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**FY2017/1-3Q**  
**Results Presentation**

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**NTT**  
**docomo**

**January 30, 2018**

# FY2017/1-3Q Results Highlights

## Favorable progress toward full-year guidance

U.S.  
GAAP

		Year-on-year
◆ <b>Financial data</b>		
➤ Operating revenues:	¥3,595.7 billion	(Up 3.6%)
➤ Operating income:	¥835.3 billion	(Down 0.8%)
➤ Operating FCF:	¥818.6 billion	(Up 2.1%)
EBITDA:	¥1,222.2 billion	(Up 1.7%)
Capital expenditures:	¥403.6 billion	(Up 1.0%)
◆ <b>Operating income by segment</b>		
➤ Telecommunications business:	¥720.0 billion	(Down 3.2%)
➤ Smart life business:	¥53.3 billion	(Down 9.2%)
➤ Other businesses:	¥62.0 billion	(Up 57.1%)

# Selected Financial Data

(Billions of yen)	U.S. GAAP		
	FY2016/1-3Q cumulative (1)	FY2017/1-3Q cumulative (2)	Changes (2) – (1)
Operating revenues	3,469.6	3,595.7	+ 126.1
Operating expenses	2,627.3	2,760.3	+ 133.1
Operating income	842.3	835.3	-7.0
(Excluding irregular factors)	(785.3)	(799.3)	(+14.0)
Net income attributable to NTT DOCOMO, INC.	589.4	654.3	+ 64.9
Capital expenditures	399.4	403.6	+ 4.2
Adjusted free cash flow	442.1	650.9	+ 208.9

◆ 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.

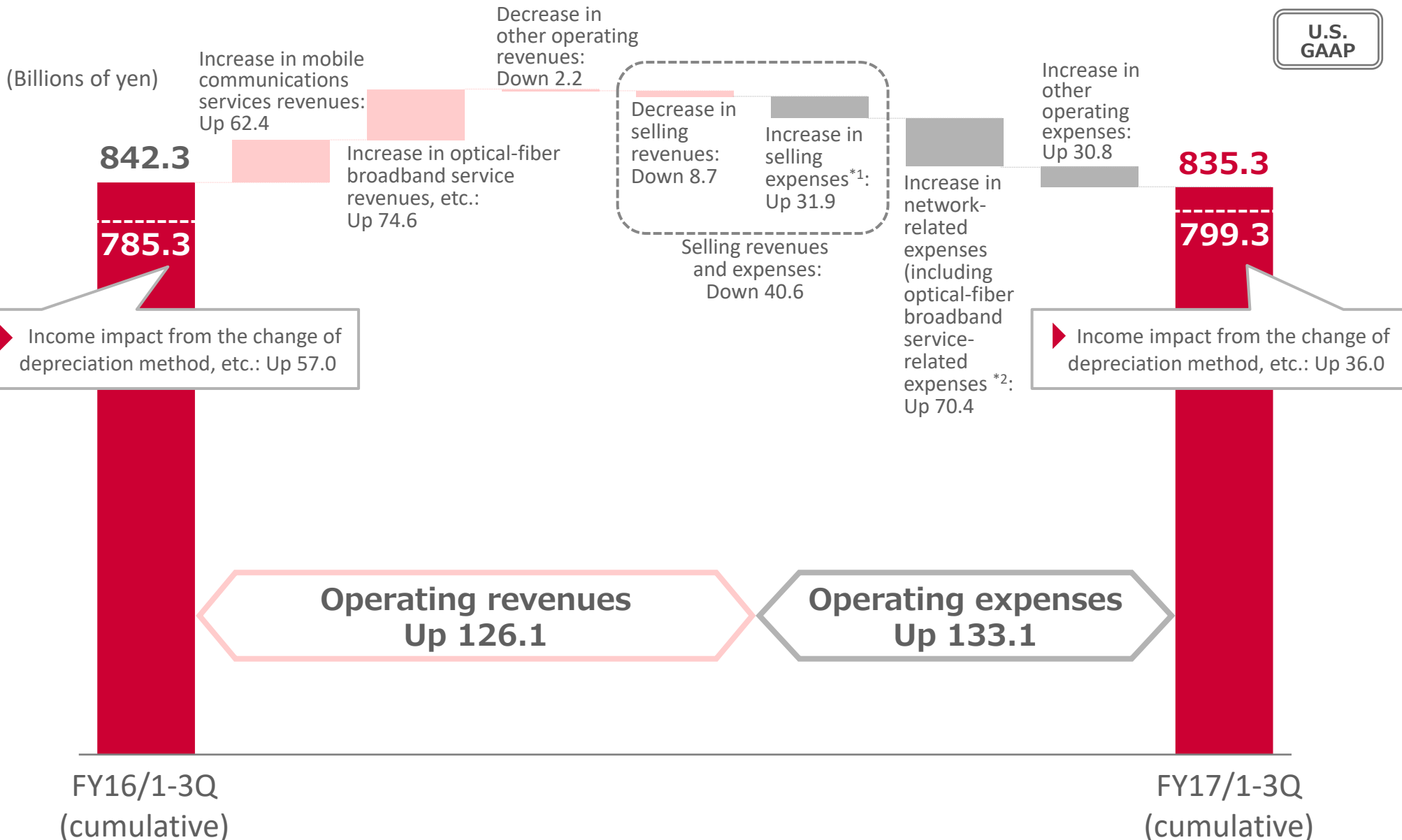
# Results by Segment

U.S.  
GAAP

(Billions of yen)		FY2016/1-3Q cumulative (1)	FY2017/1-3Q cumulative (2)	Changes (2) – (1)
<b>Telecommunications business</b>	Operating revenues	2,814.0	2,946.3	+132.4
	Operating income	744.2	720.0	-24.2
<b>Smart life business</b>	Operating revenues	382.0	349.4	-32.6
	Operating income	58.7	53.3	-5.4
<b>Other businesses</b>	Operating revenues	294.9	324.4	+29.5
	Operating income	39.5	62.0	+22.6
<Ref.> Smart life business and Other businesses	Operating revenues	676.8	673.8	-3.1
	Operating income	98.2	115.3	+17.2

# Key Factors behind Changes in Operating Income

U.S. GAAP



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

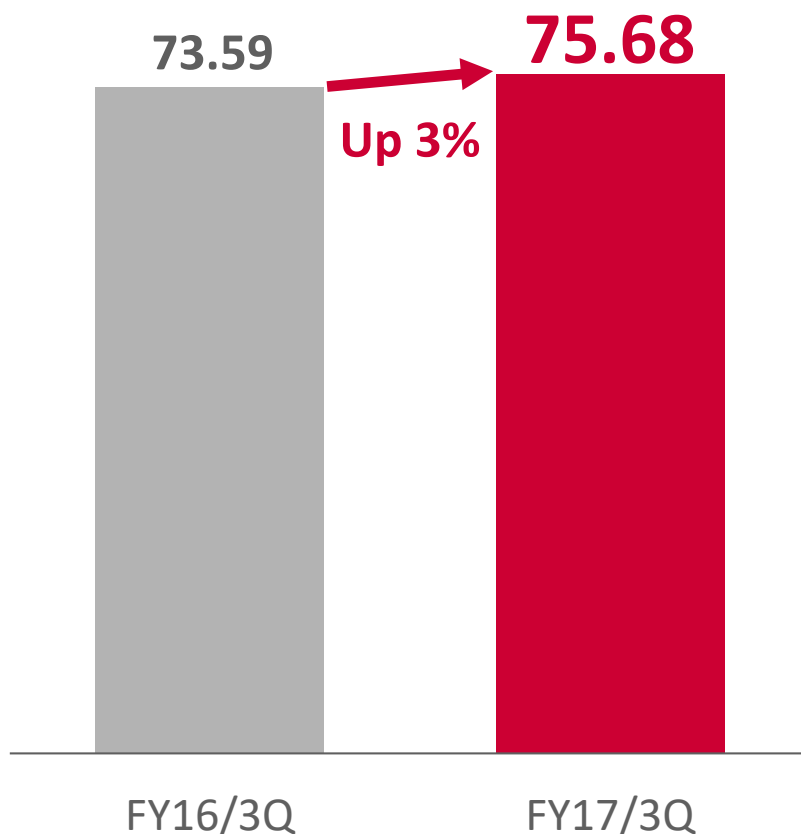
\*2: Sum of depreciation/amortization, loss on disposal of property, plant and equipment and intangible assets, and communication network charges

# Operational Performance (1)

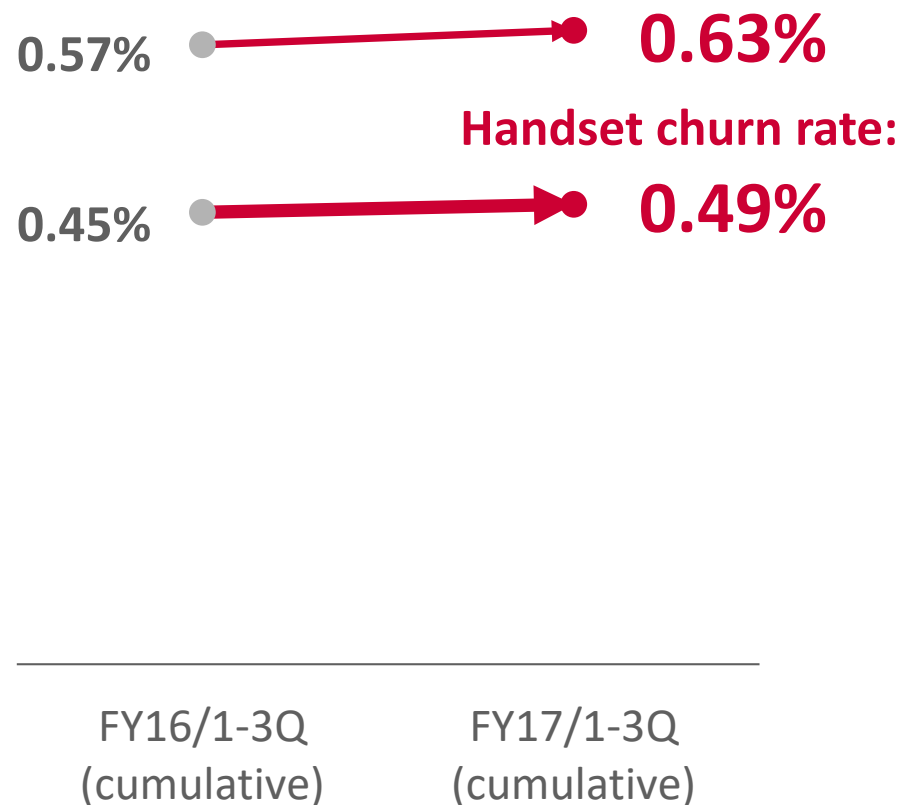
(Millions subs)

## Mobile telecommunications service subscriptions

**“Kake-hodai & Pake-aeru” subs:  
Topped 40 million**



## Churn rate

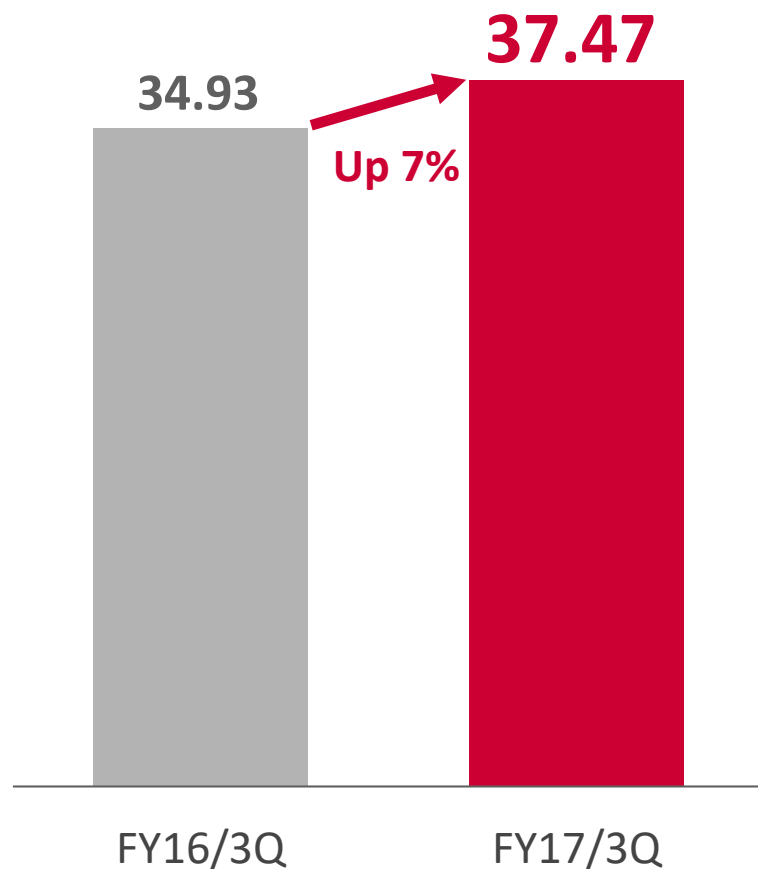


◆ Handset churn rate indicates the combined churn rate for smartphones and feature phones.

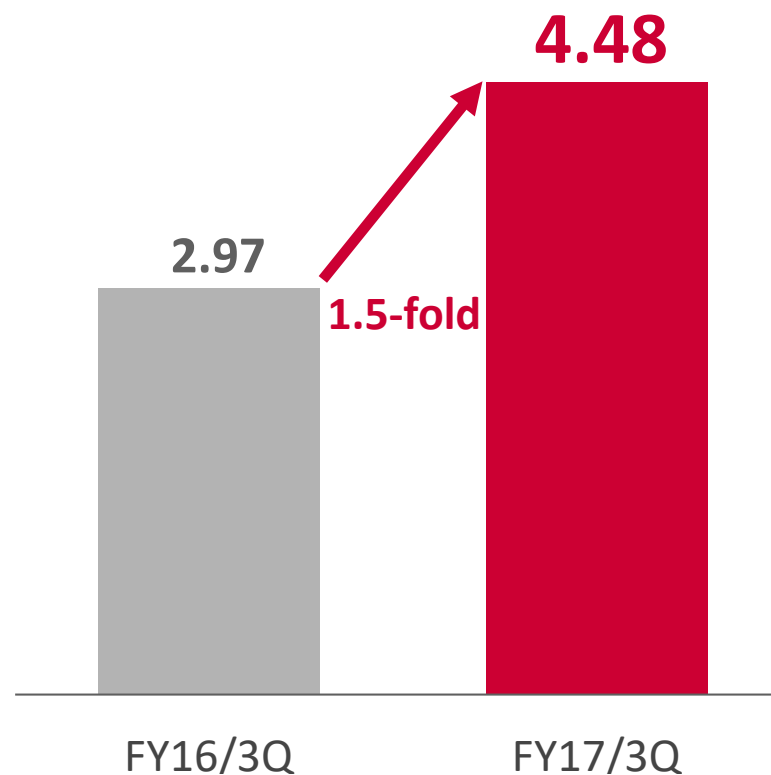
# Operational Performance (2)

(Millions subs)

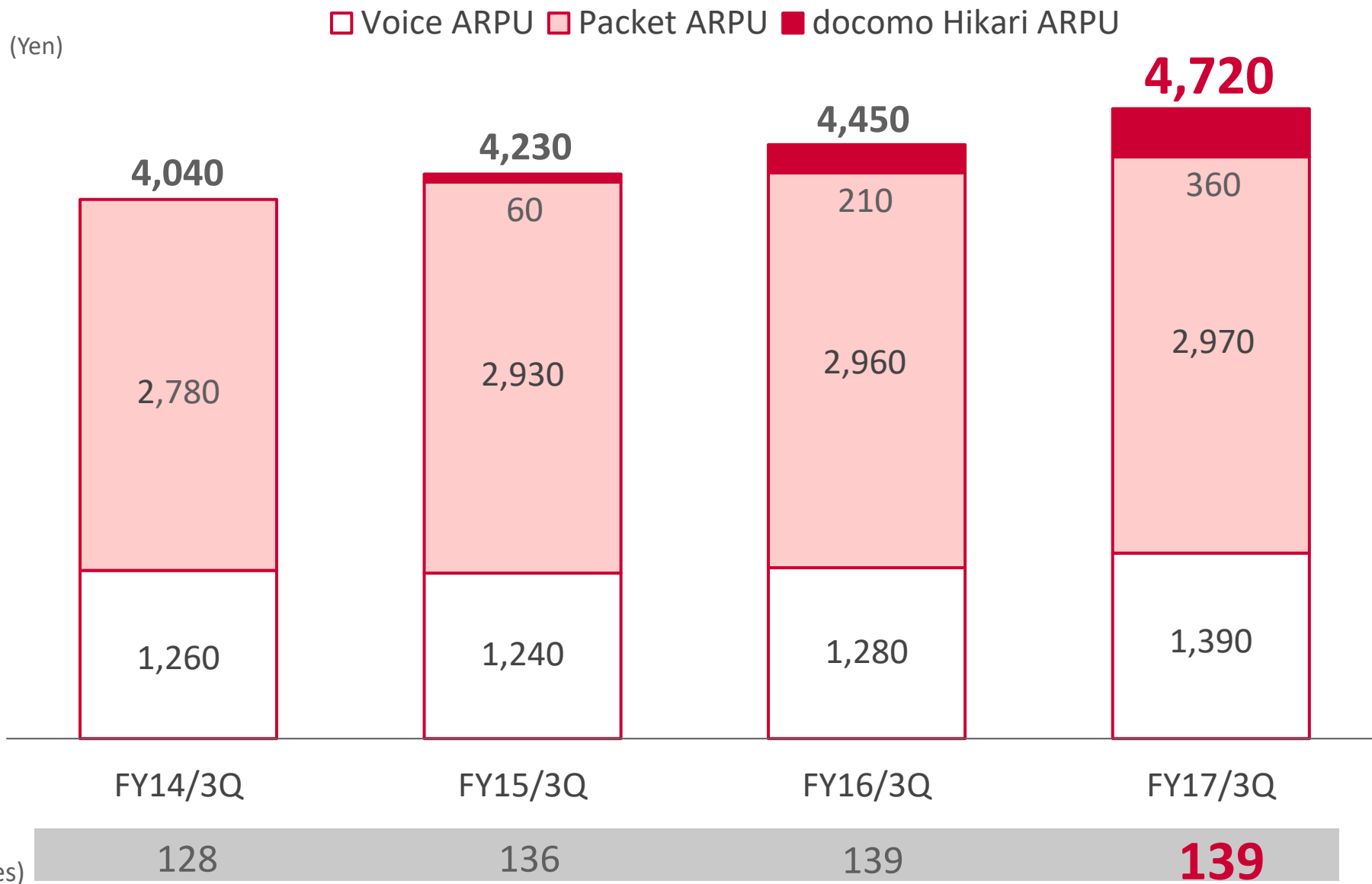
## Total smartphone/ tablet users



## “docomo Hikari” optical-fiber broadband subs



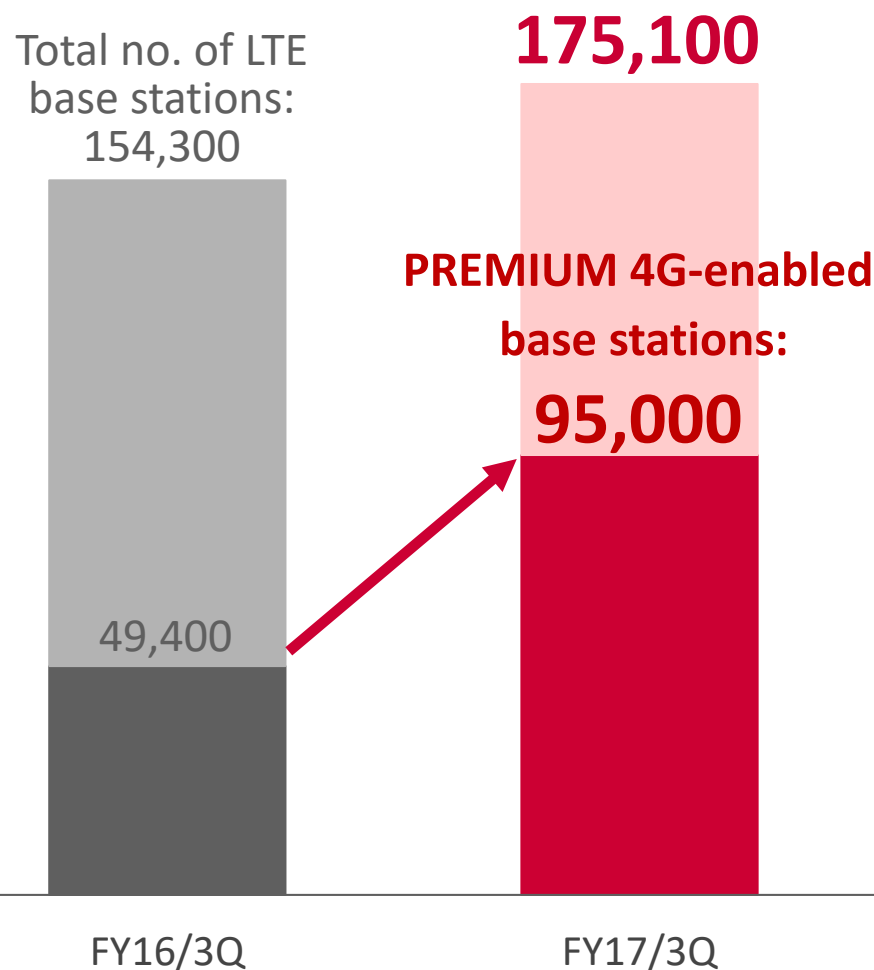
# ARPU/MOU



◆ 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™

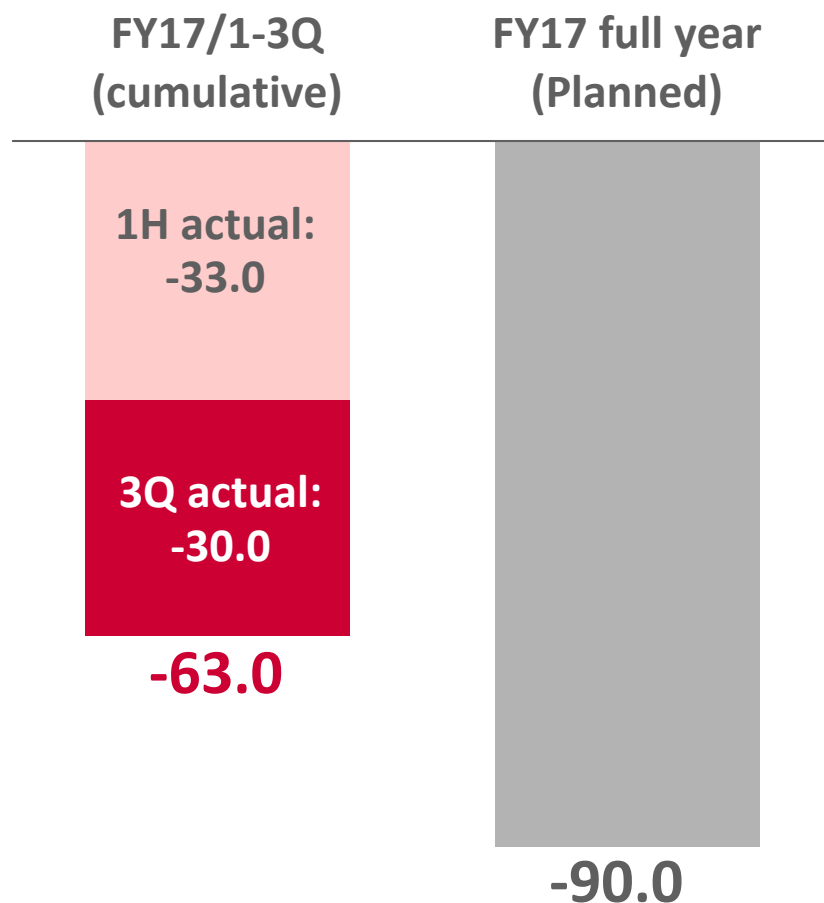
Japan's fastest **788Mbps** service  
expanded to  
**241 cities nationwide**

◆ 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 December 31, 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.

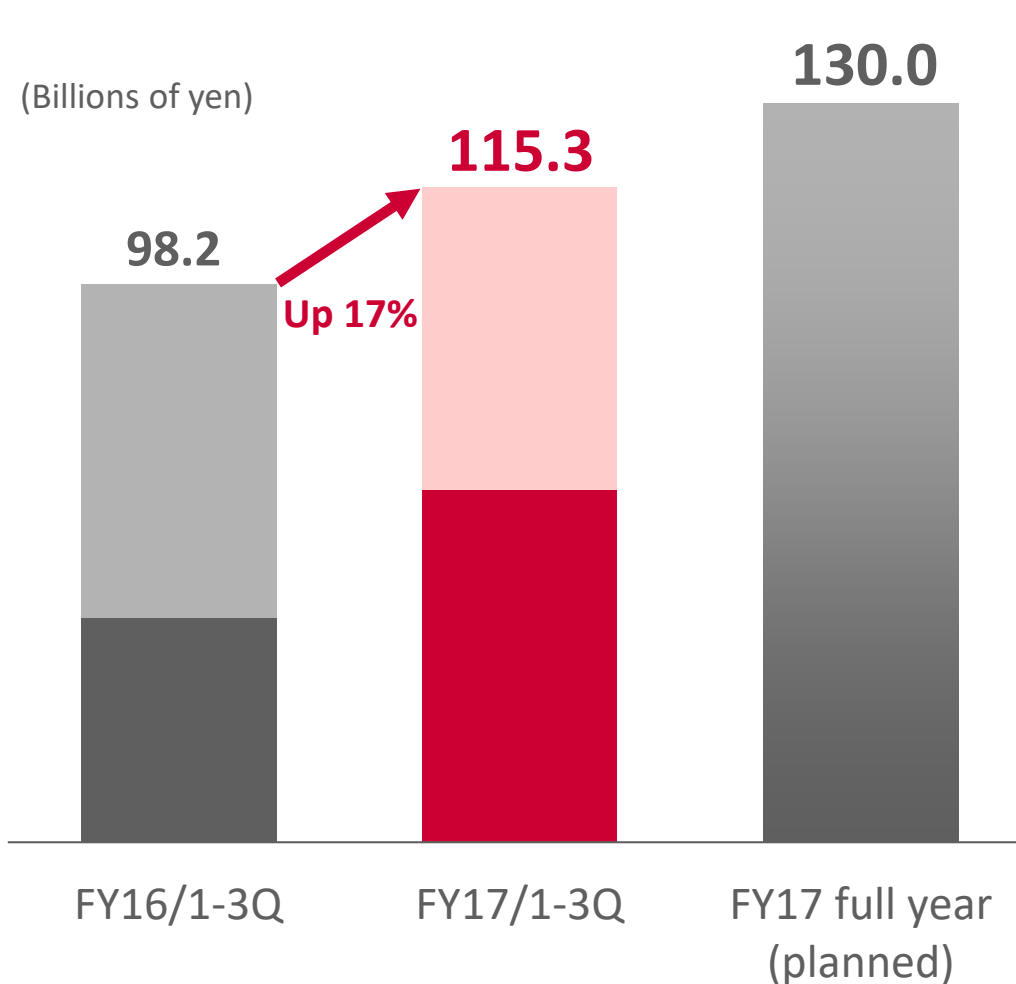
#### 【Marketing】

Sales tools, handset repair, etc.

#### 【Other】

R&D, information system, etc.

# Smart Life Business & Other Businesses: Operating Income



## Principal services

- Smart life business
  - Content/Commerce
  - Finance/Payment
  - Lifestyle
- Other businesses
  - Enterprise solutions
  - Support services for customers' peace of mind, etc.

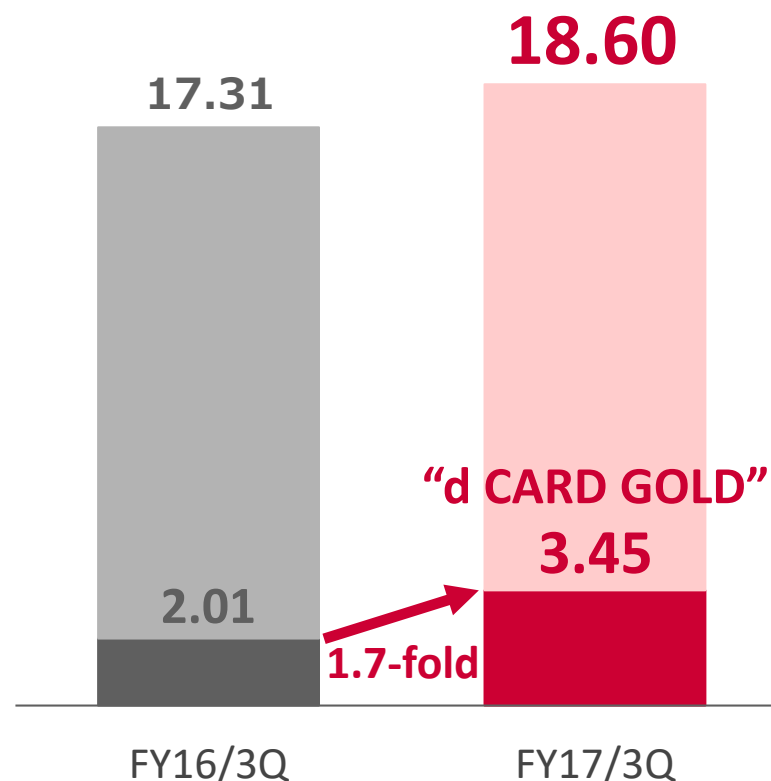
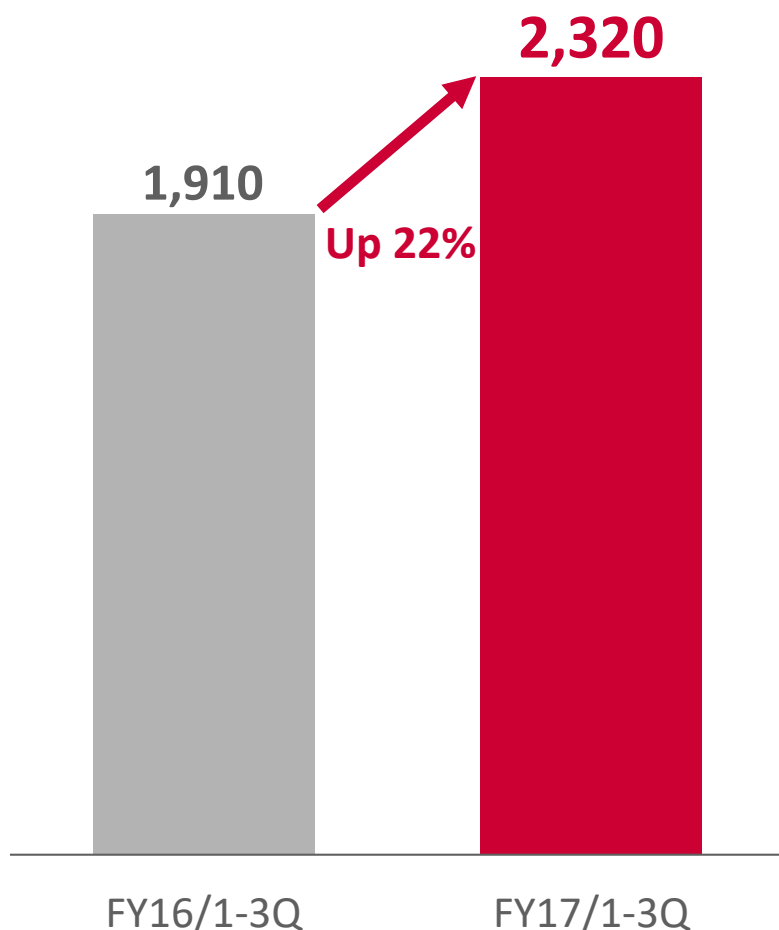
# Finance/Payment Services

## Transactions handled

## "d CARD" members

(Million members)

(Billions of yen)

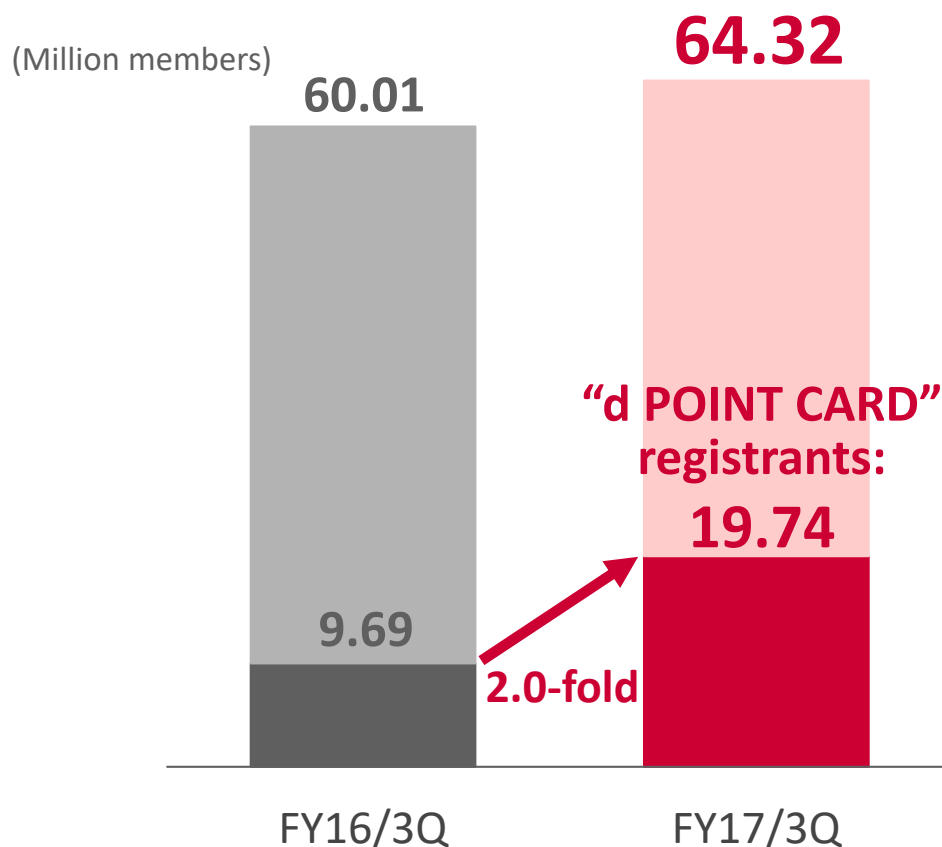


- ◆ The amount of transactions handled includes the transactions handled with "d CARD," "d CARD mini," "iD," proxy bill collection service and "d Mobile Payment Plus" services, etc.
- ◆ The total "d CARD" members represent the combined members to "d CARD" and "d CARD mini".

# “d POINT”

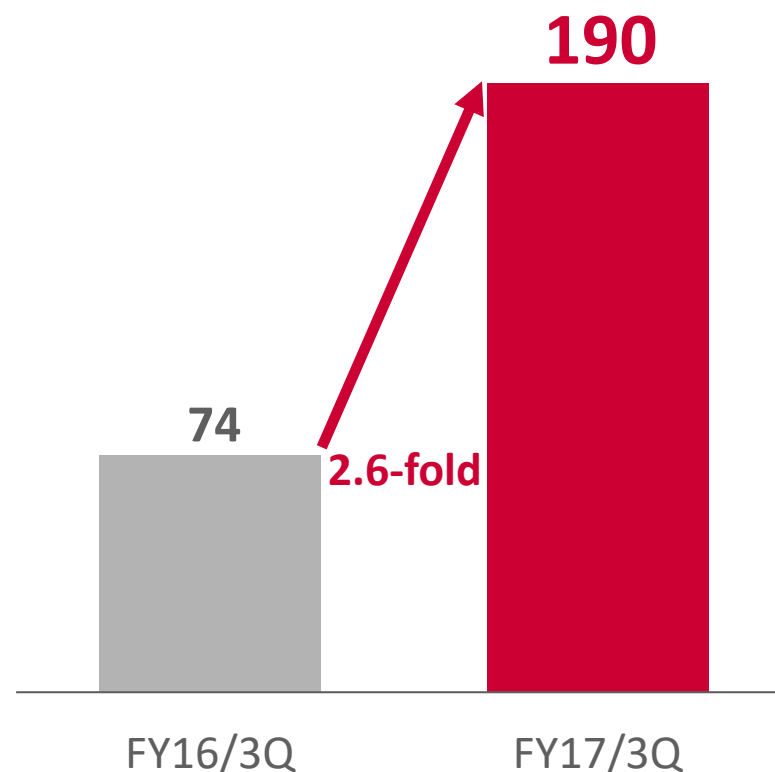
## “d POINT CLUB” members

“d POINT CARD” registrants topped 20 million (Jan. 10)



## “d POINT” partners

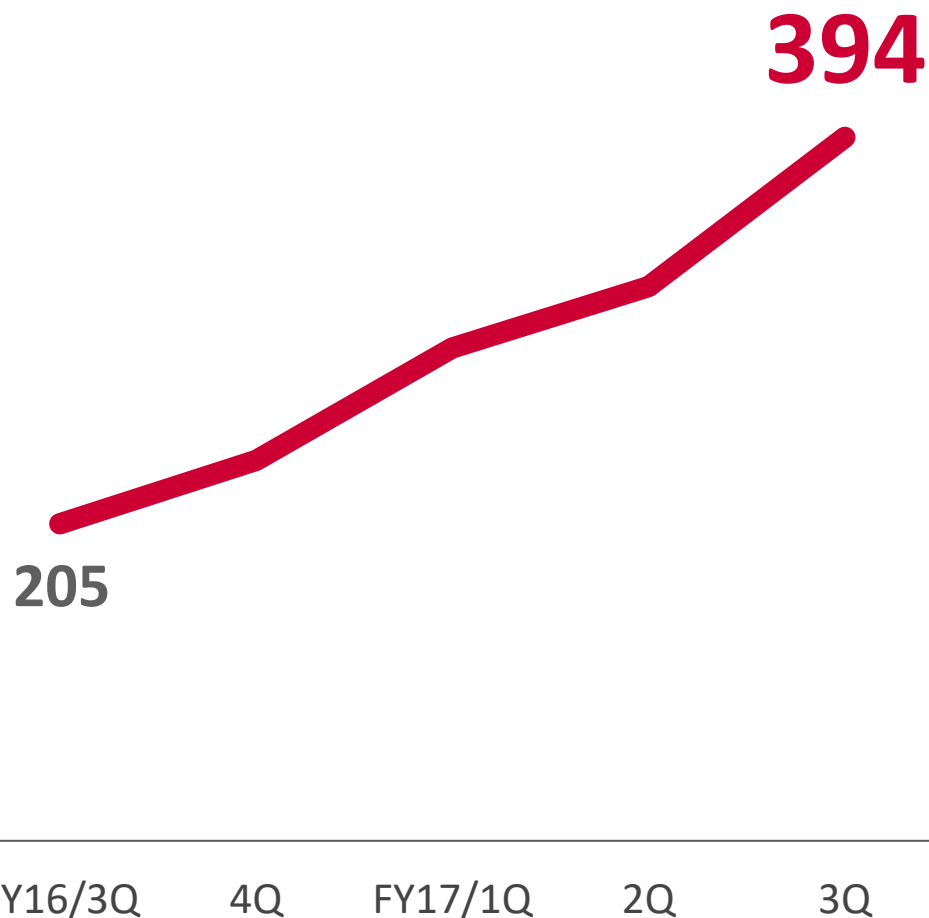
No. of participating stores: Approximately 32,200



- ◆ “d POINT CARD” registrants indicate the number of users who can earn and use “d POINTS” 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. No. of participating stores is as of Dec. 31, 2017.

# Promotion of +d

## No. of +d partners growing steadily



Announced Nov. 2, 2017

SONY



Announced Oct. 18, 2017

watashi  
by shiseido

アイケアカンパニー宣言!  
メガネスーパー  
meGaneSUPER

Announced Dec. 20, 2017



高知県  
Kochi Prefecture

# Customer Returns

## Further enriched offerings responding to customer requests

● **“Zutto DOCOMO Discount Plus”**

To start May 2018

● **“Packet Pack Overseas Option”**

To start Mar. 2018

**NEW**

● **Expansion of “docomo Hikari” bundle discounts for “Ultra Pack”**

To start Feb. 1, 2018

● **“Ultra30 Share Pack 30”**

● **“Simple Plan”**

● **“Senior Smartphone Debut Discount”**

● **“docomo with”**

● **Lowered “Mobile Device Protection” fees**

Started Nov. 10, 2017

● **“docomo Student Discount”**

Started Dec. 27, 2017

3,000 giveaway points provided to family members in a share group



# Returns for High-Usage Customers

## Expansion of “docomo Hikari” bundle discounts for “Ultra Pack”

To start Feb. 1, 2018

Discounts increased by up to ¥500

Share Pack		Data volume	Monthly rate <sup>*1</sup>	“docomo Hikari” bundle discount <sup>*2</sup>
For families	“Ultra Share Pack 100”	100GB	¥22,500	<b>-¥3,500</b>
	“Ultra Share Pack 50”	50GB	¥14,200	<b>-¥2,900</b>
	“Ultra Share Pack 30”	30GB	¥12,300	<b>-¥2,500</b>
For individuals	“Ultra Data LL Pack”	30GB	¥7,200	<b>-¥1,600</b>
	“Ultra Data L Pack”	20GB	¥5,200	<b>-¥1,400</b>

### Case: “Ultra Share Pack 30” used by a 3-member family

Representative line:  
Subscribed for 15 years



Usage: 10GB

“Simple Plan”



10GB

“Simple Plan”



10GB

“Simple Plan”

	¥980	¥980	¥980
Basic charge	¥980	¥980	¥980
SP-mode	¥300	¥300	¥300
<b>“Ultra Share Pack 30”</b>			
“Packet Pack”	¥13,500	¥500	¥500
“Zutto DOCOMO Discount”	-¥1,200		
“docomo Hikari” bundle discount	-¥2,500		
	¥11,080	¥1,780	¥1,780

**Average monthly rate per person: ¥4,880 (10GB)<sup>\*3</sup>**  
(Total monthly rate for 3 persons: ¥14,640)

\*1: Rates after applying “Zutto DOCOMO Discount” for users subscribing to DOCOMO for 15 years or longer.

\*2: Amounts of discounts for apartments/condominiums.

\*3: Basic charge for “docomo Hikari” is billed separately.



# “d Payment”

## Launch of a new payment service for smartphones enabling users to pay with barcodes



20200000000000000000

Plan for launch in Apr. 2018

Plan for expansion

### “d Payment” partners (physical stores)



UNITED ARROWS LTD.



URBAN RESEARCH



### “d Payment” partners (online):

“d Mobile Payment Plus” that can be used online will be renamed as “d Payment”

### Easy

Easy to use:  
Just show your barcode!



### Convenient

Charged together  
with your monthly phone bill



### Great value

Allows you to  
earn or use  
d POINTs!



Declaration 1

Market leader

Declaration 2

Style innovation

# “dTV channel”

## All-you-can-view video service enabling easy viewing of 31 specialty channels (movies, dramas, animation, hobby, etc.)

Launched today!



For subscribers of DOCOMO’s mobile service:

**¥780/month**

When subscribed together with “dTV”:

**¥980/month**

**“docomo TV Terminal™”**

A set top box that enables viewing on

home television is released simultaneously



## Open Partner Program

### Expanding value co-creation activities with partners to cultivate new use cases for 5G

A program that allows businesses & organizations interested in 5G to experience the technology from early on

Participation as of Jan. 25, 2018:

**Over 500 companies**



Provision of latest 5G information

From Feb. 2018

Participation in partner workshops

From Feb. 2018

Provision of 5G use environment

From Apr. 2018

# 5G Trial Events

## A glimpse of 5G services ahead of commercial launch

### YOYOGI CANDLE 2020

Oct. - Nov. 2017

5G x Projection mapping



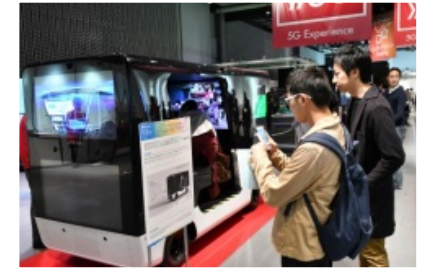
### R&D Open House 2017

Nov. 2017

DioSta



New concept cart



### New Experience! Future Stadium

Dec. 2017

5G x New sports viewing style



### 5G Trial Site

Dec. 2017

5G x SPORTS

AR/Multi-viewpoint demo



5G x GAME

VR game/viewing



# Expansion of “docomo Smartphone Class”

## Supporting customers' safe & comfortable use of service through smartphone classes



Classes held at  
**ALL docomo Shops** in Japan  
from Jan. 2018



**Please Feel free to attend!**

**Classes for youths/parents**  
to start from Feb. 2018  
(filtering/appropriate use of SNS)



Declaration 4

Industry creation

Declaration 5

Solution co-creation

# R&D/Corporate Marketing <sup>NTT</sup> docomo Joint Sales Activities

## Speedy problem solution through "Top gun sales"

R&D



Corporate Marketing



Top gun

Product/solution development, continuous creation



Expansion of solution co-creation team  
Horizontal deployment, nationwide sales

Verification trials

Human

Kobe City

"Child monitoring solution"

⇒ find children's locations

Reassuring!



Things

All Nippon Airways

"Commodity management service"

⇒ find the location of strollers left unattended

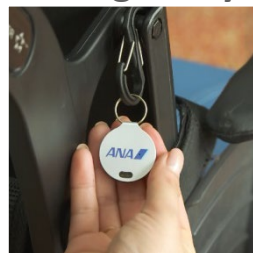
Convenient!



Launch of "Location Net"

Oct. 2017

Provide **sense of security** and realize **efficiency improvement** by locating every single person and object!



BLE tag

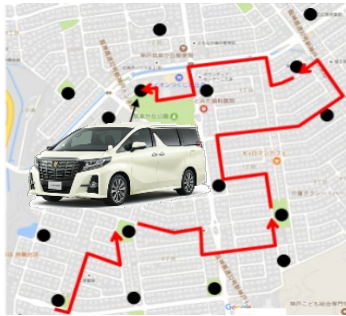


Detector

# Solving residents' "last-mile mobility obstacle"

Verification trial on last-mile self-driving transport service (Kobe City)

Trial period: Nov. 7- Dec. 24, 2017



## November

Regular route operation.

## December

Optimized operation hours/routes of AI-operated bus based on actual demand. (On-demand operation)

Upon boarding, provided passengers with discount coupons of supermarkets in the vicinity.



## Result

On-demand service garnered approximately 3-times higher usage compared to regular route operation.

Coupons were used by approximately 70% of passengers

Verified needs for on-demand bus operation and potential of collaboration between transport services and nearby commercial facilities

# FY2017/1-3Q Summary

- ▶ Recorded ¥835.3 billion in operating revenues, making favorable progress toward full-year guidance.
- ▶ “Kake-hodai & Pake-aeru” subscriptions topped 40 million.
- ▶ ARPU continued to expand due to reduced “Monthly Support” impact and growth of “docomo Hikari” subscriptions, etc.
- ▶ Achieved cost efficiency improvement of ¥63 billion, making tangible progress toward full-year target.
- ▶ Steady progress in operating income generation from Smart life business and Other businesses, which totaled ¥115.3 billion.
- ▶ No. of +d partners grew to 394. Accelerated co-creation efforts with partners.
- ▶ Convened “R&D Open House” and increased 5G experience events to facilitate creation of new services leveraging 5G.



# 25<sup>th</sup> Anniversary Tie-up Events

## Mr.Children

- Presale of concert tickets via d ACCOUNT
- Tie-up TV commercials
- Provision of live multi-angle video app
- Music distribution of “d hits,” etc.



Mr.Children & docomo 25<sup>th</sup> Anniversary



## Namie Amuro

- Presale of concert tickets via d ACCOUNT
- Tie-up TV commercials
- docomo x TOWER RECORDS campaign
- namie amuro x d POINTs campaign, etc.



## 25<sup>th</sup> Anniversary Thank You Campaign

- Present campaign (tickets, private events, etc.)

Tokyo Disney Resort/D23  
(Oct. 18 - Dec. 17, 2017)

Universal Studio Japan™  
(Jan. 12 - Mar. 11, 2018)

TM Universal Studios  
NTT DOCOMO, INC. is an official marketing partner of Universal Studios Japan™ CR18-0227



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 MVNOs are not included in the ARPU calculation.

# Special Note Regarding Forward-Looking Statements

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 and Quarterly Securities Reports submitted to the U.S. Securities and Exchange Commission.

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