

1Q FY March 2015 Financial Results

July 25, 2014

Nomura Research Institute, Ltd.



I . 1Q FY March 2015 Financial Results (Consolidated)

II . FY March 2015 Financial Results Forecasts (Consolidated)

I .1Q FY March 2015 Financial Results (Consolidated)



(1) Highlights

1st Quarter Total	1Q FY Mar.2014		1Q FY Mar.2015		Yo Y		(JPY million)
	Amount	Progress (%)	Amount	Progress (%)	Diff.	Change(%)	FY Mar.2014 Amount
	Sales	88,250	22.9	96,658	24.2	8,407	9.5
Consulting Services	8,544	20.2	10,030	23.3	1,485	17.4	42,233
System Development & System Application Sales	31,503	22.0	32,163	21.9	660	2.1	143,213
System Management & Operation Services	45,732	24.4	49,968	25.0	4,236	9.3	187,361
Product Sales	2,470	18.8	4,496	45.0	2,025	82.0	13,124
Cost of Sales	62,498		73,585		11,086	17.7	276,664
Gross Profit	25,752		23,073		(2,678)	(10.4)	109,267
(Gross Profit Margin)	29.2%		23.9%		(5.3P)		28.3%
Selling, general and administrative expenses	14,948		15,133		185	1.2	59,450
Operating Profit	10,803	21.7	7,939	15.0	(2,864)	(26.5)	49,816
(Operating Profit Margin)	12.2%		8.2%		(4.0P)		12.9%
Non-operating income and loss	1,747		873		(874)	(50.0)	2,544
Extraordinary income and loss	316		1,856		1,539	486.8	349
Net Income	7,990	25.3	7,435	21.2	(554)	(6.9)	31,527
Earnings per share(JPY)	40.39		37.28		(3.11)		158.75

NRI has applied the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (PITF No.30) starting in 3rd Quarter FY March 2014. Figures for the previous fiscal years in the results are stated after that retroactive application.

I .1Q FY March 2015 Financial Results (Consolidated)



(2) Sales and Operating Profit by segment

① Segment performance results (including sales for each segment)

(JPY million)

1st Quarter Total		1Q FY Mar.2014		1Q FY Mar.2015		Yo Y		FY Mar.2014	
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Consulting	Sales	5,103	5.8	5,738	5.9	635	12.5	25,820	6.7
	Operating Profit	266	2.5	896	11.3	630	236.5	4,708	9.5
	(Operating Profit Margin)	5.2%		15.6%		10.4P		18.2%	
Financial IT Solutions	Sales	51,787	58.7	56,632	58.6	4,844	9.4	225,345	58.4
	Operating Profit	6,190	57.3	1,297	16.3	(4,892)	(79.0)	27,809	55.8
	(Operating Profit Margin)	12.0%		2.3%		(9.7P)		12.3%	
Industrial IT Solutions	Sales	20,700	23.5	22,954	23.7	2,254	10.9	87,389	22.6
	Operating Profit	1,703	15.8	3,123	39.3	1,419	83.3	8,408	16.9
	(Operating Profit Margin)	8.2%		13.6%		5.4P		9.6%	
IT Platform Services	Sales	26,072	29.5	28,107	29.1	2,034	7.8	114,624	29.7
	Operating Profit	2,051	19.0	1,683	21.2	(368)	(17.9)	6,470	13.0
	(Operating Profit Margin)	7.9%		6.0%		(1.9P)		5.6%	
Others	Sales	3,597	4.1	4,418	4.6	820	22.8	15,332	4.0
	Operating Profit	111	1.0	556	7.0	444	400.0	1,281	2.6
	(Operating Profit Margin)	3.1%		12.6%		9.5P		8.4%	
Inter-segment sales and eliminations	Sales	(19,010)	(21.5)	(21,193)	(21.9)	(2,182)		(82,581)	(21.4)
	Operating Profit	480	4.4	381	4.8	(98)		1,138	2.3
Total	Sales	88,250	100.0	96,658	100.0	8,407	9.5	385,932	100.0
	Operating Profit	10,803	100.0	7,939	100.0	(2,864)	(26.5)	49,816	100.0
	(Operating Profit Margin)	12.2%		8.2%		(4.0P)		12.9%	

I .1Q FY March 2015 Financial Results (Consolidated)



② Sales by segment

(JPY million)

1st Quarter Total	1Q FY Mar.2014		1Q FY Mar.2015		Y o Y		FY Mar.2014	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Consulting	5,028	5.7	5,665	5.9	636	12.7	25,631	6.6
Financial IT Solutions	51,764	58.7	56,554	58.5	4,789	9.3	225,313	58.4
Securities	26,852	30.4	29,068	30.1	2,216	8.3	115,646	30.0
Insurance	11,156	12.6	11,977	12.4	820	7.4	49,813	12.9
Banking	6,713	7.6	8,644	8.9	1,930	28.8	31,763	8.2
Other financial	7,041	8.0	6,863	7.1	(177)	(2.5)	28,090	7.3
Industrial IT Solutions	20,686	23.4	22,919	23.7	2,232	10.8	87,322	22.6
Distribution	10,526	11.9	11,480	11.9	953	9.1	44,066	11.4
Manufacturing, service and other	10,159	11.5	11,438	11.8	1,279	12.6	43,255	11.2
IT Platform Services	8,344	9.5	8,625	8.9	281	3.4	37,579	9.7
Others	2,427	2.8	2,894	3.0	466	19.2	10,085	2.6
Total	88,250	100.0	96,658	100.0	8,407	9.5	385,932	100.0

(3) Sales to main clients

(JPY million)

1st Quarter Total	1Q FY Mar.2014		1Q FY Mar.2015		Y o Y		FY Mar.2014	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Nomura Holdings	20,500	23.2	20,091	20.8	(408)	(2.0)	90,688	23.5
Seven & i Holdings	9,678	11.0	10,115	10.5	437	4.5	40,888	10.6

*Figures, in principle, include sales to subsidiaries.

(4) Subcontracting Costs

(JPY million)

1st Quarter Total	1Q FY Mar.2014		1Q FY Mar.2015		Y o Y		FY Mar.2014	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Subcontracting Costs	28,900	32.7	36,330	37.6	7,430	25.7	132,825	34.4
(Subcontracting Costs to China)	4,459	15.4	6,214	17.1	1,755	39.4	21,387	16.1

*Share for subcontracting costs shows share of sales.

*Subcontracting costs to China & Percentage in total subcontracting costs.

I .1Q FY March 2015 Financial Results (Consolidated)



(5)Cash Flow

(JPY million)

1st Quarter Total	1Q FY Mar.	1Q FY Mar.	YoY		FY Mar.2014
	2014	2015	Diff.	Change(%)	Amount
Operating Activities	16,137	21,818	5,680	35.2	33,839
Investing Activities	(10,314)	(1,997)	8,316	(80.6)	(32,234)
(Investing Activities except Cash management purpose investment)	(10,278)	(2,061)	8,217	(79.9)	(38,086)
Free Cash Flow	5,823	19,820	13,997	240.4	1,605
(Free Cash Flow except Cash management purpose investment)	5,859	19,757	13,898	237.2	(4,246)
Financing Activities	(4,072)	(5,057)	(985)	24.2	(8,773)
Net increase in Cash and cash equivalents	1,855	14,601	12,745	686.8	(6,830)
(Net increase in Cash and cash equivalents except Cash management purpose investment)	1,891	14,537	12,645	668.5	(12,682)
Cash and cash equivalents at end of period	101,478	107,393	5,914	5.8	92,792
Cash and cash equivalents + Cash Management purpose investment	147,772	147,837	64	0.0	133,350

*Cash management purpose investment is investments in bonds, etc., with maturities of longer than three months from date of purchase to date of redemption.

(6)Capital Expenditure, Research and Development Expenses

(JPY million)

1st Quarter Total	1Q FY Mar.	1Q FY Mar.	YoY		FY Mar.2014
	2014	2015	Diff.	Change(%)	Amount
Capital Expenditure	7,076	5,934	(1,141)	(16.1)	33,878
Tangible	2,691	962	(1,728)	(64.2)	11,217
Intangible	4,385	4,972	586	13.4	22,661
Research and Development Expenses	570	540	(30)	(5.3)	3,903

(7)Depreciation and Amortization

(JPY million)

1st Quarter Total	1Q FY Mar.	1Q FY Mar.	YoY		FY Mar.2014
	2014	2015	Diff.	Change(%)	Amount
Tangible	2,229	2,414	185	8.3	11,827
Intangible	4,881	3,924	(956)	(19.6)	22,291
Depreciation and Amortization	7,111	6,339	(771)	(10.8)	34,118

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) Nomura Research Institute, Ltd. All rights reserved.

I .1Q FY March 2015 Financial Results (Consolidated)

(8) Order Volume by segment

① Order Backlog

(JPY million)

At the end of the 1st Quarter	1Q FY Mar.	1Q FY Mar.	Y o Y	
	2014	2015	Diff.	Change(%)
	Amount	Amount		
Consulting	7,666	7,847	181	2.4
Financial IT Solutions	108,324	115,464	7,140	6.6
Industrial IT Solutions	41,191	43,434	2,242	5.4
IT Platform Services	23,758	16,147	(7,611)	(32.0)
Others	3,371	3,337	(33)	(1.0)
Total	184,311	186,231	1,919	1.0
(Order backlog in the current FY)	174,691	180,866	6,174	3.5

(JPY million)

At beginning of period	FY Mar.	FY Mar.	Y o Y	
	2014	2015	Diff.	Change(%)
	Amount	Amount		
Consulting	4,641	4,584	(56)	(1.2)
Financial IT Solutions	118,645	129,548	10,903	9.2
Industrial IT Solutions	50,930	51,688	757	1.5
IT Platform Services	14,222	20,769	6,547	46.0
Others	2,572	2,610	38	1.5
Total	191,012	209,202	18,189	9.5
(Order backlog in the current FY)	190,265	205,218	14,952	7.9

② Order Volume

(JPY million)

1st Quarter Total	1Q FY Mar.	1Q FY Mar.	Y o Y	
	2014	2015	Diff.	Change(%)
	Amount	Amount		
Consulting	8,053	8,928	874	10.9
Financial IT Solutions	41,442	42,469	1,027	2.5
Industrial IT Solutions	10,946	14,664	3,717	34.0
IT Platform Services	17,880	4,003	(13,877)	(77.6)
Others	3,225	3,620	394	12.2
Total	81,550	73,686	(7,863)	(9.6)

II . FY March 2015 Financial Results Forecasts (Consolidated)



NRI has revised the forecasts for consolidated financial results which were disclosed on April 24.

(1) Highlights

(JPY billion)

	FY Mar.2014 (Results)		FY Mar.2015 (Forecasts)		Y o Y		FY Mar.2015 (Forecasts as of Apr 24,2014)		Comparison to forecasts	
	Amount	Amount	Diff.	Change(%)	Amount	Diff.	Change(%)	Amount	Diff.	Change(%)
Sales	385.9	400.0	14.0	3.6	400.0	—	—	400.0	—	—
Consulting Services	42.2	43.0	0.7	1.8	43.0	—	—	43.0	—	—
System Development & System Application Sales	143.2	147.0	3.7	2.6	147.0	—	—	147.0	—	—
System Management & Operation Services	187.3	200.0	12.6	6.7	200.0	—	—	200.0	—	—
Product Sales	13.1	10.0	(3.1)	(23.8)	10.0	—	—	10.0	—	—
Operating Profit	49.8	53.0	3.1	6.4	53.0	—	—	53.0	—	—
(Operating Profit Margin)	12.9%	13.3%	0.3P		13.3%	—		13.3%	—	
Net Income	31.5	44.0	12.4	39.6	35.0	9.0	25.7	35.0	9.0	25.7

(2) Sales Forecasts by segment (No change)

(JPY billion)

	FY Mar.2014 (Results)		FY Mar.2015 (Forecasts)		Y o Y	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
Consulting	25.6	6.6	26.0	6.5	0.3	1.4
Financial IT Solutions	225.3	58.4	237.0	59.3	11.6	5.2
Securities	115.6	30.0	120.0	30.0	4.3	3.8
Insurance	49.8	12.9	55.0	13.8	5.1	10.4
Banking	31.7	8.2	33.0	8.3	1.2	3.9
Other financial	28.0	7.3	29.0	7.3	0.9	3.2
Industrial IT Solutions	87.3	22.6	89.0	22.3	1.6	1.9
Distribution	44.0	11.4	45.0	11.3	0.9	2.1
Manufacturing, service and other	43.2	11.2	44.0	11.0	0.7	1.7
IT Platform Services	37.5	9.7	37.5	9.4	(0.0)	(0.2)
Others	10.0	2.6	10.5	2.6	0.4	4.1
Total	385.9	100.0	400.0	100.0	14.0	3.6

II . FY March 2015 Financial Results Forecasts (Consolidated)



(3) Highlights (1H/2H)

(JPY billion)

1st Half	FY Mar.2014 (Results)	FY Mar.2015 (Forecasts)	Y o Y		FY Mar.2015 (Forecasts as of Apr 24,2014)	Comparison to forecasts	
	Amount	Amount	Diff.	Change(%)	Amount	Diff.	Change(%)
Sales	182.5	195.0	12.4	6.8	195.0	—	—
Consulting Services	19.1	20.0	0.8	4.3	20.0	—	—
System Development & System Application Sales	66.0	72.0	5.9	9.0	72.0	—	—
System Management & Operation Services	91.2	98.0	6.7	7.4	98.0	—	—
Product Sales	6.1	5.0	(1.1)	(18.2)	5.0	—	—
Operating Profit	23.7	22.0	(1.7)	(7.5)	25.0	(3.0)	(12.0)
(Operating Profit Margin)	13.0%	11.3%	(1.7P)		12.8%	(1.5P)	
Net Income	16.2	24.0	7.7	47.3	17.5	6.5	37.1

(JPY billion)

2nd Half	FY Mar.2014 (Results)	FY Mar.2015 (Forecasts)	Y o Y		FY Mar.2015 (Forecasts as of Apr 24,2014)	Comparison to forecasts	
	Amount	Amount	Diff.	Change(%)	Amount	Diff.	Change(%)
Sales	203.3	205.0	1.6	0.8	205.0	—	—
Consulting Services	23.0	23.0	(0.0)	(0.3)	23.0	—	—
System Development & System Application Sales	77.1	75.0	(2.1)	(2.8)	75.0	—	—
System Management & Operation Services	96.1	102.0	5.8	6.1	102.0	—	—
Product Sales	7.0	5.0	(2.0)	(28.7)	5.0	—	—
Operating Profit	26.0	31.0	4.9	19.0	28.0	3.0	10.7
(Operating Profit Margin)	12.8%	15.1%	2.3P		13.7%	1.5P	
Net Income	15.2	20.0	4.7	31.3	17.5	2.5	14.3