

# Results for the Fiscal Year Ended March 2018 / Mid-term Management Plan

May 9, 2018  
Nihon Unisys, Ltd.



## Summary of the Results for FYMar2018

## Mid-term Management Plan

## Performance Forecast for FYMar2019

Outsourcing and product sales boosted sales and earnings as well as operating margin. Profit attributable to owners of parent broke its record for three consecutive years.

(Unit : Billion Yen)

	Full Year (Apr-Mar)		Changes	
	FYMar2018	FYMar2017		
Net Sales	287.0	282.2	+4.7	+1.7%
Gross Profit	68.8	66.7	+2.1	+3.1%
SG&A Costs	-52.5	-52.4	-0.1	-0.1%
Operating Income	16.3	14.3	+2.0	+14.1%
(Operating Margin)	(5.7%)	(5.1%)		(+0.6pt)
Profit attributable to Owners of Parent	11.9	10.3	+1.7	+16.4%
Orders	297.0	281.4	+15.6	+5.5%
Order Backlogs	220.7	210.7	+10.0	+4.7%

## <Key Points>

### ■ Net sales

New outsourcing operations and continued strength of our in-house software products drove net sales.

### ■ Operating income

The improved net sales and profitability (of system services and software products) boosted operating income.

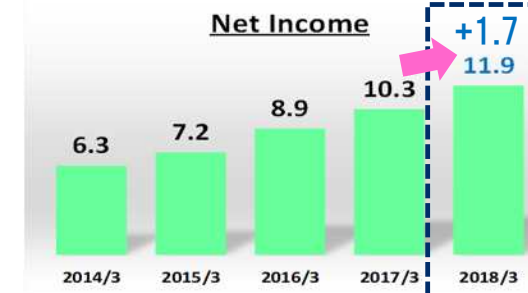
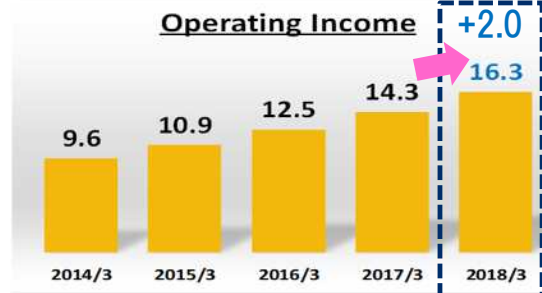
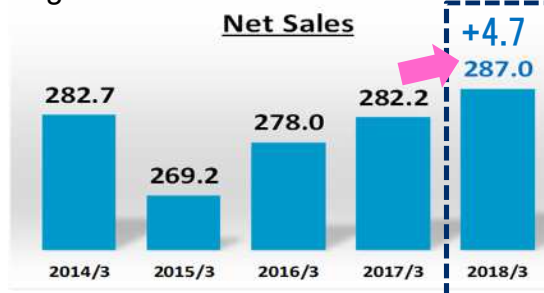
### ■ Profit attributable to owners of parent

A record-breaking profit was a result of the strong operating income.

### ■ Orders and order backlogs

Steady accumulation of outsourcing and system services resulted in an increase in orders and order backlogs, both.

## ■ Changes in the Full-Year Results (Unit : Billion Yen)



# Net Sales and Gross Profit by Segment

Foresight in sight

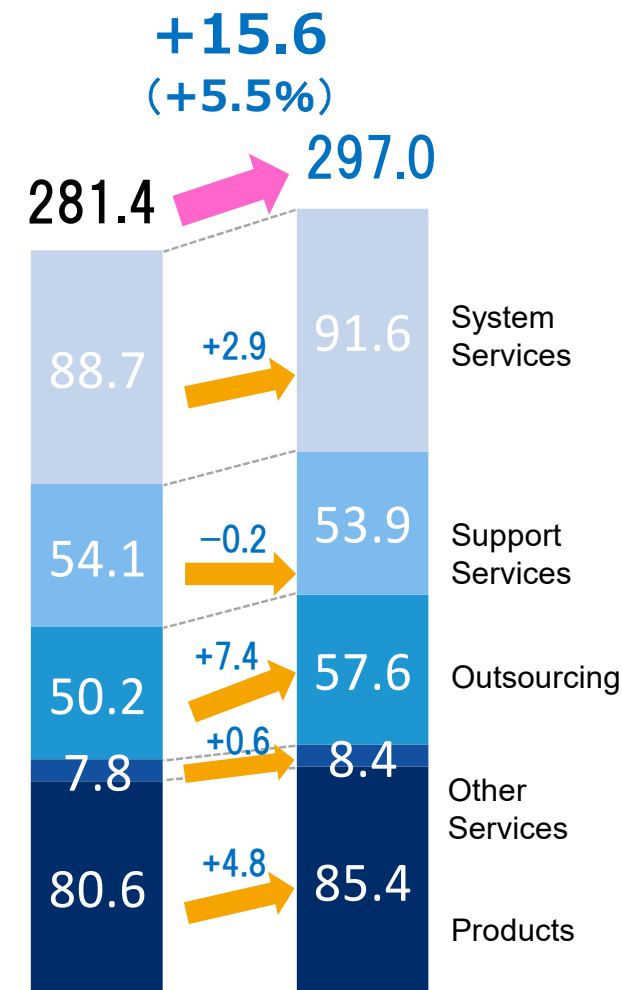
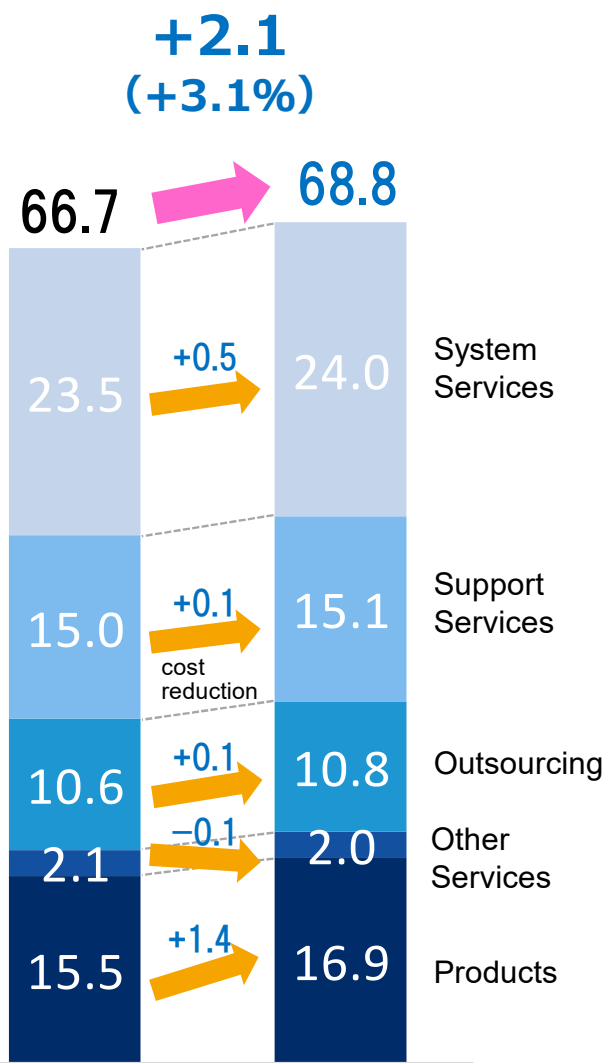
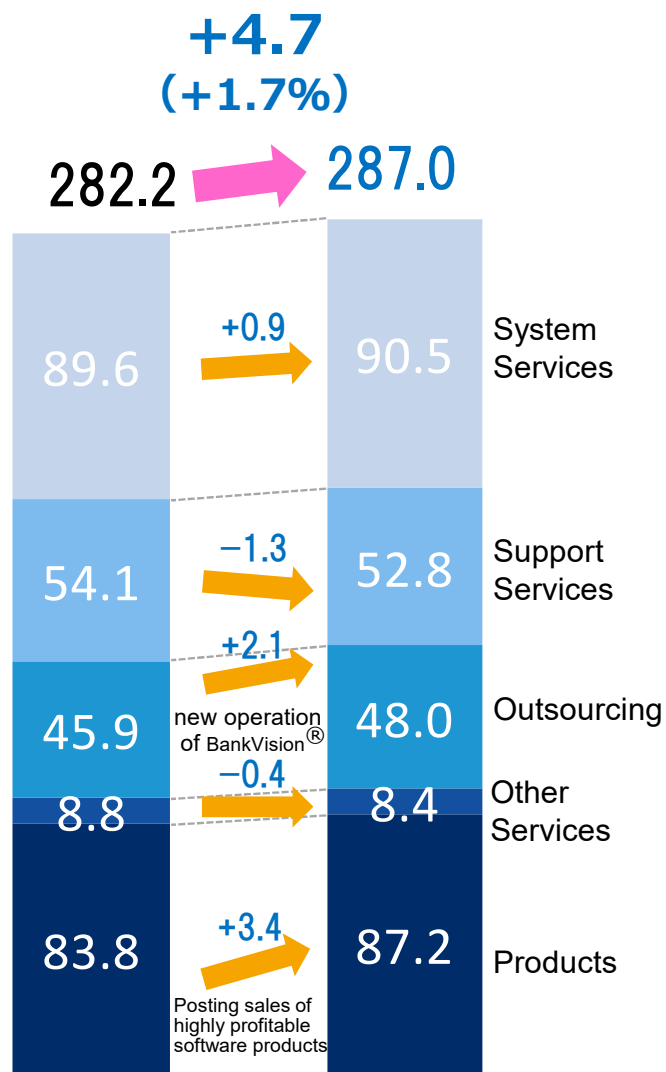
( Unit : Billion Yen )

## Net Sales

## Gross Profit

## 【 Reference 】

## Orders



2017/3

2018/3

2017/3

2018/3

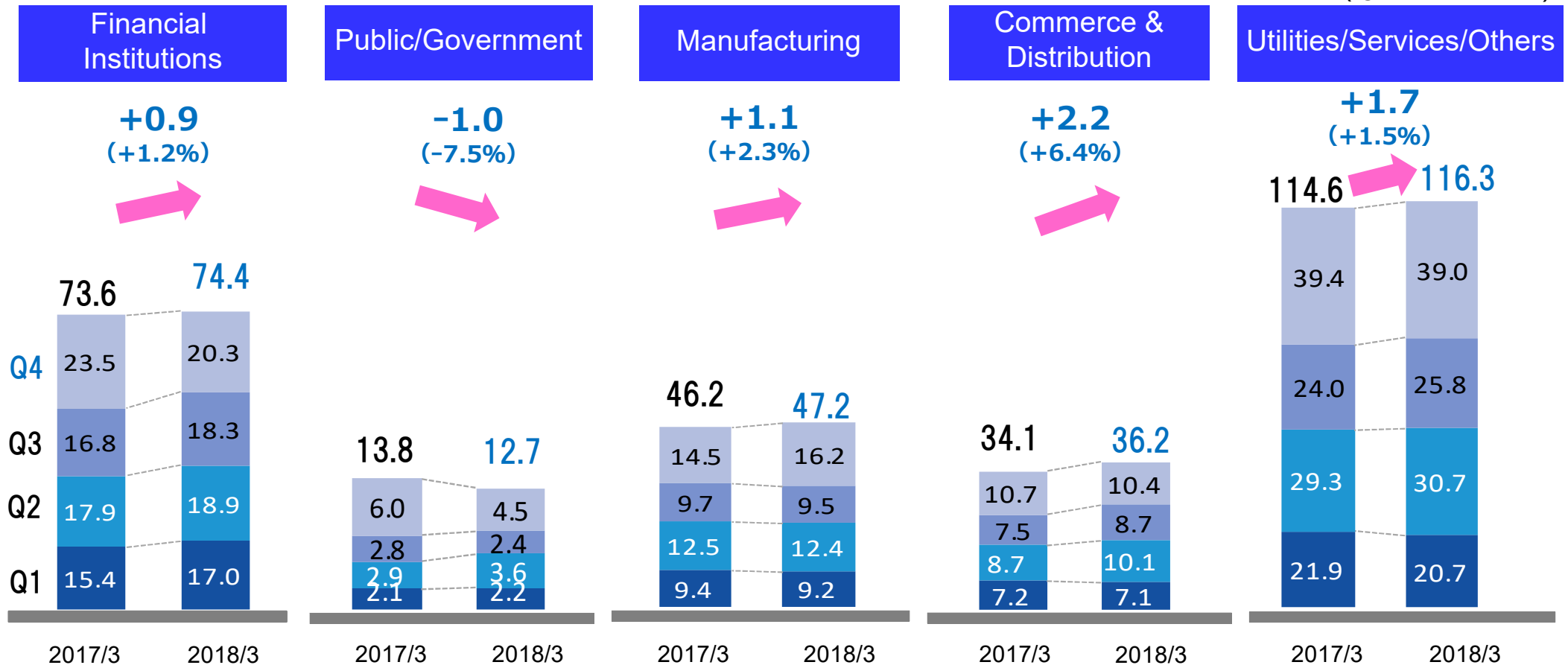
2017/3

2018/3

# Net Sales by Market

Foresight in sight

( Unit : Billion Yen )



## Market Overview

**(Financial Institutions)**  
Sales activities for front-office solutions capable of reforming branch offices were actively promoted. Efforts are being made to increase businesses related to Fintech exemplified by open API platforms.

**(Public/Government)**  
Examining risk factors was prioritized in selecting bidding projects. Focus has been made on regional revitalization businesses targeted at local governments.

**(Manufacturing)**  
Strong demands mainly from car industry continued. Activities to sell IoT platform services have been intensified.

**(Commerce & Distribution)**  
Steady sales of implementation-type solutions targeted at retail/EC businesses continued. One aim is a practical use of AI + shop-guide/inventory-management robots for retailers.

**(Utilities/Services/Others)**  
Our Sharing Platform scheme has been further accepted. Energy management systems and inbound tourism businesses have been promoted.

Summary of the Results for FYMar2018

Mid-term Management Plan

Performance Forecast for FYMar2019



# Mid-term Management Plan

## Foresight in sight 2020



**UNISYS**

# Mid-term Management Plan (2018-2020)

## Foresight in sight 2020

The Nihon Unisys Group has made efforts to improve its brand under the corporate mission statement 'Foresight in sight®' since 2015. "Foresight" consists of foreseeing and understanding industry changes, customer needs, and future social issues in advance, and "in sight" has the double meaning of being able to see and understand things combined with the meaning of "insight."



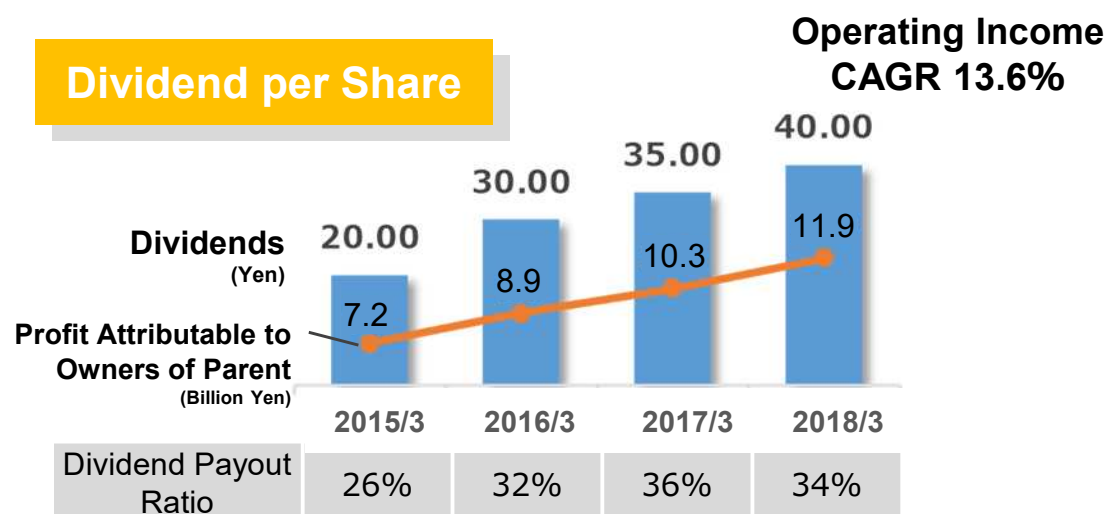
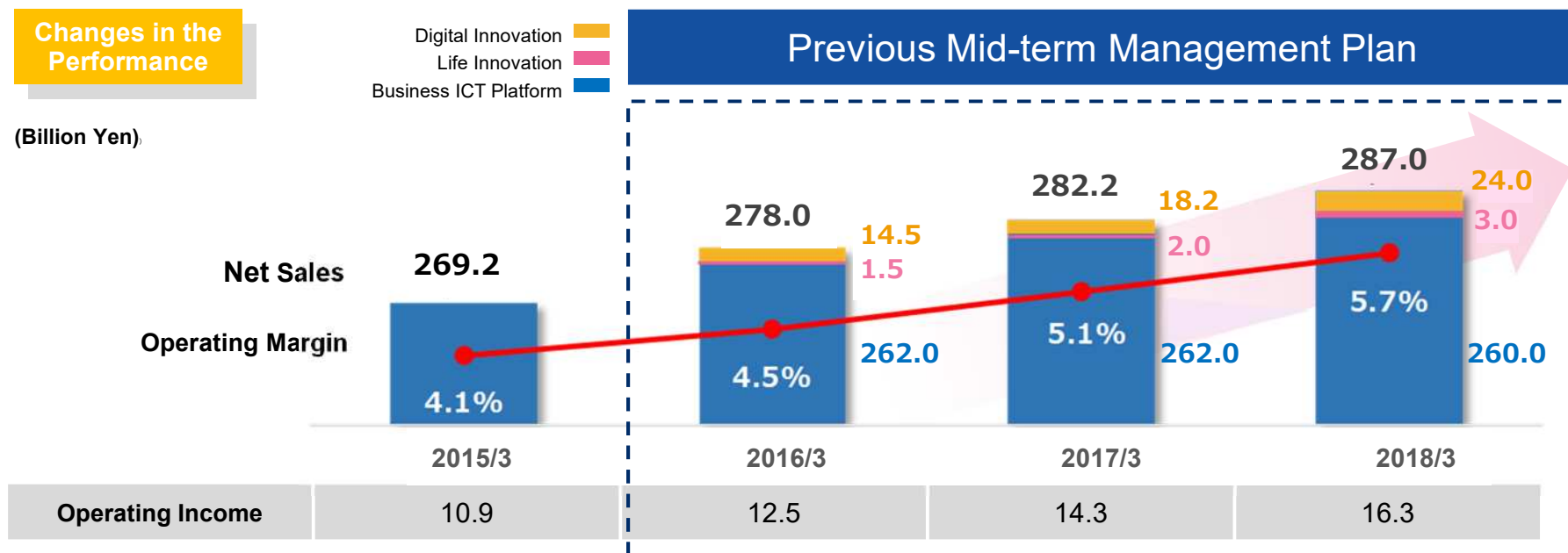
**1** Review of the Previous Mid-term Management Plan

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

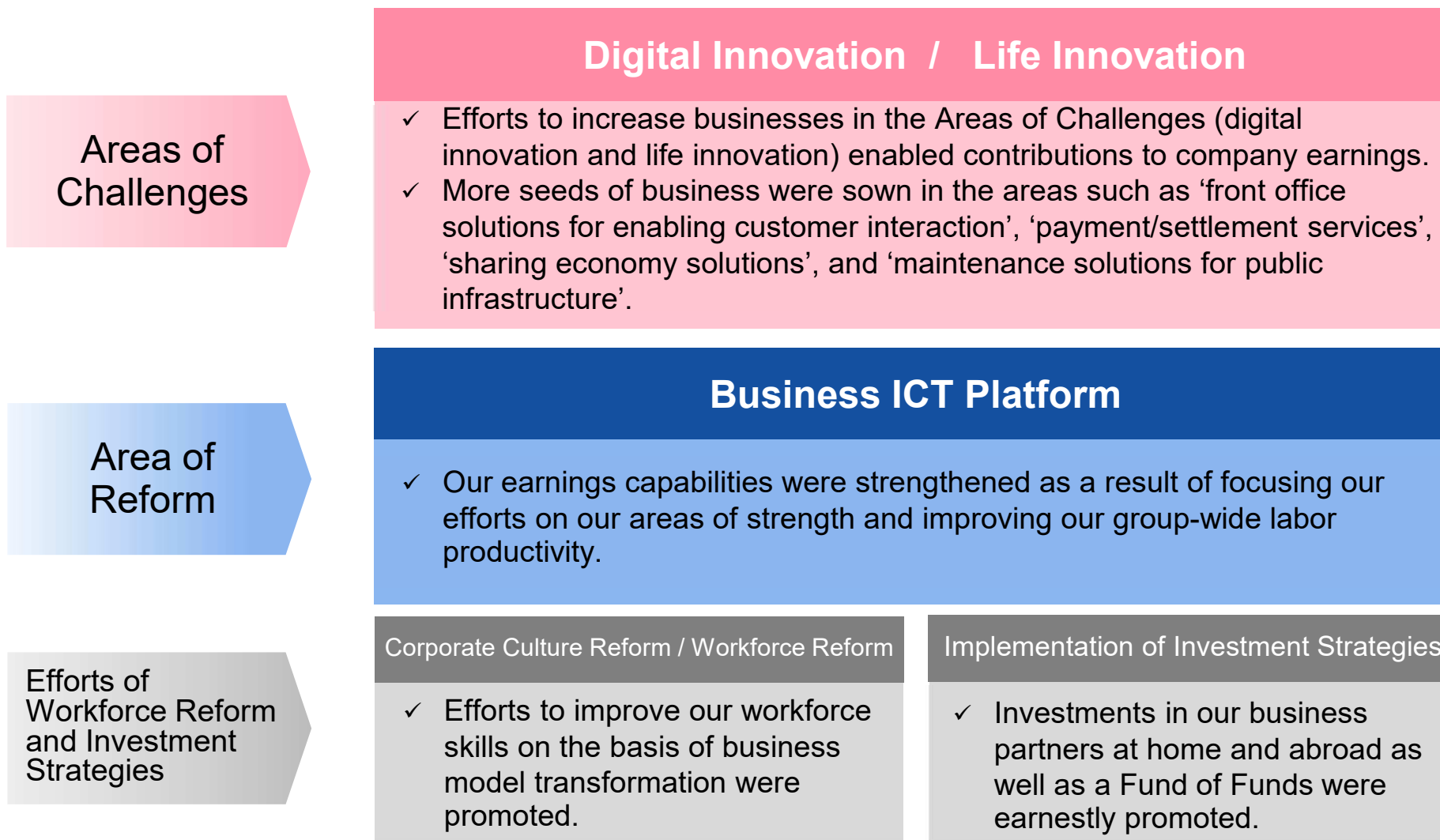
**3** Key Initiatives of the Mid-term Management Plan

**4** Growth Prediction

A sustained business recovery was enabled by increases in new businesses and improved productivity. We achieved targeted values previously indicated in the Mid-term Management Plan.



**We made a success of taking on challenges in the new business areas, and developed robust bases capable of further growth.**



## The Nihon Unisys Group X Business Ecosystems

### The Significance of the Existence of the Nihon Unisys Group

'A corporate group solving social issues through socially beneficial services capable of creating a more affluent society together with customers and business partners'

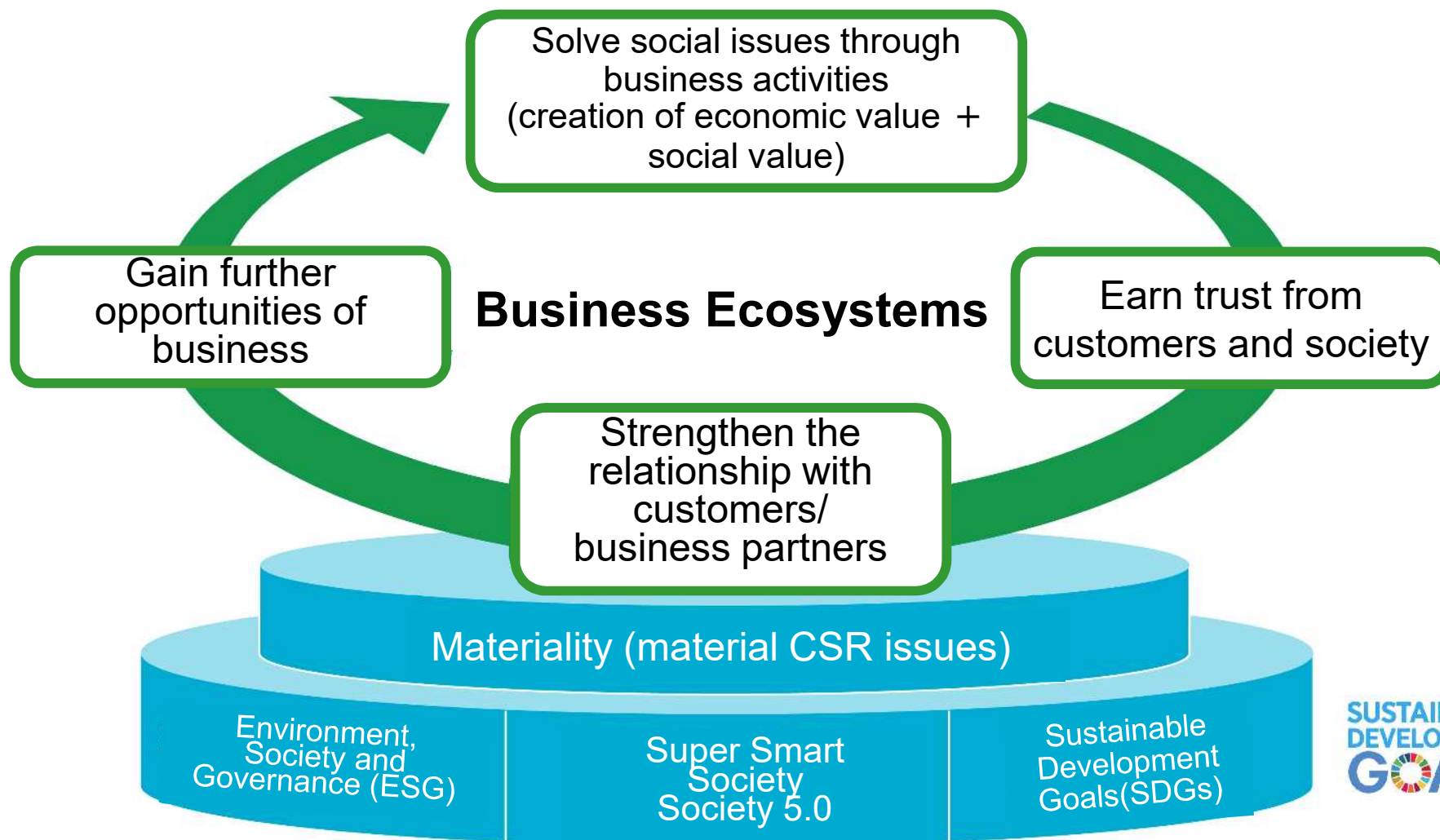
To become a core capable of creating business ecosystems that connect different types/categories of businesses across conventional boundaries, and to provide platforms capable of digital transformation.

Increase businesses and promote efforts to reform workforce and corporate culture in specified areas of focus where the Group is to provide value.

Improve the corporate value through efforts to solve social issues together with customers and business partners.

**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



### [1] Selection of and concentration on areas of focus

Establish areas of focus in the markets where a medium- and long-term development is expected on the basis of solutions for social issues. Concentrate our management resources on the focal areas where customers and business partners can join us in using assets of the Group.

### [2] Strengthening of relationship with customers in order to increase their added value

Strengthen relationships with customers that will enable us to become their strategic business partners, through the efforts to: cooperate with customers in creating and operating ICT assets capable of helping their businesses; conducting digital transformation of their businesses; and creating new businesses.

### [3] Strengthening of capabilities of enabling platforms capable of business support

Enable stronger processes of creating corporate value capable of eventually solving social issues. Create platforms thereon where the Group's assets are connected with business partners and customers as well as third-party services. Provide the platforms as part of business ecosystems.

### [4] Corporate Culture Reform

Improve corporate capabilities/organizational capabilities enabling agile responses to cope with changes of the times; make reformative efforts to develop a corporate culture where employees are encouraged to strengthen skills and take on challenges; enable Diversity and Inclusion; and, implement reform of business processes as well as internal systems.

### [5] Investment Strategies

Continue and promote the efforts in: strategic investments that are needed for growth such as those in the areas of focus and advanced technologies; and investments in developing services such as platform creation.

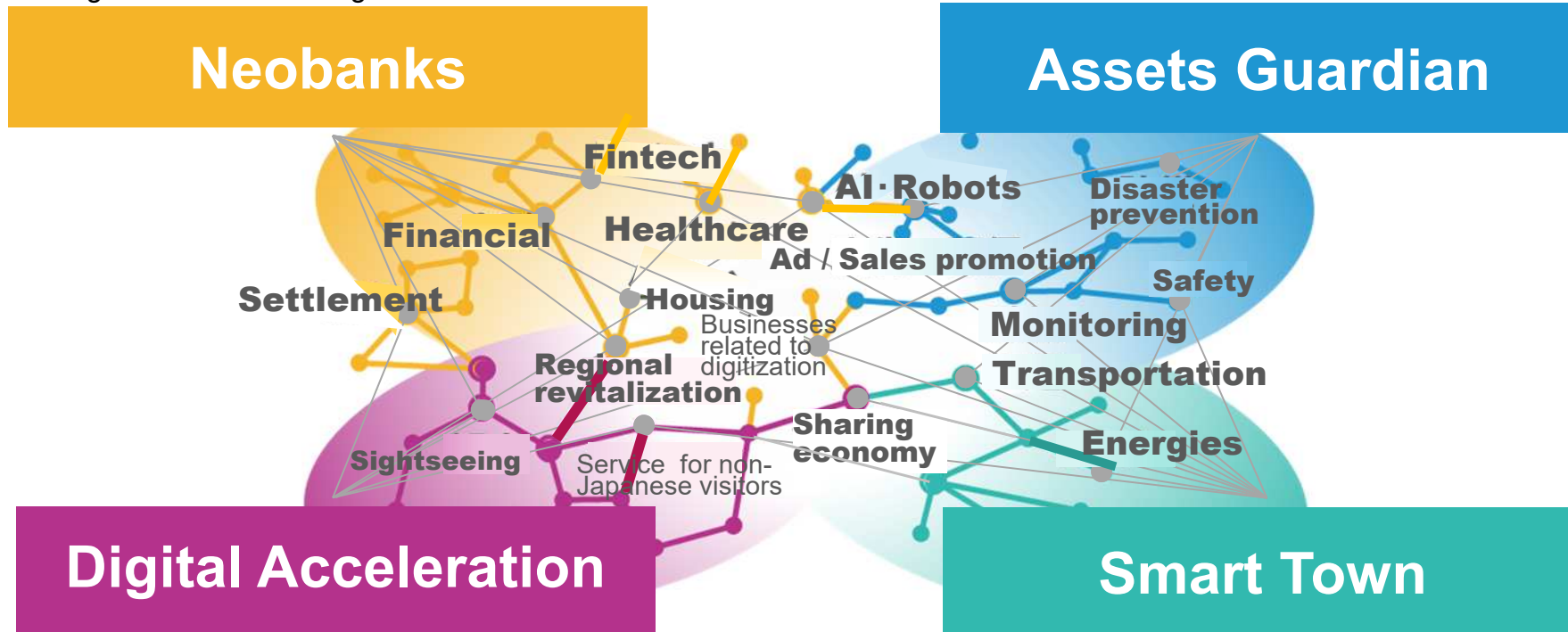


### 3. Key Initiative[1]: Specify Areas of Focus

Specify our areas of focus where customers and business partners can join us in utilizing the Group's assets. Identify these focal areas in markets where a medium- and long-term growth is anticipated on the basis of expected solutions of social issues.

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.

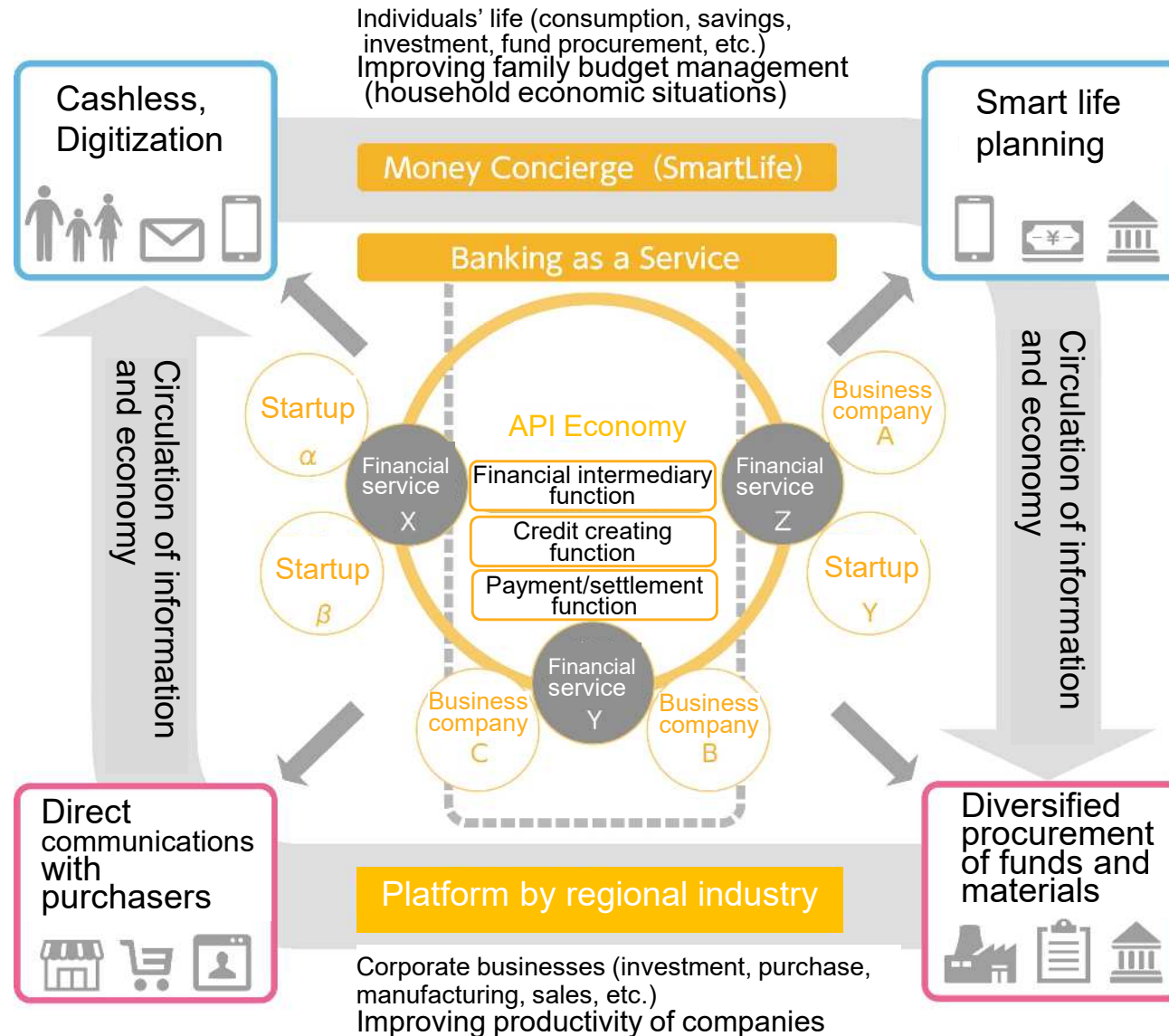
Reform business environments and improve business productivity through the use of **IoT and AI technologies**. Issues of aging public infrastructure as well as aging engineer population are experienced in the environments.



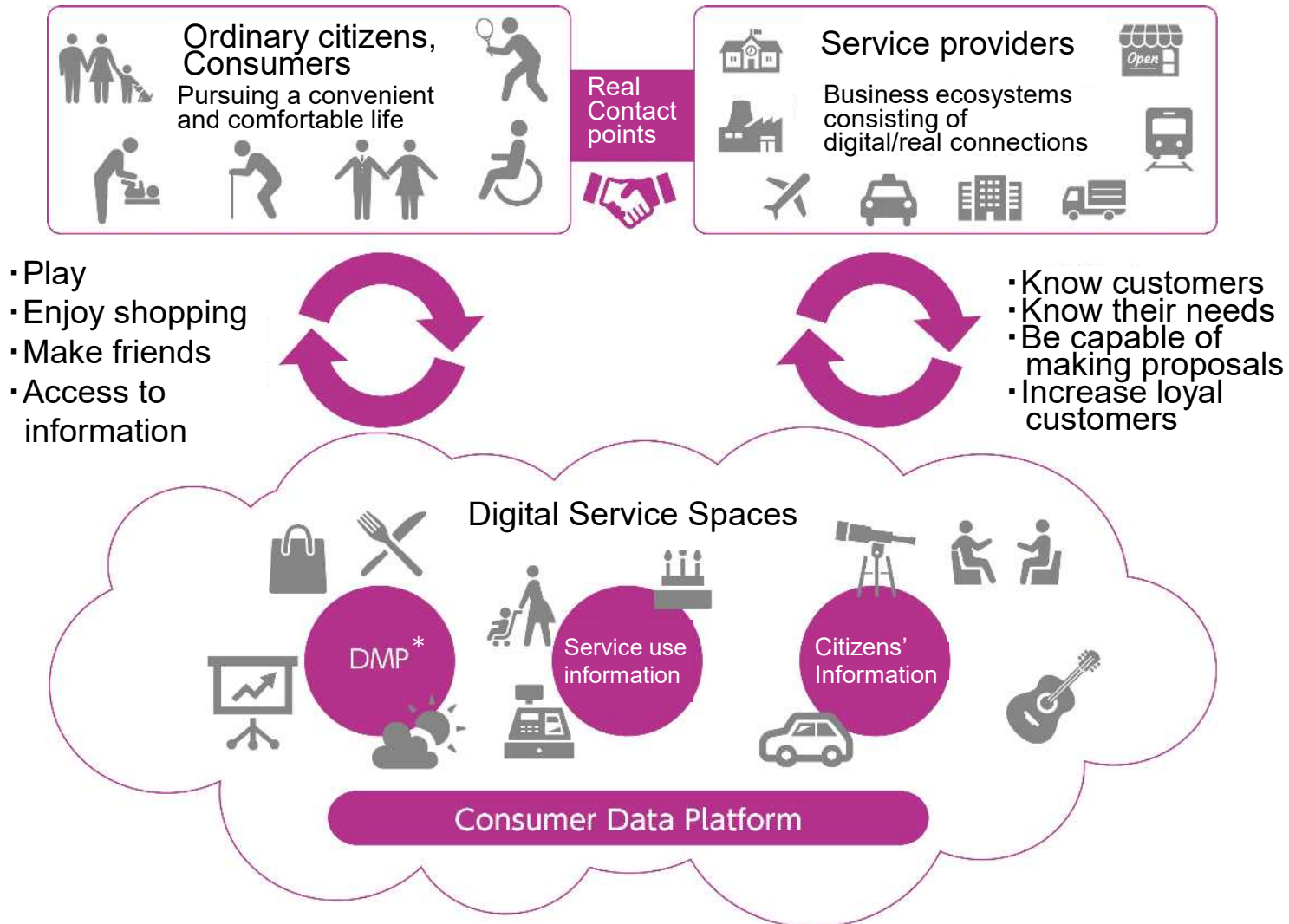
Re-create relationships among **manufacturers, wholesalers/retailers and consumers** by accelerating efforts of business digitization and visualizing economic activities. The purpose is to improve convenience of ordinary citizens and revitalize industries.

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**.

Improve convenience for ordinary citizens and revitalize industries by connecting unbundled financial services with different types of businesses through digitization, and assimilating them into life and businesses.

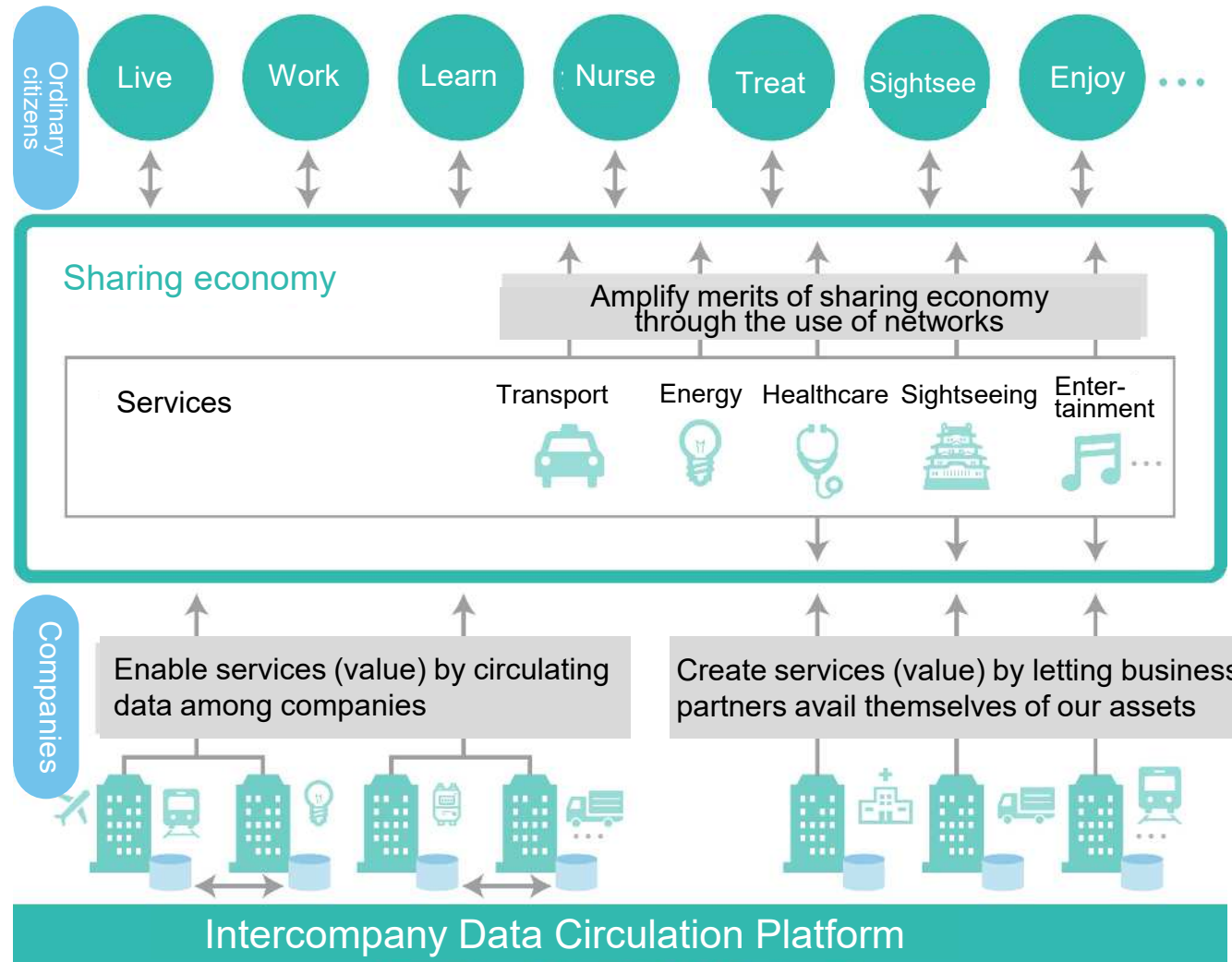


**Become the best partner for companies that intend to accelerate businesses in all aspects of: new business creation; business design; platform creation; service provision; sales promotion; and customer retention.**

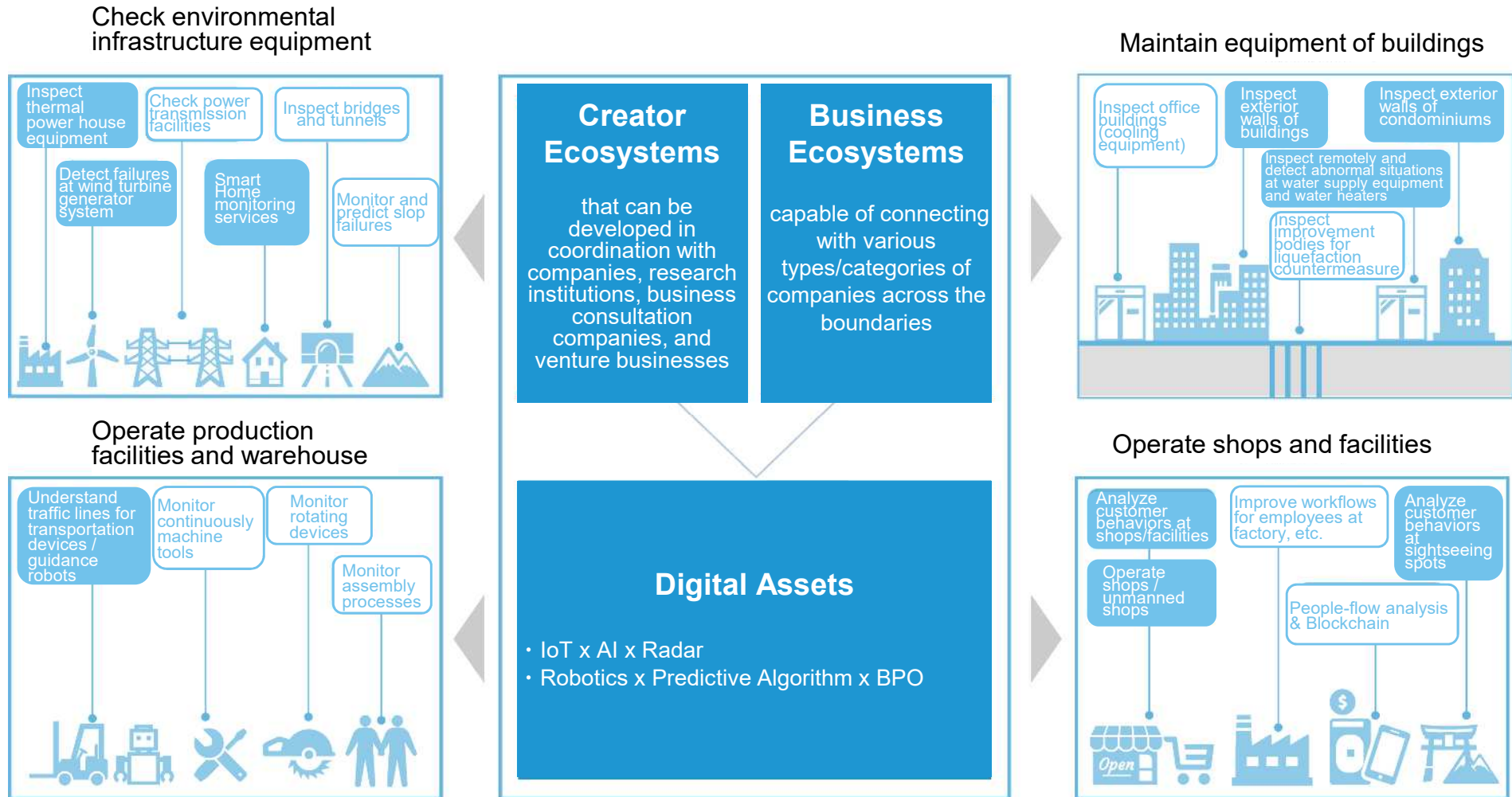


\* Data Management Platform

**Create services designed to solve social issues on the basis of business platforms for sharing economy and business matching in cooperation with companies and startups including those in local industries. Provide them in the acceptable forms from the viewpoint of ordinary citizens.**



Use IoT and AI technologies in order to drastically improve workstyles and productivity of workers who are exposed to social issues such as the dilapidation of public infrastructure and decrease in skilled workers in Japan.



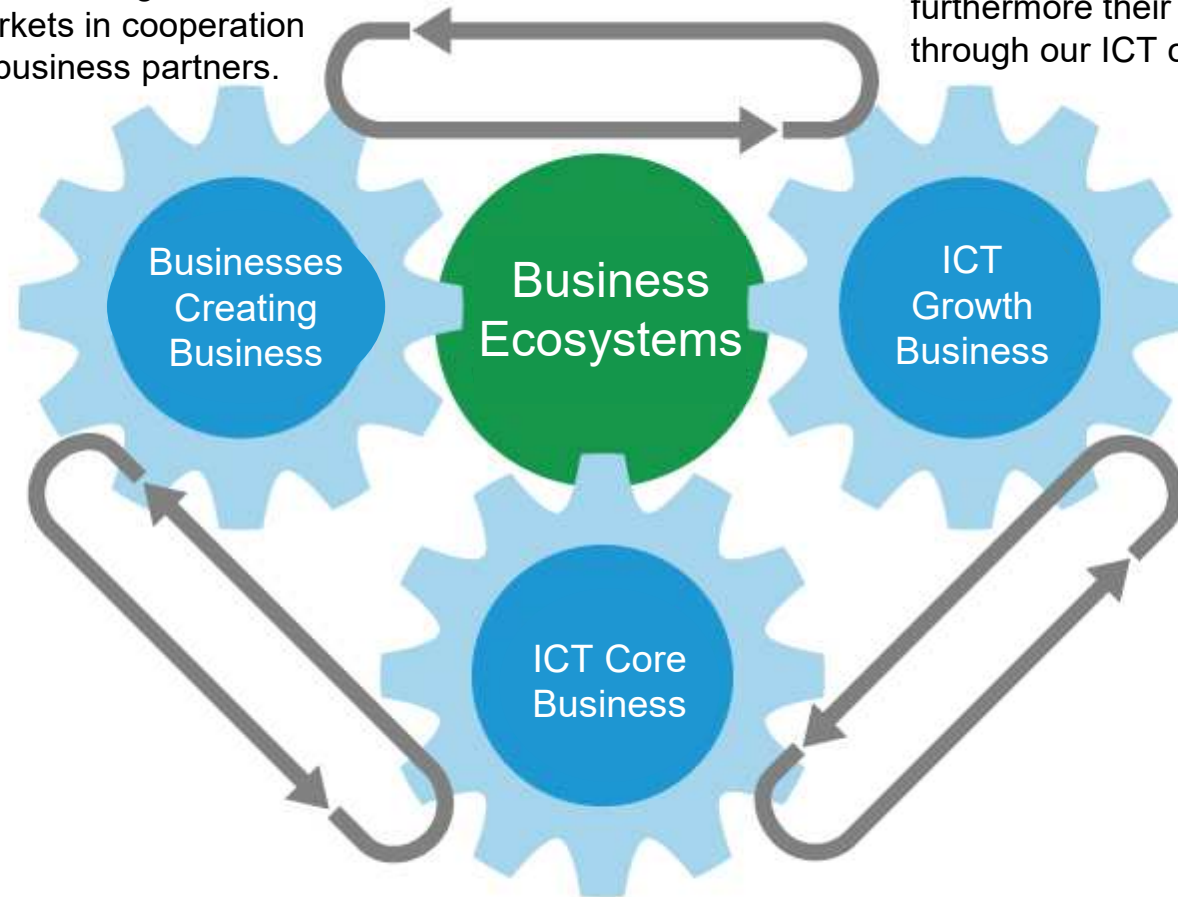


### 3. Key Initiative [2]: Strengthening of relationship with customers in order to increase their added value

**Become a strategic business partner for customers by joining them in creating and operating ICT assets capable of helping their businesses, enabling digital transformation of their businesses, and creating new businesses.**

Business that the Company discovers/creates new offerings and provides them to markets in cooperation with customers and business partners.

Business to help customers digitally transform their sales functions and furthermore their business management through our ICT capabilities.

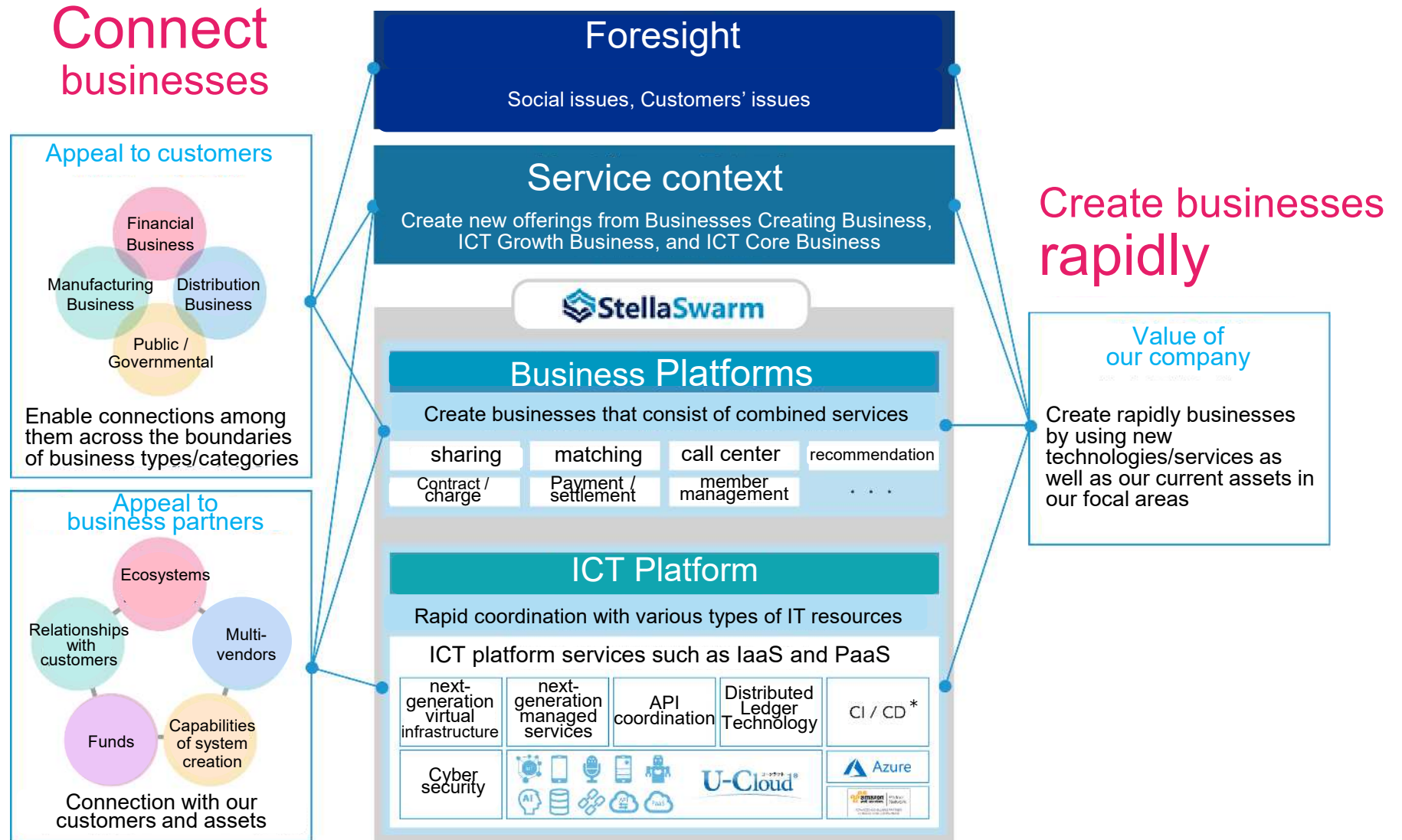


Business to satisfy business needs of customers through our ICT capabilities



# 3. Key Initiative [3]: Strengthening of capabilities of enabling platforms capable of business support

Enable stronger processes of creating offerings with solving social issues in perspective. Create platforms thereon where the Group's assets are connected with business partners and customers as well as third-party services. Provide the platforms as part of business ecosystems.



\* Continuous Integration/Continuous Delivery

(Note) The names of companies or products as well as the marks herein described are trademarks or registered trademarks of their respective organizations.

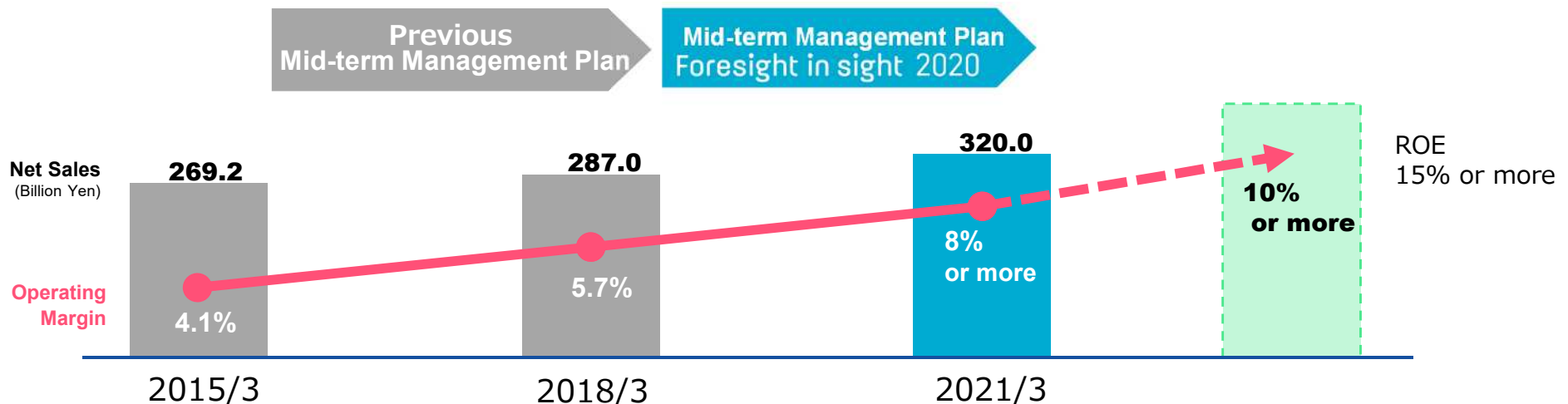
Promote reform in order to help employees to develop more capabilities of spontaneously creating offerings and designing business ecosystems. The reform consists of : workforce reform from the viewpoints of management capabilities and innovative acumen; and, organizational reform in order to encourage diverse types of individuals to make positive impacts.

Workstyle Foresight®		Diversity Foresight®	Management Foresight®
<b>Organizational reform and Workforce Reform</b>	<b>Workstyle Reform</b>	<b>Diversity Promotion</b>	<b>Business Process Reform, Internal System Reform</b>
<ul style="list-style-type: none"> <li>▪ Enhancing employee engagement</li> <li>▪ Developing employees of business production</li> <li>▪ Developing management leaders</li> <li>▪ Focusing on promoting young employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reform of environment, values, workstyles, and arrangements</li> <li>▪ Improving labor productivity and create new value</li> <li>▪ Developing environments that accommodate various types of workstyles</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employing various types of individuals, and enabling a comfortable work environment for them</li> <li>▪ Creation of a corporate culture where diversity is accepted</li> <li>▪ Relying on a wide variety of employees in creating Business Ecosystems</li> <li>▪ Increasing to 10%, the ratio of women in managerial positions (in FY2020)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review business structures and business processes, and standardize them</li> <li>▪ Establish a Backcasting Management</li> <li>▪ Strengthen communications between management and members</li> </ul>

<b>Strategic Investments</b>	<ul style="list-style-type: none"><li>• Further focus on areas of focus, continue and increase investments in service providers that are expected to enable synergies</li><li>• Continue and increase investments in and M&amp;A activities of business partners that have advanced technologies and expertise at home and abroad</li><li>• Continue and increase investments in startup companies and funds specialized for investment into startup companies in the areas of focus</li></ul>	
<b>Service Development Investments</b>	<b>R&amp;D</b>	<ul style="list-style-type: none"><li>• Implement POC (proof of conduct) activities in coordination with various types of stakeholders, accelerate efforts related to open innovation, and continue to further acquire expertise and knowledge</li><li>• Strengthen research and development in the areas of focus and specified areas of advanced technologies (such as AI and IoT)</li><li>• Create services that can eventually further strengthen capabilities of enabling business platforms. Strengthen related technical capabilities.</li></ul>
	<b>Capital Investment</b>	<ul style="list-style-type: none"><li>• Continue investments in outsourcing businesses and business platforms</li></ul>

# 4. Growth Prediction

	FYMar2018 Actual	FYMar2021 Forecast	
(Billion Yen)			
<b>Operating Margin</b>	<b>5.7%</b>	<b>8% or more</b>	Aim to improve profitability on the basis of improving efficiency of work processes in the existing areas, as well as establishing and expanding our areas of focus
<b>Net Sales</b>	<b>287.0</b>	<b>320.0</b>	Prioritize profitability in implementing efforts to enable an aimed net sales increase in the focal areas
<b>Net sales in the focal areas</b>	<b>27.0</b>	<b>60.0</b>	Make efforts to create businesses in four focal areas, worth 60 billion of Yen in total
<b>ROE</b>	<b>12.4%</b>	<b>12 - 15%</b>	Continue efforts to improve ROE with a target range of 12 to 15 % during the period of Mid-term Management Plan.
<b>Dividend per Share</b>	<b>33.6%</b>	<b>40% (Target)</b>	Increase shareholder returns by targeting a 40% dividend payout ratio during the period of Mid-term Management Plan.



Summary of the Results for FYMar2018

Mid-term Management Plan

Performance Forecast for FYMar2019

# Full-Year Performance Forecast for FYMar2019

Foresight in sight

Strong sales and earnings are planned based on an increase in net sales and improved profitability.

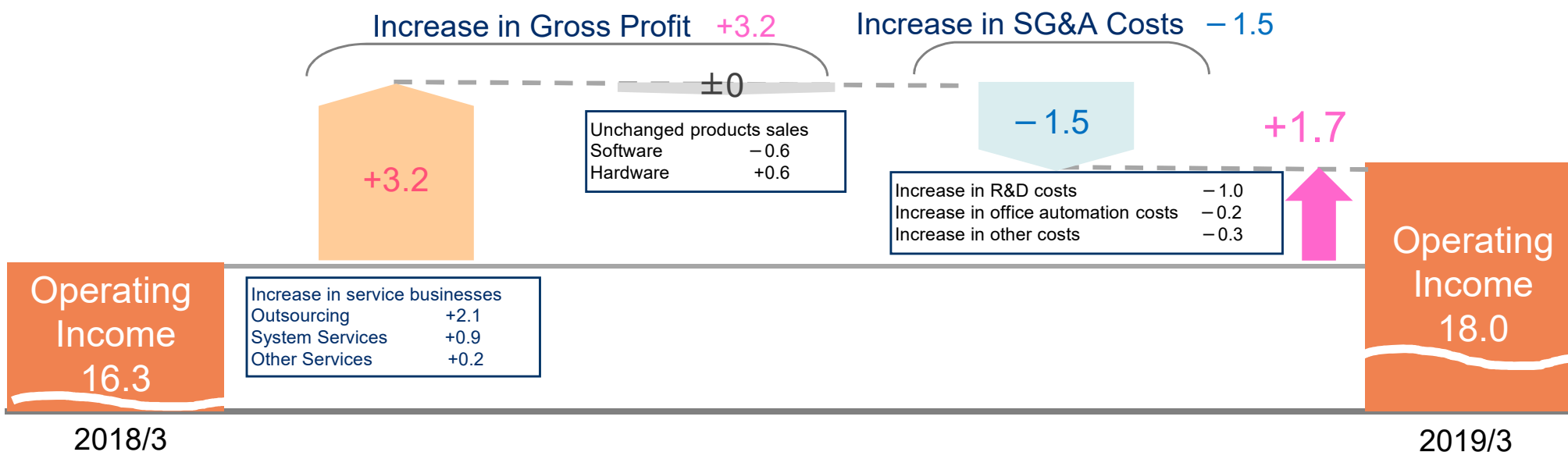
(Unit : Billion Yen)

	FYMar2018 Full-Year Actual			FYMar2019 Full-Year Forecast		
	Amount	Yr/Yr Changes		Amount	Yr/Yr Change	
Net Sales	287.0	+4.7	+1.7%	295.0	+8.0	+2.8%
Operating Income	16.3	+2.0	+14.1%	18.0	+1.7	+10.2%
(Operating Margin)	(5.7%)		(+0.6pt)	(6.1%)		(+0.4pt)
Profit attributable to Owners of Parent	11.9	+1.7	+16.4%	12.5	+0.6	+4.6%

(Note) See the supplementary material for the full-year forecast breakdown.

## 【Operating Income Changes】

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



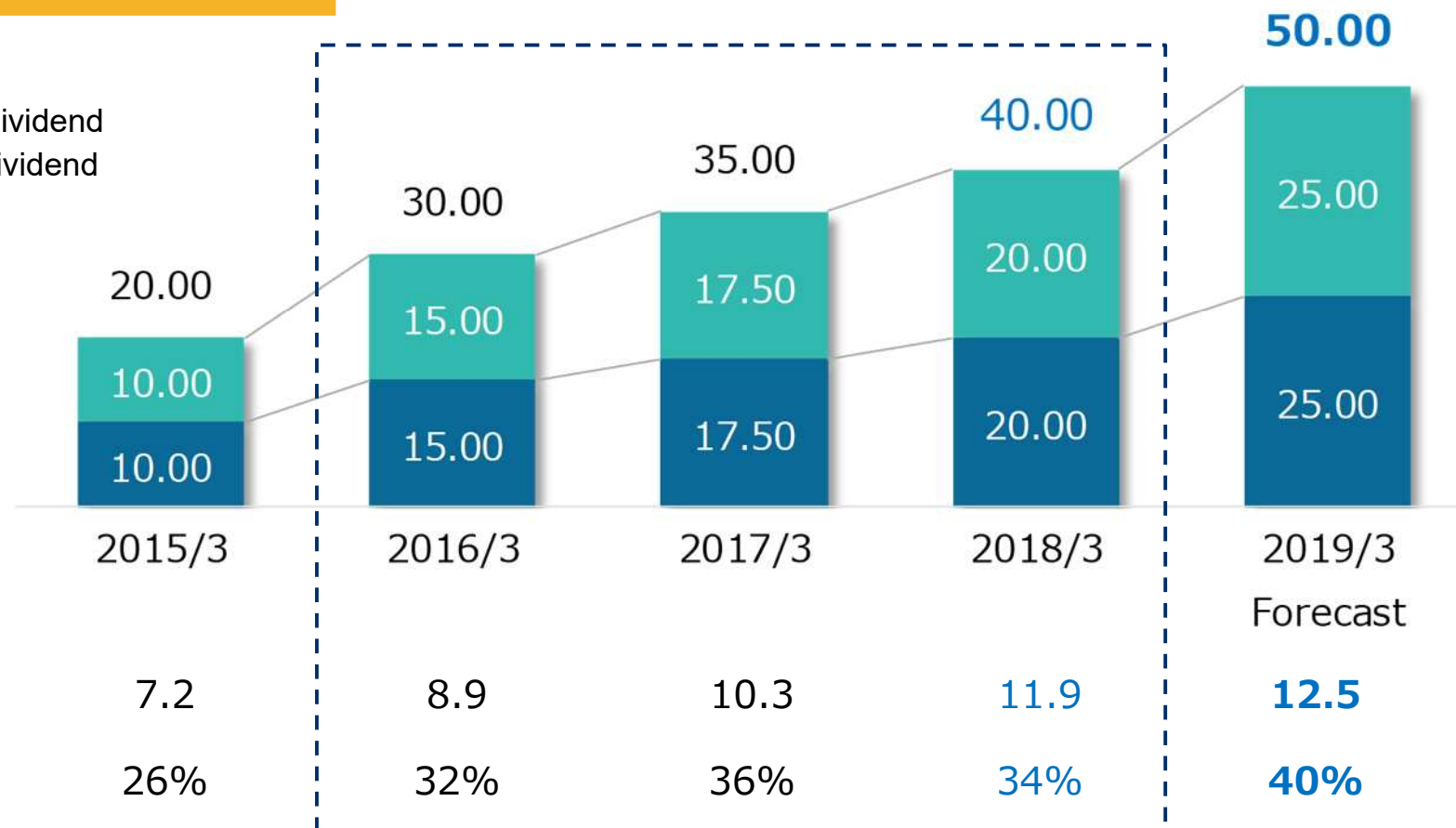


- ✓ Continued increase in dividends for seven consecutive periods
- ✓ Fiscal year ending March 2019  
expected annual dividends ¥50 per share (up by ¥10 / dividend payout ratio 40 %)

## Dividend per Share

(Yen)

■ Year-end Dividend  
■ Mid-term Dividend



Profit Attributable to  
Owners of Parent  
(Billion Yen)

7.2

8.9

10.3

11.9

12.5

Dividend Payout Ratio  
on a Consolidated Basis

26%

32%

36%

34%

40%

# Foresight in sight 2020

**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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