

# Summary of Operating Results for the Third Quarter of the Fiscal Year ending March 31, 2013

January 29, 2013  
NEC Mobiling, Ltd

The forecasts related to future business performance stated in the current strategies, plans, and general awareness of NEC Mobiling, Ltd., as 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 that may influence actual business performance include but are not limited to: economic conditions and social trends affecting the scope of business of the Company, trends in demand for products and services provided by the Company, pressures for price reductions due to enhanced competition, and the Company's technological capability to meet customer requests.

- \* This document has been prepared as a guide to non-Japanese analysts for their convenience only and is a translation summary of the original Japanese text.
- \* All brand names, product names, and company names/trademarks or registered trademarks are the property of their respective owners. The symbols “TM” and “®” etc., are not used in this document.

1. FY2013/03 Q3 Overview of Operating Results

2. FY2013/03 Business Development

# 1. FY2013/03 Q3 Overview of Operating Results

# Overview of Operating Results for Q3 (Nine months): Major Indexes

- Q3 result was in line with our expectation, with an increase in sales and profit.

(In Billions of Yen)

	Nine month period				Full Year Forecast
	FY2012/03	FY2013/03	YoY		
Sales	90.5	104.1	13.6	+15%	136.0
Operating Income (%)	7.56 (8.4%)	7.84 (7.5%)	0.28	+4%	10.50 (7.7%)
Ordinary Income (%)	7.72 (8.5%)	7.88 (7.6%)	0.16	+2%	10.60 (7.8%)
Net Income (%)	4.05 (4.5%)	4.54 (4.4%)	0.49	+12%	6.20 (4.6%)

\* Forecast as of January 29, 2013

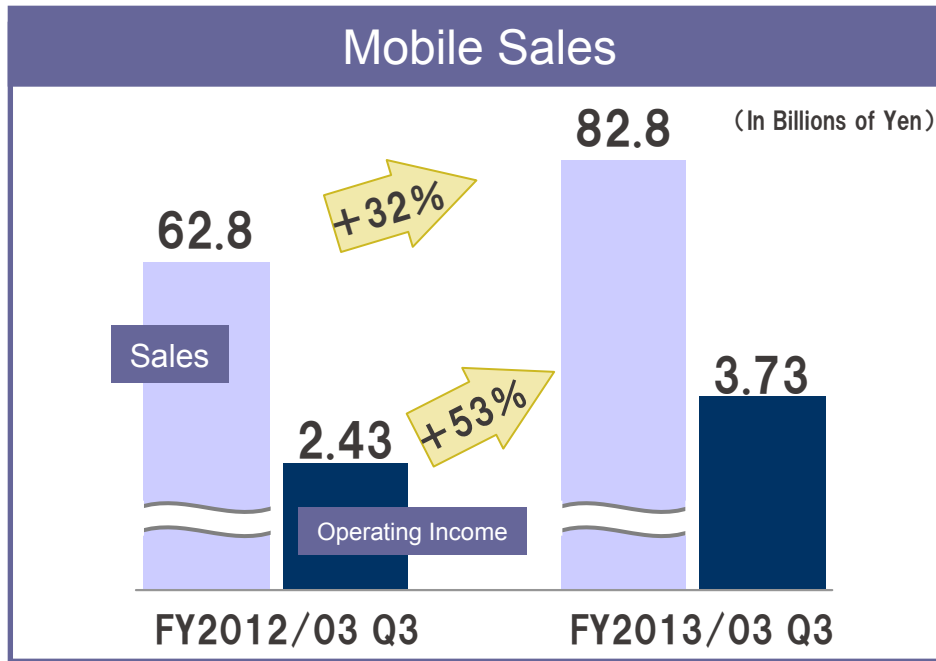
# Overview of Operating Results for Q3 (Nine months) – by Business Segment

(In Billions of Yen)

	Nine month period			
	FY2012/03	FY2013/03	YoY	
<b>Sales</b>	<b>90.5</b>	<b>104.1</b>	<b>13.6</b>	<b>+15%</b>
Mobile Sales	62.8	82.8	20.0	+32%
Mobile Solutions	27.7	21.3	△ 6.40	△23%
<b>Operating Income</b>	<b>7.56</b>	<b>7.84</b>	<b>0.28</b>	<b>+4%</b>
Mobile Sales	2.43	3.73	1.30	+53%
Mobile Solutions	5.13	4.11	△ 1.02	△20%

From the fiscal year starting April 1, 2012, the business segments has been changed. The “Mobile Service Business” has been changed to the “Mobile Solutions Business,” combined with the mobile handset sales for enterprise related business, which was formerly included in the “Mobile Sales Business.”

# Overview of Operating Results for Q3 (Nine months) – by Business Segment

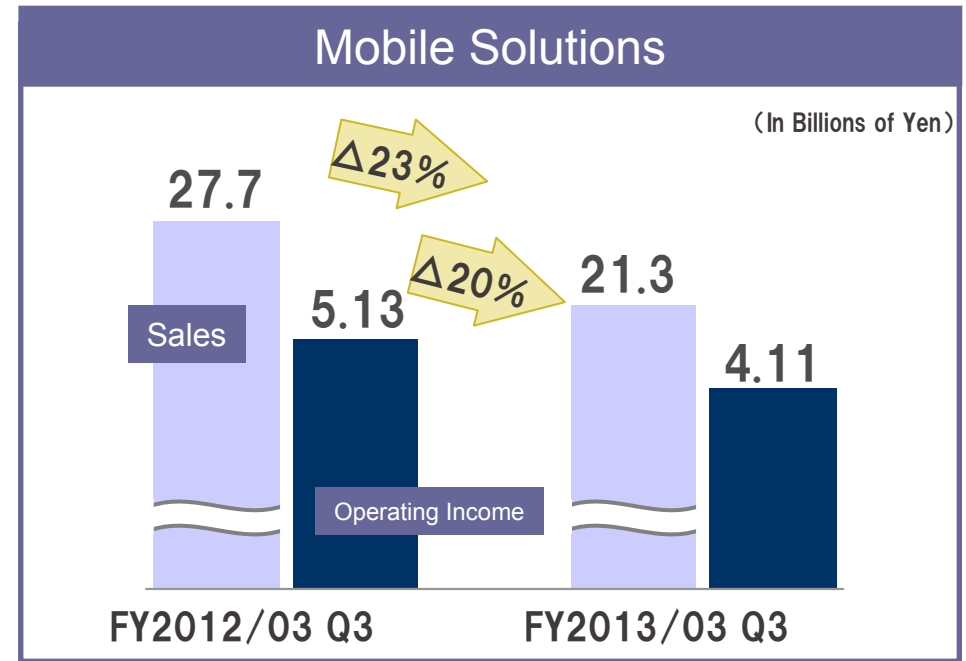


### Sales

- The higher average retail price per unit was attributable to a growing sales share of mobile phones, which come with higher wholesale price tags.
- Increase in the number of sales of smartphones

### Operating Income

- Increase in units sold
- Increase through extensive sales of accessories, peripherals, and other mobile phone-related goods
- Efforts by individual retail shops to maximize profit



### Sales

- Decrease in demand for handset repairs
- Increase in volume for handset repairs made by overseas manufactures

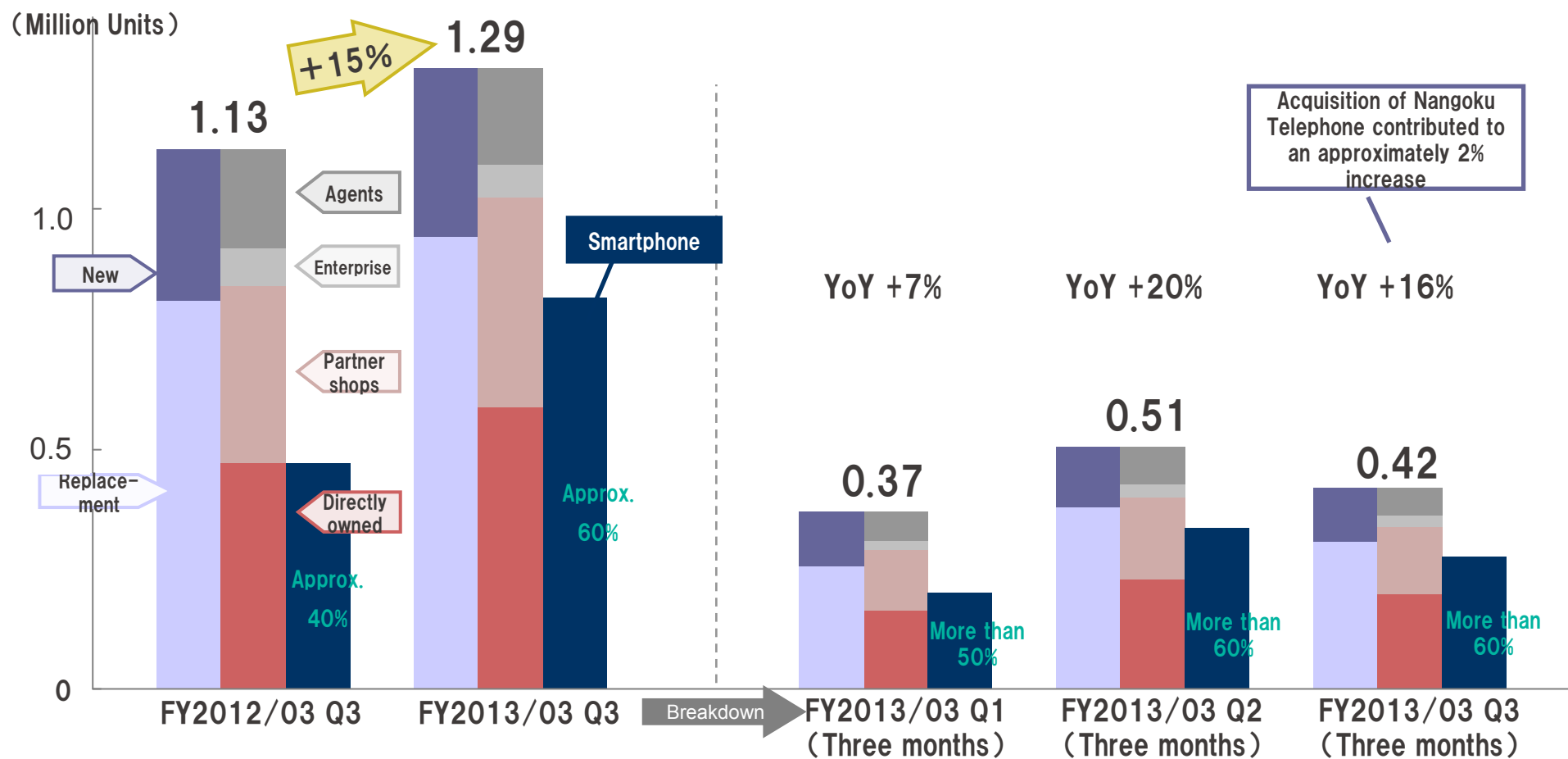
### Operating Income

- Decrease in sales
- Strengthened effort to reduce costs

# Mobile Sales Business: Number of Mobile Phones Sold (Nine months)

Sales unit increased by 15% year on year over the 9 month period due to the continued expansion of the smartphone market

- 16% increase in Q3(Oct-Dec) due to full line up of attractive winter-season models



\* Handset sales for enterprise users are included in the "Mobile Solutions Business" segment



## Handling of increased wait times at the shops

### Smartphone Concierge Service

**The customer can easily set up the smartphones by themselves, resulting in reduced waiting time**

Initial setup using a touch panel  
Installation of a “Smartphone Concierge Service” at 105 out of 126 directly owned docomo Shops across Japan



<docomo Shop Machida>

### Better Retail Environment

**More booth seats to minimize waiting time**

Proactive relocation and renovation to increase the number of booth



### Increasing Customer Satisfaction

**Customers can freely experience usability of smartphones and tablets by touching working models**

More space for the area where try-before-you-buy demo models are displayed



## Overhauled training for shop personnel led to higher service quality delivered to customers

### Group training for new recruits

- Concentrated know-how is passed on to new recruits during intensive training to prime them to become full-fledged, contributing staff early on.
- Individual shops are partially released from offering their own training to their staff.



### Tools for use by individual staff

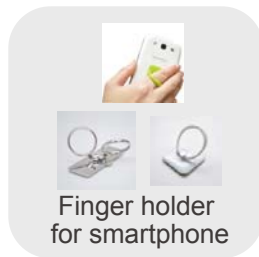
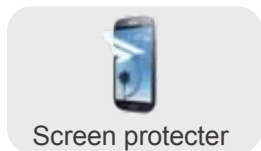
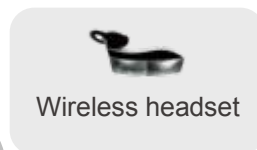
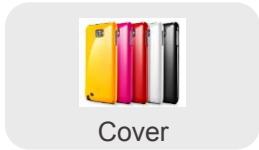
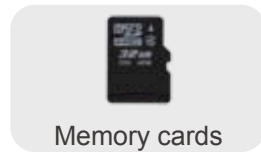
- A tablet has been distributed to each staff member.
- Tablets are used for training and communication to cross-share the latest information.



# Mobile Sales Business: Action to capture the greater needs of smartphone users

Delivery of an extensive range of customer support, from assistance in getting started with smartphones to the utilization of application services

## Peripheral merchandise



## Recommending apps that meet customers needs

Apps handpicked by NEC Mobiling staff from among the countless apps available

Apps  
Games,  
Entertainment,  
Tools,  
Books,  
Education,  
Others



# Mobile Sales Business: Measures to strengthen our “Sales Platforms”

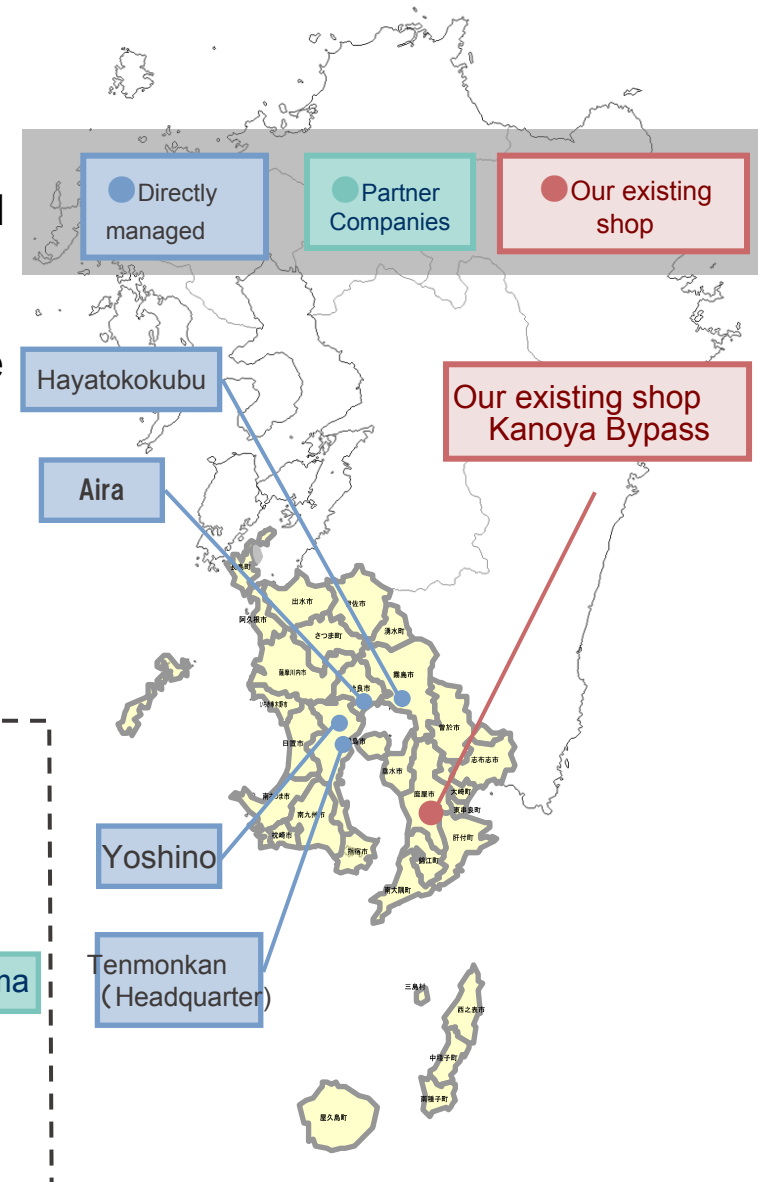
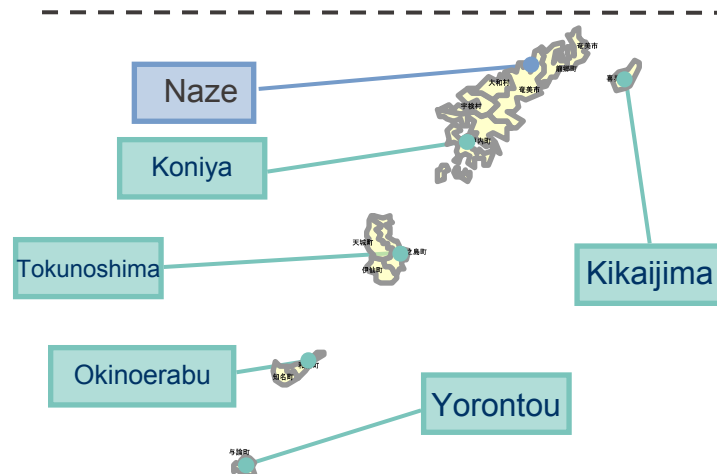
## M&A execution: Acquisition of Nangoku Telephone Co., Ltd.

- 100%-owned subsidiary of NEC Mobiling, effective Oct. 1

## Summary of Nangoku Telephone

- A leading mobile phone reseller in Kagoshima Prefecture with 10 docomo Shops (five directly managed and five run by partner companies)

Boosted NEC Mobiling's unit sales growth by 2% (Q3 three months actual)



# Mobile Sales Business: Sales Channels

## Expansion and upgrading of shops

- Launch of one new directly managed docomo Shop

## Proactive investment for better retail environments and higher CS

- A total of 24 shops underwent relocation or renovation

Number of shops

	As of March 2012		
	Directly owned	Partner shops	Total
docomo Shop	120	108	228
others	5	3	8
<b>Total</b>	<b>125</b>	<b>111</b>	<b>236</b>

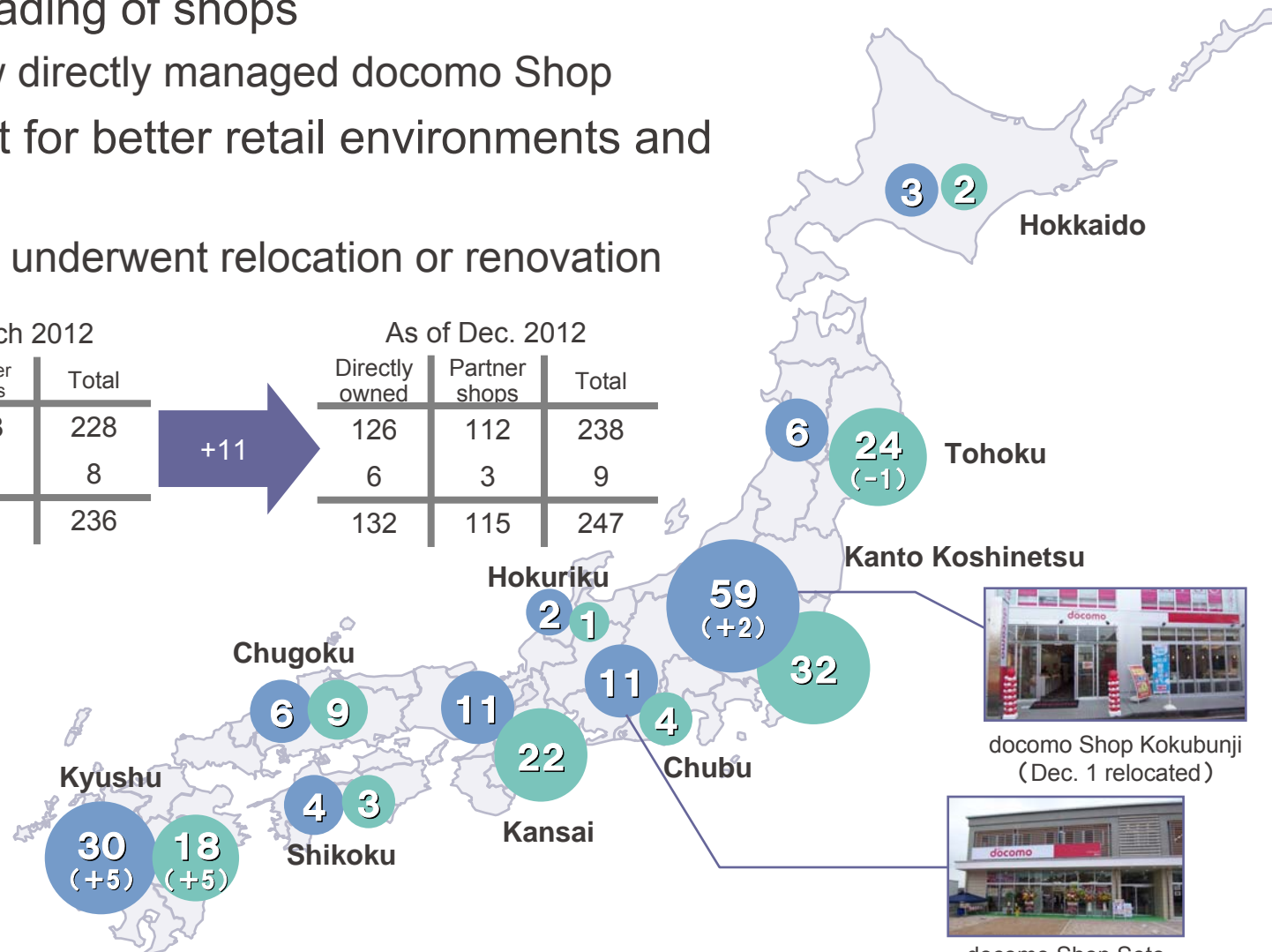
+11

	As of Dec. 2012		
	Directly owned	Partner shops	Total
docomo Shop	126	112	238
others	6	3	9
<b>Total</b>	<b>132</b>	<b>115</b>	<b>247</b>

**132**: Directly owned

**115**: Partner shops

(Total 247)



docomo Shop Kokubunji  
(Dec. 1 relocated)

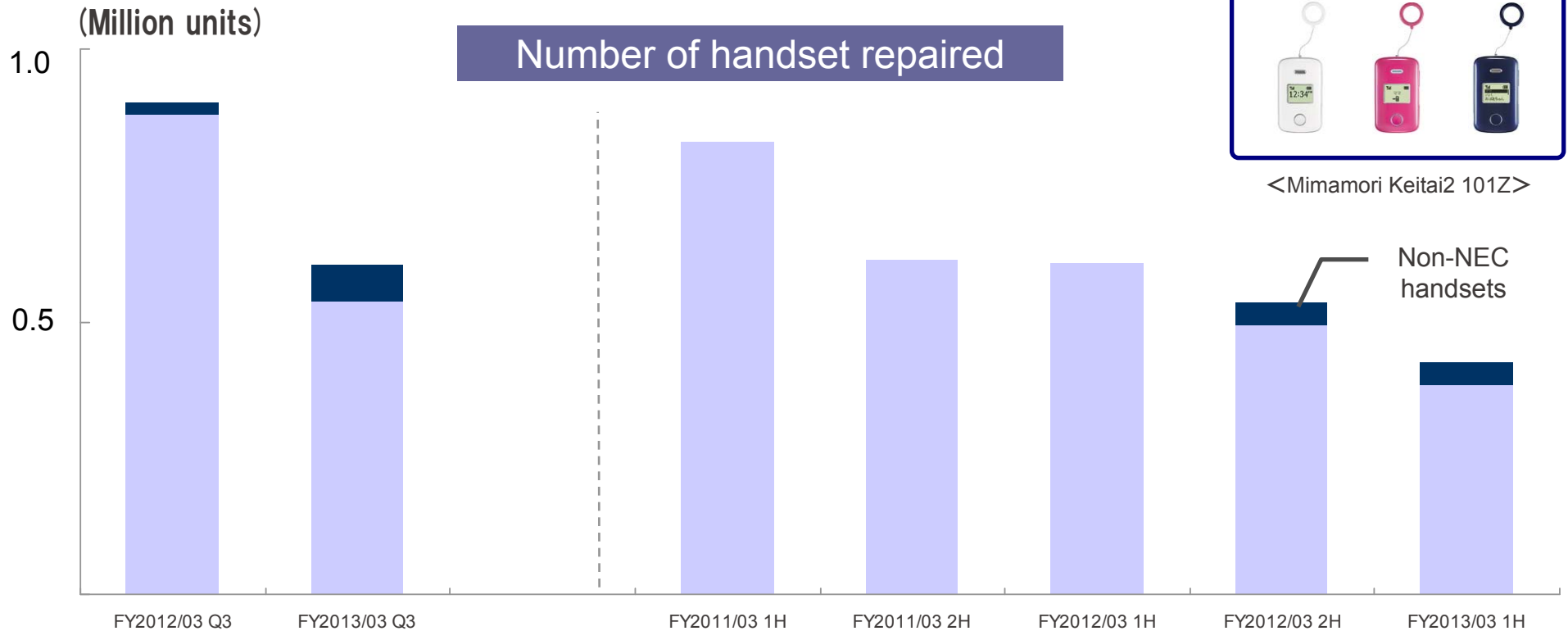


docomo Shop Seto  
(Nov. 1 relocated)

\*A total of 13 shops in Kyushu, operated by our consolidated subsidiary Matsuhaya Corporation and five shops in Kyushu, operated by Nangoku Telephone Corporation, are included in "Directly owned shops."

# Mobile Services Business: Mobile Phone Repairs

- Customers increasingly opt to replace their handsets with smartphones rather than having old handsets serviced.
- Repairs for handsets made by ZTE Corporation were steady
- Cost reductions through improved repair technology partially offset the effect of decrease in number of handsets repaired





# FY2013/03 Nine months: Key Achievements

## Stronger measures designed to ride the smartphone boom

- Measures to deliver higher satisfaction to customers and to increase unit sales
- Development of hot-selling peripheral merchandise using our original brand
- Locations run by the “Camera-no-Kitamura” chain, NEC Mobiling’s partner in a different trade and which sells mobile phones, have doubled in number.
- Launched an ASP service for businesses wishing to deliver sales promotional information to smartphone users



## Overseas Expansion

- Launch of peripheral merchandise at the repair center “AND market” in China (Shanghai and Beijing)



AND market in Shanghai

## M&A of Nangoku Telephone, which is now a subsidiary of NEC Mobiling

Solid flow of requests for base stations engineering services from operators wishing to improve area network quality and cope with a sharp rise in data traffic



Headquarter building of Nangoku Telephone

Initiated an overseas training program to foster personnel with global horizons

## 2. FY2013/03 Business Development

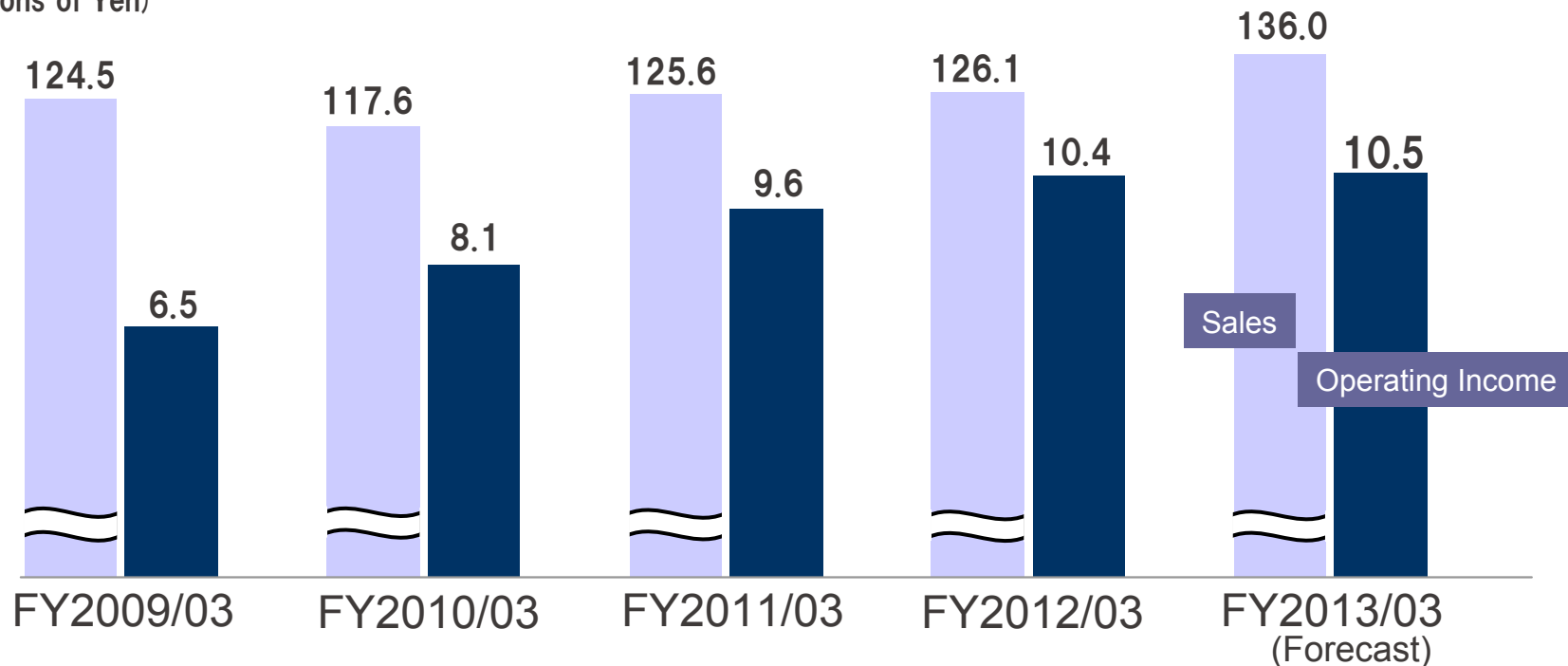


Aiming to be a company that sparkles within the advent of  
a highly sophisticated ICT society

## Striving for sustained growth

Measures to strengthen existing business areas  
New business creation and development

(In Billions of Yen)



\* Forecast as of January 29, 2013

# FY2013/03 Fiscal Earnings Forecast: Major indexes

(In Billions of Yen)

	FY2012/03 Actual	FY2013/03		
		Forecast	YoY	
Sales	126.1	136.0	9.9	+8%
Operating Income (%)	10.44 (8.3%)	10.50 (7.7%)	0.06	+1%
Ordinary Income (%)	10.61 (8.4%)	10.60 (7.8%)	Δ 0.01	0%
Net Income (%)	4.89 (3.9%)	6.20 (4.6%)	1.31	+27%
ROE(%)	12.0%	13.8%		
Free Cash Flows	6.13	5.50		
Dividend per share (Yen)	120	130	10	+8%
Number of Employees	1,227	1,350		

\* Forecast as of January 29, 2013

# FY2013/03 Fiscal Earnings Forecast: by Business Segment

(In Billions of Yen)

	FY2012/03 Actual	FY2013/03		
		Forecast	YoY	
<b>Sales</b>	<b>126.1</b>	<b>136.0</b>	<b>9.9</b>	<b>+8%</b>
<b>Mobile Sales</b>	<b>90.0</b>	<b>107.4</b>	<b>17.4</b>	<b>+19%</b>
<b>Mobile Solutions</b>	<b>36.1</b>	<b>28.6</b>	<b>△ 7.5</b>	<b>△21%</b>
<b>Operating Income</b>	<b>10.44</b>	<b>10.50</b>	<b>0.06</b>	<b>+1%</b>
<b>Mobile Sales</b>	<b>3.83</b>	<b>5.00</b>	<b>1.17</b>	<b>+31%</b>
<b>Mobile Solutions</b>	<b>6.61</b>	<b>5.50</b>	<b>△ 1.11</b>	<b>△17%</b>

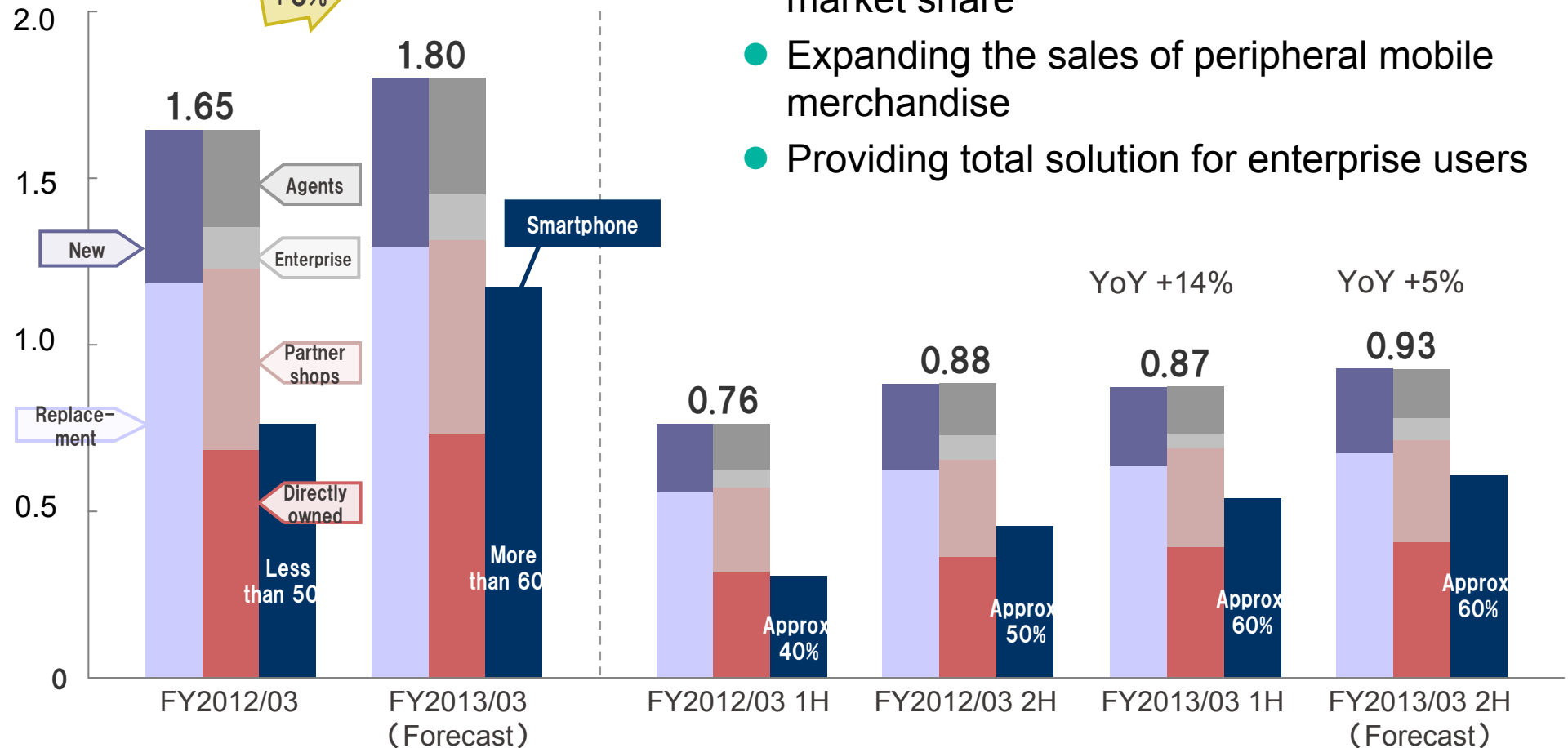
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\* Forecast as of January 29, 2013

# Key Activities: Sales of Mobile Handsets

Number of mobile phones sold by NEC Mobiling

(Million Units)



## Actions toward expansion for the smartphones market

- Greater business activities to enhance our market share
- Expanding the sales of peripheral mobile merchandise
- Providing total solution for enterprise users

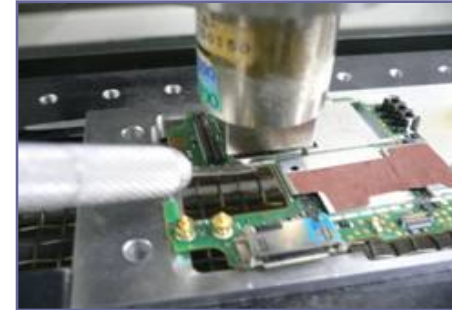
\* Handset sales for enterprise users are included in the "Mobile Solutions Business" segment

\* Forecast as of January 29, 2013

# Key Action Initiatives: Mobile Phone Repairs

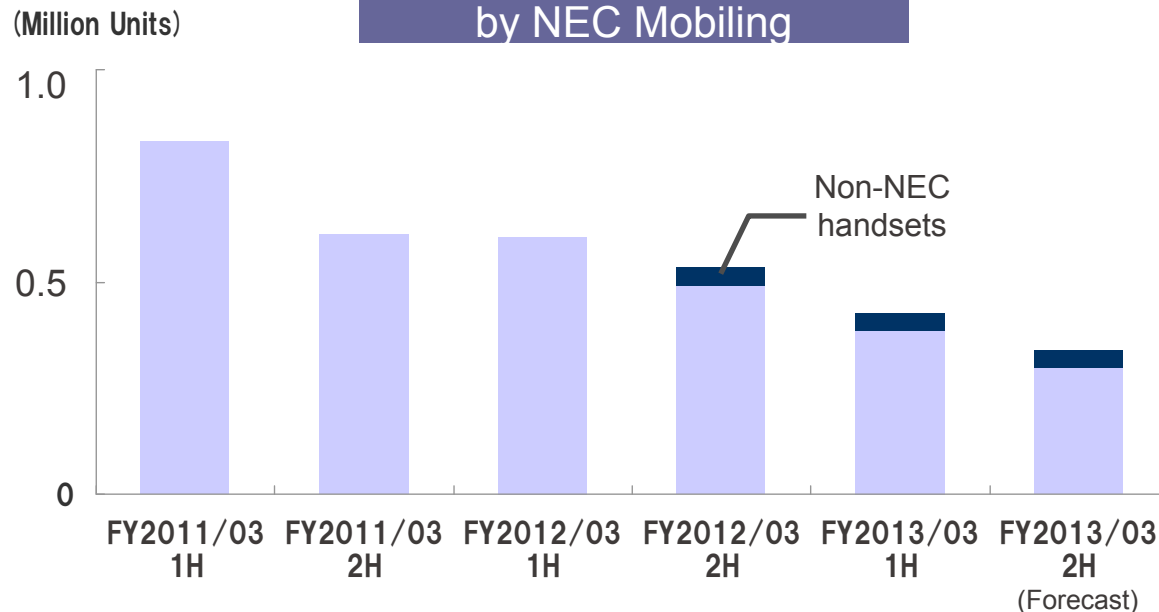
## Efforts to cope with the declining number of serviced handsets

- Further cost reductions through improved repair technology
- More repairs to be performed on non-NEC products
  - A two-fold increase from the previous year is expected for repairs performed on ZTE products.
  - Additional business sought by new customer wins
- Development of support service business



< Removing an IC from the substrate >

Number of units repaired  
by NEC Mobiling

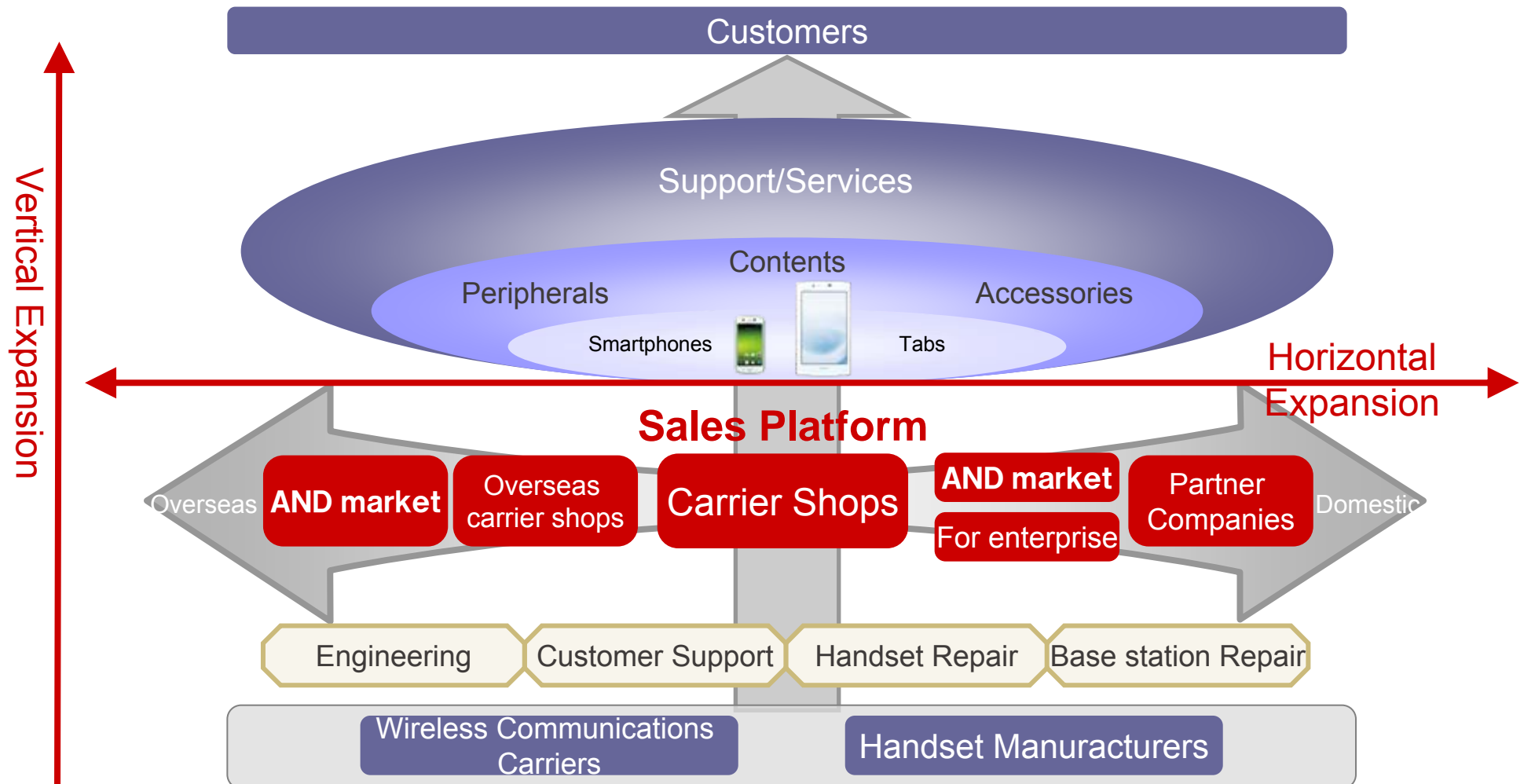


## NEC Mobiling's Strengths Comprehensive post-sale support

- Repair and refurbishment technology for high-density, multi-layer substrates
- Superior repair quality
- Short TAT (turnaround time) on repairs
- Repair progress tracking by IT infrastructure
- Excellent grasp of mobile phone operator needs

\* Forecast as of January 29, 2013

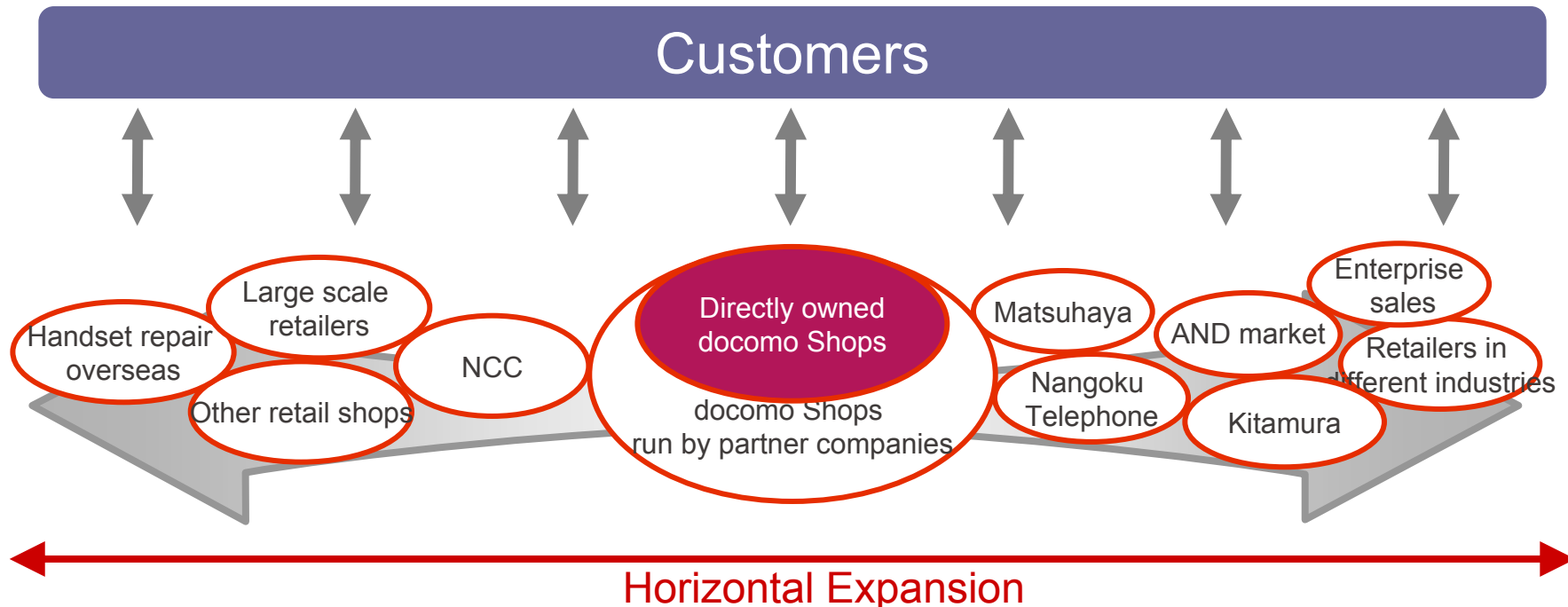
Our core competencies: Business development based on our sales platforms



# Future Business Development – Horizontal Development

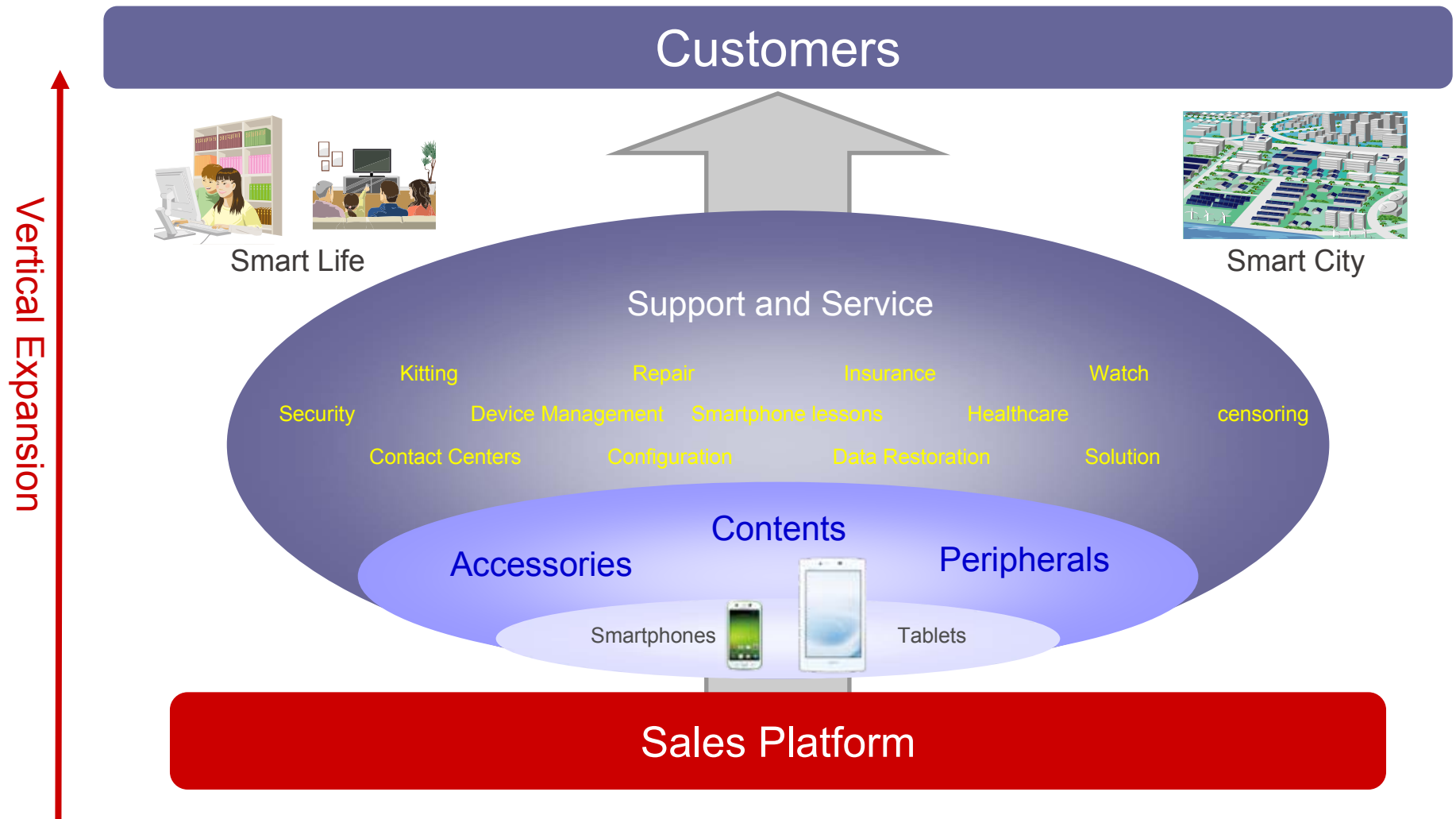
More points of contact with customers through the expansion of the sales platform

- Stronger collaboration with partners
- More partnerships and accelerated M&As
- Expansion of the corporate customer base
- Overseas expansion



# Future Business Development – Vertical Development

## Expansion toward support and services

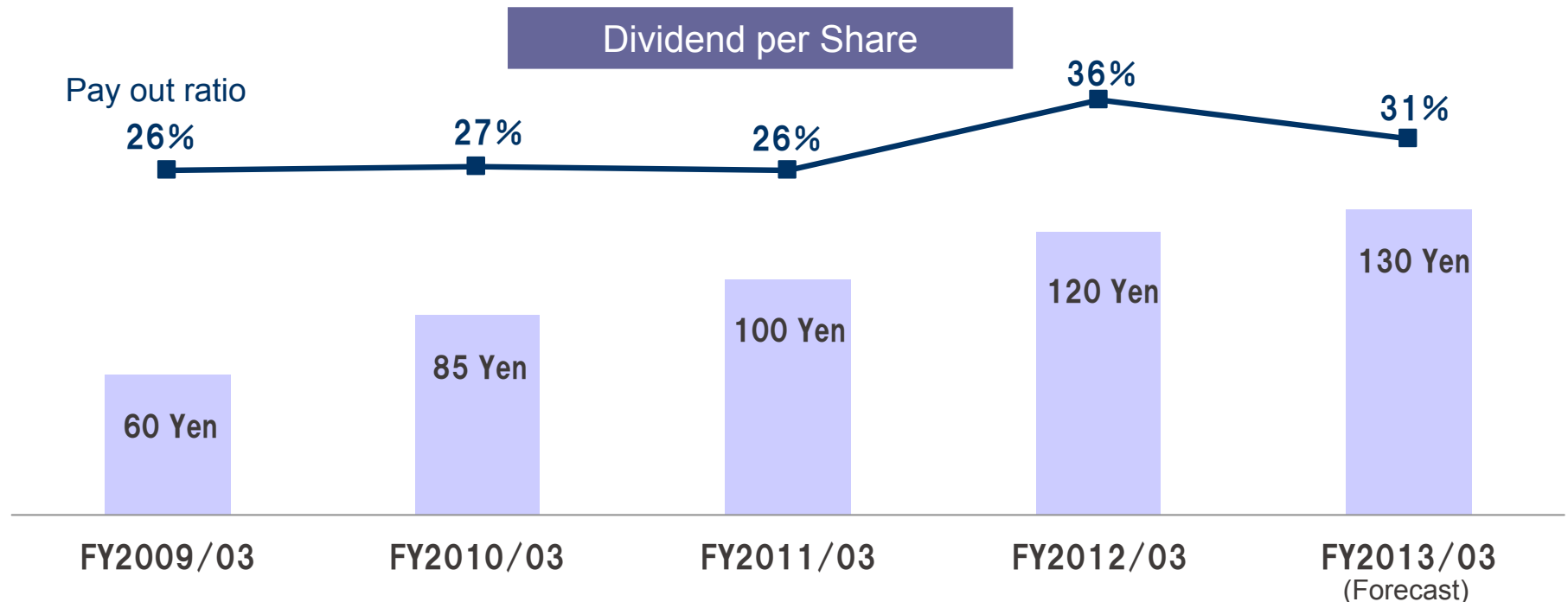




# Dividend Policy — Planed to increase dividend for seven consecutive years

## 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 130 yen per share (an increase of 10 yen over the previous fiscal year), with maintaining 30% payout ratio is planned for the fiscal year ending March 31, 2013.



\* Forecast as of January 29, 2013

Empowered by Innovation

**NEC**

# Supplemental Information

# Overview of Operating Results for Q3 (Three months) – Major Indexes

(In Billions of Yen)

	Q3 (Oct–Dec)			
	FY2012/03	FY2013/03	YoY	
<b>Sales</b>	<b>29.1</b>	<b>36.1</b>	<b>7.0</b>	<b>+24%</b>
<b>Operating Income</b> (%)	<b>2.66</b> (9.1%)	<b>2.36</b> (6.5%)	<b>Δ 0.30</b>	<b>Δ 11%</b>
<b>Ordinary Income</b> (%)	<b>2.71</b> (9.3%)	<b>2.38</b> (6.6%)	<b>Δ 0.33</b>	<b>Δ 12%</b>
<b>Net Income</b> (%)	<b>1.34</b> (4.6%)	<b>1.55</b> (4.3%)	<b>0.21</b>	<b>+16%</b>

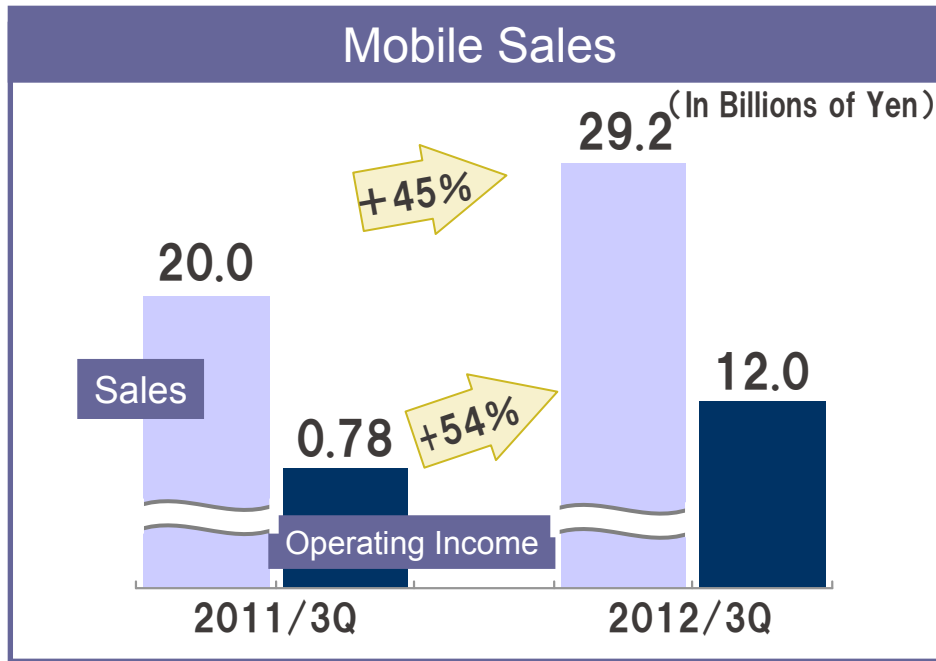
# Overview of Operating Results for Q3 (Three months) – by Business Segment

(In Millions of Yen)

	Q3 (Oct-Dec)			
	FY2012/03	FY2013/03	YoY	
<b>Sales</b>	<b>29.1</b>	<b>36.1</b>	<b>7.0</b>	<b>+24%</b>
<b>Mobile Sales</b>	<b>20.0</b>	<b>29.2</b>	<b>9.2</b>	<b>+45%</b>
<b>Mobile Solutions</b>	<b>9.1</b>	<b>6.9</b>	<b>△ 2.2</b>	<b>△23%</b>
<b>Operating Income</b>	<b>2.66</b>	<b>2.36</b>	<b>△ 0.30</b>	<b>△11%</b>
<b>Mobile Sales</b>	<b>0.78</b>	<b>1.20</b>	<b>0.42</b>	<b>+54%</b>
<b>Mobile Solutions</b>	<b>1.88</b>	<b>1.16</b>	<b>△ 0.72</b>	<b>△38%</b>

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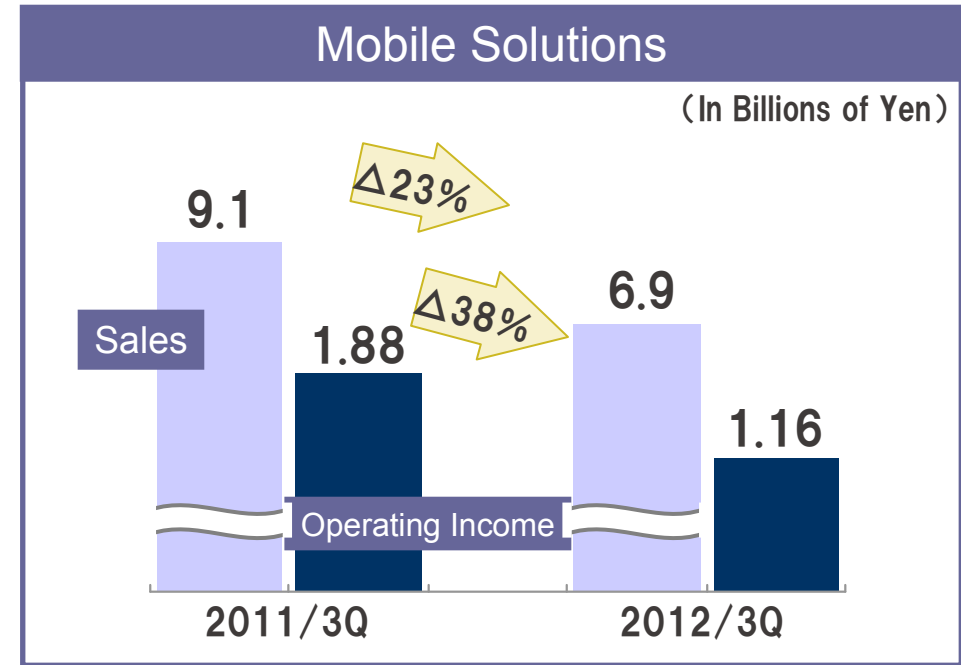


### Sales

- The higher average retail price per unit was attributable to a growing sales share of mobile phones, which come with higher wholesale price tags.
- Increase in the number of sales of smartphones
- Effect of acquisition of Nangoku Telephone

### Operating Income

- Increase in units sold
- Increase through extensive sales of accessories, peripherals, and other mobile phone-related goods
- Efforts by individual retail shops to maximize profit



### Sales

- Decrease in demand for handset repairs
- Increase in volume for handset repairs made by overseas manufactures

### Operating Income

- Decrease in sales
- Strengthened effort to reduce costs