



**Results for the First Three Months  
of the Fiscal Year Ending March 31, 2014**

**July 26, 2013**

# **I** FY2013/1Q Results Highlights

**II** Actions for Boosting Competitiveness

**III** Actions for Further Growth

# FY2013/1Q Results Highlights

U.S.  
GAAP

- Recorded year-on-year increase in operating revenues, but a decrease in operating income
- No. of smartphone/Xi LTE users increased remarkably

Operating revenues : ¥1,113.6 billion (Up 3.9% year-on-year)  
Operating income : ¥247.5 billion (Down 5.8% year-on-year)

## 【Results Highlights】

- Packet revenues\* : ¥474.9 billion (Up 1.6% year-on-year)
- Total handsets sold: 5.39 million (Up 4.4% year-on-year)
- No. of smartphones sold: 3.35 million (Up 34.4% year-on-year)
- Xi subscriptions: 14.20 million (4.3-fold from Jun. 30, 2012)

◆ Consolidated financial statements in this document are unaudited

\*: Definition of items comprising packet revenues was changed beginning with the financial result presentation for FY2012

# Selected Financial Data

U.S.  
GAAP

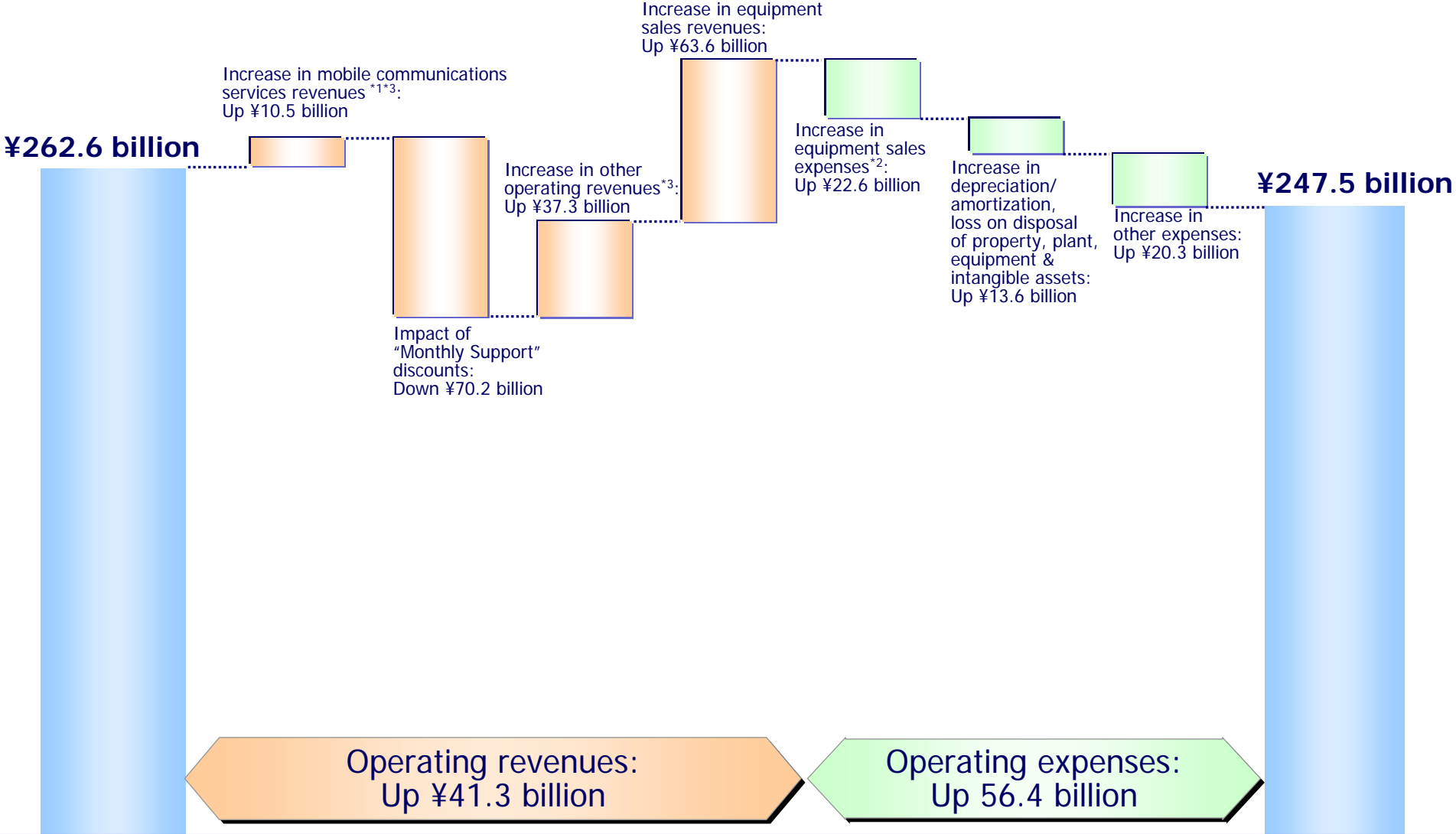
(Billions of yen)	FY2012 Apr-Jun (1)	FY2013 Apr-Jun (2)	Changes (1)→(2)
Operating revenues	1,072.3	1,113.6	+41.3
Operating expenses	809.7	866.1	+56.4
Operating income	262.6	247.5	-15.2
Net income attributable to NTT DOCOMO, INC.	164.3	158.0	-6.3
EBITDA margin (%) <sup>*1</sup>	39.6	37.8	-1.8
Capital expenditures	177.4	145.4	-32.0
Free cash flow <sup>*1*2</sup>	-30.1	16.8	+46.8

\*1: For an explanation of the calculation processes of these numbers, please see the reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP and the IR page of our website, [www.nttdocomo.co.jp](http://www.nttdocomo.co.jp)

\*2: Adjusted free cash flows exclude the effects of uncollected revenues due to bank holidays at the end of the period and changes in investment derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

# Key Factors Behind YOY Changes in Operating Income

U.S. GAAP



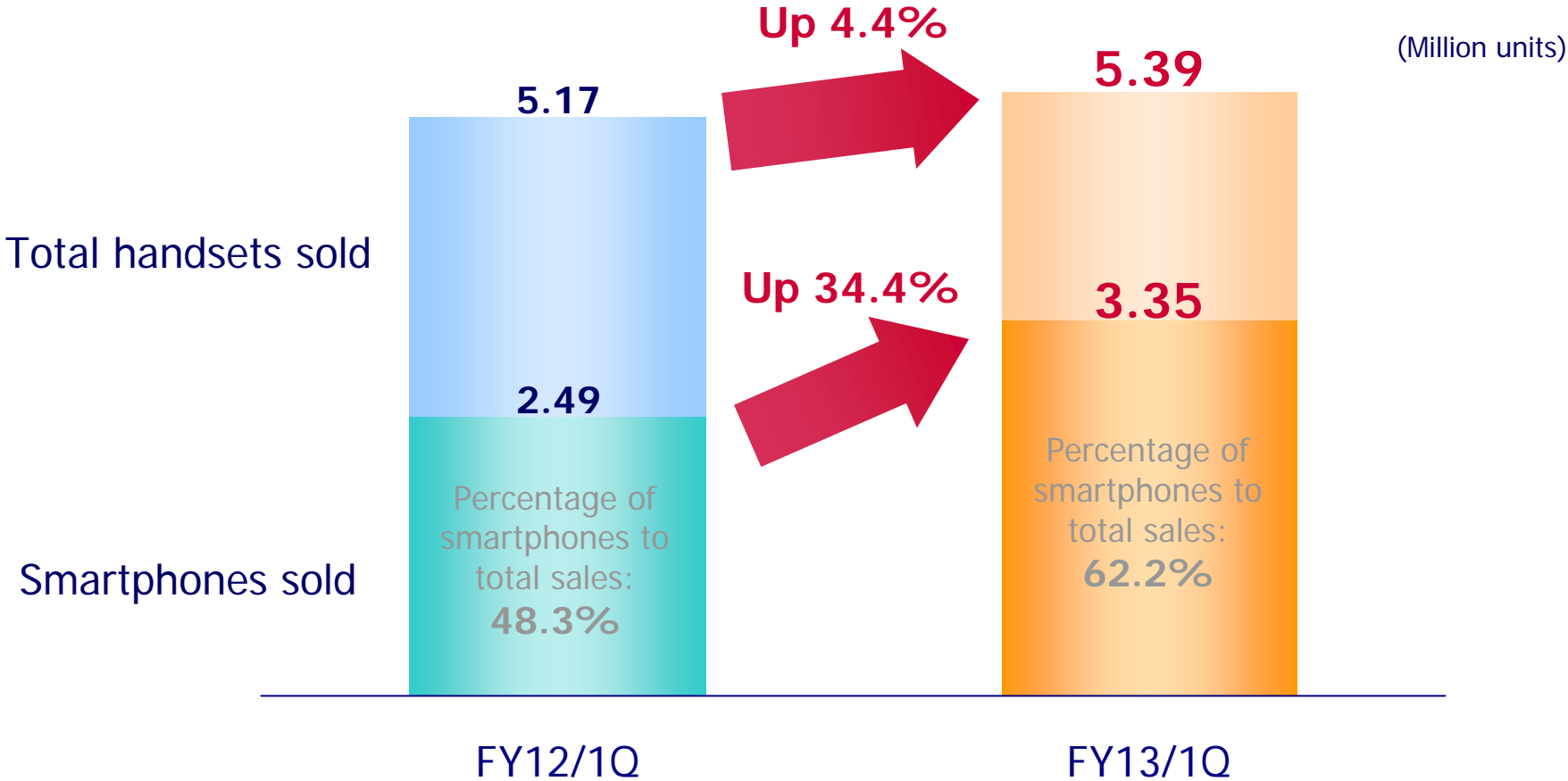
FY12/1Q

FY13/1Q

\*1: Excluding impact of "Monthly Support" discounts      \*2: Sum of cost of equipment sold and commissions to agent resellers  
 \*3: Definitions of some operating revenues items were changed beginning with FY2012 financial results presentation.

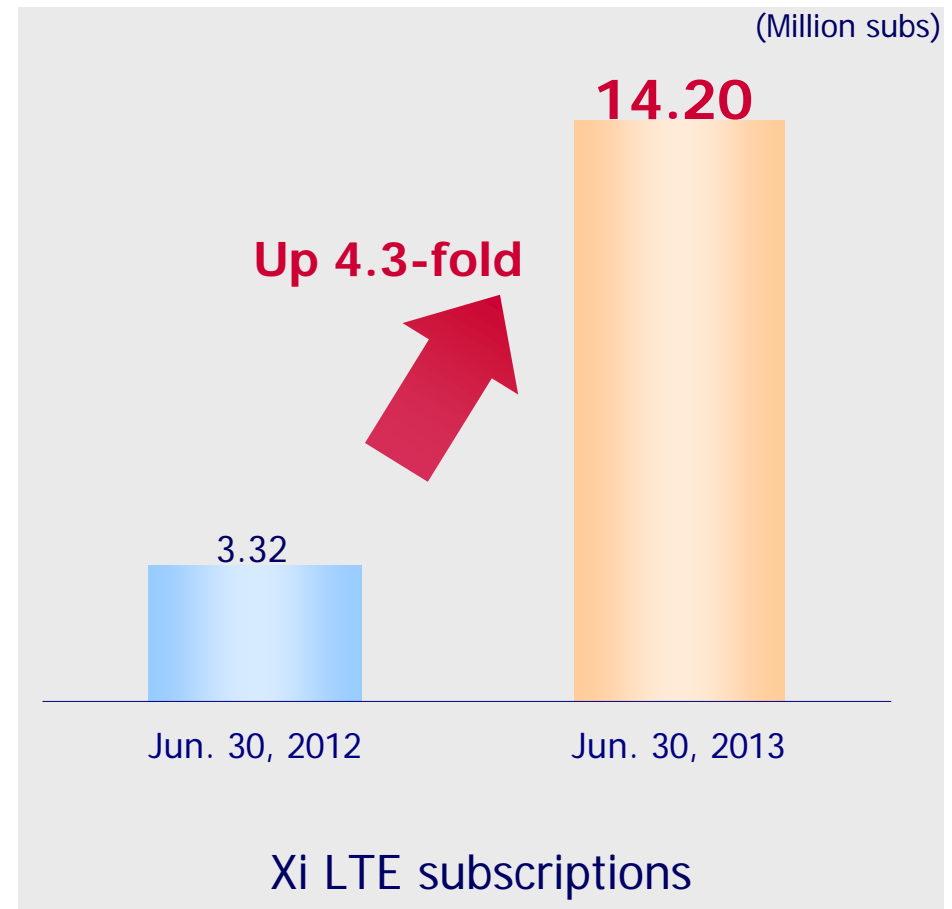
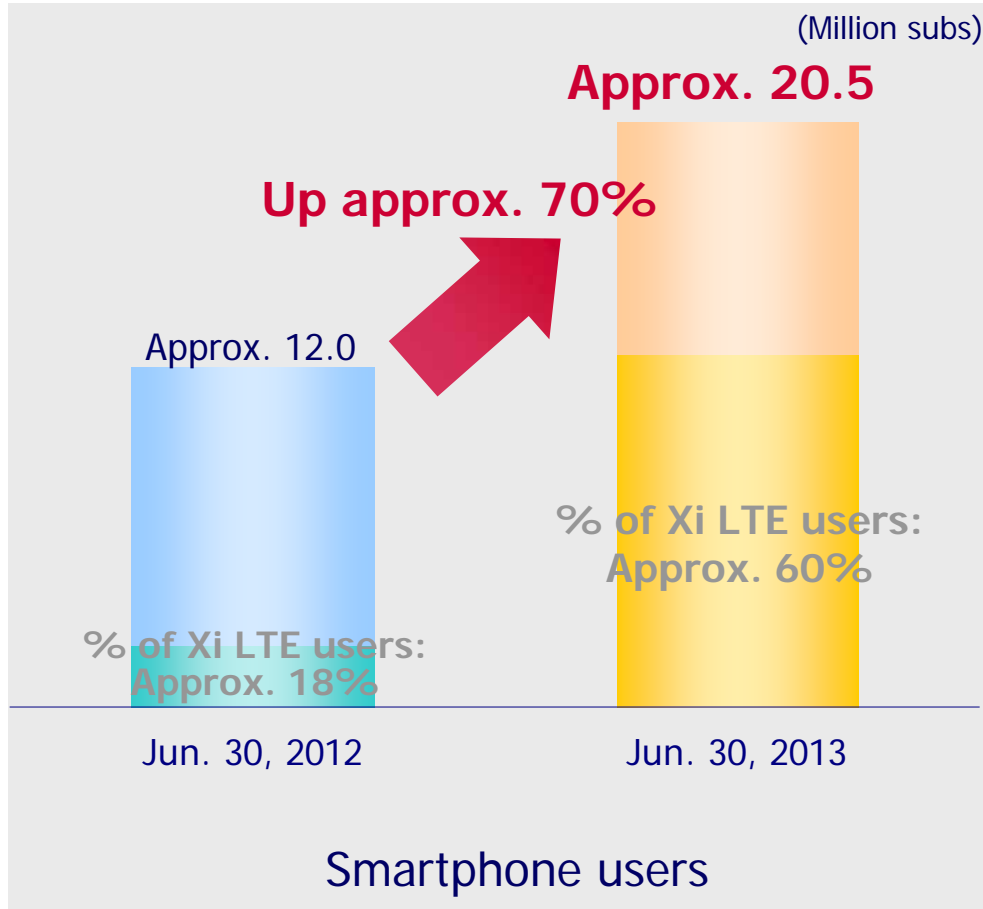
# Total Handset/Smartphone Sales

- Total handsets and smartphones sales both recorded year-on-year increase
- Percentage of smartphones to total sales continued to rise



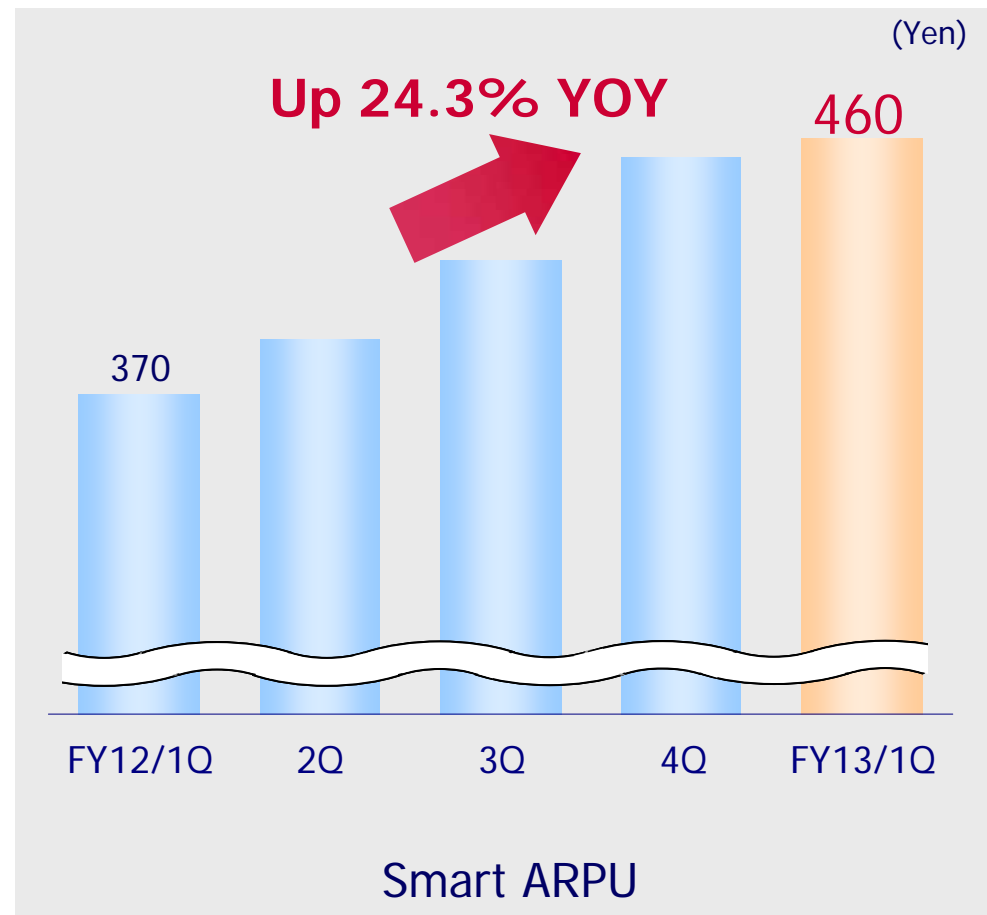
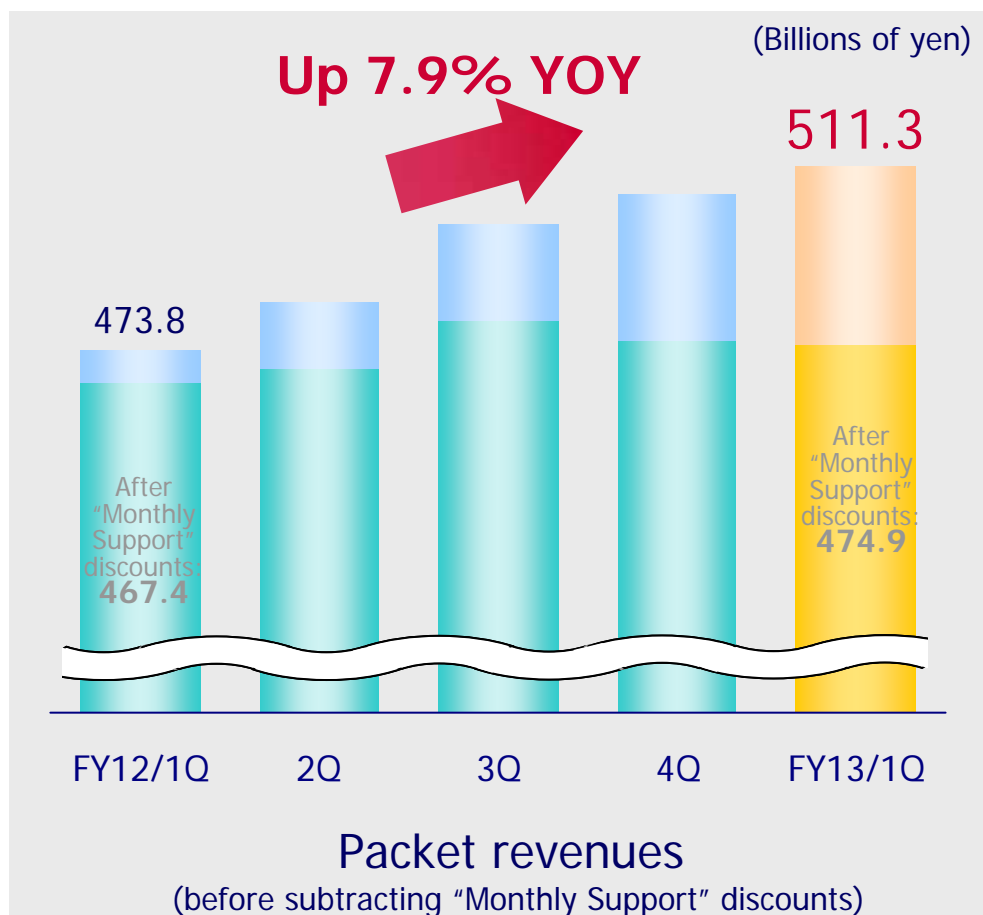
# No. of Smartphone Users/ Xi LTE Subscriptions

- Smartphone user base expanded to over 20 million
- Percentage of Xi LTE users to total smartphone users exceeded 60%



# Packet Revenues/Smart ARPU

Packet revenues and smart ARPU recorded year-on-year increase as a result of expanded uptake of smartphones and Xi LTE service

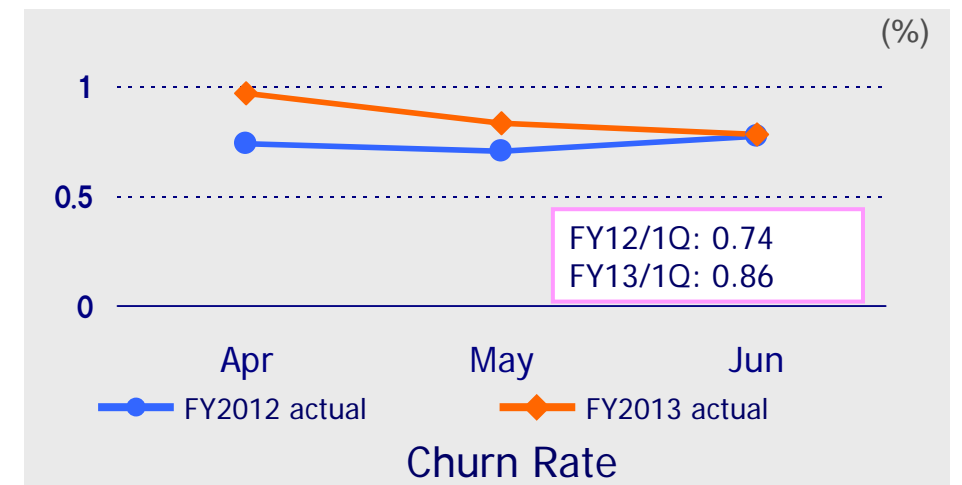
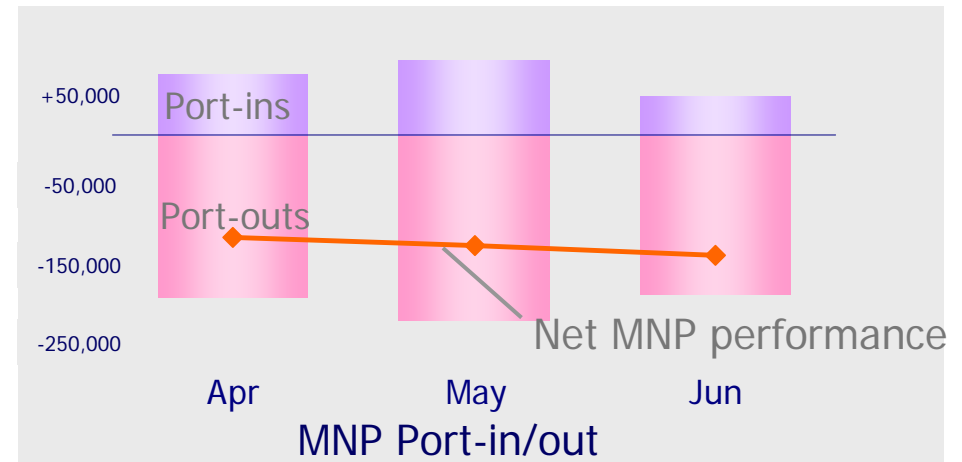
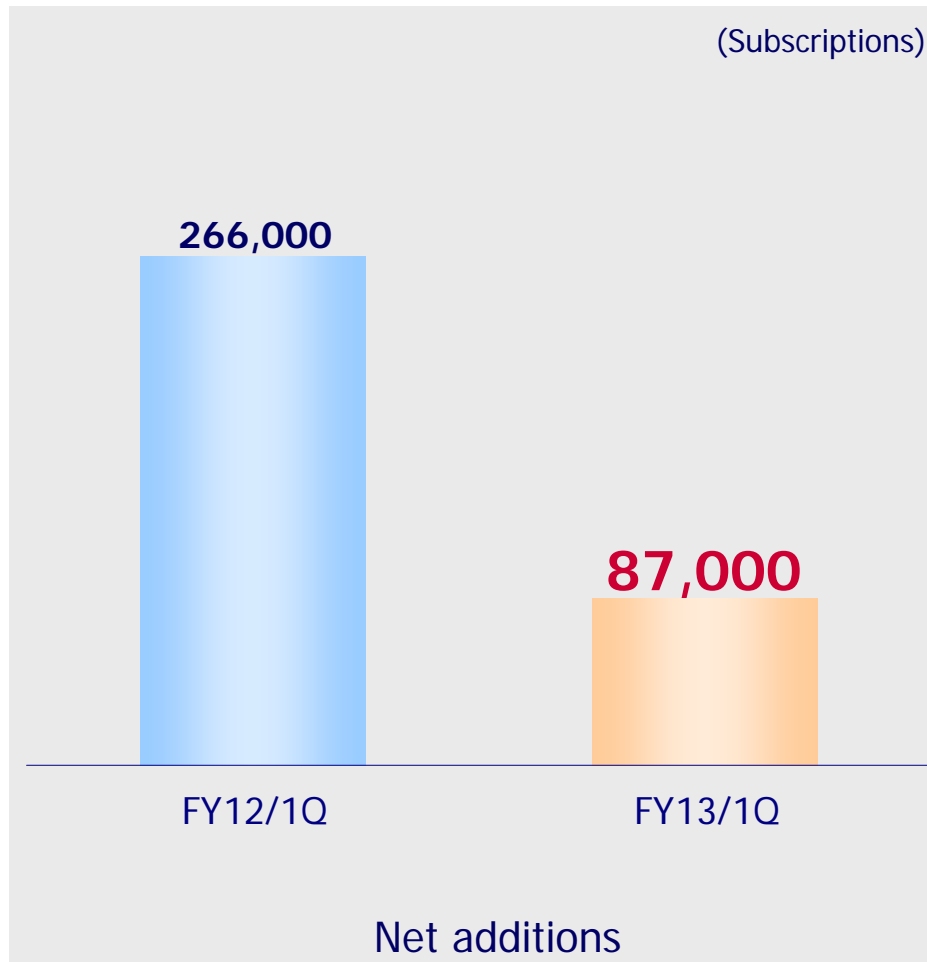


\* : Definition of items comprising packet revenues was changed beginning with the financial result presentation for FY2012



# Net Additions/Churn Rate

- Struggled with the acquisition of net additions
- MNP port-outs and churn rate showing signs of recovery after the release of "Two Top" smartphone models



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# FY2013 Business Management Policies

## “Become a Smart Life Partner”

Convenience/  
Fulfillment/Efficiency

Safety/Security

Enjoyment/Pleasure

### Mobile business

- Brush up on basic elements
- Further expand user base

### New businesses

- Enrich cloud-based services
- Expand new revenue sources

#### Devices

ドコモ スマートフォン

“Two Top” models  
recording brisk sales

#### Network

docomo LTE X

Xi LTE coverage  
expanding steadily

#### Services

ドコモクラウド

“dmarket” and other  
new services  
off to a good start

Reinforcement of management foundation through structural reform

# “Two Top” Models: Sales Performance

Both models recording brisk sales:

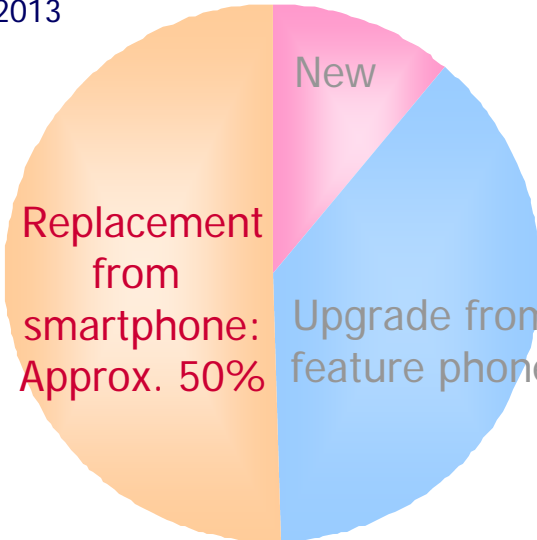
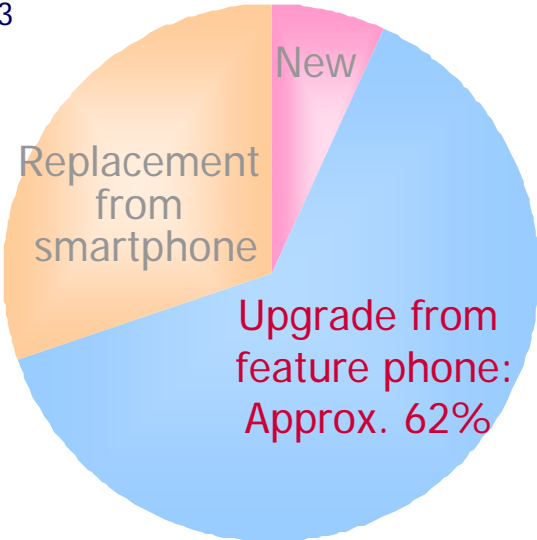
- XPERIA A facilitating upgrade from feature phones
- GALAXY S4 stimulating replacement from smartphones

XPERIA A™ SO-04E

GALAXY S4 SC-04E

Approx. 1.1 million units  
after release on May 17, 2013

Approx. 550,000 units  
after release on May 23, 2013



Market share ranking of mobile phones sold at mass retailers (by GfK Japan)\*:

Of the total 10 week after release,  
**No. 1 for 9 weeks**  
 ( 6 weeks from May 13 – Jun. 23, 2013, & 3 weeks from July 1- 21 )

\*Market share ranking calculated by the number of models sold in a week based on a survey of cumulative number of mobile handsets sold at major mass retailers across Japan by GfK Japan

# Effects of “Two Top” Strategy

Encourage subscriber migration to smartphones through improved customer satisfaction

## *Improved customer satisfaction*

- ◆ Easy-to-understand, and easy-to-choose
- ◆ Compelling models catered to user requirements
- ◆ Affordable prices

## *“Two Top” effects*

- ◆ Migrations to smartphone\*: **Up 23%**
- ◆ Port-out of feature phone users\*: **Down 32%**
- ◆ Shortened staff response time, customer wait time
- ◆ Lower procurement costs

\* Comparison for the periods before (May 1-16, 2013) and after (Jun. 1-16, 2013) the release of “Two Top” models

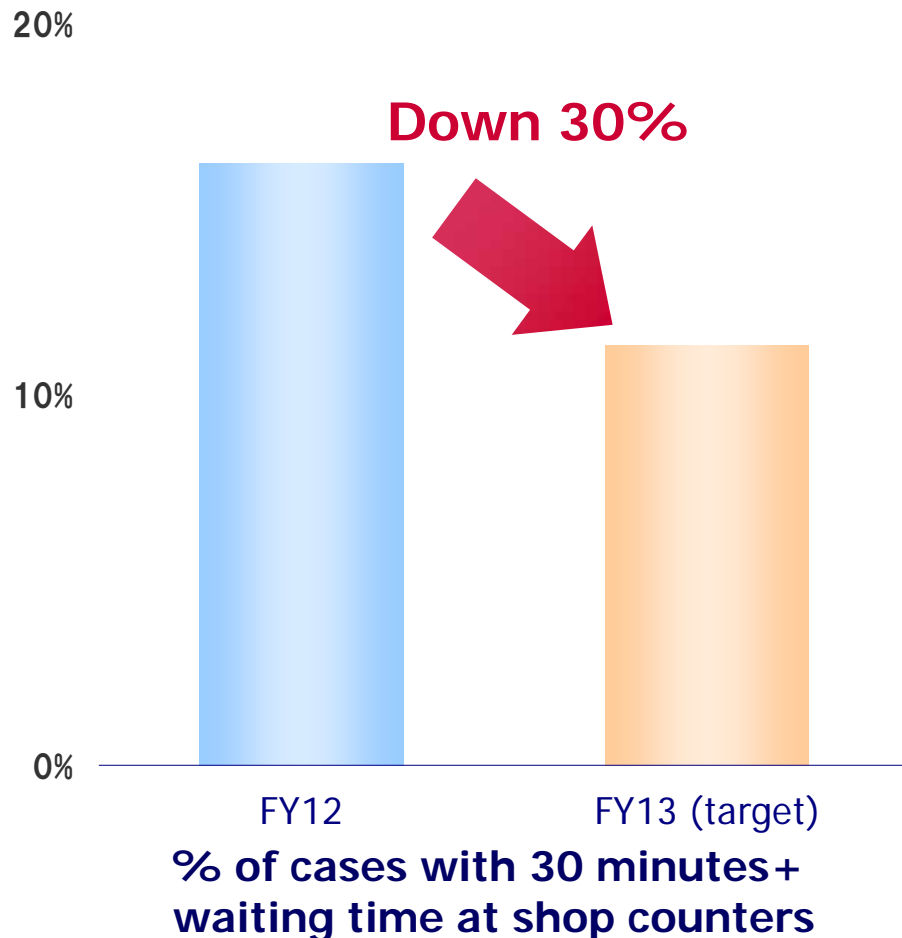
# Stepped-Up Promotional Measures

Strengthen promotional measures for both expansion of smartphone user base and acquisition of new subscriptions



# Efficiency Improvement of Shop Counter Operations

Improve efficiency of shop counter operations and strengthen online customer service to reduce customer waiting time



## Improve shop counter operations

- Improve acceptance efficiency through the use of tablet devices
- Simplify handset replacement procedures\*

Tablet-based acceptance system



\* For customers in a hurry or upon request

## Strengthen online customer service

- "Sumaho Onayami Support Menu"  
(Online trouble-shooting portal for smartphone)  
**Visitors: 7.24 million/month**
- "Smartphone Anshin Remote Support"  
**Subscriptions: 3.63 million**
- Online handset repair acceptance

(Started July 24, 2013)

\* Numbers are as of Jun. 30, 2013

# Xi LTE Service: "Strong." Campaign

- Steadily increased deployment of Xi base stations
- 150Mbps service, fastest in Japan, planned for launch

## Double no. of Xi LTE base stations (planned)

Mar. 31, 2014 (planned):  
**50,000**

June 2013:  
**Approx. 30,000**

March 2013:  
**24,400**

## 75Mbps-enabled base stations

Sept. 30, 2013 (planned):  
**25,000**

June 2013:  
**17,300**

March 2013:  
**6,800**

## 112.5 Mbps service areas

Sept. 30, 2013 (planned):  
**150 cities**

June 2013:  
**130 cities**

March 2013:  
**33 cities**

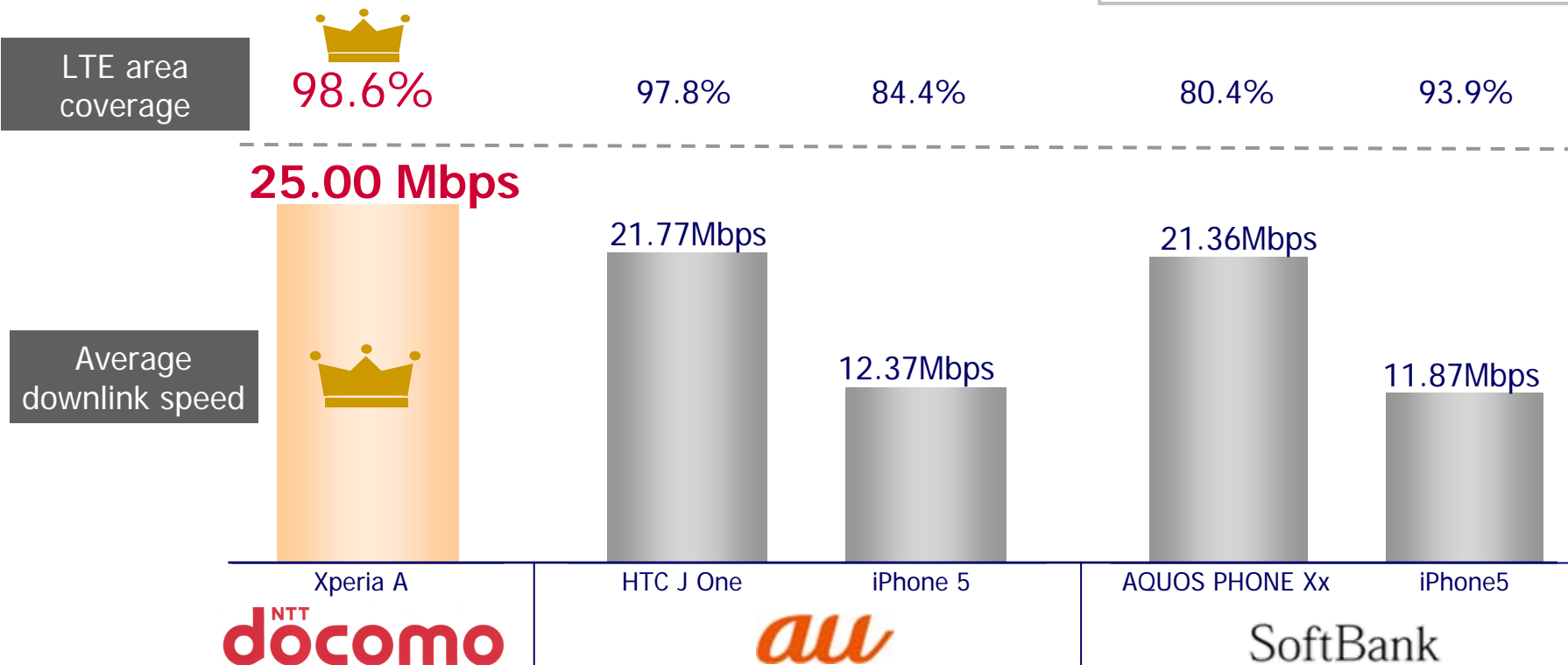
- **150Mbps** service planned for launch in late October 2013\*
- Service areas to be expanded progressively thereafter



# Third-Party LTE Quality Survey Results

DOCOMO ranked **No. 1** in both coverage and speed in a survey covering record-high 2,147 points

Nikkei BP Consulting  
"2nd Nationwide LTE/4G Area Survey"



- ◆ DOCOMO has the most extensive coverage of high-rise buildings, observatories
- ◆ Only DOCOMO provides LTE coverage in all five World Heritage sites around Mt. Fuji/Miho-no-Matstubara

Results of a large-scale LTE area survey covering record-high 1,793 locations (total 2,147 survey points) nationwide (by Nikkei BP Consulting)  
 \* Survey period: Jun. 26-Jul. 15, 2013 \* Area coverage: The percentage of locations where LTE connection was provided among the total 2,147 points surveyed  
 \* Average downlink speed: The average download speed of each model at locations where LTE data connection was established.  
 Transmission speed measurements were performed using the "RBB TODAY SPEED TEST" application.

# LTE Coverage in Mt. Fuji Area

Commenced LTE service in Mt. Fuji area (from July 11, 2013)

Only DOCOMO provides LTE connections at Mt. Fuji summit and all four climbing paths to summit\*

<LTE service areas>

- Mt. Fuji summit
- Yoshida-guchi trail (Trail entrance, climbing path & mountainside cabins)
- Subashiri-guchi trail (Trail entrance, climbing path & mountainside cabins)
- Gotenba-guchi trail (Trail entrance, climbing path & mountainside cabins)
- Fujinomiya-guchi trail (Trail entrance, climbing path & mountainside cabins)

# “dmarket”: Updates

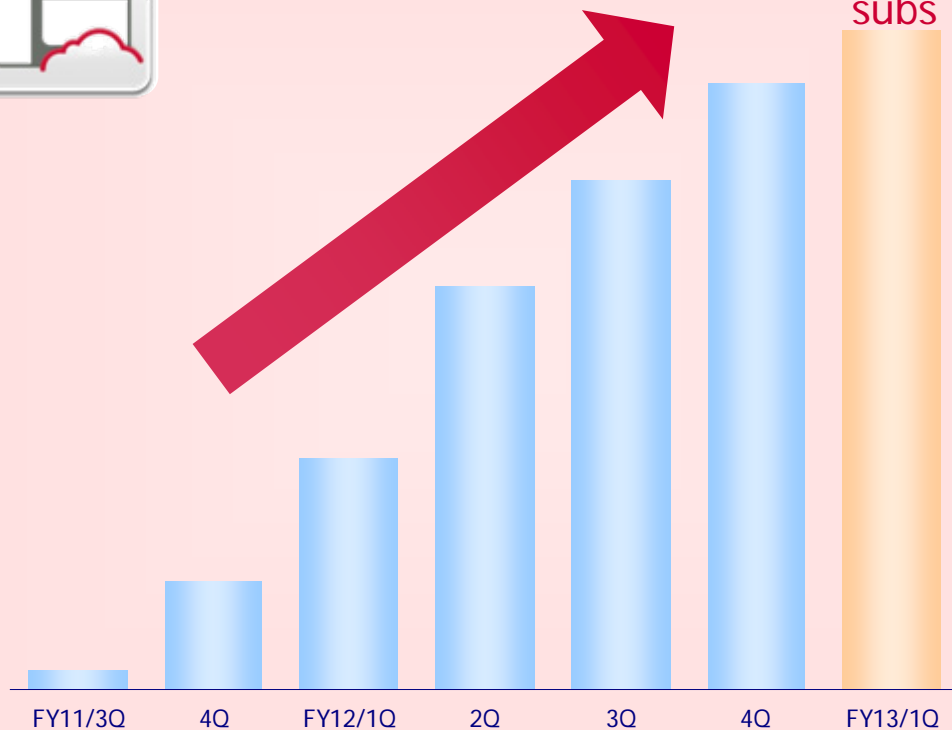
Combined subscriptions to “dmarket” (3 stores) approaching 7 million

Total “dmarket” transactions: **¥12.7 billion**  
(Up 3.1-fold year-on-year)



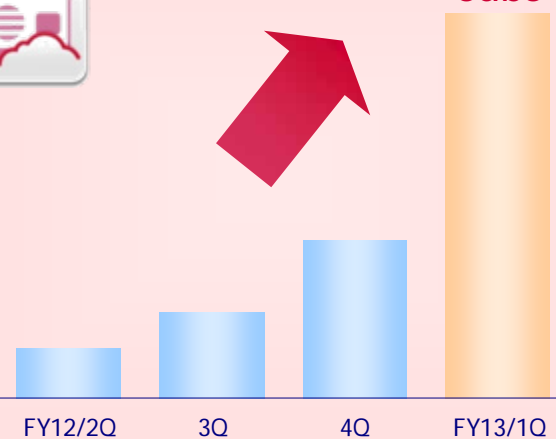
“dvideo”

4.46 million subs



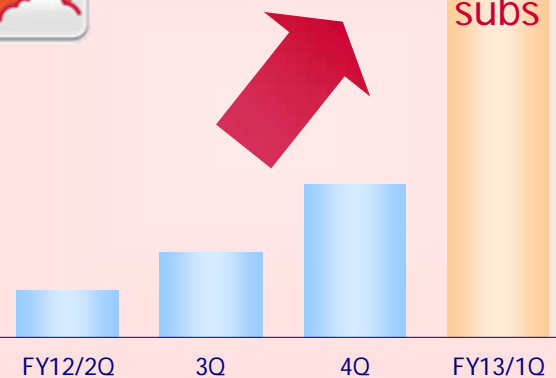
“dhits”

1.25 million subs



“danime store”

810,000 subs



# Other Services: Updates

Steadily increased variety of smartphone-enabled services

## “docomo Service Pack”

### “Osusume Pack”

In 70 days after launch:  
**1.1 million subs**

### “Anshin Pack”

In 70 days after launch:  
**1.8 million subs**



After launch in April 2012:  
**1.3 million subs**

### “Karada-no-kimochi”

(Health service targeting women)

In 50 days after launch:  
**130,000 subs**

# Future Action Plans

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Boost DOCOMO's competitiveness even further

Devices ドコモ スマートフォン

**Further satisfaction improvement**

- Pursue greater comfort
- 3-day handset use without battery recharge

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Network docomo LTE 

**Fastest and robust network**

- Xi LTE: "Strong."
- 150Mbps service launch

•••

Services ドコモクラウド 

**Further expansion of "dmarket"**

- Travel
- Fashion
- Learning/Education

•••

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# Become a Smart Life Partner

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Assist customers with their everyday needs

- Established Smart-life Business Division (July 1, 2013) to step up actions

## Bring Smart Life into reality

- Convenience/ fulfillment/efficiency
- Enjoyment/pleasure
- Safety/security

*Customer*



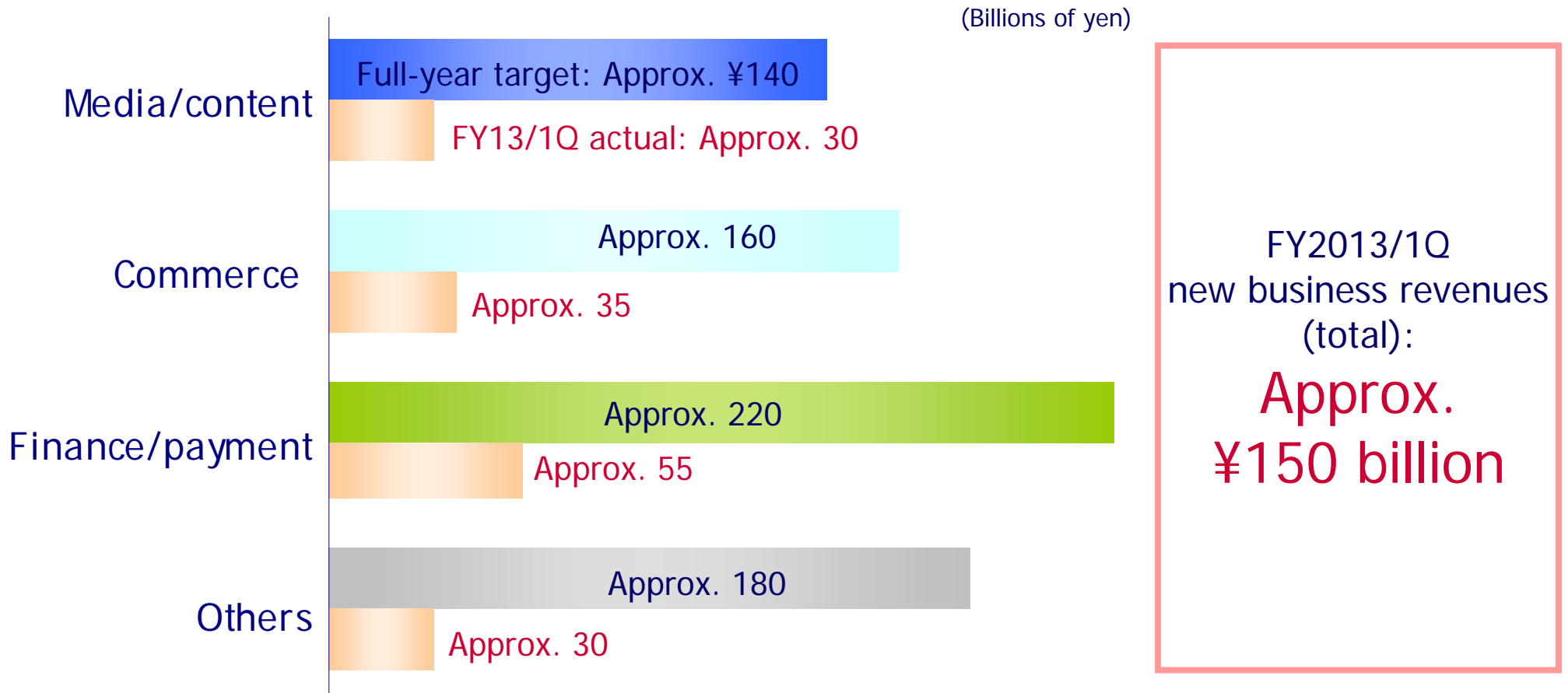
## Become a Smart Life Partner

- **Media/content**
  - **Commerce**
  - **Finance/payment others**
- (Total 8 business areas)**

*Smartphone*

# New Business Revenues: Progress

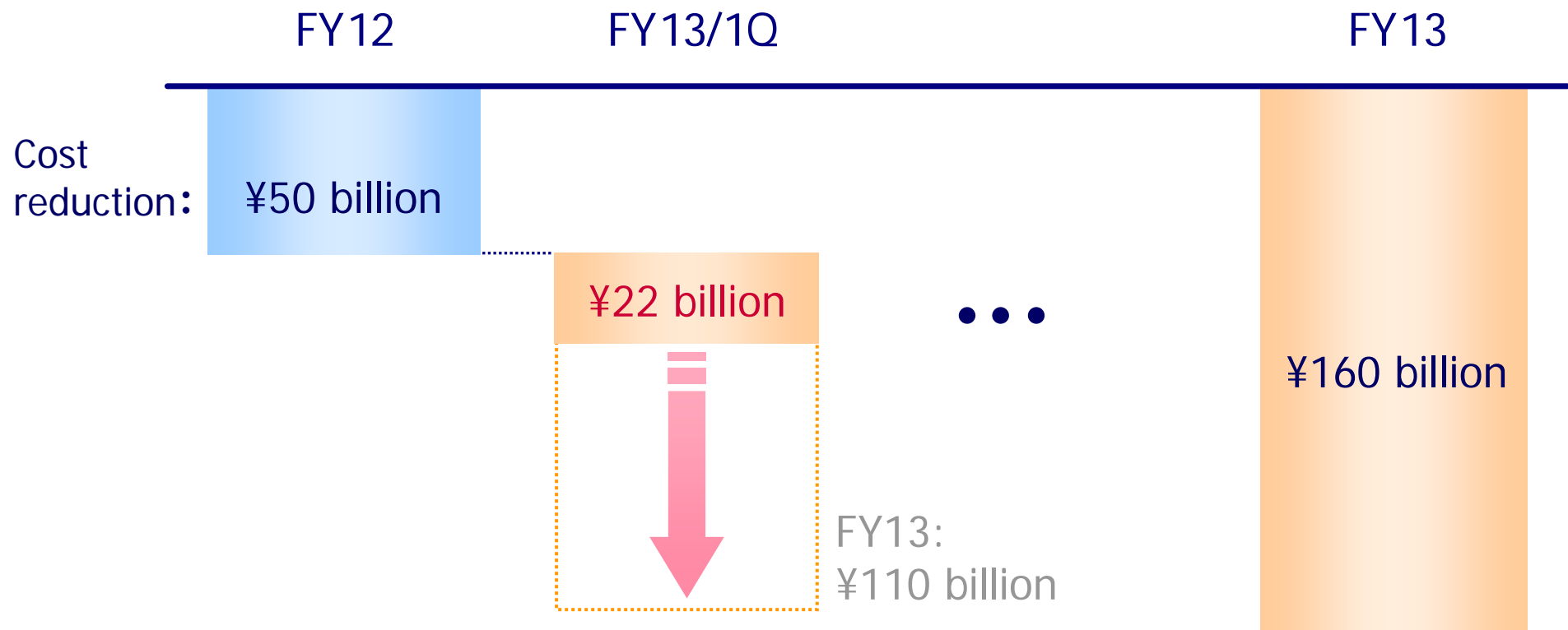
Revenues from new business domains growing steadily toward full-year target of ¥700 billion





# Reinforcement of Management Foundation

Structural reform programs showing favorable progress



\*Cost reduction compared to the level of FY2011

# Sweeping Review of Business Operations

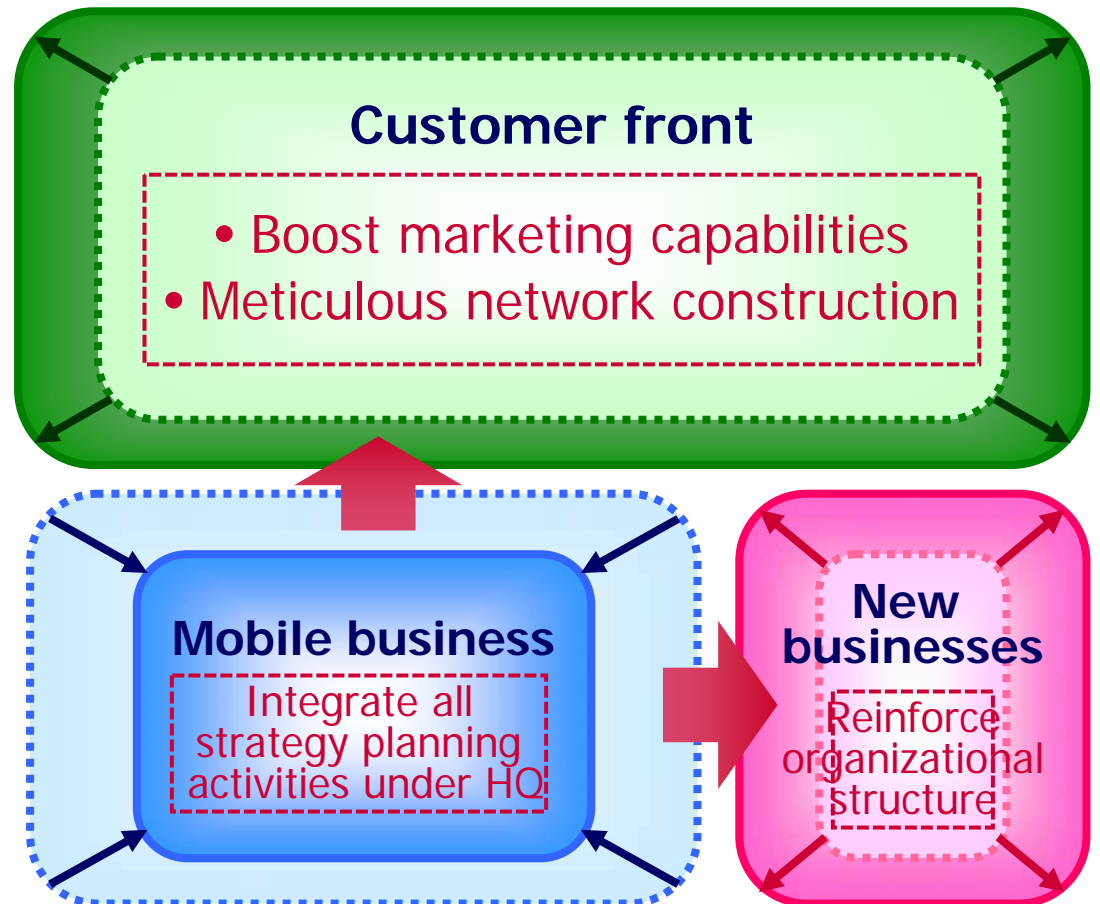
- Established Structural Reform Office (July 1, 2013)
- Drastic shift of managerial resources

## Objectives

Reinforce customer front to boost both consumer & enterprise marketing capabilities

Review HQ responsibilities to speed up strategy development

Radical shift of human resources to new business domains



## Before Closing...

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1. “Two Top” strategy delivered tangible results, successfully expanding the smartphone user base.
2. Packet revenues recorded steadfast growth. “dmarket” and other new business revenues increasing at a quick pace.
3. Strengthen promotional measures with the aim of improving net adds performance.
4. Got off to a good start toward full-year operating income target of ¥840 billion, both in terms of expanding revenue sources and cost reduction

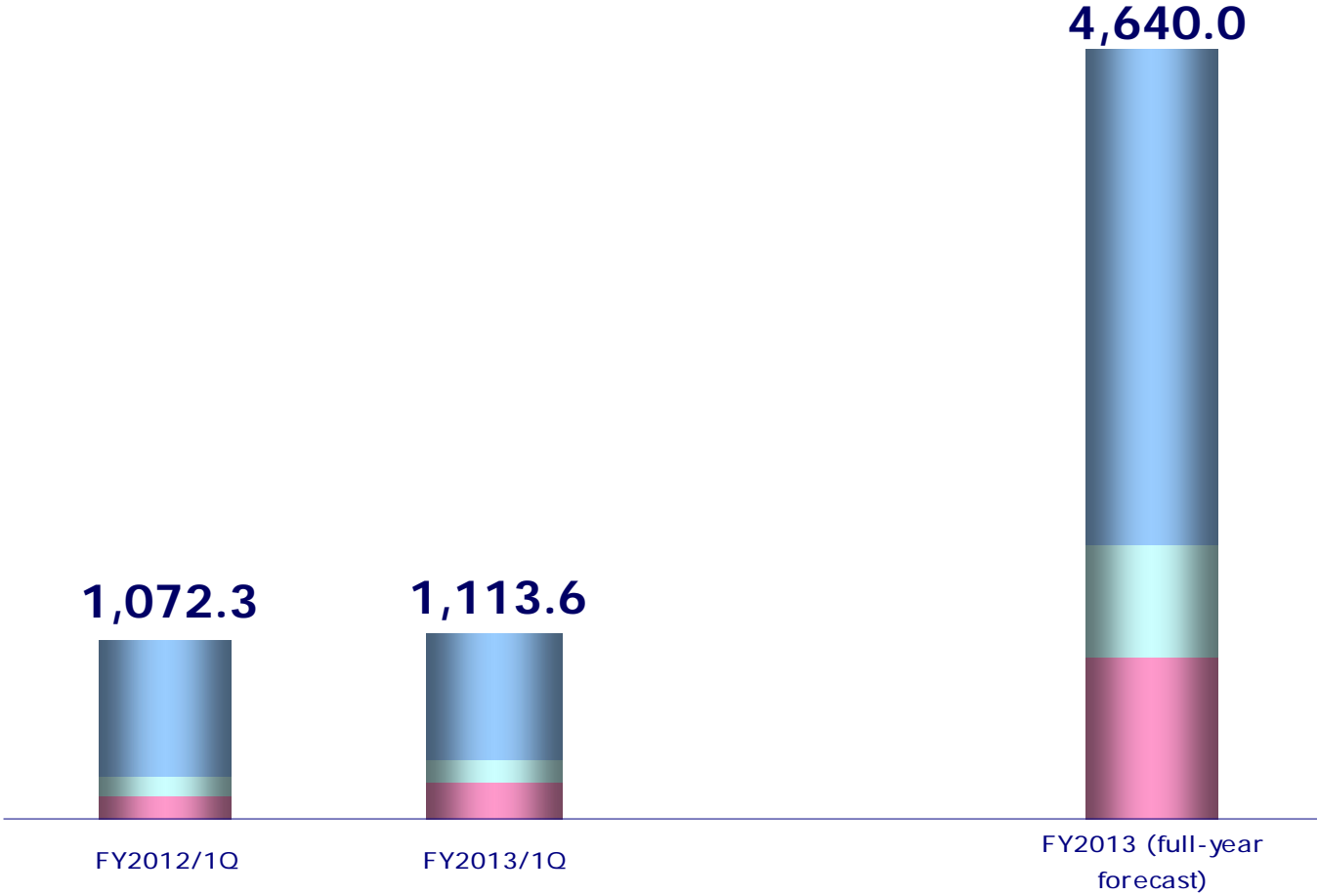
**NTT**  
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# Appendices

# Operating Revenues

U.S.  
GAAP

(Billions of yen)



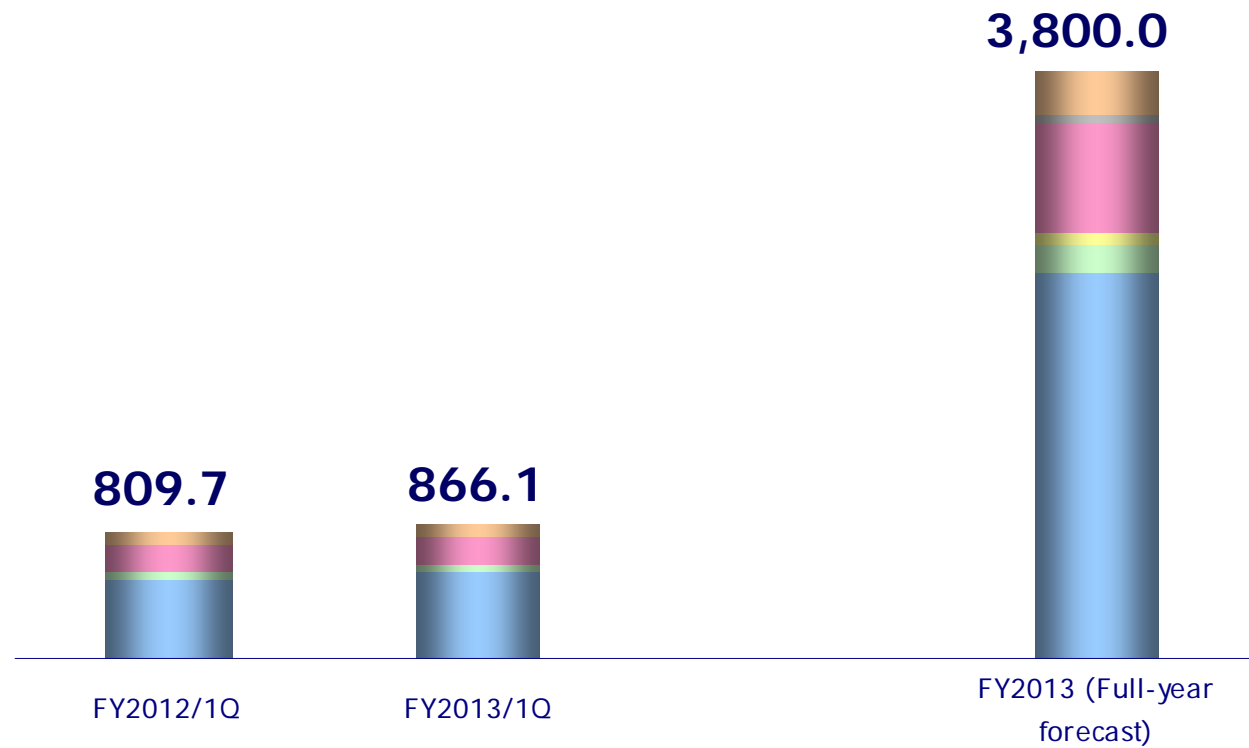
	FY2012/1Q	FY2013/1Q	FY2013 (full-year forecast)
■ Mobile communications services revenues	809.5	749.9	2,990.0
■ Other operating revenues	114.0	151.2	664.0
■ Equipment sales revenues	148.8	212.5	986.0

◆ "International services revenues" are included in "Mobile communications services revenues"

# Operating Expenses

(Billions of yen)

U.S.  
GAAP



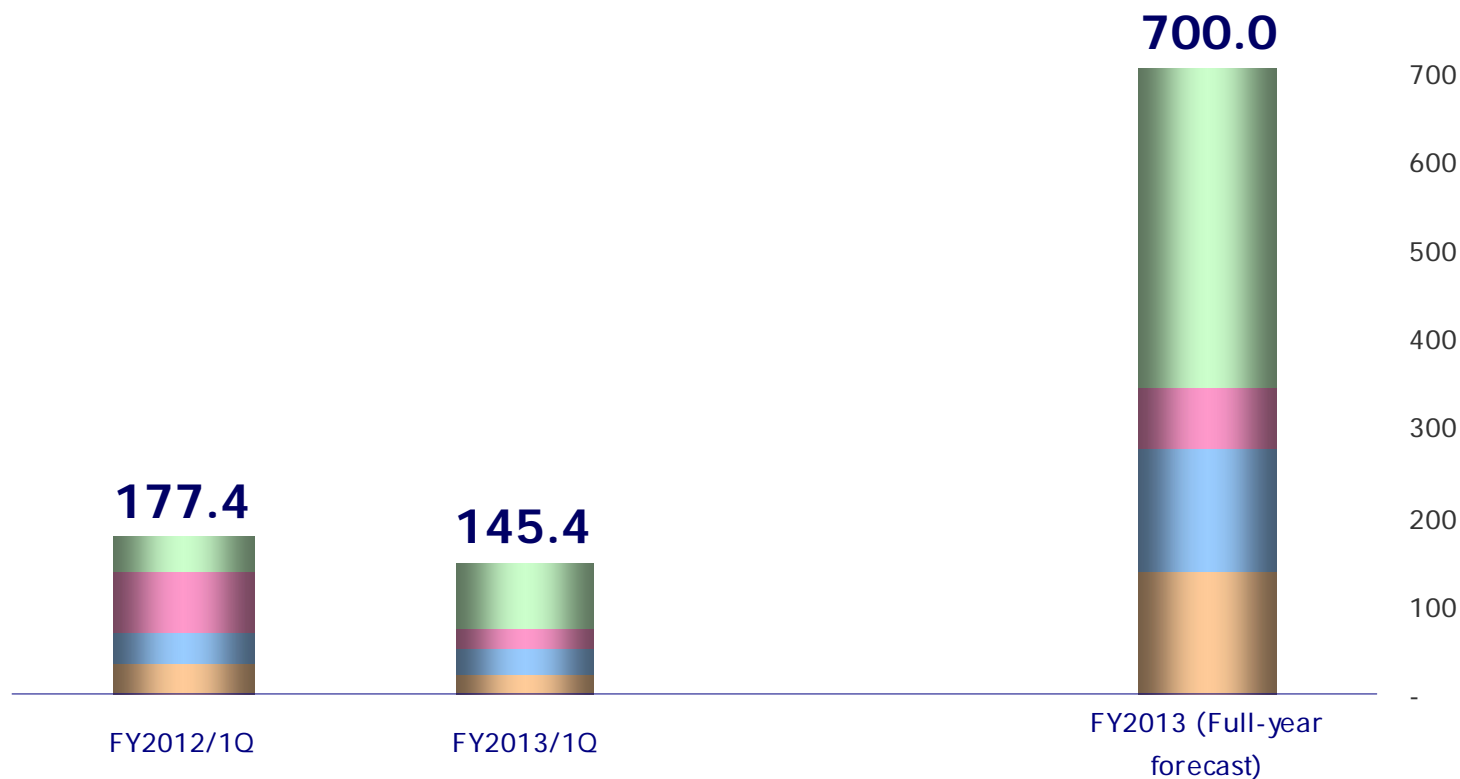
Category	FY2012/1Q	FY2013/1Q	FY2013 (Full-year forecast)
Personnel expenses	71.8	72.0	292.0
Taxes and public duties	9.8	10.0	38.0
Depreciation and amortization	157.5	166.6	725.0
Loss on disposal of property, plant and equipment and intangible assets	9.7	14.1	60.0
Communication network charges	54.4	53.1	185.0
Non-personnel expenses	506.5	550.3	2,500.0
(Incl) Revenue-linked expenses	263.7	292.8	1,349.0
(Incl) Other non-personnel expenses	242.8	257.5	1,151.0

\*Revenue linked expenses: Cost of equipment sold + commissions to agent resellers + loyalty program expenses

# Capital Expenditures

U.S.  
GAAP

(Billions of yen)



	FY2012/1Q	FY2013/1Q	FY2013 (Full-year forecast)
■ Mobile phone business (LTE)	40.3	72.3	356.0
■ Mobile phone business (FOMA)	66.5	21.8	70.0
■ Mobile phone business (other)	38.1	32.0	139.0
■ Other (information systems, etc)	32.5	19.4	136.0



# Operational Results and Forecasts

			FY2012/1Q (1)	FY2013/1Q (2)	Changes (1) → (2)	FY2013 Full-year forecast	
Cellular phone	Number of subscriptions (thousands)		60,396	61,623	1,228	63,390	
	FOMA		57,079	47,425	-9,654	38,090	
	Xi		3,317	14,198	10,882	25,300	
	i-mode		40,336	30,689	-9,647	24,030	
	sp-mode		11,469	19,921	8,452	27,160	
	Communication module service		2,457	3,204	747	3,690	
	Net additional subscriptions (thousands)		266	87	-179	1,850	
	Handsets sold (thousands)  (Including handsets sold without involving sales by DOCOMO)	Total handsets sold		5,167	5,393	226	-
		Xi	New Xi subscription	464	860	396	-
			Change of subscription from FOMA	686	2,021	1,336	-
			Xi handset upgrade by Xi subscribers	48	396	348	-
		FOMA	New FOMA subscription	1,140	815	-325	-
			Change of subscription from Xi	4	16	12	-
			FOMA handset upgrade by FOMA subscribers	2,826	1,284	-1,542	-
	Churn rate (%)		0.74	0.86	0.12	-	
	Aggregate ARPU (yen)		4,930	4,610	-320	4,570	
	Voice ARPU (yen)		1,900	1,470	-430	1,340	
	Packet ARPU (yen)		2,660	2,680	20	2,720	
	Smart ARPU (yen)		370	460	90	510	
	MOU (minutes)		119	109	-10	-	

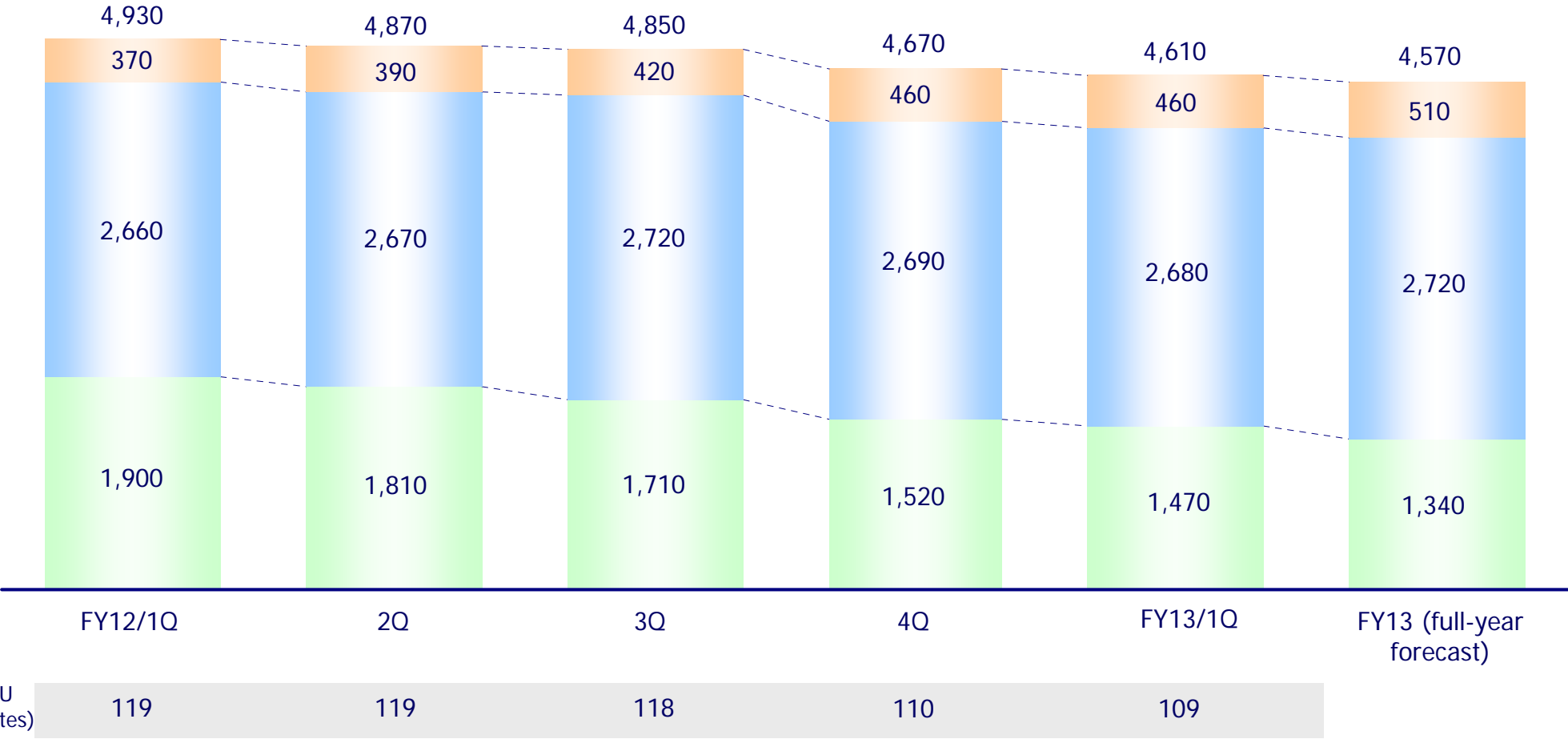
# Principal Services: Miscellaneous Data

	FY2012/4Q (1)	FY2013/1Q (2)	Changes (1) → (2)
<b>dmarket</b>			
dvideo subscriptions (Millions)	4.13	4.46	0.33
dhits subscriptions (Millions)	0.52	1.25	0.73
danime store subscriptions (Millions)	0.34	0.81	0.47
dmusic cumulative downloads (Millions)	20.85	23.72	2.87
dbook cumulative downloads (Millions)	136.13	151.36	15.23
<b>docomo Service Pack</b>			
Osusume Pack subscriptions (Millions)	—	0.84	—
Anshin Pack subscriptions (Millions)	—	1.36	—
<b>Other new businesses</b>			
Karada-no-komochi subs (Millions)	—	0.06	—
NOTTV subscriptions (Millions)	0.68	1.22	0.54

# Aggregate ARPU/MOU

■ : Voice ARPU   
 ■ : Packet ARPU   
 ■ : Smart ARPU

(Yen)

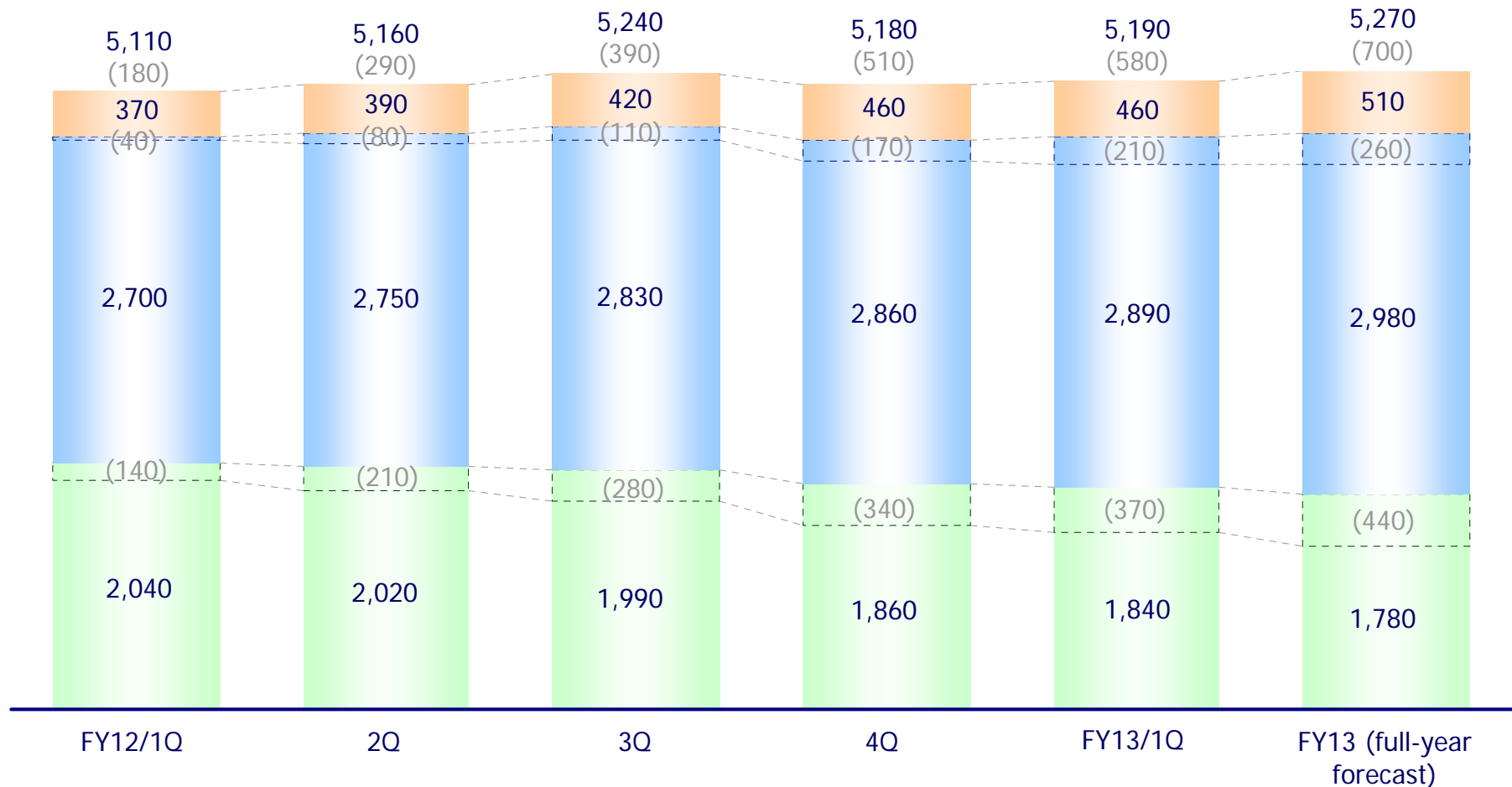


◆ ARPU data contained in this document are calculated based on the new ARPU definition  
 ◆ For an explanation regarding the definition and calculation methods of ARPU and MOU, please see slide "Definition and Calculation Methods of ARPU and MOU" in this document

# Aggregate ARPU (Exclusive of "Monthly Support" Impact)

(Yen)

■ : Voice ARPU (Excl. "Monthly Support" impact)   
 ■ : Packet ARPU (Excl. "Monthly Support" impact)   
 ■ : Smart ARPU  
 : "Monthly Support" impact on voice ARPU   
 : "Monthly Support" impact on packet ARPU



\* Numbers in parentheses indicate impact of "Monthly Support" discounts

- ◆ Smart ARPU is not impacted by "Monthly Support" discounts
- ◆ ARPU data contained in this document are calculated based on the new ARPU definition
- ◆ For an explanation of ARPU, please see slide "Definition and Calculation Methods of ARPU and MOU " in this document

# Definition and Calculation Methods of ARPU and MOU

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## i. Definition of ARPU and MOU

### a. ARPU (Average monthly Revenue Per Unit):

Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to designated services on a per subscription basis. ARPU is calculated by dividing various revenue items included in operating revenues from our mobile communications services and a part of other operating revenues by the number of active subscriptions to our wireless services in the relevant periods. We believe that our ARPU figures provide useful information to analyze the average usage per subscription 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.

b. MOU (Minutes of Use): Average monthly communication time per subscription.

## ii. ARPU Calculation Methods

**Aggregate ARPU = Voice ARPU + Packet ARPU + Smart ARPU**

- Voice ARPU: Voice ARPU Related Revenues (basic monthly charges, voice communication charges)  
/ No. of active subscriptions

- Packet ARPU: Packet ARPU Related Revenues (basic monthly charges, packet communication charges)  
/ No. of active subscriptions

- Smart ARPU: A part of other operating revenues (revenues from content services, proxy bill collection commissions, mobile phone insurance service, advertising and others) / No. of active subscriptions

## iii. Active Subscriptions Calculation Methods

Sum of No. of active subscriptions for each month ((No. of subscriptions at the end of previous month + No. of subscriptions at the end of current month) / 2) during the relevant period

**Note:** Subscriptions and revenues for communication module services, "Phone Number Storage" and "Mail Address Storage" services are not included in the ARPU and MOU calculations.

# Reconciliation of the Disclosed Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

## i. EBITDA and EBITDA margin

	Billions of yen	
	Three months ended June 30, 2012	Three months ended June 30, 2013
a. EBITDA	¥ 425.1	¥420.4
Depreciation and amortization	(157.5)	(166.6)
Loss on sale or disposal of property, plant and equipment	(5.0)	(6.3)
Operating income	262.6	247.5
Other income (expense)	2.2	5.0
Income taxes	(102.0)	(96.3)
Equity in net income (losses) of affiliates	(0.8)	0.5
Less: Net (income) loss attributable to noncontrolling interests	2.4	1.4
b. Net income attributable to NTT DOCOMO, INC.	164.3	158.0
c. Operating revenues	1,072.3	1,113.6
EBITDA margin (=a/c)	39.6%	37.8%
Net income margin (=b/c)	15.3%	14.2%

Note: EBITDA and EBITDA margin, as we use them, are different from EBITDA as used in Item 10(c) of regulation S-K and may not be comparable to similarly titled measures used by other companies.

## ii. Free cash flows excluding irregular factors and effect by transfer of receivables and changes in investments for cash management purposes

	Billions of yen	
	Three months ended June 30, 2012	Three months ended June 30, 2013
"Free cash flows excluding irregular factors and effect by transfer of receivables and changes in investments for cash management purposes"	(¥ 30.1)	¥ 16.8
Irregular factors (1)	(13.0)	-
Changes in investments for cash management purposes(3)	159.9	17.4
Free cash flows	116.8	34.2
Net cash used in investing activities	(56.9)	(207.4)
Net cash provided by operating activities	173.7	241.6

Note: (1) Irregular factors represent the effects of uncollected revenues due to a bank closure at the end of the fiscal period.

(2) Changes in investments for cash management purposes were derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.



**NTT**  
**docomo**

# Special Note Regarding Forward-Looking Statements

This presentation contains forward-looking statements such as forecasts of results of operations, management strategies, objectives and plans, forecasts of operational data such as the expected number of subscription, and the expected dividend payments. All forward-looking statements that are not historical facts are based on management's current plans, expectations, assumptions and estimates based on the information currently available. Some of the projected numbers in this earnings release 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. Potential risks and uncertainties include, without limitation, the following:

- (1) Changes in the market environment in the telecommunications industry, such as intensifying competition from other businesses or other technologies caused by Mobile Number Portability, development of appealing new handsets, new market entrants, mergers among other service providers and other factors, or the expansion of the areas of competition could limit the acquisition of new subscriptions and retention of existing subscriptions by our corporate group or it may lead to ARPU diminishing at a greater than expected rate, an increase in our costs or an inability to reduce expenses as expected.
- (2) If current and new services, usage patterns, and sales schemes proposed and introduced by our corporate group cannot be developed as planned, or if unanticipated expenses arise the financial condition of our corporate group could be affected and our growth could be limited.
- (3) The introduction or change of various laws or regulations inside and outside of Japan, or the application of such laws and regulations to our corporate group could restrict our business operations, which may adversely affect our financial condition and results of operations.
- (4) Limitations in the amount of frequency spectrum or facilities made available to us could negatively affect our ability to maintain and improve our service quality and level of customer satisfaction and could increase our costs.
- (5) Other mobile service providers in the world may not adopt the technologies and the frequency bands that are compatible with those used by our corporate group's mobile communications system on a continuing basis, which could affect our ability to sufficiently offer international services.
- (6) Our domestic and international investments, alliances and collaborations may not produce the returns or provide the opportunities we expect.
- (7) Malfunctions, defects or imperfection in our products and services or those of other parties may give rise to problems.
- (8) Social problems that could be caused by misuse or misunderstanding of our products and services may adversely affect our credibility or corporate image.
- (9) Inadequate handling of confidential business information including personal information by our corporate group, contractors and others, may adversely affect our credibility or corporate image.
- (10) Owners of intellectual property rights that are essential for our business execution may not grant us a license or other use of such intellectual property rights, which may result in our inability to offer certain technologies, products and/or services, and our corporate group may also be held liable for damage compensation if we infringe the intellectual property rights of others. In addition, the illicit use by a third party of the intellectual property rights owned by our corporate group could reduce our license revenues actually obtained and may inhibit our competitive superiority.
- (11) Events and incidents caused by natural disasters, social infrastructure paralysis such as power shortages, proliferation of harmful substances, terror or other destructive acts, the malfunctioning of equipment, software bugs, deliberate incidents induced by computer viruses, cyber attacks, equipment misconfiguration, hacking, unauthorized access and other problems could cause failure in our networks, distribution channels and/or other factors necessary for the provision of service, disrupting our ability to offer services to our subscribers, and such incidents may adversely affect our credibility or corporate image, or lead to a reduction of revenues and/or increase of costs.
- (12) Concerns about adverse health effects arising from wireless telecommunications may spread and consequently adversely affect our financial condition and results of operations.
- (13) Our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), could exercise influence that may not be in the interests of our other shareholders.

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