Results for the 1st Quarter of FY March 2018

August 1, 2017

Nihon Unisys, Ltd.

Foresight in sight

(Note) The expression ‘FY/Fiscal Year’ utilized in this document indicates a fiscal year which finishes at the end of March of the following year.

Example: The expression of FY2017 refers to the fiscal year ending March 2018.

FY2017 Q1 Consolidated Performance Results

Foresight in sight

Net sales were on par with Q1 of FY2016.
Product sales took the lead in driving up operating income by 15%.

(Unit: Billion Yen)

	Q1 (Apr-Jun)		Changes	
	FY2017	FY2016		
Net Sales	56.1	56.1	+0	+0.0%
Gross Profit	13.8	13.6	+0.1	+0.9%
SG&A Costs	-12.3	-12.4	+0.1	+0.6%
Operating Income	1.4	1.2	+0.2	+15.2%
(Operating Margin)	(2.6%)	(2.2%)		(0.3pts)
Profit Attributable to Owners of Parent	1.3	0.9	+0.4	+48.2%
Orders	57.5	62.0	-4.5	-7.3%
Order Backlogs	212.1	217.5	-5.4	-2.5%

<Key Points of Q1 Performance Results>

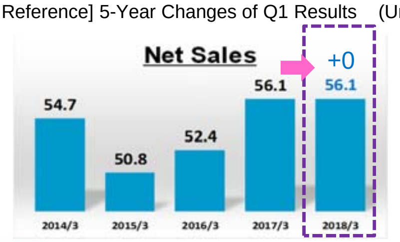
■ Net sales
at the same level as the previous fiscal year were enabled by product sales and outsourcing strong enough to compensate for weak system services.

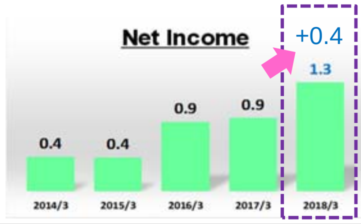
■ Operating income
was boosted by product sales contribution and smaller SG&A costs.

■ Profit attributable to owners of parent
was driven up, ascribable to the strong operating income and smaller non-operating expenses.

■Orders and order backlogs
Negative repercussions after having posted an outsourcing project in the Q1 of FY2018 compromised orders, and eventually order backlogs, as well.

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





UNISYS

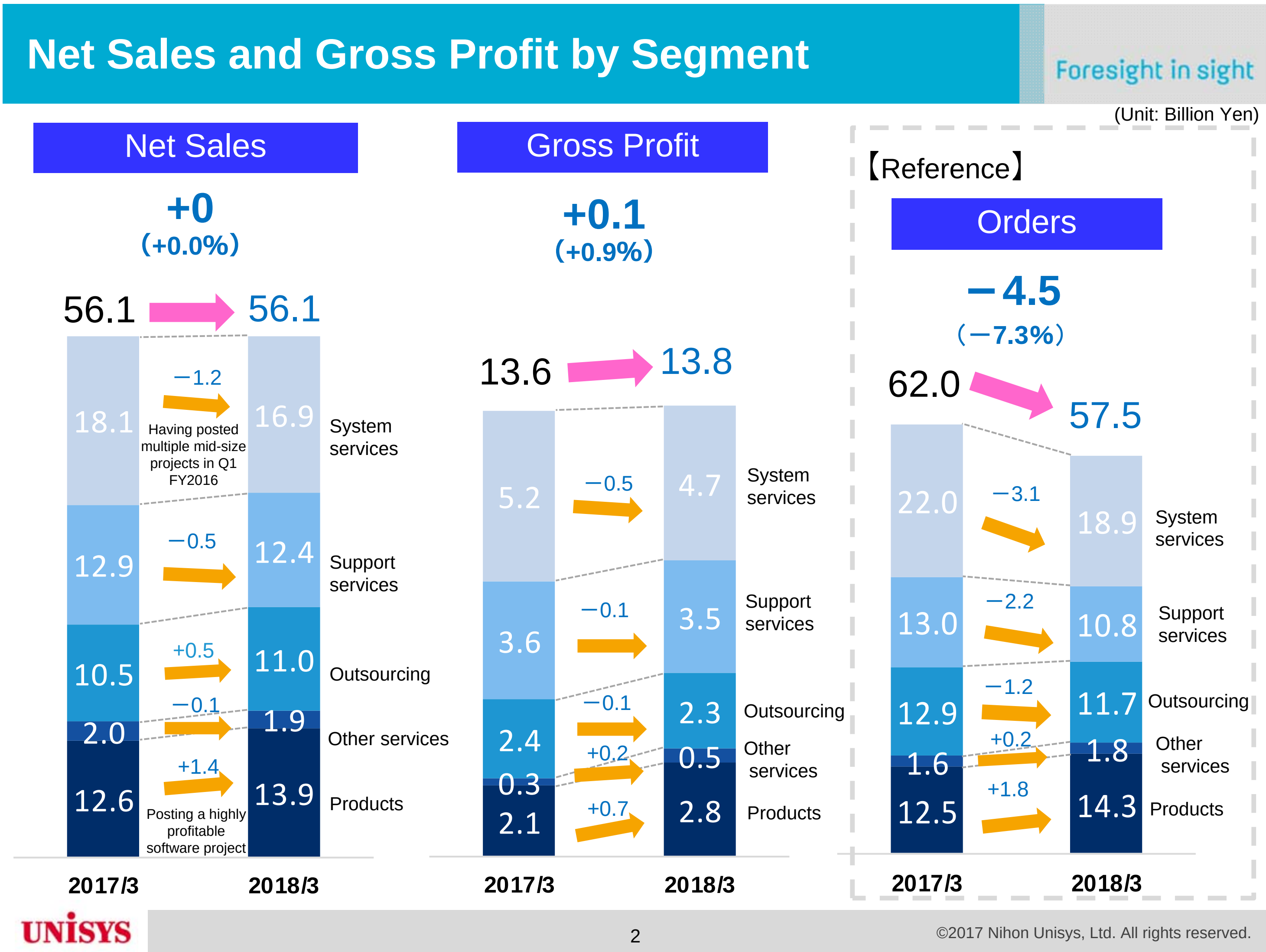
Let me describe the performance results in the first quarter of the fiscal year ending March 2018.

The Q1 results are: net sales of ¥ 56.1 billion, the same as in the Q1 of the previous fiscal year FY2016; operating income of ¥1.4 billion, up ¥ 0.2 billion from the same period of FY 2016; and profit was ¥ 1.3billion, up ¥ 0.4 billion from the Q1 of FY2016.

Product and outsourcing strength compensated weak performance of system services and support services. As a result, net sales stayed at its previous level in Q1 FY2016.

Operating income and net income were boosted by: posting profitable software sales projects; gross profit slightly outperforming its previous record of Q1 FY2016; and mitigated SG&A costs attributable to a reduction of sales support costs and office expenses.

Orders were compromised by two factors, outsourcing and system services. One is a pullback as a result of having posted a long-term and large-scale outsourcing project in the first quarter of the previous fiscal year. The other is a postponement of a large-scale system creation order originally scheduled for Q1 to Q2. As a result, orders were ¥57.5 billion, down ¥ 4.5 billion from Q1 FY2016. It is the same with order backlogs. They were ¥ 212.1 billion, down ¥ 5.4 billion, due to the pullback and postponement.



Let me describe net sales and gross profit by segment.

System services suffered a decrease in net sales and gross profit as a result of having posted multiple medium-size retail and other types of projects.

Q1 did not witness the occurrence of any unprofitable projects.

Support services sales were decreased partly by changing the service form to outsourcing services and partly due to a decrease in spot contracts that enable our technical support on a pay-per-incident basis. However, a gross profit on par with the same quarter of the previous fiscal year was enabled for support services, as a result of continued efforts to reduce expenses such as outsourcing costs.

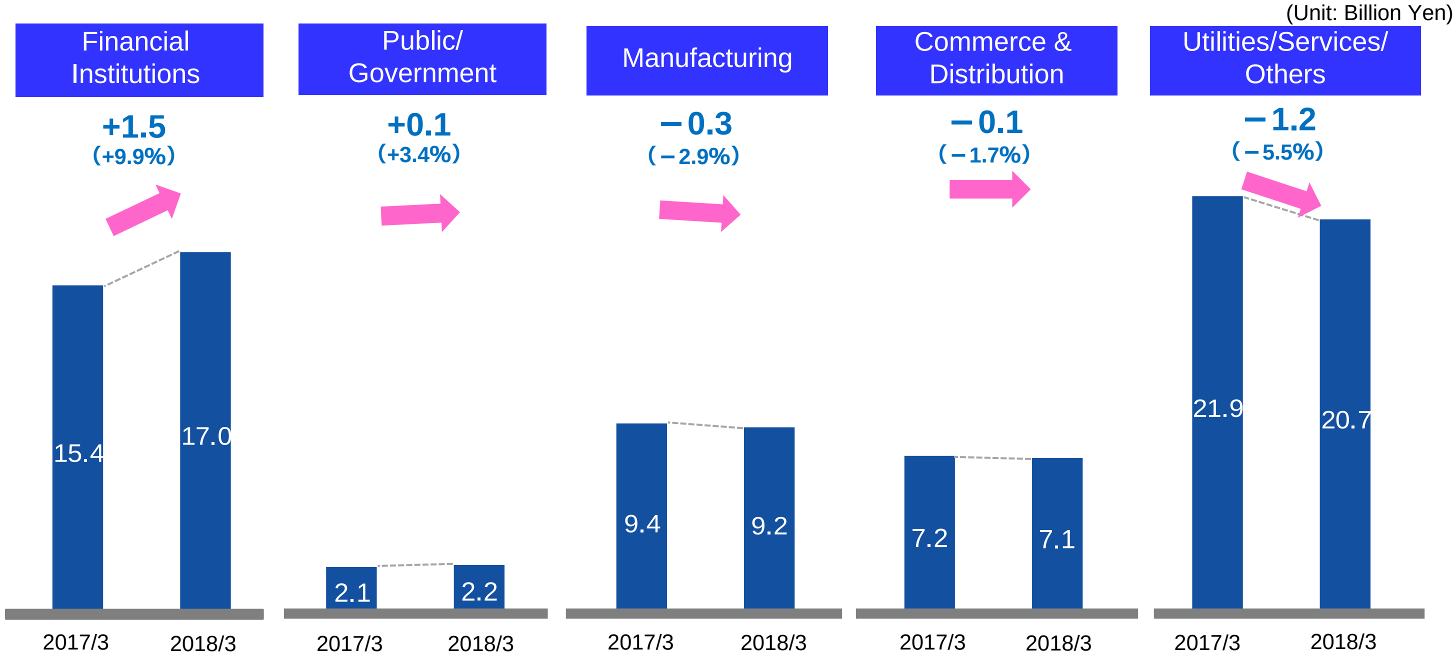
Outsourcing sales increased partly by BankVision beginning to serve its 10th bank in May 2017, and partly by a core-banking system starting operations for a shinkin bank in January 2017. However, their gross profit became negative due to previously incurred costs for preparing another project for its service launch.

A highly profitable mainframe software project was posted. It enabled an increase in the product net sales and gross profit, compared with the same period of the previous fiscal year.

Net Sales by Market

Foresight in sight

(Unit: Billion Yen)



Market Summaries

(Financial Institutions)
BankVision began to serve its 10th bank and a different system for shinkin banks started to operate. The company was busy receiving enquiries about FinTech use, front area reinforcement, and productivity improvement.

(Public/Government)
Projects are selected after examining risks.

(Manufacturing)
Strong demands continued mainly from automotive businesses. Efforts were made in order to further obtain IoT-related businesses.

(Commerce & Distribution)
The company was busy receiving enquiries from retail businesses about implementation-type solutions. Efforts have been made to enable robotics/AI to meet requirements about customer relations and back office businesses.

(Utilities/Services/Others)
Our business of social infrastructure area was enhanced with the energy management system as the focus.
Efforts have been made in order to increase sales of the cloud-based taxi assignment system.

Let me describe the net sales by market.

Our businesses for financial institutions continue to be strong, as evidenced by: a core-banking system for a shinkin bank starting operations in January 2017; BankVision beginning to serve its 10th bank in May 2017; and a system development project started for an 11th bank that agreed to the BankVision service in the previous fiscal year. Furthermore, we have been receiving more enquiries about creating new business models through the use of FinTech, strengthening touchpoints, and improving productivity.

We have accepted public/government projects after duly examining their risks.

Strong demands from the manufacturing industry have continued, as witnessed in those from automotive businesses.

Our commerce & distribution sector has received more enquiries about implementation-type solutions for retail businesses.

Our Utilities/Services/Others sectors have suffered a loss of sales due to a postponement of a carrier project to Q2 and demand is nearly saturated in relation to the deregulation of electricity/gas retail market. The sectors have enhanced the business of the social infrastructure area with the energy management system as a focus. Furthermore, efforts have been intensified in order to increase business after our cloud-based taxi assignment system was purchased by a leading company.

Performance Forecast for FY2017 1H

Forecasts of net sales, operating income and profit have not been revised since they were announced on May 9, 2017.

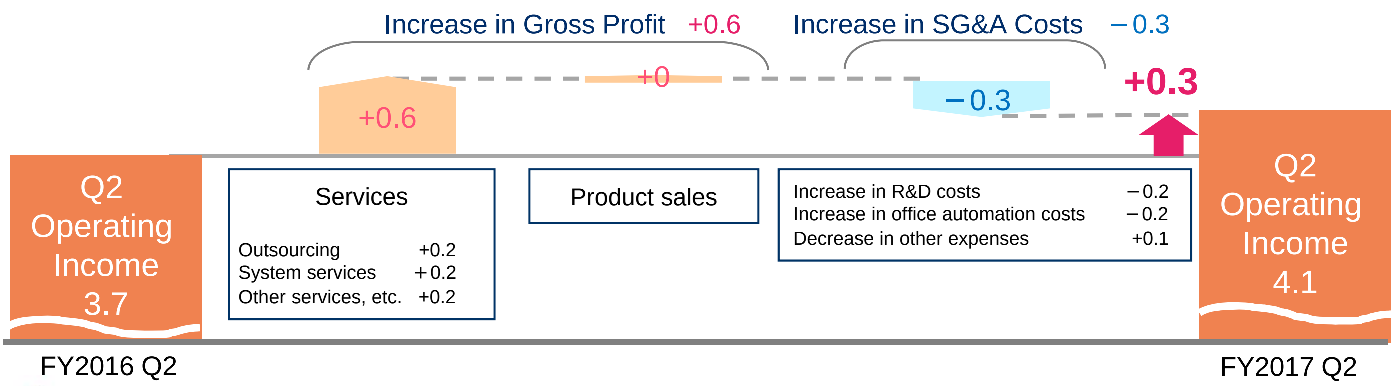
(Unit: Billion Yen)

	FY2017 Q1 Actual		FY2017 Q2 Forecast		FY2017 Forecast 1H	
	Amount	Yr/Yr	Amount	Yr/Yr	Amount	Yr/Yr
Net Sales	56.1	+0	73.9	+2.5	130.0	+2.6
Operating Income	1.4	+0.2	4.1	+0.3	5.5	+0.5
Profit Attributable to Owners of Parent	1.3	+0.4	2.4	−0.2	3.7	+0.2

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

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

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



Let me describe our performance forecast.

Forecasts of net sales, operating income and profit have not been revised since they were announced on May 9, 2017.

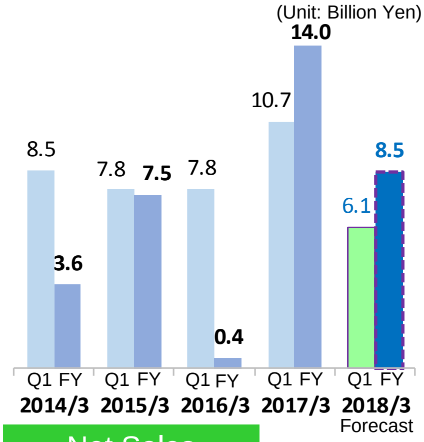
Gross profit in Q2 will be driven up ¥0.6 billion, mainly due to the strength of outsourcing and system services.

R&D costs and office automation costs will drive up SG&A costs by ¥0.3 billion. Thus, operating income is expected to increase by ¥0.3 billion in Q2 compared with Q2 FY2016.

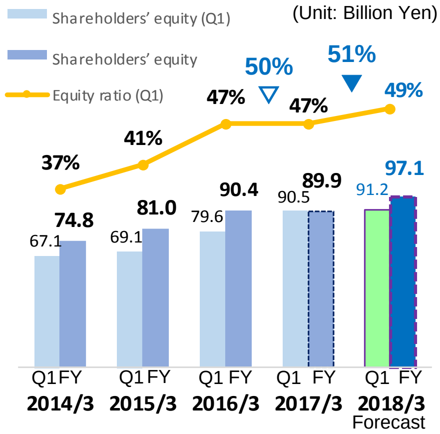
For reference, we do not include unprofitable project risks for the Q2 performance forecast, since no factors of concern have been witnessed.

▼ FY2017 Q1 Actual ▽ FY2016 Q1 Actual

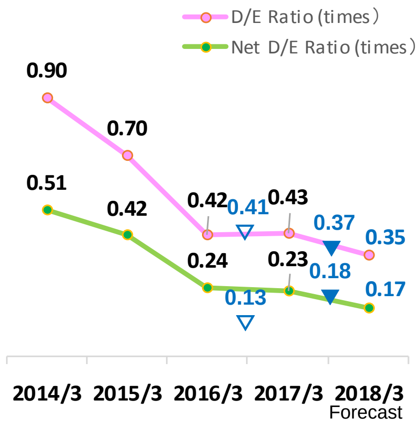
Free Cash Flow



Shareholders' Equity

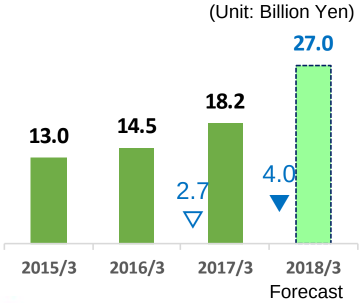


D/E Ratio

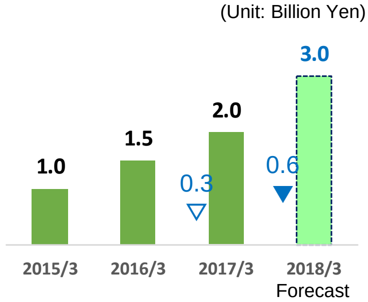


Net Sales

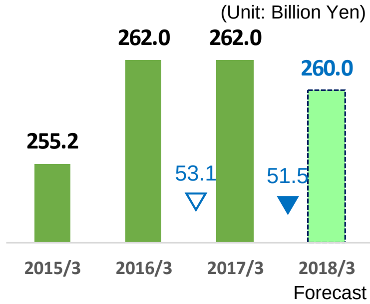
Digital Innovation



Life Innovation



Business ICT Platform



Our financial strength has continued to be steadily improved due to: a ¥ 6.1 billion free cash flow, a 51 % equity ratio, and 0.18 times net D/E ratio.

Foresight in sight

UNISYS