
FY2018/3Q

Results Presentation

NTT
docomo
February 1, 2019

I will now begin the presentation of our results for the third quarter of the fiscal year ending March 31, 2019 (FY2018/3Q).

FY2018/1-3Q Results Highlights

NTT docomo

IFRS

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

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Here are the results highlights for FY2018/3Q.

Operating revenues increased by 64.4 billion yen year-on-year to 3,654.1 billion yen. Operating profit increased by 45.9 billion yen year-on-year to 902.0 billion yen.

We thus recorded an increase in both operating revenues and profit.

However, net profit attributable to shareholders of NTT DOCOMO, INC. decreased by 90.1 billion yen year-on-year to 607.6 billion yen because the amount for FY2017/3Q was impacted by the arbitration award that we received from Tata Sons of India.

For the same reason, adjusted free cash flow also recorded a decline of 261 billion year-on-year yen to 386.8 billion yen.

Results by Segment

(Billions of yen)		FY2017/1-3Q cumulative (1)	FY2018/1-3Q cumulative (2)	IFRS	
				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

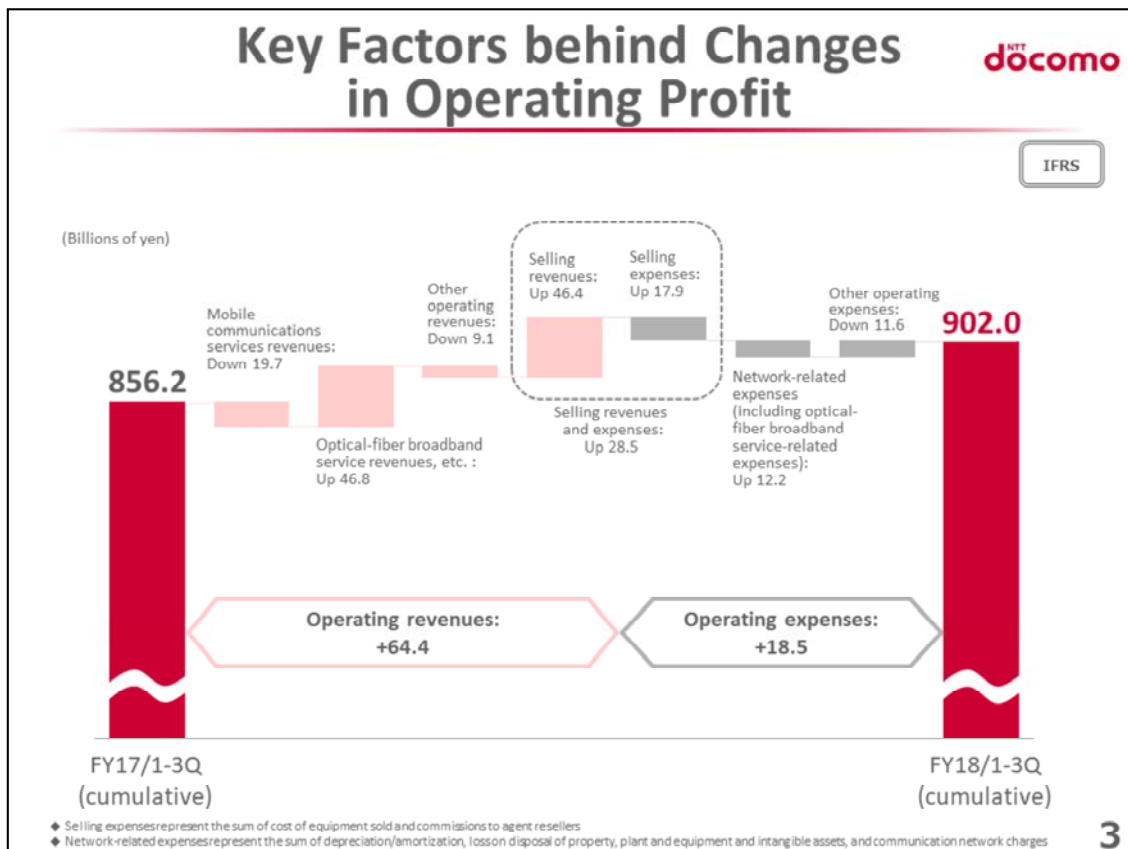
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This slide summarizes the results by segment.

In “Telecommunications Business,” operating revenues and operating profit grew by 61.6 billion yen and 19.3 billion yen, respectively.

As for “Smart life business” and “Other businesses” combined, operating revenues and operating profit recorded an increase of 3.4 billion yen and 26.5 billion yen, respectively.

Consequently, we achieved a year-on-year growth in both “Telecommunications Business” and “Smart life and Other businesses”.



The key factors behind the year-on-year changes in operating profit are explained here.

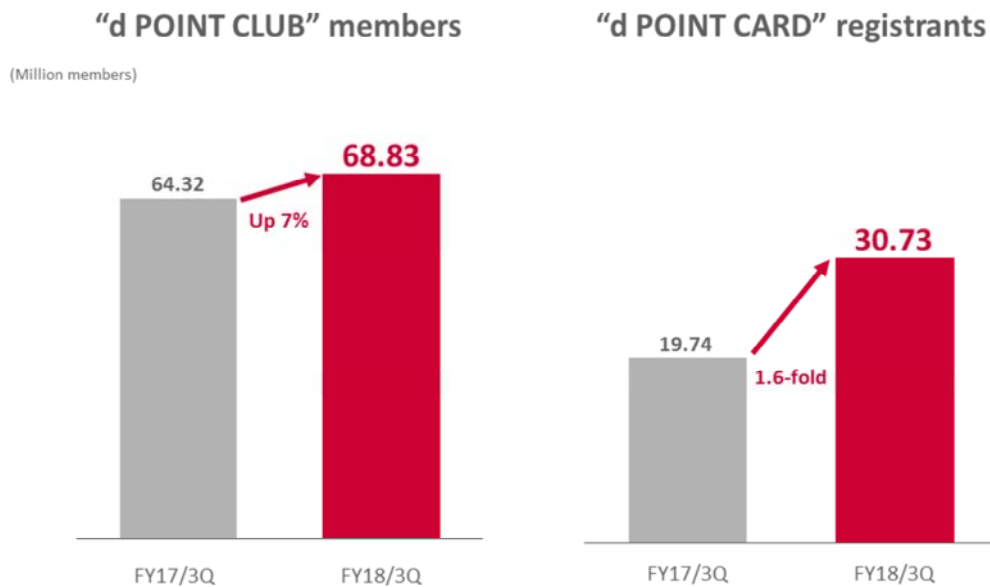
Operating profit grew by 64.4 billion yen impacted mainly by;

- A drop in mobile telecommunications services revenues of 19.7 billion yen resulting from stepped up customer return measures;
- An increase of optical fiber broadband service revenues of 46.8 billion yen;
- A decrease in other operating revenues of 9.1 billion yen due to the impact of the transfer of Radish-boya business and other factors; and
- A growth in selling related revenues of 46.4 billion yen owing to an increase in the wholesale unit price of handsets.

Operating expenses recorded a year-on-year increase of 18.5 billion yen.

As a consequence, operating profit grew by 45.9 billion yen over the same period of the previous fiscal year to 902 billion yen.

“d POINT CLUB” Members



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

About “d POINT CLUB” membership.

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

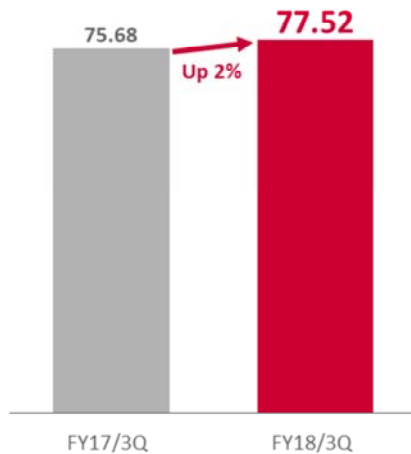
As of Dec. 31, 2018, the total number of “d POINT CLUB” members reached 68.83 million, of which the number of “d POINT Card registrants” (which represents the number of users who can earn and use “d POINTs” at participating stores) increased by 1.6-fold from the number a year ago to 30.73 million.

Telecommunications Business Operational Performance (1)

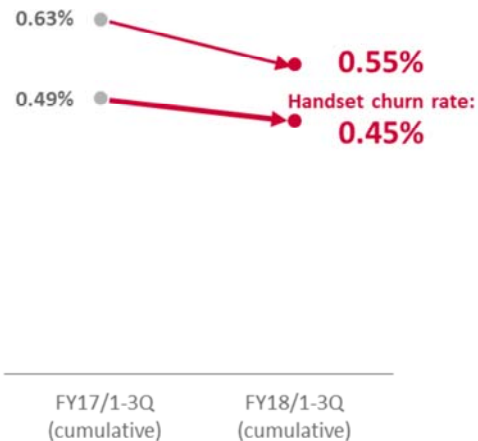
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Mobile telecommunications service subscriptions

(Million subs)



Churn rate



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

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From here, I will explain the operational performance of our telecommunications business.

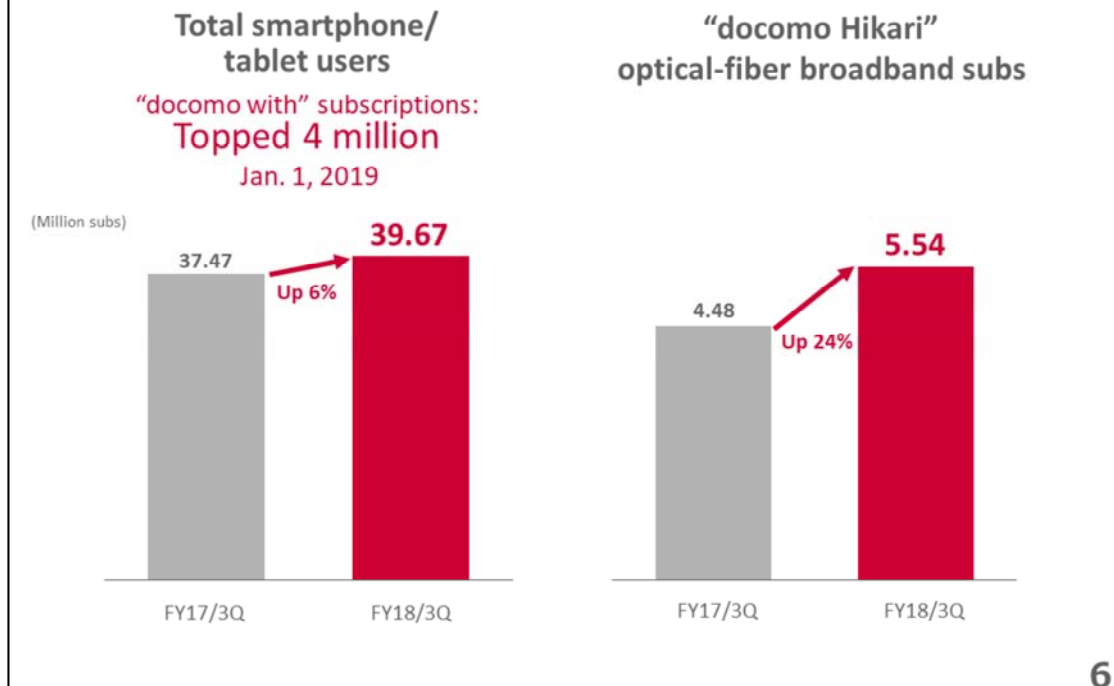
The total mobile telecommunications subscriptions grew by 2% year-on-year to 77.52 million.

Churn rate was 0.55%, and the handset churn rate, in particular, was 0.45%.

Both indicators were maintained low and recorded an improvement from the previous fiscal year as a result of the execution of stepped up customer returns, rate plan consultation fairs and other measures.

Telecommunications Business Operational Performance (2)

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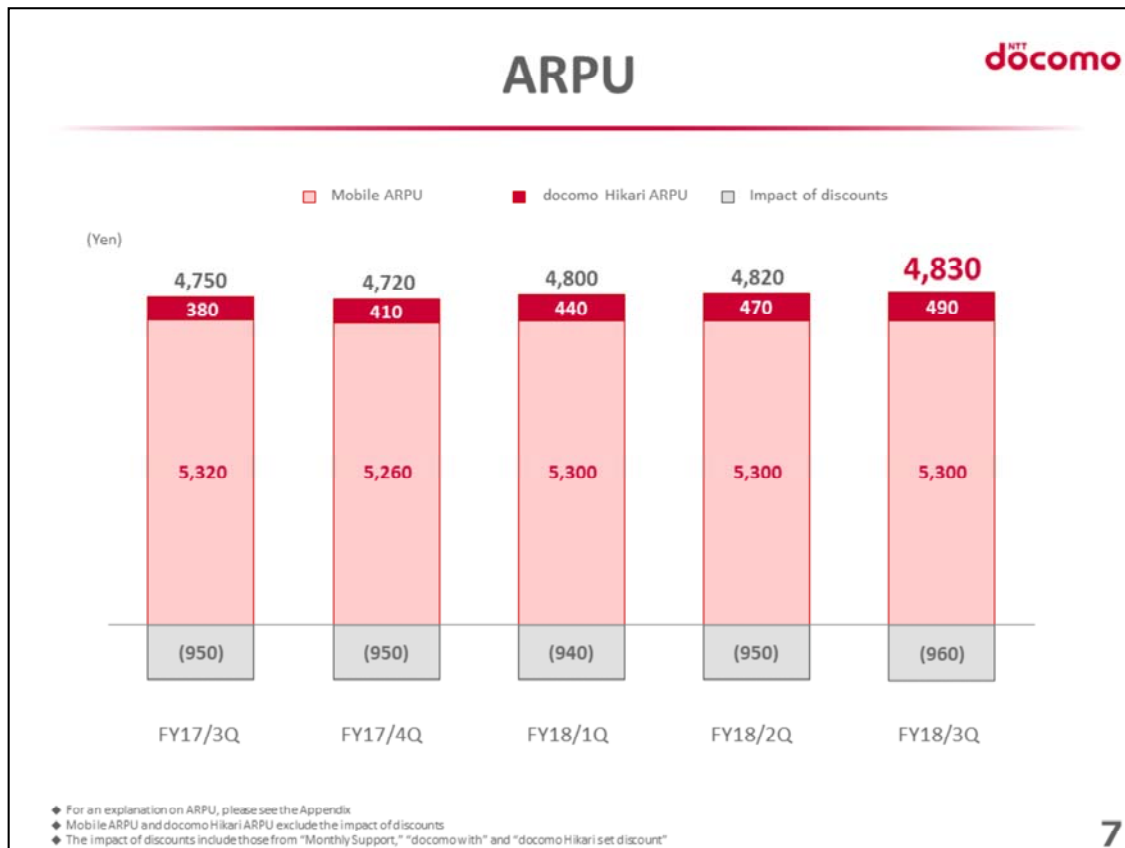


The total number of smartphone and tablet users increased by 6% year-on-year to 39.67 million.

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

The total number of “docomo with” subscriptions topped 4 million on Jan. 1, 2019.

The total number of “docomo Hikari” optical fiber broadband subscriptions reached 5.54 million, up 24% year-on-year.

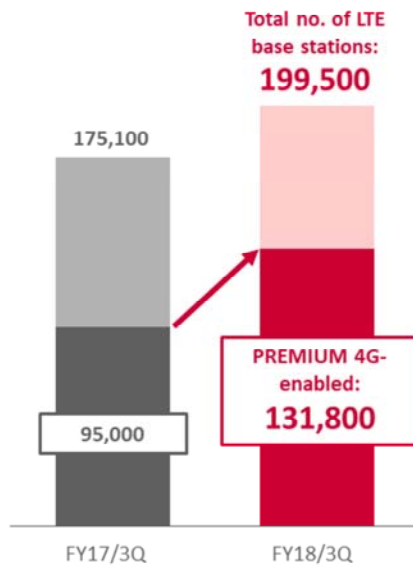


About our ARPU performance.

The aggregate ARPU (including the impact of Monthly Support and other discount programs) for FY2018/3Q increased by 80 yen year-on-year to 4,830 yen, because we successfully offset the negative impact from the customer return measures with the expansion of “docomo Hikari” subscriptions.

Network

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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.

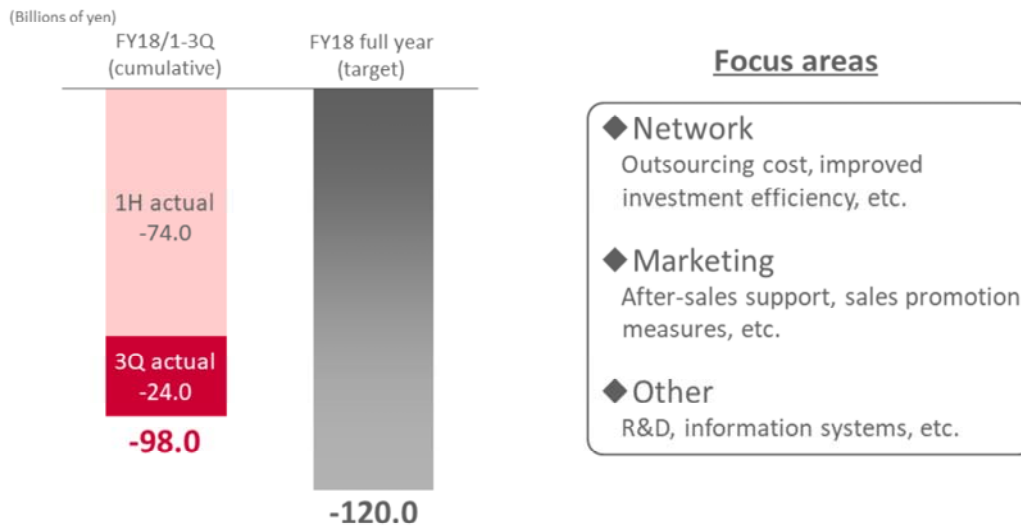
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Some comments about our network.

As of December 31, 2018, the total number of LTE base stations stood at 199,500, of which PREMIUM 4G-enabled base stations accounted for 131,800.

Further, we plan to offer high-speed communications services that deliver over 1Gbps in more than 340 cities across Japan.

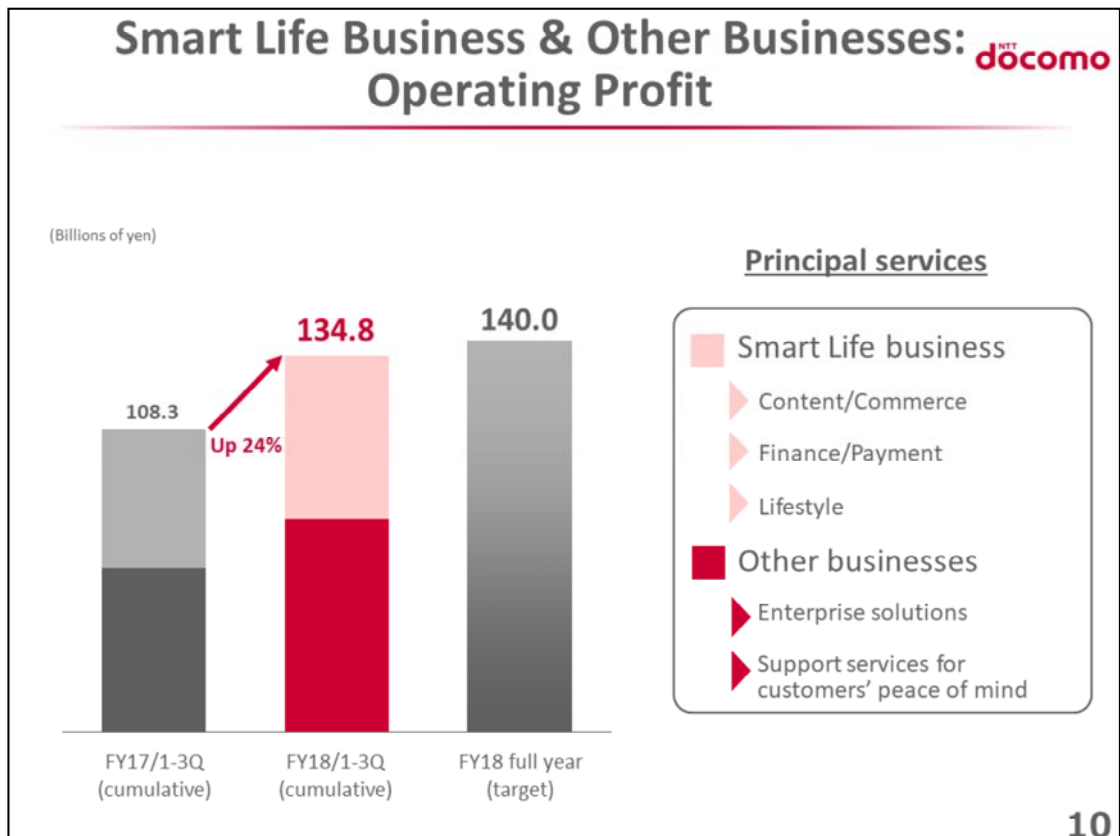
Cost Efficiency Improvement



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

This slide shows our cost efficiency improvement efforts.

We delivered cost efficiency improvement totaling 24 billion yen in the third quarter of FY2018 and a cumulative 98 billion yen for the first three quarters of FY2018, making a steadfast progress towards our full-year target of 120 billion yen.



This shows the operating profit from Smart life business and Other businesses, which grew by 24% year-on-year to 134.8 billion yen.

We are making a favorable progress vis-à-vis our full-year guidance of 140 billion yen.

The main drivers behind the 134.8 billion-yen operating profit 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%.

New Live Performance Experience **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:

docomo

NTT 55

LIVE VIEWING JAPAN

TOWER RECORDS

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We launched on Jan. 18, 2019 a new sensory service, called “Shintaikan Live,” as part of our content/commerce offerings. The service offers three distinctive features:

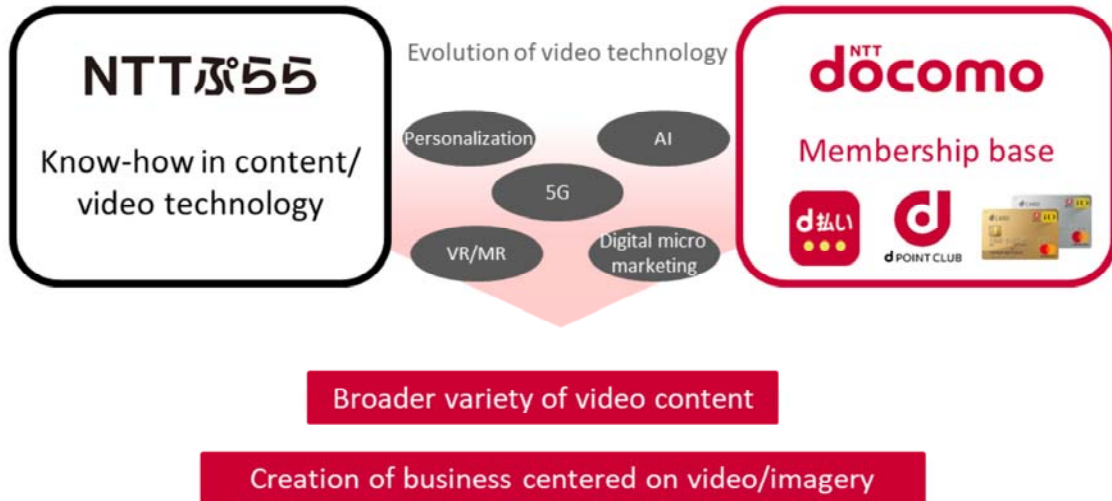
- (1) The “multi-angle live” which allows customers to purchase live distribution of music performances individually for each piece of content, selecting a camera angle of their choice;
- (2) “AR figure” of artists that pops up and performs music by holding a smartphone close to the physical product; and
- (3) The “TIG” technology that allows users to intuitively and directly access information they are keen to know just by a touch on a part of the screen that draws their attention.

The content lineup available at this juncture is as shown in the slide. We plan to further enrich our offerings by adding more compelling content in the future, so please stay tuned.

NTT Plala Integration

NTT docomo

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



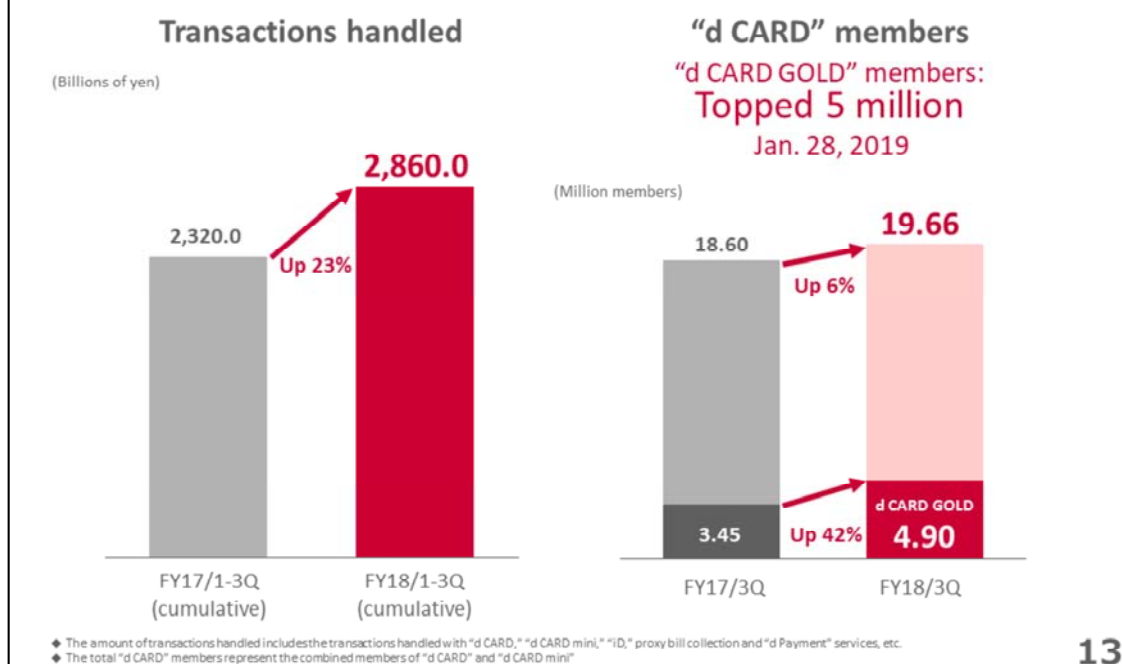
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Without limiting to the “Shintaikan Live” service that I just introduced, we will strive to respond to the diversifying customer needs in the video delivery market, to drive further growth and realize style innovation.

To accelerate these undertakings, we have decided to acquire NTT Plala as our subsidiary.

We expect to achieve synergies by combining DOCOMO’s membership base with NTT Plala’s know-how in content and video technology, with the aim of expanding its business size over the medium term to 300 billion yen in FY2025.

Finance/Payment Services



Regarding our finance/payment services, the total amount of transactions processed with our finance/payment services grew by 23% year-on-year to 2,860 billion yen.

As of Dec. 31, 2018, we had 19.66 million "d CARD" members. The total number of "d CARD GOLD" members continued to rise to 4.9 million as of Dec. 31, 2018, up 42% from the number a year earlier, and surpassed the 5 million mark on Jan. 28, 2019.

The total amount of transactions handled with our finance/payment services have continued to expand steadily as a result of expanded adoption and usage of "d CARD" and "d Payment," etc.

“d Payment”

docomo



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

amazon

あなたと、コンビニ、
FamilyMart

JapanTaxi

◆ 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.

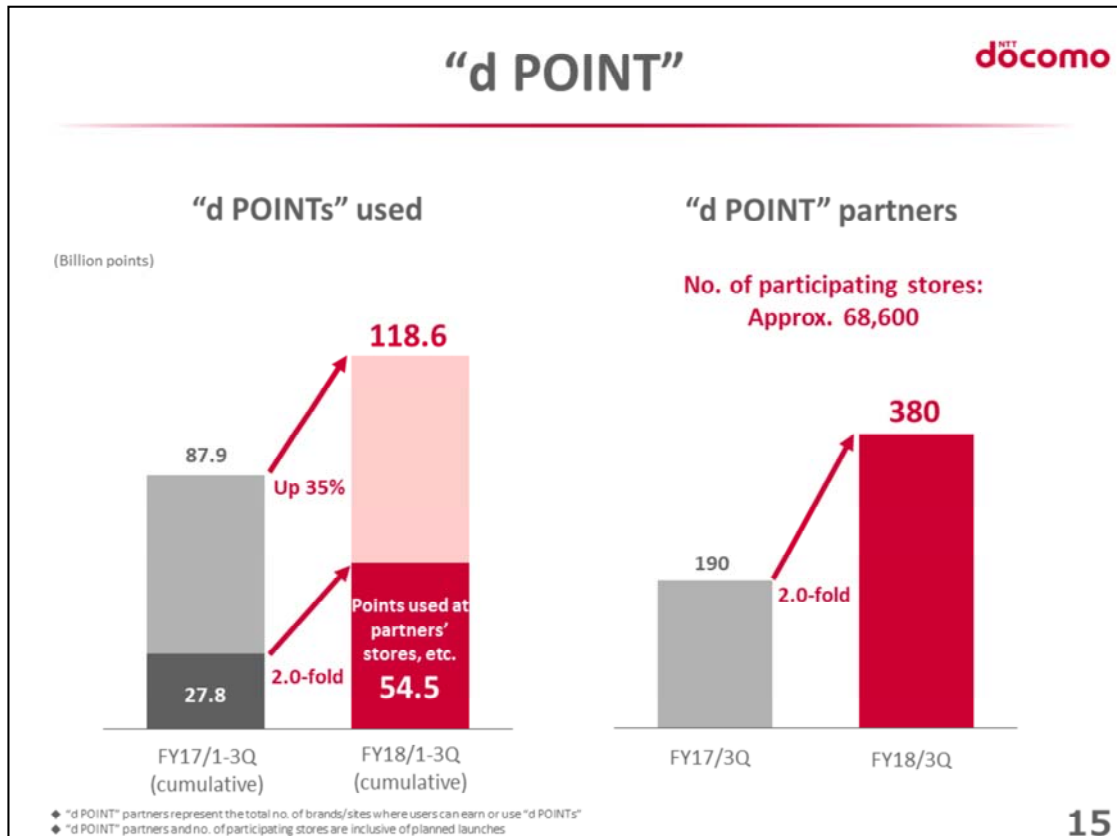
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The total number of “d Payment” apps downloaded in the nine months after its release on Jan. 5, 2018 exceeded 2 million.

The numbers of “d Payment”-compatible sites and participating stores have both continued to increase at a favorable pace, with Amazon, Family Mart and JapanTaxi starting handling “d Payment” from December 2018.

We will continue our endeavors for further expansion of “d Payment” service.

“d POINT”



About our “d POINT” program.

The total “d POINTS” used recorded an increase of 35% year-on-year to 118.6 billion points, of which usage at “d POINT” partner stores accounted for 46%, or 54.5 billion points, doubling from the same period of the previous fiscal year.

In addition, the number of “d POINT” partners doubled from a year ago to 380, and the number of participating stores more than doubled to approximately 68,600.

From December 2018, we enabled the use of “d POINTS” in Hawaii. Going forward, we will actively expand the number of “d POINT” participating stores not only in Japan but also overseas, to make the program even more attractive and convenient both for “d POINT CLUB” members as well as our partners.

No. of +d partners growing steadily



This section features several logos and text boxes. At the top left, a red box says "Expansion of 'd POINT' participating stores" with "Announced October" below it, next to the d POINT logo. To its right, another red box says "Trial of real-time AI sales prediction" with "Announced November" below it, next to the Saizeriya logo. In the middle, a red box says "Collaboration agreement with Kumamoto City for promoting use of ICT in education" with "Announced October" below it, next to the logos for Kumamoto City, Kumamoto University, and Prefectural University of Kumamoto. At the bottom, a red box says "Agreement for economic vitalization of Miura Peninsula region" with "Announced November" below it, next to the logos for Yokohama Bank, Concordia, and Keikyu.

◆ No. of "+d" partners: The no. of partners that have jointly created new value by integrating DOCOMO's business assets with their own assets

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

The number of “+d” partners has continued to expand at a favorable pace, reaching 737 as of December 31, 2018, including the new partners listed in this slide.

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

Medium-Term Strategy

docomo

“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”

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From here, I will talk about the progress of the concrete actions we have implemented in accordance with our Medium-Term Strategy 2020 “Declaration beyond”.

As for the initiatives to deliver “value and excitement to customers,” under Declaration 1, we launched the “Welcome Sumaho Wari” discount program for first-time smartphone users and “special benefits for smartphone users over 60 years old.” We have also rolled out “rate plan consultation fairs” to actively propose the optimal rate plan that gives greater savings to customers based on their actual usage.

Under Declaration 2, we announced the launch of “DOCOMO Lending Platform” which is planned for spring of 2019.

Under Declaration 3, we have implemented various measures aimed to shorten customers’ wait time one after another. We plan to increase the number of docomo Shops that allows customers to reserve their shop visit time in advance to over 300 stores. We will also deploy storage battery and multi-chargers to all docomo Shops as part of the disaster preparedness reinforcement measures of docomo Shops.

Medium-Term Strategy

“Declaration beyond”: Actions Taken (2)

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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.

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

Under Declaration 4, we launched various AI-based services and solutions, including the real-time sales prediction service for restaurants.

Under Declaration 5, we announced that we succeeded in realizing the world’s first glass antenna that can convert “a window into a base station,” which will allow us to build outdoor coverage without obstructing the scenery.

For Declaration 6, we organized DOCOMO Open House 2018. The event garnered more than 14,000 visitors and enjoyed great reviews by the visitors, who were able to experience the rich future DOCOMO envisages with 5G ahead of its commercial launch.

Other than what I explained just now, many other initiatives are currently underway. Going forward, we will further accelerate these efforts to deliver on “Declaration beyond” to build a richer future.

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

◆ The cumulative no. of own shares repurchased in accordance with the resolution adopted by the Board of Directors on Oct. 31, 2018

The results of our share repurchase program are summarized here.

We repurchased a total of some 258 million shares worth approximately 600 billion yen in the period between Nov. 7 and Dec. 7, 2018.

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.

A summary of FY2018/3Q results is provided here.

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



Under the business 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” and “5G rollout and business creation.” Through these undertakings, 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 $\left(\frac{\text{No. of users at the end of previous month} + \text{No. of users at the end of current month}}{2} \right)$ 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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