

# Summary of Operating Results for the Fiscal Year ended March 31, 2011

April 27, 2011

NEC Mobiling, Ltd.

# Notes About This Document

*Forecasts related to future business performance, one aspect of the current strategies, plans and awareness at NEC Mobiling, Ltd. 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 with an impact on actual business performance include economic conditions and social trends affecting the scope of business of the Company, trend in demand for products and services provided by the Company, pressures for price reductions due to enhanced competition, and the ability of the Company's technological capability to respond to the customer's requests. Factors with an impact on business performance are not limited to those herein described.*

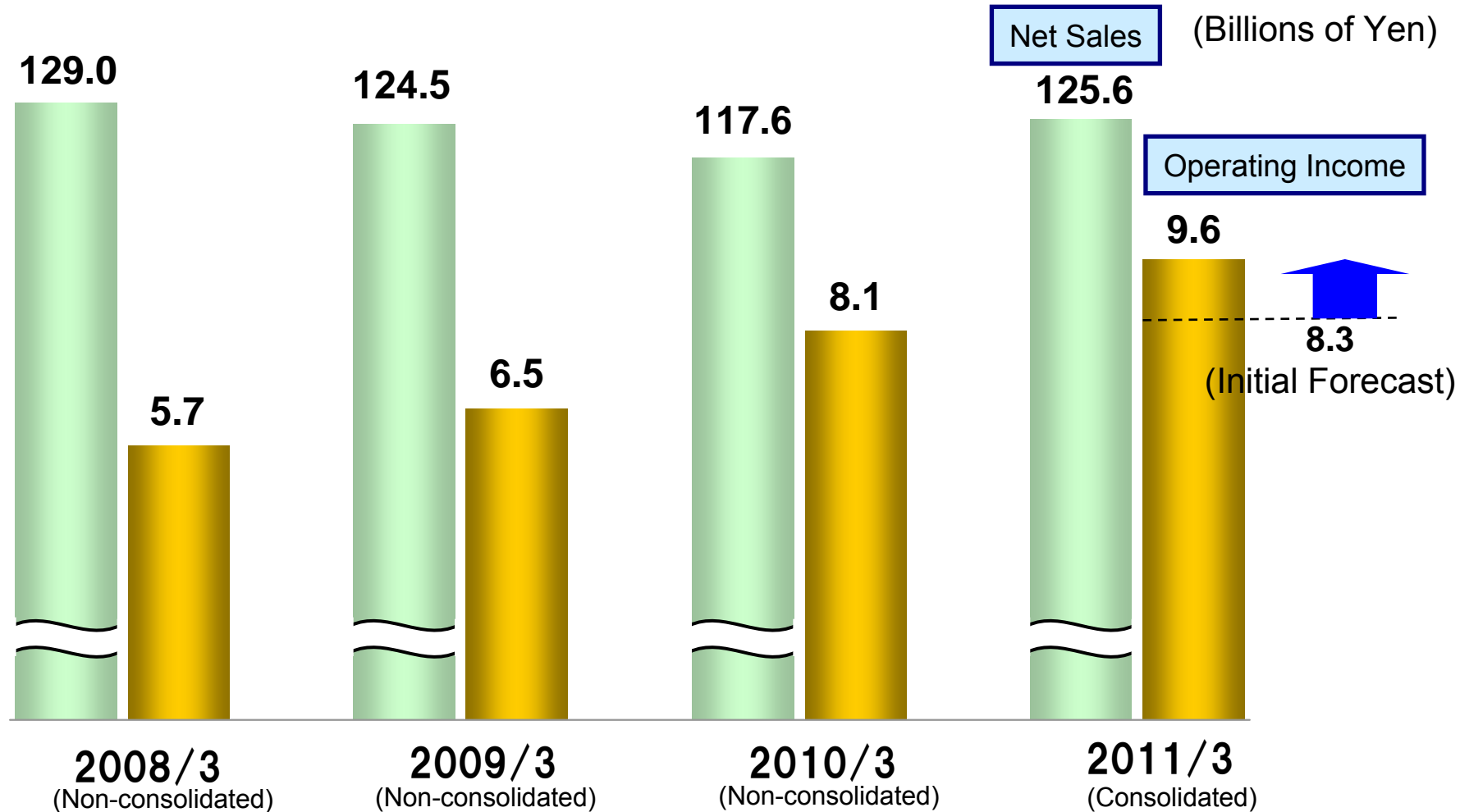
- ※This document has been prepared as a guide to non-Japanese analysts for their convenience only and is a translation summary of the Japanese language original.
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1. FY 2011/3 Overview of Operating Results

2. FY 2012/3 Business Development

# 1. FY 2011/3 Overview of Operating Results

## Third consecutive year to post record-high operating income Exceeded the initial forecast of ¥8.3 billion



# Overview of Operating Results

(Billions of Yen)

	2010/3 (Non-consolidated)	2011/3 (Consolidated)			
		Previous Forecast (Oct. 27)	Actual	YoY change	
<b>Net Sales</b>	<b>117.6</b>	<b>127.0</b>	<b>125.6</b>	8.0	+7%
<b>Operating Income</b>	<b>8.12</b>	<b>9.00</b>	<b>9.61</b>	1.49	+18%
(%)	(6.9%)	(7.1%)	(7.6%)		
<b>Ordinary Income</b>	<b>8.22</b>	<b>9.10</b>	<b>9.82</b>	1.60	+19%
(%)	(7.0%)	(7.2%)	(7.8%)		
<b>Net Income</b>	<b>4.61</b>	<b>5.00</b>	<b>5.50</b>	0.89	+19%
(%)	(3.9%)	(3.9%)	(4.4%)		
<b>ROE (%)</b>	<b>14.0%</b>	<b>13.7%</b>	<b>14.9%</b>		
<b>Free Cash Flows</b>	※ -0.29	<b>4.30</b>	<b>4.14</b>		
<b>Dividend per Share(Yen)</b>	<b>85</b>	<b>100</b>	<b>100</b>		
<b>Number of Employees</b>	<b>1,027</b>	<b>1,245</b>	<b>1,199</b>		

※ Including 4.95 billion yen of payment for the purchase of stocks of affiliated company

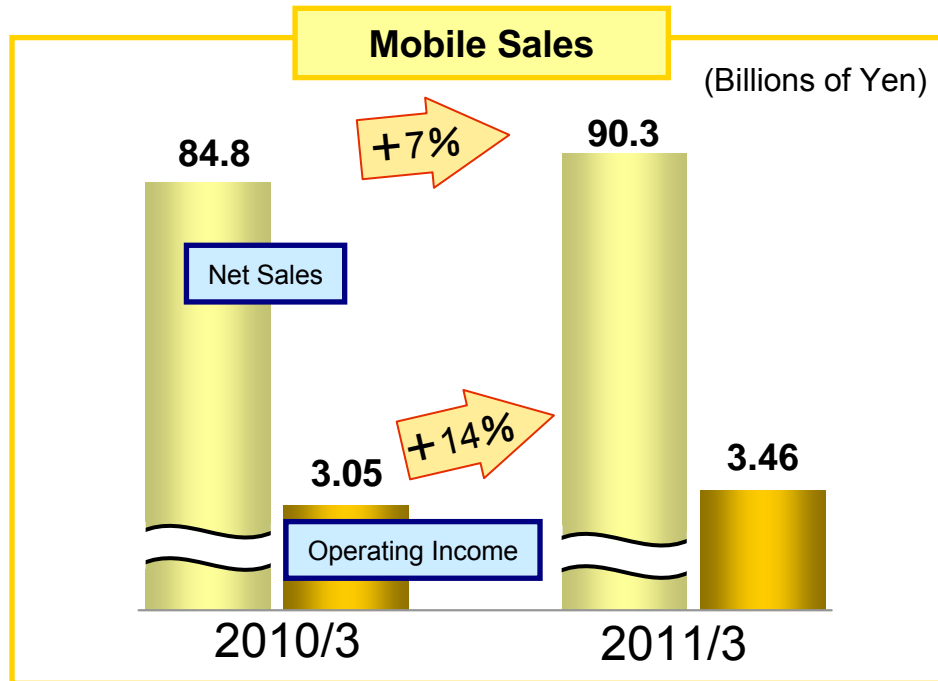
# Overview of Operating Results – by Business Segment

(Billions of Yen)

	<b>2010/3</b> (Non-consolidated)	<b>2011/3 (Consolidated)</b>			
		Previous Forecast (Oct. 27)	Actual	YoY change	
<b>Net Sales</b>	<b>117.6</b>	<b>127.0</b>	<b>125.6</b>	<b>8.0</b>	<b>+7%</b>
<b>Mobile Sales</b>	<b>84.8</b>	<b>92.1</b>	<b>90.3</b>	<b>5.5</b>	<b>+7%</b>
<b>Mobile Service</b>	<b>32.8</b>	<b>34.9</b>	<b>35.3</b>	<b>2.5</b>	<b>+8%</b>
<b>Operating Income</b>	<b>8.12</b>	<b>9.00</b>	<b>9.61</b>	<b>1.49</b>	<b>+18%</b>
<b>Mobile Sales</b>	<b>3.05</b>	<b>2.95</b>	<b>3.46</b>	<b>0.41</b>	<b>+14%</b>
<b>Mobile Service</b>	<b>5.07</b>	<b>6.05</b>	<b>6.15</b>	<b>1.08</b>	<b>+21%</b>

Note: ASP services for mobile phones and other mobile solutions services, which were included in the Mobile Service Business until the year ended March 31, 2010, have been reclassified and are now under the Mobile Sales Business, effective the year under review. The numbers of the year ended March 31, 2010 given here are post-adjustment numbers to ensure accurate comparison.

# Overview of Operating Results – by Business Segment

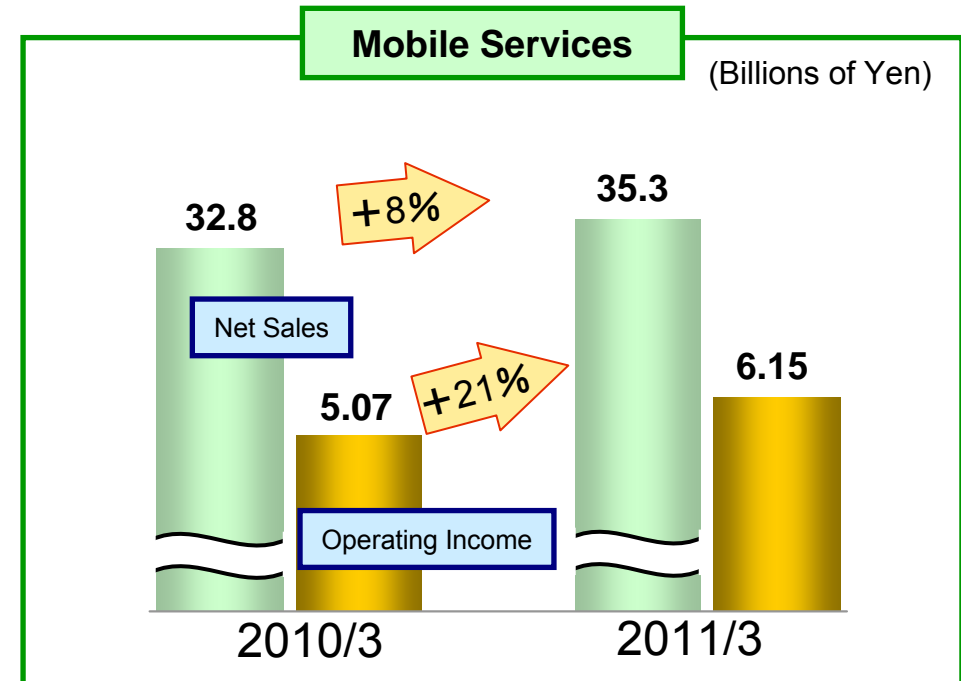


## Net Sales

- Higher sales driven by strong smartphone popularity
- Positive effects of the M&A of Matsuhaya Corporation

## Operating Income

- Increase through expanded sales of mobile phone-related items
- Actions by individual retail shops to maximize profit
- Improved profitability of low-profit businesses



## Net Sales

- Positive effects of greater mobile network operator interest in improving network quality
- Solid demand for handset repairs

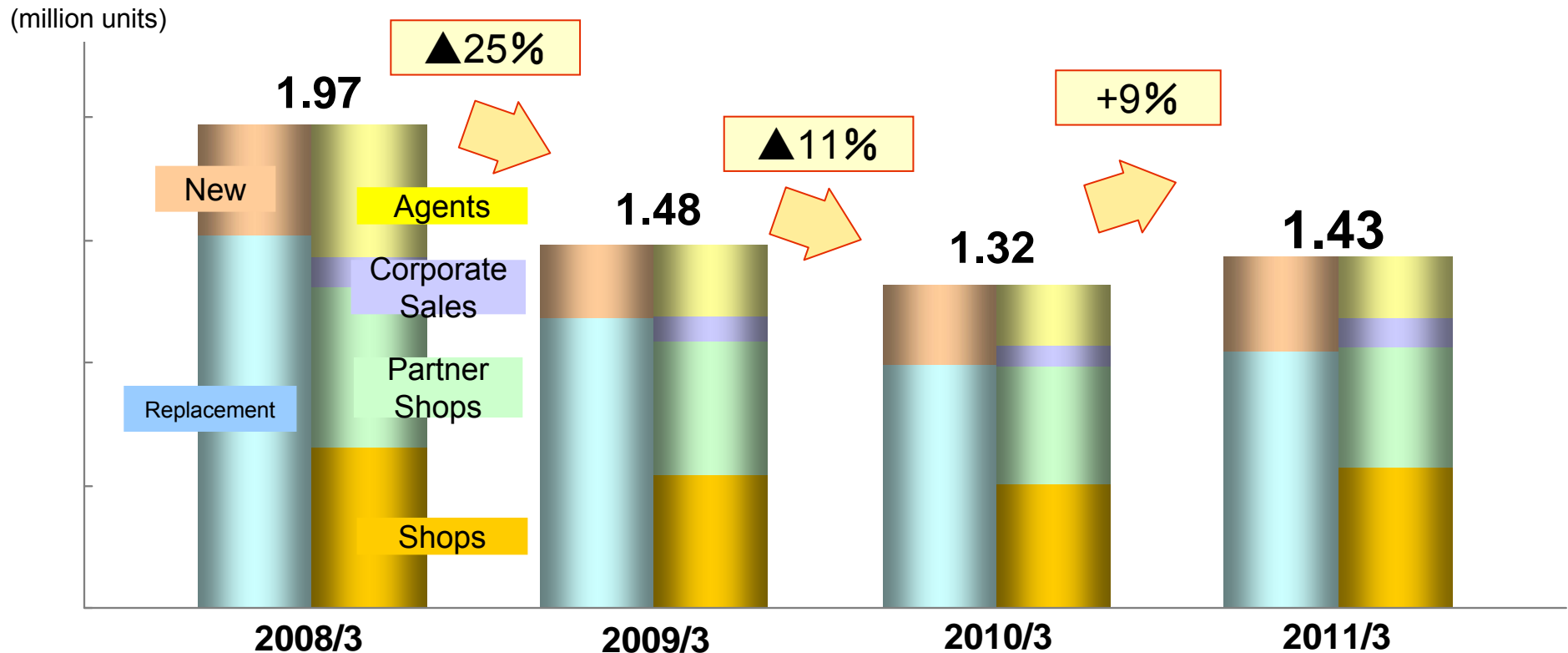
## Operating Income

- Cost of service reductions
- Efforts to improve profitability on a project-by-project basis



# Mobile Sales Business – Number of Mobile Phones Sold

- Focused efforts to sell handsets with advanced functions (e.g., smartphones) and data communication cards
- Sold 1.43 million sets (an increase of about 10% year-on-year)  
(Acquisition of Matsuhaya contributed to an approx. 5% increase)



# Mobile Sales Business – Sales Channels

## Number of Shops

As of March 31, 2010

	Direct	Partner	Total
DOCOMO Shops	116	106	222
au shops, and SoftBank shops	4	3	7
<b>Total</b>	<b>120</b>	<b>109</b>	<b>229</b>

**+3  
Shops**

As of March 31, 2011

	Direct	Partner	Total
DOCOMO Shops	118	107	225
au shops, and SoftBank shops	4	3	7
<b>Total</b>	<b>122</b>	<b>110</b>	<b>232</b>

## Shop Networks

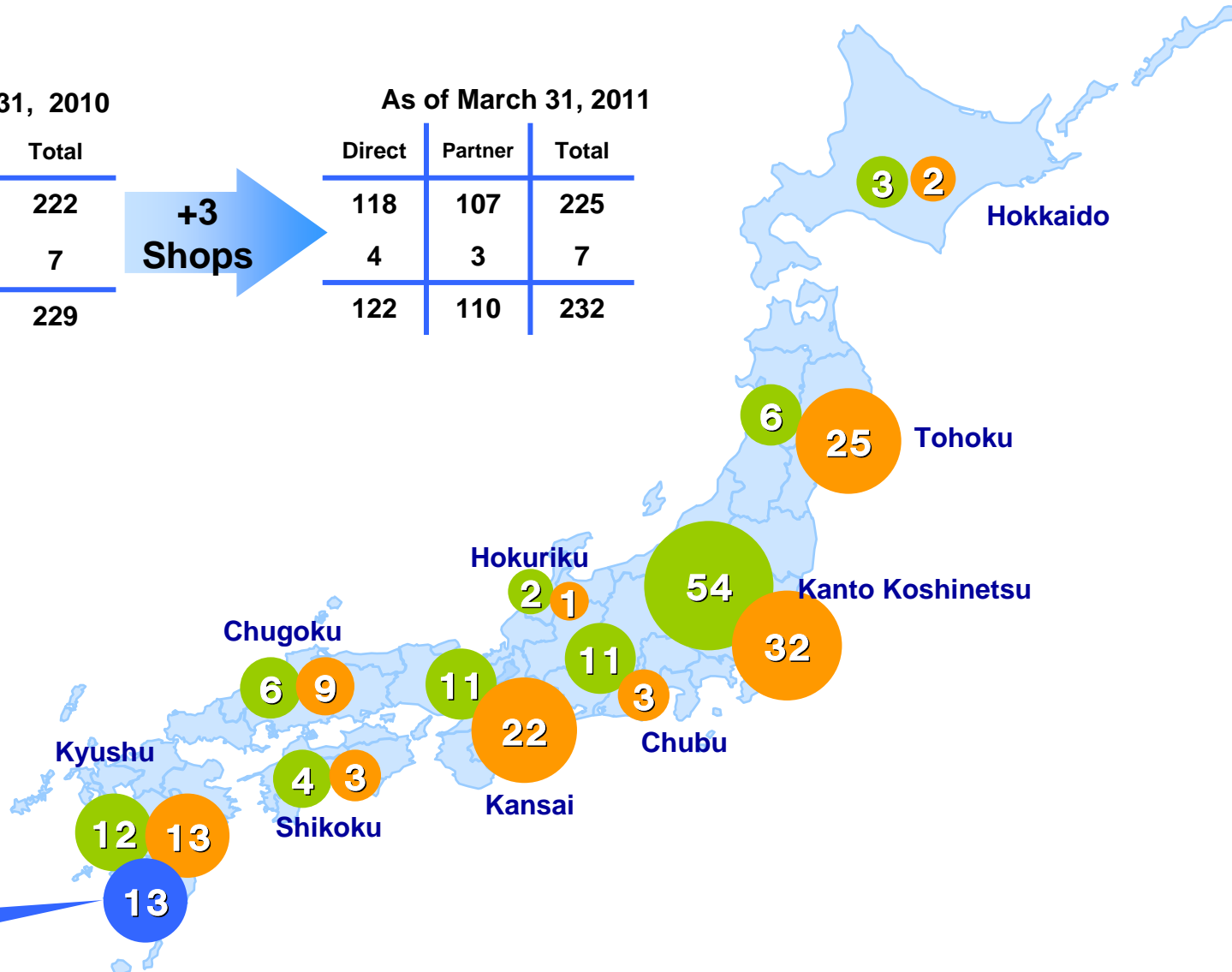
**109** : Direct Shops

**110** : Partner Shops

**13** : Matsuhaya Corporation's Shops

(Total 232 Shops)

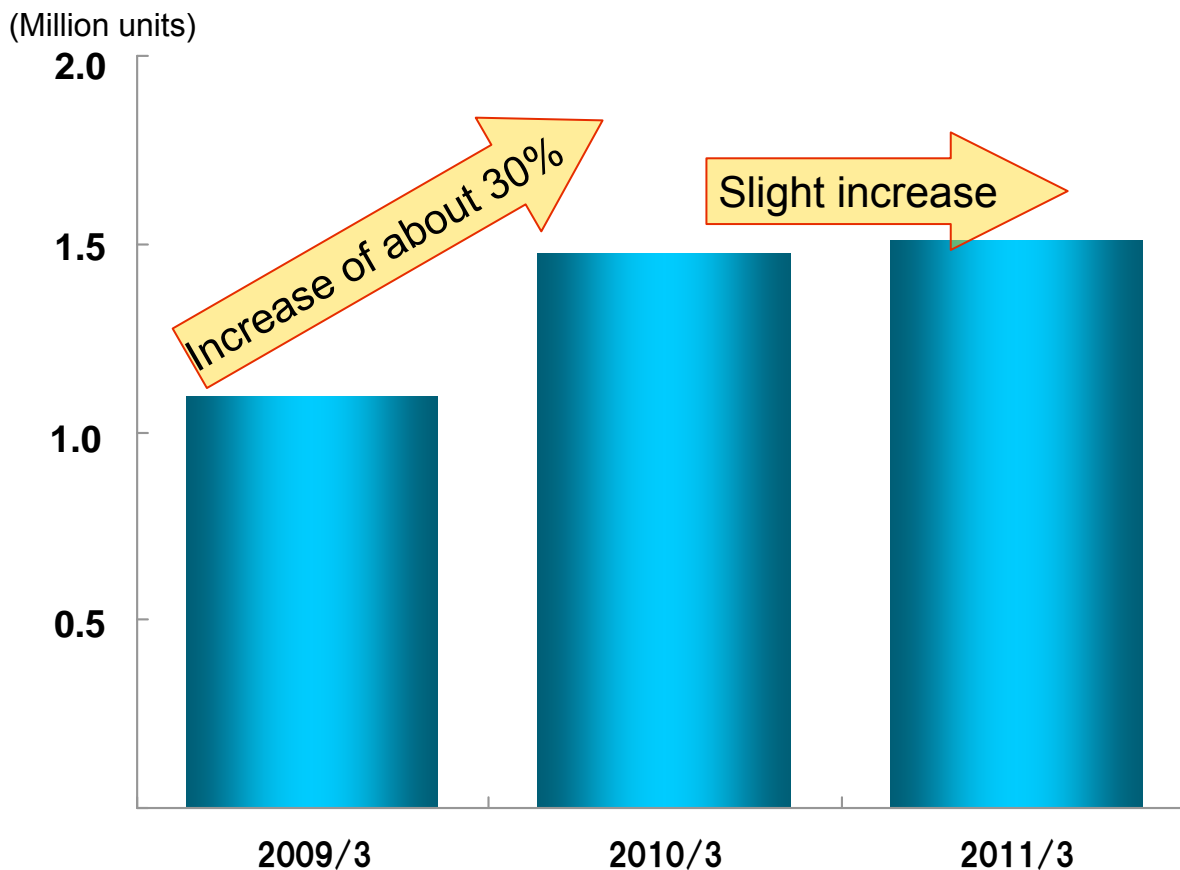
Matsuhaya Corporation



# Mobile Service Business – Number of Mobile Phones Repaired

Higher handset purchase prices caused by a new pricing scheme and enhanced guarantees offered by mobile network operators

⇒ Demand for repairs remained strong



**docomo**

**“docomo Premier Club Anshin Support”**

(Monthly fee: Free)

**“Mobile Phone Protection & Delivery Service”**

(Monthly fee: ¥315: for contracts signed before Jan. 31, 2011)

(Monthly fee of ¥294 or ¥399 for contracts signed thereafter)

**“Mobile phone protection & delivery service”:  
outstanding contracts**

Year	Date	No. of contracts
2006	July 1	Service launch
2008	August 9	Over 10 million
2009	July 1	Over 20 million
2010	Dec. 21	Over 30 million

## 2. FY 2012/3 Business Development

# Basic Principles

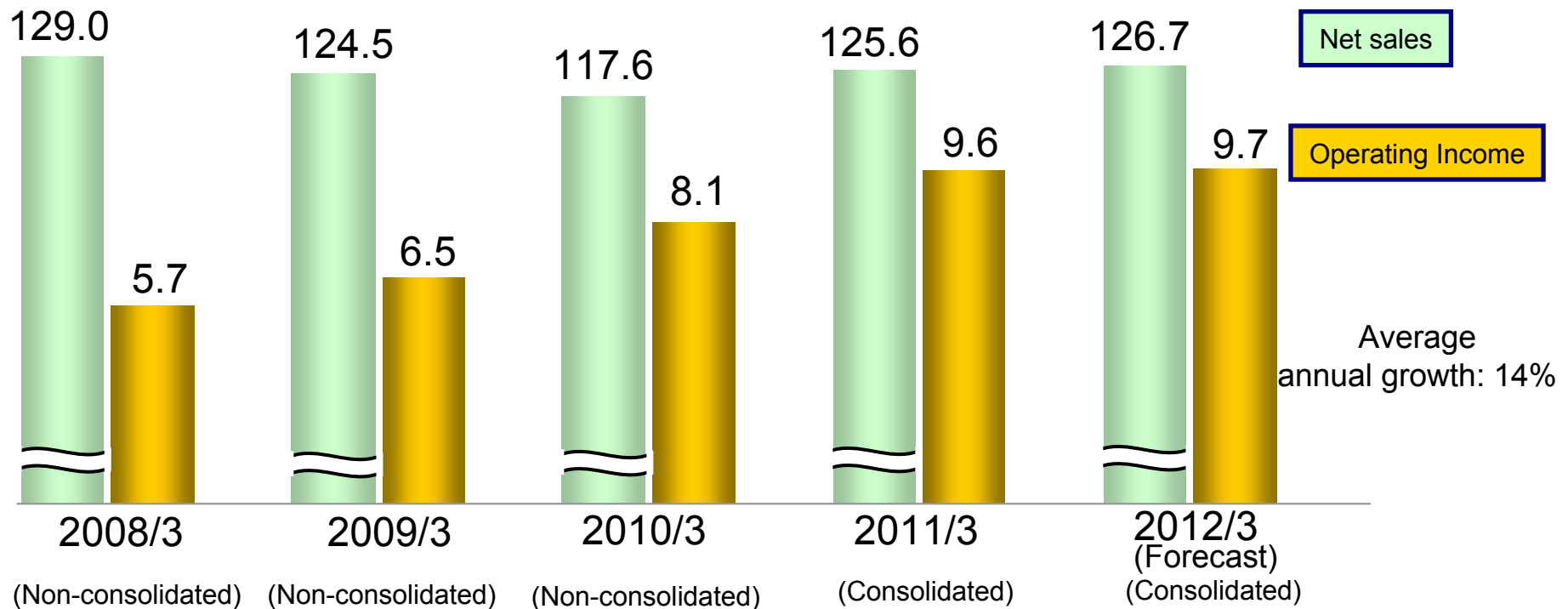
**Aiming to be a company that outshines all  
in an upcoming highly sophisticated ICT society**

**Seeking consecutive years of record-high profit**

Actions to reinforce existing businesses

Creation and fostering of new businesses

(Billions of Yen)



# FY 2012/3 Fiscal Earnings Forecast

(Billions of Yen)

	2011/3	2012/3 (Forecast)	YoY change	
<b>Net Sales</b>	<b>125.6</b>	<b>126.7</b>	<b>1.1</b>	<b>+1%</b>
<b>Operating Income</b>	<b>9.61</b>	<b>9.70</b>	<b>0.09</b>	<b>+1%</b>
(%)	(7.6%)	(7.7%)		
<b>Ordinary Income</b>	<b>9.82</b>	<b>9.90</b>	<b>0.08</b>	<b>+1%</b>
(%)	(7.8%)	(7.8%)		
<b>Net Income</b>	<b>5.50</b>	<b>5.50</b>	<b>0.00</b>	<b>+0%</b>
(%)	(4.4%)	(4.3%)		
<b>ROE (%)</b>	<b>14.9%</b>	<b>13.5%</b>		
<b>Free Cash Flows</b>	<b>4.14</b>	<b>4.50</b>		
<b>Dividend per Share (Yen)</b>	<b>100</b>	<b>120</b>		
<b>Number of Employees</b>	<b>1,199</b>	<b>1,250</b>		

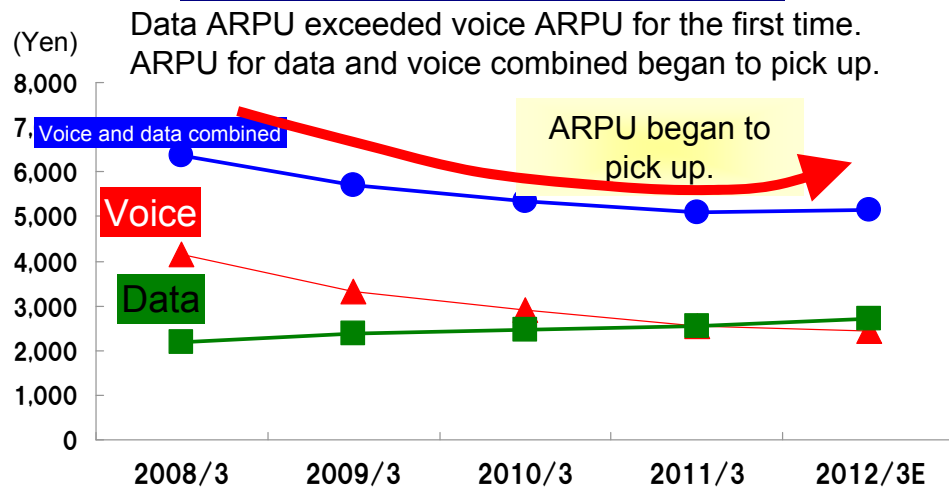
# FY 2012/3 Fiscal Earnings Forecast – by Business Segment

(Billions of Yen)

		2011/3	2012/3 (Forecast)	YoY change	
<b>Net Sales</b>		<b>125.6</b>	<b>126.7</b>	<b>1.1</b>	<b>+1%</b>
	<b>Mobile Sales</b>	<b>90.3</b>	<b>91.4</b>	<b>1.1</b>	<b>+1%</b>
	<b>Mobile Service</b>	<b>35.3</b>	<b>35.3</b>	<b>0.0</b>	<b>+0%</b>
<b>Operating Income</b>		<b>9.61</b>	<b>9.70</b>	<b>0.09</b>	<b>+1%</b>
	<b>Mobile Sales</b>	<b>3.46</b>	<b>3.55</b>	<b>0.09</b>	<b>+3%</b>
	<b>Mobile Service</b>	<b>6.15</b>	<b>6.15</b>	<b>0.00</b>	<b>+0%</b>

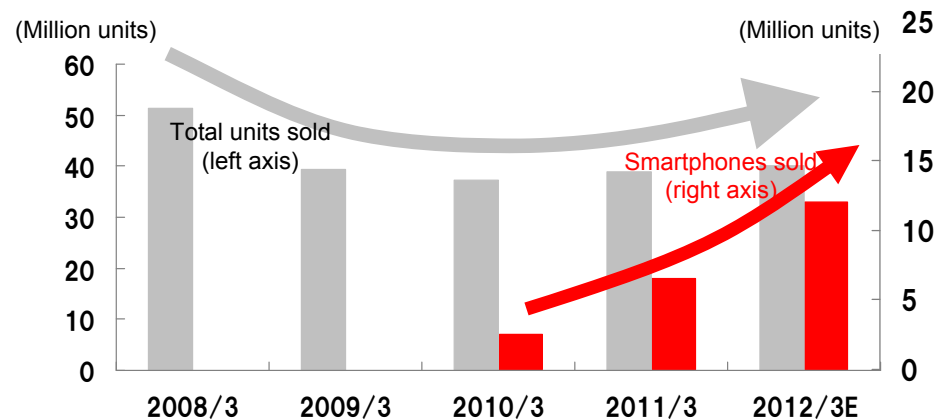
# Market Environment – The shift to smartphones will continue in the mobile device market.

## Change in docomo's ARPU

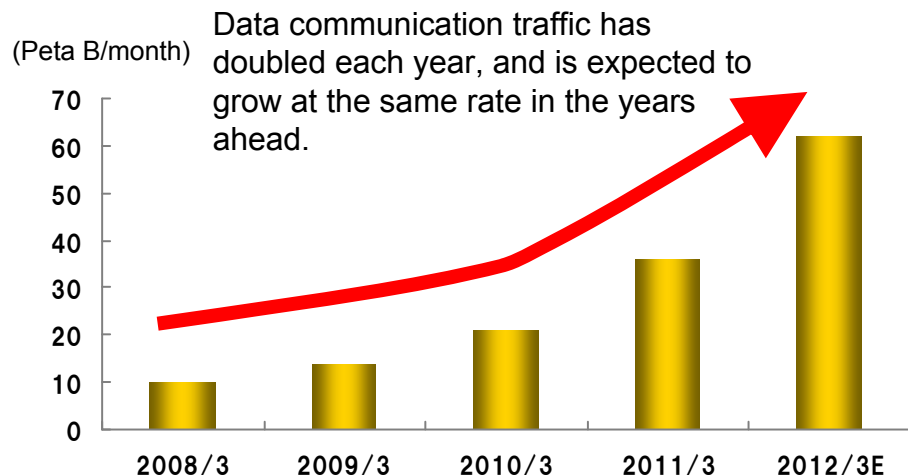


## Number of mobile phones sold in Japan

Growth primarily attributable to sales of smartphones noted for high ARPU

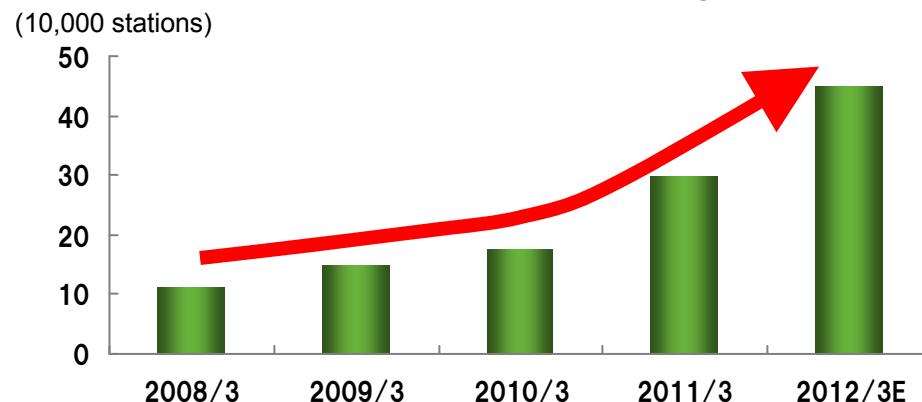


## Nationwide data communication traffic



## Number of base stations in Japan

The number is rising.



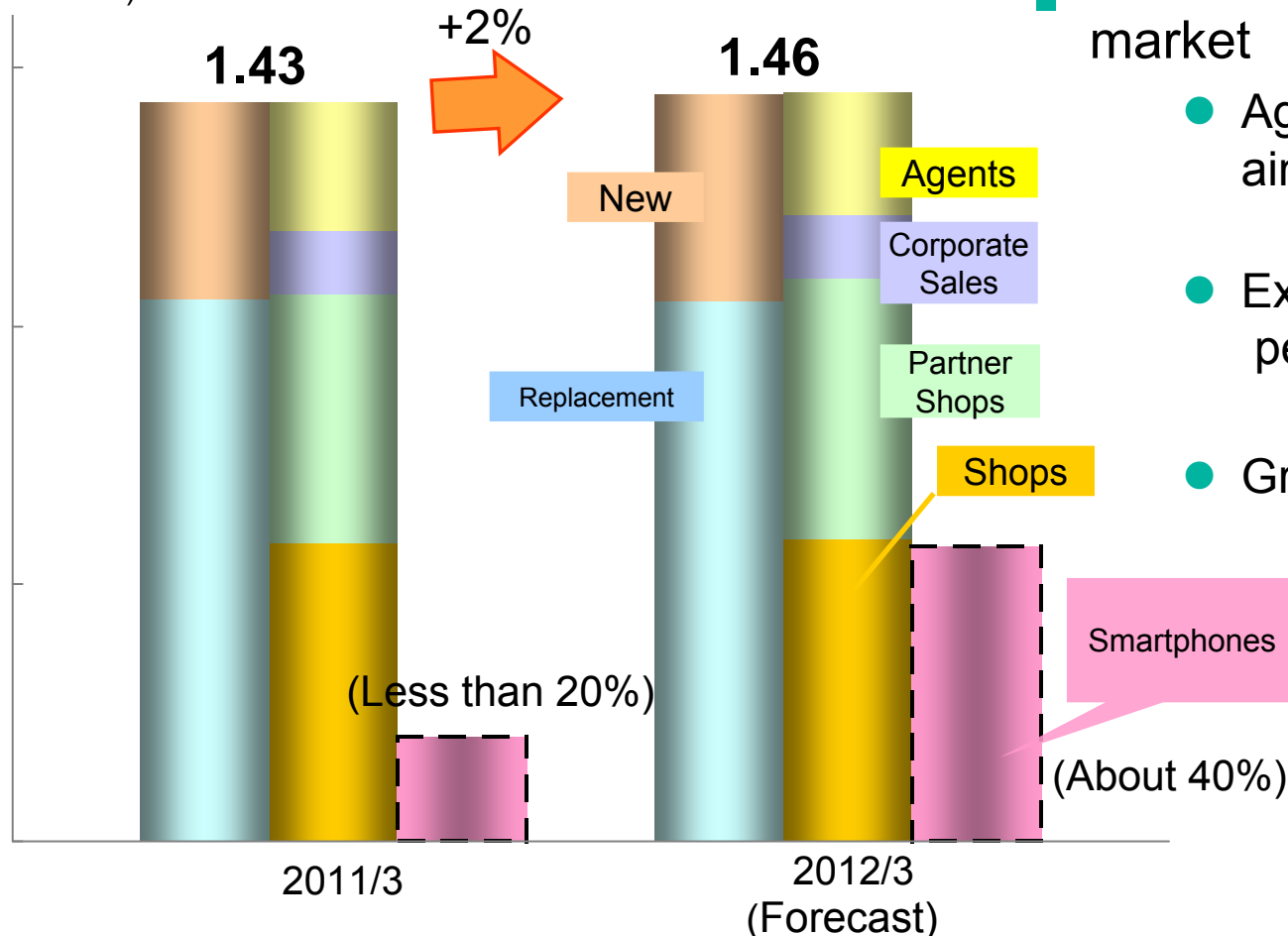
Sources: Information available in IR documents released by various corporations, estimates by NEC Mobiling, and "Information Search for Wireless Stations and Others" by the Telecommunications Bureau of the Ministry of Internal Affairs and Communications



# Key Focus – Mobile Sales

Projected number of mobile phones sold by NEC Mobiling

(Million units)



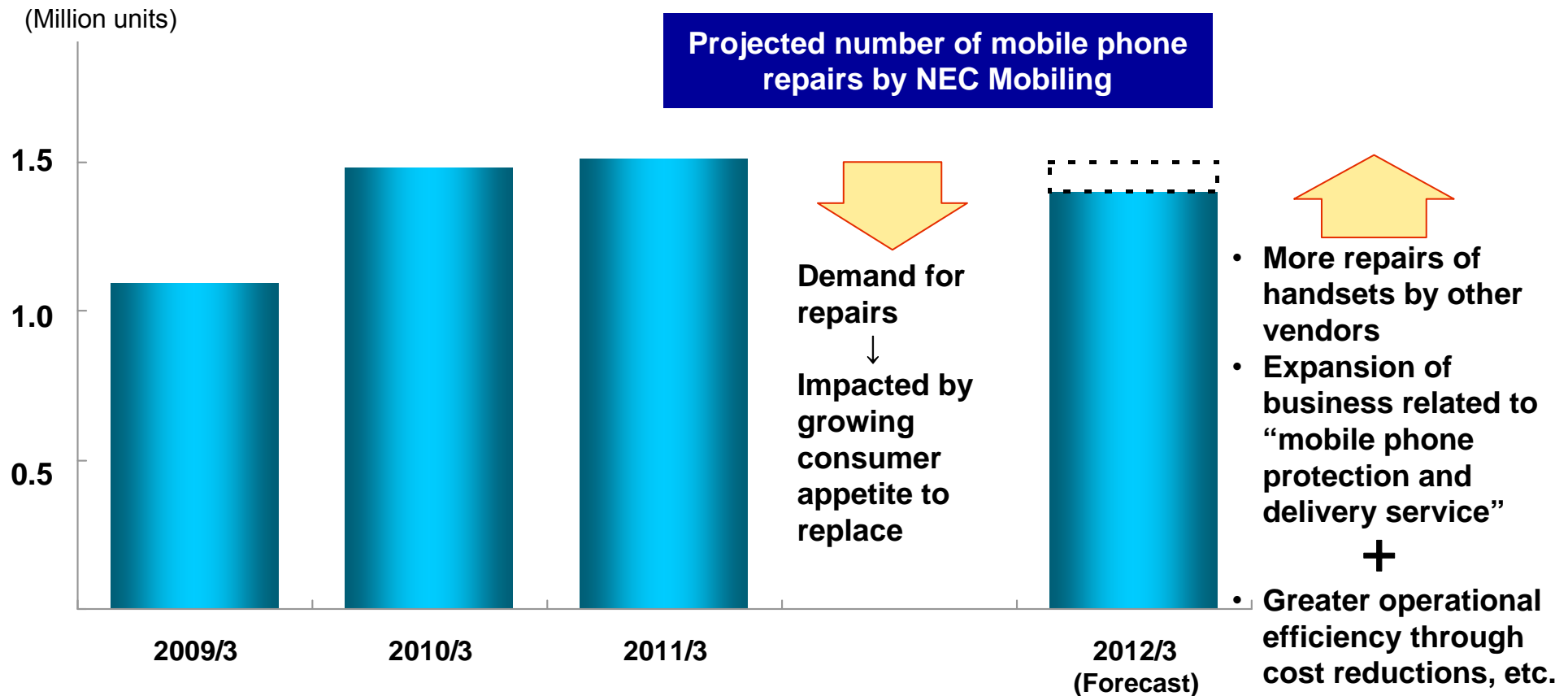
Further expansion of the smartphone market

- Aggressive business actions aimed at capturing higher shares
- Expansion of peripheral mobile merchandise
- Growth of new businesses

# Key Focus – Mobile Services (Mobile Phone Repairs)

## Accelerated consumer shift to replace

- Induced by aggressive sales promotion by mobile network operators (e.g., discounts in the form of deductions from monthly communications charges)



# Key Focus – Mobile Services (Base Station-related)

Recent trends exhibited by  
mobile network operators

- Growing demand for base stations  
(Area improvement and capacity expansion)

**docomo**

Overwhelmingly superior  
wireless quality  
The leader in LTE services

Undertakings to improve  
wireless quality  
(Plans to double base stations)  
(Femtocell base stations)  
(Indoor Wi-Fi)

**SoftBank**

Reorganization of  
the 800 MHz band  
Multiple-network  
strategy  
(WiMAX)

**KDDI**

NEC Mobiling's Actions

- Consistent business wins to capture growing demand for base station improvements
- Participation in upstream processes (e.g., area designing)
- New business development and business wins for a broader range of services to be built on existing residential signal-strength testing services

# Future Business Development

– New Business Development to Benefit from the Home ICT Market (Home ICT Shop)

## Expanding market for auxiliary merchandise

- Mobile phones
- Data products
- Smartphones
- Tablets
- peripheral mobile merchandise
- Accessories
- Network devices



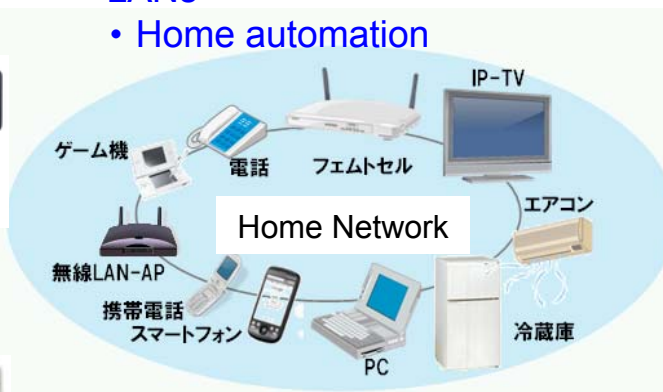
Carrier-branded products

Products developed or sourced by NEC Mobiling

Products related to home ICTs

## Growth of home networks

- Digital home appliances
- Network products for residential LANs
- Home automation



Broadband access  
(Fixed and Mobile)

Contents and apps

## Home ICT Shop

- Consultation
- Set-up and installation support
- Hardware
- Contents and Apps
- Delivery of support services to users



# Future Business Development

– Home ICT Shop – First Pilot Shop Picture

Home ICT Shop

**1<sup>st</sup> Shop will open in June  
at Kasumigaseki Building**

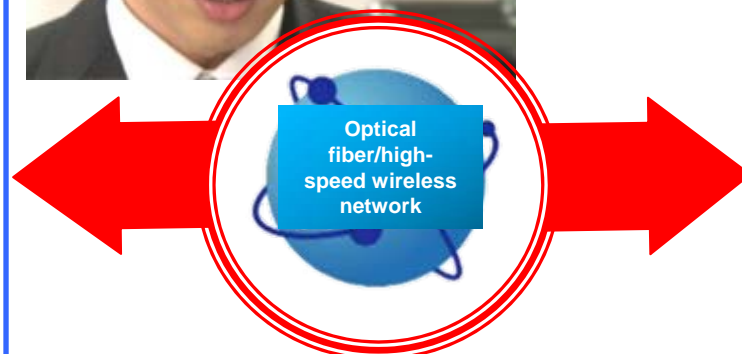
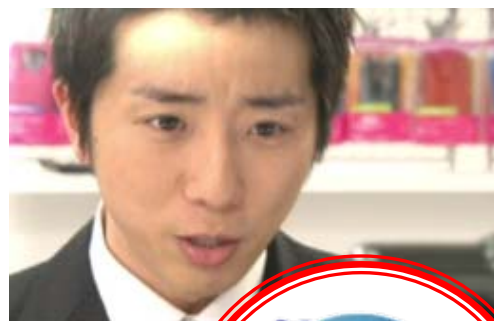
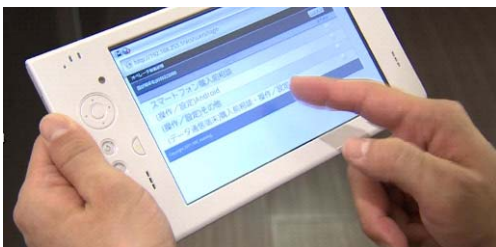




# Future Business Development

## – Visual Concierge Service (VCS)

### At a shop:



**Video-assisted explanation  
provided by an expert advisor**



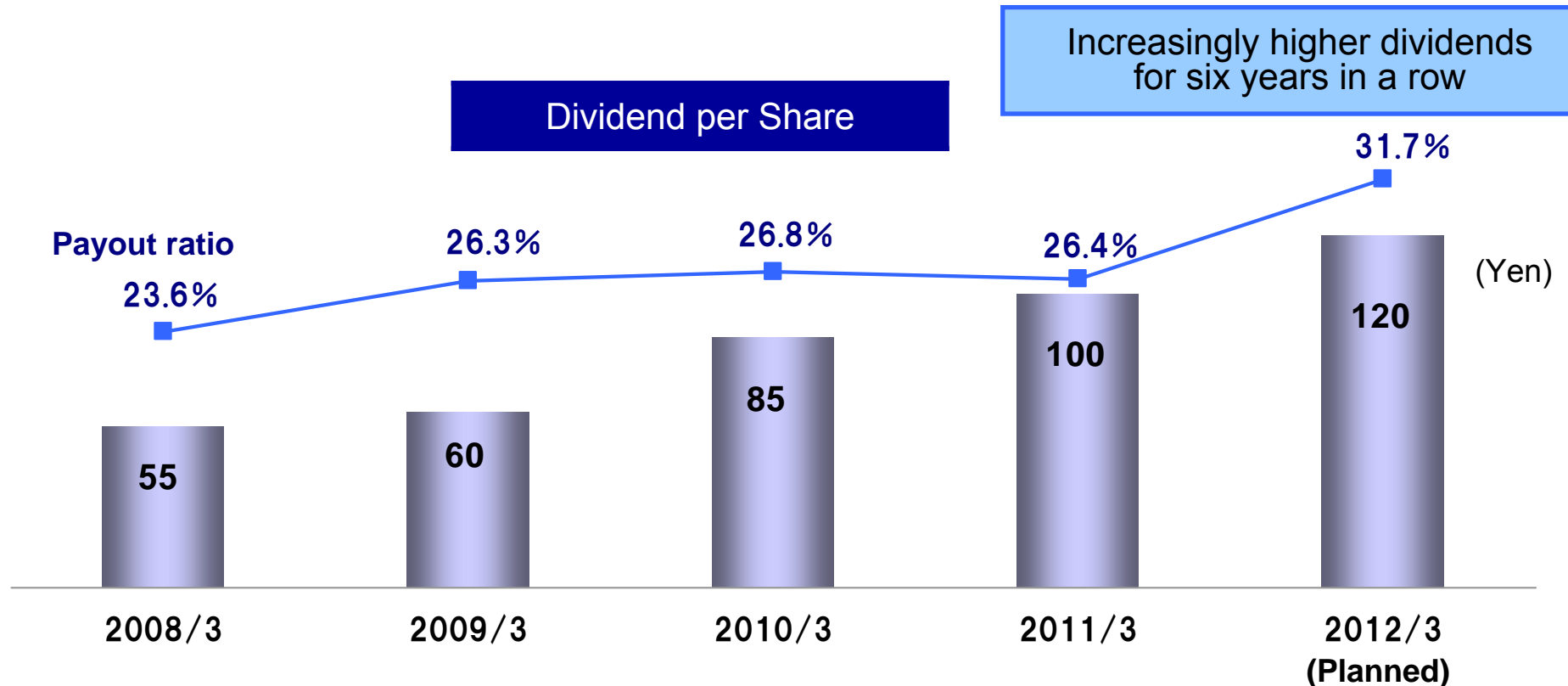
### Contact center with visual data delivery capability



# Shareholder Returns

## Policy

- Stable dividend payouts considering about 30% to be maintained, reflecting the company's major management priority of according respect and importance to valued shareholders
- An annual dividend of 120 yen per share (an increase of 20 yen over the previous fiscal year) is planned for the fiscal year ending March 31, 2012.



Empowered by Innovation

**NEC**