
FY2017/1H
Results Presentation

NTT
docomo

October 26, 2017

FY2017/1H Results Highlights

Favorable progress toward full-year guidance

		Year-on-year
◆ Financial data		
➤ Operating revenues:	¥2,300.1 billion	(Up 0.5%)
➤ Operating income:	¥548.8 billion	(Down 6.3%)
➤ Operating FCF:	¥538.3 billion	(Down 6.4%)
EBITDA:	¥806.0 billion	(Down 1.8%)
Capital expenditures:	¥267.7 billion	(Up 8.8%)
◆ Operating income by segment		
➤ Telecommunications business:	¥474.4 billion	(Down 9.6%)
➤ Smart life business:	¥33.5 billion	(Down 9.4%)
➤ Other businesses:	¥40.9 billion	(Up 71.2%)

Selected Financial Data

U.S.
GAAP

(Billions of yen)	FY2016/1H (1)	FY2017/1H (2)	Changes (2) – (1)
Operating revenues	2,288.3	2,300.1	+ 11.8
Operating expenses	1,702.7	1,751.4	+ 48.6
Operating income	585.6	548.8	-36.8
(Excluding irregular factors)	(535.6)	(532.8)	(-2.8)
Net income attributable to NTT DOCOMO, INC.	405.4	373.9	-31.5
Capital expenditures	246.1	267.7	+21.6
Adjusted free cash flow	341.6	399.1	+57.5

◆ Irregular factors represent the impact on operating income caused by the change in depreciation method, etc

◆ 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.

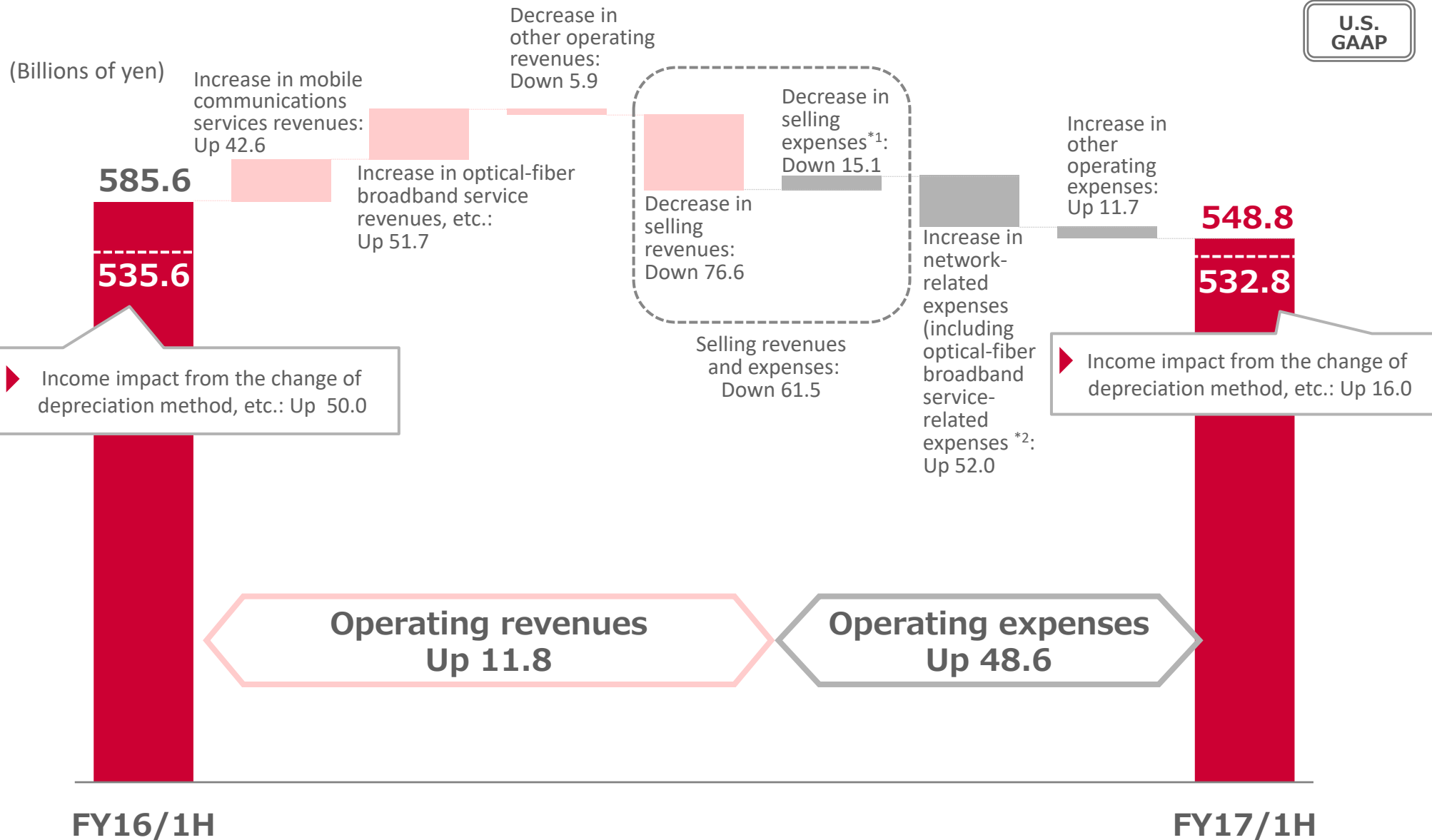
Results by Segment

U.S.
GAAP

(Billions of yen)		FY2016/1H (1)	FY2017/1H (2)	Changes (2) – (1)	
Telecommunications business	Operating revenues	1,856.6	1,870.8	+14.2	
	Operating income	524.7	474.4	-50.4	
Smart life business	Operating revenues	250.4	230.2	-20.2	
	Operating income	37.0	33.5	-3.5	
Other businesses	Operating revenues	193.4	215.2	+21.8	
	Operating income	23.9	40.9	+17.0	
<Ref.> Smart life business and Other businesses					
		Operating revenues	443.8	445.4	+1.6
		Operating income	60.9	74.4	+13.5

Key Factors behind Changes in Operating Income

U.S. GAAP



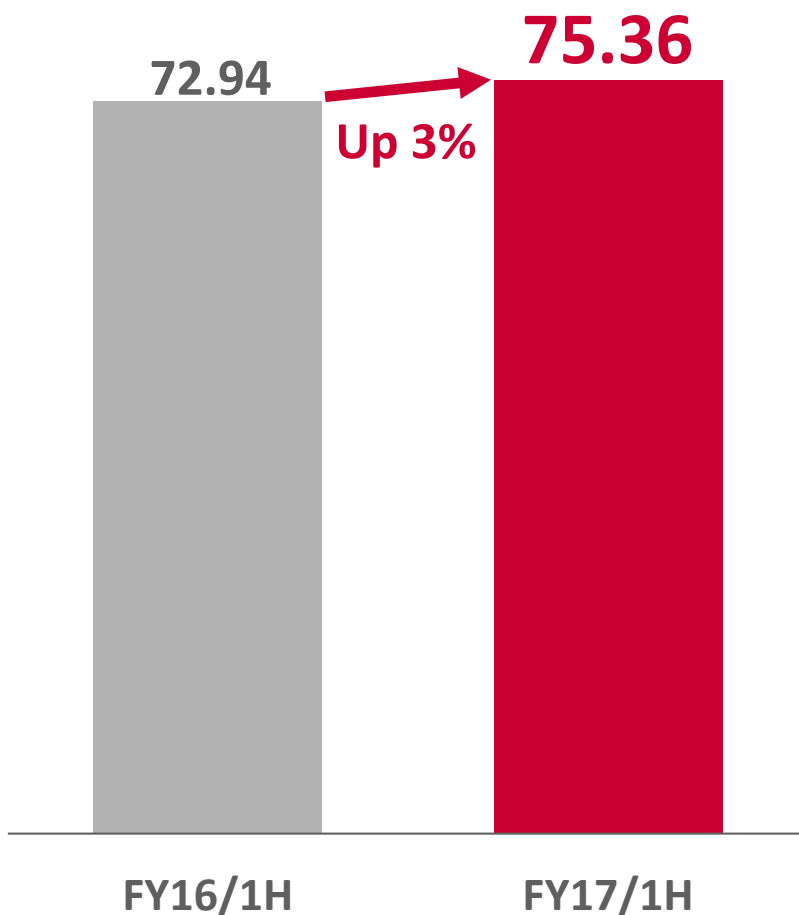
*1: Sum of cost of equipment sold and commissions to agent resellers

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

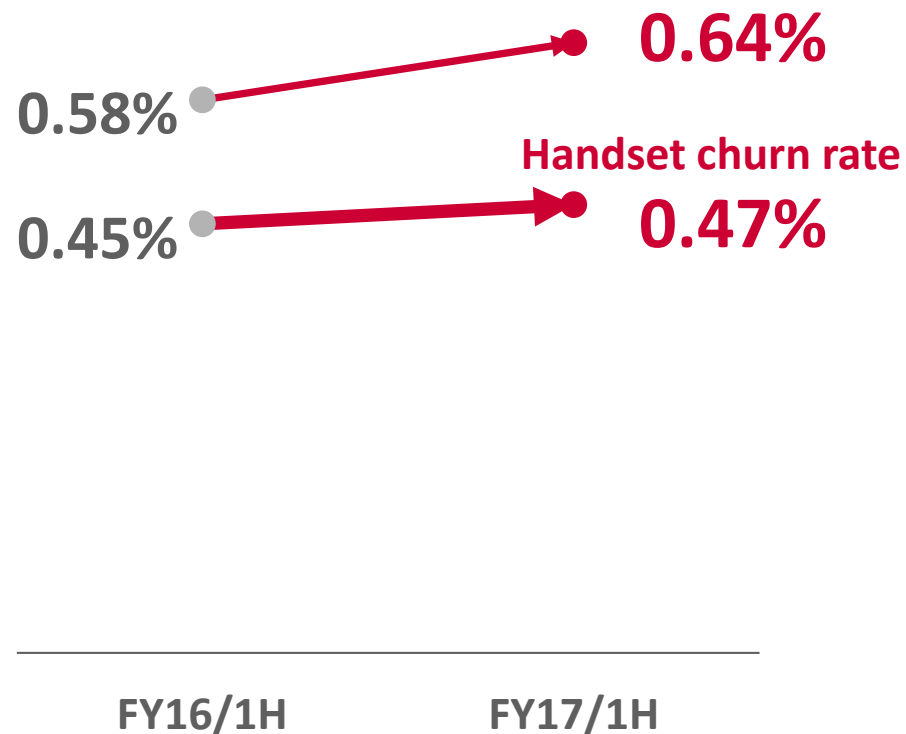
Operational Performance (1)

(Millions subs)

Mobile telecommunications service subscriptions



Churn rate

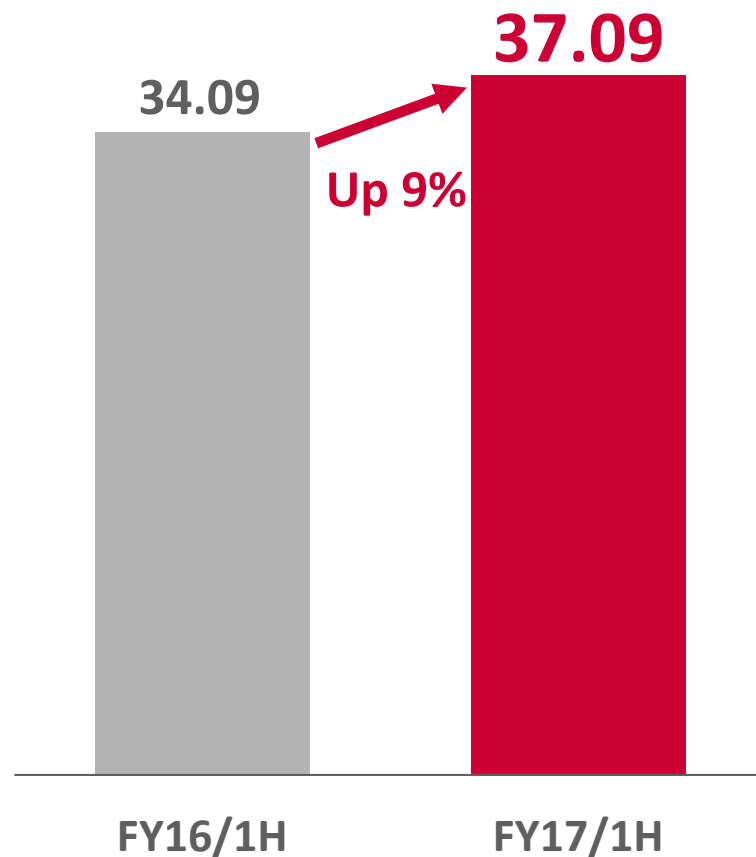


◆ Handset churn rate indicates the combined churn rate for smartphones and feature phones.

Operational Performance (2)

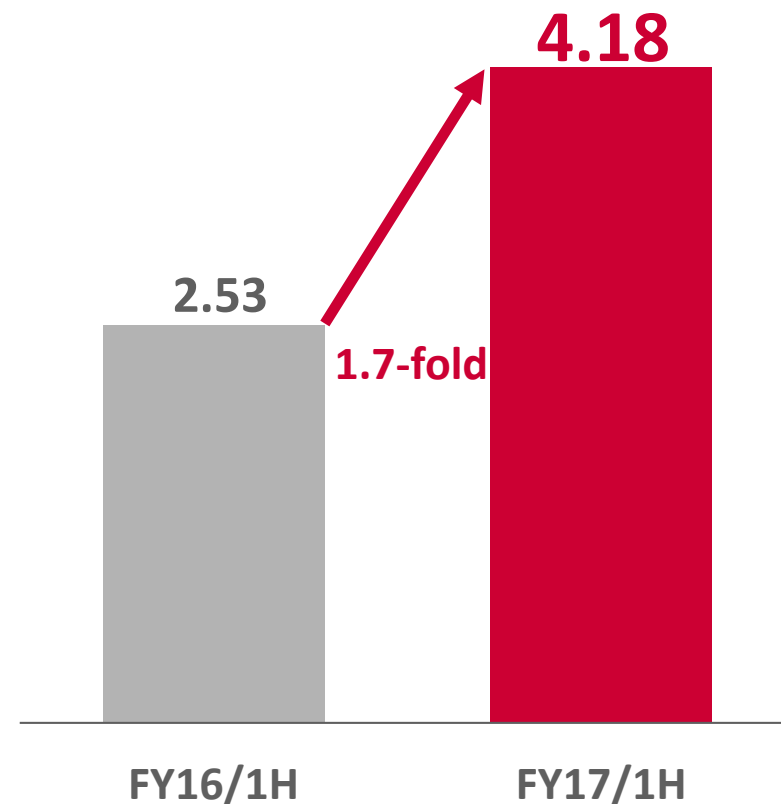
(Millions subs)

Total smartphone/ tablet users

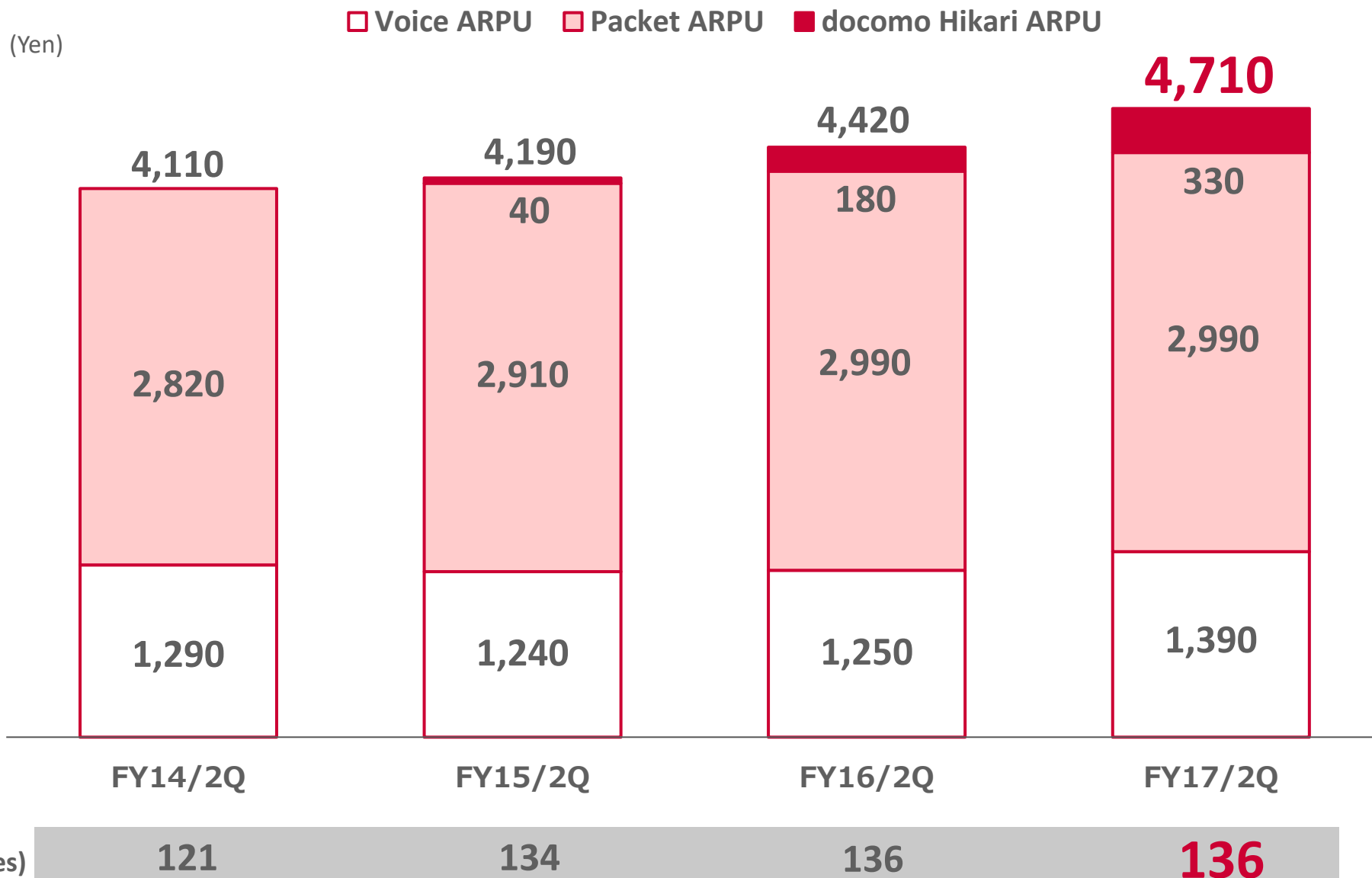


“docomo Hikari” optical-fiber broadband subs

Topped 4 million

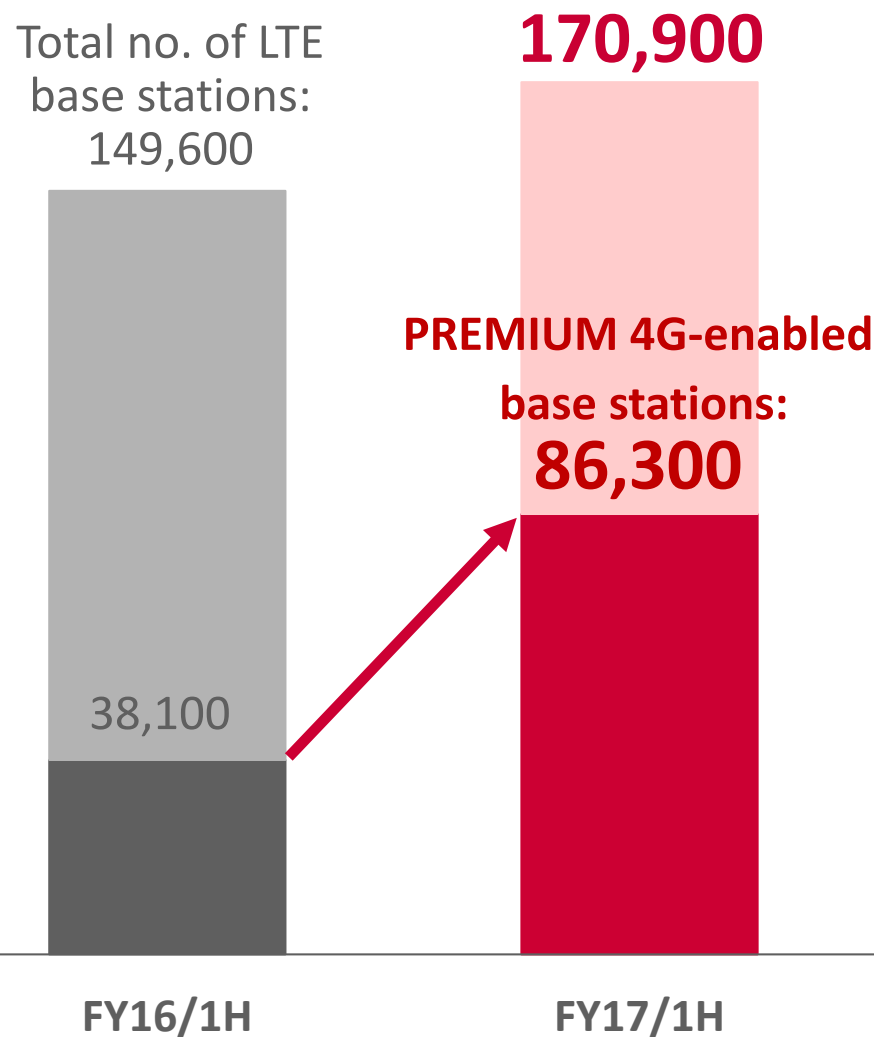


ARPU/MOU



◆ 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™

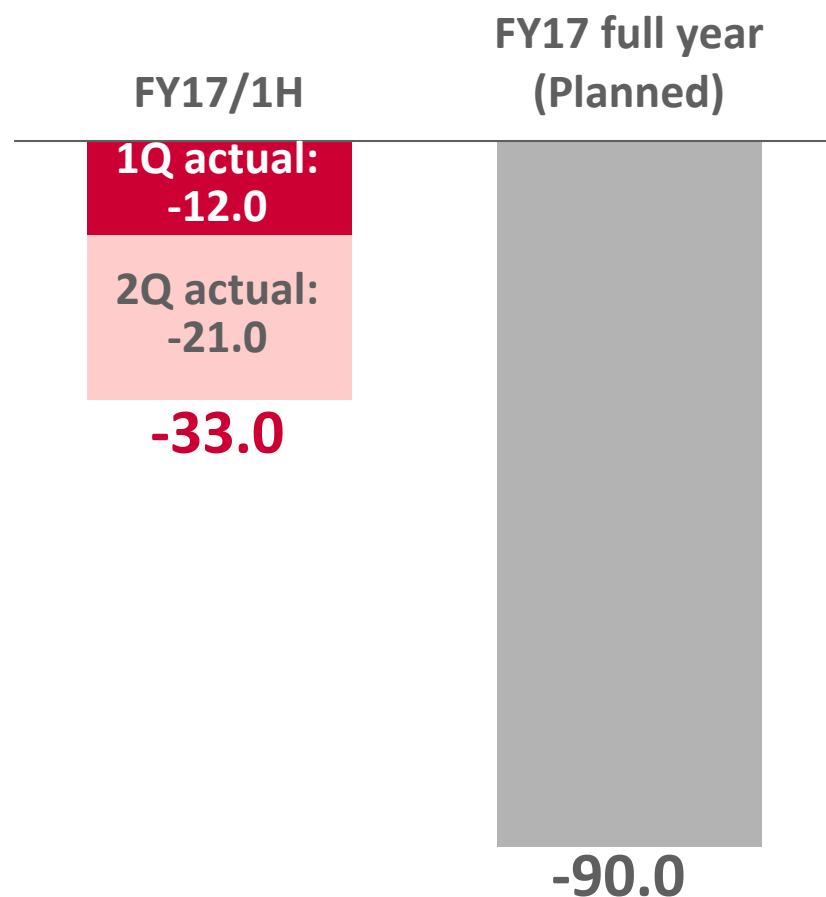
Japan's fastest **788Mbps** service
expanded to
195 cities nationwide

◆ The transmission speed described herein is the theoretical maximum downlink rate 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 September 30, 2017.
◆ Two frequency bands of 3.5GHz and 1.7GHz are used for the provision of 788 Mbps service.

Cost Efficiency Improvement

Progressing steadily toward full-year target

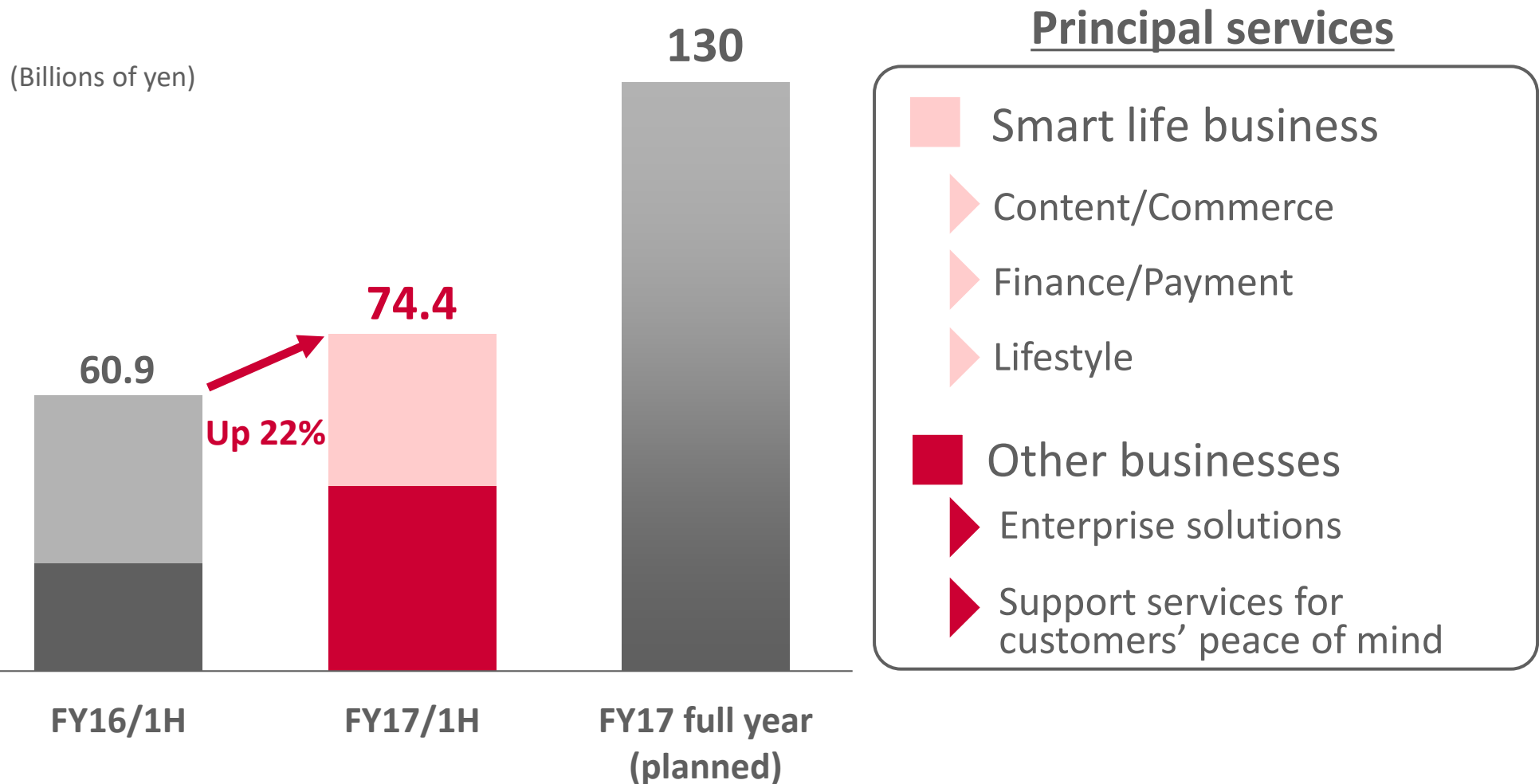
(Billions of yen)



Focus areas:

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

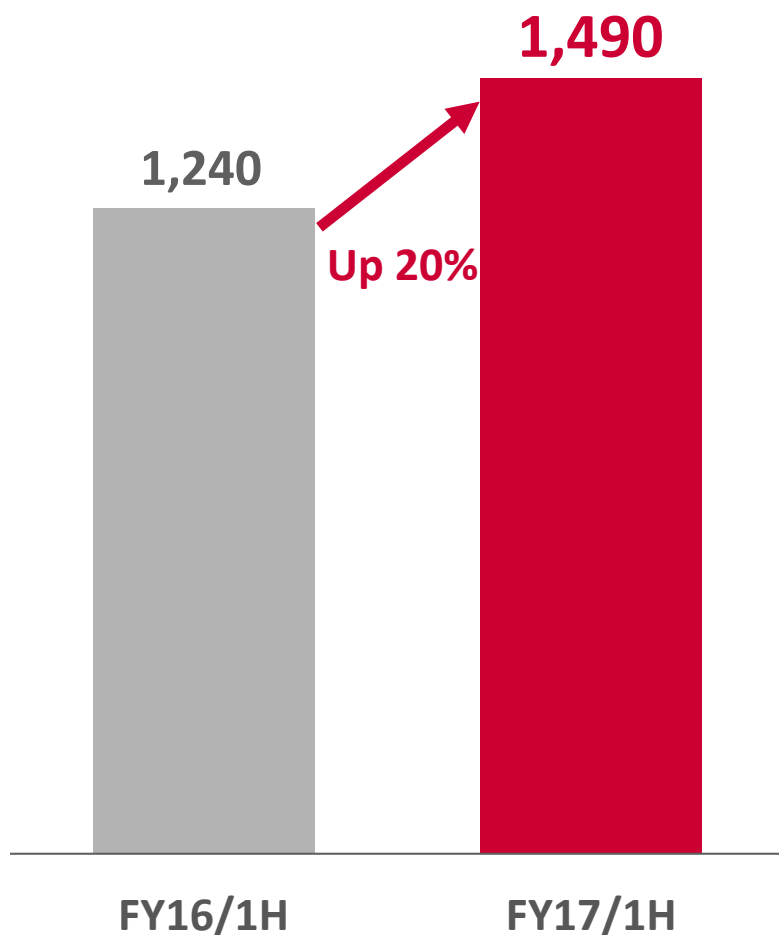
Smart Life Business & Other Businesses: Operating Income



Finance/Payment Services

Transactions handled

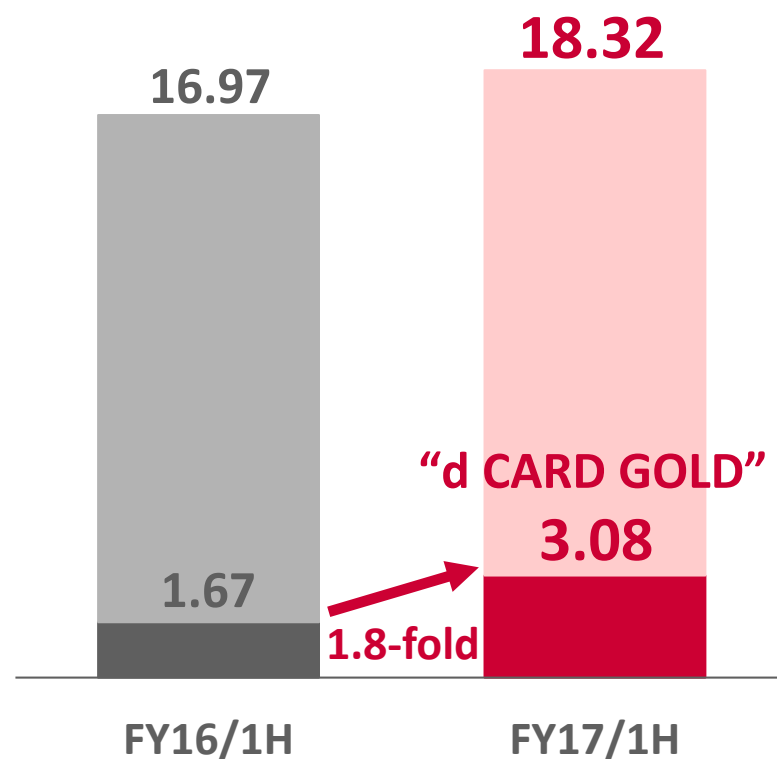
(Billions of yen)



"d CARD" subs

(Million subs)

**"d CARD GOLD" subs:
Topped 3 million**

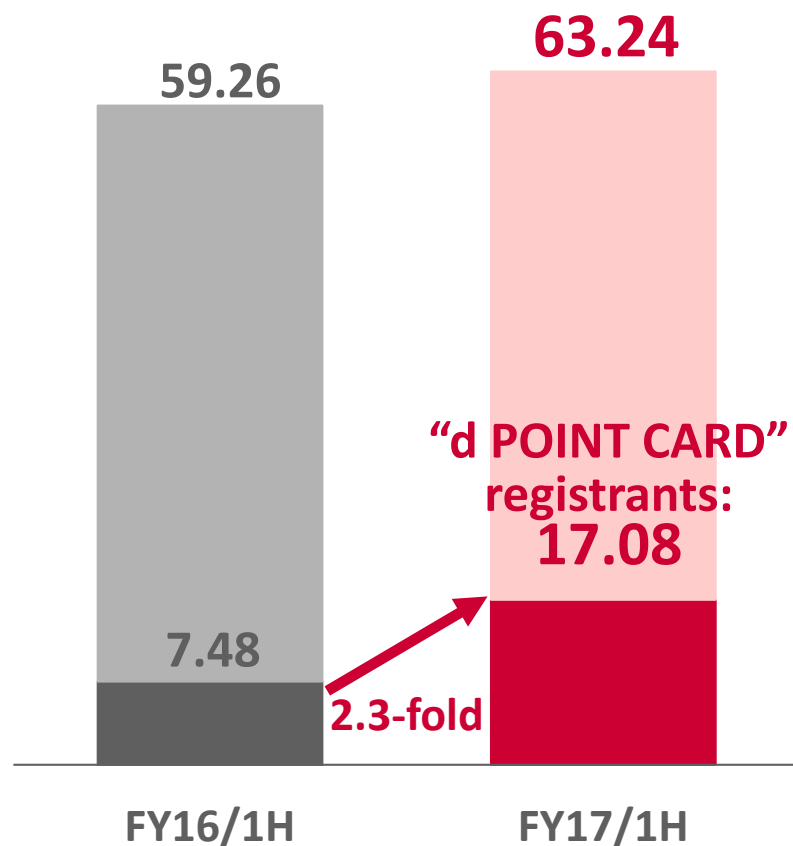


- ◆ The amount of transactions handled includes the transactions handled with "d CARD," "d CARD mini," "iD," proxy bill collection service and "d Mobile Payment Plus" services, etc.
- ◆ The total "d CARD" subscriptions represent the combined subscriptions to "d CARD" and "d CARD mini."

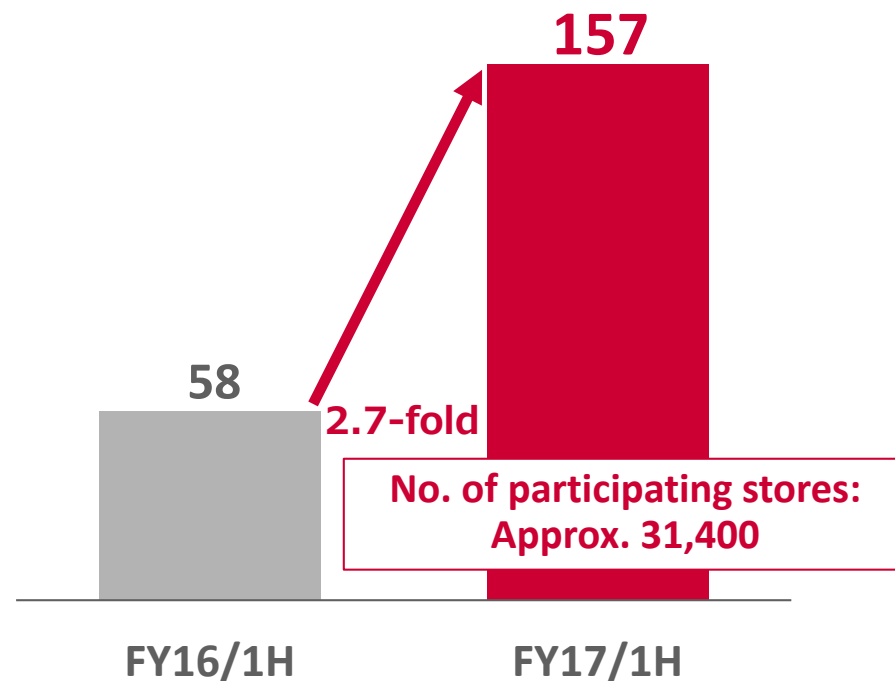
“d POINT”

“d POINT CLUB” members

(Million subs)



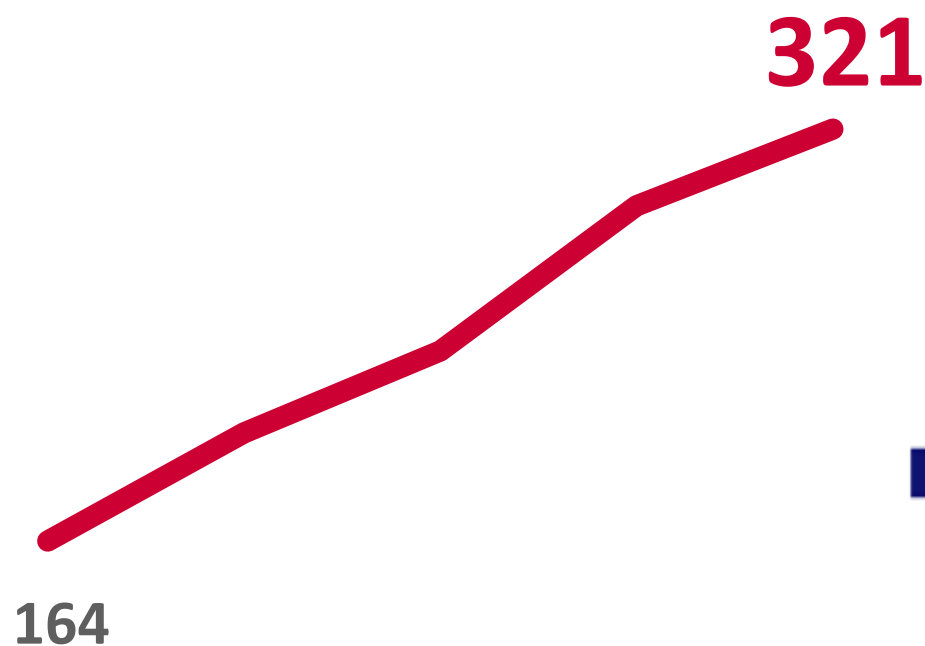
“d POINT” partners



- ◆ “d POINT Card” registrants indicate the number of users who can earn and use “dPOINTS” at participating stores by registering their personal information.
- ◆ “d POINT” partners represent the total number of brands/sites where users can earn or use “d POINTs.”
- ◆ “d POINT” partners and no. of participating stores are inclusive of planned launches.

Promotion of +d

No. of +d partners growing steadily



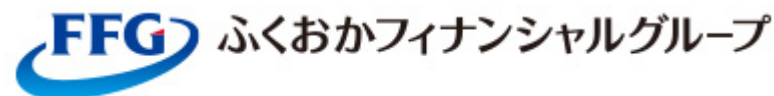
Announced Aug. 30, 2017



Announced Jul. 19, 2017



Announced Sep. 27, 2017



FY16/2Q 3Q 4Q FY17/1Q 2Q

ESG Evaluations

Global

Selected as constituents of leading ESG indices

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM



FTSE4Good

MSCI



2017 Constituent
MSCI ESG
Leaders Indexes

**Selected for
World Index in 2017**

**Selected for
17 straight years**

**Selected for
11 straight years**

Japan

Selected as constituents of all ESG indices selected by GPIF



**FTSE Blossom
Japan**

MSCI



2017 Constituent
MSCI ジャパンESG
セレクト・リーダーズ指数

MSCI



2017 Constituent
MSCI日本株
女性活躍指数 (WIN)

◆ Former MSCI Global Sustainability indexes was renamed MSCI ESG Leaders indexes in June 2017.

◆ GPIF is an abbreviation for Government Pension Investment Fund, Japan. On July 3, 2017, GPIF announced the selection of 3 ESG indices.

Customer Returns

Further enriched offerings responding to customer requests

● “Zutto DOCOMO Discount Plus”

Planned for launch May 2018

● “docomo with”

Increase in variety of eligible models

From Nov. 2017 onwards

● “Simple Plan”

For customers with limited voice usage

For customers who use the same handset for a long period of time

For long-term and high-usage customers

● “Ultra Share Pack 30”

For high-usage customers

For high-usage customers

For “docomo feature phone” users

For child-raising customers

For low-usage customers

For elderly customers

For young customers

“Zutto DOCOMO Discount Plus”

Customer-selectable privilege options

To be launched May 2018

Redeem as “d POINTs”

Worth 1.2-times the amount of discount on charges

Reward of up to 3,000 points per month

Platinum

Discount of up to ¥2,500 per month

Selectable!

“d POINT CLUB” stage

1st

2nd

3rd

4th

Discount on charges

“docomo with”

Increased eligible handsets to total 5 models

docomo with

Over 700,000 units

With the purchase of an eligible smartphone
¥1,500/month discount
 continues so long as the same handset is used

2017-18 Winter/Spring Models



MONO



AQUOS sense

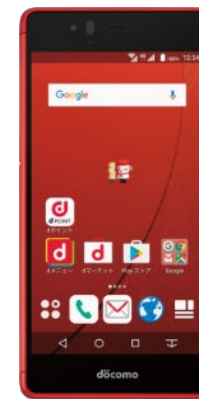


Raku-Raku Smartphone me

Added new color:
Aurora Green



Galaxy Feel



arrows Be

Customer Touchpoint Reinforcement

Enriched support to solve customer problems

Expansion of “Smartphone Class” program across Japan

(From Jan. 2018 onwards)



@ docomo Shops

Eliminate concerns about use of smartphones

Launch of AI-based inquiry response

(Sep. 6, 2017)



@ Information Center

Smooth resolution of inquiries

Launch of chat-based support

(Oct. 25, 2017)



@ Online contract processing site

Easier completion of procedures

New Entertainment Experience

Live music, sport viewing experience of 5G era

Live Music Event

3D scanner x AR

(TOKYO IDOL FESTIVAL 2017: August)



3D live viewing/3D holography

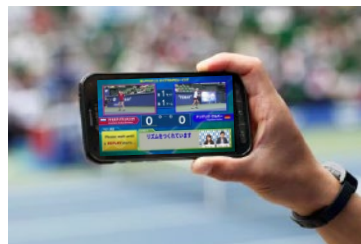
(New experience live music event: September)



Sport

High-density Wi-Fi x Multi-angle live video x Smart glass

(Toray Pan Pacific Open Tennis Tournament 2017: September)



AI Agent Service

Some features to be offered prior to service launch next spring to give a glimpse of benefits

The diagram illustrates the AI agent service interface on a smartphone and a tablet. It features two main sections:

- Top Section:** A user asks, "Play some music you recommend". The AI agent responds with "d hits" (ヒッツ) and a musical note icon. The "Shabette-Concier" app icon, featuring a tuxedo and a microphone, is shown. A note states: "Functional upgrade released Oct. 20, 2017".
- Bottom Section:** A user asks, "Any recipe advice?". The AI agent responds with "d gourmet" (グルメ) and a speech bubble icon. The "NEW Oshaberi" app icon, featuring a tuxedo and a speech bubble, is shown. A note states: "Planned for launch late Nov. 2017".

On the right side, a smartphone and a tablet are shown displaying the service interface. Below them, a "NEW DOCOMO Simple Microphone" is shown, with a note: "Planned for launch Jan. 2018".

Simply talk to your smartphone or tablet and the service can be operated!

Car Sharing Style Innovation



dcar share

Planned for launch Nov. 8, 2017

Car sharing



Car rental



My car sharing



- ◆ Discussions are ongoing for “careco” service operated by Mitsui Fudosan Realty Co., Ltd. and “cariteco” service operated by Meitetsu Kyosho Co., Ltd. aiming for commercial launch in FY2018/1H.
- ◆ Car rental service is planned to be provided via an application service provider (ASP).
- ◆ The image displayed above is conceptual.

LPWA Service Launch

Meeting diverse IoT requirements
(low capacity, low power consumption)

LoRaWAN™ NEW

Provision of total support
from system rollout to
maintenance/operation support

Launched Oct. 20, 2017

Golf course



Agriculture

Plant



Transport



Cellular IoT NEW

Early mover in providing
power-saving technology, **eDRX**

Making it easier to use cellular
IoT with a **new billing plan** NEW

Launched Oct. 2, 2017

Can be used in
LTE area



Smart meter



Management of
movable equipment



Simple maintenance of
industrial equipment

New billing plan

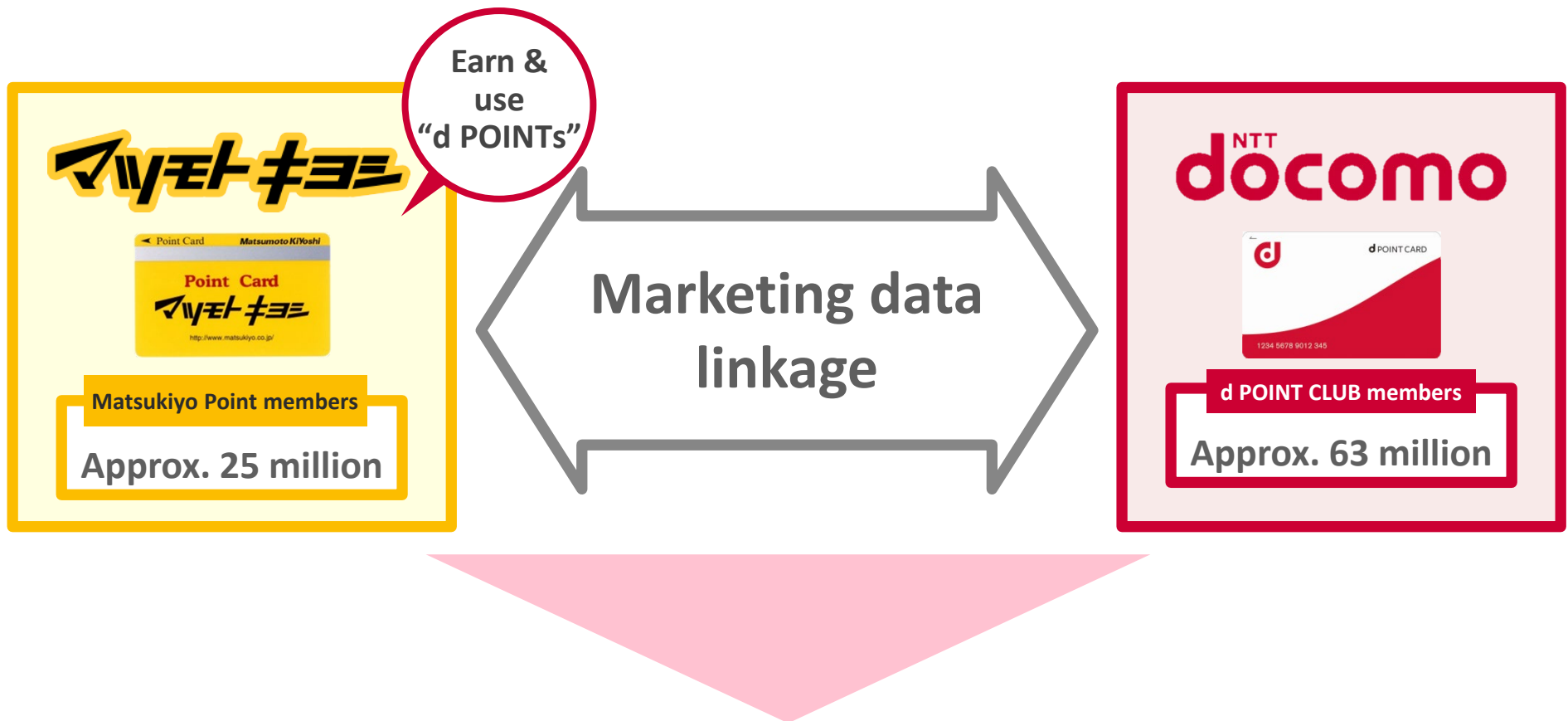
IoT Plan

IoT Plan HS

Business Expansion with Partners

Collaboration with Matsumotokiyoshi Holdings

Planned to start Apr. 2018



Deliver tips on good-value products and services tailored to each customer

Provide research and data analysis reports to third-party companies

Share Repurchase

Reinforce shareholder returns and improve capital efficiency

【Details】

- Class of shares to be repurchased:
Common stock
- Aggregate number of shares to be repurchased:
Up to 120 million shares
- Aggregate price of shares to be repurchased:
Up to ¥300 billion
- Period for share repurchase:
From October 27, 2017 to March 31, 2018

FY2017/1H Summary

- ▶ Recorded ¥548.8 billion in operating income, making favorable progress toward full-year guidance.
- ▶ ARPU expanded due to reduced “Monthly Support” impact and growth of “docomo Hikari” subscriptions.
- ▶ Achieved cost efficiency improvement of ¥33 billion, making tangible progress toward full-year guidance.
- ▶ Steady progress in operating income generation from Smart life business and Other businesses, which totaled ¥74.4 billion for FY2017/1H.
- ▶ No. of +d partners grew to 321.
Accelerated implementation of initiatives under “Declaration beyond” envisaging the 5G era.
- ▶ Selected as constituent of “DJSI World Index” and other leading ESG indices in Japan and overseas.
- ▶ Authorized share repurchase up to prescribed maximum limit of ¥300 billion.

The new of today, the norm of tomorrow

NTT
docomo



Anniversary

Appendices

Services, etc., Included in Each Reportable Segment

Telecommunications business

Mobile communications services

- LTE (Xi) services • 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/Commerce services

- “dTV” “d hits” “d magazine” “d shopping” “d travel” • DAZN for docomo • Tower Records Japan Inc. etc.
-

Finance/Payment services

- “d CARD” “d CARD mini” “iD” • Proxy bill collection • “d Mobile Payment Plus” etc.
-

Lifestyle services

- “d healthcare pack” “d gourmet” • “Photo Collection Plus” • OAK LAWN MARKETING, INC. • ABC Cooking Studio., Co. Ltd. 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”-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.

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 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 on Form 20-F submitted to the U.S. Securities and Exchange Commission.

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