
FY2018/2Q
Results Presentation

NTT
docomo

October 31, 2018

- 1 . FY2018/1H Results Highlights**
- 2 . Medium-Term Management Strategy**
- 3 . Shareholder Returns**

FY2018/1H Results Highlights

IFRS

YOY increase in both operating revenues/profit

(Billions of yen)	FY2017/1H (1)	FY2018/1H (2)	Changes (2) – (1)	Changes (%)
Operating revenues	2,294.5	2,389.5	+95.0	+4.1%
Operating profit	559.9	610.5	+50.6	+9.0%
Profit attributable to shareholders of NTT DOCOMO, INC.	392.1	407.1	+15.0	+3.8%
Adjusted free cash flow	391.3	374.7	-16.6	-4.2%
Operating FCF	550.2	599.4	+49.2	+8.9%
EBITDA	817.7	854.8	+37.1	+4.5%
Capital expenditures	267.5	255.4	-12.1	-4.5%

◆ 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

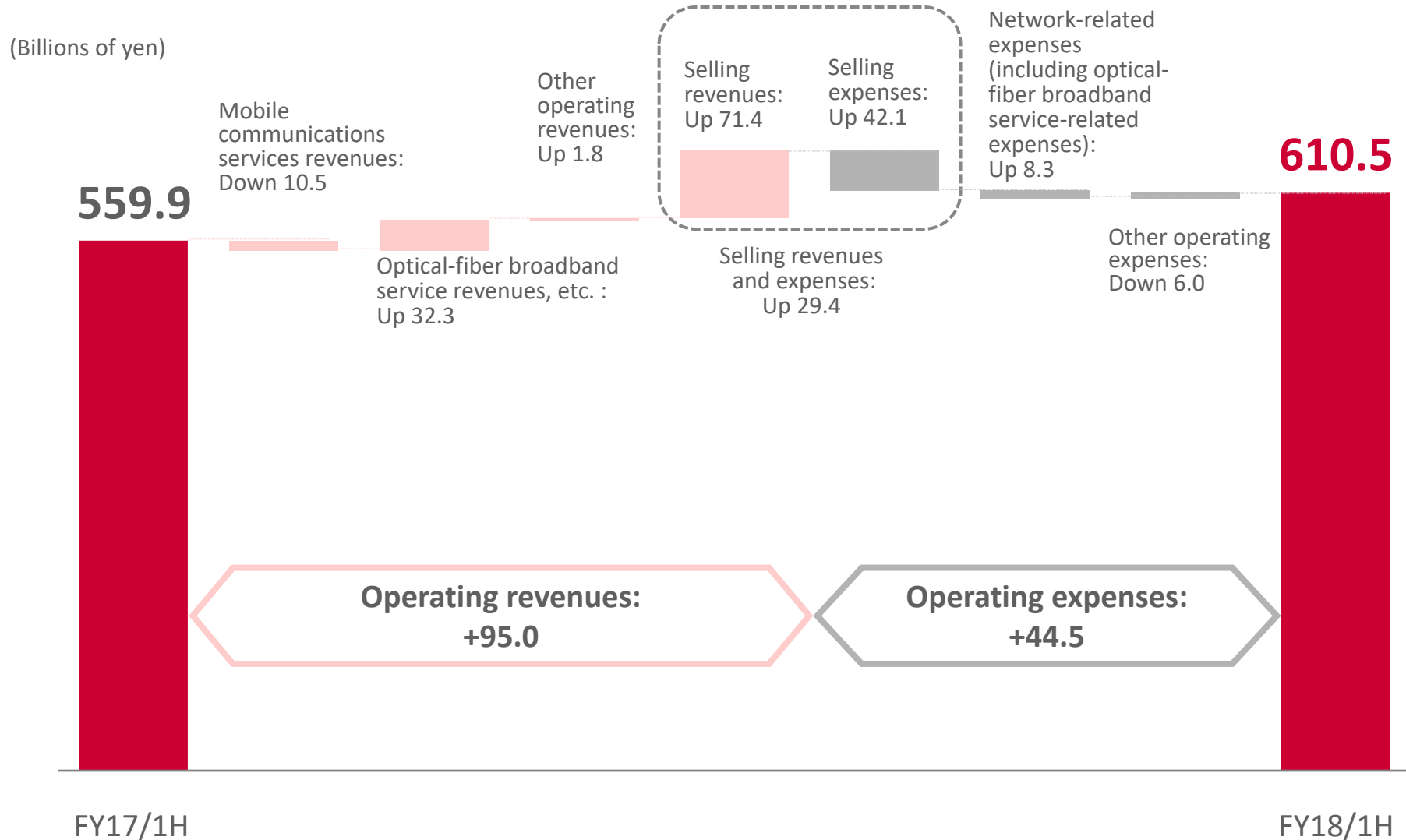
Results by Segment

IFRS

(Billions of yen)		FY2017/1H (1)	FY2018/1H (2)	Changes (2) – (1)	
Telecommunications business	Operating revenues	1,869.6	1,960.8	+91.2	
	Operating profit	489.4	524.5	+35.2	
Smart life business	Operating revenues	222.0	222.7	+0.7	
	Operating profit	31.2	37.1	+5.9	
Other businesses	Operating revenues	213.8	218.1	+4.3	
	Operating profit	39.4	48.9	+9.5	
<Ref.> Smart life business and Other businesses		Operating revenues	435.8	440.8	+5.0
		Operating profit	70.6	86.0	+15.4

Key Factors behind Changes in Operating Profit

IFRS



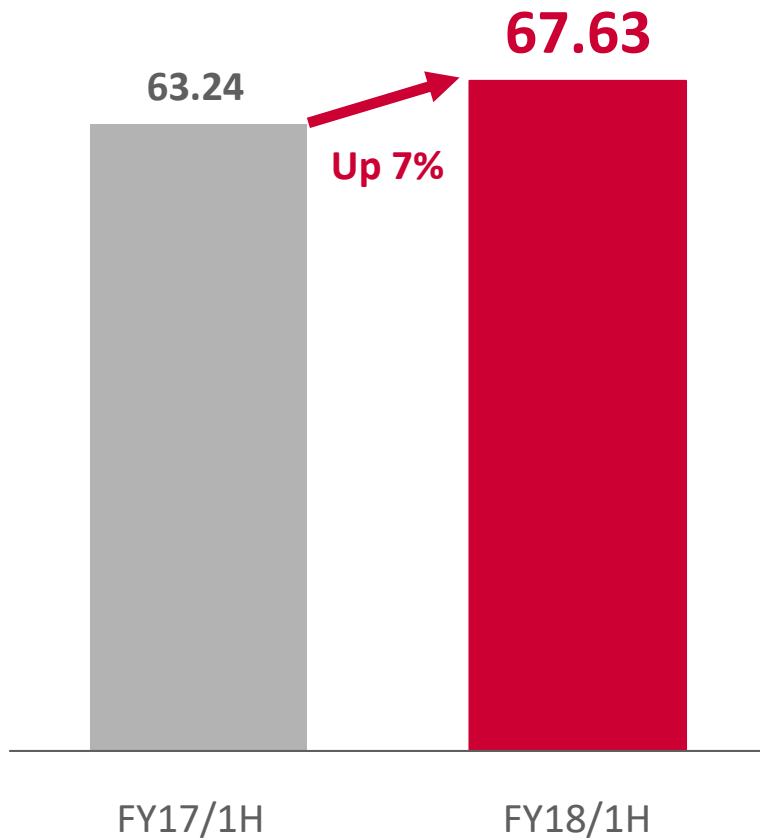
◆ Selling expenses represent the sum of cost of equipment sold and commissions to agent resellers

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

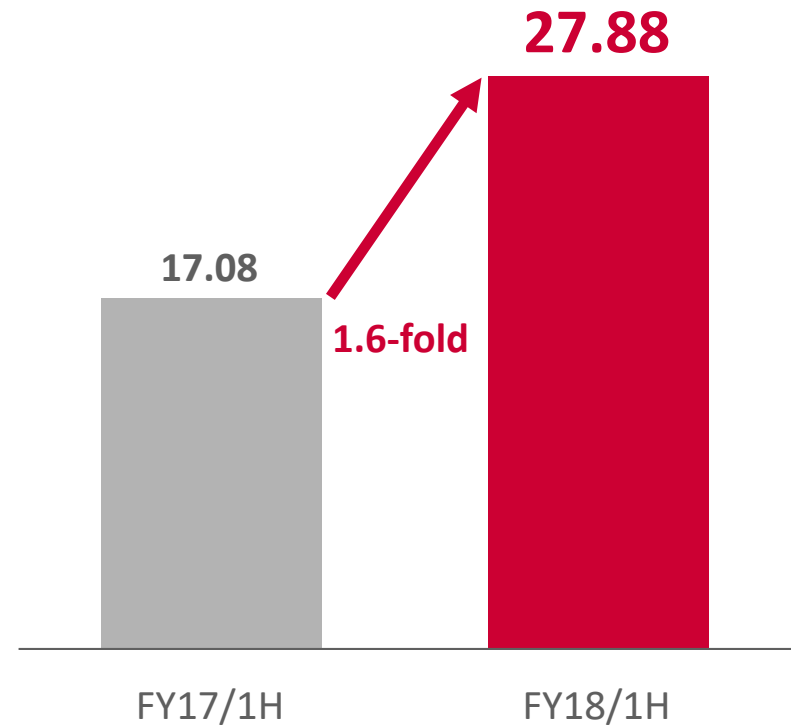
“d POINT CLUB” Members

“d POINT CLUB” members

(Million members)



“d POINT CARD” registrants

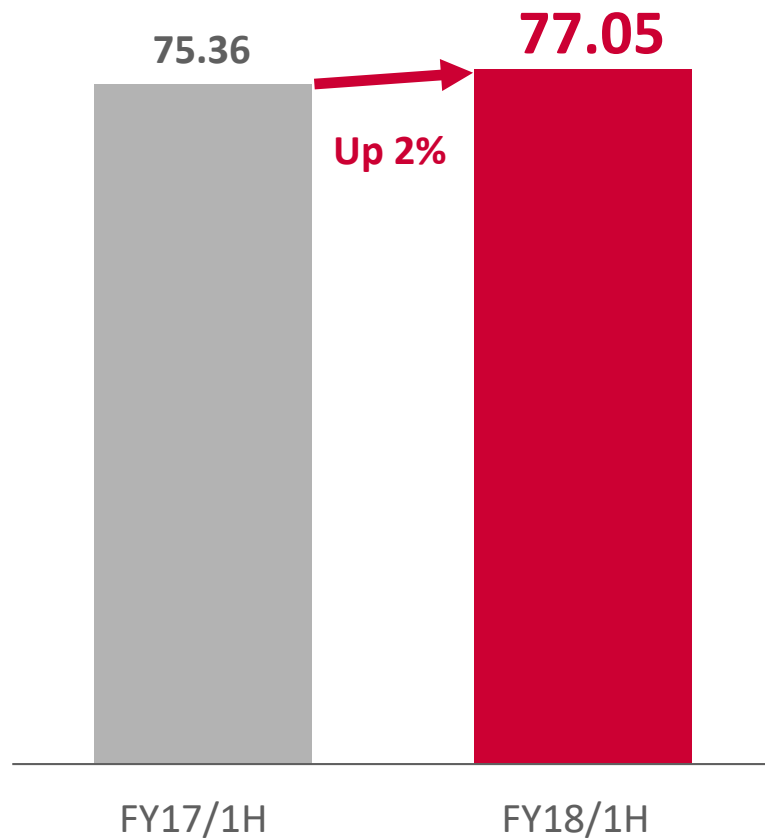


◆ “d POINT CARD” registrants indicate the number of users who can earn and use “dPOINTS” at participating stores by registering their personal information

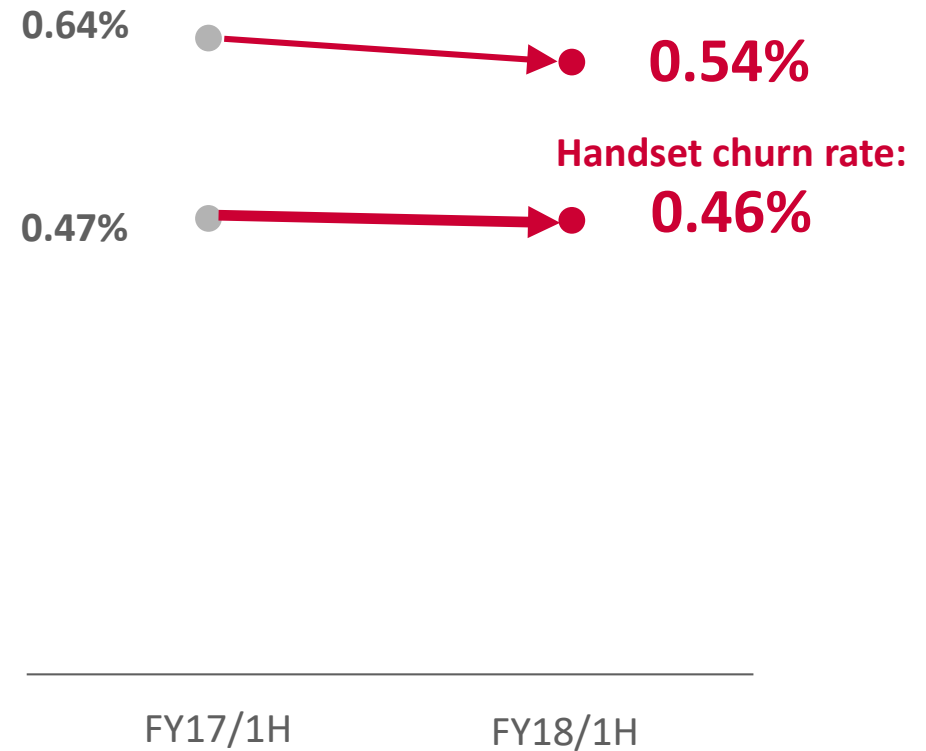
Telecommunications Business Operational Performance (1)

Mobile telecommunications service subscriptions

(Million subs)



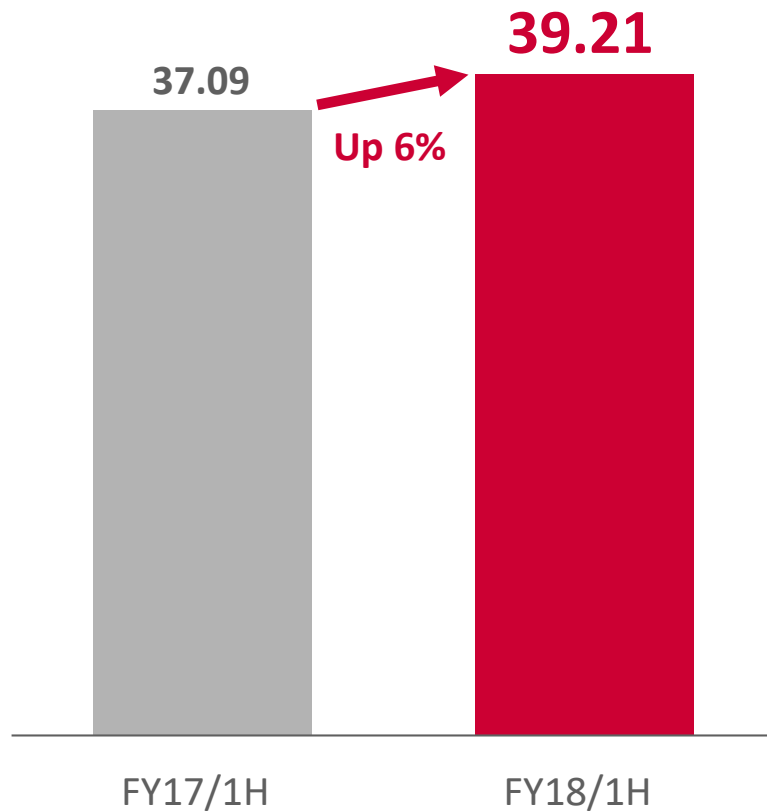
Churn rate



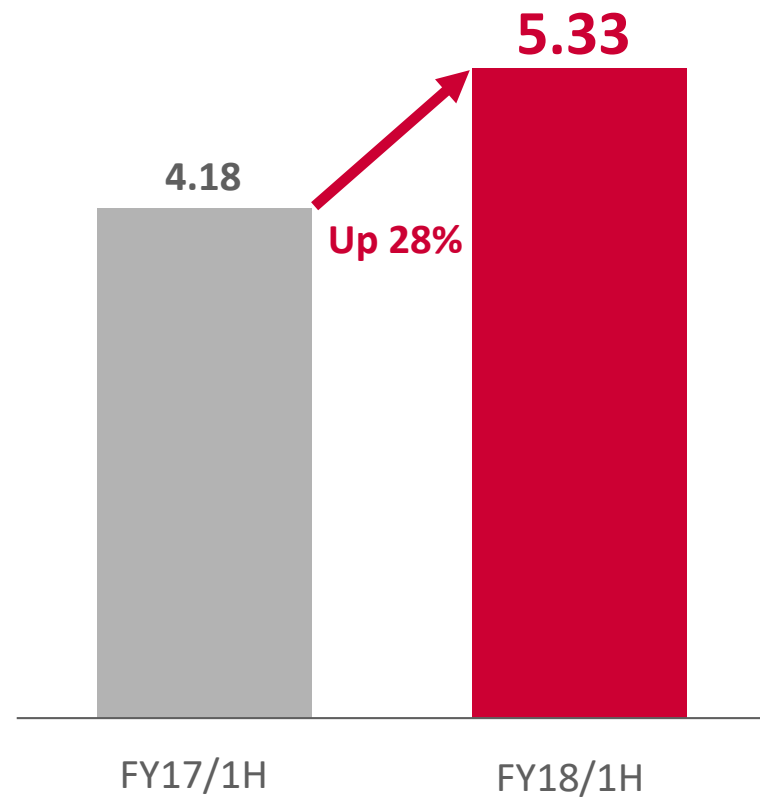
Telecommunications Business Operational Performance (2)

Total smartphone/ tablet users

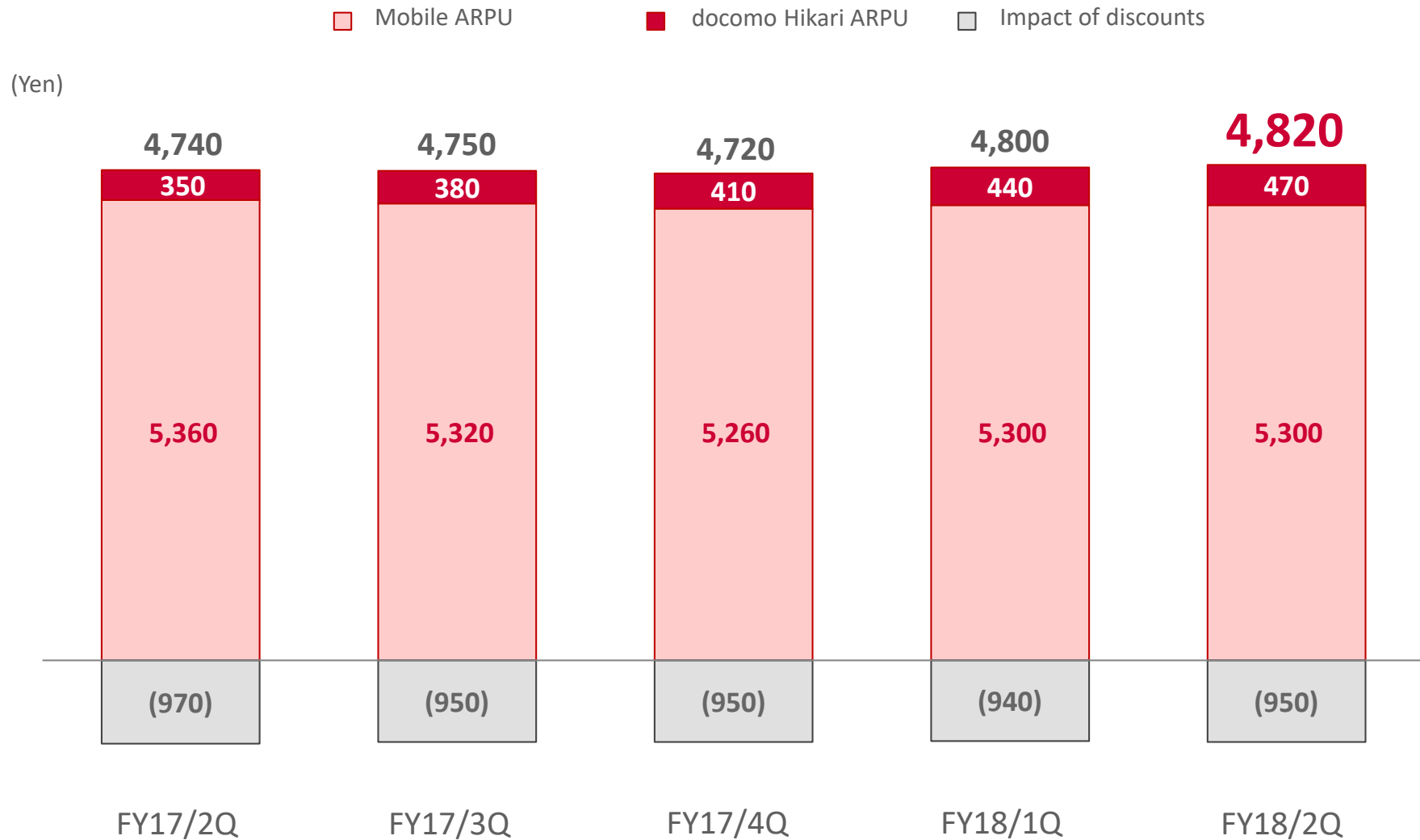
(Million subs)



“docomo Hikari” optical-fiber broadband subs



ARPU



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

PREMIUM 4G™

Japan's fastest

To be offered progressively starting with 2018-2019 Winter/Spring models

Download: 1,288Mbps
Upload: 131Mbps

Both download and upload max rates supported

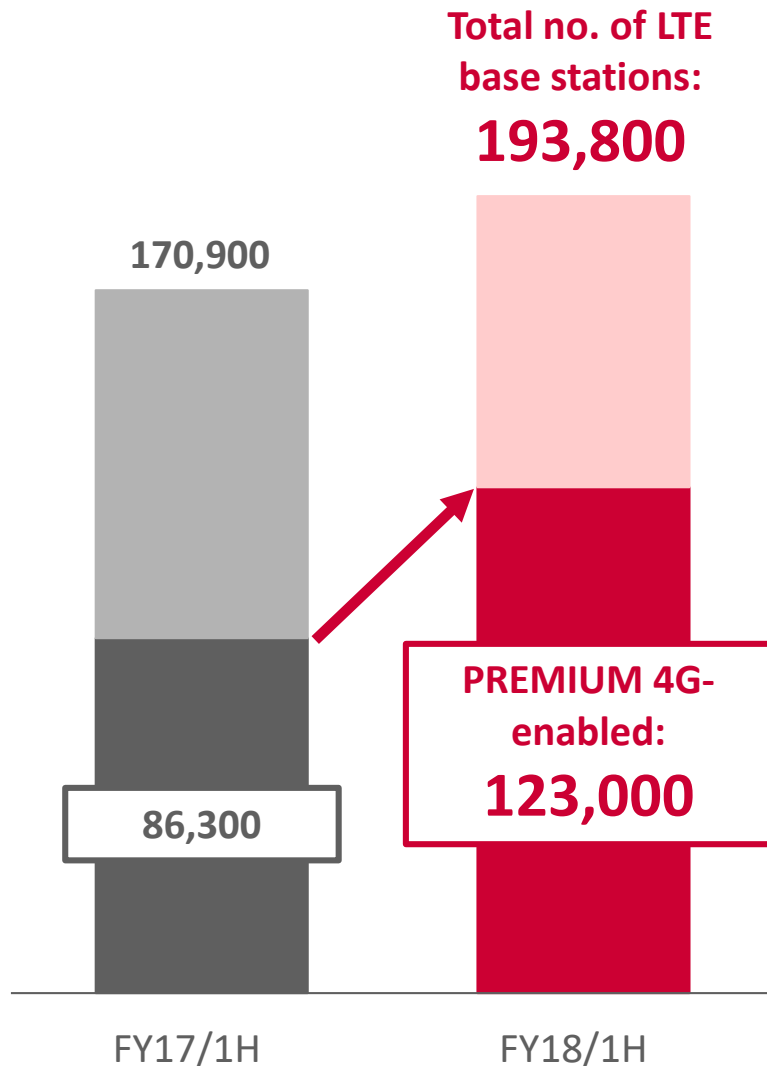


Wi-Fi STATION

Upload max rate supported



XPERIA XZ3



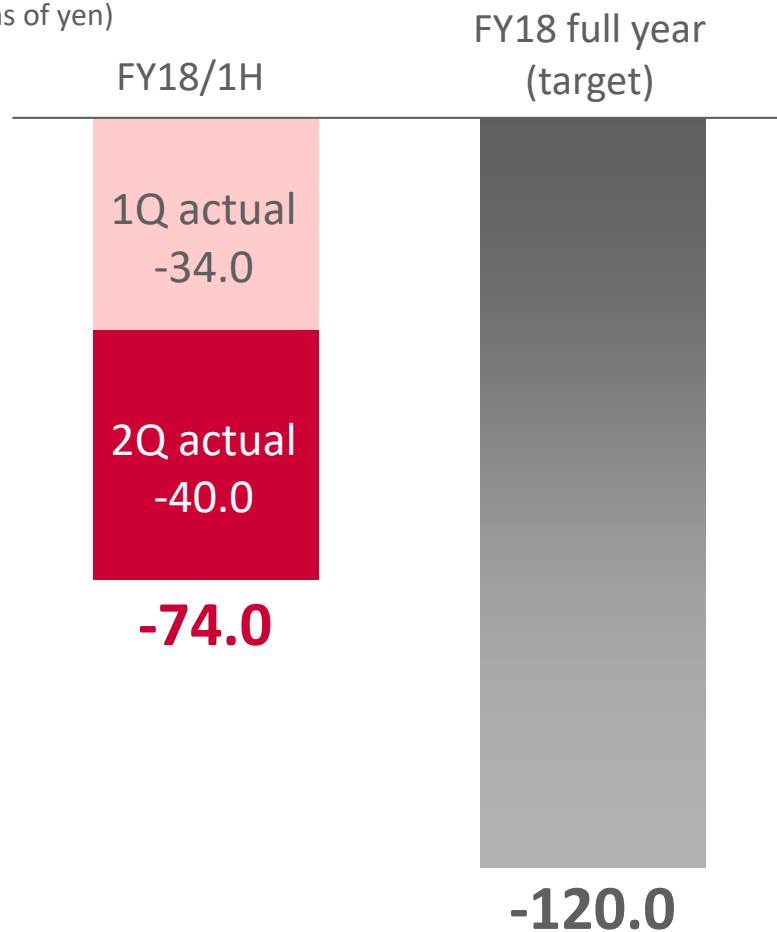
◆ The transmission speed described herein is the theoretical maximum downlink rate specified in the technical standard and the actual rate may vary depending on the propagation conditions, etc. The description "Japan's fastest" is as of September 30, 2018

◆ Four frequency bands of 3.5GHz, 2GHz, 1.7GHz and 800MHz are used for the provision of 1,288Mbps service.

◆ Two frequency bands of 1.7GHz and 800MHz are used for the provision of 131Mbps service.

Cost Efficiency Improvement

(Billions of yen)

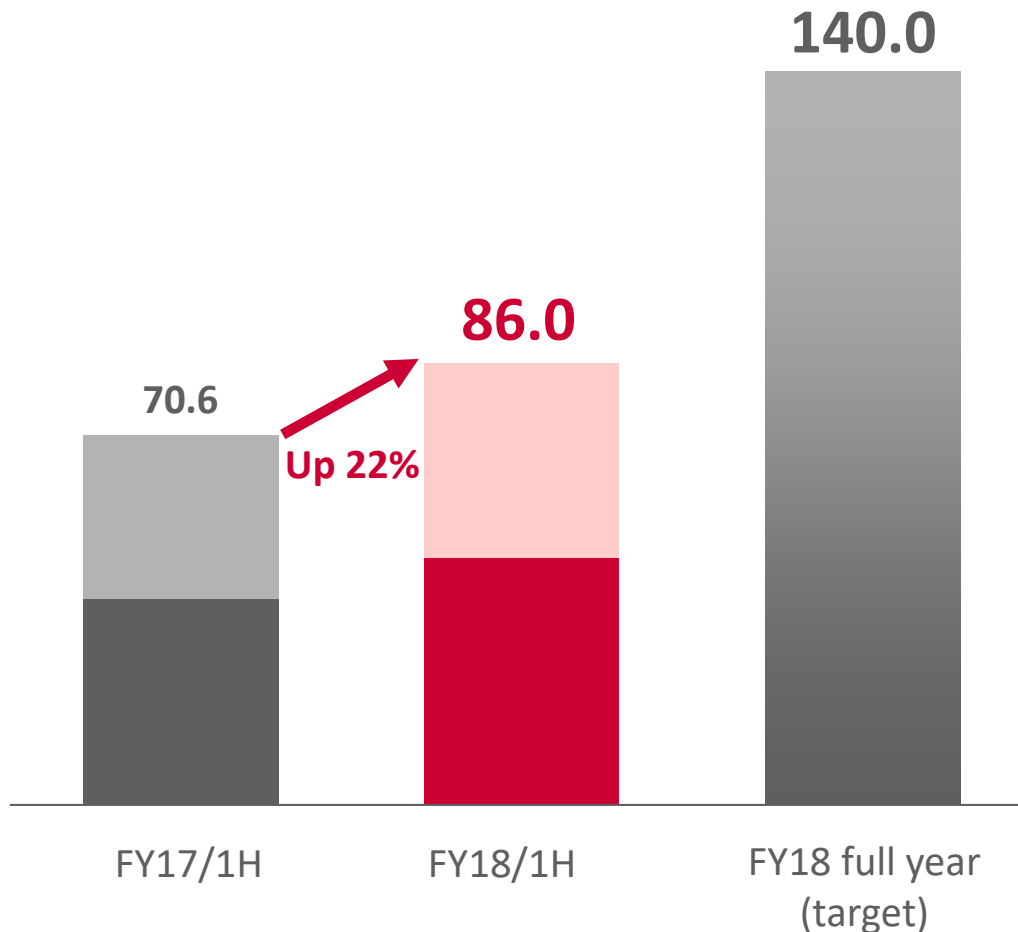


Focus areas

- ◆ 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)



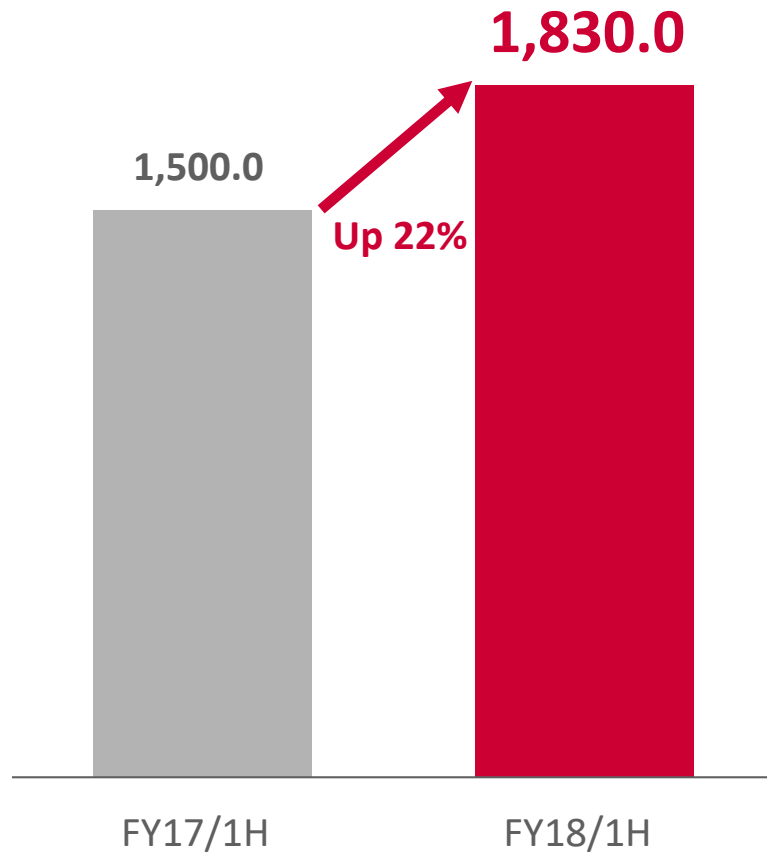
Principal services

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

Finance/Payment Services

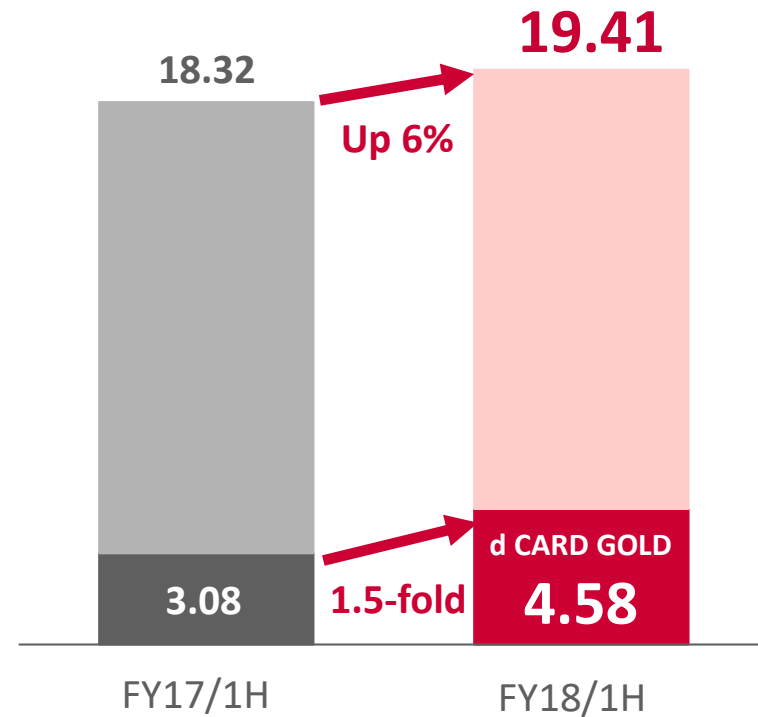
Transactions handled

(Billions of yen)



“d CARD” members

(Million members)

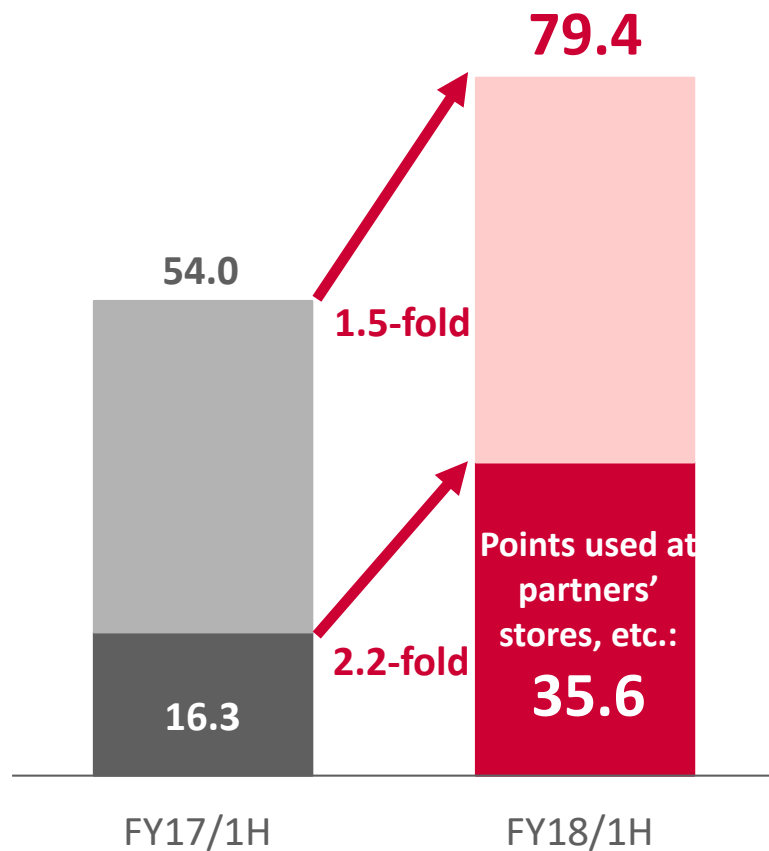


◆ The amount of transactions handled includes the transactions handled with “d CARD,” “d CARD mini,” “iD,” proxy bill collection and “d Payment” services, etc.
◆ The total “d CARD” members represent the combined members of “d CARD” and “d CARD mini”

“d POINT”

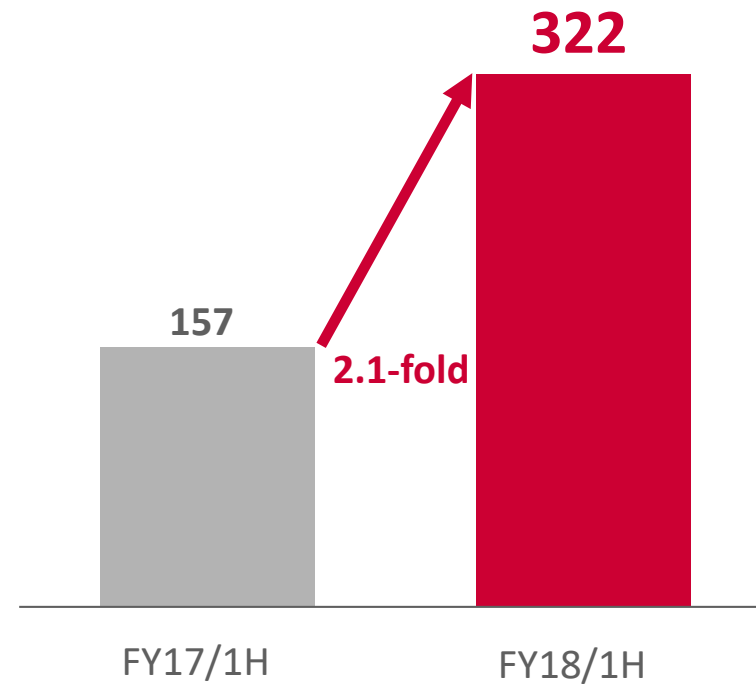
“d POINTs” used

(Billion points)



“d POINT” partners

No. of participating stores:
Approximately 41,900



◆ “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

Expansion of “d POINT” participating stores

Announced September



Collaboration agreement for promotion of regional vitalization leveraging ICT

Announced July



Planning to establish DOCOMO 5G Open Lab OKINAWA in collaboration with Okinawa Prefecture, etc.

Announced July



321

644

FY17/2Q 3Q 4Q FY18/1Q 2Q

Medium-Term Strategy

“Declaration beyond”: Actions Taken (1)

Value & excitement to customers

Declaration 1

Market leader

Enrichment of “Mobile Device Protection Service”

Lowered the maximum repair fee from ¥5,000 to ¥3,000, and extended the policy period to over four years after purchase.

Declaration 2

Style innovation

Launch of “Hikari TV for docomo”

Allows viewing of “dTV channel” and “dTV” contents without extra charges.

“Point Investment Service” users growing rapidly

No. of users topped 300,000 in 5 months after launch.

Declaration 3

Peace of mind and comfort support

Functional enrichment of “docomo Online Shop”

Waiver of administrative commission fee upon new subscription, MNP transfer and other contractual changes. Introduction of FAQ chat bot.

Medium-Term Strategy

“Declaration beyond”: Actions Taken (2)

Value co-creation with partners

Declaration 4

Industry
creation

Started collaboration with Okinawa Prefecture for “**regional vitalization and solution of social issues using ICT**”

Planned opening of DOCOMO 5G Open Lab OKINAWA and trials on cashless payments and historical education content.

Declaration 5

Solution
co-creation

Launch of “**LTE-M**”

A new communication scheme for IoT services that realizes communication modules at lower costs with reduced power consumption (commencing of Oct. 1).

Declaration 6

Partner business
expansion

Launch of “**DOCOMO 5G Open Cloud**”

Provides partners with access to telecom cloud and AI technologies. Technical verification started with six companies. Total no. of companies/organizations participating in DOCOMO 5G Open Partner Program: 1,772 (as of Sept. 30)

ESG Evaluations

Global

Selected as constituents of leading ESG indices

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



FTSE4Good

MSCI



2018 Constituent
MSCI ESG
Leaders Indexes

Selected for
2 straight years

Selected for
18 straight years

Selected for
12 straight years

Japan

Adopted as constituents of all ESG indices selected by GPIF



FTSE Blossom Japan

MSCI



2018 Constituent
MSCI ジャパンESG
セレクト・リーダーズ指数

MSCI



2018 Constituent
MSCI日本株
女性活躍指数 (WIN)

**S&P/JPX
カーボン
エフィシエント
指数**

5G Initiatives

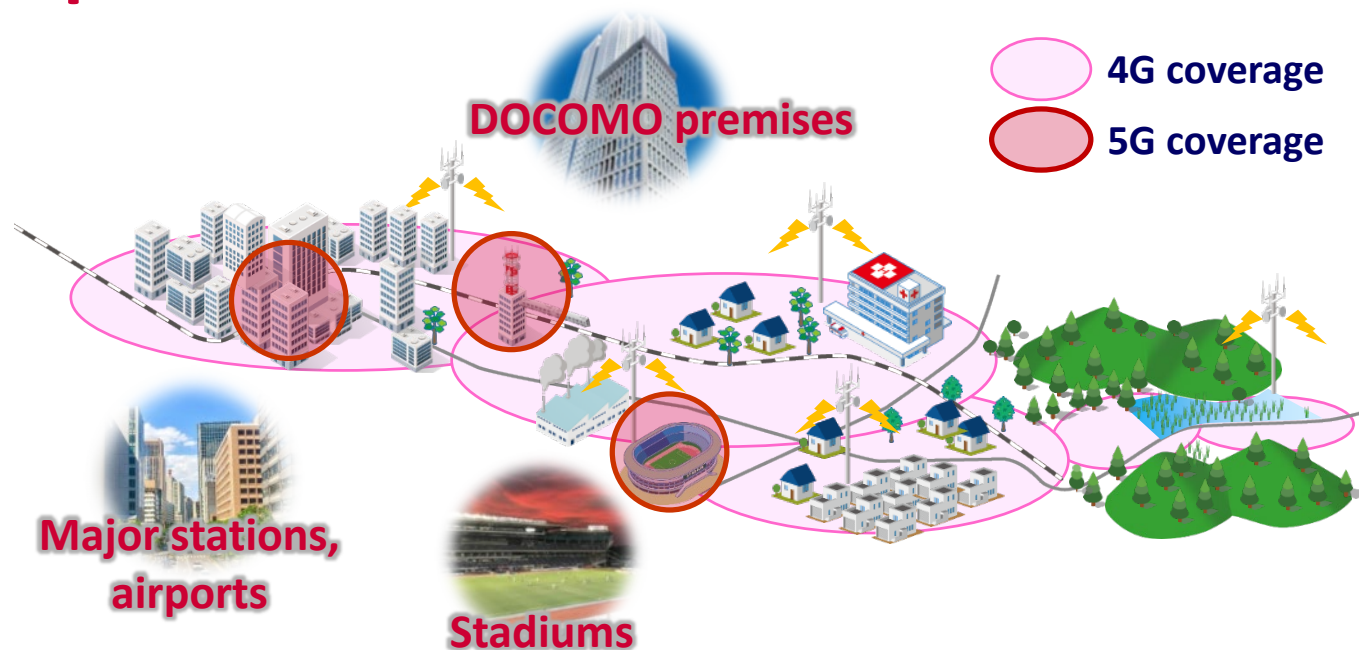
Additional ¥10 billion investment for 5G pre-commercial service



5G Demo Bus



DOCOMO 5G Open Lab



5G initiatives implemented in the past

Further accelerate 5G network development/construction

- Expand 5G coverage
- Enrich 5G verification environment for quality enhancement

Disaster Response Initiatives Implemented

Stepped up measures after 2011 Great East Japan Earthquake

Securing important communications

- Roll-out of large- and medium-zone base stations
- Redundant transmission routes
- Engine-driven, uninterruptible power supply and 24-hour battery supply, etc.

Swift response to disaster-stricken areas

- Increased availability of satellite mobile phones
- Increased deployment of mobile base stations, etc.
- Free battery charging, free Wi-Fi services, etc.

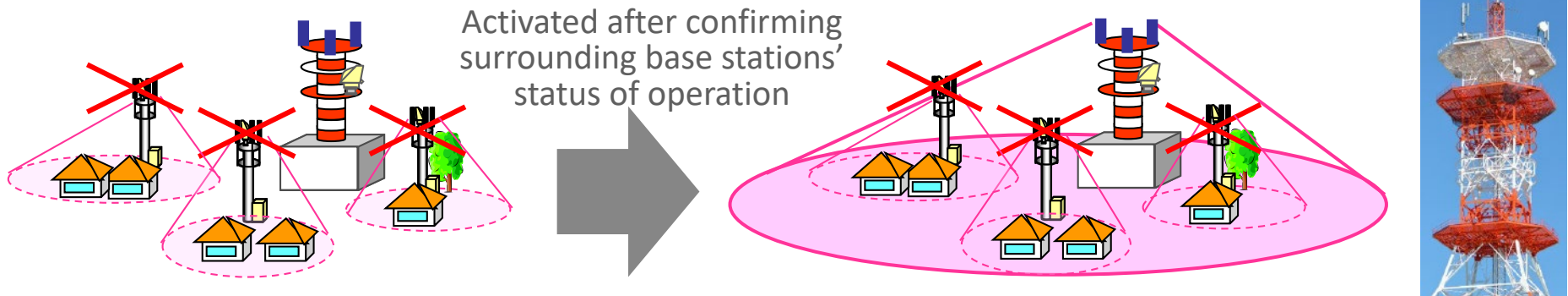
Further improvement of customer convenience

- Improvement of restoration area map
- Addition of voice guidance capability to Disaster Message Board Service, etc.

Disaster Response after Typhoon No. 21 and Hokkaido Eastern Iburu Earthquake

Responded swiftly to minimize impact on service

Activated large-zone base station for the first time



Restored communications over a wide area in Kushiro City

Dispatch of mobile base stations, etc.



Mobilized to Kansai & Hokkaido from all over Japan

Free battery charging & Wi-Fi services



Provided at docomo Shops & shelters, etc. in affected areas

Additional Disaster Preparedness Measures

Implement ¥20 billion in additional disaster preparedness measures over two years

Preparation for wide-area & hours-long power outage

- Install storage batteries and solar power generation systems at docomo Shops.
- Reinforce emergency power supply for base stations and buildings

Securing important communication and reliability enhancement

- Expand roll-out of medium-zone base stations
- Enhance reliability by employing flood disaster prevention and other measures at key base stations
- Promote use of multiple transmission routes

Early restoration of communications services

- Increase deployment of emergency base stations (portable satellite equipment, etc.)
- Expand bandwidth of satellite links

Strengthen support for disaster-stricken areas

- Improve the level of sophistication of restoration area map
- Increase no. of rental smartphones/tablet devices

FY2018 Full-Year Guidance <Revised>

IFRS

(Billions of yen)	FY2018 Initial guidance (1)	FY2018 Revised guidance (2)	Changes (2) – (1)
Operating revenues	4,790.0	4,860.0	+70.0
Operating profit	990.0	990.0	0
Smart life business & Other businesses	140.0	140.0	0
Operating FCF	960.0	940.0	-20.0
EBITDA	1,530.0	1,530.0	0
Capital expenditures	570.0	590.0	+20.0
Cost efficiency improvement	-120.0	-120.0	0

◆ The projected amount of cost efficiency improvement represents the improvement compared to the previous fiscal year.

FY2018/1H Summary

- ▶ Recorded ¥610.5 billion in operating profit, progressing favorably vis-à-vis full-year guidance.
- ▶ No. of “d POINT CLUB” members reached 67.63 million. Point usage also grew steadily to ¥79.4 billion.
- ▶ Further upgraded PREMIUM 4G, offering the fastest transmission speeds in Japan for both uploads and downloads.
- ▶ Cost efficiency improvement was ¥74 billion, progressing steadily toward full-year target.
- ▶ Operating profit from Smart life and Other businesses was ¥86.0 billion, progressing favorably toward full-year target.
- ▶ No. of “+d” partners expanded steadily to 644.
- ▶ Full-year CAPEX was revised upwards to ¥590 billion to accelerate the implementation of initiatives for 5G pre-commercial service and to further reinforce our disaster preparedness.

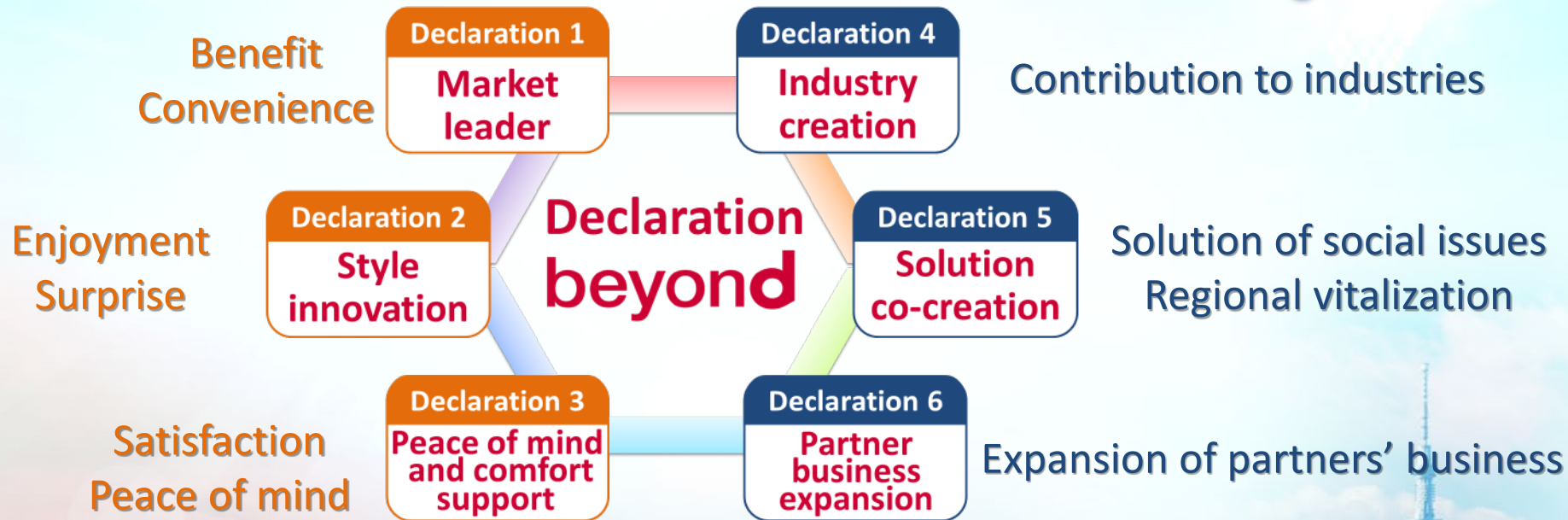
- 1 . FY2018/1H Results Highlights
- 2 . Medium-Term Management Strategy**
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beyond

Connecting dreams, for a richer future with 5G

Value and excitement
to customers

Value co-creation
with partners



I + **R** = **S**ustainable
nnovative esponsible

Promote ESG management and strive to realize sustainable development of society by addressing the two aspects of "Innovative docomo" and "Responsible docomo"

- **Transformation into business management pivoted on membership base**
 - **5G rollout and business creation**

Revenue opportunity creation centered on customer base



- Expansion of customer base and promotion of “+d”
- Growth of Smart life business
- Growth of Enterprise business

Growth driven by 5G

- Construction of 5G network
- Creation of 5G services and solutions

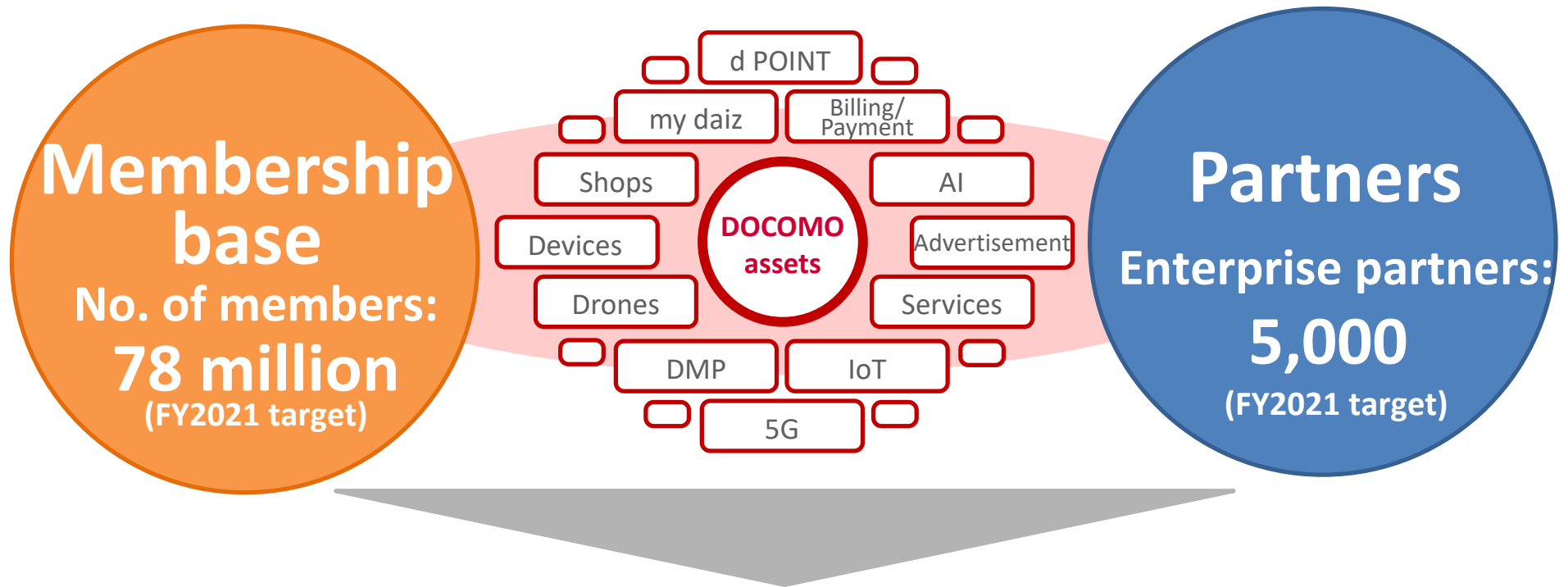
Execution of customer returns and evolution of customer touchpoints

- Great value and simple rate plans
- Shorten customers’ wait and attendance time

-
-  **Revenue opportunity creation centered on customer base**
 -  **Growth driven by 5G**
 -  **Execution of customer returns and evolution of customer touchpoints**

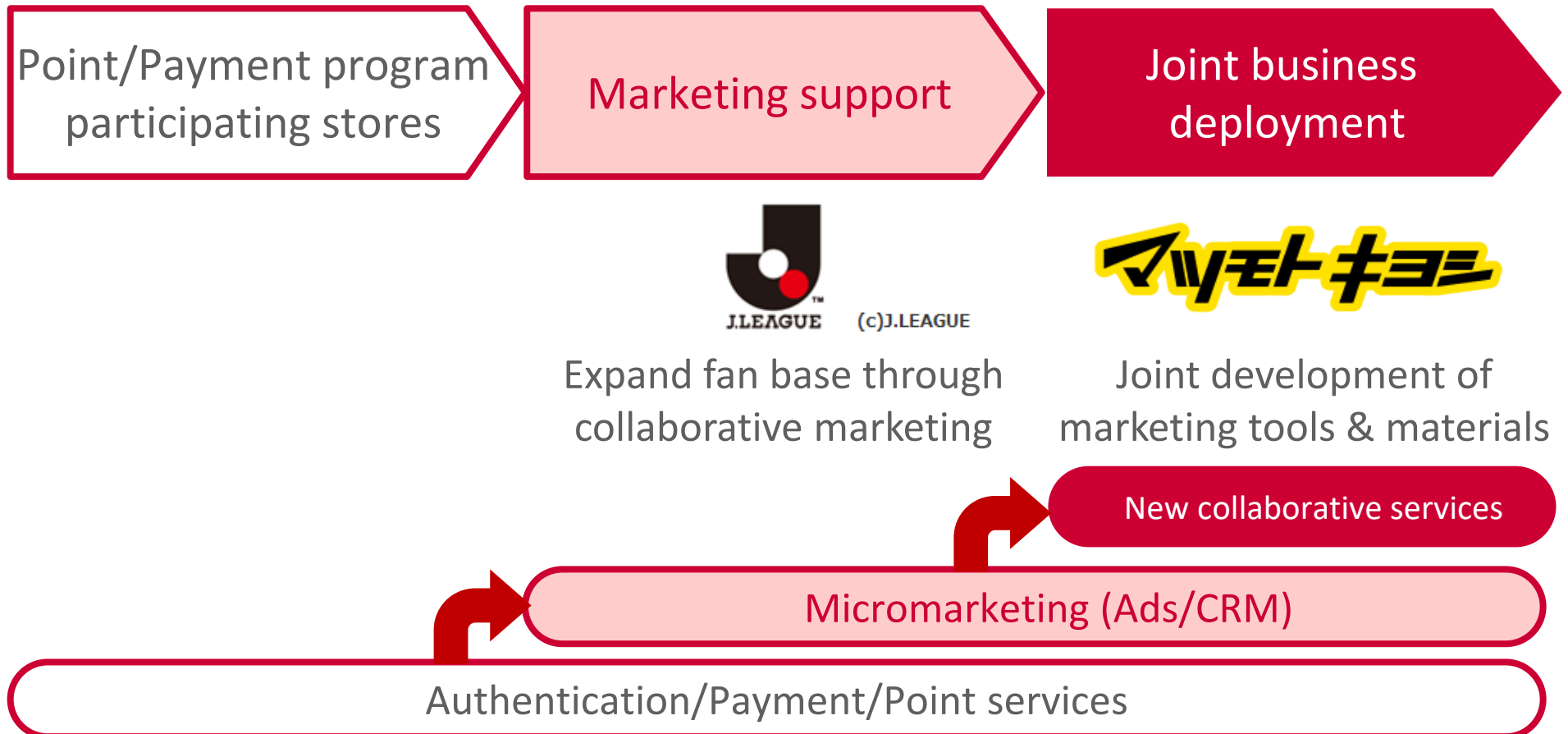
Promotion of +d

Offer new value to customers and partners
Create revenue opportunities



Create new added value

Advance business models by deepening our ties with partners



Growth of Finance/Payment Business

Expand the payment ecosystem

No. of locations where payment/
point services can be used

Approx.
900,000 → **2 million** (FY2021 target)

Finance/Payment transactions
handled

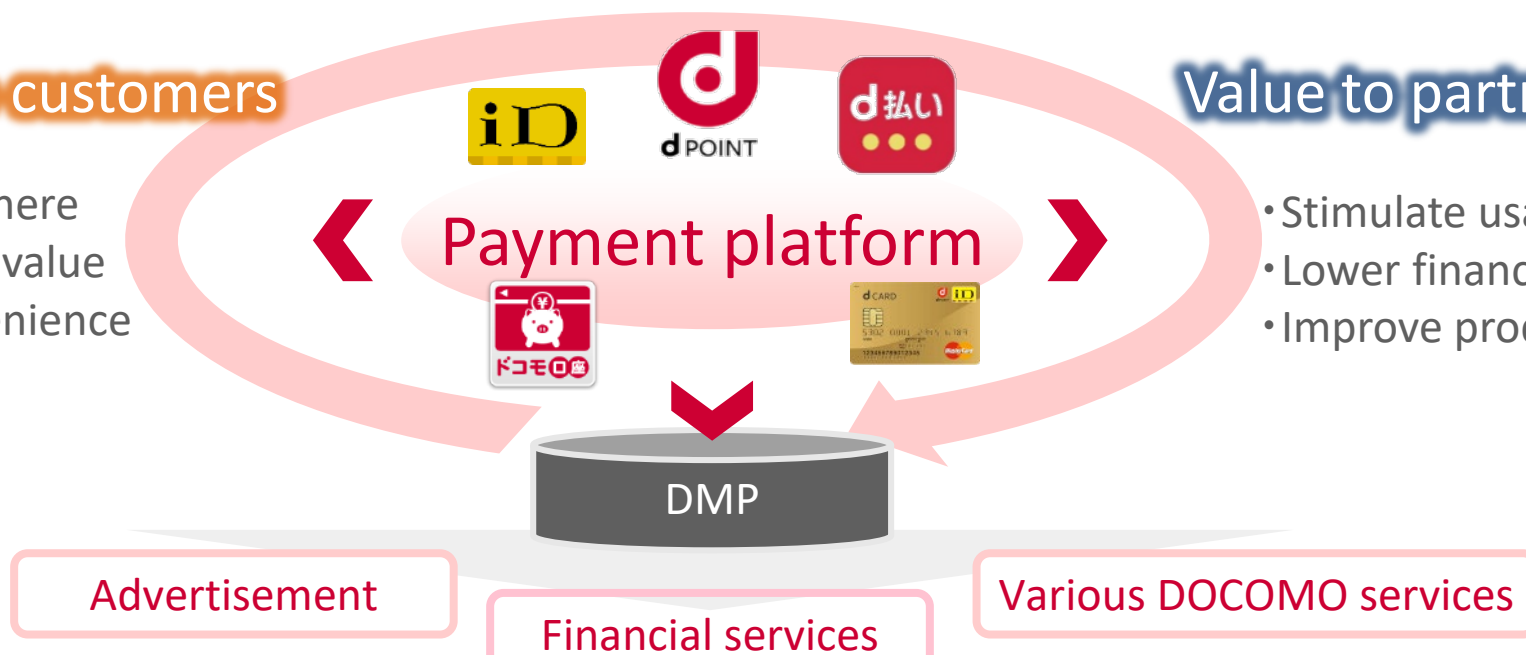
Approx.
¥3.2 trillion → **¥6 trillion** (FY2021 target)

Value to customers

- Anywhere
- Great value
- Convenience

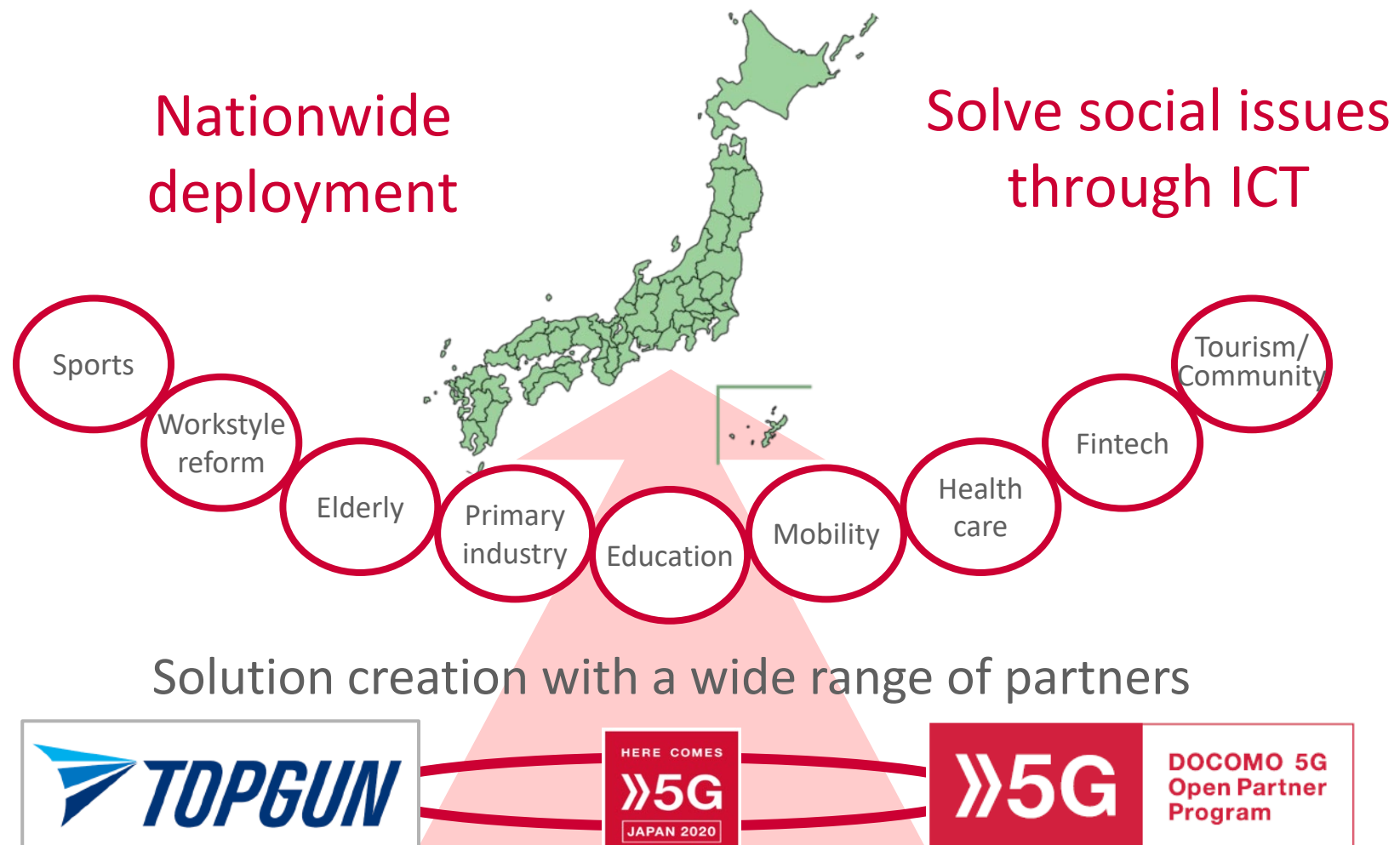
Value to partners



- Stimulate usage
- Lower financing burden
- Improve productivity



Growth of Enterprise Business

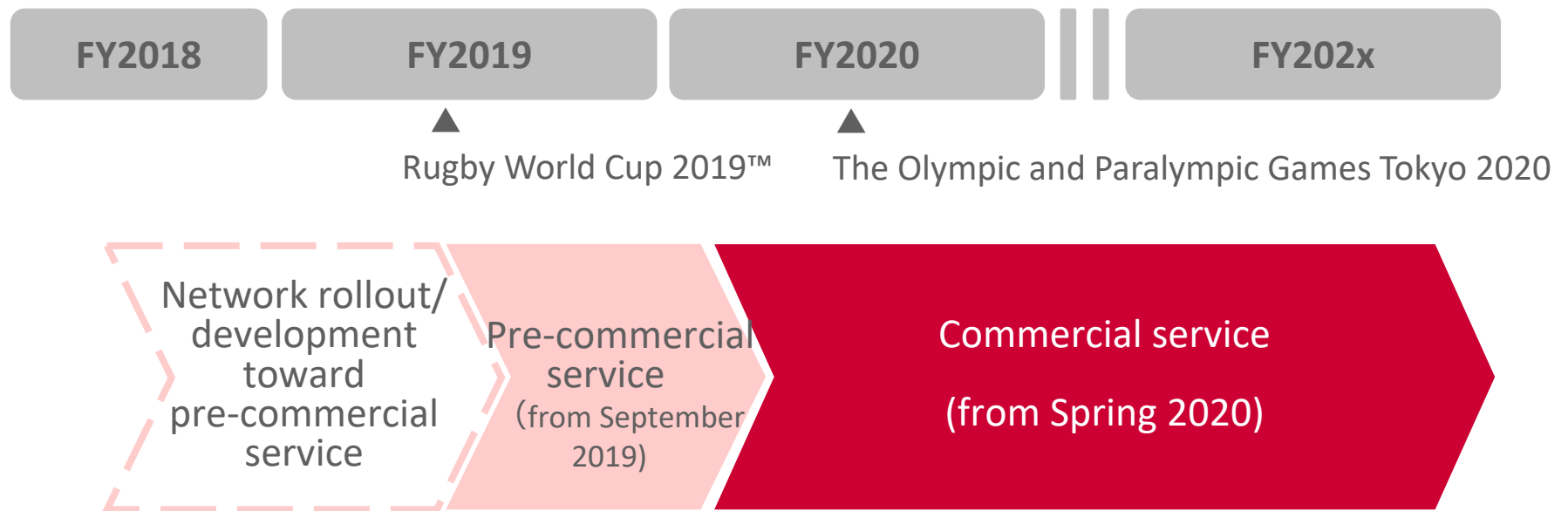
**Create and expand new solutions
to generate ¥120 billion in revenues (FY2021 target)**



-
-  Revenue opportunity creation centered on customer base
 -  **Growth driven by 5G**
 -  Execution of customer returns and evolution of customer touchpoints

5G Network Rollout

Steadily build coverage in areas where 5G is considered necessary



¥1 trillion investment for 5G infrastructure buildout, etc.
(FY2019-2023 cumulative)

5G Services & Solutions

Creation underway in cooperation with a wide range of partners toward full-scale launch of 5G

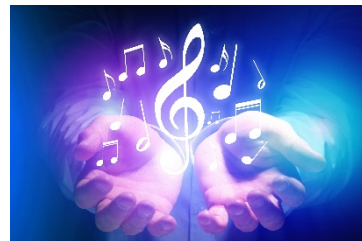
New sensory experience services



Stadium solutions



VR/AR/MR



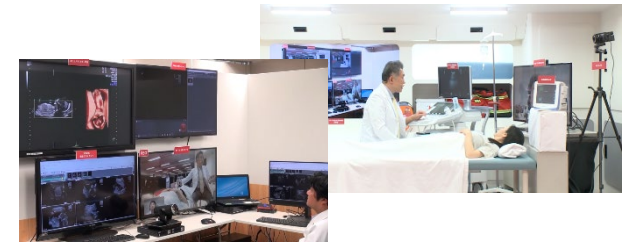
New sensory live events

High presence



Interactive

Solutions for social issues/ Regional vitalization



Remote medicine



Anomaly detection through video analysis (Disaster prevention/mitigation)



Remote operation of construction equipment, etc.

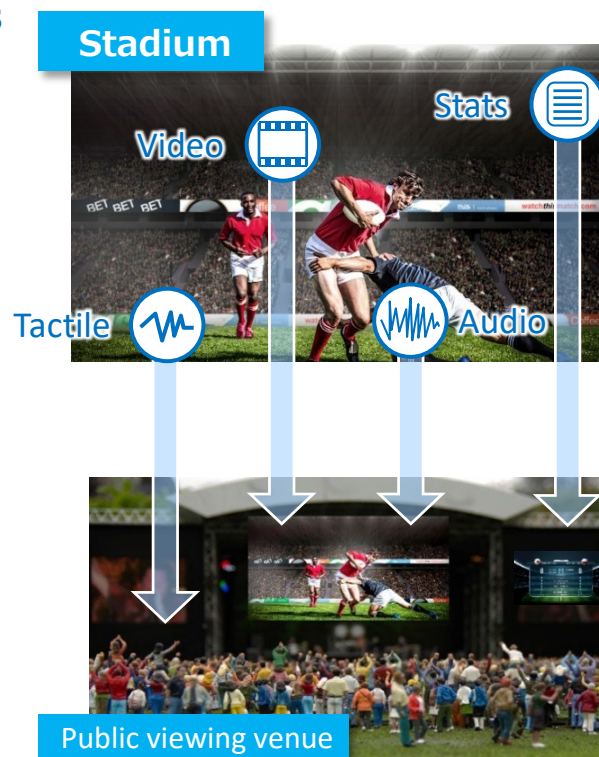
Case-1: Stadium Solutions

Delivery of new sport-viewing styles

Stadium viewing



Public viewing



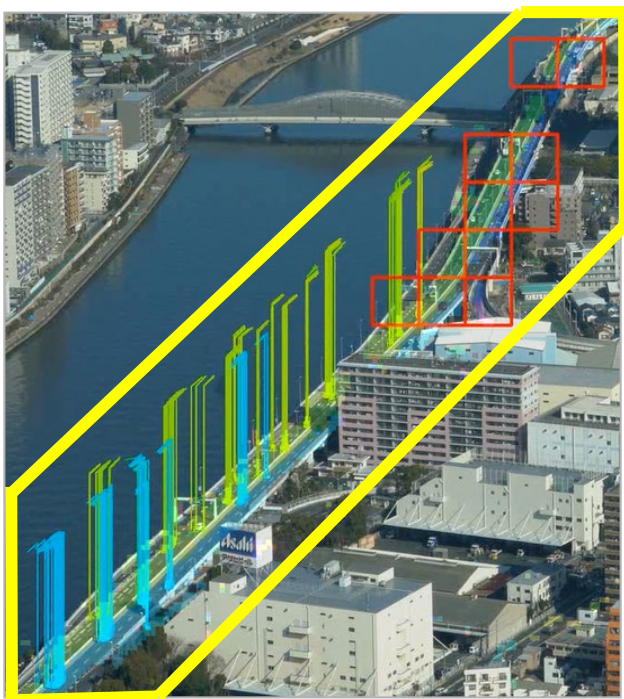
Experience sharing



Case-2: Disaster Prevention & Mitigation

Anomaly detection using AI analytics of city video/image feeds

Congestion detection



Fire detection



Human movement detection



Case-3: Remote Medicine

Eliminate inequality in access to healthcare by leveraging 5G

Next-generation mobile clinic vehicles



Specialist at general hospital

Real-time sharing of high-resolution diagnostic imaging



Treatment advice

Real-time communication via high-resolution TV conferencing






General practitioner



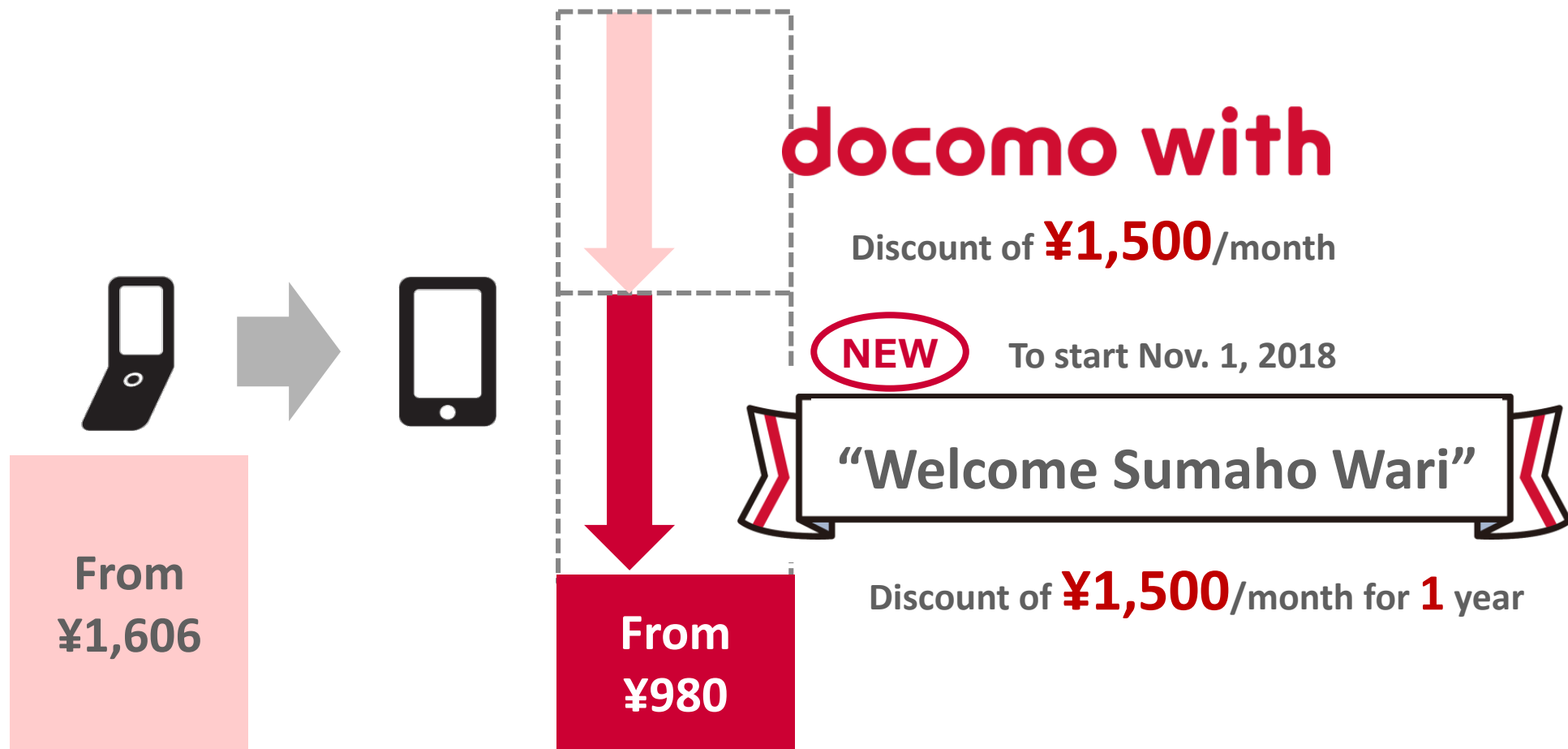
DOCOMO
Open House 2018
5G Innovation and Collaboration
Dec. 6-7 (Thu & Fri), 2018 @Tokyo Big Sight



To be showcased in December

-
-  Revenue opportunity creation centered on customer base
 -  Growth driven by 5G
 -  **Execution of customer returns and evolution of customer touchpoints**

Affordable Rates for First-Time Smartphone Users



◆ The rates above do not include taxes.

◆ Rates applied for use of feature phone (“Type SS Value” + i-mode monthly fee + “Pake-hodai Double”)

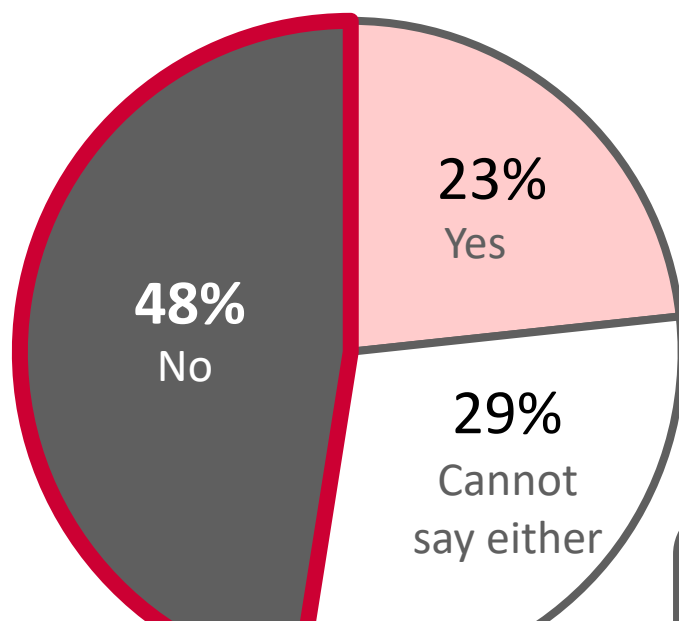
◆ Rates applied for use of smartphone (“Simple Plan” + sp-mode monthly fee + “Basic Pack” + “Zutto DOCOMO Wari Plus(Platinum Stage)” + “docomo with” + “Welcome Sumaho Wari”)

Great Value & Simple Rate Plans

Pursue customers' ease of understanding

Survey on DOCOMO's rate plans

Q: Are our rate plans easy to understand?



Approx. 50% of customers think the rate plans are difficult to understand

Customers' voices

The rate plans are **hard to understand**. "Make them **simpler**."

"The **structure** of the rate plans is **too complex**. **Cannot fully understand** even if I read your home page or other material."

"Cannot understand the rate plan just by using the service on a daily basis."

"**Cannot perceive savings or great value** from user's perspective."

Bold Review of Rate Plans

**To be announced and launched
in FY2019/1Q**

Low-cost plan

**Approx. 20-40%
rate reduction**

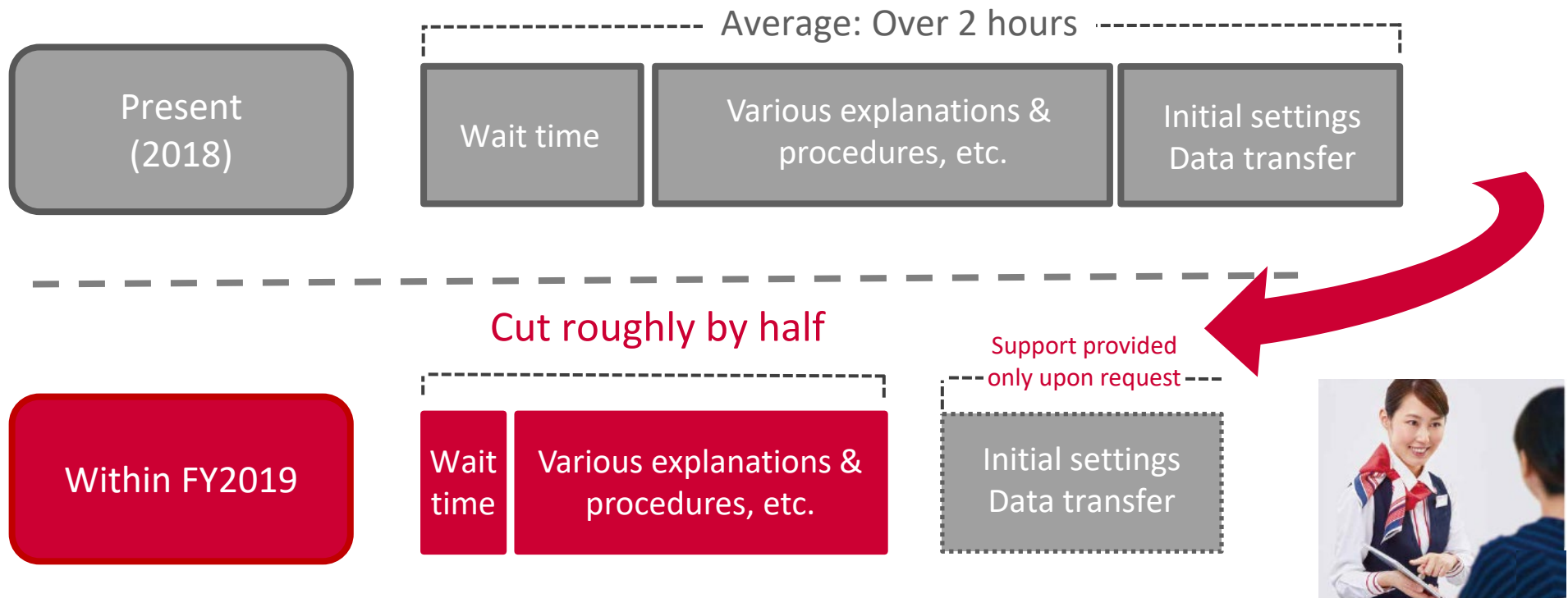


Customer returns (per annum)

**Up to approx.
¥400 billion**

For Customers' Comfortable Experience

Reduction of wait/attendance time





Initiatives towards reduction


- Expand use of shop visit reservation
- Review explanation method
- Assignment of dedicated staff (Initial setting/data transition)
- Smartphone class
- Reinforce web page / Promote micromarketing / Coordination between channels

◆ Wait time/attendance time represents the average time required for a customer to purchase a smartphone calculated based on DOCOMO's independent shop survey (conducted in 2018 with a sample size of approximately 850 shops).

Medium-Term Operational Indices

 Revenue opportunity creation centered on customer base (FY2021 target)	“d POINT CLUB” members:	78 million
	Enterprise partners:	5,000
	Locations where payment/point service can be used:	2 million
	Transactions handled by Finance/Payment business:	¥6 trillion
	Enterprise solution revenues:	¥120 billion

 Growth driven by 5G	Cumulative investment for 5G infrastructure build-out, etc.: (FY2019-FY2023)	¥ 1 trillion
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 Evolution of customer touchpoints	Wait time + attendance time: (Within FY2019)	Roughly half the current level
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Financial Targets

Execute customer returns and growth investments to achieve sustainable growth



◆ FY2023 operating profit target is comparable to the FY2017 level

Medium-Term Management Strategy: Summary

- ▶ The basic policy of medium-term management strategy is to clearly shift the Company's direction to **“transformation into business management pivoted on membership base”** and **“5G rollout and business creation.”**
- ▶ As concrete initiatives, in response to customer voices, we will execute **customer returns through simple rate plans that offer great value.**
- ▶ By connecting our membership base—which will be strengthened through the customer return measures—with our partners, we will create revenue opportunities for **Smart life, Enterprise and 5G businesses, etc.**
- ▶ By undertaking the above, we aim to **recover our operating profit for FY2023 to a level comparable to FY2017** and realize sustained growth in the 2020s.

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Shareholder Return Policy

Accelerate continuous increase in dividends and expeditious share repurchase

Continuous increase in dividends

Share repurchase

Cancellation of treasury shares

FY2018 Shareholder Returns

Continuous increase in dividends

Planned annual dividend per share: ¥110
(Same as previous guidance) (Up ¥10 from last fiscal year)

¥600 billion share repurchase authorization

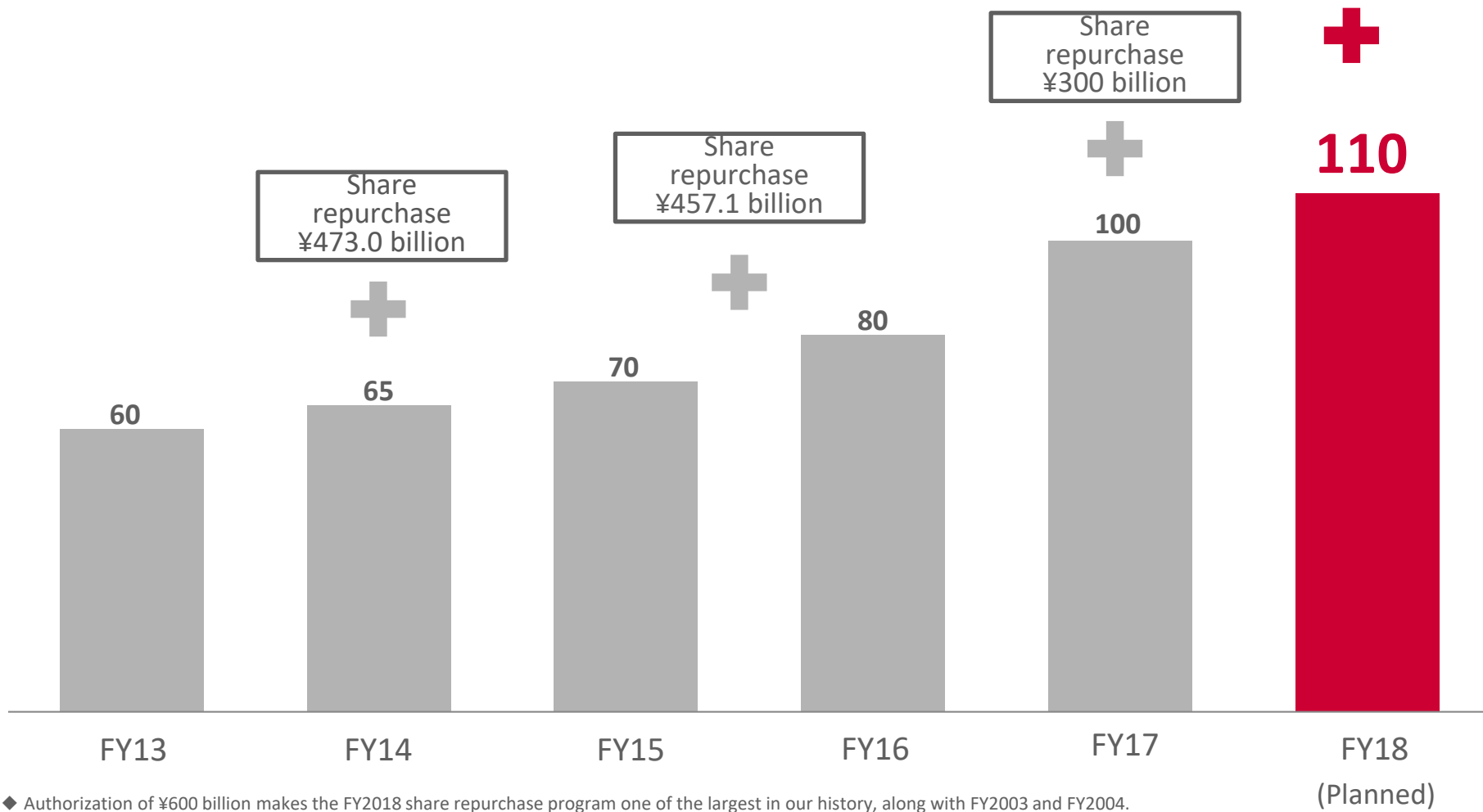
Class of shares: Common stock
Aggregate price of shares to be repurchased: Up to ¥600 billion
Aggregate no. of shares to be repurchased: Up to 260 million shares
Share repurchase period: From Nov. 1, 2018 to Mar. 31, 2019

Cancellation of all treasury shares


Historical Growth of Shareholder Returns

【Dividend per share (yen)】

Share repurchase authorization: ¥600 billion
(Largest scale in our history)



◆ Authorization of ¥600 billion makes the FY2018 share repurchase program one of the largest in our history, along with FY2003 and FY2004.



**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

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

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 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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