

Financial Results for the Fiscal Year Ended March 31, 2019

April 26, 2019

NEC Corporation

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

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Financial Results for FY19/3 (Appendix)

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- * Net profit/loss refers to net profit/loss attributable to owners of the parent for the same period.
- ** As stated in the July 20, 2018 announcement, "NEC to Revise Operating Segments," NEC has revised its operating segments from Q1, FY19/3. Figures for the corresponding period of FY17/3 or FY18/3 have been restated to conform with the new segments.
- *** NEC applied IFRS 9 and IFRS 15 from Q1, FY19/3. The cumulative effect of a change in accounting policies was recognized at the date of initial application, and the previous period statements were not restated.

I . Financial Results for FY19/3

Background

“Adjusted Operating Profit (Loss)*” and “Adjusted Net profit (Loss)**” will be disclosed as the indicators to measure the underlying profitability in order to clarify the contribution of acquired companies to NEC’s overall earnings from aggressive M&A, which is the cornerstone of the growth strategy in the mid-term management plan.

***"Adjusted Operating profit (loss)" = "IFRS Operating profit (loss)" - "Adjusted items"**

Adjustment items

- Amortization of intangible assets recognized as a result of M&A
- Expenses for acquisition of companies (financial advisory fees, etc.)

** Adjustments related to operating profit, taxes and non-controlling interests are excluded from IFRS net profit.

"Adjusted Operating profit (loss)" and "Adjusted Net profit (loss)" have not been audited by the accounting auditors. Plan to disclose in the earnings releases and quarterly results reports from Q1, FY20/3.

(Billions of Yen)

Revenue

YoY +2.4%
*Variance from forecast
+83.4

- Increased year on year in all operating segments excluding Global business

Adjusted Operating Profit

YoY -2.6

- Worsened year on year due to the recording of business structure improvement expenses

Adjusted Net Profit

YoY -3.4

- Worsened year on year in income before income taxes
- Decided on a 40 yen year-end dividend per share

Variance from initial forecast as of April 27, 2018

Summary of Financial Results for FY19/3

Results
FY19/3

(Billions of Yen)

	Q4 <January to March>			Full Year			Variance from Initial Forecast
	FY18/3 Actual	FY19/3 Actual	YoY	FY18/3 Actual	FY19/3 Actual	YoY	
Revenue	873.2	878.8	+0.6%	2,844.4	2,913.4	+2.4%	+83.4
Operating Profit	49.6	41.8	-7.8	63.9	58.5	-5.4	+8.5
% to Revenue	5.7%	4.8%		2.2%	2.0%		
Adjusted Operating Profit	53.2	45.9	-7.3	72.5	69.9	-2.6	
% to Revenue	6.1%	5.2%		2.6%	2.4%		
Income before Income Taxes	46.7	51.5	+4.8	86.9	78.0	-8.9	
Net Profit	28.3	32.5	+4.3	45.9	40.2	-5.7	+15.2
% to Revenue	3.2%	3.7%		1.6%	1.4%		
Adjusted Net Profit	30.5	35.1	+4.6	50.3	46.9	-3.4	
% to Revenue	3.5%	4.0%		1.8%	1.6%		
Free Cash Flows	77.6	50.5	-27.0	115.8	-12.4	-128.2	-52.4

Note:		USD	1	110.61	110.62
Average Exchange Rates (yen)	EUR	1	134.17	125.89	

111.43	110.48
128.86	128.84

(Billions of Yen)

	FY18/3	FY19/3	YoY
Operating profit	63.9	58.5	-5.4
Adjusted items	8.7	11.4	+2.7
Amortization of intangible assets through acquisition	7.5	9.7	+2.2
M&A related expenses	1.2	1.8	+0.5
Adjusted operating profit	72.5	69.9	-2.6

Results by Segment for FY19/3 (Adjusted)

Results
FY19/3

(Billions of Yen)

		Q4 <January to March>			Full Year		
		FY18/3 Actual	FY19/3 Actual	YoY	FY18/3 Actual	FY19/3 Actual	YoY
Public	Revenue	307.3	301.5	-1.9%	933.1	949.6	+1.8%
	Adjusted Operating Profit	34.0	25.4	-8.7	57.4	56.3	-1.1
	% to Revenue	11.1%	8.4%		6.2%	5.9%	
Enterprise	Revenue	117.5	117.3	-0.2%	408.7	435.0	+6.4%
	Adjusted Operating Profit	10.6	9.8	-0.7	35.7	35.1	-0.7
	% to Revenue	9.0%	8.4%		8.7%	8.1%	
Network Services	Revenue	114.6	129.7	+13.2%	377.6	394.8	+4.6%
	Adjusted Operating Profit	8.6	7.1	-1.6	17.3	13.1	-4.1
	% to Revenue	7.5%	5.4%		4.6%	3.3%	
System Platform	Revenue	159.4	171.1	+7.3%	531.7	546.7	+2.8%
	Adjusted Operating Profit	15.3	17.8	+2.4	30.0	22.3	-7.7
	% to Revenue	9.6%	10.4%		5.6%	4.1%	
Global	Revenue	134.6	120.3	-10.6%	453.7	440.7	-2.9%
	Adjusted Operating Profit/Loss	-8.8	-16.5	-7.7	-23.6	-22.1	+1.5
	% to Revenue	-6.6%	-13.7%		-5.2%	-5.0%	
Others	Revenue	39.7	38.9	-2.2%	139.7	146.6	+5.0%
	Adjusted Operating Profit/Loss	2.9	14.3	+11.4	-0.4	20.9	+21.3
	% to Revenue	7.4%	36.8%		-0.3%	14.2%	
Adjustment	Adjusted Operating Profit/Loss	-9.5	-12.0	-2.5	-43.8	-55.7	-11.9
Total	Revenue	873.2	878.8	+0.6%	2,844.4	2,913.4	+2.4%
	Adjusted Operating Profit	53.2	45.9	-7.3	72.5	69.9	-2.6
	% to Revenue	6.1%	5.2%		2.6%	2.4%	

<Ref.> Results by Segment for FY19/3

Results
FY19/3

(Billions of Yen)

		Q4 <January to March>			Full Year			Variance from Initial Forecast
		FY18/3 Actual	FY19/3 Actual	YoY	FY18/3 Actual	FY19/3 Actual	YoY	
Public	Revenue	307.3	301.5	-1.9%	933.1	949.6	+1.8%	+4.6
	Operating Profit	33.0	24.4	-8.7	53.2	52.2	-0.9	-8.8
	% to Revenue	10.7%	8.1%		5.7%	5.5%		
Enterprise	Revenue	117.5	117.3	-0.2%	408.7	435.0	+6.4%	+25.0
	Operating Profit	10.6	9.8	-0.7	35.7	35.1	-0.7	+3.1
	% to Revenue	9.0%	8.4%		8.7%	8.1%		
Network Services	Revenue	114.6	129.7	+13.2%	377.6	394.8	+4.6%	+34.8
	Operating Profit	8.6	7.1	-1.6	17.3	13.1	-4.1	+2.1
	% to Revenue	7.5%	5.4%		4.6%	3.3%		
System Platform	Revenue	159.4	171.1	+7.3%	531.7	546.7	+2.8%	+36.7
	Operating Profit	15.3	17.8	+2.4	30.0	22.3	-7.7	-9.7
	% to Revenue	9.6%	10.4%		5.6%	4.1%		
Global	Revenue	134.6	120.3	-10.6%	453.7	440.7	-2.9%	-64.3
	Operating Profit/Loss	-11.4	-19.6	-8.1	-28.0	-29.4	-1.4	-29.4
	% to Revenue	-8.5%	-16.3%		-6.2%	-6.7%		
Others	Revenue	39.7	38.9	-2.2%	139.7	146.6	+5.0%	+46.6
	Operating Profit/Loss	2.9	14.3	+11.4	-0.4	20.9	+21.3	+5.9
	% to Revenue	7.4%	36.8%		-0.3%	14.2%		
Adjustment	Operating Profit/Loss	-9.5	-12.0	-2.5	-43.8	-55.7	-11.9	+45.3
Total	Revenue	873.2	878.8	+0.6%	2,844.4	2,913.4	+2.4%	+83.4
	Operating Profit	49.6	41.8	-7.8	63.9	58.5	-5.4	+8.5
	% to Revenue	5.7%	4.8%		2.2%	2.0%		

Japan

- Sales increased in all segments under favorable business environments.
- Profit in ordinary course of business for the Public, Enterprise, and System Platform Business units increased although business structure improvement expenses were recorded.

International

- Safety achieved profitability in adjusted operating income, despite sales shortfalls.
- Profits lowered compared to the forecasts for displays, energy, optical IP, etc.
- Implemented structural reforms to improve future profitability and recorded impairment of fixed assets and goodwill (total 20.0 B yen).

(Billions of Yen)

Business structure improvement (35.0)

- Voluntary early retirement (20.0)
- End of operation at Tsukuba Research Laboratories (5.0)
- Optimizing plants of NEC Platforms, Ltd. (Ichinoseki and Ibaraki) (2.0)
- Business structure improvement in NEC Lighting, Ltd. (1.0)
- Office floor optimization (2.0)
- Optimizing overseas offices (5.0)

Optimizing assets (12.0)

- Impairment of assets of NEC Australia Pty. Ltd. (6.0)
- Other impairment in Global (6.0)

Investment to improve profitability for the future (3.0)

Breakdown by segment (Approximate figures)	Expenses	Costs reduced
Public	3.0	3.0
Enterprise	1.0	1.0
Network Services	2.0	2.0
System Platform	11.0	11.0
Global	5.0	5.0
Others	4.0	4.0
Adjustment	9.0	4.0
Total	35.0	30.0*

* Including 4.5B yen recorded in FY19/3

Global 15.0

■ Sale of the electrode business to the Envision Group completed on March 29, 2019

- All shares of NEC Energy Devices, Ltd. transferred to the Envision Group
- All shares of Automotive Energy Supply Corporation (AESC) owned by NEC and NEC Energy Devices transferred to Nissan Motor Co., Ltd.
- 9.1 billion yen in operating profit (NEC Energy Devices), 10 billion yen in non-operating profit (AESC)

II. Financial Forecasts for FY20/3

Summary of Financial Forecasts (Adjusted)

Forecasts
FY20/3

Improve in profit, taking into account business structure improvement

	Full Year		
	FY19/3 Actual	FY20/3 Forecasts	YoY
Revenue	2,913.4	2,950.0	+1.3%
Operating Profit	58.5	110.0	+51.5
% to Revenue	2.0%	3.7%	
Adjusted Operating Profit	69.9	125.0	+55.1
% to Revenue	2.4%	4.2%	
Net Profit	40.2	65.0	+24.8
% to Revenue	1.4%	2.2%	
Adjusted Net Profit	46.9	74.0	+27.1
% to Revenue	1.6%	2.5%	

Free Cash Flows	-12.4	65.0	+77.4
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Dividends per Share (yen)	40	60	+20
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Note: Average Exchange Rates (yen)	USD 1	110.48	105.00
	EUR 1	128.84	125.00

		(Billions of Yen)		
		Full Year		
		FY19/3 Actual	FY20/3 Forecasts	YoY
Public	Revenue	949.6	935.0	-1.5%
	Adjusted Operating Profit	56.3	71.0	+14.7
	% to Revenue	5.9%	7.6%	
Enterprise	Revenue	435.0	435.0	+0.0%
	Adjusted Operating Profit	35.1	38.0	+2.9
	% to Revenue	8.1%	8.7%	
Network Services	Revenue	394.8	390.0	-1.2%
	Adjusted Operating Profit	13.1	22.0	+8.9
	% to Revenue	3.3%	5.6%	
System Platform	Revenue	546.7	525.0	-4.0%
	Adjusted Operating Profit	22.3	42.0	+19.7
	% to Revenue	4.1%	8.0%	
Global	Revenue	440.7	580.0	+31.6%
	Adjusted Operating Profit/Loss	-22.1	17.0	+39.1
	% to Revenue	-5.0%	2.9%	
Others	Revenue	146.6	85.0	-42.0%
	Adjusted Operating Profit/Loss	20.9	8.0	-12.9
	% to Revenue	14.2%	9.4%	
Adjustment	Adjusted Operating Profit/Loss	-55.7	-73.0	-17.3
Total	Revenue	2,913.4	2,950.0	+1.3%
	Adjusted Operating Profit	69.9	125.0	+55.1
	% to Revenue	2.4%	4.2%	

*Forecasts as of April 26, 2019

<Ref.> Summary of Financial Forecasts

Forecasts
FY20/3

Improve in profit, taking into account business structure improvement

	Full Year		
	FY19/3 Actual	FY20/3 Forecasts	YoY
Revenue	2,913.4	2,950.0	+1.3%
Operating Profit	58.5	110.0	+51.5
% to Revenue	2.0%	3.7%	
Net Profit	40.2	65.0	+24.8
% to Revenue	1.4%	2.2%	

Free Cash Flows	-12.4	65.0	+77.4
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Dividends per Share (yen)	40	60	+20
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Note:		FY19/3	FY20/3
Average Exchange Rates (yen)	USD 1	110.48	105.00
	EUR 1	128.84	125.00

(Billions of Yen)

		Full Year		
		FY19/3 Actual	FY20/3 Forecasts	YoY
Public	Revenue	949.6	935.0	-1.5%
	Operating Profit	52.2	67.0	+14.8
	% to Revenue	5.5%	7.2%	
Enterprise	Revenue	435.0	435.0	+0.0%
	Operating Profit	35.1	38.0	+2.9
	% to Revenue	8.1%	8.7%	
Network Services	Revenue	394.8	390.0	-1.2%
	Operating Profit	13.1	22.0	+8.9
	% to Revenue	3.3%	5.6%	
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	Operating Profit	22.3	42.0	+19.7
	% to Revenue	4.1%	8.0%	
Global	Revenue	440.7	580.0	+31.6%
	Operating Profit/Loss	-29.4	6.0	+35.4
	% to Revenue	-6.7%	1.0%	
Others	Revenue	146.6	85.0	-42.0%
	Operating Profit/Loss	20.9	8.0	-12.9
	% to Revenue	14.2%	9.4%	
Adjustment	Operating Profit/Loss	-55.7	-73.0	-17.3
Total	Revenue	2,913.4	2,950.0	+1.3%
	Operating Profit	58.5	110.0	+51.5
	% to Revenue	2.0%	3.7%	

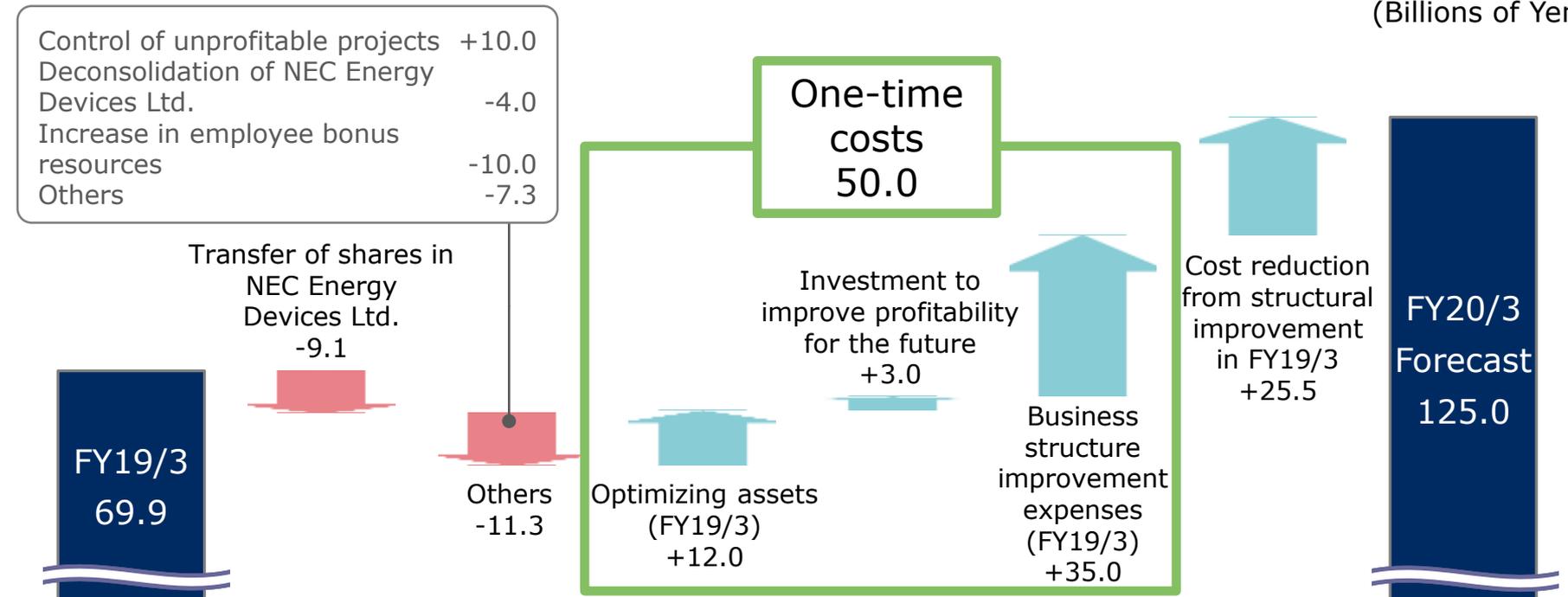
*Forecasts as of April 26, 2019

Adjusted Operating Profit Change (Year on Year)

Forecasts
FY20/3

Improve due to a decrease in one-time costs and cost reduction from structural improvement

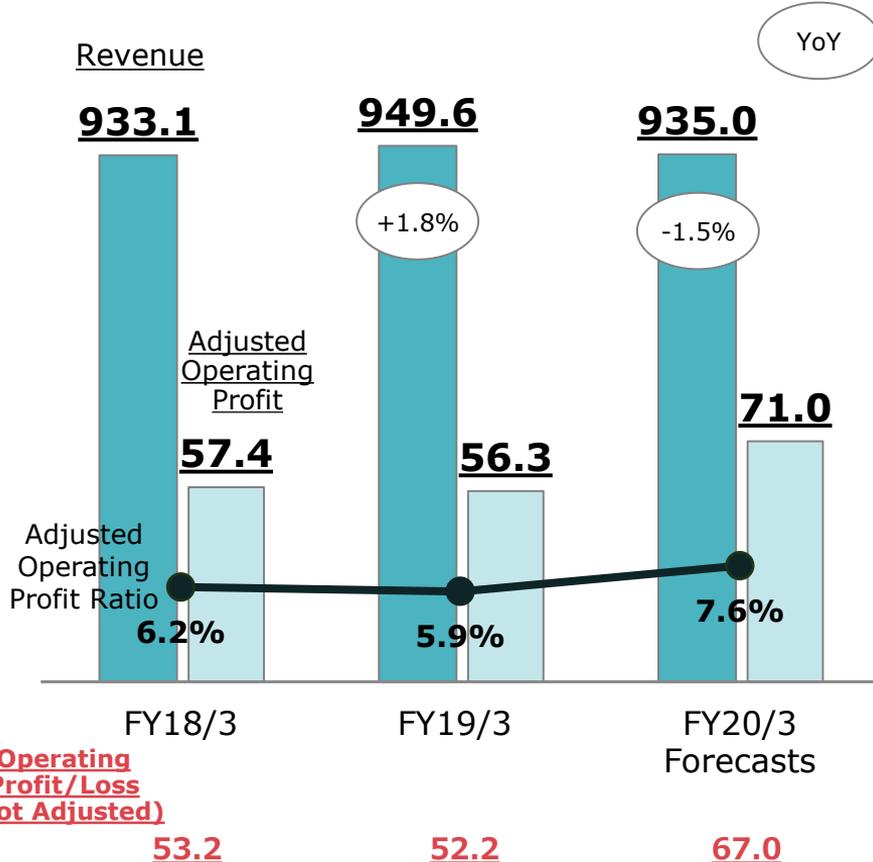
(Billions of Yen)



*Forecasts as of April 26, 2019

(Billions of Yen)

Billions of Yen (YoY)



Revenue 935.0 (-1.5%)

- Public Solutions area: remain flat
- Public Infrastructure area: decrease due to a decline in a large-scale project in the previous year

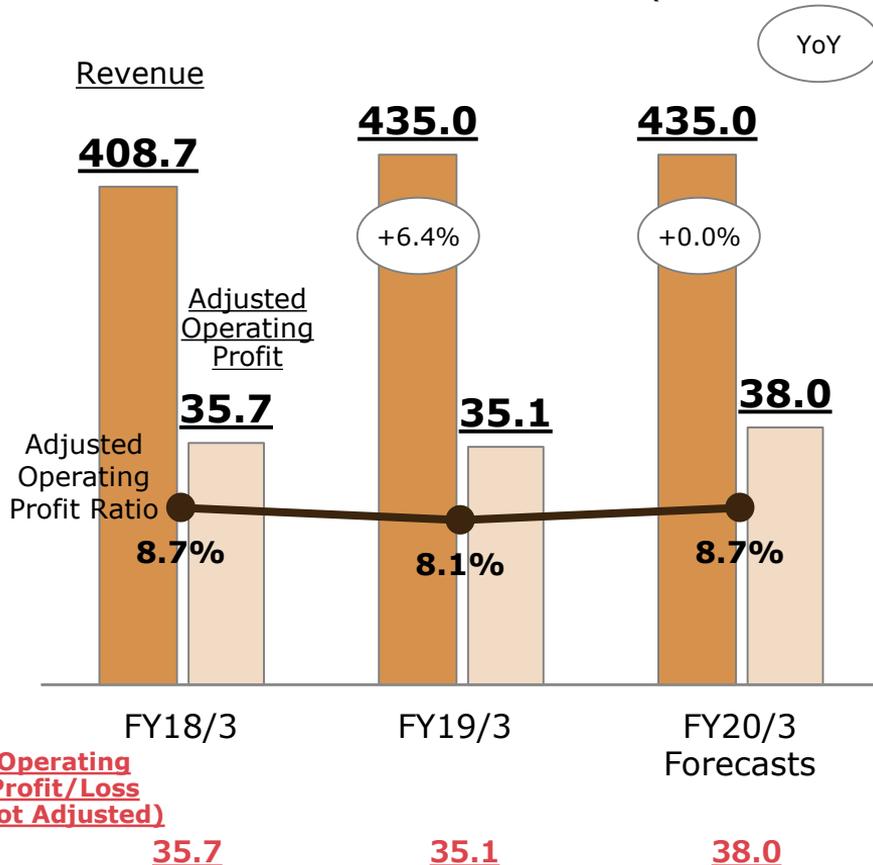
Adjusted Operating Profit 71.0 (+14.7)

- Improve due to control of unprofitable projects as well as business structure improvement, despite a sales decline

*Forecasts as of April 26, 2019

(Billions of Yen)

Billions of Yen (YoY)



Revenue 435.0 (+0.0%)

- Remain flat compared to the previous fiscal year with strong performance

Adjusted Operating Profit 38.0 (+2.9)

- Improve due to business structure improvement

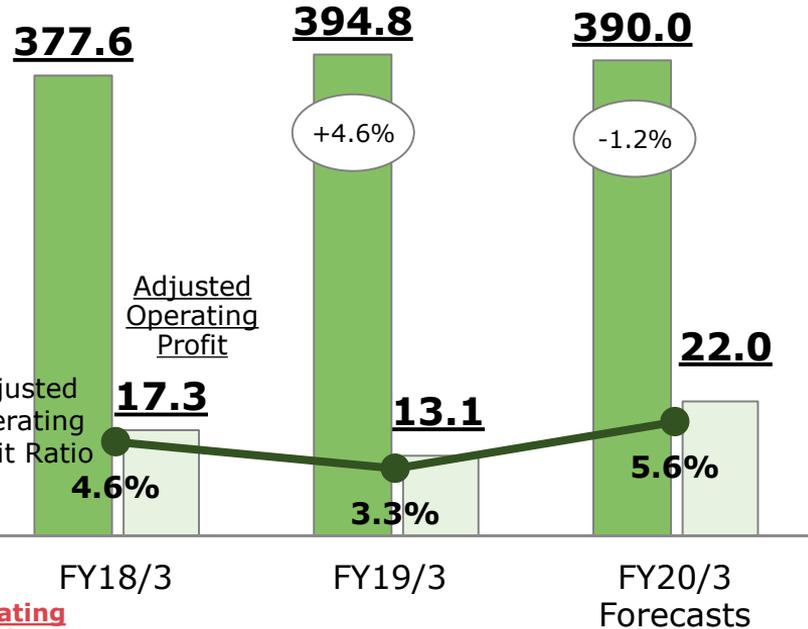
*Forecasts as of April 26, 2019

(Billions of Yen)

Billions of Yen (YoY)

YoY

Revenue



Revenue 390.0 (-1.2%)

- Remain flat with sluggish capital investment by telecommunications carriers

Adjusted Operating Profit 22.0 (+8.9)

- Improve due to business structure improvement as well as a decrease in a loss from a specific project recorded in the previous fiscal year

Operating Profit/Loss (Not Adjusted)

17.3

13.1

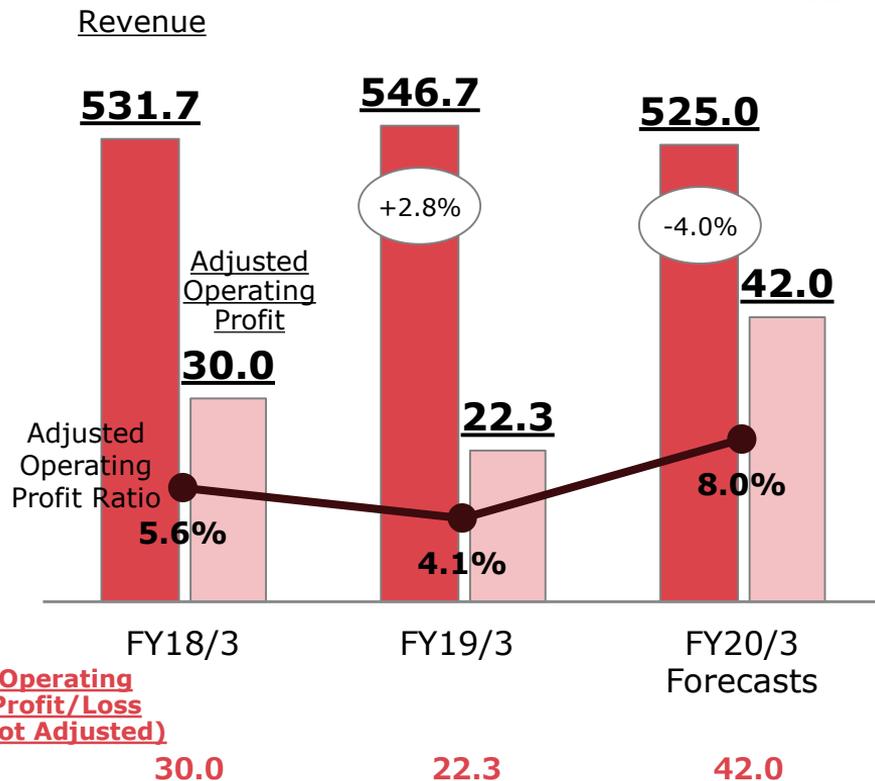
22.0

*Forecasts as of April 26, 2019

(Billions of Yen)

Billions of Yen (YoY)

YoY



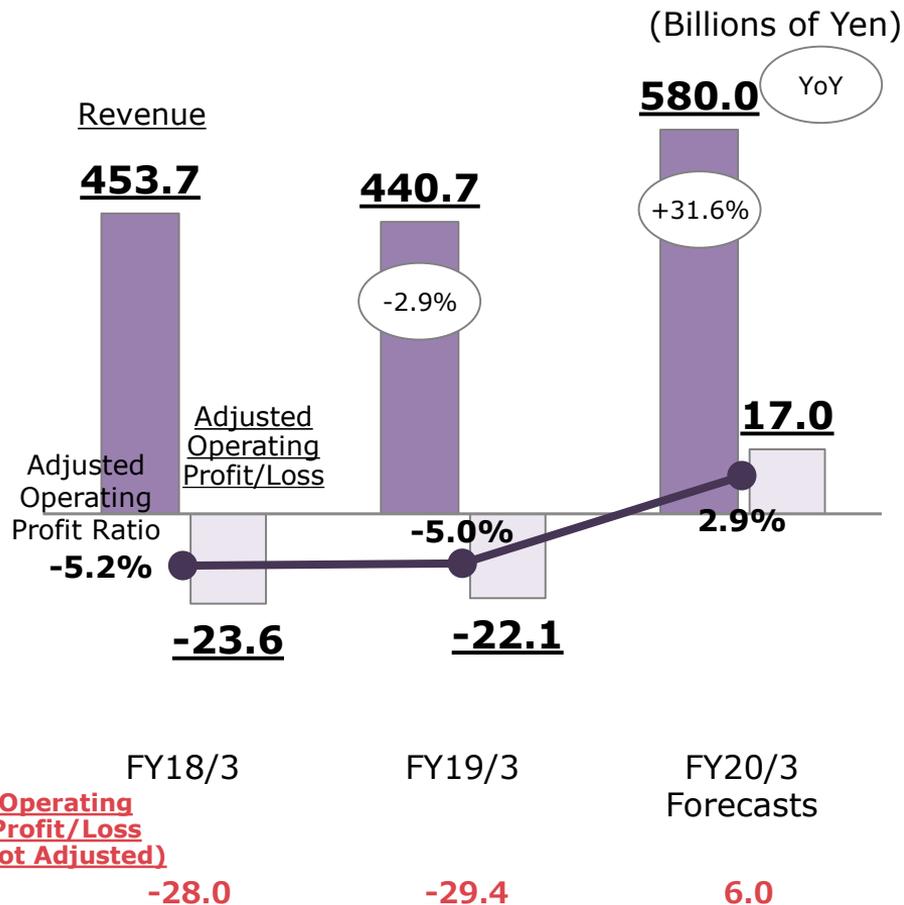
Revenue 525.0 (-4.0%)

- Decrease due to a decline in business PCs compared to the previous fiscal year when there was replacement demand

Adjusted Operating Profit 42.0 (+19.7%)

- Improve due to business structure improvement

*Forecasts as of April 26, 2019



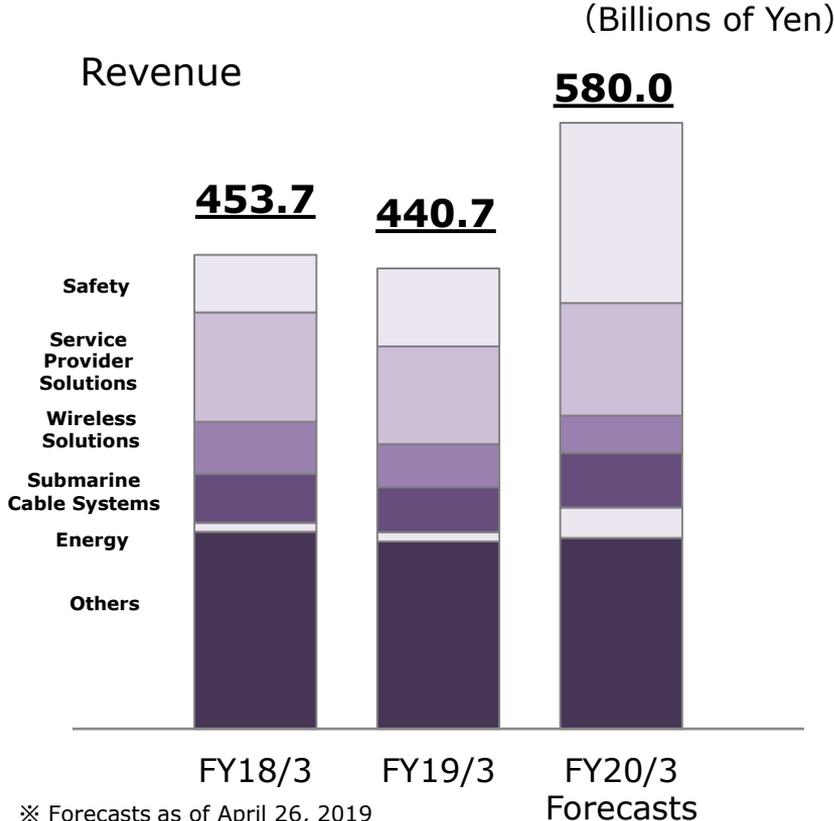
Revenue 580.0 (+31.6%)

- Increase in safety, software & services for service providers as well as submarine cable systems

Adjusted Operating Profit/Loss 17.0 (+39.1)

- Turn to the black due to a decrease in one-time costs recorded in the previous fiscal year, such as business structure improvement expenses and the impairment of assets

*Forecasts as of April 26, 2019



※ Forecasts as of April 26, 2019

※ Others includes the display solutions business and global unified communications business

Safety

- Sales increased from the new consolidation of *NPS and KMD in FY19/3
- Increased sales expected from the new consolidation of KMD in FY20/3 as well

Service Provider Solutions

- Sales decreased but orders were strong in FY19/3
Increased sales expected for optical IP and software services in FY20/3

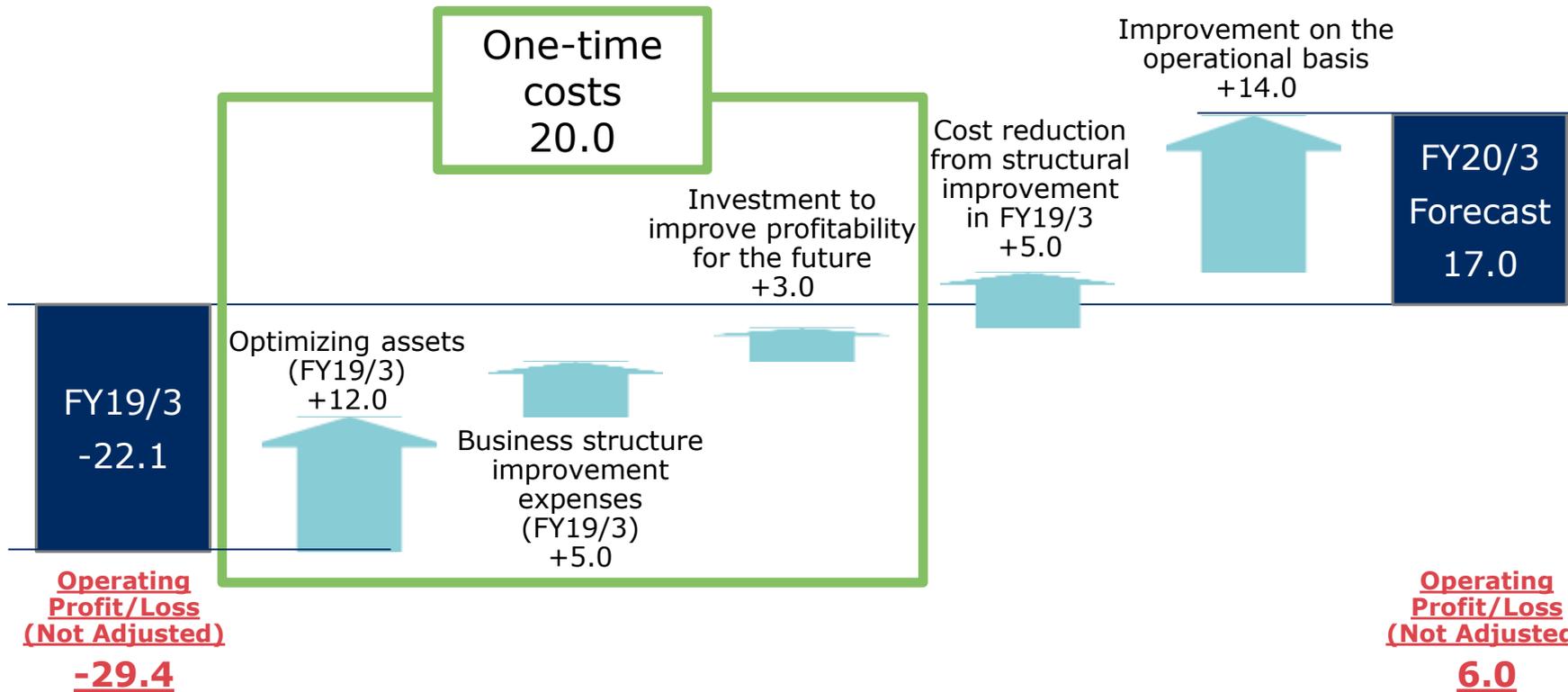
Wireless Solutions/Submarine Cable Systems

- Wireless solutions sales decreased in FY19/3
Select orders with emphasis on profitability and expect sales to decline in FY20/3
- Submarine cable system sales decreased but orders were strong in FY19/3
Increased sales expected in FY20/3 from increased orders received in FY19/3

Display Solutions

- Sales decreased in FY19/3 due to intensifying competition in North America
Recovery expected in FY20/3
- *SL : Solutions
UC : Unified Communications
NPS : Northgate Public Services Limited

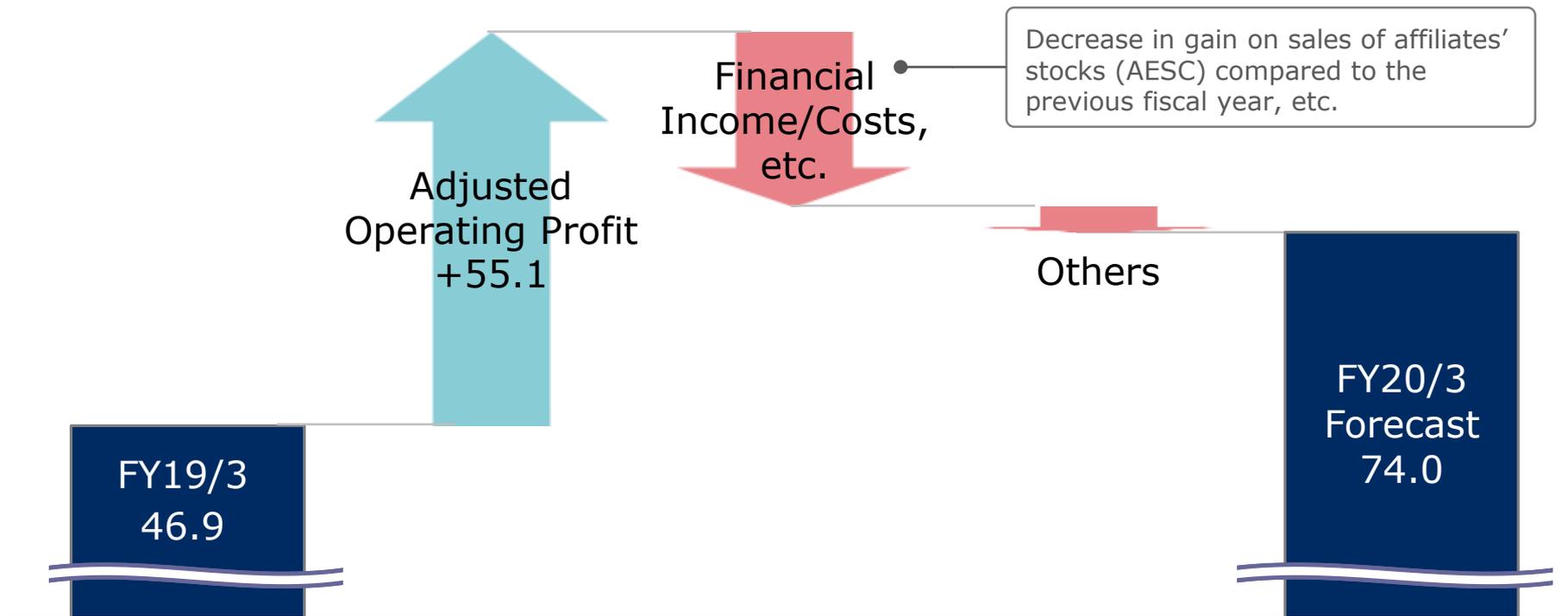
(Billions of Yen)



Adjusted Net Profit Change (Year on Year)

Forecasts
FY20/3

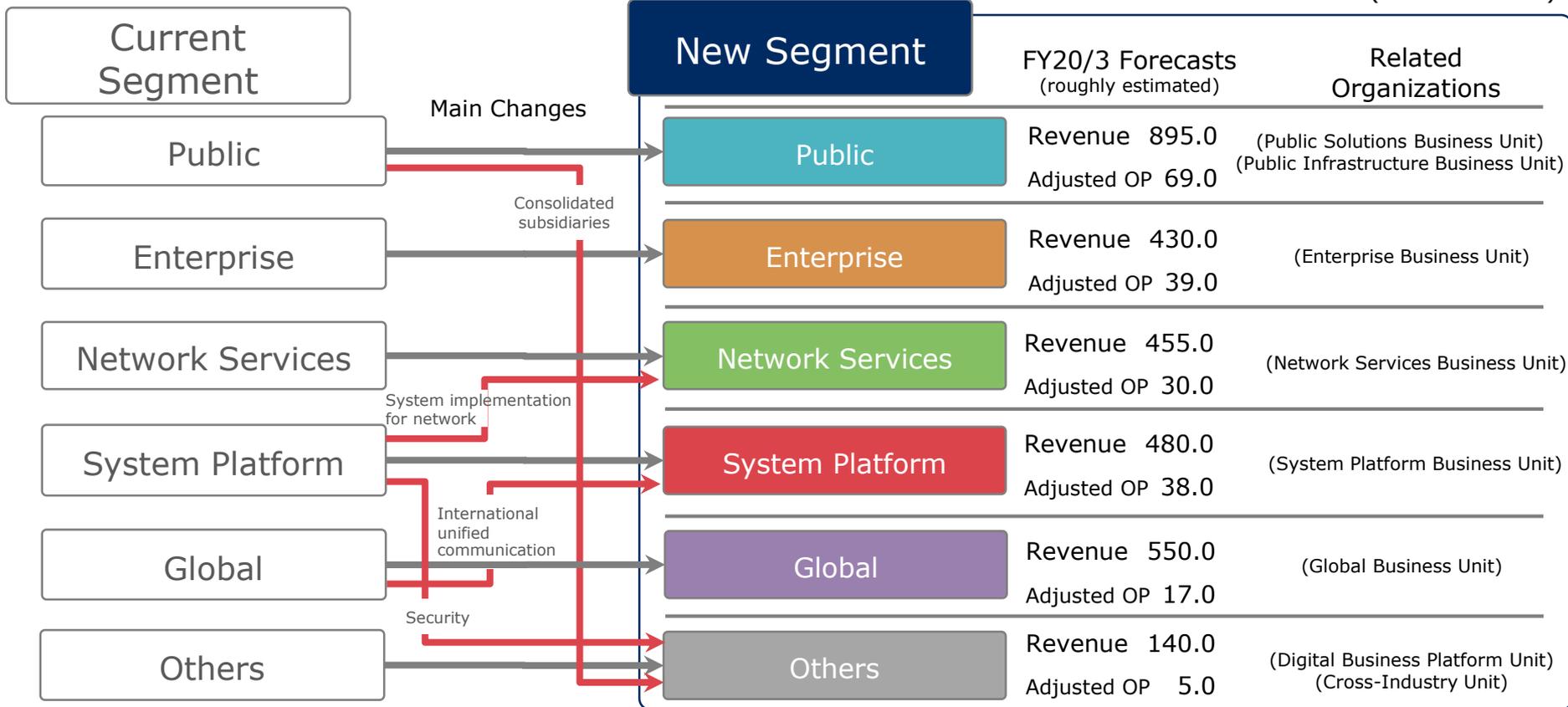
(Billions of Yen)



*Forecasts as of April 26, 2019

<Ref.> Overview of Segment Revision and Organizations

(Billions of Yen)



*Roughly estimated as of April 26, 2019

Ⅲ. Progress on Mid-term Management Plan 2020

■ **Reduce SGA:** Voluntary early retirement, cost reductions (office reform, marketing costs)

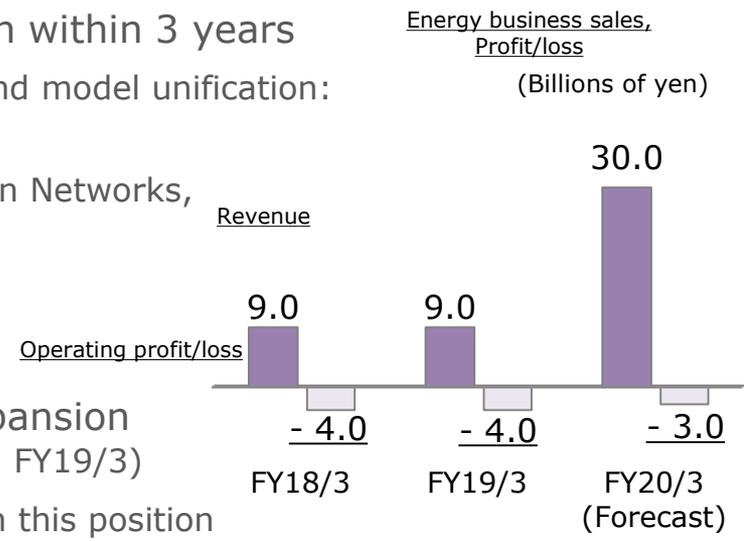
■ **Optimize production bases:** NEC Platforms (Ichinoseki, Ibaraki)

■ **Wireless solutions business**

- Determine business continuity, aim for 5% profit margin within 3 years
 - Improve profitability with structural reform, selecting orders and model unification: Profitability in FY20/3
 - Development cost reduction through collaboration with Ceragon Networks, and promote more partnerships

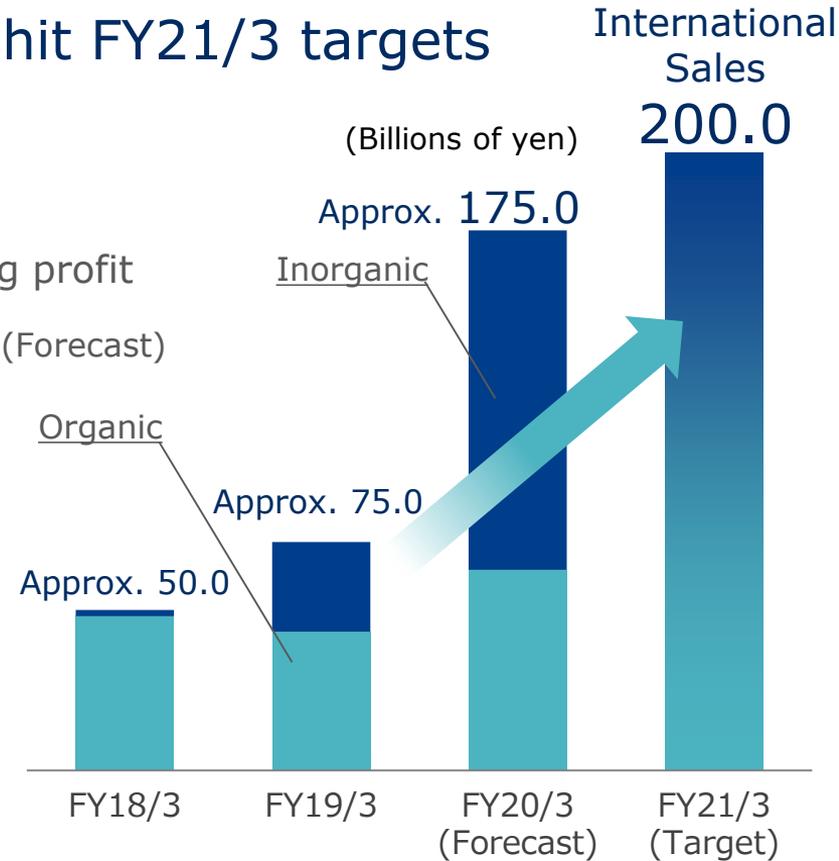
■ **Energy business**

- Secure the scale of a top global group along with the expansion of orders (Orders : 3.0 billion yen in FY18/3 → 26.0 billion yen in FY19/3)
 - Aiming for profitability while building more partnerships based on this position



Accelerate business growth aiming to hit FY21/3 targets

- Business growth from acquiring NPS and KMD
- Profit contribution is expanding in adjusted operating profit
 - Profit margin: FY18/3; loss → FY19/3; 2% → FY20/3; 7% (Forecast)
- M&A through acquisition of NPS and KMD to further expand provision of value
 - EMIS business acquisition: Healthcare field (April 2019)
 - APD acquisition: Police/Airport field (Dec. 2018)
 - i2N acquisition: Judiciary field (July 2018)



Agreed with NTT DOCOMO to provide base station equipment for commercial 5G services and promote development

Progress in collaboration with Samsung in the 5G field

- Conducting interoperability tests with the assets of both companies
- Joint proposals for global carriers

Progress in 5G trials

- Co-creation with telecom carriers and industry partners (medical, security, broadcasting, transportation, construction)
 - Remote healthcare, advanced security services, AR for sports spectators, emergency transport, high-definition video transmission, remote operation of construction equipment, etc.

Business development with Rakuten

- NEC and Netcracker selected as prime IT vendor, including BSS/OSS

* AR : Augmented Reality
BSS : Business Support System
OSS : Operation Support System

Biometric authentication

- Narita Airport adopts facial recognition system for its new "OneID" check-in procedures
- Facial recognition system orders for large-scale sports events

SDN, OSS/BSS: Large-scale orders from Tier 1 European carriers

Submarine cable systems: Record high level of orders received, more than 100 billion yen in FY19/3

Digital shift activities and cross-industry business creation

- Creation of a Chief Digital Officer (CDO) position
- Establishment of a Digital Business Platform Unit and a Cross-Industry Unit

*SDN : Software-Defined Networking

Initiatives for customer value creation utilizing the latest technologies

- dotData: Commercial and trial deployments for more than 20 companies
- Establishment of NEC X in Silicon Valley: Implement new business development
- Healthcare: Further promotion of the drug development business in addition to the medical system business using the latest technologies

Reform that maximizes the power of employees

- The launch of PROJECT RISE
 - Formation of the "Code of Values" outlining NEC behavior
 - Introduction of a new evaluation system for all corporate officers and employees
 - Corporate officers enter into one-year mandate contracts and the number of officers reduced

Identified a management theme of "materiality" from an ESG perspective

Capital Allocation

- 200 billion yen set aside for M&A applied to the acquisition of NPS and KMD
⇒ Financial base maintained by enhancing investment risk management
- Future growth investment will continue based on free cash flow
- Resume interim dividend due to improved performance and the annual dividend will be 60 yen
- Increase employee bonus resources in order to retain valued human resources

■ **Date and time:** Tuesday, July 16, 2019, 9:30 to 15:40

■ **Location:** NEC Headquarters Building, B1 Multipurpose Hall

■ All unit heads speak and explain strategies for achieving the mid-term business plan

Programs	Presenters	
Public business	Executive Vice President Executive Vice President	Chikara Nakamata Noritaka Taguma
Enterprise business	Executive Vice President	Kazuhiro Sakai
Network Services business	Executive Vice President	Atsuo Kawamura
Cross-Industry Unit Digital Business Platform Unit Business Innovation Unit Central research laboratory	Senior Vice President Executive Vice President Senior Vice President Executive Vice President	Yutaka Ukegawa Hiroshi Kodama Osamu Fujikawa Motoo Nishihara
System Platform business	Executive Vice President	Tomoyasu Nishimura
Global business	Senior Executive Vice President	Akihiko Kumagai



\Orchestrating a brighter world

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.

 **Orchestrating** a brighter world

NEC

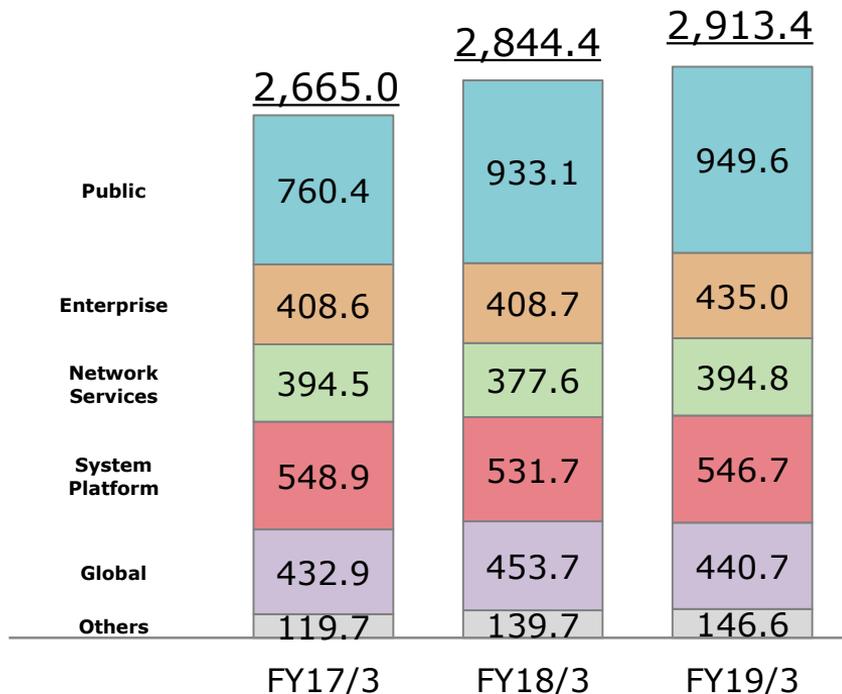
Financial Results for FY19/3 (Appendix)

Financial Results for FY19/3 by Segment (three-year transition)

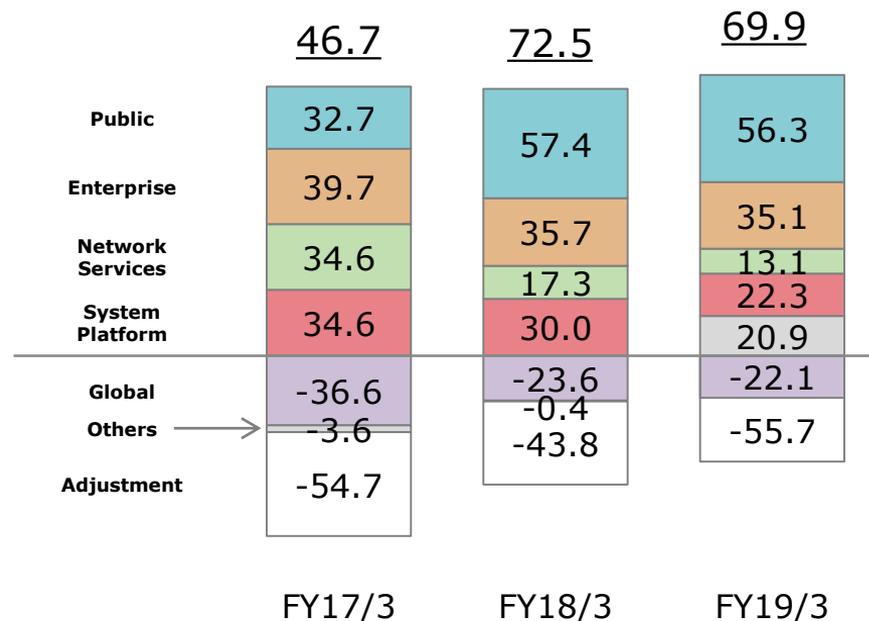
Results
FY19/3

(Billions of Yen)

Revenue

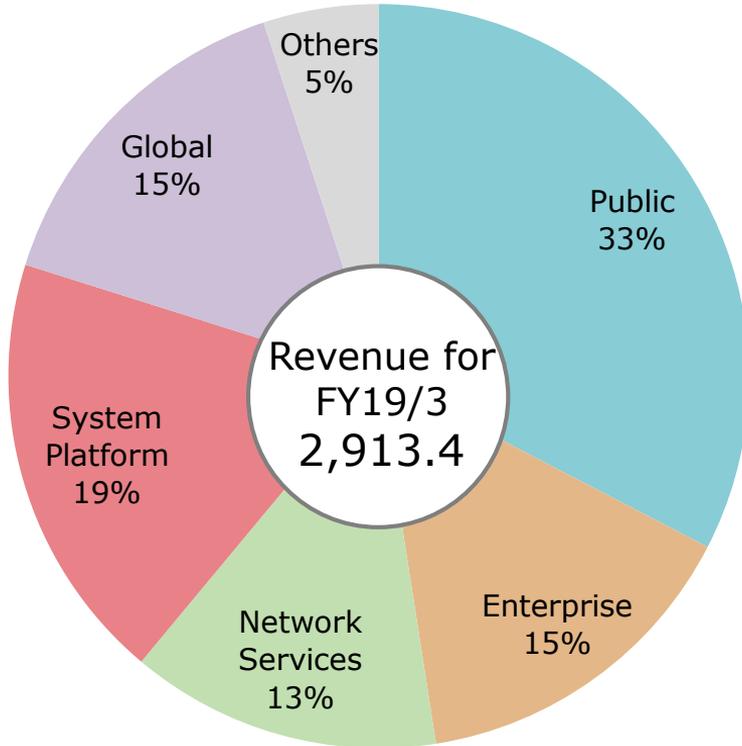


Adjusted Operating Profit/Loss

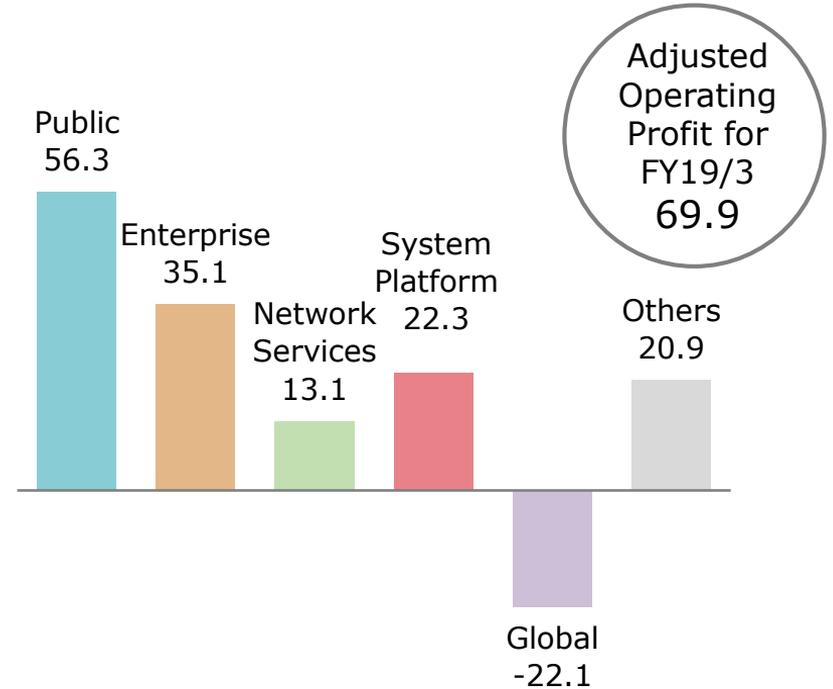


(Billions of Yen)

Revenue

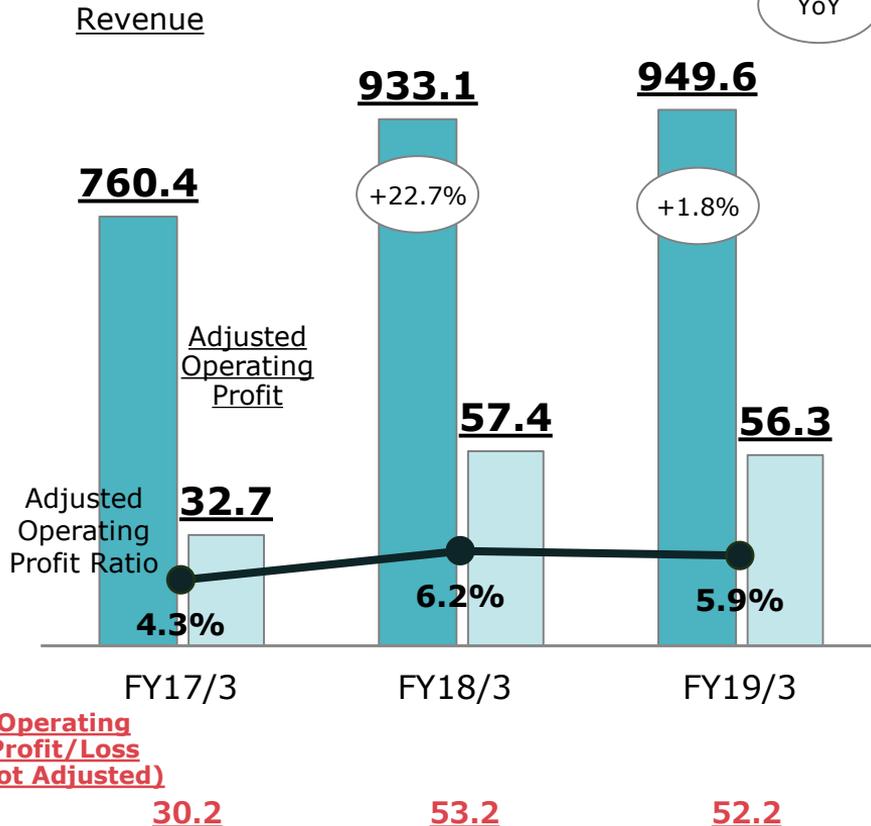


Adjusted Operating Profit



(Billions of Yen)

Billions of Yen (YoY)



Revenue 949.6 (+1.8%)

- Increased both in Public Solutions and Public Infrastructure areas owing to stable business environment in Japan

Adjusted Operating Profit 56.3 (-1.1)

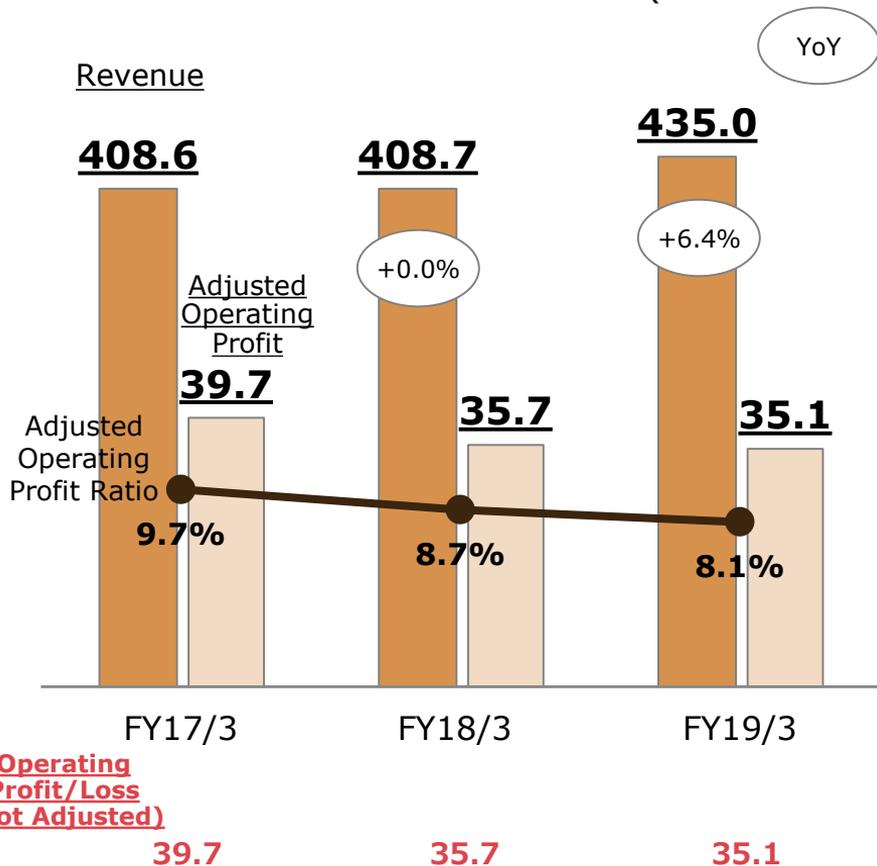
- Worsened due to the recording of business structure improvement expenses, despite a sales increase

Business structure improvement in FY19/3

Business structure improvement expenses	-3.0
Cost reduction from structural improvement (in Q4)	+0.7

(Billions of Yen)

Billions of Yen (YoY)



Revenue 435.0 (+6.4%)

- Increased in manufacturing industries, retail and services, as well as financial institutions

Adjusted Operating Profit 35.1 (-0.7)

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

* IoT : Internet of Things

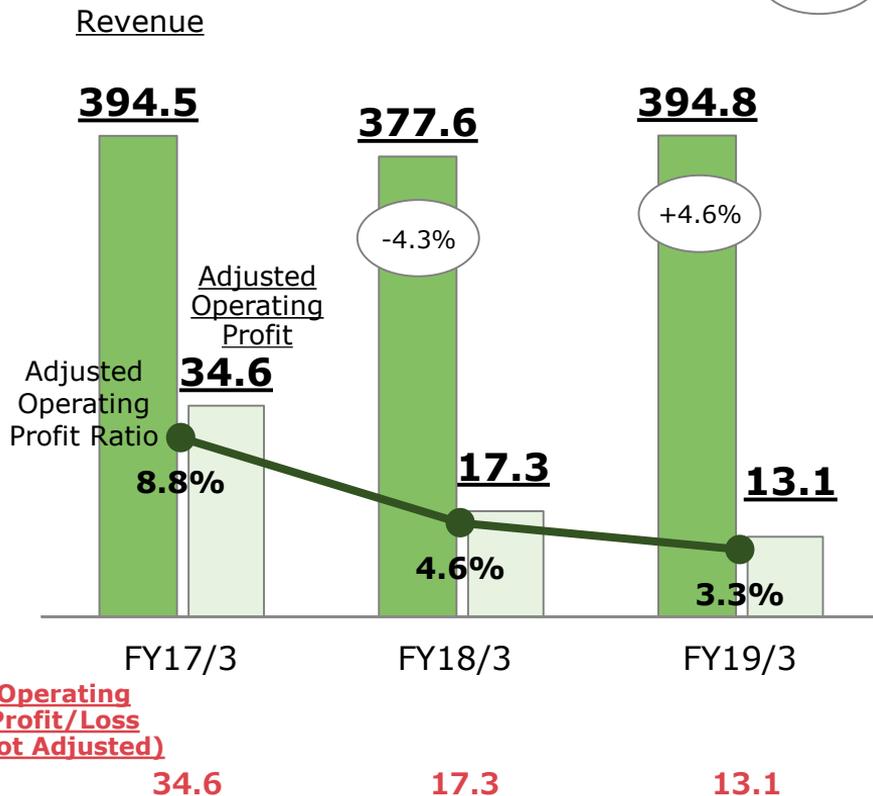
Business structure improvement in FY19/3

Business structure improvement expenses	-1.0
Cost reduction from structural improvement (in Q4)	+0.2

(Billions of Yen)

Billions of Yen (YoY)

YoY



Revenue 394.8 (+4.6%)

- Increased in network area

Adjusted Operating Profit 13.1 (-4.1)

- Worsened due to a loss from a specific IT service project and the recording of business structure improvement expenses, despite an improvement in network area

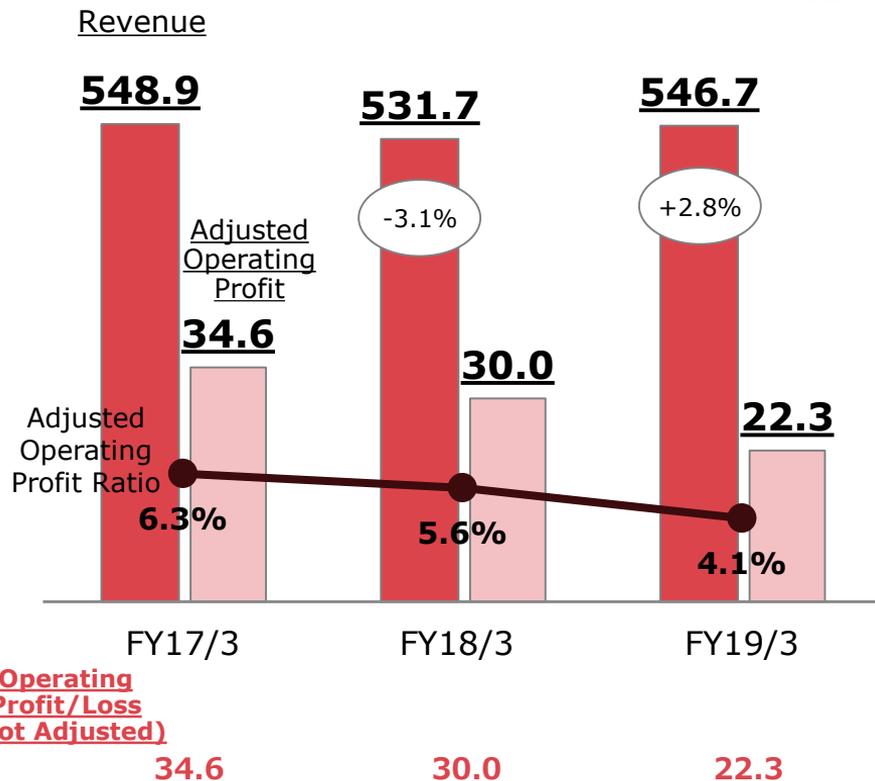
Business structure improvement in FY19/3

Business structure improvement expenses	-2.0
Cost reduction from structural improvement (in Q4)	+0.4

(Billions of Yen)

Billions of Yen (YoY)

YoY



Revenue 546.7 (+2.8%)

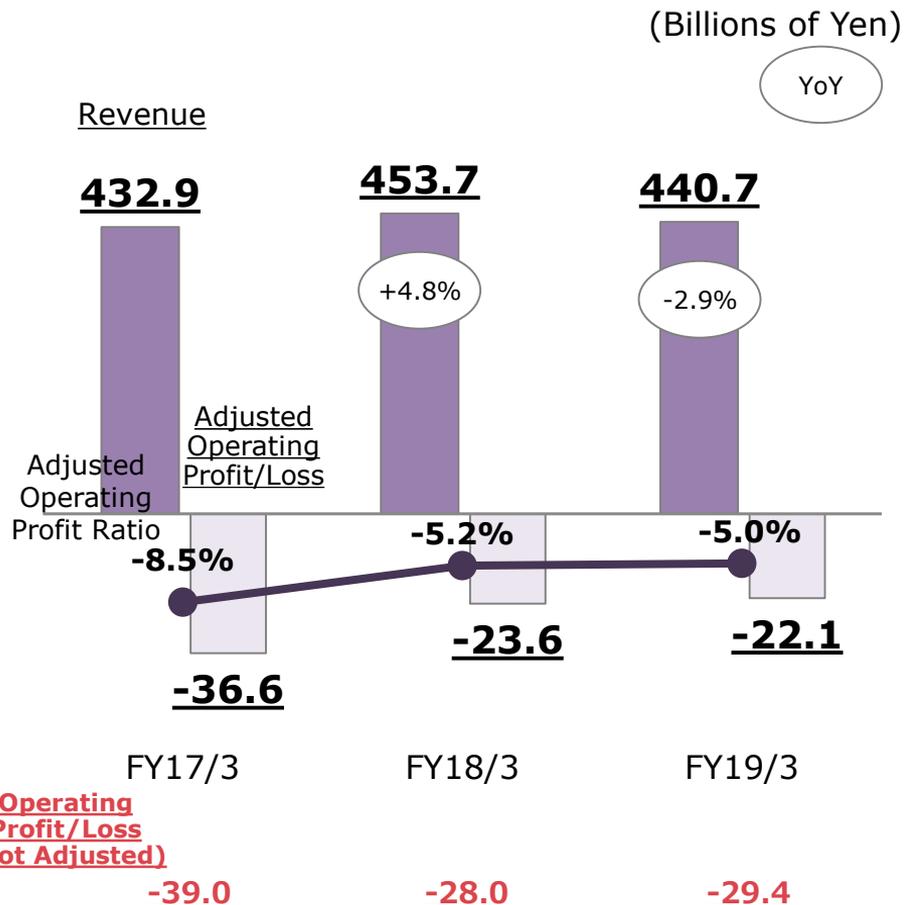
- Increased in hardware, mainly business PCs

Adjusted Operating Profit 22.3 (-7.7%)

- Worsened due to the recording of business structure improvement expenses

Business structure improvement in FY19/3

Business structure improvement expenses	-11.0
Cost reduction from structural improvement (in Q4)	+1.4



Revenue

Billions of Yen (YoY)

440.7 (-2.9%)

- Decreased in display solutions as well as software & services for service providers, while increased in safety

Adjusted Operating Profit/Loss -22.1 (+1.5)

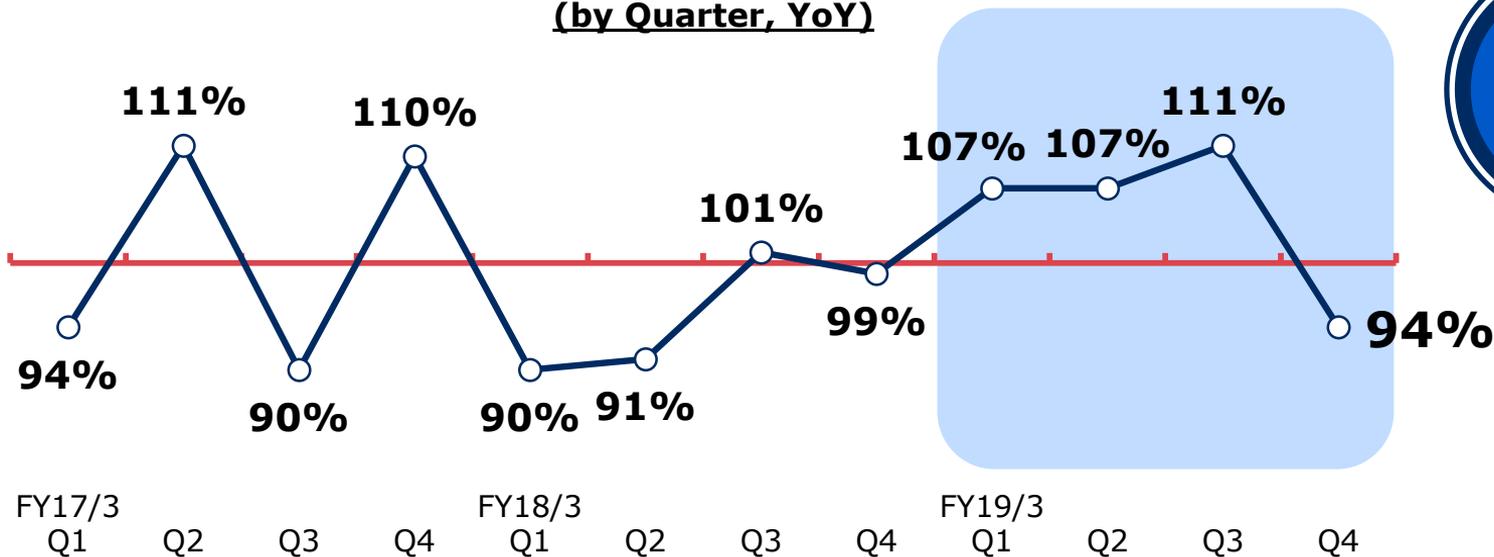
- Improved in wireless solutions, software & services for service providers as well as safety, despite the recording of business structure improvement expenses and the impairment of fixed assets and goodwill

Business structure improvement, etc. in FY19/3

Business structure improvement expenses	-5.0
Cost reduction from structural improvement (in Q4)	+0.3
Impairment of fixed assets and goodwill	-15.0

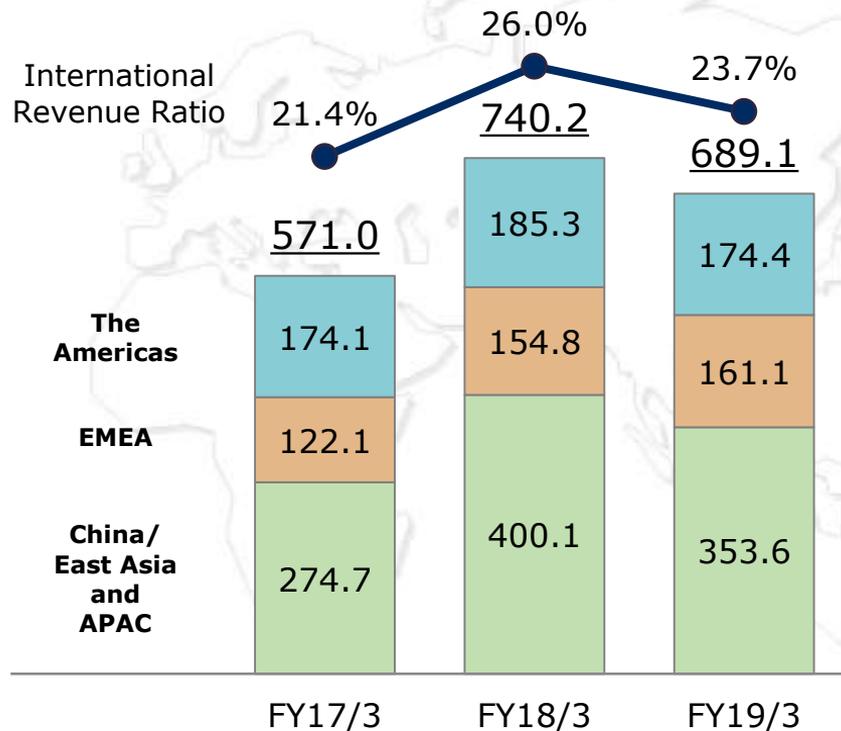
IT services orders in Japan for FY19/3 increased significantly in the public and financial areas

IT Services Order Trend in Japan
(by Quarter, YoY)

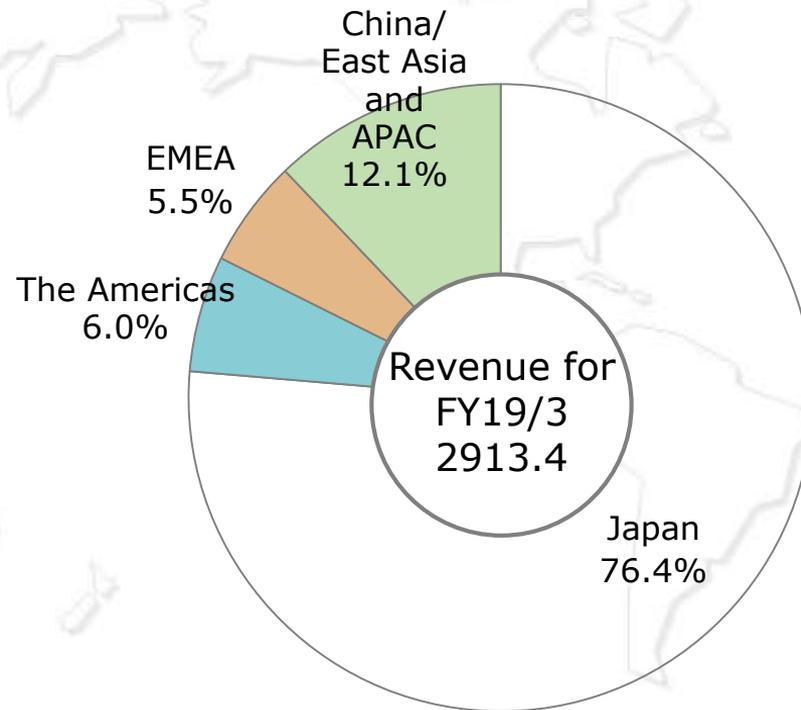


FY19/3
Orders
104%

(Billions of Yen)

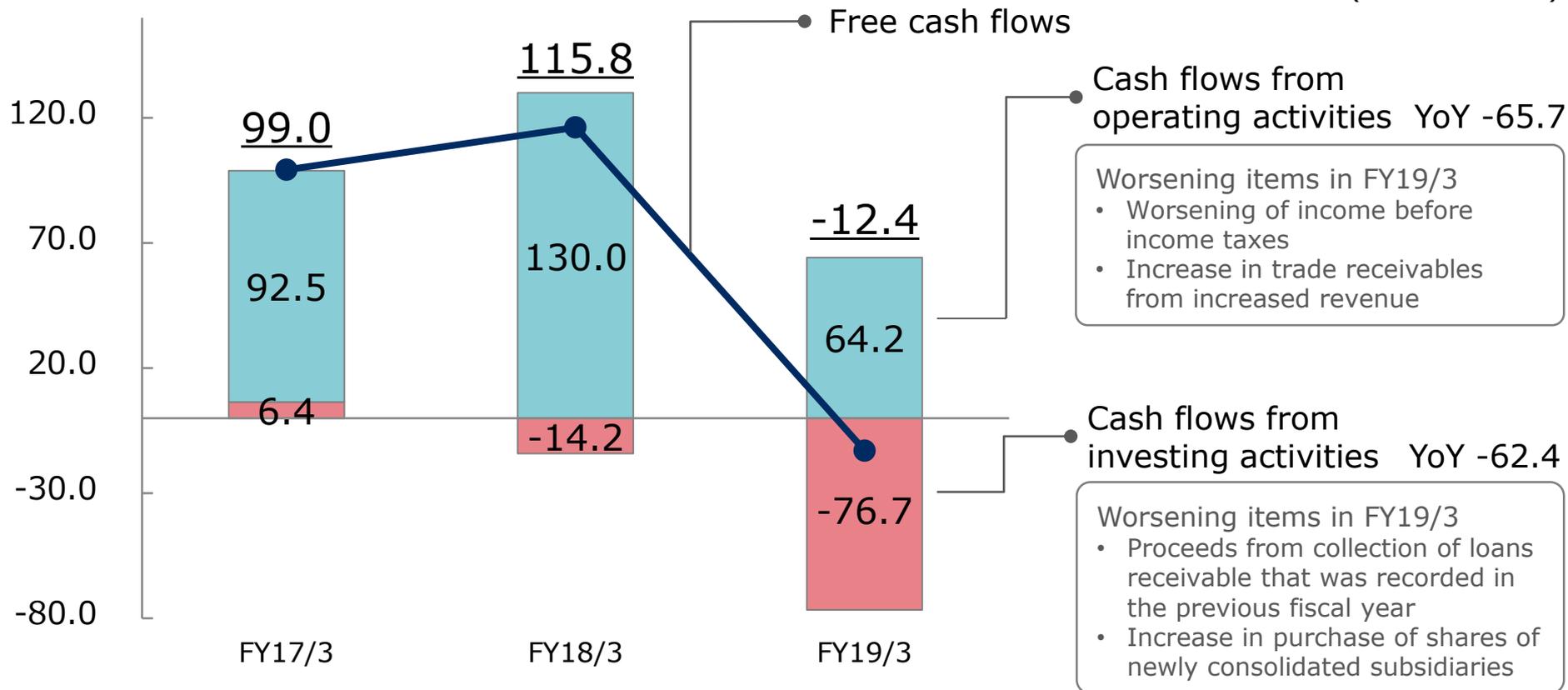


Revenue by Region



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

(Billions of Yen)



(Billions of Yen)

	End of March 2018	End of March 2019	Variance from end of March 2018
Total assets	2,821.4	2,950.6	+129.3
Total equity	1,054.3	1,060.3	+6.0
Interest-bearing debt	520.7	552.5	+31.8
Equity attributable to owners of the parent	880.8	859.6	-21.3
Ratio of equity attributable to owners of the parent (%)	31.2%	29.1%	-2.1pt
D/E ratio (times)	0.59	0.64	-0.05pt
Net D/E ratio (times)	0.20	0.32	-0.12pt
Cash and cash equivalents	346.0	278.3	-67.7

(Billions of Yen)

Current Assets
1,638.2

Decrease in cash and cash equivalents resulting from the purchase of shares of newly consolidated subsidiaries, despite an increase in inventories and trade receivables

-2.1

Increase in goodwill, despite a decrease in other non-current assets

+131.4

Non-current Assets
1,312.4

Total Assets
2,950.6
(+129.3 compared to end of March 2018)

+123.2

Liabilities
1,890.3

Compared to end of March 2018

Issuance of bonds and an increase in other financial liabilities

Recording of net profit and an increase in non-controlling interests, despite dividends paid and a decrease in other components of equity resulting from remeasurements of defined benefit plans

+6.0

Equity
1,060.3

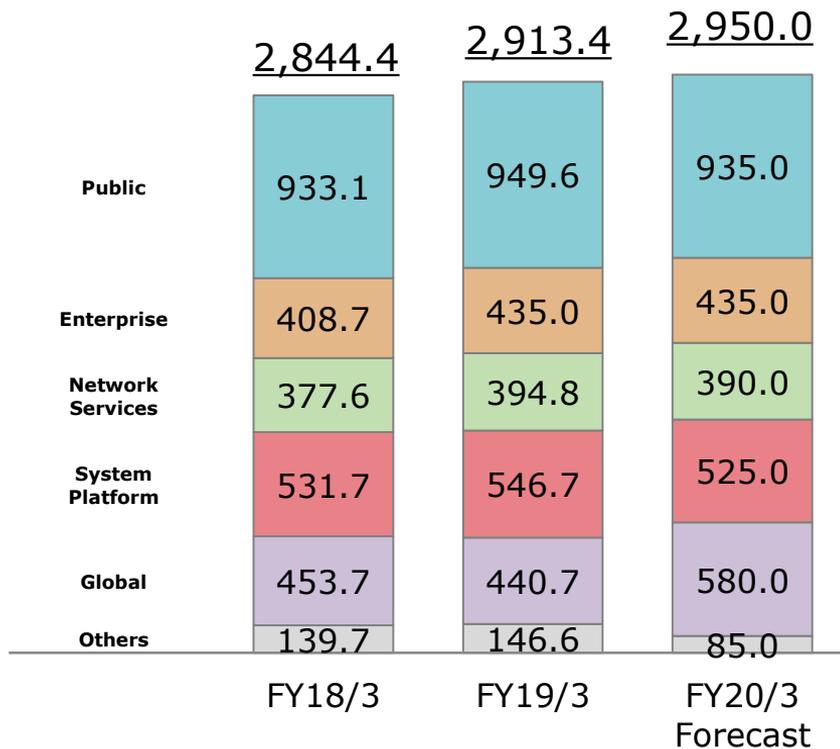
Financial Forecasts for FY20/3 (Appendix)

Financial Results/Forecasts by Segment (three-year transition)

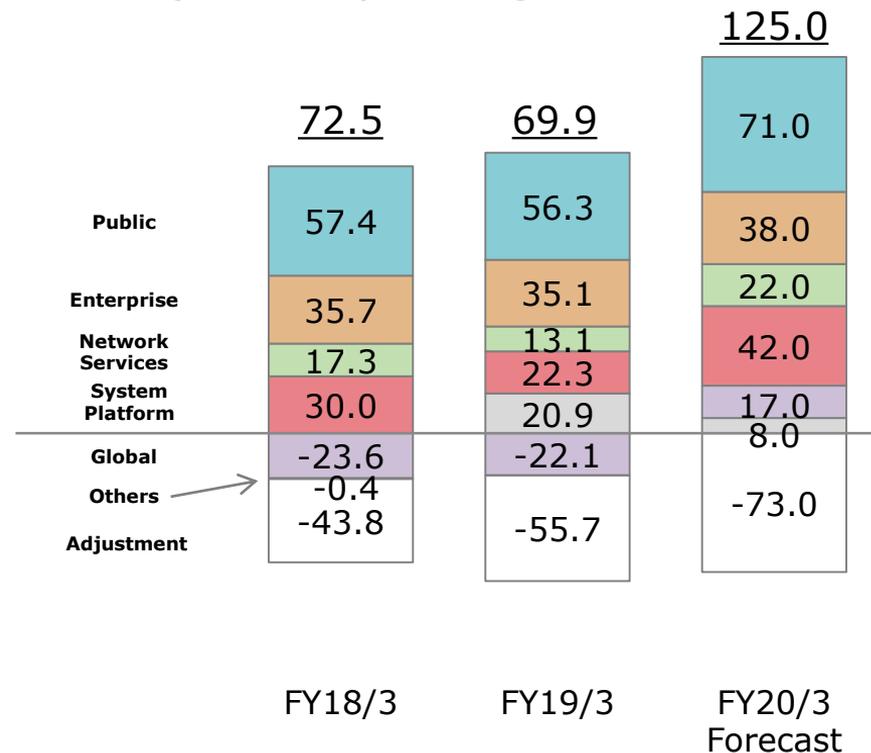
Forecasts
FY20/3

(Billions of Yen)

Revenue



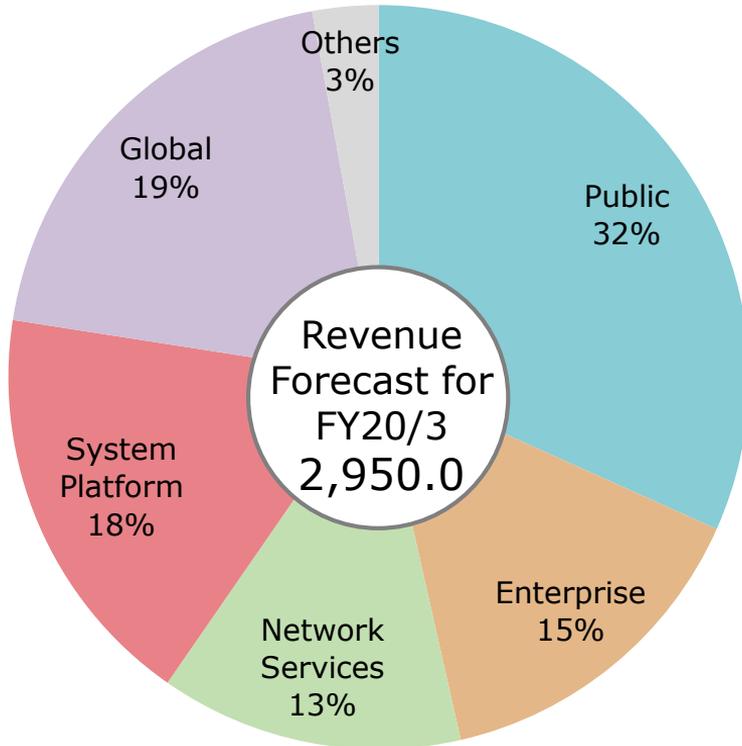
Adjusted Operating Profit/Loss



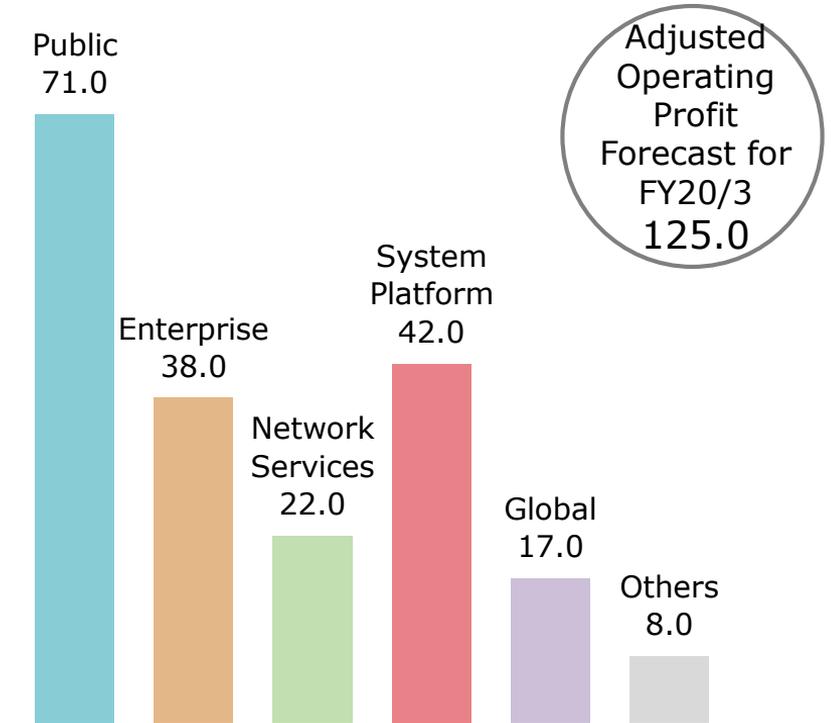
*Forecasts as of April 26, 2019

(Billions of Yen)

Revenue



Adjusted Operating Profit

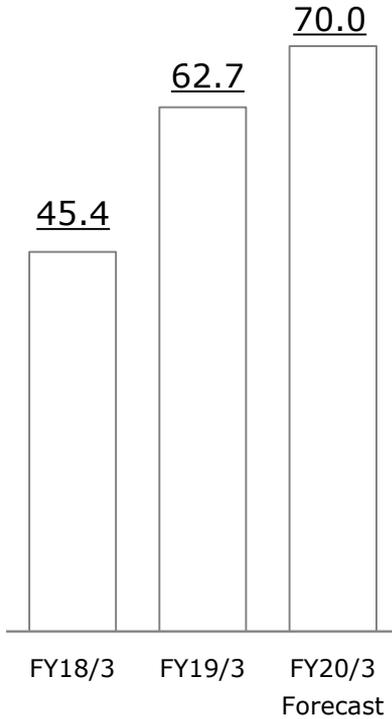


Adjusted
Operating
Profit
Forecast for
FY20/3
125.0

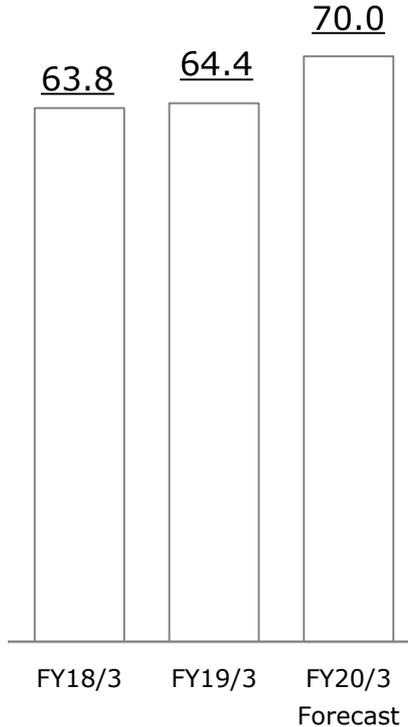
*Forecasts as of April 26, 2019

(Billions of Yen)

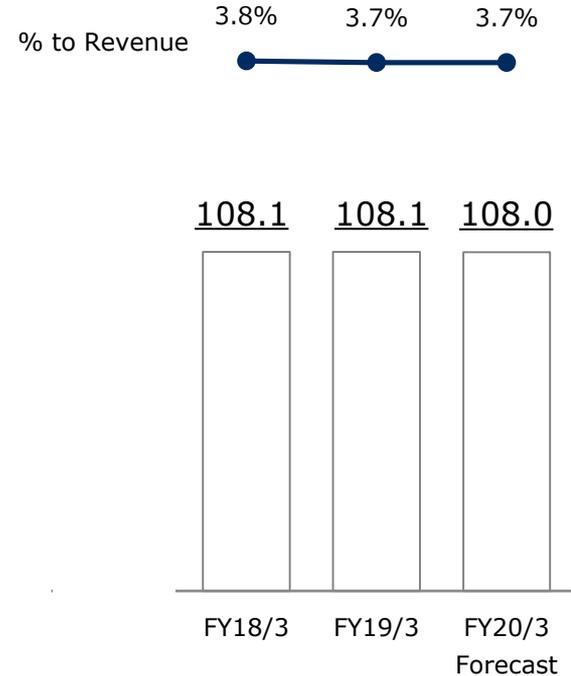
Capital Expenditure



Depreciation



R&D Expenses



*Forecasts as of April 26, 2019

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, 2019 and 20 were referred as FY19/3 and FY20/3 respectively. Any other fiscal years would be referred similarly.