

Financial Results for the First 9 Months for the Fiscal Year ending March 2018 (For Press Conference)

January 30, 2018

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

9M FY2018/3 Summary

Net sales & incomes increased year on year

- Orders recovered to the same level as the 9M of FY17/3 thanks to large orders received that offset the delay in the first half .

	9M			(ref.) 3Q			(¥ Bn.)
	FY2017/3	FY2018/3	Change	FY2017/3	FY2018/3	Change	
Orders received	202.1	201.7	0%	57.7	73.0	+ 26%	
Net sales	179.3	184.9	+3%	60.5	65.0	+7%	
Gross margin	15.6%	15.8%	+0.2pt	16.3%	15.6%	-0.7pt	
Operating income	3.5	4.4	+1.0	1.7	1.9	+0.2	
(to sales)	(1.9%)	(2.4%)	+0.5pt	(2.9%)	(3.0%)	+0.1pt	
Net income attributable to owners of the parent	2.1	3.0	+0.9	1.1	1.4	+0.3	
(to sales)	(1.2%)	(1.6%)	+0.4pt	(1.9%)	(2.1%)	+0.2pt	
Free cash flows	16.3	3.7	-12.6	-1.6	-8.0	-6.4	

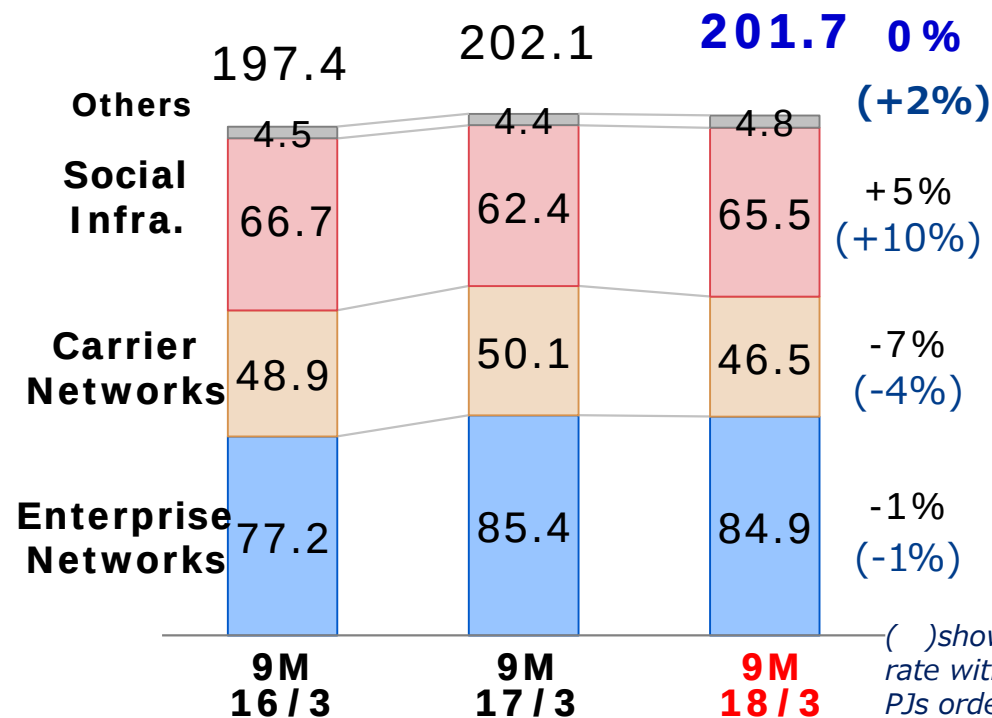
9M FY2018/3 Orders Received by Segment

Recovered to the same level as the 9M of FY17/3 offsetting the delay in the first half.

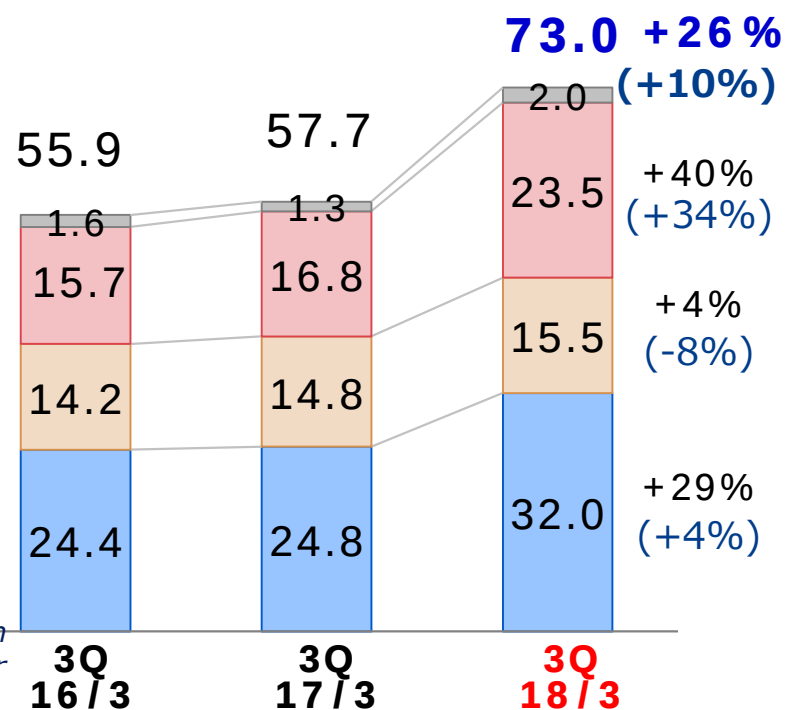
- Large orders for solar power generation plant projects received: Two orders of approx. 12.0 billion yen (approx. 15.5 billion yen in the previous fiscal year)
- Orders for governments, such as disaster prevention systems in the Social Infrastructures business expanded, thanks to large project orders.

9M Orders

(¥ Bn.)



(ref.) 3Q Orders

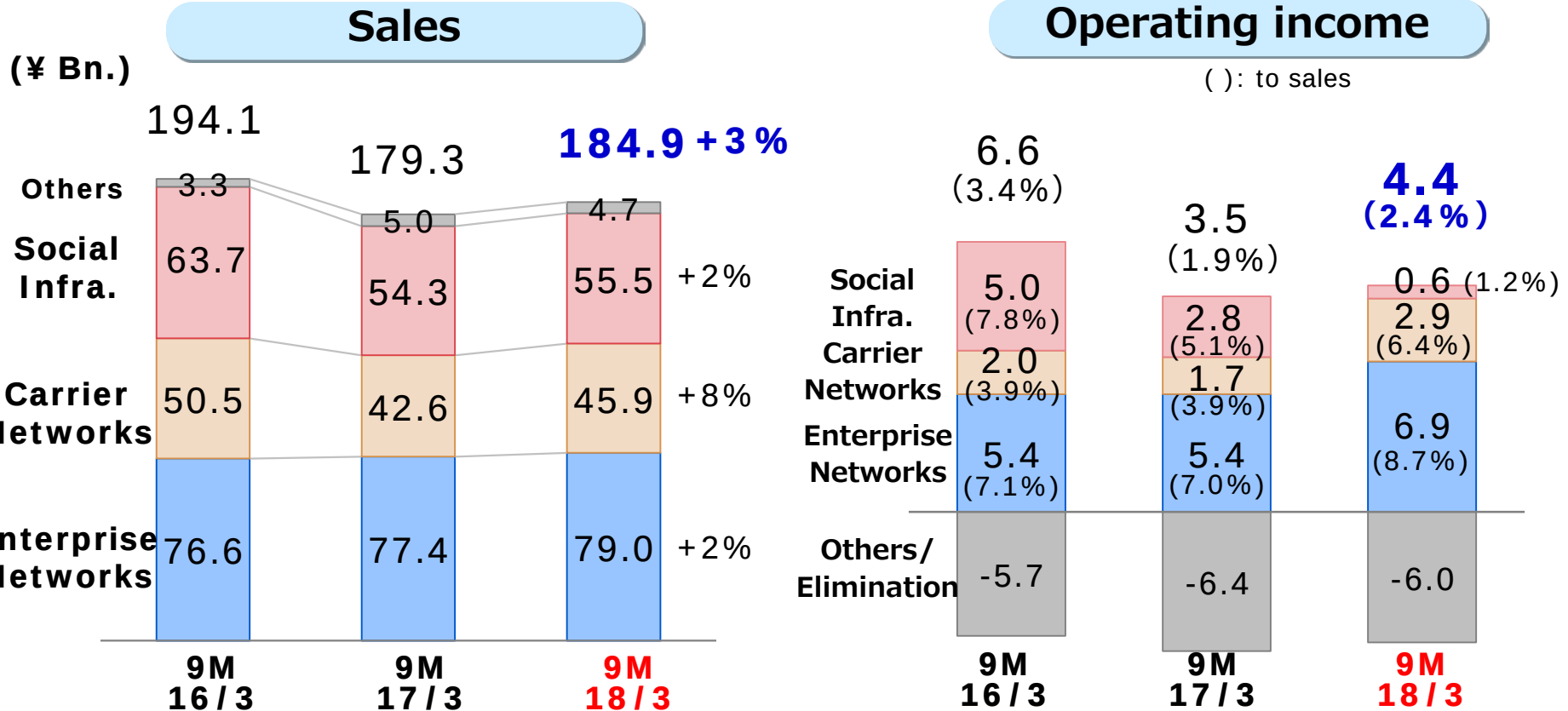


9M FY2018/3 Sales/Operating Income by Segment

Sales : Increased year on year in all segments.

- The large-scale solar power generation plant projects ordered in the previous fiscal year contributed to sales.(Approx. 5.5billion)

Operating Income: Increased yoy thanks to the Enterprise Networks Business and the Carrier Networks Business making up for the reduction in the Social Infrastructures Business.

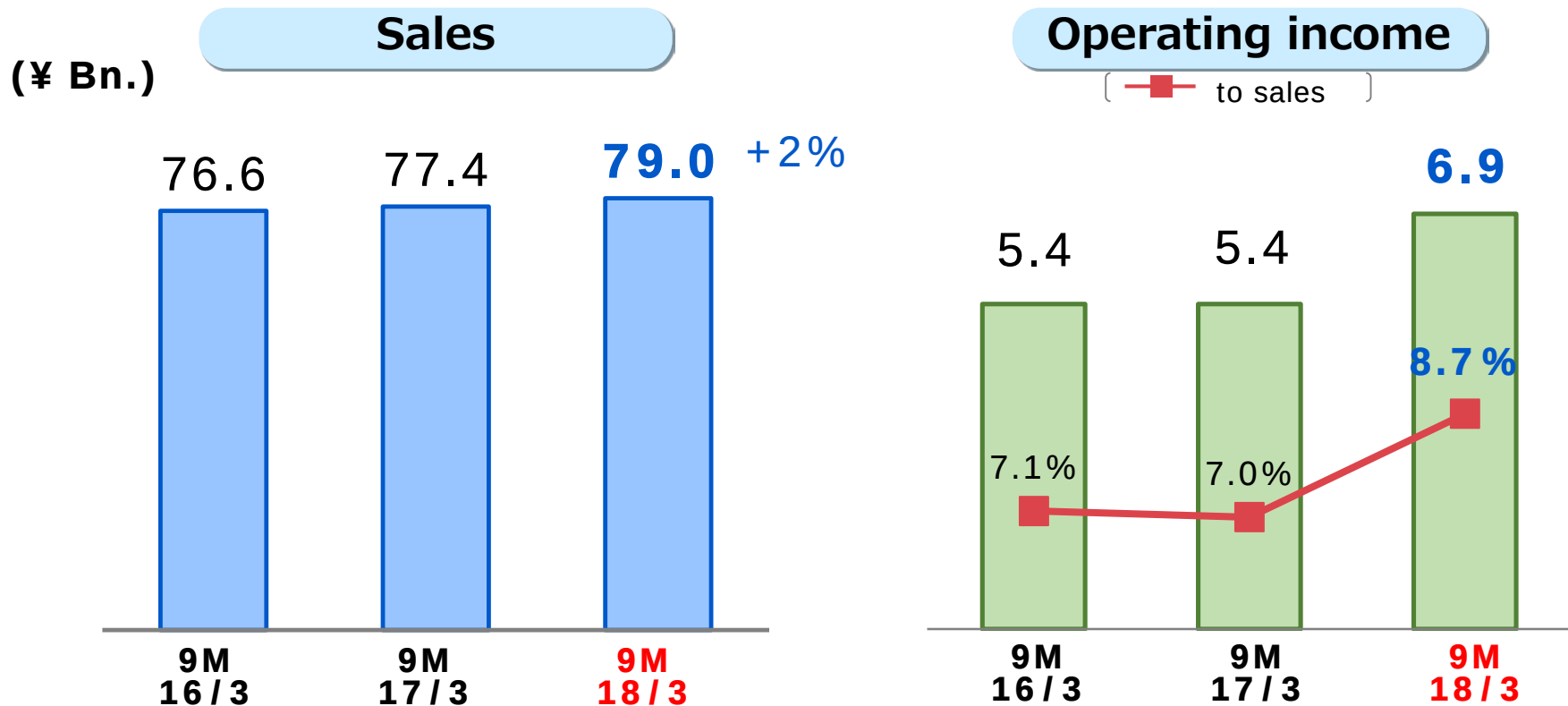


9M FY2018/3 Enterprise Networks Business

Sales : Areas relating to work style innovation and the large-scale solar power generation plant projects ordered in the previous fiscal year contributed to sales.

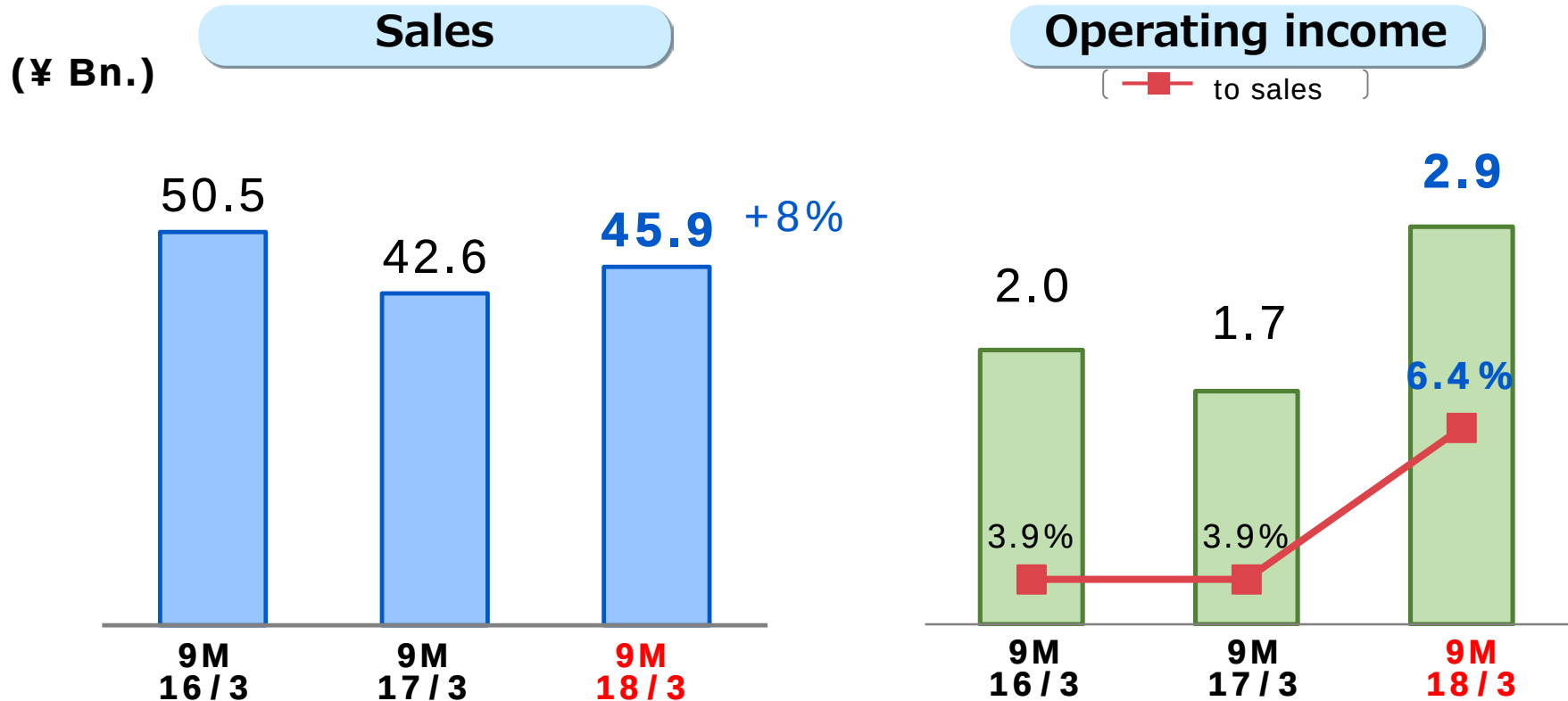
- Sales of EmpoweredOffice: +7%

Operating income: Increased yoy,
driven by the improvement in the cost ratio



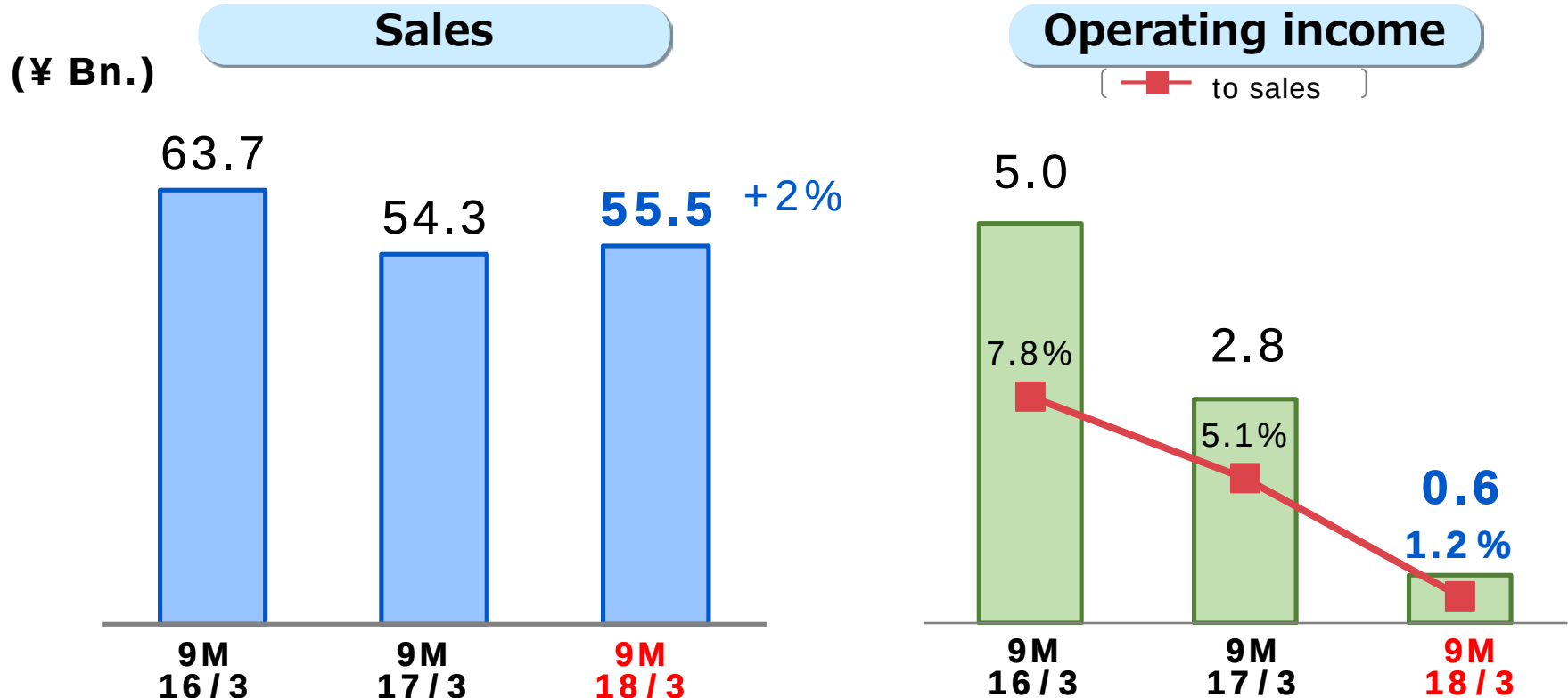
9M FY2018/3 Carrier Networks Business

- Sales: Increased yoy due to expansion of sales to telecom carriers
- Operating income: Increased due to the impact of cost structure reforms and increased sales



9M FY2018/3 Social Infrastructures Business

- Sales: Remained flat thanks to the contribution of the large-scale solar power generation plant projects, despite decrease of the overseas sales.
- Operating income: Declined due to higher expenses incurred for growth (securing resources, SG&A), deterioration in the sales mix, and unprofitable projects (overseas railroad and plant network system projects).



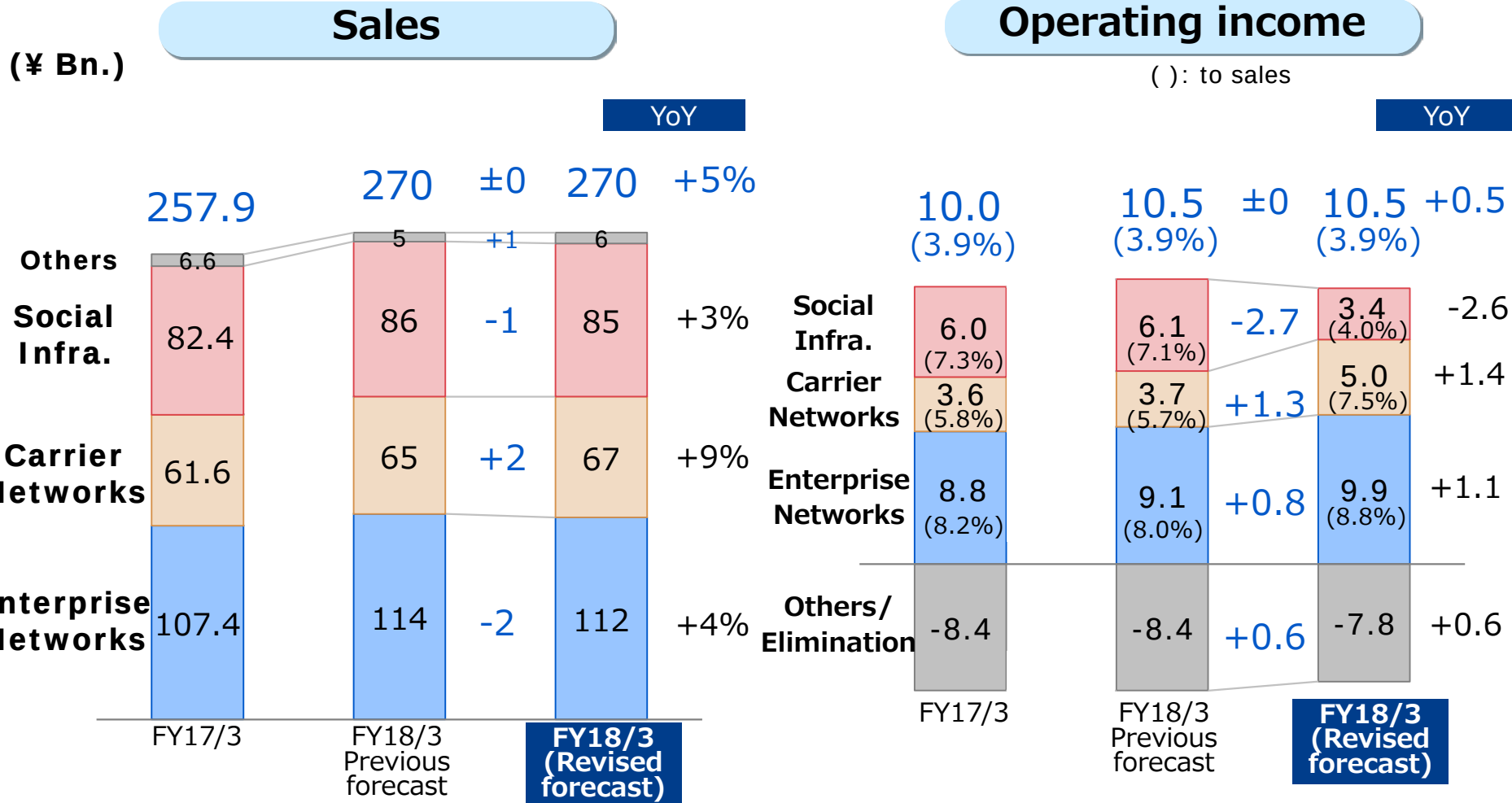
Target the initial forecasts as a whole. (¥bn.)

	FY17/3	FY18/3 Forecasts	Change
Orders Receipts	279.2	280	0%
Net Sales	257.9	270	+ 5%
Operating Income	10.0	10.5	+ 0.5
(to Sales)	(3.9%)	(3.9%)	0.0pt
Net income attributable to owners of the parent	6.5	6.7	+ 0.2
(to sales)	(2.5%)	(2.5%)	0.0pt

(Forecasts as at January 30, 2018)

FY2018/3 Forecasts by Segment (Sales & Operating Income)

Revised segment forecasts taking into account the nine months progress

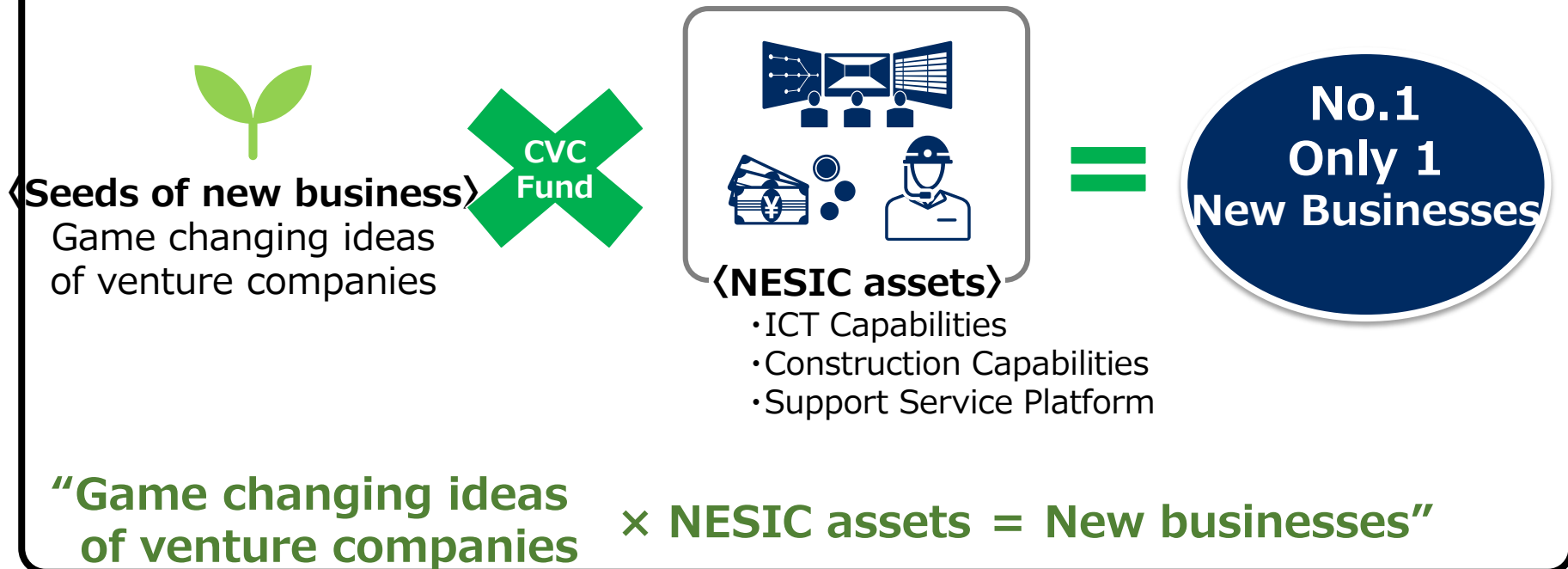


*Revised forecasts as at January 30, 2018

■ NESIC Establishes CVC Fund to Develop New Businesses through Open Innovations with Venture Companies

Name : NESIC Innovation Venture Limited Liability Partnership
Total amount managed : 500 million yen

Open Innovations



(Ref.) End of December 2017 Balance Sheet

(¥bn.)

	End of 17/3	End of 17/12	Diff.
Cash and cash equivalents	59.6	59.1	-0.5
Notes & accounts receivable	91.2	82.5	-8.6
Inventories	8.5	11.7	3.2
Others	9.7	9.9	0.2
Current Assets	169.0	163.3	-5.7
Noncurrent Assets	28.5	28.1	-0.3
Assets	197.5	191.4	-6.0

Notes and accounts payable	36.5	32.2	-4.2
Loans	8.3	8.1	-0.2
Others	56.1	54.4	-1.6
Liabilities	100.8	94.8	-6.0
Shareholders' equity	100.1	99.5	-0.6
Accumulated other comprehensive income	-5.5	-5.0	0.5
Non-controlling interests	2.1	2.2	0.1
Net Assets	96.7	96.7	0.0
Liabilities & Net Assets	197.5	191.4	-6.0

Owner's Equity Ratio	47.9%	49.3%	+1.4pt
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(Ref.) 9M FY2018/3 Cash Flows

(¥ Bn.)

	9M FY17/3	9M FY18/3
Operating Cash Flow (A)	18.3	5.7
Investment Cash Flow(B)	-2.0	-2.0
Free Cash Flows (A) + (B)	16.3	3.7
Financial Cash Flow	-3.5	-4.2

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.

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 Networks & System Integration Corporation

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