

**Earnings Results for the Nine Months Ended December 31, 2018**

# **Investor Briefing**

**SoftBank Corp.  
February 5, 2019**

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For the definitions of numbers on this presentation, please refer to SoftBank Corp.'s data sheet.

# SoftBank Corp.'s Group Company Composition



Segment Name	Main Subsidiaries
Consumer Segment	Wireless City Planning Inc. SB Mobile Service Corp. Willcom Okinawa, Inc. LINE Mobile Corporation SBPower Corp.
Enterprise Segment	Wireless City Planning Inc. Telecom Engineering CO.,LTD. IDC Frontier Inc.
Distribution Segment	SB C&S Corp.
Others	SB Cloud Corp. SB Payment Service Corp. One Tap BUY Co., Ltd. SoftBank Technology Corp. ITmedia Inc.

## Main associates accounted for using the equity method/Joint Ventures

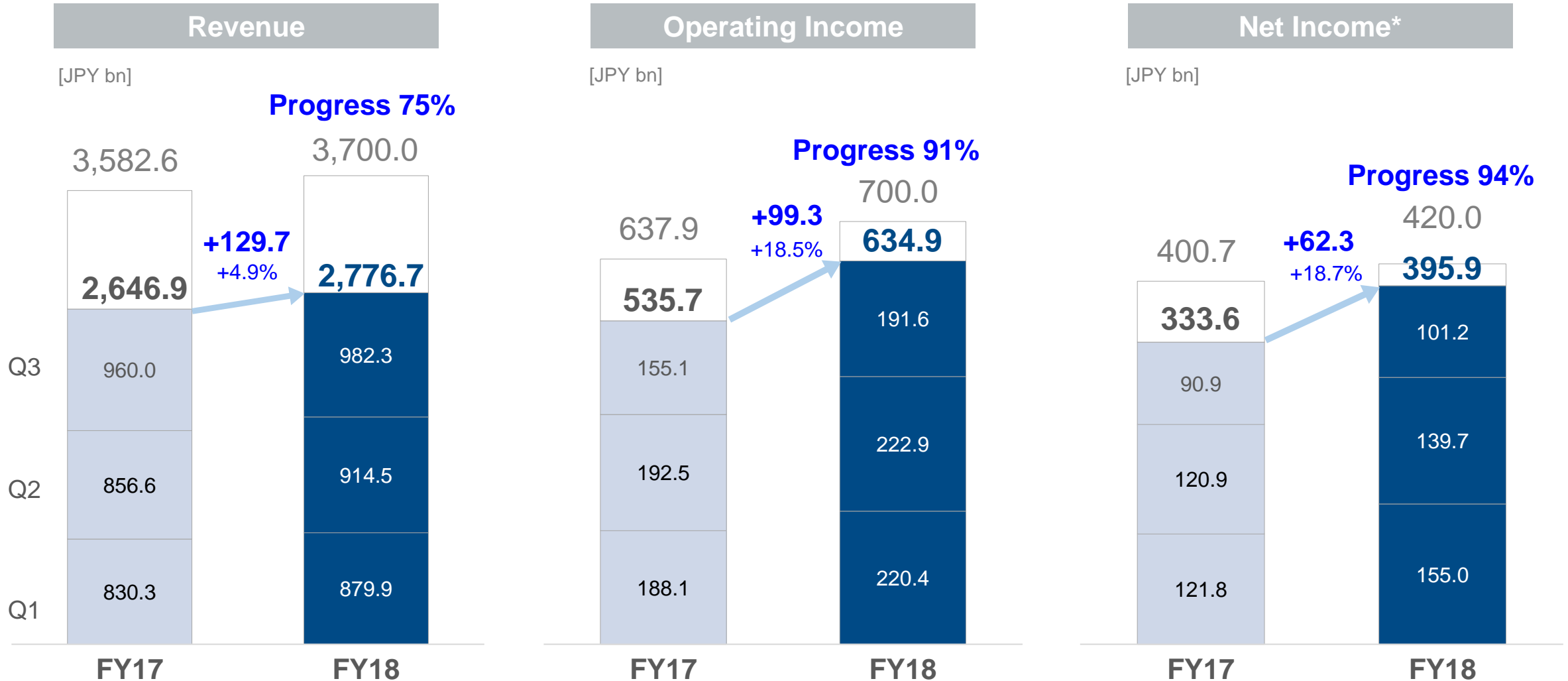
PayPay Corporation  
Cybereason Inc.  
WeWork Japan GK  
T Point Japan Co.,  
DIDi Mobility Japan Corp.

Total Number of Group Companies\* 147

\*Does not include SoftBank Corp.

# Results for the Nine Months Ended December 31, 2018

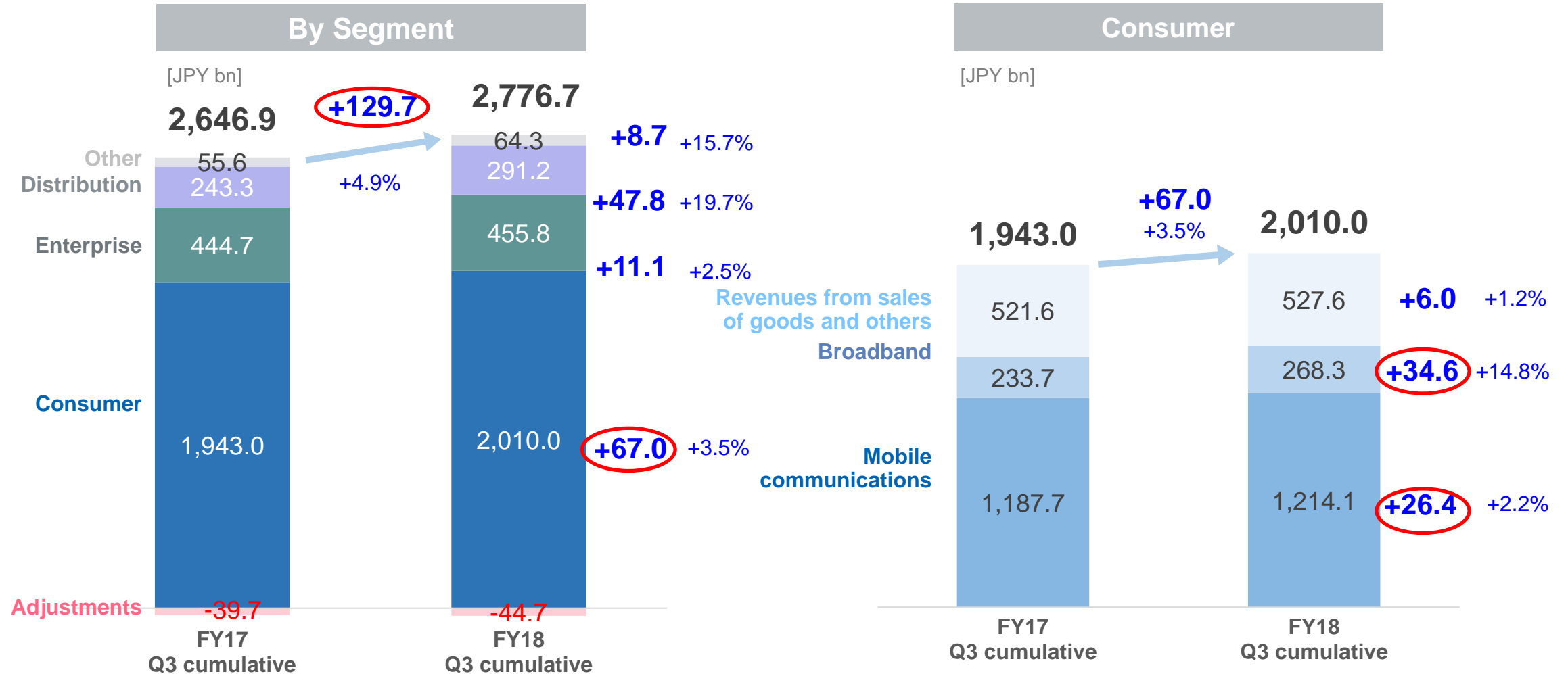
■ All indexes progressed steadily toward full-year forecast



\*Net income: Net income attributable to owners of the Company (applies to all pages following)  
 Definition: "The Company" refers to SoftBank Corp. in this material

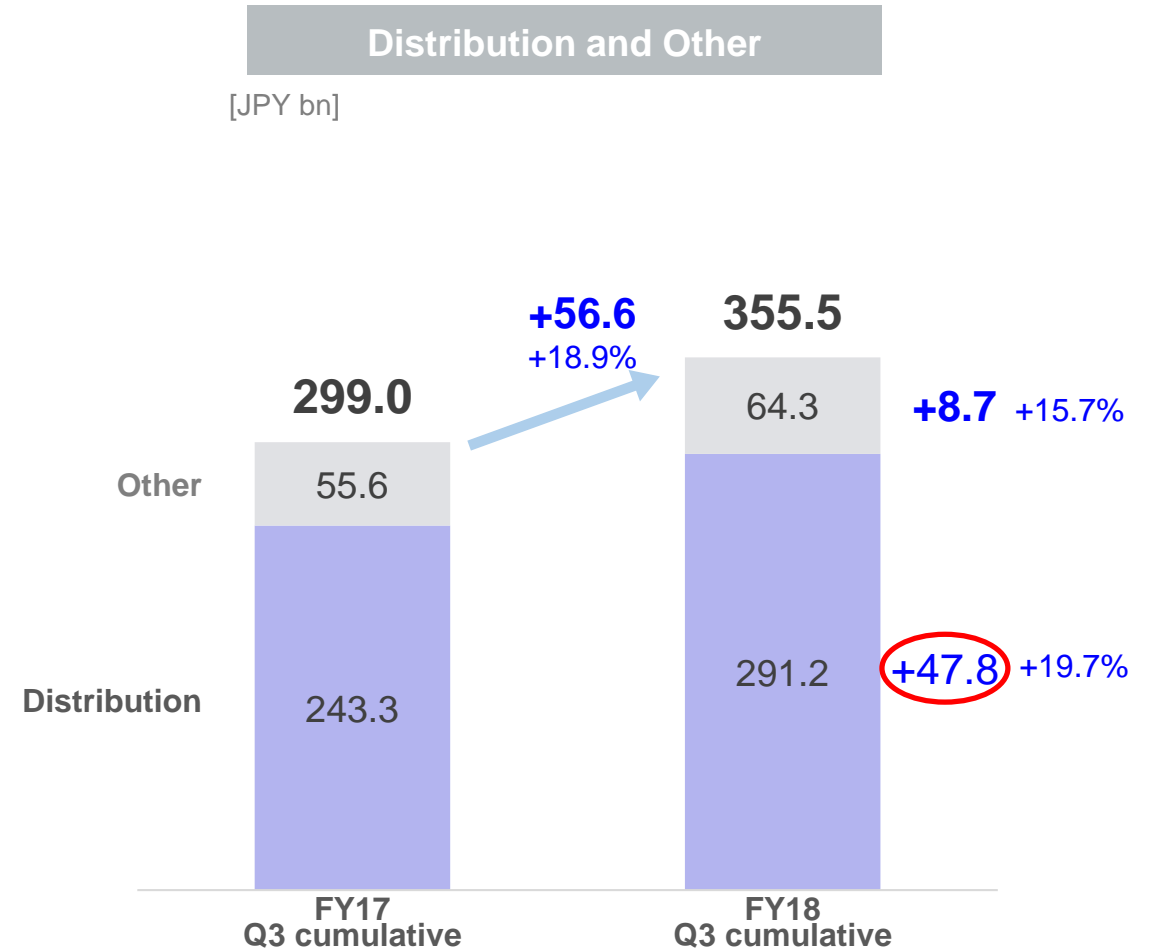
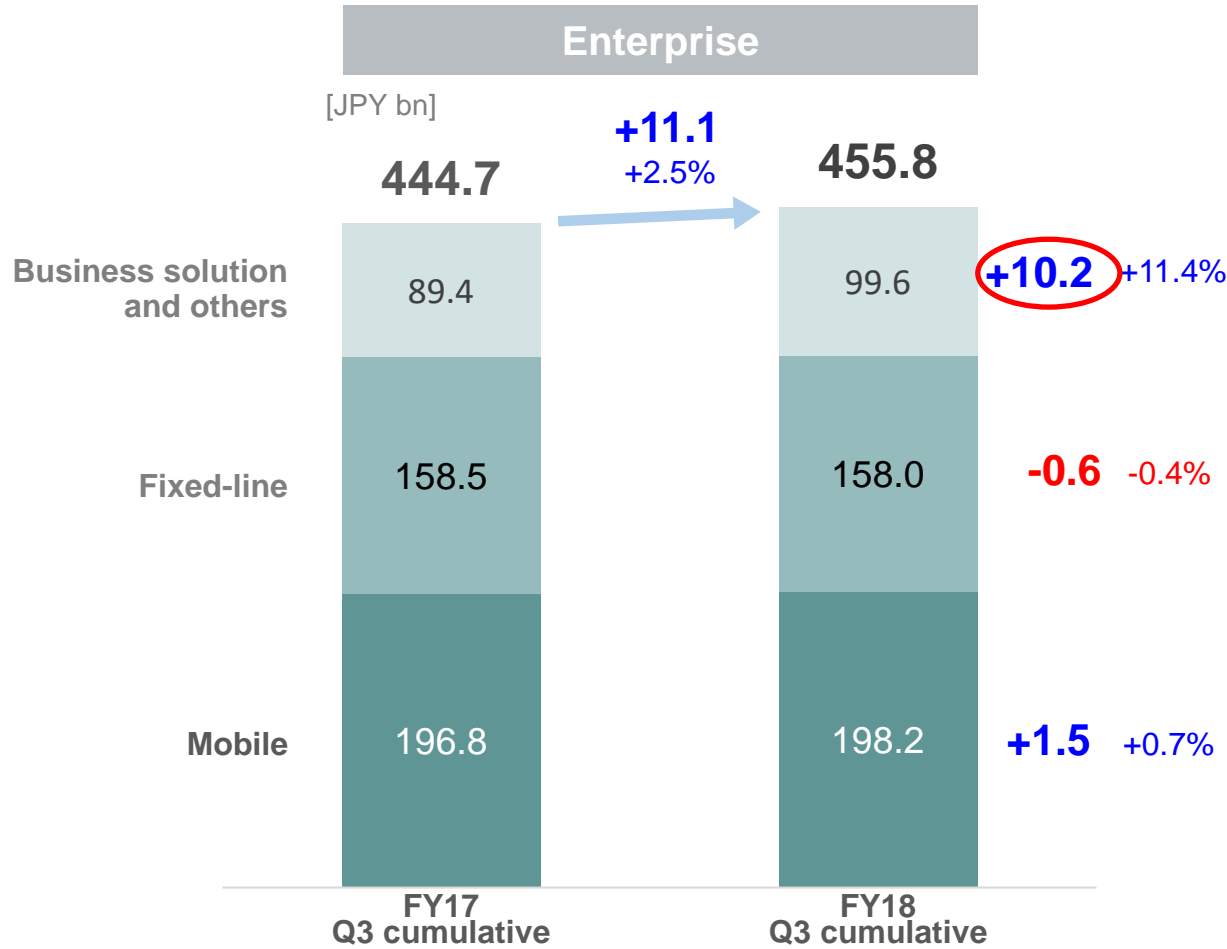
# Revenue (1/2)

- Revenue grew in all segments: up JPY +129.7 bn YoY (+4.9%)
- Consumer segment: up JPY +67.0 bn YoY due to an increase in Broadband (JPY +34.6 bn) and Mobile (JPY +26.4 bn)



# Revenue (2/2)

- Enterprise segment: up JPY+10.2 bn YoY (+11.4%) mainly due to an increase in Business solutions services and others driven by strategic businesses including cloud and robotics
- Distribution segment: jumped to JPY +47.8 bn YoY (+19.7%) with steady growth of ICT-related products and solutions to enterprise customers

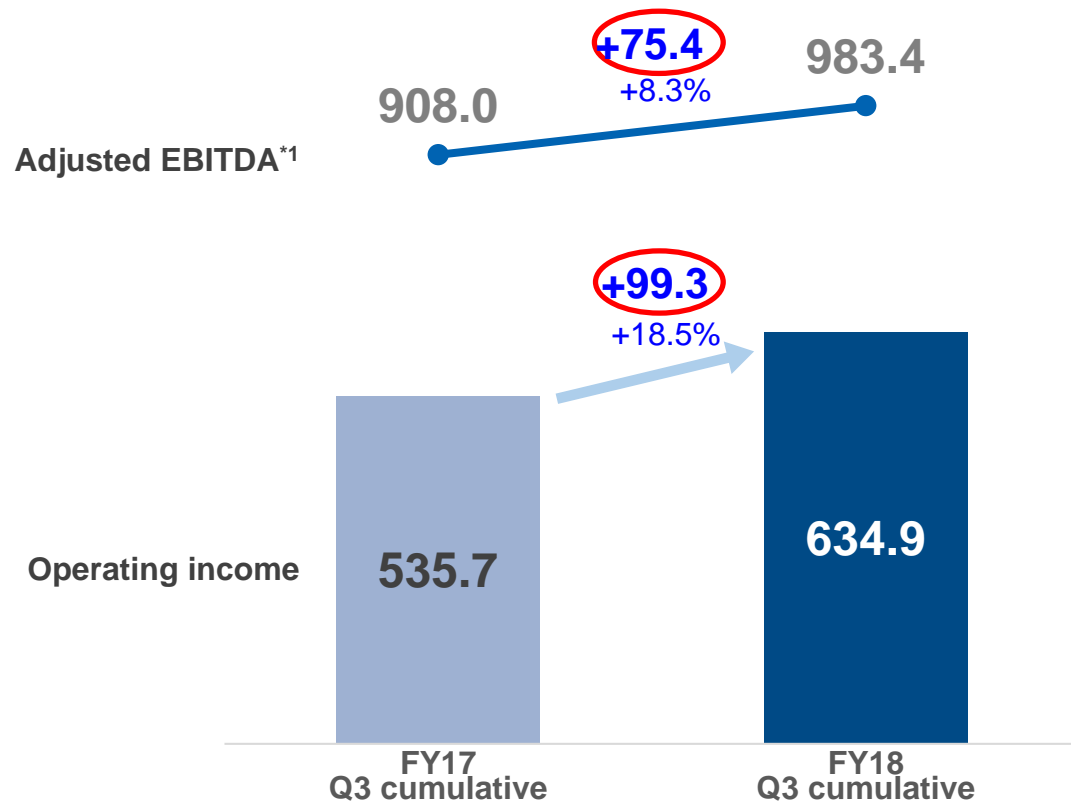


# Operating Income/Adjusted EBITDA

- Adjusted EBITDA increased by JPY +75.4 bn YoY (+8.3%)
- Operating income grew in all segments by JPY +99.3 bn YoY (+18.5%), with Consumer contributing by JPY +54.3 bn (+11.0%)

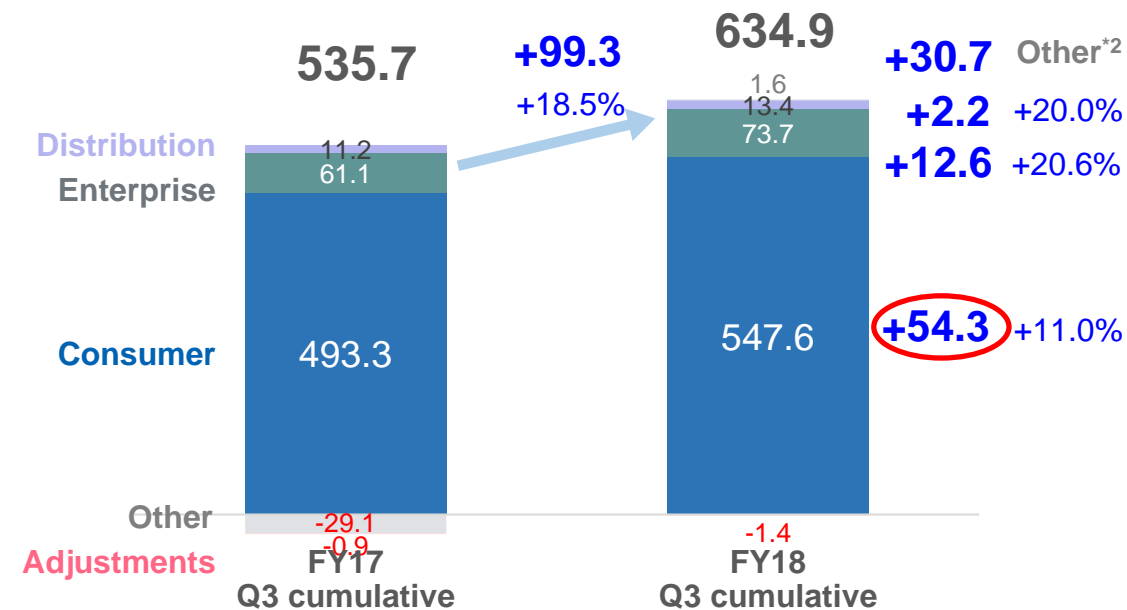
Operating Income / Adjusted EBITDA

[JPY bn]



Segment Income

[JPY bn]

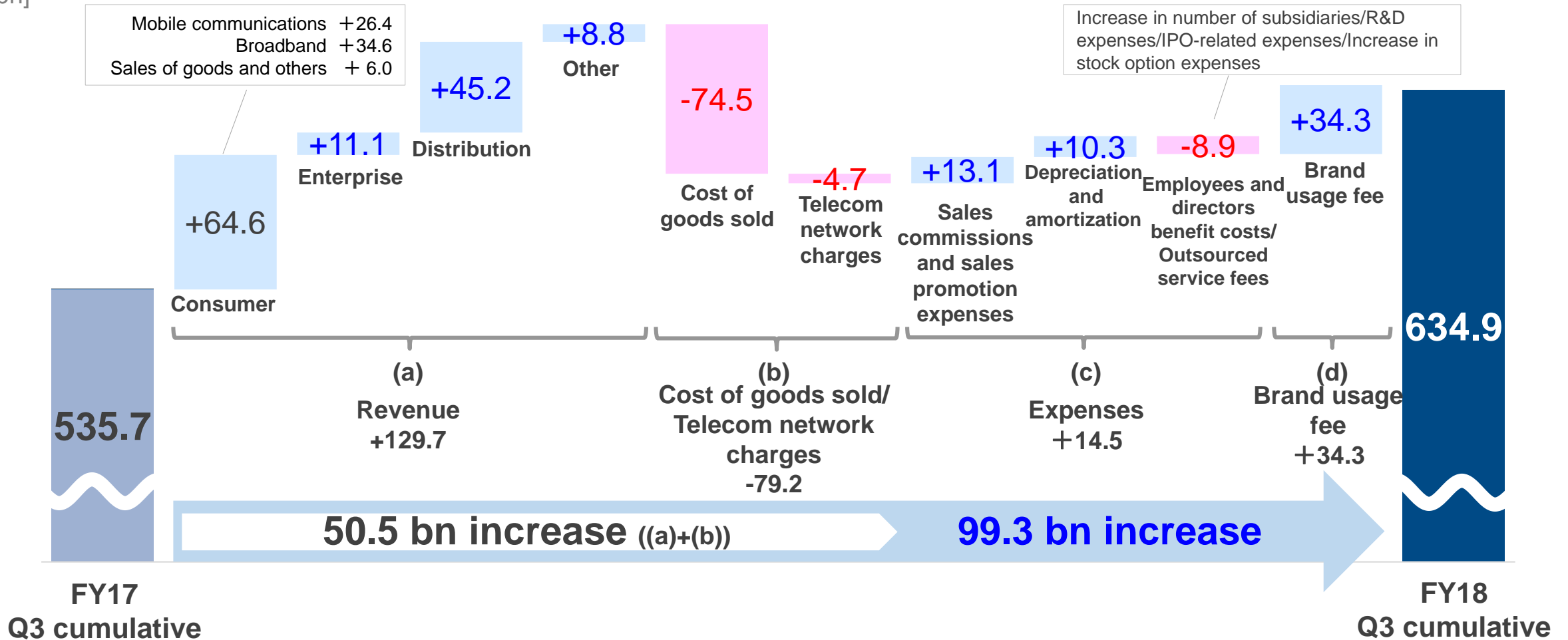


\*1: Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) ± other adjustments \*2: Brand fee: JPY +30.4 bn in FY17Q3 cumulative

# Operating Income (YoY Comparison)

- Revenue increased in all segments, resulting in JPY +50.5 bn growth YoY after deduction of Cost of goods sold and Telecommunication network charges ((a) +(b))
- Cost reduction mainly in sales commissions and sales promotion expenses decreased Expenses by JPY 14.5 bn (c)
- Brand usage fee was improved by JPY 34.3 bn due to a one-time fee for permanent use of the SoftBank brand in Mar. 2018 (d)

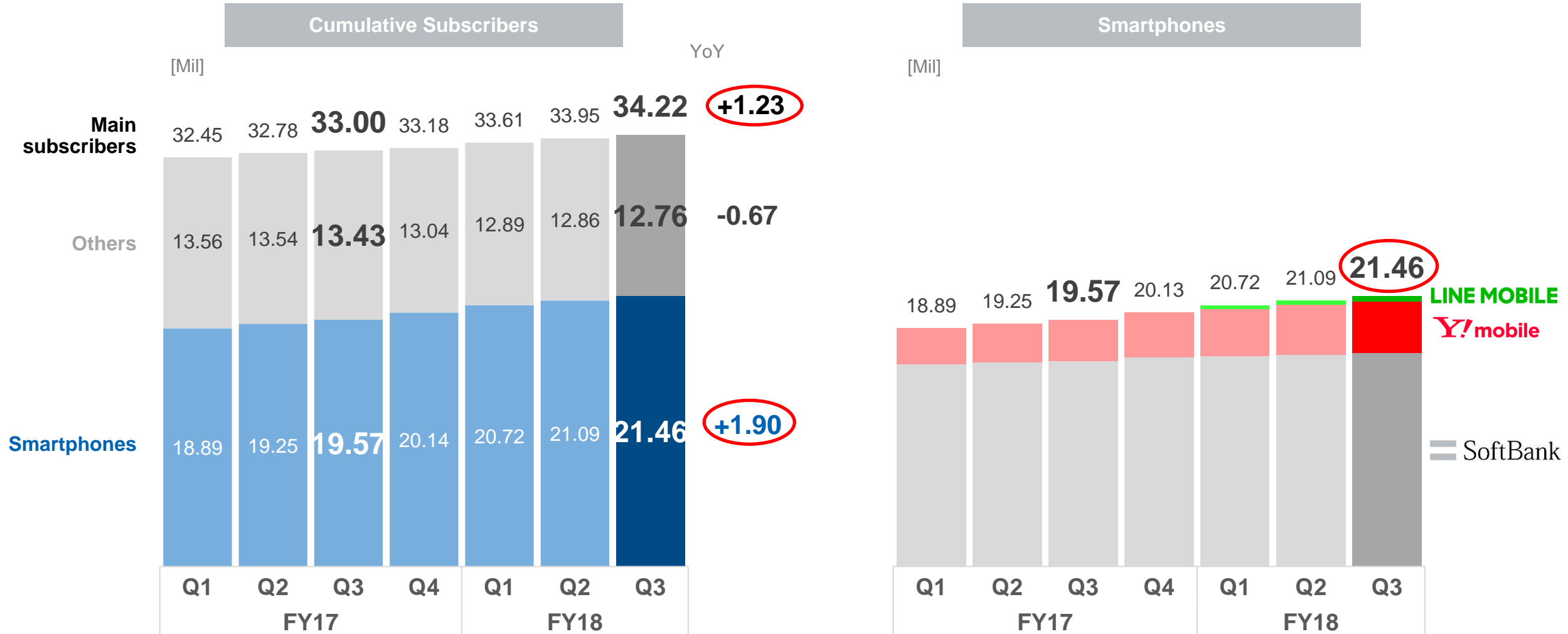
[JPY bn]





# Cumulative Subscribers (Main Subscribers/Smartphones) SoftBank

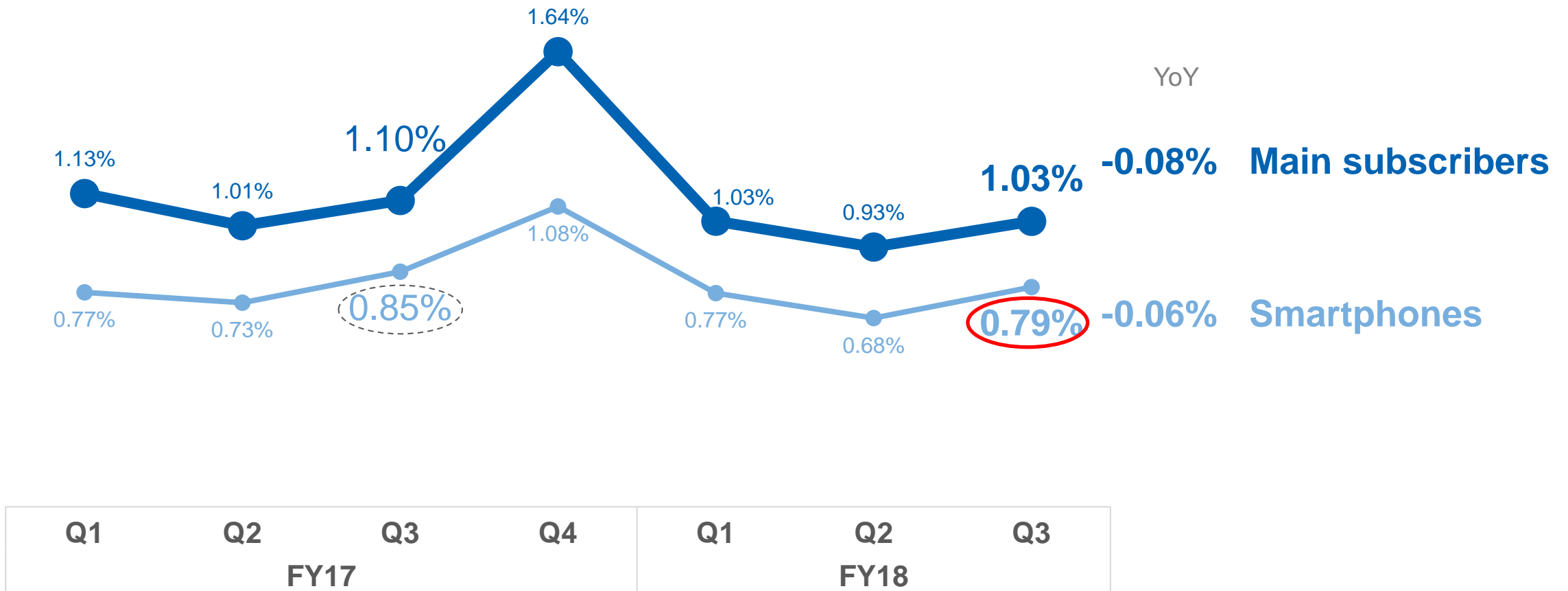
- Cumulative main subscribers were 34.22 mil (+1.23 mil YoY); smartphones contributed substantially and tablets increased, while feature phones and Mobile Broadband (MBB) decreased
- Cumulative smartphones were 21.46 mil (+1.90 mil YoY), steady growth in all 3 brands



\* FY18Q3 and FY17Q3 cumulative subscribers include Wireless Home Phone subscribers (FY17Q3: 182K lines, FY18Q3: 422 K lines respectively).

# Churn Rate (Main Subscribers/Smartphones)

- Churn rate of main subscribers improved greatly, resulting in -0.08% decrease YoY
- Churn rate of smartphones decreased to a record low of 0.79% (YoY -0.06%) as a result of various initiatives

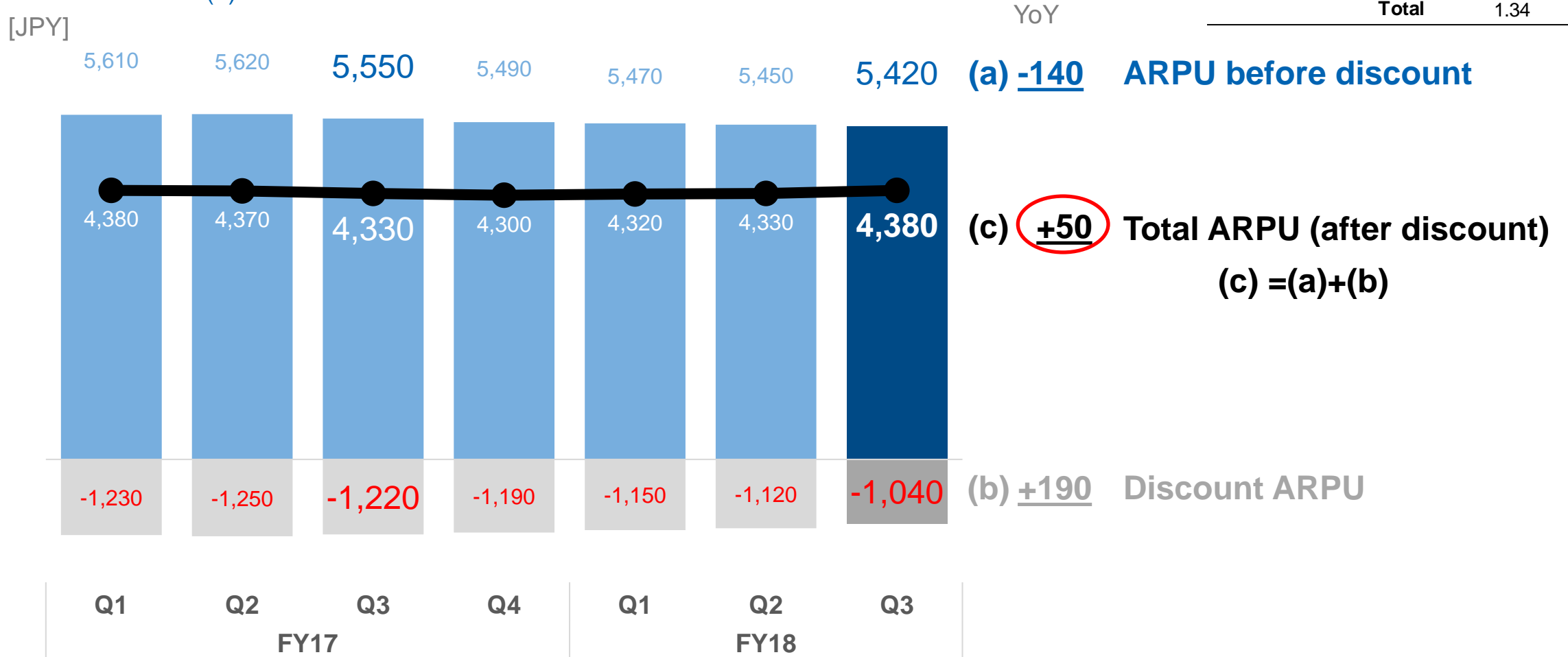


# ARPU (Main Subscribers)

■ Mobile communications service revenue

(JPY tn)	FY17 Q3 cumulative	FY18 Q3 cumulative
Consumer	1.19	1.21
Enterprise (excluding Distribution)	0.15	0.16
<b>Total</b>	<b>1.34</b>	<b>1.37</b>

- Total ARPU bottomed out. Q3 ARPU increased by +50 yen YoY due to the decrease in Monthly Discount by the introduction of 4-year installments (c)
- ARPU before discount decreased due to an increase in composition ratio of Y!mobile and LINE MOBILE users (b)

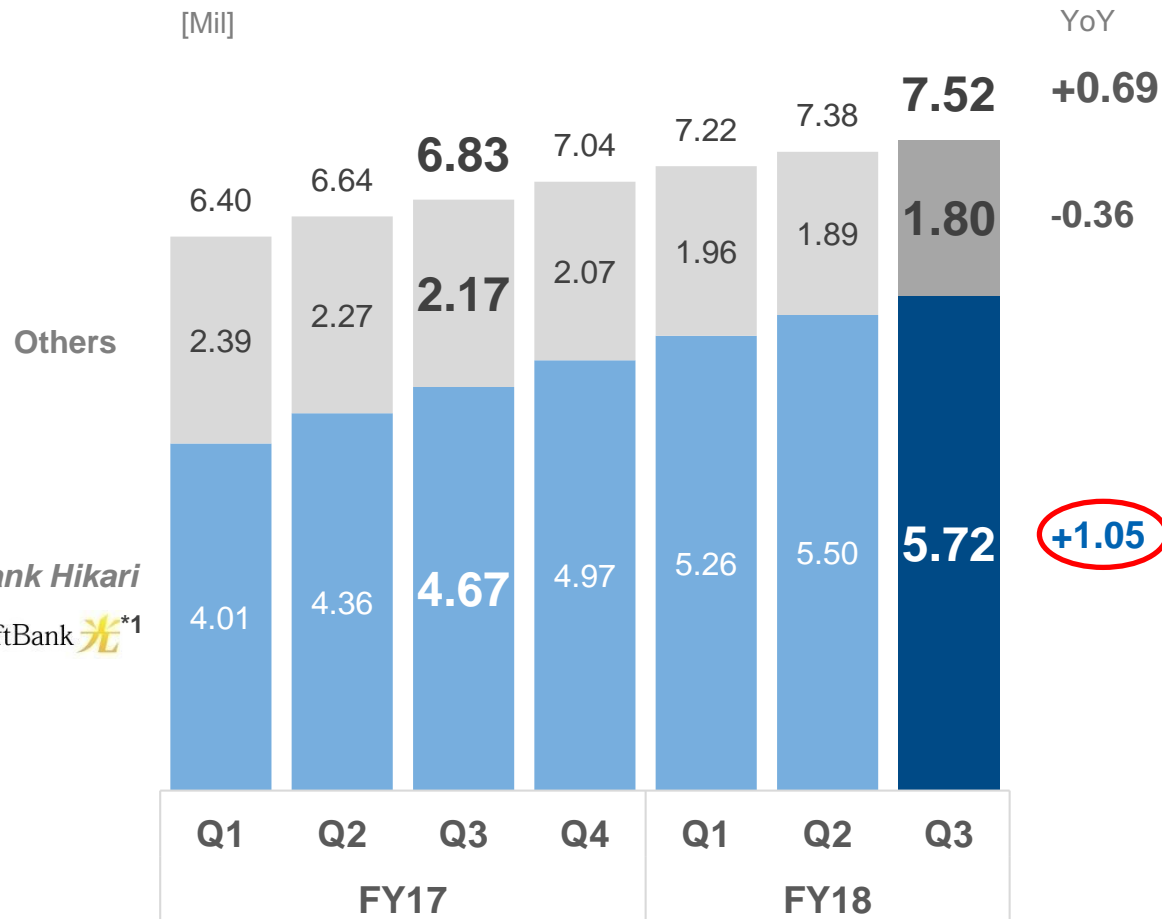


\*Revenue deductions relating to reward points and Half Price Support are not included in calculation of ARPU. Includes IFRS15 impact

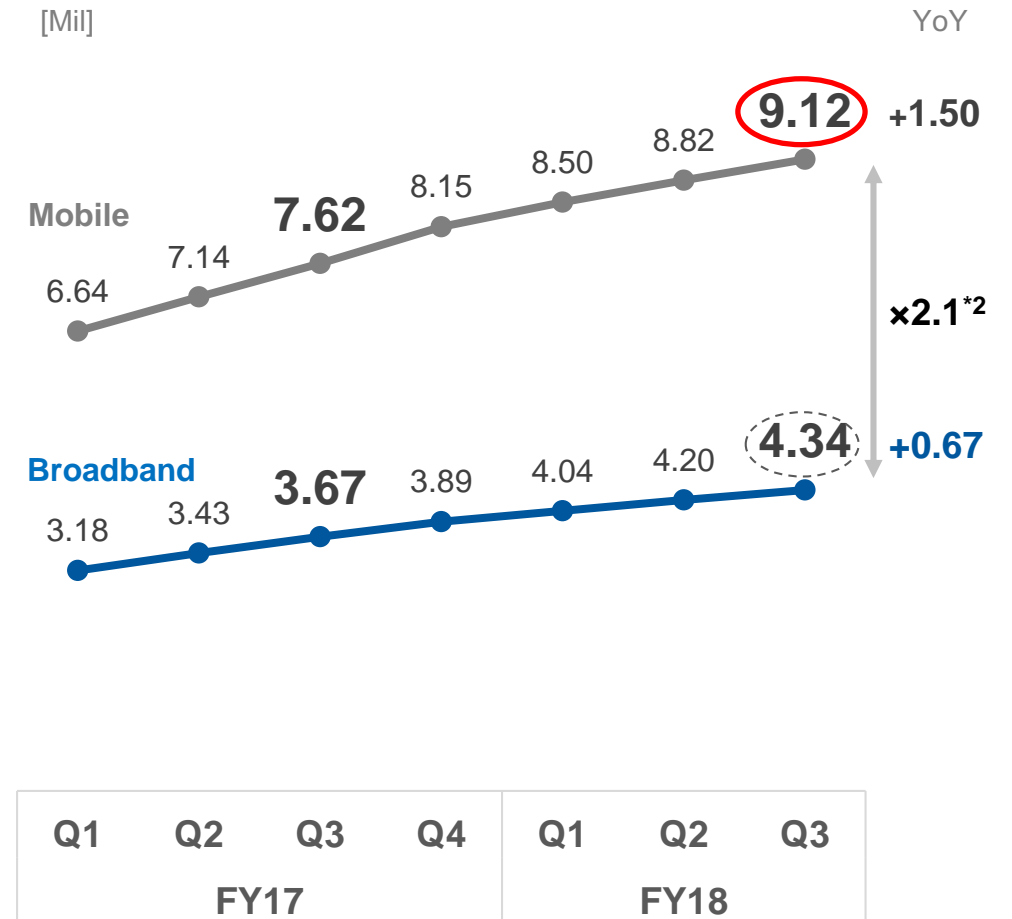
# Broadband Service

- 5.72 mil *SoftBank Hikari* subs as of Dec. 2018: steadily increased by 1.05 mil YoY
- *Home Bundle Discount Hikari Set* applications to mobile subs increased to 9.12 mil

Cumulative Subscribers  
(Number of Connected Lines)



*Home Bundle Discount Hikari Set*  
cumulative subscribers

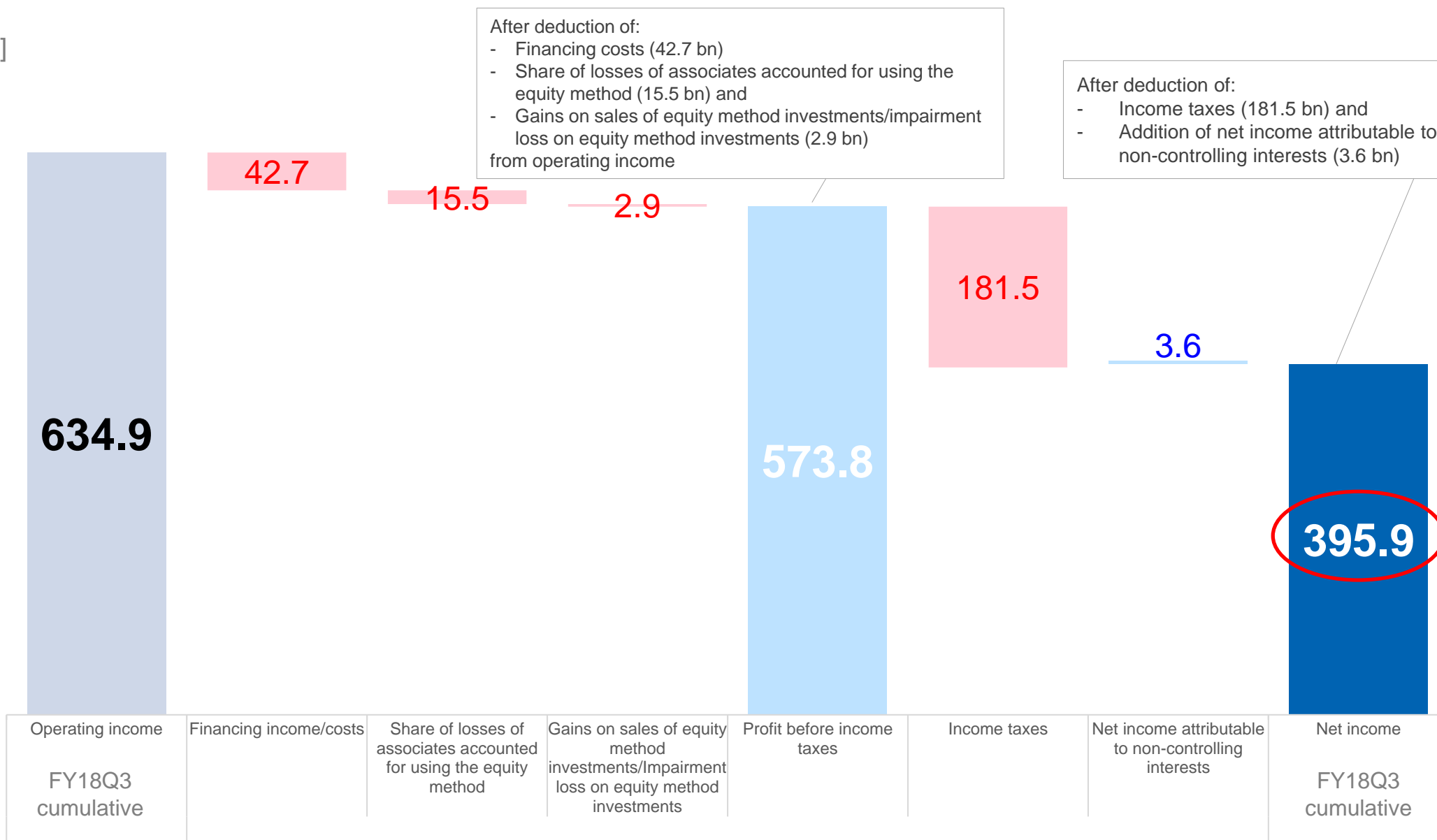


\*1: *SoftBank Hikari* includes *SoftBank Air*

\*2: Number of mobile lines under bundled discount per *SoftBank Hikari* line

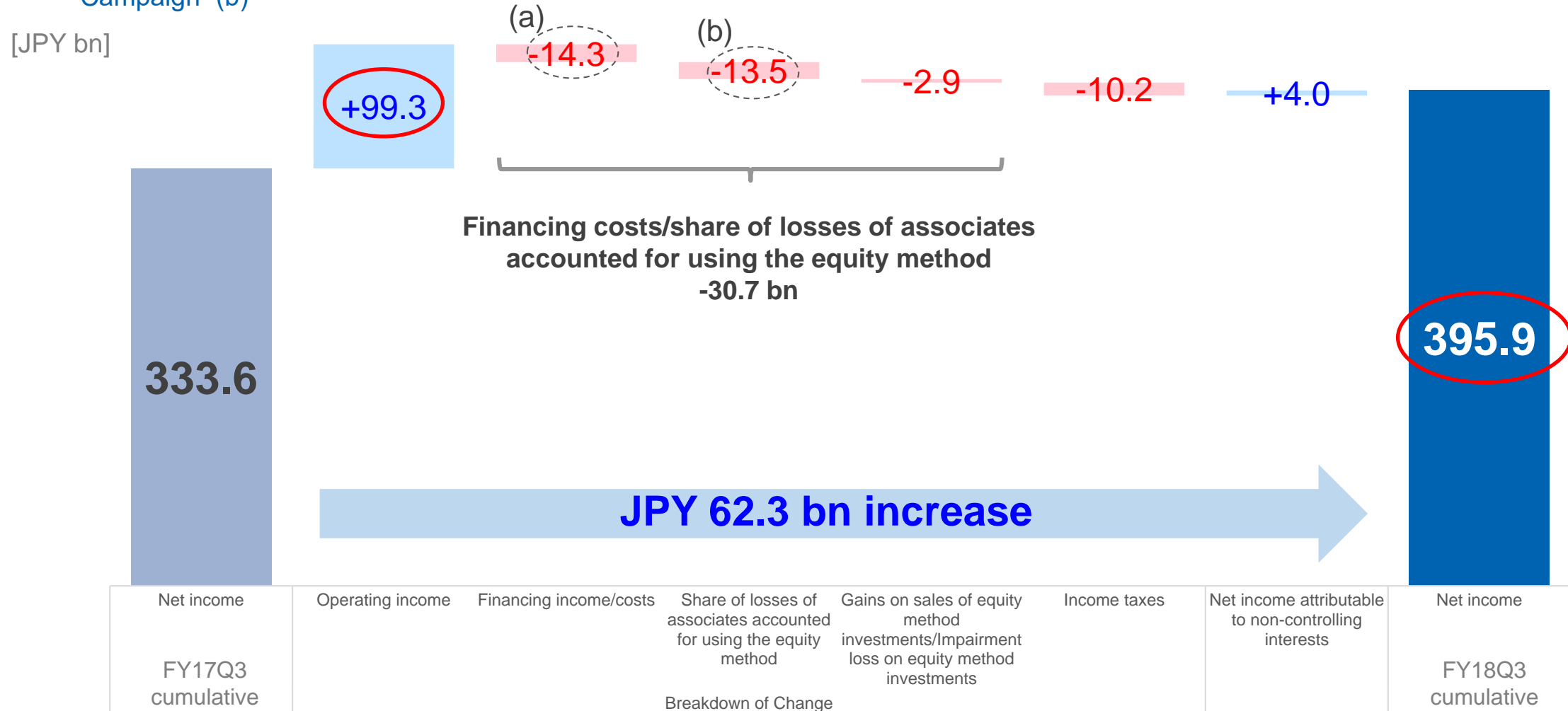
# Net Income

[JPY bn]



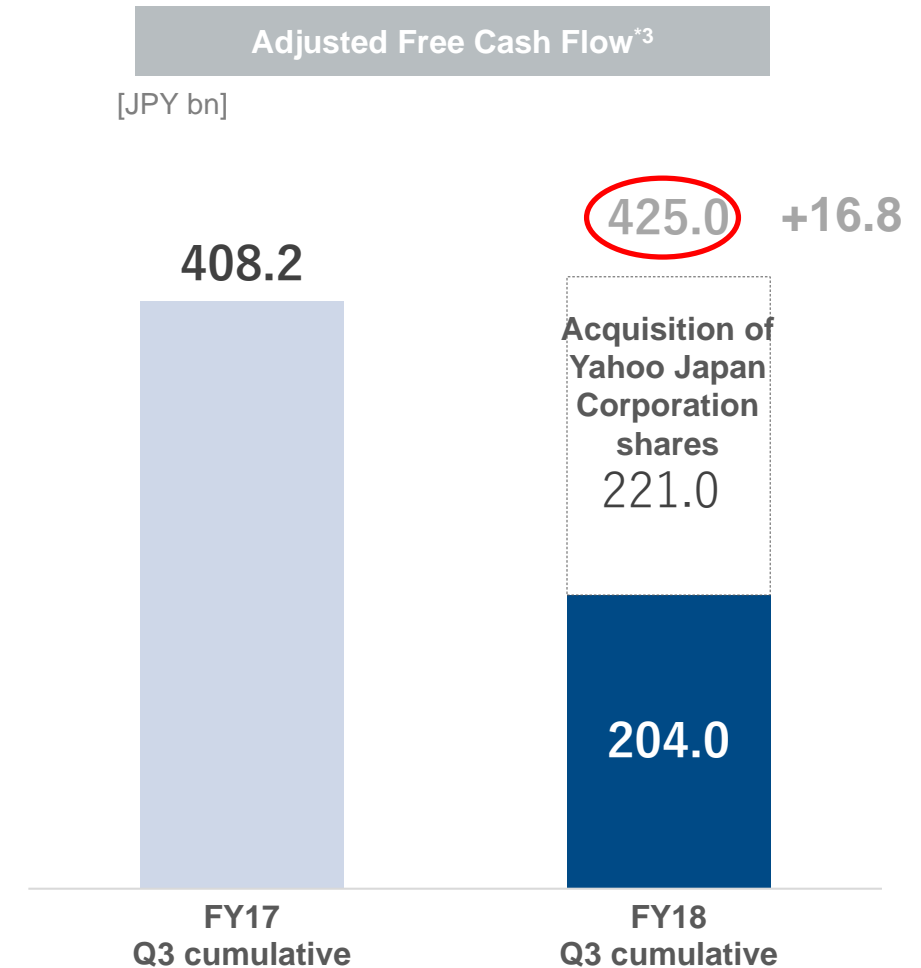
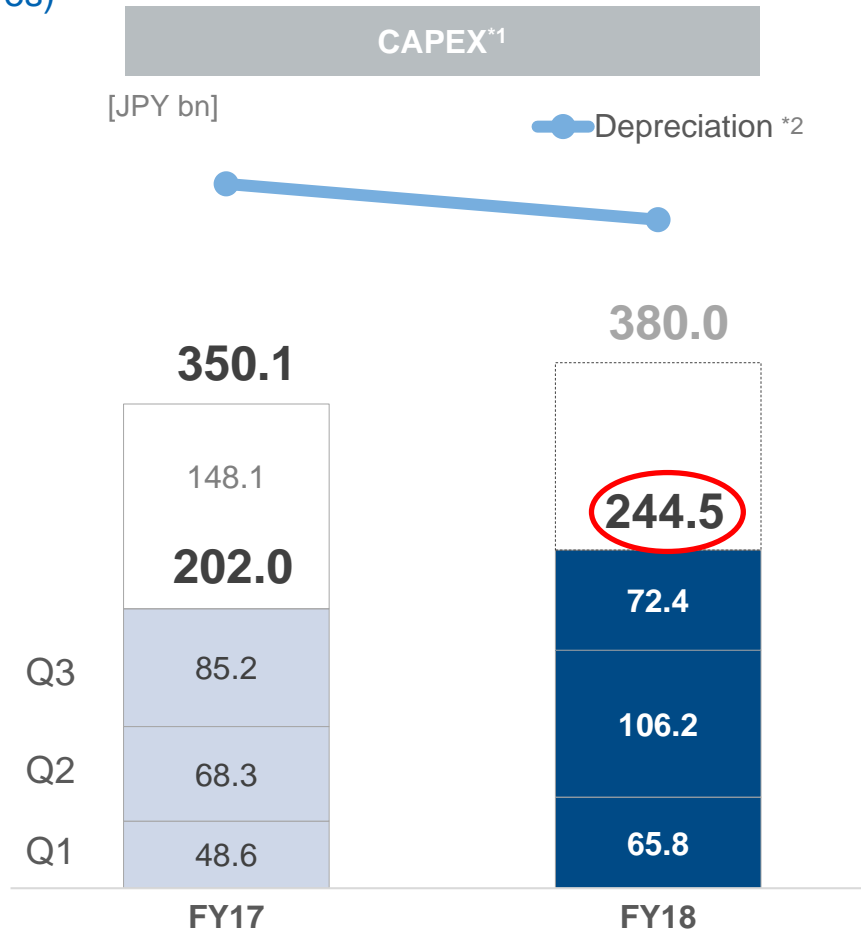
# Net Income (YoY Comparison)

- Net income increased by JPY+62.3 bn YoY due to strong growth in operating income of +99.3 bn
- Financing costs: Interest paid increased due to an increase in borrowings (a)
- Share of losses of associates accounted for using the equity method: losses increased mainly due to PayPay's "10 Billion Yen Campaign" (b)



# CAPEX/Adjusted Free Cash Flow

- No changes in full-year CAPEX forecast. CAPEX for FY18Q3 cumulative was JPY 244.5 bn, after our efforts to expand LTE service areas and improve network quality
- Adjusted FCF grew steadily towards full-year forecast of JPY 500.0 bn or more (not including acquisition of Yahoo Japan Corporation shares)



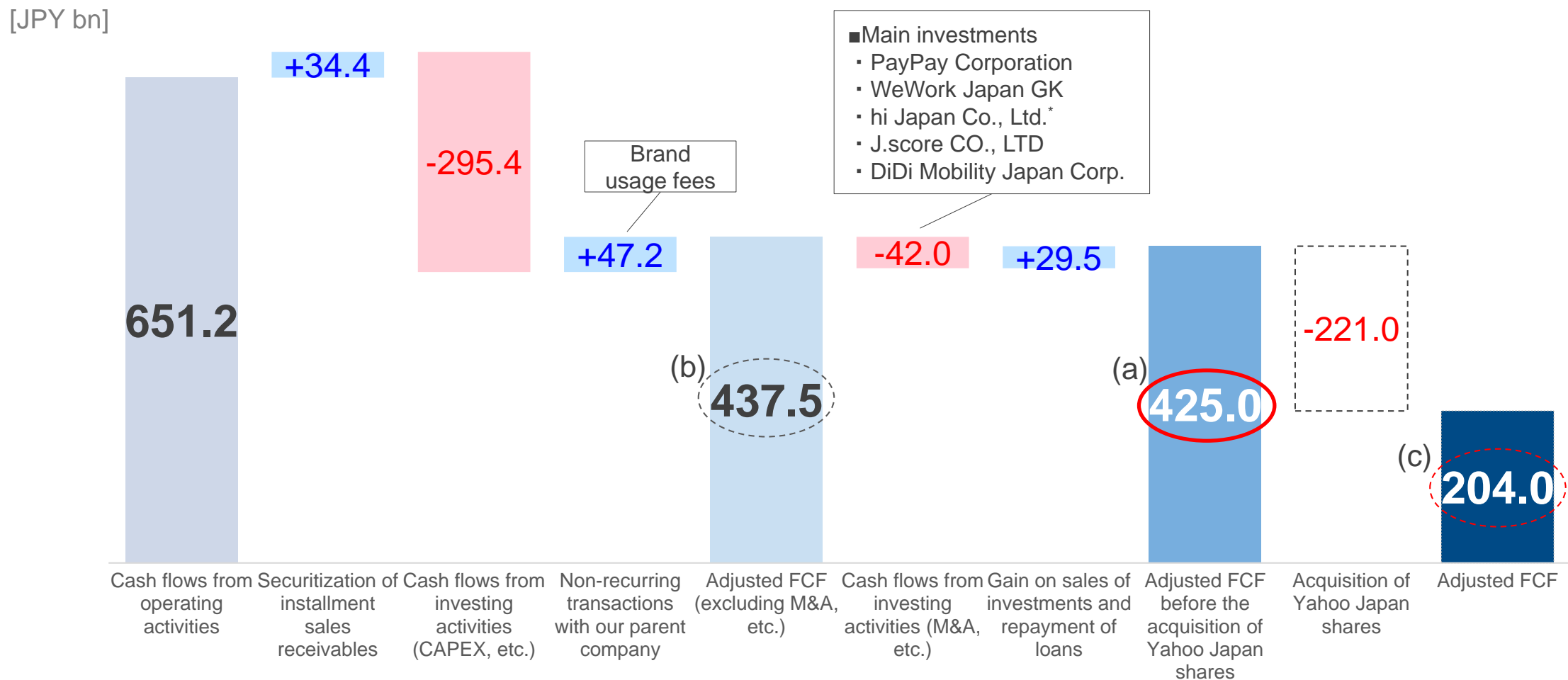
\*1: CAPEX: Acceptance basis. Excludes capex for rental mobile phones.

\*2: Depreciation: Includes disposal. Excludes depreciation for rental mobile phones

\*3: Adjusted free cash flow = free cash flow ± total cash flows relating to non-recurring transactions with SoftBank Group Corp. + (proceeds from the securitization of installment sales receivables – repayments thereof)

# Adjusted Free Cash Flow (For the Nine Months Ended December 31, 2018)

- Adjusted free cash flow excluding the acquisition of Yahoo Japan Corporation shares was 425.0 bn, growing steadily toward full-year forecast of over 500.0 bn (a)
- Adjusted free cash flow (excluding M&A, etc.) was JPY 437.5 bn (b)



\*: Former handy Japan Holdings



# Summary of Consolidated Financial Statements (YoY Comparison)



[JPY bn]

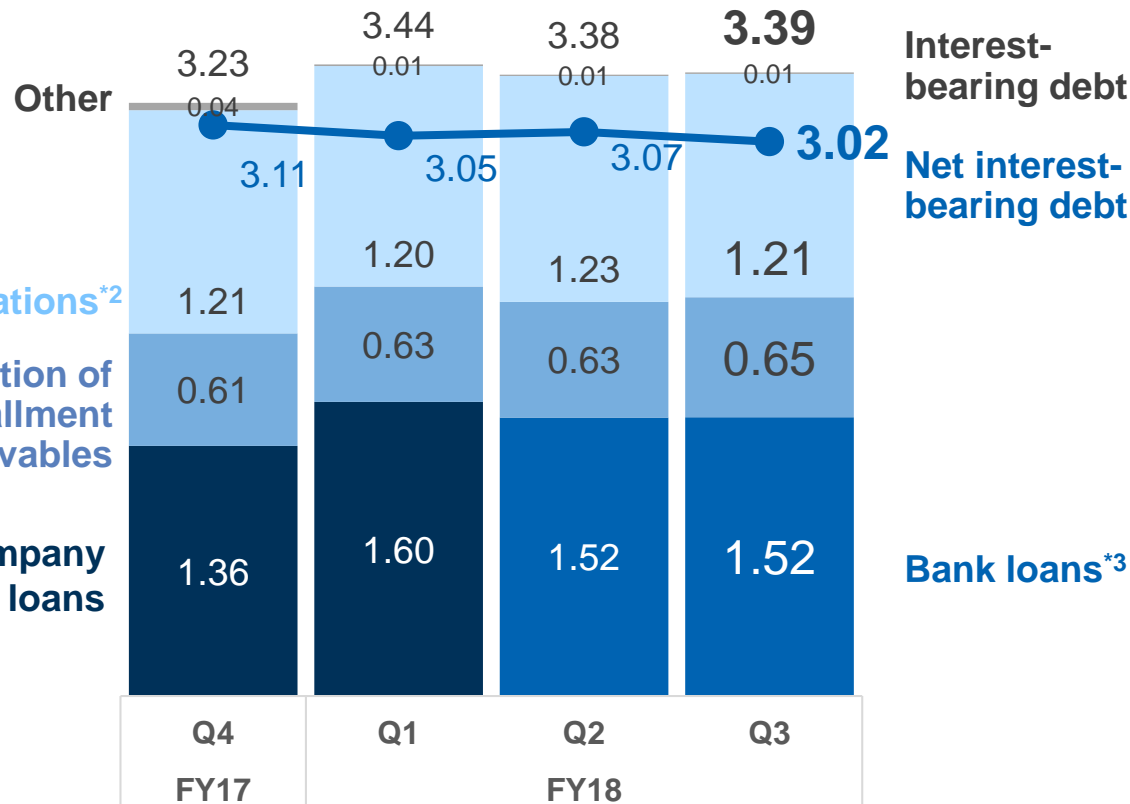
	Mar. 31, 2018	Dec. 31, 2018	Change	Primary changes
Cash and cash equivalents	121.0	376.6	255.6	Increase in free cash flow and interest-bearing debt
Trade and other receivables	1,186.8	1,187.0	0.3	
PP&E/Intangible assets	2,758.6	2,698.9	-59.7	Decrease due to depreciation surpassing new investments
Other assets	1,239.2	1,482.0	242.9	Increase of Yahoo Japan Corporation shares JPY +168.0 bn Investments to JVs in new business areas such as PayPay
<b>Total assets</b>	<b>5,305.6</b>	<b>5,744.6</b>	<b>439.0</b>	
Interest-bearing debt	3,226.5	3,392.2	165.6	See next page
Other liabilities	1,193.8	1,126.1	-67.6	Unpaid brand usage fee: JPY -47.3 bn (last quarter) → 0 bn (the end of Q3)
<b>Total liabilities</b>	<b>4,420.3</b>	<b>4,518.3</b>	<b>98.0</b>	
<b>Total equity</b>	<b>885.3</b>	<b>1,226.3</b>	<b>341.0</b>	Net income: +392.3 bn, changes in fair value of Yahoo Japan Corporation shares: -53.0 bn

# Interest-bearing Debt/Net Interest-bearing Debt and Net Leverage Ratio

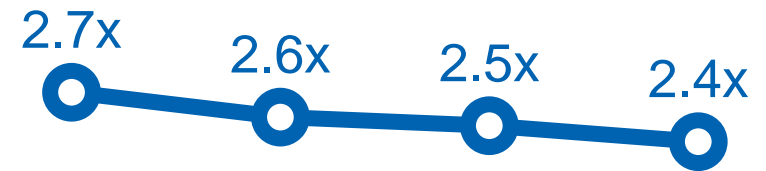
- Net interest-bearing debt showing improvement. Interest-bearing debt remained at the same level
- Net leverage ratio kept at an appropriate level

Interest-bearing Debt/  
Net Interest-bearing Debt\*1

[JPY tn]



Net Leverage Ratio\*4



Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18
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\*1: Net interest-bearing debt = Interest-bearing debt – Cash and cash equivalents

\*2: Lease obligations include payables from purchase of installments.

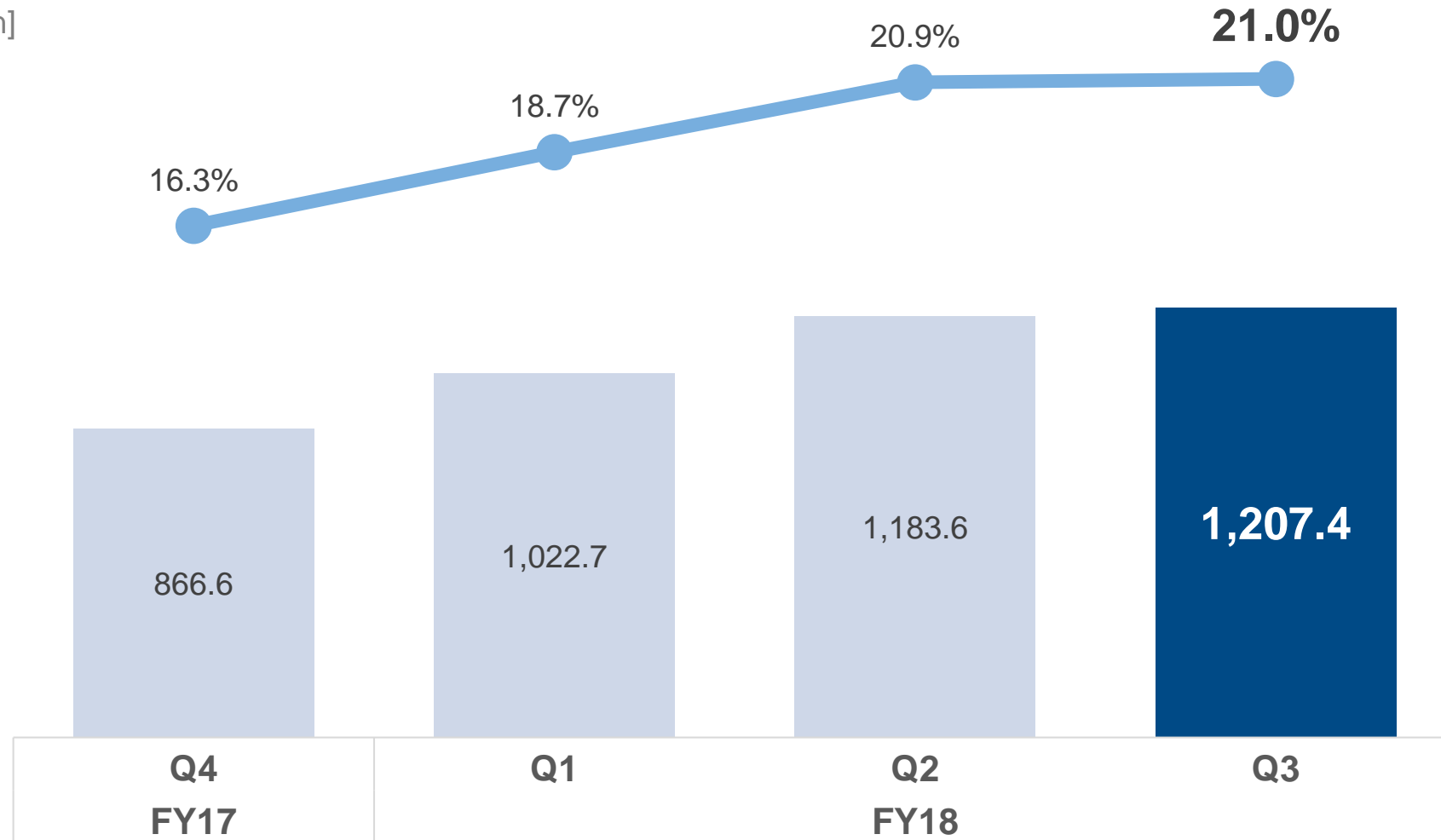
\*3: Bank loans only include the Senior Loan Agreement which SoftBank Corp. entered into in August 2018 with certain third-party financial institutions in order to refinance all outstanding inter-company loans with SoftBank Group Corp.

\*4: Net leverage ratio = Net interest-bearing debt/adjusted EBITDA (LTM)

# Shareholder's Equity Ratio (Attributable to Owners of SoftBank Corp.)

■ Shareholder's equity is steadily increasing

[JPY bn]



Shareholder's equity ratio

Equity

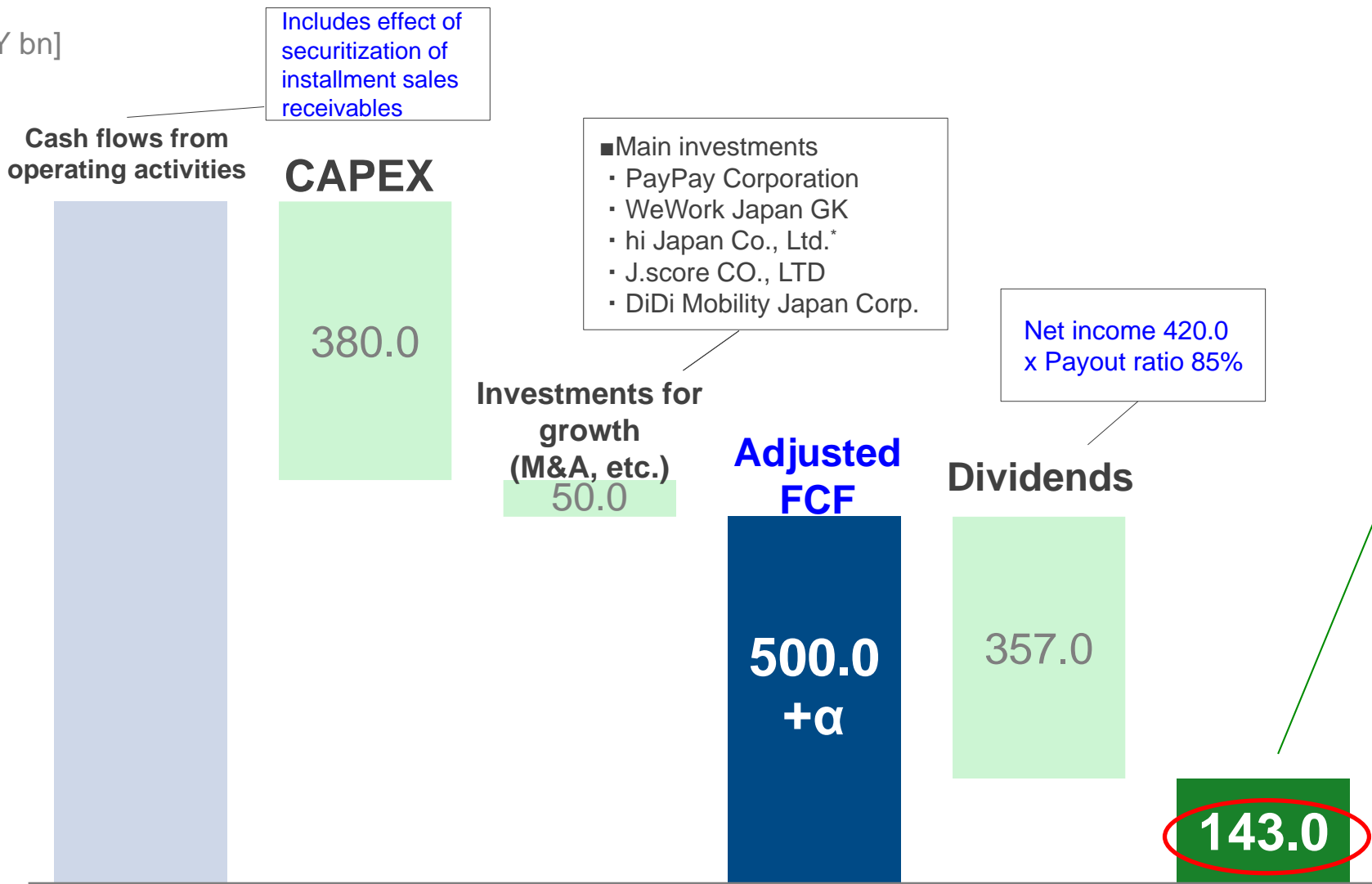
\* Shareholder's equity = equity attributable to owners of SoftBank Corp.

\* Shareholder's equity ratio = total equity attributable to owners of the Company/Total assets.

# Financial Strategy

Illustrative purpose to show our concept based on FY2018

[JPY bn]



## Cash reserves after shareholder returns

- Increase investments for growth
- Credit improvement



# Appendix

# Consolidated Statements of Income



[JPY bn]

	FY17 Q1-Q3	FY18 Q1-Q3	Change	Primary changes
Revenue	2,646.9	2,776.7	129.7	
Cost of sales	-1,451.4	-1,521.4	-70.0	Increase in cost of goods sold, decrease in depreciation
Gross profit	1,195.5	1,255.3	59.7	
Selling, general and administrative expenses	-646.0	-620.2	25.8	Decrease in selling, general and administrative expenses
Other operating income	0.0	4.7	4.7	
Other operating expenses	-13.9	-4.8	9.1	Valuation loss on inventory of sports content distribution service in FY17: JPY -13.6 bn
Operating Income	535.7	634.9	99.3	
Share of losses of associates accounted for using the equity method	-2.1	-15.5	-13.5	PayPay Corporation's sales promotion campaign expenses
Financing income	1.4	1.3	-0.1	
Financing costs	-29.8	-44.0	-14.2	Increase in Interest paid due to increase in average amount of interest-bearing debt during period
Gains on sales of equity method investments	-	6.2	6.2	
Impairment loss from sales of equity method investments	-	-9.1	-9.1	Impairment loss of shares of subsidiaries and associates
Profit before income taxes	505.2	573.8	68.6	
Income taxes	-171.3	-181.5	-10.2	
Net income	334.0	392.3	58.3	
Net income attributable to Owners of the Company	333.6	395.9	62.3	
Non-controlling interests	0.4	-3.6	-4.0	

# Consolidated Statements of Financial Position (Assets)



[JPY bn]

	As of Mar 31, 2018	As of Dec 31, 2018	Change	Primary changes
Total assets	5,305.6	5,744.6	439.0	
Current assets	1,569.1	1,814.1	245.0	
Cash and cash equivalents	121.0	376.6	255.6	Increase in free cash flow and interest-bearing debt
Trade and other receivables	1,186.8	1,187.0	0.3	
Other financial assets	6.3	1.8	-4.5	
Inventories	125.6	147.1	21.5	
Other current assets	129.4	101.5	-27.9	
Non-current assets	3,736.5	3,930.5	194.0	
Property, plant and equipment	1,707.3	1,654.8	-52.5	Impact from depreciation, etc.
Goodwill	187.5	198.5	11.0	
Intangible assets	1,051.3	1,044.1	-7.2	
Contract cost	174.3	162.0	-12.3	
Investments accounted for using the equity method	56.3	63.8	7.4	
Other financial assets	414.1	689.5	275.4	Acquisition of Yahoo Japan Corporation shares: +168.0 bn (Purchase: +221.0 bn – valuation loss: 53.0 bn) Increase in long-term installment receivables due to introduction of 4-year installments: +102.0 bn
Deferred tax assets	58.5	29.9	-28.6	
Other non-current assets	87.2	88.1	0.9	



# Consolidated Statements of Financial Position (Liabilities and Equity)

[JPY bn]

	As of Mar 31, 2018	As of Dec 31, 2018	Change	Primary changes
Total liabilities	4,420.3	4,518.3	98.0	
Current liabilities	3,397.5	1,978.5	-1,419.0	
Interest-bearing debt	2,260.4	934.8	-1,325.7	Repayment of Inter-company loans
Trade and other payables	841.5	779.4	-62.2	Reversal of accounts payable for FY17 brand fees
Provisions	100.7	108.3	7.6	
Income taxes payable	100.9	60.8	-40.1	
Allowance	16.4	8.0	-8.4	
Other current liabilities	77.5	87.3	9.8	
Non-current liabilities	1,022.8	2,539.8	1,517.0	
Interest-bearing debt	966.1	2,457.4	1,491.3	New loans from financial institutions
Other financial liabilities	3.1	11.0	7.9	
Defined benefit liabilities	12.0	11.5	-0.5	
Allowance	34.5	53.4	18.9	
Other non-current liabilities	7.1	6.5	-0.5	
	885.3	1,226.3	341.0	
Total equity	866.6	1,207.4	340.9	
Equity attributable to owners of the Company	197.7	204.3	6.6	
Common stock	204.9	199.4	-5.5	
Capital surplus	458.2	860.8	402.6	
Retained earnings	5.8	-57.1	-62.8	Net income attributable to owners of the Company: +395.8 bn
Accumulated other comprehensive income (loss)	18.7	18.8	0.2	Changes in fair value of capital financial assets (primarily Yahoo Japan Corporation: -53.0 bn)
Non-controlling interests	4,420.3	4,518.3	98.0	

# Consolidated Statements of Cash Flows

[JPY bn]

	FY17 Q1-Q3	FY18 Q1-Q3	Change
Cash flows from operating activities	588.6	651.2	
Net income	334.0	392.3	
Depreciation	351.2	337.2	
Change in working capital	-84.8	-83.4	
Interest paid	-25.6	-58.8	Interest paid and fees increased due to financing for IPO preparations
Income taxes paid/refunded	-199.3	-186.7	
Other	213.1	250.6	
Cash flows from investing activities	-245.3	-528.9	
Purchases of/proceeds from sales of property, plant and equipment, and intangible assets	-216.7	-295.4	
Proceeds from sales/redemption of investments	-39.4	-236.2	Acquisition of Yahoo Japan Corporation shares: -221.0 bn
Other	10.8	2.7	
Cash flows from financing activities	-308.8	133.2	
Proceeds from interest-bearing debt	1,688.7	2,650.1	Effect of new borrowings from financial institutions
Repayment of interest-bearing debt	-1,479.9	-2,493.1	Repayment of Inter-company loans
Cash dividends paid	-396.2	-0.4	Dividends paid to SoftBank Group Corp. in Jun. FY17: -395.8 bn
Other	-121.4	-23.4	Purchased SB C&S in FY17: -106.7 bn
Cash and cash equivalents at the beginning of the period	70.9	121.0	
Cash and cash equivalents at the end of the period	105.4	376.6	
Adjusted free cash flow	408.2	204.0	

**EOP**