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# **FY2019/1Q**

# **Results Presentation**

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**July 26, 2019**

# FY2019/1Q Results Highlights

IFRS

(Billions of yen)	FY2018/1Q (1)	FY2019/1Q (2)	Changes (2) – (1)	Changes (%)
Operating revenues	1,176.7	1,159.3	- 17.4	- 1.5%
Operating profit	309.9	278.7	- 31.2	- 10.1%
Profit attributable to shareholders of NTT DOCOMO, INC.	218.3	192.3	- 26.0	- 11.9%
Adjusted free cash flow	47.2	151.5	+104.3	+221.0%
Capital expenditures	124.9	97.9	- 27.1	- 21.7%

◆ 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. In association with the adoption of IFRS16 "Lease" effective Apr. 1, 2019, lease-related expense items are reclassified into "depreciation/amortization" from previously "cost of equipment sold and services, and other expenses" and "communication network charges." The figure above represents the amount excluding this impact, etc.

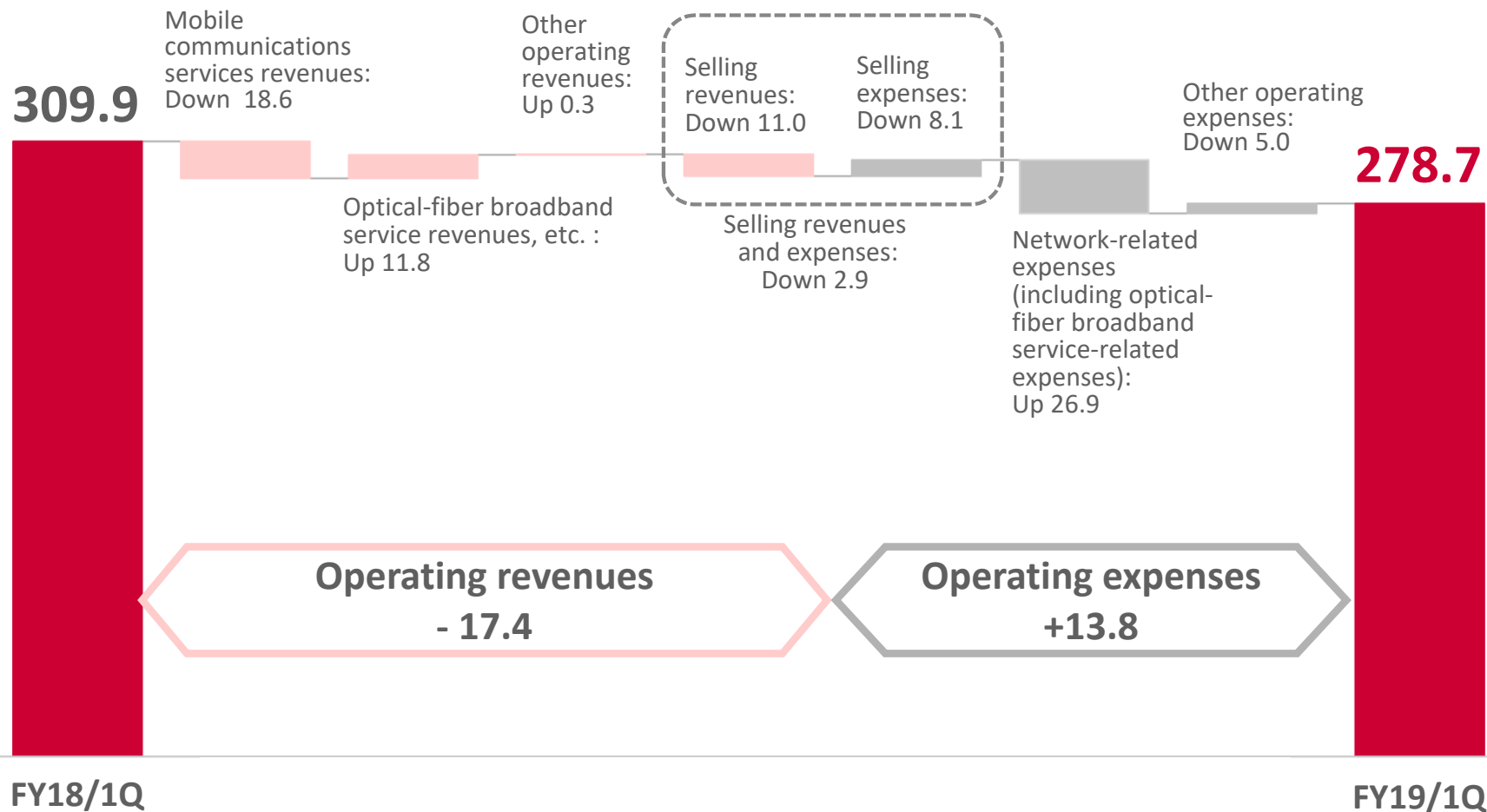
# Results by Segment

IFRS

(Billions of yen)		FY2018/1Q (1)	FY2019/1Q (2)	Changes (2) – (1)
Telecommunications business	Operating revenues	963.6	945.1	- 18.4
	Operating profit	266.6	231.2	- 35.4
Smart life business	Operating revenues	109.7	111.3	+1.7
	Operating profit	19.1	18.7	- 0.4
Other businesses	Operating revenues	109.1	109.4	+0.3
	Operating profit	24.1	28.8	+4.7
<Ref.> Smart life business and Other businesses	Operating revenues	218.7	220.8	+2.0
	Operating profit	43.3	47.5	+4.2

# Key Factors behind Changes in Operating Profit

(Billions of yen)



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

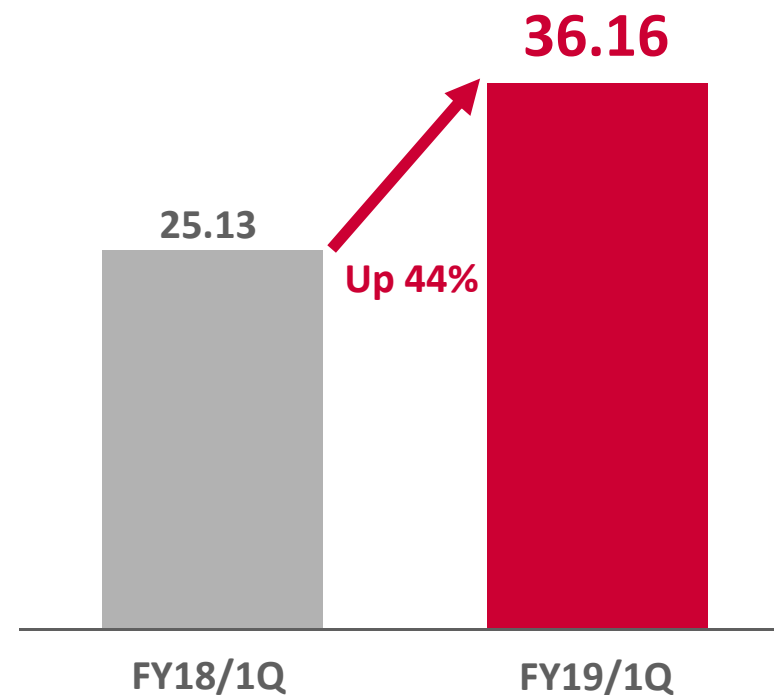
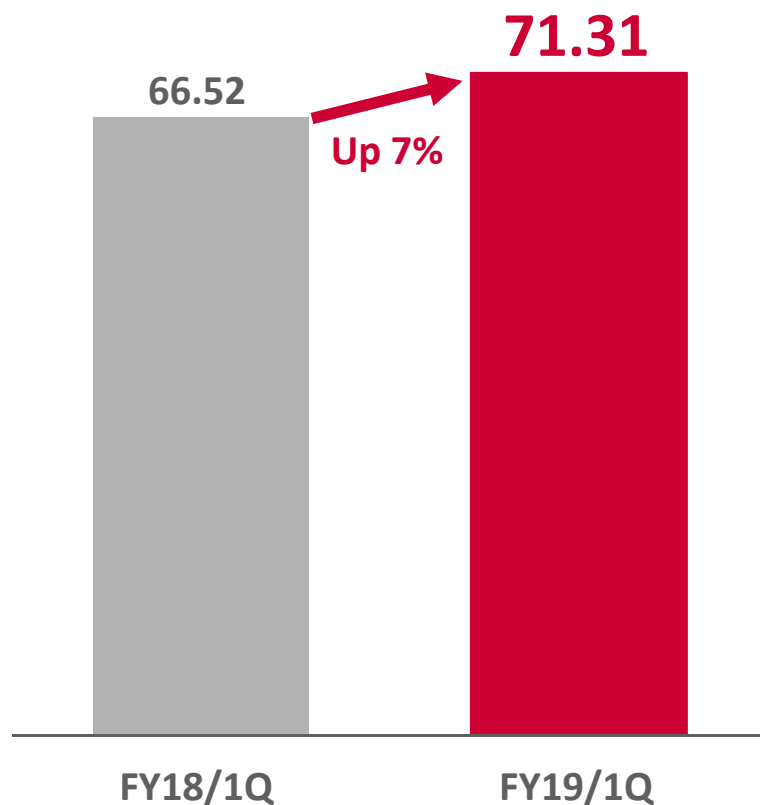
◆ Network-related expenses represent the sum of depreciation/amortization, loss on disposal of property, plant and equipment and intangible assets, and communication network charges.

# “d POINT CLUB” Members

## “d POINT CLUB” members

## “d POINT CARD” registrants

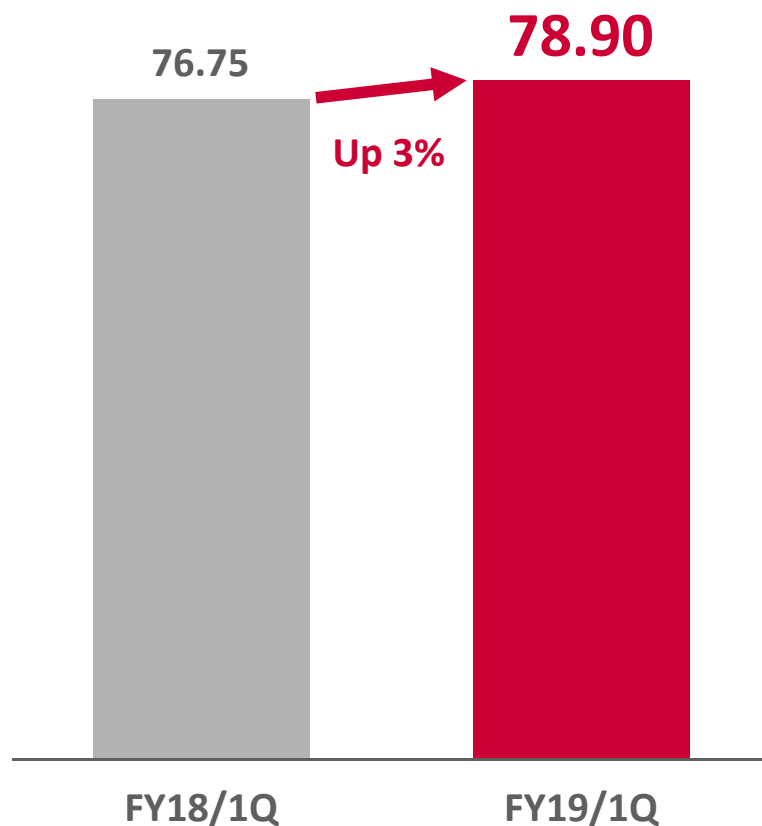
(Million members)



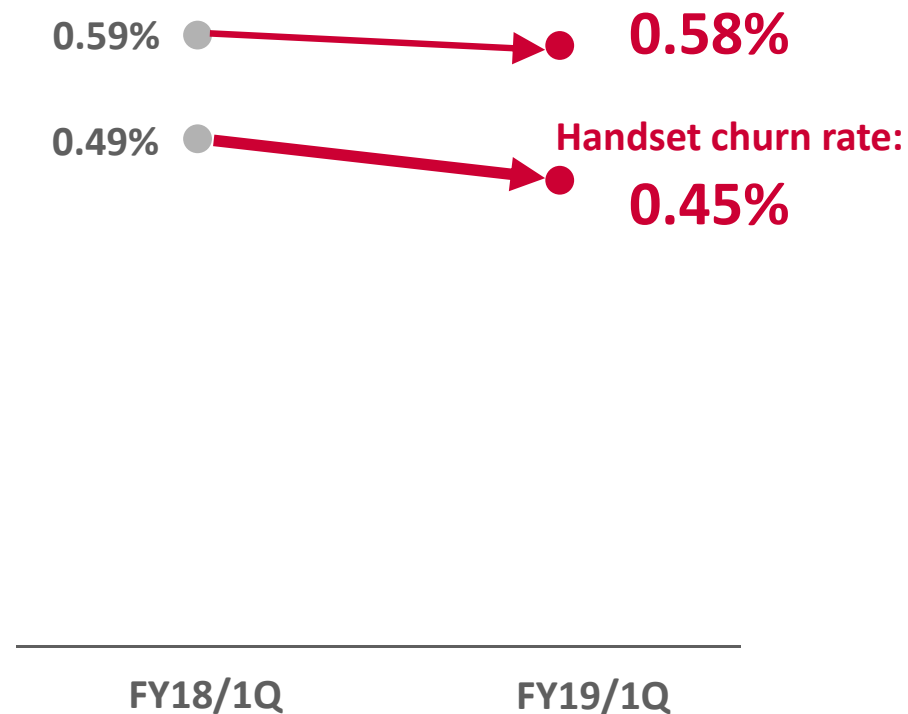
# Telecommunications Business Operational Performance (1)

## Mobile telecommunications service subscriptions

(Million subs)



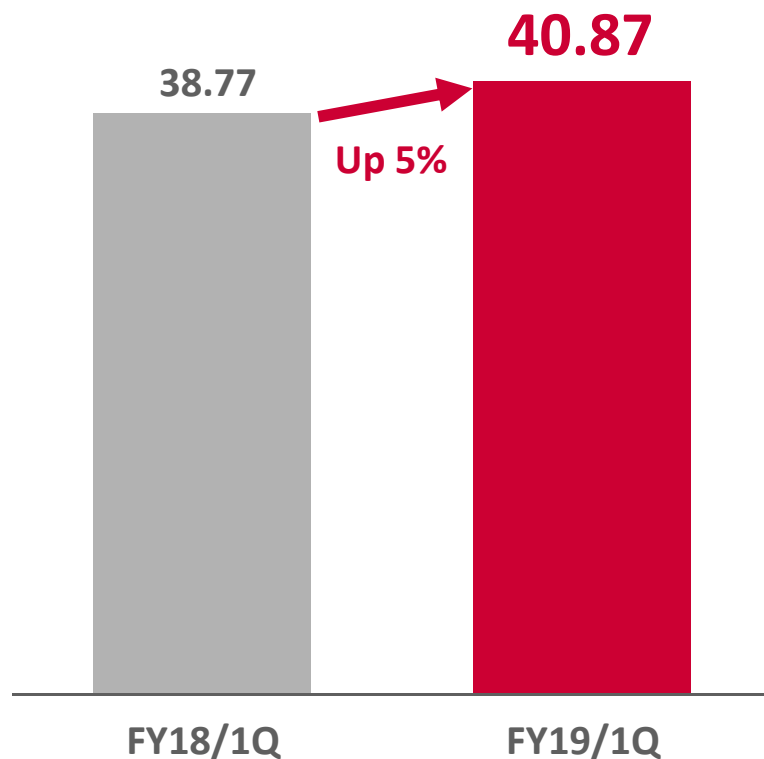
## Churn rate



# Telecommunications Business Operational Performance (2)

## Total smartphone/ tablet users

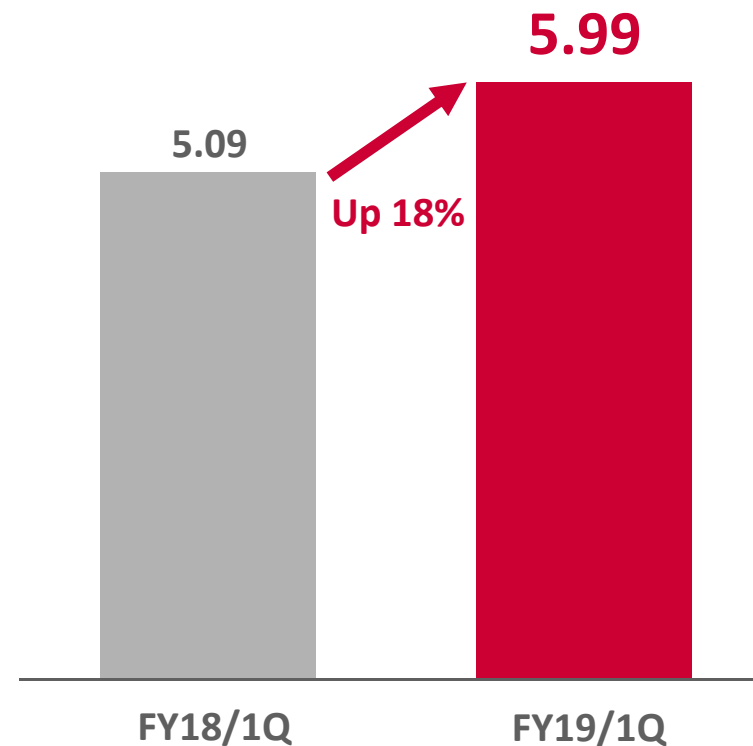
(Million)



## “docomo Hikari” optical-fiber broadband subs

(Million subs)

**Topped 6 million**  
Jul. 8, 2019

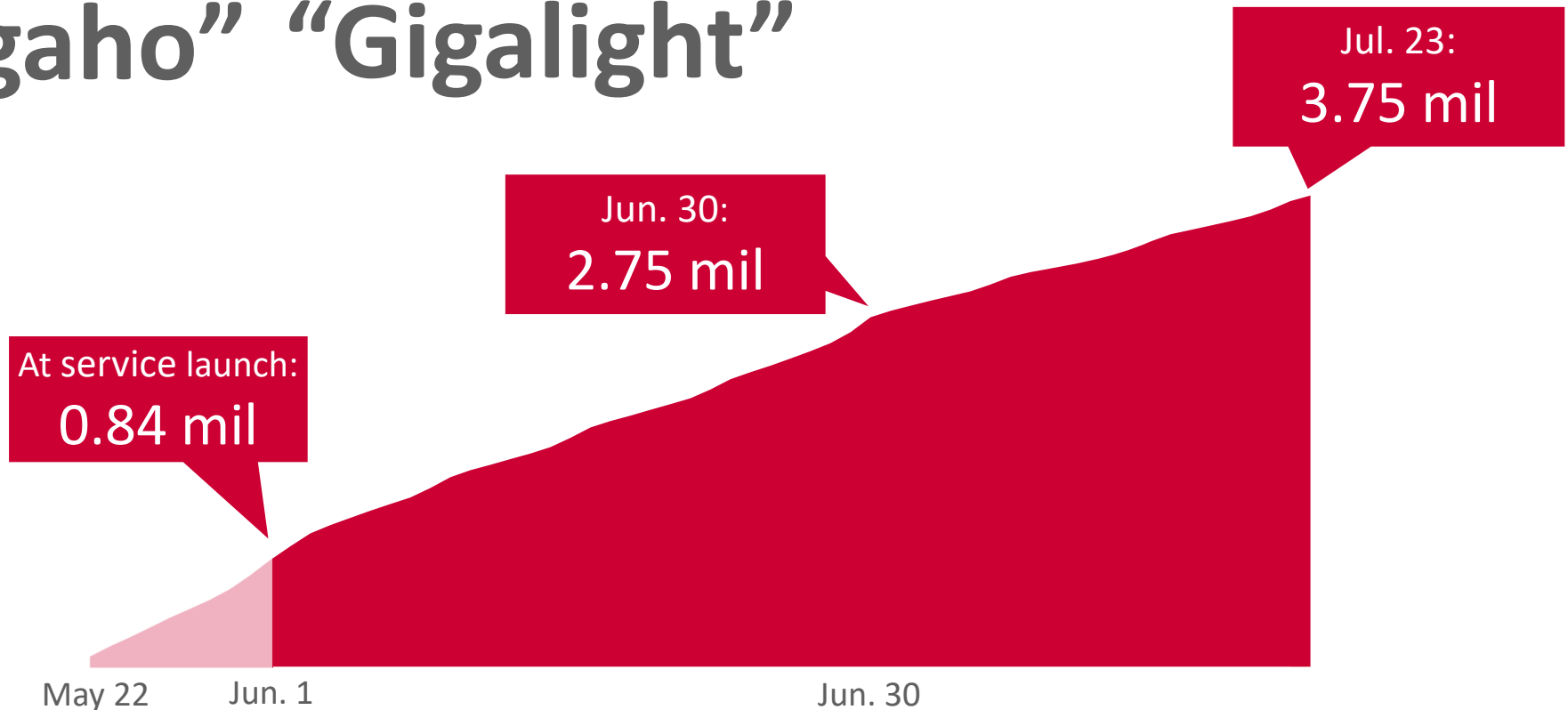


# New Rate Plans

**No. of applications: 3.75 million**

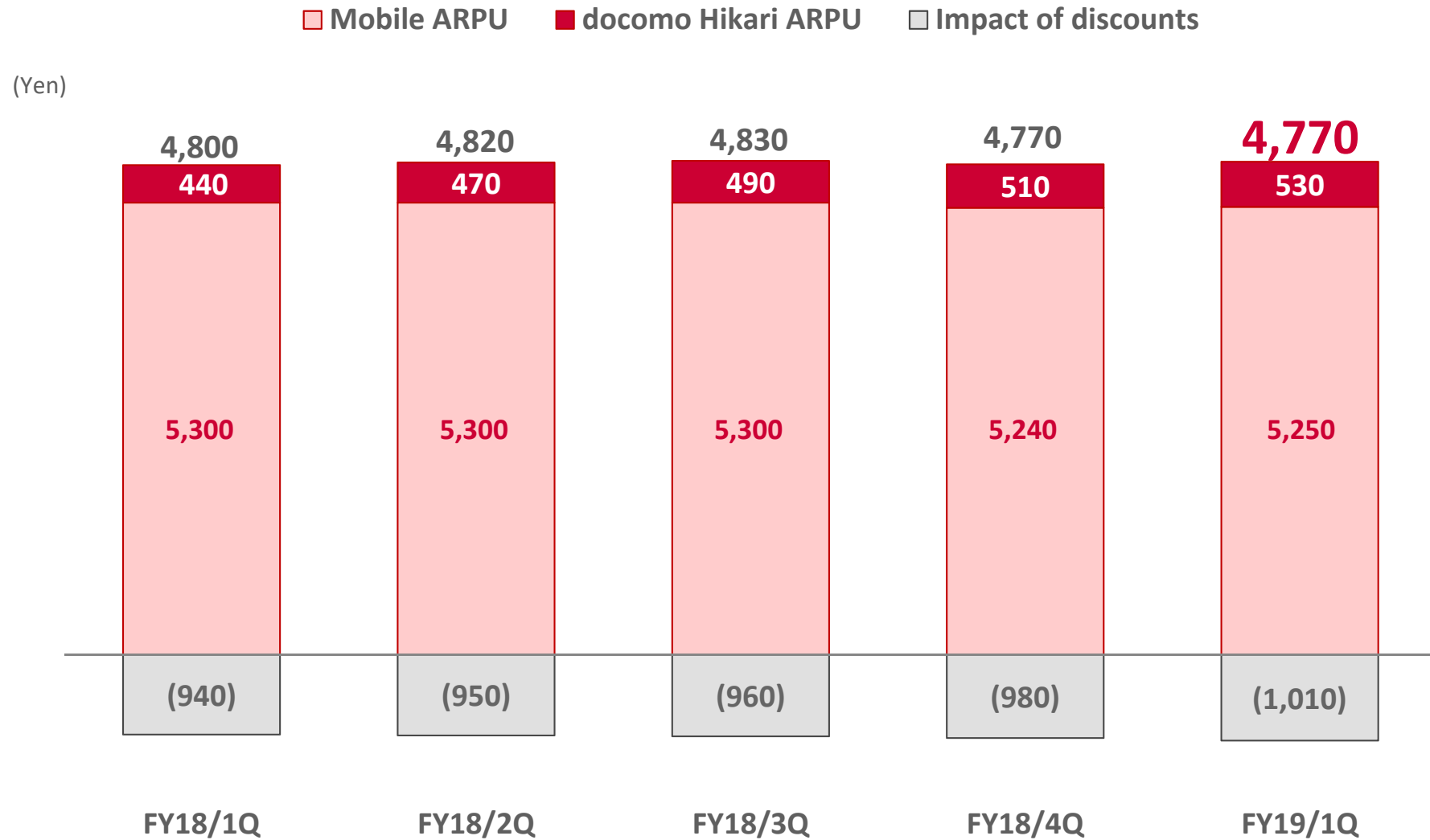
“Minna DOCOMO Wari” application rate: Approx. 85%

**“Gigaho” “Gigalight”**





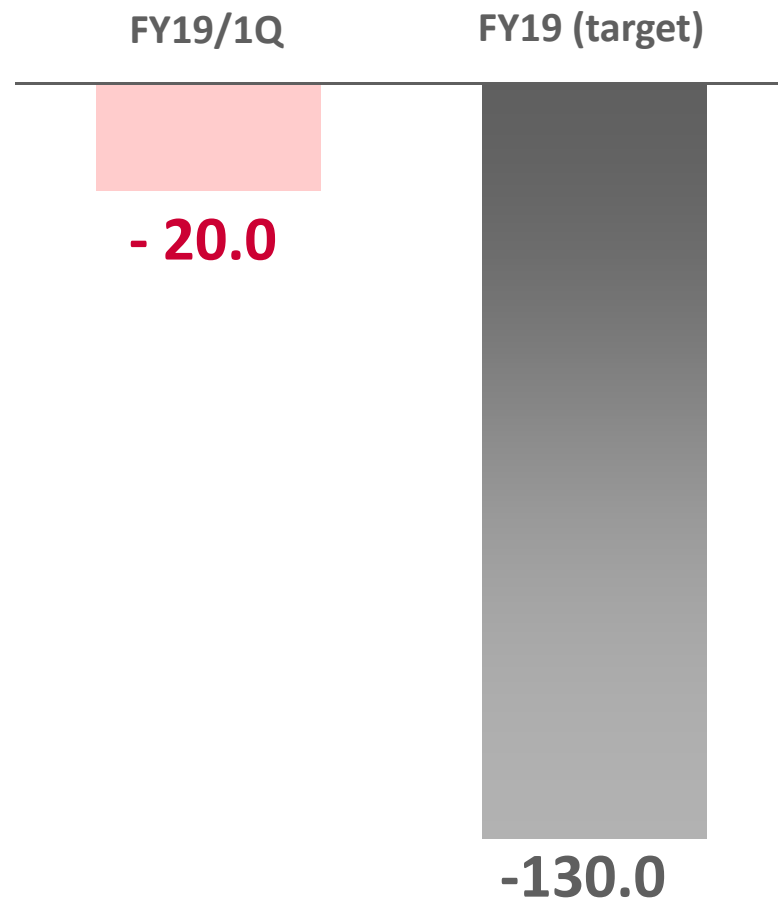
# ARPU



- ◆ For an explanation of 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.”

# Cost Efficiency Improvement

(Billions of yen)



## Focus areas

### ◆ Marketing

Sales promotion measures, after-sales support, etc.

### ◆ Network

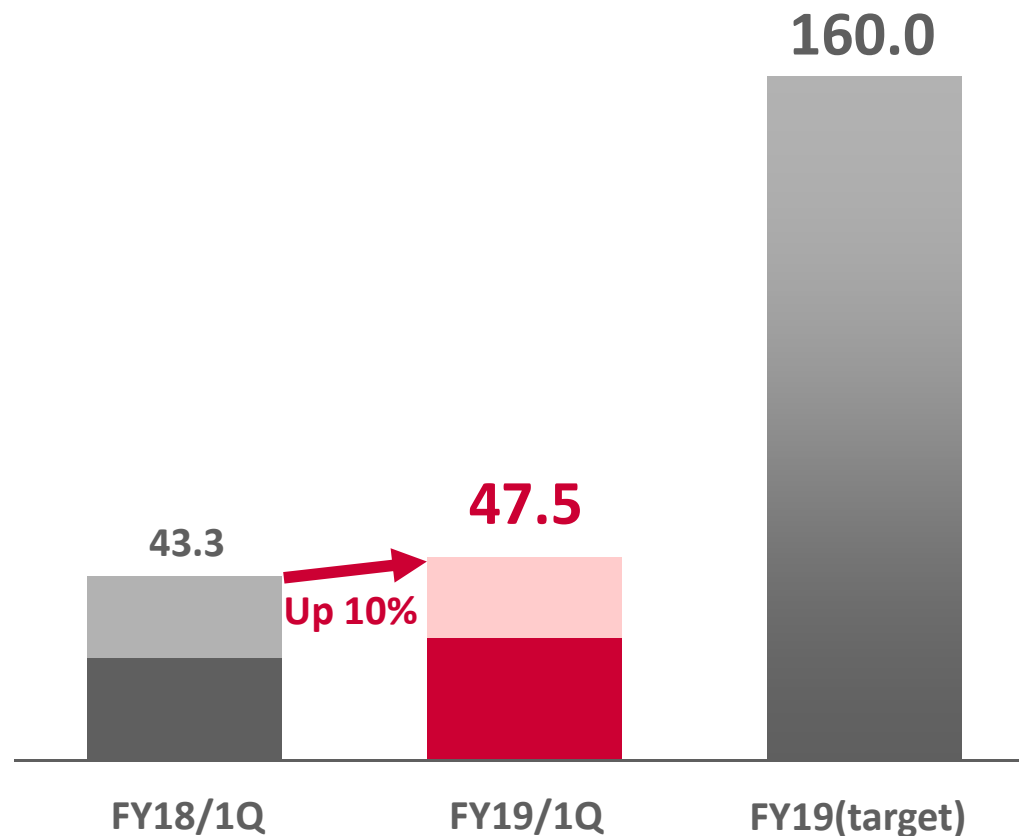
Equipment integration, outsourcing cost, etc.

### ◆ Other

R&D, information systems, etc.

# Smart Life Business & Other Businesses: Operating Profit

(Billions of yen)



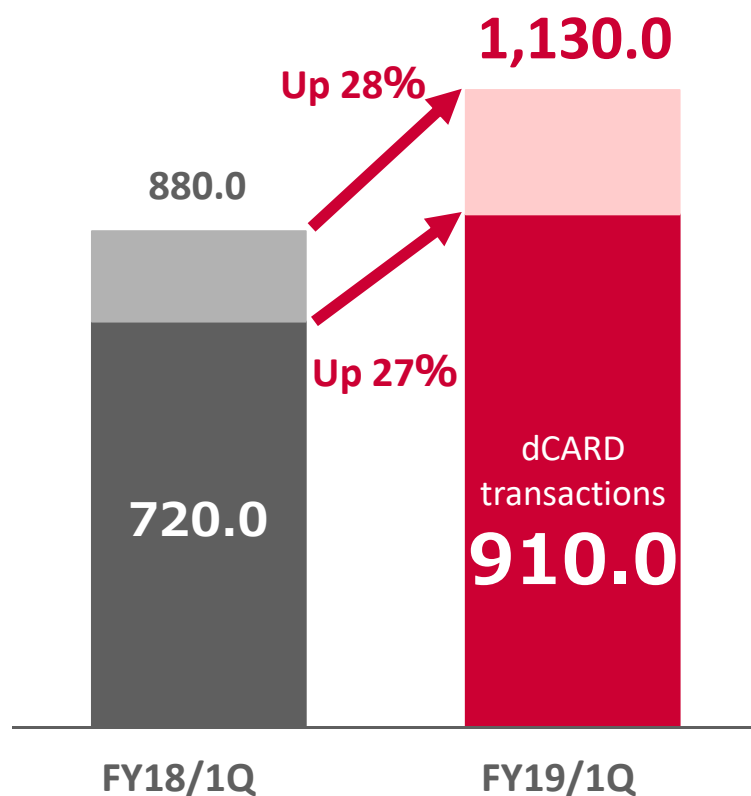
## Principal services

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

# Finance/Payment Services

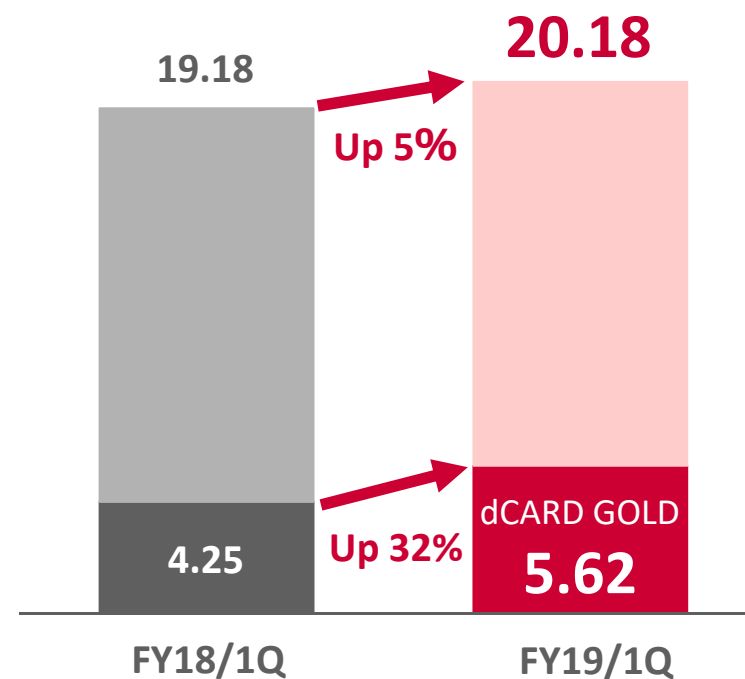
## Transactions handled

(Billions of yen)



## "d CARD" members

(Million members)



- ◆ The amount of transactions handled includes the transactions handled with "d CARD", "iD," "d Payment" and proxy bill collection service, etc.
- ◆ The amount of "d CARD" transactions and no. of "d CARD" members include those of "d CARD mini."

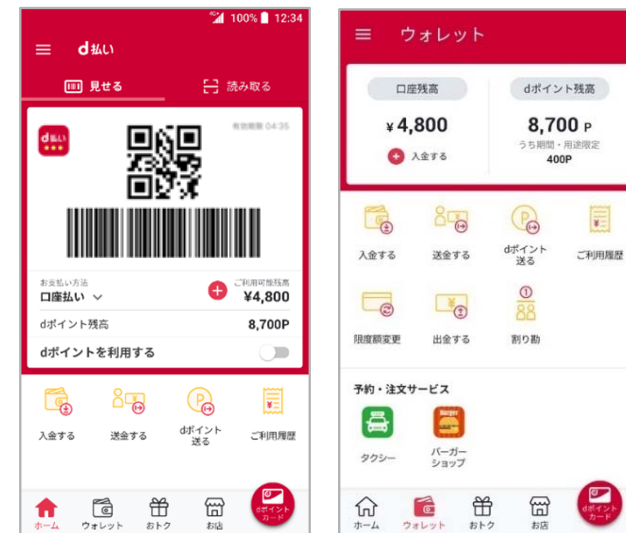
# Expansion of Smartphone Payment



“d Payment” app downloads:  
**Topped 7 million**

Locations where payment/  
point services are available:  
**1.11 million**

**New “d Payment” features  
planned for launch one after another**



- (1) “Scan” payment capability for small-scale retail shops:  
Launched in June
- (2) Wallet feature (charge, remittance, etc.) :  
Planned for launch in September
- (3) “d Payment” mini app (collaboration with merchants):  
Planned for launch in autumn or beyond

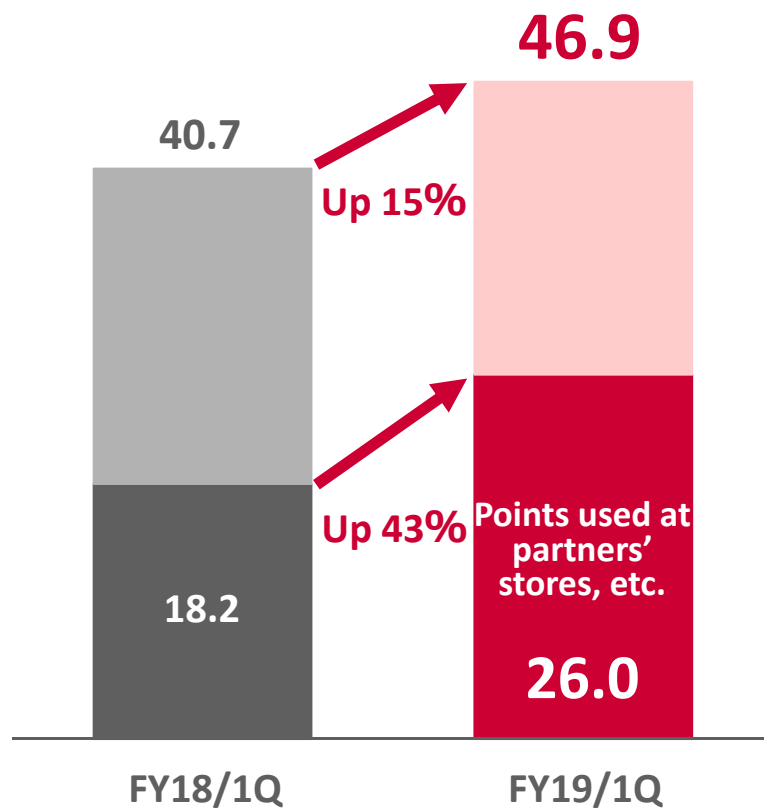
◆ “d Payment” app downloads topped 7 million on Jul. 14, 2019 after its release on Apr. 25, 2018.

◆ Locations where payment/point services are available represent the combined no. of locations where “d POINT,” “iD” and “d Payment” services can be used.

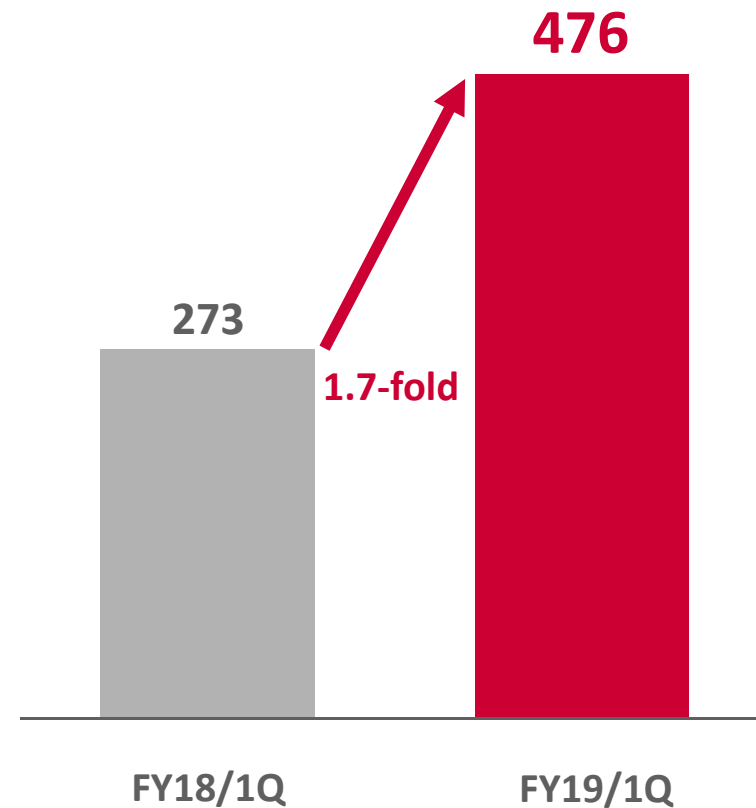
# “d POINT”

## “d POINTs” used

(Billion points)



## “d POINT” partners



- ◆ “d POINT” partners represent the total no. of brands/sites where users can earn or use “d POINTs.”
- ◆ “d POINT” partners are inclusive of planned launches.

# Expansion of +d partners



- ◆ No. of "+d" partners: The no. of partners that have jointly created new value by integrating DOCOMO's business assets with their own assets.
- ◆ Pizza Hut and Isetan Mitsukoshi handle only "d Payment" (online) service.

# Actions for 5G

## 5G pre-commercial service to be launched taking the opportunity of Rugby World Cup 2019™

For consumers



Rugby World Cup 2019™



Roll out 5G coverage in various locations across Japan

For enterprises



Regional vitalization  
Solution of social issues



# Rugby World Cup 2019™

NTT  
**docomo**

## Deliver new game viewing style at 8 stadiums & live viewing venues across Japan



Multi-angle viewing



High-presence live viewing



**To start Sept. 20**

# TOKYO GAME SHOW 2019

NTT docomo

## Present new world of gaming culture for the 5G era



e-Sports events with multiple simultaneous matches

New game watching experience



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## To be held Sept. 12-15, 2019



# 5G BUSINESS CAMP

Convened at 6 locations across Japan in Mar. - Jun. 2019. Efforts underway to convert the 33 exhibitions and other solutions into commercial business.

Image transmission



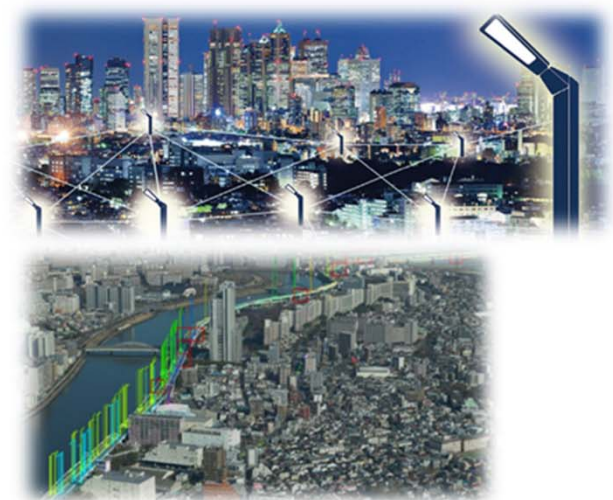
Remote medicine



DOCOMO 5G Open Partner Program

## 5G BUSINESS CAMP

Remote monitoring



xR



Robotics



Authentication/AI

# Medium-Term Strategy

## “Declaration beyond”: Actions Taken (1)

### Value & excitement to customers

#### Declaration 1

Market  
leader

### Functional enhancement of “+Message” service

Enable safe and secure message exchange with businesses using smartphones  
(Planned for launch in Aug. or beyond).

#### Declaration 2

Style  
innovation

### Development of blade-free drone

A no-propeller blimp-style drone that travels safely through the air with ultrasonic vibrations  
(Announced Apr. 17).

#### Declaration 3

Peace of mind  
and comfort  
support

### Initiatives for improved customer convenience through web/phone

Enhanced usability from “rate simulation” to “rate application” (May).  
→ 5.4 million users have already experienced “detailed rate simulation” (As of Jul. 23).  
Sped up processing by employing AI and interactive dialogue with customers (Jun.).

# Medium-Term Strategy

## “Declaration beyond”: Actions Taken (2)

### Value co-creation with partners

#### Declaration 4

Industry  
creation

#### Development of **solutions for foreign visitors/residents in Japan**

Commenced verification trial of “Japanese Language Training AI” (Announced Apr. 18).  
Commenced verification trial of foreign tourist behavioral analysis (Announced May 13).  
Started offering “Touch de Kaiwa” service (Launched May 22).

#### Declaration 5

Solution  
co-creation

#### Started offering **“docomo IoT Manufacturing Line Analysis”** solution for manufacturers

Contribute to enhancing productivity on the manufacturing floor (Launched Apr. 8).

#### Declaration 6

Partner business  
expansion

#### Started offering a new enterprise CRM solution, **“Fan Connect SP™”**

An end-to-end marketing platform connecting manufacturers directly with customers (Launched Jun. 24).

◆ SP: Sales Promotion

# Share Repurchase: Progress

- ▶ Acquisition method: Purchase on the Tokyo Stock Exchange market
- ▶ Period for share repurchase: May 7, 2019 - Jun. 30, 2019
- ▶ Aggregate no. of shares repurchased: Approx. 19.45 million shares
- ▶ Aggregate price of shares repurchased: Approx. ¥48.2 billion
- ▶ Remaining share repurchase authorization: Approx. ¥251.8 billion  
(through Apr. 30, 2020)

◆ The aggregate no. of shares repurchased described above represents the cumulative number of shares repurchased pursuant to the resolution approved at the Board of Directors meeting held on Apr. 26, 2019 (as of Jun. 30, 2019).(Counted on delivery basis).

# FY2019/1Q Summary

- ▶ Recorded ¥278.7 billion in operating profit, making a favorable progress toward full-year guidance.
- ▶ New rate plans garnered 3.75 million applications, and enjoy good reviews from customers.
- ▶ Moved forward with 5G network rollout, accelerating implementation of initiatives aimed at bringing 5G era into reality.
- ▶ No. of “d POINT CLUB” members grew to 71.31 million. No. of participating stores and point usage also continued to expand at a favorable pace.
- ▶ Achieved cost efficiency improvement of ¥20.0 billion, making progress as planned toward delivery of full-year target.
- ▶ Operating profit from Smart life business and Other businesses was ¥47.5 billion. Successfully expanded Finance/Payment services.
- ▶ Repurchased shares worth approx. ¥48.2 billion. Plan to continue market purchase.



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



The new of today, the norm of tomorrow



# Appendix

# Principal 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/ Lifestyle services

- “dTV” “d hits” “d shopping” “d fashion” “d travel” “d magazine” “d photo” “d healthcare”
- DAZN for docomo • Oak Lawn Marketing, Inc. • Tower Records Japan Inc. etc.

### Finance/Payment services

- d CARD • d CARD mini • iD • d Payment • Proxy bill collection etc.

## Other businesses

### Support services for customers peace of mind

- “Mobile Device Protection Service” • “Anshin Remote Support” etc.

### Enterprise solutions

- Enterprise IoT solutions • System development/sales/maintenance services 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 : Mobile ARPU Related Revenues (basic monthly charges, voice charges, communication charges) / No. of active users

- “docomo Hikari” ARPU : “docomo Hikari”-related revenues (basic monthly charges, voice communication charges) / No. of active users

\*ARPU excluding the impact of discounts are calculated without including the amounts of discounts applied in the relevant revenues.

## iii. Active Users Calculation Method

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

## iv.

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 "d POINT" 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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