
FY2018/3Q
Results Presentation

NTT
docomo

February 1, 2019

FY2018/1-3Q Results Highlights

Favorable progress toward full-year guidance

(Billions of yen)	FY2017/1-3Q cumulative (1)	FY2018/1-3Q cumulative (2)	Changes (2) – (1)	Changes (%)
Operating revenues	3,589.8	3,654.1	+64.4	+1.8%
Operating profit	856.2	902.0	+45.9	+5.4%
Profit attributable to shareholders of NTT DOCOMO, INC.	697.7	607.6	- 90.1	- 12.9%
Adjusted free cash flow	647.8	386.8	- 261.0	- 40.3%
Operating FCF	840.7	881.5	+40.9	+4.9%
EBITDA	1,244.1	1,271.0	+26.9	+2.2%
Capital expenditures	403.5	389.5	- 14.0	- 3.5%

◆ 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

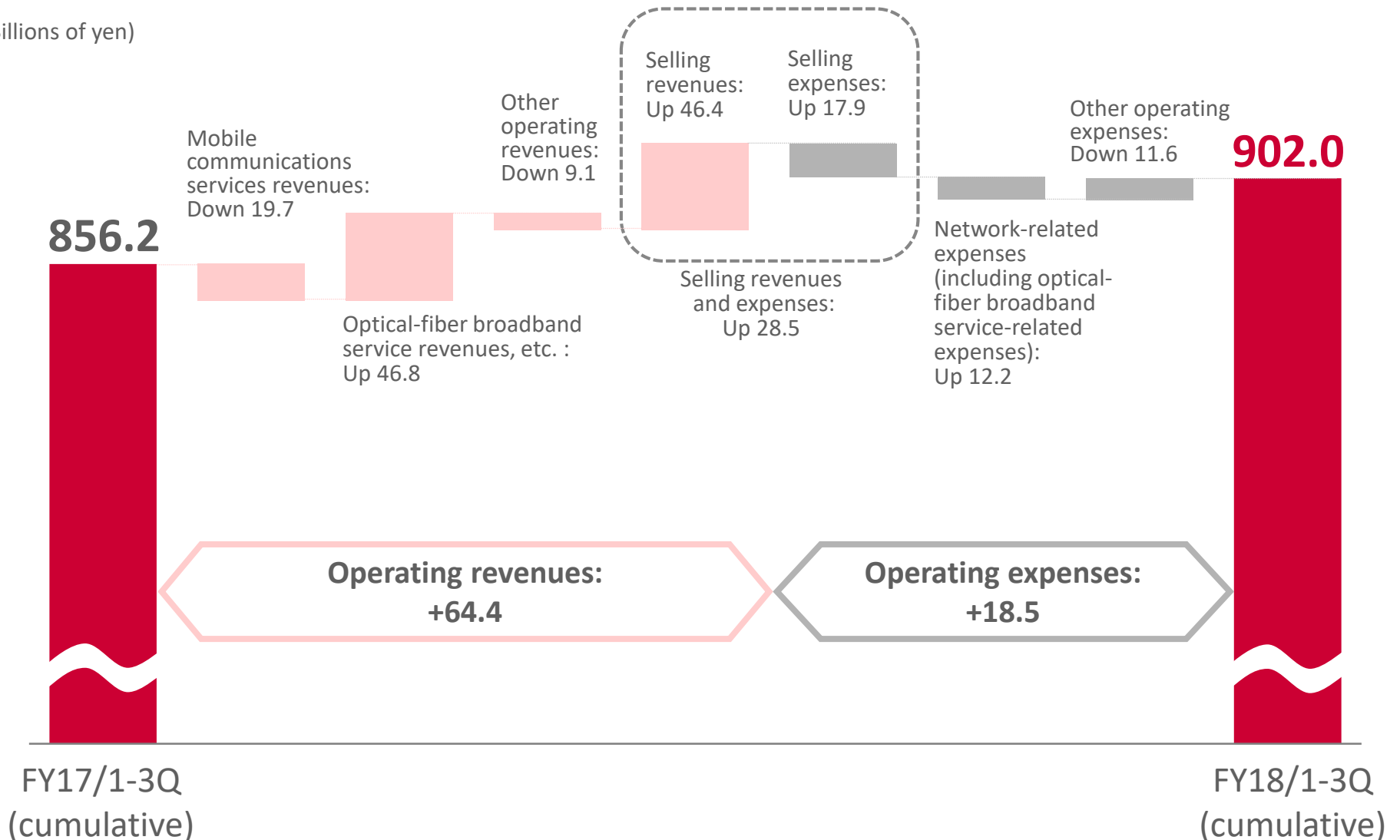
IFRS

(Billions of yen)		FY2017/1-3Q cumulative (1)	FY2018/1-3Q cumulative (2)	Changes (2) – (1)	
Telecommunications business	Operating revenues	2,943.7	3,005.2	+61.6	
	Operating profit	747.9	767.2	+19.3	
Smart life business	Operating revenues	336.6	338.0	+1.4	
	Operating profit	49.6	58.7	+9.2	
Other businesses	Operating revenues	326.5	328.5	+2.0	
	Operating profit	58.7	76.1	+17.4	
<Ref.> Smart life business and Other businesses					
		Operating revenues	663.1	666.5	+3.4
		Operating profit	108.3	134.8	+26.5

Key Factors behind Changes in Operating Profit

IFRS

(Billions of yen)



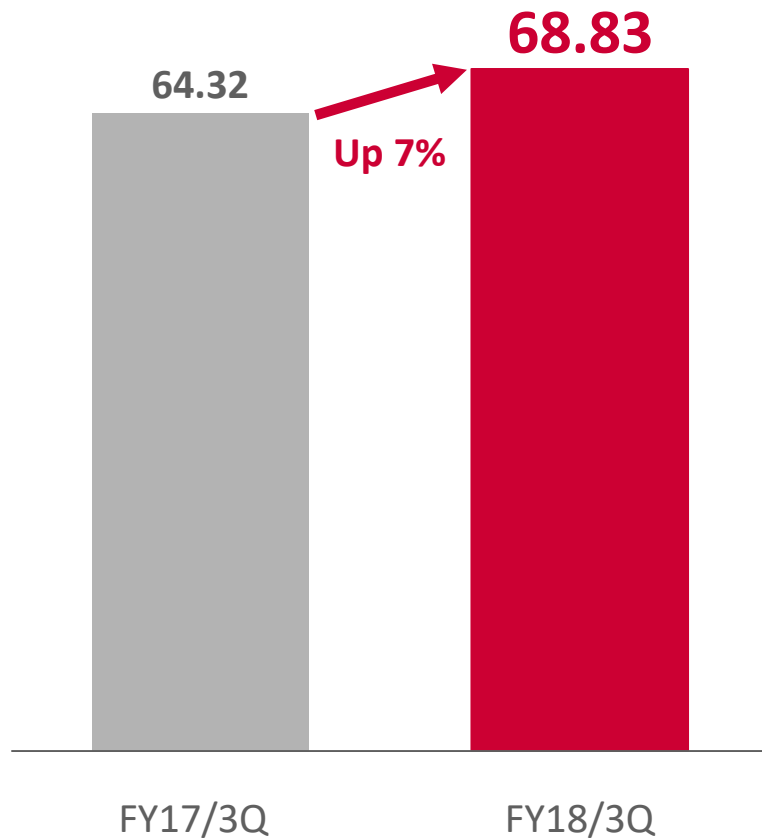
◆ Selling expenses represent the sum of cost of equipment sold and commissions to agent resellers

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

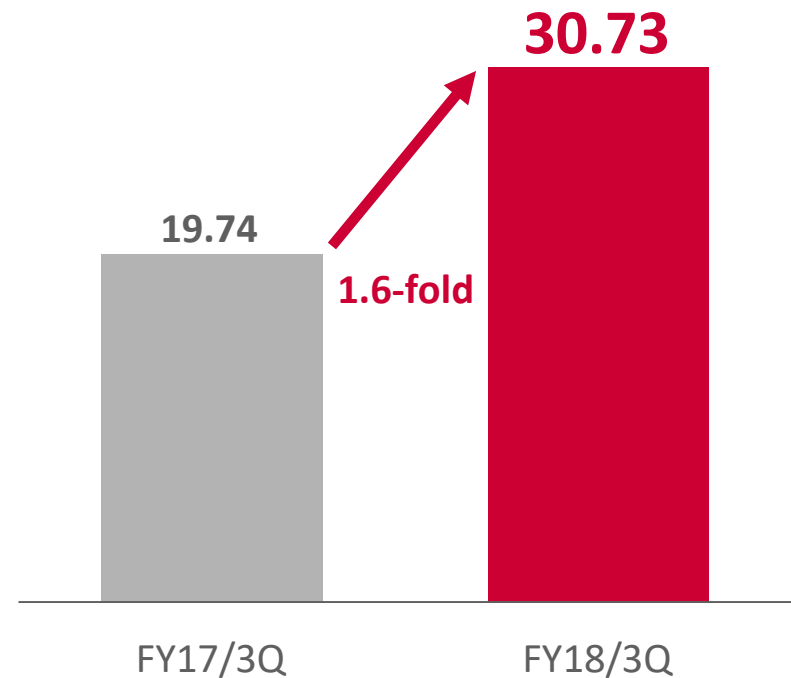
“d POINT CLUB” Members

“d POINT CLUB” members

(Million members)



“d POINT CARD” registrants

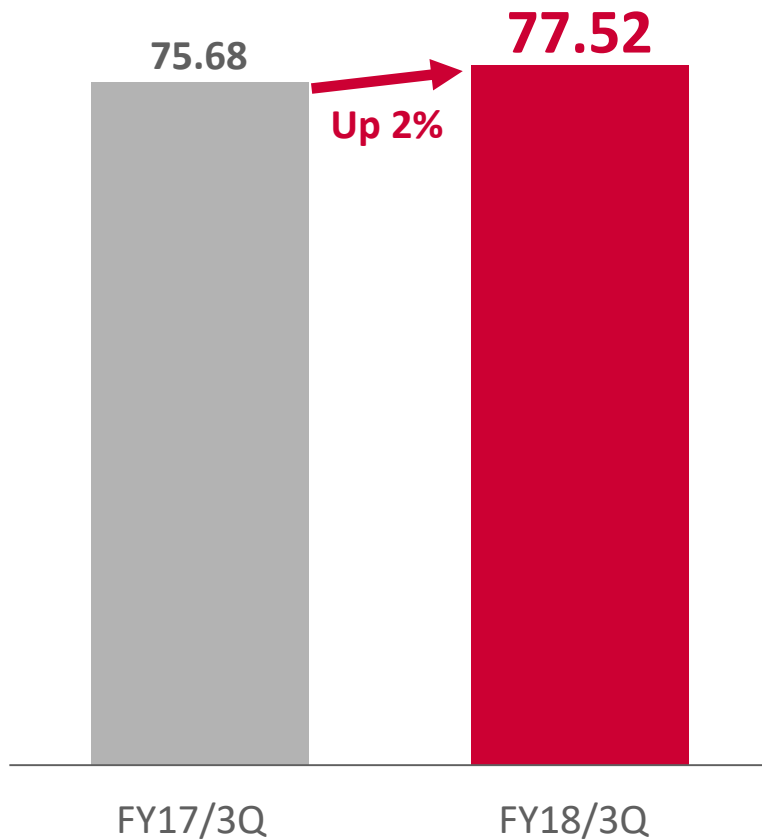


◆ “d POINT CARD” registrants indicate the no. of users who can earn and use “d POINTS” at participating stores by registering their personal information

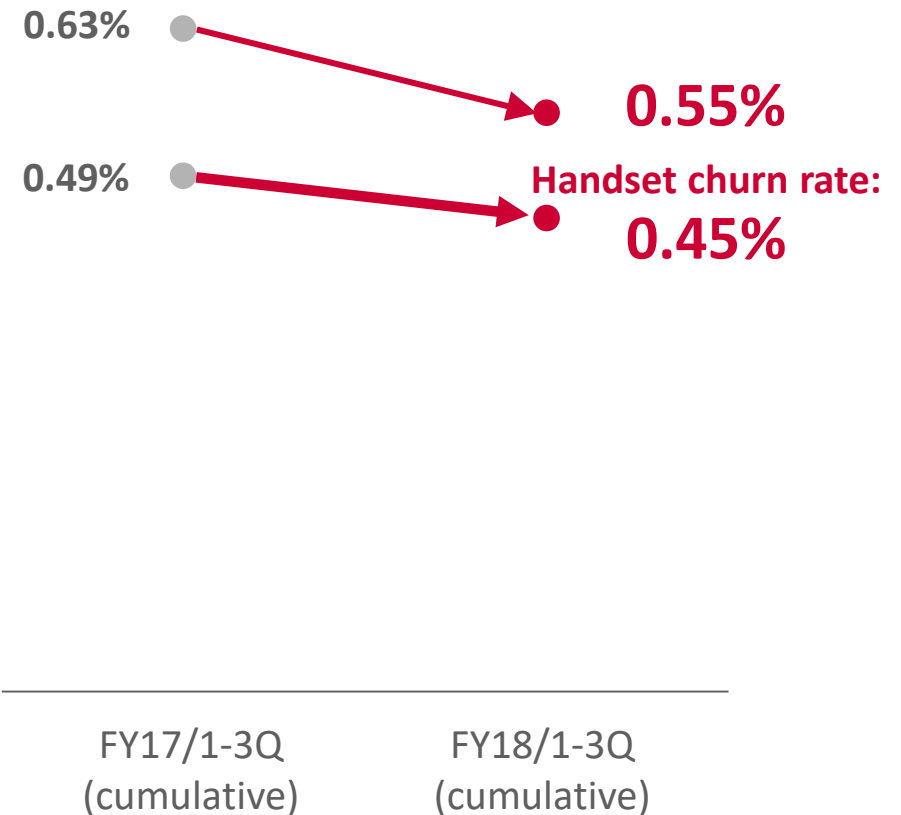
Telecommunications Business Operational Performance (1)

Mobile telecommunications service subscriptions

(Million subs)



Churn rate



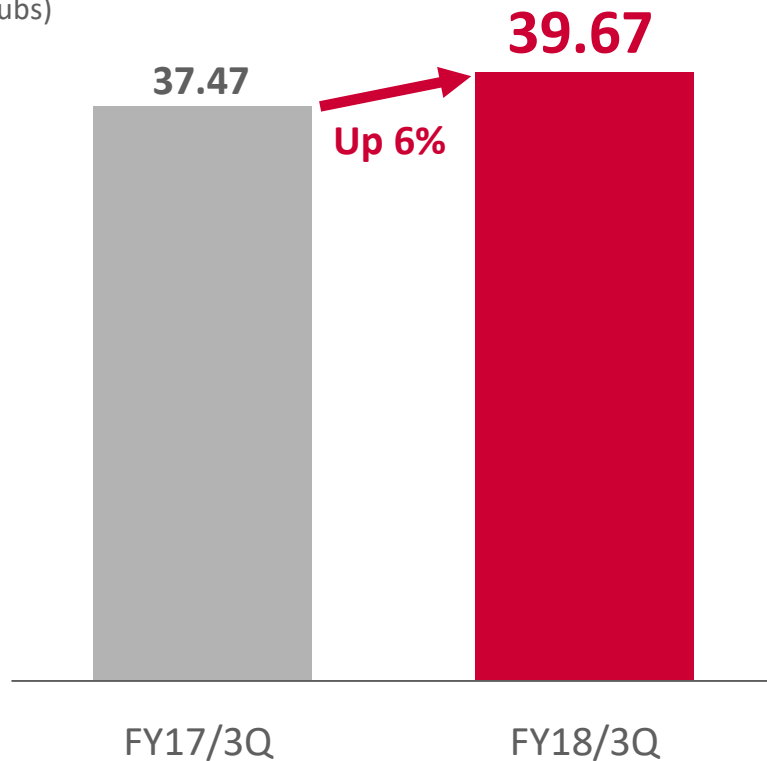
◆ Handset churn rate indicates the combined churn rate for smartphones and feature phones

Telecommunications Business Operational Performance (2)

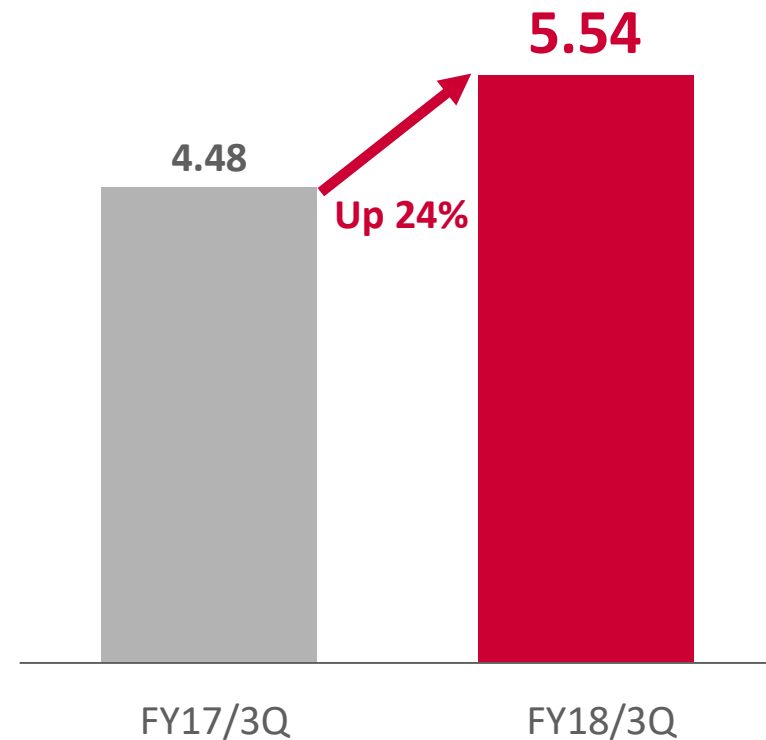
Total smartphone/ tablet users

“docomo with” subscriptions:
Topped 4 million
Jan. 1, 2019

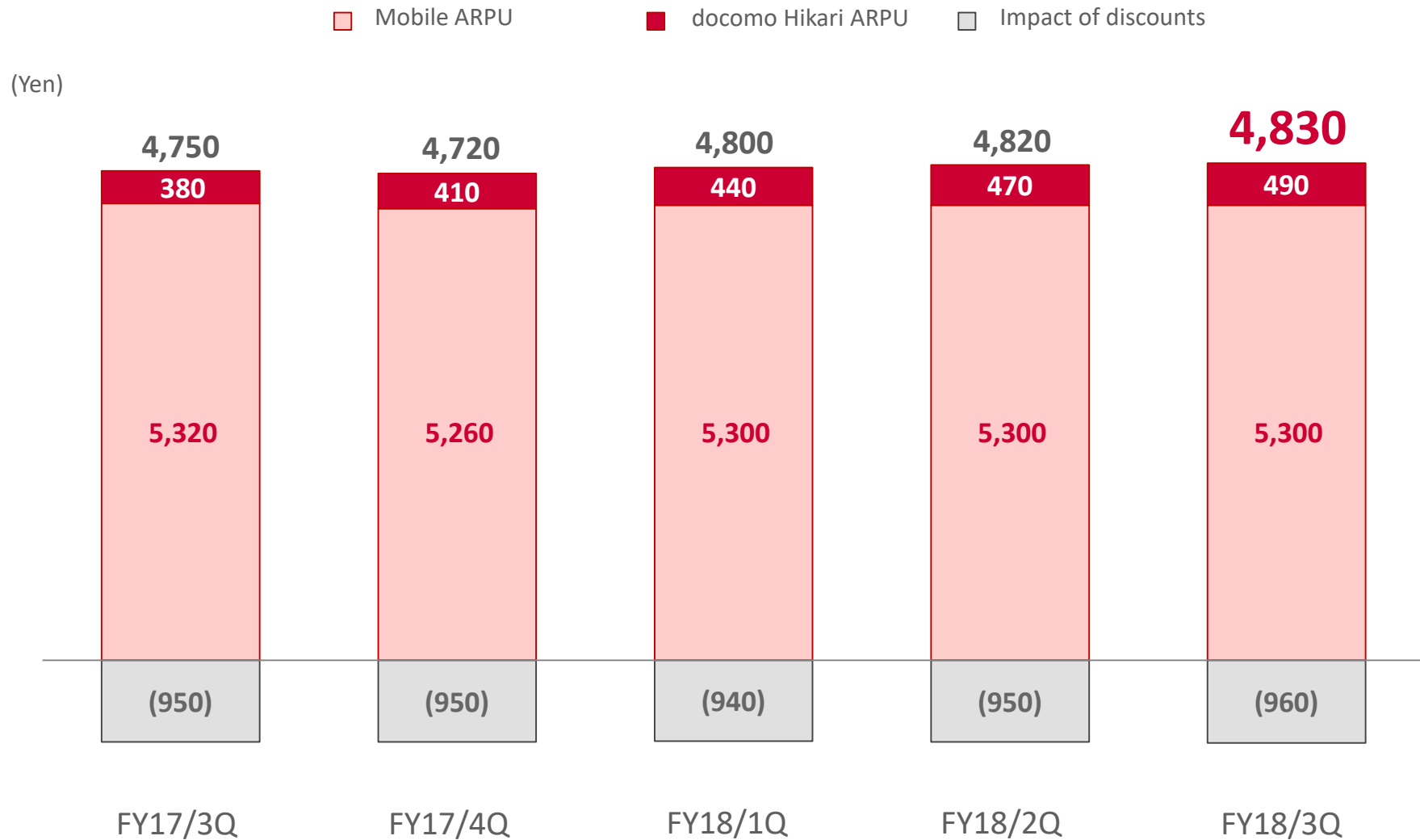
(Million subs)



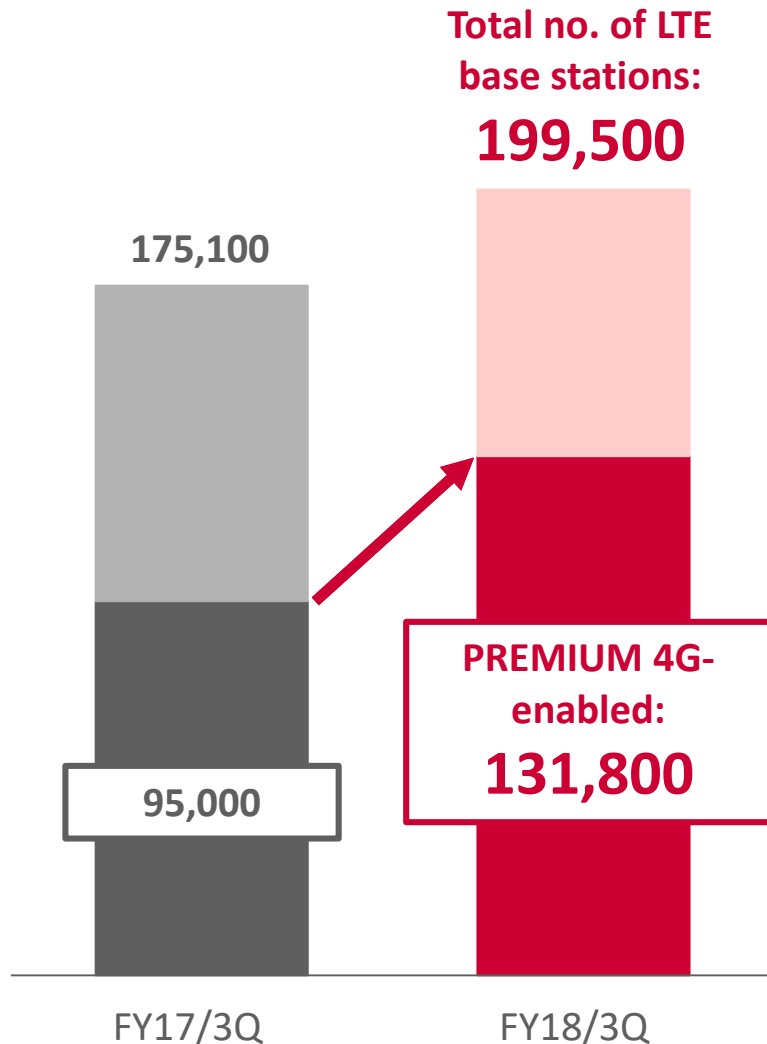
“docomo Hikari” optical-fiber broadband subs



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™

**1Gbps+ service
to be launched
in over 340 cities
across Japan**

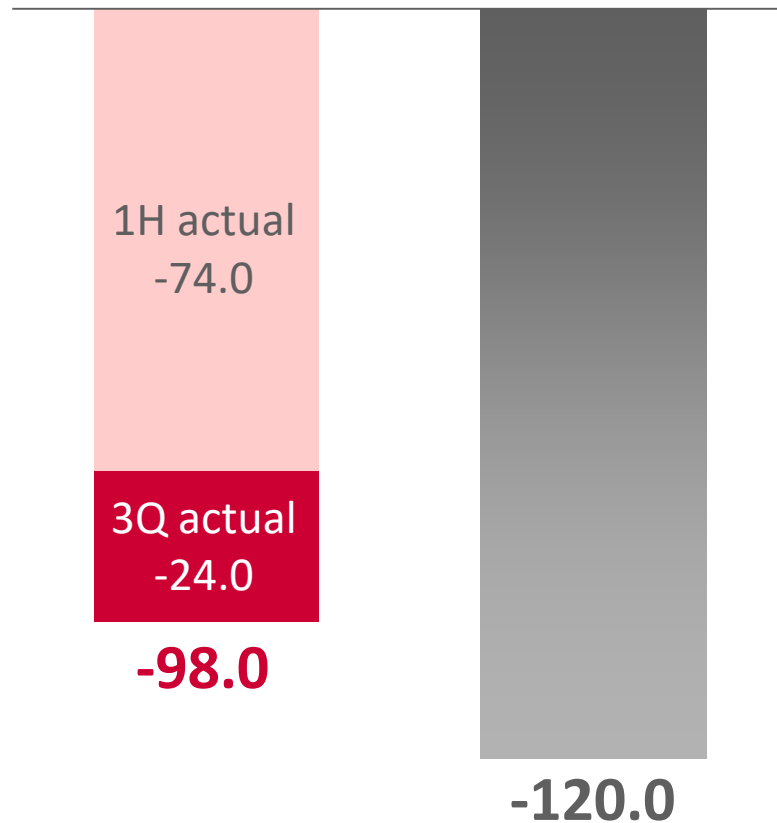
◆ The transmission speed described herein is the theoretical maximum downlink rate specified in the technical standard and the actual rate may vary depending on the propagation conditions, etc.
◆ The transmission speed of 1Gbps+ is planned to be supported with devices to be released in or after February 2019.

Cost Efficiency Improvement

(Billions of yen)

FY18/1-3Q
(cumulative)

FY18 full year
(target)



Focus areas

◆ Network

Outsourcing cost, improved investment efficiency, etc.

◆ Marketing

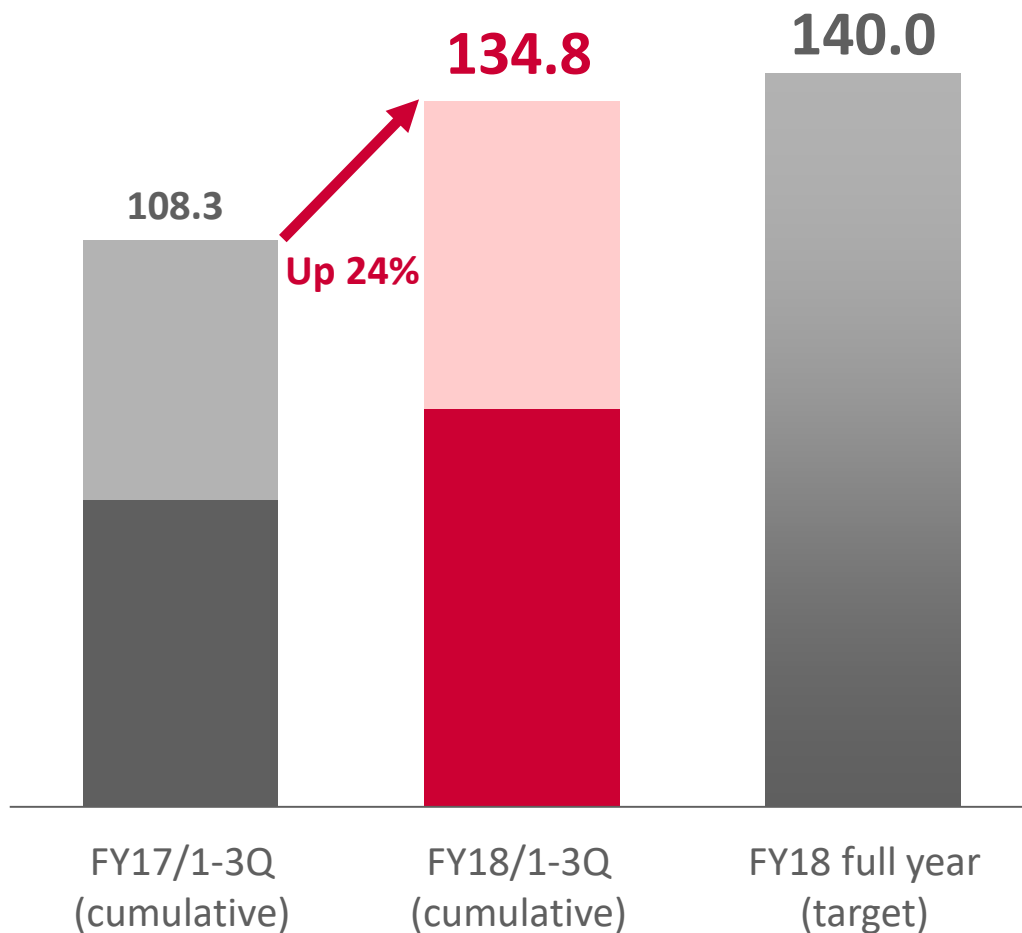
After-sales support, sales promotion measures, etc.

◆ Other

R&D, information systems, etc.

Smart Life Business & Other Businesses: 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

New Live Performance Experience ^{NTT} docomo

“Shintaikan Live”

Live distribution and multi-angle live music performances

Launched Jan. 18, 2019

■ Key features



Selectable views from preferred angles
Multi-angle live events



Programs featuring miniature CG artists
AR figurines



Touch-based interactive video technology
TIG

- ◆ Live feeds of music performances can only be viewed in real time
- ◆ Features provided vary from artist to artist
- ◆ Content can be purchased individually for each live event performed by each artist
- ◆ Some content is available only as single-angle live distributions
- ◆ TIG is a technology developed by PARONYM Inc. used for promotional videos of content

■ Content lineup (as of Feb. 1)

Multi-angle live distribution



sakanaction <Feb. 6>



SILENT SIREN <Feb. 7>

Sales of AR figures



STU48 <Feb. 13>



[ALEXANDROS] <Mar. 5>

Partners in collaboration:

^{NTT} docomo

NTTぷらら

LIVE VIEWING JAPAN

TOWER RECORDS

NTT Plala Integration

**Aim for business size of ¥300 billion in FY2025
by realizing style innovation in the field of video/imagery**

NTTぷらら

Know-how in content/
video technology

Evolution of video technology

Personalization

AI

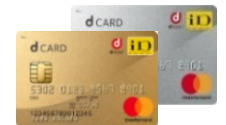
5G

VR/MR

Digital micro
marketing

NTT docomo

Membership base



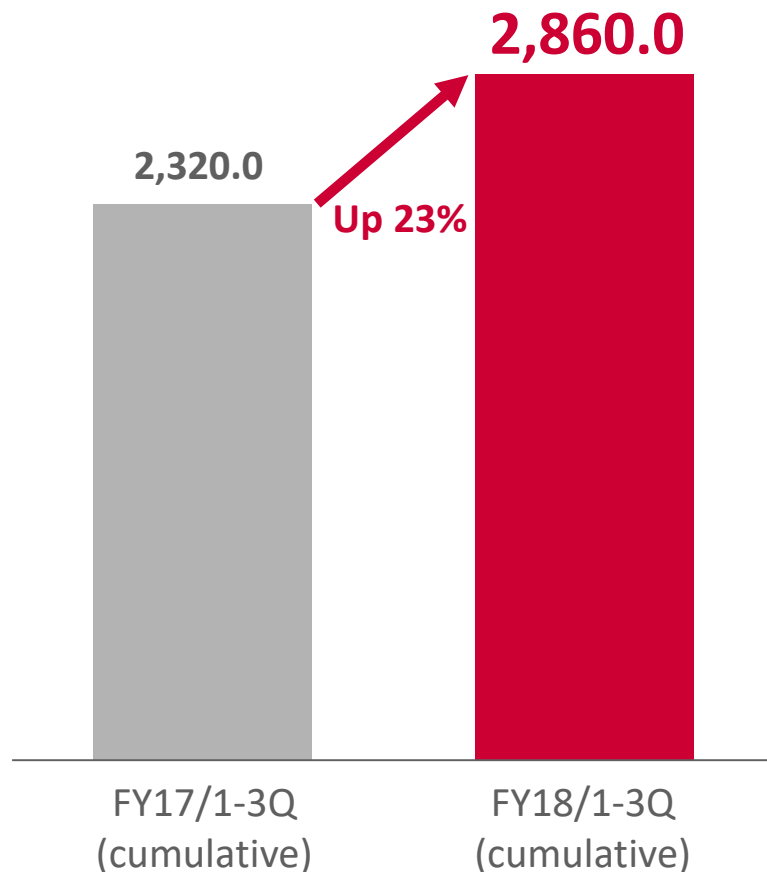
Broader variety of video content

Creation of business centered on video/imagery

Finance/Payment Services

Transactions handled

(Billions of yen)

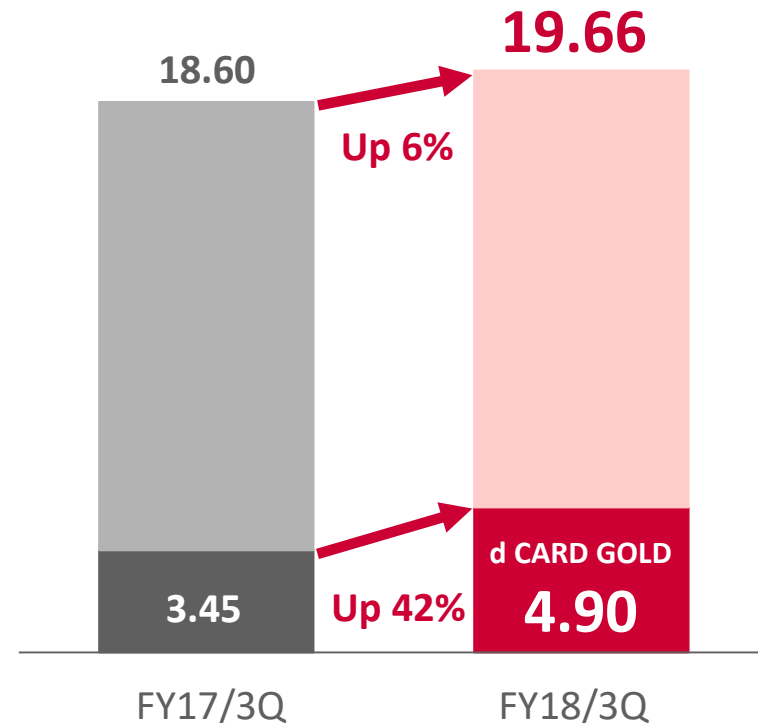


“d CARD” members

“d CARD GOLD” members:
Topped 5 million

Jan. 28, 2019

(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 Payment”



No. of “d Payment” app downloads:
Over 2 million in 9 months

No. of “d Payment”-compatible websites and stores continues to increase

Started in December



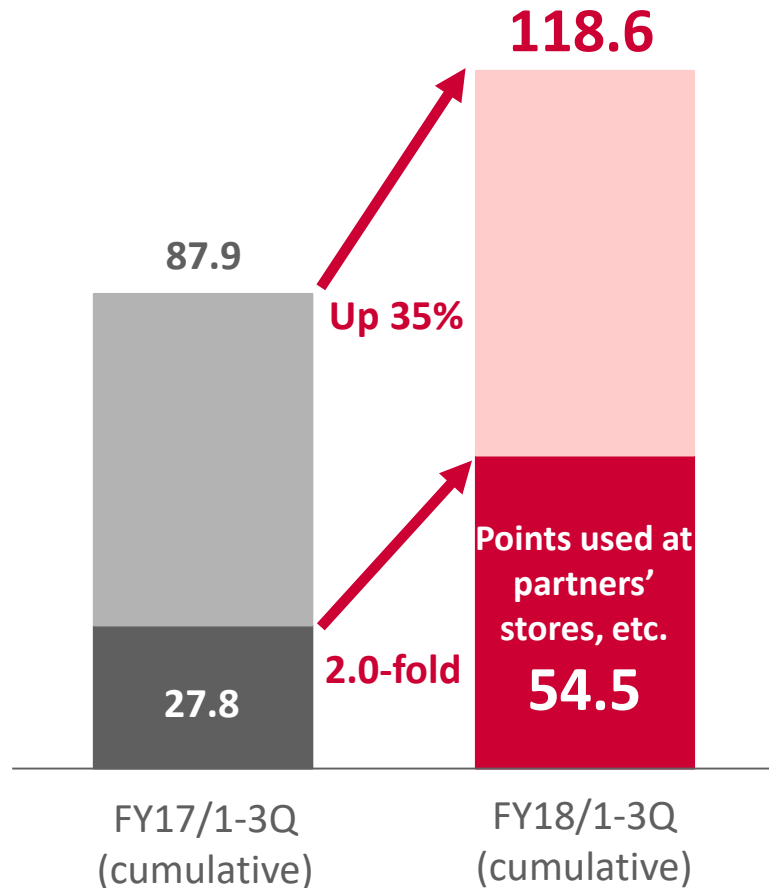
◆ The total no. of downloads of “d Payment” app topped 2 million on Jan. 5, 2019, after its release on Apr. 25, 2018

◆ Payment using "d Payment" app for JapanTaxi is scheduled to start in the spring of 2019.

“d POINT”

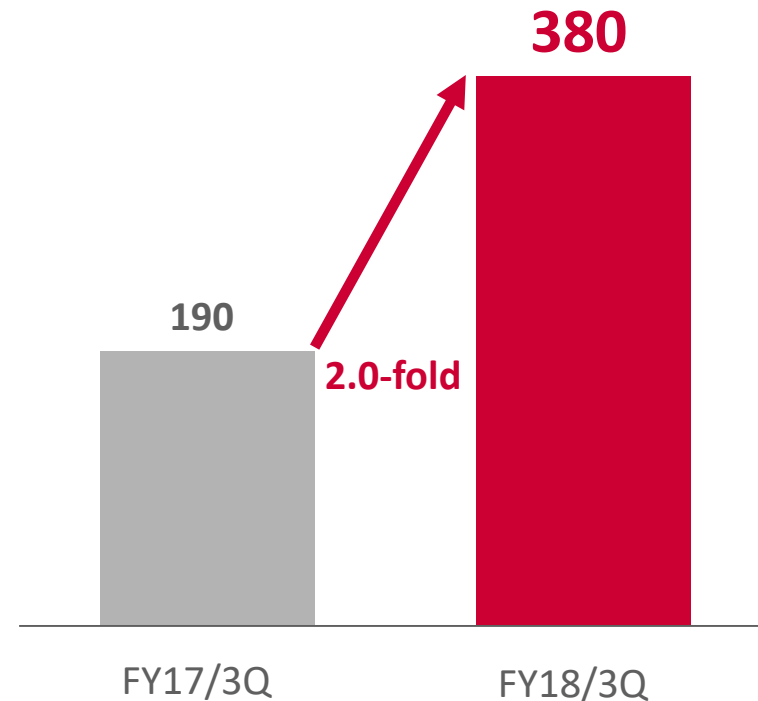
“d POINTs” used

(Billion points)



“d POINT” partners

No. of participating stores:
Approx. 68,600



◆ “d POINT” partners represent the total no. 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 October



Trial of real-time AI sales prediction

Announced November



イタリアンワイン&カフェレストラン
サイゼリヤ

Collaboration agreement with Kumamoto City for promoting use of ICT in education

Announced October



Prefectural University of Kumamoto

Agreement for economic vitalization of Miura Peninsula region

Announced November



CONCORDIA

コンコルディア・フィナンシャルグループ



京急電鉄

FY17/3Q

FY18/3Q

Medium-Term Strategy

“Declaration beyond”: Actions Taken (1)

Value & excitement to customers

Declaration 1

Market leader

Launch of **“Welcome Sumaho Wari”** and **“Special benefits for smartphone users over 60 years old”**

Encourage customer migration to smartphones by offering valuable discounts and privileges. (started Nov. 1)

Proposal of optimal rate plan offering great savings through **“Rate Plan Consultation Fair”** event

Declaration 2

Style innovation

“DOCOMO Lending Platform” for financial institutions to be provided

Support the provision of new loan services by financial institutions with credit scoring and repayment advice through apps. (planned for launch in Spring 2019)

Declaration 3

Peace of mind and comfort support

“Measures for shortening wait time” implemented one after another

Started rollout of **“stepped up disaster preparedness measures at docomo Shops”**

Medium-Term Strategy

“Declaration beyond”: Actions Taken (2)

Value co-creation with partners

Declaration 4

Industry
creation

Rolled out various **“AI-based services and solutions”**

“Information board with touch and voice,” “AI piano coach” and real-time sales prediction service for restaurants, etc.

Declaration 5

Solution
co-creation

Succeeded in realizing **world’s first glass antenna that can convert “a window into a base station”**

Enables outdoor coverage from inside buildings without obstructing the scenery through the use of a glass antenna jointly developed with AGC, Inc. (announced Nov. 7)

Declaration 6

Partner business
expansion

Organized **“DOCOMO Open House 2018”**

Over 14,000 people visited the 2-day exhibition on Dec. 6-7.
Approx. 70% of the total 239 exhibitions of 5G, AI and IoT, etc., were delivered in collaboration with external partners.

Share Repurchase

- ▶ Method of purchase: Tender offer
- ▶ Period for share repurchase: Nov. 7 –Dec. 7, 2018
- ▶ Aggregate no. of shares repurchased: 257,953,469 shares
- ▶ Aggregate price of shares repurchased: ¥599,999,768,894

【Reference】 Resolution adopted by the Board of Directors on Oct. 31, 2018


Aggregate price of shares to be repurchased: Up to ¥600 billion

Aggregate no. of shares to be repurchased: Up to 260 million shares

Period for share repurchase: From Nov. 1, 2018 to Mar. 31, 2019

FY2018/1-3Q Summary

- ▶ Recorded ¥902 billion in operating profit, progressing favorably toward full-year guidance.
- ▶ No. of “d POINT CLUB” members reached 68.83 million. No. of participating stores also grew steadily.
- ▶ “docomo with” subscriptions reached 4 million. Made steady advancement in migrating subscribers to smartphones.
- ▶ Cost efficiency improvement was ¥98 billion, progressing steadily toward full-year target.
- ▶ Operating profit from Smart life business and Other businesses was ¥134.8 billion, progressing at a favorable pace.
- ▶ No. of “+d” partners expanded steadily to 737.
- ▶ Convened “DOCOMO Open House 2018” exhibition and accelerated initiatives aimed at realizing a richer future of the 5G era.
- ▶ Repurchased shares worth approx. ¥600 billion.



**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

$\text{Sum of No. of active users for each month ((No. of users at the end of previous month + No. of users at the end of current month) / 2)}$ during the relevant period

Note:

1. The number of “users” used to calculate ARPU 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.

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