Financial Results for the Fiscal Year Ended March 31, 2019 and Financial Forecasts for the Fiscal Year Ending March 31, 2020

May 10, 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.
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  - FY2018 Consolidated Results Highlights
  - FY2018 Contributing Factors by Segment

- FY2019 Results Forecast
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  - FY2019 Forecast Summary by Segment

- Topics

- Appendix
Overview of FY2018 Consolidated Results
## FY2018 Consolidated Results Highlights

- Both Operating Revenues and Operating Income increased to record levels

### Status of Consolidated Results

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY2018</th>
<th>Change</th>
<th>Year-on-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>¥11,879.8B</td>
<td>¥97.7B</td>
<td>+0.8%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥1,693.8B</td>
<td>¥52.7B</td>
<td>+3.2%</td>
</tr>
<tr>
<td>Profit ※1</td>
<td>¥854.6B</td>
<td>¥43.3B</td>
<td>(4.8%)</td>
</tr>
<tr>
<td>[excluding Tata impact ※2]</td>
<td>¥851.9B</td>
<td>¥6.7B</td>
<td>+0.8%</td>
</tr>
<tr>
<td>EPS</td>
<td>¥440</td>
<td>¥10</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>[excluding Tata impact ※2]</td>
<td>¥430</td>
<td>¥15</td>
<td>+3.6%</td>
</tr>
<tr>
<td>Overseas Sales ※3</td>
<td>$18.9B</td>
<td>$0.6B</td>
<td>+3.0%</td>
</tr>
<tr>
<td>Overseas Operating Income Margin ※3</td>
<td>3.2%</td>
<td>+0.1pt</td>
<td></td>
</tr>
</tbody>
</table>

※1  Profit represents profit attributable to NTT, excluding noncontrolling interests.
※2  The effects of the arbitration award received from Tata Sons Limited.
※3  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.
FY2018 Contributing Factors by Segment

Operating Revenues

【Year-on-year:+97.7】

(Billions of yen)

Mobile communications business
Regional communications business
Long distance and international communications business
Data communications business
Other business
elimination of inter-segment transactions

FY2017

FY2018

11,782.1
11,879.8

[4,840.8] [3,152.3] [2,278.7] [2,163.6] [1,240.3]

【Year-on-year:+52.7】

Operating Income

Mobile communications business
Regional communications business
Long distance and international communications business
Data communications business
Other business
elimination of inter-segment transactions

FY2017

FY2018

1,641.1
1,693.8

[1,013.6] [360.7] [100.1] [147.7] [85.6]
FY2019 Results Forecast
### FY2019 Forecast Summary

- Operating Revenues and Operating Income will decrease
- Profit and EPS will increase over the previous year

### Plan for Consolidated Revenues and Income

<table>
<thead>
<tr>
<th></th>
<th>FY2018 Result</th>
<th>FY2019 Forecast</th>
<th>Year-on-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>¥11,879.8B</td>
<td>¥11,830.0B</td>
<td>(¥49.8B)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥1,693.8B</td>
<td>¥1,550.0B</td>
<td>(¥143.8B)</td>
</tr>
<tr>
<td>Profit※</td>
<td>¥854.6B</td>
<td>¥855.0B</td>
<td>+¥0.4B</td>
</tr>
<tr>
<td>EPS</td>
<td>¥440</td>
<td>¥456</td>
<td>+¥16</td>
</tr>
</tbody>
</table>

※Profit represents profit attributable to NTT, excluding noncontrolling interests.
FY2019 Forecast Summary by Segment

Operating Revenues

- Mobile communications business: 11,879.8 billion yen, decrease of 458.0 billion yen year-on-year
- Regional communications business: 260.8 billion yen, decrease of 260.8 billion yen year-on-year
- Long distance and international communications business: decrease of 14.7 billion yen
- Data communications business: increase of 76.4 billion yen year-on-year
- Other business: increase of 326.7 billion yen year-on-year
- Elimination of inter-segment transactions: decrease of 85.1 billion yen year-on-year

Total: 11,830.0 billion yen

FY2018: 11,879.8 billion yen, decrease of 49.8 billion yen year-on-year

Operating Income

- Mobile communications business: 1,693.8 billion yen, decrease of 830.0 billion yen year-on-year
- Regional communications business: 183.6 billion yen, increase of 20.3 billion yen year-on-year
- Long distance and international communications business: increase of 12.9 billion yen year-on-year
- Data communications business: decrease of 0.3 billion yen year-on-year
- Other business: increase of 7.4 billion yen year-on-year
- Elimination of inter-segment transactions: decrease of 1.0 billion yen year-on-year

Total: 1,550.0 billion yen

FY2018: 1,693.8 billion yen, decrease of 143.8 billion yen year-on-year
Topics
## Overview of Medium-Term Management Strategy Initiatives

~Support Our Customers’ Digital Transformations~

### 1. Promote B2B2X Model
- Number of B2B2X Projects: 39 (as of end of FY2018), to expand to 100 (by FY2021)
- Set B2B2X Sales Target: ¥600.0 billion (for FY2023)

### 2. Roll Out 5th-Generation Wireless System
- Develop 5G infrastructure for 97.0% meshes※1 within 5 years
- Approximately 2,500 companies/organizations are participating in the Open Partner Program※2
- MY NETWORK KOUSOU™ ※3 (April 2019)

### 3. Provide Personal Services
- NTT DOCOMO’s simple and great value rate plan (starting from June 2019)
- Established a new company with Yoshimoto Kogyo Co., Ltd. and Cool Japan Fund Inc. to distribute educational “learn while playing” content both domestically and abroad (April 2019)

※1 Approximately 10 square kilometers of secondary mesh (from the Geospatial Information Authority of Japan).
※2 As of March 31, 2019.
※3 “MY NETWORK KOUSOU” is a trademark of NTT DOCOMO, Inc.
### 4. Enhance Competitiveness in Global Business

- Clarify the global management structure of the global operating company in July 2019  
  Refer to page 13
- Launched “NTT Global Data Center”, a jointly owned investment company of NTT Group (April 2019)

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

- Promote Connected Value Chain logistics system, and reduce logistics costs by introducing group-shared transportation and warehouse optimization (starting from FY2020)

### 6. Migrate PSTN to IP Networks

- Currently conducting development and testing in preparation for launching IP connections in January 2021

~Leverage Talent, Technologies, and Assets~

### 7. Enhance and Globalize R&D

- Established the “NTT Research, Inc.” foreign research institution (April 2019)
- Published “NTT Technology Report for Smart World: What’s IOWN?” (May 2019)
8. Create New Lines of Business (Real estate, etc.)

- Set a medium-term vision for urban solutions business: ¥600.0 billion sales volume (FY2025)
- Establish “NTT Anode Energy” (planned for June 2019) and acquired ENNET Corporation (May 2019) in order to promote our smart energy business 【Refer to page 14】
- Acquire NTT InfraNet through a holding company to advance the digitalization of spatial information, with an emphasis on social infrastructure (planned July 2019)
- Establish “NTT Life Science” to advance medical science business utilizing genome technology (planned for July 2019) 【Refer to page 15】

9. Contribute to Vitalization of Regional Societies and Economies

- Set specific policies for vitalization of local economies by NTT East and NTT West
- Conduct AI testing for effective responses against special fraud (planned for FY2019.2Q)

10. Disaster Countermeasures

- Start AI-utilizing failure prediction in order to strengthen initial disaster responses (planned for June 2019)
- English language support for information transmissions at the time of disasters by NTT East, NTT West and NTT DOCOMO (April 2019)
Enhance Competitiveness in Global Business

Establishment of the new Global Operating company

- The overseas businesses of NTT Communications, Dimension Data and NTT Security will be integrated to create a new NTT-branded global operating company (NTT Ltd.) starting July 2019.

- The new operating company will transform to deliver Global Managed IT Services as our core value to clients within two years.

- **Legal Name**: NTT Ltd.
- **Head Office**: London, UK
- **Brand Name**: NTT
- **CEO**: Jason Goodall (TBC)
- **Revenue**: US $11Billion
- **Employees**: 40,000
- **Location**: 57 countries

**Board Members (TBC)**
- Tsunehisa Okuno
  - Executive Vice President, Head of Global Business, NTT
- Jason Goodall
  - Group Chief Executive Officer, Dimension Data
- Masaaki Moribayashi
  - Senior Executive Vice President, NTT Communications
- David Sherriffs
  - Chief Financial Officer, Dimension Data
- Rory Scott
  - Independent Non-executive Director, Dimension Data
- Vab Goel
  - General Partner, NTT Venture Capital

*NOTE: The name of domestic (Japan) operating company will be NTT Communications*

※1: Based of FY2018 result  ※2: approximately
Establishment of Energy Business Promotion Company

- In order to establish and launch a smart energy business, will establish “NTT Anode Energy” (planned for June 3, 2019)

June 2019
- Applications and filings to launch business

September 2019
- Generation
  - Green power generation business
- Transmission/distribution and Storage
  - VPP (Virtual Power Plant) business
  - Advanced EV station business
  - Backup power supply business
- Retail and Wholesale
  - Power retail and wholesale business

Acquisition of ENNET Corporation

- NTT purchased private placement of shares conducted by ENNET (May 10, 2019)

FY2025 (Target)

Sales Volume of ¥600.0 Billion※

※ Sales volume related to NTT Group energy related businesses
Healthcare Management Support through Big Data

- Leverage NTT Group’s data analysis and security technology to establish a healthcare recommendation business that contributes to health promotion.

**Achieve Well-Being**

**Employees of businesses that promote corporate wellness**

**Provide healthcare information through data analysis**

- **Healthcare Data**
  - Genome Data
  - Health and Behavioral Data

- **ICT**
  - Big Data analysis
  - AI technology
  - Security

**Alliance Partners**

- Research institutes
- Venture funds
- and others

**NTT Life Science** (New company)

- Offer Recommendations through Medical Institutions (Improvements tailored to each individual’s constitution)
Strengthen Corporate Governance

Improve the Presence of Outside and Female Members of the Board

- From the perspective of strengthening the supervisory function of the Board of Directors and improving corporate governance, and at the same time promoting diversity, we will increase the number of outside Members of the Board by two members and newly appoint two female Members of the Board.

(Proposal for the Annual General Meeting of Shareholders scheduled for June 25)

<table>
<thead>
<tr>
<th>Current</th>
<th>New Structure</th>
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</thead>
<tbody>
<tr>
<td>Members of the Board [Internal]</td>
<td>10 (0)</td>
</tr>
<tr>
<td>Members of the Board [Outside]</td>
<td>2 (0)</td>
</tr>
<tr>
<td>Total</td>
<td>12 (0)</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members [Internal]</td>
<td>2 (1)</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members [Outside]</td>
<td>3 (1)</td>
</tr>
<tr>
<td>Total</td>
<td>5 (2)</td>
</tr>
</tbody>
</table>

Note: Numbers in parentheses above indicate the number of female Members of the Board/Audit & Supervisory Board Members.
## Shareholder Returns

### Dividends

- Aggregate annual dividends for FY2019 expected to increase to ¥190 per share (an increase of ¥10 from FY2018)

### Share Buybacks

- Resolved to buy back shares in order to improve capital efficiency and enhance shareholder returns

### Details of Share Buybacks

- **Aggregate Amount**: Up to ¥250.0 billion
- **Aggregate Number of Shares**: Up to 53,000,000 shares
- **Buyback Period**: From May 13, 2019 to July 31, 2019
Broadband Services
Fixed-Line Broadband Services Subscriptions

Number of Subscriptions

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>20,053</td>
<td>20,294</td>
<td>20,386</td>
<td>20,457</td>
<td>20,533</td>
<td>20,720</td>
<td>20,851</td>
<td>20,995</td>
<td>21,078</td>
<td>21,678</td>
</tr>
<tr>
<td>Hikari Collaboration Model</td>
<td>8,744</td>
<td>9,574</td>
<td>10,145</td>
<td>10,655</td>
<td>11,117</td>
<td>11,617</td>
<td>11,993</td>
<td>12,363</td>
<td>12,690</td>
<td>13,890</td>
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<tr>
<td>FLET'S Hikari</td>
<td>+589</td>
<td>+480</td>
<td>+438</td>
<td>+387</td>
<td>+313</td>
<td>+245</td>
<td>+226</td>
<td>+244</td>
<td>+600</td>
<td>+600</td>
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</table>

Net Increase

<table>
<thead>
<tr>
<th>Year</th>
<th>2017 4-6</th>
<th>2017 7-9</th>
<th>2017 10-12</th>
<th>2018 1-3</th>
<th>2018 4-6</th>
<th>2018 7-9</th>
<th>2018 10-12</th>
<th>2019 1-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>+241</td>
<td>+92</td>
<td>+72</td>
<td>+75</td>
<td>+187</td>
<td>+131</td>
<td>+144</td>
<td>+83</td>
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<tr>
<td>Hikari Collaboration Model</td>
<td>+830</td>
<td>+571</td>
<td>+510</td>
<td>+462</td>
<td>+500</td>
<td>+376</td>
<td>+370</td>
<td>+327</td>
</tr>
<tr>
<td>FLET'S Hikari</td>
<td>▲589</td>
<td>▲480</td>
<td>▲438</td>
<td>▲387</td>
<td>▲313</td>
<td>▲245</td>
<td>▲226</td>
<td>▲244</td>
</tr>
</tbody>
</table>

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Mobile Communications Services Subscriptions

Number of Subscriptions

Net Increase

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>LTE (Xi)</td>
<td>FOMA</td>
<td>LTE (Xi)</td>
<td>FOMA</td>
<td>LTE (Xi)</td>
<td>FOMA</td>
<td>LTE (Xi)</td>
<td>FOMA</td>
<td>LTE (Xi)</td>
<td>FOMA</td>
</tr>
<tr>
<td>74,880</td>
<td>30,336</td>
<td>75,114</td>
<td>29,455</td>
<td>75,361</td>
<td>28,453</td>
<td>75,678</td>
<td>27,478</td>
<td>76,370</td>
<td>26,273</td>
</tr>
<tr>
<td>+234</td>
<td>+247</td>
<td>+317</td>
<td>+692</td>
<td>+376</td>
<td>+304</td>
<td>+467</td>
<td>+935</td>
<td>+1,491</td>
<td>+2,083</td>
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<tr>
<td>76,746</td>
<td>50,097</td>
<td>77,050</td>
<td>51,344</td>
<td>77,517</td>
<td>53,834</td>
<td>78,453</td>
<td>55,872</td>
<td>79,500</td>
<td>60,200</td>
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</table>

(Thousands)

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21
Financial Information
Details of Consolidated Statement of Income

Operating Revenues

[Year-on-year:+97.7]

<table>
<thead>
<tr>
<th>Voice related services</th>
<th>IP/packet communications services</th>
<th>System integration services / Sales of telecommunications equipment</th>
<th>Other services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed voice: (69.2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile voice: +13.5</td>
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</tr>
<tr>
<td>11,782.1</td>
<td>55.8</td>
<td>187.6</td>
<td>2.1</td>
</tr>
<tr>
<td>FY2017</td>
<td>FY2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Operating Expenses

[Year-on-year:+44.9]

<table>
<thead>
<tr>
<th>Personnel expenses</th>
<th>Expenses for purchase of goods and services and other expense</th>
<th>Depreciation and amortization / Expenses on disposal of fixed assets</th>
<th>Other expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,141.1</td>
<td>1.7</td>
<td>4.7</td>
<td>41.9</td>
</tr>
<tr>
<td>FY2017</td>
<td>FY2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Billions of yen)
Details of Consolidated Balance Sheet

(March 31, 2018)

**Assets**: 21,541.4

**Liabilities**: 9,975.8

**Equity**: 11,565.7

Retained earnings: 6,126.0
Treasury stock: (610.7)

(March 31, 2019)

**Assets**: 22,295.1 (+753.7)

**Liabilities**: 10,490.4 (+514.6)

**Equity**: 11,804.8 (+239.1)

Retained earnings: 5,954.3 (+171.7)
Treasury stock: (150.6) (+460.1)
Details of Consolidated Cash Flows

Cash Flows from Operating Activities

(A)

Cash Flows from Investing Activities

(B)

FCF

(A)+(B)

Cash Flows from Financing Activities

Interest-Bearing Debt

(Billions of yen)

<table>
<thead>
<tr>
<th>Cash Flows from Operating Activities</th>
<th>(A)</th>
<th>Cash Flows from Investing Activities</th>
<th>(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(B) Cash Flows from Financing</td>
<td></td>
<td>(A)+(B)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest-Bearing Debt</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017</td>
<td></td>
</tr>
<tr>
<td>Increase/decrease from the</td>
<td></td>
</tr>
<tr>
<td>previous fiscal year</td>
<td></td>
</tr>
</tbody>
</table>

(28.0) Acquisition of subsidiaries 
[(98.2)]

(375.3) Tata arbitration award 
(FY2017) 
[(147.6)]

(1,746.2) (1,774.1)

(1,027.0) Increase in debt ++482.7 |

(623.8) Increase in working capital 
[(107.3)]

(968.3) (3,000)

※Amounts excluding the impact of the last days of FY2017 and FY2018 having been non-business days.
Details of Capital Investment

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
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<tbody>
<tr>
<td>1,970.0</td>
<td>753.7</td>
<td>703.1</td>
<td>661.8</td>
<td>1,687.2</td>
<td>1,700.0</td>
<td>1,674.8</td>
<td>1,697.9</td>
<td>1,697.0</td>
<td>1,750.0</td>
</tr>
<tr>
<td>1,892.8</td>
<td>786.0</td>
<td>722.8</td>
<td>666.2</td>
<td>595.3</td>
<td>597.1</td>
<td>576.4</td>
<td>577.0</td>
<td>593.7</td>
<td>570.0</td>
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<td>1,817.5</td>
<td>147.5</td>
<td>168.4</td>
<td>198.1</td>
<td>622.1</td>
<td>583.4</td>
<td>549.6</td>
<td>235.0</td>
<td>244.3</td>
<td>267.0</td>
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<tr>
<td>1,687.2</td>
<td>122.1</td>
<td>147.7</td>
<td>140.9</td>
<td>227.6</td>
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<td>232.5</td>
<td>194.8</td>
<td>179.2</td>
<td>202.0</td>
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<td>1,700.0</td>
<td>160.7</td>
<td>150.7</td>
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<td>141.5</td>
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</tbody>
</table>
Shareholder Returns

Share Buybacks

Dividends per Share

Note1: Dividends have been adjusted to reflect the two-for-one stock split carried out on July 1, 2015
Note2: U.S. GAAP was applied for periods up to and including FY2017, and IFRS has been applied for periods from and including FY2018.
Your Value Partner