

Financial Results for Q1 Fiscal Year Ending March 31, 2018

July 31, 2017

NEC Corporation

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

Index

I . Financial Results for Q1, FY18/3

II . Financial Forecasts for FY18/3

Financial Results for Q1, FY18/3 (Appendix)

Financial Forecasts for FY18/3 (Appendix)

Reference (Financial data)

* Net profit/loss refers to net profit/loss attributable to owners of the parent for the same period.

** As stated in the July 21, 2017 announcement, "NEC to Revise Business Segments," NEC has revised its business segments from Q1, FY18/3. Figures for the corresponding period of FY16/3 or FY17/3 have been restated to conform with the new segments.

I . Financial Results for Q1, FY18/3

Summary of Financial Results for Q1

Q1 Results

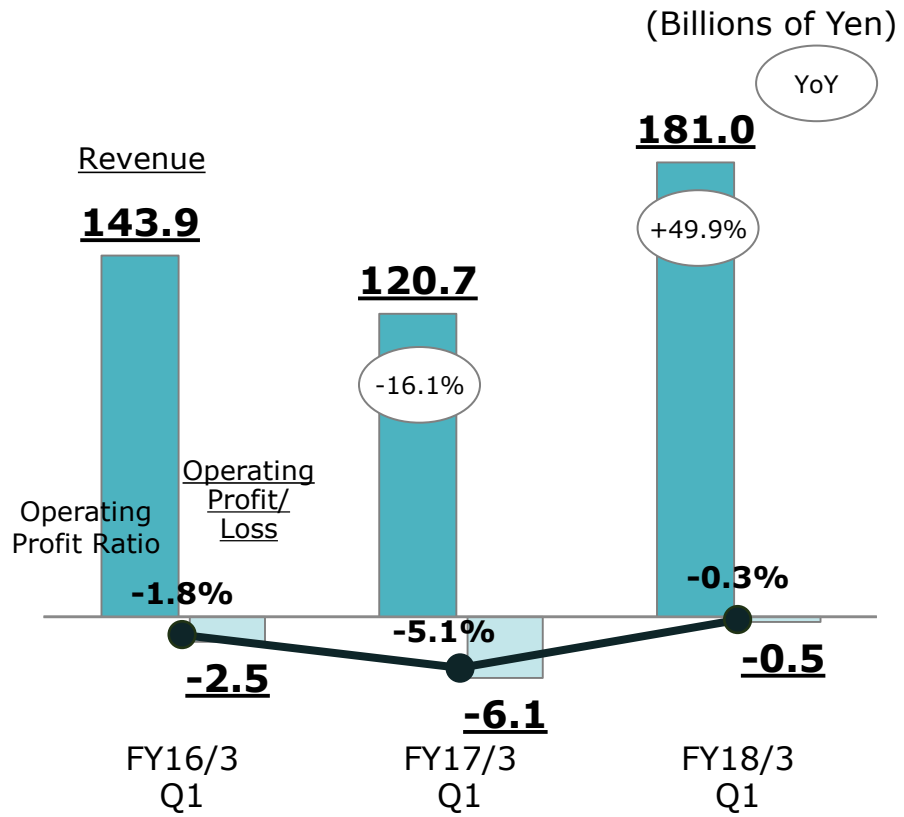
(Billions of Yen)

	Q1 <April to June>		
	FY17/3 Actual	FY18/3 Actual	YoY
Revenue	518.7	582.5	+12.3%
Operating Profit/Loss	-29.9	-14.4	+15.5
% to Revenue	-5.8%	-2.5%	
Income/Loss before Income Taxes	-33.7	7.1	+40.8
Net Profit/Loss	-20.1	7.8	+27.9
% to Revenue	-3.9%	1.3%	

Free Cash Flows	63.7	114.5	+50.8
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Note: Average Exchange Rates (yen)	USD 1	110.66	111.80
	EUR 1	124.38	120.93

		Q1 <April to June>		
		FY17/3 Actual	FY18/3 Actual	YoY
Public	Revenue	120.7	181.0	+49.9%
	Operating Profit/Loss	-6.1	-0.5	+5.6
	% to Revenue	-5.1%	-0.3%	
Enterprise	Revenue	89.2	87.8	-1.5%
	Operating Profit	5.7	5.0	-0.7
	% to Revenue	6.4%	5.7%	
Telecom Carrier	Revenue	118.7	123.3	+3.9%
	Operating Profit/Loss	-7.0	-3.3	+3.7
	% to Revenue	-5.9%	-2.7%	
System Platform	Revenue	150.2	153.2	+2.0%
	Operating Profit/Loss	-4.6	-1.7	+2.9
	% to Revenue	-3.1%	-1.1%	
Others	Revenue	39.9	37.1	-7.1%
	Operating Profit/Loss	-7.6	-5.3	+2.3
	% to Revenue	-19.2%	-14.4%	
Adjustment	Operating Profit/Loss	-10.3	-8.6	+1.7
Total	Revenue	518.7	582.5	+12.3%
	Operating Profit/Loss	-29.9	-14.4	+15.5
	% to Revenue	-5.8%	-2.5%	



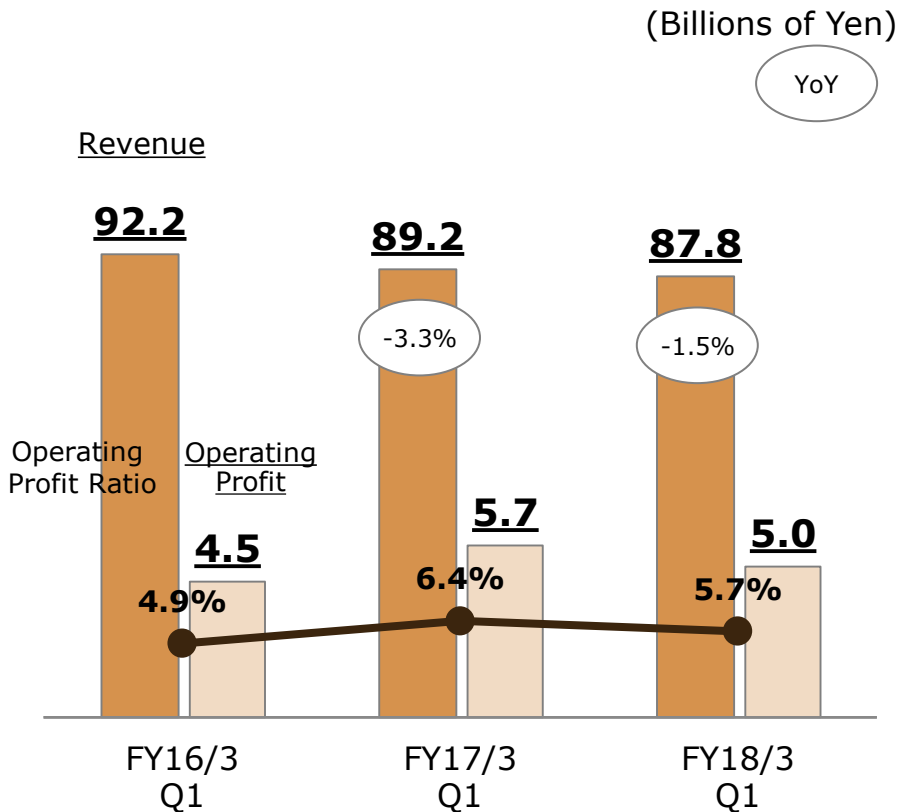
Revenue 181.0 (+49.9%)

- Public Solutions area: decreased in firefighting and disaster prevention systems
- Public Infrastructure area: increased due to consolidation of Japan Aviation Electronics Industry, Limited

Operating Profit/Loss -0.5 (+5.6)

- Improved due to a sales increase





Revenue 87.8 (-1.5%)

- Decreased in retail and services

Operating Profit 5.0 (-0.7)

- Worsened due to a sales decline, as well as an increase in IoT related investment expenses

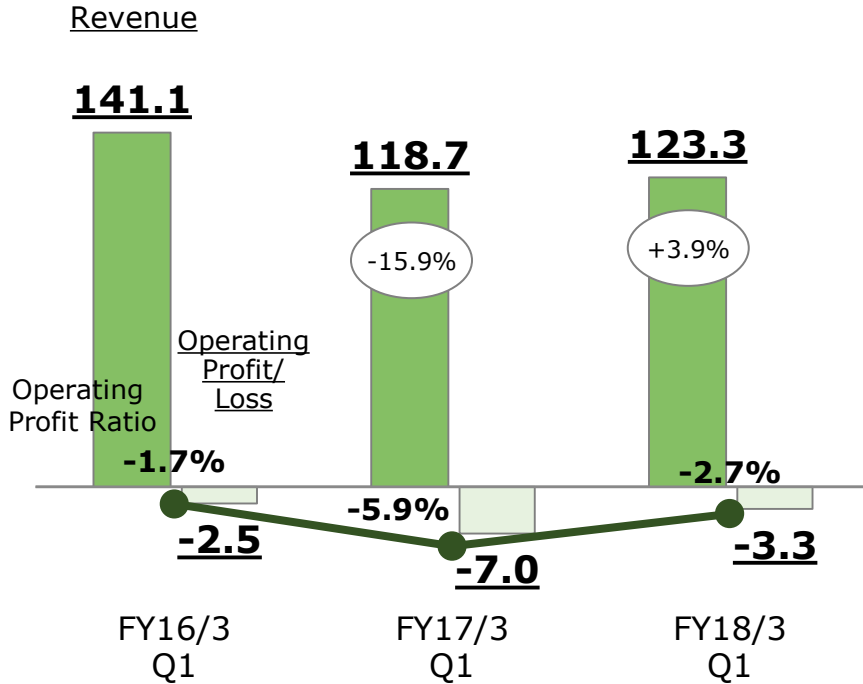
*IoT: Internet of Things



(Billions of Yen)

Billions of Yen (YoY)

YoY



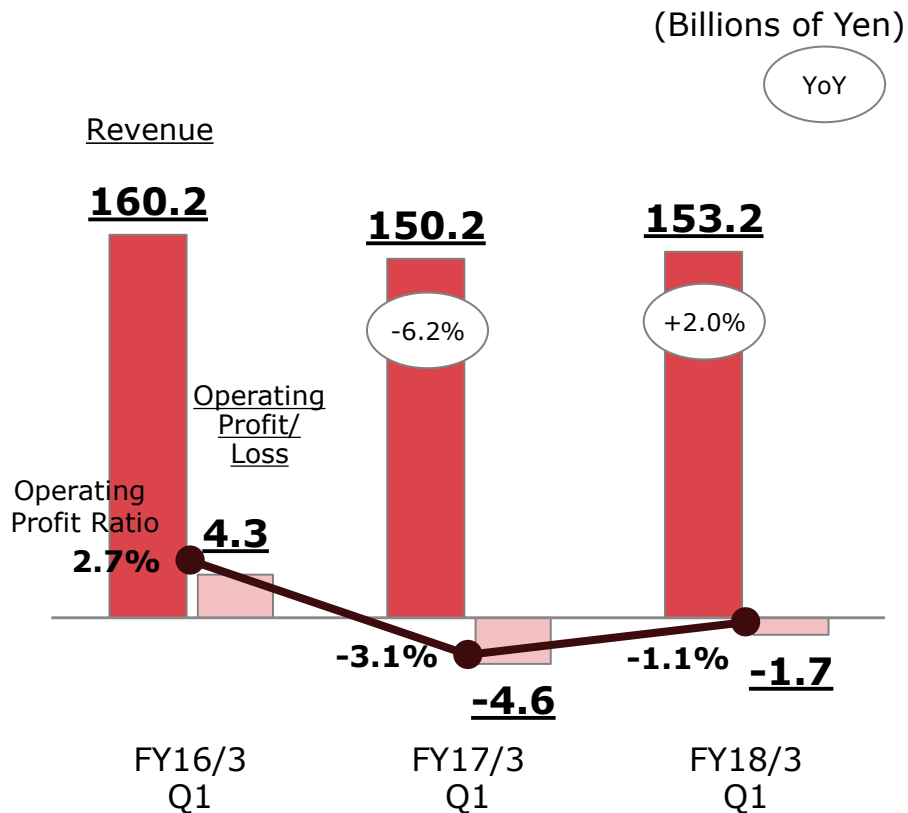
Revenue 123.3 (+3.9%)

- Increased in Japan

Operating Profit/Loss -3.3 (+3.7%)

- Improved due to a sales increase and cost efficiency





Revenue 153.2 (+2.0%)

- Increased in hardware and services

Operating Profit/Loss -1.7 (+2.9)

- Improved due to a sales increase and cost efficiency



(Billions of Yen)

Billions of Yen (YoY)

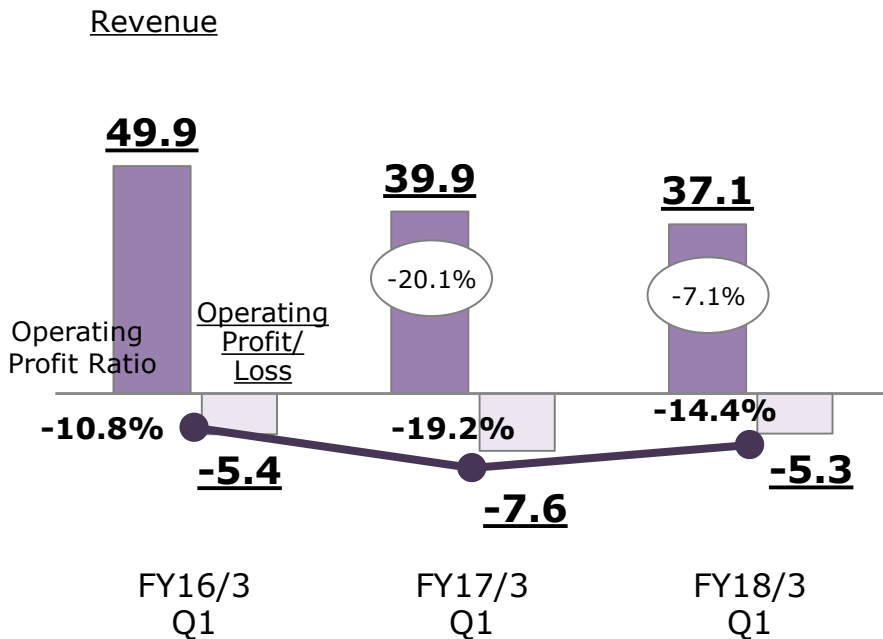
YoY

Revenue 37.1 (-7.1%)

- Decreased in the energy business

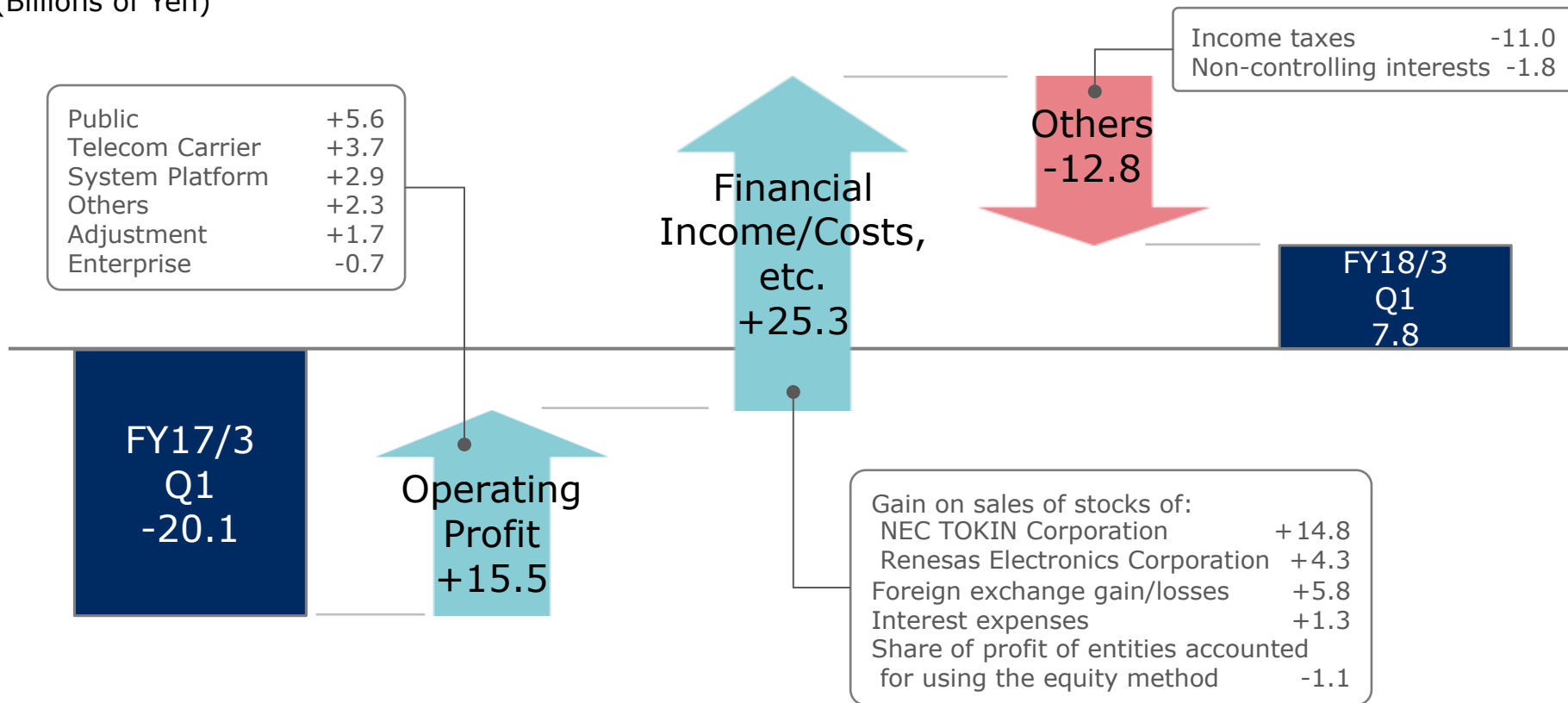
Operating Profit/Loss -5.3 (+2.3)

- Improved due to cost efficiency



Net Profit Change (Year on Year)

(Billions of Yen)



Recorded gain on sales of stocks owned by NEC in the consolidated financial statement for Q1, FY18/3

■ Sale of all of NEC's stocks in NEC TOKIN Corporation (April 2017)

- Recorded 14.8 billion yen in non-operating income, and approximately 40.0 billion yen of cash inflows
- This transaction is factored into the financial forecasts for 18/3.

■ Sale of a portion of NEC's stocks in Renesas Electronics Corporation (June 2017)

- Recorded 4.3 billion yen in non-operating income, and approximately 10.0 billion yen of cash inflows
- This transaction is not yet factored into the financial forecasts for 18/3.

II. Financial Forecasts for FY18/3

Summary of Financial Forecasts

Forecasts
FY18/3

Achieve 30.0 billion yen in net profit, continue a year end dividend (same as initial forecasts as of April 27, 2017)

	Full Year		
	FY17/3 Actual	FY18/3 Forecasts	YoY
Revenue	2,665.0	2,800.0	+5.1%
Operating Profit	41.8	50.0	+8.2
% to Revenue	1.6%	1.8%	
Net Profit	27.3	30.0	+2.7
% to Revenue	1.0%	1.1%	

Free Cash Flows	99.0	80.0	-19.0
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Dividends per Share (yen)	6.00	* 60.00	-
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Note:		FY17/3	FY18/3
Average Exchange Rates (yen)	USD 1	108.38	105.00
	EUR 1	119.19	115.00

(Billions of Yen)

		Full Year		
		FY17/3 Actual	FY18/3 Forecasts	YoY
Public	Revenue	766.2	915.0	+19.4%
	Operating Profit	33.2	55.0	+21.8
	% to Revenue	4.3%	6.0%	
Enterprise	Revenue	408.6	415.0	+1.6%
	Operating Profit	39.7	36.0	-3.7
	% to Revenue	9.7%	8.7%	
Telecom Carrier	Revenue	600.4	595.0	-0.9%
	Operating Profit	18.1	23.0	+4.9
	% to Revenue	3.0%	3.9%	
System Platform	Revenue	719.8	685.0	-4.8%
	Operating Profit	29.6	29.0	-0.6
	% to Revenue	4.1%	4.2%	
Others	Revenue	170.0	190.0	+11.8%
	Operating Profit/Loss	-20.0	-16.0	+4.0
	% to Revenue	-11.8%	-8.4%	
Adjustment	Operating Profit/Loss	-58.7	-77.0	-18.3
Total	Revenue	2,665.0	2,800.0	+5.1%
	Operating Profit	41.8	50.0	+8.2
	% to Revenue	1.6%	1.8%	

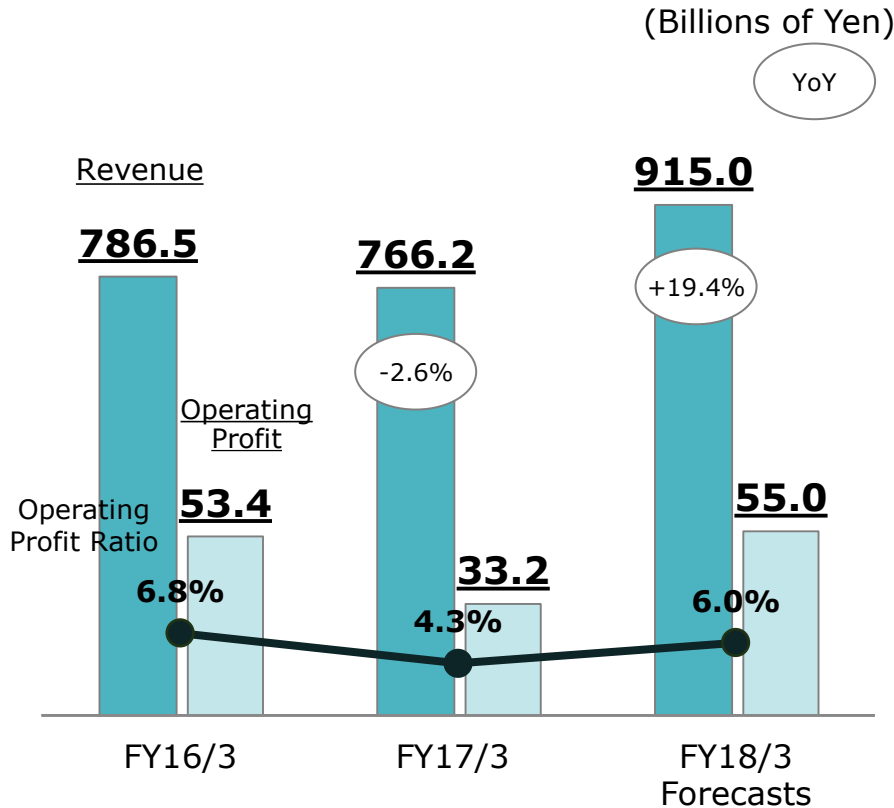
*Taking into account the share consolidation in the ratio of 10:1 effective on October 1, 2017.
Amount of dividends is not changed from initial forecasts as of April 27, 2017.

**Forecasts as of July 31, 2017

Background of Segment Revision

Reporting segment is revised in accordance with the organizational change in April 2017

- The Corporate Sales and Sales Operations Unit responsible for regional sales functions (i.e., branch divisions and branch offices) in Japan, booked currently in Others, has been incorporated into the Public segment
 - New Public business consists of the “Public Solutions Business Unit” responsible for business involving regional sales functions and regional public entities in Japan, as well as the “Public Infrastructure Business Unit” that takes charge of business involving government organizations and enterprises supporting national and social infrastructure
 - The Public Solutions Business Unit accelerates new business development in Smart City, "My Number" utilization, healthcare, and other business domains through collaboration with municipalities, universities, enterprises, and other regional stakeholders based on regional needs and policy needs
- Business involving financial institutions has been transferred to the Enterprise segment
 - Expanding NEC's lineup of financial settlement and other solutions, as well as boosting investment efficiency by strengthening collaboration with the distribution and service industries in the FinTech domain



Revenue 915.0 (+19.4%)

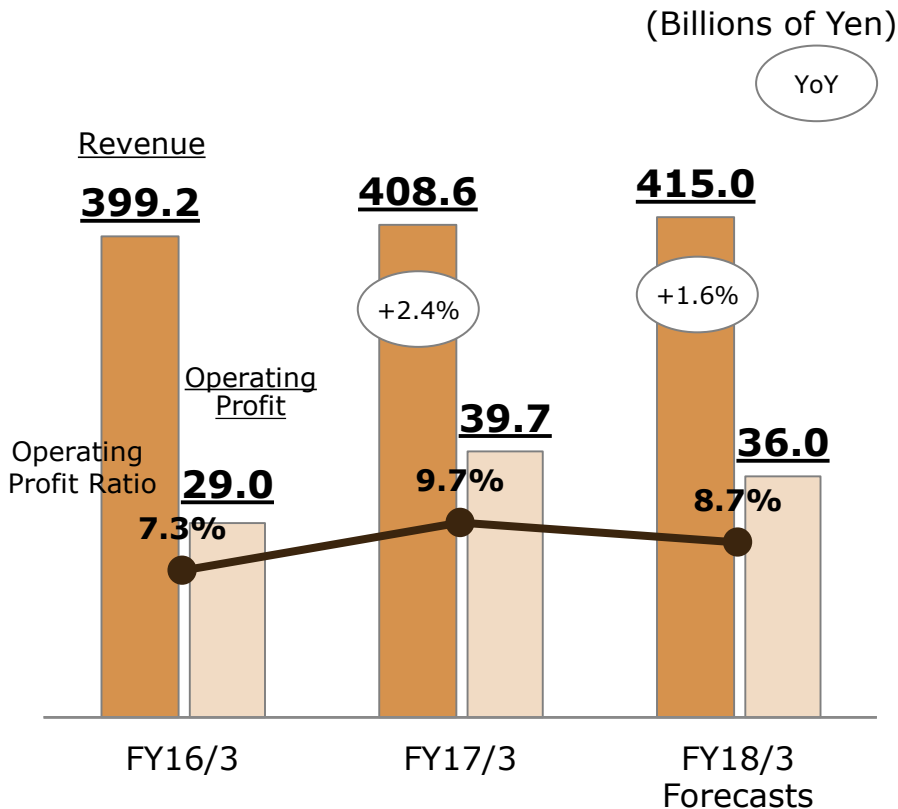
- Public Solutions area: decrease due to the influence from the nomination suspension
- Public Infrastructure area: increase due to consolidation of Japan Aviation Electronics Industry, Limited

Operating Profit 55.0 (+21.8)

- Improve due to a sales increase and profitability improvement in the space business, as well as a decrease in provision for contingent loss recorded in the previous fiscal year



*Forecasts as of July 31, 2017



Revenue 415.0 (+1.6%)

- Increase slightly due to increase in manufacturing industries and financial institutions, despite a decline in retail and services

Operating Profit 36.0 (-3.7)

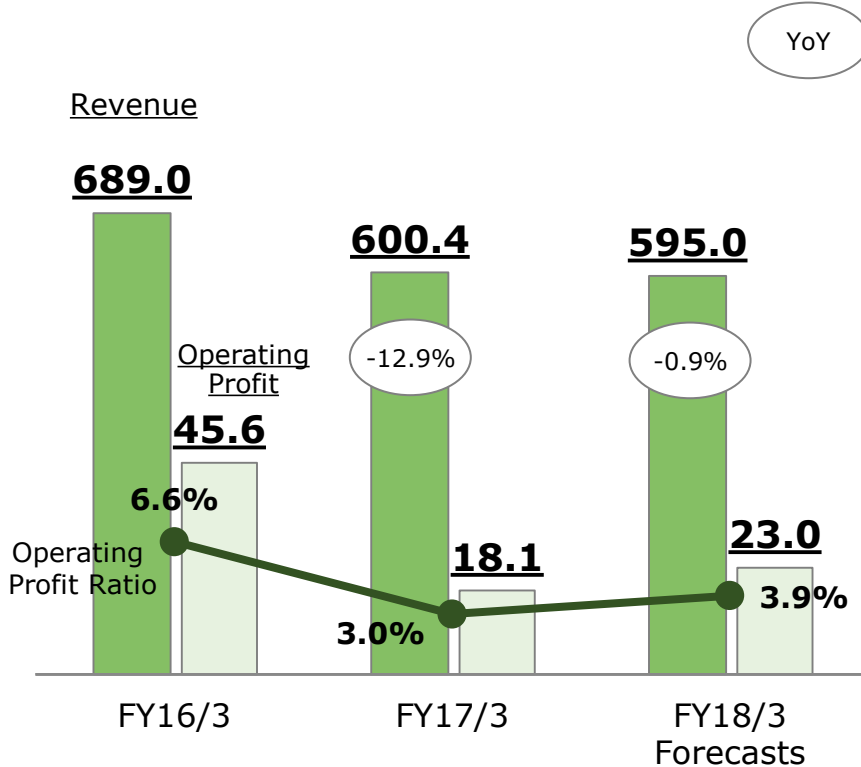
- Worsen due to project lineup changes



*Forecasts as of July 31, 2017

(Billions of Yen)

Billions of Yen (YoY)



Revenue 595.0 (-0.9%)

- Remain flat due to a decline in existing international business such as submarine cable systems, despite expansion of new business

Operating Profit 23.0 (+4.9)

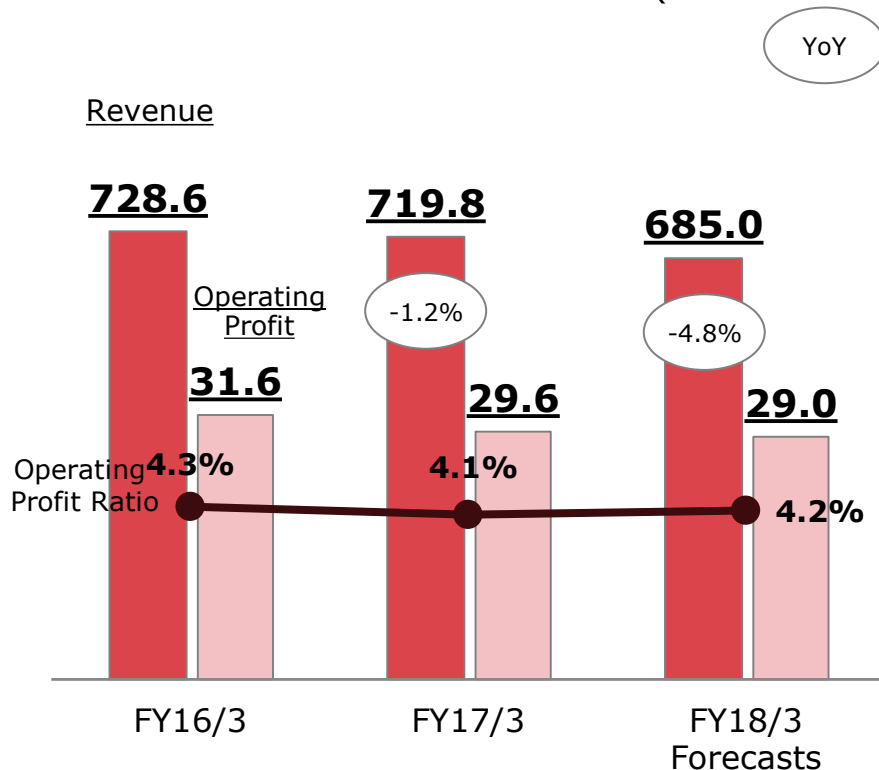
- Improve due to international business, despite an increase in development expenses for 5G



*Forecasts as of July 31, 2017

(Billions of Yen)

Billions of Yen (YoY)



Revenue 685.0 (-4.8%)

- Decrease due to the influence from the nomination suspension, as well as a decline in hardware such as mobile handsets

Operating Profit 29.0 (-0.6)

- Worsen due to a sales decline, despite an improvement from cost efficiency, as well as a decrease in provision for contingent loss recorded in the previous fiscal year

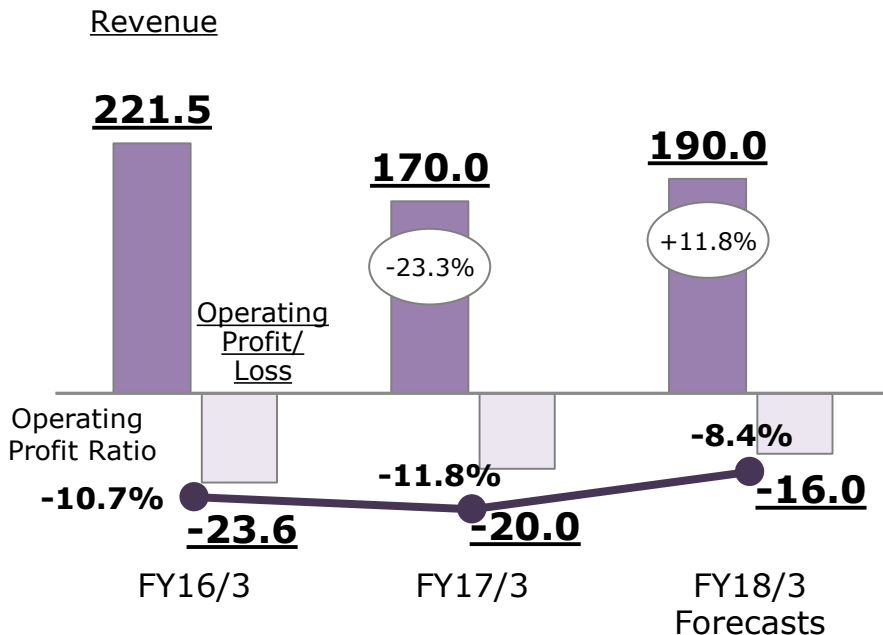


*Forecasts as of July 31, 2017

(Billions of Yen)

Billions of Yen (YoY)

YoY



Revenue 190.0 (+11.8%)

- Increase in international business and the energy business

Operating Profit/Loss -16.0 (+4.0)

- Improve in the energy business and international business



*Forecasts as of July 31, 2017

Improve management speed
and enhance execution power

Achieve 30.0 billion yen in
net profit (company forecast),
continue a year end dividend

*As of July 31, 2017



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.

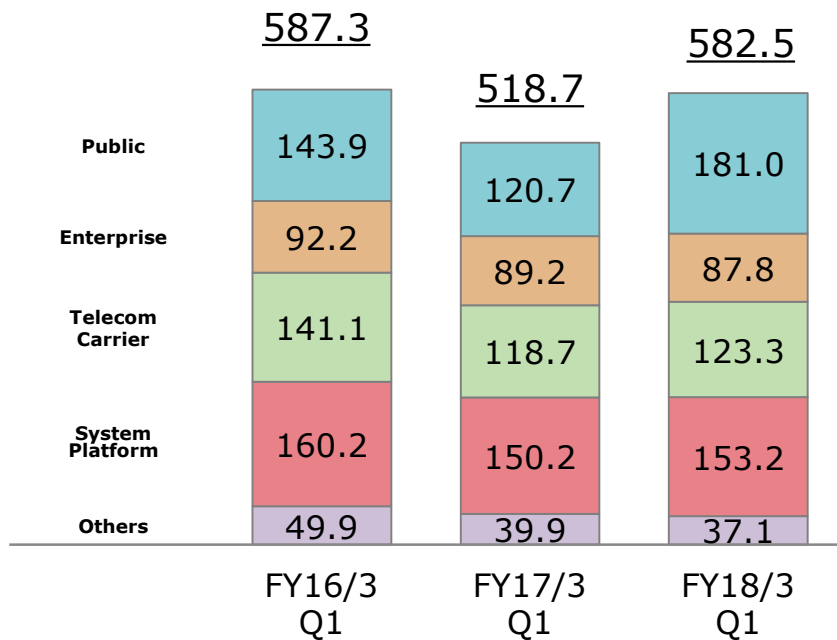
 **Orchestrating** a brighter world

NEC

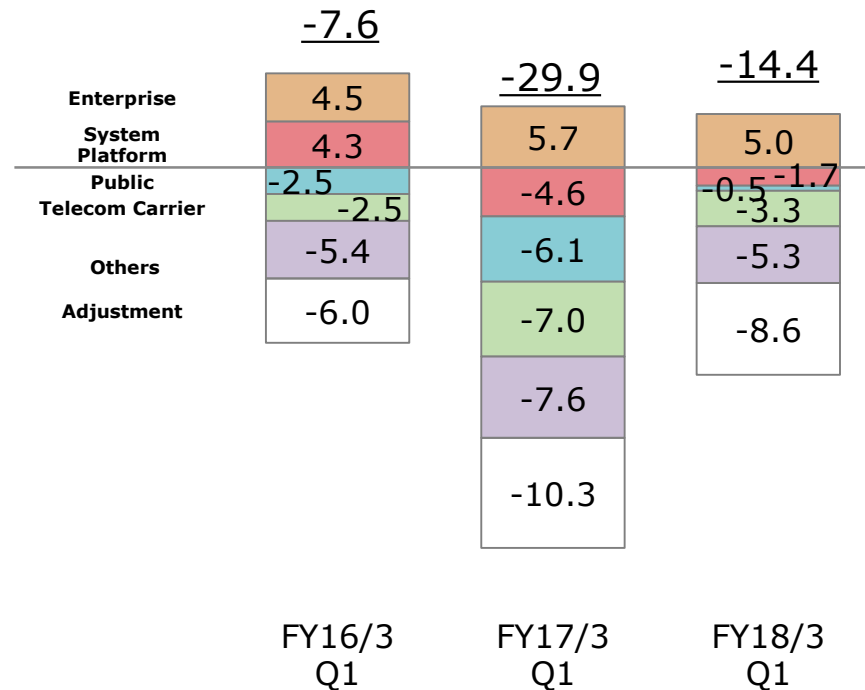
Financial Results for Q1, FY18/3 (Appendix)

(Billions of Yen)

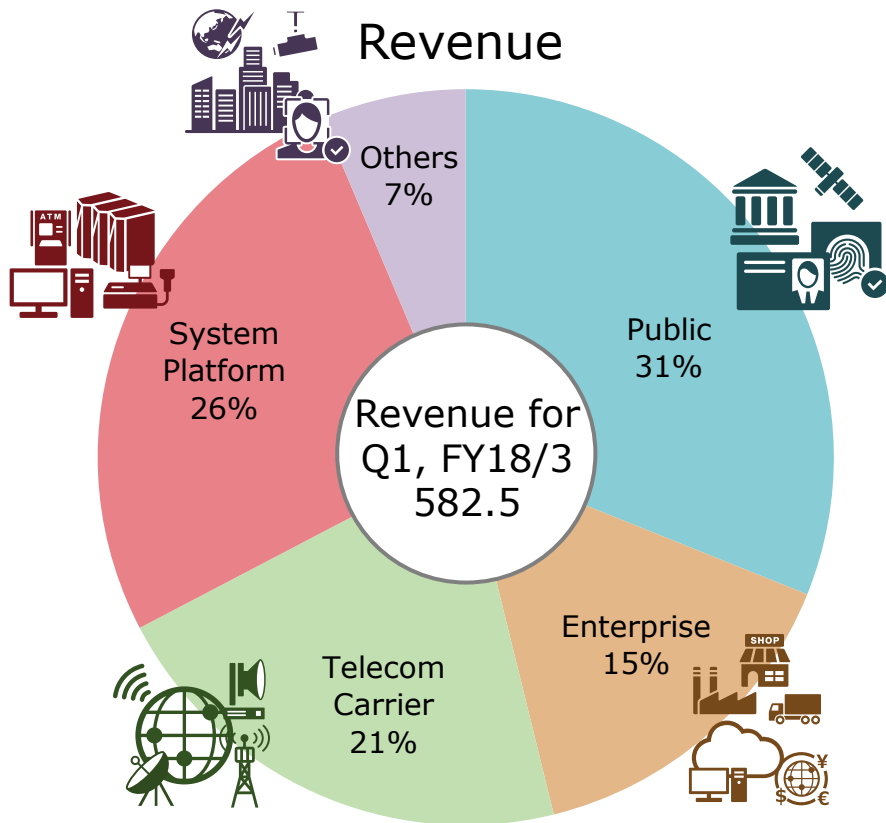
Revenue



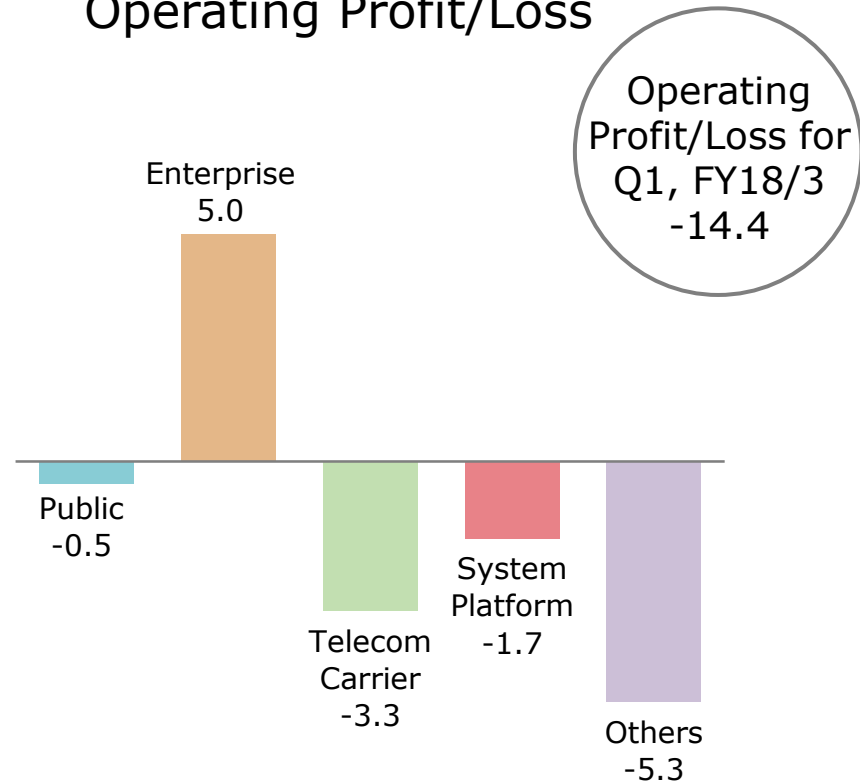
Operating Profit/Loss



(Billions of Yen)



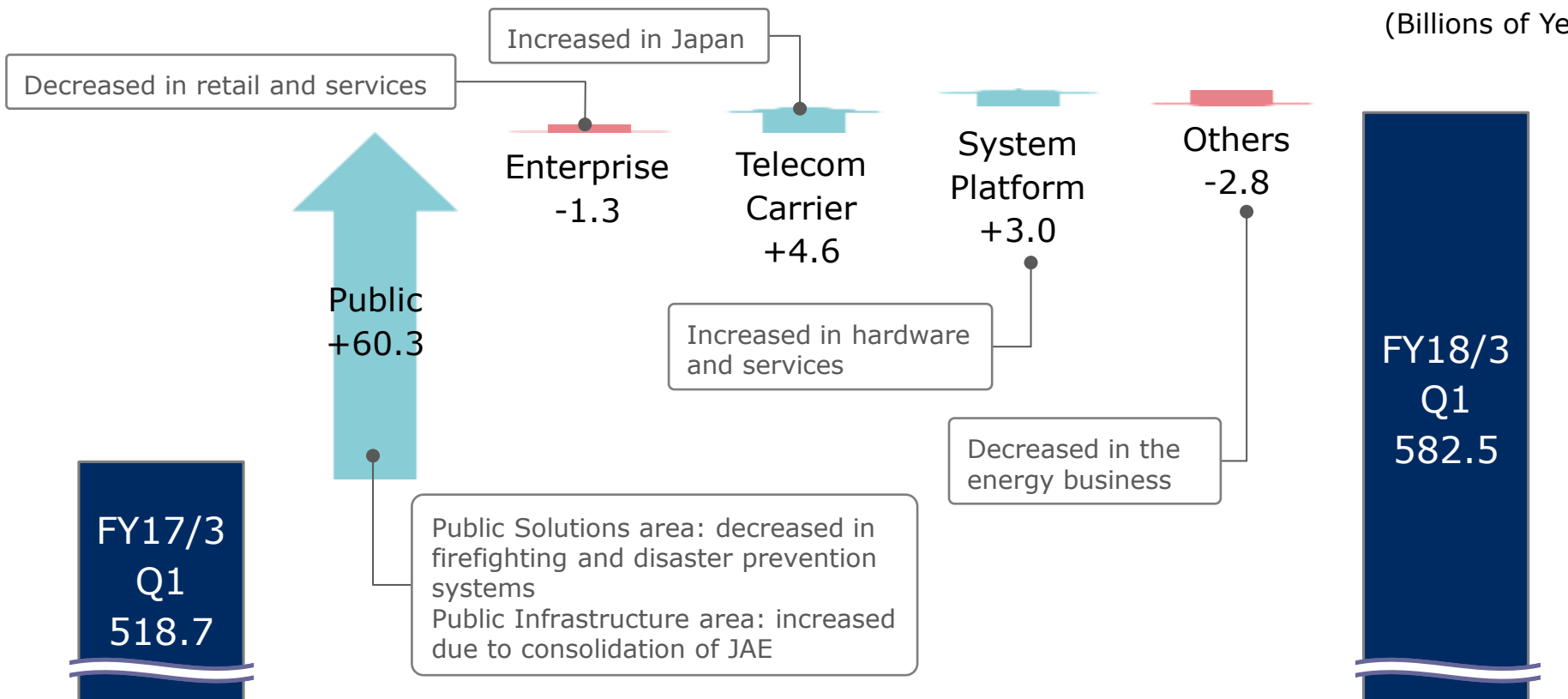
Operating Profit/Loss



Revenue Change (Year on Year)

Q1 Results

(Billions of Yen)

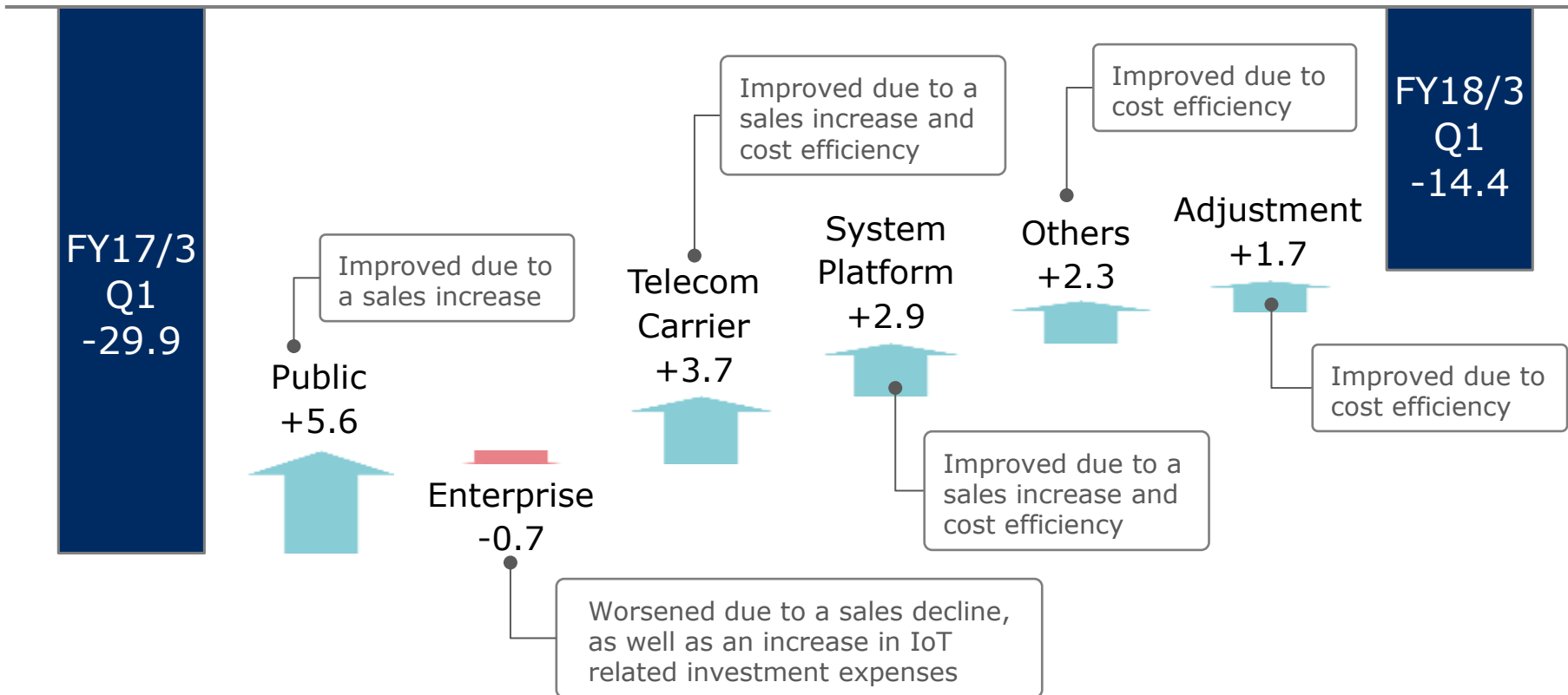


*JAE: Japan Aviation Electronics Industry, Limited

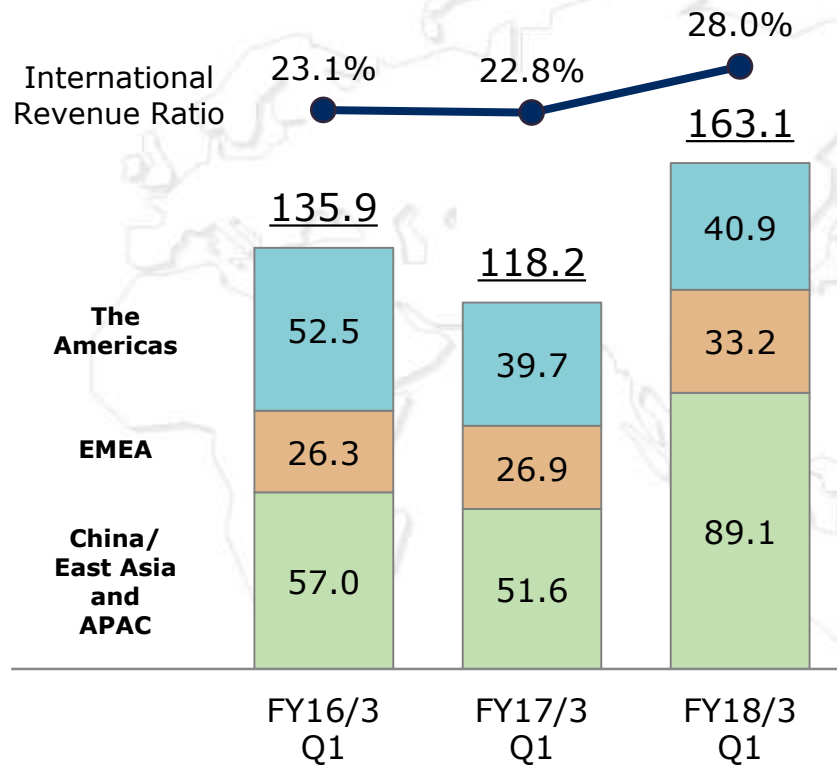
Operating Profit Change (Year on Year)

Q1 Results

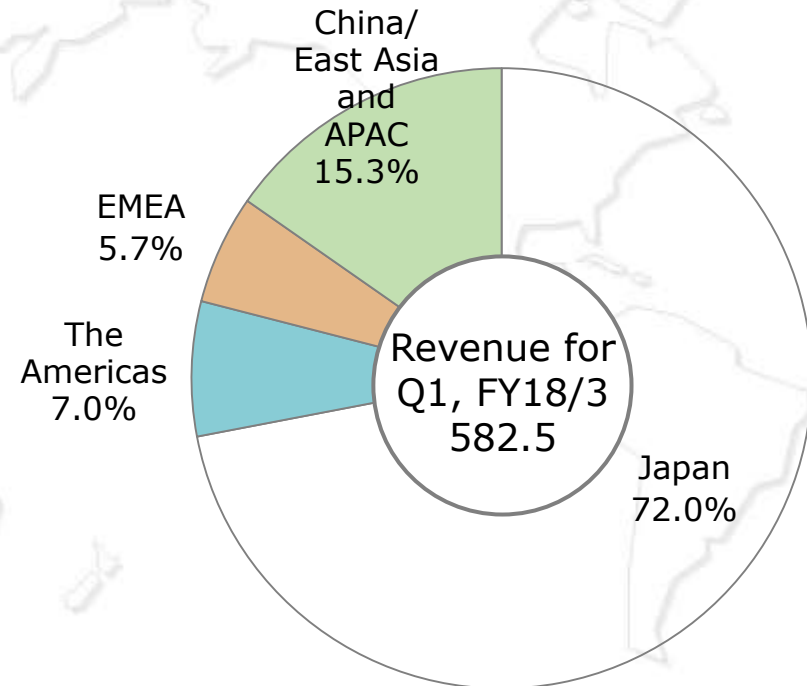
(Billions of Yen)



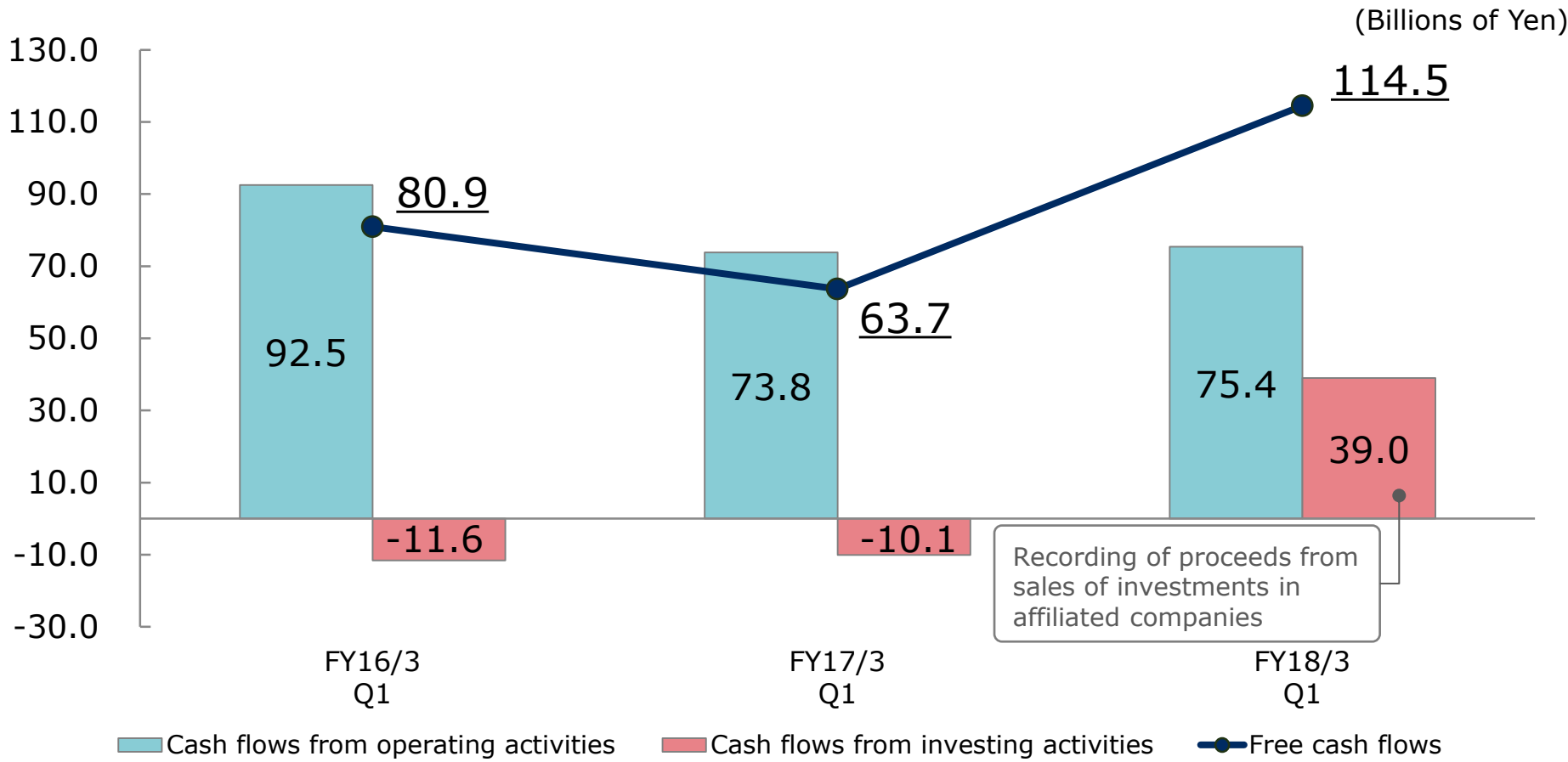
(Billions of Yen)



Revenue by Region



*Revenue is classified by country or region based on customer locations.



(Billions of Yen)

	End of March 2017	End of June 2017	Variance from end of March 2017
Total assets	2,684.0	2,662.2	-21.8
Total equity	1,016.1	1,006.5	-9.6
Interest-bearing debt	466.9	544.0	+77.1
Equity attributable to owners of the parent	854.3	844.8	-9.4
Ratio of equity attributable to owners of the parent (%)	31.8%	31.7%	-0.1pt
D/E ratio (times)	0.55	0.64	-0.09pt
Net D/E ratio (times)	0.27	0.15	+0.12pt
Cash and cash equivalents	240.0	414.9	+174.9

(Billions of Yen)

Compared to end of March 2017

Current Assets
1,524.8

Liabilities
1,655.7

Total Assets
2,662.2

(-21.8 compared to end of March 2017)

Increase in cash and cash equivalents

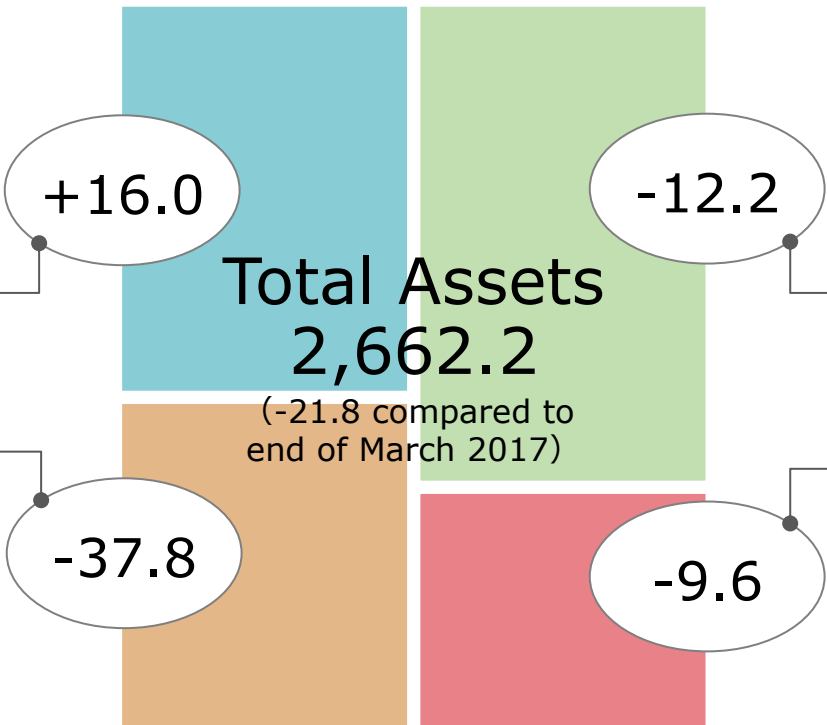
Decrease in trade and other payables

Decrease in other financial assets

Payment of dividends

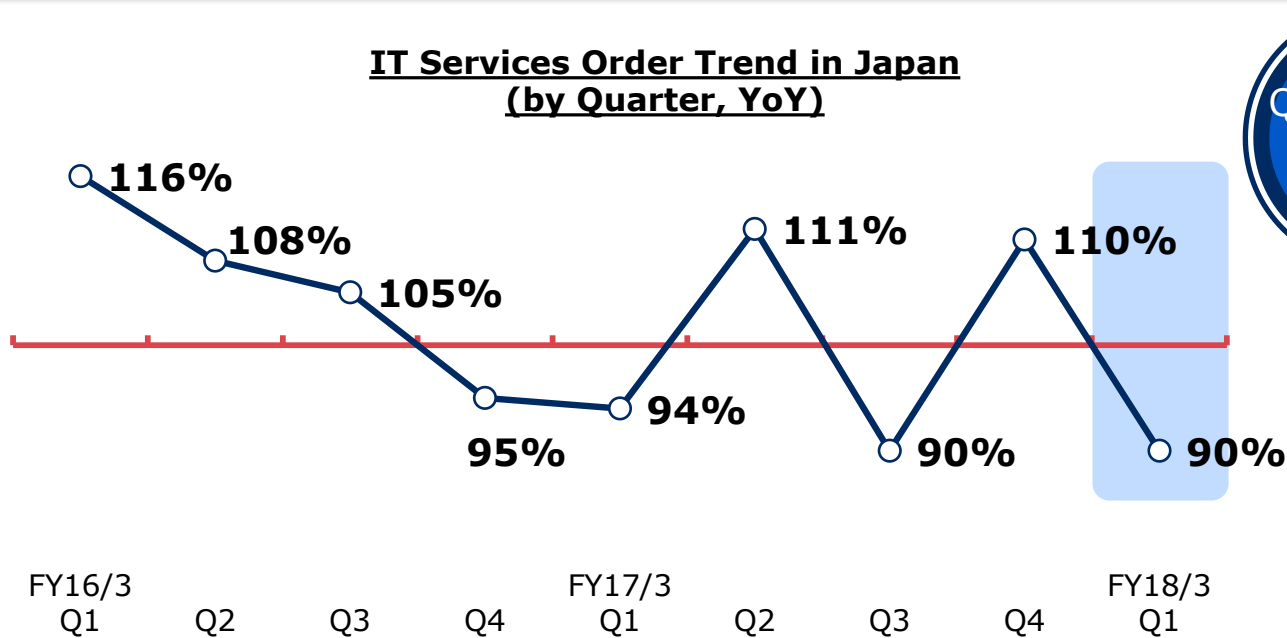
Non-current Assets
1,137.4

Equity
1,006.5



IT services in Japan for Q1, FY18/3 showed stable performance in the retail and services, as well as telecommunication areas, while it decreased in the central government and financial areas due to a decline in large-scale projects compared to the previous fiscal year

IT Services Order Trend in Japan
(by Quarter, YoY)



Q1, FY18/3
Order
90%



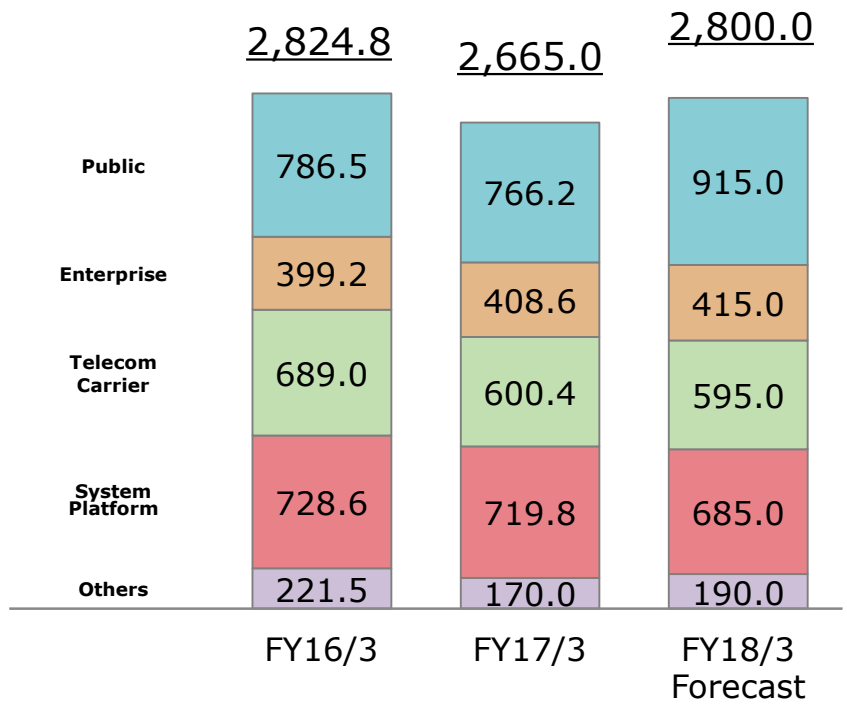
Financial Forecasts for FY18/3 (Appendix)

Financial Results/Forecasts by Segment (three-year transition)

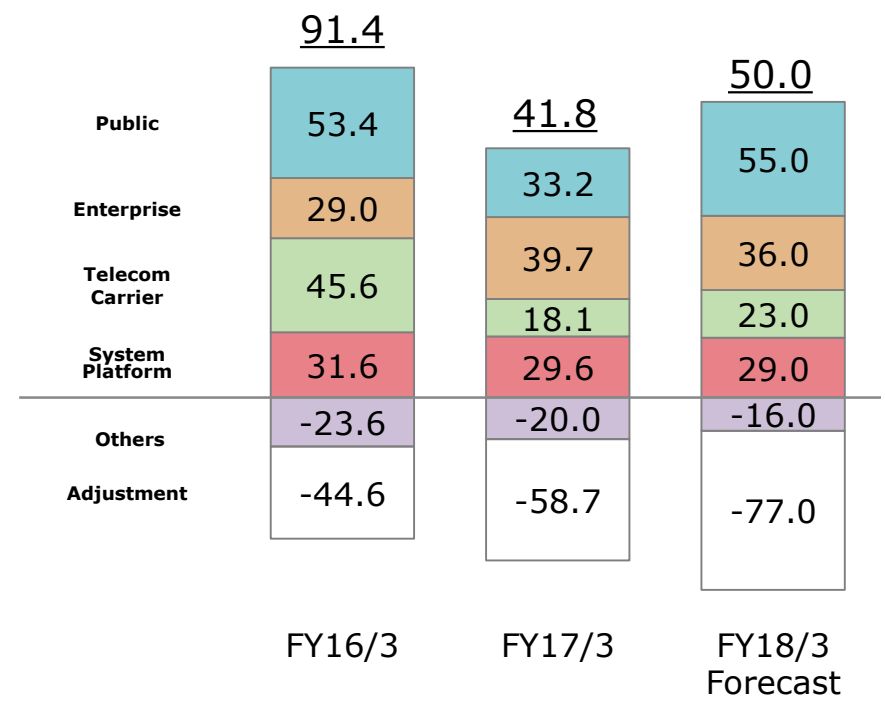
Forecasts
FY18/3

(Billions of Yen)

Revenue

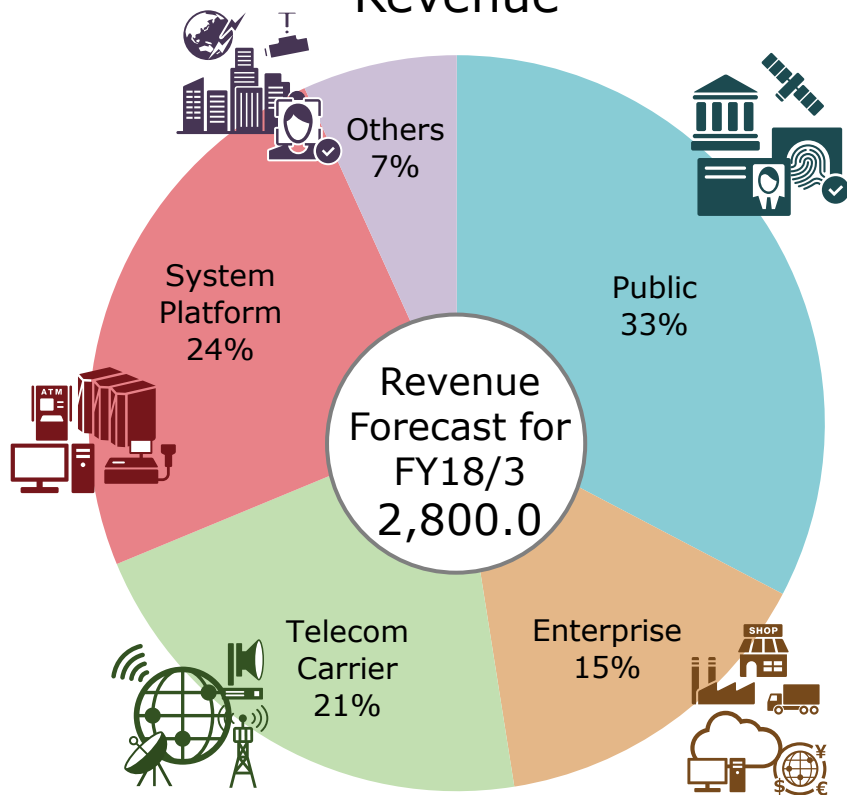


Operating Profit/Loss



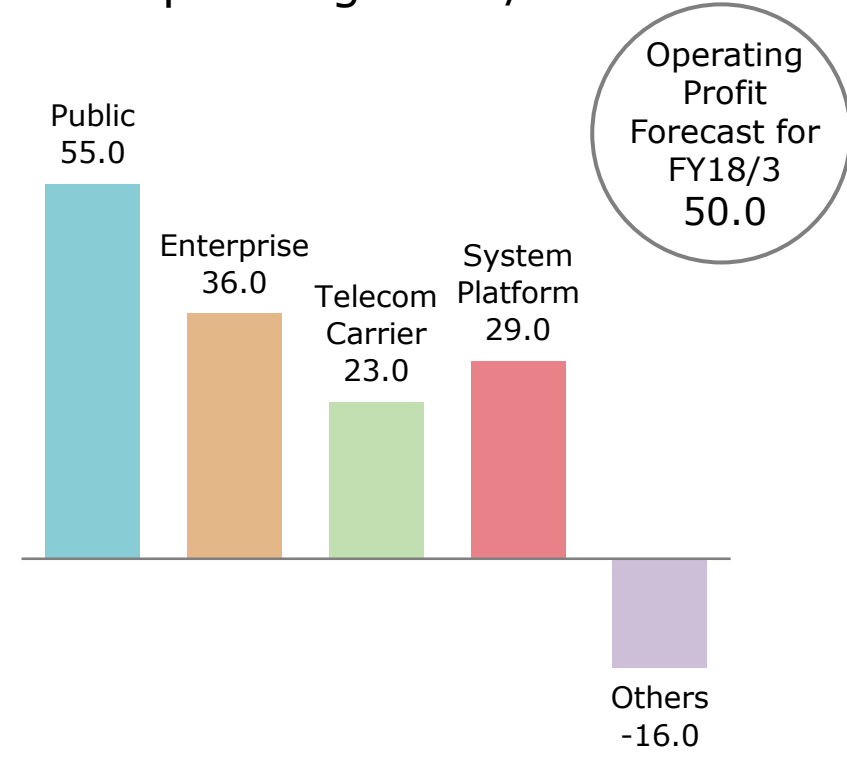
*Forecasts as of July 31, 2017

Revenue



(Billions of Yen)

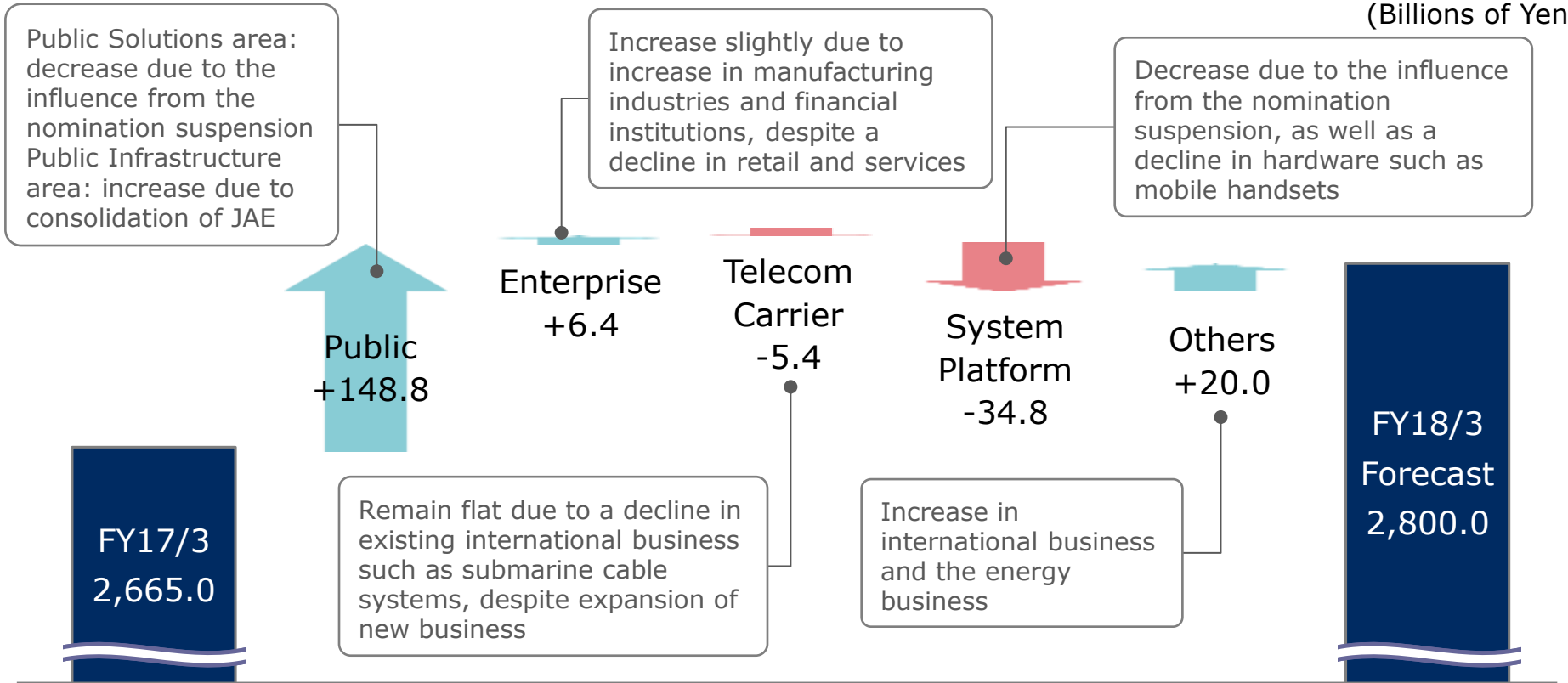
Operating Profit/Loss



*Forecasts as of July 31, 2017

Revenue Change (Year on Year)

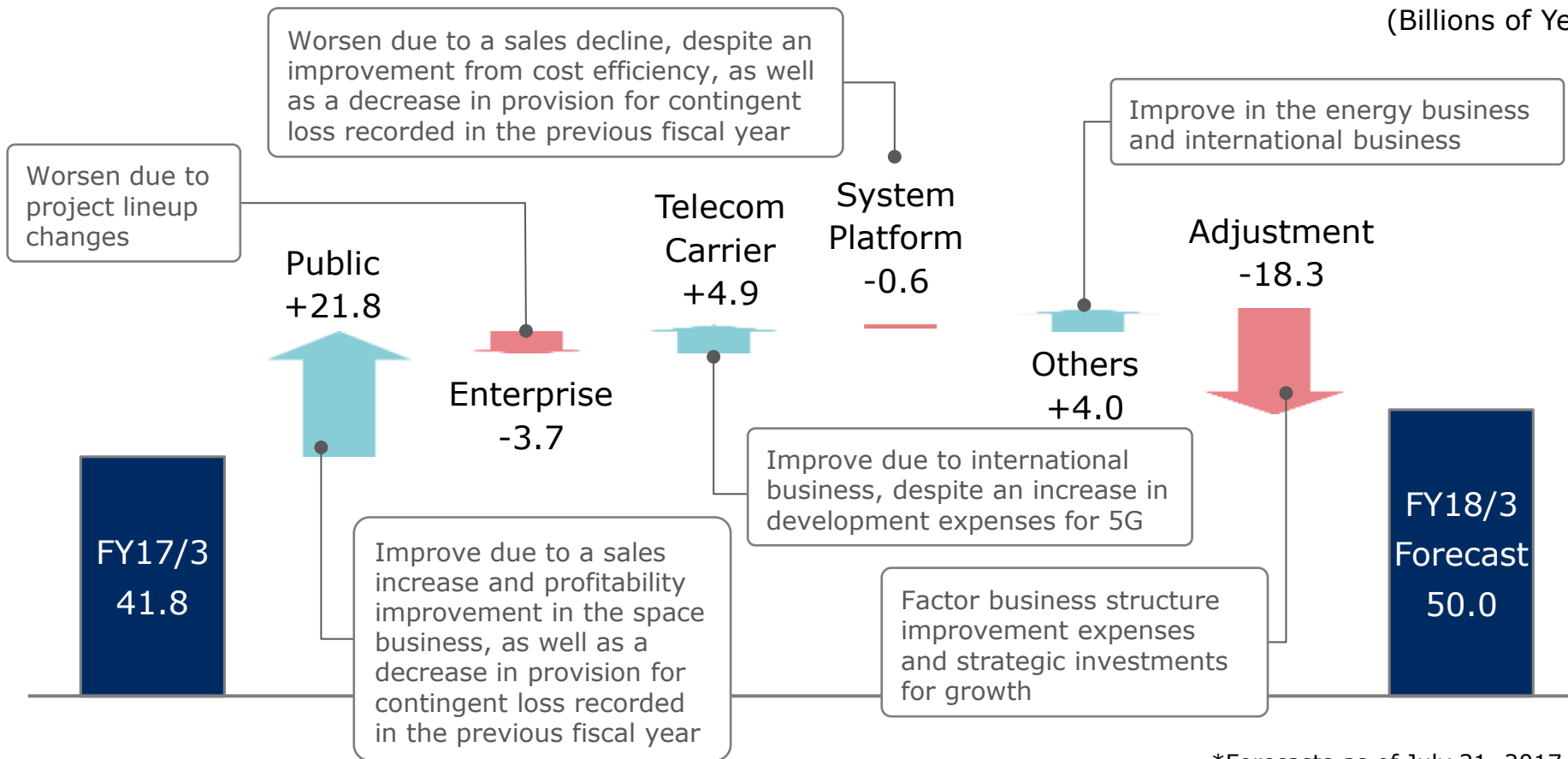
(Billions of Yen)



*Forecasts as of July 31, 2017

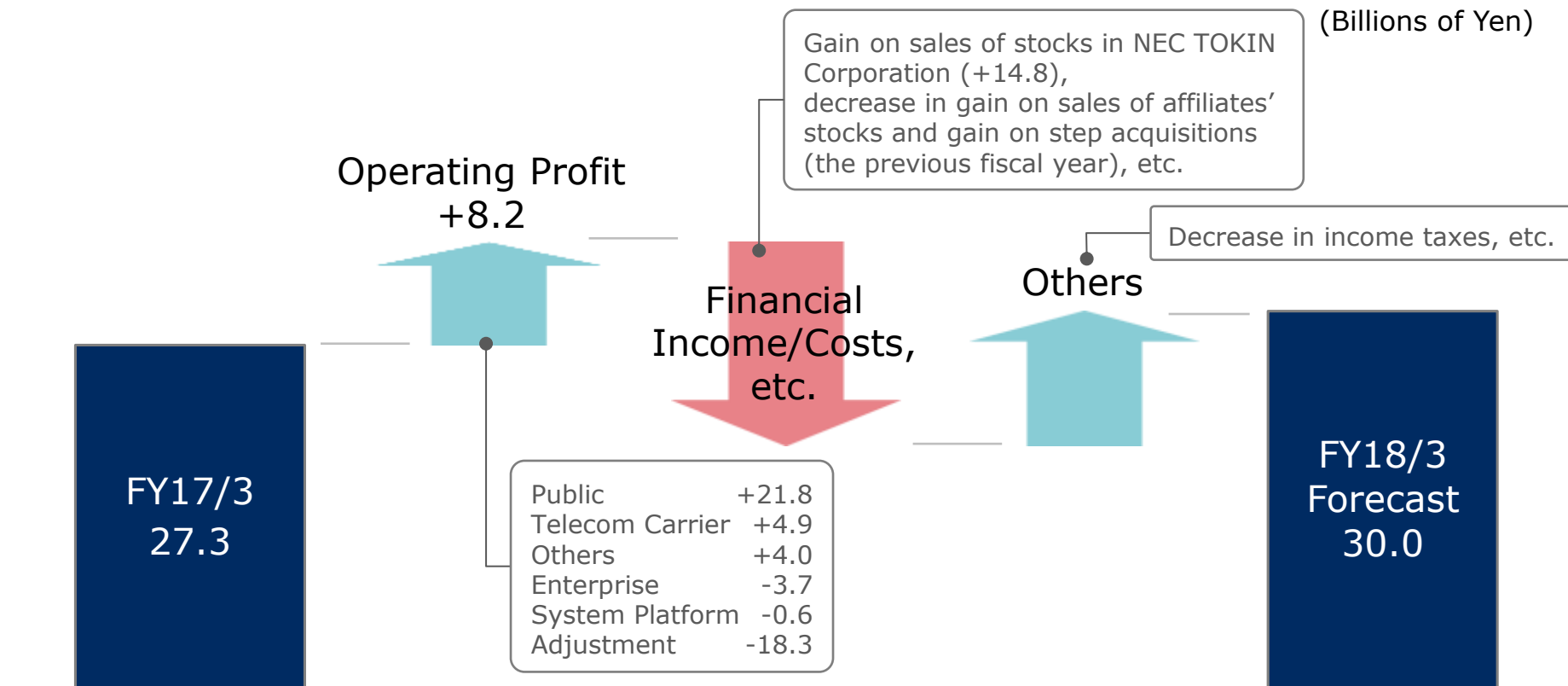
Operating Profit Change (Year on Year)

(Billions of Yen)



*Forecasts as of July 31, 2017

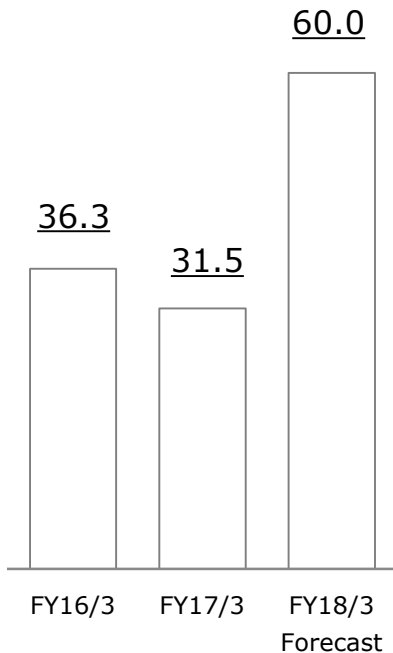
Net Profit Change (Year on Year)



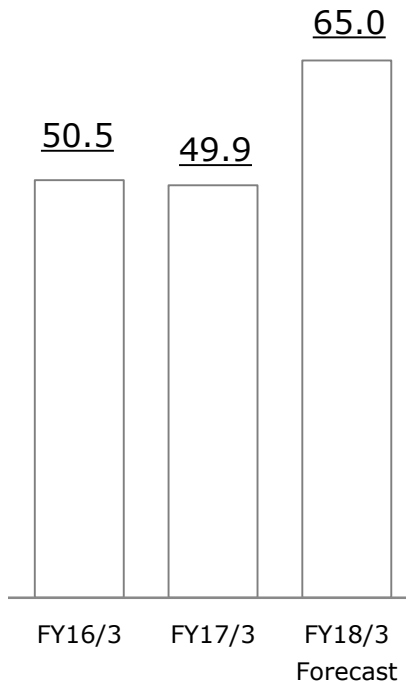
*Forecasts as of July 31, 2017

(Billions of Yen)

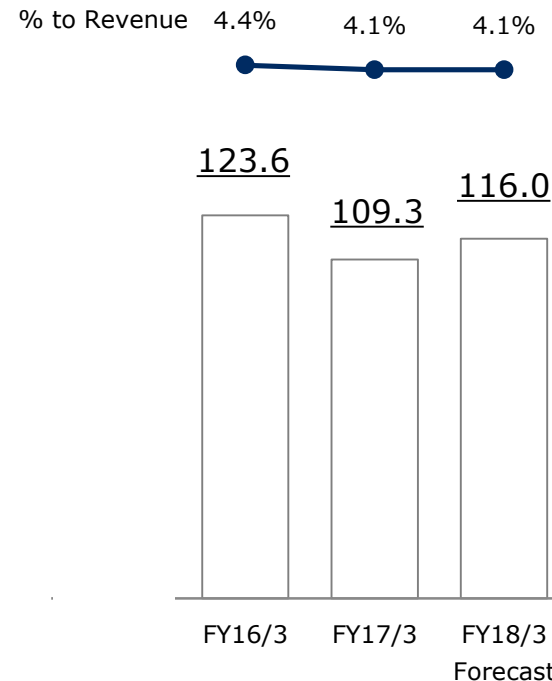
Capital Expenditure



Depreciation



R&D Expenses



*Forecasts as of July 31, 2017

Reference (Financial data)

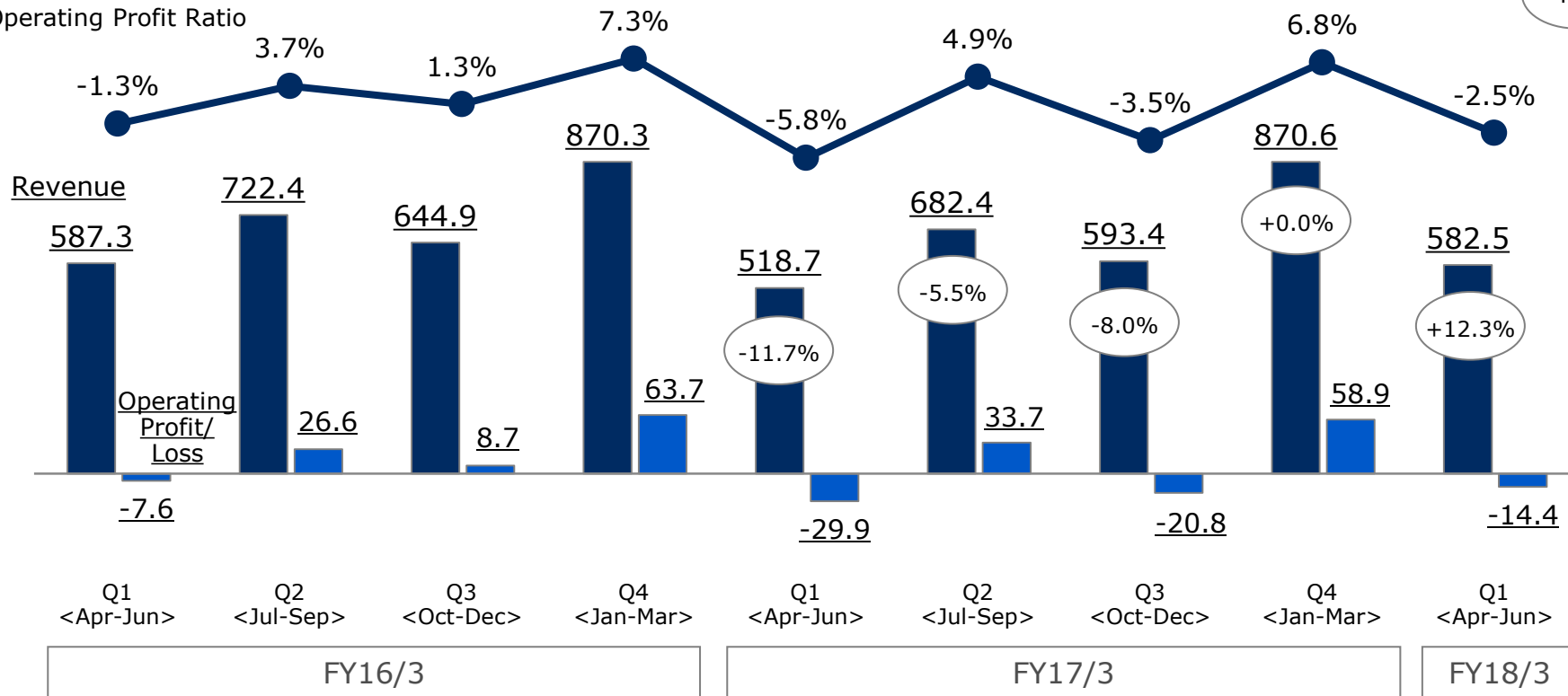


Revenue, Operating Profit/Loss

(Billions of Yen)

YoY

Operating Profit Ratio

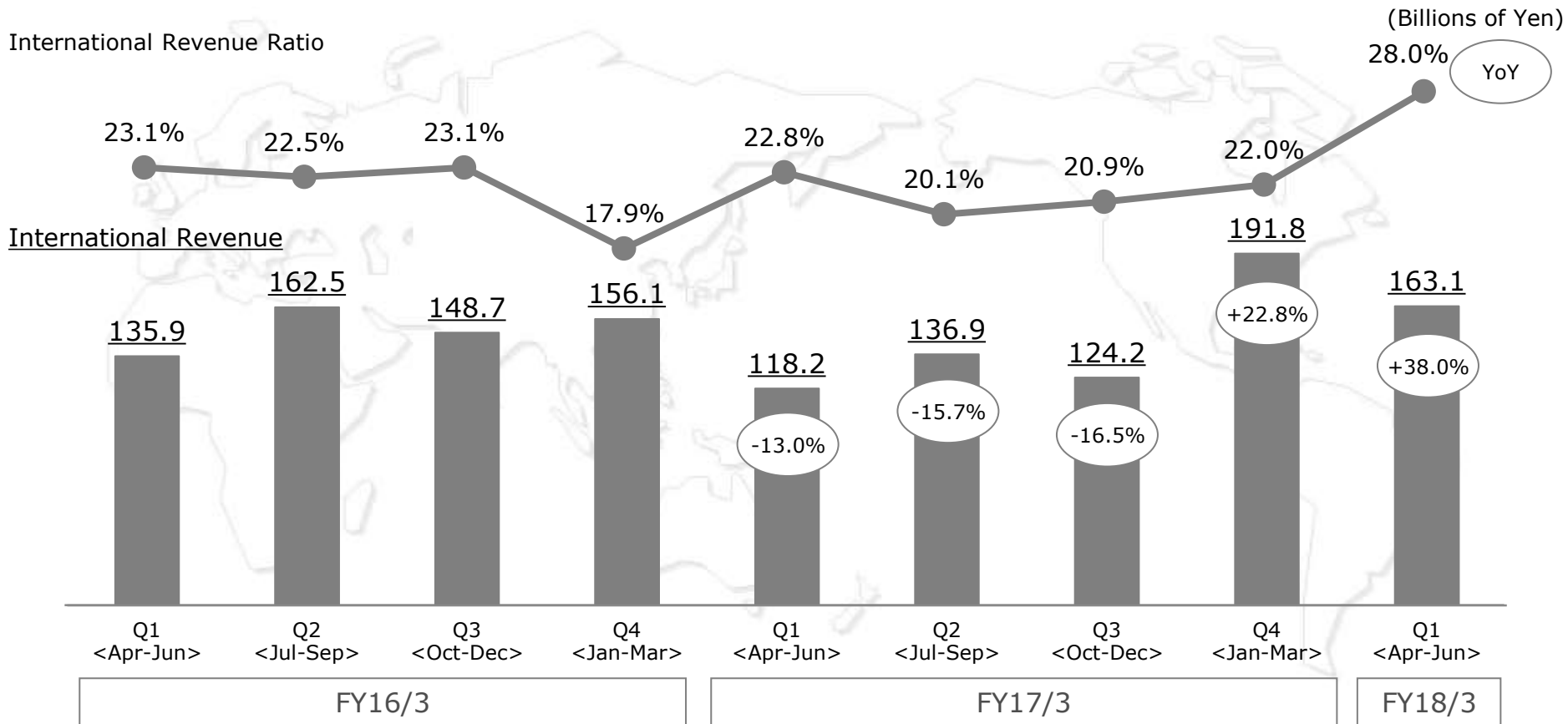


FY16/3

FY17/3

FY18/3

International Revenue

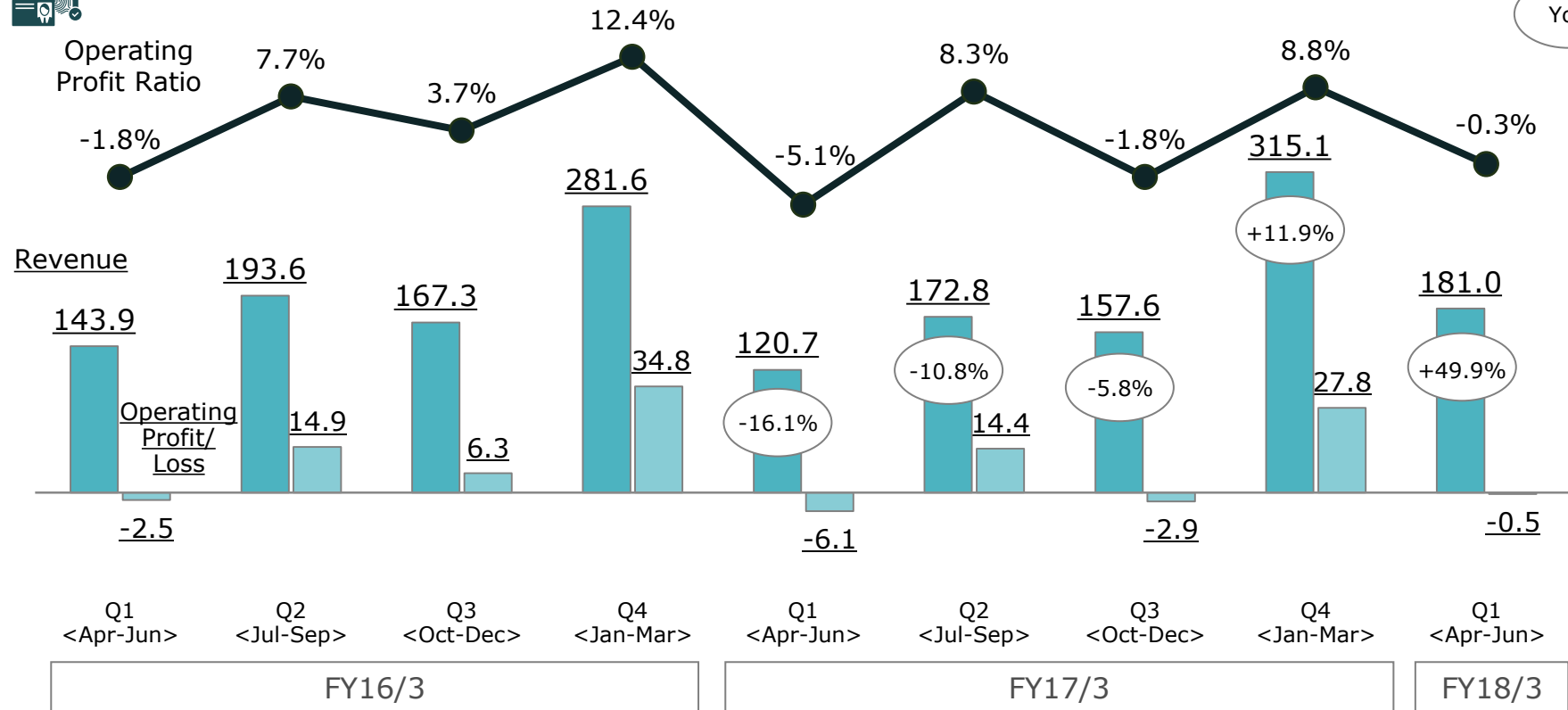


Revenue, Operating Profit/Loss (Public)



(Billions of Yen)

YoY



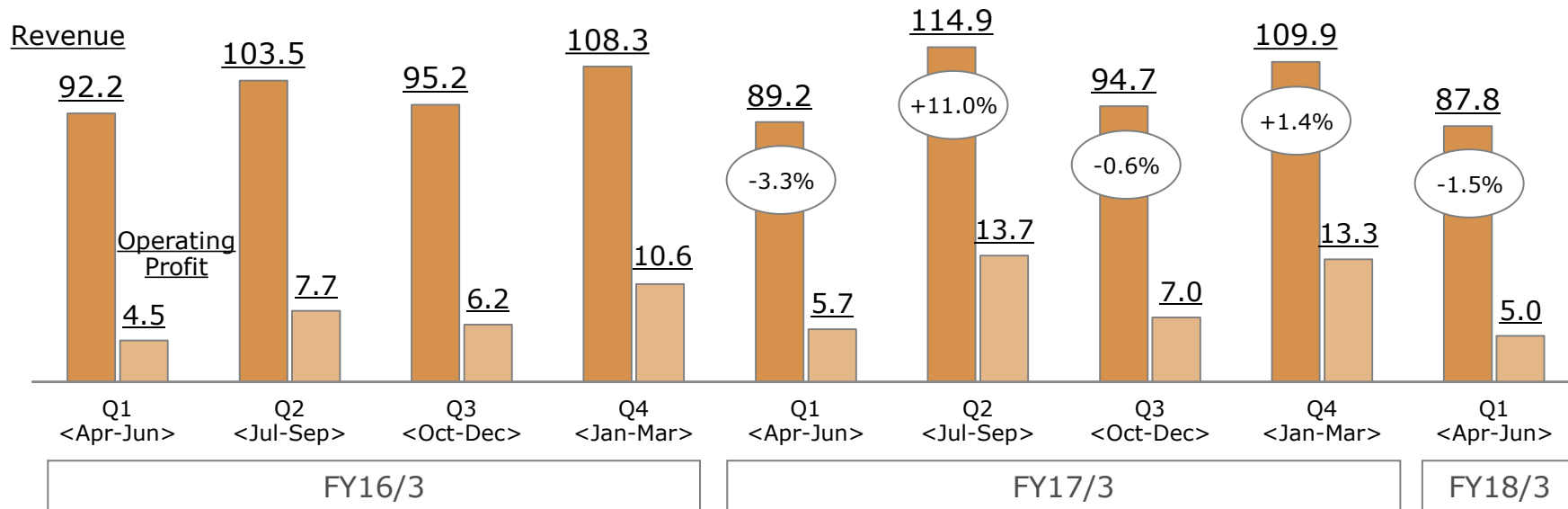
Revenue, Operating Profit (Enterprise)



(Billions of Yen)

Operating Profit Ratio
4.9%

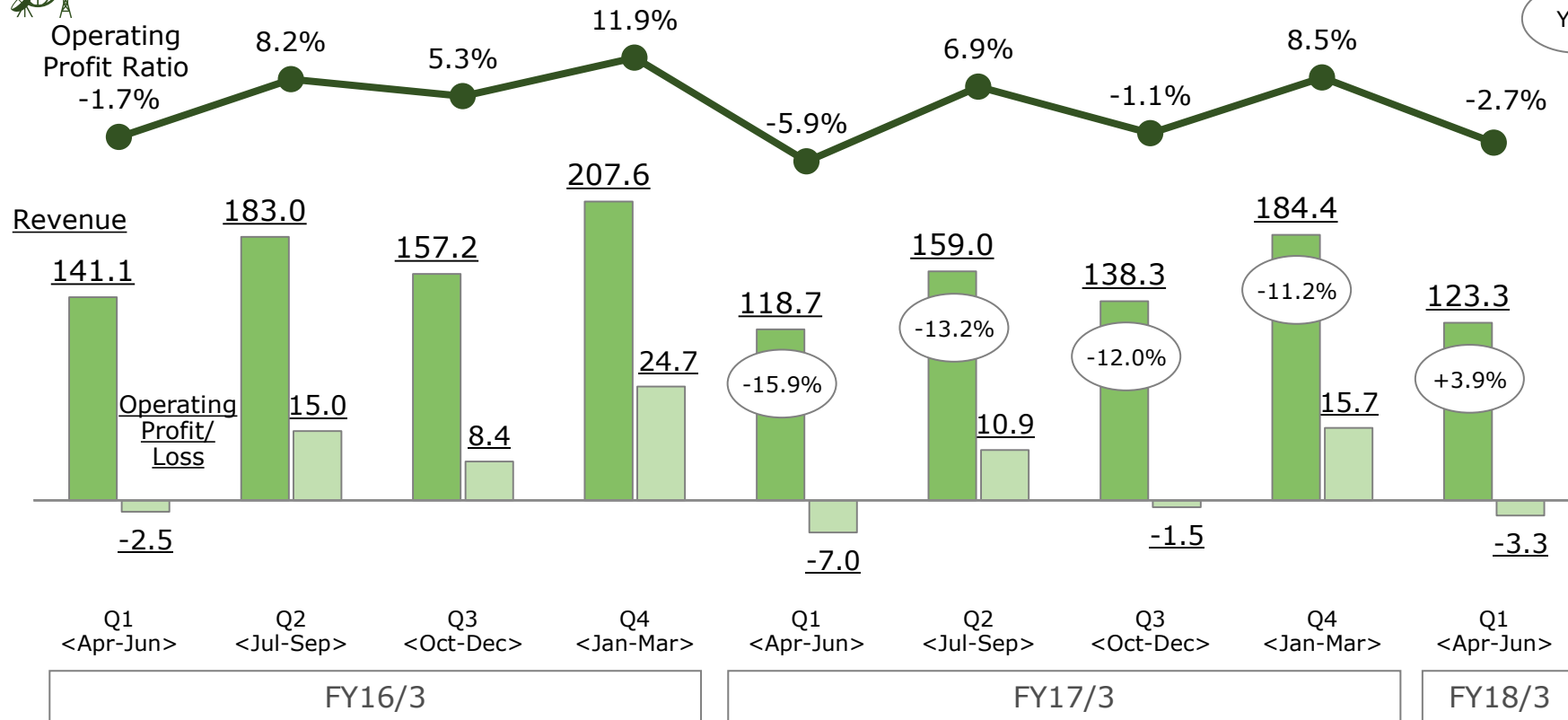
YoY



Revenue, Operating Profit/Loss (Telecom Carrier)



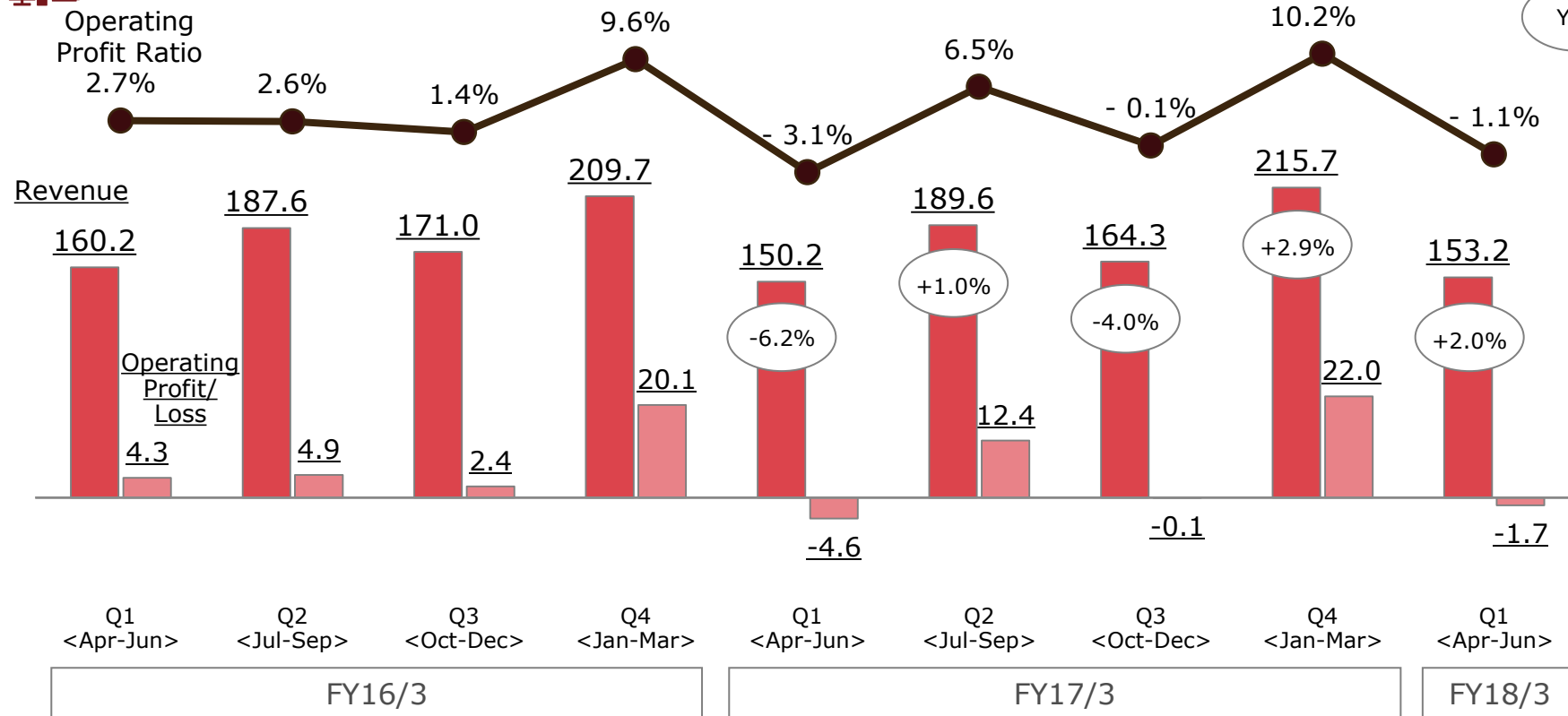
(Billions of Yen)



Revenue, Operating Profit/Loss (System Platform)



(Billions of Yen)

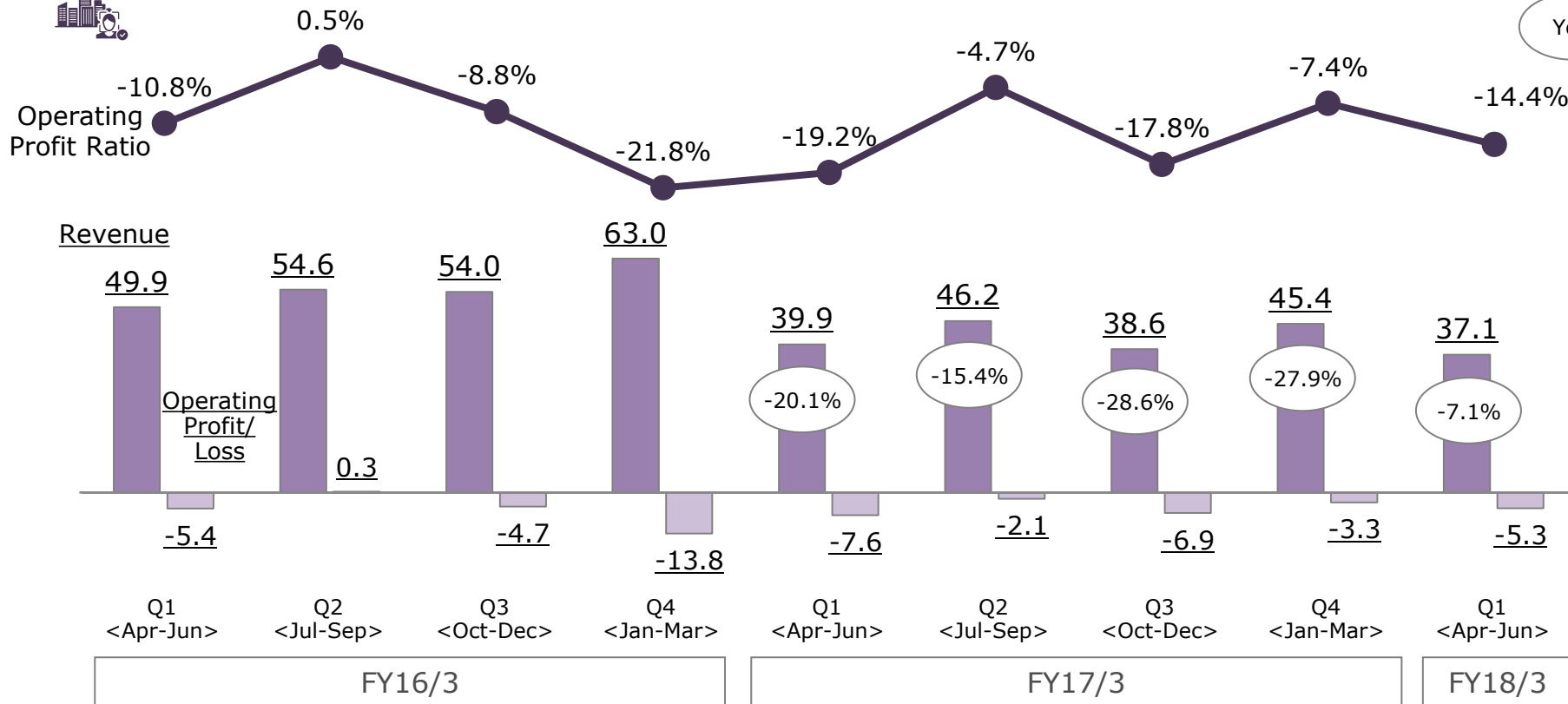


Revenue, Operating Profit/Loss (Others)

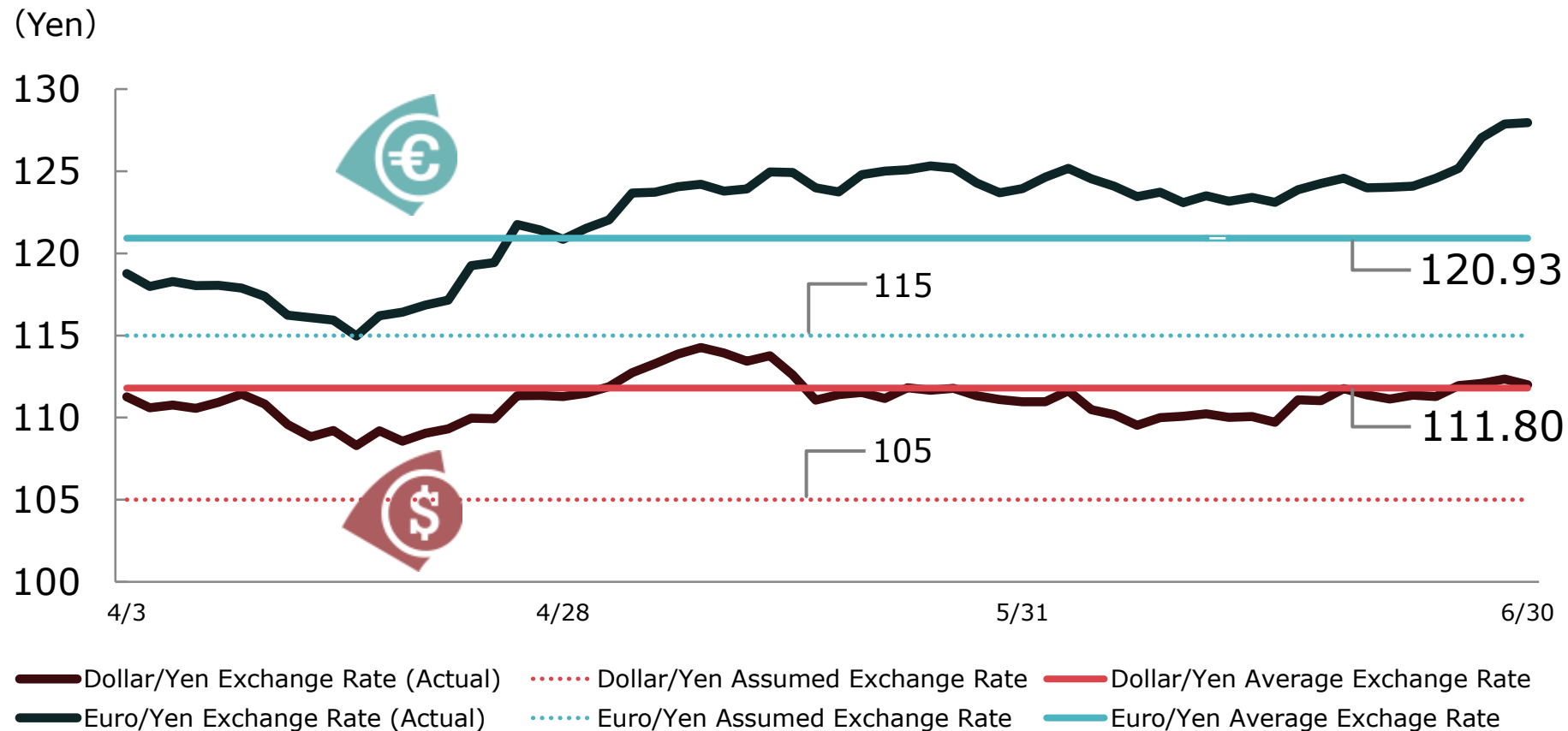


(Billions of Yen)

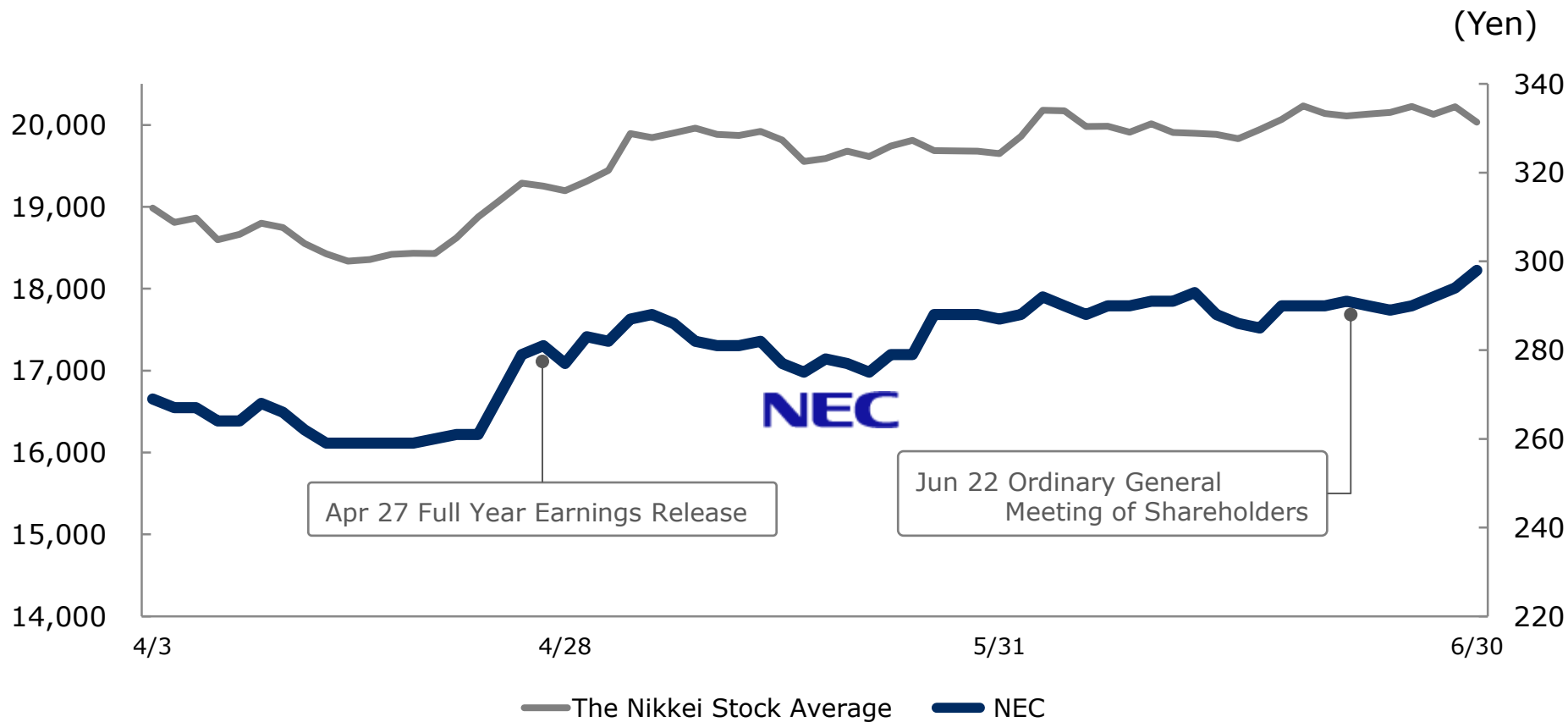
YoY



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.

Note: In this presentation, the accounting periods of the fiscal years for March 31, 2016 and 17 were referred as FY16/3 and FY17/3 respectively. Any other fiscal years would be referred similarly.