Financial Results for the Fiscal Year Ended March 31, 2018

April 27, 2018

NEC Corporation

(https://www.nec.com/en/global/ir)
Index

Ⅰ. Financial Results for FY18/3

Ⅱ. Financial Forecasts for FY19/3

Ⅲ. Progress on Mid-term Management Plan 2020

<Ref.> Overview of Segment Revision

Financial Results for FY18/3 (Appendix)

Financial Forecasts for FY19/3 (Appendix)

Reference (Financial Data)

* Net profit refers to net profit attributable to owners of the parent for the same period.

** As stated in the July 21, 2017 announcement, “NEC to Revise Business Segments,” NEC has revised its business segments from Q1, FY18/3. Figures for the corresponding period of FY16/3 or FY17/3 have been restated to conform with the new segments.
I. Financial Results for FY18/3
Summary of Financial Results for FY18/3

(Billions of Yen)

Revenue
- **Increased year on year**
  - Increased in Public business and Others, while decreased in Telecom Carrier and System Platform business
  - YoY +6.7%
  - Variance from forecast +14.4

Operating Profit
- **Improved year on year**
  - Improved in Public business and Others
  - YoY +22.0%
  - Variance from forecast +3.9

Net Profit
- **Improved year on year**
  - Improved in income before income taxes
  - Decided on a 60 yen year-end dividend per share
  - YoY +18.6%
  - Variance from forecast +5.9

*Variance from forecast as of January 30, 2018*
## Summary of Financial Results for FY18/3

### Q4 <January to March>

<table>
<thead>
<tr>
<th></th>
<th>FY17/3 Actual</th>
<th>FY18/3 Actual</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>870.6</td>
<td>873.2</td>
<td>+0.3%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>58.9</td>
<td>49.6</td>
<td>-9.3</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>6.8%</td>
<td>5.7%</td>
<td></td>
</tr>
<tr>
<td>Income before Income Taxes</td>
<td>69.6</td>
<td>46.7</td>
<td>-22.9</td>
</tr>
<tr>
<td>Net Profit</td>
<td>30.2</td>
<td>28.3</td>
<td>-1.9</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>3.5%</td>
<td>3.2%</td>
<td></td>
</tr>
</tbody>
</table>

### Full Year

<table>
<thead>
<tr>
<th></th>
<th>FY17/3 Actual</th>
<th>FY18/3 Actual</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,665.0</td>
<td>2,844.4</td>
<td>+6.7%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>41.8</td>
<td>63.9</td>
<td>+22.0</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>1.6%</td>
<td>2.2%</td>
<td></td>
</tr>
<tr>
<td>Income before Income Taxes</td>
<td>68.1</td>
<td>86.9</td>
<td>+18.9</td>
</tr>
<tr>
<td>Net Profit</td>
<td>27.3</td>
<td>45.9</td>
<td>+18.6</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>1.0%</td>
<td>1.6%</td>
<td></td>
</tr>
</tbody>
</table>

### Free Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>FY17/3 Actual</th>
<th>FY18/3 Actual</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>92.2</td>
<td>77.6</td>
<td>-14.6</td>
</tr>
</tbody>
</table>

### Variance from Forecast as of Jan 30

<table>
<thead>
<tr>
<th></th>
<th>FY17/3 Actual</th>
<th>FY18/3 Actual</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Note:
- **Average Exchange Rates (yen)**
  - USD 1 = ¥114.62, 110.61
  - EUR 1 = ¥121.58, 134.17

*Assumed exchange rates for Q4, FY18/3  $1=¥105, €1=¥115*
### Results by Segment for FY18/3

#### Q4 <January to March>

<table>
<thead>
<tr>
<th></th>
<th>FY17/3 Actual</th>
<th>FY18/3 Actual</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>315.1</td>
<td>309.2</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>27.8</td>
<td>33.6</td>
<td>+5.8%</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>8.8%</td>
<td>10.9%</td>
<td></td>
</tr>
<tr>
<td><strong>Enterprise</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>109.9</td>
<td>117.5</td>
<td>+6.9%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>13.3</td>
<td>10.6</td>
<td>-2.8%</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>12.1%</td>
<td>9.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Telecom Carrier</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>184.4</td>
<td>176.5</td>
<td>-4.3%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>15.7</td>
<td>1.0</td>
<td>-14.6%</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>8.5%</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td><strong>System Platform</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>215.7</td>
<td>205.5</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>22.0</td>
<td>15.9</td>
<td>-6.1%</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>10.2%</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>45.4</td>
<td>64.4</td>
<td>+41.9%</td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>-3.3</td>
<td>-0.9</td>
<td>+2.4%</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>-7.4%</td>
<td>-1.4%</td>
<td></td>
</tr>
<tr>
<td>Adjustment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>-16.6</td>
<td>-10.6</td>
<td>+6.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>870.6</td>
<td>873.2</td>
<td>+0.3%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>58.9</td>
<td>49.6</td>
<td>-9.3</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>6.8%</td>
<td>5.7%</td>
<td></td>
</tr>
</tbody>
</table>

#### Full Year

<table>
<thead>
<tr>
<th></th>
<th>FY17/3 Actual</th>
<th>FY18/3 Actual</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>766.2</td>
<td>939.1</td>
<td>+22.6%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>33.2</td>
<td>54.4</td>
<td>+21.3%</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>4.3%</td>
<td>5.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Enterprise</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>408.6</td>
<td>408.7</td>
<td>+0.0%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>39.7</td>
<td>35.7</td>
<td>-4.0%</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>9.7%</td>
<td>8.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Telecom Carrier</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>600.4</td>
<td>579.7</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>18.1</td>
<td>2.0</td>
<td>-16.0%</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>3.0%</td>
<td>0.4%</td>
<td></td>
</tr>
<tr>
<td><strong>System Platform</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>719.8</td>
<td>714.3</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>29.6</td>
<td>31.4</td>
<td>+1.8%</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>4.1%</td>
<td>4.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>170.0</td>
<td>202.6</td>
<td>+19.2%</td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>-20.0</td>
<td>-11.9</td>
<td>+8.1%</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>-11.8%</td>
<td>-5.9%</td>
<td></td>
</tr>
<tr>
<td>Adjustment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>-58.7</td>
<td>-47.8</td>
<td>+11.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>2,665.0</td>
<td>2,844.4</td>
<td>+6.7%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>41.8</td>
<td>63.9</td>
<td>+22.0%</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>1.6%</td>
<td>2.2%</td>
<td></td>
</tr>
</tbody>
</table>

#### Variance from Forecast as of Jan 30

- Public: -15.9
- Enterprise: +1.4
- Telecom Carrier: +3.7
- System Platform: +1.7
- Others: +9.7
- Total: -11.0
- Adjustment: +3.1

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Public Business

Results FY18/3

Revenue 939.1 (+22.6%)
- Public Solutions area: decreased due to the influence of the suspension from contract bidding processes
- Public Infrastructure area: increased due to consolidation of Japan Aviation Electronics Industry, Limited

Operating Profit 54.4 (+21.3)
- Improved due to a sales increase and profitability improvement in the space business, as well as a decrease in provision for contingent loss recorded in the previous fiscal year
Enterprise Business

Revenue 408.7 (+0.0%)
- Remained flat with an increase in financial institution sales, offset by a decline in manufacturing industries as well as retail and services

Operating Profit 35.7 (-4.0)
- Worsened due to an increase in IoT related investment expenses

*IoT: Internet of Things
Revenue 579.7 (-3.4%)

- International sales decreased due to a decline in mobile backhaul and submarine cable systems, despite expansion of TOMS
- Decreased in Japan due to sluggish capital investment by telecommunications carriers

Operating Profit 2.0 (-16.0)

- Worsened due to a sales decline and recording of business structure improvement expenses for international operations

*TOMS: Telecom Operations & Management Solutions
System Platform Business

Revenue 714.3 (-0.8%)
- Decreased in maintenance services

Operating Profit 31.4 (+1.8)
- Improved due to cost efficiency, despite a sales decline
### Results FY18/3

#### Revenue

- **Revenue**: 202.6 (+19.2%)
  - Increased in the international safety business and energy business

#### Operating Profit/Loss

- **Operating Profit/Loss**: -11.9 (+8.1)
  - Improved in the international business and energy business, despite an increase in IoT platform related investment expenses

---

**Others**

<table>
<thead>
<tr>
<th>FY17/3</th>
<th>FY18/3 Forecasts as of Jan 30</th>
<th>FY18/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>170.0</td>
<td>190.0</td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit Ratio</td>
<td>-11.8%</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Billions of Yen (YoY)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>202.6</td>
<td></td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>-11.9</td>
<td>-5.9%</td>
</tr>
<tr>
<td>Operating Profit Ratio</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

© NEC Corporation 2018
Financial Income/Costs, etc. -3.1

Public +21.3
Adjustment +11.0
Others +8.1
System Platform +1.8
Enterprise -4.0
Telecom Carrier -16.0

Operating Profit +22.0

Net Profit/Loss Change (Year on Year)

Public +21.3
Adjustment +11.0
Others +8.1
System Platform +1.8
Enterprise -4.0
Telecom Carrier -16.0

Operating Profit +22.0

Financial Income/Costs, etc. -3.1

Others -0.3

Income taxes +6.1
Non-controlling interests -6.4

Share of profit/loss of entities accounted for using the equity method -3.5
Others +0.4

Results FY18/3

FY17/3 27.3

FY18/3 45.9

(Billions of Yen)
Ⅱ. Financial Forecasts for FY19/3
## Summary of Financial Forecasts

**Profit forecast for FY19/3 worsens, factoring business structure improvement expenses**

### (Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY18/3 Actual</th>
<th>FY19/3 Forecasts</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>2,844.4</td>
<td>2,830.0</td>
<td>-0.5%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>63.9</td>
<td>50.0</td>
<td>-13.9</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>2.2%</td>
<td>1.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>45.9</td>
<td>25.0</td>
<td>-20.9</td>
</tr>
<tr>
<td>% to Revenue</td>
<td>1.6%</td>
<td>0.9%</td>
<td></td>
</tr>
<tr>
<td><strong>Free Cash Flows</strong></td>
<td>115.8</td>
<td>40.0</td>
<td>-75.8</td>
</tr>
<tr>
<td><strong>Dividends per Share (yen)</strong></td>
<td>60</td>
<td>40</td>
<td>-20</td>
</tr>
</tbody>
</table>

### Forecasts as of April 27, 2018

- **Public**
  - Revenue: 939.1 billion yen (YoY +1.2%)
  - Operating Profit: 54.4 billion yen (YoY 5.8%)
- **Enterprise**
  - Revenue: 408.7 billion yen (YoY +0.3%)
  - Operating Profit: 35.7 billion yen (YoY 8.7%)
- **Telecom Carrier**
  - Revenue: 579.7 billion yen (YoY -2.5%)
  - Operating Profit: 2.0 billion yen (YoY 0.4%)
- **System Platform**
  - Revenue: 714.3 billion yen (YoY -3.4%)
  - Operating Profit: 31.4 billion yen (YoY 4.4%)
- **Others**
  - Revenue: 202.6 billion yen (YoY +6.1%)
  - Operating Profit/Loss: -11.9 billion yen (YoY -5.9%)
- **Adjustment**
  - Operating Profit/Loss: -47.8 billion yen (YoY -26.9%)

**Total**

- Revenue: 2,844.4 billion yen (YoY -0.5%)
- Operating Profit: 63.9 billion yen (YoY 2.2%)
- % to Revenue: 2.2%

### Note:
- Average Exchange Rates
  - USD 1: 111.43 (FY18/3) / 105.00 (FY19/3)
  - EUR 1: 128.86 (FY18/3) / 115.00 (FY19/3)
Special Items of FY19/3 Financial Forecasts (YoY)

One-off items of -40.0 billion yen factored into operating profit forecast for FY19/3

- Business structure improvement expenses (FY18/3) +10.0
- Cost reduction from structural improvement (FY18/3) +10.0
- Investments for growth -10.0
- Business structure improvement expenses (FY19/3) -40.0
- Influence of the suspension from contract bidding processes (FY18/3) +7.0
- Cost cutting (IT and marketing) +3.0
- Others -3.9
- Sales of stocks in NEC Energy Devices Ltd. +10.0

FY18/3
63.9

FY19/3 Forecast
50.0

*Forecasts as of April 27, 2018

(Billions of Yen)
Public Business

Revenue 950.0 (+1.2%)
- Public Solutions area: increase due to business expansion for the 2020 Olympic/Paralympic Games
- Public Infrastructure area: decrease due to a sales decline in a consolidated subsidiary

Operating Profit 64.0 (+9.6)
- Improve due to business structure improvement in the previous fiscal year and control of unprofitable projects

*Forecasts as of April 27, 2018
Enterprise Business

Revenue Forecasts FY19/3

- Increase in retail and services

Operating Profit Forecasts FY19/3

- Worsen due to an increase in AI and IoT related investment expenses, while profitability in system construction services improves

*IoT: Internet of Things

*Forecasts as of April 27, 2018
Forecasts
FY19/3

Telecom Carrier Business

Revenue 565.0 (-2.5%)
- Decrease due to sluggish capital investment by telecommunications carriers in Japan, despite an increase in international software

Operating Profit 12.0 (+10.0)
- Improve due to business structure improvement in the previous fiscal year

*Forecasts as of April 27, 2018
## System Platform Business

### Revenue
- **690.0 (-3.4%)**
  - Decrease due to a decline in large-scale projects compared to the previous fiscal year

### Operating Profit
- **30.0 (-1.4)**
  - Worsen due to a sales decline

### Forecasts FY19/3

*Forecasts as of April 27, 2018*
Revenues: 215.0 (+6.1%)
- Increase in the international safety business

Operating Profit/Loss: 15.0 (+26.9)
- Improve in the energy business and international business, as well as due to sales of stocks in NEC Energy Devices Ltd.
Net Profit Change (Year on Year)

FY18/3
Operating Profit -13.9

Financial Income/Costs, etc.
Others +26.9
Telecom Carrier +10.0
Public +9.6
System Platform -1.4
Enterprise -3.7
Adjustment -55.2

Decrease in gain on sales of stocks (the previous fiscal year), etc.
Decrease in income taxes, etc.

Others

FY19/3 Forecast 25.0

*Forecasts as of April 27, 2018
Ⅲ. Progress on Mid-term Management Plan 2020
Reforming Profit Structure

Defined FY19/3 activities to improve profitability from FY20/3 onwards

- 40.0 billion yen of business improvement expense factored into FY19/3 forecasts

<table>
<thead>
<tr>
<th>Measures</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downsize personnel in Japan by 3,000</td>
<td></td>
</tr>
<tr>
<td>Back office functions, hardware business area</td>
<td></td>
</tr>
<tr>
<td>Resource shift, Office floor optimization</td>
<td>40.0B yen</td>
</tr>
<tr>
<td>End of production operation at Ichinoseki and Ibaraki plants of NEC Platforms, Ltd.</td>
<td></td>
</tr>
</tbody>
</table>
### Telecom Carrier Business: Current Status and Future Directions

#### Operating Profit/Loss

<table>
<thead>
<tr>
<th></th>
<th>FY17/3</th>
<th>FY18/3 Forecast as of Jan 30</th>
<th>FY18/3</th>
<th>FY19/3 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>36.0</td>
<td>18.1</td>
<td>-8.0</td>
<td>-18.0</td>
</tr>
<tr>
<td>International</td>
<td>-18.0</td>
<td>21.0</td>
<td>13.0</td>
<td>11.0</td>
</tr>
</tbody>
</table>

(Billions of Yen)

#### FY18/3 results

- **Japan**: Remains profitable while margin declines due to sales drop.
- **International**: Unprofitable due to low profitability in hardware and an investment in software for sales expansion, as well as structural improvement expenses.

#### Directions

- **Japan**: Take the 5G opportunity, maximize sales in multiple business areas and optimize workforce under newly launched “Network Services Business Unit”.
- **International**: Optimize business portfolio and execute structural reforms under “Global Business Unit”.

*Forecasts as of April 27, 2018*
Turning around Underperforming Businesses

Mobile Backhaul
- Launched business reform project (Possible to consider exit if turnaround is undeliverable)

Energy (NEC Energy Solutions, Inc.)
- Plan to increase sales and improve profitability as the large energy storage market ramps up

<table>
<thead>
<tr>
<th>Operating Profit/Loss</th>
<th>Revenue (Billions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17/3</td>
<td>-5.0</td>
</tr>
<tr>
<td>FY18/3</td>
<td>-4.0</td>
</tr>
<tr>
<td>FY19/3 (Forecasts)</td>
<td>-1.0</td>
</tr>
<tr>
<td></td>
<td>23.0</td>
</tr>
</tbody>
</table>

Pipeline increased 1.6x YoY (contract value)

*Forecasts as of April 27, 2018
Achievement of Growth

Enhance measures and organizations to deliver growth

Japan

- 2020 Olympic/Paralympic infrastructure
  - Pursue opportunities such as Public safety solutions with biometrics or image analytics, where NEC has competitive edge

- Digital Government
  - Business development to maximize sales/profit leveraging track records and experiences with “My number” - social security and tax number systems

International

- Organization change to accelerate growth
  - Consolidate international business divisions under “Global Business Unit”
  - Reform profit structure by centralizing responsibilities and authorities
  - Appointed an experienced personnel with proven track record in global businesses outside NEC to a management position
Restructuring Execution Capabilities

Transform NEC to better execution capabilities

Business incubation

- Established dotData, Inc. in U.S. to accelerate monetization of cutting-edge AI technologies

Organization with the capability of completion

- Launched the “NEC Group Culture Transformation Division” to bring drastic changes to NEC’s corporate culture
  - Appointed a professional from outside NEC to execute HR system and culture reforms
  - Introduce new HR/remuneration system which fits with social and strategic requirements
  - Accelerate communication for changes to foster an open and casual climate
Revenue:
- FY18/3 Actual: 2,844.4
- FY19/3 Forecasts: 2,830.0
- FY20/3
- FY21/3 Targets: 3,000.0

Operating Profit:
- FY18/3 Actual: 63.9
- FY19/3 Forecasts: 50.0
- FY20/3
- FY21/3 Targets: 150.0

Business structure improvement expenses: 40.0

OP Ratio:
- FY18/3 Actual: 2.2%
- FY19/3 Forecasts: 5.0%

*Forecasts as of April 27, 2018
## Overview of Segment Revision and Organizations

<table>
<thead>
<tr>
<th>Current Segment</th>
<th>New Segment</th>
<th>FY19/3 Forecasts (roughly estimated guidance)</th>
<th>Related Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>Public</td>
<td>Revenue 945.0</td>
<td>(Public Solutions Business Unit)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OP 61.0</td>
<td>(Public Infrastructure Business Unit)</td>
</tr>
<tr>
<td>Enterprise</td>
<td>Enterprise</td>
<td>Revenue 405.0</td>
<td>(Enterprise Business Unit)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OP 32.0</td>
<td></td>
</tr>
<tr>
<td>Telecom Carrier</td>
<td>Network Services</td>
<td>Revenue 360.0</td>
<td>(Network Services Business Unit)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OP 11.0</td>
<td></td>
</tr>
<tr>
<td>System Platform</td>
<td>System Platform</td>
<td>Revenue 510.0</td>
<td>(System Platform Business Unit)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OP 32.0</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>Global</td>
<td>Revenue 505.0</td>
<td>(Global Business Unit)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OP 0.0</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>Others</td>
<td>Revenue 105.0</td>
<td>(SI, Service &amp; Engineering Operation Unit)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OP 15.0</td>
<td></td>
</tr>
</tbody>
</table>

*Main Changes:
- International telecom software
- International wireless
- Submarine Cable

- Display
- International unified communication
- International Business Energy

*Roughly estimated guidance as of April 27, 2018*
Timely transformation for a revitalized NEC
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.
Financial Results for FY18/3 (Appendix)
### Financial Results for FY18/3 by Segment (three-year transition) (Billions of Yen)

#### Revenue

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY16/3</th>
<th>FY17/3</th>
<th>FY18/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>786.5</td>
<td>766.2</td>
<td>939.1</td>
</tr>
<tr>
<td>Enterprise</td>
<td>399.2</td>
<td>408.6</td>
<td>408.7</td>
</tr>
<tr>
<td>Telecom Carrier</td>
<td>689.0</td>
<td>600.4</td>
<td>579.7</td>
</tr>
<tr>
<td>System Platform</td>
<td>728.6</td>
<td>719.8</td>
<td>714.3</td>
</tr>
<tr>
<td>Others</td>
<td>221.5</td>
<td>170.0</td>
<td>202.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,824.8</td>
<td>2,665.0</td>
<td>2,844.4</td>
</tr>
</tbody>
</table>

#### Operating Profit/Loss

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY16/3</th>
<th>FY17/3</th>
<th>FY18/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>53.4</td>
<td>41.8</td>
<td>63.9</td>
</tr>
<tr>
<td>Enterprise</td>
<td>29.0</td>
<td>33.2</td>
<td>54.4</td>
</tr>
<tr>
<td>Telecom Carrier</td>
<td>45.6</td>
<td>39.7</td>
<td>35.7</td>
</tr>
<tr>
<td>System Platform</td>
<td>31.6</td>
<td>18.1</td>
<td>31.4</td>
</tr>
<tr>
<td>Others</td>
<td>-23.6</td>
<td>-20.0</td>
<td>-11.9</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-44.6</td>
<td>-58.7</td>
<td>-47.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>91.4</td>
<td>41.8</td>
<td>63.9</td>
</tr>
</tbody>
</table>
Financial Results for FY18/3 by Segment

Revenue for FY18/3 2,844.4
- System Platform 25%
- Telecom Carrier 21%
- Enterprise 14%
- Public 33%
- Others 7%

Operating Profit/Loss (Billions of Yen)
- Public 54.4
- Enterprise 35.7
- System Platform 31.4
- Telecom Carrier 2.0
- Others -11.9

Revenue

Operating Profit for FY18/3 63.9

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Revenue by Region

International Revenue Ratio

<table>
<thead>
<tr>
<th>Region</th>
<th>FY16/3</th>
<th>FY17/3</th>
<th>FY18/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Americas</td>
<td>200.5</td>
<td>174.1</td>
<td>154.8</td>
</tr>
<tr>
<td>EMEA</td>
<td>138.4</td>
<td>122.1</td>
<td>400.1</td>
</tr>
<tr>
<td>China/East Asia and APAC</td>
<td>264.2</td>
<td>274.7</td>
<td>740.2</td>
</tr>
</tbody>
</table>

Revenue for FY18/3: 2,844.4

International Revenue results FY18/3

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

(Billions of Yen)

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

FY16/3: -32.2
FY17/3: 99.0
FY18/3: 115.8

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## Financial Position Data

<table>
<thead>
<tr>
<th></th>
<th>End of March 2017</th>
<th>End of March 2018</th>
<th>Variance from end of March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>2,684.0</td>
<td>2,821.4</td>
<td>+137.4</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>1,016.1</td>
<td>1,054.3</td>
<td>+38.2</td>
</tr>
<tr>
<td><strong>Interest-bearing debt</strong></td>
<td>466.9</td>
<td>520.7</td>
<td>+53.8</td>
</tr>
<tr>
<td><strong>Equity attributable to owners of the parent</strong></td>
<td>854.3</td>
<td>880.8</td>
<td>+26.6</td>
</tr>
<tr>
<td><strong>Ratio of equity attributable to owners of the parent (%)</strong></td>
<td>31.8%</td>
<td>31.2%</td>
<td>-0.6pt</td>
</tr>
<tr>
<td><strong>D/E ratio (times)</strong></td>
<td>0.55</td>
<td>0.59</td>
<td>-0.04pt</td>
</tr>
<tr>
<td><strong>Net D/E ratio (times)</strong></td>
<td>0.27</td>
<td>0.20</td>
<td>+0.07pt</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>240.0</td>
<td>346.0</td>
<td>+106.1</td>
</tr>
</tbody>
</table>
<Ref.> Statements of Financial Position (At the end of March 2018)

Total Assets 2,821.4

Current Assets 1,640.3

Non-current Assets 1,181.0

Liabilities 1,767.1

Equity 1,054.3

Increase in goodwill
Increase in cash and cash equivalents, as well as inventories
Issuance of bonds
Recording of net profit, as well as an increase in non-controlling interests

(Billions of Yen)

Compared to end of March 2017

(+137.4 compared to end of March 2017)
IT services in Japan for FY18/3 decreased due to a decline in large-scale projects compared to the previous fiscal year, despite stable performance in the central government and manufacturing areas.
Financial Forecasts for FY19/3 (Appendix)
## Financial Results/Forecasts by Segment (three-year transition)

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY17/3</th>
<th>FY18/3</th>
<th>FY19/3 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>766.2</td>
<td>939.1</td>
<td>950.0</td>
</tr>
<tr>
<td>Enterprise</td>
<td>408.6</td>
<td>408.7</td>
<td>410.0</td>
</tr>
<tr>
<td>Telecom Carrier</td>
<td>600.4</td>
<td>579.7</td>
<td>565.0</td>
</tr>
<tr>
<td>System Platform</td>
<td>719.8</td>
<td>714.3</td>
<td>690.0</td>
</tr>
<tr>
<td>Others</td>
<td>170.0</td>
<td>202.6</td>
<td>215.0</td>
</tr>
</tbody>
</table>

### Operating Profit/Loss

<table>
<thead>
<tr>
<th></th>
<th>FY17/3</th>
<th>FY18/3</th>
<th>FY19/3 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>33.2</td>
<td>54.4</td>
<td>64.0</td>
</tr>
<tr>
<td>Enterprise</td>
<td>39.7</td>
<td>35.7</td>
<td>32.0</td>
</tr>
<tr>
<td>Telecom Carrier</td>
<td>18.1</td>
<td>2.0</td>
<td>12.0</td>
</tr>
<tr>
<td>System Platform</td>
<td>29.6</td>
<td>31.4</td>
<td>30.0</td>
</tr>
<tr>
<td>Others</td>
<td>-20.0</td>
<td>-11.9</td>
<td>-103.0</td>
</tr>
<tr>
<td>Adjustment</td>
<td>-58.7</td>
<td>-47.8</td>
<td></td>
</tr>
</tbody>
</table>

*Forecasts as of April 27, 2018*
Financial Forecasts by Segment

Revenue Forecast for FY19/3 2,830.0

- Public 34%
- Enterprise 14%
- Telecom Carrier 20%
- System Platform 24%
- Others 8%

Operating Profit Forecast for FY19/3 50.0

- Public 64.0
- Enterprise 32.0
- System Platform 30.0
- Telecom Carrier 12.0
- Others 15.0

*Forecasts as of April 27, 2018
Capital Expenditure, Depreciation and R&D Expenses

(Billions of Yen)

Capital Expenditure
- FY17/3: 31.5
- FY18/3: 45.4
- FY19/3: 70.0 (Forecast)

Depreciation
- FY17/3: 49.9
- FY18/3: 63.8
- FY19/3: 70.0 (Forecast)

% to Revenue:
- FY17/3: 4.1%
- FY18/3: 3.8%
- FY19/3: 4.0%

R&D Expenses
- FY17/3: 109.3
- FY18/3: 108.1
- FY19/3: 114.0 (Forecast)

*Forecasts as of April 27, 2018*
Reference (Financial Data)
### International Revenue Ratio

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY16/3</th>
<th>FY17/3</th>
<th>FY18/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>23.1%</td>
<td>23.1%</td>
<td>23.4%</td>
</tr>
<tr>
<td>Q2</td>
<td>22.5%</td>
<td>22.8%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Q3</td>
<td>17.9%</td>
<td>17.9%</td>
<td>26.9%</td>
</tr>
<tr>
<td>Q4</td>
<td>20.1%</td>
<td>20.9%</td>
<td>23.1%</td>
</tr>
</tbody>
</table>

### International Revenue

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY16/3 (Billions of Yen)</th>
<th>FY17/3 (Billions of Yen)</th>
<th>FY18/3 (Billions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>135.9</td>
<td>162.5</td>
<td>183.8</td>
</tr>
<tr>
<td>Q2</td>
<td>162.5</td>
<td>148.7</td>
<td>183.8</td>
</tr>
<tr>
<td>Q3</td>
<td>156.1</td>
<td>118.2</td>
<td>204.5</td>
</tr>
<tr>
<td>Q4</td>
<td>136.9</td>
<td>124.2</td>
<td>191.8</td>
</tr>
</tbody>
</table>

YoY growth rates:

- **Q1**: +6.7%
- **Q2**: +37.8%
- **Q3**: +48.0%
- **Q4**: +22.8%
Revenue, Operating Profit/Loss (Public)

Operating Profit Ratio

Revenue

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY16/3</th>
<th>FY17/3</th>
<th>FY18/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>143.9</td>
<td>193.6</td>
<td>143.9</td>
</tr>
<tr>
<td>Q2</td>
<td>167.3</td>
<td>193.6</td>
<td>167.3</td>
</tr>
<tr>
<td>Q3</td>
<td>281.6</td>
<td>167.3</td>
<td>281.6</td>
</tr>
<tr>
<td>Q4</td>
<td>120.7</td>
<td>281.6</td>
<td>120.7</td>
</tr>
</tbody>
</table>

Operating Profit/Loss

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY16/3</th>
<th>FY17/3</th>
<th>FY18/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>+11.9%</td>
<td>+49.9%</td>
<td>+11.9%</td>
</tr>
<tr>
<td>Q2</td>
<td>-10.8%</td>
<td>+30.8%</td>
<td>-10.8%</td>
</tr>
<tr>
<td>Q3</td>
<td>-5.8%</td>
<td>+41.5%</td>
<td>-5.8%</td>
</tr>
<tr>
<td>Q4</td>
<td>-1.9%</td>
<td>-0.5%</td>
<td>-1.9%</td>
</tr>
</tbody>
</table>

(Billions of Yen)

YoY

© NEC Corporation 2018
Revenue, Operating Profit (Enterprise)

Operating Profit Ratio
4.9% 7.4% 6.5% 9.8% 6.4% 11.9% 7.4% 12.1% 5.7% 10.4% 9.4% 9.0%

Revenue (Billions of Yen)

Q1
Revenue: 92.2
Operating Profit: 4.5
YoY: -3.3%

Q2
Revenue: 103.5
Operating Profit: 7.7
YoY: +11.0%

Q3
Revenue: 95.2
Operating Profit: 6.2
YoY: -0.6%

Q4
Revenue: 108.3
Operating Profit: 10.6
YoY: +4.9%

Q1
Revenue: 89.2
Operating Profit: 13.7
YoY: +1.4%

Q2
Revenue: 94.7
Operating Profit: 7.0
YoY: -1.5%

Q3
Revenue: 87.8
Operating Profit: 5.0
YoY: -9.4%

Q4
Revenue: 99.3
Operating Profit: 10.8
YoY: +4.9%

FY16/3

FY17/3

FY18/3

YoY: +6.9%
Revenue, Operating Profit/Loss (Telecom Carrier)

Operating Profit Ratio
-1.7%

8.2% 5.3% 11.9% 6.9% 8.5% -2.7% 2.7% 0.3% 0.6%

Revenue
141.1 183.0 157.2 207.6 118.7 159.0 138.3 184.4 123.3 144.1 135.8 176.5

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

FY16/3 FY17/3 FY18/3

Revenue, Operating Profit/Loss
(Billions of Yen)

YoY
Revenue, Operating Profit/Loss (System Platform)

(Billions of Yen)

Operating Profit Ratio
2.7% 2.6% 1.4% 9.6% 6.5% 10.2% - 3.1% - 0.1% - 1.1% 4.5% 5.2% 7.7% YoY

Revenue
160.2 187.6 171.0 209.7 150.2 189.6 164.3 215.7 179.8 175.8 205.5

Operating Profit/Loss
4.3 4.9 2.4 20.1 12.4 22.0 8.1 9.1 15.9

Operating Profit/Loss YoY
-4.6 -0.1 -1.7 2.9% -4.0% +2.0% -5.2% +7.0% -4.7%

Revenue, Operating Profit/Loss (System Platform)
Revenue, Operating Profit/Loss (Others)

Operating Profit Ratio

Recession of -21.8% in Q4 FY17/3 and -20.1% in Q2 FY16/3 and Revenue of 49.9 and 54.6 (Billions of Yen). However, there is a redevelopment of +11.9% in FY17/3 Q4 and +28.3% in FY18/3 Q4.
Exchange Rate

**Dollar/Yen Exchange Rate (Actual)**

**Euro/Yen Exchange Rate (Actual)**

**Dollar/Yen Assumed Exchange Rate**

**Dollar/Yen Average Exchange Rate**

**Euro/Yen Assumed Exchange Rate**

**Euro/Yen Average Exchange Rate**

- **Dollar/Yen Exchange Rate (Actual):** 110.61, 111.09, 111.80, 120.93, 127.94, 132.39, 134.17
- **Euro/Yen Exchange Rate (Actual):** 105, 115, 111.80, 111.09, 112.22, 110.61

- **Dollar/Yen Assumed Exchange Rate:**
- **Dollar/Yen Average Exchange Rate:**
- **Euro/Yen Assumed Exchange Rate:**
- **Euro/Yen Average Exchange Rate:**
The Nikkei Stock Average

NEC (Adjusted Price Reflecting the Share Consolidation)

Apr 27 Full Year Earnings Release

Jun 22 Ordinary General Meeting of Shareholders

Jul 31 Q1 Earnings Release

Oct 31 Q2 Earnings Release

Jan 30 Q3 Earnings Release
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, 2017 and 18 were referred as FY17/3 and FY18/3 respectively. Any other fiscal years would be referred similarly.