



Earnings Release

October 29, 2019

For the Six Months Ended September 30, 2019

[IFRS]

Name of registrant: **NTT DOCOMO, INC.** (URL <https://www.nttdocomo.co.jp/>)
 Code No.: 9437
 Stock exchange on which the Company's shares are listed: Tokyo Stock Exchange-First Section
 Representative: Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer
 Contact: Hideyuki Tsuchiya, Senior Manager, General Affairs Department / TEL +81-3-5156-1111
 Scheduled date for filing of quarterly report: November 5, 2019
 Scheduled date for dividend payment: November 26, 2019
 Supplemental material on quarterly results: Yes
 Presentation on quarterly results: Yes (for institutional investors and analysts)

(Amounts are rounded off to the nearest 1 million yen.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 1, 2019 - September 30, 2019)

(1) Consolidated Results of Operations

(Millions of yen, except per share amounts)

	Operating revenues	Operating profit	Profit before taxes	Profit	Profit attributable to shareholders of NTT DOCOMO, INC.	Total comprehensive income
Six months ended September 30, 2019	2,330,003 (2.5)%	540,259 (11.5)%	548,571 (11.7)%	373,635 (8.5)%	372,352 (8.5)%	371,506 (8.9)%
Six months ended September 30, 2018	2,389,521 4.1 %	610,524 9.0 %	621,136 8.0 %	408,260 3.9 %	407,057 3.8 %	407,744 4.7 %

(Percentages above represent changes compared to the corresponding period of the previous year)

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2019	112.33 (yen)	—
Six months ended September 30, 2018	113.29 (yen)	—

(2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total assets	Total equity	Equity attributable to shareholders of NTT DOCOMO, INC.	Ratio of Equity attributable to shareholders of NTT DOCOMO, INC. to total assets
September 30, 2019	7,487,591	5,462,245	5,439,427	72.6 %
March 31, 2019	7,340,546	5,394,124	5,371,853	73.2 %

2. Dividends

	Cash Dividends per Share (yen)				
	End of the First Quarter	End of the Second Quarter	End of the Third Quarter	Year End	Total
Year ended March 31, 2019	—	55.00	—	55.00	110.00
Year ending March 31, 2020	—	60.00	—	60.00	120.00
Year ending March 31, 2020 (Forecasts)	—	—	—	60.00	120.00

(Note) Revisions to the forecasts of dividends: No

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(Millions of yen, except per share amounts)

	Operating revenues	Operating profit	Profit before taxes	Profit attributable to shareholders of NTT DOCOMO, INC.	Basic earnings per share
Year ending March 31, 2020	4,640,000 (4.1) %	830,000 (18.1) %	838,000 (16.4) %	575,000 (13.4) %	175.00 (yen)

(Note) Revisions to the forecasts of consolidated financial results: Yes

* Notes:

(1) Changes in significant subsidiaries:		None
(2) Changes in accounting policies and Estimate		
i. Changes in accounting policies required by IFRS:		Yes
ii. Other change in accounting policies:		None
iii. Changes in accounting estimates:		None
(3) Number of issued shares (common stock)		
i. Number of issued shares (inclusive of treasury stock):	As of September 30, 2019:	3,335,231,094 shares
	As of March 31, 2019:	3,335,231,094 shares
ii. Number of treasury stock:	As of September 30, 2019:	47,712,038 shares
	As of March 31, 2019:	133 shares
iii. Number of weighted average common shares outstanding:	For the six months ended September 30, 2019:	3,314,860,725 shares
	For the six months ended September 30, 2018:	3,593,184,513 shares

* This earnings release is not subject to the quarterly review by independent auditors.

* Explanation for forecasts of operations and other notes:

Forecast of results

All forward-looking statements that are not historical facts are based on management's current plans, expectations, assumptions and estimates based on the information available as of the filing date of this document. Some of the projected numbers in this report were derived using certain assumptions that were indispensable for making such projections in addition to historical facts. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those contained in or suggested by any forward-looking statement. With regard to various known and unknown risks, uncertainties and other factors, please see our latest Annual reports and Quarterly Securities Reports on our website.

(Resolution of share repurchase up to prescribed maximum limit)

The forecasts of "Basic Earnings per Share" for the fiscal year ending March 31, 2020 are based on the assumption that DOCOMO will repurchase up to 128.3 million shares for an amount in total not to exceed ¥300,000 million, as resolved at the board of directors' meeting held on April 26, 2019.

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1. Summary Information

Prospects for the Fiscal Year Ending March 31, 2020

DOCOMO revised its most recent forecast of consolidated financial results for the fiscal year ending March 31, 2020, as follows:

“Operating revenues” are expected to increase by ¥60 billion to ¥4,640 billion, mainly due to an increase in mobile communication services revenues associated with a favorable progress toward our plan in net increase in the number of subscriptions and the pace of migration to the new rate plans that is slower than expected immediately after implementation of the new rate plans. This is also due to an increase in equipment sales associated with a favorable progress toward our plan in migration to smartphones.

On the other hand, “Operating expenses” are expected to increase, mainly due to an increase in the cost of equipment sold associated with migration to smartphones and in the cost for responding to unexpected disasters one after another. This is also due to an increase in the cost of enhancing finance/payment business which market is expected to expand through Cashless Settlement Businesses under the Point Reward Project for Consumers using Cashless Payment implemented by the government and an increase in cost of promoting migration to smartphones toward the termination of 3G services and accelerated depreciation of 3G equipment.

As a result, “Operating profit” is expected to be ¥830 billion, the same as recently announced.

2. Summary Information (notes)

(1) Changes in Significant Subsidiaries

None

(2) Change in Accounting Policies

DOCOMO has adopted IFRS 16 “Lease” (“IFRS 16”) from the beginning of the fiscal year ending March 31, 2020.

Upon the application of IFRS 16, leases that were previously classified as operating leases are recognized as right-of-use assets and lease liabilities. These items also include finance leases that were previously recognized as “Property, plant, and equipment” and “Other financial liabilities.” The change in the accounting policy mainly resulted in an increase of “Right-of-use assets” by ¥295,379 million and “Lease liabilities” by ¥286,503 million, while in a decrease of “Property, plant, and equipment” by ¥3,936 million, “Other current assets” (prepaid lease payments) by ¥8,775 million and “Other financial liabilities” by ¥4,057 million, respectively at the beginning of the fiscal year ending March 31, 2020. The principal items recorded as right-of use assets include the fees for use of office, the rent for the land and building required for the installation of telecommunications facilities and the fees for use of transmission lines. The impact on the opening balance of retained earnings is little. In addition, the change in the accounting policy also mainly resulted in an increase of “Depreciation and amortization” by ¥46,944 million, while in a decrease of “Cost of equipment sold and services, and other expenses” by ¥34,953 million and “Communication network charges” by ¥12,065 million, respectively for the six months ended September 30, 2019.

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	Millions of yen	
	March 31, 2019	September 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 219,963	¥ 358,190
Trade and other receivables	2,128,156	2,142,245
Other financial assets	70,933	61,361
Inventories	178,340	110,993
Other current assets	91,308	77,874
Subtotal	2,688,699	2,750,664
Asset held for sale	234,160	—
Total current assets	2,922,859	2,750,664
Non-current assets:		
Property, plant and equipment	2,623,789	2,609,370
Right-of-use assets	—	272,100
Goodwill	33,177	32,410
Intangible assets	608,513	617,498
Investments accounted for using the equity method	151,741	142,375
Securities and other financial assets	439,742	465,669
Contract costs	297,733	305,746
Deferred tax assets	150,725	169,672
Other non-current assets	112,267	122,087
Total non-current assets	4,417,687	4,736,927
Total assets	¥ 7,340,546	¥ 7,487,591

	Millions of yen	
	March 31, 2019	September 30, 2019
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	1,058,007	865,155
Lease liabilities	—	69,884
Other financial liabilities	10,495	10,215
Accrued income taxes	166,503	191,392
Contract liabilities	211,752	218,754
Provisions	29,086	23,335
Other current liabilities	150,805	121,225
Total current liabilities	1,626,647	1,499,960
Non-current liabilities:		
Long-term debt	50,000	50,000
Lease liabilities	—	191,389
Other financial liabilities	9,310	—
Defined benefit liabilities	207,425	214,747
Contract liabilities	37,054	35,724
Provisions	7,845	7,918
Other non-current liabilities	8,140	25,608
Total non-current liabilities	319,775	525,386
Total liabilities	1,946,422	2,025,346
Equity:		
Equity attributable to shareholders of NTT DOCOMO, INC.		
Common stock	949,680	949,680
Additional paid-in capital	169,083	155,641
Retained earnings	4,160,495	4,412,096
Treasury stock	(0)	(122,762)
Other components of equity	92,595	44,772
Total equity attributable to shareholders of NTT DOCOMO, INC.	5,371,853	5,439,427
Noncontrolling interests	22,271	22,818
Total equity	5,394,124	5,462,245
Total liabilities and equity	¥ 7,340,546	¥ 7,487,591

(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

Six months ended September 30, 2018 and 2019

Condensed Consolidated Statement of Profit or Loss

	Millions of yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Operating revenues:		
Telecommunications services	¥ 1,571,901	¥ 1,558,672
Equipment sales	390,392	317,765
Other operating revenues	427,228	453,566
Total operating revenues	2,389,521	2,330,003
Operating expenses:		
Personnel expenses	145,258	144,984
Cost of equipment sold and services, and other expenses	1,168,492	1,127,313
Depreciation and amortization	231,538	284,986
Communication network charges	210,073	212,577
Loss on disposal of property, plant and equipment and intangible assets	23,636	19,885
Total operating expenses	1,778,997	1,789,744
Operating profit	610,524	540,259
Finance income	4,691	9,567
Finance costs	1,444	3,911
Share of profits (losses) on equity method investments	7,364	2,656
Profit before taxes	621,136	548,571
Income taxes	212,875	174,937
Profit	¥ 408,260	¥ 373,635
Profit attributable to:		
Shareholders of NTT DOCOMO, INC.	407,057	372,352
Noncontrolling interests	1,204	1,283
Profit	¥ 408,260	¥ 373,635
Earnings per share attributable to shareholders of NTT DOCOMO, INC.		
Basic earnings per share	¥ 113.29	¥ 112.33

Six months ended September 30, 2018 and 2019

Condensed Consolidated Statement of Comprehensive Income

	Millions of yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	¥ 408,260	¥ 373,635
Other comprehensive income (net of taxes):		
Items that will not be reclassified to profit or loss		
Change in the fair value of financial assets measured at fair value through other comprehensive income	13,414	(1,137)
Share of other comprehensive income of investments accounted for using the equity method	(4,126)	(580)
Total of items that will not be reclassified to profit or loss	9,288	(1,717)
Items that may be reclassified subsequently to profit or loss		
Foreign exchange translation differences	(9,834)	(332)
Share of other comprehensive income of investments accounted for using the equity method	30	(80)
Total of items that may be reclassified subsequently to profit or loss	(9,804)	(412)
Total other comprehensive income (net of taxes)	(516)	(2,128)
Total comprehensive income	¥ 407,744	¥ 371,506
Total comprehensive income attributable to:		
Shareholders of NTT DOCOMO, INC.	406,590	370,195
Noncontrolling interests	1,154	1,311
Total comprehensive income	¥ 407,744	¥ 371,506

(3) Condensed Consolidated Statement of Changes in Equity

Six months ended September 30, 2018

	Millions of yen							
	Equity attributable to shareholders of NTT DOCOMO, INC.						Noncon- trolling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of March 31, 2018	¥ 949,680	¥ 153,115	¥ 4,908,373	¥ (448,403)	¥ 102,342	¥ 5,665,107	¥ 27,121	¥ 5,692,228
Cumulative impact of adopting IFRS 9, “Financial Instruments”			2,665		9,371	12,035		12,035
Balance as of April 1, 2018	949,680	153,115	4,911,038	(448,403)	111,713	5,677,142	27,121	5,704,263
Profit			407,057			407,057	1,204	408,260
Other comprehensive income					(466)	(466)	(50)	(516)
Total comprehensive income	—	—	407,057	—	(466)	406,590	1,154	407,744
Dividends			(179,659)			(179,659)	(239)	(179,898)
Changes in ownership interests without loss control							101	101
Transfer from other components of equity to retained earnings			6,901		(6,901)	—		—
Total transactions with shareholders	—	—	(172,759)	—	(6,901)	(179,659)	(138)	(179,797)
Balance as of September 30, 2018	¥ 949,680	¥ 153,115	¥ 5,145,336	¥ (448,403)	¥ 104,346	¥ 5,904,073	¥ 28,137	¥ 5,932,210

Six months ended September 30, 2019

	Equity attributable to shareholders of NTT DOCOMO, INC.						Noncontrolling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of March 31, 2019	949,680	169,083	4,160,495	(0)	92,595	5,371,853	22,271	5,394,124
Profit			372,352			372,352	1,283	373,635
Other comprehensive income					(2,157)	(2,157)	29	(2,128)
Total comprehensive income	—	—	372,352	—	(2,157)	370,195	1,311	371,506
Dividends			(183,438)			(183,438)	(837)	(184,275)
Purchase of treasury stock				(122,762)		(122,762)		(122,762)
Changes due to business combinations under common control		(13,441)	17,154		(132)	3,580		3,580
Changes in ownership interests without loss of control		(1)				(1)	99	97
Changes in ownership interests with loss of control						—	(26)	(26)
Transfer from other components of equity to retained earnings			45,533		(45,533)	—		—
Total transactions with shareholders	—	(13,442)	(120,751)	(122,762)	(45,666)	(302,621)	(765)	(303,385)
Balance as of September 30, 2019	¥ 949,680	¥ 155,641	¥ 4,412,096	¥ (122,762)	¥ 44,772	¥ 5,439,427	¥ 22,818	¥ 5,462,245

(Note) Business combinations under common control are accounted for using book values. Regarding “Changes due to business combinations under common control”, the changes in “Additional paid-in capital” and “Retained earnings” represent the differences between the amount paid by NTT DOCOMO, INC. for a subsidiary that was acquired under common control and NIPPON TELEGRAPH AND TELEPHONE CORPORATION’s carrying amount of the investment in the subsidiary measured at the date of acquisition.

(4) Notes to Condensed Consolidated Financial Statements

i. Note to Going Concern Assumption

There is no corresponding item.

ii. Changes in NTT DOCOMO, INC. Shareholders' Equity

There is no corresponding item.

iii. Segment Information

DOCOMO's chief operating decision maker (the "CODM") is its Board of Directors. The CODM evaluates the performance and makes resource allocations of its segments based on the information provided by DOCOMO's internal management reports.

DOCOMO has three operating segments, which consist of telecommunications business, smart life business and other businesses.

Certain services that had been included in the smart life business were reclassified to other businesses from the second quarter of the fiscal year ending March 31, 2020 to reflect the change in its internal organizational structure effective as of July 1, 2019. In connection with this realignment, segment information for the six months ended September 30, 2018 has been restated to conform to the presentation for the six months ended September 30, 2019.

The telecommunications business includes mobile phone services (LTE (Xi) services and FOMA services), optical-fiber broadband service, satellite mobile communications services, international services and the equipment sales related to these services. The smart life business includes distribution services such as video, music and electronic books as well as finance/payment services, shopping services and various other services to support our customers' daily lives. The other businesses primarily include "Mobile Device Protection Service," and enterprise IoT solutions as well as development, sales and maintenance of IT systems.

Segment operating revenues:

	Millions of yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Telecommunications business-		
External customers.....	¥ 1,960,080	¥ 1,870,140
Intersegment.....	759	984
Subtotal.....	1,960,840	1,871,124
Smart life business-		
External customers.....	214,700	243,288
Intersegment.....	7,663	9,868
Subtotal.....	222,363	253,157
Other businesses-		
External customers.....	214,741	216,575
Intersegment.....	3,698	3,539
Subtotal.....	218,439	220,114
Segment total.....	2,401,642	2,344,395
Elimination.....	(12,121)	(14,391)
Consolidated.....	¥ 2,389,521	¥ 2,330,003

Segment operating profit (loss):

	Millions of yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Telecommunications business.....	¥ 524,543	¥ 445,736
Smart life business.....	37,752	34,722
Other businesses.....	48,229	59,801
Operating profit.....	610,524	540,259
Finance income.....	4,691	9,567
Finance costs.....	1,444	3,911
Share of profits (losses) on equity method investments	7,364	2,656
Profit before taxes.....	¥ 621,136	¥ 548,571