
FY2016/1Q

Results Presentation



July 29, 2016

Ever-improving value propositions to customers and society



Service creation/evolution

Deliver fun, convenience and peace of mind to every single customer/family

Promotion of “+d”

Address social issues and invent new solutions for regional revitalization & 2020

Reinforcement of all foundations

Cost structure reform

Network/R&D (IoT, AI/ 5G /Services)

Expansion of customer base

**Ever-improving value propositions
to customers and society**

(Shift to service co-creation)



Reinforce corporate governance



**A healthy company that achieves both
enhanced customer service and
sustainable business growth**

(Gain the confidence of customers, society, shareholders,
business partners and employees)

1. Results Highlights

- ◆ Key Financial Data, Segment Results

2. Telecommunications Business

- ◆ Operational Performance, ARPU
- ◆ Network, Cost Efficiency Improvement

3. Smart Life Business & Other Businesses

- ◆ Operating Income, Principal Services
- ◆ Promotion of “+d”

4. Summary

FY2016/1Q Results Snapshot

YOY increase in both operating revenues/income - FY2016, off to a good start

◆ Financial data

- Operating revenues: ¥1,108.7 billion (Up 3.0% year-on-year)
- Operating income: ¥299.3 billion (Up 27.1% year-on-year)

◆ Operating income by segment

- Telecommunications business: ¥270.4 billion (Up 27.3% year-on-year)
- Smart life business: ¥17.2 billion (Up 1.9% year-on-year)
- Other businesses: ¥11.7 billion (Up 91.5% year-on-year)

Selected Financial Data

U.S.
GAAP

(Billions of yen)	FY2015/1Q (1)	FY2016/1Q (2)	Changes (2) – (1)
Operating revenues	1,076.9	1,108.7	+ 31.8
Operating expenses	841.5	809.4	– 32.1
Operating income	235.4	299.3	+ 63.9
Net income attributable to NTT DOCOMO, INC.	168.8	206.9	+ 38.1
Capital expenditures	93.1	97.1	+ 4.0
Adjusted free cash flow*	65.4	34.9	– 30.5

* For an explanation of the calculation processes of these numbers, please see the IR page of our website, www.nttdocomo.co.jp. Adjusted free cash flow excludes 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.

Results by Segment

U.S.
GAAP

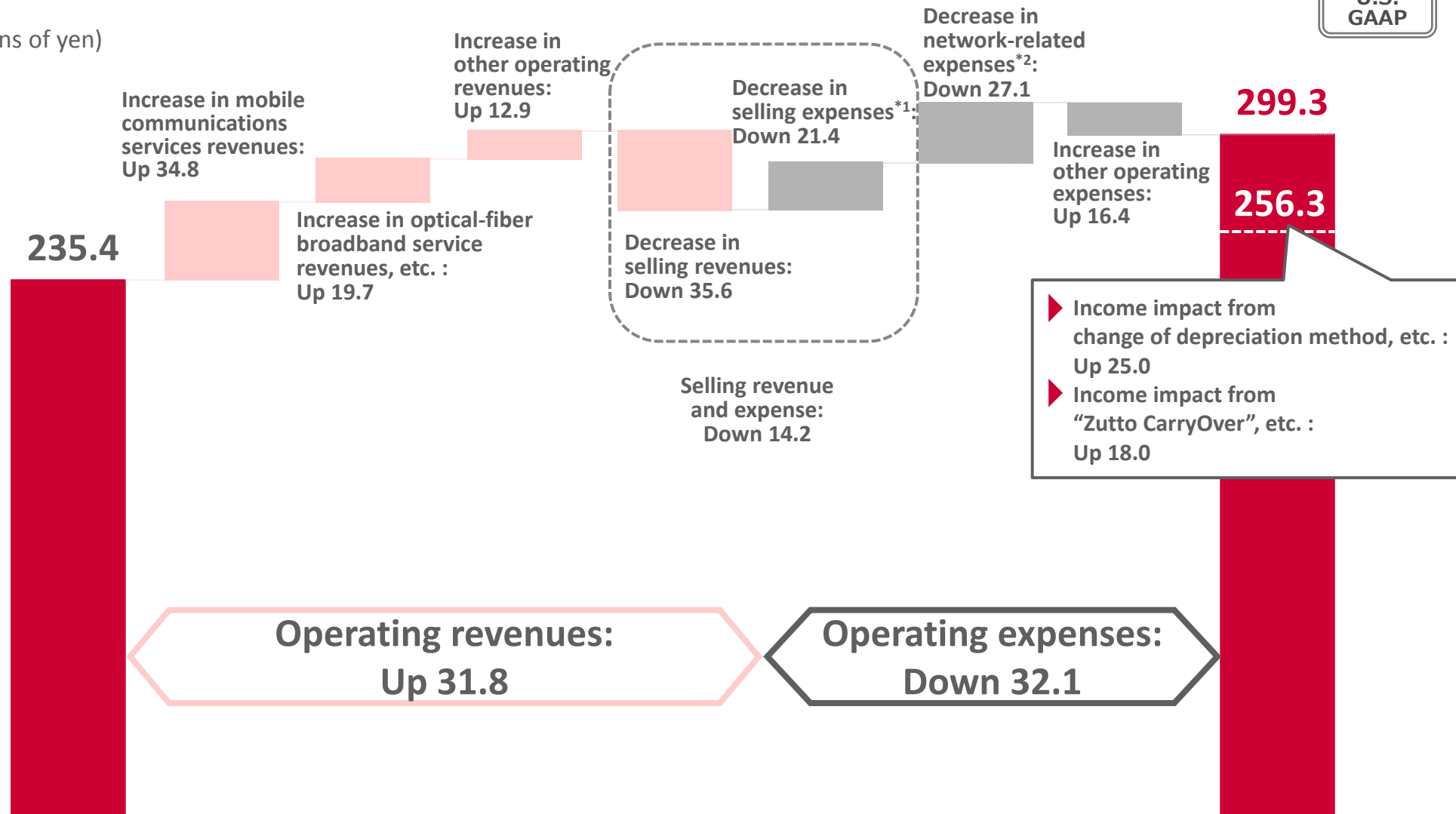
(Billions of yen)		FY2015/1Q (1)	FY2016/1Q (2)	Changes (2)-(1)	
Telecommunications business	Operating revenues	878.6	894.9	+ 16.3	
	Operating income	212.4	270.4	+ 58.0	
Smart life business	Operating revenues	118.4	125.2	+ 6.9	
	Operating income	16.9	17.2	+ 0.3	
Other businesses	Operating revenues	85.9	94.8	+8.9	
	Operating income	6.1	11.7	+ 5.6	
<Ref.> Smart life business and Other businesses		Operating revenues	204.3	220.1	+15.8
		Operating income	23.0	28.9	+5.9

◆ In association with the change of organizational structure that took effect on July 1, 2015, certain types of Machine-to-Machine (M2M) communication services that had previously been included in "Other businesses" were reclassified into "Smart life business" beginning with the results presentation for the first six months of the fiscal year ended March 31, 2016.

Key Factors behind Changes in Operating Income

U.S. GAAP

(Billions of yen)



FY15/1Q

FY16/1Q

*1: Sum of cost of equipment sold and commissions to agent resellers

*2: Sum of depreciation/amortization, loss on disposal of property, plant and equipment and intangible assets, and communication network charges

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- ◆ Promotion of “+d”

4. Summary

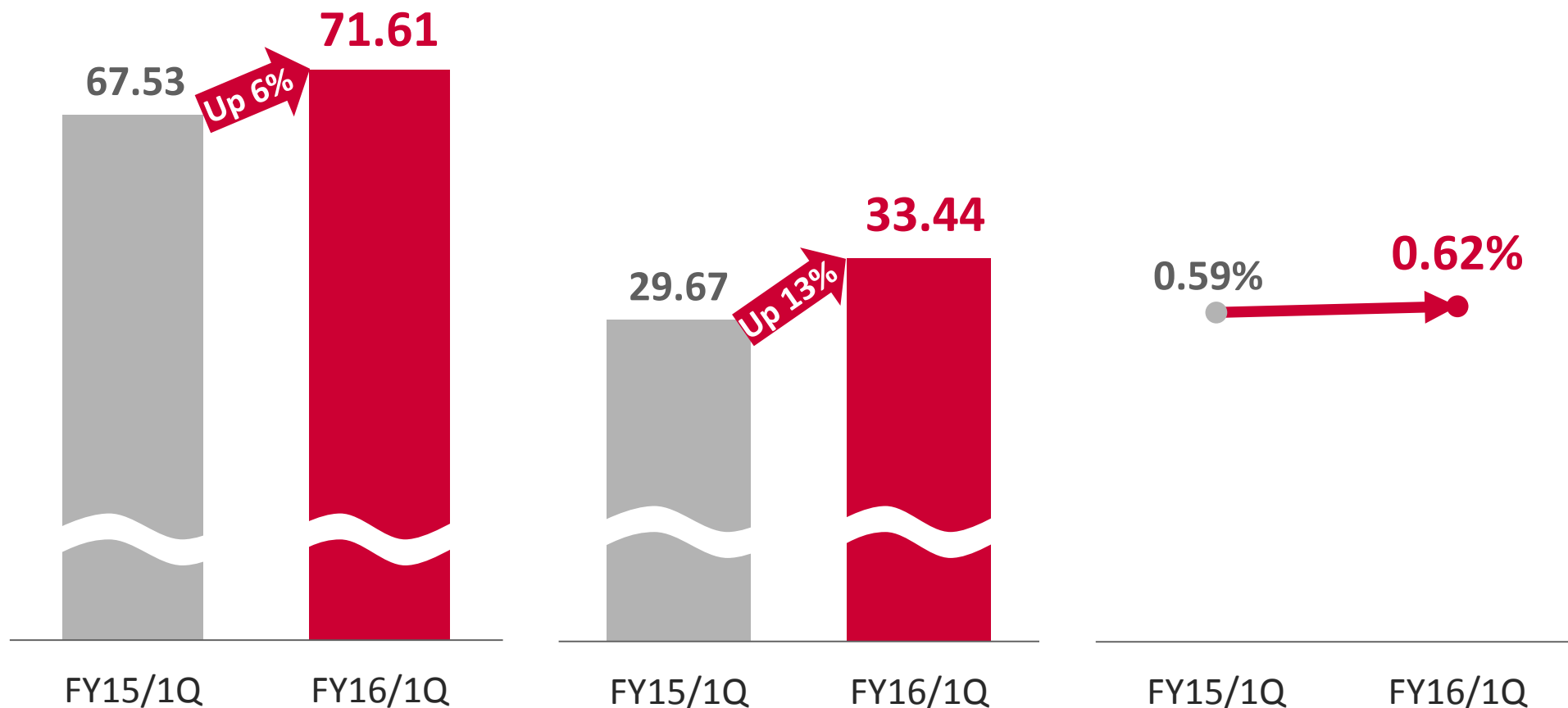
Operational Performance (1)

(Millions subs)

Mobile telecommunications services subscriptions

Total smartphone/tablet users

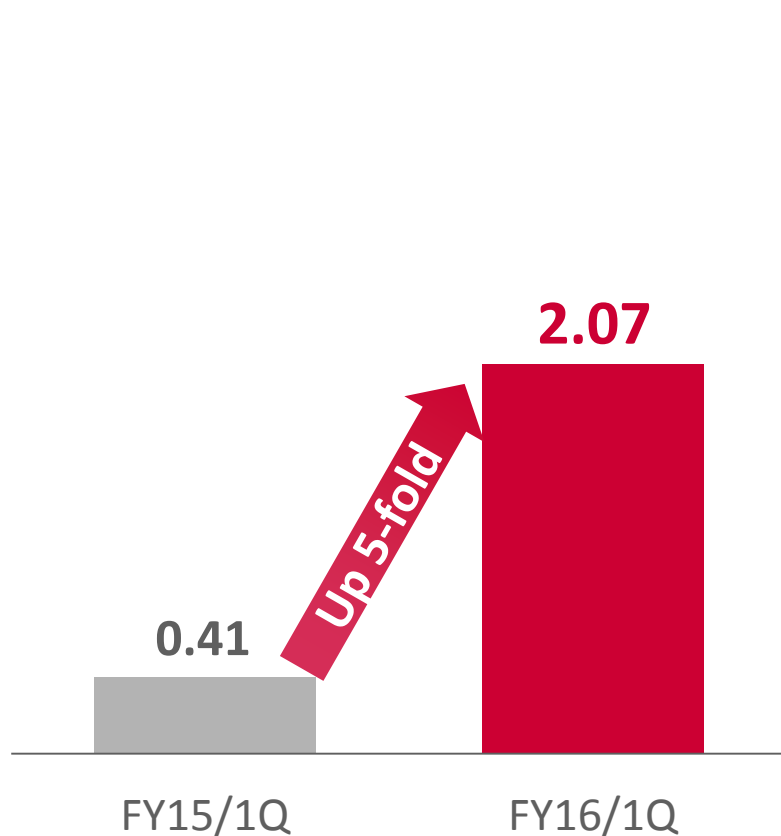
Churn rate



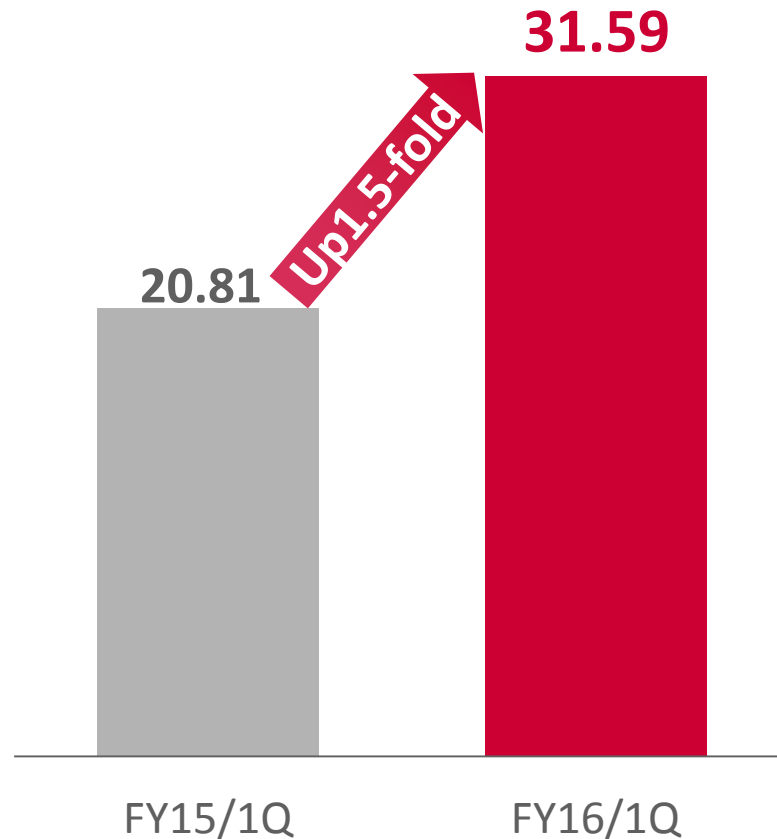
Operational Performance (2)

(Millions subs)

“docomo Hikari”
optical-fiber broadband subs



“Kake-hodai & Pake-aeru”
billing plan subs



Enrichment of Billing Services

**Rate plans for
low-usage
customers**

“Share Pack 5”
selection rate^{*1}:

Approx. 20%

“Kake-hodai Light”
selection rate^{*2}:

Approx. 60%

**Privileges for
long-term users**

“Zutto DOCOMO
Discount”
application rate^{*3}:

Approx. 70%
(Up approx. 10% after
expanding applicability)

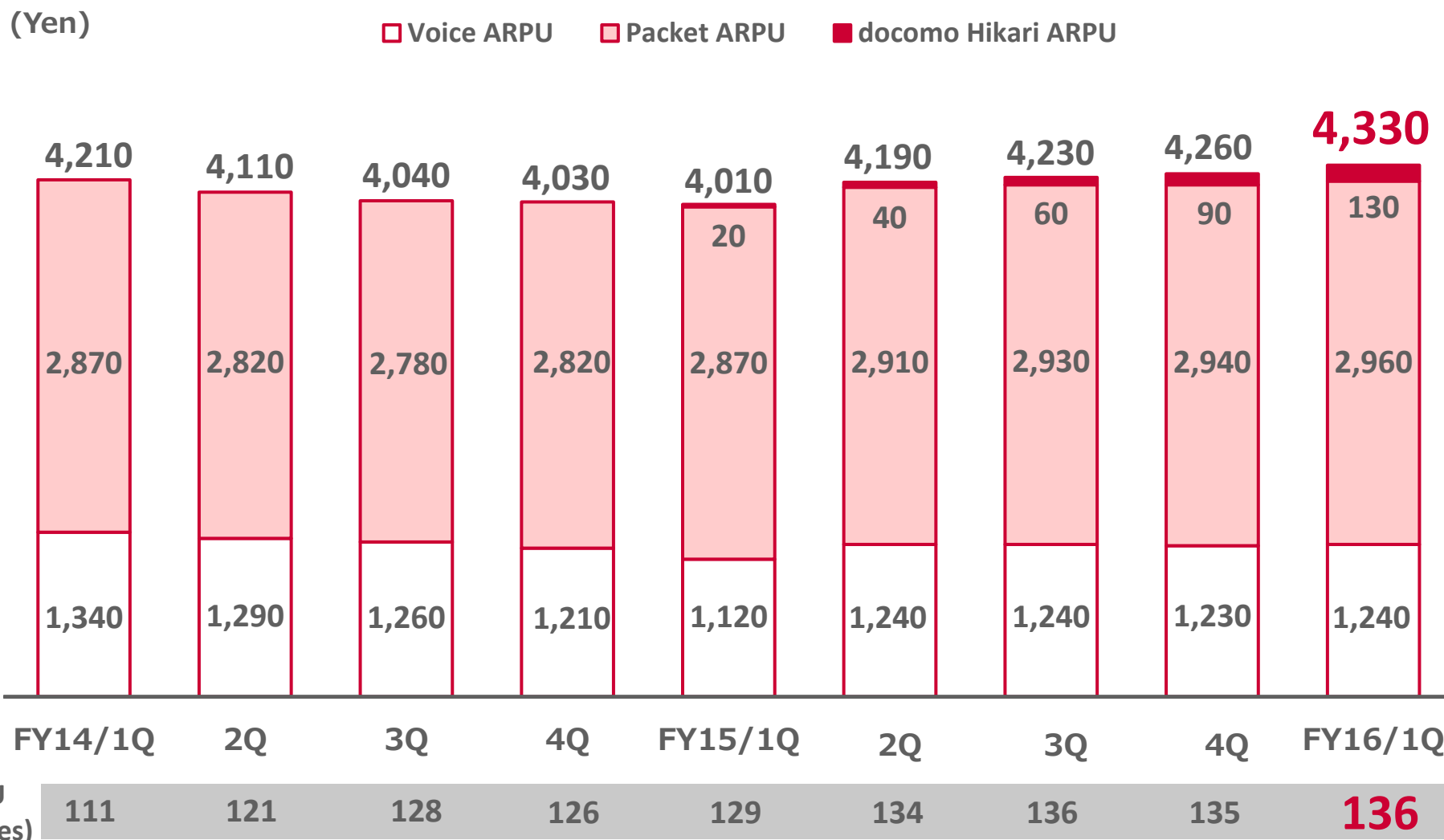
*1: “Share Pack 5” selection rate= No. of “Share Pack 5” packages sold / (No. of “Data Packs” sold + No. of “Share Packs” sold). The number represents the actual data for FY2016/1Q

*2: “Kake-hodai Light” selection rate: No. of “Kake-hodai Light” packages sold / (No. of “Kake-hodai” packages sold + No. of “Kake-hodai Light” packages sold) . The number represents the actual data for FY2016/1Q

*3: “Zutto DOCOMO Discount” application rate = No. of “Zutto DOCOMO Discount” packages applied / Total “Packet Pack” subscriptions. The number represents the actual data as of June 30, 2016

ARPU/MOU

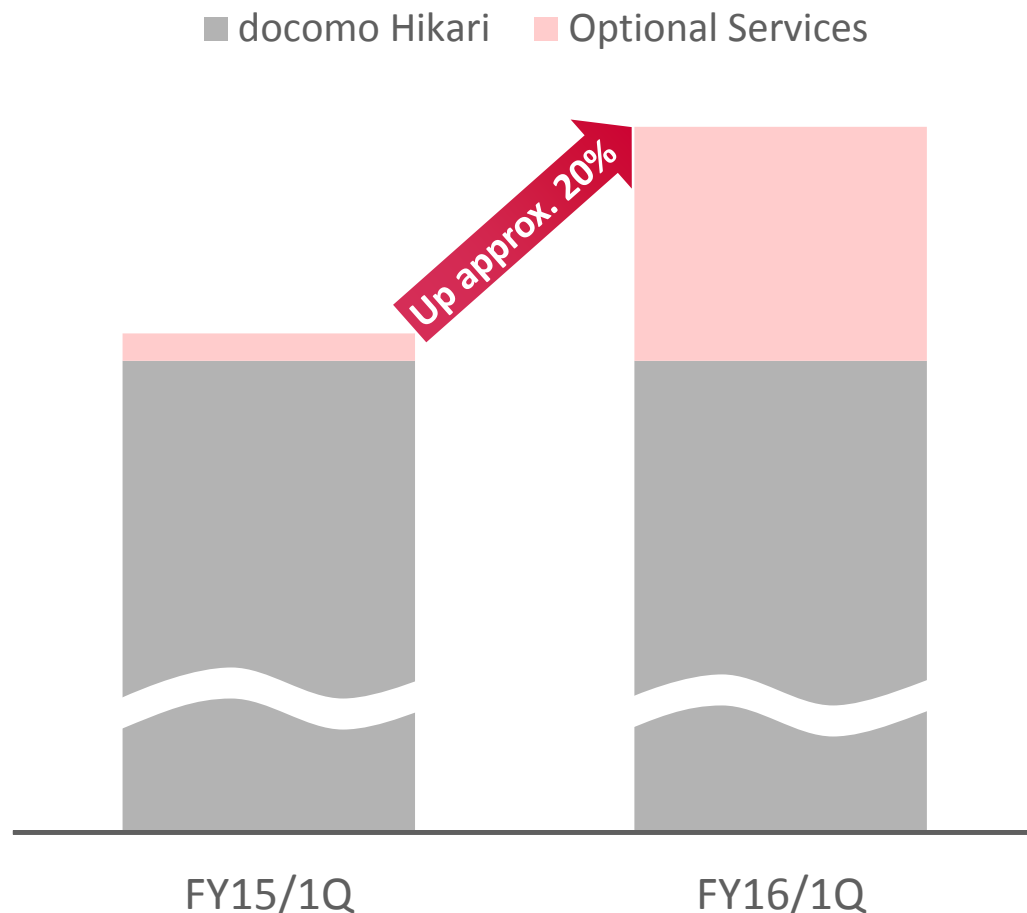
Trend of improvement continues



◆ For an explanation on ARPU and MOU, please see the slide "Definition and Calculation Methods of ARPU and MOU" in this document.

“docomo Hikari”: Usage Growth

Monthly usage per subscription



Optional Services:

- ▶ “docomo Hikari Denwa”
IP phone service
- ▶ “docomo Hikari TV Option”
IP TV
- ▶ “Hikari Remote Support”

LTE Network

PREMIUM 4G™

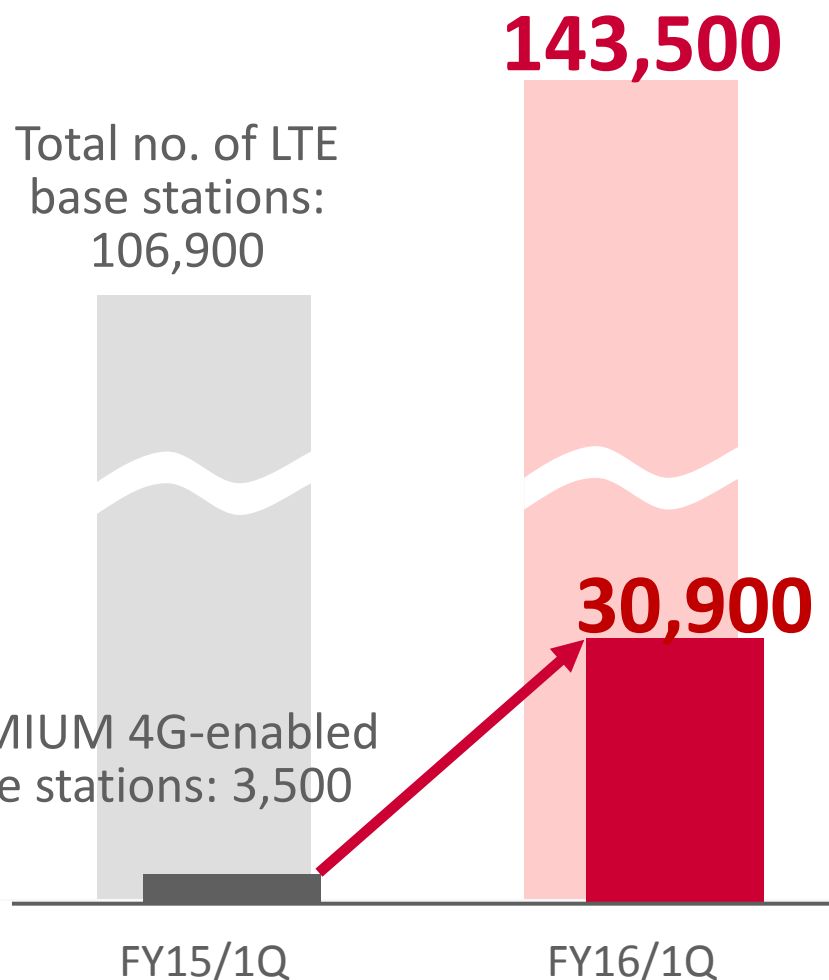
Expanded to **1,203 cities** across Japan

Japan's fastest **375Mbps** service:
Launched May 2016

Principal areas where service is available:
Mt. Fuji, stadiums, theme parks

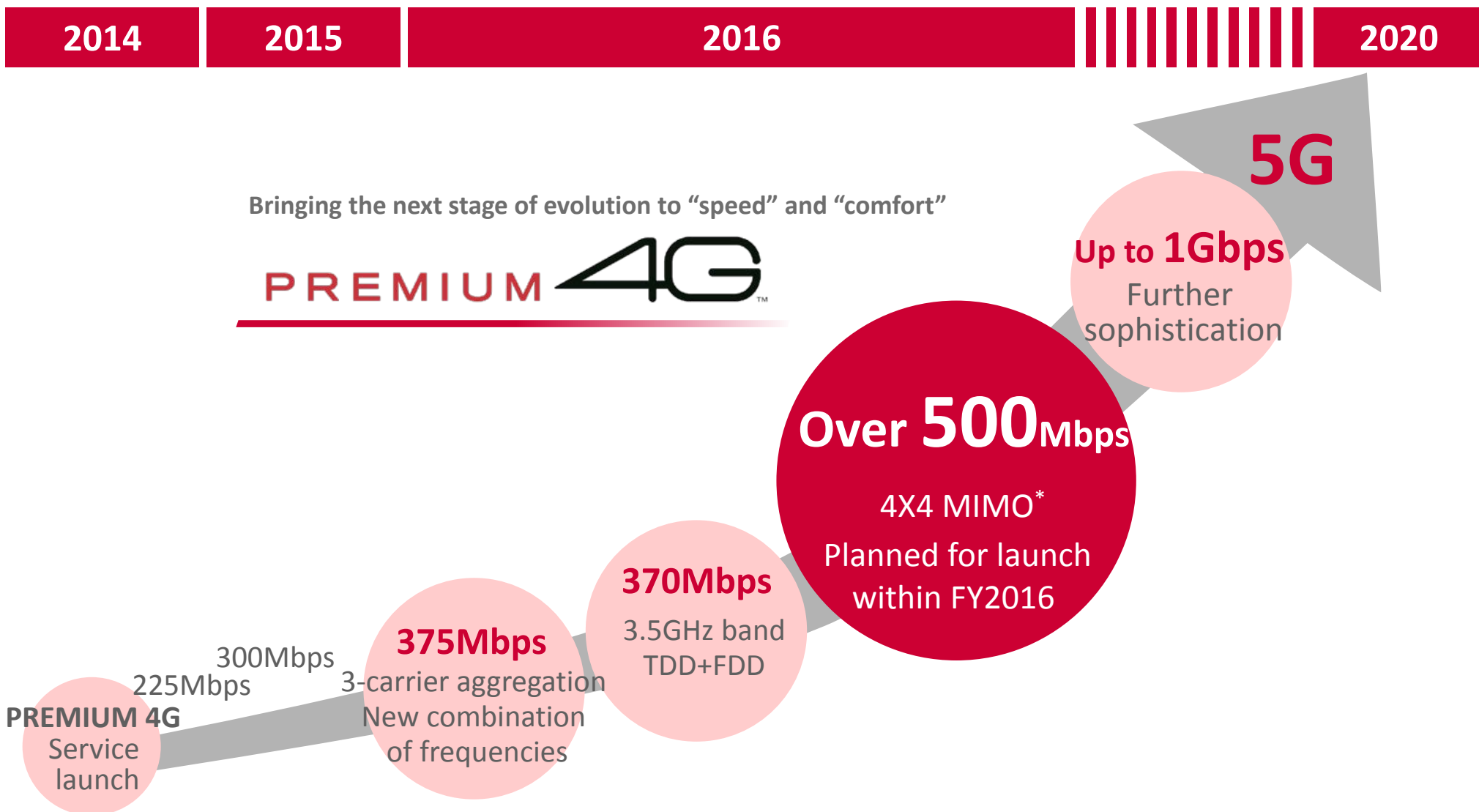
NEW
370Mbps service using **3.5GHz** band:
Launched June 2016

Rolled out in **49 cities** across Japan



- ◆ The transmission speeds described herein are theoretical maximum downlink rates specified in the technical standard and the actual rate may vary depending on the propagation conditions, etc. The description "Japan's fastest" is as of June 30, 2016.
- ◆ Two frequency bands of 3.5GHz and 1.7GHz are used for the provision of 370Mbps service, rolled out in 35 cities across Japan. (The maximum downlink speed provided in areas other than Tokyo, Nagoya and Osaka is 332.5Mbps, for which the two frequency bands of 3.5GHz and 2GHz are used, rolled out in 14 cities across Japan.)
- ◆ Three frequency bands of 2GHz, 1.7GHz and 800 MHz are used for the provision of 375Mbps service.

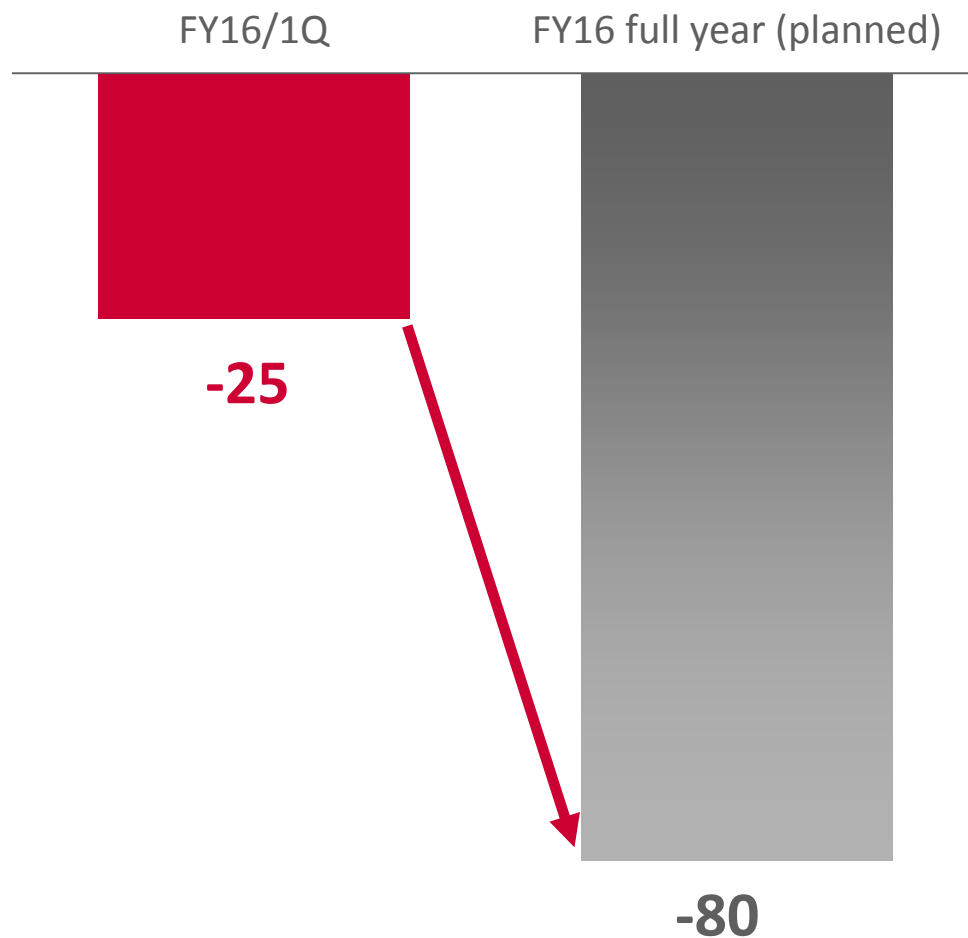
LTE Network: Planned Advancements



* A technique that realizes simultaneous transmission and reception of different signals from multiple antennas

Cost Efficiency Improvement

(Billions of yen)



Focus areas:

【Network】

Capital expenditures, maintenance outsourcing cost, etc.

【Marketing】

Sales tools, etc.

【Other】

R&D, information system, etc.

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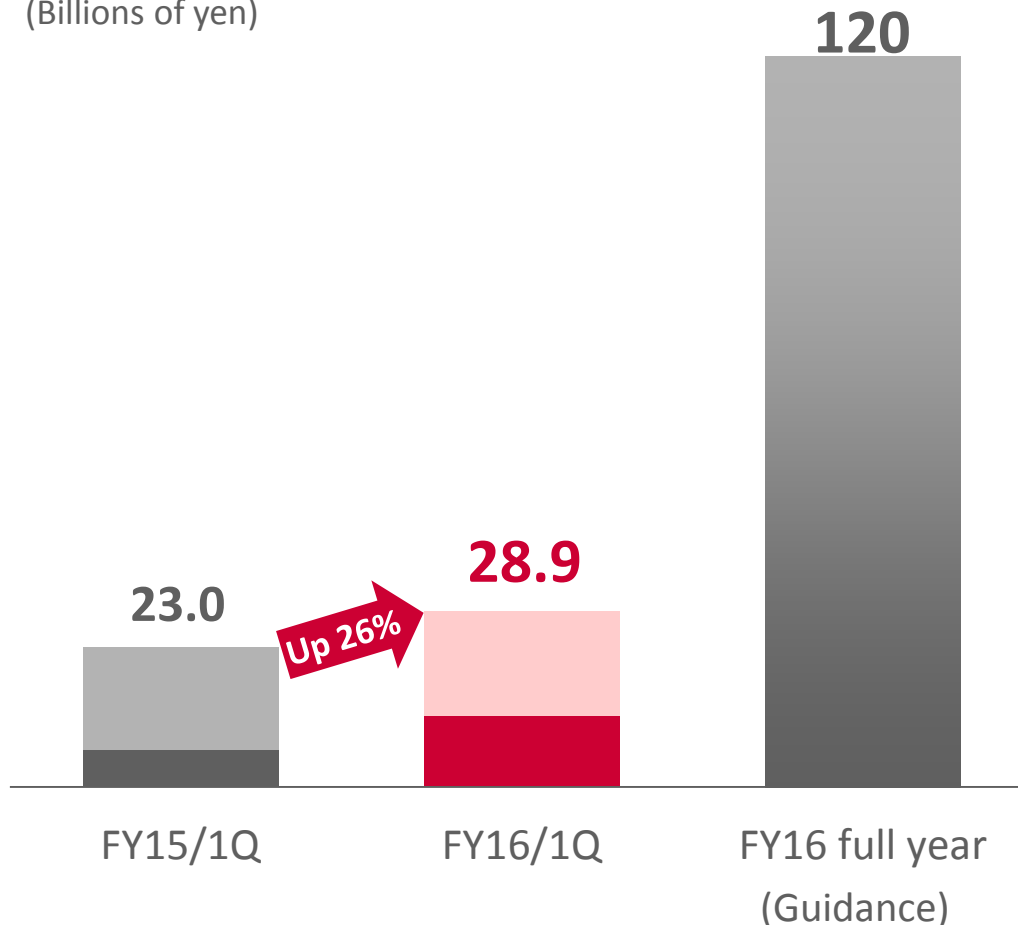
- ◆ Operating Income, Principal Services
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4. Summary

Smart Life Business & Other Businesses: Operating Income

Steadily progressing

(Billions of yen)



Principal services, etc:

- Smart life business
 - Content services
 - Finance/Payment services
 - Group companies
- Other businesses
 - Enterprise solutions
 - Support services for customers' peace of mind, etc.

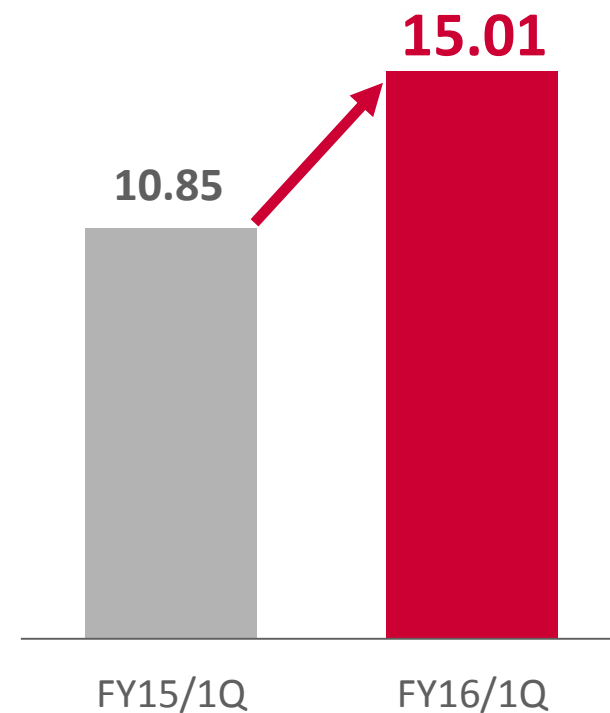
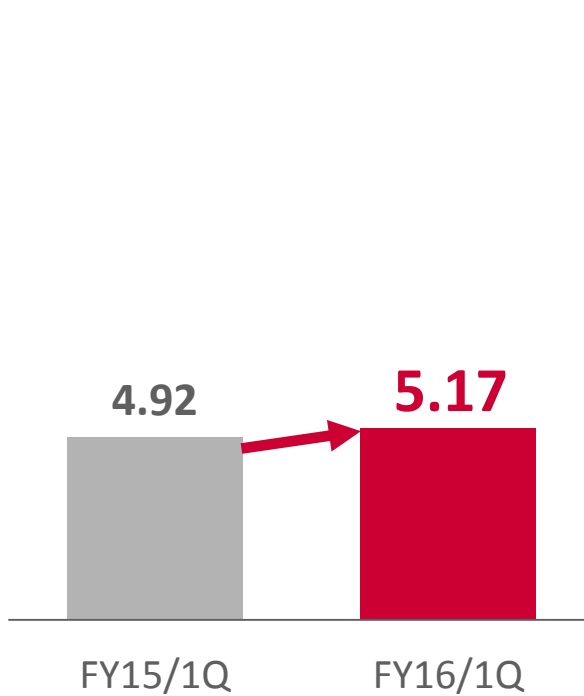
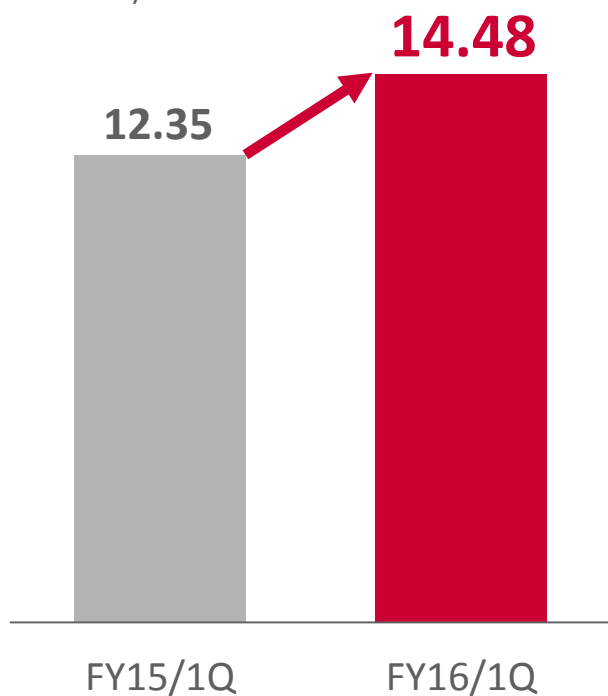
Content Services

“dmarket”

“Osusume Pack”

“Anshin Pack”

(Million subs)



- “dTV”
- “dhits”
- “dmagazine”
- “d anime store”
- “dgourmet”
- “dhealthcare pack”
- “dkids”

“Sugotoku-Contents”



“i-concier”

“Cloud Storage Option” +50GB

“Anshin Net Security”

“Anshin Remote Support”*

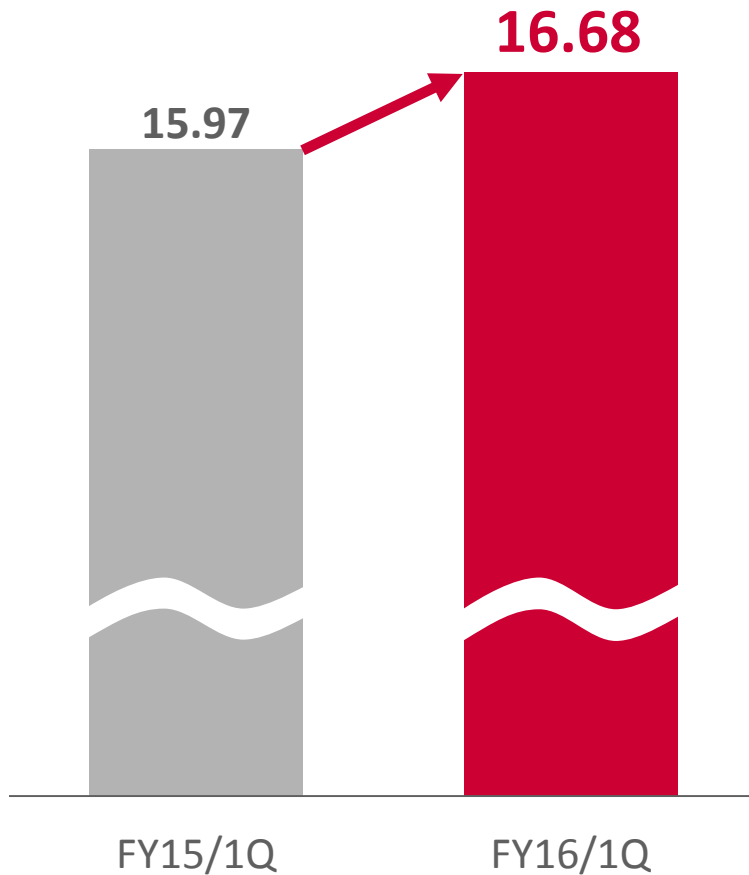
“Mobile Device Protection Service”*

* “Anshin Remote Support” and “Mobile Device Protection Service” are included in the “Support Services for Customers’ Peace of Mind”

Finance/Payment Services

(Million subs)

“dCARD”



“dCARD Gold”

**Over
1.3 million subs**

Promotion of +d

Received MM Research Institute Grand Prix Award 2016



Steadily increased no. of “+d” partners

Retail:



PKSHA Technology

Transport/
IoT, etc:



Premier Mobile Solution



Sharing Service



AI-Based +d Initiatives

Realization of taxi demand prediction



Verification trial on the world's first AI-based **real-time travel demand prediction** technology

Started June 1, 2016

Realization of autonomous driving service (1)



Established consortium toward realization of a transport service based on **self-driving buses**

Agreement reached July 8, 2016

Realization of autonomous driving service (2)

Selected by **Ministry of Internal Affairs and Communications** as its outsourcing contractor for development and verification of an **autonomous mobility system**

Verification trial on **real-time update/distribution technology** for an advanced map database

Announced July 19, 2016

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Share Repurchase

(Purchase on the Tokyo Stock Exchange)

- ▶ **Period for share repurchase:**
May 2 - June 30, 2016
- ▶ **Aggregate no. of shares repurchased:**
Approx. 20.09 million shares
- ▶ **Aggregate price of shares repurchased:**
Approx. ¥54.6 billion
- ▶ **Remaining share repurchase authorization:**
Approx. 137.9 billion
(through December 31, 2016)

FY2016/1Q Summary

- ▶ Recorded increase in both operating revenues and income, making a good start toward achievement of full-year guidance.
- ▶ Strong operational performance in telecommunications business, with ARPU continuing to show improvement. Revenue growth driven by increased “docomo Hikari” subscriptions and other factors. Enriched billing services catered to “low-usage” and “long-term” customers.
- ▶ Steadily expanded PREMIUM 4G coverage. Launched Japan’s fastest 375Mbps service, with further speed enhancements to over 500Mbps planned within FY2016.
- ▶ Income generation from Smart life business and Other businesses progressing steadily toward full-year guidance.
- ▶ Successfully increased number of “+d” partners. Launched “+d” programs that incorporate artificial intelligence (AI), such as autonomous driving.
- ▶ Repurchased shares worth approx. ¥54.6 billion. Share repurchase on the stock exchange to be continued.

The new of today, the norm of tomorrow



Danger ahead! Smartphone-distracted walking

Appendices

Principal Services Included in Each Reportable Segment

Telecommunications business

Mobile communications services

- LTE(Xi) services
 - FOMA services
 - International services
 - Sales of handset/equipment for each service, etc.
-

Optical-fiber broadband service and other telecommunications services

- Optical-fiber broadband service
- Satellite communications services, etc.

Smart life business

Content services

- “dmarket”
 - “Anshin Net Security”
 - “Sugotoku-Contents”
 - “Cloud Storage Options”
 - etc.
-

Finance/Payment services

- Credit service
 - Proxy bill collection
 - “docomo Mobile Payment”
 - etc.
-

Group companies

- OAK LAWN MARKETING, INC.
- ABC Cooking Studio Co.,Ltd.
- docomo Healthcare, Inc.
- etc.

Other businesses

Enterprise solutions

- Enterprise M2M 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 and MOU

i. Definition of ARPU and MOU

a. 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. The revenue items included in the numerators of our ARPU figures are based on our U.S. GAAP results of operations.

b. MOU (Minutes of Use):

Average monthly communication time per user.

ii. ARPU Calculation Methods

Aggregate ARPU = Voice ARPU + Packet ARPU + “docomo Hikari” ARPU

- Voice ARPU : $\frac{\text{Voice ARPU Related Revenues (basic monthly charges, voice communication charges)}}{\text{No. of active users}}$

- Packet ARPU : $\frac{\text{Packet ARPU Related Revenues (basic monthly charges, packet communication charges)}}{\text{No. of active users}}$

- “docomo Hikari” ARPU : $\frac{\text{“docomo Hikari”-related revenues (basic monthly charges, voice communication charges)}}{\text{No. of active users}}$

- In addition, the sum of Packet ARPU and “docomo Hikari” ARPU is referred to as Data ARPU.

iii. Active Users Calculation Method

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

Note:

- The number of “users” used to calculate ARPU and MOU is the total number of subscriptions, excluding the subscriptions listed below:
 - 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
 - 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.
- 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) are not included in the ARPU calculation.

Special Note Regarding Forward-Looking Statements

This presentation contains forward-looking statements such as forecasts of results of operations, management strategies, objectives and plans, forecasts of operational data such as the expected number of subscriptions, and the expected dividend payments. All forward-looking statements that are not historical facts are based on management's current plans, expectations, assumptions and estimates based on the information currently available. Some of the projected numbers in this presentation 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. Potential risks and uncertainties include, without limitation, the following:

- (1) Changes in the market environment in the telecommunications industry, such as intensifying competition from other businesses or other technologies caused by Mobile Number Portability, development of appealing new handsets, new market entrants, mergers among other service providers and other factors, or the expansion of the areas of competition could limit the acquisition of new subscriptions and retention of existing subscriptions by our corporate group, or it may lead to ARPU diminishing at a greater than expected rate, an increase in our costs, or an inability to optimize costs as expected.
- (2) If current and new services, usage patterns, and sales schemes proposed and introduced by our corporate group cannot be developed as planned, or if unanticipated expenses arise the financial condition of our corporate group could be affected and our growth could be limited.
- (3) The introduction or change of various laws or regulations inside and outside of Japan, or the application of such laws and regulations to our corporate group, could restrict our business operations, which may adversely affect our financial condition and results of operations.
- (4) Limitations in the amount of frequency spectrum or facilities made available to us could negatively affect our ability to maintain and improve our service quality and level of customer satisfaction and could increase our costs.
- (5) Other mobile service providers in the world may not adopt the technologies and the frequency bands that are compatible with those used by our corporate group's mobile communications system on a continuing basis, which could affect our ability to sufficiently offer international services.
- (6) Our domestic and international investments, alliances and collaborations, as well as investments in new business fields, may not produce the returns or provide the opportunities we expect.
- (7) Malfunctions, defects or imperfections in our products and services or those of other parties may give rise to problems.
- (8) Social problems that could be caused by misuse or misunderstanding of our products and services may adversely affect our credibility or corporate image.
- (9) Inadequate handling of confidential business information including personal information by our corporate group, contractors and others may adversely affect our credibility or corporate image.
- (10) Owners of intellectual property rights that are essential for our business execution may not grant us a license or other use of such intellectual property rights, which may result in our inability to offer certain technologies, products and/or services, and our corporate group may also be held liable for damage compensation if we infringe the intellectual property rights of others. In addition, the illicit use by a third party of the intellectual property rights owned by our corporate group could reduce our license revenues actually obtained and may inhibit our competitive superiority.
- (11) Events and incidents caused by natural disasters, social infrastructure paralysis such as power shortages, the proliferation of harmful substances, terror or other destructive acts, the malfunctioning of equipment, software bugs, deliberate incidents induced by computer viruses, cyber-attacks, equipment misconfiguration, hacking, unauthorized access and other problems could cause failure in our networks, distribution channels, and/or other factors necessary for the provision of service, disrupting our ability to offer services to our subscribers and such incidents may adversely affect our credibility or corporate image, or lead to a reduction of revenues and/or increase of costs.
- (12) Concerns about adverse health effects arising from wireless telecommunications may spread and consequently adversely affect our financial condition and results of operations.
- (13) Our parent company, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), could exercise influence that may not be in the interests of our other shareholders.

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