



Top Commitment

Through Open Innovation, We will Create “New Value” Uniquely Available with DOCOMO.

Japan’s telecommunications industry is now undergoing a sea change with the market entry by a new player, revision of the Telecommunications Business Act and launch of 5G (the 5th generation mobile communications system). Let me explain our business strategies that we are pursuing in this environment to achieve an unprecedented transformation for our sustainable growth in the 2020s.

President & CEO

Delivered Revenue and Profit Growth in FY2018 with Operating Profit Exceeding ¥1 Trillion for the First Time in 15 Years

Our FY2018 results outperformed our guidance with both operating revenues and profit recording a year-on-year increase for the fourth consecutive year: operating revenues grew by ¥78.6 billion from the previous fiscal year to ¥4,840.8 billion and operating profit by ¥26.7 billion to ¥1,013.6 billion. We have also made steady progress toward the achievement of our medium-term operational targets, i.e., the indicators that we have committed to deliver by FY2021.

This profit growth was driven mainly by the increase in telecommunications service subscriptions and the expansion of the

Smart life business and Other businesses comprising content/lifestyle, finance/payment services as well as enterprise solutions, etc., which we are promoting to provide new value to customers through the value co-creation initiatives with external partners.

Particularly, the finance/payment services showed strong performance. We started tackling the “transformation into a business foundation centered on our membership base” from FY2018 and have strived to reinforce our offerings that are centered around our point program. As a result of these undertakings, we successfully increased the total number of “d POINT CLUB” members to over 70 million.

Meanwhile, we increased the variety of payment methods by newly





FY2019 is the Execution of Change to Propel Our Future Growth.

adding barcode (QR code) payment and “d Payment” service to our conventional service lineup of “iD” (electronic money) and “d CARD” (credit card), and at the same time integrated these payment services with our “d POINT” program to enable customers to earn and use points much more easily than before. The favorable performance of our finance/payment services was underpinned by customers appreciation of the value of the “benefits and convenience” we offer. While Japan lags other countries in the adoption of cashless payments, the market has started to gain traction with the entry by a wide variety of players. For our solid membership base and our ability to roll out services leveraging our point scheme, we believe we have a strong presence that will allow us to compete favorably in this market.



Setting “Change” as the Main Theme of Our FY2019 Business Management Policy

In April 2017, we developed our Medium-Term Strategy 2020 “Declaration beyond” in which we presented our vision of the era beyond 2020. However, the world is changing moment by moment and the speed of change is particularly fast in the telecommunications industry. In order to deliver on what we envisaged in “Declaration beyond,” we must anticipate and prepare for future changes and alter our conventional approaches and offerings accordingly.

Therefore, our focus for FY2019 is the execution of “change” to propel our further growth. In accordance with this theme, we will specifically work on (i) boosting our competitiveness to continue to be chosen by customers, (ii) creation of new revenue opportunities through marketing model transformation, and (iii) further expansion of Smart life business and Other businesses and acceleration of 5G commercialization. We will provide returns to customers leveraging our newly launched rate plans and deliver new values jointly with partners through the promotion of digital marketing, thereby transforming ourselves at the same time.

Make FY2019 the Bottom Year and Aim for Sustainable Growth in the 2020s

In FY2019, we plan to execute customer returns worth approximately ¥200 billion through the introduction of new rate plans, which were designed paying close attention to customer requirements to offer improved “value and convenience” for customers. Accordingly, we project a decline in both operating revenues and profit to ¥4,580 billion (down ¥260.8 billion year-on-year) and ¥830 billion (down ¥183.6 billion year-on-year), respectively.

Although a temporary drop is expected for this fiscal year, toward our sustainable growth in the future, we will actively pursue the basic policies of our medium-term business strategy, i.e., “revenue opportunity creation centered on customer base,” “growth driven by 5G” and “evolution of customer touchpoints.” We are determined to make FY2019 the bottom year and recover our performance by FY2023.

As a foundation of our recovery, we will strive to further develop our Smart life business and Other businesses by expanding our membership base to over 100 million as quickly as possible. Leveraging this solid membership base, we will accelerate commercial transactions and strengthen our ties with customers by rolling out marketing automation and creating new solutions and revenue models for other businesses in collaboration with various external partners. We already started providing data that can be used by consumer goods manufacturers for their own marketing activities through a packaged solution developed jointly with our partner, a large-scale retail business operator. The solution combines the data owned by DOCOMO and the partner and makes it possible for businesses to identify and approach members who are likely to make a purchase.

For the commercialization of 5G, we are moving forward with the construction of network infrastructure in parallel with the preparation for service deployment. We heard some skeptical opinions concerning the necessity of a high-speed network when we introduced 3G and 4G services in the past. However, there is a breadth of new businesses that can only be realized with the faster-speed and larger-capacity transmission capabilities of the 5G network. We intend to roll out a wide array of services as part of our pre-commercial offerings, e.g., solutions for construction machines, remote medicine and education,



Partners are Essential for Making Innovation Together.

joining forces with various business partners. With the growing expectations for 5G around the prospects of new industry creation and solution of social issues, many people are expressing their understanding and support towards 5G.

In FY2019, we expect to create 100 different use cases for our pre-commercial offerings. Toward the full-commercial launch scheduled for spring of 2020, we will start implementing services in earnest taking the opportunity of the Rugby World Cup 2019 games. We plan to push forward the commercialization of 5G as well as IoT, AI and other advanced technologies through what is known as the Top Gun project, where the three parties of customer, our Corporate Sales and Marketing team and R&D unit join forces to solve various challenges.

DOCOMO's CSR Activities Shapes the Foundation of "Declaration beyond"

Medium-Term strategy 2020 "Declaration beyond" was the first thing I tackled after I was appointed CEO. Our fundamental philosophy toward CSR lies at the bottom of this strategy, because "Declaration beyond" sets out "WHAT we aim for" while CSR defines "HOW we address" these targets.

We are pursuing CSR along the two fronts of [Responsible docomo], in which we aim to create a company that can earn the trust and confidence of customers by fulfilling our responsibilities, and [Innovative docomo], in which we aspire to solve social issues through the delivery of new value. Based upon these two pillars, we will promote ESG management and make tangible contributions toward the achievement of the Sustainable Development Goals (SDGs) and solution of other social challenges.

We believe our businesses are synonymous with people's livelihood

and social infrastructure. As such, we must never cause a disruption of telecommunications services; continuous operation is the most important mission we are required to fulfill. The importance of telecommunications is especially highlighted when disasters strike. Under [Responsible docomo], we are required to ensure the availability of telecommunications services at all times, and in the event of a disaster or other anomalies, a robust response to achieve the earliest possible recovery of service.

Meanwhile, innovation is indispensable to enhance the value of our lives and society. This is what we aspire to realize with [Innovative docomo]. We believe we can invent new things by undertaking value creation activities jointly with partners and integrating partners' assets and technologies with ours. This is our approach to open innovation, and this is what we pursue under [Innovative docomo].

Build Our Own Strengths While Recognizing Risks and Challenges

DOCOMO is well positioned to exert its strength primarily in the area of technology such as 5G, IoT and AI, but we cannot change the world with technology alone. For making innovation, human talent and partners are required to translate technology into tangible businesses and services. We are aware that we need to make further efforts to cultivate these resources.

Global business expansion continues to be one of our challenges. Going forward, we will focus on how to expand the Smart life business domain that we developed in Japan leveraging our membership base to other markets.

However, new businesses or value can hardly be developed only by ourselves, so we must work together with partners mutually bringing ideas to develop a concrete solution. We will continue to deepen our

collaboration with a wide variety of partners, to make our customers' lives more comfortable and contribute to the development of the industry through healthy business management. By creating "new value" we will help shape a brighter future.

