
FY2018/2Q

Results Presentation

NTT
docomo
October 31, 2018

Before beginning my presentation of the results for the first six months of the fiscal year ending March 31, 2019 (FY2018/1H), I would like to express our heartfelt sympathy to those affected by Typhoon 21 of 2018 and the Hokkaido Eastern Iburi Earthquake.

DOCOMO's disaster response measures and plans for improved disaster preparedness will be explained later in the course of this presentation.

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

Let me now present the results for the six months ended September 30, 2018 (FY2018/1H).

In the first part, I will explain the highlights of FY2018/1H results:

In the second part, our medium-term management strategy; and

In the third part, 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

2

This is the snapshot of our FY2018/1H results.

We recorded a year-on-year increase in both operating revenues and profit, successfully growing operating revenues by ¥95 billion to ¥2,389.5 billion and operating profit by ¥50.6 billion to ¥610.5 billion.

Net profit attributable to shareholders of NTT DOCOMO, INC. was ¥407.1 billion, up ¥15 billion from the same period of the previous fiscal year. Free cash flow, on the other hand, decreased by ¥16.6 billion year-on-year to ¥374.7 billion due to an increase in corporate tax and other public dues.

Results by Segment

(Billions of yen)		IFRS			
		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

3

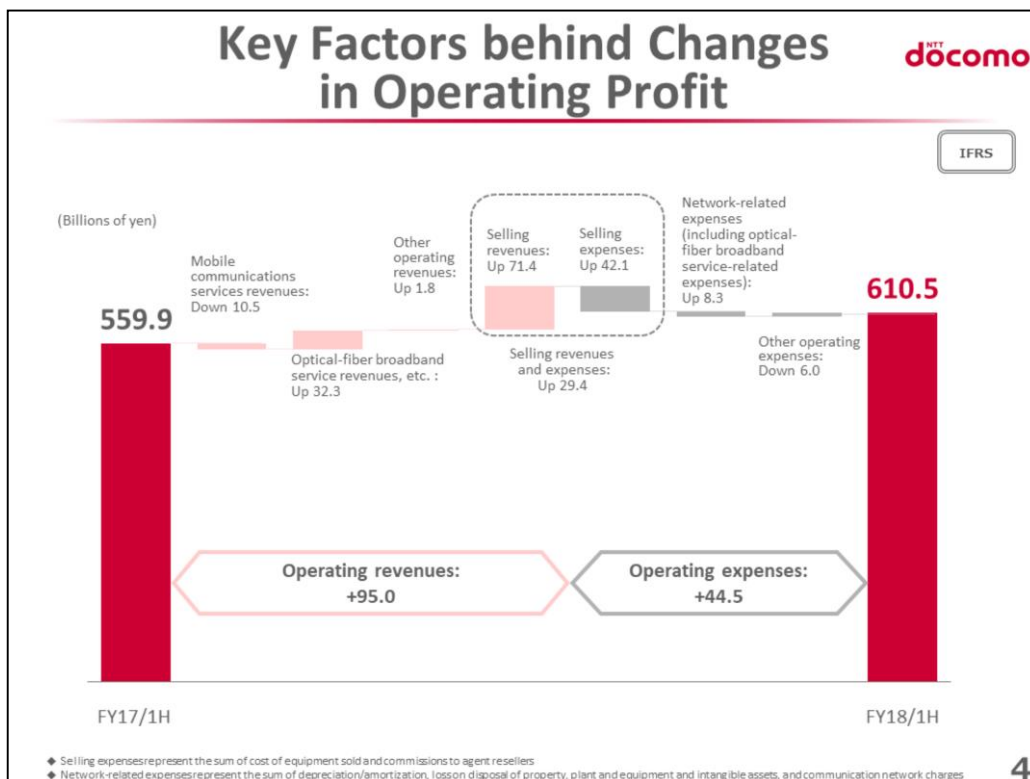
Here are the results by segment.

In “Telecommunications business”, operating revenues and operating profit recorded an increase of ¥91.2 billion and ¥35.2 billion, respectively.

As for “Smart life business” and “Other businesses” combined, operating revenues and operating profit grew by ¥5 billion and ¥15.4 billion, respectively.

We thus posted an increase in revenues and profit in both “Telecommunications business” and “Smart life and Other businesses”.

We managed to expand the operating revenues of Smart life business despite the negative revenue impact caused by the divestiture of our group affiliate Radishbo-ya in February 2018 as we disclosed upon the results presentation for FY2018/1Q, owing mainly to the favorable performance of finance/payment services and other factors.



The chart here explains the key factors behind the year-on-year changes in operating profit.

The key factors behind the ¥95 billion year-on-year increase in operating revenues were the following;

- Mobile communications services revenues decreased by ¥10.5 billion due to expansion of customer returns; however,
- Optical-fiber broadband service revenues, etc., grew by ¥32.3 billion,
- Other operating revenues expanded by ¥1.8 billion; and
- Selling revenues and expenses improved by ¥71.4 billion due primarily to an increase in wholesale unit price of handsets.

Operating expenses recorded an increase of ¥44.5 billion.

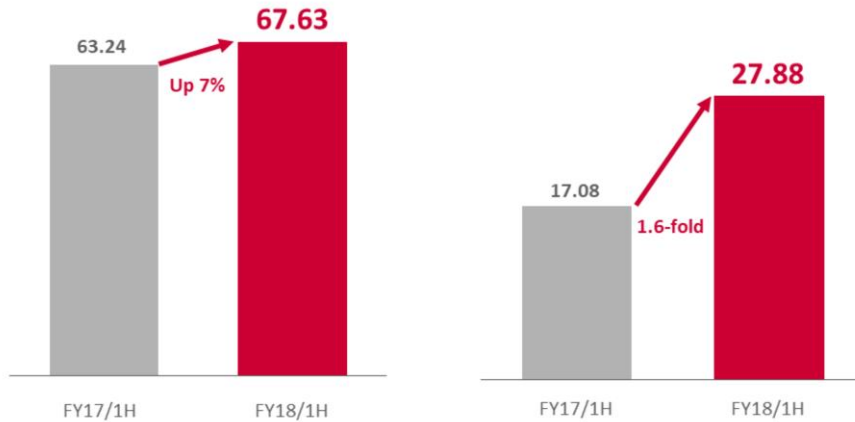
Consequently, operating profit for FY2018/1H grew by ¥50.6 billion from the same period of the previous fiscal year to ¥610.5 billion.

“d POINT CLUB” Members

“d POINT CLUB” members

“d POINT CARD” registrants

(Million members)



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

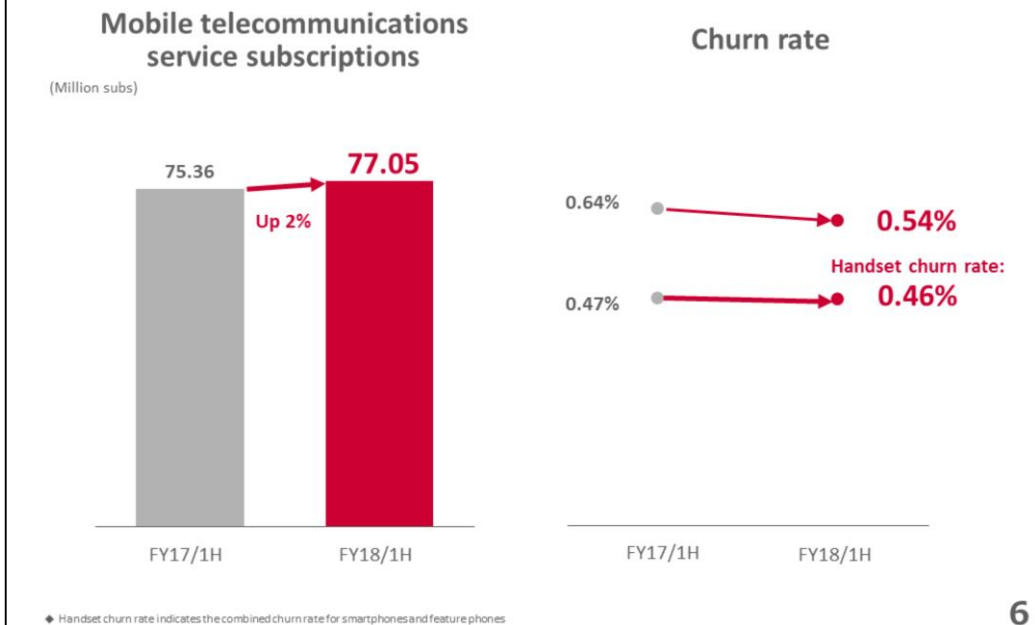
About “d POINT CLUB” membership.

We are making ongoing efforts to expand our customer base centered on “membership.”

The total number of “d POINT CLUB” members reached 67.63 million as of September 30, 2018, of which the number of “d POINT CARD” registrants (which represents the number of users who can earn and use “d POINTS” at participating stores) increased by 1.6-fold from the number a year ago to 27.88 million.

Telecommunications Business Operational Performance (1)

NTT
docomo



About the operational performance of our telecommunications business.

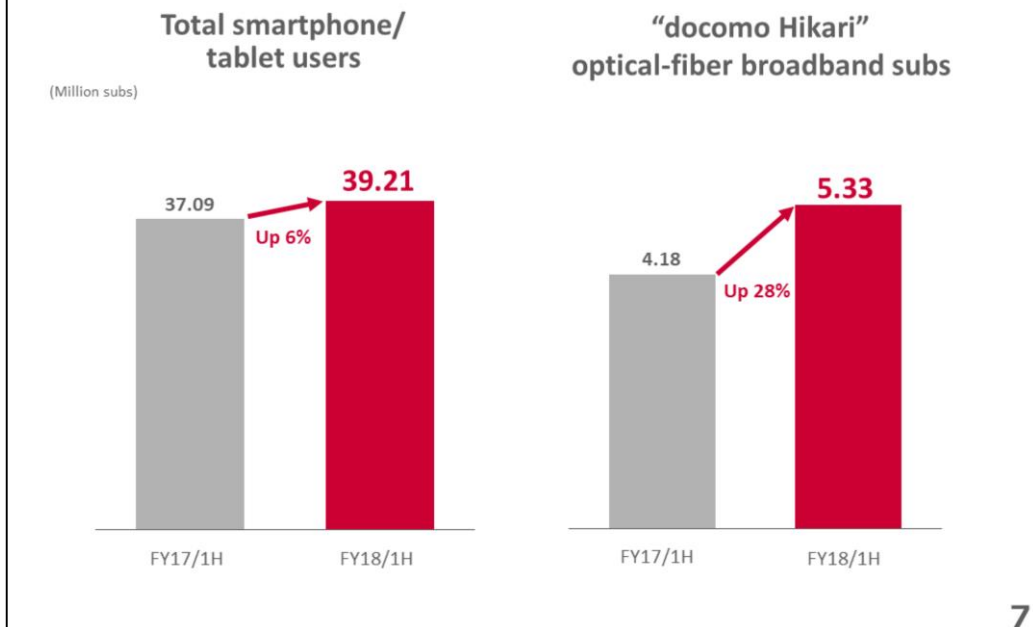
The total mobile telecommunications service subscriptions reached 77.05 million, up 2% year-on-year.

Churn rate dropped from 0.64% to 0.54%, and handset churn rate from 0.47% to 0.46%. Both indicators were maintained low and recorded an improvement from the previous fiscal year.

We will continue to strive to curb churns by stepping up our customer returns and other measures.

Telecommunications Business Operational Performance (2)

NTT
docomo



7

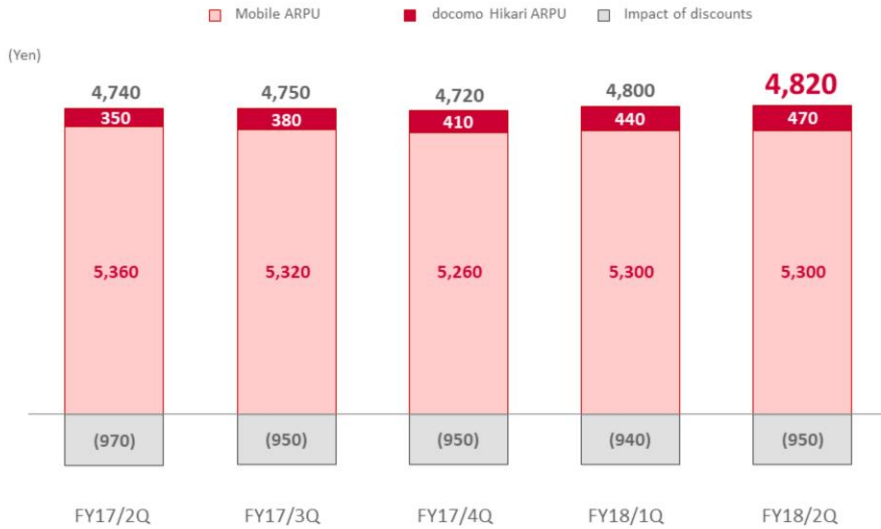
The total number of smartphone and tablet users grew by 6% year-on-year to 39.21 million.

I will come back to the details later, but we plan to launch on November 1, 2018, what is called the “Welcome Sumaho Wari” campaign targeting customers planning to switch from feature phones to smartphones.

We will continue our efforts to facilitate subscriber migration from feature phones to smartphones and promote sales of tablet devices.

The total number of “docomo Hikari” optical-fiber broadband subscriptions increased by 28% year-on-year to 5.33 million.

ARPU

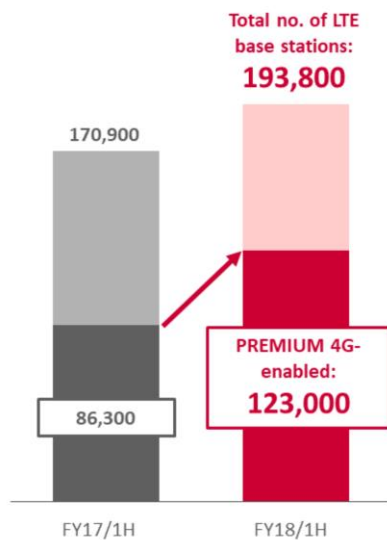


◆ For an explanation on ARPU, please see the Appendix
◆ Mobile ARPU and docomo Hikari ARPU exclude the impact of discounts
◆ The Impact of discounts include those from "Monthly Support," "docomo with" and "docomo Hikari set discount"

About our ARPU performance.

The aggregate ARPU (including the impact of "Monthly Support" and other discounts) for FY2018/2Q grew by ¥80 year-on-year to ¥4,820, because we successfully offset the negative impact from the customer return measures with the expansion of "docomo Hikari" subscriptions.

Network



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.

Some comments on our network.

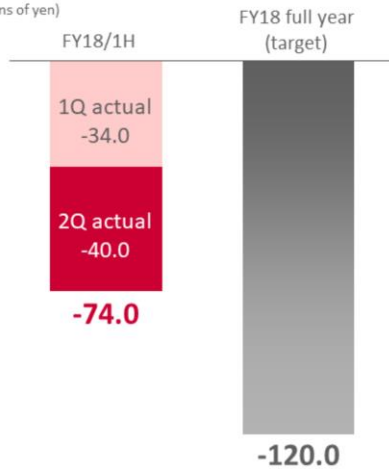
The total number of LTE base stations as of September 30, 2018 grew to 193,800, of which PREMIUM 4G-enabled base stations accounted for 123,000.

The devices shown here that are planned for release in the future will support Japan's fastest mobile transmission speed of up to 1,288 Mbps for downloads and 131 Mbps for uploads.

With the view to the transition to 5G, we will make further enhancements to our network.

Cost Efficiency Improvement

(Billions of yen)



Focus areas

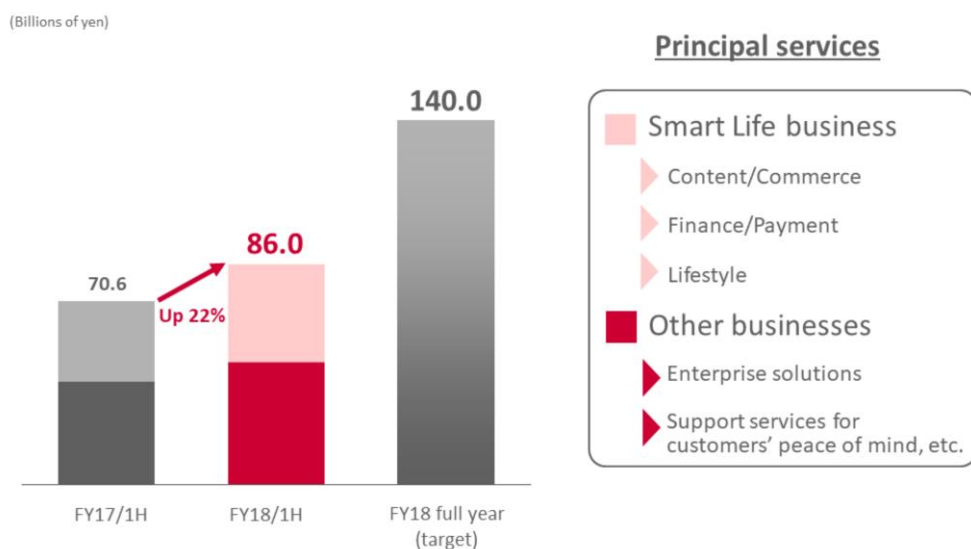
- ◆ **Network**
Outsourcing cost, improved investment efficiency, etc.
- ◆ **Marketing**
After-sales support, sales promotion measures, etc.
- ◆ **Other**
R&D, information systems, etc.

◆ The numbers above are the amount of cost reduction compared to FY2017

This shows the progress of our cost efficiency improvement.

We achieved cost efficiency improvement totaling ¥40 billion in the second quarter and a cumulative ¥74 billion for the first half of FY2018, making a favorable progress toward our full-year guidance of ¥120 billion.

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



11

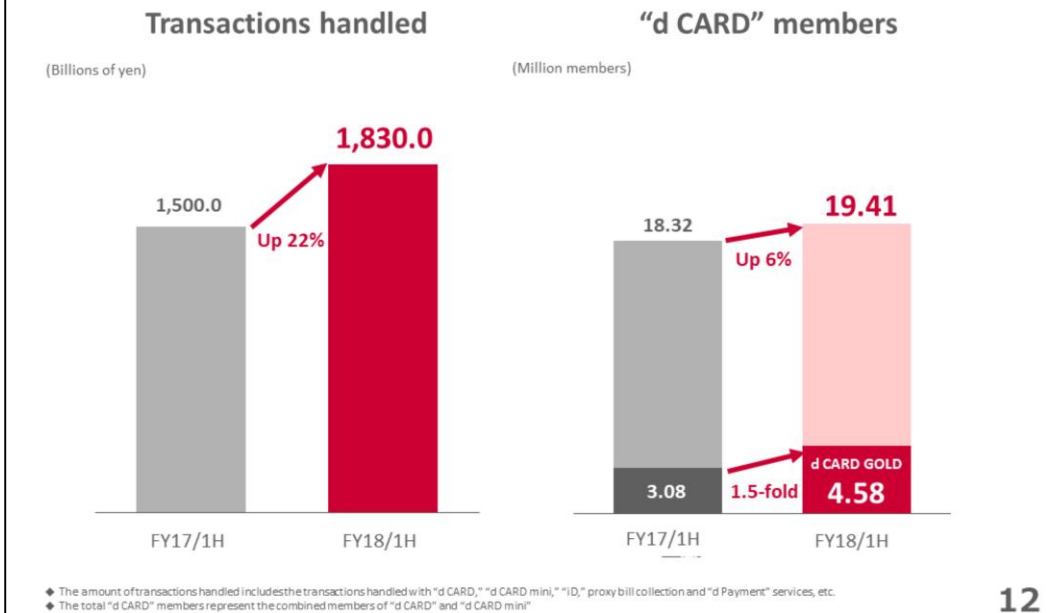
This shows the operating profit from Smart life business and Other businesses.

The operating profit for FY2018/1H increased 22% year-on-year to ¥86 billion, making a steady progress vis-à-vis our full-year guidance of ¥140 billion.

The main drivers behind the ¥86 billion operating profit for FY2018/1H include;

- Mobile Device Protection Service and other “support services for customers’ peace-of-mind,” which accounted for approximately 40% of the total;
- dTV, DAZN for docomo and other “content/commerce” services, which accounted for approximately 20%;
- d CARD, d PAYMENT and other “finance/payment” services, which accounted for approximately 20%;
- Enterprise IoT and other “enterprise solutions,” which accounted for approximately 15%; and
- d PHOTO and other “lifestyle” services, which accounted for approximately 5%.

Finance/Payment Services

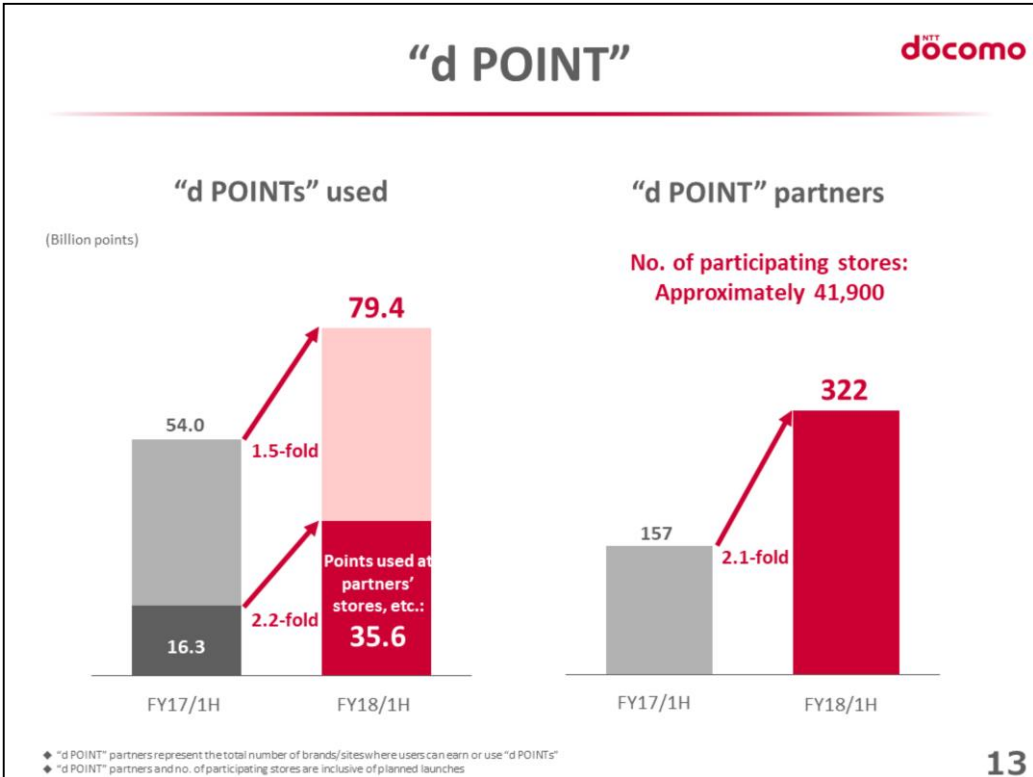


Regarding our finance/payment services, the total transactions processed with our finance/payment services grew by 22% year-on-year to ¥1,830 billion.

The total number of "d CARD" members reached 19.41 million, of which the number of "d CARD GOLD" members grew steadily to 4.58 million, 1.5 times the level a year ago.

The transactions handled with our finance/payment services have grown steadily in line with the expansion of "d CARD" and "d PAYMENT" usage, etc.

“d POINT”



About our “d POINT” program.

The total “d POINTs” used recorded a 1.5-fold increase over the same period of the last fiscal year and reached 79.4 billion points. Among this, the points used at partners’ stores accounted for 45% or 35.6 billion points, posting a 2.2-fold increase over the same period of the previous fiscal year.

The total number of “d POINT” partners, which represent the total number of brands/sites where users can earn or use “d POINTs,” increased by a 2.1-fold to 322, and the number of participating stores expanded to some 41,900.

Going forward, we will actively implement measures that will make the program even more compelling and convenient for “d POINT CLUB” members as well as our partners.

Promotion of +d

docomo

No. of +d partners growing steadily



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

14

Here, I will explain how we are promoting “+d” value co-creation activities.

The number of “+d” partners continued to grow steadily and reached 644 as of September 30, 2018.

Joining forces with partners, we will accelerate our efforts for value co-creation under the “+d” program going forward.

Medium-Term Strategy

“Declaration beyond”: Actions Taken (1)

docomo

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.

15

We positioned FY2018 as the year of putting “Declaration beyond” into execution. Here, I would like to share with you some concrete actions we have undertaken.

To deliver “value and excitement to customers,” we have implemented the initiatives listed up here for Declarations 1, 2 and 3.

Medium-Term Strategy

“Declaration beyond”: Actions Taken (2)

docomo

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)

16

For “value co-creation with partners,” we have taken the following steps:

Under Declaration 4, we will collaborate with Okinawa Prefecture undertaking various activities including the establishment of DOCOMO 5G Open Lab OKINAWA in December.

For Declarations 5 and 6, we executed the measures described herein.

Going forward, we will accelerate the execution of “Declaration beyond” toward the goal of realizing a richer future.

ESG Evaluations

Global

Selected as constituents of leading ESG indices

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good



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



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



2018 Constituent
MSCI日本株
女性活躍指数 (WIN)



◆ GPIF is an abbreviation for Government Pension Investment Fund, Japan. GPIF announced the selection of 3 ESG indices in July 2017, and added another ESG index in September 2018.

Our ESG evaluations are summarized here.

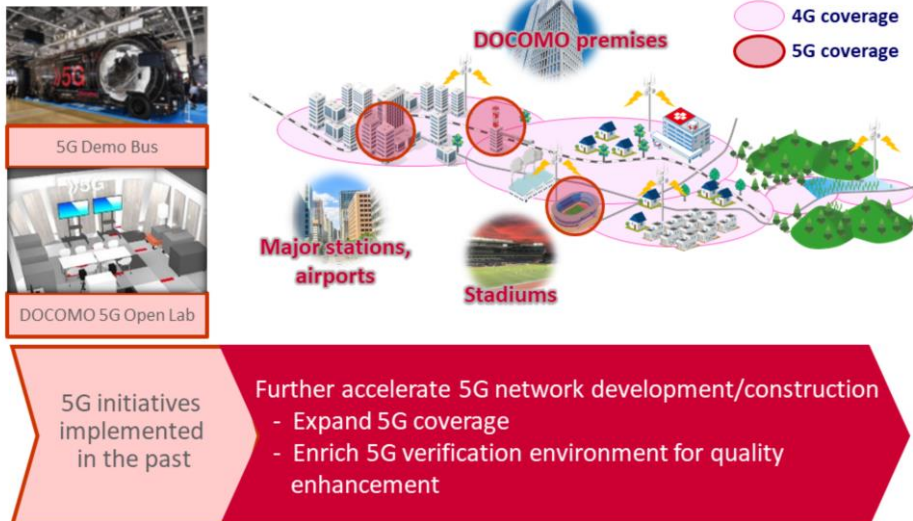
DOCOMO continues to be a component of three globally prominent ESG indices.

In Japan, we were adopted as constituents of all ESG indices selected by GPIF, including the S&P/JPX Carbon Efficient Index that was newly selected by GPIF.

Through the delivery of “Declaration beyond,” we will continue our efforts to help build a sustainable society.

5G Initiatives

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



◆ Additional investment herein represents the incremental capital expenditures planned for FY2018 on top of FY2018 guidance.

This is about our 5G-related initiatives.

We have hitherto primarily tackled the creation of 5G test environments such as 5G demo bus and 5G Open Labs.

Toward the planned launch of 5G pre-commercial service in FY2019, we will appropriate an incremental CAPEX of 10 billion yen to further accelerate network development and construction.

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.

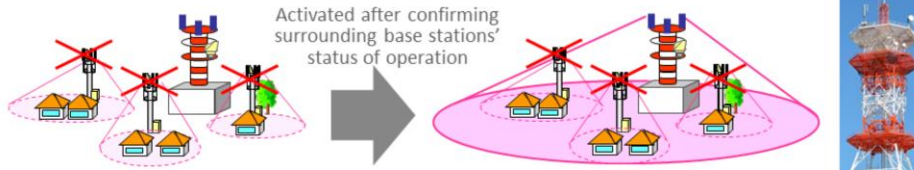
The slide here summarizes our disaster response initiatives that I alluded to at the outset.

Learning from the 2011 Great East Japan Earthquake, we have focused on the three items listed here.

Disaster Response after Typhoon No. 21 ^{MTT} docomo and Hokkaido Eastern Iburi 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

20

In the aftermath of the recent Typhoon No. 21 and Hokkaido Eastern Iburi Earthquake, the measures that we have implemented hitherto produced effective outcomes.

Particularly, we operated the large-zone base station for the first time following the Hokkaido Eastern Iburi Earthquake, which allowed us to restore communication services over a wide area in Kushiro City.

At present, a total of 106 units of large-zone base stations are deployed across Japan.

We also dispatched mobile base station vehicles to affected areas and provided free battery charging and Wi-Fi services in an effort to minimize the disaster impact.

Additional Disaster Preparedness Measures NTT docomo

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

Preparation for wide-area & hours-long power outage	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Increase deployment of emergency base stations (portable satellite equipment, etc.)• Expand bandwidth of satellite links
Strengthen support for disaster-stricken areas	<ul style="list-style-type: none">• Improve the level of sophistication of restoration area map• Increase no. of rental smartphones/tablet devices

◆ The size of disaster preparedness measures above represents the total amounts of capital expenditures and expenses planned for FY2018 and FY2019

21

To be able to respond to all sorts of disasters going forward, based on a review of the recent disasters, we have decided to implement ¥20 billion in additional disaster preparedness measures over two years including the current and next fiscal years.

The new measures include the installation of storage batteries in our nationwide docomo Shops within this fiscal year, so we can provide free battery charging services, even in the event of power outage. We also plan to roll out solar power systems progressively.

In addition, we will also increase the deployment of emergency base stations such as portable satellite equipment, to ensure early recovery of communications services.

By reinforcing and improving our disaster preparedness on an ongoing basis, we will aim to enhance the safety and reliability of our network.

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.

As shown in the table here, we revised the FY2018 full-year guidance that we announced in the beginning of the year.

Operating revenues were revised upwards by ¥70 billion to ¥4,860 billion.

Operating free cash flow was revised downwards by ¥20 billion to ¥940 billion.

As I explained earlier, the projected amount of capital expenditures was raised by ¥20 billion to ¥590 billion to accelerate the initiatives for the launch of 5G pre-commercial service in FY2019 and to implement additional disaster preparedness measures.

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.

This slide provides a summary of our FY2018/1H results.

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

From here, I would like to explain our medium-term management strategy.

beyond

Connecting dreams, for a richer future with 5G

Value and excitement
to customers

Value co-creation
with partners



$I + R = S$ Sustainable

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

25

In April 2017, we announced "Declaration beyond".

While promoting ESG management and taking actions for sustainable development of society, we are currently moving ahead with the execution of each Declaration.

This time, as our medium-term management strategy, I will present the concrete initiatives we plan to implement toward the realization of "Declaration beyond" and our medium-term targets.

For Sustainable Growth in 2020s

- **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

26


Our medium-term management strategy for sustainable growth in the 2020s is based on the basic policy of shifting our corporate focus to “transformation into business management pivoted on membership base” and “5G rollout and business creation”.

This strategy will be underpinned by the three pillars of:

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

 **Revenue opportunity creation centered on customer base**

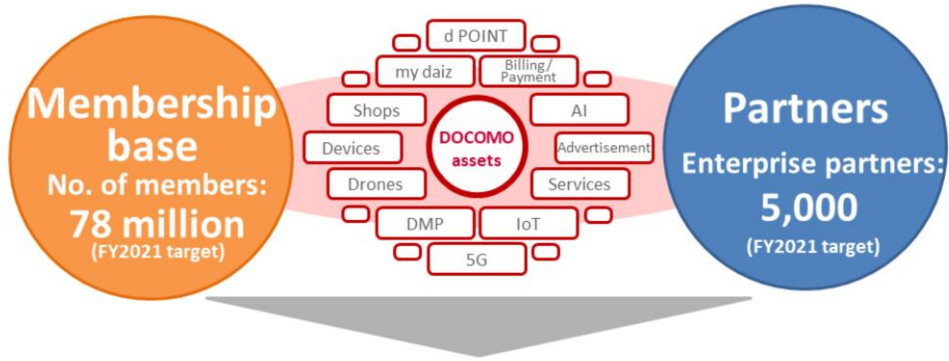
 Growth driven by 5G

 Execution of customer returns and evolution of customer touchpoints

Let me explain the details, starting with the “revenue opportunity creation centered on customer base.”

Promotion of +d

Offer new value to customers and partners
Create revenue opportunities



Create new added value

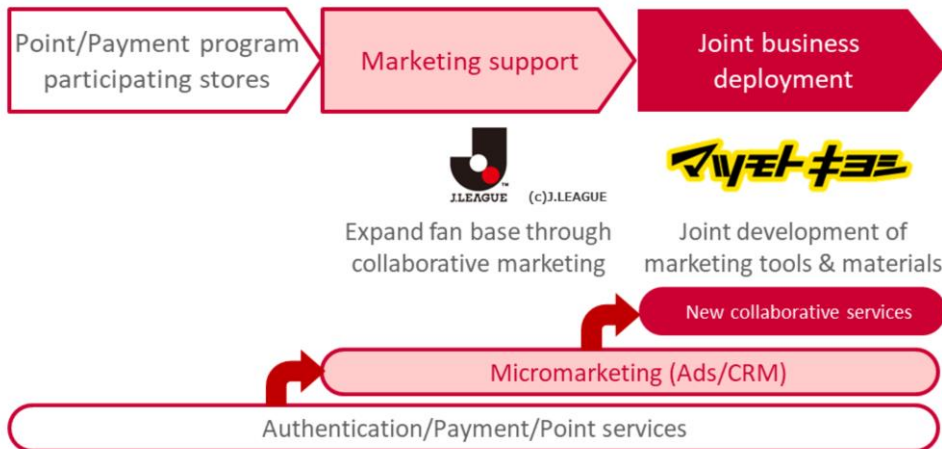
Here, I will explain how we plan to create new revenue opportunities by further expanding our customer base.

We will focus on the expansion of “d POINT” membership, aiming to acquire 78 million members by FY2021 and over 100 million further down the line.

We will also strive to expand the number of merchants and corporate partners, with the goal of having 5,000 companies/organizations participate in our “5G Open Partner Program”.

Through the promotion of “+d” initiatives, we will connect our membership base and partners with DOCOMO’s assets to provide new values to our customers and partners, thereby creating new revenue opportunities.

Advance business models by deepening our ties with partners



In the meantime, we will also advance the “+d” program itself.

In addition to the collaboration with the stores participating in “d POINT,” “d CARD” and other programs, we will look into the possibility of collaboration in the area of marketing; leveraging our membership base, and promoting joint business deployment with a wide range of partners.

We started a joint initiative with J. LEAGUE to expand the number of spectators through micromarketing toward the goal of enlarging the overall fan base.

In our collaboration with Matsumotokiyoshi, we went one step further and carried out joint development of marketing materials as an effort for joint business deployment.

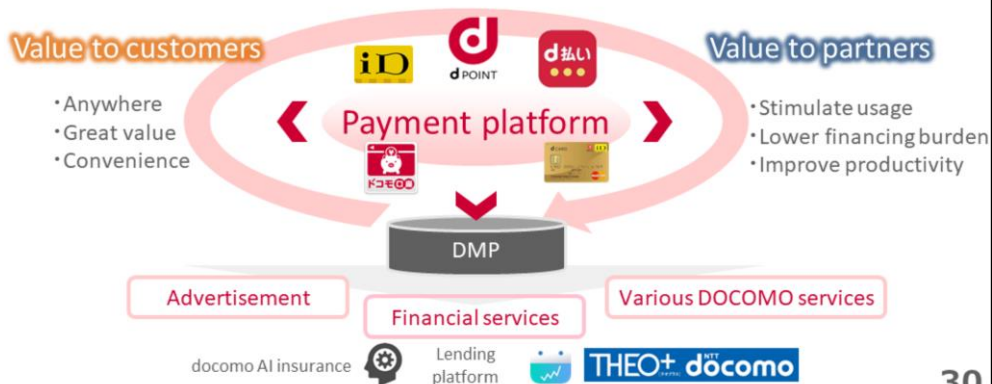
We plan to replicate these activities with various manufacturers going forward, so it can lead to the creation of new added value and business expansion.

Growth of Finance/Payment Business ^{NTT} docomo

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)



30

Next is about the growth of finance/payment business in our Smart life business.

We have hitherto rolled out various finance/payment offerings, such as “d CARD” and “d POINT”. Going forward, we will evolve and expand the entire ecosystem of our payment platforms including “d Payment” and “docomo Kouza” accounts, to further grow our finance/payment business.

To this end, we will first aim to increase the number of locations where iD, “d POINT” and “d Payment” services can be used to over 2 million—more than double the current level—by the end of FY2021.

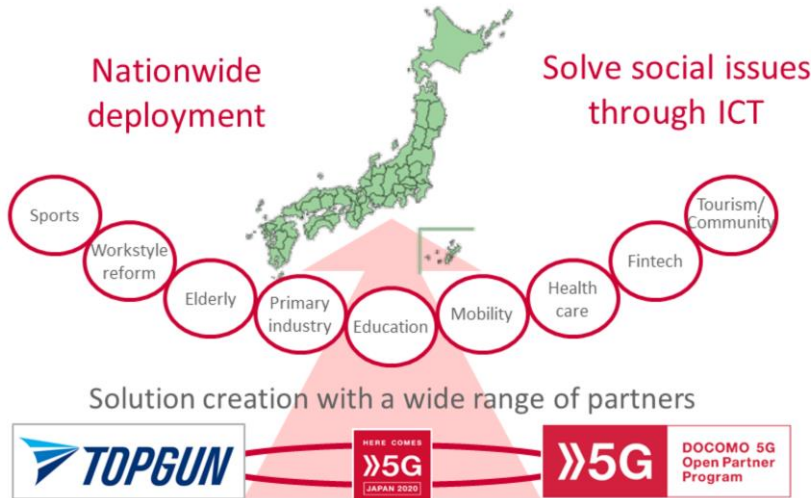
Through the expansion of our ecosystem, we will aim to expand the total size of transactions processed by our finance/payment solutions to ¥6 trillion in FY2021. Further, by leveraging advertisement, financial services and various other DOCOMO services, we will further drive the expansion of our Smart life business.

As part of our finance offerings, we have already launched DOCOMO AI insurance, lending and investment services, and we plan to introduce new services in the areas of FinTech one after another going forward.

Growth of Enterprise Business

NTT docomo

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



31

This slide shows our plans for enterprise business.


By forming a small team, known as “Top Gun,” comprising the members of the three parties of our clients, DOCOMO’s Corporate Marketing and R&D teams, and also leveraging the initiatives undertaken in the “5G Open Partner Program,” we will aim to expand the number of external partners and develop commercial solutions one after another.

We will facilitate the horizontal deployment of such solutions by our nationwide Corporate Marketing units, so they can be utilized by a large number of clients to solve various social issues.

Through these undertakings, we aim to expand the revenues from enterprise solutions to ¥120 billion in FY2021, almost double the level of FY2017.

 Revenue opportunity creation centered on customer base

 **Growth driven by 5G**

 Execution of customer returns and evolution of customer touchpoints

Moving on to the second pillar, “growth driven by 5G.”

5G Network Rollout

Steadily build coverage in areas where 5G is considered necessary



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

◆ NTT DOCOMO is a Gold Partner of the Tokyo 2020 Olympic and Paralympic Games (in the telecommunications services category).

We will make an aggressive, cumulative investment of ¥1 trillion in the period between FY2019 through FY2023 envisaging the 5G era.

In light of the scheduled launch of pre-commercial service in September 2019 and commercial services in the spring of 2020, we started making preparations from this fiscal year so that customers will be able to try out 5G services during the Rugby World Cup games in 2019, ahead of its full commercial launch.

In the age of 5G, not only “human users” but “all sorts of things” could be the target of our service offerings. We will steadily roll out coverage in areas where 5G is deemed necessary, so we can contribute to regional vitalization and solution of social issues while driving digital transformation with 5G.

Although this is not a definitive decision, we hope to terminate the 3G service sometime in the mid-2020’s after the launch of 5G, taking customers’ usage behavior into consideration.

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.

The slide here explains the services and solutions to be provided over 5G network.

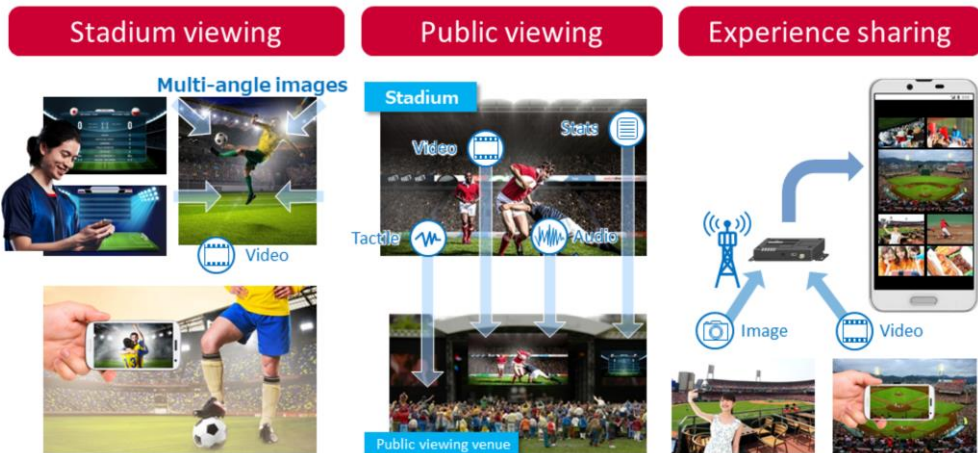
To create a wide array of services and solutions toward the full-scale introduction of 5G, we have been promoting co-creation activities with various partners using the “5G Open Partner Program” as the foundation.

For consumers, for example, we plan to offer stadium solutions leveraging 5G’s unique properties. By employing VR, AR and MR techniques, we will bring about new sensory experience services as presented in “Declaration beyond.”

For enterprise clients, we will promote co-creation with a wide variety of partners on such fronts as remote medicine and disaster prevention/mitigation, etc., in an effort to contribute to the development of society and industries.

Case-1: Stadium Solutions

Delivery of new sport-viewing styles



From here, I will share with you some examples of the solutions that we are currently working on.

The first is our "stadium solution."

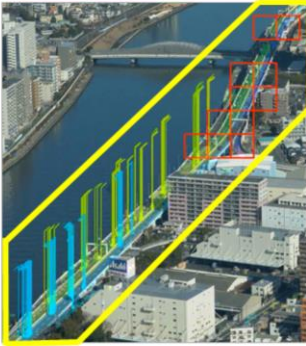
To allow spectators to instantaneously share their experience at the venue with other people in different locations, we will enable real-time uploading and sharing of large amounts of data, such as high-resolution images and videos, leveraging 5G's unique properties.

Using this capability, DOCOMO will propose a brand new viewing style for sports.

Case-2: Disaster Prevention & Mitigation

Anomaly detection using AI analytics of city video/image feeds

Congestion detection



Fire detection



Human movement detection



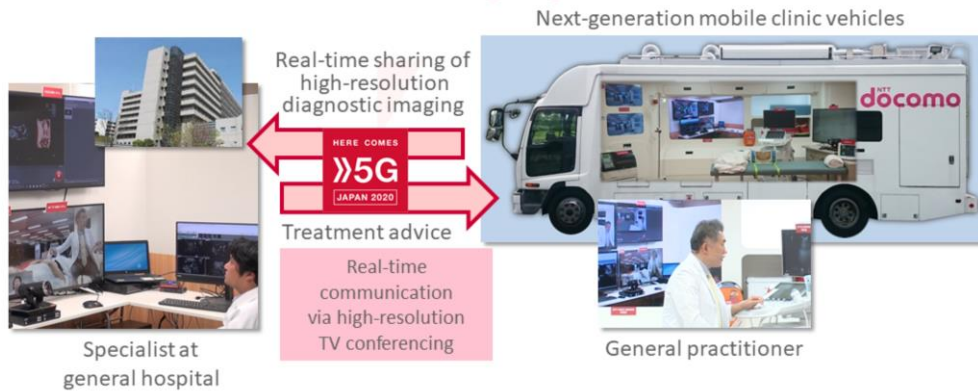
The next case is “anomaly detection using AI analytics of city video/image feeds,” a solution that we are currently jointly developing on the theme of “disaster prevention and mitigation”.

By combining the “high-resolution cameras” installed on the streets and various premises with “AI” and “5G,” occurrence of disasters or accidents can be automatically detected in real time with a higher level of precision than done by human, which allows us to send alerts and notifications to security guards nearby or other relevant personnel without delay.

Case-3: Remote Medicine

NTT
docomo

Eliminate inequality in access to healthcare by leveraging 5G



**To be showcased
in December**

37

We will also strive to tackle the challenge of eliminating inequality in access to healthcare, one of the issues faced by Japan today, through the use of 5G technology.

We have conducted a number of trials from the perspective of combining 5G with remote medicine. This fiscal year, we will engage ourselves in a remote medicine trial using mobile clinic vehicles.

All the cases that I introduced in this presentation today are planned to be showcased during the DOCOMO Open House event at Tokyo Big Sight on December 6-7, 2018. I hope you will visit the event and experience these new solutions first hand.

 Revenue opportunity creation centered on customer base

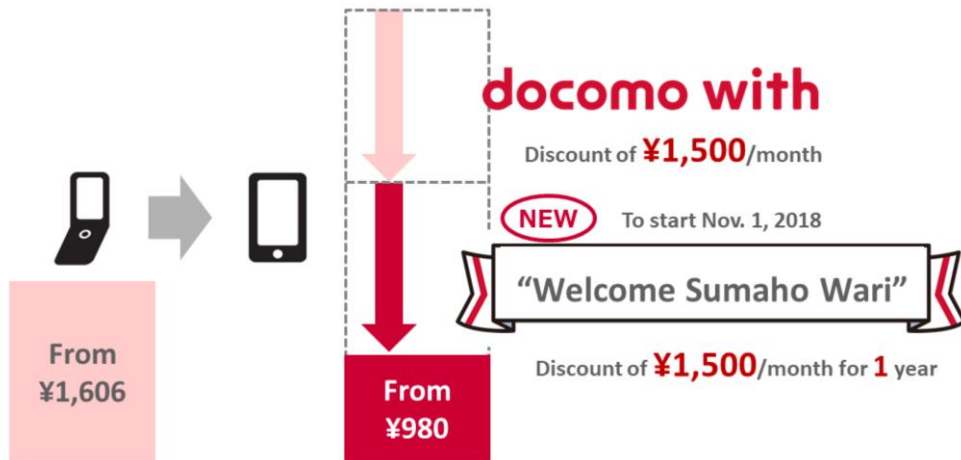
 Growth driven by 5G

 **Execution of customer returns and evolution of customer touchpoints**

Finally, I would like to touch upon the execution of customer returns and evolution of customer touchpoints.

Affordable Rates for First-Time Smartphone Users

docomo



◆ The rates above do not include taxes.

◆ Rates applied for use of feature phone (“Type S5 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”)

39

Let me begin with our new customer return measure which targets first-time smartphone users.

From tomorrow, November 1, we will start the “Welcome Sumaho Wari” discount program, which is designed to allow feature phone users to experience the value of smartphones without worry.

By applying the “Welcome Sumaho Wari” program on top of the “docomo with” discounts, users can start using smartphones from as low as ¥980 per month.

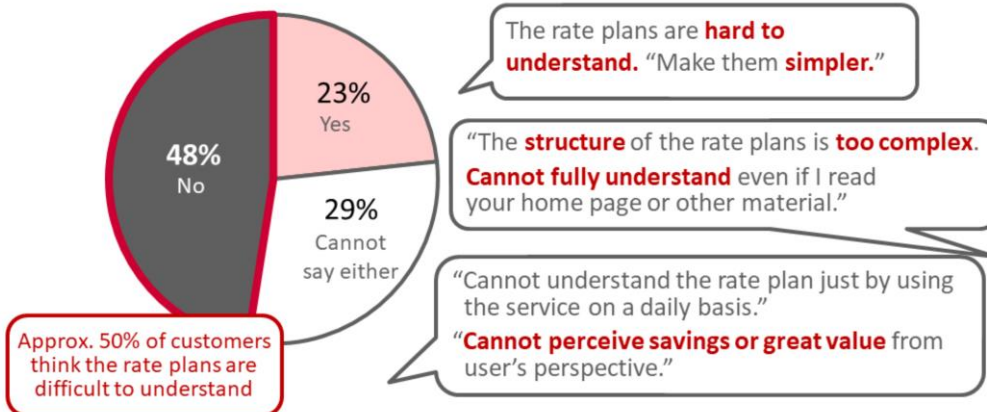
Great Value & Simple Rate Plans

Pursue customers' ease of understanding

Survey on DOCOMO's rate plans

Q: Are our rate plans easy to understand?

Customers' voices



◆ Independent survey on rate plans by DOCOMO (Conducted June 2018, No. of respondents=6,618)

I would like to announce an important policy pertaining to DOCOMO's future rate plans.

Over the years, we have implemented various customer return measures responding to customers' diverse requests. On the other hand, we have received opinions from customers that our rate plans are "complex and difficult to understand" and "cannot perceive savings or good value".

We certainly admit that our rate structure has gotten complicated because we added various discount services one after another following the introduction of "Kake-hodai & Pake-aeru" billing plans. We take these voices from customers very seriously. In order to become a company that can truly be chosen from customers, we decided to conduct a bold review on our rate structure to make it simple and easy to understand.

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

◆ The actual level of reduction may be different from the description herein depending on customer's usage behavior.

In conjunction with the introduction of a simple and easy-to-understand rate plan, we are looking to lower the rates by some 20-40% depending on the usage style of customer.

Through this, we intend to offer customer returns worth up to ¥400 billion per annum.

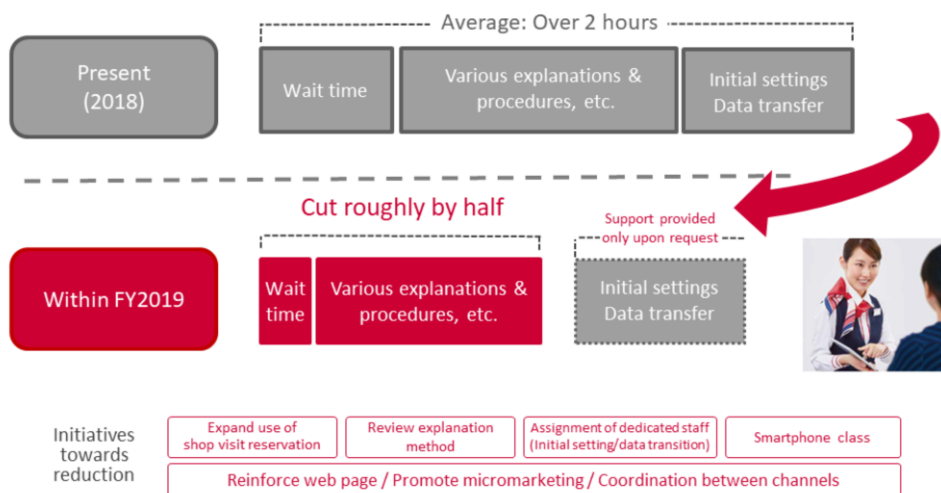
The details and the terms and conditions for the use of the new plan are still under development. We plan to announce the details and start offering the new plan sometime in the first quarter of FY2019.

We will develop and roll out the new plan primarily focusing on the two points of 1) simplicity and ease of understanding, and 2) good value perceivable by customers.

For Customers' Comfortable Experience

NTT docomo

Reduction of wait/attendance time



◆ 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).

42

Next is about the actions for customers' comfortable experience.

At present, we are inconveniencing customers at docomo Shops due to long wait/attendance time, which on average amounts to over 2 hours according to our sample survey.


The simplification of the rate plans is expected to serve as one of the solutions for this issue. We will also encourage customers to use the shop visit reservation system, and review our explanation procedures in an effort to reduce customers' wait/attendance time.


We will increase the number of nationwide docomo Shops that can accommodate increased shop visit reservations to 300 shops within FY2018 and 1,000 shops by the end of FY2019.


We will also strive to reinforce our capability to respond to customer needs and requests by strengthening our web service, promoting micromarketing and enhancing the coordination between different channels.

Through these measures, we intend to reduce the wait/attendance time by half in FY2019 compared to the current level. And additional efforts will be made in FY2020 and beyond in pursuit of further reduction.

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

 Evolution of customer touchpoints	Wait time + attendance time: (Within FY2019)	Roughly half the current level

◆ Total number of locations where "d POINT," "ID" and "d Payment" can be used

Factoring in all the elements that I have just explained, we set our medium-term operational indicators as shown here.

We will expand our membership base and partners to create new opportunities for usage and business deployment, and lead it to the expansion of various businesses of DOCOMO.

Envisaging the future, we will make active investments for 5G and realize a sustainable growth.

For customers, we will continue to offer greater benefits and comfort to garner their long-term usage.

Financial Targets

**Execute customer returns and growth investments
to achieve sustainable growth**



◆ FY2023 operating profit target is comparable to the FY2017 level

These are the financial indicators.

Although we project a decline in profits as a result of the planned implementation of customer return measures, as we explained earlier in the presentation, by firmly solidifying our customer base and expanding our Smart life, Enterprise and 5G businesses on top of that foundation, we will drive growth and aim to deliver ¥5 trillion in operating revenues in FY2021 and steadily recover our operating profit to ¥990 billion, i.e., the level of FY2017, by FY2023.

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.**

Here is the summary of our medium-term management strategy.

At the risk of repeating myself, as the basic policy of our medium-term management strategy, we will shift our corporate focus to "transformation into business management pivoted on membership base" and "5G rollout and business creation."

With respect to the concrete measures, in response to the voices of customers, we will execute customer returns through the introduction of a simple rate plan that offers great value to customers.

By connecting our membership base that has been reinforced by the aforesaid customer return measures with our partners, we will create new revenue opportunities in the areas of Smart life, Enterprise and 5G businesses.

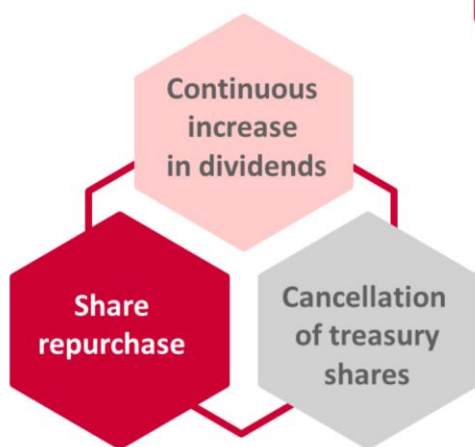
As a result of these initiatives, we will aim to recover our FY2023 operating profit to a level comparable to that of FY2017, and realize sustained growth in the 2020's.

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

Shareholder returns.

Shareholder Return Policy

Accelerate continuous increase in dividends and expeditious share repurchase



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

Last but not least, I would like to explain our plans for shareholder returns.

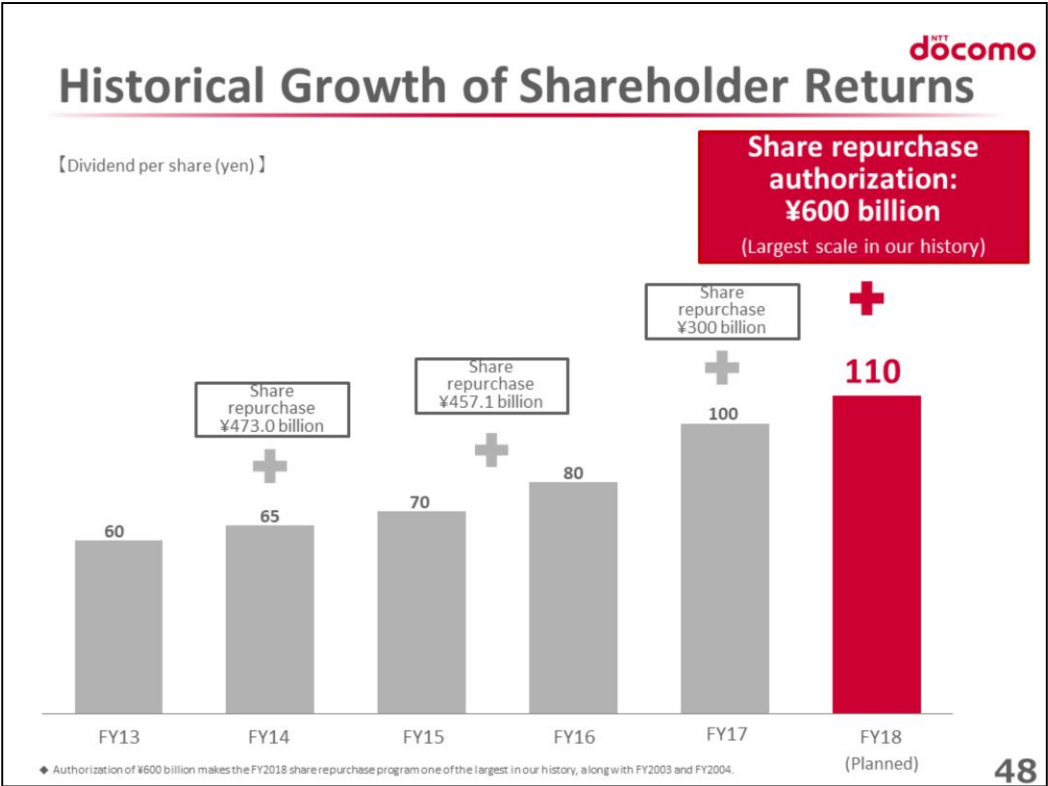
The execution of stepped up customer returns is expected to result in a reduction in profit. However, we are projecting stable free cash flow generation over the medium term.

Given our stable free cash flow generation capability and the very low balance of interest-bearing debts, we adopted a policy to further accelerate our shareholder returns through continuous increase in dividends and expeditious share repurchases leveraging our strong financial position.

In concrete terms, for shareholder returns for FY2018, in accordance with the guidance we have given before, we intend to pay a total annual dividend of ¥110/share, which represents an increase of ¥10 from the last fiscal year. We will employ various measures going forward to achieve a continuous increase in dividends.

With respect to share repurchase, we received an authorization for up to ¥600 billion, which is the largest scale authorization in our history of share repurchase along with FY2003 and FY2004.


Finally, we also reviewed our treasury share cancellation policy. Previously we held approximately 5% of our total issued shares as treasury shares. In the future, however, we will consider cancelling all treasury shares in our possession.



As shown here, we have hitherto endeavored to improve our shareholder returns through continuous increase in dividends and expeditious share repurchases.

We will continue position shareholder returns as one of the most important issues in our management agenda, and accelerate the returns that we provide to our valued shareholders.

Particularly, share repurchase is considered to contribute to improving our capital efficiency. We will therefore strive to enhance the return on capital, keeping an eye on the improvement of ROE and other indicators.

The background features a horizontal rainbow with colorful outlines of buildings and trees above it. Below the rainbow, a series of orange silhouettes of people of various ages are holding hands in a line.

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

Under the slogan of “Always chosen to sustain connections as your robust ICT service partner,” we will steadily execute “Declaration beyond” and operate our business toward the direction of “transformation into business management pivoted on membership base” and “5G rollout and business creation.” Through our business, we will strive to make contributions to our valued customers and partners.

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

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

*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 $((\text{No. of users at the end of previous month} + \text{No. of users at the end of current month}) / 2)$ 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 modules 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.

Names of companies, products, etc., contained in this presentation are the trademarks or registered trademarks of their respective organizations.