



SoftBank
Group

**Earnings Results
for the 3-month Period
Ended June 30, 2015**

August 6, 2015

Disclaimer

This material was prepared based on information available and views held at the time it was made. Statements in this material that are not historical facts, including, without limitation, plans, forecasts and strategies are “forward-looking statements”.

Forward-looking statements are by their nature subject to various risks and uncertainties, including, without limitation, a decline in general economic conditions, general market conditions, technological developments, changes in customer demand for products and services, increased competition, risks associated with international operations, and other important factors, each of which may cause actual results and future developments to differ materially from those expressed or implied in any forward-looking statement.

With the passage of time, information in this material (including, without limitation, forward-looking statements) could be superseded or cease to be accurate. SoftBank Group Corp. disclaims any obligation or responsibility to update, revise or supplement any forward-looking statement or other information in any material or generally to any extent. Use of or reliance on the information in this material is at your own risk. Information contained herein regarding companies other than SoftBank Group Corp. and other companies of the SoftBank Group is quoted from public sources and others. SoftBank Group Corp. has neither verified nor is responsible for the accuracy of such information.

Any statements made herein regarding Sprint Corporation (“Sprint”) are made by SoftBank solely in its capacity as an investor in Sprint. None of such statements are made on behalf of or attributable to Sprint. Any information contained herein regarding Sprint is subject to any and all subsequent disclosures made by Sprint on its own behalf. Neither Sprint nor SoftBank undertakes any obligation to update the information contained herein in connection with any subsequent disclosures made by Sprint, or to reflect any other subsequent circumstances or events. Nothing contained herein may be construed as an obligation on the part of Sprint to provide disclosures or guidance on its own behalf.

Committed to Turnaround

Sprint



SoftBank Group Consolidated Results

Consolidated Results

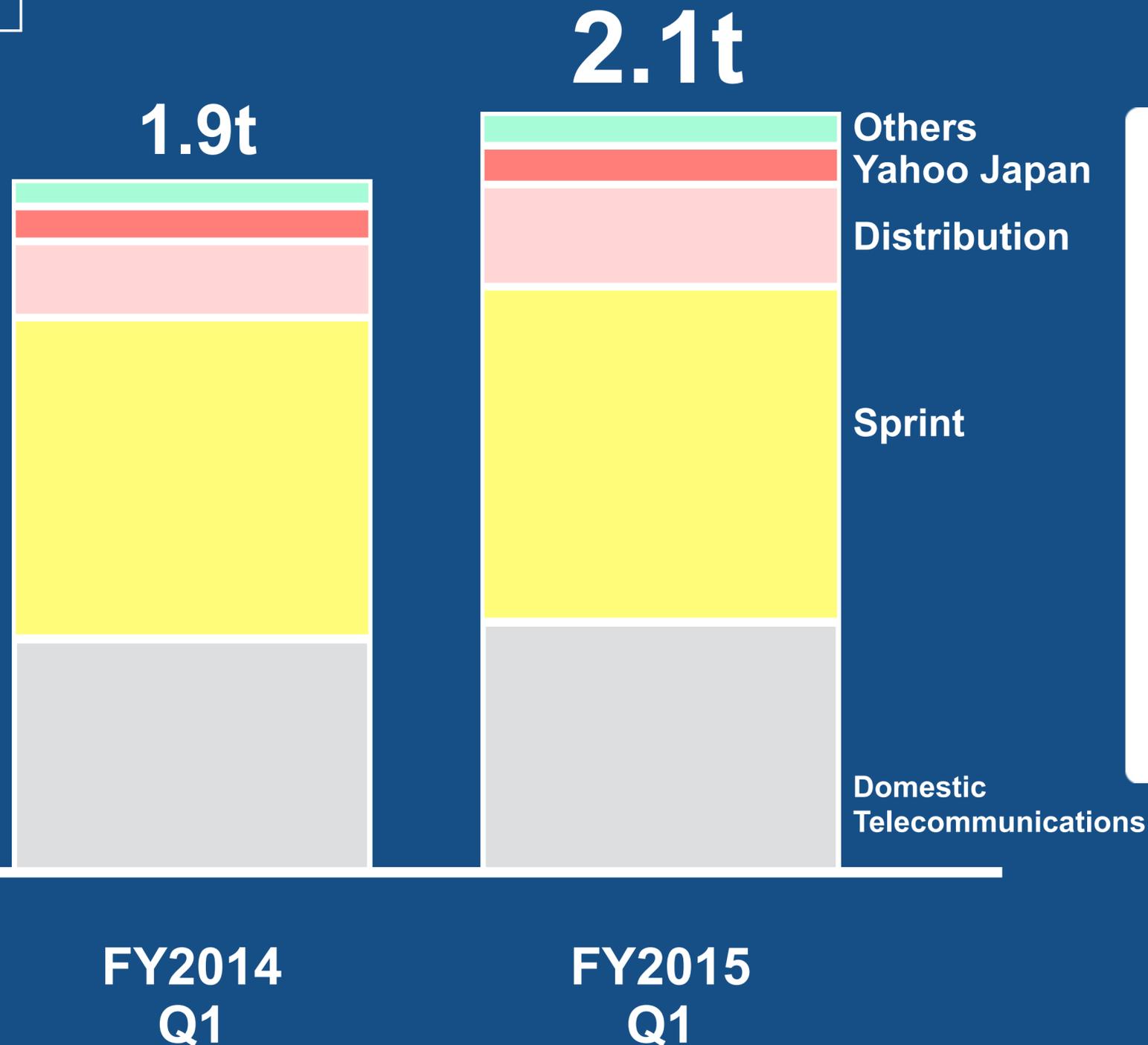
(JPY bn)

	FY2014 Q1	FY2015 Q1	Change	YoY
Net sales	1,948.3	2,139.1	+190.8	+10%
EBITDA	567.0	659.1	+92.1	+16%
EBIT	319.4	343.6	+24.2	+8%
Net income	77.6	213.4	+135.8	+175%

*The profit and loss of GungHo is reclassified in discontinued operations (FY2014, Apr. 1 - June 1, 2015).
Net income: net income attributable to owners of the parent

Net Sales

JPY

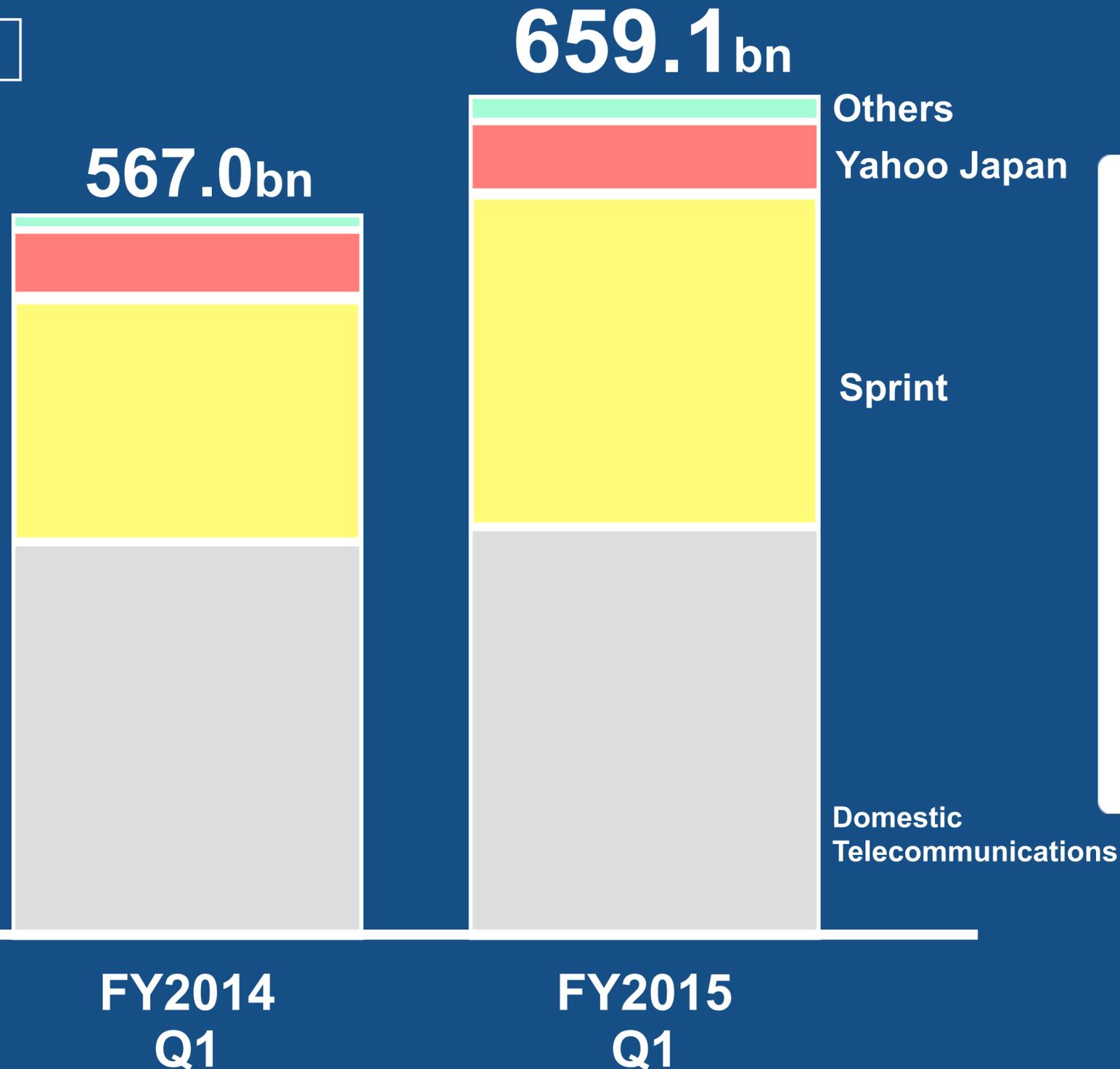


- YoY 10% increase
- Domestic Telecommunications: increase in product sales
- Sprint segment: FX impact

(Exchange rate)
Apr. - June 2014: JPY 102.14 / USD
Apr. - June 2015: JPY 121.34 / USD

EBITDA

JPY



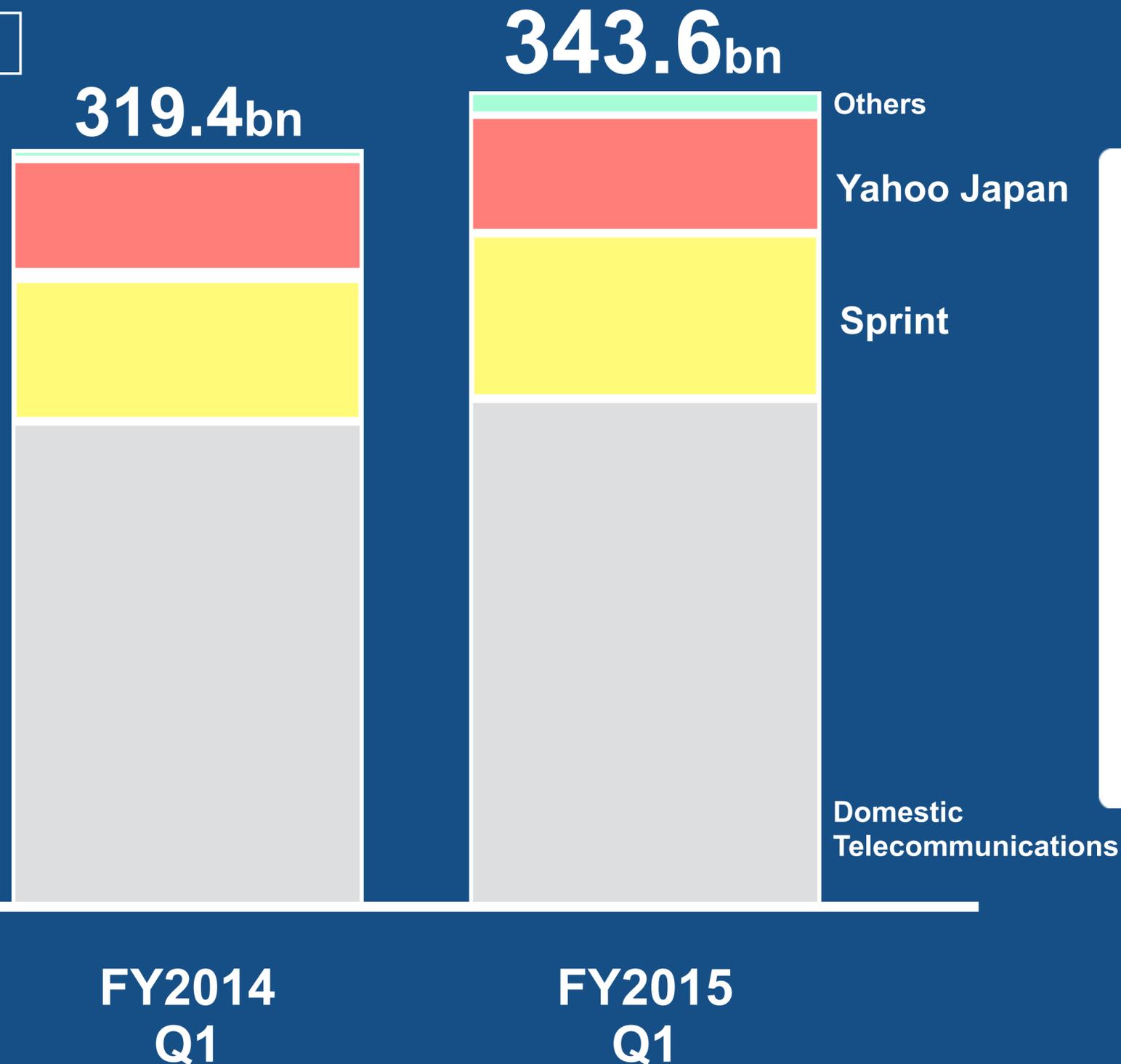
- **YoY 16% increase**
- **Contribution of Sprint & Domestic Telecommunications**
- **Sprint:**
 - FX impact
 - Decrease in COGS
 - Lower cost of service

(Exchange rate)
Apr. - June 2014: JPY 102.14 / USD
Apr. - June 2015: JPY 121.34 / USD

*For details on the increase at Sprint refer to the 'Adjusted EBITDA' page.

EBIT (Operating income)

JPY



• YoY 8% increase

• Contribution of Domestic Telecommunications & Sprint

(Exchange rate)

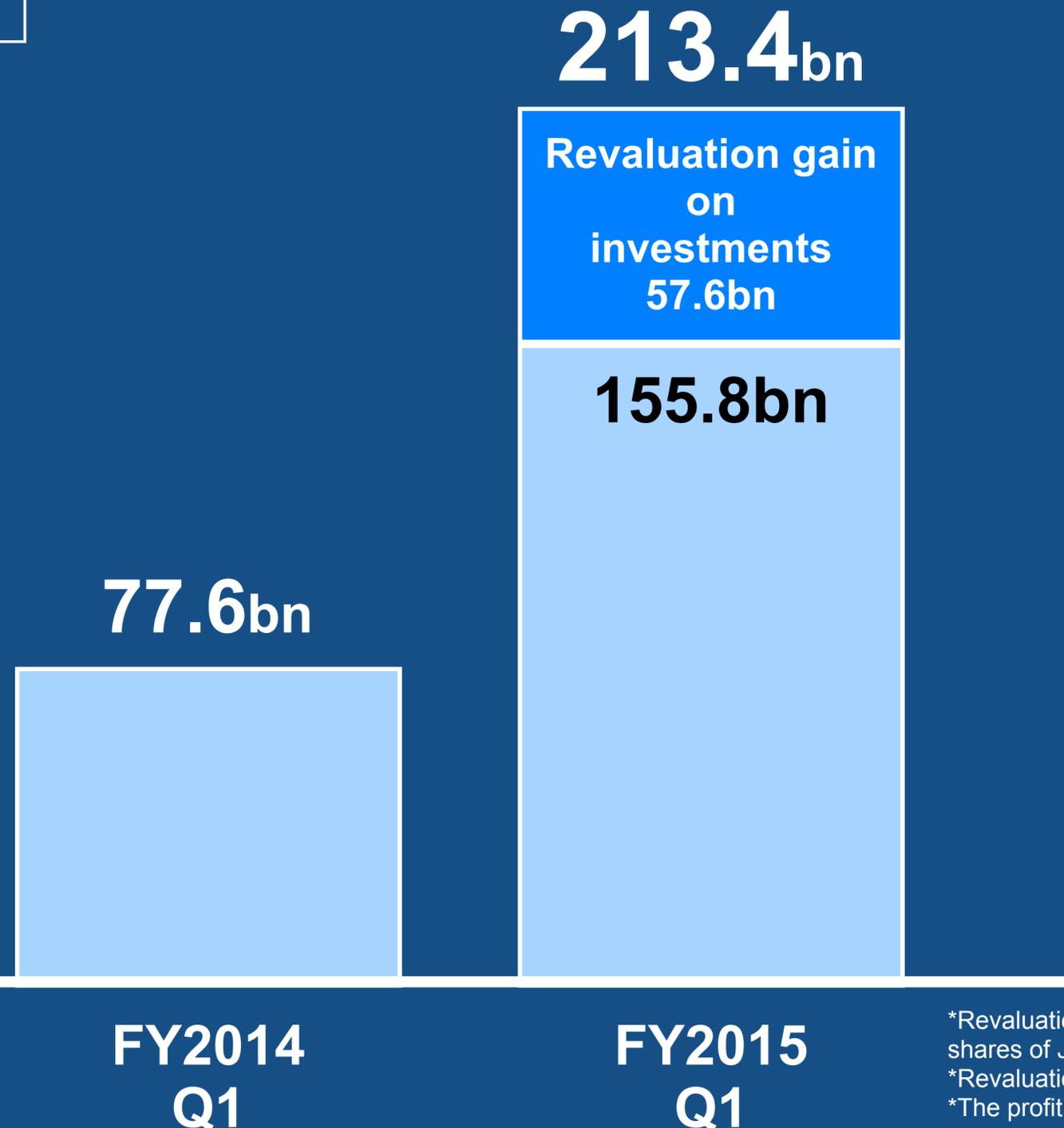
Apr. - June 2014: JPY 102.14 / USD

Apr. - June 2015: JPY 121.34 / USD

Net Income

(Net income attributable to owners of the parent)

JPY



- YoY 175% (2.8x) increase
- Revaluation gain on investments (57.6bn)
- Income on equity method investments related to Alibaba (43.4bn)

*Revaluation gain on investments: gain from financial assets at FVTPL (Fair Value Through Profit or Loss) (includes the preferred shares of Jasper Infotech Private Limited, which operates *Snapdeal*, and ANI Technologies Pvt. Ltd., which operates *Ola*).

*Revaluation gain on investments and income on equity method related to Alibaba after recognition of deferred tax, no cash out.

*The profit and loss of GungHo is reclassified in discontinued operations (FY2014, Apr. 1 - June 1, 2015).

Domestic Telecommunications

SoftBank Domestic Telecommunications

SoftBank
SoftBank Mobile

SoftBank
SoftBank BB

SoftBank
SoftBank Telecom

Y!mobile
Ymobile

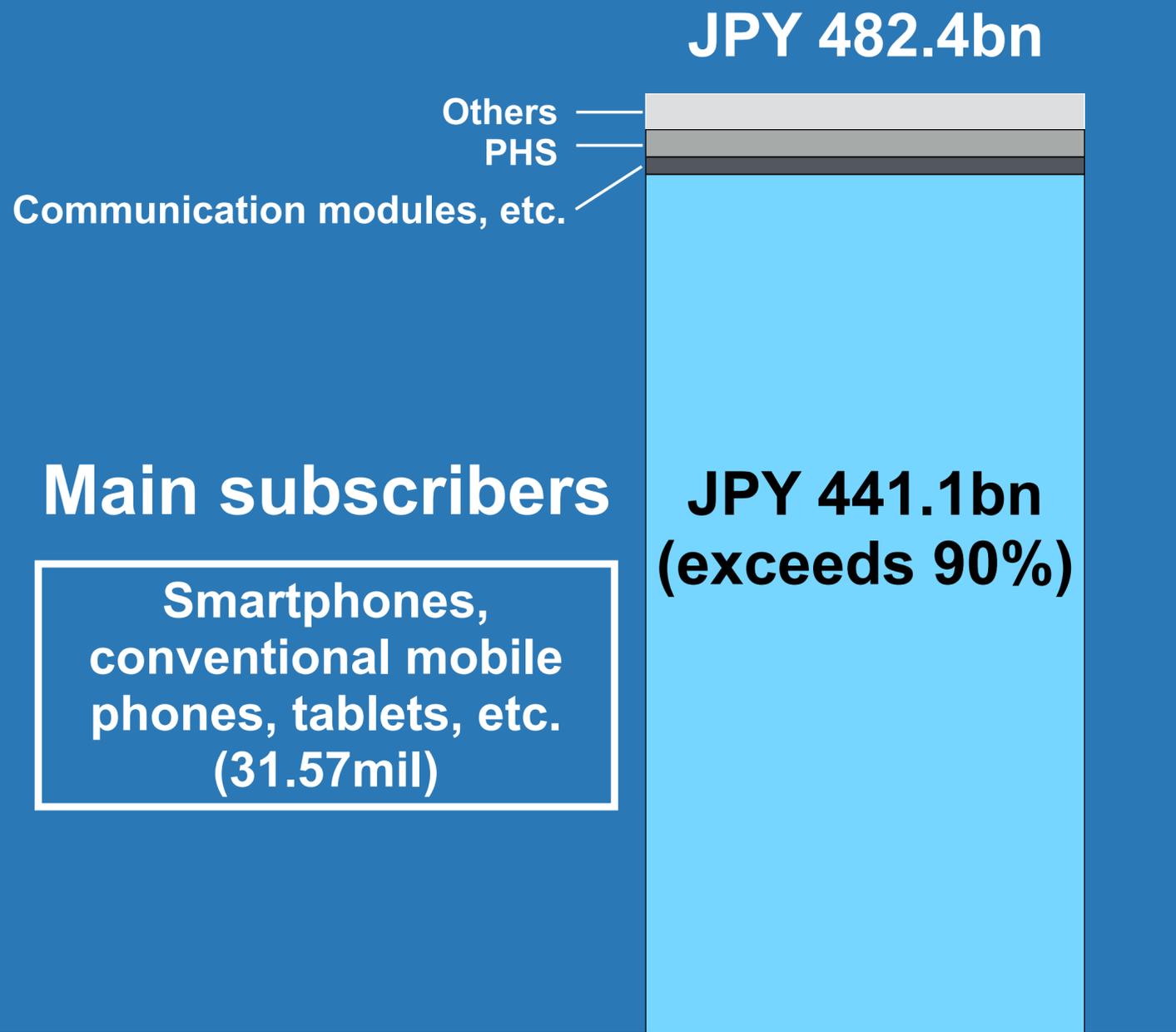
Merger

SoftBank Corp.

Toward No. 1 mobile Internet
core company

- **Strengthen growth strategy**
- **Efficient management**

Telecom Service Revenue (Mobile communications)



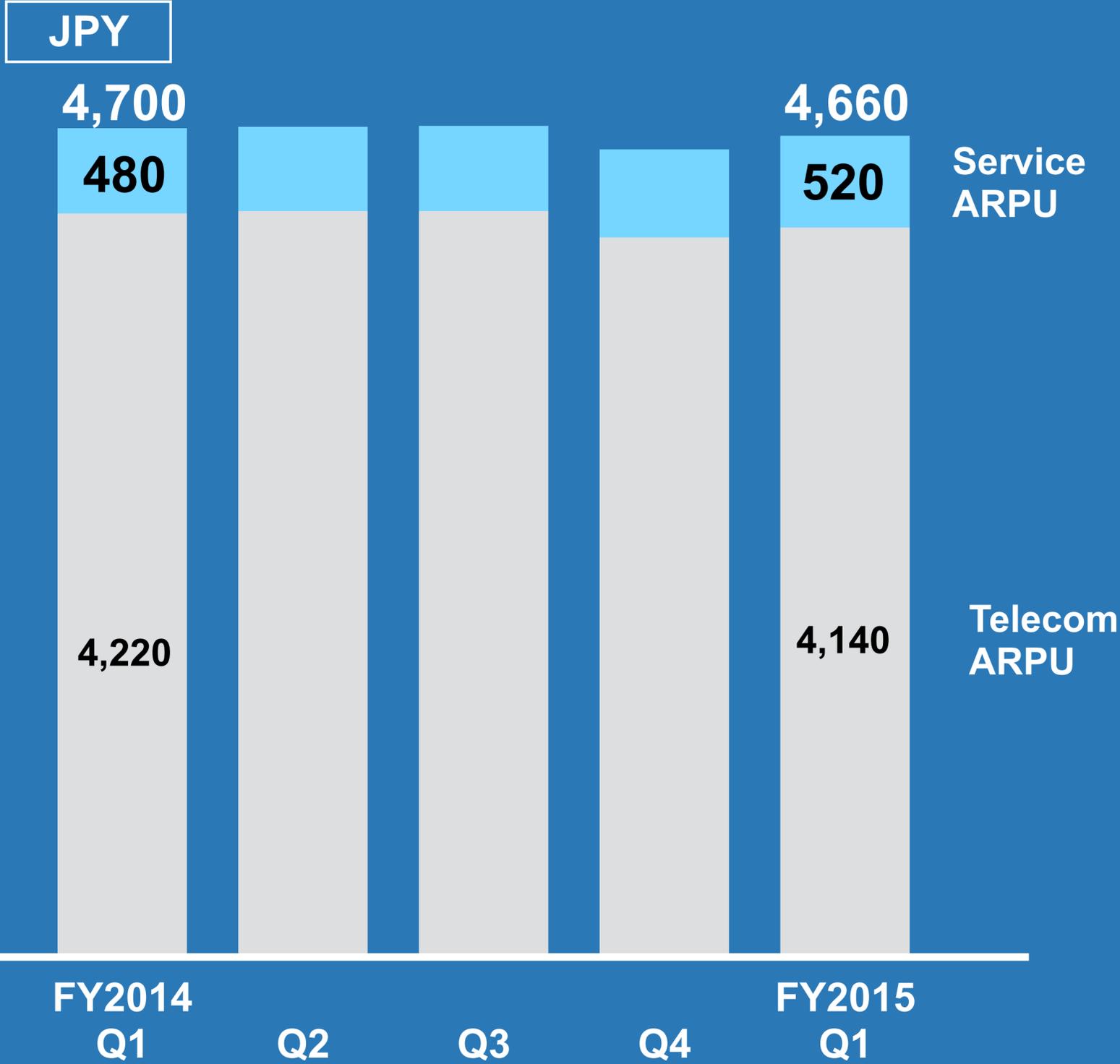
Main subscribers

Smartphones,
conventional mobile
phones, tablets, etc.
(31.57mil)

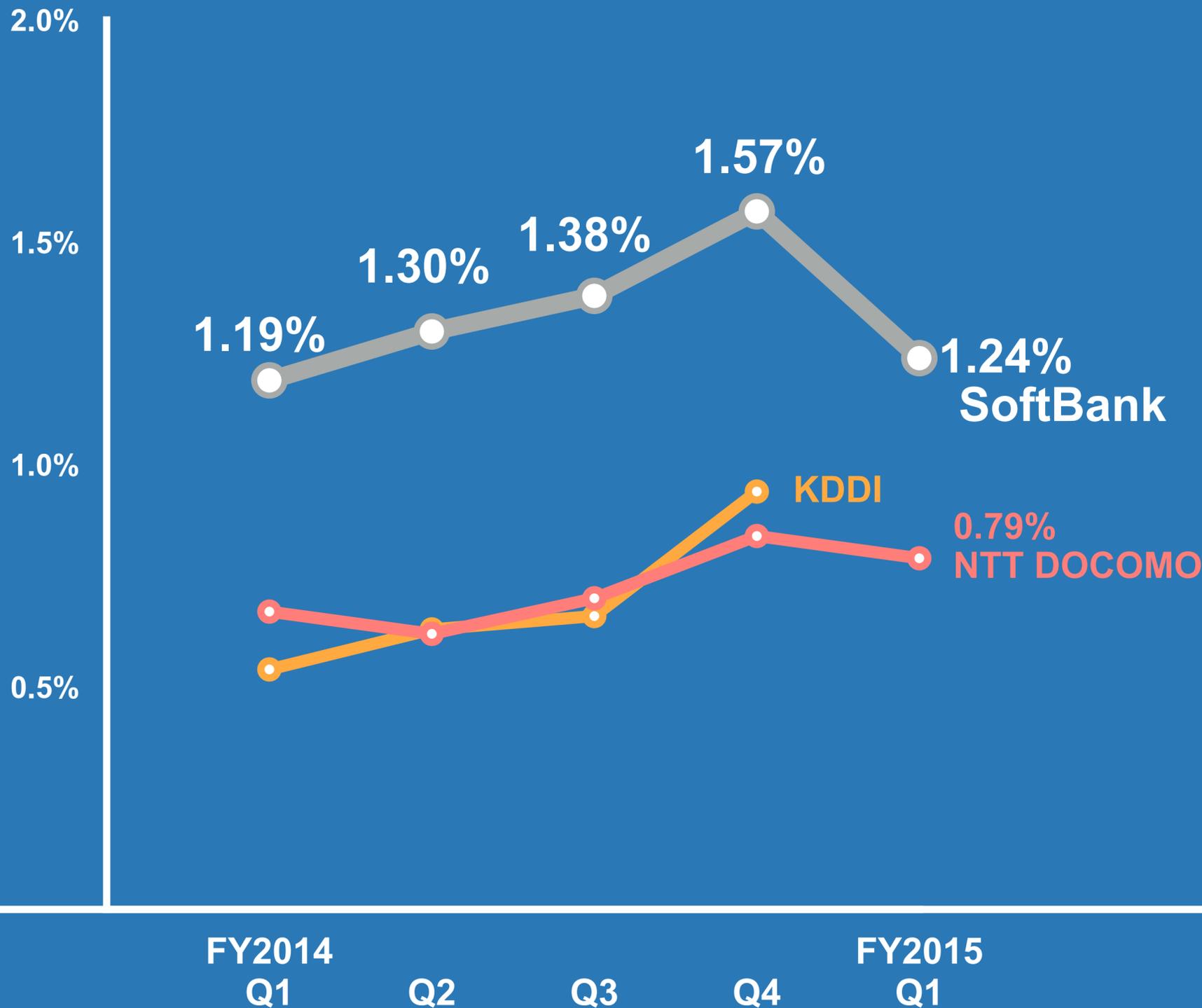
- Focus on main subscribers
- Maximize smartphone net additions & reduce churn rate

FY2015
Q1

Main subscribers: smartphones, conventional mobile phones, tablets, mobile data communications devices
Communication modules, etc.: communication modules, *Mimamori Phone*, prepaid mobile phones, others
Communication modules that use PHS networks are included under PHS.



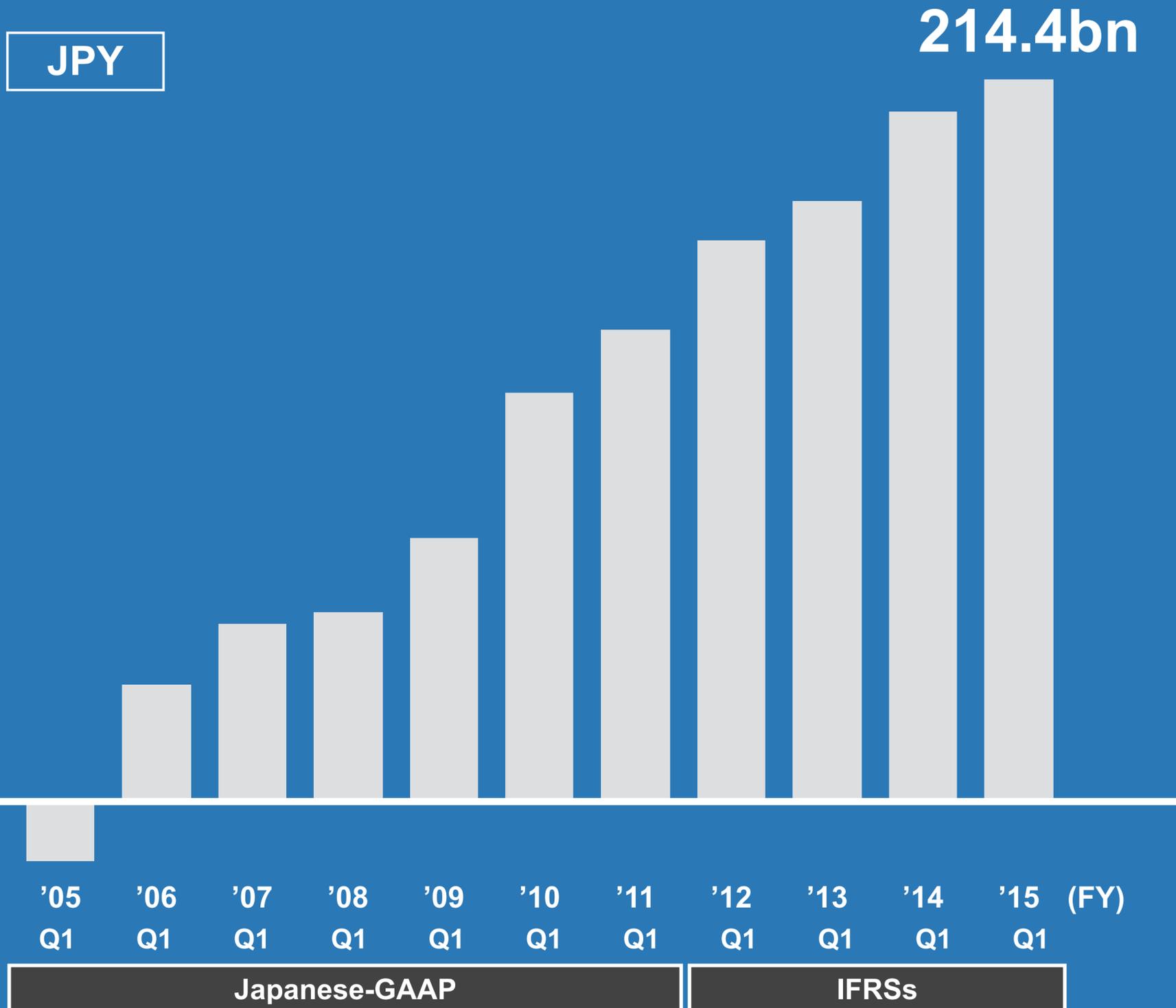
- **Maximize service ARPU**
- **Enhance partnership with Yahoo Japan**
- **New growth areas**



- Higher than competitors
- Strive to improve churn rate from various angles

*NTT DOCOMO's churn is represented based on the conventional calculation method including the subscriptions and cancellations of MVNOs.

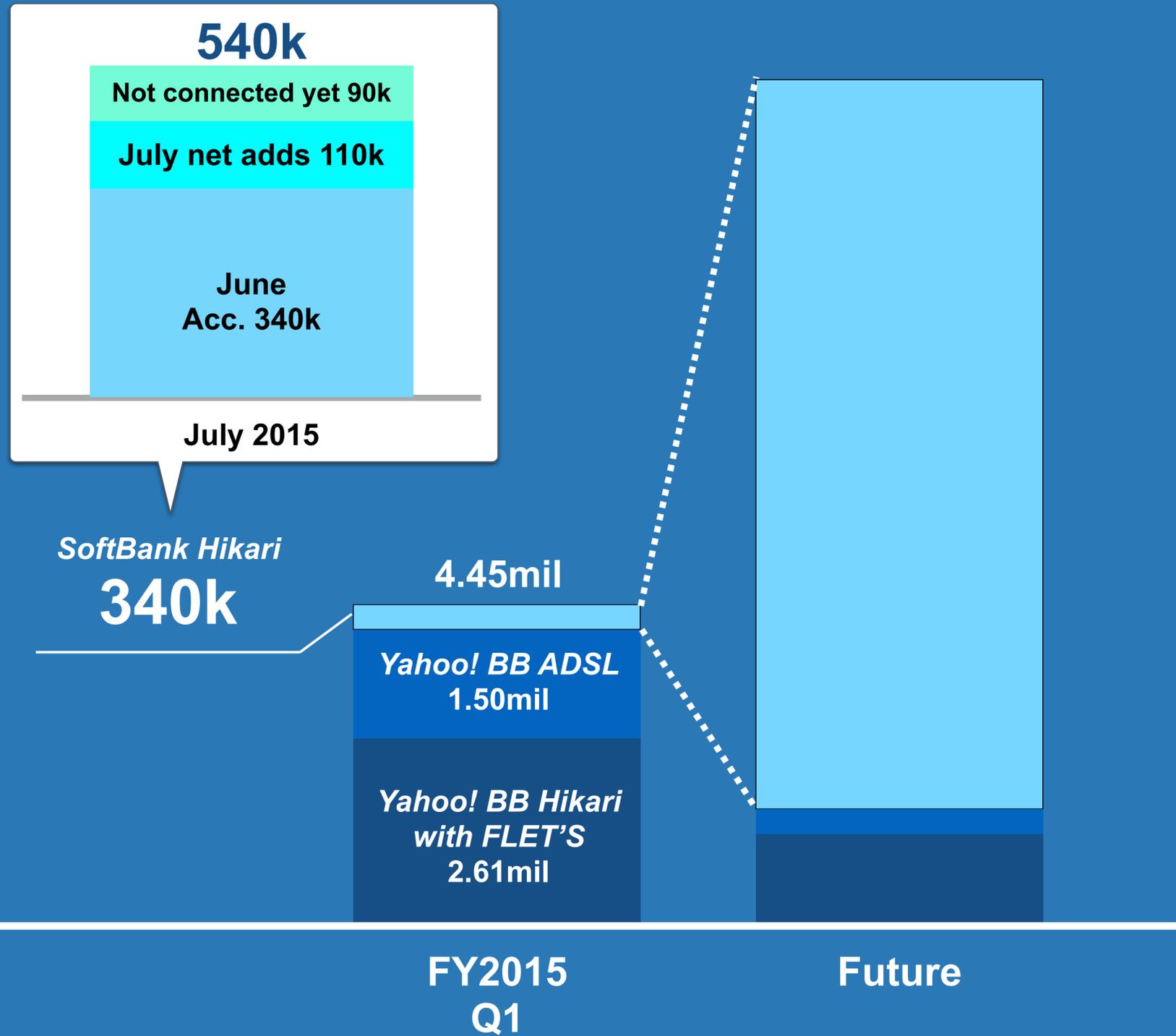
JPY



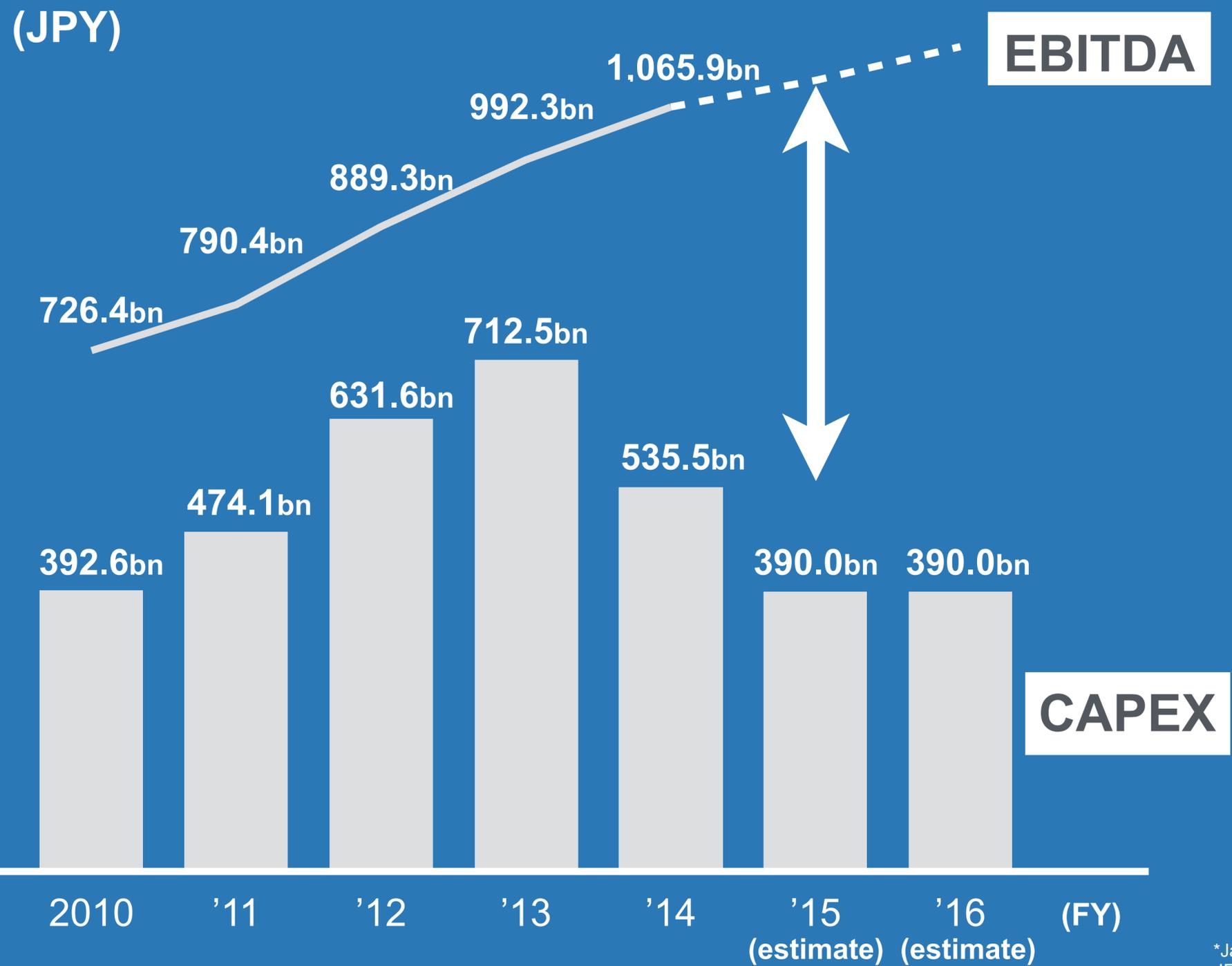
- **Focus on profitability**
- **Acquisition of smartphone users**
- **Cost efficiency**

*After FY2014: Domestic Telecommunications business
 Up to FY2013: Mobile Communications business + Fixed-line business + Broadband Infrastructure business
 *FY2013 does not include impact of GungHo and Commerce & Service business.

Broadband Service Cumulative Subscribers



- Reached 540k *SoftBank Hikari* in July
- Make optical fiber service growth driver



- **Expect EBITDA growth in FY2015**
- **CAPEX peaked out**
- **Generating FCF**

Japanese-GAAP IFRSs

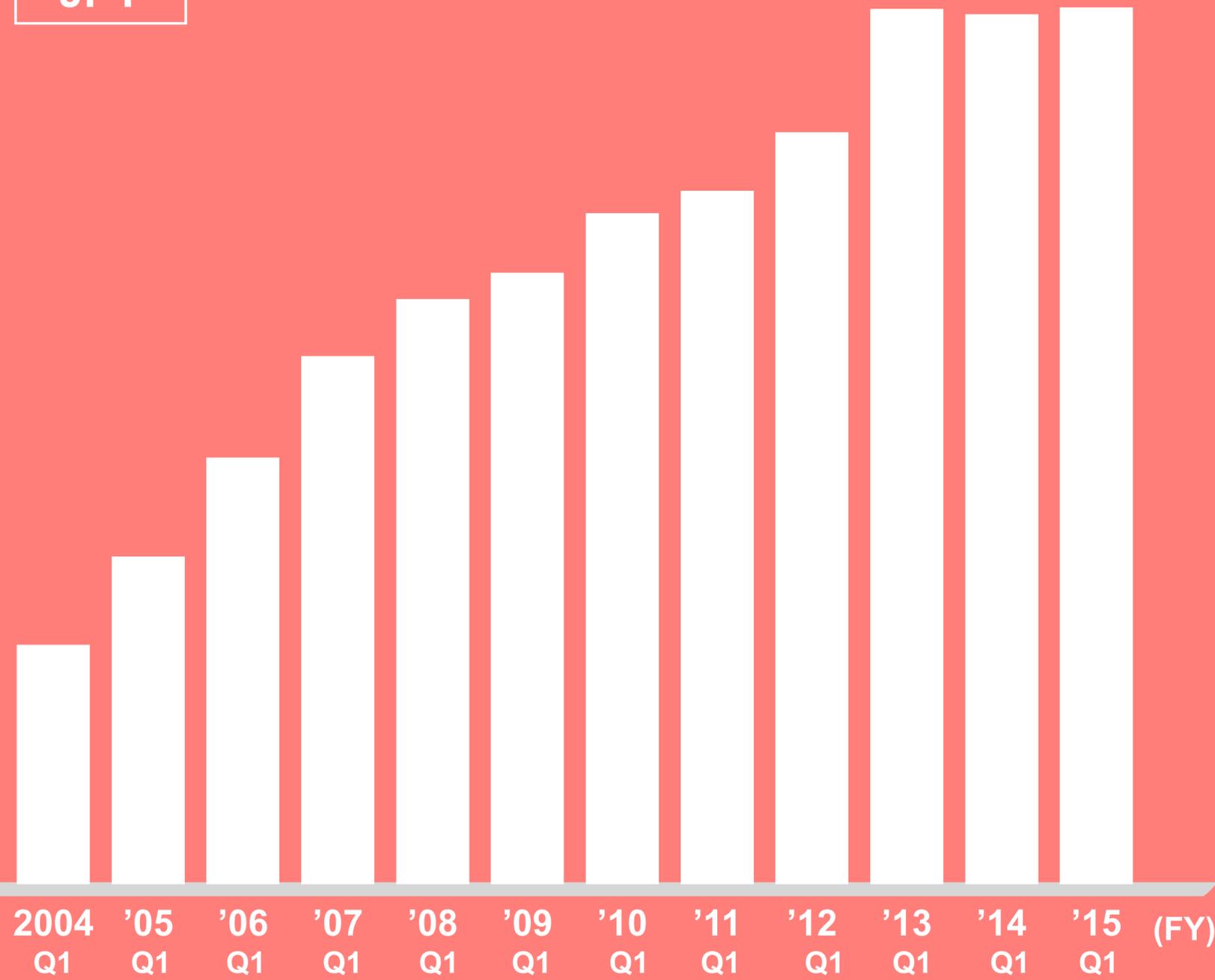
* Japanese-GAAP: CAPEX spent by former SoftBank Mobile Corp., SoftBank Telecom Corp. and SoftBank BB Corp.
 IFRSs: CAPEX spent by current SoftBank Corp. (former SoftBank Mobile Corp., Ymobile Corporation, SoftBank Telecom Corp. and SoftBank BB Corp.) and Wireless City Planning Inc.
 *Excluding rental handsets for corporate customers acquired by current SoftBank Corp.

Internet Companies

EBIT (Operating income)

JPY

49.1 bn



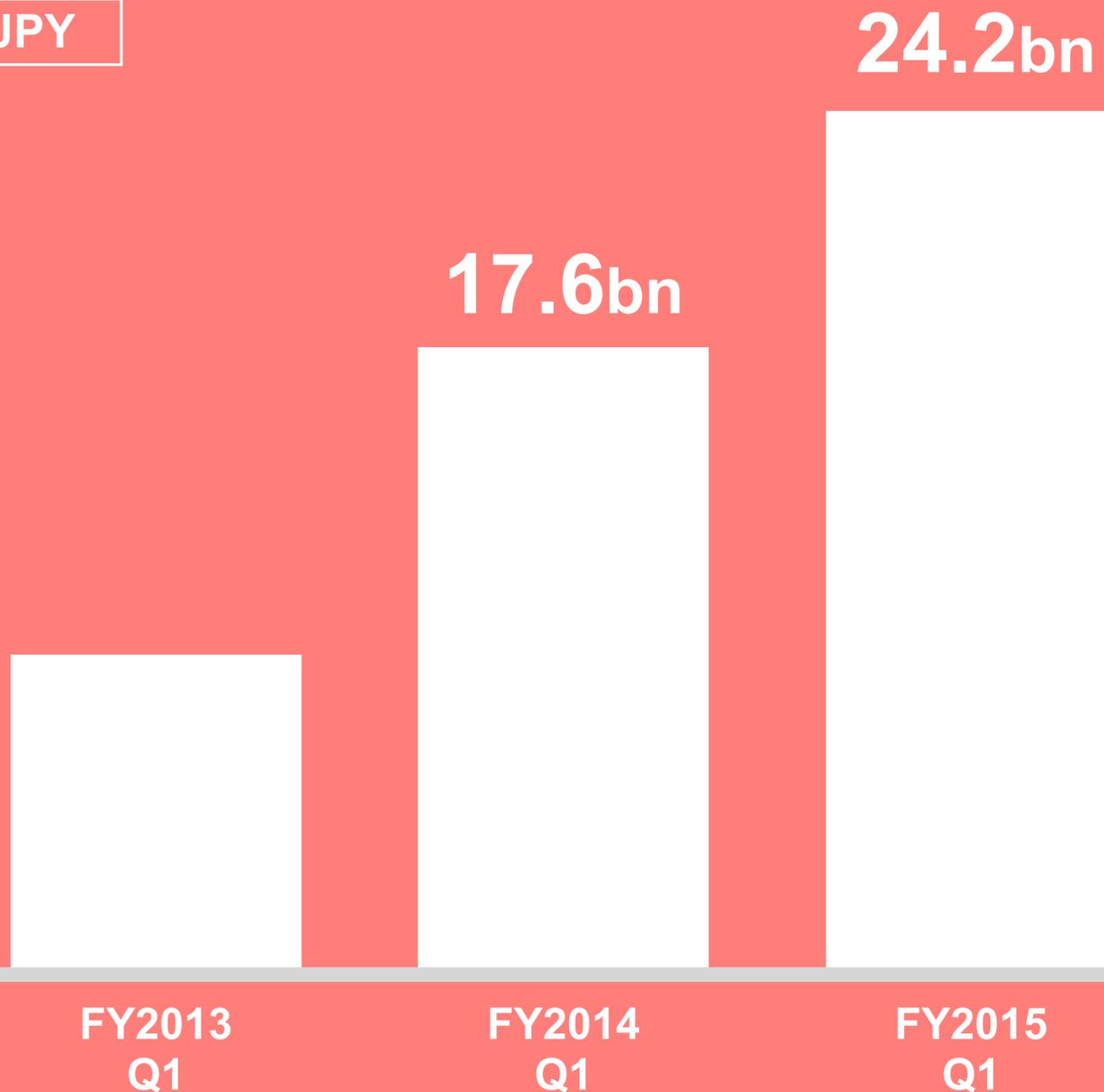
- **Transform business model**
- **Mobile centric strategy**
- **Collaborate with Alibaba**

Japanese-GAAP

IFRSs

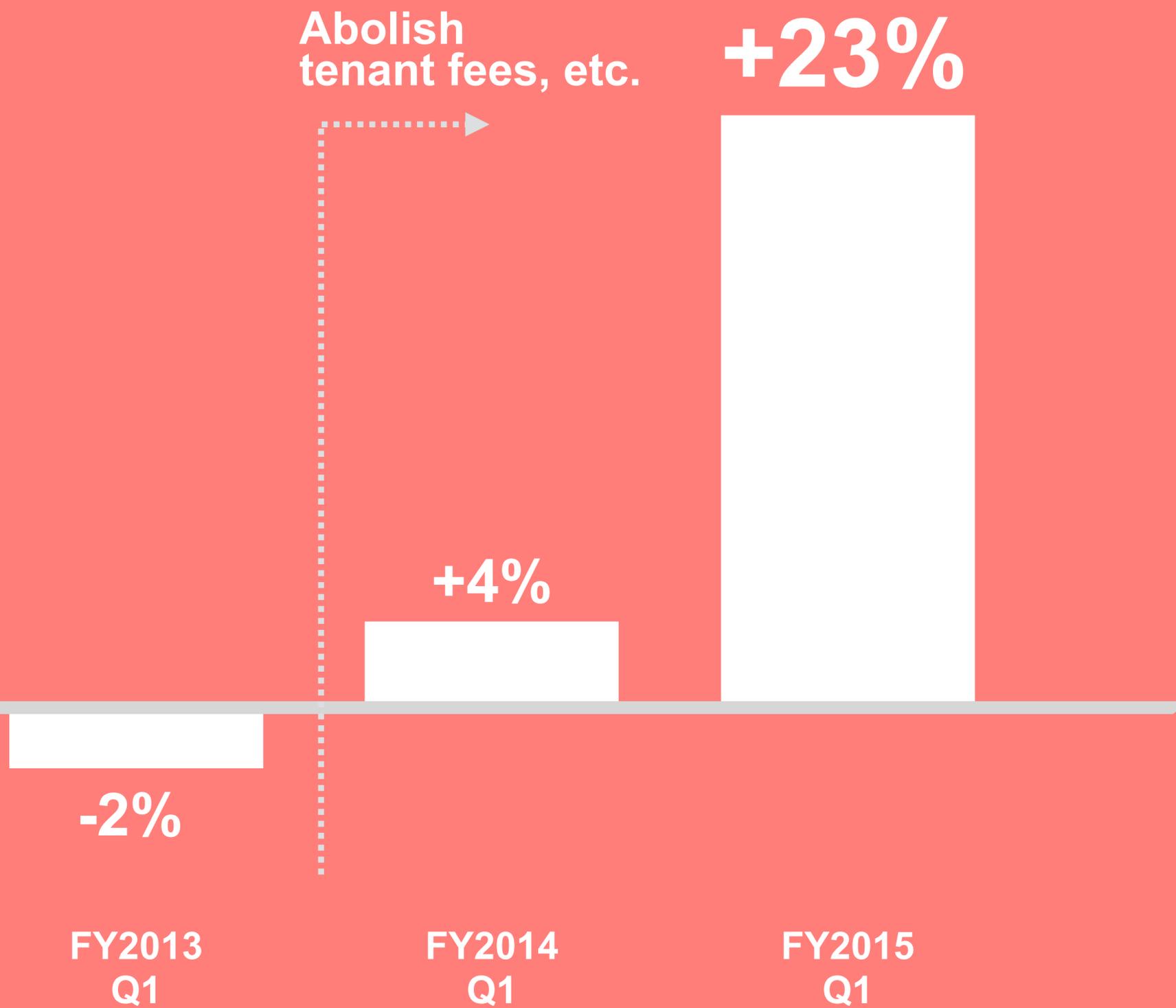
Smartphone Advertising Revenue

JPY



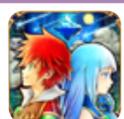
- **YoY 38% increase**
- **Launched timeline-view on top page**
- **Aim at sales increase by listing new advertising products**

Shopping Transaction Value (YoY growth)



- **YoY 23% increase**
- **New e-commerce strategy is successful**

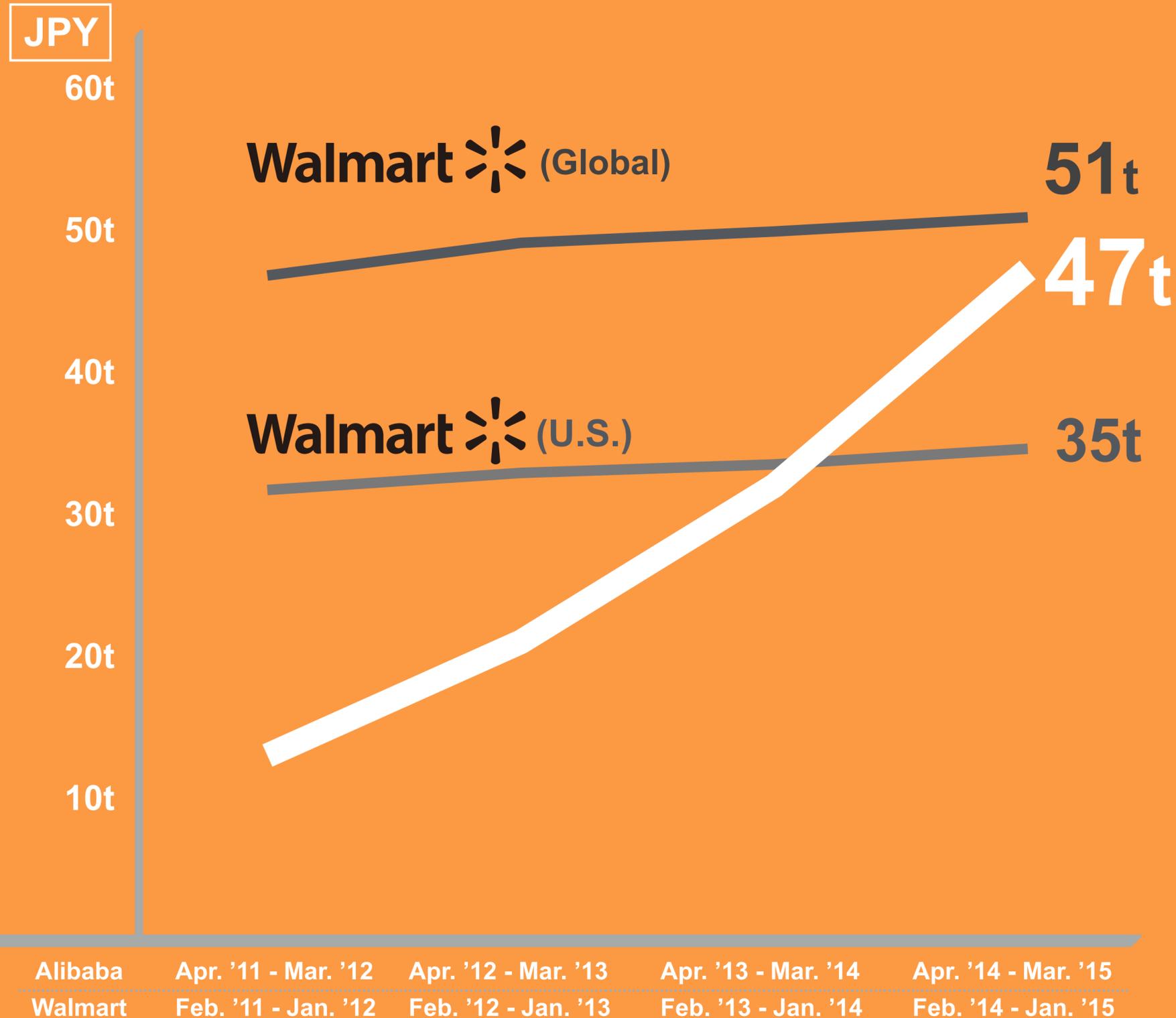
World's Top Grossing Games Ranking

1		Clash of Clans	Supercell
2		Monster Strike	Mixi/Tencent
3		Puzzle & Dragons	GungHo
4		Game of War - Fire Age	Machine Zone
5		Fantasy Westward Journey	NetEase
6		Candy Crush Saga	King/Tencent
7		Boom Beach	Supercell
8		Candy Crush Soda Saga	King
9		The White Cat Project	COLPL/Sony/Gumi
10		MU Miracle	OurPalm/Kunlun Games/ Webzen

- **Maximize existing value**
- **Create new entertaining games**
- **Enhance global user base**

(Source) Created by SoftBank Group Corp. based on App Annie Index for Games: iOS and Google Play combined - Worldwide (June 2015).

Gross Merchandise Volume

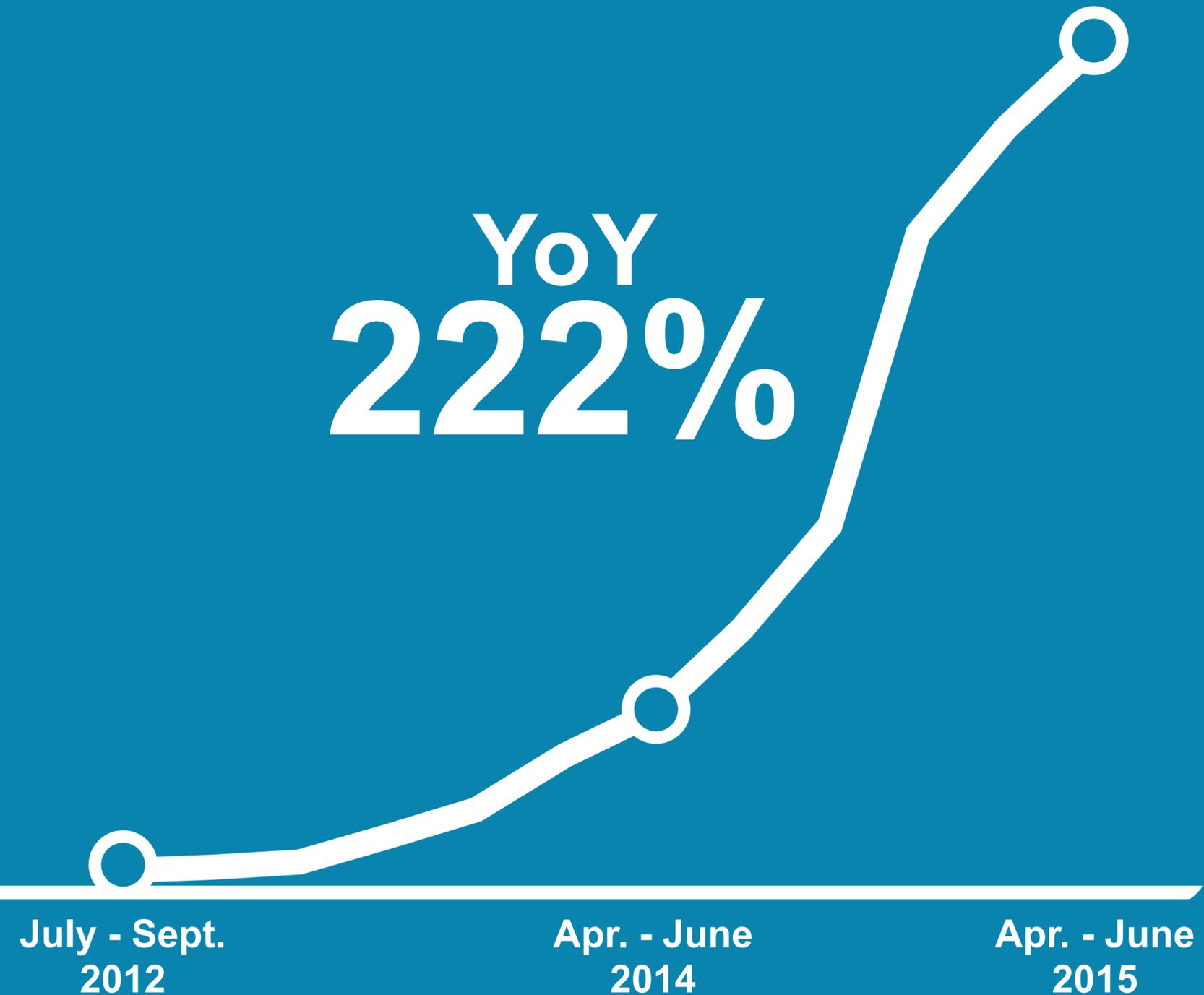


- Enhance ecosystem
- Mobile focus
- Increase cross-border sales

(Source) Created by SoftBank Group Corp. based on publicly available historical information published by Alibaba Group Holding Limited.
 USD 1.00 = JPY 120, USD 1.00 = RMB 6.2036
 Walmart (global): sum of net sales of Walmart U.S. and Walmart International

snapdeal.com Gross Merchandise Volume

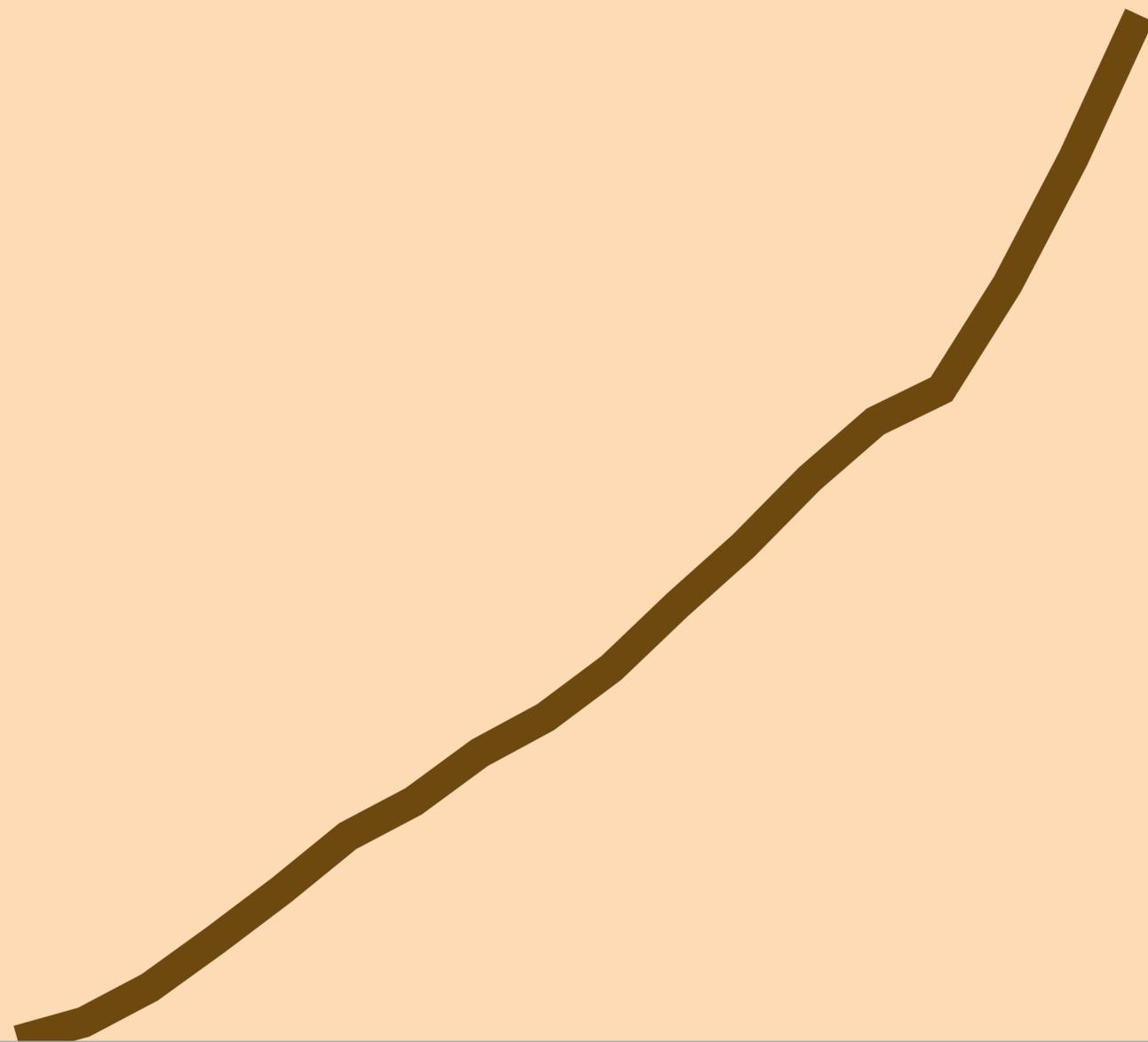
YoY
222%



- **Expand GMV further**
- **Exceeds 100k sellers**
- **May 2015 record GMV**

(USD)

\$2.3bn



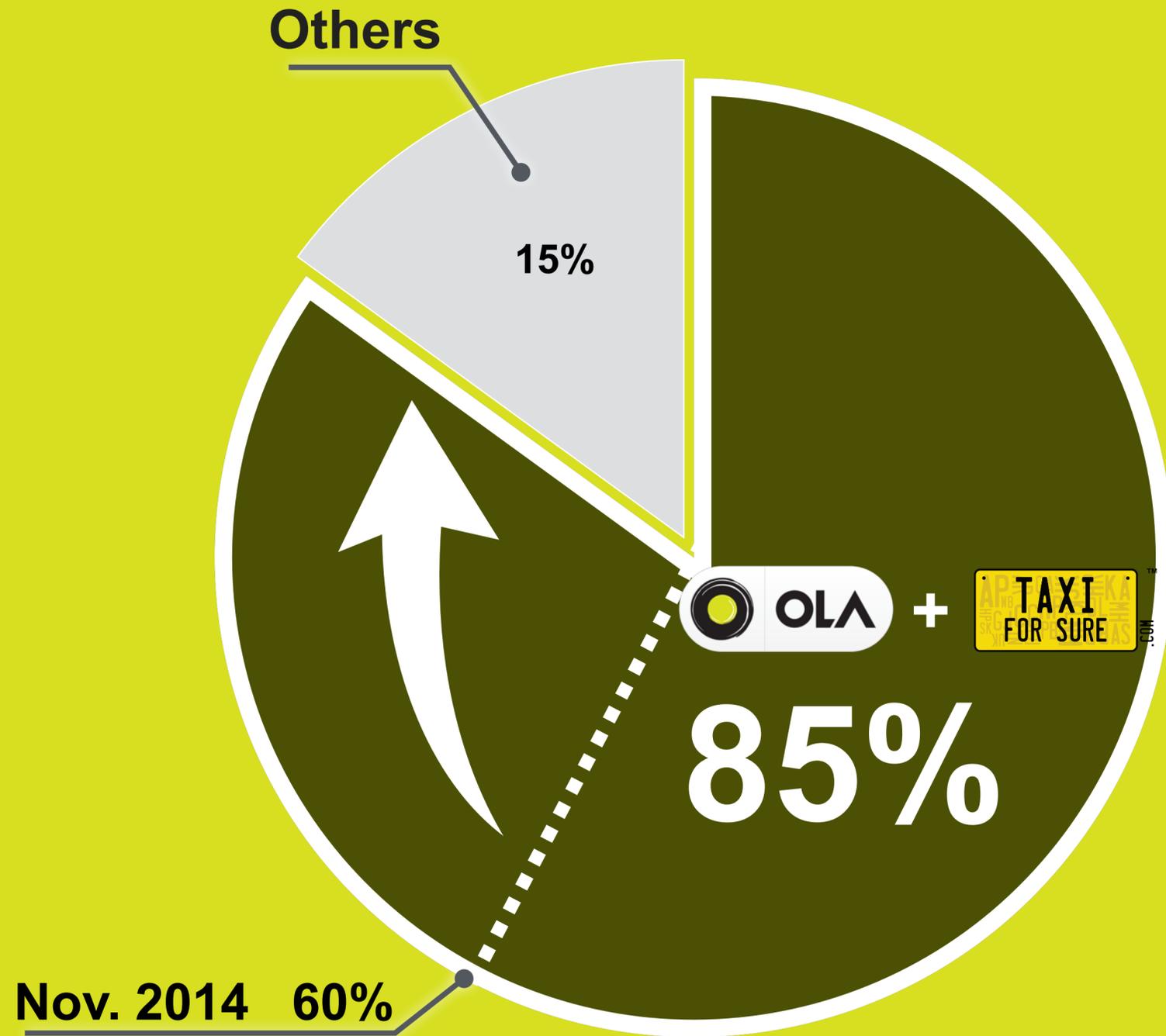
- **New customers increasing**
- **Customer spend growing**
- **Mobile commerce market expanding**

FY2011 Q1
(LTM rolling)

FY2015 Q2
(LTM rolling)



Market Share (India)



- **Expand share further**
- **6 times registered vehicles since investment**
- **Appointed Arun Sarin* as an independent director**

(Note) Market share as of end of June 2015

*Former Vodafone Group Plc global CEO

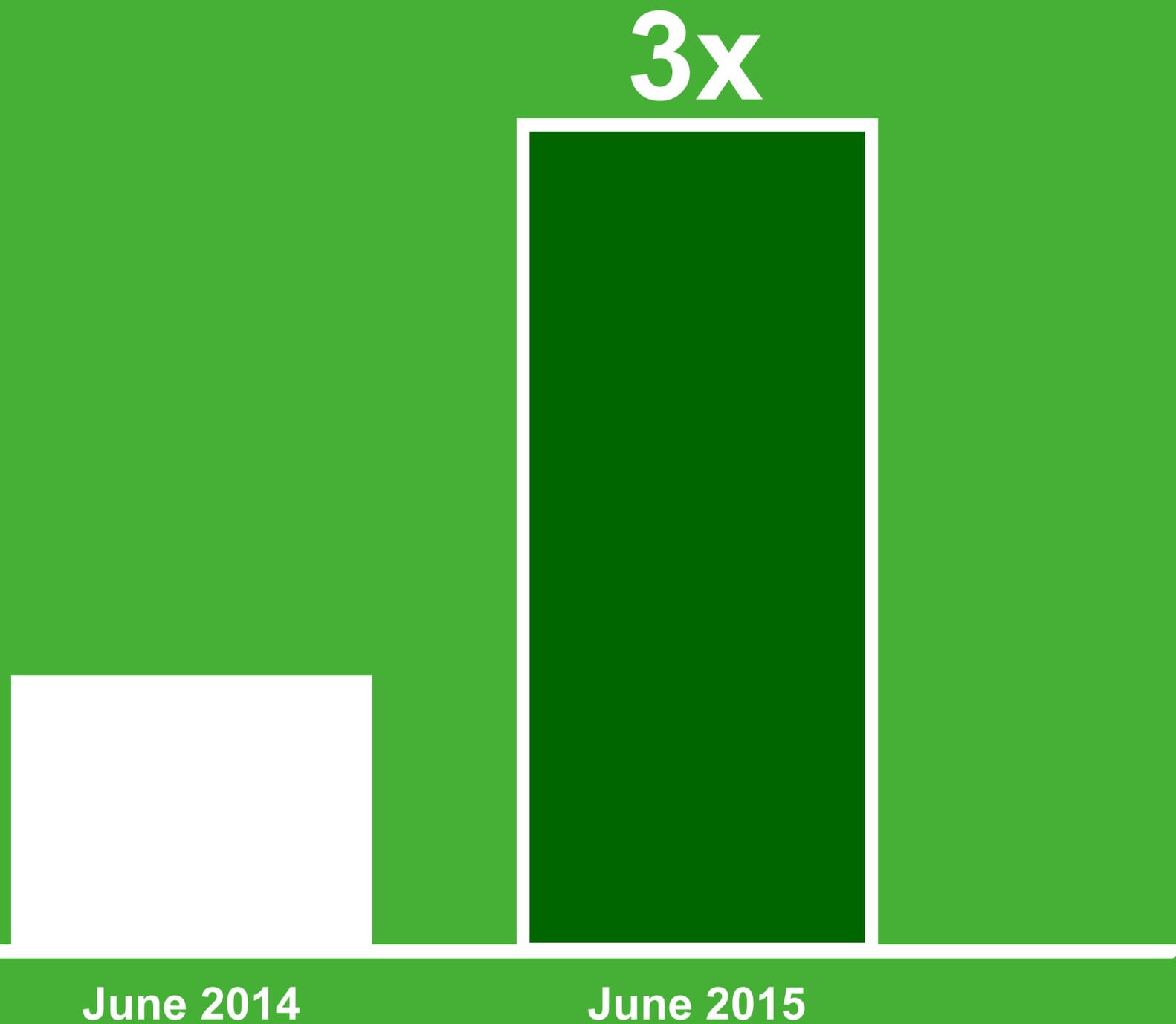
Quarterly Bookings



- **Rapid growth**
- **Aggressive expansion into new product lines**



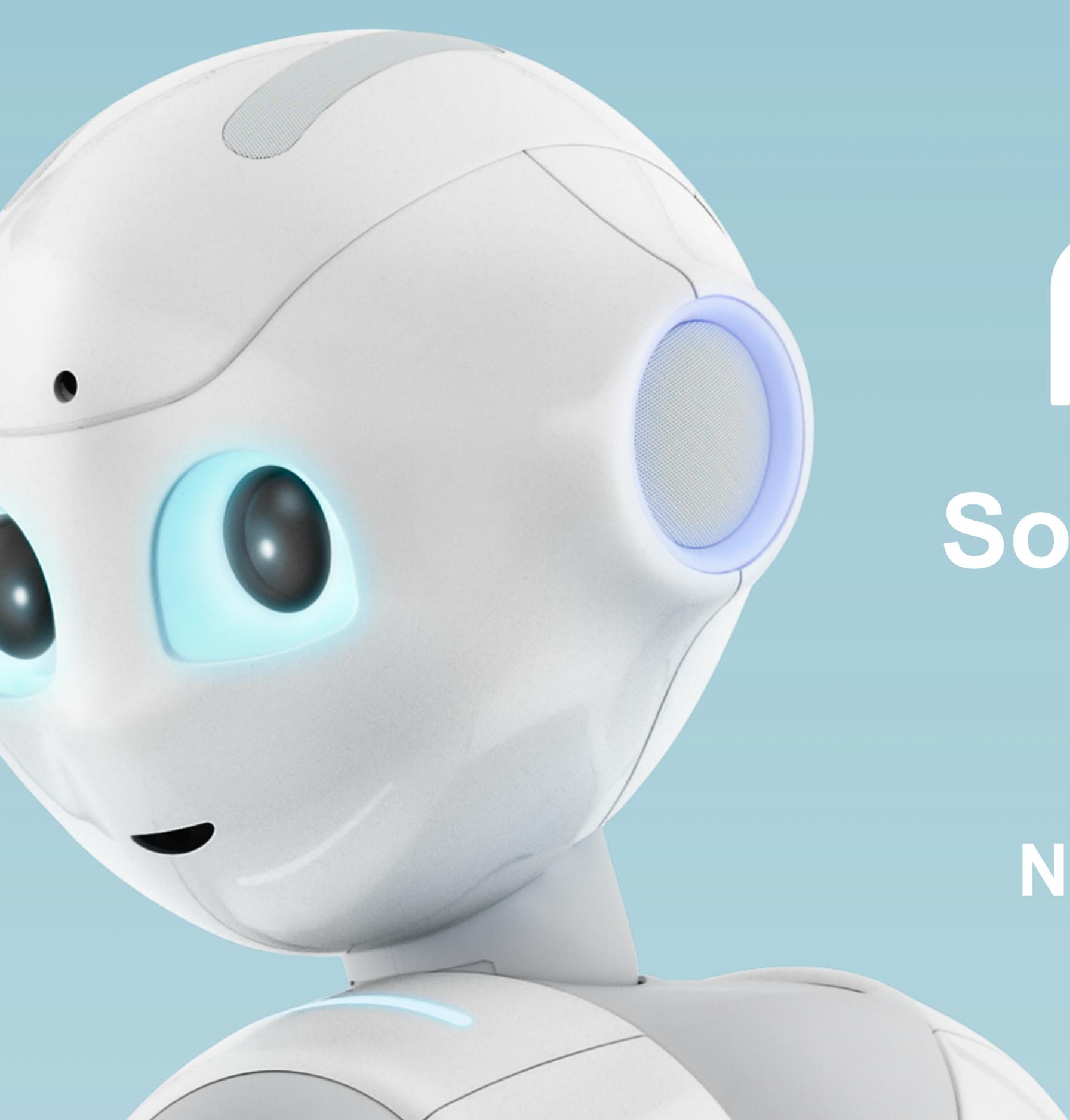
Rides



- **Leading on-demand platform in China**
- **Strategic support from Alibaba and Tencent**
- **Much headroom for growth**

*Number of completed rides with private cars and Taxis

pepper



pepper

**Sold out in 1 minute
in June & July**

(1,000 units each)

Next offering on Aug. 29

MIZUHO × **SoftBank Robotics**

**Entertain customers
and provide
useful information**

Started in July 2015

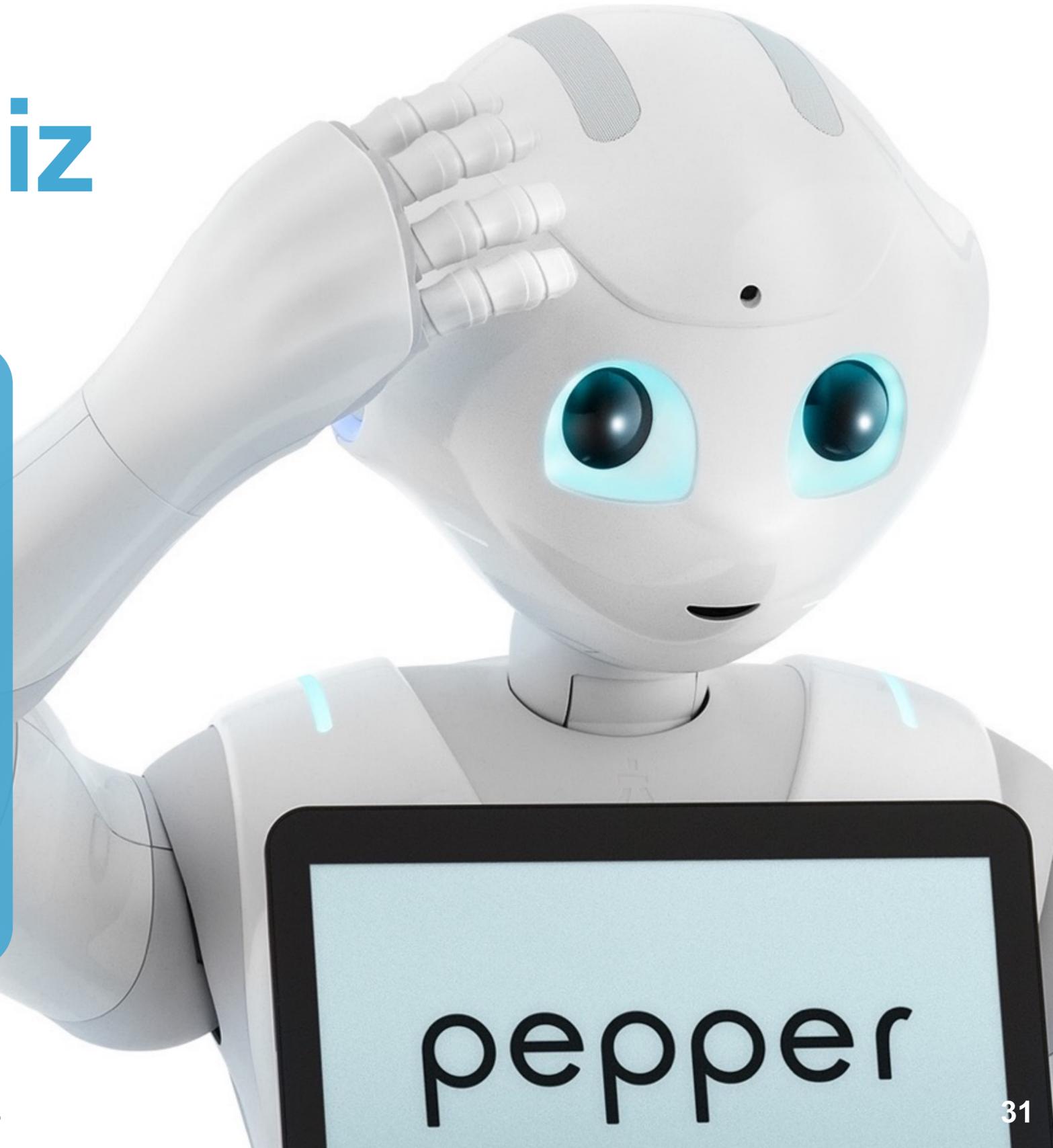


pepper for Biz

Monthly wage
JPY 55,000

Applications accepted from Oct. 1, 2015

*36 months contract (total of JPY 1.98mil), Pepper to be returned at end of contract.



pepper

pepper

14 Years Ago

Enter Telecom Business



YAHOO! BB
JAPAN Broadband

2001




vodafone

2006

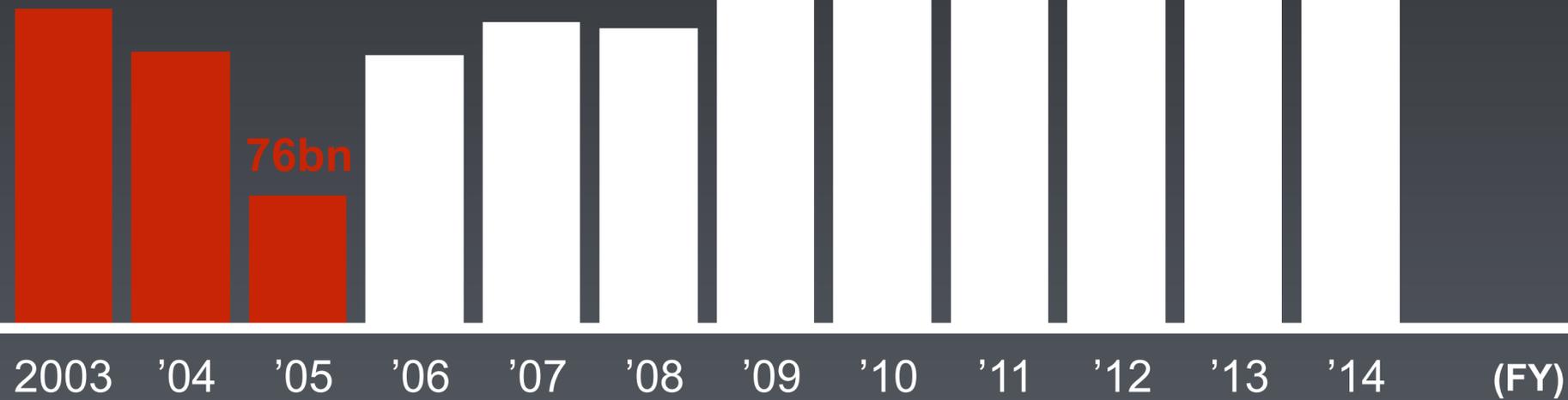
Mobile EBIT

JPY

695bn

SoftBank

Rapid growth

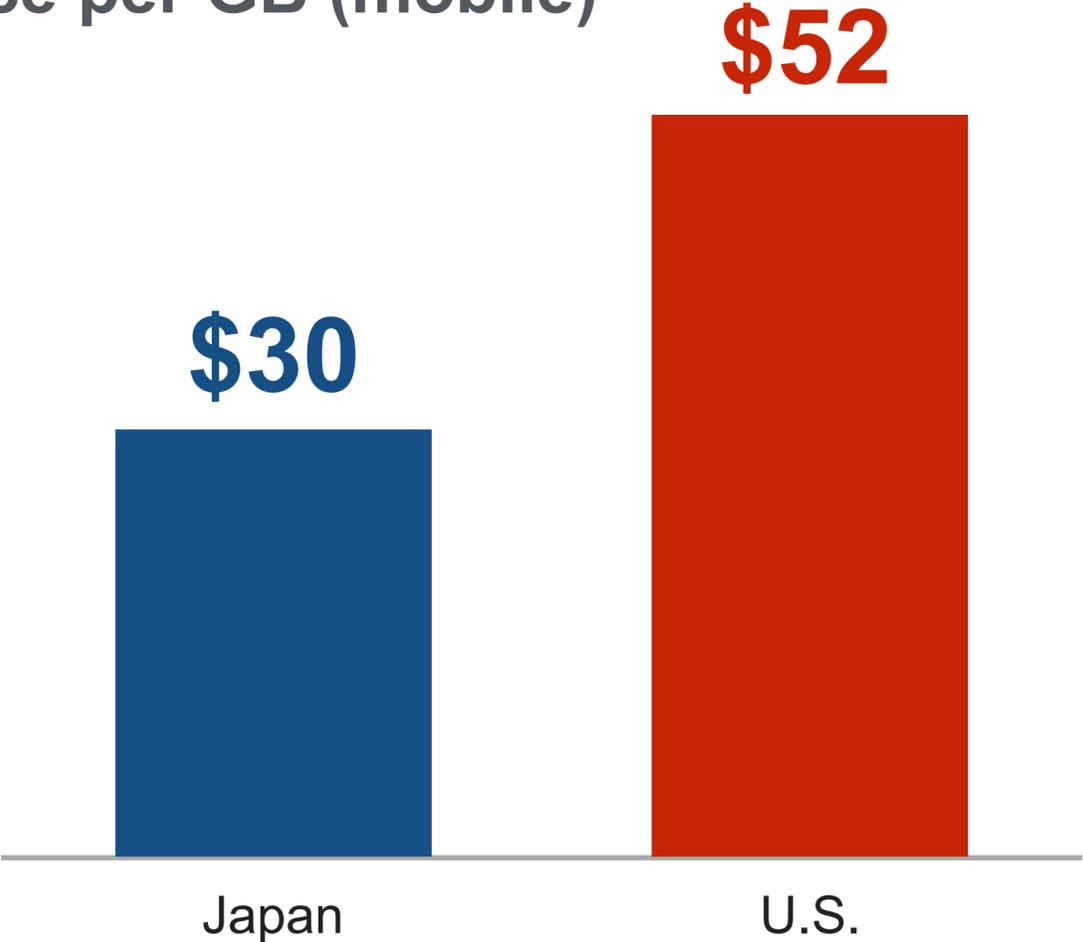


Sprint  **Studio**

Three years ago
Opportunity for growth in U.S.

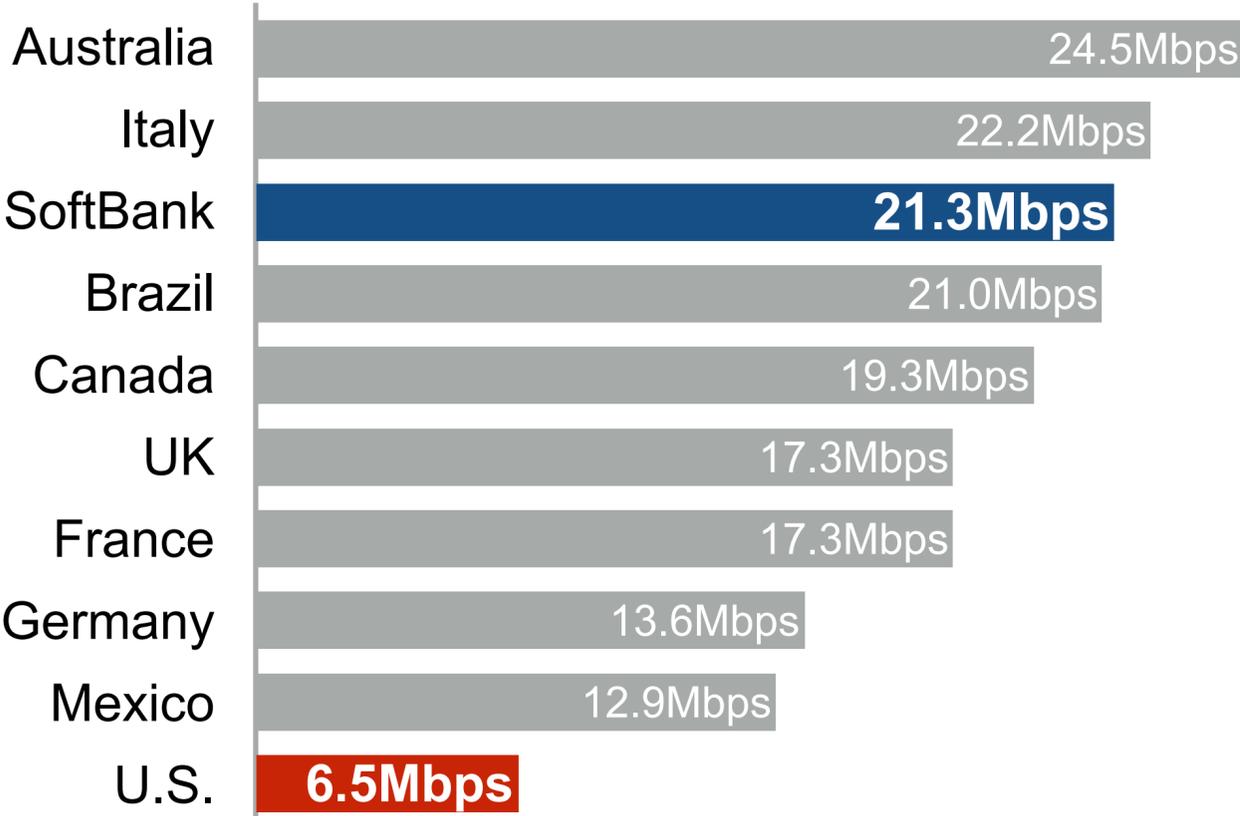
Disparity: Japan vs U.S.

Price per GB (mobile)



High Price

LTE Speeds



Low Speed

(Source) BAML, Cisco, OpenSignal - Q1 2014, reflects weighted average download speed

Vision: become No.1 through merger



No.3

+



No.4

Was Not Meant to Be

Sprint



T-Mobile

**However,
we did not give up**

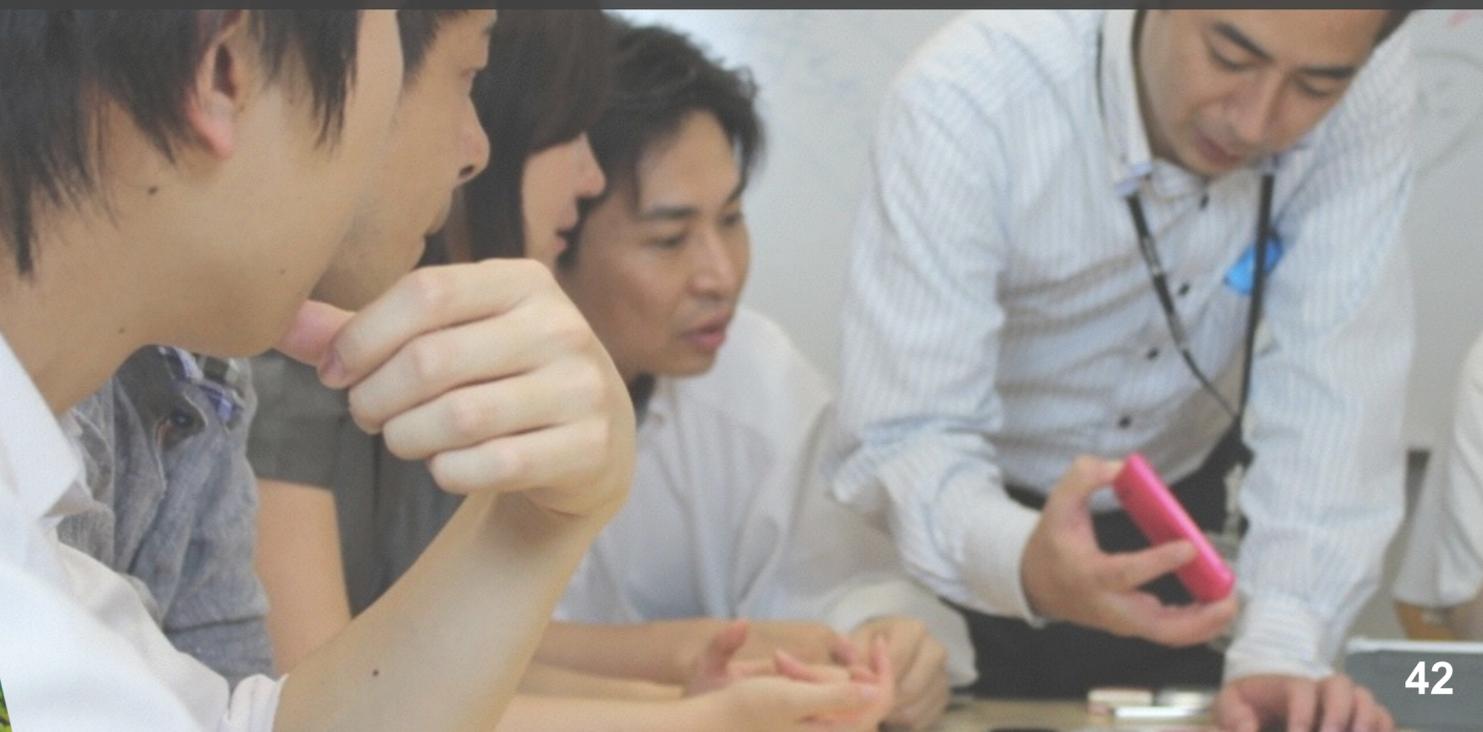


Combined efforts led to new strategy:





We can replicate turnaround



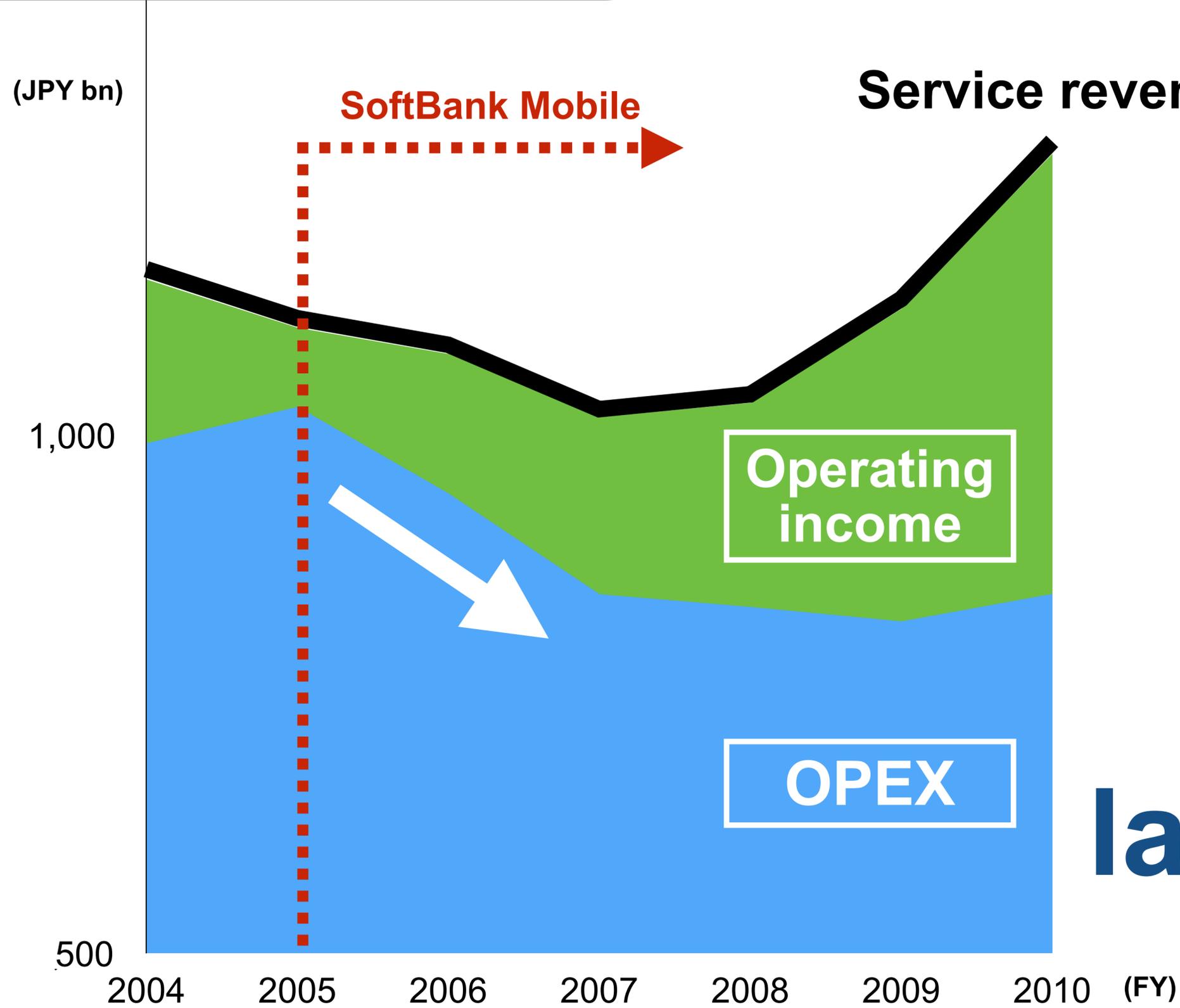
Track Record

 SoftBank

SoftBank Mobile Track Record

- **Large OPEX reduction**
- **Maximize CAPEX efficiency**

SoftBank Mobile

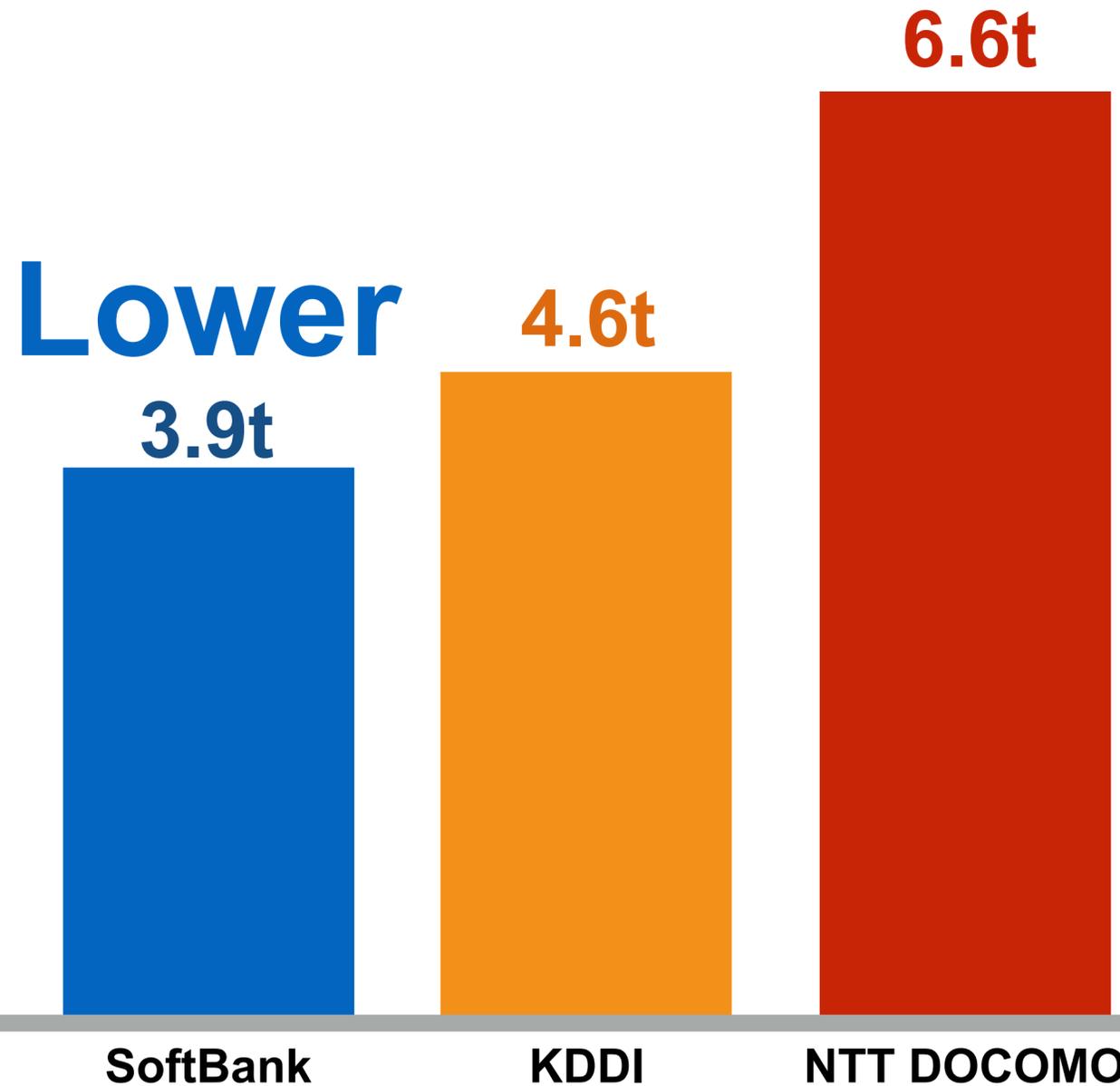


OPEX
large reduction

SoftBank Mobile

CAPEX (accumulated) FY2006 - FY2014

JPY



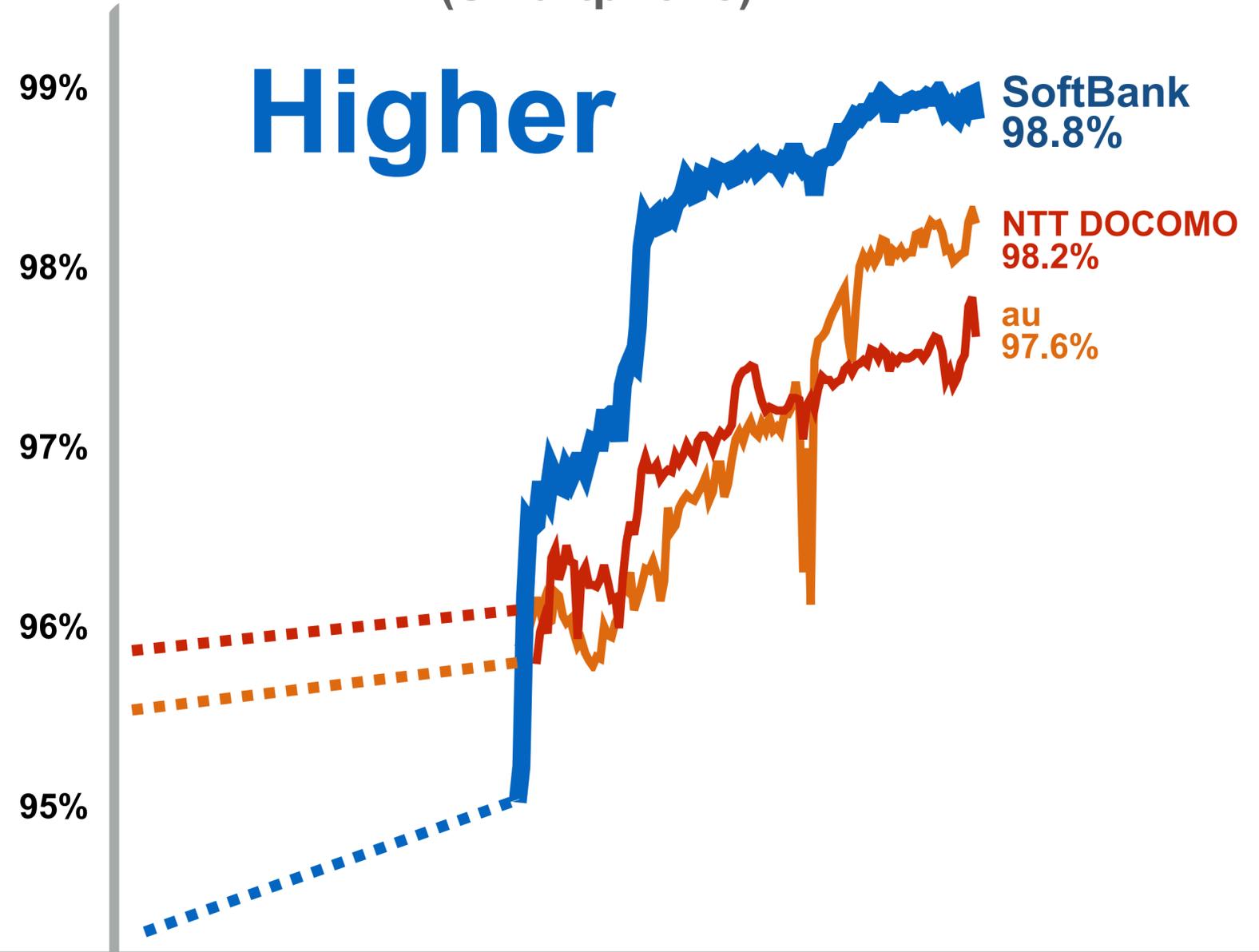
SoftBank
Domestic
Telecommunications*

KDDI

NTT DOCOMO

*The sum of the 5 telecommunications companies.
(Excluding rental handsets for corporate customers acquired by current SoftBank Corp.)

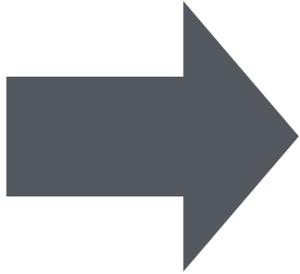
Data Connectivity (Smartphone)



2013
Feb. 10

2015
June 28

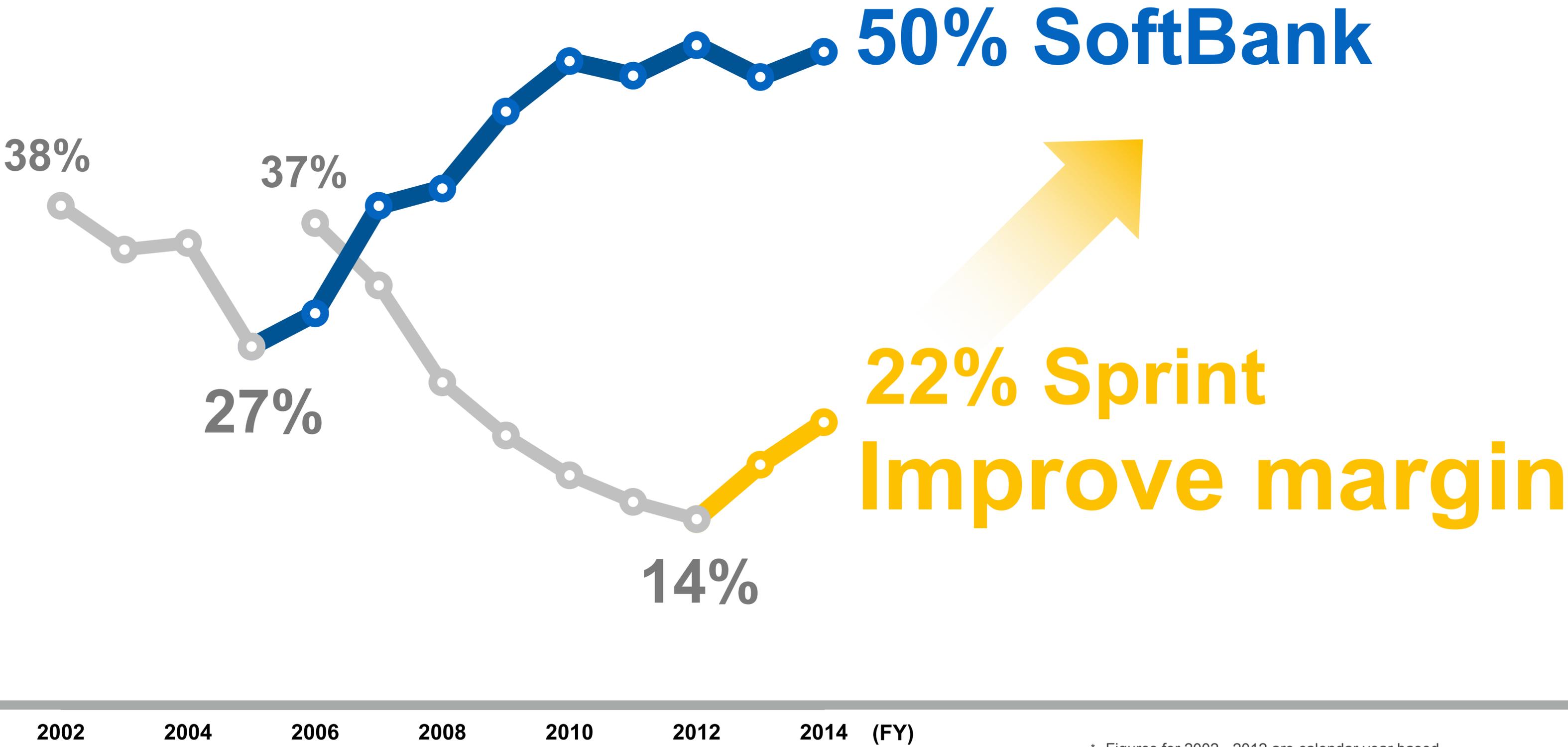
Apply to Sprint

 SoftBank  Sprint 

Keys to Sprint Improvement

- **Large OPEX reduction**
- **Maximize CAPEX efficiency**

Mobile EBITDA Margin

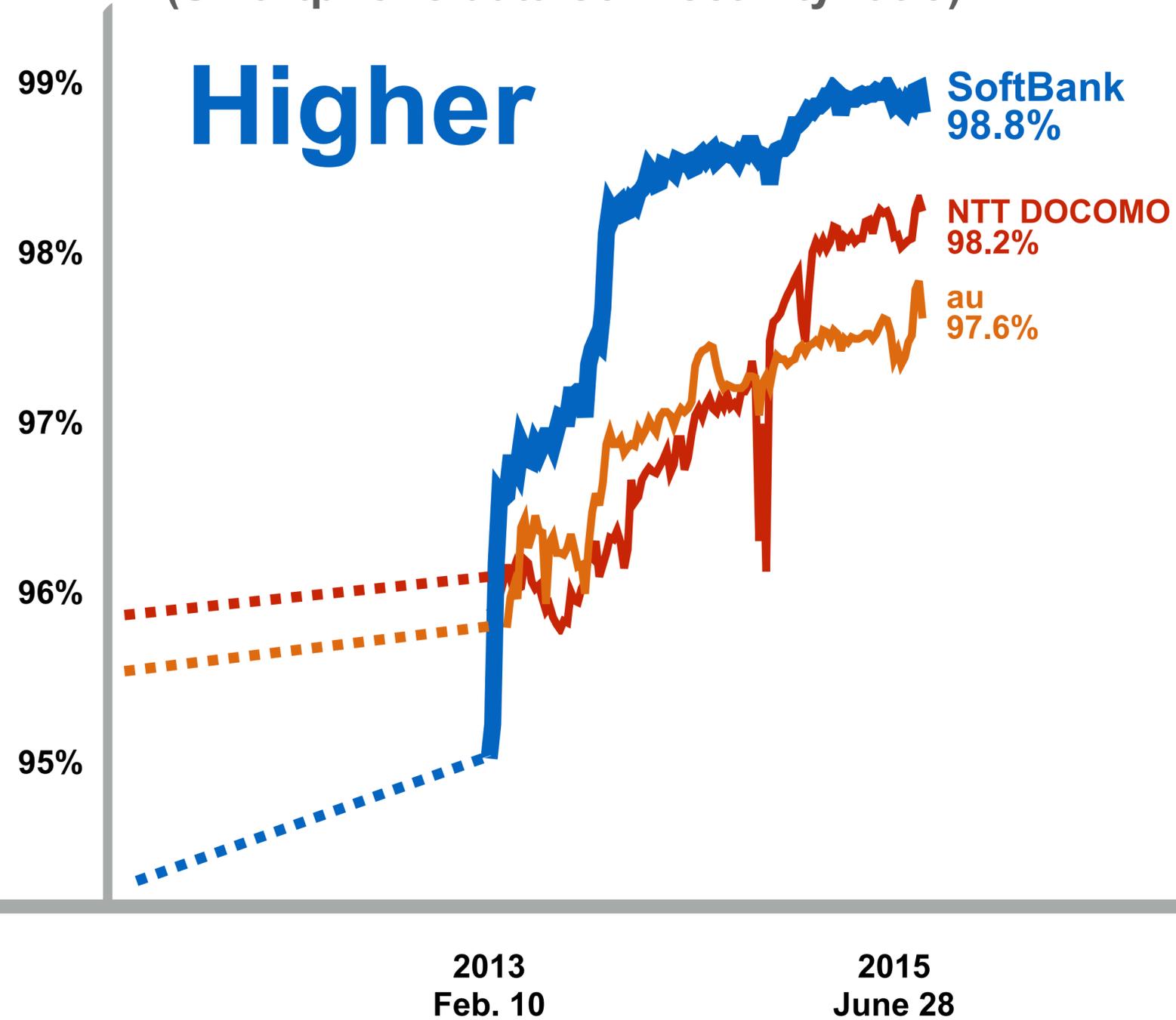


* Figures for 2002 - 2012 are calendar year based.
* Figures shown after 2013 are shown on a fiscal year basis.

Network Quality

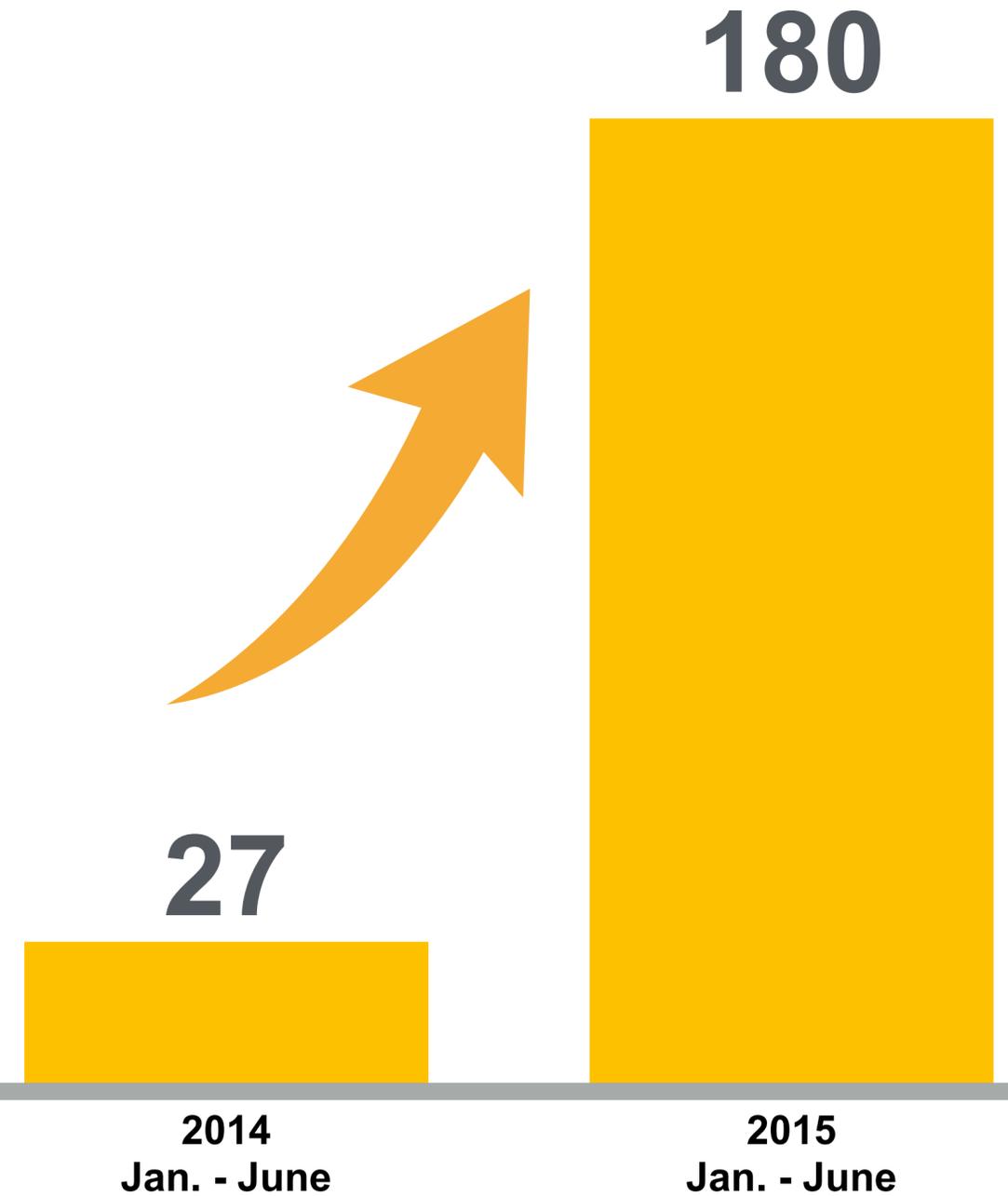
SoftBank

(Smartphone data connectivity ratio)



Sprint

(RootMetrics awards)



Sales / Financing Method

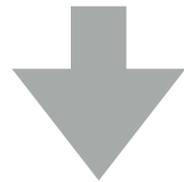
SoftBank Mobile

Sprint

Device sales

Installments

Leases



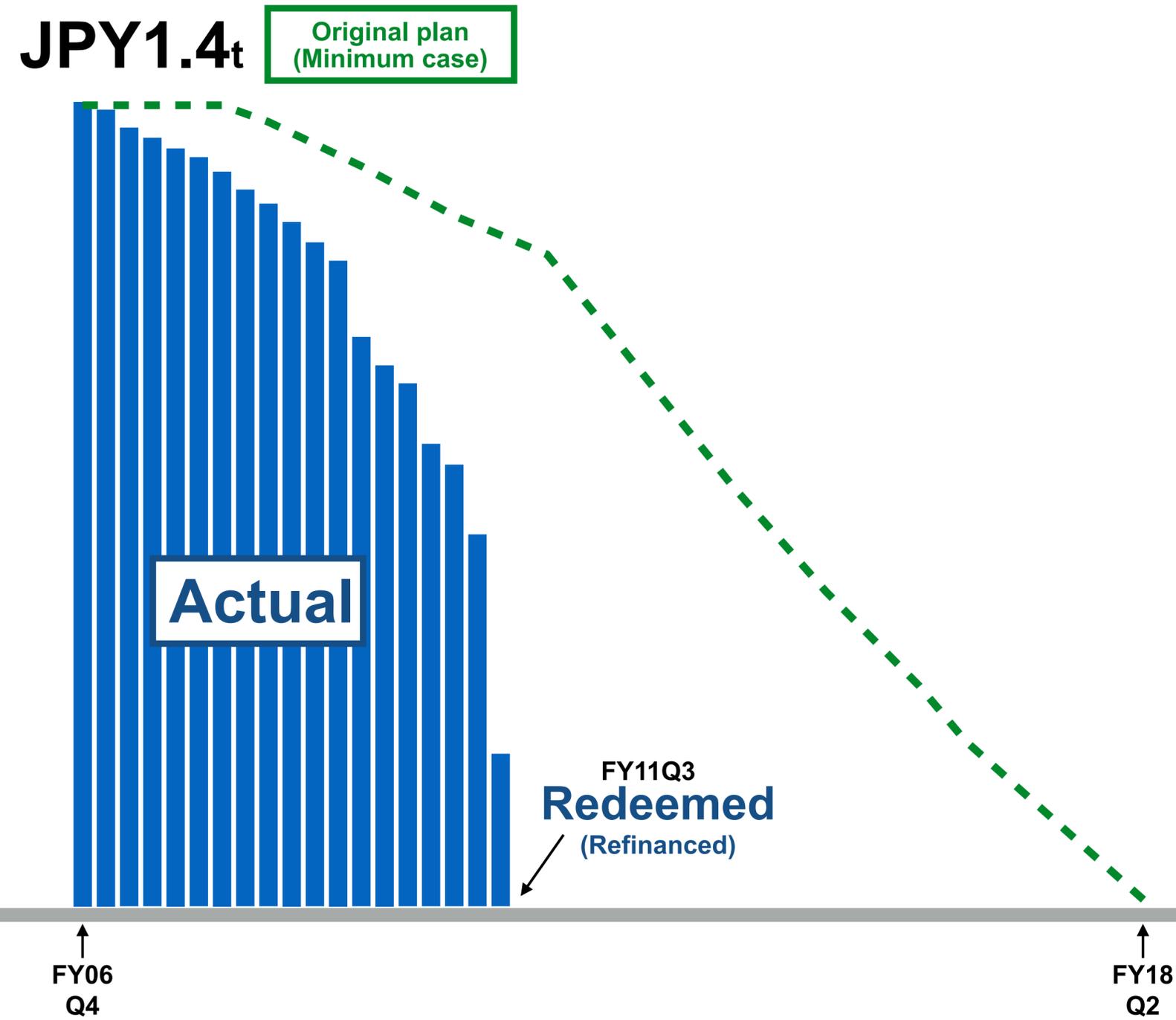
Financing

Securitization of account receivables

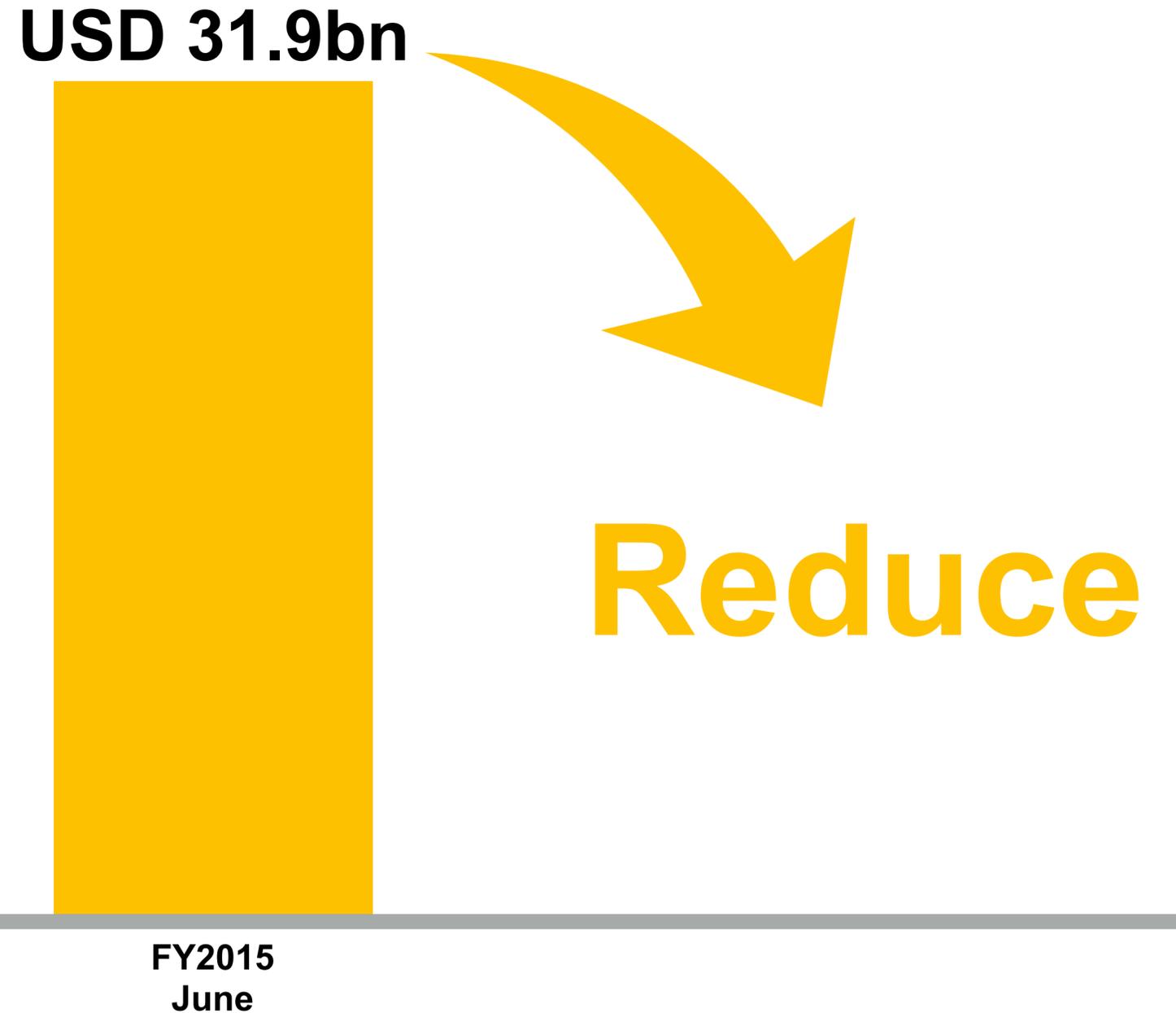
Device financing using leases

Reduce Debt

Debt balance at time of VF acquisition

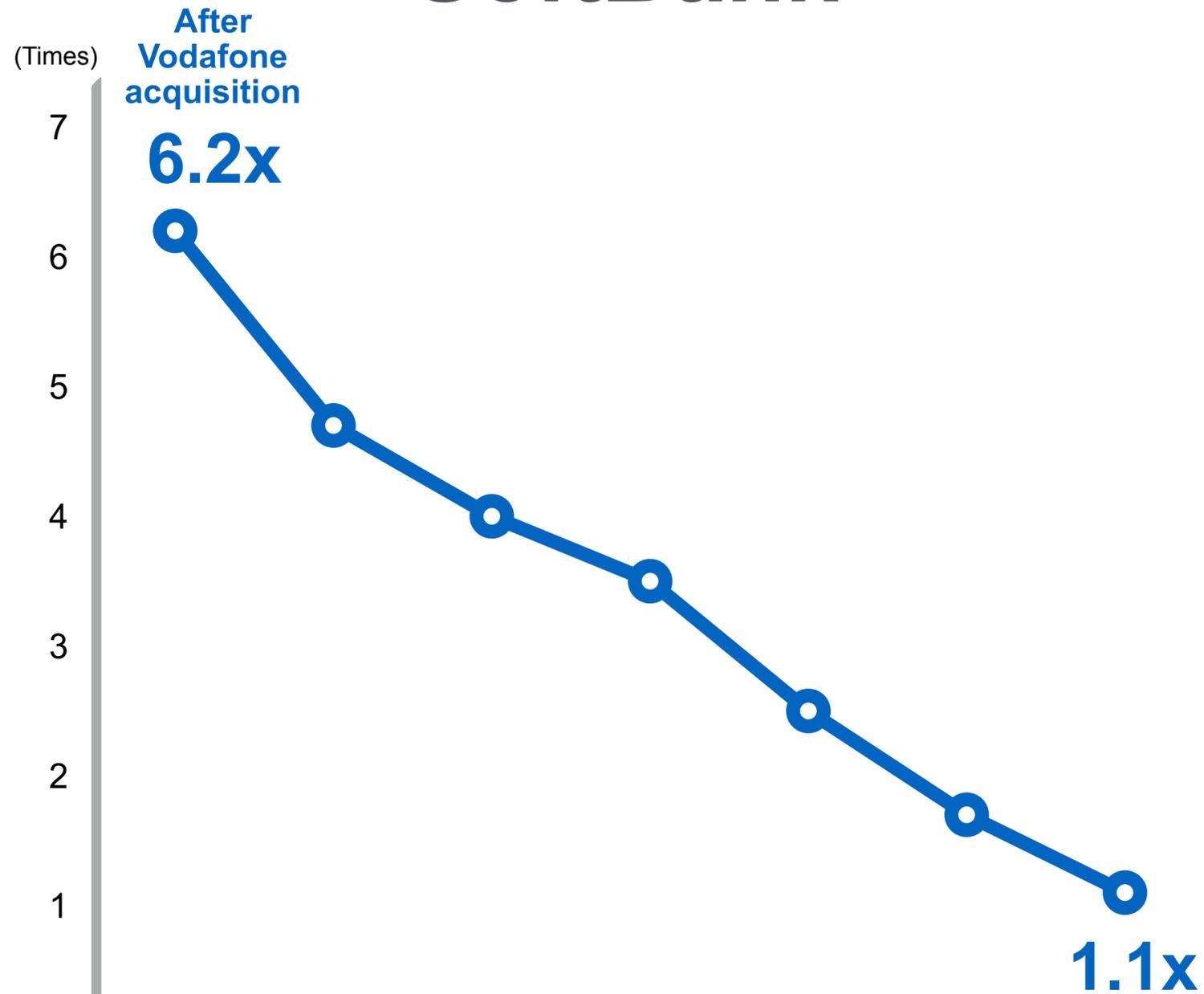


Sprint net interest-bearing debt



Reduce Debt (Net interest-bearing debt / EBITDA multiple)

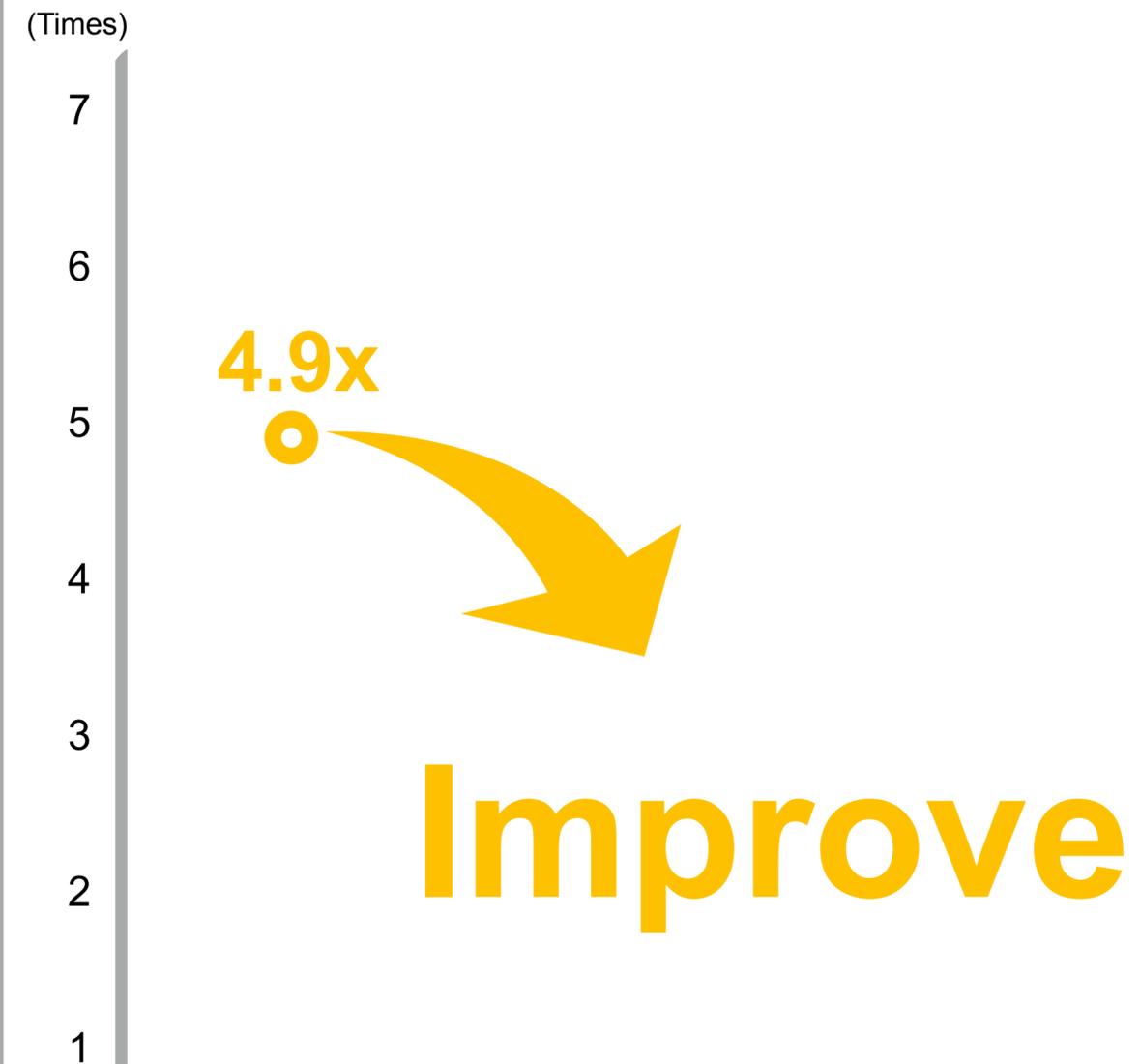
SoftBank



2006 June 2007 Mar. 2008 Mar. 2009 Mar. 2010 Mar. 2011 Mar. 2012 Mar.

*Japanese-GAAP *Excluding leases

Sprint



2015 June

*Net debt excluding net premium (June 2015) / Adjusted EBITDA (LTM)

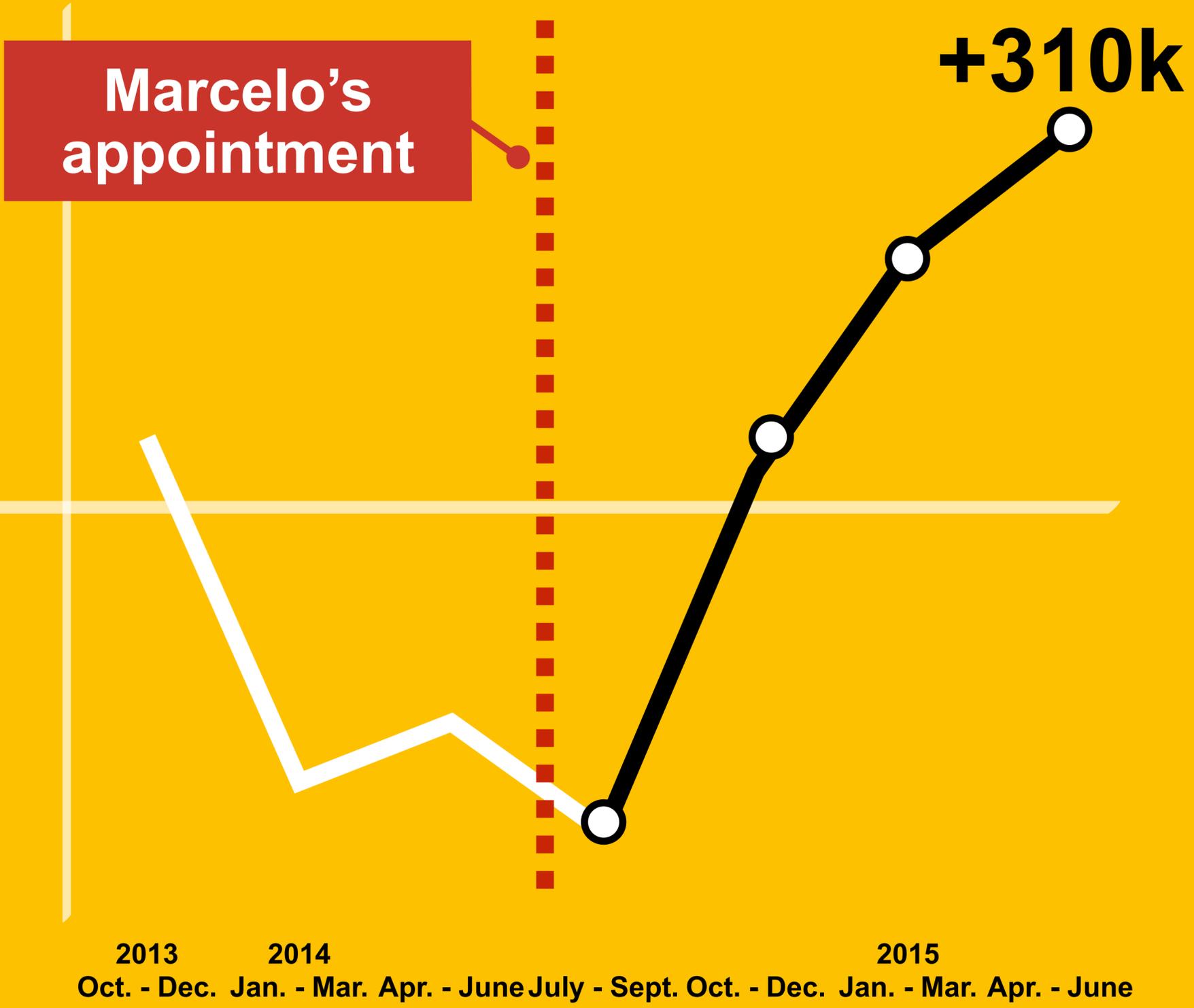
Promising Improvements

Sprint



Net Additions

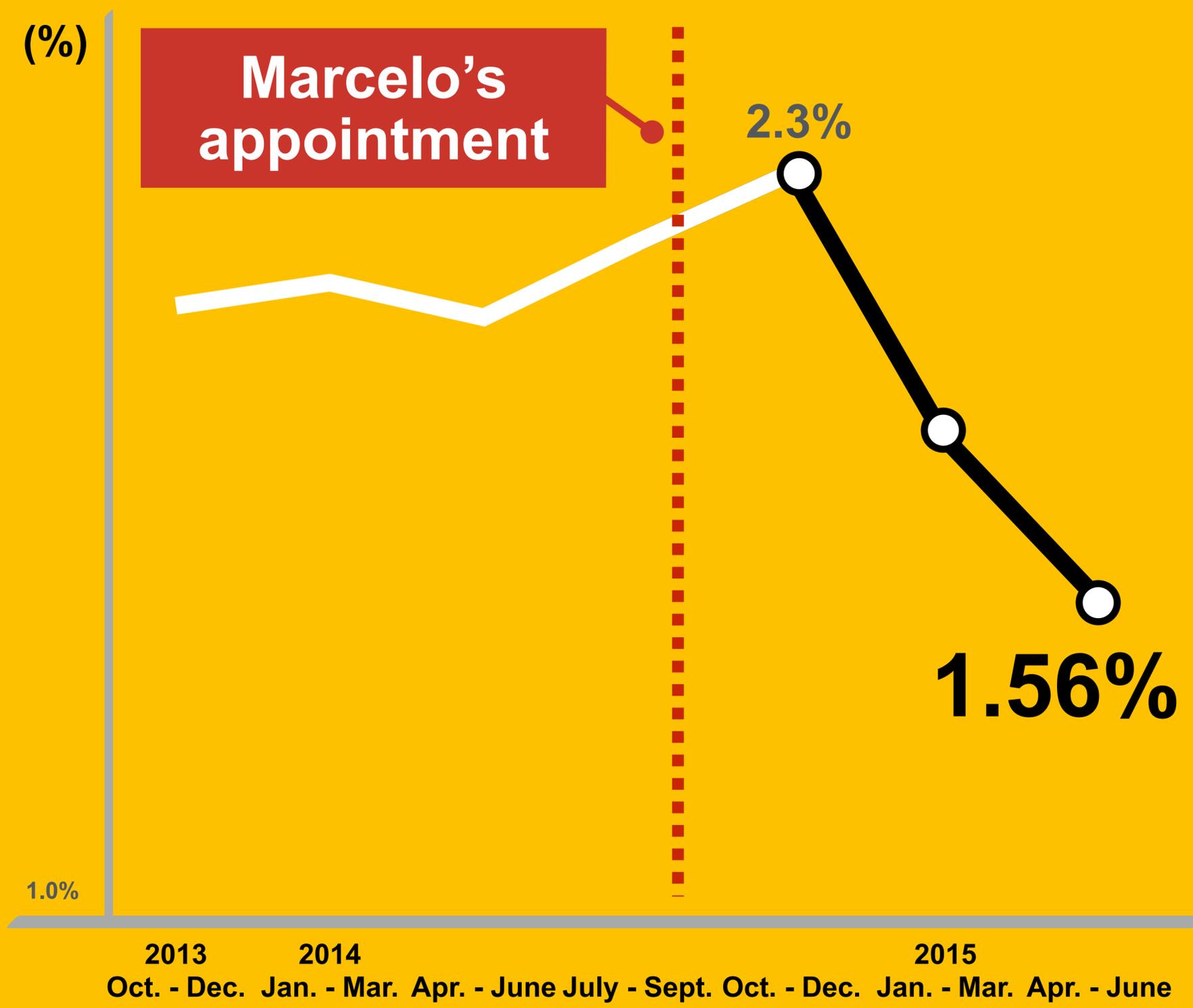
(Postpaid)



- Lower churn
- Improved customer quality
- Phone net losses turning positive (May, June & July)

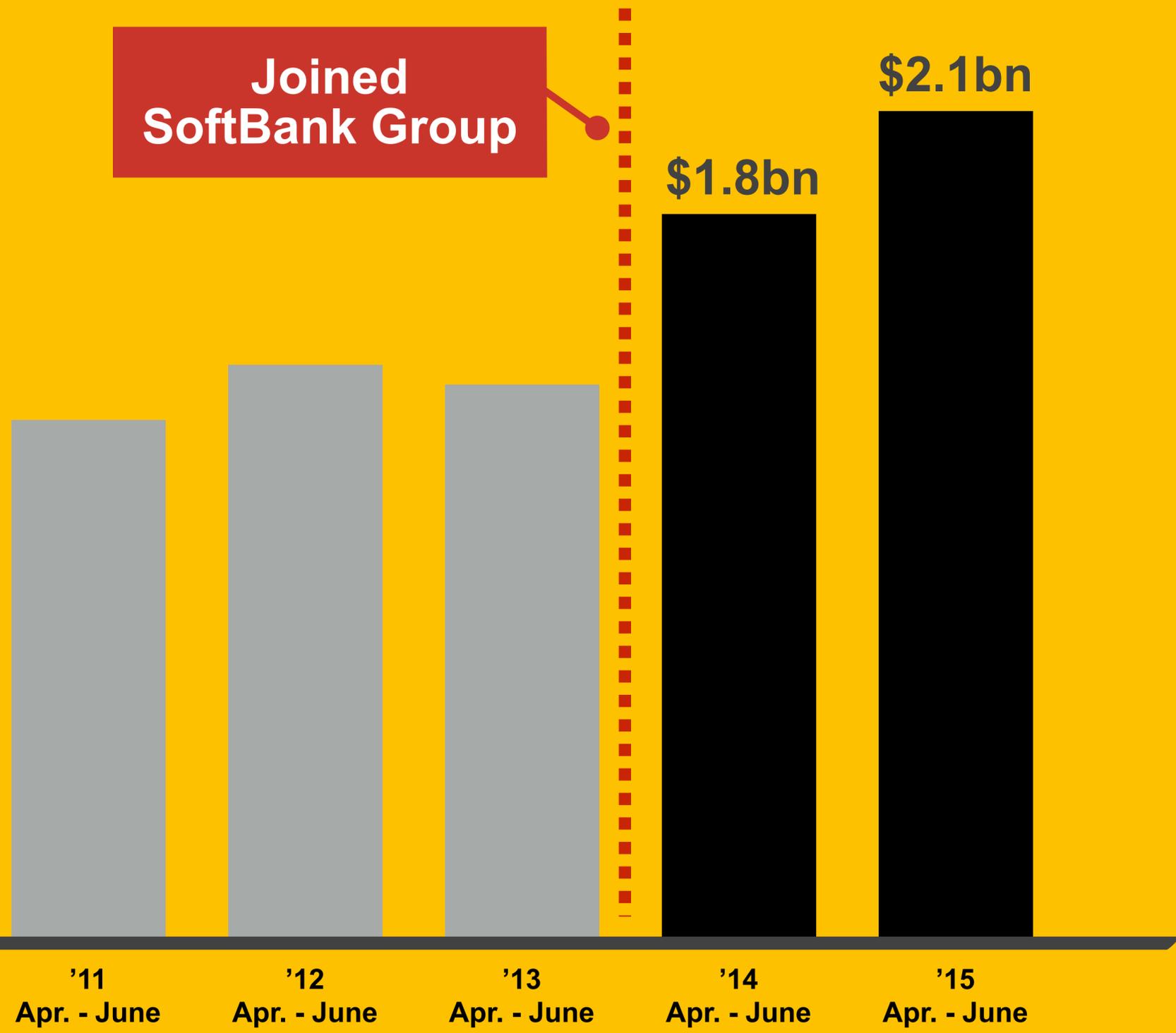
Churn

(Postpaid)



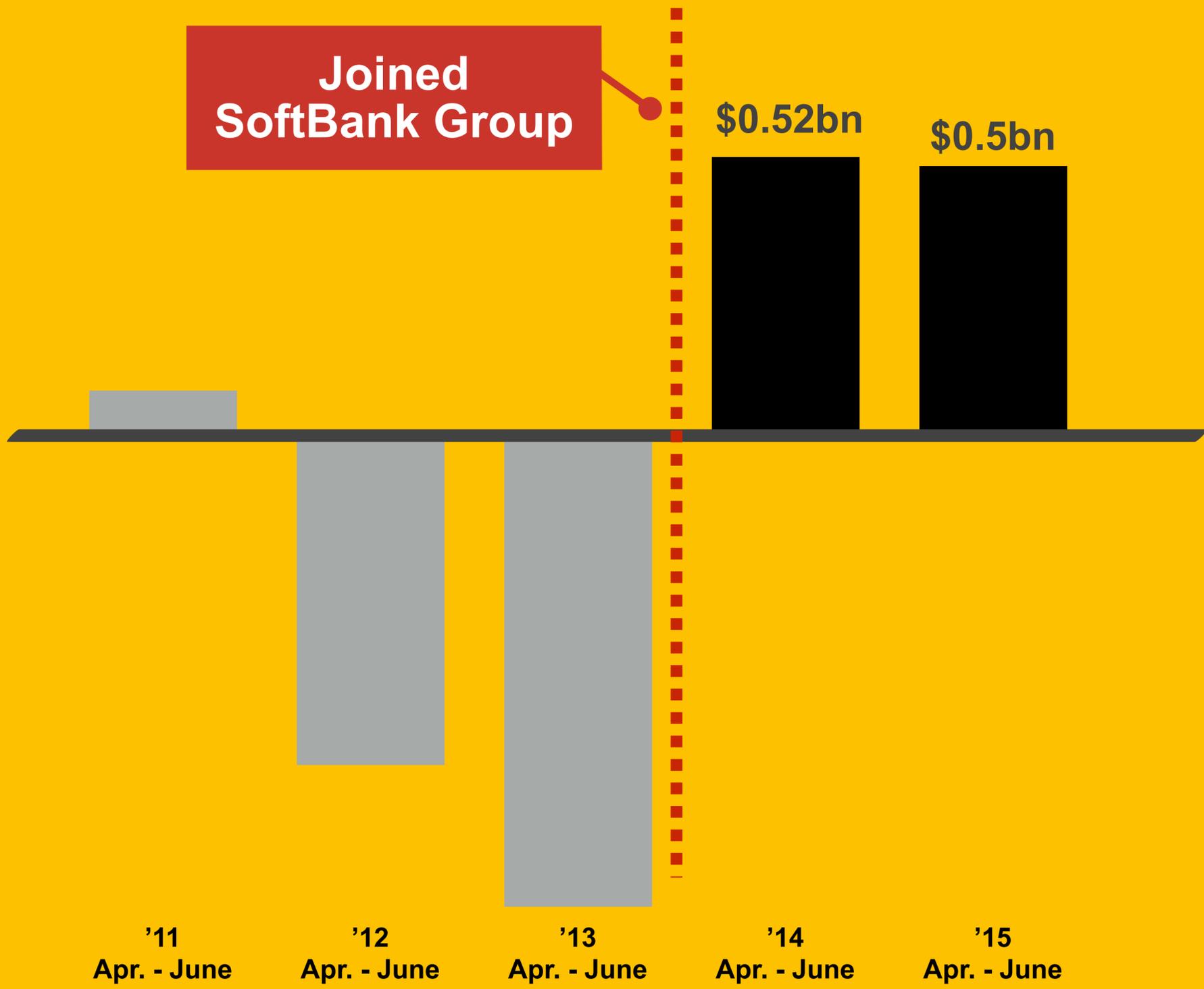
- Record low
- Improved customer quality and network performance

Adjusted EBITDA



- **YoY 14% increase**
- **Decrease in COGS due to higher ratio of leased devices**
- **Lower cost of service**
(wireline network, wireless bad debt expenses, etc.)

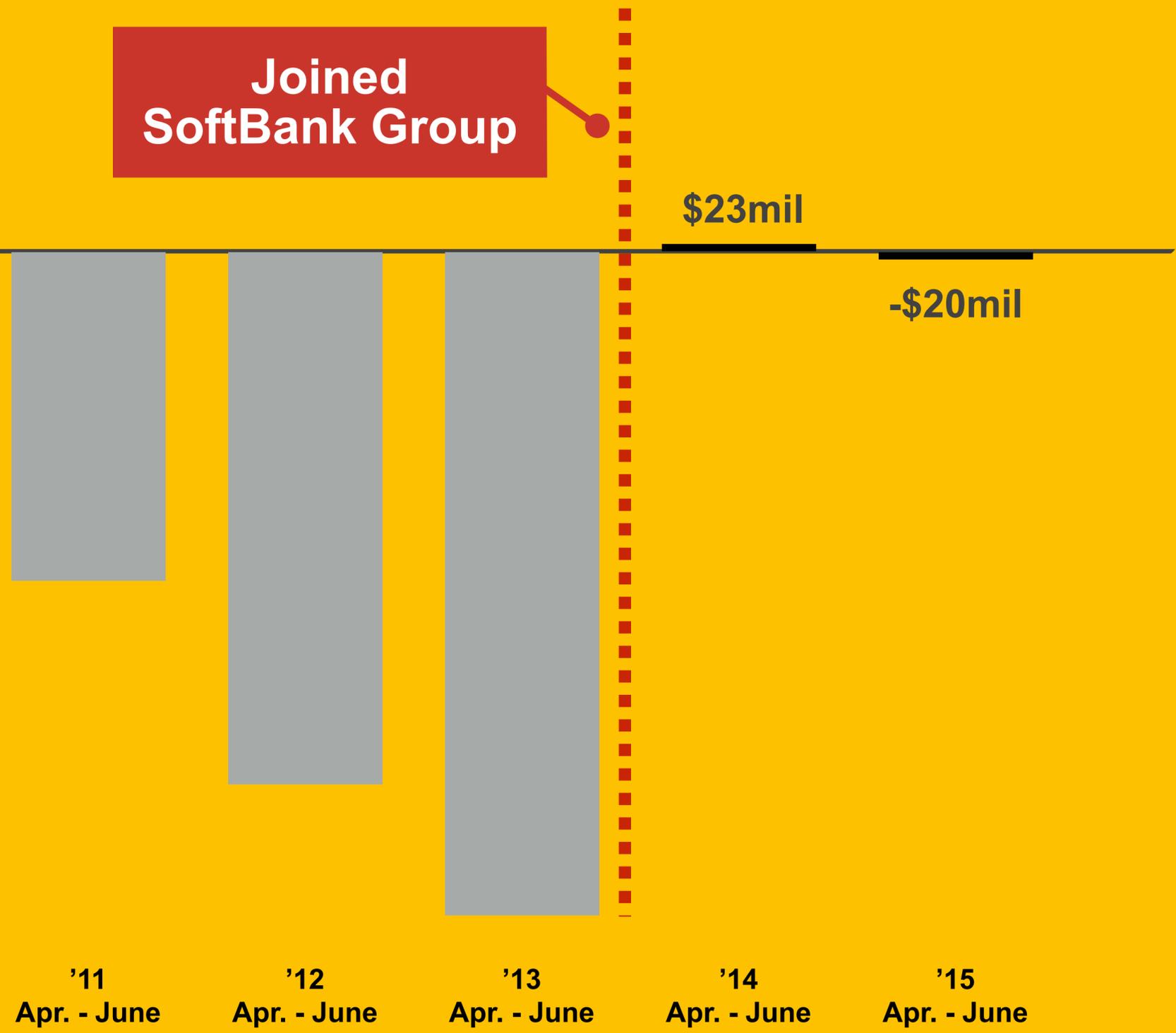
*For the conventional sales of mobile devices, including the installment billing method, the cost of goods sold is recognized at the point of sale. However, under the leasing program, depreciation expenses for the capitalized leased devices are recognized throughout the period of the lease.



- **Positive**
- **Cost reduction offsets decline in operating revenue**

Net Income

Joined SoftBank Group



Positive operating income reduced by interest expense

Sprints' Foreseeable Additional Capital Funding

- 1. No increase of public bonds**
- 2. No equity financing**

Toward Real Improvement

Reduce OPEX

**Maximize
CAPEX efficiency**

×

**Aim to be
No.1 network**

**Enhance customer
acquisitions**

Conclusion

See light at the end of the tunnel

Sprint



Committed to Turnaround

Sprint



SoftBank Group Corp. Share Repurchase

**Total number of
repurchasable shares**

20,000,000* (maximum)

**Total cost of shares
to be repurchased**

JPY 120 billion (maximum)



1. Adoption of IFRSs

SoftBank Group Corp. adopted the International Financial Reporting Standards (IFRSs) from fiscal 2013. Figures for fiscal 2012 have also been presented in accordance with IFRSs.

2. Definition of terms etc. in this material.

Free cash flow = cash flows from operating activities + cash flows from investing activities

EBITDA (IFRSs) = net sales – cost of sales – selling, general and administrative expenses + depreciation and amortization

EBITDA (Japanese-GAAP) = operating income (loss) + depreciation + amortization of goodwill

Interest-bearing debt (IFRSs): corporate bonds and commercial paper + long-term borrowings + short-term borrowings + lease obligations + installment payables + preferred securities

Interest-bearing debt (Japanese-GAAP): corporate bonds and commercial paper + long-term borrowings + short-term borrowings (excluding lease obligations)

Net interest-bearing debt: interest-bearing debt - cash position

Record high, record high revenue: since SoftBank Group Corp. applied consolidated accounting in 1995/3.

3. Trademarks and registered trademarks

The names of other companies, other logos, product names, service names, brands, etc., mentioned in this material are registered trademarks or trademarks of SoftBank Group Corp. or the applicable companies.

Unauthorized copying of this material and use of the information or the data in this material in whole or in part are not permitted.

- Apple, the Apple logo, iPhone and iPad are trademarks of Apple.
- The trademark "iPhone" is used with a license from Aiphone K.K.