



Financial Results for 1Q for the FY ending March 2014

July 31, 2013

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

FY2014/3 1Q Summary

Increased sales & profits toward the full year target

(Billions of Yen)

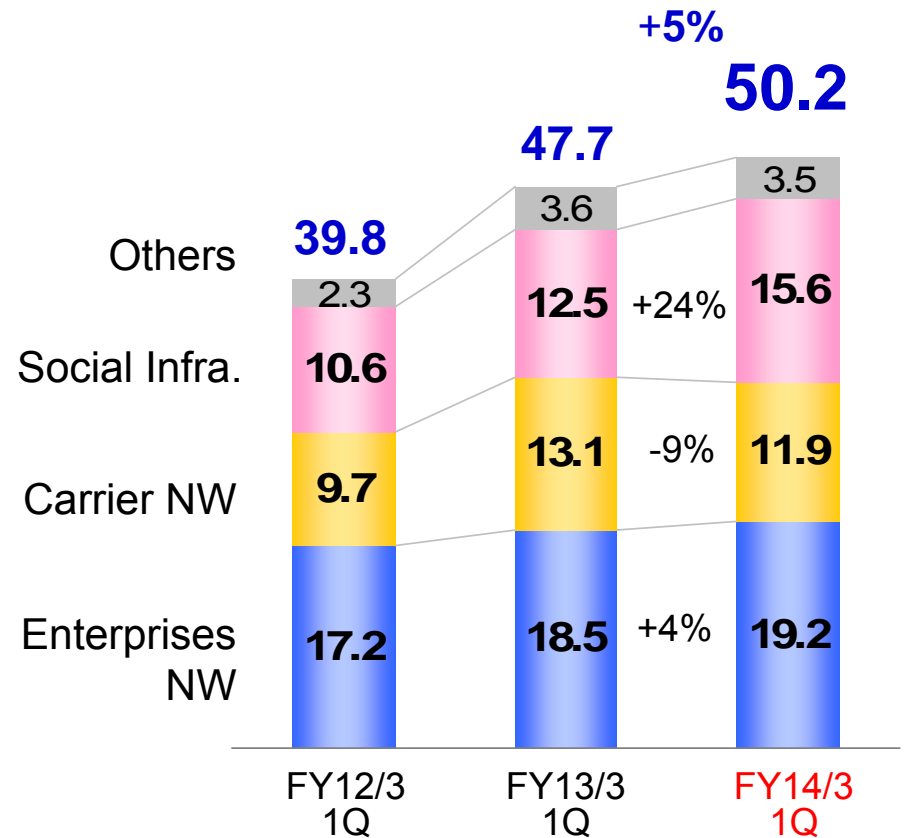
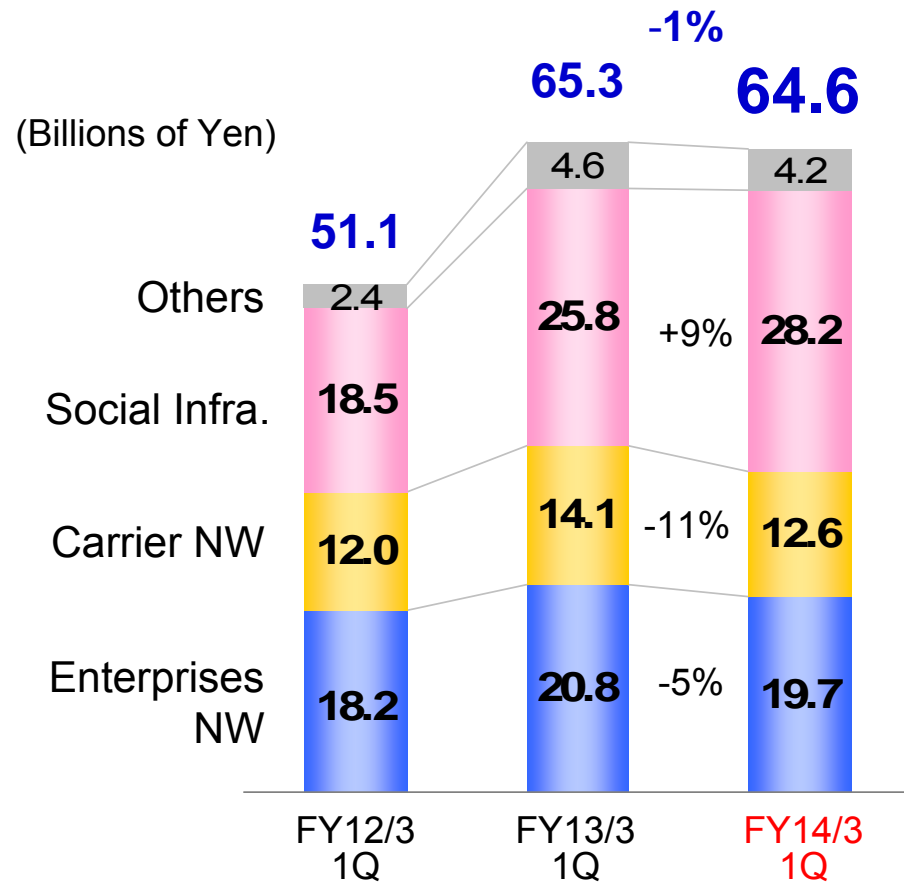
	1Q FY2013/3	1Q FY2014/3	YoY	[Reference] 1Q FY2012/3
Orders received	65.3	64.6	-1%	51.1
Sales	47.7	50.2	+5%	39.8
Operating income (to sales)	0.79 (1.7%)	1.53 (3.0%)	+0.74 +1.3pt	0.15 (0.4%)
Net Income/Loss (to sales)	0.43 (0.9%)	1.08 (2.2%)	+0.65 +1.3pt	0.10 (0.3%)
Free Cash Flows	8.3	14.1	+5.8	

FY2014/3 1Q Sales/Orders Received by Segment

Steady progress toward the full-year target, as expected despite the impact of large projects in the previous 1Q

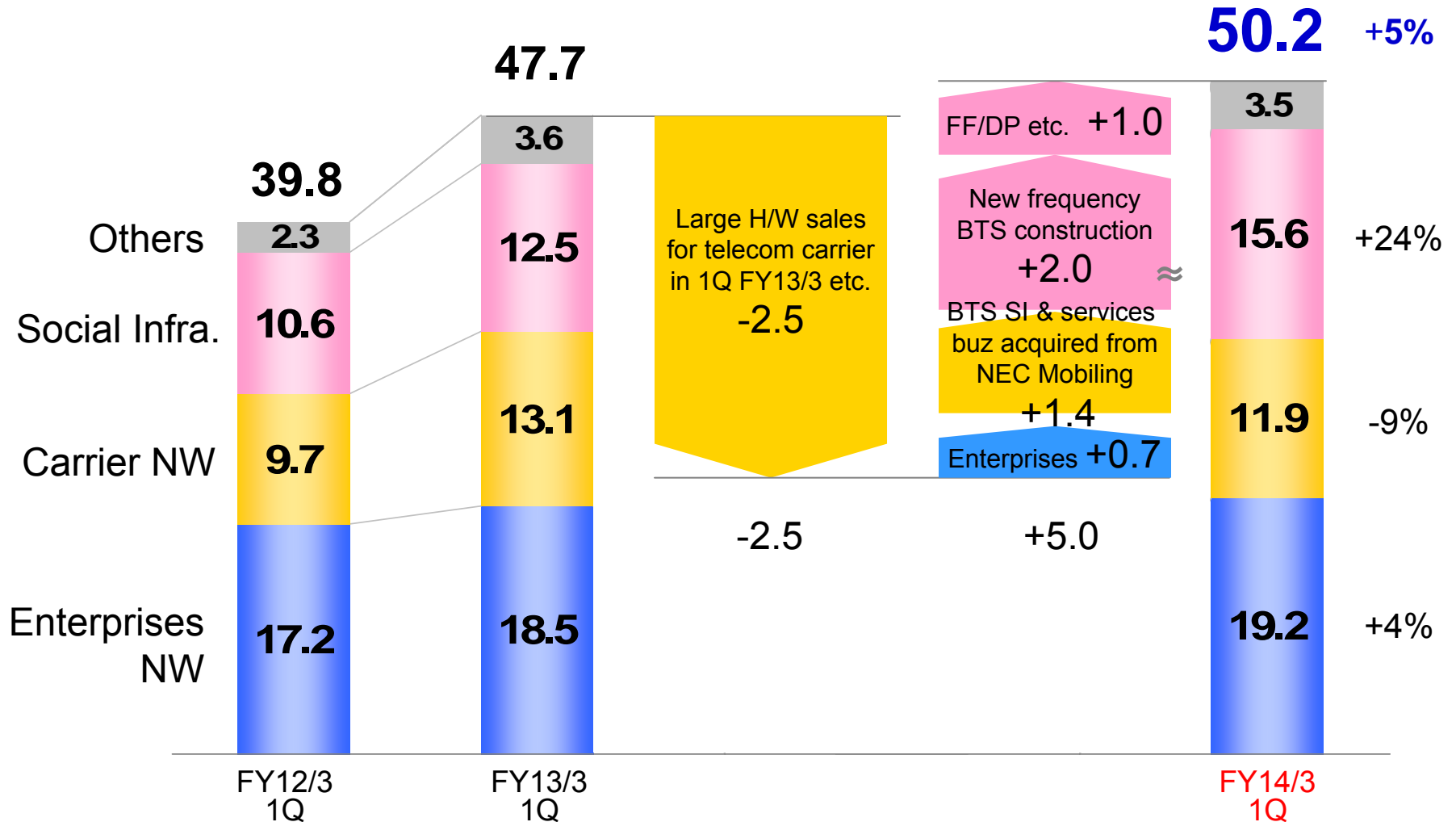
Orders Received

Sales



FY2014/3 1Q Sales Analysis

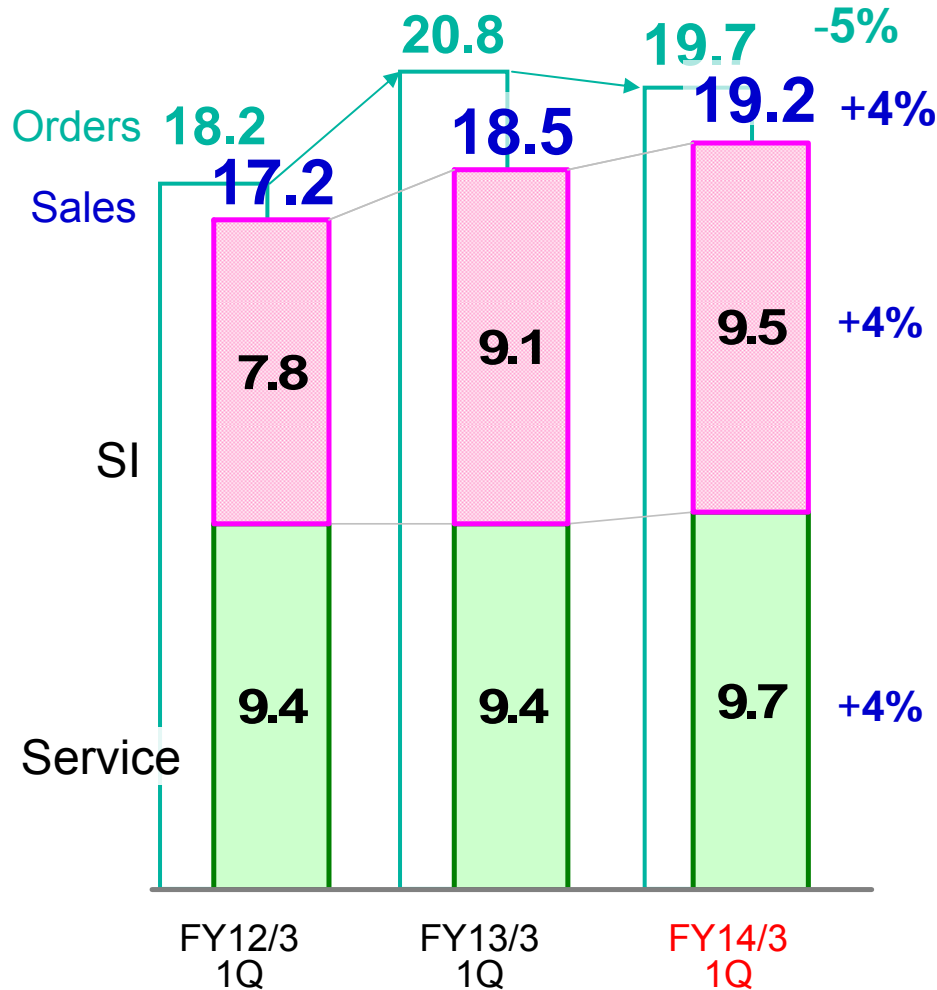
(Billions of Yen)



*H/W: hardware, BTS: (mobile) base transceiver station, FF: fire-fighting (network system), DP: disaster prevention (radio system)

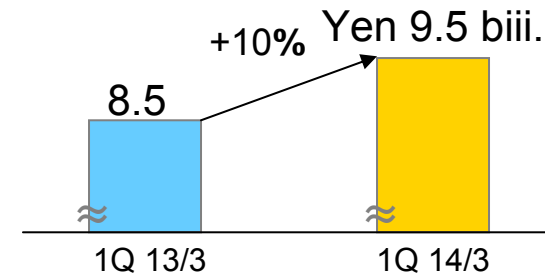
FY2014/3 1Q Enterprises Networks Business

(Billions of Yen)



Continued growth trend as a result of investment (Impact of shift to prior 4Q in orders)

- EmpoweredOffice served as a driving force



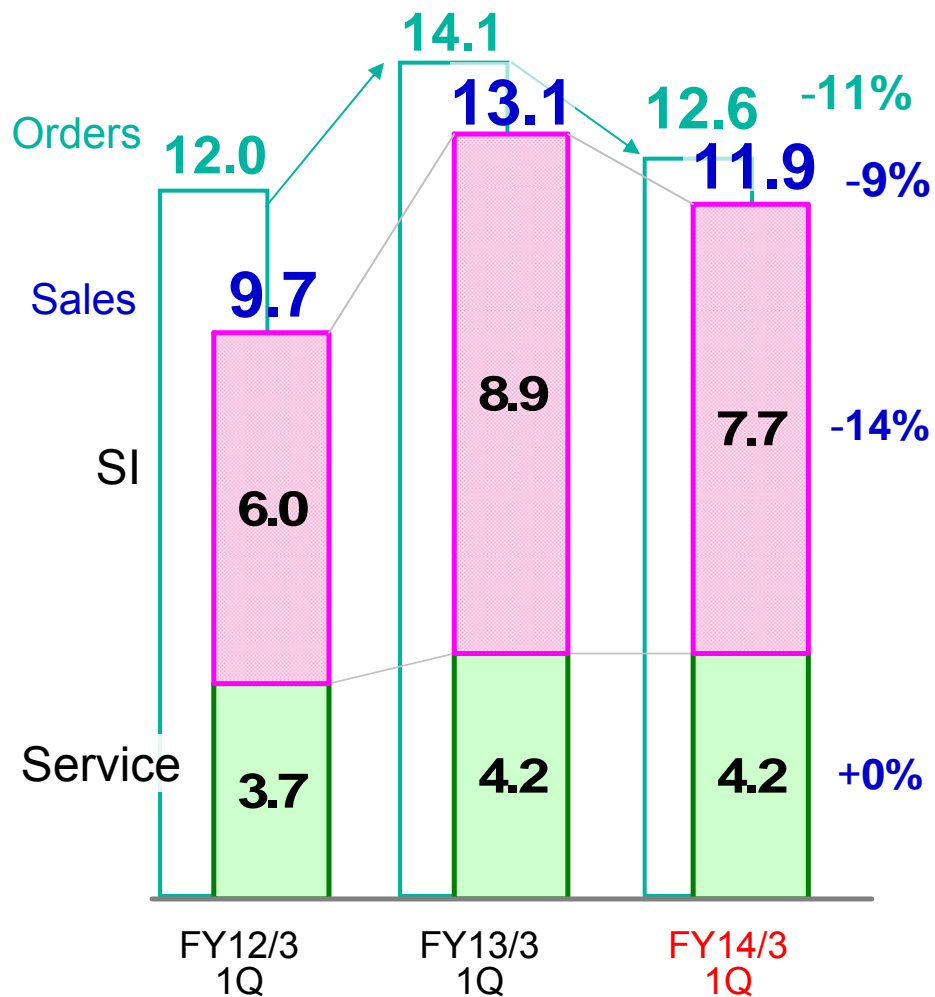
- NESIC made QAC a subsidiary to expand services business -> Expanding contact center business fields (system + services)

*to be consolidated from 2Q in P/L & C/F

*QAC: Q and A Corporation

FY2014/3 1Q Carrier Networks Business

(Billions of Yen)



Sales decreased as a reaction to the very strong results of last year, offsetting the effect of the acquisition of BTS business from NEC Mobiling

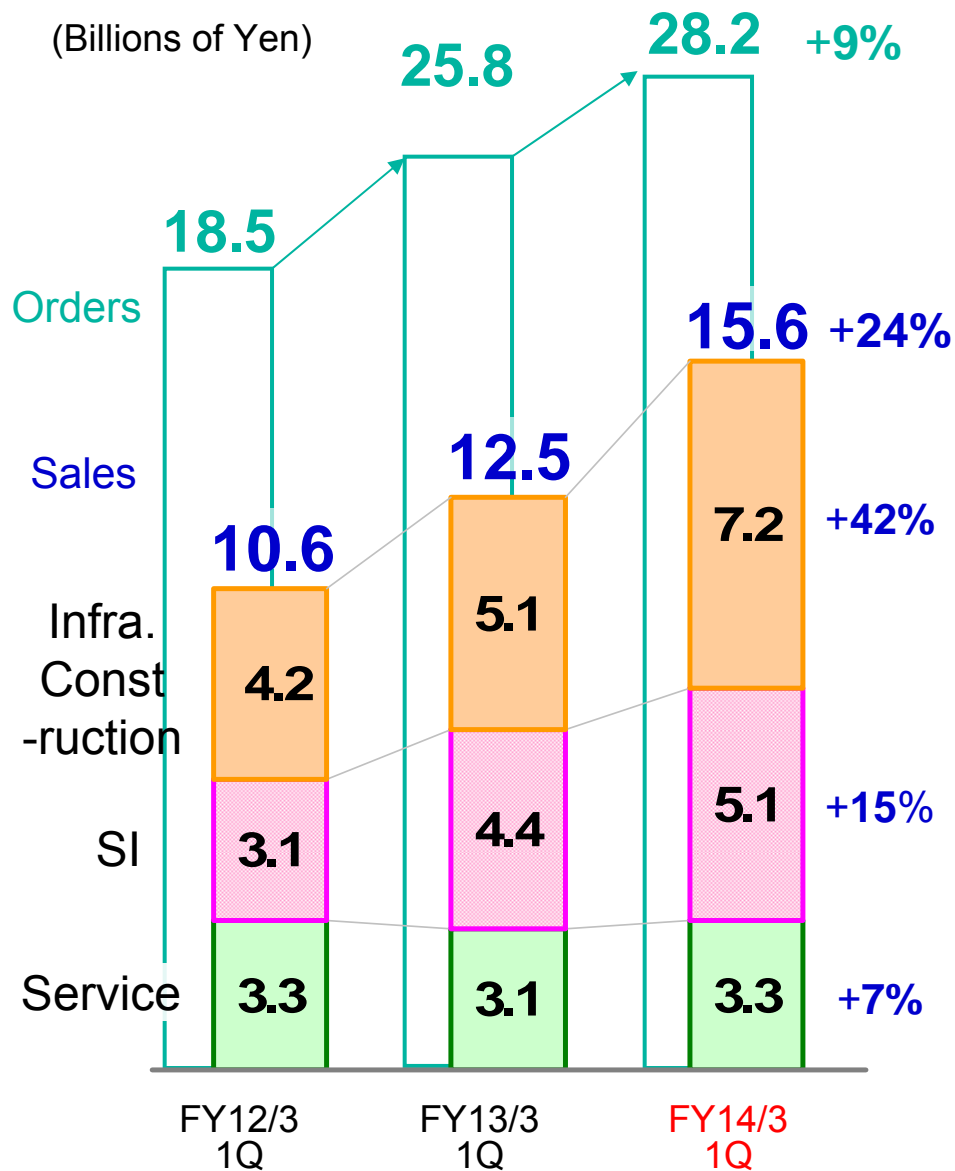
- The one-off hardware oriented SI project was in the previous 1Q
- Sales of technical outsourcing remained steady.

The submarine seismometer system business is in its off season

- Orders: Yen -2 bill. yoy

FY2014/3 1Q Social Infrastructures Business

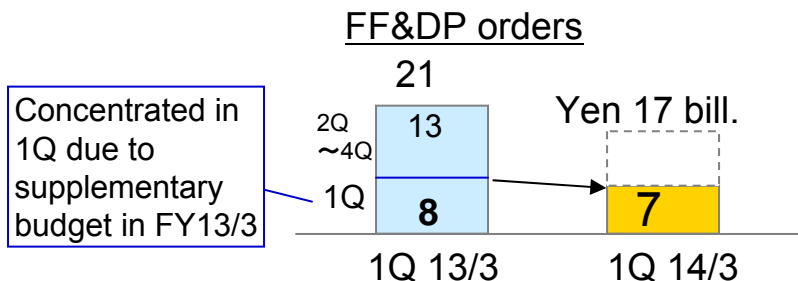
(Billions of Yen)



Orders & sales grew capturing the opportunity of increased investment

<FF&DP>

- Sales increased following the orders growth of last FY
- Strong orders continued in 1Q



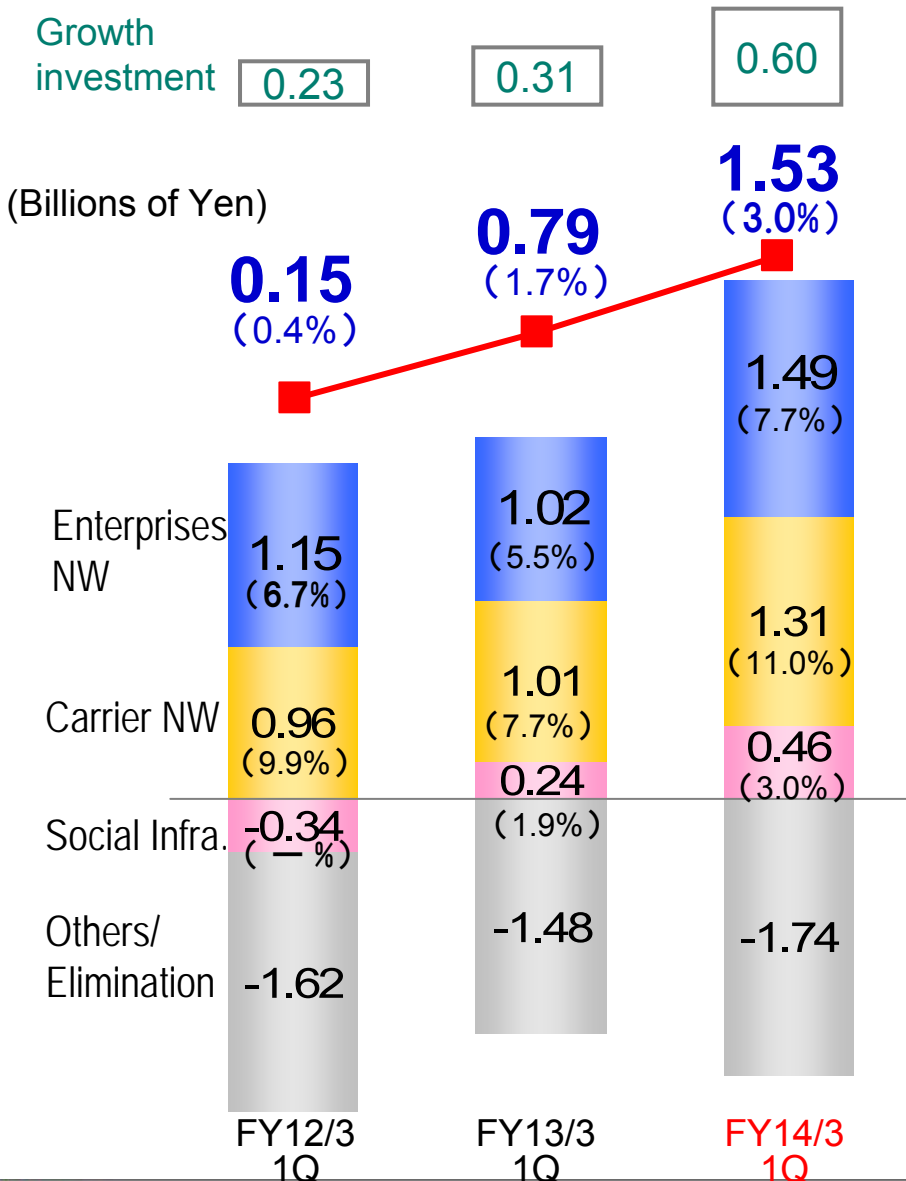
<Mobile BTS installation>

- The new frequency BTS accepted last FY contributed to sales

<Other>

- Orders increased with the acceleration of public investment

FY2014/3 1Q Operating Income/Loss by Segment

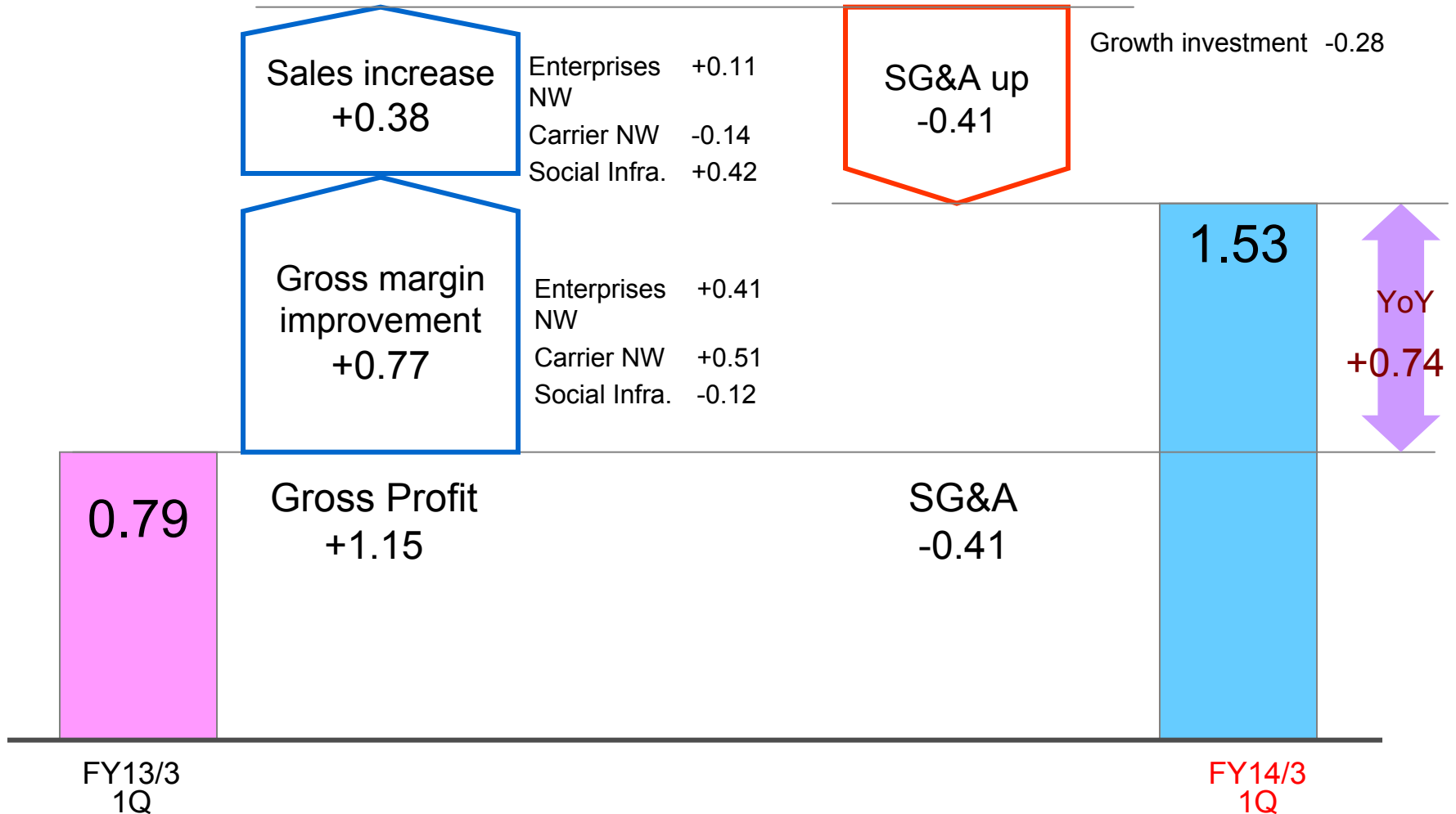


Increased operating income & margin in each segment

- Enterprises NW:
 - Increased operating income due to sales increase and promotion of efficiency etc.
- Carrier NW:
 - Increased operating income due to BTS SI & service business acquisition and progress of internal production
- Social Infrastructure:
 - Increased operating income due to sales increase
- Others/Elimination:
 - Increased cost for promotion of M&A and company-wide office innovation advancement

FY2014/3 1Q Operating Income Analysis

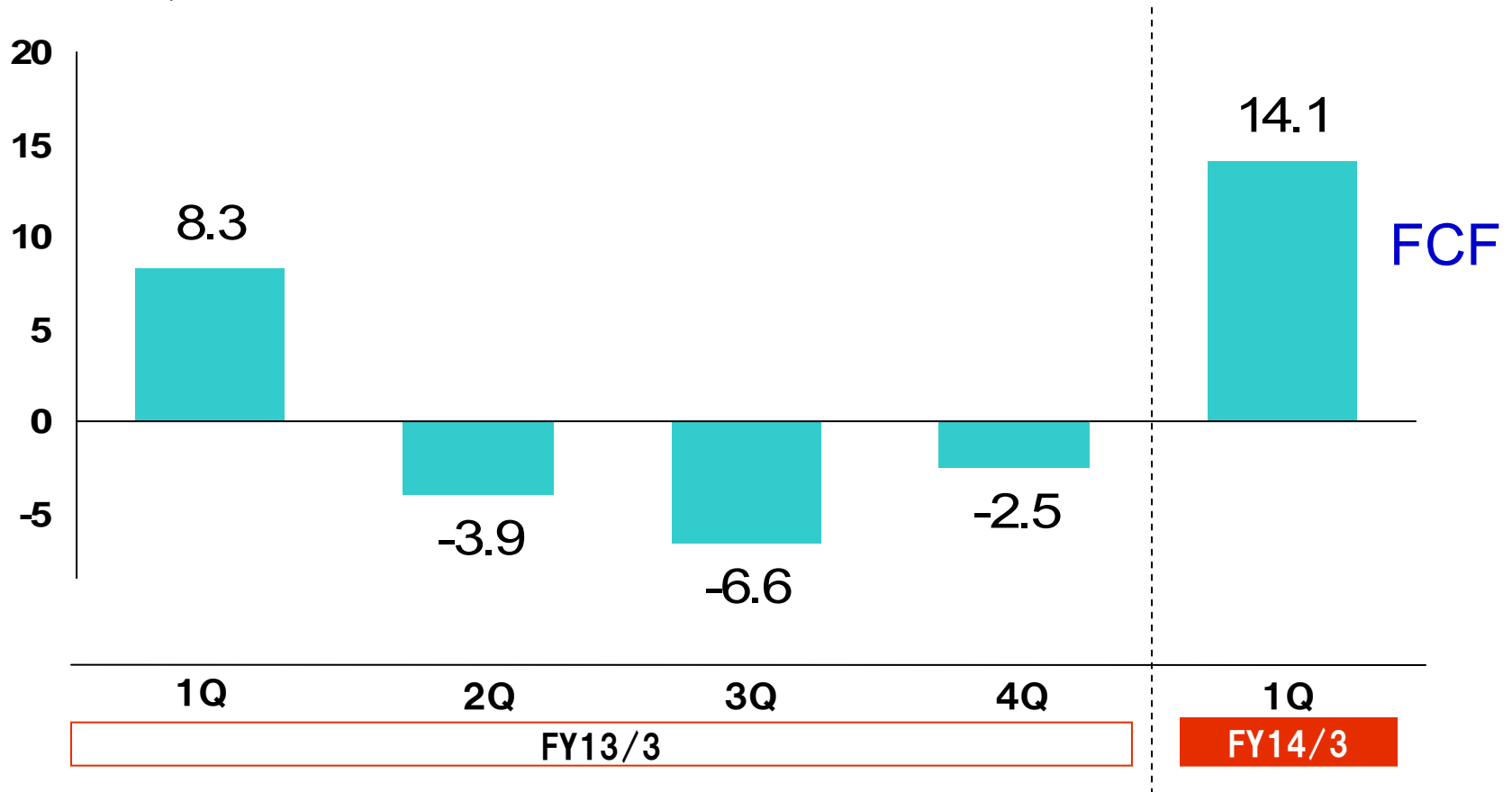
(Billions of Yen)



FY2013/3 1Q Cash Flows

Substantially positive FCF due to receipts from the large projects sold at the end of previous FY

(Billions of Yen)



Balance Sheet (End of June, 2013)

(Billions of Yen)

		End of Jun/13	End of Mar/13	Diff.
	Cash and cash equivalents	43.9	30.9	13.0
	Notes and accounts receivable	63.7	93.0	-29.4
	Inventories	12.6	10.4	2.2
	Other	9.0	8.2	0.8
Current Assets		129.1	142.5	-13.4
Noncurrent Assets		30.0	25.8	4.2
Assets		159.1	168.3	-9.2
	Notes and accounts payable	27.2	36.4	-9.2
	Loans	6.6	4.1	2.5
	Other	37.6	41.0	-3.4
Liabilities		71.3	81.5	-10.2
	Shareholders' equity	86.3	86.5	-0.2
	Valuation and translation adjustments	-0.3	-0.5	0.2
	Minority interests	1.8	0.7	1.0
Net Assets		87.8	86.8	1.0
Liabilities & Net Assets		159.1	168.3	-9.2
Owner's Equity Ratio		54.1%	51.2%	+2.9pt

FY2014/3 Full-Year Forecasts

Progress is as planned for the full-year target despite a firmer tone for 1H.

(Billions of Yen)

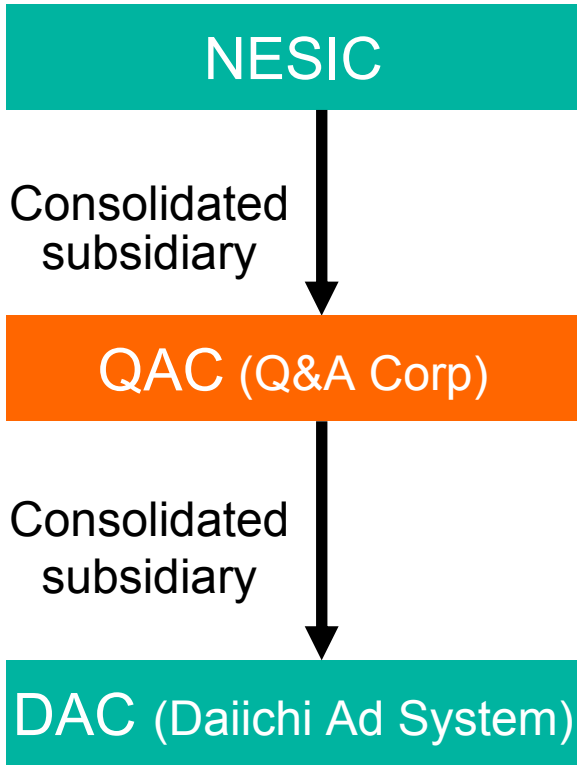
	FY13/3 Actual	FY14/3 Forecasts	YoY
Net sales	235.7	240.0	+2%
Operating income	12.5	13.0	+0.5
(to sales)	(5.3%)	(5.4%)	+0.1pt
Net income	7.5	7.8	+0.3
(to sales)	(3.2%)	(3.3%)	+0.1pt

*Forecasts as of July 31, 2013, same as previous forecasts

Topics: Measures for Expanding Services Businesses

To enhance the Contact Center (CC) business

- NESIC made QAC a consolidated subsidiary
- NESIC made DAS a QAC subsidiary
from a directly-owned subsidiary

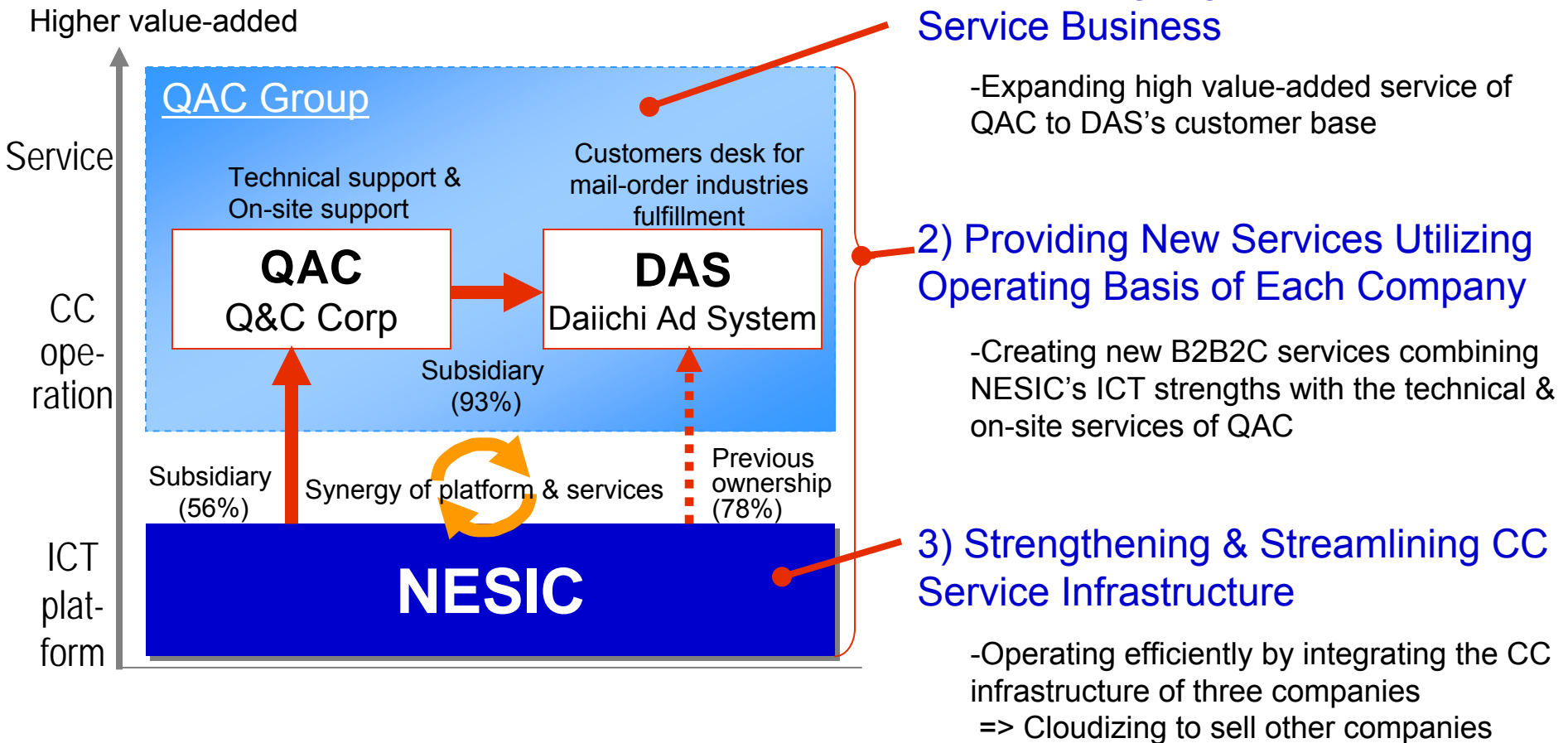


Q&A Corporation

- Business Areas
 - Technical support services for users of ICT digital equipment
 - Outsourced Helpdesk/Call Center Services
 - On-Site Support for Individual & Corp Customers
- President & CEO: Yuichi Kanagawa
- Headquarters: Tokyo, Japan
- Employees: 1,199 (Full-time 341)
- Capital: Yen 897.4 Million

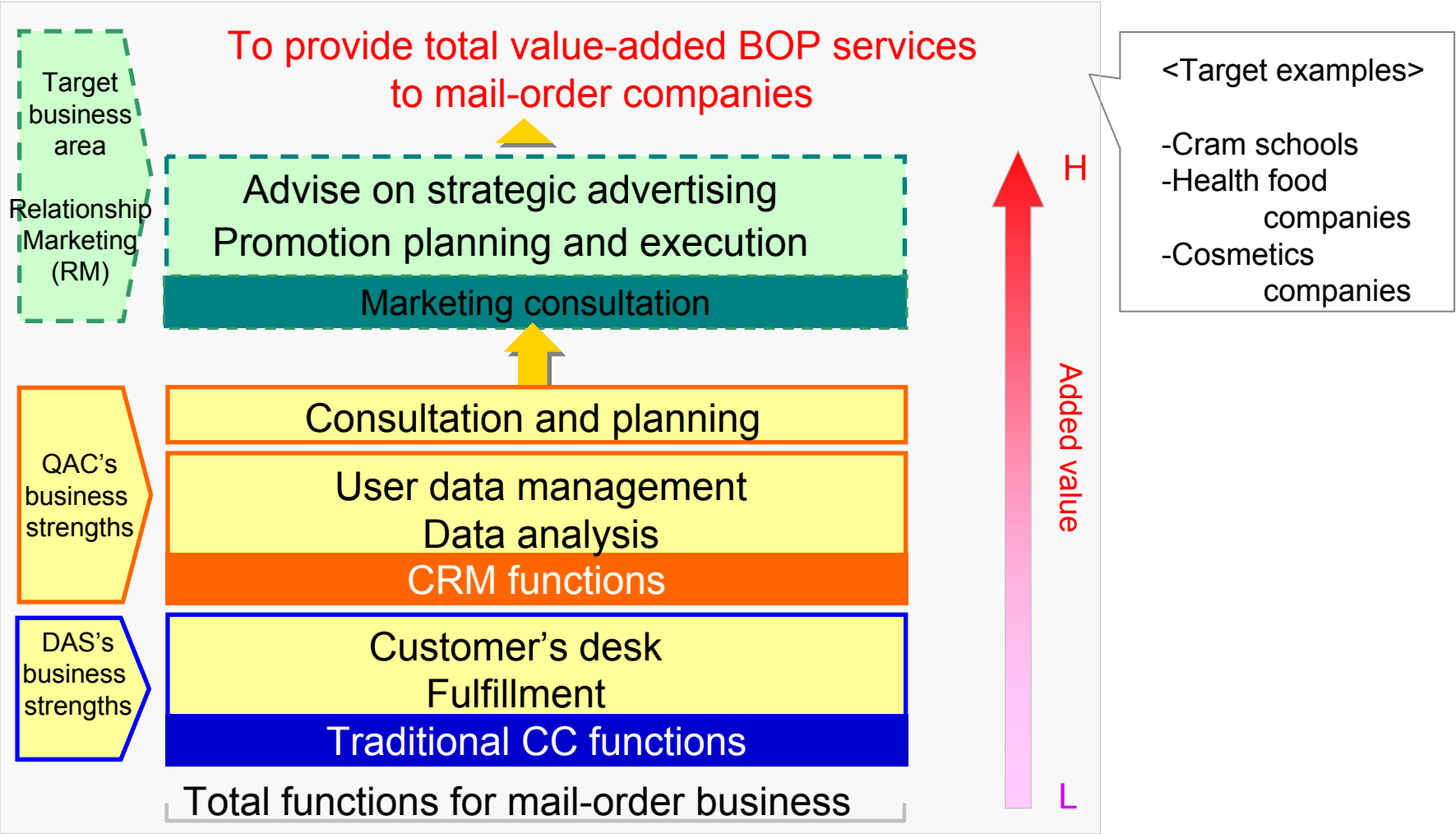
Topics: Measures for Expanding Services Businesses

Purpose



1) Expanding High Value-Added CC Service Business

- High value-added service with “data-analysis & consultation” and “promotion-planning & operation” functions on top of traditional CC operations



2) Providing New Services Utilizing the Operating Basis of Each Company

New services utilizing the technical support capability of QAC

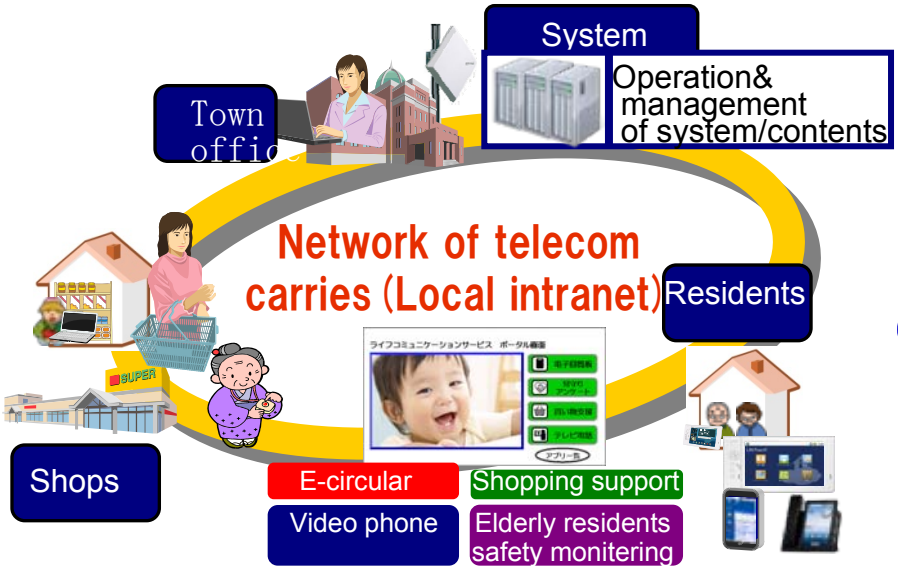
- Rich records to responses at contact center and on-site support for individual users regarding ICT equipment and broadband network provided by major telecom carriers and PC vendors, etc.

➔ New services combined with ICT solution of NESIC
(*Business with services for individual users using smart terminals are expected)

*Education, Medical, local communities, etc.

<Services Image>

Community communication system for local governments



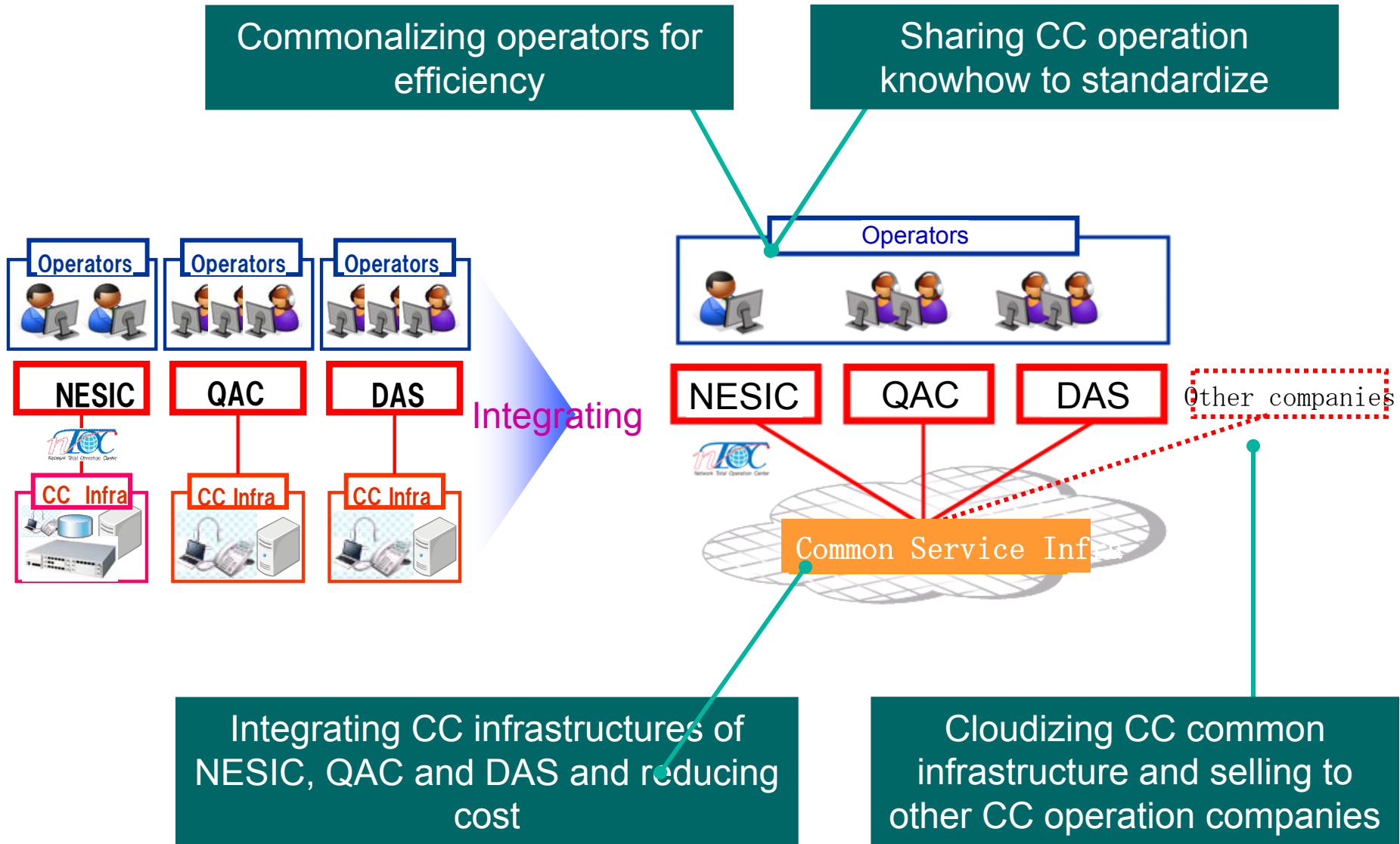
NESIC

System integration and provision of terminals and application

QAC group

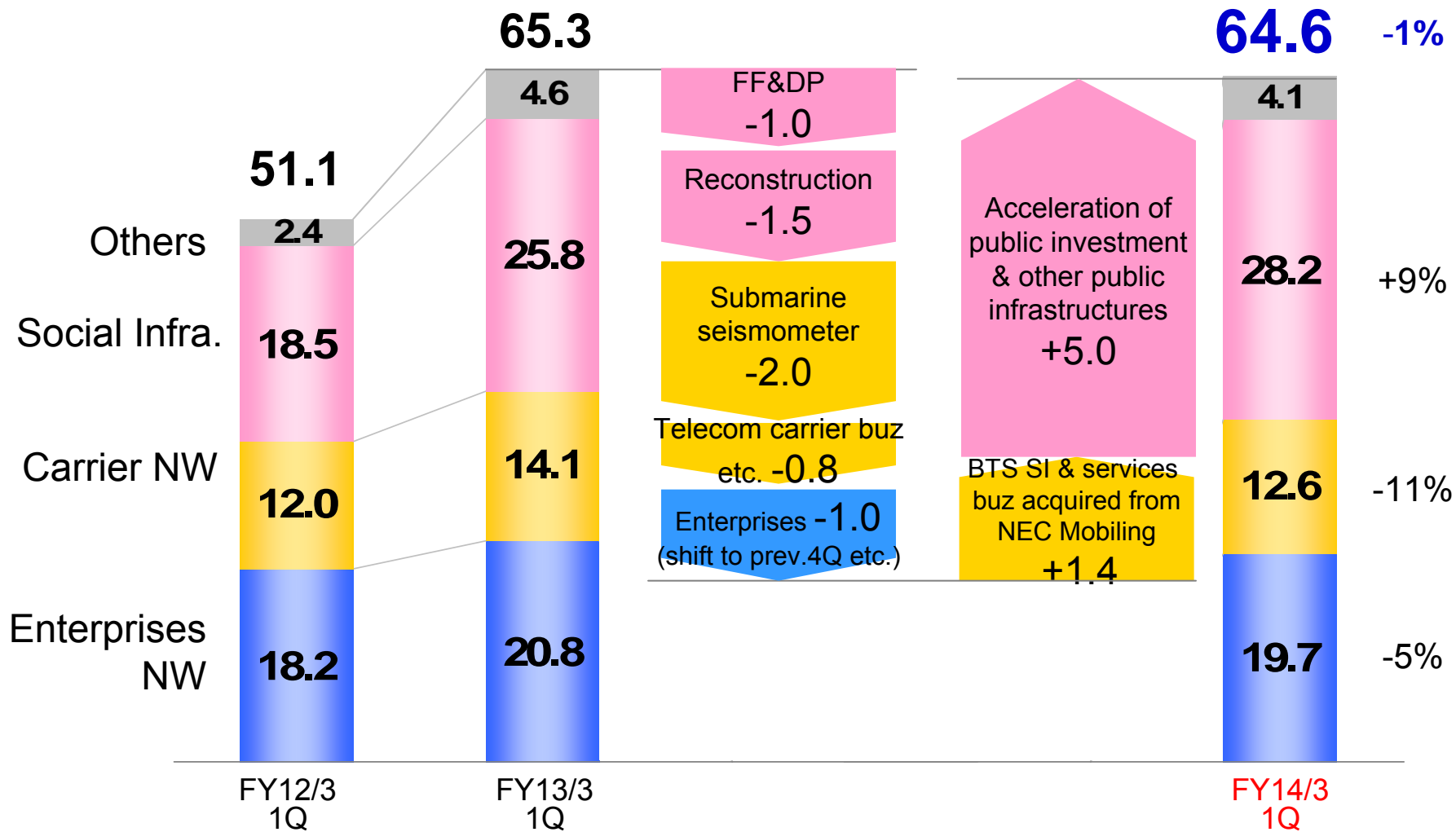
Response to questions (e.g., how to use the terminals) and repair and on-site services for citizens


3) Strengthening & Streamlining CC Service Infrastructure



<Appendix> FY2014/3 1Q Orders Analysis

(Billions of Yen)





Re-designing your Communication

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



Cautionary Statement

Forecasts 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.

NEC

NEC Networks & System Integration Corporation

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