



The new of today, the norm of tomorrow



### Corporate Philosophy

To realize “the creation of a new world of communications culture,” DOCOMO will maximize the potential held by each individual to provide highly personalized communication solutions that truly satisfy customers.

#### Editorial Policy

*Annual Report 2017* is intended as an integrated report, one which presents financial as well as non-financial content to give a holistic picture of NTT DOCOMO, INC.'s corporate value. We have made changes to the way we present this content, particularly non-financial content, in order that our shareholders, investors, and other stakeholders can better understand how our accumulated assets will contribute to value creation in the future and thus deliver sustainable growth. In April 2017, we announced our Medium-Term Strategy 2020 “Declaration beyond.” Under the slogan of “connecting dreams, for a richer future with 5G,” we are aiming to deliver excitement and inspiration to customers, and new value to our partners. You can find out more about our medium-term strategy and its specific initiatives in the strategy and special feature section.

#### Definition of Fiscal Year (FY)

“FY2016” refers to our fiscal year ended March 31, 2017, and other fiscal years are referred to in a corresponding manner.

In principle, information in this annual report is accurate as of March 31, 2017. As used in this annual report, “DOCOMO,” “the Company,” “the Group,” “we,” “our” and “us” refer to NTT DOCOMO, INC. and its consolidated subsidiaries. Names of companies or products presented in this annual report are the trademarks or registered trademarks of their respective organizations. Apple, the Apple logo, and iPhone are trademarks of Apple Inc., registered in the U.S. and other countries. The trademarks for iPhone and Apple Pay are used under a license from Apple Co., Ltd.

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#### Forward-Looking Statements

This annual report contains forward-looking statements. These forward-looking statements are based on our current predictions, plans, expectations, acknowledgements and estimates based on the information obtained by us until the date of this annual report. The projections of figures such as the outlook for results in this annual report require us to make certain assumptions that are indispensable for making such projections in addition to the definitive and precisely recognized historical facts. These forward-looking statements are subject to certain inherent risks, uncertainties and other factors that could cause our actual results to differ from the outlook for or projections of such results or figures.

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For more detailed IR-related information:

### Investor Relations website

<https://www.nttdocomo.co.jp/english/corporate/ir/>

- Earnings releases
- Timely disclosure materials
- Management policy
- Message from the CEO
- Information for individual investors
- Stock-related information, etc.



For more detailed CSR-related information:

### CSR website

<https://www.nttdocomo.co.jp/english/corporate/csr/>

- Sustainability Report
- DOCOMO's CSR
- CSR evaluations by third parties
- CSR procurement, etc.



# Progress in DOCOMO's Value Creation

## Value Delivered by DOCOMO

1992

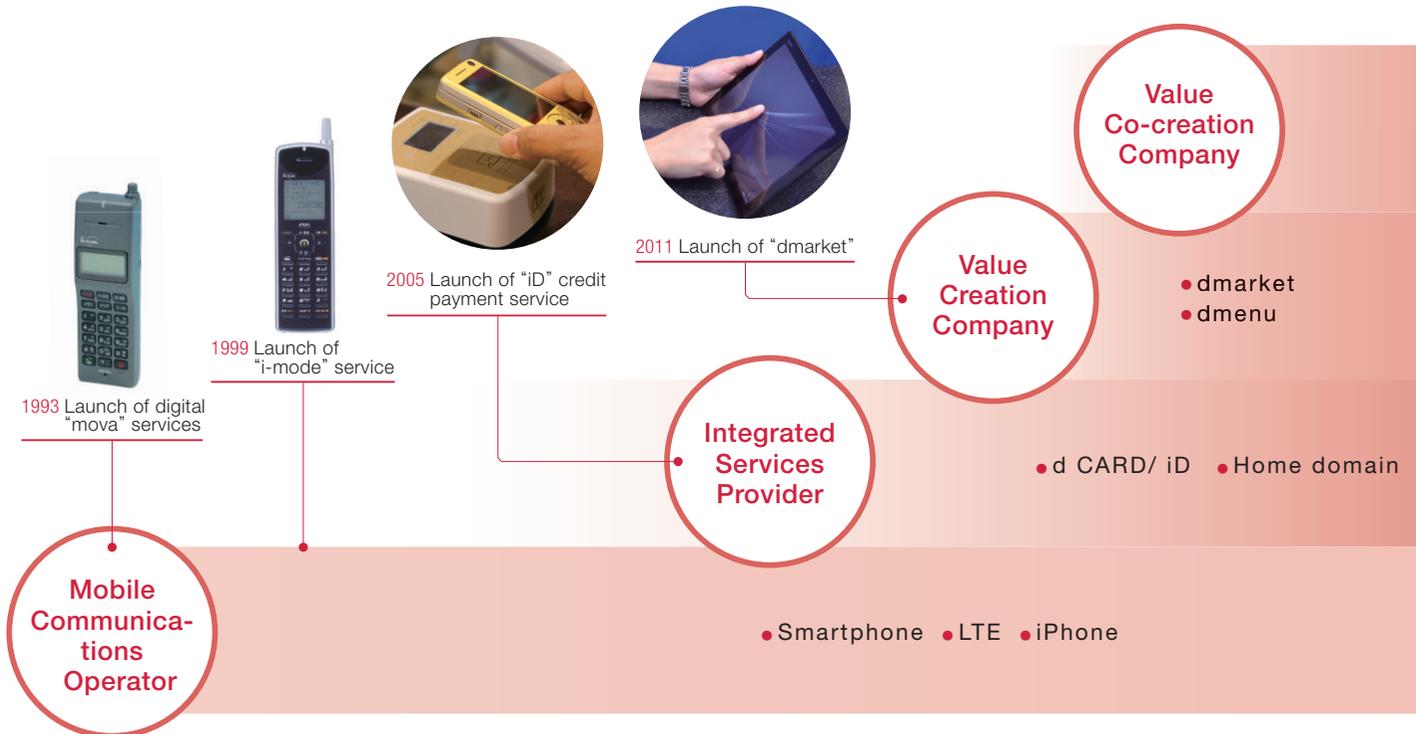
Anytime, anywhere,  
anyone

From volume  
to value

Mobile phones that are  
useful in life and business

Becoming a smart life partner

## Changes at DOCOMO



## Company Vision

Challenging the Mobile Frontier

Pursuing Smart Innovation —HEART—





- AI
- IoT
- Solution of social issues
- Regional vitalization
- 2020
- Loyalty point/iD linkage
- +d
- Point distribution
- Point card
- LTE-Advanced
- docomo Hikari
- 5G

## DOCOMO has developed seven strengths over the course of its history

With a history of innovation and safety, DOCOMO has one of the largest customer bases in Japan, strong brand power, and research and development capabilities that continue to lead the world. DOCOMO has outstanding human resources to support its own unique strengths.

1 Human resources



2 Customer base



3 Financial capital



4 Brand and social reputation



5 Partnership



6 R&D capabilities

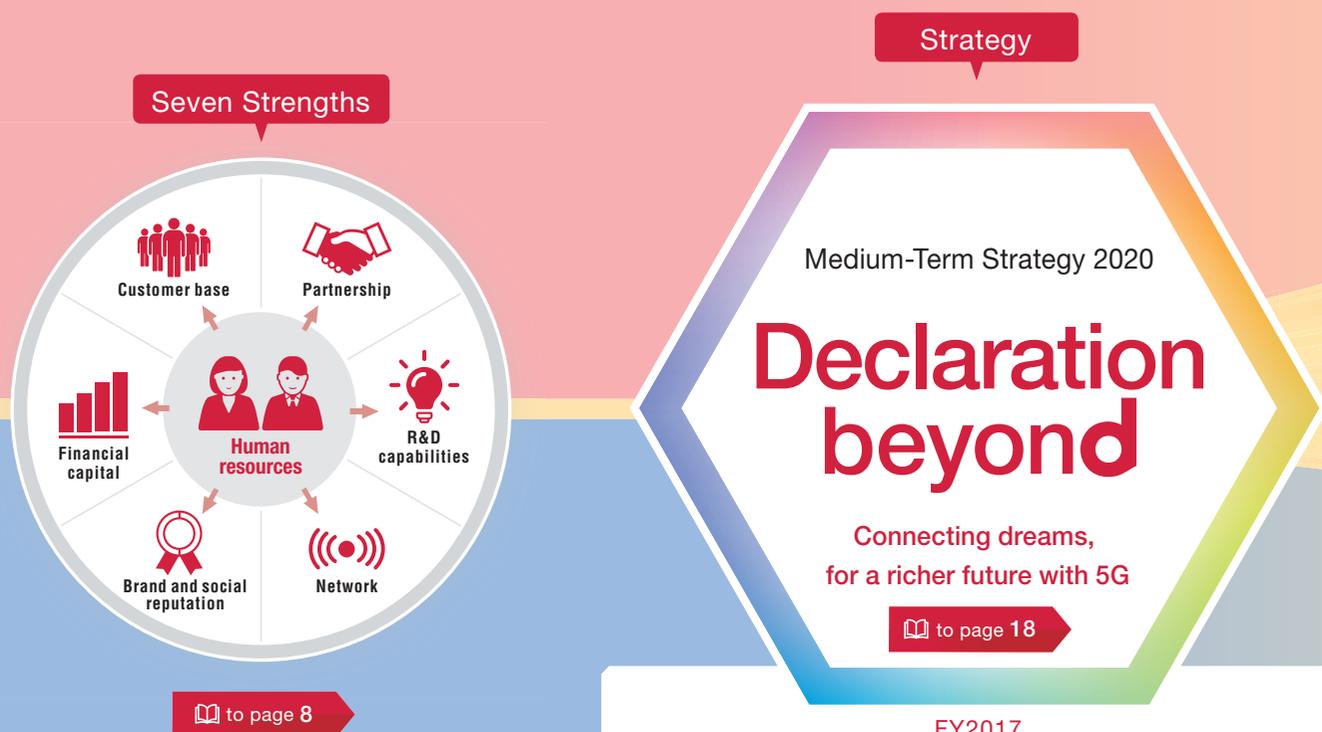


7 Network



## DOCOMO's Aspirations and Business Model

Through activities designed to contribute value from our customers' point of view, DOCOMO has built a solid foundation for growth and a unique business model. DOCOMO aims to create new value toward 2020 and beyond.



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FY2017	
Business Targets	Plan
Operating FCF (EBITDA - Capital expenditures) <b>¥910</b> billion	Operating revenues <b>¥4,750</b> billion
Annual dividend per share <b>¥100</b>	Operating income <b>¥960</b> billion
	(Smart life business and other businesses segment) <b>¥130</b> billion
	Cost efficiency improvement <b>-¥90</b> billion

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**5G**

DOCOMO's Aspirations

**beyond**

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## Overview of DOCOMO's Aspirations

We envision a richer future with 5G. By creating new value hand-in-hand with our partners through “+d,” we aim to amuse and inspire our customers beyond expectations.

Value and excitement to our customers

### Benefit and Convenience

By combining and developing services, billing plans, and points, we will aim to be the market leader in benefit and convenience.

In every aspect of our customers' lives, d POINT aims to create a world that has greater benefit and is easier to use.



### Enjoyment and Surprise

We will provide new and exciting experiences through new entertainment that has “Experience innovation,” including next-generation mobility and sharing. [to page 31](#)

In “Lifestyle innovation,” we will provide a new lifestyle free from frustration by using AI agents, FinTech, and total healthcare. [to page 32](#)



In “Workstyle innovation,” we will stimulate innovation to provide active and vibrant ways of working that are full of fun and wonder through the use of drone robotics, work innovation, and work matching. [to page 33](#)

### Satisfaction and Peace of Mind

Toward the goal of realizing services that ensure the peace of mind and convenience of customers, we will continue to evolve our customer touchpoints through the adoption of AI. [to page 42](#)

We will coordinate the activities of every customer touchpoint in order to provide our customers with the best possible solutions.



5



### Contributions to industries



Through the use of 5G, we will expand the possibilities of our partners' businesses with the goal of contributing to the development of industries throughout Japan. [▶ to page 34](#)

### Solution of social issues and Regional vitalization



We will contribute to the growth of the Japanese economy with the aim of creating a richer society, and will promote “+d” initiatives toward the resolution of social issues and regional vitalization.

### Expansion of partners' business



We will further grow and develop business platforms by fully utilizing our assets.

We will support our partners' businesses and expand commercial transactions by using open business platforms.

Value and co-creation with **+d** partners



## DOCOMO's Seven Strengths Supporting Value Creation

We will improve DOCOMO's seven strengths, which we have developed over time, and accelerate activities toward the creation of value.

### 2 Customer base

Number of mobile phone subscriptions **74.88** million

With a 46.0% share of all mobile phone subscriptions, DOCOMO is the leading carrier in Japan. We provide our customers with peace of mind and security as part of the social foundation for people's lives. We have one of the largest customer bases in Japan.



Customer base

### 3 Financial capital

Shareholders' equity **¥5.5** trillion

A strong financial foundation makes it possible for DOCOMO to pursue an expeditious investment strategy. At the same time, we have earned the strong trust of our diverse stakeholders.



Financial capital



Human

### 4 Brand and social reputation

Brand value of **\$9,543** million\*

We will continue to build a brand that is closely linked to the lives of each and every one of our customers, a brand that provides fun, peace of mind, benefit, and convenience. We will continue to be the brand that customers choose.



Brand and social reputation

\* Brand value is a monetary value given to and ranking of domestic Japanese brands by Interbrand Japan using its unique methodology to evaluate brand value based the brand's financial performance, role and strengths. (*Best Japan Brands 2017* released on February 16, 2017.)

## 1 Human resources

Number of employees **26,734**

By putting the right employees in the right places and promoting the development of individual talents and capabilities, DOCOMO will maximize the abilities and ambitions of each and every one of our employees. In this way, DOCOMO will be able to meet the diverse and sophisticated needs of customers.

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## 5 Partnership

Number of “+d” partners **236**

We are working to resolve social issues through collaborations with partners to create new services and businesses in a wide variety of fields.

## 6 R&D capabilities

Number of foreign patents owned **9,100**

DOCOMO acts swiftly and boldly to create innovation. We constantly monitor emerging social trends with a view to developing business opportunities in cutting-edge areas beyond the mobile domain, such as AI, IoT, and drones.

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## 7 Network

Number of LTE base stations **161,900**

We have built reliable telecommunications networks by maintaining and continuously upgrading the telecommunications environment, and by making it faster so our customers can communicate anytime, anywhere. We provide our customers with a telecommunications environment that is extremely convenient and stress-free.

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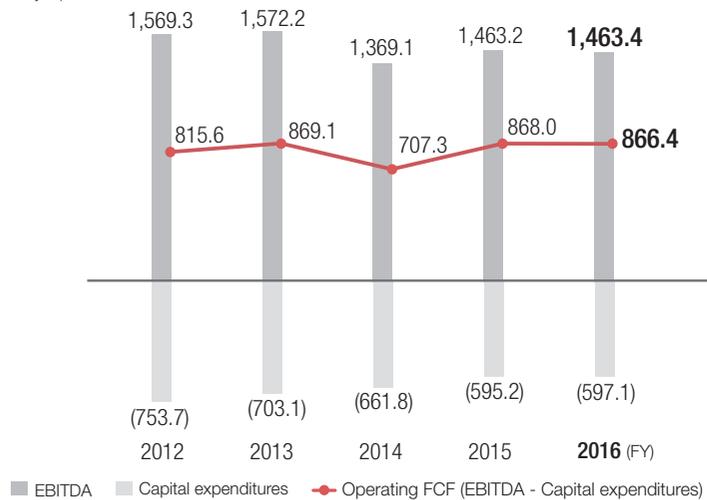
Note: As of March 31, 2017

# Highlights

## Financial Related

### Operating FCF

(Billions of yen)

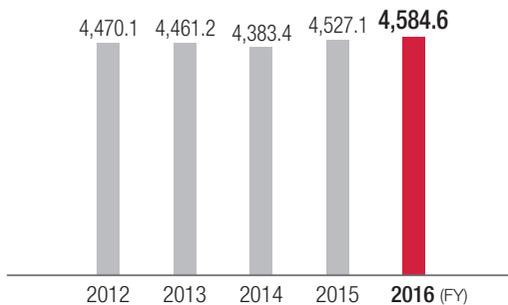


Note: The EBITDA calculation method changed in FY2016. (As a result, the figures for FY2014 and FY2015 have been revised).

DOCOMO believes that it is important to continuously improve cash generation capability, which we demonstrate by using operating FCF as an indicator (EBITDA minus capital expenditures). Over the medium-term, DOCOMO will manage its businesses to maintain efficient control over EBITDA growth and our capital expenditures as we advance into the 5G era.

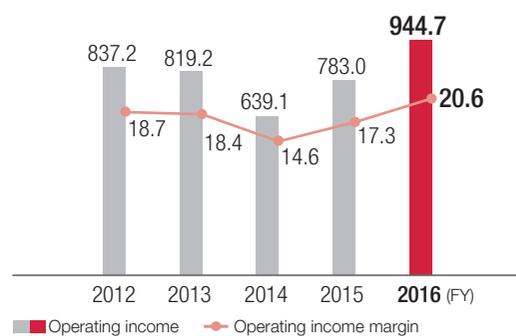
### Operating revenues

(Billions of yen)



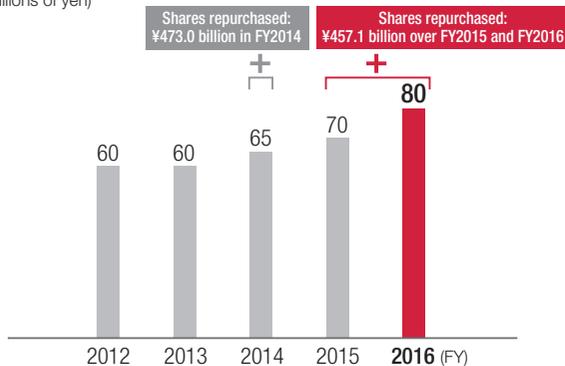
### Operating income / Operating income margin

(Billions of yen/%)



### Annual dividend per share / Shares repurchased

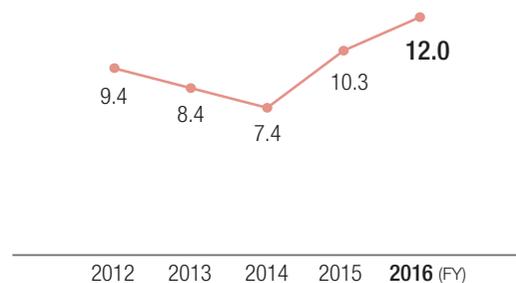
(Yen/Billions of yen)



Note: The dividend amount takes into account the 1:100 stock split that took effect on October 1, 2013.

### ROE

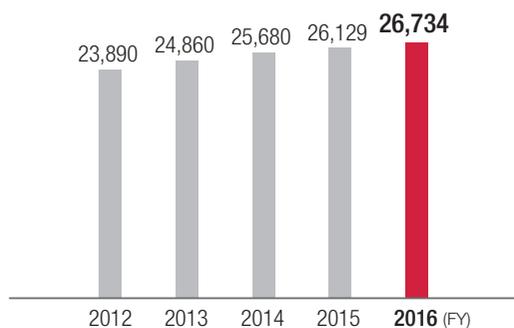
(%)



Note: ROE = Net income attributable to NTT DOCOMO, INC. ÷ Shareholders' equity. Shareholders' equity is calculated using the end-of-period average.

## Seven Strengths

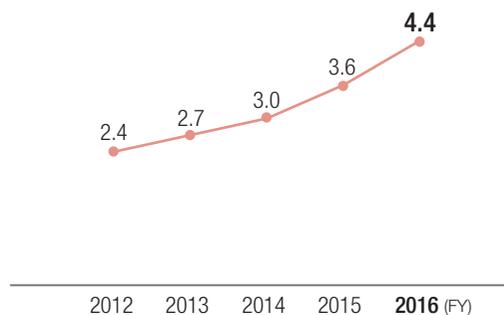
### Number of employees



Note: Number of employees includes employees on loan from other companies; does not include employees of DOCOMO temporarily transferred to other companies.

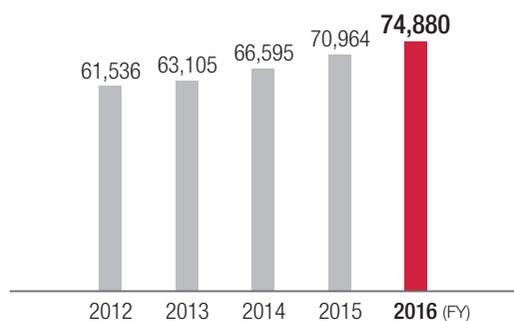
### Ratio of female officers and managers

(%)



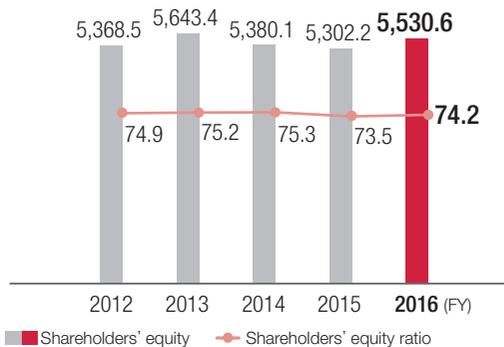
### Number of mobile phone subscriptions

(Thousands)



### Shareholders' equity / Shareholders' equity ratio

(Billions of yen/%)

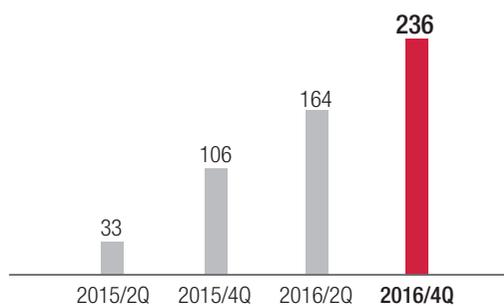


### Brand and social reputation



	2014	2015	2016
<b>Brand value</b>			
Interbrand Japan	No.1	No.1	No.1
<b>DJSI</b>			
(Dow Jones Sustainability Indices)	—	—	Selected as a Component Stock for the "DJSI Asia Pacific"
<b>CSR ranking</b>			
Toyo Keizai Japan CSR Ranking	No.2 (9th)	No.5 (10th)	No.4 (11th)

### Number of "+d" partners

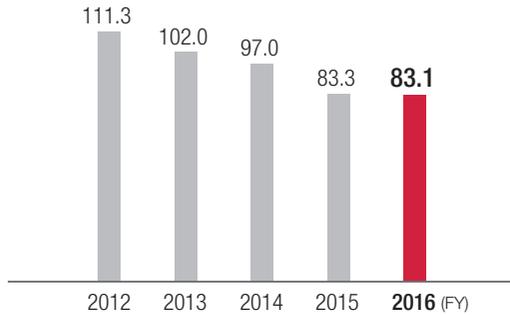


# Highlights

## Seven Strengths

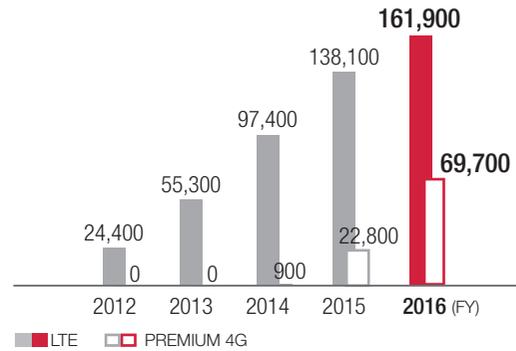
### R&D expenditures

(Billions of yen)



### Number of LTE/PREMIUM 4G base stations

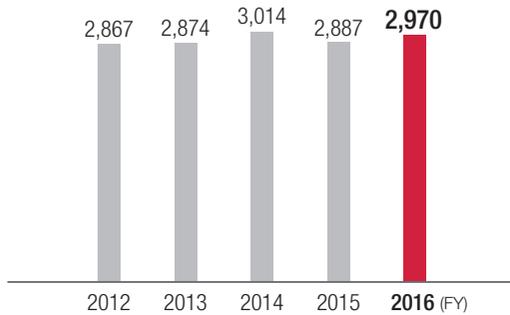
(Stations)



## Environmental / Community Investment Data

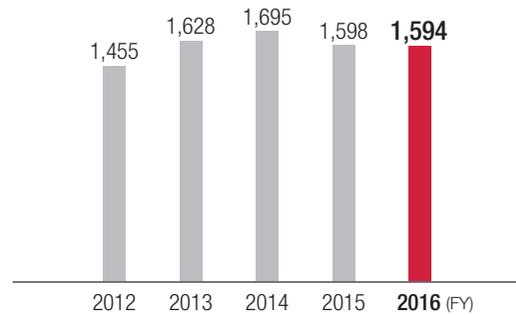
### Total electricity consumption

(Thousand MWh)



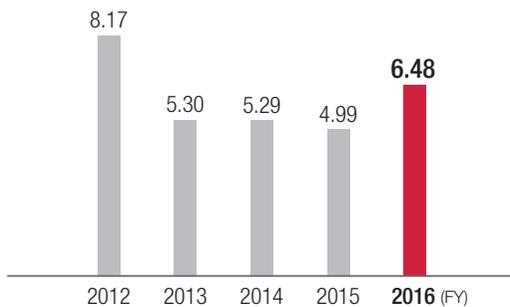
### Greenhouse gas emissions

(Thousand t-CO<sub>2</sub>)



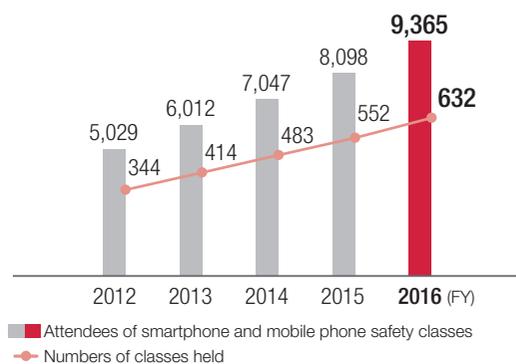
### Community investment expenditures

(Billions of yen)



### Attendees of Smartphone and Mobile Phone Safety Classes / Number of classes held (Cumulative)

(Thousands of attendees / Hundreds of times)

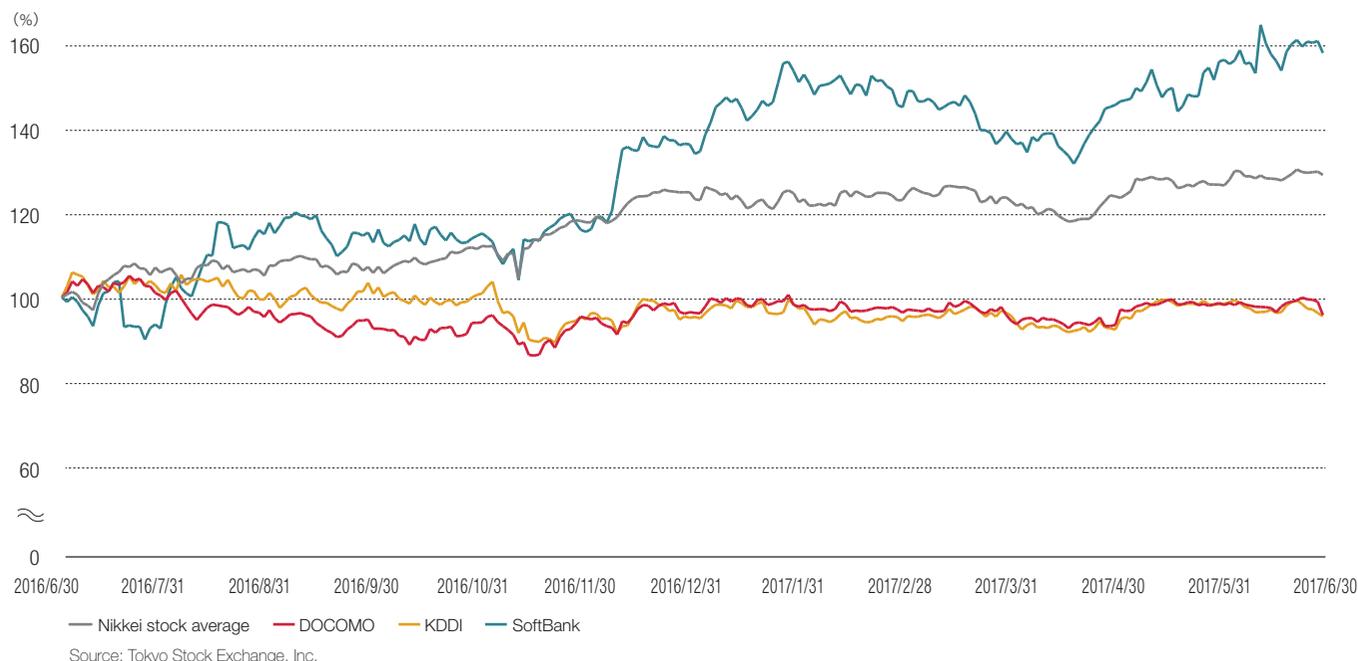


Note: Community investment expenditures refers to sums appropriated for expenses associated with social contribution activities, including environmental conservation, social welfare, and support for disaster-stricken areas.

## Stock and Financial Data

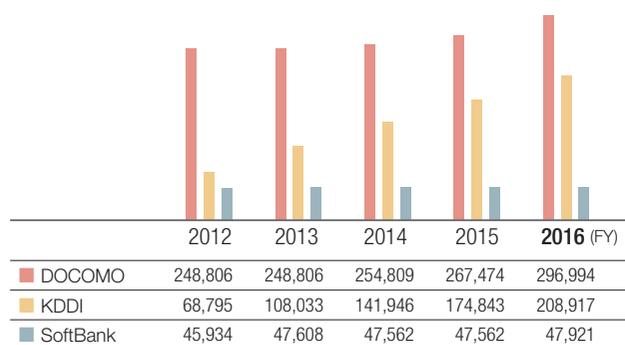
### Stock price performance from June 2016 to June 2017

(Changes compared with the prices on June 30, 2016 as 100%)



### Total cash dividends for the year

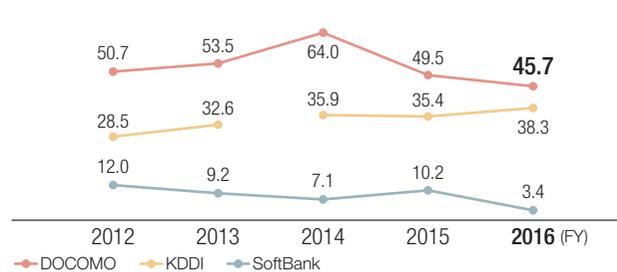
(Millions of yen)



Source: Figures announced by each company.

### Payout ratio

(%)

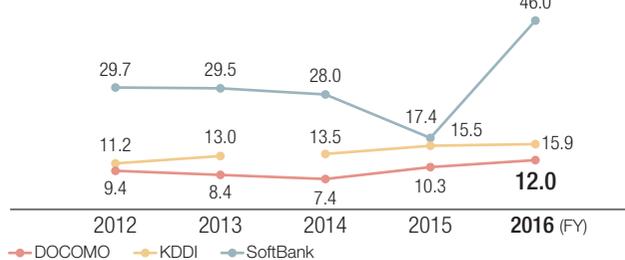


Source: Figures announced by each company.

Note: For KDDI, FY2012-2013 are JGAAP and FY2014-2016 are IFRS.  
For SoftBank, all years are IFRS.

### ROE

(%)



Source: Figures announced by each company.

Note: For KDDI, FY2012-2013 are JGAAP and FY2014-2016 are IFRS.  
For SoftBank, all years are IFRS.

### Components of ROE

(FY2016)

(%)

	ROE	Components of ROE		
		Net income margin (Net income/Operating revenues)	Asset turnover (Operating revenues/Total assets*)	Leverage ratio (Total assets*/Shareholders' equity*)
DOCOMO	12.0	14.2	62.5	135.4
KDDI	15.9	11.5	78.2	177.0
SoftBank	46.0	16.0	39.3	731.3

Source: Figures announced by each company.

\* Total assets and Shareholders' equity are period average. The data for KDDI and SoftBank are calculated by DOCOMO from figures announced by each company.

	Business overview and main services	Operating revenue and operating income (FY2016)
 <b>Telecommunications business</b>	<p><b>Mobile telecommunications services</b></p> <ul style="list-style-type: none"> <li>• LTE (Xi) services</li> <li>• FOMA services</li> <li>• International services</li> <li>• Sales of handsets/equipment, etc.</li> </ul> <p><b>Optical-fiber broadband service and other telecommunications services</b></p> <ul style="list-style-type: none"> <li>• Optical-fiber broadband service</li> <li>• Satellite communications services</li> </ul>	<div style="text-align: center;">   <b>Operating revenue 81%*</b> </div> <div style="text-align: center; margin-top: 20px;">   <b>Operating income 88%</b> </div>
 <b>Smart life business and Other businesses segment</b>	<p><b>Smart life business</b></p> <ul style="list-style-type: none"> <li>• Content services</li> <li>• Financial/Payment services</li> <li>• Group companies</li> </ul> <p><b>Other businesses</b></p> <ul style="list-style-type: none"> <li>• Enterprise solutions</li> <li>• Support services for customers' peace of mind, etc.</li> </ul>	<div style="text-align: center;">   <b>Operating revenue 19%*</b> </div> <div style="text-align: center; margin-top: 20px;">   <b>Operating income 12%</b> </div>

## 1. Definition of ARPU

ARPU (Average monthly Revenue Per Unit) is used to measure average monthly operating revenues attributable to designated services on a per user basis. ARPU is calculated by dividing telecommunications services revenues (excluding certain revenues) by the number of active users to our wireless services in the relevant periods, as shown below under "ARPU Calculation Method." We believe that our ARPU figures provide useful information to analyze the average usage per user and the impacts of changes in our billing arrangements. The revenue items included in the numerators of our ARPU figures are based on our U.S. GAAP results of operations.

## 2. ARPU Calculation Methods

Aggregate ARPU = Voice ARPU + Packet ARPU + "docomo Hikari" ARPU

• Voice ARPU: Voice ARPU Related Revenues (basic monthly charges, voice communication charges) ÷ Number of active users

• Packet ARPU: Packet ARPU Related Revenues (Basic monthly charges, packet communication charges) ÷ Number of active users

• "docomo Hikari" ARPU: "docomo Hikari" ARPU Related Revenues (basic monthly charges, voice communication charges) ÷ Number of active users

In addition, the sum of Packet ARPU and "docomo Hikari" ARPU is referred to as Data ARPU.

Main operational indicators  
(FY2015 ▶ FY2016)

Mobile phone subscriptions

70.96 million ▶ **74.88 million**

ARPU

¥4,170 ▶ **¥4,430**

“docomo Hikari” subscriptions

1.57 million ▶ **3.40 million**

Main initiatives

- Reinforcing returns to our customers with billing plans “Kake-hodai & Pake-aeru”
- Promoting smartphone use by providing “Smartphone Debut Discount” and starting sales of our first original smartphone, “MONO MO-01 J.”
- Expanding and promoting “docomo Hikari” services by providing “docomo Hikari Denwa,” “docomo Hikari TV option,” and “docomo Hikari Type C” (a model jointly provided with cable TV operators.)

“dmarket” subscriptions

15.54 million ▶ **16.08 million**

“d CARD” subscriptions

16.43 million ▶ **17.67 million**

“Anshin Pack” subscriptions

14.51 million ▶ **17.52 million**

- Offering “d healthcare pack,” an integrated package that combines four health-related services, including the “Aruteotoku” application that allows users to earn “dPOINTS” from the number of steps recorded on their smartphones.
- Promoting the use of the “d CARD” through the “d CARD” credit card service and the initialization of Apple Pay for our contactless payment service “iD.”
- Expanding “Anshin Pack” subscriptions in association with the shift from feature phones to smartphones.

### 3. Active Users Calculation Method

Sum of number of active users for each month ((number of users at the end of previous month + number of users at the end of current month) ÷ 2) during the relevant period

Notes: 1. The number of “users” used to calculate ARPU and MOU is the total number of subscriptions, excluding the subscriptions listed below:

- Subscriptions of communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver” and wholesale telecommunication services and interconnecting telecommunications facilities that are provided to MVNOs; and
- Data plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for “Xi” or “FOMA” services in his/her name

2. Revenues from communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver” and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to MVNOs are not included in the ARPU calculation.

\*The ratios of operating earnings in our telecommunications businesses and in the smart life business and other businesses segment are calculated using amounts after eliminating inter-segment transactions.