



# IR Presentation

**April 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 Income Margin ※2:	3.1%	(Reference: FY2017 Results: 3.1%)

※1 Profit presented above represents the profit attributable to NTT, excluding non-controlling interests.

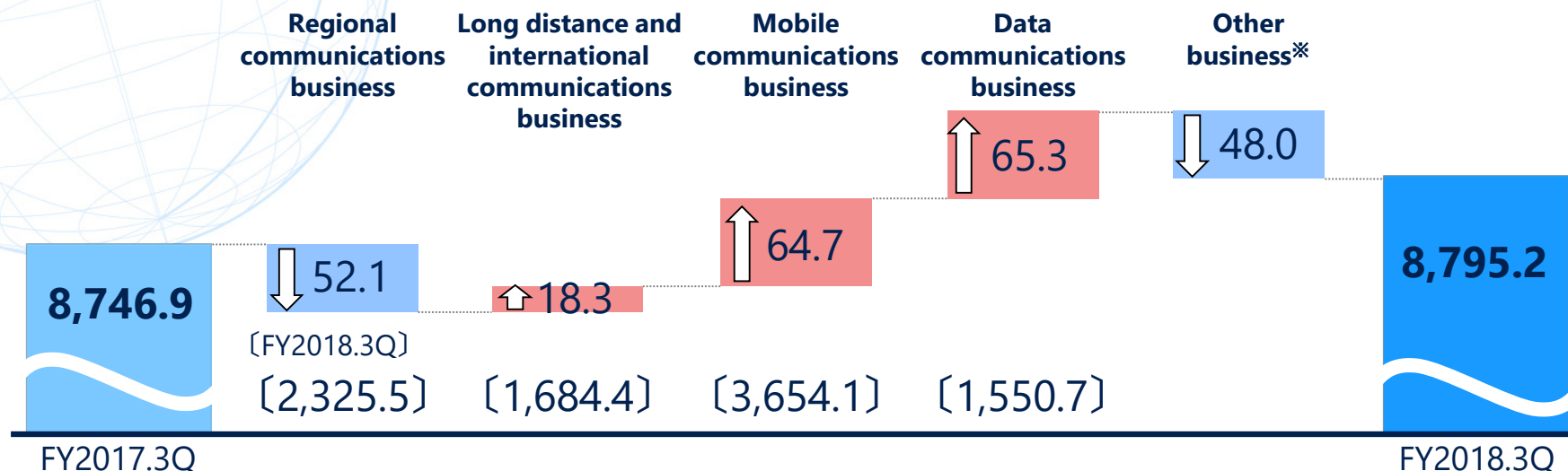
※2 Including results from the global holding company, its subsidiaries and its affiliates. Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

# Contributing Factors by Segment for FY2018.3Q

(Billions of yen)

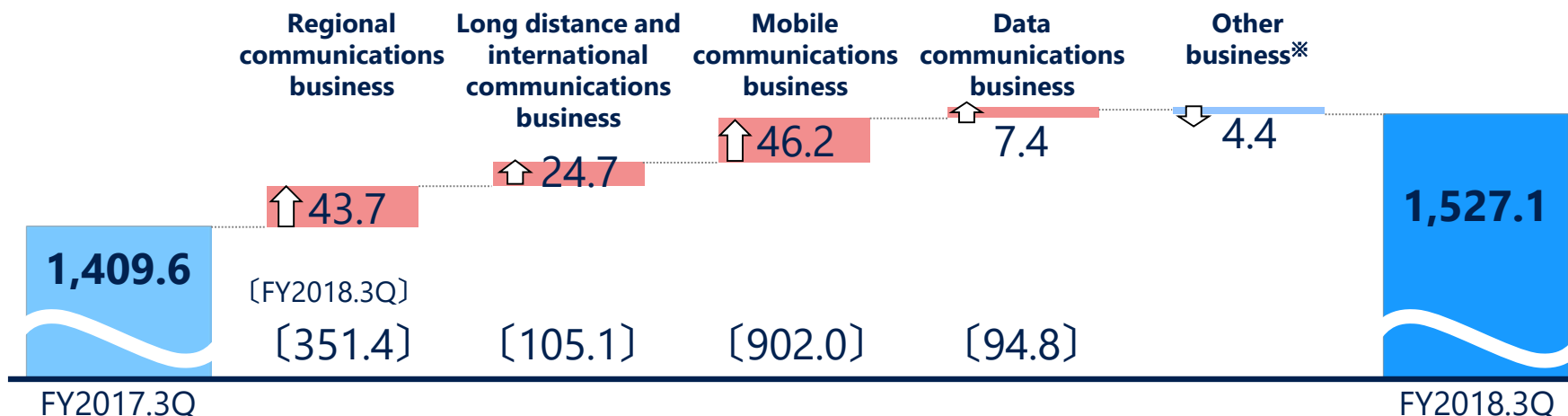
## Operating Revenues

(Year-on-year: +48.3)



## Operating Income

(Year-on-year: +117.5)



\*Includes adjustments such as elimination of inter-segment transactions.

# 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 Business①

## Progress toward Establishing the Global OpCo

- Integration Management Office (IMO) delivered by 60 key leaders has been launched in November, 2018.
- IMO teams are creating the transformation plan, which will be executed in July, 2019.

### Integration Management Office

Service/Sales Strategy

Regional GTM

Corporate Function

November  
2018

February  
2019

July  
2019

In 5 years

Define Strategic  
Mission, Vision,  
& Core Values

Create  
Transformation &  
Execution Plan

Transformation

Drive Managed IT Services at our core for  
client business needs

- Transformation Advisory capabilities
- Industry specific compliance & security solutions

Streamline business operation

Promote the One NTT Brand

Operating  
Profit  
Margin  
Target: 7%

# Enhance Competitiveness in Global Business②

## 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 1/5<sup>th</sup> 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 Business③

## 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

※ The booth design is only an image, and is subject to change.

# Leverage Talent, Technologies, and Assets **NTT**

## 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 AI  
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)

## 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

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

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



# **“Your Value Partner 2025”**

## **NTT Group Medium-Term Management Strategy**

# 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**

## 8. Urbanization

Progression of **urbanization** and  
distinctive **compact city**  
Development of **smart mobility**

## 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



## 7. Consumption trends

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

## 6. Technology

Development of **AI/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

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

Increase in disasters/terrorism  
Aging infrastructure

Aging population  
Workstyle reform

Population decline  
Decrease in industrial competitive power

Regional revitalization

### Society 5.0

Sustainable society achieving both  
environment and economy

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

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

Smart society undaunted by population  
decline

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)



**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

Towards a sustainable society/SDGs

SUSTAINABLE  
DEVELOPMENT  
GOALS  
17 GOALS TO TRANSFORM OUR WORLD



Partners

Social Issue Resolution  
through business operation  
**Digital Transformation  
× CSR**

Collaboration

Collaboration

R&D Capabilities  
ICT infrastructure  
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  
GLOBAL  
INNOVATORS**

As one of the most innovative companies in IP and patent area,  
NTT received the award  
**for 7<sup>th</sup> 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)

**EP 100**



**EV 100**

by THE CLIMATE GROUP

## ESG Evaluations

Global

**Selected as constituents of  
global leading ESG indices**

MEMBER OF

**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

**MSCI**



2018 Constituent  
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"



# Pillars of Medium-Term Management Strategy **NTT**

**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&D
8. 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**

**Contribute to realization of  
a digitalized society = Smart World**

# A Digitalized Society = Smart World

## Smart Mobility



**Eliminate rush/traffic jams**  
**Energy saving**

## Smart Factory



**Minimize downtime**  
**Increase productivity**

## Smart Sports



**More excitement**  
**Create new experiences**

## Smart City



**Safe, comfortable living environment**  
**Efficient city operation**

## Smart Healthcare



**Maintain/improve health**  
**Improve quality of health care**

## Smart Agri



**Pass on technology/know-how**  
**Improve productivity/quality**






# **Support our customer's digital transformations**

# 1. Promote B2B2X Model①



**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 cultivation process management 
- 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  
- Ex.6) Improve customer attraction by multiplying sports team data 
- Ex.7) On-demand ride sharing

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

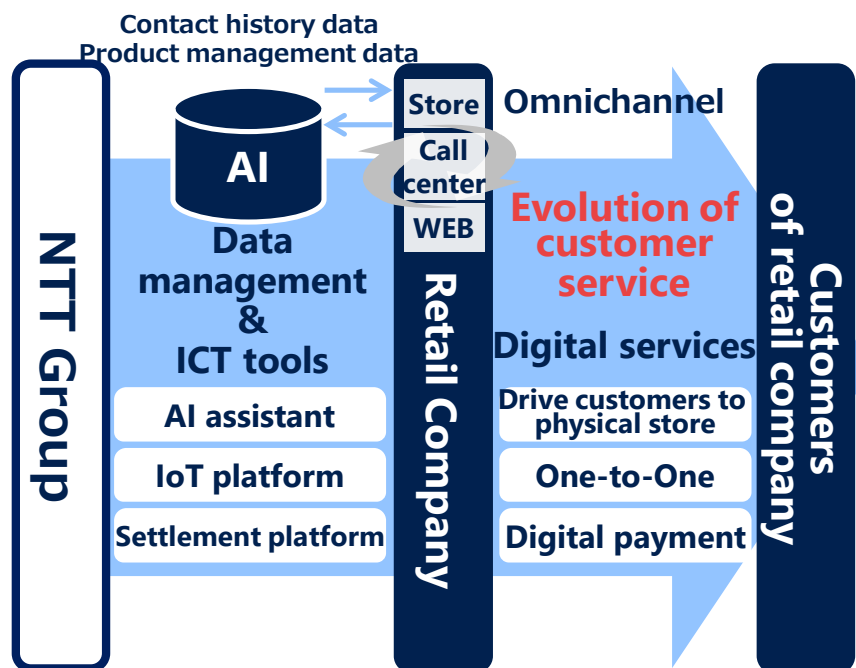
- Ex.8) Expand business opportunities for regional companies through tourist activity analysis 
- Ex.9) Through digitalization of snow removal work, smooth transportation/transport and efficient use of budget 
- Ex.10) Using sensor data, accelerate detection of accidents, reduce damage

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

# 1. Promote B2B2X Model②

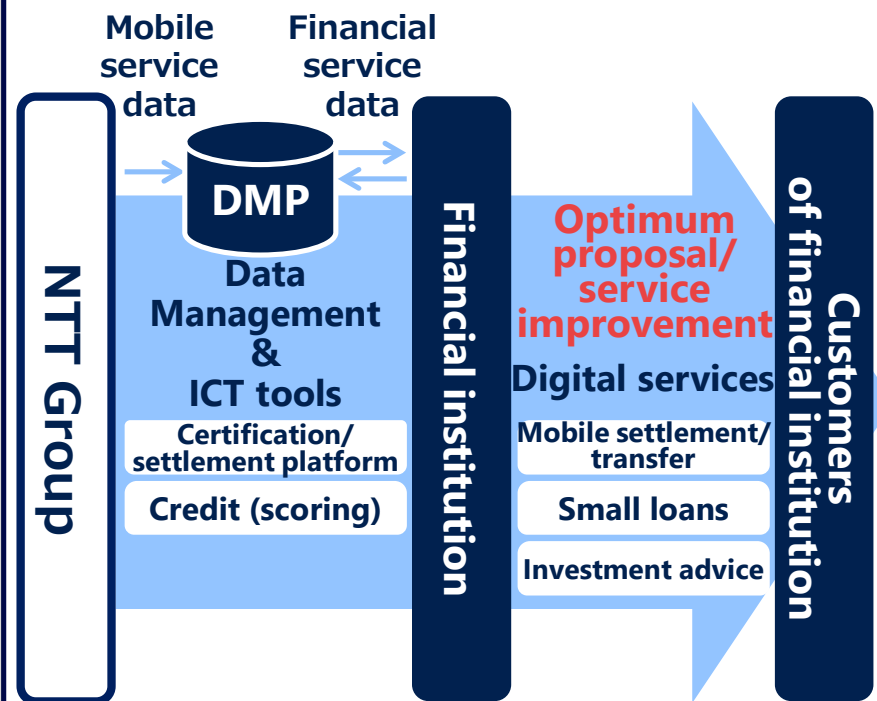
## Evolution of customer service in retail/ services, finance, etc.

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



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

- FinTech using mobile DMP<sup>※1</sup>
- Proposals to best suit customers and service improvement



※1 : DMP (Data Management Platform)

## 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

### “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 AI analytics of city video/image feeds

**“Pre-commercial service”  
from Sep. 2019**

**“Commercial service”  
from Spring 2020**

**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**

#### Personal Solutions

##### Rate

- Great value and simple rate plans

Approx.  
**20-40%**  
rate reduction<sup>※1</sup>  
(FY2019/1Q)

##### Services

- Expand collaborative partners
- Promote electronic payment, use of points
- Upgrading of personal contents

Locations where  
payment/point service  
can be used  
**2 million**  
(FY2021)

##### Communication

- Optimum proposals suiting individual customers by leveraging AI, big data
- Simple procedures, smooth resolution of business

No. of  
members  
**78 million**  
(FY2021)

Further expansion of customer base  
Revenue opportunity creation

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



# **Accelerate our own digital transformation**

# 4. Enhance Competitiveness in Global Business<sup>①</sup> **NTT**

## "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. AI, Robotics, Edge Computing

**Research Center (Outside of Japan)**

Invent World-Leading Innovative Technologies

Global  
Talent Development

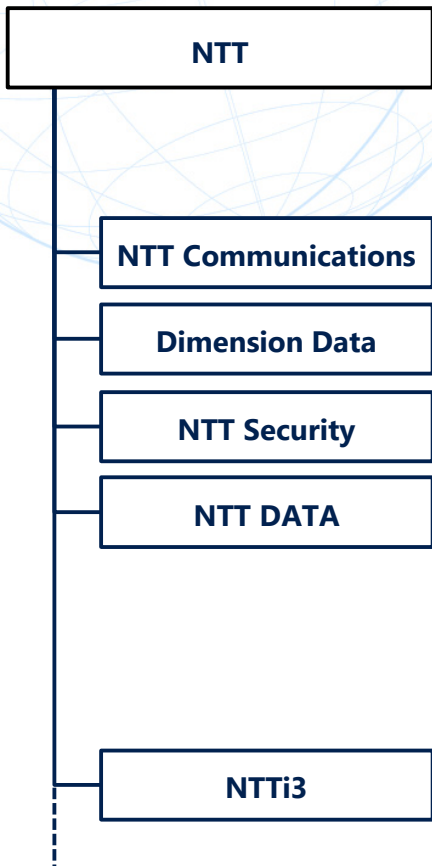
**One NTT**

Global  
Branding

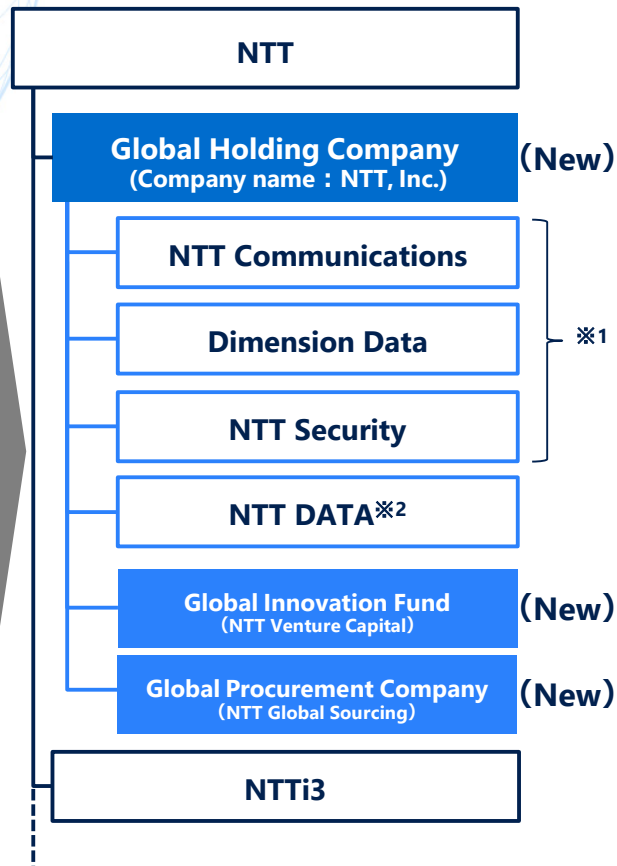
※1 : NTT Communications plans to create this company, then it will be transferred to NTT(under discussion)

# 4. Enhance Competitiveness in Global Business②

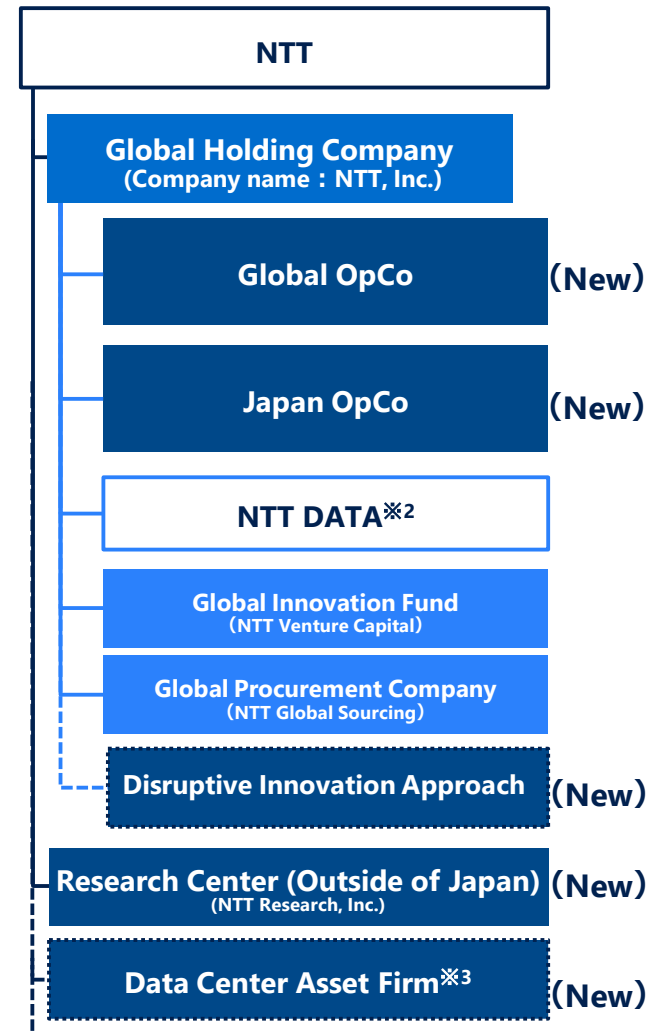
Aug. 2018



Nov. 2018



July. 2019 (Plan)



※1 : 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)

## 5. Drive Self-Digital Transformation in Domestic Business **NTT**

### Appointed CDO<sup>※1</sup>, 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)<sup>※2</sup> to operating processes  
⇒ Further expand scope of work

- Optimize enterprise service processes from service order/delivery with IT<sup>※3</sup>

- Optimize construction/maintenance-related processes with IT (in collaboration with partner companies)<sup>※4</sup>

##### ■ 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**<sup>※5</sup>  
(FY2025)

Productivity **1.5 times**<sup>※5</sup>  
(FY2025)

**Cut by half**<sup>※6</sup>  
(FY2019)

#### New services made possible by self-digital transformation

##### ■ Cognitive Foundation<sup>®</sup><sup>※7</sup> which 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

※1 : Chief Digital Officer

※2 : Companies introducing WinActor have surpassed 2,000 (as of Oct. 2018, including NTT Group), RPA = Robotic Process Automation

※3 : NTT-East, NTT-West, NTT communications

※4 : NTT-East, NTT-West, NTT communications, docomo

※5 : Compared to FY2017

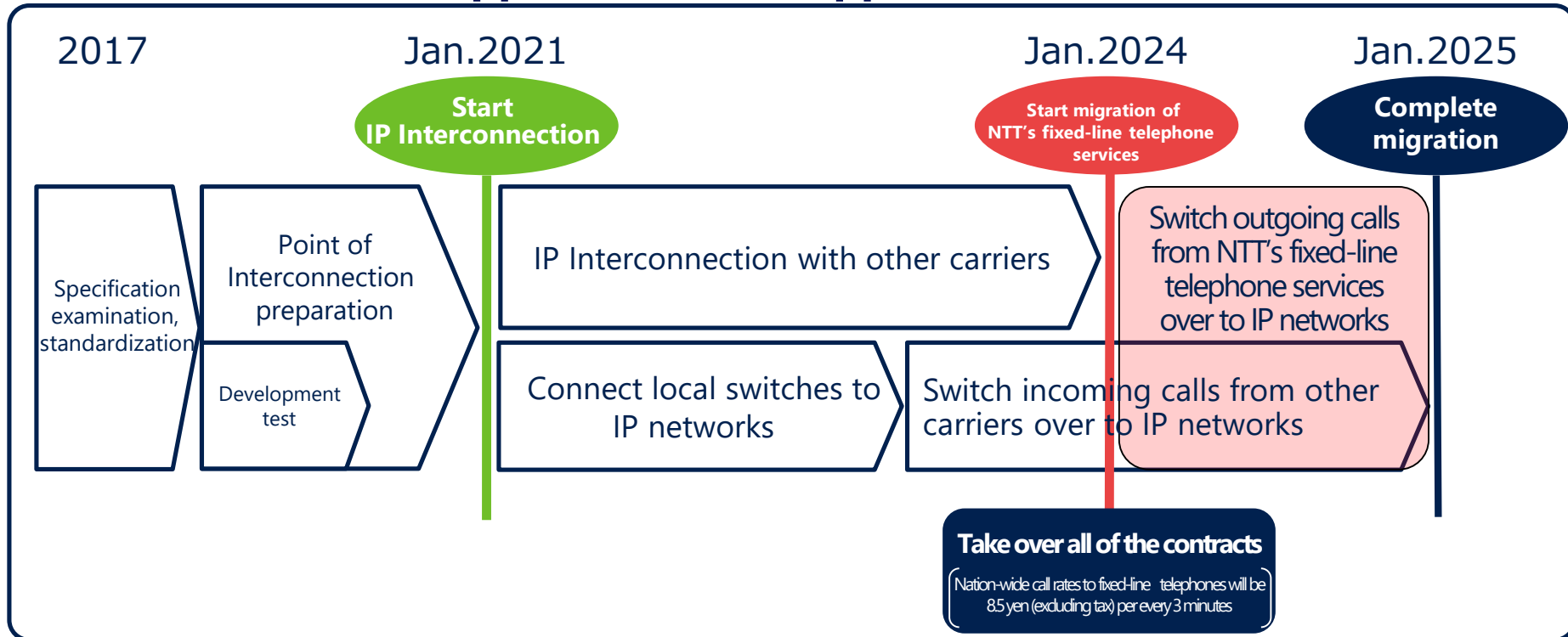
※6 : Reduced by half during FY 2019 compared to 2018 survey

※7 : Applies beginning with global service

# 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**

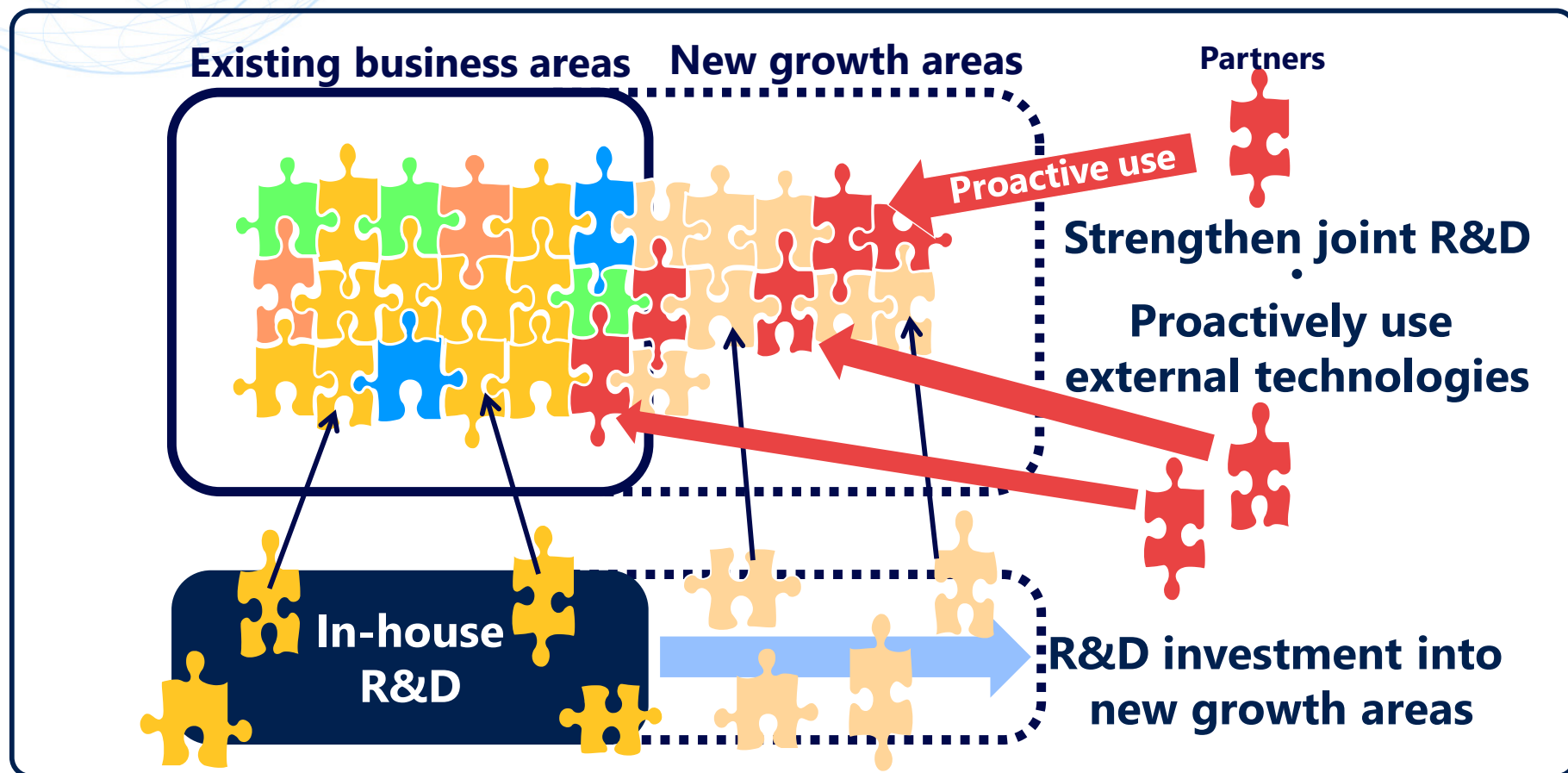
- **Further transmission/development abroad**
  - 1. **Global development of achievements**
    - Strengthen delivery and localization structure
  - 2. **Globalization of research targets**
    - Strengthen R&D in response to global needs
  - 3. **Establishment of research base overseas (NTT Research, 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)**

**Structure** Ownership of City Planning (by Regional Community)



**Urban Solutions Business  
Promotion Company**

Planning to make it a  
wholly owned subsidiary



NTT Urban Development



**NTTFACILITIES**

Collaboration

**NTT Group Companies**

There's a possibility that the promotion structure will change by future discussion

## 9. Contribute to Revitalization of Regional Societies/Economies **NTT**

**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

1.

### Improve Communications Network Reliability

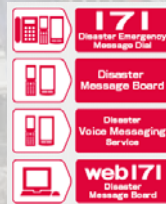
- Transmission trunk line multi-routing
- Install large-zone base stations
- Build disaster-resistant facilities



2.

### Secure Critical Communications

- Secure 100,119 and other emergency services
- Provide tools to check safety status (171)



Disaster strikes

3.

### Prompt Restoration

- 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 AI-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**

# 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

etc.

## 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**

## ◆ 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

**+50%**



## Financial Targets

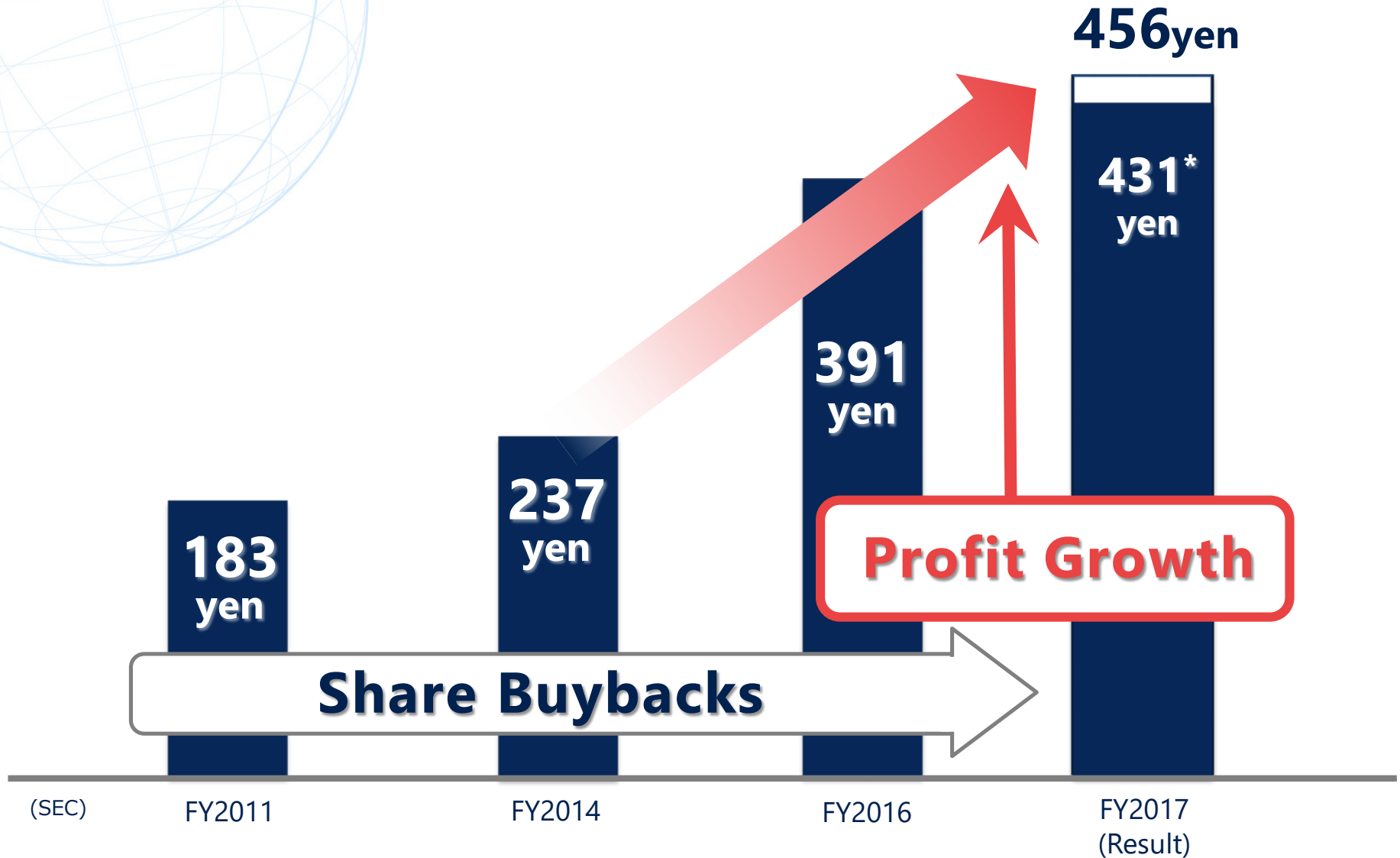
		Target
EPS Growth	+ 50%	FY2023 <sup>※1</sup> (vs. FY2017)
Overseas Sales / Overseas Operating Income Margin <sup>※2</sup>	\$25B/ 7%	FY2023
Cost Reductions (in fixed-line/mobile access networks)	At least ¥800B	FY2023 (vs. FY2017)
ROIC	8%	FY2023
Capex to Sales (Domestic Network Business <sup>※3</sup> )	13.5% or less	FY2021

※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

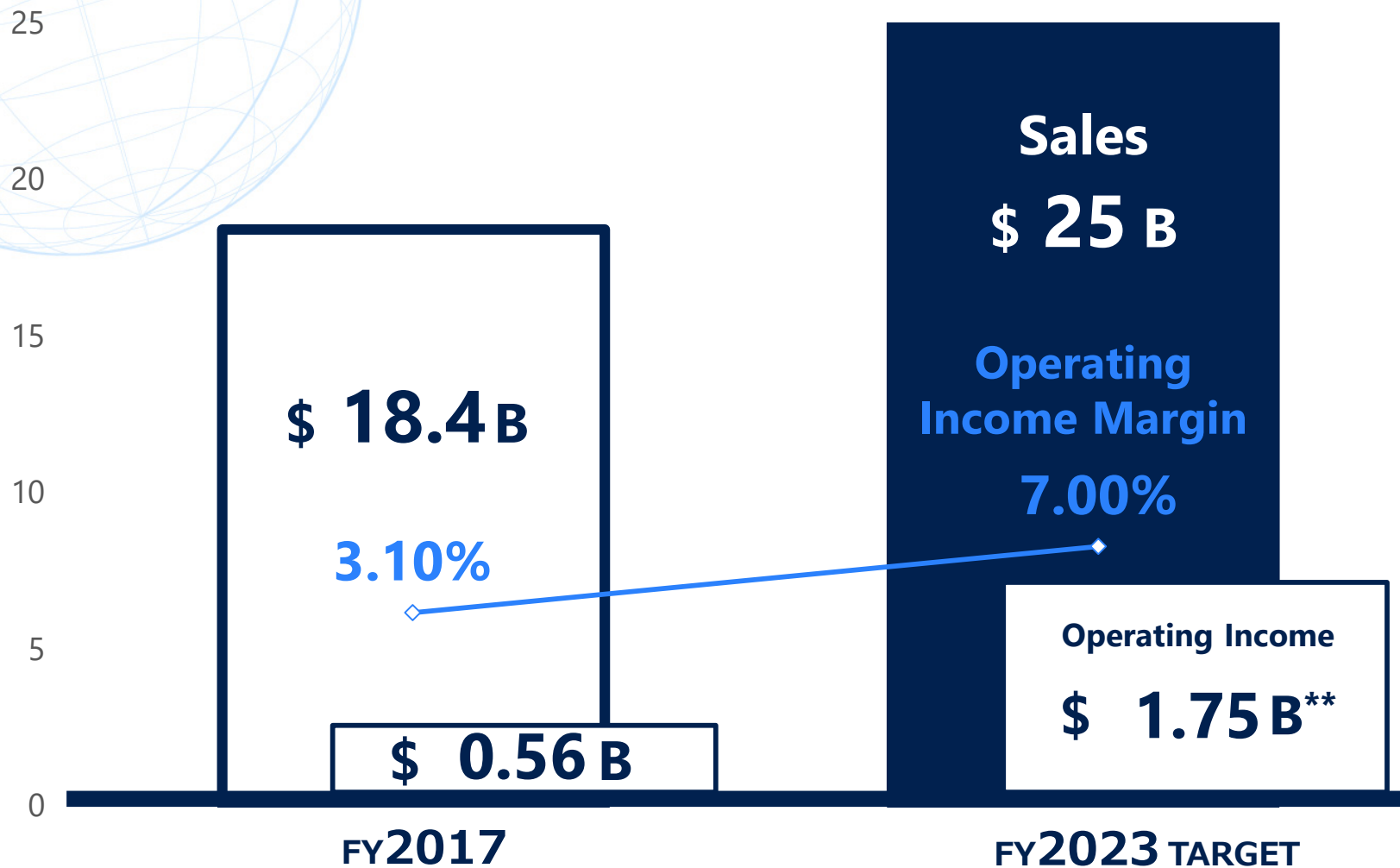
# Past Record of EPS Growth



\* 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\*

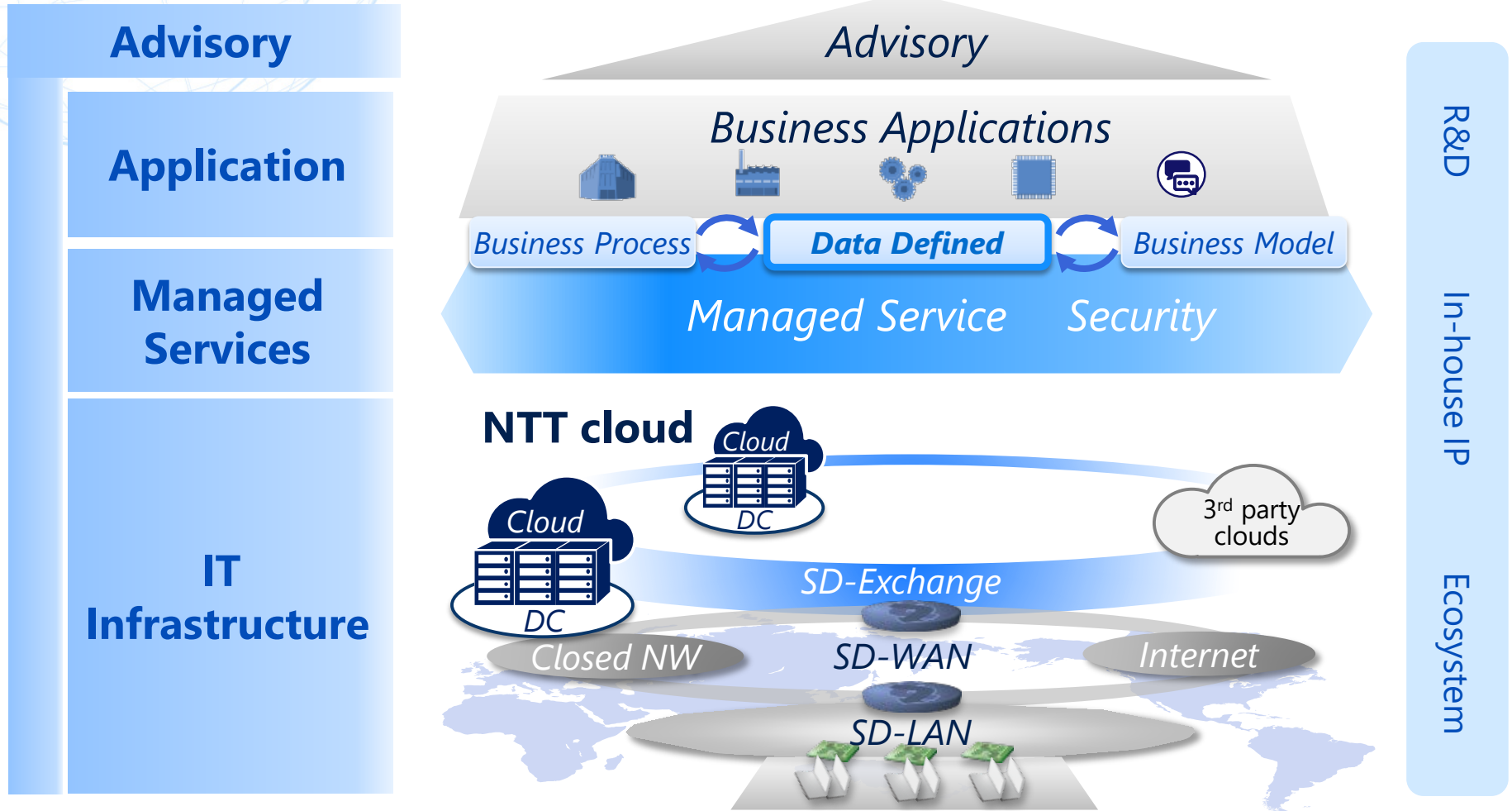


\* Including results from the global holding company, its subsidiaries and its affiliates. Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.


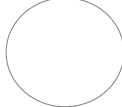














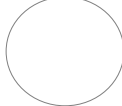



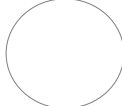




\*\* Estimated value of \$ 25B multiplied by 7%

# Growth Strategy of Global Business

## ■ Support Business Modernization by “One NTT”



# NTT's Capability in Global Business

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

Legend : Global capability    Top Tier    2<sup>nd</sup> Tier    Specific capability    Not competitive/Local   - Out of scope

# Our Strengths in Global Cloud Services

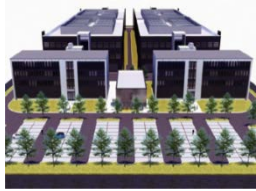
## Network

- 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 m<sup>2</sup>, total sites: approx. 250
- Quality :
  - High-quality lineup (Tier IV sites)

# Strengthen Provision of Global Cloud Services



Expansion of high-quality 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



## Secure-24

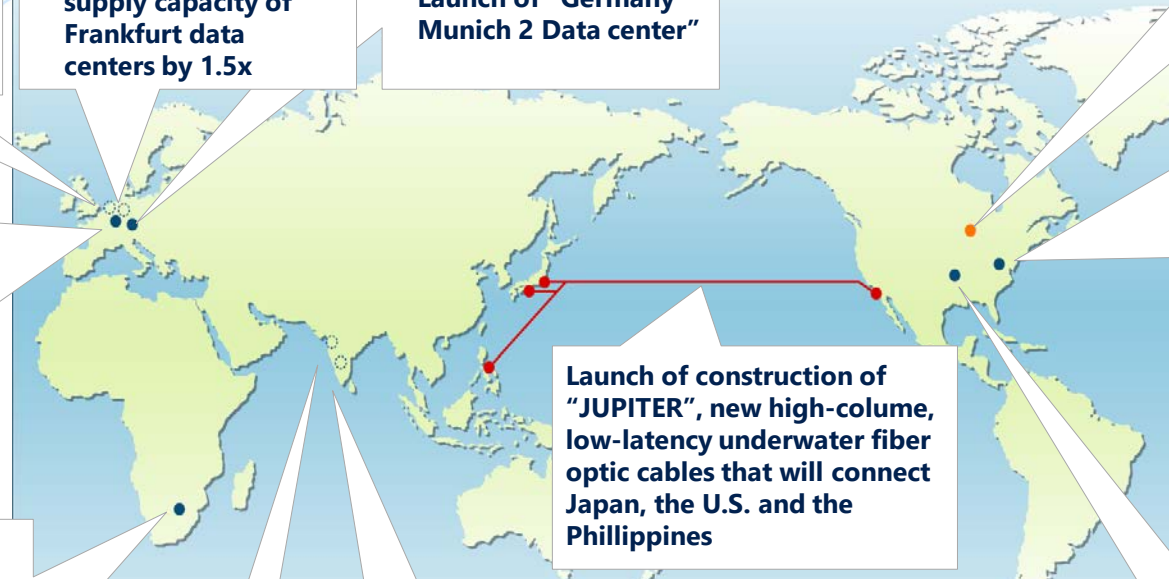
Agreement to acquire 100% of the stock of Secure-24, a large-scale U.S. IT managed services operator



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



Launch of data center services in South Africa



Launch of construction of "JUPITER", new high-volume, low-latency underwater fiber optic cables that will connect Japan, the U.S. and the Philippines



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

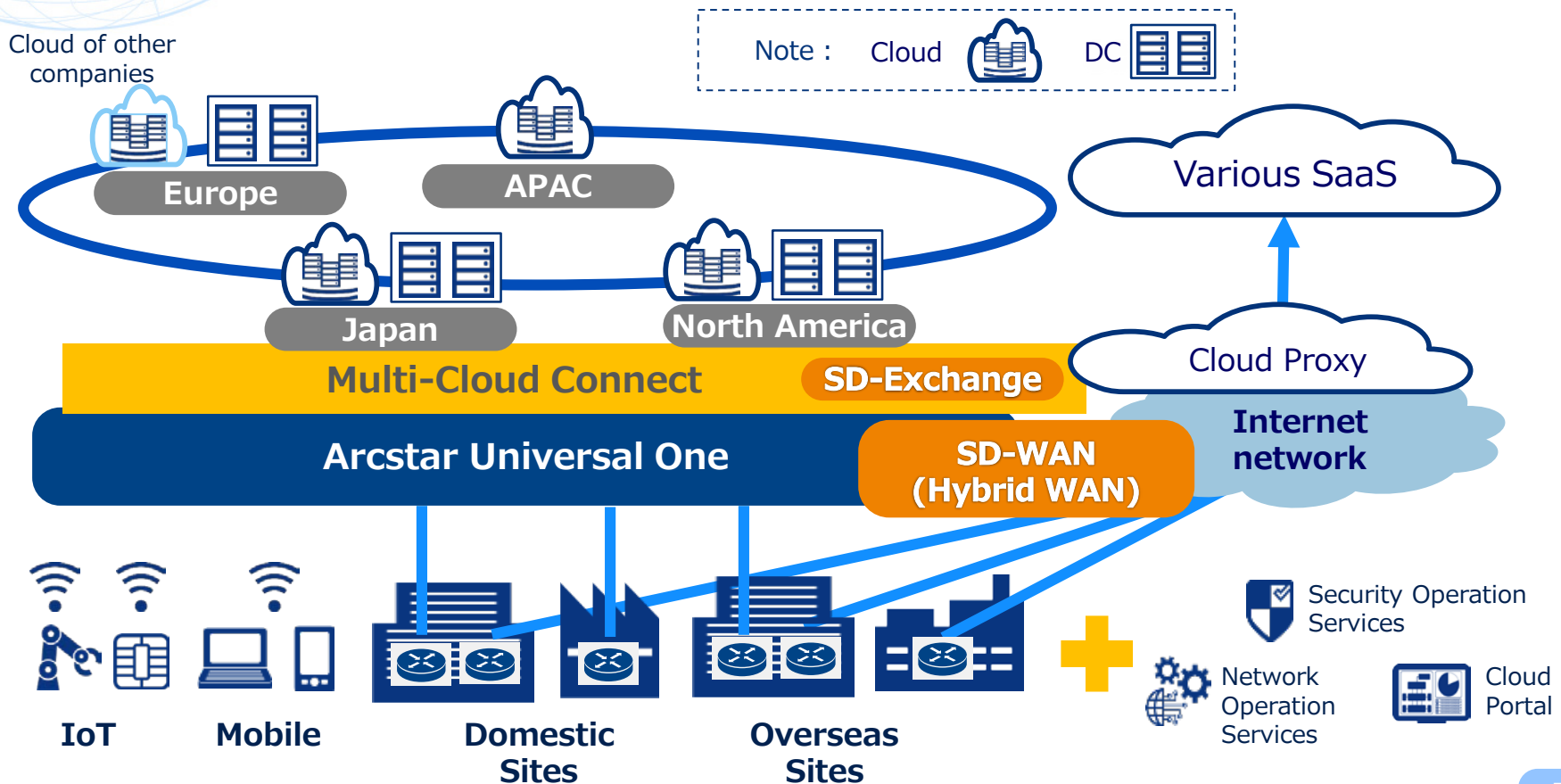


Expansion of data center services in Mumbai and Bangalore

# 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.



# Expansion of Cross-Selling (Aggregate Contract Value)

Aggregate contract value of Cross-Selling reached approx. 4.0 billion USD

Expansion of Global Account Management

Total IT solution triggered by Cloud Service

North America

Worldwide  
including emerging countries

Cross-selling of existing services, mainly IT infrastructure

Public

Manufacturing  
(Motor vehicle)

Insurance

Finance

Healthcare

990  
million USD

1,190  
million USD

1,630  
million USD

2,560  
million USD

3,400  
million USD

4,010  
million USD

290  
million USD

60  
million USD

150  
million USD

~ Mar. 2011    ~ Mar. 2012    ~ Mar. 2013    ~ Mar. 2014    ~ Mar. 2015    ~ Mar. 2016    ~ Mar. 2017    ~ Mar. 2018    ~ Sep. 2018

# Cross Selling Track Record

## ■ Improved brand awareness leads to more deals with global enterprises

### AMERICAS

**FY2013.1Q**  
    
**Texas Department of Transportation**  

- Cloud solution, Application, Maintenance
- ITO, Total security service

**FY2017.3Q**  
   
**Manufacturer**  

- Cloud Solution
- ITO

**FY2017.4Q**  
   
**Financial Institution**  

- Managed NW  
(Total managed network service for LAN/WAN )

**FY2018.1Q**  
   
**Health Care**  

- Implementation and operation of UCaaS (Cloud communication service)

**FY2018.2Q**  
   
**Health Care**  

- BPaaS(Business Process as a Service)

### EMEA

**FY2016.4Q**  
   
**Chemical**  

- Hybrid WAN service
- Managed service

**FY2017.2Q**  
   
**Manufacturer**  

- Hybrid WAN service
- Managed service

**FY2015.4Q**  
   
**HEIDELBERGER DRUCKMASCHINEN AG**  

- Communication service
- ITO

**FY2016.1Q**  
   
**ReAssure**  

- Data Center service
- ITO, Total security service

**FY2017.2Q**  
   
**Energy Industry**  

- SaaS (Cloud Application service)

### Japan

**FY2013.3Q**  
   
**ANA**  

- Implementation and operation of UCaaS (Cloud communication service)

**FY2014.2Q**  
   
**Financial Institution**  

- Dater Center service
- DC equipment procurement, implementation

### APAC

**FY2013.2Q**  
   
**May Bank**  

- Dater Center service
- DC equipment procurement, implementation

**FY2015.4Q**  
   
**Financial Institution**  

- Application Management Outsourcing
- Business Process Outsourcing

**FY2016.1Q**  
   
**Public Transport Victoria, Australia**  

- Development and Operation of Smartcard ticketing system

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

(USD) (FY2017 SEC)

	Total	AMERICAS	EMEA	APAC*
Revenue	\$19.5B	\$7.7B	\$7.5B	\$4.3B
Employees	116,000	32,000	43,000	41,000

(FY2017)

\* Exclude Japan

## 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**

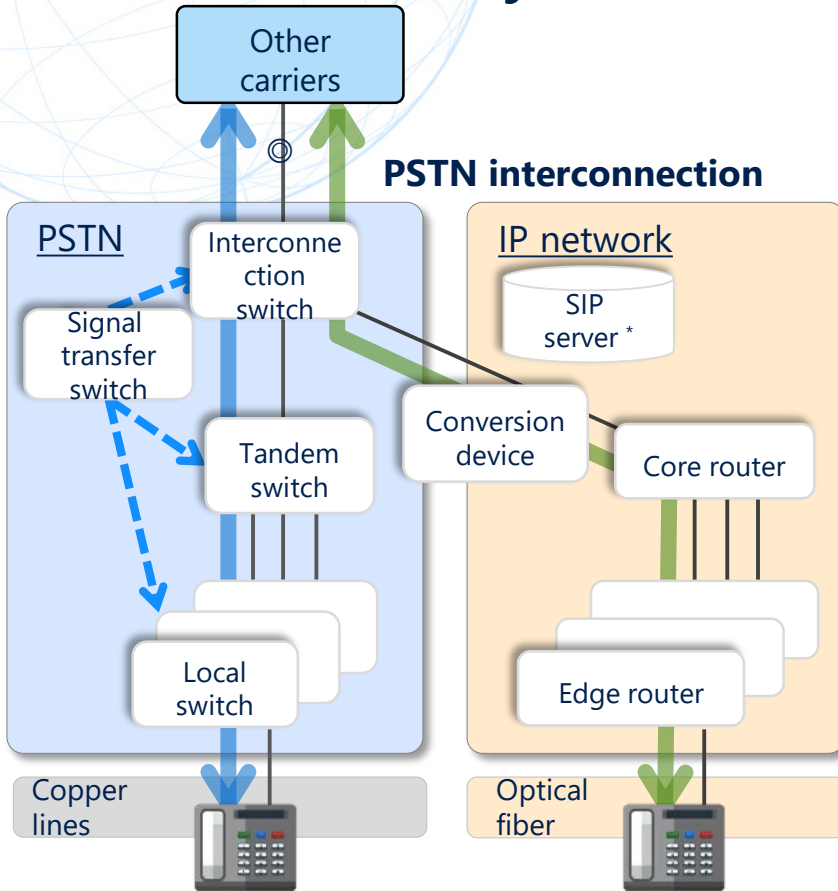
### Charges and conditions for the fixed-line telephone services after the migration to IP networks

- **Continue offering basic voice services and enable customers to continue using their existing phones and other devices without need for additional on-premises installation**
- **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, current basic monthly charges for analog telephone services and INS-Net will remain the same
  - **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 **JPY 8.5 (excluding tax) per every 3 minutes**  
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

### Current system

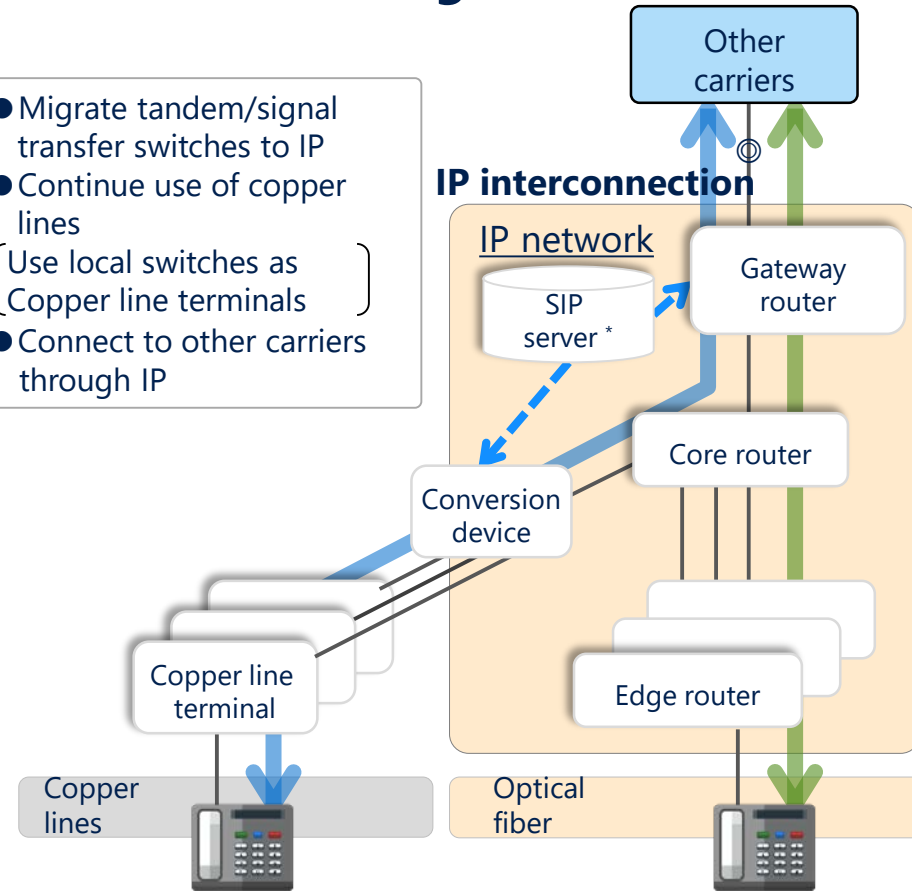


Fixed-line telephone  
(Analog telephone service, INS-Net)

Hikari Denwa

### Post-migration

- Migrate tandem/signal transfer switches to IP
- Continue use of copper lines  
(Use local switches as Copper line terminals)
- Connect to other carriers through IP



Fixed-line telephone  
(basic voice service)

Hikari Denwa

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

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



## **Revenue opportunity creation centered on customer base**

- 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: FY2019 Key Actions

Year to execute “change” to propel further growth

## Strengthen customer base

Introduction of “Gigaho” & “Gigalight” and “review of handset sales method”

Expand membership base and make optimal proposal for each customer

## Medium-term growth

Growth of finance/payment services, enterprise solutions

Step up actions for 5G commercialization (pre-commercial service, “My Network”, etc.)

Achieve cost efficiency improvement of up to 130 billion yen, higher than FY2018

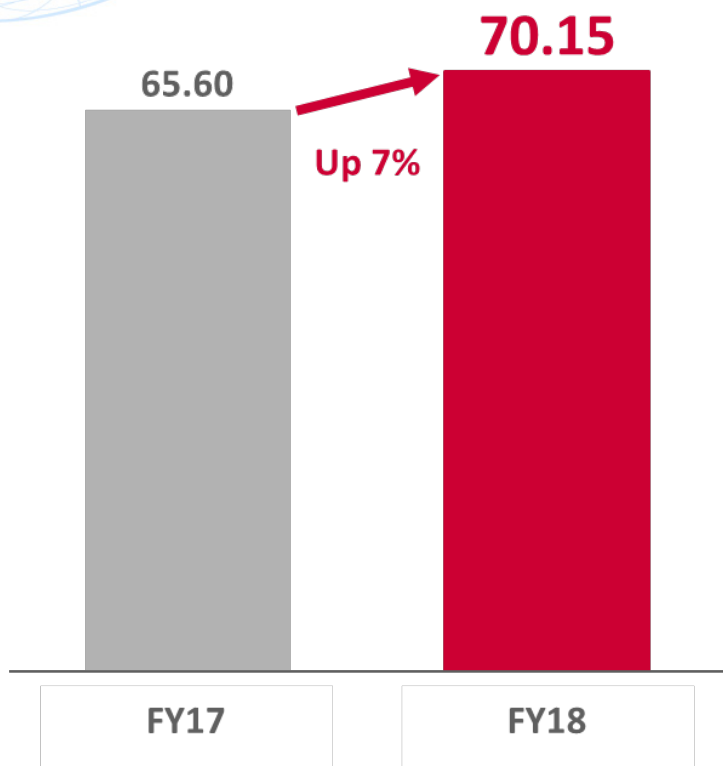
Promotion of digital marketing

# NTT DOCOMO: “d POINT CLUB” Members

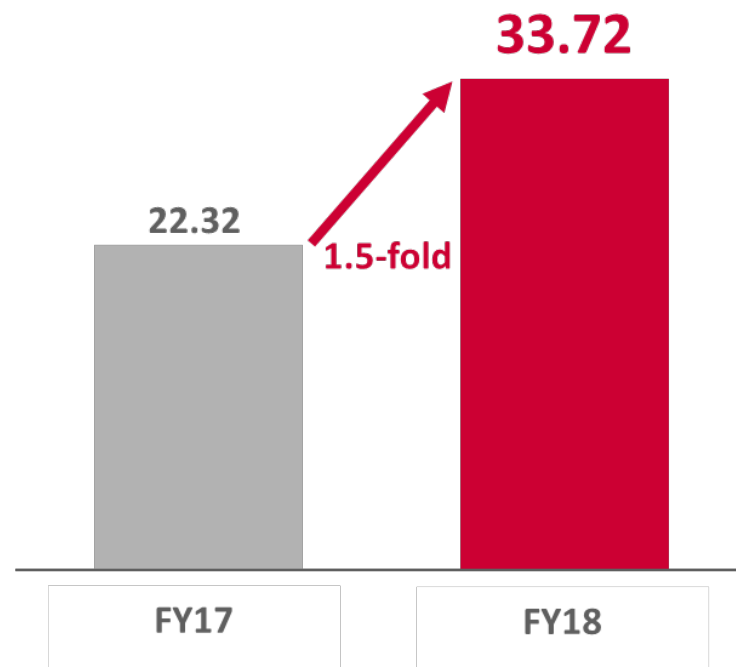
“d POINT CLUB” members

(Million members)

**Topped 70 million**



“d POINT CARD” registrants

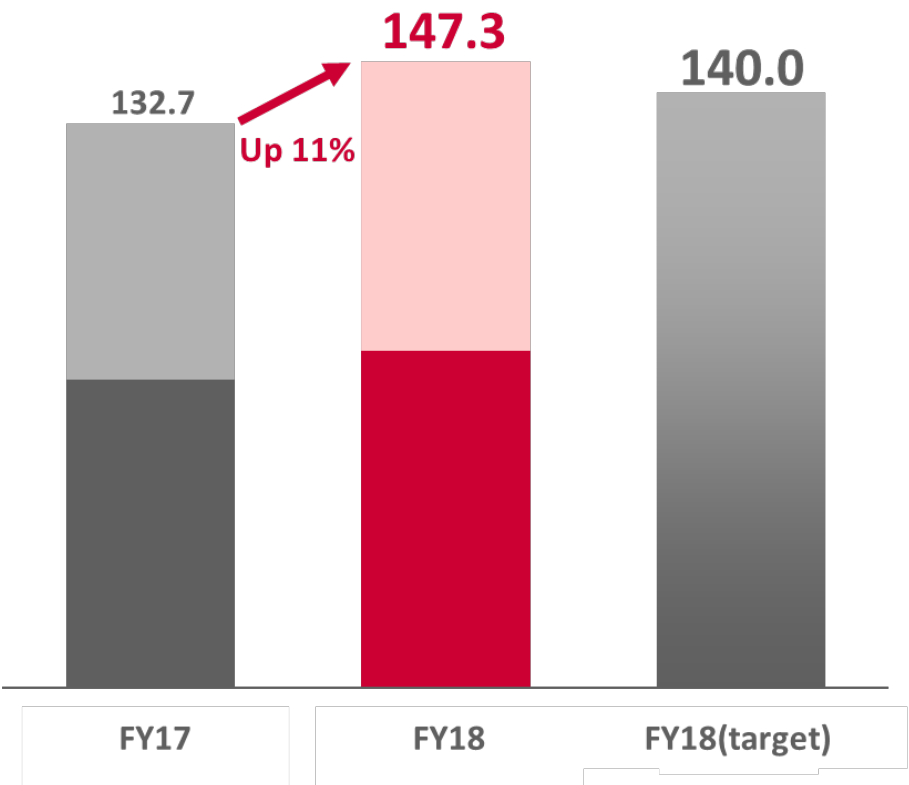


◆ “d POINT CARD” registrants indicate the no. of users who can earn and use “d POINTs” at participating stores by registering their personal information

## Operating Profit of Smart Life Business & Other Businesses

**Smart life business and other businesses  
operating profit exceeds target**

(Billions of yen)



### Principal services

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



## 5G pre-commercial service to be launched on Sept. 20, 2019

Deliver new sensory experience service  
and realize solution creation leveraging 5G  
taking the opportunity of Rugby World Cup 2019™



New sensory experience service

Industry creation, solution of social issues

# NTT DOCOMO: New Rate Plans

**Simple rate structure  
providing choice from only two plans**

To start from Jun. 1 (Sat)

## “Gigaho”

By applying “Gigaho Wari”,

**¥4,980**

for up to 6 months

Up to 30GB

“Always” available after exceeding 30GB

Ultra-high  
speed access



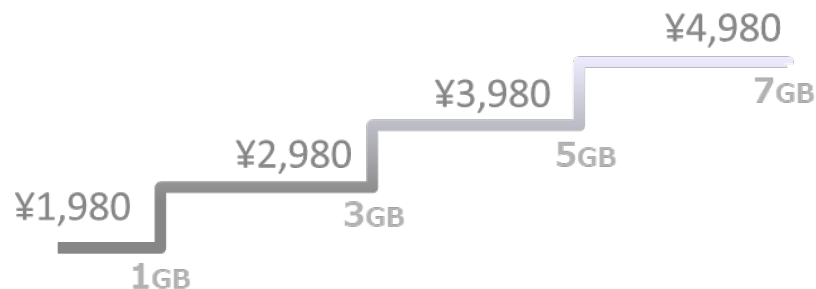
High-speed access of up to

**1Mbps** both up/downlink

Max. 128kbps (up/downlink)

## “Gigalight”

from **¥1,980**

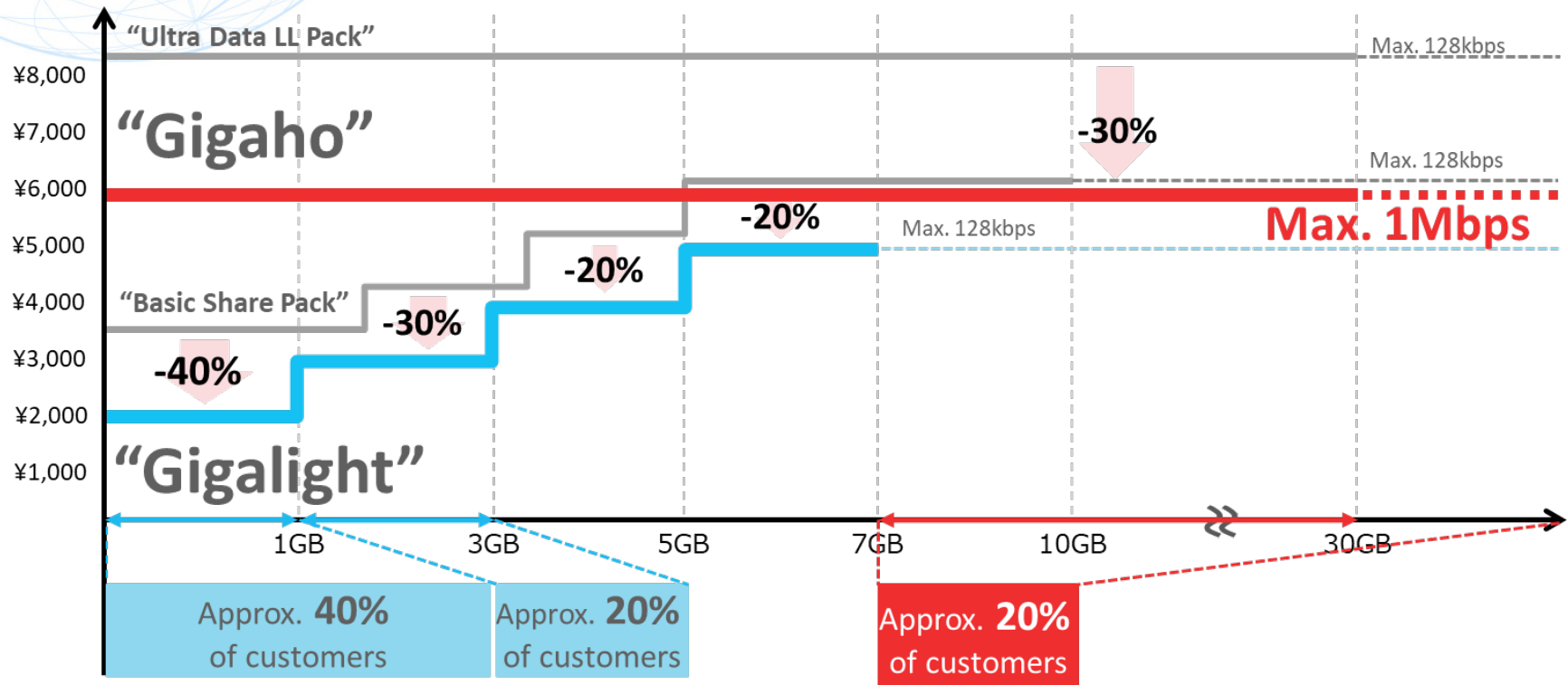


- ◆ Applied with “Minna DOCOMO Wari (3 or more lines).” Contingent on 2-year subscription (automatic contract renewal with cancellation fee for early termination). Voice communication charge not included.
- ◆ “Gigaho Wari” will be offered to subscription applications submitted by Sept. 30, 2019.

# NTT DOCOMO: Comparison with Existing Rates

Up to 40% rate reduction.

FY2019 total customer returns: approx. ¥200 billion



- ◆ The customer breakdown data above are calculated based on the actual data usage of "Xi"(smartphone) subscribers.
- ◆ Contingent on 2-year subscription (automatic contract renewal with cancellation fee for early termination). Voice communication charge not included.
- ◆ "Gigaho" and "Gigalight" rates represent the amount after applying "Minna DOCOMO Wari (3 lines or more)".
- ◆ Existing plan assumes the use of "Simple Plan," "ISP" and "Zutto DOCOMO Wari Plus (Platinum Stage)".
- ◆ "Basic Share Pack" rates represent the rate per one user in the case where data allowance is shared by three family members.

# NTT DOCOMO: “Minna DOCOMO Wari”

“Minna DOCOMO Wari” allows most DOCOMO customers to enjoy “lasting” savings

3 or more members

Approx.  
70%



Lasting  
saving  
-¥1,000

Lasting  
saving  
-¥1,000

Lasting  
saving  
-¥1,000

“Gigaho”

¥4,980

“Gigalight” from ¥1,980

2 members

Approx. 15 %



Lasting  
saving  
-¥500

Lasting  
saving  
-¥500

“Gigaho”

¥5,480

“Gigalight” from ¥2,480

One member



“Gigaho”

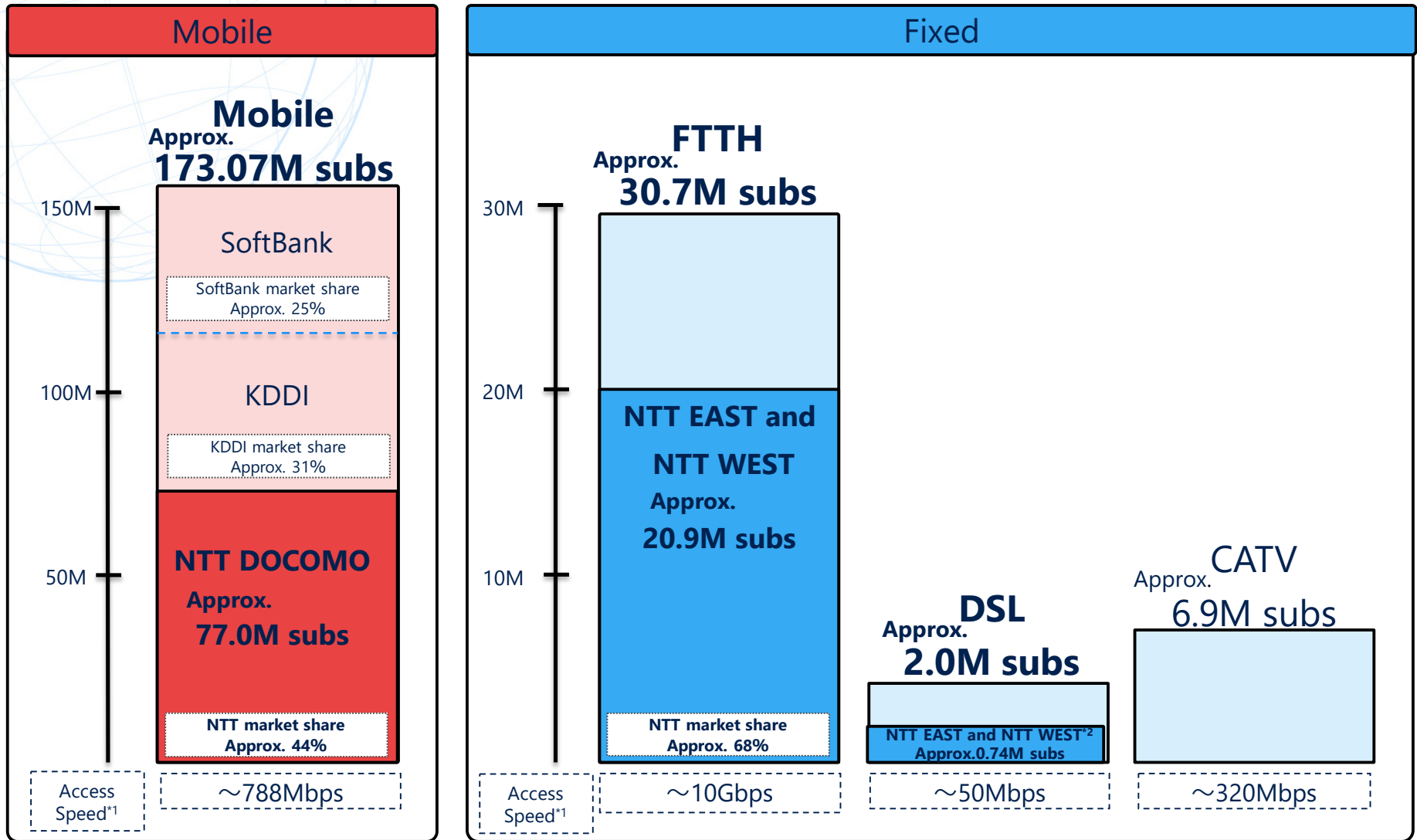
¥5,980

“Gigalight”

from ¥2,980

- ◆ No. of members in family discount group for voice plans subscriptions.
- ◆ “Gigaho” rates represent the amount after applying “Gigaho Wari” discounts.

# 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.

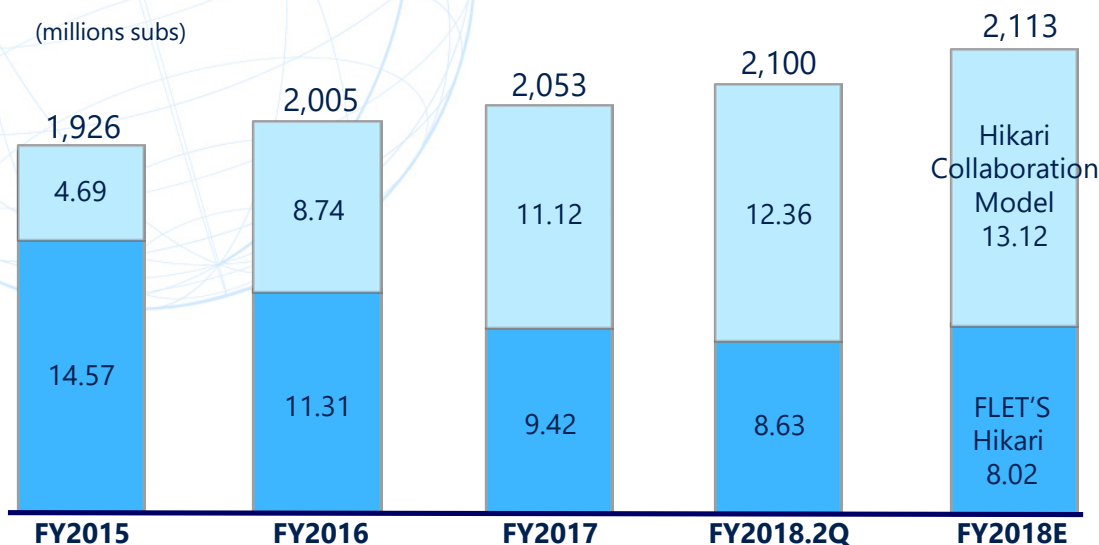
\*2 Stopped accepting applications from July 1, 2016.

(Source) MIC data (As of the end of September 2018)

# Fixed Broadband Business FTTH Subscriptions

## FTTH Subscriptions (Sum of NTT East and NTT West)

(millions subs)

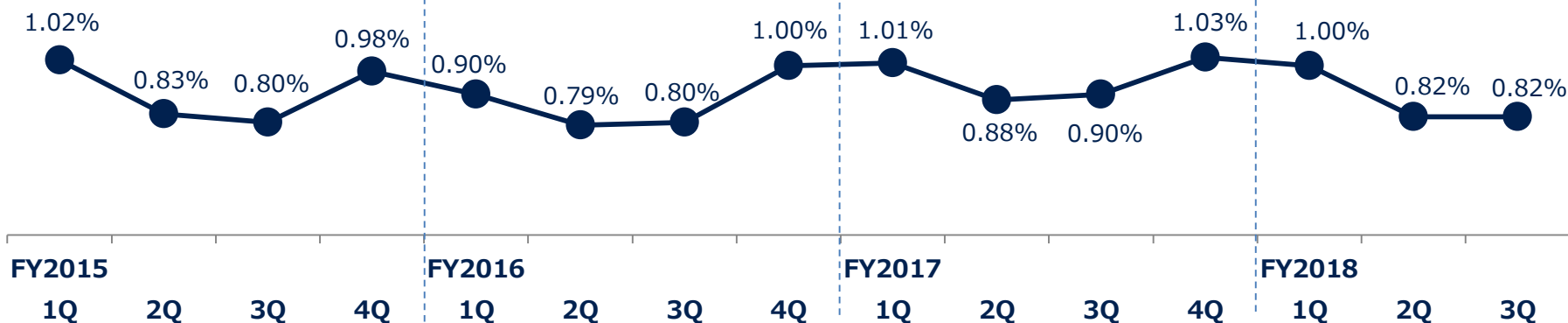


## Reference: FY2018 Breakdown of FTTH Subscriptions

(millions subs)

		FY2018E
Total FTTH Service: Change from preceding Fiscal Year		+0.60
Hikari Collabo- ration Model	(1) Number of opened connections	+3.45
	Number of switchover lines	+1.25
	(2) Number of cancellations	(1.45)
	Net Increase (1)+(2)	+2.00
FLET'S Hikari	(1) Number of opened connections	+0.75
	(2) Number of cancellations	(2.15)
	Number of switchover lines	(1.25)
	Net Increase (1)+(2)	(1.40)

## FTTH Churn Rate\* (Sum of NTT EAST and NTT WEST)

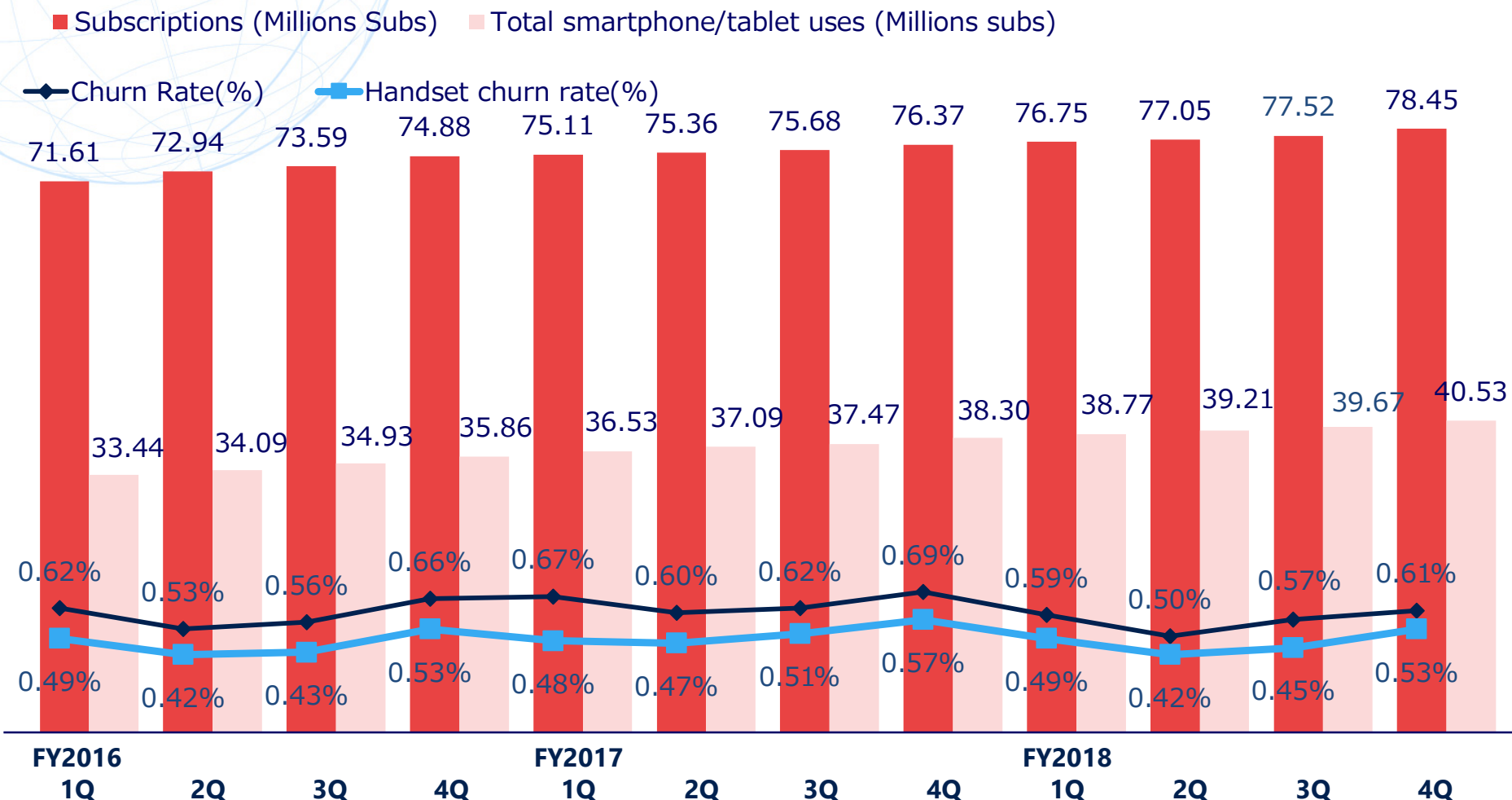


\* "Sum of number of churn for each month of each quarter" / "Sum of number of active subscribers\*\* for each month of each quarter"

\*\* 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

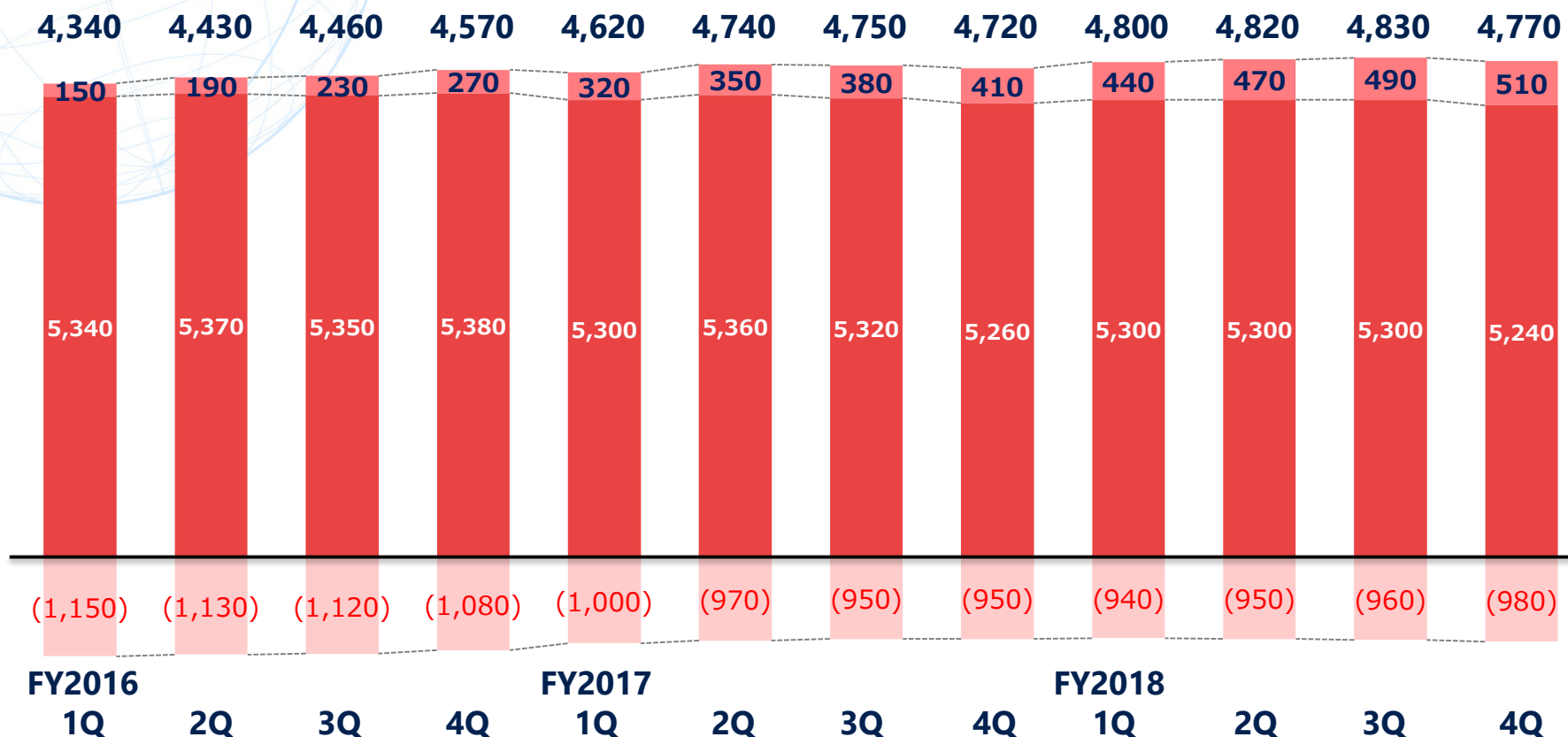


\* Churn rate is calculated excluding the subscriptions and cancellation of subscriptions of Mobile Virtual Network Operators (MVNOs).

# Aggregate ARPU of Mobile Broadband Business

■ : Mobile ARPU   ■ : "docomo Hikari" ARPU   ■ : Impact of discount

(Yen)



- 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 ▲970 Yen)
- FY2018 Full-year Aggregate ARPU 4,800 Yen (Mobile ARPU 5,280 Yen, docomo Hikari ARPU 480 Yen, Impact of discount programs ▲960 Yen)

# NTT Group Overview

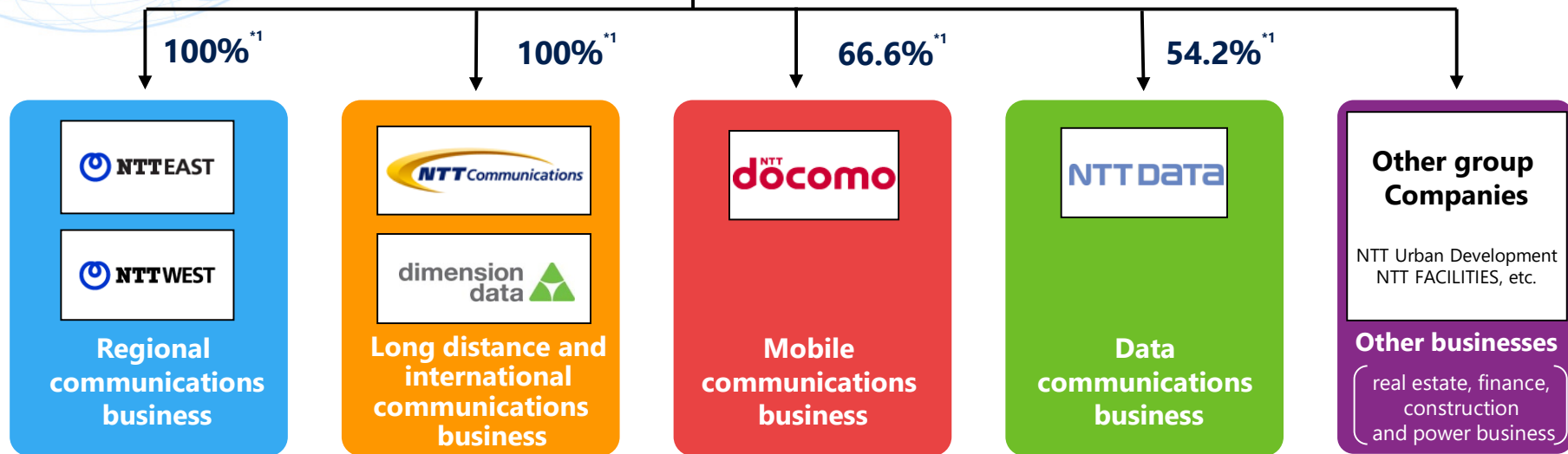
\*1 Voting rights to major subsidiaries (As of March 31, 2018)

\*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) : **¥11,782.1 billion**
- Operating income (consolidated) : **¥1,641.1 billion**
- No. of employees : **282,550**
- No. of subsidiaries : **922**



Operating Revenue:

**¥3,231.6 billion**

**¥2,242.2 billion**

**¥4,762.3 billion**

**¥2,045.2 billion**

**¥1,214.6 billion**

Operating Income:

**¥351.6 billion**

**¥90.6 billion**

**¥987.0 billion**

**¥123.2 billion**

**¥98.7 billion**

No. of Employees:

**67,600**

**45,350**

**27,450**

**118,000**

**24,150**

No. of Subsidiaries:

**45**

**373**

**109**

**302**

**93**

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

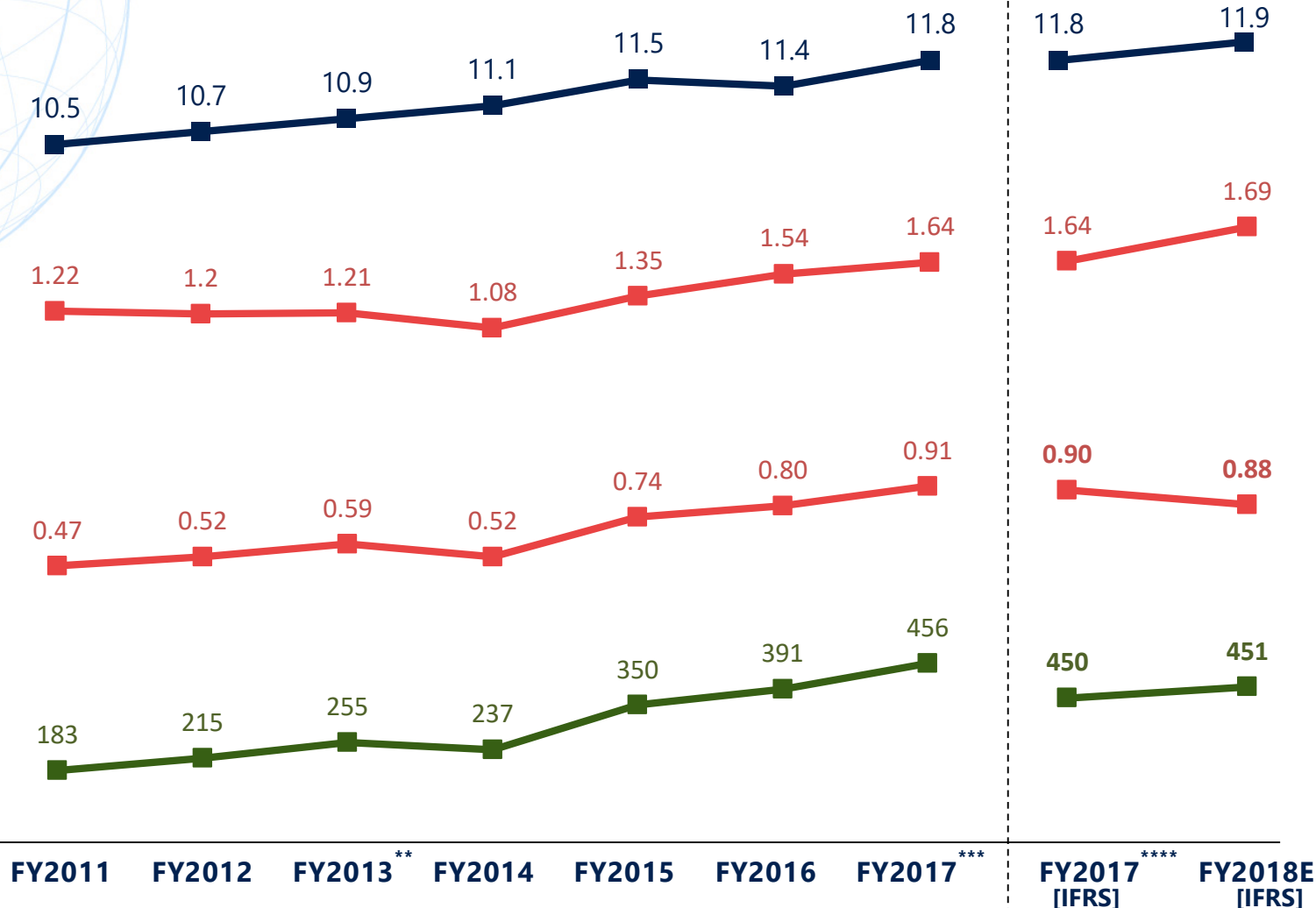
# Trend in Consolidated Financial Results

■ **Operating Revenues**  
(Trillion yen)

■ **Operating Income**  
(Trillion yen)

■ **Net Income**  
(Trillion yen)

■ **EPS\***  
(yen)



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

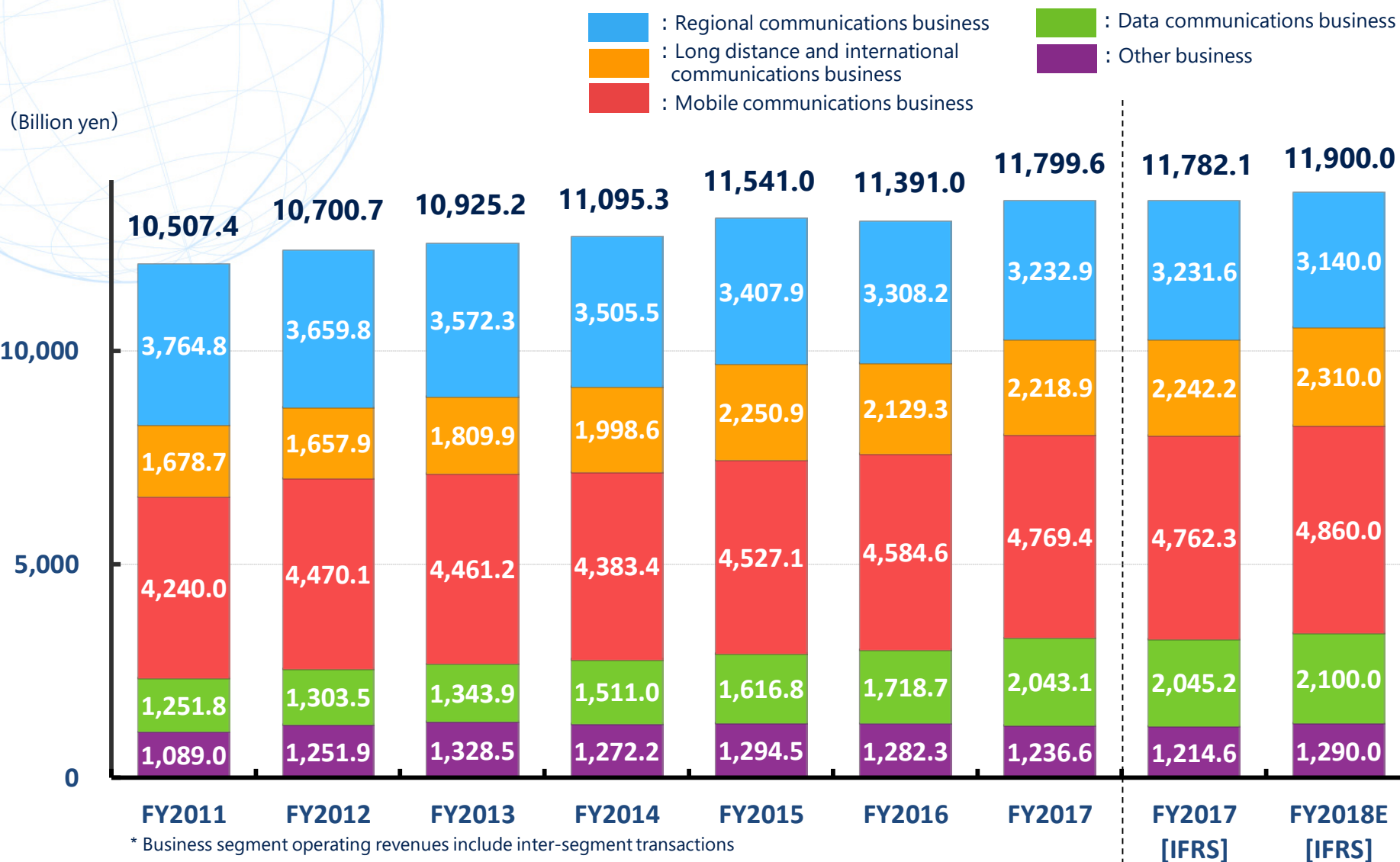
\*\* Includes influence of 60 billion yen of non-operating revenues by The Otemachi 2-Chome Area Redevelopment Project

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

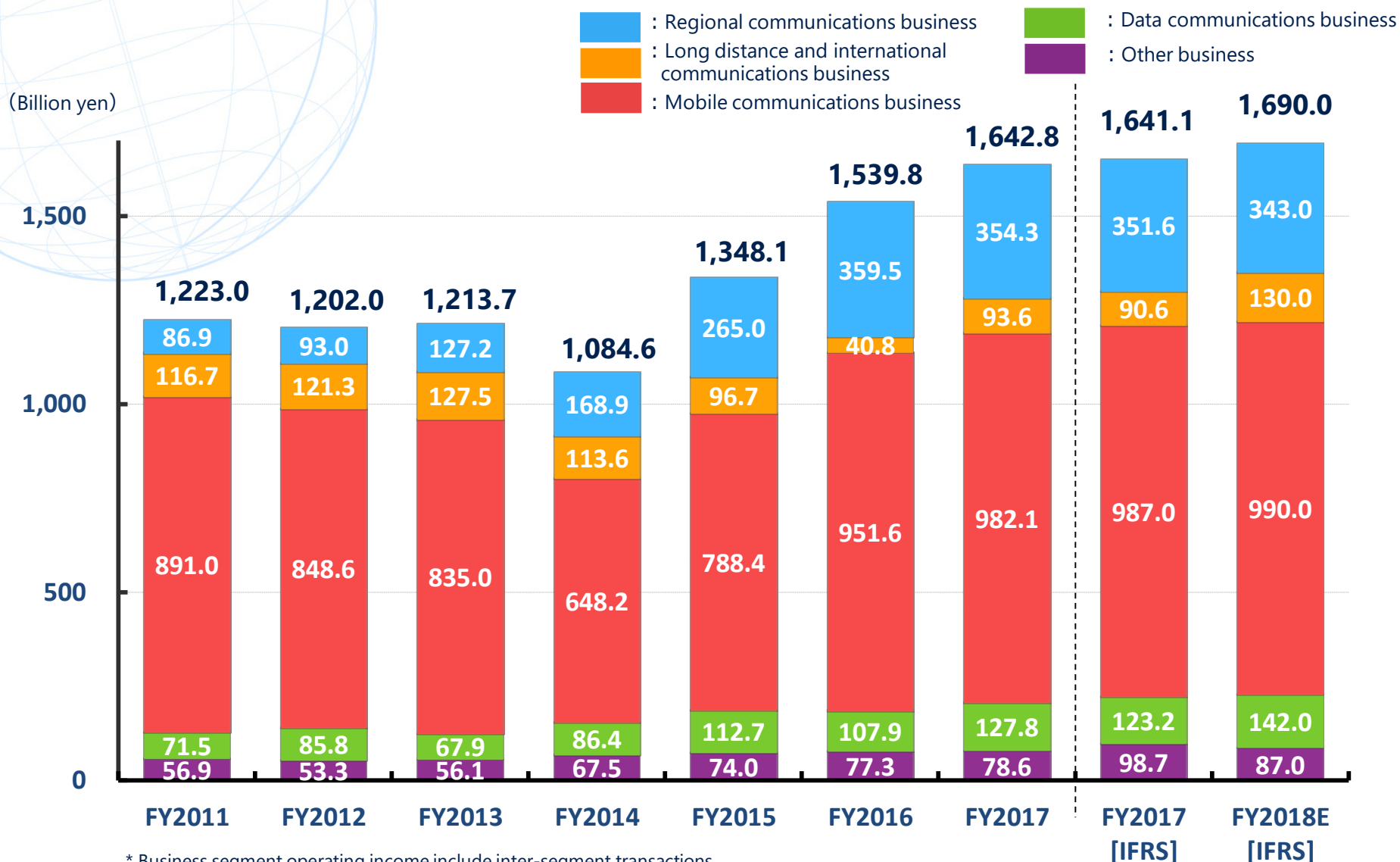
\*\*\*\* Excluding the effects of the arbitration award received from Tata Sons Limited, net income is expected to be 848 billion yen.

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.

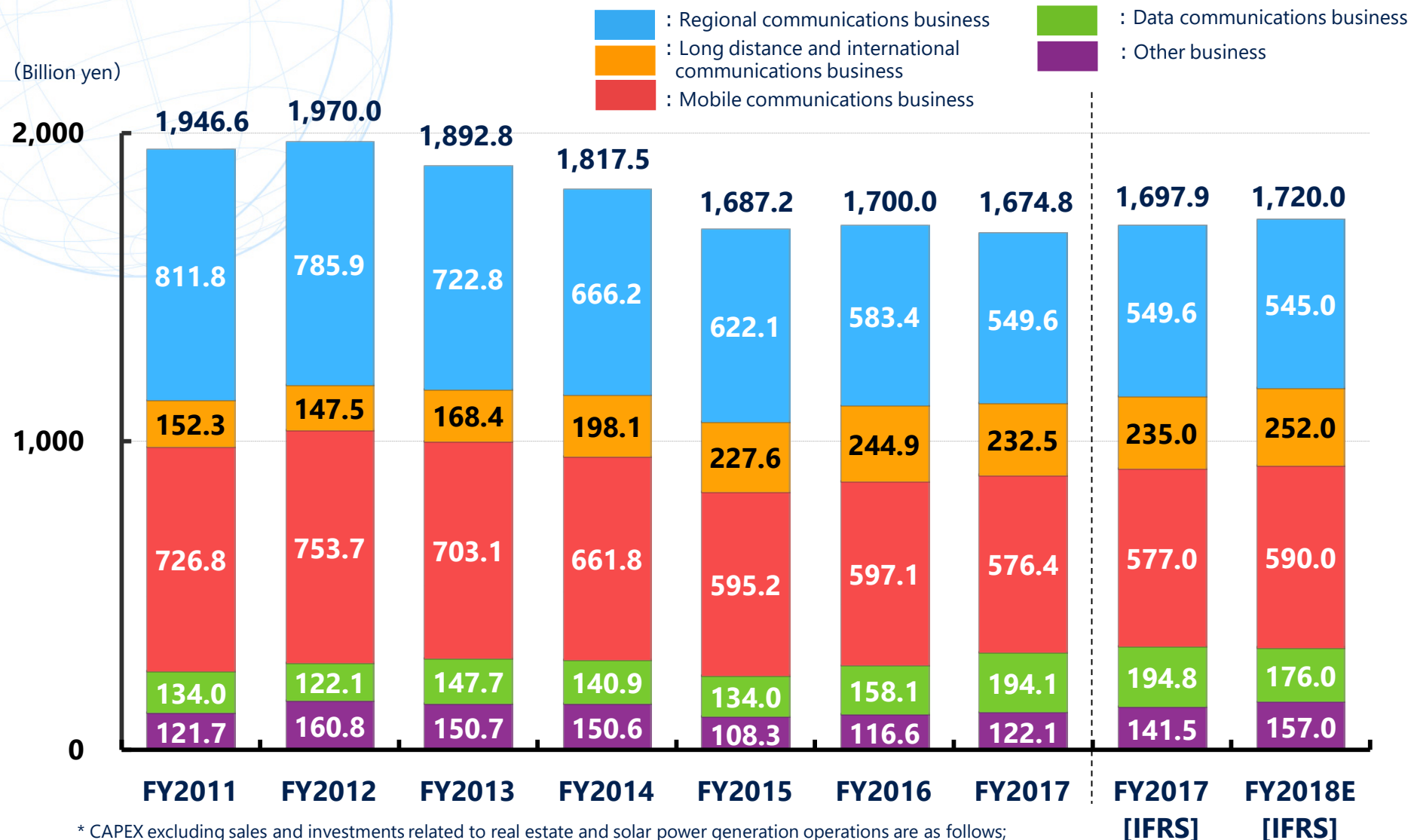
# Changes in Consolidated Operating Revenues



# Changes in Consolidated Operating Income



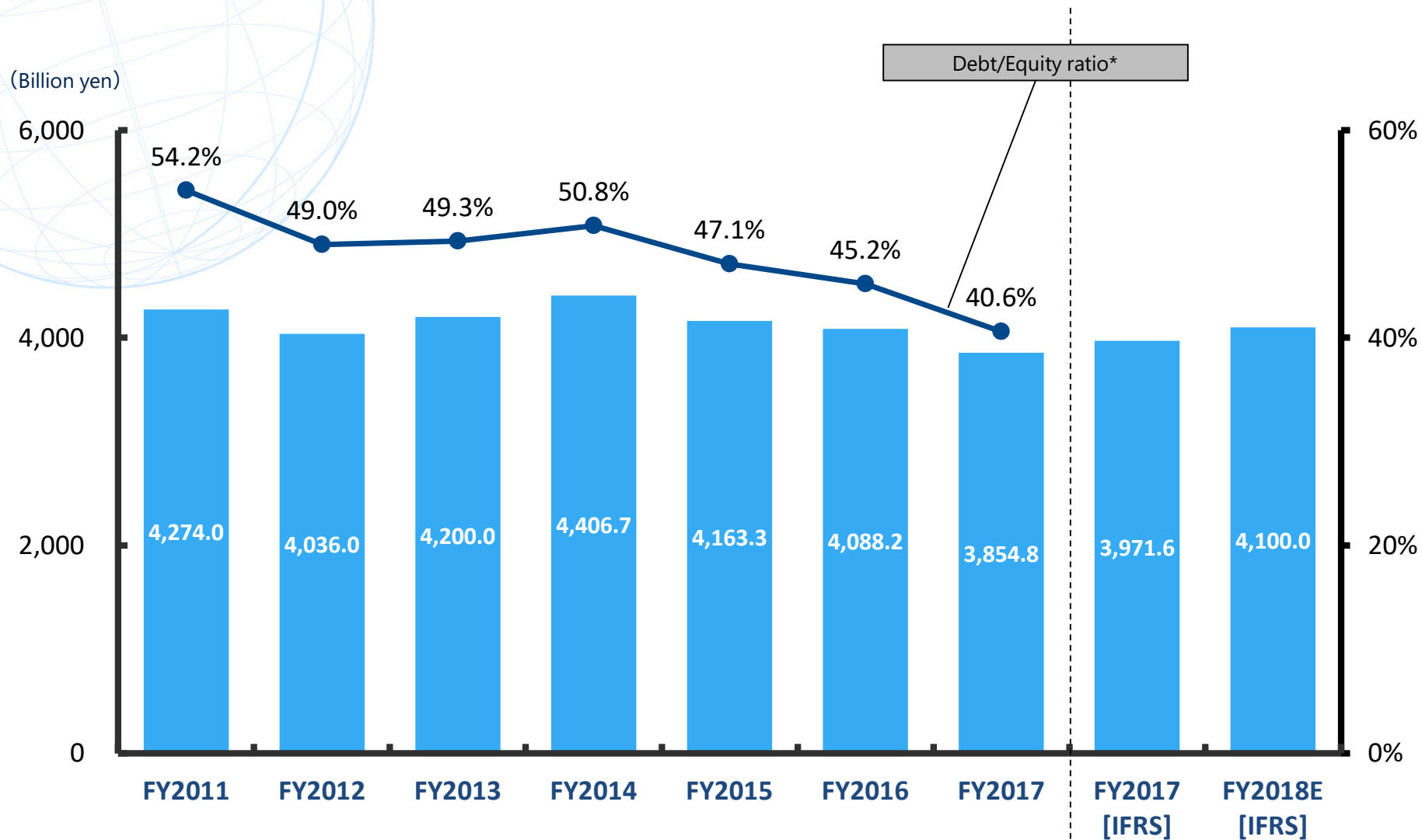
# Changes in CAPEX



\* 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.

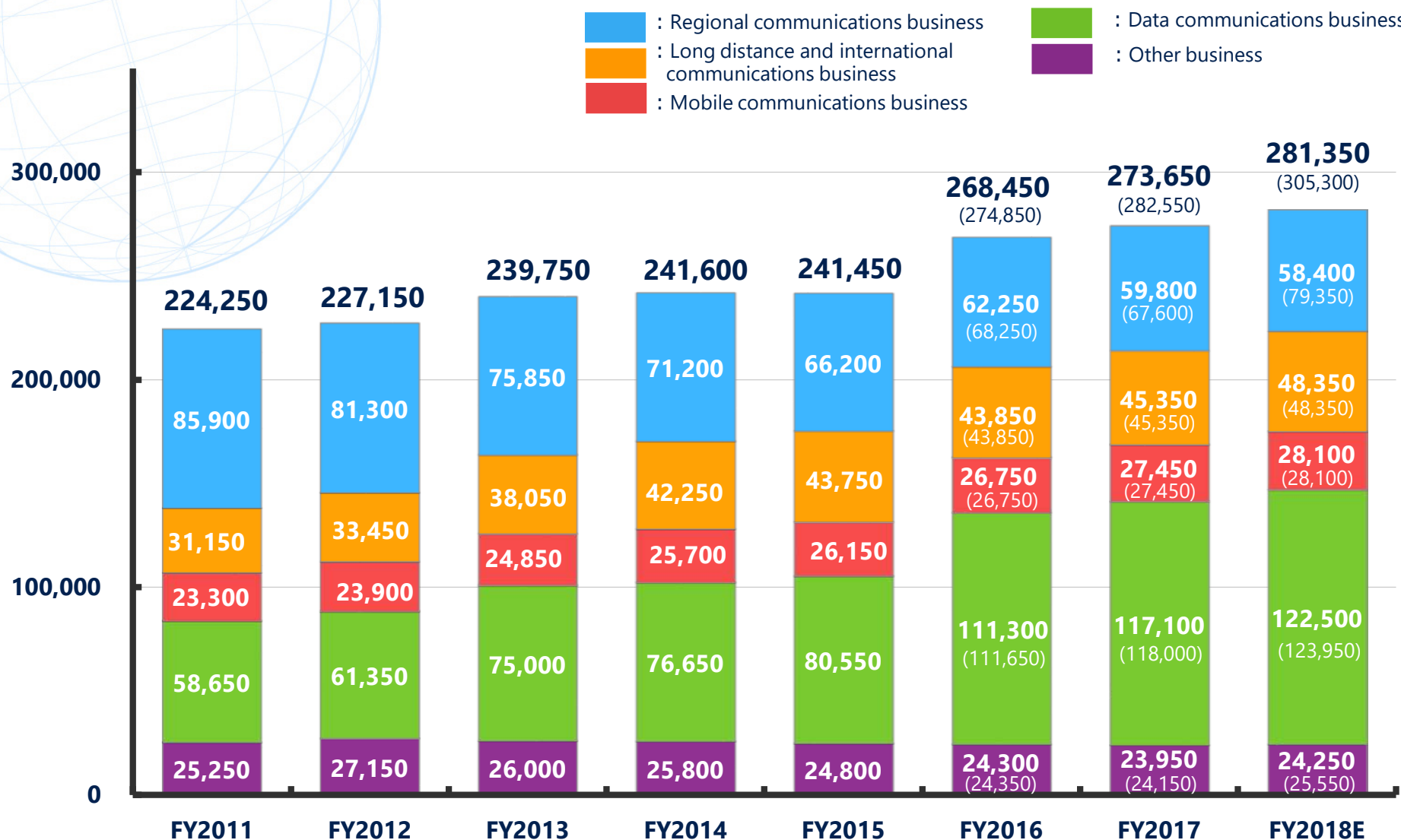
# Changes in Interest-bearing Debt



\* Debt Equity ratio = Interest-bearing debt / Shareholders' equity x 100

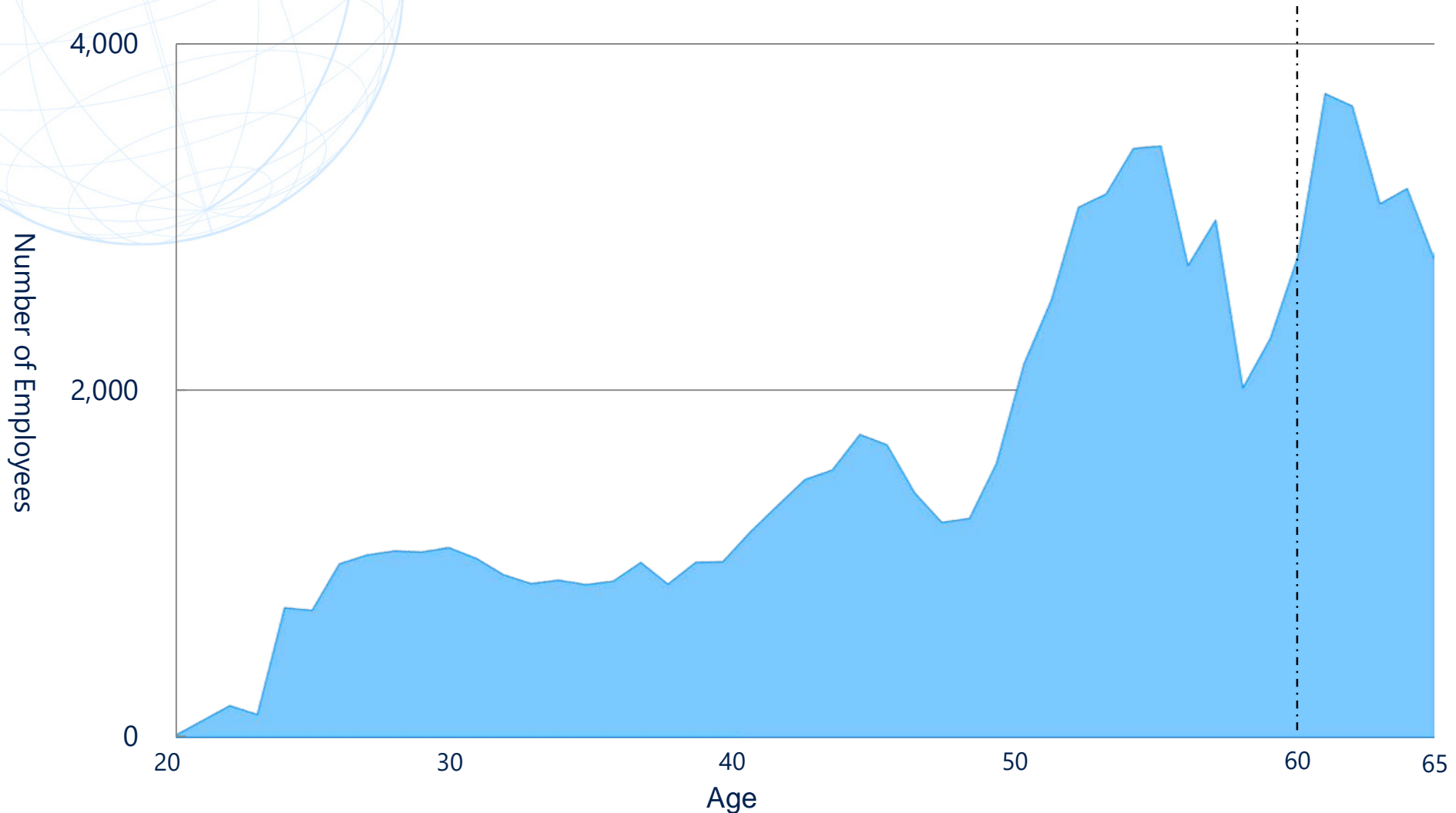
\* Based on IFRS results which have not been audited, and are provided for reference only.  
These figures are subject to change, pending results of the independent financial audit.

# Changes in Number of Employees



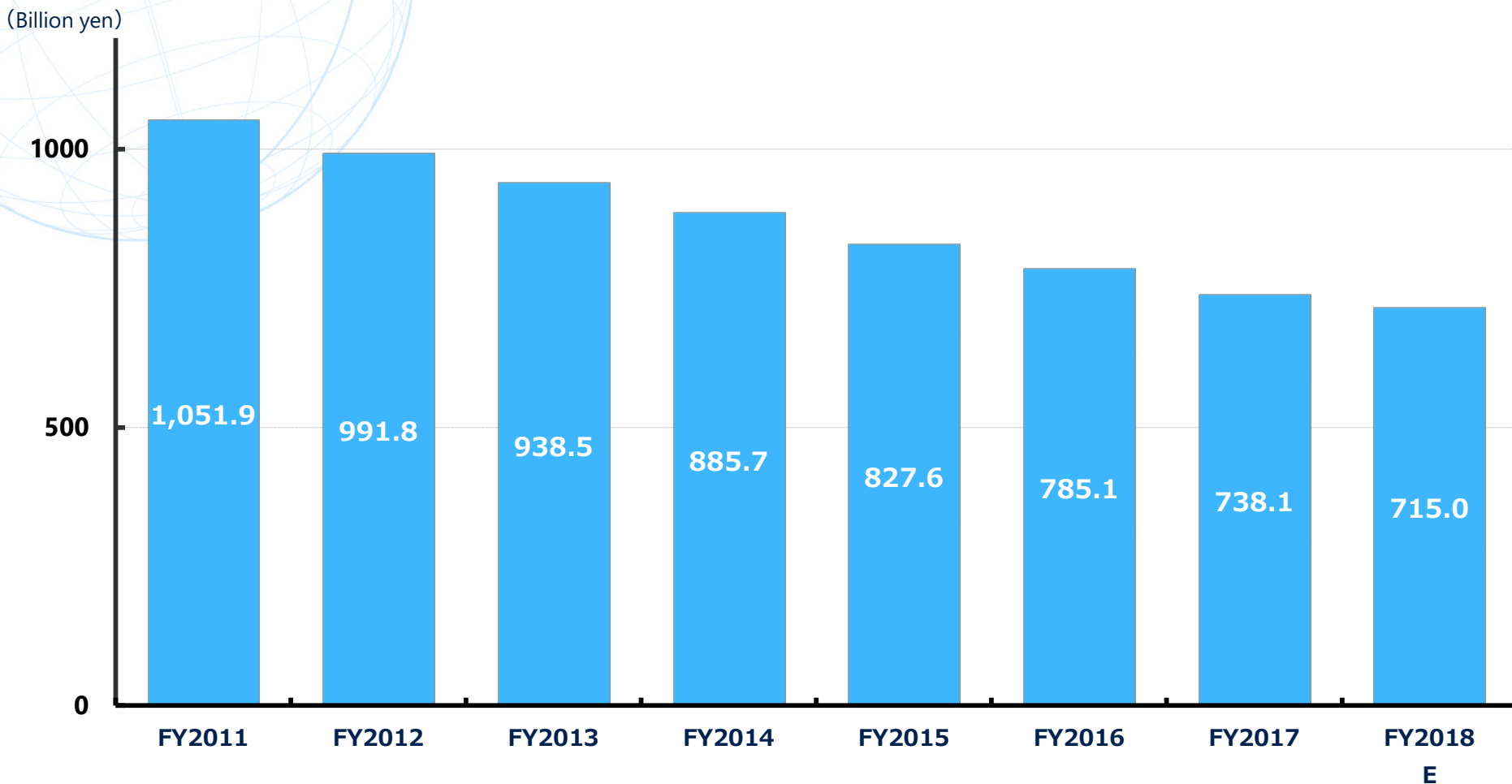
- Starting from FY2016, the figures in parentheses are the number of employees including employees whose contracts were changed from fixed-term contracts to open-ended contracts.

# Age Distribution of Employees at NTT East, NTT West 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)

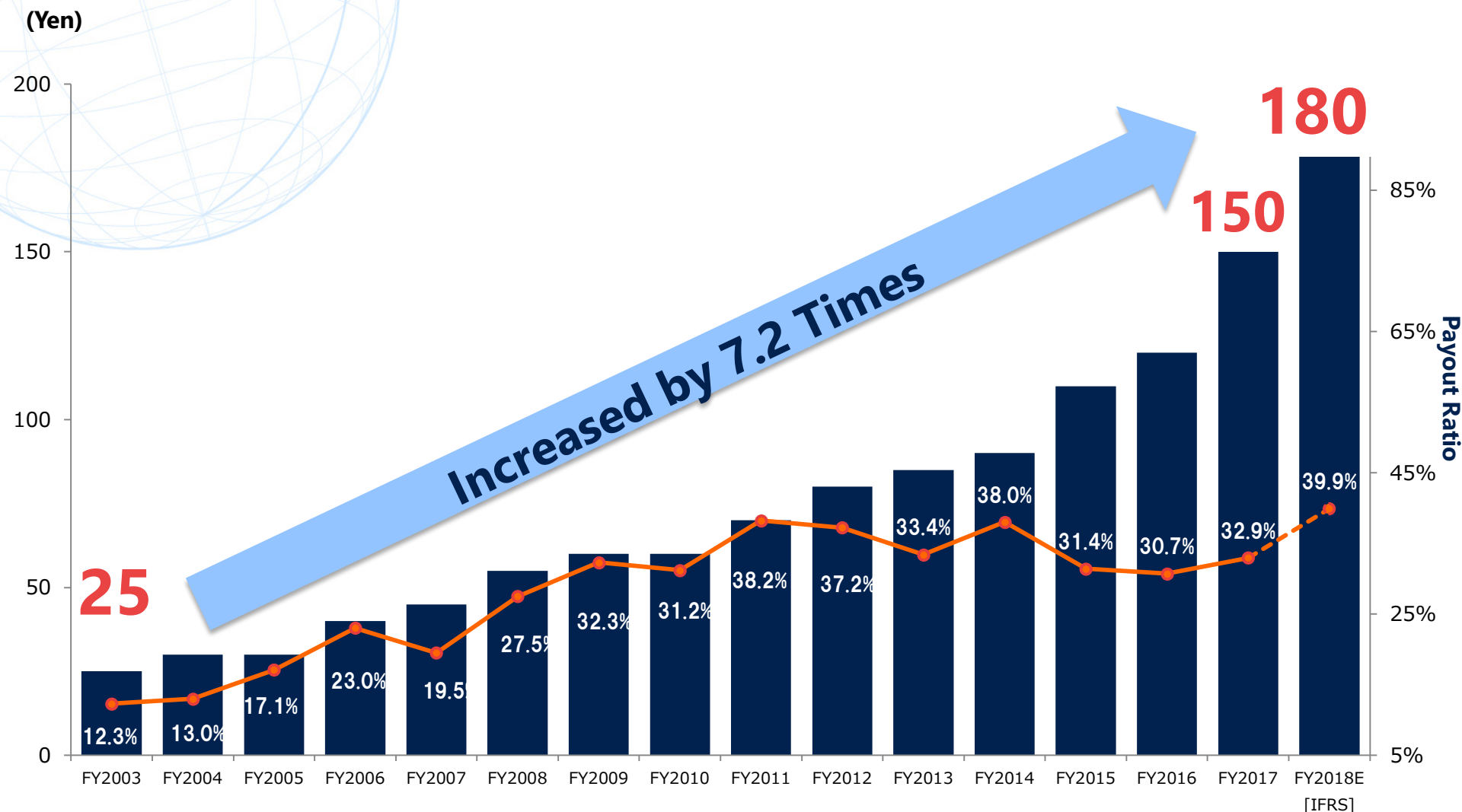


\* The scope of aggregation for each of the figures are not audited and are provided for reference only.  
(FY2011~FY2016 : U.S. GAAP-based figure, FY2017~FY2018E : International Financial Reporting Standards (IFRS) –based figure)

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

From  
Market/  
Gov't

From  
Market/Gov't

From Gov't

From  
Market

From  
Gov't

From  
Market

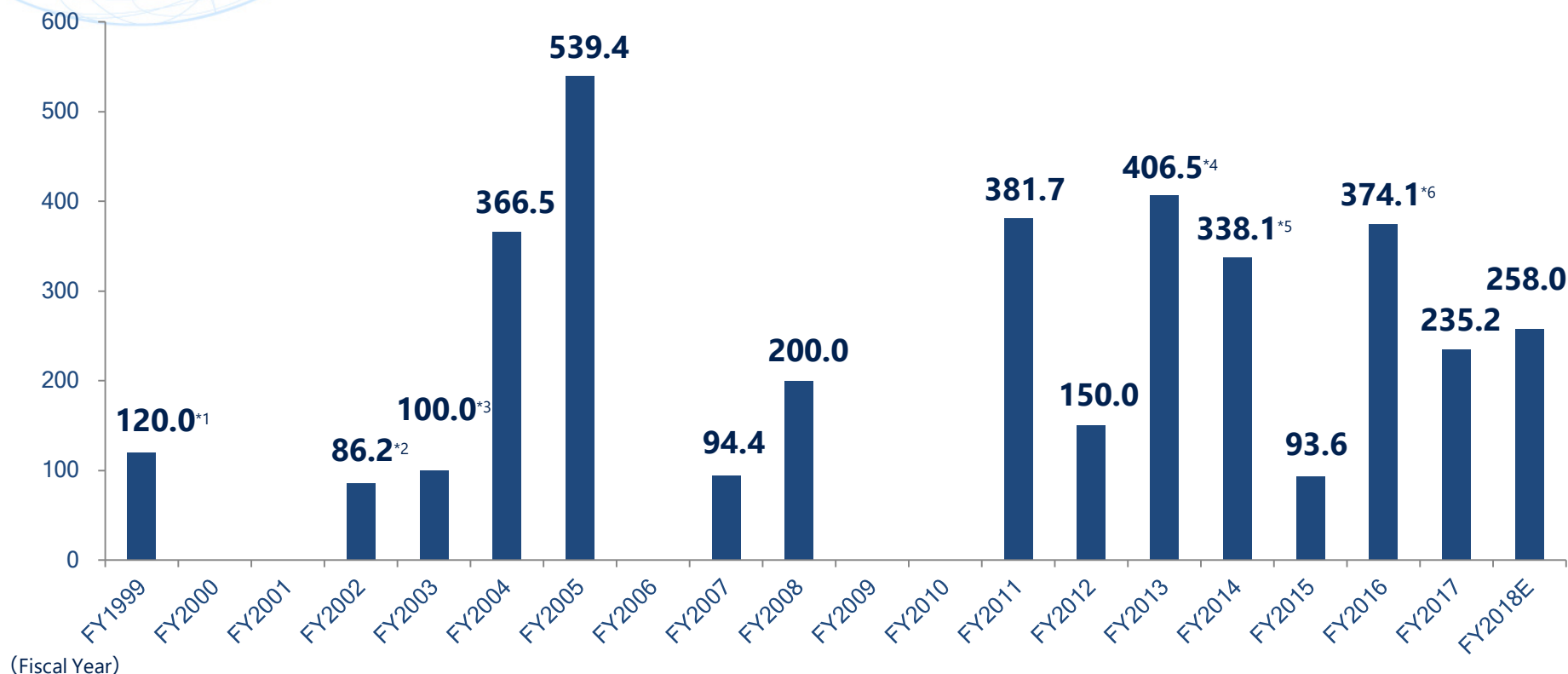
From  
Market / Gov't

From  
Market

From  
Market/  
Gov't

From  
Market

(Billions of yen)

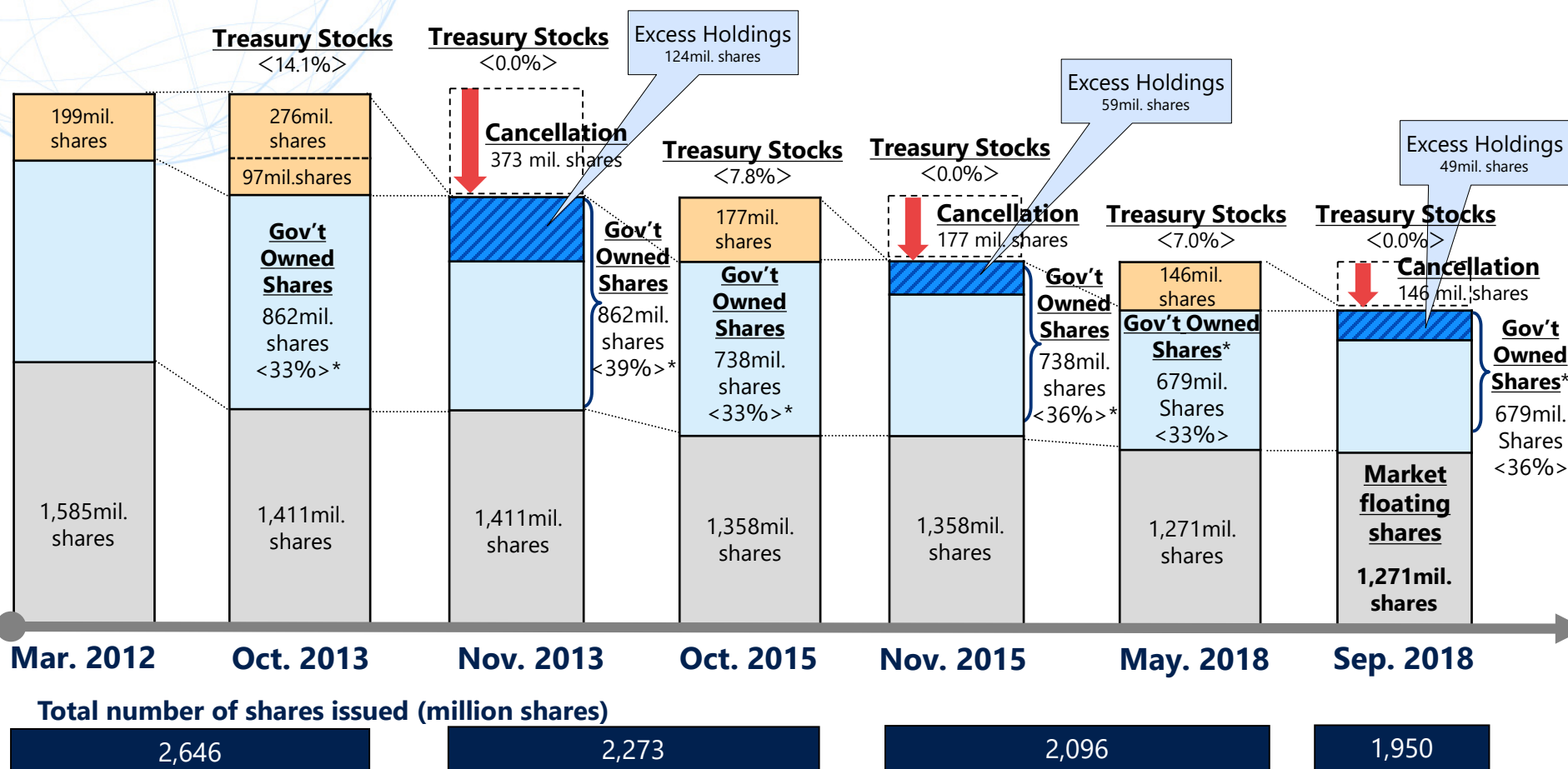
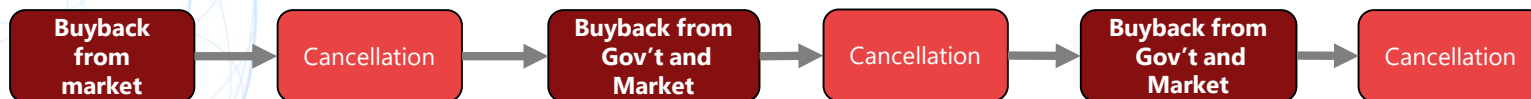


<sup>\*1</sup>:Market 48.0 billion yen, Gov't 72.0 billion yen <sup>\*2</sup>:Market 46.6 billion yen, Gov't 39.6 billion yen <sup>\*3</sup>:Market 54.1 billion yen, Gov't 45.9 billion yen

<sup>\*4</sup>:Market 253.2 billion yen, Gov't 153.3 billion yen <sup>\*5</sup>:Market 101.2 billion yen, Gov't 236.9 billion yen <sup>\*6</sup>:Market 106.9 billion yen, Gov't 267.2 billion yen

# Share Buybacks and Cancellation

<> : share holding ratio



\* 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) × 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***