

1H FY3/05 Financial Results & Outlook

October 27, 2004

NEC Electronics Corporation

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



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.

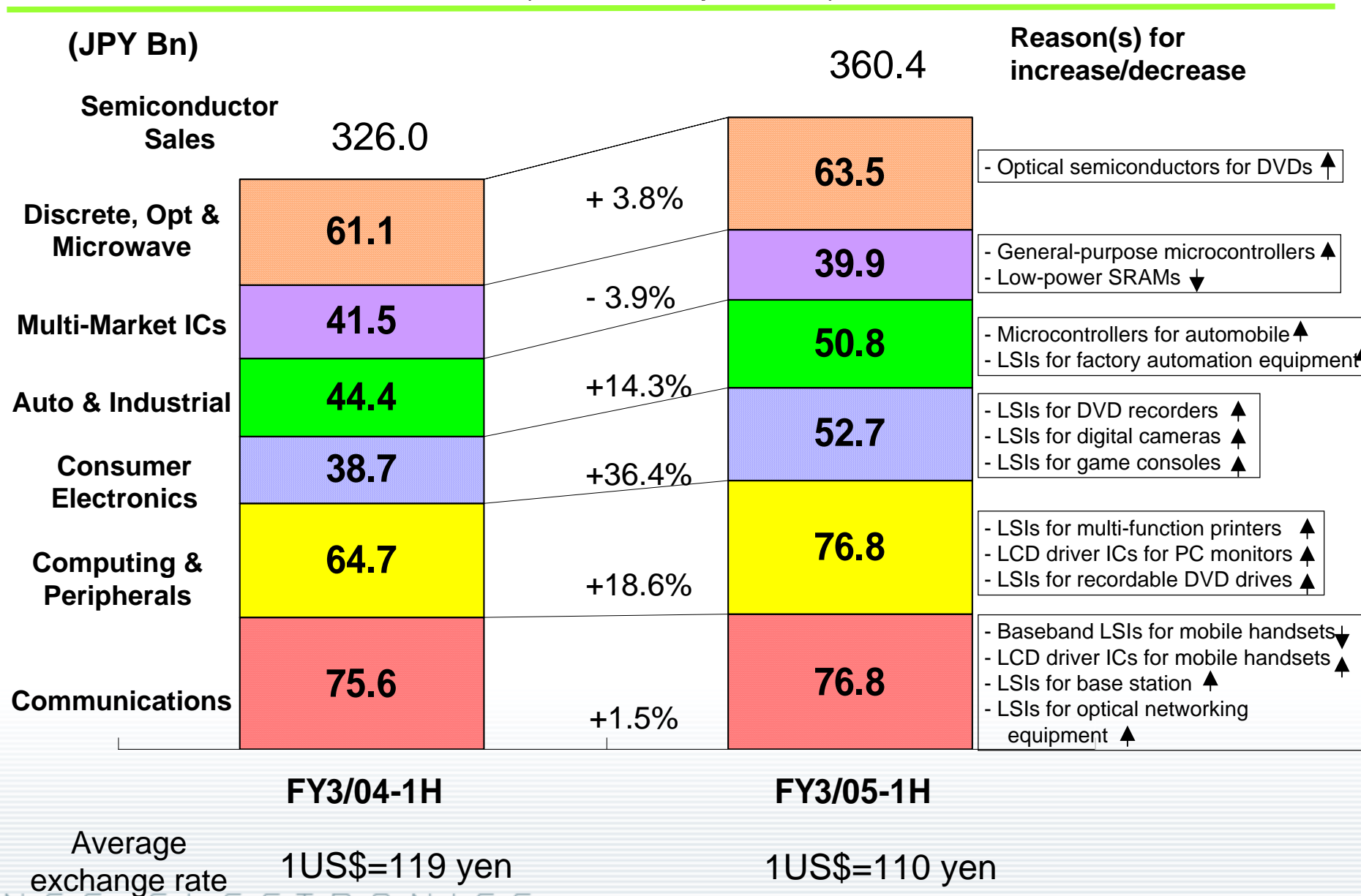
A Financial Snapshot

JPY Bn	FY3/04	FY3/05			YoY
	1H	Q1	Q2	1H	
Net Sales	348.0	185.6	191.2	376.8	8.3%
Semiconductor Sales	326.0	179.1	181.2	360.4	10.5%
Operating Income	25.3	15.2	15.5	30.7	21.4%
Operating Margin	7.3%	8.2%	8.1%	8.1%	-
EBT	19.5	14.3	14.8	29.1	49.0%
Net Income	12.1	8.7	9.2	17.9	47.7%
Net Income Margin	3.5%	4.7%	4.8%	4.7%	-
Free Cash Flow	23.1	15.6	- 8.7	6.9	-70.1%
Shareholders' Equity	347.7	382.0	/	391.4	12.6%
Equity Ratio	47%	45%		45%	
EPS	110.4 yen	70.2 yen	/	144.9 yen	31.3%

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

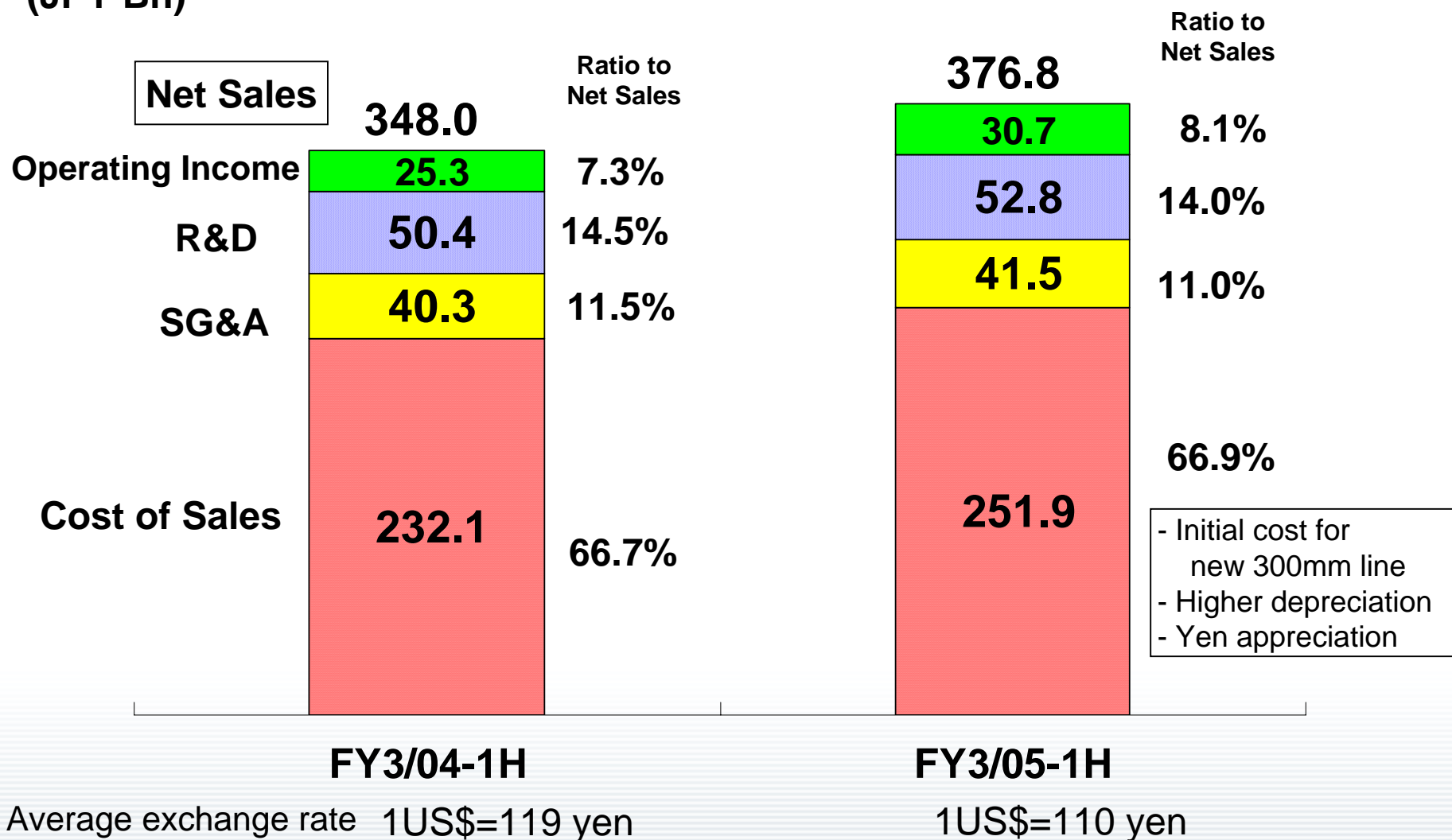
Semiconductor Sales Breakdown by Applications

(YoY Comparison)



P&L Analysis (YoY Comparison)

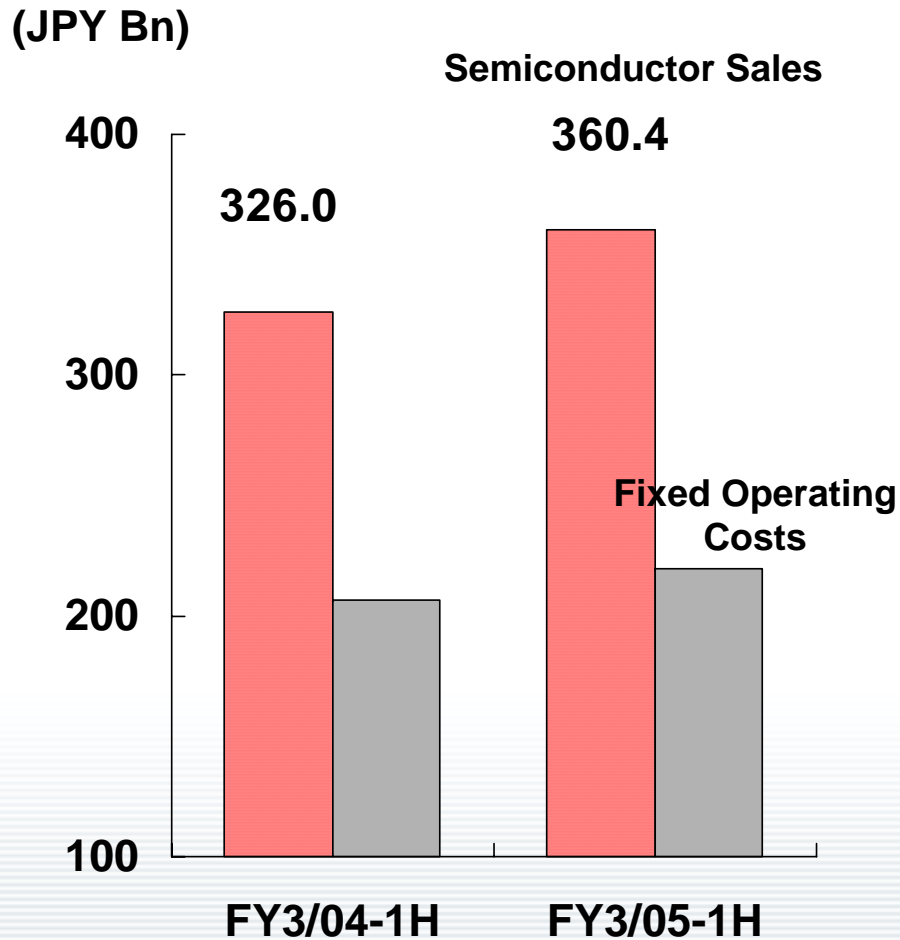
(JPY Bn)



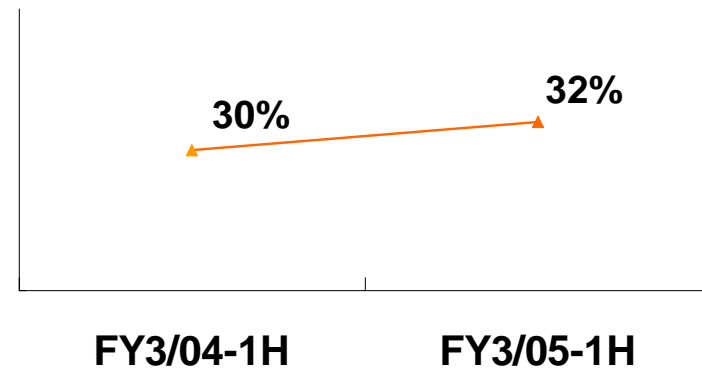
Note: Operating Income = Net Sales - COGS - R&D - SG&A

Fixed and Variable Costs (YoY Comparison)

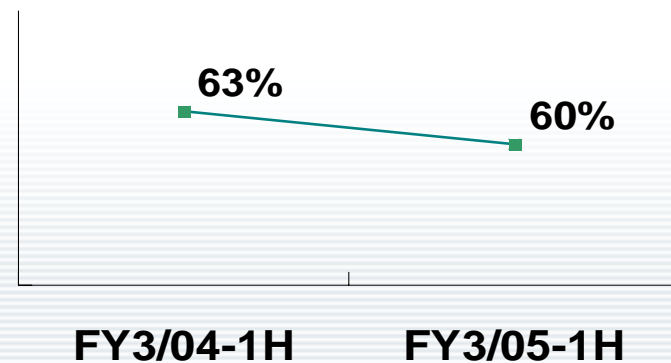
Semiconductor Sales & Fixed Operating Costs



Variable Cost Ratio



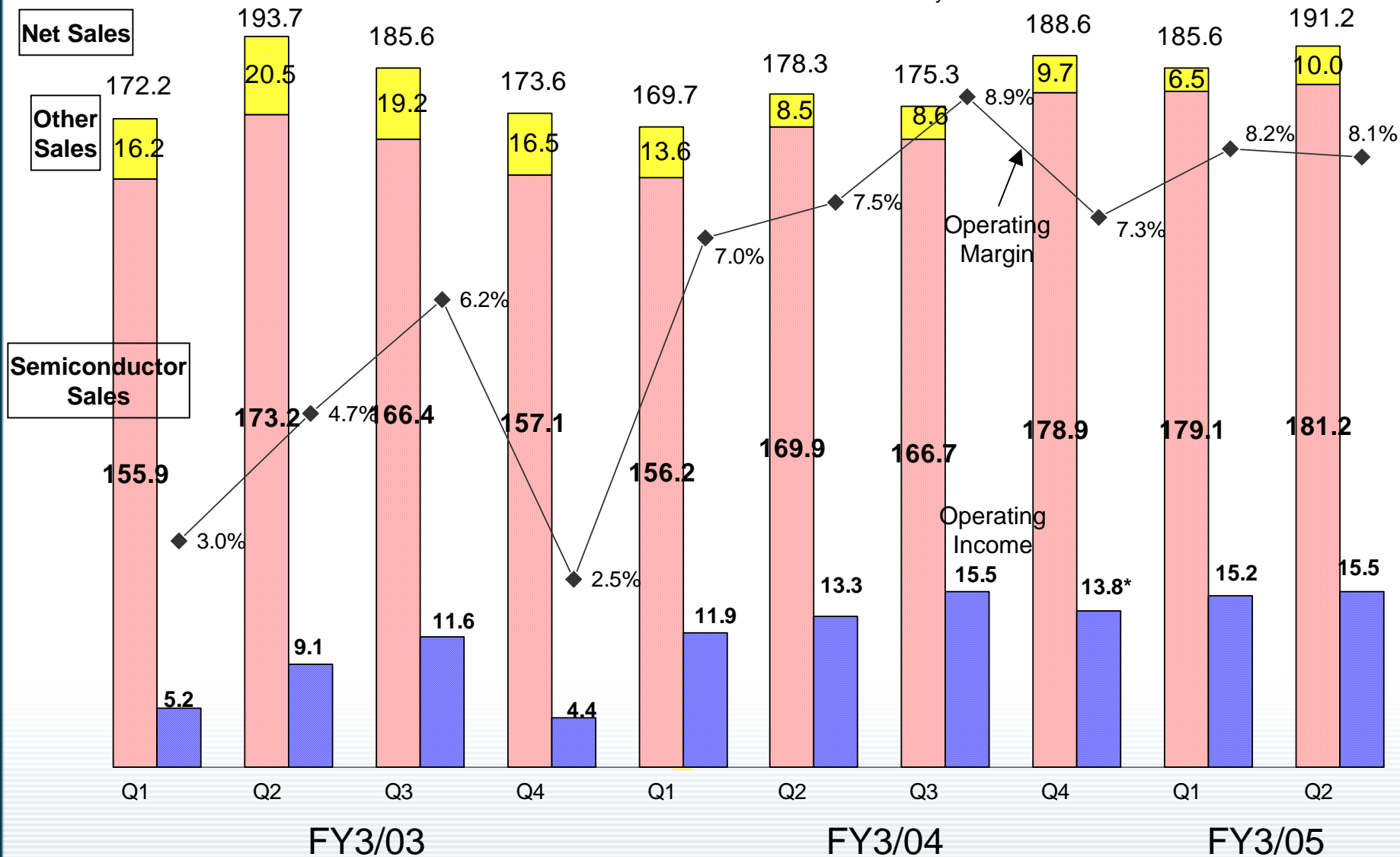
Fixed Operating Cost Ratio



Trends in Quarterly Results

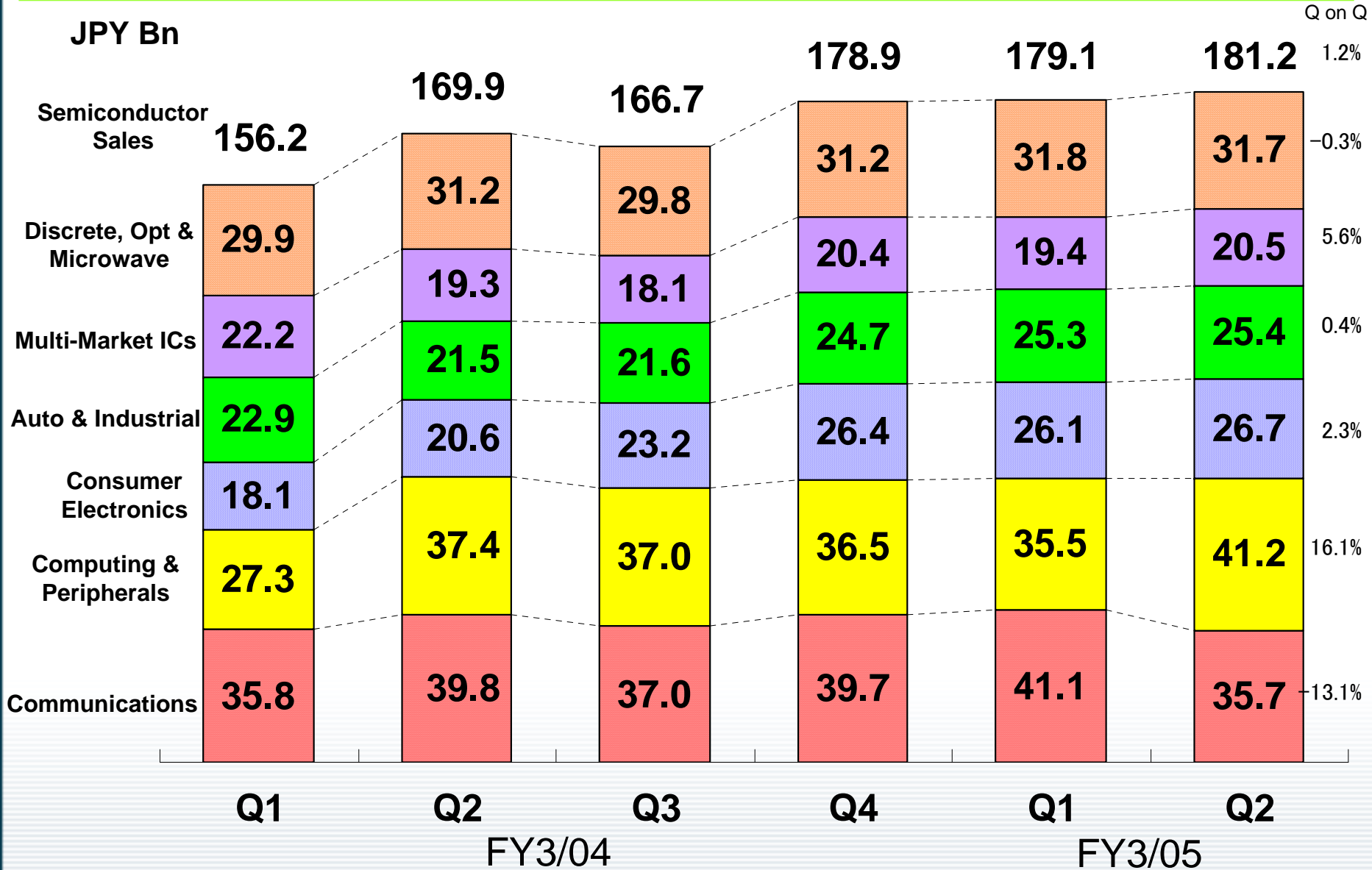
JPY Bn

* Excluding gain due to transfer of the governmental welfare component in the amount of 1.87 billion yen



Note: Operating Income = Net Sales - COGS - R&D - SG&A

Quarterly Sales Breakdown by Application



Balance Sheet

JPY Bn	3/04	9/04
Cash and Cash Equivalents	165.5	238.1
Accounts Receivable	108.2	108.9
Inventories	72.7	71.6
PP&E	310.6	379.3
Other Assets	84.5	81.9
Total Assets	741.5	879.7
Accounts Payable	129.8	176.2
Short-term Debt	15.1	15.8
Long-term Debt	76.8	144.5
Other Liabilities	143.9	147.8
Liabilities	365.7	484.4
Minority Shareholders' Equity	4.1	3.9
Shareholders' Equity	371.7	391.4
Liabilities and Shareholders' Equity	741.5	879.7
D/E Ratio (Gross)	0.25 Times	0.41 Times
Equity Ratio	50%	45%

Cash Flows

(JPY Bn)

	FY3/04	FY3/05			
	1H	Q1	Q2	1H	YoY
Cash Flows from Operating Activities	60.7	35.8	42.4	78.2	+17.5
Cash Flows from Investing Activities	-37.6	-20.2	-51.1	-71.3	-33.7
Free Cash Flows	23.1	15.6	-8.7	6.9	-16.2

FY3/05 Outlook

Sales Trends by End-Market Application

(Q on Q Comparison)

	FY3/05			
	Q1	Q2	Q3	Q4
Communications				
Computing and Peripherals				
Consumer Electronics				
Automotive and Industrial				
Multi-market ICs				
Discrete, Optical and Microwave Devices				
Semiconductors				
Other				
Total				

FY 3/05 Outlook

* Excluding gain due to transfer of the governmental welfare component in the amount of 1.87 billion yen

JPY Bn	FY3/04	FY3/05			
		1H	Current Forecasts	Previous Forecasts	YoY
Net Sales	712.0	376.8	745.0	770.0	+4.6%
Semiconductor Sales	671.6	360.4	720.0	755.0	+7.2%
Operating Income	54.6*	30.7	50.0	65.0	-8.4%
Operating Margin	7.7%	8.1%	6.7%	8.4%	-1.0point
EBT	44.4	29.1	46.0	55.0	+3.6%
Net Income	28.1	17.9	28.0	33.0	-0.4%
Net Income Margin	3.9%	4.7%	3.8%	4.3%	-0.1point
EPS	240.6 yen	144.9 yen	226.7 yen	267.2 yen	-5.8%

Notes:

1. Operating Income = Net Sales – COGS – R&D – SG&A

2. FY3/05 forecasts are as of October 27, 2004

3. FY3/05 forecasts are calculated at the rate of US\$1=105 yen, 1 Euro=130 yen