



**February 10, 2016**

**Earnings Results  
for the 9-month Period  
Ended December 31, 2015**

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# Consolidated Results

# Consolidated Results

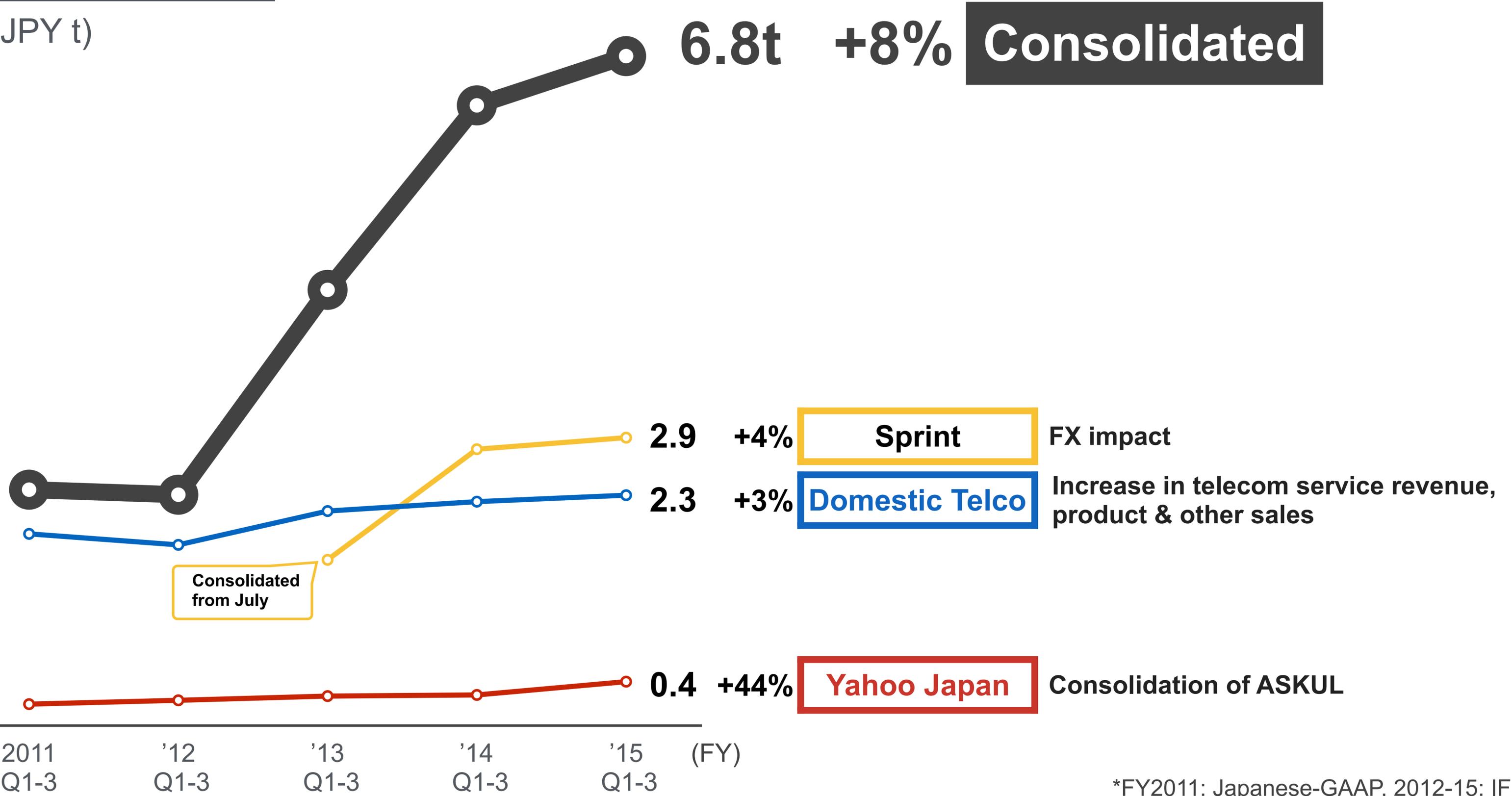
(JPY bn)	FY2014 Q1-3	FY2015 Q1-3	Change	YoY
<b>Net sales</b>	6,309.0	<b>6,810.2</b>	+501.2	+8%
<b>EBITDA</b>	1,542.8	<b>1,910.5</b>	+367.7	+24%
<b>EBIT</b>	741.6	<b>875.3</b>	+133.7	+18%
<b>Net income</b>	579.4	<b>429.0</b>	-150.5	-26%
Excluding one-time gains* (related to Alibaba)	309.9	<b>429.0</b>	+119.1	+38%

\*One-time gains: dilution gain from changes in equity interest related to Alibaba  
+ IFRSs adjustment on Alibaba's Convertible Preference Shares (CPS)

(Note) 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 t)



6.8t

+8%

**Consolidated**

**Sprint**

+4%

FX impact

**Domestic Telco**

+3%

Increase in telecom service revenue, product & other sales

Consolidated from July

**Yahoo Japan**

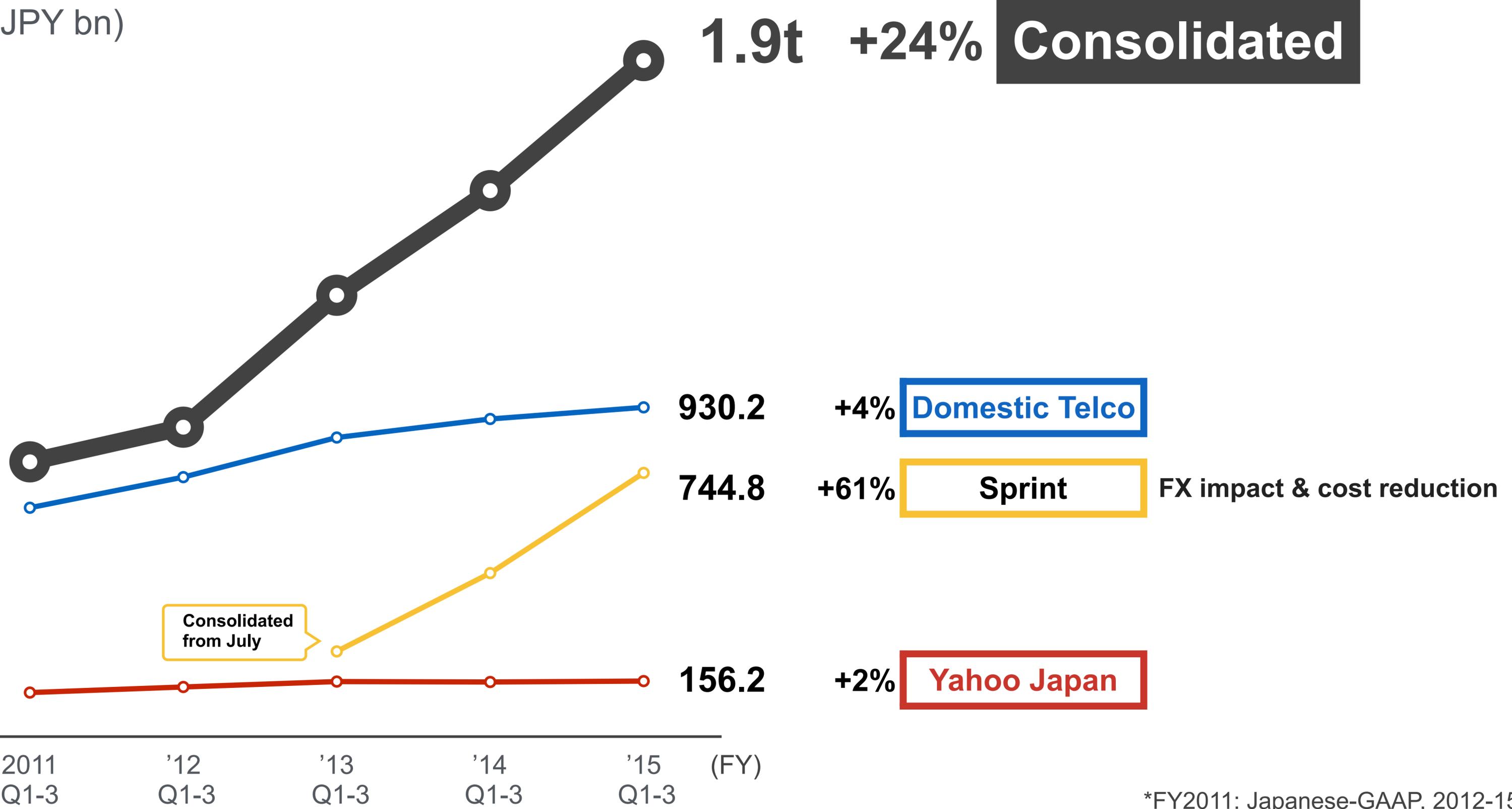
+44%

Consolidation of ASKUL

2011 Q1-3   '12 Q1-3   '13 Q1-3   '14 Q1-3   '15 Q1-3 (FY)

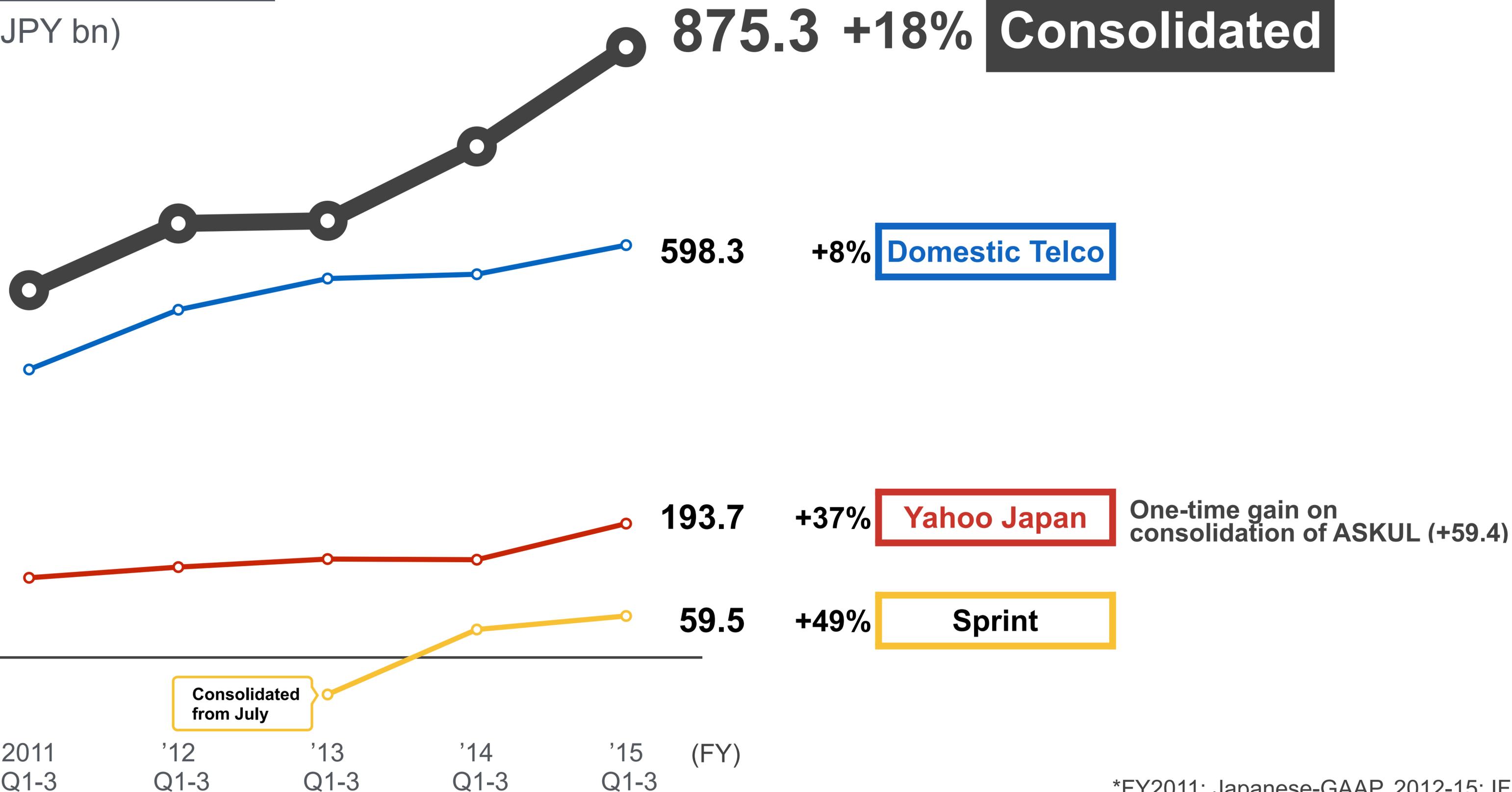
# EBITDA

(JPY bn)



# EBIT

(JPY bn)

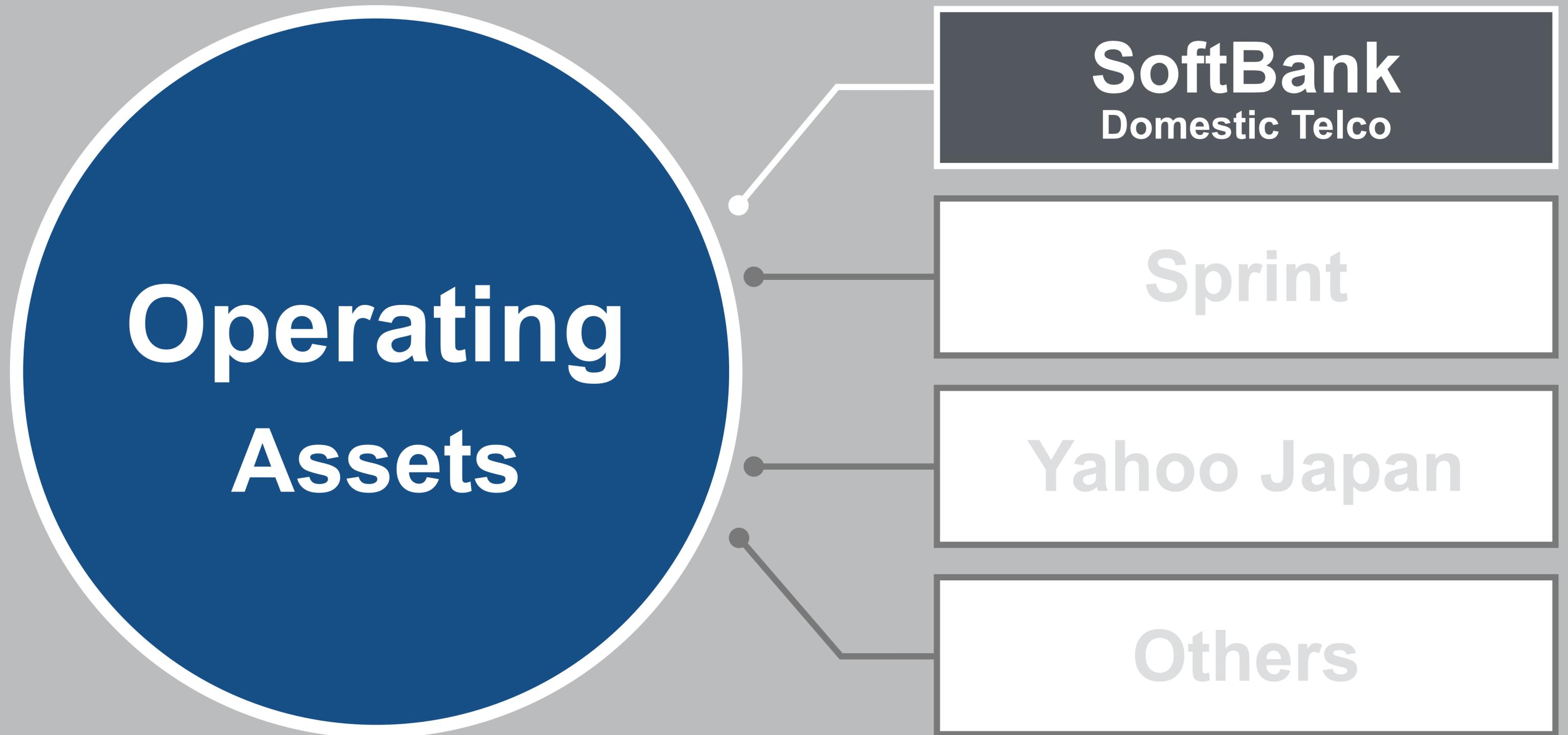


# Business Portfolio

**Operating  
Assets**

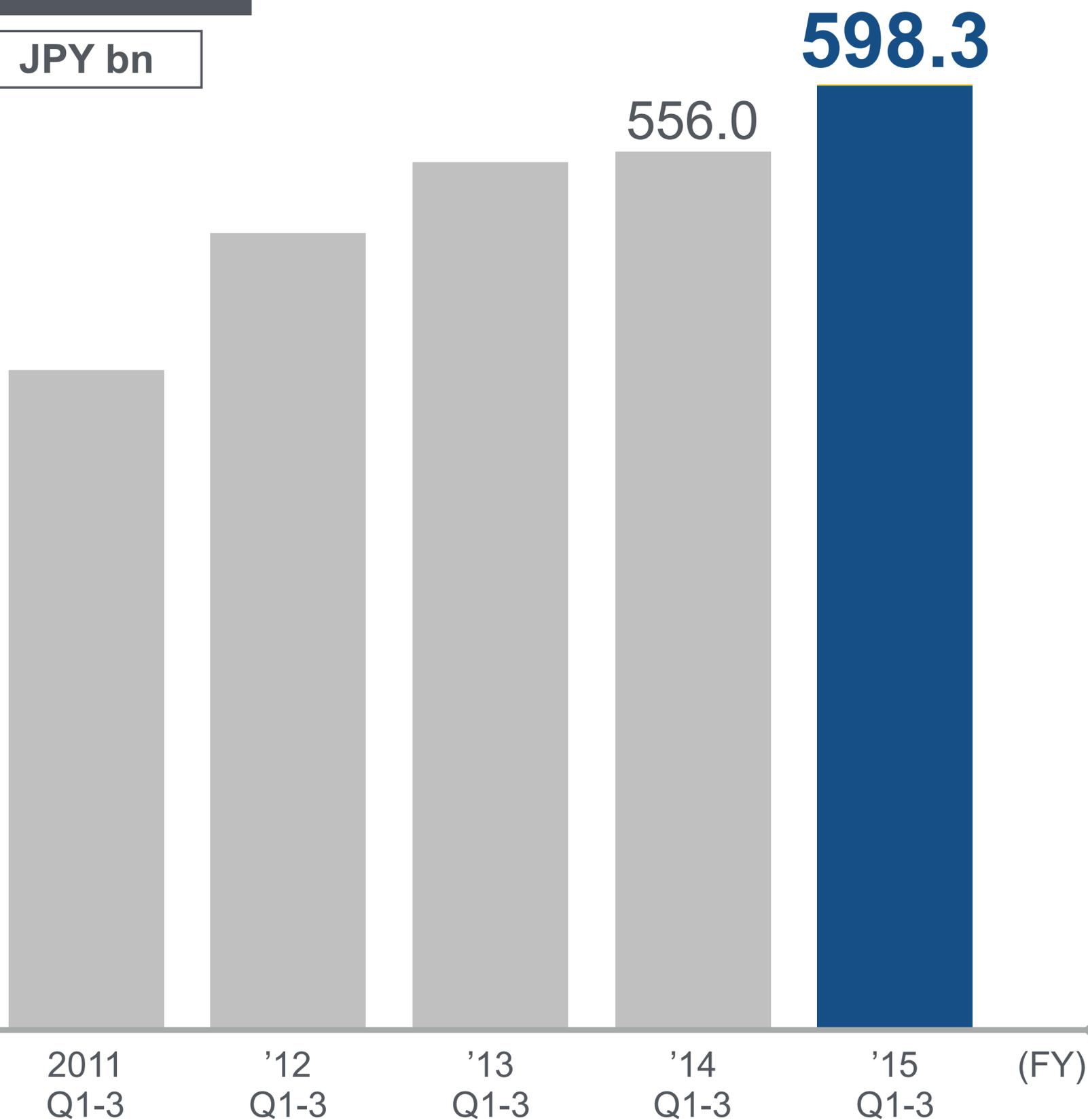
**Investment  
Assets**

# Business Portfolio



# EBIT

JPY bn



- YoY 8% increase
- Stable revenue trend
- Cost reduction effects

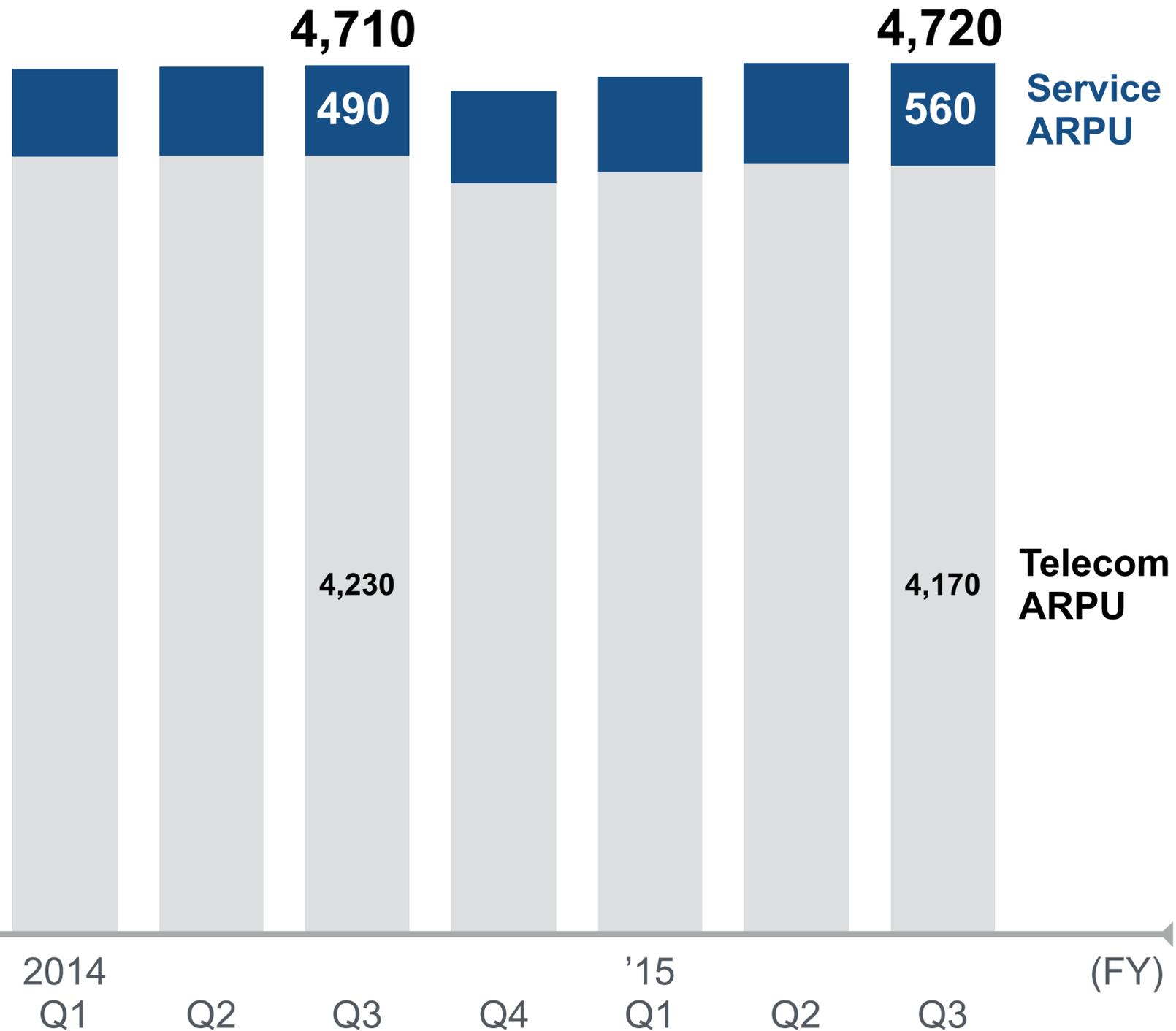
\*FY2011: Japanese-GAAP, 2012-15: IFRSs

\*After FY2014: Domestic Telecommunications business

Up to FY2013: Mobile Communications business + Fixed-line business + Broadband Infrastructure business

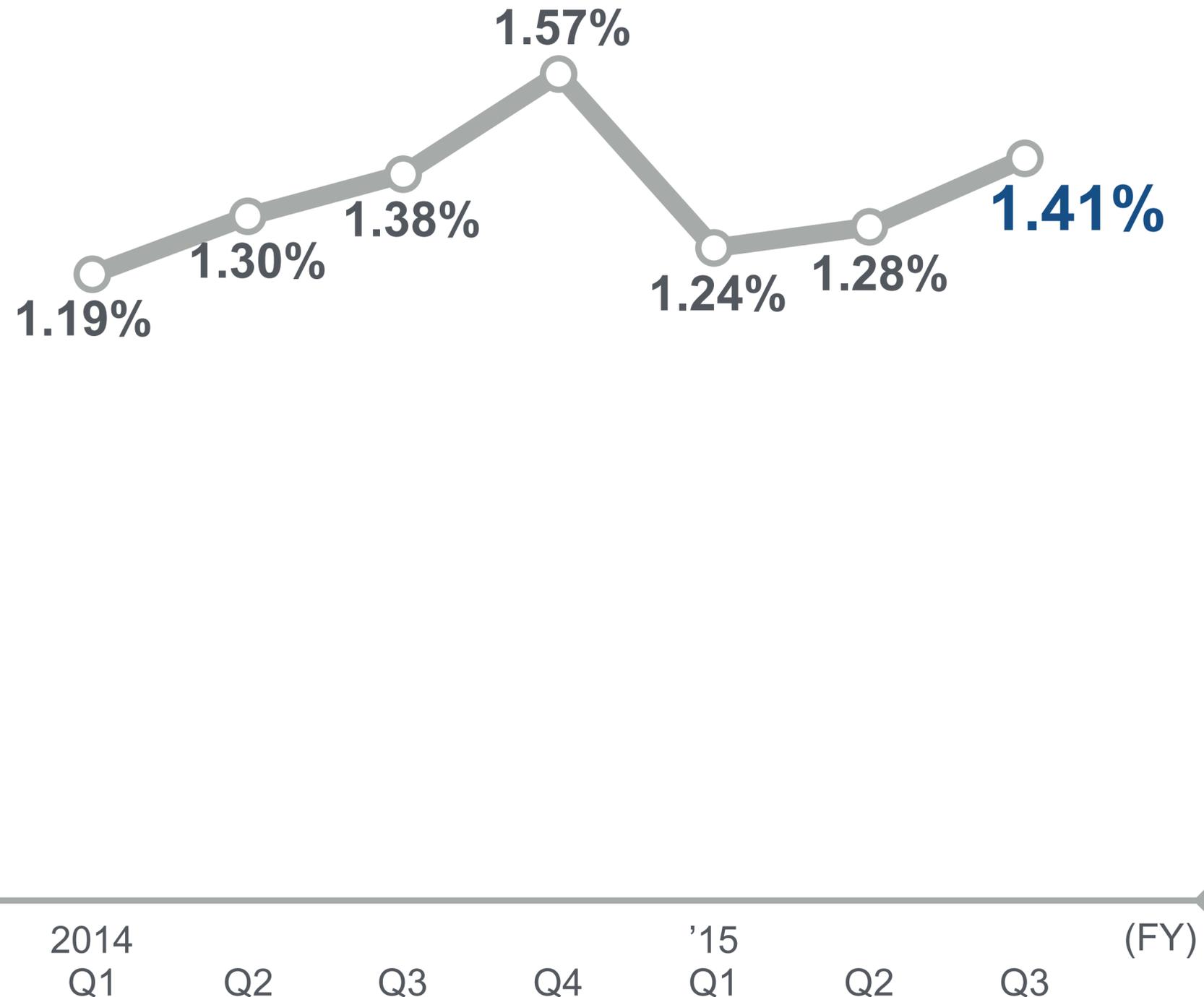
# ARPU (Main Subscribers)

JPY



- Stable trend
- Service ARPU increasing
- Telecom ARPU decreasing

# Churn (Main Subscribers)



- Focus on bundling with broadband and electricity
- Toward improved customer satisfaction

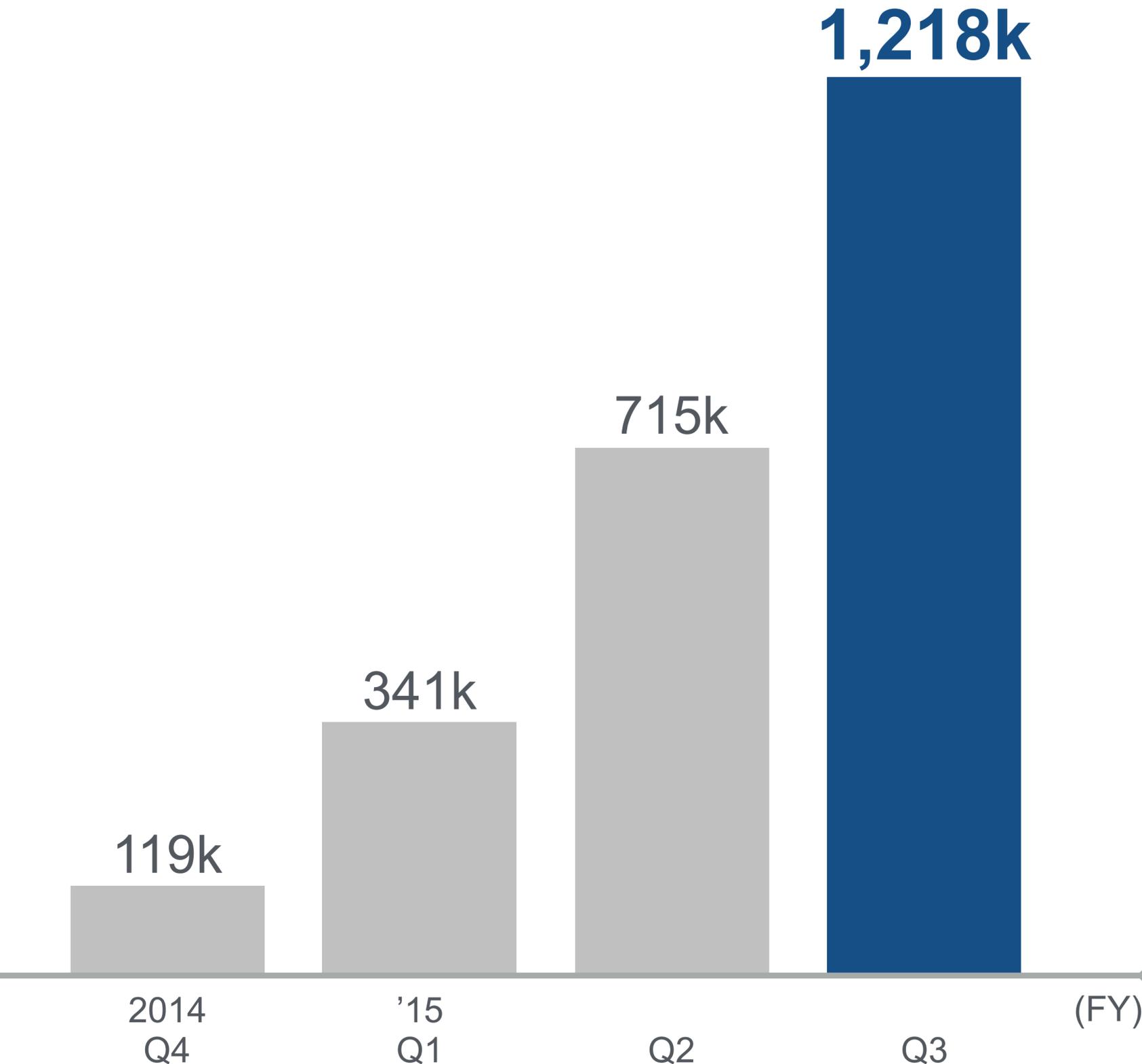
## おうち割

*Home Bundle Discount*

- 1. *Denki Set*** (Electricity)
  - 2. *Hikari Set*** (FTTH service)
- ⋮

- Support households
- Focus on acquisition of family contracts

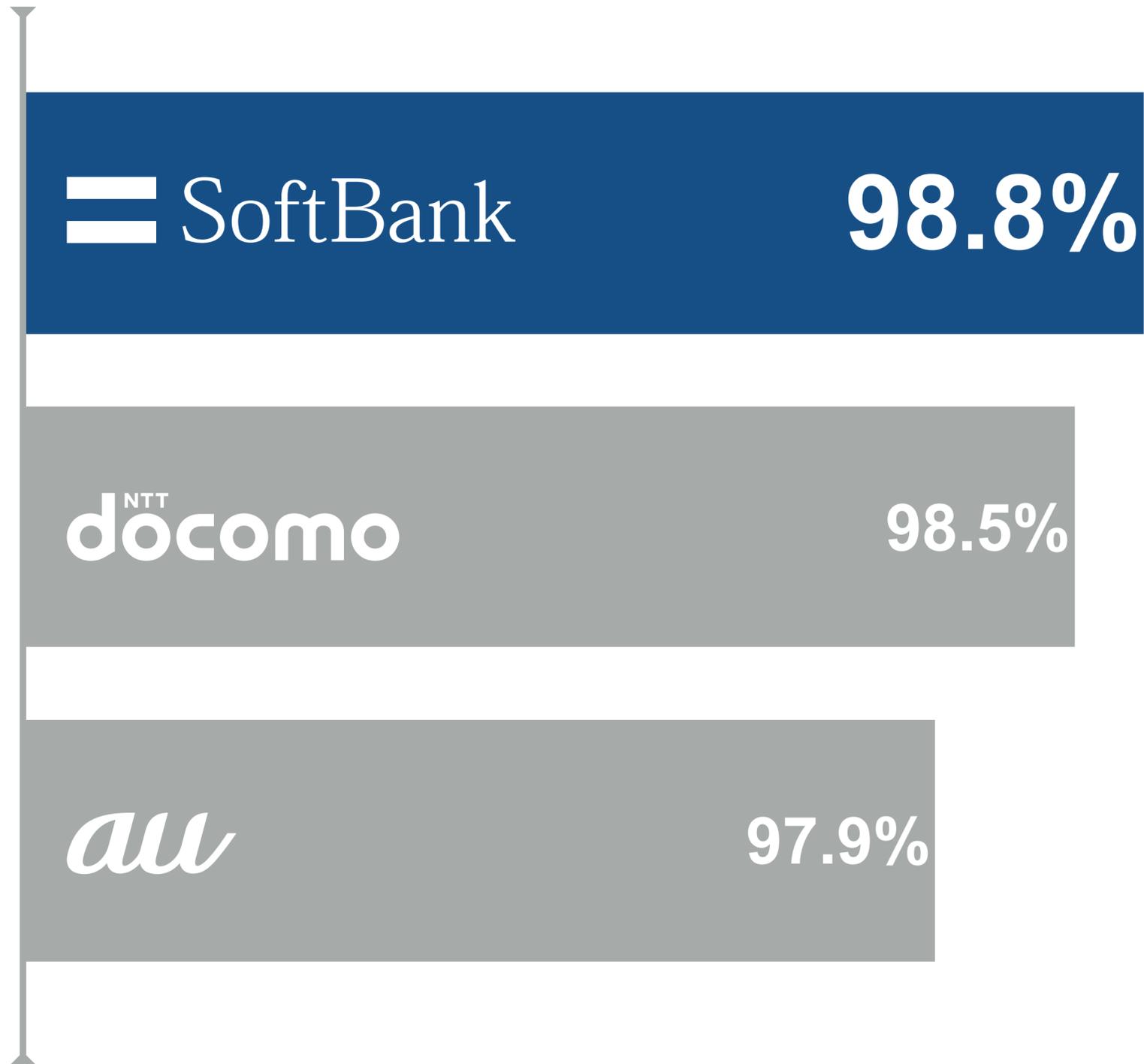
# Cumulative Subs (FTTH Service)



- Exceeds 1.2mil
- Bundle plan leads to churn improvement



# Smartphone Data Connectivity



- **Maintain high level**
- **Continue efficient CAPEX**

# Free Cash Flow

JPY

239.4bn

3.6bn

2014  
Q1-3

2015  
Q1-3

(FY)

- **Generating FCF**
- **EBITDA steady**
- **CAPEX peaked out**

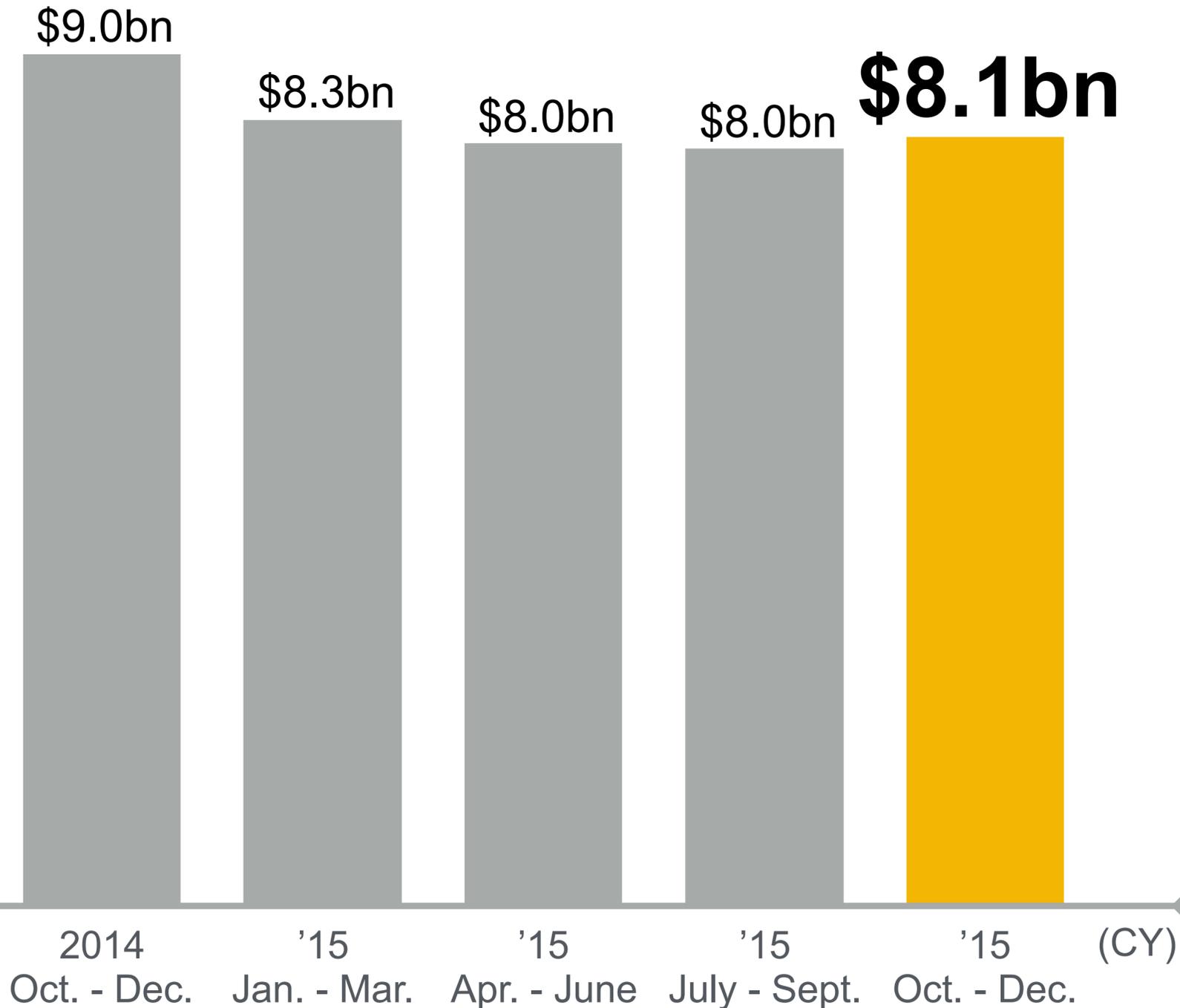
# Business Portfolio



# Total Net Operating Revenue



USGAAP



- **Stabilized over last 3 quarters**
- **Expect increase in FY2016**

# Adjusted EBITDA



USGAAP

Joined  
SoftBank Group

\$6.0bn

\$4.3bn

\$3.9bn

2011 Apr. - Dec. '12 Apr. - Dec. '13 Apr. - Dec. '14 Apr. - Dec. '15 (CY) Apr. - Dec.

- **YoY 41% increase**
- **Good progress on cost reduction**

# EBIT

USGAAP



Joined  
SoftBank Group

**\$302mil**

-\$80mil

-\$1,879mil

2011 Apr. - Dec. '12 Apr. - Dec. '13 Apr. - Dec. '14 Apr. - Dec. '15 (CY) Apr. - Dec.

- **Improving trend**
- **Good progress on cost reduction**



# Turnaround Strategy

# Turnaround Strategy

**Net Additions  
Improvement  
(Postpaid)**

**OPEX Reduction**

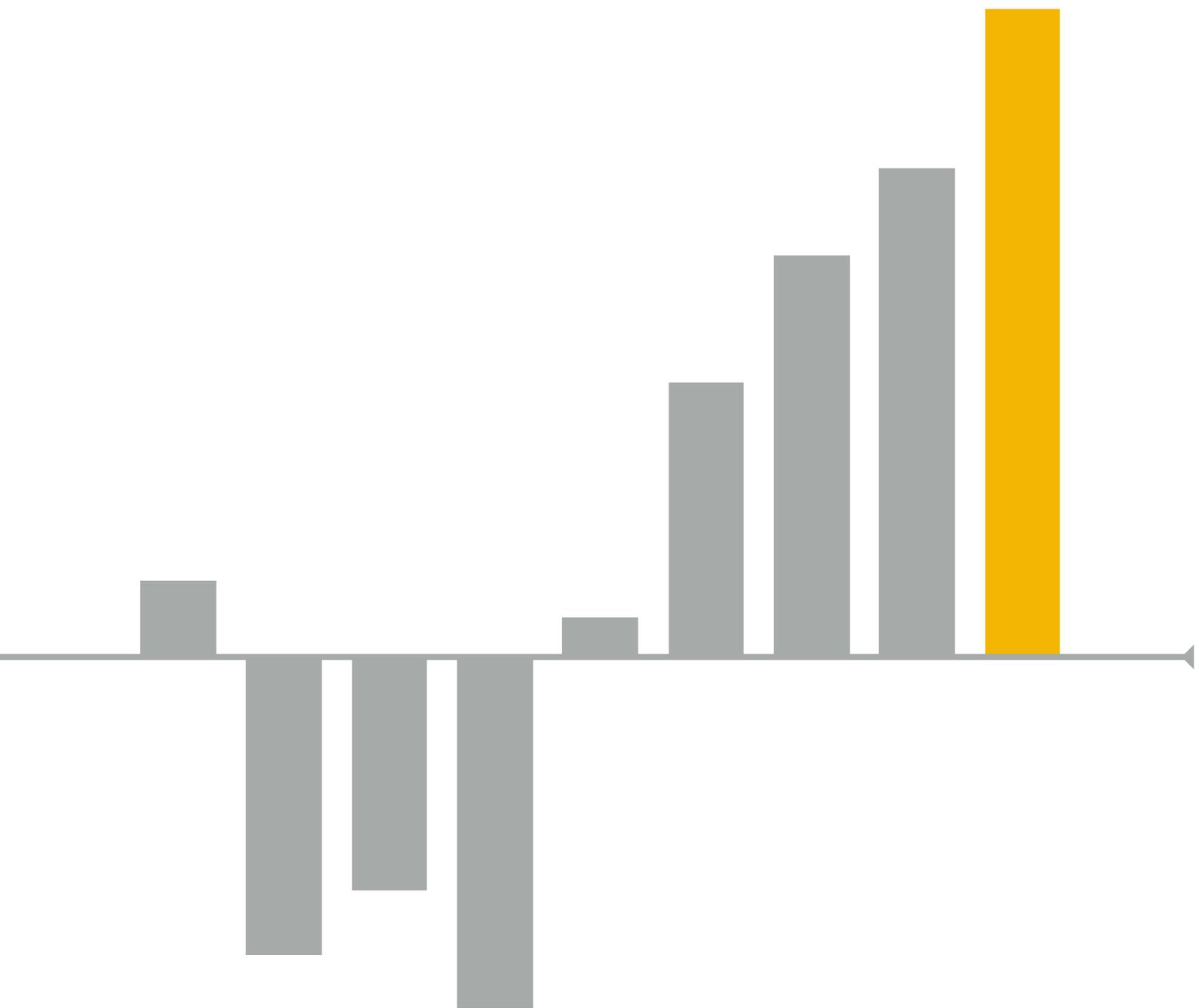
**Diverse  
Financing Methods**

**Network  
Improvement**

# Net Additions (Postpaid)



**+501k**



- **Lower churn**
- **Net port positive for the 4th consecutive quarter**
- **Highest postpaid net ports on record**

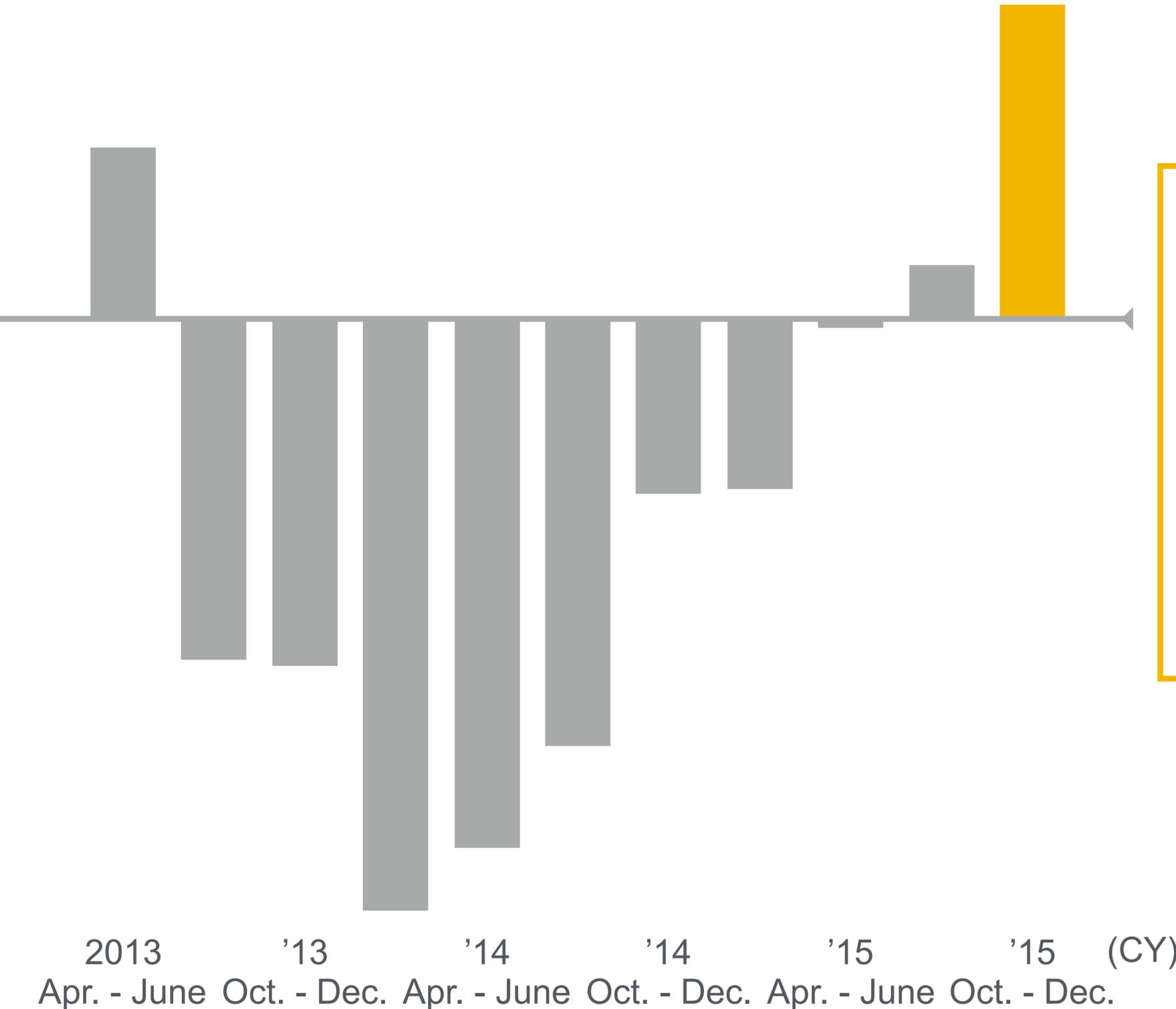
2013 Oct. - Dec. '14 Apr. - June '14 Oct. - Dec. '15 Apr. - June '15 Oct. - Dec. (CY)

\*Sprint platform  
\*In FY15Q2 certain prepaid subscribers who had their payment period extended for a certain period were included in the number of postpaid subscribers. These subscribers have been reclassified to be included in the number of prepaid subscribers from FY15Q3. The number of subscribers for FY15Q2 has been retroactively revised in line with this change.

# Net Additions (Postpaid Phone)



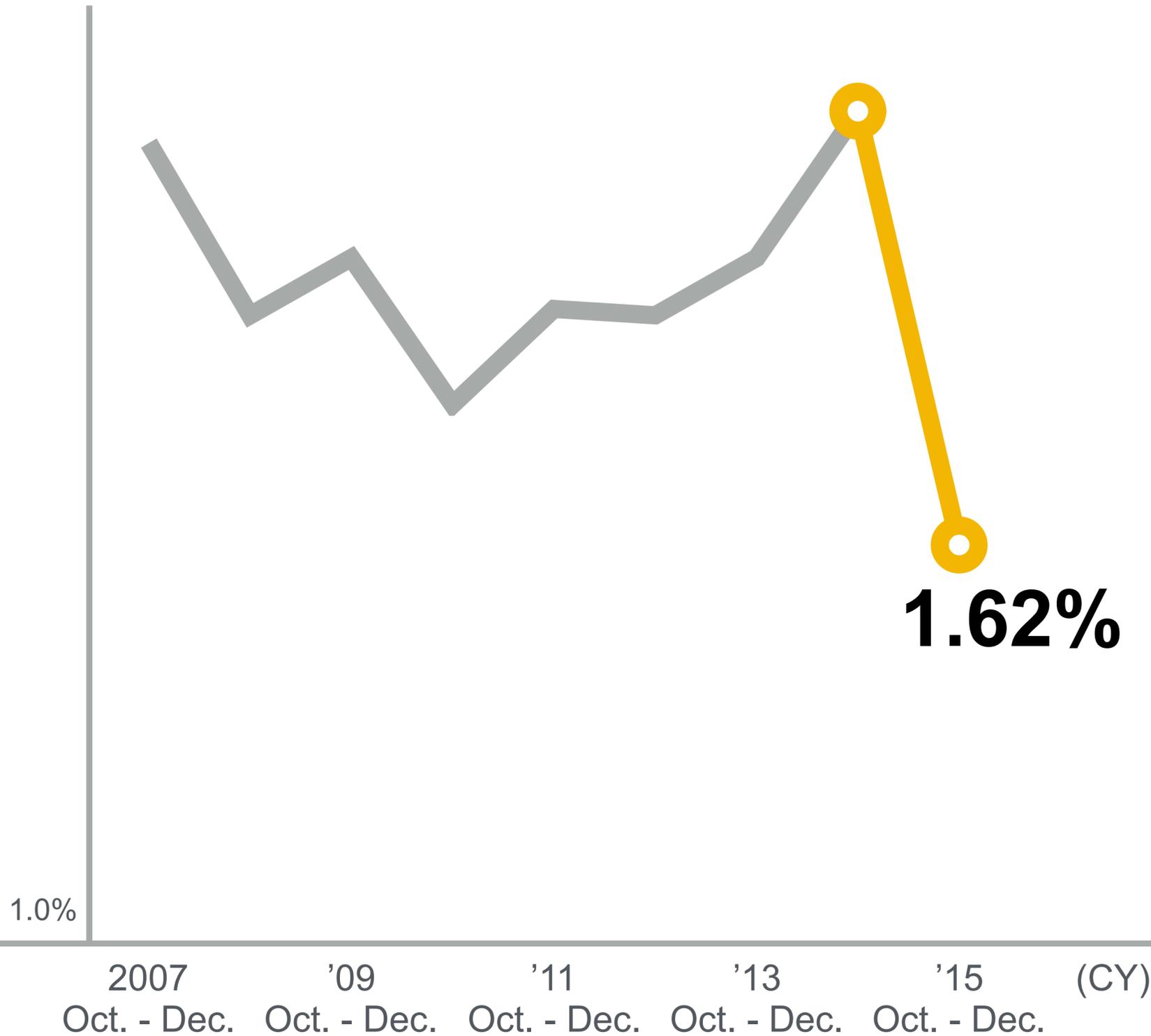
**+366k**



- **Highest in 3 years**
- **Positive for the 2nd consecutive quarter**

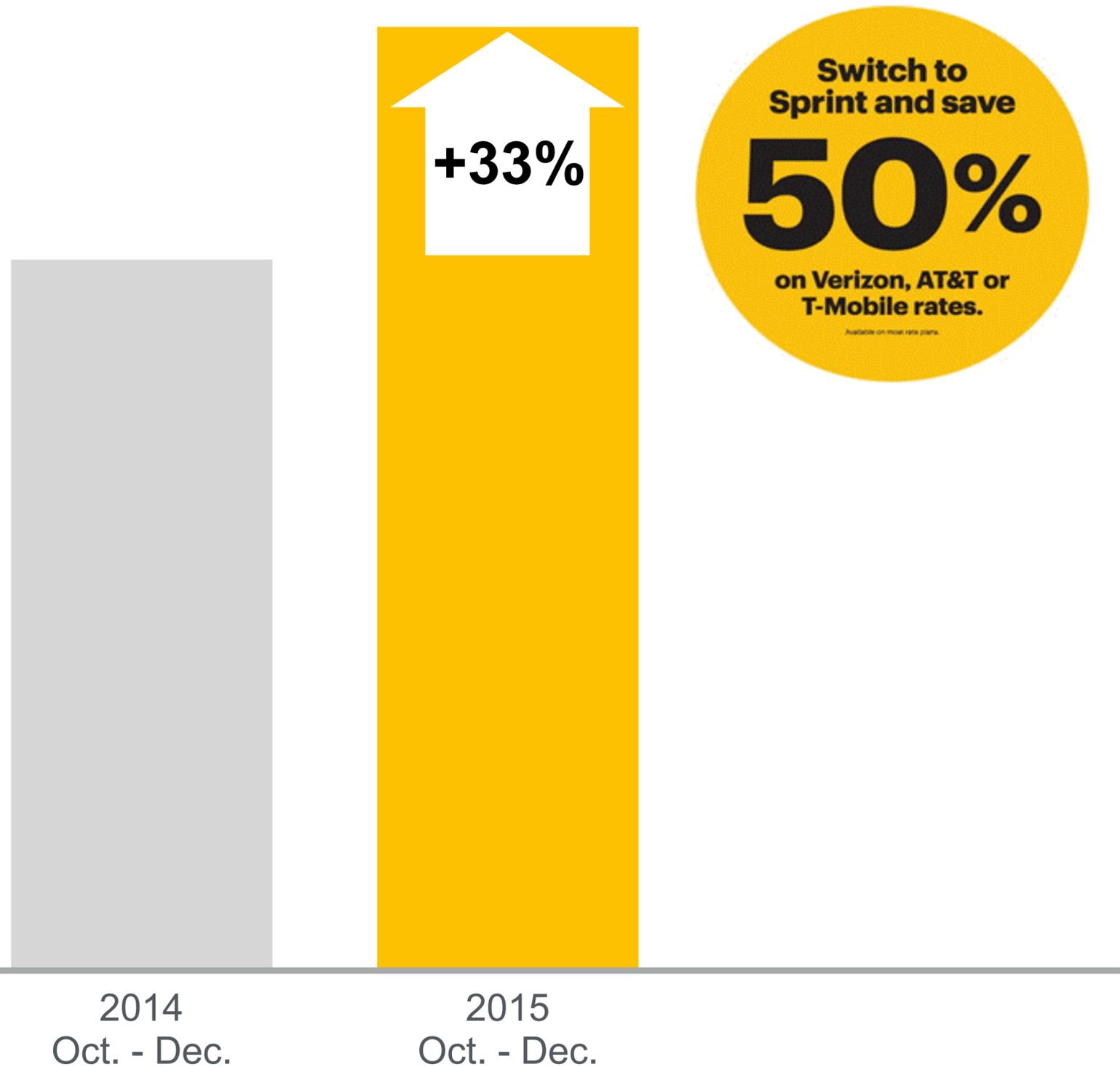
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# Churn (Postpaid)



- **Lowest third quarter in Sprint history**
- **Best YoY improvement in 12 years**
- **Improved customer quality and network performance**

# Average Gross Addition CLV



- **YoY 33% increase**
- **Focus on prime and multi-line customers**

# Turnaround Strategy

**Net Additions  
Improvement  
(Postpaid)**

**OPEX Reduction**

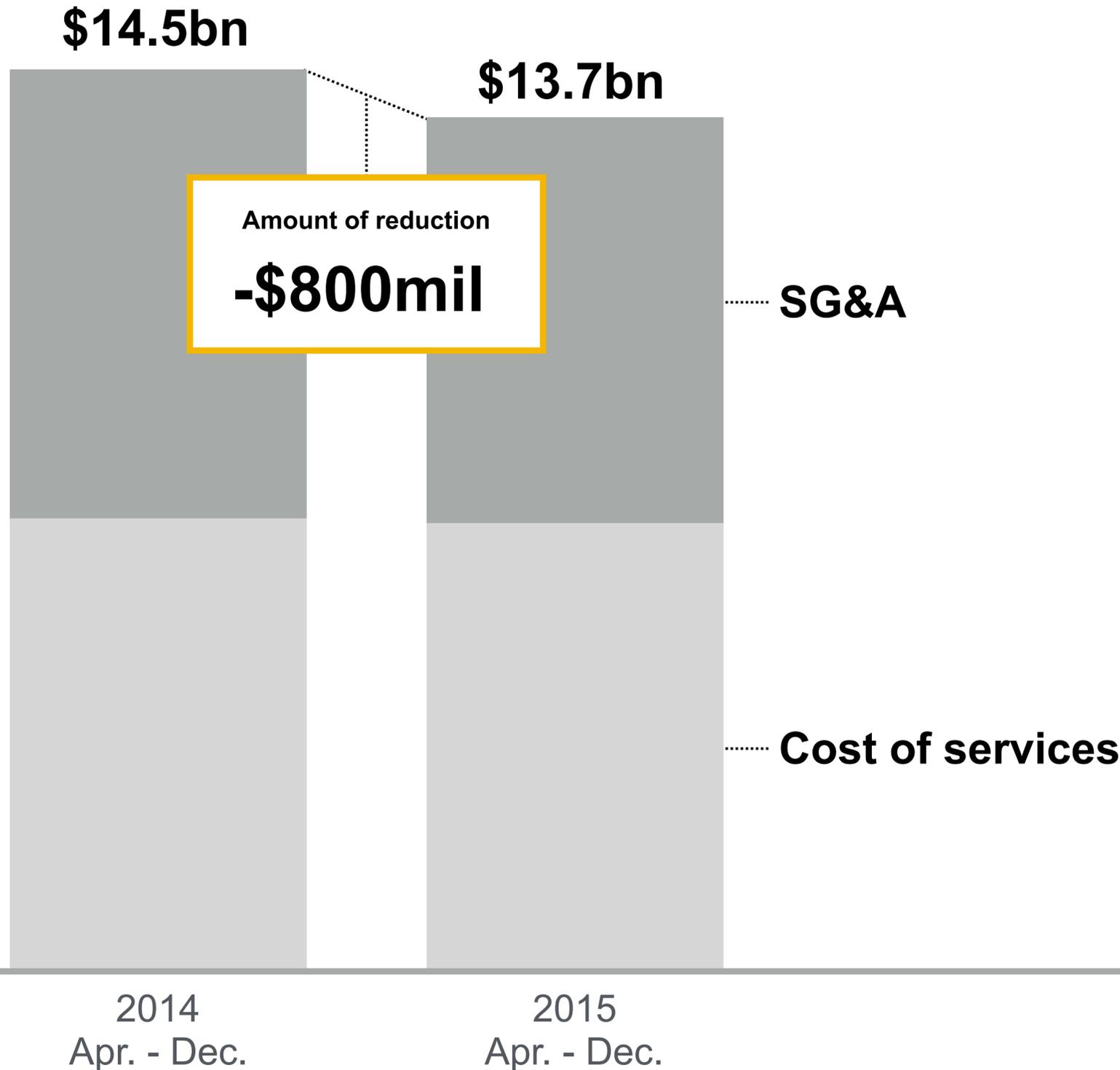
**Diverse  
Financing Methods**

**Network  
Improvement**

# Progress of Cost Reduction



USGAAP



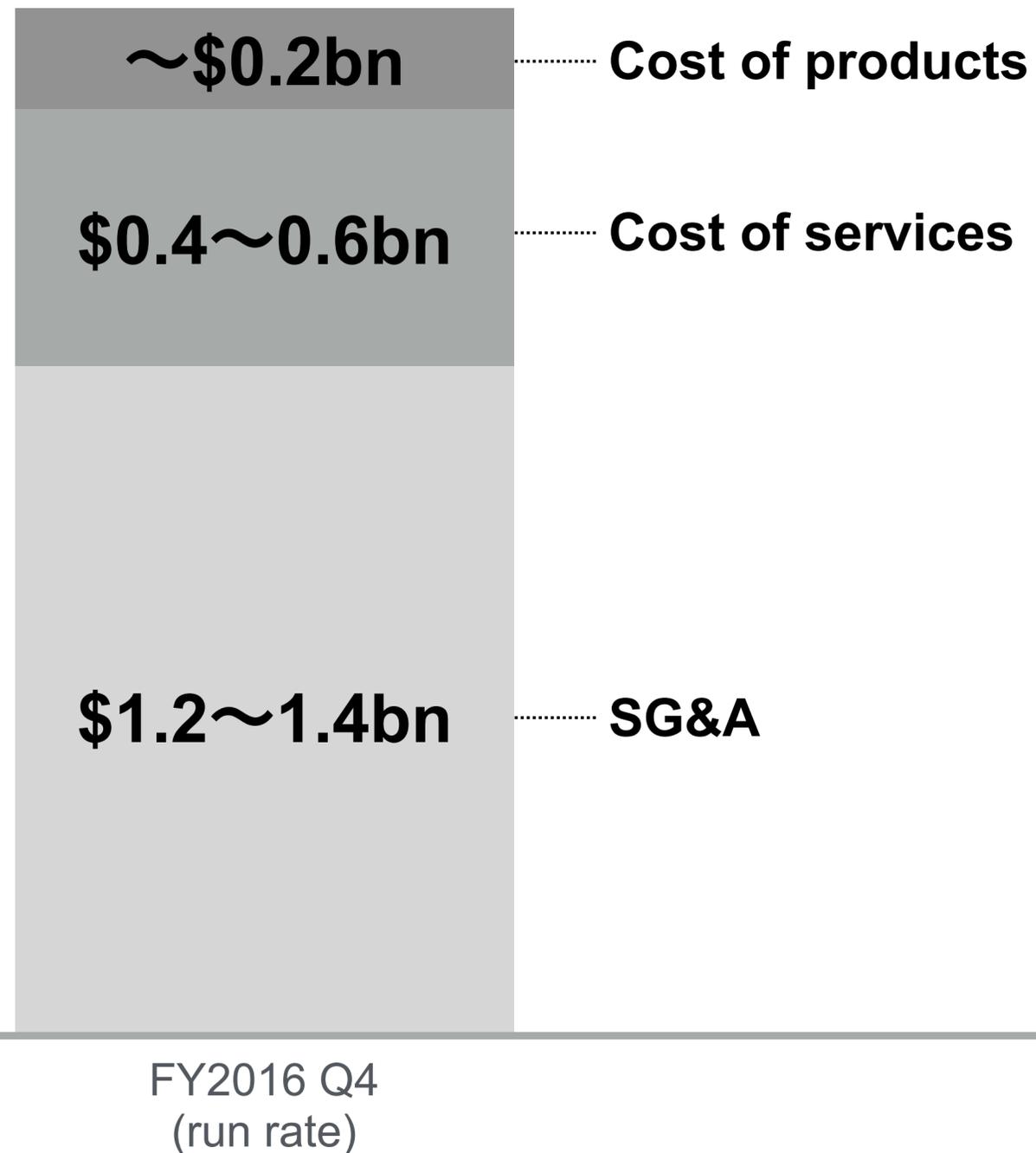
- **\$800mil YTD reduction**
- **Exceeded targets in 2015**

# Sustainable Run Rate OPEX Reduction (plan)



USGAAP

## \$2bn or more



- **OPEX reduction with no stone unturned**
- **Confident in plan to achieve**

# Turnaround Strategy

**Net Additions  
Improvement  
(Postpaid)**

**OPEX Reduction**

**Diverse  
Financing Methods**

**Network  
Improvement**

# Liquidity

USGAAP

USD bn



12~15

3~5

3~4

0.6

0.8

3.0

2.2

3.7

0.2

Potential liquidity

FY15

FY16

Note & loan maturities

**Sustain abundant liquidity**

(Note) Plan to utilize Handset LeaseCo and network financing entity in FY2016.

# Diverse Financing Methods

- 1 Vendor financing**
- 2 Handset lease financing**
- 3 Increased existing receivable facilities**
- 4 Establish NW related financing entity**

# Turnaround Strategy

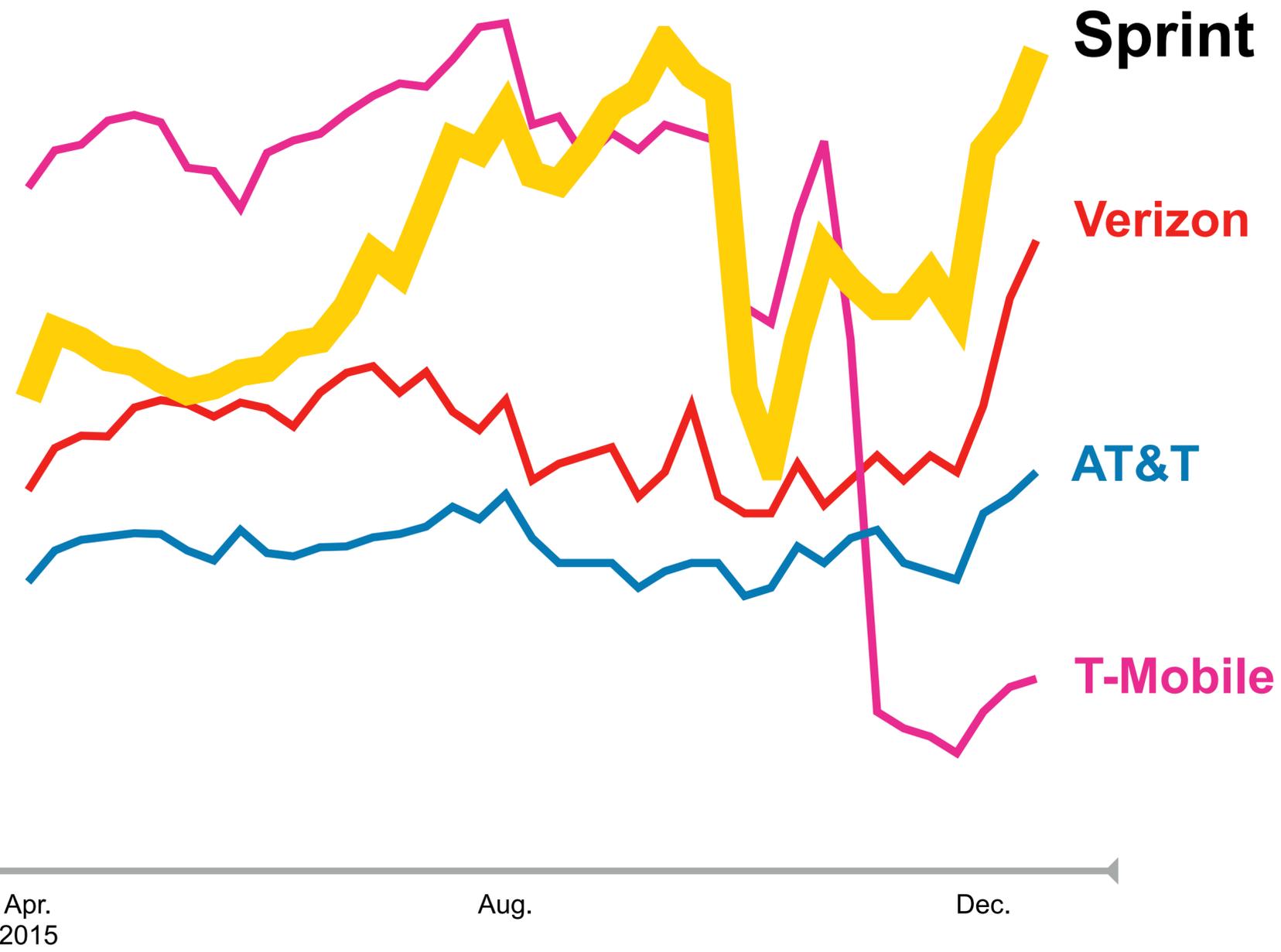
**Net Additions  
Improvement  
(Postpaid)**

**OPEX Reduction**

**Diverse  
Financing Methods**

**Network  
Improvement**

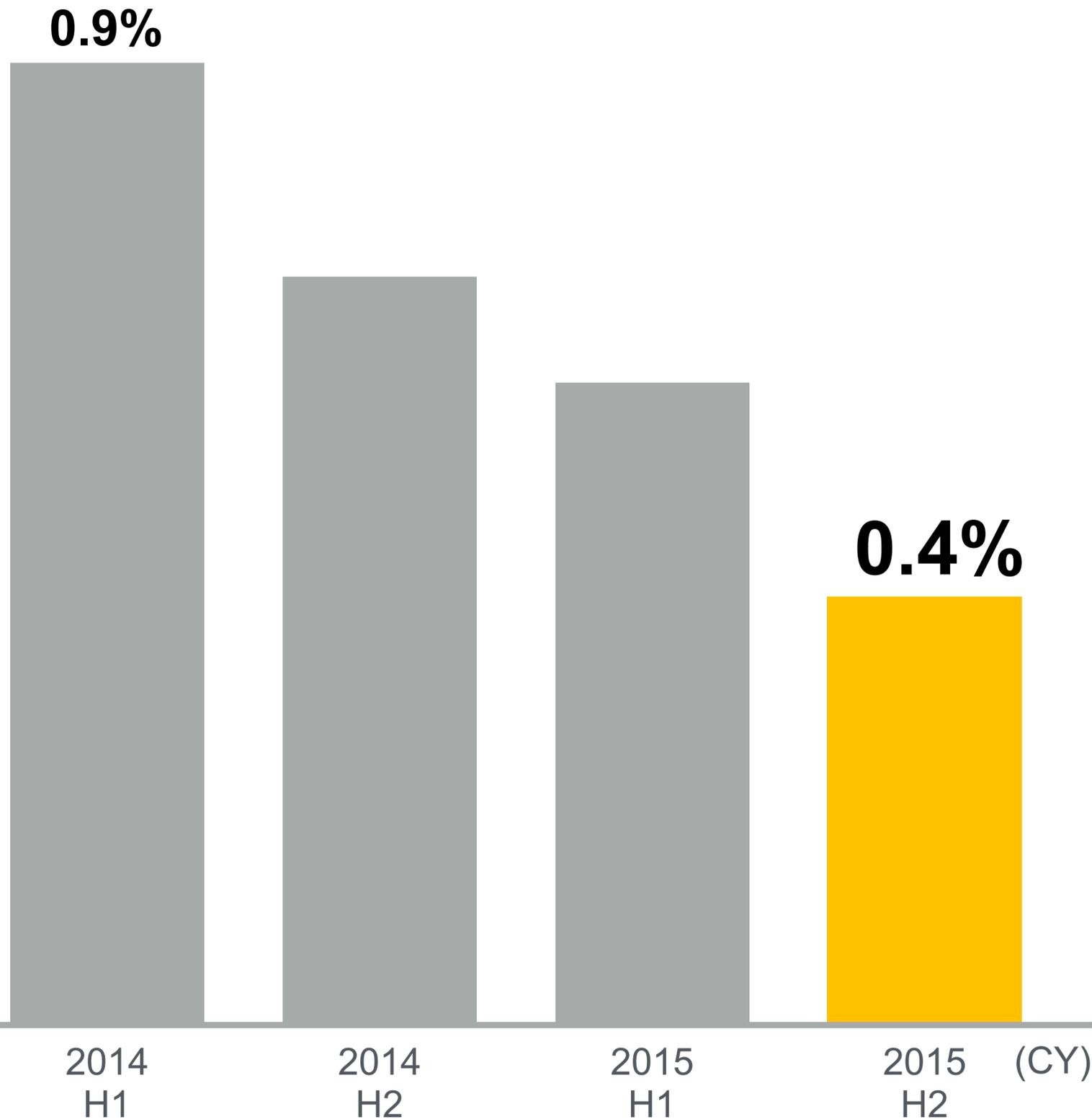
# LTE Download Delivered Speeds



- **Fastest**
- **Deployed LTE Plus in 150 major markets**

LTE Plus: takes advantage of Sprint's triband spectrum portfolio (800 MHz, 1900 MHz and 2.5 GHz), coupled with technology enhancements like carrier aggregation and antenna beamforming.

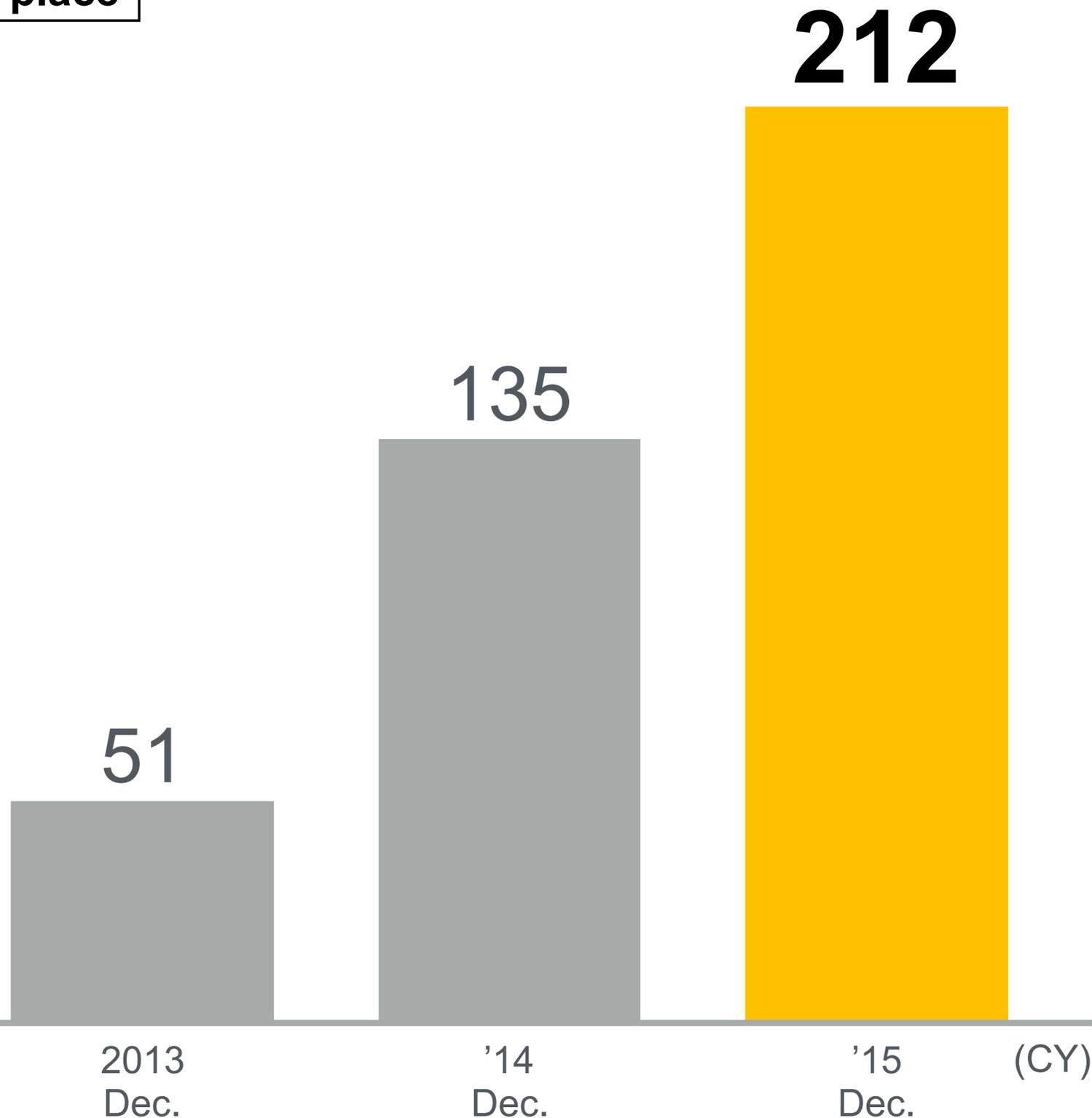
# Voice Drop Rate



- **Improving trend**
- **Lowest ever**

# RootScore Awards

First-place



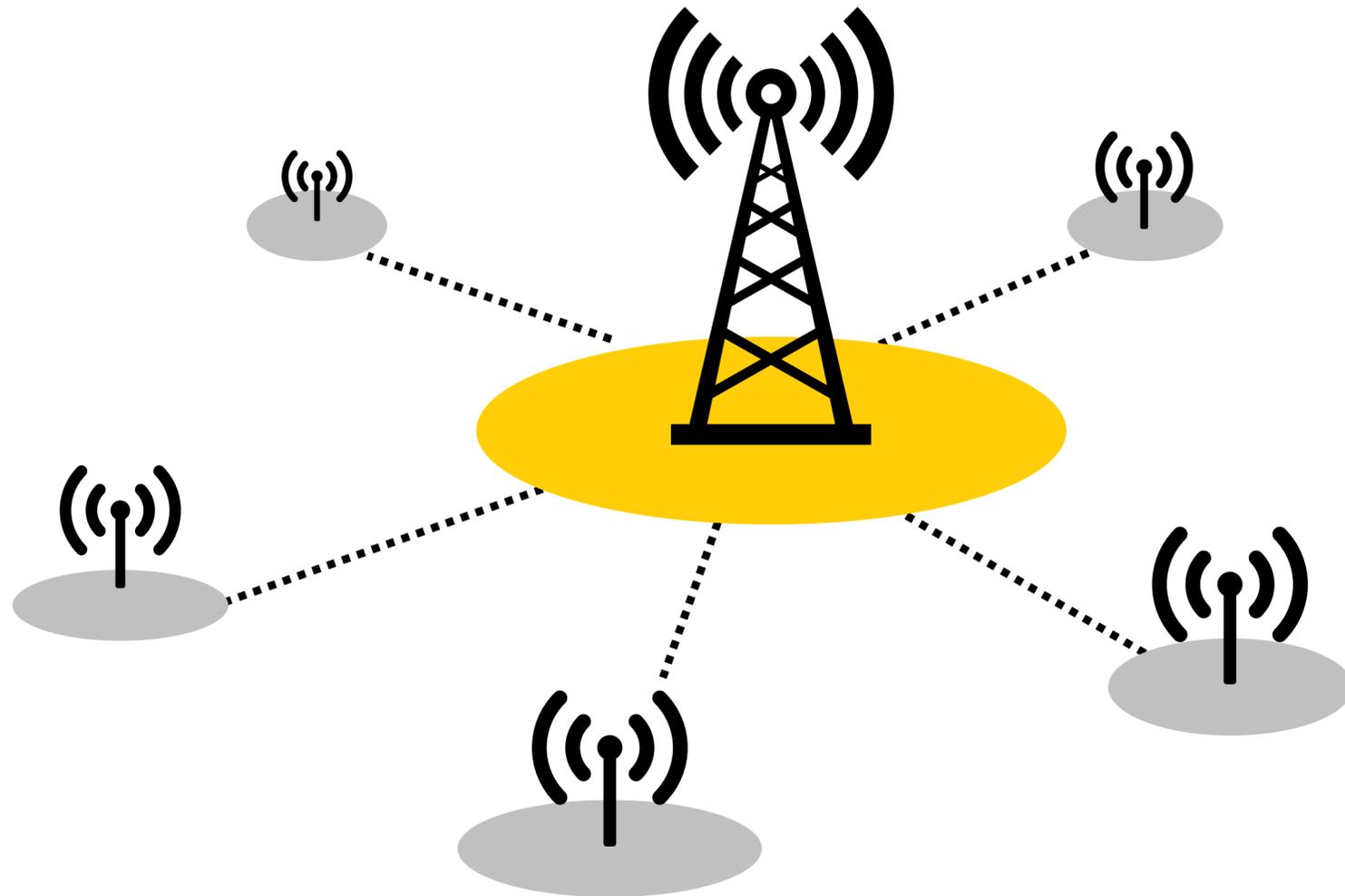
- **Most awards ever**
- **Most improved carrier**
- **Beating T-Mobile for the 1st time ever**

## RootScore Awards

Number of outright or shared first-place for 6 indexes of network performance measured in 125 metro markets

(Ref.) 6 indexes: overall, reliability, speed, data, call, text

(Note) Rankings and underlying data metrics based on 125 RootMetrics Metro RootScore Reports from 2H 2014 and 2H 2015 for mobile performance as tested on best available plans and devices on four mobile networks across all available network types. 16 markets that measured the fastest median download speeds in 2H 2015: Austin, TX; Chattanooga, TN; Corpus Christi, TX; Dallas, TX; Denton, TX; Denver, CO; Houston, TX; Indianapolis, IN; Kansas City, MO; McAllen, TX; Ogden, UT; Phoenix, AZ; Spokane, WA; Toledo, OH; Wichita, KS; and Youngstown, OH. Your experiences may vary. The RootMetrics award is not an endorsement of Sprint. Visit [www.rootmetrics.com](http://www.rootmetrics.com) for more details.



- **Improve network quality through incremental sites**
- **Maximize performance and cost efficiency**

# Turnaround Strategy

**Net Additions  
Improvement  
(Postpaid)**

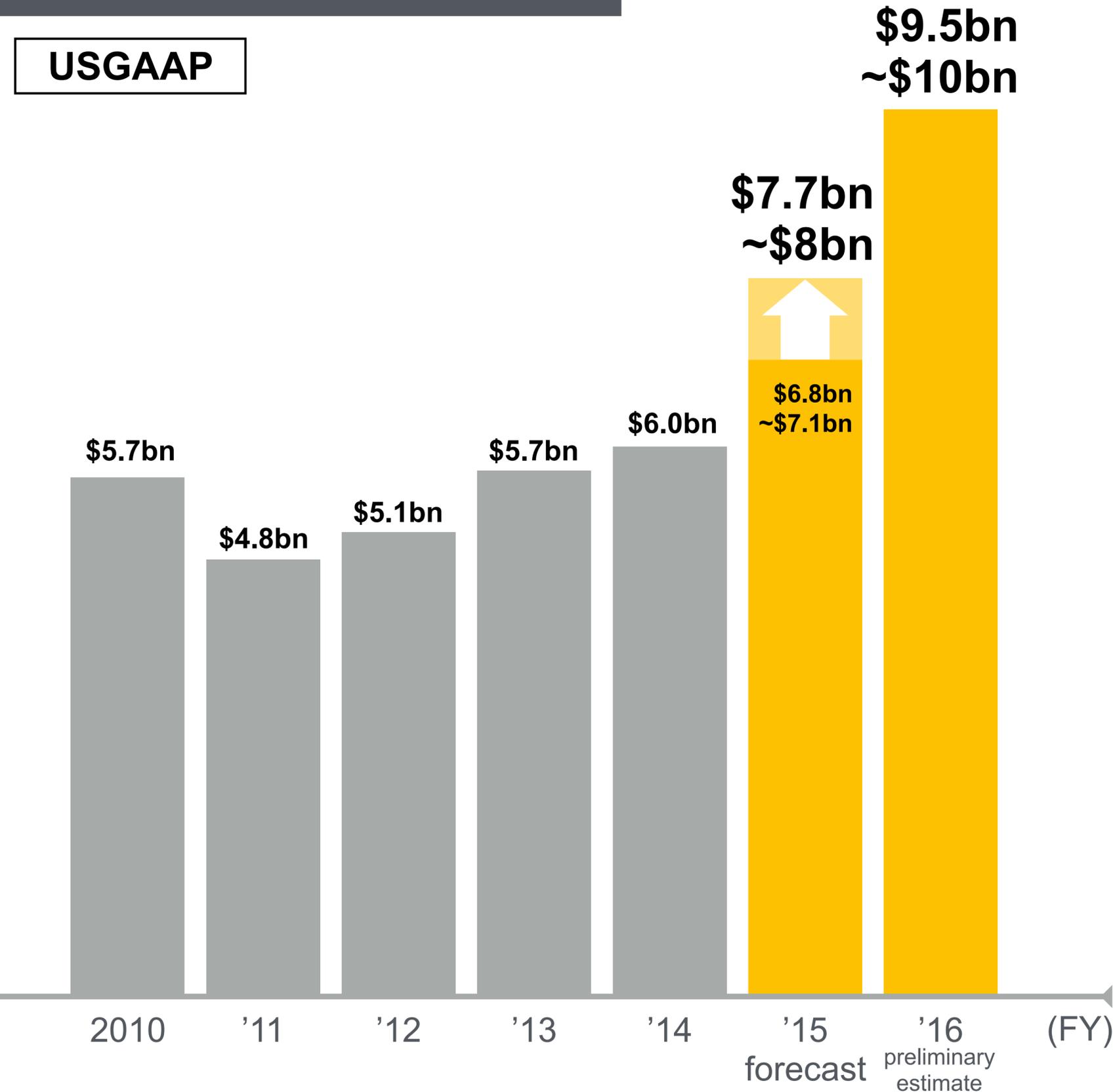
**OPEX Reduction**

**Diverse  
Financing Methods**

**Network  
Improvement**

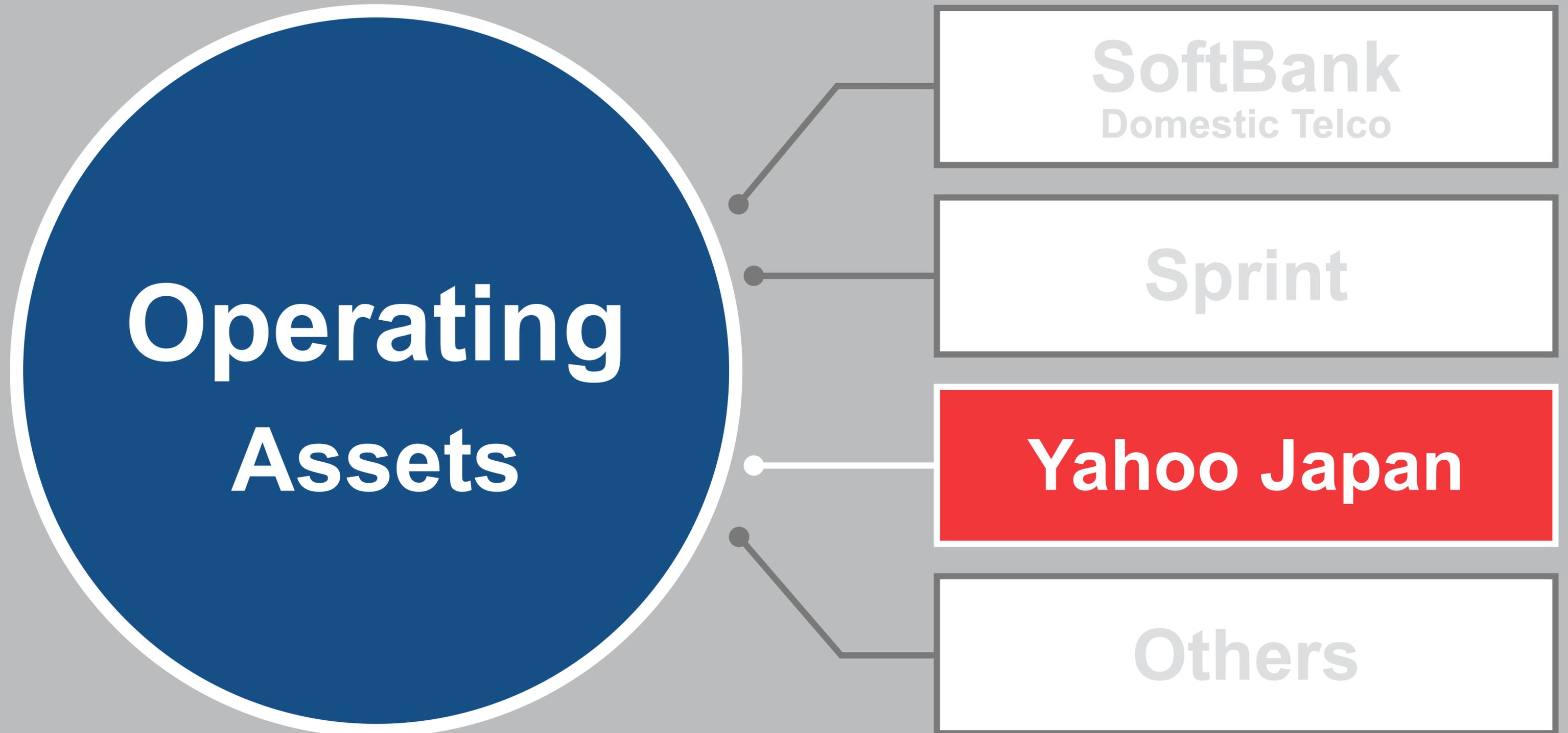
# Adjusted EBITDA

USGAAP



- **Guidance for FY2015 raised**
- **Accelerate cost reduction**
- **Forecast positive operating income for FY2015 (\$100mil~\$300mil)**

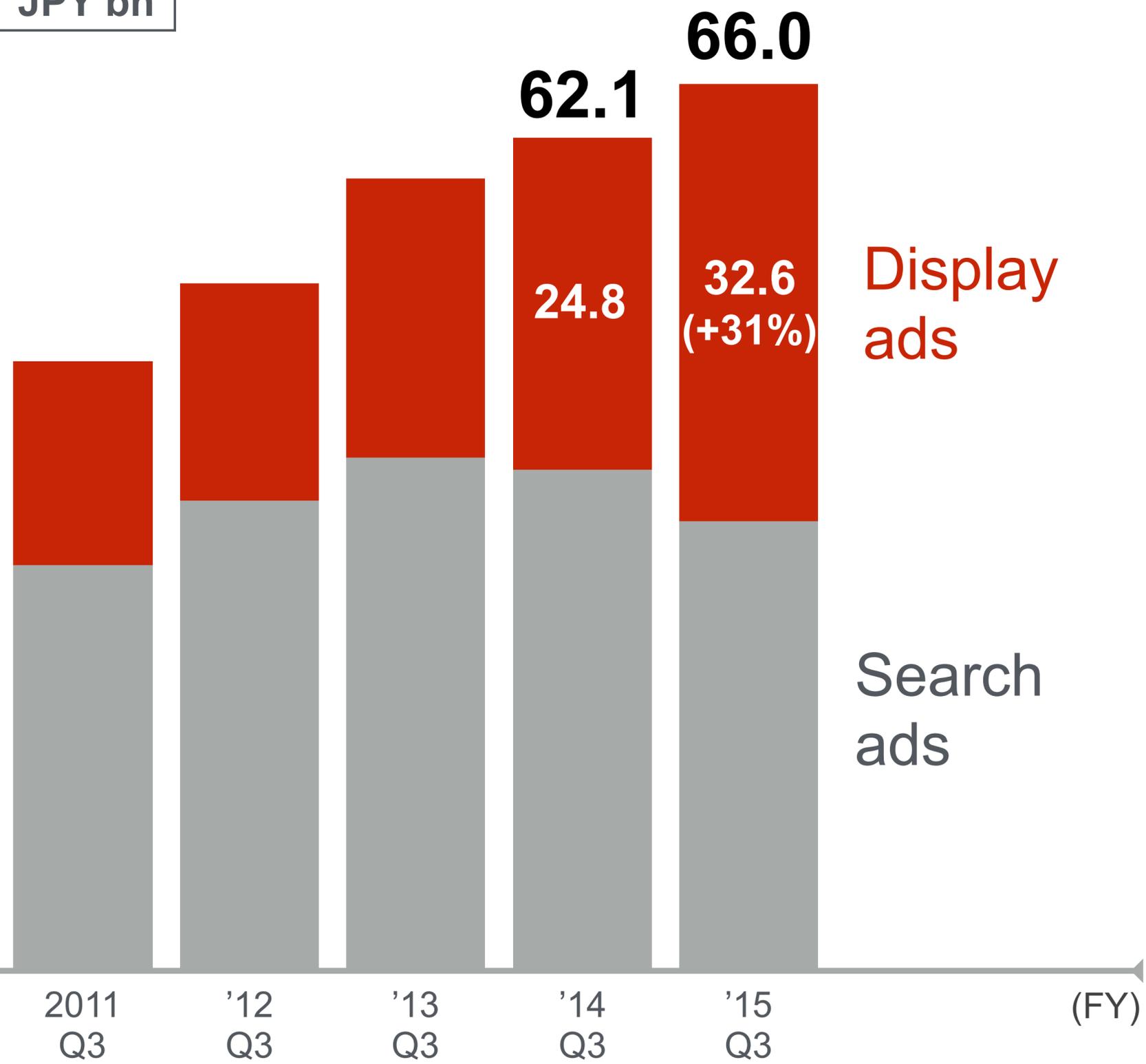
# Business Portfolio



# Advertising Revenue



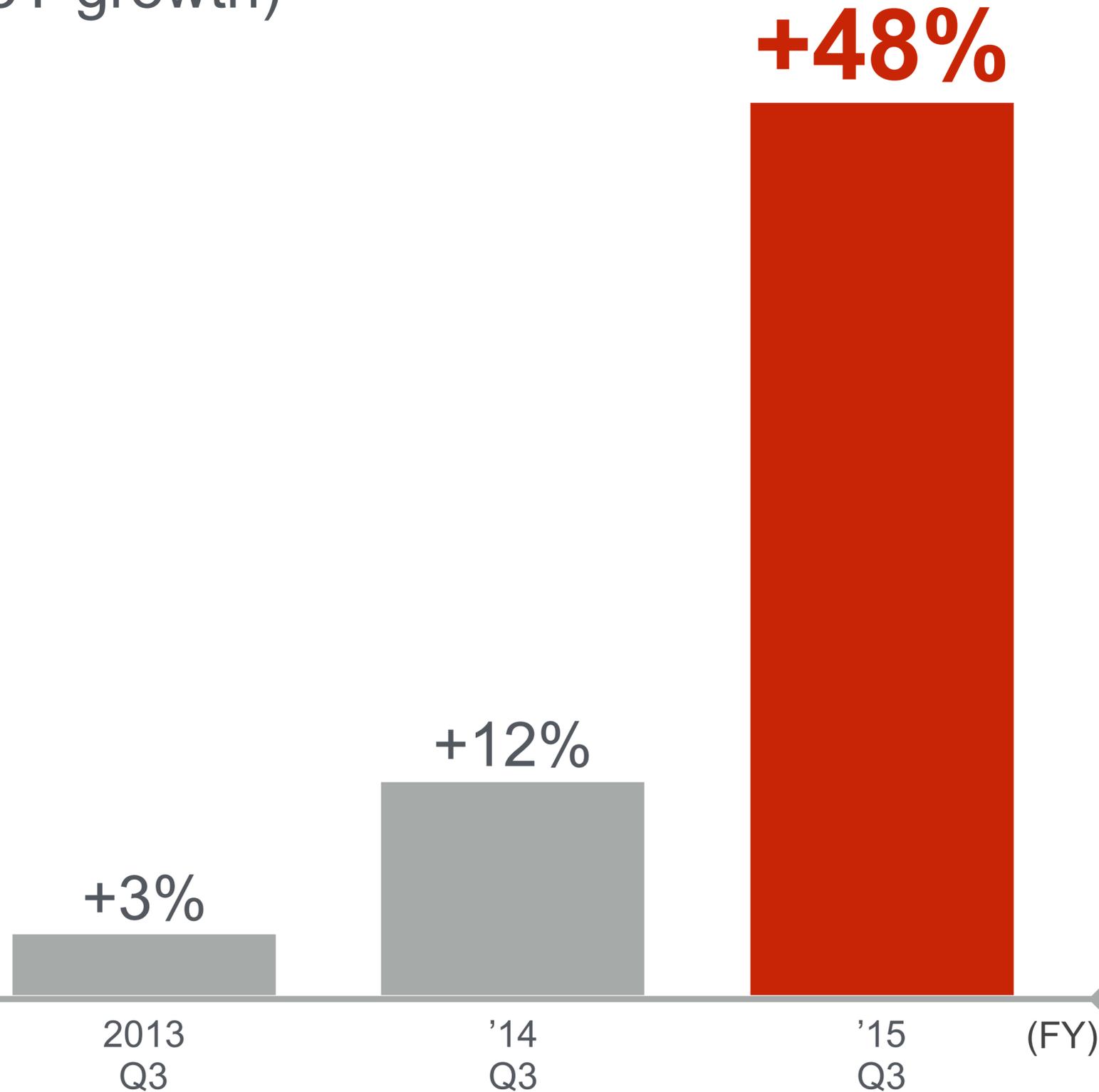
JPY bn



- **Growing display ads**
- ***Yahoo! Display Ad Network* contributes**

# Shopping Transaction Value

(YoY growth)



- **YoY 48% increase**
- **New e-commerce strategy successful**
- **Promotion successful**

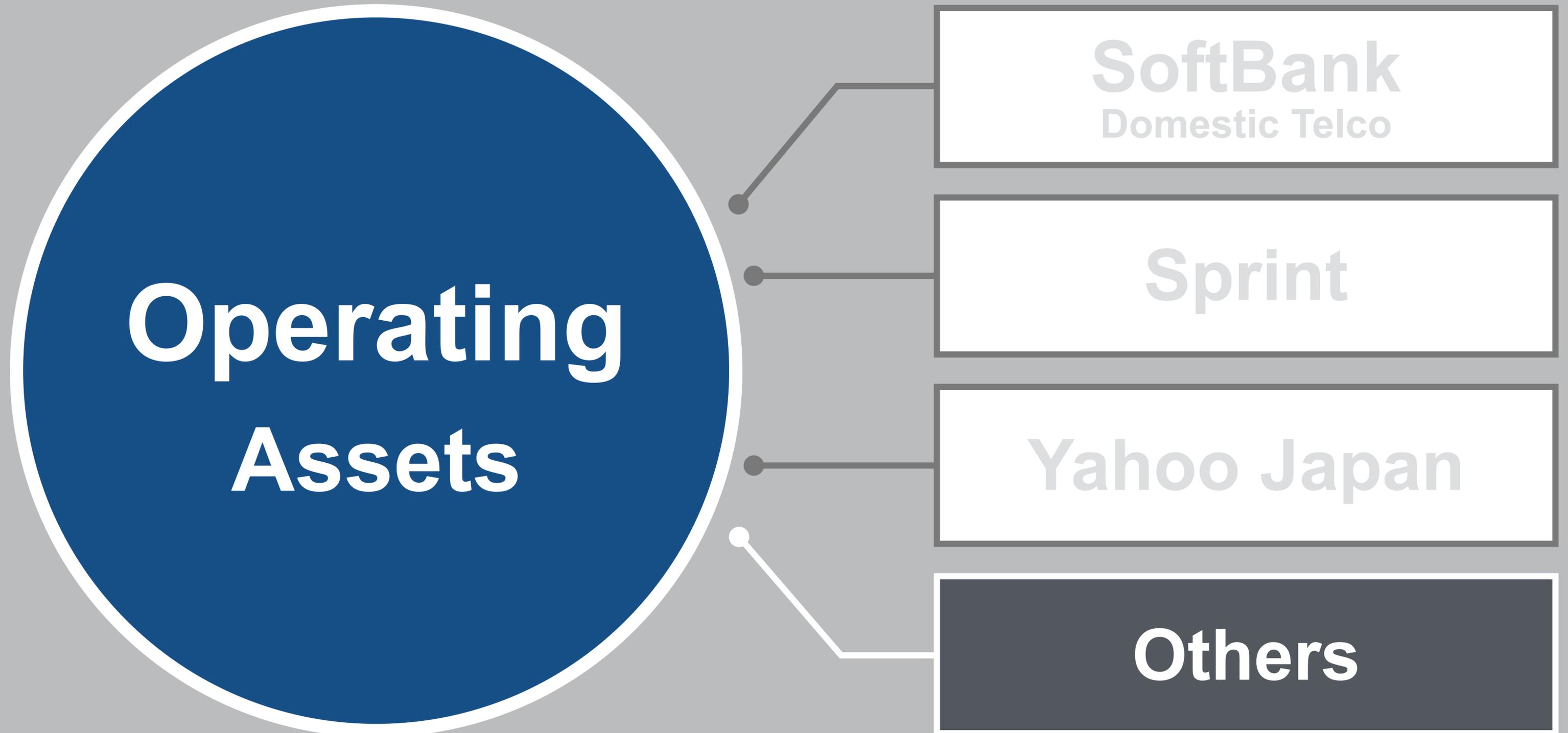
# TOB for Ikyu Corporation Completed (Feb. 3)



- **Enhance online lodging and restaurant reservation services**
- **Further growth through synergies with Yahoo Japan**

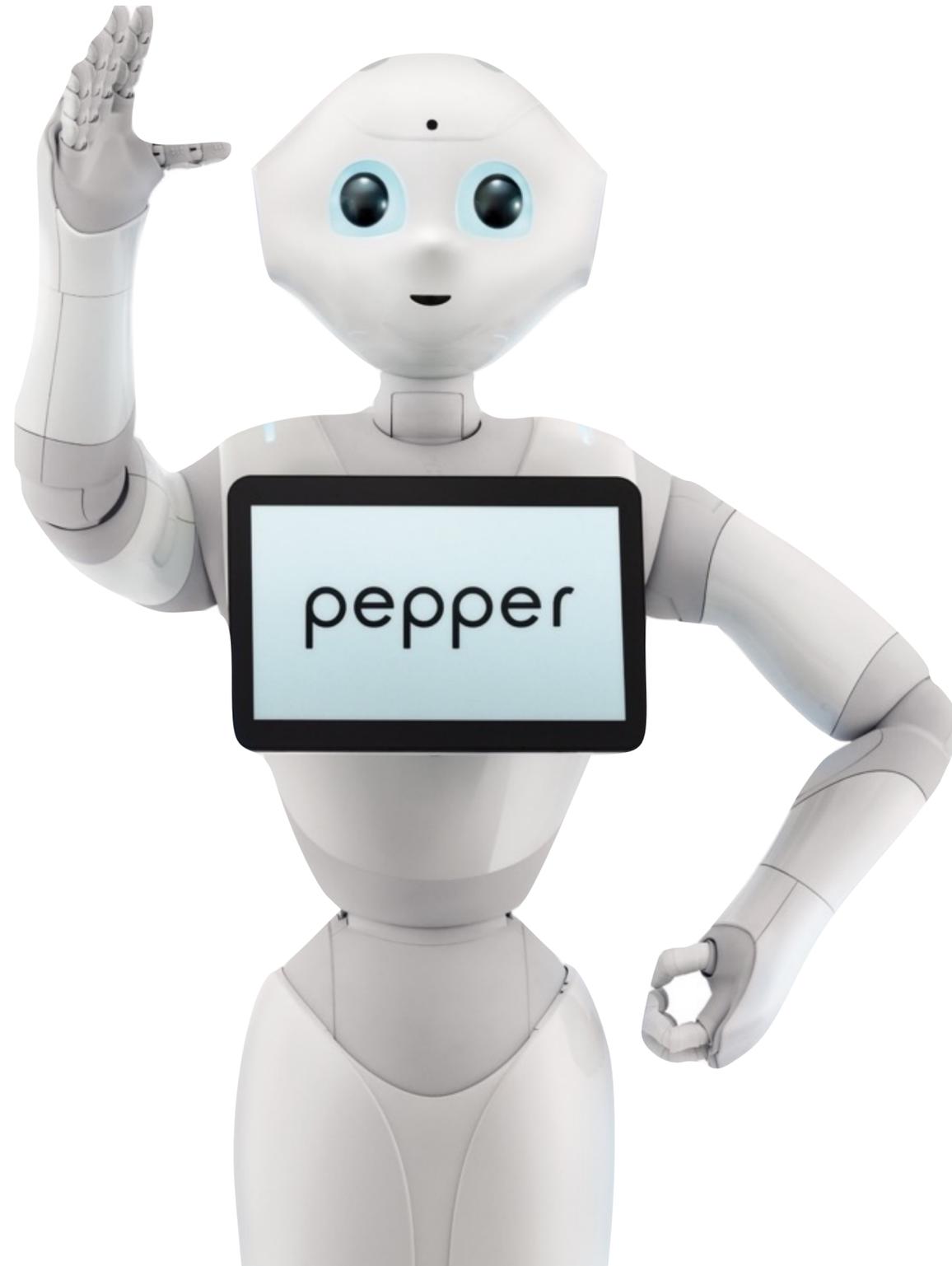


# Business Portfolio



# Pepper

SoftBank  
Robotics



**Sold out in 1 minute for  
7 consecutive months  
(1,000 units each)**

pepper for Biz

Introduced  
in 500+  
companies



# Business Portfolio

Operating  
Assets

**Investment  
Assets**

# Business Portfolio

E-commerce tokopedia oyo

Alibaba Group 阿里巴巴 snapdeal coupang

Transportation



Games



FinTech



Investment  
Assets

# E-commerce



snapdeal

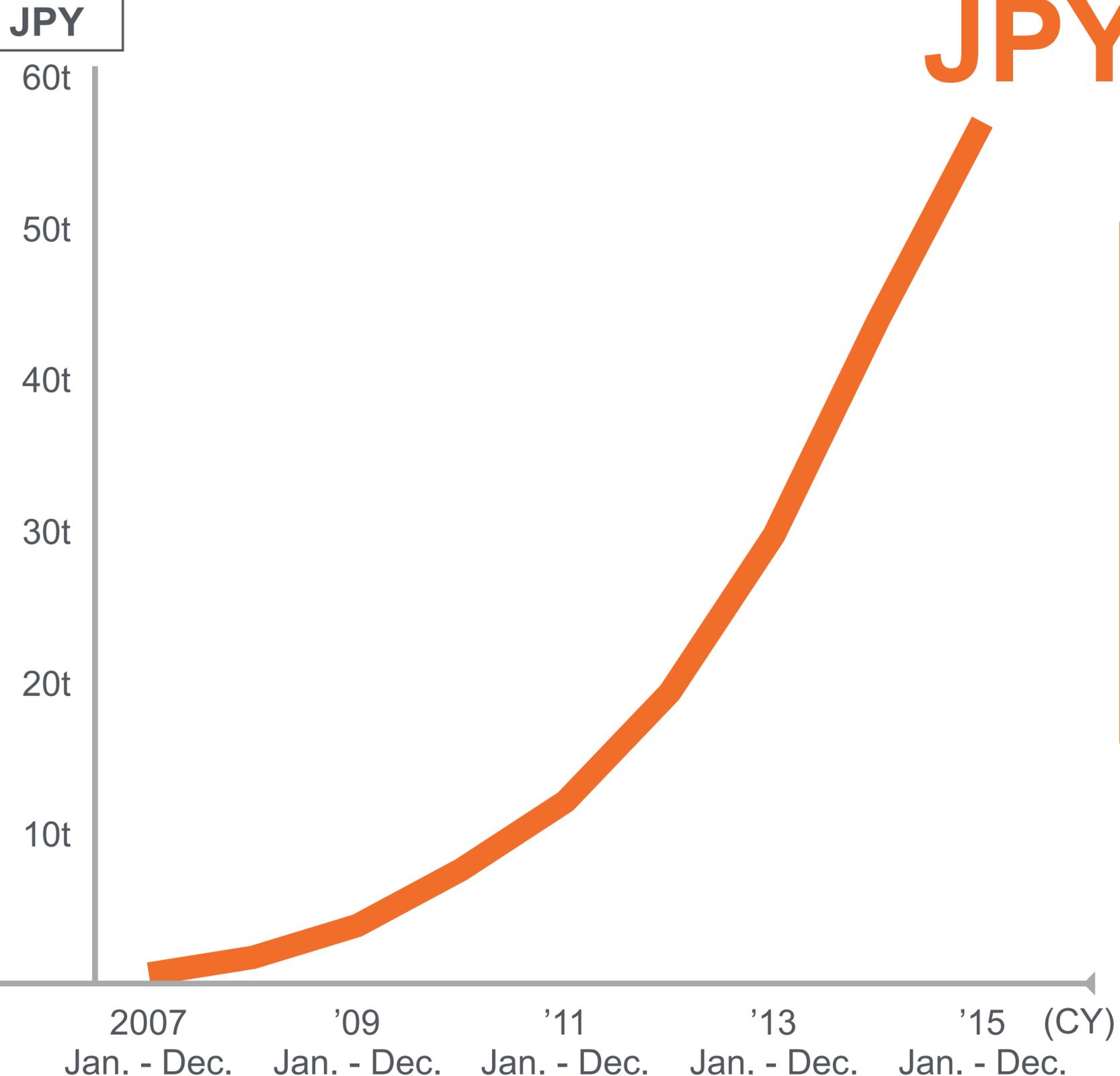
cou pang

tokopedia



# Gross Merchandise Volume

JPY 57t

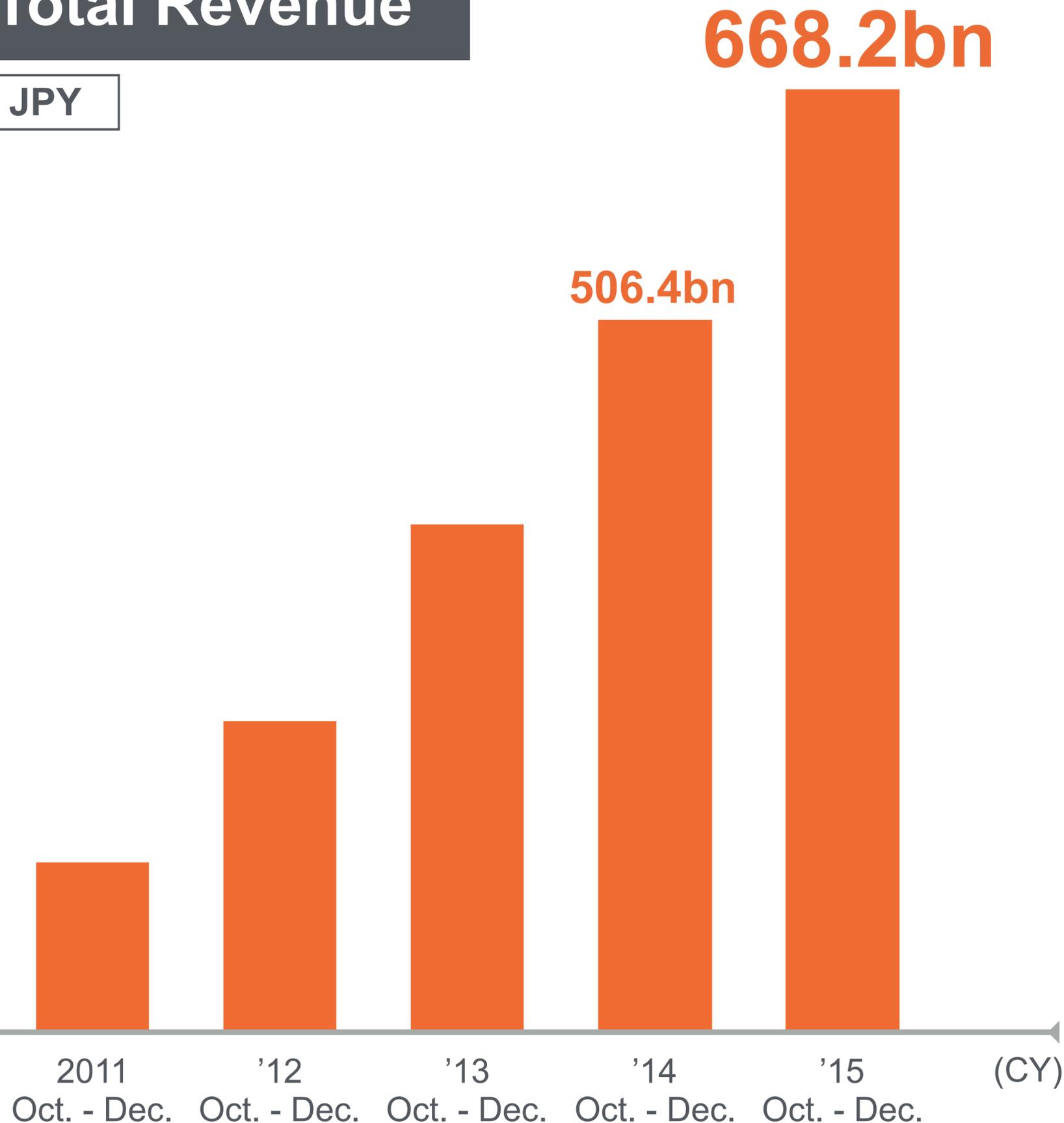


- **Single's day sales contribute**
- **Rural China boosts**
- **Increase in user base and engagement**

# Total Revenue

JPY

USGAAP



- **YoY 32% increase**
- **Driven by rapid growth of China commerce retail biz**
- **Succeed mobile transition**

(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

# Mobile Revenue

JPY

USGAAP

362.6bn

124.2bn

2012 Oct. - Dec. '13 Oct. - Dec. '14 Oct. - Dec. '15 (CY)

- **Mobile revenue YoY 3x**
- **Mobile MAUs increase YoY 48%, reached 393mil**
- **Revenue / mobile MAU YoY 2x**

MAU: Monthly Active Users

(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

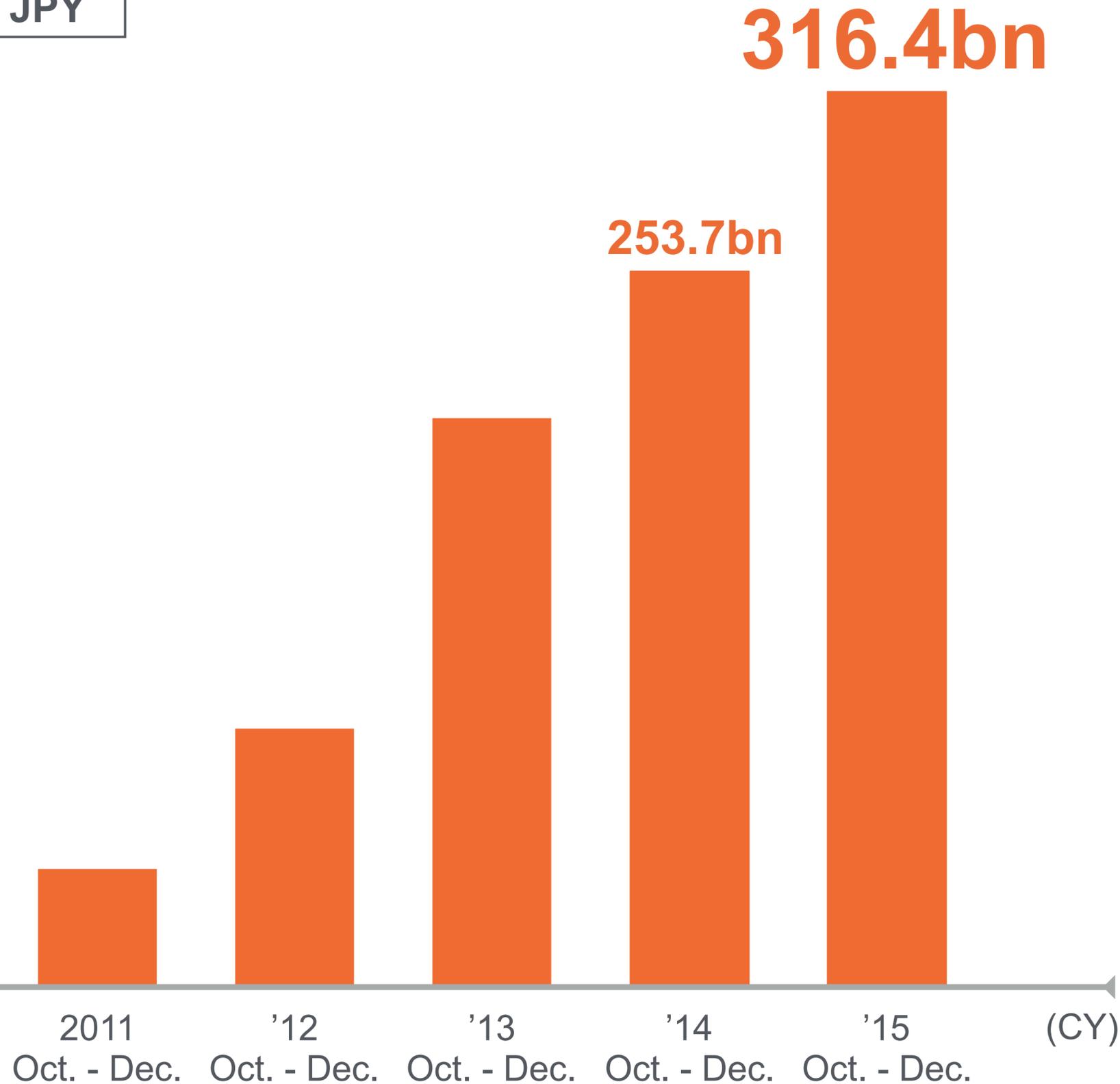
# Non-GAAP Net Income

JPY

USGAAP

Non-GAAP

(Excluding the gains and losses related to share based compensation expenses, amortization of intangible assets, revaluation of investments etc.)



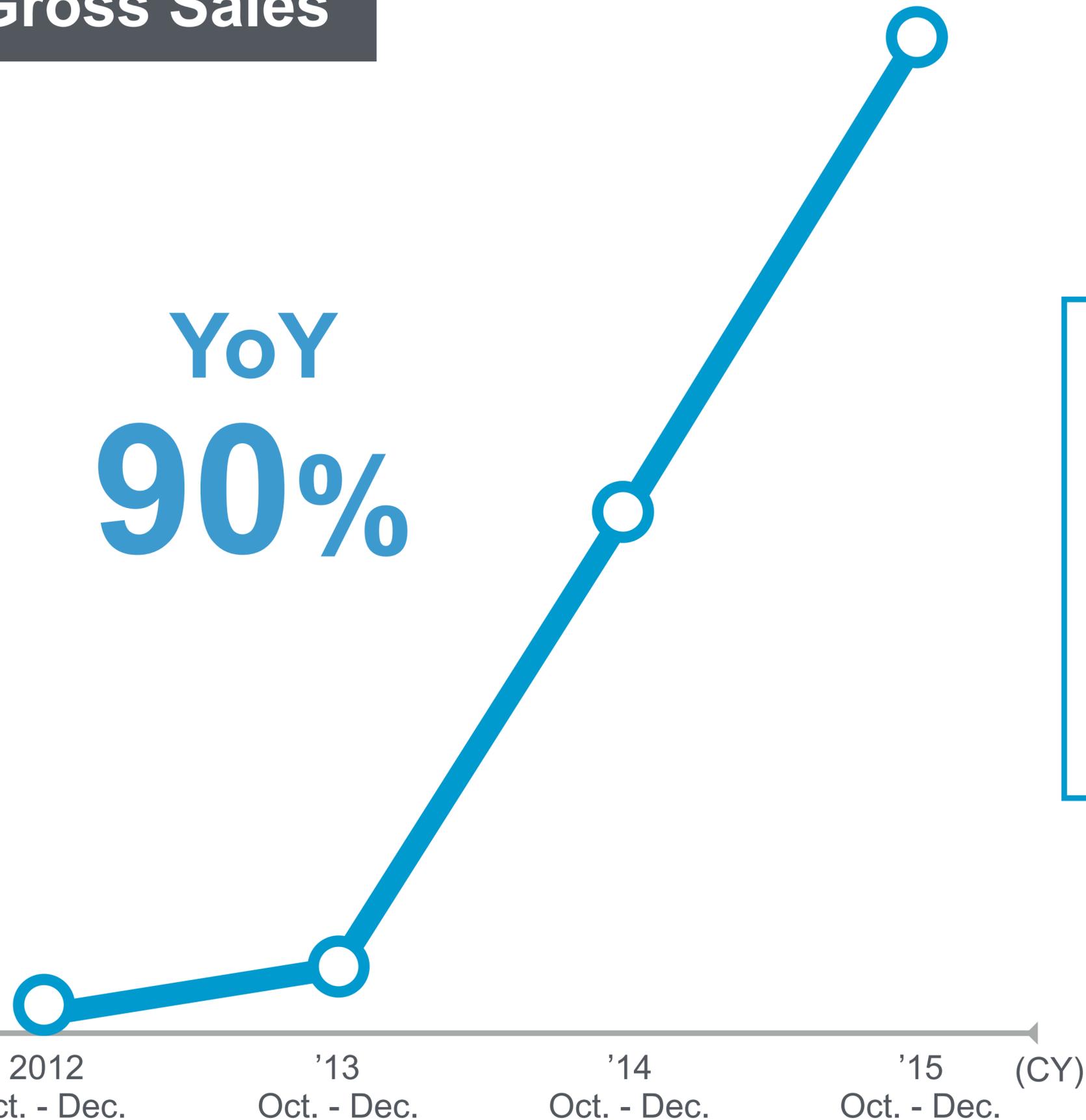
YoY 25% increase

(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

# Gross Sales

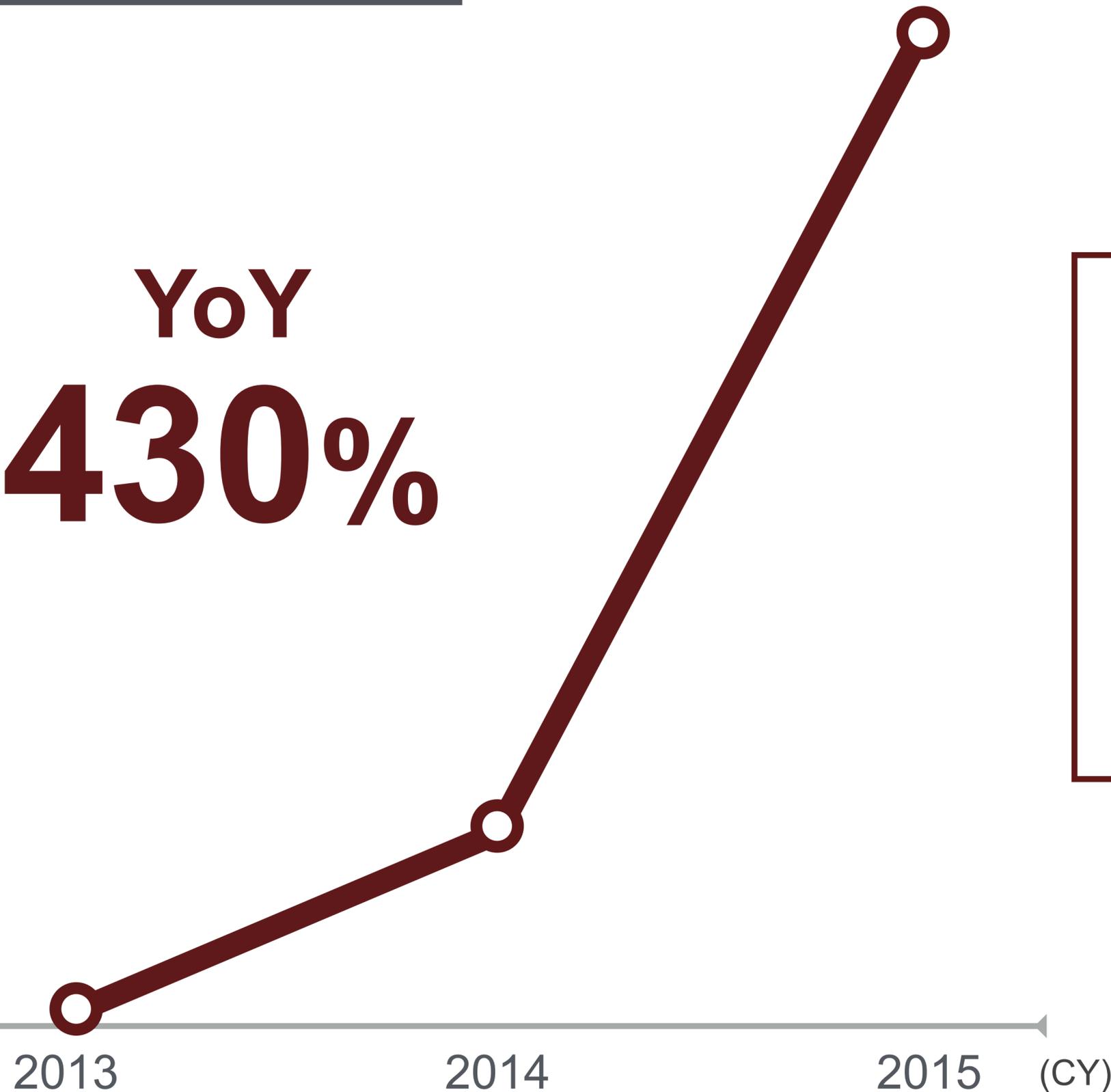


YoY  
**90%**



- **Diwali sales 3x YoY**
- **Exceeds 250k merchants**
- **14mil digital wallets within 3 months of launch**

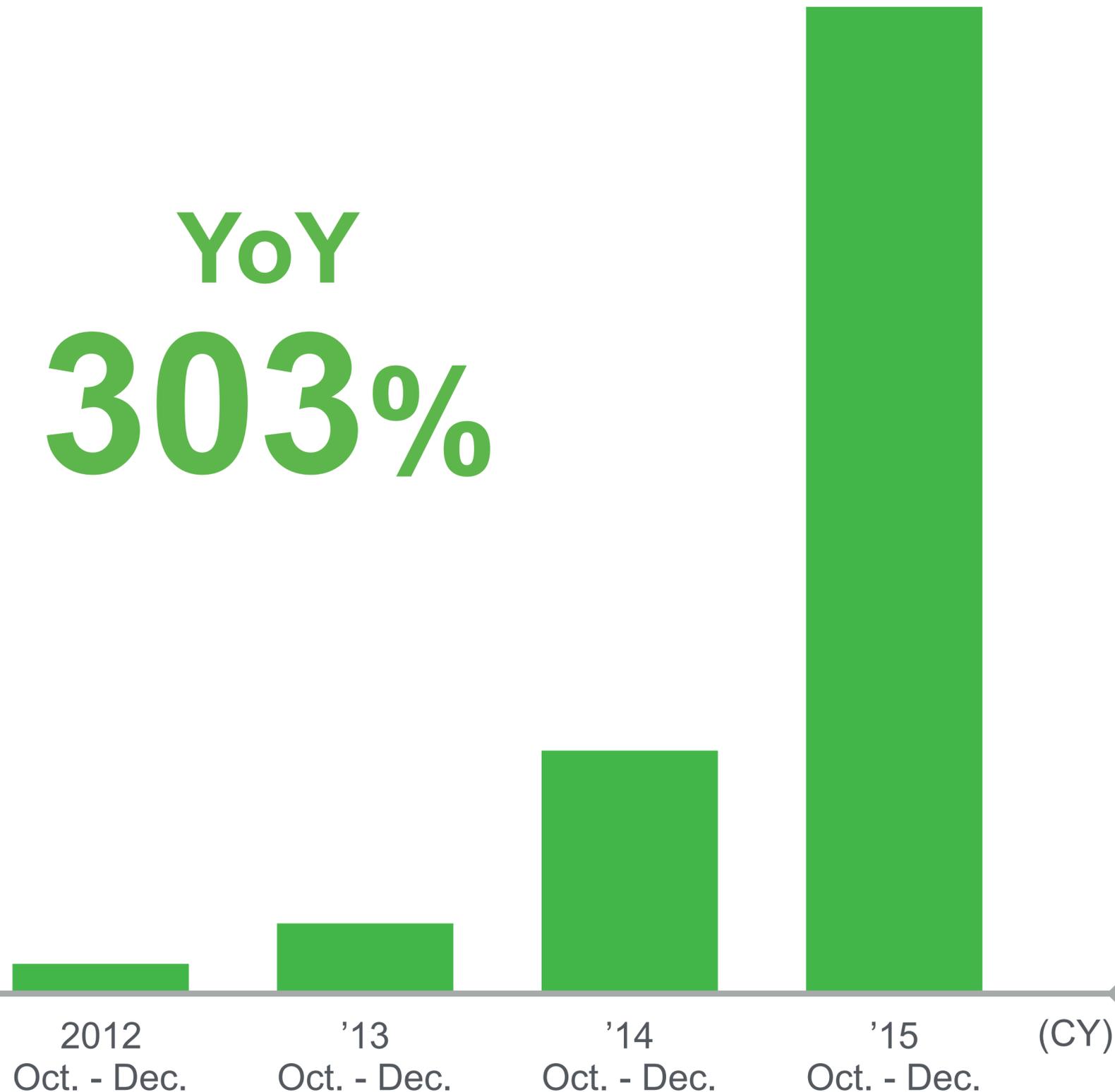
YoY  
**430%**



- **Strong growth in retail revenue**
- **Rapidly scaling fulfillment operations in 2016**
- **Leader in mobile commerce**

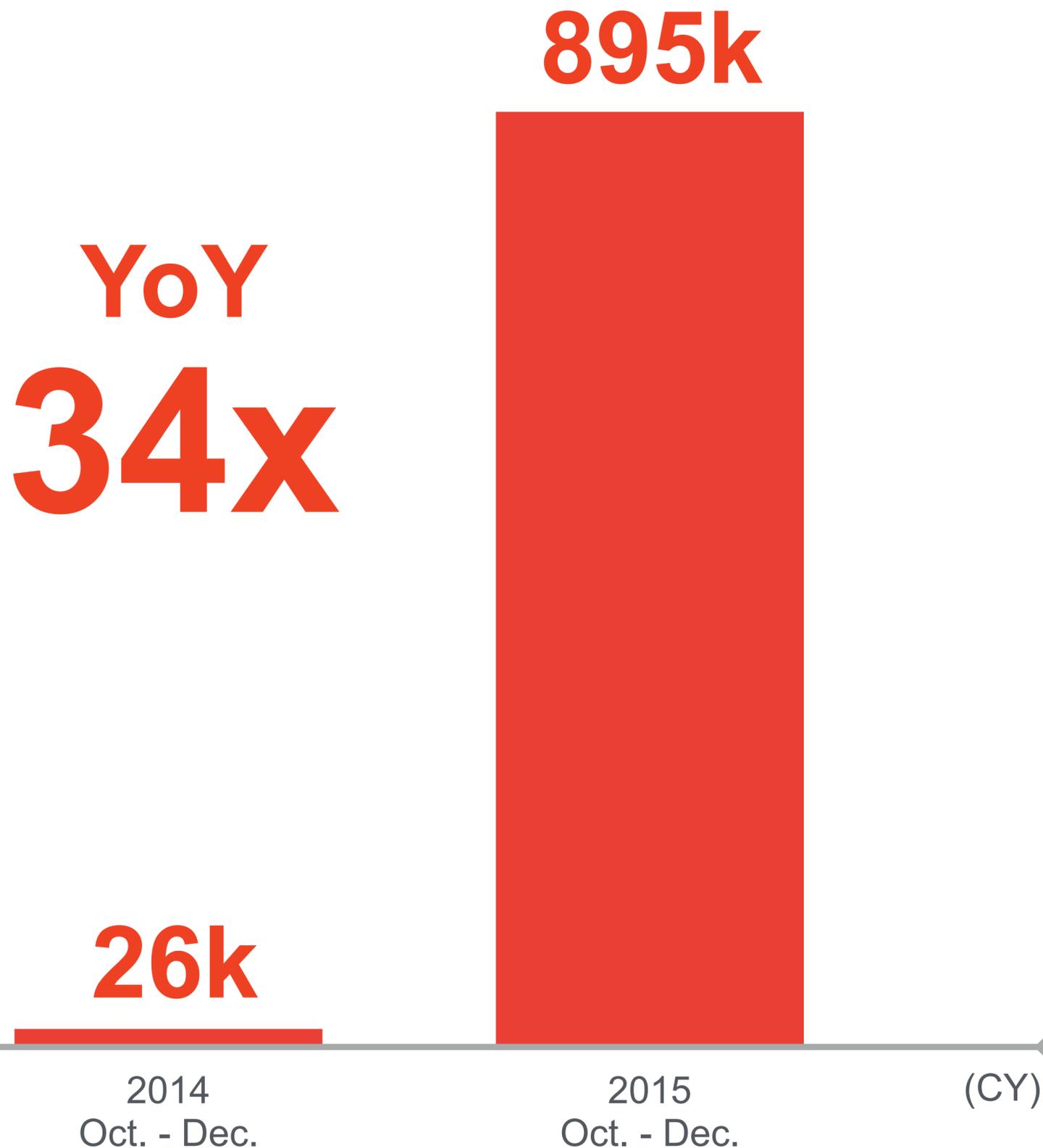
Retail revenue: revenue from goods delivered directly through *Coupang's* end-to-end fulfillment operations, which includes the "Coupang Man" home-grown fleet that enables last-mile delivery.

YoY  
**303%**



- **Lead EC marketplace in Indonesia**
- **500k merchants with product listings**
- **12mil active SKUs**

# Used Room Nights



- Robust growth, driven by direct channels and mobile
- Acquisition of ZO Rooms
- Launch premium OYO experience through flagship properties

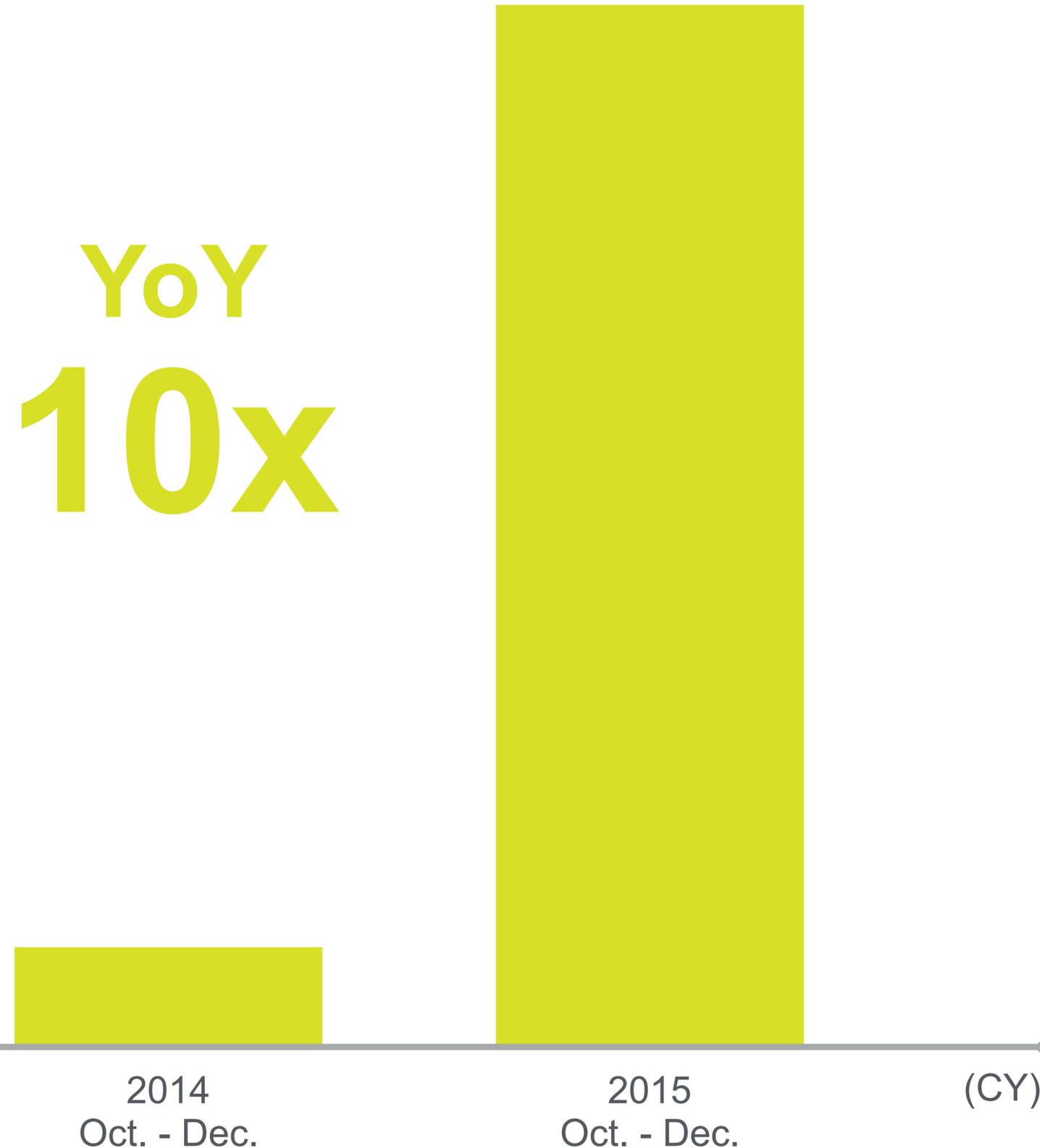
# Transportation



# Quarterly Bookings

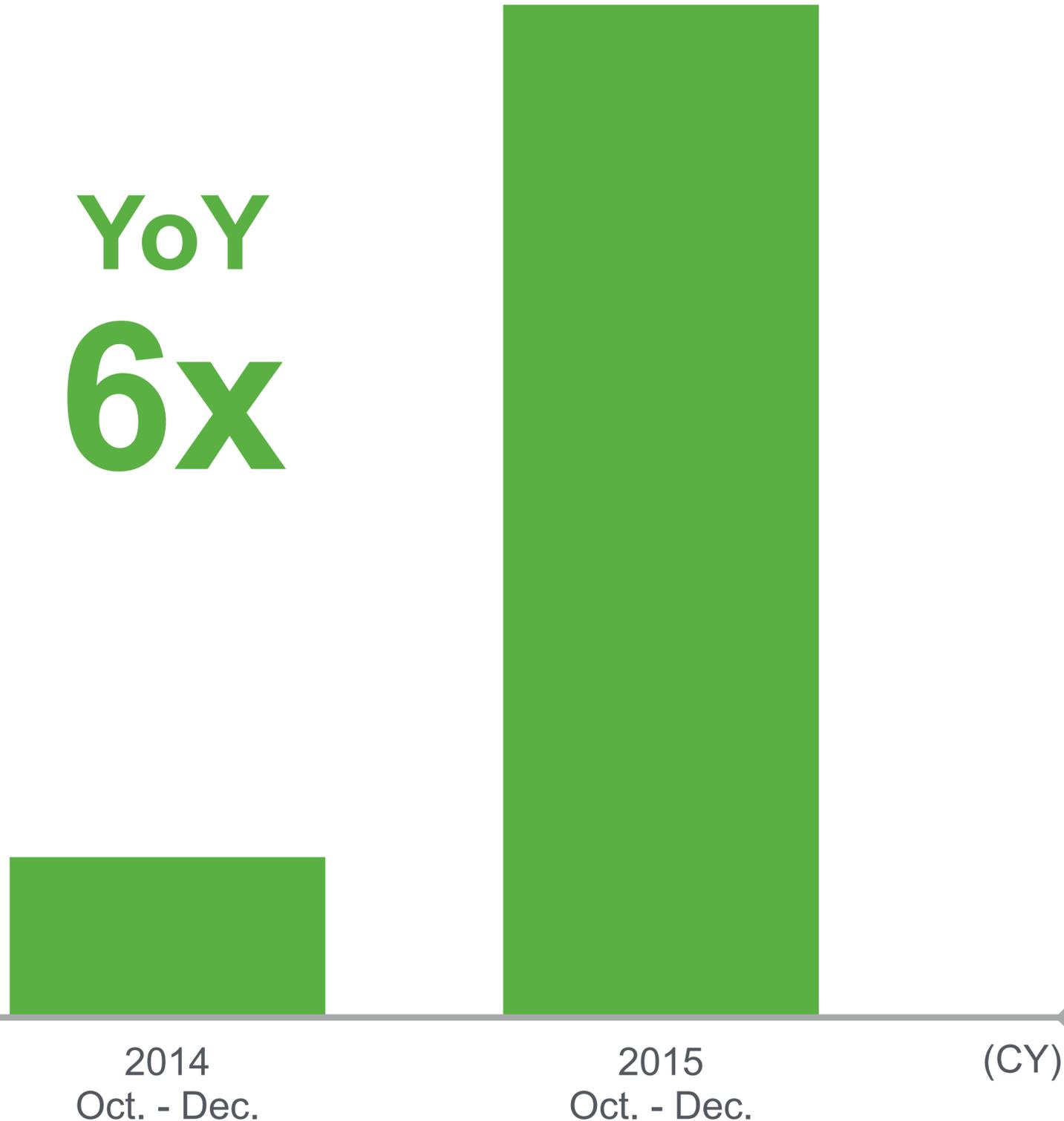


YoY  
**10x**



- **Product diversification**  
*(Ola Prime, Share and Shuttle)*
- **Strategic alliance with Lyft, Didi, Grab**
- **Launched leasing program for drivers**

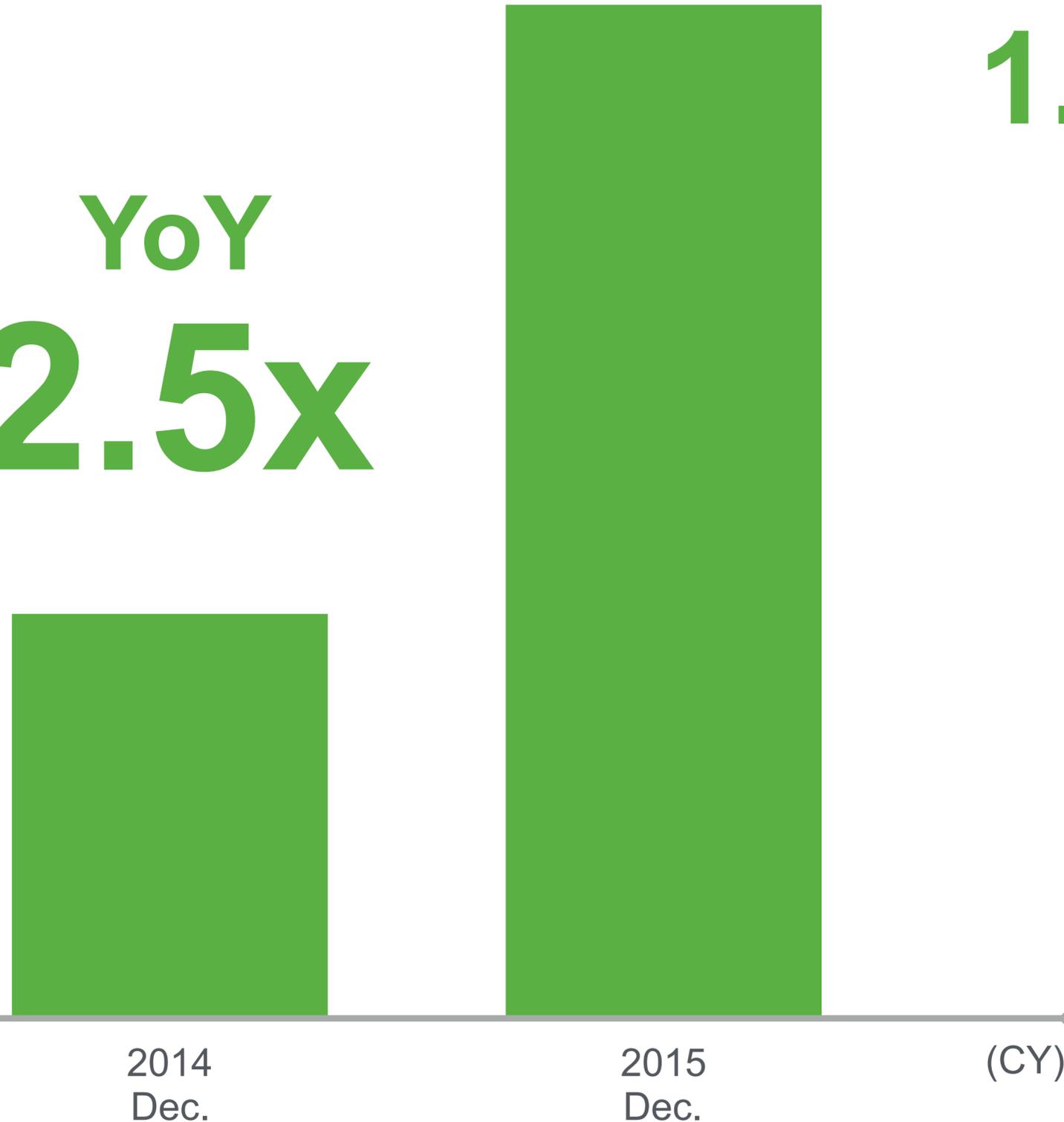
YoY  
6x



- **Extend market share in Private Car and Bike**
- **Expand product portfolio into deliveries and carpooling**
- **YoY 6x increase in MAUs**

# Total Rides

YoY  
**2.5x**



**1.4bn (in 2015)**



KuaiDi Taxi



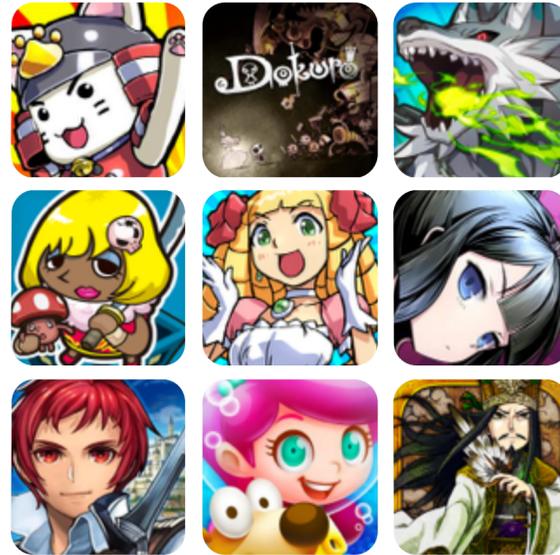
Didi Taxi

- **Positive contribution margins in multiple cities**
- **Lead transport category with launch of Ride Sharing, Bus and Chauffeur**
- **Increasing clarity on regulations**

# Games



# Game Strategy



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

**SUP  
ERC  
ELL**



# FinTech



# Funded Amount



YoY  
4x

\$5.2bn

\$1.3bn



- **New loan volumes accelerating**
- **Maintaining high credit quality across 100k member base**
- **Focus on new financial products including wealth and insurance offerings**

# Business Portfolio

**Operating  
Assets**

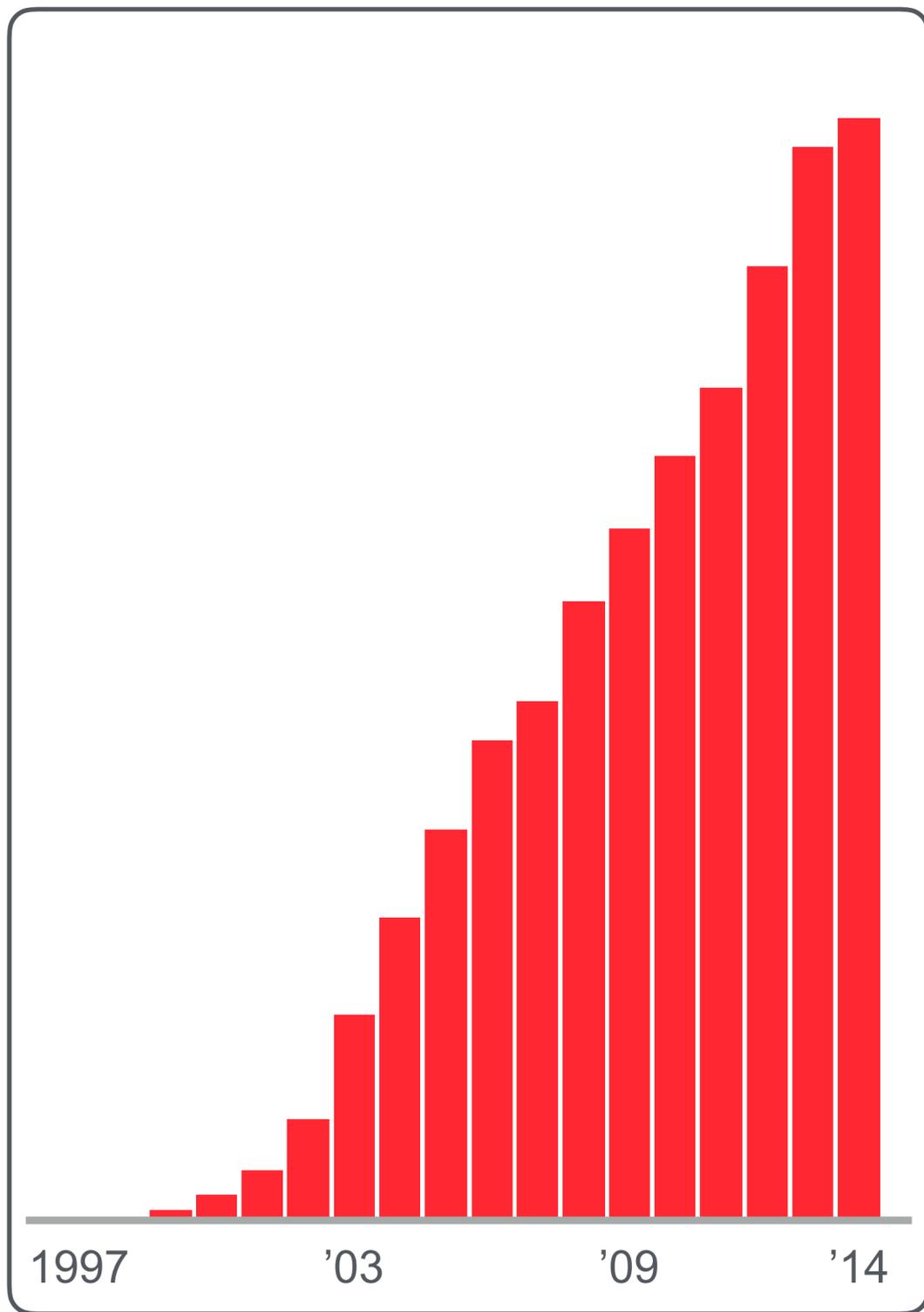
**Investment  
Assets**



**Overcame all hurdles**

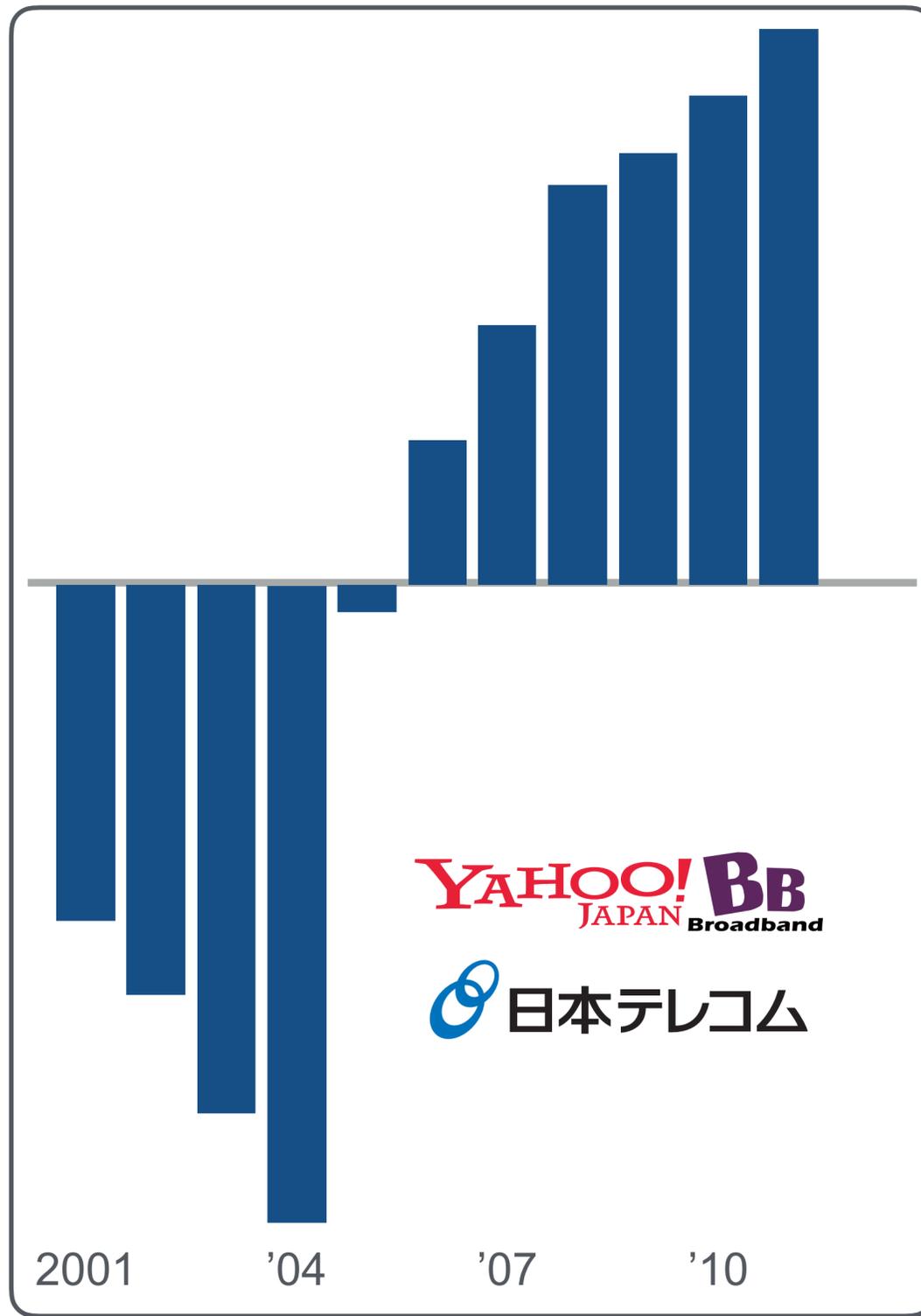


Net Income



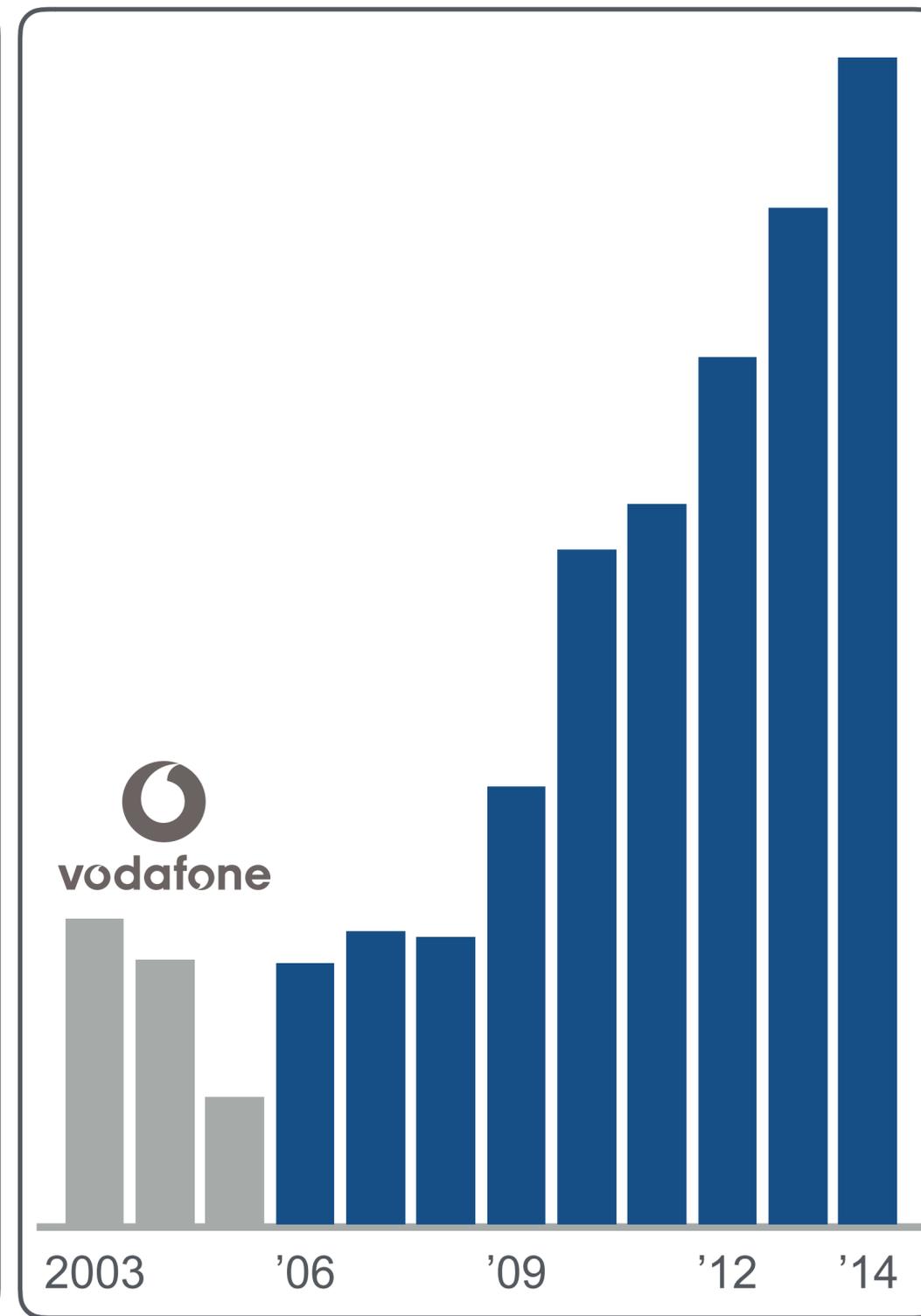
SoftBank

Fixed-line Telco EBIT

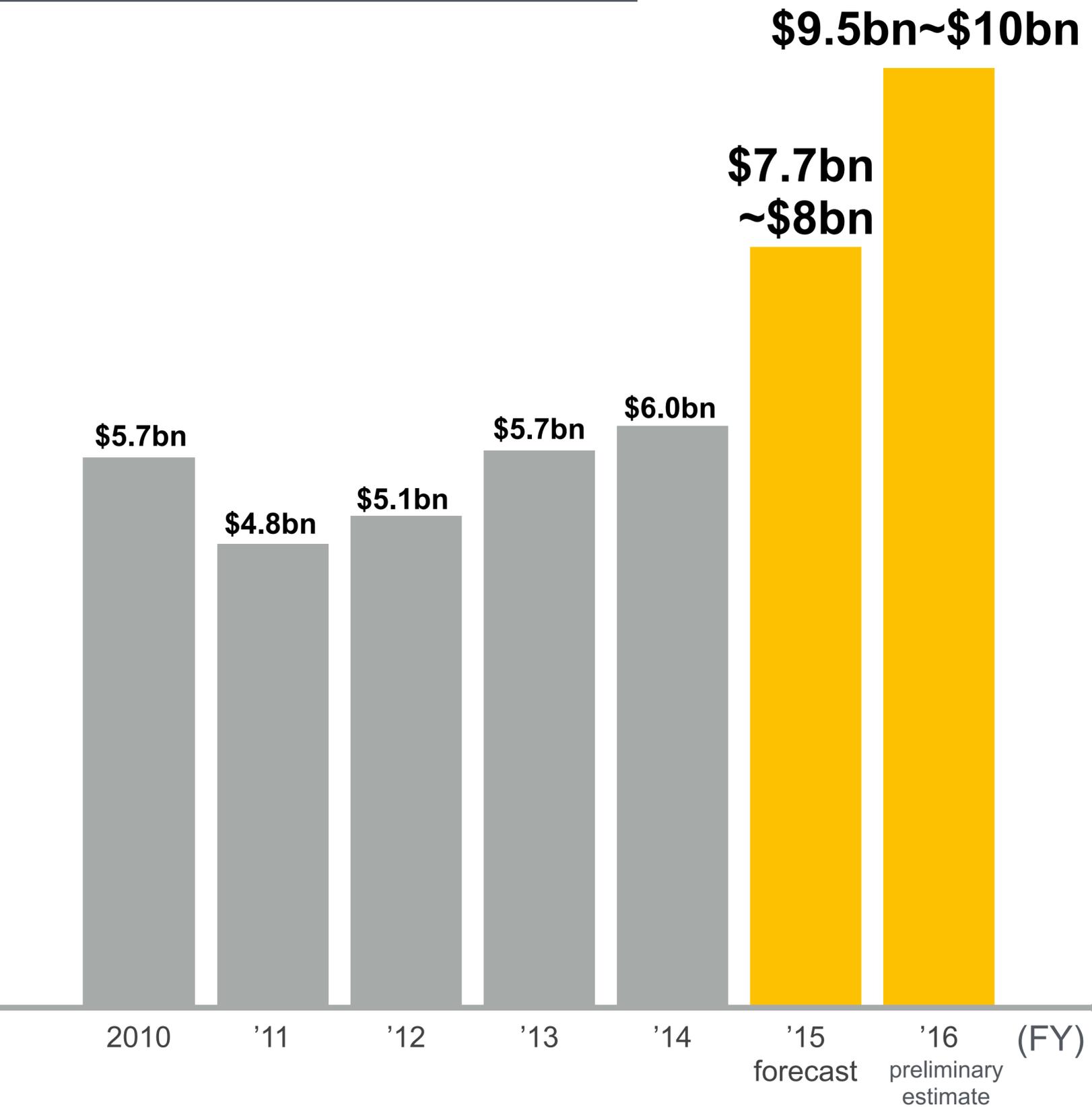


SoftBank

Mobile EBIT



# Adjusted EBITDA



# Early signs of turnaround

# Toward Further Growth



## 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

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