

# Financial Results

for 1<sup>st</sup> Quarter FY March 2013

July 27, 2012

**Nomura Research Institute, Ltd.**



# Highlights of Consolidated Financial Results

(Unit:JPY million)

	1Q FY Mar.2012	1Q FY Mar.2013	Diff.	YoY Change
Sales	78,465	84,411	+5,945	+7.6%
Operating Profit	8,641	8,246	(394)	(4.6%)
Operating Profit Margin	11.0%	9.8%	(1.2P)	
Net Income	12,881	5,699	(7,181)	(55.8%)

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

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## ● 1Q sales rose 7.6%

1. Introduction of STAR-IV at Nomura Securities proceeded according to plan, and securities sector sales rose.
2. Banking and other financial sector sales also made a steady contribution to sales growth.
3. Manufacturing, service and other sector sales rose, primarily to new clients.

## ● Operating profit fell 4.6% due to increase in insurance sector system development costs

1. Although higher utilization rates accompanied sales growth in Financial IT Solutions, profit declined because of additional costs incurred in insurance sector system development.
2. Profitability improved in Industrial IT Solutions as a reaction to extraordinary factors in 1Q of the previous fiscal year.

## ● Net income fell 55.8%, due to extraordinary profit recorded in 1Q of the previous fiscal year

1. Net income grew slightly, excluding the effect of the extraordinary profit (¥7.5 billion) posted in the 1Q of the previous fiscal year.

# Sales by Segment

(Unit:JPY million)

	1Q FY Mar.2012	Share	1Q FY Mar.2013	Share	Diff.	YoY Change
Consulting	4,314	5.5%	4,604	5.5%	+289	+6.7%
Financial IT Solutions	47,747	60.9%	51,220	60.7%	+3,473	+7.3%
Securities	23,080	29.4%	26,612	31.5%	+3,531	+15.3%
Insurance	14,092	18.0%	12,269	14.5%	(1,822)	(12.9%)
Banking	5,470	7.0%	6,287	7.4%	+817	+14.9%
Other financial	5,104	6.5%	6,051	7.2%	+947	+18.6%
Industrial IT Solutions	17,600	22.4%	19,631	23.3%	+2,030	+11.5%
Distribution	10,462	13.3%	10,514	12.5%	+51	+0.5%
Manufacturing, service and other	7,138	9.1%	9,116	10.8%	+1,978	+27.7%
IT Platform Services	6,801	8.7%	6,671	7.9%	(129)	(1.9%)
Others	2,001	2.6%	2,284	2.7%	+282	+14.1%
<b>Total</b>	<b>78,465</b>	<b>100.0%</b>	<b>84,411</b>	<b>100.0%</b>	<b>+5,945</b>	<b>+7.6%</b>
Nomura Holdings	18,487	23.6%	23,444	27.8%	+4,957	+26.8%
Seven & i Holdings	9,611	12.2%	10,374	12.3%	+763	+7.9%

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

# Segment performance results

■including Inter-segment sales for each segment

(Unit:JPY million)

		1Q FY Mar.2012	1Q FY Mar.2013	Diff.	YoY Change
Consulting	Sales	4,328	4,631	+303	+7.0%
	OP	(101)	(147)	(46)	—
	OPM	(2.3%)	(3.2%)	(0.8P)	
Financial IT Solutions	Sales	47,764	51,254	+3,489	+7.3%
	OP	5,100	3,631	(1,469)	(28.8%)
	OPM	10.7%	7.1%	(3.6P)	
Industrial IT Solutions	Sales	17,616	19,661	+2,044	+11.6%
	OP	400	1,120	+719	+179.7%
	OPM	2.3%	5.7%	+3.4P	
IT Platform Services	Sales	23,773	25,391	+1,618	+6.8%
	OP	2,334	2,822	+487	+20.9%
	OPM	9.8%	11.1%	+1.3P	

# Sales by Service

(Unit:JPY million)

	1Q FY Mar.2012	Share	1Q FY Mar.2013	Share	Diff.	YoY Change
Consulting Services	8,709	11.1%	8,196	9.7%	(513)	(5.9%)
System Development & System Application Sales	27,706	35.3%	32,209	38.2%	+4,502	+16.3%
System Management & Operation Services	40,350	51.4%	42,004	49.8%	+1,653	+4.1%
Product Sales	1,699	2.2%	2,001	2.4%	+302	+17.8%
<b>Total</b>	<b>78,465</b>	<b>100.0%</b>	<b>84,411</b>	<b>100.0%</b>	<b>+5,945</b>	<b>+7.6%</b>

# P/L Highlight

(Unit:JPY million)

	1Q FY Mar.2012	1Q FY Mar.2013	Diff.	YoY Change
<b>Sales</b>	<b>78,465</b>	<b>84,411</b>	<b>+5,945</b>	<b>+7.6%</b>
<b>Cost of Sales</b>	<b>55,689</b>	<b>61,605</b>	<b>+5,915</b>	<b>+10.6%</b>
Subcontracting Costs	25,129	30,432	+5,302	+21.1%
<b>Gross Profit</b>	<b>22,776</b>	<b>22,806</b>	<b>+29</b>	<b>+0.1%</b>
Gross Profit Margin	29.0%	27.0%	(2.0P)	
<b>SG&amp;A</b>	<b>14,135</b>	<b>14,560</b>	<b>+424</b>	<b>+3.0%</b>
<b>Operating Profit</b>	<b>8,641</b>	<b>8,246</b>	<b>(394)</b>	<b>(4.6%)</b>
Operating Profit margin	11.0%	9.8%	(1.2P)	

# P/L Highlight continued

(Unit:JPY million)

	1Q FY Mar.2012	1Q FY Mar.2013	Diff.	YoY Change
<b>Operating Profit</b>	<b>8,641</b>	<b>8,246</b>	<b>(394)</b>	<b>(4.6%)</b>
<b>Non-operating gain and loss</b>	<b>911</b>	<b>830</b>	<b>(80)</b>	<b>(8.8%)</b>
Dividend income	830	717	(112)	
<b>Other Income and Expense</b>	<b>11,221</b>	<b>89</b>	<b>(11,132)</b>	<b>(99.2%)</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>7,892</b>	<b>3,466</b>	<b>(4,425)</b>	
<b>Net income</b>	<b>12,881</b>	<b>5,699</b>	<b>(7,181)</b>	<b>(55.8%)</b>



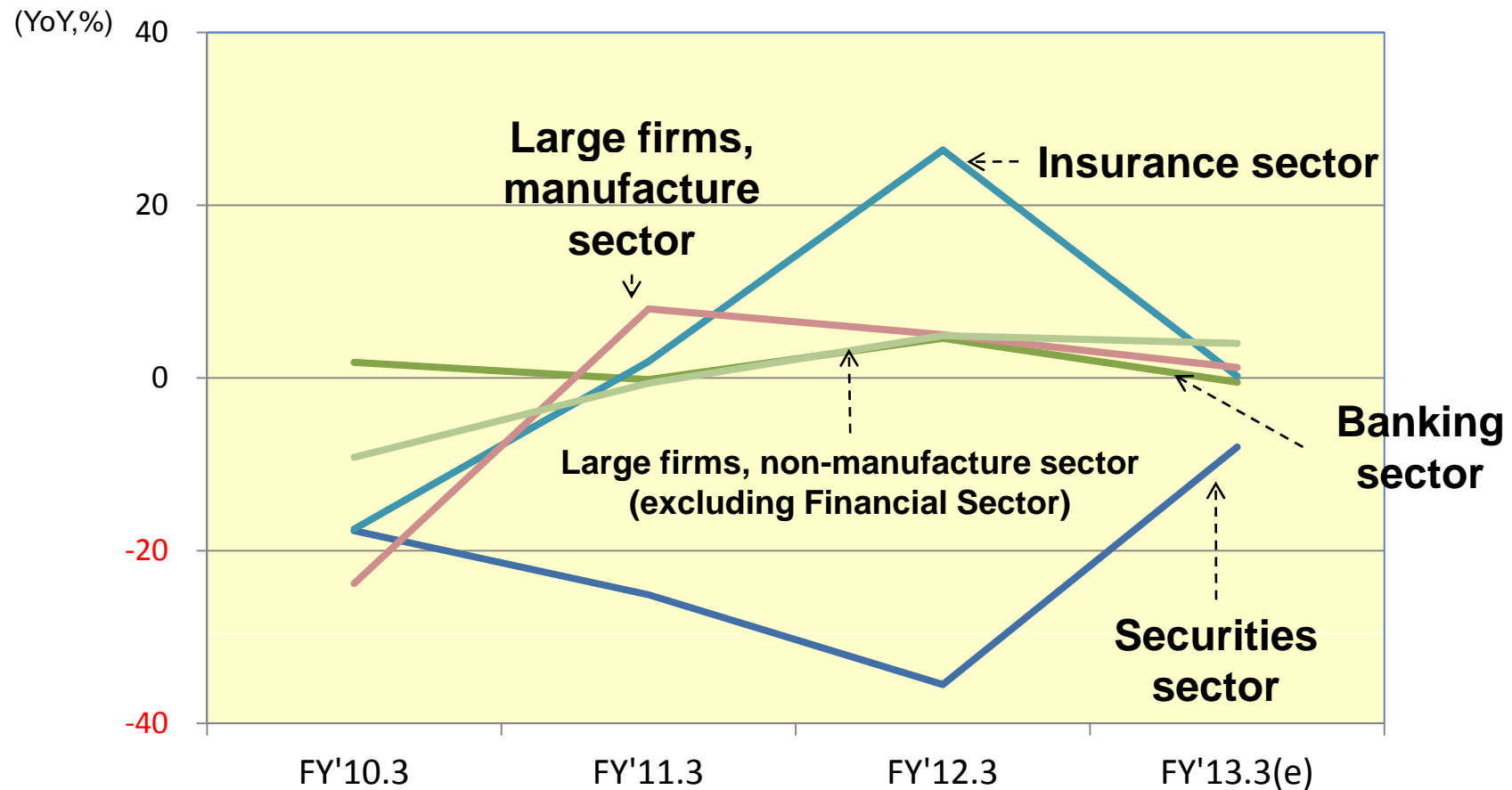
# Order Backlog (Outstanding)

(Unit:JPY million)

	At end of June 2011	At end of June 2012	Diff.	YoY Change
Consulting	5,091	5,874	+783	+15.4%
Financial IT Solutions	97,817	93,495	(4,321)	(4.4%)
Industrial IT Solutions	36,506	41,323	+4,816	+13.2%
IT Platform Services	12,614	12,859	+245	+1.9%
Other	3,298	3,653	+355	+10.8%
Total	155,327	157,206	+1,879	+1.2%
Order backlog in the current FY	153,678	155,023	+1,344	+0.9%

# Assessing the business environment

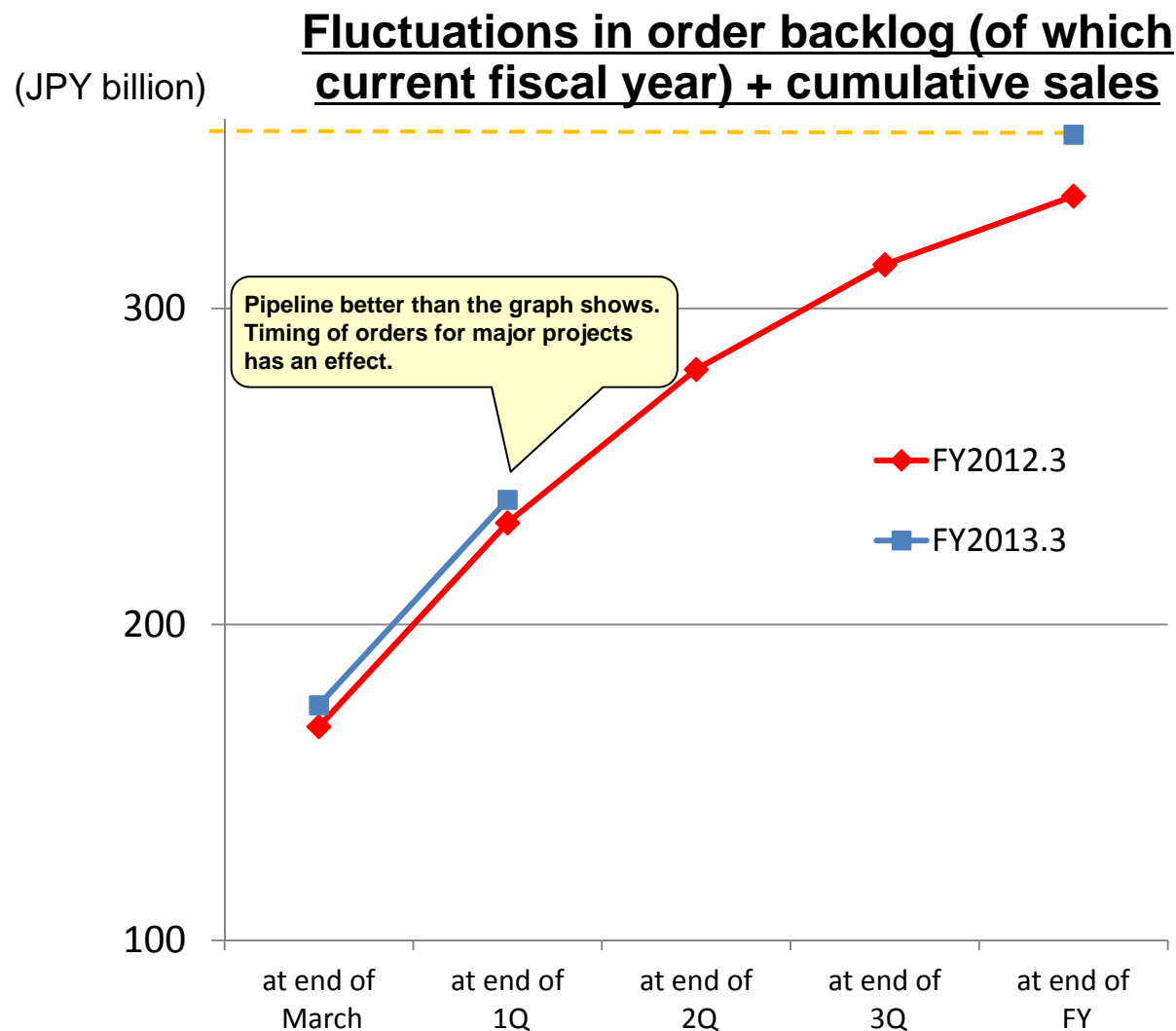
- **BOJ Tankan Survey shows slight YOY growth for projected software investment this fiscal year**



Source: BoJ Tankan Survey (June, 2012) based on survey given to companies

# Sales + Consolidated Order Backlog

➤ In line with forecasts



# 1Q Results and Forecasts for the Full Fiscal Year

(unit: JPY billion)








		1Q	2Q	3Q	4Q	FY
<b>FY March 2010</b>	<b>Sales</b>	<b>81.5</b>	<b>85.3</b>	<b>85.2</b>	<b>86.4</b>	<b>338.6</b>
	<b>OP</b>	<b>9.9</b>	<b>12.1</b>	<b>10.6</b>	<b>7.3</b>	<b>40.0</b>
	<b>OPM</b>	<b>12.2%</b>	<b>14.2%</b>	<b>12.5%</b>	<b>8.5%</b>	<b>11.8%</b>
<b>FY March 2011</b>	<b>Sales</b>	<b>80.6</b>	<b>81.4</b>	<b>79.8</b>	<b>84.3</b>	<b>326.3</b>
	<b>OP</b>	<b>6.5</b>	<b>9.4</b>	<b>11.0</b>	<b>11.4</b>	<b>38.4</b>
	<b>OPM</b>	<b>8.1%</b>	<b>11.6%</b>	<b>13.8%</b>	<b>13.5%</b>	<b>11.8%</b>
<b>FY March 2012</b>	<b>Sales</b>	<b>78.4</b>	<b>83.0</b>	<b>82.8</b>	<b>91.1</b>	<b>335.5</b>
	<b>OP</b>	<b>8.6</b>	<b>11.4</b>	<b>10.5</b>	<b>12.5</b>	<b>43.1</b>
	<b>OPM</b>	<b>11.0%</b>	<b>13.8%</b>	<b>12.7%</b>	<b>13.7%</b>	<b>12.9%</b>
<b>FY March 2013</b> <b>1Q results</b> <b>Forecasts from 2Q</b>	<b>Sales</b>	<b>84.4</b>	<b>90.5</b>	<b>180.0</b>		<b>355.0</b>
	<b>OP</b>	<b>8.2</b>	<b>12.7</b>	<b>24.0</b>		<b>45.0</b>
	<b>OPM</b>	<b>9.8%</b>	<b>14.1%</b>	<b>13.3%</b>		<b>12.7%</b>

Note: Figures for the 2Q of the fiscal year ending March 31, 2013 were calculated by subtracting 1Q results from forecasts for 1H.

# Current Business Conditions

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

## Initiatives in Fiscal March 2013

<b>Consulting</b>			<ul style="list-style-type: none"> <li>• Promote support for clients' IT departments (PMO, etc.), respond to government and municipal office and overseas projects, primarily in Asia</li> </ul>
<b>Financial IT Solutions</b>			
	<b>Securities</b>		<ul style="list-style-type: none"> <li>• Introduction of STAR-IV at Nomura Securities on schedule, examine measures for discontinuance of existing system</li> <li>• Continue marketing aimed at increasing STAR-IV clients</li> </ul>
	<b>Insurance</b>		<ul style="list-style-type: none"> <li>• Promote projects for existing large-scale clients, activities aimed at acquiring new and additional projects</li> <li>• Expand services for insurance sector to respond to trends in industry reorganization</li> </ul>
	<b>Banking</b>		<ul style="list-style-type: none"> <li>• Steadily acquire new clients and new releases with Internet banking system Value Direct</li> <li>• Update account system for trust bank clients</li> </ul>
	<b>Other financial</b>		<ul style="list-style-type: none"> <li>• For asset management ASP, (1) strengthen services for front and middle office and (2) update services utilizing cloud technology and pursue BPO business</li> </ul>
<b>Industrial IT Solutions</b>			
	<b>Distribution</b>		<ul style="list-style-type: none"> <li>• Respond to increases in business size and overseas expansion by major clients</li> </ul>
	<b>Manufacturing, service and other</b>		<ul style="list-style-type: none"> <li>• Continue efforts to acquire new clients and projects, with a focus on consumer industries (consumer products manufacturing, etc.)</li> <li>• Provide services to Ajinomoto through NRI System Techno. Expand business for telecommunications industry</li> </ul>

# Responding to Rising Data Center Demand

- Commenced study into new data center in Kansai area in response to increasing need for BCP/DR

## Kansai area

Commenced study  
into new data center



Osaka Data Center

1992

## Kanto area



(Scheduled to open in November)

Tokyo Data Center 1 **NEW!**

2012



Hiyoshi Data Center

1985



Yokohama Data Center 1

1990



Yokohama Data Center 2

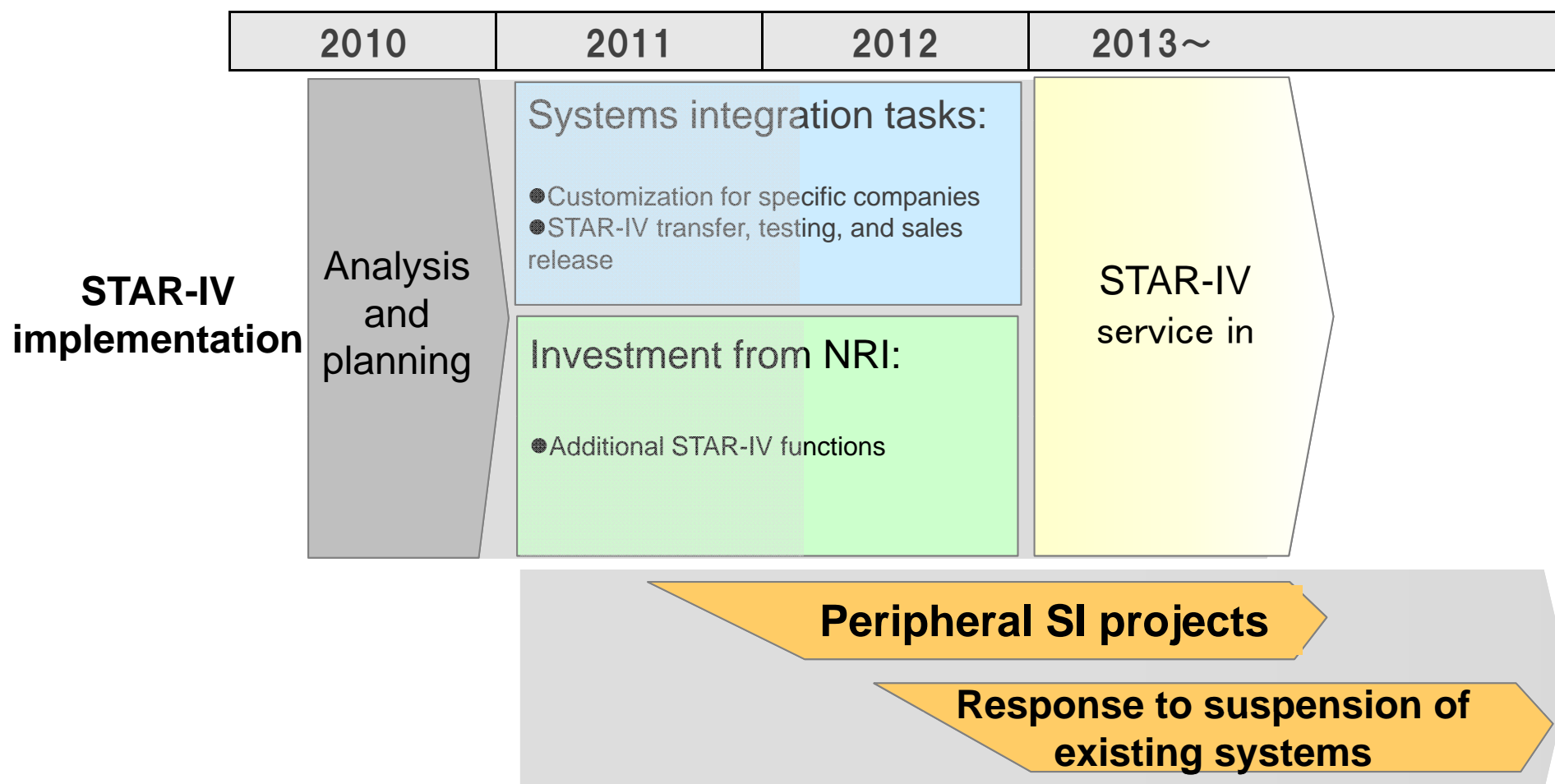
2007

- **Opened office in Jakarta, Indonesia in April**
- **Decided to set up local company in Thailand in July**



# Complete introduction of STAR-IV at Nomura Securities and subsequent developments

- Introduction of STAR-IV at Nomura Securities is proceeding according to plan
- Preparation aimed at implementation of overall testing and release



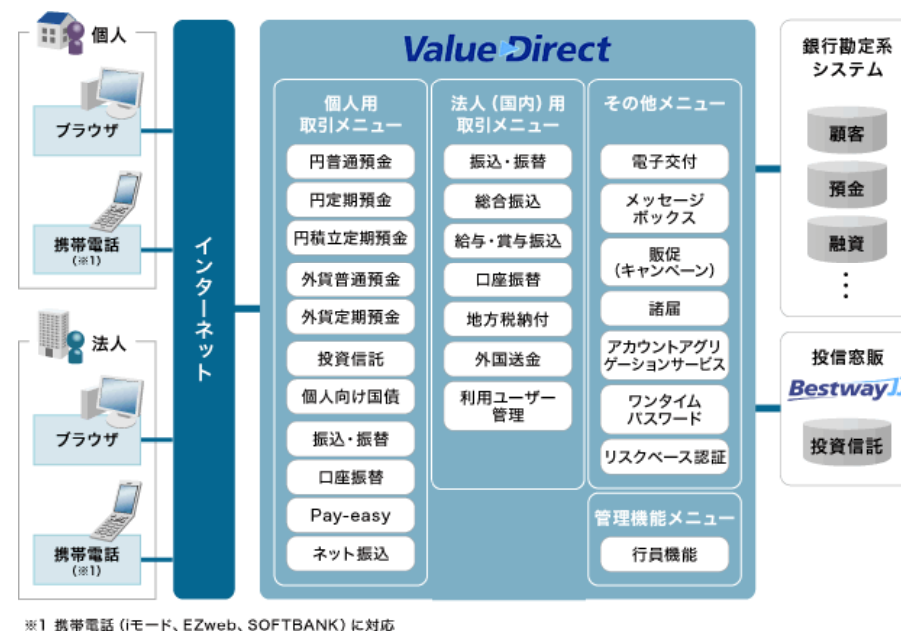


# Internet Banking Service Value Direct

- Now expanding steadily with decision to adopt at 7 banks

## Value Direct Internet Banking Service

Agreements with 7 banks to  
introduce service  
Aiming to introduce to 20 banks in  
5 years



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

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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.*

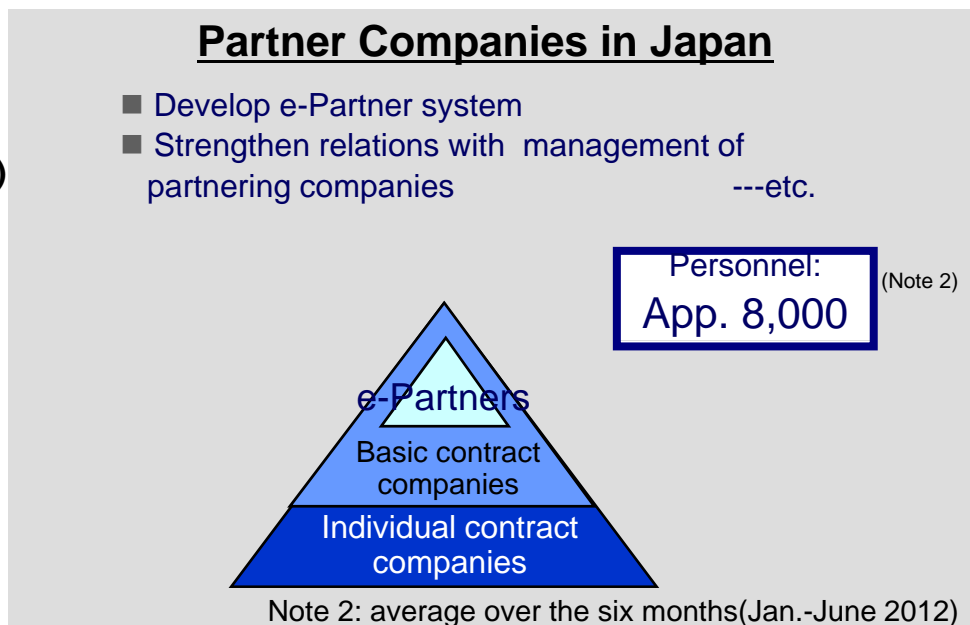
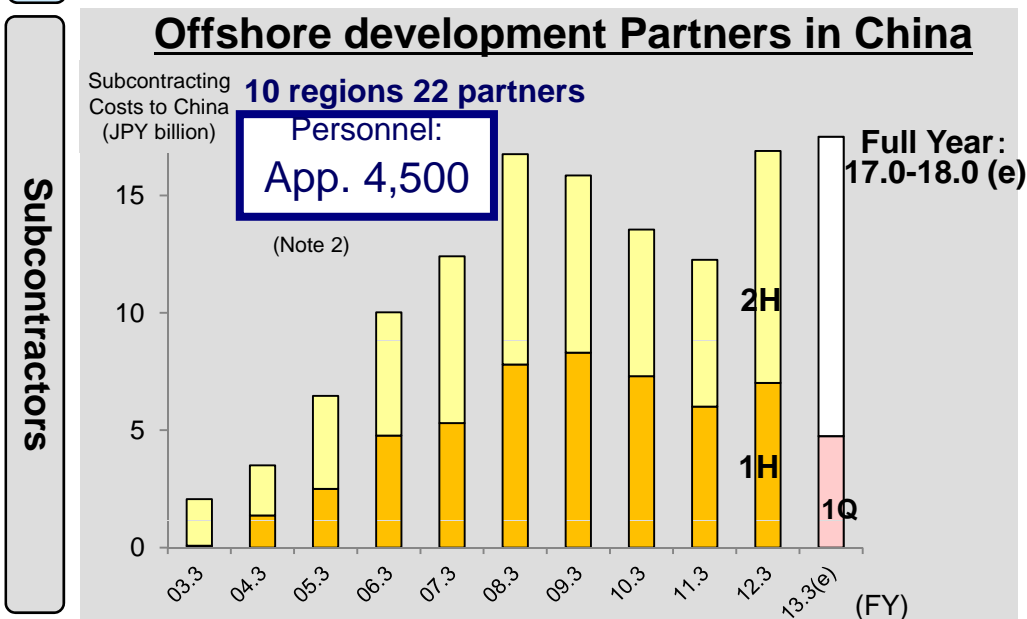
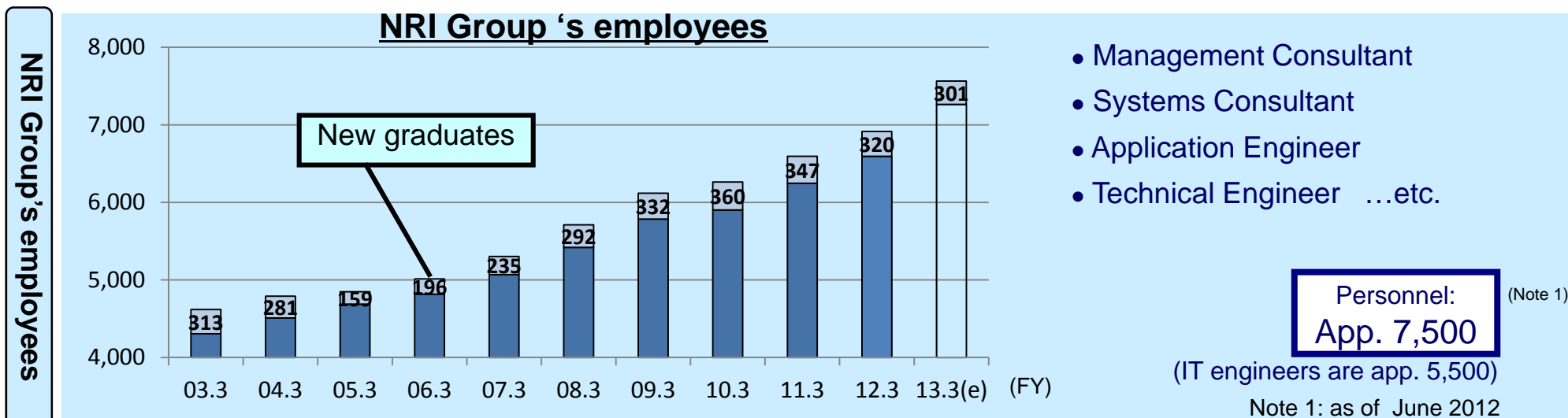
# References

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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

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

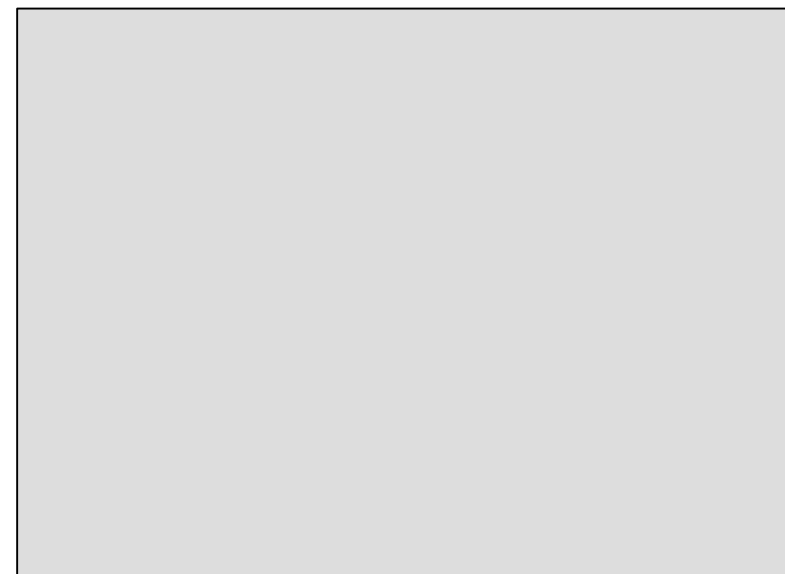


## 2. Recent Activities

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### Representative Office in Indonesia

- On April 27, NRI opened NRI APAC Jakarta Representative Office in Jakarta, Indonesia.
- The Jakarta Representative Office will be responsible for developing logistics and distribution consulting and IT solutions services in Indonesia.
- Since 2011, the NRI Group has moved forward to establish a base for the consulting business in India and acquire an Indian IT company as a subsidiary. Moreover, the Group has pursued the reinforcement of its Asian business structure, reforming its Singapore local company into the core of Asian business development by increasing capital investment and renaming it NRI APAC in April 2012. The recent establishment of the Jakarta Office is part of these initiatives.

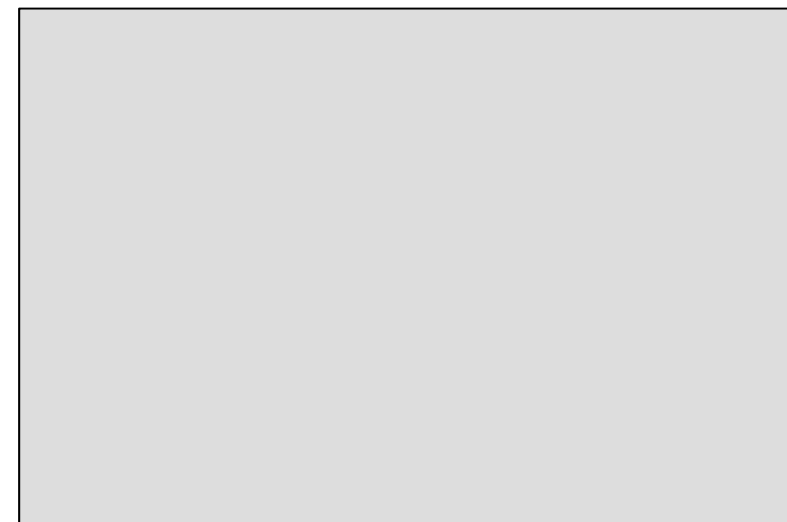


*Nikkei Business Daily*, May 21, 2012

## 2. Recent Activities

### NRI Mirai Garage

- NRI will launch NRI Mirai Garage as a new initiative with the aim of creating innovative services in partnership with the participating companies.
- NRI Mirai Garage will run workshops for generating ideas, technical studies, trial production and joint operation tests, in order to generate ideas that a single company cannot dream up alone by combining the needs and expertise of participating companies with NRI's consulting, research results and systems development technology. At the same time, the aim is to turn these ideas into reality rather than leaving them on paper.
- As examples, NRI Mirai Garage will explore social needs while studying applications for new technologies in its focus themes involving the latest front-end technology and big data. NRI will establish a dedicated NRI Mirai Garage office in September 2012 and aims to proceed with studies and operation tests of new services in partnership with at least 10 companies during the current fiscal year.



*Nikkei Business Daily*, June 22, 2012



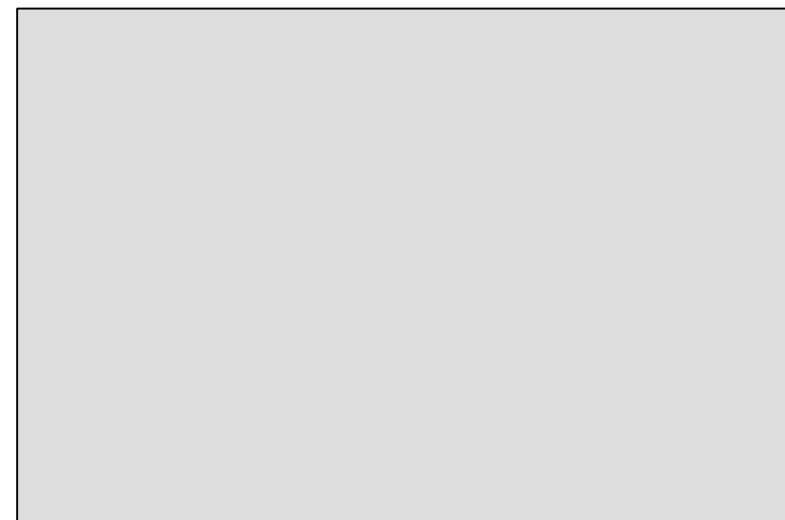
## 2. Recent Activities

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### Overall Update for I-STAR

- As part of the overall update of its I-STAR suite, including infrastructure, NRI will add new functions to JASDEC settlement management solution I-STAR/CX, which manages JASDEC settlement in real time, and I-STAR/MX, NRI's JASDEC settlement matching solution.
- The upgrade also complies with system modifications for transition to international standards, which JASDEC has scheduled to commence in January 2014. In view of the progress of global standard ISO20022, NRI will not only add functionality, but will also update infrastructure to promote adoption of STP.
- NRI responds promptly and precisely to system changes and works to alleviate burdens on financial institutions through its shared online services such as the I-STAR suite.

\* STP: Straight-through processing (electronic processing of financial operations without human involvement)



*Nikkei Business Daily, May 25, 2012*

## 2. Recent Activities

## SmartBridge Advance

- NRI will step up proposals for the introduction of its front-office management system for asset management companies.
- Although SmartBridge Advance had the capacity for flexibly addressing changes in Japan's legal system, etc., asset coverage was limited to Japanese stocks. Since the beginning of fiscal 2012, NRI has expanded asset coverage to overseas stocks, foreign exchange, exchange forward contracts and short-term assets.
- NRI will actively present proposals for the introduction of SmartBridge Advance to clients who use its back-office system. NRI targets adoption of the system by about 10 new companies a year.

# 資産運用会社向け フロントシステム強化

## 野村総研

総合研究所は、資産運用会社向けのフロントシステムの導入提案を積極化していく。国内株だった対象資産を12年度から外国株式などにしたほか、海外に直接発注できる機能を追加し、便性を大幅に向上。すでに大手国内資産運用会社が導入、さらに12年度上期中に4社が導入する見込みだ。

同社は、06年から「Bridge Advance」は国内の法や取引注文管理（OM）機能などに対応できるものの、対象資産が国内株式に限定された業務システム「Smart Bridge Advance」の提供を始めた。バックオフィスシステム「T-FISシステム」「STAR/TX」は国為替、為替予約、短期内投信会社の約8割の資産に拡大。短期資産（71社）で採用実績があるが、「SmartのT+2」の決済期間短縮化」にも対応。また、海外ネットワークとの接続機能を追加し、国内の証券会社を通じて、現地のプロ力カーに直接発注できる機能も持たせた。

さらに、13年度上期までに信用、先物、国内債券、外国債券まで対象資産を拡大し、「全ての資産に対応」（野村総研）できるものとする予定。

今後は、年間10社程度の新規採用を目指し、「バックオフィス」システムの導入先に対して積極的に採用を提案していきたい（同）としている。

外国株式や海外発注など

*Japan Financial News, May 25, 2012*

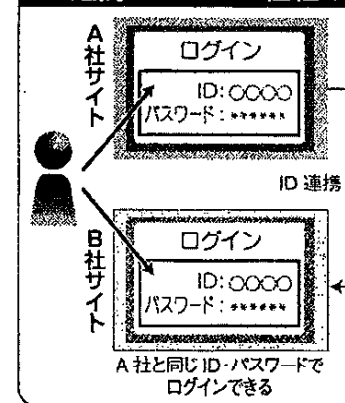


## 2. Recent Activities

### Uni-ID

- NRI will expand sales of its integration service allowing customer and employee IDs and passwords issued via company website to be linked to those for other companies' sites. Considering demand for ID integration within companies, NRI will make proposals for in-house ID centralization between companies that have undergone business integration and between the subsidiaries and overseas centers of major corporations.
- Uni-ID, NRI's ID Integration service, is a mechanism that centralizes the website IDs and passwords of two companies. It allows the ID and password acquired at a particular site to be also used at a different site.
- Uni-ID conforms to OpenID, the international benchmark standard for ID integration.

### NRIのID連携サービスの仕組み



野村総合研究所（NRI）は企業がウェブサイトで発行する顧客や社員のID（識別符号）やパスワードを、他社サイト・営業内にもあると見て、経営統合した会社間や大手企業の子会社や海外拠点間など社内でのID連携を提案する。標準形式のID連携サービス「ユニID」は、約300万円、3カ月ほどで連携できる。ユニIDは、今後、事業再編を進めている大手企業に提案を強化する。子会社化前の会社で取得したIDを新会社でも利用できる。子会社や海外拠点ごとに別々だったIDも連携できるため、グループの社員向けにも活用できる。

同サービスは2社のウェブサイトのID・パスワードを連携する仕組み。ある特定のサイトで取得したID・パスワードでもうひとつ別のサイトも利用できるようになる。ID連携の国際標準規格「オープンID」に準拠しており、同規格を採用する世界中のサイトと連携できる。

## 野村総研 社内ID連携を支援 統合企業や海外拠点間

Nikkan Kogyo Shimbun, June 25, 2012

## 2. Recent Activities

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### Kenko Mirai Yoho

- NRI began delivery of its new version of Kenko Mirai Yoho with enhanced functionalities. Kenko Mirai Yoho is a lifestyle disease guidance support system, developed in joint research with Hisayama Research Institute for Lifestyle Diseases.
- On entry of an individual's health diagnosis results, the software displays the risk of disease onset over the next ten years as a ratio based on historical data.
- The software features a new Blood Glucose Level Indicator function. It will now be possible to make quantitative forecasts for the degree of improvement in 10-Year Probability of Cardiovascular Disease Onset, Comparative Risk by Age and Sex, and Estimated Blood Vessel Age as a result of future reductions in blood glucose level, cholesterol, and neutral fat, which are risk factors for the onset of cardio-vascular disease.

Nikkei Business Daily, May 15, 2012

### 3. Examples of Projects

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#### University Co-operative Associations nationwide

Construction and operation of University Co-operative ERP system  
Construction and operation of POS and IC card settlement systems

Note: Services delivered by NRI Netcom, Ltd.

## 4. Other Communications

### Forums, etc.



May 2012

IT Roadmap Seminar Spring 2012



May 2012

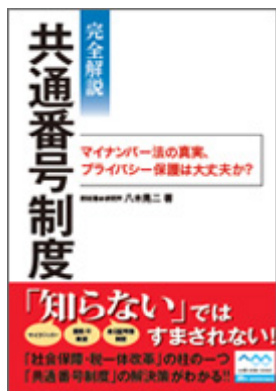
Exhibited at Japan IT Week 2012 Spring



July 2012

Lecture at IT Japan 2012

### Publications



Some of the books  
published since April 2012