

# What's NESIC?

February 23, 2017

Tokuo Yamamoto,

CFO & Associate Senior Vice President

NEC Networks & System Integration Corporation

(TSE 1973 / NESIC)

Good afternoon! I'm Tokuo Yamamoto, CFO of NEC Networks & System Integration Corporation, which we call NESIC. Thank you for joining us today for this briefing.



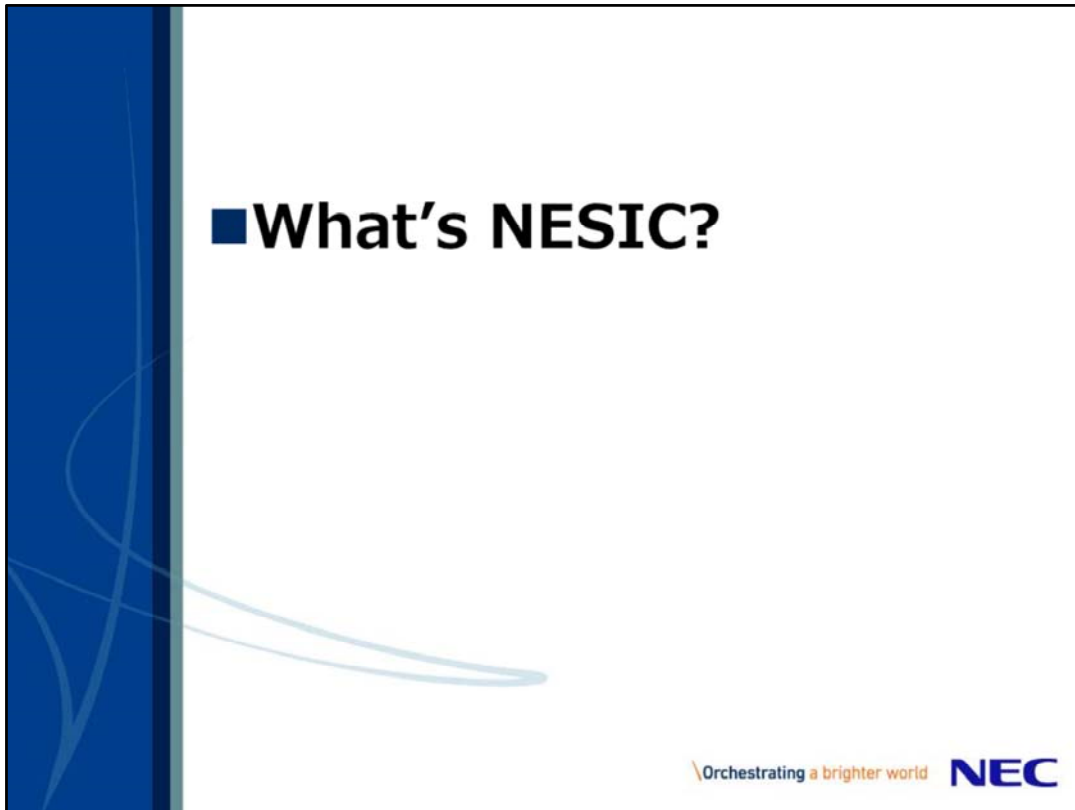
Agenda

- **What's NESIC?**
- **NESIC's Business Model**
- **Gear for growth**

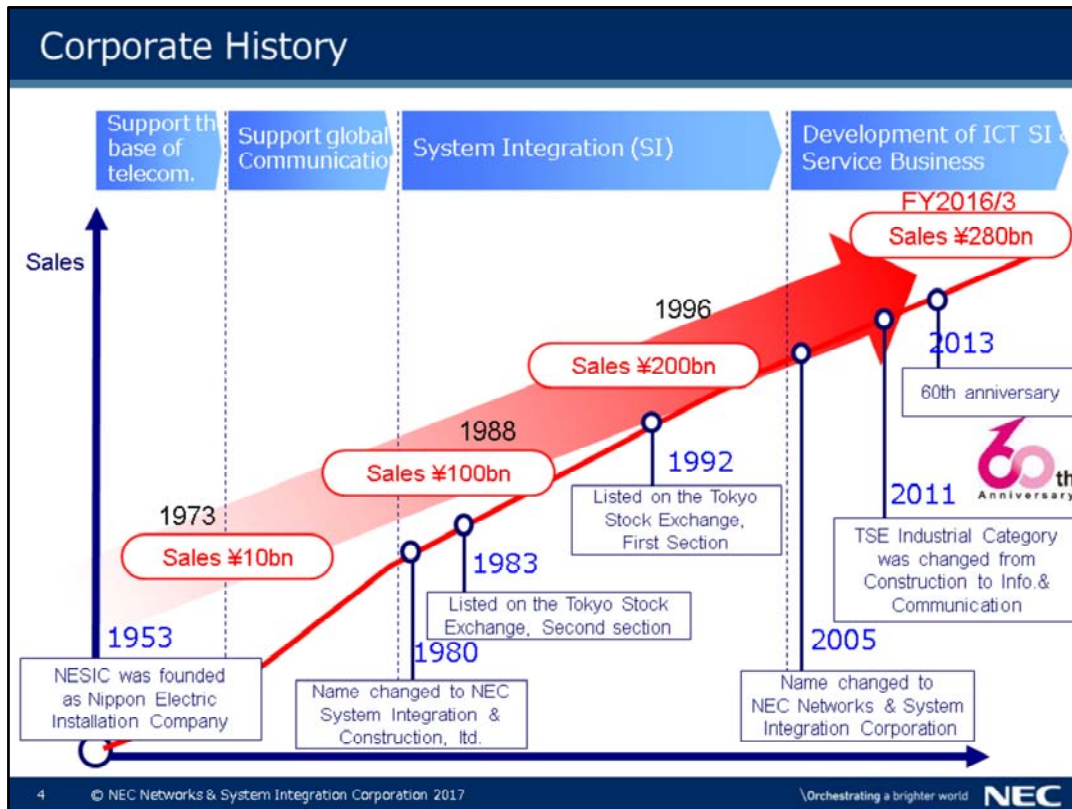
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Here is our agenda.

First, I will provide a summary of our company, then talk about our business model, and our opportunities for the next growth.



What's NESIC?



This chart shows our history.

NESIC was born as a telecom engineering company about 60 years ago.

According to the development of technologies, our business have been gradually expanded into systems integration and related services such as system operation and outsourcing services. As a listed company we have over 30 years history, and according to the expansion of our business our industrial category was changed from construction to information & communication 6 years ago.

## Support the Base of Telecommunications(1953-)

### Construction of domestic broadcasting and telecommunications infrastructure



Installation of Japanese first television broadcasting equipment



The world's first automated broadcasting equipment for NHK



Telephone switchboard

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I will explain the history of NESIC in a little more detail. 1953, our birth year, was the year when NHK started Japan's first television broadcasts, and current KDDI was established. In other words, NESIC was born at the dawn of communication in Japan. We started out developing Japan's broadcast and telecom infrastructure, such as the installation of television broadcasting equipment and the installation of telephone switchboards, as shown in the pictures.

## Construction of telecommunications infrastructure around the world



Satellite broadcasting on Mt. Everest



Oil plant telecom system in the Middle East



Construction of network for an offshore oil field plant



Construction of satellite telecom system in Switzerland



Construction of satellite telecommunications system in Iran

In sixties, our business expanded to the worldwide telecom infrastructure.

As shown in this slide, we have installed satellite earth station on Mt. Everest and have contributed to live TV coverage from the top of Mountain.

## System Integration (SI) (1990s-)

Expansion corresponding to diversified communications way including mobile-phones and the Internet



Construction of base stations for mobile phones



Construction of intra-company voice communication network

Alongside the dramatic development of telecom technology in the 1990s, we also contributed to the start-up of new telecom services, including mobile phones and the Internet, and also expanded system integration business for office communication network. We can say that it is the era when we became a system integrator.

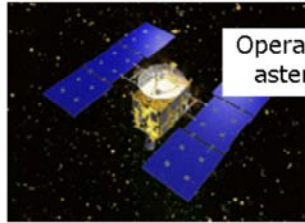


And Today...

## SI and operation of various social infrastructure



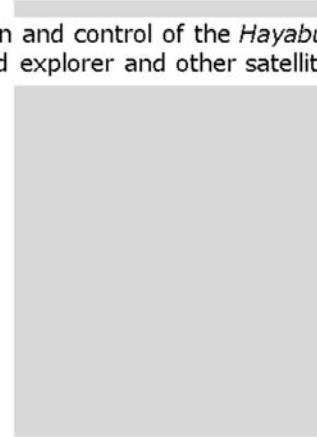
Installation of digital terrestrial broadcasting equipment on Tokyo Skytree



Operation and control of the *Hayabusa* asteroid explorer and other satellites



Submarine cables and Submarine seismometer system



\*It is one of our staff members that discovered the *Hayabusa*.

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And today....., we have also been involved in the construction of social infrastructure, including the installation of digital terrestrial broadcasting equipment on Tokyo Skytree and the development of a submarine seismometer system.

Moreover, our stage has spread as far as space. We have been involved in the operation and control of numerous satellites. It was one of our staff members who RE-discovered the *Hayabusa*, when it lost all its trace.

*Hayabusa* succeeded in collecting samples of asteroid Itokawa, first in the world,

We are working for the operation of *Hayabusa-second*, too, but I hope we do not have an opportunity to re-discover it this time.



And Today...

## Work-style innovation integrating office design and ICT

EmpoweredOffice



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For offices, not only integration of ICT systems, we also focus on the work-style innovation solution, including office facilities and design to enhance the productivity of employees.

## What is NESIC?

We are  
a company that supports all kinds of communications,  
ranging from space and submarine communications  
to communications in everyday life  
and corporate activities.

Corporate message

Re-designing your Communication

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It is, therefore, fair to say that NESIC is a company which has been developed by continually supporting all kinds of communications across a wide range of fields.

## A Japanese leading SI'er in the network field

### Holding a top-class position in networking in Japan

- Competitors engage mainly in product sales and software and systems development.

(¥bn)

		FY2015 Sales	Network Business
1	NTT data	1,614.9	78.4
2	Canon Marketing Japan	646.0	16.7
3	OTSUKA	609.0	78.0
4	NRI	421.4	-
5	CTC	391.6	126.4
6	TIS	382.7	33.0
7	SCSK	323.9	68.5
8	<b>NESIC</b>	280.0	155.0
9	Nihon Unisys	278.0	70.0
10	Transcosmos	224.6	-
11	NS Solutions	218.7	12.5
12	Net One Systems	145.2	79.7

※ Source : The Company based on "Study of New Business Strategies by SI/NI Vendors of Japan 2016" from Fuji Chimera Research Institute

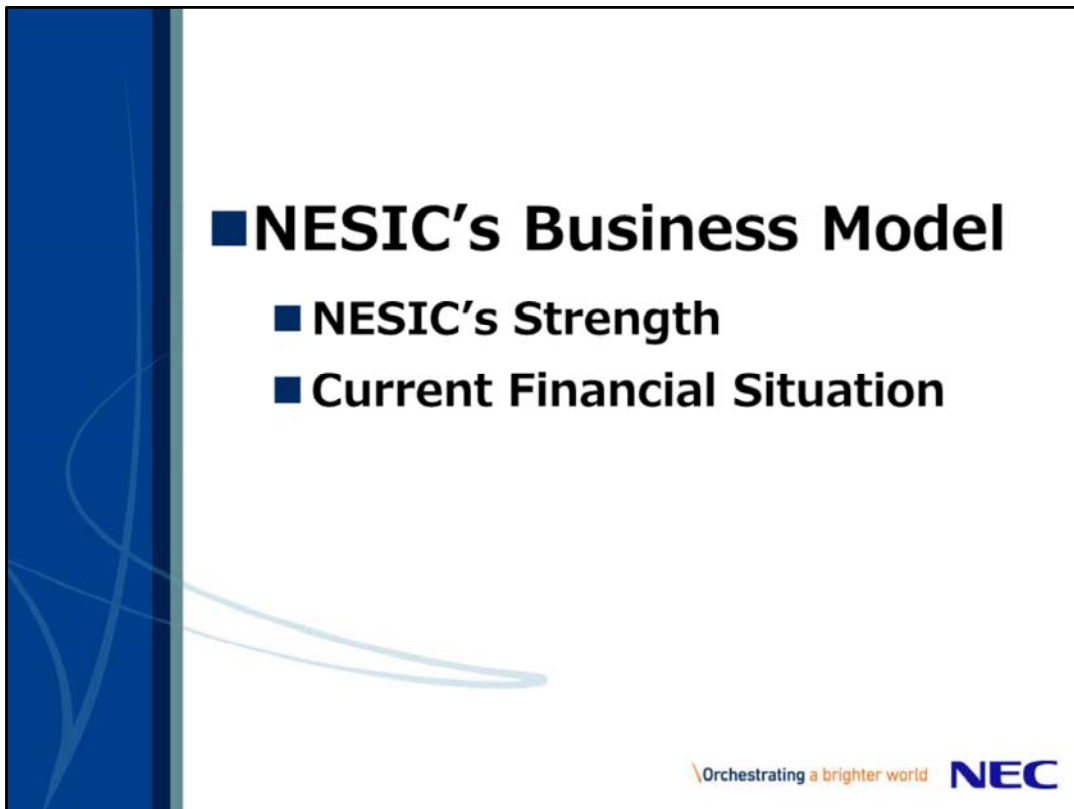
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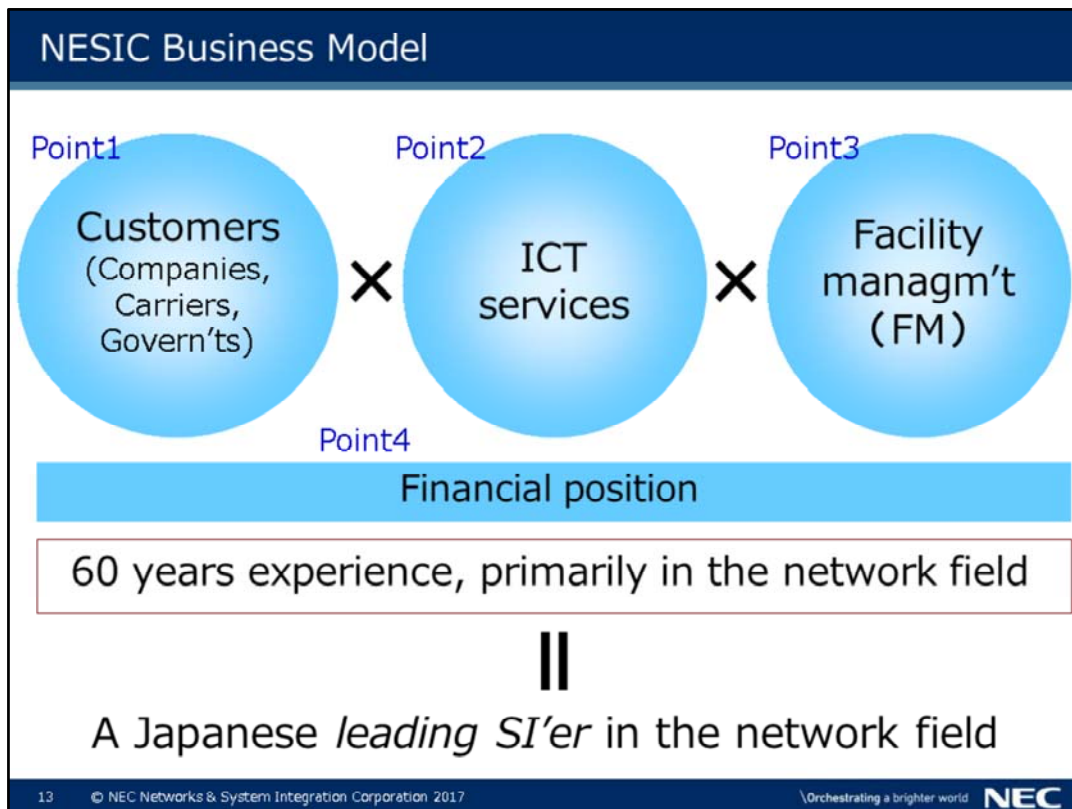
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In fact, although NESIC is positioned as 8<sup>th</sup> largest system integrator in Japan as a whole, in networking, it holds the top position in Japanese ICT service industry.



I will show our business model, next.



Our business model has 4 points:

1<sup>st</sup>: We DO business for various customers, private companies, telecom carriers and governments.

2<sup>nd</sup>: We can provide them variety of services related to ICT, such as consulting, system integrations, maintenance-operation, and outsourcing services, utilizing our strong service & support bases.

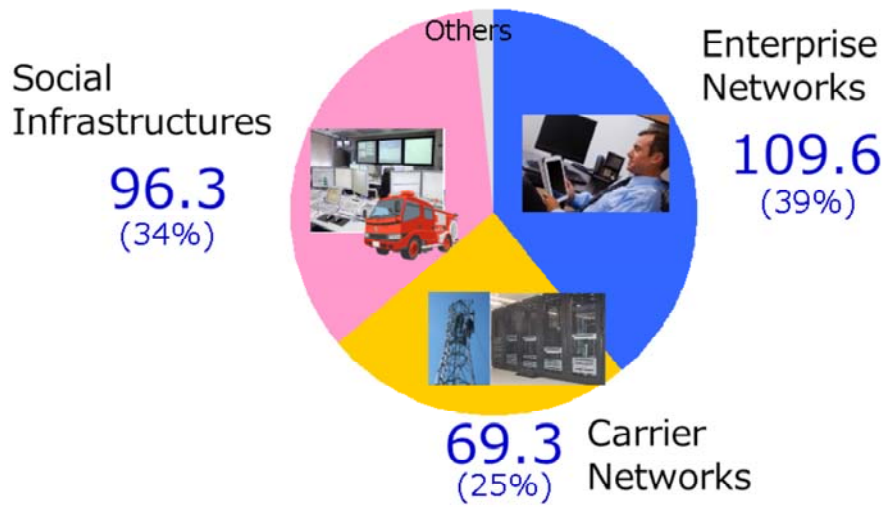
3<sup>rd</sup>: We also have total facility management knowhow through telecom construction experience, including office facilities and design.

and 4<sup>th</sup>: In addition, we have good financial position.

As a result, we are proud of leading position in the Japanese network market, as I explained earlier.

## Point 1: A Wide Range of Customers

**Sales: ¥280.0bn** (FY 2016/3)



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This is our sales by segment. It is well balanced, based on our broad customer base. And this gives our performance some stability against environmental change in each field.

# Enterprise Networks

## ICT solutions to corporate offices

- Solutions that combine ICT with facilities to innovate working styles
- Network operation, monitoring, maintenance and data center services
- BPO services such as contact centers



### Offering optimum services tailored to customer needs



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Through our Enterprise Networks business, we primarily offer ICT solutions to corporate offices. We offer ICT services including corporate network operation and monitoring, BPO services such as the operation of contact centers, as well as solutions that innovate working styles, which I will explain about later.



## Carrier Networks

- System integration for telecom carriers (fixed, mobile), and maintenance and operation services, etc.
- Services leveraging advanced technical skills and expertise acquired through services for telecom carriers

SI & maintenance of core networks

Telecom carriers' network systems

Outdoor base stations

Installation & maintenance of mobile base stations

Design and installation of Wi-Fi networks

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Carrier networks business is the business mainly for telecom carriers' public networks, from installation and maintenance of mobile base stations to system integration or configuration of core networks.

In addition, for non-carrier customers, we offer services that utilize the high reliability-technical skills we have acquired in the provision of services to telecom carriers, and which also leverage our relationships with these carriers. Recently, the provision of WiFi and other services at hotels and schools has become a booming market, and the field also shows healthy prospects for businesses such as IoT.

## Social Infrastructures

### ◆ Fire and ambulance dispatch system



### ◆ Disaster prevention information system

Government-operated  
disaster radio systems



ICT to support social infrastructure that enhances  
convenience, safety and security for everyone

### ◆ Expressway communication network



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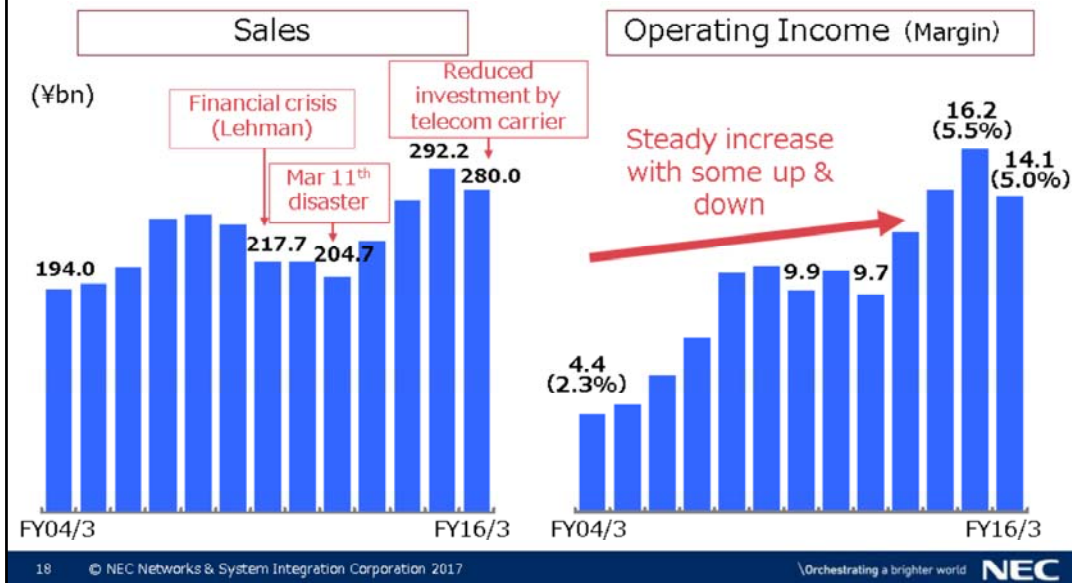
In the Social Infrastructure business, we provide systems that support safety, security and convenience through networks.

One example is the fire and ambulance service network. For the emergency call system, we develop command center and radio systems to ensure that ambulances, fire trucks and personnel are dispatched promptly and appropriately. Recently, we have also developed services to support emergency calls in seven languages including English, Spanish and Chinese to ensure the wellbeing of overseas visitors who suddenly fall ill in Japan.

In the disaster prevention field, we provide radio systems and information terminals that allow authorities to deliver disaster and evacuation information to many people at once.

## NESIC Business Performance

With a wide range of business domains, NESIC achieves relatively stable business performance even under a severe business environment.



These graphs show numerical data on our business performance over the past ten years.

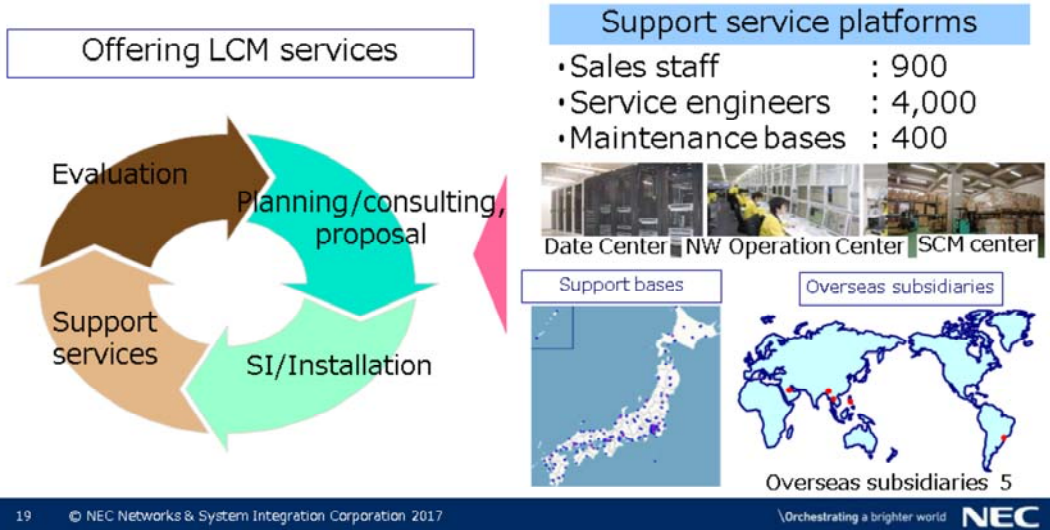
There are peaks and troughs that correspond to fluctuations in the business environment.

However, as I have explained, as we operate across a wide range of business domains and deal with a diverse range of customers, we have managed to achieve relatively stable business performance. For instance, during the Lehman Shock, it became difficult to sell to the private sector but we were propped up by our business with the public sector, and after the Great East Japan Earthquake, the sharp drop-off in public sector business was offset by strong performance in the area of telecom carriers. In fact, since our founding, there has NOT been a single year in which we have operated in the red.

## Point 2: Infrastructure for Extensive ICT Services

### Offering all services from the standpoint of customers

- Business infrastructure for offering all kinds of services, including consulting, construction, maintenance and operations.



Second point is our services infrastructures. We are able to provide ICT services as a management cycle, from consulting, integration, maintenance and outsourcing services.

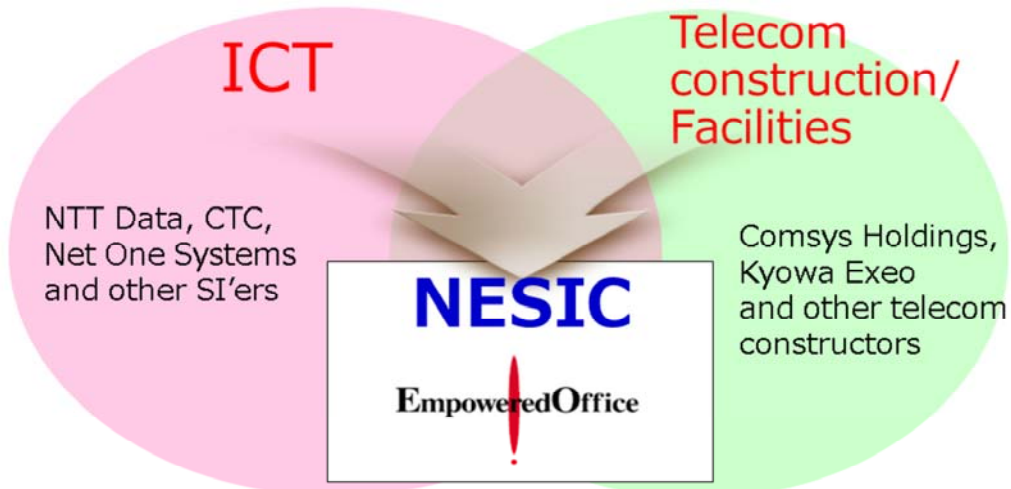
It is our intense service and support bases nation-wide that differentiates our business model.

For an example, we can send support staff and necessary parts to our customers in just an hour almost wherever they are in Japan. It is the service quality NESIC is proud of, through the experience of mission critical public network business.

### Point 3: FM Capability Based on Construction Know-how

#### Facility management (FM) + ICT capabilities

- Creating new business using synergy between expertise in facility management & ICT.



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Another clear differentiation compared to other system integrators, lies in our know-how and installation capabilities for office, electrical and other facilities. These skills have been built through our infrastructure construction business, leading to the creation of new business. One of such examples is our work-style innovation solution "EmpoweredOffice."



## EmpoweredOffice

Innovating workstyles through a combination of **ICT** and **office design**, to deliver the EmpoweredOffice

- We have been advocating the EmpoweredOffice concept since 2007 as a way to boost the productivity of white collar workers.
- We put innovating working styles into practice in-house, and then propose the same for our customers.



### Adoption Track Record

We have built up a track record of introduction across a wide range of industries including finance, manufacturing, pharmaceuticals, food and services.

EmpoweredOffice is a solution to support creative work-styles through a combination of ICT, office facilities and design. Information and communication systems are a necessary part of changing the way we work, but it can be hard to bring about change through those aspects alone. By combining ICT with office facilities and design, working styles can be innovated in a way that makes full use of information and communications.

## Our Own Practice by EmpoweredOffice

Company-wide implementation coinciding with 2010 head office relocation

Evolving into a more empowering, economical, ecological and enjoying way to work.

2006

**"Swamped Office" (old style)**

Covered in paper  
Nothing but dead space

2010

**"Slim Office"**

Paper-less  
Creative

2016

**"Borderless Office"**

Revitalized communication  
Improved creativity

- After its introduction at the head office, EmpoweredOffice was rolled out to all sites
- Reinvigorated communication with other sites and increased the frequency of collaboration
- Improved creativity
- Lowered business travel expenses

■ the time spent for clients:	10% increase※
■ Floor space:	40% reduction
■ Power consumption:	50% reduction
■ Paper usage:	60% reduction

※Numbers are a comparison before and after initial implementation in the old office.

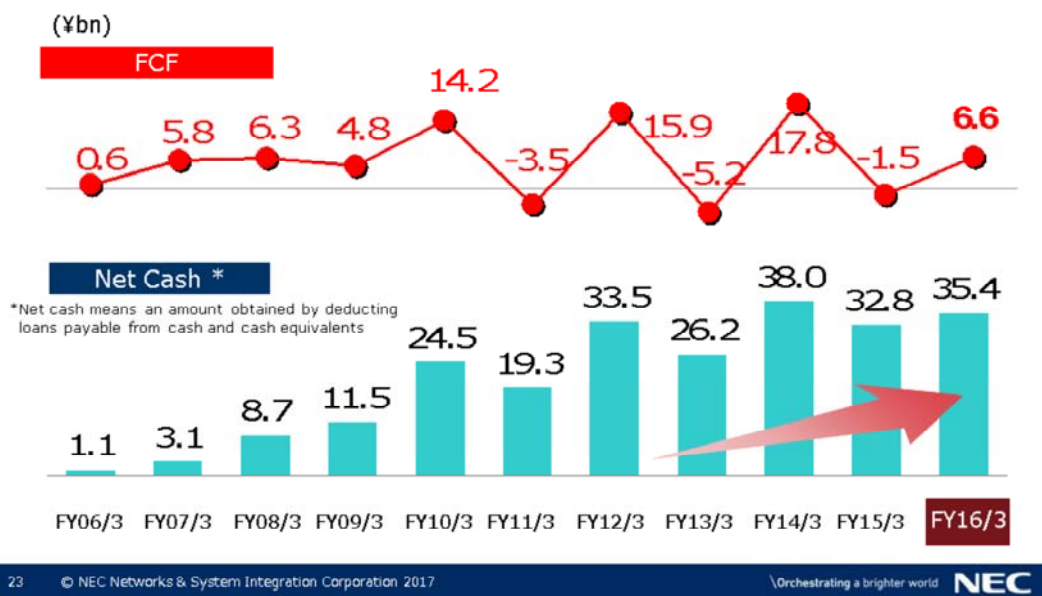
To coincide with the relocation of our head office in 2010, we incorporated these working style innovation a company-wide basis, and began to propose the solution to customers by having them witness the results first-hand.

Traditionally, offices were “swamped,” in the sense that they were inundated with paper. These offices later transformed into waste-free “slim” offices. In fact, floor space was reduced by around 40%, power consumption was cut by 50%, and paper usage was significantly decreased by 60%. Meanwhile, by effectively utilizing the time that had been saved, sales staff, for instance, increased the time spent for clients by 10%. Thereafter, the improvements were deployed nationwide and new tools were developed. As a result, offices now transcend the traditional barriers of distance. In other words, in an office that is economical, ecological and empowered, we have produced a “4E” office where each every employee is able to enjoy way to work.



## Point 4: Financial Position

### Financial strength for the next growth!

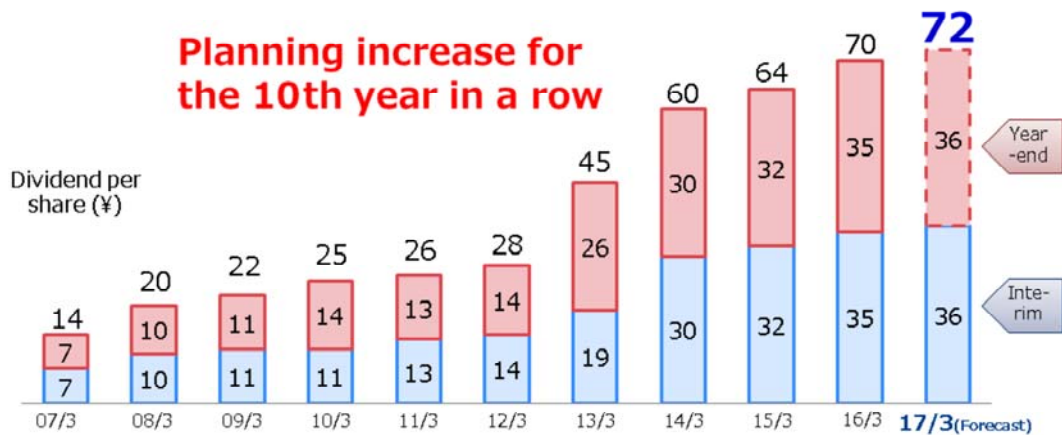


Fourth point is our financial position. Through increased profitability, we have built solid financial strength. Using this strength, we have executed three M&As in these five years. We are ready to use our financial position for further growth.

## Dividends

Increasing dividends in step with improvements in profitability based on stable dividend policy

- Taking DOE (dividend on equity ratio) into account.



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Return to shareholders is regarded as a priority management issue. Building upon a robust financial base, our dividend policy is to offer stable dividends that take the DOE into account.

For the current fiscal year, we plan to offer an annual dividend of 72 yen per share, and in doing so mark tens years of consecutive dividend increases.

Moving forward, we will continue to strengthen profitability while striking a good balance with growth investments, in order to product a return that all our shareholders will find satisfactory.

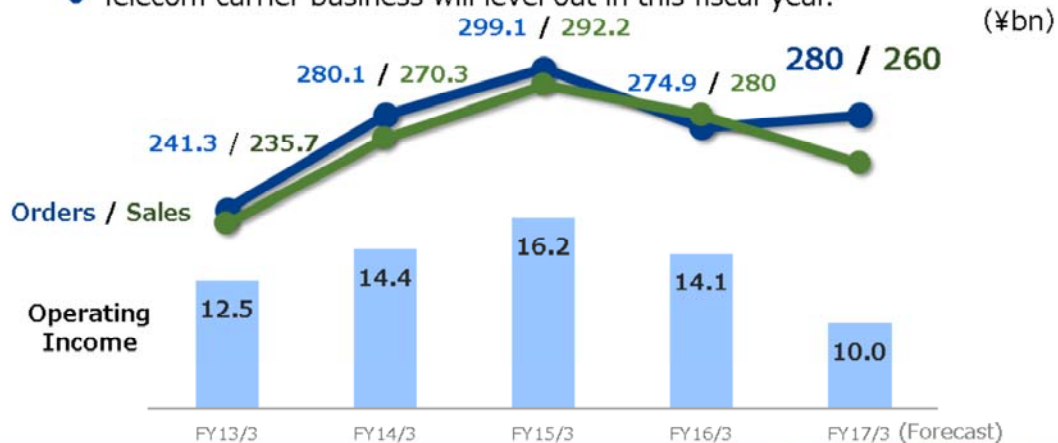


Next, I will explain about our business opportunities for the next growth.

## Current Situation (Forecasts for FY 2017/3)

Anticipating decreased revenue and earnings from reduced investments by telecom carriers and a reactionary decline in special demand for the digitization of fire and ambulance radio systems

- Repercussions of special demand for the digitization of fire and ambulance radio systems will end in the current period.
- Telecom carrier business will level out in this fiscal year.



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First, allow me to explain the current situation.

I noted that our business performance was relatively stable, but we have suffered the two-pronged damage where investment by telecom carriers has bottomed out, and the digitalization of fire & ambulance radio systems that has seen a significant uptick in recent years has dropped off. As a result, unfortunately we forecast decreased sales and profits for two consecutive periods.

However, at the start of the current period the special demand for fire and ambulance service radio has ended, and we will not be impacted in the same way in following periods.

Moreover, we believe that investment by telecom carriers has already bottomed out this period.

Therefore we will move in the direction of re-growth from the following fiscal year onwards.

## Midterm Business Environments

Business opportunities are expanding, particularly in the enterprise and social infrastructure fields.

(Domestic telecom carriers continue to restrict investment)

- The ICT market is growing moderately. The focus is shifting from SI and maintenance to the provision of service.
- Work styles and employment are diversifying (employment of women and senior citizens).

Service

- Investment in social infrastructure is strong. (national resilience, regional revitalization...)

Infra.

- Expanded investment in communications infrastructure in ASEAN markets.
- Growing ICT investment in hotels, tourism and other related fields due to the uptick in foreign visitors to Japan.

Global

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Let's take a look at the medium-term business environment facing the company.

We expect the market for domestic telecom carriers to continue its slump for the meantime, but in the enterprise and social infrastructure fields, we believe that business opportunities will expand.

In the enterprise ICT market, we expect growth accompanied by a shift from traditional selling-out-type system integration to a service provision format.

At the same time, in response to the demands of society, we believe working styles innovation is getting more and more important.

Also, as noted at the bottom, investment in hotels and tourism-related facilities will undergo revitalization due to jump in the number of foreign visitors to Japan on the heels of the Cool Japan campaign.

Meanwhile, in the social infrastructure market, we expect investment to proceed strongly on the domestic front with the national resilience, regional revitalization, the Olympic Games and so on. On the overseas front, investment in communications infrastructure has also picked up, primarily in the ASEAN region.

In short, the market opportunities for NESIC will expand across three fields, 1) market opportunities by the ongoing switch to **services**, 2) investment related to domestic **infrastructure** and 3) market opportunities due to **globalization**.

## Basic Policy of Midterm Plan

### Top line expansion

- ▶ Further growth through the enhancement of services, infrastructure, and global business

### Strengthening business capabilities

- ▶ Strengthening the business base that will support growth  
(Improving the structure in strategic areas; expanding investment in human resources and business)
- ▶ Improving business efficiency  
(Cutting costs; strengthening SCM)

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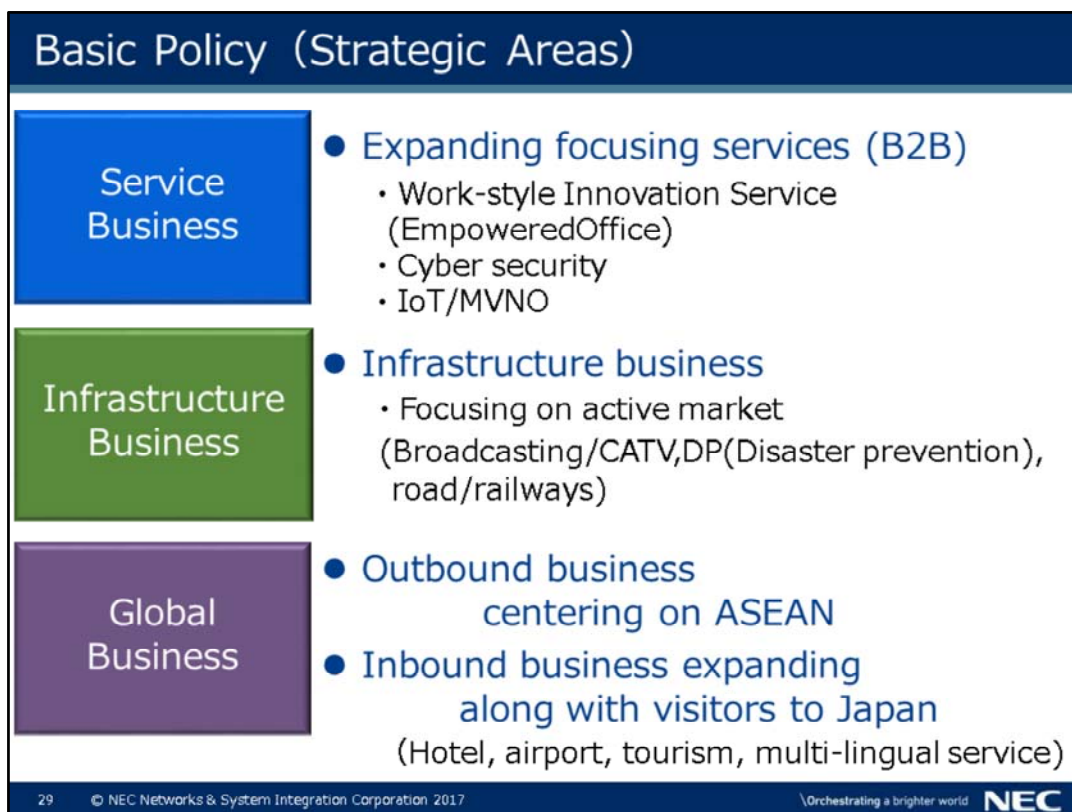
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This is our basic policy for mid-term growth.

In line with the business opportunities I just mentioned, we will concentrate on the areas of services, infrastructure and global business with the aim of top line expansion.

In conjunction with this, to further strengthen our business capabilities, we will actively pursue investment to support growth while further stepping up our past efforts aimed at cutting costs and enhancing management efficiency.





These are the areas of focus in our mid-term plan.

For the service business, in addition to services related to innovating working styles that I mentioned earlier, we will target cyber security to keep networks safe and secure, and also work to expand businesses with a focus on IoT with MVNO and so on.

In the infrastructure business, we will focus on areas expected to experience active investment, such as broadcasting, cable television and disaster prevention.

In terms of global business, we will concentrate on ASEAN-based outbound businesses as overseas operations, while bolstering efforts aimed at inbound businesses such as hotels, airports and tourism, where investment is set to increase thanks to higher numbers of foreign visitors to Japan.

Now I would like to provide a supplementary explanation of the main businesses we will focus on.



## Service Business: Work-Style Innovation (EmpoweredOffice)

**Business Opportunities**

- Office relocation market
- Needs to innovate work styles to reduce overtime, increase the participation of women and seniors, etc

→ In addition to improving the way people work at offices, the demand for telecommuting options will also expand.

**Our Initiatives**

- To develop pioneering services and enhance proposal capability

From improved working styles within office spaces to ways of working that go beyond space and location, and the creation of new environments.

**Sales target**

Fiscal Year	Sales Target (Ybn.)
FY16.3	44
FY19.3	54

**Japanese Style of Telecommuting**

**Japanese-style Telecommuting Environment**

**Telecommuting Environment**

- ✓ PC
- ✓ Telephone
- ✓ Email

- ✓ Attendance management tools
- ✓ Communication tools to encourage teamwork

+

- ✓ Personnel / Internal Systems

**Implement and verify in-house before proposing to customers**

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First, I would like to touch on services that related to innovating the way we work.

In Japan, the office relocation market is expanding due to the construction of large new buildings, and it support the demand to improve their offices. The government is also asking businesses to reduce overtime and is promoting the utilization of women and seniors towards developing a society built on the collective participation of its people. In this way, there is a growing need to innovate working styles through the use of telecommuting in addition to offices.

NESIC develops pioneering services through in-house implementation to refine the proposals we present to customers. For instance, when it comes to telecommuting, we have considered the results of our own in-house demonstration tests to determine how to implement telecommuting while utilizing the positive aspects of Japanese work-styles, and this has strengthened our consultation abilities, including with regard to personnel systems. We plan to expand EmpoweredOffice sales to 54 billion yen to fiscal March 2019.

## Bringing a Distant Office before Your Eyes

Using projection mapping technologies, distant branch offices can engage in communication as if they were right next to their colleagues.



空間と空間をつなぐ新たなコミュニケーション  
**SmoothSpace**  
スムーズスペース



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This is one of the work-style improvement tools we have developed through in-house implementation.

Using projection mapping technologies that have become popular in art installations, we have created an environment that makes it seem as if offices far away from one another in Osaka, Tokyo and elsewhere are right next to each other. Distance offices can engage in communication while sharing the atmosphere that can only be experienced by being in the same office.

The solution has attracted attention even from outside the private companies. For instance, schools are using this solution for lessons connecting with another class in rural area or island. It was also used in demonstration testing of communication between Tokyo and Kansai by ministers ahead of the Kansai relocation of the Agency for Cultural Affairs.

## Service Business: Cyber Security

**Business Opportunities**

- As all manner of things are connected to networks, the security is becoming increasingly important
- Cyber attacks are becoming increasingly sophisticated

**Our Initiatives**

- Providing value-added services that combine security monitoring with network operation
- Providing security consultation leveraging our extensive track record and expertise

**Sales target**

Fiscal Year	Sales Target (Vbn.)
FY16.3	3.5
FY19.3	6.0

Track record and expertise gained through operation of the NEC Group's intranet, which is used by more than 100,000 people

160 seats, operated by a total of 300 staff

Network operation platform integrated with a top-class security monitoring among Japanese system integrators with multi-vendor support.

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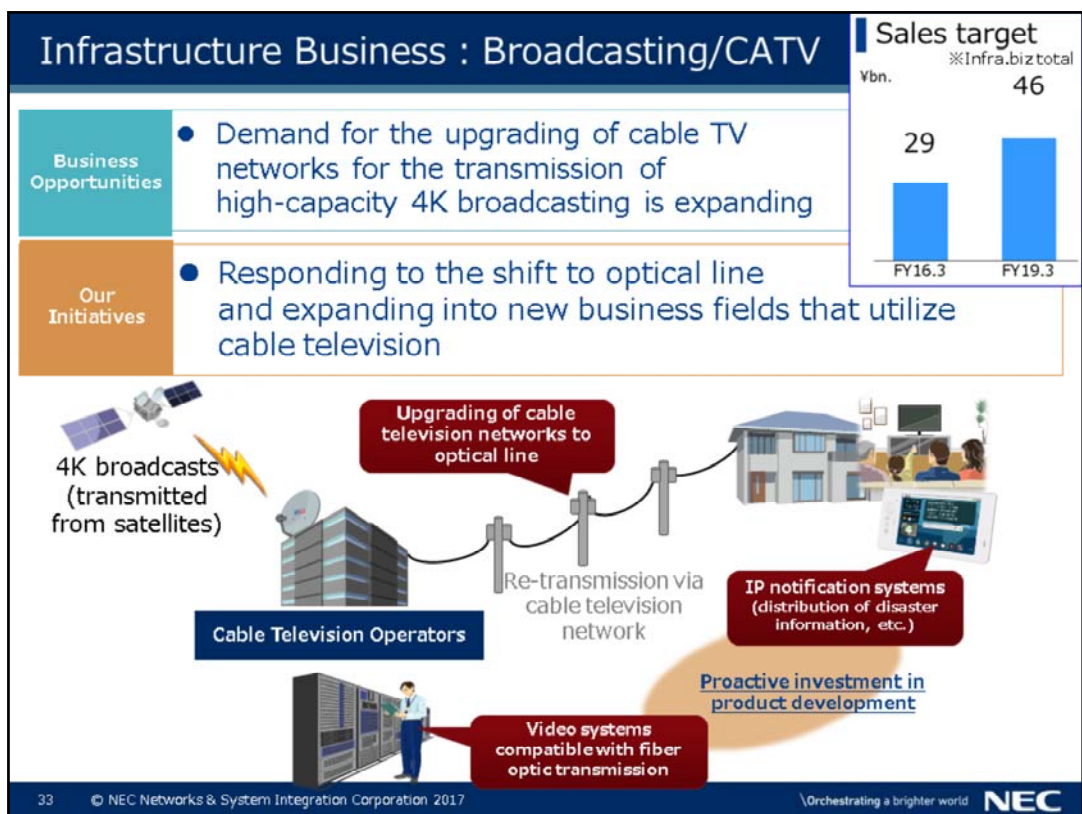
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Cyber security is one business area with strong future prospects. When networks being used in all sorts of scenarios including telecommuting, it goes without saying that security has become increasingly important. At the same time, cyber attacks have become more sophisticated, and it has become difficult to ward off attacks using only conventional security equipment.

NESIC maintains the Network Total Operation Center, a 160-seat facility staffed by 300. The center operates the networks of numerous enterprise customers, and conducts security monitoring as part of the service. This kind of value-rich structure is one of NESIC's unique strengths, and unlike firms focused purely on security, we are able to provide a host of services that include an immediate response to abnormal activity.

The NEC Group intranet, which links more than 100 thousand people, is also among the users of the center. Leveraging engineers with vast experience and know-how who undertake comprehensive analysis of security equipment logs as one of our strengths, we are striving to expand this business.

We are planning double cyber security sales in 3 years to 6 billion.



Broadcasting and cable television is one of the priority businesses in the infrastructure field. Targeting the Tokyo Olympics 2020, we believe the development of next-generation 4K broadcasting will advance. Since 4K broadcasts require large bandwidth, the data coming down from satellites needs to be re-transmitted via cable television. However, half of the cable television networks in Japan still use coaxial cable, and these companies shifting their networks to fiber represents a business opportunity for NESIC. There have already been gradual developments to switch to fiber in anticipation of 4K, and these moves will accelerate going forward.

As infrastructure sales including disaster prevention systems and transportation networks, we target 46 billion yen in fiscal march 2019.



## Global Business : Outbound (Overseas)

**Business Opportunities**

- Brisk ASEAN markets  
...Projection of investment in communications infra. in ASEAN countries ¥600bn per year

**Our Initiatives**



- Strengthening the carrier business, mainly in Thailand and Myanmar.
- Expanding involvement in social infrastructure projects, such as railway and airport projects, that are emerging in ASEAN countries.


**Sales target**

Fiscal Year	Sales Target (¥bn)
FY16.3	16
FY19.3	30

**Thailand , Myanmar**

- **Strengthening the ability to execute projects in anticipation of replacement demand and new demand, including demand for high-speed mobile networks (such as LTE networks)**
  - ✓ Implementation of a major project to lay optical fiber optic cable for a leading telecom carrier in Thailand.
- **We made a full-scale entry into Myanmar in April 2015 and have received steady orders since.**
  - ✓ Communications infra. work mainly involving the construction of mobile base stations
  - ✓ Installation of solar power generating systems in areas without electricity

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In terms of overseas business, we plan to expand our operations using overseas subsidiaries as a base.

For example, in Saudi Arabia we have developed a good relationship with Saudi Aramco and provide networks for its petroleum refineries.

Among these endeavors, in the medium-term we see infrastructure building in the ASEAN region as a big market. Particularly in Thailand, there is a demand for the development of high-speed mobile networks such as LTE, and we will seek to expand our business while taking advantage of relationships with AIS, such as with the installation of fiber optic lines for 3G. In addition, since making a full-scale entry into Myanmar in April 2015, we have achieved steady results in the areas of base stations and solar power generating systems. Based on these developments, in 2016 we formed a joint venture company with local firms and are striving to further expand the business. Our mid-range overseas sales target is 30 billion yen.

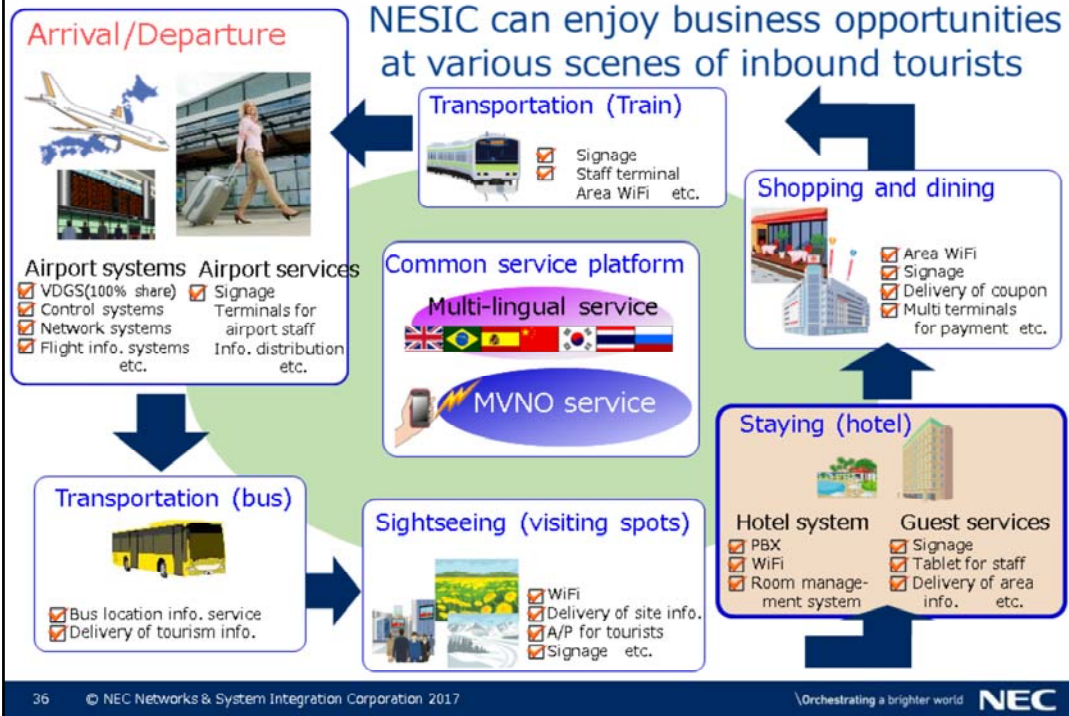


Lastly, inbound businesses. In part thanks to the Japanese government's Cool Japan policy, a record 24 million tourists visited Japan in 2016, and this number is expected to rise moving forward.

Facilities that provide related services such as hotels and airports represent business opportunities for NESIC.

We aim to increase inbound business sales to 14 billion yen.

# Inbound Business Opportunities



The business opportunities for NESIC include all of the scenarios presented here, starting with the airports where tourists arrive from overseas, and including the buses, sightseeing spots, the hotels, shopping, and transportation by train.



# Hotel Total Solution




Offering a one-stop solution from equipment and hardware to hospitality support

## Systems / Equipment

<b>Guest rooms</b>	Wi-Fi / Internet	Room key systems
	Guest room tablets	Room management system (RMS)
<b>Public spaces</b>	Surveillance cameras	Signage
	IP transceivers	Room indicators
<b>Business infrastructure / back office</b>	Telephone equipment	Hotel systems (PMS)
	Network infrastructure	Security

## Hospitality

<b>Content</b>	Signage content	Area information
	Tourist information	Map guidance
<b>Guest services</b>	Multi-lingual services (three-way interpreting services, guest room help desk)	
	Hotel Concierge for Pepper	
<b>Service</b>	Ordering (room service, guest requests)	

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Among these opportunities, system and services for hotels are already booming.

NESIC has a track record of doing business with many hotels thanks to its leading market share in the development of telephone systems in Japan. In addition to targeting this customer base to sell infrastructure equipment such as Wi-Fi and room control systems that control all the equipment in a room from lights and blinds to air conditioning, we provide a wide range of “hospitality” oriented products aimed at hotel guests, including hotel information distribution services, room service utilizing self-traveling robots, and services to introduce hotels with the use of 3D content. There are plans for new construction of an additional 40,000 guest rooms, and these business endeavors will expand even further.

As a common service platform for these inbound businesses, NESIC owns a seven-language multi-lingual service acquired through M&A, and we will continue to develop and provide new services while taking advantage of our strengths in such areas.

## Midterm Target

### Aim to achieve sales of ¥300 bn and to post record-high results

	<u>FY 2019/3</u>	(Ref. Past records)
• Sales	¥300 bn	¥292.2 bn (FY15.3)
• Operating income	¥16.5 bn	¥16.2 bn (FY15.3)
• Operating margin	5.5 %	5.5 % (FY15.3)
• ROE	10 %	9.6 % (FY14.3)

\*Target as at May 10, 2016

These are our mid-term targets based on the strategies I have outlined.

While we expect business performance in the current year to experience a decline in revenue and income, from the following fiscal period when the specific factors causing the decline will be eliminated, we aim to return to a growth trajectory and achieve record results.

## In closing ... Key points about NESIC

NESIC's history closely tracks the development of communications.

NESIC is one of Japan's leading companies in the field of communications and networks.

We expect that the business opportunities in which we can make use of our strengths will expand.

Underpinned by a strong operating base, we have achieved stable business performance and managed to provide continually increasing dividends.

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In closing, I would like to summarize some key points that were touched on today.

1. NESIC is a company that has grown in step with the development of communications, and is one of Japan's leading companies in the communications field.
2. There are business opportunities in which NESIC can leverage its strengths, and we will strive to make use of these strengths to grow again.
3. Using the strength of our operating base, we have achieved stable business performance even in a fluctuating environment. This has allowed us to provide stable dividends. For the current fiscal year we plan to increase dividends for the tenth consecutive fiscal year.

I would be happy if you keeps at least these 3 points in mind.

Thank you for your attention.

## 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.



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