
FY2016/1-3Q
Results Presentation



January 27, 2017

FY2016/1-3Q (Cumulative) Results Snapshot

YOY increase in both operating revenues/income

◆ Financial data

- Operating revenues: ¥3,469.6 billion (Up 2.5% year-on-year)
- Operating income: ¥842.3 billion (Up 22.9% year-on-year)

◆ Operating income by segment

- Telecommunications business: ¥744.2 billion (Up 20.7% year-on-year)
- Smart life business: ¥58.7 billion (Up 19.7% year-on-year)
- Other businesses: ¥39.5 billion (Up 95.8% year-on-year)

Selected Financial Data

U.S.
GAAP

(Billions of yen)	FY2015/1-3Q Cumulative (1)	FY2016/1-3Q Cumulative (2)	Changes (2) - (1)
Operating revenues	3,383.5	3,469.6	+86.1
Operating expenses	2,698.0	2,627.3	-70.7
Operating income	685.5	842.3	+156.8
(Excluding irregular ^{*1} factors)		(767.3)	(+81.8)
Net income attributable to NTT DOCOMO, INC.	492.4	589.4	+97.0
Capital expenditures	362.5	399.4	+37.0
Adjusted free cash flow ^{*2}	388.3	442.1	+53.8

*1: Excludes the impact on operating income caused by the change in depreciation method, etc. and the impact on operating income caused by "Zutto CarryOver," etc.

*2: Adjusted free cash flow is calculated excluding the effects of 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.

Results by Segment

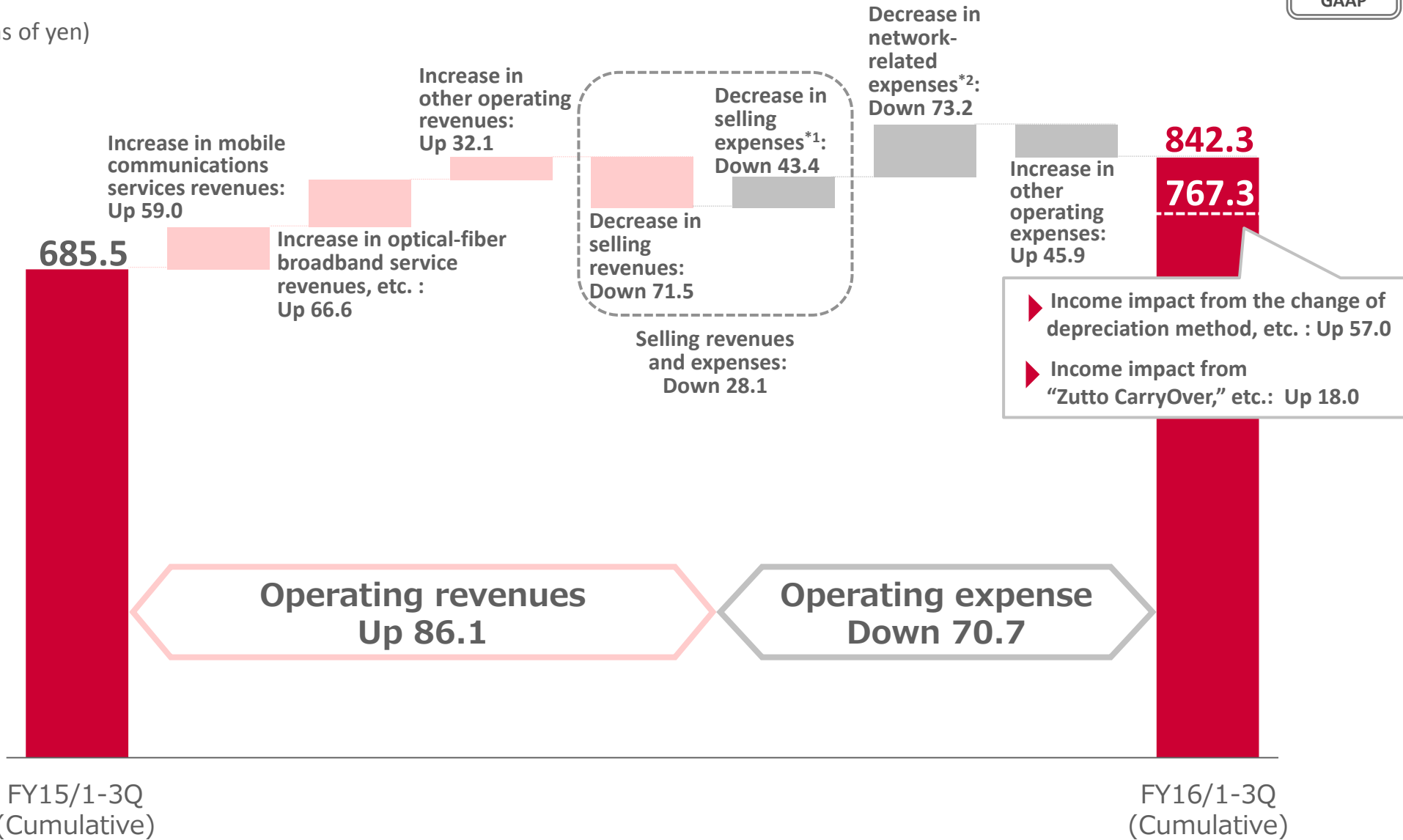
U.S.
GAAP

(Billions of yen)		FY2015/1-3Q Cumulative (1)	FY2016/1-3Q Cumulative (2)	Changes (2) – (1)	
Telecommunications business	Operating revenues	2,762.8	2,814.0	+51.2	
	Operating income	616.3	744.2	+127.8	
Smart life business	Operating revenues	373.8	382.0	+8.1	
	Operating income	49.0	58.7	+9.7	
Other businesses	Operating revenues	265.6	294.9	+29.3	
	Operating income	20.2	39.5	+19.3	
<Ref.> Smart life business and Other businesses		Operating revenues	639.4	676.8	+37.4
		Operating income	69.2	98.2	+29.0

Key Factors behind Changes in Operating Income

U.S. GAAP

(Billions of yen)



*1: Sum of cost of equipment sold and commissions to agent resellers

*2: Sum of depreciation/amortization, loss on disposal of property, plant and equipment and intangible assets, and communication network charges

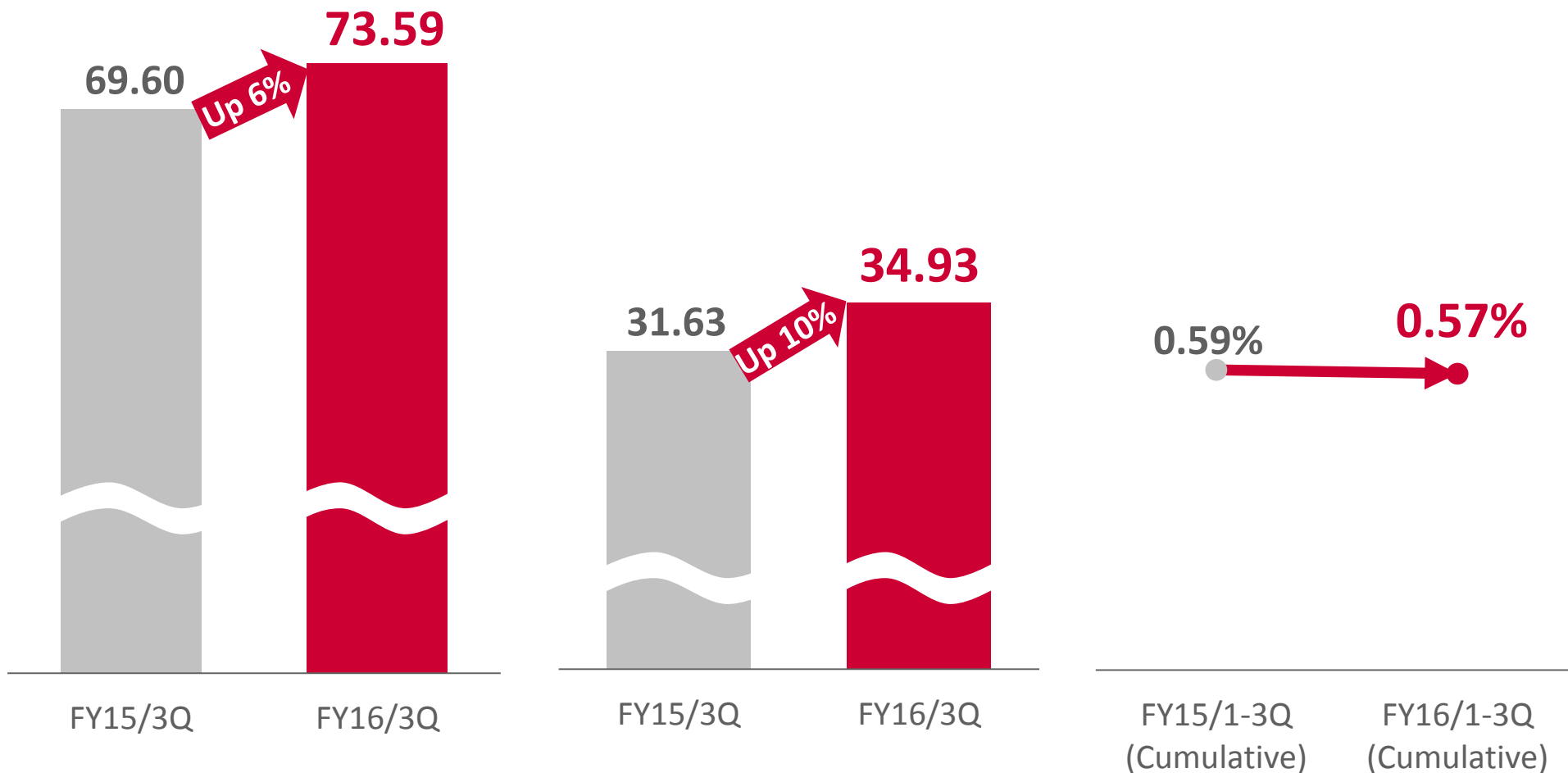
Operational Performance (1)

(Millions subs)

Mobile telecommunications service subscriptions

Total smartphone/tablet users

Churn rate



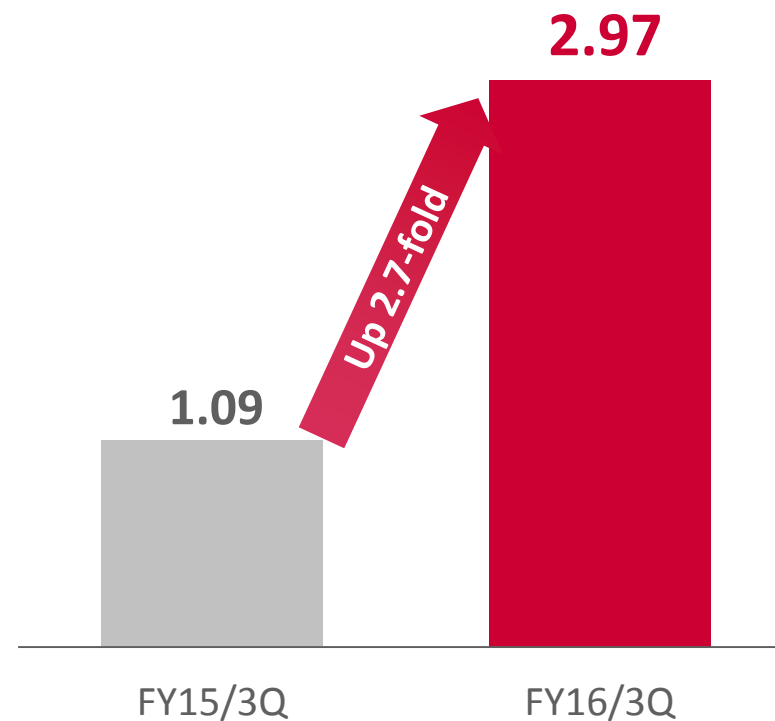
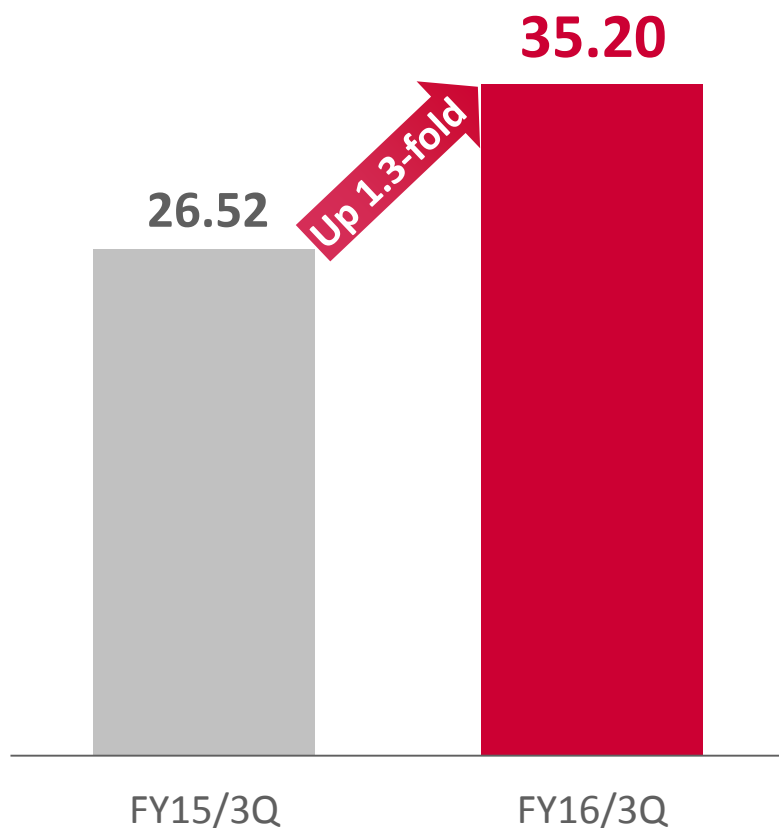
Operational Performance (2)

(Millions subs)

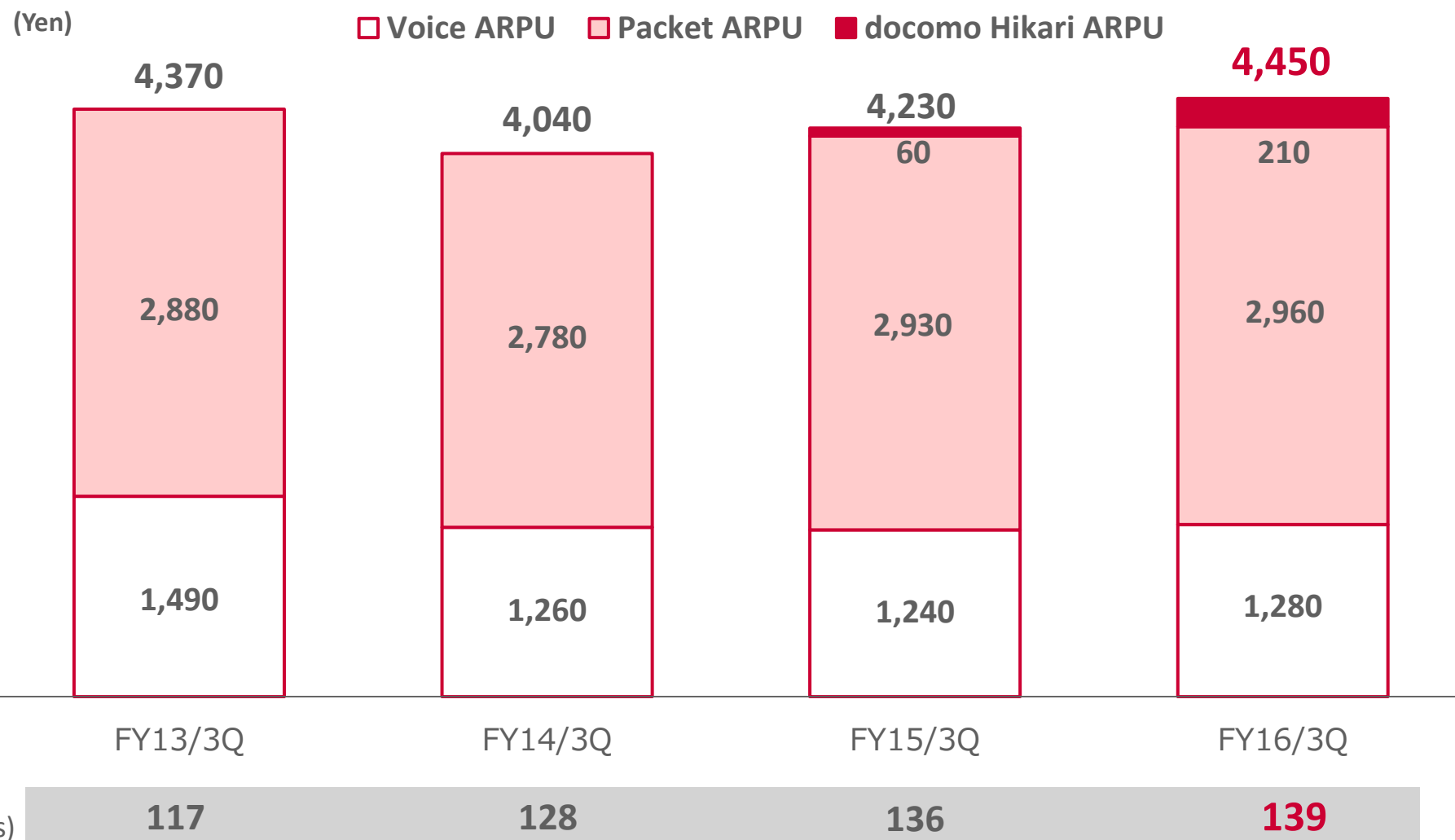
“Kake-hodai & Pake-aeru”
new billing plan subs

“docomo Hikari”
optical-fiber broadband subs

Topped 3 million on Jan. 14, 2017





ARPU/MOU



◆ For an explanation on ARPU and MOU, please see the slide “Definition and Calculation Methods of ARPU and MOU” in this document

“Kake-hodai Light”: Expanded Applicability

“Kake-hodai Light” voice plan can now be combined with any “Share Pack” or “Data Pack”!

“Data Pack”  For individual use	“Ultra Data LL Pack”	○
	“Ultra Data L Pack”	○
	“Data M Pack”	○
	“Data S Pack”	○
“Share Pack”  For sharing with family	“Ultra Share Pack 100”	○
	“Ultra Share Pack 50”	○
	“Ultra Share Pack 15”	○
	“Ultra Share Pack 10”	○
	“Ultra Share Pack 5”	○

NEW

To start accepting applications from Jan. 30, 2017

“Kake-hodai”: ¥2,700

- ¥1,000

“Kake-hodai Light”:
¥1,700

DOCOMO's Student Discount

POINT 1

Discounts on basic monthly charges

Discounts of up to ¥1,500/month^{*1} for one year

* No new mobile phone subscription by family members, subscription to optical-fiber broadband service or purchase of a new handset/device is necessary for application.

POINT 2

“d POINTs”

Gift of 500 points/month to users subscribing to eligible services^{*2}

“dTV” “dmagazine” “dhits” “danime store” “Osusume Pack”

POINT 3

Free coupons

Free coupons once a month^{*3} for use at d POINT participating stores

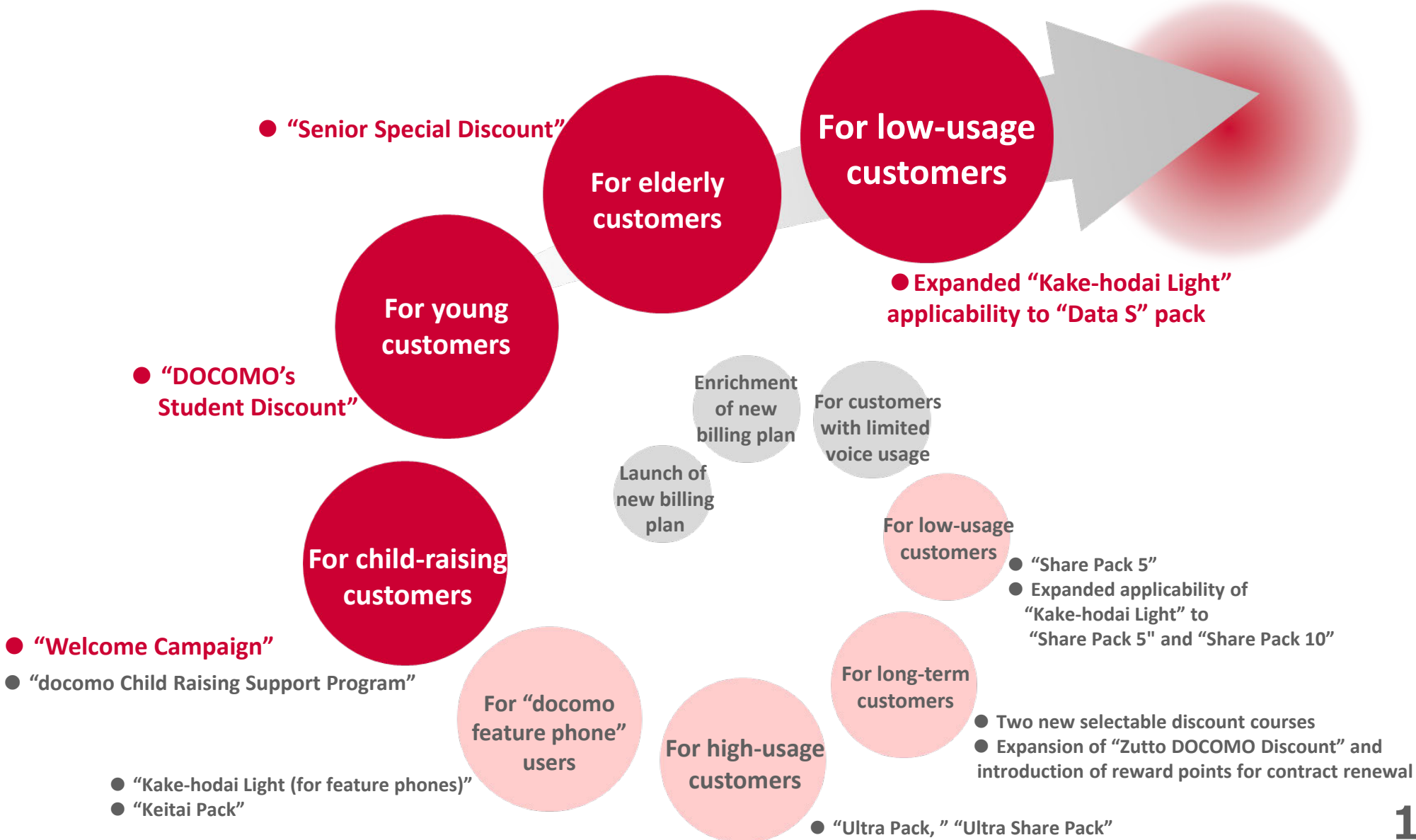
*1 : A discount of up to ¥1,500/month on monthly charge will be provided when “Student Discount” is combined with “U25 Special Discount.” Users who have already signed up to “Kake-hodai & Pake-aeru” plan can receive 1,000 points/month if they subscribe to “Ultra Pack.”

*2 : Giveaway “d POINTs” will be provided on monthly service usage up to July 2017. Eligible services include “dTV”, “dmagazine”, “dhits”, “danime store” and “Osusume Pack.”

*3 : Coupons will be provided for up to four months. Planned to start in March 2017.

Increased Customer Returns

Expanded to 150.0 billion (Over a 12-month period)



LTE Network

Network enhancements toward 5G

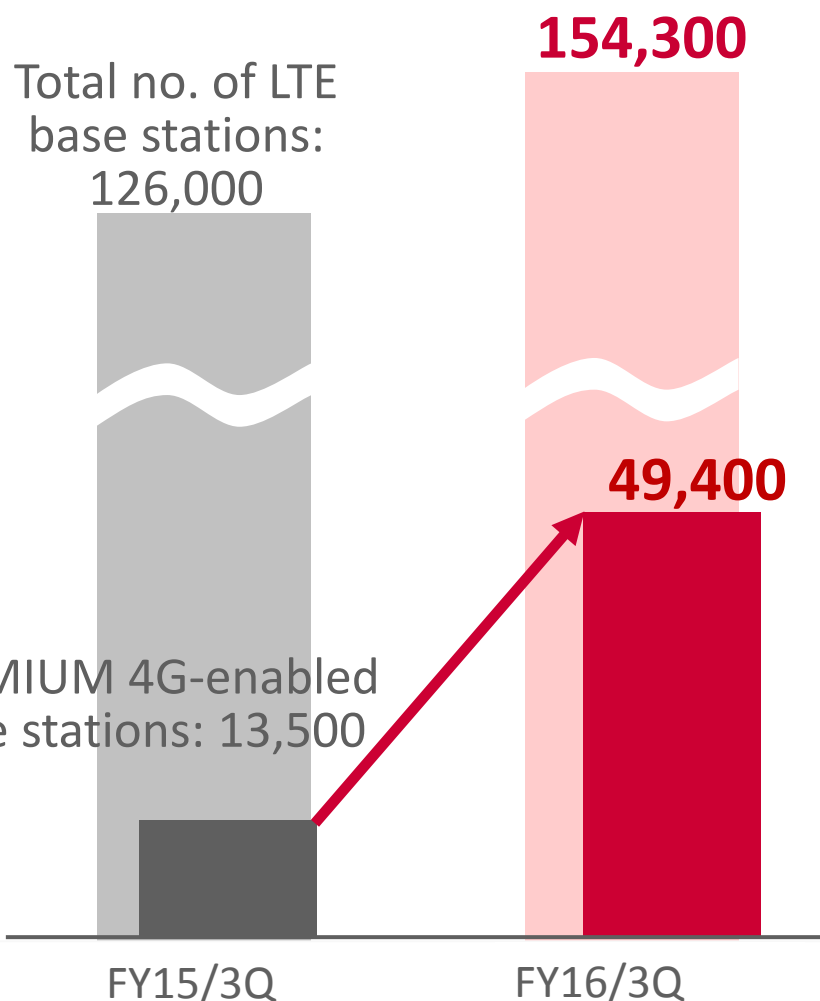
PREMIUM 4G™

370Mbps service using 3.5GHz band:
Expanded to 104 cities across Japan

NEW

New speed enhancement techniques* to deliver
Japan's fastest 500Mbps/682Mbps services

Planned to start in March 2017



*: 256QAM, 4X4 MIMO

◆ The transmission speeds described herein are theoretical maximum downlink rates specified in the technical standard and the actual rate may vary depending on the propagation conditions, etc.

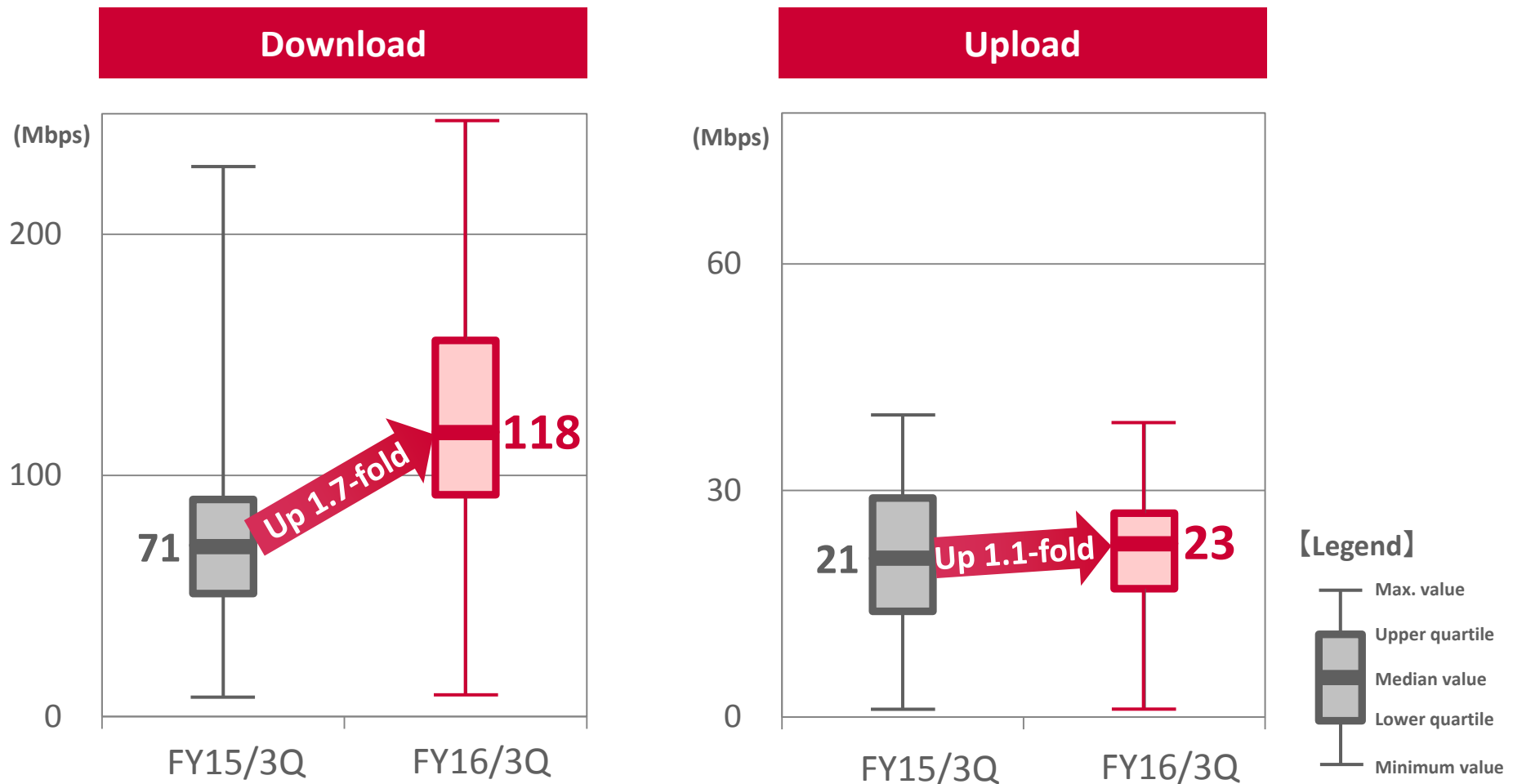
◆ Two frequency bands of 3.5GHz and 1.7GHz are used for the provision of 370Mbps service, which is available in 64 cities nationwide.

(The maximum downlink speed provided in areas other than Tokyo, Nagoya and Osaka is 332.5Mbps, for which the two frequency bands of 3.5GHz and 2GHz are used. The 332.5Mbps service has been rolled out in 40 cities nationwide.)

Effective Speed Measurement Results

Achieved further speed enhancements

(Measurement period) Oct.-Dec. 2016



- ◆ Measurements were performed in accordance with the “Effective Speed Measurement Method of Internet Connection Services Provided by Mobile Telecommunications Carriers” set forth by the Ministry of Internal Affairs and Communications. The values in the graphs represent the aggregated measurement results for Android and iOS devices.
- ◆ For details concerning the measurement method, including the cities where measurement was performed, please see the separately published material.

The World Envisaged by 5G

**High speed/
large capacity**

- Peak rate: **Over 10Gbps**
- System capacity: **1,000 times***



AR/VR



4K/8K
video streaming



Stadium solution



Autonomous driving



Smart city, smart home

Low latency

Transmission latency in
Radio Access Network (RAN):
1ms or less



Remote medical
services



Agricultural ICT

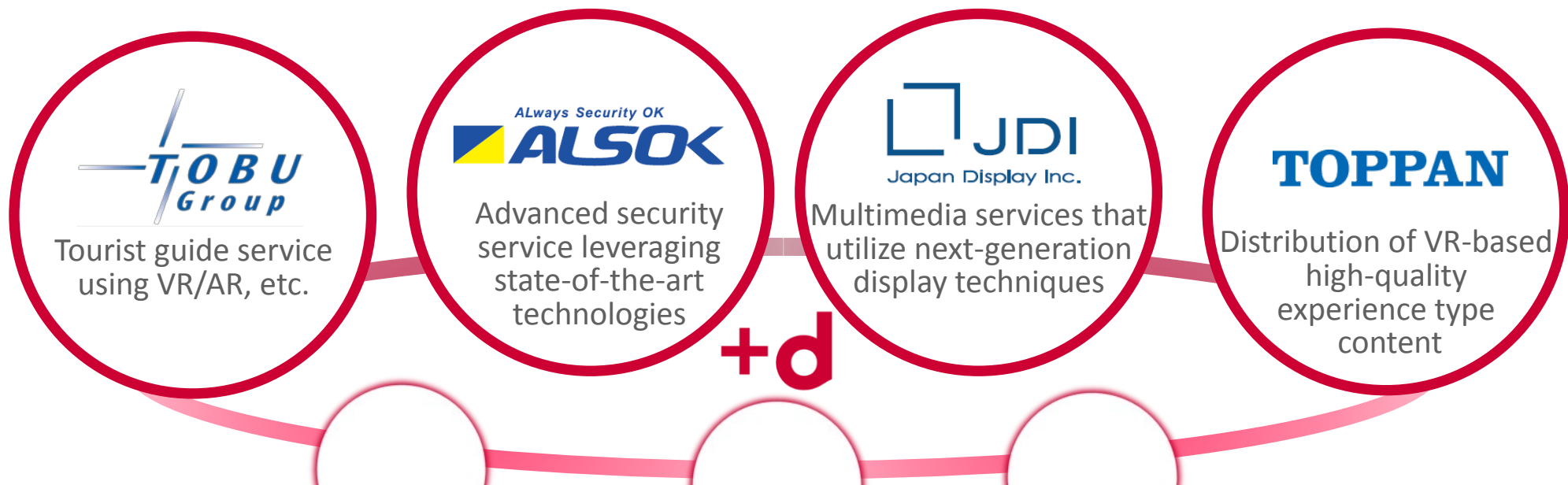
**Connection with
numerous devices**

No. of simultaneously connected
devices: **100 times***

*: Targets compared to the 2010 level. (When compared to 2015, target system capacity is 100 times, and target no. of simultaneously connected devices is 10 times.)

5G Trial Sites

Building an environment to experience new services employing 5G

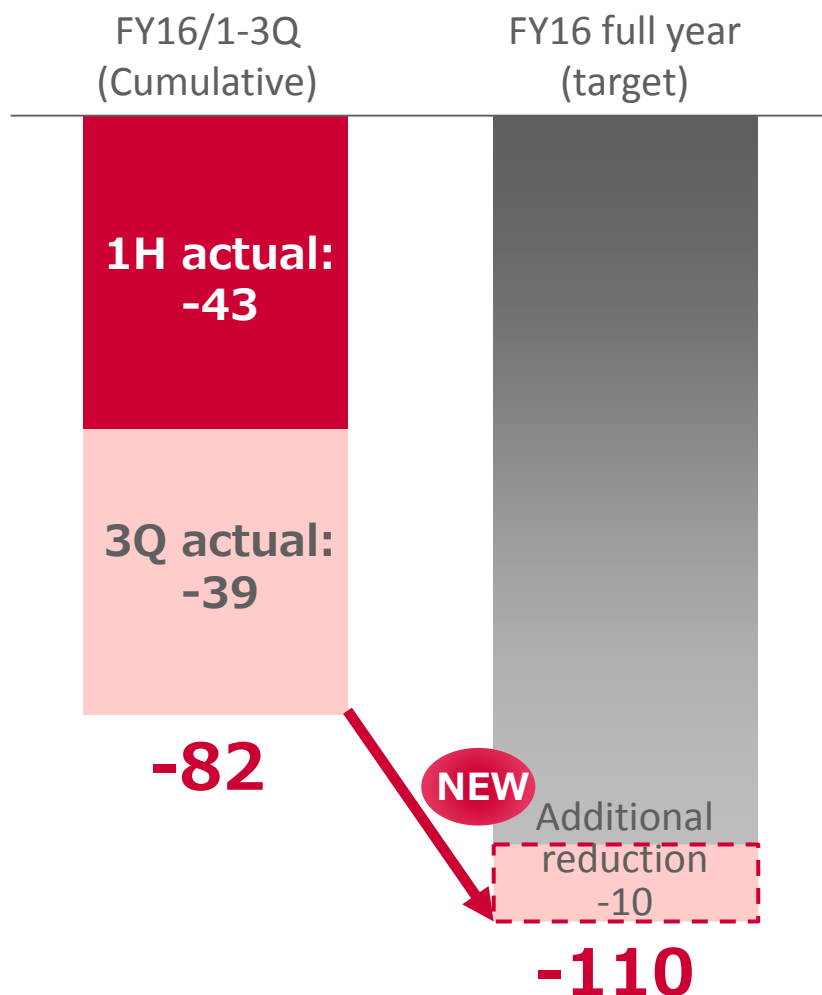


No. of partner companies continue to grow

<u>Trial Sites</u>	<u>Trial launch date (planned)</u>
Tokyo Waterfront City area Areas near TOKYO SKYTREE TOWN®	May 2017 or beyond

Cost Efficiency Improvement

(Billions of yen)



Focus areas:

【Network】

Capital expenditures,
Maintenance outsourcing cost, etc.

【Marketing】

Sales tools, Handset repair, etc.

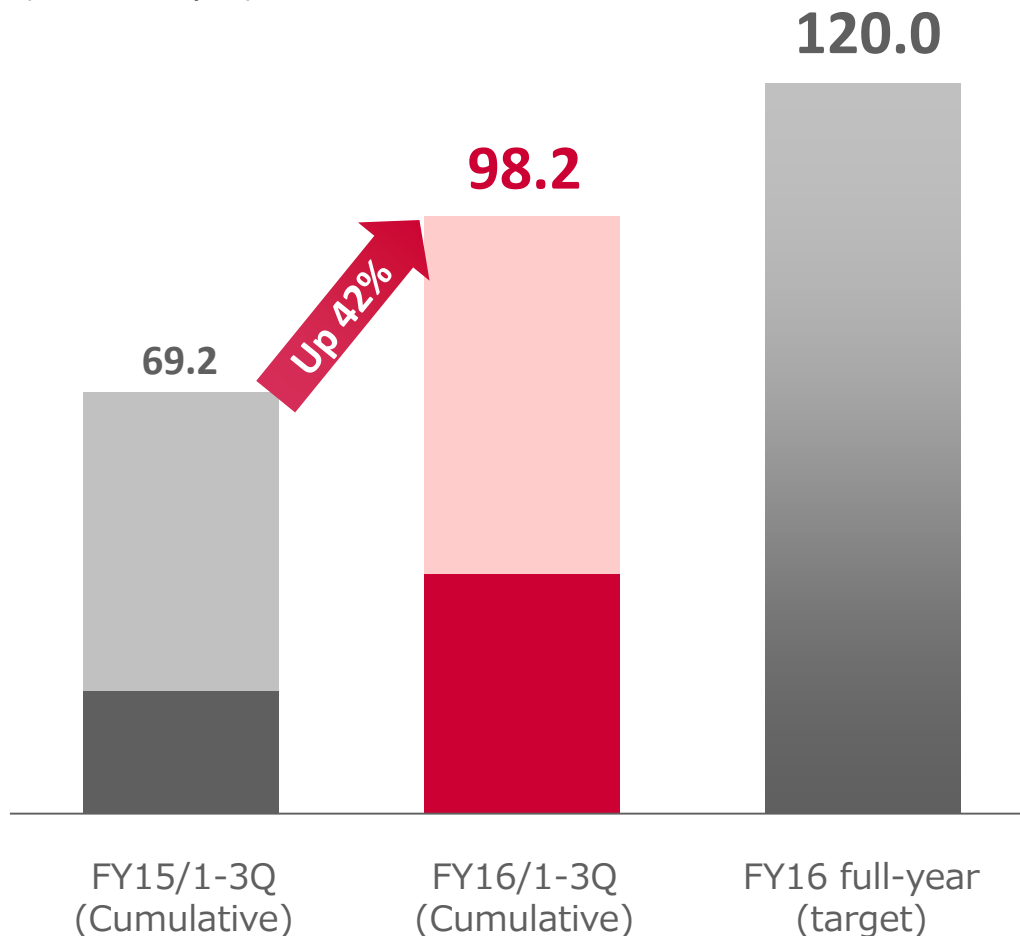
【Other】

R&D, Information system, etc.

Smart Life Business & Other Businesses: Operating Income

Steadily progressing

(Billions of yen)



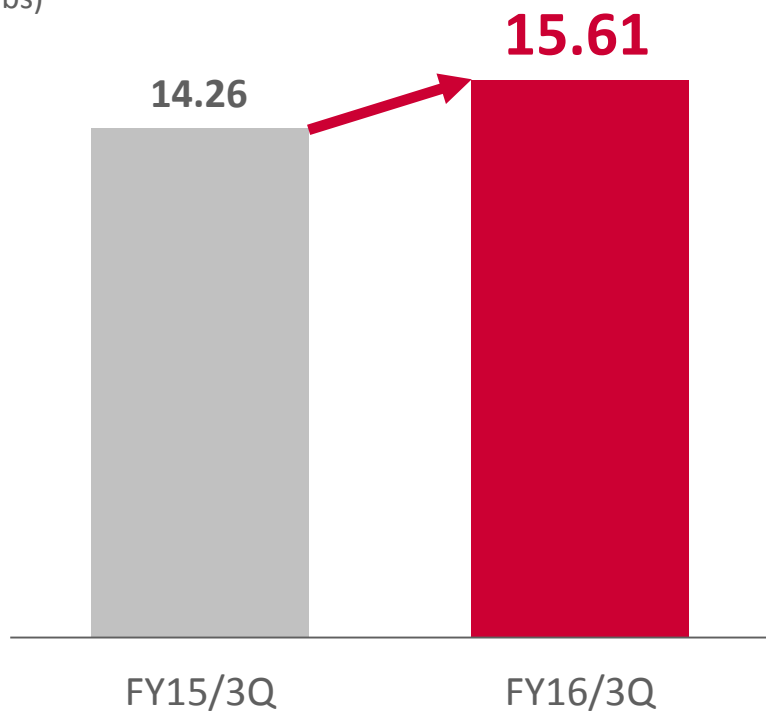
Principal services, etc:

- Smart Life business
 - Content services
 - Finance/Payment services
 - Group companies
- Other businesses
 - Enterprise solutions
 - Support services for customers' peace of mind, etc.

Content Services

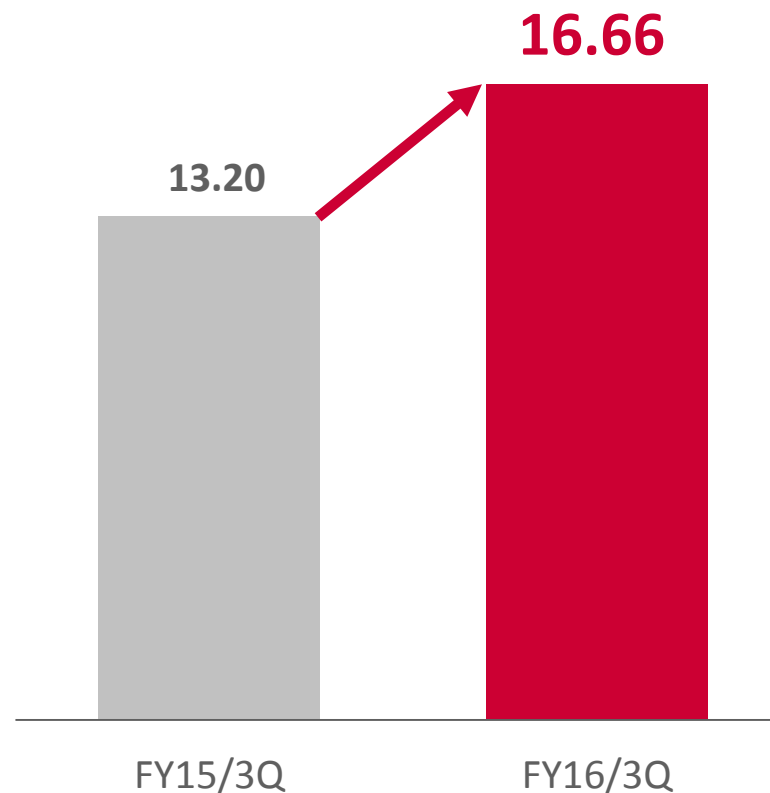
“dmarket”

(Million subs)



- “dTV” “dhits” “dmagazine”
- “danime store” “dgourmet” “dkids”
- “d healthcare pack” “dliving”

“Anshin Pack”



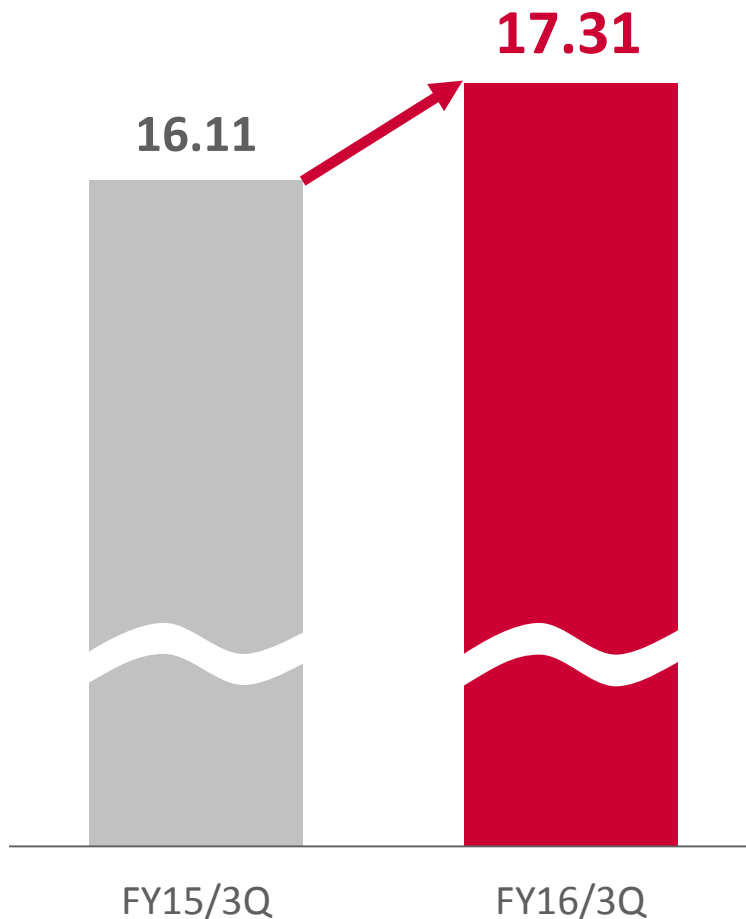
- “Anshin Net Security”
- “Anshin Remote Support”*
- “Mobile Device Protection Service”*

*: “Anshin Remote Support” and “Mobile Device Protection Service” are included in the “Support Services for Customers’ Peace of Mind”

Finance/Payment Services

“d CARD”

(Million subs)



“d CARD Gold”

Dec. 28, 2016

Topped 2 million subs



Promotion of +d

No. of +d partners: Grew to 205



+d Initiatives

+d Smart life

- “d POINT”
- “d Mobile Payment Plus”

NEW

UNITED ARROWS LTD.
ONLINE STORE

NEW

ハビプラ フラッグ ショップ
FLAG SHOP
SHUEISHA 

+d Corporate Sales & Marketing

- Local governments
- IoT

NEW



神奈川県



+d R&D

- 5G trial site
- AI, translation, drones

NEW

 **Rakuten**

ACSL

Full-scale development of Low Power Consumption IoT

LPWA network/solutions for various IoT to be rolled out from spring 2017

Cellular IoT



Low speed/
low data volume

Low power consumption
(Operable for 10 years on battery)

Low price



Agriculture



Vending machines



Industrial machines



Security



Public infrastructure

DOCOMO's "Work Style Reform"

Promote self-discipline and challenge

Diversity management

- Women's career development program
- Promotion of LGBT awareness

Broader work style options

- Shifted working hours
- Work at home

Health and productivity

- Intra-company step count competition
- Health promotion seminar



Changing our approach to work

Changing our work style

DOCOMO Let's Walk! Campaign 2016



FY2016/1-3Q Summary

- ▶ Recorded YOY increase in both operating revenues and income. FY2016/1-3Q (cumulative) operating income: ¥842.3 billion.
- ▶ Operating income excluding irregular factors: ¥767.3 billion.
- ▶ Increased customer returns from previously ¥110 billion to ¥150 billion for the full year.
- ▶ Raised full-year cost efficiency improvement target to 110 billion.
- ▶ Operating income from Smart life business and Other businesses: ¥98.2 billion
- ▶ No. of “+d” partners grew from 74 to 205.
- ▶ Full-scale roll-out of low power consumption IoT services starting progressively from spring 2017.
- ▶ Promotion of “work style reform”

The new of today, the norm of tomorrow

NTT
docomo



Danger ahead! Smartphone-distracted walking

Appendices

LPWA Technology

【Terminology】

- Cat. 1 : A category of telecommunication specification defined in the initial phase of LTE standardization (3GPP Rel-8). Realizes data rates of up to 10Mbps(downlink) and 5Mbps (uplink).
Comparing to the high-speed LTE, it can provide modules by lower cost.
- Cat. M : A technique that aims to lower the cost and power consumption of modules by limiting the functions of high-speed LTE. Movable while connecting to network.
- NB-IoT : A newly designed technique aimed at lowering the cost and power consumption of modules.
Unmovable while connecting to network.
- eDRX : A technique that realizes significant reduction in power consumption through creation of sleep status by extending the interval of incoming data.
- LoRa : A low-cost, low-power consumption technology that utilizes the unlicensed 920MHz band.

【Telecommunication standards】

	Cat.1	Cat.M	NB-IoT	LoRa
Technical specification	3GPP	3GPP	3GPP	LoRa Alliance
Frequency band	LTE Carrier	LTE Carrier	LTE Carrier	Unlicensed band
Peak rate (Down/Uplink)	10M/5Mbps	1M/1Mbps	29k/63kbps	50k/50kbps
Mobility (while connecting to network)	Movable	Movable	Unmovable	Unmovable

Services, etc., Included in Each Reportable Segment

Telecommunications business

Mobile communications services

- Xi services (LTE) • FOMA services (3G) • International services • Sales of handset/equipment for each service, etc.
-

Optical fiber broadband service and other telecommunications services

- Optical-fiber broadband services • Satellite communications services, etc.

Smart life business

Content services

- “dmarket” • “Anshin Net Security” • “Sugotoku Contents” • “Cloud Storage Option” etc.
-

Finance/Payment services

- Credit service • Proxy bill collection • “d Mobile Payment” etc.
-

Group companies

- Oak Lawn Marketing, Inc. • ABC Cooking Studio, Co. Ltd. • docomo Healthcare, Inc. etc.

Other businesses

Enterprise solutions

- Enterprise IoT solutions • System development/sales/maintenance services etc.
-

Support services for customers peace of mind

- “Mobile Device Protection Service” • “Anshin Remote Support” etc.

Definition and Calculation Methods of ARPU and MOU

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 user basis. ARPU is calculated by dividing telecommunications services revenues (excluding certain revenues) by the number of active users of our wireless services in the relevant periods, as shown below “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.

b. MOU (Minutes of Use):

Average monthly communication time per user.

ii. ARPU Calculation Methods

Aggregate ARPU = Voice ARPU + Packet ARPU + “docomo Hikari” ARPU

- Voice ARPU : $\frac{\text{Voice ARPU Related Revenues (basic monthly charges, voice communication charges)}}{\text{No. of active users}}$
- Packet ARPU : $\frac{\text{Packet ARPU Related Revenues (basic monthly charges, packet communication charges)}}{\text{No. of active users}}$
- “docomo Hikari” ARPU : $\frac{\text{“docomo Hikari”-related revenues (basic monthly charges, voice communication charges)}}{\text{No. of active users}}$
- In addition, the sum of Packet ARPU and “docomo Hikari” ARPU is referred to as Data ARPU.

iii. Active Users Calculation Method

Sum of No. of active users for each month $((\text{No. of users at the end of previous month} + \text{No. of users at the end of current month}) / 2)$ during the relevant period

Note:

1. The number of “users” used to calculate ARPU and MOU is the total number of subscriptions, excluding the subscriptions listed below:
 - a. Subscriptions of communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver” and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs); and
 - b. 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 Mobile Virtual Network Operators (MVNOs) are not included in the ARPU calculation.

◆ ARPU and MOU calculation method were changed beginning with the results presentation for the first three months of the fiscal year ended March 31, 2016. Conventional ARPU calculation method is as below:
ARPU(conventional calculation): $(\text{Voice revenues} + \text{Packet revenues} + \text{Revenues accounted for in Smart ARPU}) / \text{No. of subscriptions after subtracting communication modules and MVNO subscriptions, etc.}$

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 subscriptions, 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 presentation 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 optimize costs 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, as well as investments in new business fields, may not produce the returns or provide the opportunities we expect.
- (7) Malfunctions, defects or imperfections 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, the 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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