

Financial Results for the Fiscal Year Ended March 31, 2016

April 28, 2016

NEC Corporation

(<http://www.nec.com/en/global/ir>)

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Reference (Financial data)

* Net income/loss or profit/loss for FY16/3 (actual) or FY17/3 (forecast) refers to profit/loss attributable to owners of the parent for the same period.

* FY16/3 IFRS figures are currently not audited and subject to change upon audit completion during FY17/3.

I . Financial Results for FY16/3 (J-GAAP)

(Billions of Yen)

Net Sales

YoY -3.9%
Variance from forecast
-78.8

Decreased year on year

- Decrease in Public business, Telecom Carrier business and Others, despite a significant increase in Enterprise business

Operating Income

YoY -20.8
Variance from forecast
+7.3

Decreased year on year, topped 100 billion yen

- Decrease in Public and Telecom Carrier business, despite an increase in Enterprise and System Platform business

Net Income

YoY +11.4
Variance from forecast
+3.7

Increased year on year, outperformed company forecast and mid-term target

- Improvement mainly due to a decrease in tax expense through the dissolution of a consolidated subsidiary

Decided on a 6 yen year-end dividend per share

*Variance from forecast as of February 29, 2016

Summary of Financial Results for FY16/3

Results
FY16/3
(J-GAAP)

(Billions of Yen)

	Q4 <January to March>			Full Year			Variance from Forecast as of Feb 29
	FY15/3 Actual	FY16/3 Actual	YoY	FY15/3 Actual	FY16/3 Actual	YoY	
Net Sales	933.5	872.1	-6.6%	2,935.5	2,821.2	-3.9%	-78.8
Operating Income	92.4	89.0	-3.4	128.1	107.3	-20.8	+7.3
% to Net Sales	9.9%	10.2%		4.4%	3.8%		
Ordinary Income	75.7	67.5	-8.2	112.1	82.7	-29.4	-2.3
% to Net Sales	8.1%	7.7%		3.8%	2.9%		
Net Income	34.5	68.4	+33.9	57.3	68.7	+11.4	+3.7
% to Net Sales	3.7%	7.8%		2.0%	2.4%		

Free Cash Flows	116.1	114.6	-1.5	40.4	65.6	+25.2	+5.6
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Note: Average Exchange Rates (yen)	USD 1	118.78	118.42	108.42	120.75
	EUR 1	139.75	129.54	139.68	132.99

Note: Assumed exchange rates for Q4 of FY16/3 \$1=¥115, €1=¥130

Results by Segment for FY16/3

Results
FY16/3
(J-GAAP)

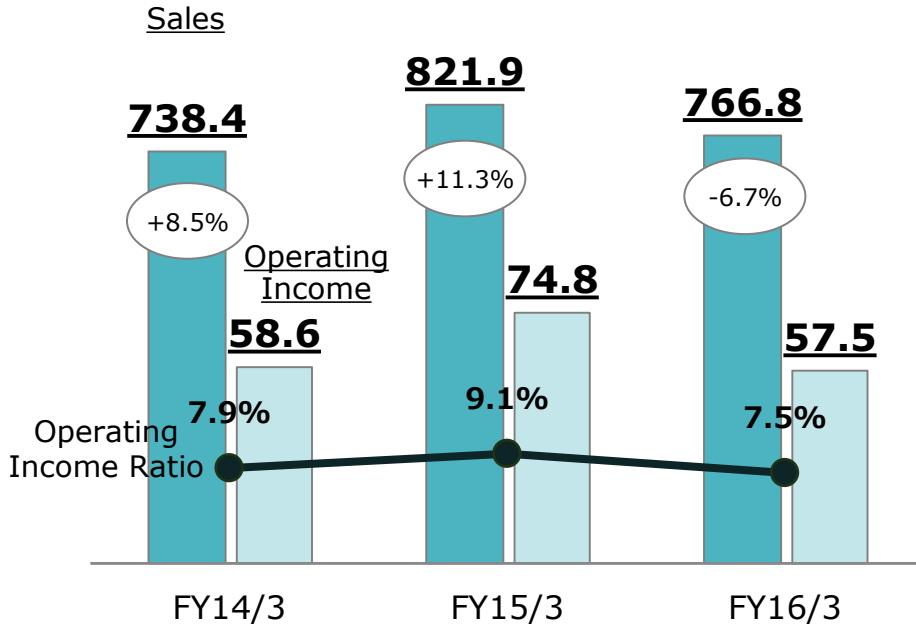
(Billions of Yen)

		Q4 <January to March>			Full Year			Variance from Forecast as of Feb 29
		FY15/3 Actual	FY16/3 Actual	YoY	FY15/3 Actual	FY16/3 Actual	YoY	
Public	Net Sales	295.9	271.1	-8.4%	821.9	766.8	-6.7%	-33.2
	Operating Income	37.1	35.1	-2.0	74.8	57.5	-17.2	-4.5
	% to Net Sales	12.5%	12.9%		9.1%	7.5%		
Enterprise	Net Sales	82.6	83.0	+0.4%	270.5	300.7	+11.2%	-6.3
	Operating Income	5.5	9.6	+4.1	8.3	22.2	+13.9	+2.2
	% to Net Sales	6.7%	11.5%		3.1%	7.4%		
Telecom Carrier	Net Sales	236.9	212.2	-10.4%	740.2	698.9	-5.6%	-11.1
	Operating Income	36.6	29.2	-7.4	62.0	45.6	-16.4	+4.6
	% to Net Sales	15.4%	13.7%		8.4%	6.5%		
System Platform	Net Sales	213.0	209.8	-1.5%	728.9	728.5	-0.0%	-14.5
	Operating Income	18.3	24.4	+6.1	31.4	37.5	+6.1	+1.5
	% to Net Sales	8.6%	11.6%		4.3%	5.2%		
Others	Net Sales	105.1	96.0	-8.7%	374.1	326.2	-12.8%	-13.8
	Operating Income/Loss	9.9	2.4	-7.5	4.0	-8.9	-12.9	-2.9
	% to Net Sales	9.4%	2.5%		1.1%	-2.7%		
Adjustment	Operating Income/Loss	-14.9	-11.6	+3.3	-52.4	-46.7	+5.7	+6.3
Total	Net Sales	933.5	872.1	-6.6%	2,935.5	2,821.2	-3.9%	-78.8
	Operating Income	92.4	89.0	-3.4	128.1	107.3	-20.8	+7.3
	% to Net Sales	9.9%	10.2%		4.4%	3.8%		

(Billions of Yen)

Billions of Yen (YoY)

YoY



Sales 766.8 (-6.7%)

- Sales for the central government decreased due to a decline in large-scale projects in the previous fiscal year

Operating Income 57.5 (-17.2)

- Decreased due to a sales decline and an increase in loss-making projects



(Billions of Yen)

Billions of Yen (YoY)

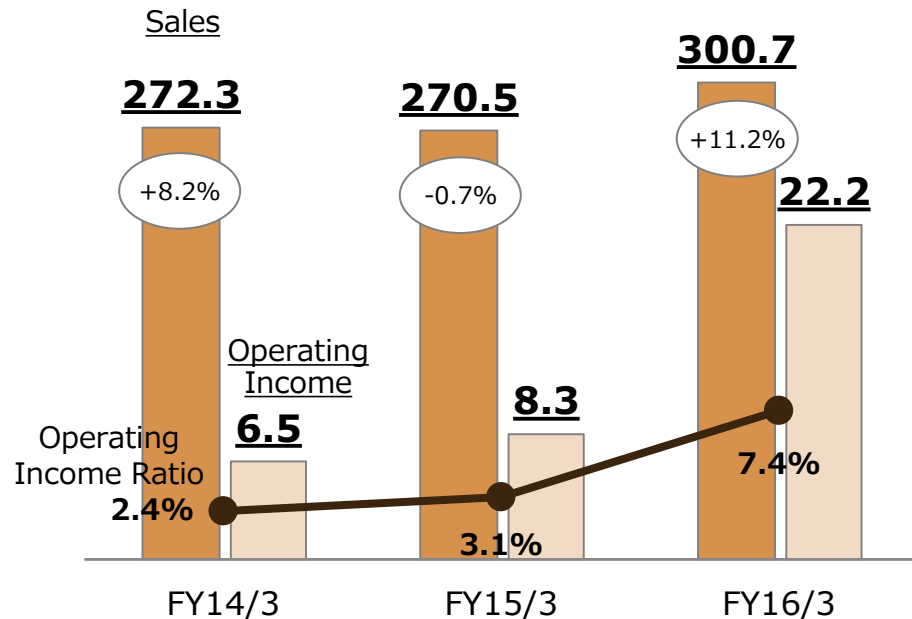
YoY

Sales 300.7 (+11.2%)

- Increased due to large-scale projects in retail and services, as well as manufacturing

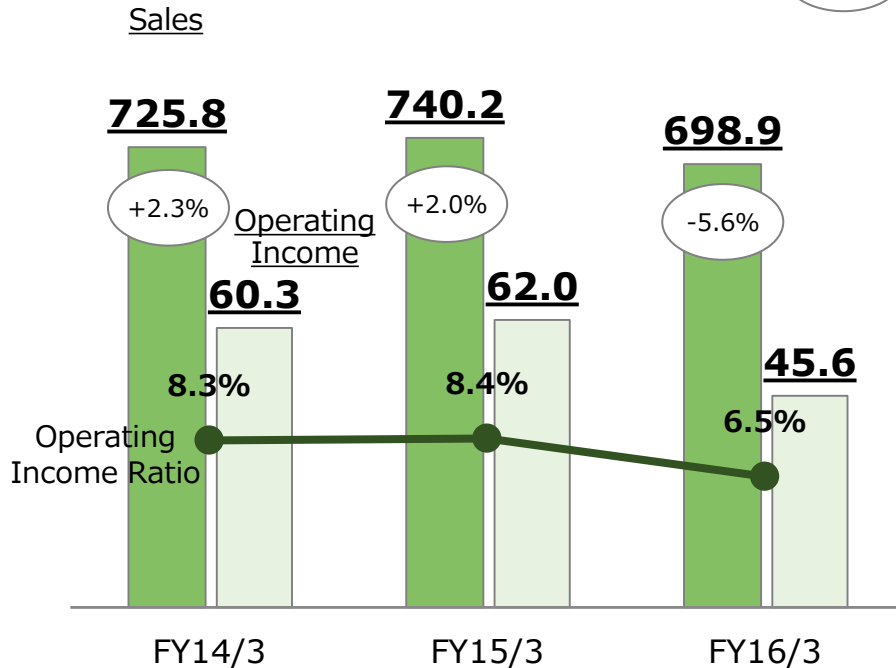
Operating Income 22.2 (+13.9)

- Improved due to a sales increase and higher profitability in system construction services



(Billions of Yen)

Billions of Yen (YoY)



Sales 698.9 (-5.6%)

- Decreased in Japan
- International sales increased in submarine cable systems

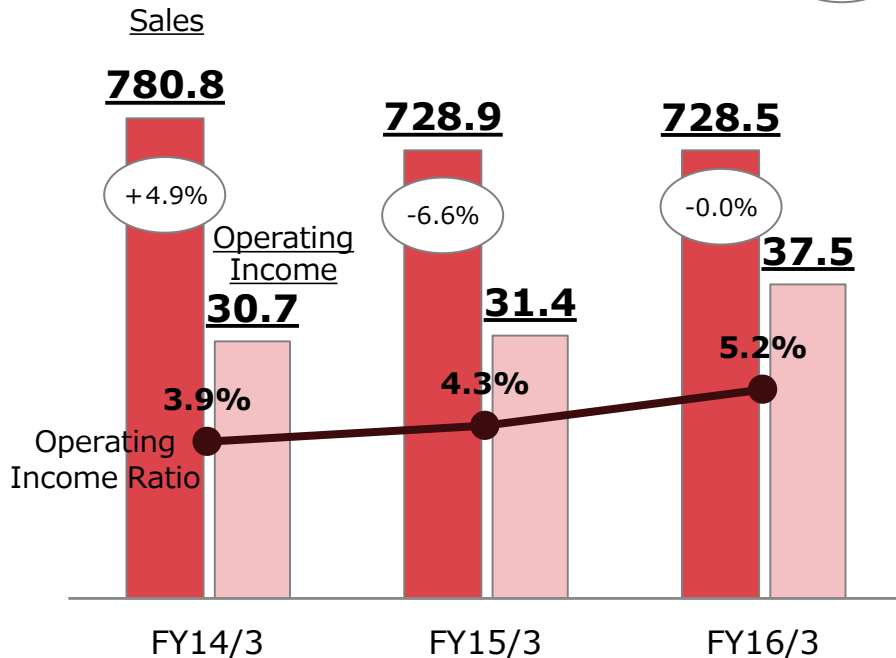
Operating Income 45.6 (-16.4)

- Decreased due to a sales decline and a loss-making international project



(Billions of Yen)

Billions of Yen (YoY)



Sales 728.5 (-0.0%)

- Remained flat due to a decrease in maintenance services, despite an increase in hardware

Operating Income 37.5 (+6.1)

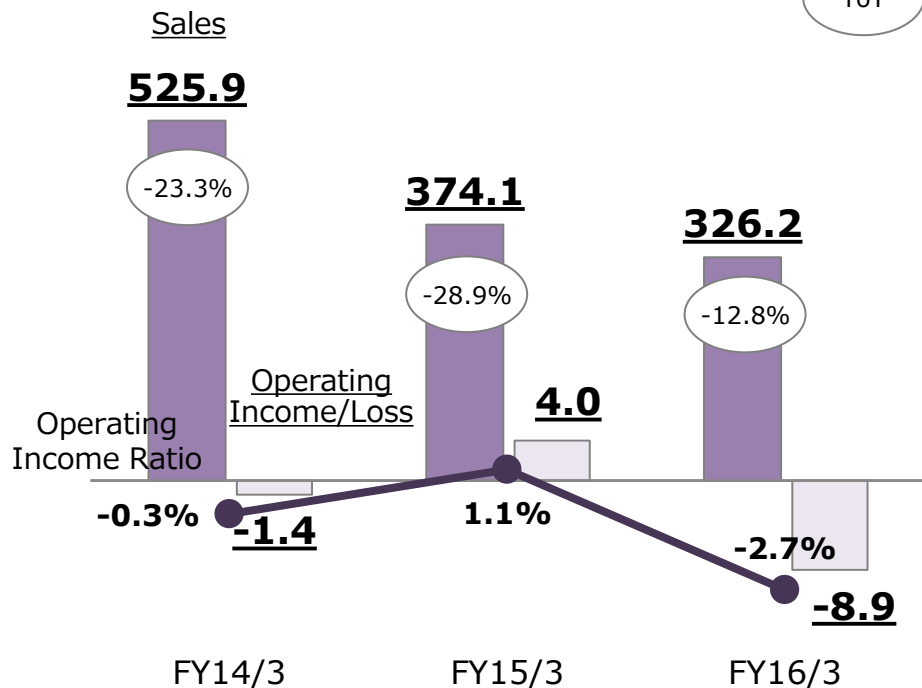
- Increased due to higher profitability in hardware



(Billions of Yen)

Billions of Yen (YoY)

YoY



Sales 326.2 (-12.8%)

- Decreased due to deconsolidation of logistics business, a decrease in the energy business and mobile handsets business

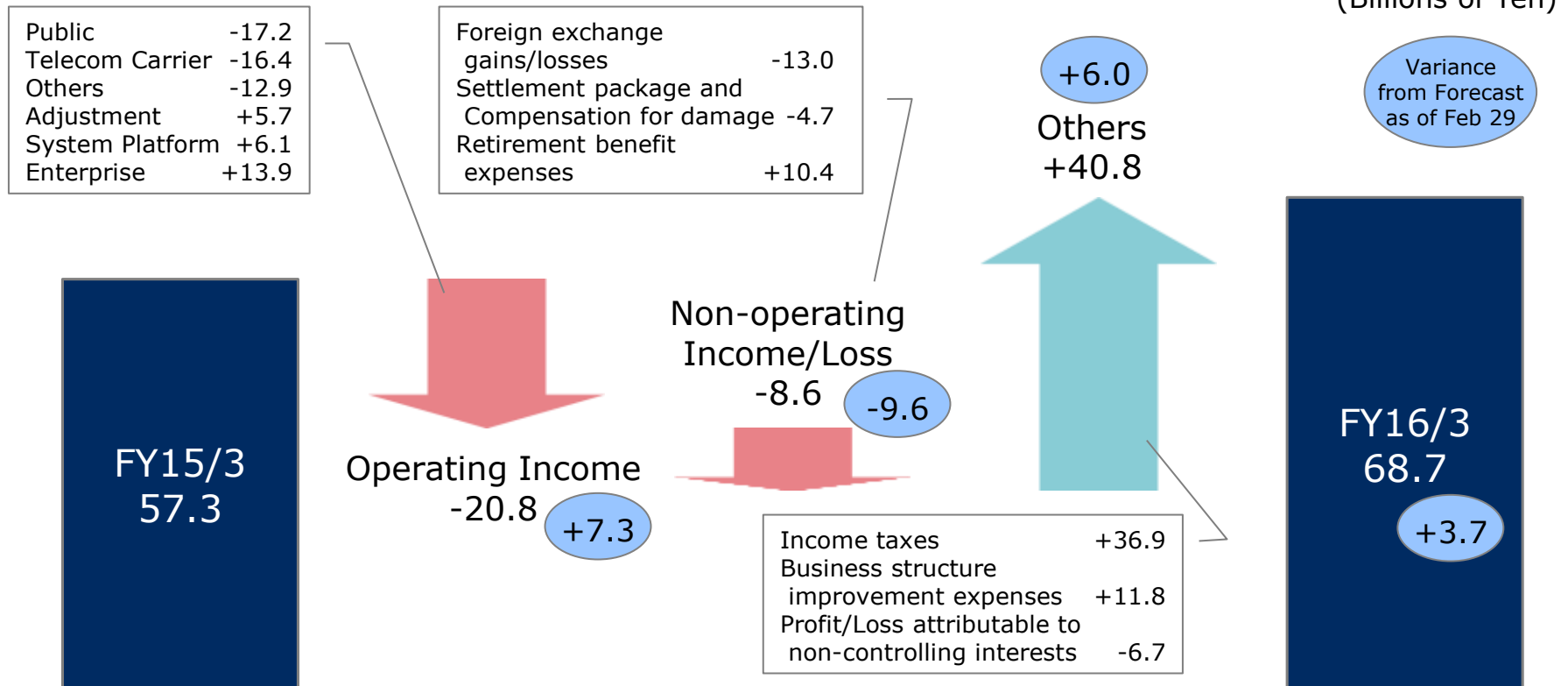
Operating Income/Loss -8.9 (-12.9)

- Worsened due to a sales decline and deterioration of profitability in the energy business



Net Income Change (Year on Year)

(Billions of Yen)



II. Financial Forecasts for FY17/3 (IFRS)

Voluntary Adoption of IFRS

Forecasts
FY17/3
(IFRS)

Accounting Standards Timing of Disclosure	J-GAAP	IFRS
April 2016	Earnings Releases for FY16/3 (FY16/3 Actual)	Earnings Releases for FY16/3 (FY17/3 Forecast)
	Consolidated Financial Statements	Summary of Consolidated Statements of Operations
	Sales and Operating Income/Loss by Segment for FY16/3 Actual	Sales and Operating Income/Loss by Segment for FY16/3 Actual and FY17/3 Forecast
June 2016	Annual Securities Report	-
From July 2016	-	Quarterly Earnings Releases
		Quarterly Securities Reports

* FY16/3 IFRS figures are currently not audited and subject to change upon audit completion during FY17/3.

Summary of Financial Forecasts

Forecasts
FY17/3
(IFRS)

Achieve 50.0 billion yen in profit, continue an annual dividend of 6 yen per share

	Full Year		
	FY16/3 Actual	FY17/3 Forecasts	YoY
Net Sales	2,824.8	2,880.0	+2.0%
Operating Income	91.4	100.0	+8.6
% to Net Sales	3.2%	3.5%	
Profit	75.9	50.0	-25.9
% to Net Sales	2.7%	1.7%	

Dividends per Share (yen)	6.00	6.00	0.00
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Note: Average Exchange Rates (yen)	USD 1	120.75	115.00
	EUR 1	132.99	125.00

(Billions of Yen)

		Full Year		
		FY16/3 Actual	FY17/3 Forecasts	YoY
Public	Net Sales	771.6	735.0	-4.7%
	Operating Income	57.3	69.0	+11.7
	% to Net Sales	7.4%	9.4%	
Enterprise	Net Sales	300.3	305.0	+1.6%
	Operating Income	23.9	19.0	-4.9
	% to Net Sales	8.0%	6.2%	
Telecom Carrier	Net Sales	697.5	705.0	+1.1%
	Operating Income	46.5	48.0	+1.5
	% to Net Sales	6.7%	6.8%	
System Platform	Net Sales	728.6	755.0	+3.6%
	Operating Income	31.7	32.0	+0.3
	% to Net Sales	4.4%	4.2%	
Others	Net Sales	326.8	380.0	+16.3%
	Operating Income/Loss	-18.2	1.0	+19.2
	% to Net Sales	-5.6%	0.3%	
Adjustment	Operating Income/Loss	-49.8	-69.0	-19.2
Total	Net Sales	2,824.8	2,880.0	+2.0%
	Operating Income	91.4	100.0	+8.6
	% to Net Sales	3.2%	3.5%	

*Forecasts as of April 28, 2016

*FY16/3 IFRS figures are currently not audited and subject to change upon audit completion during FY17/3.

Summary of Financial Forecasts (J-GAAP->IFRS)

Forecasts
FY17/3
(IFRS)

(Billions of Yen)

	Full Year								
	FY16/3							FY17/3 Forecasts (IFRS)	YoY
	Actual (J-GAAP)	Goodwill	Pension Costs	Reclassi- fication	Others	Total	Actual (IFRS)		
Net Sales	2,821.2				3.7	3.7	2,824.8	2,880.0	+2.0%
Operating Income/Loss	107.3	10.6	-1.3	-25.6	0.4	-15.9	91.4	100.0	+8.6
% to Net Sales	3.8%						3.2%	3.5%	
Non-operating Income/Expenses	-24.6			24.6		24.6			
Financial Income/Expenses (*1)		0.8	-0.1	-3.8	-1.8	-4.9	-4.9		
Extraordinary Income/Loss	-4.8			4.8		4.8			
Profit/Loss before Income Tax	77.9	11.4	-1.4		-1.4	8.6	86.6		
Profit/Loss	68.7	11.4	-1.0		-3.2	7.2	75.9	50.0	-25.9
% to Net Sales	2.4%						2.7%	1.7%	

*1 Financial income, Financial expenses and Equity in earnings of affiliates

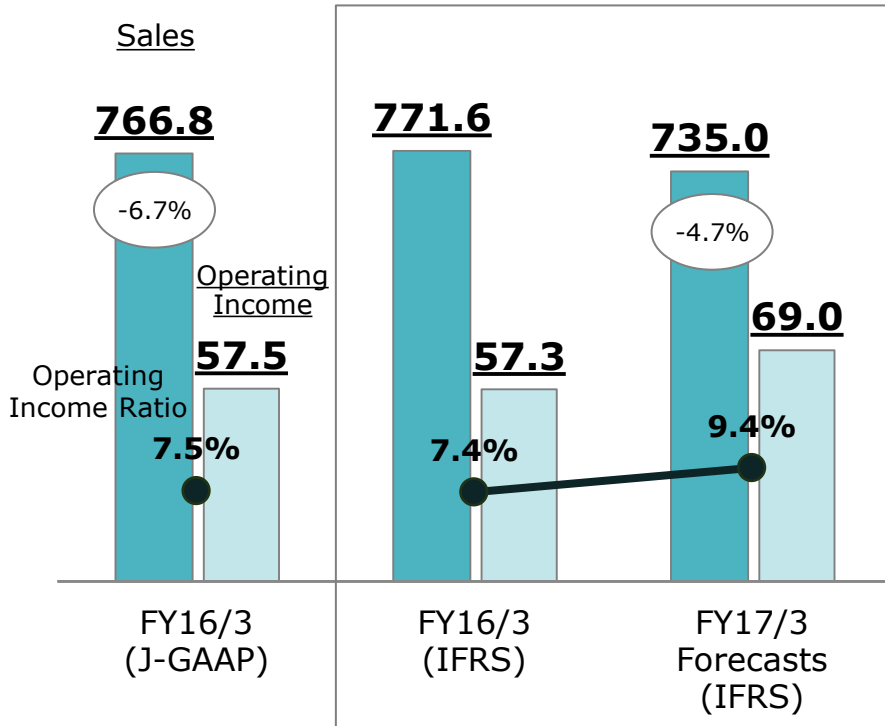
*Forecasts as of April 28, 2016

*FY16/3 IFRS figures are currently not audited and subject to change upon audit completion during FY17/3.

(Billions of Yen)

Billions of Yen (YoY)

YoY



Sales 735.0 (-4.7%)

- Decrease* due to a decline in the public areas, despite an increase of sales for the central government

* Including transfer of certain business (Approx. -40 billion yen)

Operating Income 69.0 (+11.7)

- Improve due to a decrease in loss-making projects and cost reduction

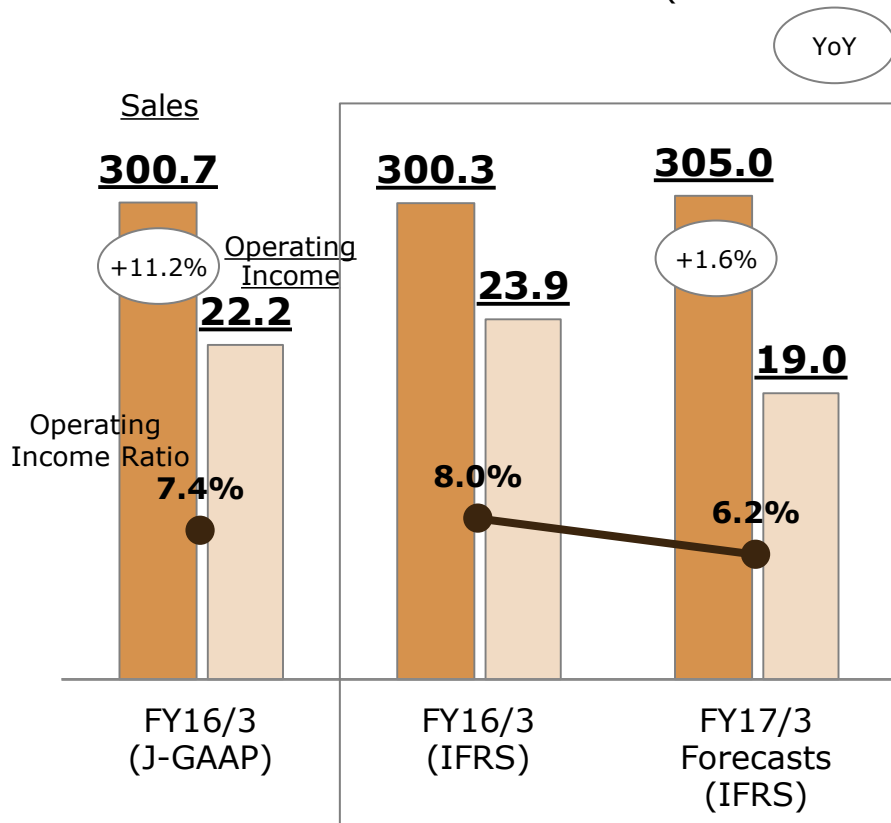


*Forecasts as of April 28, 2016

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(Billions of Yen)

Billions of Yen (YoY)



Sales 305.0 (+1.6%)

- Increase in manufacturing industries

Operating Income 19.0 (-4.9)

- Decrease due to project lineup changes and an investment increase in the IT services business for retail industries

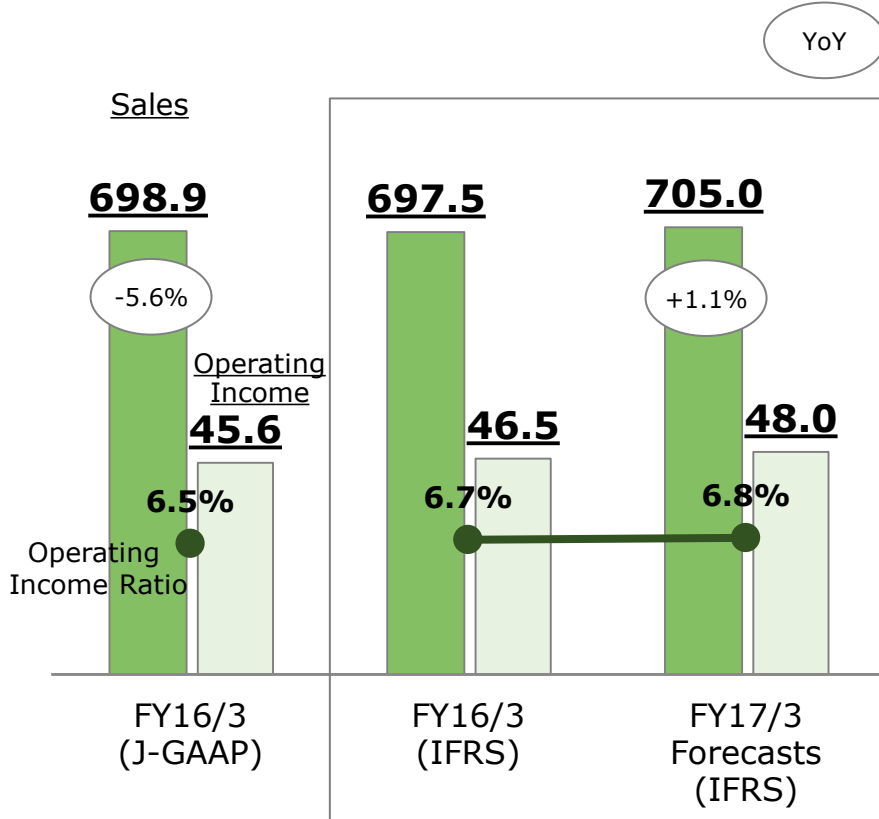


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(Billions of Yen)

Billions of Yen (YoY)



Sales 705.0 (+1.1%)

- Increase in TOMS and SDN/NFV in the international market
- Decrease in Japan

Operating Income 48.0 (+1.5)

- Improve due to a sales increase

* TOMS : Telecom Operations & Management Solutions
 SDN : Software-Defined Networking
 NFV : Network Functions Virtualization

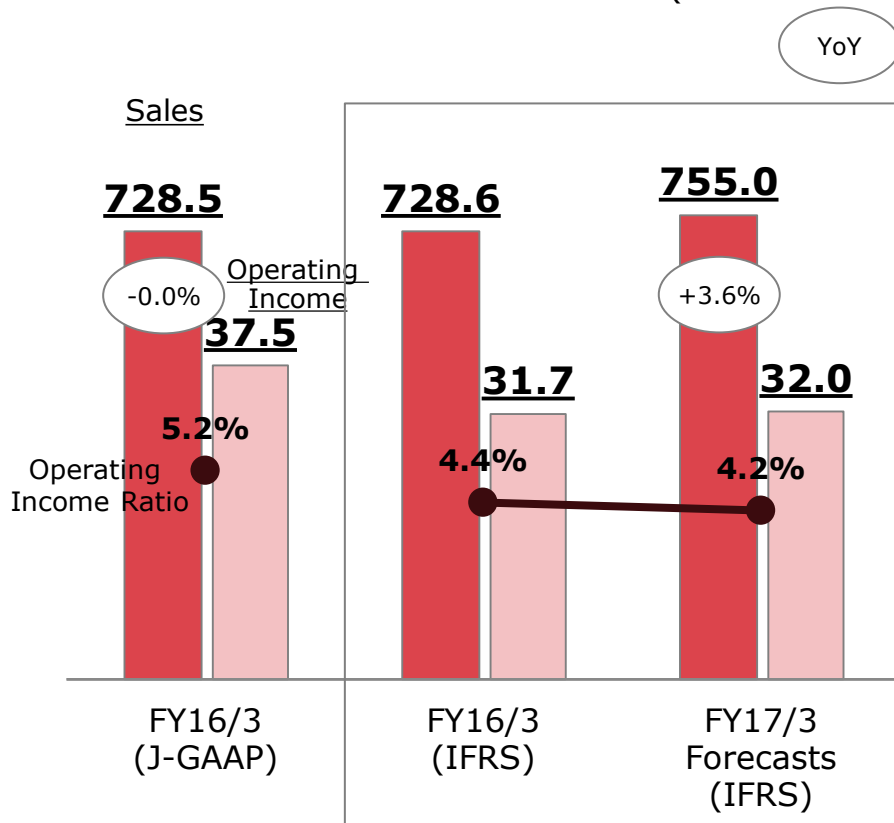


*Forecasts as of April 28, 2016

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(Billions of Yen)

Billions of Yen (YoY)



Sales 755.0 (+3.6%)

- Increase* in services and enterprise networks

* Including transfer of certain business (Approx. +10 billion yen)

Operating Income 32.0 (+0.3)

- Remain flat due to project lineup changes, despite a sales increase



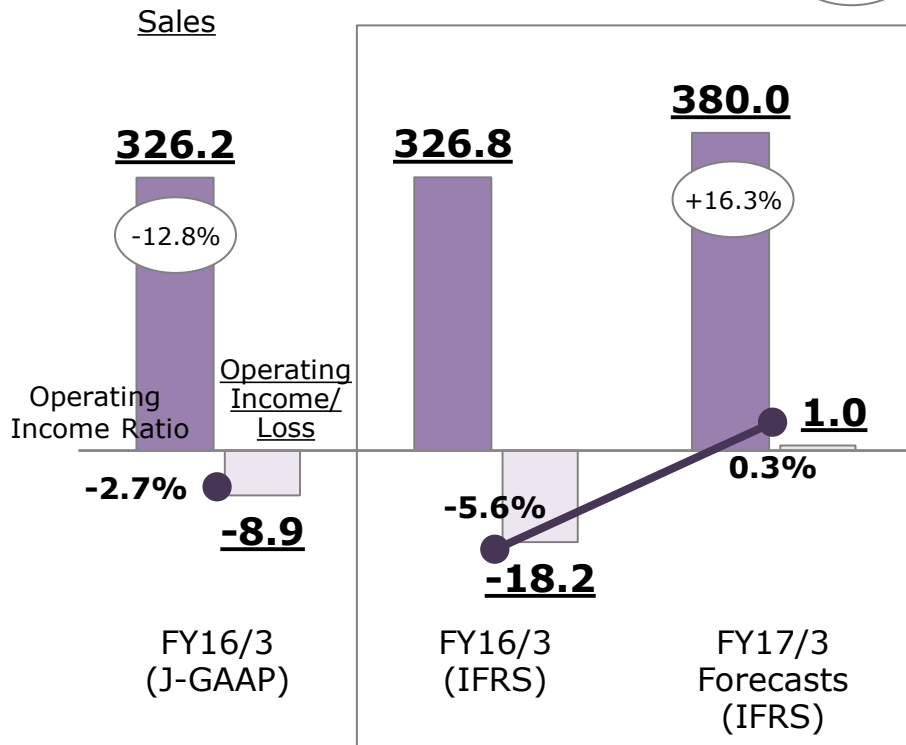
*Forecasts as of April 28, 2016

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(Billions of Yen)

Billions of Yen (YoY)

YoY



Sales 380.0 (+16.3%)

- Increase due to expansion of international business while the energy business remains flat

* Including transfer of certain business (Approx. +30 billion yen)

Operating Income 1.0 (+19.2%)

- Move it into the black due to profit improvement in the energy business

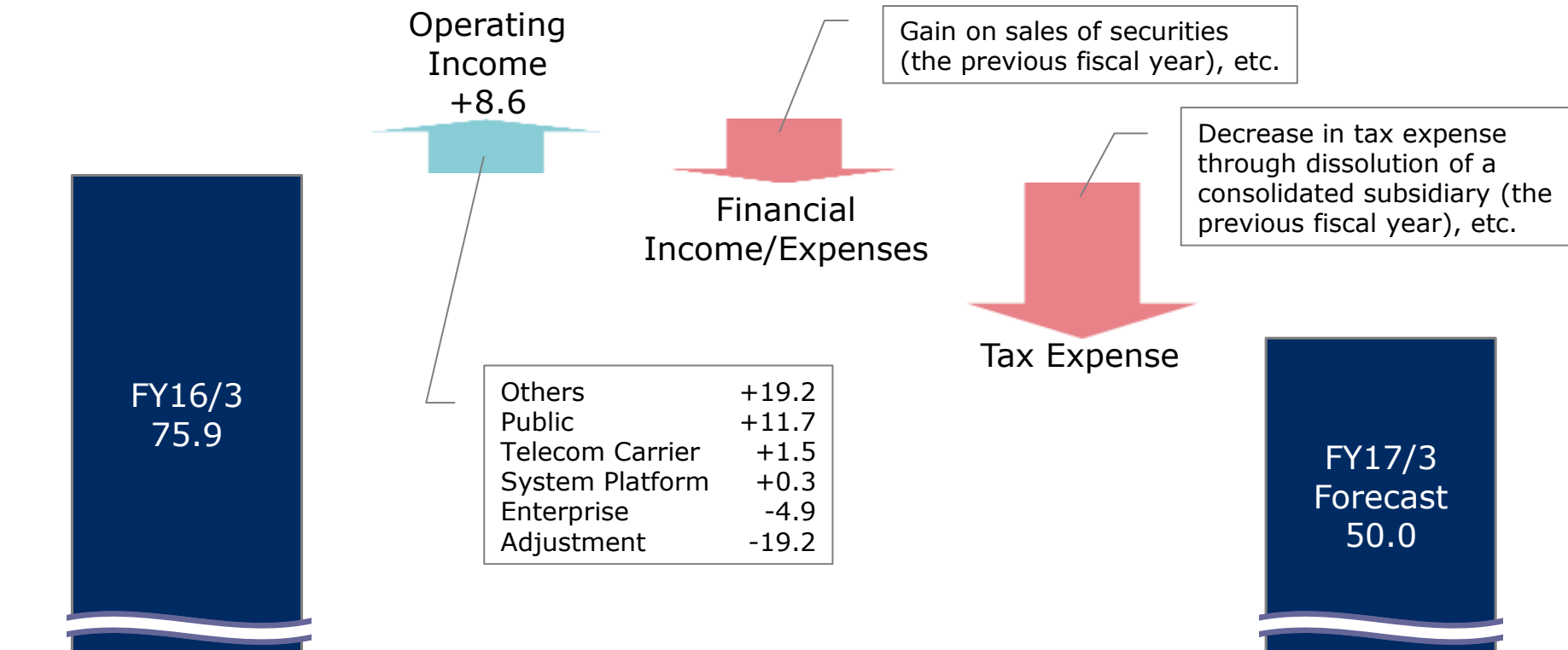


*Forecasts as of April 28, 2016

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Profit Change (Year on Year)

(Billions of Yen)



*Forecasts as of April 28, 2016

*FY16/3 IFRS figures are currently not audited and subject to change upon audit completion during FY17/3.



Orchestrating a brighter world

NEC brings together and integrates technology and expertise to create the ICT-enabled society of tomorrow.

We collaborate closely with partners and customers around the world, orchestrating each project to ensure all its parts are fine-tuned to local needs.

Every day, our innovative solutions for society contribute to greater safety, security, efficiency and equality, and enable people to live brighter lives.

 **Orchestrating** a brighter world

NEC

Financial Results for FY16/3 (Appendix)

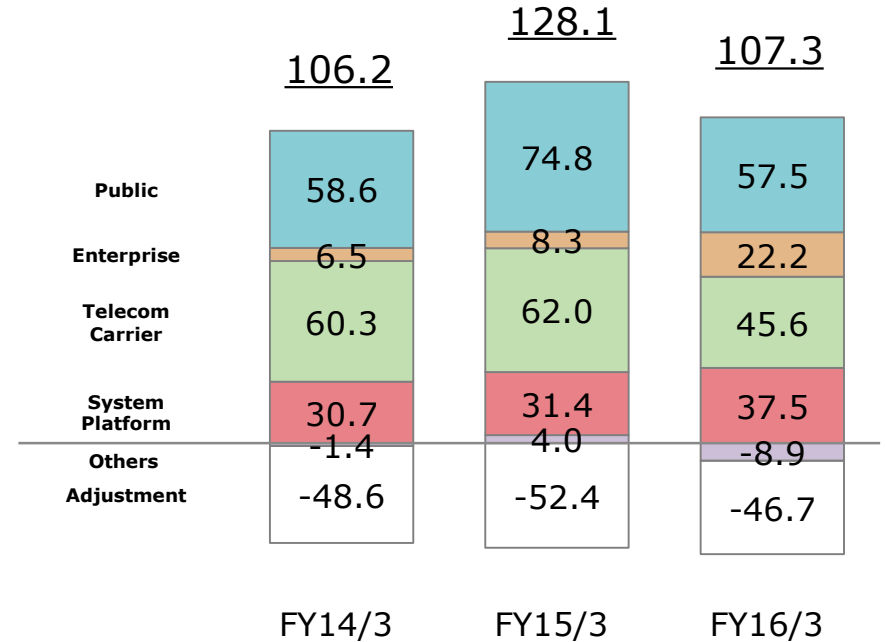
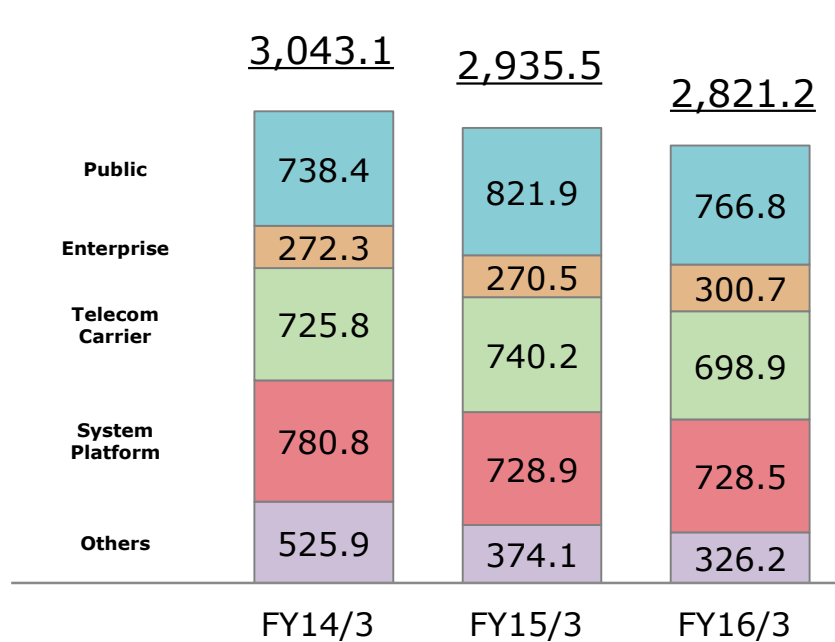
Results for FY16/3 by Segment (three-year transition)

Results
FY16/3
(J-GAAP)

(Billions of Yen)

Net Sales

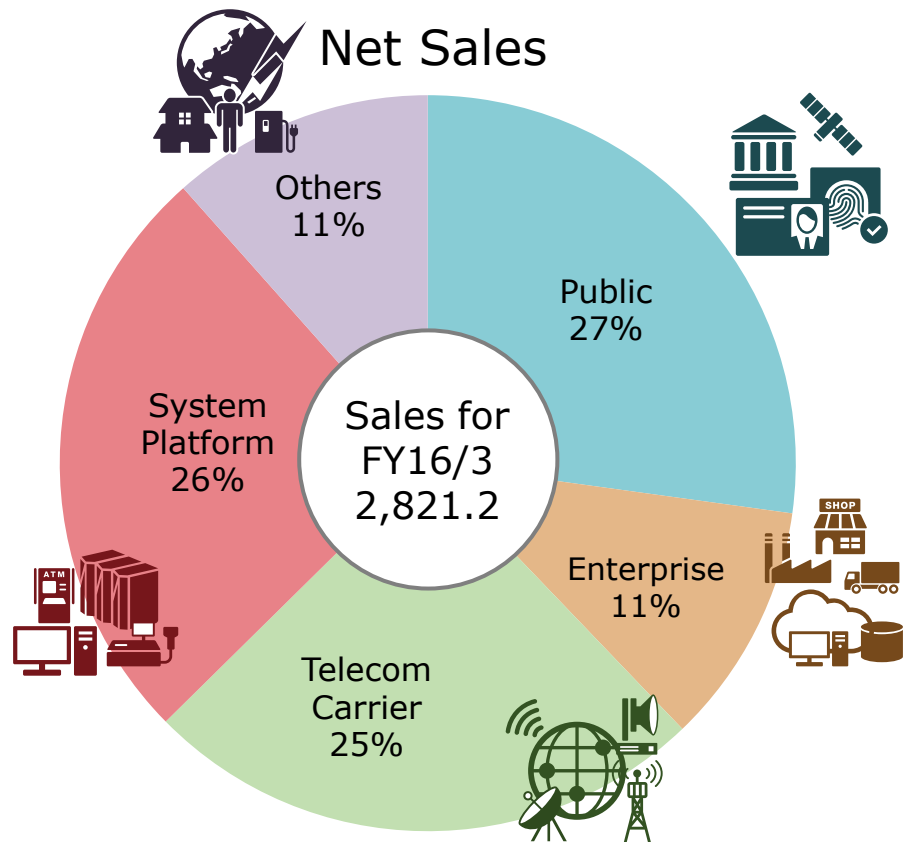
Operating Income/Loss



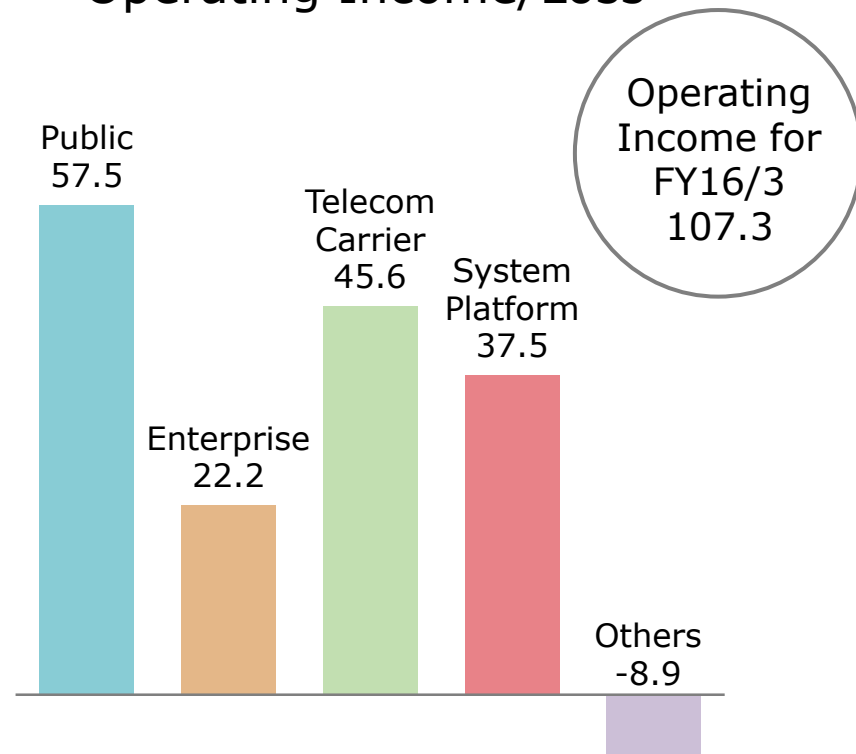
Financial Results for FY16/3 by Segment

Results
FY16/3
(J-GAAP)

(Billions of Yen)



Operating Income/Loss

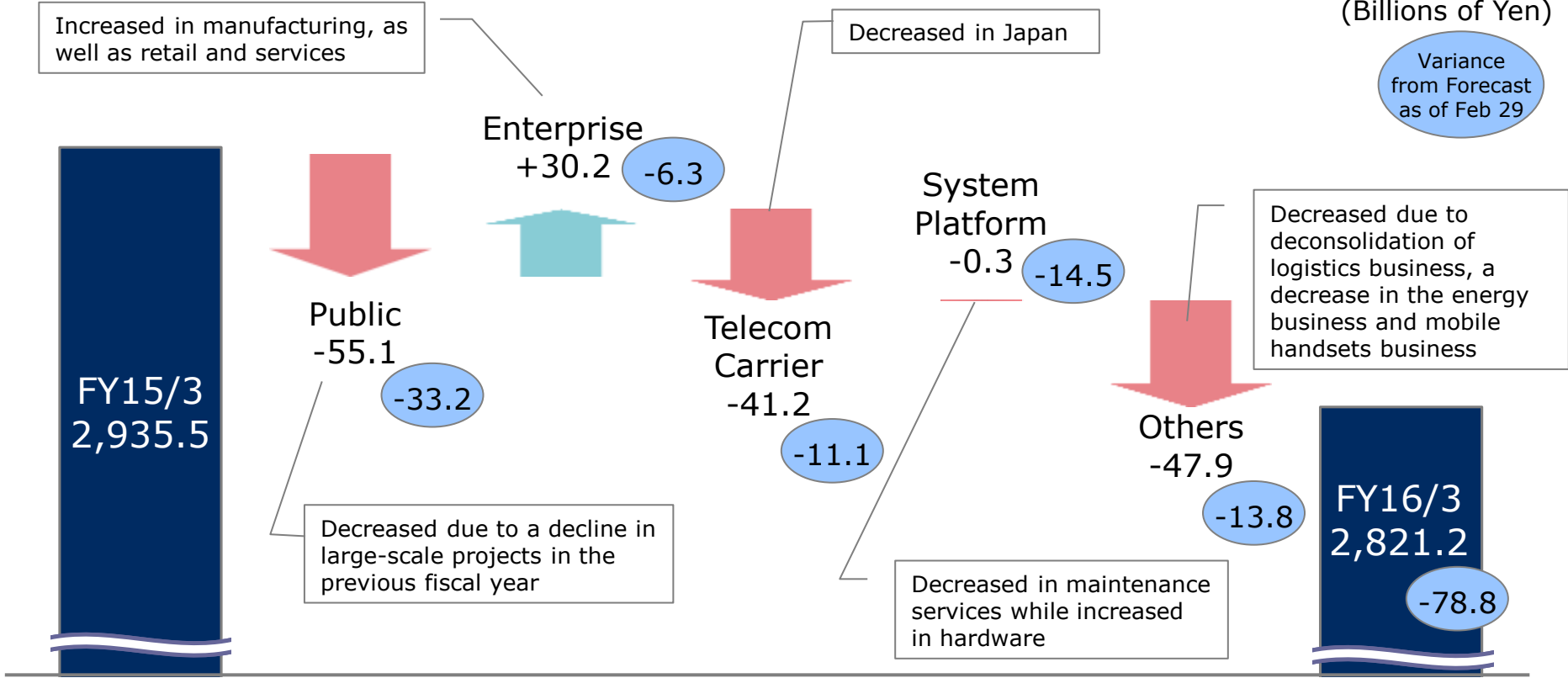


Sales Change (Year on Year)

Results
FY16/3
(J-GAAP)

(Billions of Yen)

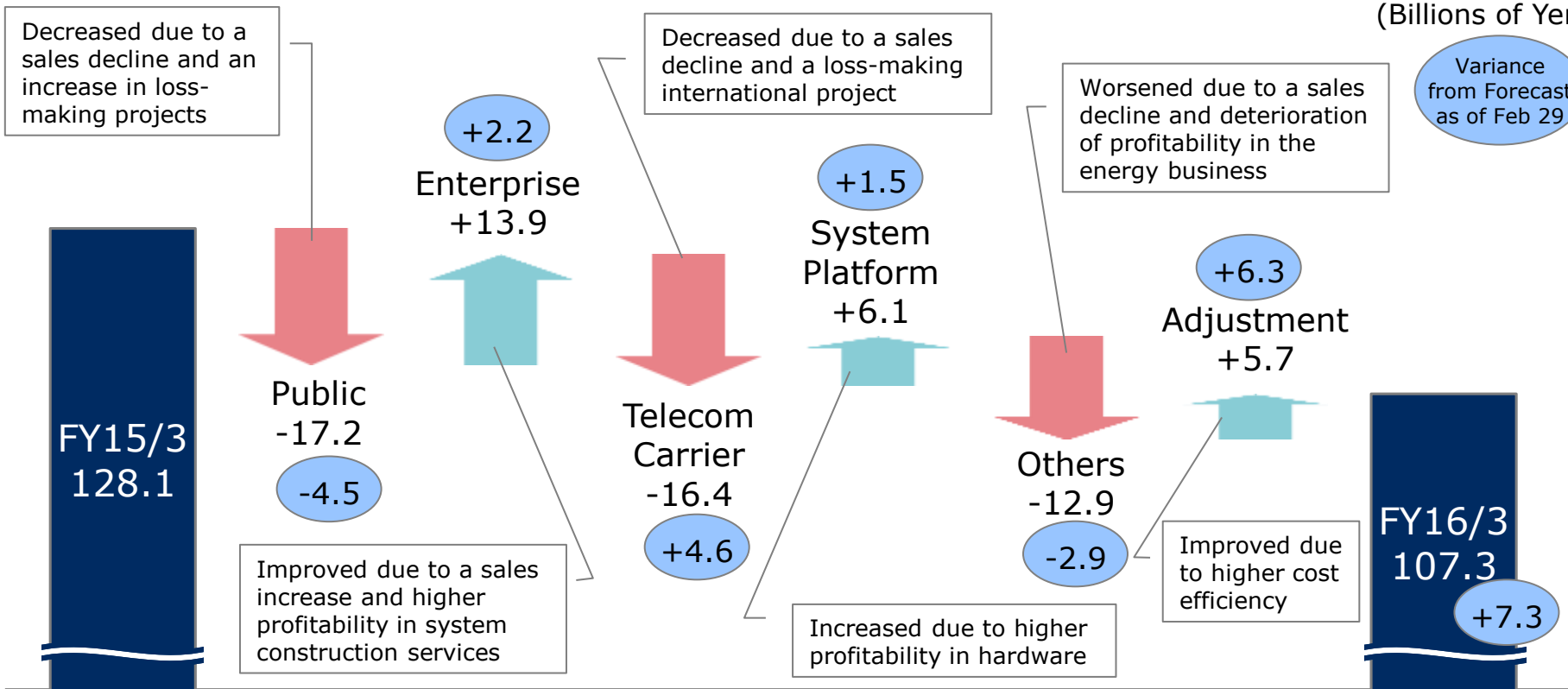
Variance
from Forecast
as of Feb 29



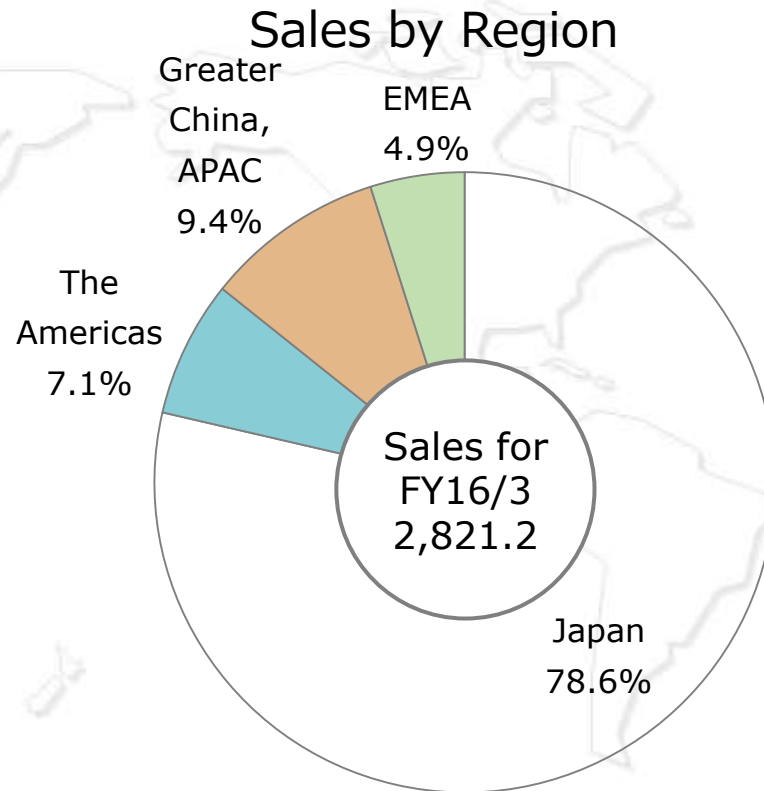
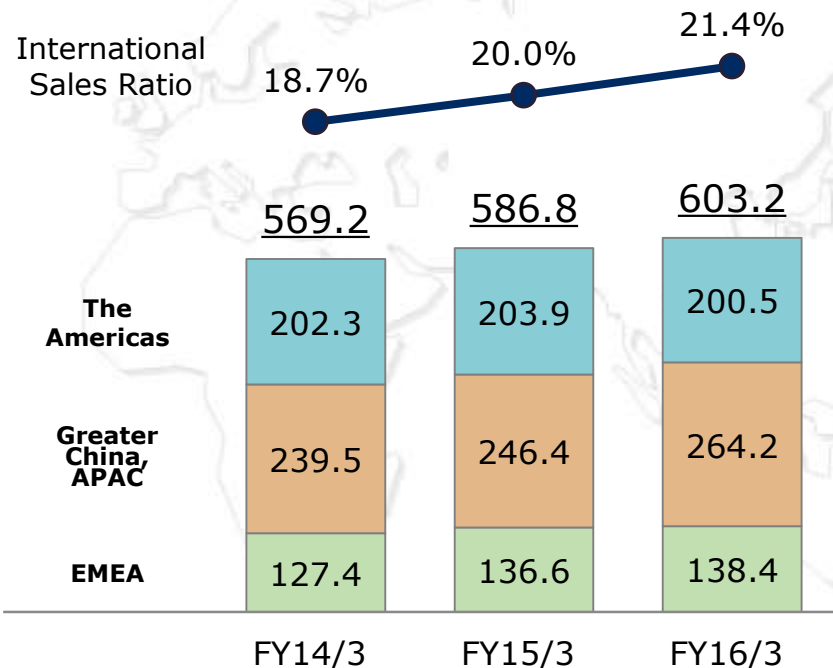
Operating Income Change (Year on Year)

Results
FY16/3
(J-GAAP)

(Billions of Yen)



(Billions of Yen)

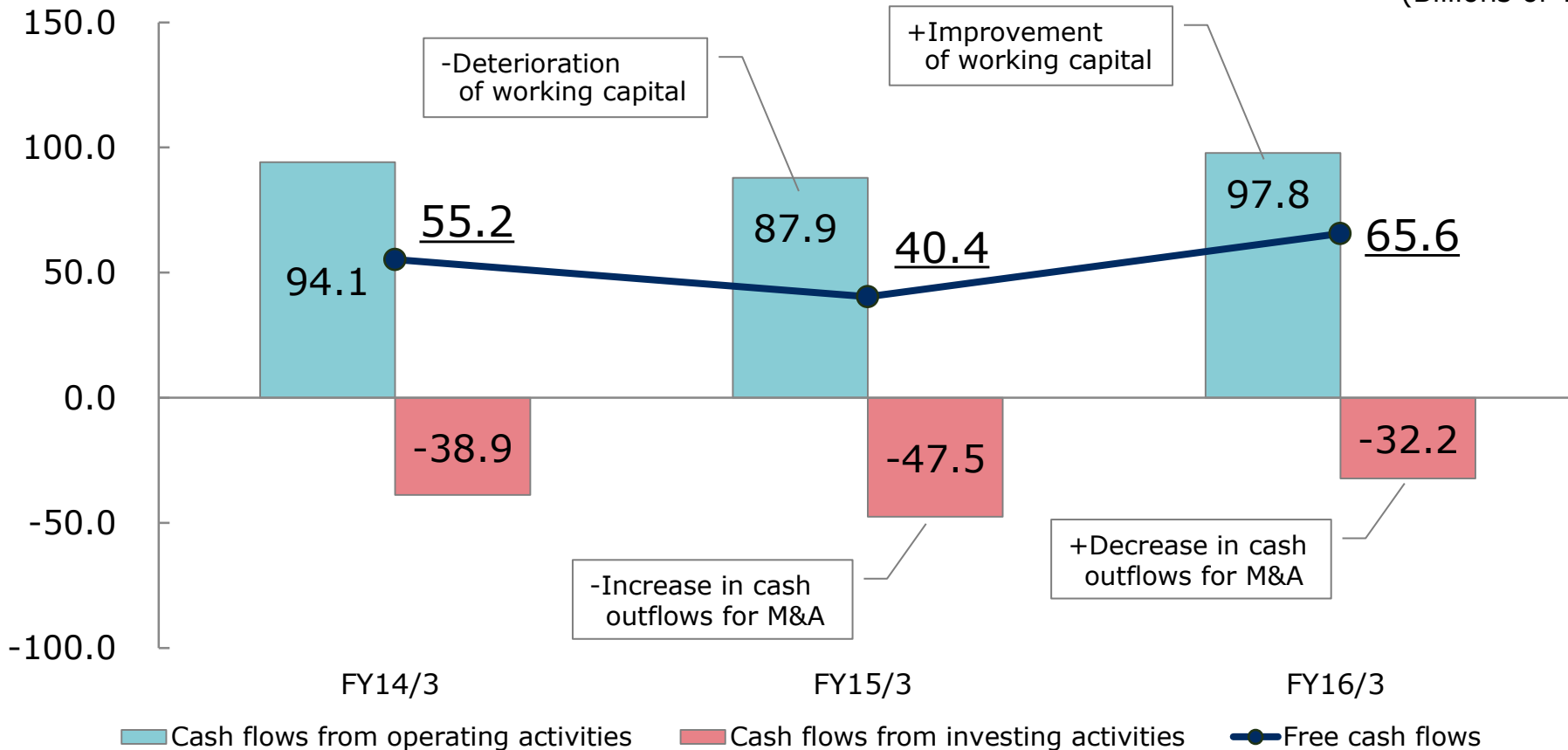


*Sales are classified by country or region based on customer locations.

Free Cash Flows

Results
FY16/3
(J-GAAP)

(Billions of Yen)



(Billions of Yen)

	End of March 2015	End of March 2016	Variance from end of March 2015
Total assets	2,620.7	2,493.4	-127.2
Net assets	884.2	852.5	-31.7
Interest-bearing debt	520.8	481.0	-39.8
Shareholders' equity Equity ratio (%)	823.7 31.4%	792.1 31.8%	-31.6 +0.4pt
D/E ratio (times)	0.63	0.61	+ 0.02pt
Net D/E ratio (times)	0.41	0.36	+ 0.05pt
Cash and cash equivalents	181.1	192.3	+11.2

(Billions of Yen)

Compared to
end of March
2015

Current Assets
1,527.3

Collection of
accounts
receivable-trade

Decrease in net
defined benefit
asset and goodwill

Noncurrent Assets
966.2

-49.5

-77.7

Total Assets
2,493.4

(-127.2 compared to
end of March 2015)

-95.5

-31.7

Liabilities
1,640.9

Decrease in notes and
accounts payable-trade, and
interest-bearing debt

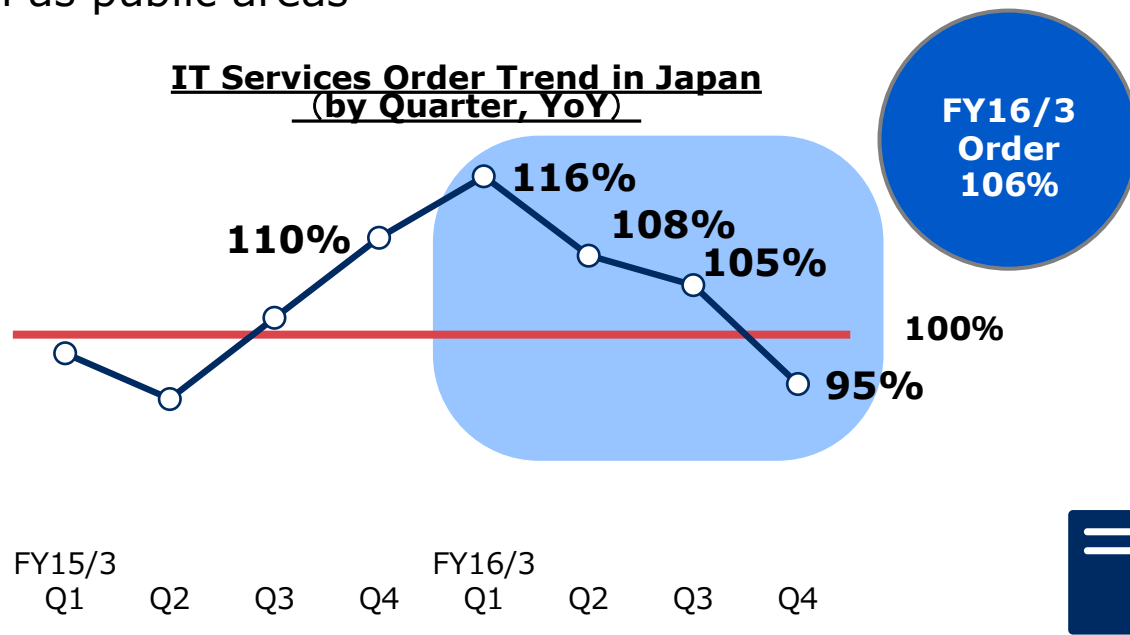
Decrease in remeasurements
of defined benefit plans and
foreign currency translation
adjustments, despite booked
profit attributable to owners of
the parent for the period

Net Assets
852.5

Business Environment

The order trend for IT investment in services and hardware in Japan remains high level

- IT services in Japan for FY16/3 grew, particularly in the retail and services areas, as well as public areas



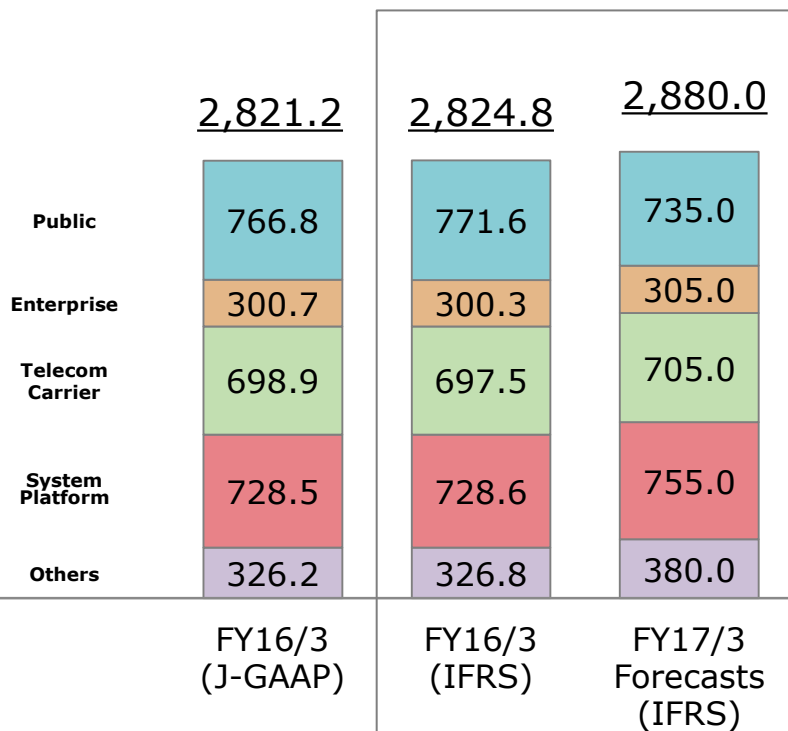
Financial Forecasts for FY17/3 (Appendix)

Financial Forecasts by Segment (two-year transition)

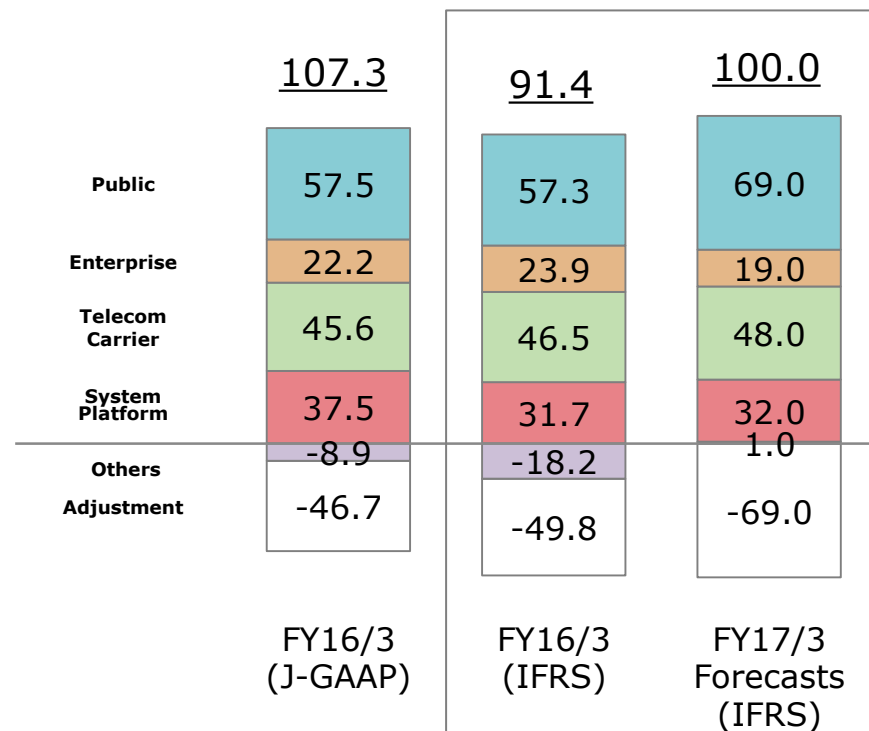
Forecasts
FY17/3
(IFRS)

(Billions of Yen)

Net Sales



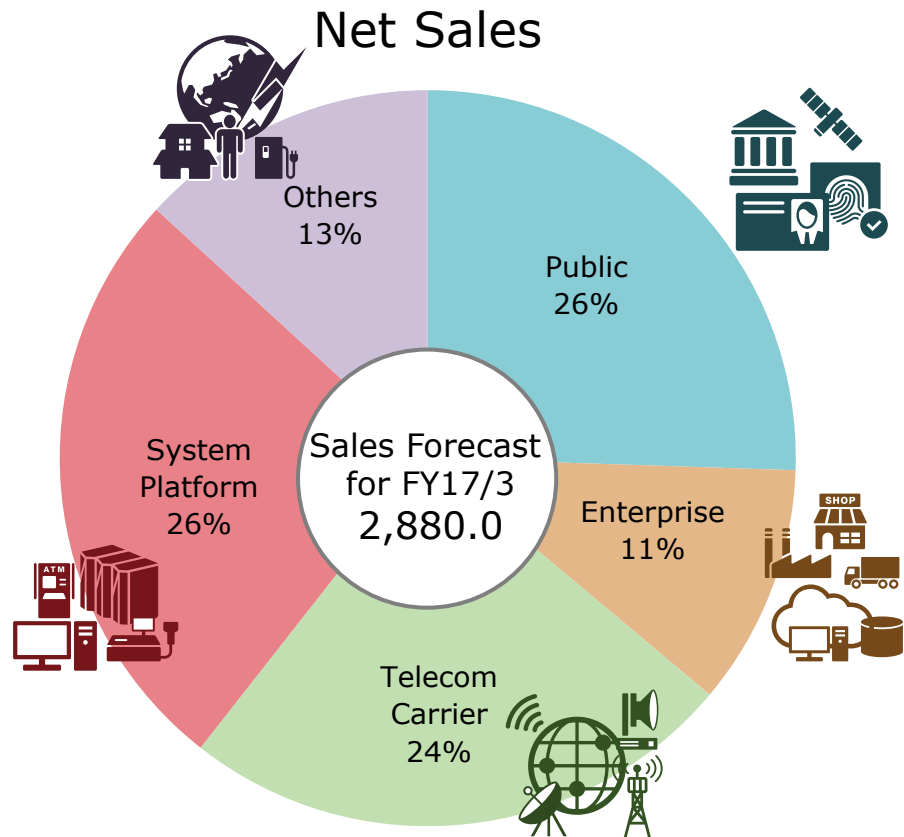
Operating Income/Loss



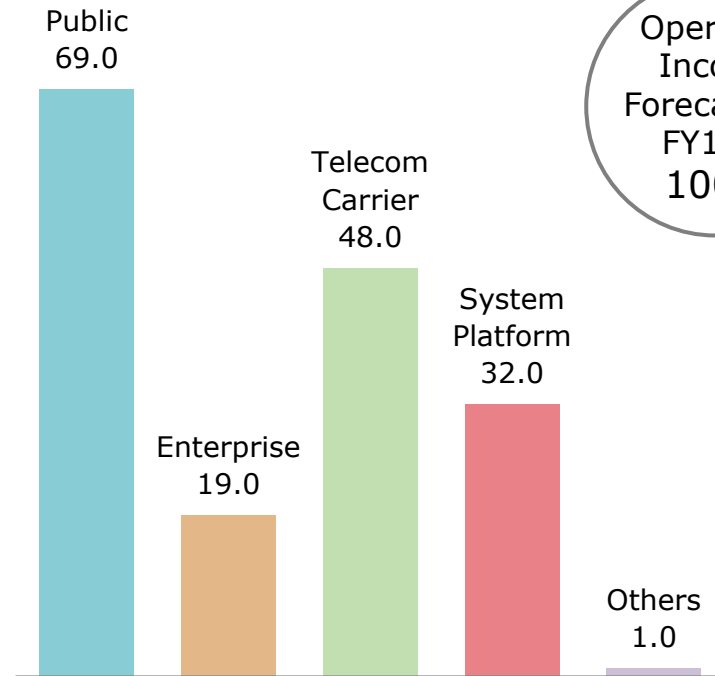
*Forecasts as of April 28, 2016

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(Billions of Yen)



Operating Income



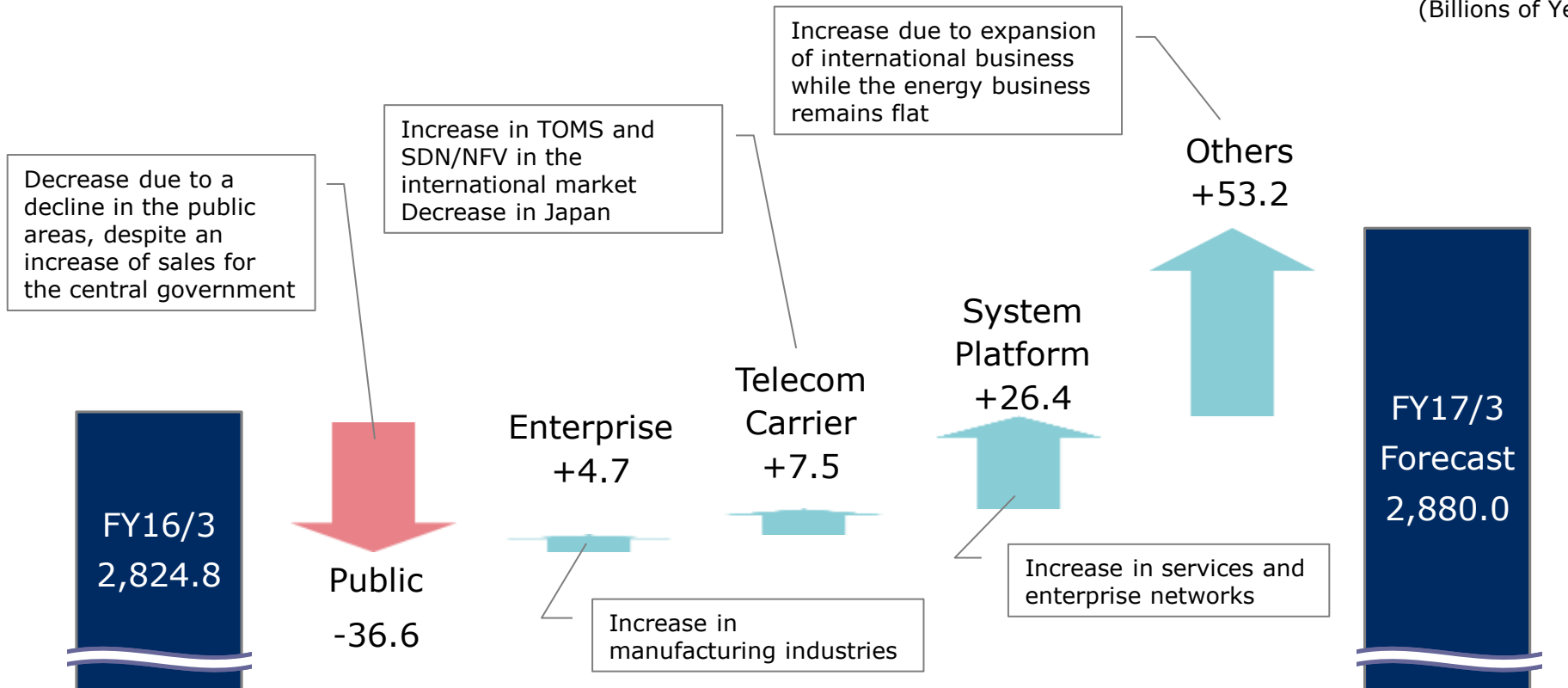
**Operating
Income
Forecast for
FY17/3
100.0**

*Forecasts as of April 28, 2016

Sales Change (Year on Year)

Forecasts
FY17/3
(IFRS)

(Billions of Yen)

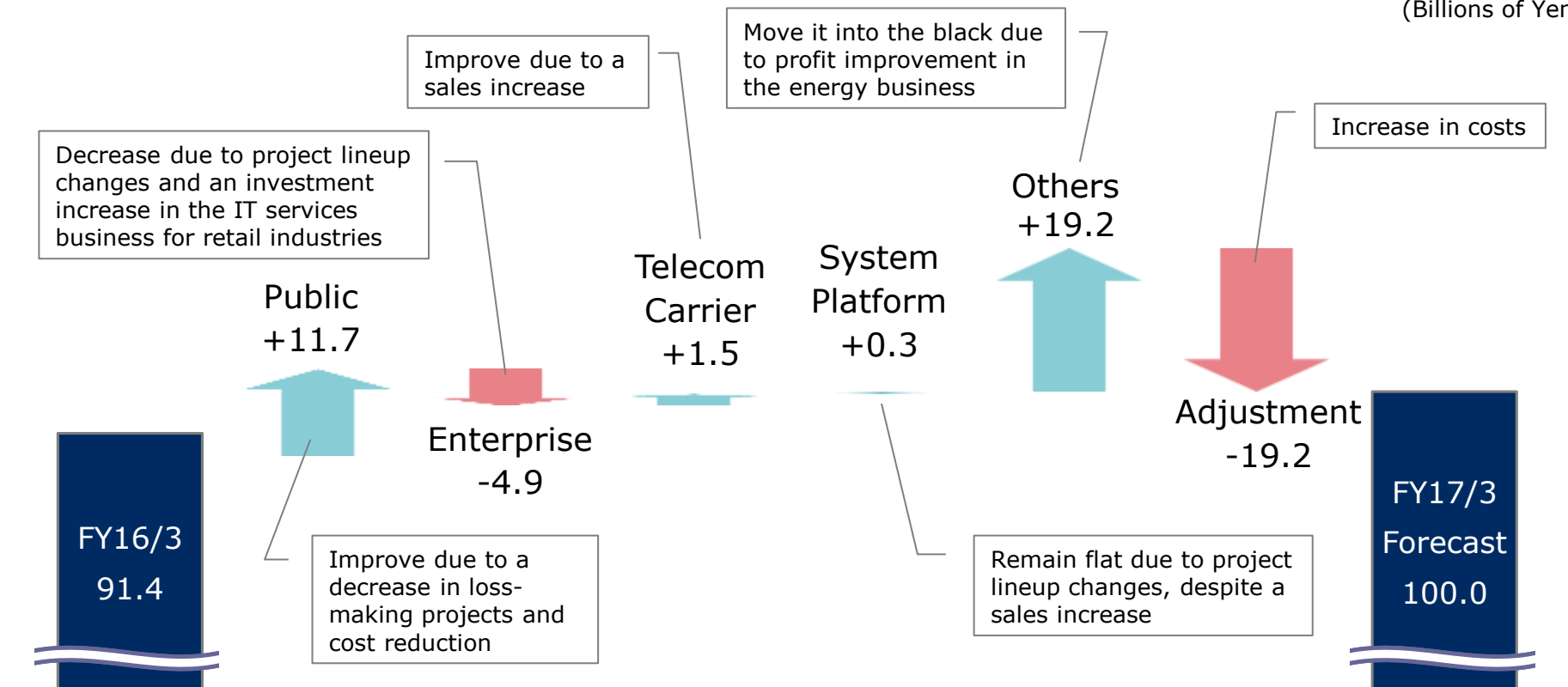


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Operating Income Change (Year on Year)

(Billions of Yen)



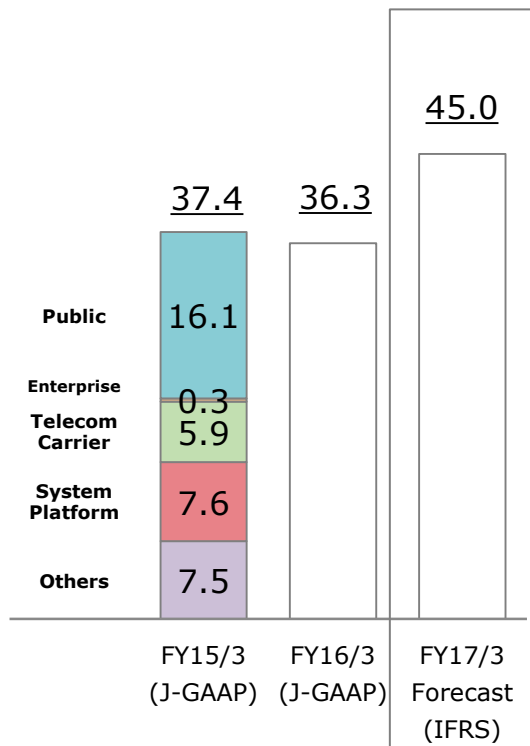
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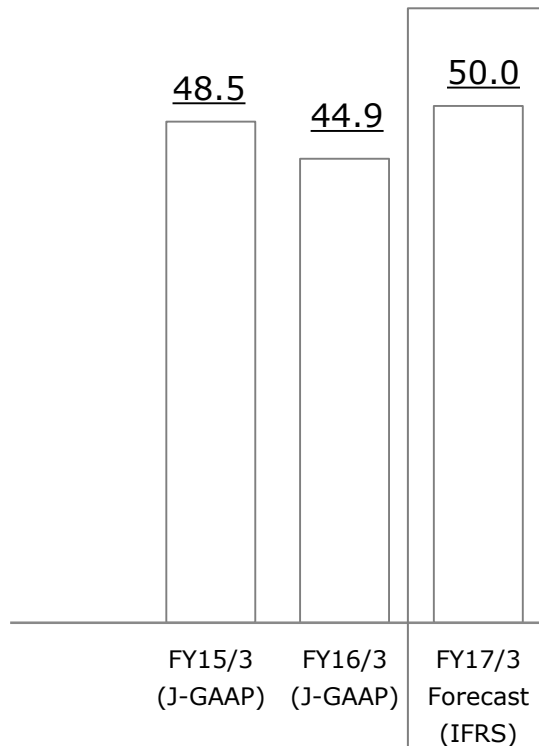
Capital Expenditure, Depreciation and R&D expenses

(Billions of Yen)

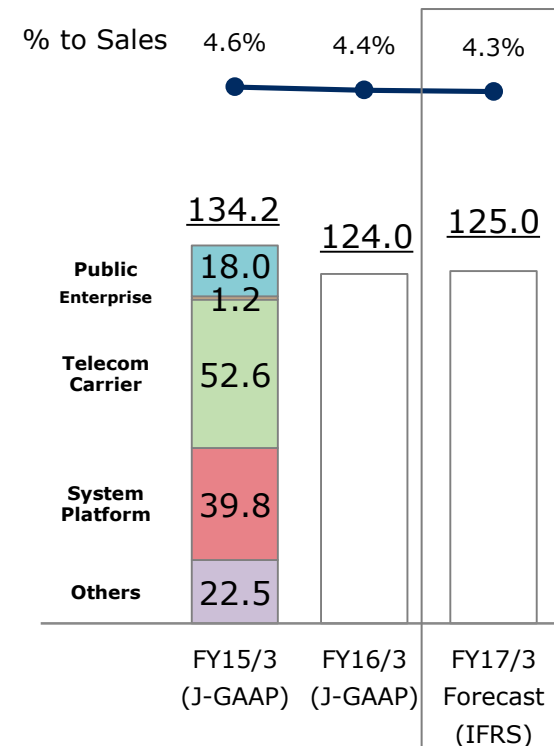
Capital Expenditure



Depreciation



R&D Expenses



*Forecasts as of April 28, 2016

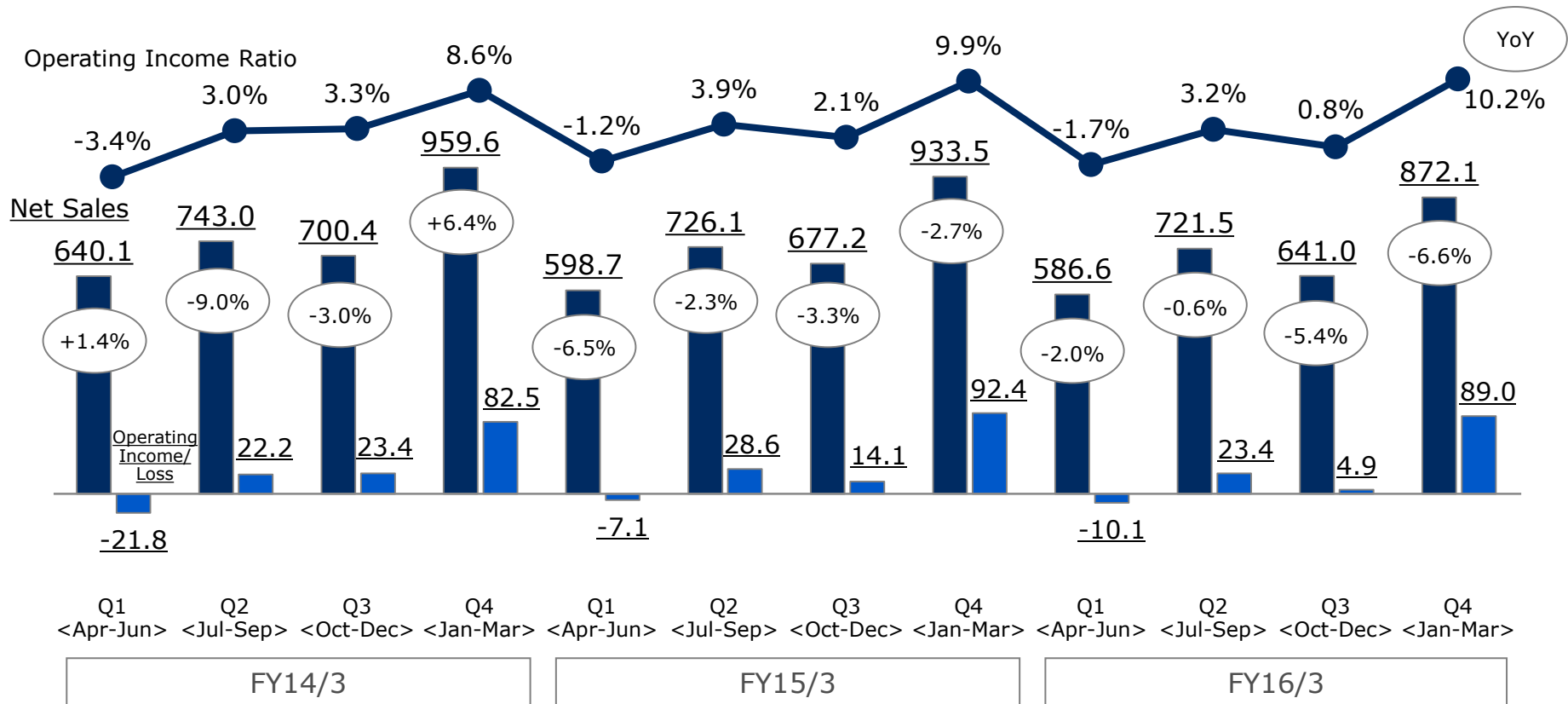
Reference (Financial data)

A decorative graphic consisting of several thin, flowing orange lines that originate from the right side of the slide and curve downwards and outwards, crossing the horizontal line that separates the blue header from the white body.

Net Sales, Operating Income/Loss

J-GAAP

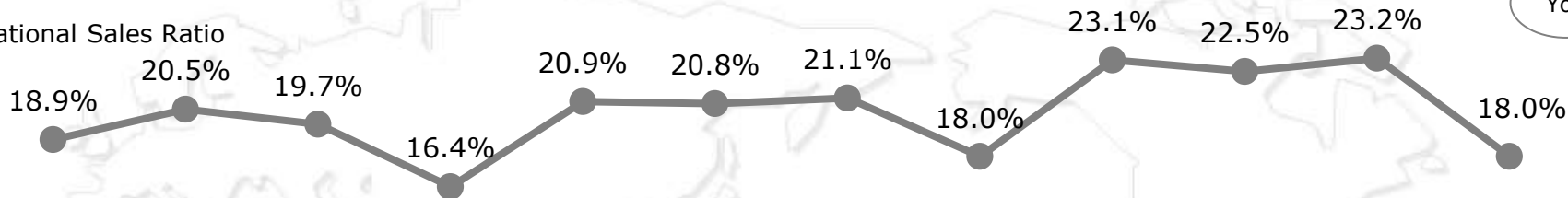
(Billions of Yen)



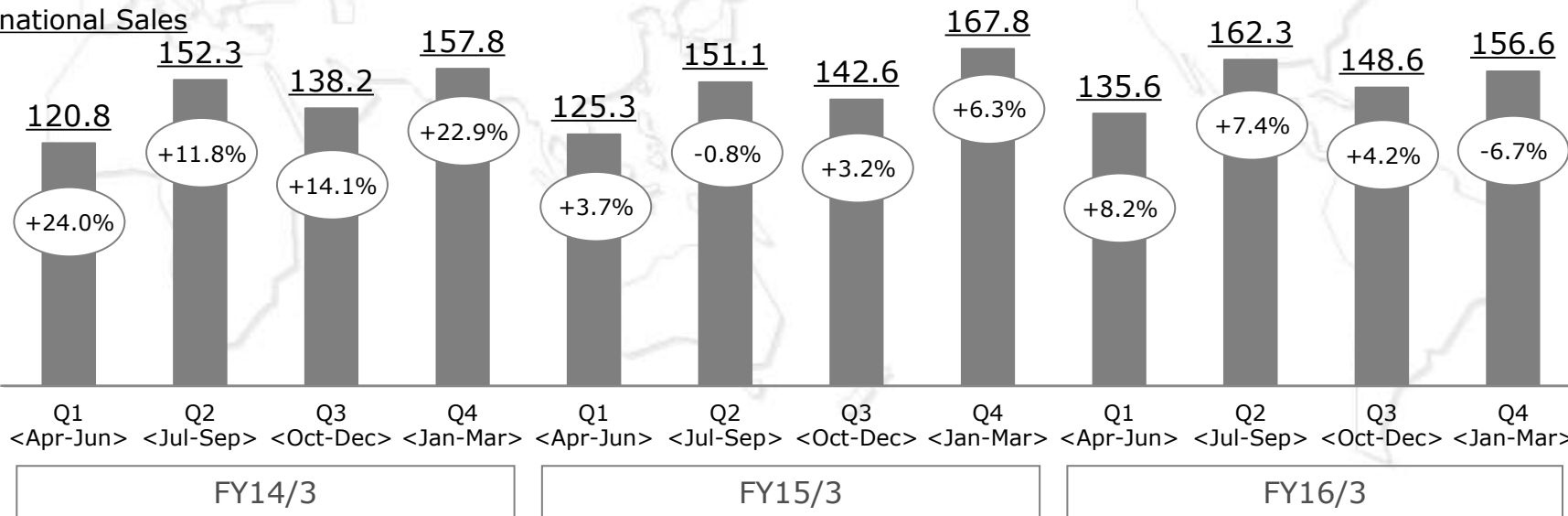
(Billions of Yen)

YoY

International Sales Ratio

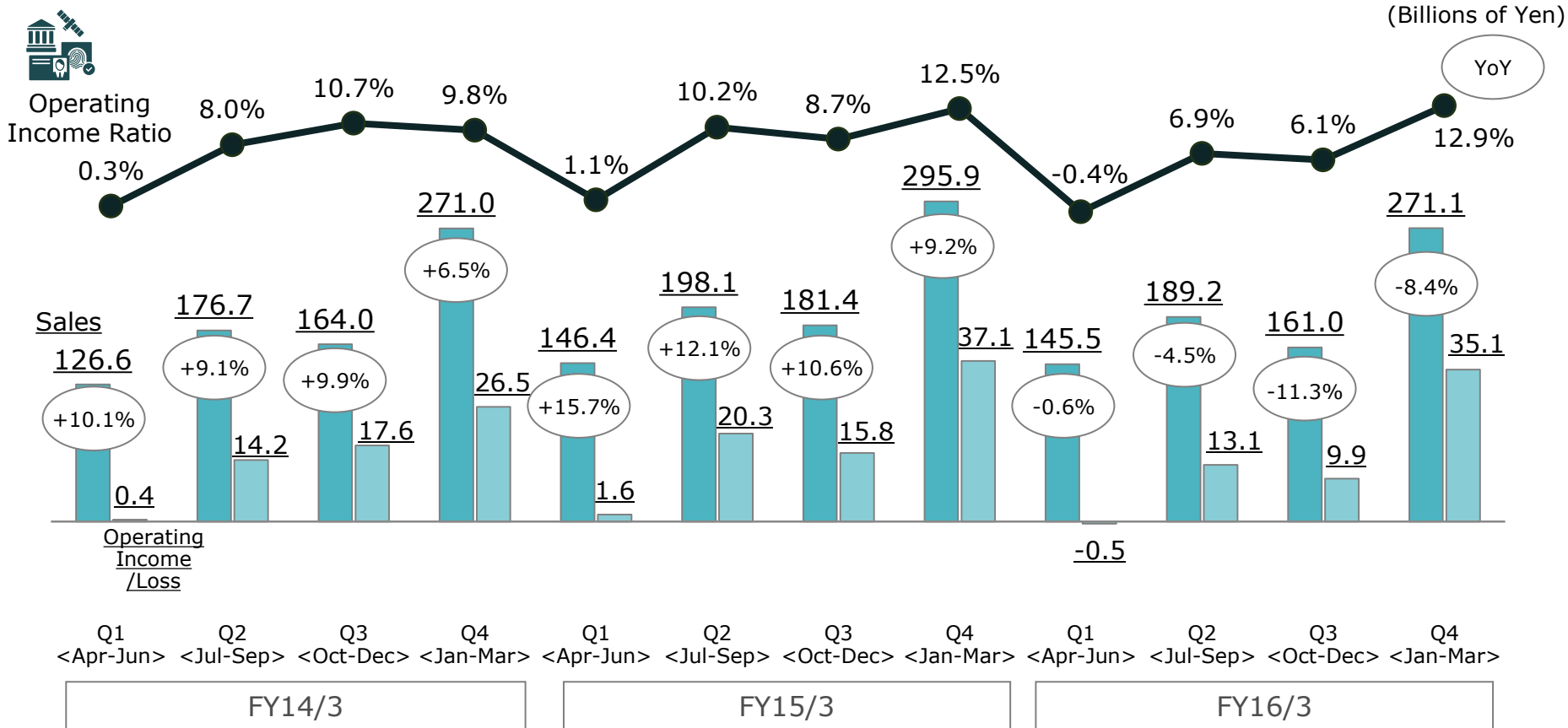


International Sales



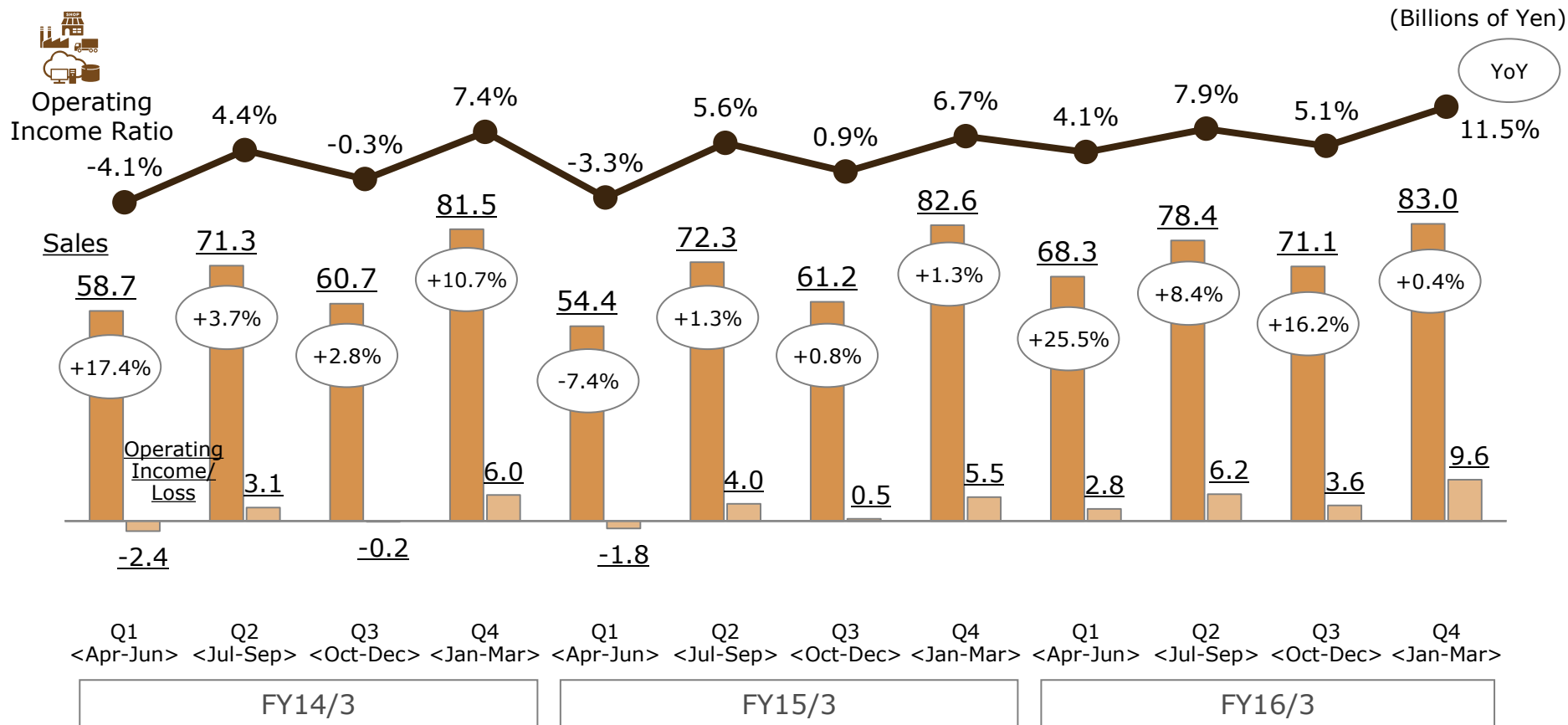
Sales, Operating Income/Loss (Public)

J-GAAP



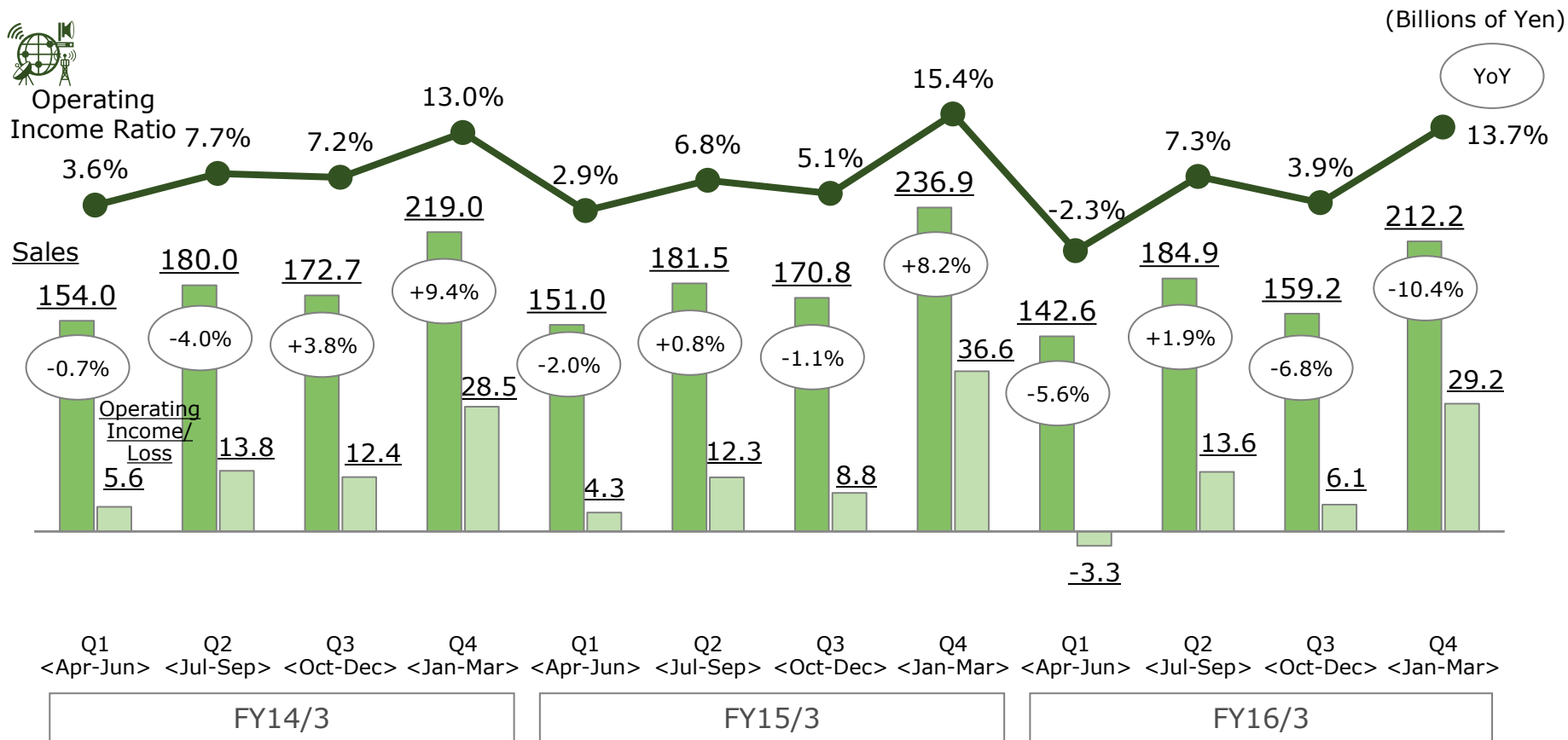
Sales, Operating Income/Loss (Enterprise)

J-GAAP



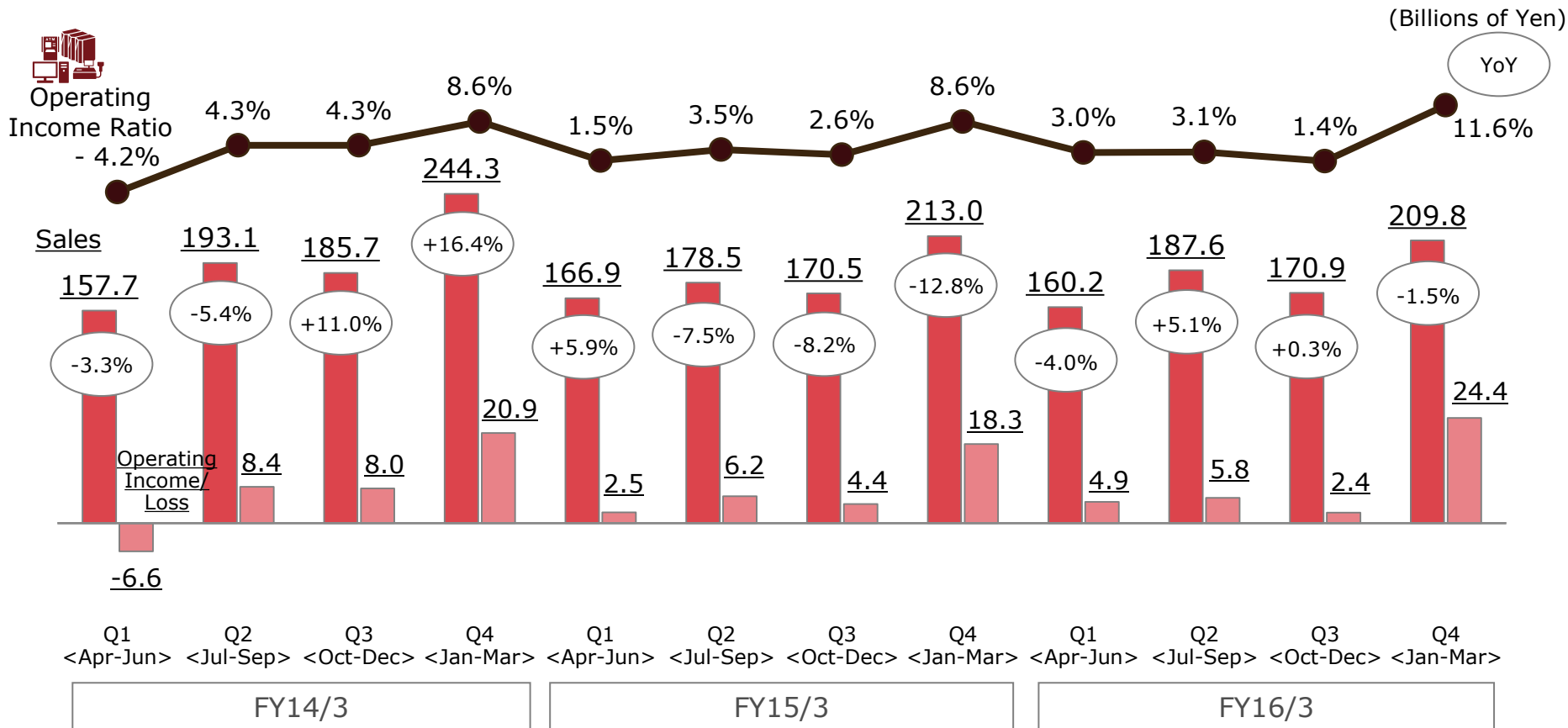
Sales, Operating Income/Loss (Telecom Carrier)

J-GAAP



Sales, Operating Income/Loss (System Platform)

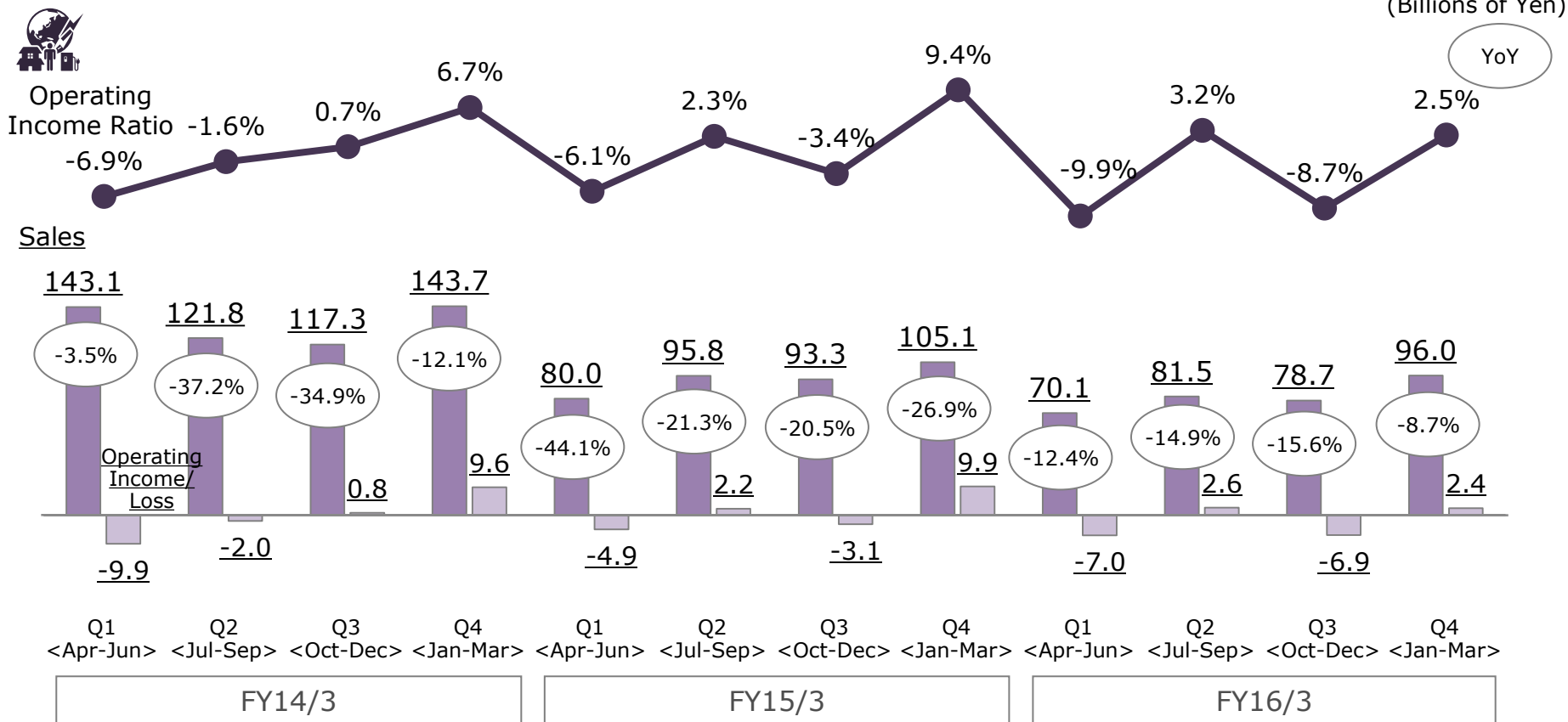
J-GAAP



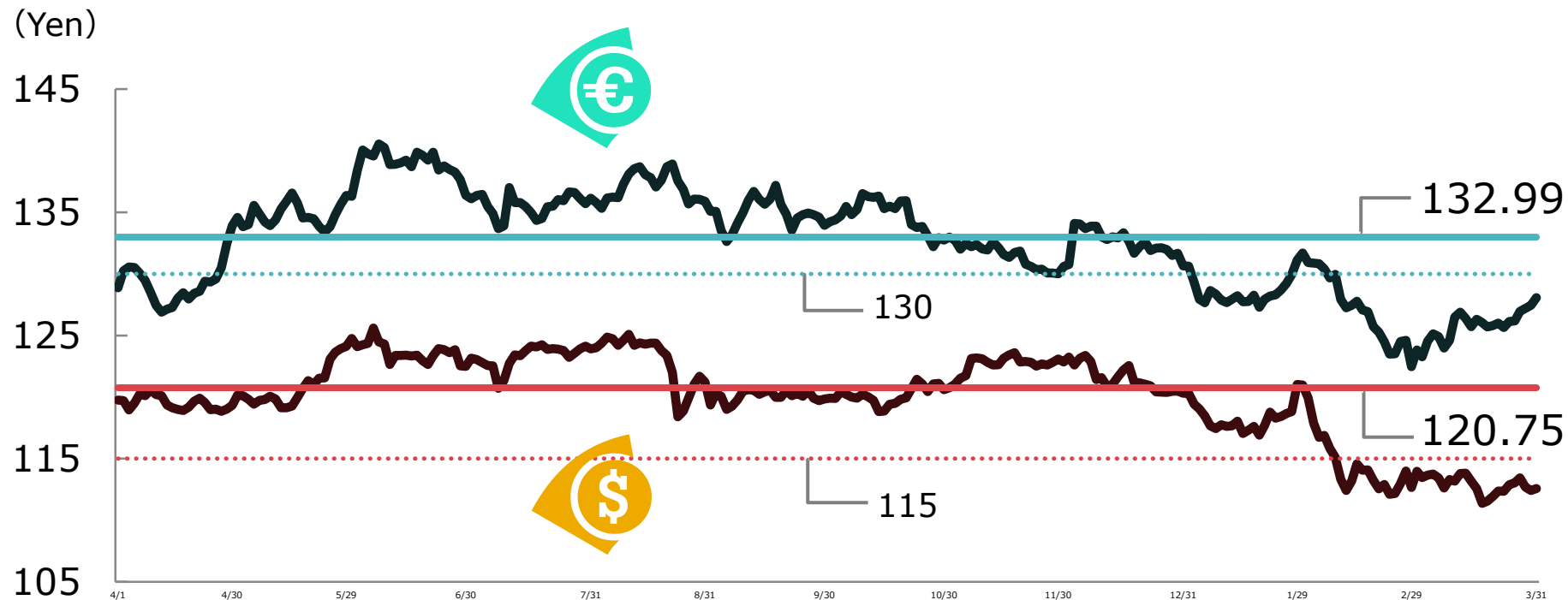
Sales, Operating Income/Loss (Others)

J-GAAP

(Billions of Yen)

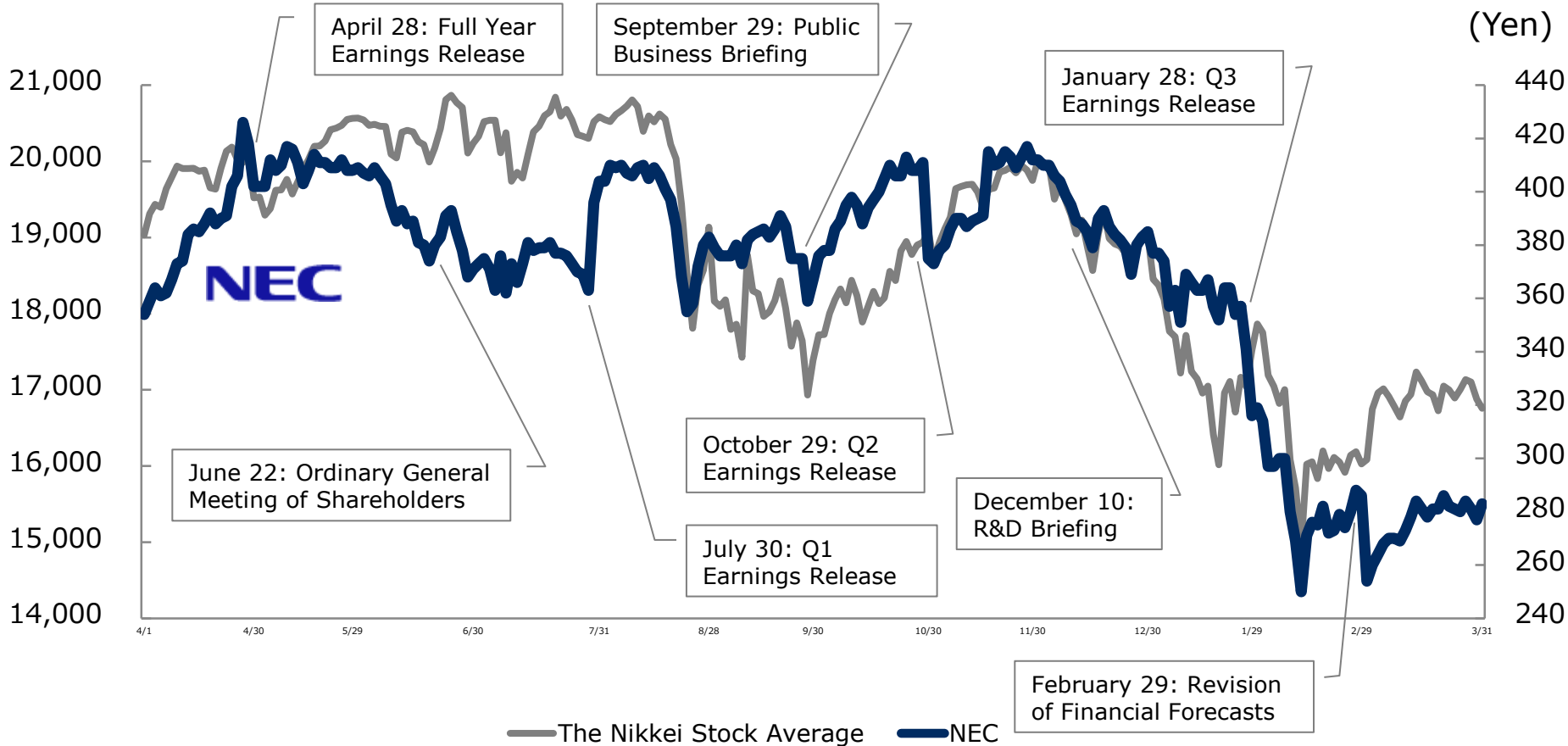


Exchange Rate



- Dollar/Yen Exchange Rate (Actual)
- Dollar/Yen Assumed Exchange Rate
- Dollar/Yen Average Exchange Rate
- Euro/Yen Exchange Rate (Actual)
- Euro/Yen Assumed Exchange Rate
- Euro/Yen Average Exchange Rate

Stock Price



Cautionary Statement with Respect to Forward-Looking Statements

This material contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the NEC Group (the “forward-looking statements”). The forward-looking statements are made based on information currently available to NEC and certain assumptions considered reasonable as of the date of this material. These determinations and assumptions are inherently subjective and uncertain. These forward-looking statements are not guarantees of future performance, and actual operating results may differ substantially due to a number of factors.

The factors that may influence the operating results include, but are not limited to, the following:

- Effects of economic conditions, volatility in the markets generally, and fluctuations in foreign currency exchange and interest rate
- Trends and factors beyond the NEC Group’s control and fluctuations in financial conditions and profits of the NEC Group that are caused by external factors
- Risks arising from acquisitions, business combinations and reorganizations, including the possibility that the expected benefits cannot be realized or that the transactions may result in unanticipated adverse consequences
- Developments in the NEC Group’s alliances with strategic partners
- Effects of expanding the NEC Group’s global business
- Risk that the NEC Group may fail to keep pace with rapid technological developments and changes in customer preferences
- Risk that the NEC Group may lose sales due to problems with the production process or due to its failure to adapt to demand fluctuations
- Defects in products and services
- Shortcomings in material procurement and increases in delivery cost
- Acquisition and protection of intellectual property rights necessary for the operation of business
- Risk that intellectual property licenses owned by third parties cannot be obtained and/or are discontinued
- Risk that the NEC Group may be exposed to unfavorable pricing environment due to intensified competition
- Risk that a major customer changes investment targets, reduces capital investment and/or reduces the value of transactions with the NEC Group
- Risk that the NEC Group may be unable to provide or facilitate payment arrangements (such as vendor financing) to its customers on terms acceptable to them or at all, or risk that the NEC Group’s customers are unable to make payments on time, due to the customers’ financial difficulties or otherwise
- Risk that the NEC Group may experience a substantial loss of, or an inability to attract, talented personnel
- Risk that the NEC Group’s ability to access the commercial paper market or other debt markets are adversely affected due to a downgrade in its credit rating
- Risk that the NEC Group may incur large costs and/or liabilities in relation to internal control, legal proceedings, laws and governmental policies, environmental laws and regulations, tax practice, information management, and human rights and working environment
- Consequences of natural and fire disasters
- Changes in methods, estimates and judgments that the NEC Group uses in applying its accounting policies
- Risk that the NEC Group may incur liabilities and losses in relation to its retirement benefit obligations

The forward-looking statements contained in this material are based on information that NEC possesses as of the date hereof. New risks and uncertainties come up from time to time, and it is impossible for NEC to predict these events or how they may affect the NEC Group. NEC does not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.