

# FY09/3 Q1 Financial Results

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July 30, 2008

**NEC Electronics Corporation**

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

## I. FY09/3 Q1 Financial Results

- ✓ Sales and operating profit were in line with the company's expectation

## II. FY09/3 Forecasts

- ✓ FY09/3 forecasts will remain unchanged; however, aim to attain operating profit of more than 3B yen for 1H
- ✓ Aim to attain net profit for full-year, although weak demand for general-purpose products may affect the 2H outcome

## III. Business Highlights

- ✓ A new joint venture company for display driver ICs (announced on June 20, 2008)
- ✓ Progress on embedded DRAM LSI and EMMA business

# I. FY09/3 Q1 Financial Results

## II. FY09/3 Forecasts

## III. Business Highlights

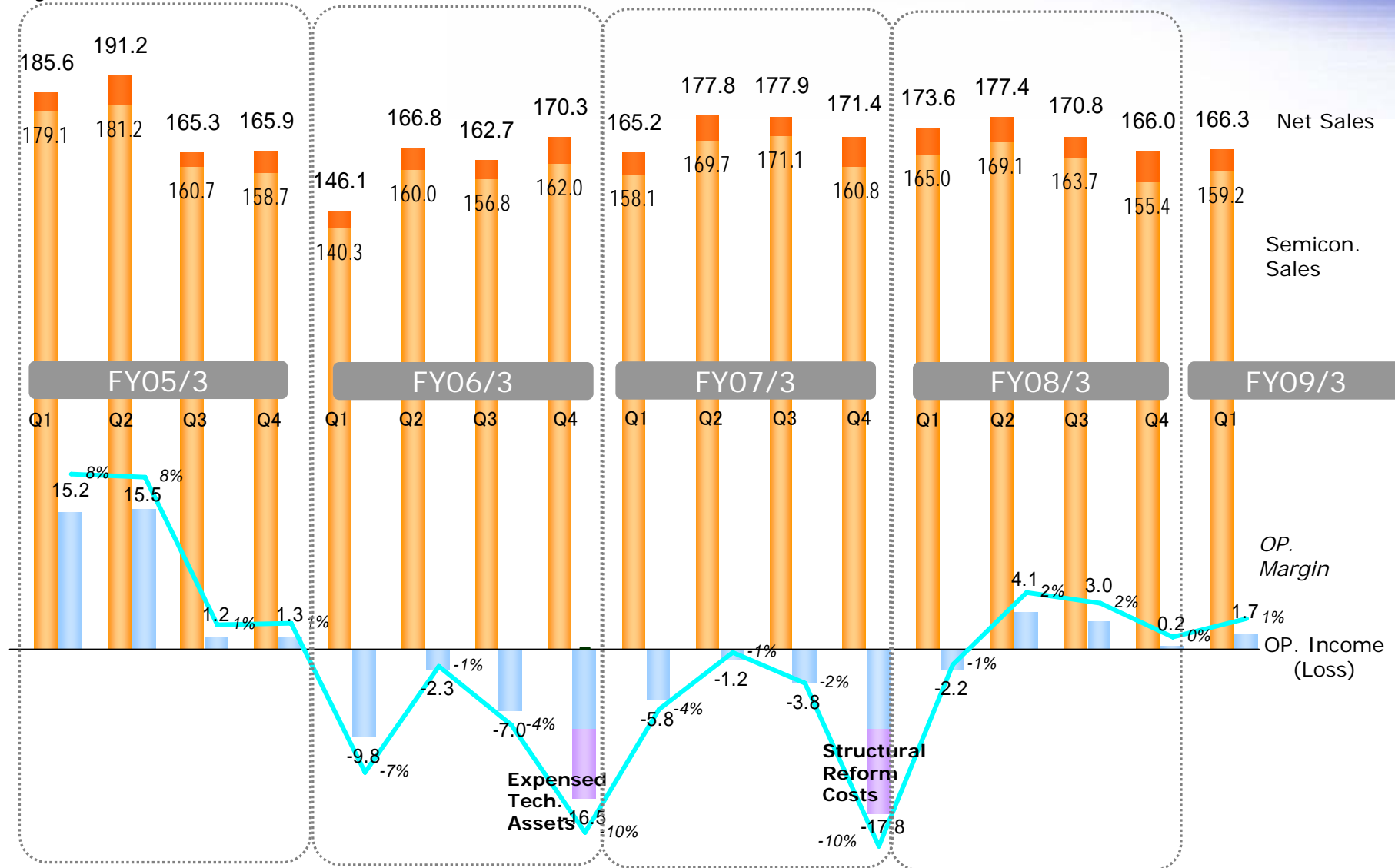
# Financial Snapshot

(B Yen)	FY08/3		FY09/3		
	Q1, 6/30	Q4, 3/31	Q1, 6/30		
	Actual	Actual	Actual	YoY	QoQ
<b>Net Sales</b>	173.6	166.0	166.3	-7.3	+0.3
<b>Semiconductor Sales</b>	165.0	155.4	159.2	-5.8	+3.7
<b>Operating Income (Loss)</b>	-2.2	0.2	1.7	+3.9	+1.5
<b>Income (Loss) Before Income Taxes</b>	0.4	-6.7	0.3	-0.2	+7.0
<b>Net Income (Loss)</b>	-1.3	-12.0	-1.3	+0	+10.7
<b>Free Cash Flows</b>	-5.9	-3.8	-6.7	-0.8	-2.9
<b>D/E Ratio</b>	0.50	0.51	0.51	-	-
<b>Shareholders' Equity Ratio</b>	39%	37%	37%	-	-
<b>Exchange Rates</b>	1US\$=119 yen 1Euro=160 yen	1US\$=109 yen 1Euro=160 yen	1US\$=103 yen 1Euro=160 yen	US\$ 16 yen strong Euro -	US\$ 6 yen strong Euro -

Note: 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.

# Trends in Quarterly Results

(B yen)



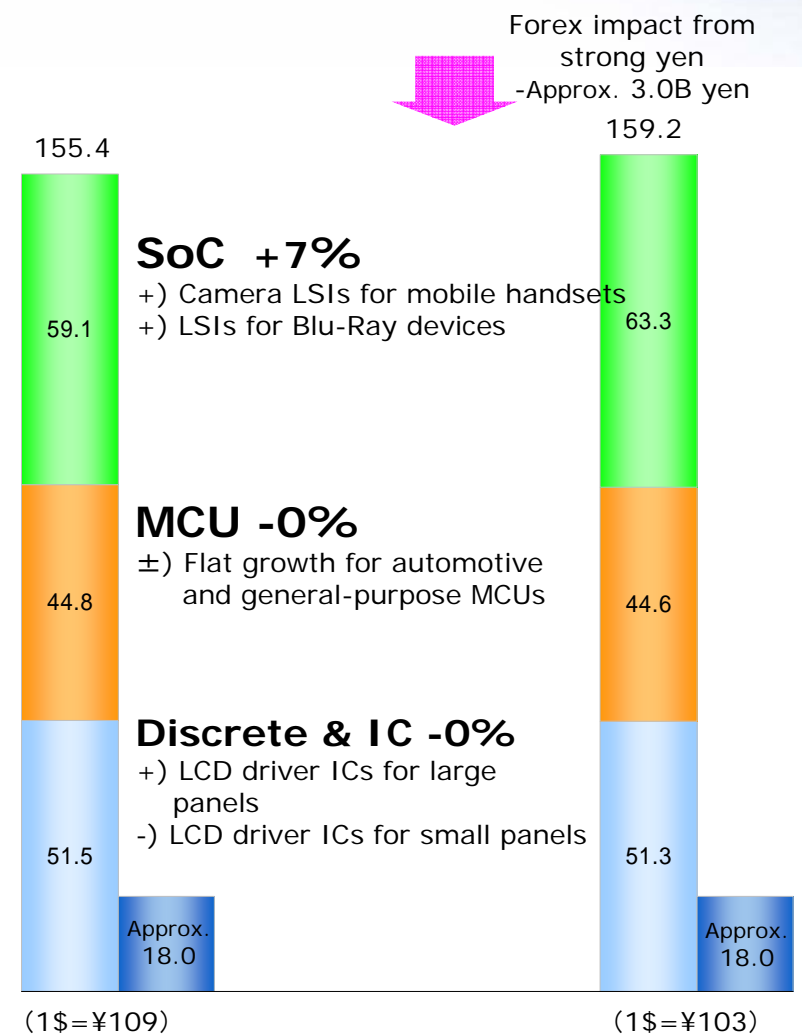
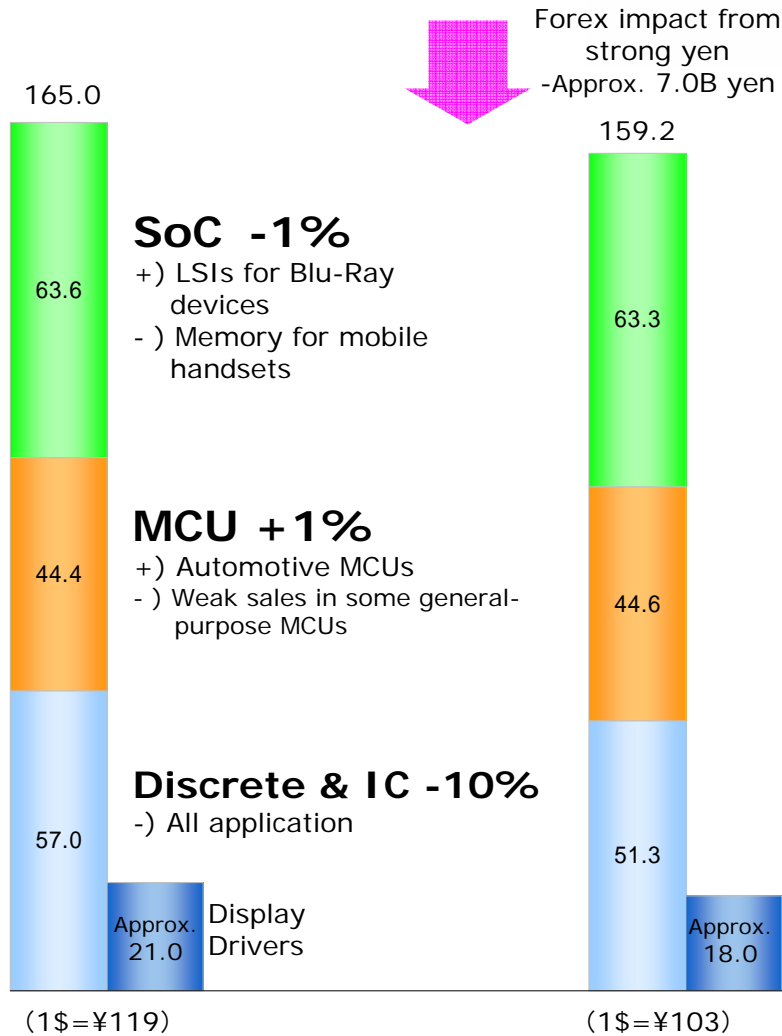
Note: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A

# Q1 Semiconductor Sales by Platform

(B yen)

YoY -4%

QoQ +2%



FY08/3 Q1

FY09/3 Q1

FY08/3 Q4

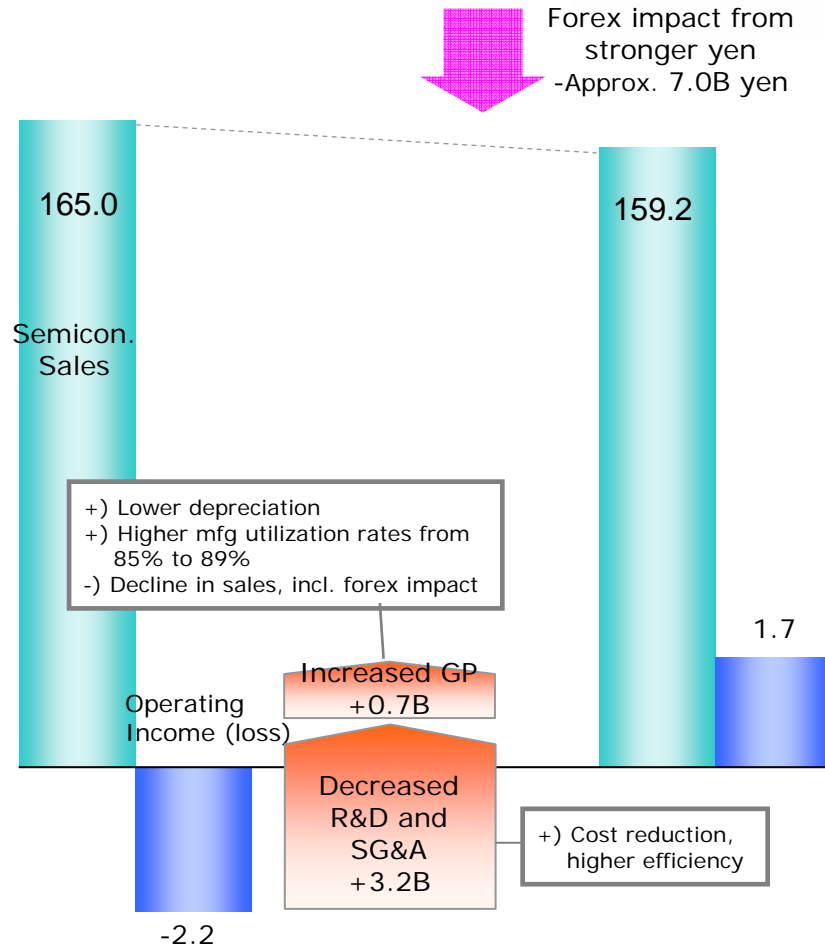
FY09/3 Q1

# Factors in Operating Income (Loss)

(B yen)

YoY

QoQ

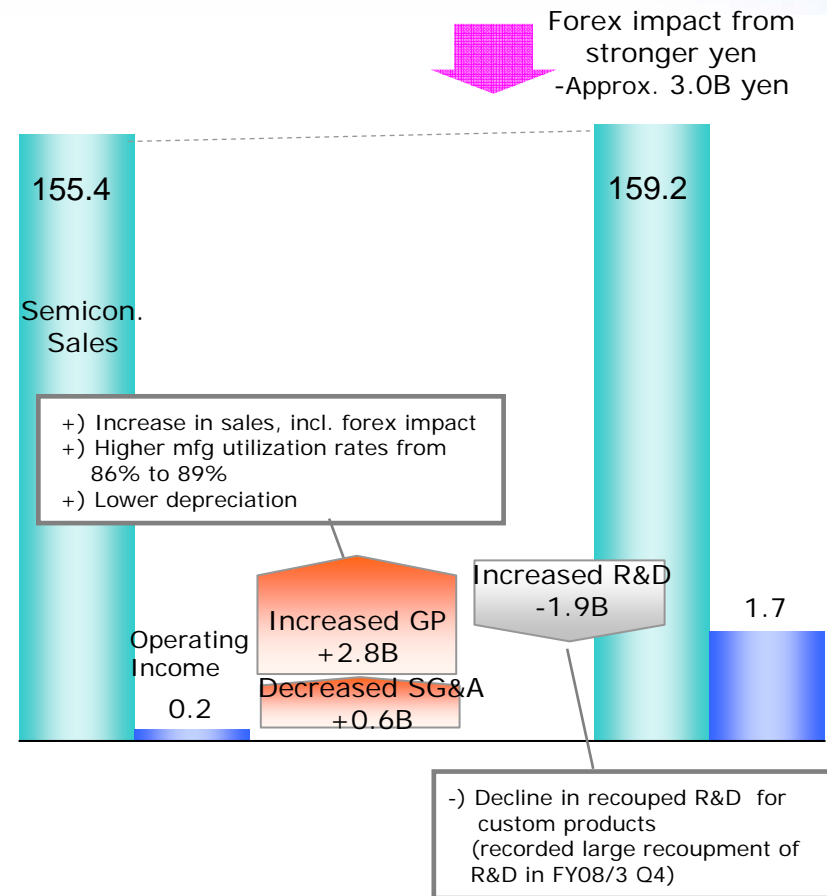


(1\$=¥119)

(1\$=¥103)

FY08/3 Q1

FY09/3 Q1



(1\$=¥109)

(1\$=¥103)

FY08/3 Q4

FY09/3 Q1

# Balance Sheet

(B yen)		07/6	08/3	08/6
	Cash and Cash Equivalents	177.3	165.5	159.0
	Accounts Receivable	104.2	96.4	99.5
	Inventories	79.9	75.8	79.5
	PP&E	291.5	259.2	253.9
	Other Assets	37.1	19.5	29.3
	<b>Total Assets</b>	<b>690.0</b>	<b>616.3</b>	<b>621.2</b>
	Accounts Payable	127.3	108.1	106.0
	Debt Payable	133.7	116.6	117.3
	Other Liabilities	155.5	159.3	162.9
	<b>Liabilities</b>	<b>416.6</b>	<b>384.0</b>	<b>386.3</b>
	Minority Shareholders' Equity	4.7	5.2	4.8
	Shareholders' Equity	268.7	227.1	230.1
	<b>Liabilities and Shareholders' Equity</b>	<b>690.0</b>	<b>616.3</b>	<b>621.2</b>
	D/E Ratio (Gross)	0.50	0.51	0.51
	Equity Ratio	39%	37%	37%



# Cash Flows

(B yen)	FY08/3			FY09/3
	Q1	Q4	Full-Year	Q1
Cash Flows from Operating Activities	1.5	0.5	43.3	4.2
Cash Flows from Investing Activities	-7.3	-4.3	-37.8	-10.9
Free Cash Flows	-5.9	-3.8	5.5	-6.7

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# FY09/3 Financial Forecasts

The full-year forecasts remain unchanged.  
Aim to attain net profit for FY09/3

(B yen)	FY08/3			FY09/3			
	1H	2H	Full-Year	1H	2H	Full-Year	
	Actual	Actual	Actual	Forecast	Forecast	Forecast	YoY
Net Sales	351.0	336.8	687.7	335.0	350.0	685.0	-2.7
Semiconductor Sales	334.1	319.2	653.3	320.0	330.0	650.0	-3.3
Operating Income (Loss)	1.9	3.2	5.1	3.0	7.0	10.0	+4.9
Income (Loss) Before Income Taxes	1.8	-5.1	-3.3	0	4.0	4.0	+7.3
Net Income (Loss)	-3.0	-13.0	-16.0	-2.0	2.0	0	+16.0

### Exchange Rates

1US\$=	120 yen	112 yen	116 yen	100 yen	100 yen	100 yen	16 yen strong
1Euro=	162 yen	161 yen	161 yen	160 yen	160 yen	160 yen	1 yen strong

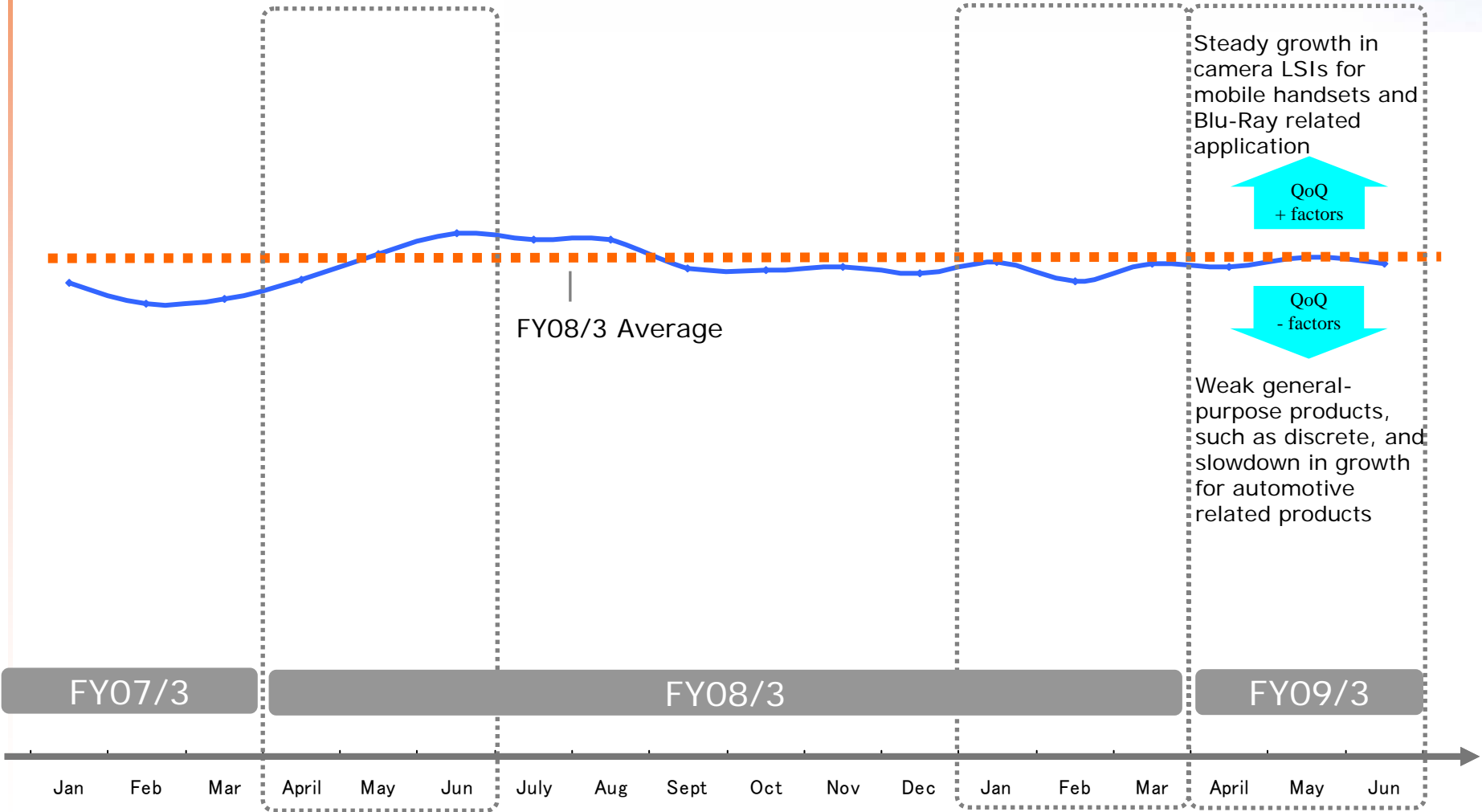
Note 1: Operating Income (Loss) = Net Sales – COGS – R&D – SG&A.

Note 2: Forecasts as of July 30, 2008.

# Trends in Amount of Orders

Amount of Orders (3-months moving average)

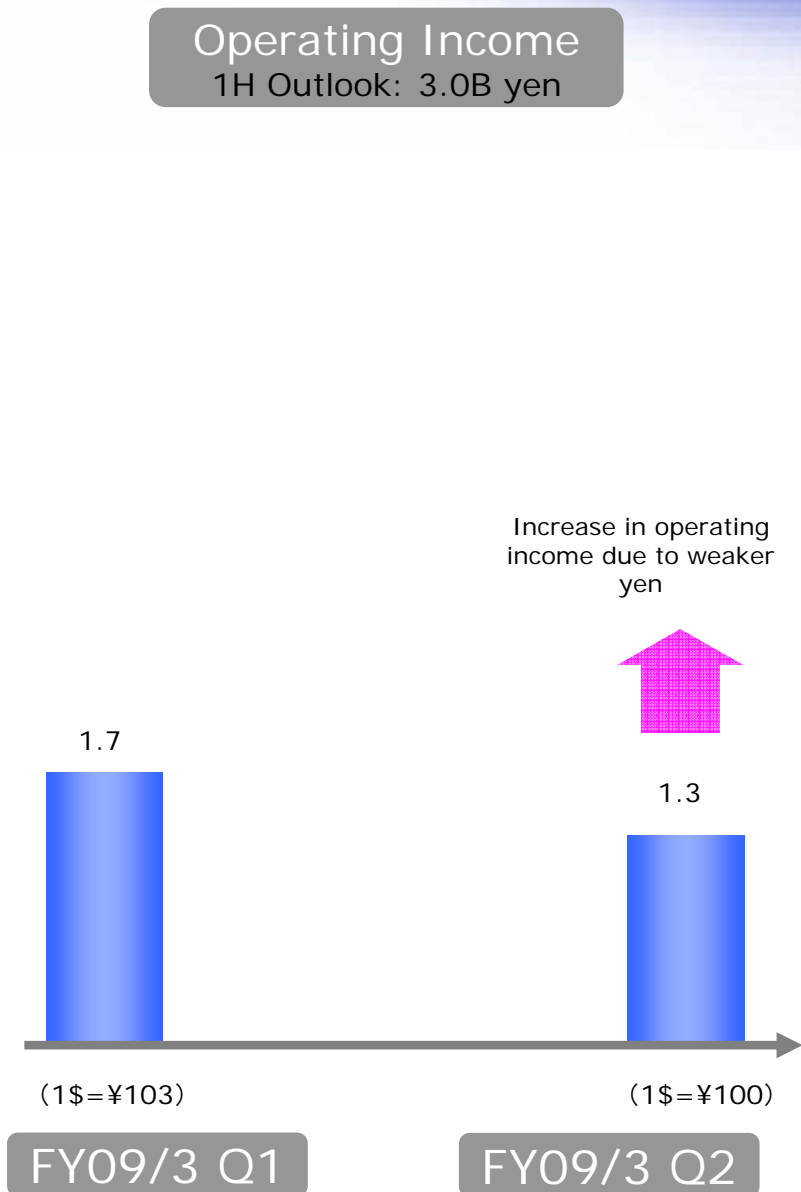
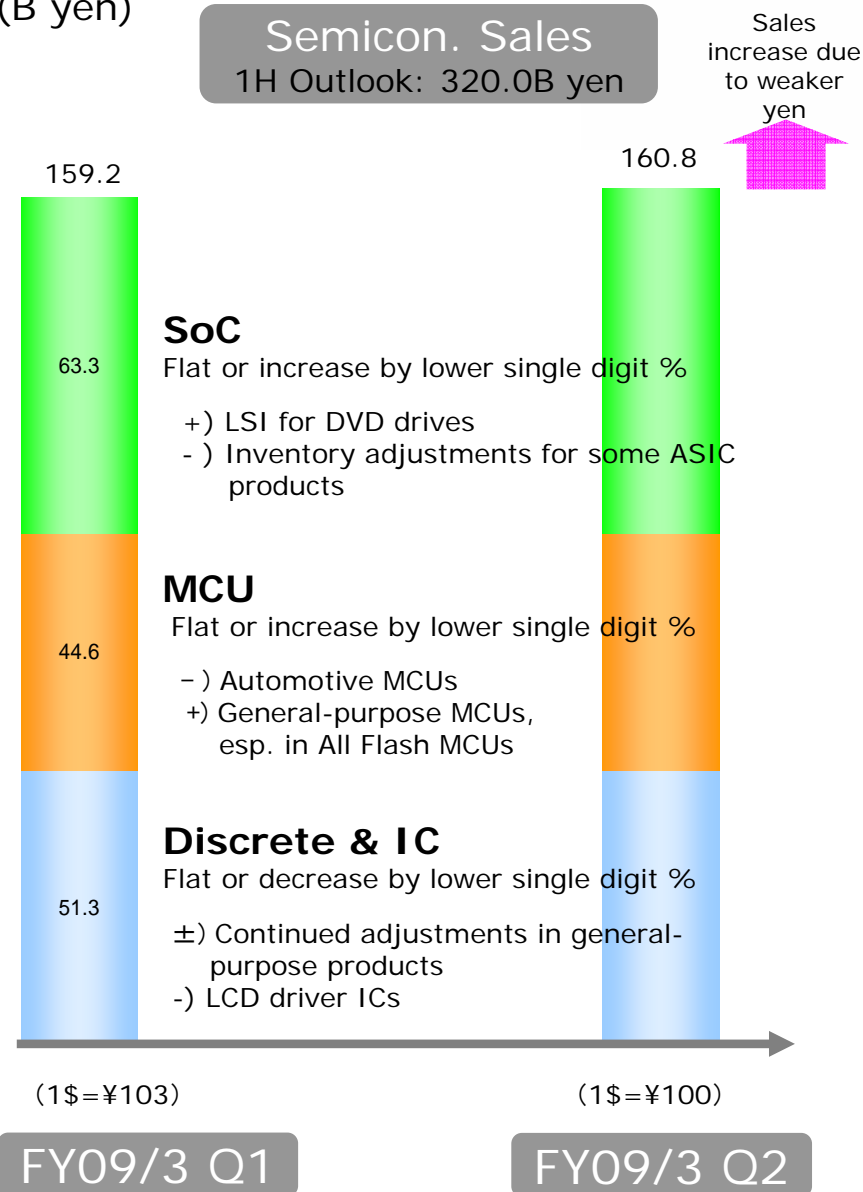
### Q1 Order Trends (QoQ)



(The company's internal sales exchange rates are used to calculate amount of orders for corresponding month)

# FY09/3 Q2 Forecasts (QoQ)

(B yen)



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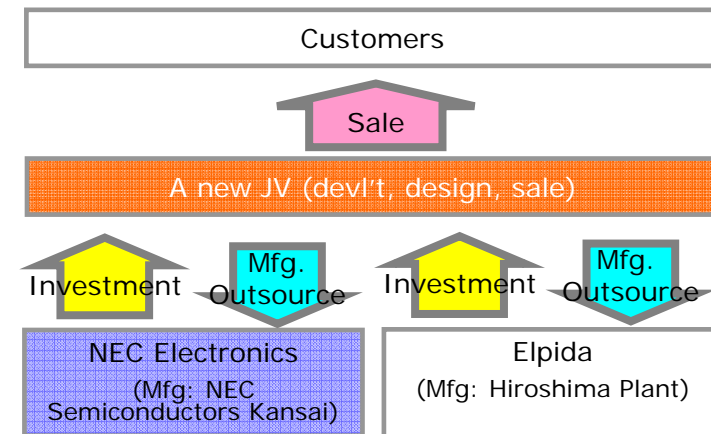
# Business Highlights

## Establishment of JV Company for Display Driver IC

NEC Electronics and Elpida agreed to establish a JV for Display Driver IC

(Announced on June 20, 2008)

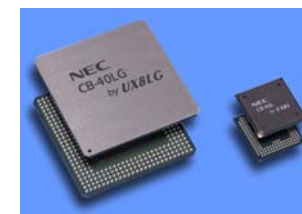
- Working to enter into a JV agreement by the end of September 2008
- Pursue cost competitiveness and expand business by leveraging NEC Electronics' advanced technology and Elpida's 300mm production capacity



## Progress on Focused Business

### Embedded-DRAM LSIs

- Launching business for embedded-DRAM CBIC on 40nm process node
- Began mass production for new products for mobile handsets/digital televisions



Embedded-DRAM CBIC on 40 nm

### EMMA (Enhanced Multi-Media Architecture)

- Design-ins for new customers in Blu-Ray devices and digital televisions, in addition to expanding existing business

# 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 **NEC**

(B yen)

