

IT Services Business Growth Strategy Presentation Q&A

Key:

- : Question
- : NEC's answer

Overall Business

- In case NEC will achieve 8% of operating profit ratio in FY2012, how much will be the operating profit ratio of SI, services in Japan, and international business?
 - We will mark the highest operating profit ratio in the field of domestic SI in Japan.
As for domestic services in Japan and international business, we would like to improve those operating profit ratios close to domestic SI in Japan. Based on above assumption, we are targeting 8% of operating profit ratio in IT Services Business total.
- How much can you improve in operating profit ratio of SI business?
 - We are aiming to improve 2-3 percent from current level.
- What is the NEC's competence in the field of IT Services business?
 - We have the competence of implementing OMCS (Open Mission Critical System), such as a large scale billing system for telecom carriers. Moreover, we are leading over the competitors in the point of creating solutions through collaborations with our customers.

International Business

- What is the breakdown of increase in international sales by 100 billion yen from FY2009 to FY2012?
 - The breakdown is, 50 billions yen in SI, 30 billions yen in cloud services, and 20 billions in other services .
- What is the progress of expanding international business by 100 billions yen?
 - We have got some SWIFT(*) connect service projects and some orders from Japanese oriented companies.
In the field of Cloud services, as we have just launched CODC(*), we expect to increase cloud business from now on.
- What is the sales ratio of Greater China-to-Asia Pacific (APAC). Which industries do you have sales in overseas?
 - As for overseas sales in the field of IT Services Business, the Greater

China / APAC accounted for about 70% of total IT services.
Of the 70%, Greater China and APAC is fifty-fifty split.

→ As for the business situation in each industry, we have strengths in the manufacturing and retail industries for Japanese oriented company. For local companies, we have competence in the field of AFIS (Automated Fingerprint Identification System) business we are engaged from the past. Moreover, we aim to expand new business in the healthcare and telecommunications industries such as Telefonica of Spain.

- Does public safety business continuously anticipate revenues?
 - Public Safety business is basically an extension of SI business, but there are some areas we expect to generate continuous revenue. One of stock-typed business model is MaaS (Matching as a Service), personal authentication service using biometric information data stored in the center.

Investment

- Which area will you invest 100 billion yen over three years?
 - We will invest in SaaS application development to expand service business and for constructing CODC framework to establish the international business.
- Please explain how to assort applications.
 - The way to assort applications is our own development as the application menu, and the other is taking advantages from third-party's applications through partnerships.
Overseas, we need the latter way because it will be efficient in terms of investment.

* SWIFT (Society for Worldwide Interbank Financial Telecommunications)
connect service

: A common network for the carrying out of remittances and settlements between financial institutions

* CODC: Cloud Oriented Datacenter

CODCs are data center bases, where a service delivery platform is available. Each center has adequate ability to provide the mission critical business application services.