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# **FY2020/1Q**

# **Results Presentation**

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**August 3, 2020**

- 1. FY2020/1Q Results Highlights**
- 2. FY2020 Guidance and Principal Actions**

# FY2020/1Q Results Highlights

(Billions of yen)

IFRS

	FY2019/1Q (1)	FY2020/1Q (2)	Changes (2) – (1)	Changes (%)
Operating revenues	1,159.3	1,098.2	-61.1	-5.3%
Operating profit	278.7	280.5	+1.8	+0.7%
Profit attributable to shareholders of NTT DOCOMO, INC.	192.3	195.3	+3.0	+1.5%
Adjusted free cash flow	174.8	-54.0	-228.8	—
Capital expenditures	97.9	90.8	-7.1	-7.2%

◆ 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.

# Results by Segment

IFRS

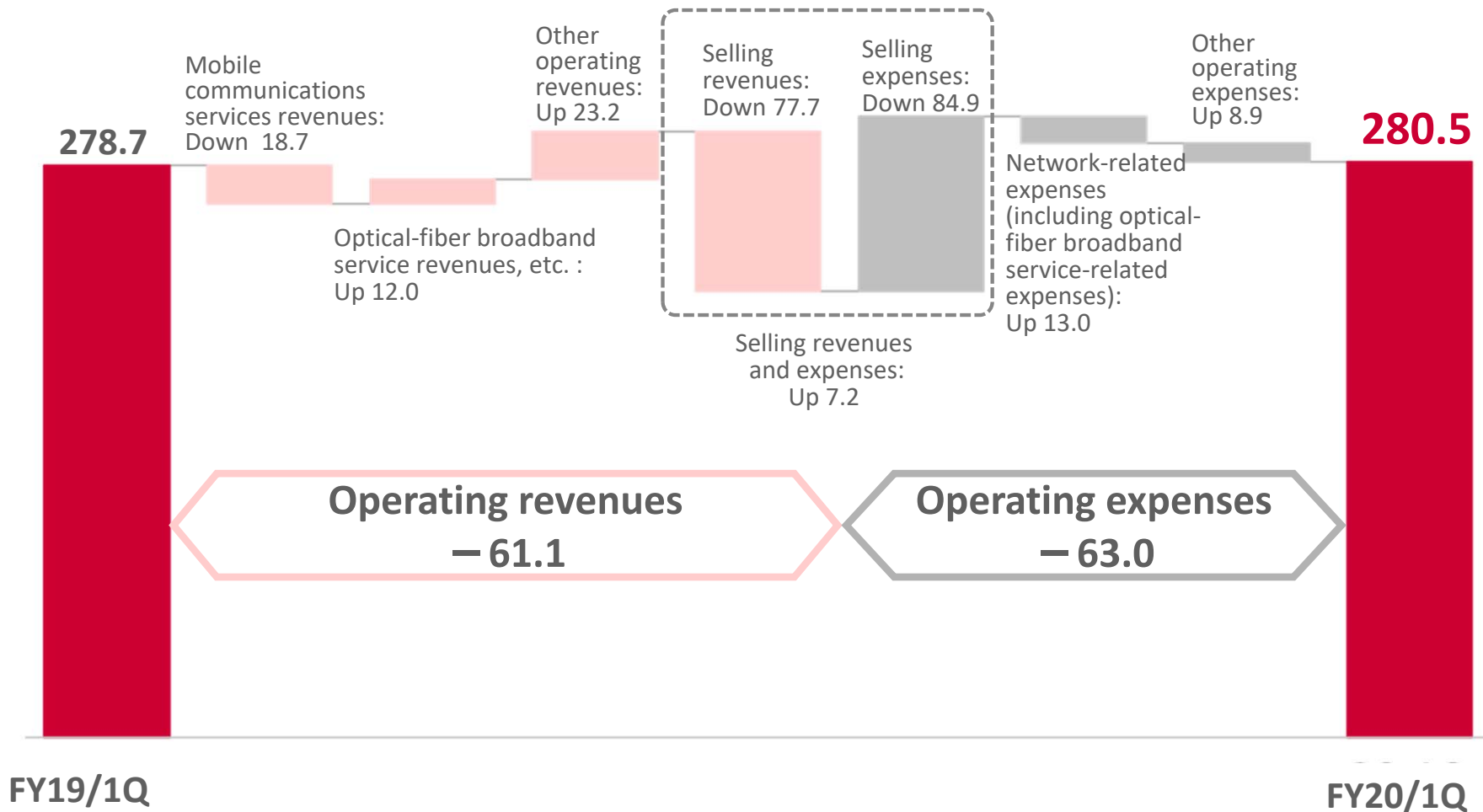
(Billions of yen)		FY2019/1Q (1)	FY2020/1Q (2)	Changes (2) – (1)
Telecommunications business	Operating revenues	945.1	851.8	-93.3
	Operating profit	231.2	219.4	-11.8
Smart life business	Operating revenues	111.3	145.0	+33.8
	Operating profit	18.8	28.3	+9.5
Other businesses	Operating revenues	109.5	110.4	+0.9
	Operating profit	28.7	32.8	+4.2
<Ref.> Smart life business and Other businesses	Operating revenues	220.8	255.5	+34.7
	Operating profit	47.5	61.2	+13.6

◆ Certain services that had been included in Smart life business were reclassified to Other businesses to reflect the change in its internal organizational structure effective as of July 1, 2019. In connection with this realignment, segment information for the fiscal year ended Mar. 31, 2020 has been restated to conform to the presentation for the fiscal year ending March 31, 2021.

# 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.

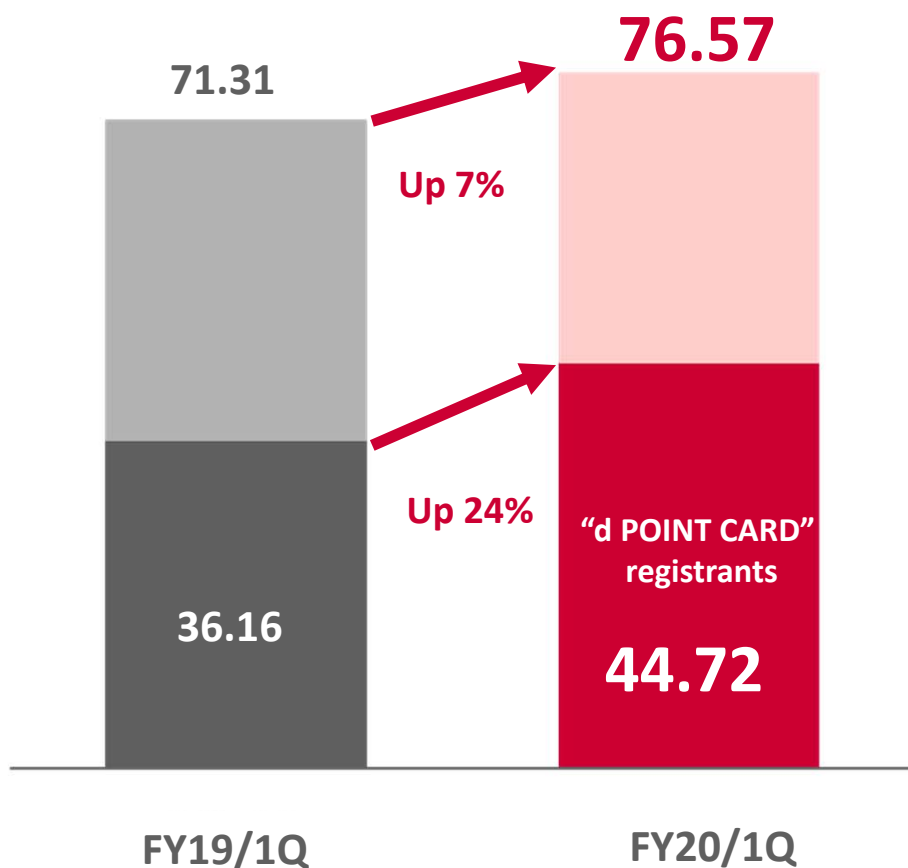
◆ Network-related expenses represent the sum of depreciation/amortization, loss on disposal of property, plant and equipment and intangible assets, and communication network charges.

# “d POINT CLUB”

## “d POINT CLUB” members

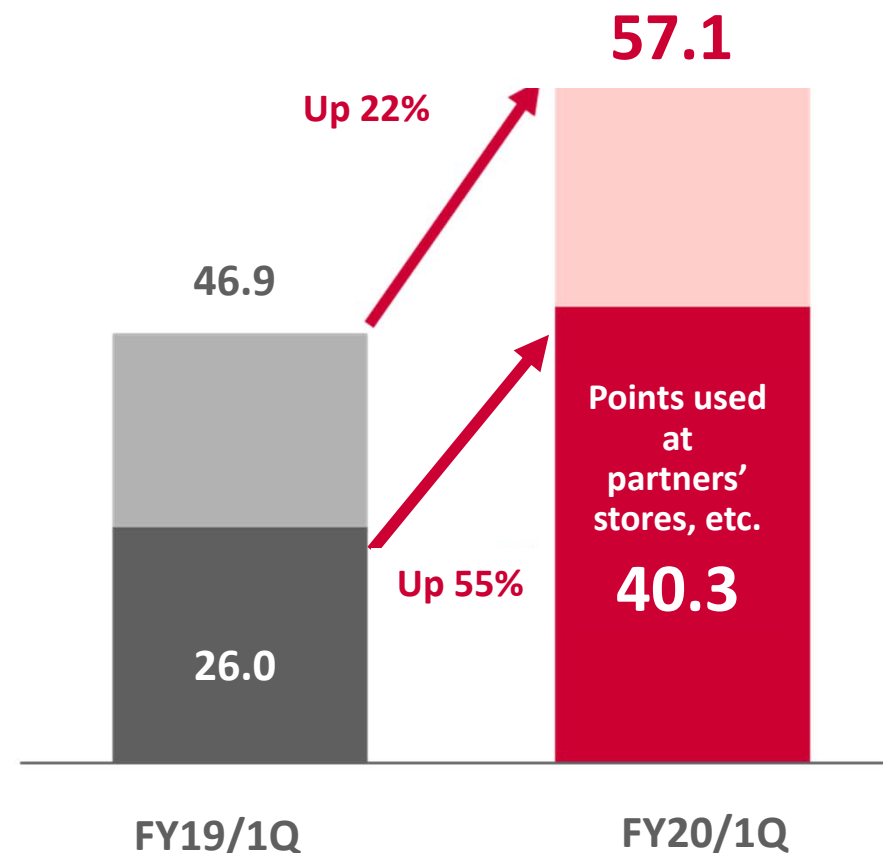
(Million)

**Topped 76 million**



## “d POINTS” used

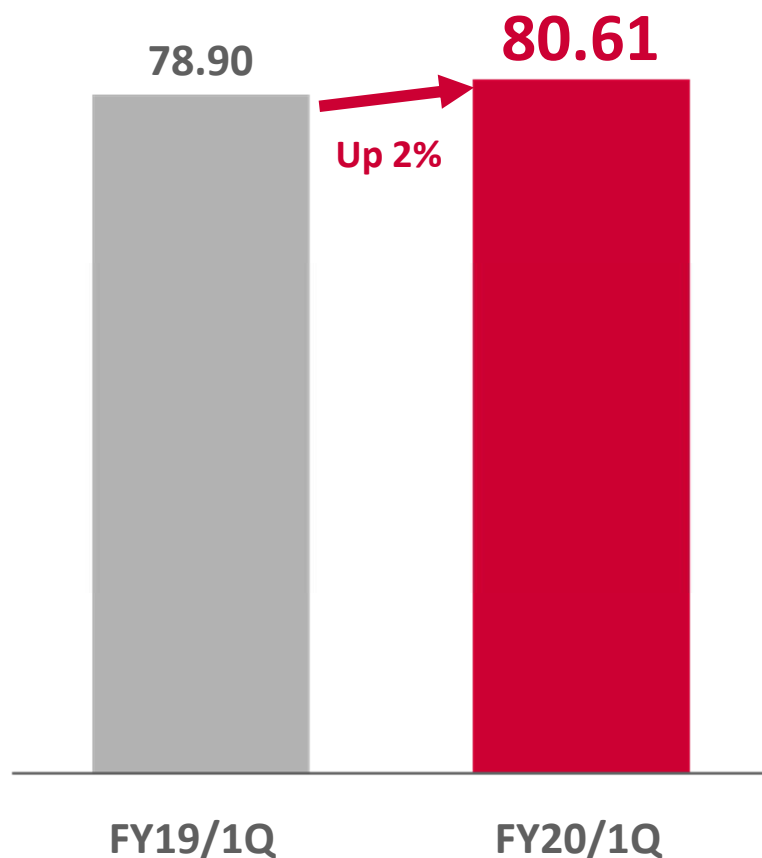
(Billion points)



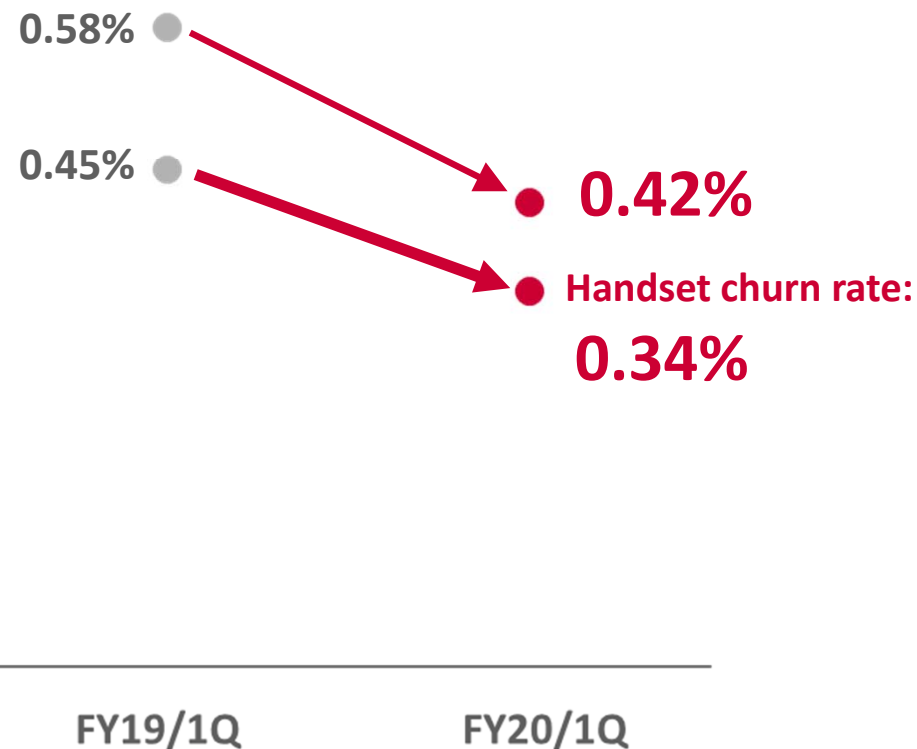
# Telecommunications Business Operational Performance (1)

## Mobile telecommunications service subscriptions

(Million subs)



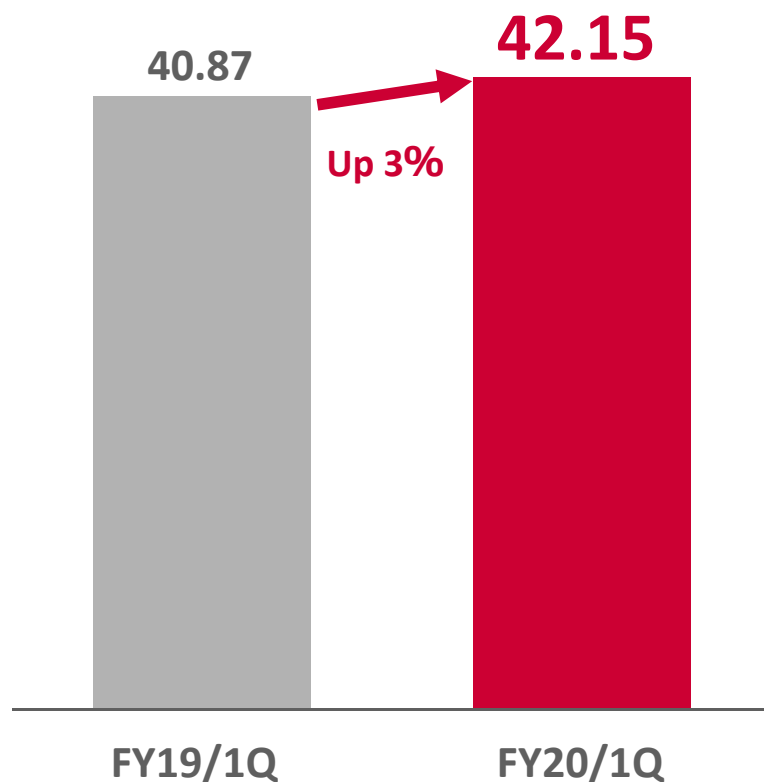
## Churn rate



# Telecommunications Business Operational Performance (2)

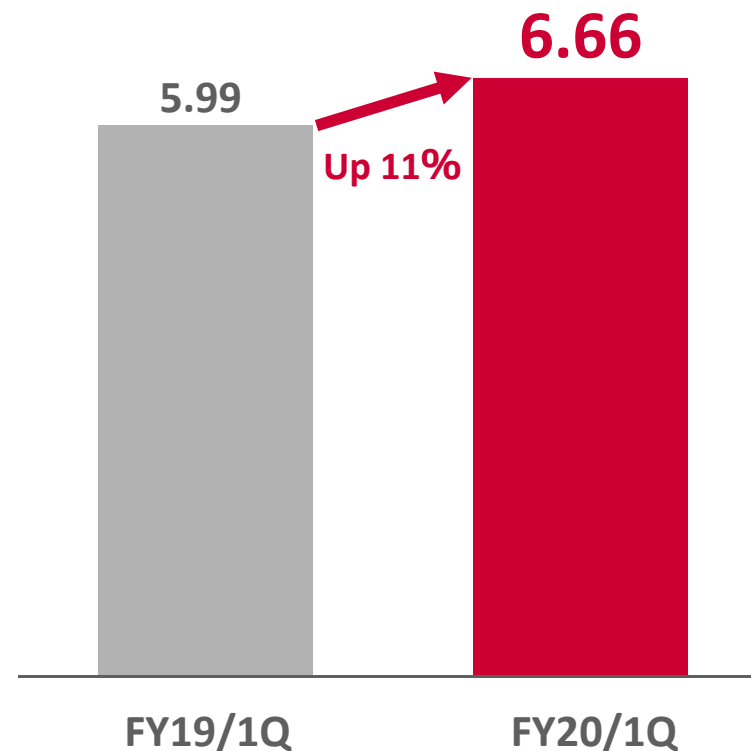
## Total smartphone/ tablet users

(Million)

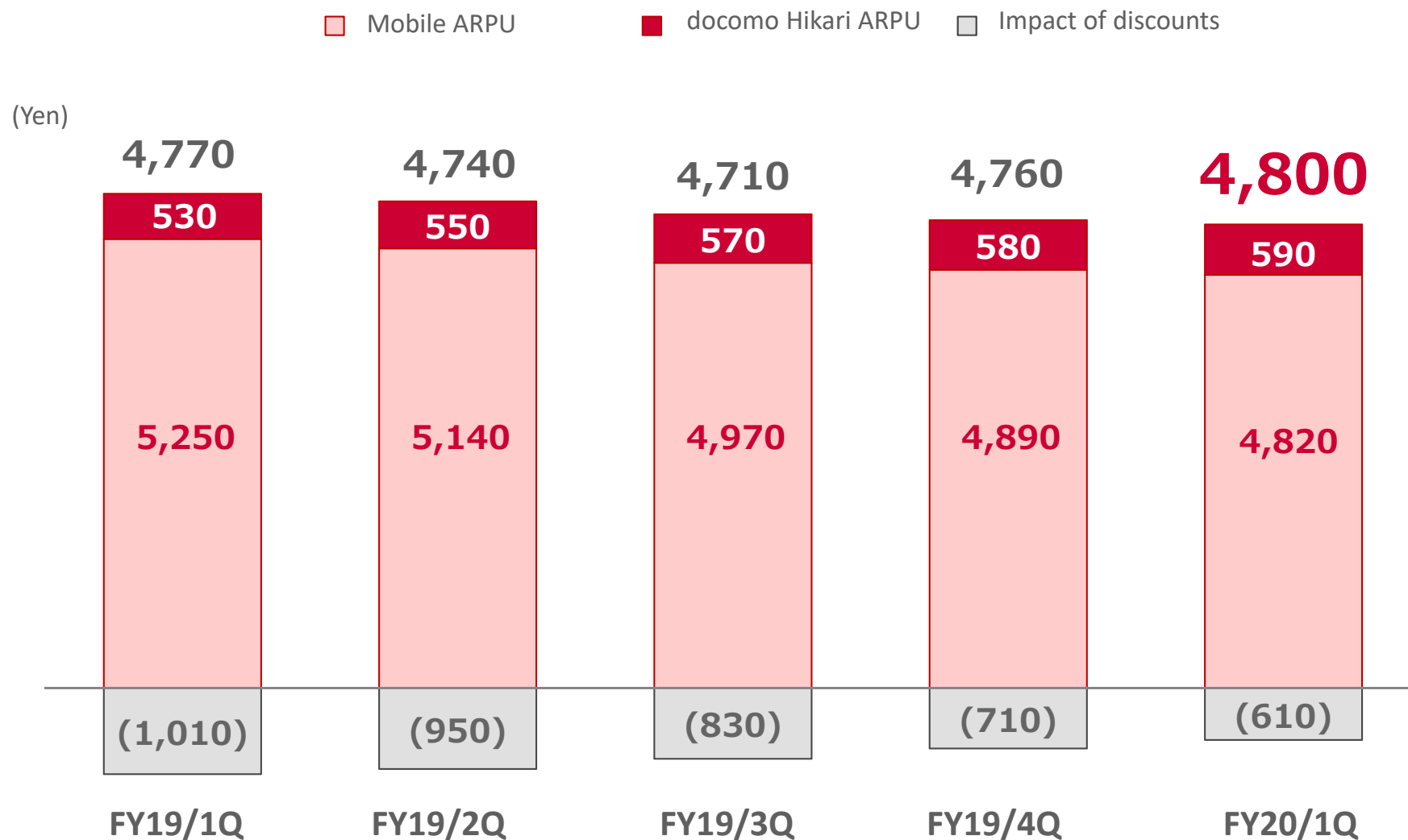


## “docomo Hikari” optical-fiber broadband subs

(Million subs)



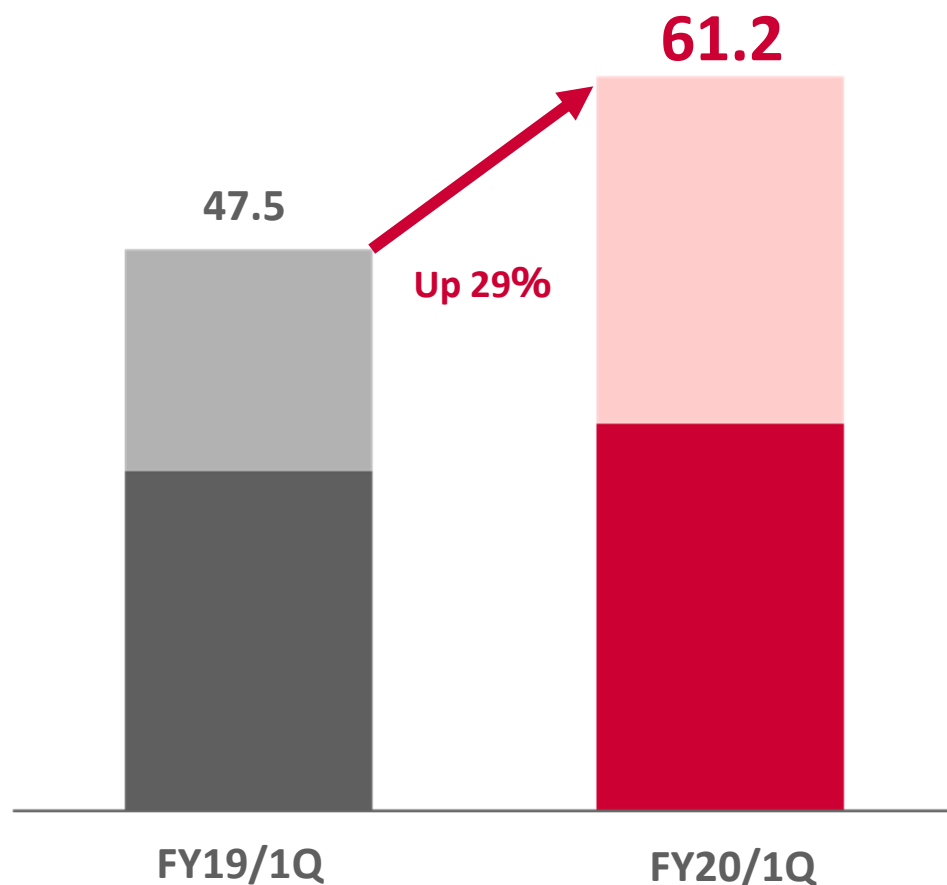
# ARPU



- ◆ 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.”

# Smart Life Business & Other Businesses: Operating Profit

(Billions of yen)



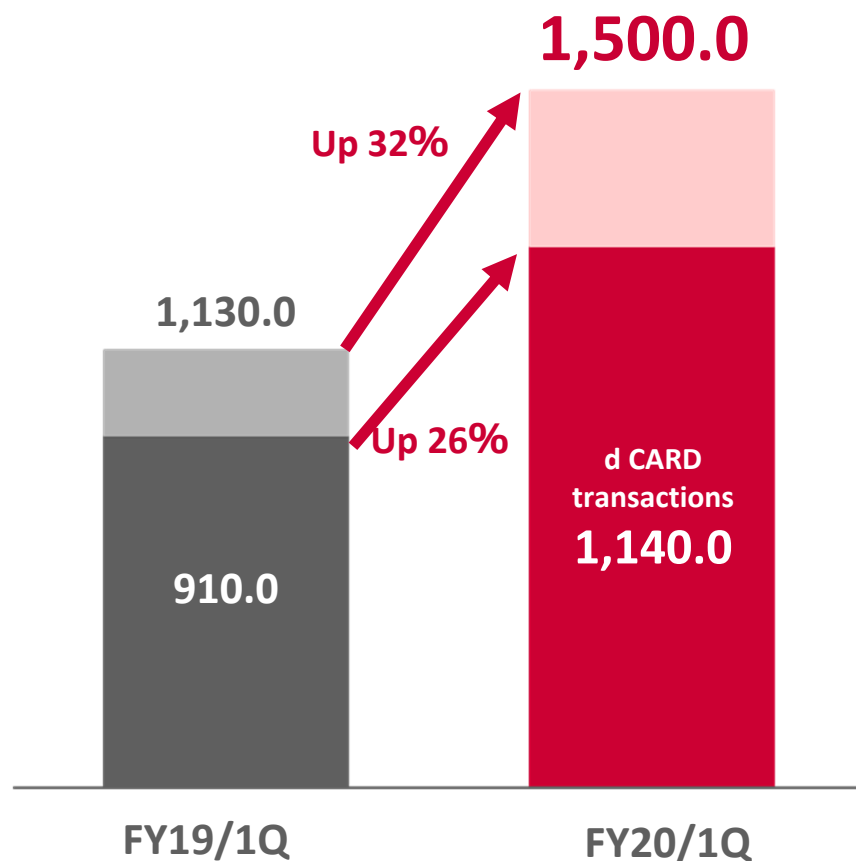
## Principal services

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

# Finance/Payment Services (1)

## Finance/Payment Transactions handled

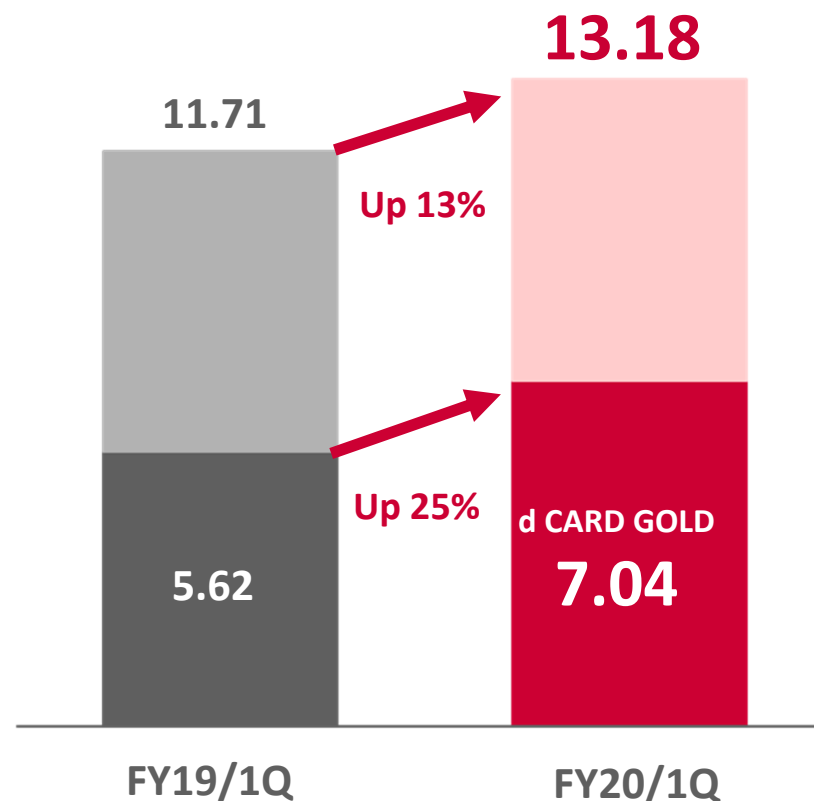
(Billions of yen)



## “d CARD” members

**Topped 13 million**

(Million members)



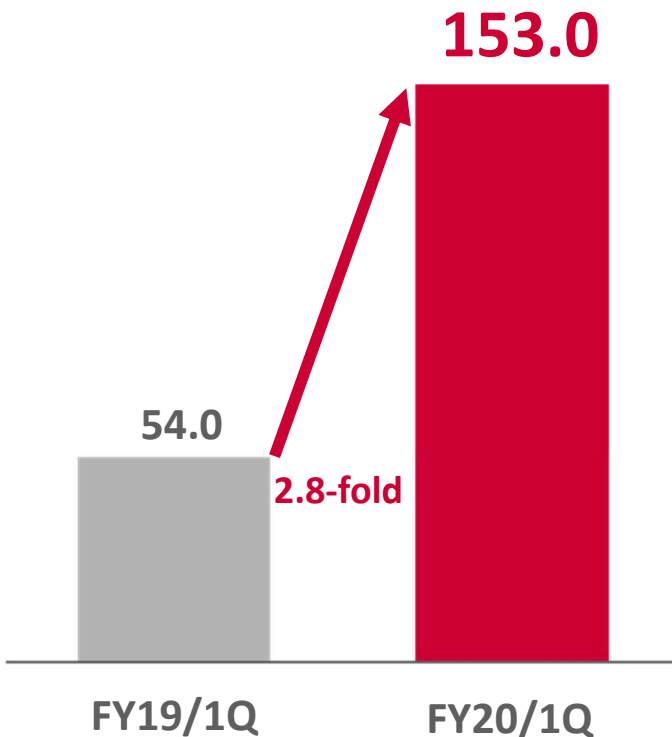
◆ The amount of transactions handled represent the cumulative amount for FY20/1Q, which includes the transactions handled with “d CARD”, “iD”, “d Payment”, “direct carrier billing” and “DOCOMO Mobile Payment Service,” etc.

◆ The following changes have been made in association with the integration of “d CARD mini” into “d Payment” service on Nov. 19, 2019: (i) Transactions handled with “d CARD mini” were excluded from the amount of transactions handled with “d CARD” and recorded as “d Payment” transactions; and (ii) “d CARD mini” members were excluded from “d CARD” members.

# Finance/Payment Services (2)

## Transactions processed with “d Payment”

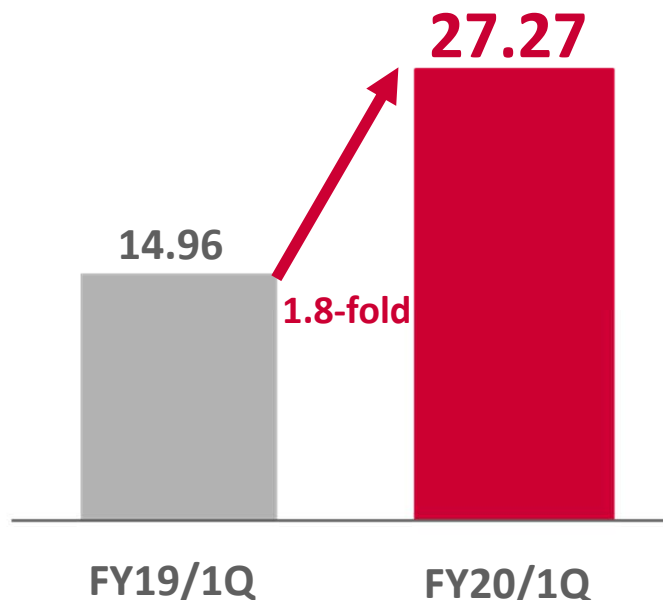
(Billions of yen)



## “d Payment” users

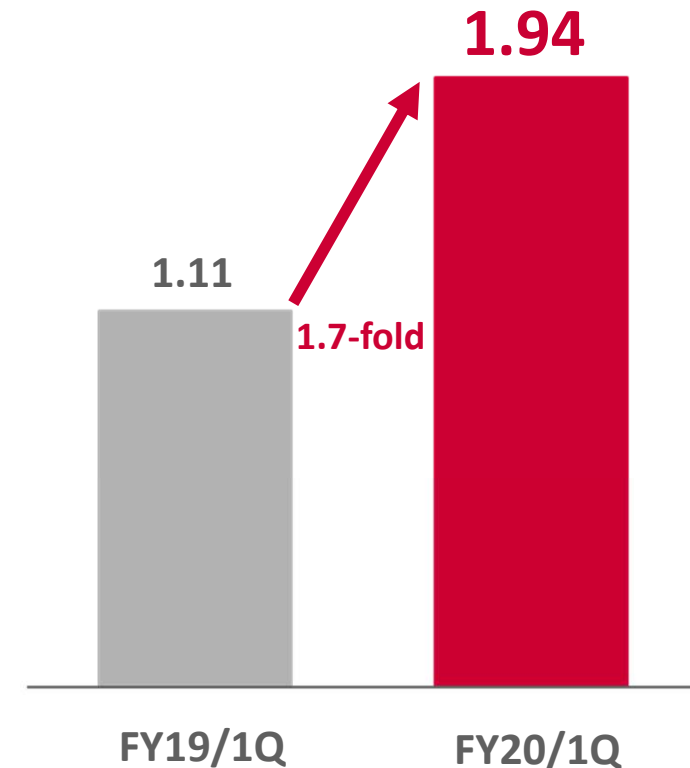
(Millions)

**Topped 27 million**



## Locations where payment/point service can be used

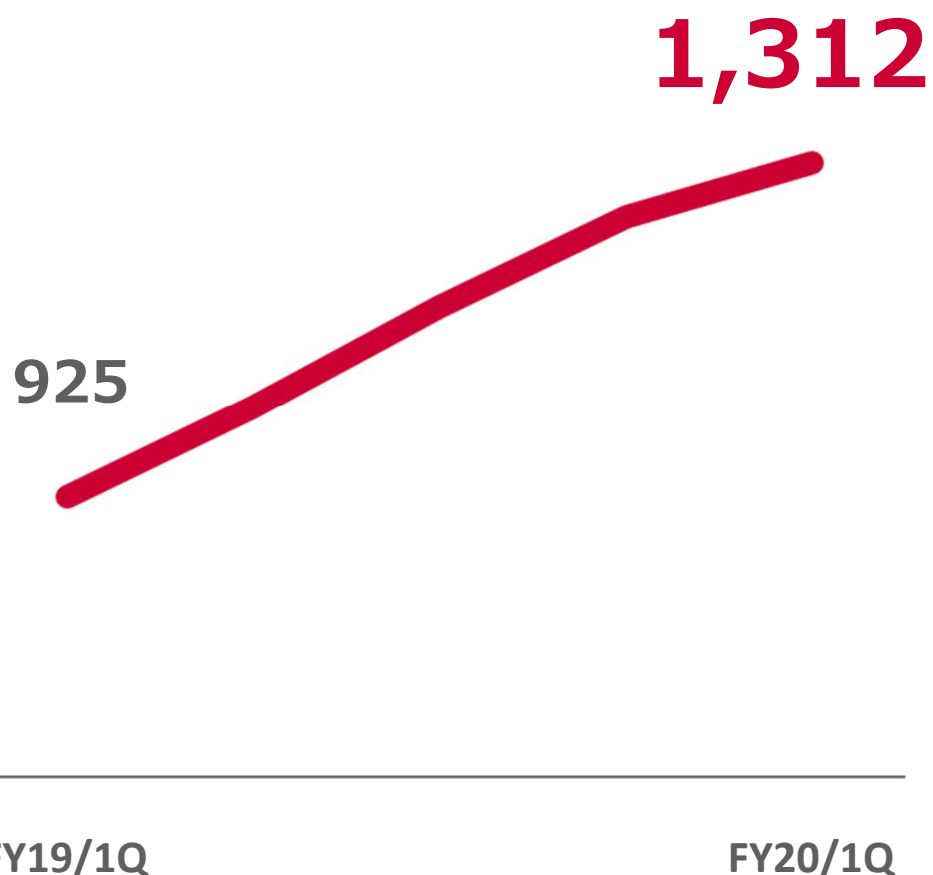
(Million locations)



- ◆ The amount of transactions processed with “d Payment” represents the cumulative amount of payments made in FY20/1Q with “d Payment” (code and online payment) and “d Payment (iD)”.
- ◆ The number of “d Payment” users represents the sum of total number of “d Payment” app downloads and “d Payment (iD)” members.
- ◆ Locations where payment/point service can be used represent the combined no. of locations where “d POINT,” “iD” and “d Payment” (code and online payment) services can be used.

# Expansion of +d partners

## No. of +d partners increased 1.4-fold



Expansion of “d POINT” participating stores



Developed new photo sales service that utilizes image recognition engine



Contributed to advancement of fishing industry with ICT-based new mackerel farming model



# Medium-Term Strategy

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

### Value & excitement to customers

#### Declaration 1

Market  
leader

### Launch of “**Disney+**” official video streaming service

Exclusive provider\* in Japan. Also made available bundle discount with DOCOMO’s “Giga” plans and limited-edition “d POINT CARD”. (Launched Jun. 11, 2020) \*: As of Aug.3, 2020.

#### Declaration 2

Style  
innovation

### Support of “Mainapoint” on “**d Payment**” and “**d CARD**”

Award of 500 “d POINTS” to “d CARD” users applying for “Mainapoint.” (Announced Jun. 30, 2020)  
Execution of “d Payment” campaign offering up to 2,500 points (Announced Jul. 17, 2020)

#### Declaration 3

Peace of mind  
and comfort  
support

### Launched new plan of “**docomo Hikari**” that offers transmission speeds of up to 10Gbps

Aim to expand the new experience brought about by large-capacity communications. (Launched Apr. 1, 2020\*). \*: Service coverage, which is currently limited to certain geographies, is planned to be broadened over time.

# Medium-Term Strategy

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

### Value co-creation with partners

#### Declaration 4

Industry  
creation

### Further enrichment of “**docomo Open Innovation Cloud (dOIC)**”

Opened three new locations (Osaka, Kanagawa and Oita) in addition to Tokyo (Launched May 29, 2020). Launched “Cloud Direct” service (Launched June 30, 2020).

#### Declaration 5

Solution  
co-creation

### Launched “**d Healthcare for Biz**” health and productivity management support service for enterprises

Promote enterprises’ health and productivity management leveraging smartphone apps and AI (Launched Apr. 13, 2020).

#### Declaration 6

Partner business  
expansion

### Launched “**DOCOMO Image Recognition Platform**”

Started providing a platform for AI-based image recognition solution on “docomo Open Innovation Cloud.” Also used for “Easy Pass powered by SAFR” (Launched May 29, 2020).

# Response to July 2020 Torrential Rain <sup>NTT</sup> docomo

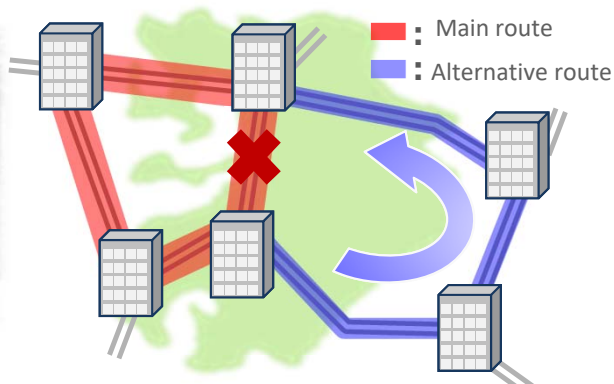
## Responded swiftly to minimize impact on service

Established nationwide support structure and mobilized companywide efforts for restoration activities

Emergency recovery of transmission lines



Automatic rerouting using multi-route transmission lines



Coverage restoration through satellite base stations



Deployment of satellite mobile base stations



Implemented various support measures for customers in disaster-stricken areas

Provision of free-of-charge battery charging and Wi-Fi services at shelters, etc., in stricken areas



Operation of “Disaster Data Unlimited Mode”

Operation of “disaster data unlimited mode”

Support measures provided through Aug. 31.  
to over 1.4 million customers in areas  
applied with Disaster Relief Act  
(9 prefectures, 98 municipalities)

**1. FY2020/1Q Results Highlights**

**2. FY2020 Guidance and Principal Actions**

# FY2020 Guidance

IFRS

(Billions of yen)			
	FY2019 full year (1)	FY2020 full year (2)	Changes (2) – (1)
Operating revenues	4,651.3	4,570.0	-81.3
Operating profit	854.7	880.0	+25.4
Smart life business & Other businesses	148.1	160.0	+11.9
Adjusted free cash flow	893.3	730.0	-163.3
Capital expenditure	572.8	570.0	-2.8

◆ 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.

# FY2020 Guidance (2)

## Aim for profit growth properly dealing with COVID-19 impacts

Operating revenues	DOWN	<ul style="list-style-type: none"><li>• Decline in mobile communications services revenues resulting from expanded customer return measures, e.g., “Gigaho/Gigalight” plans.</li><li>• Significant drop in international roaming and equipment sales revenues due to COVID-19.</li></ul>
Operating profit	UP	<ul style="list-style-type: none"><li>• Operating profit from Smart life and Other businesses projected to grow driven by Smart life business and enterprise solutions.</li><li>• Reduction of sales-related expenses and thorough cost efficiency improvement to offset decline in international roaming revenues caused by COVID-19 and rise in COVID-19 countermeasure expenses.</li></ul>
CAPEX	Reinforce/ Improve efficiency	<ul style="list-style-type: none"><li>• Concentrate resources on reinforcement of 5G business, and maintain annual CAPEX comparable to the level of last fiscal year by making more efficient use of expenditures for 3G/LTE, etc.</li></ul>

# FY2020 Principal Actions

## Further reinforcement of customer base

- Further refine customers' experience at shopfront and online, and enhance the attractiveness of "d POINT" program.
- Compelling rate plans and early roll out of 5G coverage.

## Full-scale execution of a business foundation centered on our membership base

- Build strong customer touchpoints for members and advance digital marketing.
- Reinforce growth areas, e.g., finance/payment, marketing solutions, etc.

## New value creation for the 5G era

- Full-scale deployment of new solutions through co-creation with partners.
- Deliver new sensory services and experiences primarily through video.

## Structural reform underpinning the new era

- Improve efficiency of operational processes through DX and reallocate resources to growth areas.
- Streamline business operations by stepping up efforts for 3G subscriber migration.

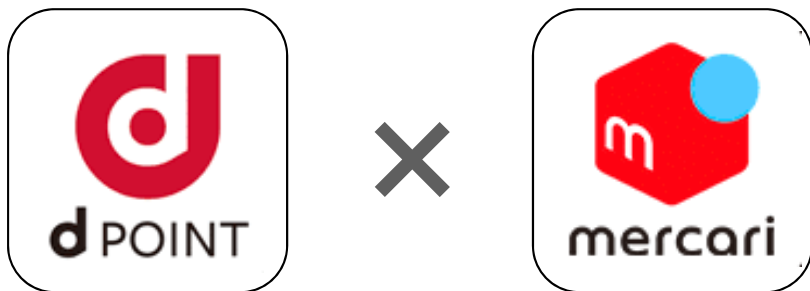
# Strategic Business Alliance with Mercari/Merpay

**Strengthen collaboration with strategic partner to further enhance attractiveness of “d POINT” and “d Payment”**

**Enable use of “d POINT”  
on “Mercari”**

Federation between one of Japan’s largest marketplace and one of Japan’s largest loyalty point membership club, “d POINT”

**Over 2.00 million federations**



**Enable use of “d Payment” and  
“Merpay” with a single code**

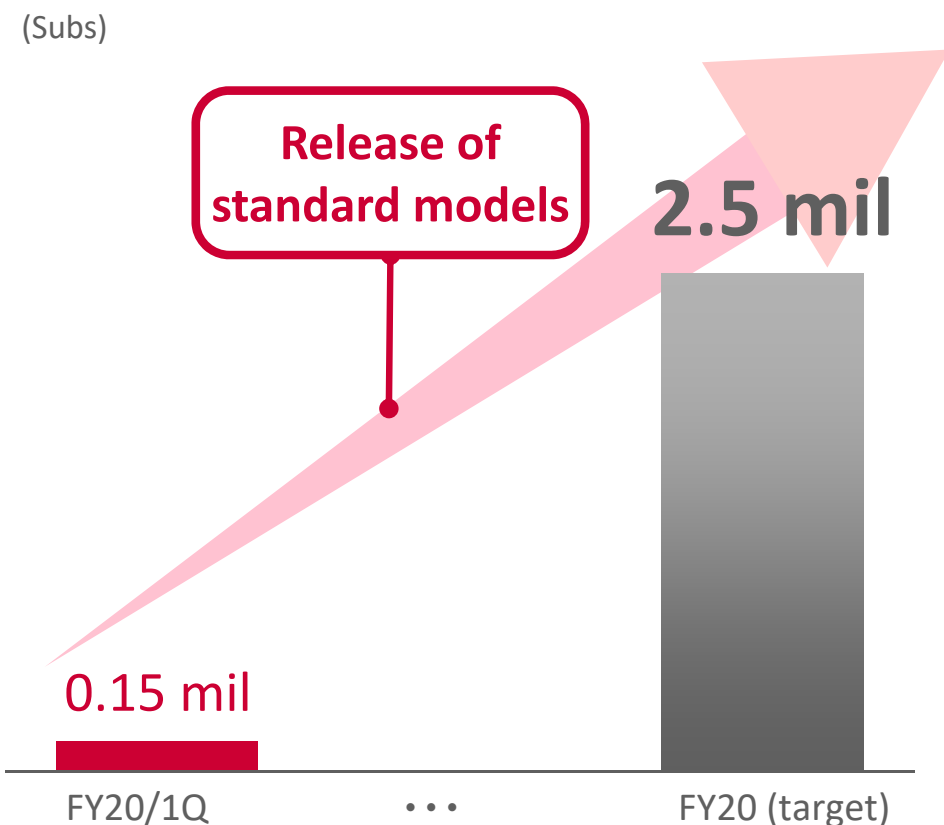


- ◆ No. of member federations is as of Jul 27, 2020.
- ◆ Support of “d POINT” on “Mercari” started from Jun. 11, 2020.
- ◆ Payment using common QR code between “d Payment” and “Merpay” to start from early September, 2020.

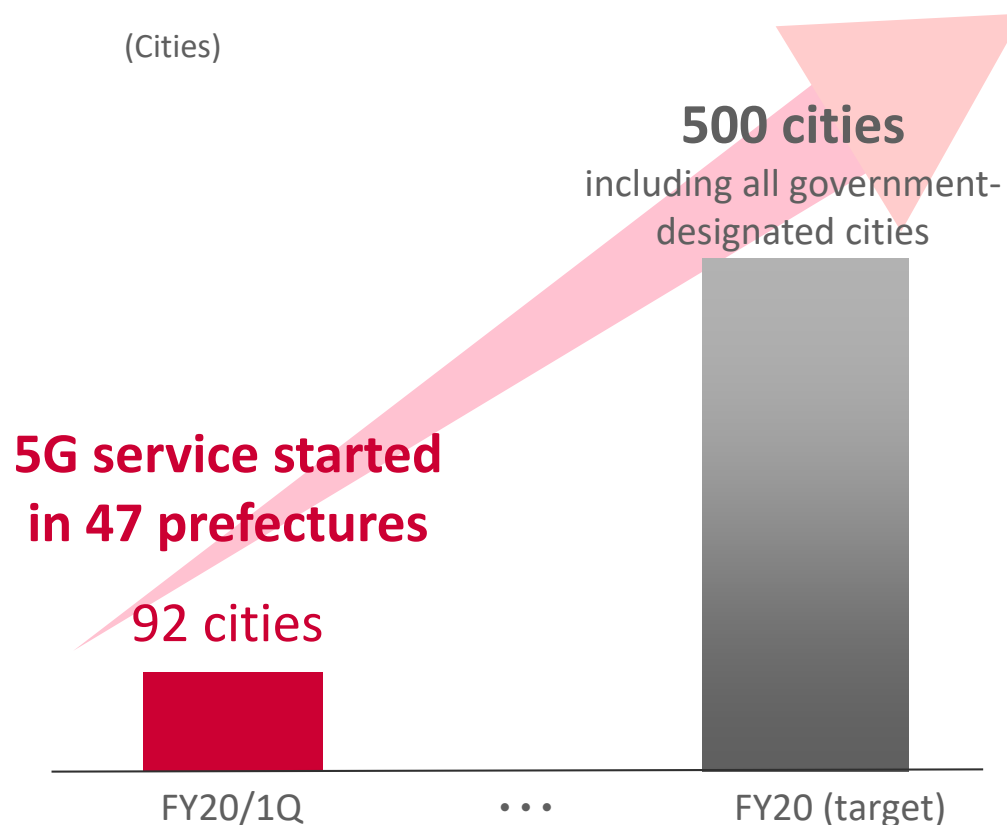
# 5G Subscriptions/Coverage

## Making steady progress toward full-year target

### 5G subscriptions



### 5G coverage



# 5G Services

## Expand initiatives for delivery of 5G era services

Introduced 5G “multi-streaming function” on “Hikari TV for docomo”



Main view screen

Multi-streaming view screen

© Les Films du Cap ©BBC (c)ORF/Ali Schaffer  
© Igo & Shogi Channel (C) Hiroshi Kaneko

“Shintaikan Live CONNECT”  
Southern All Stars Special Live 2020



## Accelerate joint initiative with new partners

Creation of new experienced value inside and outside stadiums and arenas



- ◆ Agreement to explore cooperation in digital services for Hanshin Koshien Stadium and Hanshin Tigers (Jun. 18)
- ◆ Conclusion of capital alliance agreement and official sponsor agreement with Kawasaki Brave Thunders (Jun. 29)

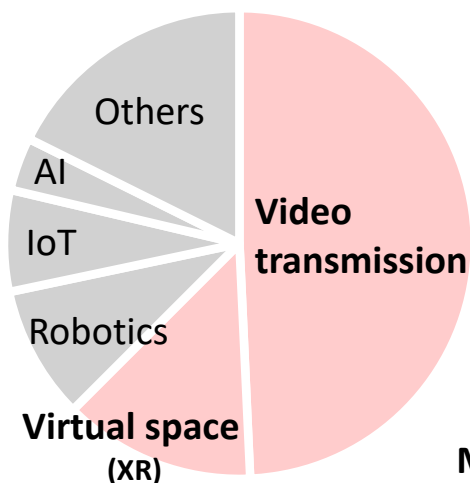
Future communication experience  
in 5G areas



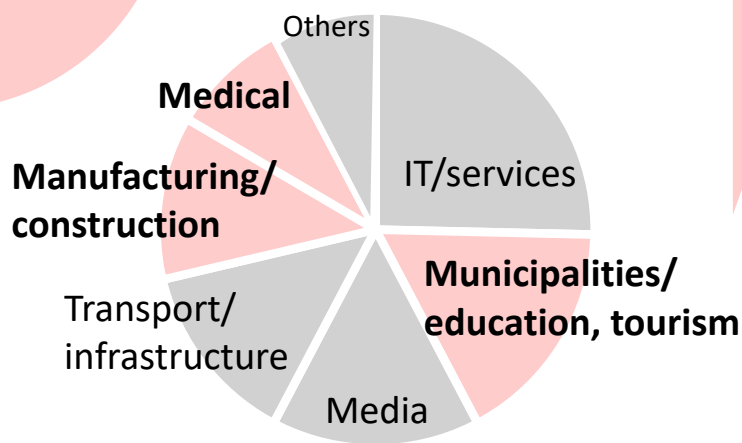
JR Takanawa Gateway Station

## Solve social issues based on strong demand identified through 5G pre-commercial service

### Solution technologies



### Industry sectors



### High-resolution video transmission solution

Secure environment/High-resolution video transmission



- Remote education using multi-angle video
- Remote medical treatment support using high-resolution video

### Virtual space/XR solutions

Remote operational support suited for remote-style society



- Remote tourism support using AR
- Joint designing of industrial products

# 5G Solutions (2)

Expand high-security, low-latency solutions  
to deliver “5G x DX”

## Launch of “Cloud Direct”

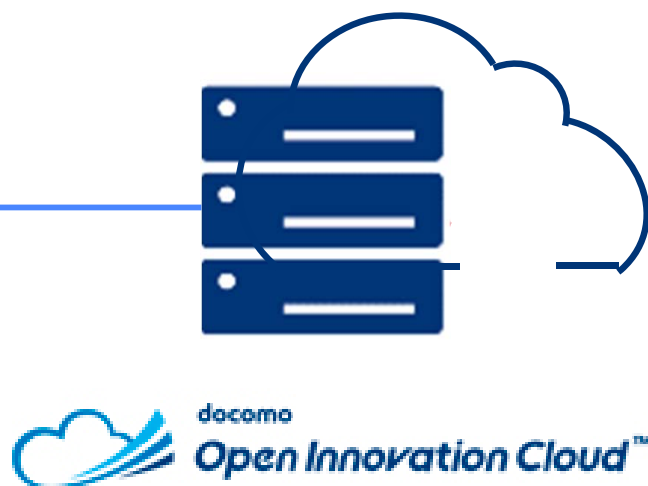
High security

Installed inside  
carrier network



Low latency

Shortened transmission distance  
(Shortest path routing)



【Examples of compatible solutions】

High-resolution  
video transmission

Smart-telecaster  
Zao-SH



Streamways



Virtual space/XR

AceReal  
for docomo



Virtual Design  
Atelier



# Response to COVID-19 (1)

## Social contribution through mobile solutions and data utilization business

### Telework and remote education realization support

Free provision of products and services that help realize telework and remote education

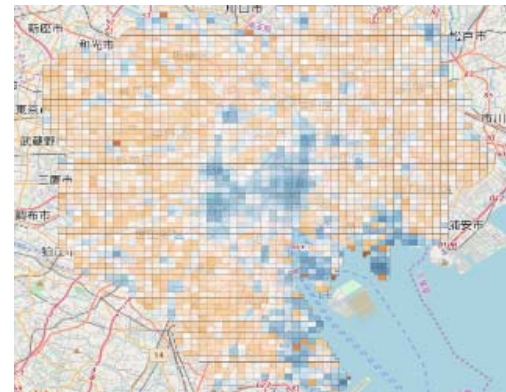
Applications from over 600 companies in a short period of time



English 4skills



### “Mobile Spatial Statistics®” population map



モバイル空間統計®

Limited-time offer of real-time demographics data for free

### docomo map navi “Congestion Map”



ドコモ 地図ナビ™  
powered by 交通ナビ

Limited-time offer of “Congestion Map” for free

# Response to COVID-19 (2)

<b>Support measures for users under 25 years old</b>	<b>Ongoing</b> Free-of-charge provision of “Additional 1GB Option” and “Speed Mode” for up to 50GB to users under 25 years old during the period between April and August 2020.
<b>Encouragement of web procedures and shop visit reservation</b>	<b>Ongoing</b> Encouraging use of web channel for various procedures and shop visit reservation to avoid “3Cs” (Closed spaces, Crowded places, Close-contact settings).
<b>Measures for preventing spread of infections upon customers’ shop visit</b>	<b>Ongoing</b> Customer attendance with adequate distance between seats, obliging shop staff to wear face coverings, installation of virus protection shields on customer counters, provision of protective goggles for shop staff, etc.
<b>Provision of “docomo Smartphone classes” online version</b>	<b>Ongoing</b> Online version of “docomo Smartphone classes” providing smartphone operations guidance and enjoyable usage tips in video.
<b>Provision of population dynamics analysis using “Mobile Spatial Statistics®”</b>	<b>Ongoing</b> Analysis of demographic changes in principal areas before and after the declaration of state of emergency using “Mobile Spatial Statistics” and provision of analysis results to national and local governments, media, etc.
<b>Extension of payment due for mobile phone charges, etc.</b>	Deferral of payment deadline of phone charges originally due on and after Feb. 29 to Jul. 31 for customers who filed an application for extension.
<b>Re-grant of expired “d POINTs”</b>	Re-grant “d POINTs” expired in March, April and May 2020.
<b>Free online health consultation through “d Healthcare” app</b>	Limited-time provision (through Jun. 30, 2020) to “d Account” users of a free 24-hour chat service with medical doctors for consultation of COVID19-related and other anxieties or health concerns.

# Toward the New Post-Coronavirus Society <sup>NTT</sup>docomo

**Promote new value creation and solution of social issues.**  
**Also contribute to structural transition to a remote-style society.**



Sports/Live performance



Healthcare/Telemedicine



**MbT** Mobility Technologies  
MaaS



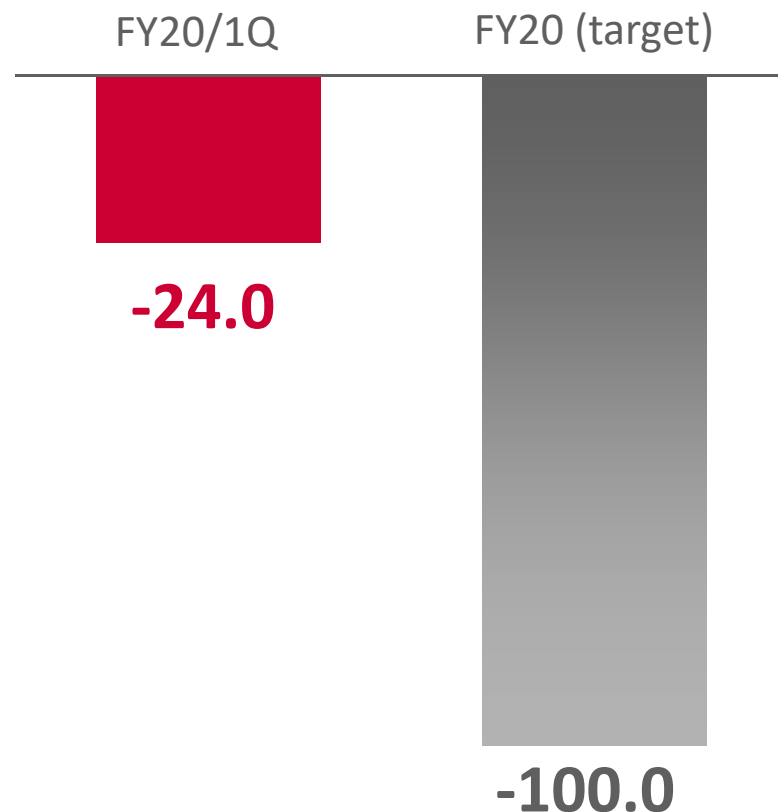
Remote learning support



Online operation support in manufacturing

# Cost Efficiency Improvement

(Billions of yen)

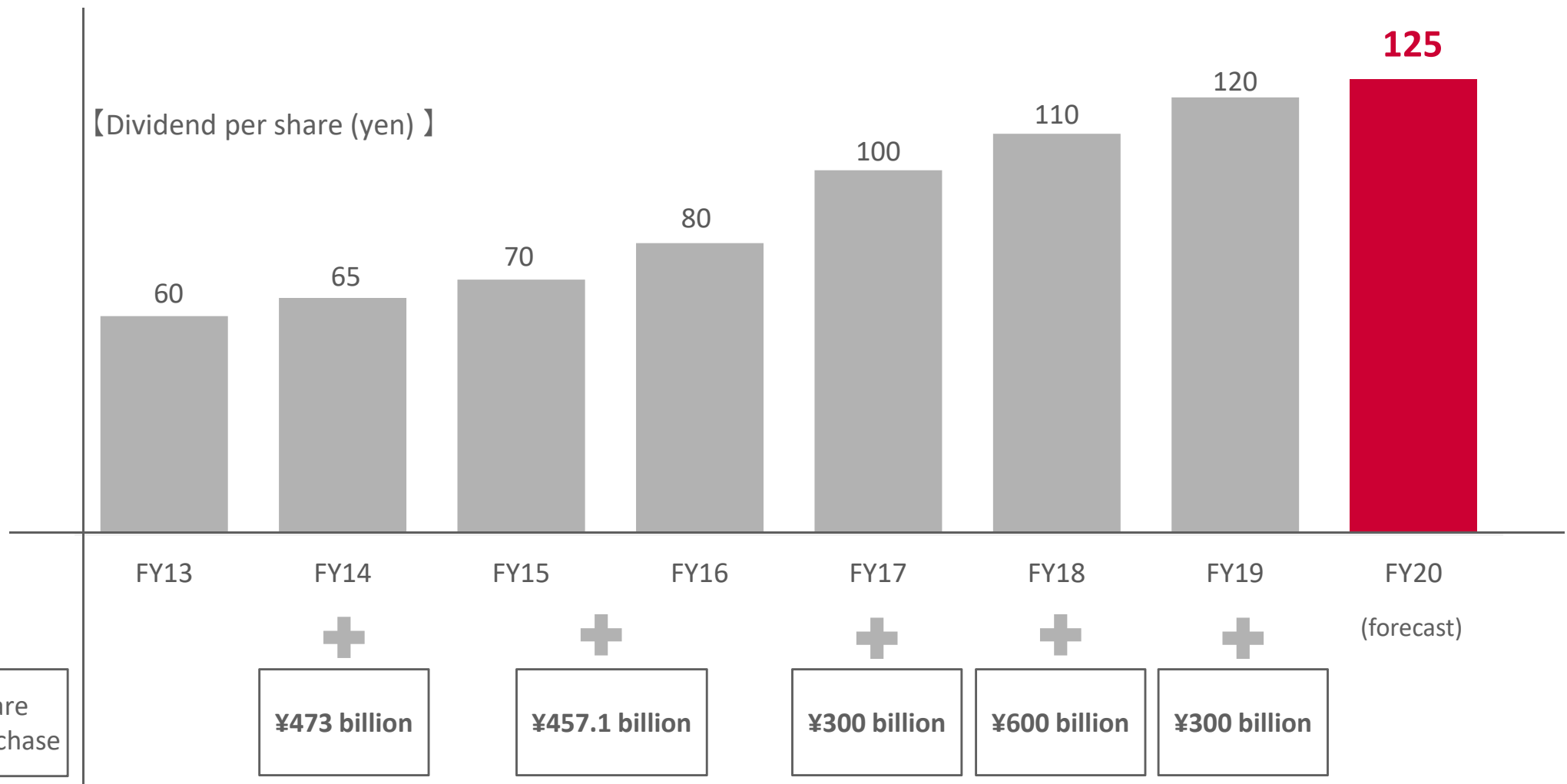


## Focus areas

- ◆ **Marketing**  
Promotion of DX, sales promotion measures, after-sales support, etc.
- ◆ **Network**  
Equipment integration, outsourcing cost, etc.
- ◆ **Other**  
R&D, information systems, etc.

# Shareholder Returns

## Dividend increase planned for the seventh straight term



◆ The amount spent for share repurchase indicates the sum of amount used for tender offer and market purchase.

## ■ FY2020/1Q results overview

- ▶ Recorded a decline in revenues but an increase in profit, with operating revenues and profit coming in at ¥1,098.2 billion and ¥280.5 billion, respectively.
- ▶ Growth of Smart life and Other business contributed to offset year-on-year decrease in operating revenues caused by COVID-19 and other factors.
- ▶ Total “d CARD” members and “d Payment” users grew to over 13 million and 27 million, respectively.

## ■ FY2020 guidance and principal actions

- ▶ Aim to grow operating profit to ¥880 billion while properly managing the impact from COVID-19.
- ▶ Continue to focus on growth of Smart life and Other businesses and cost efficiency improvement.
- ▶ 5G subscriber acquisition and coverage expansion making steadfast progress. Release of standard model handsets planned for FY2020/2H.
- ▶ Shareholder returns: Dividend increase planned for the seventh straight term.
- ▶ Aim to contribute to the structural shift to a remote-style society through 5G envisaging the post-coronavirus world.



**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

• 5G services • LTE (Xi) services • FOMA services (3G) • International services • Sales of handset/equipment for each service etc.

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### 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 magazine” “d shopping” “d healthcare” etc.

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

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### Finance/Payment services

• d CARD • d CARD GOLD • iD • d Payment • Fintech etc.

## Other businesses

### Support services for customers peace of mind

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

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### 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 under “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) / Number 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 Number of active users for each month ((Number of users at the end of previous month + Number 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 “5G,” “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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