

**Earnings Results for the Nine-month  
Period Ended December 31, 2016**

**Investor Briefing**

**February 10, 2017**

**SoftBank Group Corp.**



## 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the passage of time, information in this material (including, without limitation, forward-looking statements) could be superseded or cease to be accurate.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.

# Accounting

# Segments and Core Companies

<FY15>

Reportable segments	Core companies
<b>Domestic Telecommunications</b>	SoftBank Wireless City Planning
<b>Sprint</b>	Sprint
<b>Yahoo Japan</b>	Yahoo Japan ASKUL (consolidated from Aug. 2015)
<b>Distribution</b>	Brightstar SoftBank Commerce & Service
<b>Other</b>	Supercell Fukuoka SoftBank HAWKS

<FY16>

Reportable segments	Core companies
<b>Domestic Telecommunications</b>	SoftBank Wireless City Planning
<b>Sprint</b>	Sprint
<b>Yahoo Japan</b>	Yahoo Japan ASKUL
<b>Distribution</b>	Brightstar SoftBank Commerce & Service
<b>ARM</b> (Newly established from Q2)	ARM (earnings reflected from Sept. 6, 2016)
<b>Other</b>	Fukuoka SoftBank HAWKS



Earnings are presented under discontinued operations.  
FY15 earnings have been revised retrospectively.

# Consolidated P/L Summary (IFRSs)

<JPY bn>

P/L item	FY15 Q1-3	FY16 Q1-3	Change	Main breakdown	
<b>Continuing operations</b>					
<b>Net sales</b>	<b>6,603.8</b>	<b>6,581.5</b>	<b>-22.3</b>	+59.7	Increase in net sales (for customers) of Domestic Telecommunications segment Due to increases in product and other sales and telecom service revenue
				-234.8	Decrease in net sales (for customers) of Sprint segment Mainly due to the yen's appreciation; U.S. dollar-based net sales increased (IFRSs: FY15: USD 24.1bn, FY16: USD 24.8bn)
				+183.7	Increase in net sales (for customers) of Yahoo Japan segment Due to consolidation of ASKUL in August 2015
				-104.3	Decrease in net sales (for customers) of Distribution segment. Decrease due to the yen's appreciation, U.S. dollar-based net sales decrease at Brightstar (excluding C&S)
				+68.9	Newly established ARM segment (net sales for customers)
<b>Operating income</b>	<b>804.7</b>	<b>949.7</b>	<b>+145.0</b>	+53.2	Increase in Domestic Telecommunications segment
				+85.7	Increase in Sprint segment Increase in U.S. dollar-based operating income (IFRSs: FY15: USD 0.5bn, FY16: USD 1.4bn)
				-43.1	Decrease in Yahoo Japan segment Due to one-time gain related to the consolidation of ASKUL in FY15 (59.4)
				+20.4	Increase in Distribution segment
				+30.3	Newly established ARM segment
Finance cost	-329.5	-343.4	-13.9	-22.4	SBG: due to increase in interest expense
Income on equity method investments	303.2	206.0	-97.2	-93.8	Decrease in income on equity method investments related to Alibaba (see page 6) Mainly due to recording one-time gain related to the consolidation of Alibaba Health Information Technology Limited in FY15
Gain on sales of equity method associates	-	238.1	+238.1	+234.4	Reflected the partial sale of Alibaba shares to Alibaba, two Singaporean sovereign wealth funds and Alibaba Partnership
Foreign exchange gain (loss)	-28.8	34.2	+63.0	+46.3	SBG: mainly settlement and translation of foreign currency-denominated borrowings from a foreign subsidiary and foreign currency-denominated deposits
Derivative gain (loss)	3.3	-95.9	-99.2	-72.3	Loss on valuation of derivatives on the collar transaction relating to the monetization of Alibaba shares (see page 9)
Other non-operating income (loss)	95.2	-13.5	-108.7	+60.4	Dilution gain from changes in equity interest due to a private placement of new shares by Alibaba
				-42.5	Impairment loss on assets classified as held for sale Recorded loss in relation to the difference between the value of GungHo shares based on the tender offer price and their carrying amount on a consolidated basis
				-147.7	Deterioration in loss from financial instruments at FVTPL mainly on Indian investments (FY15: 108.4, FY16 :-39.3) (see page 11)
<b>Income before income tax</b>	<b>848.1</b>	<b>975.2</b>	<b>+127.1</b>		
Income taxes	-386.1	-624.6	-238.5	-290.6	Impact of partial monetization of Alibaba shares
<b>Net income from continuing operations</b>	<b>462.0</b>	<b>350.6</b>	<b>-111.4</b>		
<b>Discontinued operations</b>					
<b>Net income from discontinued operations</b>	<b>49.1</b>	<b>553.3</b>	<b>+504.2</b>	+525.1	Recorded after-tax gain on sale of Supercell shares
<b>Net income (net income attributable to owners of the parent)</b>	<b>429.0</b>	<b>857.4</b>	<b>+428.4</b>		

SBG: SoftBank Group Corp., C&S: SoftBank Commerce & Service Corp.

\*Average exchange rate for the quarter (USD 1): FY15/Q1: JPY 121.34, FY15/Q2: JPY 121.91, FY15/Q3: JPY121.07, FY16/Q1: JPY 109.07, FY16/Q2: JPY 102.91, FY16/Q3: JPY 108.72

# (Reference) Income on Equity Method Investments Related to Alibaba



	Alibaba			SoftBank Group			
	US-GAAP	IFRSs					
					(CNY mil)		(JPY bn)
	Net income	Reconciliation to IFRSs	Net income	Ownership	Income and loss on equity method investments	Exchange rate	Income on equity method investments
FY15/ Q1	2,893 (Jan. – Mar.)	<sup>(*1)</sup> 7,177	10,070	Approx. 33%	3,277	JPY 19.56 / CNY	64.1
FY15/ Q2	30,843 (Apr. – June)	<sup>(*2)</sup> -19,993	10,850	Approx. 32%	3,516	JPY 19.36 / CNY	68.1
	<sup>(*3)</sup> 18,602 (July)	-	18,602	Approx. 32%	5,989	JPY 19.89 / CNY	119.1
FY15/ Q3	<sup>(*3)</sup> 4,152 (July – Sept.)	<sup>(*4)</sup> 4,428	8,580	Approx. 32%	2,763	JPY 18.86 /CNY	52.1
Total	56,490	-8,388	48,102	-	15,545	-	303.4
FY16/ Q1	5,365 (Jan. – Mar.)	1,434	6,799	Approx. 33%	2,216	JPY 16.64 / CNY	36.9
FY16/ Q2	7,550 (Apr. – June)	<sup>(*5)</sup> 6,748	14,298	Approx. 33% (30.70% as of June 30, 2016)	4,663	JPY 15.40 / CNY	71.8
FY16/ Q3	7,623 (July – Sept.)	<sup>(*6)</sup> 13,193	20,816	Approx. 30%	6,345	JPY 15.91 / CNY	100.9
Total	20,538	21,375	41,913	-	13,224		209.6

\*1 The changes in fair value of financial assets at FVTPL (CNY +4,982mil).

\*2 Mainly a reversal of revaluation gain of Alibaba Pictures (CNY -24,734mil) and the changes in fair value of financial assets at FVTPL (CNY +2,674mil).

\*3 One time gain occurred in July 2015 due to consolidation of Alibaba Health Information Technology Limited is recorded in SoftBank Group's FY15/Q2.

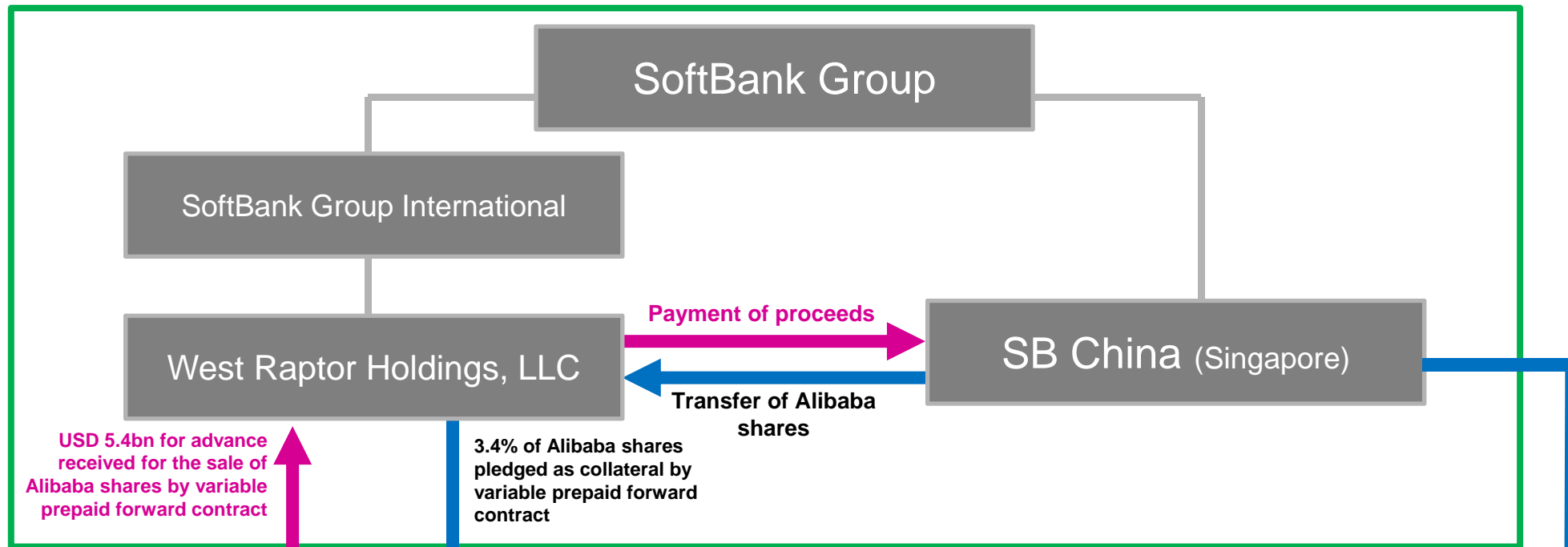
\*4 The changes in the fair value of financial assets at FVTPL (CNY +3,360mil).

\*5 The changes in fair value of financial assets at FVTPL (CNY +4,308mil).

\*6 The changes in fair value of financial assets at FVTPL (CNY +12,174mil).

# (Reference) Sale of a Portion of Alibaba Shares and Variable Prepaid Forward Contract

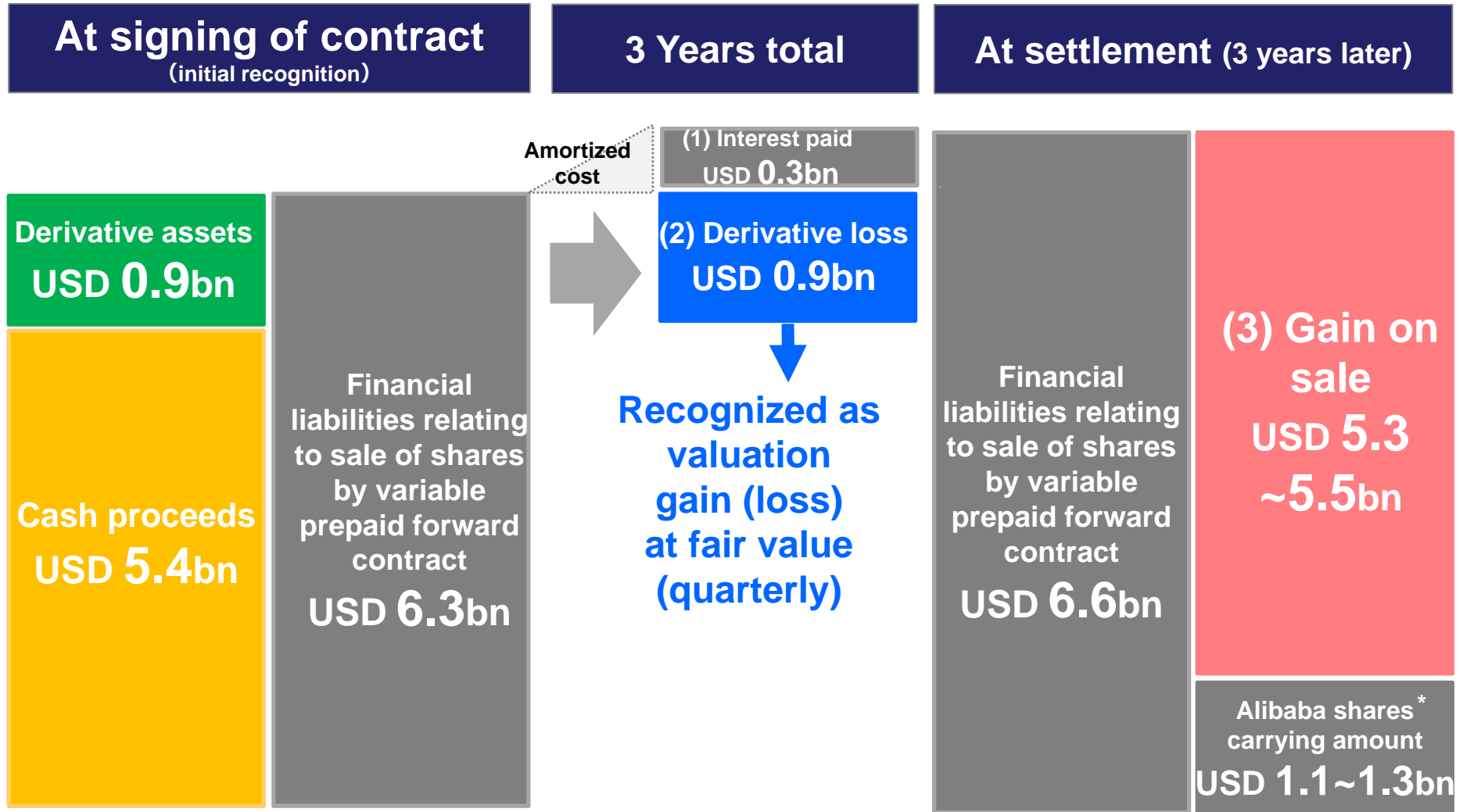
<Consolidated>



<Other>



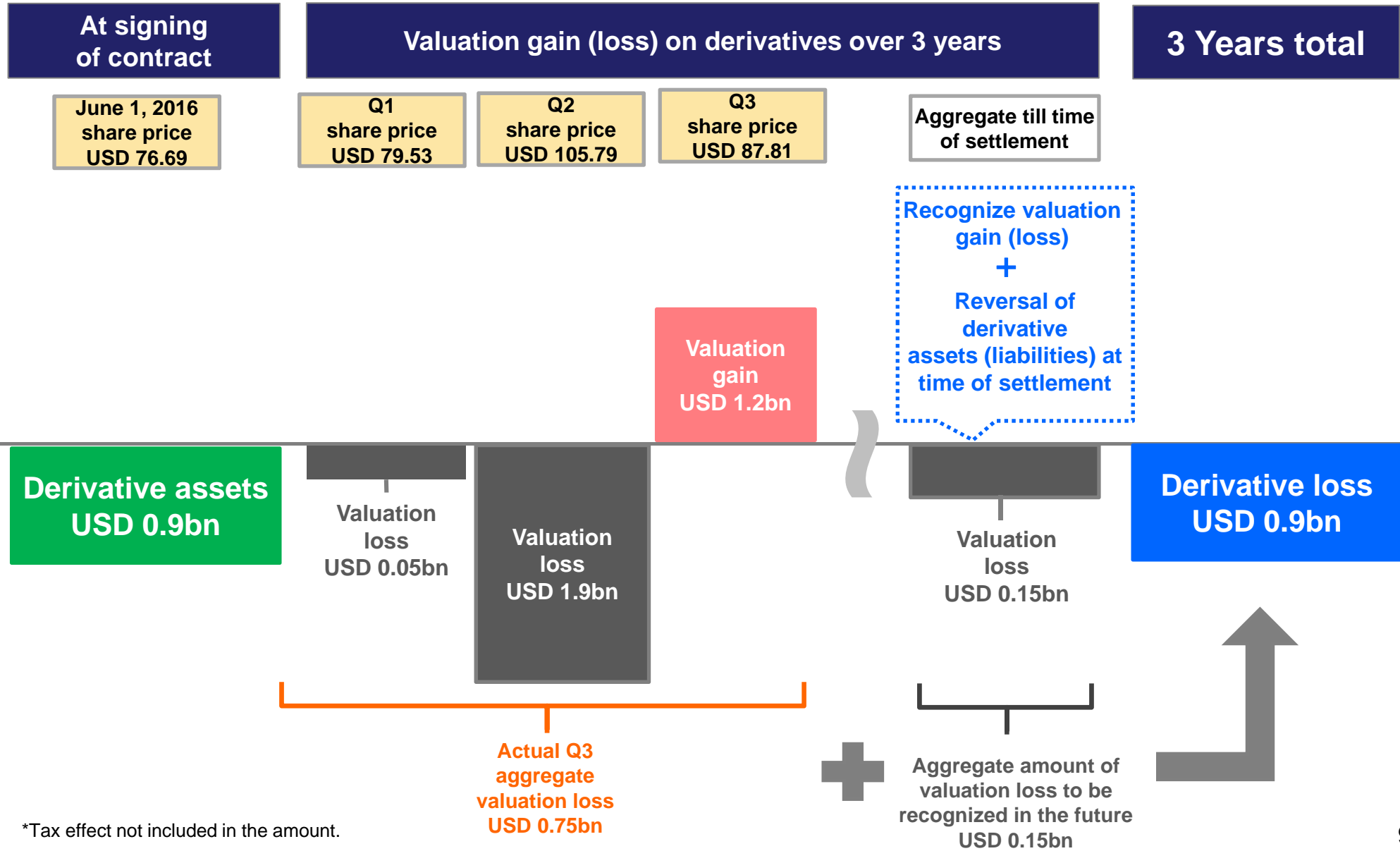
# (Reference) Variable Prepaid Forward Contract for Alibaba Shares - 1



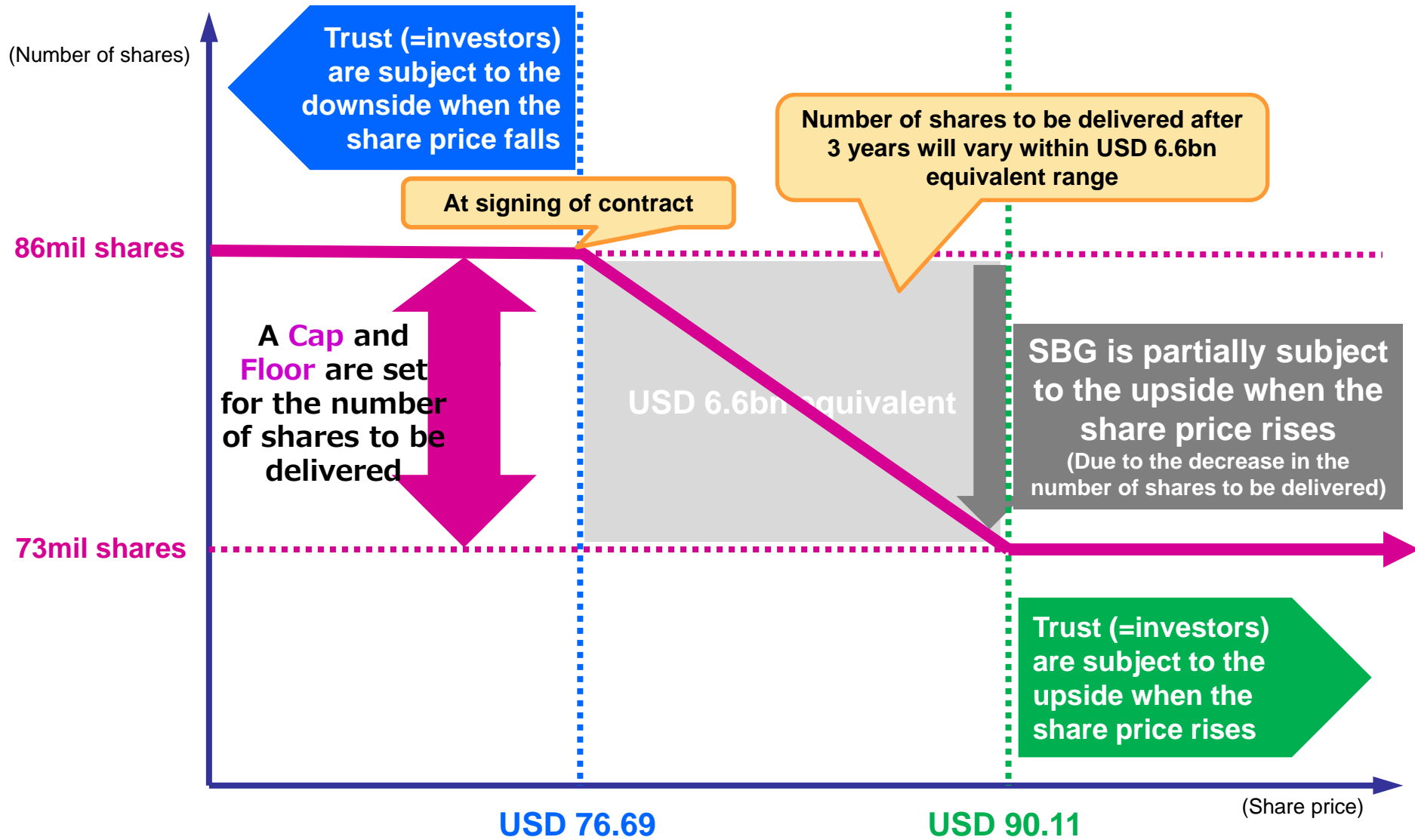
\*The number of Alibaba shares to be used for settlement can fluctuate in a range of 73-86 million shares, according to the share price of Alibaba shares 3 years later. Carrying amount and gain on sale of Alibaba shares is estimated based on the carrying amount of Alibaba shares on consolidated basis as of December 31, 2016.



# (Reference) Variable Prepaid Forward Contract for Alibaba Shares - 2



# (Reference) Collar Transaction Embedded in Variable Prepaid Forward Contract



(Reference) Gain or Loss at Measurement of Fair Value of Investments by SBG and SBGC  
(other than subsidiaries or equity method)

## (1) Financial assets at FVTPL (Fair Value Through Profit or Loss)

The fair values are measured at the end of each quarter, with changes to be recognized as net income or loss (before recognizing tax effects).

<JPY bn>	FY16Q1	FY16Q2	FY16Q3	Total
<b>Gain and loss from financial instruments at FVTPL</b>	-30.5	-20.9	20.3	-31.1

Includes gain of 16.1bn from the yen's appreciation (mainly to Indian rupee)

Main companies:  
Jasper Infotech (*Snapdeal*), ANI Technologies (*Ola*),  
Grab (*Grab Taxi*), and Locon Solutions (*Housing*).

Gain and loss from financial instruments at FVTPL	JPY -31.1bn
Deferred tax expenses*	JPY 0.1bn
Impact on net income	JPY -31.0bn

\*Includes impact of changes in applicable tax rate.

## (2) Financial assets at FVTOCI (Fair Value Through Other Comprehensive Income)

The fair values are measured at the end of each quarter, with changes to be recognized as other comprehensive income (before recognizing tax effects).

<JPY bn>	FY16Q1	FY16Q2	FY16Q3	Total
<b>Other comprehensive income</b>	19.2	-5.9	17.7	31.0

Main companies:  
Xiaoju Kuaizhi (*Didi Chuxing*) and  
Forward Ventures (*Coupang*).

Other comprehensive income (before tax)	JPY 31.0bn
Tax effect	JPY -6.8bn
Other comprehensive income (after tax)	JPY 24.2bn

# Consolidated B/S Summary - 1 (IFRSs)

<JPY bn>

B/S item	Main items	As of Mar. 2016	As of Dec. 2016	Change	Main breakdown
Current assets		<b>5,550.3</b>	<b>5,749.1</b>	<b>+198.8</b>	
	Cash and cash equivalents	2,569.6	2,498.7	-70.9	
	<i>Sprint</i>	297.6	431.8	+134.2	
	Trade and other receivables	1,914.8	2,108.9	+194.1	Increased installment sales receivable (devices) at Sprint. Recorded receivables of ARM in conjunction with consolidation.
	Other financial assets	152.9	453.6	+300.7	Increase in commercial paper for short-term investment and time deposits at Sprint. Recorded time deposits and other financial assets of ARM in conjunction with consolidation.
	Other current assets	553.6	276.7	-276.9	Decreased mainly due to refund of withholding income tax related to dividends within group companies (-293.5).
Non-current assets		<b>15,156.9</b>	<b>19,117.9</b>	<b>+3,961.0</b>	
	Property, plant and equipment	4,183.5	4,086.7	-96.8	
	<i>Sprint</i>	2,055.4	2,052.6	-2.8	
	Goodwill	1,609.8	4,859.0	+3,249.2	See page 14 for goodwill details.
	<i>ARM</i>	-	3,326.8	+3,326.8	See page 13 for Purchase Price Allocation (PPA) details.
	<i>Sprint</i>	331.8	343.0	+11.2	
	Intangible assets	6,439.1	6,473.9	+34.8	See page 15 for breakdown of intangible assets.
<i>Sprint</i>	5,468.7	5,581.1	+112.4		
	Other financial assets	970.9	1,614.4	+643.5	Additional investments into existing investees and newly acquired investment securities.
	Deferred tax assets	172.9	351.0	+178.1	
<b>Total assets</b>		<b>20,707.2</b>	<b>24,867.0</b>	<b>+4,159.8</b>	

\*Exchange rate: USD 1 = JPY 112.68 as of Mar. 31, 2016, USD 1 = JPY 116.49 as of Dec. 31, 2016.  
 GBP 1 = JPY 138.15 as of Sept. 5, 2016, GBP 1 = JPY 143.00 as of Dec. 31, 2016.

## (Reference) PPA Relating to ARM Acquisition

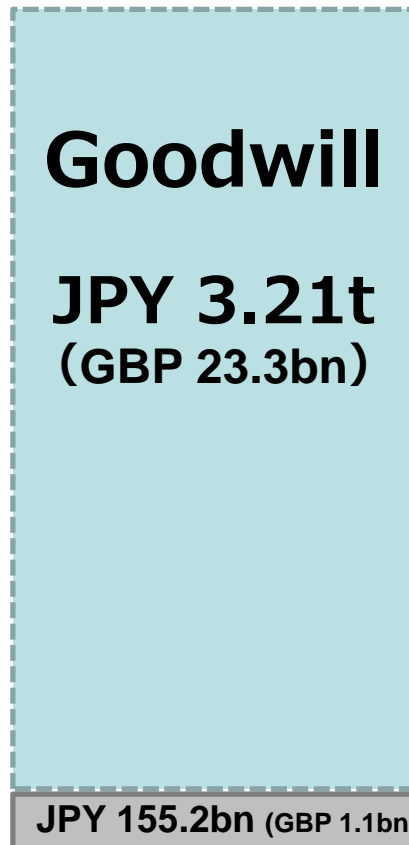
**JPY 3.37t**<sup>\*1</sup>  
(GBP 24.4bn)



Consideration  
transferred

**Goodwill**

**JPY 3.21t**  
(GBP 23.3bn)



ARM net assets  
(provisional)  
(Opening B/S)

**JPY 155.2bn (GBP 1.1bn)**

- Since PPA is not completed yet, technology IP and other intangible assets have not been recognized.

- Provisional goodwill for the amount of the difference between the acquisition price and the net amount of assets at the time of acquisition has been recognized.

- PPA is scheduled to be completed by FYE 2016.<sup>\*2</sup>

- Once PPA is completed, the relevant intangible assets will be recognized.

(regular amortization will be implemented for assets with definite useful lives and amortization expenses from the acquisition date will be recorded retrospectively)

<sup>\*1</sup> Stock-based reward settlements and ARM shares already held are included.

<sup>\*2</sup> May change in a year from the acquisition date.

GBP 1 = JPY 138.15 as of September 5, 2016

# Consolidated B/S Summary - 2 (IFRSs)

## - Breakdown of Goodwill

<JPY bn>

B/S item	Main items	As of Mar. 2016	As of Dec. 2016	Change		Outline
				Changes in exchange rate	Others	
Goodwill		1,609.8	4,859.0	+118.3	+3,130.9	
	( ARM	-	3,326.8	+112.9	+3,213.9	Newly consolidated from Sept. 2016 ) <b>provisional</b>
	SoftBank	907.5	907.5	-	-	
	Sprint	331.8	343.0	+11.2	-	
	Brightstar	88.3	91.3	+3.0	-	
	Ikyu	72.0	72.0	-	-	
	ASKUL	53.8	53.8	-	-	
	Supercell	93.3	-	-8.8	-84.5	Sale of Supercell in July 2016.

\*The above are the amounts of goodwill recognized at the time of acquisition. They do not include goodwill recognized as a result of M&A executed by the relevant subsidiaries after their acquisition date.

\*Sprint and Brightstar (USD): translated at: USD 1 = JPY 112.68 as of Mar. 31, 2016 and USD 1 = JPY 116.49 as of Dec. 31, 2016.

ARM (GBP): translated at: GBP 1 = JPY 138.15 as of Sept. 5 and GBP 1 = JPY 143.00 as of Dec. 31, 2016.

Supercell (EUR): translated at: EUR 1 = JPY 127.70 as of Mar. 31, 2016.

# Consolidated B/S Summary - 3 (IFRSs)

## - Breakdown of Intangible Assets

B/S item	Main items	As of Mar. 2016	As of Dec. 2016	Change			Outline	
				Amortization	Changes in exchange rate	Other		
Main intangible assets	<b>FCC licenses (non-amortized)</b>	<b>4,060.8</b>	<b>4,254.3</b>	-	<b>+143.1</b>	<b>+50.4</b>		
	<i>Sprint</i>	4,060.8	4,254.3	-	+143.1	+50.4	Increase in "others" mainly related to FCC licenses acquired through exchange of spectrum with other carriers (non-cash transaction).	
	<b>Customer relationships</b>	<b>439.8</b>	<b>343.4</b>	<b>-99.7</b>	<b>+3.3</b>	-		
	Main breakdown	<i>Sprint</i>	324.3	244.5	-83.3	+3.5	-	Sum-of-the-months' digits method. Amortization period: postpaid: 8 years. prepaid: 4 years.
		<i>ASKUL</i>	38.5	35.7	-2.8	-	-	Straight-line method. Amortization period: 11 years (monthly)
		<i>SoftBank</i>	37.4	27.4	-10.0	-	-	Sum-of-the-months' digits method. Amortization period: mobile business (excl. PHS): 8 years. fixed broadband business: 6 years. PHS: 9 years.
		<i>Brightstar</i>	17.3	15.2	-1.9	-0.2	-	Sum-of-the-months' digits method. Amortization period: 12 - 16 years.
		<i>Ikyu</i>	15.8	14.9	-0.9	-	-	Straight-line method. Amortization period: 10-14 years (monthly)
		<b>Trademarks</b>	<b>706.6</b>	<b>729.2</b>	-	<b>+22.6</b>	-	Excluding trademarks with finite useful lives.
	<i>Sprint</i>	668.8	691.4	-	+22.6	-		
	<i>ASKUL</i>	20.1	20.1	-	-	-		
	<i>Ikyu</i>	10.1	10.1	-	-	-		
	<i>Brightstar</i>	7.6	7.6	-	-	-		
	<b>Game titles</b>	<b>59.8</b>	<b>-</b>	<b>-6.9</b>	<b>-5.3</b>	<b>-47.6</b>		
	<i>Supercell</i>	59.8	-	-6.9	-5.3	-47.6	Straight-line method. Amortization period: 5 years (monthly) Sale of Supercell in July 2016.	

\*Sprint and Brightstar (USD): translated at: USD 1 = JPY 112.68 as of Mar. 31, 2016 and USD 1 = JPY 116.49 as of Dec. 31, 2016.  
Supercell (EUR): translated at: EUR 1 = JPY 127.70 as of Mar. 31, 2016.

# Consolidated B/S Summary - 4 (IFRSs)

B/S item	Main items	As of Mar. 2016	As of Dec. 2016	Change	Main breakdown
Current liabilities		<b>5,165.8</b>	<b>6,003.3</b>	<b>+837.5</b>	
	Short-term borrowings	515.4	824.8	+309.4	SBG: enhance cash on hand (+279.4)
	<i>Sprint</i>	148.5	204.6	+56.1	
	Current portion of long-term borrowings	743.2	1,186.2	+443.0	SBG: repayments and transfer from non-current (+120.5)
	<i>Sprint</i>	82.0	376.0	+294.0	Increase in financing using leased devices and network equipment and transfer from non-current.
	Current portion of corporate bonds	900.7	855.7	-45.0	SBG: unsecured straight bonds due within 1 year transferred from non-current (+109.8), redemption of bond (-100.0)
<i>Sprint</i>	431.8	375.9	-55.9	Redemption of bond (-250.1), bonds due within 1 year transferred from non-current (+189.9).	
Trade and other payables	1,621.2	1,689.2	+68.0		
<i>Sprint</i>	441.0	438.2	-2.8		
		<b>12,036.1</b>	<b>14,882.0</b>	<b>+2,845.9</b>	
Non-current liabilities	Long-term borrowings	1,785.5	2,986.7	+1,201.2	SBG: bridge loan of JPY 1t for ARM acquisition (+770.5).
	<i>Sprint</i>	80.1	459.3	+379.2	Increase in financing using part of its spectrum assets, leased devices and network equipment.
	Corporate bonds	6,611.9	6,906.9	+295.0	SBG: issuance of unsecured straight corporate bonds and hybrid bonds (+411.4)
	<i>Sprint</i>	3,188.2	3,071.9	-116.3	Transfer to current and increase due to the yen's depreciation.
	Financial liabilities relating to sale of shares by variable prepaid forward contract	-	739.9	+739.9	Financial liabilities for the sale of Alibaba shares by variable prepaid forward contract (see page 8).
Deferred tax liabilities	2,083.2	2,725.6	+642.4		
<i>Sprint</i>	1,652.2	1,739.7	+87.5		
<b>Total liabilities</b>		<b>17,201.9</b>	<b>20,885.3</b>	<b>+3,683.4</b>	

\*Translated at: USD 1 = JPY 112.68 as of Mar. 31, 2016 and USD 1 = JPY 116.49 as of Dec. 31, 2016.



# Consolidated B/S Summary - 5 (IFRSs)

<JPY bn>

B/S item	Items	As of Mar. 2016	As of Dec. 2016	Change	Main breakdown
Equity		3,505.3	3,981.7	+476.4	
	Common stock	238.8	238.8	-	
	Capital surplus	261.2	246.7	-14.5	
	Retained earnings	2,166.6	2,380.0	+213.4	Increase in net income attributable to owners of the parent (+857.4). Decrease due to retirement of 100 million (8.33% of the total number of issued shares before the retirement) of treasury stock (-595.2)
	Treasury stock	-314.8	-68.9	+245.9	100 million of treasury stock retired after completion of share buyback.
	Accumulated other comprehensive income	261.7	300.0	+38.3	Increase in exchange differences on translating foreign operations (+36.8).
	Non-controlling interests	891.7	885.1	-6.6	
	<b>Equity attributable to owners of the parent ratio (equity ratio)</b>	<b>12.6%</b>	<b>12.5%</b>	<b>-0.1p</b>	

\*Sprint (USD): translated at: USD 1 = JPY 112.68 as of Mar. 31, 2016 and USD 1 = JPY 116.49 as of Dec. 31, 2016.

ARM (GBP): translated at: GBP 1 = JPY 138.15 as of Sept. 5, 2016 and GBP 1 = JPY 143.00 as of Dec. 31, 2016.

Alibaba (CNY): translated at: CNY 1 = JPY 17.39 as of Mar. 31, 2016 and CNY 1 = JPY 16.76 as of Dec. 31, 2016.

Supercell (EUR): translated at: EUR 1 = JPY 127.70 as of Mar. 31, 2016.

# Impact of Sprint - US-GAAP > IFRSs Adjustment (1)

<Adjustment to PL items> (Apr. 1, 2016 – Dec. 31, 2016)

<USD mil>

Sprint	US-GAAP	Re-classification (1)	Difference of recognition and measurement						IFRSs		SoftBank Group
			Network restructuring cost (2)	ARO discount rate (3)	Deferred securitization cost (4)	Depreciation on impaired assets (5)	Liability to pay levies (6)	Other	USD mil	JPY bn	
Net operating revenues	24,808								24,808	2,652.0	Net sales
Net operating expenses											
Cost of services and products	-11,222	-5,654			-5	-24	114	1	-16,790	-1,794.5	Cost of sales
Selling, general and administrative	-5,992	-360			25		10	-32	-6,349	-678.7	Selling, general and administrative expenses
Depreciation and amortization	-6,040	6,040									
Other, net	-260		-20					-24	-304	-33.6	Other operating loss
Operating income	1,294	26	-20		20	-24	124	-55	1,365	145.2	Operating income
Interest expense	-1,864	27	-8	-22	-23			1	-1,889	-202.1	Finance cost
Other expense, net	-67	-53						-2	-122	-12.9	Other non-operating loss
Loss before income taxes	-637		-28	-22	-3	-24	124	-56	-646	-69.8	Loss before income tax
Income tax expense	-286							4	-282	-29.9	Income taxes
Net loss	-923		-28	-22	-3	-24	124	-52	-928	-99.7	Net loss
Operating income	1,294	26	-20		20	-24	124	-55	1,365	145.2	Operating income
Depreciation and amortization	6,040	-26				24			6,038	645.5	Depreciation and amortization
EBITDA	7,334		-20		20		124	-55	7,403	790.7	EBITDA
Other adjustments	-80		20					22	-38	-3.0	Other adjustments
Adjusted EBITDA	7,254				20		124	-33	7,365	787.7	Adjusted EBITDA

\*Average rate for the quarter is used for conversion of the U.S. dollars into yen (Apr. to June 2016, USD 1 = JPY 109.07, July to Sept., USD 1 = JPY 102.91, Oct. to Dec., USD 1 = JPY 108.72).

(1) Mainly reclassification of depreciation and amortization to cost of sales and SGA.

Interest from asset retirement obligations (USD 26 million) is recorded as operating expenses under US-GAAP and finance cost under IFRSs.

(2) Under US-GAAP, provision for network infrastructure restructuring (iDEN, Clearwire, etc.) is recognized when the payment obligation is probable.

Under IFRSs, the provision is recorded when detailed formal plan is publicly announced (provision was booked at the timing of acquisition).

(3) Under US-GAAP, the discount rate used to measure the asset retirement obligation (ARO) is only updated if the forecast cash outflows increases. Under IFRSs, the discount rate is updated as of the balance sheet date.

(4) Agent and upfront fees are expensed when incurred under US-GAAP, deferred as an asset and amortized over the life of the agreement (2 years) under IFRSs.

(5) Sprint (US-GAAP) does not recognize depreciation on wireline property, plant, and equipment which impairment loss was recognized during the fiscal year ended March 2015. Under US-GAAP, wireless segment and wireline segment are treated as separate reporting units and impairment test was performed at the individual asset level or asset groups. SBG (IFRSs) continuously recognized depreciation since impairment loss was not recognized, as Sprint is treated as a single cash-generating unit and all assets were tested together for impairment.

(6) Difference in recognition timing of liabilities / expenses related to levies (mainly property tax). Under IFRSs, liabilities / expenses are recognized when the payment obligation to the government occurs.

# Impact of Sprint - US-GAAP > IFRSs Adjustment (2)

<Adjustment to BS items> (as of Dec. 31, 2016)

<USD mil>

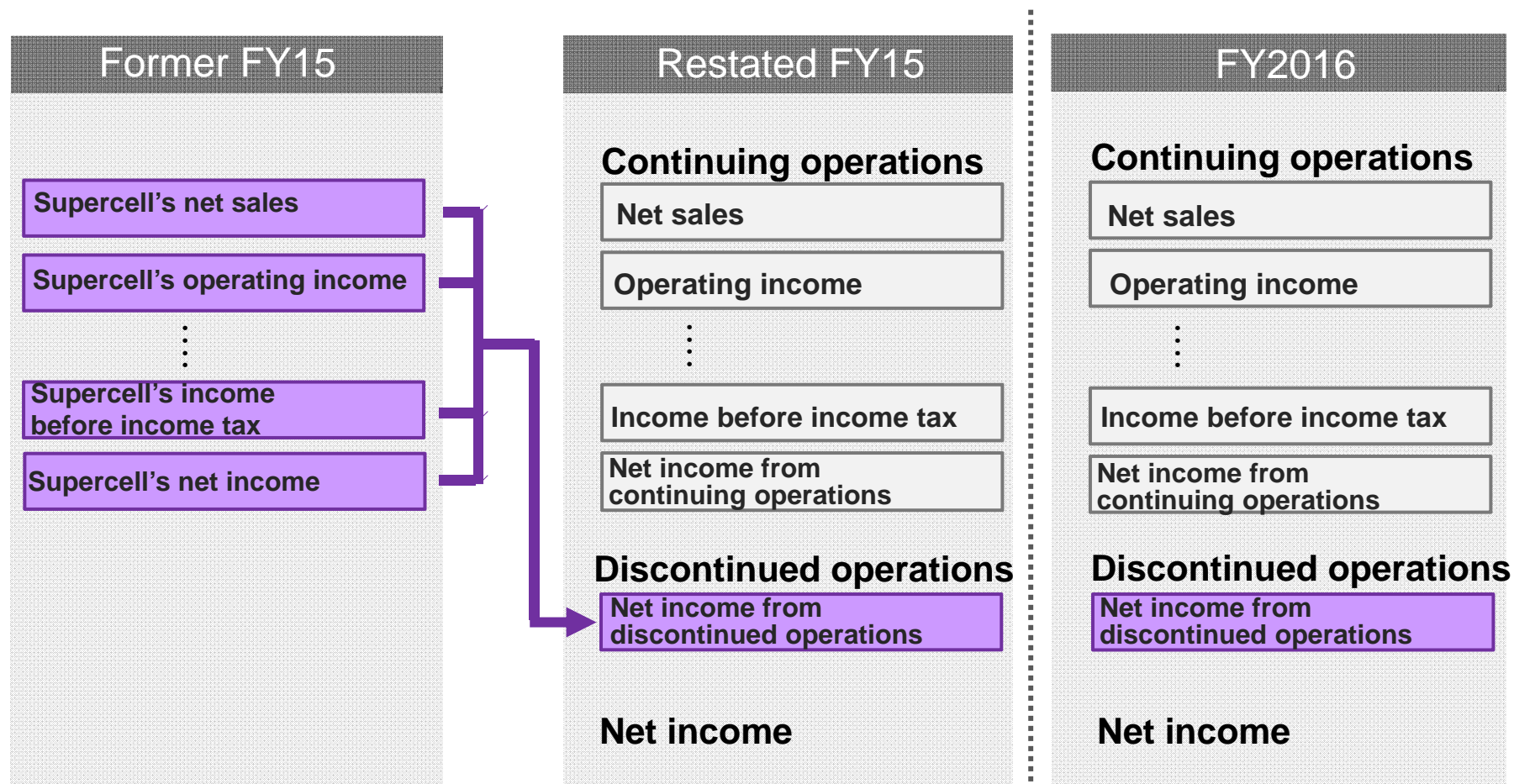
Sprint	US-GAAP	Re-classification (1)	Difference of recognition and measurement							Adjustment on goodwill (7)	IFRSs		SoftBank Group
			Impaired assets (2)	Receivable securitization (3)	Network restructuring cost (4)	ARO discount rate (5)	Liability to pay levies (6)	Tax effect on adjustments	Other		USD mil	JPY bn	
Assets													Assets
Current assets	10,572			1,231							11,803	1,374.9	Current assets
Goodwill	6,579				340			77		-4,048	2,948	343.4	Goodwill
Other non-current assets	64,144		2,070	549		-11					66,752	7,775.9	Other non-current assets
Total assets	81,295		2,070	1,780	340	-11	77			-4,048	81,503	9,494.2	Total assets
Liabilities and shareholders' equity													Liabilities and equity
Current liabilities	13,637	80		1,780	33						15,530	1,809.1	Current liabilities
Non-current liabilities	48,662	-80			34	-41		699	26		49,300	5,742.9	Non-current liabilities
Total liabilities	62,299			1,780	67	-41		699	26		64,830	7,552.0	Total liabilities
Shareholders' equity	18,996		2,070		273	30	77	-699	-26	-4,048	16,673	1,942.2	Total equity
Total liabilities and shareholders' equity	81,295		2,070	1,780	340	-11	77			-4,048	81,503	9,494.2	Total liabilities and equity

\*December month end rate is used for conversion of the U.S. dollars into yen (USD 1 = JPY 116.49).

- (1) Uncertain tax position presented as non-current liabilities under US-GAAP is presented as current liabilities under IFRSs.
- (2) Sprint (US-GAAP) recognized impairment loss on Sprint trade name in the wireless segment and wireline property, plant, and equipment during the fiscal year ended March 2015. Under US-GAAP, wireless segment and wireline segment are treated as separate cash-generating units and impairment test was performed at individual asset level or asset groups. SBG (IFRSs) recognized no impairment loss as Sprint is treated as a single cash-generating unit and all assets were tested together for impairment.
- (3) Securitized receivables are treated as sales under US-GAAP, while treated as on-balance financing leading to recognition of accounts receivables and short-term loan payables under IFRSs.
- (4) Under US-GAAP, provision for network infrastructure restructuring (iDEN, Clearwire, etc.) is recognized when the payment obligation is probable. Under IFRSs, the provision is recorded when detailed formal plan is publicly announced (provision was booked at the timing of acquisition).
- (5) Under US-GAAP, the discount rate used to measure the asset retirement obligation (ARO) is only updated if the forecast cash outflow increase. Under IFRSs, the discount rate is updated as of the balance sheet date.
- (6) Difference in recognition timing of liabilities / expenses related to levies (mainly property tax). Under IFRSs, liabilities / expenses are recognized when the payment obligation to the government occurs.
- (7) Goodwill adjustments are as follows.
  - i . In relation to the acquisition of Sprint, SBG entered into foreign currency forward contract, out of which USD 17.0 billion was accounted for under hedge accounting. The fair value on the acquisition date of this hedging instrument (USD 3,081 million) is deducted from goodwill (basis adjustment).
  - ii . Elimination of goodwill relating to non-controlling interest of Sprint.

# (Reference) Impact of Sale of Supercell Shares

Supercell's earnings presented separately from "continuing operations."



# Finance

# Main Financing Activities

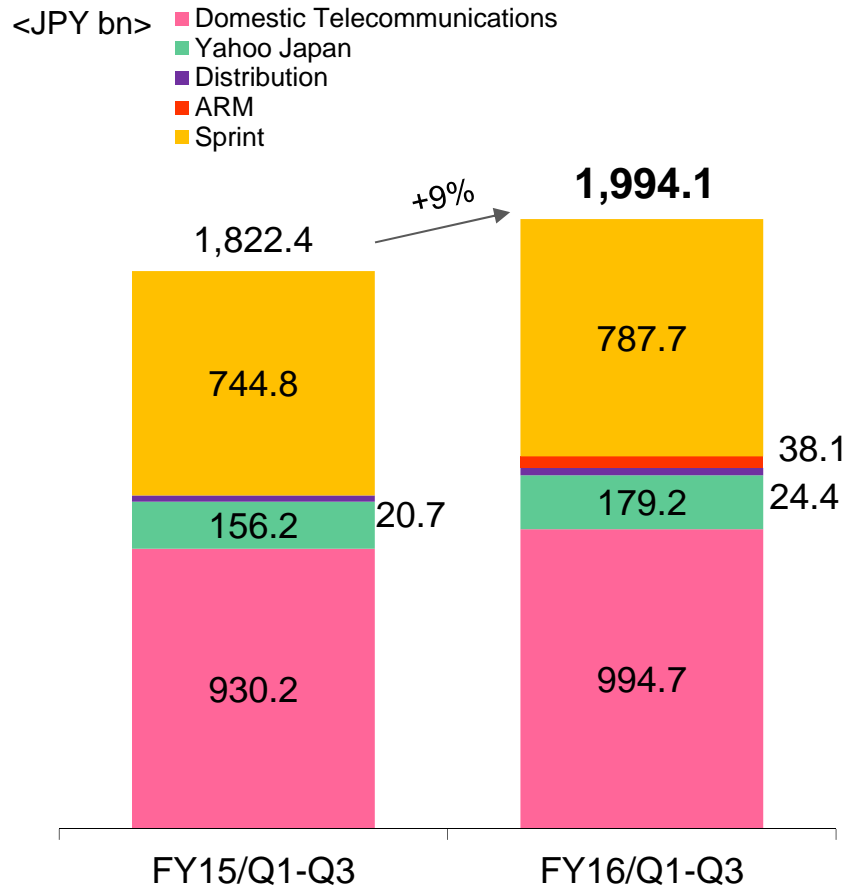
Category	Event	Amount	Timing
Bonds	Issuance of 49th Unsecured Straight Corporate Bond (7 Years)	JPY 20.0bn	Apr. 2016
	Issuance of 50th Unsecured Straight Corporate Bond (10 Years)	JPY 30.0bn	
	Hybrid Bonds		Sept. 2016
	1st (final legal maturity 25 years, NC5)	JPY 55.6bn	
2nd (final legal maturity 27 years, NC7)	JPY 15.4bn		
	3rd (final legal maturity 25 years, NC5)	JPY 400.0bn	
Divestment	Monetization of a portion of Alibaba shares	Total USD8.8bn (approx. JPY 0.9t)	June - July 2016
	Advances received for sale of shares by variable prepaid forward contract	USD 5.4bn (Approx. JPY 570.0bn)	
	Sale	USD 3.4bn (Approx. JPY 360.0bn)	
	Execution of an agreement to sell Supercell shares <sup>*1</sup>	USD 7.3bn (Approx. JPY 770.0bn)	June 2016
	Sale of GungHo shares for GungHo's tender offer	JPY 72.2bn	Aug. 2016
ARM Acquisition	Announcement of acquisition of 100% shares of ARM Holdings plc (ARM)	GBP 24.0bn (Approx. JPY 3.3t)	July 2016
	Execution of Bridge Loan Agreement for ARM acquisition	JPY 1.0t	
		Completion of ARM acquisition	
Other	Decision to establish SoftBank Vision Fund		Oct. 2016
	Agreement to invest in OneWeb Ltd.	USD 1.0bn (Approx. JPY 118.0bn)	Dec. 2016

\*1: Proceeds received: USD 3.5bn in July 2016, USD 3.7bn in October 2016. Outstanding balance scheduled to be received in August 2019.

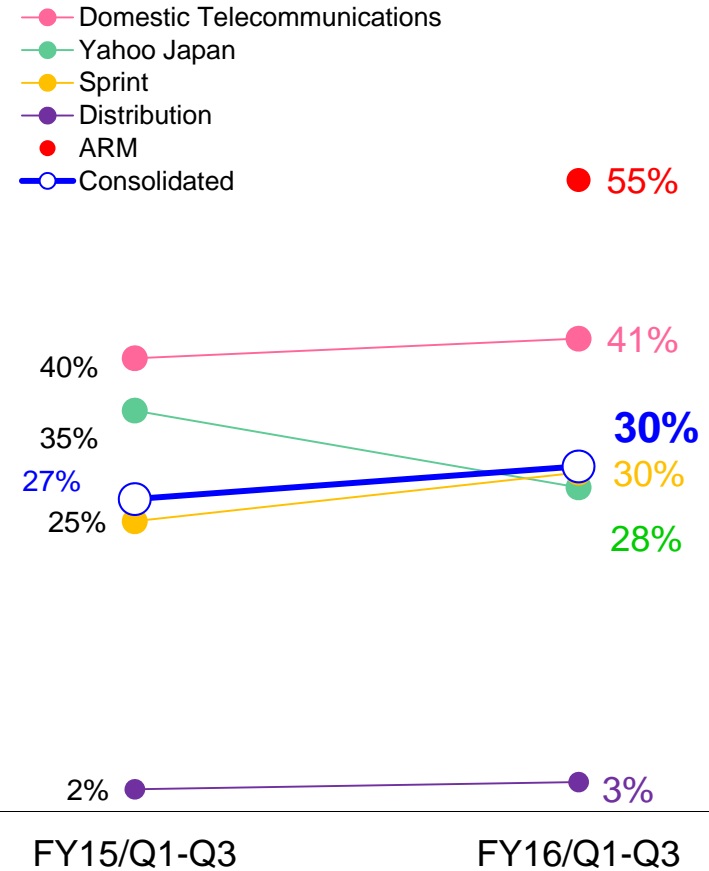
# Adjusted EBITDA and Adjusted EBITDA Margin (1)

Robust domestic telecommunications and improvement in Sprint contributes to adjusted EBITDA growth.

## Adjusted EBITDA



## Adjusted EBITDA Margin



\*1. The amount disclosed as EBITDA in the past is now presented as adjusted EBITDA.

\*2. Adjusted EBITDA in each segment = (segment income (loss) + depreciation and amortization ± gain from remeasurement relating to business combination ± other operating income (loss) in each segment.

\*3. Adjusted EBITDA margin = adjusted EBITDA / net sales.

\*4. ARM segment is reflected from Sept. 6<sup>th</sup> 2016.

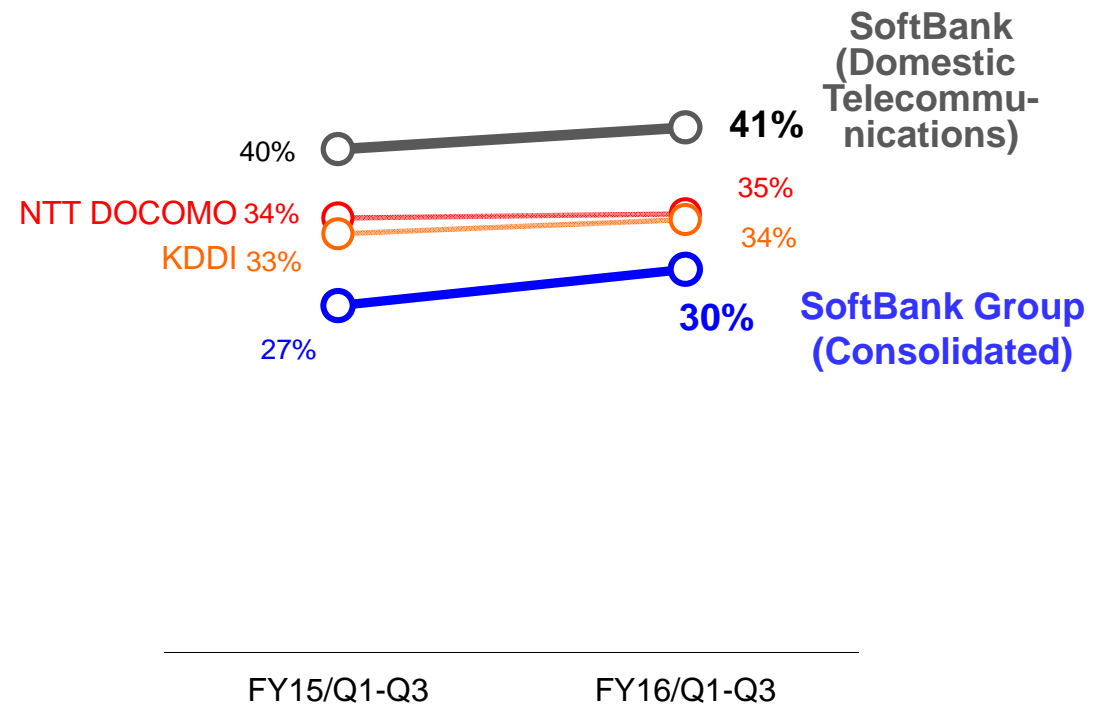
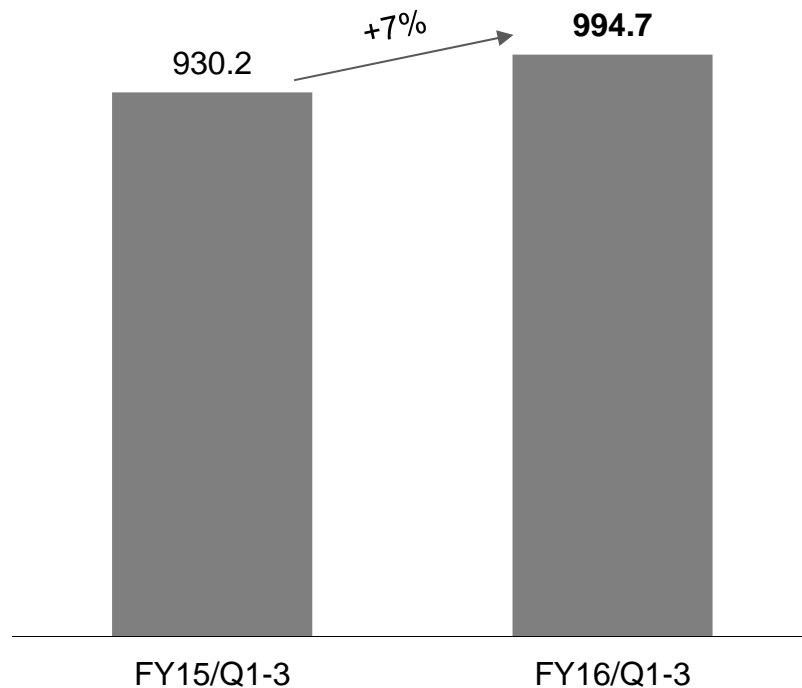
# Adjusted EBITDA and Adjusted EBITDA Margin (2)

Domestic Telecommunications segment sustains high profit margin.

## Adjusted EBITDA (Domestic Telecommunications)

## Adjusted EBITDA Margin

<JPY bn>



\*1. The amount disclosed as EBITDA in the past is now presented as adjusted EBITDA.

\*2. Adjusted EBITDA = segment income (loss) + depreciation and amortization ± gain from remeasurement relating to business combination ± other operating income (loss).

\*3. Adjusted EBITDA margin = adjusted EBITDA / net sales

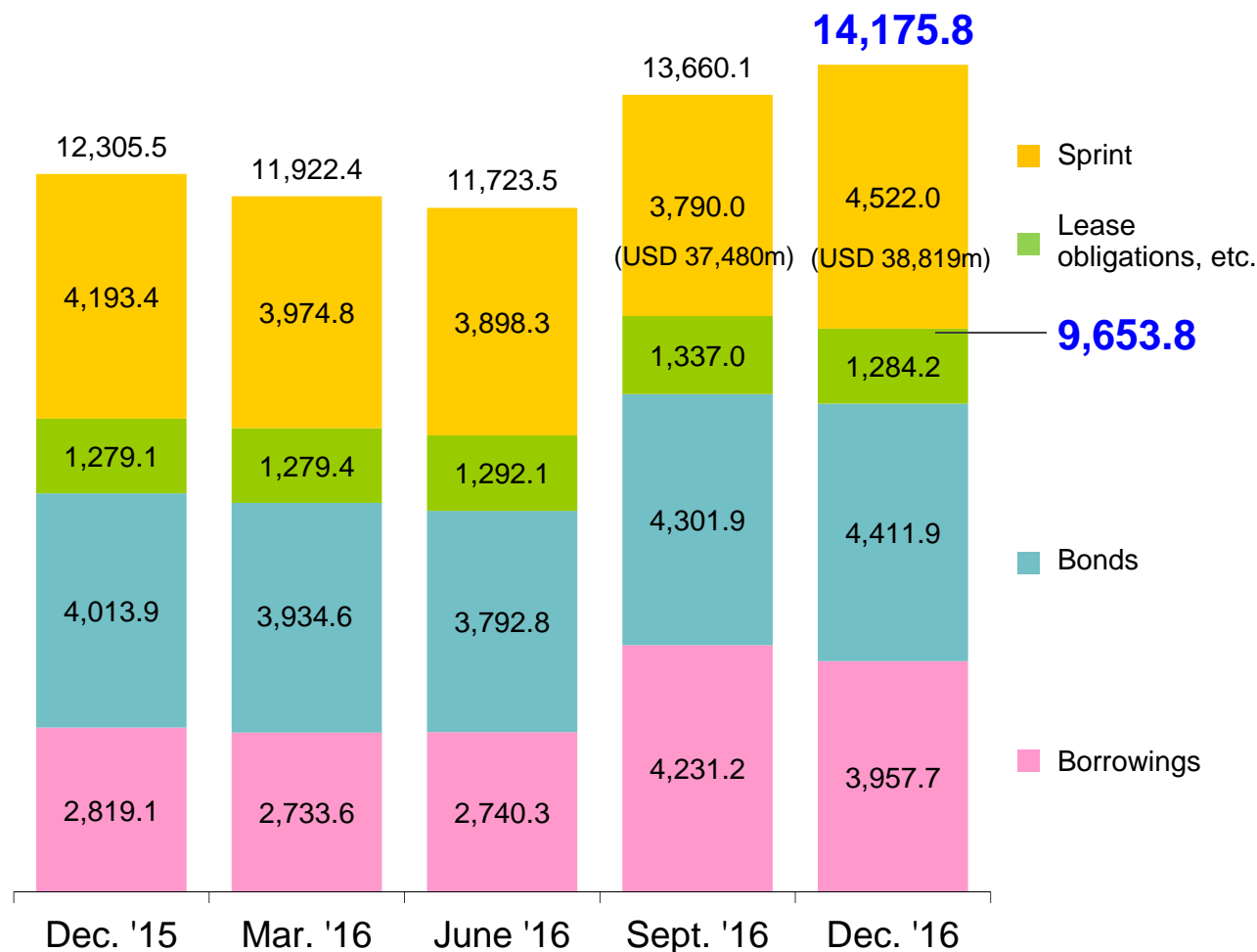
\*4. (Source) Respective companies' publicly available data: NTT DOCOMO based on US-GAAP, KDDI based on IFRSs.



# Interest-bearing Debt

Increased due to ARM acquisition.  
 Approx. 500.0bn increase QoQ (mainly due to depreciation of yen).

<JPY bn>



Breakdown of Sprint's interest-bearing debt	<JPY bn>
Borrowings	1,039.9
Bonds	3,447.7
Lease obligations, etc.	34.3
<b>Total</b>	<b>4,521.9</b>

Breakdown of bonds	<JPY bn>
Straight bonds	2,245.7
Subordinated bonds	1,301.1
(Hybrid Bonds)	(462.7)
Foreign currency denominated bonds (SBG)	865.1
<b>Total</b>	<b>4,411.9</b>

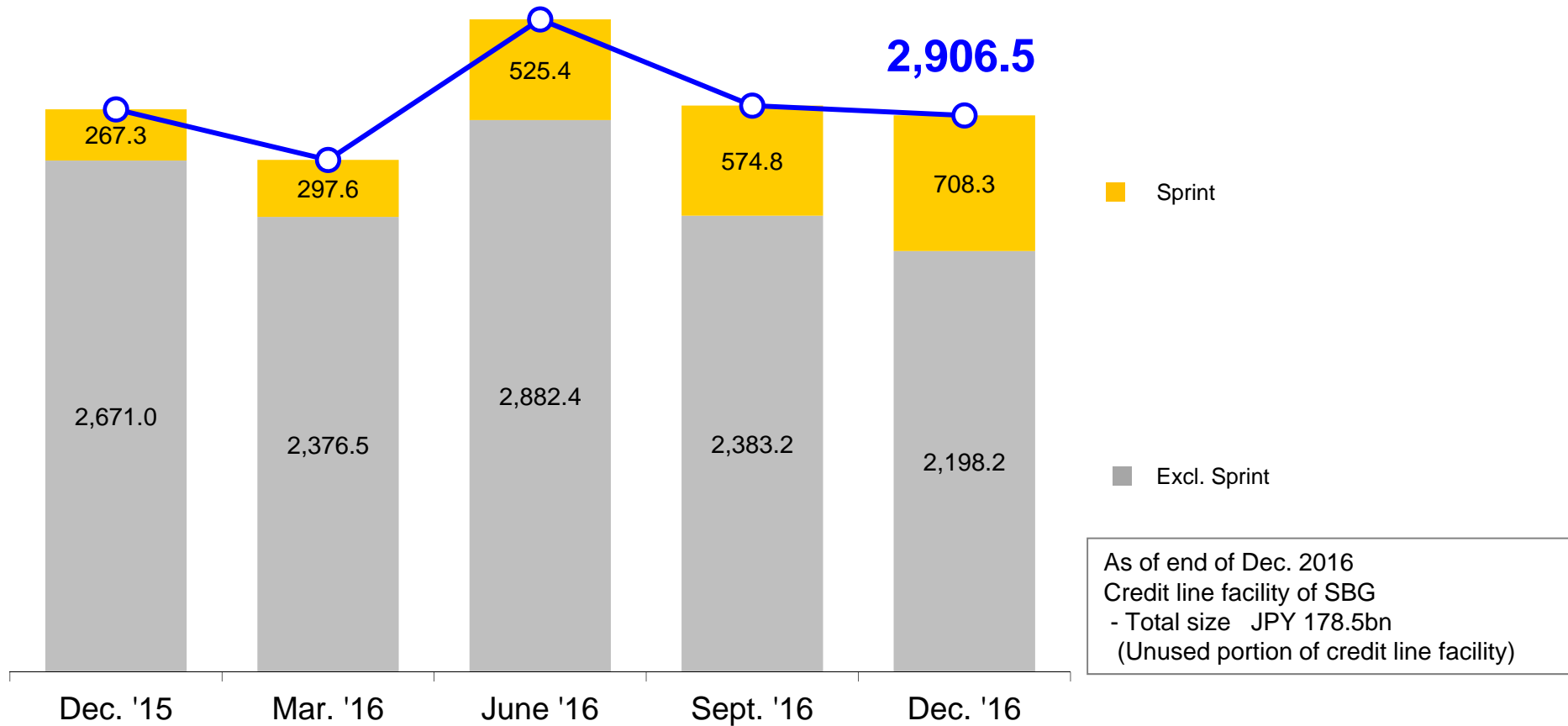
Breakdown of borrowings	<JPY bn>
Sprint Acquisition Loan	1,668.1
ARM Bridge Loan	988.3
Other borrowings of SBG	626.9
Securitization of receivables	532.1
Other	142.4
<b>Total</b>	<b>3,957.8</b>

\*Financial liabilities relating to sale of Alibaba shares by variable prepaid forward contract are deducted from interest-bearing debt.

# Cash Position

After ARM acquisition, maintain affluent cash position.

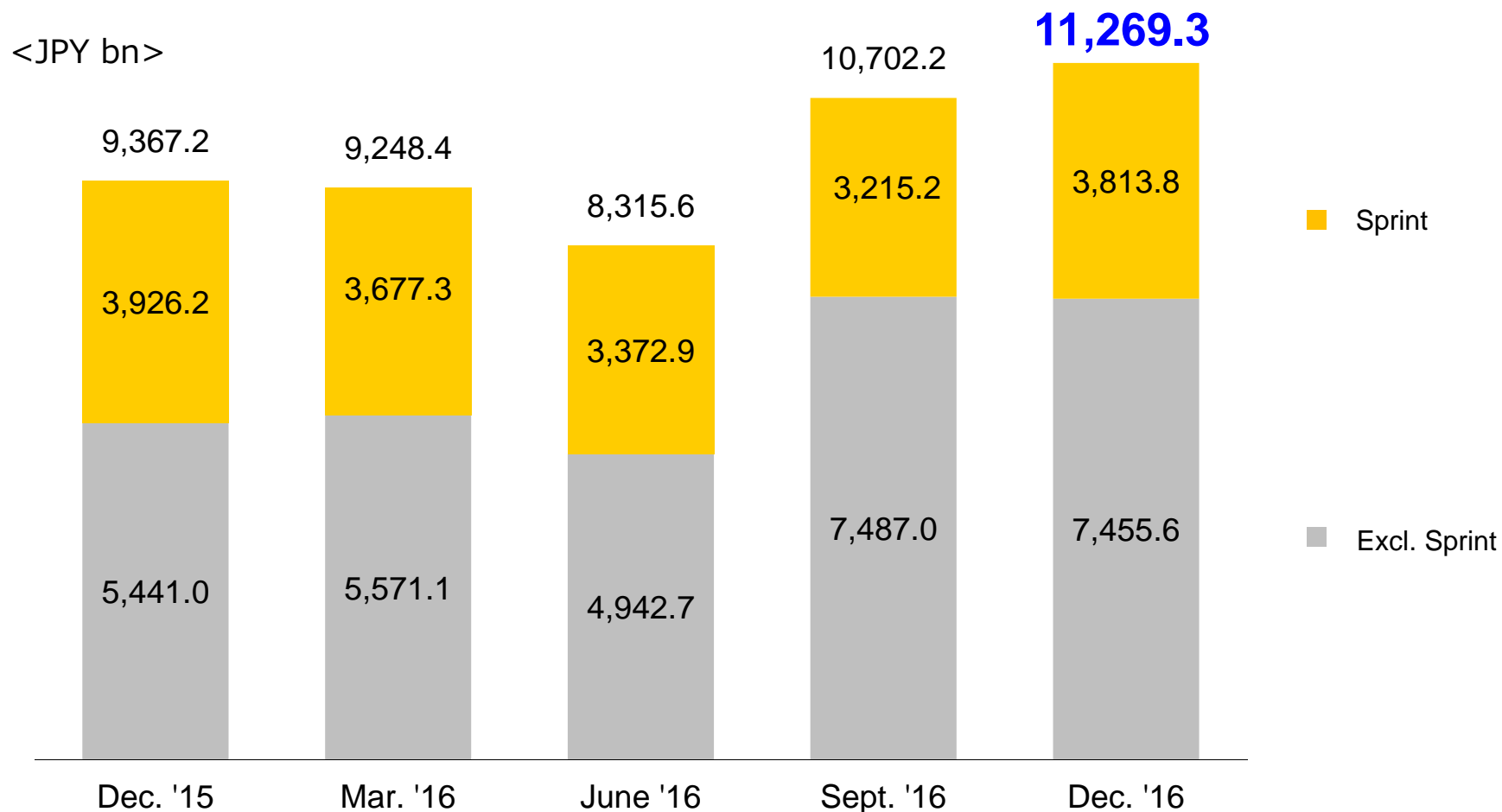
<JPY bn>



\*Cash position = cash and cash equivalents + short-term investments recorded as current assets

# Net Interest-bearing Debt

Increased approx. JPY 570.0bn QoQ (mainly due to depreciation of yen).



\*1. Net interest-bearing debt: interest-bearing debt – cash position

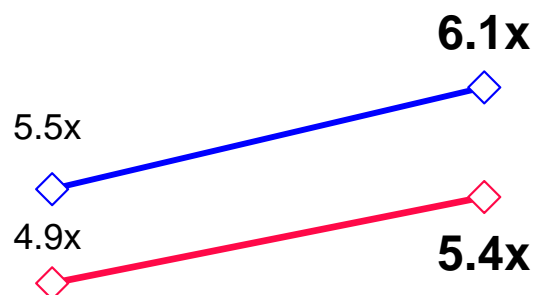
\*2. Financial liabilities relating to sale of Alibaba shares by variable prepaid forward contract are deducted from interest-bearing debt.

# Leverage Ratio

Impacted by ARM acquisition, alleviated by the monetization of Alibaba shares and issuance of Hybrid Bonds.

## Gross Leverage Ratio

◆ Excl. Sprint    ◆ Consolidated

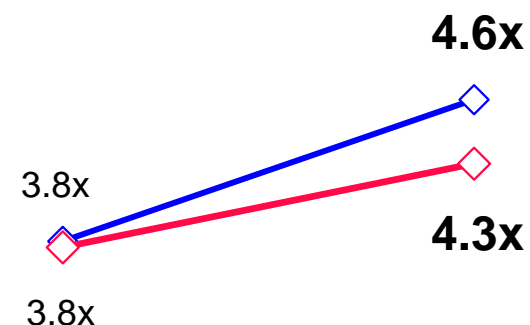


Mar. '16

Dec. '16

## Net Leverage Ratio

◆ Excl. Sprint    ◆ Consolidated



Mar. '16

Dec. '16

\*1. Gross leverage ratio = interest-bearing debt / adjusted EBITDA

\*2. Net leverage ratio = net interest-bearing debt/ adjusted EBITDA

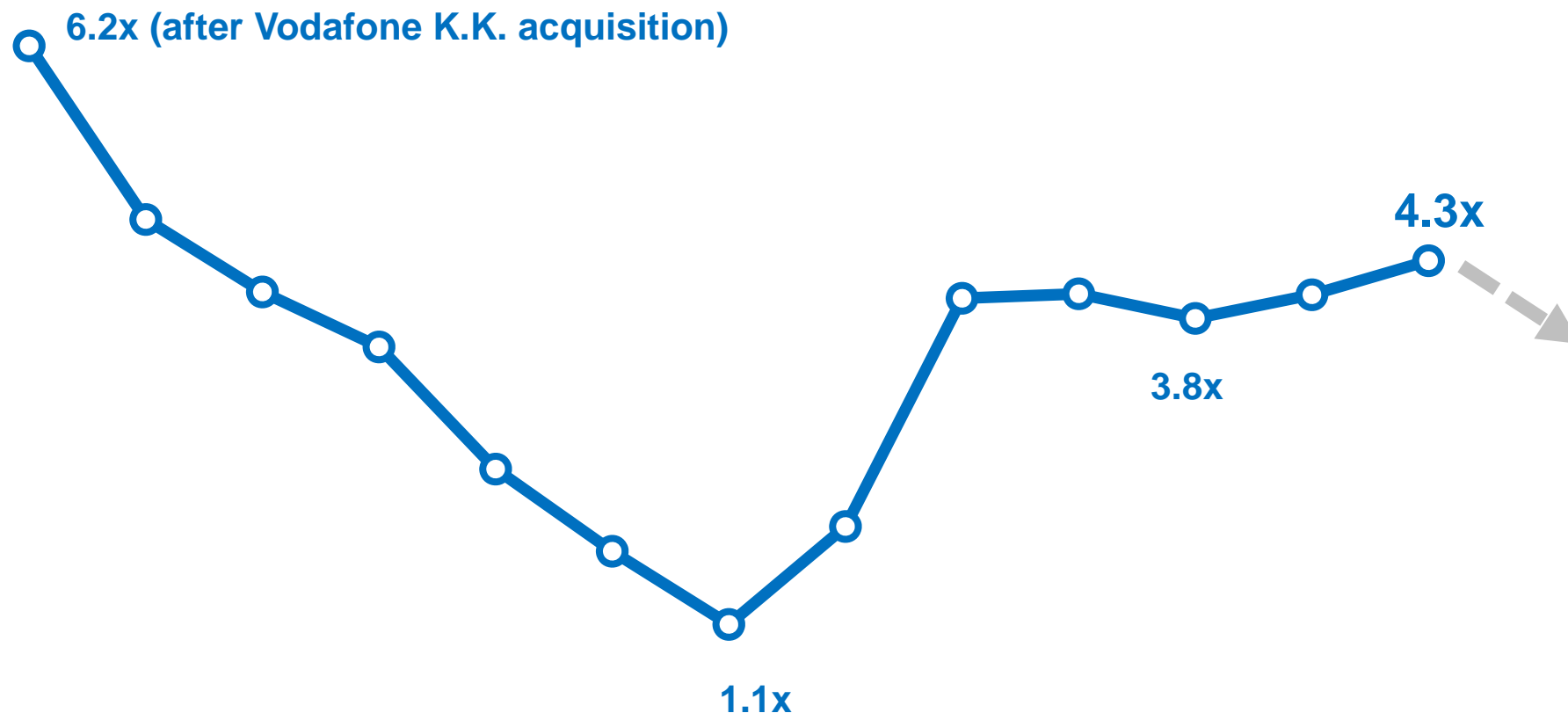
\*3. Calculation of adjusted EBITDA uses LTM (Last Twelve Months) both consolidated and excl. Sprint.

\*4. Financial liabilities relating to sale of Alibaba shares by variable prepaid forward contract are deducted from interest-bearing debt. 50% of the funds procured through Hybrid Bonds are categorized as equity.

\*5. Cash position to be received for the sale of Supercell shares is included.

# Pro Forma Net Leverage Ratio (Consolidated)

Continued focus on net debt reduction.



June '06 Mar. '07 Mar. '08 Mar. '09 Mar. '10 Mar. '11 Mar. '12 Mar. '13 Mar. '14 Mar. '15 Mar. '16 Sept. '16 Dec. '16

- \*1. Net leverage ratio = net interest-bearing debt / adjusted EBITDA.
- \*2. Up to FY2011: JGAAP, including finance leases and preferred securities.
- \*3. Adjusted EBITDA for fiscal 2014 has been revised retrospectively due to GungHo becoming an equity method associate. Adjusted EBITDA for fiscal 2015 includes Supercell.
- \*4. ARM's annualized adjusted EBITDA.
- \*5. Revenues related to sales of Supercell are reflected.
- \*6. Advances received for sale of shares by variable prepaid forward contracts. 50% of the funds procured through Hybrid Bonds are categorized as equity.

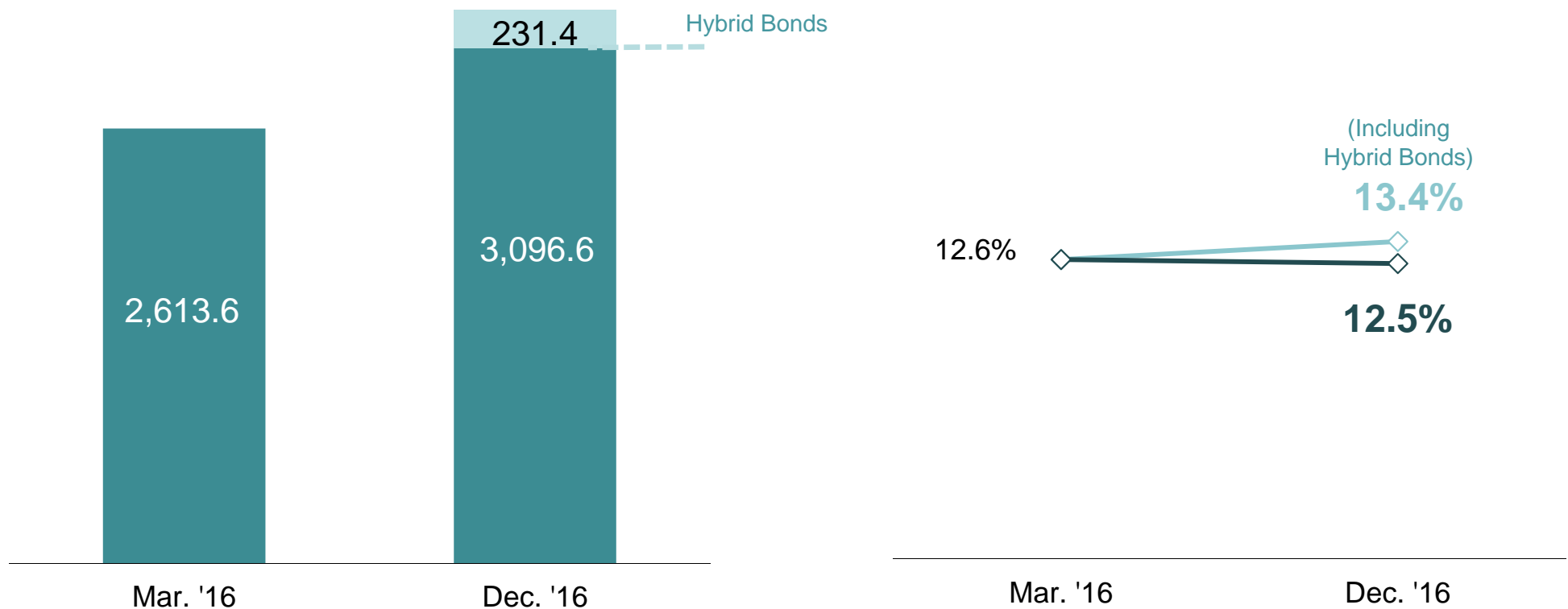
# Equity Attributable to Owners of the Parent Ratio

Equity increased due to profit accumulation (net income approx. JPY 860.0bn).

Equity Attributable to Owners of the Parent  
(shareholders' equity)

Equity Attributable to Owners of the Parent Ratio  
(shareholders' equity ratio)

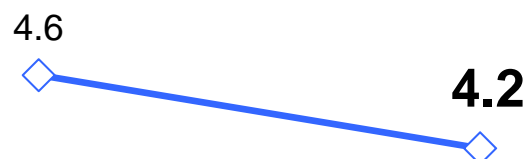
<JPY bn>



\*Shareholders' equity = equity attributable to owners of the parent (including adjustments related to the issuance of Hybrid Bonds)

# Debt / Equity Ratio

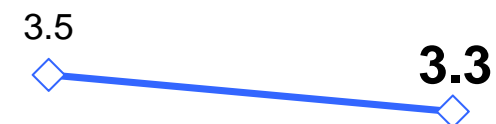
## Debt / Equity Ratio



Mar. '16

Dec. '16

## Net Debt / Equity Ratio



Mar. '16

Dec. '16

\*1. Debt / equity ratio = interest-bearing debt / equity attributable to owners of the parent (shareholders' equity (including adjustments related to the issuance of Hybrid Bonds)).

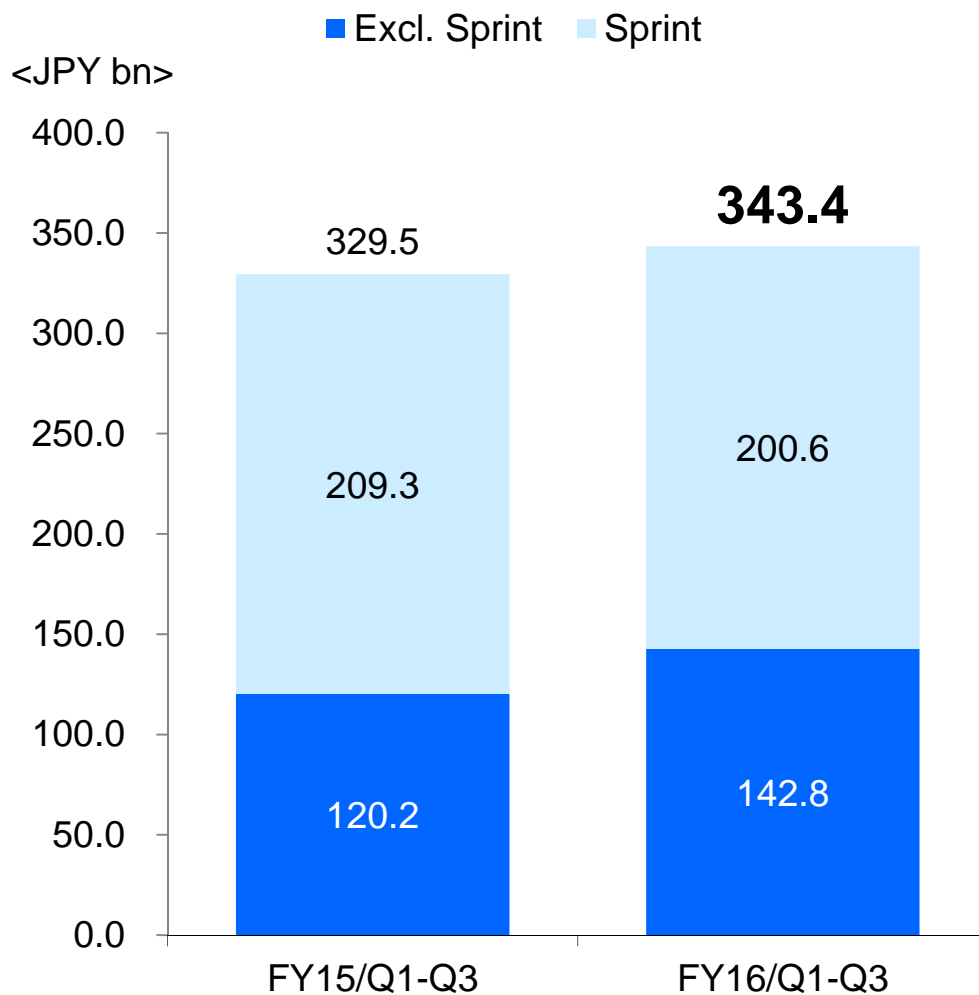
\*2. Net debt / equity ratio = net interest-bearing debt / equity attributable to owners of the parent (shareholders' equity (including adjustments related to the issuance of Hybrid Bonds)).

\*3. Financial liabilities relating to sale of Alibaba shares by variable prepaid forward contract are deducted from interest-bearing debt.

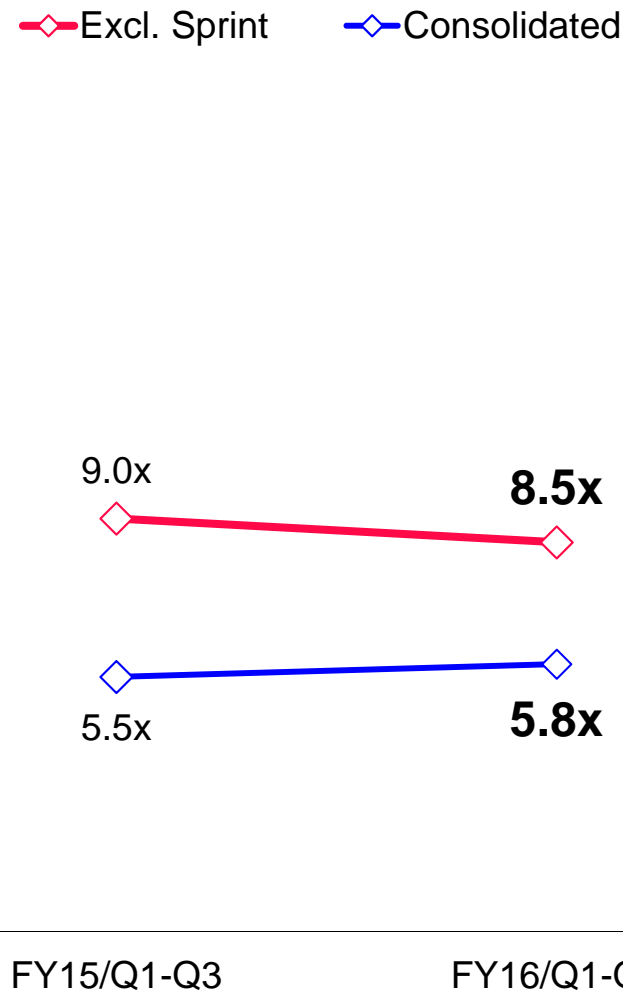
\*4. Cash position to be received for the sale of Supercell shares is included.

# Interest Expense

## Interest Expense (finance cost)



## Interest Coverage Ratio



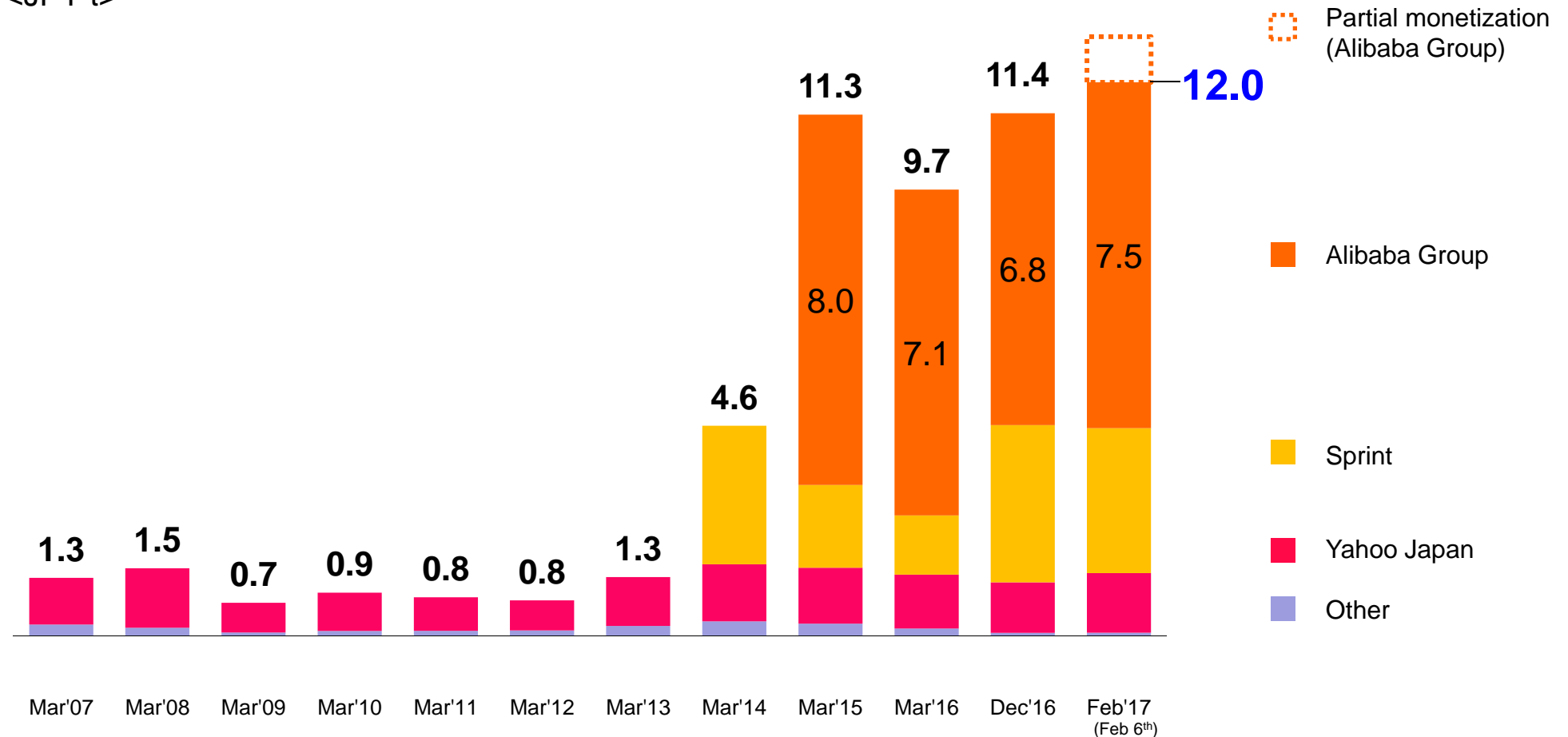
\*1. Interest Coverage Ratio = adjusted EBITDA / interest expenses (finance cost)



# Market Cap of main Listed Holdings Held by SoftBank Group and Its Subsidiaries

Market cap of shares held still approx. JPY 12t after monetization of portion of Alibaba shares.

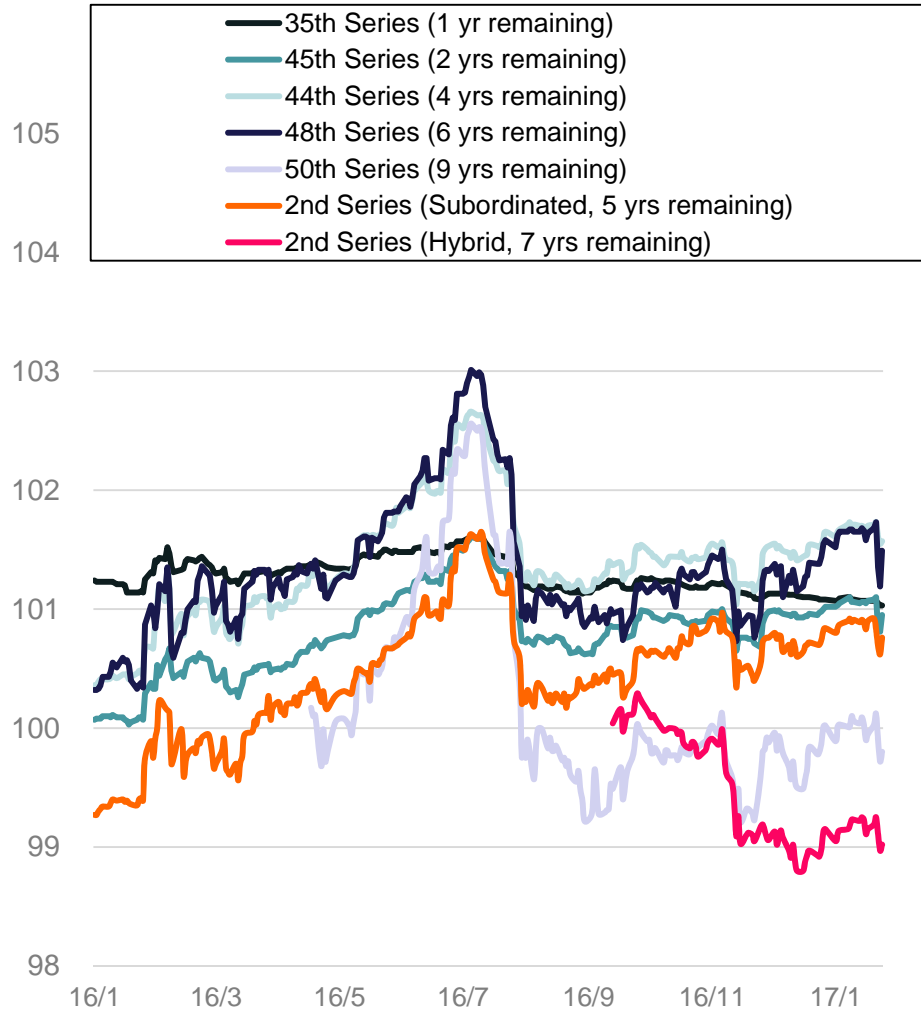
<JPY t>



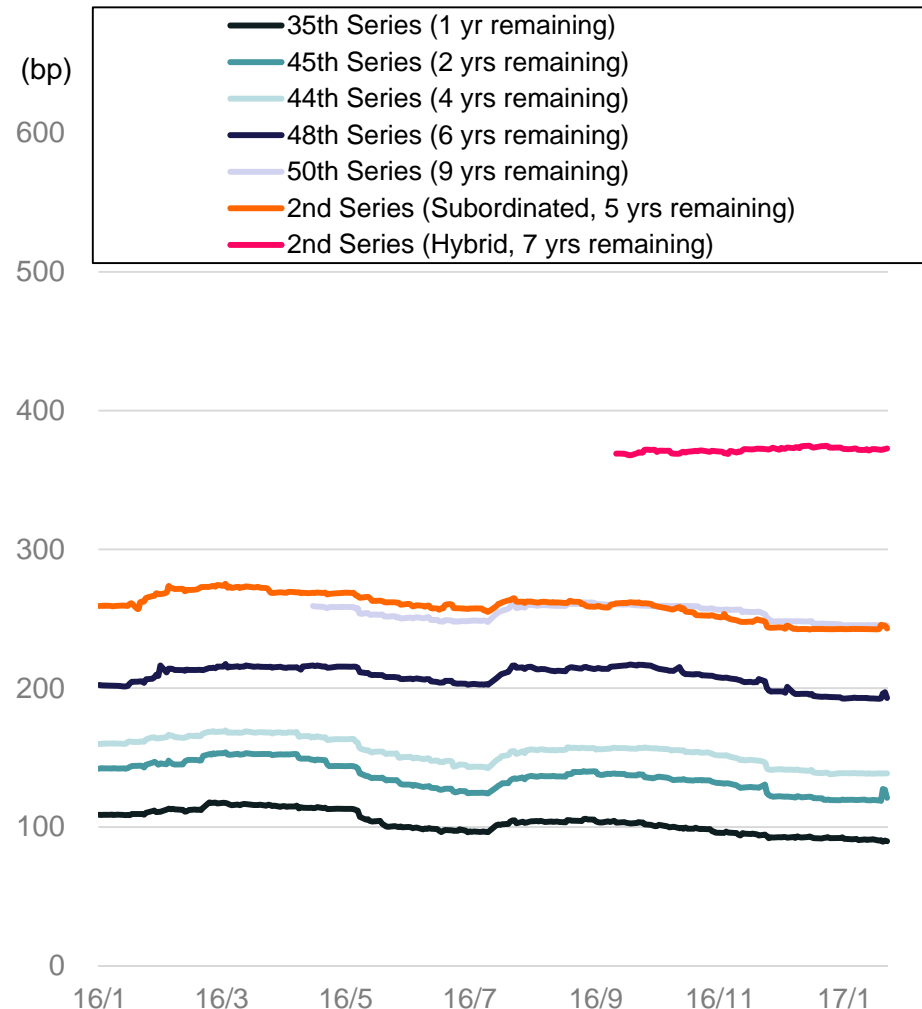
\*1. Calculated by SoftBank Group based on the closing price of each fiscal year end.

# SoftBank Group: Price and Spread of Domestic Currency Denominated Bond

## Domestic Currency Denominated Bond Price



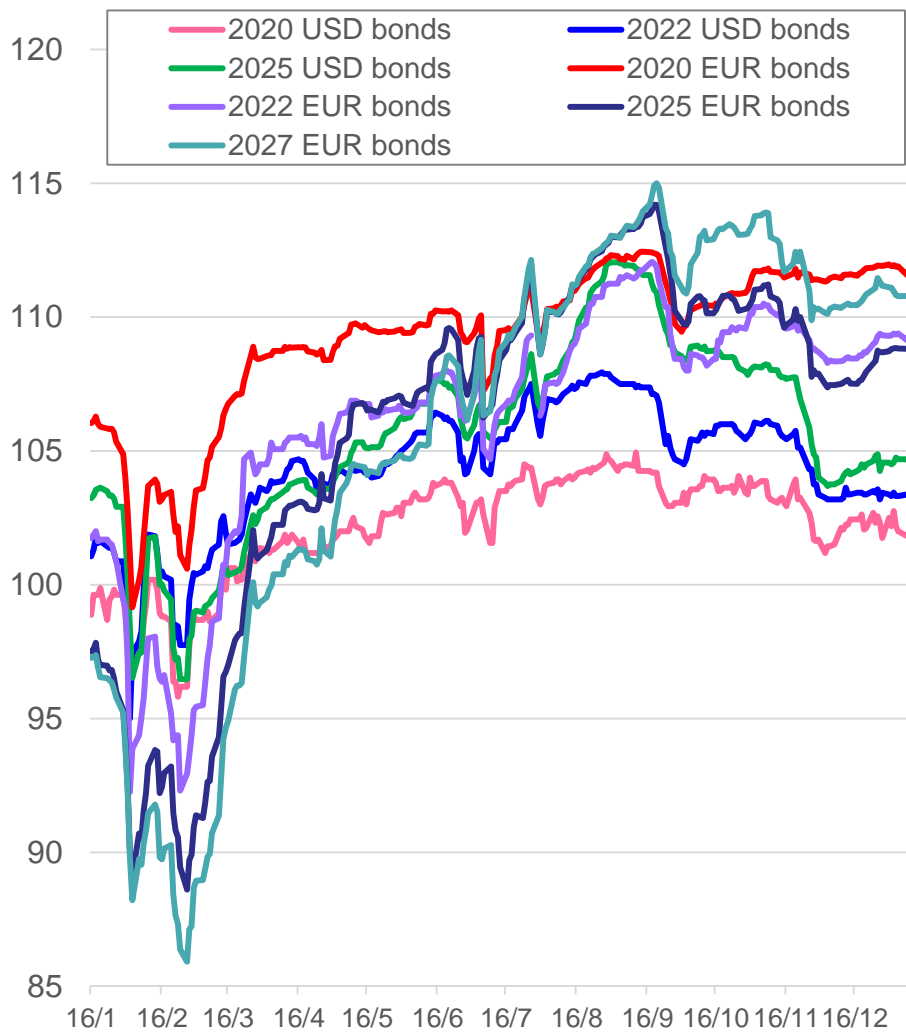
## Domestic Currency Denominated Bond Credit Spread



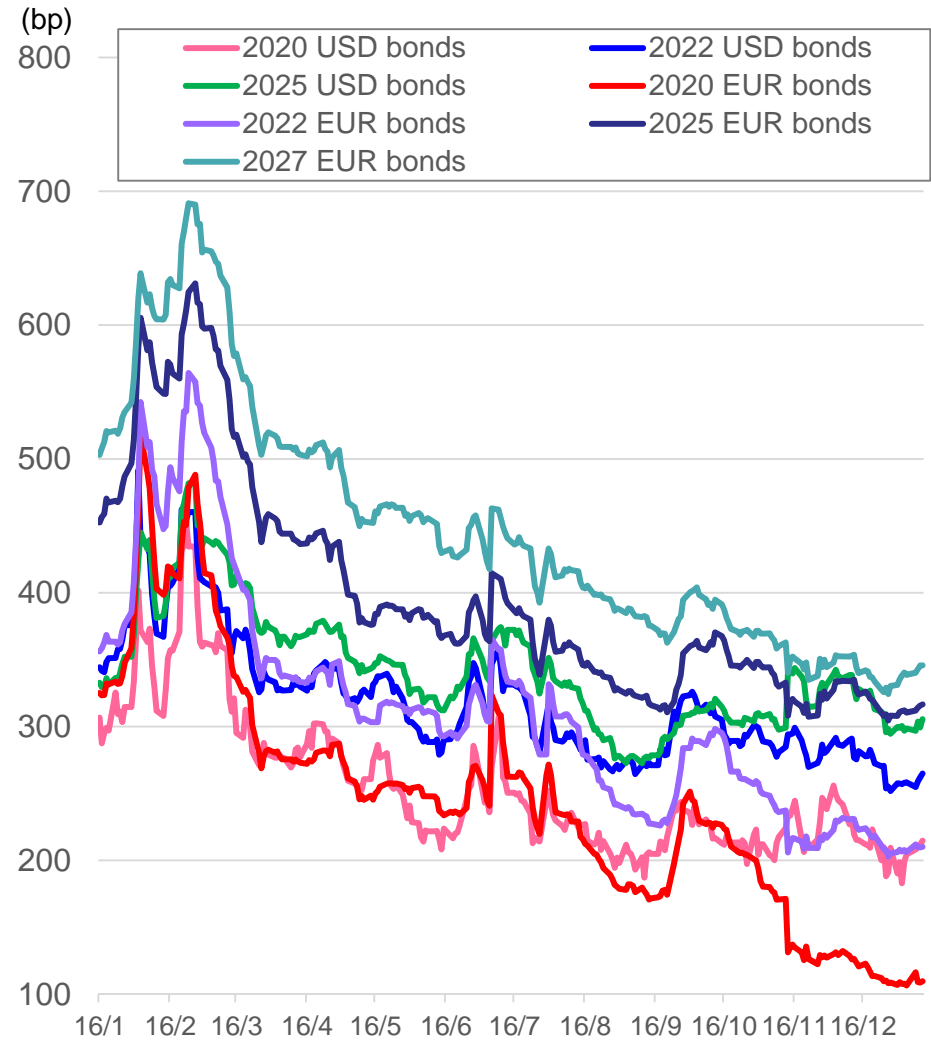
(Source) Created by SoftBank Group based on Quick data  
 Remaining years of Hybrid Bonds shows maturity of first call.

# SoftBank Group: Price and Spread of Foreign Currency Denominated Bond

## Foreign Currency Denominated Bonds Price



## Foreign Currency Denominated Bonds Spread

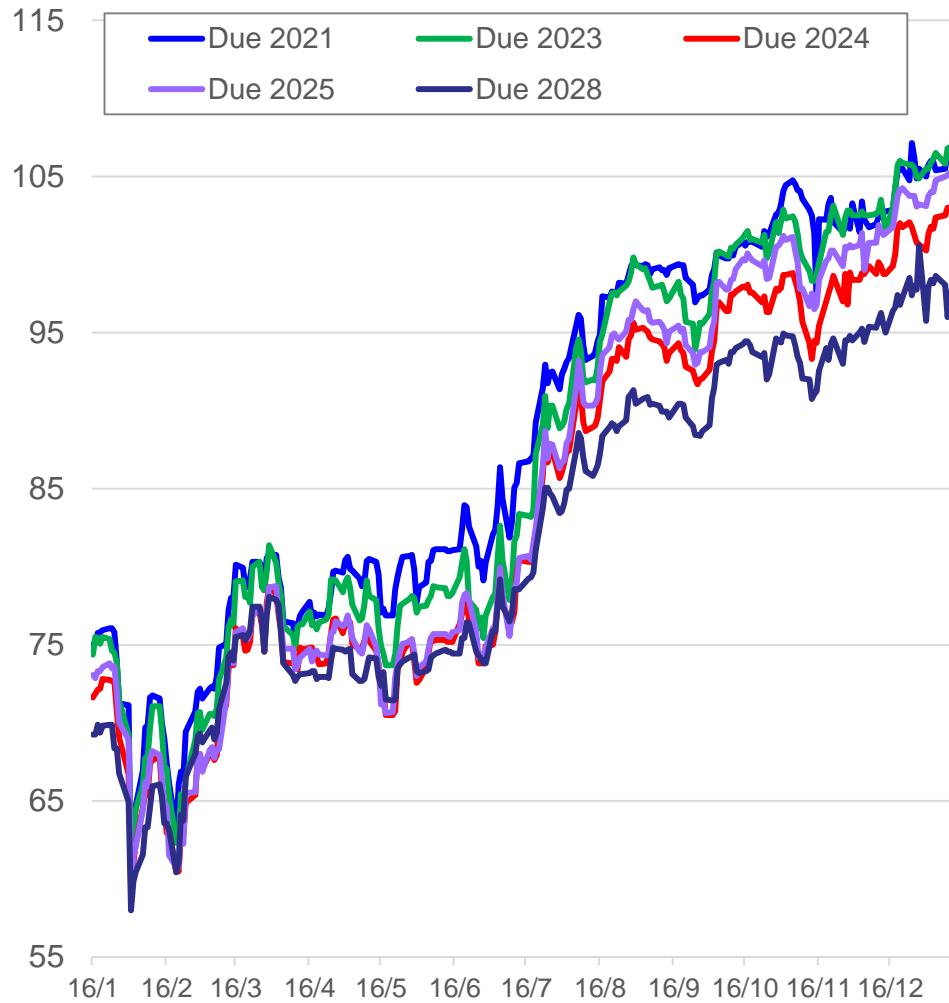


(Source) Created by SoftBank Group based on Bloomberg data

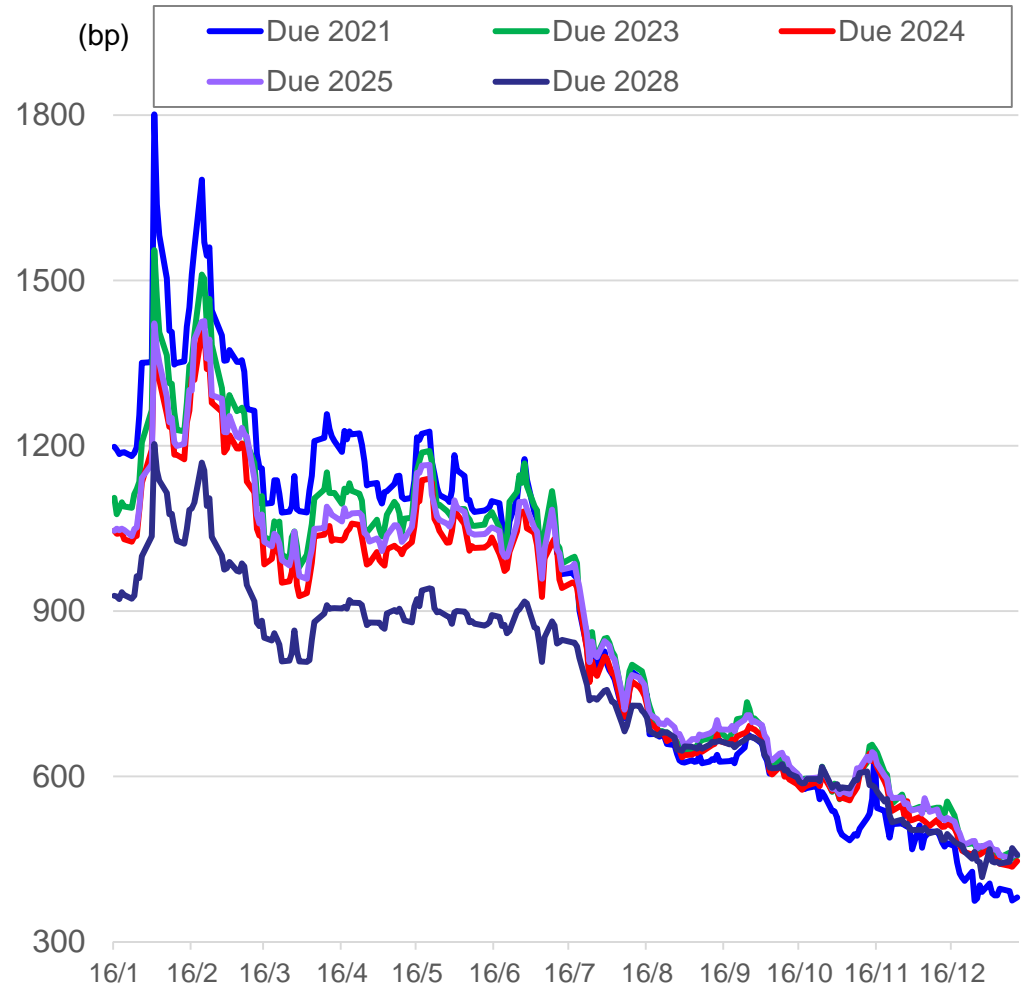
(Source) Created by SoftBank Group based on Bloomberg data

# Sprint: Price and Spread

## Price of Sprint Senior Notes



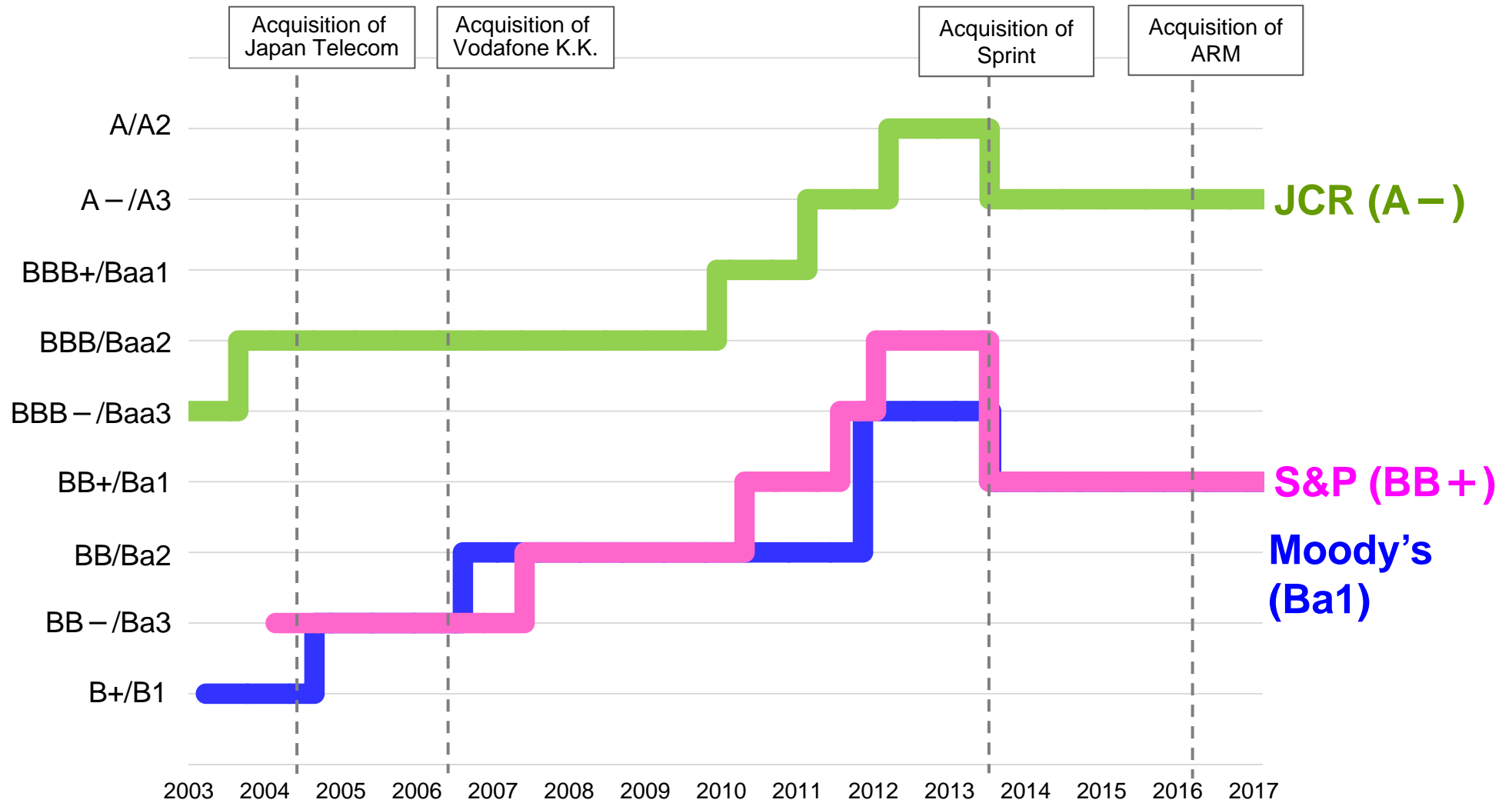
## Spread of Sprint Senior Notes



(Source) Created by SoftBank Group based on Bloomberg

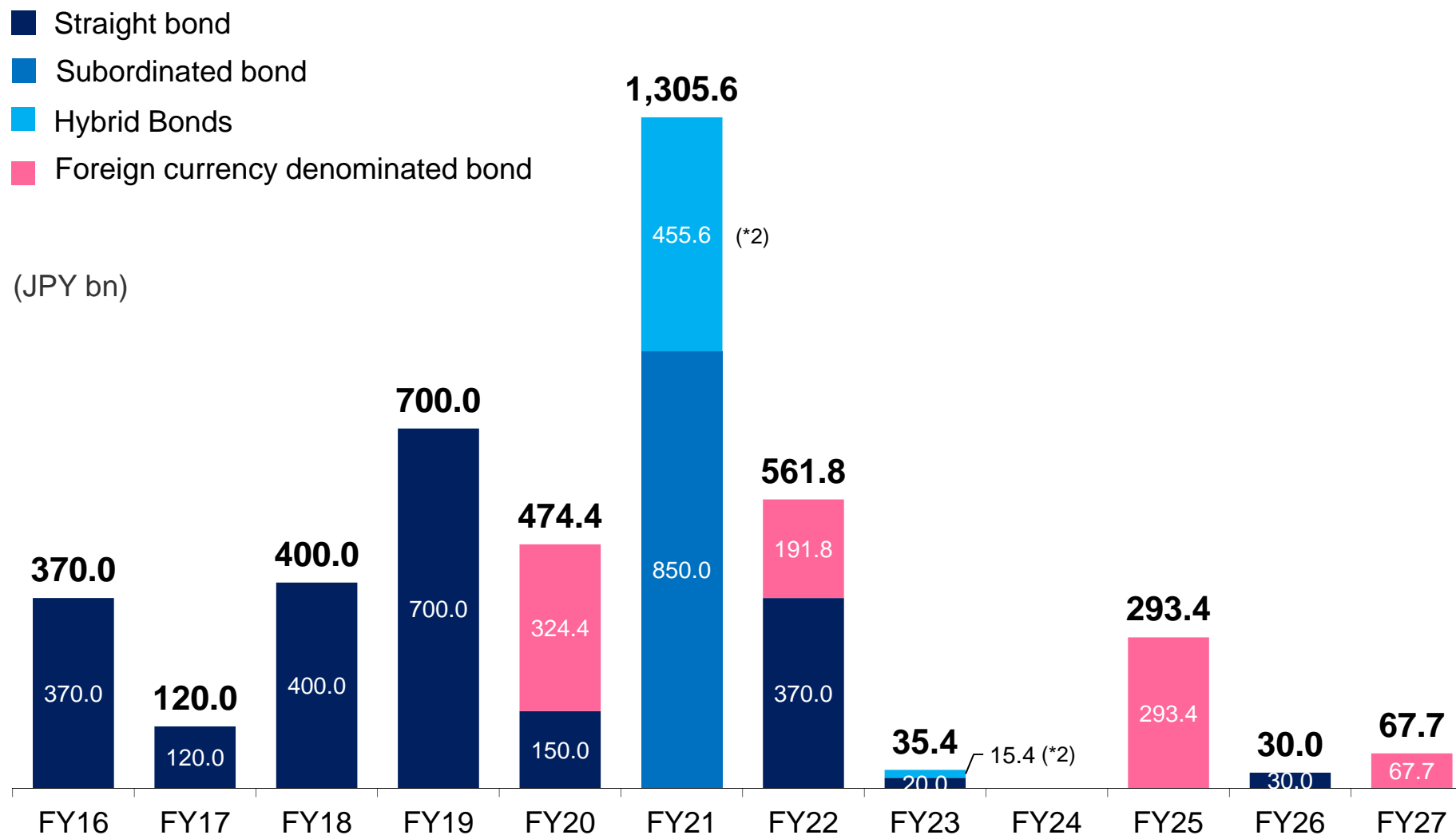
(Source) Created by SoftBank Group based on Bloomberg data

# Trend of Credit Rating of SoftBank Group



\*Calendar year

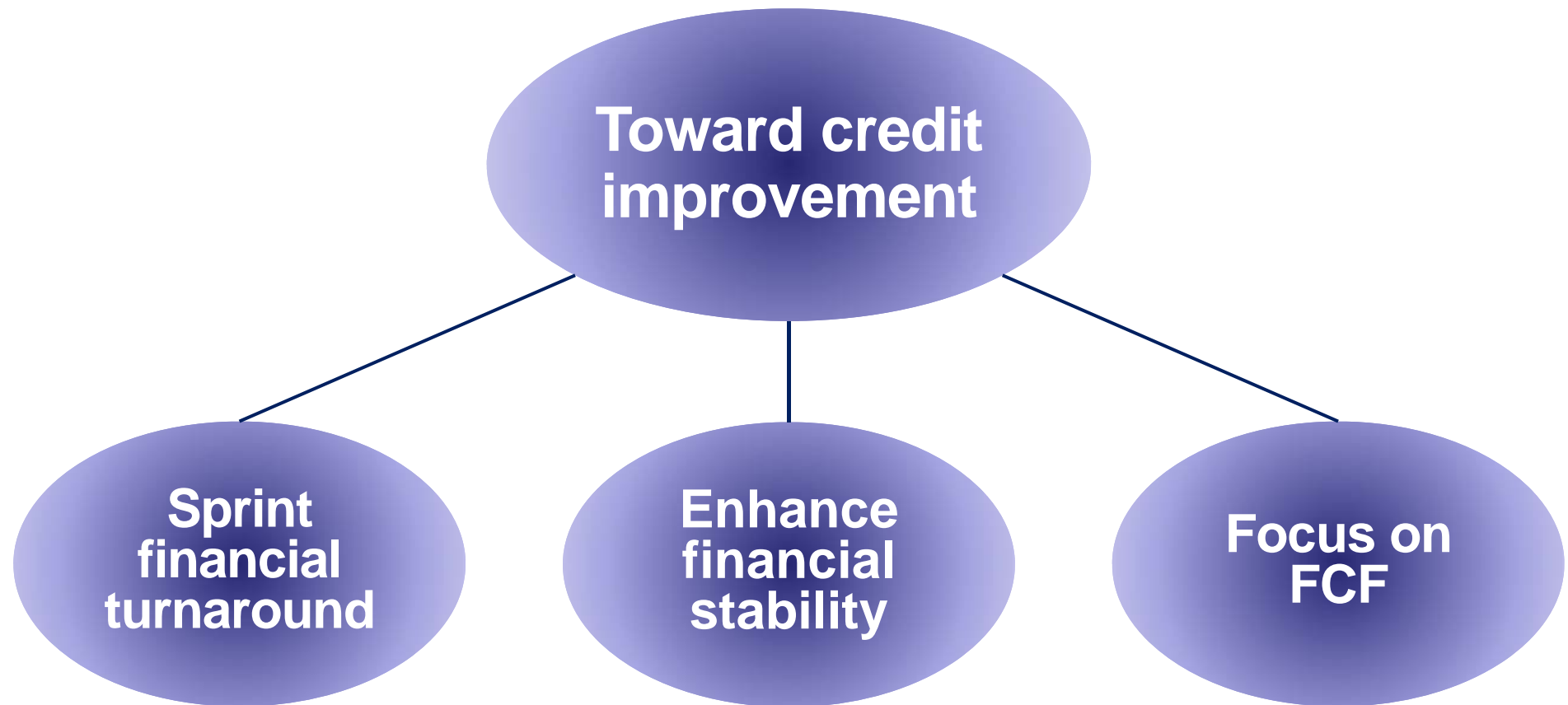
# SoftBank Group Bond Redemption Schedule



\*1. The balance as of Dec. 31, 2016.

\*2. In case of early redemption of Hybrid Bonds.

## Robust Finance Base for Sustainable Growth



- Support self-funding thoroughly
- Enhance relationships with Japanese banks

- Extend maturity & enhance diversification of procurement (fully lever current market environment)
- Secure abundant cash position

- Execute growth strategy while considering credit rating
- Balance between investing & monetization

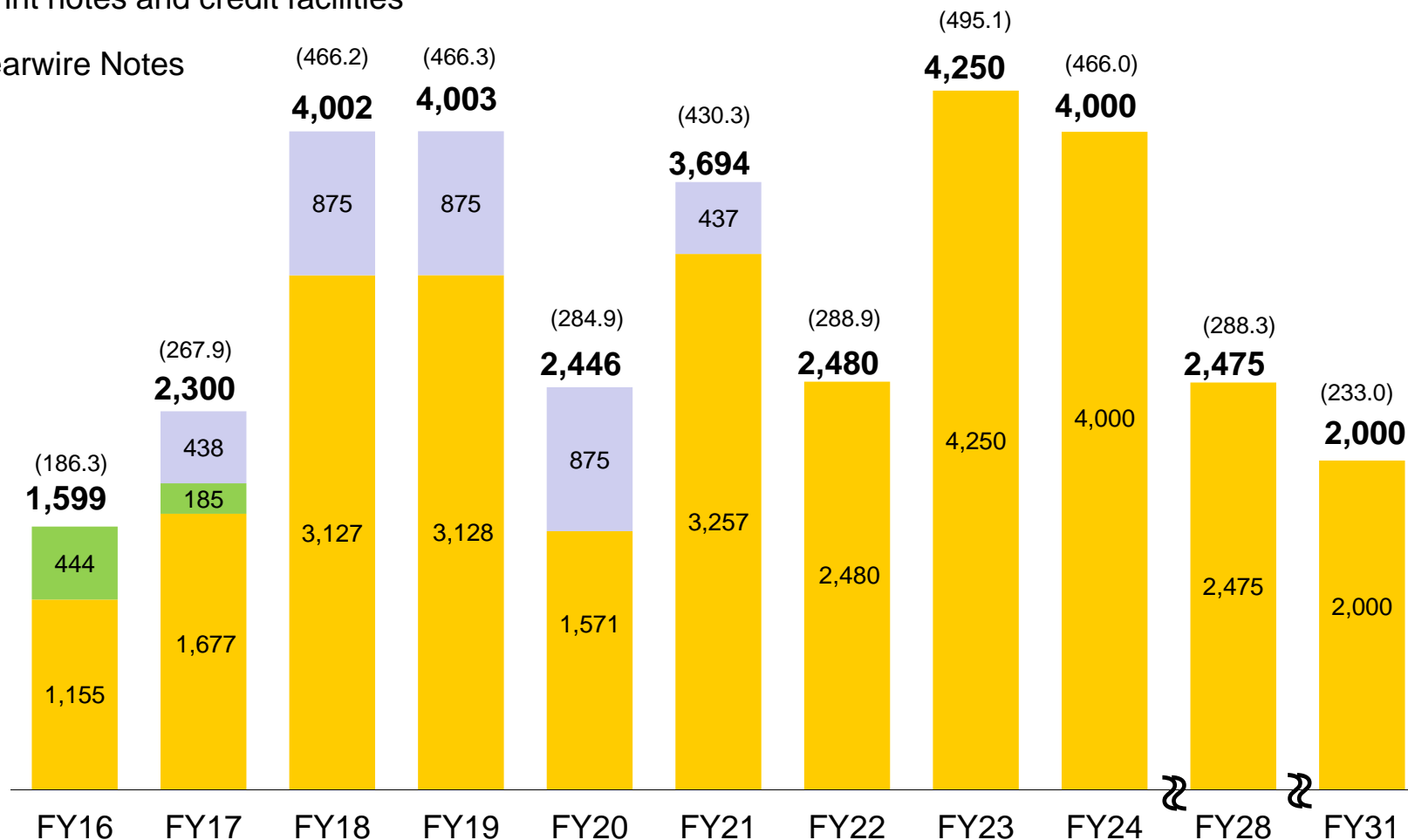
(Reference)



# Sprint Debt Maturities

<USD mil> JPY bn in ( )

- Sprint notes and credit facilities
- Clearwire Notes



\*1 The balance as of the end of Dec. 2016.

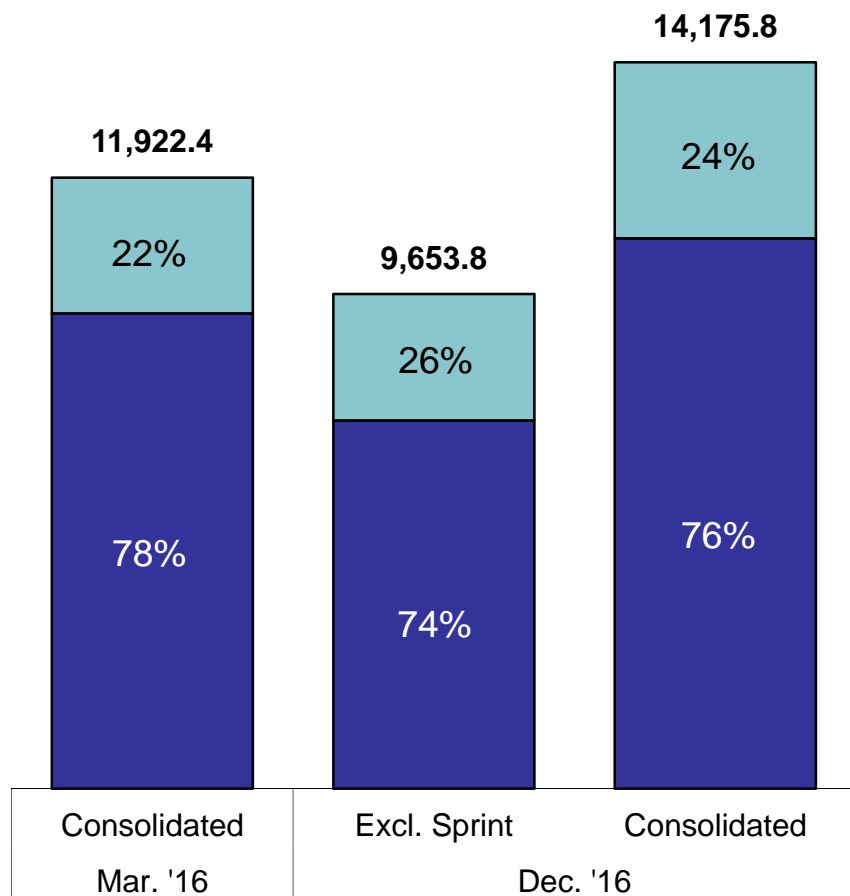
\*2 USD 1 = JPY 116.49

# Change in the Ratio of Long to Short, and Fixed to Variable Interest-bearing Debt

## Interest-bearing Debt Long / Short Ratio

(JPY bn)

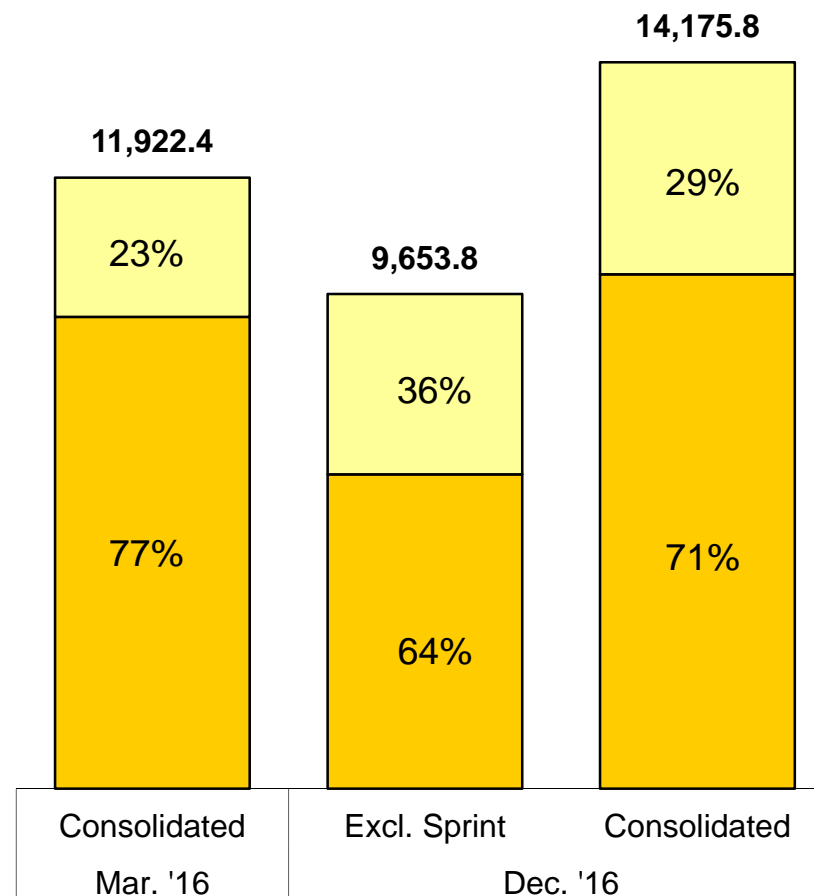
■ Long-term ■ Short-term



## Interest-bearing Debt Fixed / Variable Ratio

(JPY bn)

■ Fixed ■ Variable



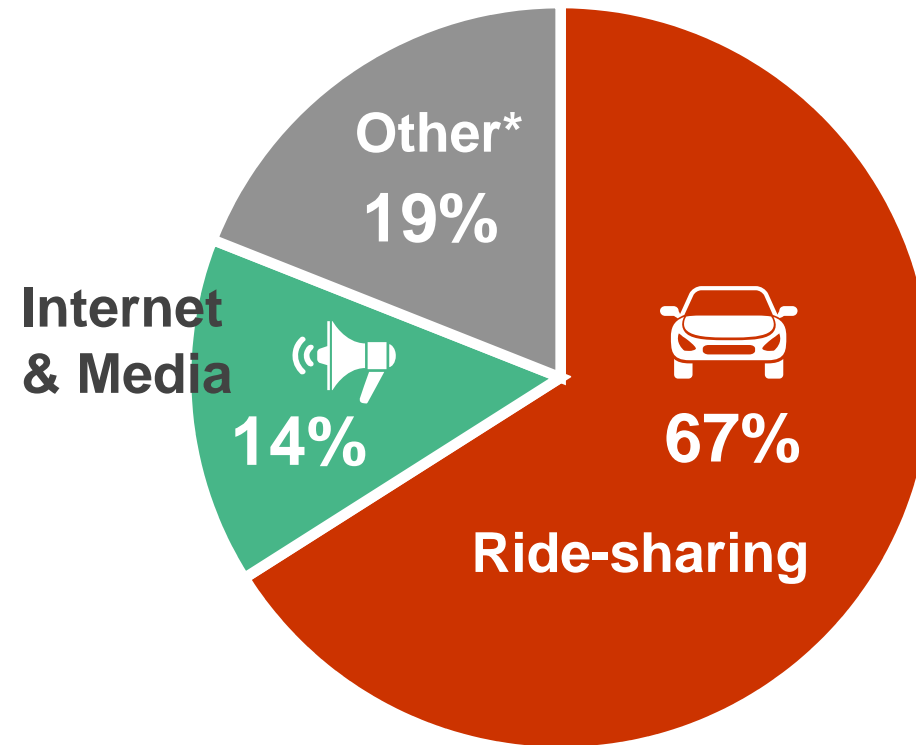
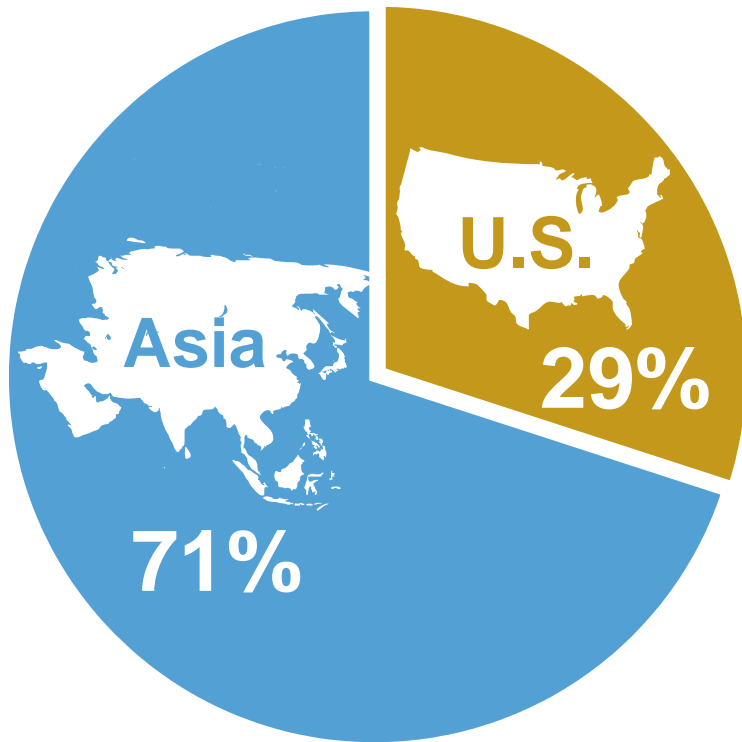
# Universe of Portfolio Companies

<p><b>E-commerce</b></p>	
<p><b>Ride-sharing</b></p>	
<p><b>FinTech</b></p>	
<p><b>Internet &amp; Media</b></p>	
<p><b>AI &amp; Connected Devices</b></p>	
<p><b>Computational Biology</b></p>	

\*Not comprehensive; E-commerce includes classifieds.

# Capital Deployed Last Year

Total: USD 1.75bn



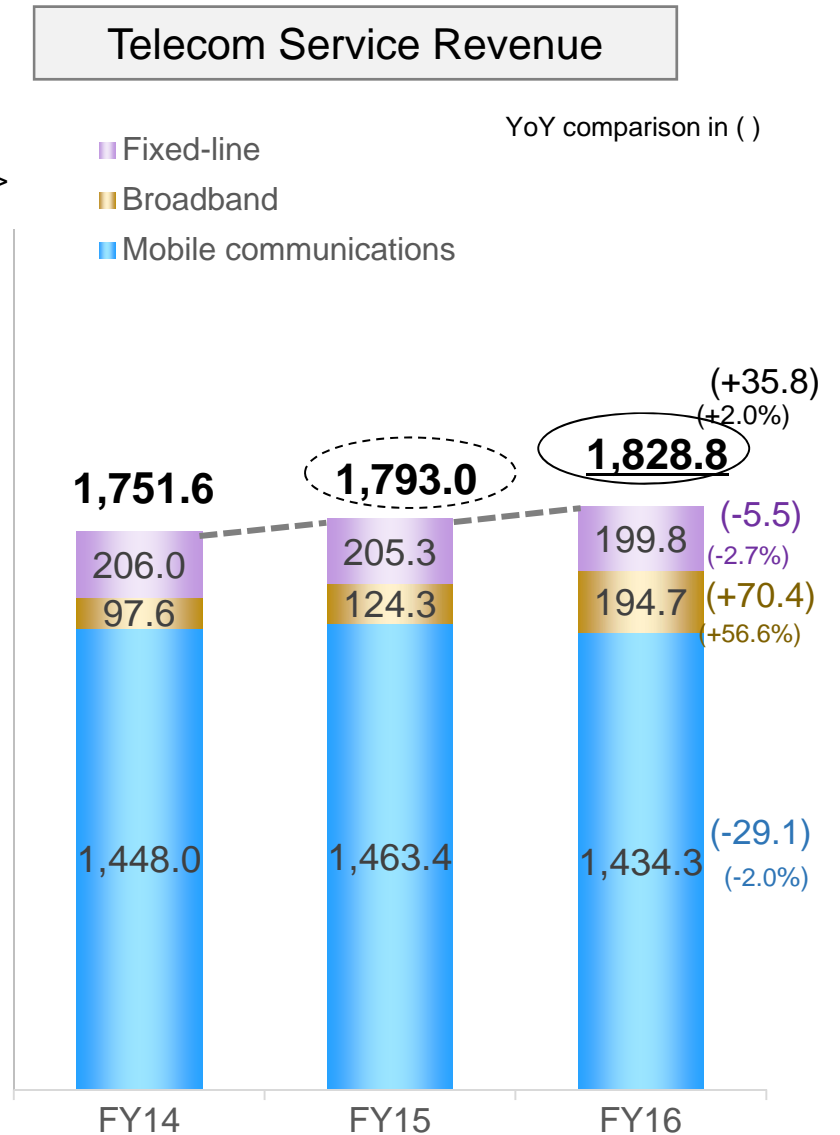
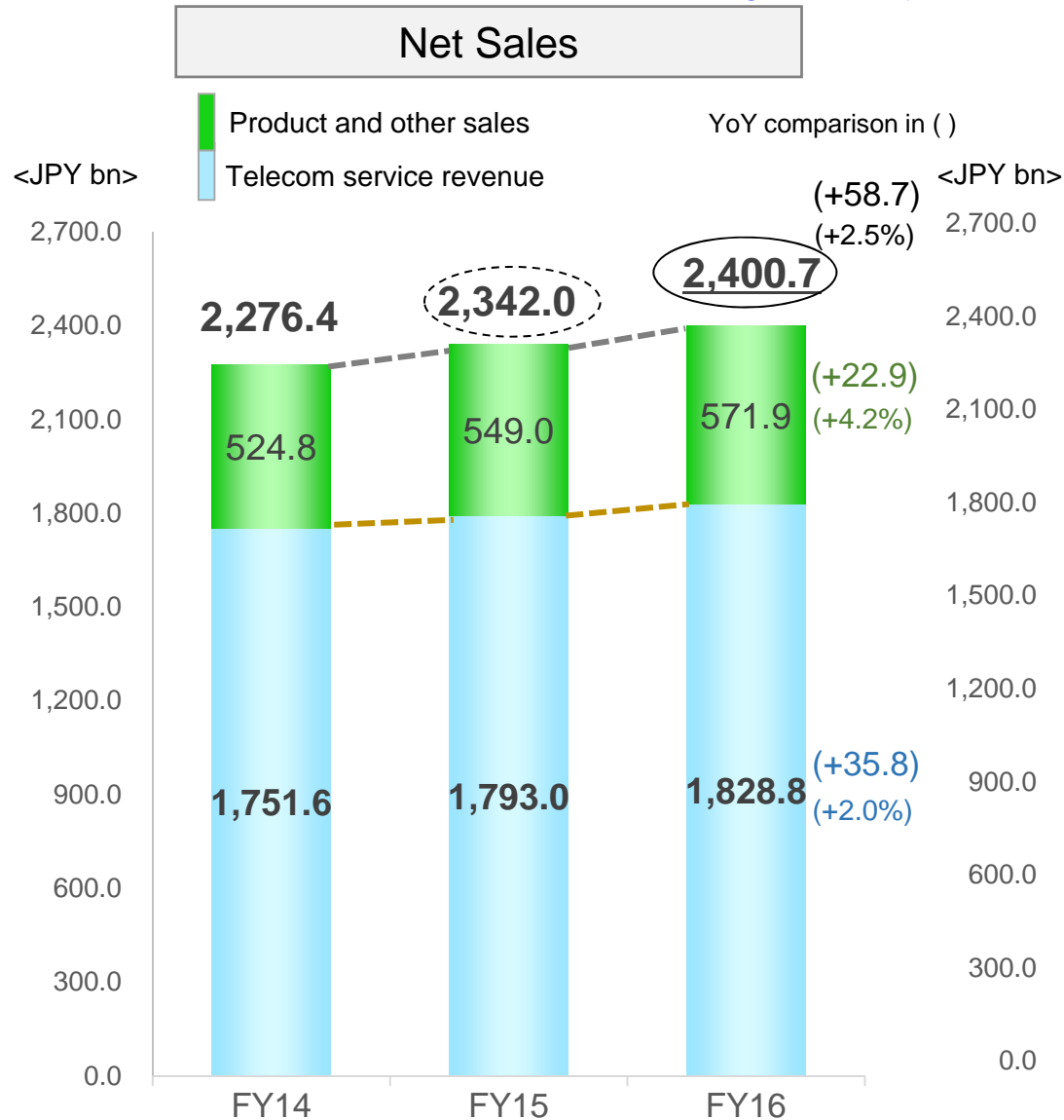
\*Includes e-Commerce, Computational Biology, and AI & Connected Devices

From January 2016 to December 2016.

# **Domestic Telecommunications**

# 1. Net Sales

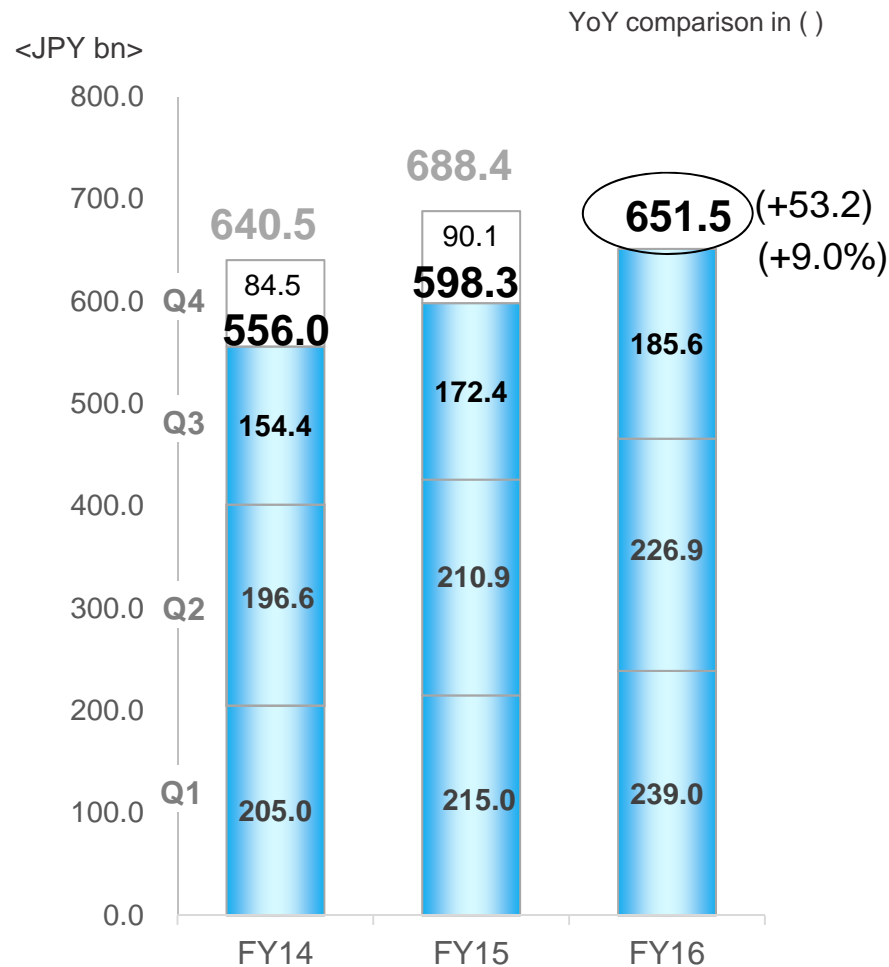
- FY16/Q3 sales was approx. JPY 2.4t (YoY JPY 58.7bn increase: telecom revenue +JPY 35.8bn, product and other sales +JPY 22.9bn, YoY respectively).
- Broadband revenue contributed significantly (YoY +JPY 70.4bn).



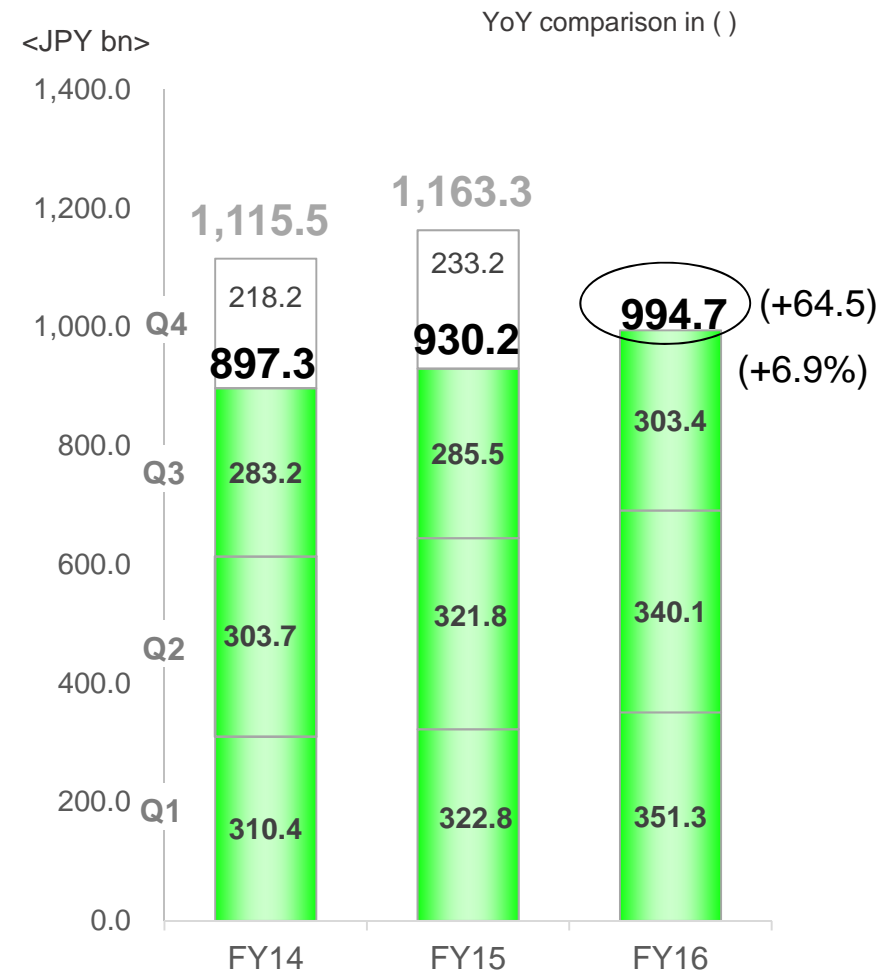
# 2. Operating Income / Adjusted EBITDA

➤ FY16/Q3 segment income marked JPY 651.5bn, increased by JPY 53.2bn YoY.

Operating Income/  
Segment Income



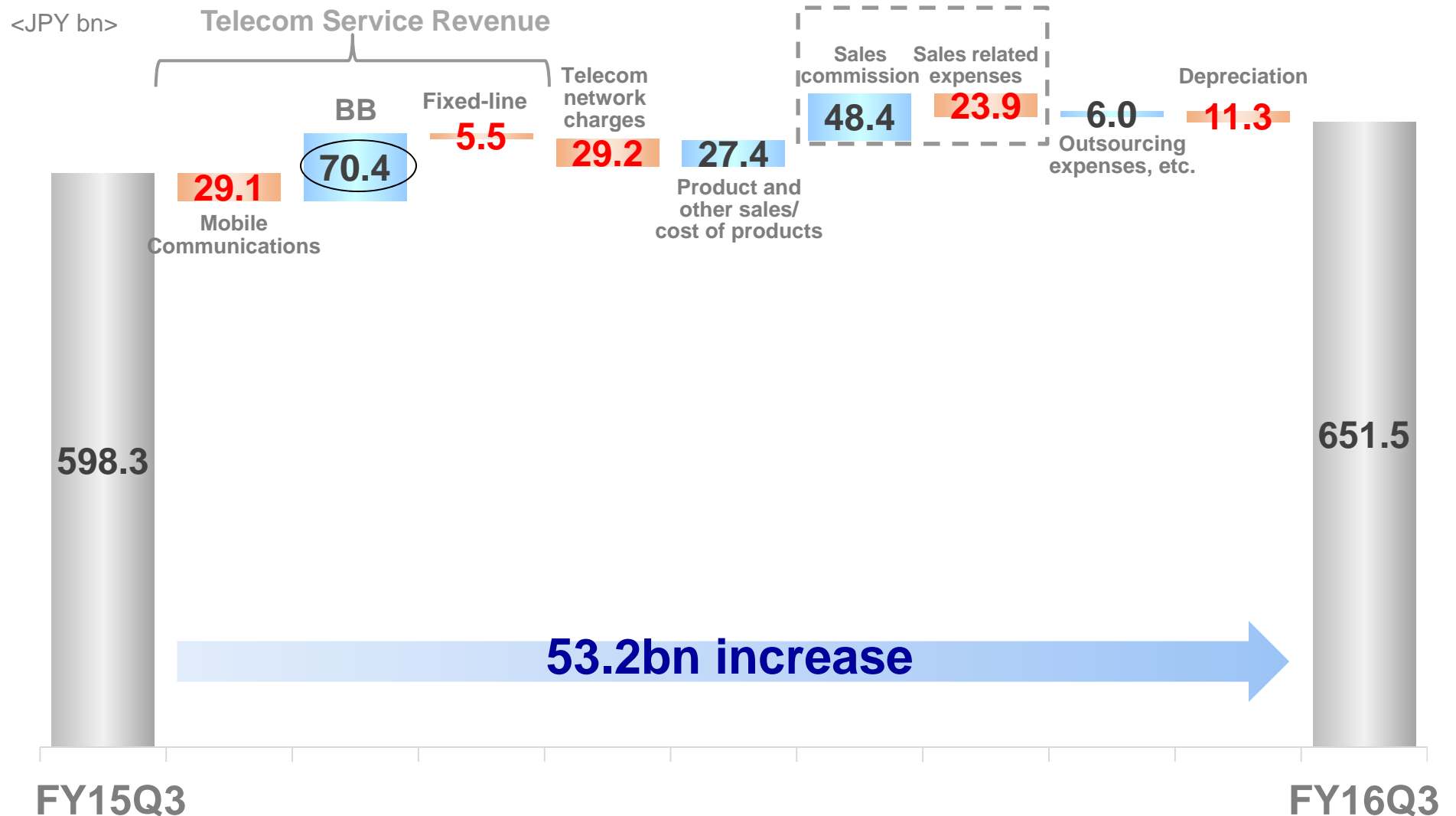
Adjusted EBITDA



\*Adjusted EBITDA = segment income + depreciation and amortization ± gain from remeasurement relating to business combination ± other operating income (loss)

# 3. Segment Income Analysis

- Broadband drives topline growth (telecom network charges increased JPY 29.2bn).
- Cost reductions contribute to segment income increase.



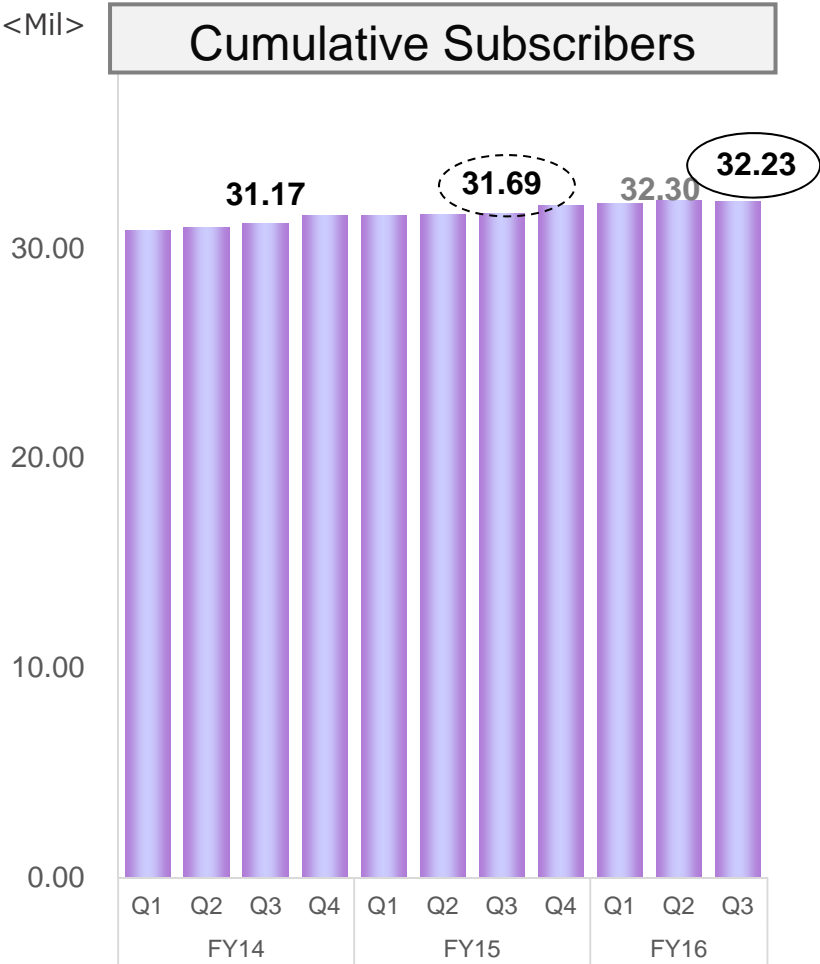


# 4. Mobile Communications

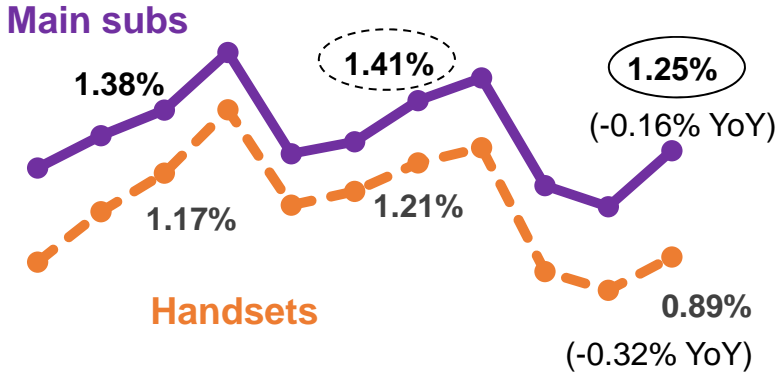
## Number of Subscribers and Churn Rate (Main Subscribers)

- Subscribers: increased 0.54mil YoY, handsets increased, but larger impact of decrease in MBB.
- Churn rate: improved by 0.16% YoY, improvement dramatically in handset churn continues.

Main subscribers: handsets, tablets, and MBB\*



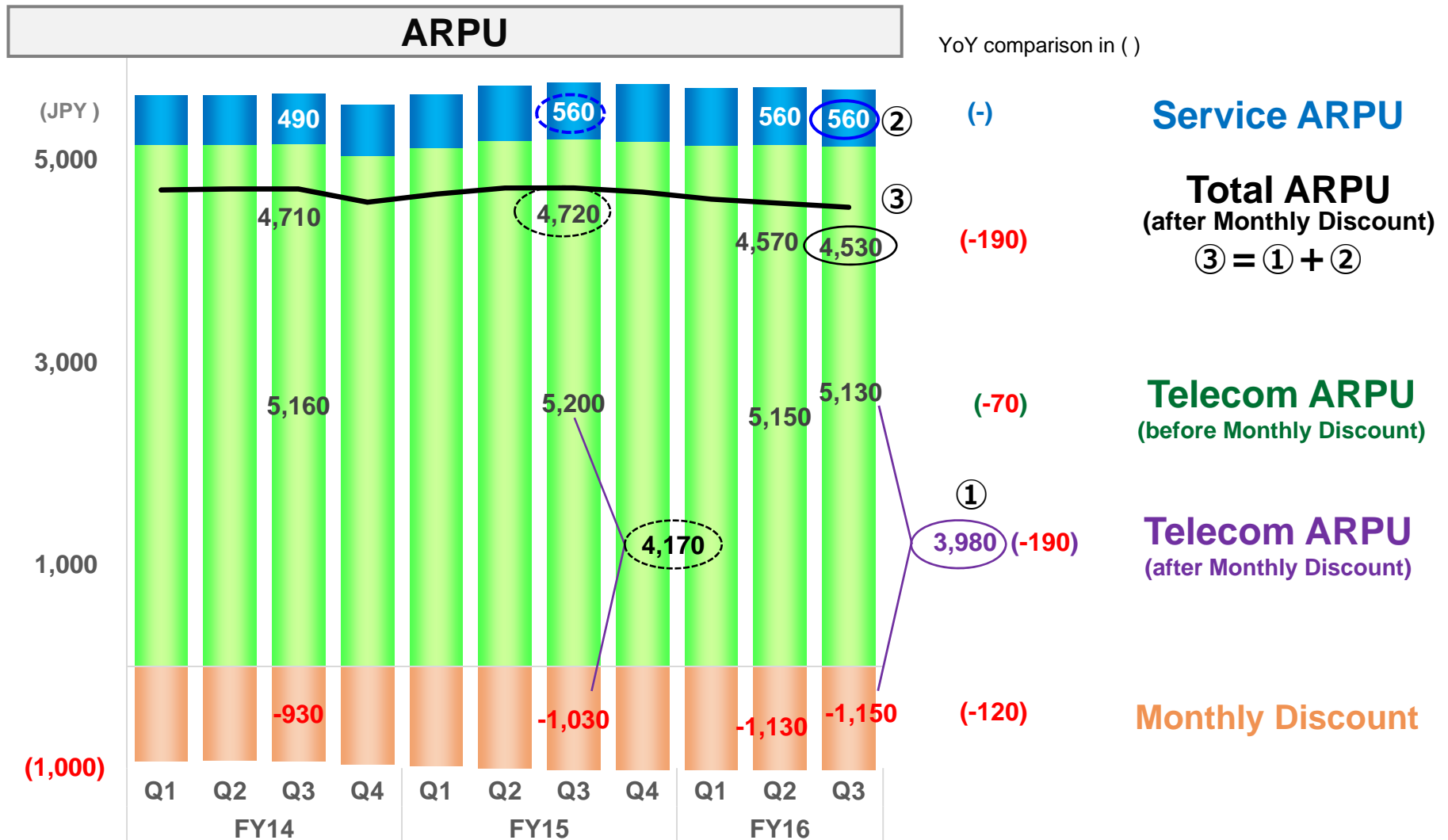
Churn Rate (quarterly trend)



\*For definitions of main subscribers and churn rate, see page 57.

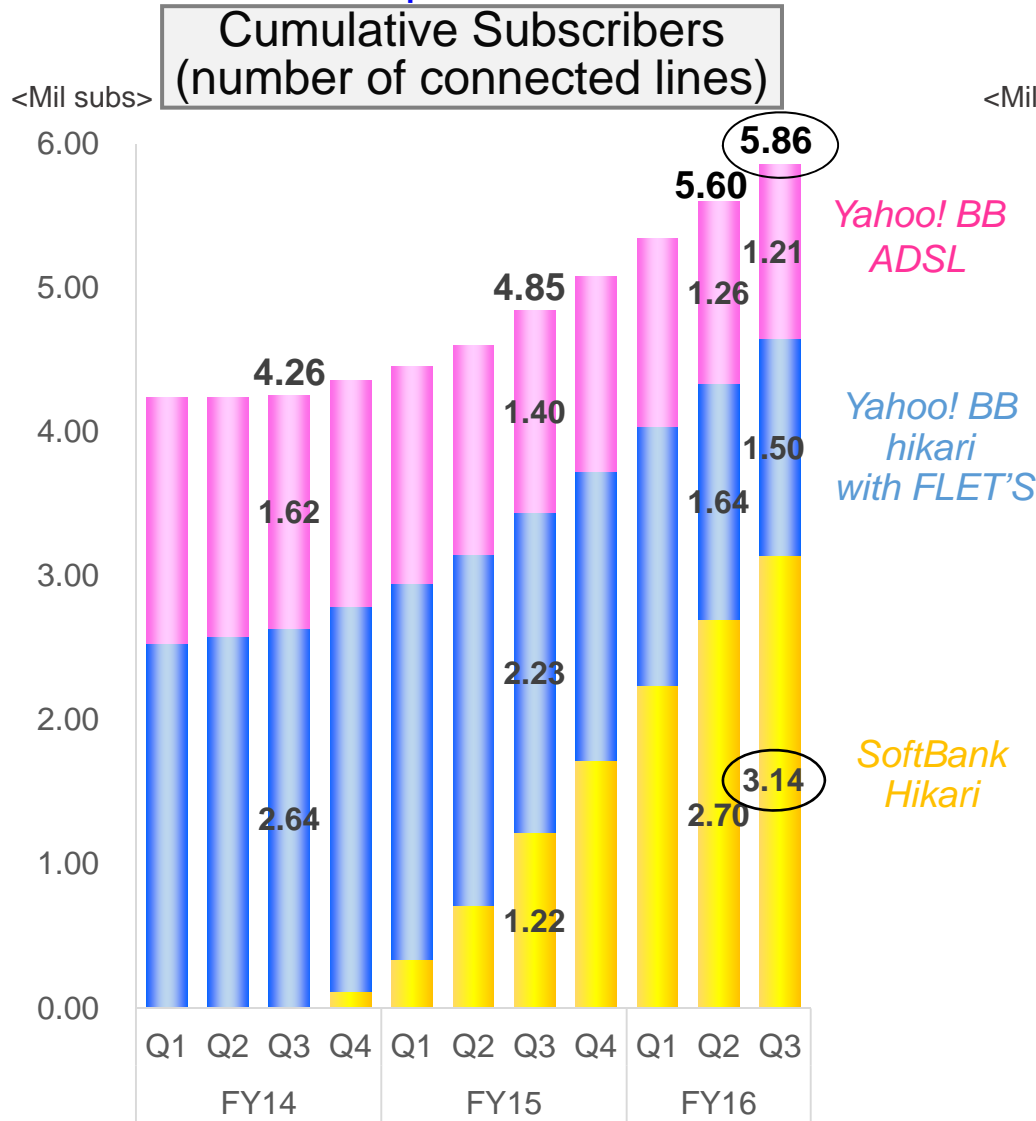
# 5. ARPU (main subscribers)

- FY16/Q3 total ARPU is JPY 4,530 (JPY -190): service ARPU is JPY 560 (JPY -), telecom ARPU is JPY 3,980 (JPY -190).
- Telecom ARPU is decreasing due to growing ratio of *Y!mobile* smartphones and increase in cumulative number of applications for *Home Bundle Discount Hikari Set*.

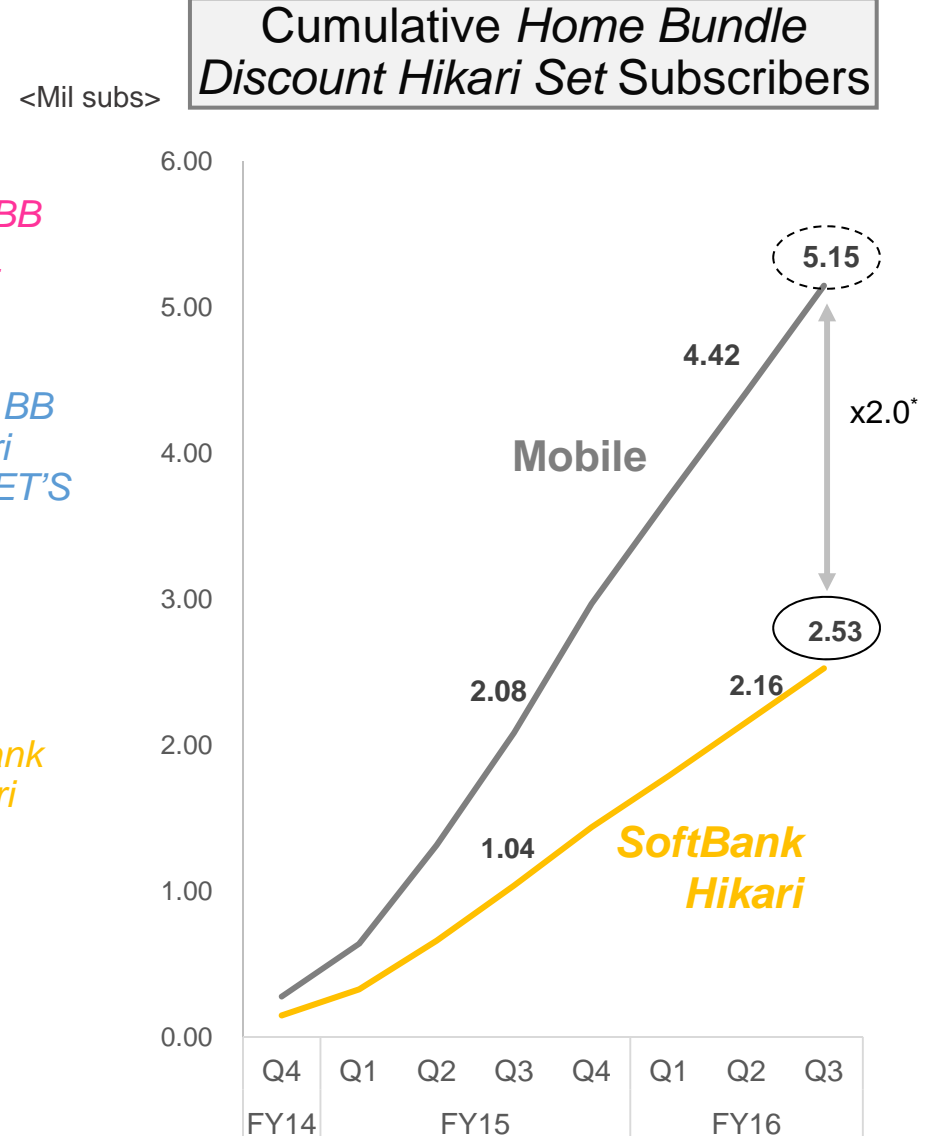


# 6. Broadband Service

- FY16/Q3 cumulative subscribers of *SoftBank Hikari* at 3.14mil. Steady trend in customer acquisition.



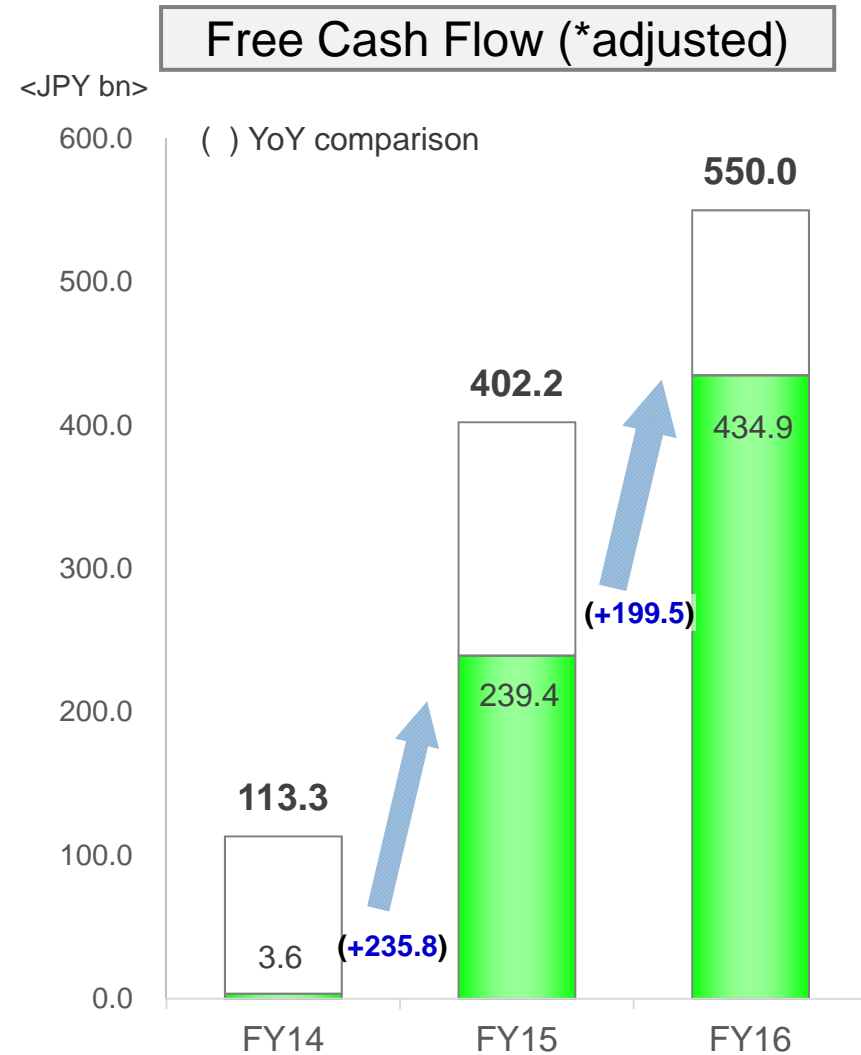
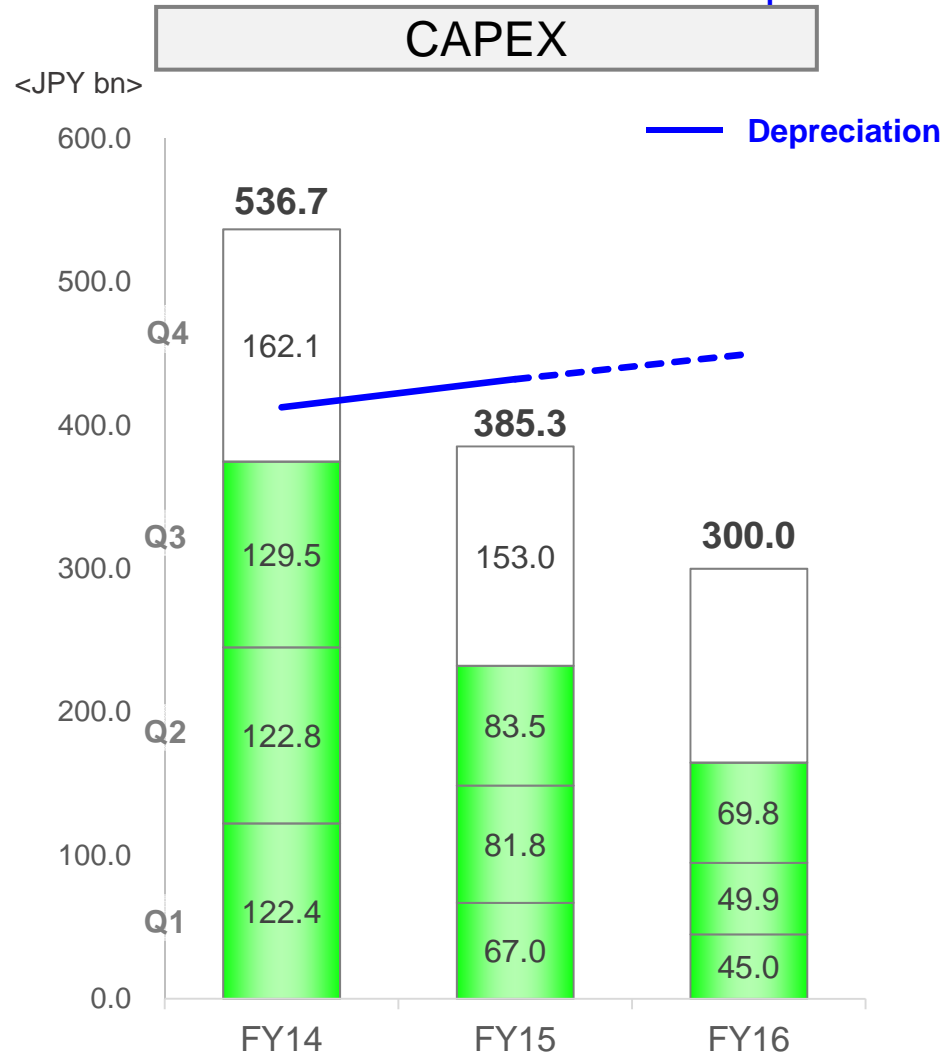
\*SoftBank Hikari includes SoftBank Air.



\*Mobile lines per SoftBank Hikari contract

# 7. CAPEX / Free Cash Flow

- FY16 CAPEX is approx. JPY 300.0bn.
- FY2016 FCF forecast revised upward to JPY 550.0bn.

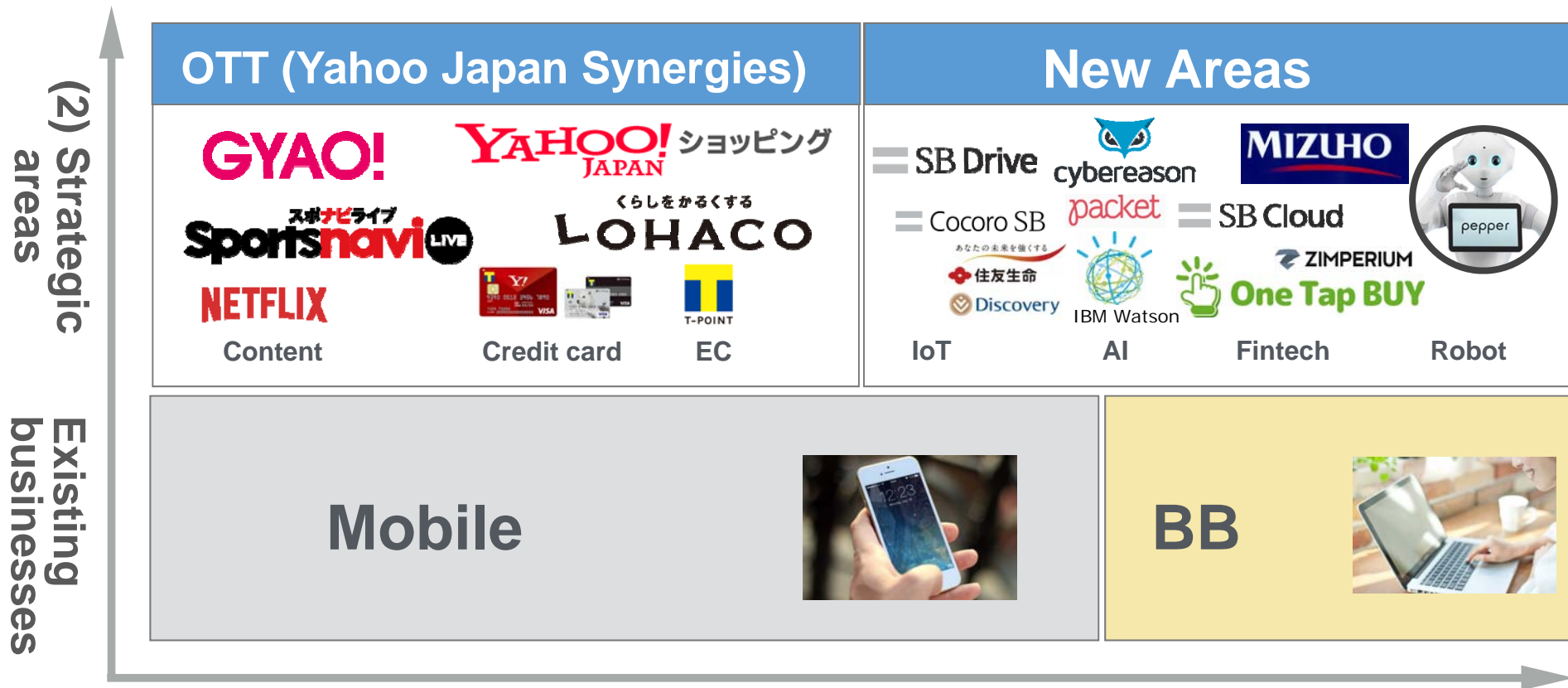


\*Acceptance basis. Includes disposal excluding rental handsets and amortization of customer relationships.

\*Excluding internal transactions between SoftBank Group and SoftBank

# 8. Growth Strategy

- (1) Enhance customer base (Smartphone/ Fiber Optic)
- (2) Focus on strategic areas (OTT/ New Areas)



(1) Enhance customer base

## 8. Generate Synergies with Yahoo Japan

- Provide pleasant Internet shopping experience to SoftBank smartphone users.

**YAHOO! ショッピング  
JAPAN**



**481k merchants      250m items**

**LOHACO**



SoftBank smartphone users get  
**10x points everyday**

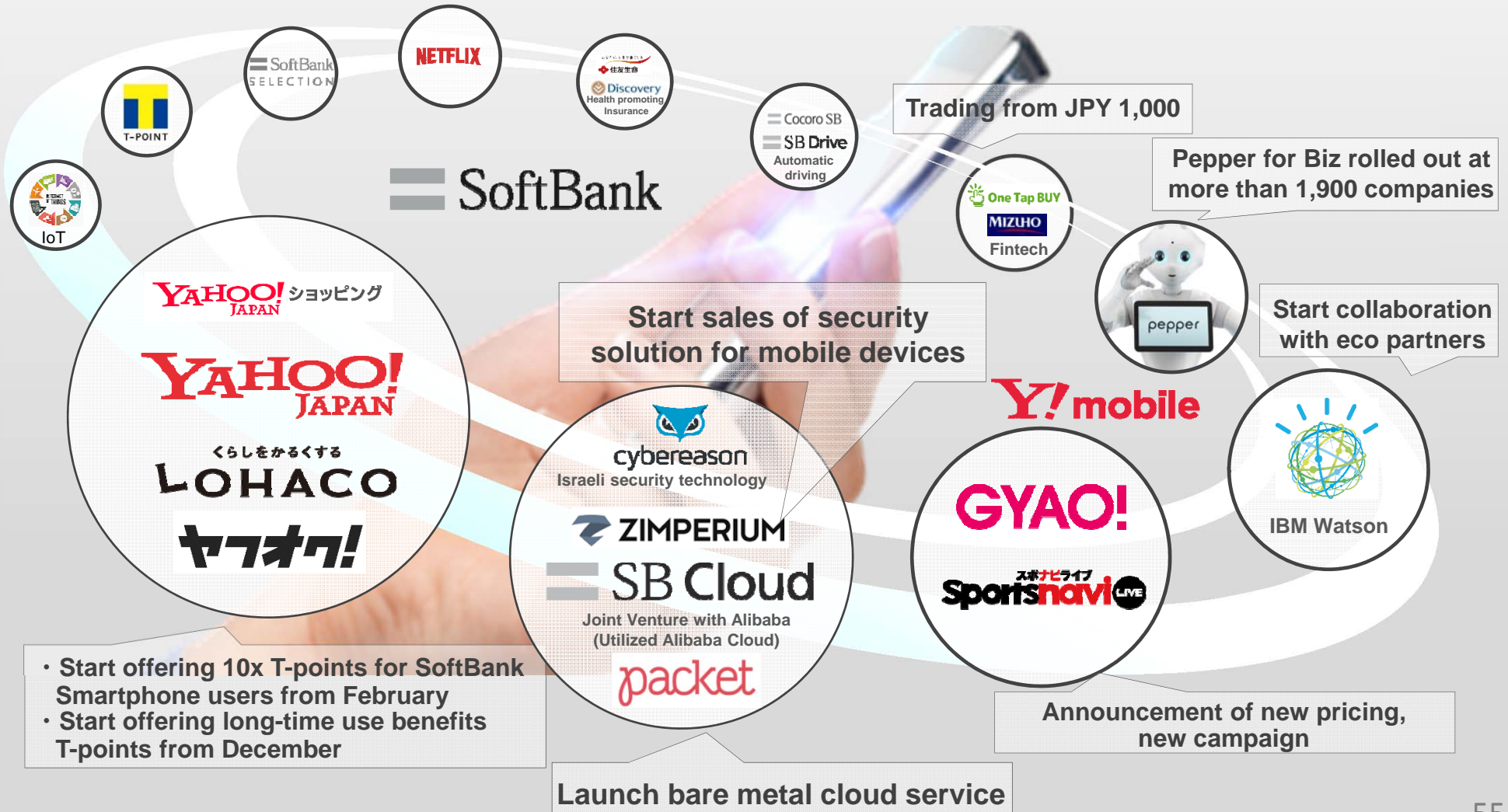
\*Period: from Feb. 1 - May 31, 2017. Points can be used for Yahoo! JAPAN services during the specified period.

\*Requires smart log-in setting. \*Number of merchants and items as of December 2016.

# 8. Efforts in Strategic Areas

<Domestic Telecommunications Segment>

## Create growth opportunities through smartphones & FTTH



# (Reference) Domestic Telecommunications Segment Breakdown of Net Sales

&lt;JPY bn&gt;

	FY2015					FY2016		
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
<b>Total net sales</b>	<b>722.6</b>	<b>785.5</b>	<b>833.9</b>	<b>802.7</b>	<b>3,144.7</b>	<b>761.8</b>	<b>792.8</b>	<b>846.1</b>
<b>Telecom service revenue</b>	<b>586.9</b>	<b>599.9</b>	<b>606.2</b>	<b>612.1</b>	<b>2,405.0</b>	<b>605.8</b>	<b>609.5</b>	<b>613/5</b>
<b>Mobile communications</b>	<b>482.7</b>	<b>488.7</b>	<b>492.0</b>	<b>490.0</b>	<b>1,953.4</b>	<b>480.1</b>	<b>478.1</b>	<b>476.1</b>
<b>Telecom</b>	<b>429.6</b>	<b>434.7</b>	<b>435.8</b>	<b>431.8</b>	<b>1,732.0</b>	<b>422.0</b>	<b>420.1</b>	<b>419.3</b>
<b>Service</b>	<b>53.1</b>	<b>54.0</b>	<b>56.1</b>	<b>58.2</b>	<b>221.4</b>	<b>58.1</b>	<b>58.0</b>	<b>56.8</b>
<b>Broadband</b>	<b>37.2</b>	<b>42.1</b>	<b>45.0</b>	<b>52.7</b>	<b>177.0</b>	<b>59.2</b>	<b>64.6</b>	<b>70.9</b>
<b>Fixed-line telecommunications</b>	<b>66.9</b>	<b>69.1</b>	<b>69.3</b>	<b>69.4</b>	<b>274.7</b>	<b>66.4</b>	<b>66.8</b>	<b>66.5</b>
<b>Product and other sales</b>	<b>135.7</b>	<b>185.6</b>	<b>227.7</b>	<b>190.6</b>	<b>739.6</b>	<b>156.0</b>	<b>183.3</b>	<b>232.6</b>



# Definition and Calculation Method of Main Operational Data

## <Mobile Communications Service>

### 1. Subscribers

Main subscribers: smartphones (\*1), feature phones, tablets, mobile data communications devices (\*2), others,  
Communication modules: communication modules (\*3), *Mimamori Phone*, prepaid mobile phones, others  
PHS: PHS

\*1 Smartphones to which the *Smartphone Family Discount* are applied are included under communication modules.

\*2 Mobile data communication devices to which the *Data Card 2-Year Special Discount* are applied are included under communication modules.

\*3 Communication modules that use PHS networks are included under PHS.

### 2. ARPU

ARPU: Average Revenue Per User per month

Total ARPU = (data-related revenue + basic monthly charge and voice-related revenues + device warrantee services + content-related revenues + advertising revenue, etc.) / number of active subscribers (rounded to the nearest JPY 10)

Telecom ARPU = (data-related revenue (packet communication and flat-rate charges, basic monthly Internet connection charges etc.) + basic monthly charge and voice-related revenues (basic monthly usage charges, voice call charges, revenues from incoming calls, etc.)) / number of active subscribers (rounded to the nearest JPY 10)

Service ARPU = (device warrantee services, content-related revenues, advertising revenue, etc.) / number of active subscribers (rounded to the nearest JPY 10)

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period

((subscribers at the beginning of the month + subscribers at the end of the month) / 2)

Revenues from incoming calls: interconnection charges received from other operators for voice calls from their customers on their network to *SoftBank* and *Y!mobile* phones as a charge for the services provided in the *SoftBank Corp.* service area.

Monthly Discount includes the discount amount of the "*Home Bundle Discount Hikari Set*"

### 3. Churn rate

Churn rate: average monthly churn rate (rounded to the nearest 0.01%)

Churn rate (handsets) : churn rate for smartphones and feature phones within main subscribers. Includes voice SIM subscriptions.

Churn rate = number of churn / number of active subscribers for the relevant period.

Number of churn excludes the number of subscribers who switch between *SoftBank* and *Y!mobile* using Mobile Number Portability (MNP).

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period

((subscribers at the beginning of the month + subscribers at the end of the month) / 2)

### 4. Home Bundle Discount Hikari Set

The cumulative applications for the "*Home Bundle Discount Hikari Set*" includes subscribers for *Fiber-optic Discount* applied to *Y!mobile* brand mobile communications services.

The number of eligible applications for the "*Smartphone & Internet Bundle Discount*" includes that of fiber-optic lines as long as the relevant discount is applied to the associated mobile communications services, even if its connection construction is not complete at the central office of NTT East and NTT West.

## <Broadband Service>

### Subscribers

*SoftBank Hikari* subscribers: number of users for which physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete.  
Includes the number of subscribers to *SoftBank Air*.

*Yahoo! BB hikari with FLET'S* subscribers: number of users of *Yahoo! BB hikari with FLET'S* for which physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete and who are provided with services

*Yahoo! BB ADSL* subscribers: Number of users of *Yahoo! BB ADSL* for which physical connection of an ADSL line at the central office of NTT East or NTT West is complete.

# Sprint



**Fiscal 3Q16 Results**  
**SoftBank Investor Briefing**

February 10, 2017

# Cautionary Statement




## SAFE HARBOR

This release includes “forward-looking statements” within the meaning of the securities laws. The words “may,” “could,” “should,” “estimate,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “target,” “plan,” “outlook,” “providing guidance,” and similar expressions are intended to identify information that is not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to our network, cost reductions, connections growth, and liquidity; and statements expressing general views about future operating results — are forward-looking statements. Forward-looking statements are estimates and projections reflecting management’s judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. With respect to these forward-looking statements, management has made assumptions regarding, among other things, the development and deployment of new technologies and services; efficiencies and cost savings of new technologies and services; customer and network usage; connection growth and retention; service, speed, coverage and quality; availability of devices; availability of various financings, including any leasing transactions; the timing of various events and the economic environment. Sprint believes these forward-looking statements are reasonable; however, you should not place undue reliance on forward-looking statements, which are based on current expectations and speak only as of the date when made. Sprint undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our company’s historical experience and our present expectations or projections. Factors that might cause such differences include, but are not limited to, those discussed in Sprint Corporation’s Annual Report on Form 10-K for the fiscal year ended March 31, 2016. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

# Fiscal 3Q 2016 Highlights



**Net Operating Revenues Grew**  
year-over-year for the second consecutive quarter




**Operating Expenses**  
more than **\$1.6B**  
of year-to-date reductions in CoS and SG&A



**Operating Income & Adjusted EBITDA\***  
Improved more than **\$500M** year-over-year



**Postpaid Phone Net Adds<sup>^</sup>**  
**9** consecutive quarters of year-over-year growth



**Liquidity**  
Over **\$9B**  
of general purpose liquidity



**Network**  
Performing at **Best Ever**  
levels as recognized by third parties



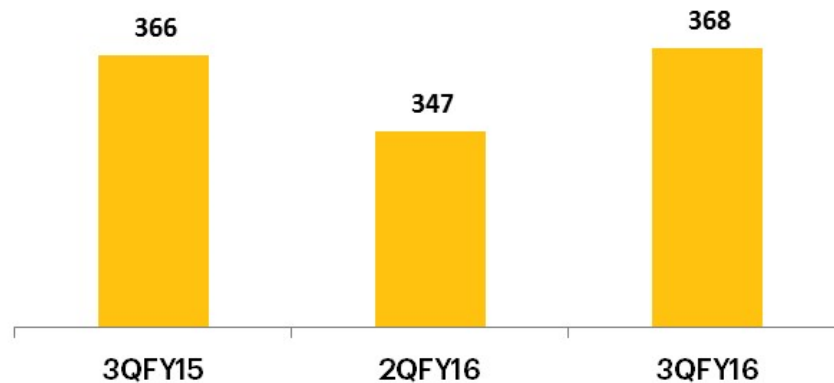
<sup>^</sup> indicates results specific to Sprint Platform

# Growing Connections

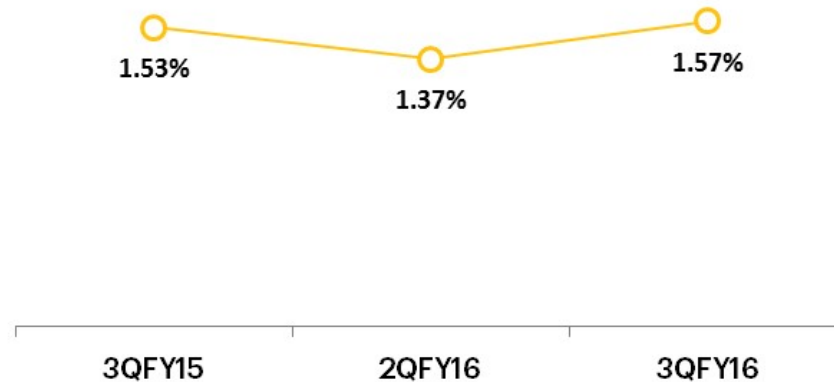


## Postpaid Phone Net Adds<sup>^</sup>

In Thousands



## Postpaid Phone Churn<sup>^</sup>

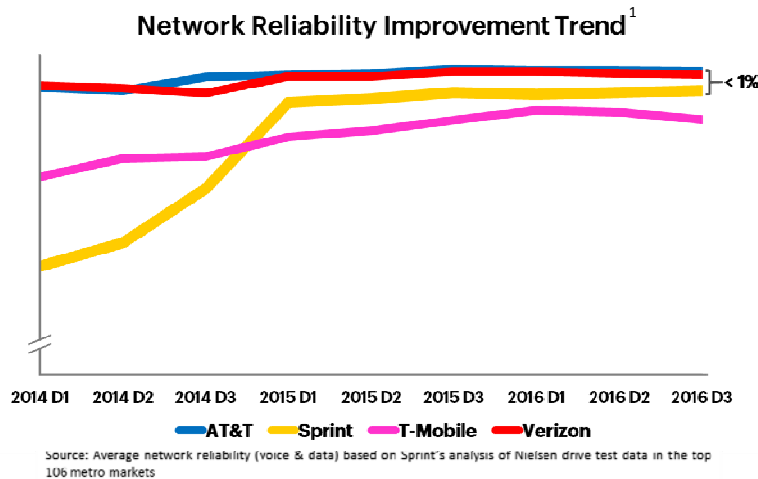


➤ Postpaid phone net adds highest in last 4 years

- ✓ Improved y/y for 9<sup>th</sup> consecutive quarter
- ✓ 888,000 YTD is more than double the full year last year
- ✓ Beat Verizon for the 4<sup>th</sup> consecutive quarter and AT&T for the 9<sup>th</sup> consecutive quarter
- ✓ Postpaid phone gross adds highest in 4 years
- ✓ Grew share of industry postpaid phones

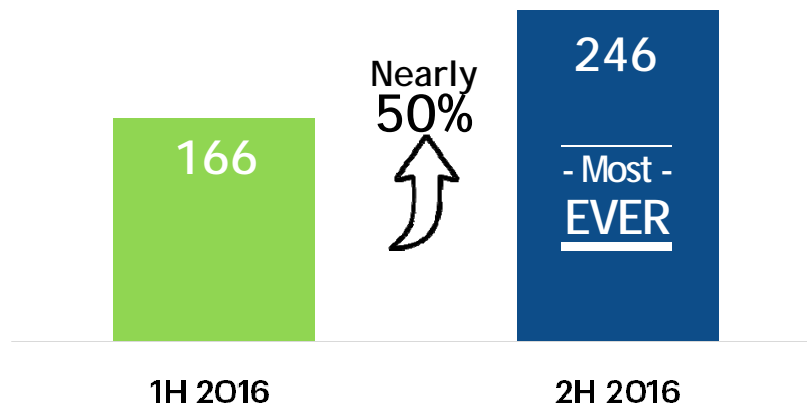
<sup>^</sup> indicates results specific to Sprint Platform

# Network Performing at Best Ever Levels



- Network reliability continued to narrow the gap to best in class within less than 1 percent of AT&T and Verizon.<sup>1</sup>
- RootMetrics® awarded Sprint 246 first-first-place (outright or shared) Metropolitan area RootScore® Awards for for reliability, speed, data, call, text, or overall network performance in the second half of 2016.<sup>2</sup>
- More Metropolitan area Call RootScore® RootScore® Awards than Verizon, AT&T, AT&T, or T-Mobile in the second half of of 2016 for the first time ever.<sup>2</sup>
- J.D. Power ranks Sprint 2nd highest in network quality across five of six regions regions in U.S.
- Computerworld reported that Sprint was was the most improved in latest survey

## First or Shared First Place Metropolitan Area RootMetrics® RootScore® Awards<sup>2</sup>



1- Average network reliability (voice & data) based on Sprint's analysis of latest Nielsen drive test data in the top 106 metro markets.

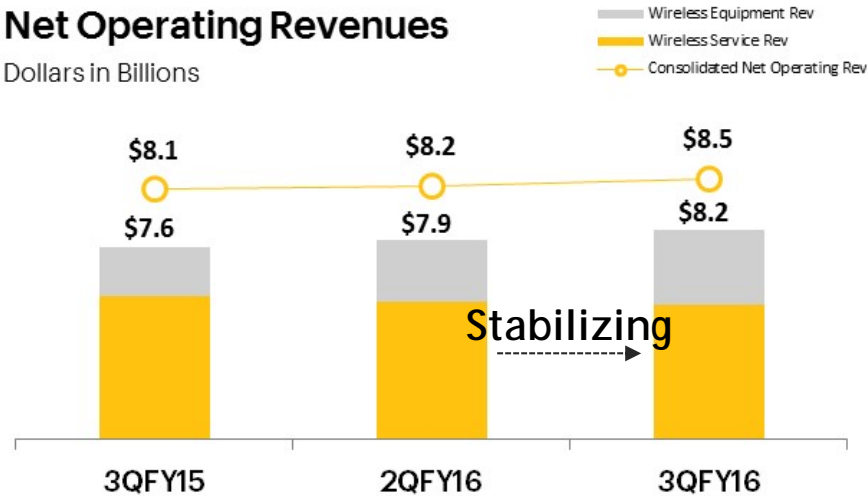
2- Rankings based on RootMetrics 125 Metro RootScore Reports (1H and 2H 2016) for mobile performance as tested on best available plans and devices on 4 mobile networks across all available network types. Your experience may vary. The RootMetrics awards are not an endorsement of Sprint. Visit [www.rootmetrics.com](http://www.rootmetrics.com).

# Stabilizing Revenue

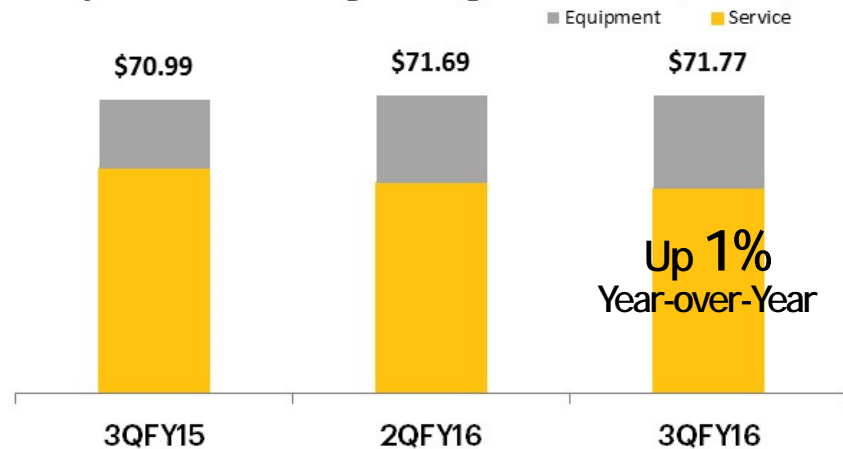


## Net Operating Revenues

Dollars in Billions



## Postpaid Phone Avg Billings Per User (ABPU)^\*



- Consolidated net operating revenues grew over 5% y/y
- Wireless net operating revenues grew nearly 7% y/y
- Wireless service revenue and postpaid service revenue relatively flat sequentially
- Postpaid ABPA^\* increased 2% y/y
- Postpaid phone ABPU^\* increased 1% y/y
- 80% of postpaid device sales^ in the quarter were financed, including 84% of postpaid phone sales^ being financed
- 71% of postpaid phone base^ on unsubsidized service plans

^ indicates results specific to Sprint Platform

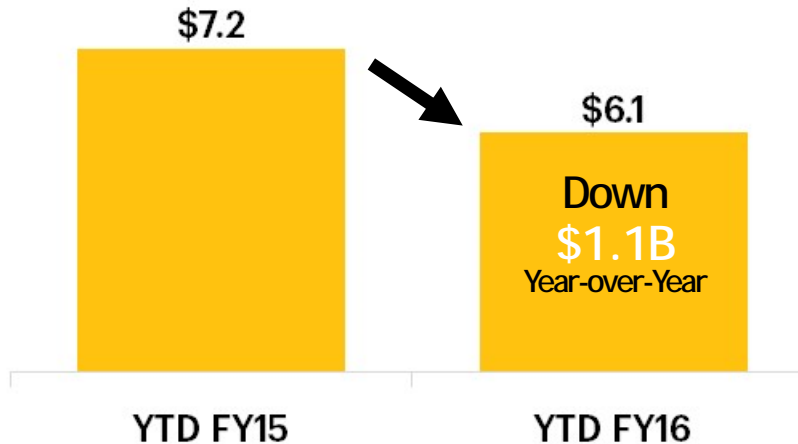


# Reducing Operating Expenses



## Cost of Services

Dollars in Billions



➤ More than \$1.6 billion of year-to-date reductions in cost of services and SG&A expenses

➤ Cost of services down \$423 million y/y in FY3Q16

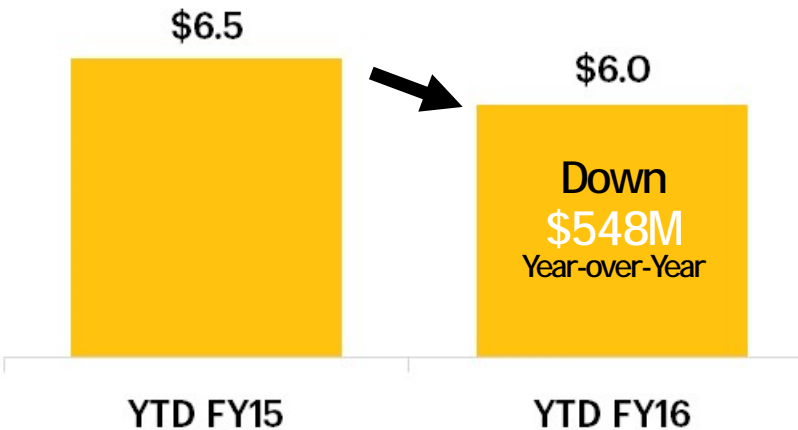
✓ Lower labor expense

✓ Lower backhaul and roaming expenses

✓ Shutdown of WiMax network

## Selling, General, and Administrative

Dollars in Billions



➤ SG&A expenses improved \$49 million y/y in FY3Q16

✓ Lower customer care and sales expenses

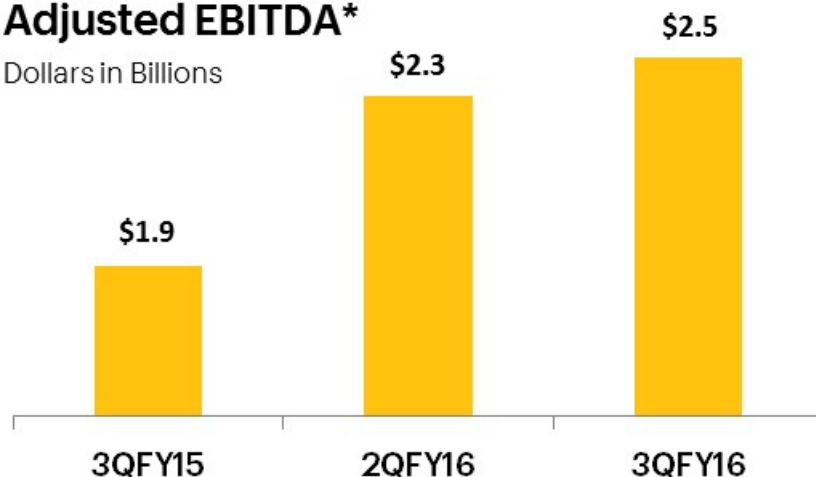
➤ Continue to expect \$2 billion or more of run rate reductions exiting FY2016

# Improving Profitability



## Adjusted EBITDA\*

Dollars in Billions

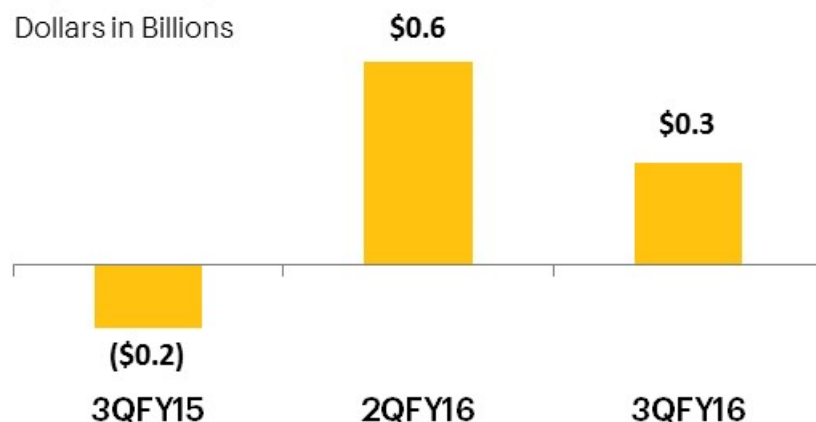


Adjusted EBITDA\* improved by over \$500 million y/y primarily driven by expense reductions as well as stabilizing top line revenues

Operating Income also improved by more than \$500 million y/y

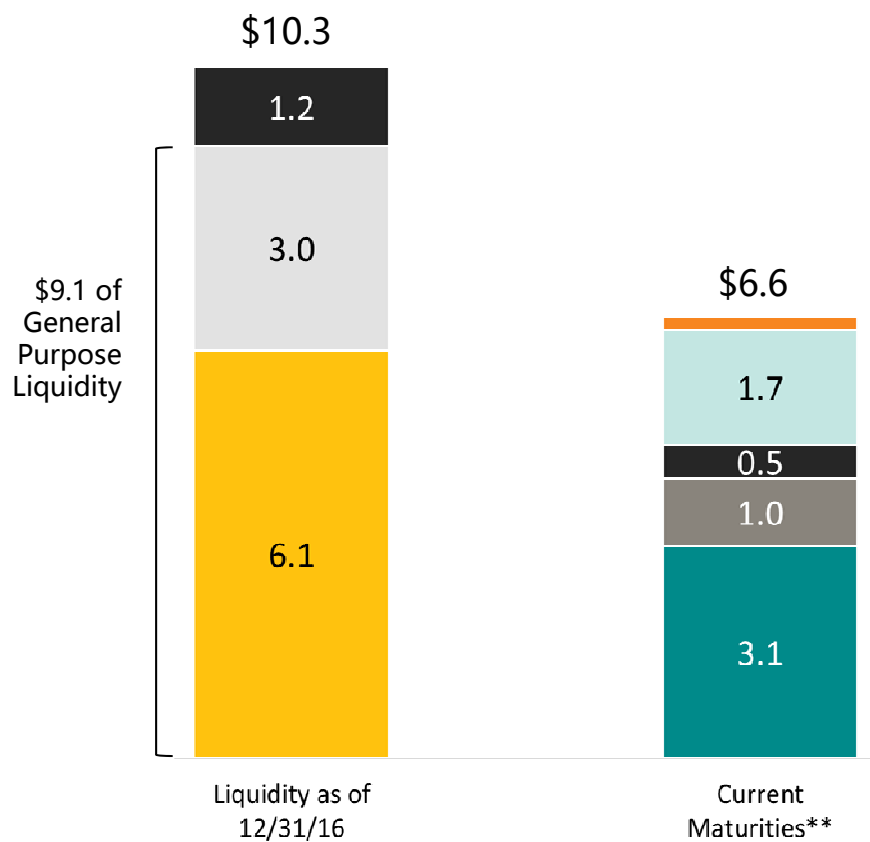
## Operating Income (Loss)

Dollars in Billions



(actual dollars)	3QFY16	3QFY15	Change
EPS	(\$0.12)	(\$0.21)	\$0.09
Asset dispositions / severance and exit costs	(\$0.01)	(\$0.05)	\$0.04
Other expense	(\$0.02)		(\$0.02)

# Liquidity & Debt



■ Cash, Cash Equiv, Short-Term Investments    ■ Revolver  
■ Vendor Financing    ■ Note Maturities    ■ Receivables/Device Financing  
■ Network Equipment Financing    ■ Other

\*\*Includes maturities due through Dec 2017

- ✦ \$9.1 billion of general purpose liquidity as of 12/31/16 including \$6.1 billion in cash, cash equivalents and short-term investments
- ✦ Issued \$3.5 billion of spectrum-backed senior secured notes at 3.36% which is materially less than the coupon on the maturities paid in December
- ✦ Terminated the first MLS tranche early
- ✦ In the process of refinancing revolving credit facility

# Fiscal Year 2016 Guidance

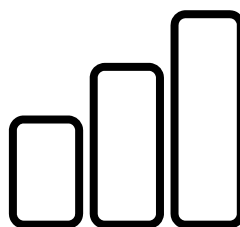


Adjusted EBITDA\*



\$9.7 billion to \$10 billion

Operating Income



\$1.4 billion to \$1.7 billion

Cash Capex



\$2 billion to \$2.3 billion, excluding devices leased through indirect channels

Adjusted Free Cash Flow\*



around break even

