

# Towards the Next Stage 2.0



May 15, 2015

## ■ Establish the **cornerstone of NTT’s global business operations** as a pillar of growth

- Expand into the global market as a “challenger”

## ■ Move into a **new competitive stage** through **collaboration**

- Begin new initiatives to work towards establishing a multifaceted competitive model based on “innovation and collaboration” as a “partner” that customers will continue to select
- Initial steps: “DOCOMO New Billing Plan” and “Hikari Collaboration Model”

## ■ Launch new efforts to create high value-added services and business models, taking advantage of “**2020**” and “**Vitalization of Local Economies**” initiative

## Financial Targets (announced in November 2012)

**EPS Growth** (vs. FY2011) **At least 60%** (by FY2015)

**Overseas Sales** **\$20 billion** (by FY2016)

**Percentage of Corporate Sales Represented by Overseas Sales** **At least 50%** (by FY2016)

**Capex to Sales** **15%** (by FY2015)

**Cost Reductions** **At least 600 billion yen** (by FY2014)

(in fixed-line/mobile access networks)  
(compared to FY2011)

 *Achieved (reduced by 650 billion yen)*

- **Accelerate Self-Transformation towards a “Value Partner” and Embark on a Profit Growth Track**
  - Accelerate Profit Generation of “Global Cloud Services”
  - Enhance Profitability of “Network Services”
  
- **Develop new markets by further promoting B2B2X model**
  
- **Re-establish EPS Growth Goal (at least 700 yen\* (by FY2017)) and update other financial targets**

\* Does not take into account the stock split, with an effective date of July 1, 2015.

## **EPS Growth**

**At least 700 yen**

[Aiming for 1.4 trillion yen in consolidated profits]

**Overseas Sales/Operating Income\***

**\$22 billion / \$1.5 billion**

**Streamlining Capital Investment**

(Domestic Network Business\*\*)

**At least 200 billion yen**

(compared to FY2014)

**Cost Reductions**

(in fixed-line/mobile access networks)

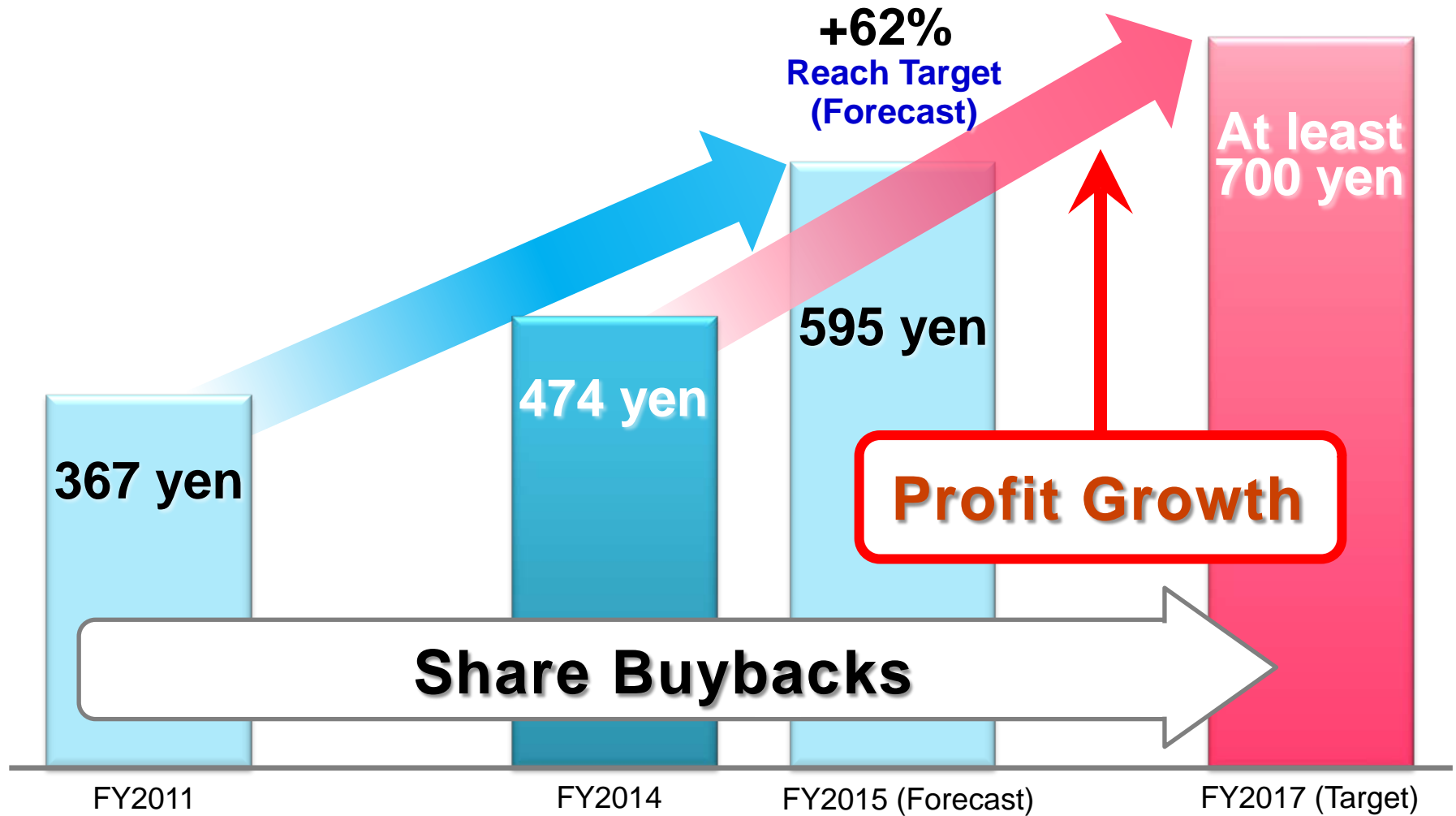
**At least 600 billion yen**

(compared to FY2014)

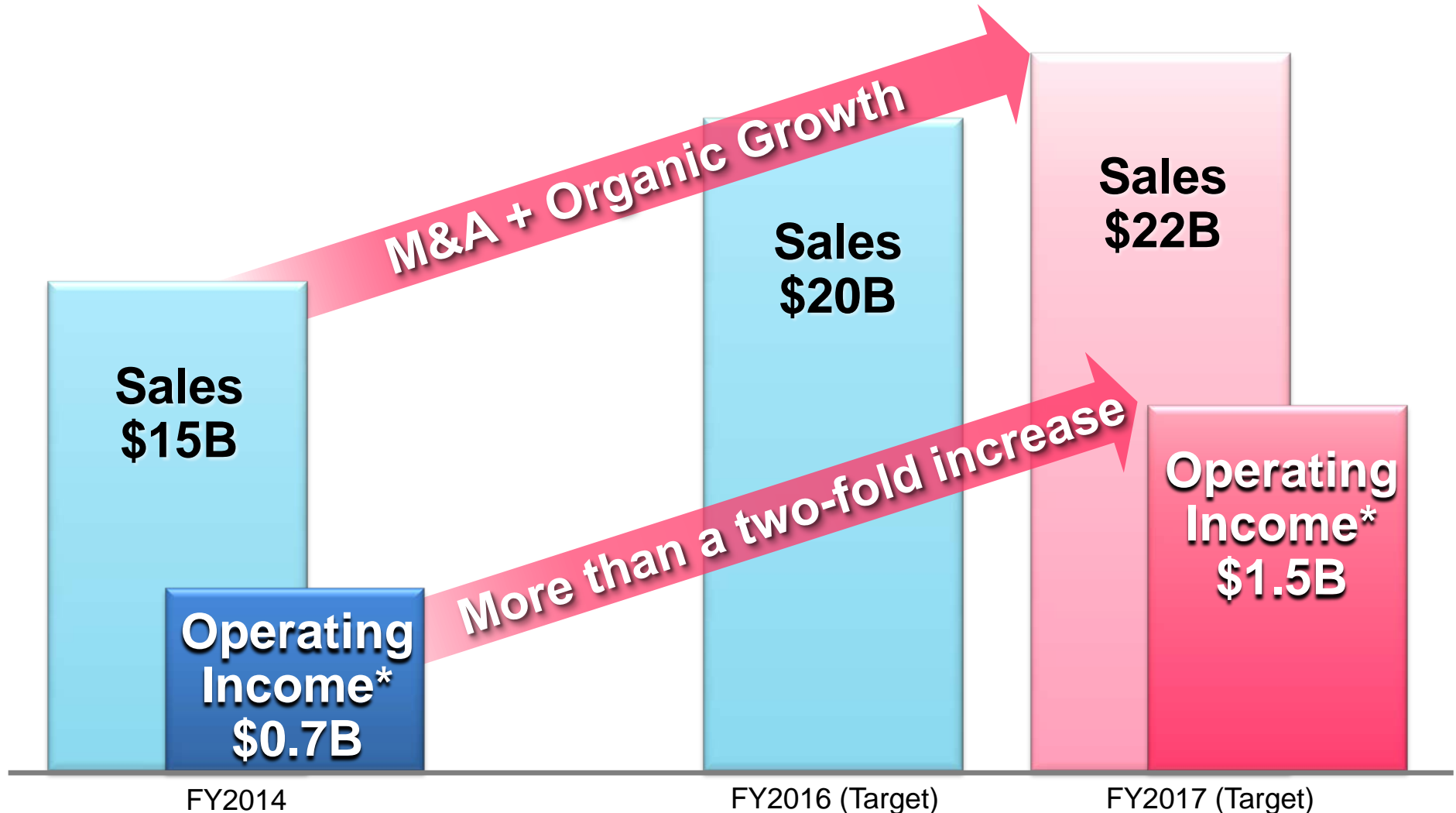
\* Operating Income excludes M&A-related temporary expenses, such as depreciation costs of intangible fixed assets.

\*\* Excludes NTT Com's data centers and certain other assets.

# EPS Growth



# Overseas Sales / Operating Income



\* Operating Income excludes M&A-related temporary expenses, such as depreciation costs of intangible fixed assets.

# Towards Creating Profit from Global Business Operations



## Accelerate Efforts through Group-wide Projects

### Deliver Steady Growth of Sales

- Strengthen Products/Services
  - Strengthen consulting/industry-specific solutions
  - Create solutions that integrate services provided by a variety of companies
- Strengthen Sales/Marketing Efforts
  - Expand our global accounts

### Thorough Cost Optimization

- Optimize Services and Operations
  - Optimize NTT Group efficiency (cloud, security and IT outsourcing services)
  - Avoid duplication in new service investments
- Reduce Procurement Costs
  - Collaborate within NTT Group re: procurement

### Strengthen Group Governance and Risk Management

- Standardize and Improve IT Infrastructure
  - Facilitate transparency of information re: Group management
- Strengthen Financial/Operations Systems
  - Set common accounting standards
  - Bolster cash management
  - Enhance collaboration within NTT Group's global subsidiaries

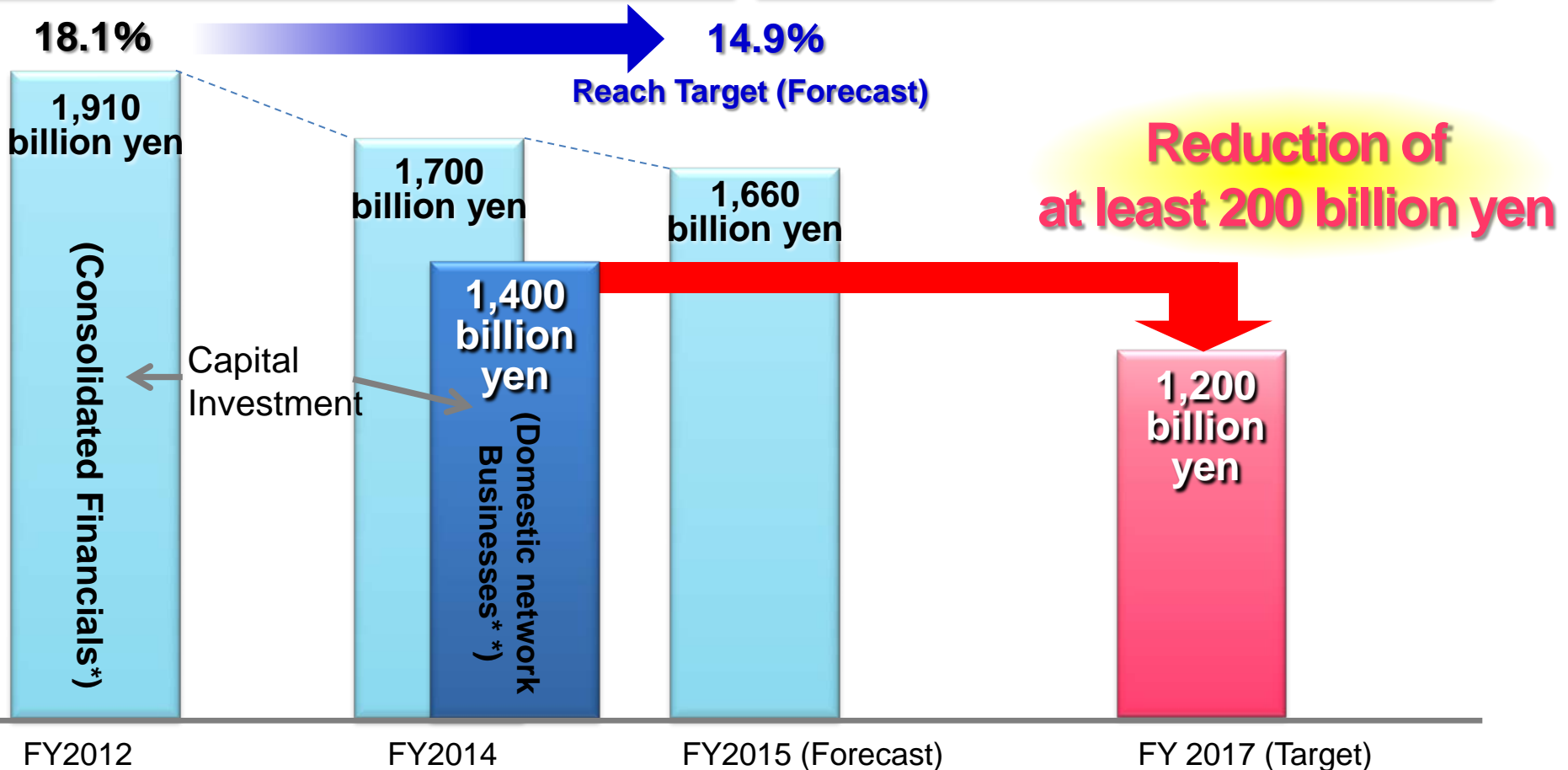


# Streamlining Capital Investment



**Improve Capex to Sales**

**Optimize Domestic Network Businesses**



\* Excludes real estate assets.

\*\* Excludes NTT Com's data centers and certain other assets.

## **Streamlining Capital Investment      At least 200 billion yen** (Domestic network business, compared to FY2014)

- Improve efficiency of facility use
- Reduce procurement costs
- Improve and optimize IT systems

## **Cost Reductions      At least 600 billion yen** (in fixed-line/mobile networks, compared to FY2014)

- Review and reduce costs in order to improve user services
- Establish simple, highly efficient business operations in line with changes to our business model and environment

- **Make good use of “2020” and the Government’s “Vitalization of Local Economies” initiative as opportunities to accelerate the migration to B2B2X**
  - Strengthen Collaboration Platform (security, IoT, network virtualization, etc.)
  - Promote partnerships with a wide range of business entities (transportation, tourism, energy, agriculture, etc.) through NTT Group’s cross-company projects
  - Develop closer partnerships with local governments in order to create regional services utilizing ICT
    - E.g., “Comprehensive Partnership Agreement” with Fukuoka City
  - Create services that will become the standards of the next generation
  
- **Create high value-added services and establish new business models through collaboration with partners (by taking on the role of “catalyst”)**

**Reconsider “Universal Services” and  
“General outlook on PSTN migration”**  
(November 2, 2010)

**Consider Application of IFRS (International  
Financial Reporting Standards)**  
(From Q1 of FY2018)



Next Value Partner

for

Transformation

*of Business models and Lifestyle*

by

Trusted Solutions

*of Global, Secure, End-to-end,  
and Full-line ICT services*

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 Report on Form 20-F and other filings and submissions with the United States Securities and Exchange Commission.