

Network Infrastructures Business

March 19, 2021

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(TSE: 1973, NESIC)

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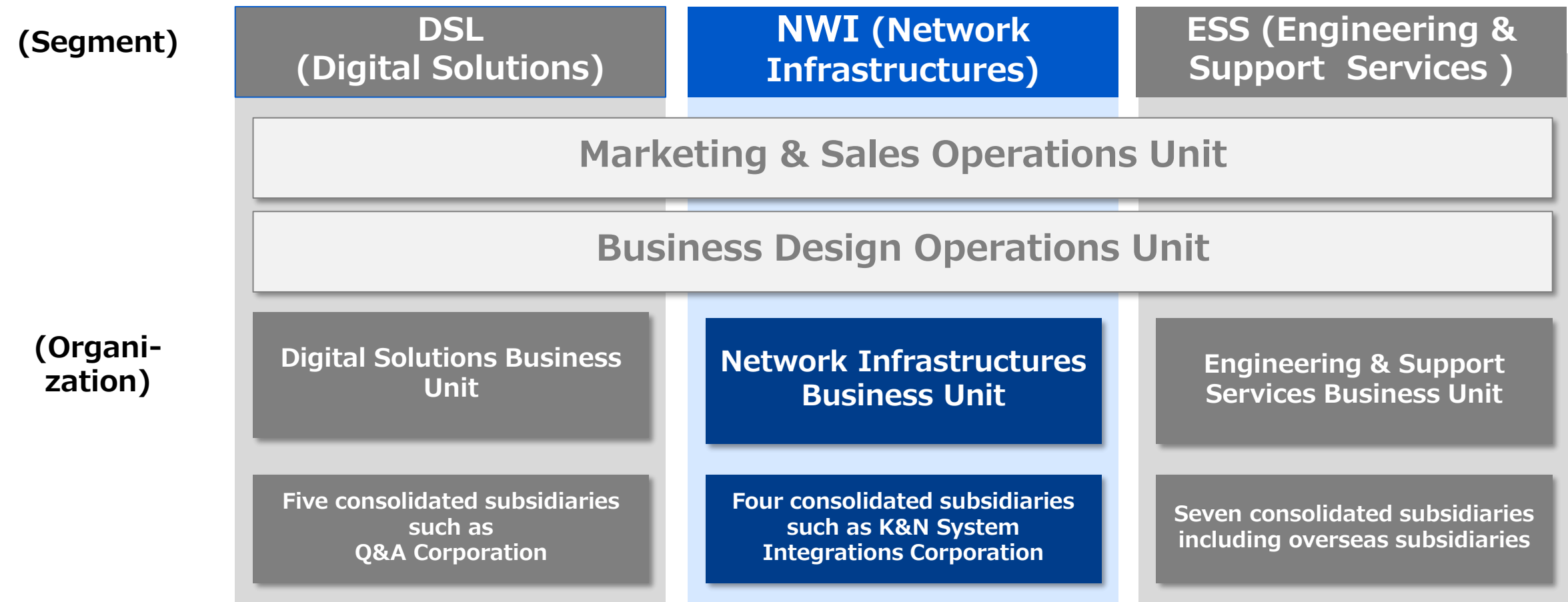


Career in brief

- Joined NESIC in 1985
- Successively held various responsible posts for sales/marketing, social infrastructure business and support service business
- Assigned to the present position in 2020.

Network Infrastructures Business in NESIC

Providing construction and various services regarding telecom carriers network and ICT infrastructure of governments and broadcasters to support society

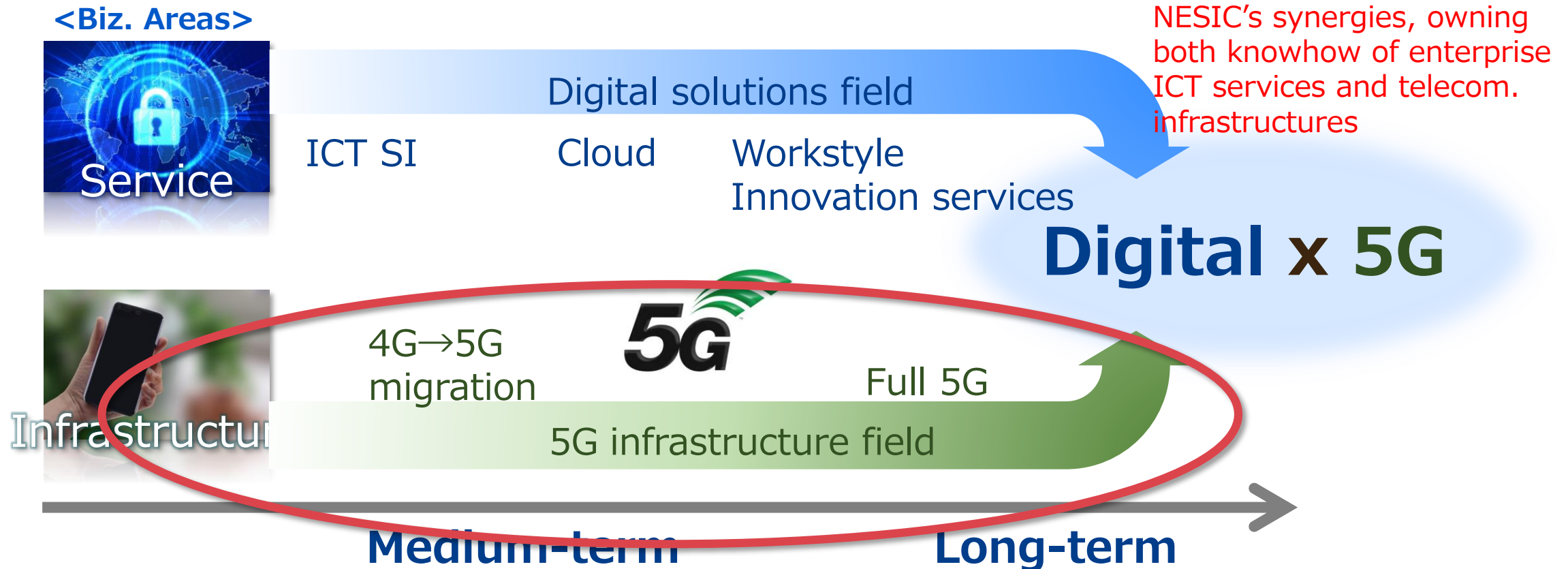


Promoting growth strategy of “5G fields”

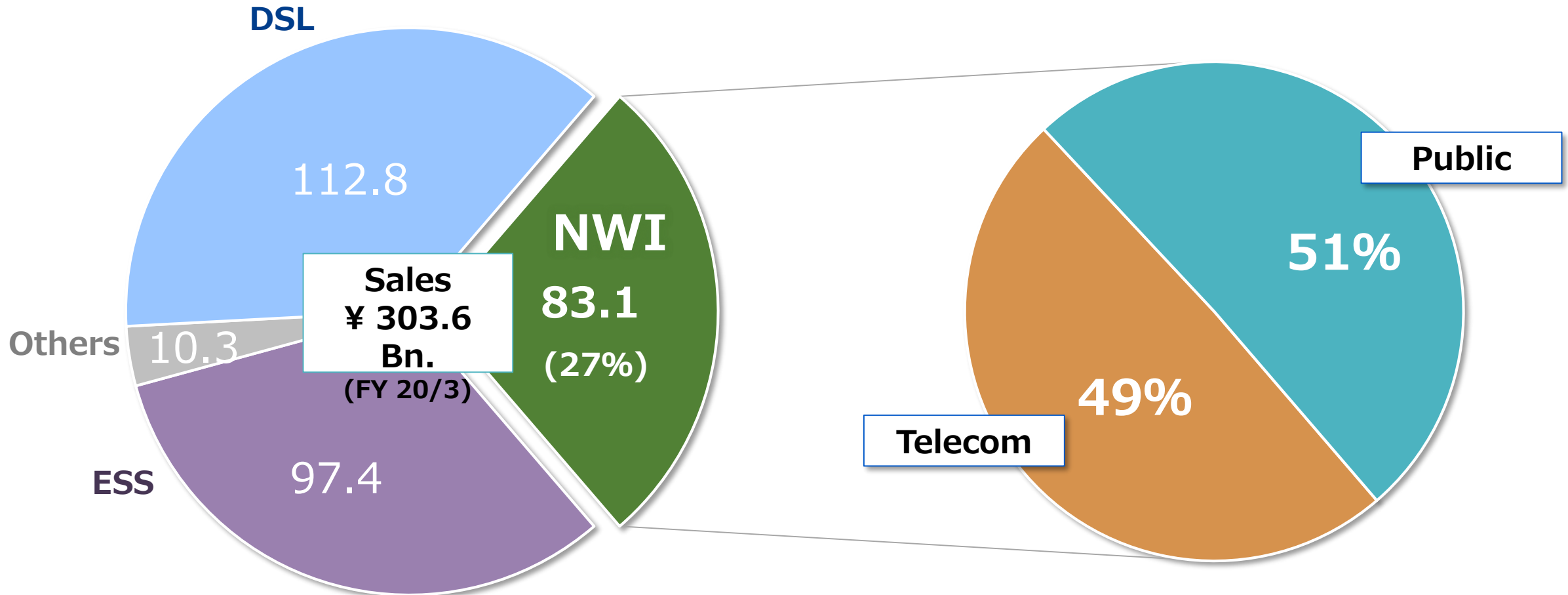
(next generation high speed infra.)

toward “Digital x 5G” era

※Collaborating with Business Design Operations Unit



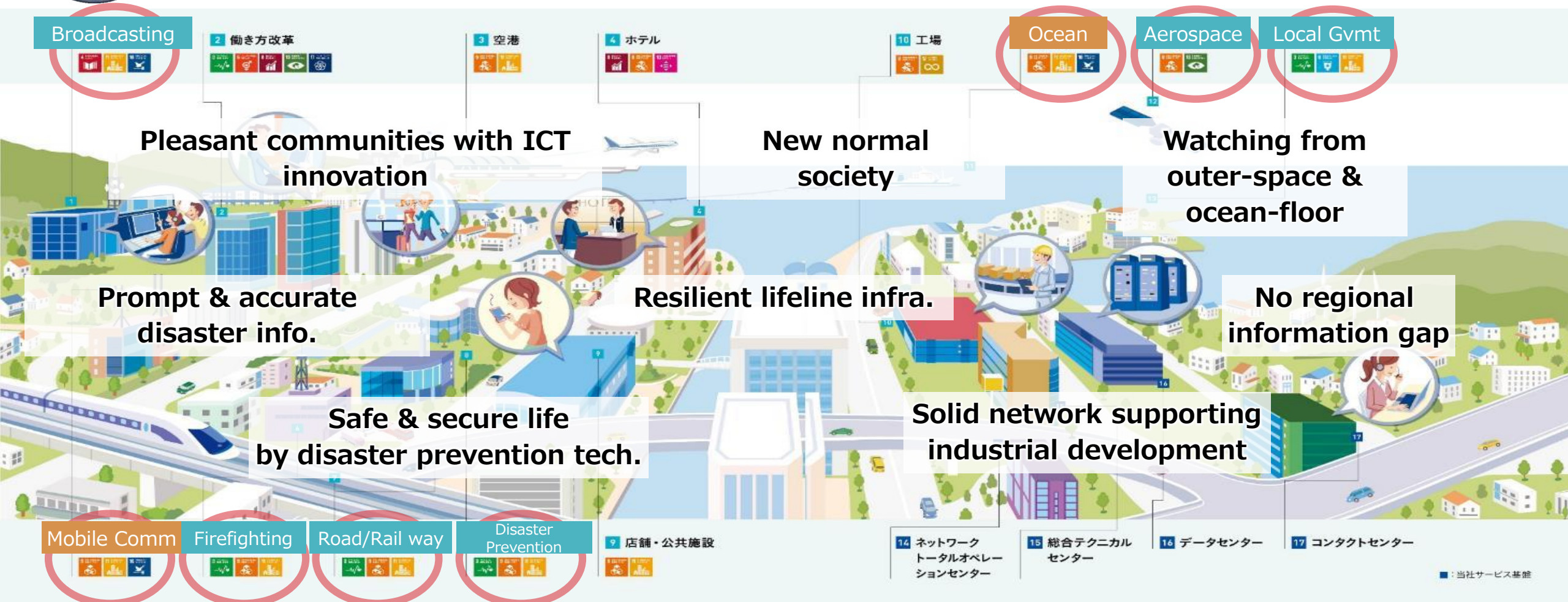
Approx. 30% of company sales



Network Infrastructures in the Society



**Creating safe, secure and plentiful society
by delivering information to every communities
and by watching the earth from outer-space and ocean-floor**



Digital solution capabilities collaborating NESIC DX platform with high technological capabilities and broad customer base



1) Technological Capability
& Knowhow



2) Nationwide support network



3) Digital solution capabilities

Competence 1: Technological Capability & Knowhow

Broad business development leveraging high technological capabilities as a NEC group Sier into multi-vendors SI

Strengths

- Deep technological skill via product development/evaluation/failure analysis as an NEC group
- Accumulated knowhow via maintenance & operation
- Broad technological capabilities from Wi-Fi to satellite communication

Strengths in multi-vendors environment

- ◆ System design capability corresponding to customer demand
- ◆ Orchestrating capability for complicating systems
- ◆ Solution capability directly collaborating with vendors' developers

Market

Aerospace

Ocean

Firefighting(FF)

Disaster
Prevention(DP)

Broadcasting

Railroad

Elec. power

CATV

Telecom.

Our strong areas

Strong area
of Sier with
its own
products
in the group

Strong area
of Sier
dealing with
multi-vendors
products

Nationwide service basis to support mission critical communication infrastructures

Nationwide sales/maintenance system



Nationwide sales and maintenance network of 400 bases to support highly reliable social infrastructure

Network total operation centre



Inquiry acceptance, 24/7 security monitoring and network operation

Service delivery operation centre



24/7 logistics function with technical services such as evaluations and repairs.

Data centre



Providing stable service with user viewpoint with 3 data centres that can mutually back up

Create digital solutions services with existing assets x DX platform

Existing assets

Broad business fields
and customer base

Accumulated business
knowhow

Maintenance and
operation bases

×

NESIC's DX platform

- ✓ **Multi cloud coordination**
- ✓ **Multi connectivity**
(network, device, etc.)
- ✓ **Data analysis**



=

Via digital solution
service creation

**Solution capability
for society &
customers**

(Value enforcement)



**New
competence**

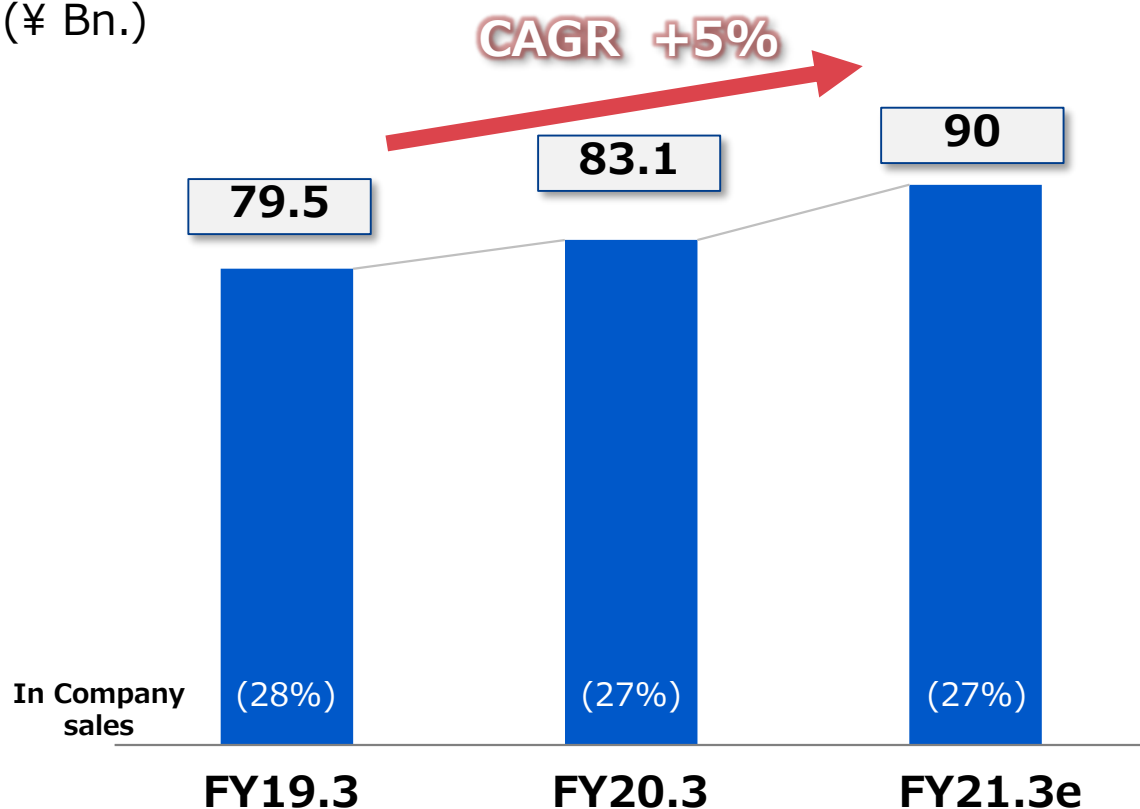
FY March 2021 Performance

*Net sales and operating income for the FY 2019/3 and FY 2020/3 has been recalculated to reflect the change in the content of business segments. (FY2019/3 figures are un-audited)

Net sales

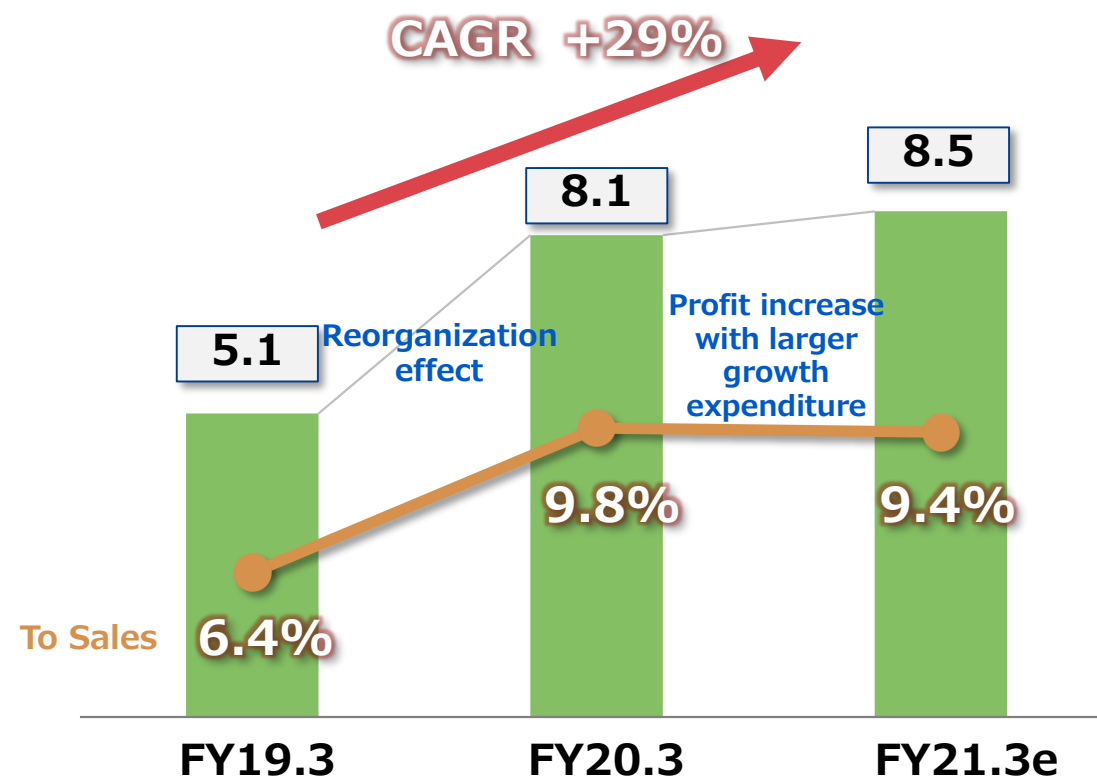
- 5G related biz increases
- Acquiring FTTH improvement demand to eliminate digital divide

(¥ Bn.)



Operating income

- Improving sales mix (increase of SI area)
- Strengthening business capability (Results from reorganization at April 2020)
- Promoting on-site reform with DX



Growth Strategy of Network Infrastructures Business

Brisk demand in both telecom and social infrastructure fields

Telecom



Investment in the expansion of 5G areas is increasing despite a downward revision of mobile fees.

- Core networks: Developing to support higher speed and lower latency communication
- Base stations: Bringing forward two years or more than planned (at least 210K stations by 2023)
- Use of 5G: A number of demonstration trials began for disaster management, enhanced efficiency at plants, worksites and offices, and other purposes

Social infra.



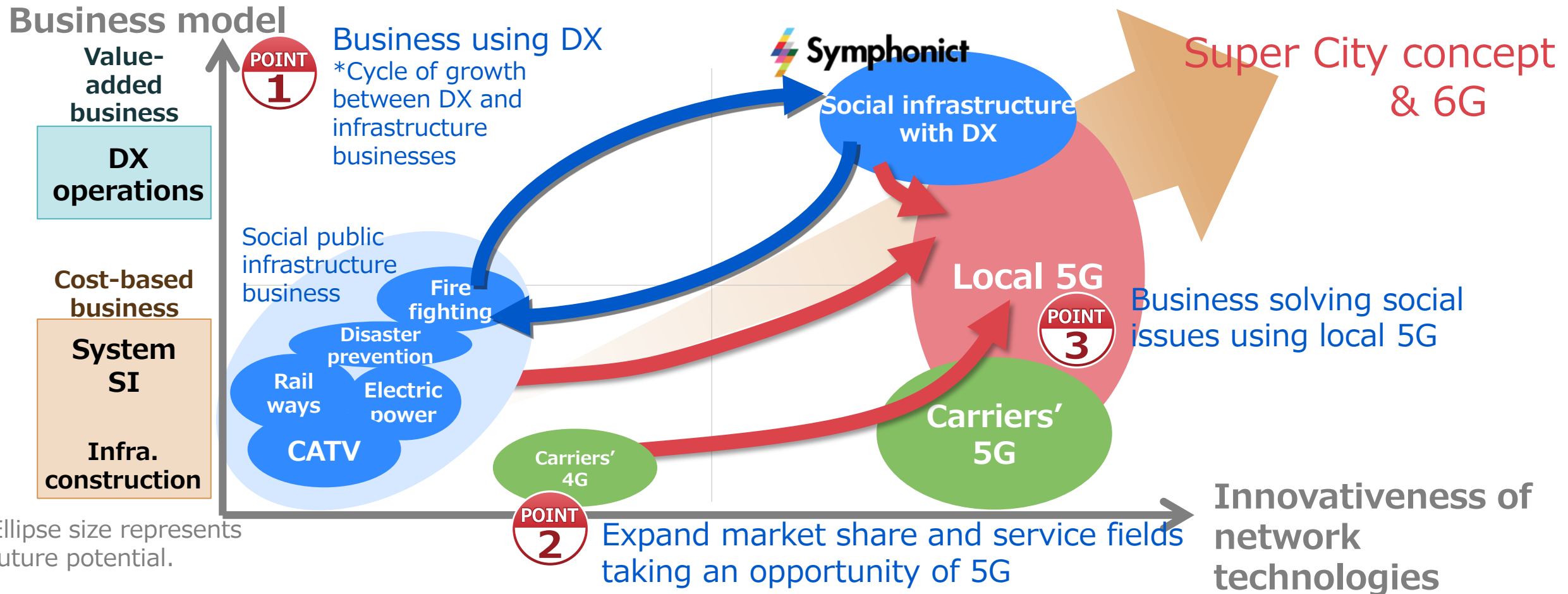
Construction of social infrastructure for Society 5.0 and Super City accelerates.

- The launch of a digital agency triggered the acceleration of municipal governments' digital transformation (DX).
- Strong construction of FTTH networks towards the elimination of the digital divide.
- Brisk disaster management construction projects in preparation for major disasters

Growth Strategy Perspective

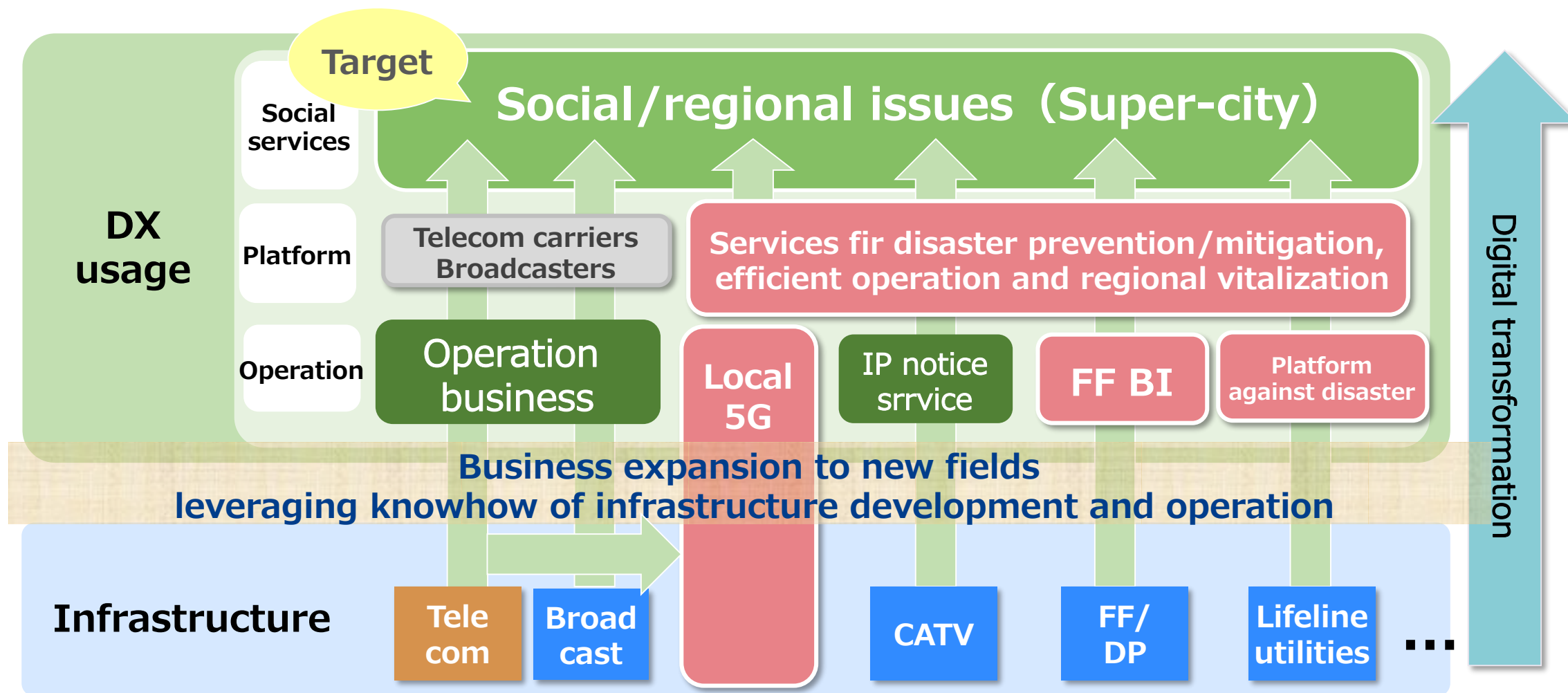
Expand business to resolve social and customer issues

- Synergy between DX, telecom and social infra businesses (realization of "Digital x 5G") -



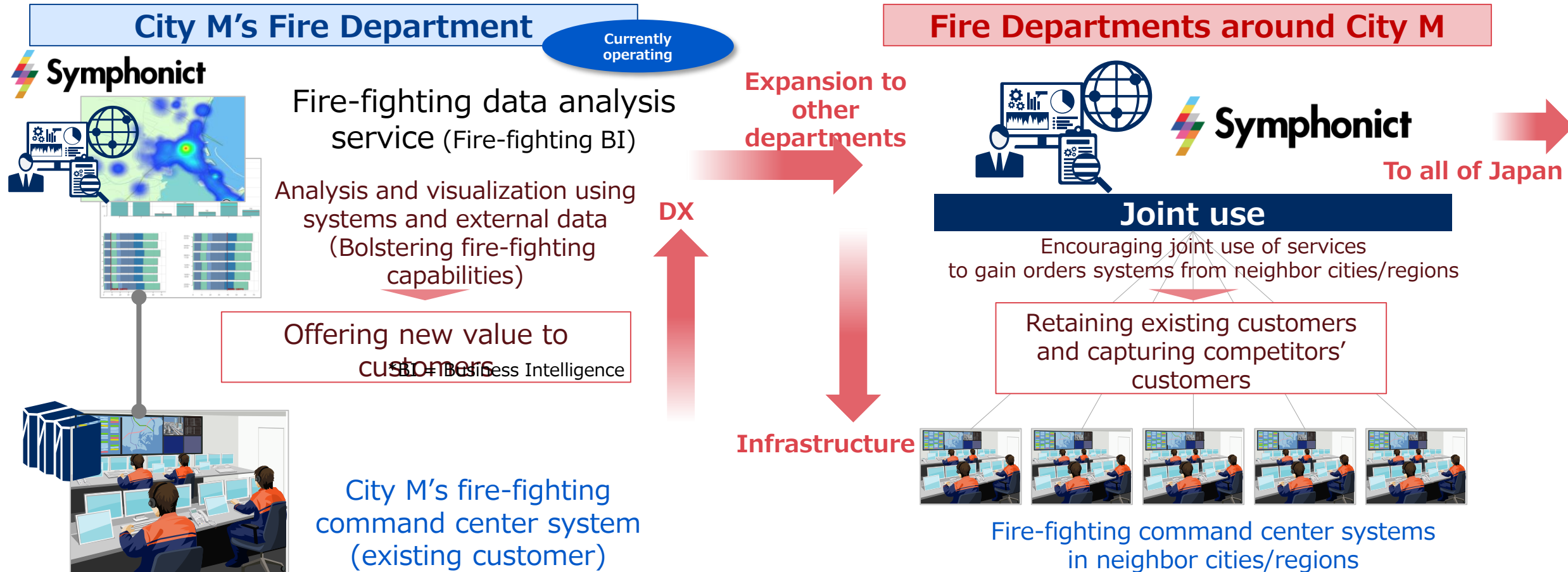
Point 1: Business Using DX

Contribute to super-city concept to solve social issues



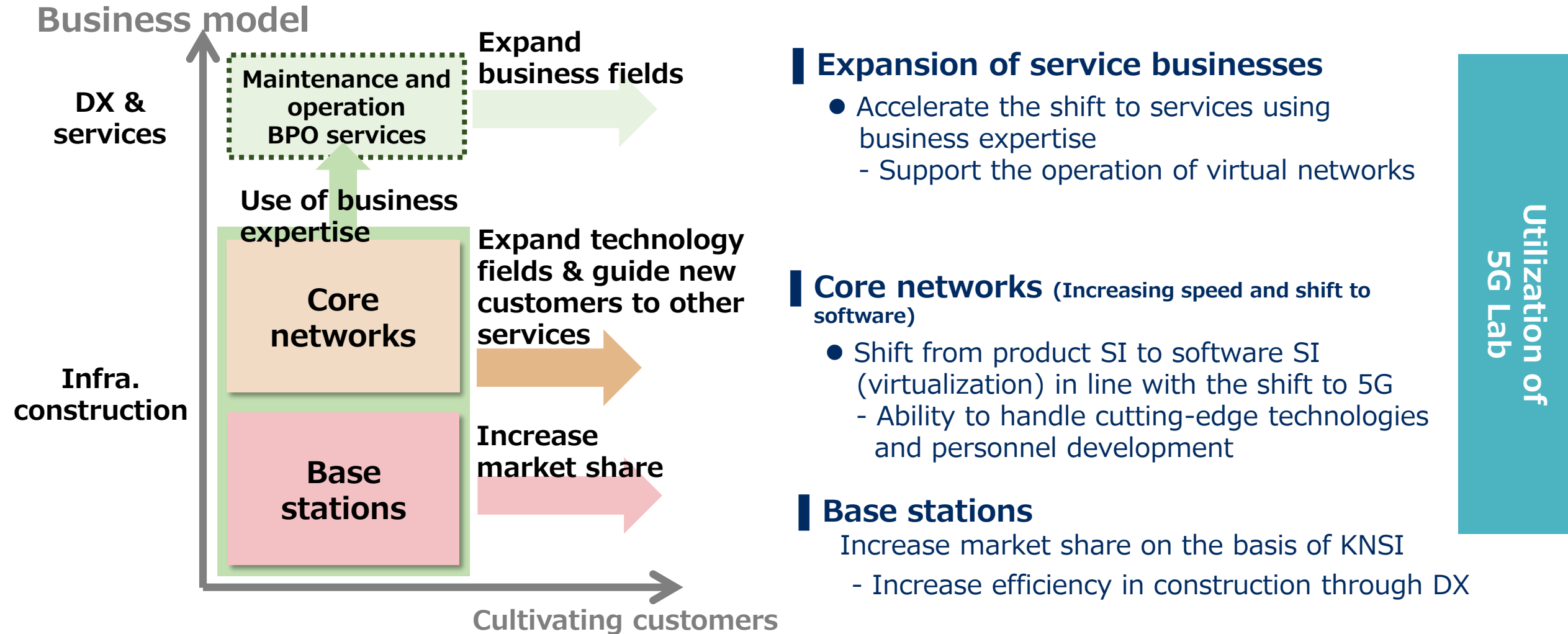
Point 1: Business Using DX (e.g. Fire-fighting data analysis service)

Use big data from fire-fighting and expand to other fire departments to increase NESIC's share



Point 2: Expand Market Share and Service Fields after the Shift to 5G

Expand service fields taking an opportunity of 5G

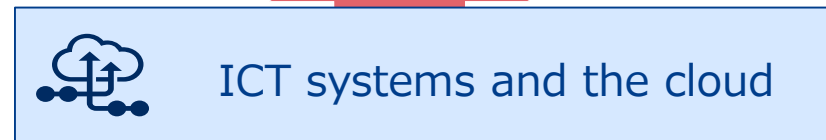


Point 3: Business Solving Social Issues Using Local 5G

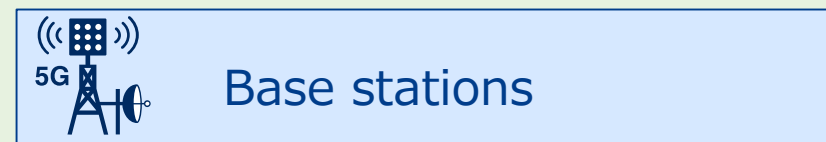
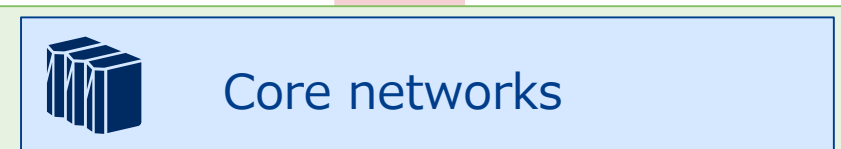
Capitalize on our full support capability to create businesses solving social issues

- Ability to build infrastructure (base stations and core networks) for carriers and to provide services -

System
Services



Infrastructure



Total service

Create services solving social issues through demonstration trials

- ✓ Prioritize creation of markets for local governments and CATV operators which are our strength
- ✓ Create killer content to drive the popularization of local 5G

Build local 5G infrastructure Offer one-stop services (leveraging the capability of constructing infrastructure for carriers)

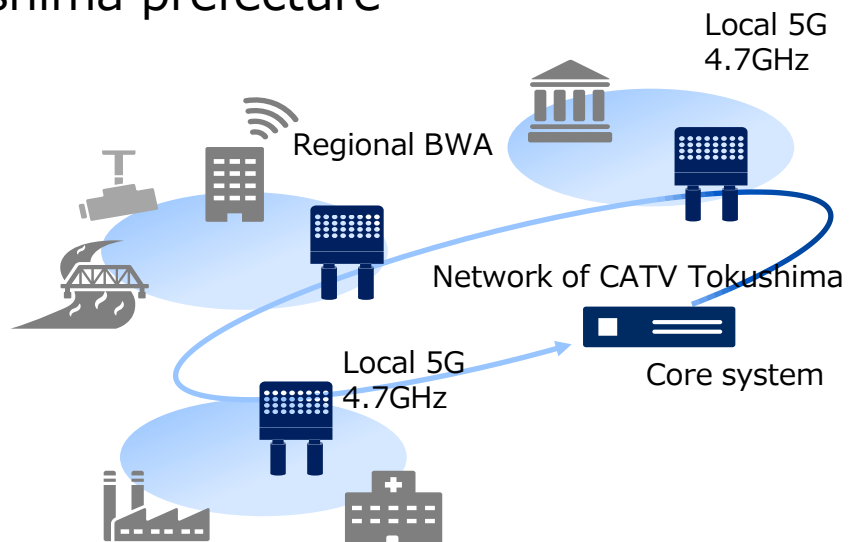
Packaging of
solutions

Point 3: Business Solving Social Issues Using Local 5G

Creating regional problem solution service with CATV operator ~"Regional service platform"~

- Leveraging local 5G environments onto high-speed network for medical, industrial and administration usage

Local 5G network connecting facilities in Tokushima prefecture



<Usage scene>

Remote exam.



Automated farm management



Smart factory



Monitoring of rivers

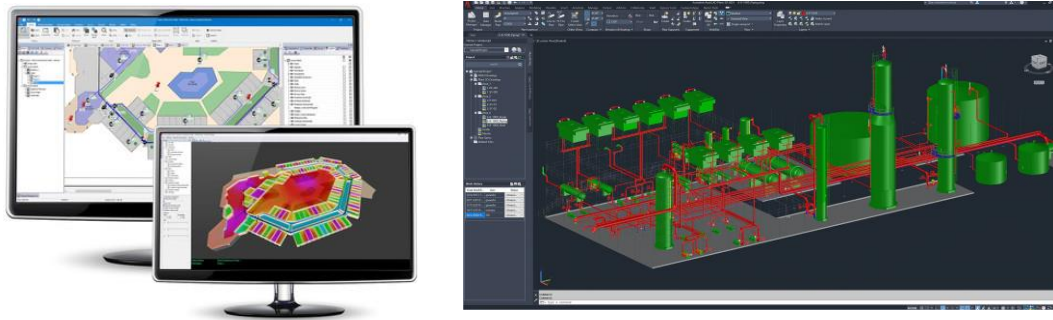




Use 5G Lab to step up engineer development and to expand service fields

Step up development of 5G engineers

Accelerate education and the verification and evaluation of technology in a multi-vendor environment for cutting-edge technologies (e.g. wireless, virtualization and slicing)



Wireless propagation simulation and 3D simulation (in a plant)

Increase the number of 5G-related engineers to four times the current number

(FY 2020/3 → FY 2022/3)

BPO services

Provide BPO services from the perspectives of customers and vendors

Example BPO services

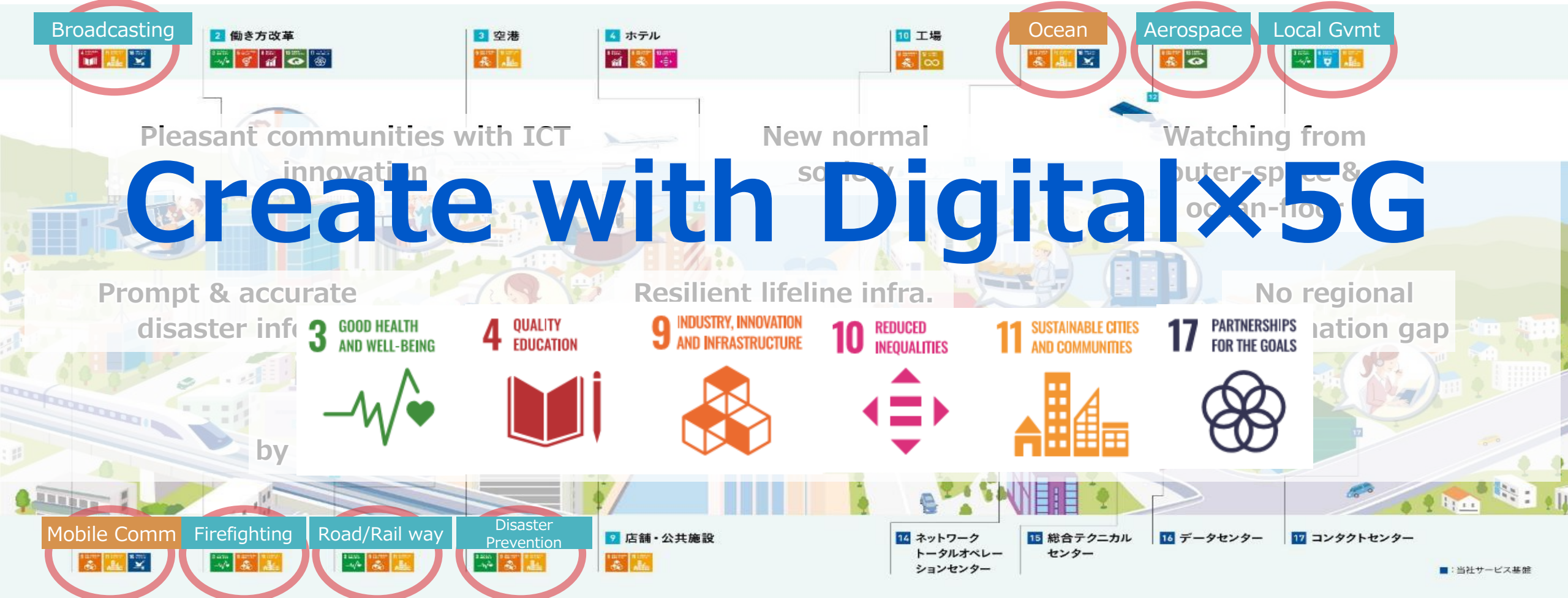
- Software verification for carriers and vendors
- Integrated services from consulting and license application to construction and operation of local 5G
- Verification of applications and services to connect via 5G

Step into the local 5G business using 5G technologies for carriers

Network Infrastructures Vision



Creating safe, secure and plentiful society
by delivering information to every communities
and by watching the earth from outer-space and ocean-floor



Cautionary Statement

Forecasts and targets of results mentioned in this document are future estimates and are thus inclusive of risks and uncertain factors since they are not based on definite facts. Please be aware that a variety of factors could cause actual results to differ significantly from those projected. The major factors affecting actual results include the economic climate and social trends surrounding the business of this Company's group, consumer trends vis-a-vis systems and services provided by this Company's group, as well as pressure to lower prices and ability to cope with the market in response to intensified competition.

Factors affecting results are not limited to the ones mentioned above.

There were inter-segment transfer of some businesses and other changes in April 2020. Segment information for the FY 2019/3 and FY 2020/3 has been recalculated to reflect the change in the content of business segments. (FY2019/3 figures are un-audited)

Re-designing your Communication

NEC Networks & System Integration Corporation is committed to increasing customer value by redesigning future communications from the user's perspective.





NEC Networks & System Integration Corporation

<https://www.nesic.co.jp/english/index.html>