
FY2017

Results Presentation

NTT
docomo

April 27, 2018

- 1 . FY2017 Results Highlights**
- 2 . FY2018 Full-Year Guidance
/Shareholder Returns**
- 3 . Medium-Term Strategy 2020
“Declaration beyond”**

FY2017 Results Highlights

YOY increase in both operating revenues/income

◆ Financial data

➤ Operating revenues:	¥4,769.4 billion	(Up 4.0% year-on-year)
➤ Operating income:	¥973.3 billion	(Up 3.0% year-on-year)
➤ Operating FCF:	¥933.5 billion	(Up 7.8% year-on-year)
EBITDA:	¥1,509.9 billion	(Up 3.2% year-on-year)
Capital expenditures:	¥576.4 billion	(Down 3.5% year-on-year)

◆ Operating income by segment

➤ Telecommunications business:	¥832.8 billion	(Down 0.0% year-on-year)
➤ Smart life business:	¥62.9 billion	(Up 8.6% year-on-year)
➤ Other businesses:	¥77.6 billion	(Up 43.6% year-on-year)

Selected Financial Data

U.S.
GAAP

(Billions of yen)	FY2016 full year (1)	FY2017 full year (2)	Changes (2) – (1)
Operating revenues	4,584.6	4,769.4	+184.9
Operating expenses	3,639.8	3,796.1	+156.3
Operating income	944.7	973.3	+28.5
Net income attributable to NTT DOCOMO, INC.	652.5	744.5	+92.0
Capital expenditures	597.1	576.4	-20.7
Adjusted free cash flow	664.5	862.5	+198.0

◆ 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

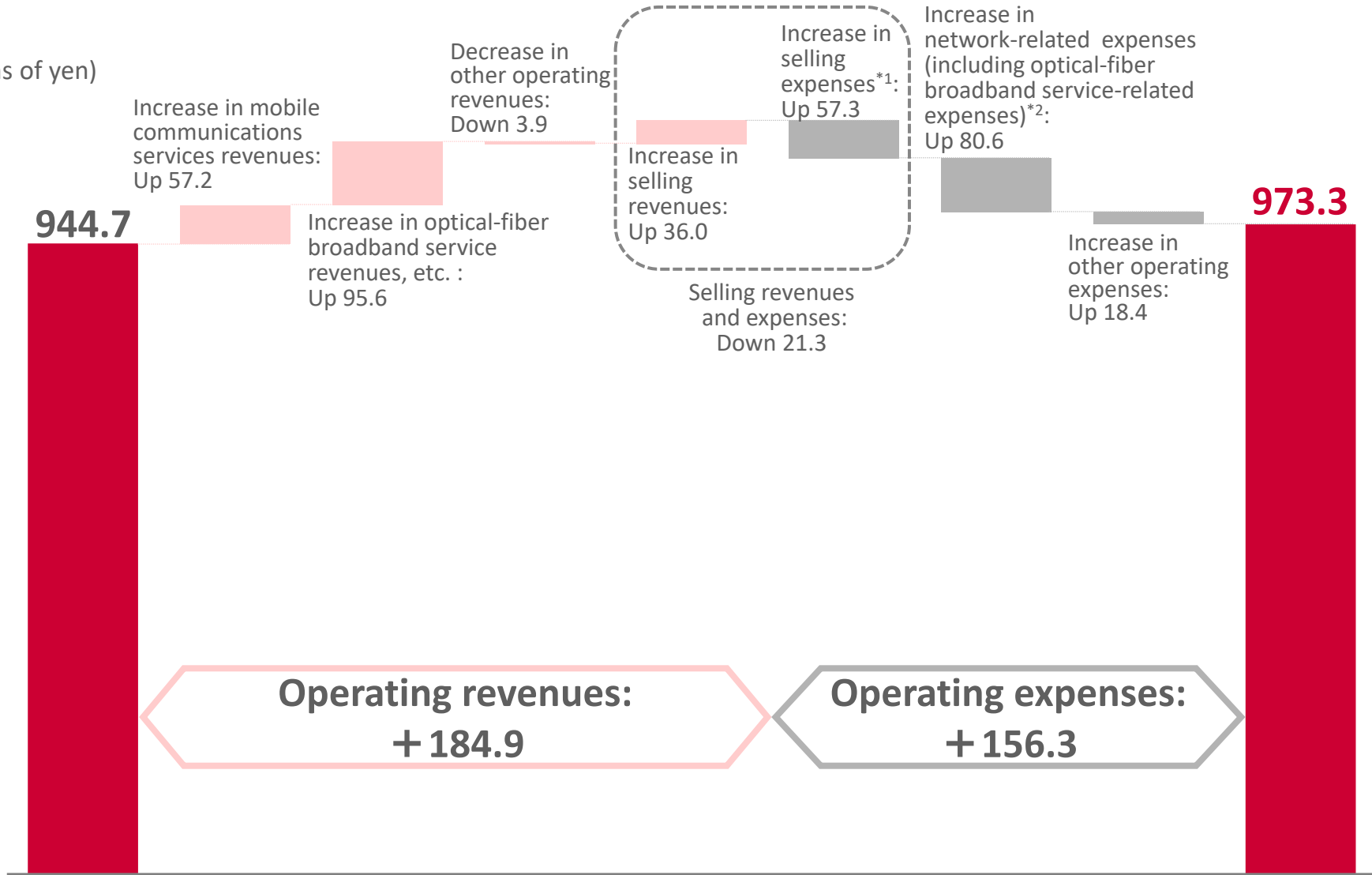
U.S.
GAAP

(Billions of yen)		FY2016 full year (1)	FY2017 full year (2)	Changes (2) – (1)	
Telecommunications business	Operating revenues	3,711.2	3,898.4	+187.2	
	Operating income	832.8	832.8	-0	
Smart life business	Operating revenues	501.9	466.7	-35.2	
	Operating income	57.9	62.9	+5.0	
Other businesses	Operating revenues	400.4	436.5	+36.1	
	Operating income	54.0	77.6	+23.6	
<Ref.> Smart life business and Other businesses					
		Operating revenues	902.3	903.2	+0.9
		Operating income	111.9	140.5	+28.6

Key Factors behind Changes in Operating Income

U.S. GAAP

(Billions of yen)



FY16

FY17

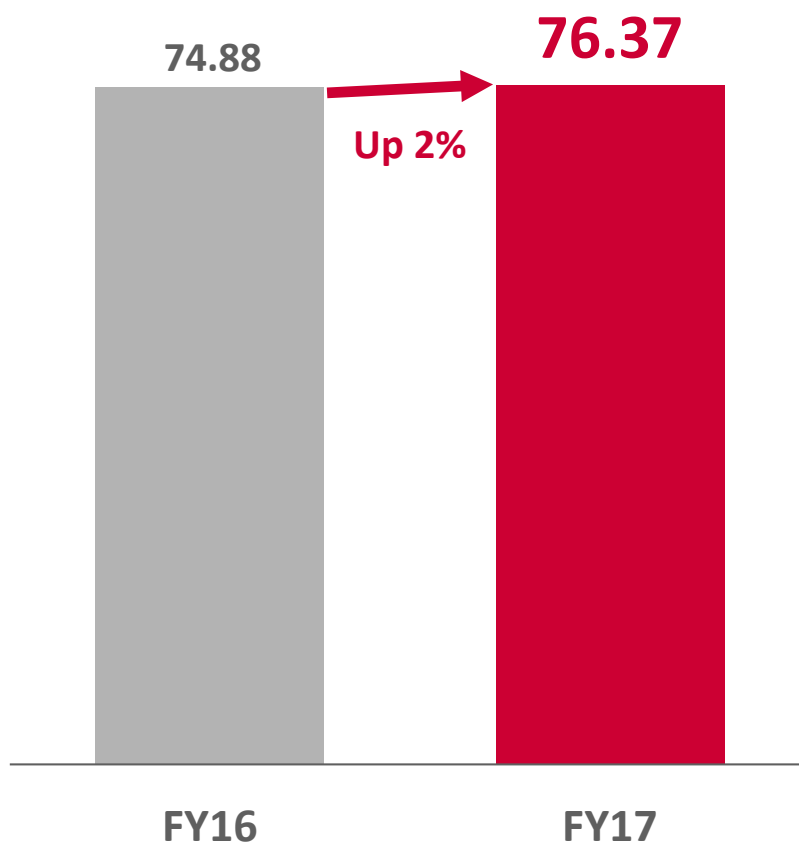
*1: Sum of cost of equipment sold and commissions to agent resellers

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

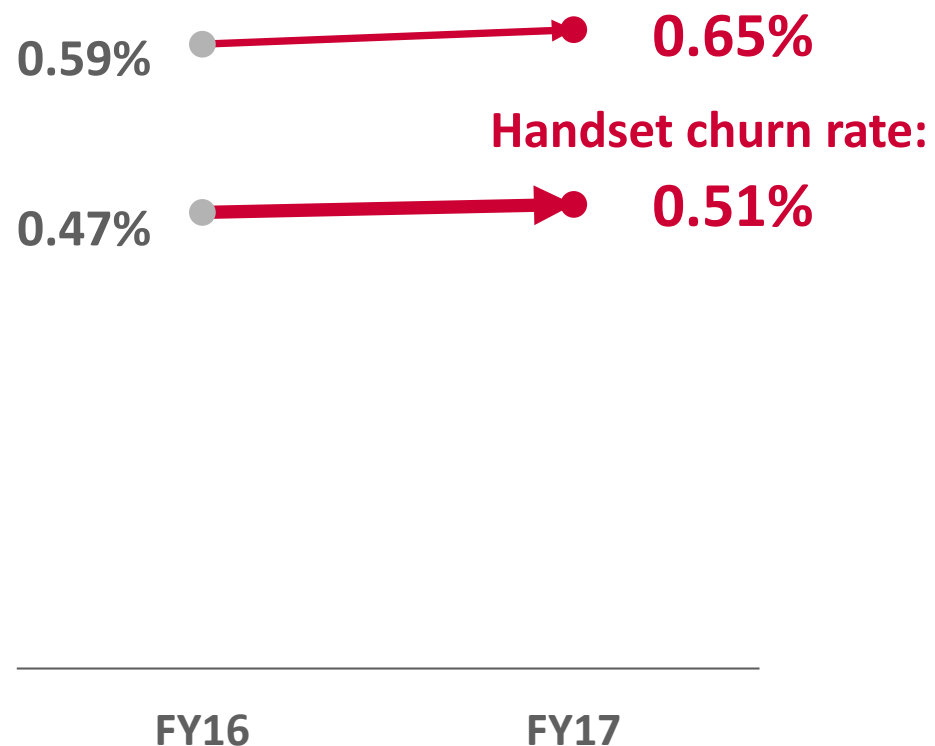
Operational Performance (1)

(Millions subs)

Mobile telecommunications service subscriptions



Churn rate

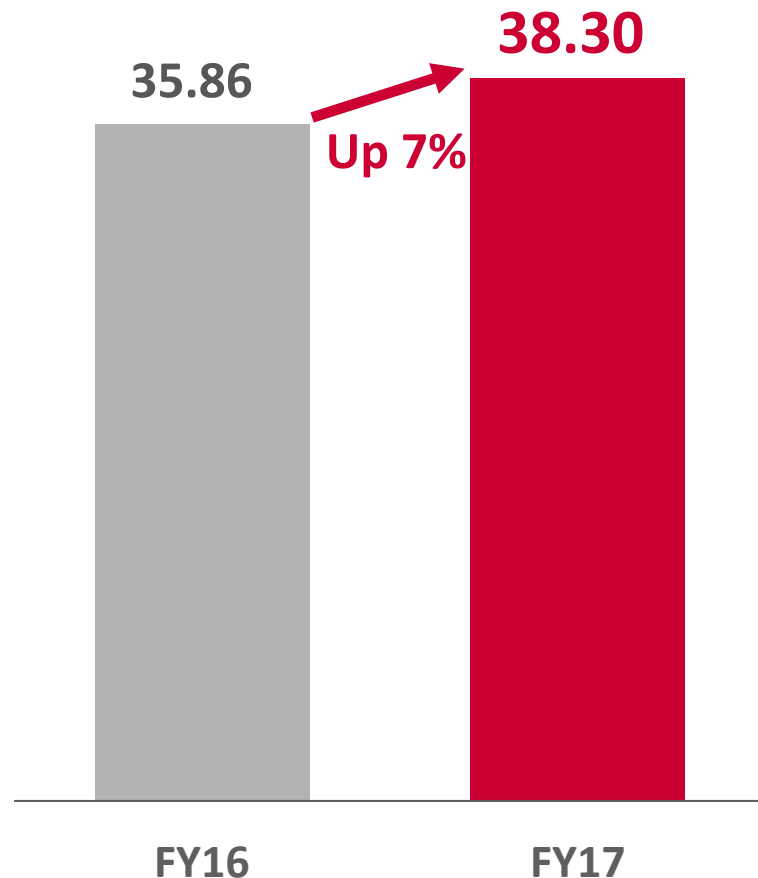


◆ Handset churn rate indicates the combined churn rate for smartphones and feature phones.

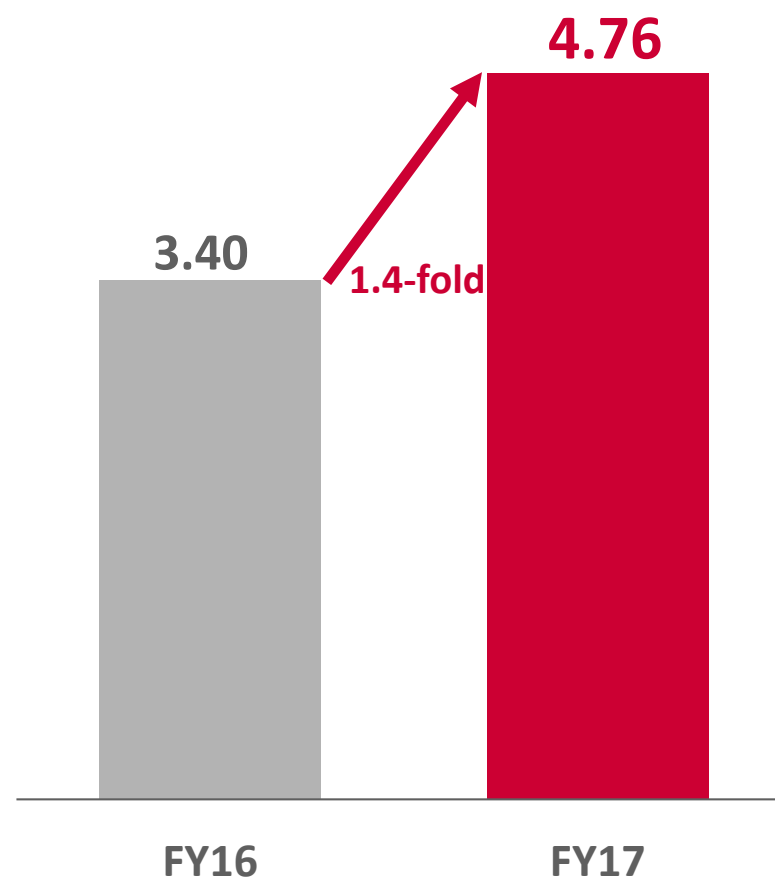
Operational Performance (2)

(Millions subs)

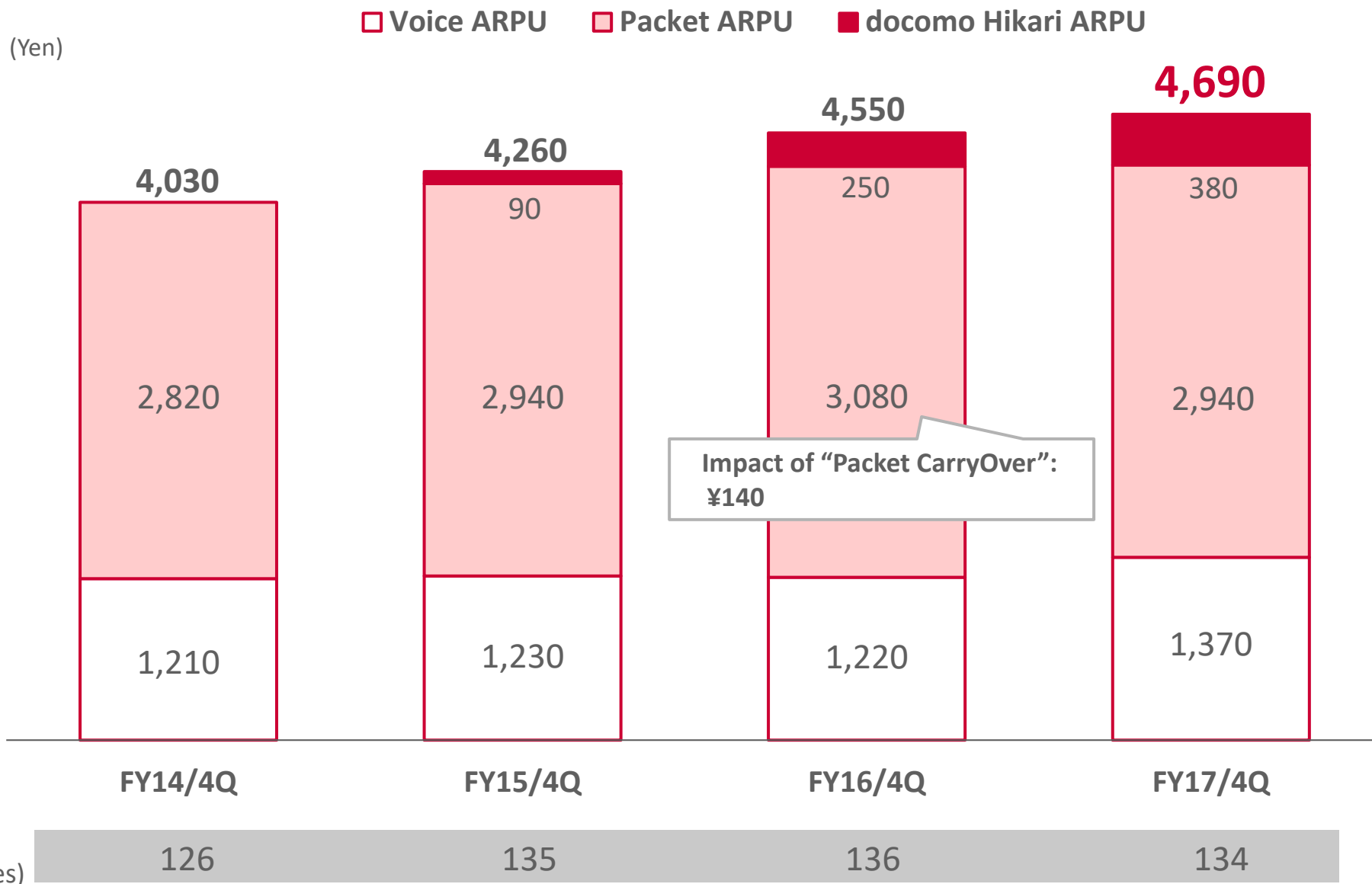
Total smartphone/ tablet users



“docomo Hikari” optical-fiber broadband subs

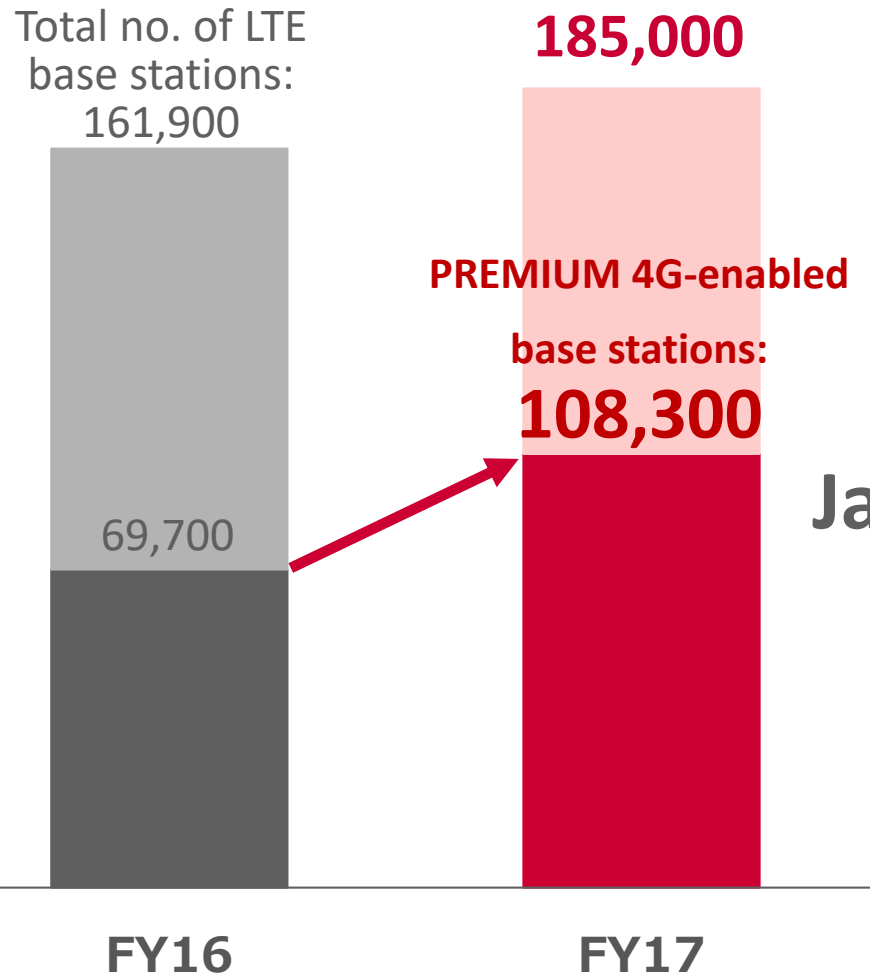


ARPU/MOU



◆ For an explanation on ARPU and MOU, please see the Appendix.

LTE Network



PREMIUM 4G™

Mobile transmission speed approaching “Gigabit age”

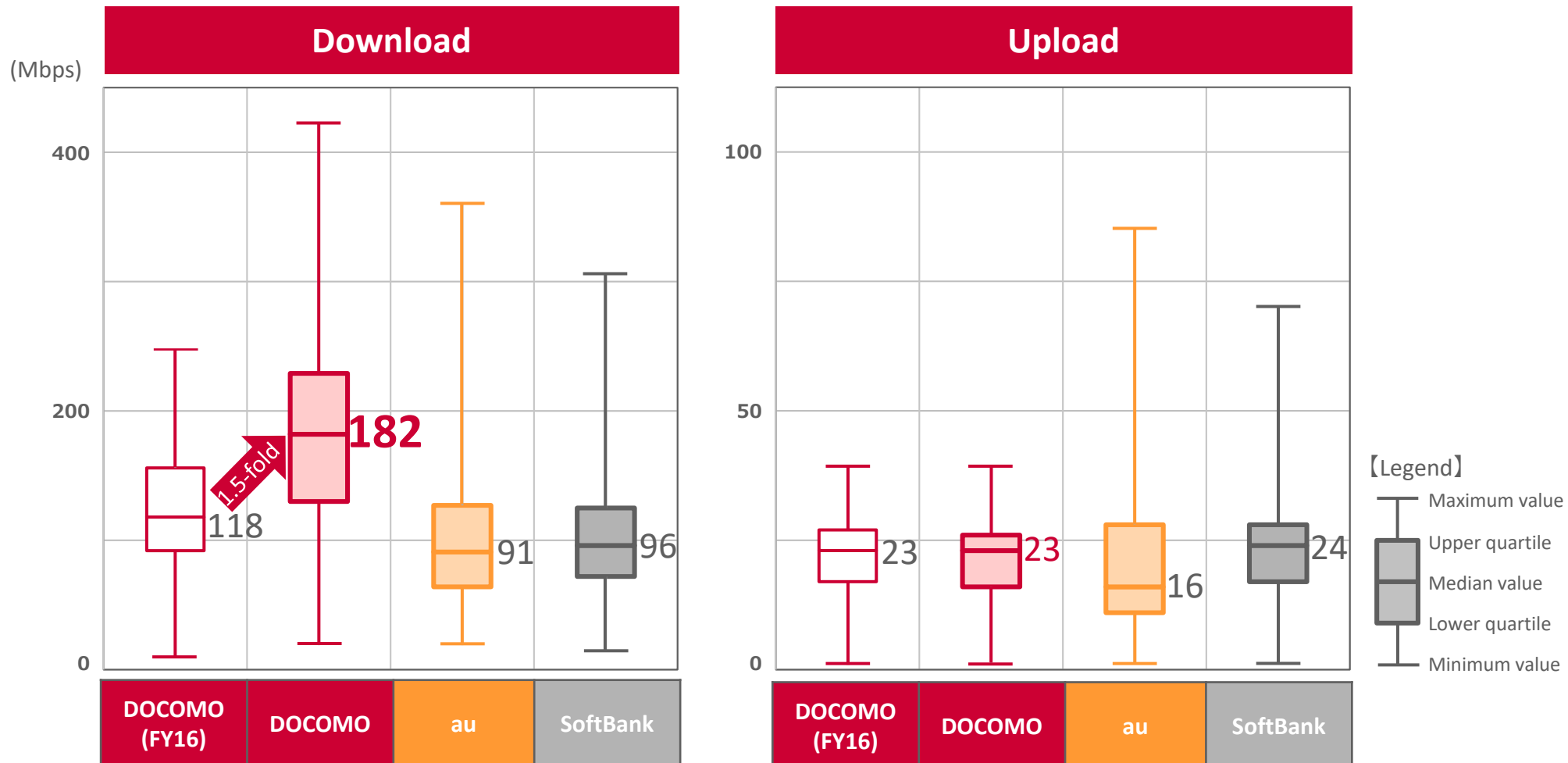
Japan’s fastest 988Mbps service

Planned for launch 2018 summer

- ◆ 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 Mar. 31, 2018.
- ◆ Two frequency bands of 3.5GHz and 1.7GHz are planned to be used for the provision of 988Mbps service.

Effective Speed Comparison

Further improvement in download speed



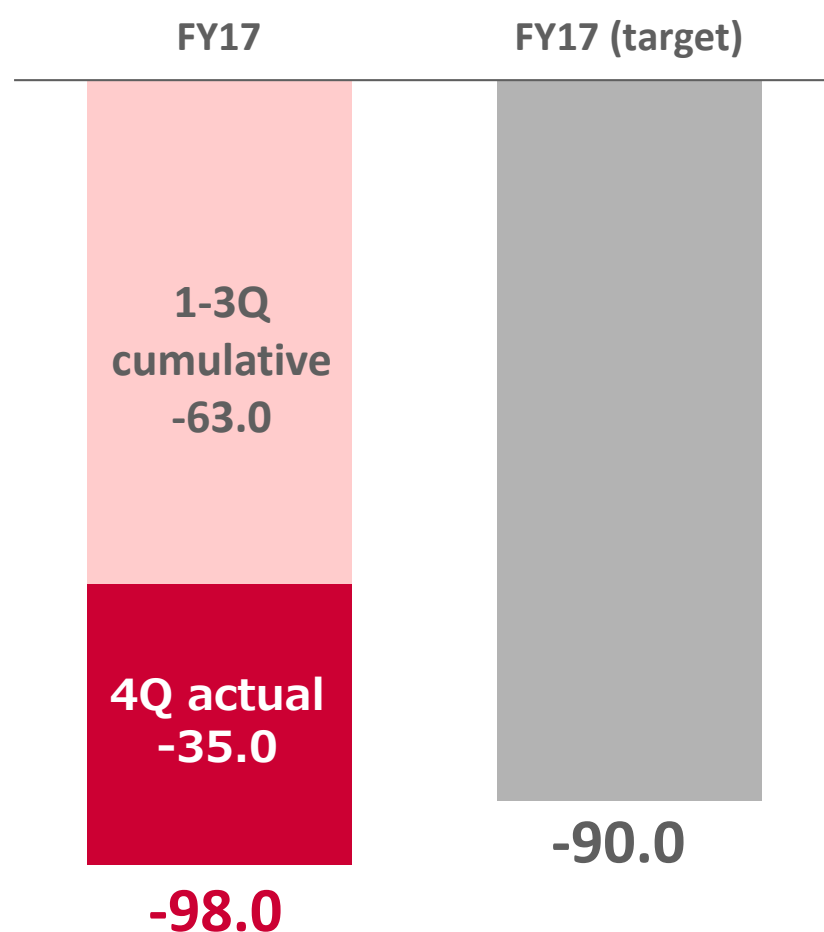
◆ Measurements were performed in accordance with the “Effective Speed Measurement Method of Internet Connection Services Provided by Mobile Telecommunications Carriers” set forth by the Ministry of Internal Affairs and Communications. Data of other carriers were derived from their respective corporate web sites (as of Mar. 31, 2018). The values in the graphs represent the aggregated measurement results for Android and iOS devices.

◆ For details concerning the measurement method, including the dates and locations of measurement, please see the materials published by each carrier.

Cost Efficiency Improvement

Achieved efficiency improvement exceeding expectations

(Billions of yen)

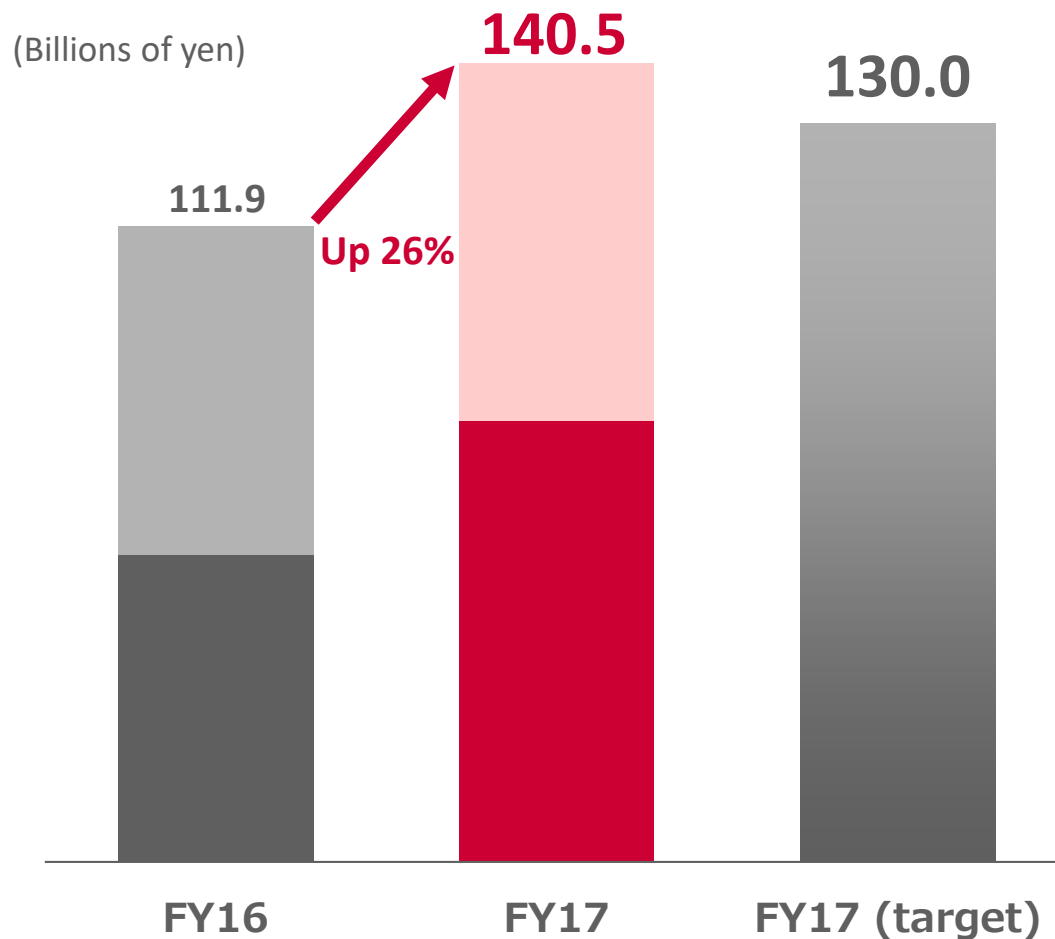


Focus areas

- 【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

Smart life business and other businesses operating income exceeds target



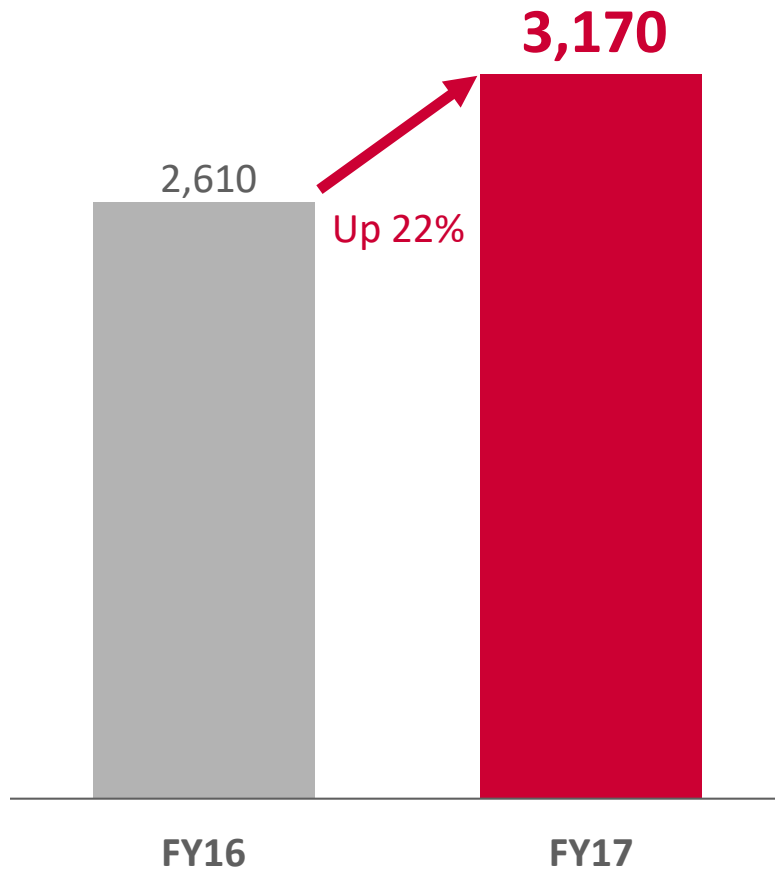
Principal services

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

Finance/Payment Services

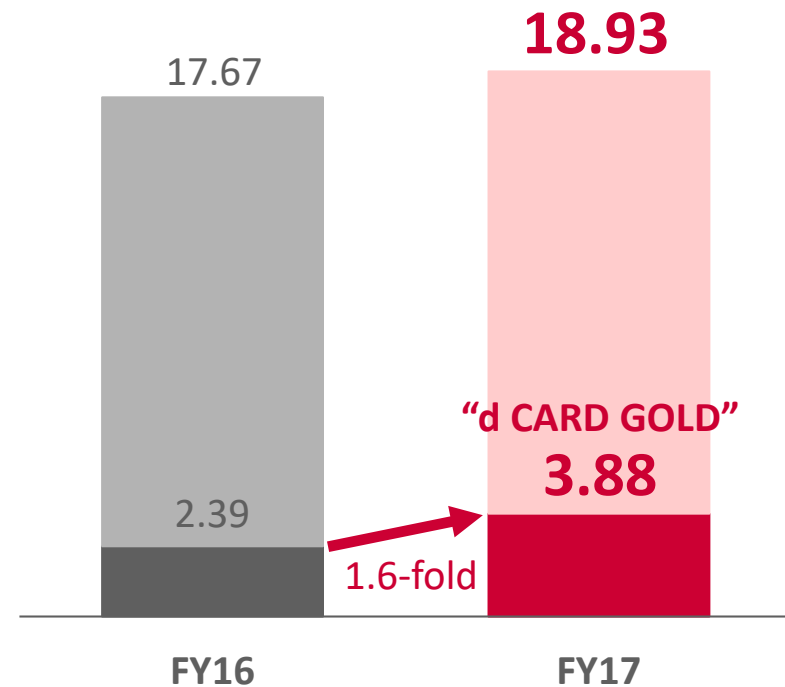
Transactions handled

(Billions of yen)



“d CARD” members

(Million members)

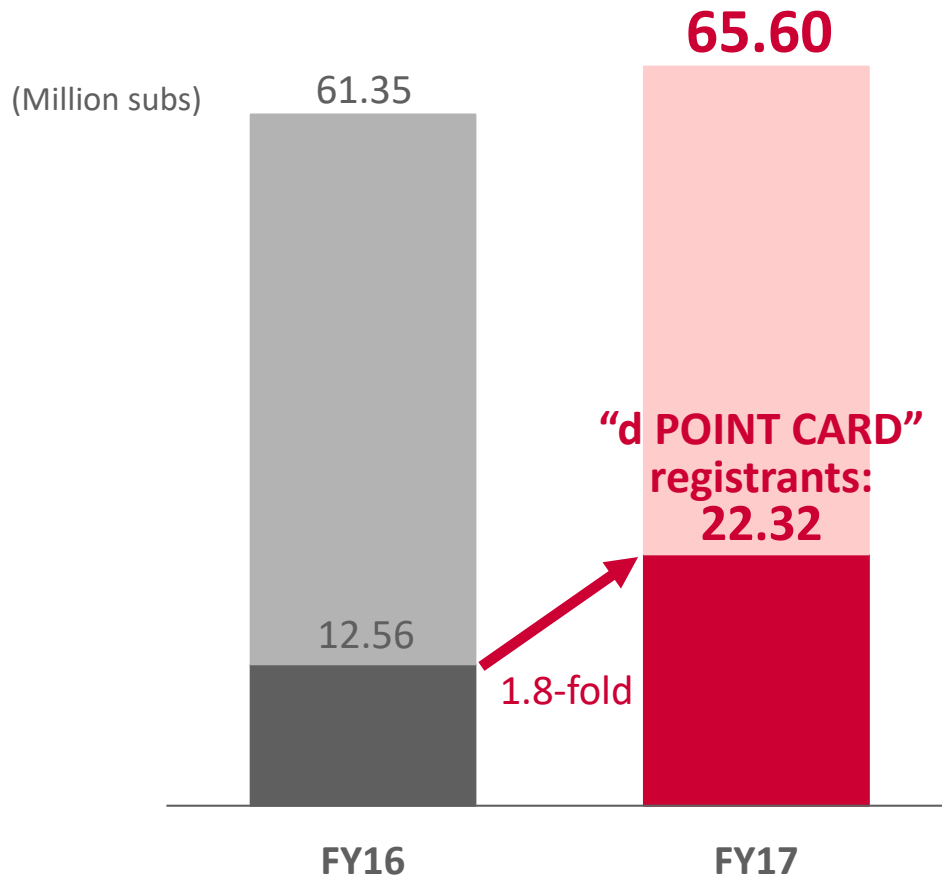


◆ The amount of transactions handled includes the transactions handled with “d CARD,” “d CARD mini,” “iD,” proxy bill collection service and “d Payment” services, etc.
◆ The total “d CARD” members represent the combined members of “d CARD” and “d CARD mini”.

“d POINT”

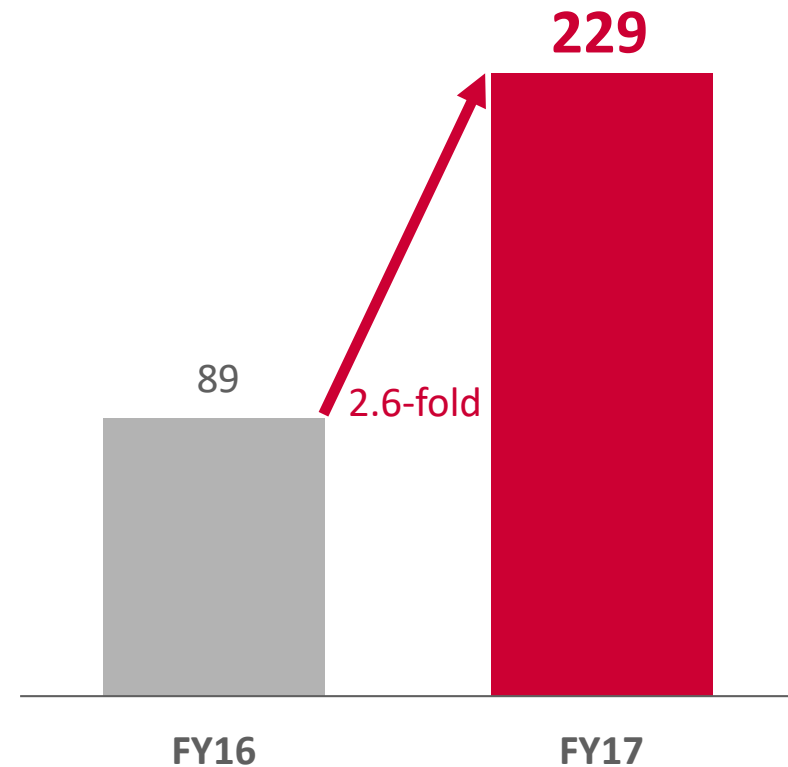
“d POINT CLUB” members

Topped 65 million



“d POINT” partners

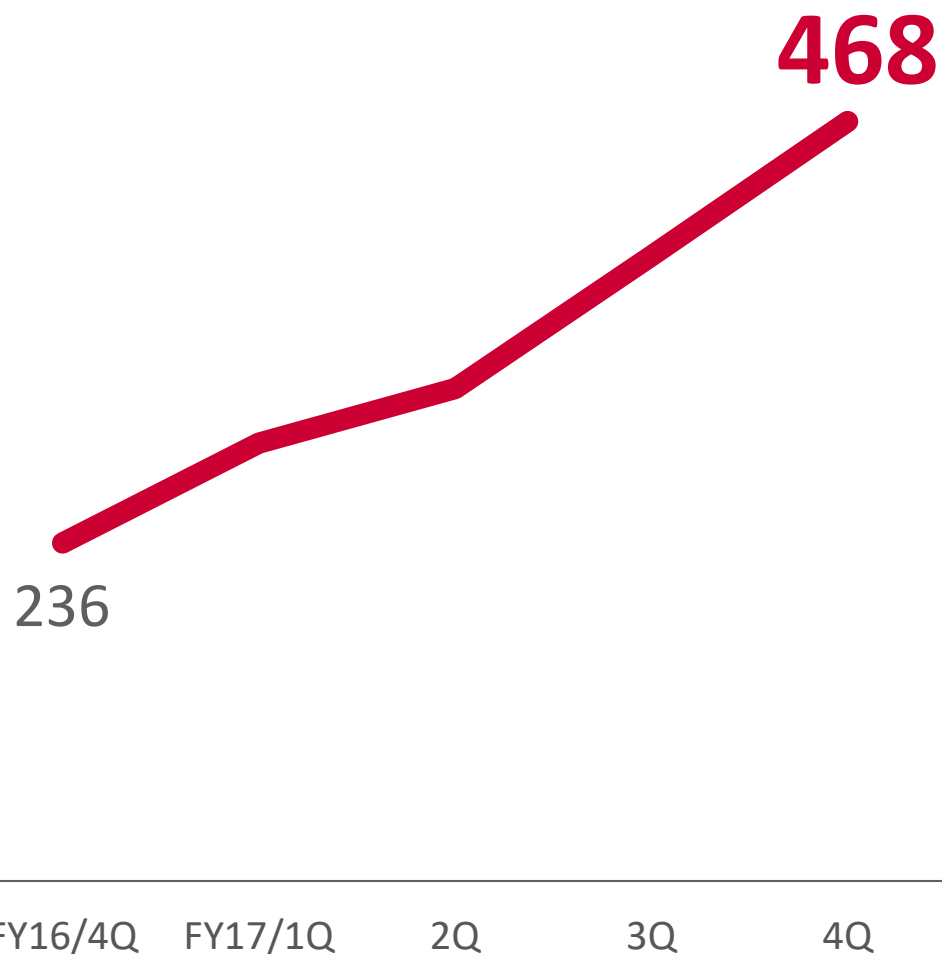
**No. of participating stores:
Approximately 34,100**



- ◆ “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.

Promotion of +d

No. of +d partners growing steadily



Cellular V2X joint trial

Announced Jan. 12, 2018



NISSAN MOTOR CORPORATION



OKI

Qualcomm

Expansion of "d POINT" partners

Announced Jan. 25, 2018



"LPWA" IoT home appliance verification trial

Announced Mar. 1, 2018



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

ESG Evaluations

Toyo Keizai Corporate CSR Ranking

FY2018
Toyo Keizai
Corporate CSR Ranking

Ranked No. 1 in overall evaluation
Evaluates “reliable companies” based on adequacy of CSR initiatives and financial performance

NIKKEI Smart Work Survey

NIKKEI
Smart Work
Best13 ★★★★★ 2018

Received highest “5-star” rating
Rates companies based on the four elements of utilization of human resources, innovation, market development and management foundation

NIKKEI
Smart Work
大賞2018 イノベーションカ部門

Awarded NIKKEI Smart Work Grand Prize 2018 (Innovation Division)
Recognizes advanced companies that tackle productivity revolution through workstyle reform

Share Repurchase

- ▶ Method of purchase: Tender offer and purchase on Tokyo Stock Exchange
- ▶ Period for share repurchase: Oct. 27, 2017 - Mar. 31, 2018
- ▶ Aggregate no. of shares repurchased: 111,400,937 shares
- ▶ Aggregate price of shares repurchased: ¥299,999,956,647

【Reference】

Treasury shares cancelled: 117,264,000 shares
(3.01% of issued shares before cancellation)

FY2017 Summary

- ▶ Recorded an increase in both operating revenues and income, with operating income reaching ¥973.3 billion.
- ▶ No. of “docomo Hikari” subscription grew steadily, contributing to retention and upsell of mobile users.
- ▶ Further advanced PREMIUM 4G service, with a plan to Mobile transmission speed approaching “Gigabit age” with a view to transition to the age of 5G.
- ▶ Achieved cost efficiency improvement exceeding full-year target of ¥98.0 billion.
- ▶ Operating income from smart life business and other businesses surpassed full-year guidance at ¥140.5 billion.
- ▶ Successfully increased the number of “+d” partners, accelerating the implementation of initiatives toward realization of “Declaration beyond”.
- ▶ Received favorable ESG evaluations including “No. 1 overall score in Toyo Keizai Corporate CSR Ranking”.
- ▶ Executed share repurchase of approximately ¥300.0 billion. Planned dividend payment of ¥100/share.

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FY2018 Full-Year Guidance

(Billions of yen)	US GAAP	IFRS		
	FY2017 Full year	FY2017 Full year (estimate ^{*1}) (1)	FY2018 Full year (2)	Changes (2) - (1)
Operating revenues	4,769.4	4,755.1	4,790.0	+34.9
Operating income	973.3	986.9	990.0	+3.1
Smart life business & Other businesses	140.5	134.2	140.0	+5.8
Operating FCF	933.5	947.0	960.0	+13.0
EBITDA	1,509.9	1,524.9	1,530.0	+5.1
Capital expenditures	576.4	577.9	570.0	-7.9
Cost efficiency improvement ^{*2}	-98.0	—	-120.0	—

*1: The estimate figures presented herein may change as a result of an audit on the accounts.

*2: The amount of projected cost efficiency improvement represents the improvement compared to the previous fiscal year.

FY2018 Key Initiatives

- Transformation to a business foundation centered on our membership base
- Growth investment for delivery of “Declaration beyond”

Telecommunications business

Reinforcement of customer returns

Further expansion of “docomo Hikari”

Smart life business and Other businesses

Transition from quantitative expansion to qualitative enhancement

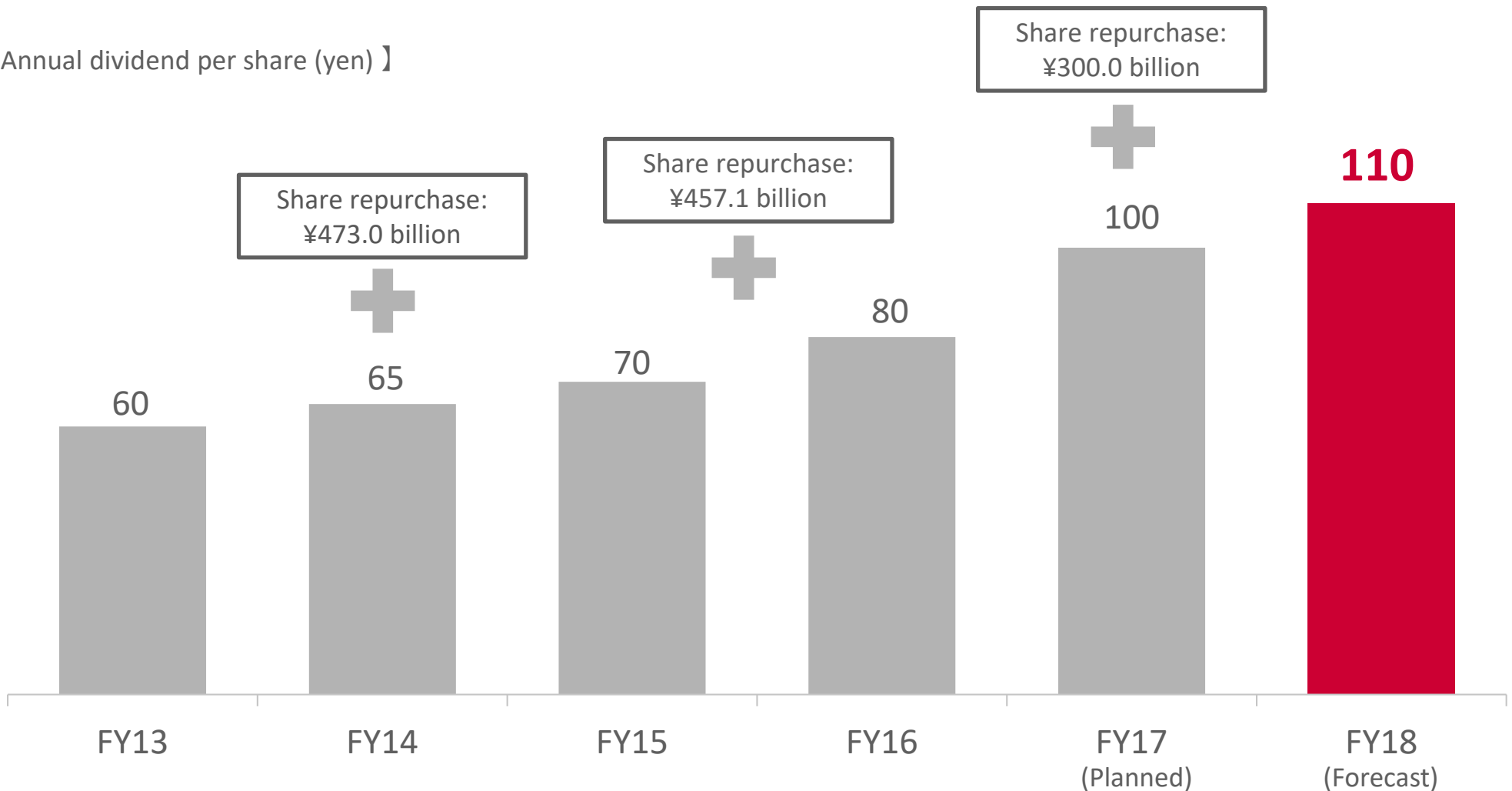
Growth of finance/payment services, enterprise solutions

Cost efficiency improvement and drastic review of business operations

Shareholder Returns

FY18 dividend per share: ¥110 (Up ¥10)

【Annual dividend per share (yen)】



◆ The amount spent for share repurchase indicates the sum of amount used for tender offer and market purchase.

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beyond

- Connecting dreams, for a richer future with 5G -

Value & excitement
to customers

Value co-creation
with partners



Service creation/evolution **“Change”** Business evolution with **+d**

Reinforcement/evolution of all foundations

Evolution of customer touch points	Network/R&D (5G/AI/IoT)	Sound financial structure
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FY2017 Key Initiatives

Steadily implemented various measures after announcement of “Declaration beyond”

	1Q	2Q	3Q	4Q
	○ Announced “Declaration beyond”			
Declaration 1 Market leader	● “Simple Plan” ● “docomo with”		● Increased handsets eligible for “docomo with”	● “Ichioishi Pack”
Declaration 2 Style innovation	● “MieruRusuden” (Voicemail to text)	● “d job”	● “d car share”	● “dTV channel” ● AI taxi ● Trial on automatic sports photography/analytics
Declaration 3 Peace of mind and comfort support			● Chat support for various online procedures	● “docomo Smartphone Class”
Declaration 4 Industry creation	● 5G trial site		● 5G trial event (“YOYOGI CANDLE 2020”)	● “DOCOMO 5G Open Partner Program”
Declaration 5 Solution co-creation		● AI-based IoT solution for primary industry	● “LANDLOG” ● “Location Net” (Top Gun sales project)	● LPWA IoT-enabled home appliance verification trial (To start 2018 fall or beyond)
Declaration 6 Partner business expansion		● AI agent API		● Collaboration with MatsumotoKiyoshi (Support of “d Payment”) ● IoT platform for construction sites (β version)

Active Rollout of Customer Returns Measures

NEW

- “Basic Share Pack” “Basic Pack”
- “Simple Plan” applicable to any “Packet Pack”

To start May 25, 2018

- “Zutto DOCOMO Discount Plus”

To start May 1, 2018

For long-term & high-usage customers

For customers with limited usage

- “Packet Pack Kaigai Option”

Started Mar. 15, 2018

For customers who travel overseas

- “Ultra30 Share Pack 30”

For high-usage customers

For customers with limited voice usage

- “Simple Plan”

- Increased the amount of “docomo Hikari Set Discounts” bundled with “Ultra Pack”

Started Feb. 1, 2018

For customers with high usage at home

For customers who use one handset for a log period of time

- “docomo with”

For high-usage customers

For customers purchasing handset

- Lowered “Mobile Device Protection” fees

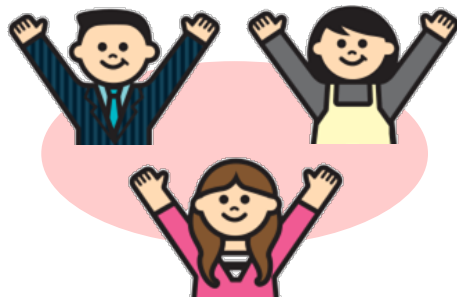
- Application of “Simple Plan” to “Ultra Data Packs”

For students and their family

- “docomo Student Discount”

Great Value to Both Families & Individuals

Family use



“Basic Share Pack”
From **¥1,980**/user/month

Individuals



“Basic Pack”
From **¥2,480**/month

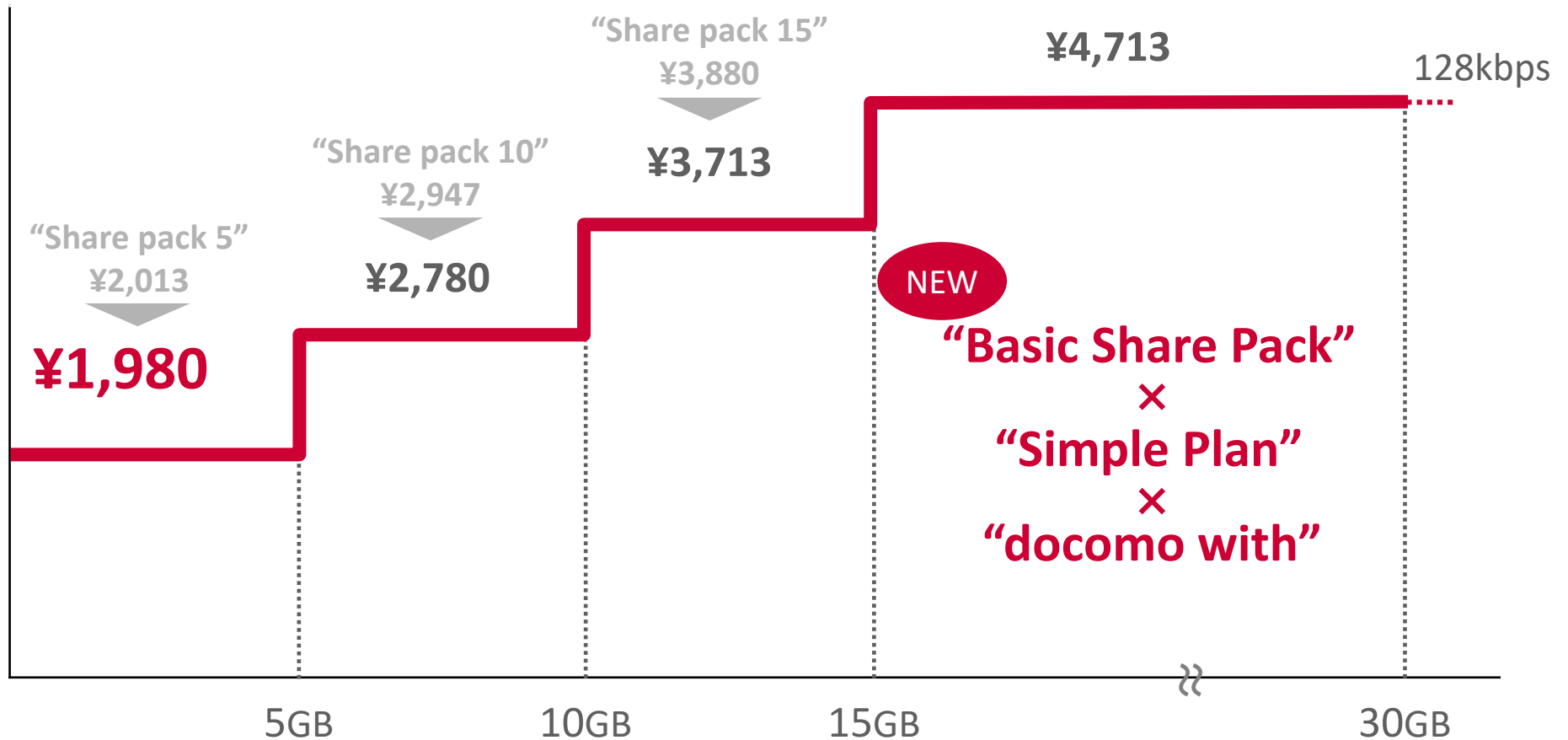
To start May 25, 2018

◆ The monthly charge for “Basic Share Pack” represents the rate per user in the case the package is shared by a three-member family after applying the charges of “Simple Plan,” “sp mode,” “Share Option,” the discounts of “Zutto DOCOMO Discount Plus (Platinum Stage)” and “docomo with”.

◆ The monthly charge of “Basic Pack” represents the rate after applying the charges of “Simple Plan,” “sp mode,” the discounts of “Zutto DOCOMO Discount Plus (Platinum Stage)” and “docomo with”.

Launch of "Basic Share Pack"

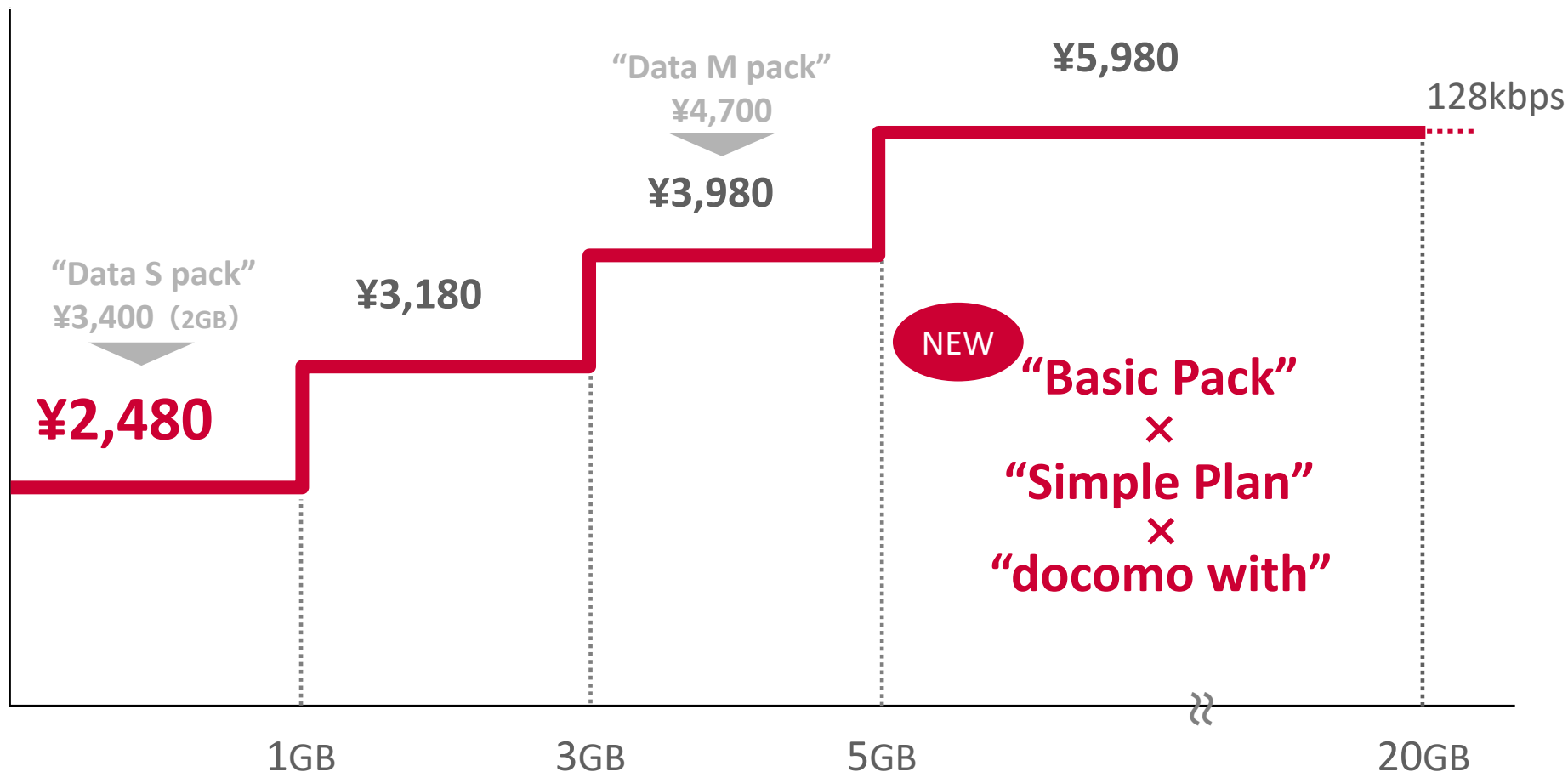
In case of three-member family:
From ¥1,980/person



◆ The monthly charges represent the rates after applying the charges of "Simple Plan," "sp mode," the discounts of "Zutto DOCOMO Discount Plus (Platinum Stage)" and "docomo with".
 ◆ The monthly charge per user is calculated by dividing the sum of the family's monthly fees by three users (digits after the decimal point are rounded up).

Launch of "Basic Pack"

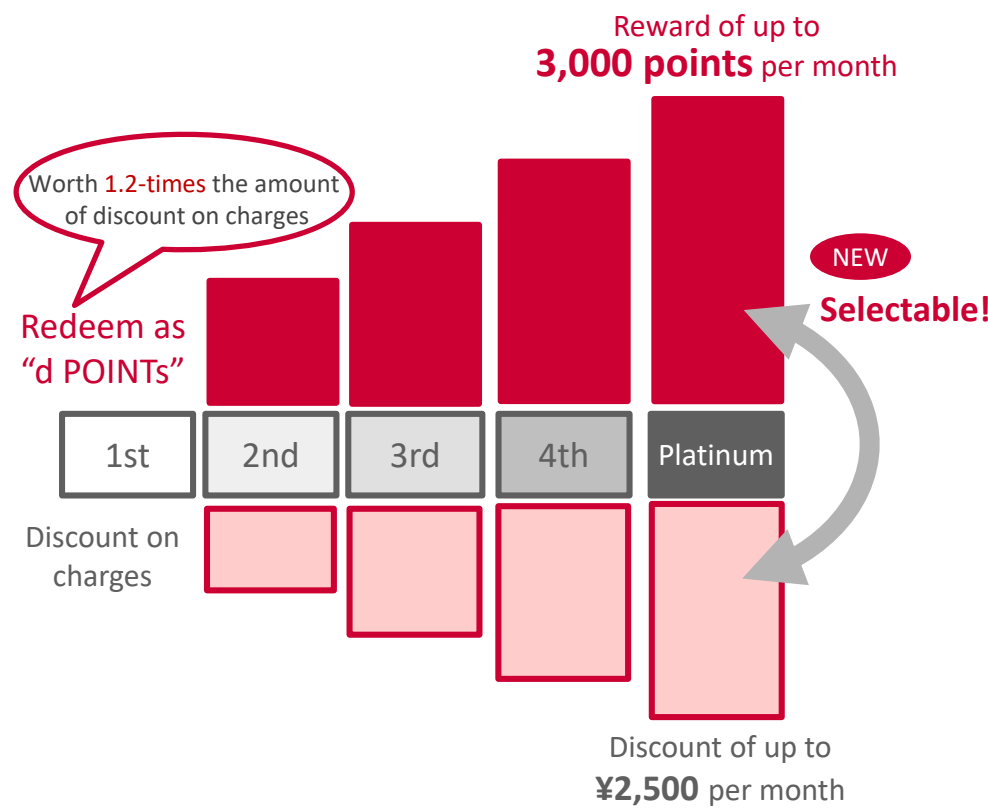
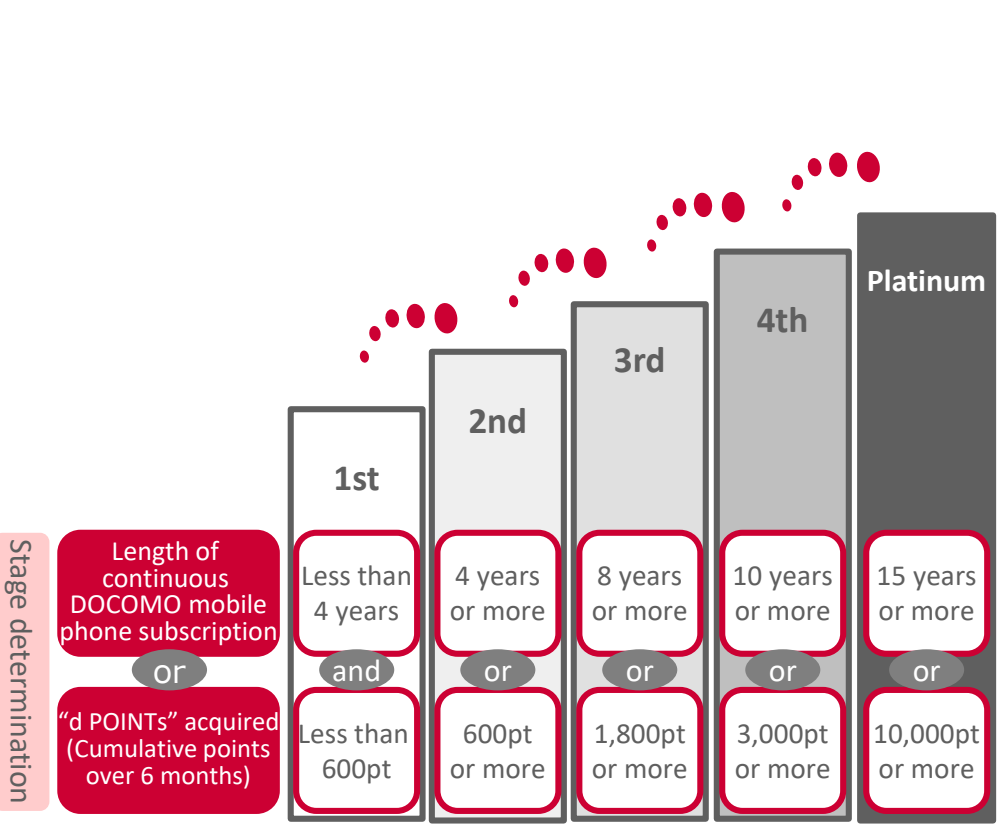
When combined with "Simple Plan":
From ¥2,480



◆ The monthly charges for "Data S/M Packs" represent the rates after applying the charges of "Kake-hodai Light Plan," "sp mode," the discounts of "Zutto DOCOMO Discount Plus (Platinum Stage)" and "docomo with".
◆ The monthly charges of "Basic Pack" represent the rates after applying the charges of "Simple Plan," "sp mode," the discount of "Zutto DOCOMO Discount Plus (Platinum Stage)" and "docomo with".

“Zutto DOCOMO Discount Plus” ^{NTT} docomo

Greater benefits to long-term users and high-usage customers!



To start May 1, 2018

Declaration 1 Market leader	Declaration 3 Peace of mind and comfort support
Declaration 2 Style innovation	Declaration 6 Partner business expansion

Continual Service Enrichment

Delivery of “benefits, convenience and surprise” catered to each customer

Deliver **surprise** and new value by making optimal proposal predicting customer needs



AI agent
Coming soon!

Collaboration with partners planned

Offer enhanced **benefits** by adding more shops where points can be earned/used



“d POINT” partners:
Over **300** in 2020



Takashimaya



Easy and **convenient** payment that can be completed just by show of bar code



“d Payment” partners :
Roll out in **100,000 stores** as early as possible

◆ McDonald's is a partner of “d POINT” program but does not support “d Payment”.

Business Creation through “+d”

Accelerate solution co-creation with partners

Further advance **co-creation**
with local communities
to solve social issues



Establishment of
ICT for Regional revitalization
promotion office

(April 1, 2018)

Creation of **5G** use cases with
wide range of partners



DOCOCMO 5G
Open Partner Program
Participated by
over 1,000 entities

(As of Apr. 27, 2018)

DOCOCMO 5G
Open Lab, Yotsuya

(Opened Apr. 23, 2018)

Promote **three-party**
collaboration among
customers,
Corporate Sales & Marketing
and R&D

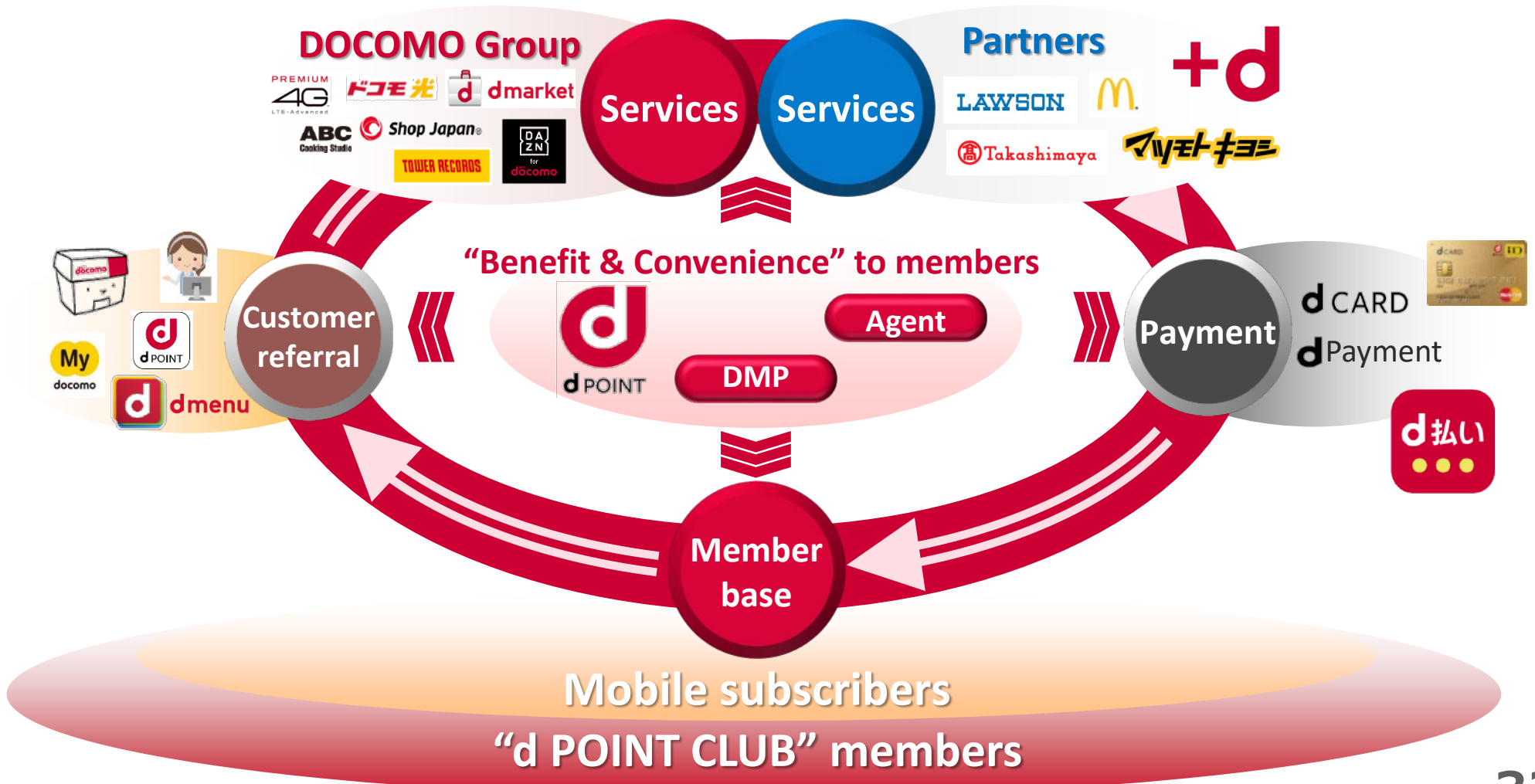


Reinforcement of
solution co-creation team
(technical sales)



Business Strategy Centered on Membership Base

Deliver ever-improving value to all "d POINT CLUB" members



◆ DMP: Abbreviation for Data Management Platform.



ESG Practices

Realize long-term growth of corporate value and contribute to building a society in which everyone can live with safety, security, comfort and affluence.

Environment (E)

Contribute to reducing CO₂ emissions through new service/technology development

FY18 target: 37 million tons
FY20 target: 39 million tons

Promote resource recycling through collection of used mobile phones

FY18-20 target (cumulative):
10 million units
(including reused devices)

Social (S)

Contribute to protection of children through Smartphone/Mobile Phone Safety Classes

FY18 target: 1.1 million attendees
FY20 target: 1.3 million attendees

Creation of ICT solutions that contribute to resolving social issues

FY18-20 target (cumulative):
100 solutions

Governance (G)

Strengthen corporate governance

Organize more constructive dialogue with stakeholders

Initiatives for further governance reinforcement

Toward Sustainable Growth

Execution of “Declaration beyond” and business growth driven primarily by “members”

Strengthen customer base centered on “members”


~ Further evolve billing plans, point program and service offerings to address the needs of each customer ~

Step up growth investments

~ Infrastructure investment to create new businesses for the 5G era and further promotion of +d activities ~

Drastic cost efficiency improvement

~ Further improvement of network cost efficiency and operational reform leveraging AI and other new technologies ~



**Always chosen
to sustain connections
as your robust ICT service partner**

The new of today, the norm of tomorrow

NTT
docomo

Appendix

Impact on Financial Results due to Application of IFRS

Application of a new standard (IFRS 15) causes changes to the accounting treatment of “d POINT,” however, impact on financial results is insignificant.

	FY2017 US GAAP (1)	FY2017 IFRS (estimate) (2)* ¹	Changes (2) – (1)
Operating revenues	4,769.4	4,755.1	-14.4
Operating income	973.3	986.9	+13.7
Income before income taxes ^{*2}	1,084.4	1,141.7	+57.3
Net income attributable to NTT DOCOMO, INC.	744.5	791.0	+46.5

* 1: The estimate figures presented herein may change as a result of an audit on the accounts.

*2: Income before income taxes: Operating income + other income/(losses) + equity in net income (losses) of affiliates

Services 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 Payment” etc.
-

Lifestyle services

- “d healthcare” “d gourmet” “d photo” • 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

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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