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FOR IMMEDIATE RELEASE

NTT Com Announces Financial Results for the Six Months Ended September 30, 2017

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the six months ended September 30, 2017. Please see the following attachments for further details:

- I. Financial Results of NTT Communications Group
- II. Non-Consolidated Comparative Balance Sheets
- III. Non-Consolidated Comparative Statements of Income
- IV. Business Results (Non-Consolidated Operating Revenues)
- V. Non-Consolidated Comparative Statements of Cash Flows

About NTT Communications Corporation

NTT Communications provides consultancy, architecture, security and cloud services to optimize the information and communications technology (ICT) environments of enterprises. These offerings are backed by the company's worldwide infrastructure, including a leading global tier-1 IP network, the Arcstar Universal One™ VPN network, reaching over 190 countries/regions, and over 140 secure data centers worldwide. NTT Communications' solutions leverage the global resources of NTT Group companies, including Dimension Data, NTT DOCOMO and NTT DATA. www.ntt.com | [Twitter@NTT Communications](https://twitter.com/NTT_Communications) | [Facebook@NTT Communications](https://facebook.com/NTT_Communications) | [LinkedIn@NTT](https://linkedin.com/company/NTT)

I. Financial Results of NTT Communications Group

(Millions of yen)

	Six months ended Sep 30, 2016	Six months ended Sep 30, 2017	Increase (Decrease)	Percent Increase (Decrease)
Operating revenues	617,702	638,939	21,237	3.4
Operating expenses	546,054	560,788	14,734	2.7
Operating income	71,648	78,151	6,503	9.1

II. Non-Consolidated Comparative Balance Sheets
(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2017	September 30, 2017	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	151,531	130,896	(20,634)
Antenna facilities	1,674	1,358	(315)
Terminal equipment	1,963	2,149	185
Local line facilities	1,103	1,087	(15)
Long-distance line facilities	5,122	5,101	(20)
Engineering facilities	49,878	49,010	(867)
Submarine line facilities	16,701	15,805	(896)
Buildings	205,475	205,239	(235)
Construction in progress	13,323	12,362	(961)
Other	105,983	119,787	13,804
Total property, plant and equipment	552,757	542,799	(9,958)
Intangible fixed assets	98,820	101,562	2,742
Total fixed assets - telecommunications businesses	651,578	644,362	(7,215)
Investments and other assets			
Investment securities	108,152	105,939	(2,212)
Investments in subsidiaries and affiliated companies	387,905	406,663	18,757
Other investments and assets	65,778	66,344	565
Allowance for doubtful accounts	(160)	(141)	19
Total investments and other assets	561,675	578,806	17,130
Total fixed assets	1,213,254	1,223,168	9,914
Current assets:			
Cash and bank deposits	3,406	10,752	7,345
Notes receivable	8	-	(8)
Accounts receivable, trade	178,248	184,346	6,098
Supplies	9,643	9,274	(369)
Other current assets	90,655	53,314	(37,340)
Allowance for doubtful accounts	(1,367)	(1,401)	(34)
Total current assets	280,595	256,286	(24,309)
TOTAL ASSETS	1,493,849	1,479,454	(14,394)

(Millions of yen)

	March 31, 2017	September 30, 2017	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company and subsidiary	222,333	247,986	25,652
Liability for employees' retirement benefits	89,994	92,411	2,417
Reserve for point services	407	419	11
Reserve for unused telephone cards	3,540	3,628	88
Asset retirement obligations	4,126	4,533	407
Other long-term liabilities	19,416	22,965	3,548
Total long-term liabilities	339,818	371,944	32,126
Current liabilities:			
Accounts payable, trade	29,548	23,088	(6,460)
Short-term borrowings	-	9,348	9,348
Accrued taxes on income	3,749	6,819	3,070
Allowance for losses on construction	627	607	(19)
Asset retirement obligations	56	13	(43)
Other current liabilities	169,379	147,135	(22,244)
Total current liabilities	203,360	187,012	(16,348)
TOTAL LIABILITIES	543,179	558,957	15,778
NET ASSETS			
Shareholders' equity:			
Common stock	211,763	211,763	-
Capital surplus	131,615	131,615	-
Earned surplus	563,997	535,223	(28,773)
Total shareholders' equity	907,376	878,602	(28,773)
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	43,080	41,894	(1,186)
Deferred gains or losses on hedges	213	-	(213)
Total unrealized gains (losses), translation adjustments, and others	43,293	41,894	(1,399)
TOTAL NET ASSETS	950,670	920,497	(30,173)
TOTAL LIABILITIES AND NET ASSETS	1,493,849	1,479,454	(14,394)

Note: *NTT Com participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

III. Non-Consolidated Comparative Statements of Income
(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)	Year ended March 31, 2017
Telecommunications businesses:				
Operating revenues	346,629	346,188	(441)	697,333
Operating expenses	305,692	296,429	(9,263)	620,370
Operating income from telecommunications businesses	40,937	49,759	8,822	76,963
Supplementary businesses:				
Operating revenues	100,482	116,186	15,703	226,522
Operating expenses	91,265	107,421	16,155	210,936
Operating income from supplementary businesses	9,217	8,765	(451)	15,585
Operating income	50,154	58,524	8,370	92,549
Non-operating revenues:				
Interest income	41	18	(22)	62
Dividends received	7,249	6,314	(934)	8,258
Lease and rental income	5,692	5,365	(327)	11,204
Miscellaneous income	154	1,566	1,412	1,222
Total non-operating revenues	13,137	13,265	128	20,748
Non-operating expenses:				
Interest expenses	549	381	(167)	1,050
Lease and rental expenses	2,762	1,899	(863)	5,712
Miscellaneous expenses	646	106	(539)	1,072
Total non-operating expenses	3,957	2,387	(1,570)	7,836
Recurring profit	59,334	69,402	10,068	105,461
Special profits	-	2,433	2,433	-
Income before income taxes	59,334	71,836	12,501	105,461
Income taxes	*	*	4,499	20,458
Net income	42,785	50,787	8,002	85,003

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However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

IV. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2017
Cloud Computing Platforms	34,779	39,580	4,801	13.8	72,034
Data Networks	190,005	195,906	5,900	3.1	384,804
Voice Communications	126,392	120,764	(5,628)	(4.5)	250,794
Applications & Content	18,666	18,165	(501)	(2.7)	37,732
Solution Services	69,743	77,690	7,946	11.4	163,496
Others	7,524	10,267	2,742	36.5	14,993
Total operating revenues	447,112	462,374	15,262	3.4	923,855

V. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)	Year ended March 31, 2017
Cash flows from operating activities:				
Income before income taxes	59,334	71,836	12,501	105,461
Depreciation and amortization	52,375	46,809	(5,565)	106,971
Loss on disposal of property, plant and equipment	940	515	(424)	4,517
Gains on sales of fixed assets	(58)	(8)	50	(78)
Increase (decrease) in allowance for doubtful accounts	192	14	(177)	302
Increase (decrease) in liability for employees' retirement benefits	2,962	2,417	(545)	3,272
(Increase) decrease in accounts receivable	32,240	22,771	(9,469)	(239)
(Increase) decrease in inventories	(1,901)	(322)	1,579	1,152
Increase (decrease) in accounts payable and accrued expenses	(24,274)	(18,842)	5,432	703
Increase (decrease) in accrued consumption tax	1,864	1,861	(3)	2,434
Other	(19,208)	(8,758)	10,449	(10,925)
Sub-total	104,467	118,294	13,826	213,571
Interest and dividends received	7,312	6,333	(978)	8,344
Interest paid	(614)	(461)	152	(1,086)
Income taxes received (paid)	(24,846)	(17,558)	7,287	(29,892)
Net cash provided by (used in) operating activities	86,319	106,607	20,287	190,937
Cash flows from investing activities:				
Payments for property, plant and equipment	(69,246)	(54,478)	14,767	(134,677)
Proceeds from sale of property, plant and equipment	223	572	349	412
Payments for purchase of investment securities	(230)	(24,991)	(24,761)	(422)
Proceeds from sale of investment securities	1,500	10,150	8,650	2,242
Other	(17)	(1,352)	(1,335)	(4,042)
Net cash provided by (used in) investing activities	(67,770)	(70,099)	(2,328)	(136,487)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	-	31,248	31,248	22,864
Payments for settlement of long-term debt	(1,680)	(5,595)	(3,915)	(43,360)
Net increase (decrease) in short-term borrowings	(7,006)	9,348	16,354	(7,766)
Payments for settlement of lease obligations	(1,595)	(1,843)	(247)	(4,306)
Dividends paid	(33,000)	(79,561)	(46,561)	(33,000)
Net cash provided by (used in) financing activities	(43,282)	(46,403)	(3,121)	(65,569)
Effect of exchange rate changes on cash and cash equivalents	(752)	294	1,046	(158)
Net increase (decrease) in cash and cash equivalents	(25,485)	(9,601)	15,883	(11,277)
Cash and cash equivalents at beginning of period	31,630	20,353	(11,277)	31,630
Cash and cash equivalents at end of period	6,145	10,752	4,606	20,353