

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

May 11, 2018



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.

- **FY2017**
 - **Highlights**
 - **Contributing Factors by Segment**
 - **Summary of Medium-Term Financial Targets**
 - **Topics**
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- **Towards a New Medium-Term Management Strategy**
- **(Reference) Major B2B2X initiatives since FY2017**
- **Appendix**

- Both Operating Revenues and Operating Income increased
- Record levels for Operating Revenues, Operating Income and Net Income

Status of Consolidated Financial Results

- Operating Revenues : ¥11,799.6 billion (increase of ¥408.6 billion [3.6%] year-on-year)
- Operating Income : ¥1,642.8 billion (increase of ¥103.1 billion [6.7%] year-on-year)
- Net Income^{*1} : ¥909.7 billion (increase of ¥109.6 billion [13.7%] year-on-year)
[¥859.7 billion^{*2} (increase of ¥59.6 billion [7.4%] year-on-year)]
- EPS : ¥455.78 (increase of ¥64.84 [16.6%] year-on-year)
[¥430.73^{*2} (increase of ¥39.79 [10.2%] year-on-year)]
- Overseas Sales : \$19.51 billion (increase of \$2.62 billion [15.5%] year-on-year)
- Overseas Operating Income^{*3} : \$1.01 billion (increase of \$0.22 billion [28.2%] year-on-year)

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

*2 Excludes the effects of the arbitration award received from Tata Sons Limited.

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

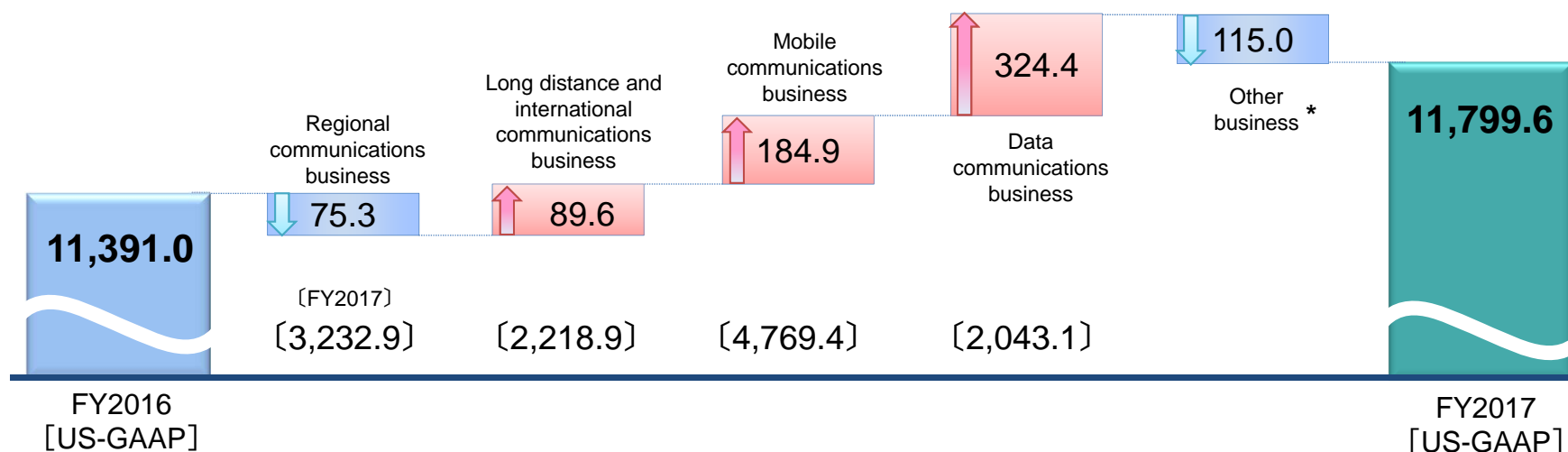
FY2017 Contributing Factors by Segment



Operating Revenues

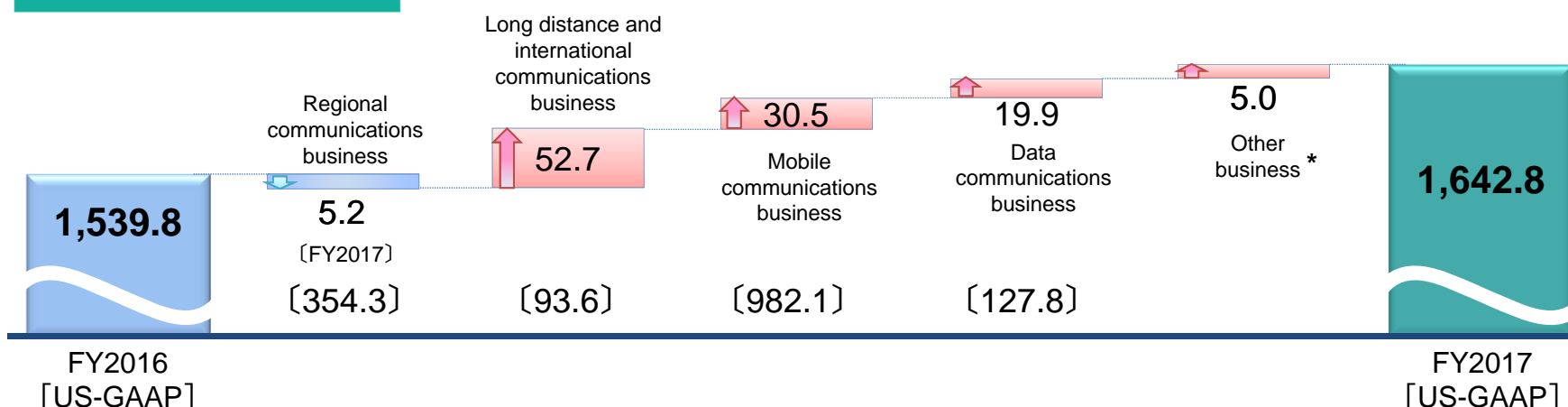
(Year-on-year: +408.6)

(Billions of yen)



Operating Income

(Year-on-year: +103.1)



*Includes adjustments such as elimination

Summary of Medium-Term Financial Targets



	Results	Medium-Term Targets
EPS Growth	¥456 [¥431^{*1}]	At least ¥400
Streamlining Capital Investment (Domestic Network Business ^{*2}) [compared to FY2014]	¥204.9 billion	At least ¥200 billion
Cost Reductions^{*3} (in fixed-line/mobile access networks) [compared to FY2014]	¥856.0 billion	At least ¥800 billion
Overseas Sales/Operating Income^{*4}	\$19.5B/\$1.0B	\$22B/\$1.5B

*1 Excludes the effects of the arbitration award received from Tata Sons Limited.

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

*3 Does not reflect the impact of the change in depreciation method.

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

Increased Profitability of Network Services

➤ Expansion of NTT's User Base

- **Mobile Subscriptions: 76.37 million mobile subscriptions (net increase of 1.49 million)**
(Included in the above) Kake-hodai & Pake-aeru: 41.96 million subscriptions (net increase of 4.90 million)
- **FTTH Subscriptions: 20.53 million subscribers (net increase of 0.48 million)**
(Included in the above) Hikari Collaboration: 11.12 million (net increase of 2.37 million)

➤ Growing number of Wi-Fi area owners*: 744 (net increase of 187)

* Total number of large-scale corporate or local government customers. Excludes small-scale restaurants, etc.

Promotion of the B2B2X Model

- Supported digital transformations in an effort towards creating new value and solving social issues and challenges
- Created innovative models by expanding collaboration with corporations and local governments in various fields, such as sports, transportation and manufacturing

Expansion of Global Cloud Services

- Cross-Selling Order Volume : \$0.83 billion
- Completed transfer of cloud IaaS business from Dimension Data to NTT communications
- Completed 100% acquisition of Secure-24, a provider of managed services in the U.S.

Progress of

“Tokyo 2020 Medal Project: Towards an Innovative Future for All”

- Number of used mobile phones and other devices collected (as of the end of March 2018): approximately 3.30 million devices

FY2018 Forecast Summary



- Both Operating Revenues and Operating Income are expected to increase, and Net Income (excluding a non-recurring event^{*3}) is expected to increase

Plan for Consolidated Revenues and Income

	FY2017 Result		FY2018 Forecast	Year-on-Year
	US-GAAP	IFRS ^{*1}	IFRS	IFRS
Operating Revenues	¥11,799.6 billion	¥11,778.2 billion	¥11,830.0 billion	+51.8 billion [+0.4%]
Operating Income	¥1,642.8 billion	¥1,641.8 billion	¥1,690.0 billion	+48.2 billion [+2.9%]
Net Income ^{*2}	¥909.7 billion [¥859.7 billion ^{*3}]	¥898.7 billion [¥848.7 billion ^{*3}]	¥880.0 billion	(18.7 billion) [(2.1%)] [+31.3 billion [+3.7%]]

^{*1} 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.

^{*2} Net income represents net income attributable to NTT, excluding noncontrolling interests.

^{*3} Excludes the effects of the arbitration award received from Tata Sons Limited.

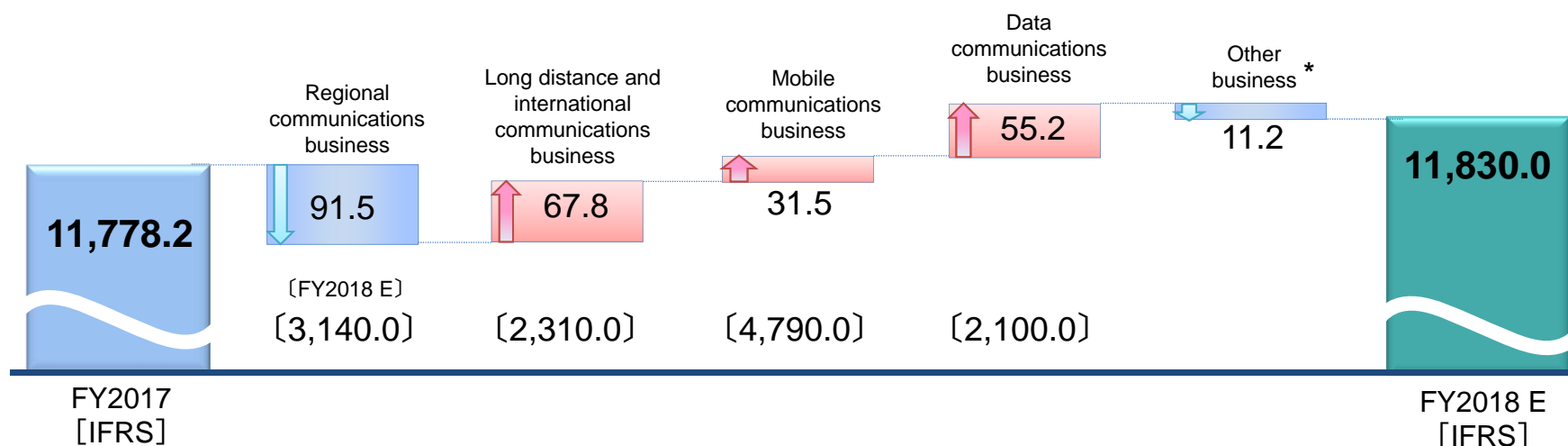
FY2018 Forecast Summary by Segment



Operating Revenues

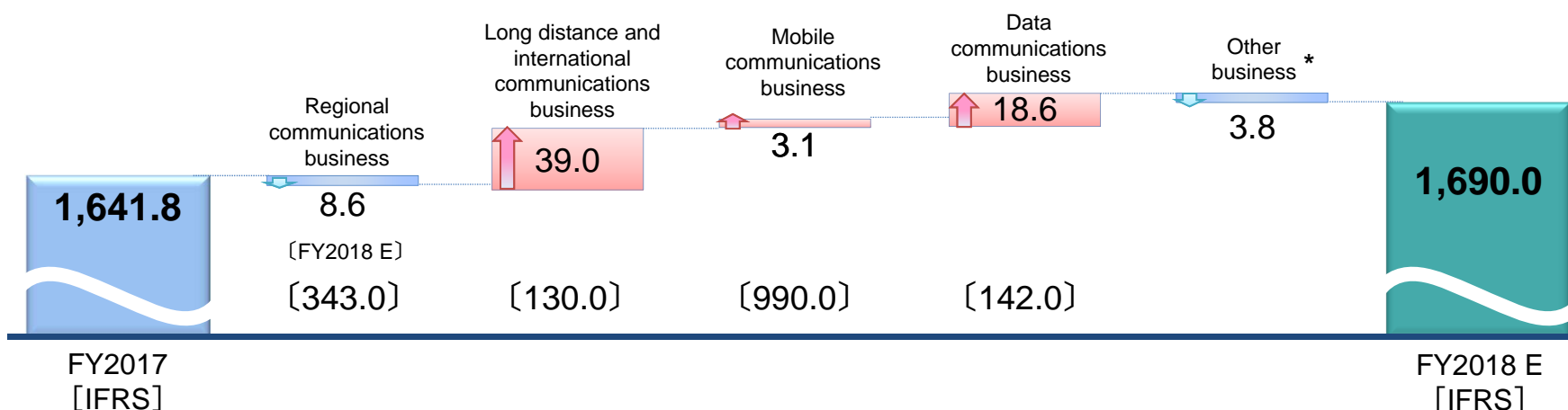
(Year-on-year: +51.8)

(Billions of yen)



Operating Income

(Year-on-year: +48.2)



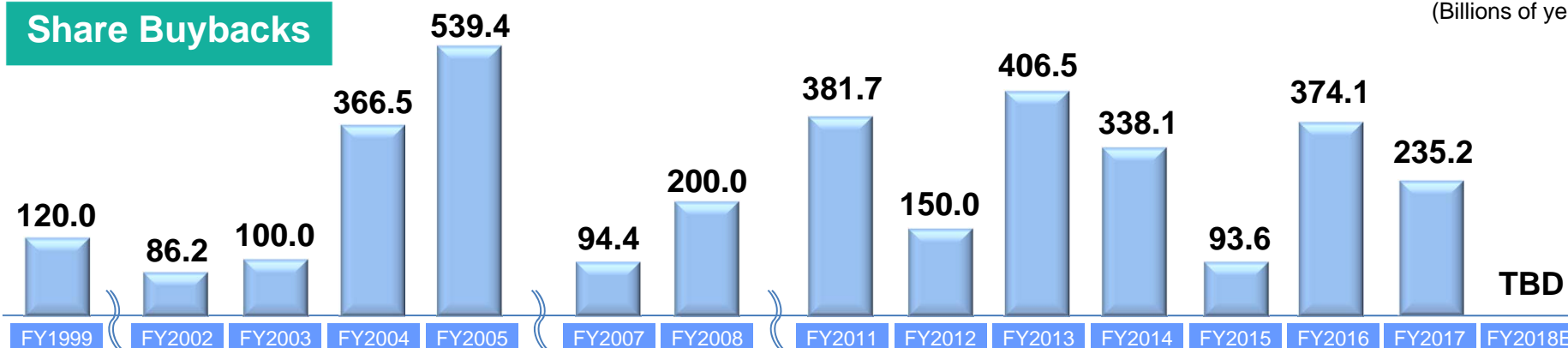
Shareholder Returns



- **Share Buybacks** : Completed ¥235.2 billion of share buybacks on the open market in FY2017
- **Dividends** : Aggregate annual dividends for FY2018 expected to increase to ¥170 per share (an increase of ¥20 from FY2017), starting with the interim dividends for FY2018

Share Buybacks

(Billions of yen)

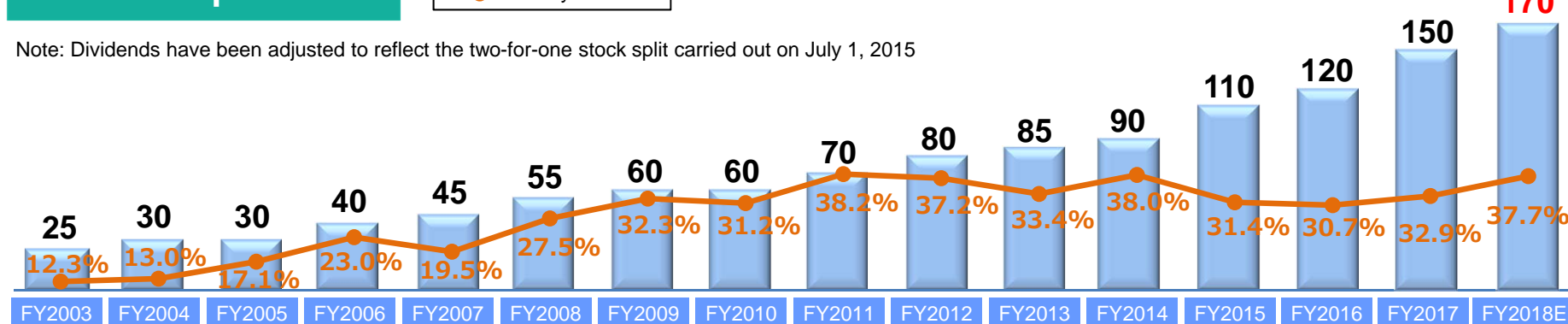


Dividends per Share

Pay-out ratio

(Yen)

Note: Dividends have been adjusted to reflect the two-for-one stock split carried out on July 1, 2015



■ Continue and further strengthen NTT's self-transformation into a "Value Partner"

















- Increase global business profits
- Strengthen profitability of domestic network services (increase cost reductions and improve investment and asset efficiency)
- Promote the B2B2X model and take on the challenge of new market development

Formulate a New Medium-Term Management Strategy in Conjunction with Second Quarter Results

- Based on future milestones, such as the introduction of 5G and PSTN migration, determine targets and initiatives for multiple timespans, such as three, five and seven years
- For financial targets, maintain the current policy of EPS growth as the main indicator, and set new targets for business structure reform, cost reduction, and improved investment and asset efficiency

(Reference) Major B2B2X Initiatives since FY2017



		2017 July	Deepen digital marketing, including through new viewing experiences at stadiums
		Aug.	Initiated consortium formation for the network and computing infrastructure of automotive Big Data
		Oct.	Commercially launched the FIELD System, which incorporates edge computing and other technologies
		Oct.	Started testing to utilize corevo® for labor reduction in the field of agriculture/water environment
		Nov.	Used Kirari! to provide new kabuki effects, such as the joint transmission of simultaneous real and virtual performances (hosted the “Miyako Musubi Yume no Renjishi” performance in Pontocho and Miyagawa)
		2018 Jan.	Released the “DATA-SMART CITY SAPPORO” ICT utilization platform in Sapporo
		Feb.	Successfully conducted joint testing of the application of edge computing and other technologies to IoT on ships
		Apr.	Began sales of cybersecurity technology providing safe operation of critical infrastructure control systems

Appendix

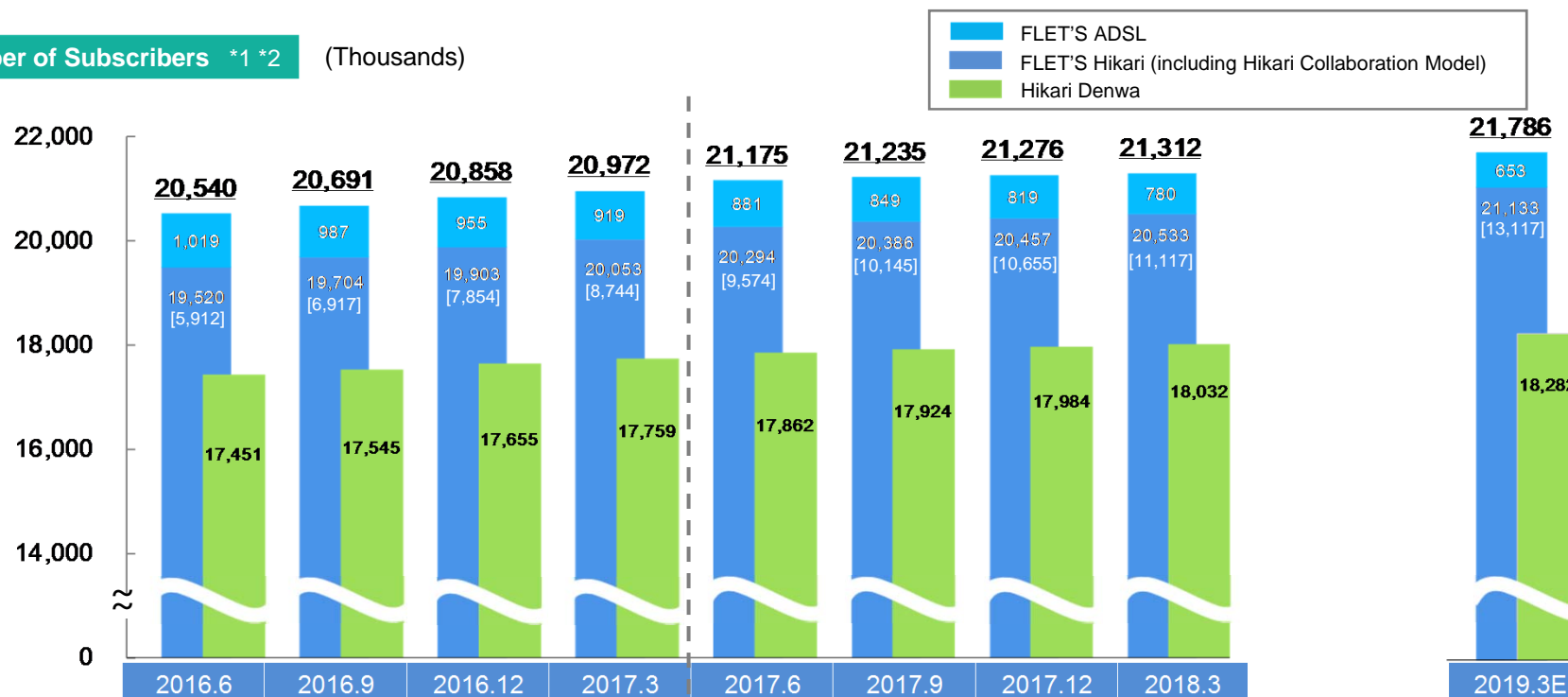
The background is a solid blue gradient with a series of thin, white, curved lines that sweep across the frame from the top right towards the bottom left, creating a sense of motion and technology.

Progress of Broadband Services

Number of Subscribers for Fixed Broadband Services



Number of Subscribers *1 *2 (Thousands)



Changes from the Preceding Quarter (Thousands)

		FY2016				FY2017				FY2017	FY2018E
		4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3		
FLET'S Hikari	*1	261	183	199	150	241	92	72	75	480	600
Opened connections	*3	786	649	672	750	851	627	625	711	2,814	2,950
FLET'S ADSL		(34)	(32)	(32)	(36)	(38)	(32)	(31)	(39)	(139)	(126)
Hikari Denwa	*4 *5	77	93	111	104	104	62	59	48	273	250

*1 Number of FLET'S Hikari (including Hikari Collaboration Model) subscribers includes B FLET'S, FLET'S Hikari Next, FLET'S Hikari Light, FLET'S Hikari Lightplus, and FLET'S Hikari WiFi Access provided by NTT East, B FLET'S, FLET'S Hikari Premium, FLET'S Hikari Mytown, FLET'S Hikari Next, FLET'S Hikari Mytown Next, FLET'S Hikari Light and FLET'S Hikari WiFi Access provided by NTT West, and wholesale services (Hikari Collaboration Model) provided by both NTT East and NTT West.

*2 Figures in [] represent the number of subscribers to "Hikari Collaboration Model," the wholesale provision of services by NTT East and NTT West to service providers.

*3 Number of opened connections excludes openings as a result of relocations.

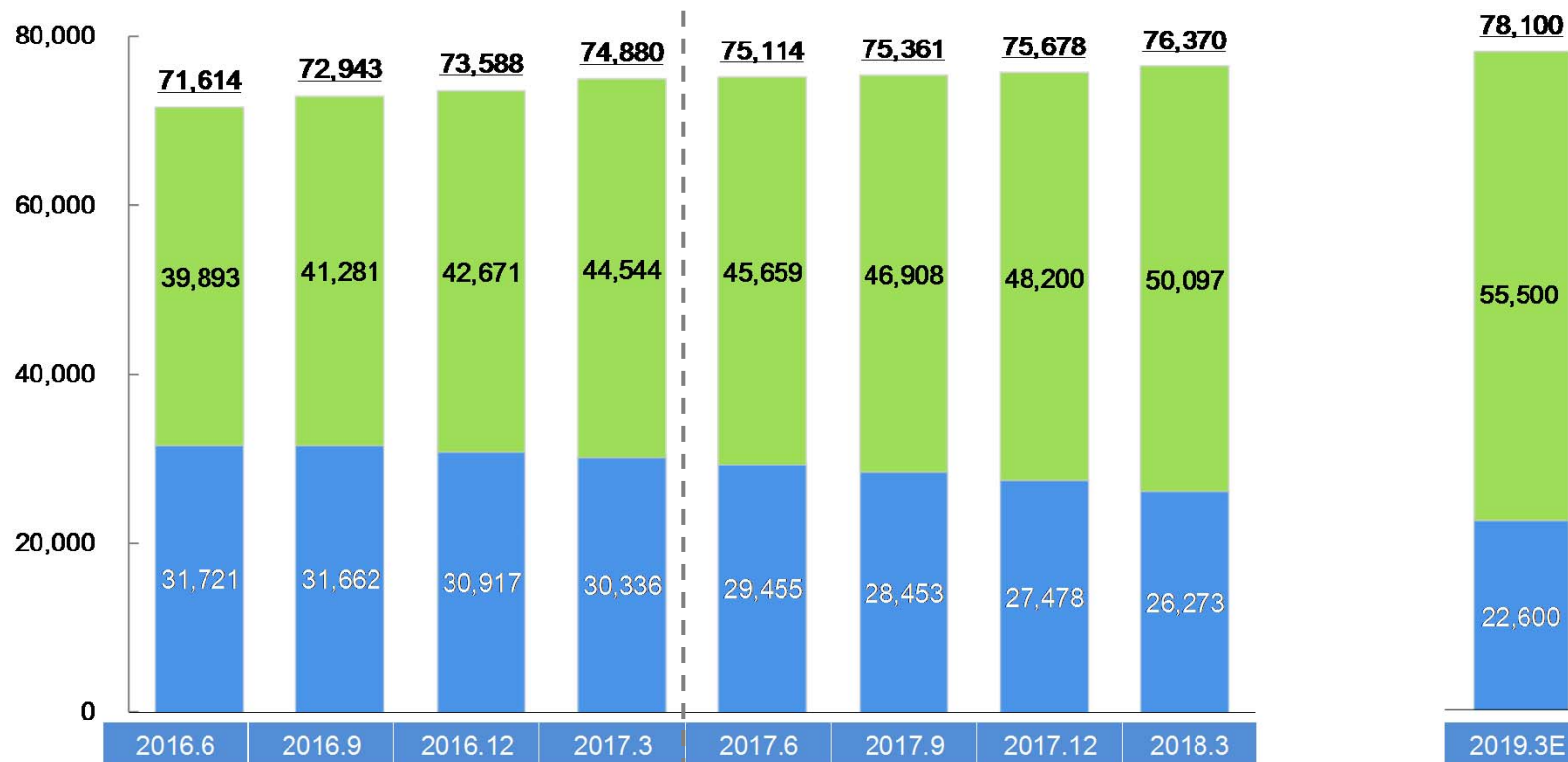
*4 Numbers for Hikari Denwa include wholesale services provided to service providers by NTT East and NTT West.

*5 Numbers of Hikari Denwa subscribers are presented in thousands of channels.

Number of Subscribers for Mobile Broadband Services



Number of Subscribers * (Thousands)



Changes from the Preceding Quarter (Thousands)

	FY2016				FY2017				FY2017	FY2018E
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3		
LTE(Xi)+FOMA	650	1,330	645	1,292	234	247	317	692	1,491	1,700

* Number of subscribers for Mobile Broadband Services includes Communications Module Service subscribers

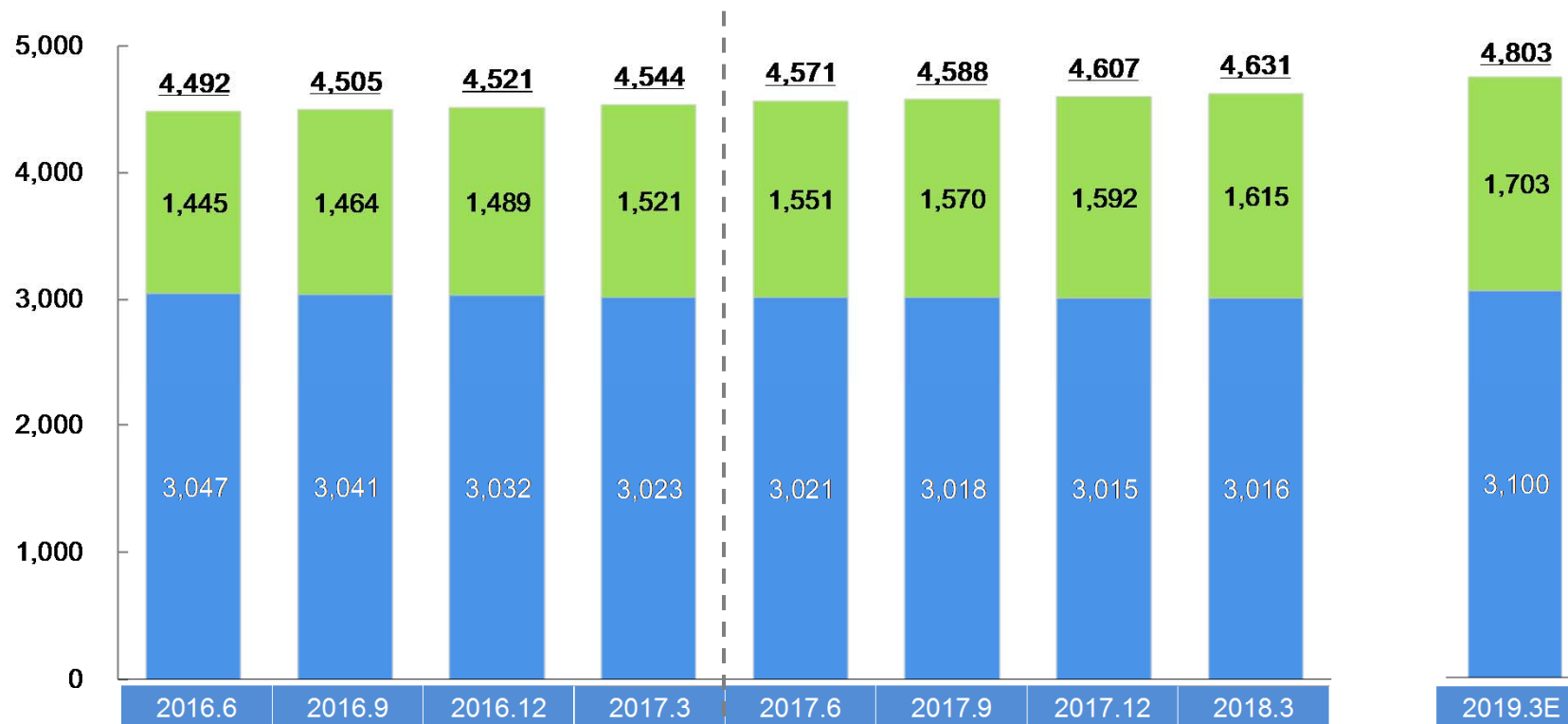
Number of Subscribers for Video Services



Number of Subscribers

(Thousands)

FLET'S TV Transmission Services *
Hikari TV



* Number of subscribers to FLET'S TV Transmission Services includes wholesale services provided to service providers by NTT East and NTT West.

Financial Information

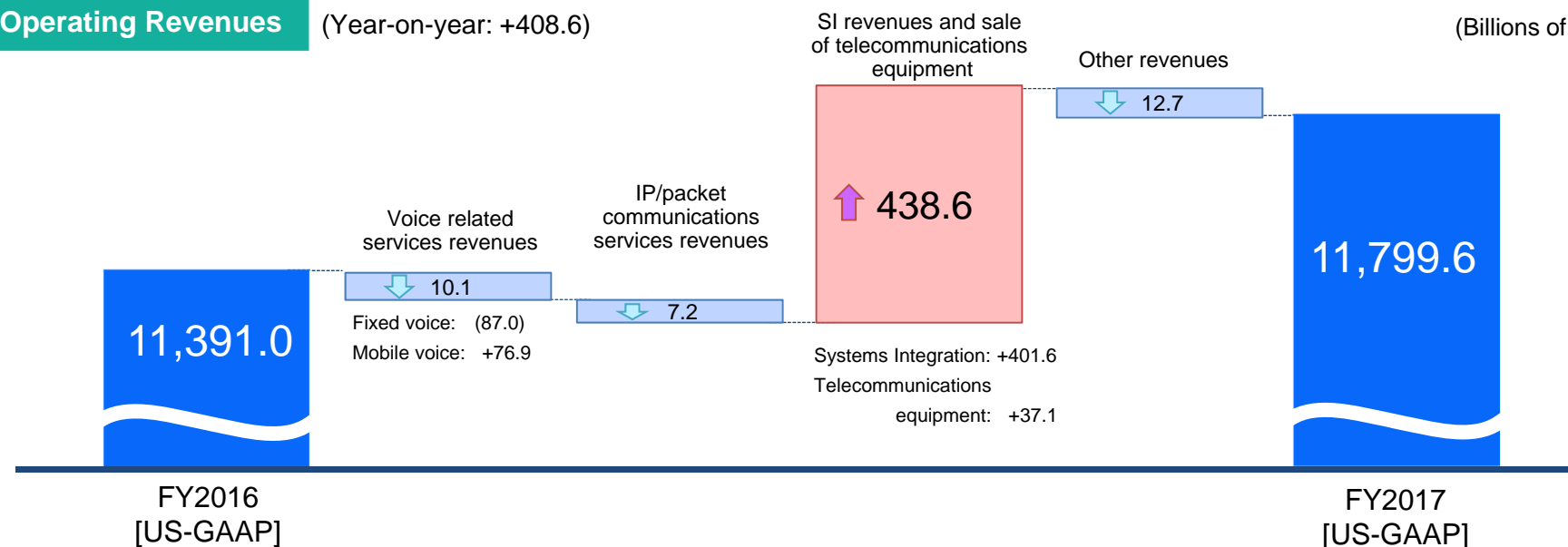
Details of Consolidated Statement of Income



Operating Revenues

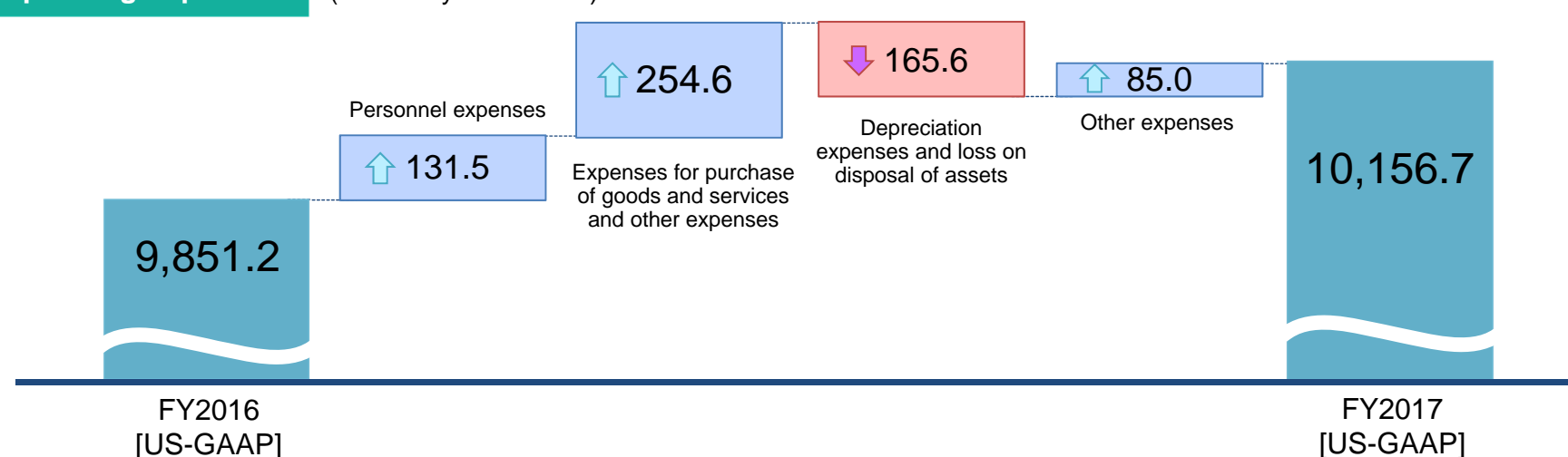
(Year-on-year: +408.6)

(Billions of yen)



Operating Expenses

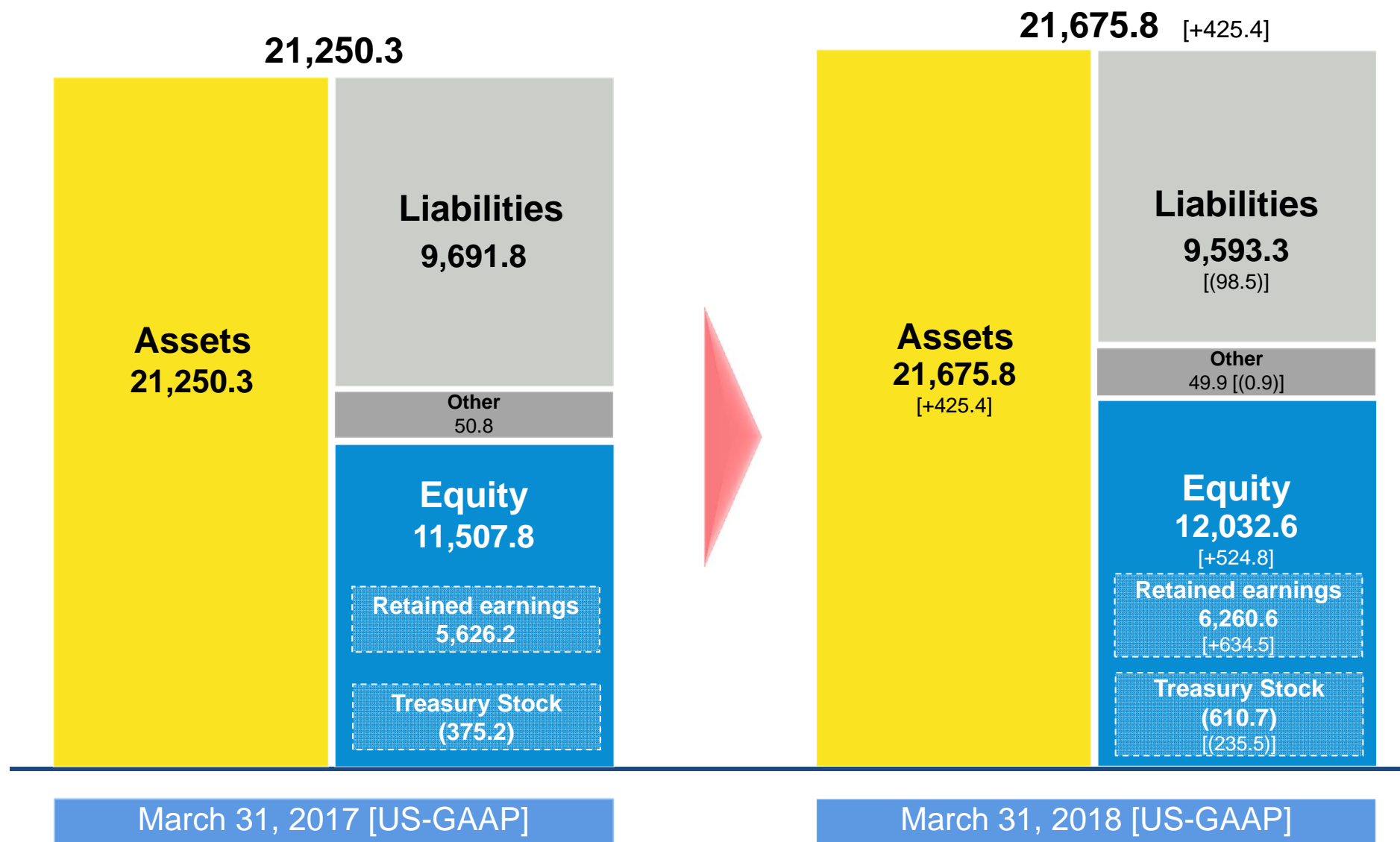
(Year-on-year: +305.5)



Details of Consolidated Balance Sheet



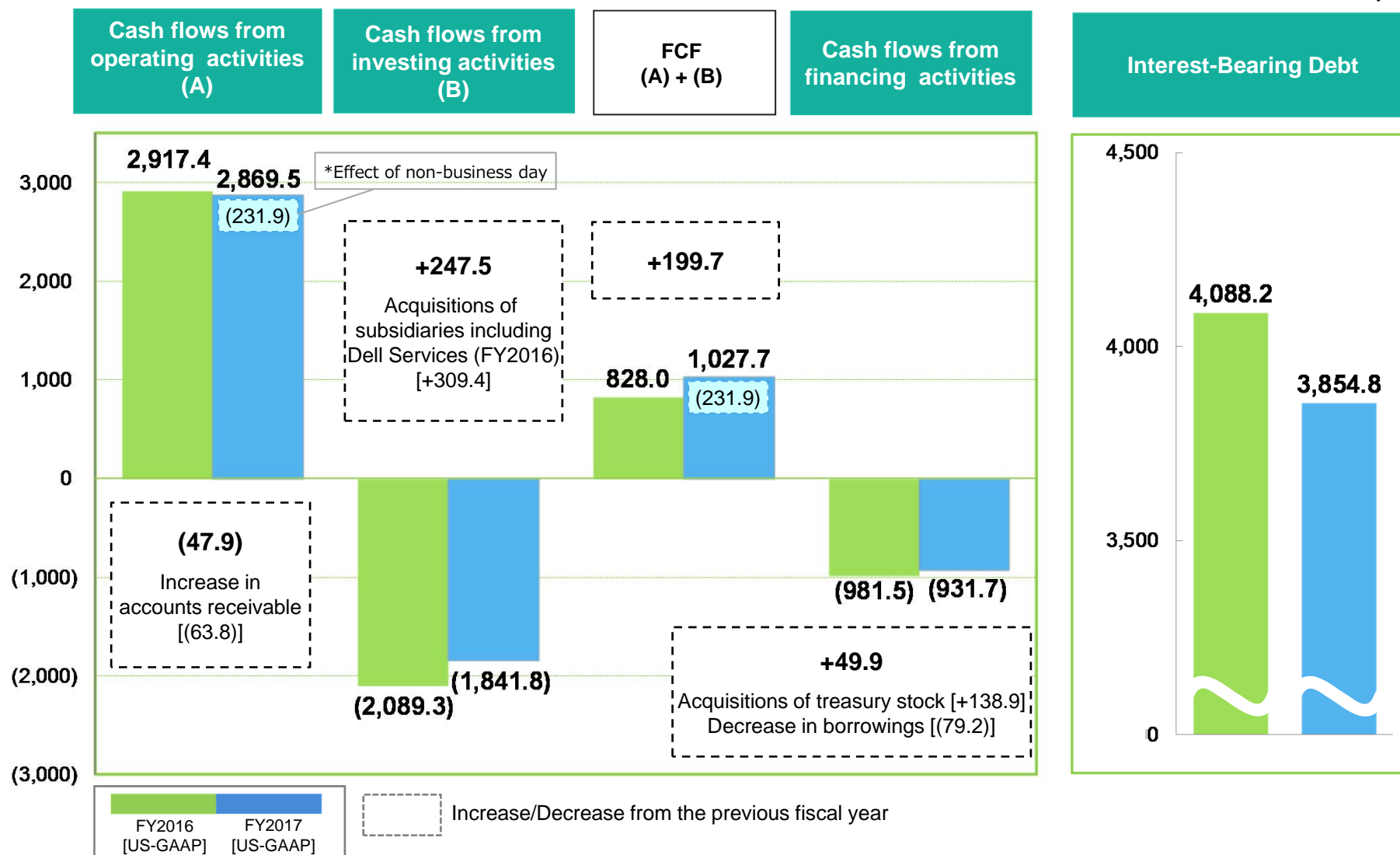
(Billions of yen)



Details of Consolidated Cash Flows



(Billions of yen)

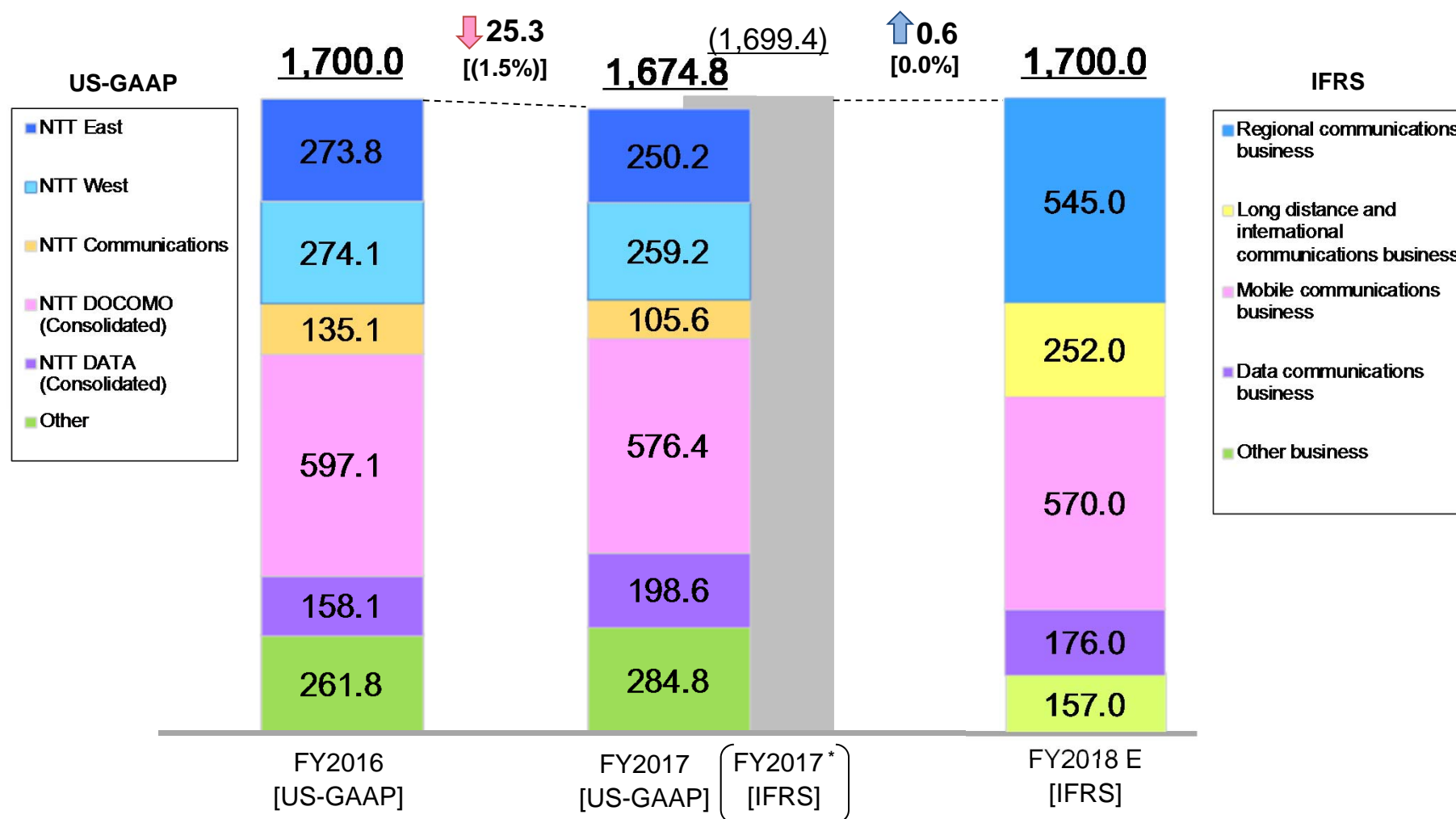


* The effect of the last day of the fiscal year ended March 31, 2018 having been a non-business day, resulting in the increase in accounts receivable because of the due date of a portion of accounts receivable being, instead of the last day of the fiscal year, the first business day of the following month. Including the effect described above, Cash flows from operating activities and the FCF amounts for the fiscal year ended March 31, 2018 were 2,637.5 billion yen and 795.8 billion yen, respectively.

Details of Capital Investment



(Billions of 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.