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PRESENTATION

Katsuyuki Takagi - *NTT DOCOMO, Inc. - Head of IR*

Thank you very much for your patience, and we appreciate your taking your time to attend this announcement today. We would now like to begin NTT DOCOMO's results presentation meeting for the year ended March 2017. I am the Head of IR at NTT DOCOMO. My name is Takagi, I'll be presiding today's meeting. Please be advised that today's meeting is broadcast live via smartphone and over the Internet. And in addition, the recorded video of this meeting will be posted on DOCOMO's website for on-demand distribution. Please be advised of that beforehand.

Now I would like to introduce the participants from NTT DOCOMO: President and CEO, Mr. Yoshizawa; Senior Executive Vice President, Mr. Asami; Senior Executive Vice President, Mr. Nakayama; Executive Vice President and Head and General Manager of Accounts and Finance Department, Mr. Sato; Executive Vice President and General Manager of Corporate Strategy and Planning Department, Mr. Omatsuzawa; Executive Vice President and Executive General Manager of Sales and Marketing Division, Mr. Tsujigami; Executive General Manager and Executive Vice President of Smart Life business division, Mr. Murakami.

For today, we would like to begin with a presentation by Mr. Yoshizawa regarding the medium-term strategy and also the financial results, which will be followed by a Q&A session. We expect to finish the meeting at 6:00 p.m.

Please also be advised that the statements made during this presentation session may contain forward-looking statements. And regarding the cautions of the forward-looking statements, please look at the final slide of the presentation document.

Thank you very much, ladies and gentlemen, for taking your precious time to attend this meeting.

Kazuhiro Yoshizawa - *NTT DOCOMO, Inc. - CEO, President and Director*

As it was introduced, we would like to -- I would like to begin with the medium-term strategy. We, NTT DOCOMO, have newly created our new medium-term strategy 2020 Declaration beyond, Declaration beyond is the title of this new medium-term strategy. And the meaning that we tried to express with this term beyond is that we would like to look at 2020 and the years beyond that. And to customers, we would like to deliver a surprise and excitement beyond their expectations. And together with business partners, we would like to co-create new values together with them. And to this end, we, ourselves, will have to transform ourselves and go beyond ourselves tackling new challenges. And by doing so, we would like to create a richer future with 5G. So those are the aspirations that we have put behind this word beyond. So together with customers and together with business partners, we would like to create new business, new values. And here are the values and excitement that we will try to bring to customers, benefits and convenience, enjoyment and surprise and satisfaction and peace of mind. Those are the things that we would

like to deliver to customers. And with partners, through value co-creation, we would like to contribute to industries and social issues and revitalize the regional economy and of course, expand the business of our partners. And in order for us to realize these values, we have identified 6 action items, which are the individual beyond declarations, declarations beyond. So the 3 on the left are the declarations intended for customers and the 3 on the right are the declarations that we would like to offer and promise to the partners.

First, these are the declarations intended for customers. Number one, market leader declaration. We would like to work on the evolution of services, billing plan and point program. And by addressing these challenges, we would like to aim to become a market leader that will -- can offer visible benefits and convenience. We have traditionally worked on the smart -- improvement of Smart Life services and aggressive customer returns and the billing plan reviews. We would like to continue on this. And further, in addition to that, we would like to blend our services, billing plans and the point programs to offer unique benefits and convenience that can only be provided by DOCOMO. So for example, in the area of point plan, the point program, as you can see here, regardless whether it is a physical shop or an online shop, we would like to broaden the opportunities for our customers to earn and use our d POINT. And by 2020, we'll aim to increase the number of companies participating in d POINT program to over 300 and become the largest of its kind in terms of POINT issuance in Japan, and to -- we would like to also blend this with the billing plan services and billing plans. And I would like to talk about the specific actions for -- to become the market leader, and these are the 3 new billing plans that we would like to announce today. For details, please wait for the latter part of today's session when I come to the financial presentation. I will come back to this topic later.

Second, this is declaration number 2, style innovation declaration. Please take a look at the video first.

(presentation)

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

To realize the concepts that we want -- that was presented in the video, we would like to leverage the distinctive features of 5G. We would also like to make use of the innovative technologies, such as VR, AI and IoT. And together with partners, as you can see on the upper right, we would like to realize experience innovation and lifestyle innovation and work style innovation. We have named this initiative with a specific project name because we wanted to leverage our 5G to empower people and take on new challenges. We have decided to promote a project called empower +d challenge on a company-wide basis. So specifically, for the innovation of experience and lifestyle and work style, we will embark on 3 different challenges each. So altogether, 9 different challenges.

For experience innovation, we would like to work on delivering new entertainment experience, next-generation mobility and sharing services to bring about more exciting experiences to the customers.

For the lifestyle innovation, we will address AI agent, FinTech and Total healthcare to deliver a stress-free, new lifestyle to customers.

And for work style innovation, we will address Drone robotics, Work innovation and Work matching. Through these efforts, we would like to derive innovation in the work style to offer vivacity to people and offer a fun and surprise to the users.

Now let me just briefly talk about each of them. First of all, for the lifestyle innovation. Traditionally, we have offered i-concier and Shabette Concier services. We would like to further evolve these services by using AI, so that we can offer the ultimate agent services to all customers where we will always stay close to the customers and have a deep understanding of individual customers. And this new AI will evolve further the more we use this service through natural conversation, and we'll make life much more comfortable. And of course, we will offer illuminating ideas and suggestions to customers in a timely manner.

Regarding FinTech. This is the second pillar of the lifestyle innovation. We will offer FinTech services that are catered to customer needs. Leveraging AI, we will offer new type of FinTech services. In addition to what we have offered so far, we have already implemented payment and money transfer services, but we will further evolve them through AI. And in addition, we will address new fields of financial services such as investment and lending. By creating these new services, we would like to provide total support for customers through our +d activities together with partners.

In relation to work style innovation, we want to utilize solar network for drones. Leveraging the know-how which we have delivered over our trial services, we want to offer safe and innovative drone services in various different ideas. For example, at Nokonoshima Island, we're offering proxy shopping services. It's an innovation of work style in relation to logistics and delivery services. And also, the other day, we announced the spherical drone display. And so services in relation to entertainment and promotion, we want to create together with our partners going forward.

Next, let me now talk about innovation and experience. In -- up until now, music and video embraced just viewing and listening. However, by experience innovation, we want to make sure that we can go beyond time and space. And we want to make sure that we can enhance the sense of unity and sense of presence in entertainment and offer new entertainment experience in the form of 5G, and it's the first step for this services. Since this year, DOCOMO is celebrating its 25th anniversary, we want to launch this co-creation project. It's a collaboration between telecommunication and music, and the band called -- Mr. (inaudible) will also be celebrating its 25th anniversary. And also, with the artist, Namie Amuro, we're going to collaborate. And we want to also collaborate with other -- many other artists as well, and we want to offer a new way of enjoying and viewing concerts. As for concrete measures, we will make announcements accordingly. We look forward -- we hope that you'll look forward to these new announcements.

Next, let me go to declaration number 3, peace of mind and comfort support. By using AI, we want to involve customer touch points. We are now receiving a lot of inquiries from customers. So the straightforward and the very simple response -- questions can be responded through smartphones. We want to create such an environment whereby simple questions can be addressed through smartphones. However, there are some questions and inquiries that cannot be addressed with smartphones alone. That is the case we want to make sure that we offer the optimal guidance, not just the docomo Shop, but also -- on the right-hand bottom, for example, the kiosk terminals and also through chats and also automated call centers -- automated responsive call centers. We want to make sure that we're able to link with different customer touch points. We want to understand individual customers in greater depth and offer optimal solutions anywhere, anytime. And we want to make sure that we ask for hospitality customer support, which exceed what we provided up until now. And as a result, we want to make sure that we can cut back on the waiting time for the customers.

So through number 1 and 3, we talked about declarations that address the customers. But going forward, I would like to talk about co-creation with customers through declaration 4 through 6. First, The fourth is industry creation. Through 5G, well, we want to contribute to industry based on telecom infrastructure innovation, such as 5G. We want to leverage the features of 5G which are high-speed, large-capacity, low-latency and massive number of connected devices. By leveraging these features, we want to create and expand greater business opportunity for our partners, and we would like to contribute to the development of various industries in Japan and creation of new industries for the future and also contribute to the creation of a new ecosystem. So we're now talking about 5G, and the 5G trial sites will be started from the end of May. And as we have already announced, together with our partners, they're leveraging the features of the 5G that I talked about earlier. We want to make sure that we are able to create examples -- leading-edge examples of collaboration with other partners. We hope that you will all experience this. So in 2020, we believe that there will be full-fledged launch of 5G. However, we want to make sure that people get to experience 5G even before the full launch. That is the intention. And also, by taking a look at this trend, I hope that other partners will be incentivized to come up with various ideas. We want to create such a positive virtuous cycle.

Next, the declaration 5, solution co-creation. We want to further evolve +d initiative more than ever. And together with our partners, we want to solve various social issues. So it's a co-creation of solutions. We want to aim for further growth of Japan and create a richer society for the Japanese people. And in these various fields, we want to further reinforce our +d initiatives, primary industries, education, sports, health care, mobility and work style innovation. And also, we want to create a mechanism whereby Japan can benefit from a greater, richer society together with their partners. And starting for fiscal year 2017, we want to offer these new solutions, Telework and shared offices. This is what we want to further promote. As far as the Telework is concerned, as you see, using the online video conference system offered by Microsoft and also by using the telephone directory services from Phone Appli and combining that with DOCOMO's corporate extension system, we want to further pursue Telework and creative communication tools that will facilitate this. And also, as far shared office is concerned, we want to cut back on the commute time and offer a highly convenient office environment together with our partners.

And the final declaration, the declaration 6, partner business expansion. Let me talk about that. I have talked about the collaboration with our partners, but the underlying foundation is the open-business platform, which is offered by DOCOMO. It leverages DOCOMO's assets. It's important we offer these platforms to our partners, and we want to expand the partners' business and also contribute to the productivity improvement on

the part of our partners. In the bottom -- in the center, rather, you see the sales growth. We want to contribute to that and also support business expansion of our partners and engaging business expansion together with our partners.

And so these are the 6 declarations highlighted. In any event, inclusive beyond 2020, what are we going to do in relation to 5G and so forth? And we have clarified what we want to aim for 2020 through these 6 concrete declarations. However, they are not independent from one another. Each declaration is interlinked. They are not independent from one another. As we have mentioned, on the bottom, DOCOMO has been working toward the policy for fiscal 2017: reinforcement evolution of all foundations; evolution of customer touch points; Network/R&D such as 5G, AI, IoT; and sound financial structure, we want to aim for that. And toward the achievement of Declaration beyond, we want to enforce so that we can create a richer society, a richer future, and we'll impact all these 6 declarations.

And last, but not least, we will be transforming the business structure. Naturally, we will invest toward the growth of our business. But at the same time, we will reinforce our business foundation. And with 5G and docomo Hikari and other broadband services, we want to convert and evolve that with the other services of style innovation, which is declaration number 2. By doing this, we want to further continue to grow. So this is our idea.

So that is the explanation of the medium-term strategy 2020 that goes beyond what we want to do. Thank you.

I would like to continue to with the results presentation for the fiscal year ended March 2017. Now in the first part of this presentation, I would like to talk about the financial results highlight for fiscal 2016, followed by the guidance for fiscal '17 and also the managerial indices for our medium-term strategy 2020 Declaration beyond.

Now regarding the financial highlights for fiscal '16. Operating revenues increased by 1.3% year-on-year to JPY 4,584,600,000,000. Operating income increased by 20.7% year-on-year to JPY 944.7 billion. Although we have continued to provide customer returns, we still were able to achieve our increase in both revenues and income. Regarding operating income by segment, telecommunications businesses income improved by 17.5% to JPY 832.8 billion. The Smart Life and other businesses combined improved by 50.9% year-on-year to JPY 111.9 billion.

Other key indicators are here. Net income increased by JPY 104.2 billion to JPY 652.5 billion. CapEx expenditures increased by JPY 1.9 billion to JPY 597.1 billion. Free cash flow increased by JPY 65.8 billion to JPY 664.5 billion. There are some irregular factors such as the income impact by the carryover service in 2015 of JPY 18 billion. The change of depreciation method had an income impact of JPY 60 billion in fiscal '16. And also, in the fourth quarter of fiscal '16, the Packet carryover service had a JPY 22 billion impact on the income. So had it not been for these irregular factors, the operating income would have been JPY 862.7 billion, up JPY 61.7 billion year-on-year.

Now regarding the results by segment. Telecommunications businesses operating revenues increased by JPY 21.4 billion and operating income increased by JPY 123.9 billion year-on-year.

Regarding the Smart Life businesses and other businesses combined, operating revenues increased by JPY 38.9 billion and operating income increased by JPY 37.8 billion year-on-year. So we achieved an increase in both revenues and income for both telecommunications business as well as the Smart Life and other businesses combined.

Now these are the key factors behind the year-on-year increase in operating income. Operating revenues increased by JPY 57.5 billion, of which mobile telecommunication service revenues increased by JPY 76.4 billion. Optical fiber service revenues increased by JPY 93.2 billion. And other operating revenues, mainly Smart Life-related, increased by JPY 29.2 billion. On the other hand, the operating expenses, on the right-hand side, due to the change of the depreciation method and also because of our cost-reduction efforts, operating expenses decreased by JPY 104.2 billion. Consequently, operating income increased by JPY 161.7 billion to JPY 944.7 billion. Operational performance. Mobile phone subscriptions increased by 6% to 74.88 million. Smartphone and tablet users increased by 9% year-on-year to 35.86 million. Churn rate was maintained at a low level of 0.59%. Now the subscription base of Kake-hodai and Pake-aeru reached 37.07 million, up 1.2-fold year-on-year. docomo Hikari subscribers increased by 2.2-fold to 3.4 million. Actually, the docomo Hikari subscribers topped 3.5 million as of April 19.

Now ARPU and MOU. The fourth quarter aggregate ARPU, as you can see here, was JPY 4,550, including the negative impact from the market support discounts and other discount programs. Voice ARPU was JPY 1,220 and the Packet ARPU, also due to the impact of Packet carryover service, which was JPY 140 billion, the Packet ARPU was JPY 3,080. Including this positive impact, docomo Hikari ARPU was JPY 250 billion -- JPY 250. And since 2015, we have continuously seen an improvement in ARPU. But if you exclude the positive impact of docomo Hikari and Packet carryover, the common Packet ARPU -- common ARPU level is still somewhat lower compared to the 2013 level.

Now I would like to talk about the LTE network. As of the end of March, we had 161,900 LTE base stations, of which PREMIUM 4G-enabled base stations accounted for 60,000 -- 69,700. And the Japan's fastest 682 megabit per second service is now available in 120 cities across Japan. This is the comparison of effective speed with other carriers. The other carriers have announced -- each carrier have announced the effective speed based on the guidelines set forth by the MIC. And as you can see here, as a result of our LTE network improvement measures, we have achieved a very favorable result, and we'll continue to work on network construction to offer a comfortable experience to our customers. And of course, we will convert the upgrades towards the age of 5G. This is cost-efficiency improvement.

In the fourth quarter alone, we saved cost by JPY 28 billion. And consequently, for the full year of 2016, we achieved our annual target of reducing our total cost by JPY 110 billion. For the 3-year cumulative period, we achieved cost reduction totaling JPY 470 billion, and we will continuously work on cost-efficiency improvement in the current fiscal year and beyond.

Now Smart Life and other businesses' operating income here. Operating income increased by 51% year-on-year to JPY 111.9 billion. Although this was somewhat short of our annual target of JPY 120 billion and -- but this is due to the increment -- impairment losses of JPY 8.1 billion. But if this was -- had it not been for this impairment, we were slightly above the annual plan. And the 5 bullet points on the right are the major services comprising the Smart Life business: content services.

The market subscriptions as of the end of March was 16.08 million. Anshin Pack was subscribed by 17.52 million subscribers. And DAZN for docomo that was launched in February, as of the end of March, we had 360,000 subscriptions to this service. Most recently, we had more than 450,000 subscribers by the middle of April. And as you can see here, the content services other than dmarket is also registering smart growth.

Next, our finance and payment services. d CARD subscriptions reached 17.6 million as of end of March. d CARD GOLD subscriptions reached 2.5 million. As of April 25, we reached 2.5 million -- we topped JPY 2.5 million, so we see very robust growth in the subscriptions.

Next, with regard to +d. We talked about this when we explained our medium-term strategy. We want to further evolve this. And +d partners continue to grow in number in a very robust manner. And as of end of March this year, the partners reached 236.

In the medium-term strategy 2020, Declaration beyond, by promoting this, we want to further co-create based on +d together with our partners. That is our intention.

Now this might be a duplication, but we announced the medium-term targets for income recovery as of October 31, 2014. We have committed to early recovery of operating income. And as a result of having worked to improve income for Smart Life business and also as a result of cost-efficiency improvement, we've been able to achieve all the indexes in the medium-term targets 1 year ahead of plan. And on the bottom, as you see, the shareholder return reinforcement, we have worked on this. And dividend has increased by JPY 20 vis-a-vis 2016 and has reached an annual target -- annual dividend of JPY 80. And also share buyback has reached JPY 930 billion on a cumulative basis.

So we have talked about the fiscal year 2016. The summary is on this page. We hope that you will take a look at this at your leisure.

Now from this point on, what we would like to talk about is fiscal year 2017 full year guidance and also talk about some of the management targets contained in Declaration beyond medium-term strategy 2020, which we already covered.

Slide 19, this is the guidance for fiscal year 2017. Fiscal year 2017 will be the first year for Declaration beyond. And as we announced, we want to further achieve additional customer return and at the same time, achieve steadfast income growth. And we want to make sure that customer service improvement and sustainable growth of the company can be compatible.

As for operating income -- correction, operating revenue, rather. As for operating revenue, we're aiming for JPY 165.4 billion, JPY 4.75 trillion. As for operating income, we're aiming for growth of JPY 13.3 billion up to JPY 960 billion. And operating income, including regular factors, will be JPY 110 billion, an increase of JPY 47.3 billion. These are in the parentheses. As for operating income for Smart Life business combined, we're aiming for JPY 130 billion, an increase of JPY 18.1 billion. I'll talk about the details later on. But as for operating free cash flow, this is the indicator which we have introduced. We're aiming for JPY 110 billion, an increase of JPY 43.6 billion. And EBITDA minus CapEx, that is the definition of our operating free cash flow. As for EBITDA, we're aiming for JPY 1.48 trillion, an increase of JPY 16.6 billion. As for CapEx, we are aiming for JPY 570 trillion -- JPY 570 billion, rather, a decrease of JPY 27.1 billion. As for cost-efficiency improvement, we are aiming to achieve JPY 90 billion cost-efficiency improvements.

Now up until now, for fiscal 2017 -- '16 rather, we have been carrying out management to realize early recovery of operating income, but we will now act on Declaration beyond and solidify our business foundation. But at the same time, we will aim for stable and sustainable income growth going forward. So these are some of the main initiatives for fiscal year 2017. This -- on the top, we want to carry out active customer return, part of declaration 1, and also carry out style innovation in declaration 2. And we want to make sure that we are able to reinforce business foundations toward the future. And the second item and the third items are further cost-efficiency improvement and also growth in our Smart Life business and corporate efforts for further income creation. We want to absorb any changes in the system and make sure that we are able to achieve steadfast income growth. These are some of the aspirations which we have, and these are part of the full year guidance that we just shared with you.

Now from this point onwards, I would like to talk about more concretely customer return-related initiatives. In declaration 1 under Declaration beyond, market leader. As a first step, we want to realize JPY 30 billion scale customer return. First, we will introduce new simple plan dedicated for data sharing packages. We'll also introduce new Ultra Share Pack 30 for data, and we'll also transfer docomo Points to d POINTs. So we want to realize these 3 elements. And going forward, we will introduce the second stages -- and the second stage of customer return, and we want to have additional tens of billions of yen worth of customer returns in the future.

Now as you see on this page, we're going to introduce a new basic plan and Ultra Share Pack for 30 gigabytes of data. We want to offer more convenience for our customers, and we have benefits and convenience for families. There are types of customers who don't talk a lot on the phone, and that is what this plan is intended to satisfy. With regard to Ultra Share Pack, well, it's -- customers have been requesting this level of plan. So if you add JPY 1,000 on top of Ultra Share 10 -- Ultra Share Pack 10 -- 15, rather, you'll be able to enjoy double of the capacity. It's a very convenient plan, as you see.

And when you take a look at the next plan, by having this new simple plan, the basic charge can be utilized at JPY 180 per person. And as for communication on families, family members, this -- they can be contacted free of charge. As I mentioned earlier, there are customers who don't really talk a lot on the phone or talk primarily just with family members. I believe this plan is more suited for this type of customers. And we have -- we received a great deal of request for this type of plan. For example, as you see, a family -- 3 family members, if they use both simple plan and the Share Pack 5, then, at average per person, they could use diverse services at JPY 3,513 per person on average. So in line with this lifestyle of customers, we want to make sure that we further evolve Kake-hodai and Pake-aeru, which can be utilized for customers over long haul in a safe manner.

Next, the managerial targets of Declaration beyond. Naturally, we want to carry out sustained customer return based on cost-efficiency improvement. And also, we want to further grow broadband services based on 5G and docomo Hikari. We're going to evolve and converge various elements. We want to enhance our ability to drive cash. So operating free cash flow increased, and reinforced the shareholder return will be set as managerial targets. As we talked about earlier, we want to reinforce ability to create cash. So EBITDA minus CapEx, that will be the definition for operating free cash flow. And for fiscal 2017, we want to realize growth in EBITDA and also realize efficient CapEx control. And we want to create cash at a level which is higher than of the previous year. And also, we want to reinforce shareholder return. We want to thank our shareholders of -- at this 25th anniversary, so we want to increase our dividend up to JPY 100 per annum. Over the medium term, we want to make sure that we're able to continuously increase our dividend and also, we want to carry out flexible share buyback as well.

Now customer -- shareholder return. We have consistently considered shareholder return to be very critical, and we have made efforts to reinforce both dividend and share buyback, although there is no change in that position. So the initial targets contained in Declaration beyond. So together

with the growth in operating free cash flow, we want to realize continuous increase in dividend and also realize flexible share buyback, consider all these possibilities and make sure that we're able to further solidify and reinforce shareholder return.

Now last, but not least, this year, DOCOMO will be celebrating its 25th anniversary. I would like to take this opportunity to extend my sincere gratitude to the support provided to us from our customer base and from other stakeholders. We will continue to embrace your thoughts and we will continue to tackle the achievement of Declaration beyond targets, and we'll work together -- and we'll work to make sure the customer service improvement and sustainable growth of the company can be comparable. We'll make an all-out effort. Thank you very much.

QUESTIONS AND ANSWERS

Katsuyuki Takagi - NTT DOCOMO, Inc. - Head of IR

Now we would like to take questions. When you make a question, please let us know your name and affiliation before you start your question. All right then, I see a hand in the fourth row from the front. Yes, please go ahead.

Yoshiyuki Kinoshita - BofA Merrill Lynch, Research Division - Research Analyst

My name is Kinoshita from Merrill Lynch. I have 2 major questions, if I may. Now first is pertaining to Declaration beyond and your managerial targets under this declaration. Free cash flow and shareholder returns are declared to be improved going forward. That's what I got from this message. However, can you give us some quantitative numbers as to your approach or philosophy behind payout ratio? Or this time around, I think your payout ratio is -- will go up to 56% this time around. And free cash flow on an annual basis, I think, do you have any target to, let's say, improve by 5% per annum?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

So I think, if you are foreseeing the attainment of the fiscal -- current fiscal year's projections, it's just a matter of fact that you have to deliver.

Yoshiyuki Kinoshita - BofA Merrill Lynch, Research Division - Research Analyst

So can you give us your -- at which pace you are planning to improve these numbers? So some CAGR numbers will be very much appreciated. And also, do you have any plans to come up with more details pertaining to the numbers behind the medium-term strategy? So can you first answer that part of the question?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Right. Any indicators have been considered by ourselves. And out of the many possible candidates, we have selected these 2 as the indicators. As you rightly pointed out, setting detailed KPIs under the medium-term strategy is something that we have to elaborate and decide going forward. But as far as for the numerical targets are concerned, given the difficulty of predicting the competitive landscape and also because of the changes pertaining to the structural reform, we would like to take these things into consideration as we develop the numbers going forward. Basically, as I said, operating free cash flow growth thereof and also the improved stepped-up customer shareholder returns. We have no objections of making advancements there, and we will properly address these issues. So please wait us -- wait for a little while for us to give you some more numbers.

Unidentified Analyst

You mentioned that -- to give you some more time so that can we expect that these KPIs will be clarified going forward?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Including the possible timing, we have to give more thought into that.

Unidentified Analyst

All right. And regarding the Declaration beyond, I have some follow-up questions. Actually, to be honest with you, because I'm not really so smart, there are 6 different declarations under the plan. But it seems as though that you are trying to do everything when I see this. So in these activities, what are you not doing? Are you saying that you're not going to do any overseas investments? So what have been ruled out from your considerations as a result of these studies? And amidst these declarations, are there anything that only DOCOMO can provide? Where are the edges of yours compared to the competition? Can you elaborate on these points?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Well, it's not that we are trying to be comprehensively cover everything. And it's very difficult to single out what we have decided not to do. And actually, when we -- when I developed this medium-term strategy, the keywords that we focused on is that all these declarations that are listed up here are something familiar to you. I think these are the things that we have stated from before. But in the age of 5G in 2020 and beyond, I wanted to clarify what DOCOMO is trying to address. We wanted to clearly present that in this declarations -- in these declarations. By delivering on these individual declarations, we would like to solidify our business foundation more than ever. But under -- what lies below this is that we have narrowed down to these areas -- we're not trying to address everything. Of course, there are many potential business events that we can possibly address, but it doesn't mean that we are going to address everything. And you cannot -- we cannot write down everything here, but these are the things that we have decided to narrow down our focus on. And we have declared that we are going to address all these fields. So specifically, let's say, platform. Or -- that's addressed under our declaration #6, but this does not focus only on the Japanese market. Maybe payment platform covering overseas to expand the usage to overseas carriers could be one potential. So we are not going to expand -- we're not going to focus only at the Japanese market. We may be able to jointly address overseas markets together with carmakers. So we are now trying to transversely address these issues beyond the different markets. Although that's not specifically written here, but that's the intent.

Katsuyuki Takagi - NTT DOCOMO, Inc. - Head of IR

Thank you. Next question, please. We'd like to go to the gentleman in the front row, please. Yes, please.

Yoshio Ando - Daiwa Securities Co. Ltd., Research Division - Research Analyst

Ando from Daiwa Securities. With regard to the guidance for this fiscal year, I would like to ask the following question, if I may. Well, if we're going to take a look at the data ARPU, mobile ARPU, it's going to increase by JPY 130. I think that is your projection. So revenue-wise, I think you're going to maintain a very positive trend. That seems to be the guidance. But then conversely, expenses or cost is likely to increase as well for this fiscal year. So what will be the cost utilized for? And also, in terms of cost reduction, I know that you've been working hard to realize cost reduction, but what about the base of cost reduction going forward? Will -- are you going to shift gears as far as the base of cost reduction is concerned? Can you elaborate, please?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Thank you. I would like to respond to the question then. With regard to the guidance for fiscal year 2017, well, in the case of fiscal 2016, it was negative compared to the previous year. But for fiscal 2017, we anticipate increase of JPY 150 billion vis-a-vis the previous year. So it's a significant increase as far as cost is concerned. Of course, there are grounds -- there are valid grounds for this. But the biggest element is in relation to docomo Hikari. We anticipate not to be an increase in revenue for docomo Hikari on a year-on-year basis and revenue-linked expenses. For example, the

facility usage charges for entities in the West. This cost will continue to increase by JPY 70 billion. And also, the change in depreciation method. In the previous year, there was a significant change. But then the positive impact will be less going forward. So on a year-on-year basis, depreciation cost is going to increase by several tens of billions of yen. Now customer return, as was mentioned earlier, we have -- we anticipate not only the first stage, but also the second stage and the subsequent stages of customer return. And also, through the point programs, we are going to be improving the quality of services. So JPY 40 billion will be linked -- increase will be linked to that. So these increases will be envisioned. But at the same time, we anticipate cost-efficiency improvement on the other hand. But at the end of the day, if you put together all of this on a full year basis, we do anticipate JPY 150 billion increasing cost as a result.

Yoshio Ando - Daiwa Securities Co. Ltd., Research Division - Research Analyst

So is this -- are you going to shift gears in terms of your cost efficiency improvement? Is this what this is about?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Well, last year, we had JPY 110 billion reduction. So we have already achieved the medium-term target cost-efficiency improvement of JPY 400 billion. So for -- we are now in the new phase as we start fiscal year 2017. The actual amount will be JPY 90 billion.

Yoshio Ando - Daiwa Securities Co. Ltd., Research Division - Research Analyst

But does this represent in shifting gears?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Well, the menu and the lineup -- there is no significant change visible we did up until fiscal year 2016. So going forward, we'll continue to a cost efficiency improvement. We're not going to be lax in terms of cost efficiency improvement. We will continue be very robust in cost efficiency improvement efforts.

Yoshio Ando - Daiwa Securities Co. Ltd., Research Division - Research Analyst

Well, let me go back to the first part of your response. I would appreciate your elaboration further on your -- the first part of your response. You talked about expenses for docomo Hikari and the change in depreciation method. Maybe these are not controllable on your part. But aside from customer return, I think you're going to actually enrich your point program. So specifically, what type of ecosystem are you going to -- do you want to create over the next year? Can you give us a picture, if you will, of the ecosystem you want to create? Maybe this is where you're going to do your long-term strategy. But what do you want to do in this fiscal year? What developments do you expect for this fiscal year? I would appreciate your elaboration.

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Well, as far as this fiscal year is concerned, I talked about declaration #1, price, billing and the point programs and the services. Again, these are not going to be done on an independent basis. All of these elements and initiatives will be linked much further. But if I talk about specifics while giving you a preview of stage -- of programs for stage 2 and stage 3, so I really cannot be that specific. But already part -- a part of the elements of these different stages have already embraced. But I'm afraid I cannot share with you the specifics at this juncture. I would appreciate your understanding.

Katsuyuki Takagi - NTT DOCOMO, Inc. - Head of IR

Microphone, please.

Unidentified Analyst

Again, what -- in terms of your management over the fiscal year, what do you want to do?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Well, there was a question about the point program. So what type of ecosystem do we want to create as far as the point program is concerned. Let me respond to that part of the question. Well, we provide various point programs to our customers. It's an add-on, if you will. And there are 2 significant behind these point programs. First is that, be it our network or be it our services, we want to enhance our ability to retain customers. We want to enhance the retention through our networks and services. And the second, + d initiative, which we're already pursuing and promoting. On a qualitative basis, through the point programs we're enhancing the number of shops that are participating in the program. And we're able to directly increase our payment opportunities. And of course, the point-related revenues can be generated as well. So we want to expand the horizons of our point program, which means that our payment usage frequency can be enhanced. And as a result, our payment-related profits can be enhanced and generated. And at the same time, we'll be able to link that to our additional marketing, and this will also be linked with new revenues as well. So an ecosystem for B2C and also ecosystem for B2B2C. We want to aim for both. So the expenses will be, then, to achieve these 2 sets of goals.

Katsuyuki Takagi - NTT DOCOMO, Inc. - Head of IR

Thank you very much. Now we would like to move on to the next question. The center section, second row from the front.

Unidentified Analyst

JPMorgan. My name is [Tanaka]. The -- I have a question for fiscal '17 and also for the medium term. The first, regarding fiscal '17 items. Packet ARPU is expected to grow, but packet revenues is expected to decrease. And the net additions -- I'm sorry, this may be a repetition, but the net additions is estimated to be 1.2 million, but are these the DOCOMO original subscribers? Or when you break down with MVNOs, I guess, the DOCOMO authentic users are expected to come down. And that, I guess, is a reason behind a projected decrease in packet revenues. Is that correct? Can you confirm that? And if that's the case, I believe there will be more subscribers moving to MVNOs. And therefore, the new subscribers to NTT DOCOMO, you may find difficulty to acquire such customers. Is that correct? And what kind of confirmations are you planning on to prevent that from happening. Can you elaborate on those points?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Right. For fiscal '17, packet revenues for fiscal '17, in absolute amount, is expected to decrease on a year-on-year basis. But this is largely due to irregular factors. If you exclude those irregular factors, i.e., the amount of discounts applied, such as the monthly discount program, if these are included, the number is quite positive -- is positive, but the irregular factors I'm talking about is that the packet carryover had a JPY 22 billion impact in fiscal '16, and that had an impact to boost ARPU. But compared to that, it seems as though that there is a decline. But that explains the decrease behind the packet revenues. Regarding net additions, if you look at the data set, the projection for fiscal '17 is at TCA basis is 2.2 million. And the year ended had 3.9 net additions -- 3.9 million net additions. So how we came up with this number? I think that was your question, right?

Unidentified Analyst

Yes, so I want a breakdown on MVNO versus DOCOMO authentic subscribers.

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

So it is difficult for us to give you a breakdown of these different customer base. One factor that you have to consider is the increase -- considerable increase in the communication module subscribers in fiscal '16. And that kind of trend is not likely to continue in fiscal '17. Therefore, we have made up a more conservative projection for fiscal '17. MVNO is something that is very hard for us to comment on. And according to the most recent data published by the MIC, it seems as though that the MVNO numbers have grown at a rate of 30% year-on-year. And we believe the growth will moderate in fiscal '17, and that was factored in behind the numbers of fiscal '17. So the question is, what will be the number for communication module subscribers and the MVNOs? We would like to acquire solid number of our subscribers in fiscal '17 in net numbers in net additions, but the difficulty is that because we have a -- large number of stock users in the data plan, and once that we have arrived at that stage, we have to anticipate an increase in churns. So the sales will continue to maintain its momentum. But because of the number -- increased number of churns, that's the reason why we have estimated a slight decline in net additions. So net additions on a year-on-year basis is expected to decrease slightly. And you are right in that -- in what you have suggested. So the question was how are we going to compete in this environment. So let me comment on that. In fiscal '16, I think we have changed the sales behavior quite significantly. Before that, there was a significant competition amongst the carrier to try to take customers away from each other. But nowadays, we are focusing on more to how to retain our existing customers to have them use our network for a long period of time. So for that purpose, we have focused on the new services such as the Share Pack or the docomo Hikari, which are aimed at retaining a whole family within NTT DOCOMO. So that's the reason why we have introduced a new dedicated package for data sharing. So we tried to cover up all those missing items in order that our -- that we had not really been able to satisfy before so that we can garner more customers to DOCOMO who will stay on us for a longer period of time. And thankfully, these measures are delivering results. So we'll try to restrict the number of churns with a limited number of net additions, our new subscribers. And we believe these efforts have begun to deliver tangible results.

Unidentified Analyst

Now my second question regarding the medium-term strategy. Basically, you will be promoting +d. And as you deploy these measures, I believe you will be leveraging your 5G LTE services. But does it mean -- does that mean that you're just providing the pipe and everything else and will be done in collaboration with your +d partners? Or are you also trying to address these over-the-top services as well? So developing platform, what kind of investment are you projecting for the development of such platforms? And if there's any missing capabilities that you don't have right now, is M&A a possible option that you may address? So for example, in the AI business, are you going to take an organic approach? Or are you also looking into nonorganic measures to deliver such AI experience to customers?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Right. You are exactly correct that basically, there are platforms that we excel. And for those areas, we would like to build the platform ourselves such as IoT and the payment platforms. We already have such platforms in place. We will continue to evolve them going forward. But of course, there's a new platform that we are currently working on, which is the drone platform. So we will continue to work on that. And that will be made available not only to us, but also to business partners. We will have this platform utilized by many platform -- partners of ours. And when we ask them to utilize our platform, we may seek some charges. And as we execute these platforms, if the platform cannot be developed only by ourselves, then we may have to tie up with many other players, such as in the field of AI or IoT or -- on the other hand, it's always difficult to have a common platform across the board. So we may have to engage in alliances in some cases. And if necessary, we may have to acquire some companies. So we'll look into that on an as-needed basis. We don't think that DOCOMO alone can suffice everything. We cannot provide everything on our own. So that's the reason why we will seek an open platform and pursue the collaboration with other partners and drive innovation together by taking this approach. We may have to seek some usage charges. And of course, we may have to share and split revenues in this arrangement. So M&A could be one possible option, and we'll look into that possibility on an as-needed basis. Thank you.

Katsuyuki Takagi - NTT DOCOMO, Inc. - Head of IR

Thank you very much. We'd like to go to the gentleman in the front row. The center block, please.

Daisaku Masuno - Nomura Securities Co. Ltd., Research Division - Head of Information and Telecommunication Team, Japan and Analyst, Telecommunications Research, Japan

Masuno from Nomura Securities. I would like to ask 2 questions, if I may, about this guidance -- this year's guidance and also about the medium-term strategy. So when we talk about this fiscal year's guidance and your plan, well, in principle, mobile communications service revenues is JPY 44 billion increase. And you talked about customer return. You talked about the possible second stage. I suppose everything has been factored in. And yet, still you anticipate JPY 44 billion increase in mobile communication service revenue. Let me confirm that. And also, in terms of expenses and costs. Well, revenue-linked expense is roughly -- is going to increase by JPY 67 billion. And equipment sales will increase JPY 26 billion according to plan. So if you do the math, JPY 50 billion will remain and also JPY 40 billion for point programs. So equipment profit and loss is probably not going to change all that much this fiscal year. So the point-related expenses will increase JPY 40 billion. Is that reflected in the plan? So service revenue and various expenses in advance of services, can you talk about the relations between the 2? And the JPY 40 billion expense about the point programs, can you elaborate what -- for what will these expenses be utilized as way of services?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Well, let me respond to your first -- the first part of the question about mobile service revenue. As you pointed out, yes, several tens of millions of yen of second-stage services are already factored in. Now customer return, if further customer -- if further additional customer return is to be expected in relation to the circumstances, then through cost-efficiency improvement, we hope that we'll be able to finance any required additional customer returns. And Mr. Sato will respond in relation to the second part of your question.

Hirotaka Sato - NTT DOCOMO, Inc. - CFO, EVP, General Manager of Accounts & Finance Department and Director

Well, regard to equipment related profit and loss, for fiscal -- well, compared against fiscal '16, fiscal year 2017 will actually be more positive as a way of profit and loss. The gross profit will be smaller against the previous year. However, the amount of the negative will be much smaller than the previous year. So the net of it -- and also, about the usage of the points, as was mentioned by the Senior Executive Vice President, so that we can create such an ecosystem and actually, we want to make sure that we're able to retain our customers. And at the same time, we are going to have 10% for credit card gold members. So that's one way of using our expense and cost. And also docomo Hikari is not a case in point. We want to promote [has a difference] to docomo Hikari. So for that, we want to attach additional points. So market promotion. So that's another way in which we'll be utilizing expenses. So these are factored into the plan.

Daisaku Masuno - Nomura Securities Co. Ltd., Research Division - Head of Information and Telecommunication Team, Japan and Analyst, Telecommunications Research, Japan

I would like to go on to the second question about your medium-term strategy. Well, EBITDA -- the numerical image of this plan is not very clear. You can talk about EBITDA, if you like, but EBITDA minus the CapEx equals operating free cash flow. I think that's the calculation. You want to increase your operating free cash flow, and you want to also provide greater returns. But JPY 110 billion, that's the starting point of your plan? And operating free cash flow is going to increase from this point onward. So if that is the -- your premise, then fiscal year, you're anticipating JPY 100 dividend per annum. If you exclude that part, and of course, working capital will have to be worked up. But in principle, you still have excess cash, I believe, even if you pay JPY 100 dividend. And you talked about the possibility of making investments. But -- so the excess cash will be used for investment? And also shareholder return? What's the balance between the shareholder return and your investment? Can you give us a thought over the medium term?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Well, I think we have consistently provided this response. Well, reinforcing shareholder return, that's always been a consistent part of our plan, and also the usage of the free cash flow. One would be to provide dividend. Yet, this time around, over the medium term, we have shown you our philosophy over the medium term. But continuous increasing dividend. I think that's actually even more -- if you -- we have gone further, if you

will, in this type of statement. So we want to make sure that we use the cash for dividend. And of course, we have excess cash, then we hope that we will be able to invest for the growth so that we'll be able to achieve the targets -- the goals containing the declaration. And also, we will also use the cash -- free cash flow for share buyback. So this policy and this position has not changed.

Daisaku Masuno - *Nomura Securities Co. Ltd., Research Division - Head of Information and Telecommunication Team, Japan and Analyst, Telecommunications Research, Japan*

If I may, look, you're going to do all of these within the operating free cash flow? Are you going to leverage?

Kazuhiro Yoshizawa - *NTT DOCOMO, Inc. - CEO, President and Director*

Well, naturally, we hope that we'll be able to maintain this through operating free cash flow. But if required, we'll consider the possibility of leveraging, if you will. But in principle, we want to do this within the framework of the operating free cash flow.

Katsuyuki Takagi - *NTT DOCOMO, Inc. - Head of IR*

Well, since we are running out of time, we would like to limit the questions to those who are raising their hands right now. Three remaining questions. And please limit your questions to 1 question per 1 question if we are -- if that's possible. So the first person will be the front person in the front row.

Tetsuro Tsusaka - *Morgan Stanley, Research Division - Research Analyst*

My name is Tsusaka from Morgan Stanley. This time around, you have decided on JPY 20 dividend hike. So in terms of absolute amount. Last year, you paid out JPY 300 billion. So by calculation, this will mean you have to pay out JPY 370 billion this fiscal year. So based on the new operating free cash flow definition, this will be a larger increase compared against the increase in operating free cash flow, which I believe is a welcome development on the part of the shareholders. But JPY 20 dividend increase, I guess, is I think an aggressive move. And actually this is a big surprise for me. So how did you arrive at this major decision to increase your dividend? On what grounds have you made this decision? Can you share that with us? And also, going forward, continuous dividend increase is what you mentioned. So in your case, you are paying dividends every 6 months. So if -- I don't think the JPY 5 per annum increase is not likely because you're paying twice a year. So how would you like to enrich and step up your dividend increase and shareholder returns going forward? The president also mentioned that shareholder returns was a very major focus during your presentation. So can you explain these points because this is related to share repurchases. Share repurchases you said that you are going to plan -- conduct the share repurchases in an expeditious manner. But the holding company has this -- has very strong plan to absorb funds, and they don't have to therefore accept on your share repurchases. So can you talk about what kind of coordination will be needed between your dividend hike and also the share repurchase program?

Kazuhiro Yoshizawa - *NTT DOCOMO, Inc. - CEO, President and Director*

The -- I think our shareholder return program, dividend is the major focus, and that's the #1 priority. So for this fiscal year, we will focus, of course, on providing returns to customers. But in addition to that, as I have mentioned, we will seek -- we have confidence in achieving an increase in revenues and profits this fiscal year. And of course, the financial foundation is very strong for us. So we believe we can sustain this increase in dividends. So from all these reasons, we've decided to increase our dividends this time around. And as I mentioned during my presentation, we would like to express our gratitude in -- on the occasion of this 25th anniversary of the company. That's part of the reason we have decided to increase the dividend. It's not a commemorative dividend, though. So that's part of the reason we have decided to increase our dividends by JPY 20. So -- because we have a very strong confidence that our financial position is quite solid, and that's the reason why we have decided on this dividend hike. And for share repurchase, of course, we have done this before on many occasions. But this is not something that we do every year. Share repurchase is something that we do on a flexible basis, looking at the financial position of the company. And of course, the external environment. So we will take an eye -- keep an eye on that and flexibly and expeditiously perform share repurchases. So inclusive of the possible share repurchases,

we would like to generally improve our shareholder returns. But dividend -- as far as dividend is concerned, we have stated that we will consider stable and sustained increase. We will never ever decrease our dividends. We will improve -- we will basically try to improve our dividends on an ongoing basis. It doesn't mean that we will increase dividends every year, though. So with all these considerations, we have taken a medium-term approach in deciding on this, but we believe shareholder returns is the most important issue on our corporate agenda.

Katsuyuki Takagi - NTT DOCOMO, Inc. - Head of IR

Thank you. We'd like to go to the next question, the gentlemen, third row from the back.

Unidentified Analyst

I would like to ask about the allocation of management resources, if I may. Let me ask this question. This time around, when you set the targets, operating cash flow has been set as the target. So large-scale acquisition and customer return, you want to get a free hand in both. So let me -- if, hypothetically, you're going to engage in large-scale acquisitions, very -- you will maintain very clear-cut financial discipline. Up until now, I think that has not been the case, and the investors are very concerned. So to the extent possible, can you share with us your thoughts about maintaining financial discipline? And also, when you take a look at these so-called 9 challenges, then may I take it that you're not interested in media contents like the case in the United States? Let me just confirm that.

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Yes, thank you. Of course, as we have consistently mentioned since the past, with regards to acquisitions, we will consider any potential cases on a case-by-case basis. We'll take the example of other companies. For example, they set annual budgets for acquisitions in other companies. But I suppose that's one possibility. But we have intentionally not taken such an approach. If required, if needed, then we will make an appropriate consideration. That has been our position up until now. So I believe we will never have a case whereby we will not have an appropriate financial discipline. So again, we will be able to maintain sufficient financial discipline by working on a case-by-case basis. And if I may, the content media -- well, acquisition of U.S. content media in the United States, you asked that question, as far as we're concerned, we -- the inclusive of United States, in the case of the content companies, we have no plans to acquire such media content companies at this moment. Now we cannot embark on content creation ourselves. We don't have such experience. But we are selling content as a way of service. But when it comes to creation and distribution of content, I think these are 2 separate things. They should be kept separate. The reason is that when it comes to content, well, if we were to monopolize certain contents, then those contents might not be available for others. So in the universe of content, it's important there'd be sufficient distribution. And the people who distribute these contents, I'm sure, that they will work with many content providers. If they were to fix their suppliers, then they will have to work in a very closed environment. As far as DOCOMO is concerned, we're not considering that.

Unidentified Analyst

If I could just add, Mr. Sato, a follow-up question about the financial discipline. When it comes to rating, credit rating. If they say, that at minimum, you have to go up -- you have to go up then B+. What would your response be?

Hirofuma Sato - NTT DOCOMO, Inc. - CFO, EVP, General Manager of Accounts & Finance Department and Director

Well, as far as the actual situation is concerned, for the purpose of maintaining our current credit rating, are we going to constrain our investment. No, that is not the case. We don't intend to restrain our investment just for the sake of maintaining a rating.

Katsuyuki Takagi - NTT DOCOMO, Inc. - Head of IR

Now the person from the fifth row from the front, and this will be the last question for today.

Kei Takahashi - Mizuho Securities Co., Ltd., Research Division - Senior Analyst

My name is Takahashi from Mizuho Securities. When I look at the KPIs, it looks as though you are making a very favorable progress. But when I look at the mobile service revenues for the first quarter-- fourth quarter, excluding the packet carryover impact, I think you have actually registered a decline in revenues. And when I look at this medium-term strategy, this S shape, it seems as though that your telecommunications revenues are expected to come down according to the last page of your medium-term strategy document. So can you talk about the revenue of mobile communication service revenues? And have you seen any decline in momentum and in your medium-term plan? Are you expecting reduction in the telecommunications business? What's -- on what grounds have you made this projection in the last page of the medium-term strategy document?

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Are you talking about the third quarter, fourth quarter?

Kei Takahashi - Mizuho Securities Co., Ltd., Research Division - Senior Analyst

I was talking about, on a year-on-year basis, your fourth quarter mobile communications services revenues.

Kazuhiro Yoshizawa - NTT DOCOMO, Inc. - CEO, President and Director

Excluding the impact of the carryover -- packet carryover impact, I think, was actually a decline year-on-year. If you compare fourth quarter of fiscal '16 versus the previous fiscal year's fourth quarter, actually, yes, you are right that because of the market supporting tax and also because of the irregular factors, the packet carryover service are impact. If you adjusted for all these things, then the mobile ARPU actually declined by JPY 30. However, the major factor behind this steady yen decline, in the case of voice, was largely due to the adjustment or the settlement of the access charges with other carriers. That's the biggest factor behind this. And also, because of the customer return measures, in the fourth quarter, we had a full year -- full impact of that. So customer returns and interconnection charges, these 2 elements combined had a negative impact of more than JPY 100. So that was a major impact compared to the third quarter that we had registered it -- the decline in the fourth quarter. And in this beyond -- Declaration beyond, when you look at the last page of the transformation business structure, actually, we have debated this a lot internally. The blue part, which represents today's telecommunications revenues, it looks as though that the revenue base is coming down here. But in the middle, you see this 5G and docomo Hikari sections, which is represented by this yellow piece there. But docomo Hikari and broadband 5G is not only about telecommunications. With that high-speed and large-capacity transmission capability, we should not focus only on the telecommunications revenues because this could generate new types of services in the area of video and others. So we have to put this together and consider these revenues as a set. So -- and that is represented by the yellow section. So the yellow section, indeed, is somewhat inclusive of the blue revenues, the revenues represented by blue. So today, there are different segments. We differentiate the segment between telecommunication segment and the Smart Life segment. But in the case of 5G, the demarcation between them will become blur. This will be blended together. And we will offer them in a blended fashion in the age of 5G. So maybe I was actually anticipating this question, but this was somewhat misleading maybe. So we have to provide some analysis when we talk about this chart. So please, maybe we should have developed a better chart that will avoid any misleading information. It doesn't mean that we are not expecting a decline in telecommunications revenues. The yellow part is inclusive of many telecommunications revenues. So maybe, I believe, our ambition is to maintain the telecom revenues at least flat or even expect a slight increase.

Katsuyuki Takagi - NTT DOCOMO, Inc. - Head of IR

All right. With this, we would like to conclude the Q&A session. Once again, thank you very much for taking your precious time to attend this conference. Thank you very much, indeed.

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