

Results for the 2nd Quarter FY March 2017

November 4, 2016
Nihon Unisys, Ltd.

Foresight in sight

1 General Overview

2 Progress on the Mid-term Management Plan

Summary of the Results for FY March 2017 1H

Foresight in sight

Despite a yr/yr decrease in sales due to less product sales, an increase in services sales and improved profitability boosted income & profit.

(Unit: Billion Yen)

	1H (Apr-Sep)		Changes	
	FYMar2017	FYMar2016		
Net Sales	127.4	128.3	-0.9	-0.7%
Gross Profit	30.8	29.7	+1.1	+3.8%
SG&A Costs	-25.8	-25.4	-0.4	-1.7%
Operating Income	5.0	4.3	+0.7	+16.3%
Profit attributable to Owners of Parent	3.5	2.5	+1.0	+40.7%
Orders	132.7	132.5	+0.2	+0.2%
Order Backlogs	216.9	214.4	+2.4	+1.1%

<Key Points of 1H Results>

■ Net Sales

Despite an increase in system services and outsourcing, net sales decreased, due to a decrease in product sales

■ Operating Income

Operating income increased mainly due to an increase in services sales and improved profitability.

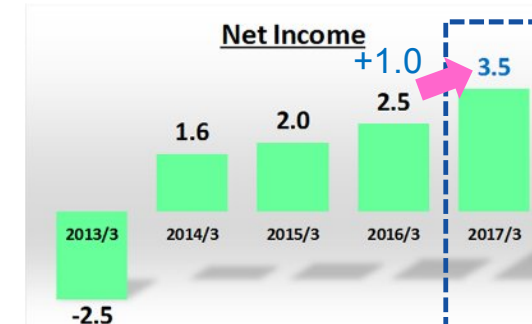
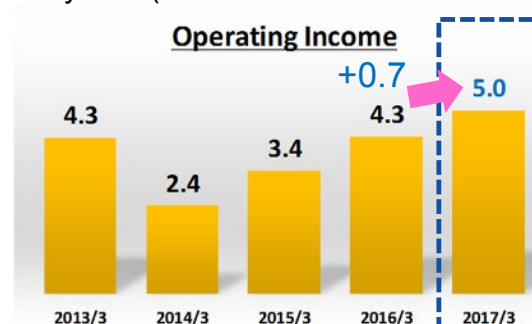
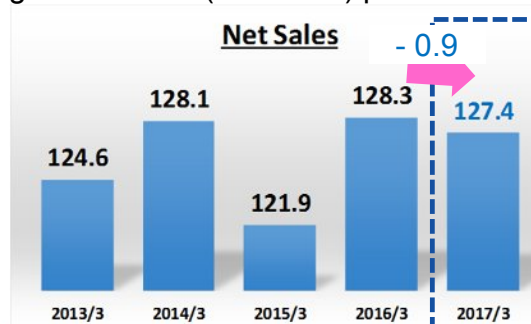
■ Profit attributable to Owners of Parent

Profit attributable to owners of parent increased mainly due to an increase in operating income and a decrease in non-operating expenses.

■ Orders and Order Backlogs

Orders and order backlogs both increased mainly in outsourcing business.

■ Changes in the 1H (6 months) performance over the five years (Unit: Billion Yen)

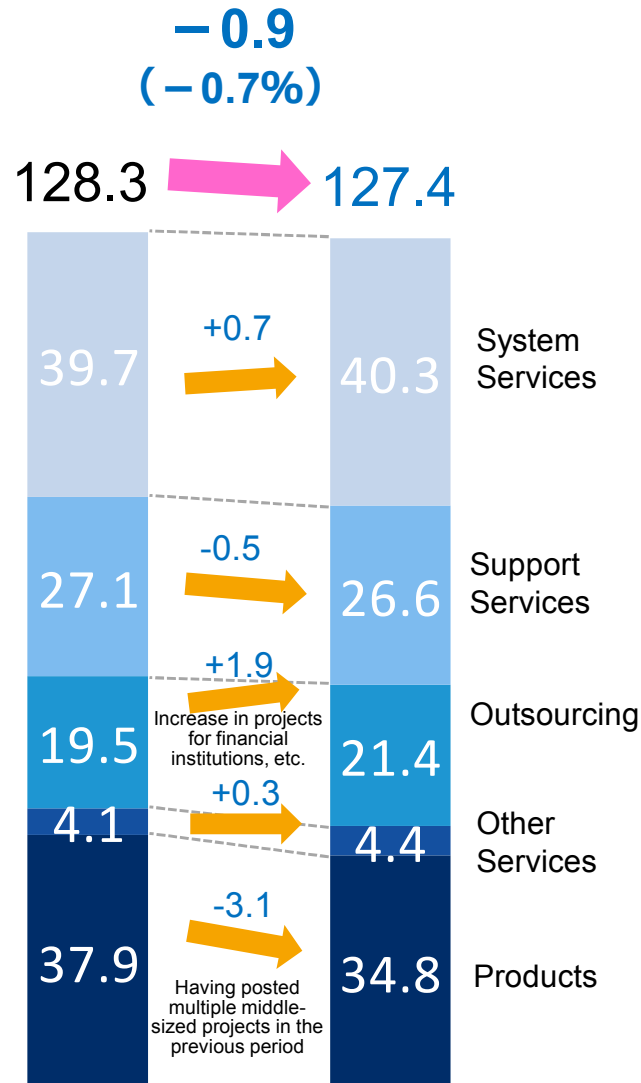


Net Sales and Gross Profit by Segment

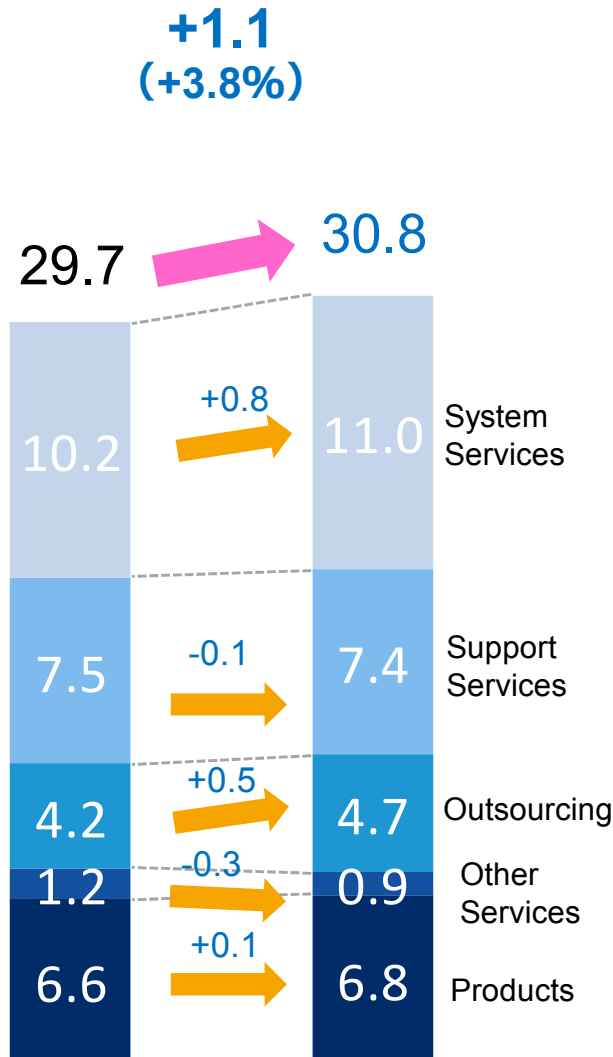
Foresight in sight

(Unit: Billion Yen)

Net Sales

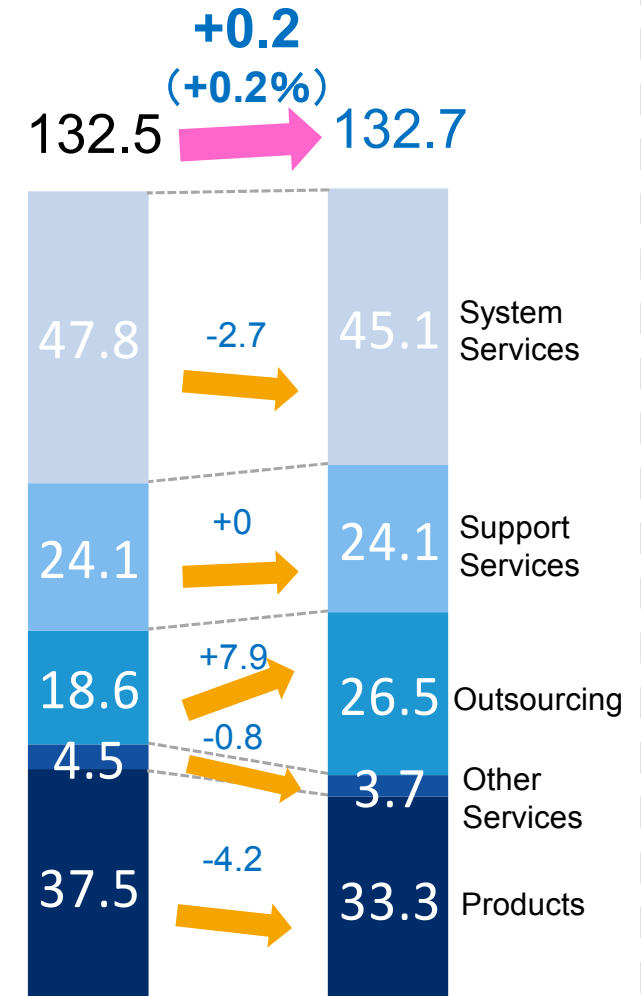


Gross Profit



【Reference】

Orders



FY Mar 2016 1H

FY Mar 2017 1H

FY Mar 2016 1H

FY Mar 2017 1H

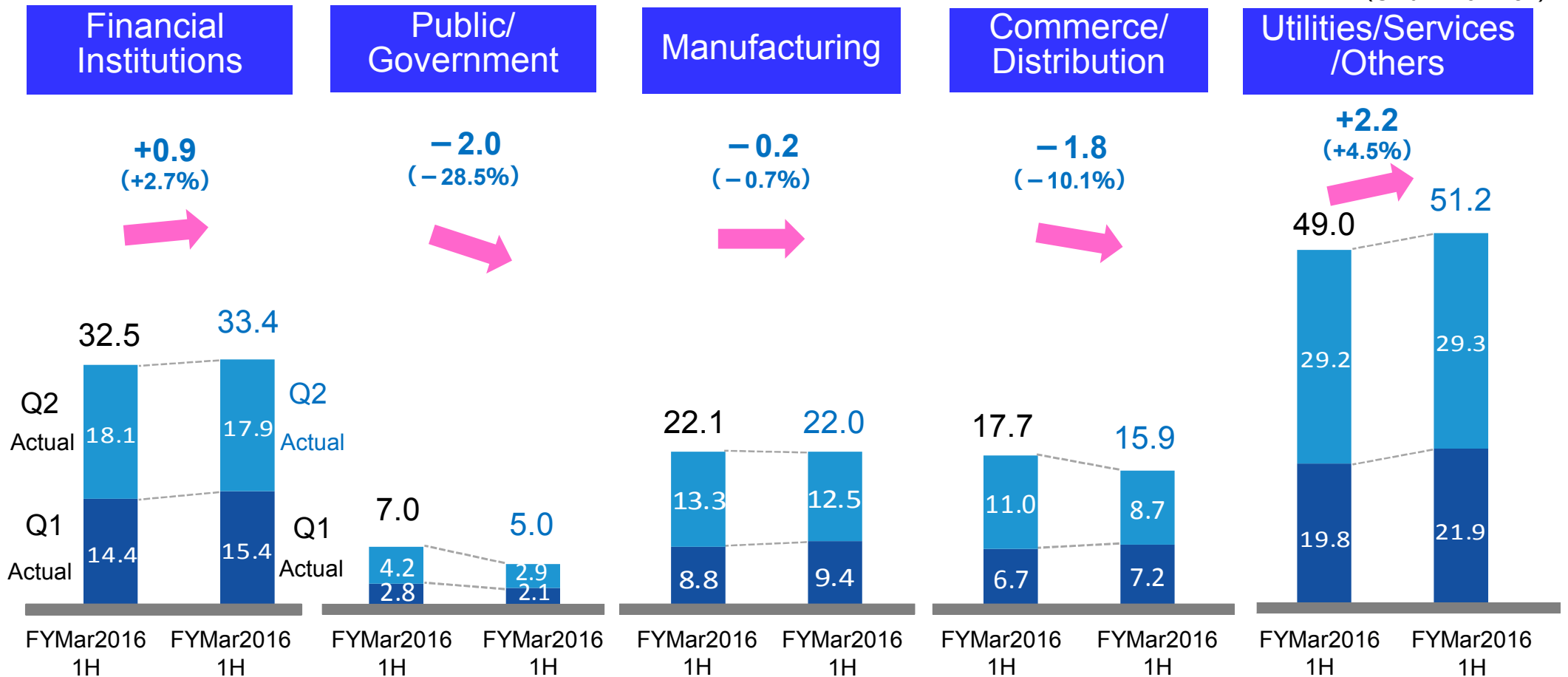
FY Mar 2017 1H

FY Mar 2017 1H

Net Sales by Market

Foresight in sight

(Unit: Billion Yen)



(Financial Institutions)

Active ICT investments with the aim of increasing profits continued. Businesses in the front line area have been deployed. Furthermore, efforts have been made to develop businesses in the payment/settlement area.

(Public/Government)

Risk examinations were prioritized in selecting projects for this market. Businesses related to regional revitalization such as medical care and those related to child care have been promoted.

(Manufacturing)

Efforts have been made in the areas of IoT and globalization support. The impact of the strong yen on investments have been closely observed.

(Commerce/Distribution)

Efforts have been continuously made in order to respond to changes in the industry. Many inquiries about omni-channel supports have been made.

(Utilities/Services/Others)

Efforts have been continuously made in order to deal with deregulation of electricity retail businesses. Energy management systems and travel have been focused on.

Full-Year Performance Forecast for FYMarch2017

Foresight in sight

The full-year forecasts of net sales, operating income, and profit attributable to owners of parent have not been revised since they were announced on August 2, 2016.

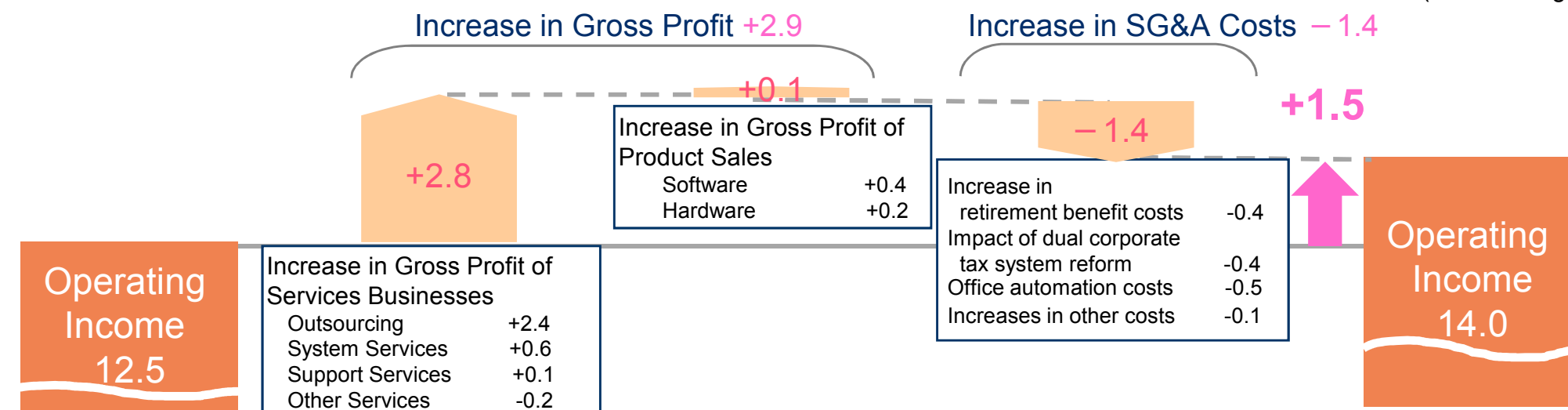
(Unit: Billion Yen)

	FYMar2017 1H Actual		FYMar2017 2H Forecast		FYMar2017 Full-Year Forecast	
	Amount	Yr/Yr Changes	Amount	Yr/Yr Changes	Amount	Yr/Yr Changes
Net Sales	127.4	-0.9	157.6	+7.8	285.0	+7.0
Operating Income	5.0	+0.7	9.0	+0.8	14.0	+1.5
Profit attributable to Owners of Parent	3.5	+1.0	6.5	+0.1	10.0	+1.1

【Details of FYMar2017 Full-Year Operating Income】

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

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



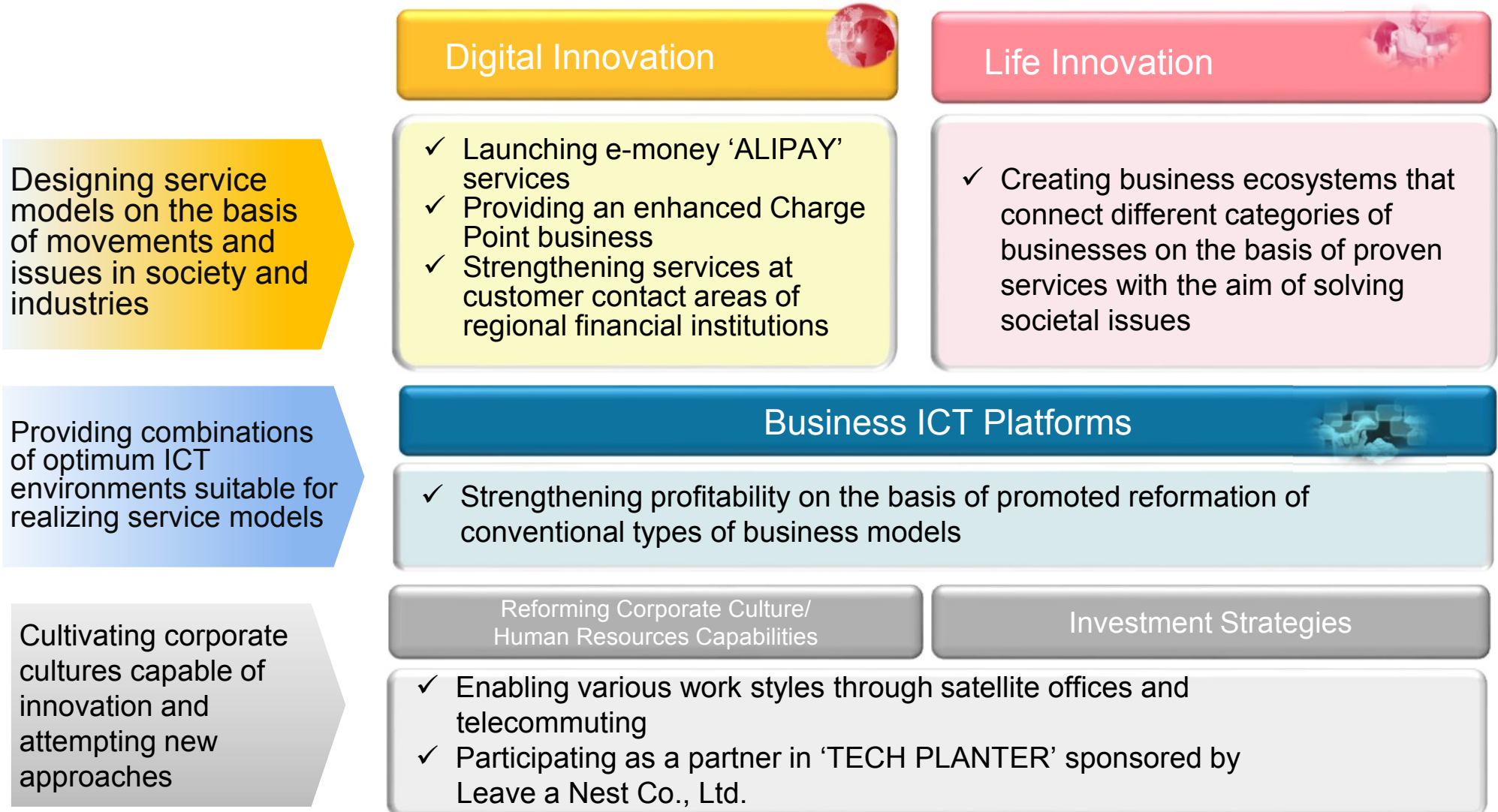
FYMar2016 Full-Year

FYMar2017 Full-Year

1 General Overview

2 Progress on the Mid-term Management Plan

✓ Statuses of efforts in the areas pursuant to the Mid-term Management Plan

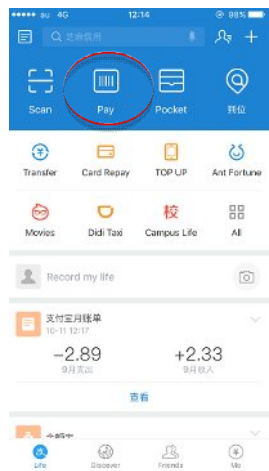


Digital Innovation

✓ Launching e-money 'ALIPAY' services mainly at Takashimaya Company, Don Quijote, Narita International Airport, Yamada Denki, and Lawson

Offering ALIPAY payment service (mobile payment service provided to 450 million users by an affiliated company of Alibaba Group, occupying a 70% market share in China)

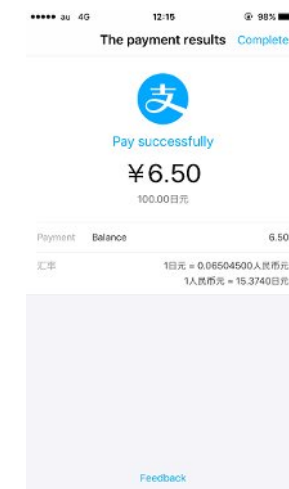
(1) Display a QR code on the top page of ALIPAY Wallet.



(2) A shop clerk reads the page of smartphone through a bar code scanner or tablet camera after inputting amounts in a register.



(3) Payment is made promptly.



Digital Innovation

- ✓ Providing Charge Point business that enables shops to recharge global brand pre-paid cards, the only such large-scale business in Japan

Charging locations

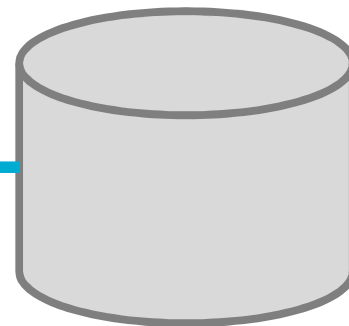
System provider

Issuers

LAWSON

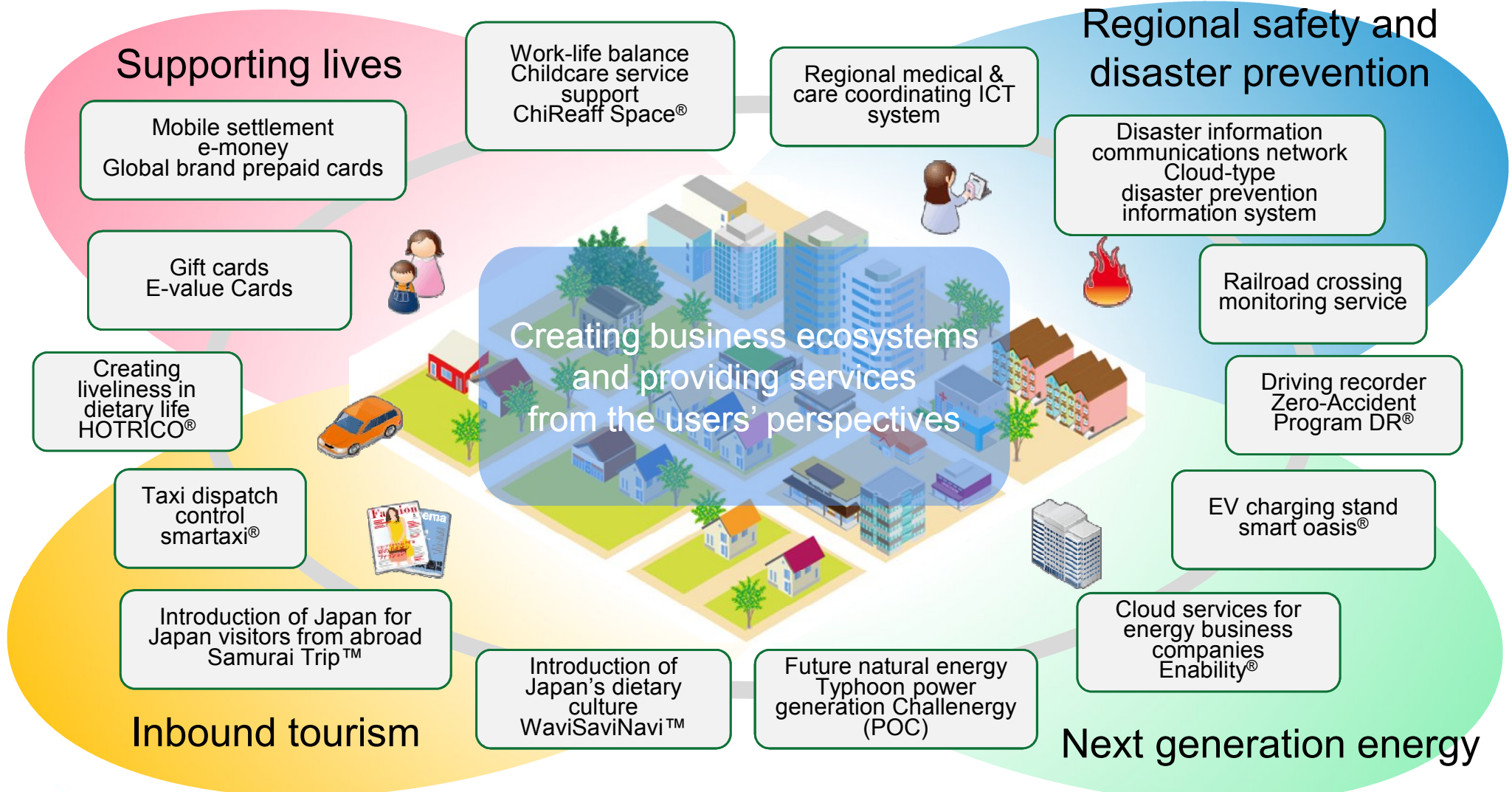
UNISYS

Shops capable of charging in cash



Life innovation

- ✓ Creating business ecosystems that connect different industries on the basis of proven services with the aim of solving societal issues



Business ICT Platforms

- ✓ Strengthening profitability on the basis of promoted reformation of conventional types of business models

Key Points of Reform

Re-use

Promoting
service menu creation

Enhancing implementation-
type businesses

Key Performances

- ✓ Enhancing implementation-type solution business and reusing for retail shops and mail-order business
- ✓ Deploying advanced practices and solutions mainly in the areas of front line business and strategic business of financial institutions
- ✓ Increasing businesses for new business operators against the background of energy reform
- ✓ Providing cloud-platform creation services

Reforming Corporate Culture & Human Resources Capabilities/ Investment Strategies

✓ Cultivating a corporate culture capable of innovation

Work Style Reform

Work Style Reform of the Nihon Unisys Group Workstyle Foresight 2016

- Purposes**
1. Reform of management style
 2. Cultivation of a corporate culture capable of innovation
 3. Fulfilling individuals' lives and promoting their growth

Promoting Open Innovation

Participating as a partner in 'TECH PLANTER' seed acceleration program (sponsored by Leave a Nest Co., Ltd.) designed to find new venture companies with the aim of creating businesses through the use of their scientific and technological skills and grow them

Issues

Measures

Time	Reforming sense of value and work/life style	<ul style="list-style-type: none"> • Promoting VMM (Visualized Management Method) • Telecommuting <ul style="list-style-type: none"> • Smartwork • Overtime reduction • Taking of paid vacations • Paperless operation
Place		
Office	Reforming environments	<ul style="list-style-type: none"> • Satellite offices <ul style="list-style-type: none"> • Reviewing reception area • Open seating arrangements <ul style="list-style-type: none"> • Meeting room renovations
ICT tool	Reforming processes	<ul style="list-style-type: none"> • Business reform workshop (administrative management policies) • Reform of meeting procedures
Institution		
Sense of value	Reforming systems	<ul style="list-style-type: none"> • Cloud first policy (Office 365®) • Promoting Skype® use • Mobile first policy (mobiGate®)



Source: September 2016 issue published by Leave a Nest Co., Ltd.

- ✓ The Nihon Unisys Group received first prizes in three divisions of Nikkei Computer 'Customer Satisfaction Survey 2016-2017' by Nikkei BP

Nihon Unisys

- IT Consulting and Upstream Design-Related Services (Manufacturers) division No.1
- System Development-Related Services (Manufacturers) division No.1

UNIADEX

- System Operation-Related Services (Information Service Providers) division No.1
(Note that this company has been ranked No. 1 for 5 years consecutively since FY March 2013.)



日経コンピュータ 2016年9月15日号
顧客満足度調査 2016-2017

ITコンサルティング/上流設計関連サービス (メーカー) 部門 (日本ユニシス)
システム開発関連サービス (メーカー) 部門 (日本ユニシス)
システム運用関連サービス (情報サービス会社) 部門 (ユニアテックス)

第1位

Source: Nikkei Computer 'Customer Satisfaction Survey 2016-2017' (the September 15, 2016)

(Reference) Changes in Financial Indicators

Progress on the Mid-term Management Plan

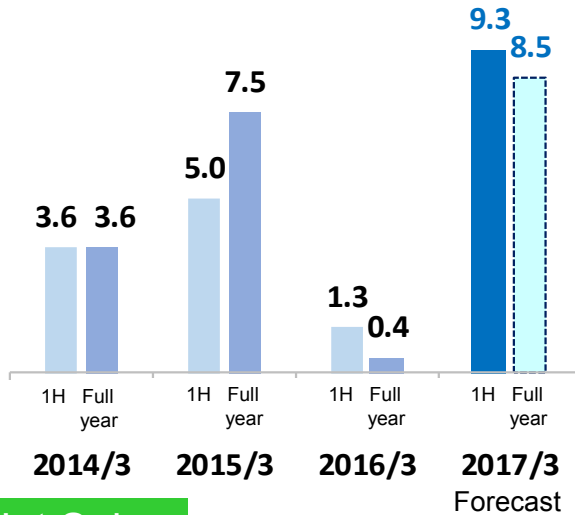
Foresight in sight

▼ FYMar2017 1H Actual

▽ FYMar2016 1H Actual

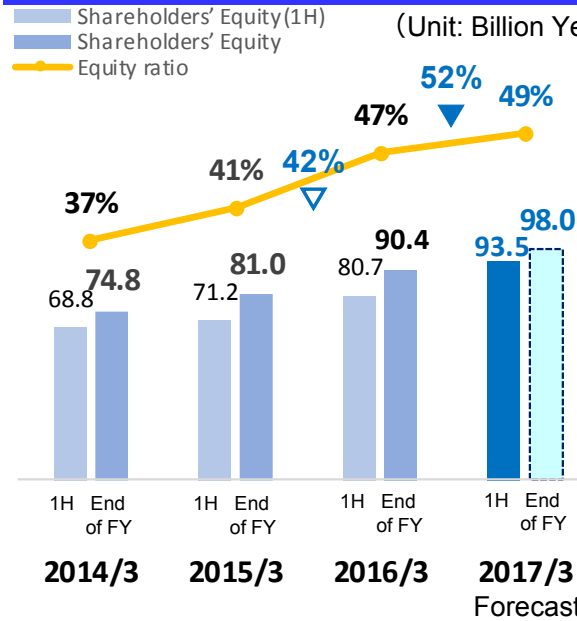
Free Cash Flow

(Unit: Billion Yen)



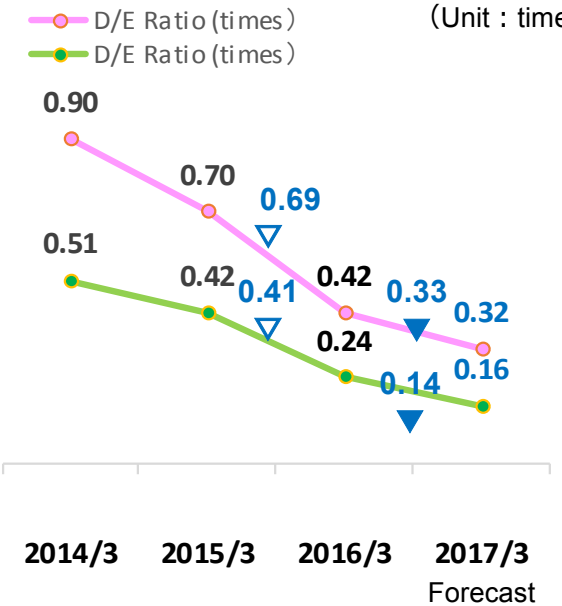
Shareholders' Equity

(Unit: Billion Yen)



D/E Ratio

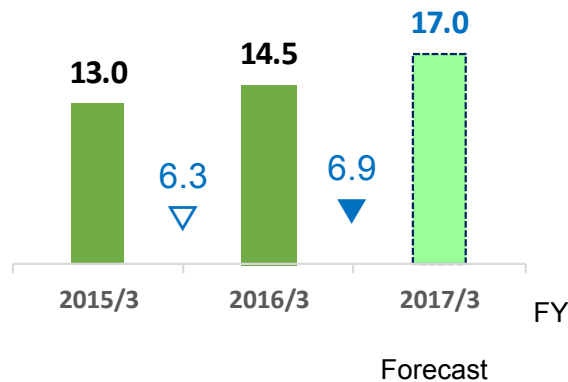
(Unit : time)



Net Sales

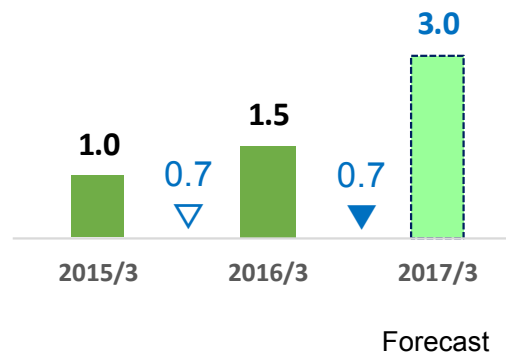
Digital Innovation

(Unit: Billion Yen)



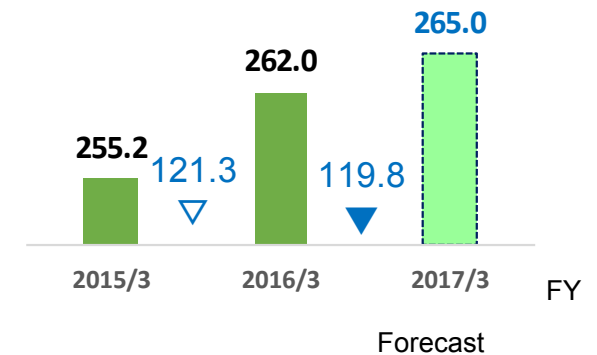
Life Innovation

(Unit: Billion Yen)



Business ICT Platform

(Unit: Billion Yen)



Foresight in sight

UNISYS

(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.

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

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