

# Presentation of Performance

*Fiscal Year Ended March 31, 2007*

**May 17, 2007**

**COMSYS Holdings Corporation**



**COMSYS.HD**

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## I-1. Highlights of Performance

◆ Major growth in revenues and profits in comparison with the previous fiscal year ◆

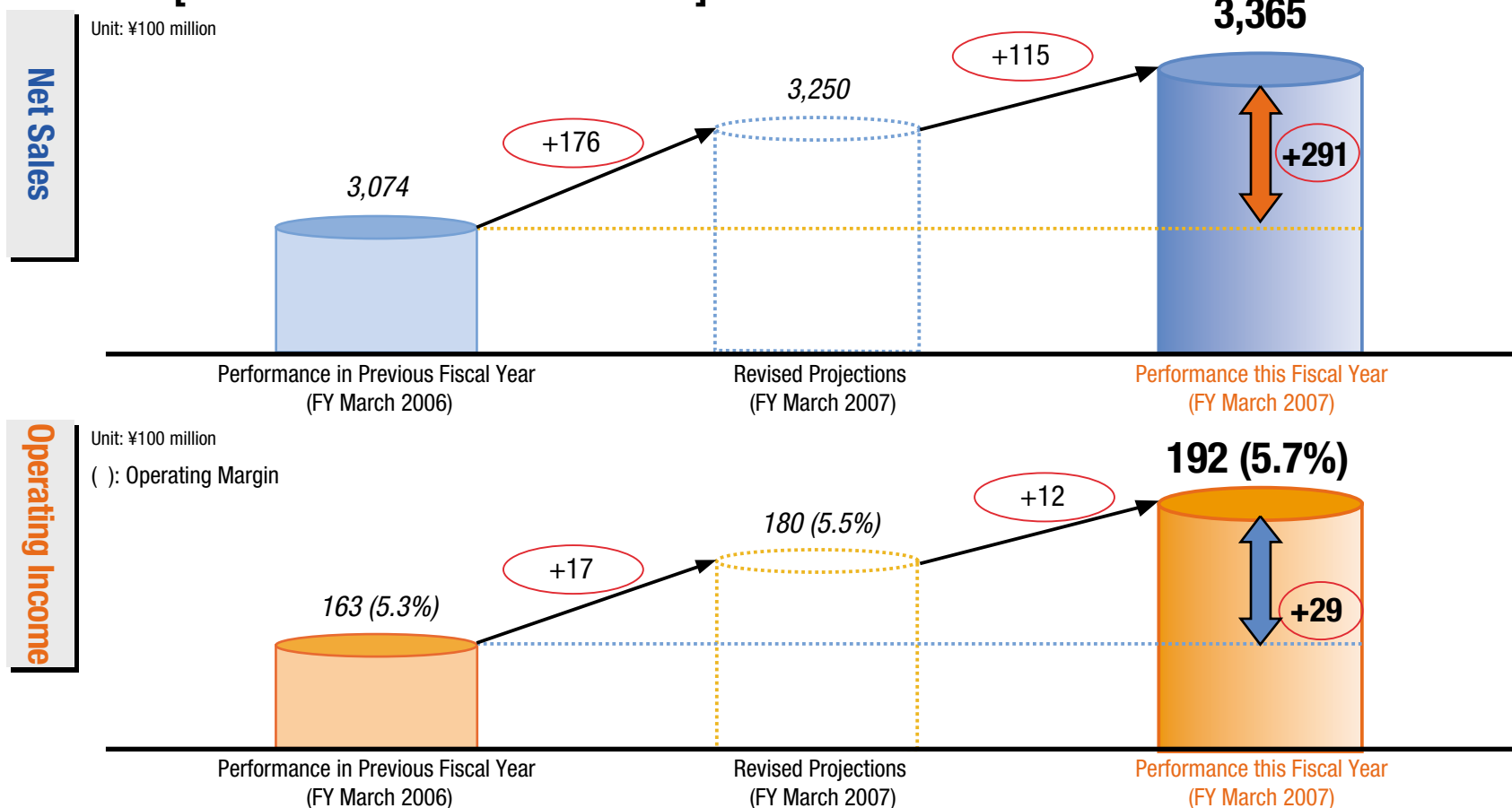
(Unit: ¥100 million)	FY March 2007 Performance	Comparisons with Previous Fiscal Year	Main reasons for increase/decrease
<b>Orders Received</b>	<b>3,341</b>	<b>+241</b> (7.8% growth)	<ul style="list-style-type: none"> <li>• Sweeping growth in mobile communications construction</li> <li>• Expansion of the volume of optical communications construction</li> </ul>
<b>Net Sales</b>	<b>3,365</b>	<b>+291</b> (9.5% growth)	
<b>Operating Income</b>	<b>192</b>	<b>+29</b>	<ul style="list-style-type: none"> <li>• Sales growth</li> <li>• Gain on sales of fixed assets</li> <li>• Gain on sales of investment securities</li> </ul>
	Operating Margin: <b>5.7%</b>	Up <b>0.4</b> percentage points	
<b>Recurring Profit</b>	<b>211</b>	<b>+24</b>	
	Recurring Profit Margin: <b>6.3%</b>	Up <b>0.2</b> percentage points	
<b>Net Income</b>	<b>123</b>	<b>+23</b>	
	Net Profit Margin: <b>3.7%</b>	Up <b>0.4</b> percentage points	

## I-2. Highlights of Performance (Net Sales and Operating Income)

◇◇ Performance outstrips previous fiscal year and revised projections ◇◇

- Year-on-year growth in MNP projects (DoCoMo and NCC) and optical communications projects.
- Both DoCoMo and NCC unexpectedly exceed projections from the second half forward.

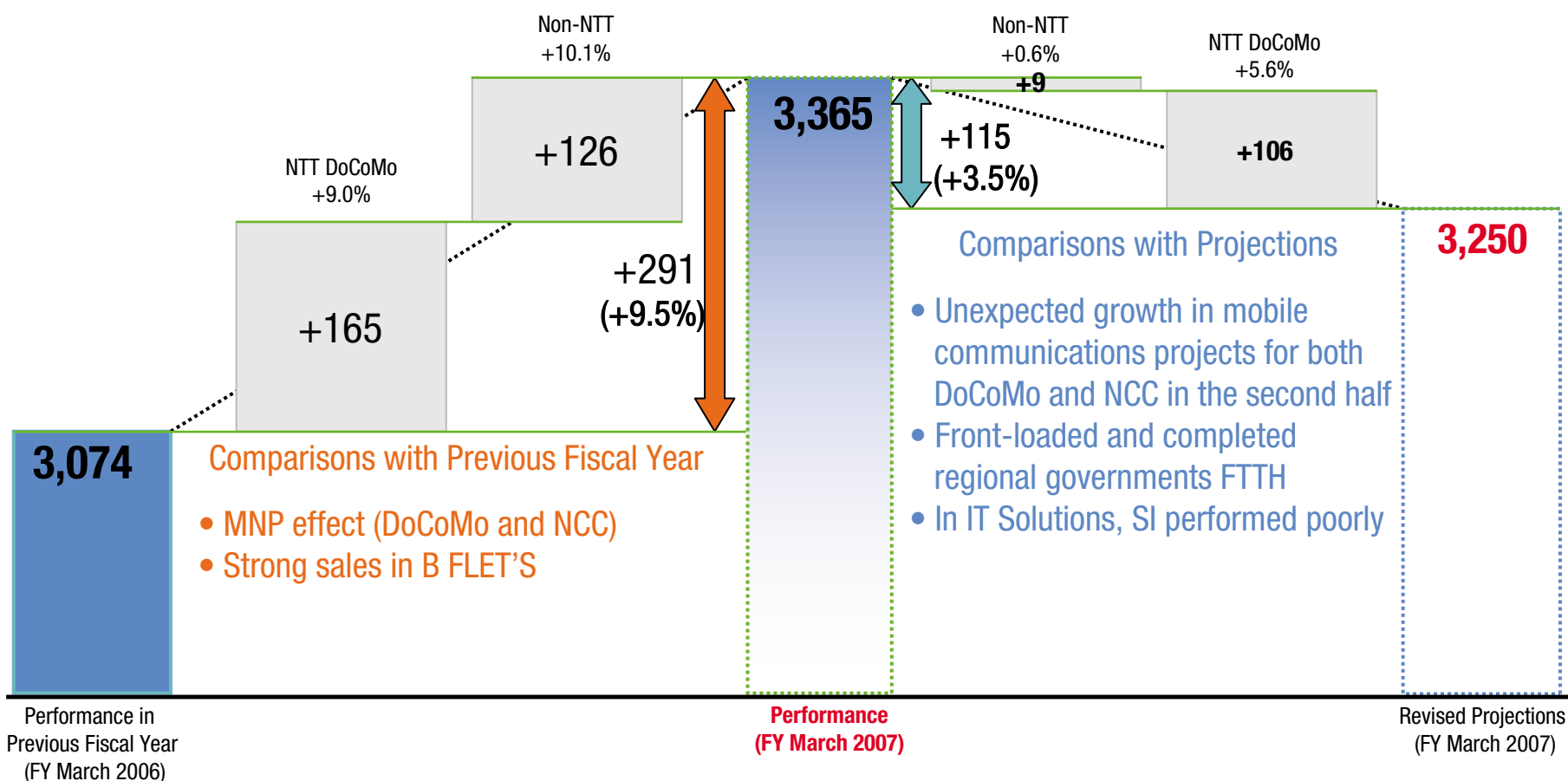
### [Performance for the Fiscal Year]



# I-3. Details of Growth in Net Sales by Segment

- Strong performance in the B FLET'S, FOMA, and NCC businesses
- Front-loaded and completed major projects for government organizations (Regional government FTTH projects)

Unit: ¥100 million



## II-1. Medium-term Management Plan

◆ This fiscal year the rolling of the medium-term management plan will be postponed. ◆

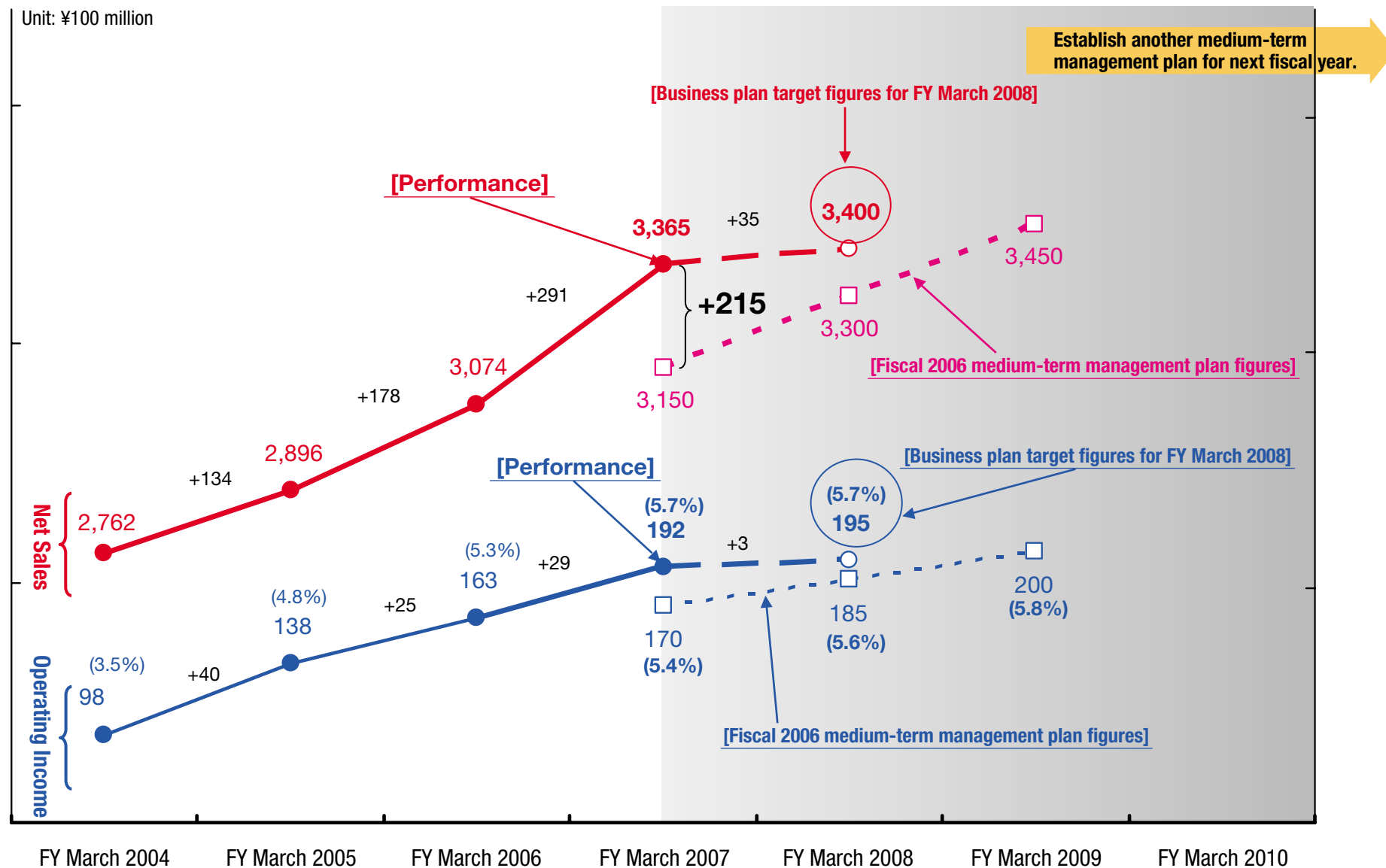
The infrastructure business is in a period of transition this fiscal year.

In accordance with the medium-term management plan,  
the following continued in the fiscal year ended March 31, 2007.

1. Prevent NTT business from contracting...net sales maintained at ¥190 billion  
(as of the release of interim financial statements on November 14, 2006)
2. Net sales goal of the non-NTT business is ¥160 billion for  
the fiscal year ending March 31, 2009.
3. Maintain non-NTT business at 50% of net sales.
4. Strive to keep the operating margin above 6.0%.

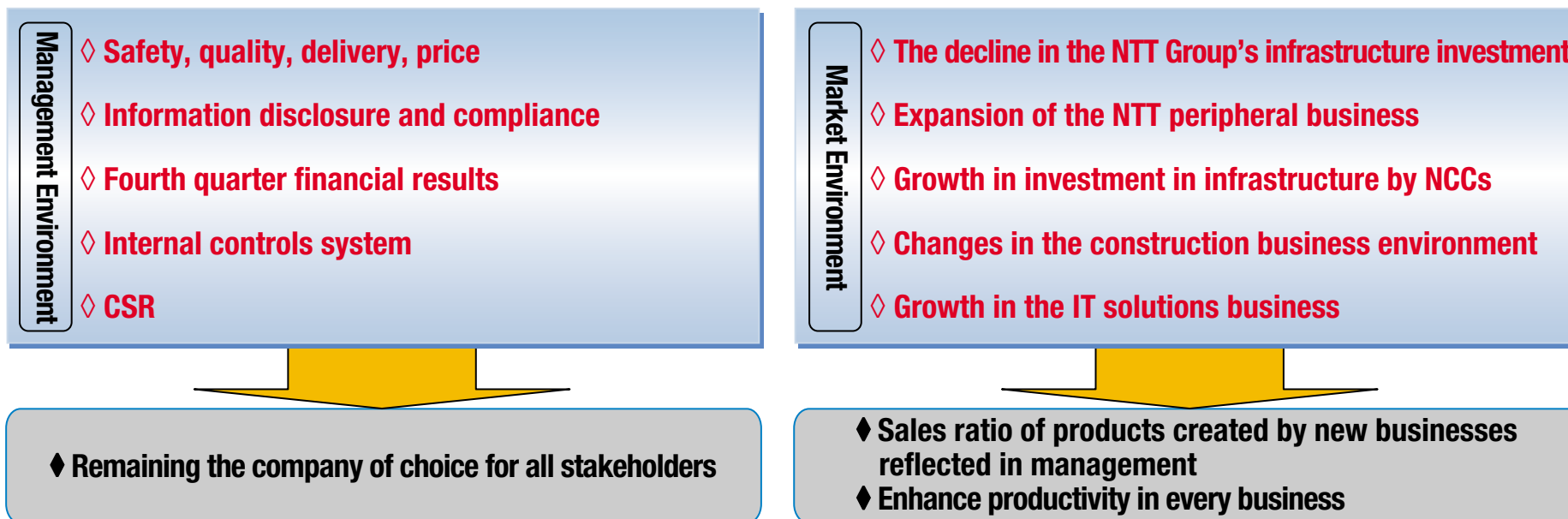
Establish a medium-term management plan based on analysis  
of trends in the infrastructure business.

## II-2. Net Sales and Operating Income Performance and Mid-Term Plan Figures



## II-3. Management Policies for the Fiscal Year Ending March 31, 2008

The management and operational environments are changing significantly.



### Management policy for the fiscal year ending March 31, 2008

1. Make concrete progress in raising the level of stakeholder satisfaction.
2. Develop NTT Group peripheral business and restructure non-NTT business to achieve steady growth.
3. Increase productivity by raising the skill level of employees and COMSYS-style *kaizen* (Improvement).

## II-4. Business Plan for the Fiscal Year Ending March 31, 2008

**This is the inaugural year of operational improvement—a turning point!**

**Important measures**

**I. Expansion of the scope of operations and rising productivity**

- (1) Strengthening the business front line  
(COMSYS-style *kaizen* [improvement] takes hold)
- (2) Enhancing the integration of group operations
- (3) Strategic investments  
(*kaizen* [improvement], restructuring of internal systems, etc.)

**II. Reviewing the management of consolidated subsidiaries**

Division of roles, evaluation methods, dividend policy, etc.

**III. Securing and utilizing human resources**

Hiring, training, evaluation, assignment, systems, etc.

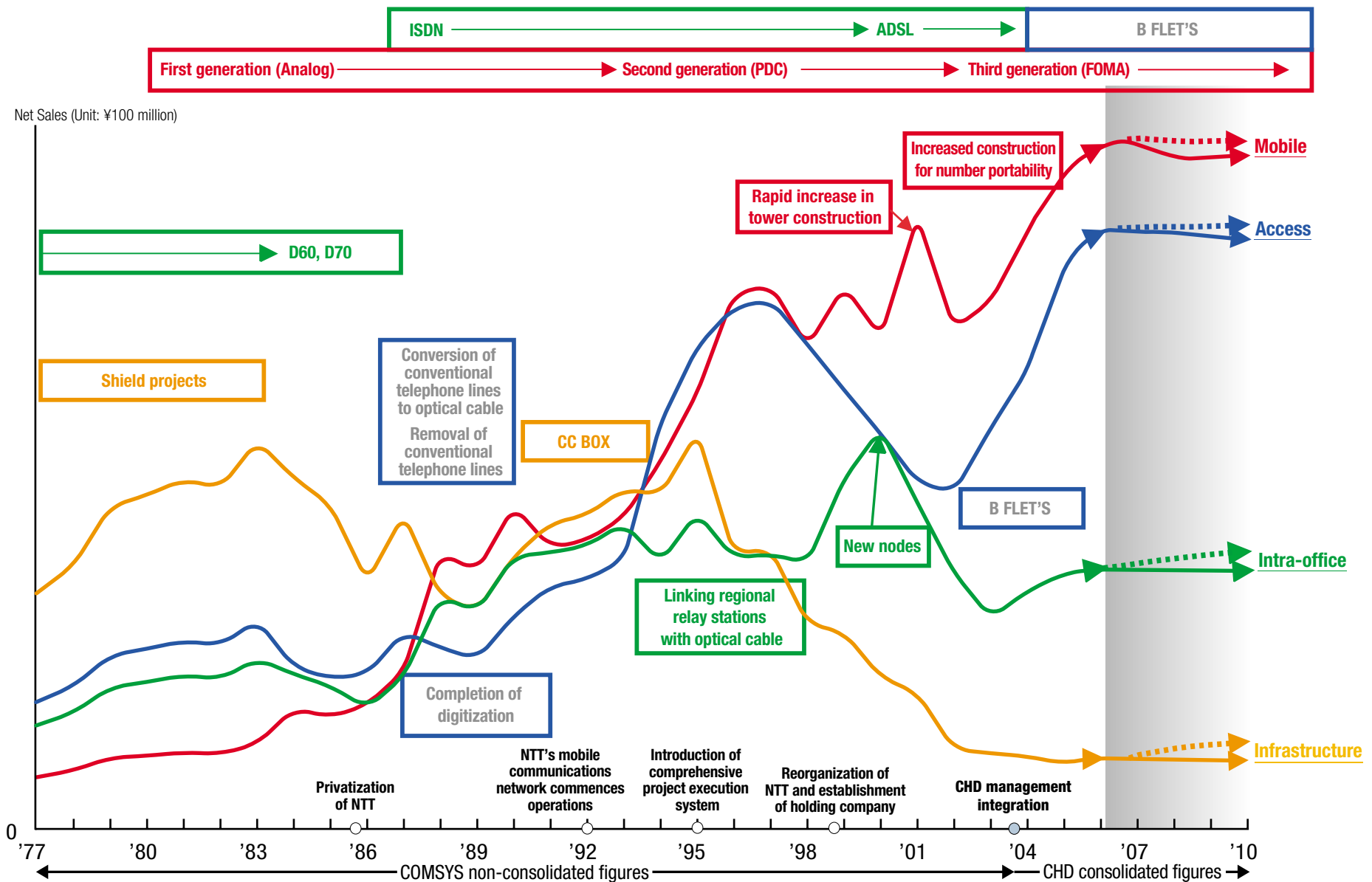
(Unit: ¥100 million)	FY March 2007 Performance		FY March 2008 Business Plan		Change	Percentage Change
<b>Orders Received</b>	<b>3,341</b>		<b>3,350</b>		+9	+0.3%
<b>Net Sales</b>	<b>3,365</b>		<b>3,400</b>		+35	+1.0%
<b>Operating Income (Margin)</b>	<b>192</b>	<b>(5.7%)</b>	<b>195</b>	<b>(5.7%)</b>	+3	+1.6%
<b>Recurring Profit (Margin)</b>	<b>211</b>	<b>(6.3%)</b>	<b>215</b>	<b>(6.3%)</b>	+4	+1.9%
<b>Net Income (Margin)</b>	<b>123</b>	<b>(3.7%)</b>	<b>125</b>	<b>(3.7%)</b>	+2	+1.6%

## III-1. Growth Strategy for NTT Group Business

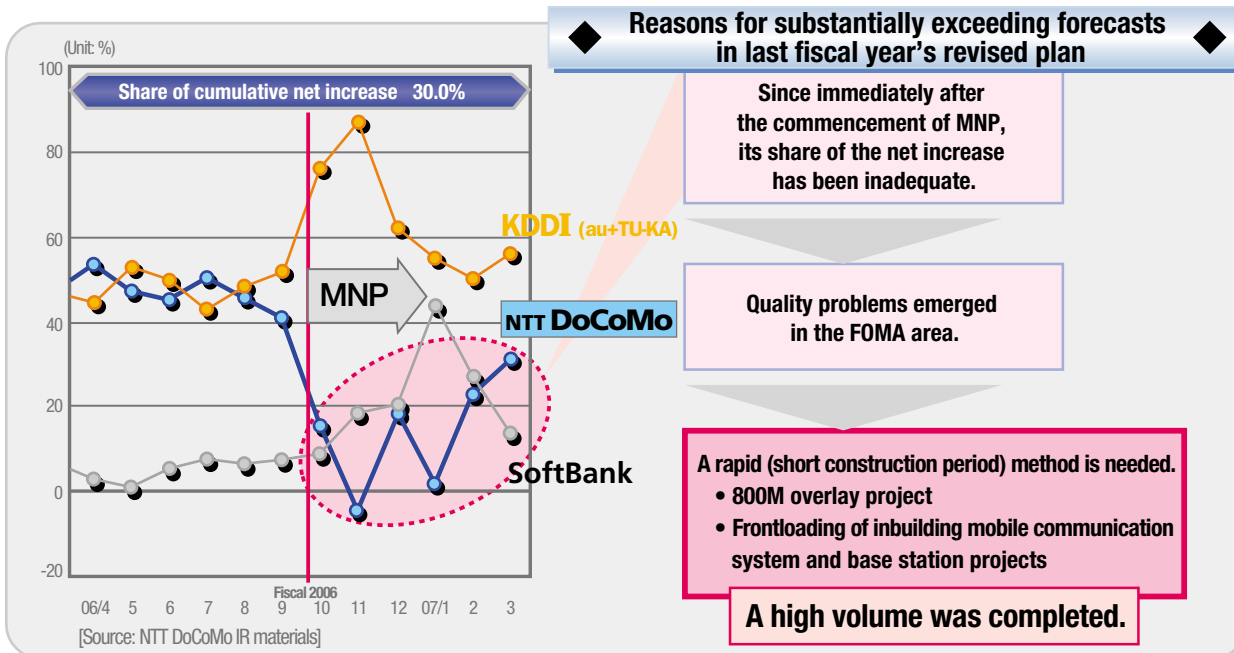
◆ **Achieve net sales in the NTT Group business of over ¥190 billion.**

- ◆ **Opening peripheral businesses**
- ◆ **Training IP engineers**
- ◆ **Establishing ubiquitous business**
- ◆ **Expanding maintenance business**

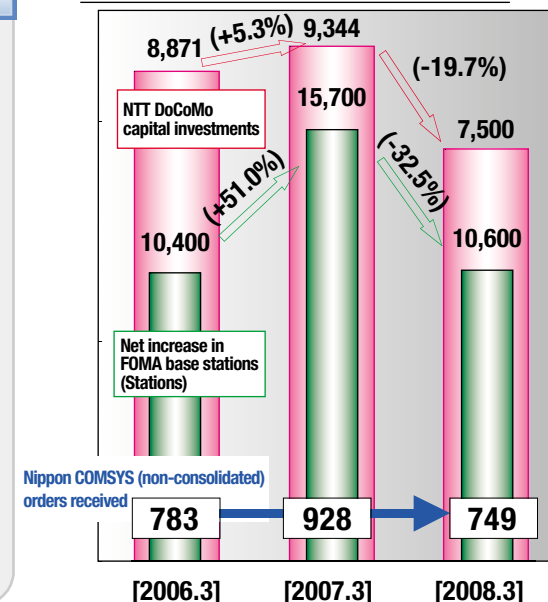
# III-1-1. Trends in NTT Group Business by Area, and Directions for the Future



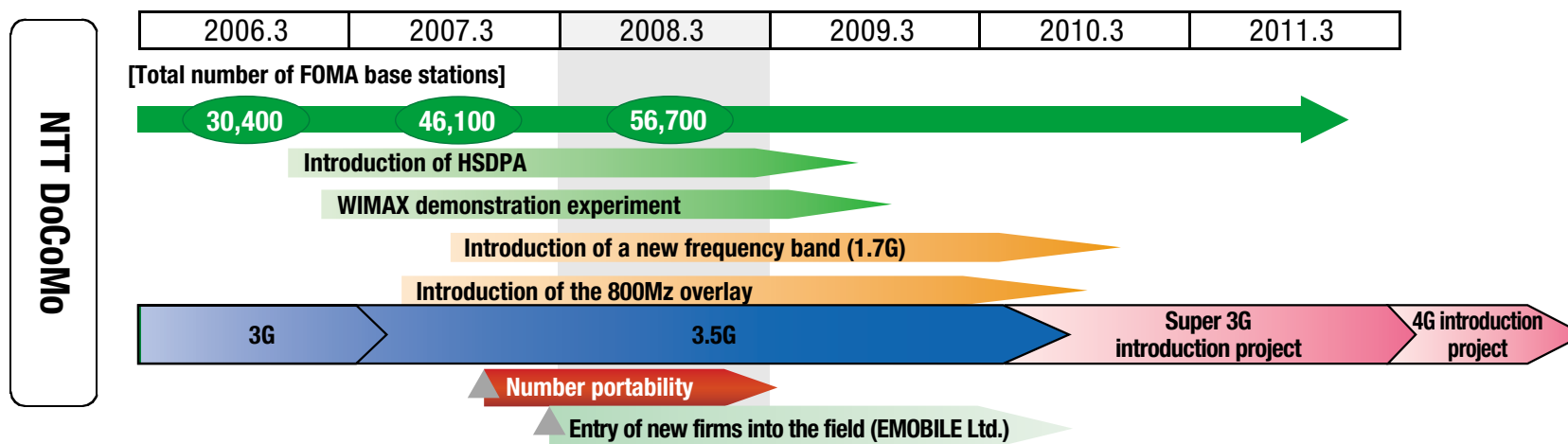
# III-1-2. Market Trends in the DoCoMo Business



Trends in NTT DoCoMo capital investments



## Market Trends



## III-2. Non-NTT Business Growth Strategy

◆ **¥160 billion target for net sales  
in the non-NTT business sector.**

◆ **Expansion of the NCC business**

◇ **Establishment of CHD as a project execution system**

◆ **Expansion of the IT solutions business**

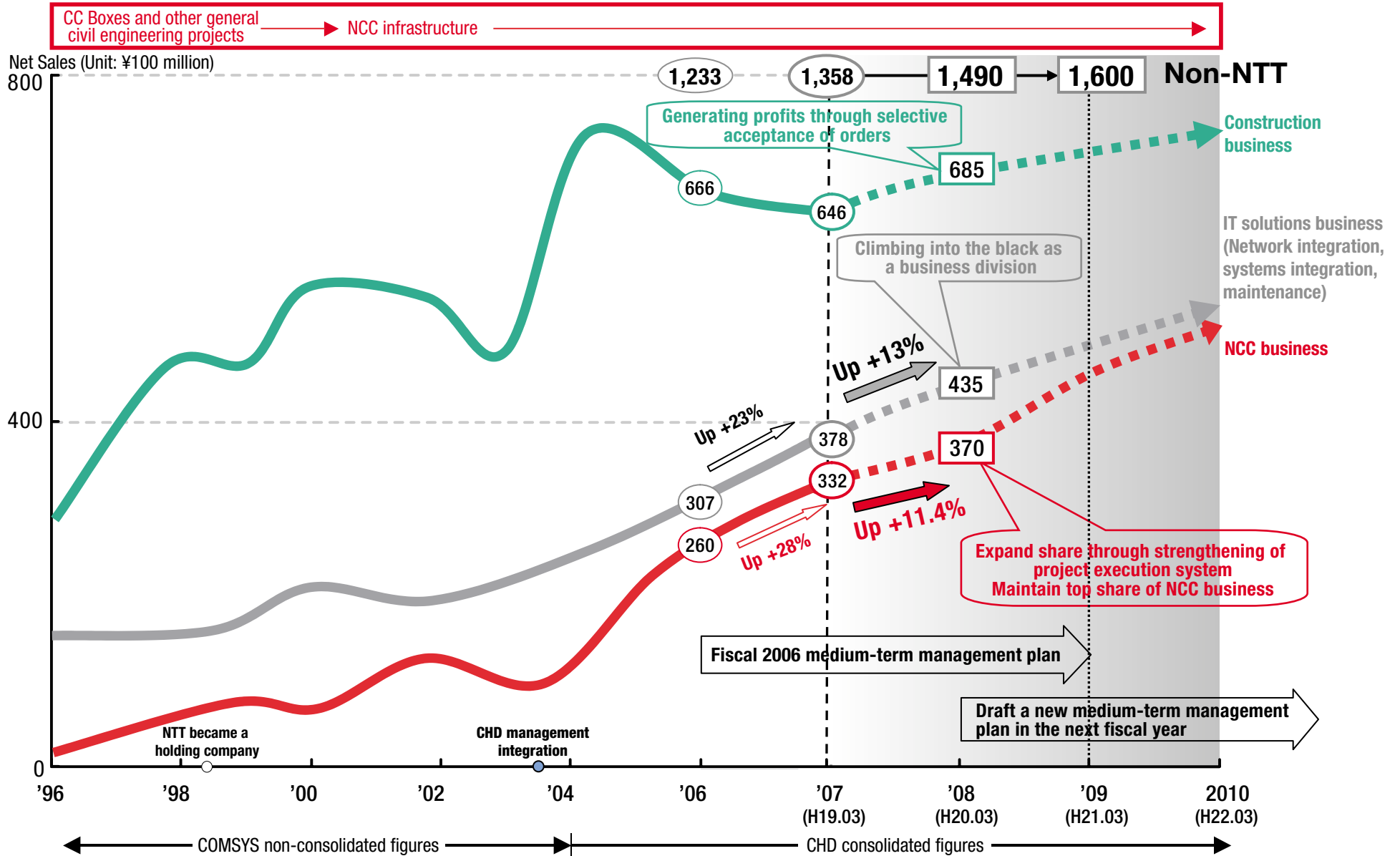
◇ **Developing COMSYS brand products**

◇ **Headhunting human resources**

◆ **Developing a construction business model**

◆ **Expanding operations through M&A and alliances**

# III-2-1. Future Development of Non-NTT Business



## III-2-2. Measures to Expand NCC Business

Measures to Increase Orders Received

Fixed communications Weight in orders received (30%)

KDDI Tokyo Electric Softbank

- Vigorous growth, centered on FTTH

Mobile communications (55%)

au Softbank Mobile

Will com e-Mobile

- Strong response to 3G and area expansion
- Expanding high-speed broadband services
- Strong response to area growth nationwide

Manufacturers and vendors (15%)

- Focused response to next generation networks

Strengthening SANCOM Project System

FY March 2006	FY March 2007	FY March 2008	FY March 2009	FY March 2010
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[ Net Sales ]



**It is urgent to bolster the nationwide marketing and project execution system.**

- Transfer in personnel from Nippon COMSYS (shifting management resources)

**Increased activity in alliances with vendors**

**Personnel training (Upgrading IP-related skills)**

### III-3. Our Thinking on CHD Growth

#### 1. Maintaining NTT Group business!

- ◆ Offset infrastructure decline with  
NTT service-related peripheral businesses.

#### 2. We are looking to non-NTT businesses for growth!

- ◆ The IT solutions business expands continuously
- ◆ Expanding NCC business through reinforcement of the project execution system
- ◆ Entering new areas of the construction business

## IV. Our Thinking on Revenue Growth

**Maintain our operating margin at 6.0% or higher through persistent improvement in productivity!**

- ◆ **Ingraining COMSYS-style *kaizen* (improvement) (Expanding its presence)**
- ◆ **Creating a layered structure for consolidated subsidiaries**
- ◆ **Upgrading worker skill levels**
- ◆ **Avoiding unprofitable projects through selective acceptance of orders**
- ◆ **Reducing procurement costs (Establishing a Procurement Division)**
- ◆ **Consolidation of joint operations through COMSYS Shared Services**

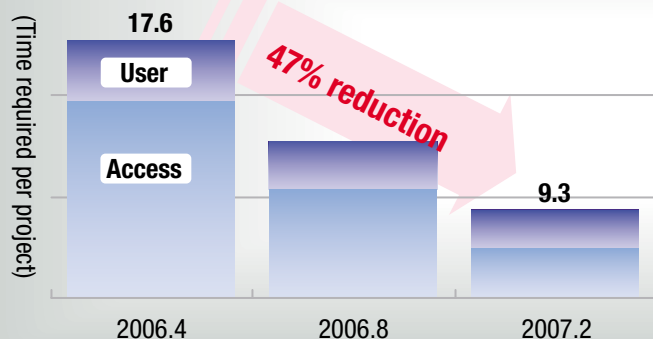
## IV-1. Successes and Issues with COMSYS-Style *Kaizen* (Improvement)

### ◆ Developing *kaizen* for the telecommunications construction industry ◆

*Construction sites generate added value for the company. "Location, actual materials, and reality" are the foundation.*

#### ◆ Achieving 100% Growth

[ 9TS optical fiber project ]



Streamlining

Visibility

- Real-time management
- Data flow system

Future Issues

Target

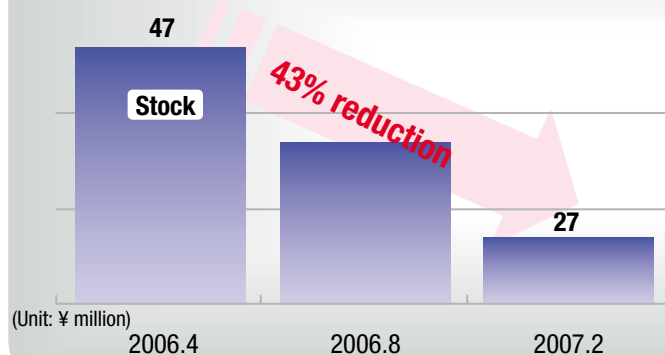
100% growth

Reduction by half

Reflection in management indicators

#### ◆ Achieving Reduction by Half

[ Total 5TS in stock ]



5S

Warehouse Management System

- Increased materials handling efficiency
- Introducing a warehouse management system

# IV-2. Improving Cost/Performance Ratios through Consolidation of Joint Operations

◆ **Minimizing costs in joint indirect operations and focusing management resources in core businesses.** ◆  
*(Consolidation of joint operations in the entire COMSYS Group)*

**COMSYS Shared Services (CSS) was established in October 2003.**

◆ Consolidation of joint administrative services centering on Nippon COMSYS (Compensation, benefits, accounting)  
 Nippon COMSYS Headquarters, all branches } **Consolidation** From 215 to 152 (A reduction of 63 people)  
 10 consolidated subsidiaries

**CHD**

**In April 2007 COMSYS Shared Services became a wholly-owned subsidiary of CHD.**

Nippon COMSYS Group	SANCOM Group	TOSYS Group	<b>CSS</b>
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The seven companies of the SANCOM Group (32 employees)  
 The eight companies of the TOSYS Group (29 employees) } **Consolidation** **Achieving further reductions in costs**

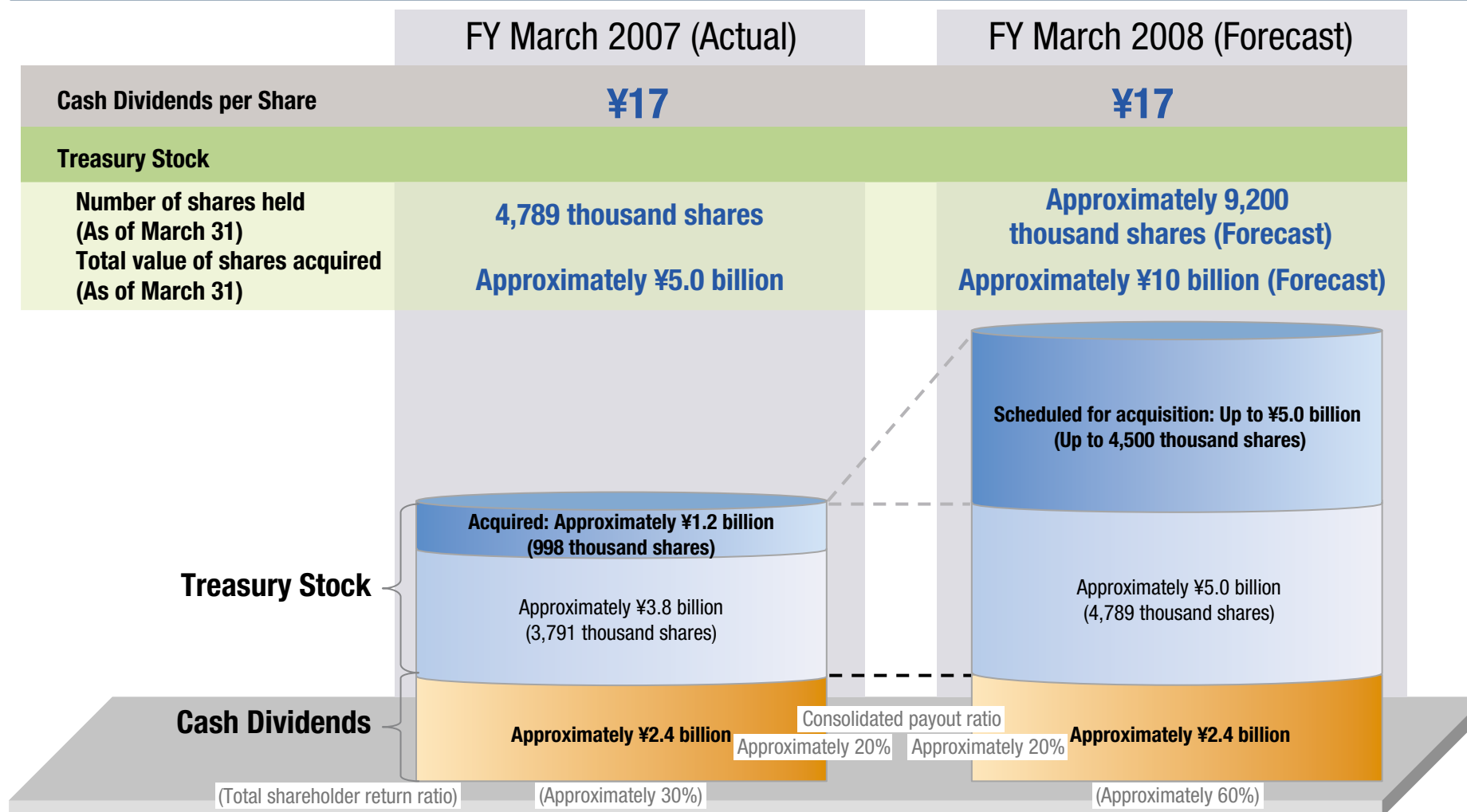
*\* Expanding Group-consolidated operations → real-estate management operation, staffing operation etc.*

## V. A Vision for CHD Growth

- ◆ **While maintaining NTT Group business, increase the weight of Non-NTT business in net sales to 50% or higher.**
- ◆ **Continue strategic investments in operational reform.**

## VI. Shareholder Returns and Acquisition of Treasury Stock

**Dividends are stable, continuous, and linked to performance.**



**Applications of treasury stock: At present to be held as treasury stock, in the future to play a role in M&A.**