

IR Presentation

March 2019



This document is a translation of the Japanese original. The Japanese original is authoritative.

The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Securities Report and in any other materials publicly disclosed by NTT on its website.

- * "E" in this material represents that the figure is a plan or projection for operation.
- ** "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.
- "1Q" in this material represents the three-month period beginning on April 1 and ending on June 30, "2Q" represents the six-month period beginning on April 1 and ending on September 30, "3Q" represents the nine-month period beginning on April 1 and ending on December 31, and "4Q" represents the twelve-month period beginning on April 1 and ending on March 31.



Financial Results for the Nine Months Ended December 31, 2018 and Financial Forecasts for the Fiscal Year Ending March 31, 2019

Status of Consolidated Results for FY2018.3Q



- Both Operating Revenues and Operating Income increased to highest-ever 3Q levels
- Steady progress toward annual plan being achieved

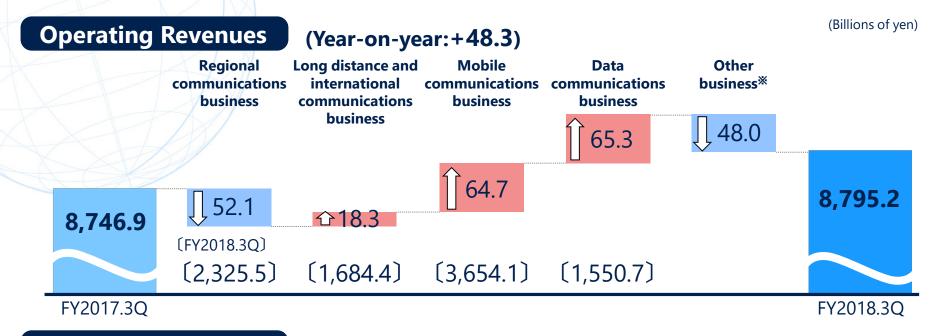
Status of Consolidated Results				
Operating Revenues:	¥8,795.2B	(+¥48.3B [+0.6%] year-on-year)		
Operating Income:	¥1,527.1B	(+¥117.5B [+8.3%] year-on-year)		
● Profit ^{※1} :	¥ 792.1B	(+¥10.8B [+1.4%] year-on-year)		
 Overseas Sales^{※2}: 	\$14.0B	(+\$0.4B [+2.7%] year-on-year)		
 Overseas Operating *2: Income Margin 	3.1%	(Reference: FY2017 Results: 3.1%)		

^{**1} Profit presented above represents the profit attributable to NTT, excluding non-controlling interests.

^{*2} Including results from the global holding company, its subsidiaries and its affiliates. Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

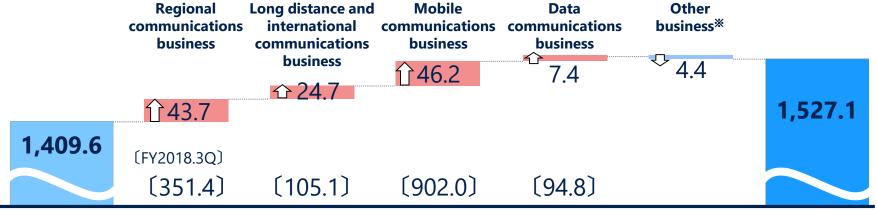
Contributing Factors by Segment for FY2018.3Q





Operating Income

(Year-on-year: +117.5)



FY2017.3Q FY2018.3Q

Promote B2B2X Model



Establish B2B2X Strategy Committee

- In order to further promote the B2B2X model, NTT established a B2B2X Strategy Committee within the company (January 28, 2019)
 - Shift from preliminary business creation led by the holding company to full-scale business development led by operating companies
 - Implement Group strategy formulation, goal management and business promotion

[Reference] Examples of Recent B2B2X Model Initiatives

- **1** Support the offering of new financing services by financial institutions
 - Credit scoring based on mobile data
 - Anticipated start of services to Shinsei Bank (starting Spring 2019)
- **② Offering DX Solutions to Contact Centers**
 - Combine highly accurate interactive AI and RPA to automate entire processes for routine tasks
 - Joint field testing with restaurant reservation site (started December 2018)
- **3** Capital and Business Alliance Agreement with Netyear Group to strengthen digital marketing support

Provide Personal Services



Strengthen the Video Content Business

- Subsidiary Acquisition of NTT Plala by NTT DOCOMO
 - Develop a personalized new content business by joining NTT DOCOMO's membership base with NTT Plala's video content creation technology and know-how

Example Launch of new live performance experience service "Shintaikan Live" by NTT DOCOMO (January 18, 2019)

Multi-Angle Live Events

Selectable views from preferred angles



AR Figurines

Programs featuring miniature CG artists



TIG *

Touch-based interactive video technology



- Capital Alliance between NTT Plala and EAST GROUP HOLDINGS
 - Enhance original content by collaborating with a program production company

Enhance Competitiveness in Global Business 1



Progress toward Establishing the Global OpCo





Enhance Competitiveness in Global Business 2 One NTT Branding

Partnership with INDYCAR, North America's Premier Car Race

- In January 2019, NTT became the IndyCar Series Title Sponsor
- NTT collaborates with INDYCAR to deliver digital innovation that enhance the fan experience and smart racing

Official logo



About IndyCar Series



"Indy 500" at Indianapolis Motor Speedway (Image picture)

Annual 17 races in 15 venues across North America

69 million fans -Equivalent to 1/5th of US Population

All races on NBC network
-Average over 1 million viewers

World famous "Indy500" -400,000 fans on-site -Broadcast to 200 countries



Enhance Competitiveness in Global Business 3

Exhibit at Mobile World Congress 2019

- Joint exhibition by NTT, NTT DOCOMO and other NTT Group companies
- Cases of digital transformation for achieving a Smart World, the latest cases of business collaborations created through 5G, and others



NTT Group MWC 19 Barcelona Special Website http://www.ntt.co.jp/activity/mwc/en/

MWC2019 Overview



25-28 February 2019

Dates	February 25, 2019 (Monday) to February 28, 2019 (Thursday)
Venue	Fira Gran Via, Fira Montjuïc (Barcelona, Spain)
Organizer	GSMA
Exhibitions	Over 2,400 companies
Attendees	Over 100,000 people

Leverage Talent, Technologies, and Assets



Develop Smart Energy Solutions Utilizing AI, Telecommunications Buildings and DC Technology

Provide new energy solutions that meet the needs of local communities

Smart Energy Solutions

When Disasters Occur

- Maintain power at disaster response headquarters
- Optimize power provision based on the situation
- Provide people with timely power-related information

During Normal Times

- Promote the use of renewable energy
- Energy cost savings
- Foster local production for local consumption

Energy control through Al and other ICT

Install lithium storage batteries in telecommunications buildings

Installation of DC technology

Use of power distribution lines

Use of EVs

 Entered into a "Verification Collaboration Agreement" with the City of Chiba (February 5, 2019)

Shareholder Returns



Dividends

- Increase in the year-end dividend of ¥10 over the forecast at the beginning of FY2018 to ¥95
- Total full-year dividends of ¥180 per share for FY2018 (an increase of ¥30 over FY2017)

Completion of Share Buybacks

- Share Buybacks: Completed buybacks of ¥150.0 billion (32,868,000 shares) (on January 11, 2019)
- Aggregate number of repurchased shares in FY2018: ¥258.0 billion (53,646,000 shares)

Financial Results Forecast for FY2018



- Operating Revenues forecast has been revised upward
- Operating Income forecast remains same as initial forecast

Plan for Consolidated Revenues and Income

	Initial Forecast (announced on May 11, 2018)	Financial Results Forecast (announced on November 6, 2018)	Change from Initial Forecast
Operating Revenues	¥11,830.0B	¥11,900.0B	+¥70.0B
Operating Income	¥1,690.0B	¥1,690.0B	±¥0.0B
Profit*	¥880.0B	¥880.0B	±¥0.0B

**Profit represents net income attributable to NTT, excluding noncontrolling interests.



"Your Value Partner 2025"

NTT Group Medium-Term Management Strategy

NTT (

Contents

- > Vision
- Pillars of Medium-Term Management Strategy
 - Support our customers' digital transformations
 - Accelerate our own digital transformation
 - Leverage talent, technologies, and assets
 - Promote ESG management, and enhance the returns of shareholders to improve corporate value
- Medium-Term Targets

Future Changes in Society and Economy



~Outlook for around 2030~

Era in which major transformation required for every society and economy

1. Population/Working-age population

World population continues to **rise**Japan's population gradually **declines Aging** proceeds,

working-age population **plummeting**

2. Global/Local

Multipolarization, multilayering globally

3. Environment/Resources

Expansion of renewable energy Food supply, environmental issues worsen

4. Disaster/Terrorism, Infrastructure

Increasing scale of natural disasters and improved resilience
Rapid increase in cyber attacks
Aging of infrastructure

8. Urbanization

Progression of urbanization and distinctive compact city

Development of **Smart mobility**

7. Consumption trends

Progression of personalization, absorption of IOE
Increase in cashless payments
Expansion of sharing economy

6. Technology

Development of **Al/Robotics** market Spread/pervasion of **5G**

5. Society/Economy

Expansion of digital market

Giant platform/centralization

Activation of individuals/flattening activity

Social Issues and Directions for Solutions



Resolution of social issues through digital transformation



Social Issues

Society 5.0

Environmental issues, resource/water shortage due to population increase and urbanization

Sustainable society achieving both environment and economy

Increase in disasters/terrorism Aging infrastructure

Resilient, Safe, and secure society in both cyber and physical world

Aging population Workstyle reform

Society in which individuals, including the elderly and women, can thrive

Population decline Decrease in industrial competitive power **Smart society undaunted by population decline**

Regional revitalization

Society in which urban and rural areas are connected and all can live comfortably

Digital Transformation

By accumulating and utilizing data through ICT, create new framework and transform existing framework



NTT Group's Business Operation = CSR

We will always be a group who resolves social issues through business operation

Reinforce facilities prepared for disasters Reinforce cyber security **Diversity and inclusion Contribute to sports activities**

(e.g. Olympic and Paralympic Games Tokyo 2020)

Unite **Ensure** the **Energies** Reliable of Team NTT Communications Create a Sustainable Society by Delivering the Highest Quality **Protect Enrich ICT Solutions** the Global Social **Environment** Communications

New value creation by innovations Contribute to smart initiatives in various industries and societies. Reduce energy consumption of communication facilities

Convert corporate vehicles to EV

Our Vision



To resolve social issues through our business operation, **NTT Group works** together with our partners, as "Your Value Partner."

Contribute to Realization of **Smart World** /Society 5.0





Partners

R&D Capabilities

infrastructure

Social Issue Resolution through business operation

Digital Transformation

× CSR

Human Resources

Financial **Base**

Brand Image

Customer Base

NTT Group

As a Public Utility and a Private Company

Our Capabilities for Resolving Social Issues



Innovation

2017

TOP 100 INNOVATORS

As one of the most innovative companies in IP and patent area,

NTT received the award

for 7th consecutive year

Ensure and operate reliable ICT infrastructure

Network Operation Center Monitoring 24/7/365





Council to Secure the Digital Economy

Established a council to promote secure digital economy together with multi-national companies

Environmental protection activities

NTT is the first telecommunications operator to become a member of global initiatives to make smarter use of energy, "EP100" and "EV100" (Oct.2018)







by THE CLIMATE GROUP

ESG Evaluations

Global

Selected as constituents of global leading ESG indices

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM (

"World Index" As of Sep,2018



FTSE4Good

As of Aug, 2018



FTSE Blossom Japan

As of Sep. 2018

2018 Constituent **MSCI** MSCI ジャパンESG セレクト・リーダーズ指数

As of Jun, 2018

Adopted as constituents of **ESG** indices selected by **GPIF**

Japan



Accelerating our self-transformation to become "Your Value Partner"



digitalized society **Smart World**

Pillars of Medium-Term Management Strategy

Support our customers' digital transformations

- 1. Promote B2B2X model
- 2. Roll out 5th-Generation Wireless System
- 3. Provide personal services

Accelerate our own digital transformation

- 4. Enhance competitiveness in global business
- 5. Drive self-digital transformation in domestic business
- **6. Migrate PSTN to IP Networks**

Leverage talent, technologies, and assets

- 7. Enhance and globalize R&D8. Create new lines of business (Real estate, etc.)
- 9. Contribute to vitalization of regional societies and economies
- 10. Disaster Countermeasures

Promote ESG management, and enhance the returns of shareholders to improve corporate value

A Digitalized Society = Smart World

















Support our customer's digital transformations

1. Promote B2B2X Model 1



Evolve into B2B2X model using digital services and data management

Examples of value creation through B2B2X model

Evolution of value chain of agriculture, forestry and fisheries, manufacturing/construction, retail/services

- **Ex.1**) Digitalization of agricultural growth Agricultivation process management culture
- **Ex.2**) **Digitalization of** manufacturing process, machinery management



Evolution of customer service in retail/services, finance

- **Ex.3**) **Transform bank customer contact points** into digitally integrated, omnichannel
- **Ex.4**) Distribution outlet reform using digital payment, purchase data



Service upgrade, business creation through combining mobile data and corporate-owned data

- **Ex.5**) **Credit support** for financial services
- **Sports** Finance
- **Ex.6**) Improve customer attraction by multiplying sports team data
- **Ex.7**) **On-demand ride sharing**

Transportation

Revitalization of regional economies, improvement of urban functions such as public safety

- **Ex.8**) **Expand business opportunities for** regional companies through tourist activity analysis
- **Smart**

Tourism

City

- **Ex.9**) Through digitalization of snow removal work, smooth transportation/transport and efficient use of budget
 - Using sensor data, accelerate detection of

Ex.10) accidents, reduce damage

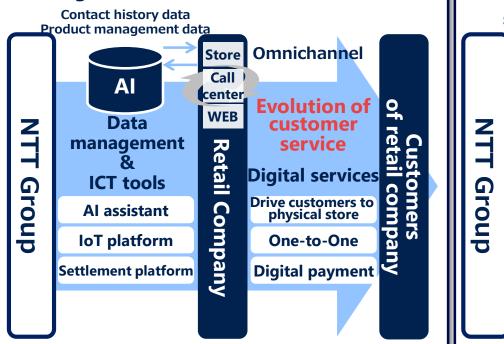
No. of B2B2X projects (no. of examples above) 100 (FY2021)

1. Promote B2B2X Model 2



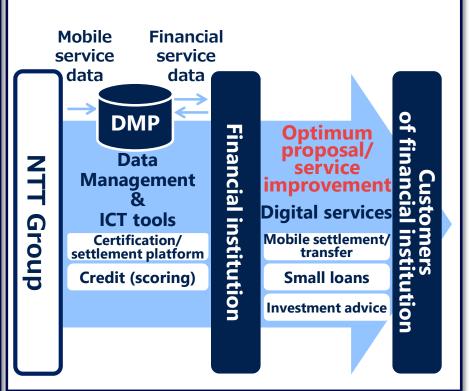
Evolution of customer service in retail/ services, finance, etc.

- Digital integration of customer contact points such as physical stores, call centers, web
- Optimum personalized customer service using Al



Service upgrade, business creation through combining mobile data and corporate-owned data

- FinTech using mobile DMP*1
- Proposals to best suit customers and service improvement





2. Roll out 5th-Generation Wireless System

Leveraging the characteristics of 5G, create new value in collaboration with variety of partners

Activities with partners

5G Trial Site

(from May 2017)

75 trials

 DOCOMO 5G Open Partner Program (from Feb. 2018)

Approx. 1,800 of companies/organizations is participating

"Pre-commercial service" from Sep. 2019

"Commercial service" from Spring 2020

"High presence" and "Interactive" 5G services and solutions

- Delivery of new sport-viewing styles
- Circumvent labor shortage by remote operation of construction equipment
- Eliminate inequality in access to healthcare through remote medicine
- Disaster prevention and mitigation using Al analytics of city video/image feeds

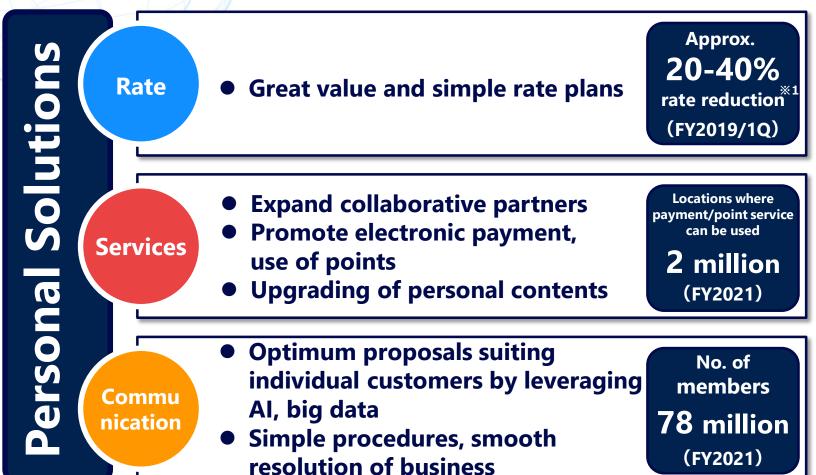
Cumulative investment for **5G** infrastructure build-out, etc.

¥1 trillion

(FY2019~FY2023)

3. Provide Personal Services

Realize "Personal Solutions" led by docomo Support individuals' lifestyle changes





Accelerate our own digital transformation

4. Enhance Competitiveness in Global Business 1



"One NTT" Global Growth Strategy

Deliver High Value Solutions

Business Modernization

Industry Advisory Expertise Drives
Outcome-Based Solutions

Financial Services

Automotive /Manufacturing

Healthcare

Communications /Media

Public Sector

Accelerate IT-as-a-Service with Software-Defined Technologies

Managed Infrastructure

Cybersecurity Services

Cognitive Foundation

Global Edge Services

Data Center Asset Firm *1

Improve Efficiency of Data Center Business

NTT Global Procurement Company

Global Procurement Excellence

Integrated Capabilities (Enabling a Smart World)

Create New Innovative Solutions

Disruptive Innovation

Global Innovation Fund

Invest in the Next Innovative Technology Frontier

Venture **Ecosystem**

Digital Startups

Disruptive Innovation Approach

Co-Create with Clients using Advanced Technologies

Industry Specialized

Business Function

Smart World

Technology-Led

e.g. Al, Robotics, Edge Computing

Research Center (Outside of Japan)

Invent World-Leading Innovative Technologies

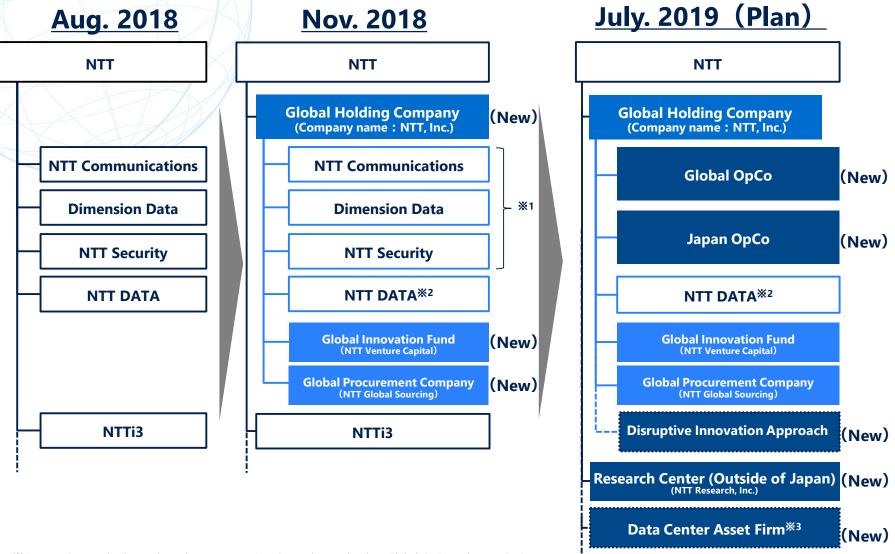
Global Talent Development

One NTT

Global Branding

4. Enhance Competitiveness in Global Business 2





X1: NTT Communications, Dimension Data, NTT Security are integrating into Global OpCo and Japan OpCo

*2: NTT DATA will continue to collaborate with other companies in the Group while retaining its present management structure, status as a listed company, and brand

*3 : NTT Communications plans to create this company, then it will be transferred to NTT(under discussion)

NTT



Appointed CDO*1, and promote digitalization measures

Digitalize own operating processes (Realize Connected Value Chain by leveraging AI)

- Achieve efficiency through smart operations not requiring labor
 - Apply NTT Group's RPA(WinActor) to operating processes ⇒ Further expand scope of work
 - Optimize enterprise service processes from service order/delivery with IT**3
 - Optimize construction/maintenance-related processes with IT (in collaboration with partner companies)**
- Diversification/optimization of Web service order procedures to enhance customer convenience
 - Reduce wait/attendance time at docomo Shops

12 thousand robots
500 operating processes
(at this time)

Productivity 2 times *5 (FY2025)

Productivity 1.5 times (FY2025)

Cut by half *6' (FY2019)

New services made possible by self-digital transformation

Cognitive Foundation®*7which contributes to resolution of management issues by leveraging IT

(Centralization/optimized construction, management, operation of ICT resources such as sensors, networks, cloud)

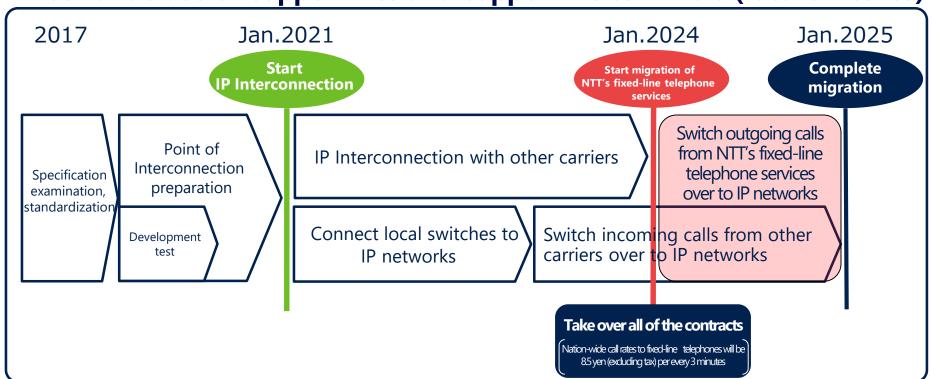
Personal solutions through digital marketing



6. Migrate PSTN to IP Networks

Simplify services and networks with IP networks

- Nation-wide call rates to fixed-line telephones will be 8.5 yen per every 3 minutes (from January 2024)
- Migrate tandem/signal transfer switches to IP, and connect to other carriers through IP (scheduled completion by January 2025)
- Continue use of copper lines and copper line terminals (local switches)





Leverage talent, technologies, and assets

7. Enhance and Globalize R&D1



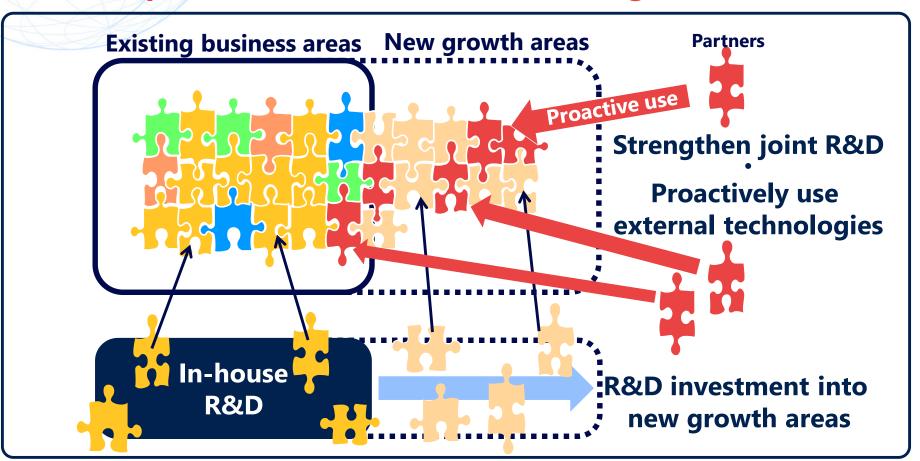
- Promote disruptive R&D to transform the world
- Reinforce basic research at overseas bases
- Further transmission/development abroad
 - 1. Global development of achievements
 - Strengthen delivery and localization structure
 - 2. Globalization of research targets
 - Strengthen R&D in response to global needs
 - 3. Establishment of research base overseas (NTT Research, Inc.)
 - Accumulation of needs and strengthening of cutting edge basic research

Create
the best/first
in the world,
and generate
surprise



7. Enhance and Globalize R&D2

- Strengthen joint R&D, proactive use of external technologies
- Expand R&D investment into new growth areas



7. Enhance and Globalize R&D③



Activate investment in high-growth areas

R&D in new areas

¥2 trillion over the next 5 years + 10%

(Excludes investment for 5G infrastructure build-out, etc., data centers, and real Estate)

♦ Cumulative investment for 5G infrastructure build-out, etc.

¥1 trillion over the next 5 years



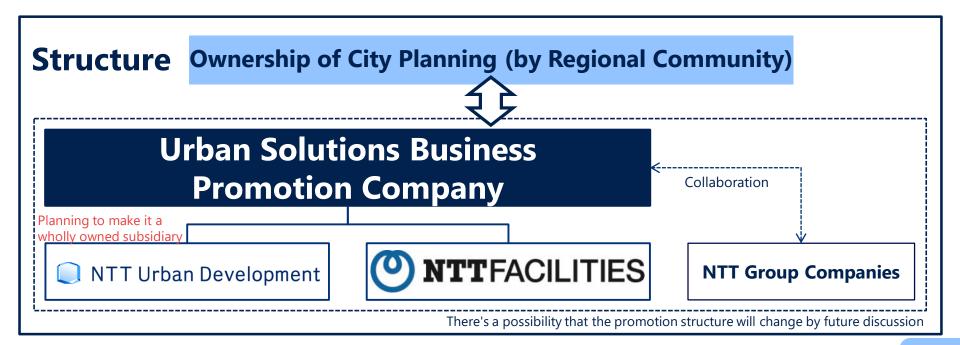
8. Utilization of Real Estate (Promote Urban Solutions)

Maximize utilization of Group real estate, ICT/energy/environmental technologies, etc., and promote new style of urban solutions beyond conventional real estate development

Real Estate



Design/construction
/maintenance
using ICT (AI, robots, IoT)



9. Contribute to Revitalization of Regional Societies/Economies



Leverage technologies/assets (equipment), upgrade government/life services, support revitalization of local industry



Collaboration with local governments, various partners

Community-based (sales/support)

Group management resources

Latest technologies (AI, RPA, IoT, ···)

Equipment/bases (DC/cloud/building)

10. Disaster Countermeasures



Past initiatives

Improve Communications Network Reliability

- Transmission trunk line multi-routing
- Install large-zone base stations
- Build disasterresistant facilities



Prompt Restoration

Secure Critical Communications

- Secure 100.119 and other emergency services
- Disaster Provide tools to check safety status strikes











- Disaster countermeasure equipment (Power supply vehicles, Portable satellite equipment, etc.)
- · Procure and convey materials and equipment for restoration purposes
- Use drones

Lessons from the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake

Further efforts

Further reinforce communications infrastructure

- **Consolidate and reinforce** telecommunications facilities, etc.
 - Blackout countermeasures for base stations
 - · Disaster resistance (damage prediction, hazard map utilization)

Proactive disaster response

Improve initial response by Al-based damage prediction

Adequately provide information to the people affected

- Provide real-time and clear information to support customers' evacuation life
 - Information about damage and recovery of services
 - Information about set up of battery charging station, public telephones for disaster, etc.
 Information for foreign visitors and residents

Disaster which causes wider, bigger, or lasting damage



Promote ESG management to improve corporate value, and enhance the returns of shareholders

NTT (

Promote ESG Management

Environment

- Reduce environmental impact
- Leverage ICT to contribute to the environment

etc.

Social

- Promote diversity
- Protect personal information
- Support customers in reinforcing information security
- Strengthen disaster countermeasures

Governance

- Enhance structure on the basis of the intent of Japan's Corporate Governance Code
- Strengthen global corporate governance

etc.

- Capture business opportunities
- **♦** Minimize business risks



Ongoing improvements of corporate value

Shareholders Returns



- Dividend Policy
 - Basic policy is steady dividend increases
- **♦ Share Buybacks**
 - Carry out buybacks flexibly to improve capital efficiency



Medium-Term Targets

Medium-Term Targets



EPS Growth





Financial Targets

EPS Growth

+50%

Target FY2023

(vs. FY2017)

Overseas Sales / **Overseas Operating Income Margin**

\$25B/ 7%

Cost Reductions At least ¥800B

FY2023

(in fixed-line/mobile access networks)

(vs. FY2017)

ROIC

8%

FY2023

Capex to Sales

13.5%

FY2021

(Domestic Network Business*3)

or less

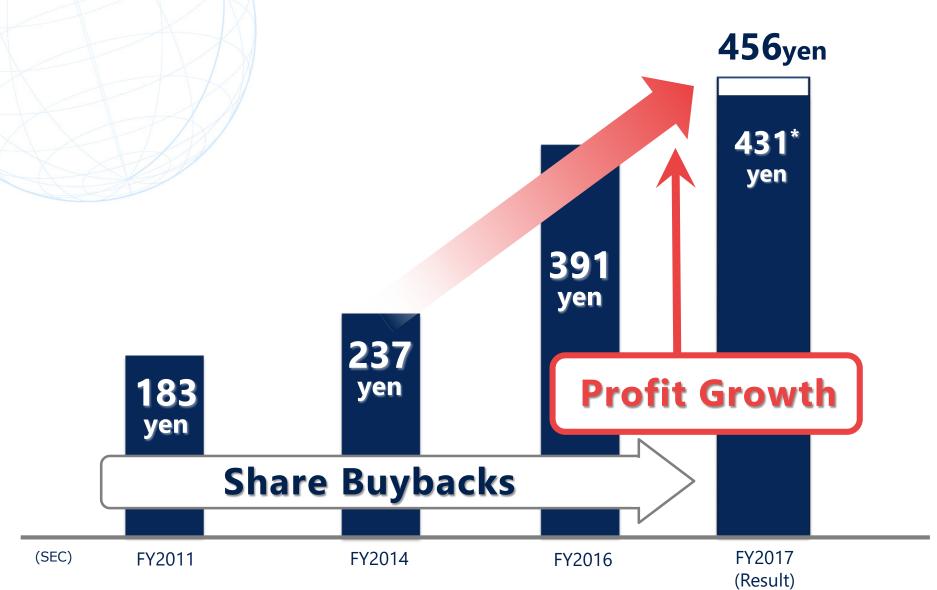
*1: Excludes the effects of the arbitration award received from Tata Sons Limited. *2: Including results from the global holding company, its subsidiaries and its affiliates. Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets. *3: Excludes NTT communications' data centers and certain other assets.



Appendix

Past Record of EPS Growth



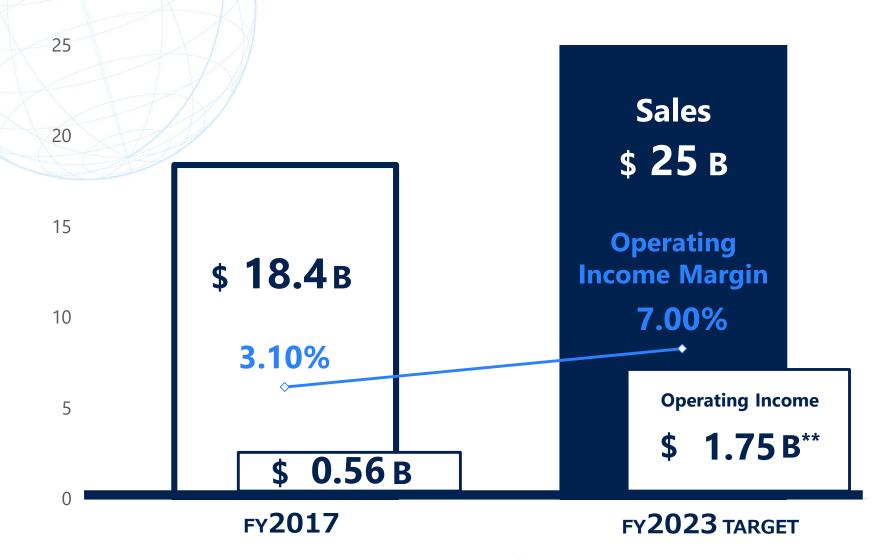


^{*} Exclude the effects of the arbitration award received from Tata Sons Limited .

^{**} EPS is adjusted according to the two-for-one stock split effective on July 1, 2015.

Overseas Sales/Overseas Operating Income Margin*





^{*} Including results from the global holding company, its subsidiaries and its affiliates. Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

** Estimated value of \$ 25B multiplied by 7%

R&L

In-house IP

Growth Strategy of Global Business

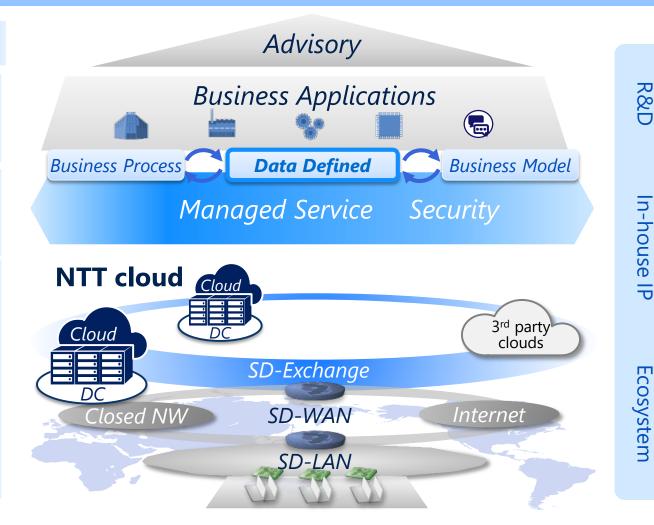
■ Support Business Modernization by "One NTT"



Application

Managed Services

IT **Infrastructure**



NTT's Capability in Global Business



		NTT		Telecom (A)	Cloud (A)	IT Vendor (A)	Sler (I)
Data Center (incl. colocation)					-	-	
Network Integration		_eader			-		
Network					-	-	-
Apps (ERP)	Imple- mentation	Þ		-	-		
	AMO			-	-		
Cloud	Public	Attacker				-	
	Hosted Private				-	-	
Security					-	-	

Legend: Global capability











Not competitive/Local - Out of scope

NTT (

Our Strengths in Global Cloud Services

Network

- Scale:
 - Provides service in 190 countries/regions
 - World-class in Global IP backbone traffic (Source: Dyn Research)
- Quality:
 - Lowest network latency between Japan / US / major countries in Asia

Data Center

- Scale:
 - World-class (Source: October,2017 issue of "Colocation Database" by TeleGeography)
 As of March 2018, total floor space: approx.1.4 million m², total sites: approx. 250
- Quality:
 - High-quality lineup(Tier V sites)

Strengthen Provision of Global Cloud Services





Expansion of highquality data center service to the Netherlands, the seventh country in Europe where services are offered



Expansion of supply capacity of Frankfurt data centers by 1.5x



Launch of "Germany Munich 2 Data center"

- Primary Data Centers
 Data Centers Under Construction
- **Underwater Cables**
 - Mergers and Acquisitions



Agreement to acquire 100% of the stock of Secure-24, a large-scale U.S. IT managed servies operator



Launch of the "Germany Rhein-Ruhr 1 Data Center"



Launch of data center services in South Africa





Expansion of data center services in Mumbai and Bangalore



Launch of "Virginia Ashburn 3 (VA3) Data Center" and launch of construction of VA4 Data Center



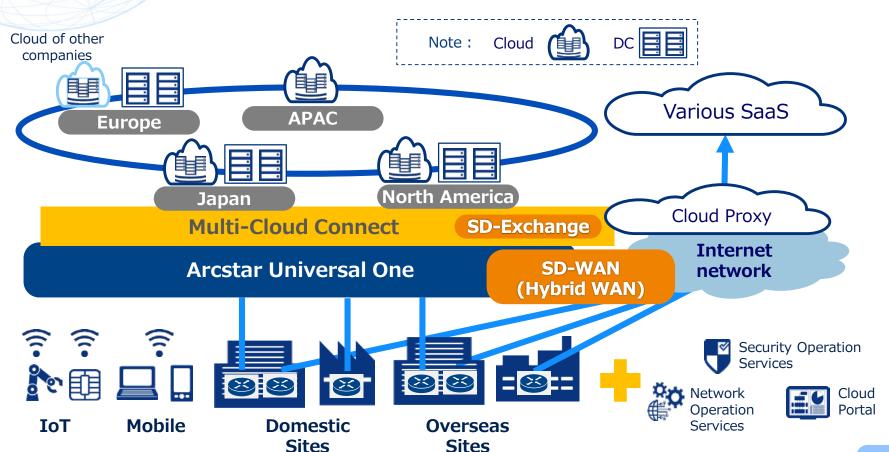
Launch of "Texas Dallas 1 (TX1) Data Center", one of the largest in the world

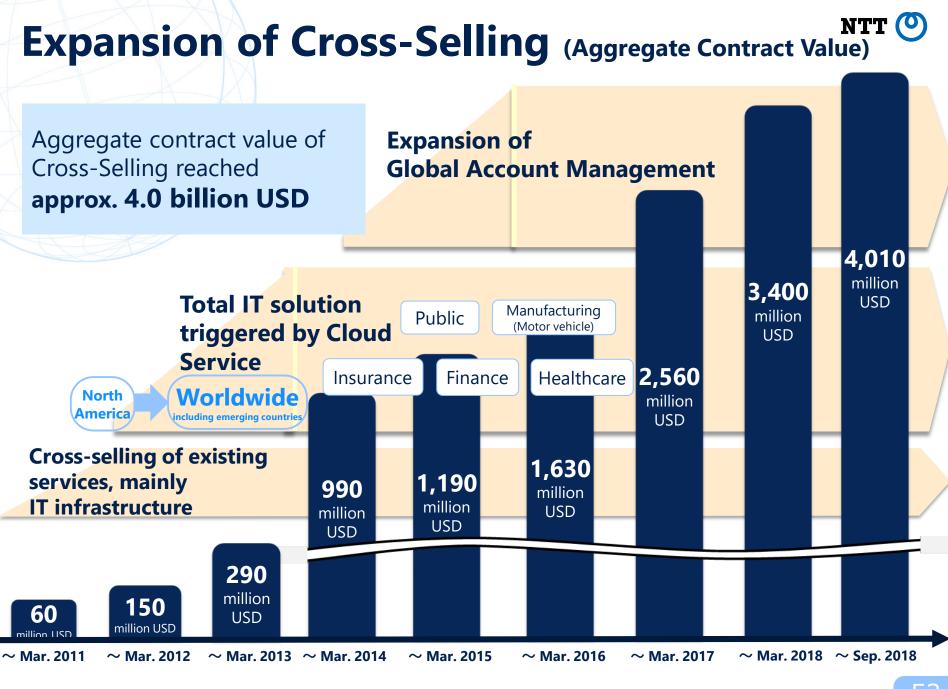
Global Business Service Case Study



■ Company A - The construction of global infrastructure network

- Quick and flexible business supports by utilizing Software-Defined Technology.
- Business portal enables unified management of NW, Cloud, and even SaaS of other companies.
- Realize the cost efficiency by reinforcing security and management.





Cross Selling Track Record



■ Improved brand awareness leads to more deals with global enterprises





Smartcard ticketing system

Revenue and Employee by Region(excl. Japan) NTT (**)



(USD) (FY2017 SEC)

Total

\$19.5B

AMERICAS

\$7.7B

EMEA

\$7.5B

APAC*

\$4.3B

Employees

Revenue

116,000

32,000

43,000

41,000

(FY2017)

^{*} Exclude Japan

The Current and Future State of Fixed-Line Telephone Services



Migration to IP Networks

Schedule for service changeovers and migration to IP networks

 Aim to complete migration to IP networks before tandem/signal transfer switches in the PSTN* networks approach their limits of useful life

*PSTN (Public Switched Telephone Network): A network that provides analog telephone services and INS-Net (ISDN Information Network System)

- Outgoing calls from NTT's fixed-line telephone services will be switched over to IP networks from January 2024 (scheduled completion by January 2025)
- At the beginning of the migration of fixed-line telephone services, take over all of the contracts for analog telephone services and INS-Net services to the new fixed-line voice services with new rates

Charges and conditions for the fixed-line telephone services after the migration to IP networks

- Continue offering basic voice services and <u>enable customers to continue using their existing phones and other devices without need for additional on-premises installation</u>
- Currently planned charges and conditions for the fixed-line telephone services after the migration to IP networks are as follows:
 - Basic monthly charges: Unless the market environment changes significantly, <u>current basic monthly charges for analog</u>
 <u>telephone</u> <u>services and INS-Net will remain the same</u>
 - Call rates: By taking advantage of non-distance sensitive flat rates of the IP network, nation-wide call rates to fixed-line

telephones will be <u>JPY 8.5 (excluding tax) per every 3 minutes</u>
NTT will provide international calls as well as Hikari Denwa services

(with the option of selecting other service providers)

• Contracts: Provide all customers that use analog telephone services and INS-Net services with sufficient transition time

through multiple notices before the migration, and take over their contracts to new fixed-line voice services

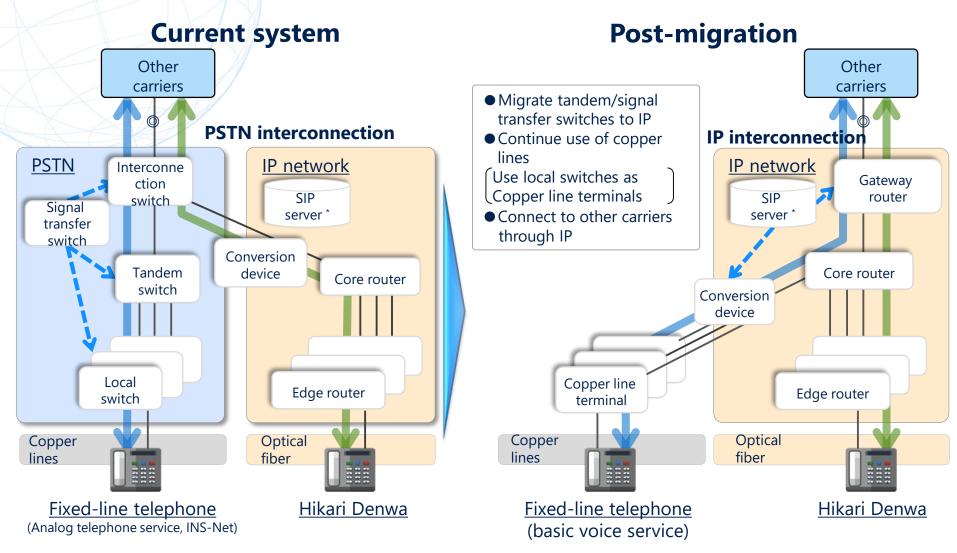
after the migration

• **MyLINE services**: Guidance for handling MyLINE services (Dialing Parity / Pre-Selection Service) will be provided separately

The Current and Future State of Fixed-Line Telephone Services



Image of Migration to IP Networks



^{*} A server that manages and controls telephone services using an IP network (SIP: Session Initiation Protocol)

NTT DOCOMO: For Sustainable Growth in 2020s



- Transformation into business management pivoted on membership base
 - 5G rollout and business creation



- Expansion of customer base and promotion of "+d"
- Growth of Smart life business
- Growth of Enterprise business

Growth driven by 5G

- Construction of 5G network
- Creation of 5G services and solutions

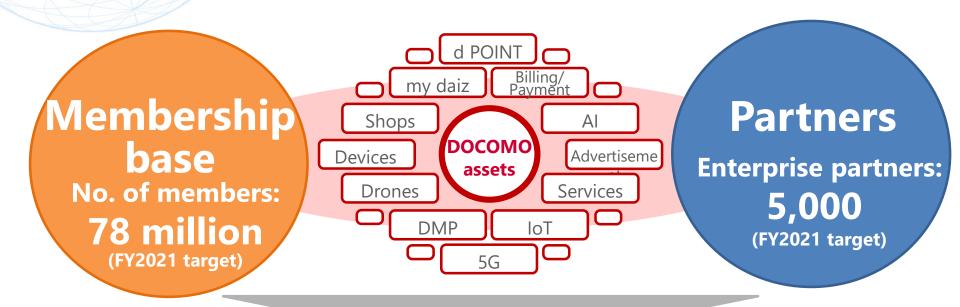
Execution of customer returns and evolution of customer touchpoints

- Great value and simple rate plans
- Shorten customers' wait and attendance time

NTT DOCOMO: Promotion of +d



Offer new value to customers and partners Create revenue opportunities



Create new added value

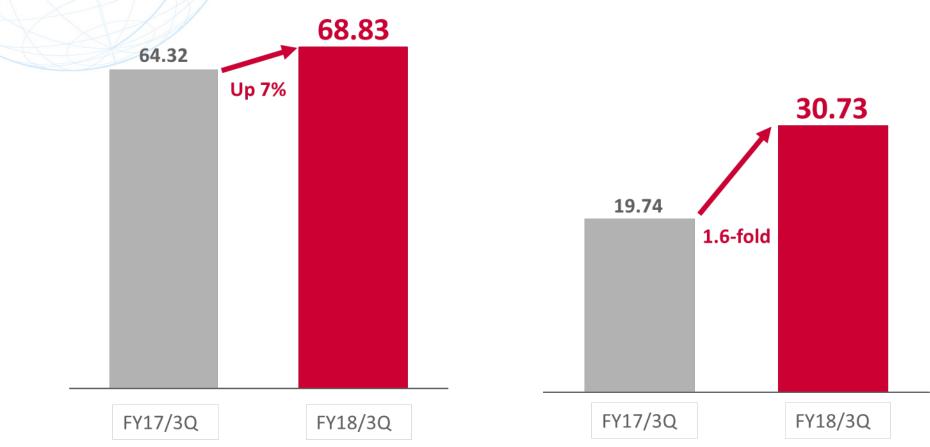
NTT DOCOMO: "d POINT CLUB" Members



"d POINT CLUB" members

"d POINT CARD" registrants

(Million members)

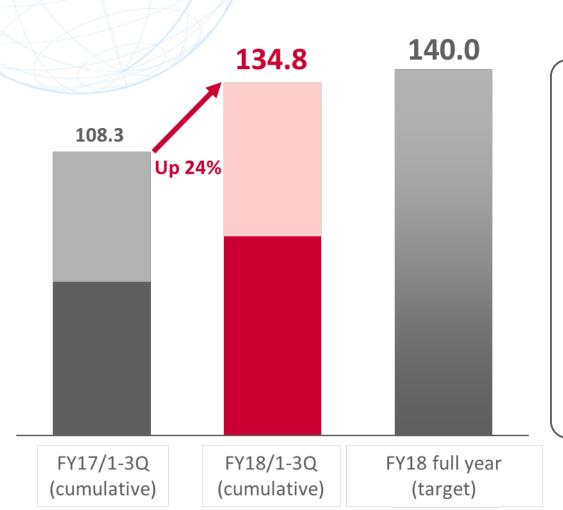


^{• &}quot;d POINT CARD" registrants indicate the no. of users who can earn and use "d POINTs" at participating stores by registering their personal information



NTT DOCOMO: Operating Profit of Smart Life Business & Other Businesses

(Billions of yen)



Principal services

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

NTT DOCOMO: 5G Network Rollout



Steadily build coverage in areas where 5G is considered necessary

FY2018

FY2019

FY2020

FY202x

Rugby World Cup 2019™

The Olympic and Paralympic Games Tokyo 2020

Network rollout/ development toward pre-commercial service

Pre-commercia service (from September 2019)

Commercial service

(from Spring 2020)

¥1 trillion investment for 5G infrastructure buildout, etc.

(FY2019-2023 cumulative)

◆ NTT DOCOMO is a Gold Partner of the Tokyo 2020 Olympic and Paralympic Games (in the telecommunications services category).

NTT DOCOMO: 5G Services & Solutions



Creation underway in cooperation with a wide range of partners toward full-scale launch of 5G

New sensory experience services





Stadium solutions





VR/AR/MR



New sensory live events





Interactive

Solutions for social issues/ Regional vitalization



Remote medicine



Anomaly detection through video analysis (Disaster prevention/ mitigation)



Remote operation of construction equipment, etc.

NTT DOCOMO: Bold Review of Rate Plans

To be announced and launched in FY2019/1Q

Low-cost plan

Approx. 20-40%

rate reduction

Customer returns (per annum)

Up to approx. ¥400 billion

◆ The actual level of reduction may be different from the description herein depending on customer's usage behavior.

NTT DOCOMO: Financial Targets



Execute customer returns and growth investments to achieve sustainable growth

Customer returns

Drop in profit projected, but...

Growth of Smart life, Enterprise businesses and 5G

FY2021
Operating revenues

¥ 5 trillion

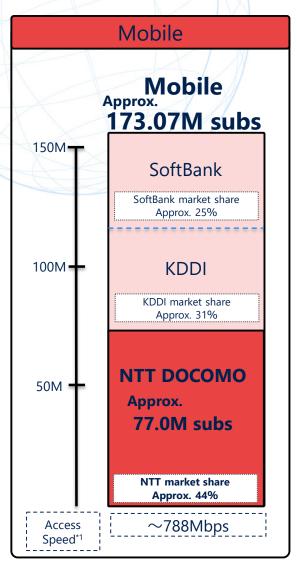
Recover
FY2023
operating profit
to ¥990 billion

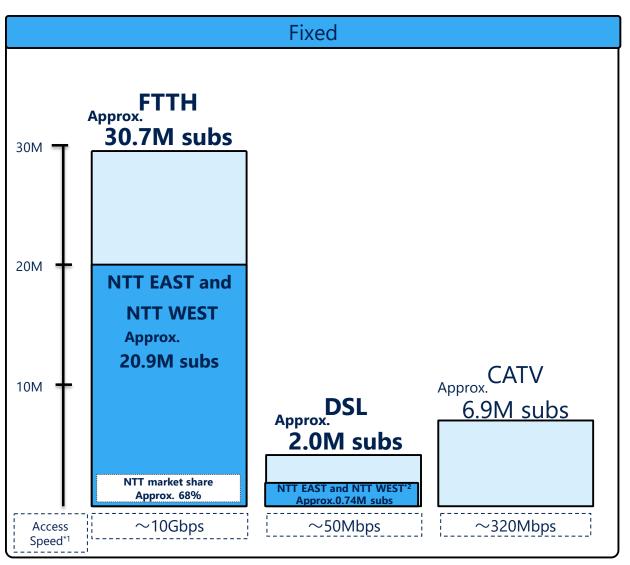
◆ FY2023 operating profit target is comparable to the FY2017 level

N

NTT 🕑

Broadband Access Services in Japan



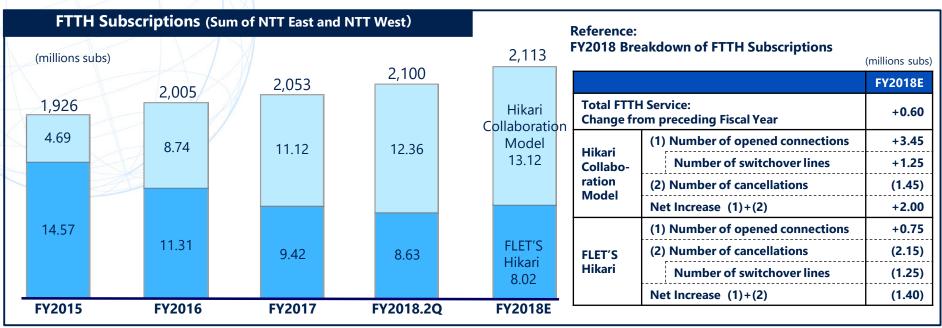


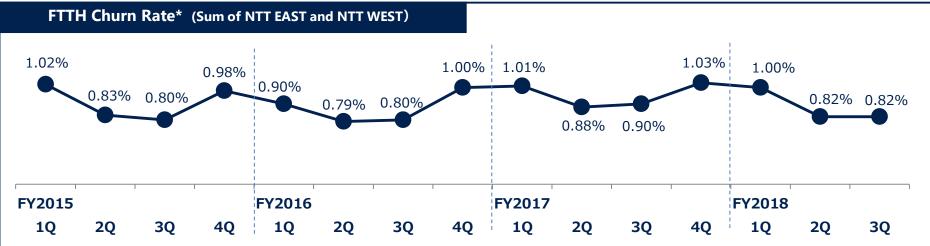
^{*1} Figures for access speed are the speeds of typical commercial services, and are the maximum values of the best-effort traffic.

^{*2} Stopped accepting applications from July 1,2016. (Source) MIC data (As of the end of September 2018)

Fixed Broadband Business FTTH Subscriptions







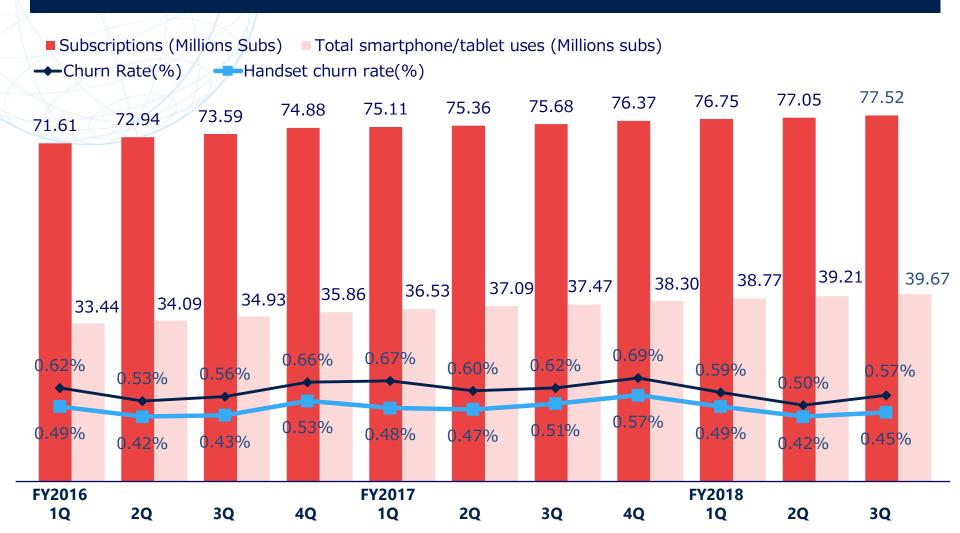
^{* &}quot;Sum of number of churn for each month of each quarter"/"Sum of number of active subscribers** for each month of each quarter"

^{**} Active subscribers = (number of subscribers at end of previous month + number of subscribers at the end of the current month) / 2

Mobile Broadband Business



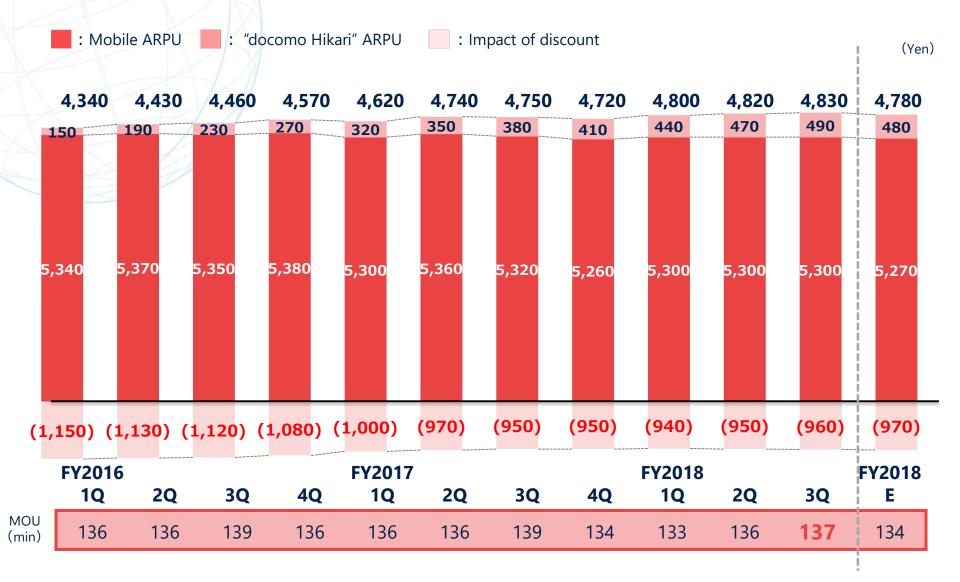
DOCOMO Mobile telecommunications services



^{*} Churn rate is calculated excluding the subscriptions and cancellation of subscriptions of Mobile Virtual Network Operators (MVNOs).

Aggregate ARPU of Mobile Broadband Business





[•]FY2016 Full-year Aggregate ARPU 4,440 Yen (Mobile ARPU 5,350 Yen, docomo Hikari ARPU 210 Yen, Impact of discount programs ▲1,120 Yen)

[•]FY2017 Full-year Aggregate ARPU 4,710 Yen (Mobile ARPU 5,310 Yen, docomo Hikari ARPU 370 Yen, Impact of discount programs \$\times970 Yen)

NTT Group Overview



*1 Voting rights to major subsidiaries (As of March 31, 2018)
*2 NTT, Inc.(global holding company), was established with the goal of enhancing NTT Group's overall competitiveness and profit-ability in the global market. The transference of control of NTT COMMUNICATIONS CORPORATION, Dimension Data Holdings, NTT DATA CORPORATION, and NTT Security Corporation was completed in November 2018.

NTT COMMUNICATIONS CORPORATION, Dimension Data Holdings, NTT DATA CORPORATION, and NTT Security Corporation are scheduled to be reorganized into companies based around global operations and domestic operations in July 2019.



 Operating revenues (consolidated)

Operating income . v

• No. of employees

(consolidated)

No. of subsidiaries

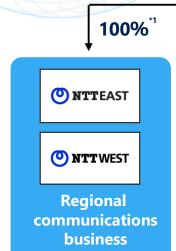
: **¥11,782.1** billion

: **¥1,641.1** billion

: 282,550

: 922

54.2%^{*1}





100%^{*1}

Long distance and international communications business

döcomo

66.6%*1

Mobile communications business



Data communications business

Other group Companies

NTT Urban Development NTT FACILITIES, etc.

Other businesses

real estate, finance, construction and power business

Operating Revenue:

¥1,214.6 billion ¥2,242.2 billion ¥4.762.3 billion ¥2,045.2 billion ¥3,231.6 billion Operating Income: ¥351.6 billion ¥90.6 billion ¥987.0 billion ¥123.2 billion ¥98.7 billion 67,600 45,350 No. of Employees: 27.450 118,000 24,150 93 45 373 No. of Subsidiaries: 109 302

^{*} Fiscal year ended March 2018. Operating revenue and operating income of each segment include inter-segment transactions.

Trend in Consolidated Financial Results





EPS is adjusted according to the two-for-one stock split effective on July 1, 2015.

Includes influence of 60 billion yen of non-operating revenues by The Otemachi 2-Chome Area Redevelopment Project

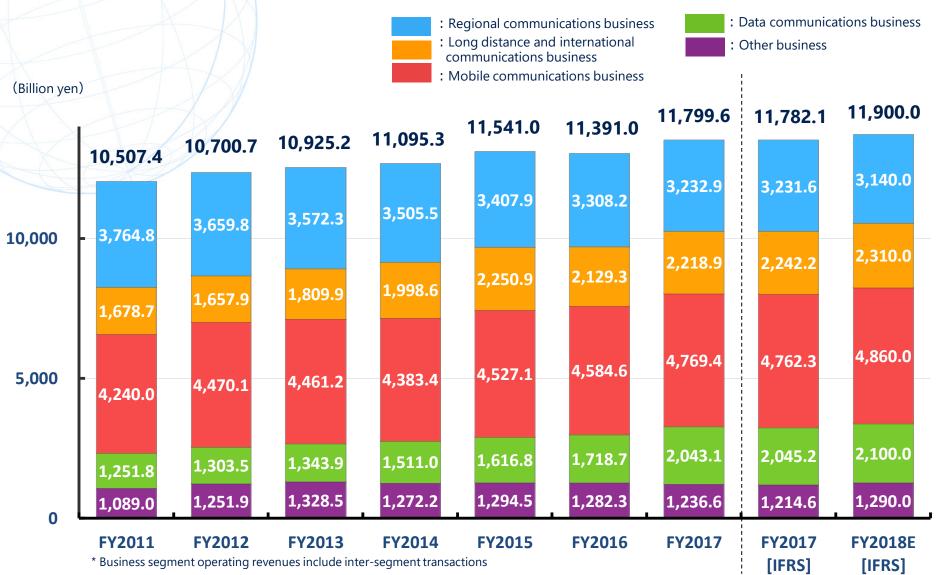
^{***} Excluding the effects of the arbitration award received from Tata Sons Limited, net income is expected to be 860 billion yen.

^{****} Excluding the effects of the arbitration award received from Tata Sons Limited, net income is expected to be 848 billion yen.

Based on IFRS results which have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

Changes in Consolidated Operating Revenues

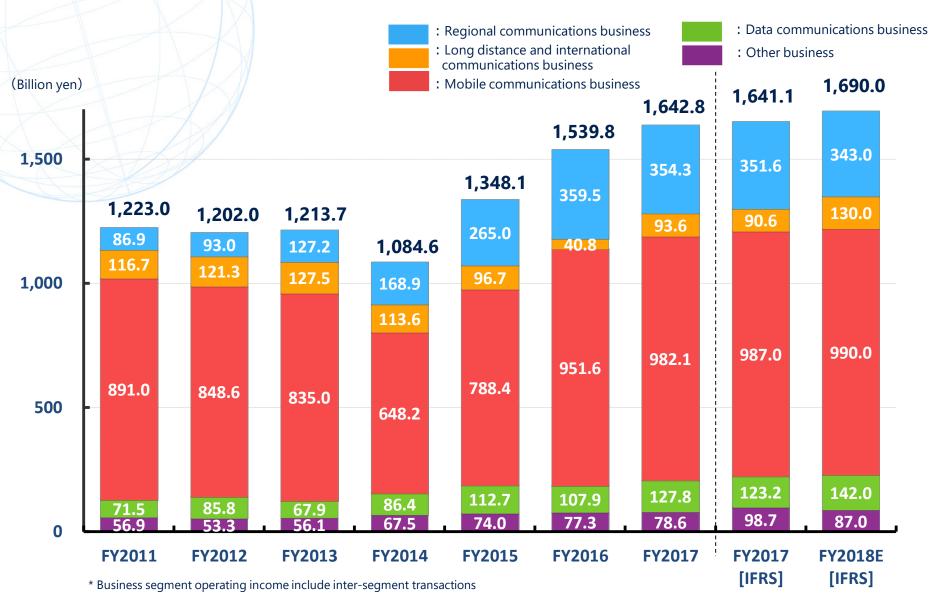




^{*} Based on IFRS results which have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

Changes in Consolidated Operating Income

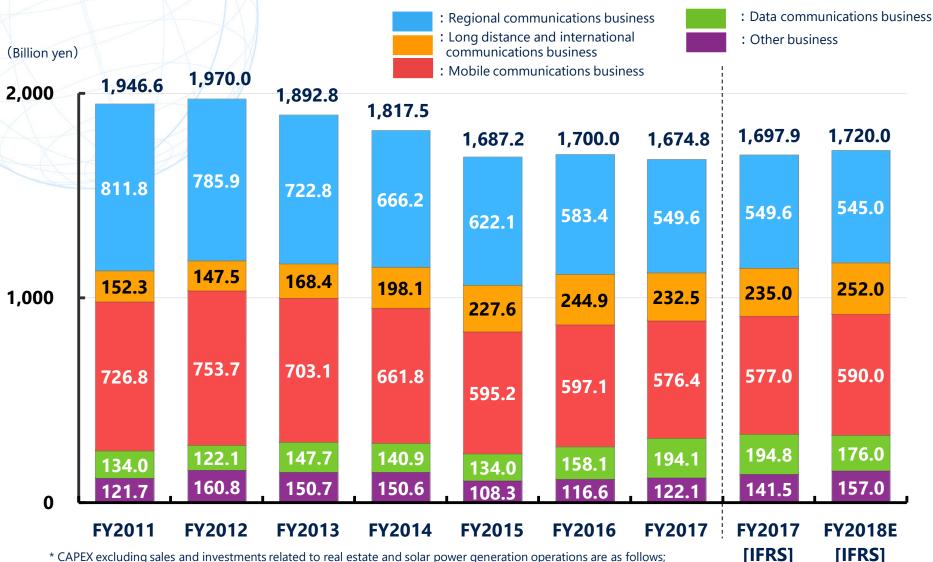




^{*} Based on IFRS results which have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

Changes in CAPEX



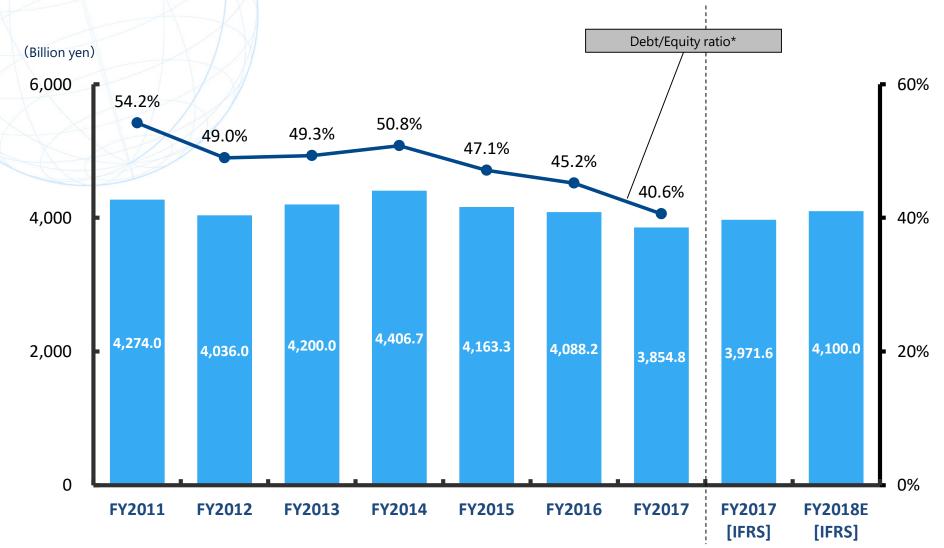


^{*} CAPEX excluding sales and investments related to real estate and solar power generation operations are as follows; FY2011: 1,906.5 billion yen, FY2012: 1,907.5 billion yen, FY2013: 1,795.7 billion yen, FY2014: 1,702.9 billion yen, FY2015: 1,605.2 billion yen

^{*} Based on IFRS results which have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

Changes in Interest-bearing Debt



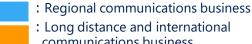


^{*} Debt Equity ratio = Interest-bearing debt / Shareholders' equity x 100

^{*} Based on IFRS results which have not been audited, and are provided for reference only. These figures are subject to change, pending results of the independent financial audit.

Changes in Number of Employees

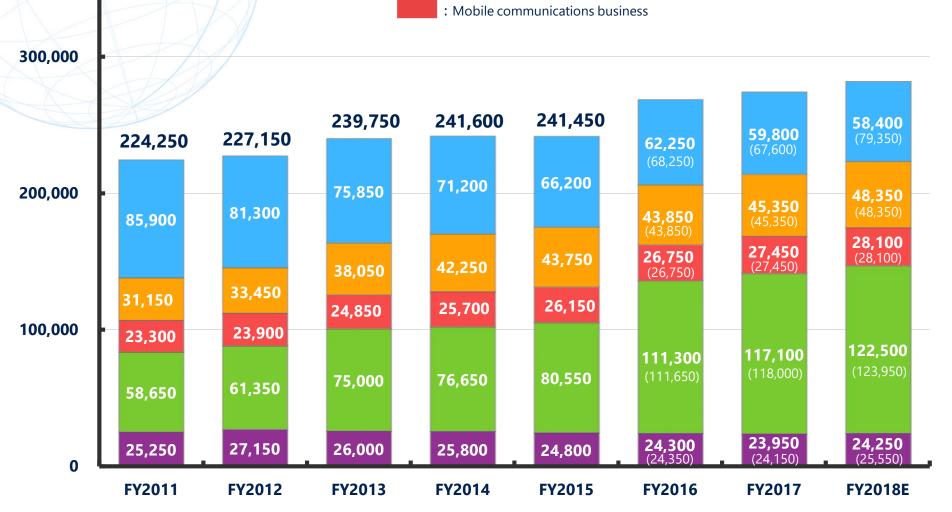




: Long distance and international communications business

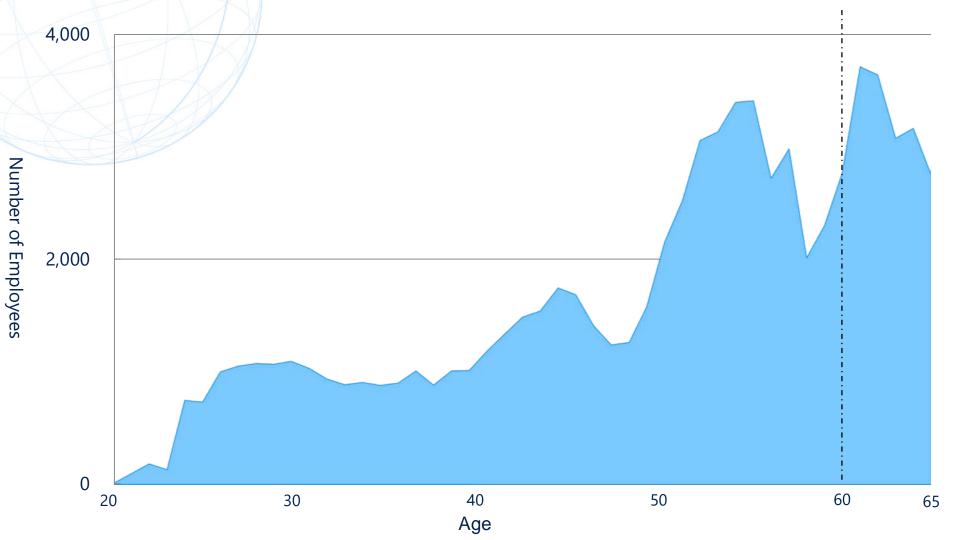
: Data communications business

: Other business



Starting from FY2016, the figures in parentheses are the number of employees including employees whose contracts were changed from fixed-term contracts to open-ended contracts.

Age Distribution of Employees at NTT East, NTT West NTT © and "Outsourcing Companies" (As of March 31, 2018)



^{*} Figures for East Outsourcing Companies include employees from the consolidated regional outsourcing companies (NTT EAST-MINAMIKANTO and others), NTT-ME and NTT EAST SERVICE, while figures for West Outsourcing Companies include NTT BUSINESS SOLUTIONS, NTT MARKETING ACT, NTT NEOMEIT, NTT FIELDTECHNO and NTT BUSINESS ASSOCIE WEST. Figures for those companies include the number of more than 60-year-old contracted employees.

Change in Personnel expenses (NTT East Group, NTT West Group)





^{*} The scope of aggregation for each of the figures are not audited and are provided for reference only.

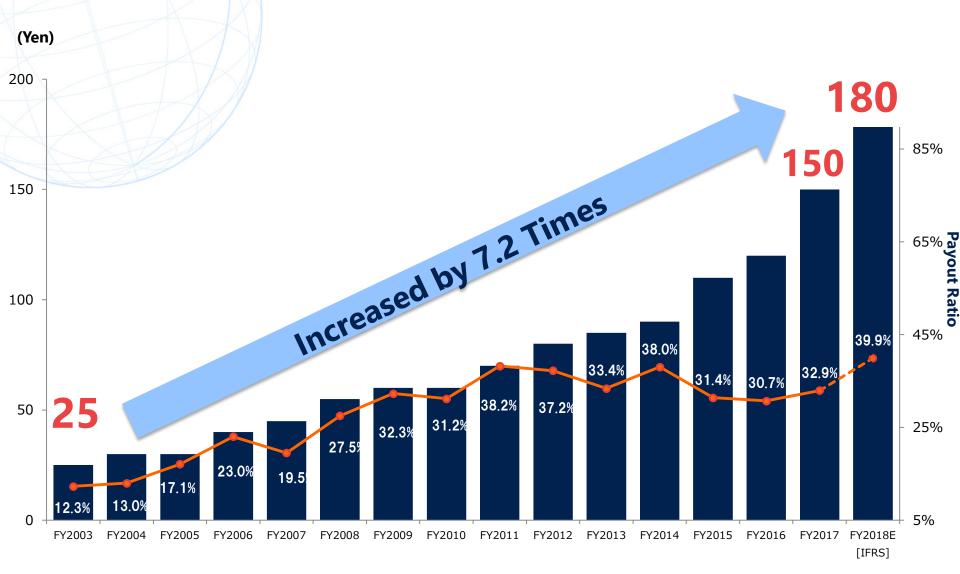
(FY2011~FY2016: U.S. GAAP-based figure, FY2017~FY2018E: International Financial Reporting Standards (IFRS) –based figure)

NTT East Group: The figures presented for NTT East group is internal management figures after eliminating internal transactions between NTT East and its subsidiaries.

NTT West Group: The figures presented for NTT West group is internal management figures after eliminating internal transactions between NTT West and its subsidiaries.

Changes in Dividend



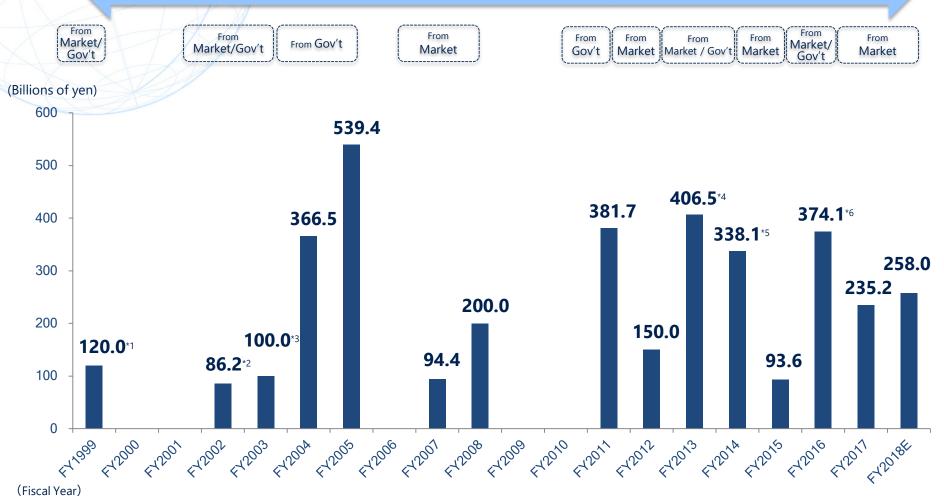


- Dividend is adjusted according to the two-for-one stock split effective on July 1, 2015.
- FY2003-FY2017, financial statements are prepared in accordance with U.S.GAAP.

Record of Share Buybacks



Over 3 Trillion Yen in Buybacks

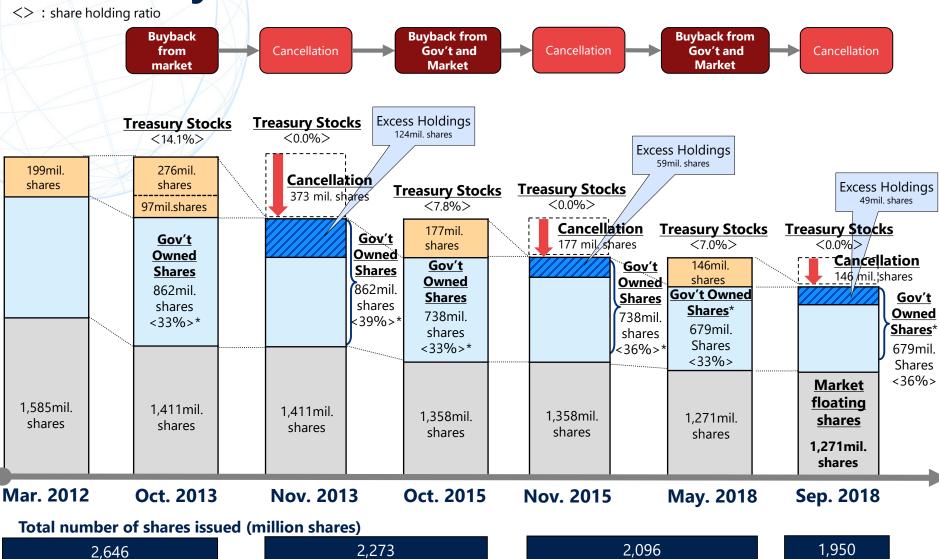


^{*1:}Market 48.0 billion yen, Gov't 72.0 billion yen *2:Market 46.6 billion yen, Gov't 39.6 billion yen *3:Market 54.1 billion yen, Gov't 45.9 billion yen

^{*4:}Market 253.2 billion yen, Gov't 153.3 billion yen *5:Market 101.2 billion yen, Gov't 236.9 billion yen *6:Market 106.9 billion yen, Gov't 267.2 billion yen

Share Buybacks and Cancellation





^{*} Number of shares is adjusted according to the two-for-one stock split effective on July 1, 2015.

^{*} Mandatory (minimum) number of shares to be held by the Government under the NTT Act = $(total number of shares issued - 60 million shares issued at the IPO in 2000) \times 1/3$ (The number of shares issued after the initial listing are not to be included in the calculations. (NTT Act, supplementary provision 13))



Your Value Partner