



# Targeting the Next Growth Stage

Japan's telecommunications market is moving in earnest into the multi-device era, in which individual customers use more than one handset. Amid these changes in the operating environment, mobile communications carriers' handset and network offerings are becoming increasingly similar, and the amount of mobile data traffic is growing sharply—those issues are common among telecommunications carriers. Accordingly, the market has entered a new period of competitiveness.

Against this backdrop, KDDI positioned the fiscal year ended March 31, 2014, as the first year in a new phase of full-scale income growth and focused on “Advance and Develop 3M Strategy” as a medium-term management target leading up to the fiscal year ending March 31, 2016. At the same time, we worked to “Implement Global Strategy,” aiming to establish the foundations for our global business.

In particular, under the “3M Strategy” we sought to first develop services that competitors are unable to emulate: “au Smart Value,” “au Smart Pass,” and “au Smart Support.” In this way, we strove to expand our customer base and enhance customer satisfaction.

We reinforced our infrastructure base, and by March 2014 we had expanded actual population coverage\* of “au 4G LTE” to 99% in the area where we provide the 800MHz “platinum band.” This bandwidth is the base for “au 4G LTE,” which offers high speed and easy connections.

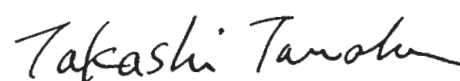
In addition to these initiatives, during the year we brought Japan's leading CATV provider Jupiter Telecommunications Co., Ltd., into the scope of consolidation. As a result, consolidated operating revenues for the KDDI Group as a whole grew 18.3% year on year, to ¥4,333.6 billion, and operating income rose 29.4%, to ¥663.2 billion—the first time operating revenues had exceeded ¥4 trillion, and the first time with operating income in excess of ¥600 billion. In addition, the number of au mobile subscriptions exceeded 40 million in February 2014.

As in the preceding term, for the fiscal year ending March 31, 2015, we are working for the goal of achieving double-digit growth each year in consolidated operating income. We also plan to further expand earnings per share. In a host of fields, we aim to provide “value that exceeds customer expectations.” As a result, we intend to differentiate ourselves from competitors and are targeting the next growth stage.

Even as we move our business to a new stage, we recognize that we must not forget our mission, namely to contribute to the realization of a prosperous communications-based society through our business by providing uninterrupted telecommunications services and delivering services that offer new value to society. All employees are working to fulfill this mission by sharing the “KDDI Philosophy,” which defines the sort of company we want to be.

Through its widely varied business activities, KDDI intends to stimulate people all over the world, offering them safety and enjoyment and bringing smiles to their faces. We aim to contribute to society's development, while further enhancing corporate value through sustainable growth and increased shareholder returns.

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Takashi Tanaka  
President, KDDI CORPORATION

\* For calculation purposes, Japan has been divided into 500m<sup>2</sup> grid squares. Actual population coverage is the coverage ratio in comparison to the total population of grid squares designated as part of KDDI's service area.