

**Results for the Second Quarter of  
Fiscal Year Ending March 31, 2015**

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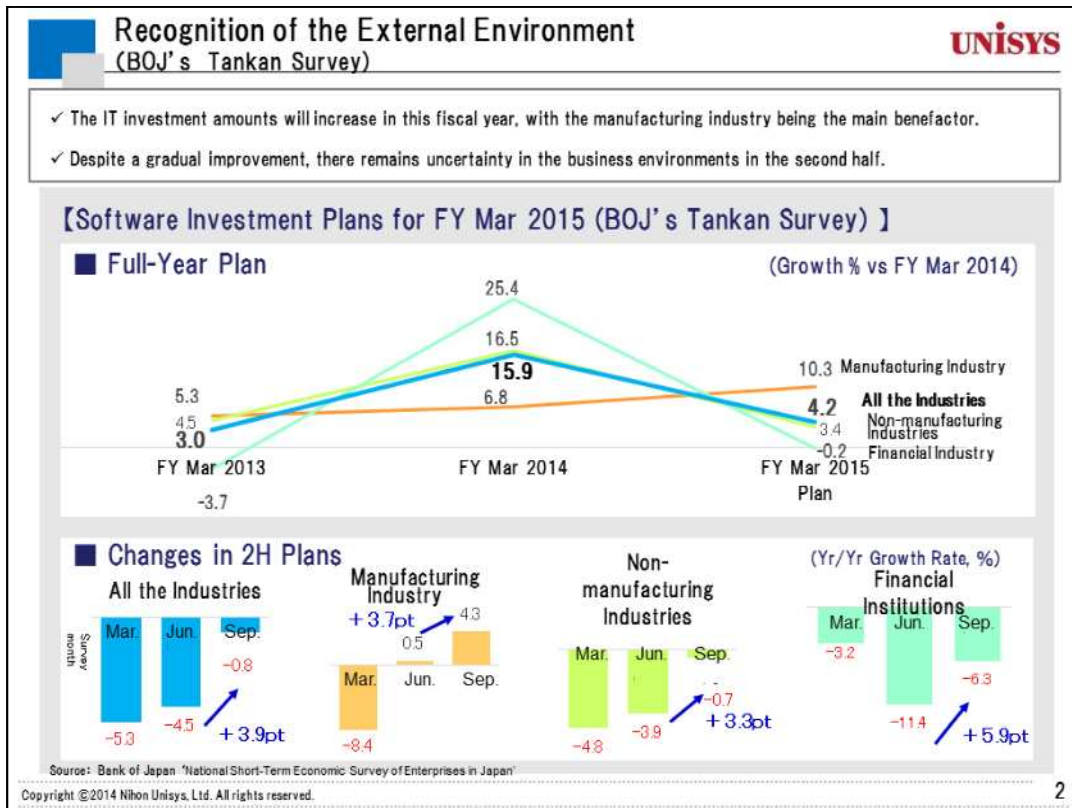
**November 5, 2014  
Nihon Unisys, Ltd.**



My name is Kurokawa, president of Nihon Unisys, Ltd.

I would like to convey my appreciation for your kind attendance at our briefing session of financial results.

Let me summarize the first half of this fiscal year and the future direction.

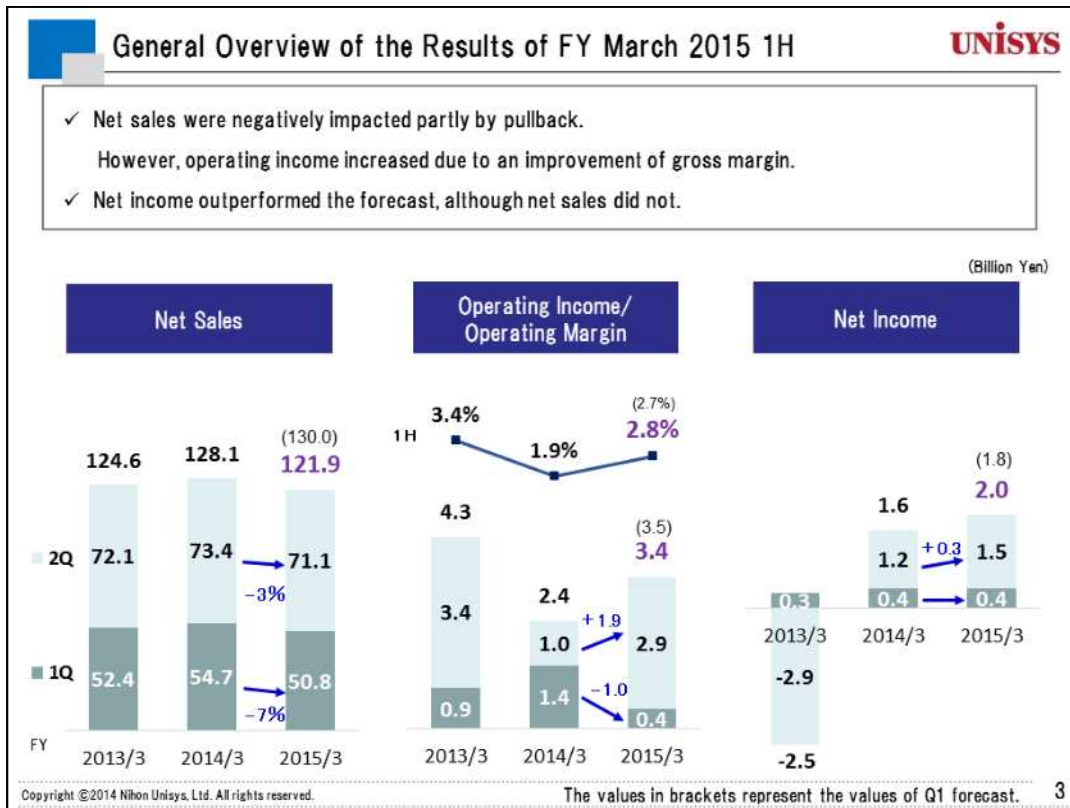


Please turn to page 2.

The business environments for the first half of this fiscal year were impacted by the effects of increase in the consumption tax. However, there were signs of gradual increase in the demands for IT investment.

The upper table indicates the plans of software investment studied by BOJ, Bank of Japan. The amount of software investment will increase by 4.2% for the fiscal year mainly due to the investment in the manufacturing industry. Despite the gradual improvement, the graphs about the software investment plans in the second half show the negative growth, indicating a future of uncertainty.

Let me explain about the first-half performance results. Please turn to P.3.



There was a concentration of large-scale projects in the previous fiscal year. Some projects were postponed to the second half. As a result, the net sales of the first half were less compared with the same period of the previous fiscal year and also compared with the forecast.

Operating income increased due to an improvement of gross margin. Also, net income increased, outperforming the forecast.

The full-year forecast of the last announcement has not been revised. Mukai , CFO, will explain about the details of performance results, later.

Please turn to page 4

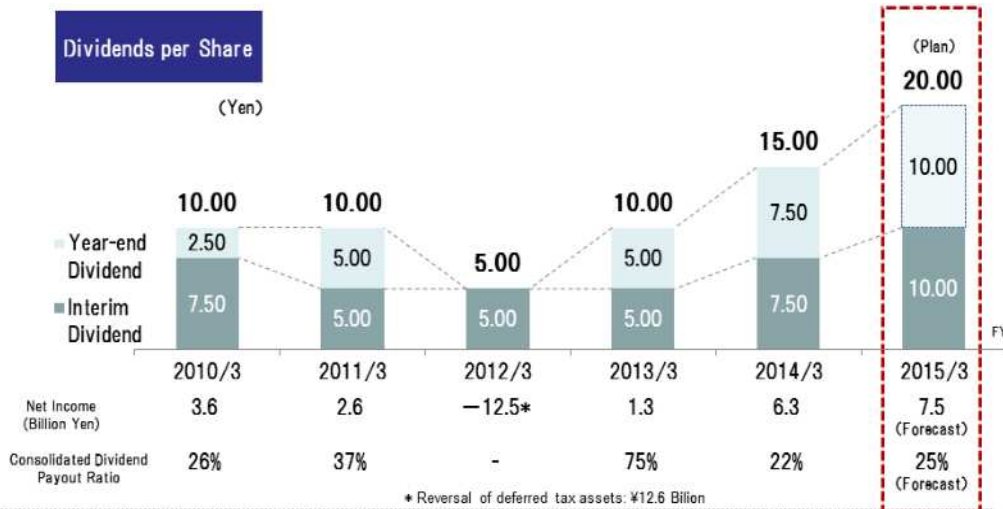


## Return to Shareholders

- ✓ Interim dividends remain as forecasted at the beginning of this fiscal year (¥10/share up by ¥2.5).
- ✓ Full-year dividends will be ¥20/share (up by ¥5/share, a 25% payout ratio).

### Dividends per Share

(Yen)



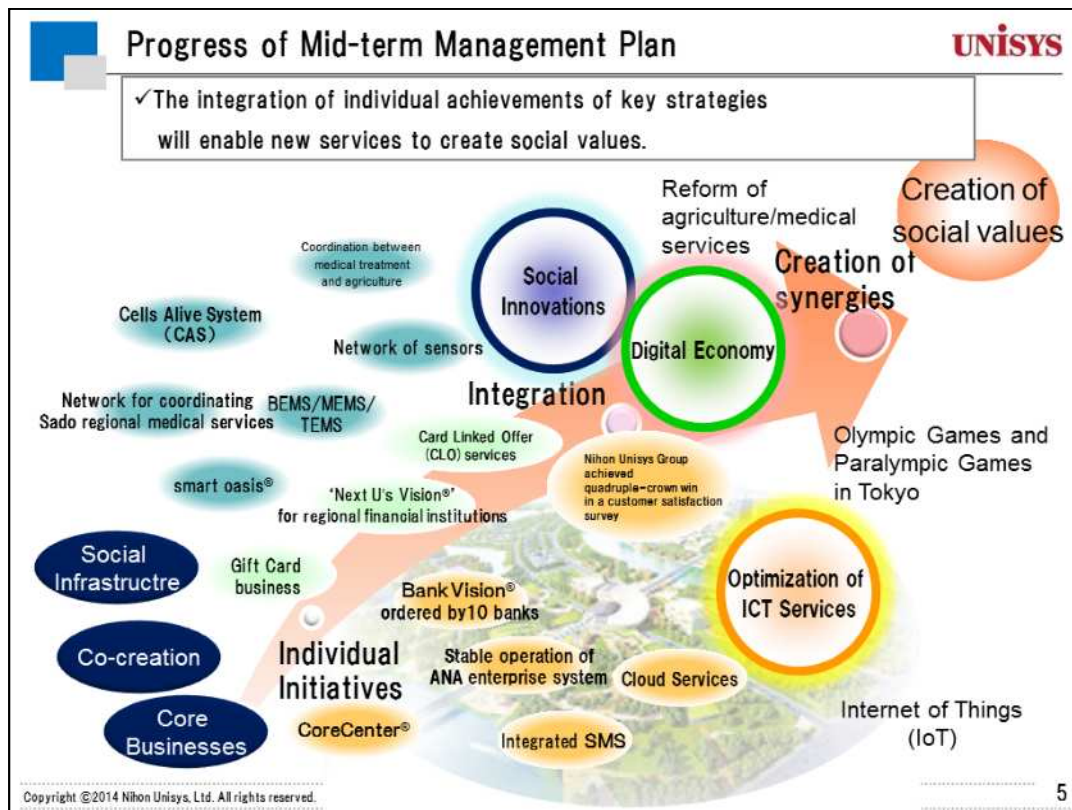
\* Reversal of deferred tax assets: ¥12.6 Billion

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Let me explain about the dividends to shareholders.

The interim net income met the forecast announced at the beginning of the fiscal year. Thus, the interim dividends will be ¥10 per share, a ¥2.5 increase from the same period of the previous fiscal year. The full-year dividends will remain ¥20 per share, up by ¥5.

Please turn to page 5.



I would like to explain about the progress situations of the mid-term management plan. The mid-term management plan has steadily demonstrated results since it started in the fiscal year ending March 2013.

The performances of individual initiatives have begun to connect with each other and create synergies.

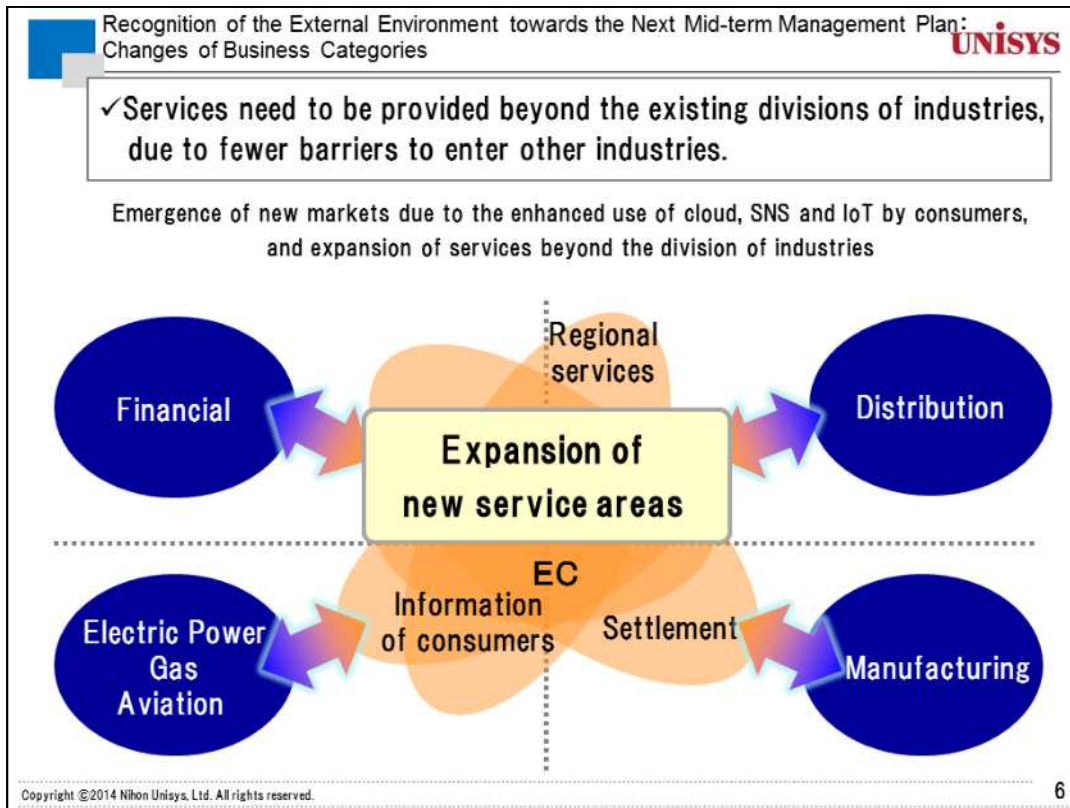
Our core business consists of providing cloud services as well as enterprise large-scale systems which has continued to be our strength.

It has enabled us to be a quadruple-crown winner in the categories of the recent customer satisfaction survey.

Co-creation/BPO businesses have become strong as a result of an increase in the services such as Gift Card that are directly connected to users. Also, our social infrastructure businesses have established solid performances in the areas indispensable to the future society such as energy and the cooperation between medical services and agriculture.

These have provided us with footholds for serving society from the viewpoint of local residents.

We will develop new services that will respond to the changes and issues in our society, on the basis of these initiatives that have started to be integrated.



Please turn to page 6.

I would like to explain about our recognition of external environments towards the next mid-term management plan, 'changes of business categories' in particular.

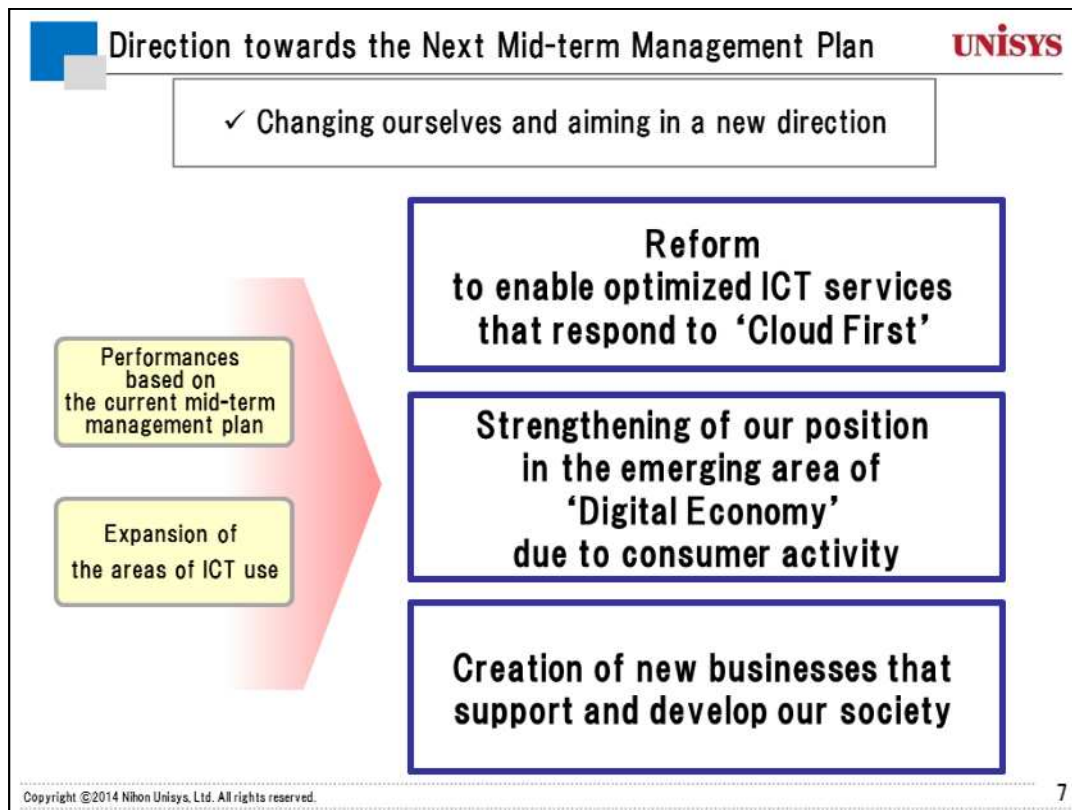
Due to a rapid increase in the use of cloud, SNS and IoT, some companies have begun to provide online schemes for payment and e-commerce sites.

As a result, the provision of services from the users' viewpoint has become more important. Coordination beyond the division of industries has become required.

For example, the information of customers and products held by the enterprise system needs to be coordinated with the services of other companies from the viewpoint of users, in order to provide high value-added services more rapidly.

This provides us with an opportunity for our growth. It means that we need to change ourselves.





Please turn to page 7. I would like to explain about the direction toward the next mid-term management plan.

In the future, various types of devices and services will increase in an accelerated manner, and ICT is related to all of them.

Thus, the scenarios where our ICT services/products are required will increase more, though they will need to be renovated.

Against this backdrop, we need to expand the areas of ICT optimization where we can demonstrate our strength.

Also, we need to gather speed in responding to new areas.

Furthermore, we will establish growth strategies towards 'Digital Economy' that will be newly created through cloud, SNS and IoT. Also, we will continue to use the needs of our society as our starting point for innovation and development.

With the strategies and innovation, we will create new businesses that will support and improve our society.

General Overview

Settlement Summary

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

## Consolidated Performance Results for FY March 2015 1H **UNISYS**

Net sales decreased due to pullbacks from the same period of the previous fiscal year.  
Net income increased.

(unit: Billion Yen)

	1H	vs FY March 2014 1H		vs Forecast (as of July 31)	
Net Sales	121.9	-6.2	-4.9%	-8.1	-6.2%
Gross Profit	30.0	+0.8	+2.8%	±0	±0%
Operating Income	3.4	+1.0	+39.6%	-0.1	-4.1%
Net Income	2.0	+0.3	+19.4%	+0.2	+9.0%

<Key Points of 1H Results  
(on a year-over-year basis)>

■ **Net Sales**  
Net sales decreased due to pullbacks from large-scale projects of the previous period.

■ **Operating Income**  
Operating income increased due to a decrease in unprofitable projects.

■ **Net Income**  
Net income increased as a result of the increase in operating income.

(For Reference)

(unit: Billion Yen)

	1Q	Yr/Yr Change	2Q	Yr/Yr Change
Net Sales	50.8	-3.9	71.1	-2.3
Operating Income	0.5	-1.0	2.9	+2.0

<Varying Factors for Q2  
(on a year-over-year basis)>

■ **Net Sales**  
Net sales decreased due to a decrease in product sales.

■ **Operating Income**  
Operating income increased attributable to a continued strength of system services.

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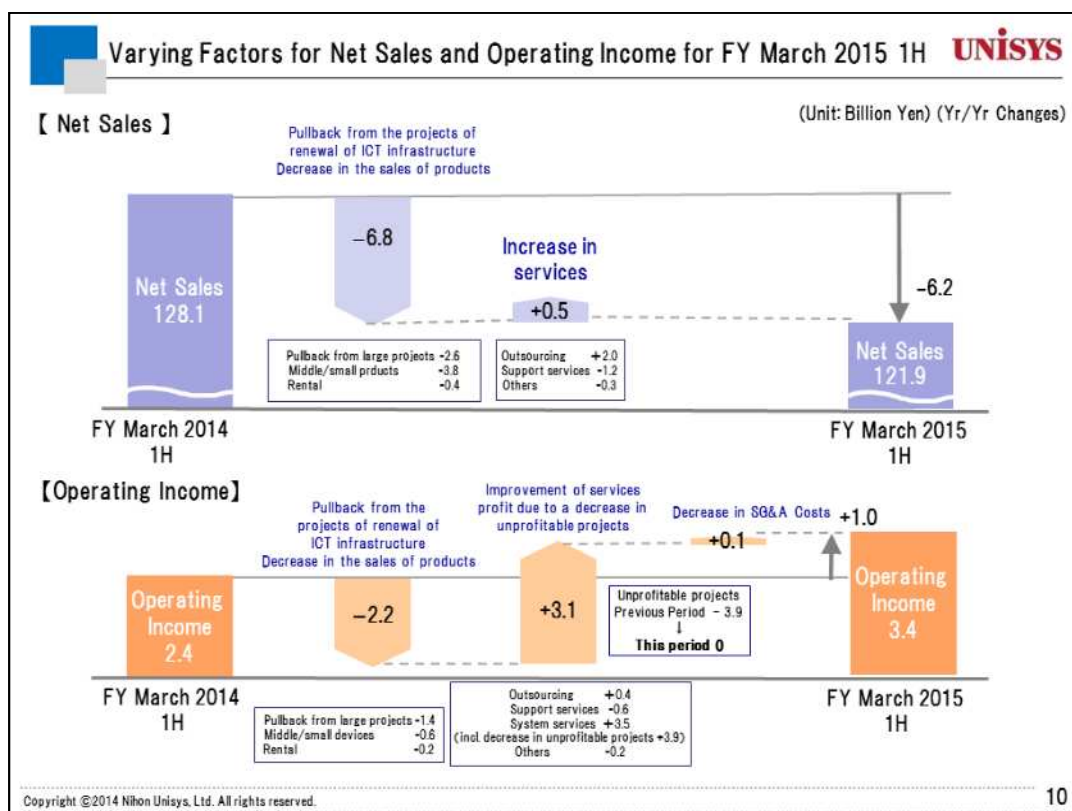
Let me summarize our performance results of the first half of the fiscal year ending March 2015.

Please turn to page 9.

Net sales were ¥121.9 billion, a ¥6.2 billion decrease from the same period of the previous fiscal year. Operating income was ¥3.4 billion, up by ¥1.0 billion. A ¥2.0 billion net income (up by ¥0.3 billion) was posted.

Net sales for the first half of the fiscal year ending March 2015 decreased, attributable to a pullback from a concentration of large-scale projects in the previous period. However, operating income and net income increased ascribable to a decrease in the number of unprofitable projects.

Net sales were less than they were forecast, mainly due to the postponement of some projects to the second half. However, we finished strongly with net income slightly above the plan.



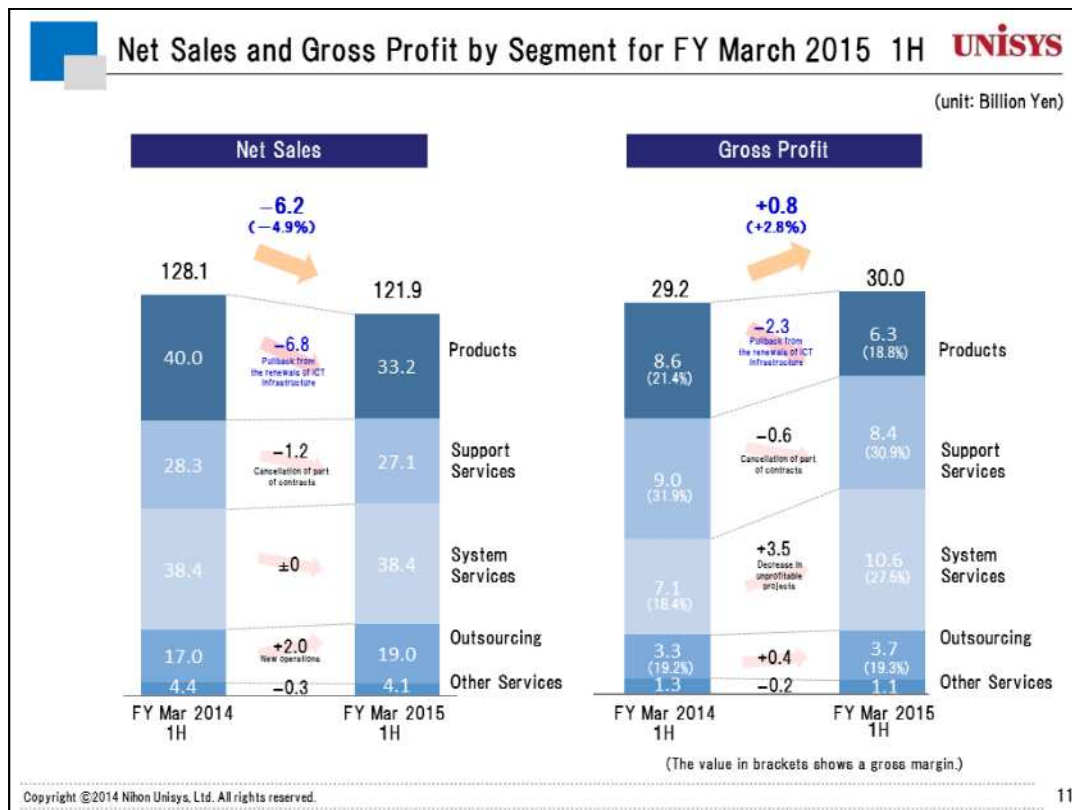
Please turn to page 10.

I will brief on the varying factors for net sales and operating income in comparison with the corresponding period of the previous fiscal year.

There was a pullback from the previous period when there was a concentration of large-scale projects. There were impacts from a decrease in the sales of middle-size and small-size devices by our subsidiaries. As a result, net sales decreased by ¥6.2 billion in total. Outsourcing business continues to increase steadily.

There were negative factors such as the pullback from large-scale projects and the decrease in the sales of middle-size and small-size devices and support services. However, operating income increased by ¥1.0 billion, attributable to a ¥3.9 billion decrease in unprofitable projects and a slight decrease in SG&A costs.

There have been no new unprofitable projects during the first half of this fiscal year. A large-scale development project that started in the previous period has made progress almost as planned.



Let me explain about the performance results by segment.

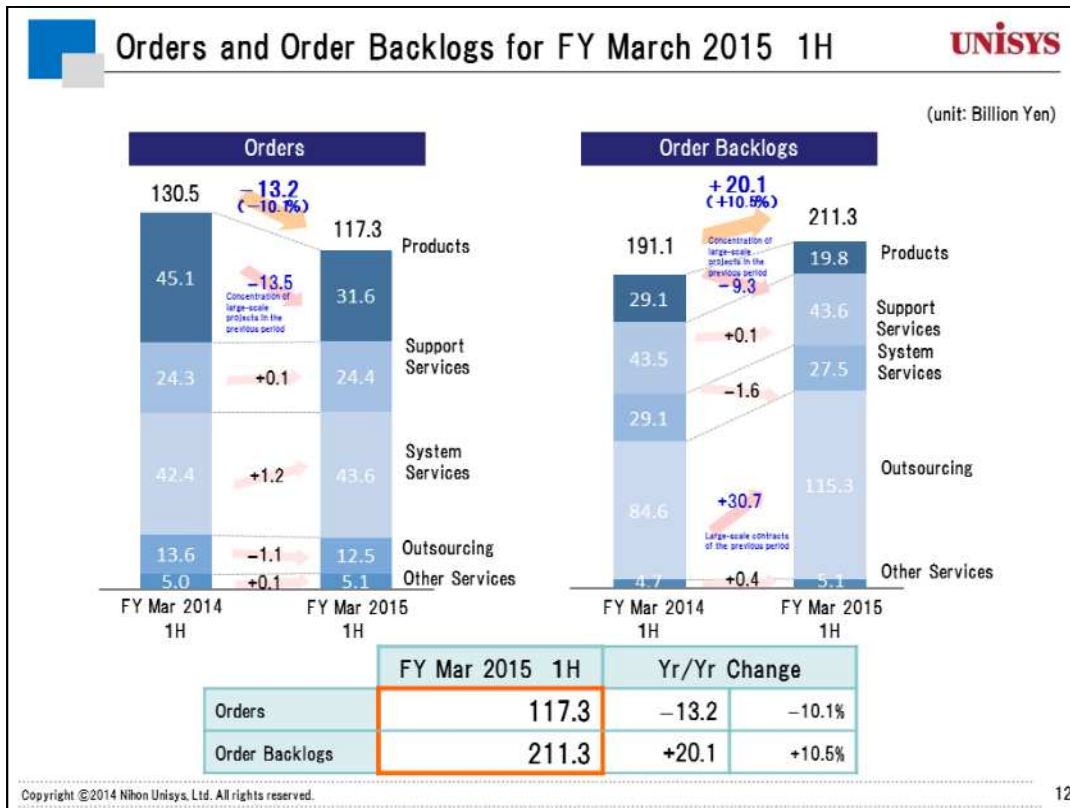
Please turn to page 11.

The net sales and gross profit of product sales decreased due to the pullback from large-scale ICT infrastructure renewal projects. The decrease in gross profit would have been relatively small had it not been for the impact of these factors.

The net sales and gross profit of support services decreased due to a termination of contracts after expiration.

The net sales of system services remained almost on the same level as of the previous fiscal year. However, the gross profit increased significantly due to a decrease in unprofitable projects.

The net sales and gross profit of outsourcing business increased, attributable to 'BankVision' starting new operations and an increase in middle-size and small-size projects.



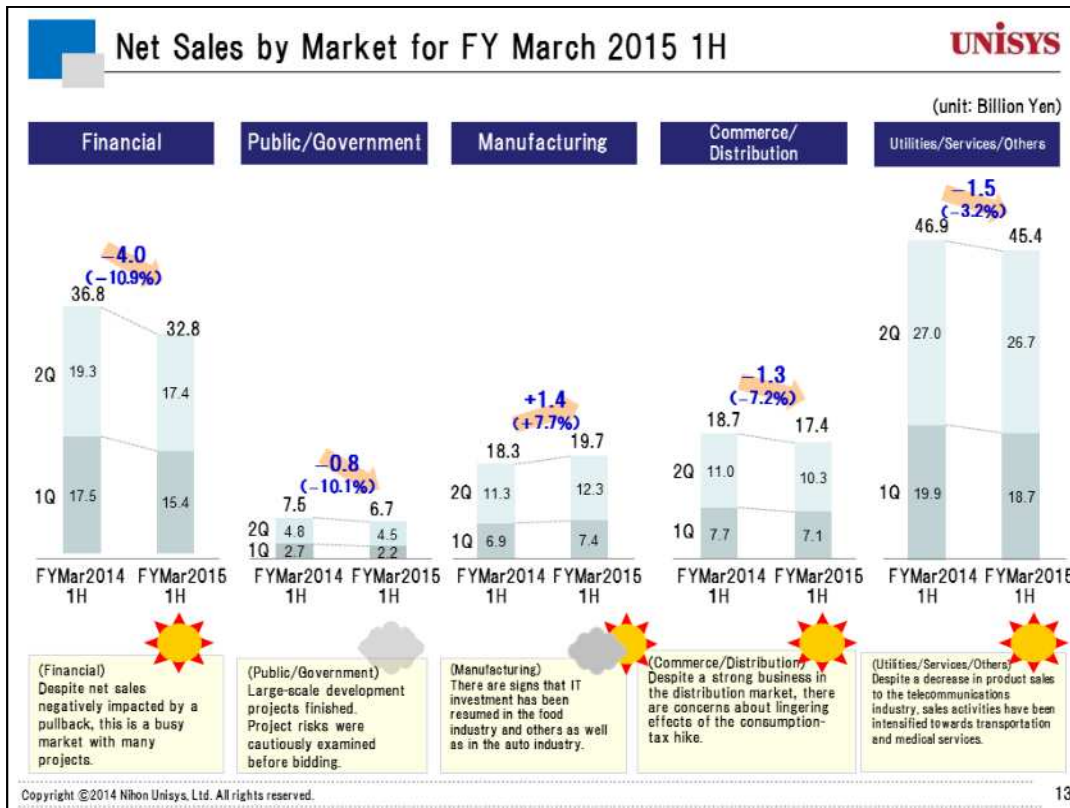
Let me explain about orders and order backlogs, next.

Please turn to page 12.

There was the pullback from a continued strength of device sales based on the large-scale projects in the previous period. As a result, the orders decreased to ¥117.3 billion down by ¥13.2 billion from the same period of the previous fiscal year.

Order backlogs were ¥211.3 billion, up by ¥20.1 billion as a result of a long-term large-scale project of outsourcing services that we were awarded in the second half of the previous fiscal year.

The orders decreased in the first half, partly due to the pullback. However, it is busy with proposal activities in the financial, manufacturing and distribution sections. They now make a favorable environment towards receiving new orders.

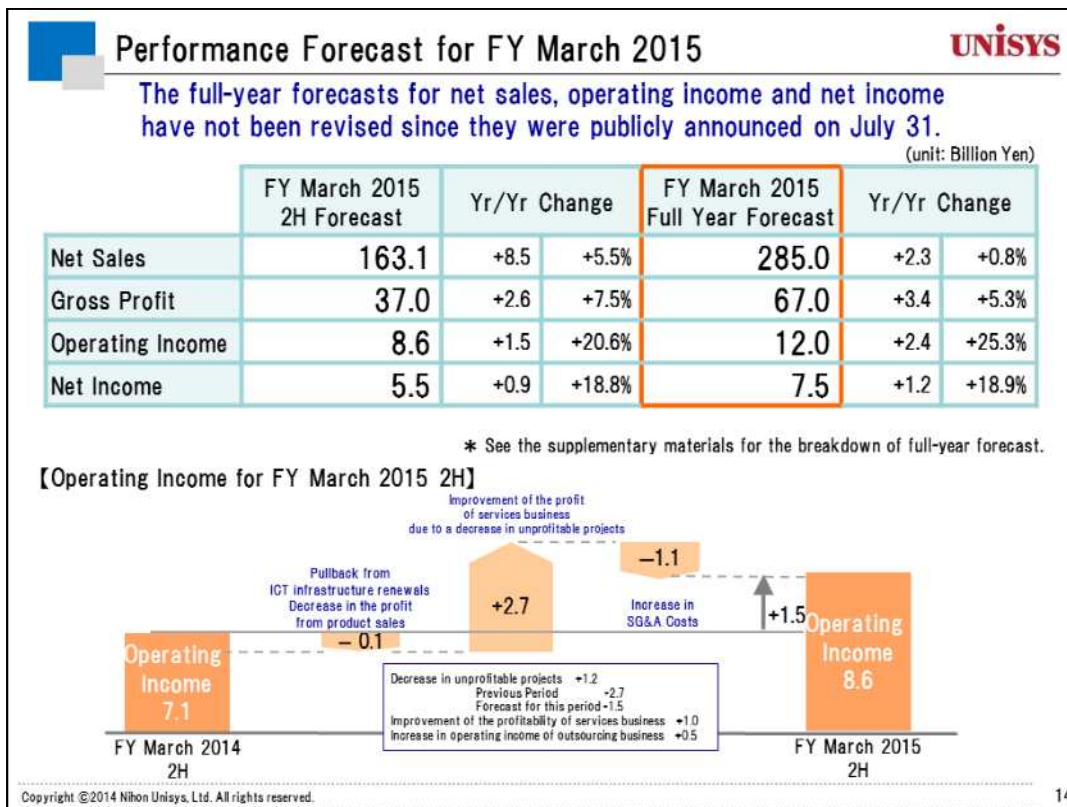


Next, let me explain about the situations by market.  
Please turn to page 13.

Financial and Utilities/Services reflect the after-effects of a concentration of large-scale projects in the previous period. A favorable environment would have continued if the reflection had not been taken into consideration.

Financial business was significantly affected by a pullback from large-scale projects. However, the influence has continued within the expected range, and thus has not caused particular concerns.

The number of proposals has also increased in the areas of manufacturing and commerce/distribution.



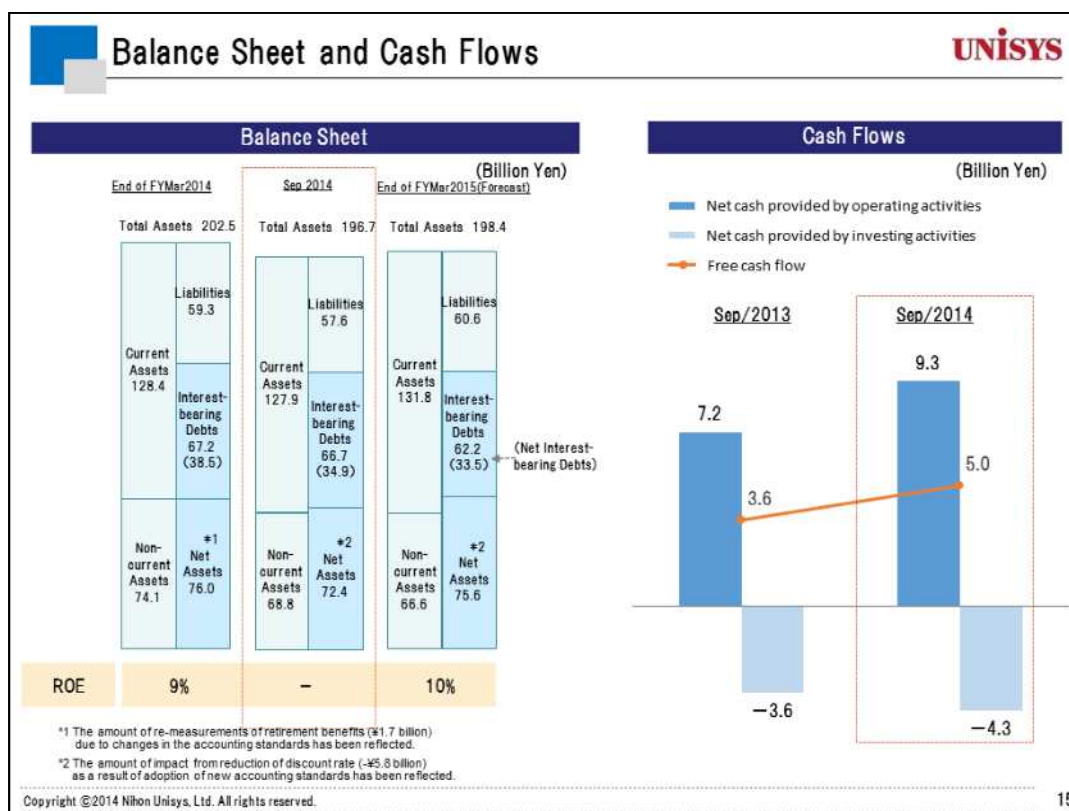
Let me explain about the performance forecast. Please turn to page 14.

The full year forecasts for net sales, operating income and net income have not been revised since they were publicly announced on July 31.

There will be an increase in net sales in the second half, partly ascribable to projects postponed from the first half of this fiscal year.

Net sales in the second half will be impacted by of a pullback from large-scale product sales as in the first half of this fiscal year. However, the profitability of system services business will be improved, partly due to a decrease in unprofitable projects. This will help to boost operating income and net income.



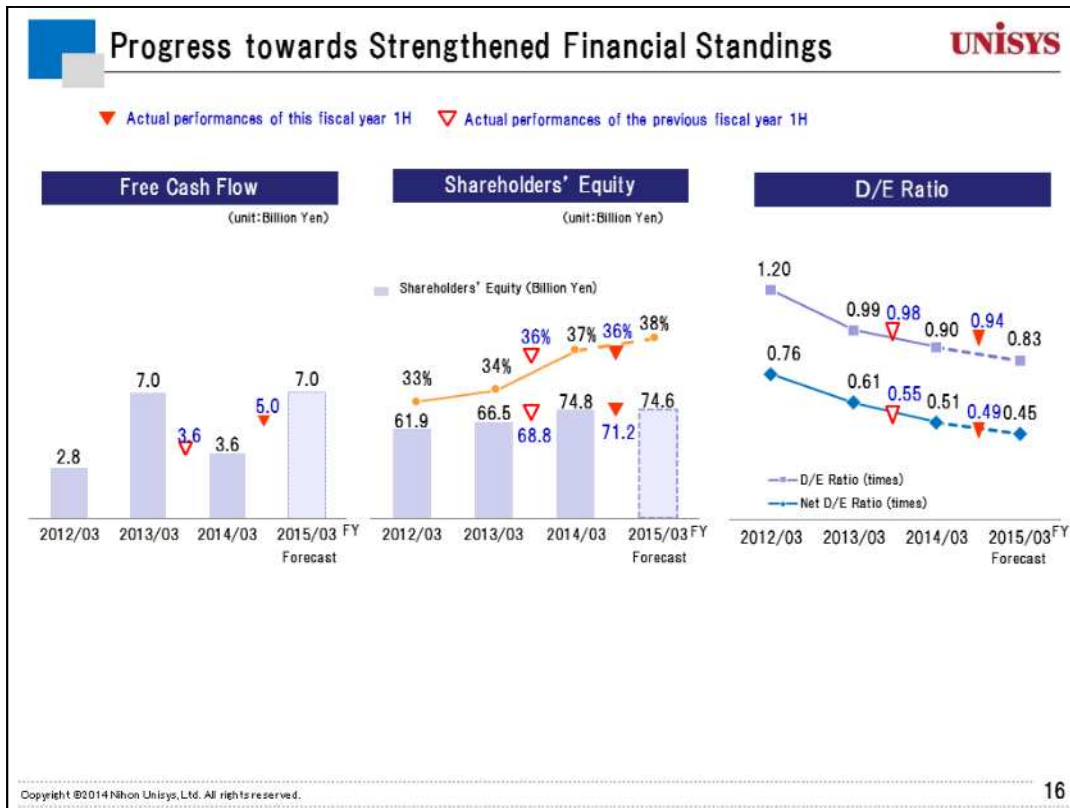


Next, I would like to explain about the situations of balance sheet and cash flows. Please turn to page 15.

First, let me brief on the situations of balance sheet as indicated in the left graph. The net assets as of the end of the first half of the fiscal year ending March 2015 decreased to ¥72.4 billion, down by ¥3.6 billion, due to the payment of increased dividends and the adoption of new accounting standards about retirement benefits.

Interest-bearing debts decreased. Also, net interest-bearing debts (representing the amount of interest-bearing debts without cash and deposits) steadily decreased to ¥34.9 billion by ¥3.6 billion from the end of the previous period.

The free cash flow for the period was + ¥5.0 billion, up by ¥1.4 billion compared with the first half of the previous fiscal year, as shown in the right graph.



Next, I will explain about the progress of our efforts of strengthening the financial standings. Please turn to page 16.

We have made efforts of improving our financial structure as part of our mid-term management plan.

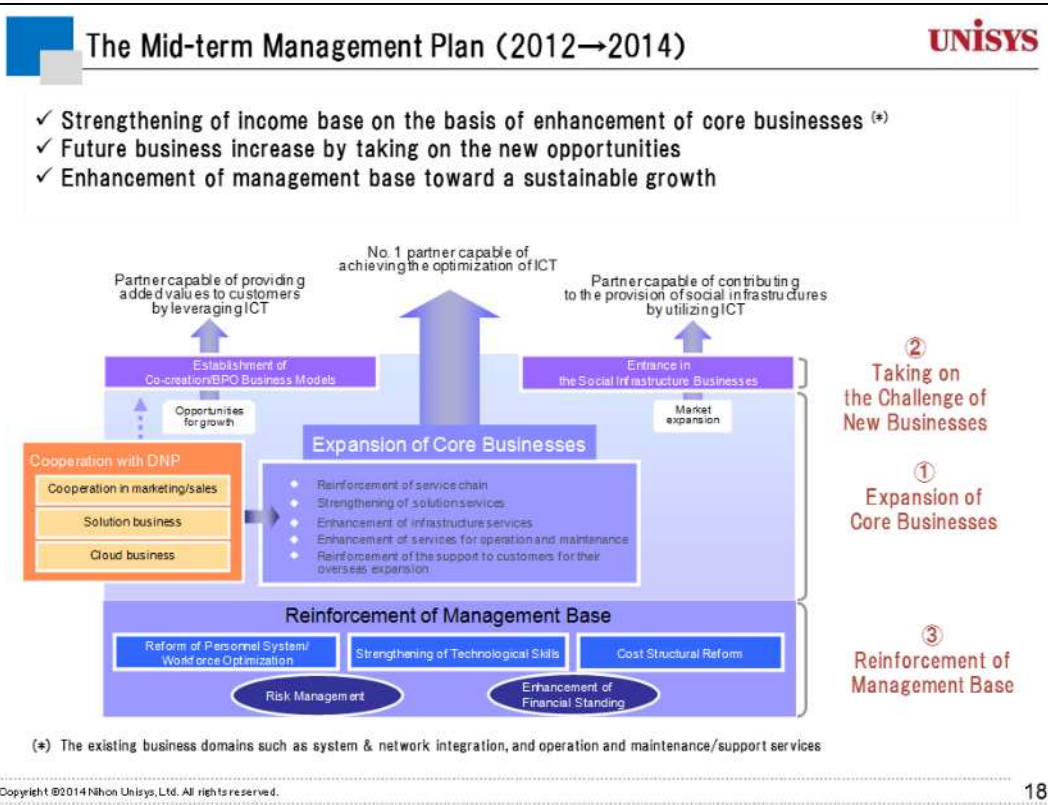
Shareholders' equity ratio is 36% and net debt-to-equity ratio is 0.49 times, at the end of the first half of this fiscal year. Thus, we see the prospects of achieving the planned values at the end of this fiscal year as we announced at the briefing session of financial results at the end of the previous period. Free cash flow is expected to be ¥7.0 billion at the end of this fiscal year, up by ¥3.4 billion compared with the previous period.

This concludes my briefing of the performance for the first half of the fiscal year ending March 2015.



My name is Takahashi.

Let me brief on the progress of mid-term management plan of FY March 2015.



I would like to explain about the basic principles of our mid-term management plan from 2012 through 2014.

The three principles for the plan are:

1. expansion of core businesses;
2. taking on the challenge of new businesses; and
3. reinforcement of management base.

Progress on Mid-term Management Plan in FY 2014 1H  
(1) Expansion of Core Businesses

**UNISYS**

- ✓ Net income increased compared with the previous fiscal year, attributable to the continued strong businesses of enterprise systems and ICT infrastructure services, and also due to a decrease in unprofitable projects.
- ✓ A further expansion of core businesses has been attempted through the use of our strengths.

Strengths/ Features	Expansion of Core Businesses through the use of Strengths and Features
<p>Technological strength for furnishing the backbone systems for customers</p> <p>Capabilities of solution technologies for creating businesses together with customers</p>	<p style="text-align: center;"><b>Expansion of Core Businesses through the use of Strengths and Features</b></p> <ul style="list-style-type: none"> <li>✓ We were awarded the municipal orders for a backbone system that support child welfare and libraries in the context of the declining birth rate.</li> <li>✓ UNIADDEX launched a new service based on the coordination with cloud computing as part of the <b>'Cloud Federation Services'</b> .</li> </ul>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Provision of the full-range of services</p>	<ul style="list-style-type: none"> <li>✓ Increase in the sales of 'BANK FIT-NE', a next-generation system for banking offices that will significantly decrease the teller tasks and help the bank employees increase their opportunities to talk with customers</li> <li>✓ Deployment of new marketing technologies that will promote <b>the communications with customers</b> <ul style="list-style-type: none"> <li>✓ Cooperation with DNP in the CLO business scheme that will attract credit card members to shops</li> <li>✓ Provision of the O2O service that dispenses with close-up photography through the use of Chameleon Code</li> <li>✓ Development of a platform for settlement through the use of debit cards and pre-paid cards of international credit card brands</li> </ul> </li> </ul> <p><small>※ CLO: Card Linked Offer, Chameleon Code: 4-fundamental color QR code, O2O: Online to Online</small></p>

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We have steadily and comprehensively dealt with enterprise systems and system infrastructures of our customers, as we have expanded our core businesses. We have attempted to satisfy the needs of the times. Our achievements include municipal orders for a backbone system that enables the municipal services of child welfare in the context of the declining birth rate.

UNIADDEX, Ltd. launched newly integrated services as part of 'Cloud Federation Services' after a business integration this March.

Since communications with customers are considered more important in marketing activities, we have put to practical use schemes that strengthen the ability to talk to customers, understand them and attract them, in the fields of banking, retail and services.

Our efforts include the use of O2O (online-to-offline) technologies and CLO (card linked offer) scheme in order to attract customers to stores and encourage them to shop there. We have also cooperated with DNP in the development of a settlement platform for the payments by debit cards and pre-paid cards of international credit card brands.

We think that our business activities based on our strengths will help us enhance our core businesses and eventually be awarded recognition by our customers as their partner.

This concludes my briefing on the expansion of core businesses.

**Enhanced Core Businesses based on UNIADEX** **UNISYS**

**UNIADEX** YOUR ICT FORCE

✓ Provision of new services based on synergistic effects created by UNIADEX and NETMARKS

UNIADEX launched new services based on the strengthened cloud services that will optimize the ICT environments of customers through the coordination and visualization of cloud environments. (October 8, 2014)

**Cloud Services provided by UNIADEX**

**Enabling the optimization of ICT environments at customers**

**Cloud Federation Provided by UNIADEX**

Connection of Cloud Environments      Visualization of Cloud

Pursuit of synergistic effects on the entire Group by widely deploying services

- Concretization of next-generation service businesses
- Enhancement of high value-added service businesses
- Deployment of new products/services based on the integration of technologies and assets of the both companies
- Cross-selling and integration of services
- Integration of management base

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Let me continue slightly more about UNIADEX.

We integrated UNIADEX, Ltd. and NETMARKS, Inc. this March. The UNIADEX services of development, operation and maintenance/support of system infrastructures, and the NETMARKS services of network integration were merged.

Our capabilities of coping with the 'Cloud First' times have been strengthened by our cross-selling efforts based on the integrated technologies and assets as well as management base.

We have entered the times of hybrid cloud. Some customers have begun to integrate strategically and use their private cloud and public clouds in addition to the on-premises systems of their possession.

They have been our target. We have been aiming to implement full-range cloud-computing services for all the phases of assessment, design, development, operation and maintenance/support.

The key function is the 'Cloud Federation' that connects between on-premises functions and cloud functions and also among cloud functions. We launched the service consisting of four functions, of assessment, connection, backup and Amazon Web Services (AWS).

We will recommend the service to the customers of our both companies and also of the rest of the Group.

Progress on Mid-term Management Plan in FY2014 1H  
(2) Taking on New Businesses

UNISYS

✓ Various business initiatives started internally and from the side of customers and business partners.  
✓ They have favorably impacted our core businesses.

**Features**

Capabilities of solution technologies for creating businesses together with customers

Capabilities of creating businesses on the basis of the movements of society and technology

Provision of high added-values such as cooperation among different industries

**Taking on New Businesses through the use of our Features**

✓ Our approaches to the issues of future Japanese society: **medical care, nursing care and raising children**

- ✓ Provision of a network system of data aggregation type for coordinating regional medical services
- ✓ Strengthening of the service functions that suit the changes in nursing care services
- ✓ Start of providing the cloud services that will improve the quality of child nursing

✓ Use of ICT for **regional services** that help to enable regional revitalization (such as **livelihood support and sightseeing**)

- ✓ Multi-tenant scheme for sharing electric vehicles (EVs)
- ✓ Study of practical use of a disaster-resistant regional telecommunication network
- ✓ Provision of application software that enables a stamp rally (collecting a series of stamps) at tourist spots

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Next, I would like to explain about our new businesses.

we have created individual business initiatives from various points of view. As was mentioned by Kurokawa, we have been making continuous efforts to create synergies among the initiatives and leverage them for further expansion, with an eye on the future situations in our society and behaviors of consumers of around 2020.

The recent and future challenges for the Japanese society include the issues of medical care, nursing care and raising children.

We have made efforts to promote the 'Smart Platinum Society' governmental program for the first half of this fiscal year.

Our efforts to deal with the issue of medical care include:

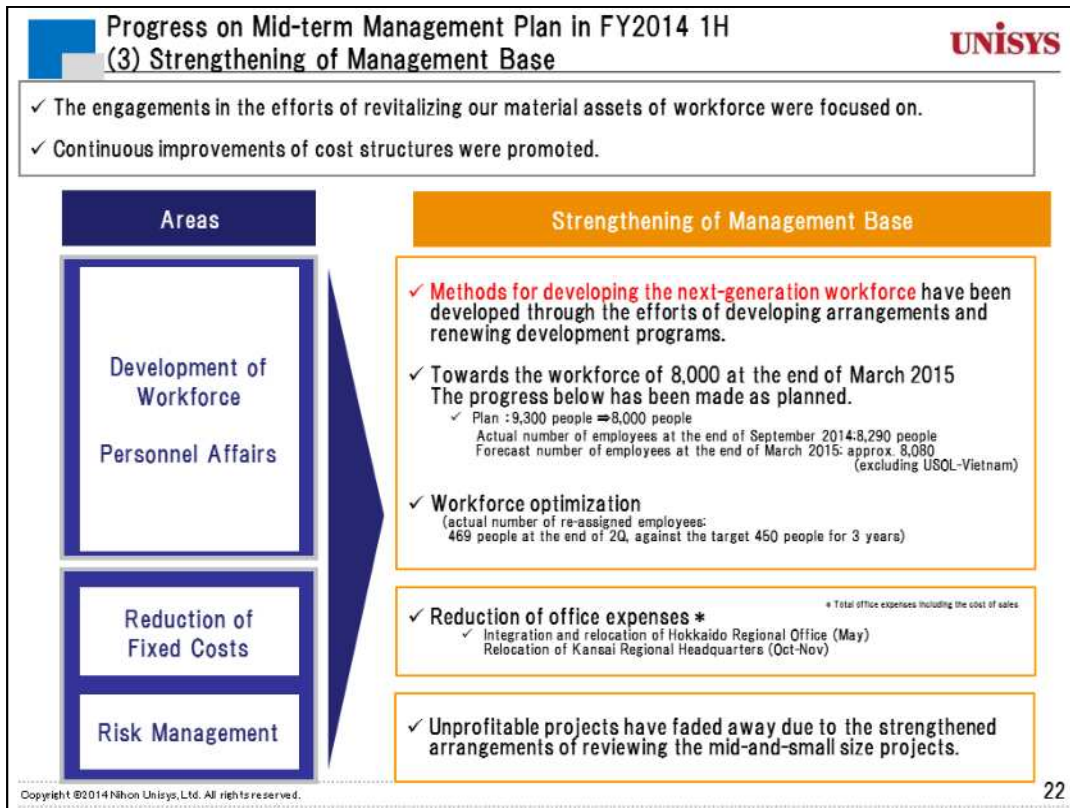
- expansion of the areas for providing a network system of data aggregation type for coordinating regional medical services. This network system will help various types of medical services institutions (hospitals, clinics, dispensing pharmacies, and nursing homes) coordinate their services; and
- strengthening of services that meet changes in nursing care

Our efforts to deal with the issue of raising children include:

- cloud services that enable the parties concerned to share the information about the degree of growth of individual children and the nursery plan that corresponds thereto in order to raise the nursery level

Also, our efforts to deal with the issues of regional livelihood support and vitalization include the promotion of:

- multi-tenant scheme of electric vehicles in order to improve the operation rate; and others



Let me explain about the efforts for strengthening the management base.

As we have made efforts in the areas of development of workforce and personnel affairs, we have been developing or renewing various types of internal arrangements such as a program for developing the next-generation workforce capable of contributing to the business growth at customers.

We have been beginning to have prospects of a 8,000 employee workforce. We are prepared to take into consideration any changes in the career portfolio of workforce development such as the promotion of appointment of women and mid-career recruitment.

We have already re-assigned 450 employees at the end of June this year. The target number of the mid-term management plan was cleared.


We have endeavored to decrease the fixed costs in order to reform the cost structure.

Our focus for this period has been on the relocation of branch offices in order to improve the office environments and reduce office expenses.


Our risk management efforts were focused on the strengthening of arrangements of reviewing projects.

As a result, unprofitable projects that should be posted have not occurred.





## Customer Satisfaction Ranking – Cloud Business




The Nihon Unisys Group ranked 1 st in 4 out of 26 categories  
in the Customer Satisfaction Survey 2014-2015 by Nikkei Computer  
(August 21, 2014 Issue of Nikkei Computer)

**Nihon Unisys**

- ◇ **1<sup>st</sup> Place** Consulting and Upstream Design-related Services (manufacturers)
- ◇ **1<sup>st</sup> Place** System Development-related Services (manufacturers)
- ◇ **1<sup>st</sup> Place** System Operation-related Services (manufacturers)

**UNIADEX**  
(Nihon Unisys Group)

- ◇ **1<sup>st</sup> Place** System Operation-related Services (information service providers)  
(for 3 consecutive years)



Source: Nikkei Computer (August 21, 2014 Issue) Customer Satisfaction Survey 2014-2015

Nikkei Computer (August 16, 2014 Issue)

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Before finishing my briefing on the progress of mid-term management plan, I would like to add this report.

Nihon Unisys Group ranked 1 st in the four categories of the customer satisfaction survey by Nikkei Computer. My sincere gratitude is conveyed to the parties concerned.

UNIADEX was awarded the 1 st prize in the category of system operation-related services, one of the four categories, for the third consecutive year.

We have been making efforts to improve the quality of our numerous daily services as much as possible. We think that the awards recognized our efforts.

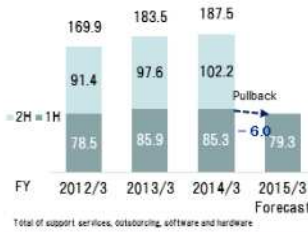
This concludes my explanations. Thank you so much for your kind attention.



# (For Reference) Progress of Key Measures

## Strengthening of ICT Infrastructure Services

Net Sales from ICT Infrastructure Services (Billion Yen)



## Taking on New Businesses

Net Sales from New Businesses (Billion Yen)



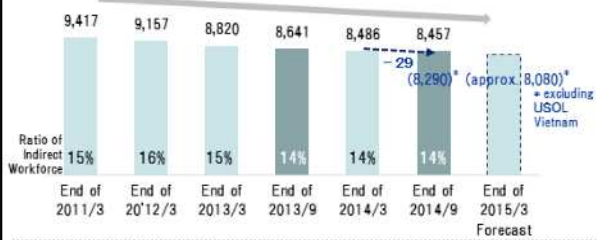
## Cooperation with DNP

Net Sales from the Cooperative Businesses with DNP (Billion Yen)



## [Strengthening of Management Base]

Changes in the Number of Employees on a Consolidated Basis (people)



Total Costs



# U&U

Users & Unisys

## 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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