

May 13, 2016



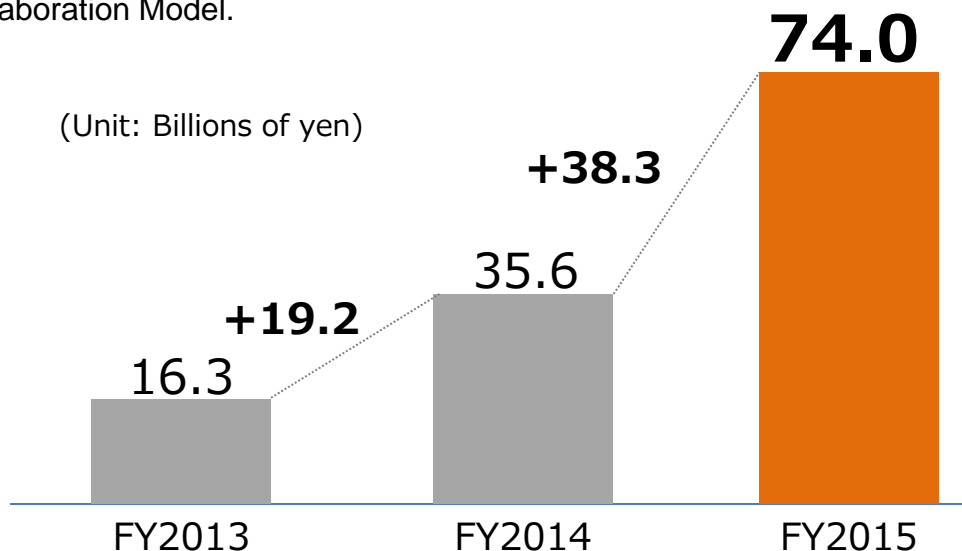
# Financial Results for the Fiscal Year Ended March 31, 2016 (17th Term)

Kazutoshi Murao, President  
Nippon Telegraph and Telephone West Corporation  
("NTT West")

# FY2015 Financial Results

## Operating Income

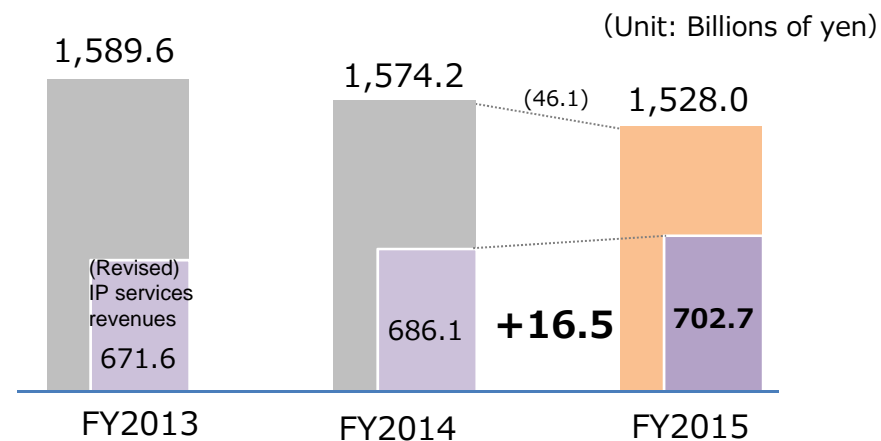
- Secured operating income of 74.0 billion yen — more than double the previous year's— due to improved business management operations efficiency, reduced marketing costs associated with the shift to the Hikari Collaboration Model.



	FY2013	FY2014	FY2015
<b>Net Profit</b>	<b>18.7</b>	<b>13.9</b>	<b>72.4</b>
<Year-on-Year Increase/decrease>			
Voice transmission services revenues	(56.5)	(50.7)	(43.9)
IP related revenues	+10.7	+14.5	+16.5
Improved business management measures (cost reduction)	+11.3	+33.6	+74.6

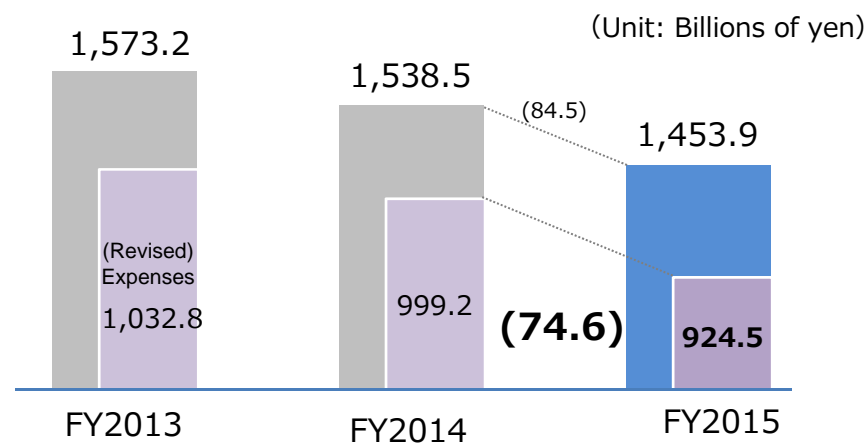
## Operating Revenues

- Although revenues continued to decrease, IP services revenues increased 16.5 billion yen due to the expansion of Hikari services



## Operating Expenses

- Expenses decreased 74.6 billion yen due to, among other things, the effect of business improvement measures and reduced marketing costs associated with the shift to the Hikari Collaboration Model.

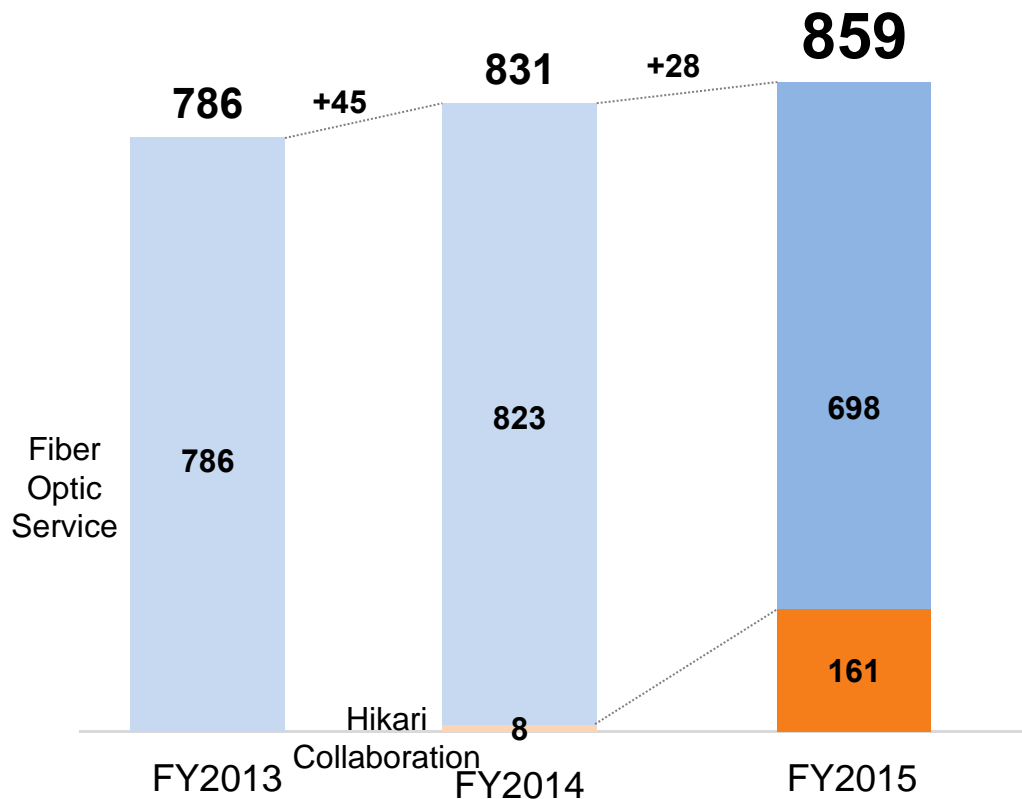


# FY2015 Financial Results

## Hikari Service Subscriptions

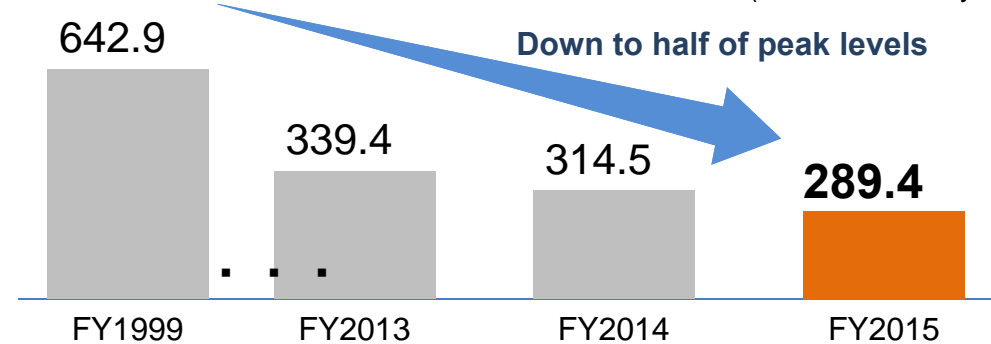
- Hikari Collaboration installations increased to 1.61 million lines due to, among other things, new sales of Hikari Collaboration and switchover subscriptions from Hikari services. Hikari services as a whole increased 280,000 lines.

(Unit: 10,000 lines)



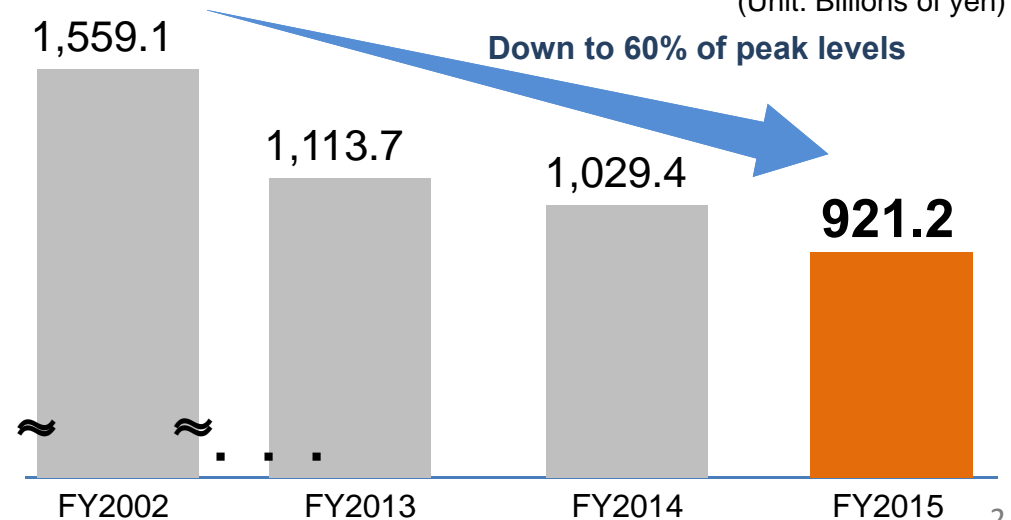
## Capital Investment

- Decreased below 300 billion yen by increasing projects that do not require the dispatch of NTT employees for activation and utilizing existing facilities with maintaining investments in growing fields. (Unit: Billions of yen)



## Interest-Bearing Debt

- Interest-bearing debt decreased below the 1 trillion yen mark by promoting reduced borrowings. (Unit: Billions of yen)



# FY2016 Results Forecast

(Unit: Billions of Yen)

	FY2015	FY2016 <sup>*1 *2</sup>	YoY Change
Operating revenues	1,528.0	1,477.0	(51.0)
Operating expenses	1,453.9	1,402.0	(51.9)
Operating income	74.0	75.0	+0.9
Recurring profit	67.1	70.0	+2.8
Net Profit	72.4	50.0	(22.4)
Capital investment	289.4	275.0	(14.4)
Hikari services net increase	280,000 lines	300,000 lines	+20,000 lines

\*1 Change in depreciation method is reflected in the figures.

\*2 The impact of the Kumamoto earthquakes that occurred in April 2016 is not reflected in the figures as those impacts are in the process of being calculated.

**I. Strengthen earning power in the business market**

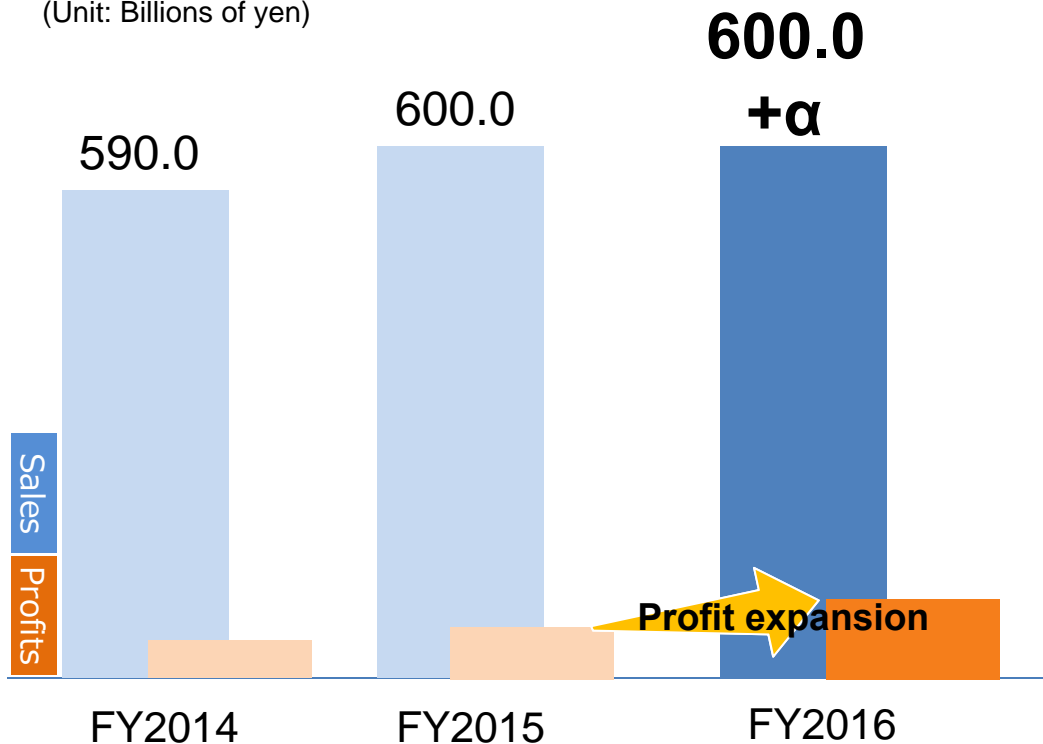
**II. Expand growing businesses at group companies**

**III. Increase Hikari Services**

## Concentrate on highly profitable businesses

## Transform into a robust organization

(Unit: Billions of yen)



### Secure NW income & expand cloud sales

#### Large scale users

- Propose private cloud services designed to meet security, BCP and other needs



多機能ビジネスフォン

Smart Netcommunity



Smart Netcommunity



Smart Netcommunity



### Expand Smart Hikari solutions

#### Smart Hikari Life



Expand usage scenarios by strengthening alliance/IoT functionality

#### Smart Hikari Business

#### Cloud Platform/ PBX/ Network

Propose new business styles

#### Smart Hikari Town

#### Public Free Wi-Fi/ Big Data Usage

“Build communities people want to stay in forever”  
“Build appealing areas for tourism”

### Full-scale rollout of industry-specific sales framework

- Expand orders of highly advanced projects by promoting dynamic assignment

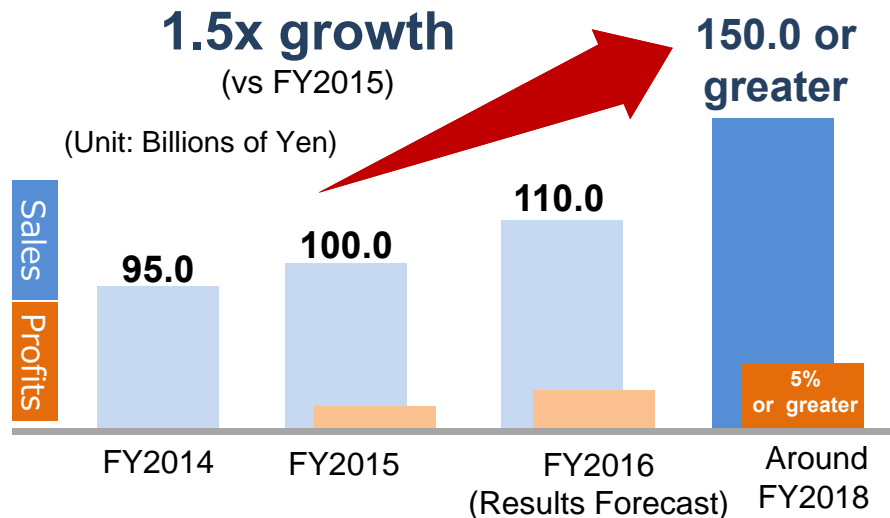
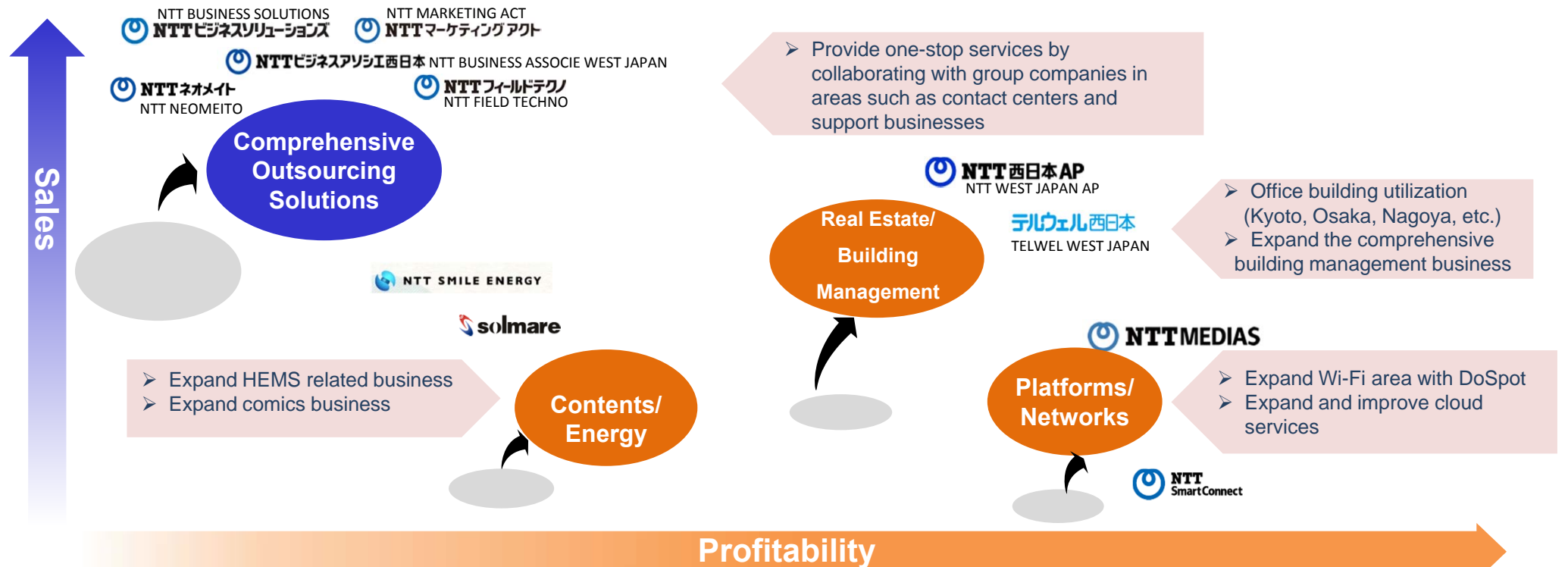
### Strengthen collaboration with outside partners

- Strengthen sales of network services, such as Business Ether Wide, by collaborating with Sler, cloud businesses, and others

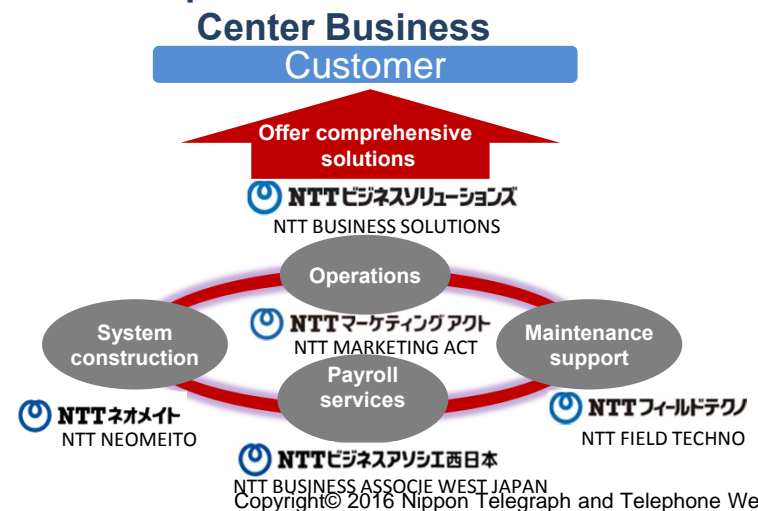
### Improve equipment costs/procurement costs and quality

- Promote service migration and others

# II. Expand Growing Businesses at Group Companies NTT WEST



## Visual Representation of the Contact Center Business



# III. Increasing Hikari Services

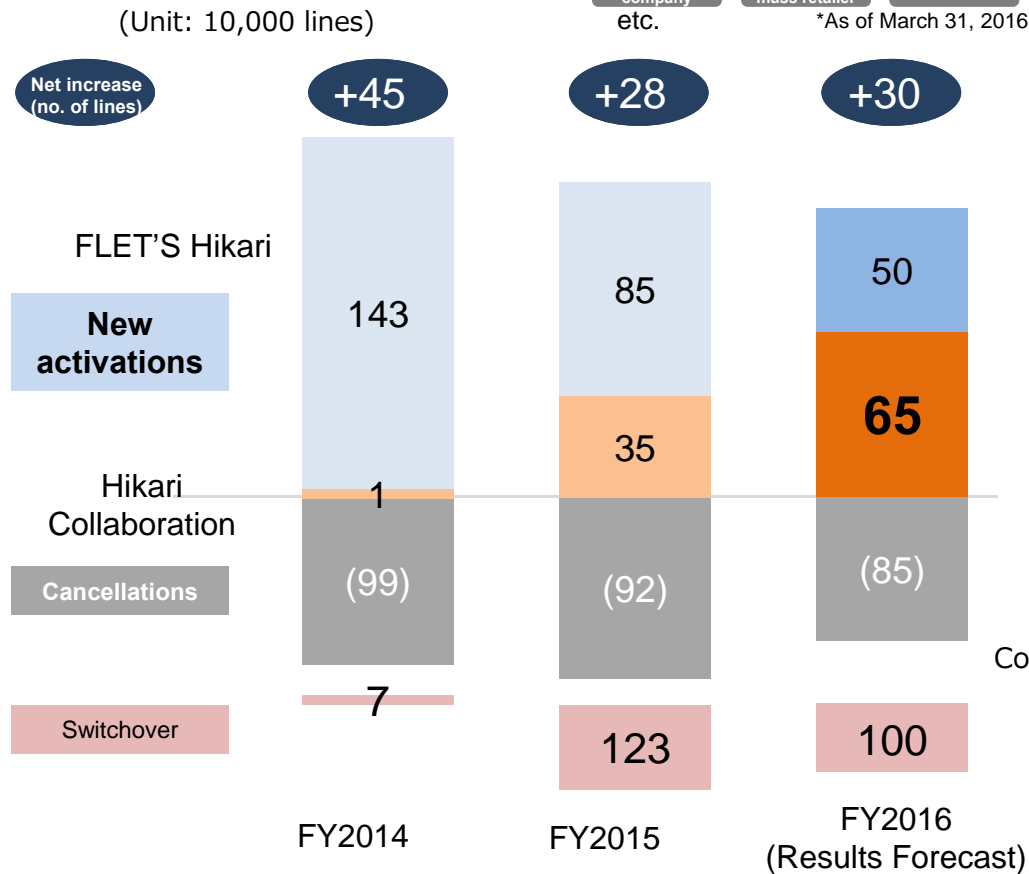
## Hikari Service Sales (no. of lines)

- Promote activations by improving the Hikari Collaboration business support system
- Strengthen industry-specific alliance sales functions

No. of Collaboration Hikari vendors

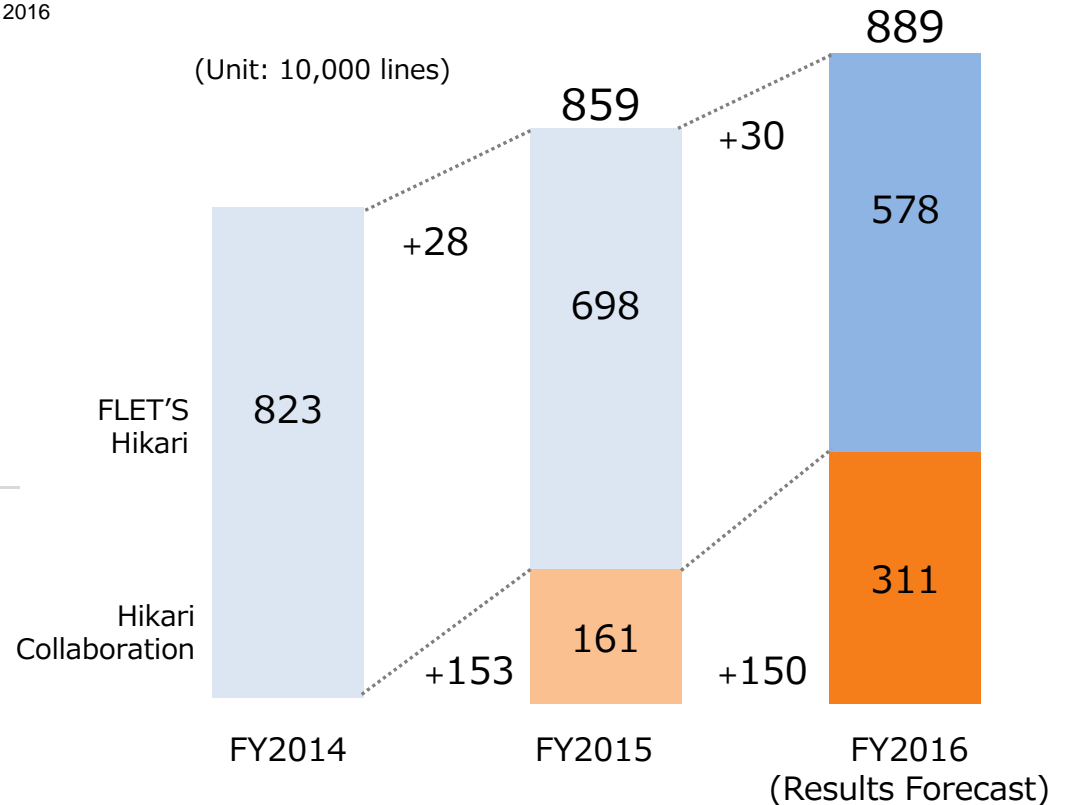
255 companies\*

- Carrier
  - ISP
  - CATV
  - Sler
  - Manufacturer
  - Energy
  - Trading company etc.
  - Electronics mass retailer
  - Real estate
- \*As of March 31, 2016



## Number of Subscriptions

- Increase the number of subscriptions based on the level of increase in Hikari Collaboration lines in FY2015



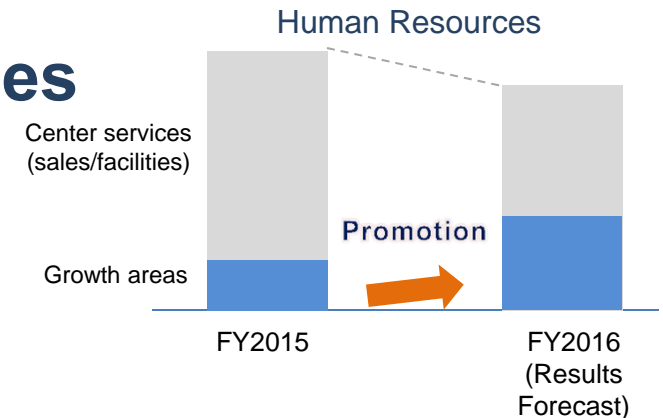


# Strengthen the Business Platform

Strategic Shift of Business Resources

## ➤ Shift resources for center services

- Shift center services personnel to services in growing businesses
- Continue to use one center per block

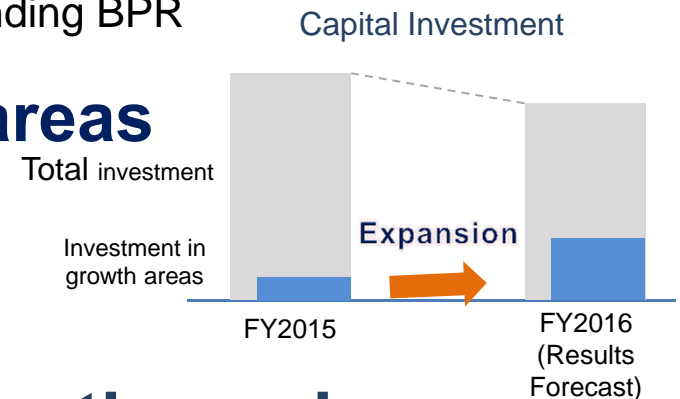


## ➤ Maximize performance through smart operations

- Lift productivity and expand operation domains through reforms in remote/on-site services
- Diligently raise efficiency by accelerating and expanding BPR

## ➤ Increase investment in growth areas

- Cloud/DC, IoT business, future NW, office building utilization



Facility Efficiency

## ➤ Strengthen business platforms through network simplification

- Increase the capacity and sophistication of networks that will serve as service platforms
- Promote migration (services, buildings)

# Status of Recovery from the 2016 Kumamoto Earthquake **NTTWEST**

- Although the earthquake caused damage to telecommunications equipment, NTT West was able to keep the impact on its service provision to customers at a minimum by leveraging measures based on past experiences with large-scale disasters
- Rapidly provided free Wi-Fi, disaster alert dialing, special public telephones and other means of communicating safety status and disaster information

## Disaster Conditions

Telephone Poles: **approx. 1,200**

Cables: **9** (relay points), **approx. 600** (access points)

Corporate Buildings without Power: **45**



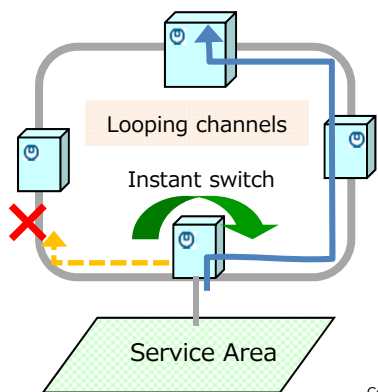
## Status of Recovery of Telecommunications Services<sup>※</sup>

By enhancing disaster recovery measures based on past disaster experiences, we were able to promptly restore telecommunications services in the disaster areas.

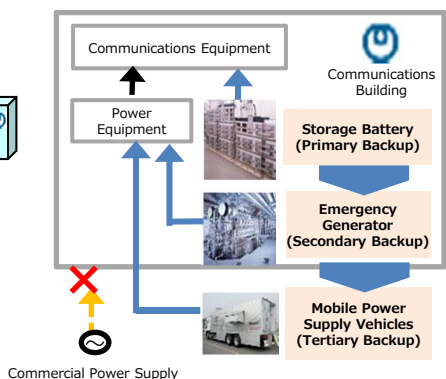
While routes were disconnected in both directions in certain areas, service was restored in three days by securing detour routes.

### Disaster-Resistant Telecommunications Equipment

#### Improve Network Redundancy



#### Power Storage during Long-Term Power Outages



### Combined NTT Group Efforts

Broad support from other areas, leading to reduced recovery time

1,000 people days



## Support Efforts in Disaster Areas

- Provision of free Wi-Fi
- Provision of disaster alert dialing
- Installation of special public phones, portable satellite phones, etc.
- Free usage of public phones (Kumamoto Prefecture and Oita Prefecture)

### Visual Representation of Free Wi-Fi Provision

#### ■ Opening of Public Wireless LAN



#### ■ Installation of Special Public Wi-Fi in Evacuation Centers

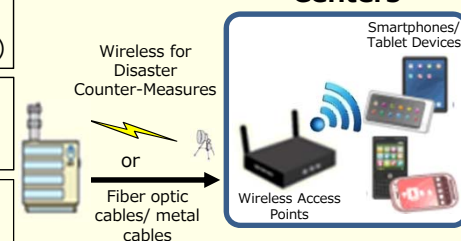
#### NTT Group Cooperation

ISP  
(NTT Communications)

Wi-Fi Wireless AP  
Management  
(NTT Media Supply)

Access Lines  
(NTT West)

#### Evacuation Centers



<sup>※</sup> Restoration of our communications buildings is complete, and restoration of services between our communications buildings and customers' homes, or of communications environments within customers' homes, are currently underway, with the exception of restricted areas.

The forward-looking statements and projected figures concerning the future performance of NTT West, its parent company (NTT) and their respective 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 West in light of information currently available to it regarding NTT West, 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 West, NTT and their respective subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Report on Form 20-F and other filings and submissions with the United States Securities and Exchange Commission.

Accounting policies used to determine the figures in this presentation are consistent with those used to prepare financial statements in accordance with accounting principles generally accepted in Japan.

\* "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.