

Financial Results for the First 9 Months for the Fiscal Year ending March 2016 (For Press Conference)

January 28, 2016

NEC Networks & System Integration Corporation
(TSE: 1973, NESIC)

9M FY2016/3 Summary

Net sales & incomes decreased year on year

- The environment surrounding business with telecom carriers remained challenging.

(Bil. ¥)

	9M(Apr.-Dec.)			ref. 3Q(Ocy.-Dec.)		
	FY15.3	FY16.3	Change	FY15.3	FY16.3	Change
Orders Received	222.5	197.4	-11%	66.1	55.9	-15%
Net Sales	200.4	194.1	-3%	69.8	66.3	-5%
Operating Income	8.4	6.6	-1.8	3.9	3.1	-0.8
(to Sales)	(4.2%)	(3.4%)	-0.8pt	(5.6%)	(4.7%)	-0.9pt
Net Income *	5.1	4.0	-1.1	2.4	2.1	-0.4
(to Sales)	(2.6%)	(2.1%)	-0.5pt	(3.5%)	(3.1%)	-0.4pt
Free Cash Flows	-0.9	0.4	+1.2	-5.3	-13.2	-7.9

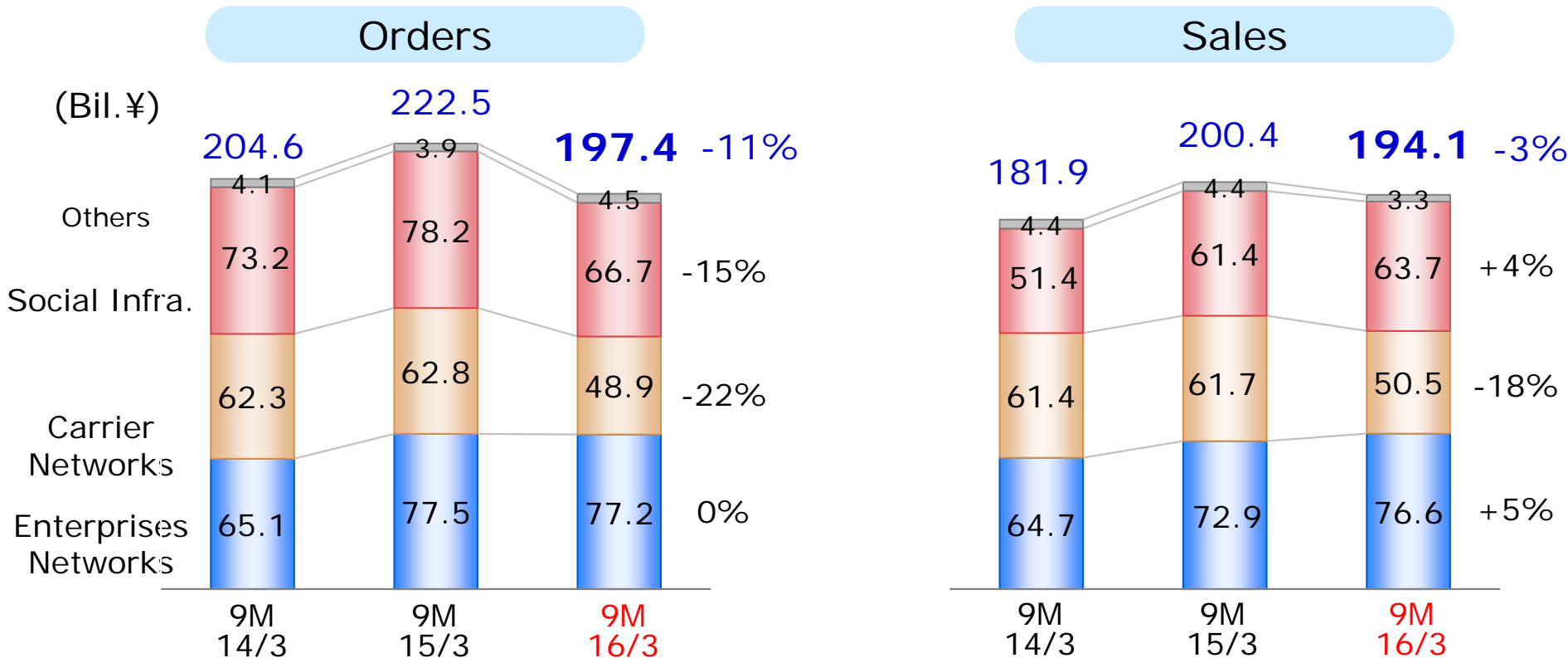
*Profit attributable to owners of parent

9M FY2016/3 Sales/Orders Received by Segment

Orders declined, mainly reflecting a decrease in orders for the FF & DP networks business (-¥14 bil.) & the impact of investment cuts by telecom carriers (-15).

Sales decreased year on year due to the impact of investment cuts by telecom carriers (-13), although the sales of Enterprise NW business increased.

FF: fire fighting, DP: disaster prevention

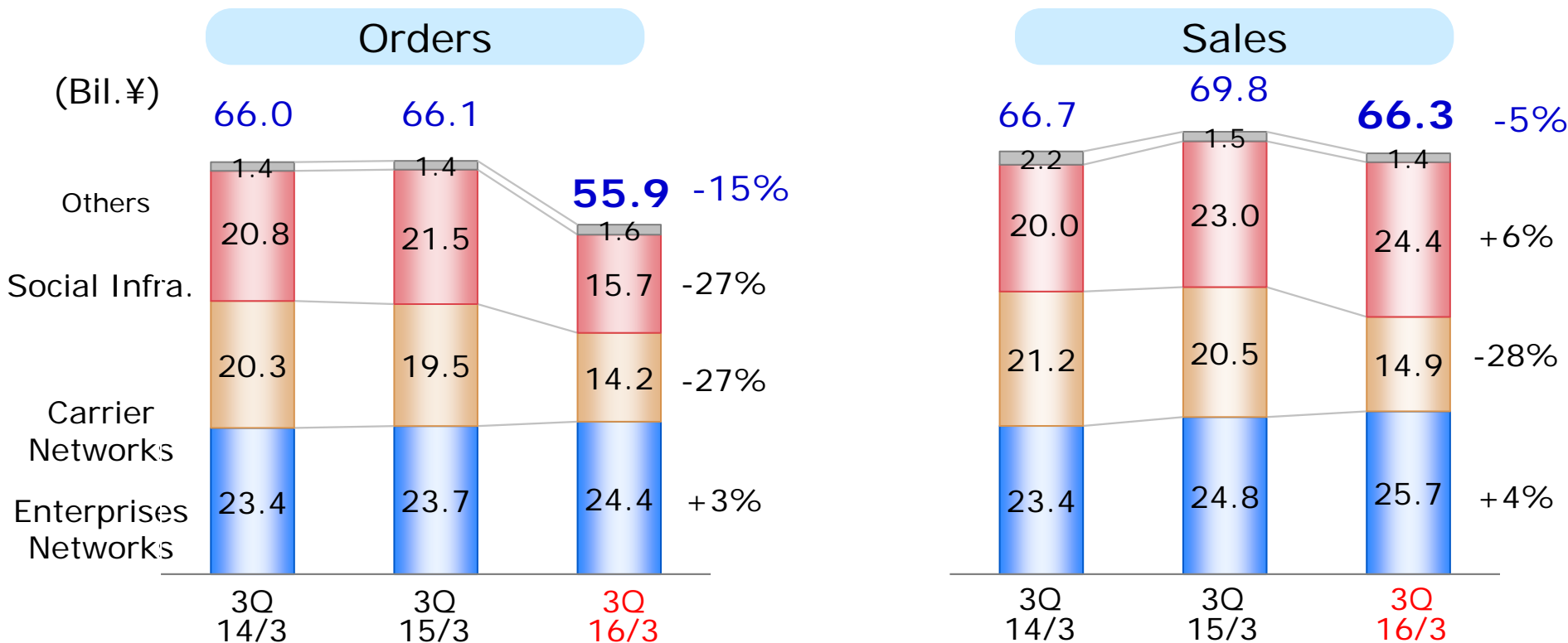


(ref.)3Q FY2016/3 Sales/Orders Received by Segment

Orders declined, mainly reflecting a decrease in orders for the FF & DP networks business (-¥4 bil.), the impact of investment cuts by telecom carriers (-4), and a reactionary fall in large-scale projects overseas from the previous fiscal year (-2.5).

Sales decreased year on year due to the impact of investment cuts by telecom carriers (-5), although the sales of Enterprise NW and Social infrastructures businesses increased.

FF: fire fighting, DP: disaster prevention



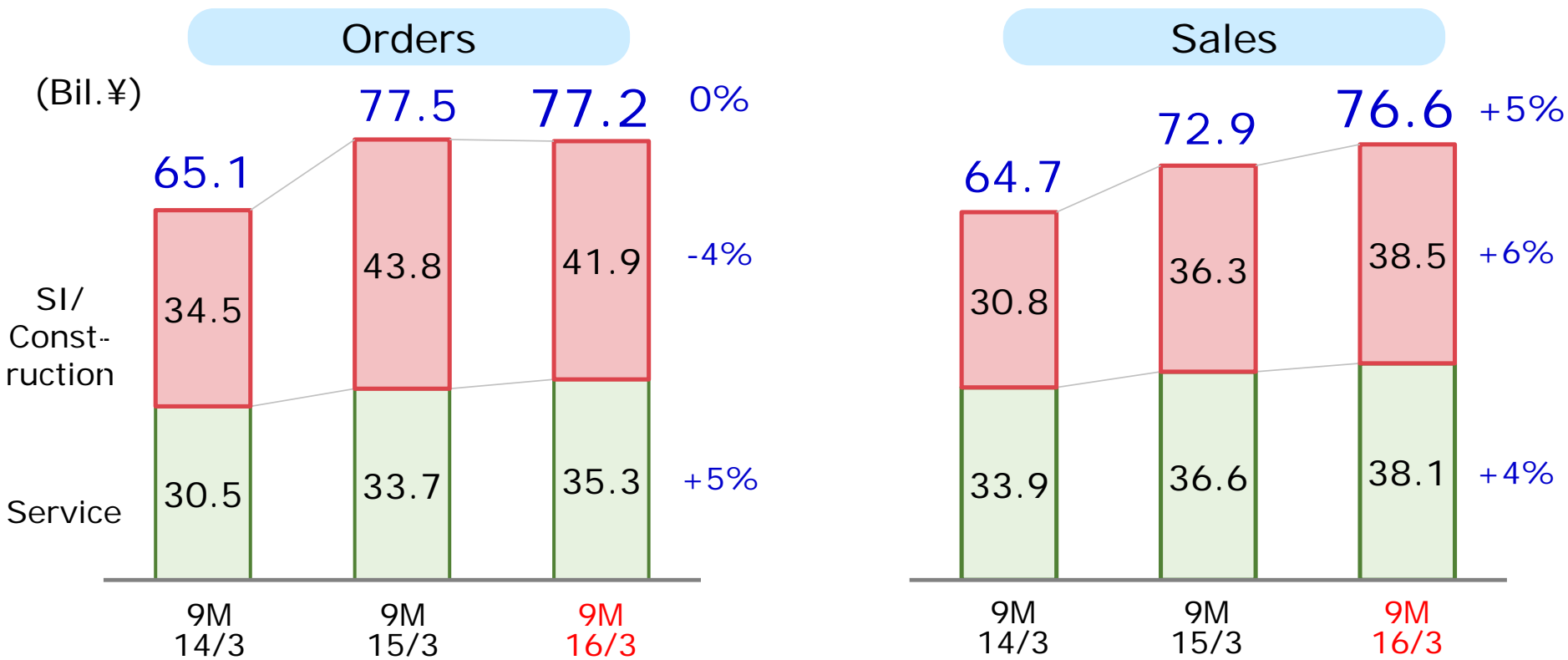
9M FY2016/3 Enterprises Networks Business

Sales increased as the EmpoweredOffice business remained strong and PBX replacement demand was tapped.

- Sales of EmpoweredOffice business : +7%

Orders remained flat, reflecting a reactionary drop in large projects from the first quarter of the previous year.

- 1Q...-7% 2Q...+4% 3Q...+3% (year on year)

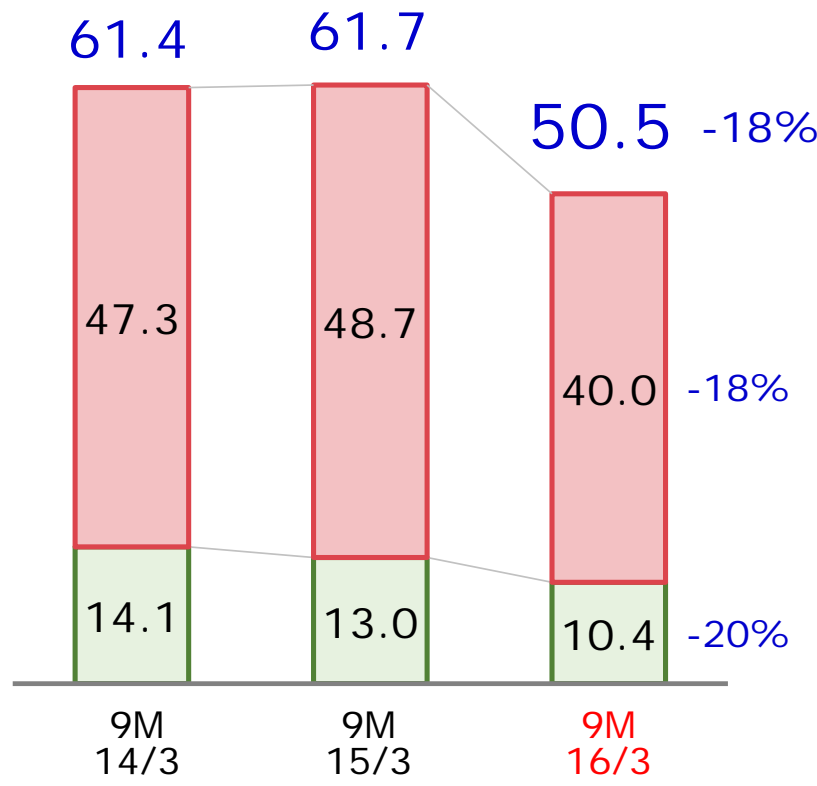
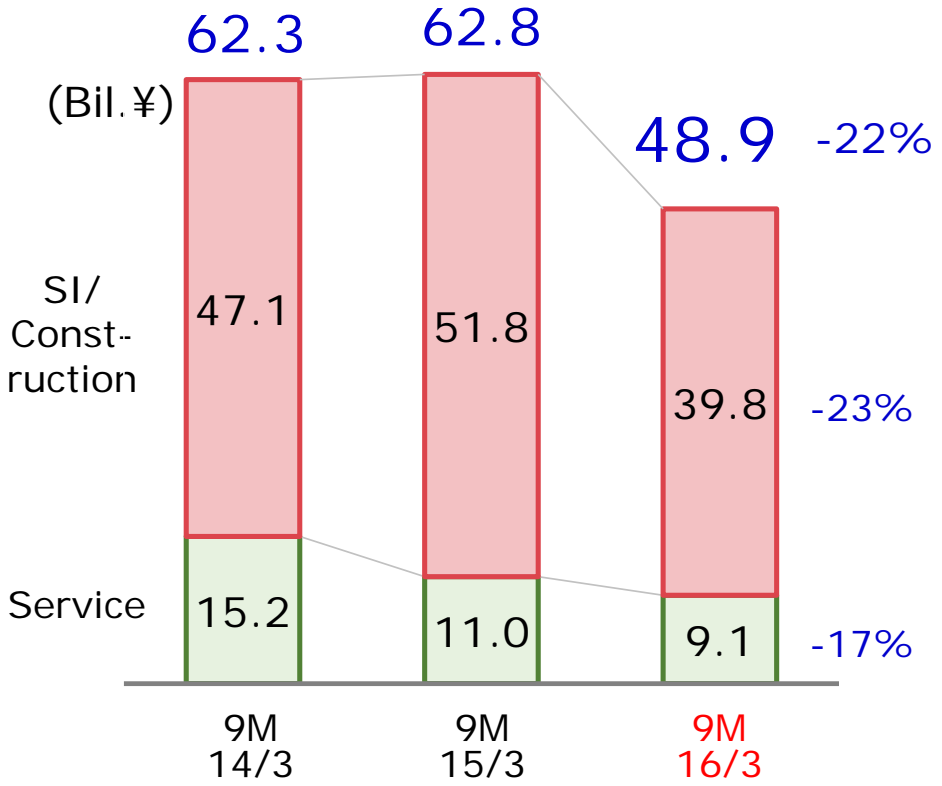


9M FY2016/3 Carrier Networks Business

Both orders and sales decreased because of the impact of investment cut by telecom carriers.

Orders

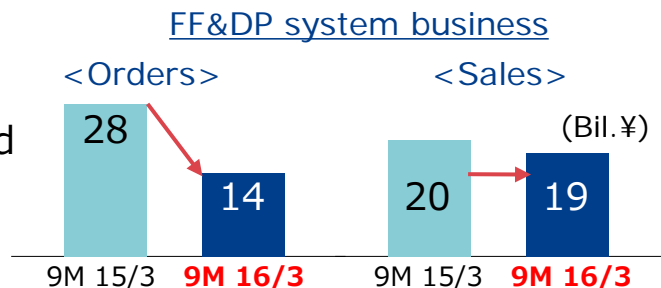
Sales



9M FY2016/3 Social Infrastructures Business

Sales rose year on year, reflecting increased sales to government offices

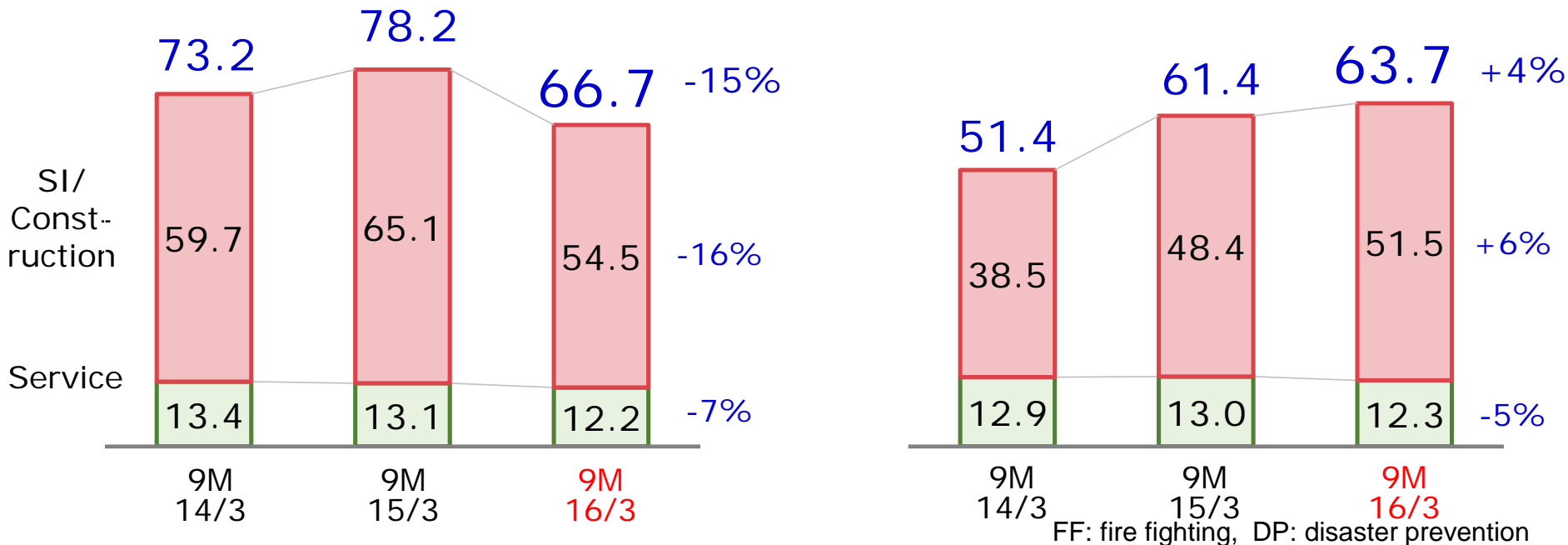
- Sales remained at high levels as the migration to digital FF systems progressed toward the May 2016 deadline.
- Orders declined as orders for FF&DP systems has passed its peak (-¥14 bil.).



(Bil.¥)

Orders

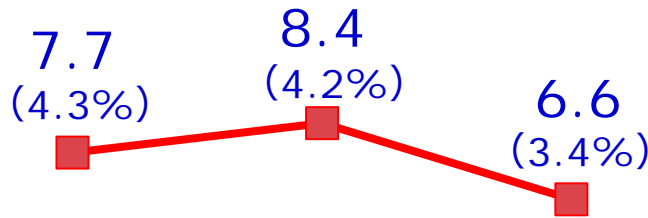
Sales



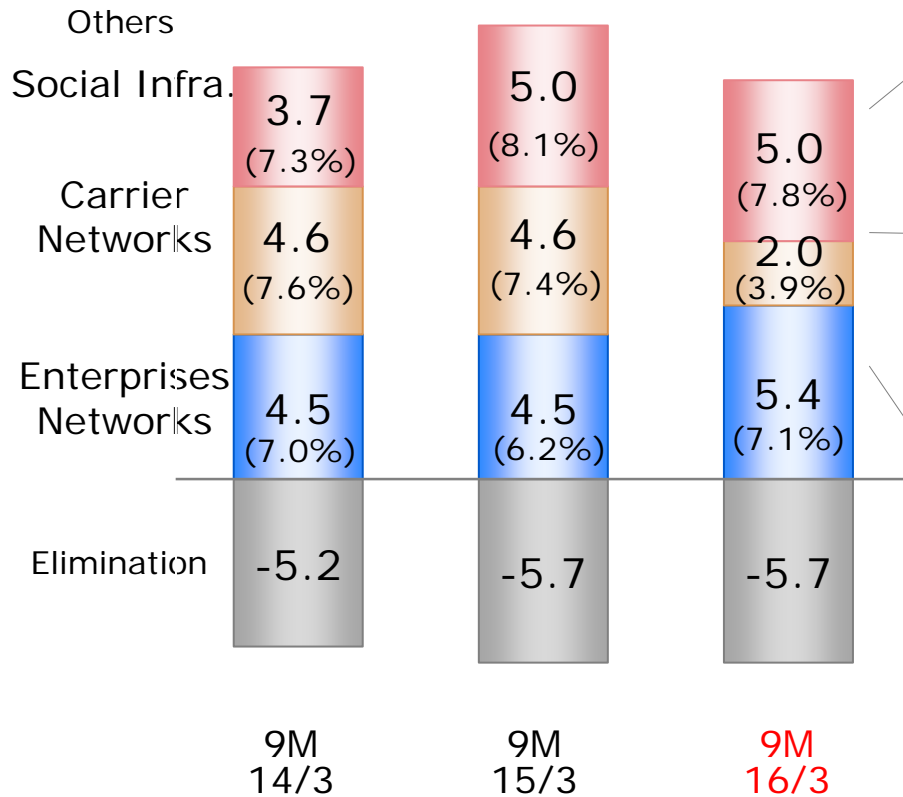
FF: fire fighting, DP: disaster prevention

9M FY2016/3 Operating Income by Segment

(Bil.¥)



Operating income declined due to a significant fall in the Carrier Networks business, although the Enterprises Networks business improved steadily.



● Social Infrastructure

- Income remained flat on increased sales, despite less profitable projects.

● Carrier Networks

- Income declined on decreased sales and the delay in cost cutting to adapt to rapid changes in the business environment.

● Enterprises Networks

- Income rose on increased sales and improved profitability

December 2015 Balance Sheet

Owner's equity ratio improved 5.2% mainly because of a reduction in total assets through the collection of accounts receivables and payment of accounts payables.

	End of 15/3	End of 15/12	Diff.	(Bil.¥)
Cash and cash equivalents	39.0	37.3	-1.7	
Notes & accounts receivable	113.9	91.8	-22.2	
Inventories	10.1	14.2	4.1	
Others	8.1	10.7	2.6	
Current Assets	171.1	153.9	-17.2	
Noncurrent Assets	30.9	30.6	-0.3	
Assets	202.0	184.4	-17.5	
Notes and accounts payable	48.7	34.0	-14.6	
Loans	6.2	8.0	1.8	
Others	53.0	46.9	-6.1	
Liabilities	107.8	88.9	-18.9	
Shareholders' equity	94.4	95.1	0.7	
Accumulated other comprehensive income	-1.9	-1.1	0.7	
Non-controlling interests	1.6	1.6	0.0	
Net Assets	94.2	95.6	1.4	
Liabilities & Net Assets	202.0	184.4	-17.5	
Owner's Equity Ratio	45.8%	51.0%	+5.2pt	

FY2016/3 Forecasts

Pursue the full-year forecasts by focusing on growth fields and cutting costs, in consideration of progress in 3Q, despite increasing risks. (Bil.¥)

	FY15/3	FY16/3 Forecasts	Change
Orders Receipts	299.1	300	0%
Net Sales	292.2	295	+1%
Operating Income	16.2	16.5	0.3
(to Sales)	(5.5%)	(5.6%)	+0.1pt
Net Income [*]	7.8	9.5	1.7
(to Sales)	(2.7%)	(3.2%)	+0.5pt

*Profit attributable to owners of parent

(Forecasts as at January 28, 2016
No change from October 29, 2015)

(ref.) 9M FY2016/3 Cash Flows

(Bil.¥)

	9M FY15.3	9M FY16.3
Operating Cash Flow (A)	2.2	2.7
Investment Cash Flow(B)	-3.1	-2.4
Free Cash Flows (A) + (B)	-0.9	0.4
Financial Cash Flow	-3.8	-1.8

Cautionary Statement

Forecasts and targets of results mentioned in this document are future estimates and are thus inclusive of risks and uncertain factors since they are not based on definite facts. Please be aware that a variety of factors could cause actual results to differ significantly from those projected. The major factors affecting actual results include the economic climate and social trends surrounding the business of this Company's group, consumer trends vis-a-vis systems and services provided by this Company's group, as well as pressure to lower prices and ability to cope with the market in response to intensified competition.

Factors affecting results are not limited to the ones mentioned above.

The Group implemented the realignment of domestic subsidiaries to facilitate the efficient management of group companies, such as the integration (absorption-type merger) of Toyo Networks & System Integration Co., Ltd by NEC Magnus Communications, Ltd. As a result, changes were made to the consolidated financial results from the first quarter under review, such as the inclusion of Toyo Networks & System Integration Co., Ltd, which had been included in the "others" segment previously, in the "Carrier Networks" segment, which includes NEC Magnus Communications, Ltd.

Segment information for the fiscal years ended March 2014 and 2015 has been changed to reflect the change in the content of business segments.

Re-designing your Communication

NEC Networks & System Integration Corporation is committed to increasing customer value by redesigning future communications from the user's perspective.



NEC

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<http://www.nesic.co.jp/english/index.html>