

News Release

NRI Group Formulates Medium-Term Management Plan for Fiscal Years 2016 - 2018

- Business expansion into new areas including global and digital businesses, with targets of 500 billion yen in net sales and 70 billion yen in operating profit -

TOKYO, August 3, 2016 – Nomura Research Institute, Ltd. (NRI) has formulated a three-year medium-term management plan for its group of companies covering the fiscal years 2016 - 2018, as a step towards achieving its long-term management strategy “Vision2022” with the vision statement of “Share the Next Values!*” The targets that this plan sets for fiscal 2018 include net sales of 500 billion yen, operating profit of 70 billion yen, and 58 billion yen in sales from overseas-related business.

■ Vision2015 results, and targets for the medium-term management plan, and Vision2022

	FY 2015 Results (Vision2015)	FY 2018 Targets (Medium-term management plan)	FY 2022 Targets (Vision2022)
Consolidated sales	¥421.4B	¥500.0B	—
Consolidated operating profit	¥58.2B	¥70.0B	¥100.0B
Consolidated operating profit margin	13.8%	14%	at least 14%
Sales from overseas-related business	¥23.9B	¥58.0B	¥100.0B
Return on equity	10.6%	Around 12%	14%

■ External consolidated sales by segment

	FY 2015 Results (Vision2015)	FY 2018 Target (Medium-term management plan)	CAGR (Average annual growth rate)
Consolidated total	¥421.4B	¥500.0B	5.9%
Consulting	¥28.3B	¥40.0B	12.1%
Financial IT Solutions	¥252.8B	¥280.0B	3.5%
Industrial IT Solutions	¥101.5B	¥130.0B	8.6%
IT Platform Services	¥28.7B	¥40.0B	11.7%
Other	¥9.9B	¥10.0B	0.1%

In order to accomplish the goals of this medium-term management plan, NRI is improving productivity and expanding its business, while also forming a new operating base in the fields of global and digital business and building up a track record. Expanding the range of its business domain over these three years, NRI aims to build

the base for speedier growth during the fiscal years 2019 - 2022.

In accordance with the execution of this medium-term management plan, NRI will secure and develop diverse human resources, and put in place systems and environments that facilitate their working together with one another to combine their knowledge. We will also strengthen our efforts in ESG (Environmental, Social, and Governance) and CSR (Corporate Social Responsibility).

■ What we will do to implement our medium-term management plan

(1) Increase productivity in specialty areas in Japan

We will further strengthen earning capacity by increasing productivity in specialty areas in Japan

- Integrate development and maintenance systems for similar functions of multiple industry standard business platforms
- Raise quality and productivity of development projects: By developing advanced risk management to prevent unexpected large-scale unprofitable projects, developing advanced development management tools, and sharing test process resources
- Strengthen solutions utilizing ERP packages and cloud services to reduce time and man hours toward provision of services

(2) Expand fields of industry standard business platforms and develop large-scale clients

We will seek to expand fields of industry standard business platforms. As an example, we will expand the clientele and service domains for “Prime Settlement Service” that integrates the BPO, executing the administrative processing in the series of post-trade operations that financial institutions perform in the back office, with the ITO that provides the system environment used for the operations.

Additionally, for specific clients we will further promote our “prime account strategy” which uses cross-organizational comprehensive capabilities to strategically build sales and production capability. Specifically we will build relationships of trust with the clients while continually generating projects in line with medium to long term account plan by establishing officers in charge of prime account strategy in financial IT and industrial IT respectively, and establish officer in charge of both consulting and industrial IT.

(3) Build foundations for global business

We will build foundation for our business in Europe and the US, in addition to Asia, and develop track record. We will focus on promoting acquisition of new IP--the intellectual property that forms the source for delivering value including NRI's unique industry knowledge and industry standard services-- to support medium to long term business expansion. Three approaches to global expansion are as follows,

- Support the overseas expansion by Japanese clients helping them tap into overseas markets
- Enter markets in Asia using existing IP
- Acquire IP in Europe and North America and extend into new areas

As for M&A we are estimating investment of around 50 billion yen over the next three years.

(4) Create business IT

In addition to “Corporate IT,” the traditional strength of NRI that uses IT to perform back office tasks, NRI will create “Business IT” that directly contributes to business expansion for our clients, and we will build and expand our reputation. We will expand our business into new technology areas such as digital marketing and FinTech. As an example, we will strengthen our system for searching out new business opportunities in FinTech, and conduct demonstration experiment in blockchain technology and other new technologies.

Additionally, we will dedicate more effort to “Con-Solution,” our new business model in which experts in consulting and solution work side-by-side with client from the stage of planning and initiating business IT. As an example, we have set in a “Digital Business Promotion Department” and aim to have a new company established within fiscal 2016.

■ Strengthening our human resources base to achieve our medium-term management plan

NRI will put in place systems and environments that facilitate their working in concert with one another to secure and develop diverse talents and combine their knowledge. Specifically, we will promote diversity of human resources by increasing the ratio of our workforce based in overseas offices, improve the ratio of female hires to at least 30% (by fiscal 2018) and ratio of females among managers to at least 7% (by fiscal 2018), and expand the workforce of our new company NRI Mirai which was established to promote the hiring of people with disabilities.

Moving our Tokyo, Yokohama, and Osaka area offices to new locations will allow us to boost our capacity for Business Contingency Planning (BCP), switch to an open

communication style office environment, and innovate the way we work. As a new way to incentivize employees we have also introduced an employee stock ownership incentive plan (E-Ship®) in conjunction with the medium-term management plan.

■ **Approaches for ESG (Environmental, Social and Governance) and CSR (corporate social responsibility)**

We will strengthen NRI style of ESG and CSR in both the aggressive and defensive manners.

We will work proactively to make recommendations for society, based on our corporate philosophy “Dream up the future.” As an example, we have formed a network of policymakers, businesspeople, and researchers by operating the Financial Markets Panel and the Japan-China Financial Roundtable, and make recommendations on macro financial and economic policy matters.

As an environmental measure, we have set a target of 18% reduction in greenhouse gas emissions between fiscal years 2013 and 2018. We are also more active in contributing to the growth of the next generation of human resources, with activities including student essay contests and career education programs.

* **Share the Next Values!:**

We included the phrase “Share the Next Values!” in our ideas about the realization of Vision2022. Each and every NRI employee works to realize new value with these ideas in mind.

<Share> A wide variety of personnel within and outside the NRI Group joins together to pool their collective effort, and share the achievements and joy of contributing to promotion of a vibrant future society together with our clients.

<Next> With the mentality of being ahead of the times we pioneer globally, digitally, and into the realm of the future, to create new business models for the next generation.

<Values> We refine our strengths and create value by providing various types of services to clients and to society giving birth to new future-minded business models.

“Share the Next Values!” is a registered trademark.

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ABOUT NRI

NRI is a leading global provider of system solutions and consulting services, including management consulting, system integration, and IT management and solutions for financial, manufacturing and service industries. Clients partner with NRI to expand businesses, design corporate structures and create new business strategies. NRI has

10,000 employees in 35 offices globally and reports annual sales above \$3.7 billion. For more information, visit <https://www.nri.com/global/>

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