

# **FY10/3 Q1 Financial Results**

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President and CEO

July 29, 2009

**NEC Electronics Corporation**

<http://www.necel.com/ir/en/>

## I. FY10/3 Q1 Financial Results

- Semiconductor sales were better than the company's expectation on May 11, 2009
- Operating loss was in line with the company's forecast

## II. FY10/3 Forecasts

- FY10/3 forecasts will remain unchanged
- Aim to attain operating profit for full-year by ensuring steady implementation of the fixed cost reduction

## III. Business Highlights

- Progress on focused businesses
- Advancement of green solution business

# I. FY10/3 Q1 Financial Results

## II. FY10/3 Forecasts

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# Financial Snapshot

NEC

(B Yen)	FY09/3		FY10/3		
	Q1, 6/30	Q4, 3/31	Q1, 6/30		
	Actual	Actual	Actual	YoY	QoQ
Net Sales	166.3	85.5	102.0	-64.3	+16.4
Semiconductor Sales	159.2	80.7	98.0	-61.1	+17.3
Operating Income (Loss)	1.7	-53.3	-20.9	-22.6	+32.4
Income (Loss) Before Income Taxes	0.3	-69.2	-20.8	-21.1	+48.4
Net Income (Loss) Attributable to NEC Electronics Corp.	-1.3	-60.8	-20.7	-19.4	+40.1

## Exchange Rates

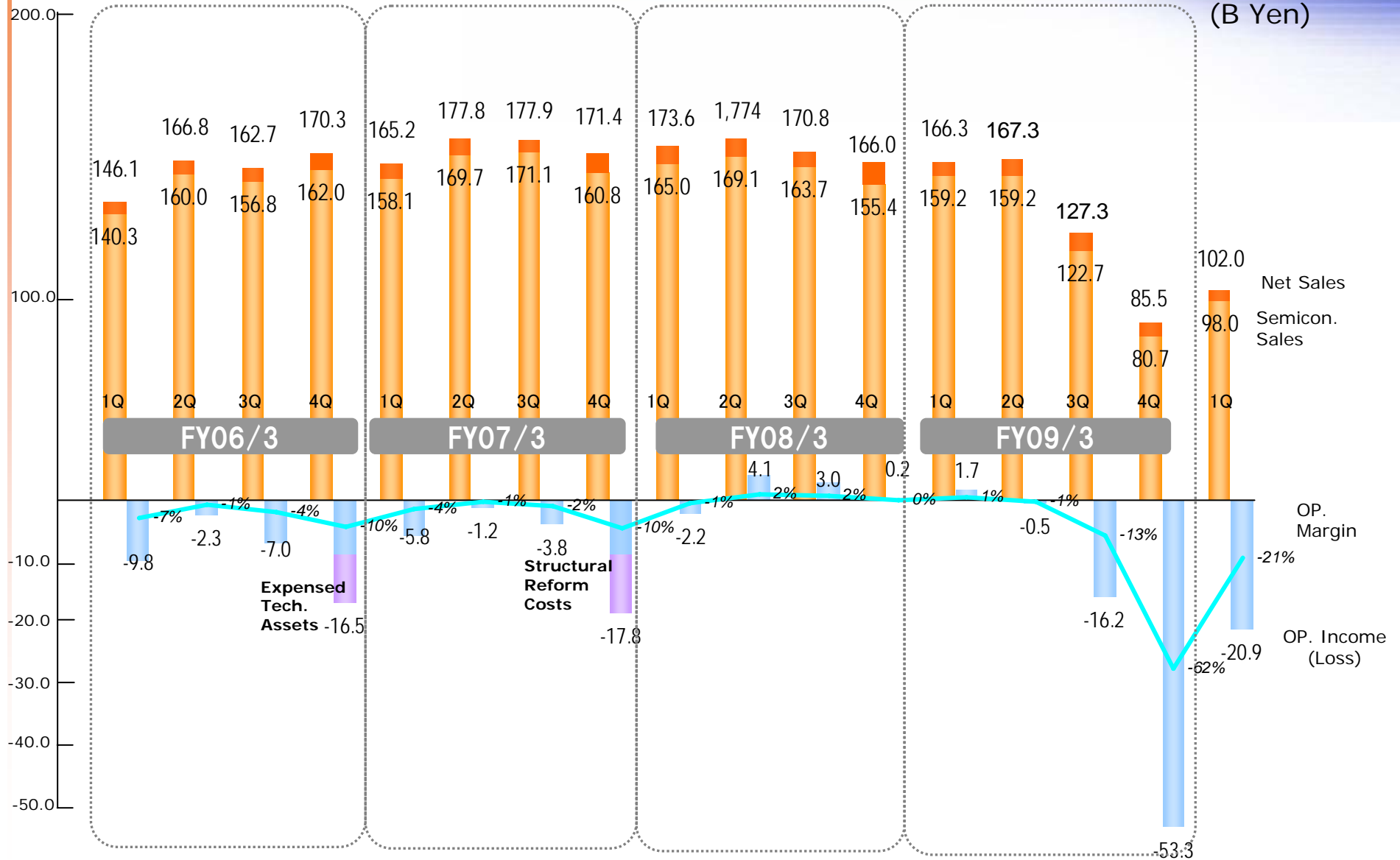
1US\$=	103 yen	91 yen	98 yen	5 yen stronger	7 yen weaker
1Euro=	160 yen	120 yen	130 yen	30 yen stronger	10 yen weaker

Note 1: NEC Electronics' consolidated information is in accordance with U.S.GAAP. However, the figure for operating income (loss) shown above represents net sales minus the cost of sales, research and development expenses, and selling, general, and administrative expenses.

Note 2: Net loss attributable to NEC Electronics Corp. is computed in the same method as for net income for the year ended march 31, 2009.

# Trends in Quarterly Results

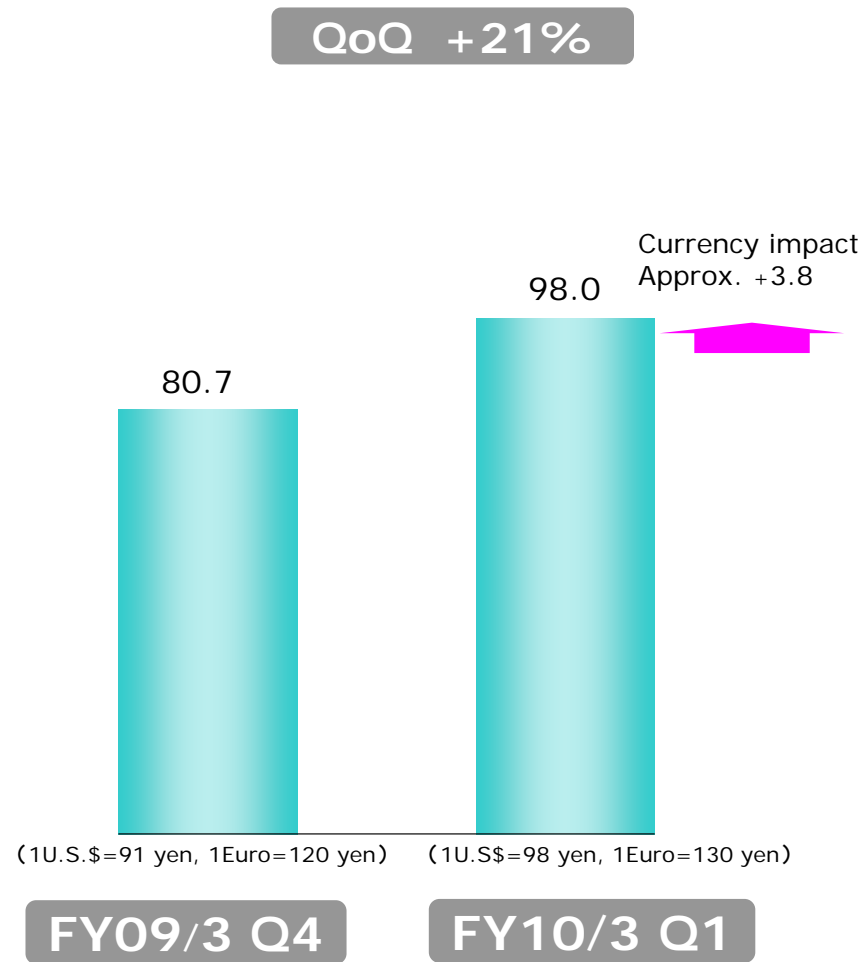
(B Yen)



Note: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A

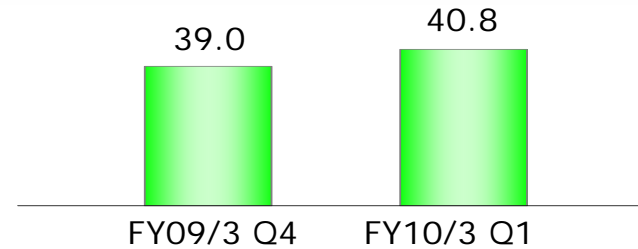
# Q1 Semiconductor Sales by Platform

(B Yen)



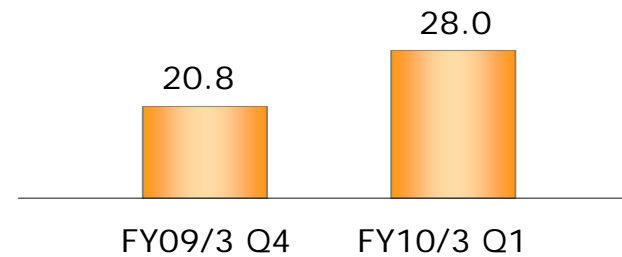
**SoC +5%**

- LSI for camera phones and EMMA products in good demand



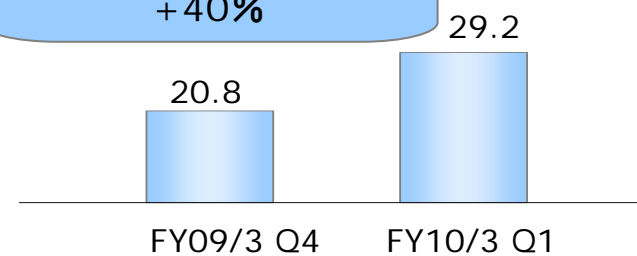
**MCU +34%**

- Robust growth in sales of automotive products and multi-purpose ICs



**Discrete & IC +40%**

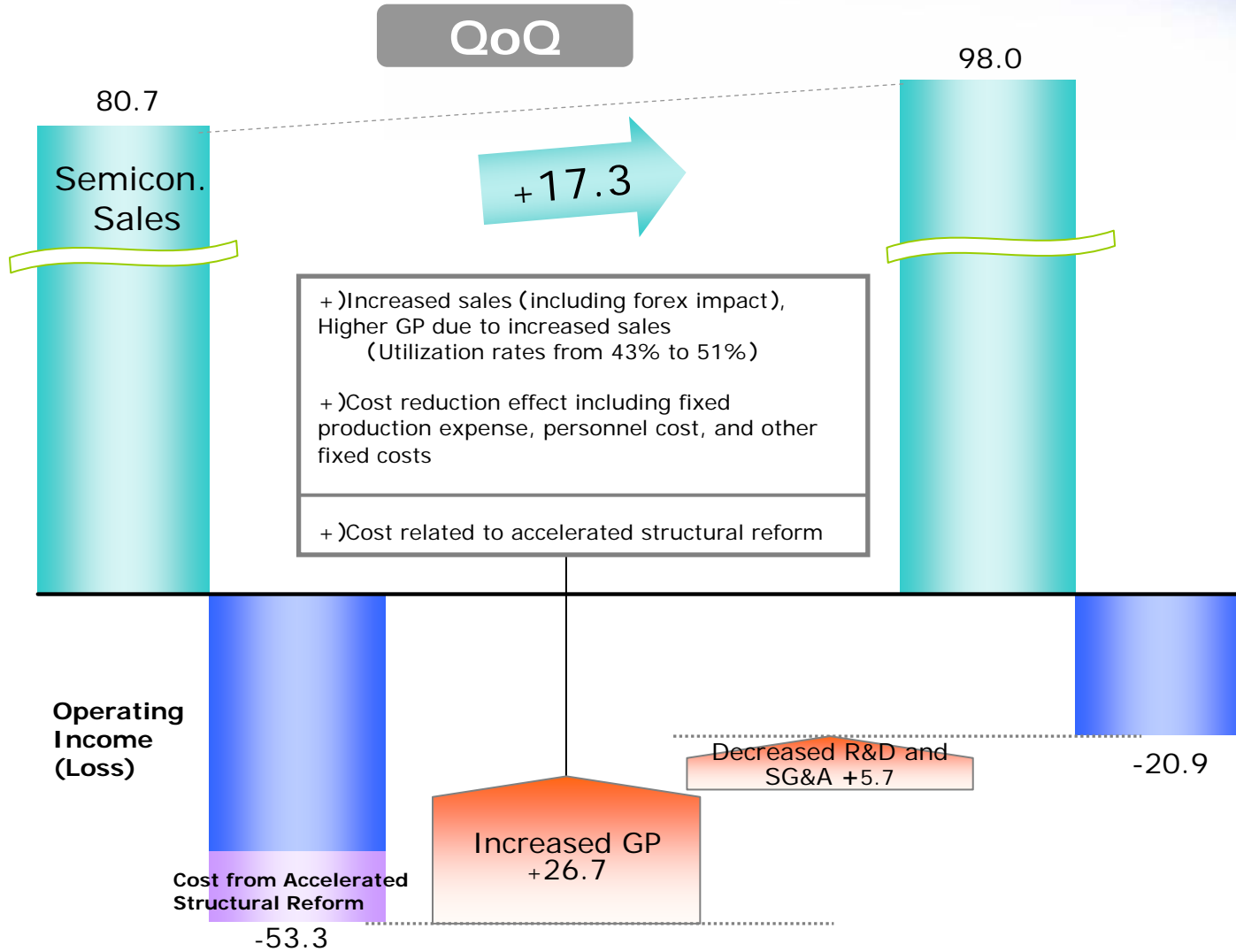
- Rapid increase in overall sales



# FY10/3 Q1 Factors in Operating Income (Loss)

(B Yen)

QoQ



(US\$1=91 yen , Euro 1=120 yen )

(US\$1=98 yen , Euro 1=130 yen)

FY09/3 Q4

FY10/3 Q1

# Balance Sheets

(B Yen)		08/6	09/3	09/6
	Cash and Cash Equivalents	159.0	101.3	79.5
	Accounts Receivable	99.5	52.5	66.0
	Inventories	79.5	63.2	58.4
	PP&E	253.9	242.1	241.7
	Other Assets	29.3	23.5	26.2
<b>Total Assets</b>		<b>621.2</b>	<b>482.5</b>	<b>471.8</b>
	Accounts Payable	106.0	78.8	72.0
	Debt Payable	117.3	116.9	136.0
	Other Liabilities	162.9	154.7	151.4
<b>Liabilities</b>		<b>386.3</b>	<b>350.3</b>	<b>359.4</b>
<b>Shareholders' Equity</b>		<b>230.1</b>	<b>128.1</b>	<b>108.3</b>
Noncontrolling interests		4.8	4.1	4.0
<b>Total Liabilities and Shareholders' Equity</b>		<b>621.2</b>	<b>482.5</b>	<b>471.8</b>
D/E Ratio (Gross)		0.51	0.91	1.26
Equity Ratio		37%	27%	23%



# Cash Flows

(B Yen)	FY09/3			FY10/3
	Q1	Q4	Full-Year	Q1
Cash Flows from Operating Activities	4.2	-36.3	-6.9	-24.7
Cash Flows from Investing Activities	-10.9	-18.7	-49.3	-17.4
Free Cash Flows	-6.7	-55.0	-56.2	-42.1
Cash Flows from Financial Activities	-1.5	-0.6	-4.3	+19.4

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# FY10/3 Financial Forecasts

FY10/3 forecast remain unchanged.  
Aim to achieve operating profit for the full year

(B Yen)	FY10/3					
	1H		2H		Full-Year	
	Forecast	YoY	Forecast	YoY	Forecast	YoY
Net Sales	215.0	-118.6	265.0	+52.1	480.0	-66.5 -12.2%
Semiconductor Sales	205.0	-113.4	255.0	+51.6	460.0	-61.7 -11.8%
Operating Income (Loss)	-25.0	-26.2	25.0	+94.6	0	+68.4
Income (Loss) Before Income Taxes	-26.5	-26.5	19.0	+108.3	-7.5	+81.8
Net Income (Loss) Attributable to NEC Electronics Corp.	-27.0	-25.1	18.0	+98.7	-9.0	+73.6

## Exchange Rates

1 US\$=	95 yen	10 yen stronger	95 yen	1 yen stronger	95 yen	6 yen stronger
1 Euro=	125 yen	38 yen stronger	125 yen	4 yen stronger	125 yen	21 yen stronger

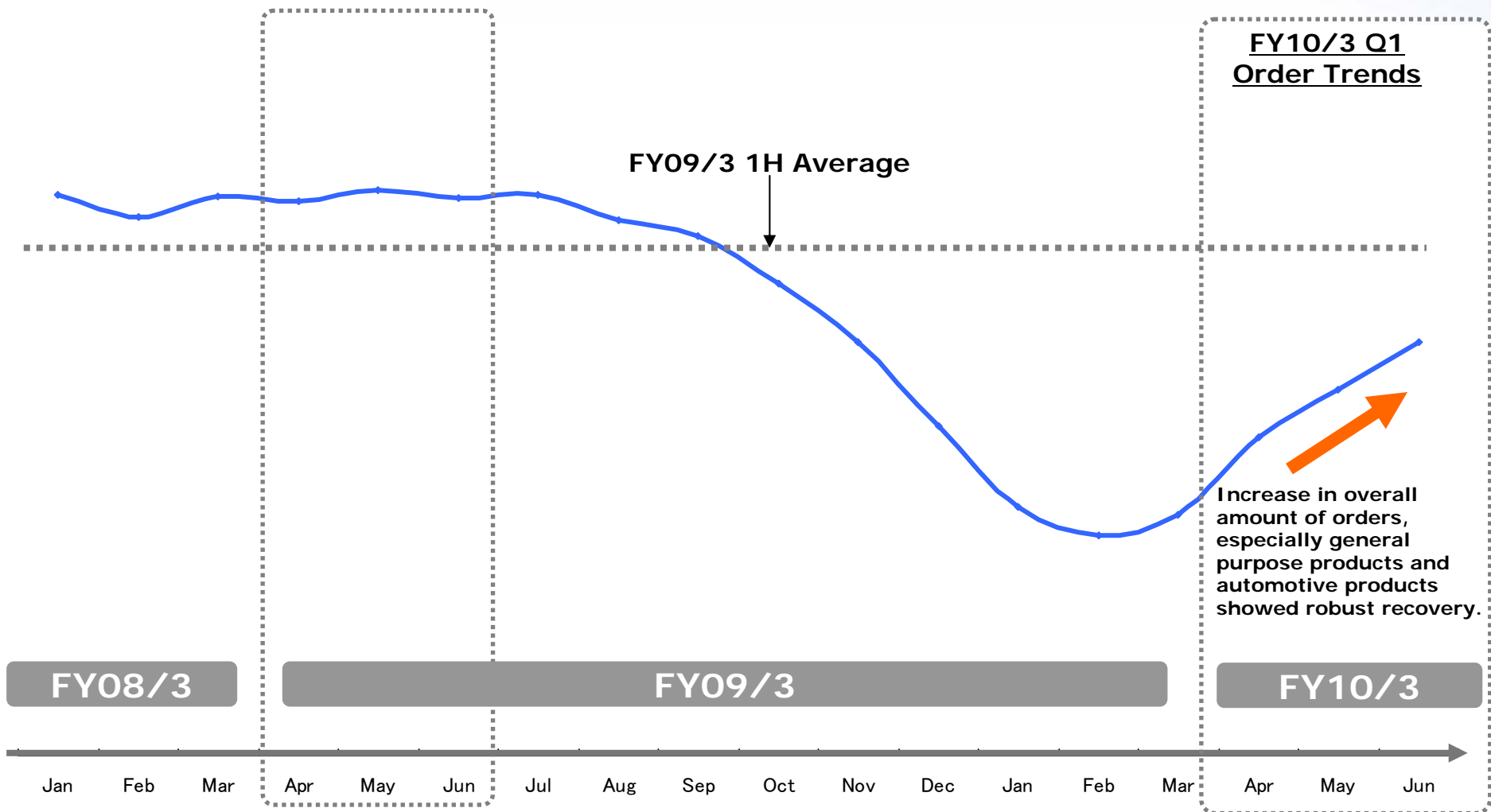
Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.

Note 2: Net loss attributable to NEC Electronics Corp. is computed in the same method as for net income for the year ended March 31, 2009.

Note 3: Forecasts as of July 29, 2009.

# Trends in Amount of Orders

Amount of Orders (3-month moving average)

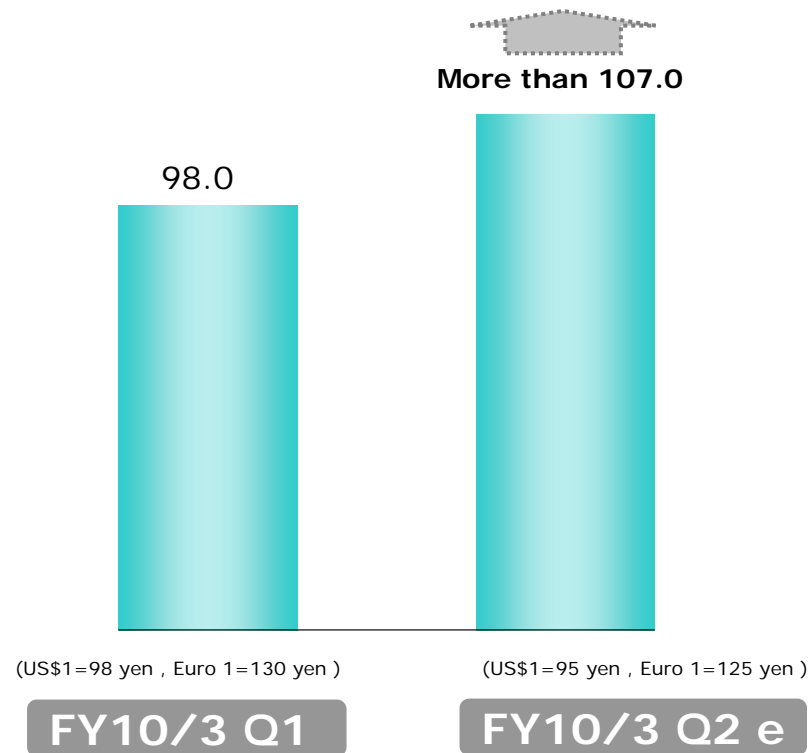


Note: Amount of orders is computed based on the exchange rate of the ordered month .

# FY10/3 Q2 Semiconductor Sales Forecast

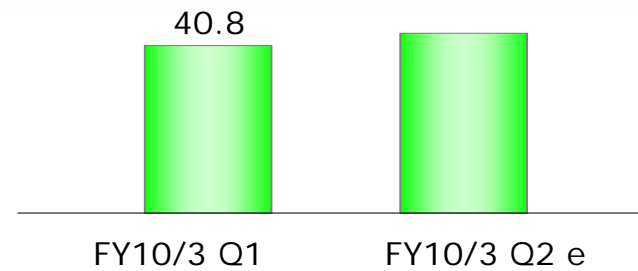
(B Yen)

**QoQ More than +9%**  
(Based on 1H sales forecast of 205B Yen)



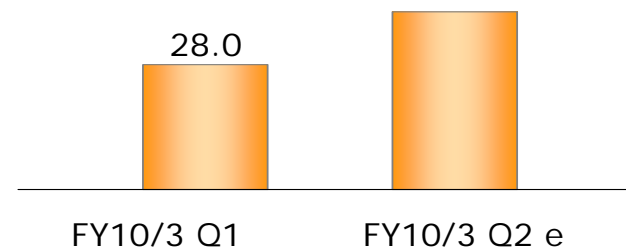
**SoC Approx. +5%**

- Sales of digital AV devices including EMMA products in particular are expected to increase



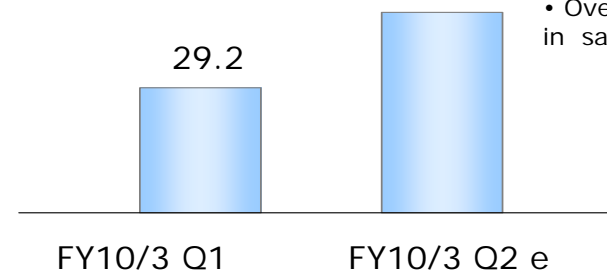
**MCU Approx. +20%**

- Continuous growth in sales of automotive products and multi-purpose MCUs



**Discrete & IC Approx. +15%**

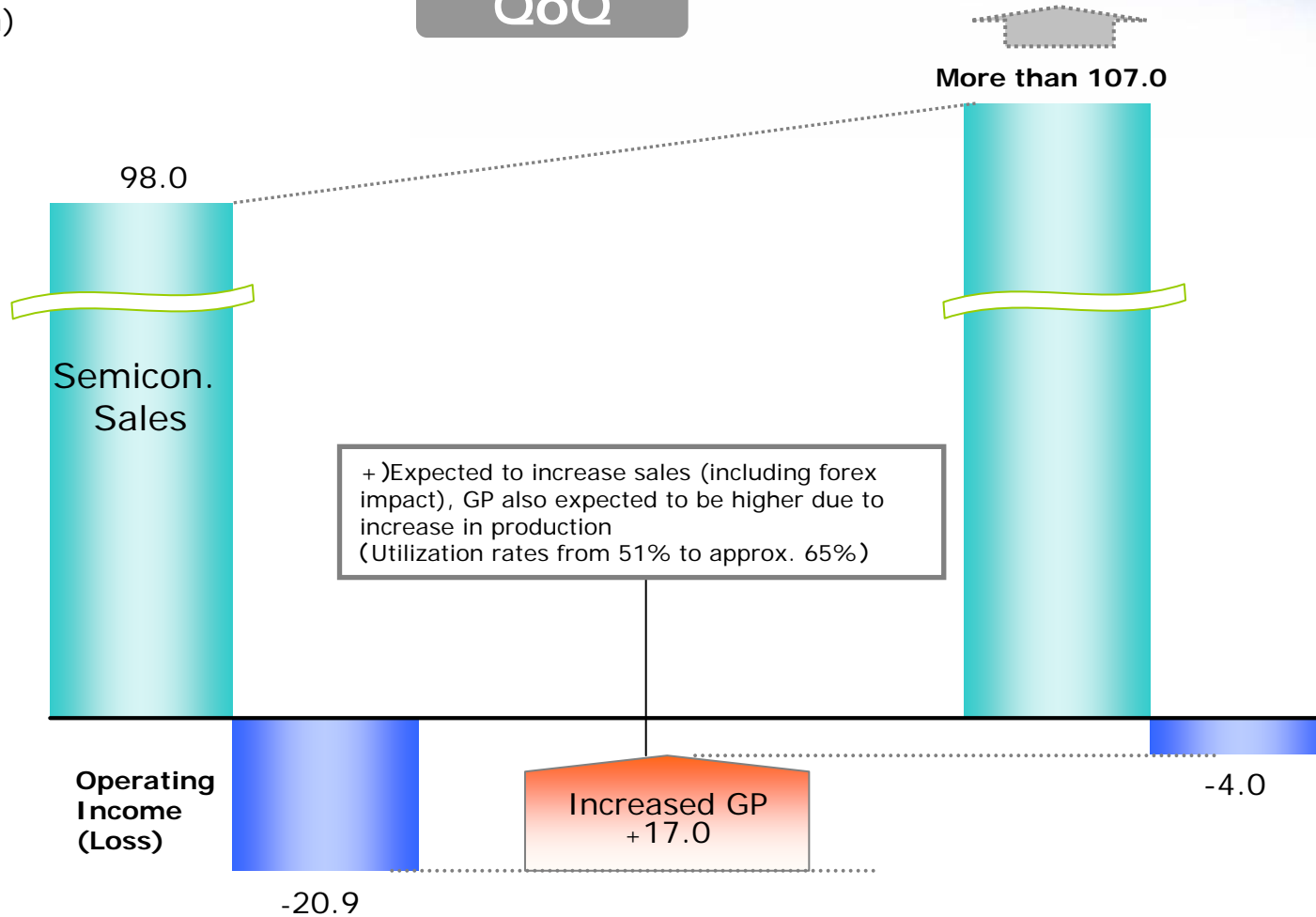
- Overall increase in sales



# FY10/3 Q2 Operating Income (Loss) Forecast

(B Yen)

QoQ



+ ) Expected to increase sales (including forex impact), GP also expected to be higher due to increase in production (Utilization rates from 51% to approx. 65%)

Increased GP  
+17.0

(US\$1=98 yen , Euro 1=130 yen )

FY10/3 Q1

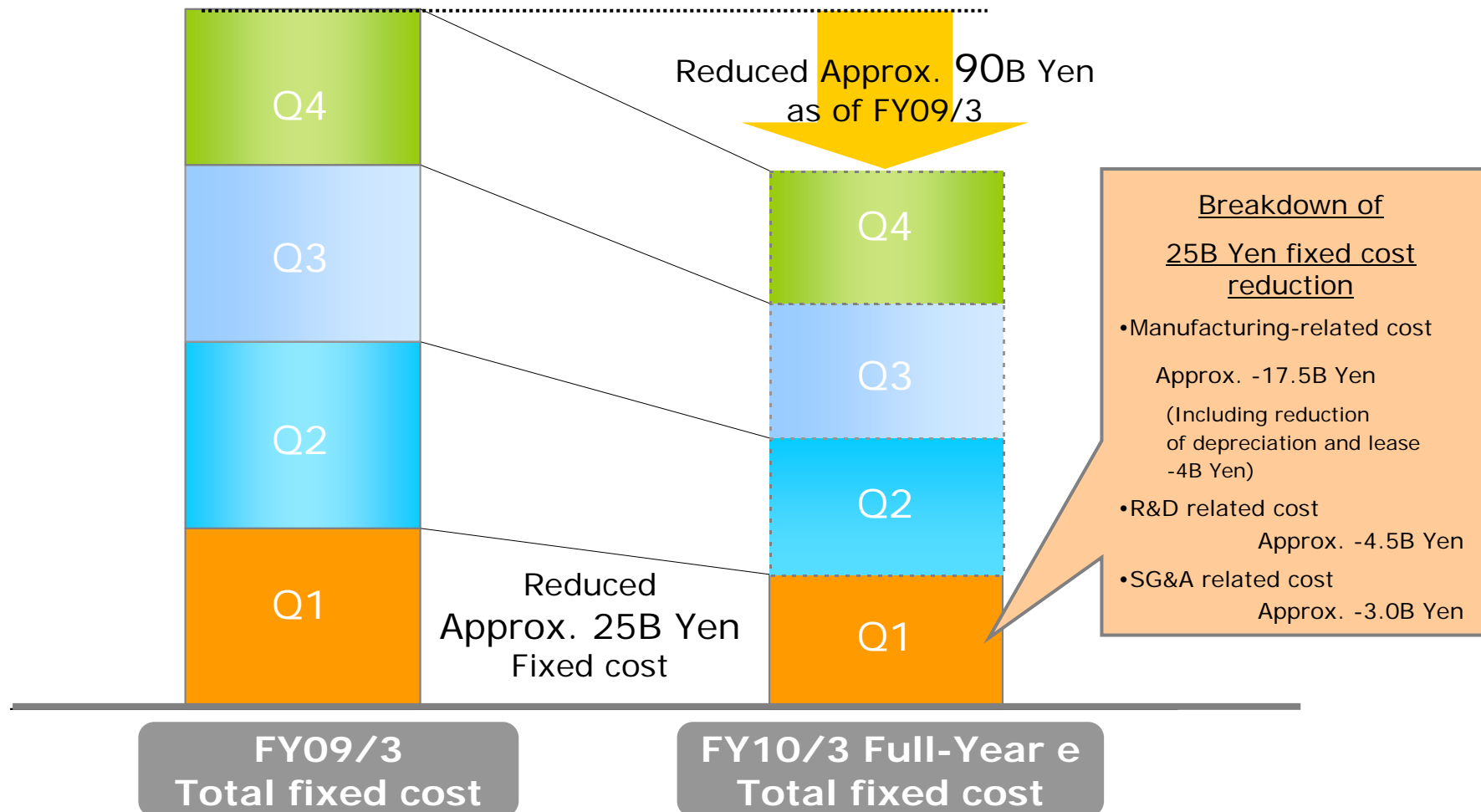
(US\$1=95 yen , Euro 1=125 yen)

FY10/3 Q2

Note: GP=Gross profit

# Progress on 90 B Yen Fixed Cost Reduction

Reduced Fixed Costs by Approx. 25B Yen in FY10/3 Q1 YoY



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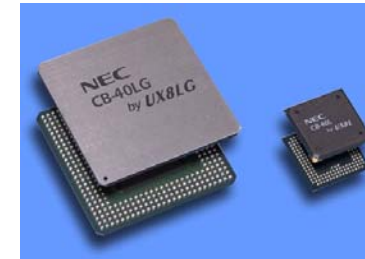


# Progress on Focused Businesses

NEC

## Increased Business Negotiation on Advanced Process Technology

- Business expansion with 40/55 nm generation products
  - Mass production of 40nm node products will begin in FY10/3 1H
  - Increased new orders with 40/55 nm node products



40nmCBIC

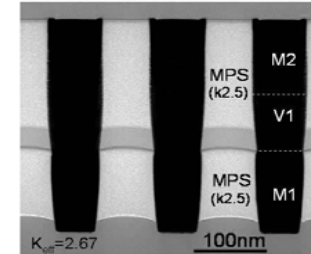
## Expansion of EMMA Business

- Expansion of EMMA (Enhanced Multi-Media Architecture) businesses
  - Achieved cumulative shipments of over 100 million to 15 countries and 80 companies
  - Increased market share with Blu-ray DVD players and other related devices in CY08
- Expansion of EMMA Application
  - Launched EMMA product specifically for set-top boxes with digital broadcast receivers
  - Employed in PMP (Portable Media Player)/PND (Portable Navigation Device), currently mass-produced



## Efforts Toward Green Business

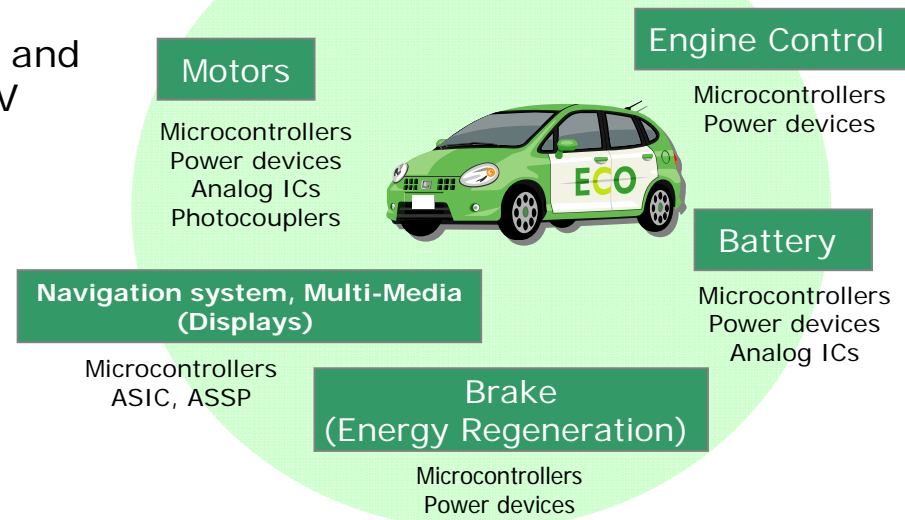
- Development of platform technology for low power LSI
  - Development of process technology and device technology on cutting-edge process node to realize low-power LSI



Cu-interconnect module with full porous low-k film

- Provide robust solutions for EV (Electric Vehicle) / HEV (Hybrid Electric Vehicle)
  - Automotive market is on a recovery trend with expansion of hybrid cars
  - Offer strategic solutions with enriched MCU and PMD product lineup, for the growing EV/HEV market

### NEC Electronics' Business Area for EV/HEV



## New Concept “Green-Solution”

### Green LSI

Creation of low-power, miniaturized eco-friendly LSI

<Platform>Development technology, Process, High-voltage, eDRAM



### Toward Green System

Offer solution that realize innovative power efficiency to sets and systems

<Applied Technology>Inverters, Stand-by, Network



### Toward Green Society

Provide semiconductor solution that contribute to advanced development of next-generation systems for the society

<Applied Area>Eco-cars, New energy etc.



Eco-Cars



Smart Grid



LED

# NEC

## NEC Electronics Corporation

### Cautionary Statements

The statements in this presentation with respect to the plans, strategies and forecasts of NEC Electronics and its consolidated subsidiaries (collectively "we") are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results could differ materially from such forward-looking statements due to several factors. The important factors that could cause actual results to differ materially from such statements include, but are not limited to: general economic conditions in our markets, which are primarily Japan, North America, Asia and Europe; demand for, and competitive pricing pressure on, our products and services in the marketplace; our ability to continue to win acceptance of its products and services in these highly competitive markets; and movements in currency exchange rates, particularly the rate between the yen and the U.S. dollar. Among other factors, a worsening of the world economy; a worsening of financial conditions in the world markets, and a deterioration in the domestic and overseas stock markets, would cause actual results to differ from the projected results forecast.

# Appendix: Semiconductor Sales by Application

(B Yen)

