
FY2019/2Q

Results Presentation

NTT
docomo

October 29, 2019

FY2019/1H Results Highlights

IFRS

(Billions of yen)	FY2018/1H (1)	FY2019/1H (2)	Changes (2) – (1)	Changes (%)
Operating revenues	2,389.5	2,330.0	- 59.5	- 2.5%
Operating profit	610.5	540.3	- 70.3	- 11.5%
Profit attributable to shareholders of NTT DOCOMO, INC.	407.1	372.4	- 34.7	- 8.5%
Adjusted free cash flow	374.7	439.1	+64.4	+17.2%
Capital expenditures	255.4	218.4	- 37.0	- 14.5%

◆ 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. 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)		FY2018/1H (1)	FY2019/1H (2)	Changes (2) – (1)
Telecommunications business	Operating revenues	1,960.8	1,871.1	- 89.7
	Operating profit	524.5	445.7	- 78.8

Smart life business	Operating revenues	222.4	253.2	+30.8
	Operating profit	37.8	34.7	- 3.0

Other businesses	Operating revenues	218.4	220.1	+1.7
	Operating profit	48.2	59.8	+11.6

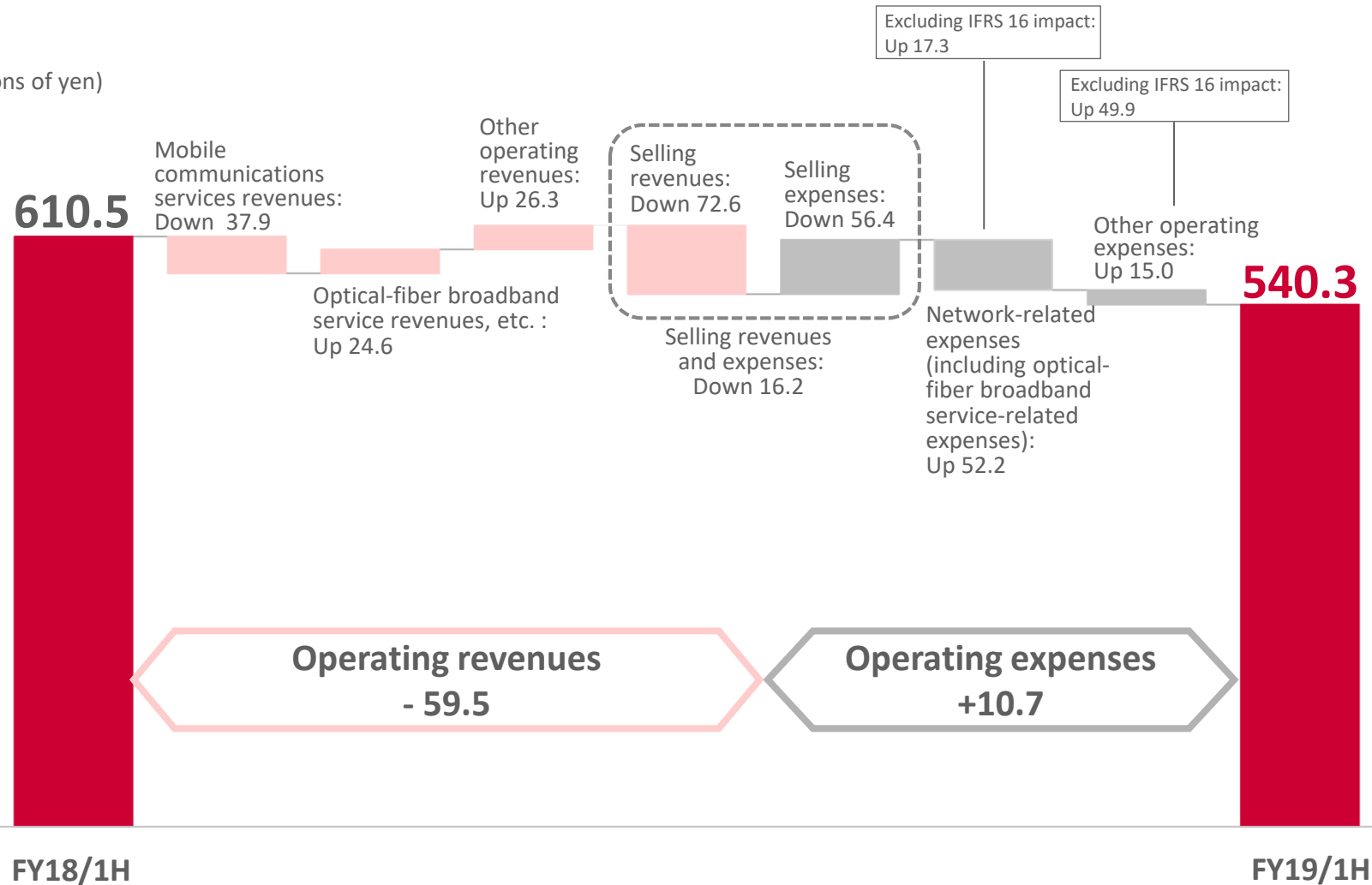
<Ref.> Smart life business and Other businesses	Operating revenues	440.8	473.3	+32.5
	Operating profit	86.0	94.5	+8.5

◆ Certain services that had been included in the smart life business were reclassified to other businesses from the second quarter of the fiscal year ending March 31, 2020 to reflect the change in its internal organizational structure effective as of July 1, 2019. In connection with this realignment, segment information for the six months ended September 30, 2018 has been restated to conform to the presentation for the six months ended September 30, 2019.

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.

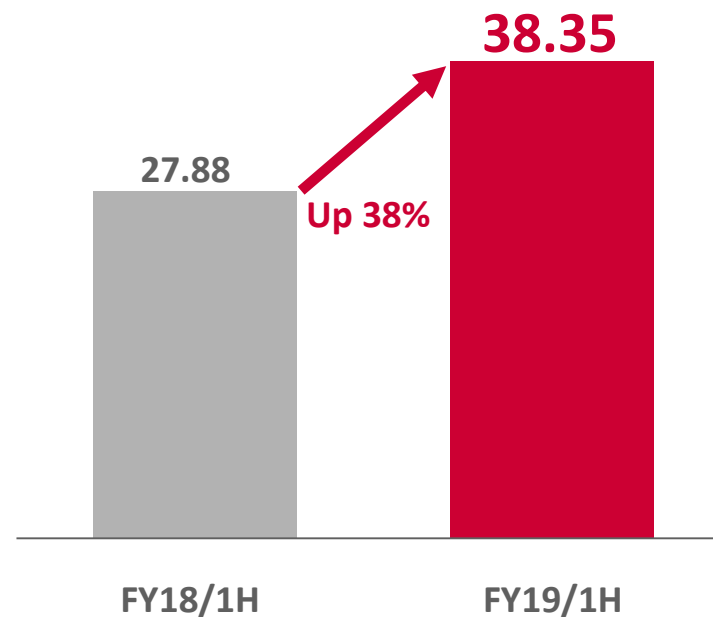
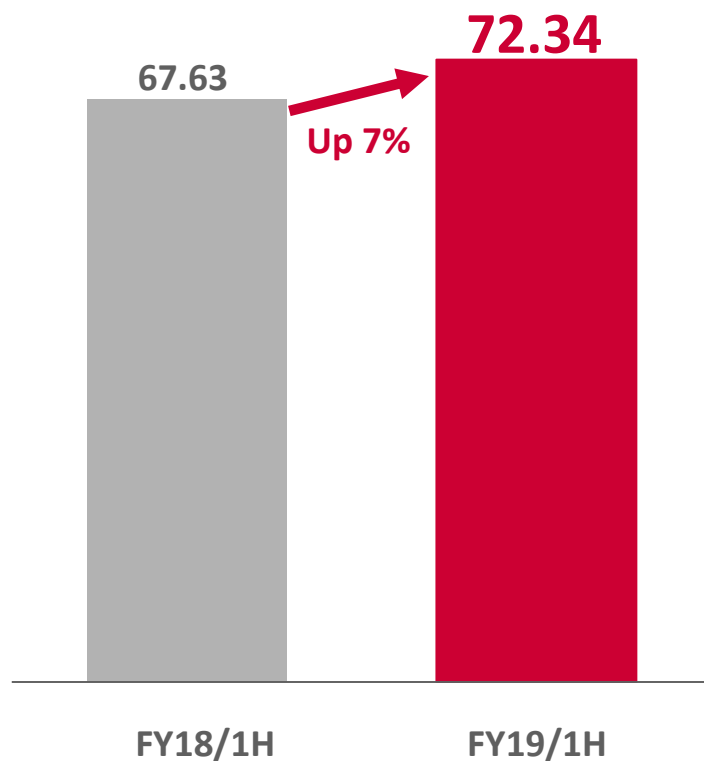
◆ Network-related expenses represent the sum of depreciation/amortization, loss on disposal of property, plant and equipment and intangible assets, and communication network charges.

“d POINT CLUB” Members

“d POINT CLUB” members

“d POINT CARD” registrants

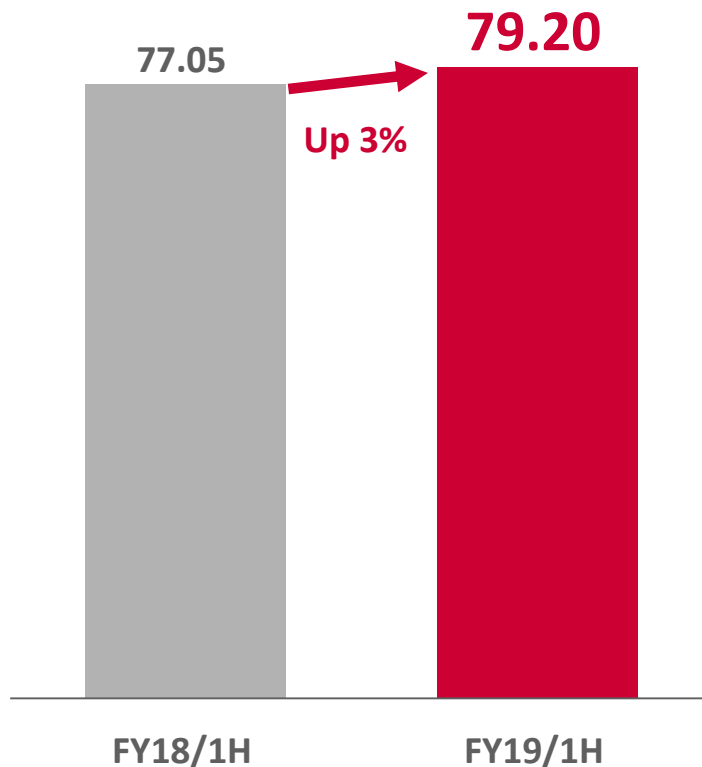
(Million members)



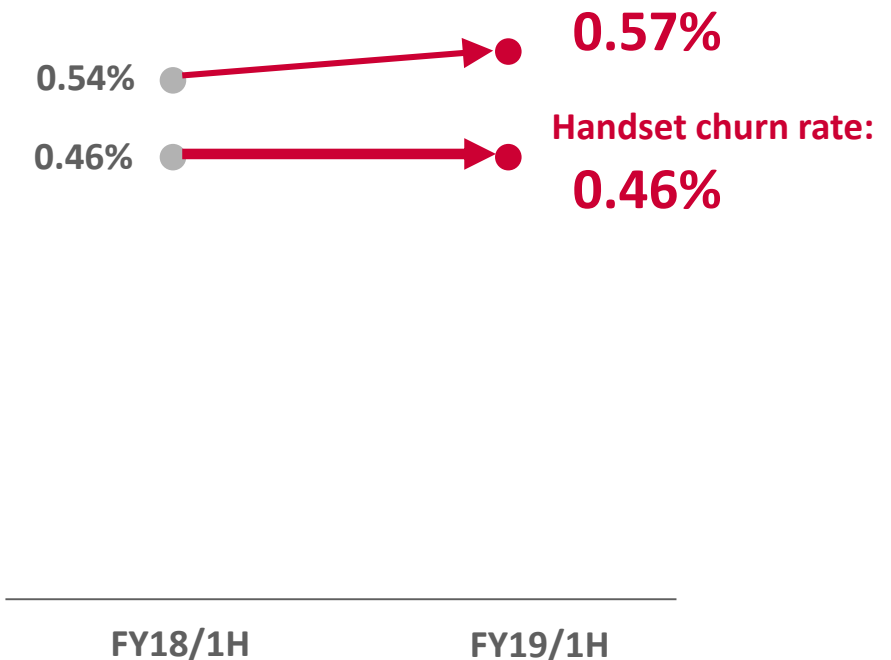
Telecommunications Business Operational Performance (1)

Mobile telecommunications service subscriptions

(Million subs)



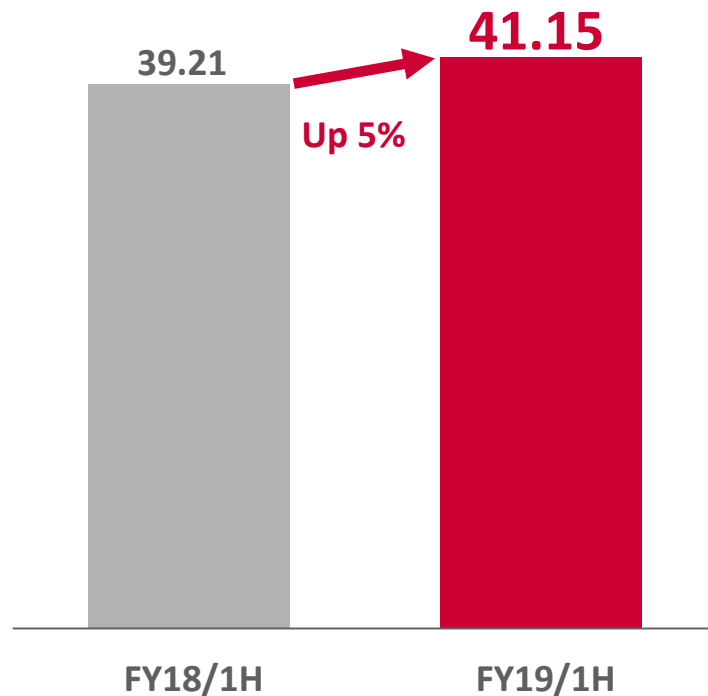
Churn rate



Telecommunications Business Operational Performance (2)

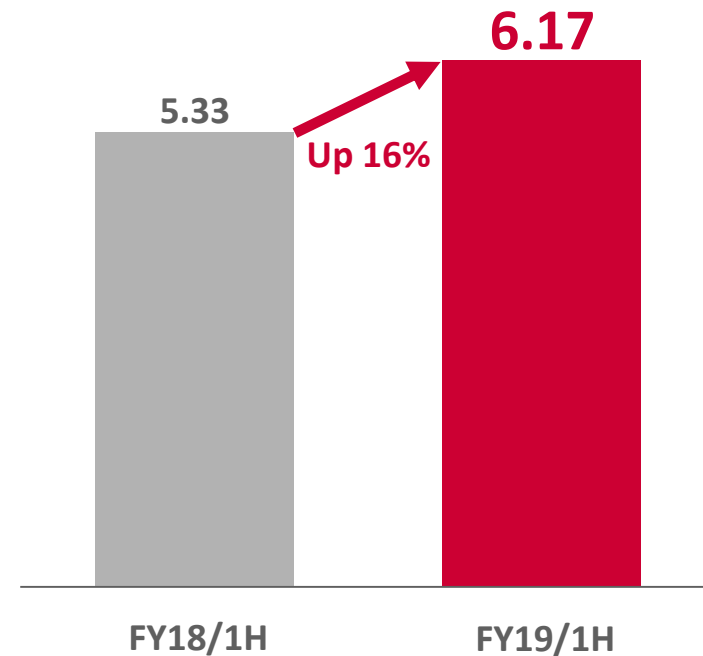
Total smartphone/ tablet users

(Million)



“docomo Hikari” optical-fiber broadband subs

(Million subs)

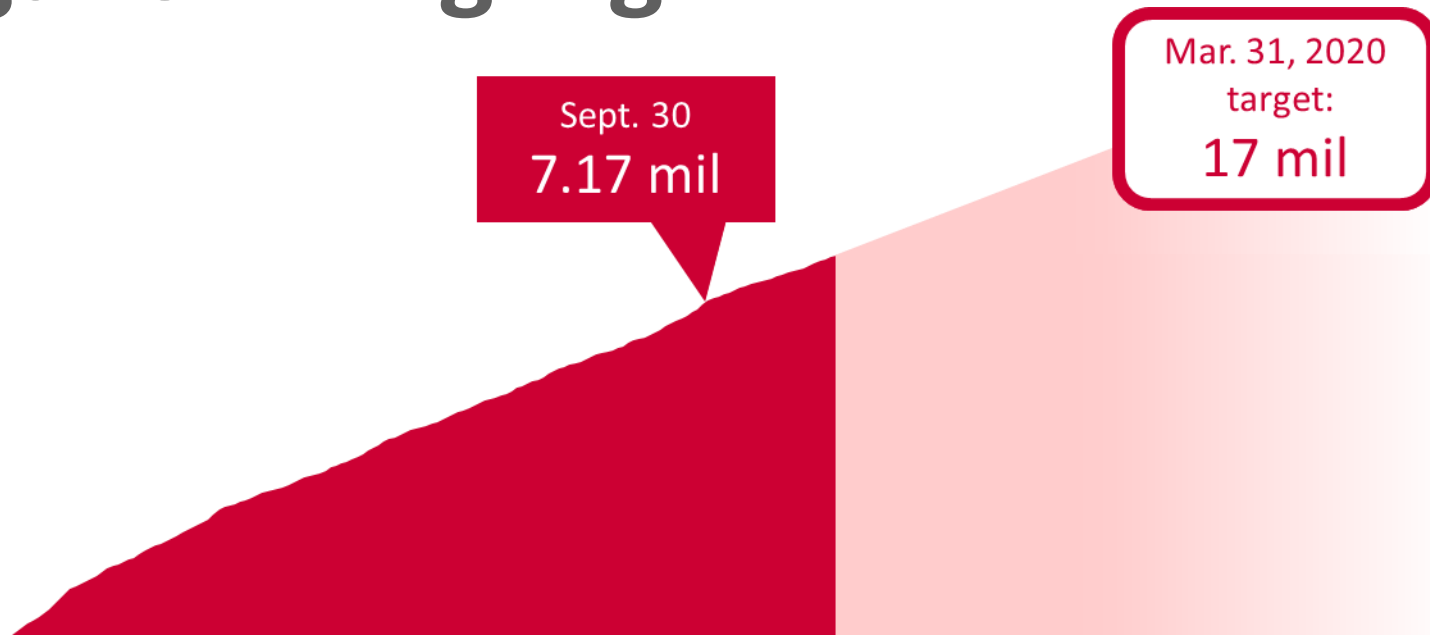


New Rate Plans

No. of applications: Topped 8 million

Progressing favorably toward full-year target

“Gigaho” “Gigalight”



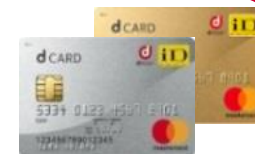
◆ New rate plans represent “Gigaho,” “Gigalight,” “Keitai Plan,” “Kids Keitai Plan” and “Data Plus.”

◆ No. of new rate plan applications topped 8 million on Oct. 21, 2019

Increased Rate Plan Options

Started offering “d CARD Oshiharai Wari” from Oct. 1 to provide service from ¥1,980/month with no cancellation fee

“d CARD Oshiharai Wari” lowers user’s monthly charge to the same rate as that of users with a two-year contract without requiring a fixed-term subscription

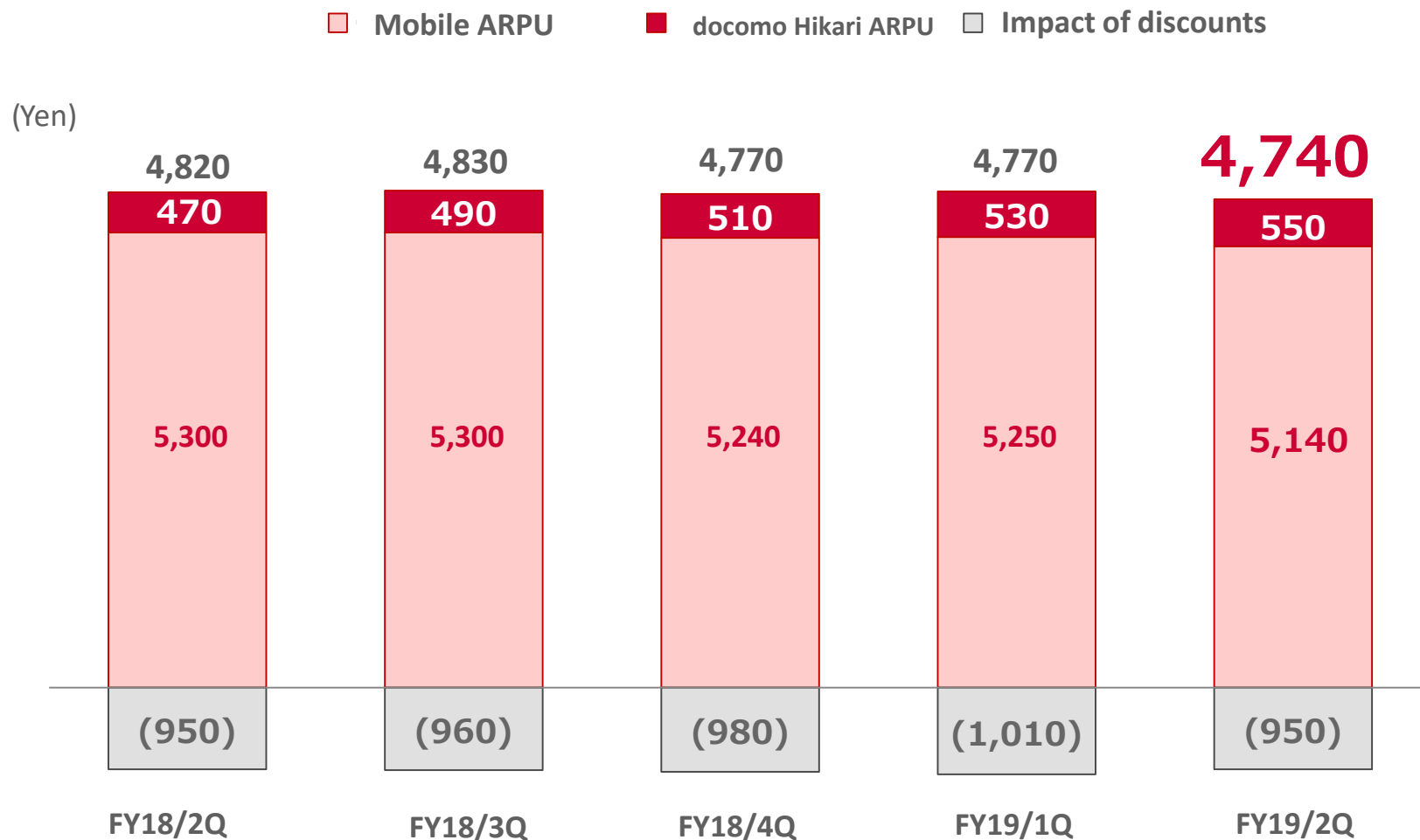


Perpetually waived d CARD annual membership fee

Lowered the cancellation fee for two-year contract subs from previously ¥9,500 to ¥1,000

Differential of monthly rates between subs without term contract and subs with a two-year contract lowered to ¥170

ARPU



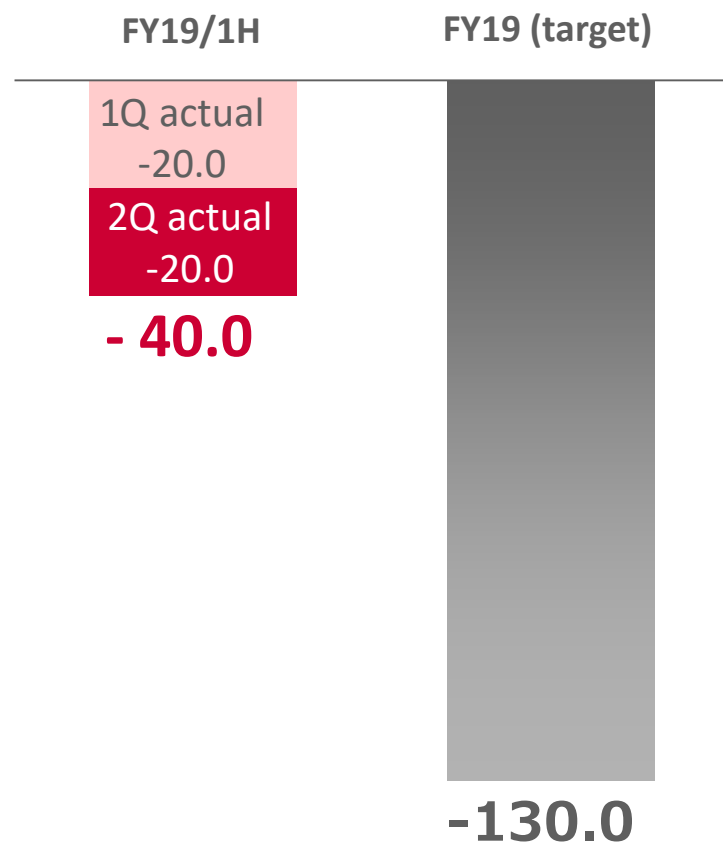
◆ For an explanation of ARPU, please see the Appendix.

◆ 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

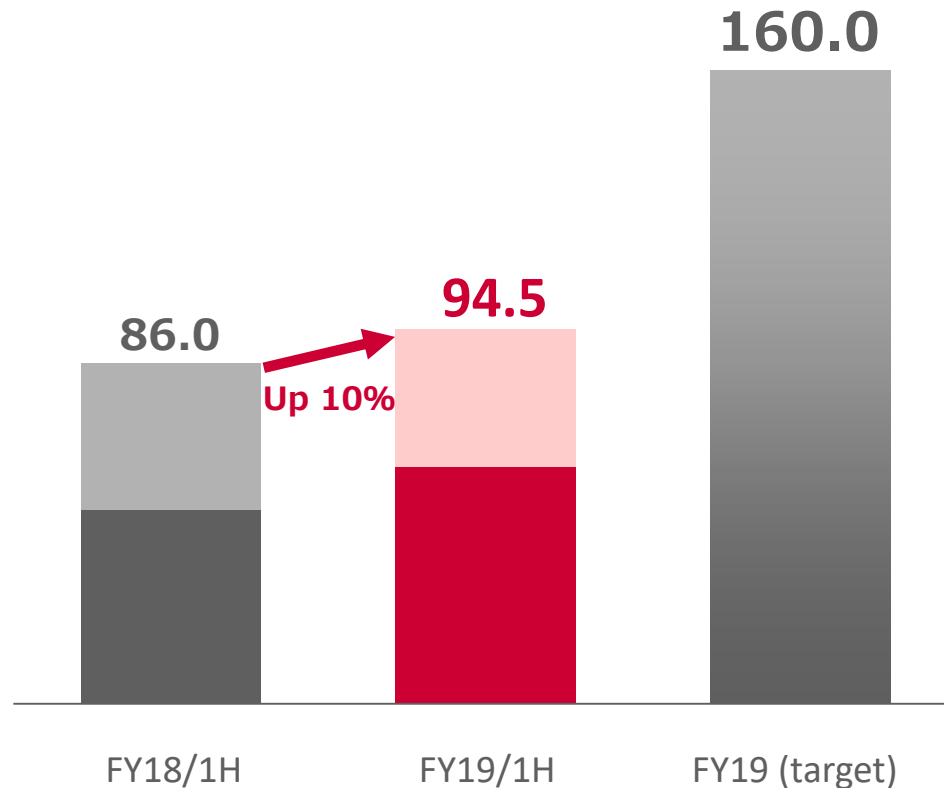
Equipment integration, outsourcing cost, etc.

◆ Other

R&D, information systems, etc.

Smart Life Business & Other Businesses: Operating Profit

(Billions of yen)



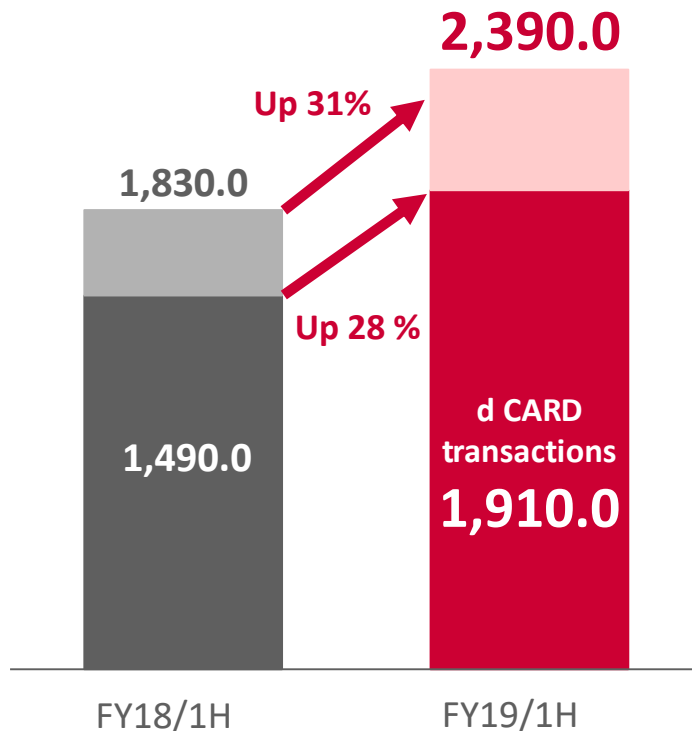
Principal services

- ▶ 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)



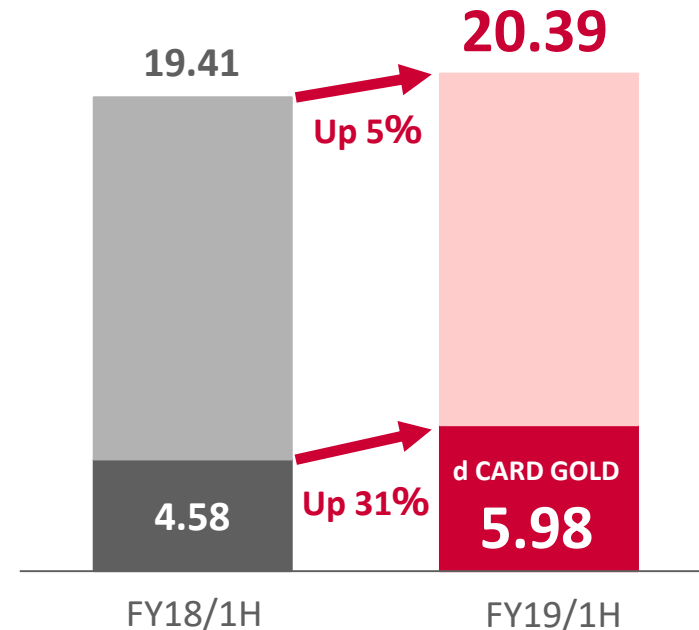
"d CARD" members

(Million members)

"d CARD GOLD" members

Topped 6 mil

Oct. 4



◆ 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," "d CARD GOLD" and "d CARD mini."

Expansion of Smartphone Payment ^{NTT} docomo



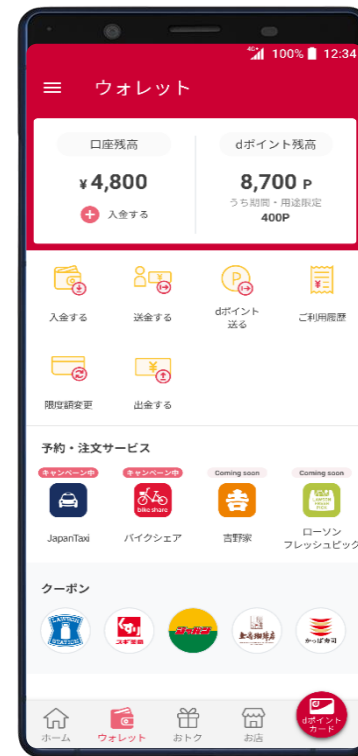
“d Payment” app downloads:
Topped 10 million

Introduced a
wallet function

“d Payment” mini app
planned for launch

Transactions processed with “d Payment”
¥121.0 billion

Locations where payment/
point services are available:
1.22 million



タクシーが呼べるアプリ。
 JapanTaxi

^{NTT} docomo
bike share

LAWSON

吉野家
YOSHINOYA

Reservation/
order

LAWSON

スギ薬局

ヤマハ

Coupon

上島珈琲店
“PREMIUM COFFEE MOMENTS”
UTSUNOMIYA

かつぱ寿司

牛角

第一厨房

First Kitchen
ファーストキッチン

Wendy's
First Kitchen

◆ “d Payment” app downloads topped 10 million on Oct. 5, 2019 after its release on Apr. 25, 2018.

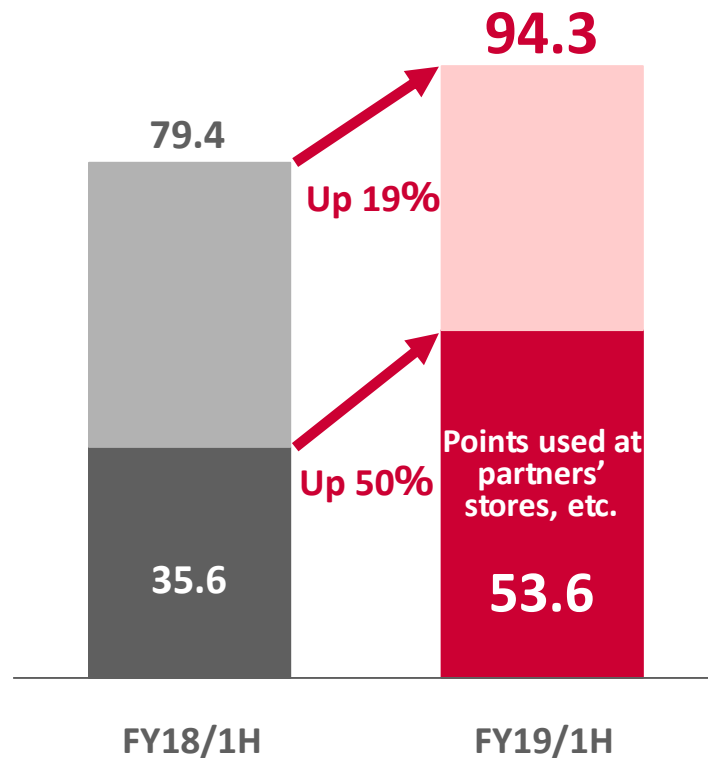
◆ The total transactions processed with “d Payment” is the cumulative amount for FY2019/1H.

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

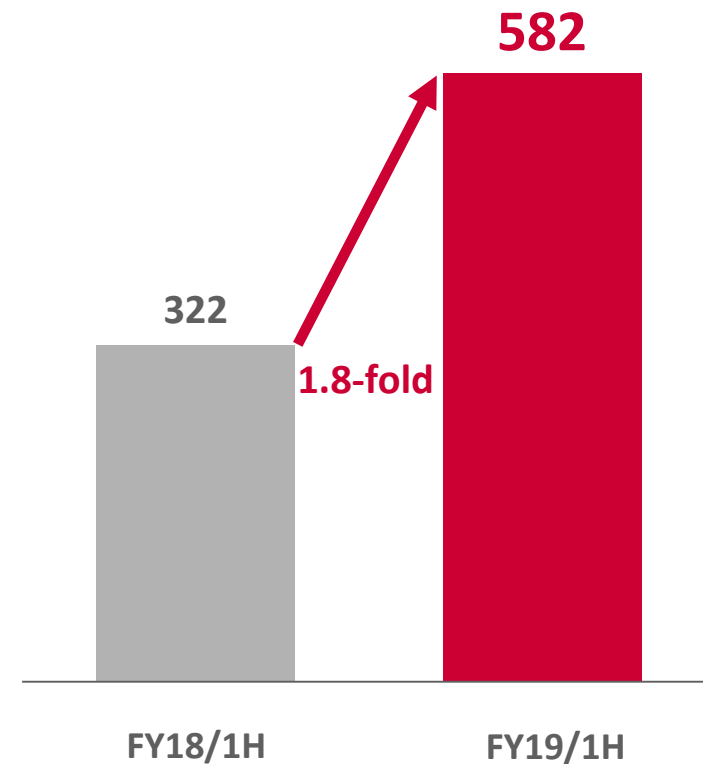
“d POINT”

“d POINTs” used

(Billion points)

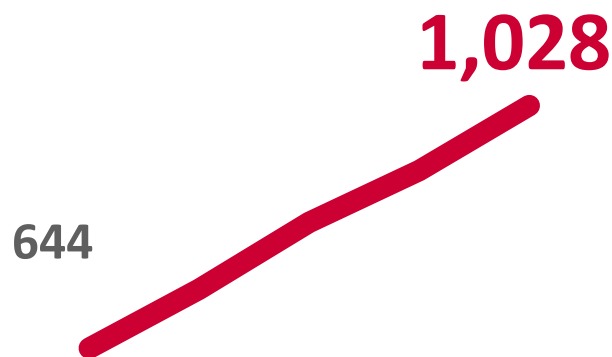


“d POINT” partners



Expansion of +d partners

No. of +d partners topped 1,000



Expansion of
“d POINT” participating stores



上島珈琲店
“PRECIOUS COFFEE MOMENTS”
EST. 1933, KOBÉ

ROYCE'

Expansion of
“d Payment” partners



かっぱ寿司

AlpenGroup



ココラファイン
ココロ、カラダ、ゲンキ。



セブン-イレブン

Development of AI-based
recommendation feature for karaoke



第一興商

Started verification trial of remote golf
lessons provided by PGA Golf Academy



FY18/1H

FY19/1H

5G Pre-Commercial Service

5G pre-commercial service available in various locations across Japan since Sept. 20

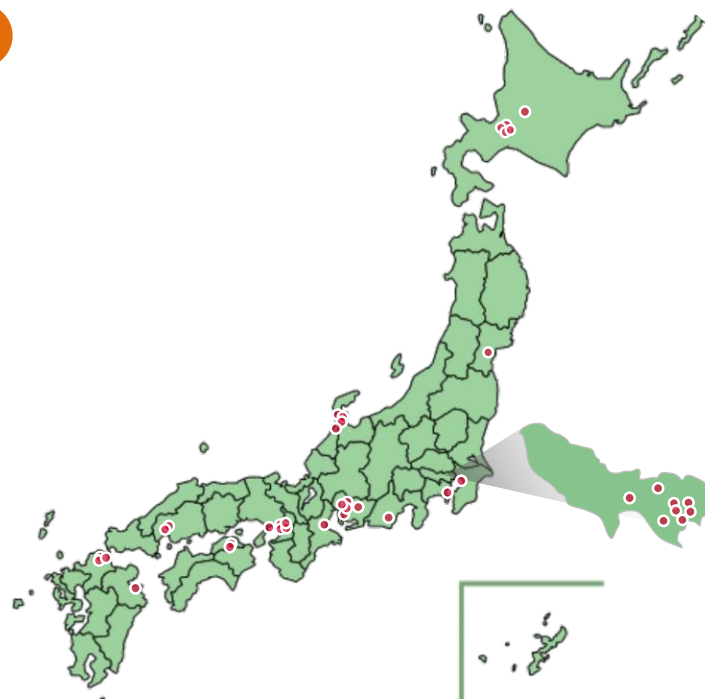
5G service experience



Multi-angle viewing



High-presence live viewing



5G area expanding progressively

Co-creation with partners



Remote monitoring



Remote golf lesson

Creation of various 5G services & solutions will continue going forward

5G Base Station Deployment Plan

5G network to be rolled out across Japan

No.1 development rate of 5G infrastructure maintenance in Japan: 97.02%



5G engineers:
10,000

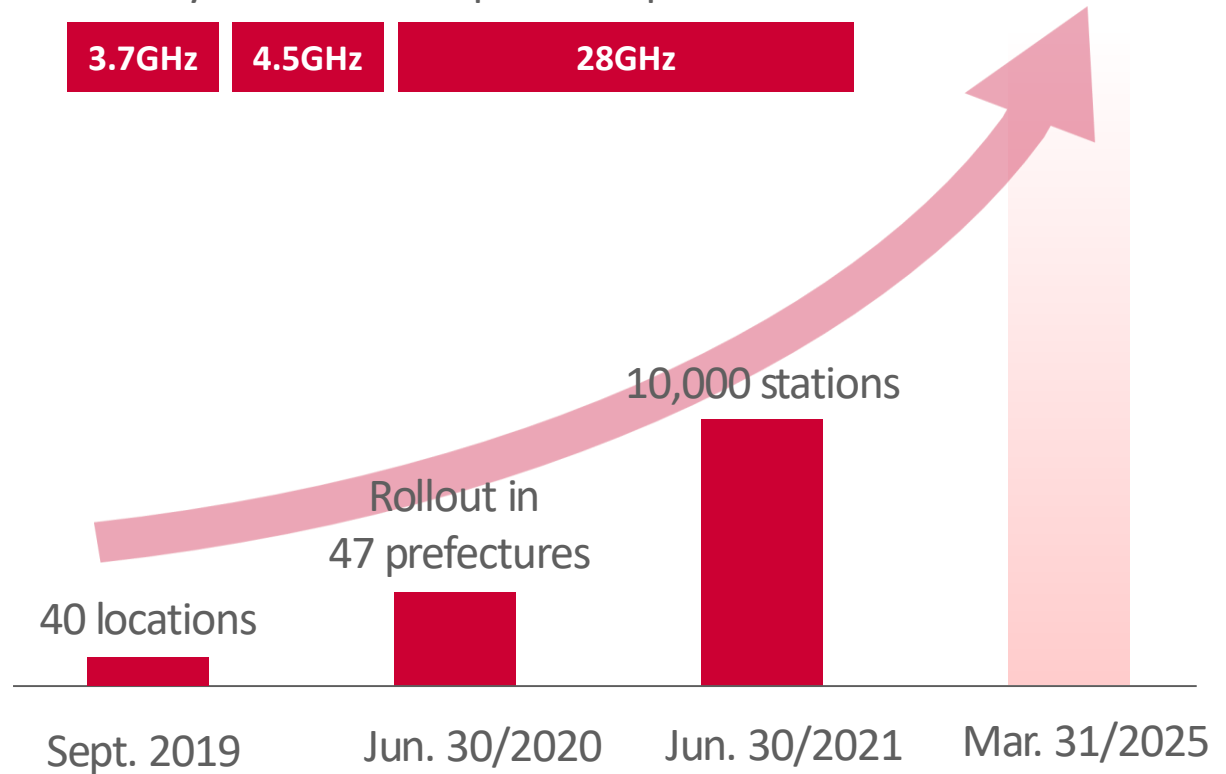


Only DOCOMO to operate 3 spectrum bands

3.7GHz

4.5GHz

28GHz



Termination of FOMA (3G) Service

Terminate 3G service on Mar. 31, 2026



◆ Stop accepting new applications for 3G after Mar. 31, 2020



◆ Terminate service on Mar. 31, 2026

PREMIUM
4G

◆ Max. download speed of 1,576Mbps to be offered from winter 2019

»5G



Commercial launch in spring 2020



Acceleration of Subscriber Migration ^{NTT} docomo

Additional benefits to be offered to smartphone debutants from Nov. 1

Enriched 4G product lineup

Richer variety of standard models

Galaxy A20

AQUOS sense3



“Hajimete Sumaho Kounyu Support”

Users switching
to a 4G contract:

Up to **¥20,000** discount
on handset cost

“Oshaberi Wari 60”

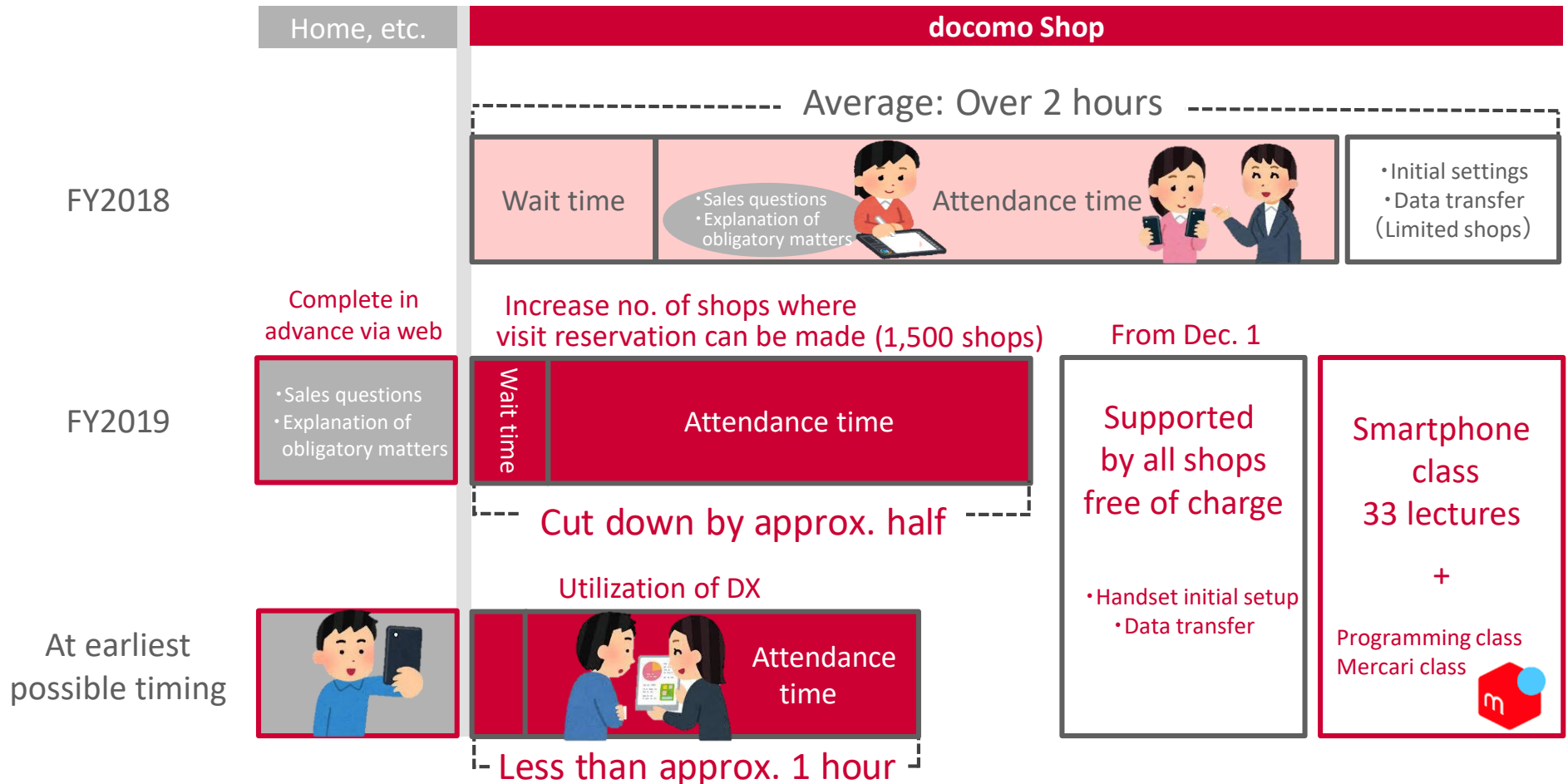
When combined with “Hajimete Sumaho Wari” discount, users aged 60 and above will be entitled to free domestic voice calling for all calls under 5 minutes from **¥980/month** for up to 12 months

◆ “Hajimete Sumaho Kounyu Support” can be also applied to 3G feature phone users of other carriers.

◆ The basic monthly charge above indicates the rate after applying “Minna DOCOMO Wari (3 lines or more)”, two-year term contract (with automatic rollover and cancellation fee) or “d CARD Oshiharai Wari.” Calls longer than 5 minutes will incur separate charges.

Reinforcement of Customer Touchpoints (docomo Shops)

Shorten attendance time even further and offer improved support at all shops



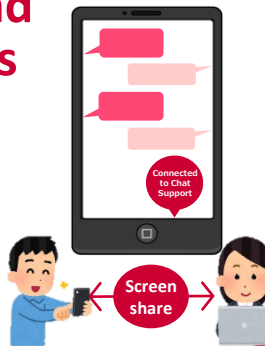
Reinforcement of Customer Touchpoints (Web)

Further improve customers' web experience

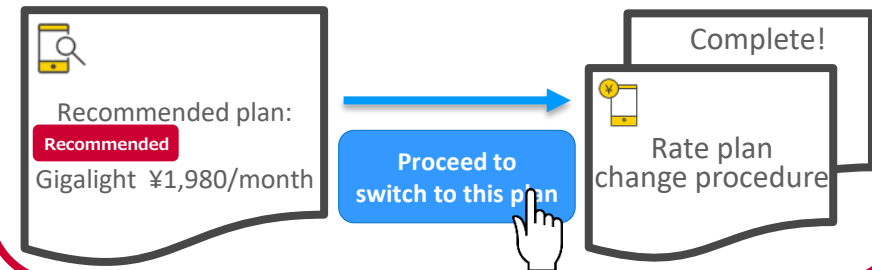
Procedures

Improved chat support for change of rate plan and other web procedures

- Extended support hours to up to 24:00
- Provide assistance sharing the same screen with customer



User can receive optimal rate plan proposal simulated based on actual usage and directly switch to recommended plan



Handset purchase

Simplified steps to save time



No. of pages for ordering cut down by half

Same day delivery (Only for Tokyo 23 wards)



Smartphone delivered on the day of order
(To start from Nov. 5)

Medium-Term Strategy

“Declaration beyond”: Actions Taken (1)

Value & excitement to customers

Declaration 1

Market
leader

User base of “+Message” service topped 10 million

Executed a campaign offering a chance to win reward points (total of 10 million points), etc.
(Announced Aug. 9)

Declaration 2

Style
innovation

Concluded alliance with Paronym Inc. for next-generation **interactive video technology**

Explore new viewing experience for music lives and sports viewing using “TIG” interactive video technology (Announced Sept. 6)

Declaration 3

Peace of mind
and comfort
support

Revamped after-sales support to deliver greater peace of mind

Provision of “Anshin Pack Mobile” and “Anshin Pack Home” (Launched July 24)
Started replacing handsets of “Mobile Device Protection Service” at shops on the same day (from Sept. 3)

Medium-Term Strategy

“Declaration beyond”: Actions Taken (2)

Value co-creation with partners

Declaration 4

Industry
creation

Launch of 5G service in Guam (FWA for enterprises)

Offer affordable and high-speed 5G communication service that can substitute optical fiber circuits (Launched Oct. 29)

Declaration 5

Solution
co-creation

Entered into investment and business alliance agreement with EDGEMATRIX, Inc. to commercialize “Edge AI Platform”

Aim to bring edge AI technology closer to people and build an ecosystem that vitalizes AI-based solutions (Announced Aug. 29)

Declaration 6

Partner business
expansion

Started offering “DOCOMO Lending Platform” to financial institutions

Support provision of new loan services through credit scoring and repayment advice on app (Launched Aug. 29)

ESG Evaluations

Global

Continued to be adopted in prominent ESG indices

MEMBER OF

**Dow Jones
Sustainability Indices**

In collaboration with 
a RobecoSAM brand



FTSE4Good

MSCI 

2019 Constituent
MSCI ESG
Leaders Indexes

Japan

Continued to be adopted as constituents of
all ESG indices selected by GPIF



FTSE Blossom
Japan

MSCI 

MSCI Japan ESG
Select Leaders Index

MSCI 

MSCI Japan Empowering
Women Index (WIN)

**S&P/JPX
Carbon
Efficient
Index**

◆ GPIF is an abbreviation for Government Pension Investment Fund, Japan. GPIF announced the selection of 3 ESG indices in July 2017, and added another ESG index in September 2018.
◆ The inclusion of NTT DOCOMO, INC. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of NTT DOCOMO, INC. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

ESG Initiatives

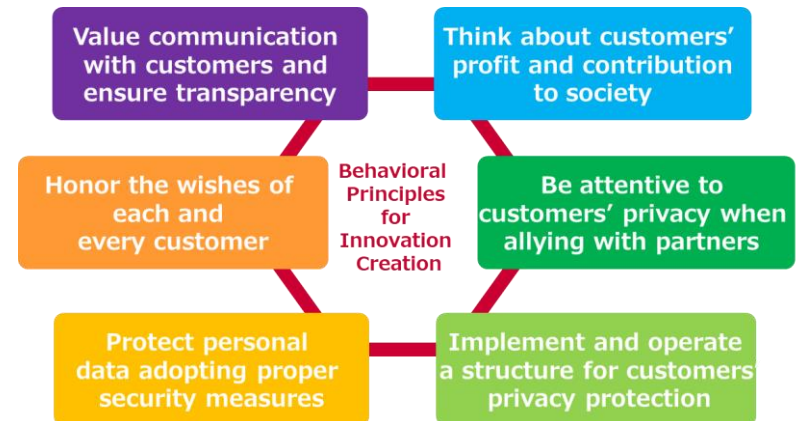
Endorsement of TCFD Recommendations

First telecom company in Japan
to declare endorsement



Publication of “NTT DOCOMO Personal Data Charter”

Clearly presented corporate policies for data handling



Promotion of Smartphone and Mobile Phone Safety Classes

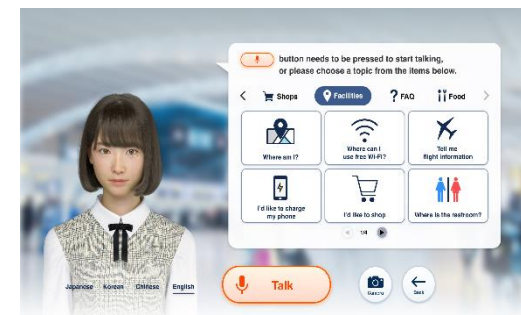
Cumulative no. of sessions held: Approx. 83,000
Cumulative no. of participants: Approx. 13 million

(As of Sept. 30, 2019)



Solution of Social Issues

Started natural communication-enabled
AI guidance service “Oshaberi Annaiban™”



Response to Typhoons No. 15 & 19 ^{NTT} docomo

Responded quickly to minimize impact on service

Executed restoration/support activities mobilizing up to approx. 2,000 people/day

Dispatch of satellite mobile base stations



Standby of onboard-vessel base station, etc.



Deployment of emergency microwave links



Free battery charging/Wi-Fi services

Provided at docomo Shops, shelters, etc. in stricken areas



Disaster info for foreigners visiting Japan

Delivered SMS messages to approx. 240,000 people



Distributed links to disaster information in English, Chinese and Korean

Typhoon No. 19

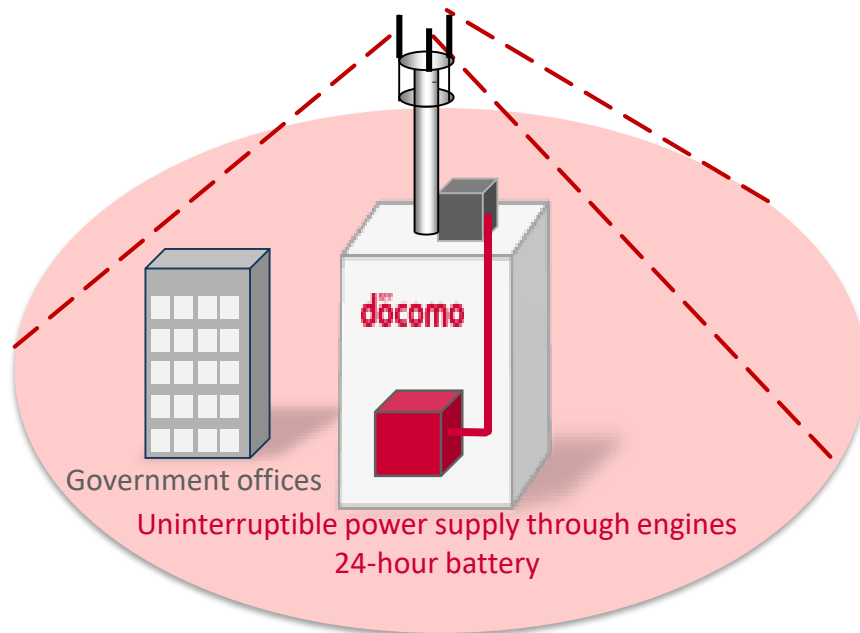
“Disaster Data Unlimited Mode” will continue to be applied in November in areas where Disaster Relief Act is applied

DOCOMO's Disaster Preparedness Measures ^{NTT} docomo

Minimize communication failure by implementing stepped up disaster preparedness measures

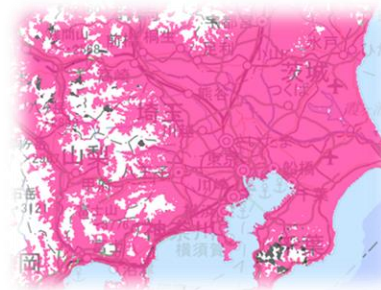
Actions for strengthening emergency power supply

Areas where local government offices, etc. are located as well as medium-zone base stations are furnished with uninterruptible power supply or 24-hour battery



Planned future reinforcements

Disaster preparedness measures leveraging AI



- Swift release of restoration area map to customers
- More advanced area restoration through automatic antenna tilt

Reliability improvement of node buildings



- Additional flood control measures at key node buildings (Wall reinforcement, water stops, etc.)

*Areas where local government offices are located: Furnishing completed in FY2011
Medium-zone base station: Furnishing planned to be completed within FY2019

Share Repurchase: Progress

- ▶ Acquisition method: Purchase on the Tokyo Stock Exchange market
- ▶ Period for share repurchase: May 7, 2019 - Sept. 30, 2019
- ▶ Aggregate no. of shares repurchased: Approx. 47.71 million shares
- ▶ Aggregate price of shares repurchased: Approx. ¥122.8 billion
- ▶ Remaining share repurchase authorization: Approx. ¥177.2 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 Sept. 30, 2019). (Counted on delivery basis).

FY2019 Guidance (Revised)

IFRS


(Billions of yen)	FY2019 Initial guidance (1)	FY2019 Revised guidance (2)	Changes (2) – (1)
Operating revenues	4,580.0	4,640.0	+60.0
Operating profit	830.0	830.0	0
Smart life business & Other businesses	160.0	160.0	0
Capital Expenditures	570.0	570.0	0
Adjusted Free Cash Flow	530.0	530.0	0
Cost efficiency improvement	130.0	130.0	0

◆ 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.

◆ The amount of cost efficiency improvement above indicates the cost reduction compared to the previous fiscal year.

FY2019/1H Summary

- ▶ Recorded ¥540.3 billion in operating profit, making a favorable progress toward full-year guidance.
- ▶ New rate plans garnered over 8 million applications. Started offering “d CARD Oshiharai Wari.”
- ▶ Launched 5G pre-commercial service, and moving forward with 5G network construction toward full-commercial launch.
- ▶ No. of “d POINT CLUB” members grew to 72.34 million. No. of participating stores and point usage also continued to expand at a favorable pace.
- ▶ Operating profit from Smart life business and Other businesses was ¥94.5 billion. Adoption of smartphone payment service expanding steadily.
- ▶ Achieved cost efficiency improvement of ¥40.0 billion, making progress as planned toward delivery of full-year target.
- ▶ Repurchased shares worth approx. ¥122.8 billion. Plan to continue market purchase.

The background features a soft, pastel-colored rainbow arching across the sky. Below the rainbow, there are faint, colorful outlines of houses and buildings. At the bottom of the image, a row of orange silhouettes depicts a diverse group of people of various ages holding hands, symbolizing a strong community or connection.

**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 NTT Plala Inc. • Oak Lawn Marketing, Inc. • Tower Records Japan Inc. etc.

Finance/Payment services

- d CARD • d CARD GOLD • 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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