Results for the 3rd Quarter of FY March 2018

February 1, 2018

Nihon Unisys, Ltd.

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Summary of the Results for FY2017 3Q

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A continued increase in sales and income/profit was enabled in Q3 benefiting from services' growth as in H1 and strong product sales.

(Unit：Billion Yen)

	FY2017 Q3（Apr-Dec）		Changes	
	FY2017	FY2016		
Net Sales	196.6	188.2	+8.4	+4.5%
Gross Profit	47.7	45.4	+2.2	+4.9%
SG&A Costs	-38.2	-38.0	-0.3	-0.7%
Operating Income	9.4	7.5	+2.0	+26.3%
(Operating Margin)	(4.8%)	(4.0%)		(+0.8pt)
Profit Attributable to Owners of Parent	6.8	5.1	+1.6	+31.9%
Orders	206.2	191.3	+14.9	+7.8%
Order Backlogs	220.3	214.7	+5.7	+2.6%

＜Key Points of Q3 Results＞

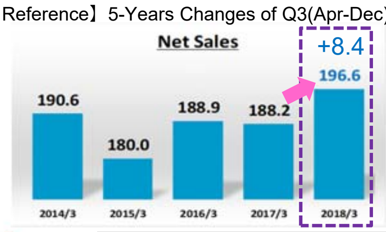
■ Net sales
were driven by a growth in product sales, outsourcing and system services.

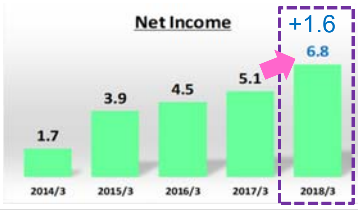
■ Operating income
grew by 26% due to an increase in SG&A costs outweighed by the strong net sales and an improved gross margin.

■ Profit attributable to owners of parent
was pushed up by the increase in operating income.

■ Orders and order backlogs
Outsourcing and product sales took the lead in a growth in orders.
Order backlogs increased by 3%, attributable to an increase in long-term outsourcing contracts.

【For Reference】5-Years Changes of Q3(Apr-Dec) Results （Unit : Billion Yen）





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First of all, let me summarize the third quarter (Q3) of the fiscal year ending March 2018.

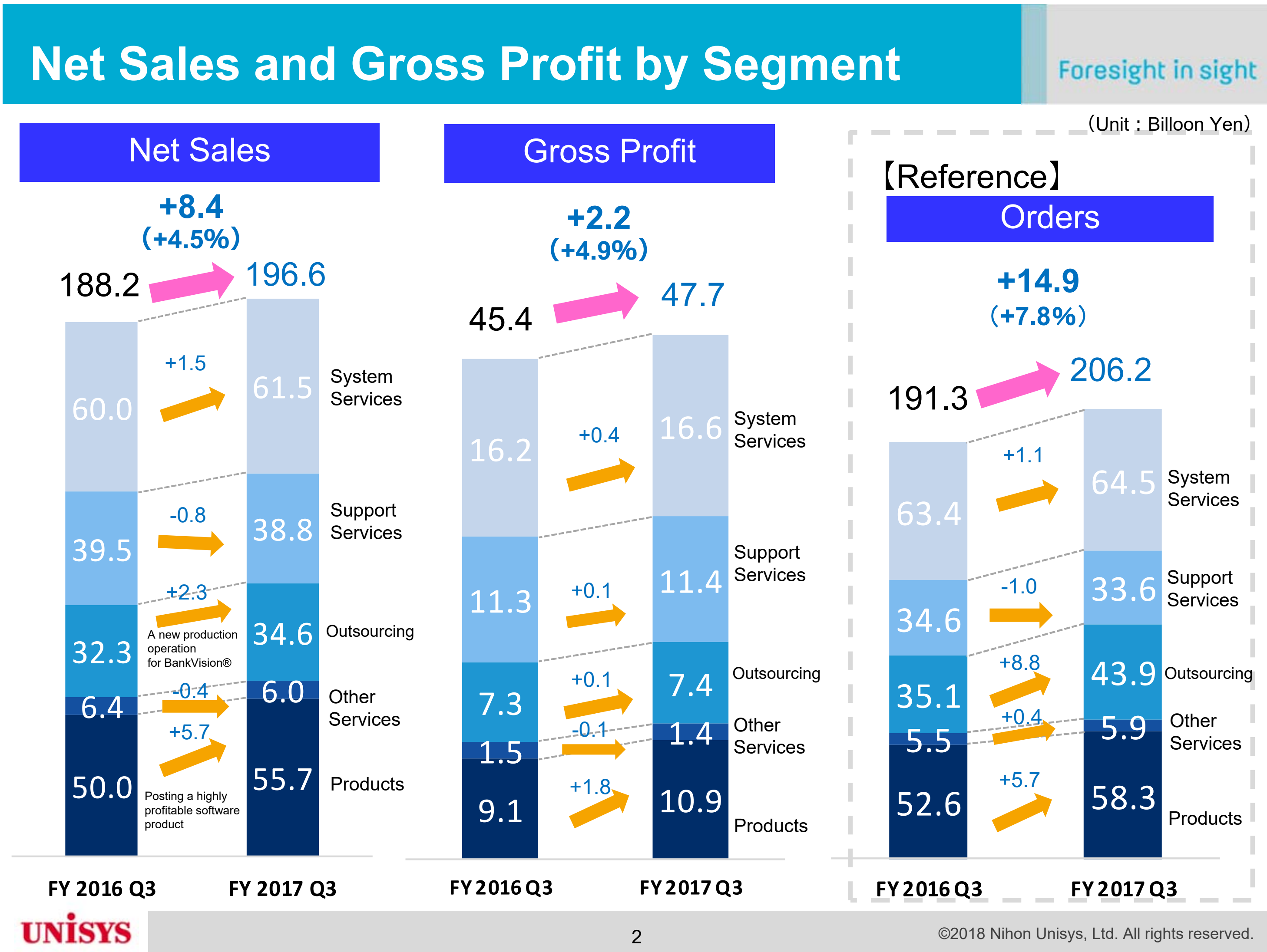
An increase in net sales as well as operating income and profit attributable to owners of parent was witnessed in Q3 as in the first half (H1).

Our Q3 performance results show: net sales of ¥196.6 billion, up by ¥ 8.4 billion, compared with the same period of the previous fiscal year; operating income of ¥ 9.4 billion, up by ¥ 2.0 billion ; and ¥ 6.8 billion profit attributable to owners of parent, up by ¥1.6 billion.

The net sales increase was enabled by growth in product sales and outsourcing as in H1 as well as strong system services.
An increase in SG&A costs was absorbed by the strong net sales and improved gross margin.

Thus, a ¥ 2.0 million or 26 % increase in operating income was enabled compared with Q3 of the previous fiscal year. Profit was driven by the increase in operating income.

Orders increased by ¥ 14,900 million from the previous Q3 on the momentum kept by recording in Q3 (under review) orders for long-term outsourcing project for financial institutions and local autonomous bodies. Order backlogs increase was enabled on the basis of accumulated projects such as the outsourcing project capable of positively contributing to net sales of future fiscal years including the next one.



Next, let me summarize net sales and gross profit by segment.

A steady strength of system services mainly for financial and distribution industries was witnessed. It enabled an increase in net sales and gross profit as in H1.
For your reference, no unprofitable projects have been witnessed up to Q3.

Support services' net sales decreased due to impacts of contract maturities. Profitability improvement has been attempted by continuingly implementing efforts to decrease outsourcing costs.

Cumulous effects of small and medium-sized projects as well as BankVision® starting to serve its 10th bank last May increased outsourcing net sales and gross profit.

Products' net sales and gross profit increased on the basis of device sales to a communications carrier in Q3 as well as the steady strength of our own software products in H1.

Net Sales by Market

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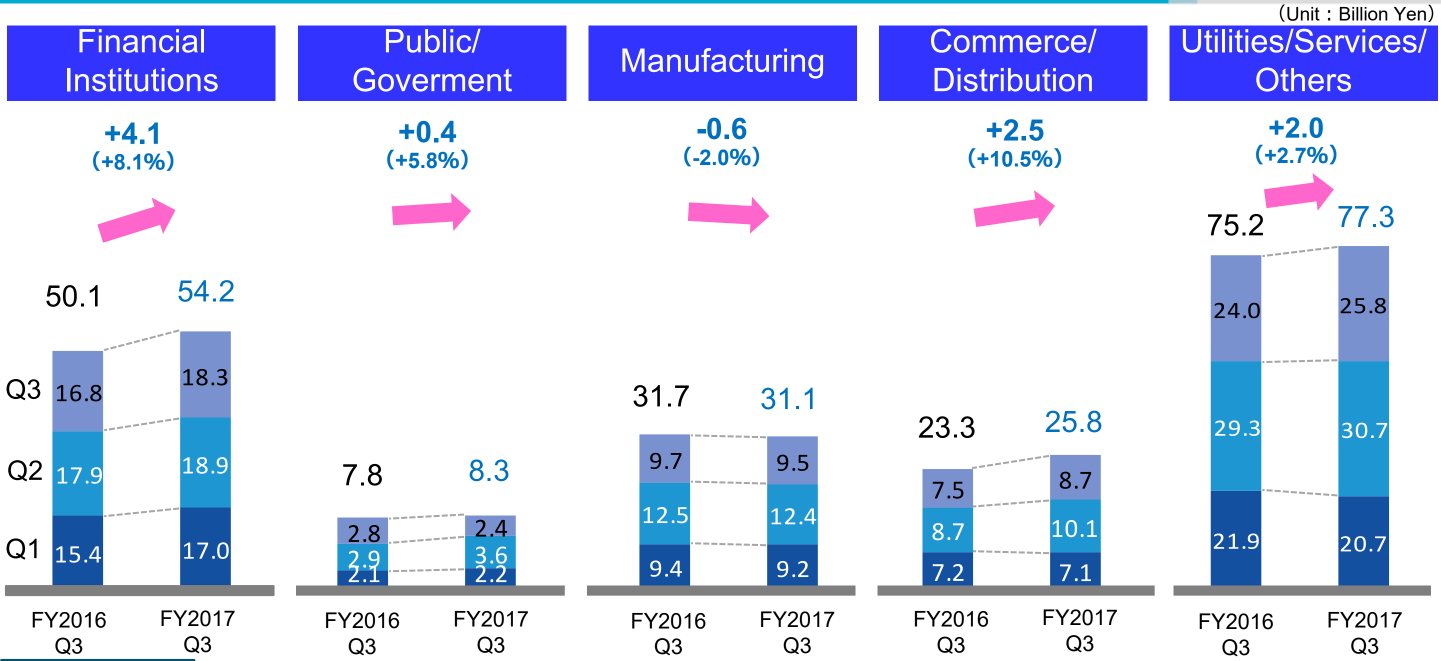
(Unit：Billion Yen)



Market Overview

(Financial Institutions)
Plenty of enquiries about branch office front solutions continued.
A menu of new services predicated on FinTech has been enhanced.

(Public/Government)
Regional revitalization businesses targeted on local governments have been focused on.

(Manufacturing)
Reliable demands have been witnessed mainly in the auto industry.
An IoT platform services lineup has been intensified qualitatively and quantitively, targeting the manufacturing industry.

(Commerce/Distribution)
Efforts to increase implementation-type solutions were made targeting retail/EC businesses.
AI-aided robots capable of retailers' store guidance / inventory control has been in the phase of POC.

(Utilities/Services/Others)
Businesses predicated on platform sharing have been expanded. Social infrastructure businesses represented by energy management systems have been in our continued focus.

Next, let me summarize net sales by market.

Net sales by market generally remained strong, as evidenced by those for financial institutions.

Net sales from financial institutions market enabled an increase, benefiting from a new production operation for a regional bank and a shinkin bank.
We have witnessed continuously activity in the form of enquiries from regional financial institutions about branch office front solutions.
Proactive efforts to expand FinTech-related businesses such as WeB API open services have been made.

Through our public/government business we will earnestly continue to create regional revitalization businesses targeting local autonomous bodies.

Auto businesses took the lead in enabling a steady strength of manufacturing business net sales.
IoT platform-service businesses targeting the manufacturing industry have been strengthened qualitatively and quantitatively.

We have continued our efforts in the commerce/distribution area, aiming to increase implementation-type solutions targeting retail/EC businesses. Furthermore, we have implemented a POC for an AI-aided robot targeting retailers.

We have strengthened our services related to sharing economy qualitatively and quantitatively through our efforts in the Utilities/Services/Other markets. Furthermore, we have contributed to solving societal issues by intensifying our social infrastructure businesses predicated on an energy management system.

Full-Year Performance Forecast for FY2017

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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 November 6, 2017.

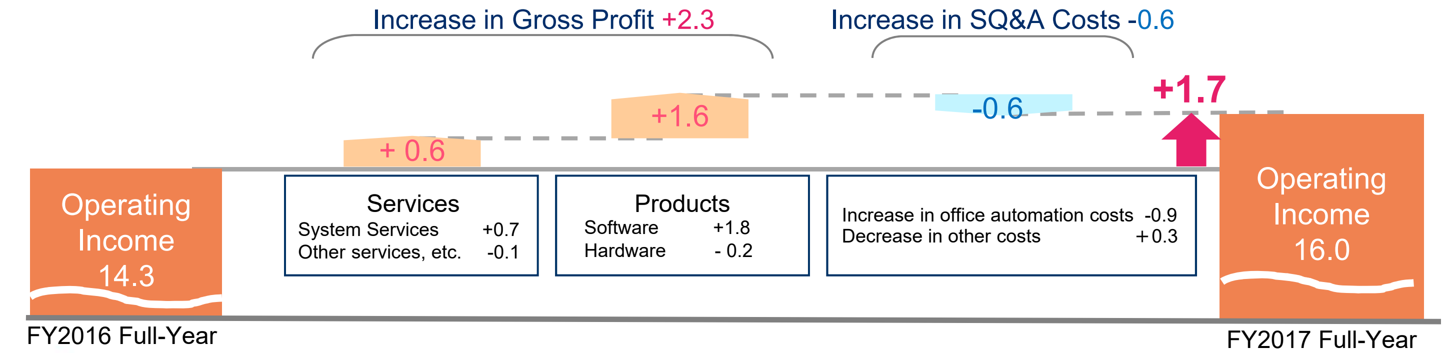
(Unit : Billion Yen)

	FY2017 Q3 (Apr-Dec) Actual		FY2017 Q4 (Jan-Mar) Forecast		FY2017 Full-Year Forecast	
	Amount	Changes	Amount	Changes	Amount	Changes
Net Sales	196.6	+8.4	93.4	-0.6	290.0	+7.8
Operating Income	9.4	+2.0	6.6	-0.3	16.0	+1.7
(Operating Margin)	(4.8%)		(7.0%)		(5.5%)	
Profit Attributable to Owners of Parent	6.8	+1.6	4.2	-0.9	11.0	+0.7

【Details of FY2017 Full-Year Operating Income】

＊See the supplementary material for breakdown of the forecast

(Unit : Billion Yen)



Next, let me summarize our performance forecast.

The full-year forecast of net sales, operating income, and profit attributable to owners of parent has not been revised since it was announced on November 6, 2017.
The full-year forecast says: net sales of ¥ 290.0 billion, up by ¥7.8 billion, compared with the previous period; operating income of ¥ 16.0 billion, up by ¥ 1.7 billion; and ¥ 11.0 billion profit attributable to owners of parent, up by ¥ 0.7 billion.

As indicated in ‘Details of FY2017 full-year operating income’, we forecast a ¥ 2.3 billion increase in gross profit enabled by services and product sales, and a ¥ 0.6 billion increase in SG&A costs as a result of an increase in office automation costs.

Please note that a new order for BankVision® services expected for Q4 is not reflected in the full-year forecast. (The relevant customer is still considering.)

Furthermore, a ¥ 0.5 billion unprofitability risk was reflected in the H2 forecast. It is out of the full-year forecast, attributable to the fact that: we have survived the fiscal year up to Q3 without experiencing unprofitability; and we have not identified any projects capable of incurring loss at this point in time.

(Reference) Financial Indicators/ Progress of the Mid-term Management Plan

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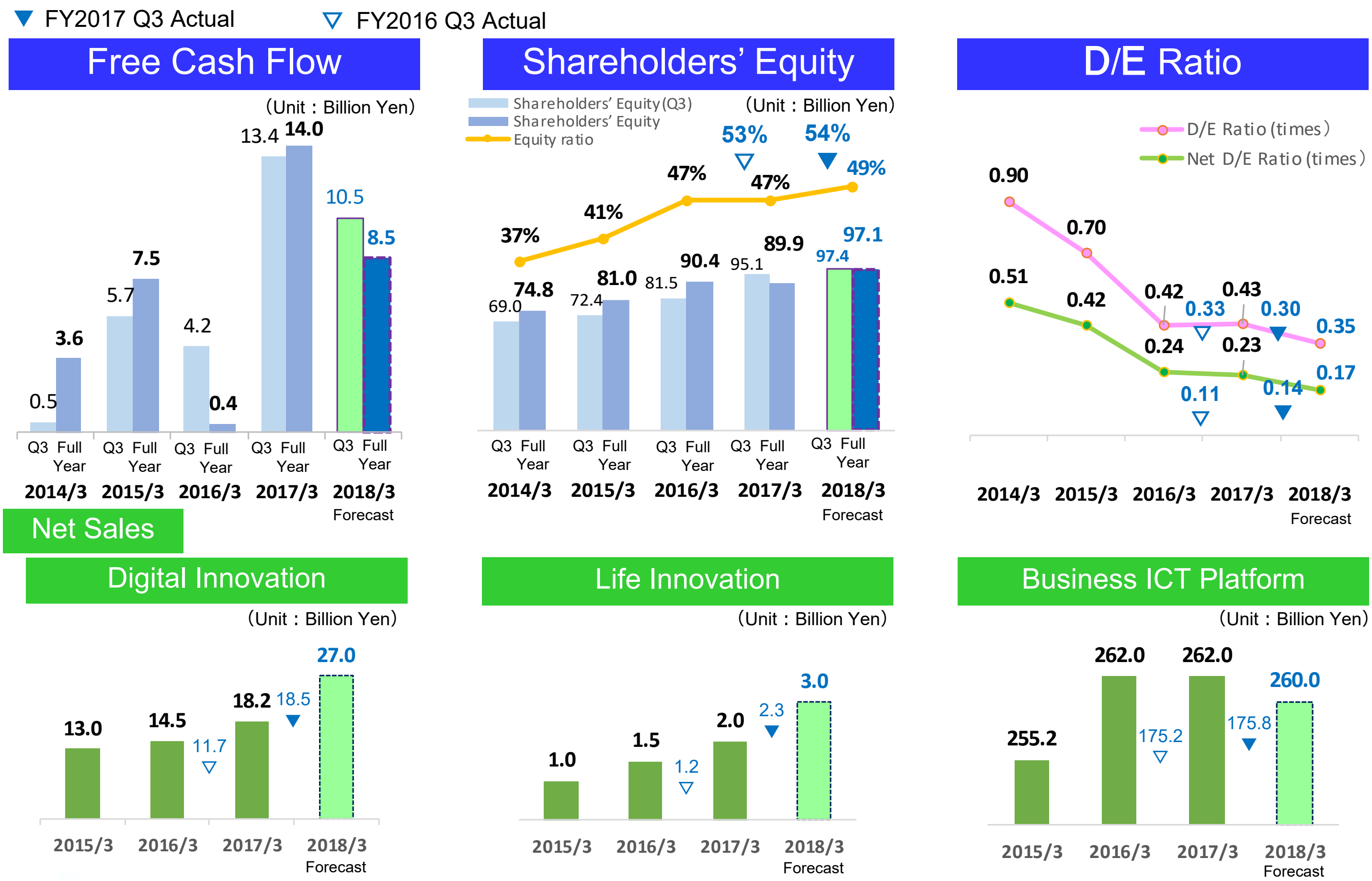

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For your reference, our financial strength has been continuously and firmly improved as indicated by a ¥ 10.5 billion free cash flow, a 54% shareholders' equity ratio, and 0.14 times net D/E ratio.

This concludes my summary of the performance results of the third quarter of the fiscal year ending March 2018.

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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.
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