



# Summary of the Performance Results for the Third Quarter of the Fiscal Year ending March 2014

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January 31, 2014  
Nihon Unisys, Ltd.



# Consolidated Performance

- Net sales remained strong and increased more than the record of the previous period.
- Operating Income was outweighed by the pullback from the large-scale projects of the previous period.

## 【Q3 Cumulative(Apr-Dec)】

( Billion Yen )

	Q3 Cumulative ( Apr-Dec )		Change	
	FY March 2014	FY March 2013		
Net Sales	190.6	181.0	+9.6	+5.3%
Operating Income	2.7	4.9	-2.2	-44.2%
Ordinary Income	3.1	4.9	-1.9	-38.3%
Net Income	1.7	-2.0	+3.7	(Turnaround)

### < Q3 Cumulative >

- Net Sales increased on the strength of Services.
- Operating Income decreased due to the pullback from a large-scale replacements of the previous period.
- Net Income increased, due to a decrease in the loss on valuation of investment securities.

## 【Q3(Oct-Dec)】

	1st Half	Yr/Yr Change	Q3 ( Oct-Dec )	Yr/Yr Change
Net Sales	128.1	+3.6 (+2.9%)	62.5	+6.1 (+10.7%)
Operating Income	2.4	-1.9 (-43.5%)	0.3	-0.3 (-49.1%)

### < Q3 ( Oct-Dec ) >

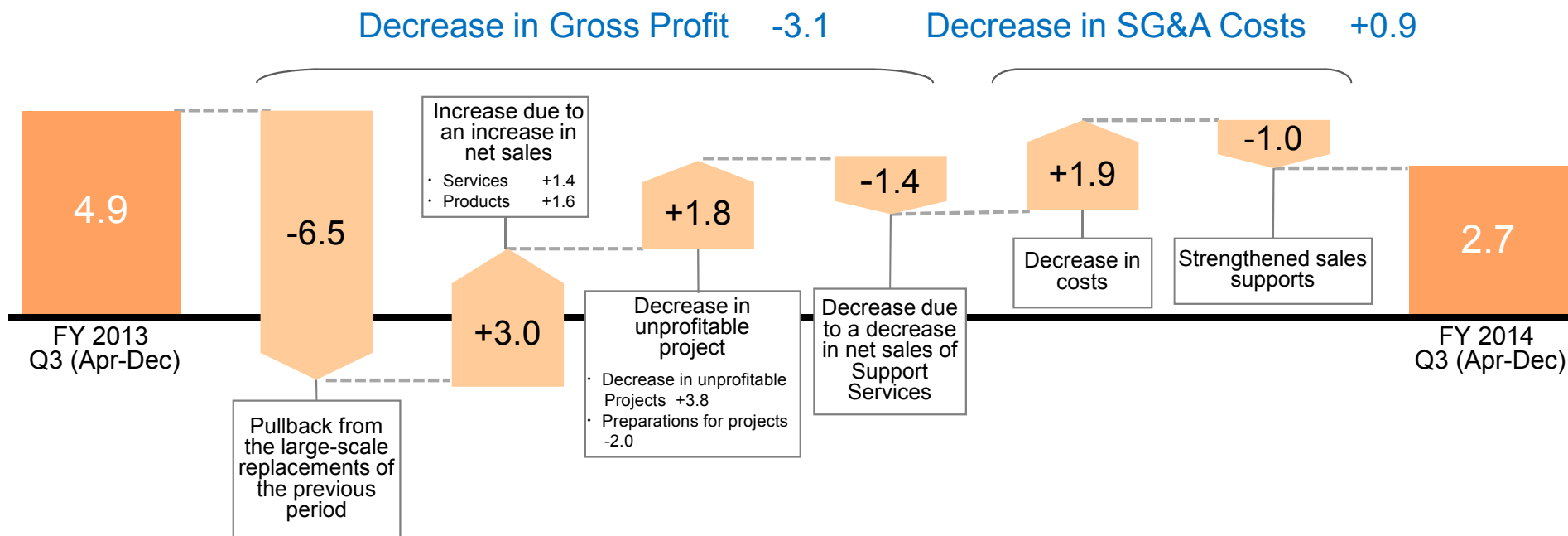
- Net Sales of Services and Products both increased.
- Operating Income secured the level of the previous period despite the pullback.



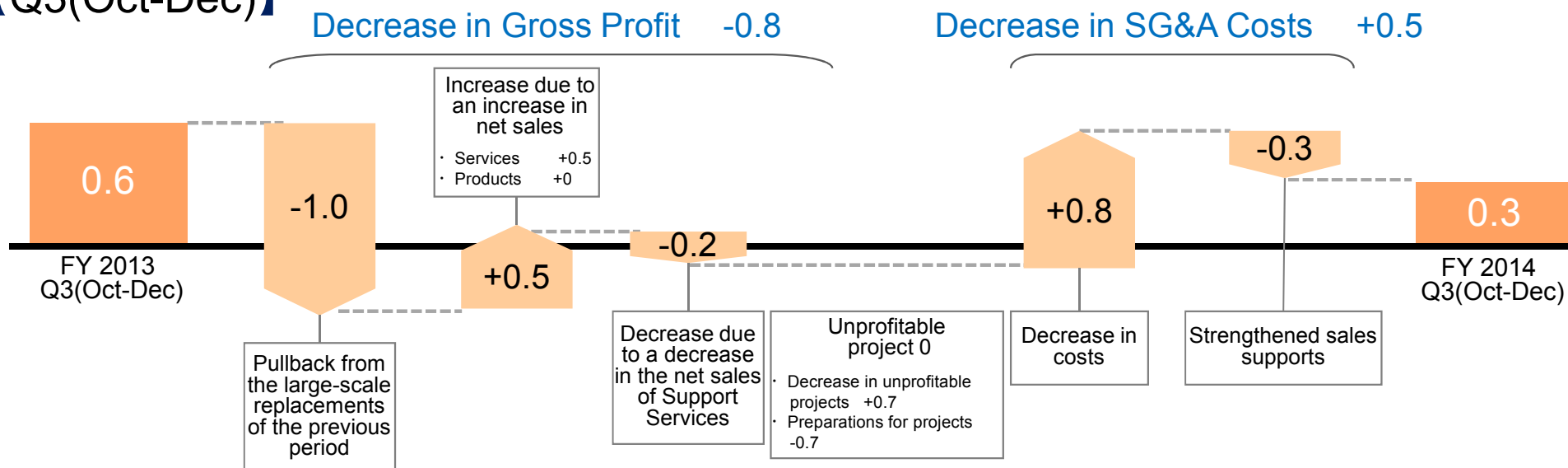
# Varying Factors of Operating Income

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

## 【Q3 Cumulative(Apr-Dec)】



## 【Q3(Oct-Dec)】



# Net Sales and Gross Profit by Segment

Services were strong; System Services were noteworthy.  
Gross Profit of Products was impacted by a pullback.

## FY March 2014 Q3 Cumulative (Apr-Dec)

( Billion Yen )

	Net Sales	Yr/Yr Change	Gross Profit	Yr/Yr Change	Gross Margin	Yr/Yr Change
<b>Total</b>	<b>190.6</b>	<b>+9.6 (+5.3%)</b>	<b>41.9</b>	<b>-3.1 (-6.9%)</b>	<b>22.0%</b>	<b>-2.9pt</b>

Breakdown

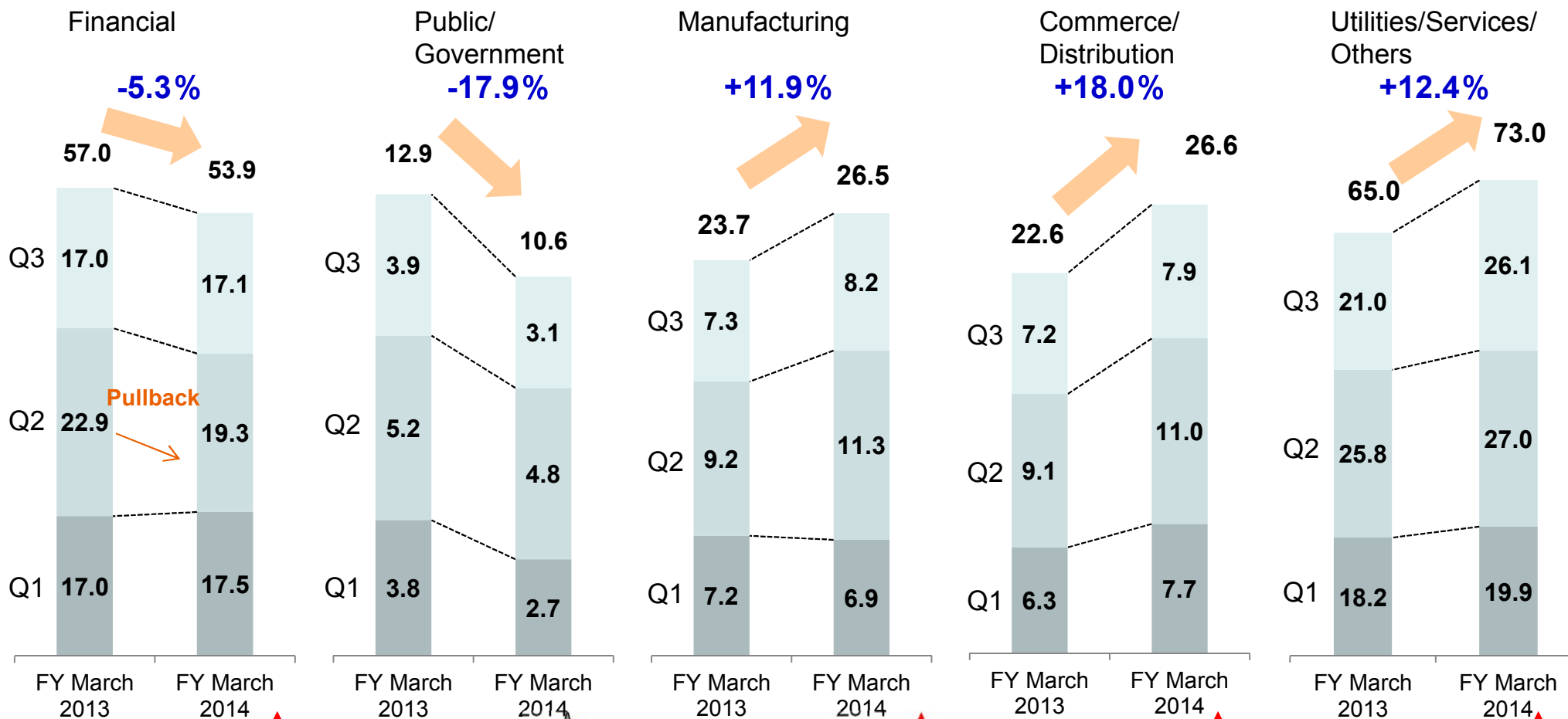
<b>Services</b>	<b>138.2</b>	<b>+8.0 (+6.1%)</b>	<b>31.8</b>	<b>+1.9 (+6.2%)</b>	<b>23.0%</b>	<b>+0.0pt</b>
System Services	52.9	<b>+4.4 (+9.1%)</b>	10.3	<b>+1.9 (+23.0%)</b>	19.4%	<b>+2.2pt</b>
Support Services	35.9	- 1.4 (-3.8%)	12.0	-1.4 (-10.2%)	33.4%	-2.4pt
Outsourcing	25.3	+1.0 (+4.2%)	4.7	<b>+1.3 (+37.8%)</b>	18.7%	<b>+4.6pt</b>
Netmarks Services	17.2	+2.8 (+19.4%)	3.1	+0.5 (+20.9%)	18.0%	+0.2pt
Other Services	6.9	+1.2 (+20.4%)	1.7	-0.5 (-23.2%)	24.9%	-14.1pt
<b>Products</b>	<b>52.4</b>	<b>+1.6 (+3.2%)</b>	<b>10.1</b>	<b>-4.9 (-32.8%)</b>	<b>19.3%</b>	<b>-10.3pt</b>
Software	19.2	-0.7 (-3.6%)	5.2	-1.7 (-24.7%)	27.0%	-7.6pt
Hardware	33.3	+2.3 (+7.5%)	4.9	-3.2 (-39.6%)	14.9%	-11.6pt



# Changes in Net Sales by Market

## All industries remained strong, except Public/Government

( Billion Yen )



(Financial)  
The net sales were strong, despite a decrease due to the pullback from a large-scale project of the previous period.

(Public/Government)  
The net sales were outweighed by the pullback from the large-scale projects of the previous period.

(Manufacturing)  
The net sales were strong due to the recovery of businesses for automobile makers.

(Commerce/Distribution)  
The strong net sales continued; retail net sales were noteworthy.

(Power/Services/Others)  
Transportation and Information-communication net sales continued to be strong, despite Power impacted by a pullback.



# Orders and Order Backlogs

In addition to large-scale projects awarded in Outsourcing, System Services continued stable.

( Billion Yen )

	FY March 2014 Q3 Cumulative ( Apr-Dec )				Remarks
	Orders	Yr/Yr Change	Order Backlogs	Yr/Yr Change	
<b>Total</b>	<b>207.8</b>	<b>+28.8</b> (+16.1%)	<b>206.0</b>	<b>+9.7</b> (+5.0%)	Orders and order backlogs increased both, partly due to posting large-scale long-term projects.

Breakdown

<b>Services</b>	<b>152.3</b>	<b>+32.0</b>	<b>179.5</b>	<b>+13.2</b>	-
System Services	54.7	+3.7	26.2	+1.9	Orders and order backlogs increased both, on the basis of accumulated mid-and-small sized projects.
Support Services	30.5	-4.3	35.8	-1.0	Orders and order backlogs decreased both, partly due to a pullback.
Outsourcing	40.6	+27.8	103.4	+10.3	Orders and order backlogs increased both, due to posting two long-term large-scale projects.
Netmarks Services	19.3	+3.6	9.8	+2.0	Orders and order backlogs increased both, due to posting multiple large-scale projects of Unified Communication businesses.
Other Services	7.1	+1.2	4.3	+0.0	-
<b>Products</b>	<b>55.6</b>	<b>-3.2</b>	<b>26.5</b>	<b>-3.5</b>	-
Software	19.8	-7.8	17.7	-1.4	Orders and order backlogs decreased, partly due to a pullback from a long-term project of the previous period.
Hardware	35.8	+4.6	8.8	-2.0	Orders increased, due to an increase in the sales of Open products.

# Performance Forecast for FY March 2014

The forecast of net sales announced on May 9 has been revised upward.  
The forecast of income remains unchanged.

( Billion Yen )

## 【Full Year】

	FY 2014 Forecast	FY 2013 Actual	Changes	Previous Forecast	Changes
Net Sales	280.0	269.2	+10.8 (+4.0%)	275.0	+5.0
Operating Income	12.0	8.3	+3.7 (+44.4%)	12.0	0.0
Ordinary Income	11.3	8.3	+3.0 (+35.9%)	11.3	0.0
Net Income	7.0	1.3	+5.7 (-)	7.0	0.0

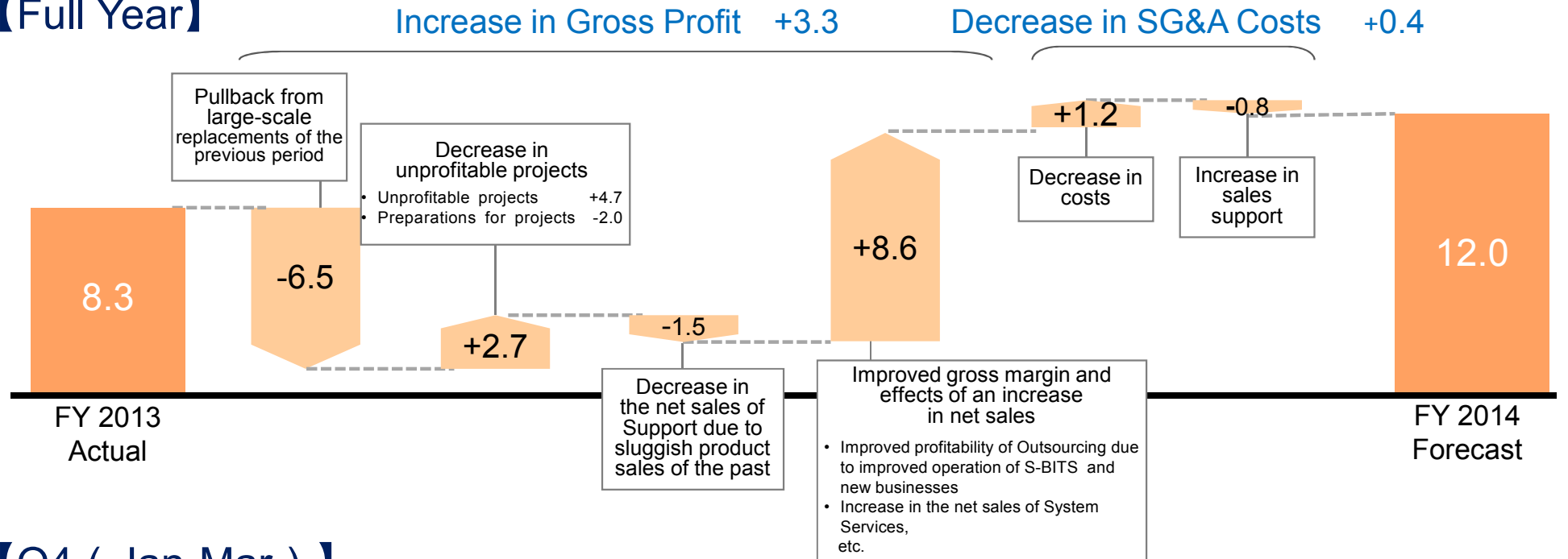
## 【Q4 ( Jan-Mar )】

	FY 2014 Q3 Cumulative	Yr/Yr Change	FY 2014 Q4 Forecast	Yr/Yr Change
Net Sales	190.6	+9.6 (+5.3%)	89.4	+1.2 (+1.4%)
Operating Income	2.7	- 2.2 (-44.2%)	9.3	+5.9 (+170.8%)
Ordinary Income	3.1	- 1.9 (-38.3%)	8.2	+4.9 (+144.8%)
Net Income	1.7	+3.7 -	5.3	+2.0 (+61.5%)

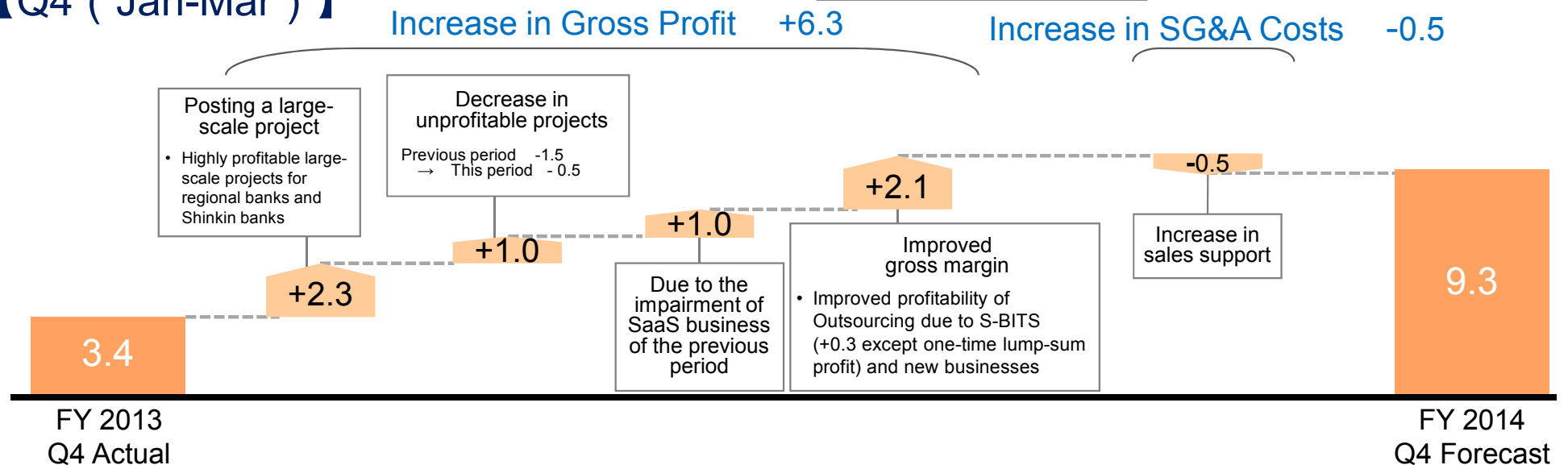
# Varying Factors for Operating Income for FY March 2014 Q4 ( Jan-Mar )

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

## 【Full Year】



## 【Q4 ( Jan-Mar )】







# Cash Flows and Balance Sheet

The financial standing continues to be steadily strengthened.

( Billion Yen )

	FY March 2014 Q3 Cumulative		FY March 2014 Full Year Forecast	
	Amount	Yr/Yr Change	Amount	Yr/Yr Change
Net Cash Provided by Operating Activities	5.4	-3.3	11.2	-7.2
Net Cash Provided by Investing Activities	-4.8	+4.0	-7.2	+4.2
Free Cash Flows	0.5	+0.8	4.0	-3.0

	End of FY March 2014 Q3		End of FY March 2014 Forecast *	
	Amount	Vs End of FY March 2013 Change	Amount	Yr/Yr Change
Total Assets	190.1	-7.7	205.6	+7.8
Liabilities	119.9	-9.9	135.1	+5.2
Net Assets	70.2	+2.2	70.5	+2.6
Shareholders' Equity	69.0	+2.5	69.3	+2.8
Net Interest-bearing Debt	41.6	+0.7	38.4	-2.3
Shareholders' Equity Ratio	36.3%	+2.7pt	33.7%	+0.1pt
Net Debt/Equity Ratio	0.60 times	Improvement of 0.01pt	0.55 times	Improvement of 0.06pt

Net Interest-bearing Debt = Interest-bearing Debt – Cash and Deposits

\*. The estimated amount (3.0 billion yen) of impacts of the one-time recording of unrecognized pension liability attributable to a change in accounting standards has been reflected.

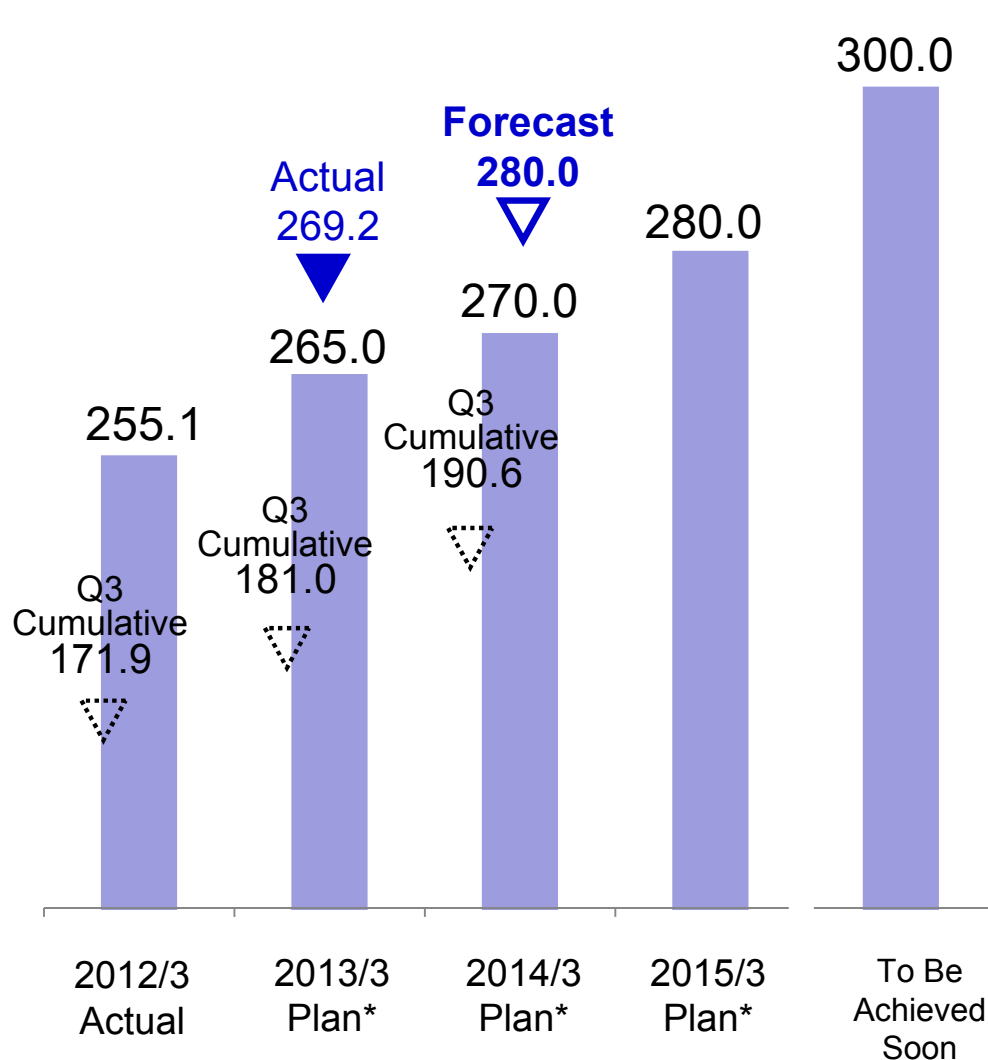
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# Progress of the Mid-term Management Plan (2012→2014)

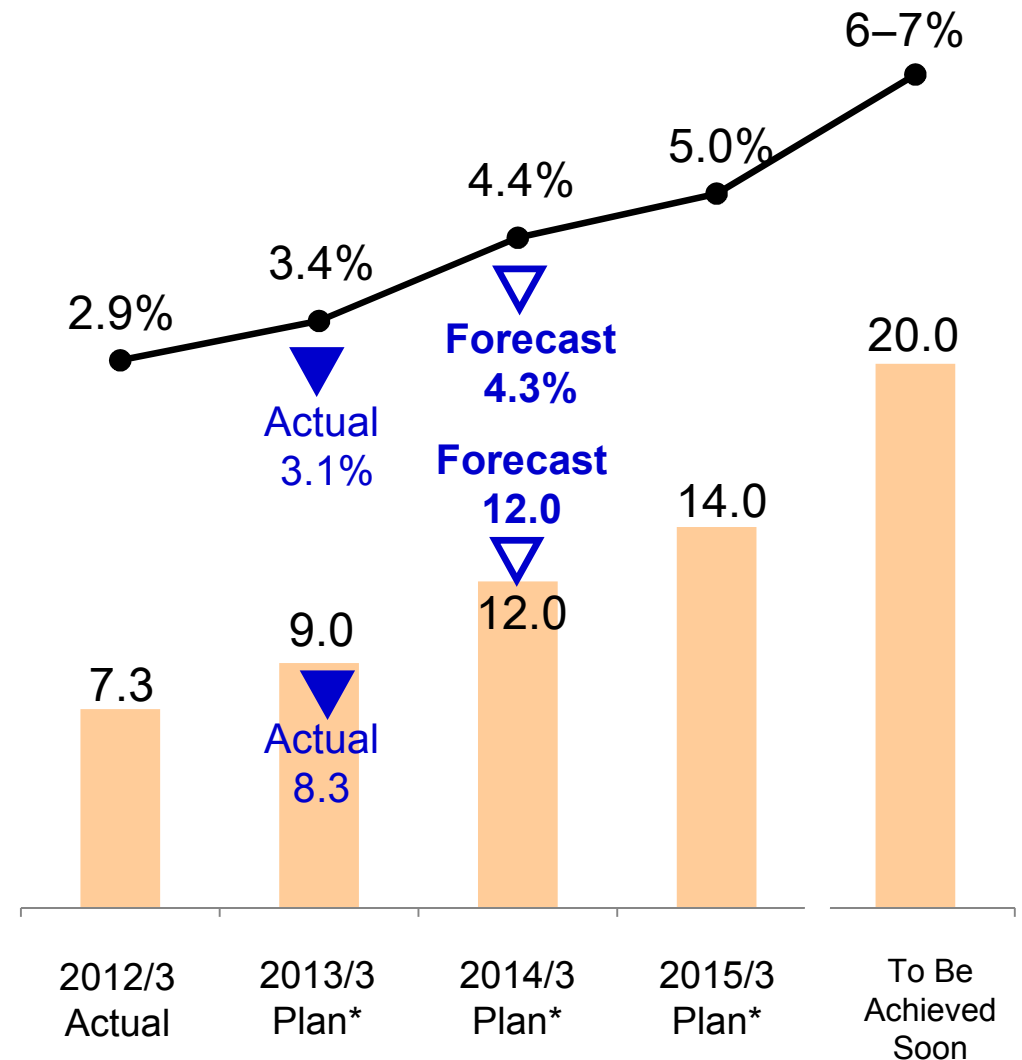
The top-line recovery to 280 billion yen will be achieved ahead of schedule.

( Billion Yen )

## 【Net Sales】



## 【Operating Income / Operating margin】



\* as planned in the Mid-term Management Plan ( 2012→2014 )



# Progress toward Enhancement of Financial Strength

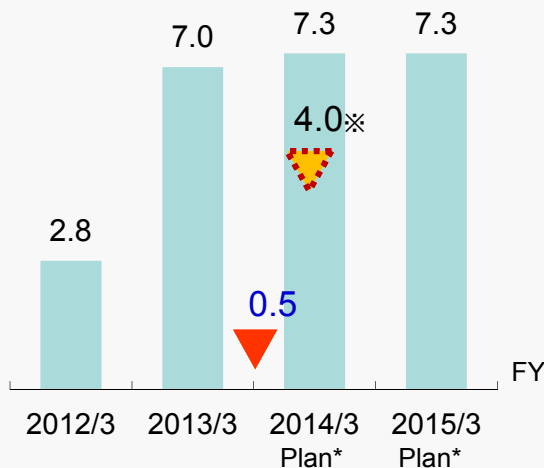
Cash flows and Debt/Equity ratio have been steadily improved.

## Improvement of cash flows and financial strength

- To enable appropriate and sufficient shareholders' equity through an increase in earnings on the basis of an ensured achievement of earnings target
- To generate free cash flow stably through investments within the appropriate range (the range of depreciation/amortization)
- To endeavor to improve Debt/Equity ratio through efforts to enable an appropriate shareholders' equity and reduce interest-bearing debts to an appropriate level

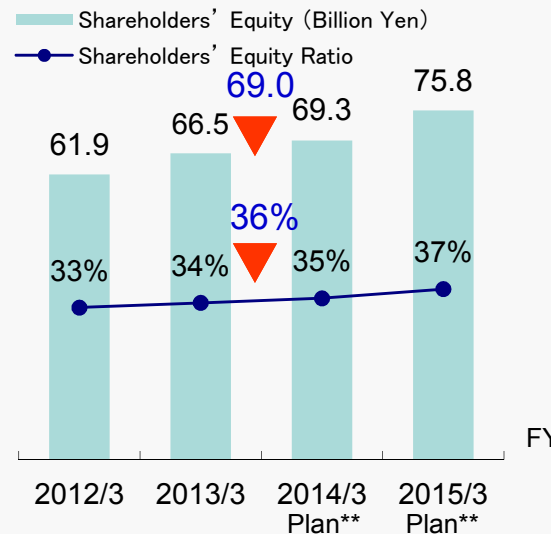
▼ FY2013 Q3 Actual

### Free Cash Flows

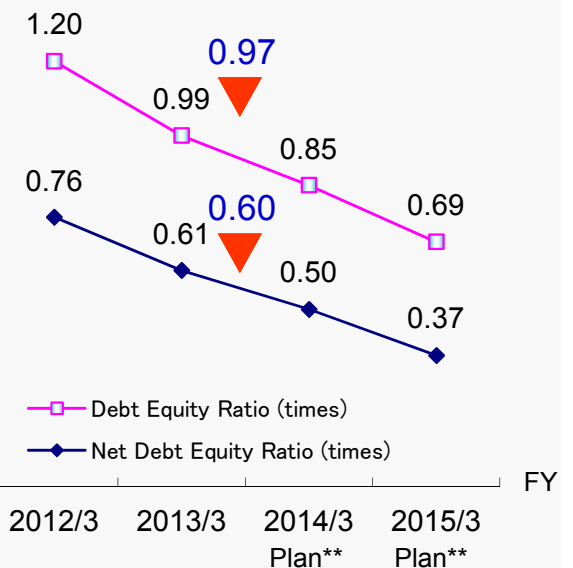


※ Full year forecast at this point in time

### Shareholders' Equity



### Debt/Equity Ratio



\*) Plan as stated in the Mid-Term Management Plan (2012→2014)

\*\* ) The estimated amount (3.0 billion yen) of impacts of the one-time recording of unrecognized pension liability attributable to a change in accounting standards has been reflected.

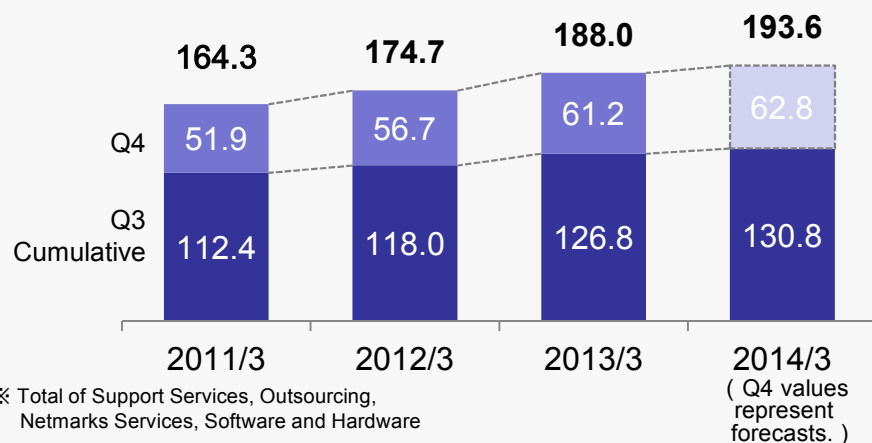


# ( Reference ) Progress of Key Measures ( Mid-term Management Plan (2012→2014) )

## 〔Strengthening of the ICT Infrastructure Services〕

⇒ They have steadily grown.

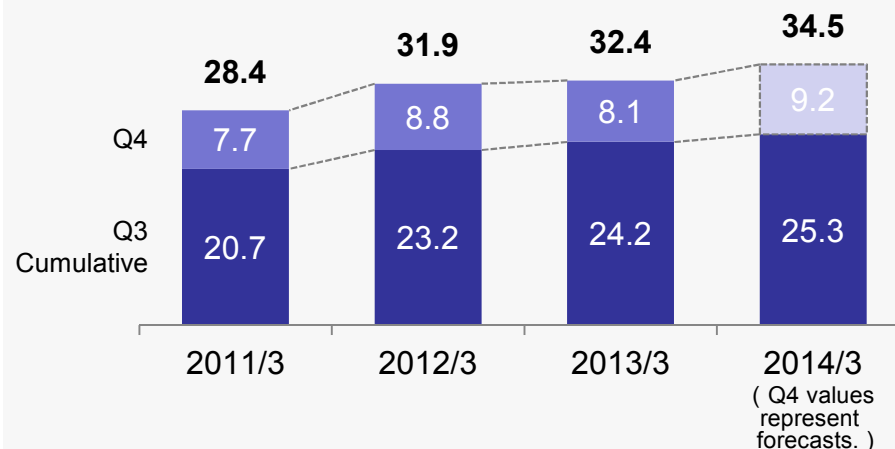
Net Sales related to ICT Infrastructure ※ ( Billion Yen )



## 〔Strengthening of the Operation & Support Services〕

⇒ Support Services continued sluggish, while Outsourcing remained strong.

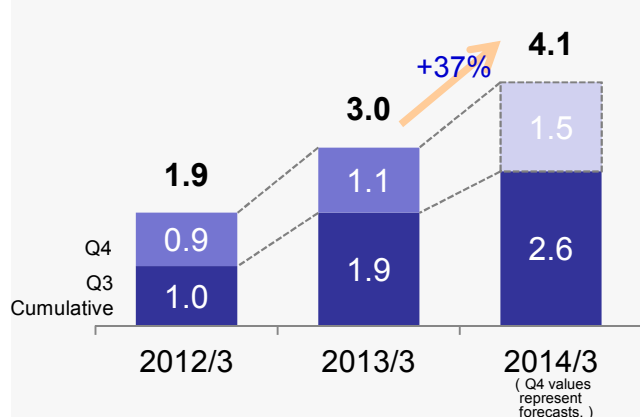
Net Sales of Outsourcing ( Billion Yen )



## 〔Challenge of New Businesses〕

⇒ New Businesses have steadily increased. Results of the initiatives need to be connected in order to create further values.

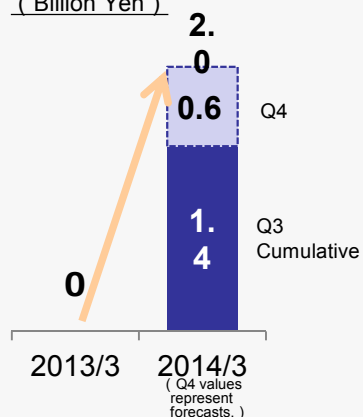
Net Sales of New Businesses ( Billion Yen )



## 〔Cooperation with DNP〕

⇒ Steady efforts have been made despite dim prospects of achieving the plan of this period.

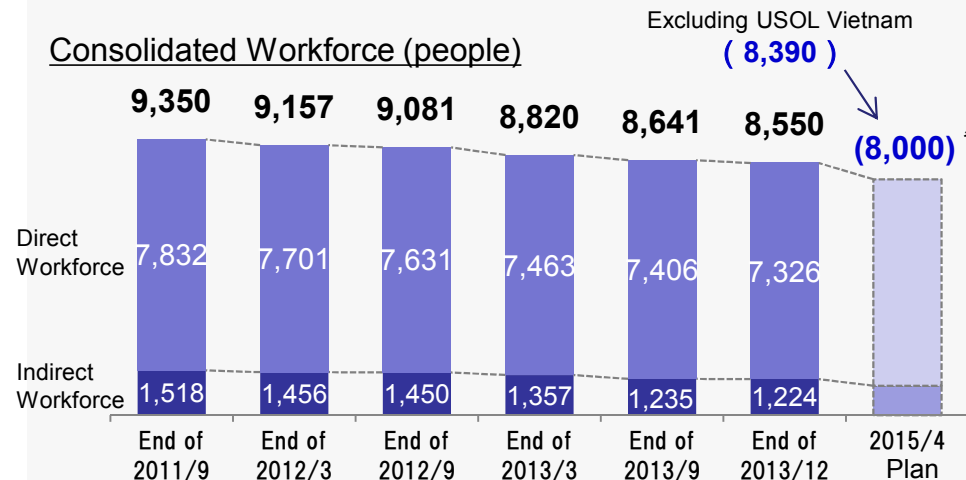
Net Sales of the Businesses ( Billion Yen )



## 〔Strengthening of the Management Base〕

⇒ Although the workforce has steadily shrunk on the basis of human resources optimization, the pace of shrinkage has slowed down, partly due to legal reforms.

Consolidated Workforce (people)



# U & U

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**Note:**

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