

For Sustainable Growth in the 2020s

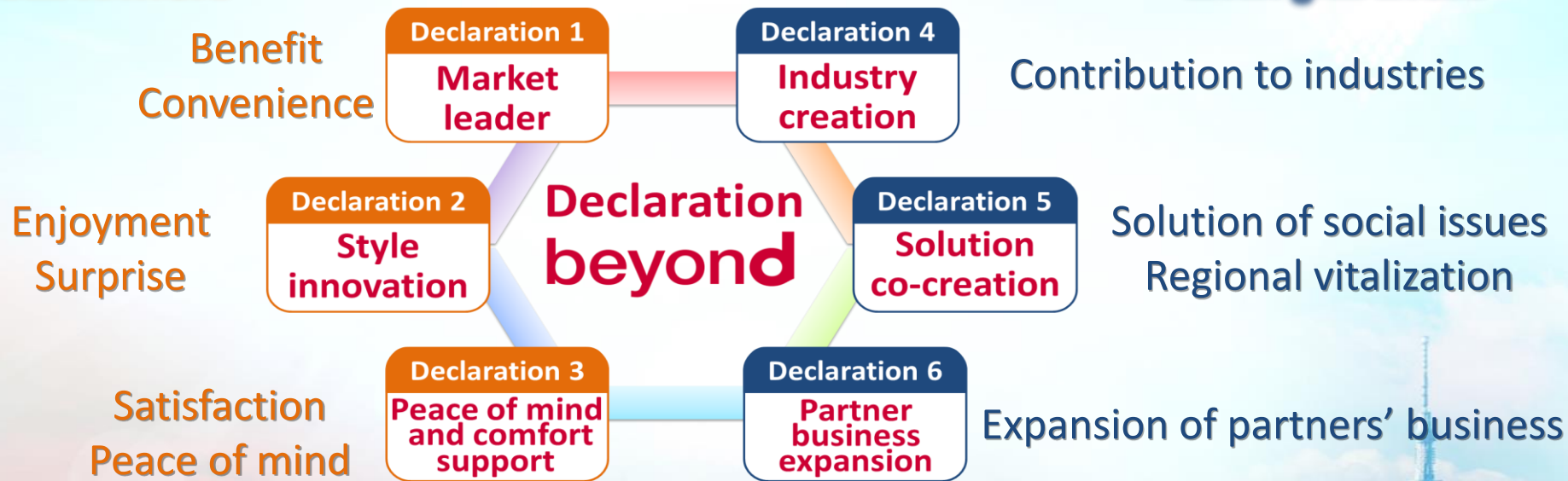
December 11, 2018

beyond

Connecting dreams, for a richer future with 5G

Value and excitement
to customers

Value co-creation
with partners



$$\begin{matrix} * \\ \text{I} \\ \text{nnovative} \end{matrix} + \begin{matrix} \text{esponsible} \\ \text{R} \\ \text{nnovative} \end{matrix} = \begin{matrix} * \\ \text{S} \\ \text{ustainable} \end{matrix}$$

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

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

Positioning of Medium-Term Management Strategy

Presents our concrete strategies and quantitative targets in line with “Declaration beyond”

Medium-term management strategy



FY2017-2020s

Announced
Apr. 2017

Medium-term strategy 2020
“Declaration beyond”



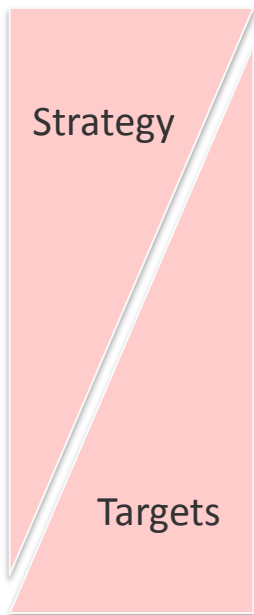
FY2019-2023


Announced
Oct. 31, 2018

Medium-term management strategy

Presents concrete initiatives and quantitative targets* for sustainable growth in 2020s

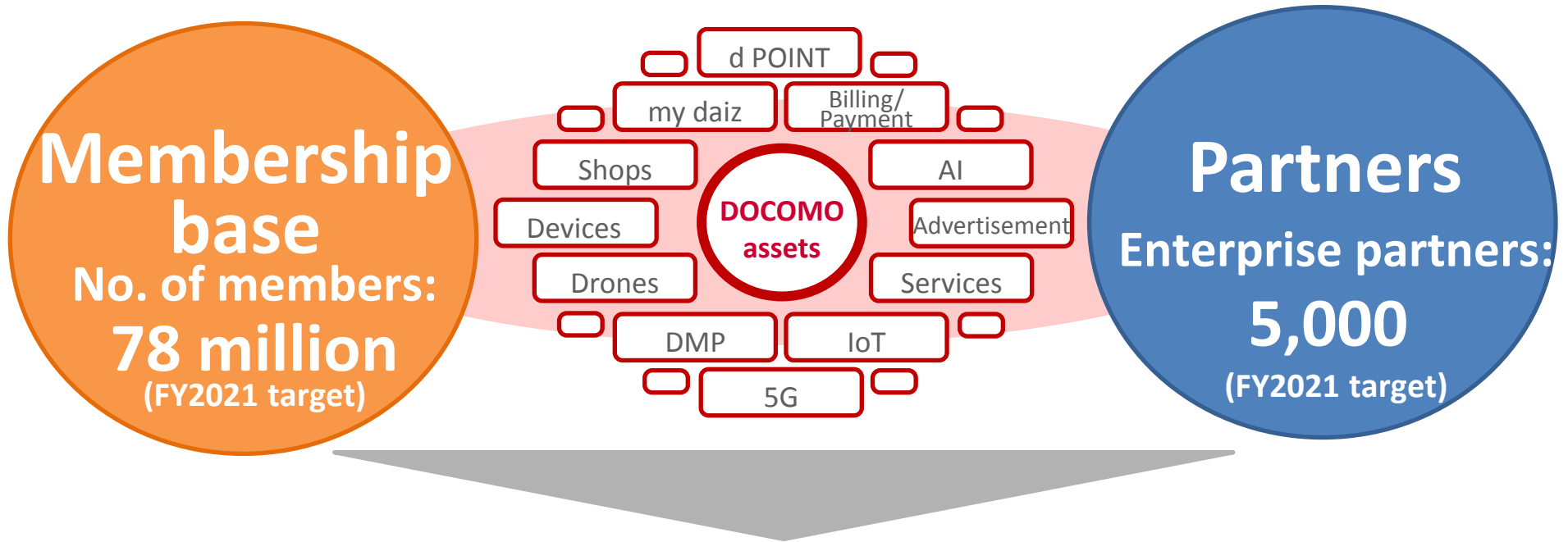
* Target revenues/profit, operational indicators (number of members, 5G investment, etc.)



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-  **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

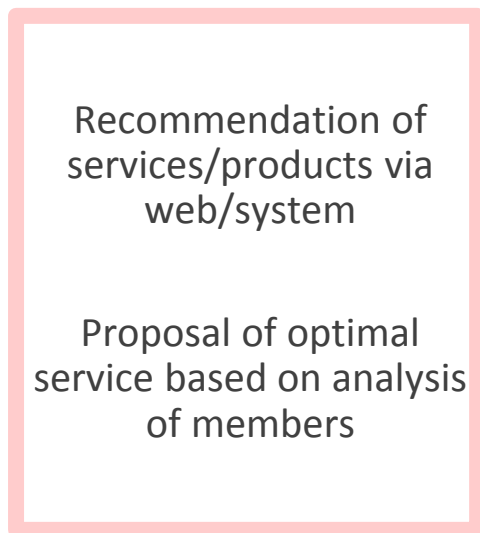


Create new added value

Revenue Creation through +d

Revenues from members

B2C



Bill amount

Length of service use

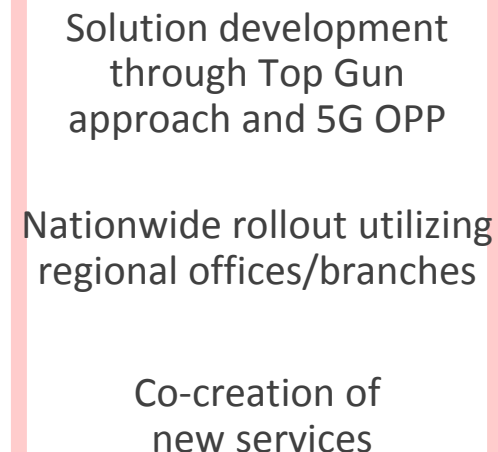
Revenues from partners

B2B2C



Platform revenues

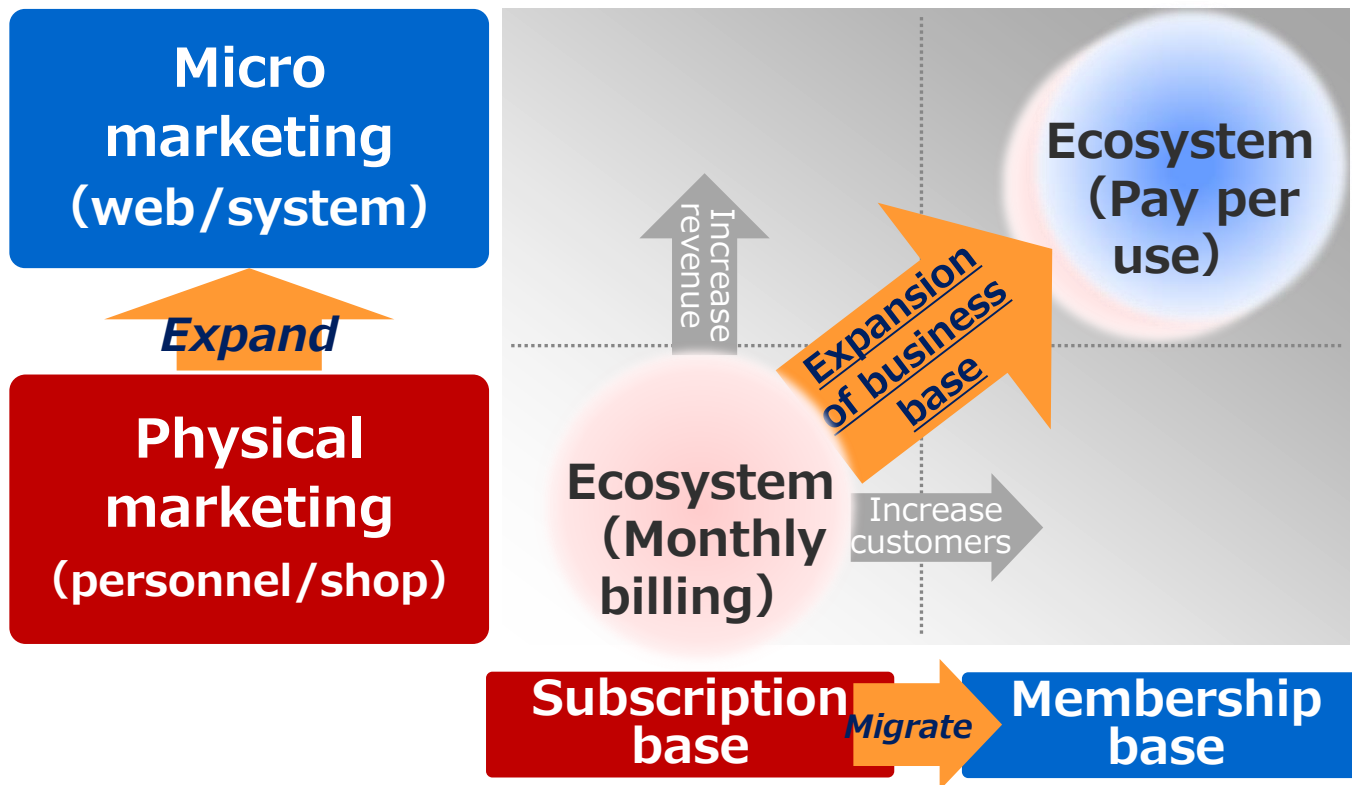
B2B



Solution revenues

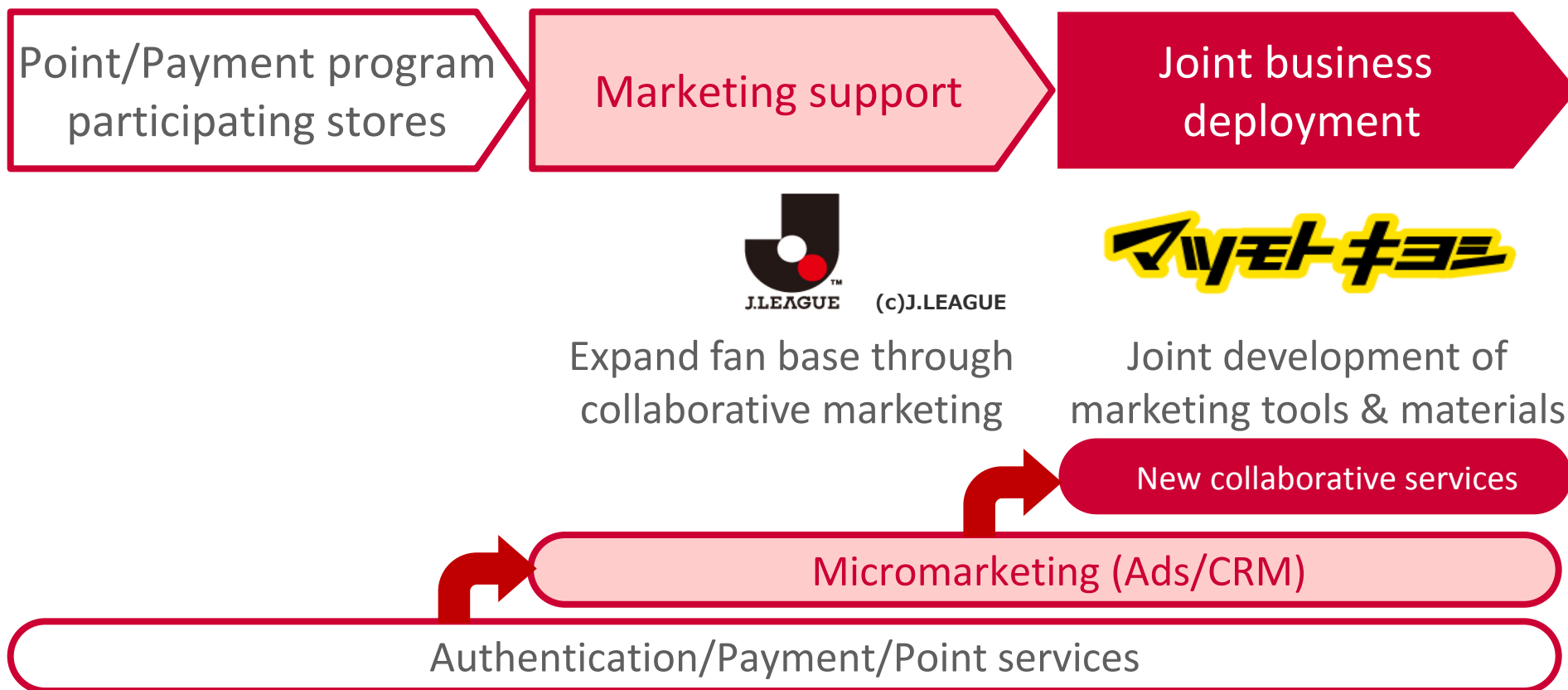
Expansion of Business Base

Build a new ecosystem through synergy of membership and transformation of the marketing model



Evolution of +d

Advance business models by deepening our ties with partners



Example of Business Model Advancement

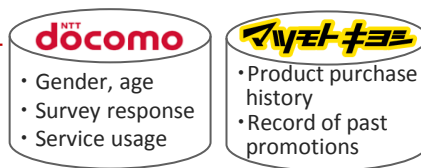
Create new businesses by combining partners' assets with DOCOMO's

《Case: DOCOMO × Matsumotokiyoshi》

New “co-creation” services



- High-precision target extraction through the use of data owned by the two companies



- Extensive reach leveraging the media of both companies



- Capability to analyze actual purchaser enabled by tracking of purchase data



Sales of marketing tools & materials

- Needs of manufacturers
- Highly accurate promotion
- Analysis of actual purchasers

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

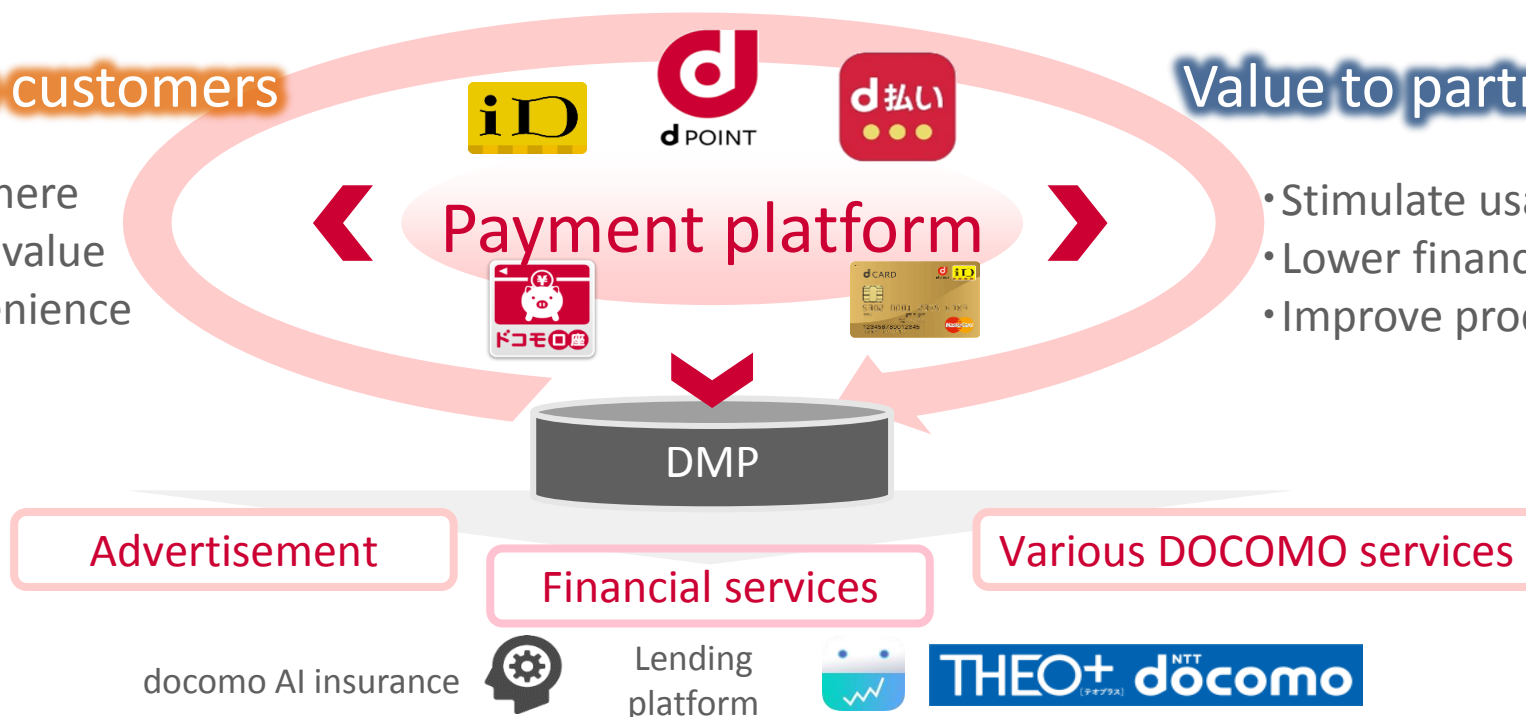
Approx.
¥3.2 trillion → **¥6 trillion** (FY2021 target)

Value to customers

- Anywhere
- Great value
- Convenience

Value to partners

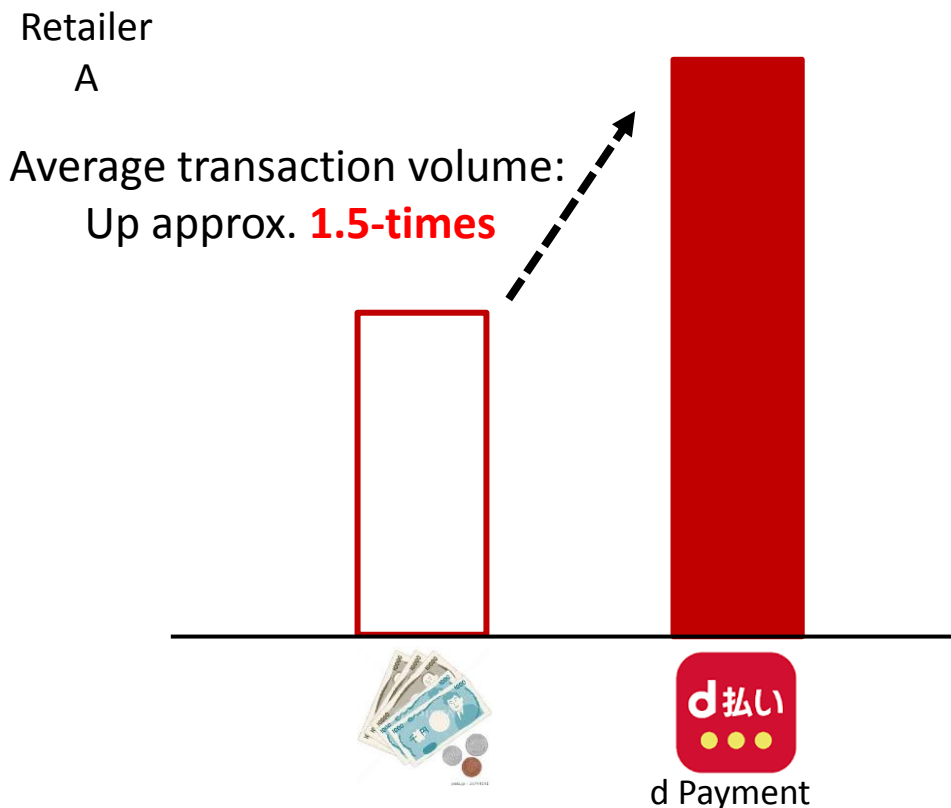
- Stimulate usage
- Lower financing burden
- Improve productivity



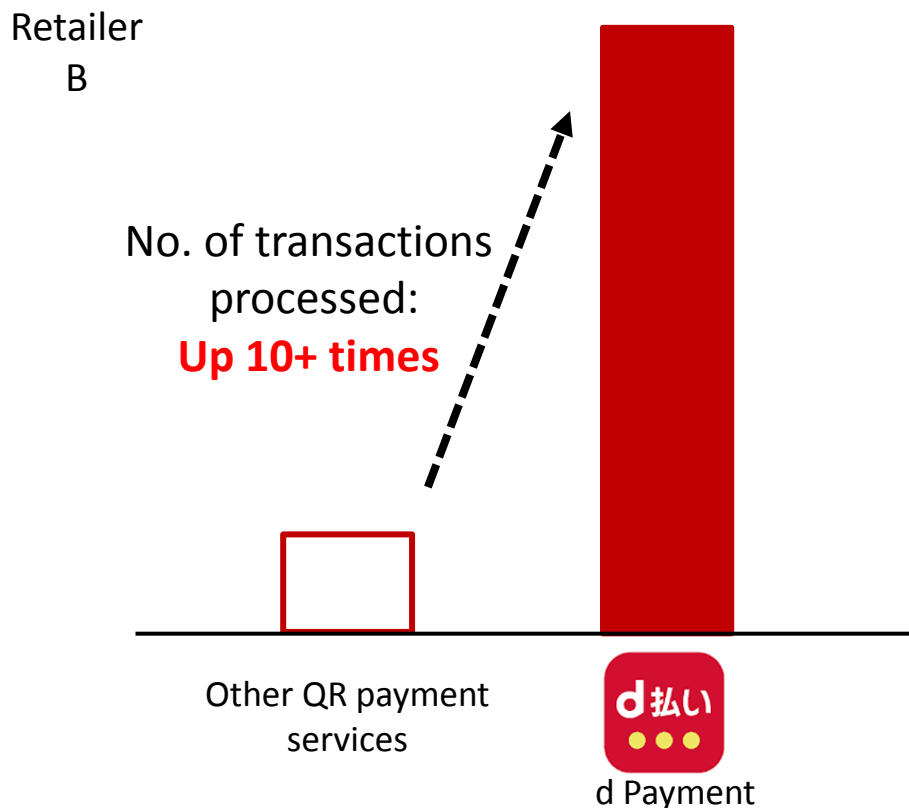
Effects of “d Payment” Implementation

“d Payment” turned out highly effective in boosting partners’ businesses

Average transaction volume

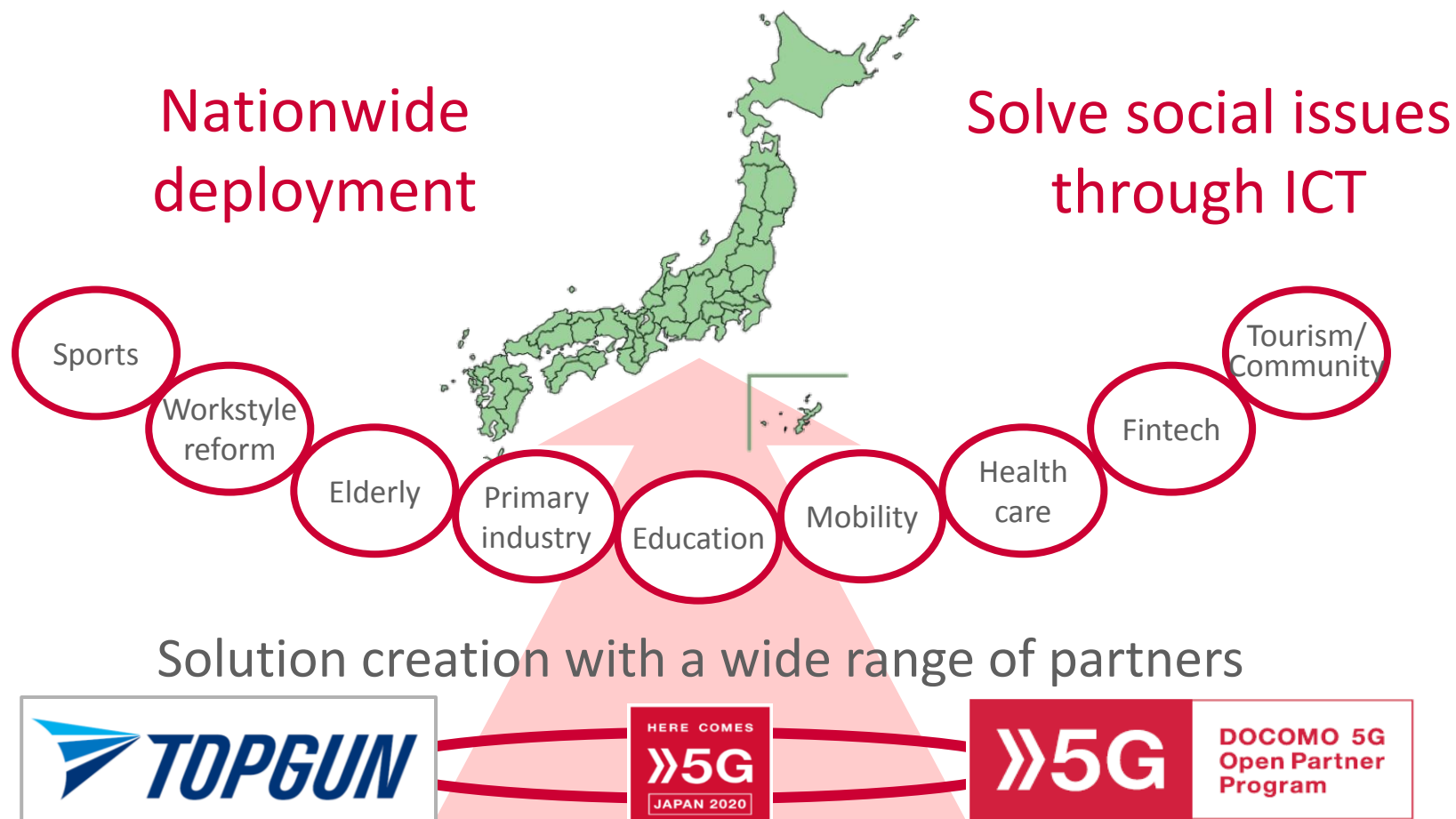


No. of transactions



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)

From "People" to "Everything"

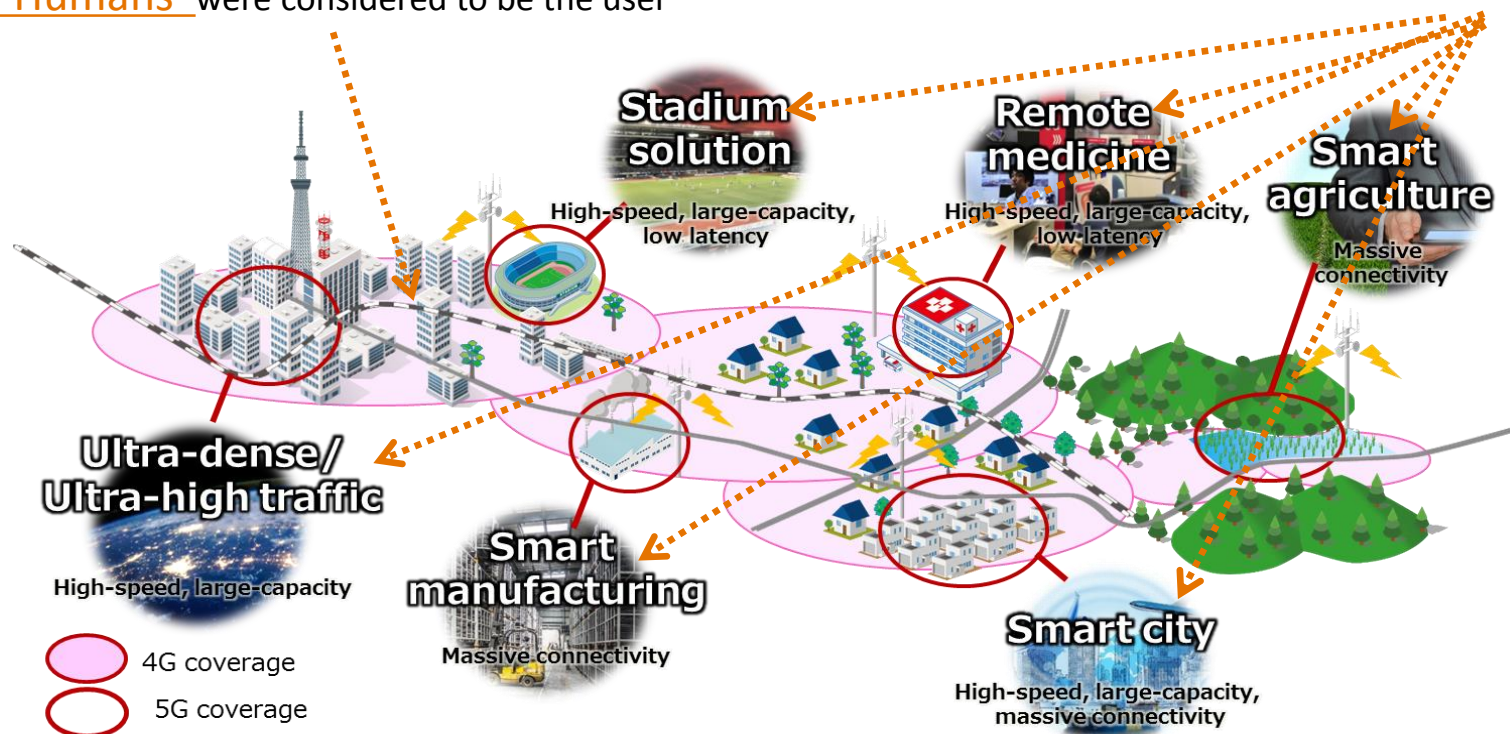
From urban centers to local towns; Roll out service in areas where there is demand

◆ Past (Up to 4G)

"Humans" were considered to be the user

◆ Future (5G)

"Humans + objects" to be provided with service



DOCOMO Open House 2018



An exhibition event showcasing various programs, including business solutions leveraging 5G, AI, IoT and other state-of-the-art technologies and speeches / lectures by a wide array of collaboration partners

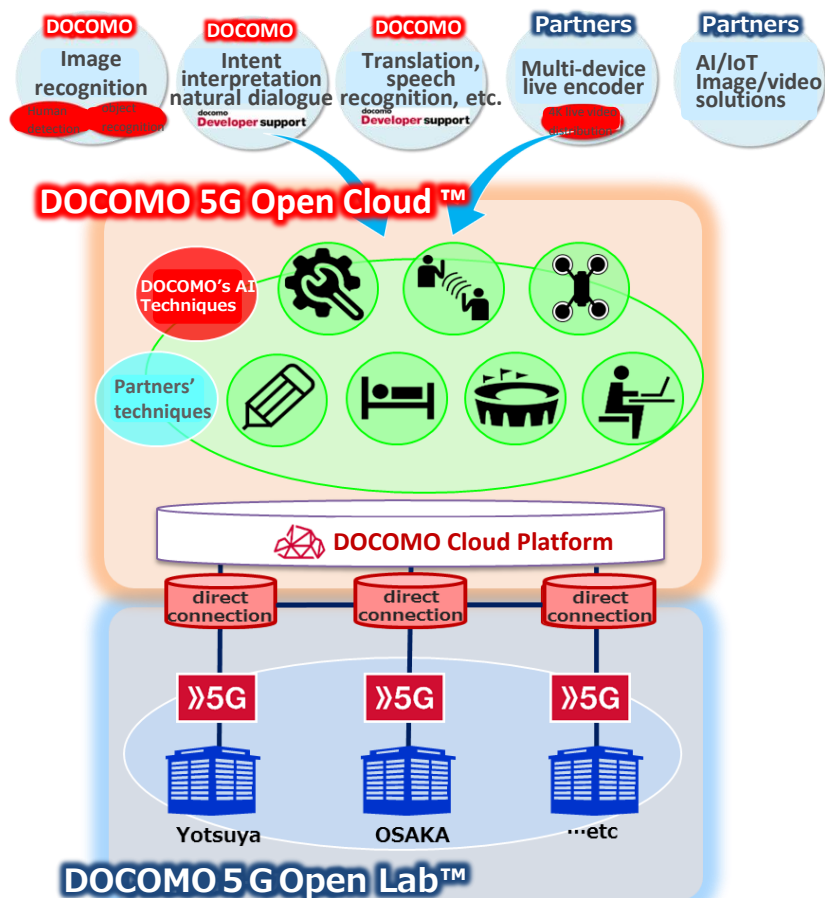
【Event dates】 Dec. 6-7, 2018

- * Introduced 5G use cases that take advantage of 5G's unique properties, i.e., high-speed & large-capacity transmission, low latency and massive device connectivity

Garnered 14,000 visitors in 2 days
(Up 1.7 times compared to FY17)

DOCOMO 5G Open Cloud

Provision of various services on cloud, enabling business matching of partners



5G+cloud
Constructed a **telecom cloud** environment directly linking 5G's verification environment with the cloud platform



AI techniques
Use of **DOCOMO's AI techniques** such as image recognition, AI agent platform, etc.



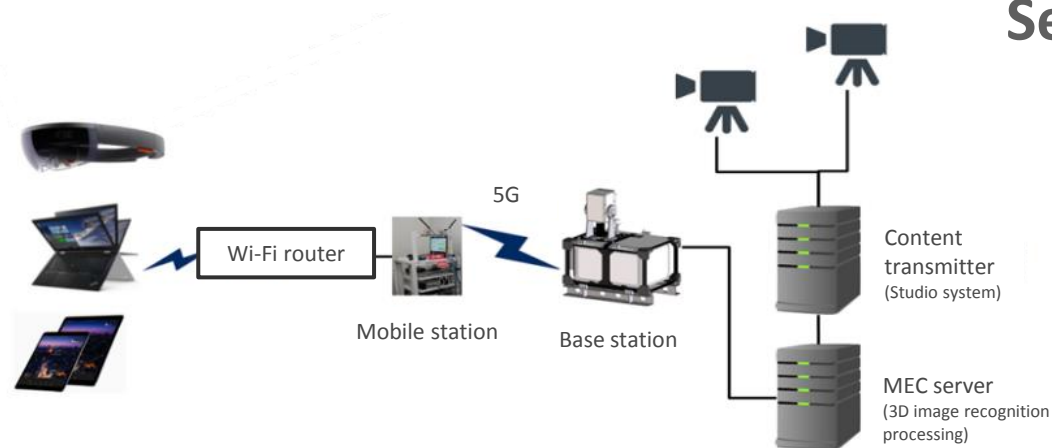
Co-creation
Creation of **joint solutions** combining partners' assets with DOCOMO's

5GxAR Sports Viewing

High speed
Large capacity

Low latency

Displays information sent from MEC* server in the venue on smart glass in real time



Securing bandwidth through slicing
+ Use of MEC server



Realizes low latency

(Communication time lag: 1/1000 second)

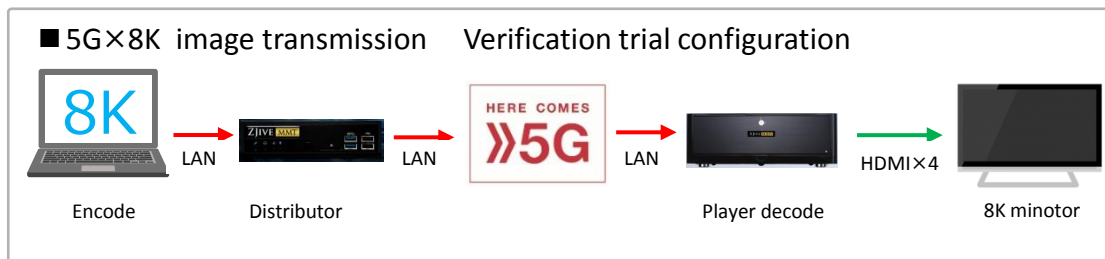
*MEC (Multi-access-Edge Computing) :
Optimizes communication by assigning the data processing function near the edge of the network such as smartphones and other terminal devices. An architecture that holds key to the next-generation network that realizes much faster transmission speeds.



Remote Support Solution Using 8K Image Transmission

High speed
Large capacity

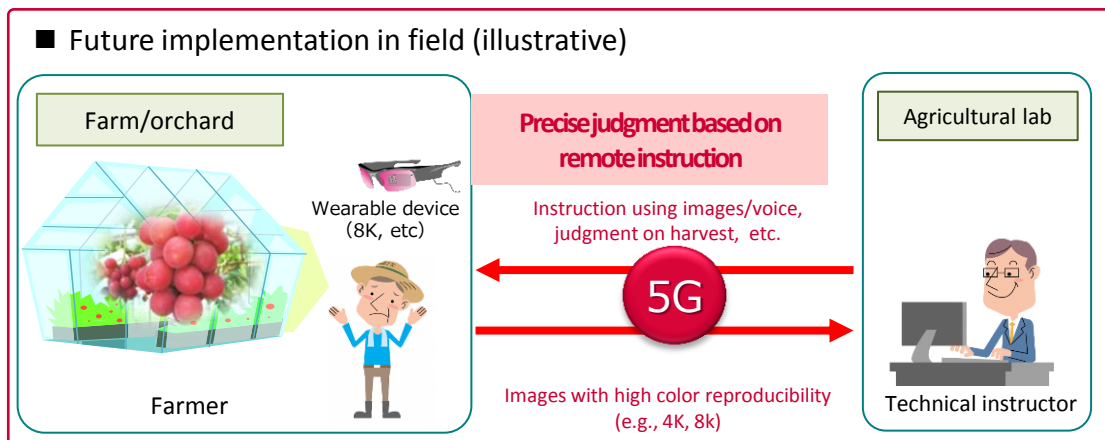
Enables remote work support in agriculture where professional skills are required



Before

Determination on harvest time
(Example: Grape)

★ Required advanced professional skills
such as visual judgment of color of
the grain or cluster of grape



After

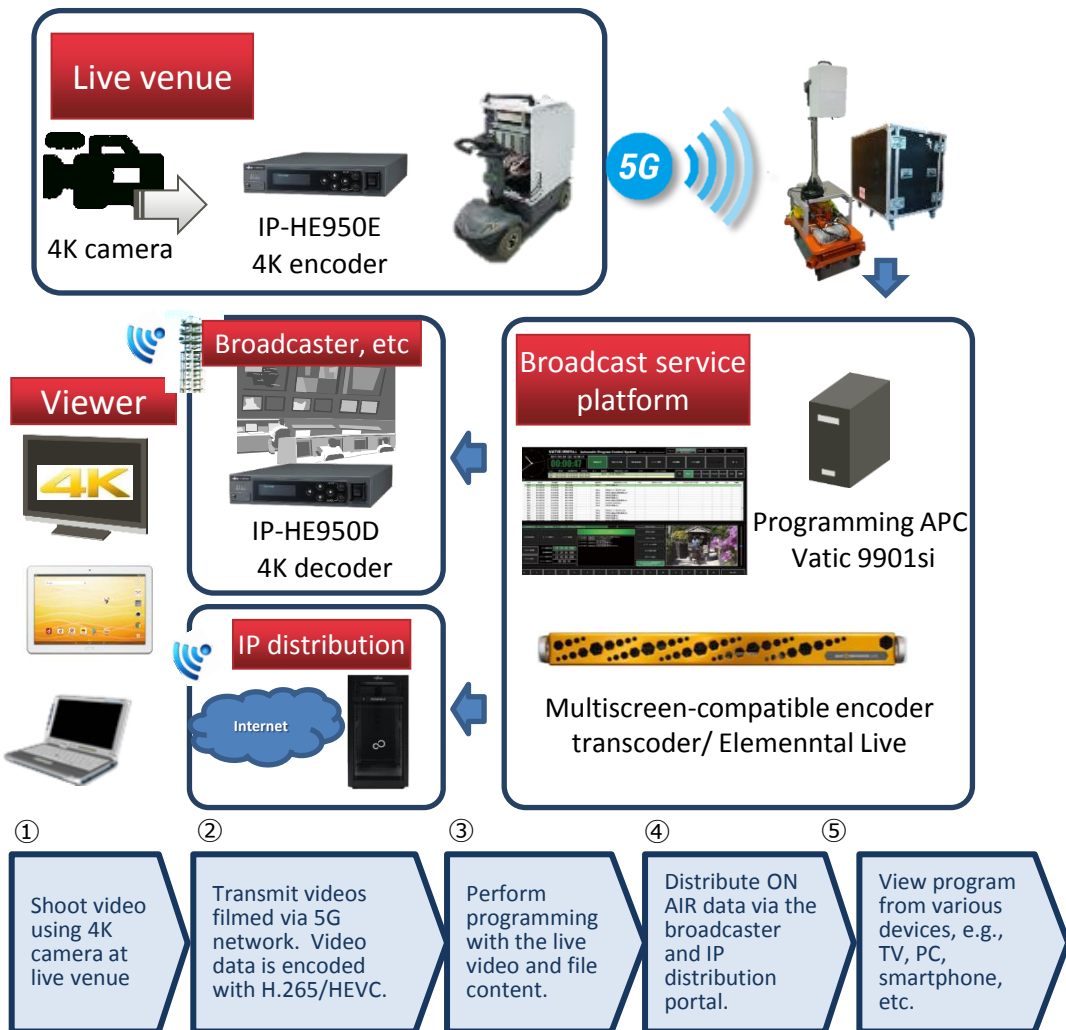
**8K high-resolution image
transmission using 5G**

- Supplements remote visual judgment with high color reproducibility
- Provision of farm operational instructions without any constraints on distance or time

High-Resolution Video Transmission

High-resolution video transmission using 5G

High speed
Large capacity



Realize transmission of high-resolution videos by taking advantage of 5G's high-speed & large-capacity transmission capabilities.

Broadcasting vans and wired cables no longer required as cameras and relay stations can be connected with 5G

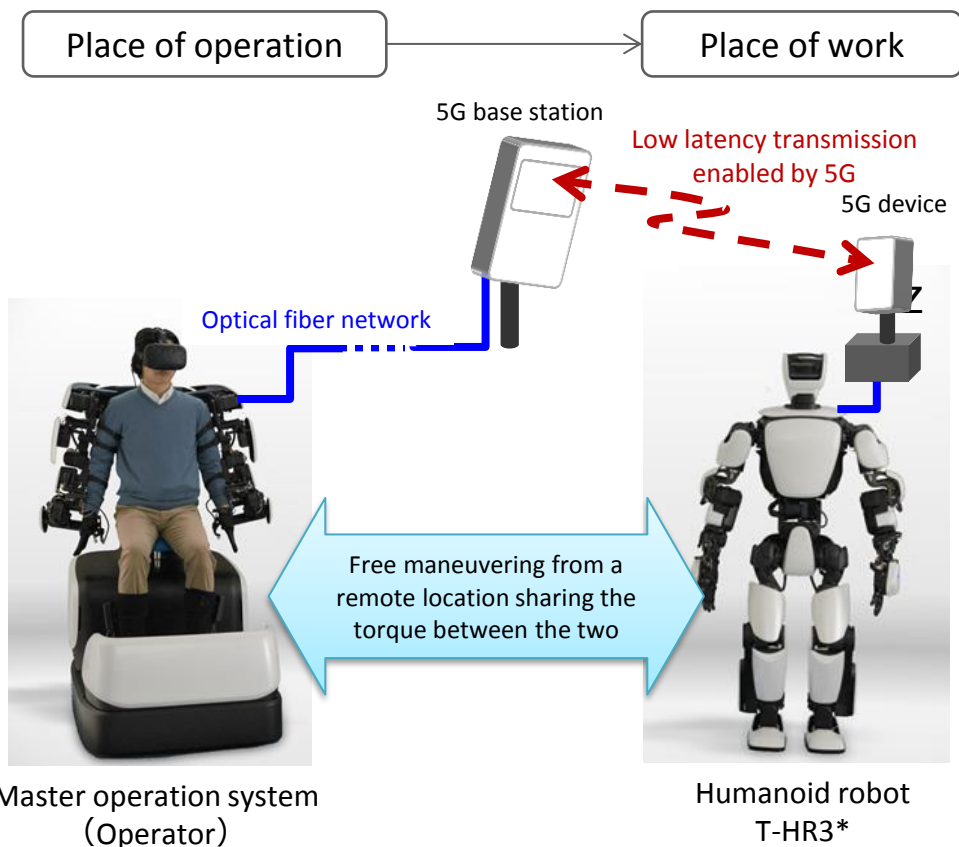
【Examples of services】

- Delivery of live videos of sports, music performances, etc.
- Live video distribution to event sites or enterprises

Remote Operation of Humanoid Robots

Low latency

Enables free maneuvering of robots from a distant location like an alter ego






Potential use cases

Everyday chores, e.g., housekeeping, nursing, child care

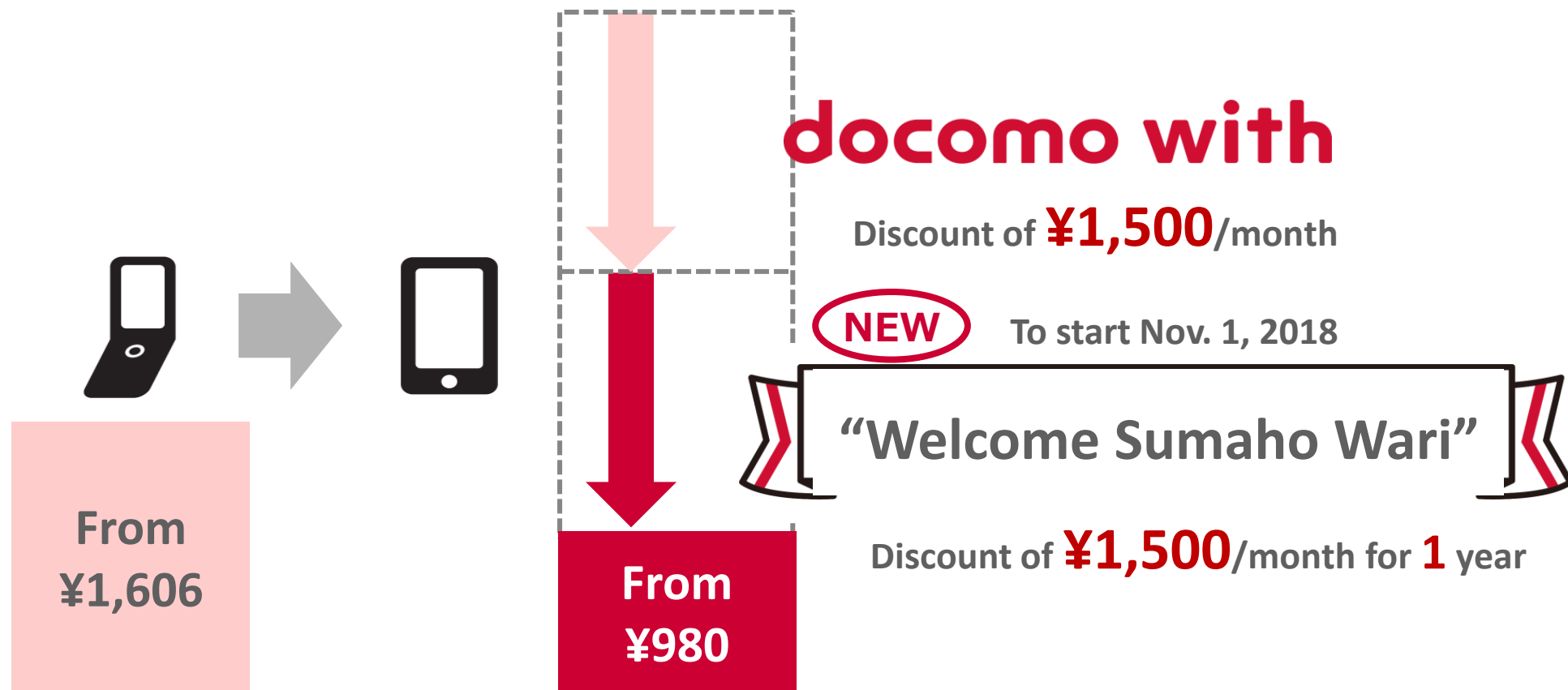
Construction work and medical diagnosis

Work in extreme or hazardous conditions in disaster-stricken areas, etc.

* Humanoid robot developed by Toyota Motor Corporation.

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-  Revenue opportunity creation centered on customer base
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 -  **Execution of customer returns and evolution of customer touchpoints**

Affordable Rates for First-Time Smartphone Users



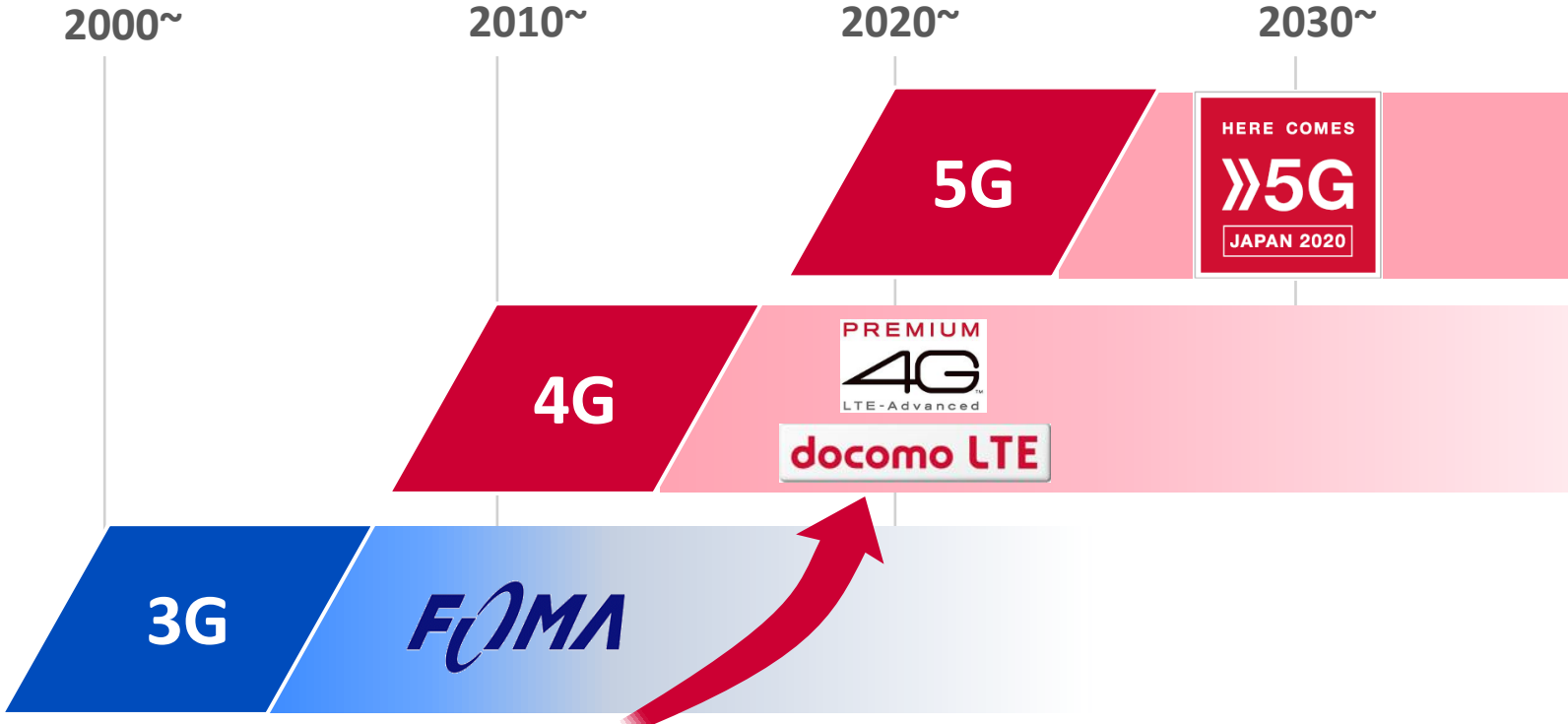
◆ The rates above do not include taxes.

◆ 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")

Accelerate Subscriber Migration Leveraging “Welcome Sumaho Wari”

With the view to terminate 3G service
in mid-2020s



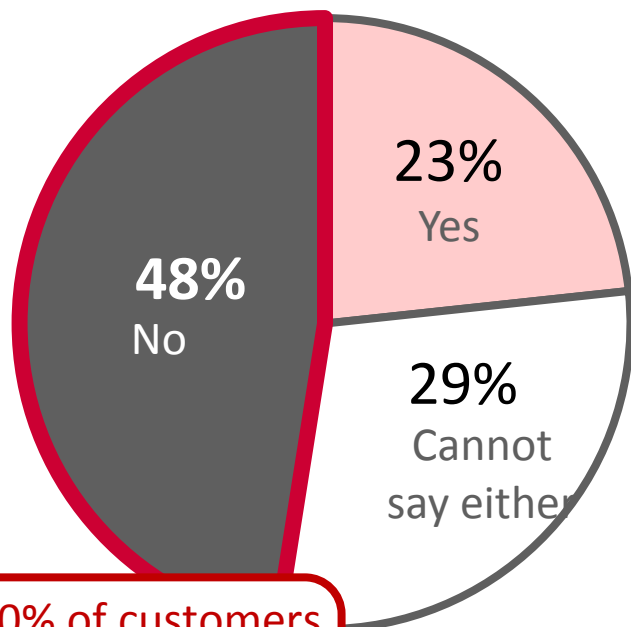
Accelerate migration of feature phone users

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**



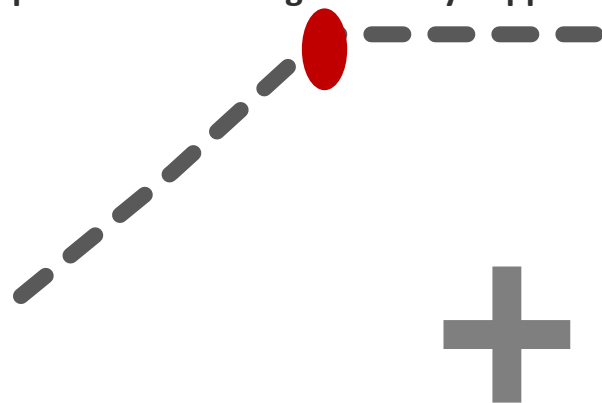
Customer returns (per annum)

**Up to approx.
¥400 billion**

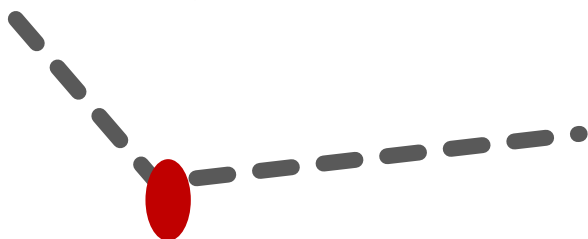
Customer Returns (Illustrative)

Projected size of customer returns is max. ¥400 billion/year, after accounting for the revenue impact mitigation effect from eliminating “Monthly Support” discounts

Impact of eliminating “Monthly Support”



Negative revenue impact from the new billing scheme



Revenue impact from launch of new rate structure taking into account abolishment of “Monthly Support”



Implications of the New Rate Plan

In order to continue to truly be chosen by customers,

Complicated **rate plan** should be made

Simple and easy to understand

Customers



With low **rate level**,

Have them really feel the bargain

Make the customer base more solid, to maximize LTV

MIC's Urgent Proposal (draft)

As a result of the joint meeting of “Mobile Study Group” and “Consumer Protection Working Group” under the Ministry of Internal Affairs and Communications (MIC) held on Nov. 26 (Mon), 2018, an urgent proposal (draft) was developed;

Overview of Proposal


1. Realization of simple and easy-to-understand rate plans


- Complete separation of tele-communication charges from handset cost.
- Review of binding periods that unreasonably restrict users from switching operators, or impede fair competition amongst operators.
- Review of rate plans that are excessively complicated and lack rationality.


2. Ensuring adequacy of sales agencies' businesses

- Introduce a filing system so that the administration can directly recognize the existence of sales agencies.
- Prohibit inappropriate solicitation that could mislead users.
- Introduce discipline with “Business Improvement Order” for any inappropriate business practices in handset sale or other activities.

Medium-Term Operational Indices

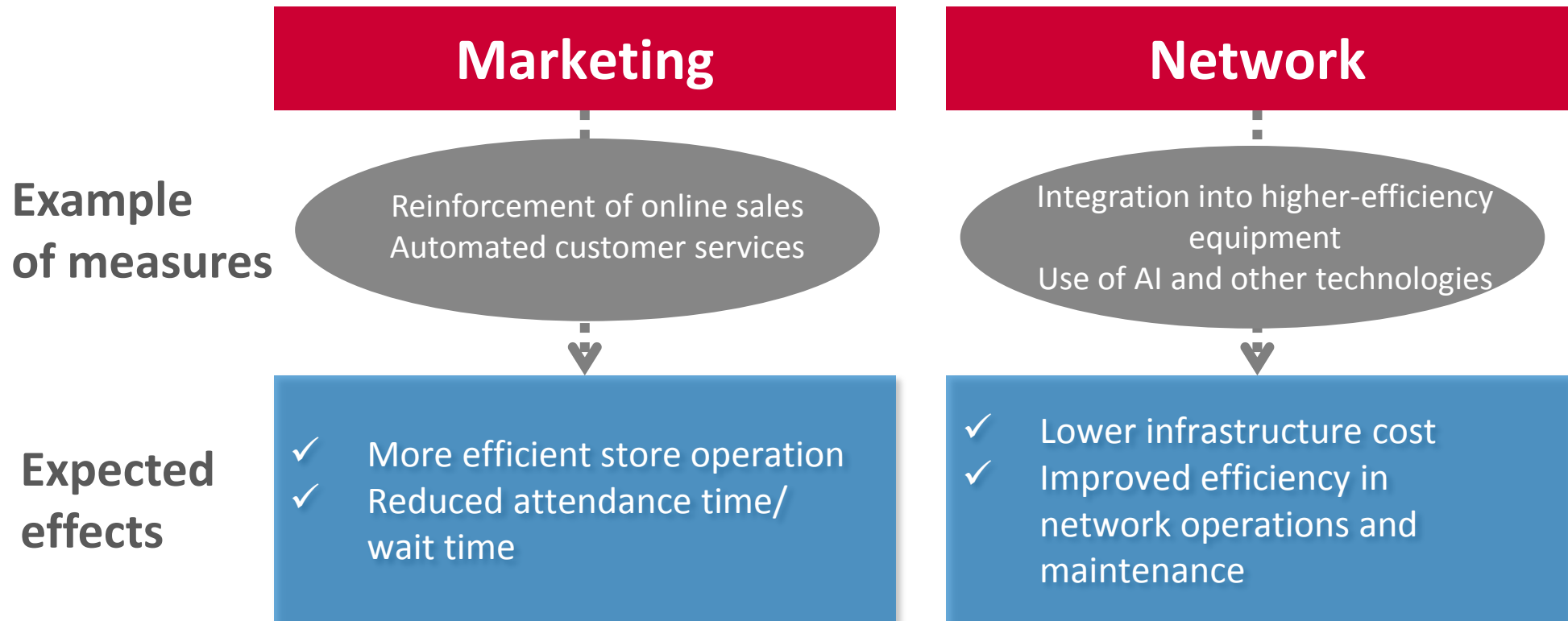
 Revenue opportunity creation centered on customer base (FY2021 target)	“d POINT CLUB” members:	78 million
	Enterprise partners:	5,000
	Locations where payment/point service can be used:	2 million
	Transactions handled by Finance/Payment business:	¥6 trillion
	Enterprise solution revenues:	¥120 billion

 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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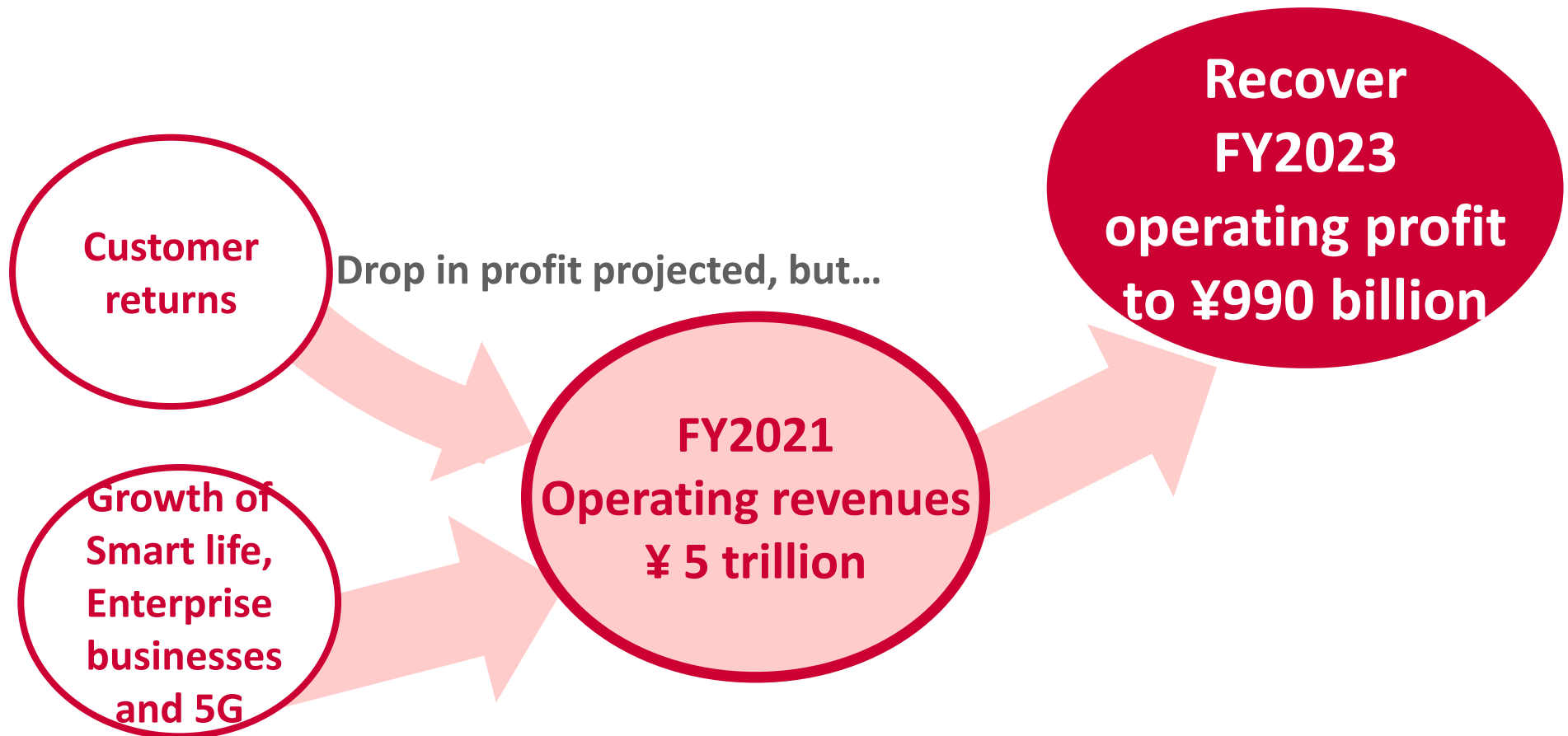
Cost Efficiency Improvement

Continue to work on cost efficiency improvement through structural reform



Financial Targets

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



For Sustainable Growth



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.