

Results for the 2nd Quarter of FY March 2019

November 6, 2018
Nihon Unisys, Ltd.

Foresight in sight

1 General Overview

2 Progress under Mid-term Management Plan

(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 FY2018 refers to the fiscal year ending March 2019.

FY2018 1H Consolidated Performance Results

Foresight in sight

Strength of Outsourcing and System Services drove net sales.

Operating income increased by 21% as a result of profitability improved mainly by Outsourcing.

(Unit: Billion Yen)

	1H (Apr-Sep)		Changes	
	FY2018	FY2017		
Net Sales	133.8	131.9	+2.0	+1.5%
Gross Profit	33.8	32.1	+1.7	+5.3%
SG&A Costs	-25.7	-25.4	-0.3	-1.0%
Operating Income	8.1	6.7	+1.4	+21.3%
(Operating Margin)	(6.1%)	(5.1%)		(+1.0%)
Profit Attributable to Owners of Parent	6.2	4.7	+1.5	+31.1%
Orders	140.6	146.2	-5.5	-3.8%
Order Backlogs	227.5	225.0	+2.5	+1.1%

<Key Points of 1H Performance Results>

■ Net sales

An increase in Outsourcing and System Services outweighed a decrease in Products. As a result, net sales increased.

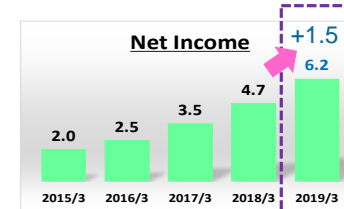
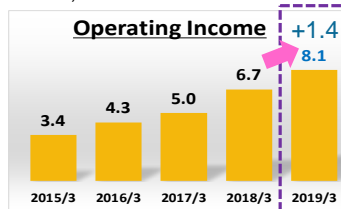
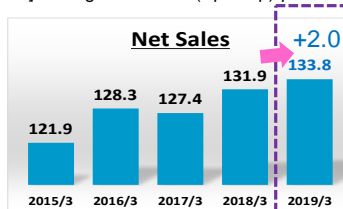
■ Operating income

An increase in SG&A costs was outweighed by the increase in net sales and the improved profitability of Services businesses. As a result, operating income increased, as witnessed in a 1.0pt increase in the operating margin.

■ Orders and order backlogs

Multiple orders for large-scale Outsourcing projects were received in Q2 of FY2017. Orders for Products decreased in this Q2. Thus, orders overall have decreased. Order backlogs increased as a result of steady accumulation of Outsourcing orders.

[Reference] Changes in the 1H(Apr-Sep) performance (Unit: Billion Yen)



FY2018 1H Net Sales and Gross Profit by Segment

Foresight in sight

(Unit: Billion Yen)

Net Sales

+2.0
(+1.5%)

Gross Profit

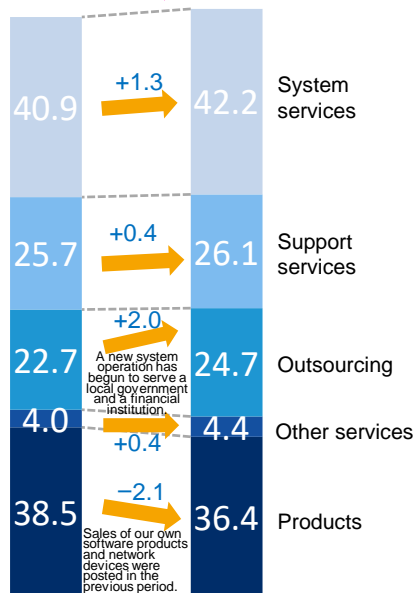
+1.7
(+5.3%)

【Reference】

Order Backlogs

+2.5
(+1.1%)

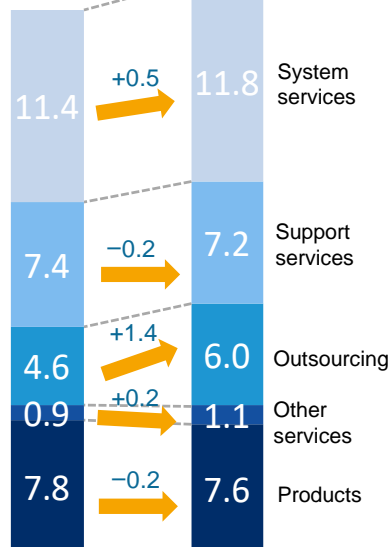
131.9 → 133.8



2018/3

2019/3

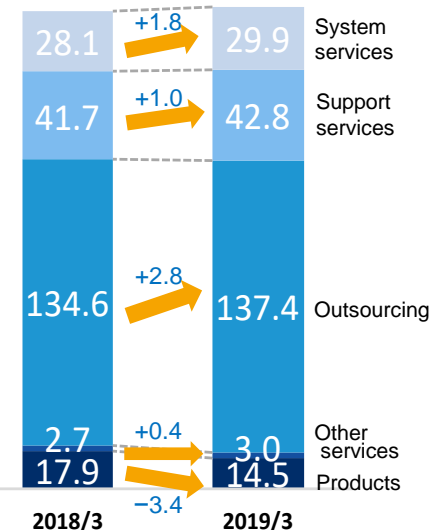
32.1 → 33.8



2018/3

2019/3

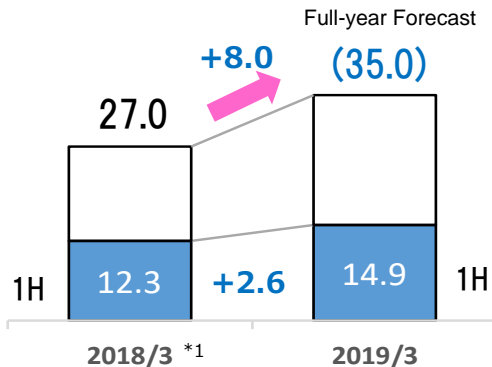
225.2 → 227.5



2018/3

2019/3

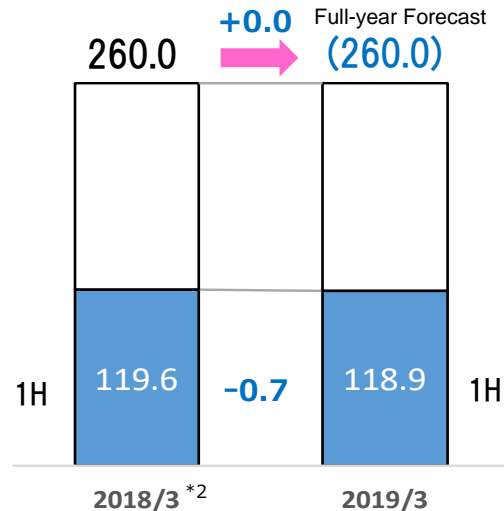
Focal Areas



- Strengthen efforts to increase transaction amounts for QR code payment/settlement services
- Increase recipients of services provided through our mobility service platform ('smart oasis®')
- Increase customers who will implement our open API platform ('Resonatex®')
- Implement a Smart Campaign capable of connecting makers and retailers of distribution network.

*1 The 2018/3 bar indicates the total of 'Digital Innovation' and 'Life Innovation' net sales defined in the previous mid-term management plan.

ICT Core Areas



- Steady system development continues for financial institutions
- Outsourcing operations began for local autonomous bodies and financial institutions

*2 The 2018/3 bar indicates the 'Business ICT Platform' net sales defined in the previous mid-term management plan.

Full-Year Performance Forecast for FY2018

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 1, 2018.

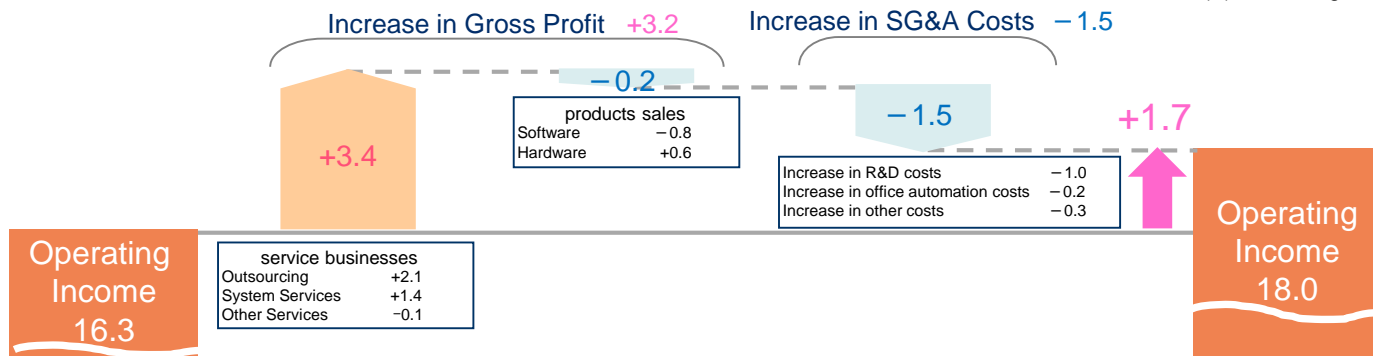
(Unit: Billion Yen)

	FY2018 1H Actual		FY2018 2H Forecast		FY2018 Full-Year Forecast	
	Amount	Yr/Yr	Amount	Yr/Yr	Amount	Yr/Yr
Net Sales	133.8	+2.0	161.2	+6.1	295.0	+8.0
Operating Income	8.1	+1.4	9.9	+0.2	18.0	+1.7
(Operating Margin)	(6.1%)		(6.1%)		(6.1%)	
Profit Attributable to Owners of Parent	6.2	+1.5	6.3	-0.9	12.5	+0.6

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

【Details of FY2018 Full-Year Operating Income Forecast】

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



FY2017 Full-Year

FY2018 Full-Year

1 General Overview

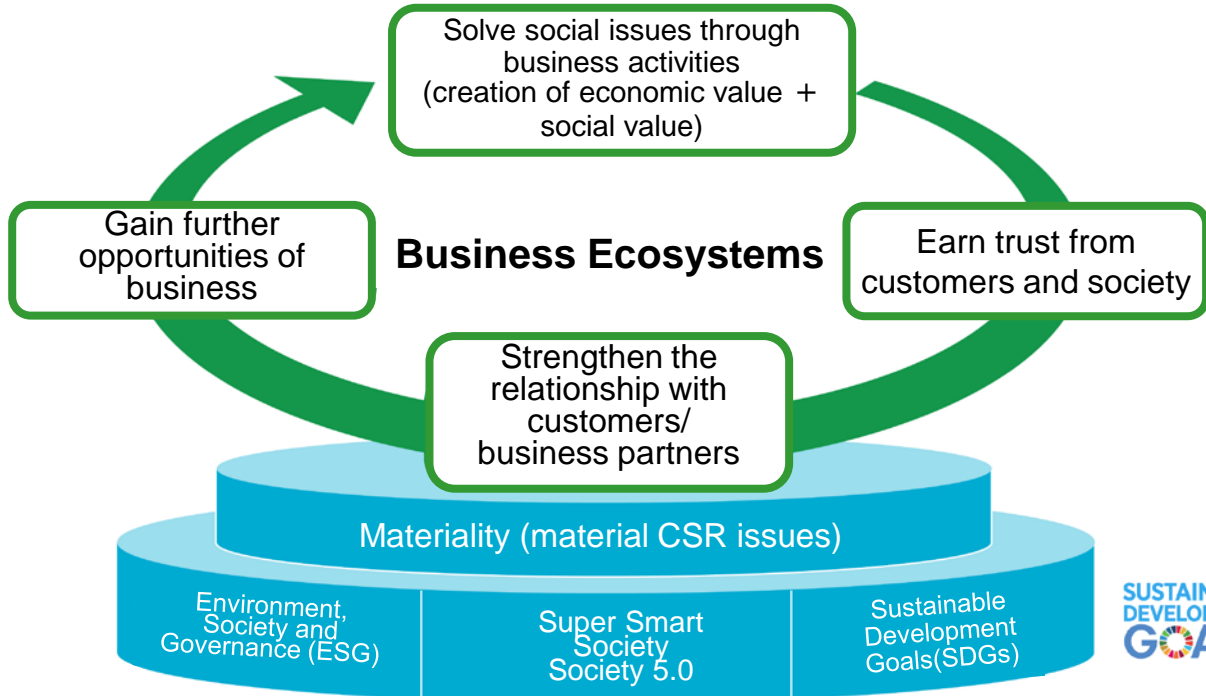
2 Progress under Mid-term Management Plan

Policies of the Mid-term Management Plan 'Foresight in sight 2020'

Foresight in sight

Become a sustainable company following a cycle of sustainable growth that is predicated on solving, through business activities in our areas of focus, social issues that lie behind issues experienced by customers .

Sustainable Growth Cycle for the Nihon Unisys Group



Promote business digitization in coordination with financial institutions and companies in order to improve convenience for ordinary citizens and revitalize industries. They experience economic disparities that are widened between large cities and local regions.

Reform business environments and improve business productivity through the use of IoT and AI technologies. Issues of aging public infrastructure as well as aging engineer population are experienced in the environments.

Neobanks

Assets Guardian



Digital Acceleration

Smart Towns

Re-create relationships among manufacturers, wholesalers/retailers and consumers by accelerating efforts of business digitization and visualizing economic activities. The purpose is to improve convenience of ordinary citizens and revitalize industries.

Enable comfortable environments for ordinary citizens who suffer issues such as population concentration in urban areas and labor demand-supply gap, by coordinating services such as energy, transportation, health care and tourism.

National Resilience

Towards creating sustainable and resilient cities where safe and secure life is ensured

Neobanks

Digital Acceleration

Smart Towns

Assets Guardian

Chronology-type system for sharing disaster management information 'Saigai Net'



Photos: "Disaster photo database" of Institute of Scientific Approaches for Fire & Disaster



No.	日時	種別	内容	種別	種別	種別	種別	種別	種別	種別
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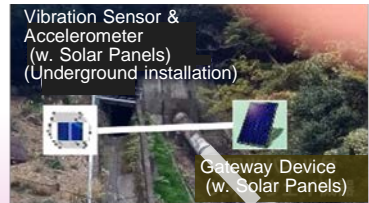
AI-powered system capable of helping identification of bridge deterioration factors and bridge soundness evaluation

IoT Business Platform



Slope Status Monitoring

(National Research Institute for Earth Science and Disaster Resilience)



TEPCO's Nishinagawa Power Plant No.3

Sustainable Energy Society

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Digital Acceleration

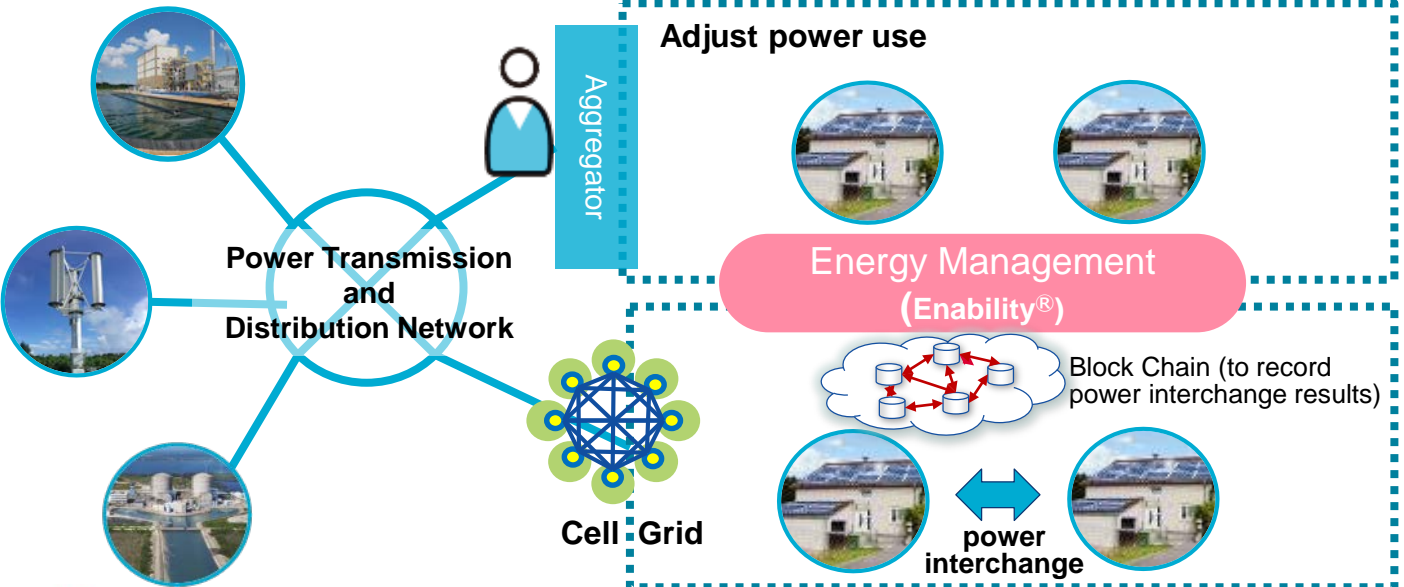
Smart Towns

Assets Guardian

Contribute to materializing a clean and sustainable energy society through Virtual power plant (VPP) and power transaction schemes

Various Types of Energy Source

Virtual Power Plant



Mobility Services

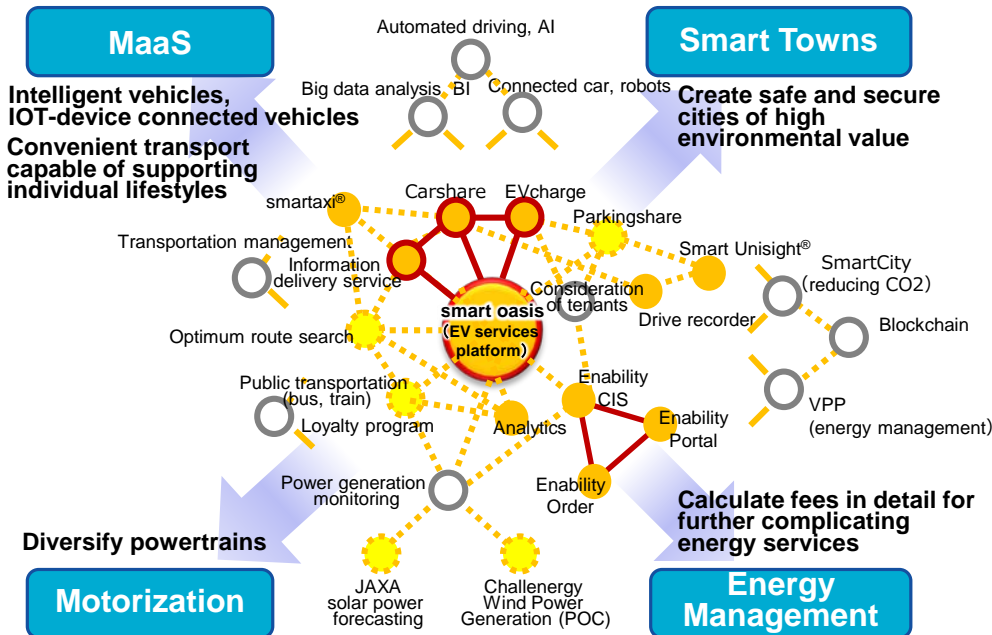
Neobanks

Digital Acceleration

Smart Towns

Assets Guardian

Contribute to improving the global environment and convenient lifestyles through promoting EV-use and materializing new mobility services



Progress under Mid-term Management Plan

Foresight in sight

Towards Smart Living

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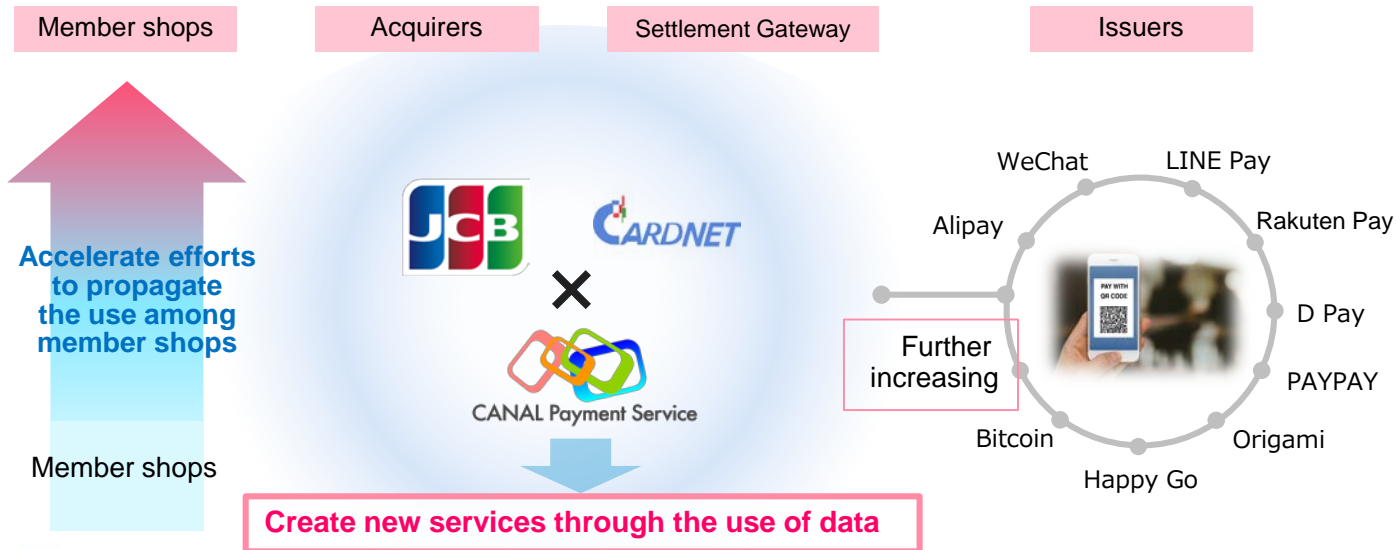
Digital Acceleration

Smart Towns

Assets Guardian

Promote a cashless society in order to create a safe, secure and convenient consumer society and reduce social costs

Provide more issuers with the QR/Barcode payment/settlement platform in cooperation with the JCB group



Workstyle Reforms

Top Hundred Telework Pioneers

The Minister for Internal Affairs and Communications Award*



Towards a society where all can achieve optimal performance and job satisfaction

Looking ahead to the Olympic and Paralympic Games Tokyo 2020

- The Company participated in the Telework Days campaign. (64% of the eligible employees of main office telecommuted.)
- The Company conducted a POC (proof-of-concept) in order to examine the 'Saigai Net' solution mainly capable of sharing traffic congestion data. This POC was a joint operation together with companies and related organizations in the Toyosu area.

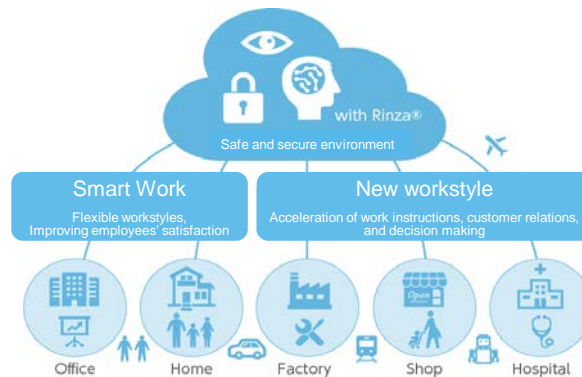
Implement Workstyle Reforms
X
IT Company's Track Records

The Company launched the 'Connected Work™', a solution capable of helping customers reform their workstyles through AI and RPA

Workstyle Foresight®

Workstyle Reforms		
Environmental reform	Concepts of value / workstyle reforms	Process reforms
Strategic facility management (consolidating and optimizing offices)	Work from home, Telework, Paperless operation, Health and Productivity Management	Meetings reforms, Electronic approval, 'Foresight in sight' activities
Use of ICT tools (system reforms)		
Cloud First (use of Office 365®) Mobile First (mobiGate®) Use of Skype® for Business Use of intracompany SNS		

Provide Services



Conceptual Diagram of Connected Work

* The Minister for Internal Affairs and Communications Award: granted to companies among those recognized by the Ministry for Internal Affairs and Communications as the 'Top Hundred Telework Pioneers', that make excellent efforts setting an example to be emulated by others

Foresight in sight

UNISYS

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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.

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

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