
FY2019/1Q

Results Presentation



I will now begin the presentation of the results for the first quarter of the fiscal year ending Mar. 31, 2020 (FY2019/1Q).

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.

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The highlights of our FY2019/1Q results are summarized here.

Although operating revenues decreased by 17.4 billion yen year-on-year to 1,159.3 billion yen and operating profit by 31.2 billion yen year-on-year to 278.7 billion yen, we achieved a favorable progress toward our full-year guidance.

Profit attributable to shareholders of NTT DOCOMO, INC. recorded a year-on-year drop of 26 billion yen to 192.3 billion yen. Adjusted free cash flow, on the other hand, grew by 104.3 billion yen to 151.5 billion yen.

Although we recorded a decrease in both revenues and profit, as we presented in our medium-term management strategy, this fiscal year we aim to establish a solid path toward profit recovery by strengthening our customer base through our new rate plans, "Gigaho" and "Gigalight," steadily expanding Smart life business and Other businesses and delivering cost efficiency improvement larger than last year.

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		218.7	220.8	+2.0
		43.3	47.5	+4.2

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This slide shows the results by segment.

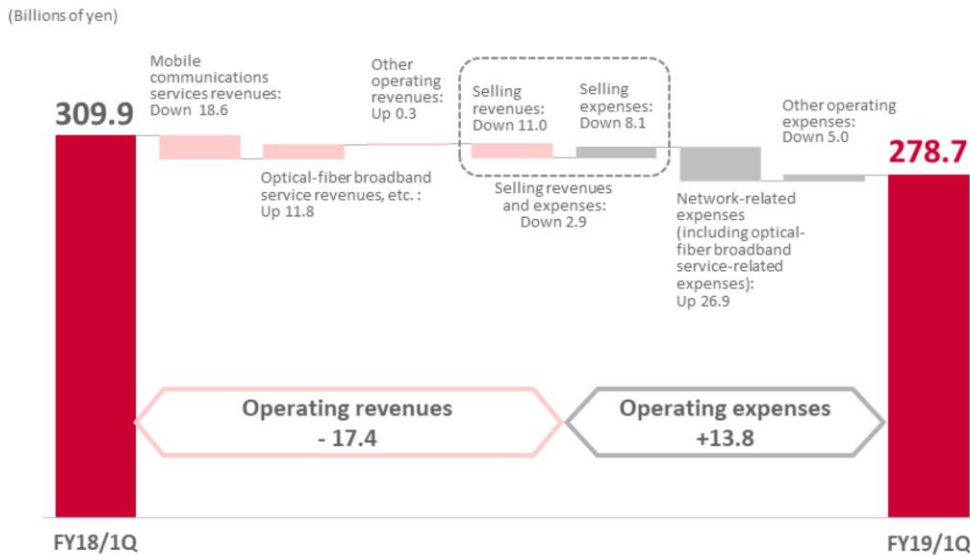
In “Telecommunications business,” operating revenues and profit decreased by 18.4 billion yen and 35.4 billion yen, respectively, compared to the same period of the previous fiscal year.

As for “Smart life business” and “Other businesses” combined, operating revenues and operating profit recorded a year-on-year increase of 2 billion yen and 4.2 billion yen, respectively.

Key Factors behind Changes in Operating Profit

NTT docomo

IFRS



◆ 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.

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This slide explains the key factors behind the year-on-year changes in operating profit. Operating revenues posted a decrease of 17.4 billion yen due mainly to:

- A decrease in mobile communications services revenues of 18.6 billion yen due to the expanded impact from the customer return measures;
- An increase of optical-fiber broadband service revenues of 11.8 billion yen;
- An increase in other operating revenues of 0.3 billion yen; and
- A drop in selling revenues of 11 billion yen owing to a reduction in the number of wholesale handsets sold, etc.

Operating expenses recorded an increase of 13.8 billion yen due mainly to a rise in point expenses, etc., but this was already factored in our business plan.

Consequently, operating profit amounted to 278.7 billion yen, down 31.2 billion yen year-on-year.

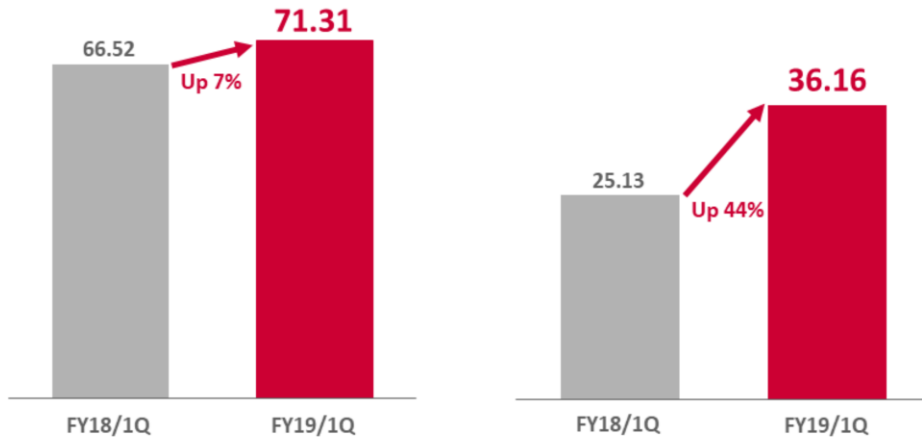
As I mentioned earlier, we achieved a favorable progress in FY2019/1Q vis-a-vis our full-year guidance.

“d POINT CLUB” Members

“d POINT CLUB” members

“d POINT CARD” registrants

(Million 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.

This is about “d POINT CLUB” membership.

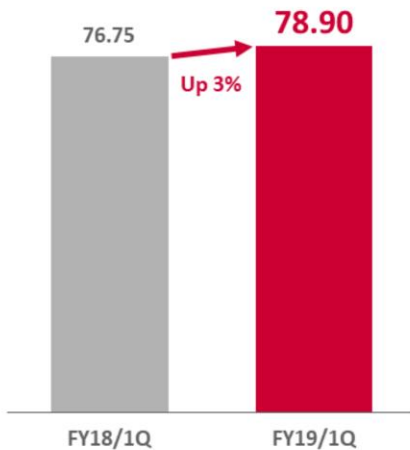
The total number of “d POINT CLUB” members reached 71.31 million as of Jun. 30, up 7% from the number a year ago.

Among them, the total number of “d POINT CARD registrants” (i.e., the number of users who can earn and use points at participating stores) grew 44% in the last 12 months to 36.16 million.

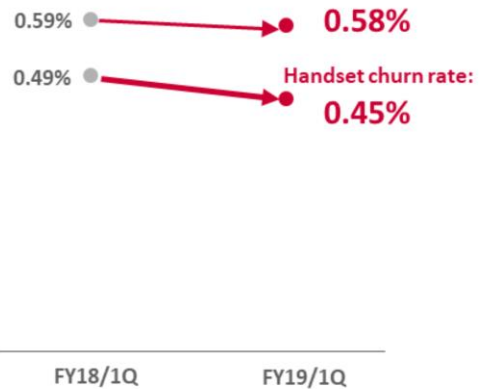
Telecommunications Business Operational Performance (1)

Mobile telecommunications service subscriptions

(Million subs)



Churn rate



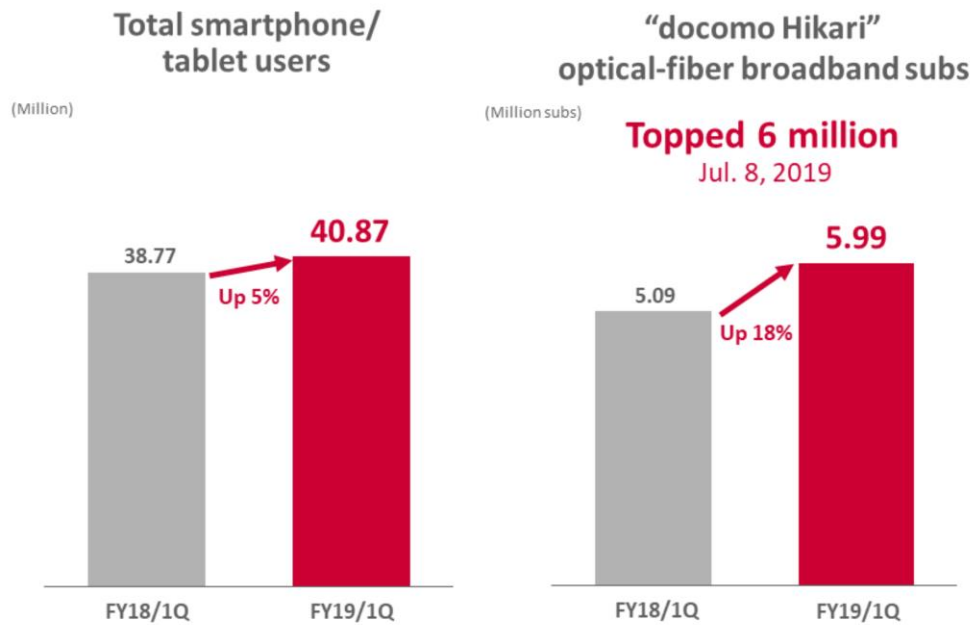
◆ Handset churn rate indicates the combined churn rate for smartphones and feature phones.

As for the operational performance of our telecommunications business, the total number of mobile telecommunications subscriptions grew to 78.90 million, up 3% year-on-year.

Churn rate excluding MVNO subscriptions was 0.58%.

The handset churn rate, in particular, achieved a significant improvement to 0.45% as we successfully reduced churns through the introduction of the new rate plans, enrichment of our “d POINT” loyalty program and addition of new services pivoted on our membership base.

Telecommunications Business Operational Performance (2)



The total number of smartphone and tablet users increased by 5% from the level a year ago to 40.87 million.

The total number of “docomo Hikari” subscriptions increased by 18% year-on-year to 5.99 million as of Jun. 30, and continued to grow thereafter to surpass the 6 million mark on Jul. 8.

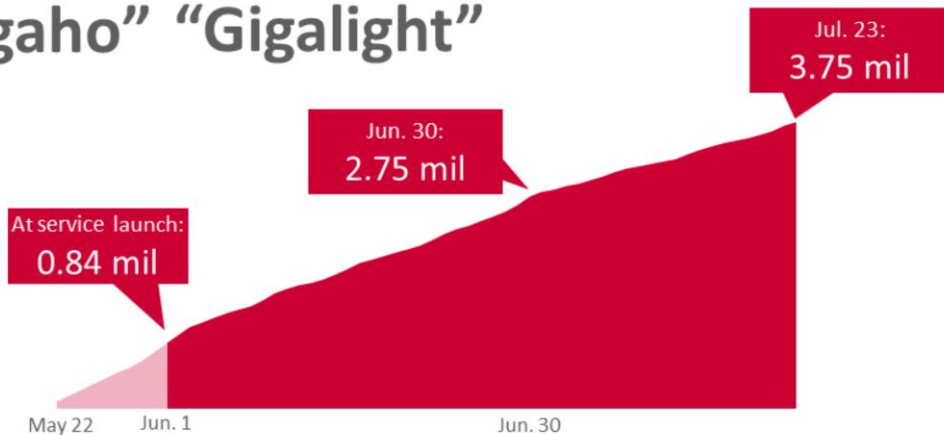
New Rate Plans

NTT docomo

No. of applications: 3.75 million

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

“Gigaho” “Gigalight”



◆ New rate plans represent “Gigaho,” “Gigalight,” “Keitai Plan,” “Kids Keitai Plan” and “Data Plus.”

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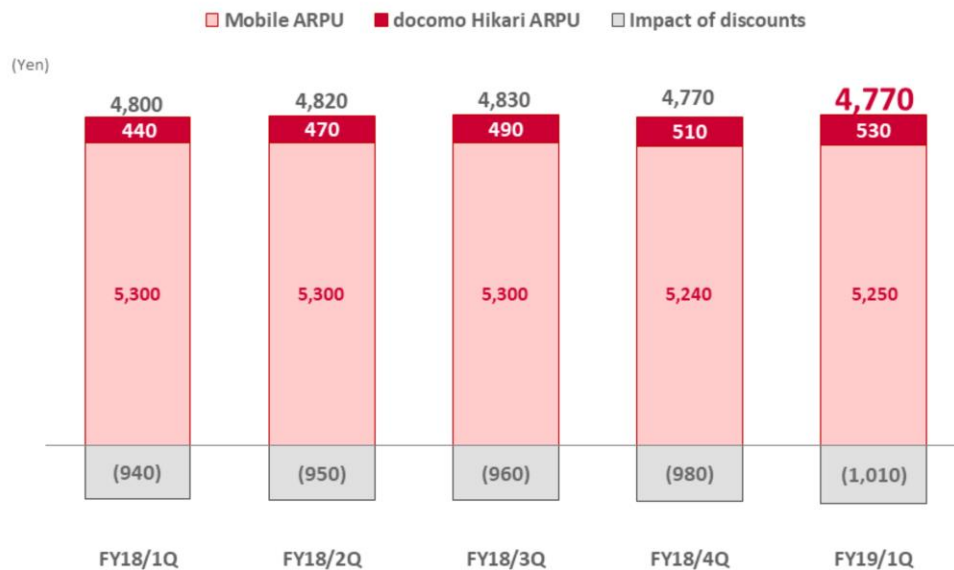
The new rate plans launched on Jun. 1 are enjoying great reviews from customers.

We received many subscription applications from May 22 when we began accepting pre-orders, and the total number of applications reached 3.75 million as of Jul. 23. The subscriptions to “Gigaho,” the plan designed for heavy data users, accounted for slightly less than 30% of the total.

Some 85% of the new rate plan subscribers have applied “Minna DOCOMO Wari”—a program that offers a discount of 1,000 yen/month to users joining a family group (that can be formed with relatives within the third degree of kinship) with more than three people, and 500 yen to those forming a family group with two people. Many users appreciate true value and benefits in the new rate plans, and we hear many users voicing their willingness “to continue using DOCOMO” and opinions that our “rate structure became easier to understand.”

We will continue to facilitate users’ migration to the new rate plans leveraging “rate consultation fairs” held at docomo Shops and one-to-one approaches, etc.

ARPU



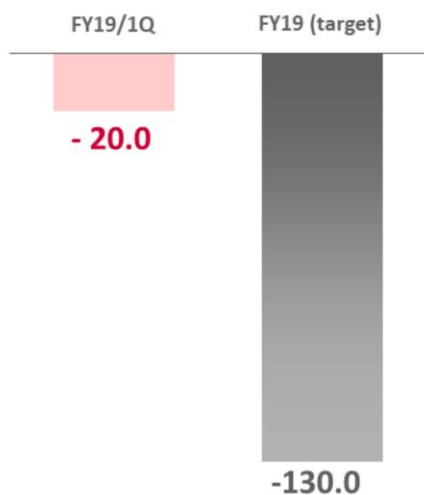
◆ For an explanation of ARPU, please see the Appendix.
 ◆ Mobile ARPU and docomo Hikari ARPU exclude the impact of discounts.
 ◆ The impact of discounts include those from "Monthly Support," "docomo with" and "docomo Hikari set discount."

Regarding our ARPU performance, the FY2019/1Q aggregate ARPU (including the impact of discounts) was 4,770 yen.

Despite the steady increase in "docomo Hikari" subscriptions, the aggregate ARPU dropped by 30 yen year-on-year due primarily to the expanded impact from the customer return measures.

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.

◆ The numbers above are the amount of cost reduction compared to FY2018.

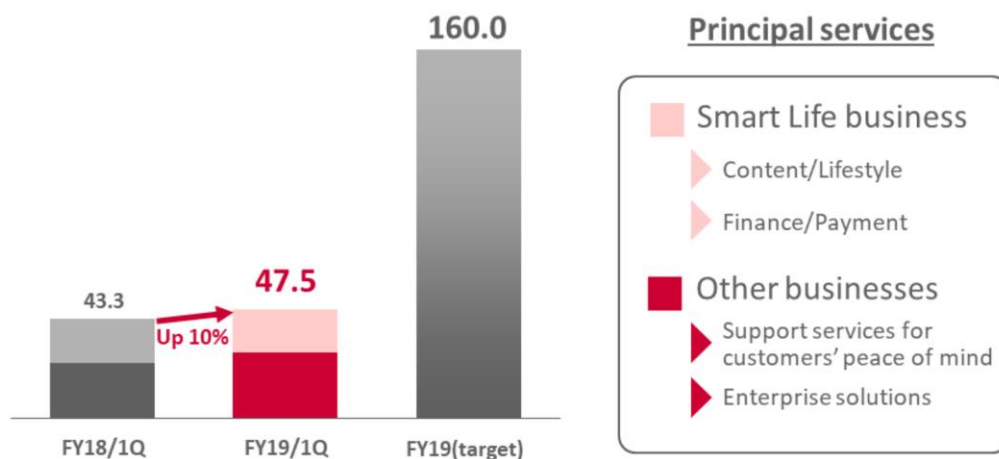
About our cost efficiency improvement efforts.

In the first quarter of FY2019, we delivered cost efficiency improvement totaling 20 billion yen, a progress more or less in line with our plan.

We will continue to address efficiency improvement to deliver on our full-year target of 130 billion yen.

Smart Life Business & Other Businesses: Operating Profit

(Billions of yen)



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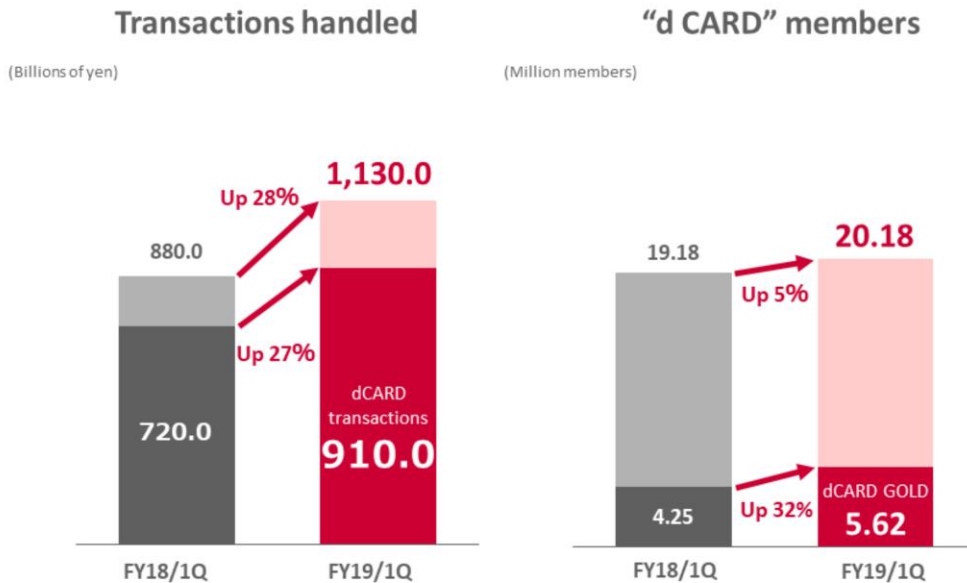
The operating profit from Smart life business and Other businesses for FY2019/1Q increased by 10% year-on-year to 47.5 billion yen.

During the first quarter, we performed a review on the service categories comprising Smart life business, and integrated content/commerce with lifestyle services.

The contribution from each category to the quarterly operating profit of 47.5 billion yen was as follows:

- Content/lifestyle (e.g., dTV, DAZN for docomo, etc.) accounted for approximately 15%;
- Finance/payment (e.g., d CARD, d Payment, etc.) approximately 20%;
- Support services for customers' peace of mind (e.g., Mobile Device Protection Service) approximately 45%; and
- Others including enterprise solutions approximately 15%.

Finance/Payment Services



◆ 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."

With respect to our finance/payment services, the total transactions processed with our finance/payment services grew by 28% year-on-year to 1,130 billion yen, of which the proportion of transactions handled with "d CARD" accounted for 910 billion yen, recording an increase of 27% year-on year.

The total "d CARD" members grew by 5% from the number a year ago to 20.18 million.

The number of "d CARD GOLD" members continued to expand, reaching 5.62 million as of Jun. 30, up 32% from a year earlier.

Expansion of Smartphone Payment **NTT docomo**



“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.

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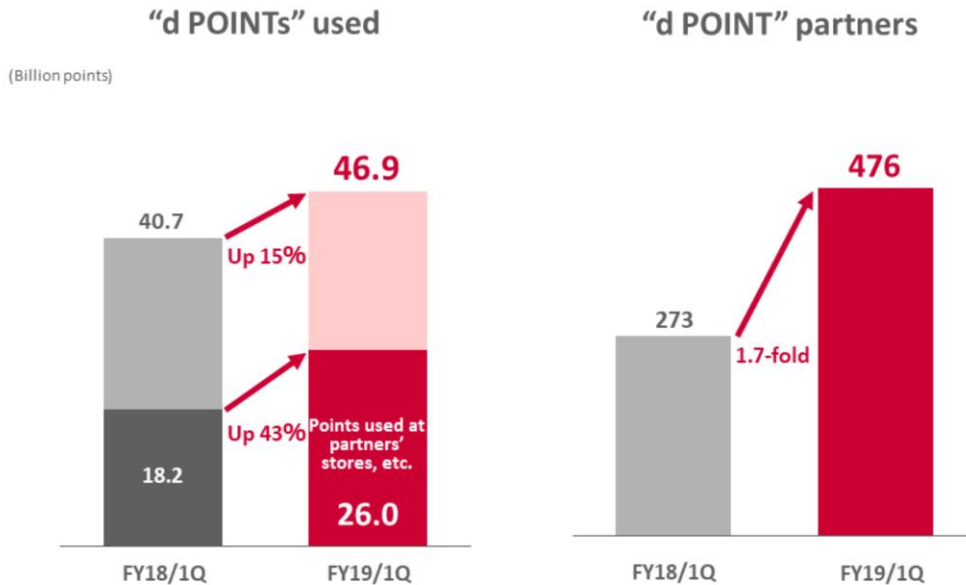
Here are the initiatives that we are undertaking to expand smartphone payments. For “d Payment,” we have successfully expanded its user base and merchant network, and the cumulative number of “d Payment” app downloads topped 7 million on Jul. 14.

The total number of locations where our payment/point services are available (i.e., places where “d POINT,” “iD” or “d Payment” can be used) increased at a favorable pace to 1.11 million locations nationwide.

As we announced in May, we are adding new features to the “d Payment” app, launching in June the “scan” payment capability that completes the transactions just by scanning the bar code in each shop. In September, we plan to introduce a new wallet capability the enables money remittance between “d Payment” app users. Further down the line, we plan to install mini apps within the “d Payment app” to allow users to use the services provided by each merchant via “d Payment” app.

We will continue to add new features and expand our offerings so that users can use “d Payment” in a wide variety of payment scenes, thereby providing convenience and benefits to our customers’ everyday lives.

“d POINT”



◆ “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.

Some comments on our “d POINT” program.

As a result of our continued efforts to expand “d POINT” partner stores, the total number of “d POINTs” used grew by 15% year-on-year to 46.9 billion points, of which usage at “d POINT” partner stores accounted for 26 billion points, or 55% of the total.

Meanwhile, the number of “d POINT” partners grew at a favorable pace to 476.

We also commenced in June the “d POINT Super Reward Program”.

Going forward, we will actively implement various measures to make the point program even more attractive and convenient both for our members and partners.

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.

This slide shows the expansion of "+d" value co-creation partners.

The number of partners continued to increase at a steady pace to 925 organizations, including the names listed on this slide.

Together with our partners, we will continue to accelerate the value co-creation activities under the "+d" program.

Actions for 5G

NTT
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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

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From here, I will talk about our 5G initiatives.

We are currently moving forward with the rollout of 5G network. We plan to launch 5G pre-commercial service taking the opportunity of the Rugby World Cup games in September.

For consumers, we will provide the opportunity to take a glimpse of the world in the 5G era through various events including the Rugby World Cup games.

For enterprises, we will accelerate our efforts for regional vitalization and solution of social issues, joining forces with our business partners.

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



Multi-angle viewing



High-presence live viewing



RUGBY
WORLD CUP™
JAPAN 2019
TOURNAMENT SUPPLIER

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To start Sept. 20

As we announced in our press release today, we will deliver a new sport viewing style leveraging 5G during the Rugby World Cup 2019 games to be hosted in Japan from Sept. 20.

Specifically, at eight stadiums across Japan, using the 5G handsets that we prepare, we plan to offer a game-viewing assistance service that delivers multi-angle video images, player data and other supplementary information.

In the live viewing venues in Tokyo, we plan to realize a spectacular game viewing experience leveraging multiple high-resolution video feeds and audio transmitted via the 5G network.

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

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At the Tokyo Game Show, which will start on Sept. 12 ahead of the scheduled launch of our 5G pre-commercial service, as the “official 5G connectivity sponsor” of the show, we will exhibit the world to be brought about by 5G at our booth.

Joining forces with partners who are drawing a lot of attention in the gaming industry, we will propose new worlds of game through e-sports events that host multiple simultaneous matches and new game-viewing experiences.

We will look into various measures that will allow people to experience 5G, including live music performances and other events.

5G BUSINESS CAMP

NTT
docomo

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



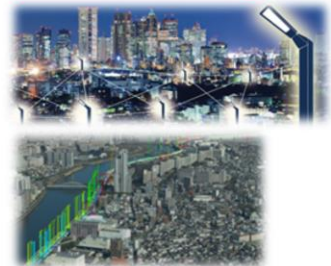
Remote medicine



DOCOMO 5G Open Partner Program

5G BUSINESS CAMP

Remote monitoring



xR



Robotics



Authentication/AI

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Next, about our endeavors in the enterprise space.

During the period between March and June 2019, we organized “5G Business Camp” at six locations across Japan, garnering the participation of approximately 2,500 people representing roughly 1,000 companies.

We are in the process of converting the various video transmission and xR solutions, etc. (including the 33 use cases that we exhibited in the camp) into practical services toward the launch of our 5G pre-commercial service.

The total number of organizations participating in the DOCOMO 5G Open Partner Program exceeded 2,800 as of Jun. 30. We will continue our efforts to create many new businesses in collaboration with our partners.

Prior to the official launch of the 5G pre-commercial service, we plan to organize a presentation session on Sept. 18, during which we will unveil the details of our 5G pre-commercial service. During this session, we plan to perform demonstrations of some consumer services and enterprise solutions. Please look forward to it.

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.).

Here, I will give you an update on the progress of implementation of our Medium-Term strategy 2020 “Declaration beyond.”

As for the initiatives to deliver “value and excitement to customers,” under Declaration 1, we will make functional enhancements to the “+Message” service, enabling direct message exchange between customers and enterprises.

Under Declaration 2, we developed a blade-free drone.

And under Declaration 3, we improved our web site enabling detailed rate simulations and making it easier to understand for customers, in a bid to accelerate customer migration to web-based services, thereby mitigating the congestion at our physical shops. To offer our customers with enhanced convenience, we will continue to make functional enhancements to our web and phone-based procedures.

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

With respect to initiatives for “value co-creation with partners,” we have taken the following steps.

Under Declaration 4, we developed solutions for foreign visitors/residents in Japan.

Under Declaration 5, we started offering “docomo IoT Manufacturing Line Analysis” to manufacturers.

And under Declaration 6, we started the provision of “Fan Connect SP” solution, a marketing platform targeting members, which provides end-to-end support to our business partners for the execution and effect verification of sampling surveys or campaigns.

Other than what I introduced today, many other initiatives are currently underway. We will accelerate these initiatives to deliver on “Declaration beyond” and realize a richer future.

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).

About our share repurchase program.

The progress achieved in the first quarter is presented here.

In the period between May 7 through June 30, 2019, we acquired approximately 19.45 million shares worth approximately 48.2 billion yen through market purchase on the Tokyo Stock Exchange.

The remaining authorization is approximately 251.8 billion yen.
We will continue to buy back shares through market purchase.

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.

A summary of our FY2019/1Q results is provided here.



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

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We position FY2019 as the year to “execute ‘change’ to propel further growth.”

In the first quarter, we launched our new rate plans in a preemptive move to reinforce our competitiveness in anticipation of the changes in market environment. We will continue our endeavors to solidify our customer base by making the optimal proposal to each and every customer.

We will continue the buildout of 5G coverage in various areas of Japan toward the scheduled launch of pre-commercial service, while moving forward with the value co-creation activities with a wide range of partners to facilitate regional vitalization and solution of social issues.

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:

- 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
- 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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