
FY2018/1Q
Results Presentation

NTT
docomo

August 2, 2018

FY2018/1Q Results Highlights

IFRS

YOY increase in both operating revenues/profit

(Billions of yen)	FY2017/1Q (1)	FY2018/1Q (2)	Changes (2) – (1)	Changes (%)
Operating revenues	1,133.7	1,176.7	+43.0	+3.8%
Operating profit	282.1	309.9	+27.8	+9.9%
Profit attributable to shareholders of NTT DOCOMO, INC.	199.9	218.3	+18.5	+9.2%
Adjusted free cash flow	86.5	47.2	-39.3	-45.4%
Operating FCF	286.5	304.3	+17.8	+6.2%
EBITDA	408.8	429.3	+20.4	+5.0%
Capital expenditures	122.3	124.9	+2.6	+2.1%

◆ Consolidated financial statements in this document are unaudited

◆ 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

◆ Operating FCF= EBITDA – capital expenditures

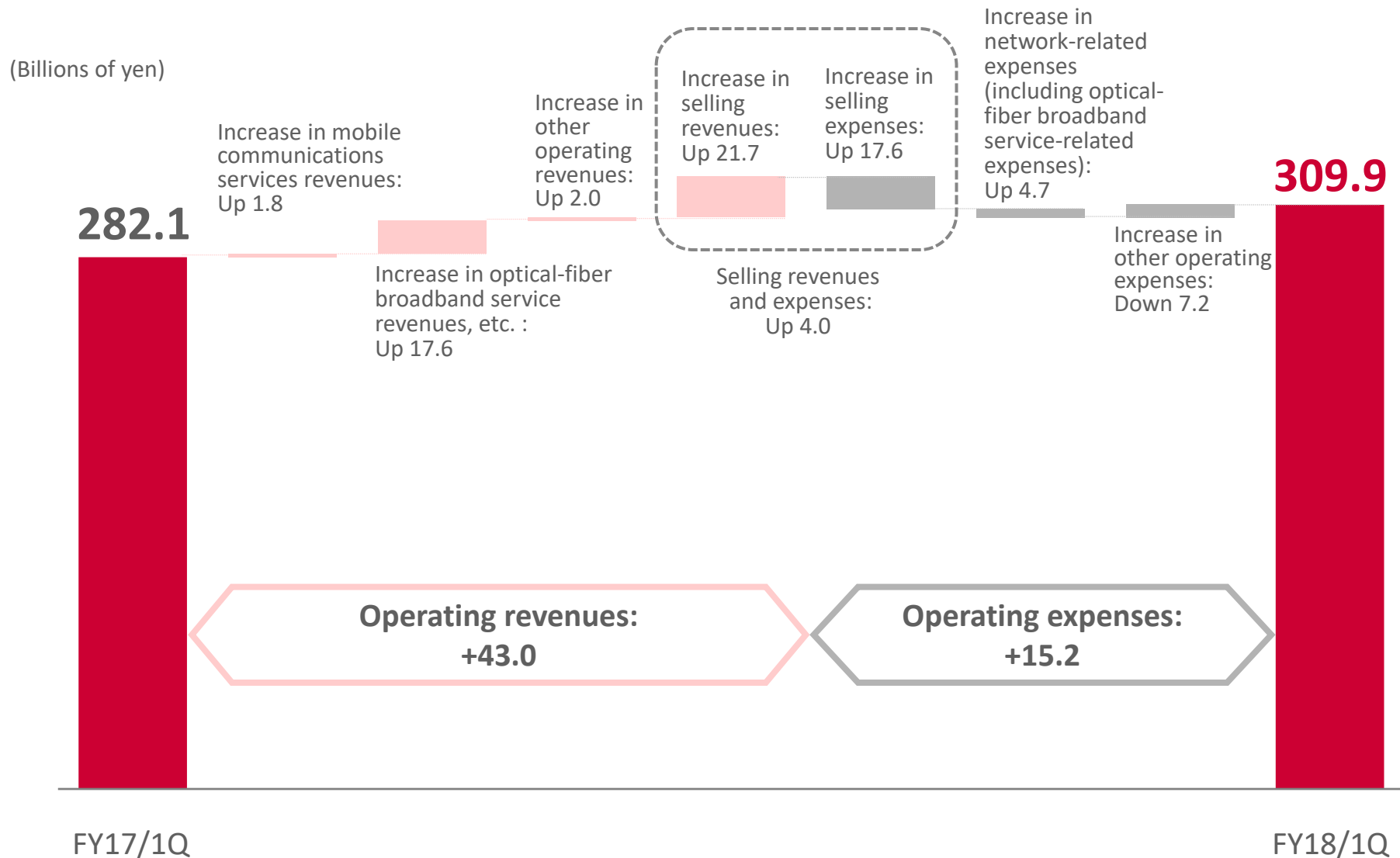
Results by Segment

IFRS

(Billions of yen)		FY2017/1Q (1)	FY2018/1Q (2)	Changes (2) – (1)	
Telecommunications business	Operating revenues	923.3	963.6	+40.3	
	Operating profit	245.1	266.6	+21.6	
Smart life business	Operating revenues	109.7	109.7	-0.1	
	Operating profit	16.4	19.1	+2.7	
Other businesses	Operating revenues	105.9	109.1	+3.1	
	Operating profit	20.6	24.1	+3.6	
<Ref.> Smart life business and Other businesses		Operating revenues	215.7	218.7	+3.0
		Operating profit	37.0	43.3	+6.3

Key Factors behind Changes in Operating Profit

IFRS



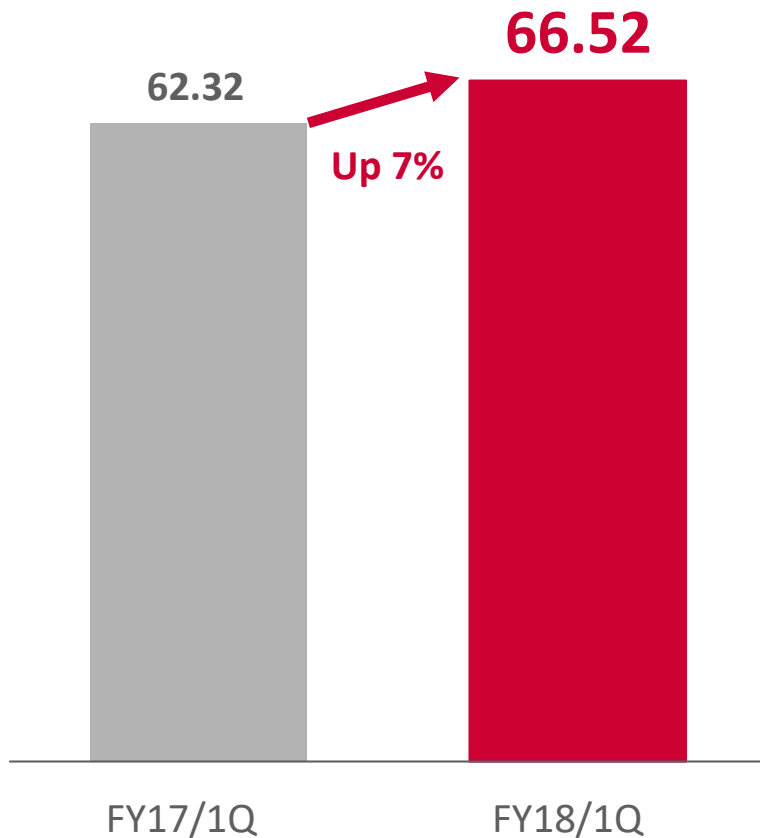
◆ Selling expenses represent the sum of cost of equipment sold and commissions to agent resellers

◆ Network-related expenses represent the sum of depreciation/amortization, loss on disposal of property, plant and equipment and intangible assets, and communication network charges

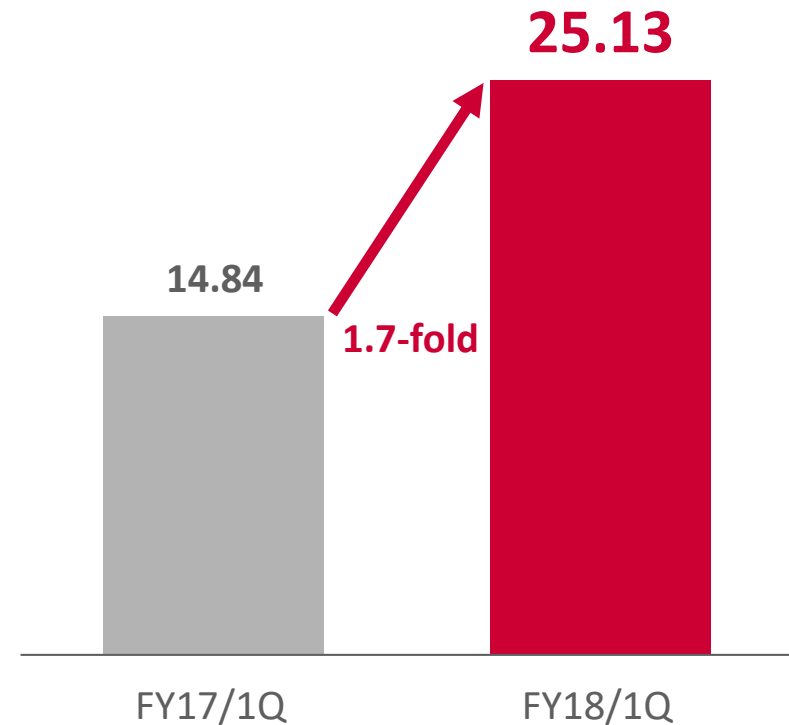
“d POINT CLUB” Members

“d POINT CLUB” members

(Million members)



“d POINT CARD” registrants

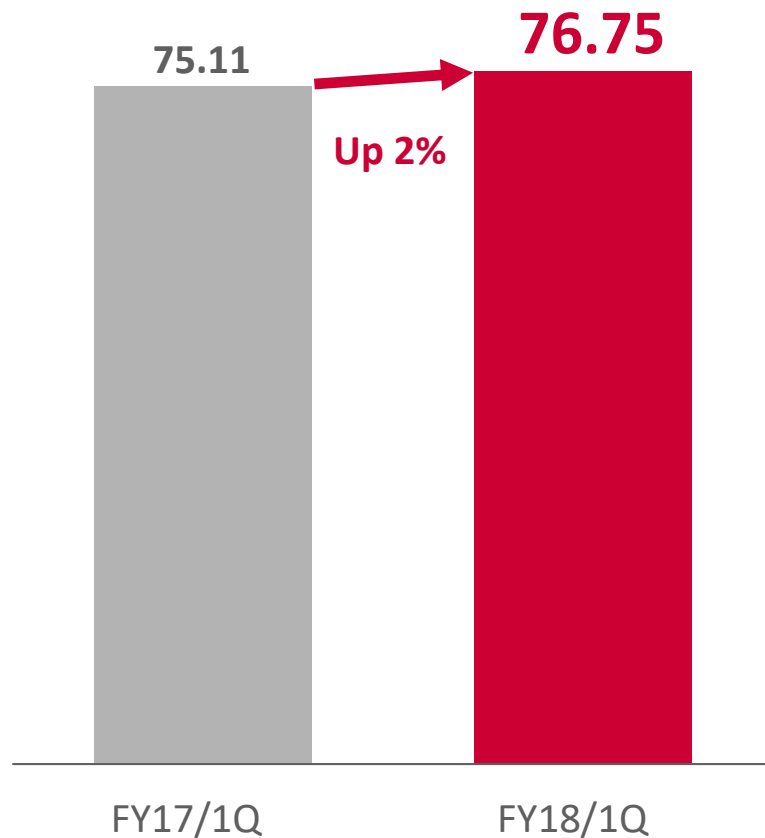


◆ “d POINT CARD” registrants indicate the number of users who can earn and use “dPOINTS” at participating stores by registering their personal information

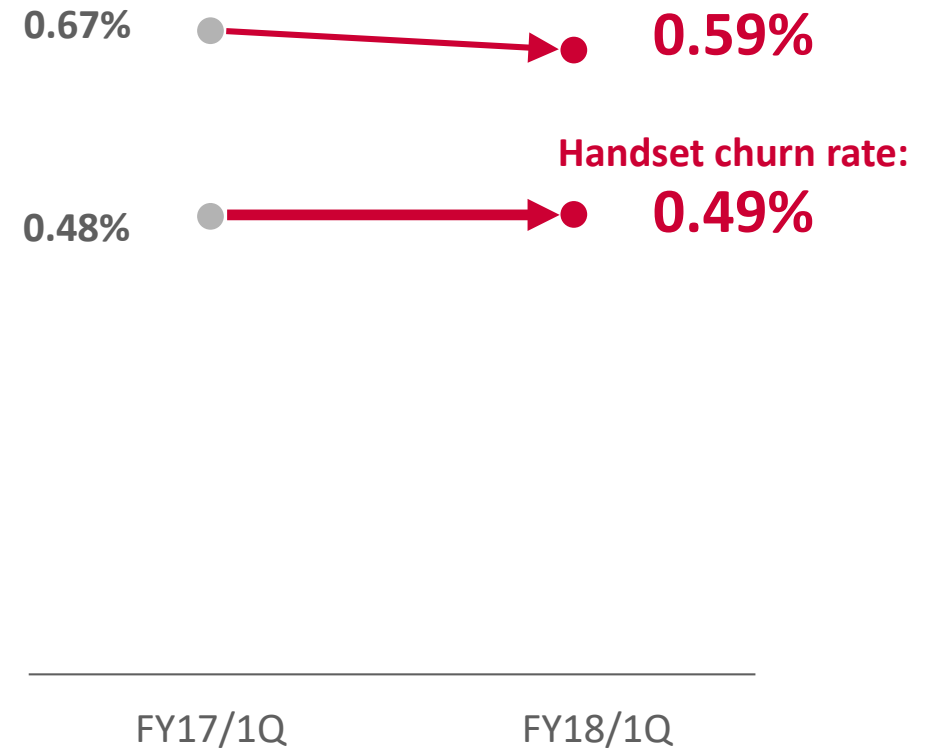
Telecommunications Business Operational Performance (1)

Mobile telecommunications service subscriptions

(Millions subs)



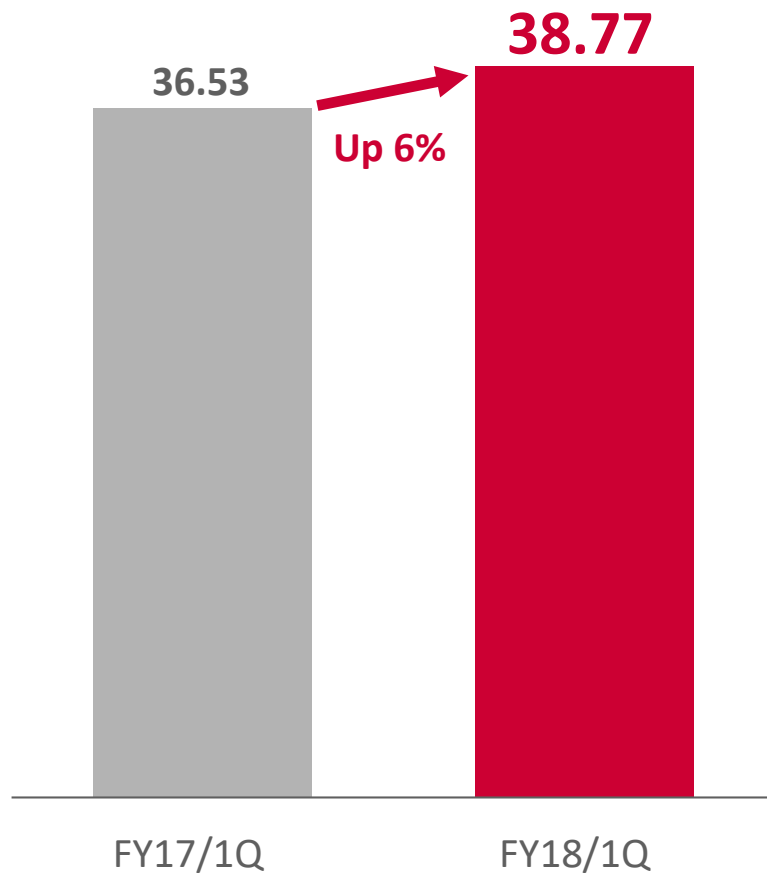
Churn rate



Telecommunications Business Operational Performance (2)

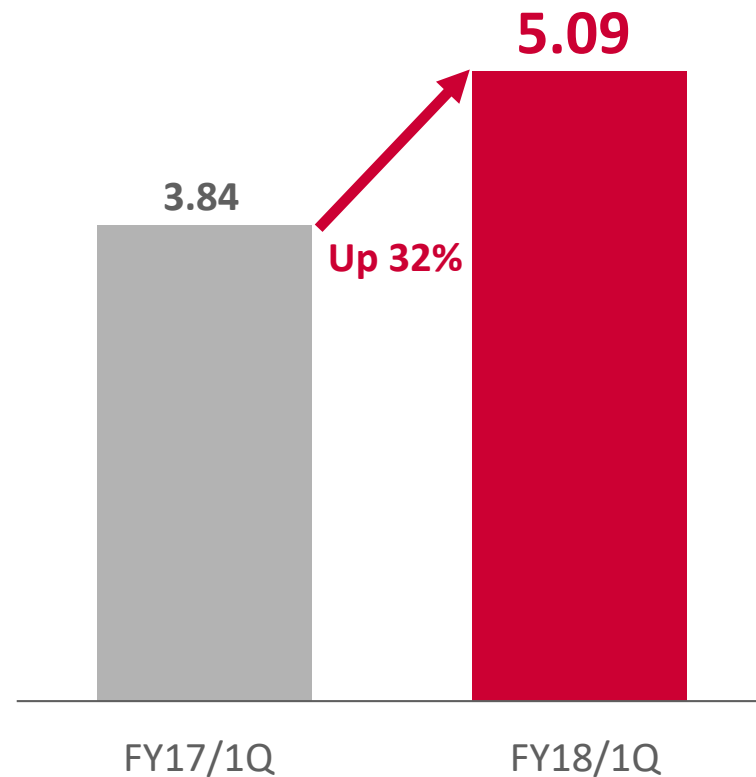
Total smartphone/ tablet users

(Millions subs)

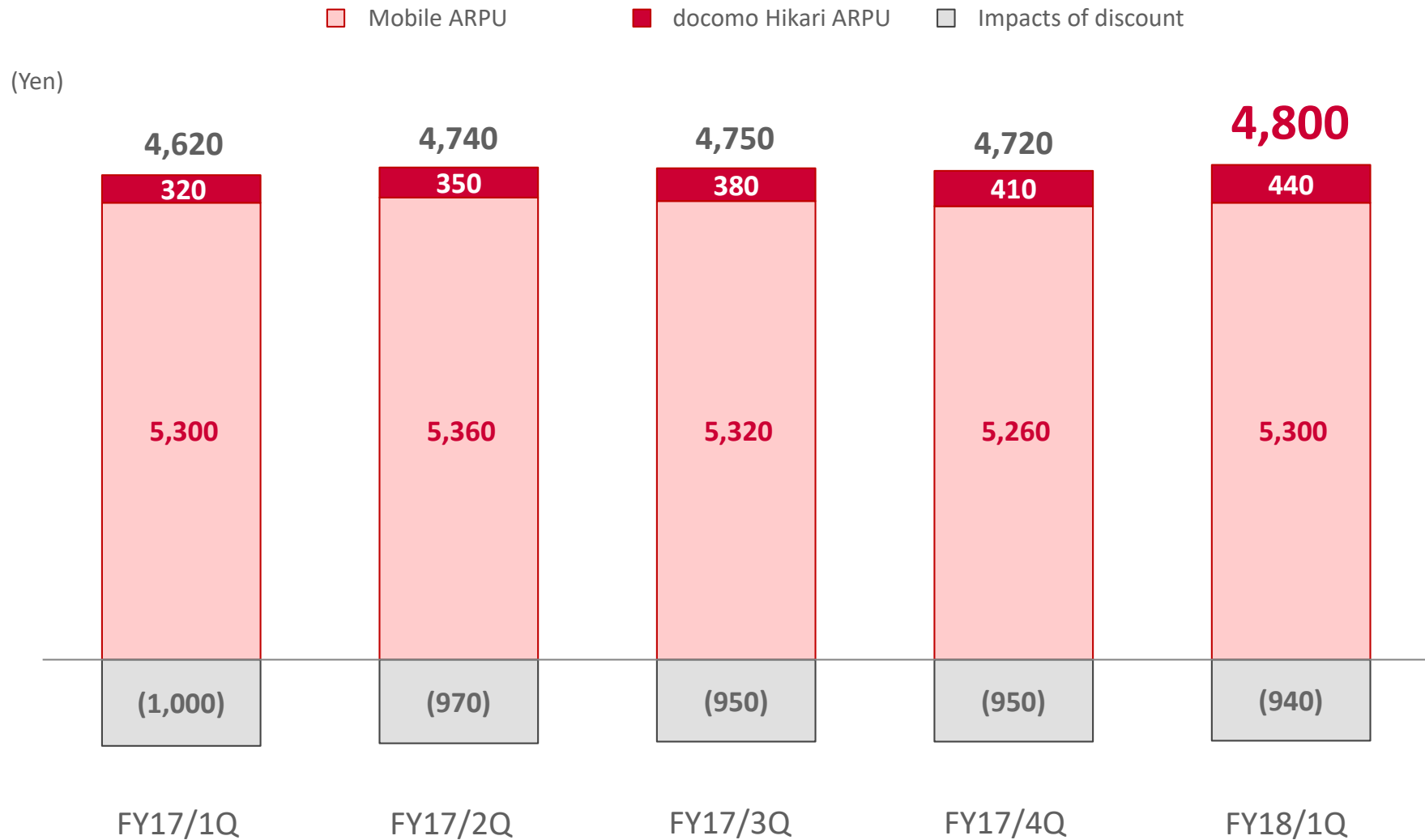


“docomo Hikari” optical-fiber broadband subs

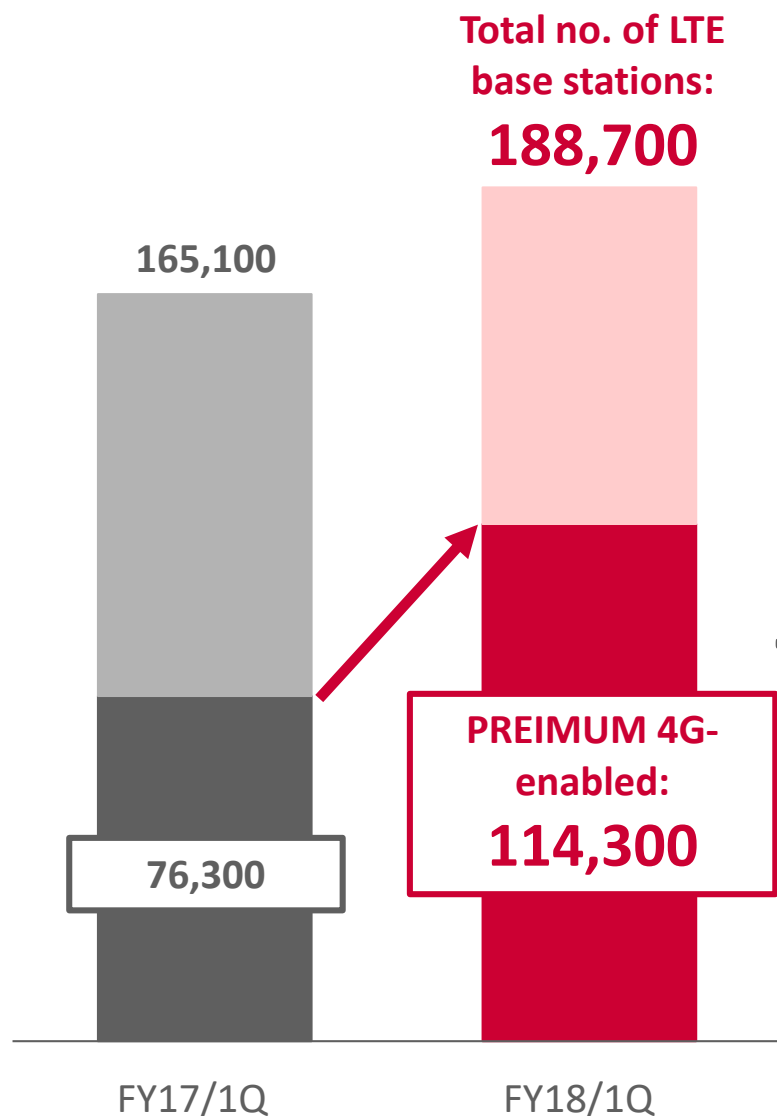
Topped 5 million



ARPU



- ◆ For an explanation on ARPU, please see the Appendix
- ◆ Mobile ARPU and docomo Hikari ARPU exclude the impacts of discount
- ◆ The impacts of discount include those from “Monthly Support,” “docomo with” and “docomo Hikari set discount”



PREMIUM 4G™

Mobile transmission speed approaching “Gigabit age”

Japan’s fastest 988Mbps service

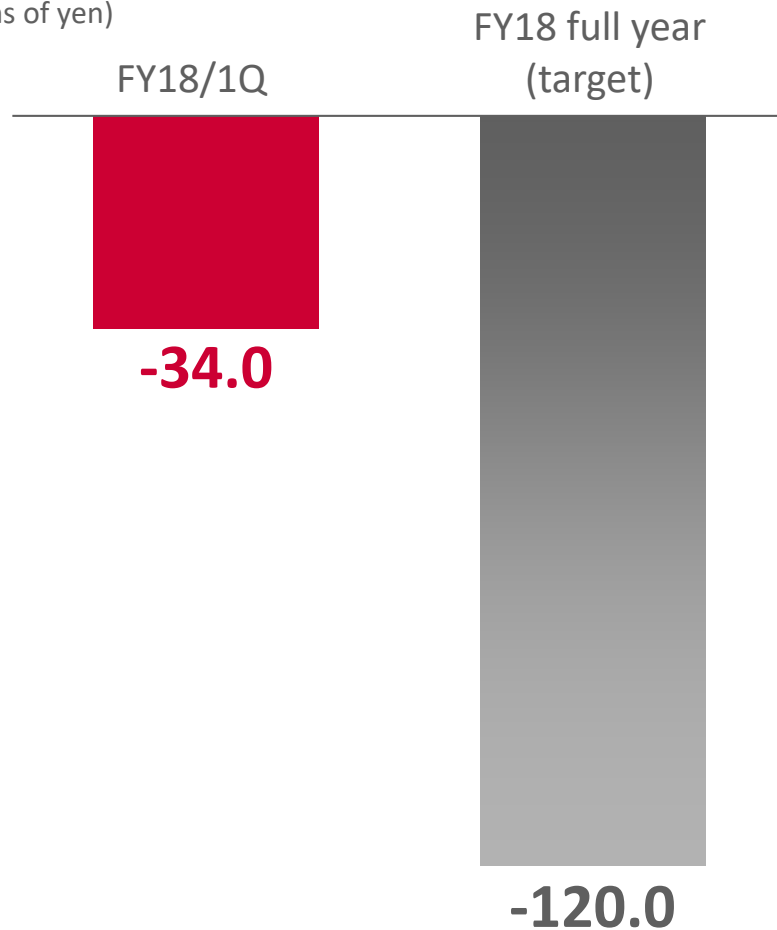
Service at Mt. Fuji summit started on Jul. 17

◆ 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 Jun. 30, 2018

◆ Two frequency bands of 3.5GHz and 1.7GHz are used for the provision of 988 Mbps service

Cost Efficiency Improvement

(Billions of yen)

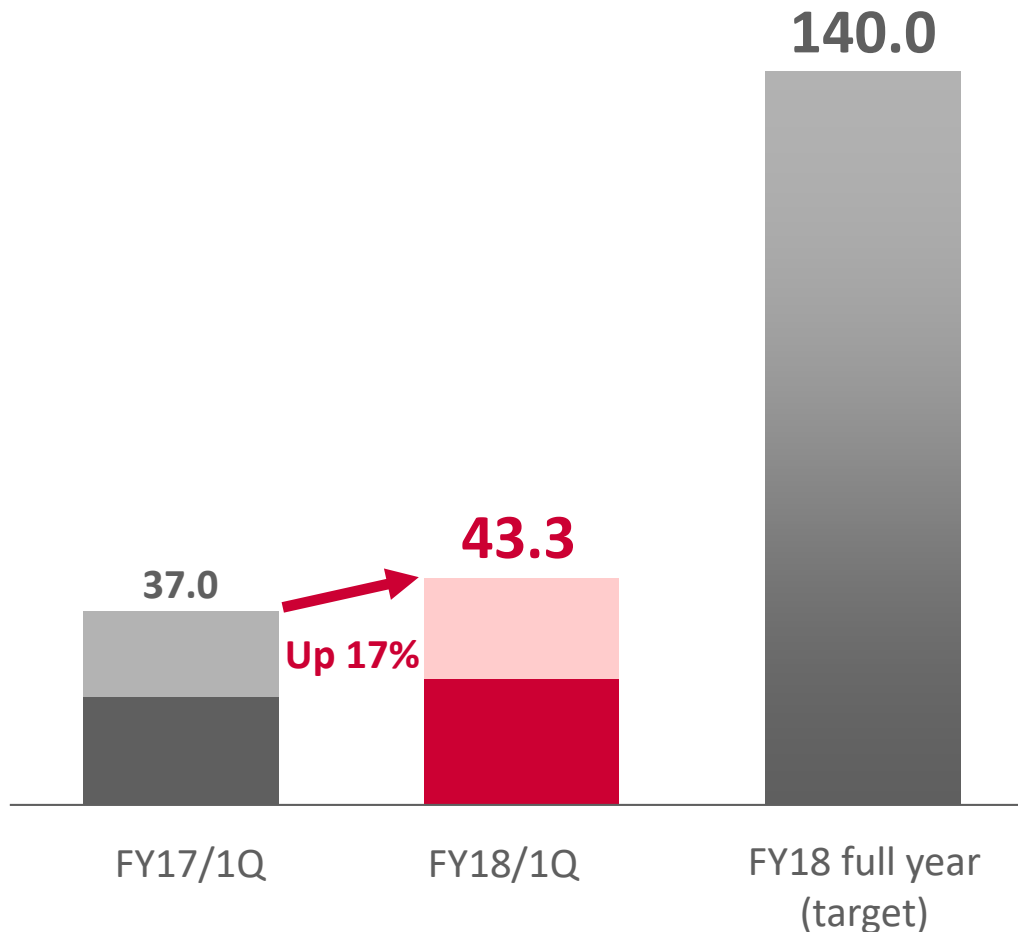


Focus areas

- ◆ Network
Outsourcing cost, improved investment efficiency, etc.
- ◆ Marketing
After-sales support, sales promotion measures, etc.
- ◆ Other
R&D, information systems, etc.

Smart Life Business & Other Businesses: ^{NTT}docomo Operating Profit

(Billions of yen)



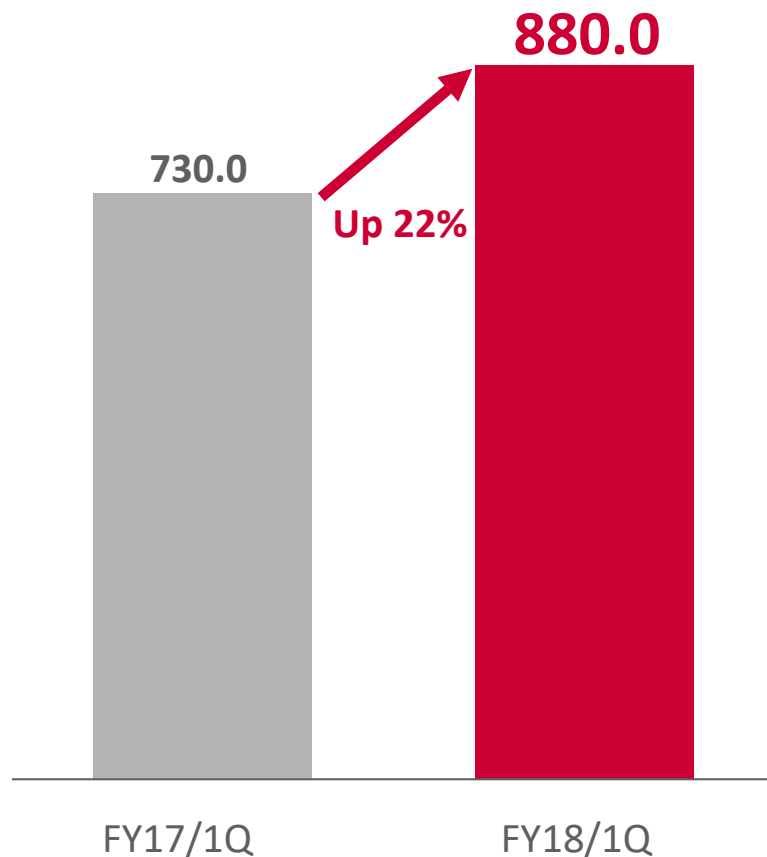
Principal services

- 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

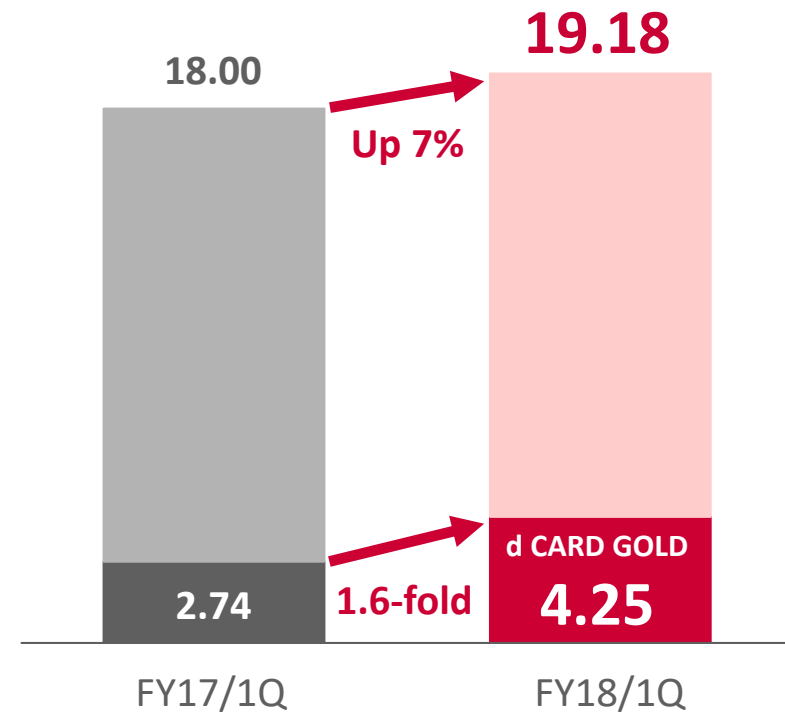
(Billions of yen)



“d CARD” members

(Million members)

**“d CARD GOLD” members:
Topped 4 million**

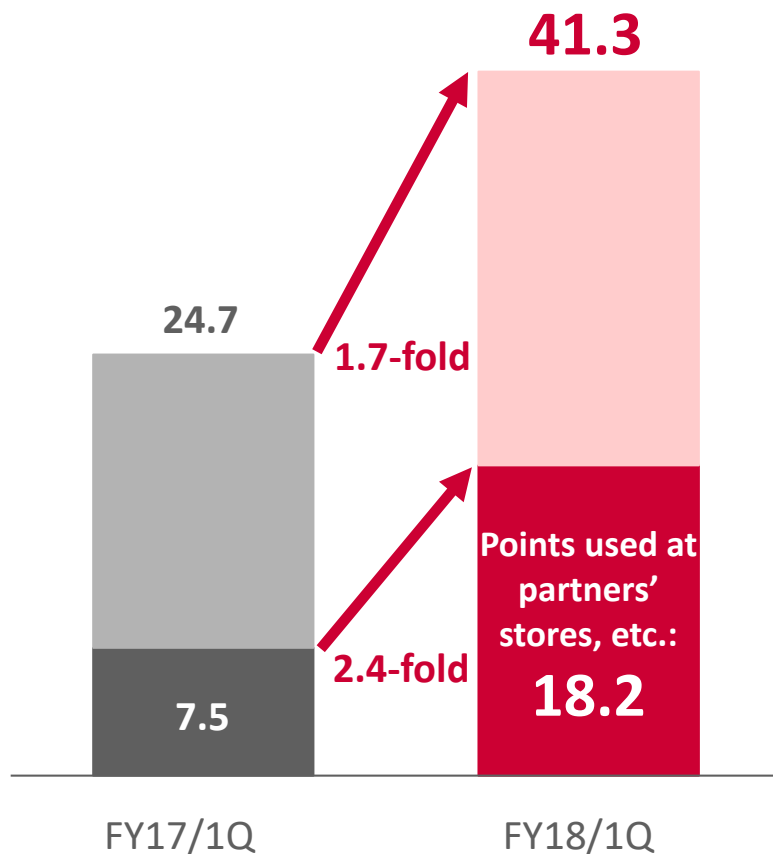


◆ The amount of transactions handled includes the transactions handled with “d CARD,” “d CARD mini,” “iD,” proxy bill collection and “d Payment” services, etc.
◆ The total “d CARD” members represent the combined members of “d CARD” and “d CARD mini”

“d POINT”

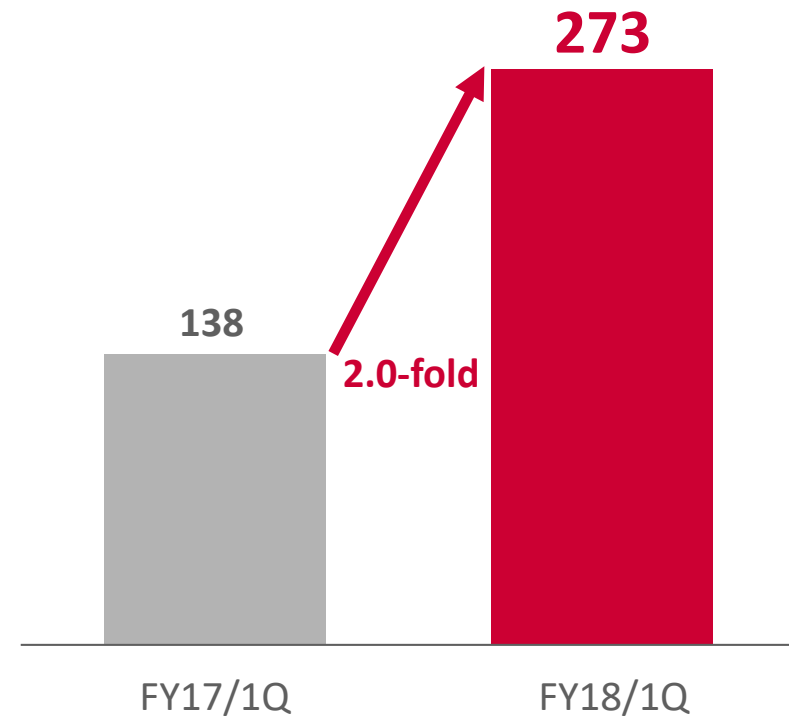
“d POINTs” used

(Billion points)



“d POINT” partners

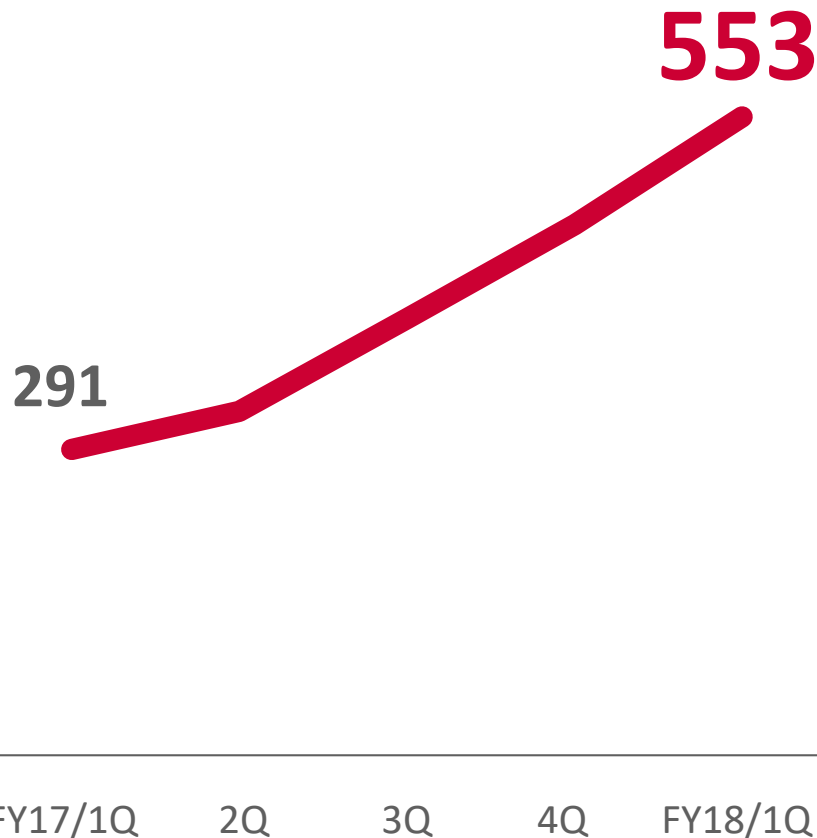
No. of participating stores:
Approximately 38,600



◆ “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



Partnership for connected cars

Announced Apr. 12



Expansion of "d Payment" partners

Announced Apr. 19



Community development leveraging ICT

Announced May 10



Maebashi City

Agreement for collaboration in 6 areas, e.g., industrial promotion

Announced May 23



Osaka Prefectural Government

Medium-Term Strategy

“Declaration beyond”: Actions Taken (1)

Value & excitement to customers

To start Sep. 1

Declaration 1

Market leader

Provision of “**docomo Hikari Renewal Loyalty Points**”

To be launched in September in light of the growth of “docomo Hikari” subscriptions to over 5 million.

Started May 30

Declaration 2

Style innovation

Delivery of optimal information/services through “**my daiz**”

Achieved 3.5 million downloads (as of Jul. 26).

Declaration 3

Peace of mind and comfort support

Expansion of “**docomo Smartphone Class**” across Japan

Over 80% of docomo Shops organizing 3 or more sessions per week (as of Jun. 30)

Medium-Term Strategy

“Declaration beyond”: Actions Taken (2)

Value co-creation with partners

Declaration 4

Industry
creation

Accelerate service creation through “**DOCOMO 5G Open Lab**”

Provide partners* with a free environment for 5G technical verification (Yotsuya, OSAKA)

No. of organizations participating in DOCOMO 5G Open Partner Program: 1,538

No. of organizations utilizing DOCOMO 5G Open Lab, Yotsuya: 59 (As of Jun. 30)

Yotsuya: Opened Apr. 22

OSAKA: To open in September

Declaration 5

Solution
co-creation

Partnership agreements with local governments

(Maebashi City, Osaka Prefecture, Hiroshima Prefecture)

Support attractive local communities through regional revitalization

Announcement Maebashi: May 10

Osaka: May 23

Hiroshima: Jun. 5

Declaration 6

Partner business
expansion


Launch of global IoT solution for enterprises, “**Globiot**”

One-stop offering of connectivity, operations and consulting.

Launched Jul. 2

FY2018/1Q Summary

- ▶ Recorded an increase in both operating revenues and profit, with operating profit reaching ¥309.9 billion.
- ▶ No. of “d POINT CLUB” members grew to 66.52 million. No. of “d POINT” partners and point usage also continued to expand
- ▶ “docomo Hikari” subscriptions topped 5 million, contributing to retention and upsell of mobile users.
- ▶ Further advanced PREMIUM 4G launching Japan’s fastest 988Mbps service.
- ▶ Cost efficiency improvement was ¥34.0 billion, making steady progress toward full-year target.
- ▶ Operating profit from Smart life and Other businesses was ¥43.3 billion, making steady progress toward full-year target.
- ▶ No. of organizations participating in “DOCOMO 5G Open Partner Program” exceeded 1,500. Accelerated collaboration with partners for creation of new services.



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

The new of today, the norm of tomorrow

NTT
docomo

Appendix

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 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

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.

ii. ARPU Calculation Methods

Aggregate ARPU = Mobile ARPU + “docomo Hikari” ARPU

- Mobile ARPU : $\text{Mobile ARPU Related Revenues (Voice-Related Revenues (basic monthly charges, voice communication charges) + Packet-Related Revenues (basic monthly charges, packet communication charges))} / \text{No. of active users}$

- “docomo Hikari” ARPU : $\text{“docomo Hikari”-related revenues (basic monthly charges, voice communication charges)} / \text{No. of active users}$

*ARPU excluding the impact of discounts are calculated without including the amounts of discounts applied in the relevant revenues.

iii. Active Users Calculation Method

$\text{Sum of No. of active users for each month ((No. of users at the end of previous month + No. of users at the end of current month) / 2)}$ 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), and impact on revenues from “dPOINT” program, etc., 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 Securities Report and Quarterly Securities Reports.

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