

# Financial Results for the Fiscal Year Ended March 31, 2014 and Forecasts for the Fiscal Year Ending March 31, 2015

May 13, 2014



## SEAMLESS CLOUD FOR THE WORLD



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**Forward-looking statements and projected figures concerning the future performance of NTT Com, 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 Com in light of information currently available to it regarding NTT Com, 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 Com, 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.**

**"FY" in this material indicates the fiscal year ending March 31 of the succeeding year.**

## ■ FY2013 Results

- Consolidated revenues increased for the first time in six years
- Achieved record profits on a consolidated basis for the third consecutive year

## ■ FY2014 Forecasts

- Further increase in consolidated revenues
- Aim to maintain current level of profits

# Financial Results of NTT Communications and NTT Communications Group

(billions of yen)

	FY2012	FY2013	FY2013		FY2014 Forecast	FY2014 Forecast	
			Amount Change (FY13 - FY12)	% Change (FY13/FY12)		Amount Change (FY14 - FY13)	% Change (FY14/FY13)
<b>Operating Revenues</b>	<b>1,194.7</b> (944.8)	<b>1,230.4</b> (944.0)	<b>+35.7</b> (-0.7)	<b>+3.0%</b> (-0.1%)	<b>1,265.0</b> (910.0)	<b>+34.6</b> (-34.0)	<b>+2.8%</b> (-3.6%)
<b>Operating Expenses</b>	<b>1,078.4</b> (826.6)	<b>1,102.5</b> (830.5)	<b>+24.1</b> (+3.8)	<b>+2.2%</b> (+0.5%)	<b>1,137.0</b> (807.0)	<b>+34.5</b> (-23.5)	<b>+3.1%</b> (-2.8%)
<b>Operating Income</b>	<b>116.3</b> (118.1)	<b>127.9</b> (113.4)	<b>+11.6</b> (-4.6)	<b>+9.9%</b> (-4.0%)	<b>128.0</b> (103.0)	<b>+0.1</b> (-10.4)	<b>+0.1%</b> (-9.2%)
<b>Recurring Profit</b>	<b>-</b> (129.7)	<b>-</b> (132.5)	<b>-</b> (+2.8)	<b>-</b> (+2.2%)	<b>-</b> (113.0)	<b>-</b> (-19.5)	<b>-</b> (-14.8%)
<b>Net Income</b>	<b>-</b> (65.3)	<b>-</b> (88.9)	<b>-</b> (+23.6)	<b>-</b> (+36.2%)	<b>-</b> (72.0)	<b>-</b> (-16.9)	<b>-</b> (-19.1%)
<b>Capital Investment</b>	<b>136.4</b> (108.2)	<b>147.7</b> (141.8)	<b>+11.2</b> (+33.5)	<b>+8.2%</b> (+31.0%)	<b>160.0</b> (120.0)	<b>+12.3</b> (-21.8)	<b>+8.3%</b> (-15.4%)

- Notes: 1. The top figures in each cell are the results of NTT Communications Group (NTT Communications and its subsidiaries) after adjustments and elimination of intra-group transactions. The figures in parentheses are the results of NTT Communications only.
2. The U.S. dollar/yen exchange rates applied to the results of foreign subsidiaries are as follows: FY2012: 79.81 yen, FY2013: 97.73 yen and FY2014: 102 yen.

# NTT Communication Group's Revenues by Business Line

(billions of yen)

	FY2012	FY2013	Amount Change (FY13-FY12)	% Change (FY13/FY12)	FY2014 Forecast	Amount Change (FY14-FY13)	% Change (FY14/FY13)
NTT Com Group Operating Revenues	<b>1,194.7</b> <b>(944.8)</b>	<b>1,230.4</b> <b>(944.0)</b>	+35.7 (-0.7)	+3.0% (-0.1%)	<b>1,265.0</b> <b>(910.0)</b>	+34.6 (-34.0)	+2.8% (-3.6%)
Cloud Computing Platforms	<b>95.8</b> <b>(41.9)</b>	<b>113.1</b> <b>(52.9)</b>	+17.2 (+10.9)	+18.0% (+26.2%)	<b>140.0</b> <b>(66.0)</b>	+26.9 (+13.0)	+23.8% (+24.7%)
Data Networks	<b>450.1</b> <b>(403.6)</b>	<b>457.0</b> <b>(391.5)</b>	+7.0 (-12.1)	+1.5% (-3.0%)	<b>469.0</b> <b>(383.0)</b>	+12.0 (-8.5)	+2.6% (-2.2%)
Voice Communications	<b>320.0</b> <b>(318.0)</b>	<b>298.2</b> <b>(296.4)</b>	-21.8 (-21.6)	-6.8% (-6.8%)	<b>304.0</b> <b>(276.0)</b>	+5.8 (-20.4)	+2.0% (-6.9%)
Applications & Content	<b>111.8</b> <b>(36.8)</b>	<b>113.3</b> <b>(36.9)</b>	+1.5 (+0.0)	+1.4% (+0.2%)	<b>120.0</b> <b>(40.0)</b>	+6.7 (+3.0)	+5.9% (+8.4%)
Solution Services	<b>200.3</b> <b>(127.5)</b>	<b>231.9</b> <b>(150.6)</b>	+31.6 (+23.1)	+15.8% (+18.1%)	<b>217.0</b> <b>(130.0)</b>	-14.9 (-20.6)	-6.4% (-13.7%)
Revenues From Outside Of Japan	<b>163.7</b>	<b>202.4</b>	<b>38.7</b>	<b>+23.7%</b>	<b>282.0</b>	<b>79.6</b>	<b>+39.3%</b>

- Notes: 1. The top figures in each cell are the results of NTT Communications Group (NTT Communications and its subsidiaries) after adjustments and elimination of intra-group transactions. The figures in parentheses are the results of NTT Communications only.  
2. Figures for FY2012 have been revised to reflect a reorganization of a portion of NTT Communications' business lines in FY2013.

# Major Initiatives Planned for FY2014

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## ■ Realize a low-cost/agile/on-demand ICT environment by promoting Global Cloud Vision 2014 (announced in April 2014)

- Strengthen linkage between networks and the cloud in a way that is unique to telecommunications providers, accelerate virtualization (SDN/NFV, etc.) and promote automation (API feature enhancement, etc.)
- Expand our global service platform (Enterprise Cloud / Data Centers / Arcstar UCaaS, etc.)

## ■ Enhance global business structure through implementation of the “Factory Model”

- Accelerate development and provision of services with globally standardized specifications
- Promote improvements in efficiency through operational integration with acquired companies
- Train and strengthen global human resources

## ■ Other initiatives

- Expand Hikari TV functions (4K video distribution, Smart TV and cloud video games)

# (Reference) NTT Communications' Major Services

(In thousands except for Cloud Services, Data Centers and Managed Security Services)

		FY2012	FY2013	Change (FY13-FY12)	FY2014 Forecast	Change (FY14-FY13)
Cloud Computing Platform	Cloud Services <number of customers>	<b>2,400</b>	<b>4,700</b>	<b>+2,300</b>	<b>7,500</b>	<b>+2,800</b>
	Data Centers <number of locations>	<b>138</b>	<b>146</b>	<b>+8</b>	<b>149</b> (153)	<b>+3</b> (+7)
	Server Floor Space <m <sup>2</sup> >	<b>158</b>	<b>198</b>	<b>+40</b>	<b>213</b> (246)	<b>+15</b> (+48)
Data Networks	VPN <circuits>	<b>260</b>	<b>293</b>	<b>+33</b>	<b>334</b>	<b>+41</b>
	ISP <subscribers>	<b>11,376</b>	<b>11,229</b>	<b>(147)</b>	<b>11,644</b>	<b>+415</b>
Voice Communications	050 plus <IDs>	<b>278</b>	<b>448</b>	<b>+169</b>	<b>506</b>	<b>+58</b>
Applications & Content	Enterprise Mail <IDs>	<b>172</b>	<b>202</b>	<b>+30</b>	<b>315</b>	<b>+113</b>
	SaaS Applications <IDs>	<b>2,130</b>	<b>2,449</b>	<b>+319</b>	<b>2,773</b>	<b>+324</b>
	Hikari TV <subscribers>	<b>2,453</b>	<b>2,823</b>	<b>+370</b>	<b>3,200</b>	<b>+377</b>
Solution Services	Managed Security Services "WideAngle" <number of managed devices>	<b>7,300</b>	<b>8,500</b>	<b>+1,200</b>	<b>11,100</b>	<b>+2,600</b>

1. Figures in parenthesis for "Data Centers" and "Server Floor Space" include data centers scheduled to be completed in or after April 2015.

2. Cloud Services include Enterprise Cloud, Cloud<sup>n</sup> and etc.

3. VPN includes Arcstar Universal One, Arcstar Global IP-VPN, Global e-VLAN and a part of GIGASTREAM.

4. ISP subscribers include OCN, Pala and Infosphere.

5. 050 plus includes 050 plus and 050 plus for Biz.

6. SaaS applications include Enterprise Virtual Desktop Infrastructure, Safety confirmation and simultaneous alert service and My Pocket.

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