

# **Results Presentation**

## **Fiscal Year Ended March 31, 2008**

June 5, 2008



**DTS Corporation**

<http://www.dts.co.jp/>

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**“Be the Most Reliable Partner!”** (April 2008–March 2011)
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## Caution

Sales and income forecasts included in this document are based on assumptions made on the basis of information currently available, including business trends, economic circumstances, clients' trends, etc., and can be affected by various uncertainties. Actual sales and income may differ materially from the forecasts.

# About DTS

# Corporate Profile

Corporate name : DTS CORPORATION

Headquarters : 6-19-13 shimbashi,minato-ku tokyo  
105-0004

Date established : august 25,1972

Capital : 6,113 million Yen

President : Yasutaka Akabane

Number of Employees : 2,497 (DTS Group 4,170)  
as of March 31, 2008

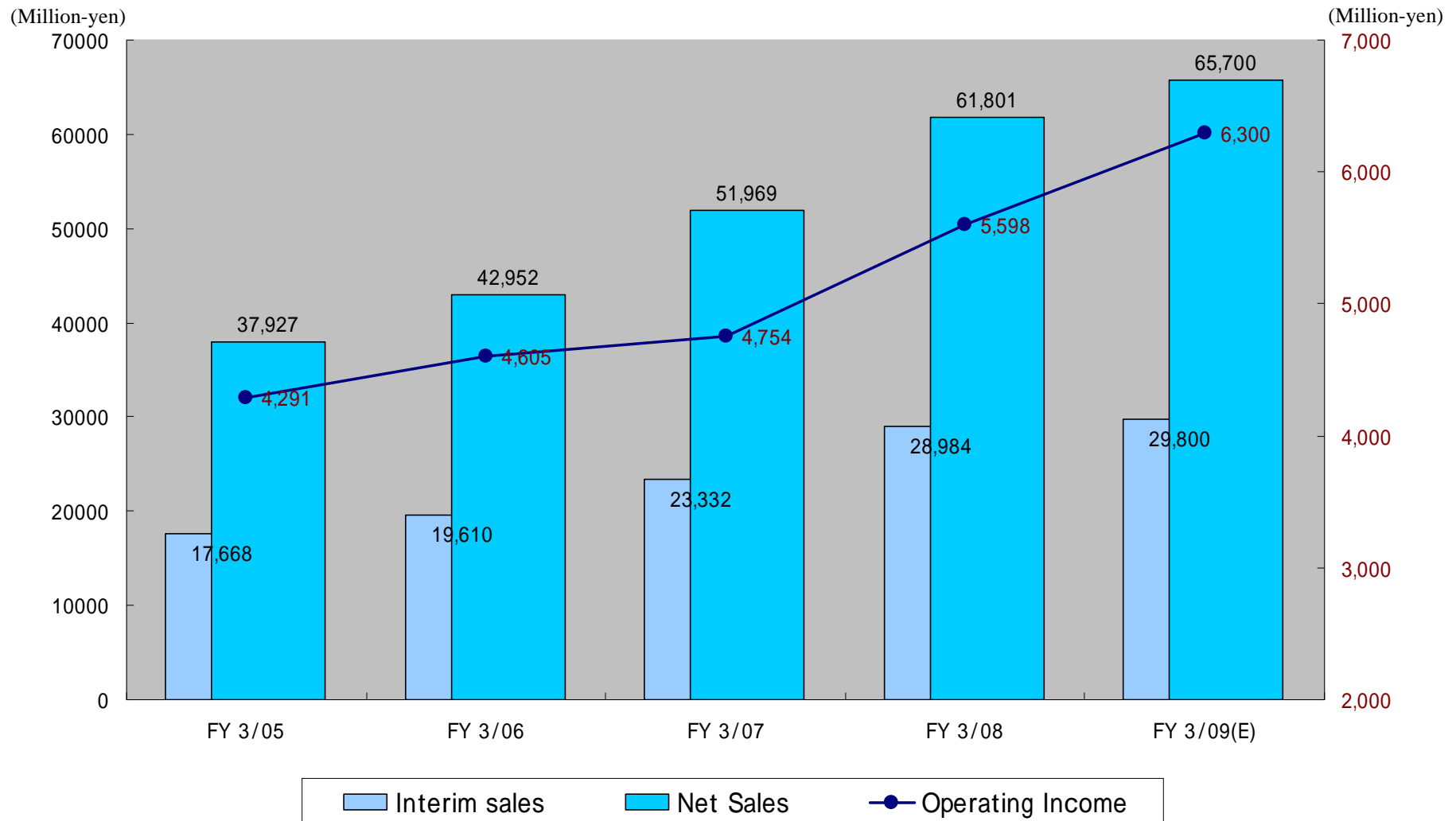
Sales : 40,839 million Yen(Fiscal 2008 ending March31,2008)  
(Consolidated Sales 61,801 million Yen)



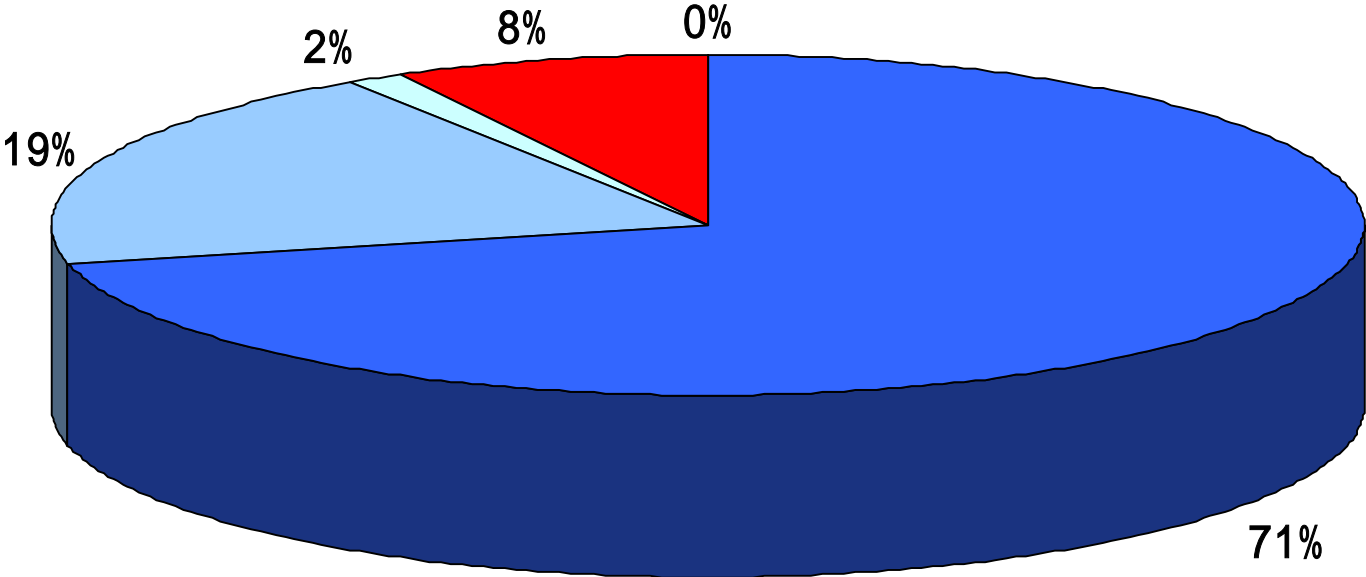
# Main Customers

- **Financial Sector**  
Mitsubishi UFJ Financial Group, Mizuho Financial Group,  
Mitsui Trust Financial Group
- **Telecommunication Sector**  
NTT Group, KDDI Group, SoftBank Group ,Felica Networks
- **Computer Hardware Maker**  
NEC Group, Fujitsu Group, Japan HP, Toshiba Group,  
Panasonic Group
- **Others**  
Nihon Unisys Group, Marui Group, JAL Group

# Change of Sales and Operating Income



# Sales by Segment



■ System engineering services ■ Operation engineering services ■ Product services ■ Staffing services ■ other

### IT services

System engineering services : the provision of consulting and integration services, as well as the design, development and maintenance of consigned and package software.

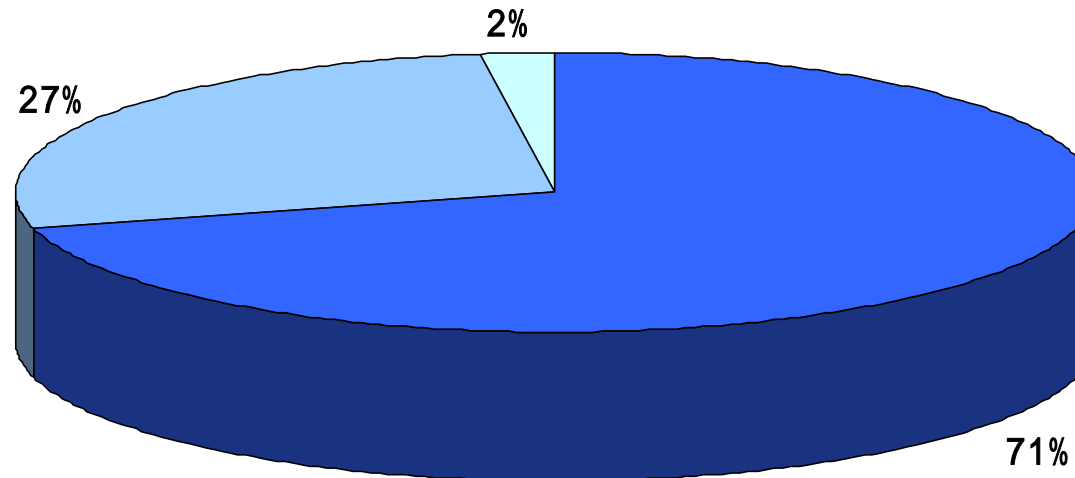
Operation engineering services : general services for the operation and management of computer facilities and information systems, as well as data entry services.

### Other services

Product services : sales of hardware and package software

Staffing services : dispatch human resources to the general business company as a temporary personnel services.

# Sales by Segment(Non-Consolidated)



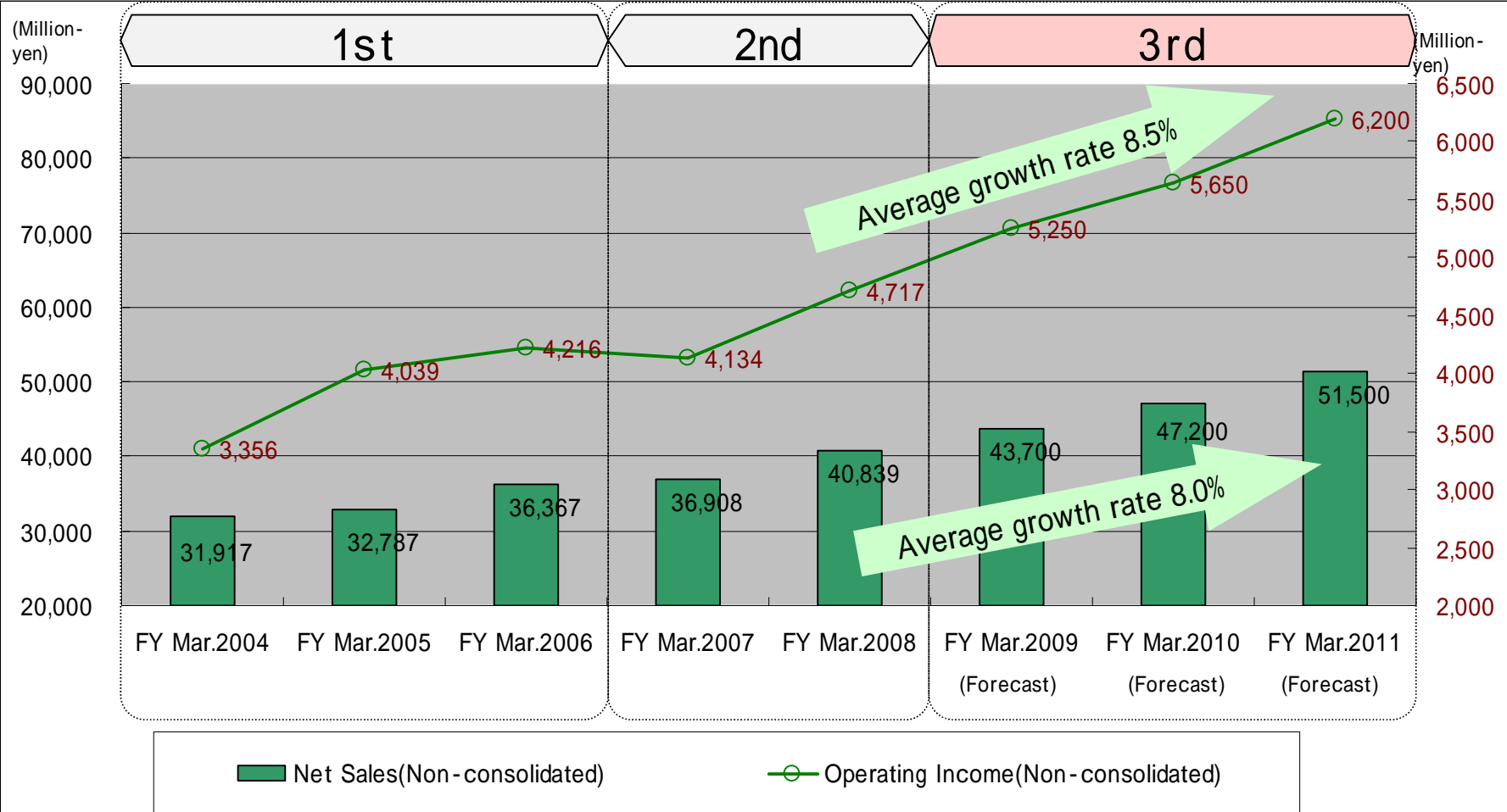
■ System engineering service    ■ Operation engineering service    ■ Product service

(Unit : JPY Million, %)

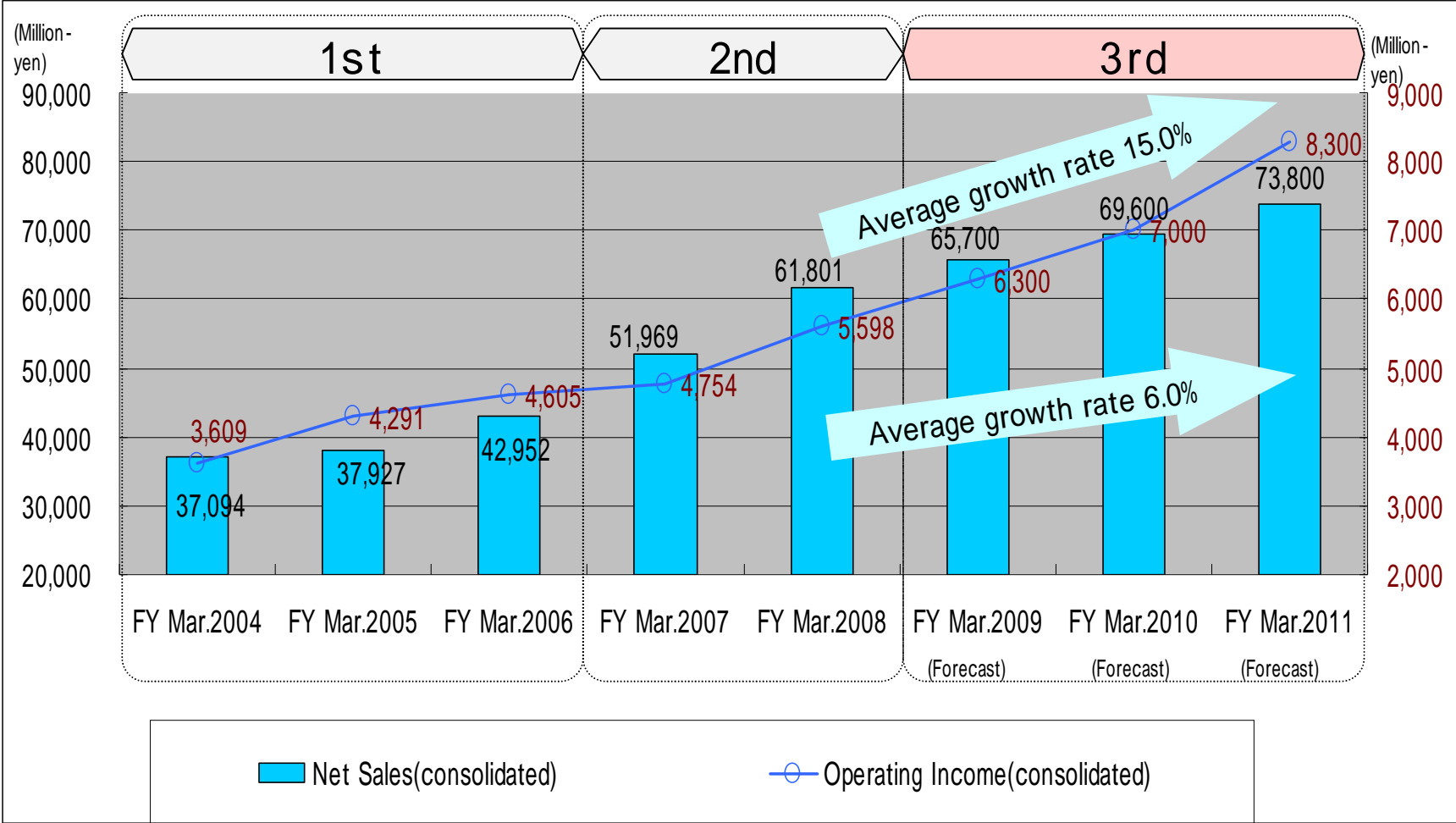
	Consolidated Sales			Non-Consolidated Sales		
	Amount	Share	YoY Change	Amount	Share	YoY Change
System engineering services	44,121	71.4%	25.4%	28,972	70.9%	13.6%
Operation engineering services	11,957	19.3%	3.8%	11,014	27.0%	4.5%
Total of IT Services	56,078	90.7%	20.0%	39,986	97.9%	10.9%
Products services	958	1.6%	-5.6%	852	2.1%	-1.0%
Staffing Services	4,752	7.7%	12.3%	-	-	-
Education	10	0.0%	-	-	-	-
Total of Other Services	5,722	9.3%	9.0%	852	2.1%	-1.0%
Total of Sales	61,801	100.0%	18.9%	40,839	100.0%	10.7%



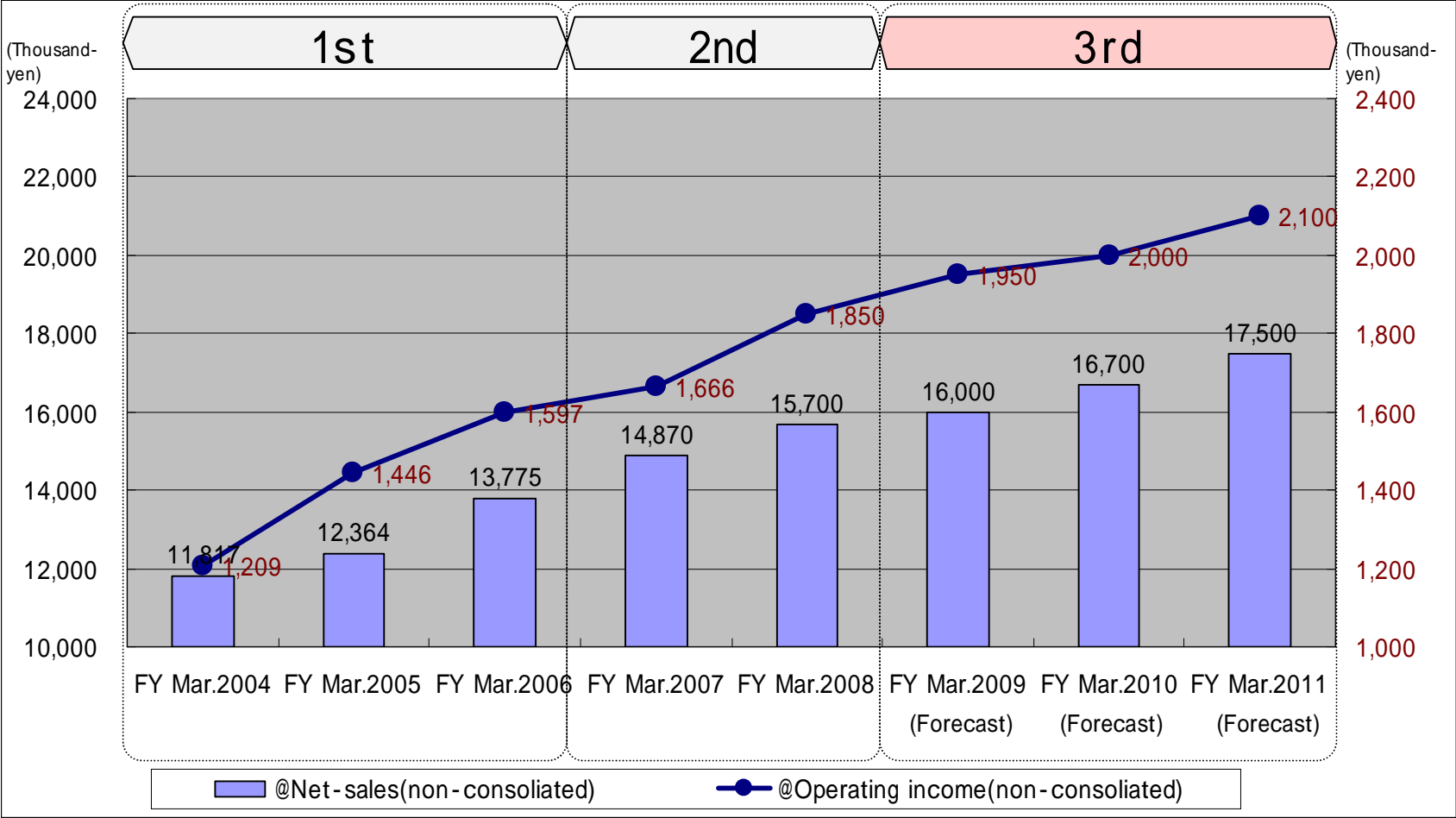
# Net Sales · Operating Income (non-consolidated)



# Net Sales · Operating Income (consolidated)



# Net Sales and Operating Income per head

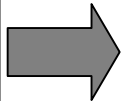


# Overview of Results for FY 08/3

# Non-Consolidated Results

Substantial increases in both revenue and earnings  
Record highs for both sales and net income

(Units: Million yen, %)

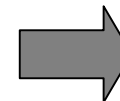
	Amount	Ratio to sales (%)	vs. Plan (%)	YoY (%)		Amount	YoY (%)
Net sales	40,839	—	100.0	110.7	 Including results from FAITEC. (approximate)	46,320	113.8
Gross profit	8,044	19.7	97.5	108.9		9,028	112.9
Operating income	4,717	11.6	97.3	114.1		5,379	118.5
Recurring income	4,939	12.1	96.9	116.2		5,599	120.3
Net income	2,865	7.0	95.5	115.7		3,256	119.8

# Sales by Service (non-consolidated)

System and network engineering services led growth, up 10.7% YoY

(Units: Million yen, %)

	Amount (Breakdown)	vs. Plan (%)	YoY (%)
Information services	39,986 (97.9%)	99.2	110.9
System	27,431 (67.2%)	100.5	113.6
Operation	6,467 (15.8%)	96.8	102.2
Network	6,087 (14.9%)	96.4	109.4
Products	852 (2.1%)	155.0	99.0
Total	40,839 (100.0%)	100.0	110.7

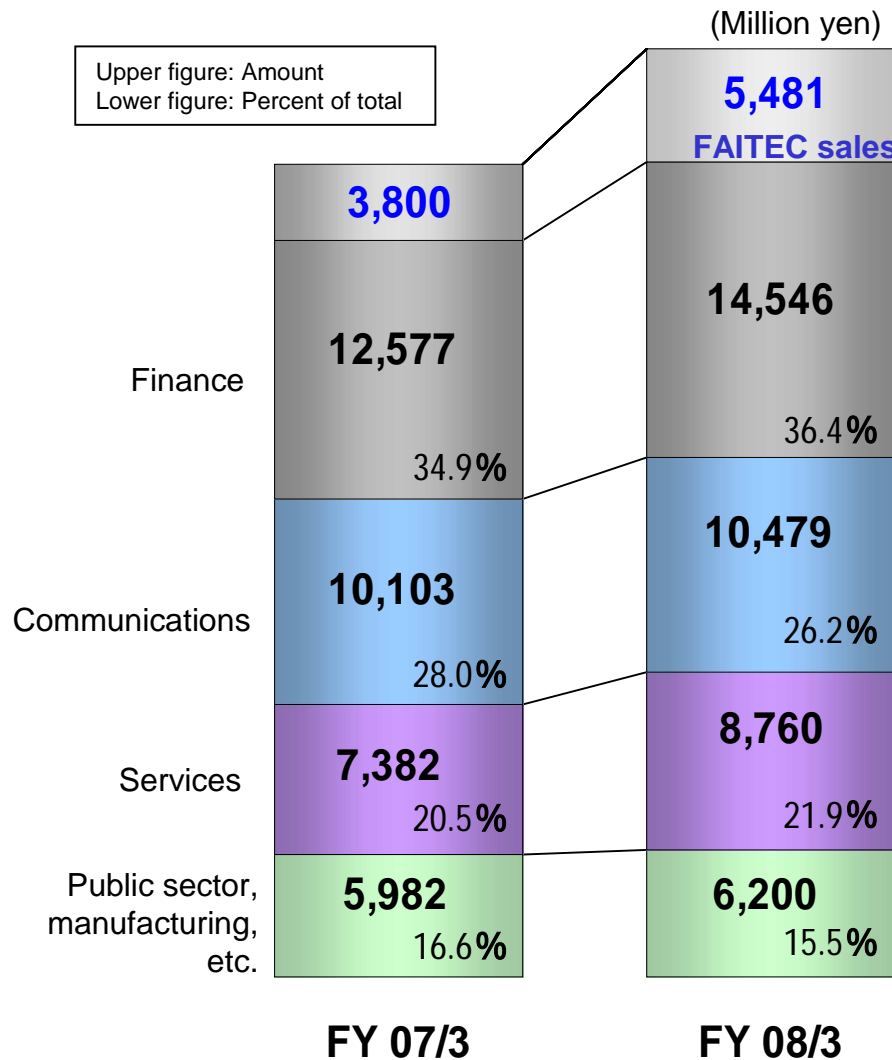


(approximate)  
Including results from FAITEC.

Amount	YoY (%)
45,467	114.1
32,913	117.7
6,467	102.2
6,087	109.4
852	99.0
46,320	113.8

# Sales by End Users (non-consolidated, information services)

Finance and service industries positive;  
Communications and other industries also strong



- **Finance (115.7% YoY) Positive**  
**[122.3% including FAITEC]**  
 Integration projects for commercial bank  
 E-money  
 Life insurance (FAITEC: 144.2% YoY)
- **Communications (103.7% YoY) Strong**  
 Next-generation communications foundation  
 × Scale back on investments by certain customers
- **Services (118.7% YoY) Positive**  
 IC cards (smart cards)  
 E-money  
 (Increase in sales from a wide range of service providers)
- **Public sector, manufacturing, etc. (103.6% YoY) Strong**  
 Embedded software projects (digital consumer electronics)  
 × Public sector projects

Note: End user classification have revised for both previous and current terms due to changes in client business.

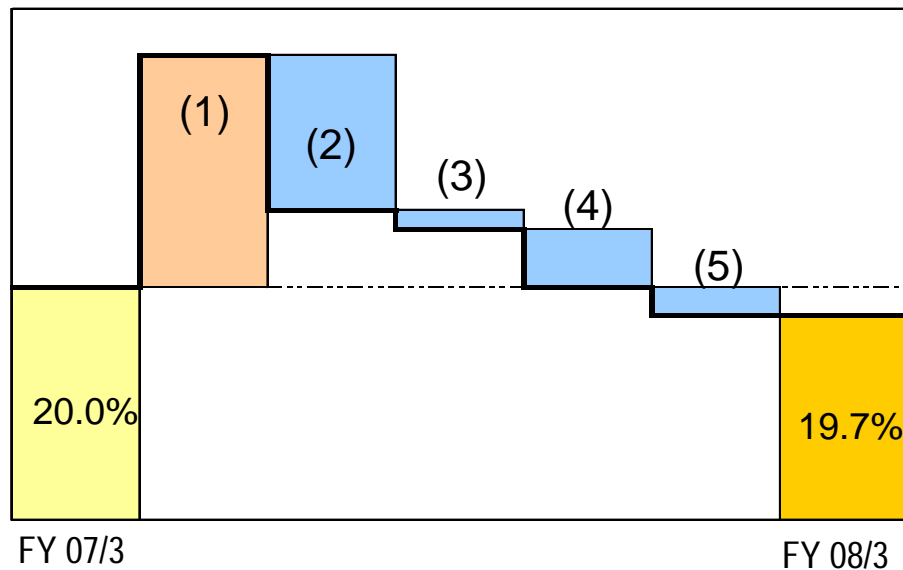
# Gross Profit (non-consolidated)

Unit cost up slightly  
 Profit margin on par with previous fiscal year  
 (amount up 8.9%)

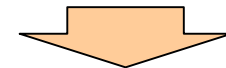
Gross profit  
 ¥8,044 million

Year on year 108.9%  
 Ratio to sales 19.7%

(Previous year: ¥7,386 million, 20.0% of sales)



- (1) Improvement of unit price, etc. +2.4 points
- (2) Rise in unit labor cost -1.6 points
- (3) Rise in unit cost of outsourcing -0.2 points
- (4) Rise in outsourcing ratio -0.6 points
- (5) Low-return projects -0.3 points



Margin decline of 0.3 points



## Operating Income, Recurring Income (non-consolidated)

Operating margin up due to decline in SG&A ratio

SG&A expenses: ¥3,326 million (102.3% YoY; 8.1% of sales (-0.7 pts))

**Rise in strategic expenses based on the medium-term comprehensive plan  
+¥75 million**

Advances in new market development  
Off-shore promotion and overseas operations  
Improvement in education and training, other strategic expenses

Operating income: ¥4,717 million (114.1% YoY; 11.6% of sales (+0.4 pts))

**Increased dividend income from subsidiaries, etc. +¥101 million**

Recurring income: ¥4,939 million (116.2% YoY; 12.1% of sales (+0.6 pts))

# Dividends

¥35 per share-record high: **Increased dividend of ¥5**

Net income: ¥2,865 million (115.7% YoY; 7.0% of sales (+0.3 pts))

Stable, continuous dividend at constant amount  
 Mindful of retained earnings necessary for business expansion  
**Increase commensurate with results**

(Unit: Yen)

Interim dividend	Year-end dividend	Annual dividend
10*(10*)	25 (20*)	35*(30*)

\* Calculated after share split. Figures in parenthesis are for FY07/3.

# Consolidated Results

Substantial increase in earnings covers rise in SG&A expenses (including goodwill amortization) stemming from greater sales and improvement in gross profit margin

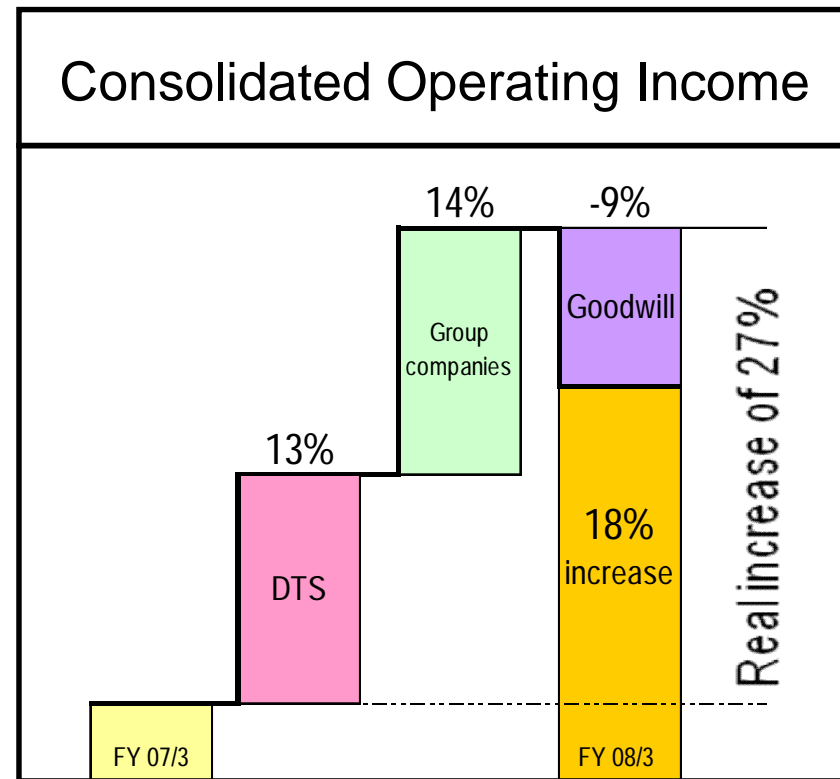
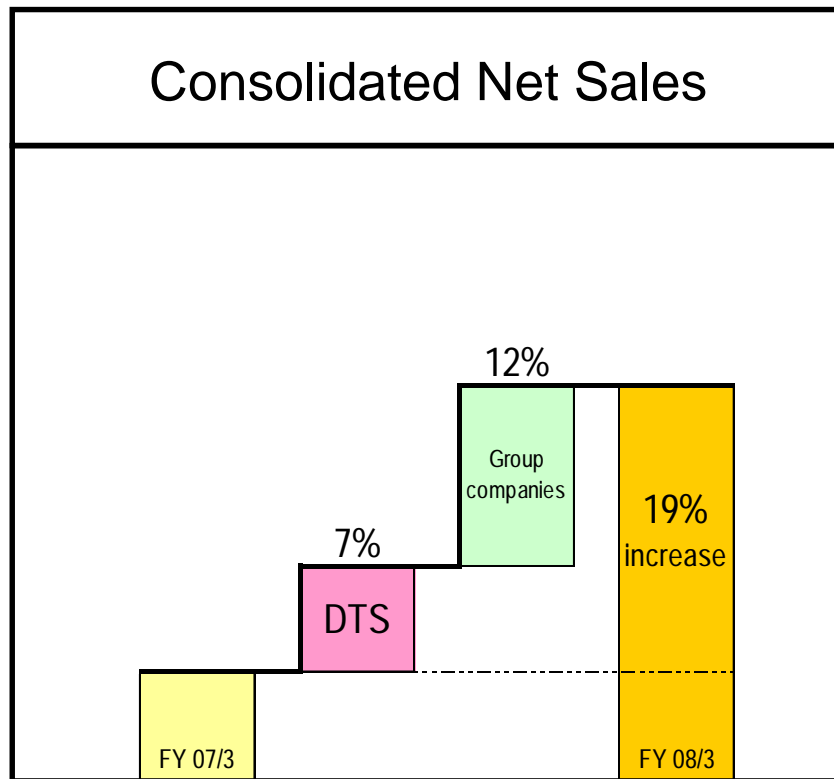
(Units: Million yen, %)

	Amount	Ratio to sales (%)	vs. Plan (%)	YoY (%)	Consolidated/ non-consolidated ratio
Net sales	61,801		99.7	118.9	1.51 times
Gross profit	11,695	18.9 (+0.3 pts)	99.5	120.8	1.45 times
Operating income	5,598	9.1 (± 0.0 pts)	102.7	117.8	1.19 times
Recurring income	5,634	9.1 (-0.1 pts)	101.5	117.8	1.14 times
Net income	2,941	4.8 (-0.1 pts)	105.0	114.7	1.03 times

SG&A expenses ¥6,097 million (123.8% YoY; 9.8% of sales (+0.3 pts))

# Contribution of Group Companies to Consolidated Performance

Rate of growth in real operating income (including reversal of goodwill amortization) at 27%, exceeding rate of sales growth



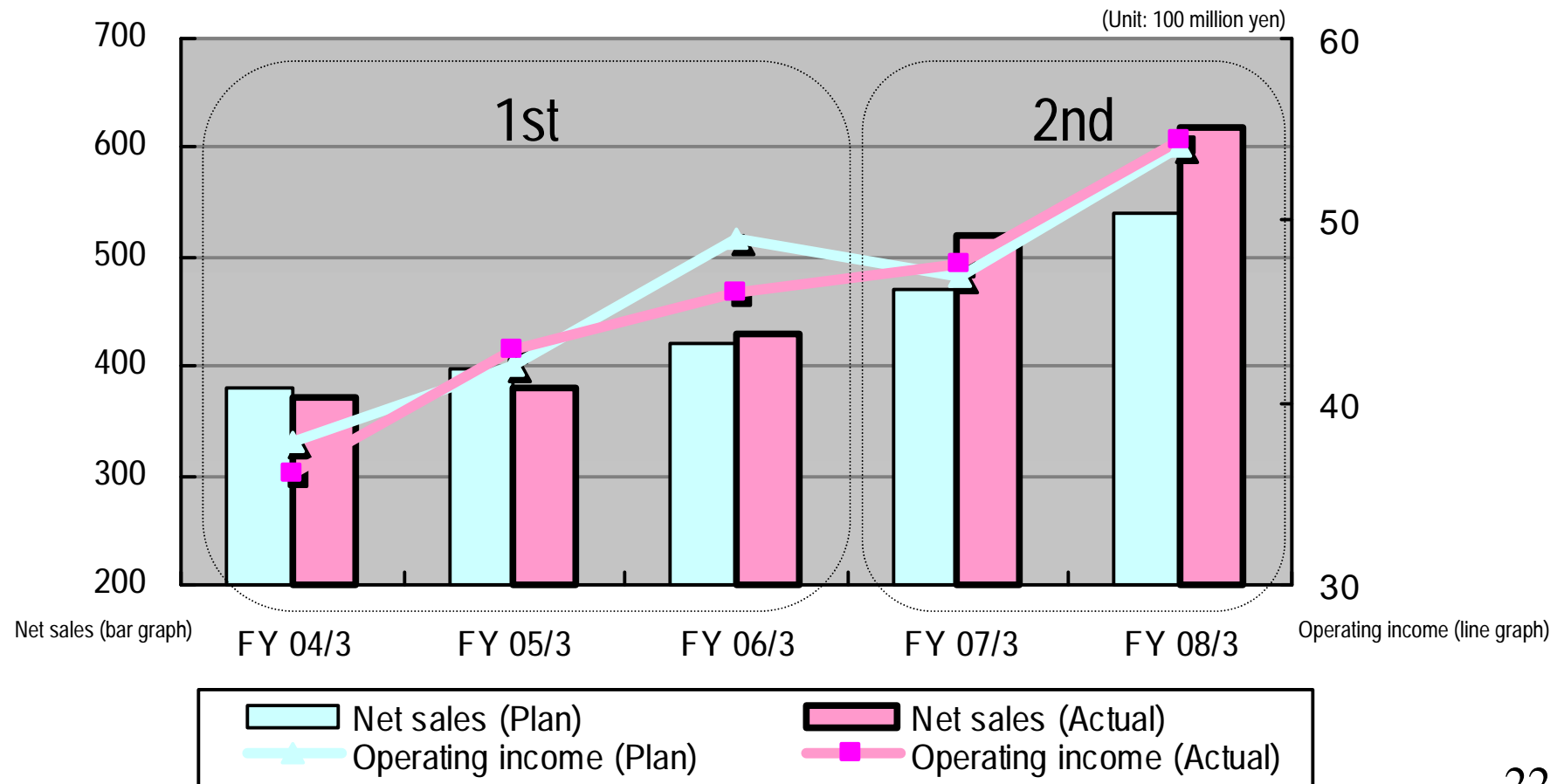
# New Medium-Term Comprehensive Plan

WINNING PLAN Third Stage  
“Be the Most Reliable Partner !”

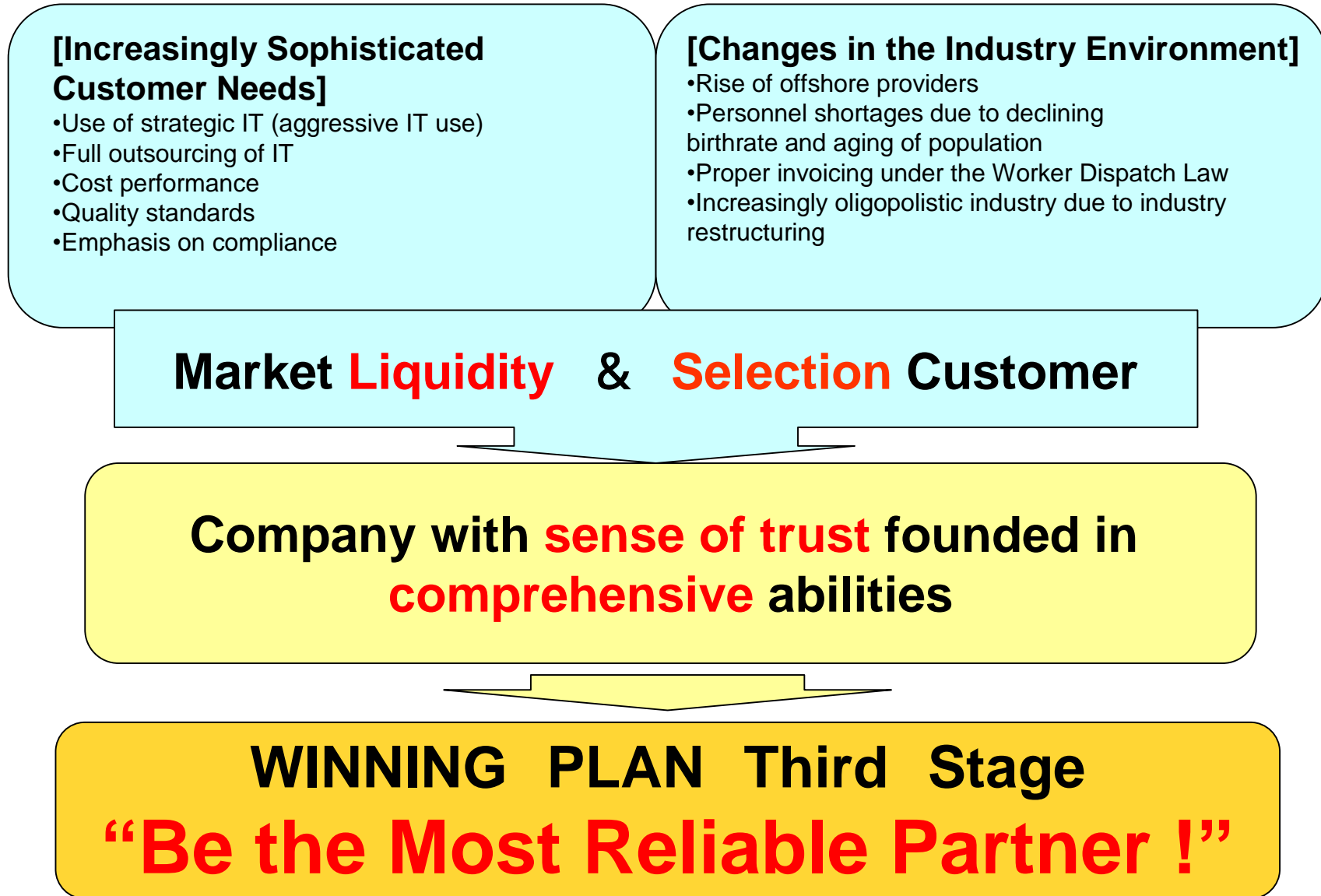
(April 2008–March 2011)

# Results of the Previous Comprehensive Business Plan

Sales target of ¥60.0 billion for final year of previous plan  
 “2nd Stage” achieved one year early



# Market Environment and DTS Initiatives



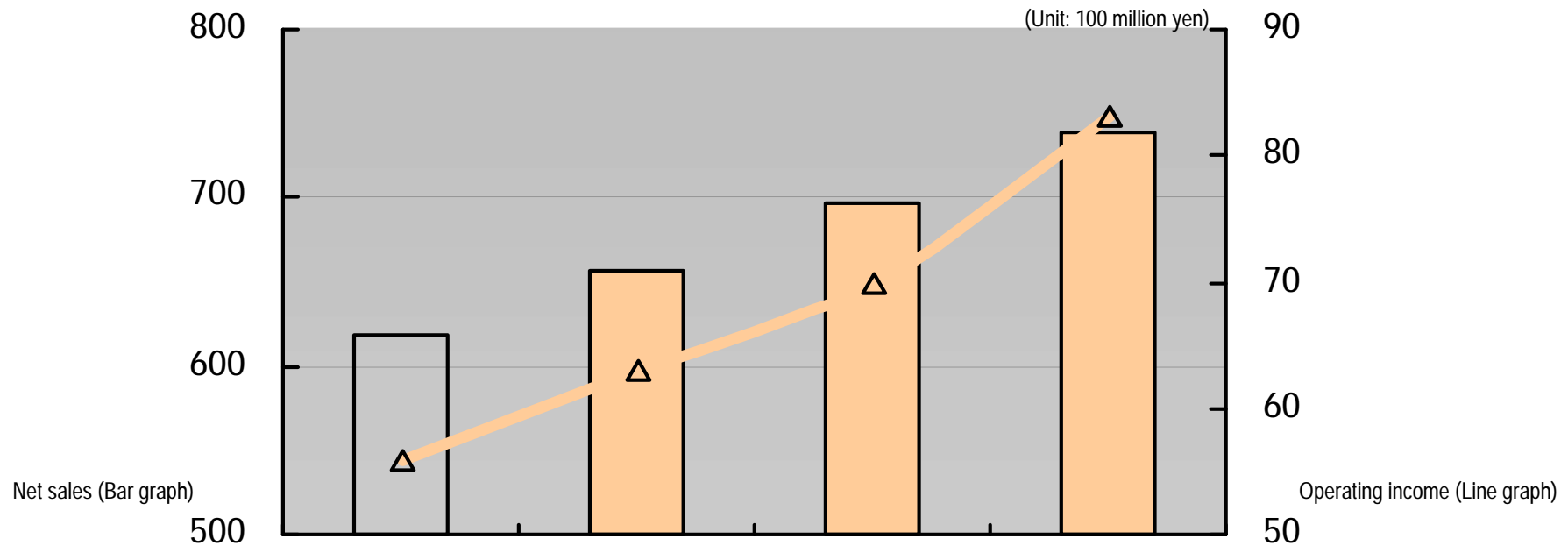
# Strategies for the New Medium-Term Comprehensive Plan





# Consolidated Management Targets for the New Medium-Term Comprehensive Plan

Sales: 6% average annual growth    Operating income: 15% average annual growth  
 Net sales for final year of plan (including capital and business alliances): ¥80.0 billion

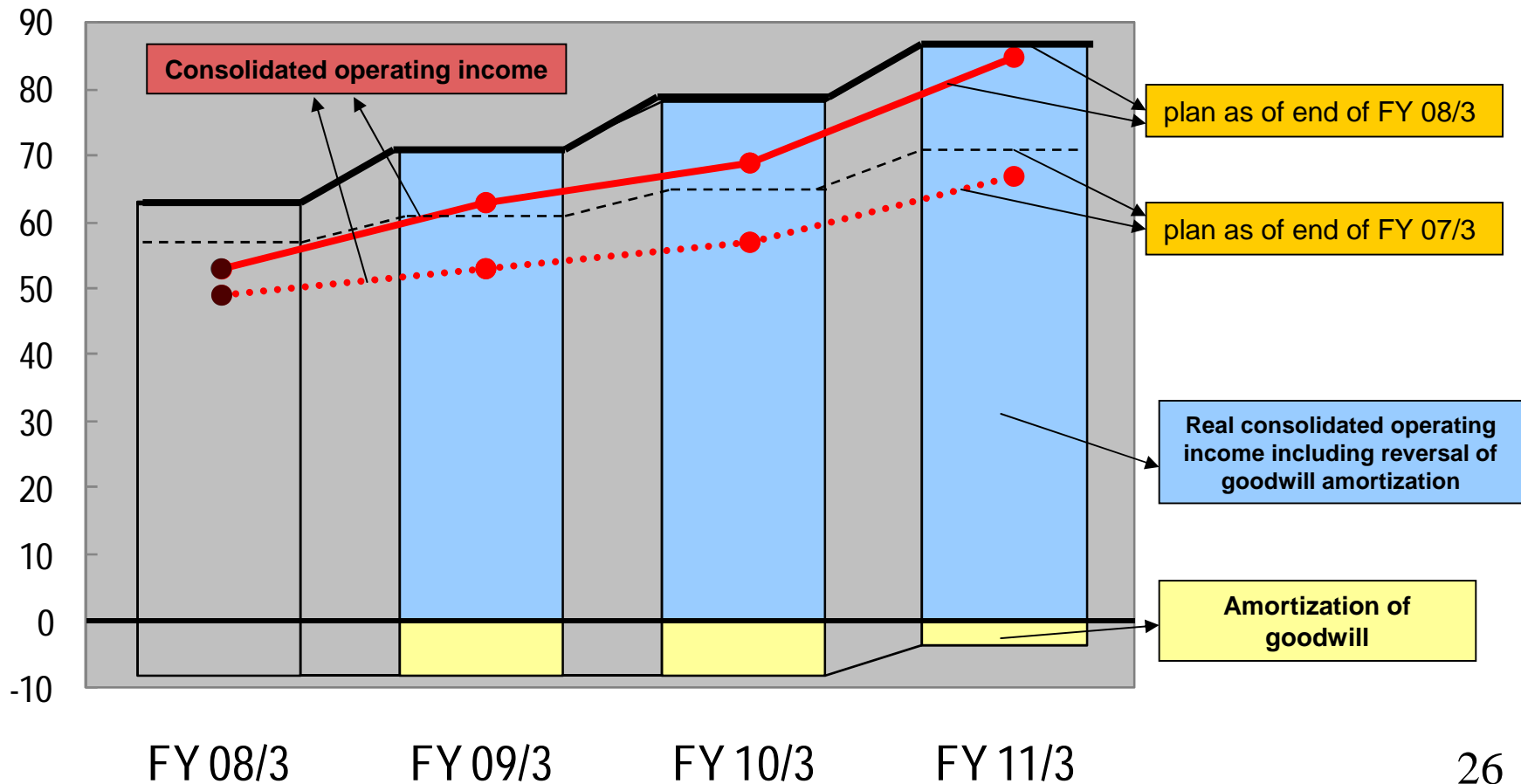


	FY 08/3	FY 09/3	FY 10/3	FY 11/3	Average growth ratio
Net sales (100 mil. yen)	618	657	696	738	<b>6%</b>
Operating income (100 mil. yen)	55	63	70	83	<b>15%</b>
Operating income ratio (%)	9.1	9.6	10.1	11.2	
Number of employees (consolidated basis)	4,170	—	—	5,000	

# Operating Income and Goodwill Amortization (compared to plan at end of FY 07/3)

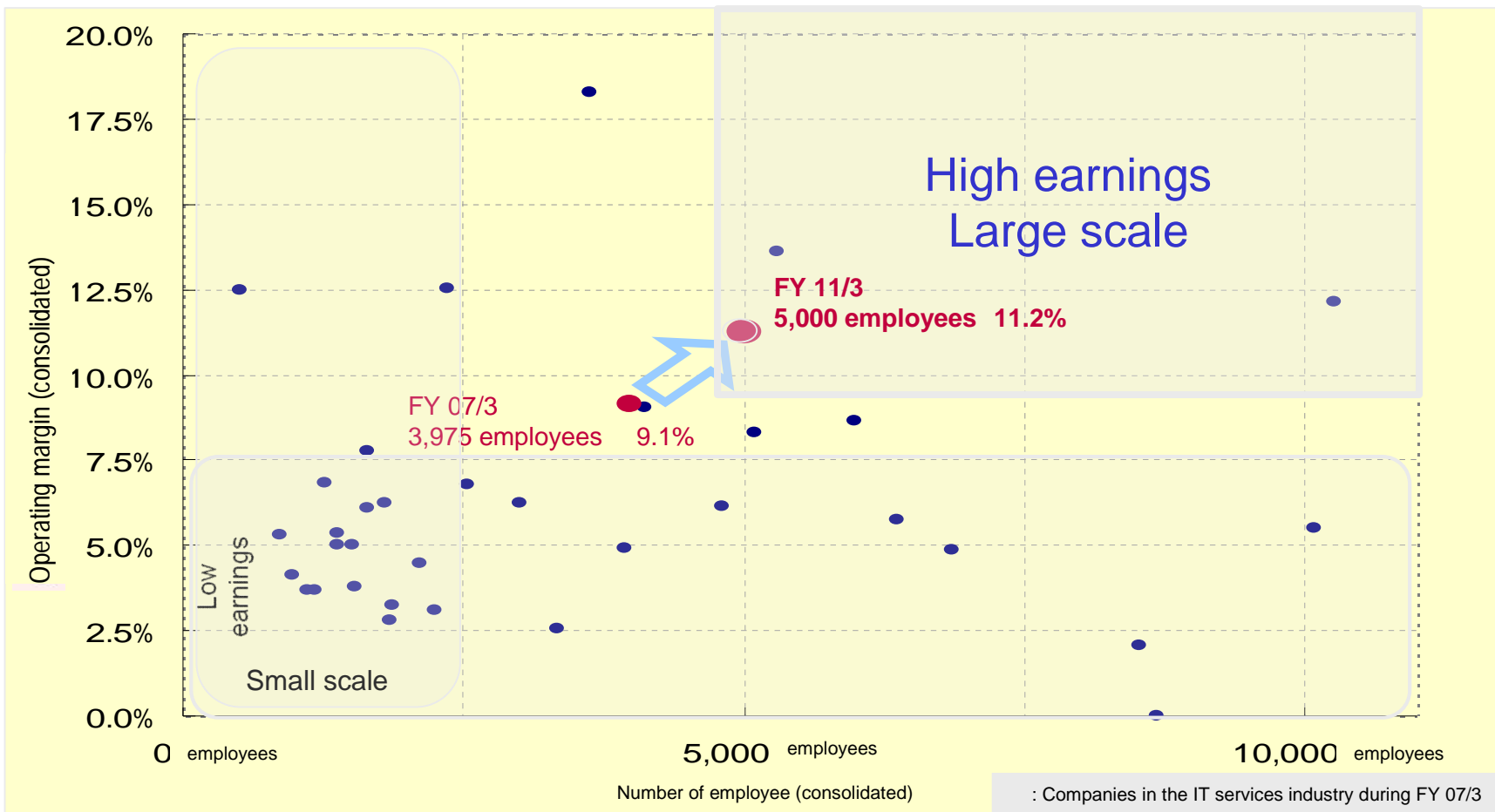
Substantial upward revision to plan at end of FY 07/3 due to early realization of synergistic benefits from newly consolidated companies

(Unit: 100 million yen)



# Positioning Targets for the New Medium-Term Comprehensive Plan

Further increase performance and corporate strength to become a high-earning, large-scale system integrator



# Plan for FY 09/3

# Plan for FY 09/3 (non-consolidated/consolidated)

Expand system integration business and enhance comprehensive Group power to achieve record levels of sales and net income

## Non-consolidated

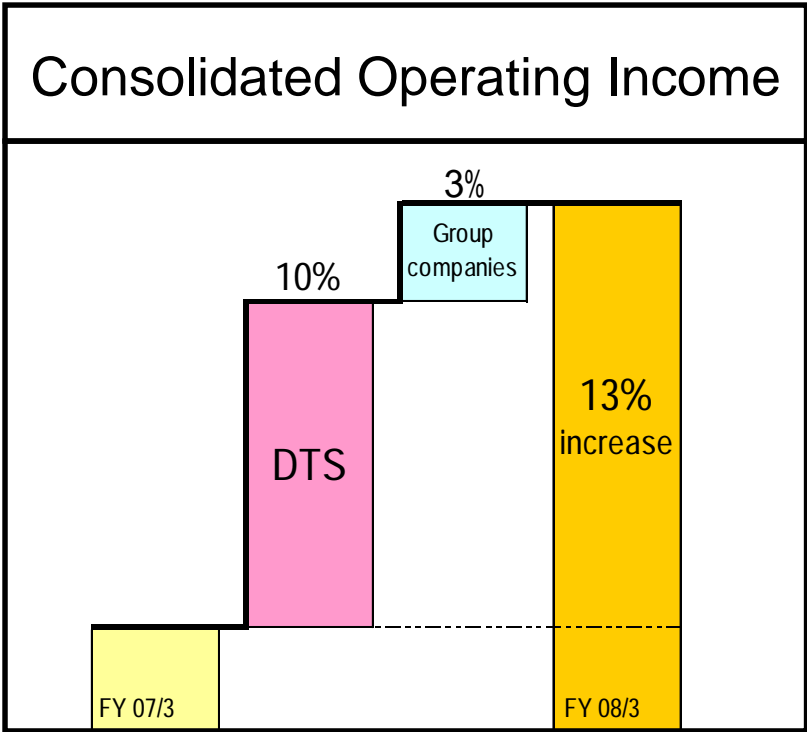
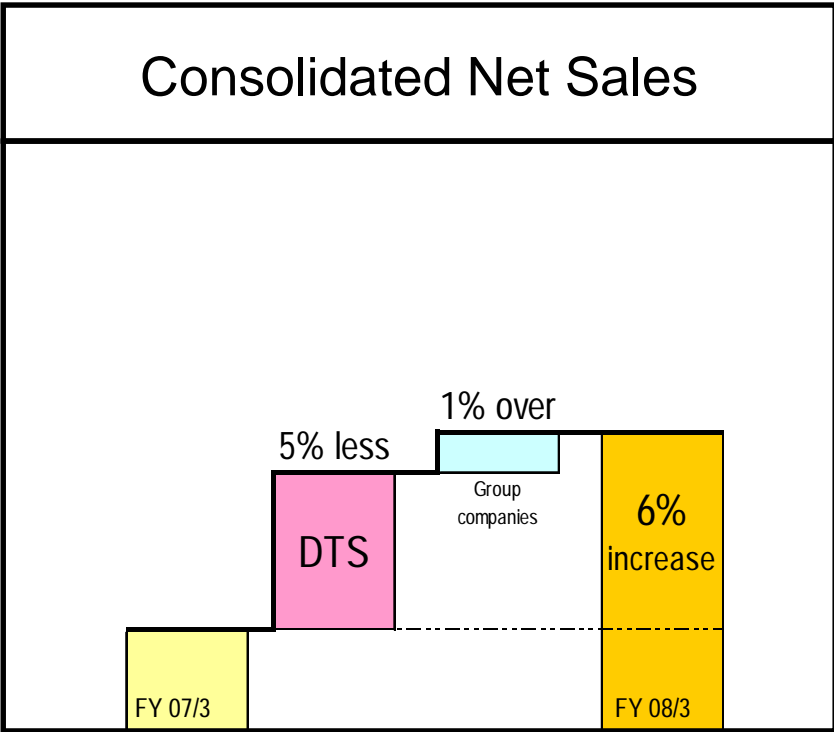
## Consolidated

(Units: Million yen, %)

	Amount	Ratio total sales (%)	YoY (%)	Amount	Ratio total sales (%)	YoY (%)	Consolidated/ Non-consolidated ratio
Net sales	43,700	-	107.0	65,700	-	106.3	1.50 times
Gross profit	8,750	20.0	108.8	12,782	19.5	109.3	1.46 times
Operating income	5,250	12.0	111.3	6,300	9.6	112.5	1.20 times
Recurring income	5,437	12.4	110.1	6,360	9.7	112.9	1.17 times
Net income	3,207	7.3	111.9	3,342	5.1	113.6	1.04 times

# FY09/3 Contribution of Group Companies to Consolidated Performance

Under a stable growth environment, earnings growth that exceeds sales growth



## FY 09/3 Dividend Plan

Stable, continuous dividend at constant amount  
 Mindful of retained earnings necessary for business expansion  
 Increase commensurate with results

(Unit: Yen)

	Interim dividend	Year-end dividend	Annual dividend
FY 08/3	10*	25	35*
FY 09/3 (plan)	<b>15</b>	<b>20</b>	<b>35</b>

\* Dividend amount calculation is after share split conducted in October 2007.