

Results for the 2nd Quarter
FY March 2016

November 5, 2015
Nihon Unisys, Ltd.

Foresight in sight

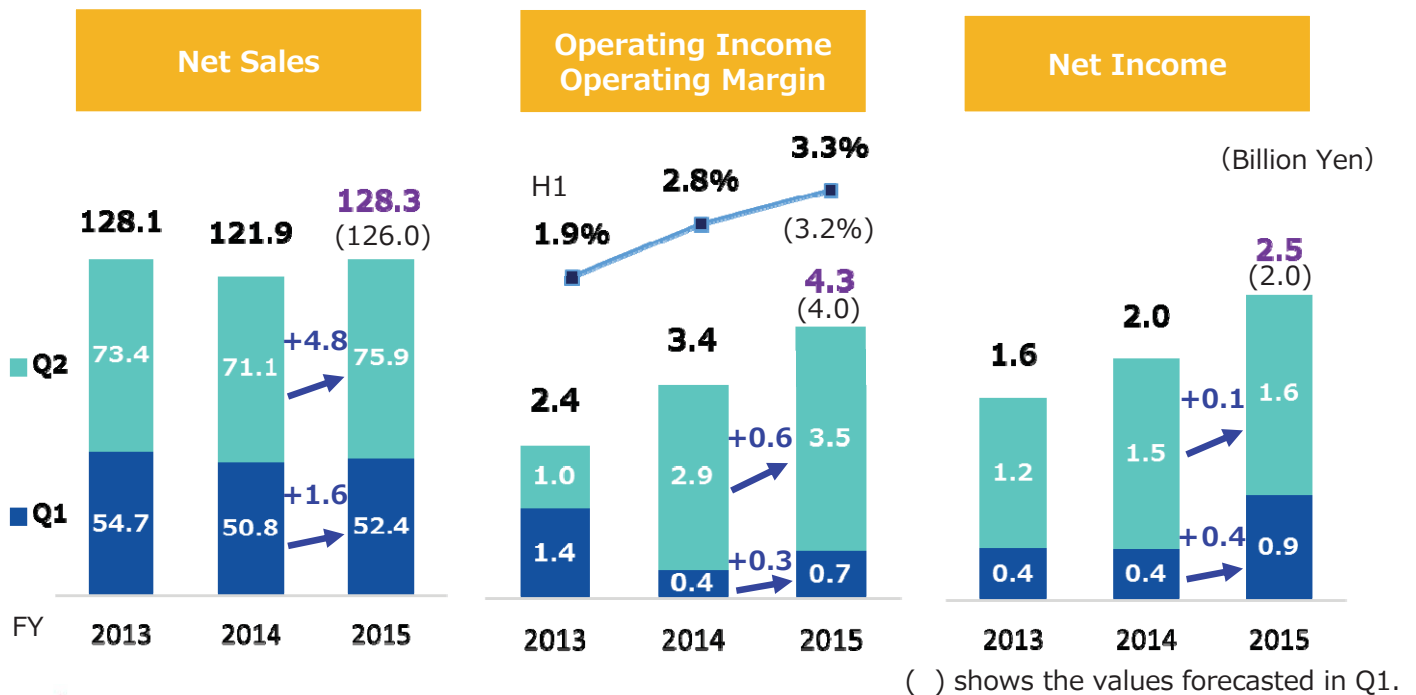
1 General Overview

2 Progress on the Mid-term Management Plan

3 Settlement Summary

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 FY2015 refers to the fiscal year ending March 2016.)

- ✓ Strong product sales boosted net sales, operating income and net income on a year-on-year basis.
- ✓ Net sales, operating income and net income have exceeded the forecast.



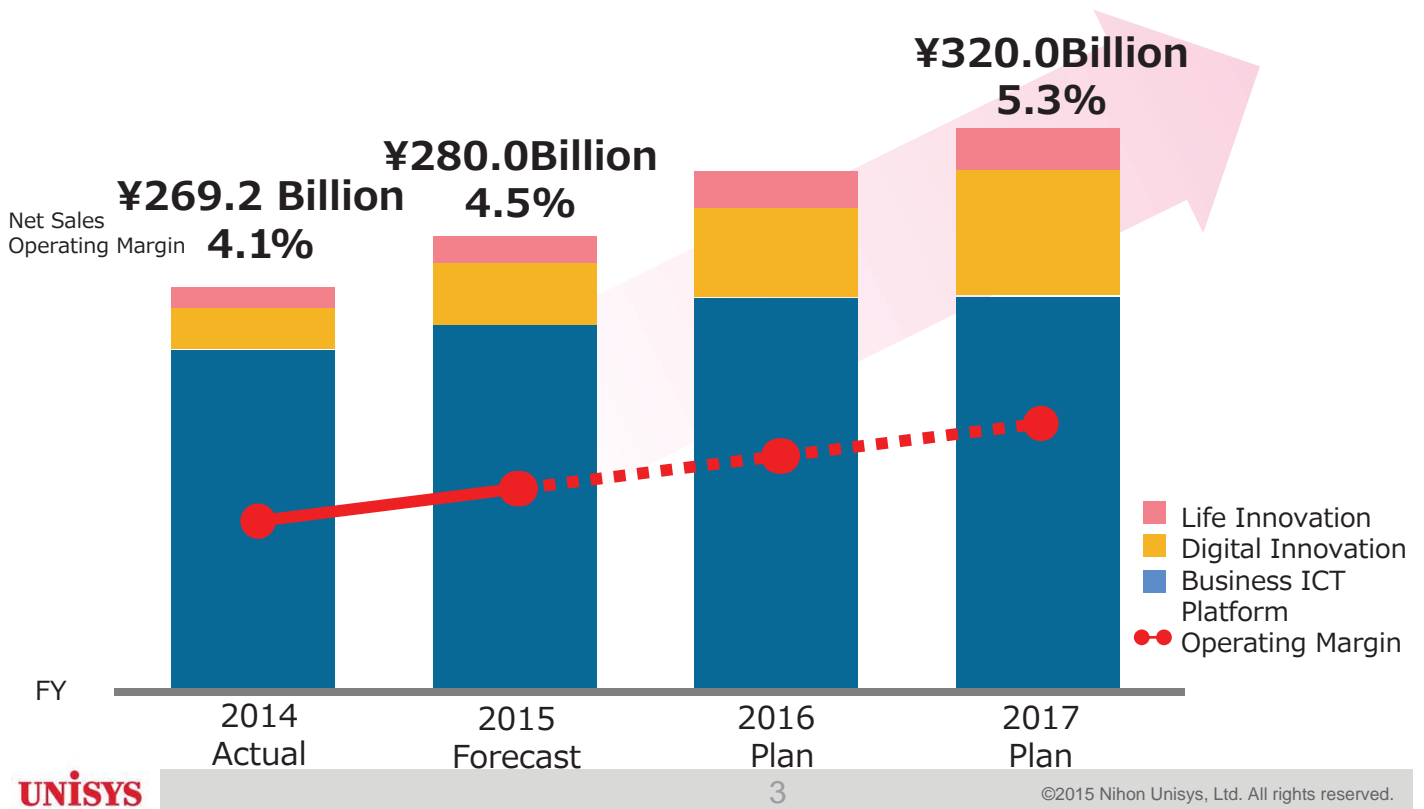
First, I would like to brief you on the performance of the first half of this fiscal year.

Strong product sales increased net sales.

Operating income was boosted due to the increase in net sales and reduced SG&A expenses. As a result, operating margin was steadily improved.

Net sales, operating income and net income exceeded the forecast for the first half. This landing enabled us to make a strong start in the first business year of the new Mid-term Management Plan.

✓A smooth transition was enabled in the first year of Mid-term Management Plan.



We will plan ¥320.0 billion net sales and a 5.3% operating margin for the FY2017 through pursuing and achieving what is referred to as 'reform' and 'challenges' in the new Mid-term Management Plan.

No revisions have been made to the full-year performance forecast for FY 2015.

This fiscal year is the first year of implementing the Mid-term Management Plan. It is an extremely critical year for laying the groundwork that will enable us to achieve the goals and create new businesses.



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Mid-term Management Plan

'Mobilize services based on the interconnected businesses.
Build our future through ICT advances.'

Digital Economy – Innovation
Creation of new sustainable business models
based on societal needs and issues

Digital Innovation
Creation of new value in
the area of Digital Economy

Life Innovation
Creation of services that
help build an affluent society

Business ICT Platform
Furnishing services
that will accelerate businesses

Reform of Corporate Culture/
Strength of Human Resources Capabilities

Investment Strategies

We have launched the new Mid-term Management Plan in the fiscal year under review under the banner of 'Foresight in Sight' on the basis of the results from the previous mid-term management plan.

We aim to foresee new market needs and satisfy those needs through our businesses. The process will enable the Nihon Unisys group to enhance capabilities of generating business.

We have been implementing several measures towards growth pursuant to the strategic policies defined in the two areas where we take on challenges and one area of reform as stipulated in the new Plan.

The strategic policies are based on new measures of reforming corporate culture and personnel capabilities as well as investment strategies. We have implemented the new measures in order to enable growth for the next three years.

Strategic Policies Defined in the Plan

Summaries of our H1 Efforts

Challenge 1 Digital Innovation

✓ **Release of trailblazing service businesses in the areas of settlement and marketing**

- <Examples>
- Release of settlement services
 - Provision of evolutionary form of CLO marketing services enabled in conjunction with settlement

Challenge 2 Life Innovation

✓ **Enhancement of medical/childcare services from the viewpoint of citizens**

- <Examples>
- Release of 'ChiReaff Space®' a childcare support service
 - Deployment of a model for coordinating medical information

Reform Business ICT Platform

✓ **Release of PaaS platform that furnishes digital/life innovation services**

- <Example>
- Release of IoT/Big Data services platform

I would like to introduce the efforts that we have made in the subject areas in the past six months since the launch of the Mid-term Management Plan.

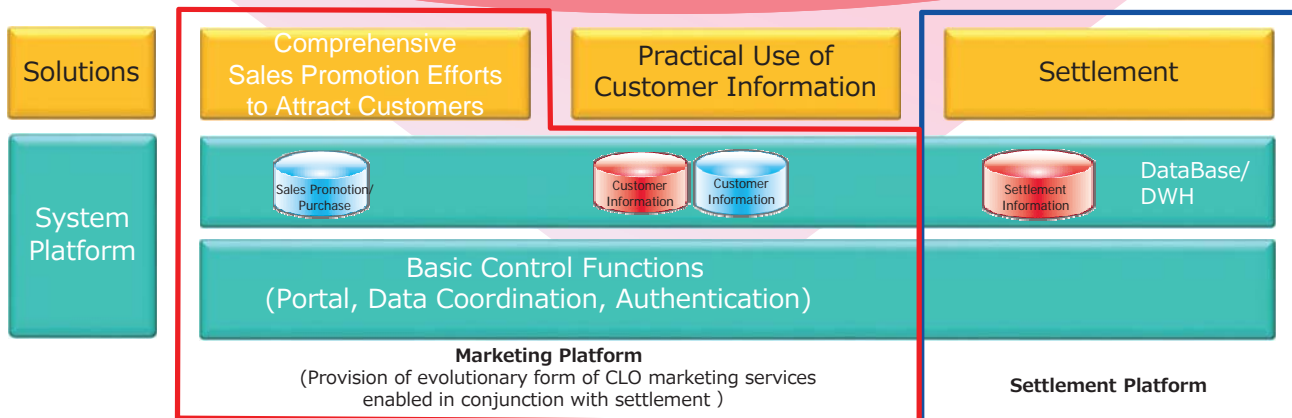
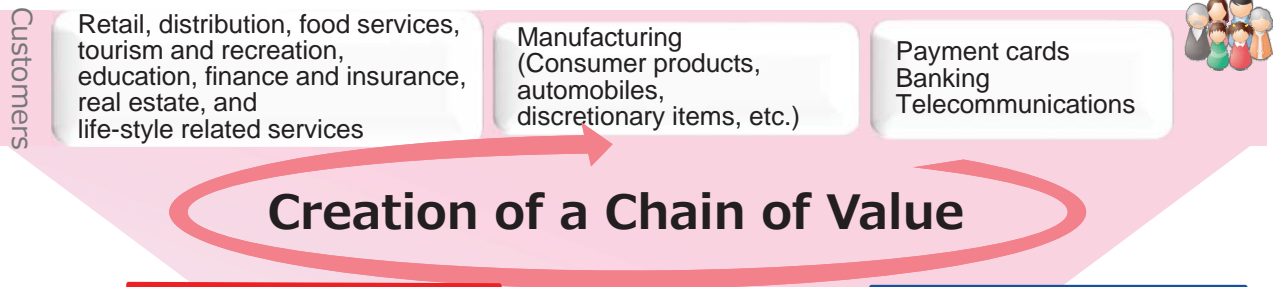
With respect to the area of digital innovation, we have been providing new services such as in the 'Charge Point' business through international credit card brands in the area of settlement and the 'Evolutionary Form of CLO service' in the area of marketing.

In the area of life innovation, we have launched 'ChiReaff Space®' service and started to re-use through customization a model of medical data coordination in response to current societal issues such as parental care and nursing.

We have been promoting efforts to accelerate the deployment of platforms that furnish digital/life innovation services, in addition to those in the traditional areas of customers' industries in the area of business ICT platforms.

Digital Innovation

Provision of new services based on the coordination among sales promotion schemes for enticing customers, settlement platform and customer information management schemes



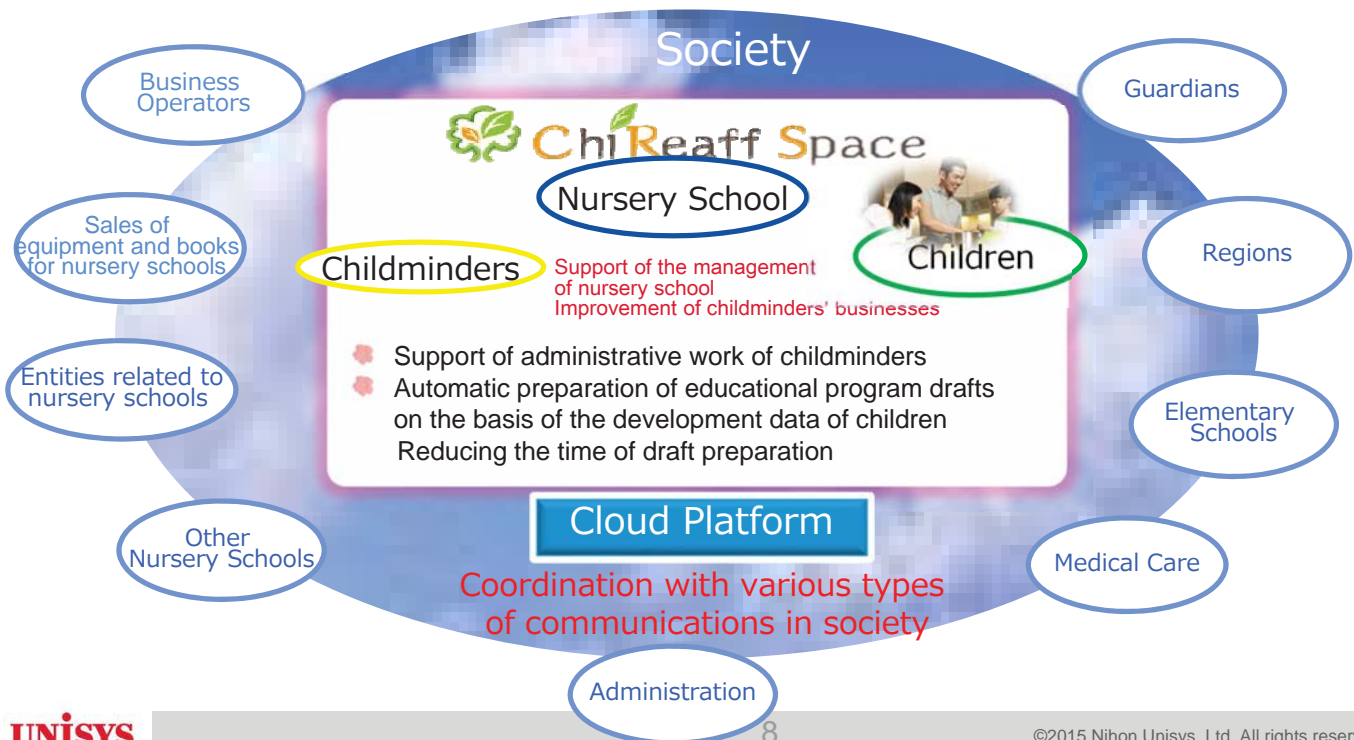
I would like to brief you on examples of our efforts.

In the area of digital innovation, we have been promoting with DNP efforts of marketing in conjunction with settlement. The marketing scheme organically connects sales promotion schemes to attract and guide consumers to shops; settlement platforms at shops; and customer management by back offices.

In the areas of settlement and marketing, we will analyze combinations of the citizens' information and settlement data. The analyses will enable us to improve our efforts of providing appropriate and timely contents to service providers by appropriate methods. Accordingly, service providing companies will be capable of efficient sales promotion and customer enticement. Consumers will be better served through improved service usability.

Life Innovation

Cloud service that supports an 'improvement of childcare quality' and childcare business (information)



Next, I would like to explain our approaches in the area of life innovation.

We have continued to make efforts in childrearing and regional medicine, two societal issues in Japan, since we launched the previous mid-term management plan.

The childrearing industry is about to experience significant changes due to an accelerated participation by private entities in the childrearing business since the implementation of 'Comprehensive Support System for Children and Child-rearing' this April. The intention of the plan is to help children on the waiting list for vacancy at nursery schools.

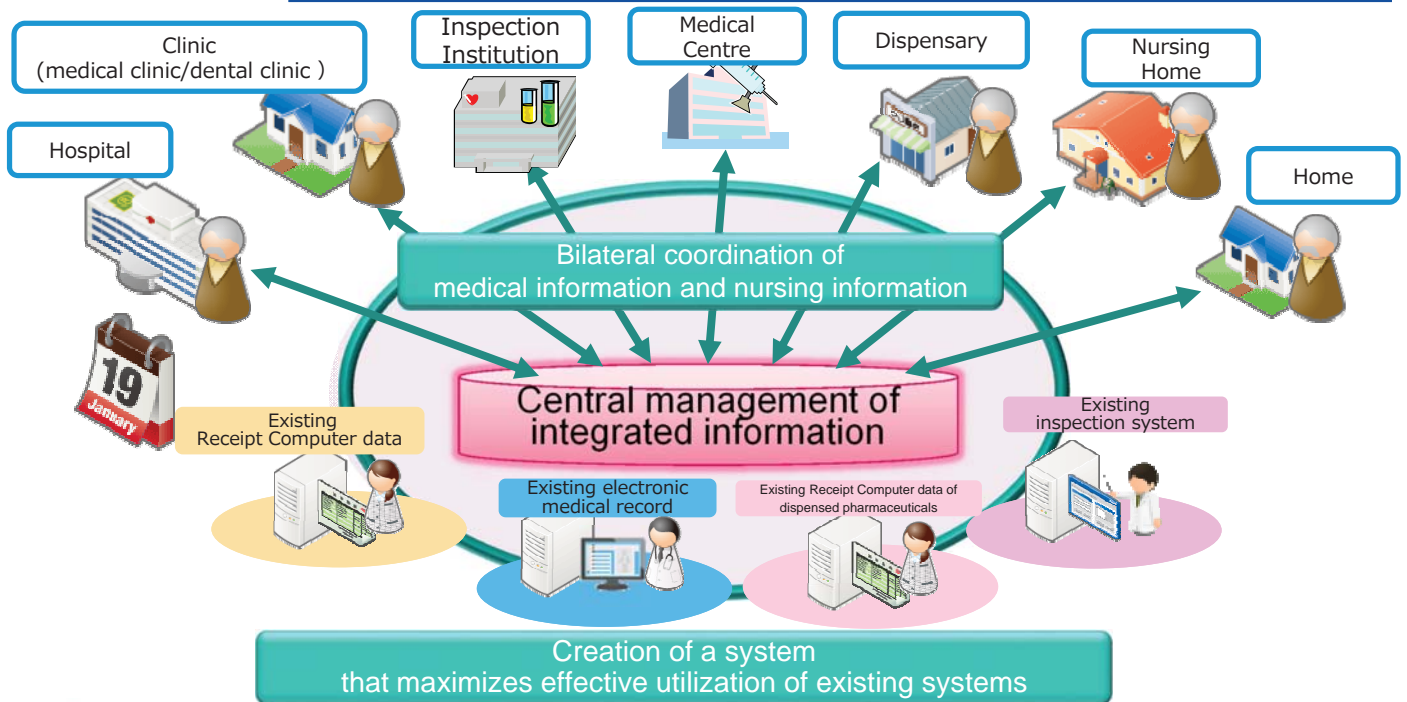
Accordingly, it has become necessary to satisfy a demand for childminders who actually work at nursery schools and to create environments capable of reassuring parents.

Our 'ChiReaff Space®' aims to improve the quality of childrearing through: supporting the daily business activities of childminders; and enabling the parties concerned to share educational programs that are suited to individual children's development.

Life Innovation

Regional network of coordinating medical information that enables the professionals concerned to share and use patients' information over the boundaries of industry

Bilateral system that enables all the participating institutions to provide and browse the information



Next, I would like to explain another example of our life innovation business.

We face an issue of a shortage of doctors which is conspicuous in regional areas, due to diversified demands for medical services in the further aging society of Japan.

We will start to improve regional medical coordination through the use of 'Sado Himawari Net' that now serves Sado Island as planned in the previous mid-term management plan.

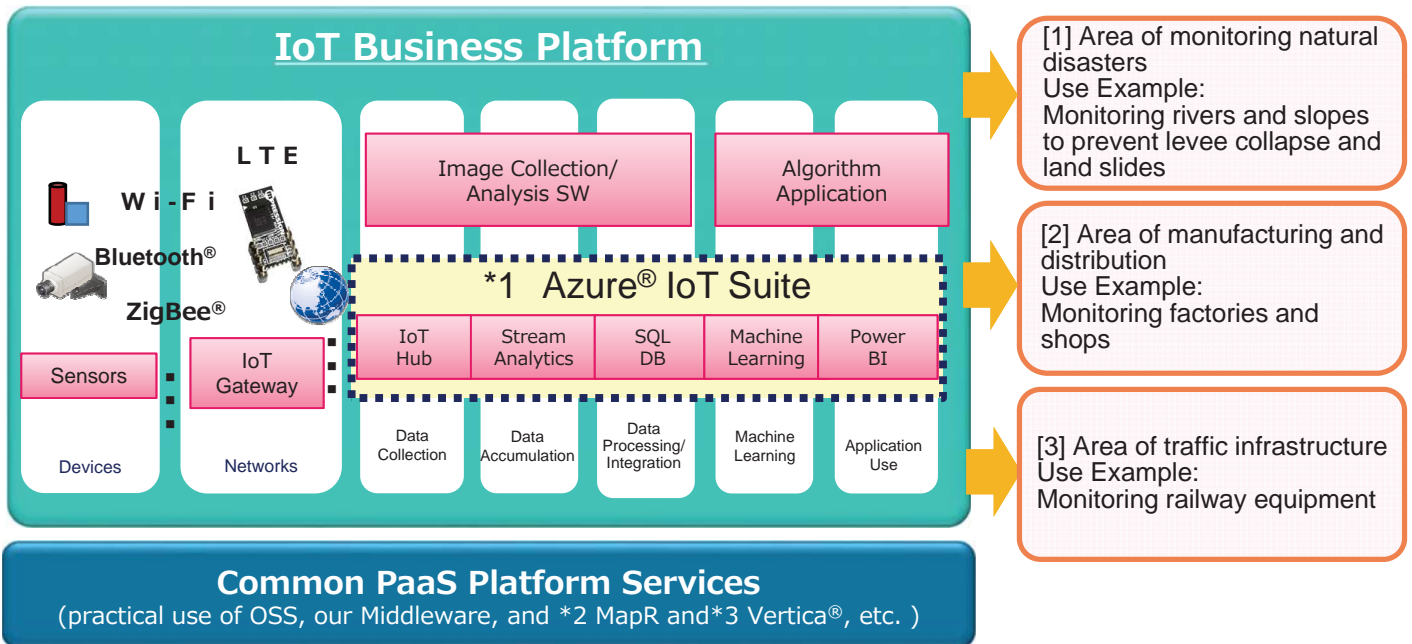
We will start to develop regional medical coordination through the use of 'Sado Himawari Net' that now serves Sado Island as planned in the previous mid-term management plan.

We will aim to maintain and improve the regional medical care level and continuously provide medical/nursing infrastructures that reassure inhabitants primarily from their viewpoint. This will be enabled through coordination among medical institutions and nursing institutions as well as securely integrated management of the medical data of inhabitants.

Business ICT Platform

Start to develop 'IoT business platform services'

One-stop provision of devices such as sensors and services of: collecting and distributing data; and processing and analyzing data



*1 Azure IoT Suite services are provided by Microsoft Corporation.
*2 MapR software is provided by MapR Technologies, Inc.
*3 Vertica software is provided by Hewlett-Packard Japan, Ltd.




With respect to Business ICT Platforms, I would like to indicate IoT. All things including the traditional information devices are the subject for IoT as you know. They have been connected to the Internet at an accelerated pace. The IoT technologies are used in such areas as medical care, energy management, and disaster monitoring. They are indispensable in order to create further affluent lives for people.

Needless to say, a broad range of knowledge and expertise is needed in order to create IoT in various environments where various types of devices reside. Keenly aware of the time and cost incurred during the creation process, we will start to develop IoT business platform services through the use of technologies and expertise about sensors and networks in order to respond to the needs of customers quickly. We plan to actually provide the services in the next fiscal year.

This is only a part of our efforts. We will continue efforts to enable quick service provision.

Investment Strategies

Investment in the areas of growth in order to expand businesses of the next generation

Areas of Investment	Status of Investment	Key Investment Projects
Investment in technologies and solutions		<ul style="list-style-type: none"> ✓ Enhancement of services in the settlement and marketing areas ✓ Provision of 'ChiReaff Space®' a childrearing support ✓ POC for regional communication networks for the occasions of disaster ✓ POC for regional revitalization/ projects through the use of open data based on the cooperation with local public entities and regional financial institutions ✓ Creation of common PaaS for data integration and analysis ✓ Creation of IoT business platform services
Capital investment		<ul style="list-style-type: none"> ✓ Expansion of individual outsourcing businesses ✓ Strengthening of cloud-type service equipment
Business investment		<ul style="list-style-type: none"> ✓ Investment in digital businesses

I would like to explain our investment strategies.

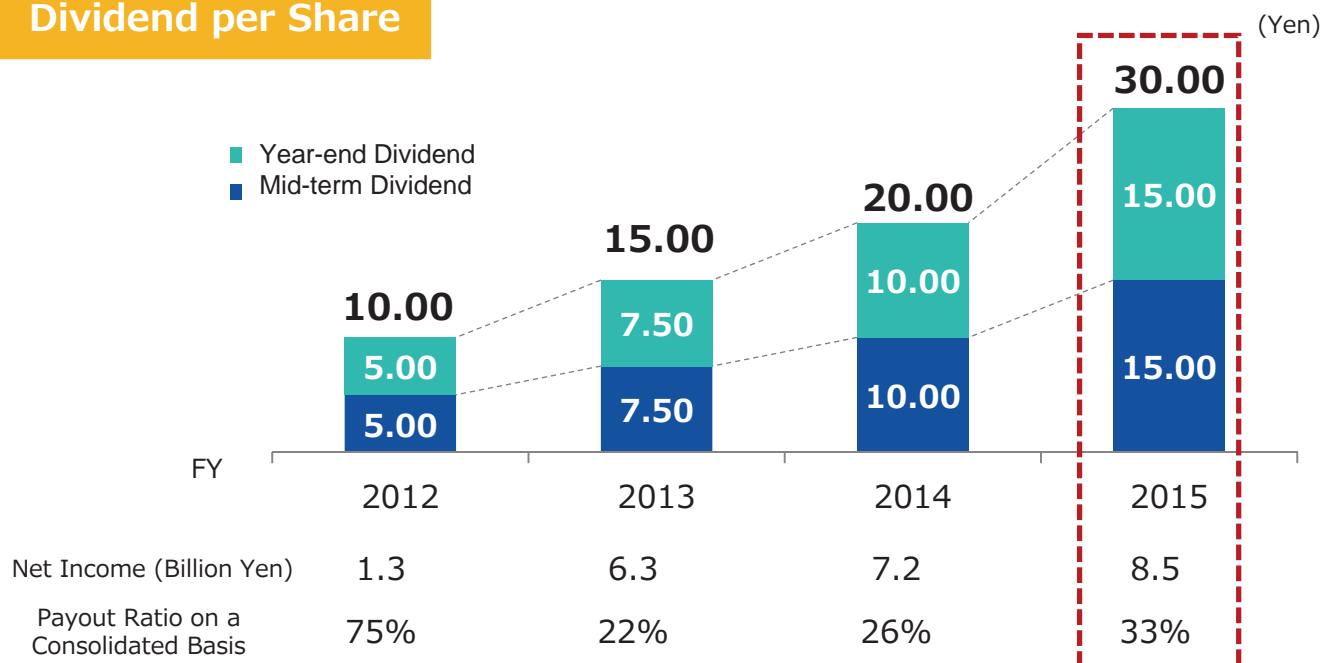
We will build income bases through an increase in prior investments in services businesses. We will also increase capital investments in order to create platforms of service businesses.

Our investments in technologies and solutions include those that we challenge ourselves to make in order to create: settlement solutions; marketing solutions; and childrearing solutions. Investments in proofs of concept (POCs) of services in cooperation with regions are also included. We have made and will continue to make capital investments in order to expand individual outsourcing services and strengthen cloud-type services equipment.

Furthermore, we have focused our business investments on digital businesses in order to launch new initiatives with an eye toward the next generation and also respond to various types of business forms.

✓The dividend forecasted on May 8, 2015 has not been revised.
 ✓FY2015 : planned annual dividends of ¥30/share
 (up by ¥10/share) (33% payout ratio)

Dividend per Share

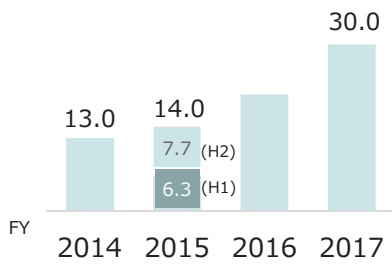


I would like to brief you on the returns to shareholders.

In the new Mid-term Management Plan, we have announced an increase in shareholder returns with the target payout ratio set at 30%. Pursuant to this principle, we have not revised the FY2015 dividend forecast that was announced on May 8, 2015. We plan a ¥30/share annual dividend (up by ¥10/share) or a 33% payout ratio on the assumption of achieving a ¥8.5 billion net income as guided.

Net Sales of Digital Innovation

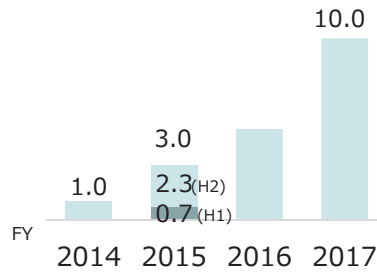
Net Sales (Billion Yen)



*FY2015H2 through to FY2017 have been forecasted

Net Sales of Life Innovation

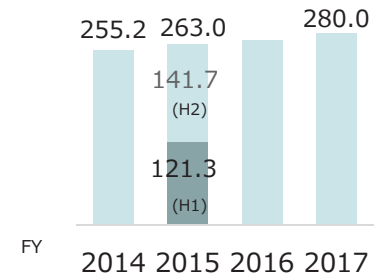
Net Sales (Billion Yen)



*FY2015H2 through to FY2017 have been forecasted

Net Sales of Business ICT Platform

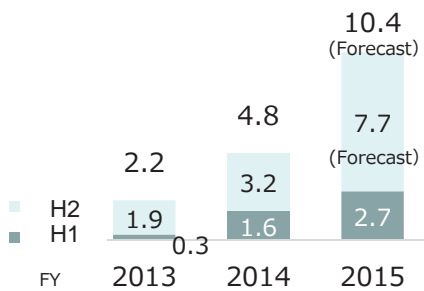
Net Sales (Billion Yen)



*FY2015H2 through to FY2017 have been forecasted

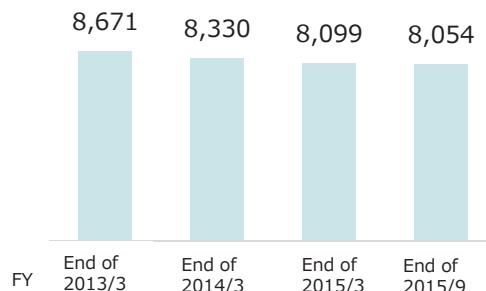
Net Sales of the Businesses in Cooperation with DNP

Net Sales (Billion Yen)



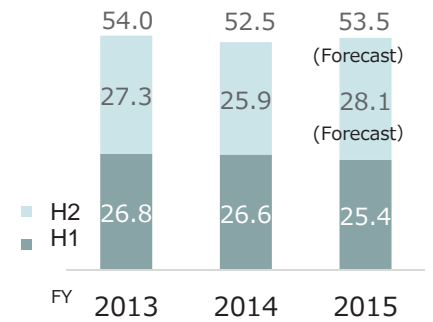
Strengthened Management Base

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



*The number of employees on a consolidated basis excluding USOL Vietnam

SG&A Costs (Billion Yen)



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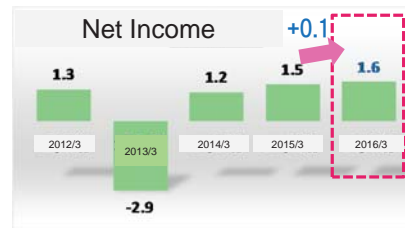
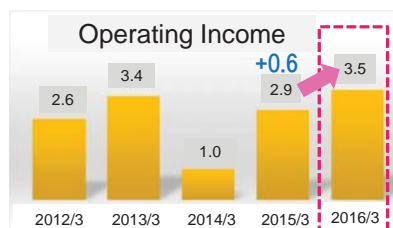
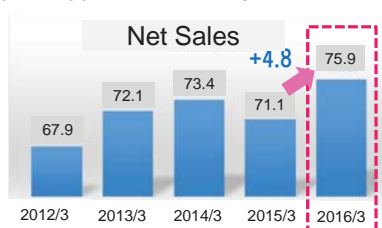
An increase in net sales due to strong product sales and system services boosted operating income and net income both. (Unit: Billion Yen)

	H1 (Apr-Sep)		Changes	
	FYMar2016	FYMar2015		
Net Sales	128.3	1,219	+6.4	+5.3%
Gross Profit	29.7	30.0	-0.3	-1.1%
SG&A Costs	-25.4	-26.6	+1.3	+4.7%
Operating Income	4.3	3.4	+0.9	+27.6%
Net Income Attributable to Owners of parent	2.5	2.0	+0.5	+27.2%
Orders	132.5	117.3	+15.3	+13.0%
Order Backlogs	214.4	211.3	+3.2	+1.5%

<Key Points of H1 Results>

- Net Sales**
 Net sales were boosted by an increase in product sales and the sales of system services.
- Operating Income**
 Operating income increased due to reduced personnel costs and other SG&A costs.
- Profit Attributable to Owners of Parent**
 Profit attributable to owners of parent increased as a result of an increase in operating income.
- Orders and Order Backlogs**
 Orders in the strong businesses such as of finance and utilities & services increased. Order backlogs grew as a result of an increase in the order volume of outsourcing business.

[Reference]
Q2 (Jul-Sep) Discrete Changes for 5 Years (Unit: Billion Yen)



Net sales were ¥128.3 billion up by ¥6.4 billion compared with the same period of the previous fiscal year; operating income were ¥4.3 billion up by ¥0.9 billion; and net income was ¥2.5 billion, up by ¥0.5 billion.

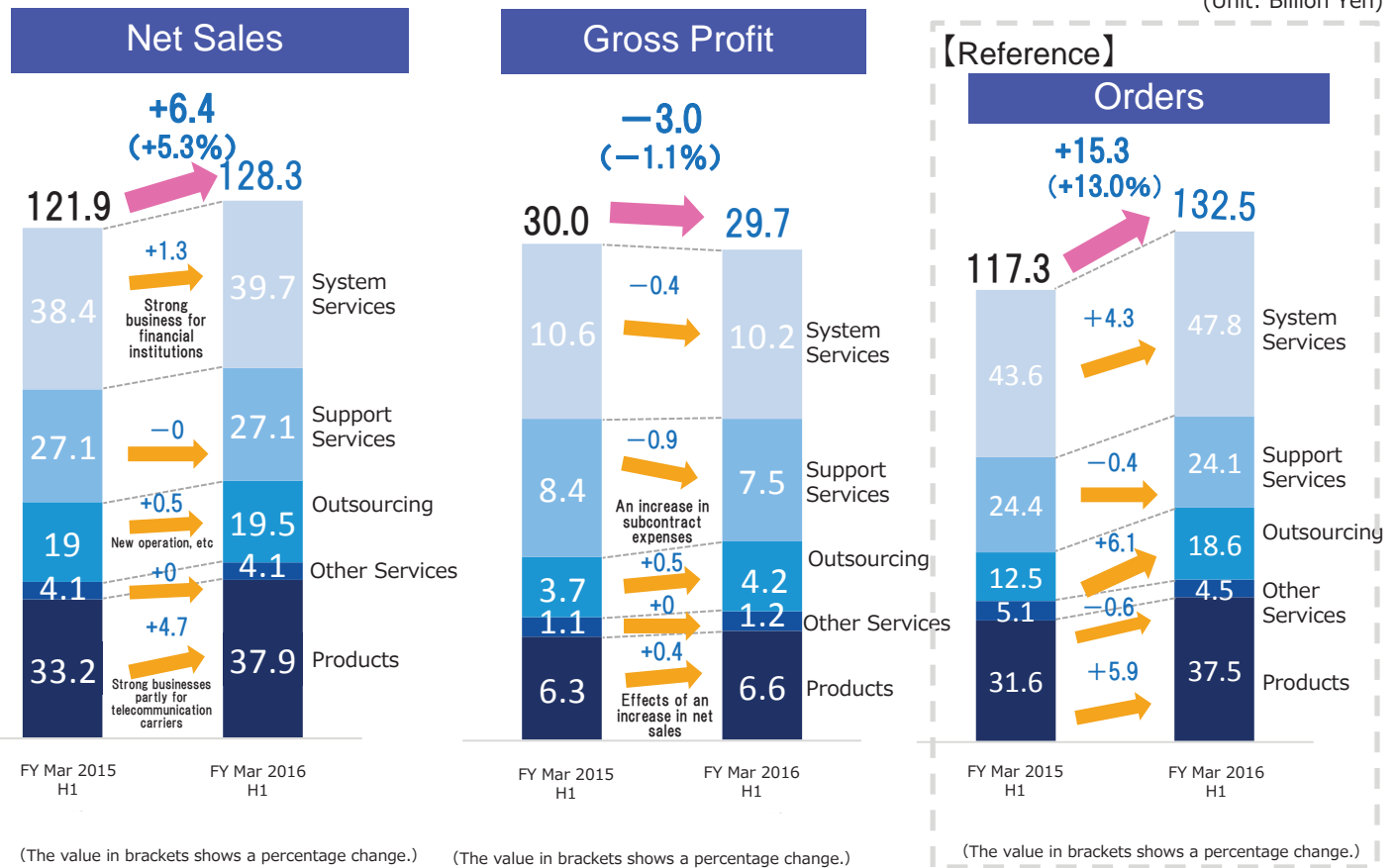
Net sales were boosted mainly by product sales and system services. Furthermore, SG&A costs including personnel costs were reduced. Thus, net sales, operating income, and net income increased on a year-on-year basis, and exceeded the forecast values announced on May 8, 2015.

Orders were ¥132.5 billion, up by ¥15.3 billion compared with the previous period. The financial and utilities & services areas have been invigorated through proposal activities. They are favorably positioned in order to have more orders. Order backlogs were ¥214.4 billion, up by ¥3.2 billion compared with the previous period, due to an increase in the orders of outsourcing business.

The sales/income charts at the bottom indicate the Q2 3-month changes for 5 years. Net sales, operating income and net income increased in Q2 of the fiscal year under review from the same period of the previous fiscal year.

With regard to an unprofitable project of large scale that required provisions in the previous period, no provisions were required in this period. We have finished our deliveries as planned.

(Unit: Billion Yen)



I would like to explain net sales and gross profit by segment.

System Services continued to be strong mainly due to system development services for financial institutions, and thus the net sales increased. However, the gross profit was negatively impacted partly due to the development costs that were recognized in Q1.

The net sales of support services were on a par with the corresponding period of the previous fiscal year. However, the gross profit decreased due to profitability pressured downward by an increase in subcontract expenses.

S-BITS, a core-banking system for regional banks, started to serve Hokkoku Bank in January, 2015. Furthermore, small and medium sized projects increased in outsourcing business.

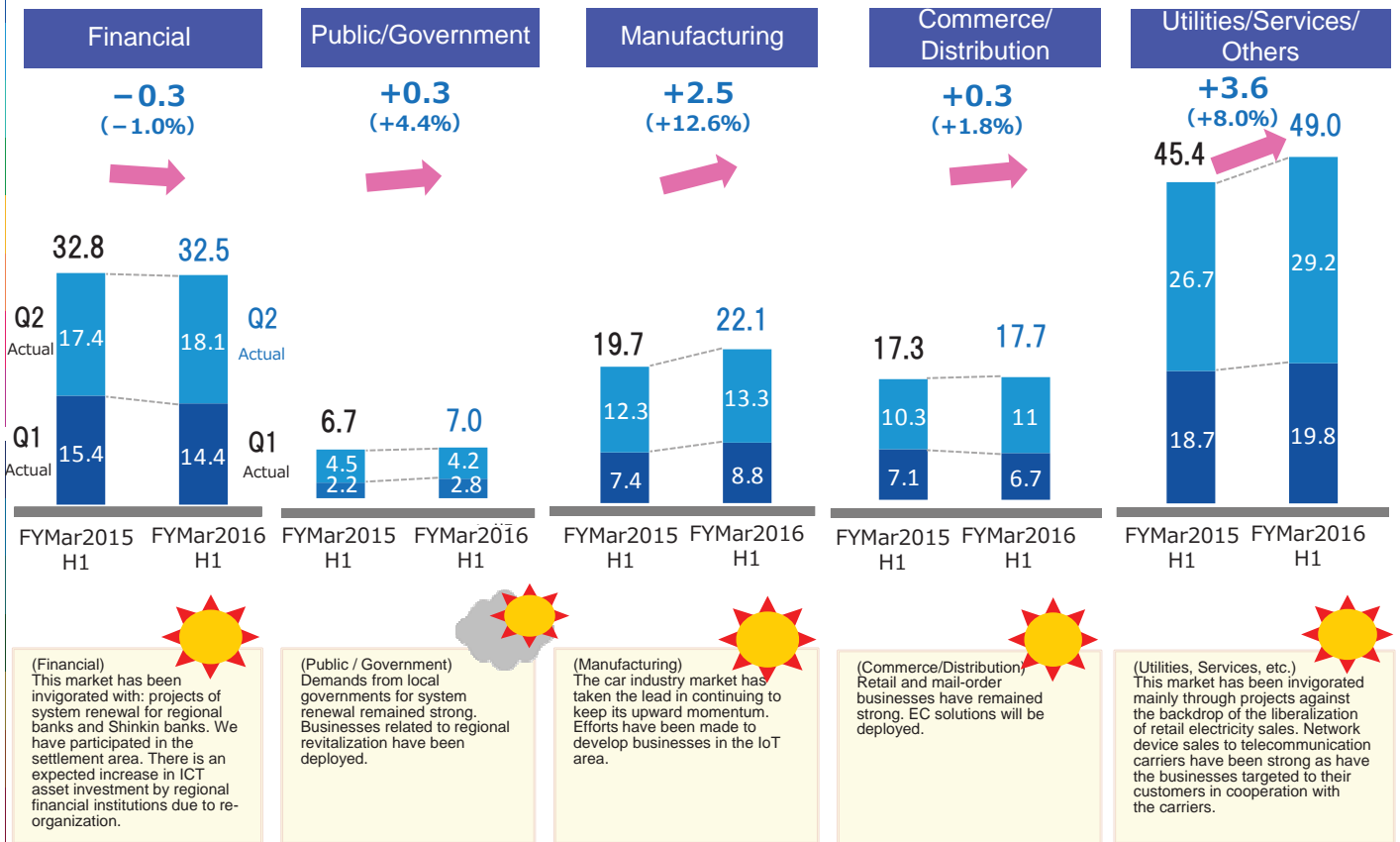
Thus, net income and gross profit continuously increased both for the outsourcing business.

The net sales of product sales were significantly boosted by a ¥2.1 billion yr/yr increase in software sales and a ¥2.6 billion yr/yr increase in hardware sales. Thus, the gross profit also increased.

Net Sales by Market for FY March 2016 H1

Foresight in sight

(Unit : Billion Yen)



UNISYS

I would like to brief you on net sales by market.

The business for car industry has stayed on a recovery path, and it boosted the net sales of the manufacturing business.

The net sales of utilities and services business were also increased, due to: projects against the backdrop of the liberalization of retail electricity sales; and sales of network devices to telecommunications carriers.

The financial business suffered a decrease in net sales. However, attributable to stimulations created by projects of renewing systems for regional banks and Shinkin banks, this market business have continued to be favorably poised to win bids.

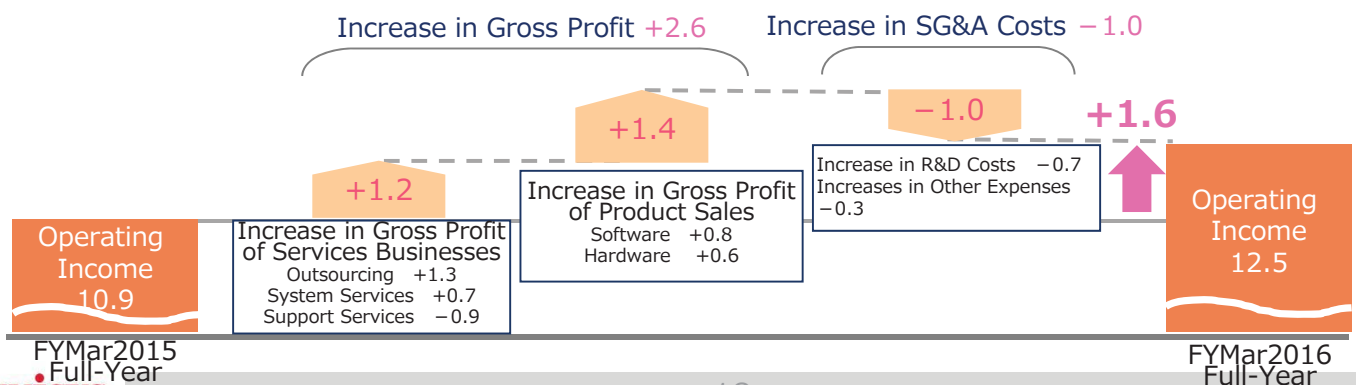
The full-year performance forecasts announced on July 31 have not been revised.

(Unit : Billion Yen)

	FYMar2016 H1 Actual		FYMar2016 H2 Forecast		FYMar2016 Full-Year Forecast		
	Amount	Yr/Yr Changes	Amount	Yr/Yr Changes	Amount	Yr/Yr Changes	
Net Sales	128.3	+6.4	151.7	+4.4	280.0	+10.8	+4.0%
Operating Income	4.3	+0.9	8.2	+0.6	12.5	+1.6	+14.4%
Profit Attributable to Owners of Parent	2.5	+0.5	6.0	+0.7	8.5	+1.3	+17.3%

[FYMarch2016 Full-Year Changes in Operating Income]

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



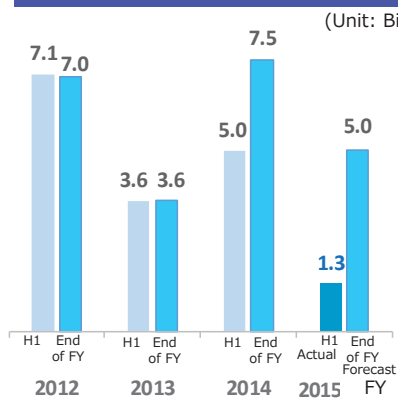
I would like to brief you on the business prospect.

The full-year forecasts of net sales, operating income and net income announced on July 31 have not been revised.

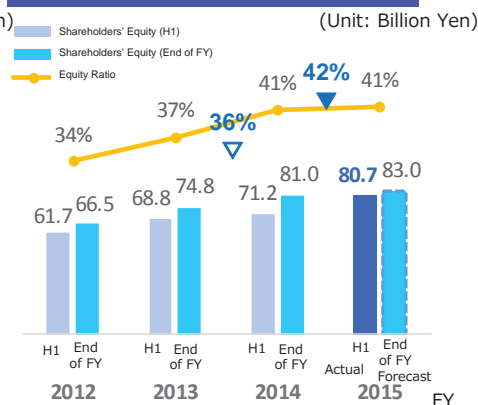
The first half results have finished slightly above the forecast. System services and outsourcing services are expected to be strong. Nevertheless, as a result of considering a ¥1.0 billion risk of unprofitable projects in the second half, the full-year forecast of July 31 release has not been revised.

- ▼ This FY H1 Actual
- ▽ The Previous FY H1 Actual

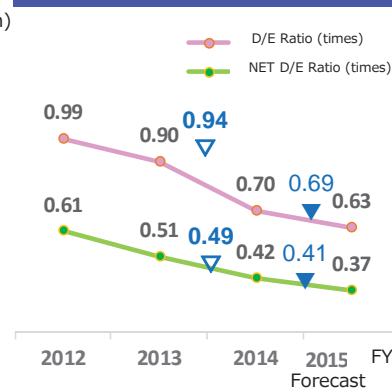
Free Cash Flow



Shareholders' Equity



D/E Ratio



For your reference, our financial strength has continuously been improved during the first half as indicated by: a ¥1.3 billion free cash flow; a 42% equity ratio; and 0.41 times net D/E ratio.

Foresight in sight

UNISYS