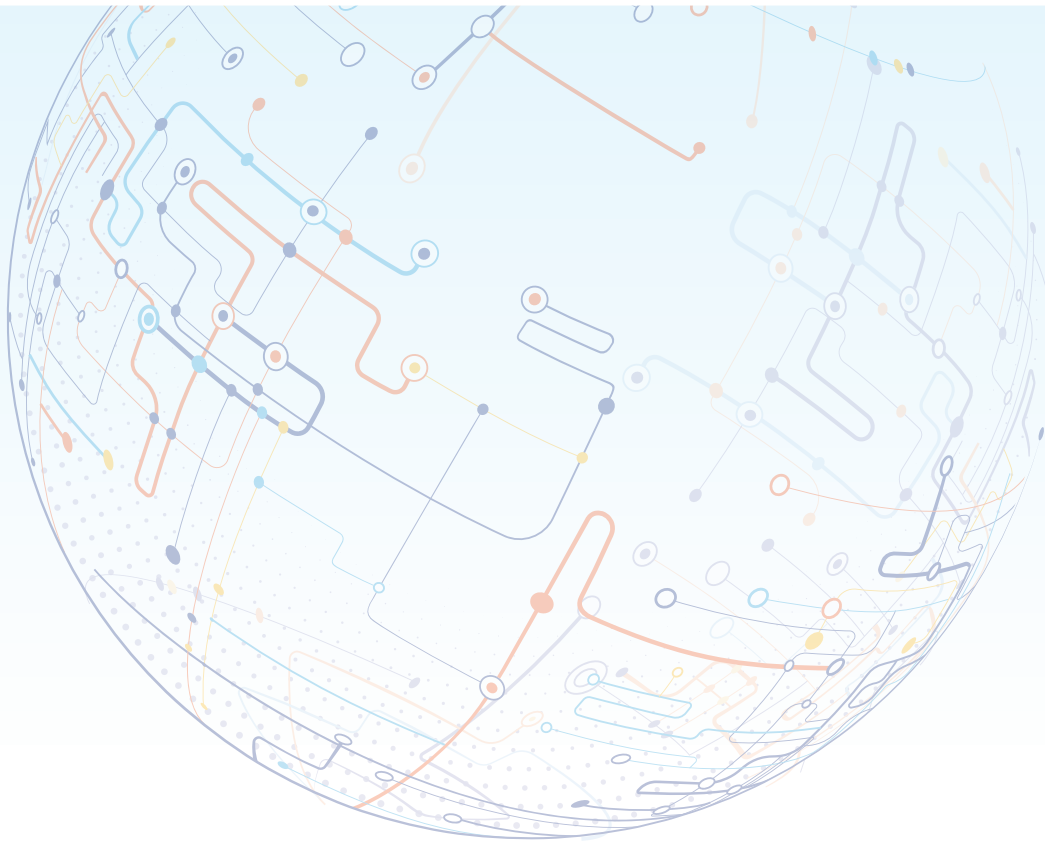


# Our Strategic Focus



- 08 KDDI's Business Model
- 10 Message from the President
- 17 Feature: Establishing new growth pillars
  - 18 1. Maximize the "au Economic Zone"
  - 20 2. Ambitiously develop global business

# KDDI's Business Model

Since the merger of the three companies in October 2000, KDDI has leveraged its strengths as a general telecommunications carrier providing both mobile and fixed-line services to grow its business steadily.

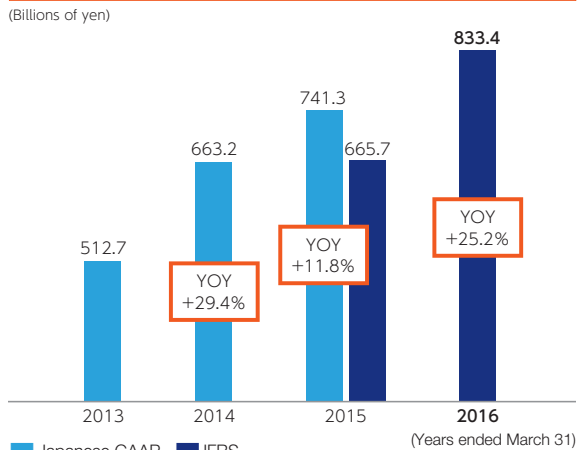
Furthermore, as we announced in our new medium-term targets in May 2016, we will continue aiming to “achieve continuous growth and enhance shareholder return.” To deliver on this target, KDDI will work to optimize the allocation of its “capitals” across its four business segments.



## Previous Medium-Term Targets (Fiscal years ended March 31, 2014 – March 31, 2016) P.11

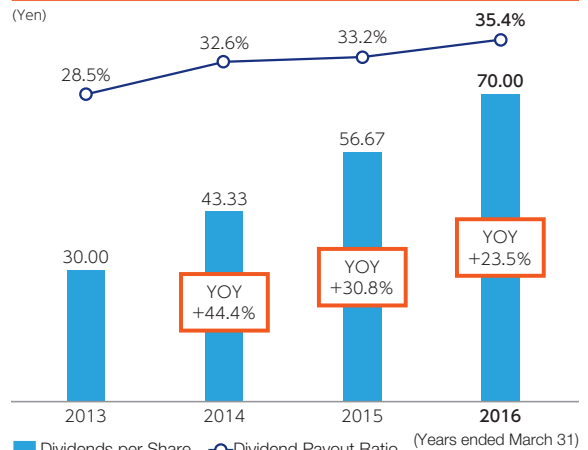
### Steadily Achieved Targets

**Continuous Growth**  
**Double-digit growth in operating income every year**

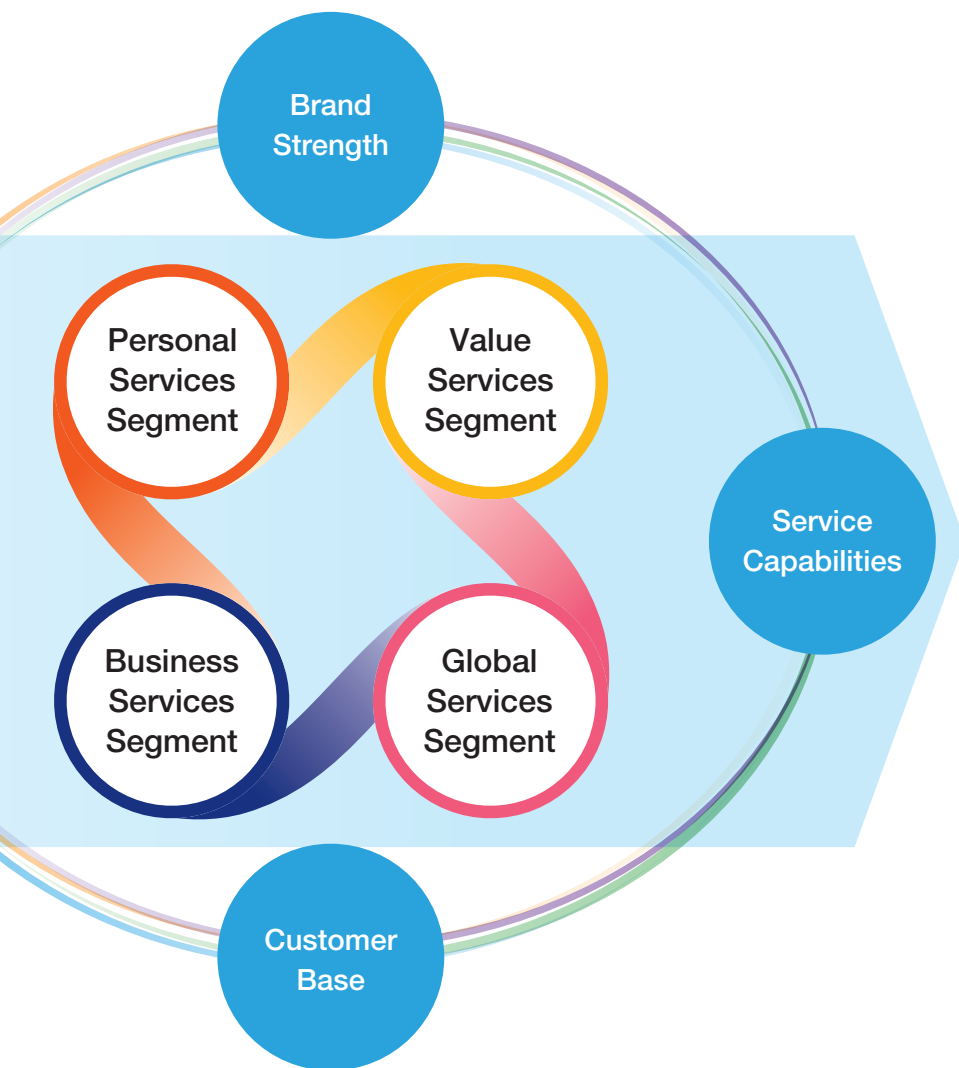


■ Japanese GAAP ■ IFRS  
 \* Comparisons are based on Japanese GAAP for FY2014.3 and FY2015.3, FY2016.3 is based on IFRS

**Enhance Shareholder Return**  
**Dividend payout ratio of above 30%**



■ Dividends per Share ○ Dividend Payout Ratio  
 \* Figures are adjusted to reflect stock split  
 \* Dividend payout ratios are displayed using Japanese GAAP through FY2015.3 and IFRS for FY2016.3



OUTPUT	
<b>Financial capital</b>	
Generating cash flow	P.15
<b>Manufactured capital</b>	
Offering reliable information and communications services	P.31
Entering non-telecommunications fields	P.18
<b>Intellectual capital</b>	
Strengthening the au brand	P.45
<b>Human capital</b>	P.32
Promoting diversity	
Cultivating the next generation of leaders	
<b>Social and relationship capital</b>	
Creating a safe and secure information and communications society	P.34
Contributing to economic development in Myanmar	P.20

**New Medium-Term Targets (Fiscal years ended March 31, 2017 – March 31, 2019) P.12**

**Continue aiming to achieve continuous growth and enhance shareholder return**

**Continuous Growth**  
**Aim for an average annual operating income growth rate of 7%**

**Enhance Shareholder Return**  
**Lift dividend payout ratio from above 30% to above 35%**

**Profit Growth**

**Shareholder Returns**

**Operating income** Target operating income; CAGR of 7%

**Dividend payout ratio** Lift payout ratio from “above 30%” to “above 35%”

**Gross merchandise value of “au Economic Zone”** Over ¥2 trillion by the fiscal year ending March 31, 2019

**Repurchase own shares** Implement after growth investment

**M&A for growth** Approx. ¥500 billion over three years

**Cancellation of treasury stock** Limit the amount of those treasury stock to approx. 5% of our total issued shares, and will cancel any treasury stock held in excess of this limit