



Results for the Second Quarter of Fiscal Year Ending March 31, 2014

November 1, 2013
Nihon Unisys, Ltd.

General Overview

Settlement Summary

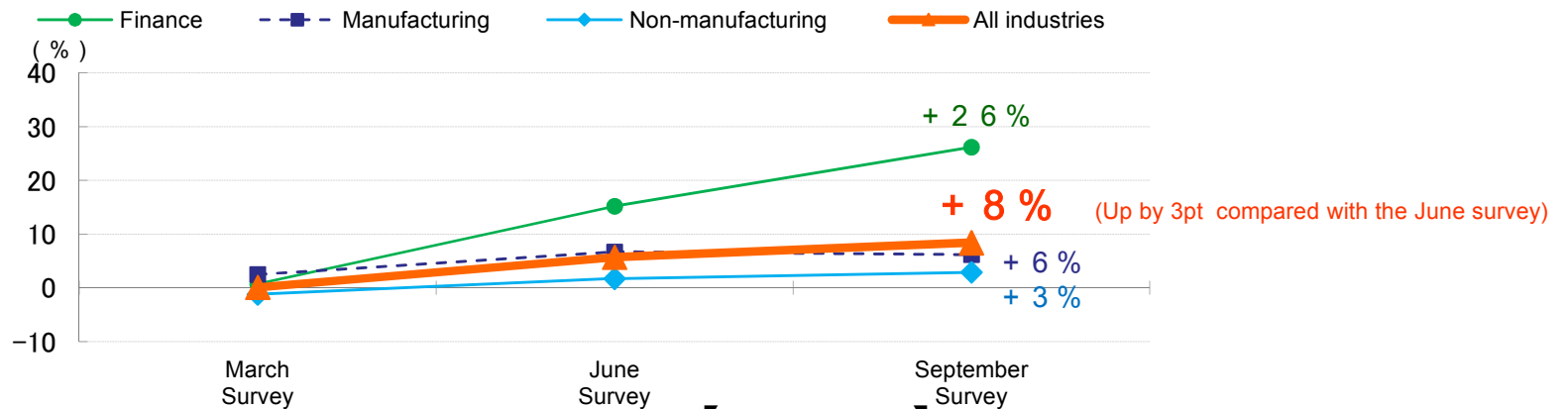
Progress of the Mid-term Management Plan (2012→2014)

External Business Environment

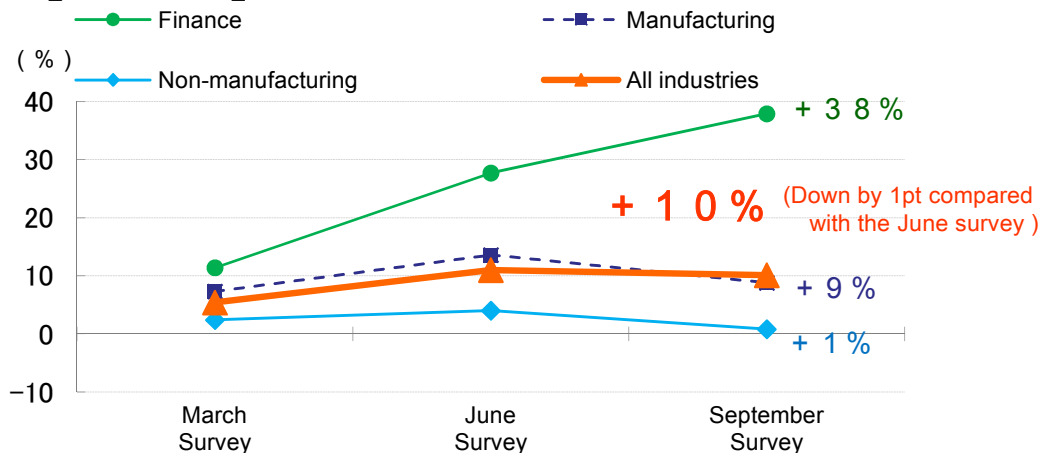
- ✓ The financial institutions have taken the lead in resuming IT investments.
- ✓ The 2nd Half business environment is expected to be also revitalized.

Tankan Survey by Bank of Japan FY2013 Annual Projections pertaining to Companies' Software Investment (yr/yr)

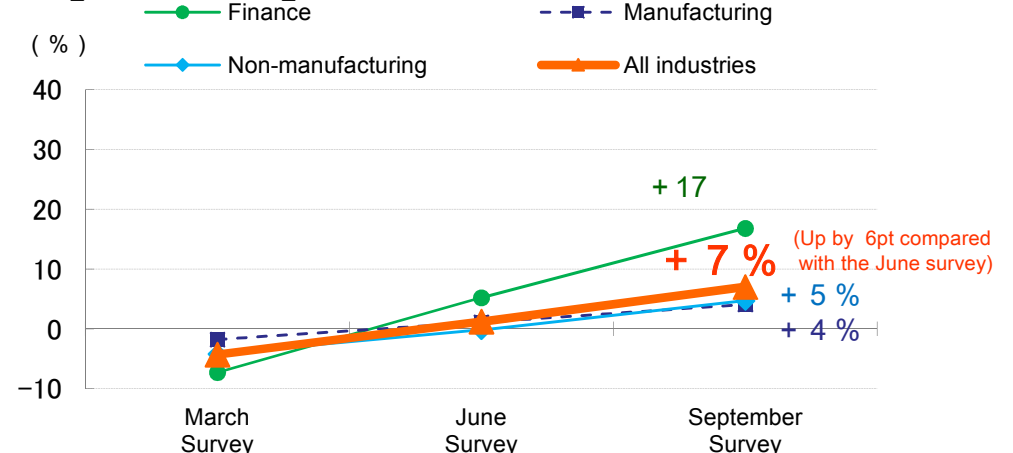
【Full Year】



【1st Half】



【2nd Half】



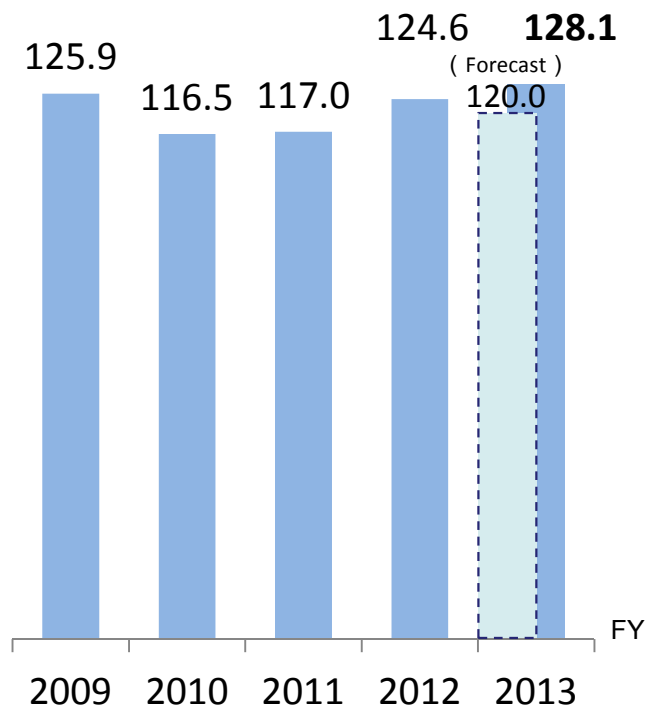
Note: The expression "FY/ fiscal year" utilized in this document indicates the fiscal year which finishes at the end of March of the following year.
(Example: The expression FY2013 refers to the fiscal year ending March 2014.)

Source: Bank of Japan
Explanation of the Short-Term Economic
Survey of Enterprises in Japan (Tankan)

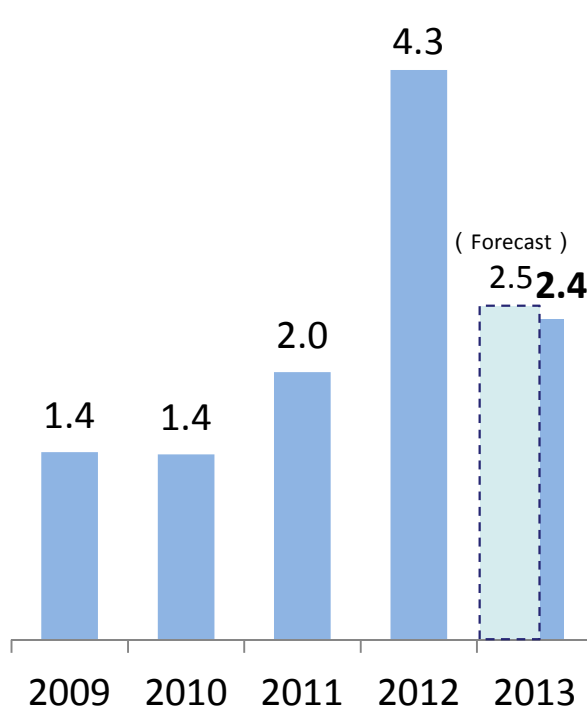
Overall Summary for FY2013 1st Half

- ✓ Net sales continued strong and beat FY2012 1st Half and forecasts.
- ✓ Operating income was outweighed by the pullback from the highly profitable projects of the year-earlier period.
- ✓ Efforts for cost reduction steadily continued while investments were strengthened in priority areas

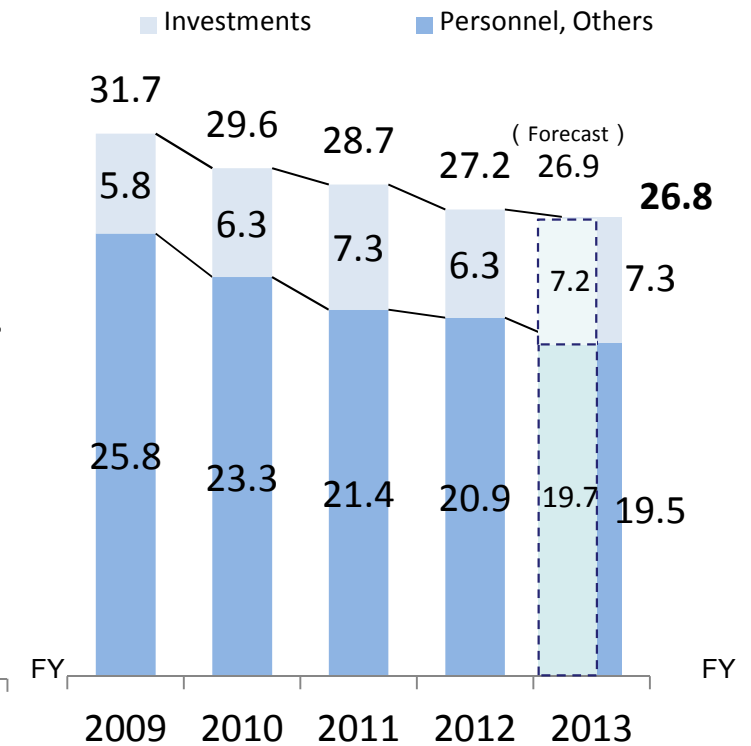
Net Sales of 1st Half
(Billion yen)



Operating Income of 1st Half
(Billion yen)



SG&A Expenses of 1st Half
(Billion yen)

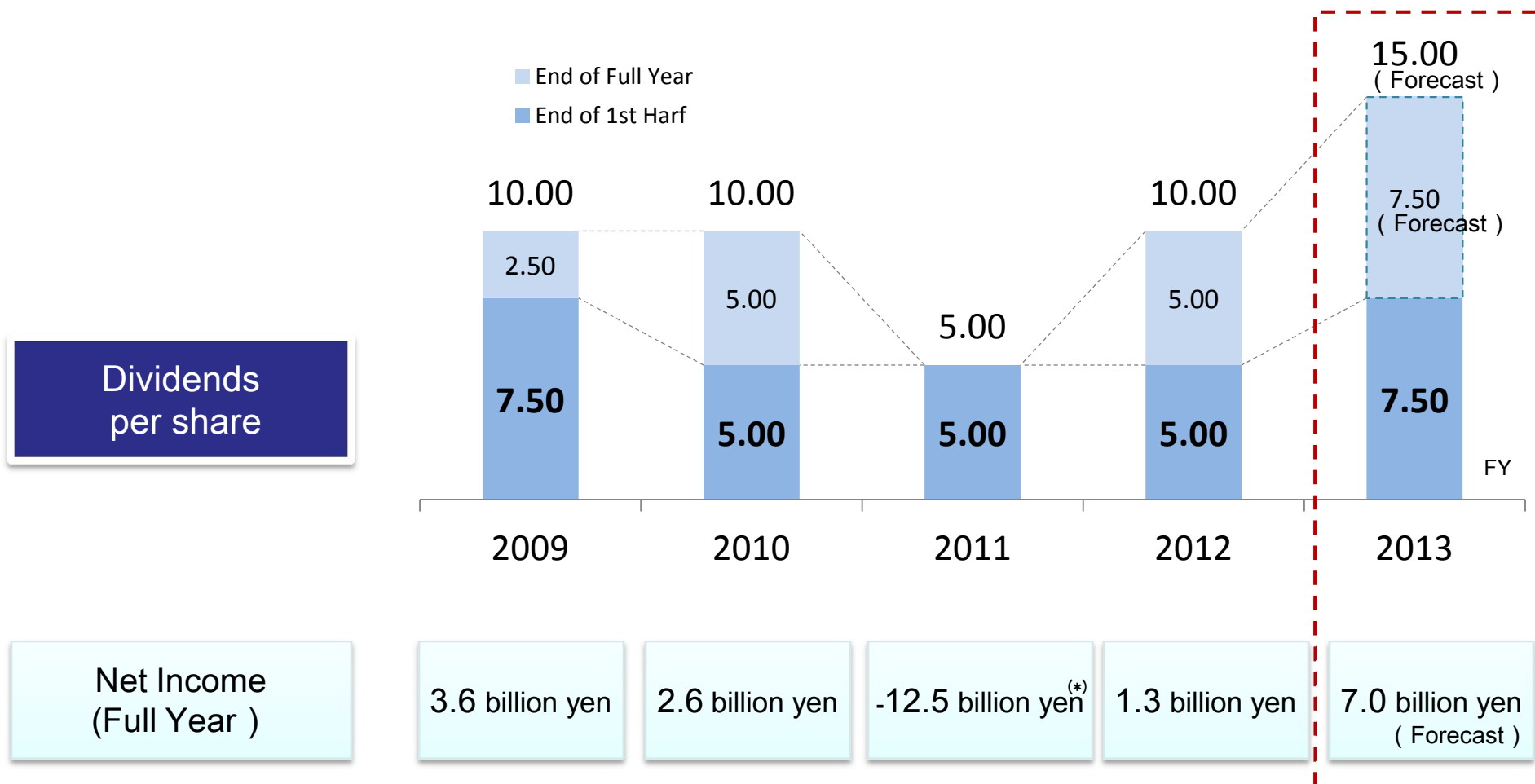


* Investments: R&D, Internal IT expenses, Sales support costs
Personnel and Others: Personnel, General expenditures, Office expenses

Dividends

- ✓ The company aims at a stable and continuous distribution of profits, targeting a dividend payout ratio of 20% or more on a consolidated basis.
- ✓ The dividends at the end of 1st Half will be distributed as planned at the beginning of this fiscal year.

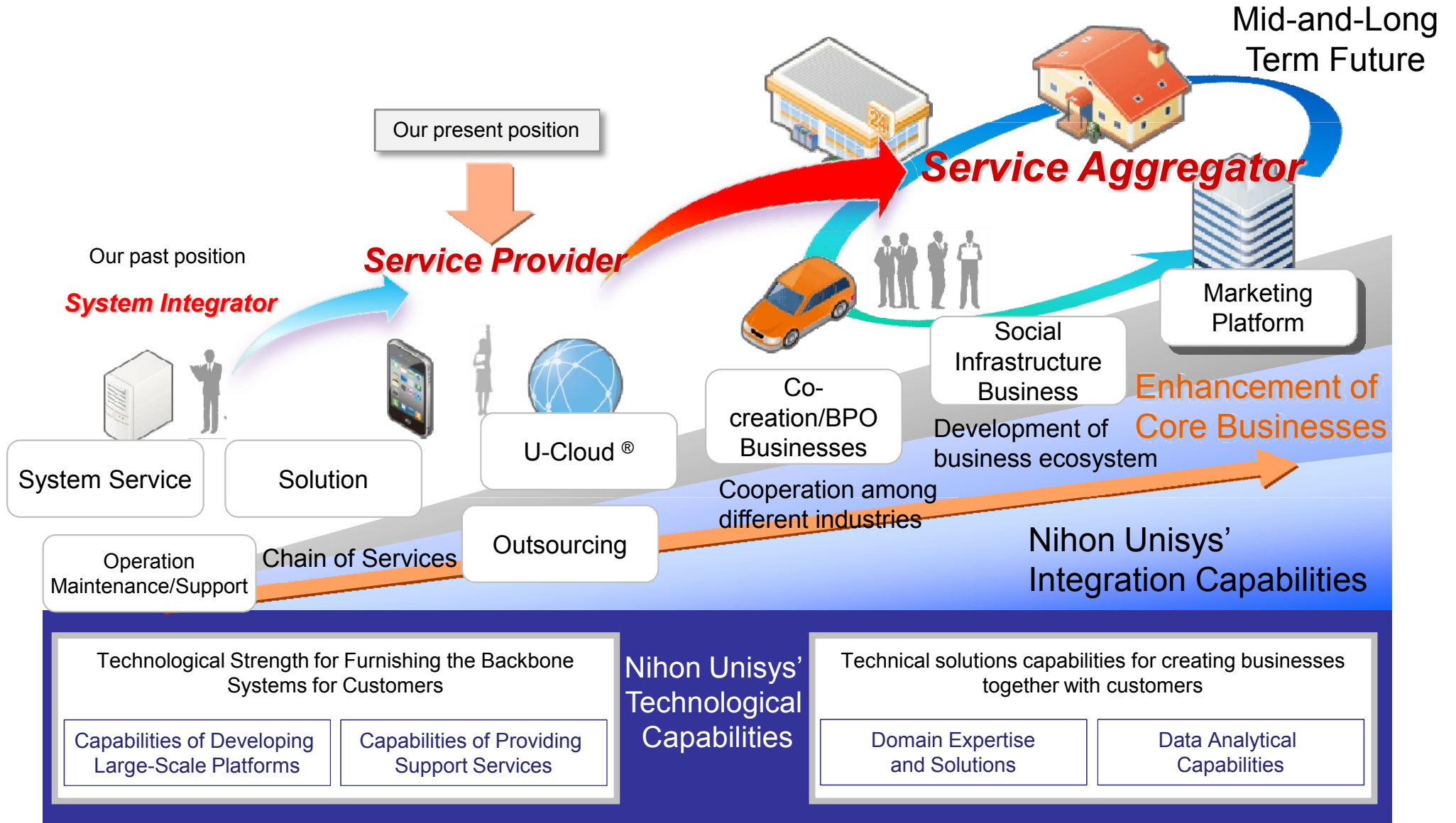
(Yen)



(*)Reversal of deferred tax assets: ¥12.6 billion

Future Ideal State toward Mid-and-Long Term Growth

✓ Progress from “Service Provider” to “Service Aggregator”



Toward Mid-and-Long Term Growth (Core Businesses)

✓ To Enhance Further our Core Businesses through the Use of our Strengths

Strengths/Features

Technological capabilities for supporting customers, core systems

Capabilities of Developing Large-Scale Platforms
(Technologies for high volume transaction processing, technologies for information sharing, and technologies for developing cloud-computing platforms)

Capabilities of Providing Support Services
(Support services ranking No. 1 in customer satisfaction Survey that are available across the nation)

Technical solutions capabilities for creating businesses together with customers

Domain Expertise and Solutions
(Core-banking system for financial institutions, direct marketing, retail/wholesale, CAD, leasing, and reservation, settlement & ticket issuance, etc.)

Data Analytical Capabilities
(Data mining, data science, etc.)

Provision of One-stop Services

Enhancement of Core Businesses through the Use of Strengths/Features

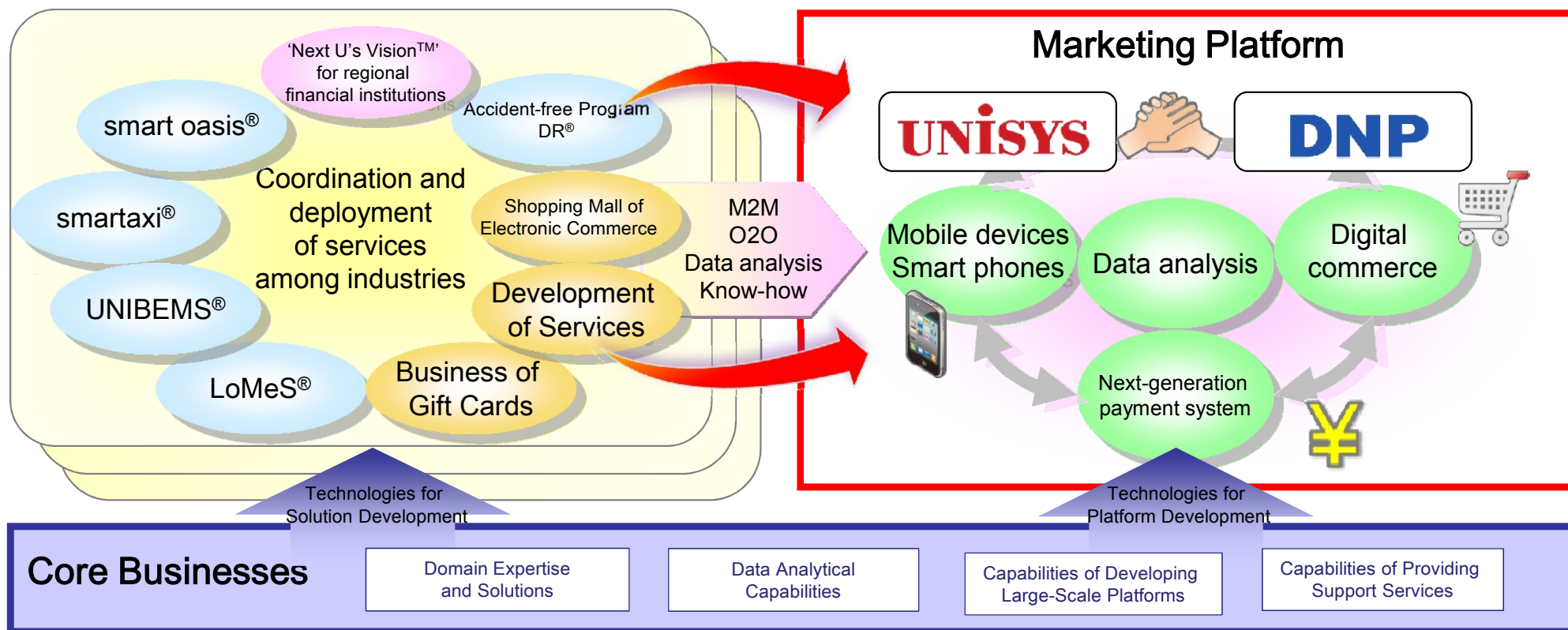
- ✓ 10th award of order for BankVision®, packaged core-banking solutions for regional banks
- ✓ New awards of order from major Shinkin Banks
- ✓ Stable operation of ANA's domestic Airline system after the world-first renovation through the use of open system
- ✓ Enhancement of infrastructure businesses in the domains of unified communications and information

Co-creation/BPO Businesses:

Enhancement of Businesses through the Reinforcement of Coordination among Different Industries

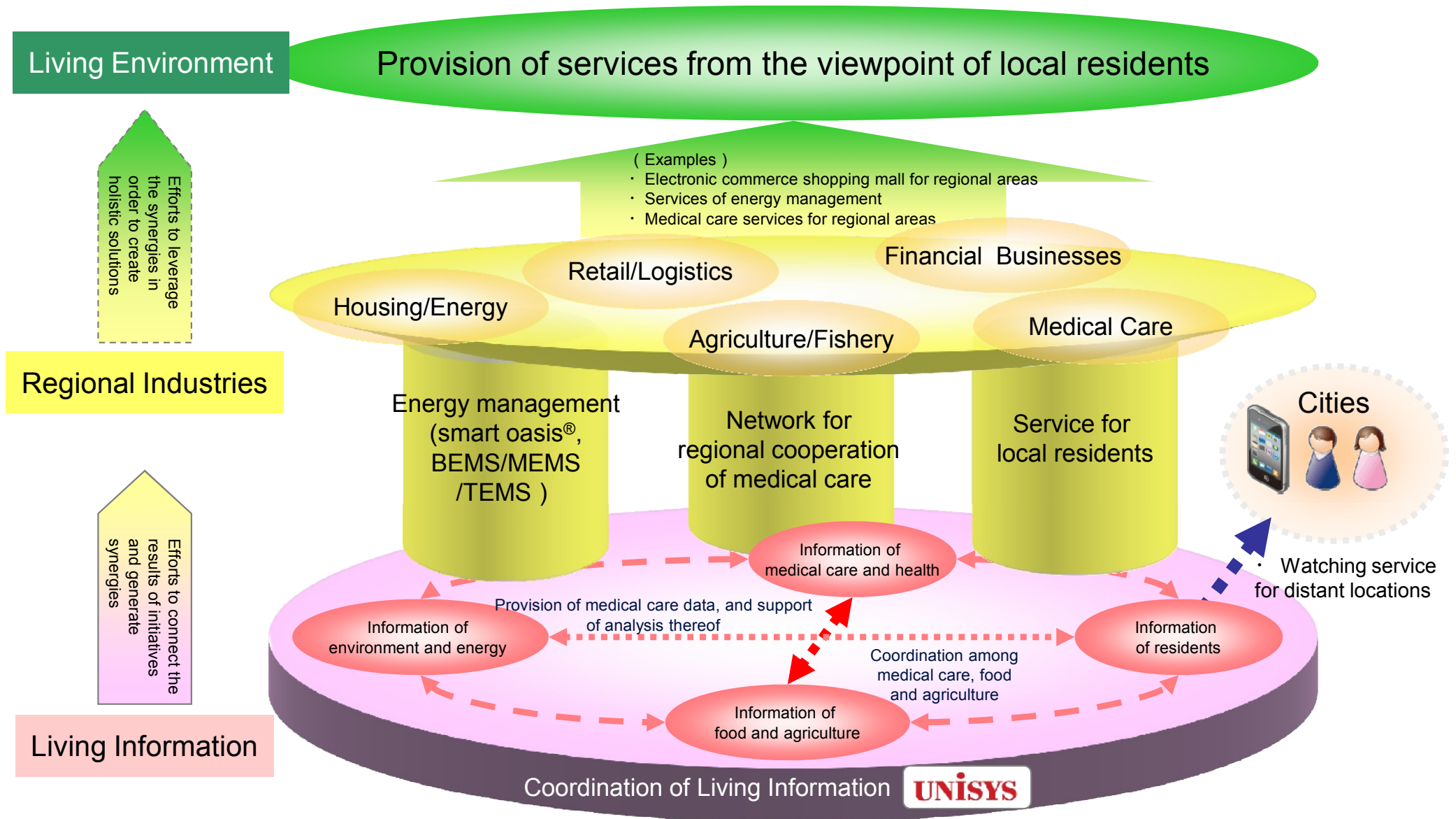
- ✓ To deploy co-creation businesses across industries
- ✓ To deploy a marketing platform in tandem with DNP

New Growth through the Coordination among Industries



Deployment of Social Infrastructure Businesses

✓ To enhance our discrete services of medical care and energy management toward comprehensive regional management services



General Overview

Settlement Summary

Progress of the Mid-term Management Plan (2012→2014)

Consolidated Performance

- Net sales continued strong enough to outperform 1st Half FY March 2013 and the forecasts.
- Operating income was outweighed by the pullback from the highly profitable projects of the year-earlier period.

(Billion Yen)

	FY March 2014 1st Half	Yr/Yr Change		vs Forecasts	
		Amount	%	Amount	%
Net Sales	128.1	+3.6	+2.9%	+8.1	+6.8%
Operating Income	2.4	- 1.9	- 43.5%	- 0.1	- 3.8%
Ordinary Income	2.7	- 1.7	- 38.2%	+0.4	+17.5%
Net Income	1.6	+4.2	-	+0.2	+17.4%

Factors for the 1st Half Changes (vs 1st Half FY March 2013)

- **Net Sales**
increased mainly ascribable to system services.
- **Operating Income**
decreased due to the pullback from the large-scale replacements of the previous period.
- **Net Income**
increased ascribable to a decrease in the loss on valuation of investment securities.

(Reference)

(Billion Yen)

	Q1	Yr/Yr Change	Q2	Yr/Yr Change
	Net Sales	54.7	+2.3	73.4
Operating Income	1.4	+0.5	1.0	- 2.4

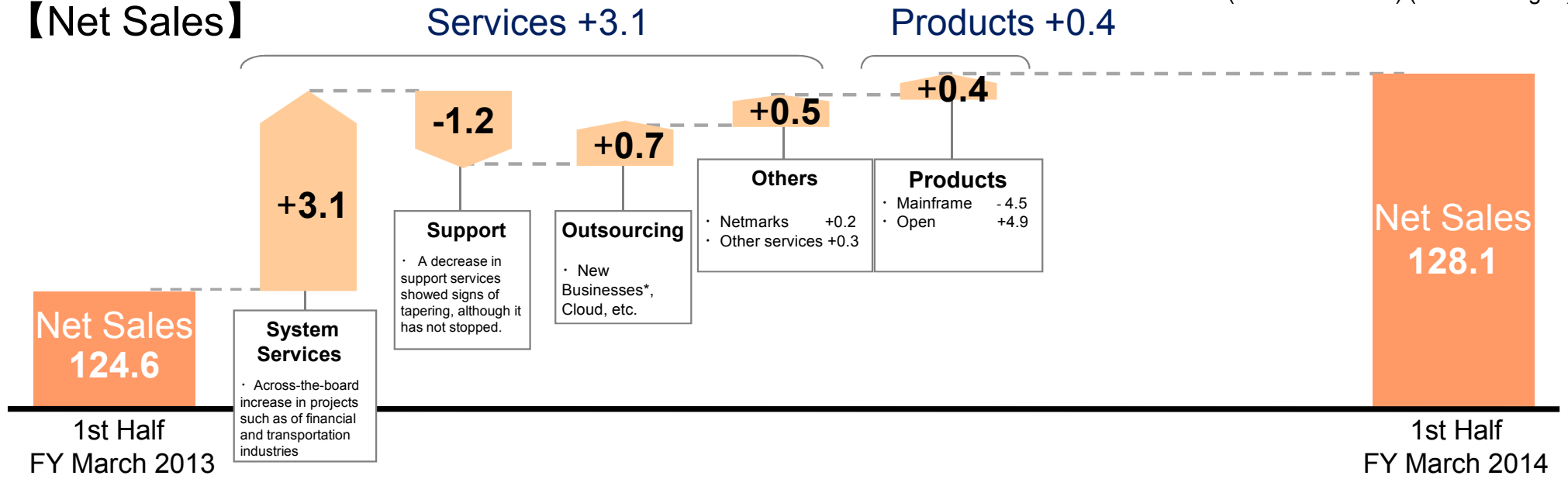
Factors for the Q2 Changes (vs Q2 FY March 2013)

- **Net Sales**
increased attributable to a continued strength of system services.
- **Operating Income**
was outweighed by the pullback from the large-scale replacements of the previous period.

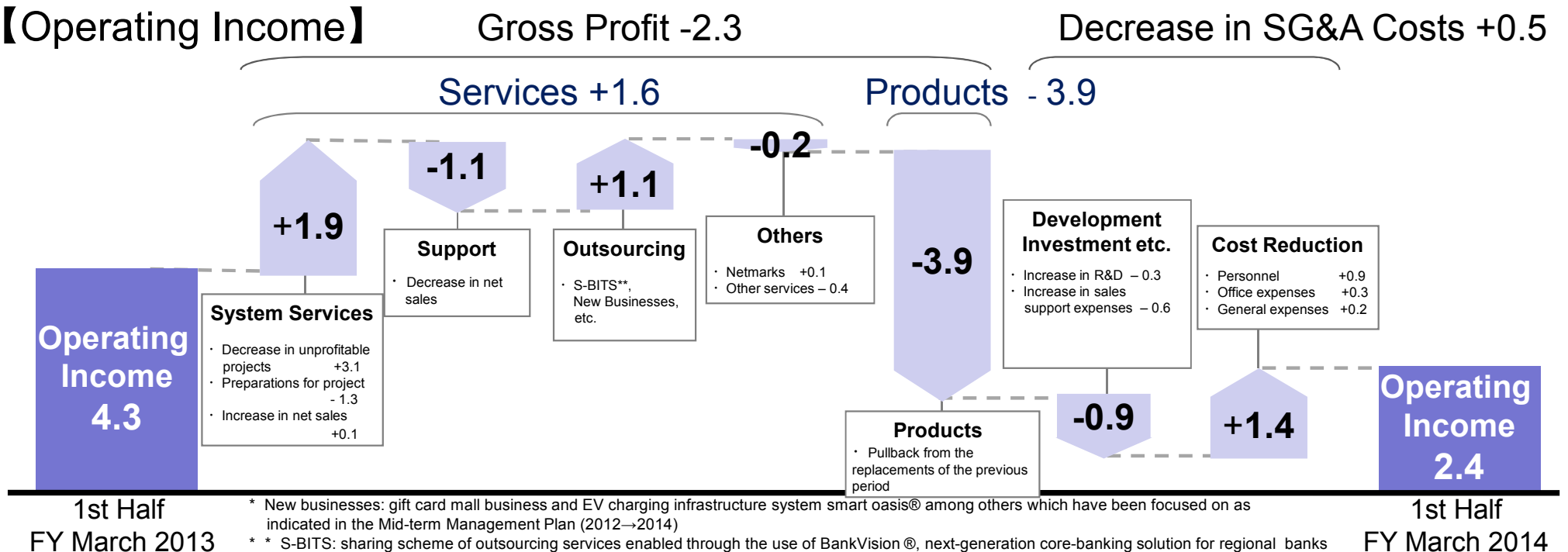
Varying Factors of Net Sales and Operating Income

(Unit: Billion Yen) (Yr/Yr Changes)

【Net Sales】



【Operating Income】



* New businesses: gift card mall business and EV charging infrastructure system smart oasis® among others which have been focused on as indicated in the Mid-term Management Plan (2012→2014)

** S-BITS: sharing scheme of outsourcing services enabled through the use of BankVision®, next-generation core-banking solution for regional banks

Net Sales by Market

The net sales continued strong across the board, outweighing the decrease in the finance sector impacted by the pullback.

(Billion Yen)

	FY March 2014 1 st Half		Statuses of Markets
	Net Sales	Yr/Yr Change	
Financial Institutions	36.8	- 3.1 (- 7.8%)	Despite a decrease due to the pullback (worth ¥6.7 billion) from the large-scale replacements of the previous period, strong net sales continued mainly attributable to regional businesses.
Public/ Government	7.5	- 1.5 (- 16.4%)	The net sales decreased due to large-scale development projects having passed a peak.
Manufacturing	18.3	+1.9 (+11.3%)	The projects had increased till the net sales turned around in Q2 compared to the year-earlier period.
Commerce/ Distribution	18.7	+3.3 (+21.4%)	Retail businesses continued strong; they have been increasing during the period under review.
Utilities/Services/ Others	46.9	+3.0 (+6.8%)	A turnaround of transportation business and the continued strength of telecommunications business outperform the pullback (worth 1.5 billion) from the large-scale replacement of power industry in the previous period.

Orders and Order Backlogs

Orders for system services and outsourcing services beat the pullback from the year-earlier period.

(Billion Yen)

		FY March 2014 1H				Remarks
		Orders	Yr/Yr Change	Order Backlogs	Yr/Yr Change	
Total		130.5	- 0.2	191.1	- 13.2	Orders secured the level of the year-earlier period, despite the pullback.
Breakdown						
System Services		38.8	+2.1	27.4	+1.6	Orders and order backlogs increased both on the basis of the accumulated mid-and-small projects.
Support Services		20.7	- 4.0	37.7	- 0.9	Orders and order backlogs decreased both, partly due to the pullback.
Outsourcing		13.6	+3.1	84.6	- 14.1	It has been decided that the period of recognizing a long-term and large-scale project would be scheduled for Q3. Thus, order backlogs decreased accordingly. Orders increased.
Netmarks Services		13.3	+1.8	10.8	+2.8	Unified Communication businesses took the lead. As a result, orders and order backlogs increased both.
Other Services		5.0	+0.9	4.7	+0.6	—
Services		91.4	+3.9	165.3	- 10.1	—
Software		15.0	- 6.9	18.3	- 0.9	Orders decreased due to the pullback (worth 13.7 billion) from the long-term and large-scale replacement of the previous period.
Hardware		24.1	+2.8	7.6	- 2.2	An increase in open product sales eventually increased orders.
Products		39.0	- 4.1	25.8	- 3.1	—

Performance Forecast for FY March 2014

The performance forecast as announced on May 9, 2013 has not been revised.

(Billion Yen)

	FY March 2014 Full Year Forecast	FY March 2013 Full Year Actual	Changes	
Net Sales	275.0	269.2	+5.8	+2.2%
Operating Income	12.0	8.3	+3.7	+44.4%
Ordinary Income	11.3	8.3	+3.0	+35.9%
Net Income	7.0	1.3	+5.7	+459.6%

	FY March 2014 1H Actual	Yr/Yr Change		FY March 2014 2H Forecast	Yr/Yr Change	
Net Sales	128.1	+3.6	+2.9%	146.9	+2.3	+1.6%
Operating Income	2.4	- 1.9	- 43.5%	9.6	+5.5	+136.8%
Ordinary Income	2.7	- 1.7	- 38.2%	8.6	+4.7	+118.3%
Net Income	1.6	+4.2	-	5.4	+1.6	+41.6%

Cash Flows and Balance Sheet

The financial strength has steadily been improved.

(Billion Yen)

	FY March 2014 1H Actual		FY March 2014 Full Year Forecast	
	Amount	Yr/Yr Change	Amount	Yr/Yr Change
Net Cash Provided by Operating Activities	7.2	- 6.3	18.0	- 0.4
Net Cash Provided by Operating Activities	- 3.6	+2.8	- 10.0	+1.4
Free Cash Flows	3.6	- 3.6	8.0	+1.0

	End of FY March 2014 1H Actual		End of FY March 2014 * Forecast	
	Amount	Yr/Yr Change	Amount	Yr/Yr Change
Total Assets	190.7	- 7.0	208.3	+10.5
Liabilities	120.8	- 9.1	137.7	+7.8
Net Assets	69.9	+2.0	70.7	+2.7
Shareholders' Equity	68.8	+2.3	69.3	+2.8
Net Interest-bearing Debt	37.8	- 3.0	34.5	- 6.4
Shareholders' Equity Ratio	36.1%	+2.4pt	33.3%	- 0.3pt
Net Debt/Equity Ratio	0.55 times	Improvement of 0.06pt	0.50 times	Improvement of 0.12pt

Net Interest-bearing Debt = Interest-bearing Debt – Cash and Deposits

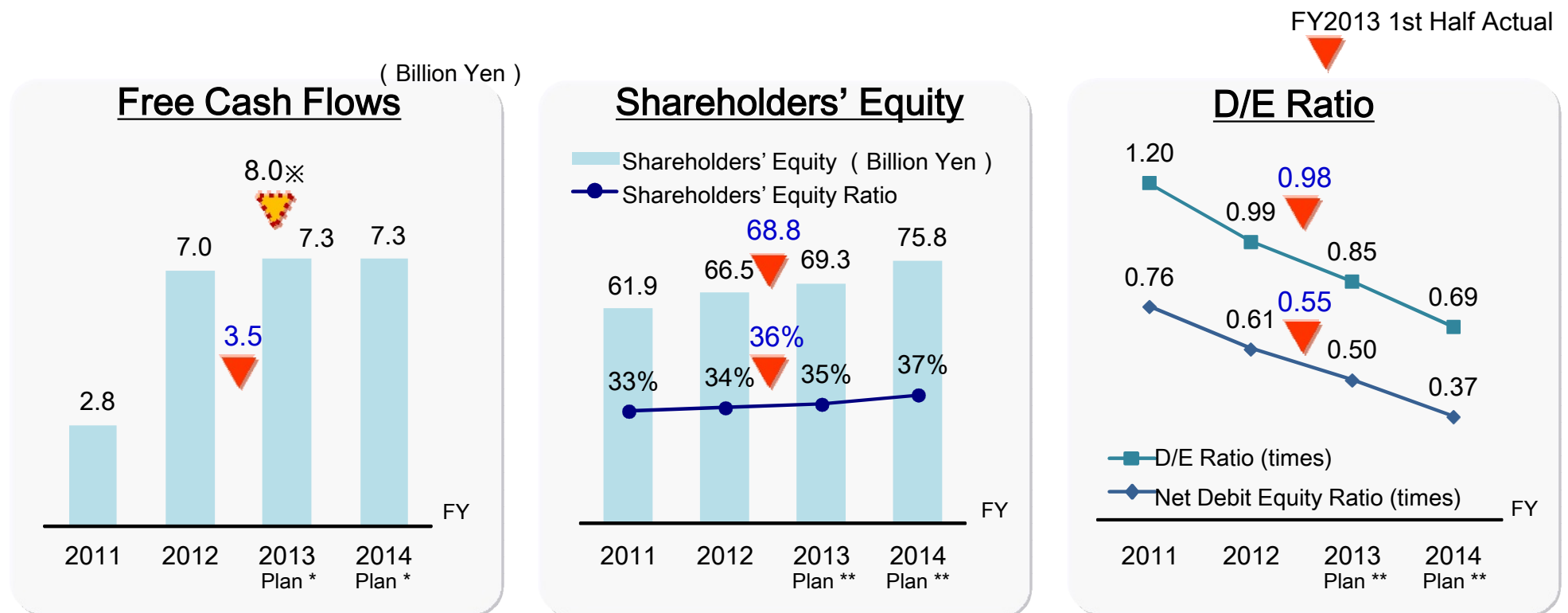
* The estimated amount (3.0 billion yen) of impacts of the one-time recording of unrecognized pension liability attributable to a change in accounting standards has been reflected.

Progress toward Enhancement of Financial Strength

Cash flows and Debt/Equity ratio have been steadily improved.

Improvement of cash flows and financial strength

- To enable appropriate and sufficient shareholders' equity through an increase in earnings on the basis of an ensured achievement of earnings target
- To generate free cash flow stably through investments within the appropriate range (the range of depreciation/amortization)
- To endeavor to improve D/E ratio through efforts to enable an appropriate shareholders' equity and reduce interest-bearing debts to an appropriate level



※ Full year forecast at this point in time

*) Plan as stated in the Mid-Term Management Plan (2012→2014)

**) The estimated amount (¥3.0 billion) of impacts of the one-time recording of unrecognized pension liability attributable to a change in accounting standards has been reflected.

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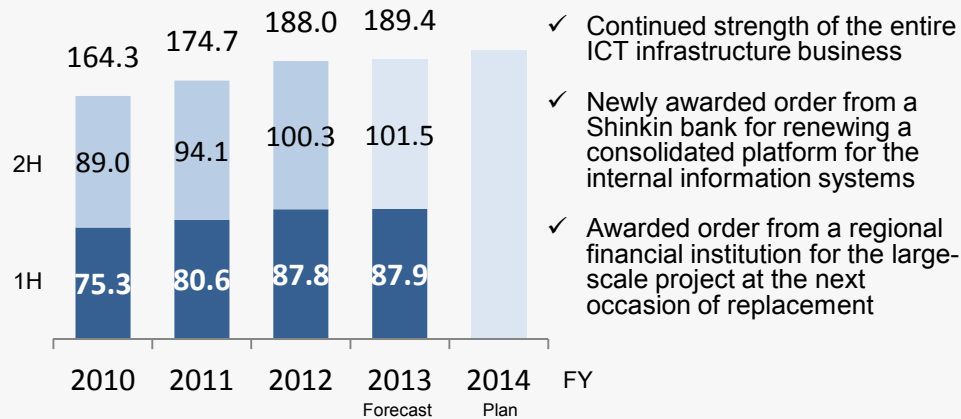
Progress of the Mid-term Management Plan (2012→2014)

Progress (1) Expansion of Core Businesses

- ✓ Top lines grew steadily attributable to the measures of reinforcing infrastructure services and operation/maintenance services

【Enhancement of ICT Infrastructure Services】

Net Sales of ICT Infrastructure Businesses *(Billion Yen)

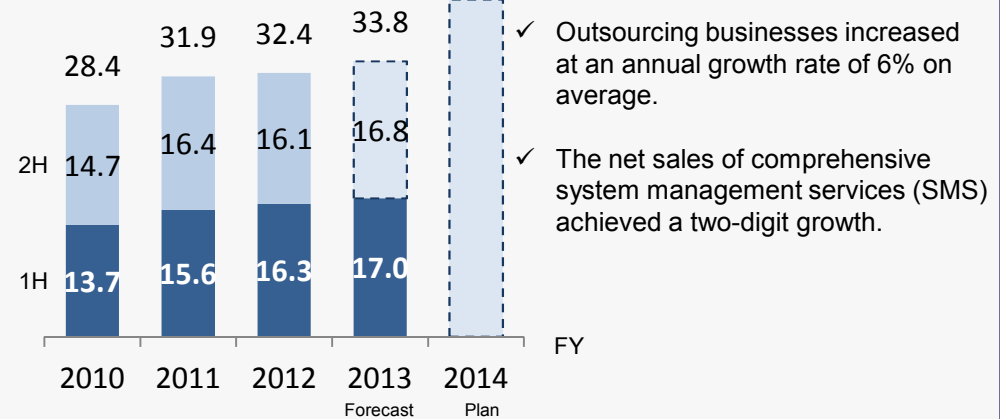


- ✓ Continued strength of the entire ICT infrastructure business
- ✓ Newly awarded order from a Shinkin bank for renewing a consolidated platform for the internal information systems
- ✓ Awarded order from a regional financial institution for the large-scale project at the next occasion of replacement

* Total of support services, outsourcing, Netmarks services, software and hardware

【Enhancement of Operation/Maintenance Services】

Net Sales of Outsourcing Businesses (Billion Yen)



- ✓ Outsourcing businesses increased at an annual growth rate of 6% on average.
- ✓ The net sales of comprehensive system management services (SMS) achieved a two-digit growth.

【Enhancement of Solution Services】

- ✓ Inquiries about implementation-type solutions grew by 50% from the year-earlier period.
 - The 'CoreCenter ®' series of products started to serve two companies. Besides, four new orders were awarded.
- ✓ The latest three orders for "COMPANY ®" an ERP package solution added up to a total of 43 orders.
- ✓ Implementation arrangements have been strengthened from 2H.

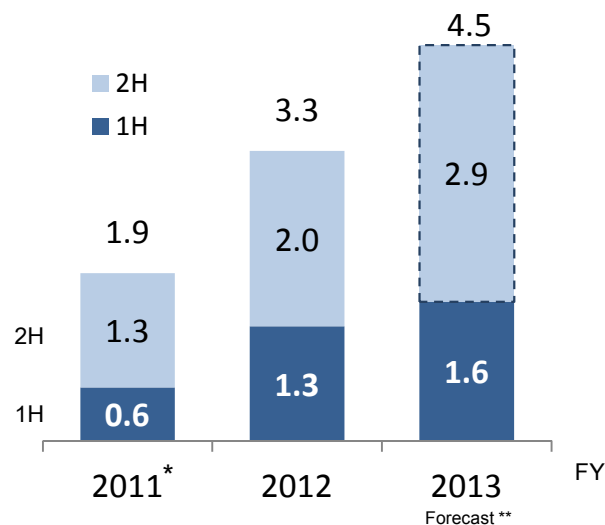
【Enhancement of support for customers advancing overseas】

- ✓ Business collaboration pertaining to the supports for overseas expansion by the business clients of regional financial institutions
- ✓ Increase in the number of representatives in the regional offices of South East Asia in order to reinforce the support arrangements (in Indonesia, Thailand and Singapore)

Progress (2) Challenge to New Businesses

- ✓ Co-creation/BPO business tie-ups with customers have increased.
- ✓ Individual businesses of social infrastructure have steadily progressed.

Net Sales of New Businesses (Billion Yen)



* The net sales include those from part of subsidiaries etc. after re-tabulation.

** Full year forecast at this point in time

【Establishment of Co-creation/BPO Business models】

- ✓ Business of managing *tegatas* (bills/notes) entrusted by an association of 12 Shinkin banks of Shizuoka prefecture
- ✓ Online supermarket services for all 192 directly-managed stores of AEON
- ✓ Delivery of “LoMeS®” digital contents service at ANA lounges of the 14 domestic airports in tandem with DNP

【Entrance in the Social Infrastructure Businesses】

- ✓ Energy management business: the number of households served by MEMS, has exceeded 10,000 in total.
- ✓ Launch of “smart oasis®”, a battery charging infrastructure service for NEXCO-West (60% share of the market of fast charging systems).
- ✓ Business expansion of driving recorders (DRs) and the re-use thereof (more than 10,000 units in total are in operation)
 - Launch of the industry-first cloud-computing services of watching ailroad crossings
 - Joint sales of Saicamera ZERO, a service of disaster surveillance camera solution, in cooperation with Japan Meteorological Agency
- ✓ Start of “Next U’s Vision™” project of developing a platform for regional social infrastructure where regional financial institutions are set as the kernel



Progress (3) Cooperation with DNP



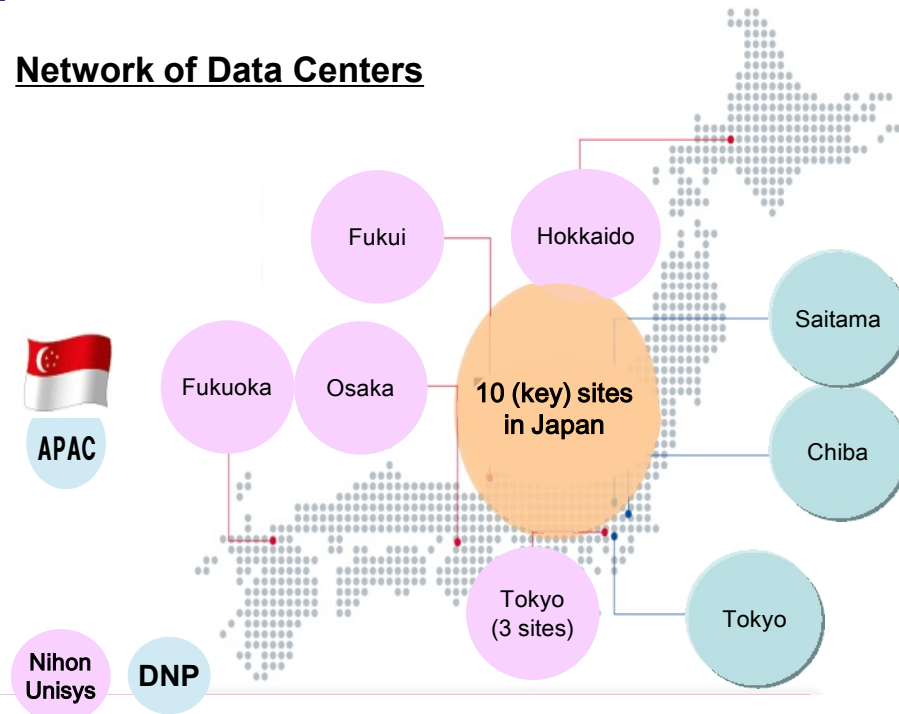
- ✓ Increase in the number of projects attributable to active sales cooperation (coordination about products and services as well as businesses)
- ✓ Toward the development of Japan's largest service network through coordination between our latest data centers

【Marketing and sales cooperation】

- ✓ Projects increased, attributable to nationwide efforts to promote sales collaboration. (approx. 460 projects in total at the end of September)
- ✓ Multiple orders for projects that represent reusable models of business collaboration were awarded. (such as BPO models for regional financial institutions and tie-up models between DNP businesses and the implementation/maintenance services by UNIADEX)
ex) Print BPO, Web Contents Management System

【Reinforcement of the Service Businesses Platforms】

Network of Data Centers



※DNP Saitama DC does not utilize U-Cloud® platforms.

- ✓ Use of our U-Cloud® platform at the latest data center of DNP
- ✓ Establishment of comprehensive support arrangements through the cooperation between our group and DNP
- ✓ Efficient operation enabled by collaborating cloud-computing services and integrating the services of operation, maintenance/support and call centers

Completion of a large-scale data center in Kashiwa, Chiba in October



Total floor space 10,580m² (850 racks)

<Service Menu>

- Housing services
- Cloud-computing IaaS services
- Cloud hosting services
- Hosting services
- Operation services

U & U

Users & Unisys

Note:

Forecasts in this document rely on judgments and assumptions based on information available at present, and are subject to changes in risks, uncertainties, economy and other factors that could cause actual results to be different from expectations. Thus, the certainty of these forecasts is not guaranteed by our Group.

Also, the information is subject to change without prior notice in future.

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