
FY2016
Results Presentation

NTT
docomo

April 27, 2017

1. FY2016 Results Highlights

- ◆ Key Financial Data, Segment Results
- ◆ Telecommunications Business,
Smart Life Business & Other Businesses

2. FY2017 Full-Year Guidance, etc.

FY2016 Results Highlights

YOY increase in both operating revenues/income

◆ Financial data

- Operating revenues: ¥4,584.6 billion (Up 1.3% year-on-year)
- Operating income: ¥944.7 billion (Up 20.7% year-on-year)

◆ Operating income by segment

- Telecommunications business: ¥832.8 billion (Up 17.5% year-on-year)
- Smart life business: ¥57.9 billion (Up 24.7% year-on-year)
- Other businesses: ¥54.0 billion (Up 94.9% year-on-year)

Selected Financial Data

U.S.
GAAP

(Billions of yen)	FY2015 full year (1)	FY2016 full year (2)	Changes (2) – (1)
Operating revenues	4,527.1	4,584.6	+57.5
Operating expenses	3,744.1	3,639.8	-104.2
Operating income	783.0	944.7	+161.7
(Excluding irregular factors ^{*1})	(801.0)	(862.7)	(+61.7)
Net income attributable to NTT DOCOMO, INC.	548.4	652.5	+104.2
Capital expenditures	595.2	597.1	+1.9
Adjusted free cash flow ^{*2}	598.7	664.5	+65.8

*1: <For FY2015> The impact on operating income caused by “Zutto CarryOver,” etc.

<For FY2016> The impact on operating income caused by the change in depreciation method, etc. and “Packet CarryOver.”

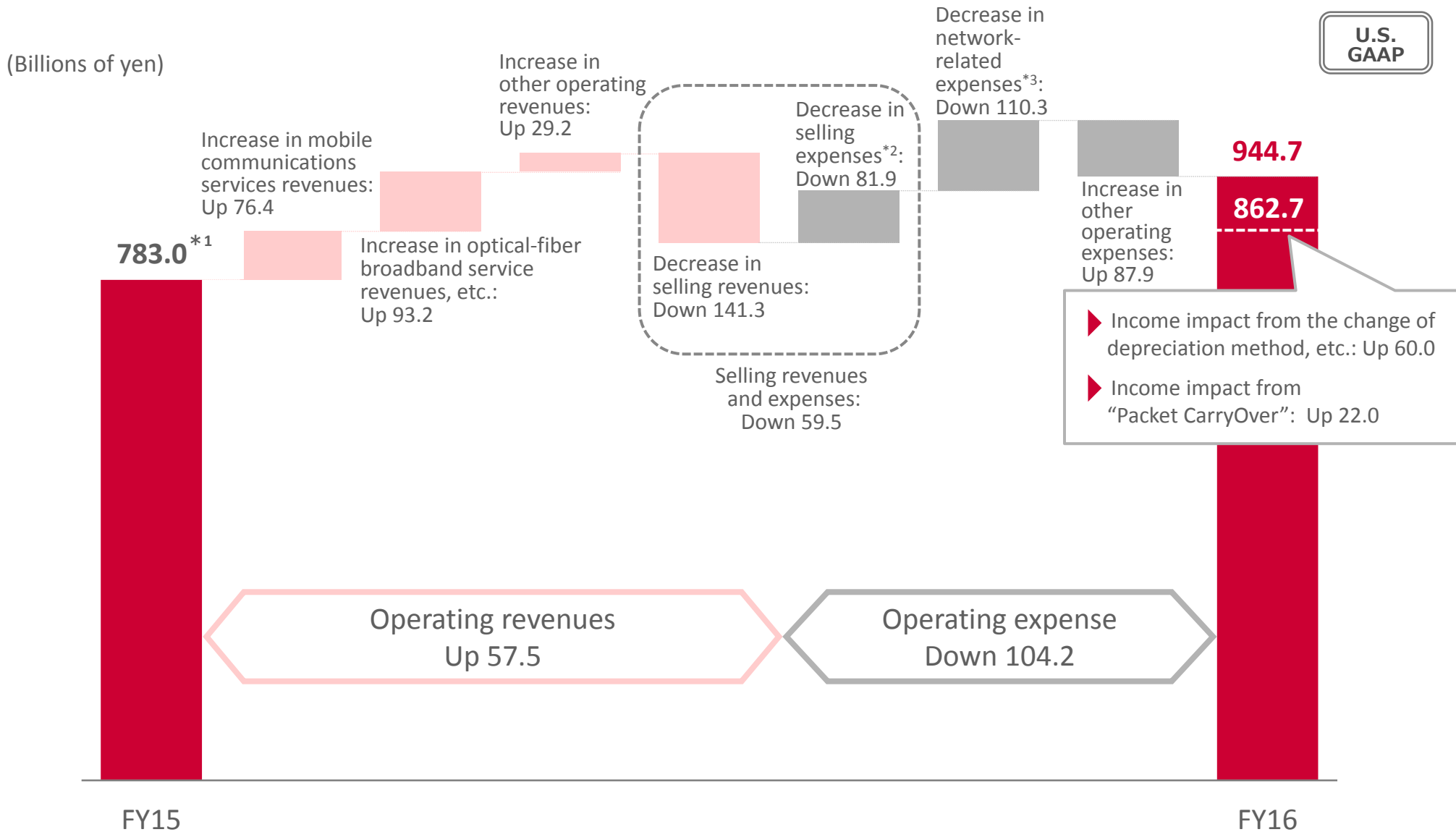
*2: Adjusted free cash flow is calculated excluding the effects of changes in investment derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

Results by Segment

U.S.
GAAP

(Billions of yen)		FY2015 full year (1)	FY2016 full year (2)	Changes (2) – (1)	
Telecommunications business	Operating revenues	3,689.8	3,711.2	+21.4	
	Operating income	708.9	832.8	+123.9	
Smart life business	Operating revenues	504.1	501.9	-2.2	
	Operating income	46.5	57.9	+11.5	
Other businesses	Operating revenues	359.3	400.4	+41.1	
	Operating income	27.7	54.0	+26.3	
<Ref.> Smart life business and Other businesses		Operating revenues	863.4	902.3	+38.9
		Operating income	74.2	111.9	+37.8

Key Factors behind Changes in Operating Income



*1: Operating income result is inclusive of "Zutto CarryOver," etc. (-¥18.0 billion)

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

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

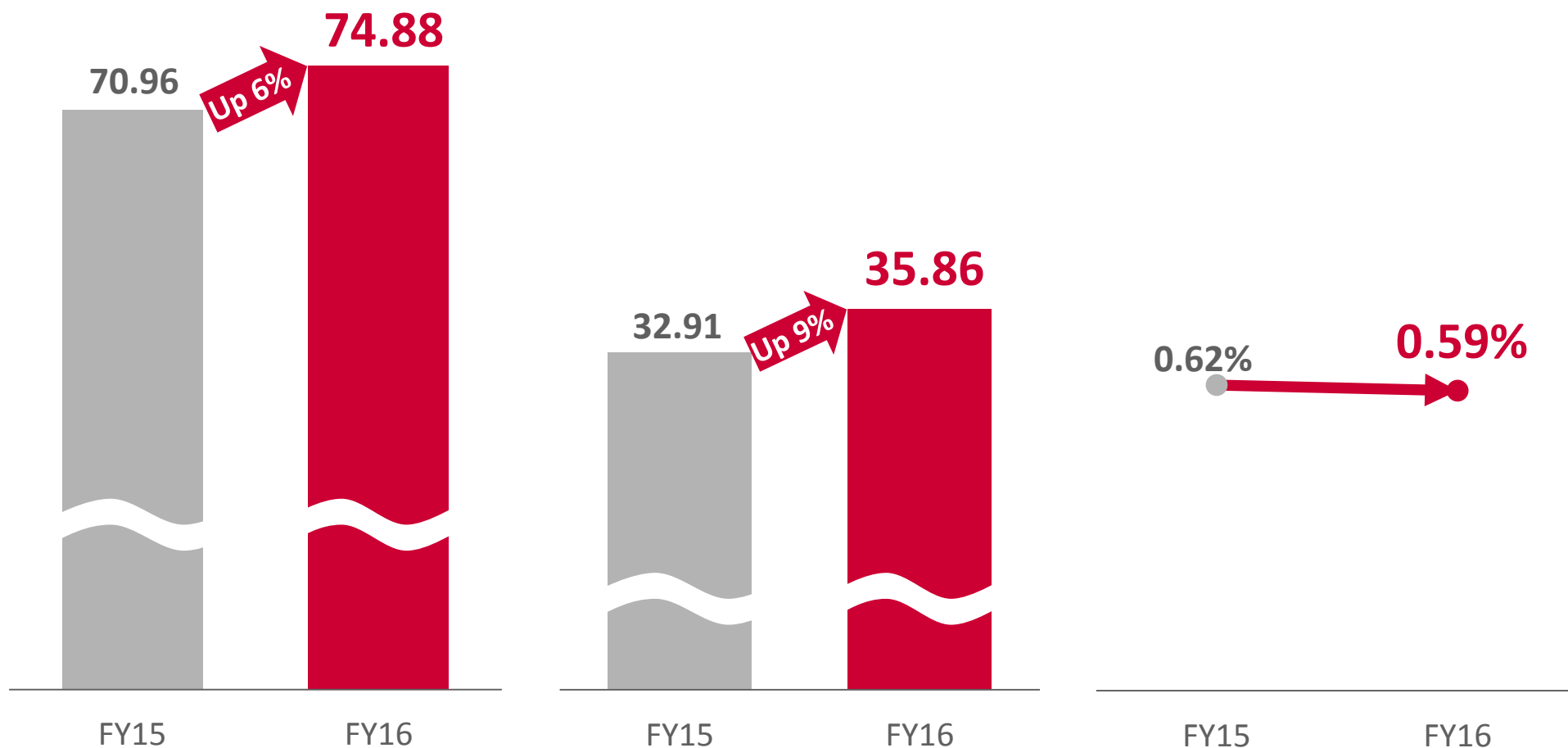
Operational Performance (1)

(Millions subs)

Mobile telecommunications service subscriptions

Total smartphone/tablet users

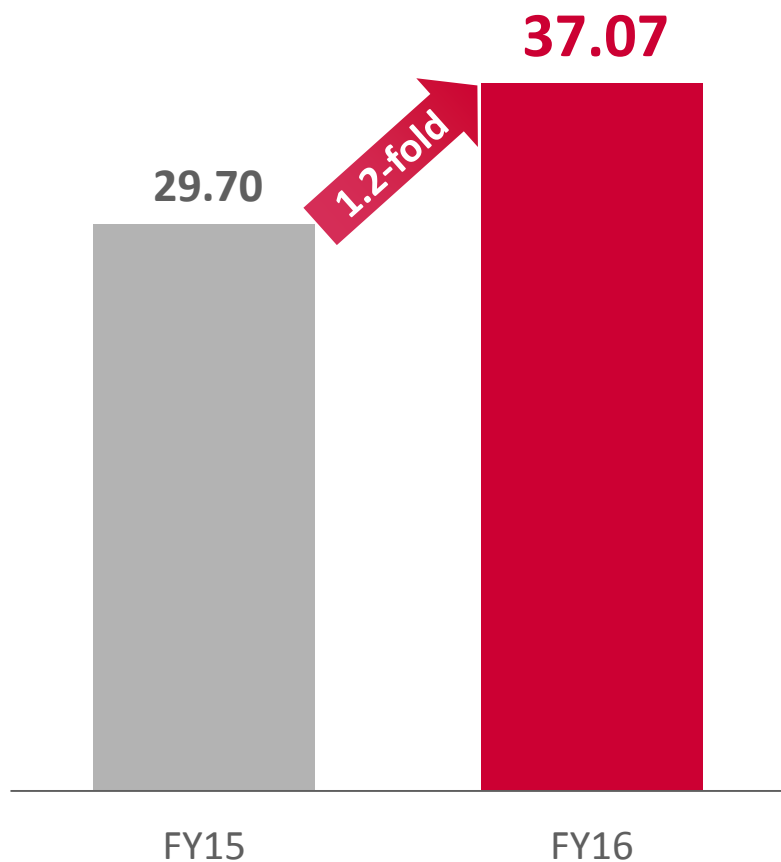
Churn rate



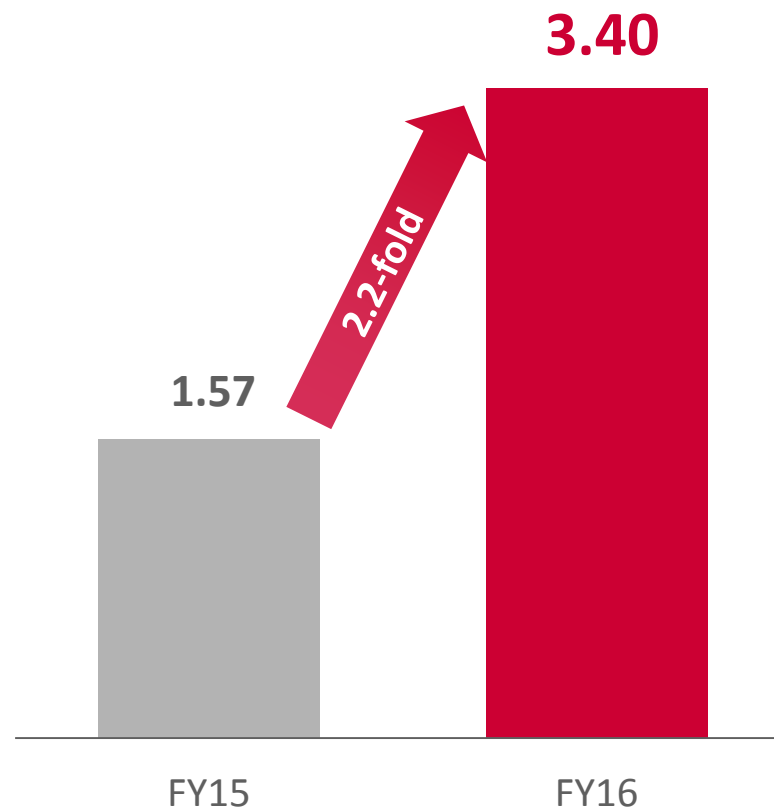
Operational Performance (2)

(Millions subs)

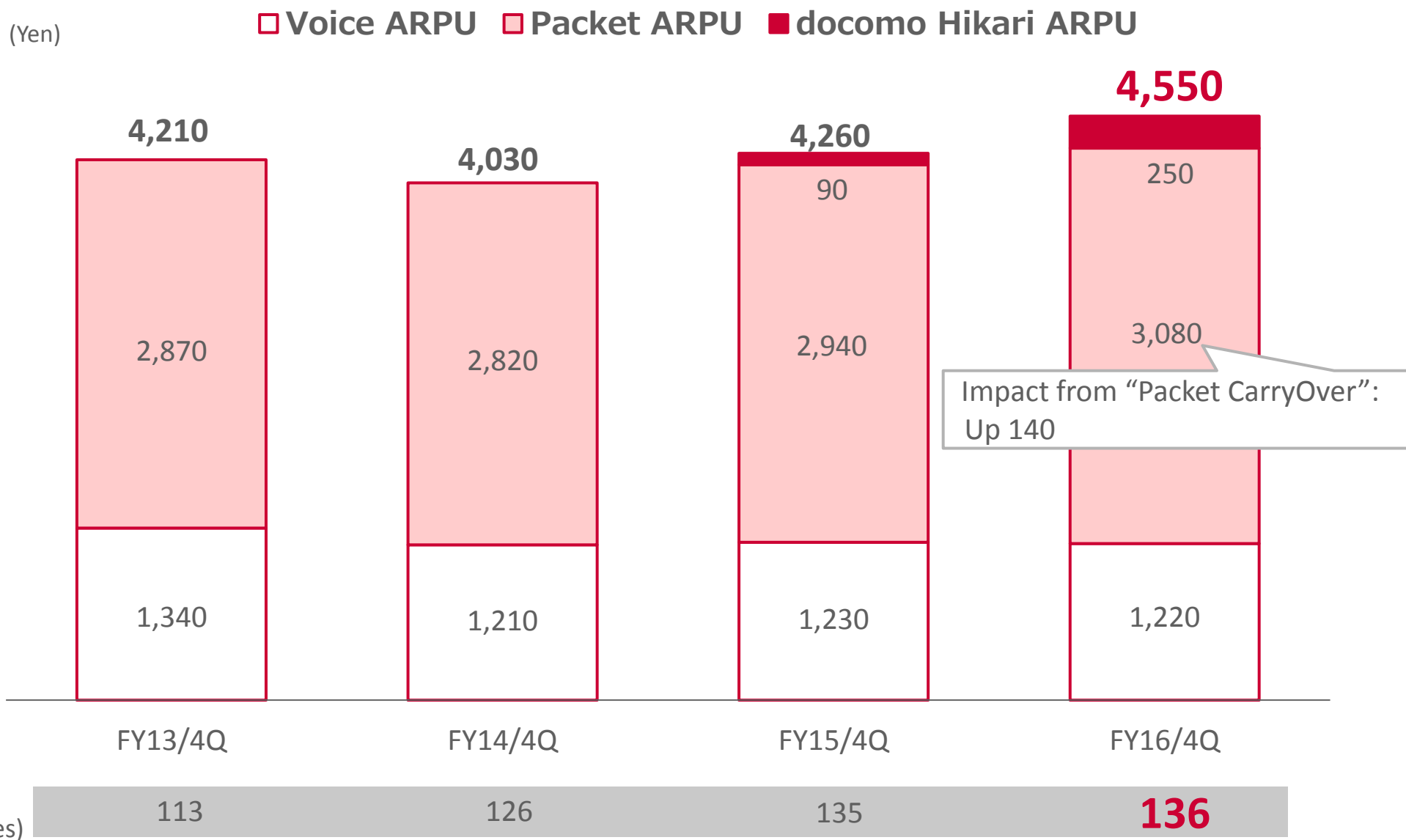
“Kake-hodai & Pake-aeru” billing plan subs



“docomo Hikari” optical-fiber broadband subs

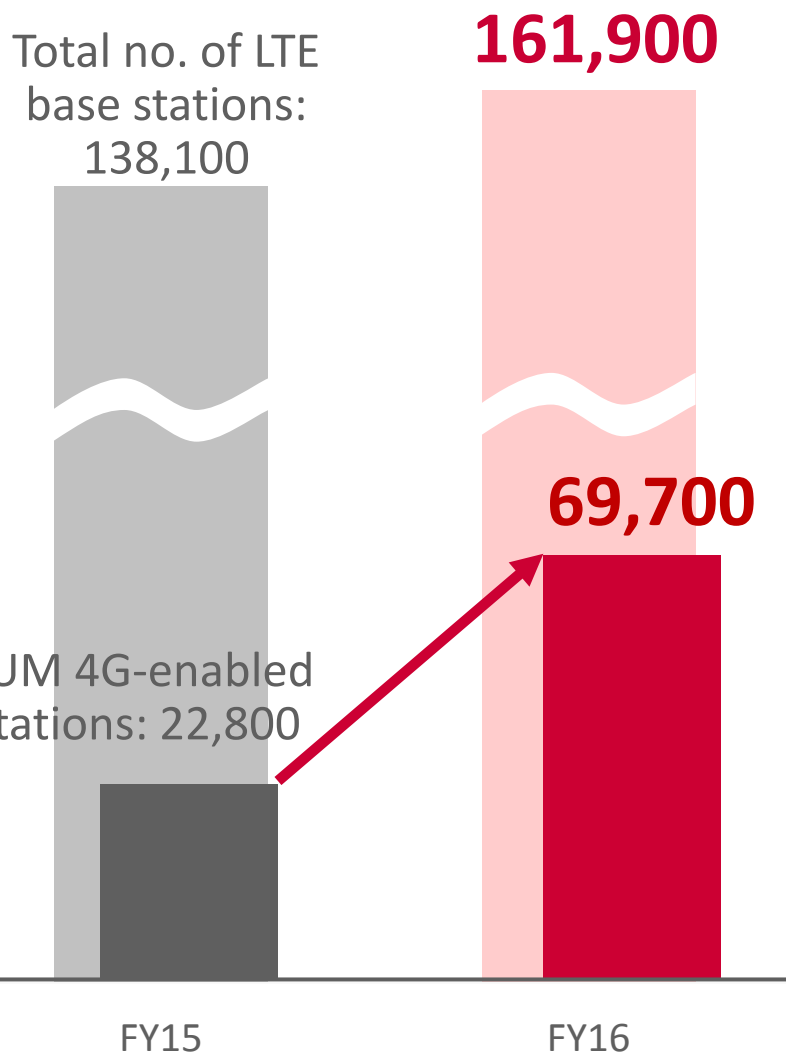


ARPU/MOU



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

LTE Network

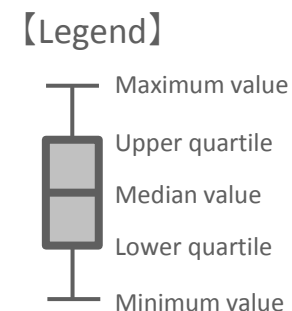
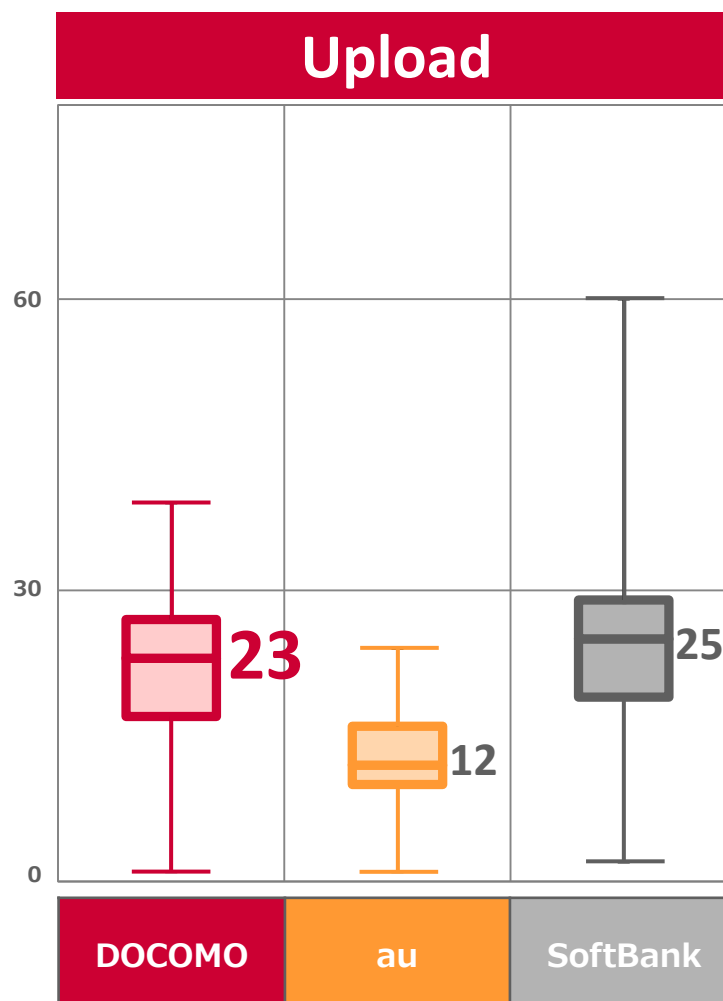
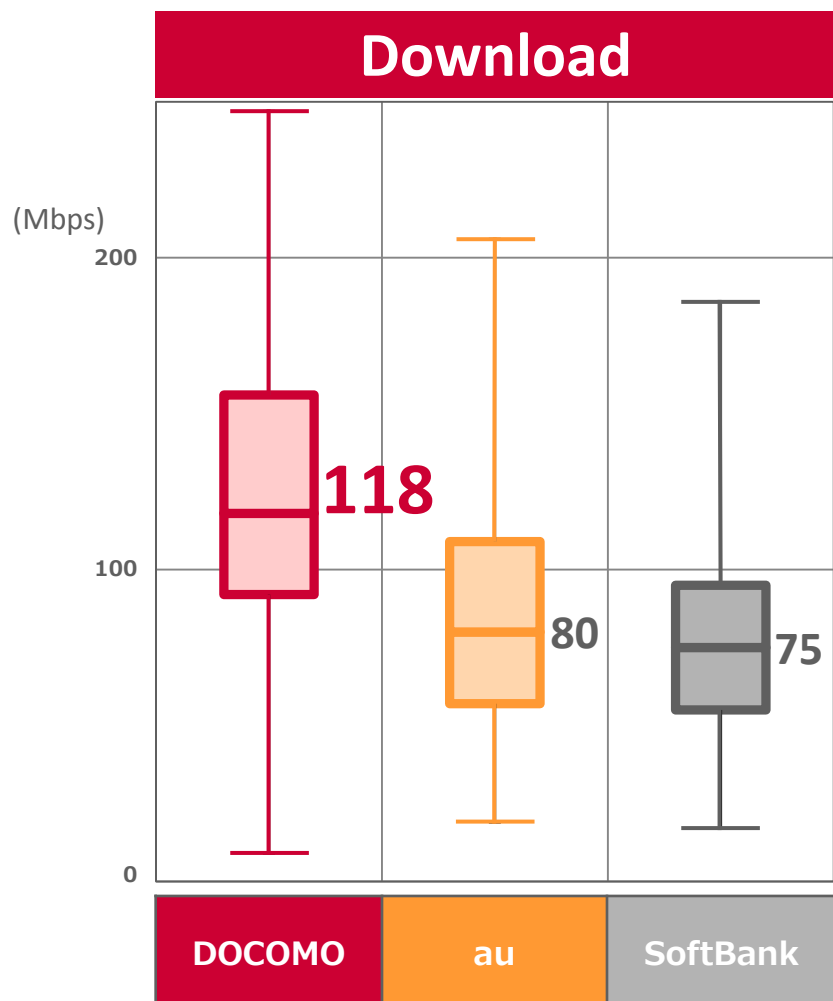


PREMIUM 4G™

Japan's fastest **682Mbps** service
now available in **120 cities**

- ◆ 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. The description "Japan's fastest" is as of March 31, 2017.
- ◆ Two frequency bands of 3.5GHz and 1.7GHz are used for the 682Mbps service.

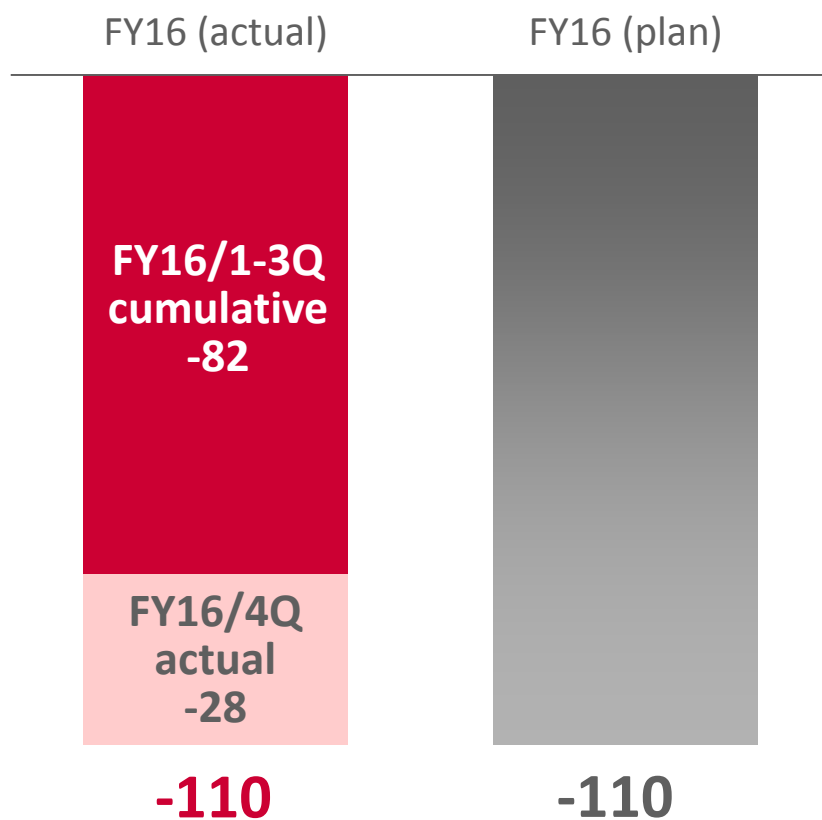
Effective Speed Comparison



- ◆ 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 of Japan. Data of other carriers were derived from their respective corporate web sites (as of March 2017). 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 materials published by each carrier.

Cost Efficiency Improvement

(Billions of yen)



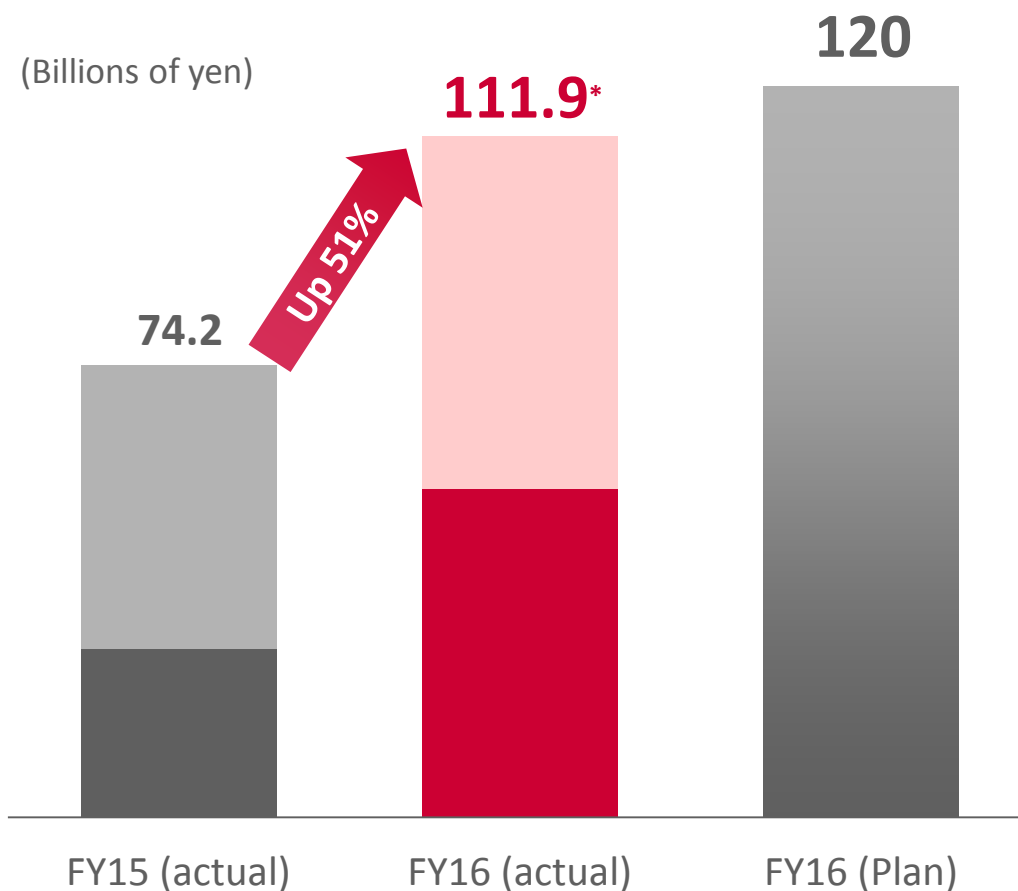
Focus areas:

- 【Network】**
Capital expenditures, maintenance outsourcing cost, etc.
- 【Marketing】**
Sales tools, handset repair, etc.
- 【Other】**
R&D, information system, etc.

**3-year cumulative:
-¥470 billion**

◆ FY16 actual numbers above are the amount of cost reduction compared to FY15.
The three-year cumulative number represents the cumulative cost reduction achieved in FY14-16 compared to FY13.

Smart Life Business & Other Businesses: Operating Income



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.

* Operating income result is inclusive of impairment loss (-¥8.1 billion).

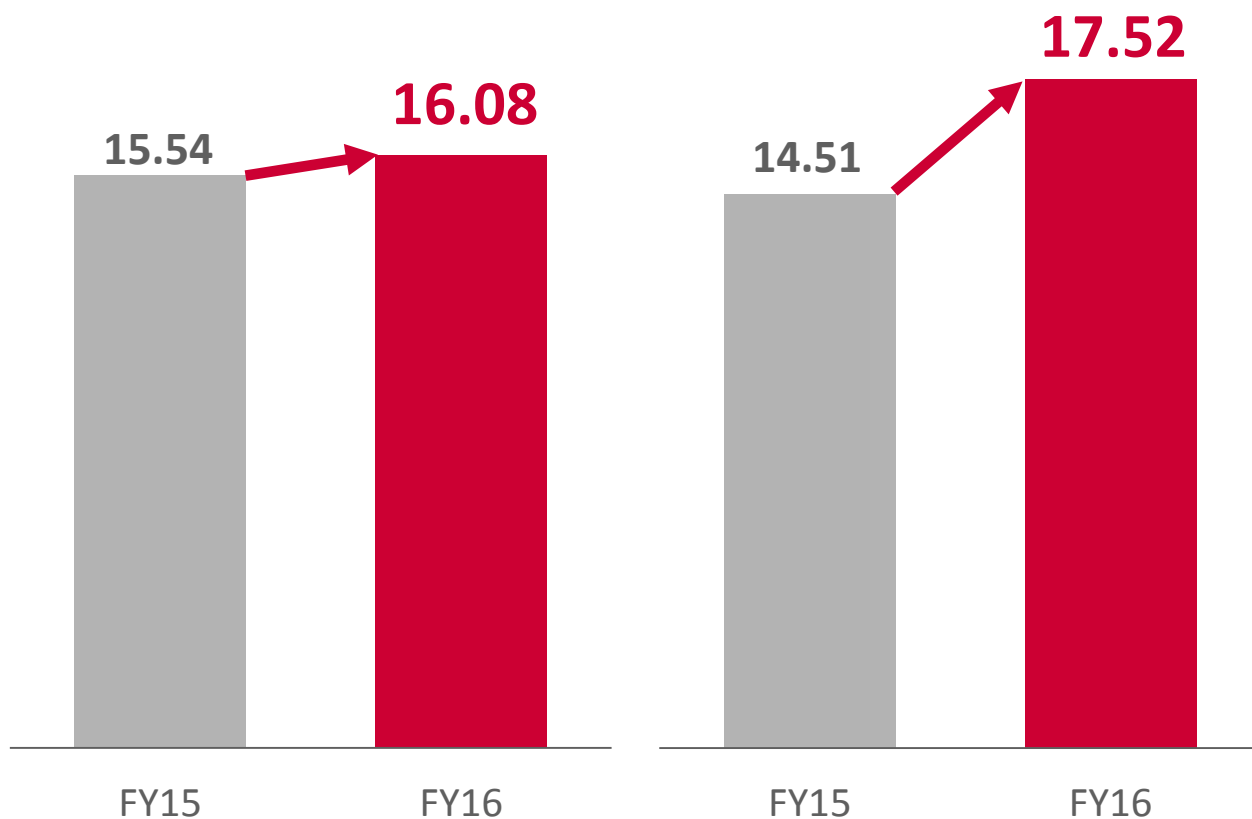
Content Services

(Million subs)

“dmarket”

“Anshin Pack”

“DAZN for docomo”



As of March 31, 2017

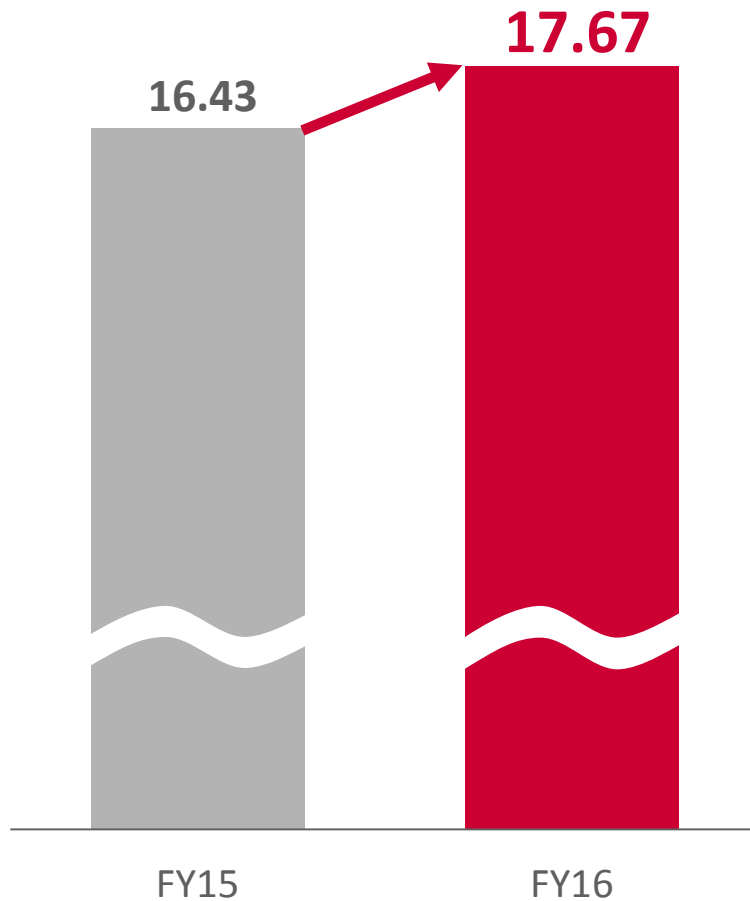
360,000 subs

◆ “Anshin Remote Support” and “Mobile Device Protection Service” offered under “Anshin Pack” are included in the “Support Services for Customers’ Peace of Mind”

Finance/Payment Services

“d CARD”

(Million subs)



“d CARD Gold”

As of April 24, 2017

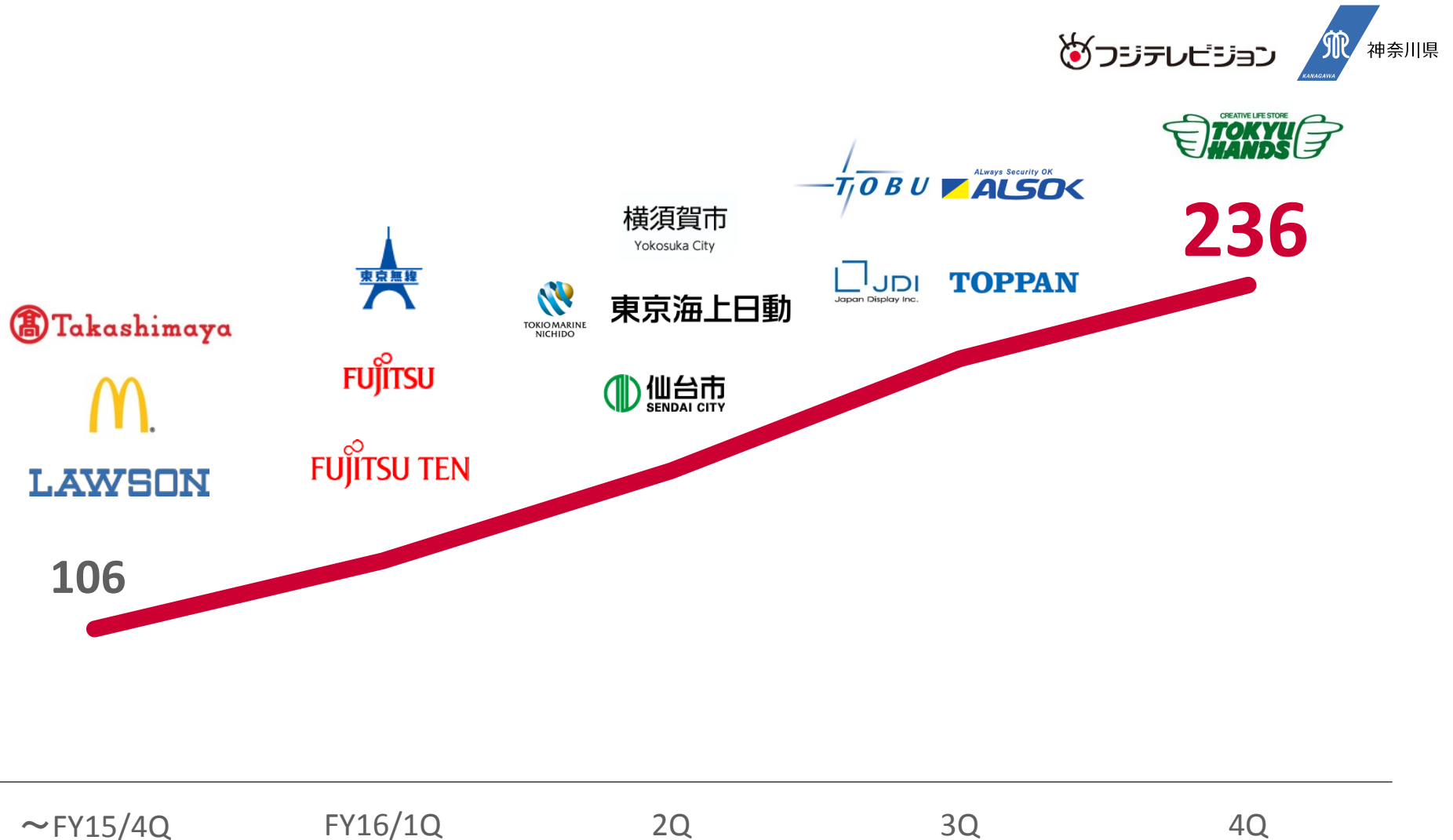
Approx. 2.5 million subs



◆ The total “d CARD” subscriptions represent the combined subscriptions to “d CARD” and “d CARD mini”.

Promotion of +d

No. of +d partners grew to 236



◆ No. of “+d” partners: The number of partners that have jointly created new value by integrating DOCOMO’s business assets with their own assets.

Medium-Term Targets for Income Recovery

Achieved one year ahead of plan

(Billions of yen)		FY2016 results	Medium-term targets for income recovery (Announced Oct. 31, 2014)
Operating income		944.7	FY2017: Over 820
(Excluding impact of change of depreciation method, etc.)		(862.7)	(FY2013 level or higher)
Smart life business & Other businesses		111.9 ^{*1}	FY2017: Over 100
Cost efficiency improvement		-470.0 ^{*2}	FY2017: -400 or more
(Compared to FY2013 level)			
Capital expenditures		597.1	FY2015-17: 650 per annum or less
Shareholder returns	Dividend	¥80 (+ ¥20 ^{*3})	Enhance shareholder returns through dividend hike and share repurchase
	Share repurchase	Approx. ¥930 billion ^{*4} (cumulative)	

*1: Operating income result is inclusive of impairment loss (-¥8.1 billion).

*2: Cumulative amount of cost efficiency improvement achieved in FY2014 (¥120 billion), FY2015 (¥240 billion) and FY2016 (¥110 billion).

*3: Compared to annual dividend for FY2013

*4: Total price of shares repurchased in the periods between Aug. 7, 2014 and Mar. 27, 2015 (¥473.0 billion) and between Feb. 8, 2016 and Dec. 28, 2016 (¥457.1 billion)

FY2016 Summary

- ▶ Recorded YOY increase in both operating revenues and income. FY2016 operating income: ¥944.7 billion.
- ▶ Operating income excluding irregular factors: ¥862.7 billion
- ▶ Delivered medium-term targets for income recovery one year ahead of plan.
- ▶ Performance in effective network speed favorable as a result of aggressive rollout of PREMIUM 4G.
Japan's fastest 682Mbps service expanded to 120 cities.
- ▶ Cost efficiency improvement totaling ¥110 billion.
- ▶ Operating income from Smart life business and Other businesses: ¥111.9 billion
- ▶ No. of “+d” partners increased from 106 to 236.

1. FY2016 Results Highlights

- ◆ Key Financial Data, Segment Results
- ◆ Telecommunications Business
Smart Life Business & Other
Businesses

2. FY2017 Full-Year Guidance, etc.

FY2017 Full-Year Guidance

(Billions of yen)	FY2016 Full year (1)	FY2017 Full year (2)	Changes (2) – (1)	U.S. GAAP
Operating revenues	4,584.6	4,750.0	+165.4	
Operating expenses	3,639.8	3,790.0	+150.2	
Operating income	944.7	960.0	+15.3	
(Excluding irregular factors*1)	(862.7)	(910.0)	(+47.3)	
Smart life business & Other businesses	111.9	130.0	+18.1	
Operating free cash flow (EBITDA - CAPEX)	866.4	910.0	+43.6	
EBITDA*2	1,463.4	1,480.0	+16.6	
Capital expenditures	597.1	570.0	-27.1	
Cost efficiency improvement	—	-90.0	-90.0	

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

*2: Definition of EBITDA has been changed from the fiscal year ended March 31, 2017. Impairment losses of goodwill and unamortizable intangible assets, which were not previously included, are recorded in EBITDA under the new definition.

New definition of EBITDA: Operating income + Depreciation and amortization + Loss on sale or disposal of property, plant and equipment + Impairment loss (of property, plant and equipment, amortizable intangible assets, goodwill, and unamortizable intangible assets)

FY2017 Main Initiatives

**Reinforcement of
business foundations
toward the future**

Customer returns

Initiatives to drive “Style Innovation”

**Corporate efforts
for
income generation**

Cost efficiency improvement

Income growth of Smart life business
and Other businesses

**Impact from
systematic changes**

Impact from change of depreciation
method, etc. and “Packet CarryOver”

Customer Returns

Planned additional customer returns :
Step 1: 30 billion yen
Step 2 & beyond: Tens of billions of yen

**Declaration
beyond**

Declaration 1

Market leader

offering visible
benefits and convenience

**Enrich
basic
plans**

Start accepting applications from May 24, 2017

- New “Simple Plan” dedicated for data sharing packages

**Enrich
“Share
Pack”**

Start accepting applications from May 24, 2017

- New “Ultra Share Pack 30” for data

**Enrich
“d POINT”**

On May 10, 2017

- Transfer “docomo Points” to “d POINTs” with broadened use applications and extended point expiration

**Step 2
& beyond**

**Additional customer return
measures planned**

Enhanced Benefits & Convenience to Families

A new basic plan for ¥980/month and “Ultra Share Pack” for 30GB of data

Basic plan	Monthly rate	Voice charge
“Kake-hodai”	¥2,700	Free
“Kake-hodai Light”	¥1,700	Free domestic calls under 5 minutes ^{*2}
NEW “Simple Plan” ^{*1}	¥980	Free domestic calls between family members ^{*2}

“Share Pack”	Data volume	Monthly rate ^{*3}
“Ultra Share Pack 100”	100GB	¥22,500
“Ultra Share Pack 50”	50GB	¥14,200
NEW “Ultra Share Pack 30”	30GB	¥12,300 Double data volume with extra ¥1,000
“Share Pack 15”	15GB	¥11,300
“Share Pack 10”	10GB	¥8,500
“Share Pack 5”	5GB	¥5,700

*1: A dedicated plan available only for “Share Pack” subscribers

*2: Other voice calls will be charged ¥20 for every 30 seconds

*3: The “Share Pack” monthly rates herein are the rates offered to “Zutto DOCOMO Discount” subscribers with over 15 years of subscription.

Case: Use of “Simple Plan” with Three Family Members

Representative line subscriber
(using DOCOMO for 15 years)



2GB data use

Simple Plan

¥980

Basic plan



2GB data use

Simple Plan

¥980

sp-mode

¥300

¥300

Aged 25 or younger



2GB data use

Simple Plan

¥980

¥300

Share Pack 5

¥6,500

¥500

¥500

Packet Pack

Zutto DOCOMO discount

U25 Special Discount

-¥800

+1GB

¥6,980

¥1,780

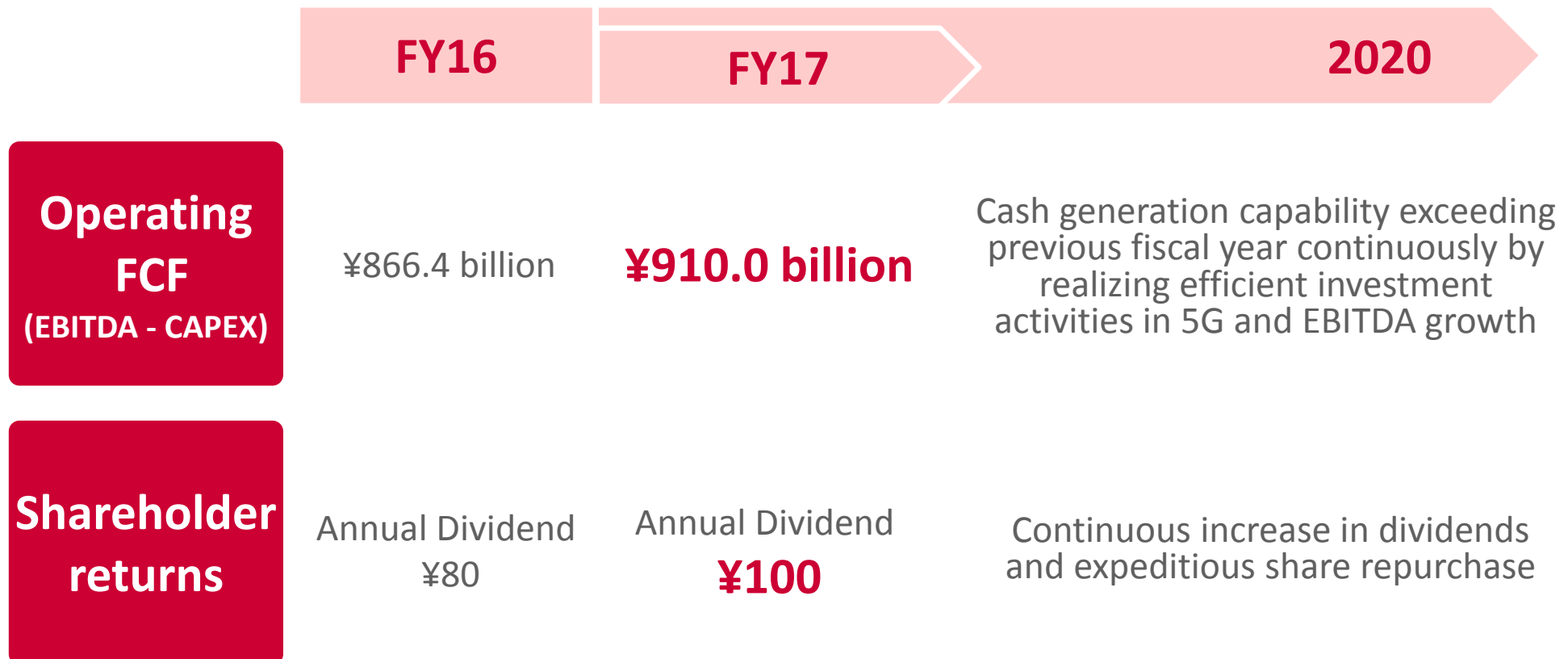
¥1,780

Average fee per user: ¥3,513~ (2GB)

(Total for three users: ¥10,540)

Managerial Targets of “Declaration beyond”

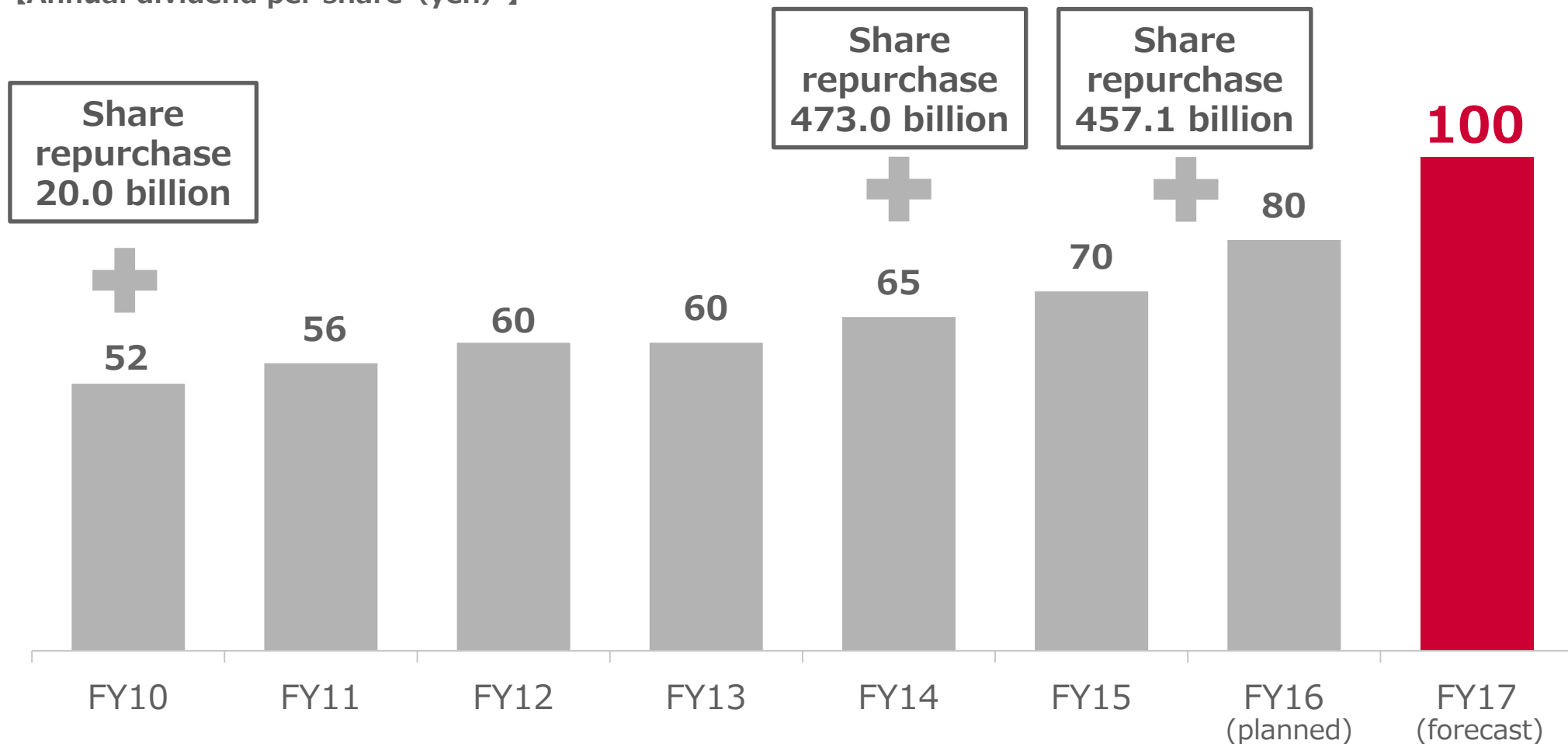
Continue proactive customer returns through cost efficiency improvement, while increasing operating free cash flow and stepping up shareholder returns



Shareholder Returns

FY17 dividend 100 yen per share (Up 20 yen)

[Annual dividend per share (yen)]



◆ Price of shares repurchased indicates the aggregate price of shares repurchased through tender offer, open market purchase.

The new of today, the norm of tomorrow

NTT
docomo



Anniversary

Appendices

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 : Voice ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active users
- Packet ARPU : Packet ARPU Related Revenues (basic monthly charges, packet communication charges) / No. of active users
- “docomo Hikari” ARPU : “docomo Hikari” ARPU Related Revenues (basic monthly charges, voice communication charges) / 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 ((No. of users at the end of previous month + 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): (Voice revenues + Packet revenues + Revenues accounted for in Smart ARPU) / 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 and an increase in mobile communications operators entering into and collaborating with other industries 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.