

Vendor Tearsheet: NEC CORPORATION

In 4Q21, the single quarter rank of NEC Corporation in the Telco NI market was: 9. Telco NI represented the following share of 4Q21 total company revenues: 24.5%

CORPORATE OVERVIEW

1899 Founded	Japan HQ
FACTS & FIGURES	
TSE: 6701 Exchange & Ticker	114,714 # of employees

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. Long term goal: by 2030, aims to achieve ~20% global share of open RAN market, expansion in Japan to full SW/HW solution vendor.

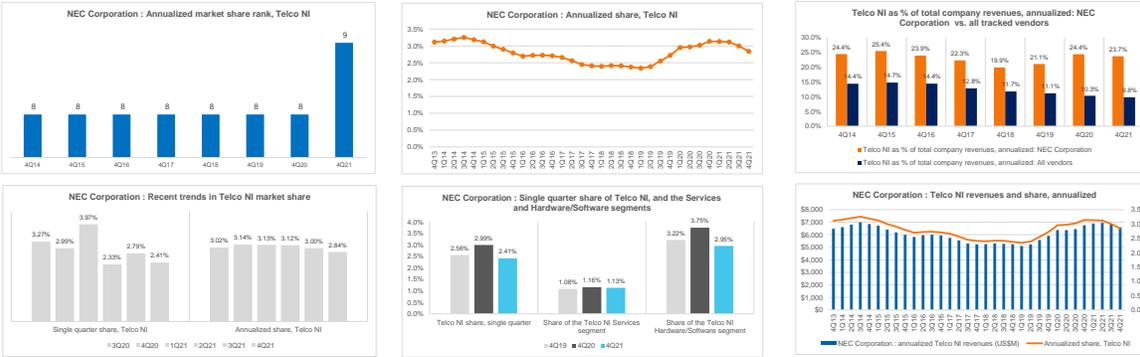
*Most vendor descriptions are sourced directly from the company's own public statements, such as public financial filings or annual reports. The goal is to make clear the company's positioning. Text outside quotation marks has been added by MTN Consulting.

FINANCIAL HIGHLIGHTS - CORPORATE*

Market cap 1387 B JPY	Last 12 months corporate revenues (US\$M) \$27,840	Telco NI revenues as % of total company, 4Q21 24.5%	Services revenues as a % of Telco NI, 4Q21 14.0%	R&D spending as a % of revenues, latest FY 3.8%
Revenues per employee per year (US\$K) \$242.7	Revenue growth, 3-year CAGR 1.8%	Operating margin, TTM 3.1%	Return on Assets 1.7%	Current ratio** 1.36

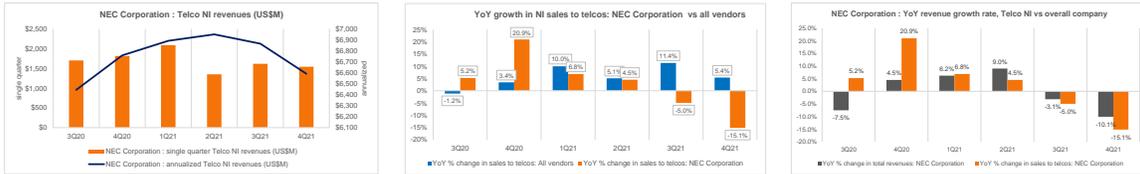
*Market cap, current ratio, operating margin, and return on equity updated March 21/22 2022 per Yahoo! Finance, or with reference to annual report. Telco NI and Services revenue estimates are per MTN Consulting. Other stats are as reported by the company.
**Current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year: the formula is current assets divided by current liabilities.

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



Source: MTN Consulting

RECENT SALES GROWTH RESULTS



Source: MTN Consulting

LATEST QUARTER RESULTS & RECENT DEVELOPMENTS

4Q21 results
Corporate revenues in 4Q21 totaled \$6280 million, versus \$6984 million in 4Q20. Telco NI revenues amounted to \$1539 million in 4Q21, growing -15.1% compared to 4Q20. On an annualized basis, Telco NI represents 23.7% of total company revenues.

Outlook
4Q21: 5G base station products for Network Services business saw uptick in orders but delay in supply; large fixed wire networks experienced a drop. In 1Q22, company revised profit forecast slightly upward, but corp revenues for FY ended March 2022 still expected up 0.2% YoY, network services up 3% due to 5G, Global Business (partially telco) up 2.2% YoY. Revenue target for FY ended March 2026 is 3500B Yen, from 2954B Yen in FY ended March 2021. Has high hopes for 5G growth, especially in open RAN area, where it is collaborating with Telefonica and launched pre-commercial trials in 4 markets in September 2021. Says "5G revenue" in FY ended March 2021 was 41.7B Yen, will be 80B Yen for FY ended March 2022, and grow to 190B Yen for FY March 2026.

M&A, KEY CUSTOMERS, & KEY COMPETITORS

Relevant M&A Activity
Acquired: Blue Danube Systems, 5G radio/software company, in 1Q22; Avaloq in 4Q20; KMD Holding ApS (4Q18); NEC XON (1Q18); NetCracker Technology (2Q08). Sold 5% stake in company to NTT, in April 2020. In Oct 2021, CEO says actively looking for M&A targets, may spend up to \$4.4B by 2025, including for companies in 5G wireless space

Customers
Japanese telcos, undersea cable projects, many mobile operators in EMEA and South America region (mostly for microwave equipment)

Competitors
Nokia, Ceragon, Ericsson, Huawei, Fujitsu, Hitachi, Mitsubishi, NTT Data, Oki.

Note
Telco NI revenue estimate for NEC Corporation : Network services (100%) plus prorated portion of Global Business revenues