

# Summary of Operating Results for the Fiscal Year ended March 31, 2013

April 26, 2013  
NEC Mobiling, Ltd

The forecasts related to future business performance stated in the current strategies, plans, and general awareness of NEC Mobiling, Ltd., as described in these materials, involve risks and uncertain factors. It should be noted that actual business performance may differ greatly from these forecasts due to a variety of factors. Primary factors that may influence actual business performance include but are not limited to: economic conditions and social trends affecting the scope of business of the Company, trends in demand for products and services provided by the Company, pressures for price reductions due to enhanced competition, and the Company's technological capability to meet customer requests.

- \* This document has been prepared as a guide to non-Japanese analysts for their convenience only and is a translation summary of the original Japanese text.
- \* All brand names, product names, and company names/trademarks or registered trademarks are the property of their respective owners. The symbols “TM” and “®” etc., are not used in this document.

# Overview of Operating Results: Major Indexes

(Billion Yen)

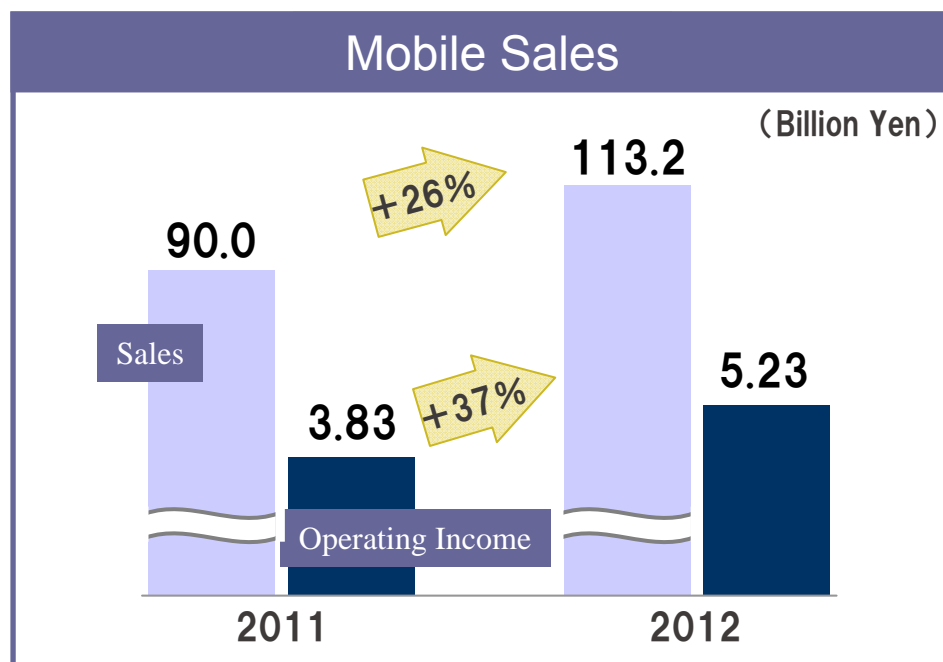
|                  | FY2012/3 | FY2013/3          |        |       |      |
|------------------|----------|-------------------|--------|-------|------|
|                  | Actual   | Previous Forecast | Actual | YoY   |      |
| Sales            | 126.1    | 136.0             | 141.0  | 14.9  | 12%  |
| Operating Income | 10.44    | 10.50             | 10.21  | -0.23 | -2%  |
| (%)              | (8.3%)   | (7.7%)            | (7.2%) | —     | —    |
| Ordinary Income  | 10.61    | 10.60             | 10.24  | -0.38 | -4%  |
| (%)              | (8.4%)   | (7.8%)            | (7.3%) | —     | —    |
| Net Income       | 4.89     | 6.20              | 5.89   | 1.00  | +20% |
| (%)              | (3.9%)   | (4.6%)            | (4.2%) | —     | —    |
| ROE(%)           | 12.0%    | 13.8%             | 13.2%  |       |      |
| FCF              | 6.13     | 5.50              | 3.65   |       |      |
| Dividend (Yen)   | 120      | 130               | 130    |       | +8%  |
| Employee         | 1,227    | 1,350             | 1,367  |       |      |

# Overview of Operating Results – by Business Segment

(Billion Yen)

|                         | FY2012/3     | FY2013/3          |              |              |            |
|-------------------------|--------------|-------------------|--------------|--------------|------------|
|                         |              | Previous Forecast | Actual       | YoY          |            |
| <b>Sales</b>            | <b>126.1</b> | <b>136.0</b>      | <b>141.0</b> | <b>14.9</b>  | <b>12%</b> |
| Mobile Sales            | 90.0         | 107.4             | 113.2        | 23.2         | 26%        |
| Mobile Solutions        | 36.1         | 28.6              | 27.8         | -8.3         | -23%       |
| <b>Operating Income</b> | <b>10.44</b> | <b>10.50</b>      | <b>10.21</b> | <b>-0.23</b> | <b>-2%</b> |
| Mobile Sales            | 3.83         | 5.00              | 5.23         | 1.40         | 37%        |
| Mobile Solutions        | 6.61         | 5.50              | 4.98         | -1.63        | -25%       |

# Overview of Operating Results – by Business Segment



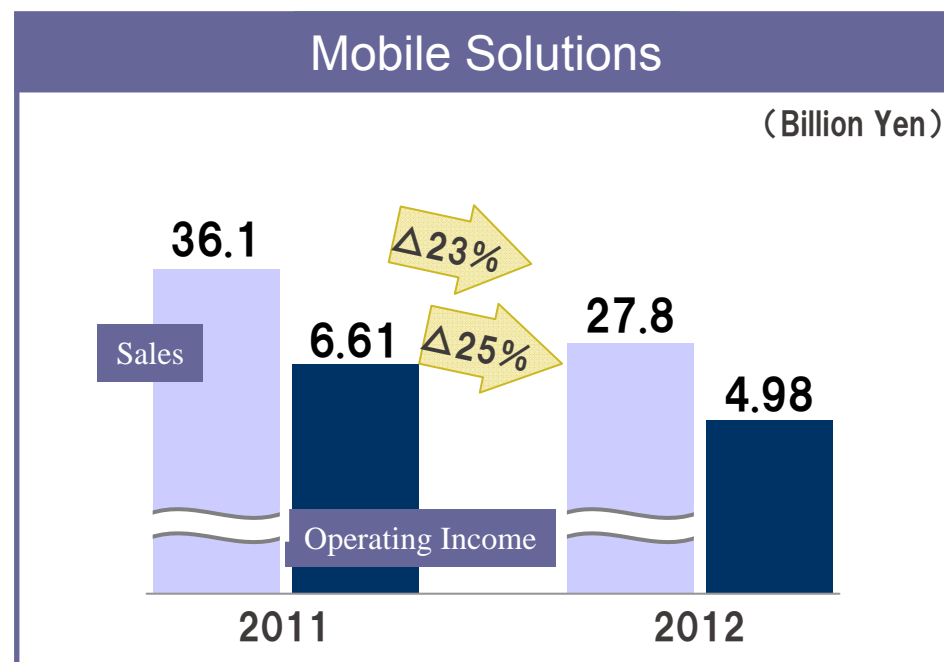
### Sales

- The higher average retail price per unit was attributable to a growing sales share of mobile phones, which come with higher wholesale price tags.

- Increase in the number of sales of smartphones

### Operating Income

- Increase in units sold
- Increase through extensive sales of accessories, peripherals, and other mobile phone-related goods
- Efforts by individual retail shops to maximize profit



### Sales

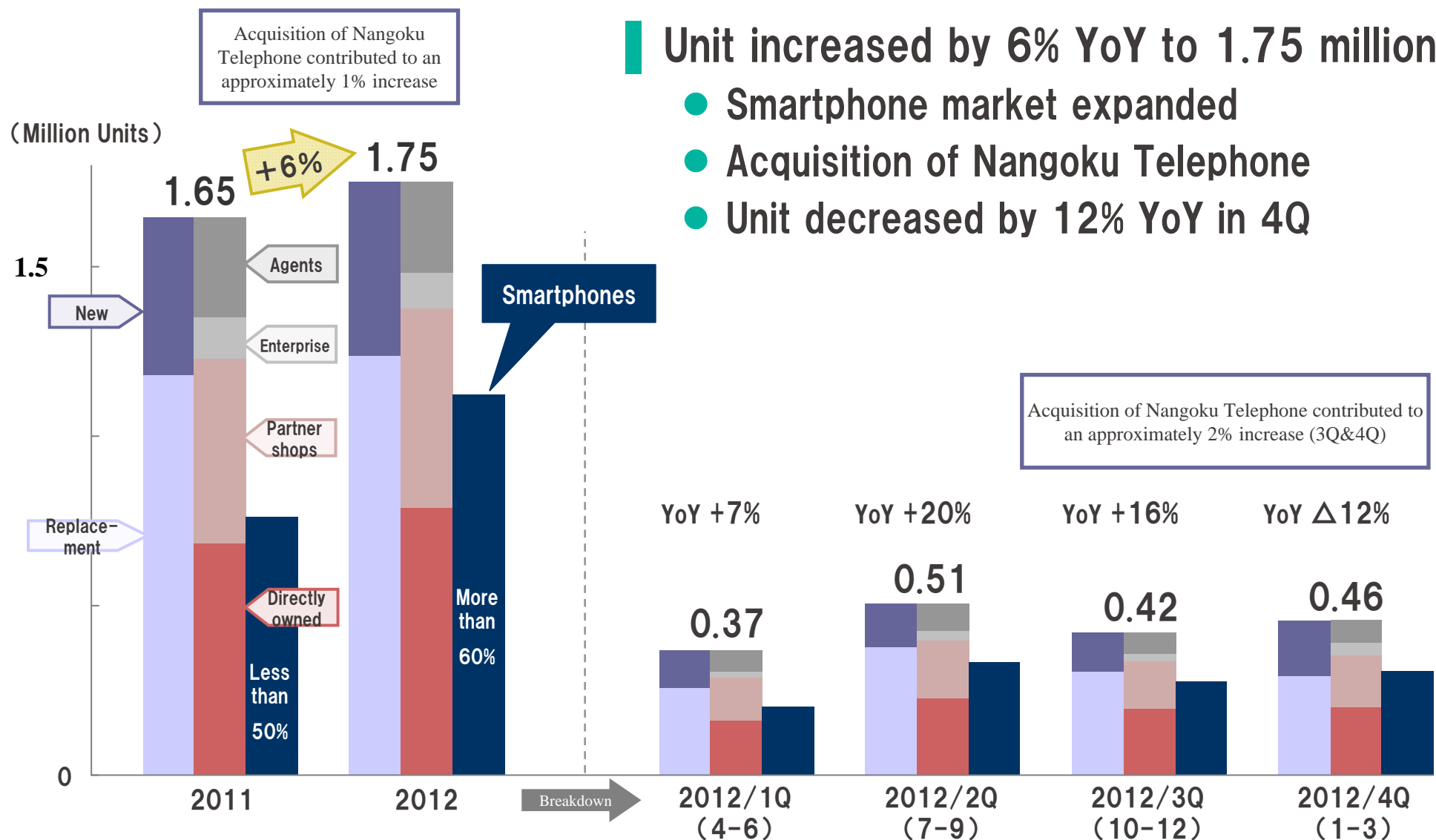
- Decrease in demand for handset repairs

- Increase in volume for handset repairs made by overseas manufactures

### Operating Income

- Decrease in sales for repair services and handset sales for enterprise customer
- Strengthened effort to reduce costs

# Number of Mobile Phones Sold



\* Handset sales for enterprise users are included in the "Mobile Solutions Business" segment

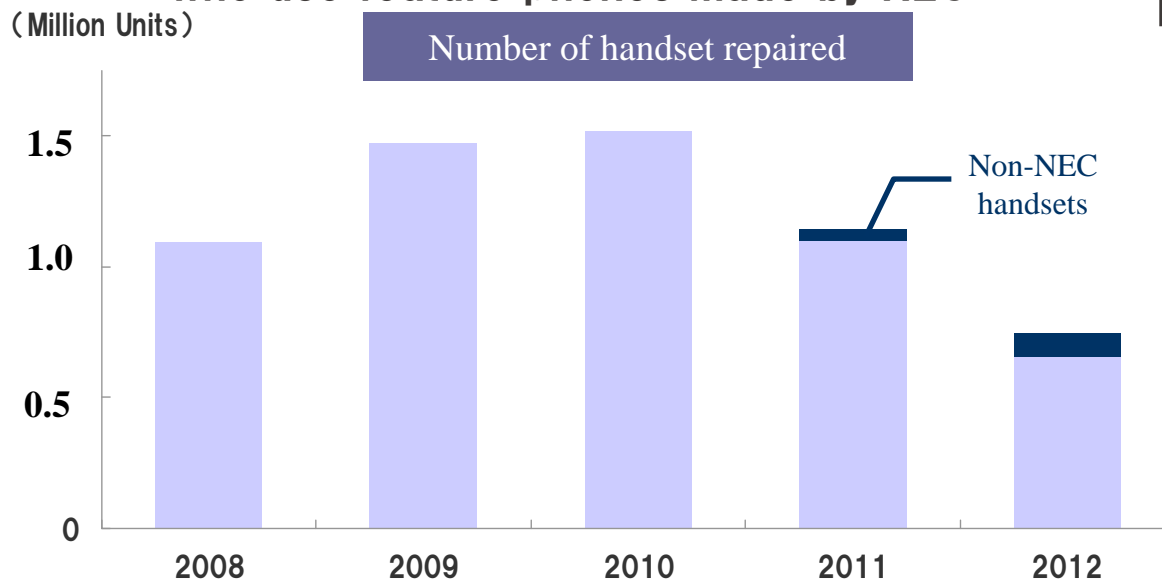
# Mobile Services Business: Mobile Phone Repairs

- Customers increasingly opt to replace their handsets with smartphones rather than having old handsets serviced.
- Sales decreased due to the decrease in number of handset repaired by NEC Mobiling

- Number of customer who have their handset repaired
- Decrease in number of the customers who use feature phones made by NEC

## Measures

- Cost reductions through improved repair technology
- Expansion of Non-NEC handsets repair business



< Mimamori Keitai2 101Z >

# NESIC took over the system engineering business of NEC Mobiling as of April 1, 2013

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(Announced on February 13, 2013)

**Company Demerger Agreement Related to Succession of NEC Mobiling's Mobile Base Station related Business by NEC Networks & System Integration**

**NEC Mobiling to concentrate its management resources on sales of mobile phones and the repair business**

## Background

- Escalating competition with companies that specialize in this sector
- It is considered to be necessary to manage operations with economies of scale



# Overview : Major Indexes

(Billion Yen)

|                                 | FY2013/3     | FY2014/3<br>Forecast | YoY          |             |
|---------------------------------|--------------|----------------------|--------------|-------------|
| <b>Sales</b>                    | <b>141.0</b> | <b>141.0</b>         | <b>0.0</b>   | <b>0%</b>   |
| <b>Operating Income</b>         | <b>10.21</b> | <b>7.70</b>          | <b>-2.51</b> | <b>-25%</b> |
| (%)                             | (7.2%)       | (5.5%)               | —            | —           |
| <b>Ordinary Income</b>          | <b>10.24</b> | <b>7.70</b>          | <b>-2.54</b> | <b>-25%</b> |
| (%)                             | (7.3%)       | (5.5%)               | —            | —           |
| <b>Net Income</b>               | <b>5.89</b>  | <b>5.50</b>          | <b>-0.39</b> | <b>-7%</b>  |
| (%)                             | (4.2%)       | (3.9%)               | —            | —           |
| <b>Dividend per share (Yen)</b> |              |                      |              |             |
| Interim                         | <b>65.0</b>  | <b>0.0</b>           |              |             |
| Year-end                        | <b>65.0</b>  | <b>Not decided</b>   |              |             |

\* Forecast as of April 26, 2013

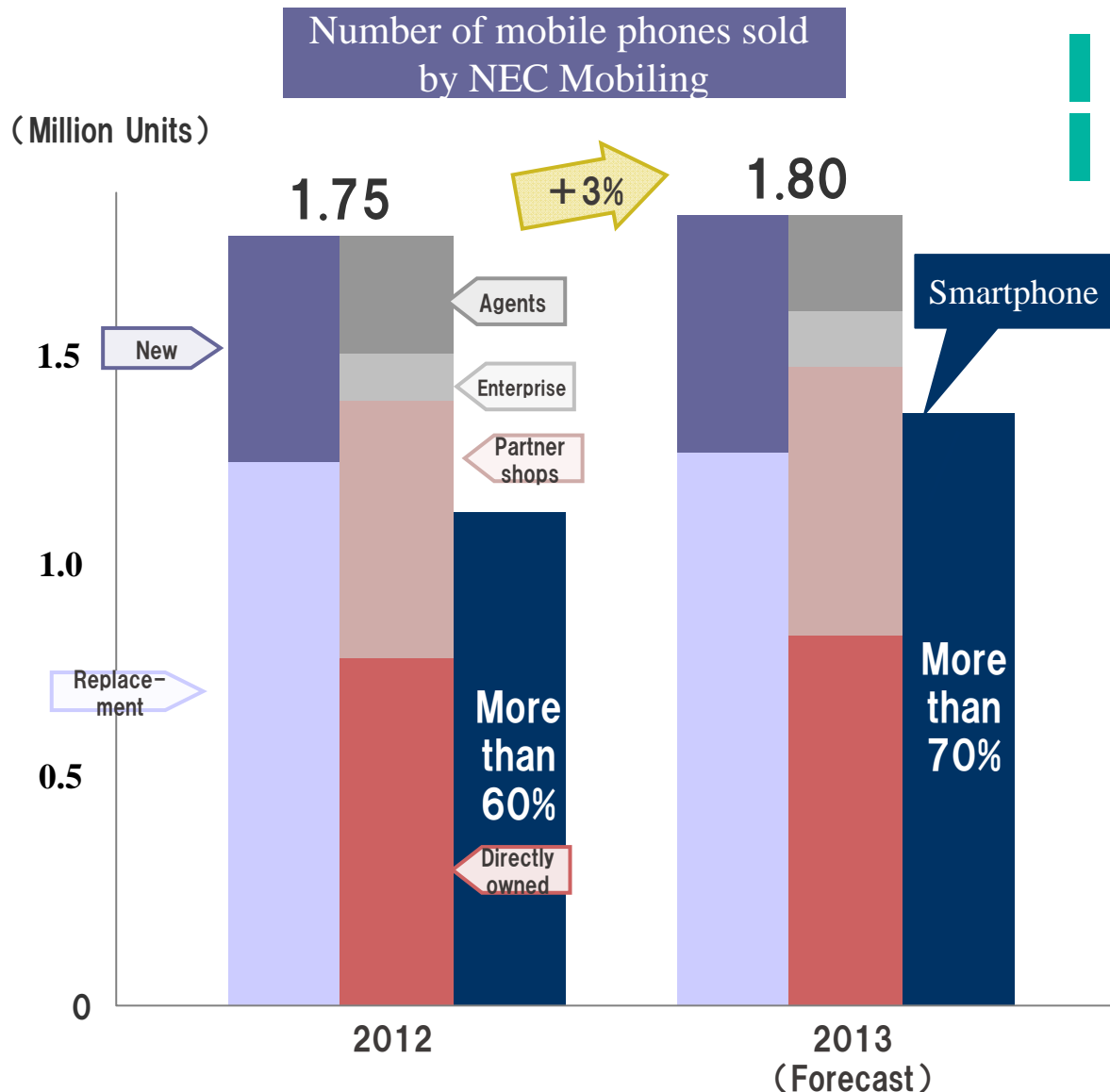
# Overview – by Business Segment

(Billion Yen)

|                         | FY2013/3     | FY2014/3<br>Forecast | YoY          |             |
|-------------------------|--------------|----------------------|--------------|-------------|
|                         |              |                      |              |             |
| <b>Sales</b>            | <b>141.0</b> | <b>141.0</b>         | <b>0.0</b>   | <b>0%</b>   |
| Mobile Sales            | 113.2        | 123.0                | 9.8          | +9%         |
| Mobile Solutions        | 27.8         | 18.0                 | -9.8         | -35%        |
| <b>Operating Income</b> | <b>10.21</b> | <b>7.70</b>          | <b>-2.51</b> | <b>-25%</b> |
| Mobile Sales            | 5.23         | 5.36                 | 0.13         | +3%         |
| Mobile Solutions        | 4.98         | 2.34                 | -2.64        | -53%        |

\* Forecast as of April 26, 2013

# Key Action Initiatives— Mobile handset sales



Market expected to be healthy

Actions toward expansion for the smartphones market

- Enhance our sales platform
- Expanding the sales of peripheral mobile merchandise
- Expanding the sales of new area such as services

\* Handset sales for enterprise users are included in the "Mobile Solutions Business" segment

\* Forecast as of April 26, 2013

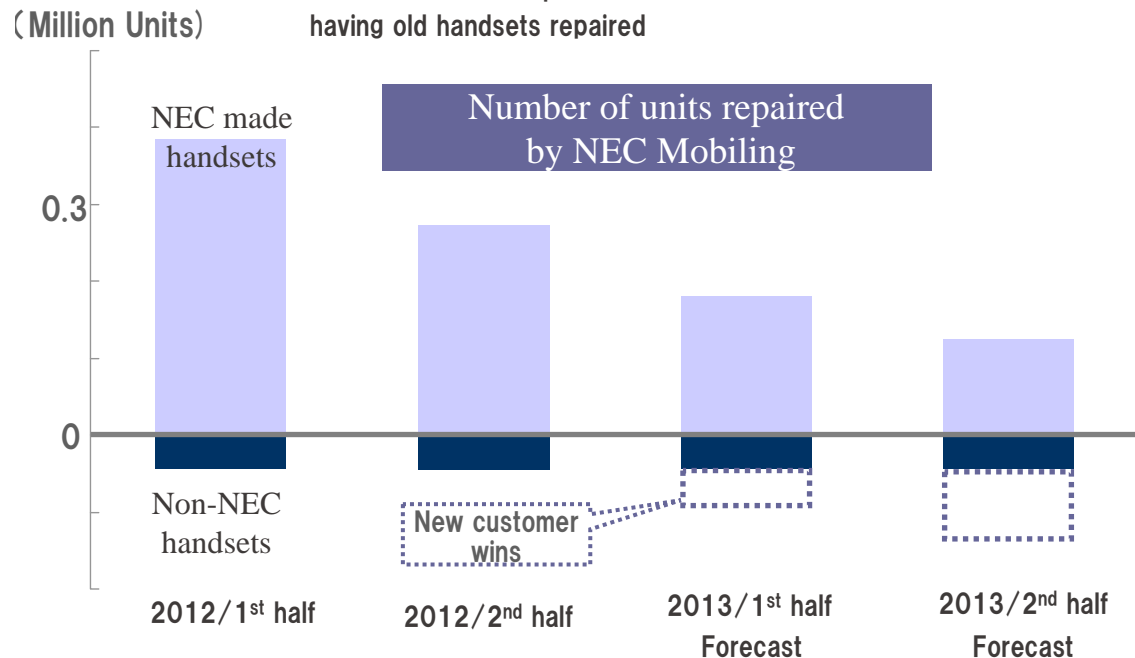
# Key Action Initiatives – Mobile Phone Repairs

- Demand shift from repair to purchase new smartphones continues
- Decrease in unit of the serviced handsets is expected
  - Number of serviced handsets made by NEC is expected to decrease by 50%
    - Decrease in number of order for the smartphone repair
    - Decrease in number of the customers who use feature phones made by NEC
    - Customers increasingly opt to replace their handsets with smartphones rather than having old handsets repaired



## Measures

- Expenses restructuring
  - Reduction in number of service centers
- Additional business sought by new customer wins
- Development of support service business



\*Forecast as of April 26, 2013

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**NEC**