation
6	Diebold, Incorporated
7	First Data Corporation
8	Cognizant Technology Solutions
9	Nomura Research Institute, Ltd.
10	Infosys Limited



Source: American Banker homepage

### 3. One of NRI's Projects

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Sony Life Insurance Co., Ltd.

Support for construction of sales support system

## 4. Others - Supplementary explanation

### ■ FY March 2013 Consolidated Earnings Model

- Sales of JPY355.0 billion and operating profit of JPY45.0 billion

(unit: billion)

	FY Mar.2011 (Results)	FY Mar.2012 (Results)	FY Mar.2013 (Forecasts as of Apr. 25)(*)	YoY Change	
				Diff.	%
Sales	326.3	335.5	355.0	+19.4	+5.8%
Cost of Sales	233.1	235.5	252.0	+16.4	+7.0%
Personnel	54.3	57.1	62.0	+4.8	+8.4%
Subcontracting Costs	101.1	112.0	118.5	+6.4	+5.8%
Depreciation	28.8	29.4	31.0	+1.5	+5.2%
Gross Profit	93.2	100.0	103.0	+2.9	+3.0%
Gross Profit Margin	28.6%	29.8%	29.0%	(0.8P)	
SG&A	54.7	56.8	58.0	+1.1	+2.0%
Operating Profit	38.4	43.1	45.0	+1.8	+4.3%
Operating Profit Margin	11.8%	12.9%	12.7%	(0.2P)	

Note: Figures are consolidated estimates for preparing this earnings model.



## 4. Others - Communications

### Forum



October, 2012

“Dream Up the Future” Forum 2012 Nagoya

### Publications



Books published since July 2012