

**Earnings Results for the Fiscal Year Ended March 31, 2019**  
**Investor Briefing**

**SoftBank Corp.**  
**May 8, 2019**

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(Definitions of numbers on this presentation)

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

(Accounting standards)

Numbers on this presentation does not include the effect of IFRS 16.

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## **Summary of FY2018 Results**

**p.4 – p.17**

2

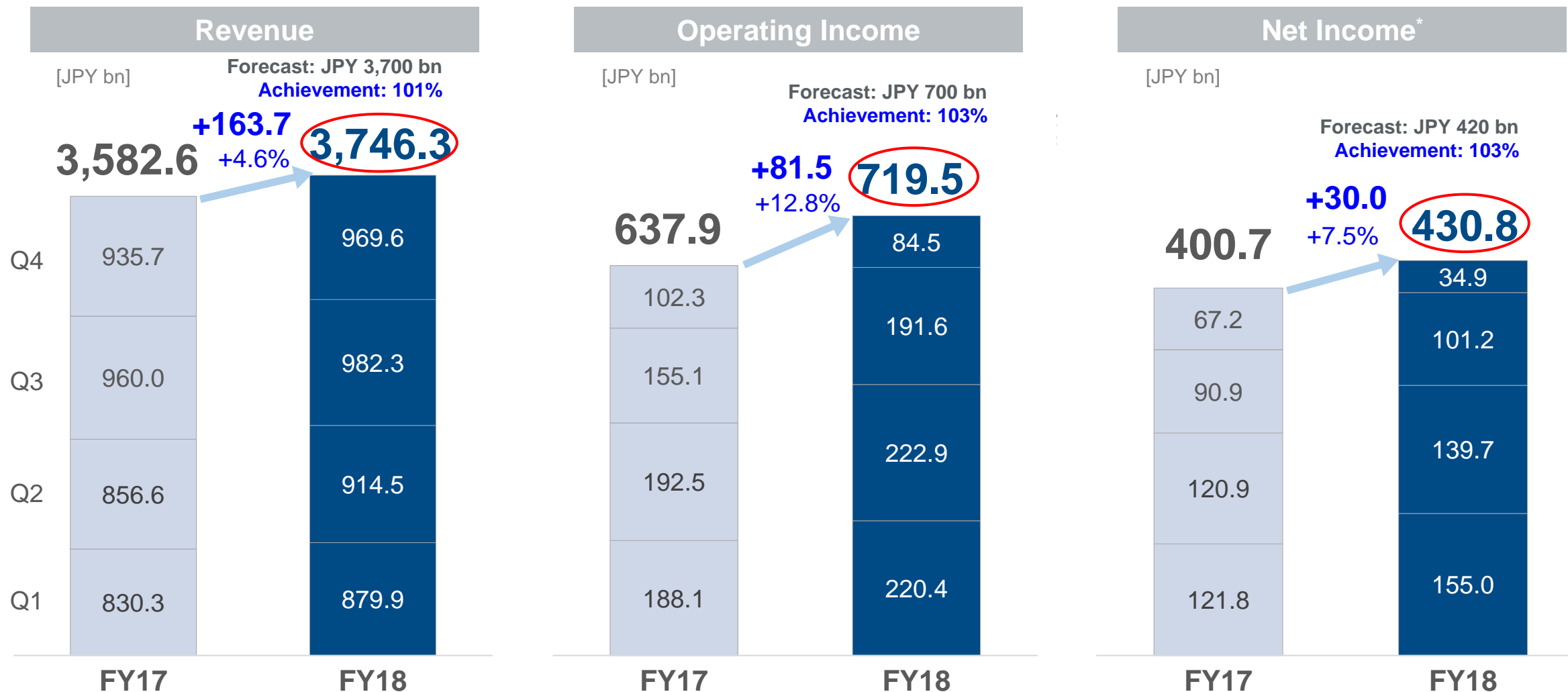
## **FY2019 Forecast**

Including the acquisition of Yahoo Japan

**p.18 – p.28**

# Results for the Fiscal Year Ended March 31, 2019

- Revenue, operating income and net income increased and over-achieved the full-year forecast

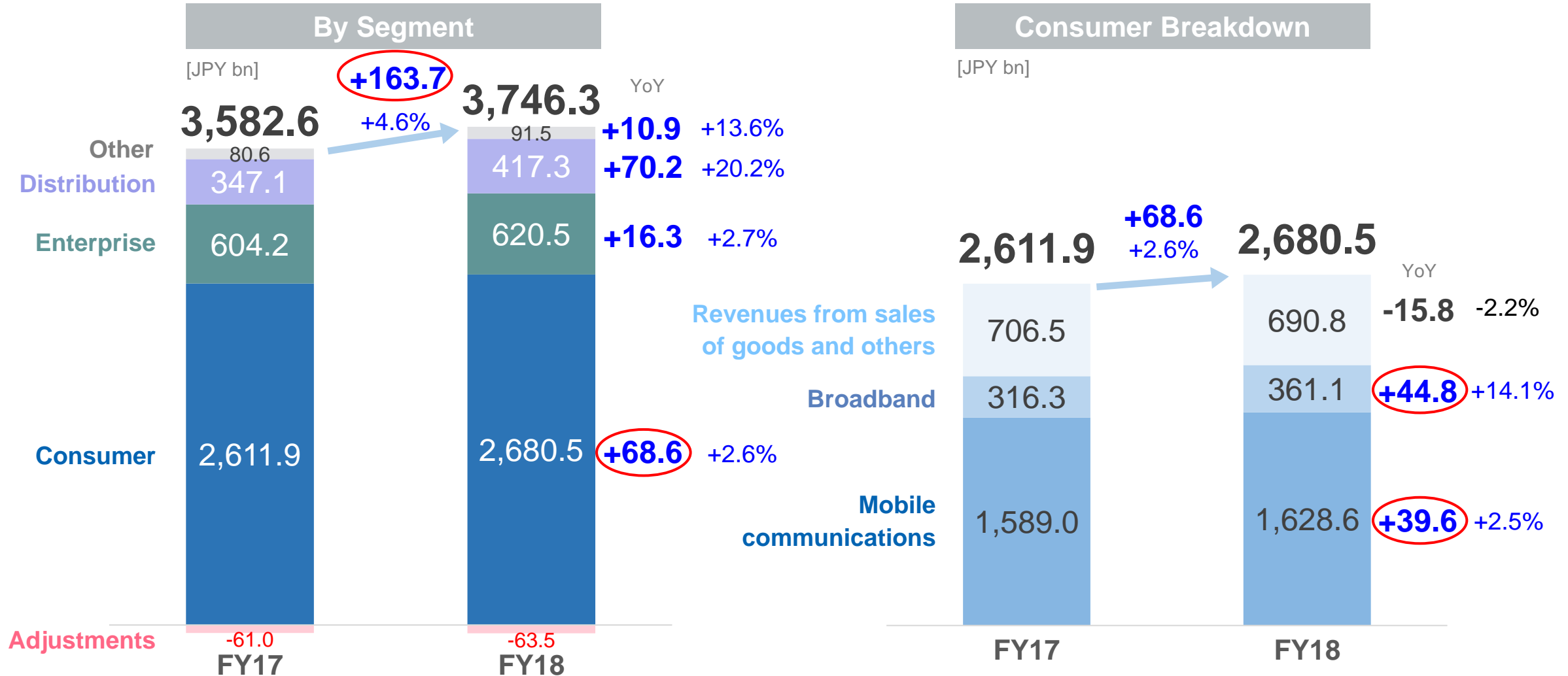


\*Definition: "The Company" refers to SoftBank Corp. hereafter

Net income refers to net income attributable to owners of the Company hereafter.

# Revenue (1/2)

- Revenue grew in all segments: JPY +163.7 bn (+4.6%) YoY
- Consumer segment: JPY +68.6 bn YoY due to growth in Broadband (JPY +44.8 bn) and Mobile (JPY +39.6 bn)



# Revenue (2/2)

- Enterprise segment: JPY +16.1 bn (+12.5%) YoY mainly due to the growth in Business solution and others driven by strategic businesses including cloud and digital advertisements
- Distribution segment: jumped by JPY +70.2 bn (+20.2%) YoY with growth of ICT-related products for enterprise customers

## Enterprise Breakdown

[JPY bn]

604.2 → **+16.3**  
+2.7% → 620.5

YoY

**+16.1** +12.5%

-3.4 -1.6%

**+3.6** +1.3%

Business solution  
and others

128.9

145.0

Fixed-line

210.8

207.4

Mobile

264.5

268.1

FY17

FY18

## Distribution and Other Breakdown

[JPY bn]

427.6 → **+81.2**  
+19.0% → 508.8

YoY

**+10.9** +13.6%

**+70.2** +20.2%

Other

80.6

91.5

Distribution

347.1

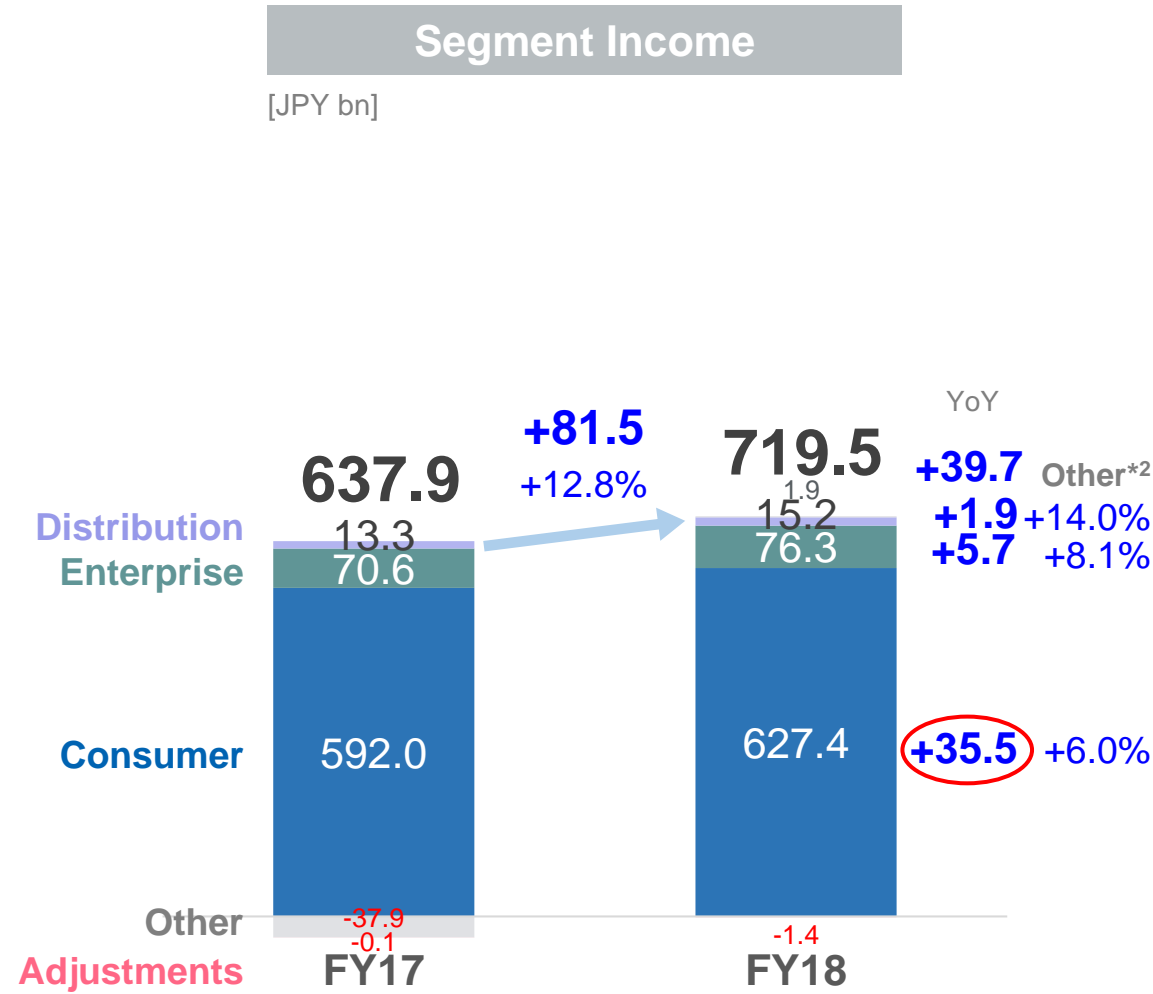
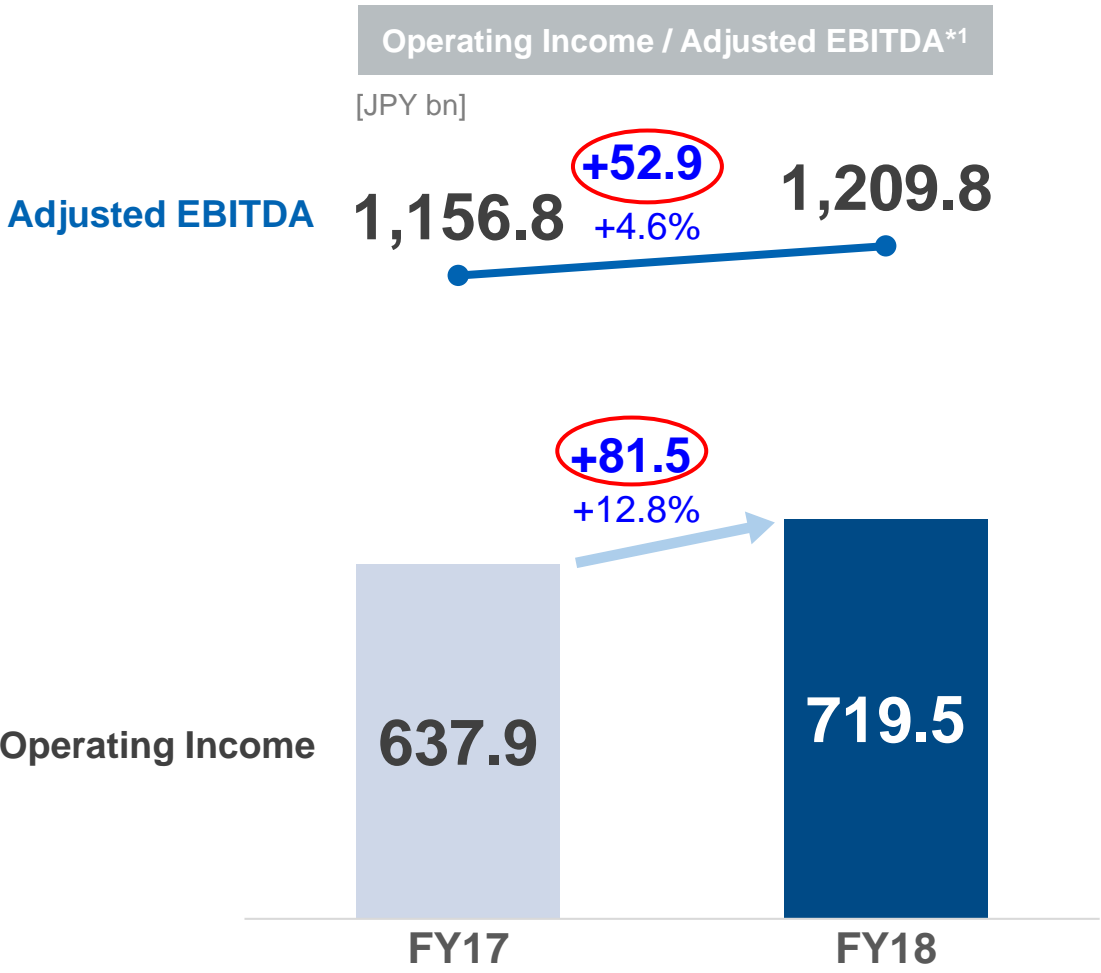
417.3

FY17

FY18

# Operating Income/Adjusted EBITDA/Segment Income

- Adjusted EBITDA grew by JPY +52.9 bn (+4.6%) YoY
- Operating income grew in all segments by JPY +81.5 bn (+12.8%) YoY. Consumer contributed with JPY +35.5 bn (+6.0%)

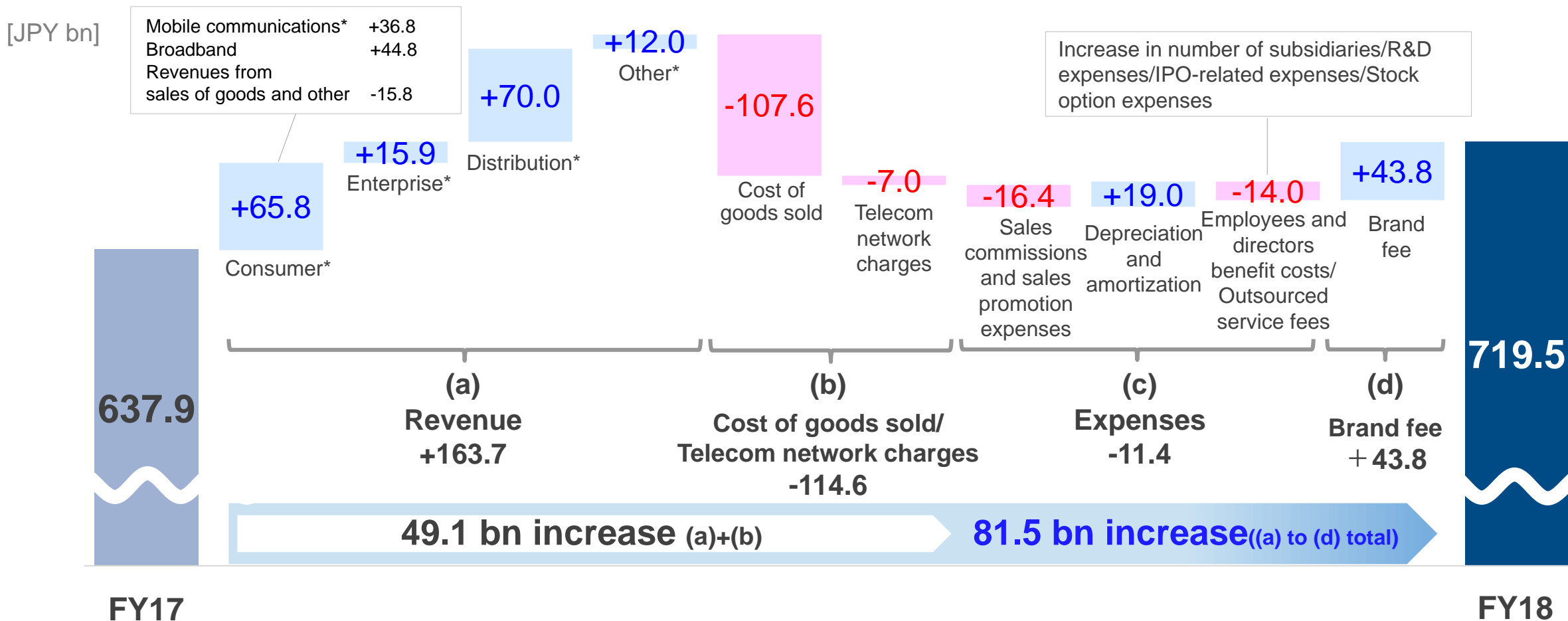


\*1: Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) ± other adjustments

\*2: FY17 results include brand fee of JPY 43.8 bn

# Operating Income (YoY Comparison)

- Revenue grew in all segments. After deduction of Cost of goods sold and Telecommunication network charges (a)+(b), revenue growth was JPY +49.1 bn YoY
- Expenses increased by JPY11.4bn YoY (c) due to vigorous sales promotion and increase in the cost of subsidiaries/R&D/IPO, while depreciation and amortization improved due to effect of accelerated depreciation in FY17.
- Brand fee improved by JPY +43.8 bn YoY due to absence of brand fee after acquisition of permanent usage right of the SoftBank brand in March 2018 (d)



\*Including YoY differences in inter-segment transactions: Consumer mobile communications JPY -2.85 bn, Enterprise JPY -0.4 bn, Distribution JPY -0.24 bn, and Other JPY +1.08 bn



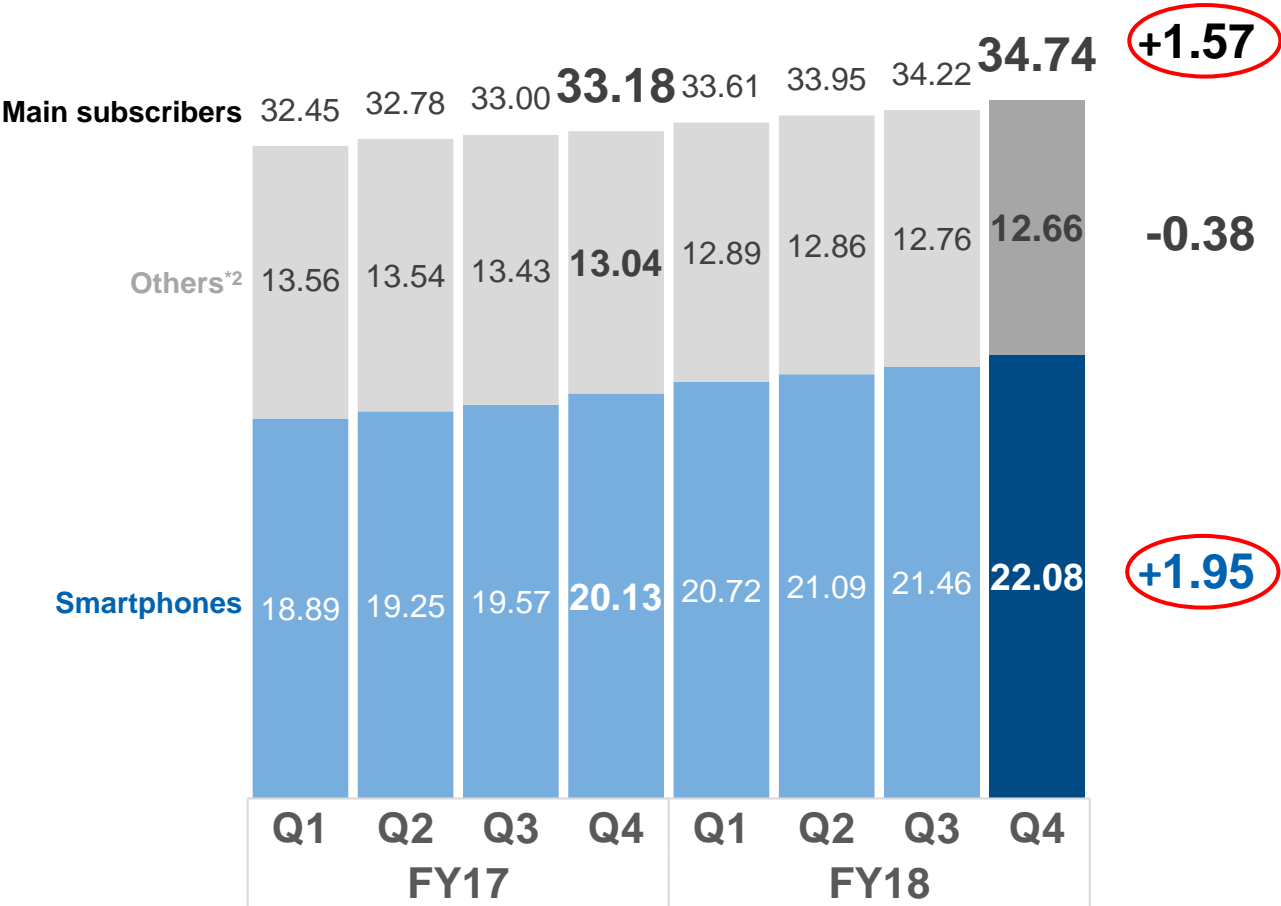
# Cumulative Subscribers (Main Subscribers/Smartphones) SoftBank

- Cumulative main subscribers were 34.74 mil (+1.57 mil YoY): smartphones contributed to the increase substantially
- Cumulative smartphones were 22.08 mil (+1.95 mil YoY), steady growth in all 3 brands

Cumulative Subscribers\*1

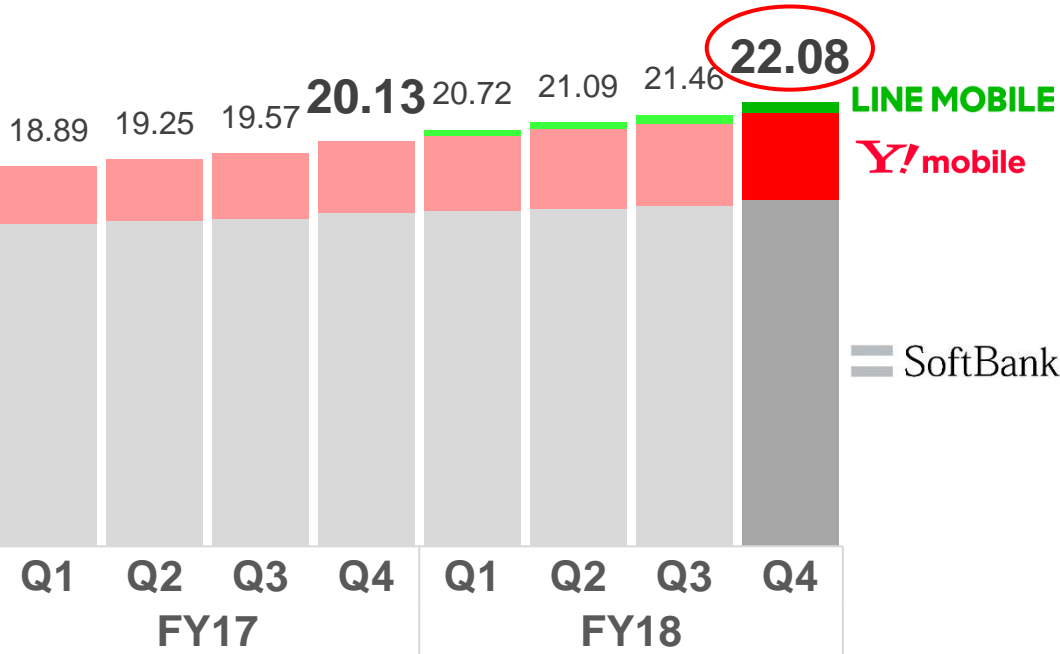
[Mil]

YoY



Smartphone Subscribers

[Mil]

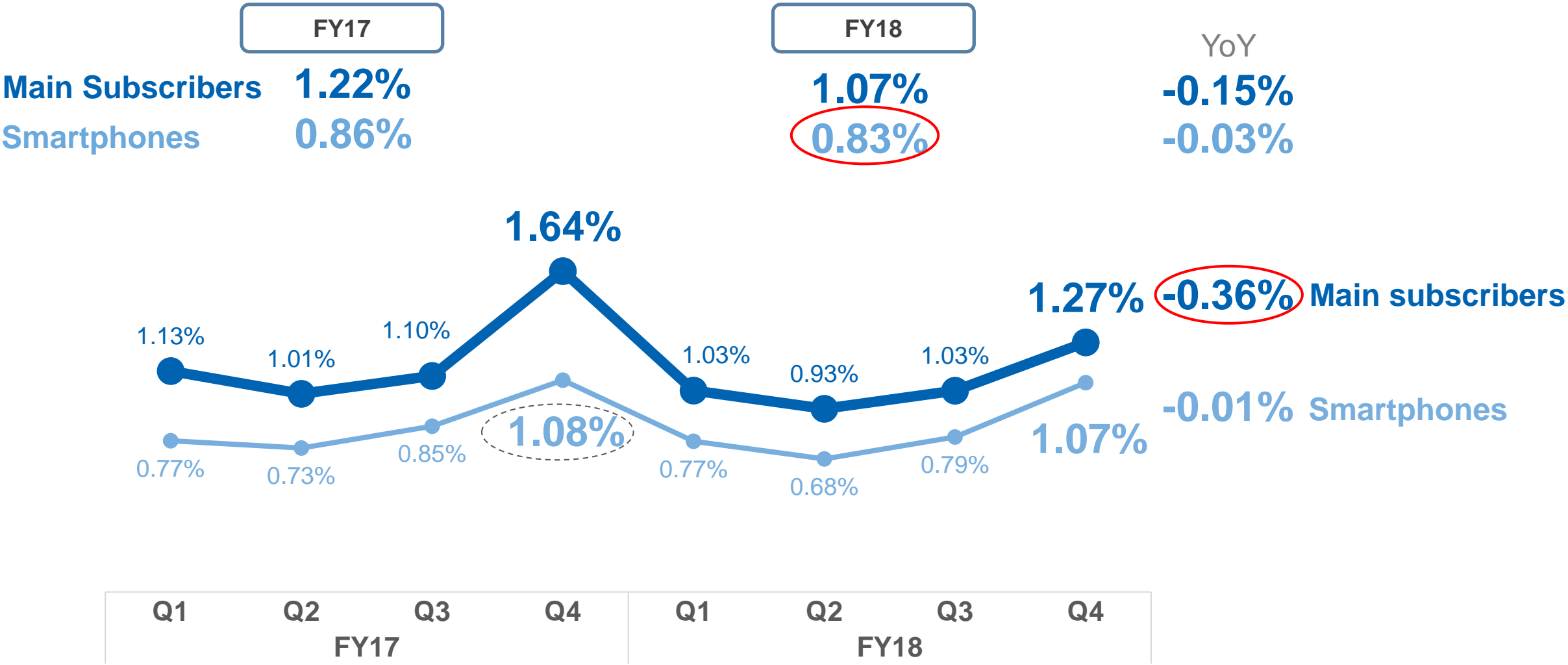


\*1 Cumulative subscribers include Wireless Home Phone subscribers (FY17Q4: 265K lines, FY18Q4: 457K lines)

\*2 Feature phones, tablet, mobile data communications devices, Wireless Home Phones, etc.

# Churn Rate (Main Subscribers/Smartphones)

- Main subscribers: improved in Q4 as an effect of 1.7GHz (3G) service termination in FY17Q4, resulting in -0.36% YoY
- Smartphones: improved slightly in Q4, and annual churn rate improved to a record low of 0.83% (YoY -0.03%) as a result of initiatives



# ARPU (Main Subscribers)

- Total ARPU inverted to recovery. ARPU rose by JPY 90 YoY in Q4 due to 4-year installments and a decrease in impact from Monthly Discounts after the introduction of plans that separate handset payment and service fees (c)
- ARPU before discount decreased due to a rise in composition ratio of Y!mobile and LINE MOBILE users, as well as the introduction of plans that separate handset payment and service fees (a)

[JPY]

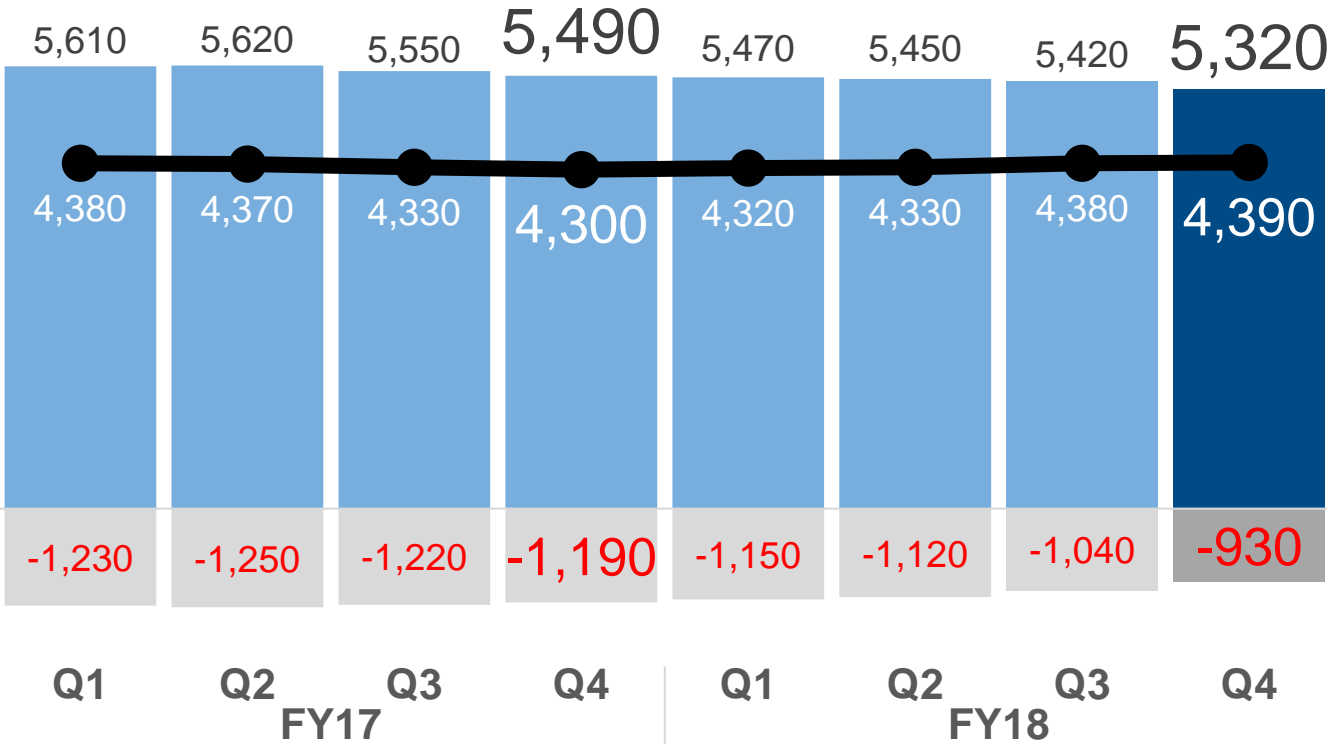
FY17

FY18

YoY

Total ARPU 4,340 4,360 +10

YoY



(a) -170 ARPU before discount

(c) +90 Total ARPU (after discount)  
(c) = (a) + (b)

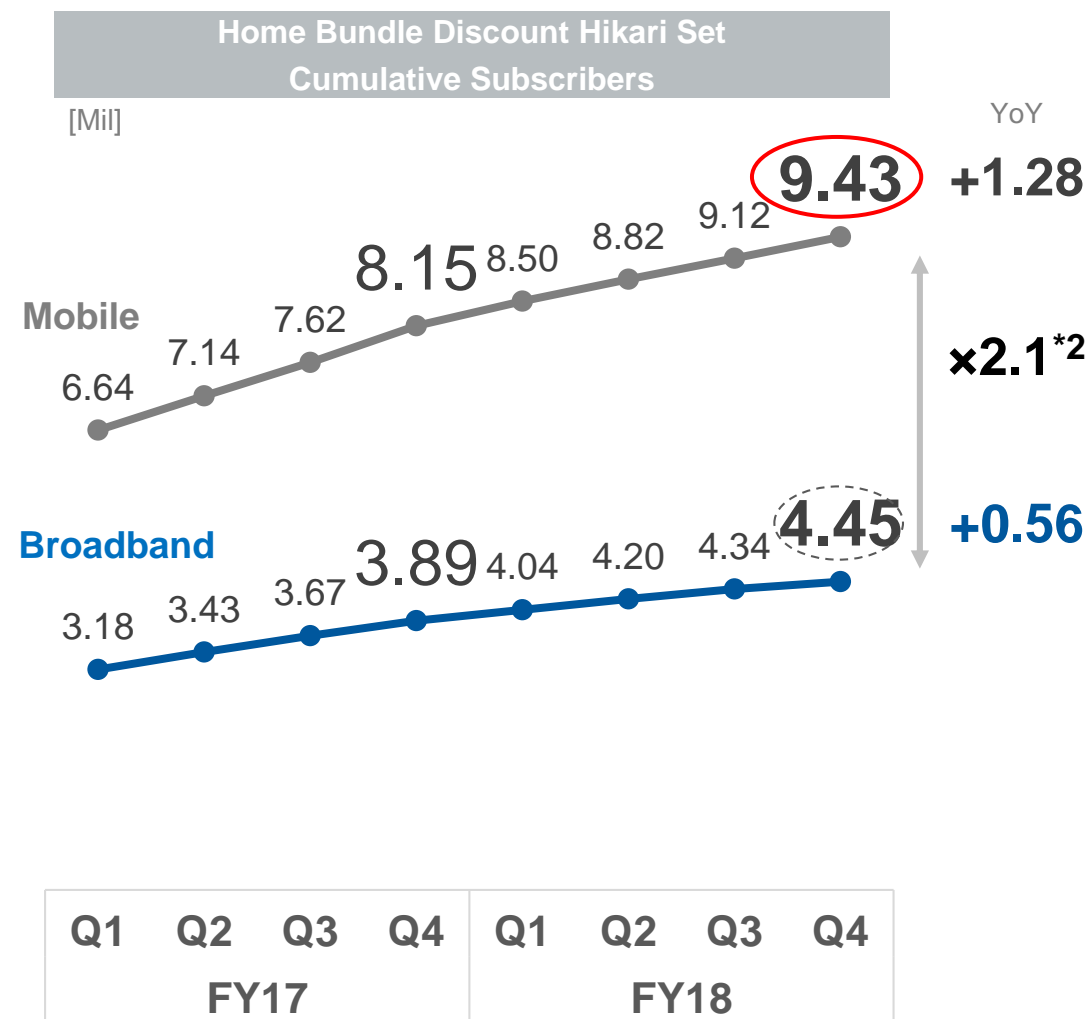
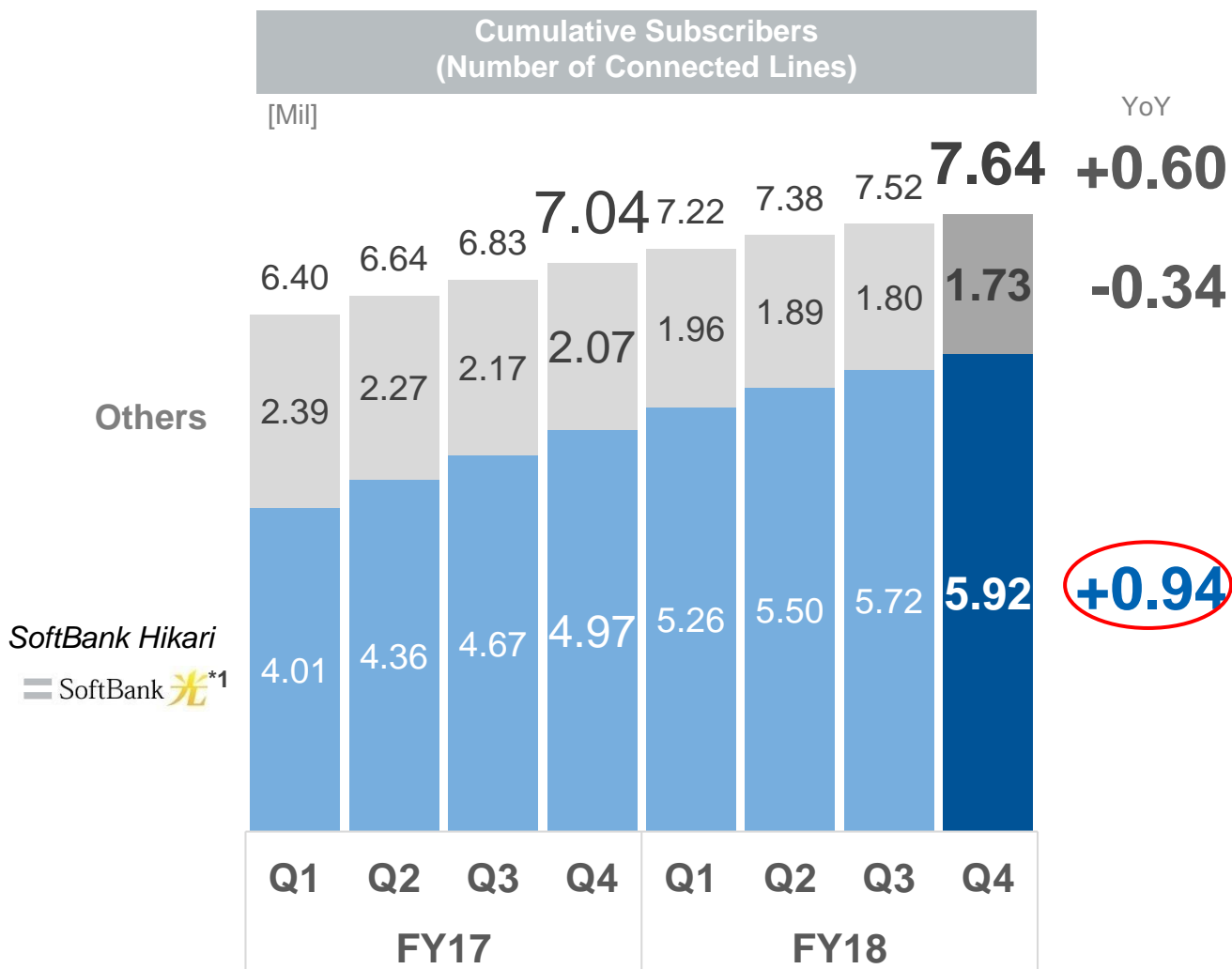
(b) +260 Discount ARPU

Mobile communications service revenue		
	[JPY tn]	
	FY17	FY18
Consumer	1.59	1.63
Enterprise (excluding Sales of goods)	0.20	0.21
Total	1.79	1.84

(Note) Revenue deductions relating to reward points and Half Price Support are not counted in calculation of ARPU. Includes IFRS15 impact

# Broadband Service

- SoftBank Hikari cumulative subscribers were 5.92 mil as of Q4: steadily increased by 0.94 mil YoY
- Home Bundle Discount Hikari Set applications to mobile subscribers increased to 9.43 mil



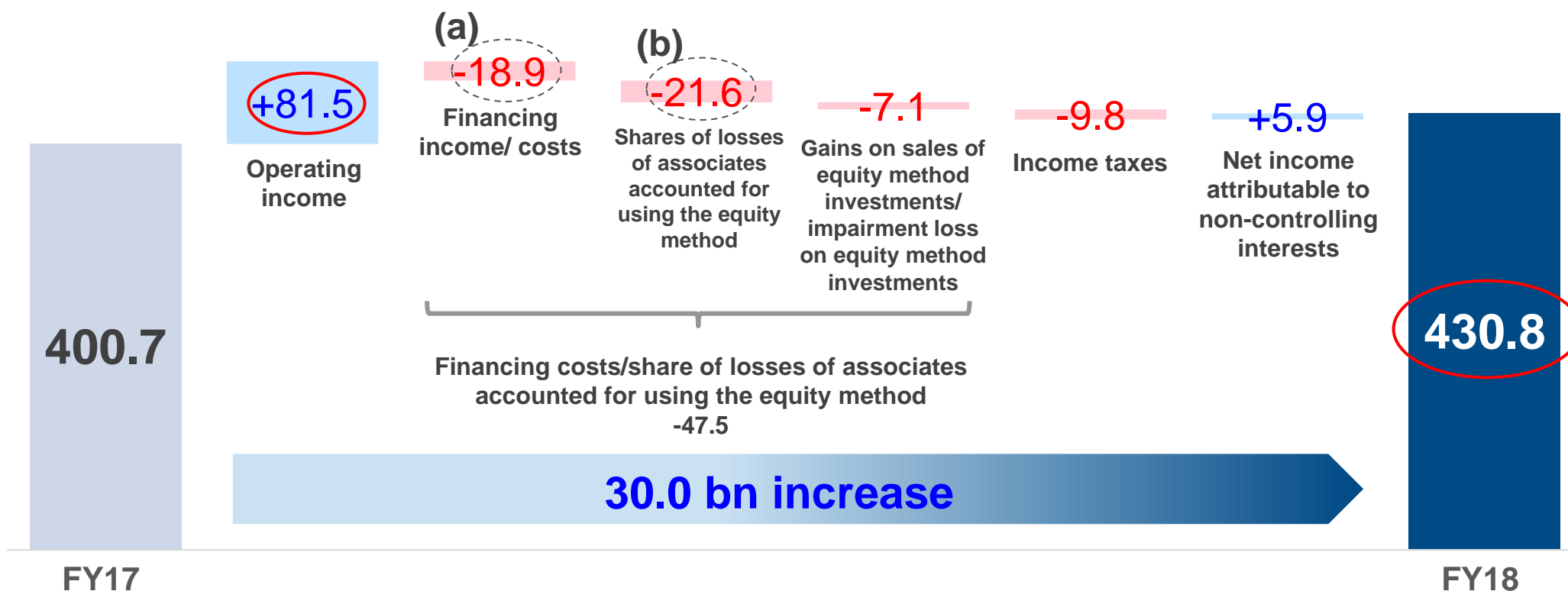
\*1: SoftBank Hikari includes SoftBank Air

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

# Net Income (YoY Comparison)

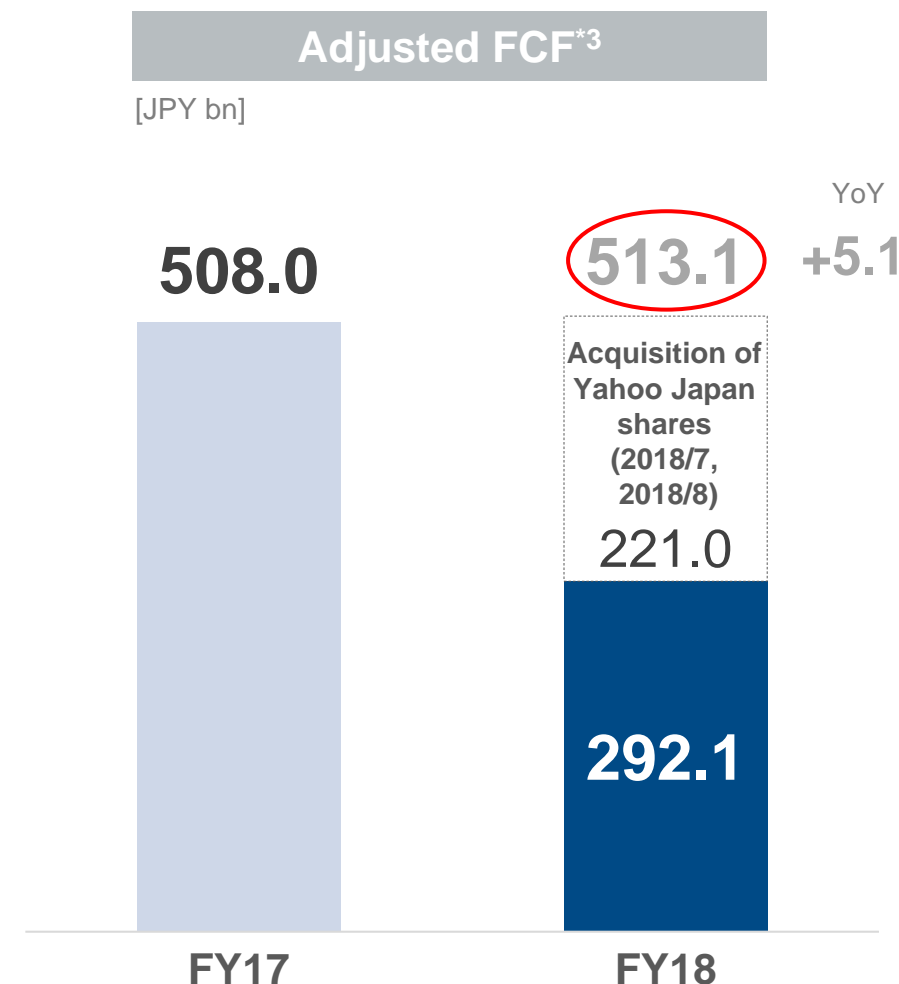
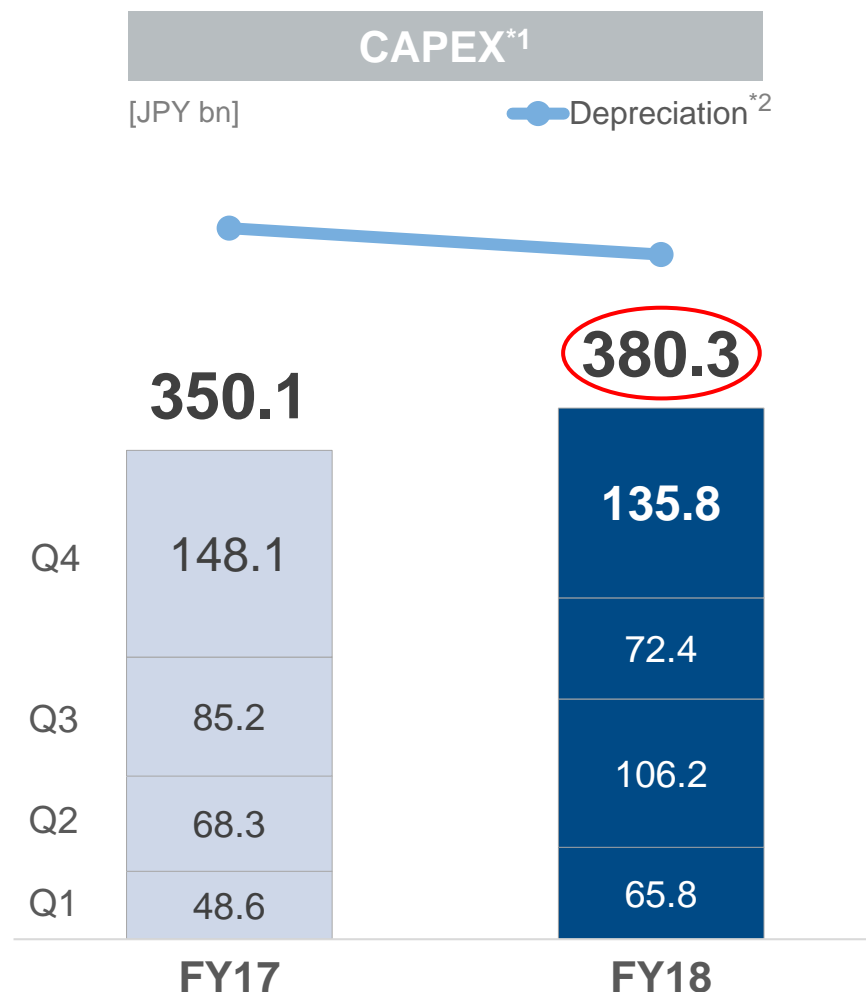
- Net income grew by JPY 30.0 bn YoY mainly due to strong growth in operating income
- Financing costs: Interest paid rose due to an increase in outstanding borrowings (a)
- Share of losses of associates accounted for using the equity method: losses increased mainly due to upfront investment to new businesses including PayPay (b)

[JPY bn]



# CAPEX/Adjusted Free Cash Flow

- CAPEX for FY18 was JPY 380.3 bn
- Adjusted free cash flow was JPY 513.1 bn (excluding acquisition of Yahoo Japan shares)

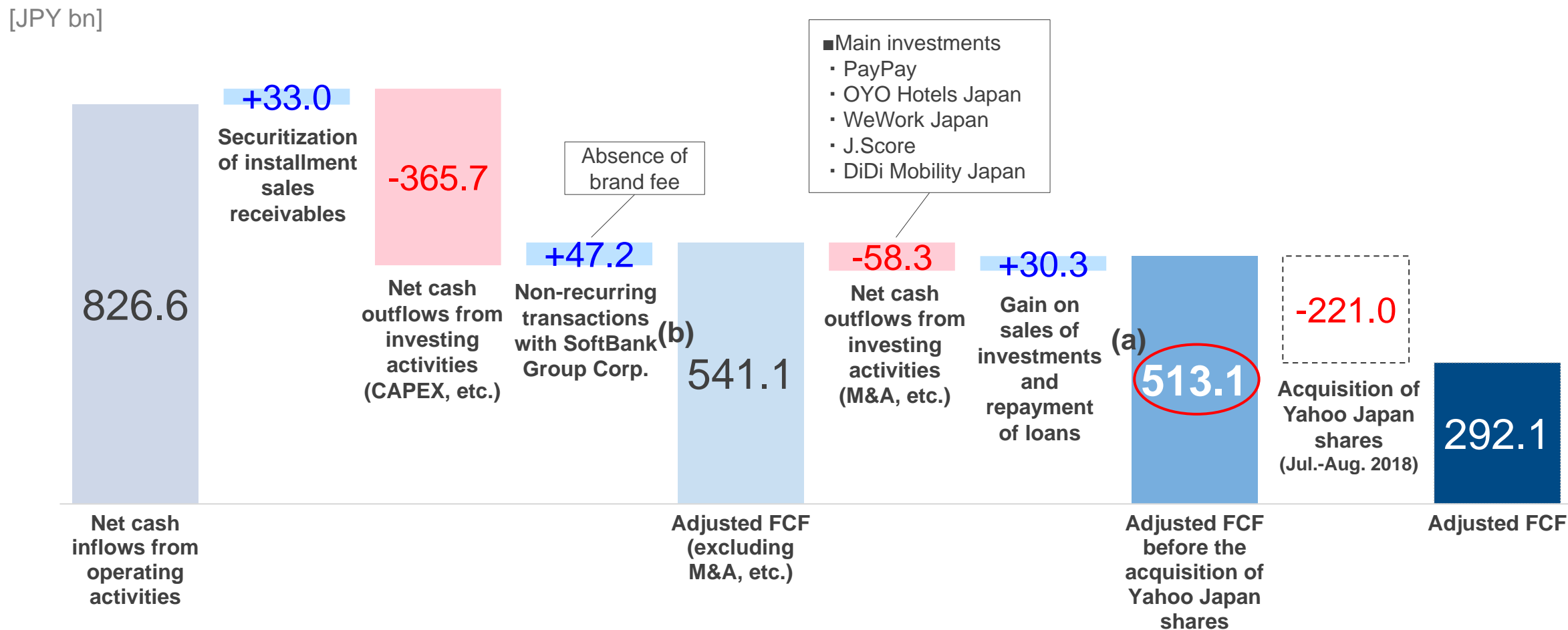


<sup>\*1</sup>: CAPEX is on acceptance basis. Excludes CAPEX for rental mobile phones  
<sup>\*2</sup>: Depreciation includes disposal. Excludes depreciation for rental mobile phones

<sup>\*3</sup>: 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

- Adjusted free cash flow excluding the acquisition of Yahoo Japan shares was JPY 513.1 bn, achieving full-year forecast of over JPY 500.0 bn (a)
- Investments to new businesses were JPY 58.3 bn



# Summary of Consolidated Financial Statements

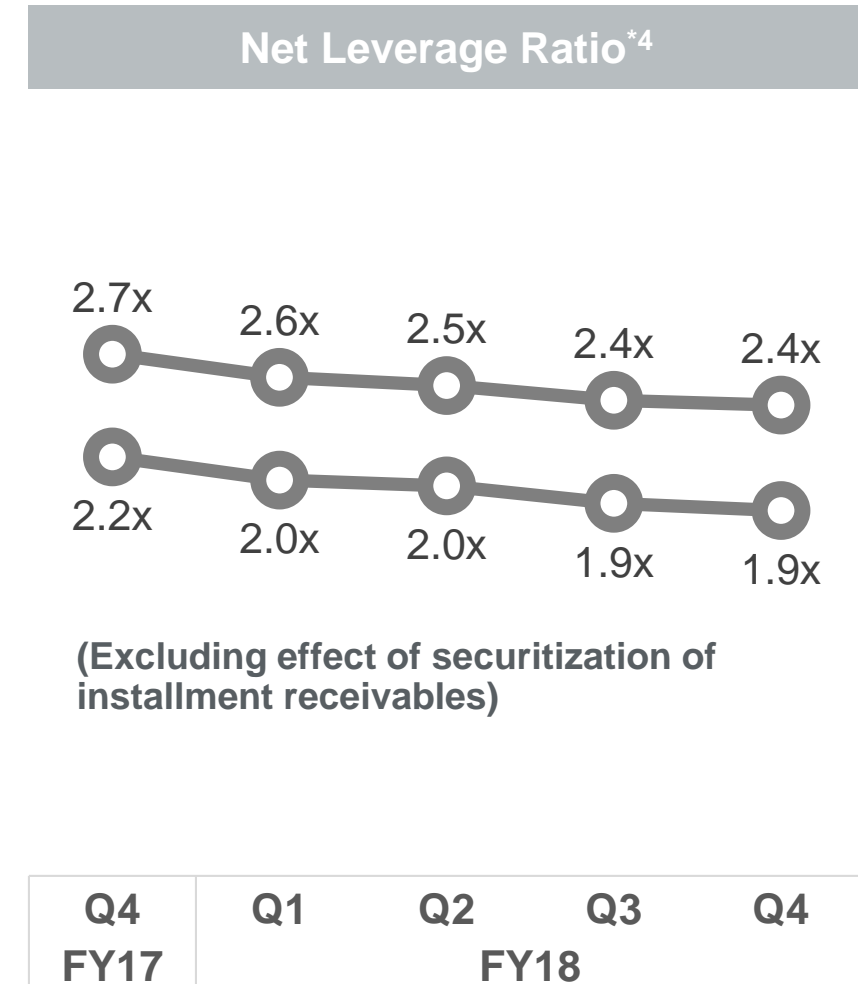
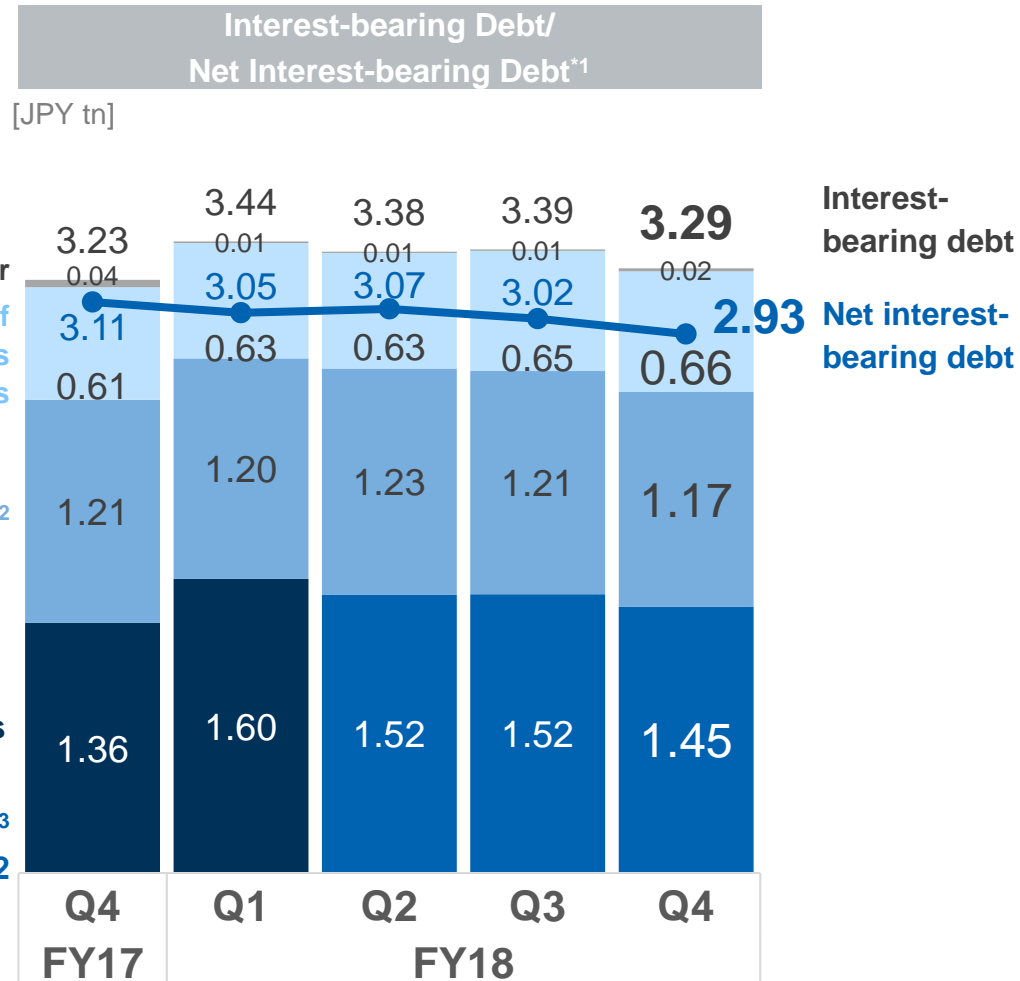
[JPY bn]

	Mar. 31, 2018	Mar. 31, 2019	Variance	Reasons for Variance
Cash and cash equivalents	121.0	358.0	236.9	Increase in free cash flows
Trade and other receivables	1,186.8	1,186.9	0.2	
PP&E/Intangible assets	2,758.6	2,703.3	-55.3	Decrease due to depreciation surpassing new investments
Other assets	1,239.2	1,526.9	287.7	Increase of Yahoo Japan shares +166.2 Investments to JVs in new business areas such as PayPay
<b>Total assets</b>	<b>5,305.6</b>	<b>5,775.0</b>	<b>469.5</b>	
Interest-bearing debt	3,226.5	3,289.4	62.9	See the next page
Other liabilities	1,193.8	1,221.1	27.4	Reported refundable consumption tax as of March 31, 2018, which was not reported as of March 31, 2019
<b>Total liabilities</b>	<b>4,420.3</b>	<b>4,510.6</b>	<b>90.3</b>	
<b>Total equity</b>	<b>885.3</b>	<b>1,264.5</b>	<b>379.2</b>	Net income: +425.6 Changes in fair value of Yahoo Japan shares: -54.8



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

- Both net interest-bearing debt and interest-bearing debt showing improvement
- Net leverage ratio improving, at an appropriate level



\*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 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)

# **FY2019 Forecast**

# **Purpose of Acquisition of Yahoo Japan Corporation**

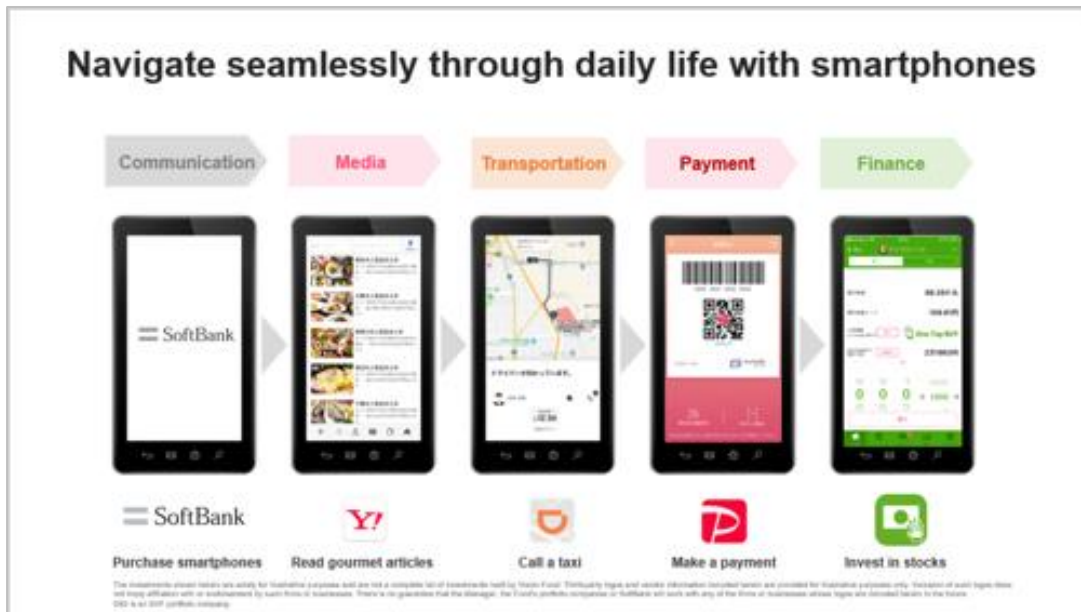
**Reinforce new businesses (non telco)**

**Integrate strategies, services and resources**

**Accelerate Yahoo Japan growth and maximize synergy**

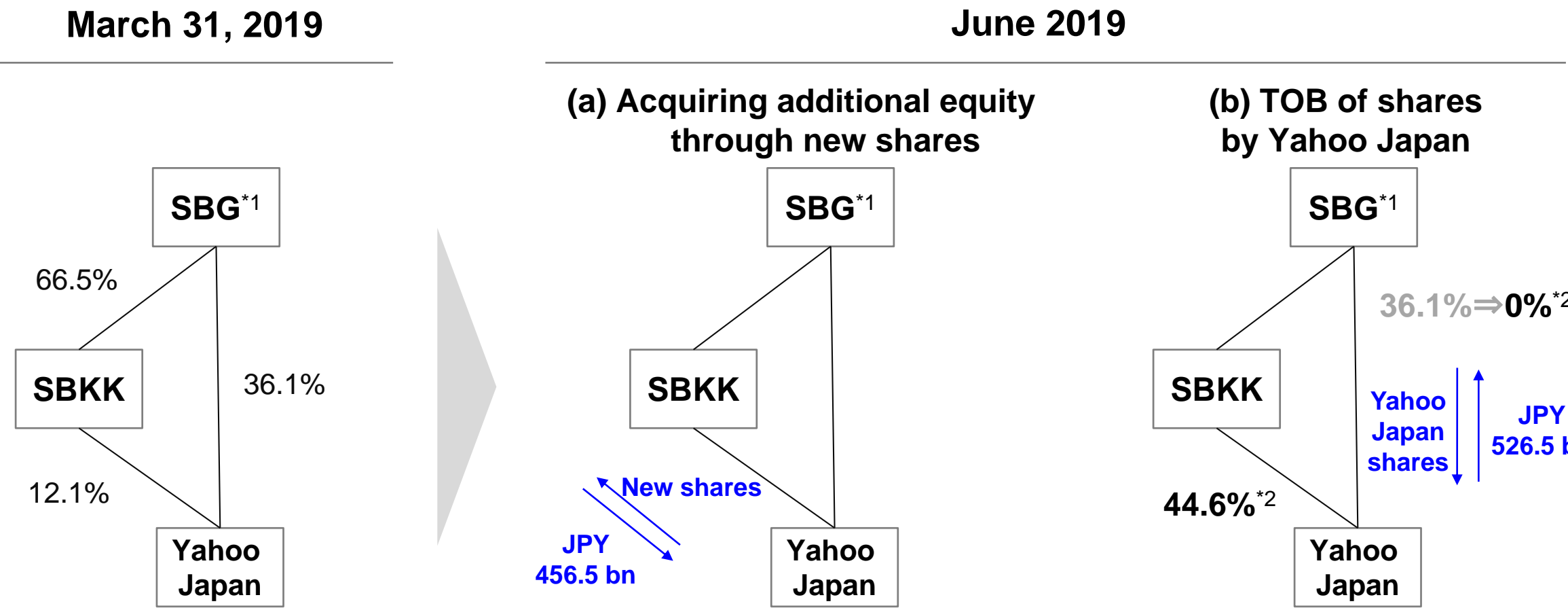
# Promoting Integrated Strategy with Yahoo Japan

SoftBank



# Transaction Overview

■ As a result of the transaction, SoftBank Corp.’s share in Yahoo Japan will be approximately 45%

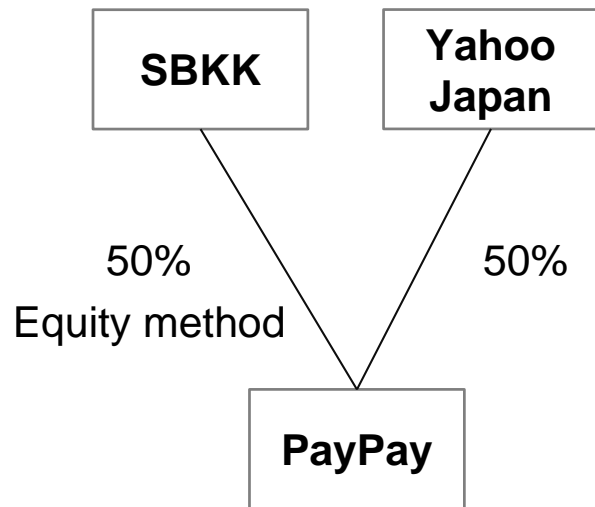


\*1: SoftBank Group Corp. (SBG) is the parent company of SoftBank Corp. and Yahoo Japan. SBG owns SoftBank Corp. and Yahoo Japan shares through its wholly-owned subsidiary of SoftBank Group Japan Corporation (SBGJ).  
\*2: The ratio of voting rights is stated as the ratio after the completion of the purchase of the entire amount planned in the Tender Offer. The ratio only for the case where SBGJ accepts the Tender Offer is indicated.

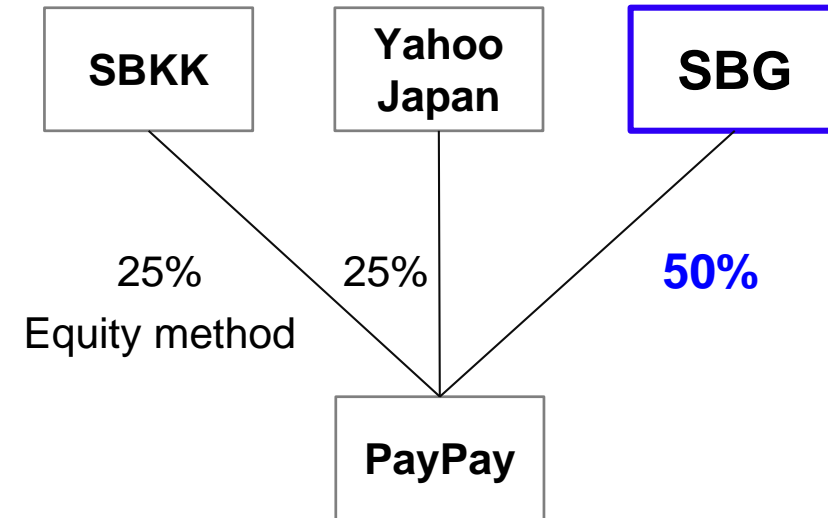
# Investment Structure of PayPay

- Anticipating an increase in upfront investment, build the strength to become the No.1 payment platform

## Before investment



## After investment



# Forecast for FY2019

[JPY bn]

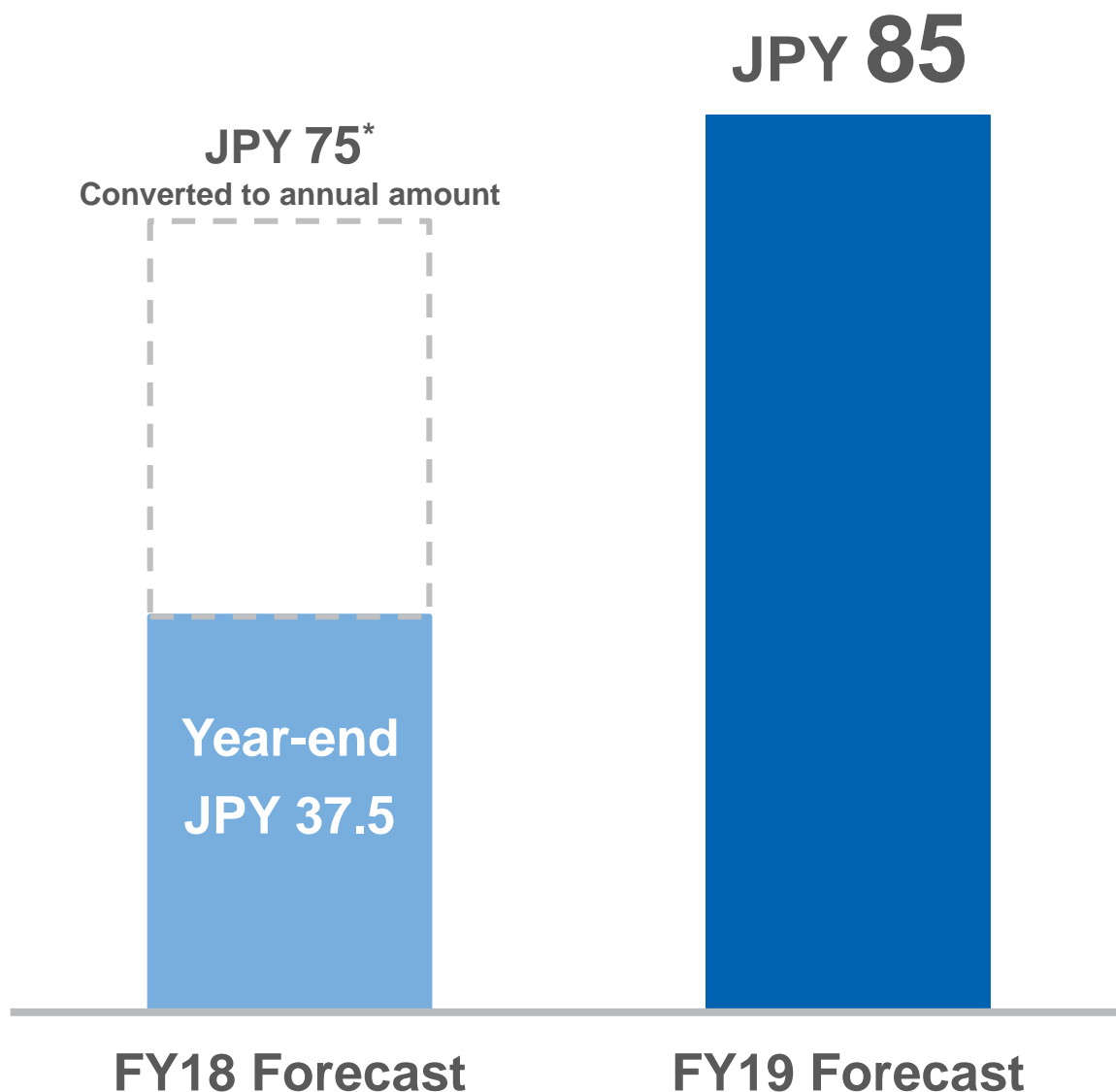
	FY18 Actual (Excluding Yahoo)	FY19 Forecast (Including Yahoo)*	FY18 Actual (Including Yahoo )* [For reference: simply aggregated figures]
<b>Revenue</b>	<b>3,746.3</b>	<b>4,800.0</b>	<b>4,701.0</b>
<b>Operating income</b>	<b>719.5</b>	<b>890.0</b>	<b>860.0</b>
<b>Net income</b> (Basic earnings per share)	<b>430.8</b> (JPY 90)	<b>480.0</b> (JPY 100)	<b>466.2</b> (JPY 97)

\* FY2018 actual results retrospectively reflect the consolidation of Yahoo Japan

\* Calculated as simply aggregated figures of SoftBank Corp. and Yahoo Japan as disclosed on April 25, 2019 for the fiscal year ended March 31, 2019

# Dividend per share

- Maintain consolidated dividend payout ratio of c. 85% to net income.



**Dividend increase of  
JPY 10**

\* Planning dividend of JPY 37.5 (converted to annual amount of JPY 75.0) for the second half of FY2018, as SoftBank Corp. was listed in the Tokyo Stock Exchange on December 19, 2018



Aim for **stable dividends per share**  
with a guideline payout ratio to net income of  
c. 85% on a consolidated basis

**1**

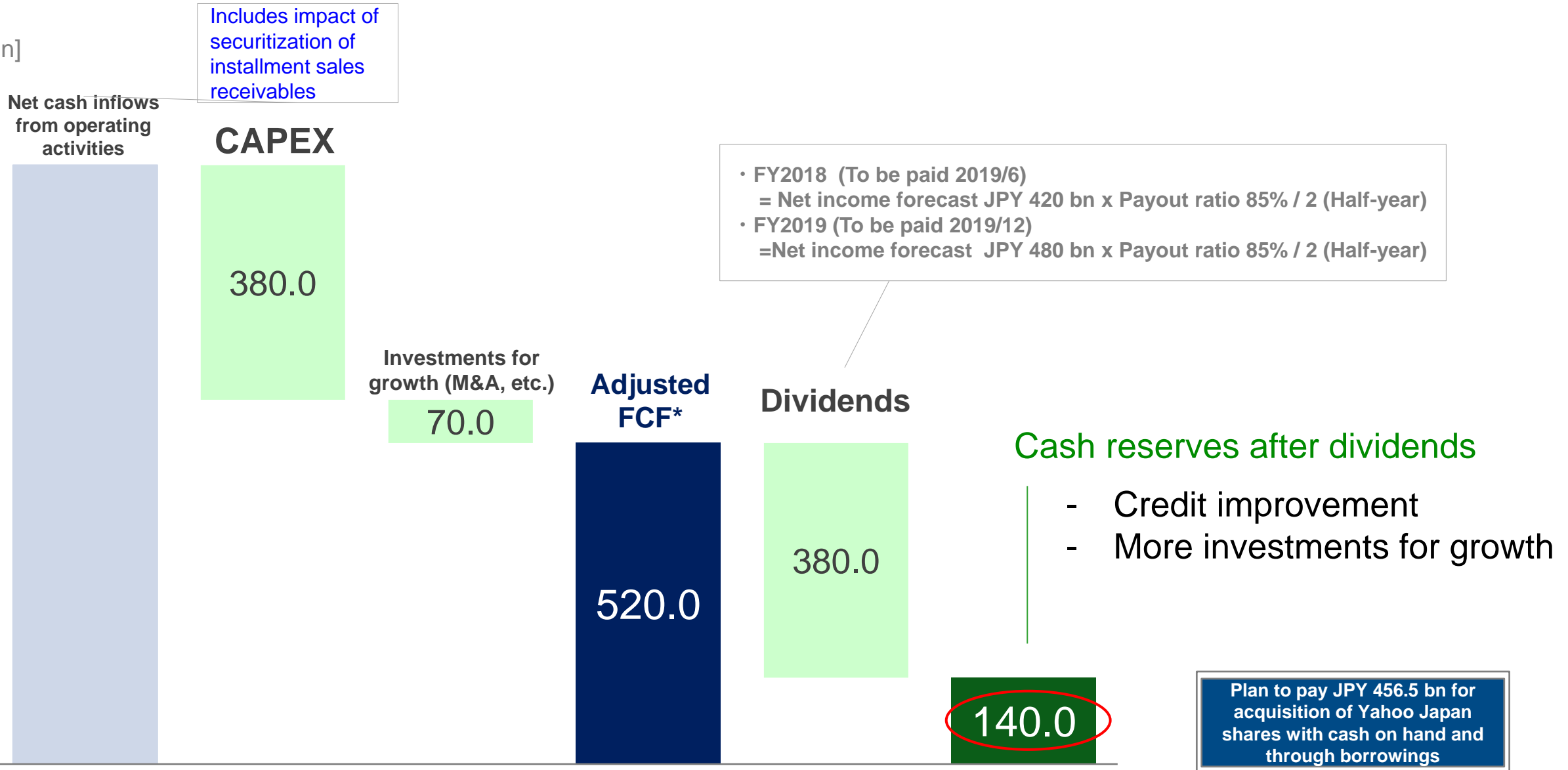
**Maintain or increase dividends each fiscal year**

**2**

**Disclose dividends forecast at the beginning of the fiscal year**  
(c.85% payout ratio on a consolidated basis)  
**Deliver forecasted dividends regardless of performance fluctuation**

# Financial Strategy for FY2019 (Excludes Yahoo Japan Consolidation) SoftBank

[JPY bn]



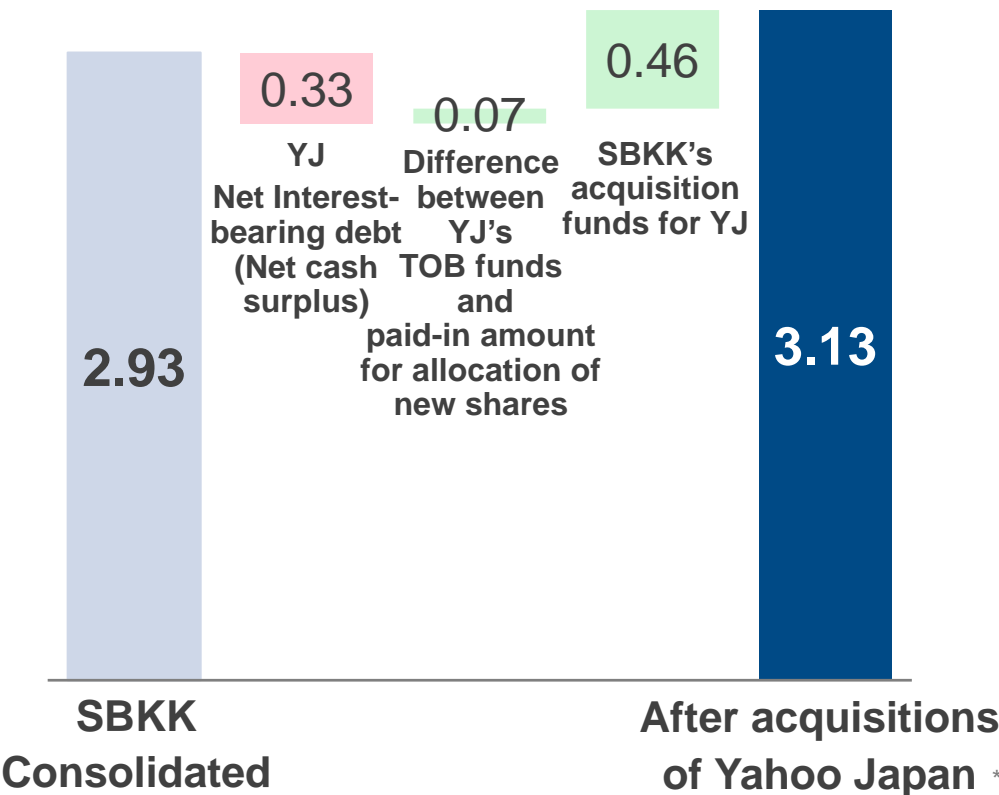
\* Excluding acquisition of Yahoo Japan Corporation shares

# Forecasted Net Leverage Ratio After Yahoo Japan Acquisition

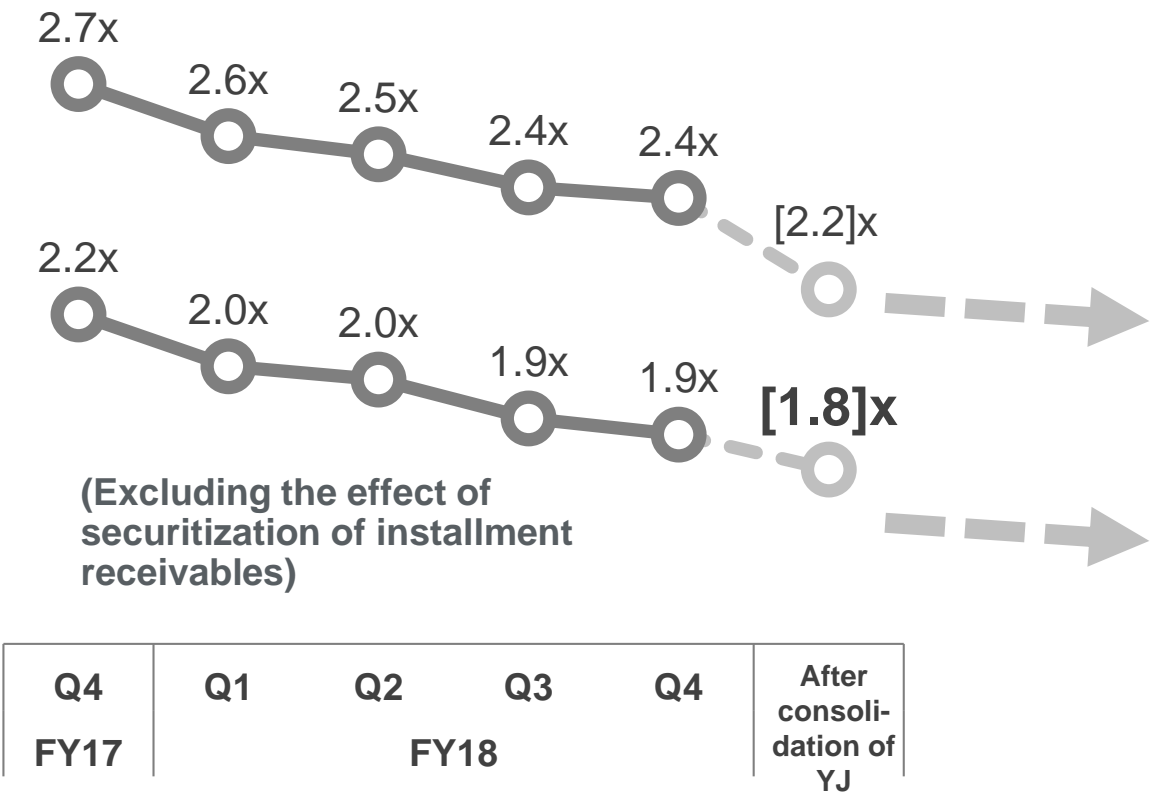
- Net leverage ratio to decrease after acquisition of Yahoo Japan
- Continue our efforts to further improve net leverage ratio

## Forecasted Net Interest-bearing Debt

[JPY tn]



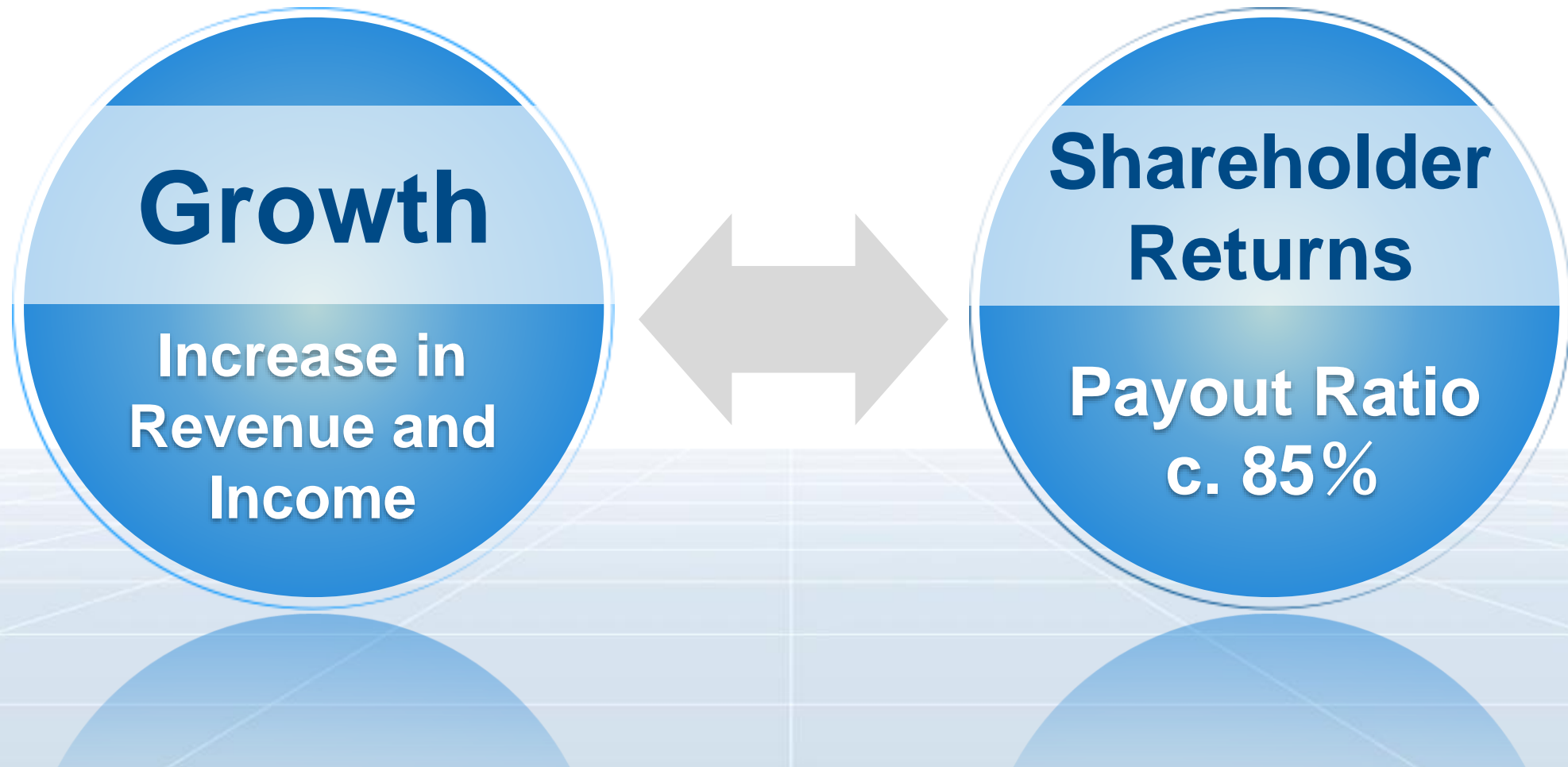
## Forecasted Net Leverage Ratio\*



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

Adjusted EBITDA: Calculated as simply aggregated figures of SoftBank Corp. and Yahoo Japan as disclosed on April 25, 2019 for the fiscal year ended March 31, 2019.

# Achieving Both Growth and Shareholder Returns





# Appendix

# 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 SB Power 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 Affiliate Companies* <sup>1</sup>
PayPay Corporation Cybereason Inc. WeWork Japan G.K. T Point Japan Co.,Ltd. OYO Hotels Japan G.K. DiDi Mobility Japan Corp.

Consolidated Subsidiaries	102
Affiliate Companies* <sup>1</sup>	40
Total Number of Group Companies* <sup>2</sup>	142

\*1 Includes joint ventures

\*2 Not including SoftBank Corp.

# Consolidated Statements of Income

[JPY bn]

	FY17	FY18	Variance	Reasons for Variance
Revenue	3,582.6	3,746.3	+163.7	
Cost of sales	-2,040.8	-2,114.9	-74.2	Increase in cost of sales, purchase of electricity
Gross profit	1,541.9	1,631.4	+89.5	
Selling, general and administrative expenses	-893.5	-911.8	-18.3	Increase in Sales commissions and sales promotion expenses
Other operating income	4.0	4.7	+0.6	
Other operating expenses	-14.5	-4.8	+9.7	
Operating Income	637.9	719.5	+81.5	
Share of losses of associates accounted for using the equity method	-3.8	-25.3	-21.6	PayPay Corporation's sales promotion campaign expenses
Financing income	2.2	1.6	-0.6	
Financing costs	-38.8	-57.1	-18.3	Increase in Interest paid due to increase in average outstanding balance of interest-bearing debt the during period
Gains on sales of equity method investments	-	5.5	+5.5	
Impairment loss from sales of equity method investments	-	-12.6	-12.6	Impairment loss of shares of associates
Profit before income taxes	597.6	631.5	+34.0	
Income taxes	-196.1	-206.0	-9.8	
Net income	401.4	425.6	+24.2	
Net income attributable to				
Owners of the Company	400.7	430.8	+30.0	
Non-controlling interests	0.7	-5.2	-5.9	



# Consolidated Statements of Financial Position (Assets)

[JPY bn]

	As of Mar 31, 2018	As of Mar 31, 2019	Variance	Reasons for Variance
Total assets	5,305.6	5,775.0	+469.5	
Current assets	1,569.1	1,756.3	+187.2	
Cash and cash equivalents	121.0	358.0	+236.9	Increase in FCF
Trade and other receivables	1,186.8	1,186.9	+0.2	
Other financial assets	6.3	1.7	-4.6	
Inventories	125.6	114.3	-11.3	
Other current assets	129.4	95.5	-33.9	
Non-current assets	3,736.5	4,018.7	+282.2	
Property, plant and equipment	1,707.3	1,657.3	-50.0	Impact from depreciation, etc.
Goodwill	187.5	198.5	+11.0	
Intangible assets	1,051.3	1,046.0	-5.3	
Contract cost	174.3	208.1	+33.8	
Investments accounted for using the equity method	56.3	68.3	+12.0	
Other financial assets	414.1	716.5	+302.4	Acquisition of Yahoo Japan shares: +166.2 (Acquisition amount 221.0 – valuation loss: 54.8) Increase in long-term installment receivables due to introduction of 4-year installments: +120.0
Deferred tax assets	58.5	36.6	-21.9	
Other non-current assets	87.2	87.4	+0.2	

# Consolidated Statements of Financial Position (Liabilities and Equity) SoftBank

[JPY bn]

	As of Mar. 31, 2018	As of Mar. 31, 2019	Variance	Reasons for Variance
Total liabilities	4,420.3	4,510.6	+90.3	
Current liabilities	3,397.5	2,046.3	-1,351.2	
Interest-bearing debt	2,260.4	909.9	-1,350.5	Repayment of Inter-company loans
Trade and other payables	841.5	817.5	-24.0	Payment of accounts payable for brand fees reported as of March 31, 2018
Provisions	100.7	114.0	+13.3	
Income taxes payable	100.9	91.3	-9.6	
Allowance	16.4	7.9	-8.5	
Other current liabilities	77.5	105.6	+28.1	
Non-current liabilities	1,022.8	2,464.3	+1,441.5	
Interest-bearing debt	966.1	2,379.5	+1,413.4	New loans from financial institutions
Other financial liabilities	3.1	11.6	+8.5	
Defined benefit liabilities	12.0	11.1	-0.9	
Allowance	34.5	54.8	+20.3	
Other non-current liabilities	7.1	7.4	+0.3	
Total equity	885.3	1,264.5	+379.2	
Equity attributable to owners of the Company	866.6	1,247.1	+380.5	
Common stock	197.7	204.3	+6.6	
Capital surplus	204.9	202.7	-2.2	
Retained earnings	458.2	893.9	+435.7	Net income attributable to owners of the Company: +430.8
Accumulated other comprehensive income (loss)	5.7	-53.8	-59.5	Changes in fair value of equity financial assets (primarily Yahoo Japan: -54.8)
Non-controlling interests	18.7	17.4	-1.3	

# Consolidated Statements of Cash Flows

[JPY bn]

	FY17	FY18	Reasons for Variance
Cash flows from operating activities	726.6	826.6	
Net income	401.4	425.6	
Depreciation	477.3	452.2	
Change in working capital	-172.0	-98.8	Effect of a decrease in refund of consumption taxes
Interest paid	-38.1	-70.5	Increased in interest paid and other fees due to increase of average balance of borrowings from financial institutions during the fiscal year
Income taxes paid/refunded	-205.5	-187.7	
Other	263.6	305.8	
Cash flows from investing activities	-621.4	-614.7	
Purchases of/proceeds from sales of property, plant and equipment, and intangible assets	-642.2	-365.7	One-time fee of -350.0 paid to SoftBank Group Corp. in March 2017 in exchange for license to use the <i>SoftBank</i> Trademark
Proceeds from sales/redemption of investments	-43.8	-250.0	Acquisition of Yahoo Japan shares: -221.0
Other	64.7	0.9	
Cash flows from financing activities	-55.1	25.1	
Proceeds from interest-bearing debt	3,270.7	2,858.4	FY17: Effect of inter-company loans FY18: Effect of new borrowings from financial institutions
Repayment of interest-bearing debt	-2,061.3	-2,805.4	Repayment of Inter-company loans
Cash dividends paid	-1,140.8	-0.4	Dividends paid to SoftBank Group Corp. in FY17: -1,140.2
Other	-123.7	-27.5	Purchased SB C&S in FY17: -106.7
Cash and cash equivalents at the beginning of the period	70.9	121.0	
Cash and cash equivalents at the end of the period	121.0	358.0	
Adjusted free cash flow	508.0	292.1	

**EOP**