

Vendor Tearsheet: NEC CORPORATION

(As of 2Q19, the rank of NEC Corporation in the global Telco NI market is: 6. Telco NI revenues represented the following share of total company revenues in 2Q19: 21.8%)

CORPORATE OVERVIEW

1899 Founded	Japan HQ	VENDOR DESCRIPTION "NEC Corporation provides information technology (IT) and network technologies. The Company's products and services include systems integration, maintenance and support, outsourcing/cloud services and system equipment. Reportable segments include Public, Enterprise, Network Services, System Platform, and Global. In the telecom carrier business, the Company supplies equipment to telecom carriers (including base stations, core networks, routers/switches, and submarine and backhaul transport), along with network control platform systems (OSS/BSS, SDN/NFV), and professional services."
FACTS & FIGURES		
TSE: 6701 Stock Exchange & Ticker	110,595 Employees	

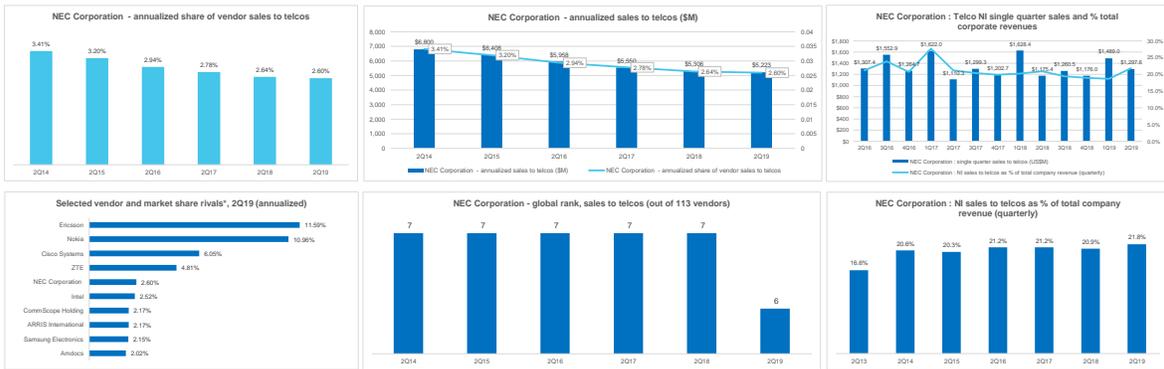
Telco NI revenue assumption for NEC Corporation: in 2Q1 Nework services (100%) plus prorated portion of Global Business revenues (821.5 in 2Q19)

FINANCIAL HIGHLIGHTS - CORPORATE*

Market Cap (YEN Mn)	Last 12 month revenues (Millions of YEN)	Revenues per employee (USD)	Revenue Growth (5 Year CAGR, %)	R&D as % revenues
1,209,897	26,624	240,731.8	-0.9%	3.8%
EBITDA Margin (TTM)	Operating Margin (TTM)	Net Profit Margin (TTM)	Net Profit Margin (5 Year Average)	Sales to TNOs as % total
6.34%	2.52%	2.04%	2.02%	20%

*As of latest fiscal year; market cap as of August 15, 2019

GLOBAL NETWORK INFRASTRUCTURE SALES TO THE TELECOMMUNICATIONS NETWORK OPERATOR (TNO) MARKET VERTICAL



Source: MTN Consulting estimates. *Market: vendor sales of equipment, software & services to telcos ("Telco NI").

RECENT SALES GROWTH RESULTS



Source: MTN Consulting estimates. *Market: vendor sales of equipment, software & services to telcos.

LATEST QUARTER RESULTS & OUTLOOK

2Q19 results	Good quarter in 2019. Despite US-China trade issues and a weak Japanese economy, it reported revenues of 653.9 billion Yen, up 6.7% YoY. Increased sales in both Global and Enterprise business segments. Within Global, sales of software services to telcos was up, as well as submarine cable project revenues (part of Telco NI). Microwave backhaul was down YoY as NEC focused on higher profitability projects. In Network Services, NEC's revenues were up nearly 12% YoY in 2Q19 due to increased fixed operator spending.
Outlook	For the FY ended March 2020, NEC expects Network Services revenues of 455B Yen, down 1% due to weak telco capex. However, in its Global Business, it expects FY revenues of 555B Yen, up 34%. That outlook assumes strong growth in software & services for telcos, along with subsea systems.

M&A, CUSTOMERS, & COMPETITORS

Relevant M&A Activity	Acquired: KMD Holding ApS (4Q18); NEC XDNI (1Q18); NetCracker Technology (2Q08).
Customers	Japanese telcos, undersea cable projects
Competitors	Nokia, Ceragon, Ericsson, Huawei, Fujitsu, Hitachi, Mitsubishi, NTT Data, Oki