

February 10, 2017

FOR IMMEDIATE RELEASE

## **NTT Com Announces Financial Results for the Nine Months Ended December 31, 2016**

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the nine months ended December 31, 2016. 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)

### **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 196 countries/regions, and 140 secure data centers worldwide. NTT Communications' solutions leverage the global resources of NTT Group companies, including Dimension Data, NTT DOCOMO and NTT DATA.

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## I. Financial Results of NTT Communications Group

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)	Percent Increase (Decrease)
Operating revenues	971,795	937,331	(34,464)	(3.5)
Operating expenses	879,024	831,468	(47,556)	(5.4)
Operating income	92,771	105,863	13,092	14.1

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

(Millions of yen)

	March 31, 2016	December 31, 2016	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	134,315	139,774	5,458
Antenna facilities	1,707	1,641	(66)
Terminal equipment	1,397	1,825	428
Local line facilities	730	1,063	332
Long-distance line facilities	5,759	5,250	(509)
Engineering facilities	51,789	50,444	(1,345)
Submarine line facilities	13,408	11,685	(1,722)
Buildings	199,178	195,936	(3,241)
Construction in progress	28,085	36,895	8,809
Other	91,332	96,975	5,642
Total property, plant and equipment	527,706	541,492	13,786
Intangible fixed assets	101,766	95,686	(6,079)
Total fixed assets - telecommunications businesses	629,472	637,178	7,706
Investments and other assets			
Investment securities	135,291	102,212	(33,078)
Investments in subsidiaries and affiliated companies	381,949	388,031	6,082
Other investments and assets	53,283	62,200	8,916
Allowance for doubtful accounts	(207)	(229)	(21)
Total investments and other assets	570,316	552,215	(18,100)
Total fixed assets	1,199,789	1,189,394	(10,394)
Current assets:			
Cash and bank deposits	12,607	4,880	(7,727)
Accounts receivable, trade	179,839	178,817	(1,021)
Supplies	9,806	10,632	826
Other current assets	94,874	73,267	(21,607)
Allowance for doubtful accounts	(1,017)	(1,329)	(312)
Total current assets	296,110	266,268	(29,842)
<b>TOTAL ASSETS</b>	<b>1,495,899</b>	<b>1,455,662</b>	<b>(40,236)</b>

(Millions of yen)

	March 31, 2016	December 31, 2016	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company and subsidiary	199,504	199,694	189
Liability for employees' retirement benefits	86,722	91,562	4,840
Reserve for point services	547	424	(123)
Reserve for unused telephone cards	3,628	3,301	(326)
Asset retirement obligations	3,296	3,344	48
Other long-term liabilities	10,354	18,198	7,844
Total long-term liabilities	304,053	316,526	12,472
Current liabilities:			
Current portion of long-term borrowings from parent company	43,360	41,680	(1,680)
Accounts payable, trade	31,894	18,317	(13,577)
Short-term borrowings	7,766	-	(7,766)
Accrued taxes on income	6,968	2,628	(4,339)
Allowance for losses on construction	13	3	(10)
Asset retirement obligations	-	1	1
Other current liabilities	179,304	153,497	(25,806)
Total current liabilities	269,307	216,128	(53,179)
<b>TOTAL LIABILITIES</b>	<b>573,360</b>	<b>532,654</b>	<b>(40,706)</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	211,763	211,763	-
Capital surplus	131,615	131,615	-
Earned surplus	517,436	540,374	22,938
Total shareholders' equity	860,815	883,753	22,938
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	61,723	38,846	(22,876)
Deferred gains or losses on hedges	-	408	408
Total unrealized gains (losses), translation adjustments, and others	61,723	39,254	(22,468)
<b>TOTAL NET ASSETS</b>	<b>922,538</b>	<b>923,008</b>	<b>469</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,495,899</b>	<b>1,455,662</b>	<b>(40,236)</b>

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)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)	Year ended March 31, 2016
Telecommunications businesses:				
Operating revenues	515,907	522,293	6,386	691,290
Operating expenses	457,198	462,077	4,879	613,093
Operating income from telecommunications businesses	58,709	60,216	1,507	78,196
Supplementary businesses:				
Operating revenues	152,314	151,884	(429)	227,018
Operating expenses	144,241	139,001	(5,240)	214,072
Operating income from supplementary businesses	8,072	12,883	4,811	12,946
Operating income	66,781	73,099	6,318	91,143
Non-operating revenues:				
Interest income	200	52	(148)	272
Dividends received	12,392	8,160	(4,231)	12,486
Lease and rental income	8,739	8,456	(282)	11,581
Miscellaneous income	856	491	(364)	2,822
Total non-operating revenues	22,188	17,162	(5,026)	27,163
Non-operating expenses:				
Interest expenses	1,237	814	(423)	1,514
Lease and rental expenses	4,114	4,111	(3)	5,551
Miscellaneous expenses	530	401	(128)	1,034
Total non-operating expenses	5,881	5,326	(555)	8,100
Recurring profit	83,088	84,935	1,847	110,206
Special losses	-	-	-	5,847
Income before income taxes	83,088	84,935	1,847	104,359
Income taxes	*	*	(350)	32,046
Net income	59,182	61,380	2,198	72,312

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.

## IV. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2016
Cloud Computing Platforms	51,252	52,435	1,182	2.3	70,029
Data Networks	275,565	286,327	10,762	3.9	369,871
Voice Communications	195,840	190,144	(5,696)	(2.9)	260,329
Applications & Content	28,834	28,037	(797)	(2.8)	38,729
Solution Services	105,119	105,907	787	0.7	162,352
Others	11,608	11,326	(281)	(2.4)	16,997
Total operating revenues	668,221	674,178	5,956	0.9	918,309