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Ⅲ. Mid-term Management Plan

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* Net profit refers to net profit attributable to owners of the parent for the same period.
I . Financial Results for FY17/3
## Summary of Financial Results for FY17/3

(Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>Decreased year on year</th>
<th>Worsened year on year</th>
<th>Worsened year on year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>Decrease in Telecom Carrier business, Public business and Others, despite an increase</td>
<td>Worsened in Telecom Carrier and Public</td>
<td>Worsened in income taxes, despite an improvement in financial income</td>
</tr>
<tr>
<td></td>
<td>in Enterprise business</td>
<td>business</td>
<td></td>
</tr>
<tr>
<td></td>
<td>YoY -5.7%</td>
<td>variance from forecast</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Variance from forecast -15.0</td>
<td>+11.8</td>
<td>+7.3</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>YoY -49.6</td>
<td>variance from forecast</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Variance from forecast +11.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>YoY -48.6</td>
<td>variance from forecast</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Variance from forecast +7.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Decision on a 6 yen year-end dividend per share</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Variance from forecast as of January 30, 2017*
## Summary of Financial Results for FY17/3

### Q4 <January to March>

<table>
<thead>
<tr>
<th></th>
<th>FY16/3 Actual</th>
<th>FY17/3 Actual</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>870.3</td>
<td>870.6</td>
<td>+ 0.0%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>63.7</td>
<td>58.9</td>
<td>- 4.9</td>
</tr>
<tr>
<td>Income before Income Taxes</td>
<td>53.3</td>
<td>69.6</td>
<td>+ 16.4</td>
</tr>
<tr>
<td>Net Profit</td>
<td>62.5</td>
<td>30.2</td>
<td>- 32.4</td>
</tr>
<tr>
<td>Free Cash Flows</td>
<td>114.6</td>
<td>92.2</td>
<td>- 22.5</td>
</tr>
</tbody>
</table>

### Full Year

<table>
<thead>
<tr>
<th></th>
<th>FY16/3 Actual</th>
<th>FY17/3 Actual</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,824.8</td>
<td>2,665.0</td>
<td>- 5.7%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>91.4</td>
<td>41.8</td>
<td>- 49.6</td>
</tr>
<tr>
<td>Income before Income Taxes</td>
<td>86.6</td>
<td>68.1</td>
<td>- 18.5</td>
</tr>
<tr>
<td>Net Profit</td>
<td>75.9</td>
<td>27.3</td>
<td>- 48.6</td>
</tr>
<tr>
<td>Free Cash Flows</td>
<td>65.6</td>
<td>99.0</td>
<td>+ 33.3</td>
</tr>
</tbody>
</table>

### Variance from Forecast as of Jan 30

- Net Profit: + 7.3
- Free Cash Flows: + 19.0

### Average Exchange Rates (yen)

<table>
<thead>
<tr>
<th></th>
<th>USD 1</th>
<th>EUR 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>118.42</td>
<td>129.54</td>
</tr>
<tr>
<td>Yen</td>
<td>114.62</td>
<td>121.58</td>
</tr>
</tbody>
</table>

*Assumed exchange rates for Q4, FY17/3  $1=¥105, €1=¥115*
### Results by Segment for FY17/3

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q4 &lt;January to March&gt;</th>
<th>Full Year</th>
<th>Variance from Forecast as of Jan 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY16/3 Actual</td>
<td>FY17/3 Actual</td>
<td>YoY</td>
</tr>
<tr>
<td></td>
<td>272.2</td>
<td>300.4</td>
<td>+ 10.4%</td>
</tr>
<tr>
<td>Public</td>
<td>32.8</td>
<td>31.5</td>
<td>- 1.4%</td>
</tr>
<tr>
<td></td>
<td>12.1%</td>
<td>10.5%</td>
<td></td>
</tr>
<tr>
<td>Enterprise</td>
<td>81.9</td>
<td>81.1</td>
<td>- 1.1%</td>
</tr>
<tr>
<td></td>
<td>9.8</td>
<td>7.0</td>
<td>- 2.8%</td>
</tr>
<tr>
<td></td>
<td>11.9%</td>
<td>8.6%</td>
<td></td>
</tr>
<tr>
<td>Telecom Carrier</td>
<td>210.0</td>
<td>187.5</td>
<td>- 10.7%</td>
</tr>
<tr>
<td></td>
<td>25.3</td>
<td>16.5</td>
<td>- 8.8%</td>
</tr>
<tr>
<td></td>
<td>12.0%</td>
<td>8.8%</td>
<td></td>
</tr>
<tr>
<td>System Platform</td>
<td>209.7</td>
<td>215.7</td>
<td>+ 2.9%</td>
</tr>
<tr>
<td></td>
<td>20.0</td>
<td>21.8</td>
<td>+ 1.8%</td>
</tr>
<tr>
<td></td>
<td>9.6%</td>
<td>10.1%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>96.4</td>
<td>85.9</td>
<td>- 10.9%</td>
</tr>
<tr>
<td></td>
<td>-10.2</td>
<td>-0.3</td>
<td>+ 10.0%</td>
</tr>
<tr>
<td></td>
<td>-10.6%</td>
<td>-0.3%</td>
<td></td>
</tr>
<tr>
<td>Adjustment</td>
<td>-13.9</td>
<td>-17.7</td>
<td>- 3.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>870.3</td>
<td>870.6</td>
<td>+ 0.0%</td>
</tr>
<tr>
<td></td>
<td>63.7</td>
<td>58.9</td>
<td>- 4.9%</td>
</tr>
<tr>
<td></td>
<td>7.3%</td>
<td>6.8%</td>
<td></td>
</tr>
</tbody>
</table>

(Billions of Yen)
Public Business

Revenue 736.0 (-4.6%)
- Decreased due to a decline in the public areas, despite Japan Aviation Electronics Industry, Limited becoming a consolidated subsidiary from Q4

Operating Profit 46.0 (-11.3)
- Worsened due to a sales decline and lower profitability in the space business
Enterprise Business

**Revenue** 306.3 (+2.0%)
- Increased due to strong sales from manufacturing industries

**Operating Profit** 23.9 (-0.0)
- Remained flat

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Operating Profit</th>
<th>Operating Profit Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>300.3</td>
<td>23.9</td>
<td>8.0%</td>
</tr>
<tr>
<td>305.0</td>
<td>23.0</td>
<td>7.5%</td>
</tr>
<tr>
<td>306.3</td>
<td>23.9</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

FY16/3  
FY17/3 Forecasts as of Jan 30  
FY17/3
Revenue 611.6 (-12.3%)
- Decreased due to sluggish capital investment by telecommunications carriers and the influence of the strong yen.

Operating Profit 19.5 (-27.1)
- Worsened due to a sales decline, the influence of the strong yen and an investment increase in the focus areas.
### System Platform Business

#### Results FY17/3

- **Revenue** 719.8 (-1.2%)
  - Decreased in hardware and enterprise networks

- **Operating Profit** 29.4 (-2.3%)
  - Worsened due to a sales decline

#### System Platform Business Results FY17/3

<table>
<thead>
<tr>
<th></th>
<th>FY16/3</th>
<th>FY17/3 Forecasts as of Jan 30</th>
<th>FY17/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>728.6</td>
<td>709.0</td>
<td>719.8</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>31.7</td>
<td>23.5</td>
<td>29.4</td>
</tr>
<tr>
<td>Operating Profit Ratio</td>
<td>4.4%</td>
<td>3.3%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>
Results FY17/3

**Revenue** 291.3 (-10.9%)
- Decreased in the energy business

**Operating Profit/Loss** -14.2 (+4.0)
- Improved profit/loss in the energy business, despite lower profitability in international business

### Others

<table>
<thead>
<tr>
<th>FY16/3</th>
<th>FY17/3 Forecasts as of Jan 30</th>
<th>FY17/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>326.8</td>
<td>305.0</td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>18.2</td>
<td>12.5</td>
</tr>
<tr>
<td>Operating Profit Ratio</td>
<td>-5.6%</td>
<td>-4.1%</td>
</tr>
</tbody>
</table>
Net Profit Change (Year on Year)

Operating Profit
-49.6

Operating Profit Components:
- Telecom Carrier: -27.1
- Adjustment: -12.9
- Public: -11.3
- System Platform: -2.3
- Enterprise: -0.0
- Others: +4.0

Financial Income/Costs, etc.
+31.1

Financial Income/Costs, etc. Components:
- Income taxes: -29.5
- Gain on sales of affiliates’ stocks (Lenovo NEC Holdings B.V., etc.): +20.0
- Gain on step acquisitions (JAE): +9.9
- Foreign exchange losses: +4.2
- Share of profit of entities accounted for using the equity method: +3.4
- Commission fee: -4.6

Others
-30.1

Others Components:
- Income taxes: -29.5
- Gain on sales of affiliates’ stocks (Lenovo NEC Holdings B.V., etc.): +20.0
- Gain on step acquisitions (JAE): +9.9
- Foreign exchange losses: +4.2
- Share of profit of entities accounted for using the equity method: +3.4
- Commission fee: -4.6

Variance from Forecast as of Jan 30

Income taxes: -29.5
- Decrease in tax expense through dissolution of a consolidated subsidiary (the previous fiscal year)
- Reconsideration of tax expenses through consolidation of JAE: +6.0 etc.
- Non-controlling interests: -0.6

Results
FY16/3: 75.9
FY17/3: 27.3

Notes:
*JAE: Japan Aviation Electronics Industry, Limited
II. Financial Forecasts for FY18/3
### Special Items of FY18/3 Financial Forecasts (YoY)

One-off items of -33.0 billion yen factored into operating profit forecast for FY18/3

<table>
<thead>
<tr>
<th>(Billions of Yen)</th>
<th>Revenue</th>
<th>Operating Profit/Loss</th>
<th>Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improve</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidation of JAE</td>
<td>+180.0</td>
<td>+7.0</td>
<td>Public</td>
</tr>
<tr>
<td>Improvement in unprofitable projects</td>
<td>-</td>
<td>+9.0</td>
<td>Public, Others</td>
</tr>
<tr>
<td>Improvement in business structure</td>
<td>-</td>
<td>+6.0</td>
<td>Others</td>
</tr>
<tr>
<td>improvement expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement in provision for contingent loss</td>
<td>-</td>
<td>+8.0</td>
<td>Public, System Platform, Adjustment</td>
</tr>
<tr>
<td><strong>Worsen</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Influence from the nomination suspension</td>
<td>-60.0</td>
<td>-15.0</td>
<td>Public, System Platform</td>
</tr>
<tr>
<td>Factored business structure</td>
<td>-</td>
<td>-10.0</td>
<td>Adjustment</td>
</tr>
<tr>
<td>improvement expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factored strategic investments for</td>
<td>-</td>
<td>-8.0</td>
<td>Adjustment</td>
</tr>
<tr>
<td>growth</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Forecasts as of April 27, 2017*
### Summary of Financial Forecasts

**Achieve 30.0 billion yen in net profit, continue an annual dividend of 6 yen per share**

#### (Billions of Yen)

<table>
<thead>
<tr>
<th>FY17/3 Actual</th>
<th>FY18/3 Forecasts</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,665.0</td>
<td>2,800.0</td>
<td>+ 5.1%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41.8</td>
<td>50.0</td>
<td>+ 8.2</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>1.6%</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27.3</td>
<td>30.0</td>
<td>+ 2.7</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>1.0%</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Free Cash Flows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>99.0</td>
<td>80.0</td>
<td>- 19.0</td>
</tr>
<tr>
<td><strong>Dividends per Share (yen)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.00</td>
<td>6.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note: Average Exchange Rates (yen)</th>
<th>USD 1</th>
<th>EUR 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 1</td>
<td>108.38</td>
<td>119.19</td>
</tr>
<tr>
<td>EUR 1</td>
<td>105.00</td>
<td>115.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY17/3 Actual</th>
<th>FY18/3 Forecasts</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>736.0</td>
<td>880.0</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>46.0</td>
<td>67.0</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>6.2%</td>
<td>7.6%</td>
</tr>
<tr>
<td><strong>Enterprise</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>306.3</td>
<td>305.0</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>23.9</td>
<td>20.0</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>7.8%</td>
<td>6.6%</td>
</tr>
<tr>
<td><strong>Telecom Carrier</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>611.6</td>
<td>610.0</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>19.5</td>
<td>24.0</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>3.2%</td>
<td>3.9%</td>
</tr>
<tr>
<td><strong>System Platform</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>719.8</td>
<td>685.0</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>29.4</td>
<td>29.0</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>4.1%</td>
<td>4.2%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>291.3</td>
<td>320.0</td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>- 14.2</td>
<td>- 8.0</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>-4.9%</td>
<td>-2.5%</td>
</tr>
<tr>
<td><strong>Adjustment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>- 62.7</td>
<td>- 82.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>2,665.0</td>
<td>2,800.0</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>41.8</td>
<td>50.0</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>1.6%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

*Forecasts as of April 27, 2017*
Public Business

**Revenue**

- Increase due to consolidation of Japan Aviation Electronics Industry, Limited, despite the influence from the nomination suspension

**Operating Profit**

- Improve due to a sales increase and profitability improvement in the space business, as well as a decrease in provision for contingent loss in the previous fiscal year

*Forecasts as of April 27, 2017*
Enterprise Business

Revenue 305.0 (-0.4%)
- Stable sales from manufacturing industries, while a decline in retail and services

Operating Profit 20.0 (-3.9)
- Worsen due to project lineup changes

*Forecasts as of April 27, 2017
Revenue 610.0 (-0.3%)
- Remain flat due to a decline in existing international business such as submarine cable systems, despite expansion of new business

Operating Profit 24.0 (+4.5)
- Improve due to international business, despite an increase in development expenses for 5G (5th Generation)

*Forecasts as of April 27, 2017
System Platform Business

Revenue

- **Revenue** 685.0 (-4.8%)
  - Decrease due to the influence from the nomination suspension, as well as a decline in hardware such as mobile handsets

Operating Profit

- **Operating Profit** 29.0 (-0.4)
  - Worsen due to a sales decline, despite an improvement from cost reductions, as well as a decrease in provision for contingent loss in the previous fiscal year

*Forecasts as of April 27, 2017*
Forecasts FY18/3

### Revenue

320.0 (+9.9%)

- Increase in international business and the energy business

### Operating Profit/Loss

-8.0 (+6.2)

- Improve in the energy business and international business

*Forecasts as of April 27, 2017*
Net Profit Change (Year on Year)

Operating Profit +8.2

Financial Income/Costs, etc.

Others

Gain on sales of stocks in NEC TOKIN Corporation (+14.0), decrease in gain on sales of affiliates’ stocks and gain on step acquisitions (the previous fiscal year), etc.

Public +21.0
Others +6.2
Telecom Carrier +4.5
System Platform -0.4
Enterprise -3.9
Adjustment -19.3

Net Profit Change (Billions of Yen)
FY17/3 27.3
FY18/3 Forecast 30.0

*Forecasts as of April 27, 2017
Ⅲ. Mid-term Management Plan
Looking Back at the 1st Year of the Mid-term Plan - Achievements

Stable progress in the business process optimization project

Reorganization of Profit Structure

- Business process optimization project: Improved efficiency of back-office operations and reduced expenses/IT related costs by approx. ¥14.0B YoY (in line with expectations)
- Optimization of development and manufacturing functions: Integrated subsidiaries of hardware development and production as well as software development

Getting Back on the Track to Growth

- Safety: Ranked as #1 at face in video evaluation (4th consecutive win including previous benchmark tests of still image face authentication technologies)
- SDN/NFV: Acquired 10 commercial deployment orders from major operators in Europe, the Middle East, North America, etc.
  - Pipeline expanded 1.6x in half a year, as sales to grow 1.5x YoY in FY18/3
- Retail IT Service: Selected by 7-Eleven, Inc. to provide and maintain POS system
- AI & IoT: Enhanced partnership with academic institutions and commercial partners

*SDN: Software Defined Networking, NFV: Network Functions Virtualization, POS: Point-of-sale, IoT: Internet of Things

**Forecasts as of April 27, 2017
Looking Back at the 1st Year of the Mid-term Plan - Challenges

Lack of execution by management team responding to changes in market environments and customer movements

- Financial targets for existing businesses not achieved, while results for new businesses delayed
  - Could not execute growth strategy well enough in 3 focus business areas, mainly in the international market

- Profitability deteriorated in certain business areas
  - Dip in Telecom Carrier business: Need to flexibly allocate resources to focus business areas for optimization, accelerate development of 5G technology targeting the shipment of commercial prototypes in FY19/3
  - Slow recovery in the energy business: Loss from operations (excluding one-time costs) decreased. Expect sales growth and profitability improvements, mainly in the large ESS and electrode business
  - Booked new unprofitable projects: Accelerate deployment of project management know-how from system integration/services throughout the company during FY18/3

- Governance, Compliance
  - Received the cease and desist orders and the orders for payment of surcharge
  - Booked provision for contingent loss (FY17/3), Anticipate an influence from the nomination suspension (FY18/3)

*ESS: Energy Storage System

**Forecasts as of April 27, 2017
## Key Management Agenda

### Discuss new mid-term management plan during 2017

<table>
<thead>
<tr>
<th>Accelerate management speed</th>
<th>Change the process of Mid-term and annual plan formulation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enhance corporate functions</td>
</tr>
<tr>
<td></td>
<td>● Empower Chief Officers under clear definition of roles, authorities and responsibilities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management policy</th>
<th>Improve profitability of business in Japan, including transformation of underperforming businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pursue further opportunities in addition to the 3 focus areas, while fundamental policy of international growth unchanged</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Set new financial target</th>
<th>Establish structure to generate 5% operating profit margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● Portfolio management with discipline</td>
</tr>
</tbody>
</table>

*Forecasts as of April 27, 2017*
Introduction of Performance-Based Stock Compensation Program (Mid-long term incentive)

Incentivize management to improve mid-long term financial performance and enterprise value

- **Beneficiaries:** Directors (excluding outside directors) and executive officers
- **Trust Period:** 3 years of the mid-term management plan
- **Indicator:** Consolidated operating profit, consolidated ROE (Return on Equity), etc. of the trust period
- **Date of execution:** After termination of the trust period

*The introduction of the Stock Compensation Program is subject to approval at the upcoming 179th Ordinary General Meeting of Shareholders scheduled on June 22, 2017*

*As of April 27, 2017*
Improve management speed and enhance execution power

Formulate a new mid-term management plan

*As of April 27, 2017*
NEC brings together and integrates technology and expertise to create the ICT-enabled society of tomorrow.
We collaborate closely with partners and customers around the world, orchestrating each project to ensure all its parts are fine-tuned to local needs.
Every day, our innovative solutions for society contribute to greater safety, security, efficiency and equality, and enable people to live brighter lives.
<Ref.> Progress on Mid-term Management Plan 2018
Mid-term Management Policies

Implement reforms to address challenges and continue focus on Solutions for Society

Reorganization of profit structure - establish profit structure for generating 5% operating profit ratio

- Reform underperforming businesses and unprofitable projects
- Business process optimization project
- Optimization of development and manufacturing functions

Getting back on the track to growth - globalization of Solutions for Society

- Focus on key businesses
  - Safety business
  - Global carrier network business
  - Retail IT service business
Increase revenue and improve profitability by executing portfolio optimization

Financial Results and Forecasts

- FY17/3: Revenue decreased and operating profit/loss worsened due to tougher competition under stagnant capex of utility companies
- FY18/3: Expand sales and improve profitability in large storage systems and electrodes

<Measures underway>

- Resource shift (15% YoY headcount reduction during FY17/3)
- Business for the Japanese utility companies transferred to Public Business (effective on October 1, 2016)
- Reviewing the independent development system for hardware of small energy storage

*Forecasts as of April 27, 2017
Unprofitable Projects

Accelerate deployment of project management know-how from SI/services throughout the company during FY18/3

Amount of Unprofitable Projects (Billions of Yen)

<table>
<thead>
<tr>
<th>International Projects (Telecom Carrier)</th>
<th>International Projects (Others)</th>
<th>Public (Social Infrastructure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public (IT projects)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FY 17/3**
- Losses decreased in IT projects of Public business and international projects in Telecom carrier business
- Booked new unprofitable projects in the area of social infrastructure of Public business and international business of Others

**<Countermeasures>**
- Social infrastructure area: deploy project management know-how from IT business, and enhance support from expert divisions such as production control
- International projects: enhance cooperation between sales and products/services divisions

*Forecasts as of April 27, 2017*
40% progress at the end of FY17/3, compared to the mid-term target; Accelerate actions to achieve over 70% progress at the end of FY18/3

### Back-office operations efficiency

- 8% headcount reduction of back-office functions in the NEC Group (compared to the end of March 2016)
  - Integration of back-office operation in Japan to be almost complete in June 2017. Accelerate resource shift by function

### Efficiency in expenses and IT costs

- Integrate IT assets of approx. 20.0 Bil. yen owned by NEC Group companies into NEC Management Partners
  - Enhance activities for further reduction of expenses in Japan, as well as IT costs for the NEC Group overall

*Forecasts as of April 27, 2017
Optimization of Development and Manufacturing Functions

Integrated development and production subsidiaries (effective on April 1, 2017)

- **Hardware development and production**
  Integrated 5 companies/divisions* into one as a consolidated operation of the NEC Group’s hardware development and production, both for IT and network equipment
  
  * NEC Platforms, Ltd. (Development and production of IT systems)
  NEC Network Products, Ltd. (Development and production of network equipment)
  NEC Yamanashi, Ltd. (Production of optical communication devices)
  NEC Engineering, Ltd. (System solution provider, including the development of various equipment)
  Equipment development operation of NEC Communication Systems, Ltd.
  (Development of communication equipment)

- **Software development**
  Integrated NEC Solution Innovators, Ltd., the core software development company of the NEC Group, and NEC Informatec Systems, Ltd., engaged in development and operation of internal systems for the NEC Group
NEC’s video face recognition technology ranks first in NIST testing, while aiming to contribute to the safety and security of society

- Provided face recognition system for immigration examinations at John F. Kennedy International Airport in New York
- Expanded biometrics systems deployment in Australia throughout federal agencies, state police and other institutions
- The benchmark test of video face recognition technologies carried out by the globally influential U.S. National Institute for Standards and Technology (NIST) evaluated NEC’s technologies as the world’s most accurate, with a matching accuracy of 99.2%, far surpassing the accuracy of other companies (Including previous benchmark tests of still image face authentication technologies, this is the 4th consecutive time that NEC ranked number one.)
- Acquired Arcon Informatica S.A, an IT security business in Brazil
Acquired 10 commercial deployment orders from major operators in Europe, the Middle East, North America, etc.

Enhanced proposal through strengthening solutions

- "Agile Virtualization Platform and Practice" (Released in May 2016)
  - Support rapid implementation of new carrier services, visualize SDN/NFV effects, provide consulting

- "Network-as-a-Service Solution" (Released in October 2016)
  - Communication system for enterprise business of carriers (enterprise and residential vCPE, SD-WAN)

- "Ecosystem 2.0" (Released in February 2017) for optimized solution
  - Partnership with leading players in the area of SDN/NFV

*As of April 27, 2017

*VCPE: virtualized Customer Premises Equipment
SD-WAN: Software Defined WAN (Wide Area Network)
Retail IT Service

Aim to enable safe, secure and efficient store management as well as improve customer convenience

- Reinforced lifecycle management for IT services, including system planning, development, installation and maintenance
- Strengthened solutions providing new value, such as “omni-channel” where goods can be purchased regardless of sales/distribution channels, efficient operations and facilities management for retail/service customers
- Selected by 7-Eleven, Inc. to provide and maintain point-of-sale (POS) systems for 8,600 stores throughout the United States and Canada
Focus on these areas as key differentiators for "Solutions for Society"

- Launched AI brand “NEC the WISE”

- Industry-Academia alliance for the better use of AI
  - National Institute of Advanced Industrial Science and Technology (AIST), Osaka University, University of Tokyo and RIKEN, etc.

- Formed a comprehensive alliance in the IoT field with United States-based General Electric (GE)

- Began cooperation with DENSO Corporation in the fields of advanced driving support, automatic driving and manufacturing that utilize AI and IoT

- Conducted a tender offer for shares of Japan Aviation Electronics Industry, Limited, made it a consolidated subsidiary
<Ref.> Revision of Business Segments (from Q1, FY18/3 Earnings)
Background of Segment Revision

Reporting segment to be revised in accordance with the organizational change in April 2017

The Corporate Sales and Sales Operations Unit responsible for regional sales functions (i.e., branch divisions and branch offices) in Japan, booked currently in the Others segment, will be incorporated into the Public segment

- New Public business consists of the “Public Solutions Business Unit” responsible for business involving regional sales functions and regional public entities in Japan, as well as the “Public Infrastructure Business Unit” that will take charge of business involving government organizations and enterprises supporting national and social infrastructure
  - The Public Solutions Business Unit will accelerate new business development in Smart City, "My Number" utilization, healthcare, and other business domains through collaboration with municipalities, universities, enterprises, and other regional stakeholders based on regional needs and policy needs

Business involving financial institutions will be transferred to the Enterprise segment

- Expanding NEC's lineup of financial settlement and other solutions, as well as boosting investment efficiency by strengthening collaboration with the distribution and service industries in the FinTech domain
### Overview of Segment Revision and Organizations

#### Current Segment
- **Public**
- **Enterprise**
- **Telecom Carrier**
- **System Platform**
- **Others**

#### New Segment
- **Public**
  - Revenue: 915.0
  - OP: 55.0
  - (Public Solutions Business Unit)  
  - (Public Infrastructure Business Unit)
  - *breakdown by business unit to be provided for reference*
- **Enterprise**
  - Revenue: 415.0
  - OP: 36.0
  - (Enterprise Business Unit)
- **Telecom Carrier**
  - Revenue: 595.0
  - OP: 23.0
  - (Telecom Carrier Business Unit)
- **System Platform**
  - Revenue: 685.0
  - OP: 29.0
  - (System Platform Business Unit)
- **Others**
  - Revenue: 190.0
  - OP: -16.0
  - (Global Business Unit)
  - (SI, Service & Engineering Operation Unit)

#### FY18/3 Forecasts (roughly estimated guidance)

<table>
<thead>
<tr>
<th>Related Organizations</th>
<th>Revenue</th>
<th>OP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Solutions Business Unit</td>
<td>915.0</td>
<td>55.0</td>
</tr>
<tr>
<td>Public Infrastructure Business Unit</td>
<td>915.0</td>
<td>55.0</td>
</tr>
<tr>
<td>Enterprise Business Unit</td>
<td>415.0</td>
<td>36.0</td>
</tr>
<tr>
<td>Telecom Carrier Business Unit</td>
<td>595.0</td>
<td>23.0</td>
</tr>
<tr>
<td>System Platform Business Unit</td>
<td>685.0</td>
<td>29.0</td>
</tr>
<tr>
<td>SI, Service &amp; Engineering Operation Unit</td>
<td>190.0</td>
<td>-16.0</td>
</tr>
</tbody>
</table>

*Forecasts as of April 27, 2017 (including estimations of the organizational change not mentioned in P.41)*
Financial Results for FY17/3 (Appendix)
Revenue for FY17/3 2,665.0

Operating Profit/Loss

Public 46.0
Enterprise 23.9
Telecom Carrier 19.5
System Platform 29.4
Others -14.2

(Billions of Yen)
Revenue Change (Year on Year)

 FY16/3 2,824.8

Public -35.6
Enterprise +5.9
Increase due to strong sales from manufacturing industries

Carriers -85.9
+1.3
Variance from Forecast as of Jan 30

System Platform -8.8
-6.4
Decreased due to sluggish capital investment by telecommunications carriers and the influence of the strong yen

Others -35.5
-13.7
Decreased due to a decline in the public areas, despite JAE becoming a consolidated subsidiary from Q4

Increased due to strong sales from manufacturing industries

FY17/3 2,665.0

Decreased in hardware and enterprise networks

Decreased in the energy business

Decreased due to a decline in the public areas, despite JAE becoming a consolidated subsidiary from Q4

Results FY17/3

Decreased due to sluggish capital investment by telecommunications carriers and the influence of the strong yen

Variance from Forecast as of Jan 30
Operating Profit Change (Year on Year)

FY16/3: 91.4
FY17/3: 41.8

Worsened due to a sales decline and lower profitability in the space business

Public: -11.3
Enterprise: -0.0
Remained flat

Worsened due to a sales decline, the influence of the strong yen and an investment increase in the focus areas

Telecom Carrier: -27.1
+3.0

Improved profit/loss in the energy business, despite lower profitability in international business

System Platform: -2.3
+5.9
-1.7

Increased in costs

Others: +4.0

Worsened due to a sales decline

Adjustment: -12.9
+1.8
+11.8

Variance from Forecast as of Jan 30

Adjusted Profit/loss in FY17/3 +11.8

Worsened due to a sales decline and lower profitability in the space business
International Revenue

Revenue by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>FY16/3 (J-GAAP)</th>
<th>FY16/3 (IFRS)</th>
<th>FY17/3 (IFRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Americas</td>
<td>200.5</td>
<td>200.5</td>
<td>174.1</td>
</tr>
<tr>
<td>EMEA</td>
<td>138.4</td>
<td>138.4</td>
<td>122.1</td>
</tr>
<tr>
<td>Greater China, APAC</td>
<td>264.2</td>
<td>264.2</td>
<td>274.7</td>
</tr>
<tr>
<td><strong>International Revenue Ratio</strong></td>
<td><strong>21.4%</strong></td>
<td><strong>21.4%</strong></td>
<td><strong>21.4%</strong></td>
</tr>
<tr>
<td><strong>Revenue for FY17/3</strong></td>
<td><strong>2,665.0</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Revenue is classified by country or region based on customer locations.
Free Cash Flows

Cash flows from operating activities
Cash flows from investing activities
Free cash flows

FY16/3 (J-GAAP)
FY16/3 (IFRS)
FY17/3 (IFRS)

(Billions of Yen)
## Financial Position Data

<table>
<thead>
<tr>
<th></th>
<th>End of March 2016</th>
<th>End of March 2017</th>
<th>Variance from end of March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>2,528.9</td>
<td>2,684.0</td>
<td>+155.1</td>
</tr>
<tr>
<td>Total equity</td>
<td>837.2</td>
<td>1,016.1</td>
<td>+178.8</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>479.5</td>
<td>466.9</td>
<td>-12.6</td>
</tr>
<tr>
<td>Equity attributable to owners of the parent</td>
<td>769.8</td>
<td>854.3</td>
<td>+84.4</td>
</tr>
<tr>
<td>D/E ratio (times)</td>
<td>0.62</td>
<td>0.55</td>
<td>+0.07pt</td>
</tr>
<tr>
<td>Net D/E ratio (times)</td>
<td>0.37</td>
<td>0.27</td>
<td>+0.10pt</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>192.3</td>
<td>240.0</td>
<td>+47.6</td>
</tr>
</tbody>
</table>

(Billions of Yen)
Statements of Financial Position (At the end of March 2017)

Current Assets
1,508.7

Increase of cash and cash equivalents + 55.4
Increase in property, plant and equipment, net as well as other non-current assets + 99.7

Total Assets
2,684.0
(+155.1 compared to end of March 2016)

Noncurrent Assets
1,175.3

Liabilities
1,667.9

Decrease in defined benefit liabilities -23.8
Increase of non-controlling interests and other components of equity + 178.8

Equity
1,016.1

Compared to end of March 2016

(Billions of Yen)
The order trend for IT investment in services in Japan remains at a high level.

IT services in Japan for FY17/3 showed stable performance in telecommunication and manufacturing areas, while it decreased in the public areas.
Financial Forecasts for FY18/3 (Appendix)
## Financial Results/Forecasts by Segment (three-year transition)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY16/3</th>
<th>FY17/3</th>
<th>FY18/3 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>771.6</td>
<td>736.0</td>
<td>880.0</td>
</tr>
<tr>
<td>Enterprise</td>
<td>300.3</td>
<td>306.3</td>
<td>305.0</td>
</tr>
<tr>
<td>Telecom Carrier</td>
<td>697.5</td>
<td>611.6</td>
<td>610.0</td>
</tr>
<tr>
<td>System Platform</td>
<td>728.6</td>
<td>719.8</td>
<td>685.0</td>
</tr>
<tr>
<td>Others</td>
<td>326.8</td>
<td>291.3</td>
<td>320.0</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>2,824.8</td>
<td>2,665.0</td>
<td>2,800.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY16/3</th>
<th>FY17/3</th>
<th>FY18/3 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>57.3</td>
<td>41.8</td>
<td>50.0</td>
</tr>
<tr>
<td>Enterprise</td>
<td>23.9</td>
<td>46.0</td>
<td>67.0</td>
</tr>
<tr>
<td>Telecom Carrier</td>
<td>46.5</td>
<td>23.9</td>
<td>20.0</td>
</tr>
<tr>
<td>System Platform</td>
<td>31.7</td>
<td>19.5</td>
<td>24.0</td>
</tr>
<tr>
<td>Others</td>
<td>-18.2</td>
<td>-14.2</td>
<td>-8.0</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-49.8</td>
<td>-62.7</td>
<td>-82.0</td>
</tr>
<tr>
<td><strong>Total Operating Profit/Loss</strong></td>
<td>91.4</td>
<td>41.8</td>
<td>50.0</td>
</tr>
</tbody>
</table>

*Forecasts as of April 27, 2017*
Revenue Change (Year on Year)

(Billions of Yen)

**Public**
- Increase due to consolidation of JAE, despite the influence from the nomination suspension
- +144.0

**Enterprise**
- Remain flat due to a decline in existing international business such as submarine cable systems, despite expansion of new business
- -1.3

**Telecom Carrier**
- Stable sales from manufacturing industries, while a decline in retail and services
- -1.6

**System Platform**
- Decrease due to the influence from the nomination suspension, as well as a decline in hardware such as mobile handsets
- -34.8

**Others**
- Increase in international business and the energy business
- +28.7

**FY17/3**
- 2,665.0

**FY18/3 Forecast**
- 2,800.0

*Forecasts as of April 27, 2017*
Operating Profit Change (Year on Year)

(Billions of Yen)

<table>
<thead>
<tr>
<th>Factor</th>
<th>FY17/3</th>
<th>FY18/3 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>+21.0</td>
<td></td>
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<tr>
<td>Enterprise</td>
<td>-3.9</td>
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<tr>
<td>Telecom Carrier</td>
<td>+4.5</td>
<td></td>
</tr>
<tr>
<td>System Platform</td>
<td>-0.4</td>
<td></td>
</tr>
<tr>
<td>Adjustment</td>
<td>-19.3</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>+6.2</td>
<td></td>
</tr>
</tbody>
</table>

**Forecast FY18/3**

- Improve due to a sales increase and profitability improvement in the space business, as well as a decrease in provision for contingent loss in the previous fiscal year
- Worsen due to project lineup changes
- Improve in the energy business and international business
- Improve due to international business, despite an increase in development expenses for 5G
- Factor business structure improvement expenses and strategic investments for growth

*Forecasts as of April 27, 2017*
Capital Expenditure, Depreciation and R&D Expenses

**Capital Expenditure**

- FY16/3: 36.3
- FY17/3: 31.5
- FY18/3 Forecast: 60.0

**Depreciation**

- FY16/3: 50.5
- FY17/3: 49.9
- FY18/3 Forecast: 65.0

**R&D Expenses**

- FY16/3: 123.6
- FY17/3: 109.3
- FY18/3 Forecast: 116.0

% to Revenue:
- FY18/3 Forecast: 4.1%

*Forecasts as of April 27, 2017*
Reference (Financial data)
Revenue, Operating Profit/Loss

(YoY (Billions of Yen))

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 &lt;Apr-Jun&gt;</th>
<th>Q2 &lt;Jul-Sep&gt;</th>
<th>Q3 &lt;Oct-Dec&gt;</th>
<th>Q4 &lt;Jan-Mar&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16/3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>587.3</td>
<td>722.4</td>
<td>644.9</td>
<td>870.3</td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>-7.6</td>
<td>26.6</td>
<td>8.7</td>
<td>63.7</td>
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<td>Operating Profit Ratio</td>
<td>-1.3%</td>
<td>3.7%</td>
<td>1.3%</td>
<td>7.3%</td>
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<tr>
<td>FY17/3</td>
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<tr>
<td>Revenue</td>
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<td>870.6</td>
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<tr>
<td>Operating Profit/Loss</td>
<td></td>
<td></td>
<td></td>
<td>58.9</td>
</tr>
<tr>
<td>Operating Profit Ratio</td>
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<td>6.8%</td>
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<table>
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</tbody>
</table>
International Revenue

International Revenue Ratio

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue (Billions of Yen)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY16/3</td>
<td>135.9</td>
<td>-13.0%</td>
</tr>
<tr>
<td>Q2 FY16/3</td>
<td>162.5</td>
<td>+15.7%</td>
</tr>
<tr>
<td>Q3 FY16/3</td>
<td>148.7</td>
<td>-16.5%</td>
</tr>
<tr>
<td>Q4 FY16/3</td>
<td>156.1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue (Billions of Yen)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY17/3</td>
<td>118.2</td>
<td>-13.0%</td>
</tr>
<tr>
<td>Q2 FY17/3</td>
<td>136.9</td>
<td>-15.7%</td>
</tr>
<tr>
<td>Q3 FY17/3</td>
<td>124.2</td>
<td>-16.5%</td>
</tr>
<tr>
<td>Q4 FY17/3</td>
<td>191.8</td>
<td>+22.8%</td>
</tr>
</tbody>
</table>
Revenue, Operating Profit/Loss (Public)

- **Operating Profit Ratio**:
  - Q1 <Apr-Jun>: 0.4%
  - Q2 <Jul-Sep>: 7.3%
  - Q3 <Oct-Dec>: 6.1%
  - Q4 <Jan-Mar>: 12.1%
  - Q1 <Apr-Jun>: -2.2%
  - Q2 <Jul-Sep>: 9.7%
  - Q3 <Oct-Dec>: 0.7%
  - Q4 <Jan-Mar>: 10.5%

- **Revenue (Billions of Yen)**:
  - Q1 <Apr-Jun>: 145.6
  - Q2 <Jul-Sep>: 190.1
  - Q3 <Oct-Dec>: 163.7
  - Q4 <Jan-Mar>: 272.2
  - Q1 <Apr-Jun>: -19.3%
  - Q2 <Jul-Sep>: +10.4%
  - Q3 <Oct-Dec>: -13.4%
  - Q4 <Jan-Mar>: -6.2%

- **Operating Profit/Loss**
  - Q1 <Apr-Jun>: 0.6
  - Q2 <Jul-Sep>: 13.9
  - Q3 <Oct-Dec>: 10.0
  - Q4 <Jan-Mar>: 32.8
  - Q1 <Apr-Jun>: -13.4%
  - Q2 <Jul-Sep>: -19.3%
  - Q3 <Oct-Dec>: 16.0
  - Q4 <Jan-Mar>: 1.1

- **YoY (Billions of Yen)**:
  - Q1 <Apr-Jun>: 300.4
  - Q2 <Jul-Sep>: +10.4%

- **FY16/3**
- **FY17/3**
Revenue, Operating Profit (Enterprise)

Operating Profit Ratio
5.0%

Revenue

(Q1: FY16/3) 68.6
(Q2: FY16/3) 78.0
(Q3: FY16/3) 71.7
(Q4: FY16/3) 81.9

(Q1: FY17/3) 66.5
(Q2: FY17/3) 88.6
(Q3: FY17/3) 70.0
(Q4: FY17/3) 81.1

Operating Profit

(Q1: FY16/3) 3.4
(Q2: FY16/3) 6.4
(Q3: FY16/3) 4.3
(Q4: FY16/3) 9.8

(Q1: FY17/3) 3.7
(Q2: FY17/3) 9.5
(Q3: FY17/3) 3.7
(Q4: FY17/3) 7.0

YoY

(Q1: FY16/3) -3.1%
(Q2: FY16/3) +13.6%
(Q3: FY16/3) -2.4%
(Q4: FY16/3) -1.1%

(Q1: FY17/3) 
(Q2: FY17/3) 
(Q3: FY17/3) 
(Q4: FY17/3) 

(Billions of Yen)
Revenue, Operating Profit/Loss (Telecom Carrier)

Operating Profit Ratio
-1.7%
8.2%
5.3%
12.0%
-5.7%
6.9%
-1.0%
8.8%

Revenue

143.1
185.1
159.4
210.0
121.1
161.7
141.3
187.5

Operating Profit/Loss
-2.4
15.2
8.5
25.3
-6.9
11.2
-1.3
16.5

(Billions of Yen)

FY16/3
FY17/3

Q1 <Apr-Jun>
Q2 <Jul-Sep>
Q3 <Oct-Dec>
Q4 <Jan-Mar>
Q1 <Apr-Jun>
Q2 <Jul-Sep>
Q3 <Oct-Dec>
Q4 <Jan-Mar>

YoY
2.4
15.2
8.5
25.3
-6.9
11.2
-1.3
16.5

% YoY
-15.3%
-12.6%
-15.3%
-10.7%
Revenue, Operating Profit/Loss (System Platform)

Operating Profit Ratio
2.7%  2.6%  1.5%  9.6%  6.5%  -3.0%  -0.1%

Revenue
160.2  187.6  171.0  209.7  150.2  189.6  164.3  215.7

Operating Profit/Loss
4.3  4.9  2.5  20.0  150.2  12.3  12.3  +2.9%

YoY
-6.2%  +1.0%  -4.0%  -0.2%

FY16/3
Q1 <Apr-Jun>  Q2 <Jul-Sep>  Q3 <Oct-Dec>  Q4 <Jan-Mar>

FY17/3
Q1 <Apr-Jun>  Q2 <Jul-Sep>  Q3 <Oct-Dec>  Q4 <Jan-Mar>
Revenue, Operating Profit/Loss (Others)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue (Billions of Yen)</th>
<th>Operating Profit/ Loss (Billions of Yen)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 FY16/3</td>
<td>69.8</td>
<td>-6.2</td>
<td>-18.6%</td>
</tr>
<tr>
<td>Q2 FY16/3</td>
<td>81.6</td>
<td>3.7</td>
<td>-10.9%</td>
</tr>
<tr>
<td>Q3 FY16/3</td>
<td>79.0</td>
<td>-5.5</td>
<td>-10.9%</td>
</tr>
<tr>
<td>Q4 FY16/3</td>
<td>96.4</td>
<td>-10.2</td>
<td>-10.9%</td>
</tr>
<tr>
<td>Q1 FY17/3</td>
<td>63.3</td>
<td>-9.3%</td>
<td>-10.9%</td>
</tr>
<tr>
<td>Q2 FY17/3</td>
<td>77.8</td>
<td>-4.7%</td>
<td>-10.9%</td>
</tr>
<tr>
<td>Q3 FY17/3</td>
<td>64.3</td>
<td>-18.6%</td>
<td>-10.9%</td>
</tr>
<tr>
<td>Q4 FY17/3</td>
<td>85.9</td>
<td>-0.3%</td>
<td>-10.9%</td>
</tr>
</tbody>
</table>

Operating Profit Ratio (YoY)
- Q1 FY16/3: -8.9%
- Q2 FY16/3: 4.5%
- Q3 FY16/3: -6.9%
- Q4 FY16/3: -10.6%
- Q1 FY17/3: -13.2%
- Q2 FY17/3: 1.5%
- Q3 FY17/3: -10.4%
- Q4 FY17/3: -0.3%
Exchange Rate

Dollar/Yen Exchange Rate (Actual) - 124.38
Dollar/Yen Assumed Exchange Rate - 115.65
Dollar/Yen Average Exchange Rate - 115.14
Euro/Yen Exchange Rate (Actual) - 110.66
Euro/Yen Assumed Exchange Rate - 103.60
Euro/Yen Average Exchange Rate - 104.64
The Nikkei Stock Average

NEC Stock Price (Yen)

- Apr 28 Full Year Earnings Release
- Mid-term Management Plan 2018
- Jun 22 Ordinary General Meeting of Shareholders
- Oct 31 Q2 Earnings Release
- Jan 30 Q3 Earnings Release
- Jul 29 Q1 Earnings Release
- Dec 16 R&D Briefing

The Nikkei Stock Average  NEC
Cautionary Statement with Respect to Forward-Looking Statements

This material contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the NEC Group (the “forward-looking statements”). The forward-looking statements are made based on information currently available to NEC and certain assumptions considered reasonable as of the date of this material. These determinations and assumptions are inherently subjective and uncertain. These forward-looking statements are not guarantees of future performance, and actual operating results may differ substantially due to a number of factors.

The factors that may influence the operating results include, but are not limited to, the following:

- Effects of economic conditions, volatility in the markets generally, and fluctuations in foreign currency exchange and interest rate
- Trends and factors beyond the NEC Group’s control and fluctuations in financial conditions and profits of the NEC Group that are caused by external factors
- Risks arising from acquisitions, business combinations and reorganizations, including the possibility that the expected benefits cannot be realized or that the transactions may result in unanticipated adverse consequences
- Developments in the NEC Group’s alliances with strategic partners
- Effects of expanding the NEC Group’s global business
- Risk that the NEC Group may fail to keep pace with rapid technological developments and changes in customer preferences
- Risk that the NEC Group may lose sales due to problems with the production process or due to its failure to adapt to demand fluctuations
- Defects in products and services
- Shortcomings in material procurement and increases in delivery cost
- Acquisition and protection of intellectual property rights necessary for the operation of business
- Risk that intellectual property licenses owned by third parties cannot be obtained and/or are discontinued
- Risk that the NEC Group may be exposed to unfavorable pricing environment due to intensified competition
- Risk that a major customer changes investment targets, reduces capital investment and/or reduces the value of transactions with the NEC Group
- Risk that the NEC Group may be unable to provide or facilitate payment arrangements (such as vendor financing) to its customers on terms acceptable to them or at all, or risk that the NEC Group's customers are unable to make payments on time, due to the customers' financial difficulties or otherwise
- Risk that the NEC Group may experience a substantial loss of, or an inability to attract, talented personnel
- Risk that the NEC Group’s ability to access the commercial paper market or other debt markets are adversely affected due to a downgrade in its credit rating
- Risk that the NEC Group may incur large costs and/or liabilities in relation to internal control, legal proceedings, laws and governmental policies, environmental laws and regulations, tax practice, information management, and human rights and working environment
- Consequences of natural and fire disasters
- Changes in methods, estimates and judgments that the NEC Group uses in applying its accounting policies
- Risk that the NEC Group may incur liabilities and losses in relation to its retirement benefit obligations

The forward-looking statements contained in this material are based on information that NEC possesses as of the date hereof. New risks and uncertainties come up from time to time, and it is impossible for NEC to predict these events or how they may affect the NEC Group. NEC does not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Note: In this presentation, the accounting periods of the fiscal years for March 31, 2016 and 17 were referred as FY16/3 and FY17/3 respectively. Any other fiscal years would be referred similarly.