

Summary of Financial Results for 3Q FY March 2016



DTS CORPORATION

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

Factors of change from FY 15/3

- ✓ Merged with DTS WEST CORPORATION in April 2015, making SOUGOU SYSTEM SERVICE CORPORATION the surviving company and changing the company name to DTS WEST.
- ✓ Transferred part of the business related to DTS embedding to ART System Co., Ltd. (corporate divestiture) in April 2015, and concentrated the embedding-related businesses in ART System Co., Ltd.
- ✓ Consolidated the financial results for SOUGOU SYSTEM SERVICE CORPORATION for the three months from January to March 2015 with the results of the fiscal year under review due to the change of the company's fiscal year-end (from December to March).

3Q FY March 2016 Results



Net sales rose 12.2% and operating income rose 27.5% year on year, recording a significant increase in both sales and profits. The operating income margin increased by 1.1 points.

(Units: Million yen, %)	3Q FY 16/3	Ratio to sales	Year on year	
Net sales	60,159	–	112.2%	+6,522
Gross profit	11,014	18.3%	118.2%	+1,692
SG&A expenses	5,461	9.1%	109.9%	+492
Operating income	5,553	9.2%	127.5%	+1,199
Recurring income	5,646	9.4%	127.3%	+1,210
Profit attributable to owners of parent	3,922	6.5%	160.2%	+1,473

3Q FY March 2016 Net Sales by Segments

Net sales for System increased significantly due to growing demand, particularly in the financial business.

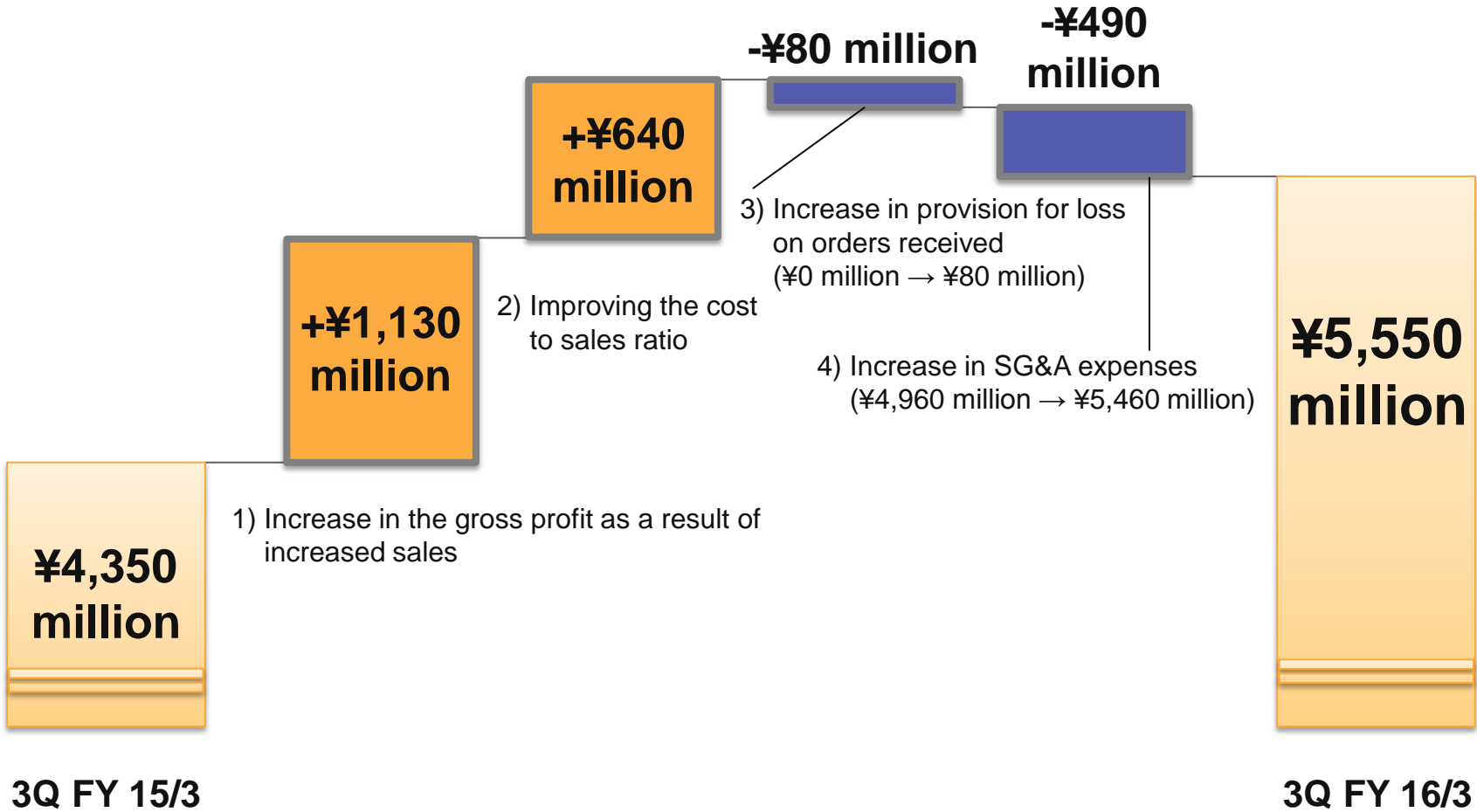
Net sales for Products decreased, mainly due to a reactionary fall from the special demand in the previous period.

(Units: Million yen, %)	3Q FY 16/3	Ratio to sales	Year on year		Main factors of change
Net sales	60,159	–	112.2%	+6,522	
Information service	57,697	95.9%	113.4%	+6,822	
System	43,374	72.1%	121.6%	+7,708	<ul style="list-style-type: none"> - Sales from development for banks and life insurance firms expanded. - Sales remained strong in services, the public sector, and a wide range of other businesses.
Operation	9,971	16.6%	103.0%	+287	- Projects in a wide range of businesses including communications increased.
Products and Other	4,351	7.2%	78.7%	-1,174	- Demand for large projects of internet companies decreased.
Human resources service	2,462	4.1%	89.2%	-299	<ul style="list-style-type: none"> - Outsourcing and call center services remained strong. - Human resource services declined.

3Q FY March 2016 Reason for Increase/Decrease in Operating Income



Increased sales and cost-to-sales ratio contributed to significant growth in operating income. Strategic investments were made using SG&A expenses to facilitate future growth and reforms.



3Q FY March 2016 New Contracts

The decrease in new contracts was as a reactionary fall to the special demand for products in the previous fiscal year.
Backlogs increased year on year in all services, which was driven by the System segment in particular.

(Units: Million yen, %)	New contracts				Backlogs			
	3Q FY 16/3	Composition ratio	Year on year		3Q FY 16/3	Composition ratio	Year on year	
Consolidated	46,299	-	97.3%	-1,264	16,432	-	101.6%	+264
Information service	44,636	96.4%	97.6%	-1,085	15,621	95.1%	101.3%	+202
System	36,795	79.5%	100.8%	+295	12,704	77.3%	101.0%	+127
Operation	3,259	7.0%	89.9%	-364	2,563	15.6%	100.2%	+5
Products and Other	4,580	9.9%	81.8%	-1,017	353	2.2%	124.6%	+69
Human resources service	1,663	3.6%	90.3%	-178	811	4.9%	108.3%	+61

[Non-Consolidated] 3Q FY March 2016 Results



A 16.1% increase year on year in net sales and a 23.4% increase year on year in operating income were achieved, which contributed significantly to the consolidated results. The operating income margin rose by 0.6 point.

(Units: Million yen, %)	3Q FY 16/3	Ratio to sales	Year on year	
Net sales	41,221	–	116.1%	+5,709
Gross profit	7,622	18.5%	118.0%	+1,163
SG&A expenses	2,910	7.1%	110.2%	+269
Operating income	4,712	11.4%	123.4%	+893
Recurring income	4,838	11.7%	122.8%	+898
Net income	3,644	8.8%	98.7%	-47

[Non-Consolidated] 3Q FY March 2016

Net Sales by Segments



System sales increased substantially, rising 19.9% year on year, and Operation sales remained strong, growing 5.0% year on year.

(Units: Million yen, %)	3Q FY 16/3	Ratio to sales	Year on year		Main factors of change
Net sales	41,221	–	116.1%	+5,709	
Information service	41,221	–	116.1%	+5,709	
System	32,048	77.7%	119.9%	+5,311	<ul style="list-style-type: none"> - Sales from development for banks and life insurance firms expanded. - Sales remained strong in services, the public sector, and a wide range of other sectors.
Operation	8,311	20.2%	105.0%	+397	<ul style="list-style-type: none"> - Projects in a wide range of businesses including communications increased.
Products and Other	860	2.1%	100.0%	+0	
Human resources service	–	–	–	–	

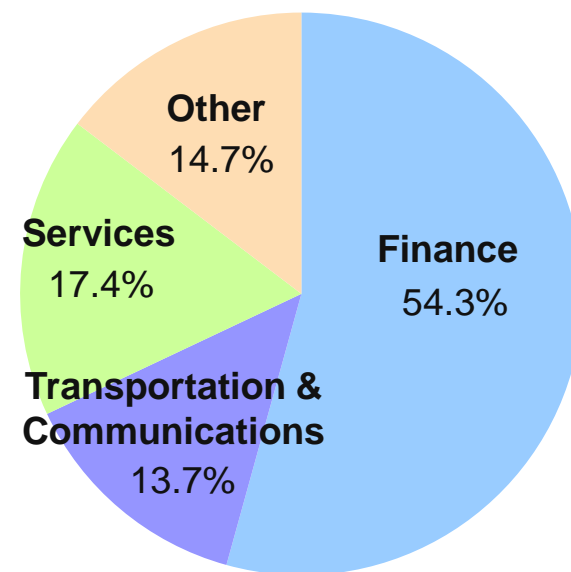
[Non-Consolidated] 3Q FY March 2016

Sales by End User



Business in the financial sector grew significantly due to an increase in bank, life insurance, and other projects. Services and Other businesses, such as those in the public sector, also remained strong.

(Units: Million yen, %)	Amount	Composition ratio	Year on year	
Finance	21,913	54.3%	126.1%	+4,534
Transportation & Communications	5,524	13.7%	100.1%	+5
Services	7,007	17.4%	114.4%	+884
Other	5,916	14.7%	105.0%	+283
For the manufacturing sector	2,297	5.7%	93.4%	-161
For the public sector	1,679	4.2%	128.4%	+371
For the wholesale and retail sector	1,068	2.6%	121.5%	+188
Systems and operations	40,360	100.0%	116.5%	+5,708



Finance:	Demand expanded primarily for the integration of large-scale systems at banks. Sales from development projects for life insurance firms also increased.
Transportation & Communications:	Sales in the communications sector declined, reflecting a continued decline in investments by main customers, while sales in transportation increased due to demand for renewal.
Services:	Sales were strong, driven by the acquisition of new customers, etc.
Other:	Sales for the public sector increased thanks to the consolidation of pension plans, etc. Actual sales from manufacturing increased by ¥0.24 billion due to the transfer of ¥0.4 billion to a group company in the embedding business.

For reference: 3Q FY March 2016 Group Company Results



Company name	Net sales			Operating income			
	Amount	Year on year		Amount	Ratio to sales	Year on year	
DATALINKS CORPORATION	5,819	101.5%	+83	255	4.4%	123.3%	+48
DIGITAL TECHNOLOGIES CORPORATION	4,463	82.8%	-929	79	1.8%	116.6%	+11
JAPAN SYSTEMS ENGINEERING CORPORATION	3,535	111.3%	+358	237	6.7%	199.5%	+118
YOKOGAWA DIGITAL COMPUTER CORPORATION	2,236	103.0%	+65	23	1.1%	150.8%	+7
DTS WEST CORPORATION *	1,779	164.5%	+697	37	2.1%	31.2%	-83
ART System Co., Ltd. *	1,695	269.6%	+1,066	223	13.2%	–	+212
KYUSHU DTS CORPORATION	1,498	149.7%	+497	180	12.0%	255.4%	+109
MIRUCA CORPORATION	316	95.9%	-13	26	8.5%	48.4%	-28
DTS America Corporation	239	251.8%	+144	50	20.9%	327.6%	+34
DTS (Shanghai) CORPORATION	208	79.7%	-52	-2	–	–	-71
SOUGOU SYSTEM SERVICE CORPORATION (For January to March)	549	–	–	71	13.0%	–	–

- Figures for each company are on a non-consolidated basis, so the total does not equal consolidated figures.

- DTS WEST CORPORATION merged with SOUGOU SYSTEM SERVICE CORPORATION in April 2015. The year-on-year comparison represents the differences from the simple combination of SOUGOU SYSTEM SERVICE CORPORATION and DTS WEST CORPORATION. ART System Co., Ltd. took over some of the embedding-related businesses of DTS in April 2015.

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.