Results for the 1st Quarter of FY March 2017

August 2, 2016

Nihon Unisys, Ltd.

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FYMar2017 Q1 Consolidated Performance Results

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The continued business strength led by System Services and Outsourcing enabled an increase in both revenue and profits.

(Unit: Billion Yen)

	Q1 (Apr-Jun) FY Mar 2017	Q1 (Apr-Jun) FY Mar 2016	Changes	
Net Sales	56.1	52.4	+3.7	+7.0%
Gross Profit	13.6	12.6	+1.1	+8.7%
SG&A Costs	−12.4	−11.8	−0.6	−5.0%
Operating Income	1.2	0.7	+0.5	+68.3%
Profit Attributable to Owners of parent	0.9	0.9	+0	+5.8%
Orders	62.0	52.4	+9.6	+18.3%
Order Backlogs	217.5	210.2	+7.3	+3.5%

< Key Points of Q1 Performance Results>

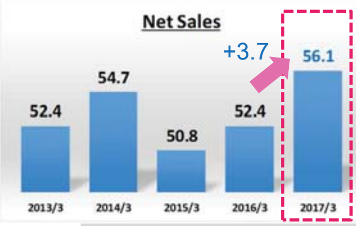
■Net Sales
Net sales were boosted by System services and Outsourcing. Products sales increased as well.

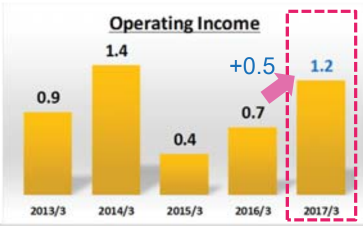
■ Operating Income
Operating income was pushed upward by the increased net sales and improved gross margin.

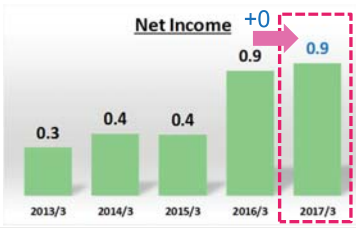
■Profit Attributable to Owners of Parent
Profit attributable to owners of parent only slightly increased due to a decrease in gain on sales of investment securities.

■Orders and Order Backlogs
Outsourcing drove both orders and order backlogs.

[For Reference] 5-Year Changes of Q1 Results (Unit: Billion Yen)







The first quarter results were: net sales were ¥56.1 billion, an increase of ¥3.7 billion compared with the same period of the previous fiscal year; operating income was ¥1.2 billion, an increase of ¥0.5 billion; and profit attributable to owners of parent was ¥0.9 billion, slightly more than the same period of the previous fiscal year.

There was an increase in net sales of system services and outsourcing as well as products sales. Due to the increase in net sales and an improved gross margin, gross profit increased by ¥1.1 billion on a year-over-year comparison. Operating income and profit attributable to owners of parent increased, despite a ¥0.6 billion increase of SG&A Costs attributable to impacts of pension costs and tax rate revision of pro-forma standard taxation.

Driven by outsourcing, orders were ¥ 62 billion, an increase of ¥9.6 billion compared with the first quarter of the previous fiscal year. As a result of the increase in orders, order backlogs were ¥217.5 billion, up by ¥7.3 billion.
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The graphs at the bottom show changes in Q1 performance results over the past 5 years for reference.

Net sales , operating income and profit attributable to owners of parent of this first quarter increased as they did in the first quarter of the previous fiscal year.

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 FY2016 refers to the fiscal year ending March 2017.)

Net Sales and Gross Profit by Segment

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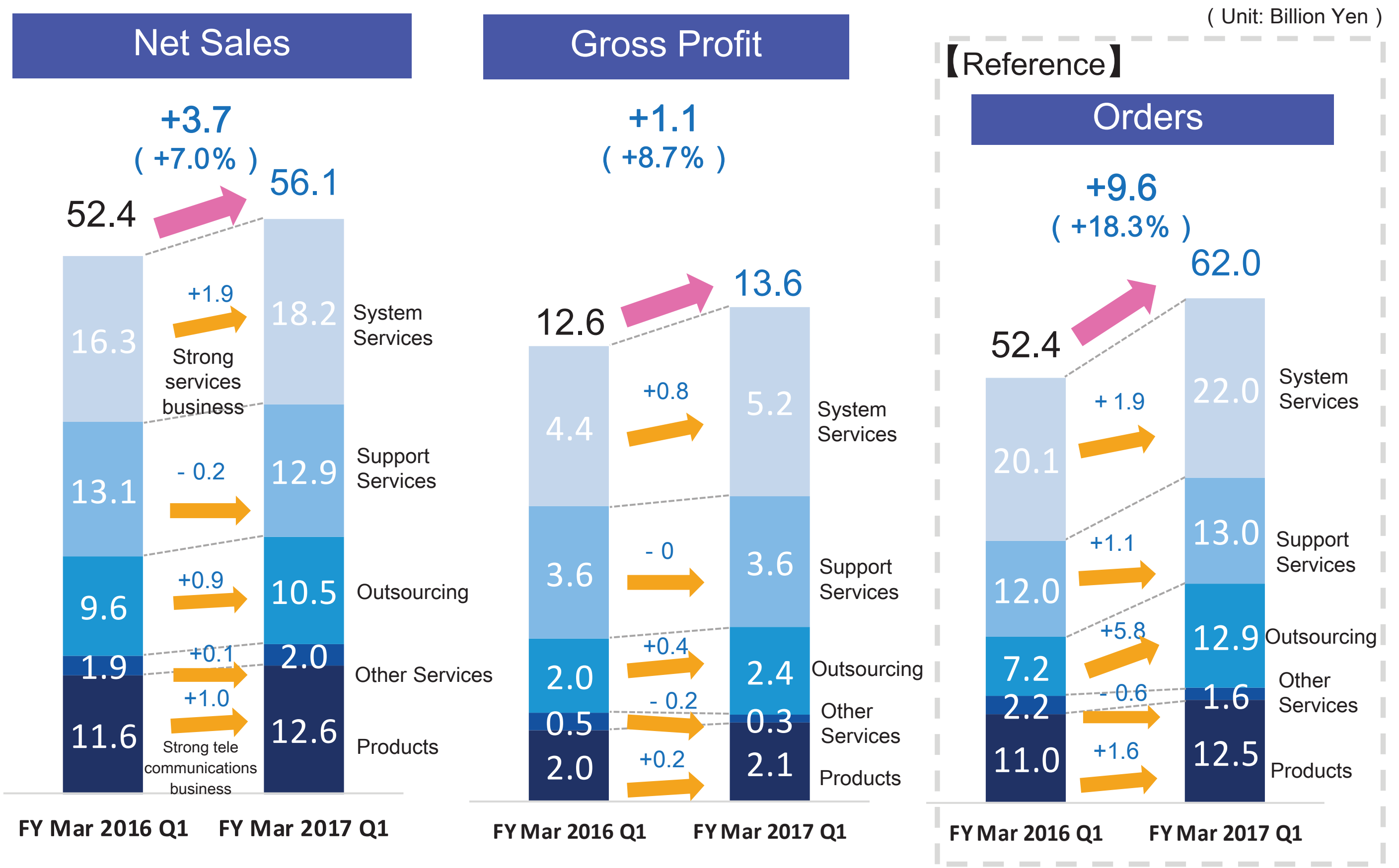
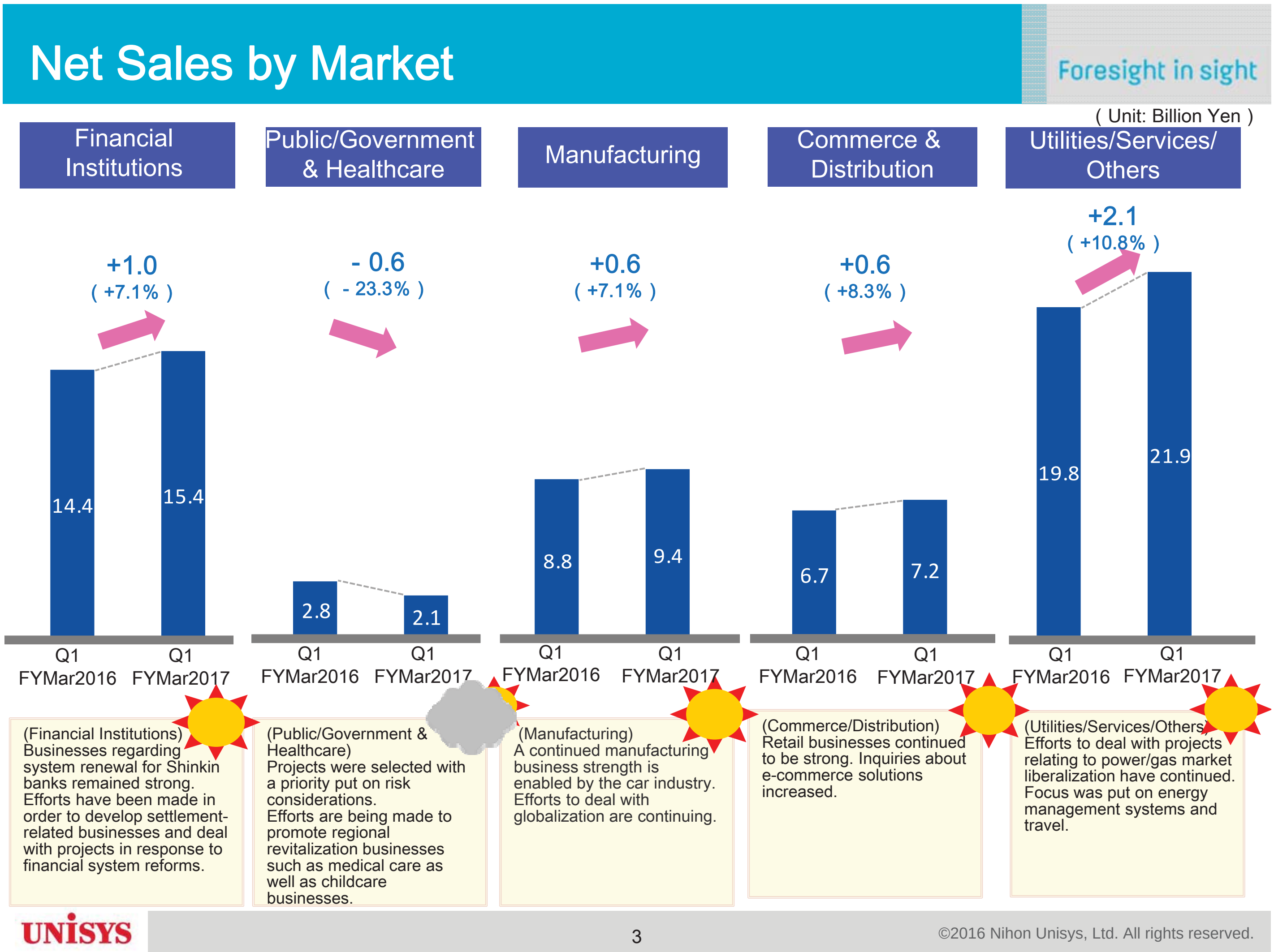


Net sales and gross profit increased for key segments excluding Support Services.

System services had an increase in net sales and gross profit, due to factors such as a project for the airline industry and a buildup of small and medium-sized projects.
There were not unprofitable projects in the first quarter.

Outsourcing had an increase in net sales and gross profit mainly as a result of continued strength of gift card business.

Products sales had an increase in net sales and gross profit on a year-over-year comparison, owing to continued strength of telecommunications carrier business and accumulated small and medium-sized projects for the retail and manufacturing industries.



Net sales continued to increase mainly in the financial market and utilities/services/others markets, as they did in the previous period.

Our financial businesses regarding system renewal for Shinkin banks remained strong. We have continued to make efforts to deal with new businesses in the settlement field and financial system reforms.

We have selected public/government projects after examining risks. Efforts have been made in new business fields such as regional revitalization (medical care, etc.) and childcare.

Our car industry business took the lead in showing the continued strength of the manufacturing business, despite concerns about declining investment as a result of continuing appreciation of the yen.

Our retail business of commerce/distribution markets remained strong.

We had strong airline/telecommunications carrier sales in the utilities/services/others markets in the first quarter.
We will continue our efforts to deal with projects responding to power/gas market liberalization. Furthermore, we will focus on energy management systems and projects of services for inbound travelers.

Performance Forecast for FYMar2017 H1

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Forecasts of net sales, operating income and profit attributable to owners of parent have not been revised since they were announced on May 10, 2016.

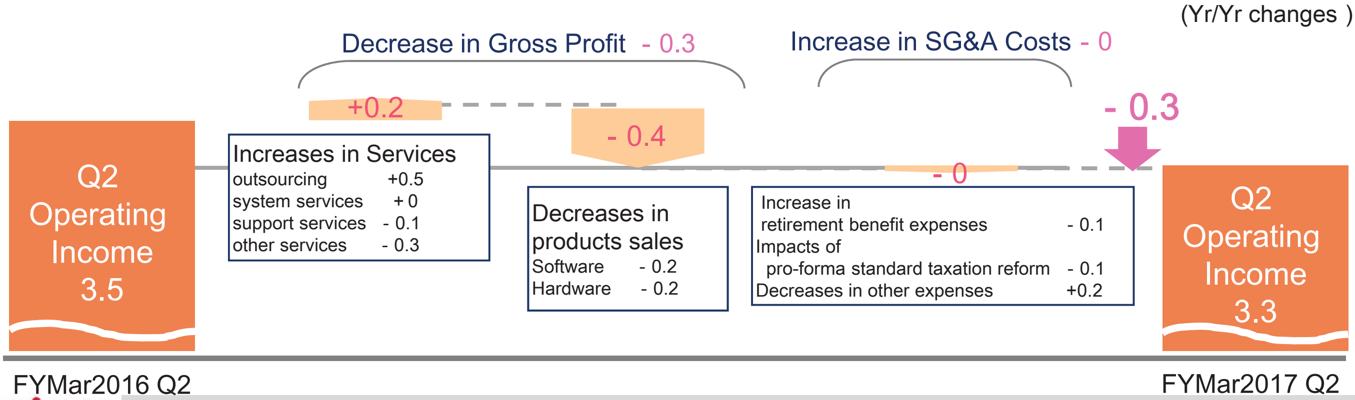
(Unit: Billion Yen)

	FYMar2017 Q1 Actual		FYMar2017 Q2 Forecast		FYMar2017 Forecast H1	
	Amount	Yr/Yr	Amount	Yr/Yr	Amount	Yr/Yr
Net Sales	56.1	+3.7	73.9	−2.0	130.0	+1.7
Operating Income	1.2	+0.5	3.3	−0.3	4.5	+0.2
Profit Attributable to Owners of Parent	0.9	+0	2.3	+0.7	3.2	+0.7

* See the supplementary material for a breakdown of the forecast above.

【Details of Q2 (Jul-Sep) Operating Income】

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



H1 Forecasts of ¥130 billion net sales, ¥4.5 billion operating income and ¥3.2 billion profit attributable to owners of parent have not been revised since they were announced on May 10, 2016.

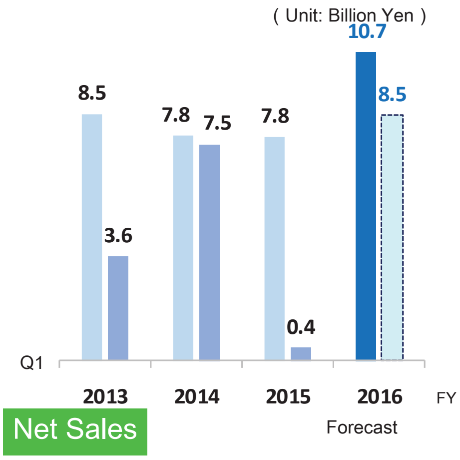
We forecast declining net sales for Q2 partly due to having posted multiple medium-sized products sales in the same period of the previous fiscal year.

Negative impacts on product sales' gross profit from the declined net sales will be outweighed by: an increase in outsourcing gross profit owing to an increase in outsourcing net sales; and an improvement of outsourcing gross margin. Thus, Q2 operating income is expected to remain almost unchanged on a year-over-year basis.

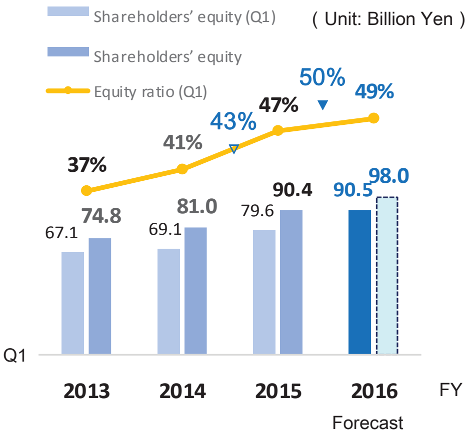
There are no specific project concerns, and thus unprofitability project risks are not considered in our Q2 forecast.

▼ FYMar2017 Q1 Actual ▽ FYMar2016 Q1 Actual

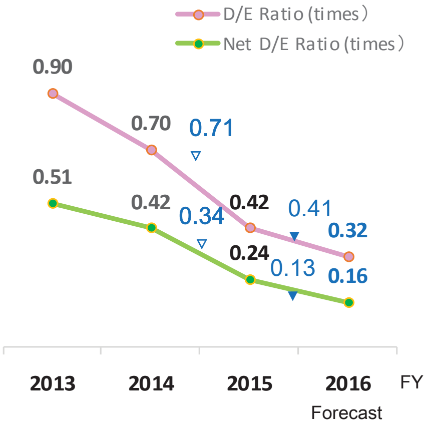
Free Cash Flow



Shareholders' Equity

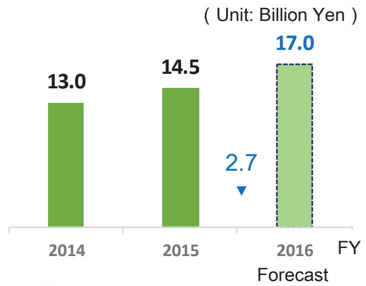


D/E Ratio

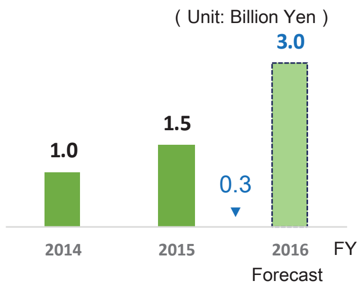


Net Sales

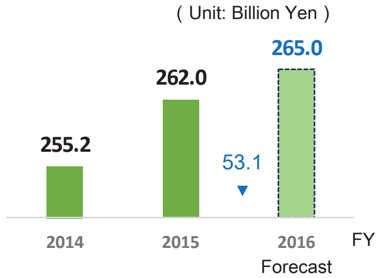
Digital Innovation



Life Innovation



Business ICT Platform



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A ¥10.7 billion free cash flow, a 50% equity ratio, and 0.13 times net D/E ratio indicate that our financial strength has continued to be steadily improved.

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(Note)
Forecasts in this document rely on judgments and assumptions based on information available at present. Actual results may differ from the forecasts due to changes in risks, uncertainties, economy and other factors. Thus, the certainty of these forecast is not guaranteed by our Group.
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