

Financial Results for Q3 Fiscal Year Ending March 31, 2018

January 30, 2018

NEC Corporation

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

Index

I . Financial Results for Q3, FY18/3

II . Financial Forecasts for FY18/3

Financial Results for Q3, 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 Q3, FY18/3

Summary of Financial Results for Q3

Q3 Results
(3/9 months)

(Billions of Yen)

	Q3 <October to December>			9 months <April to December>		
	FY17/3 Actual	FY18/3 Actual	YoY	FY17/3 Actual	FY18/3 Actual	YoY
Revenue	593.4	683.3	+15.1%	1,794.5	1,971.3	+9.9%
Operating Profit/Loss	-20.8	7.0	+27.8	-17.0	14.3	+31.3
% to Revenue	-3.5%	1.0%		-0.9%	0.7%	
Income/Loss before Income Taxes	-14.2	9.4	+23.6	-1.6	40.2	+41.8
Net Profit/Loss	-16.0	-1.2	+14.7	-2.8	17.6	+20.4
% to Revenue	-2.7%	-0.2%		-0.2%	0.9%	

Free Cash Flows	-40.2	-37.2	+3.1	6.8	38.2	+31.4
-----------------	-------	-------	------	-----	------	-------

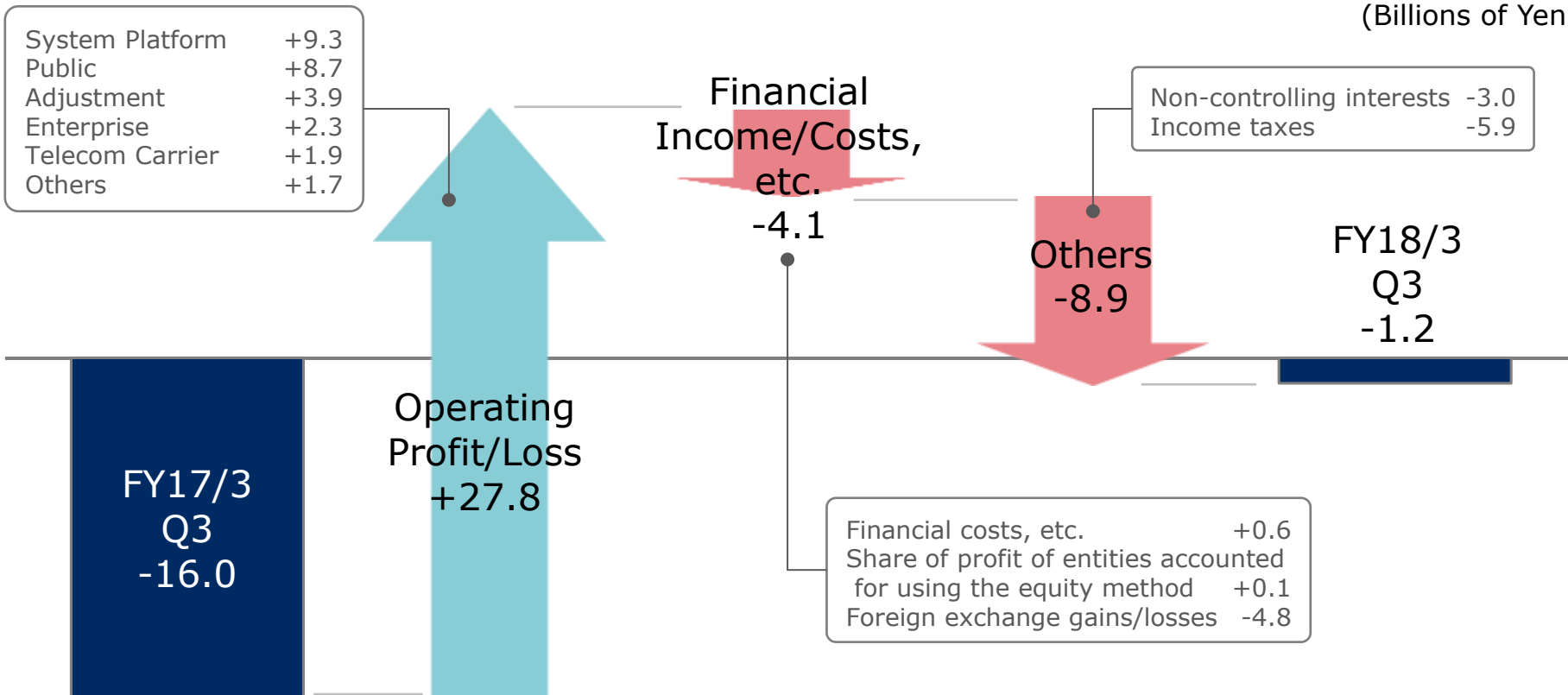
Note: Average Exchange Rates (yen)	USD	1	104.64	112.22
	EUR	1	115.14	132.39

(Billions of Yen)

		Q3 <October to December>			9 months <April to December>		
		FY17/3 Actual	FY18/3 Actual	YoY	FY17/3 Actual	FY18/3 Actual	YoY
Public	Revenue	157.6	222.9	+41.5%	451.1	629.9	+39.6%
	Operating Profit/Loss	-2.9	5.8	+8.7	5.4	20.8	+15.5
	% to Revenue	-1.8%	2.6%		1.2%	3.3%	
Enterprise	Revenue	94.7	99.3	+4.9%	298.7	291.2	-2.5%
	Operating Profit	7.0	9.3	+2.3	26.4	25.1	-1.2
	% to Revenue	7.4%	9.4%		8.8%	8.6%	
Telecom Carrier	Revenue	138.3	135.8	-1.8%	415.9	403.2	-3.1%
	Operating Profit/Loss	-1.5	0.4	+1.9	2.4	1.0	-1.4
	% to Revenue	-1.1%	0.3%		0.6%	0.3%	
System Platform	Revenue	164.3	175.8	+7.0%	504.1	508.8	+0.9%
	Operating Profit/Loss	-0.1	9.1	+9.3	7.6	15.5	+7.9
	% to Revenue	-0.1%	5.2%		1.5%	3.0%	
Others	Revenue	38.6	49.5	+28.3%	124.6	138.2	+10.9%
	Operating Profit/Loss	-6.9	-5.2	+1.7	-16.7	-11.0	+5.6
	% to Revenue	-17.8%	-10.5%		-13.4%	-8.0%	
Adjustment	Operating Profit/Loss	-16.4	-12.5	+3.9	-42.2	-37.2	+5.0
Total	Revenue	593.4	683.3	+15.1%	1,794.5	1,971.3	+9.9%
	Operating Profit/Loss	-20.8	7.0	+27.8	-17.0	14.3	+31.3
	% to Revenue	-3.5%	1.0%		-0.9%	0.7%	

Net Profit/Loss Change (Year on Year)

(Billions of Yen)



II . Financial Forecasts for FY18/3

Summary of Financial Forecasts

Forecasts
FY18/3

(Billions of Yen)

	Q4 <January to March>			Full Year			Variance from Forecasts as of Oct 31
	FY17/3 Actual	FY18/3 Forecasts	YoY	FY17/3 Actual	FY18/3 Forecasts	YoY	
Revenue	870.6	858.7	- 1.4%	2,665.0	2,830.0	+6.2%	+30.0
Operating Profit	58.9	45.7	- 13.1	41.8	60.0	+18.2	+10.0
% to Revenue	6.8%	5.3%		1.6%	2.1%		
Net Profit	30.2	22.4	- 7.7	27.3	40.0	+12.7	+5.0
% to Revenue	3.5%	2.6%		1.0%	1.4%		
Free Cash Flows	92.2	61.8	- 30.4	99.0	100.0	+1.1	+10.0
Dividends per Share (yen)				6.00	** 60.00	-	-

Note: Assumed exchange rates for Q4, FY18/3 \$1=¥105, €1=¥115

* The following are not yet factored into the financial forecasts as of January 30, 2018:

- Gain from the transfer of shares in an affiliated company accounted for by the equity-method (announced on August 8, 2017) and in a consolidated subsidiary (announced on December 4, 2017)
- Acquisition of UK-based IT services company Northgate Public Services (announced on January 9, 2018)

** Reflecting the share consolidation in the ratio of 10:1 implemented as of October 1, 2017. Amount of dividends is not changed from initial forecasts as of April 27, 2017.

*Forecasts as of January 30, 2018

(Billions of Yen)

Revenue 2,830.0 (+30.0)

- Reduction in the influence of the suspension from contract bidding processes (+20.0)
- Improvement of a newly consolidated subsidiary (+20.0) etc.

Operating Profit 60.0 (+10.0)

- Reduction in the influence of the suspension from contract bidding processes (+5.0)
- Improvement of a newly consolidated subsidiary (+6.0 on IFRS basis)
- Unprofitable projects (-3.0)
- Allocation of business structure improvement and strategic investment costs from Adjustment to each segment etc.

Net Profit 40.0 (+5.0)

- Improvement in operating profit etc.

*Forecasts as of January 30, 2018. Numbers in () represent variances from the previous forecasts (October 31, 2017).

Summary of Financial Forecasts

Forecasts
FY18/3

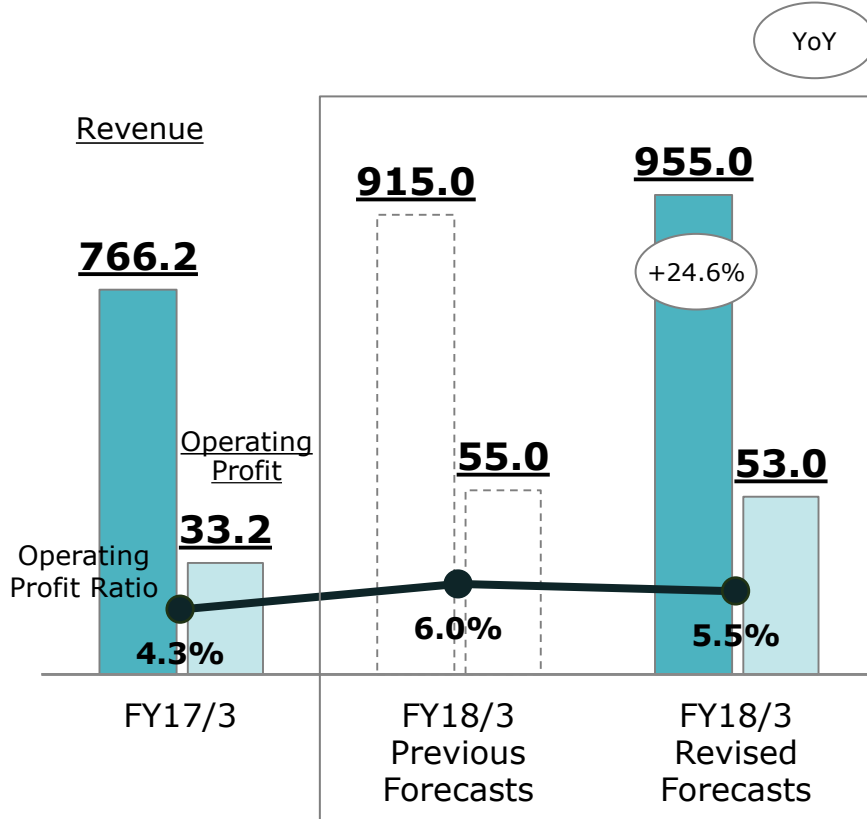
(Billions of Yen)

		Q4 <January to March>			Full Year			Variance from Forecasts as of Oct 31
		FY16/3 Actual	FY17/3 Forecasts	YoY	FY17/3 Actual	FY18/3 Forecasts	YoY	
Public	Revenue	315.1	325.1	+3.2%	766.2	955.0	+24.6%	+40.0
	Operating Profit	27.8	32.2	+4.4	33.2	53.0	+19.8	-2.0
	% to Revenue	8.8%	9.9%		4.3%	5.5%		
Enterprise	Revenue	109.9	113.8	+3.6%	408.6	405.0	-0.9%	-10.0
	Operating Profit	13.3	8.9	-4.5	39.7	34.0	-5.7	+1.0
	% to Revenue	12.1%	7.8%		9.7%	8.4%		
Telecom Carrier	Revenue	184.4	166.8	-9.6%	600.4	570.0	-5.1%	-25.0
	Operating Profit	15.7	12.0	-3.7	18.1	13.0	-5.1	-10.0
	% to Revenue	8.5%	7.2%		3.0%	2.3%		
System Platform	Revenue	215.7	201.2	-6.7%	719.8	710.0	-1.4%	+25.0
	Operating Profit	22.0	16.5	-5.5	29.6	32.0	+2.4	+3.0
	% to Revenue	10.2%	8.2%		4.1%	4.5%		
Others	Revenue	45.4	51.8	+14.1%	170.0	190.0	+11.8%	+0.0
	Operating Profit/Loss	-3.3	-3.9	-0.6	-20.0	-15.0	+5.0	+3.0
	% to Revenue	-7.4%	-7.6%		-11.8%	-7.9%		
Adjustment	Operating Profit/Loss	-16.6	-19.8	-3.3	-58.7	-57.0	+1.7	+15.0
Total	Revenue	870.6	858.7	-1.4%	2,665.0	2,830.0	+6.2%	+30.0
	Operating Profit	58.9	45.7	-13.1	41.8	60.0	+18.2	+10.0
	% to Revenue	6.8%	5.3%		1.6%	2.1%		

*Forecasts as of January 30, 2018

(Billions of Yen)

Billions of Yen (YoY)



Revenue 955.0 (+24.6%)

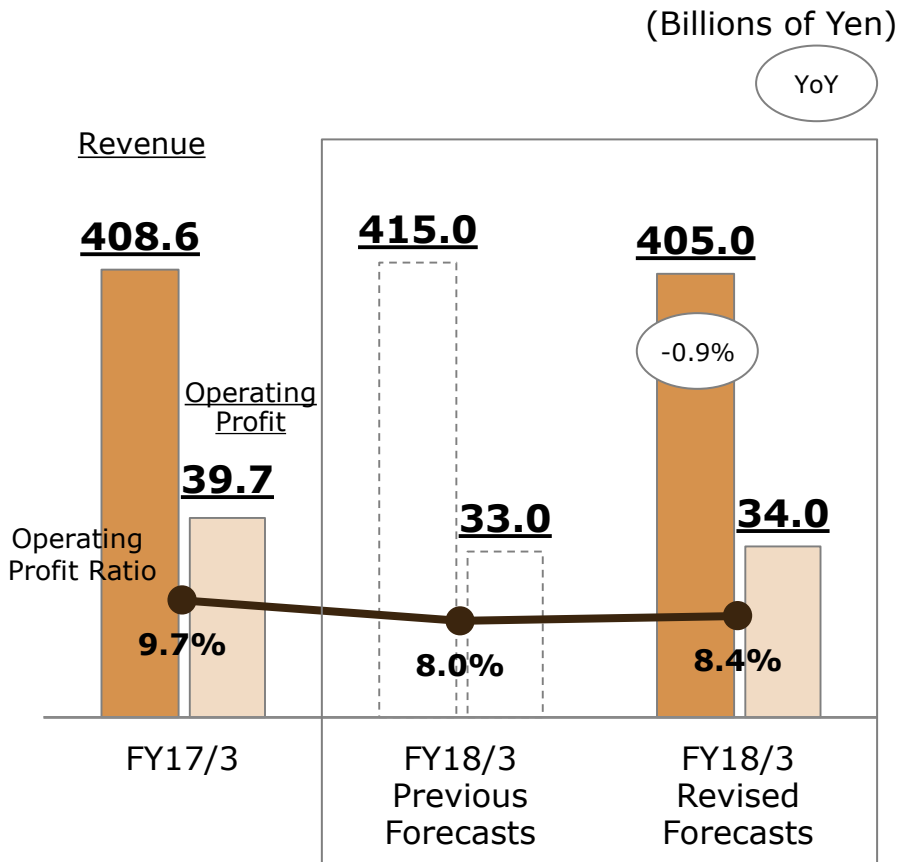
- Public Solutions area: decrease due to the influence of the suspension from contract bidding processes
- Public Infrastructure area: increase due to consolidation of Japan Aviation Electronics Industry, Limited

Operating Profit 53.0 (+19.8%)

- 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



*Previous Forecasts: as of October 31, 2017. Revised Forecasts: as of January 30, 2018



Revenue 405.0 (-0.9%)

- Decrease slightly due to a decline in large-scale projects for manufacturing industries in the previous fiscal year

Operating Profit 34.0 (-5.7)

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

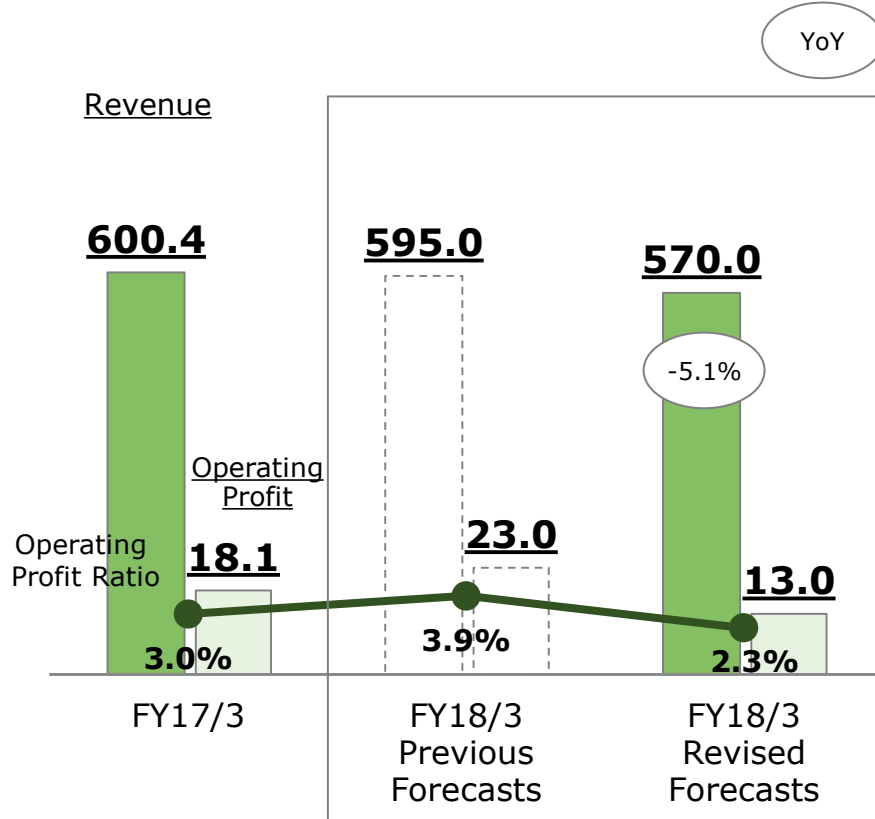
*IoT: Internet of Things



*Previous Forecasts: as of October 31, 2017. Revised Forecasts: as of January 30, 2018

(Billions of Yen)

Billions of Yen (YoY)



Revenue 570.0 (-5.1%)

- International sales decrease due to a decline in mobile backhaul and submarine cable systems, despite expansion of TOMS
- Decrease in Japan due to sluggish capital investment by telecommunications carriers

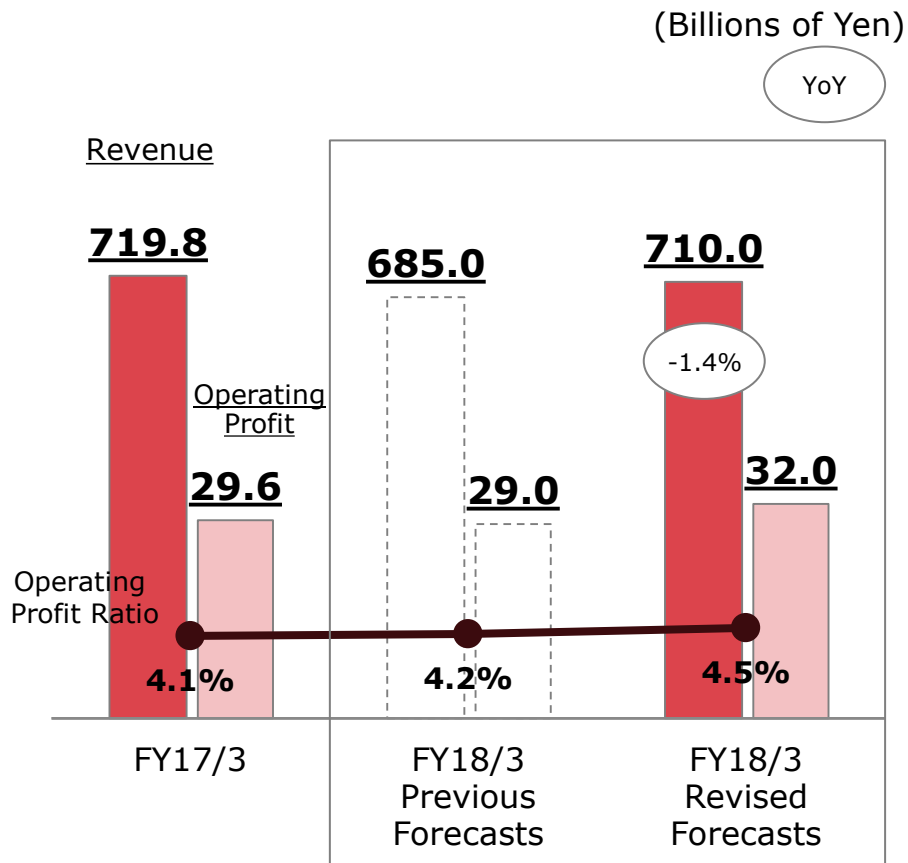
Operating Profit 13.0 (-5.1)

- Worsen due to a sales decline

*TOMS: Telecom Operations & Management Solutions



*Previous Forecasts: as of October 31, 2017. Revised Forecasts: as of January 30, 2018



Revenue 710.0 (-1.4%)

- Decrease due to the influence of the suspension from contract bidding processes, as well as a decline in hardware

Operating Profit 32.0 (+2.4)

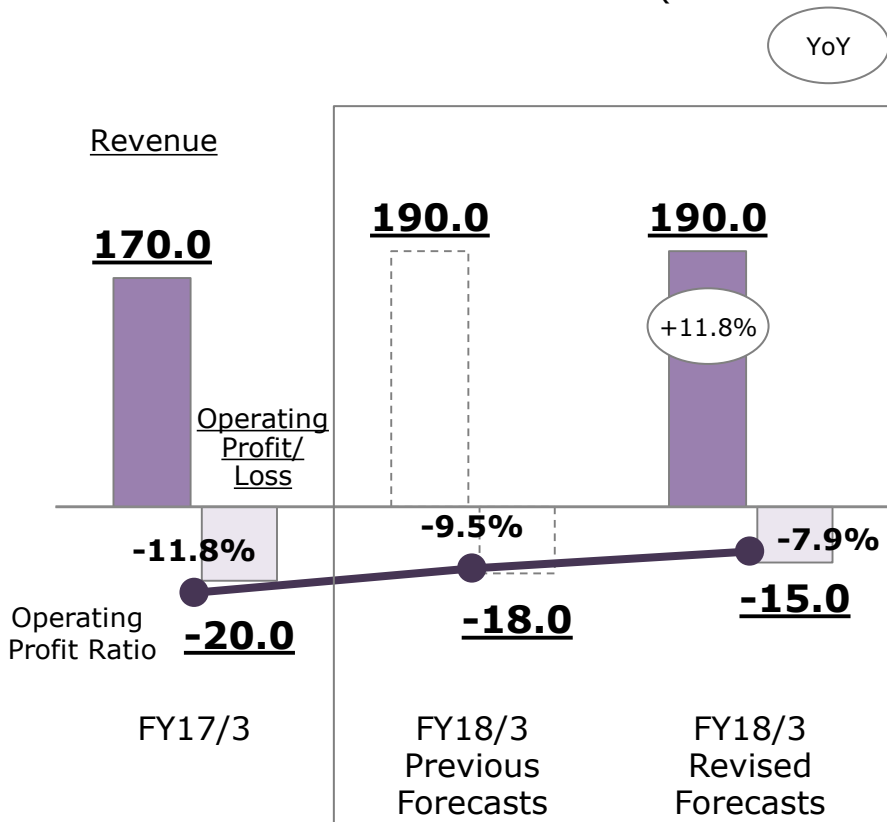
- Improve due to cost efficiency, despite a sales decline



*Previous Forecasts: as of October 31, 2017. Revised Forecasts: as of January 30, 2018

(Billions of Yen)

Billions of Yen (YoY)



Revenue 190.0 (+11.8%)

- Increase in international business and the energy business

Operating Profit/Loss -15.0 (+5.0)

- Improve in the energy business and international business, despite an increase in IoT platform related investment expenses



*Previous Forecasts: as of October 31, 2017. Revised Forecasts: as of January 30, 2018



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

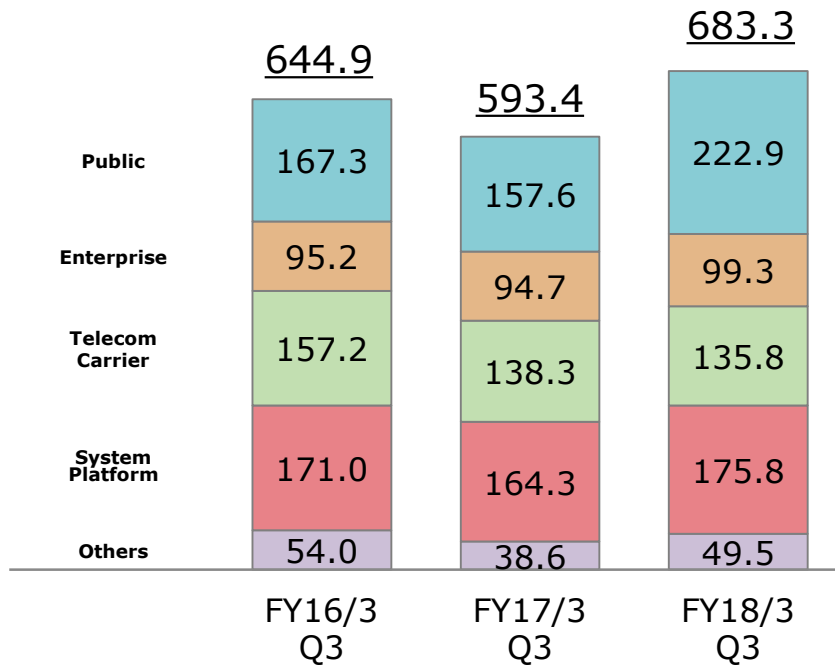
Financial Results for Q3, FY18/3 (Appendix)

Financial Results for Q3 by Segment (three-year transition)

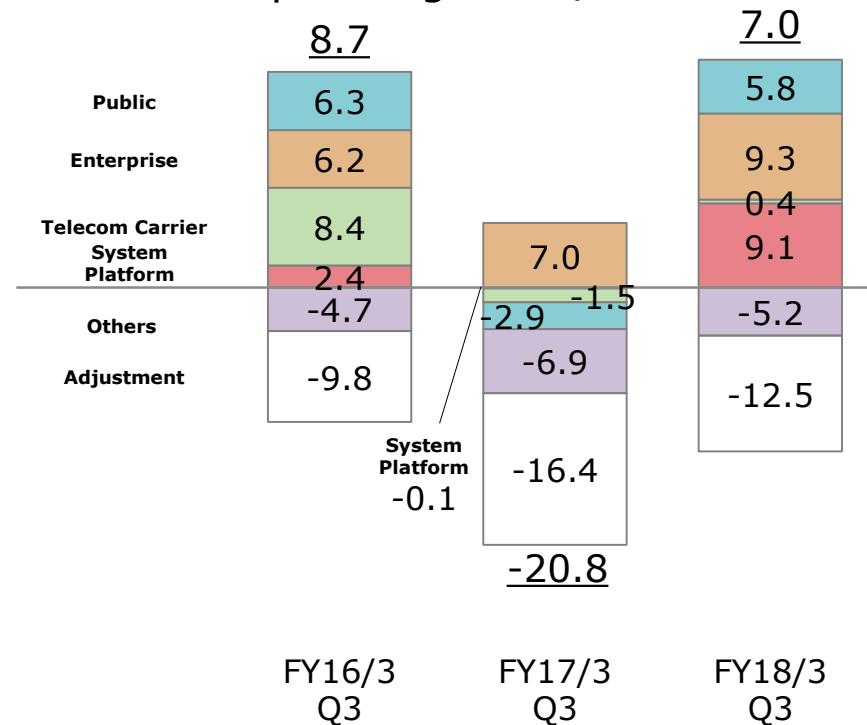
Q3 Results
(3 months)

(Billions of Yen)

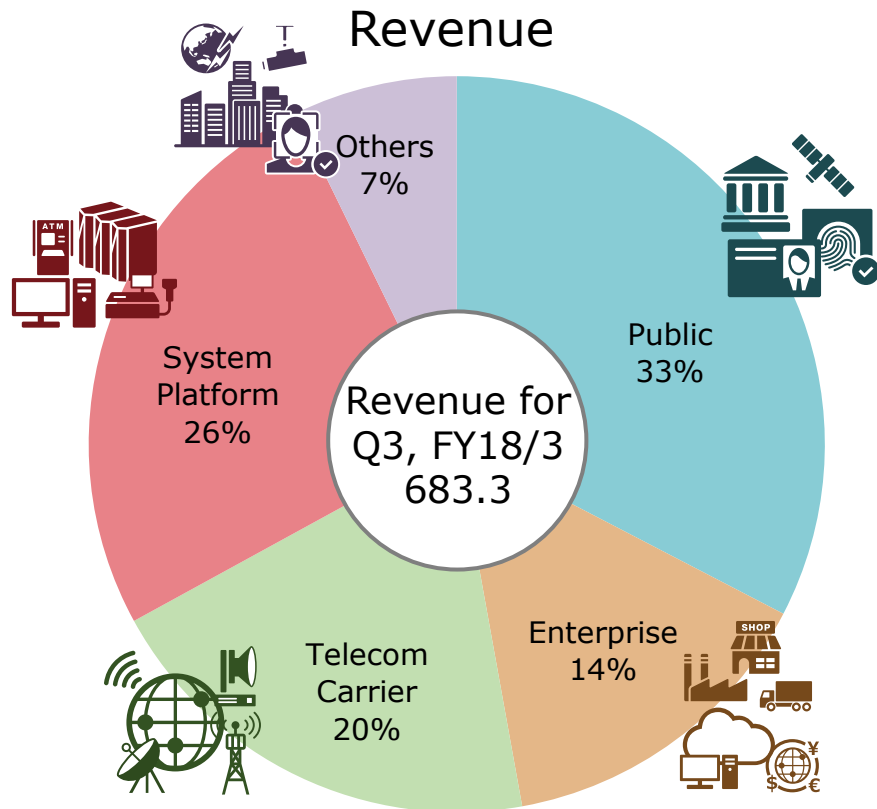
Revenue



Operating Profit/Loss

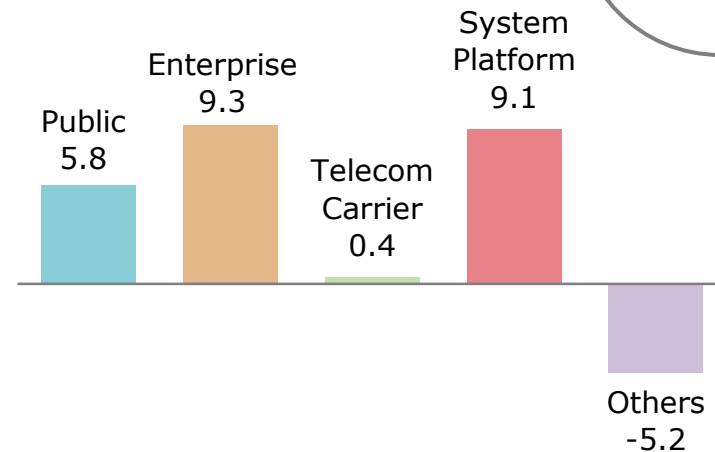


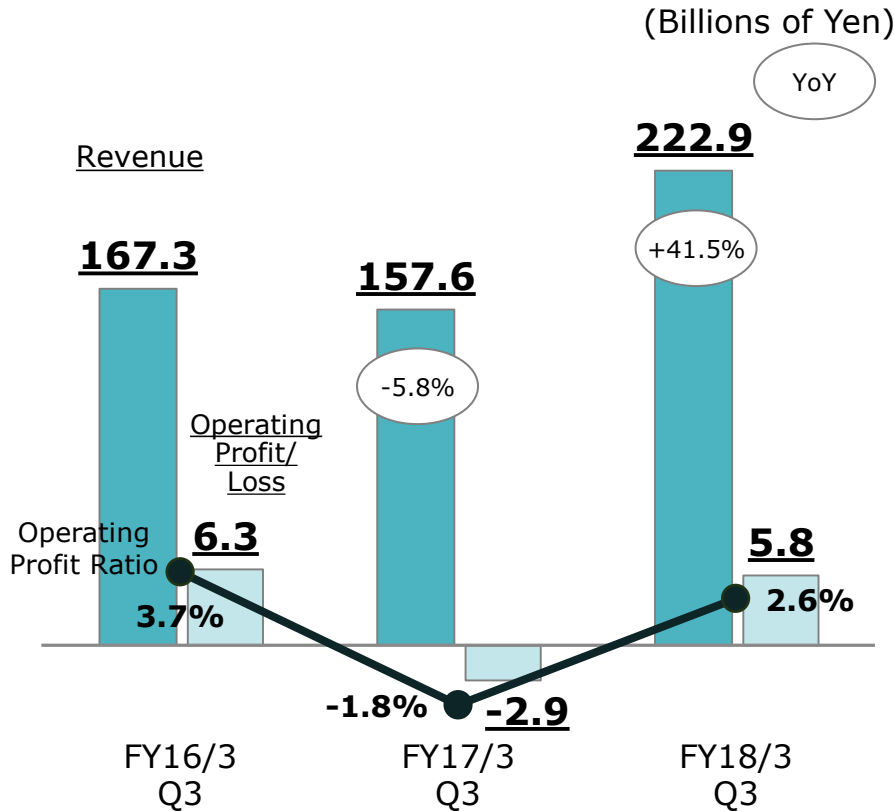
(Billions of Yen)



Operating Profit/Loss

Operating Profit for Q3, FY18/3: 7.0





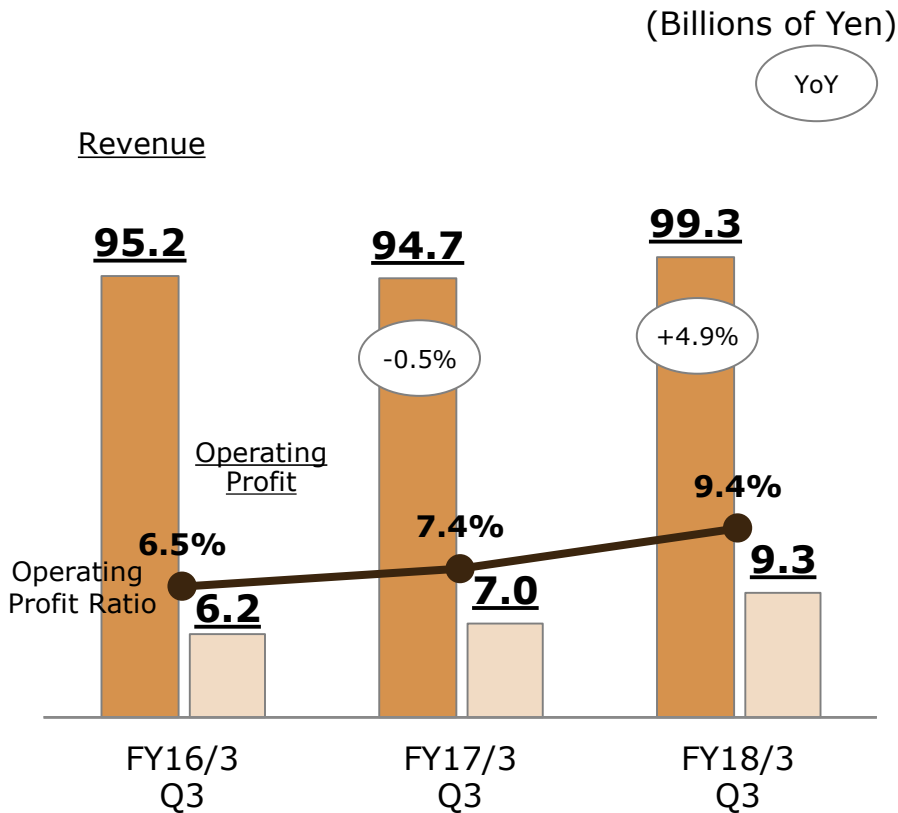
Revenue 222.9 (+41.5%)

- Public Solutions area: decreased due to the influence of the suspension from contract bidding processes
- Public Infrastructure area: increased due to consolidation of Japan Aviation Electronics Industry, Limited

Operating Profit/Loss 5.8 (+8.7%)

- Improved due to a sales increase





Billions of Yen (YoY)

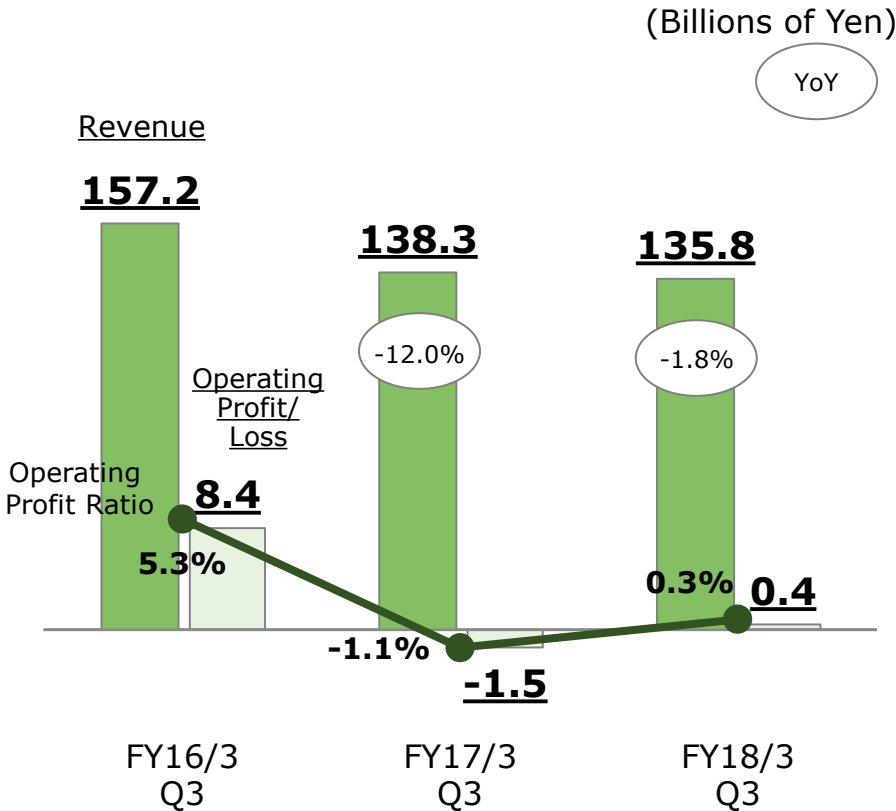
Revenue 99.3 (+4.9%)

- Increased in retail and services, as well as financial institutions

Operating Profit 9.3 (+2.3)

- Improved due to a sales increase and higher profitability in system construction services, despite an increase in IoT related investment expenses





Billions of Yen (YoY)

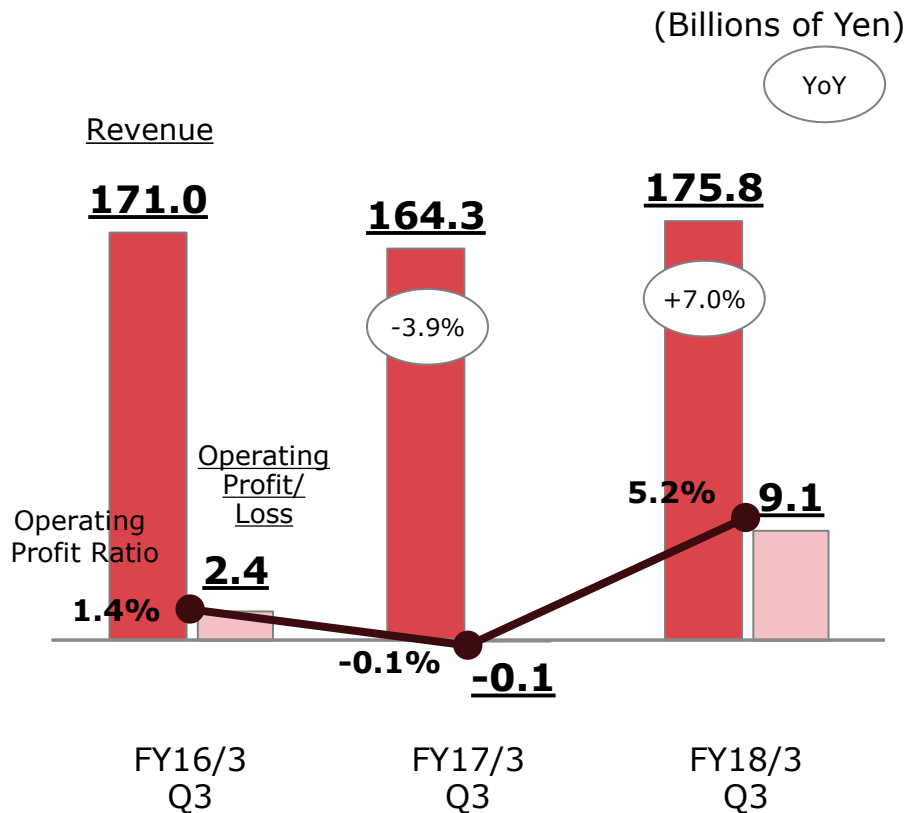
Revenue 135.8 (-1.8%)

- In the international market, decreased in mobile backhaul while expanded in TOMS
- Decreased in Japan due to sluggish capital investment by telecommunications carriers

Operating Profit/Loss 0.4 (+1.9)

- Improved due to cost efficiency





Revenue 175.8 (+7.0%)

- Increased due to large-scale projects in hardware

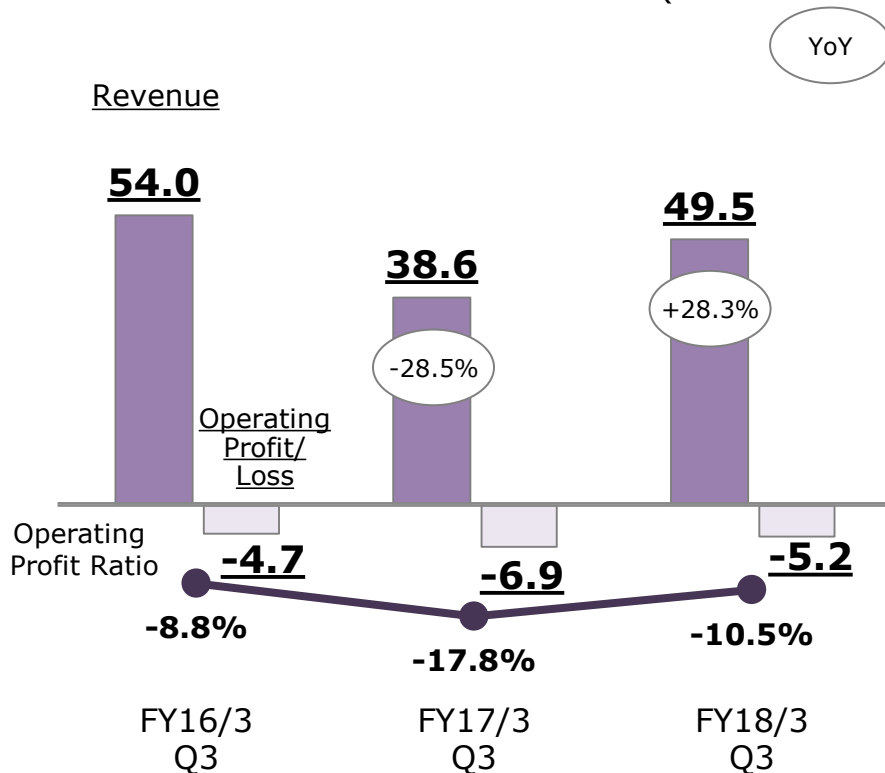
Operating Profit/Loss 9.1 (+9.3)

- Improved due to a sales increase and cost efficiency



(Billions of Yen)

Billions of Yen (YoY)



Revenue 49.5 (+28.3%)

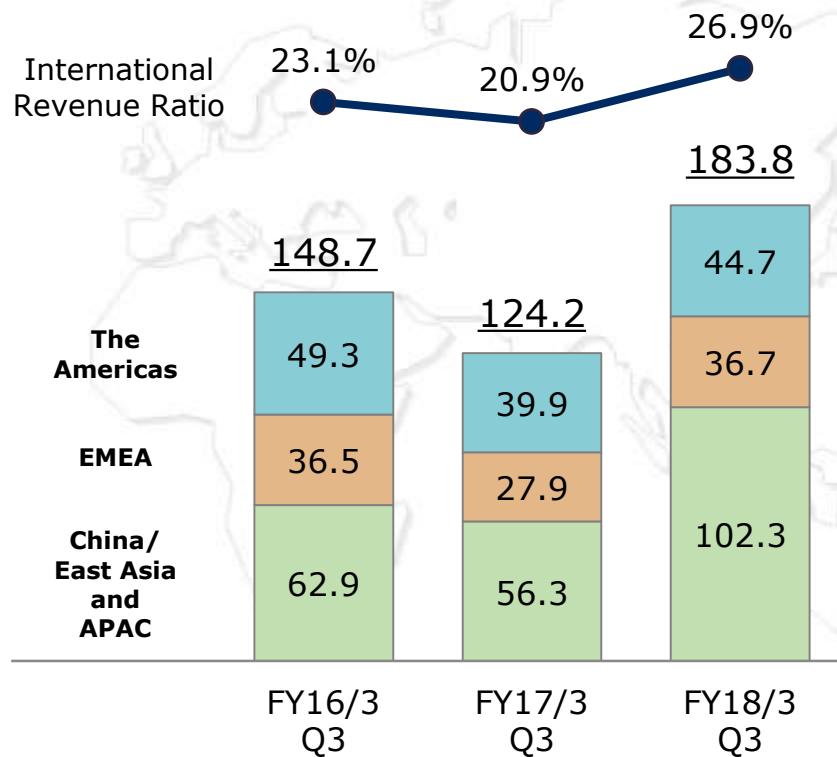
- Increased in the international safety business

Operating Profit/Loss -5.2 (+1.7)

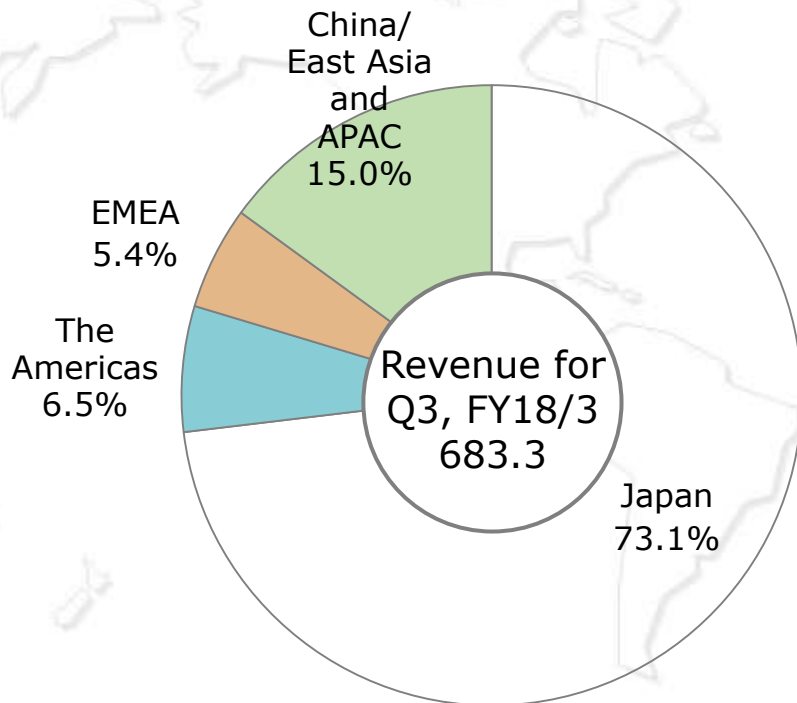
- Improved due to a sales increase and cost efficiency



(Billions of Yen)



Revenue by Region

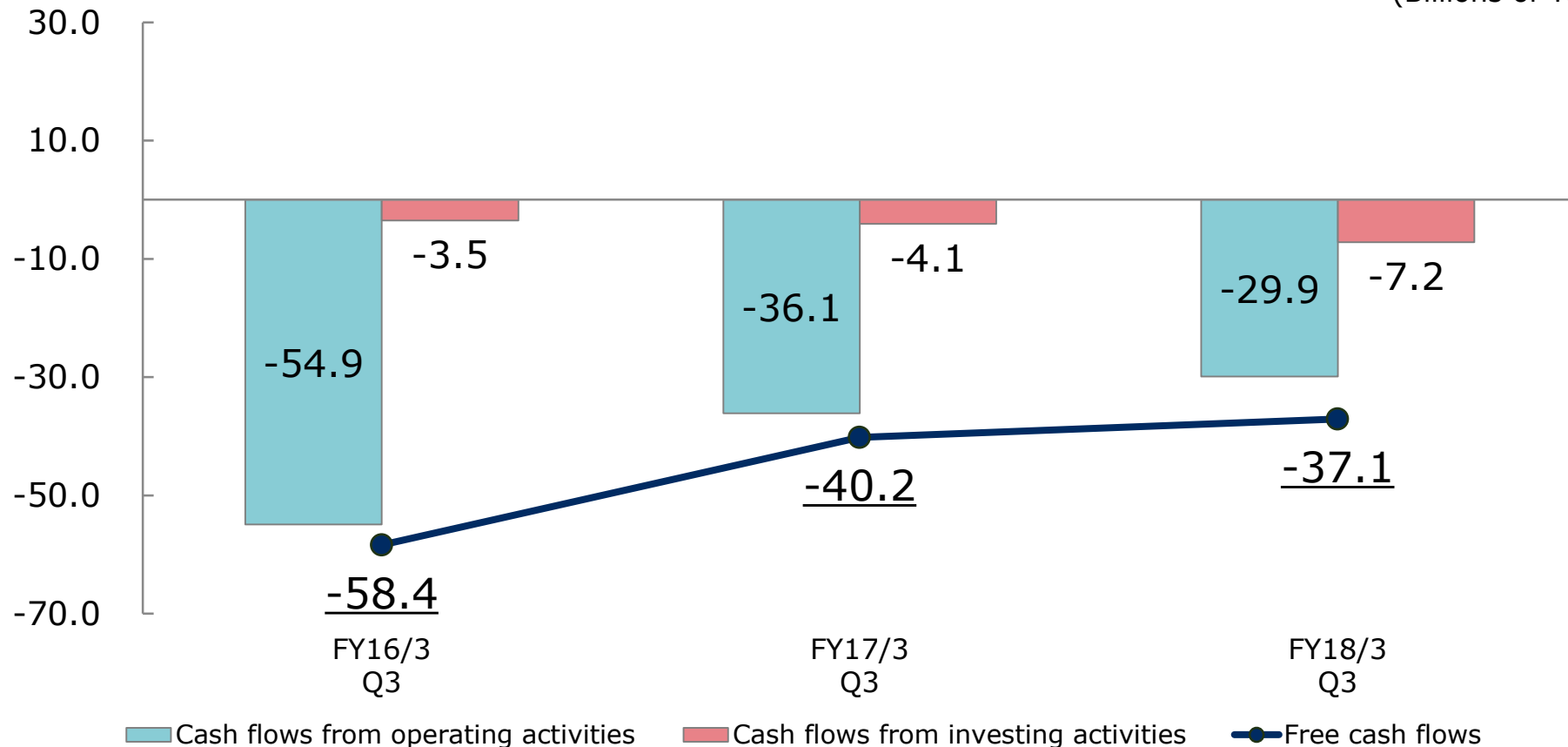


*Revenue is classified by country or region based on customer locations.

Free Cash Flows

Q3 Results
(3 months)

(Billions of Yen)



(Billions of Yen)

	End of March 2017	End of December 2017	Variance from end of March 2017	End of December 2016
Total assets	2,684.0	2,710.3	+26.3	2,483.2
Total equity	1,016.1	1,042.9	+26.8	826.5
Interest-bearing debt	466.9	527.1	+60.1	517.9
Equity attributable to owners of the parent	854.3	874.6	+20.3	758.8
Ratio of equity attributable to owners of the parent (%)	31.8%	32.3%	+0.4pt	30.6%
D/E ratio (times)	0.55	0.60	-0.05pt	0.68
Net D/E ratio (times)	0.27	0.24	+0.03pt	0.39
Cash and cash equivalents	240.0	318.8	+78.8	218.7

(Billions of Yen)

Compared to
end of March
2017

Current Assets
1,583.1

Liabilities
1,667.5

+74.3

-0.5

Increase in cash and
cash equivalents, as
well as inventories

Total Assets
2,710.3

Decrease in trade
and other payables

Decrease from the
depreciation of property,
plant and equipment, net

(+26.3 compared to
end of March 2017)

Recording of
net profit

-48.0

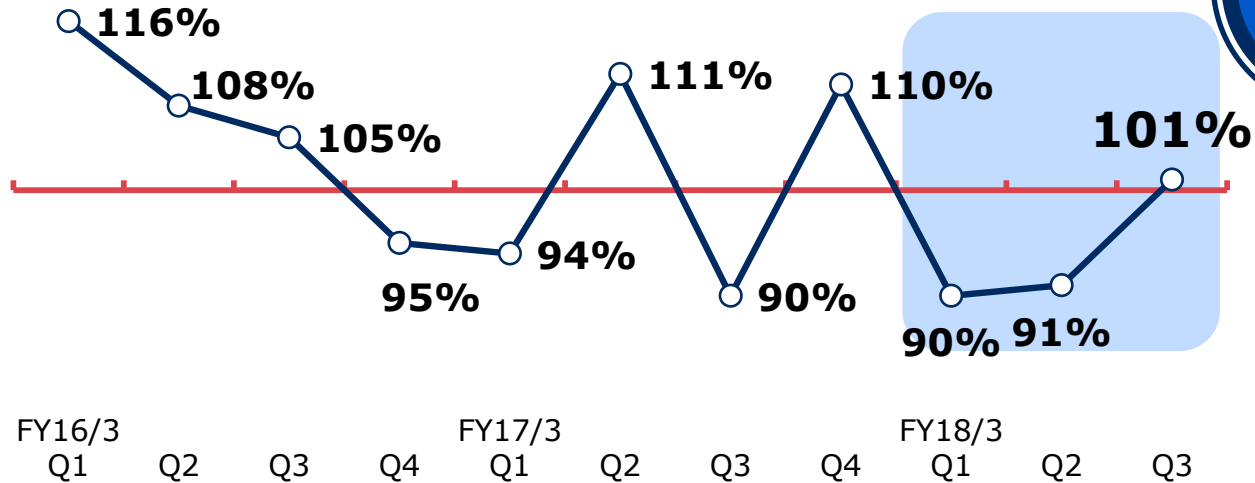
+26.8

Non-current Assets
1,127.3

Equity
1,042.9

IT services in Japan for Q3, FY18/3 remained flat, showing stable performance in the financial as well as retail and services areas, while decreasing in the telecommunication and manufacturing areas

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



9 months,
FY18/3
Orders
93%



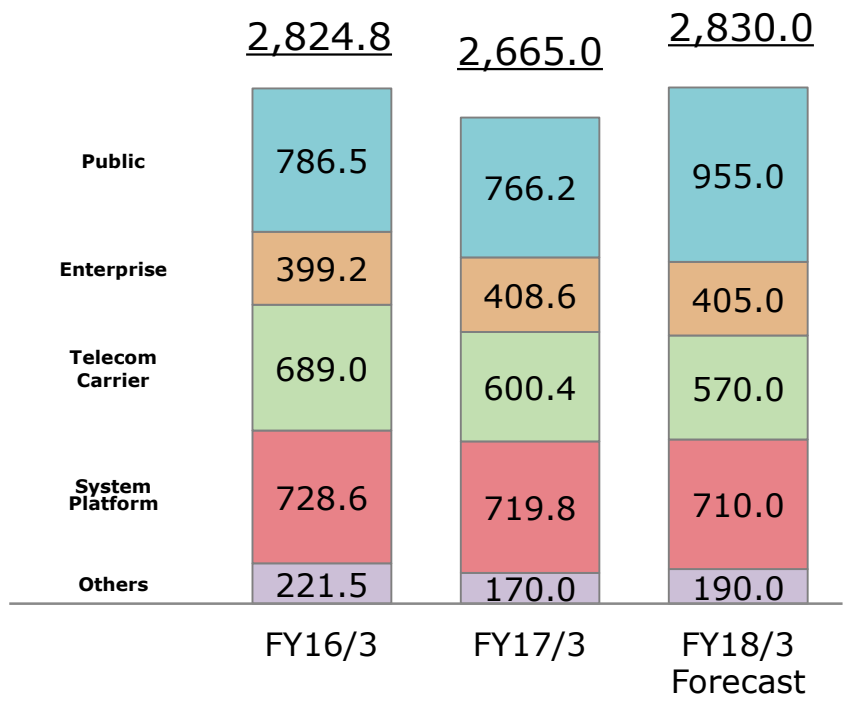
Financial Forecasts for FY18/3 (Appendix)

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

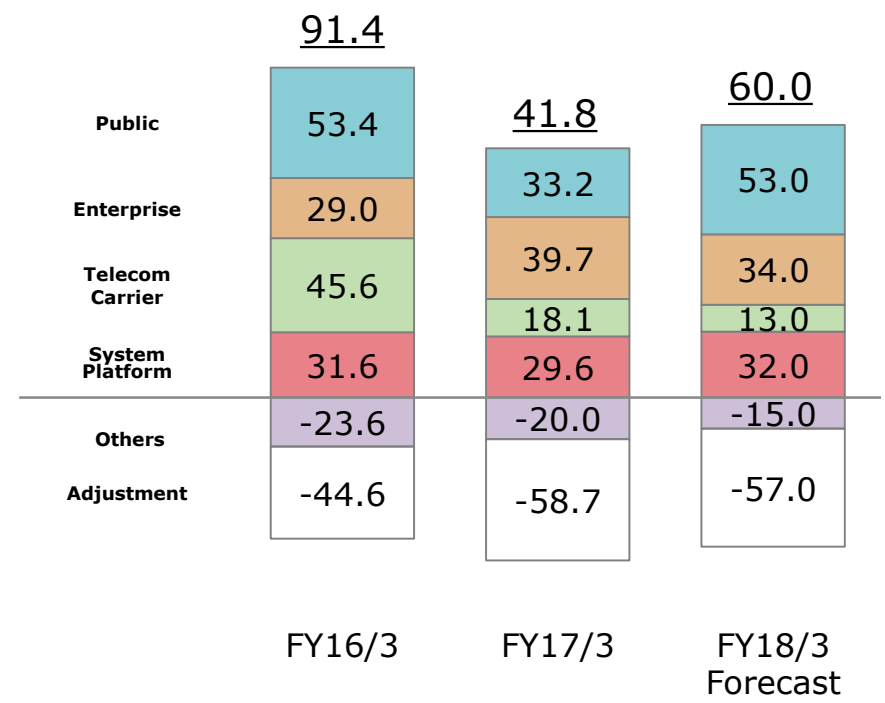
Forecasts
FY18/3

(Billions of Yen)

Revenue

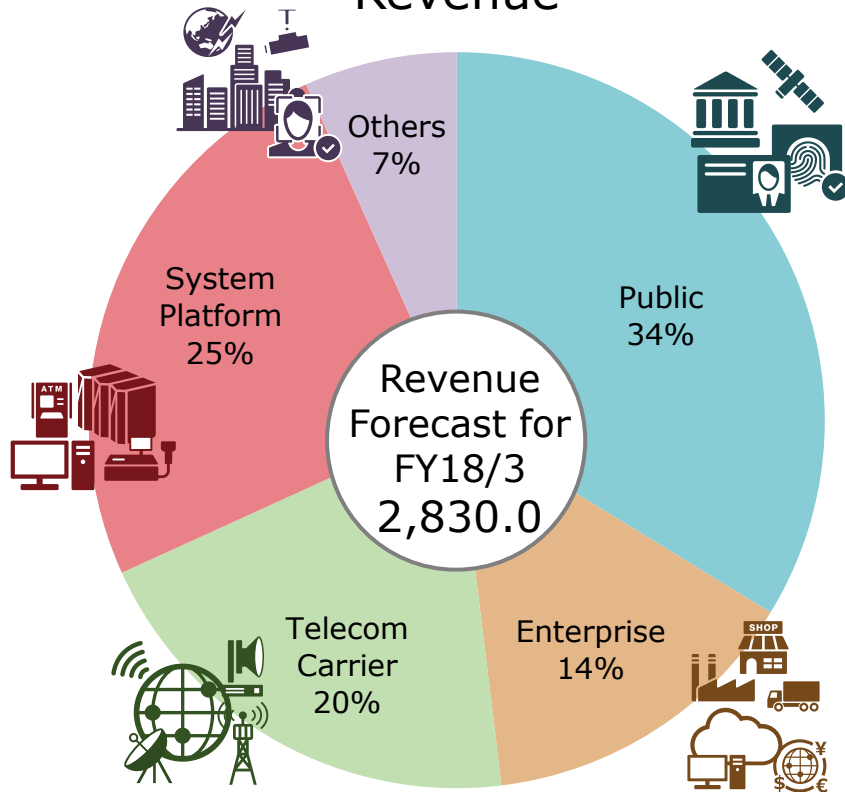


Operating Profit/Loss



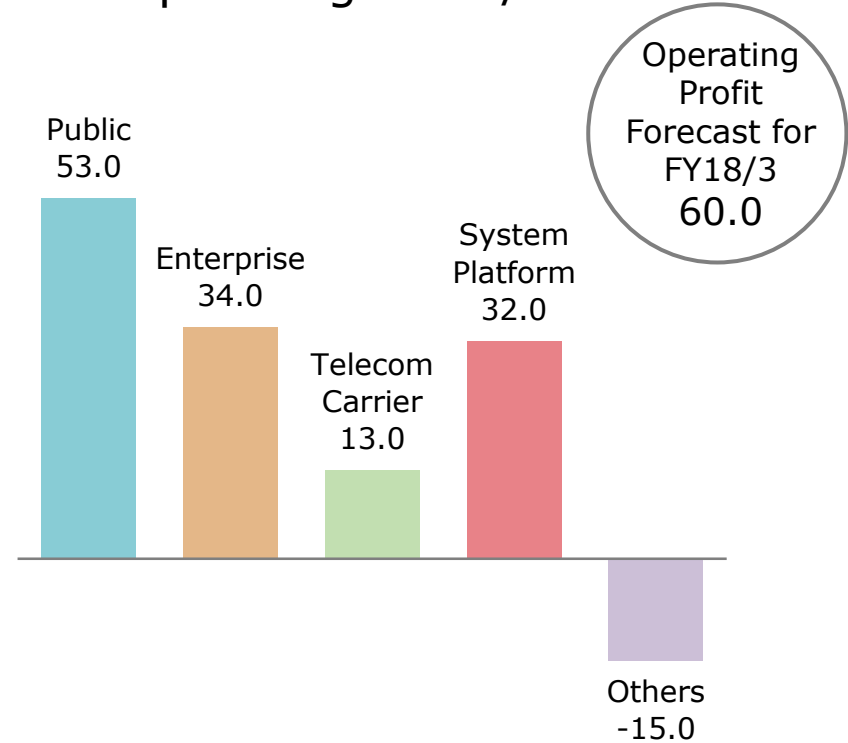
*Forecasts as of January 30, 2018

Revenue



(Billions of Yen)

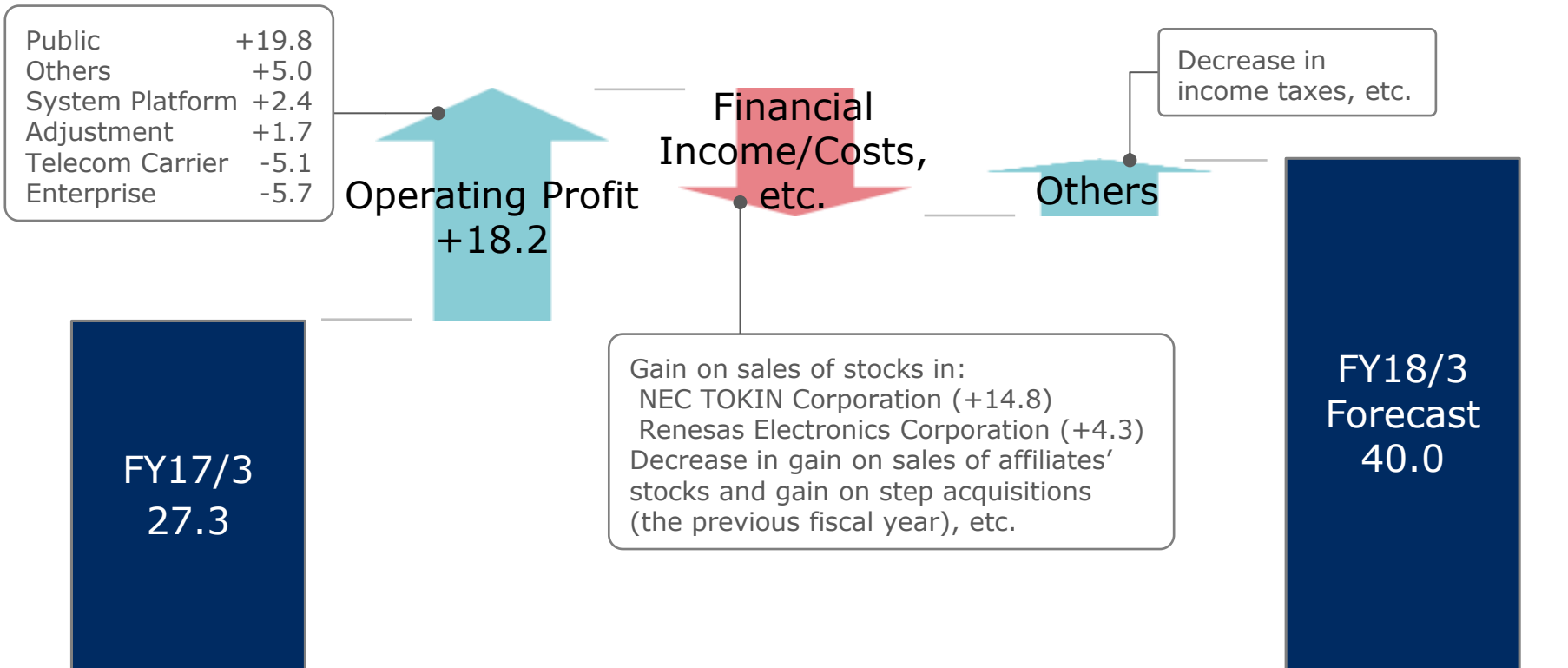
Operating Profit/Loss



*Forecasts as of January 30, 2018

Net Profit Change (Year on Year)

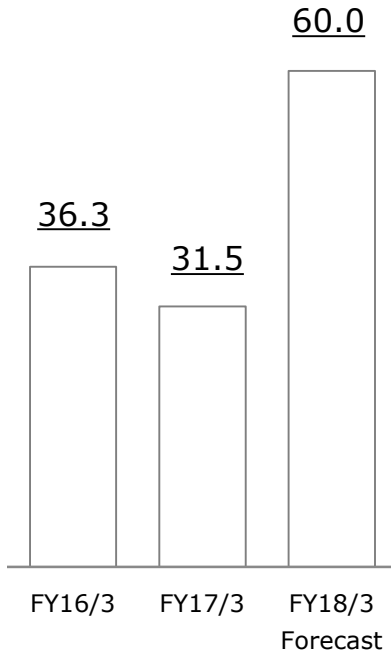
(Billions of Yen)



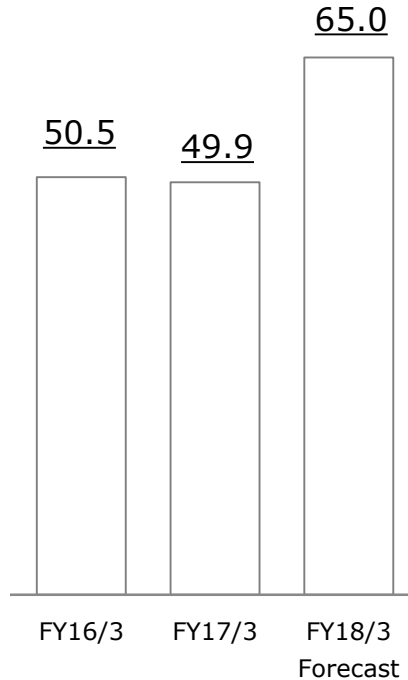
*Forecasts as of January 30, 2018

(Billions of Yen)

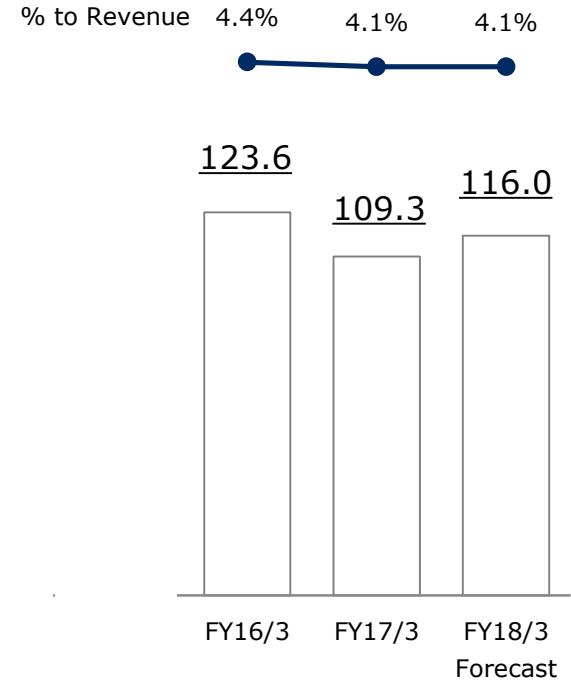
Capital Expenditure



Depreciation



R&D Expenses



*Forecasts as of January 30, 2018

Reference (Financial data)

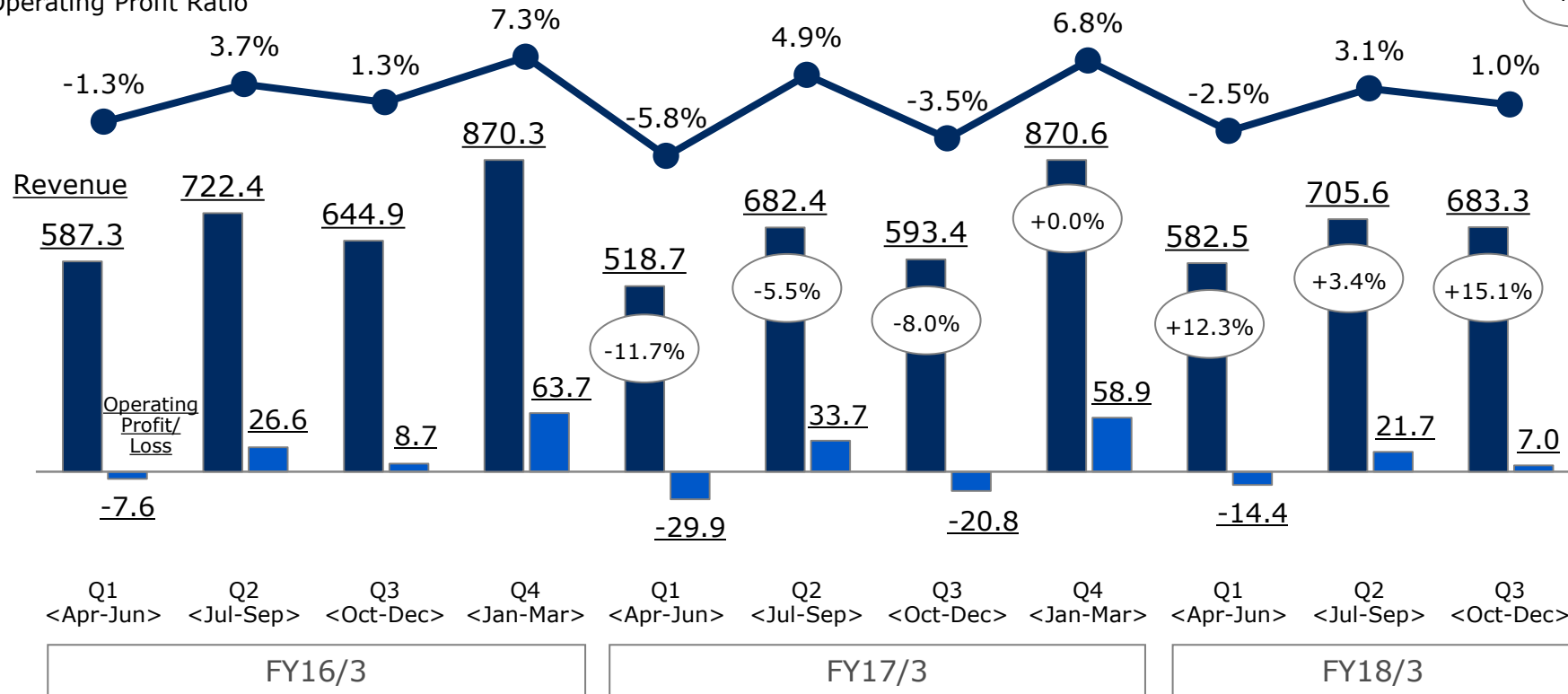


Revenue, Operating Profit/Loss

(Billions of Yen)

Operating Profit Ratio

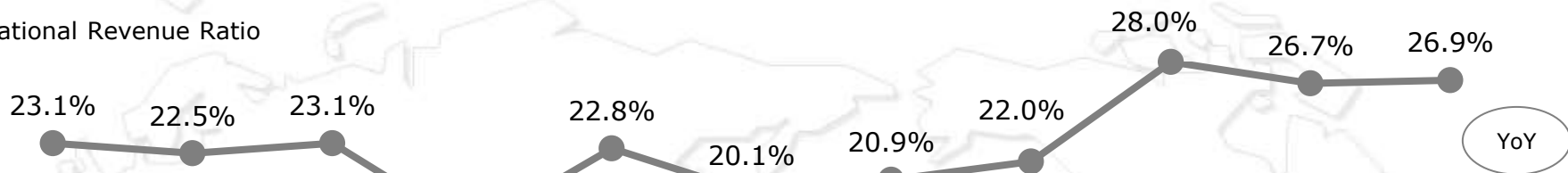
YoY



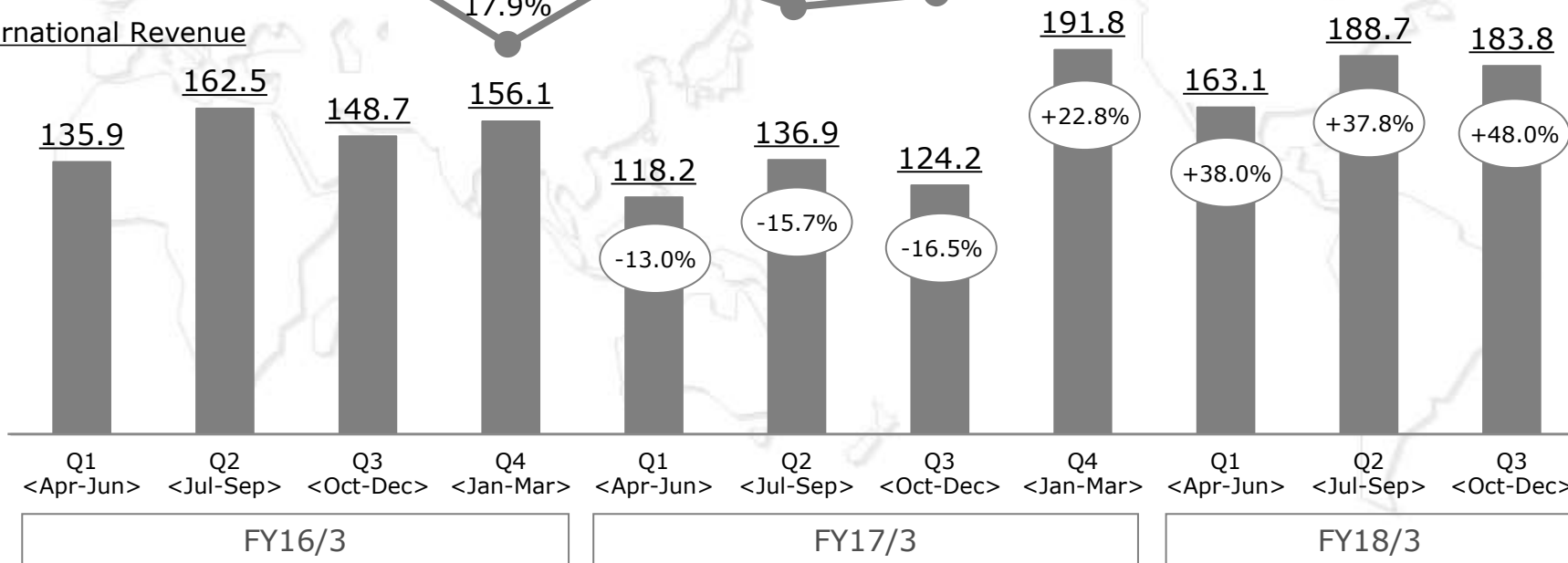
International Revenue

(Billions of Yen)

International Revenue Ratio



International Revenue

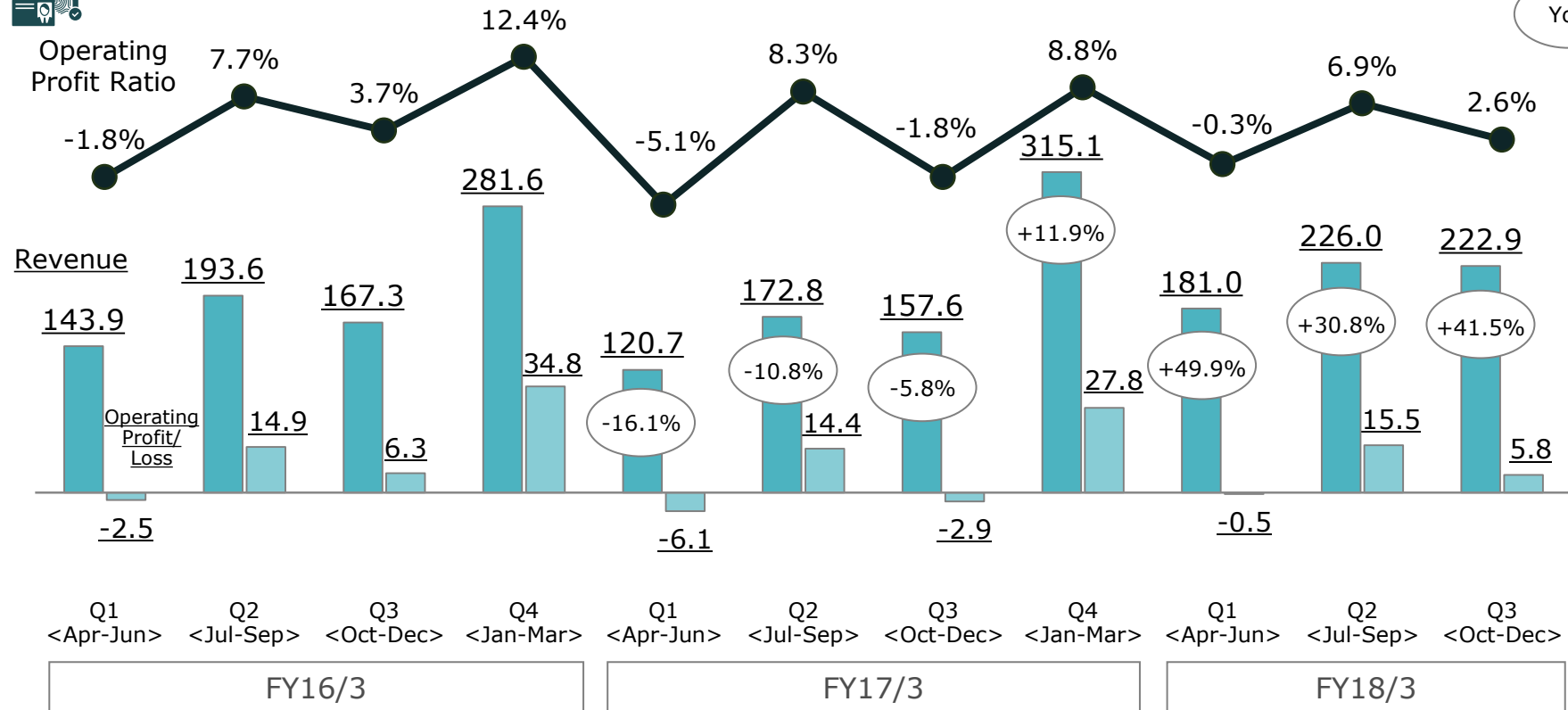


Revenue, Operating Profit/Loss (Public)



(Billions of Yen)

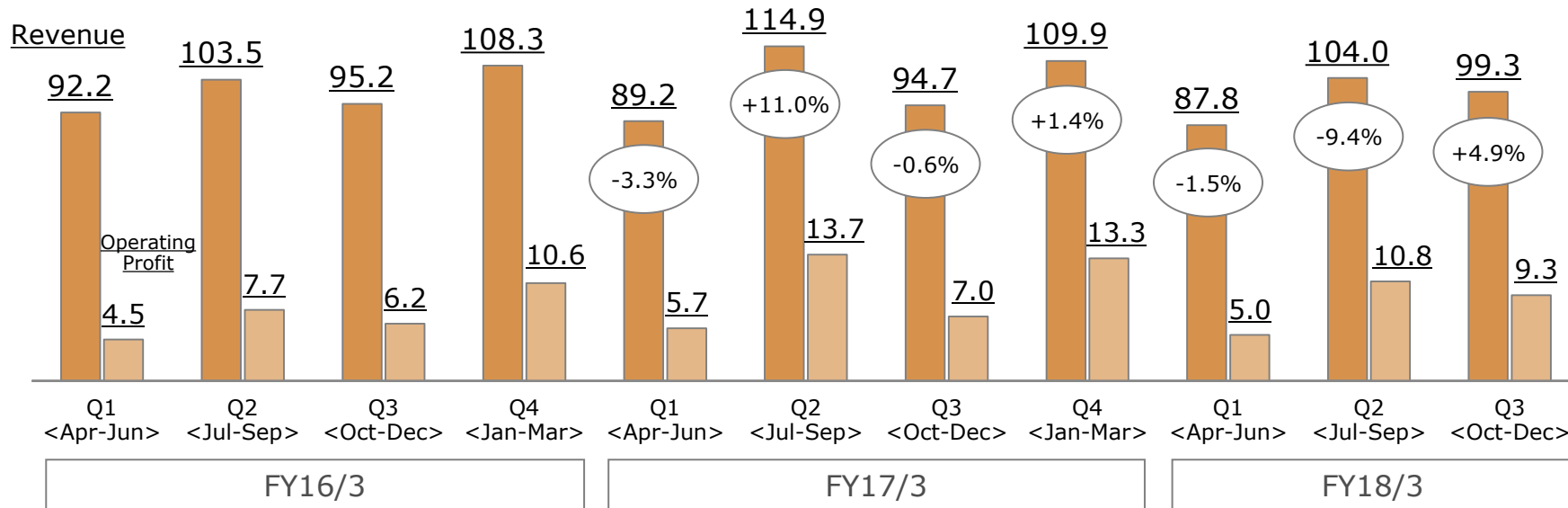
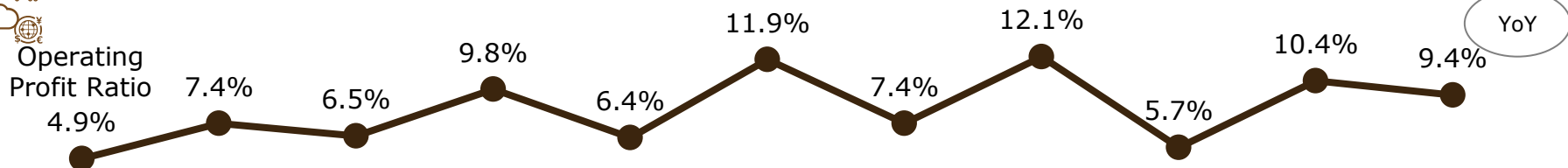
YoY



Revenue, Operating Profit (Enterprise)



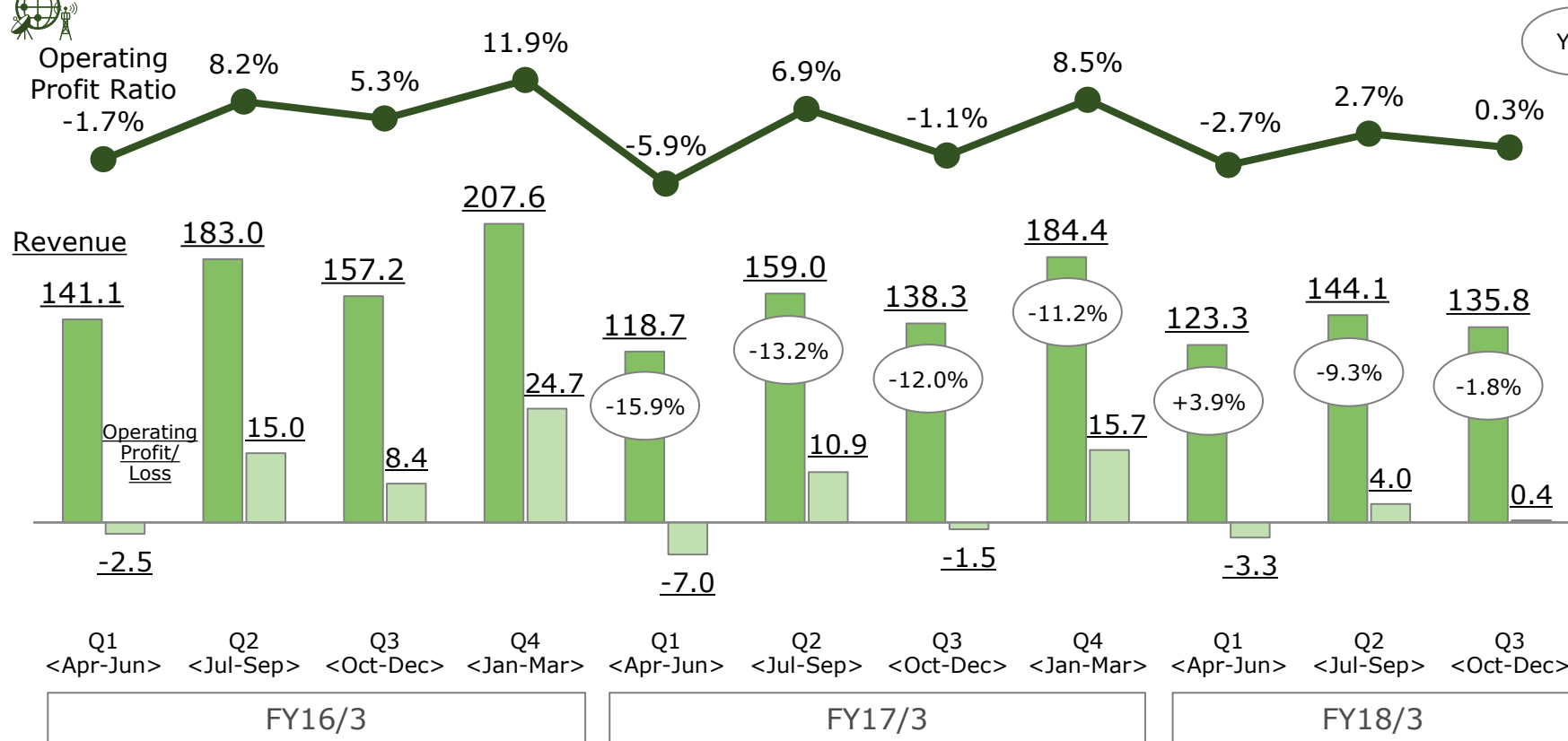
(Billions of Yen)



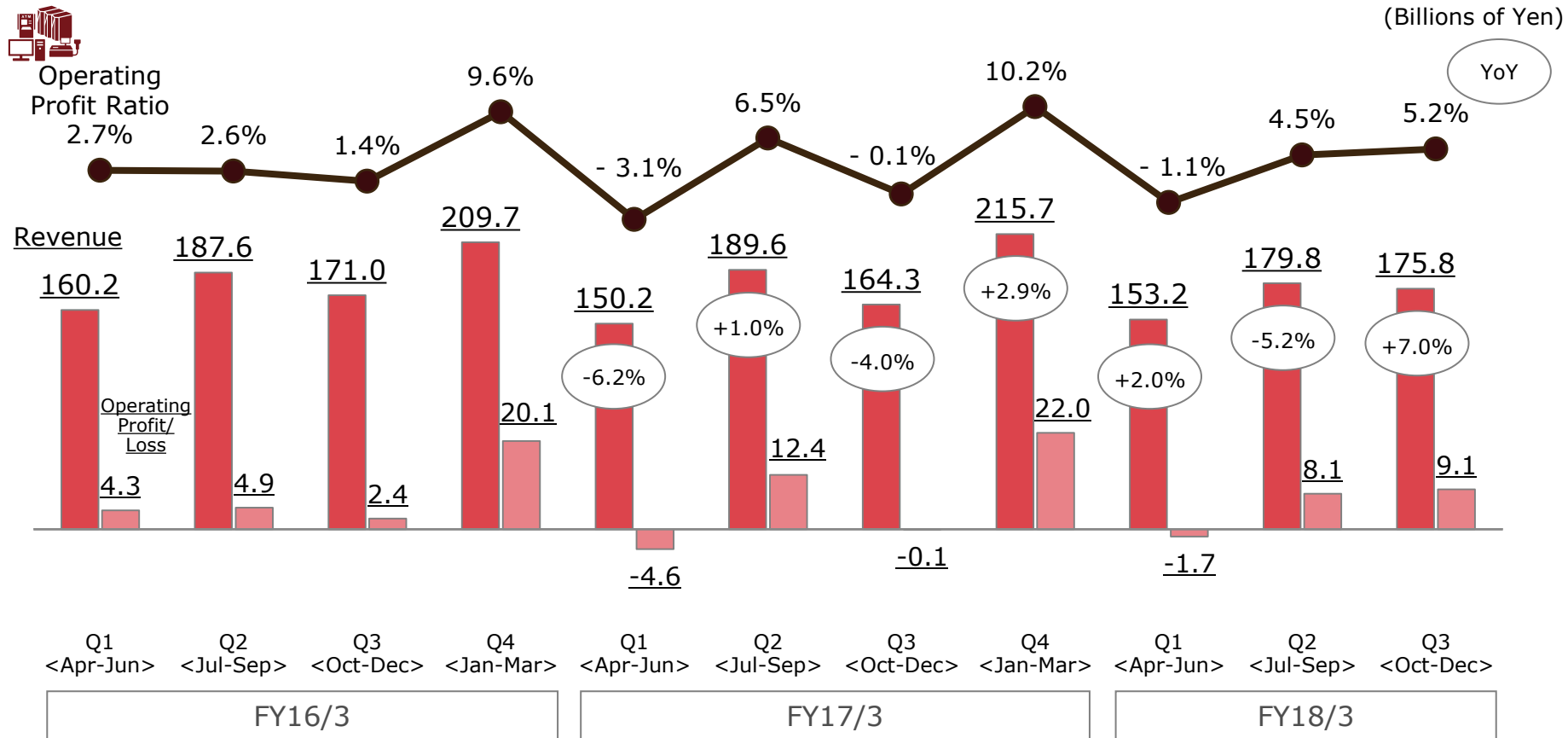
Revenue, Operating Profit/Loss (Telecom Carrier)



(Billions of Yen)



Revenue, Operating Profit/Loss (System Platform)



Revenue, Operating Profit/Loss (Others)

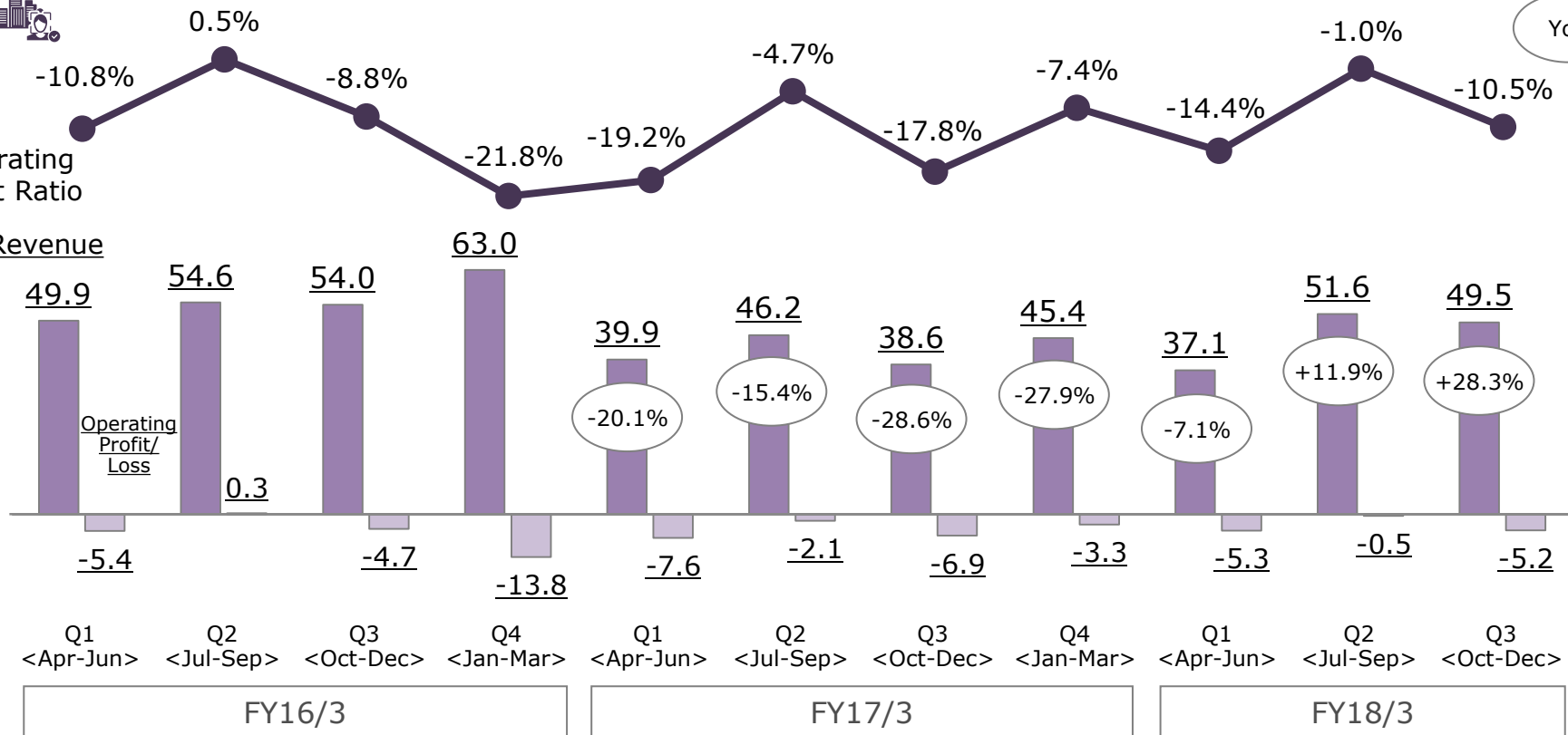


(Billions of Yen)

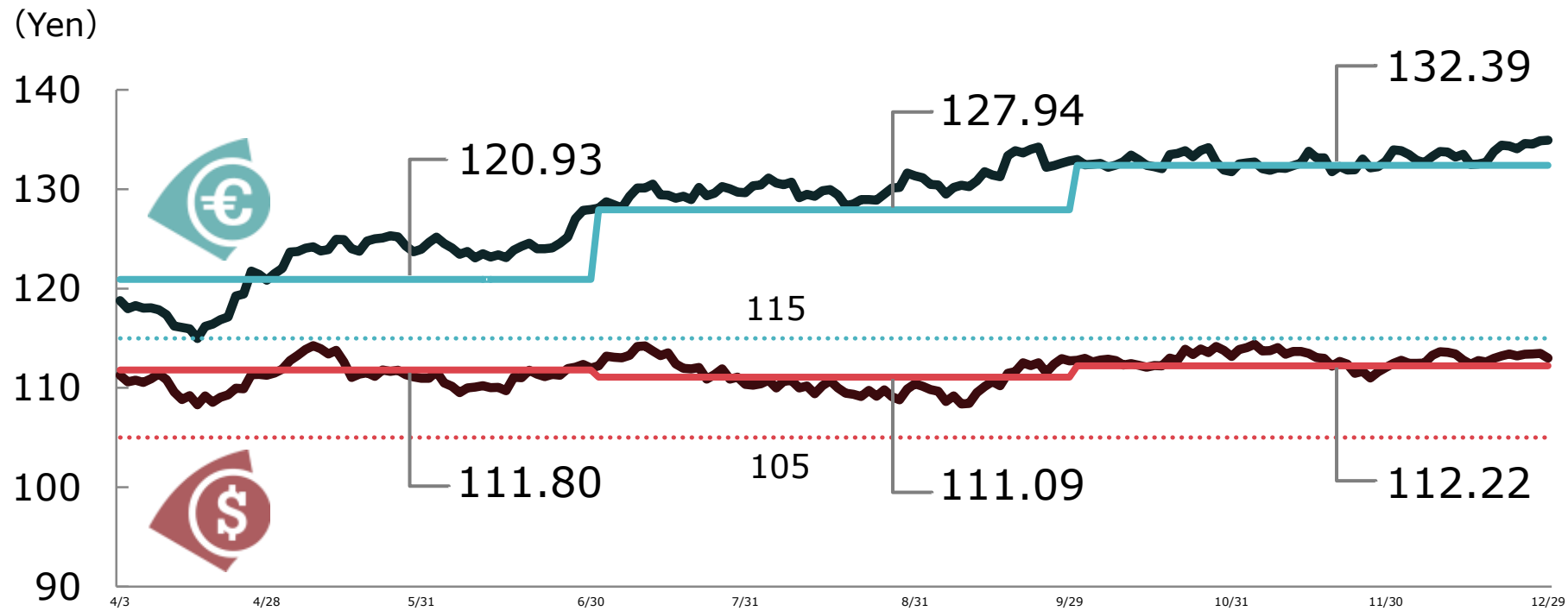
YoY

Operating Profit Ratio

Revenue

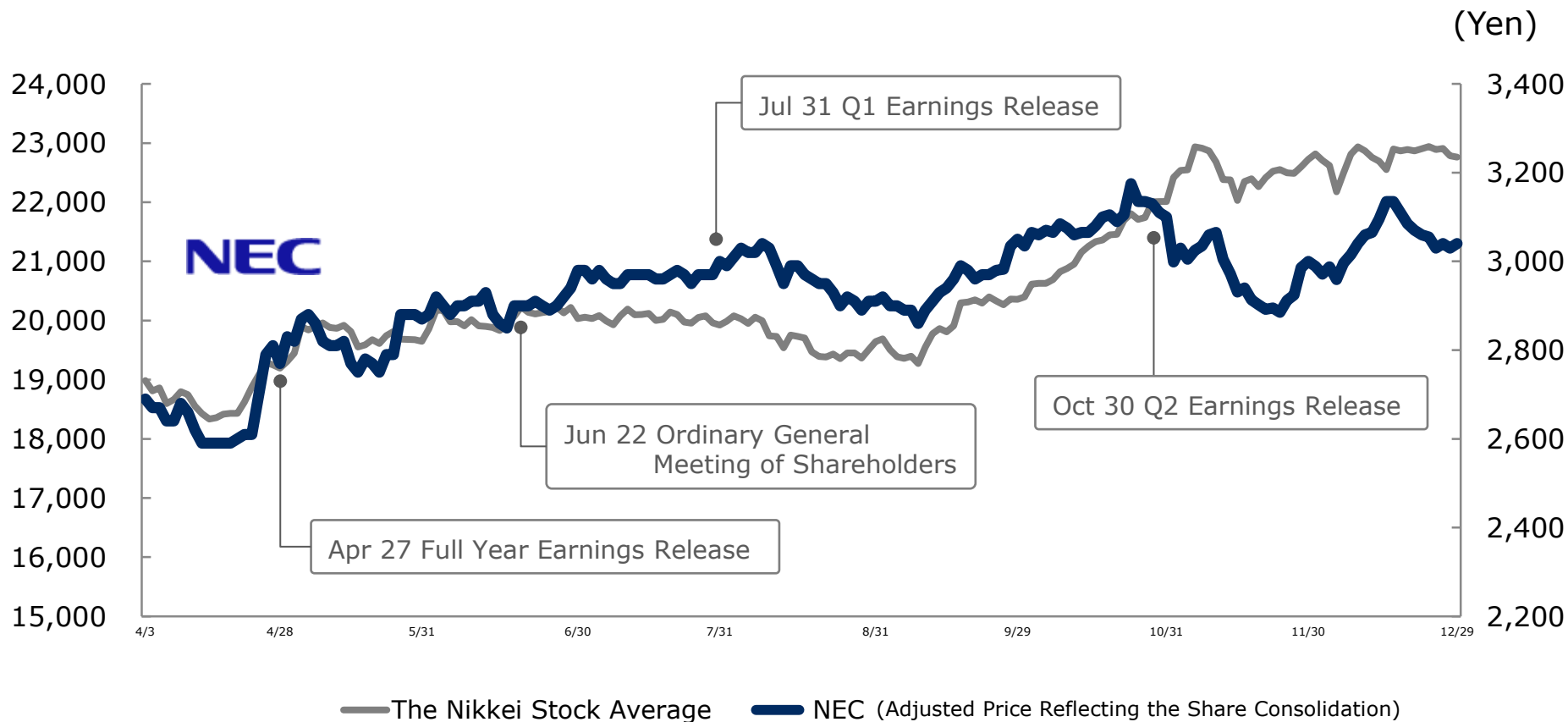


Exchange Rate



- 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.

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.