



Financial Results for the Fiscal Year Ended March 2017

(From April 2016 to March 2017)

May 11, 2017

President Takashi Tanaka
KDDI Corporation

Today's Presentation

- **Financial Results for FY17.3**
- **Toward Achieving the Medium-Term Target**
- **Financial Forecasts for FY18.3**

Disclaimer

Statements made in these documents with respect to the KDDI Group's performance targets, projected subscriber numbers, future forecasts and strategies that are not historical facts are forward-looking statements about the future performance of the KDDI Group, based on company's assumptions and beliefs in light of the information available at the time they were made. They therefore include certain risks and uncertainties. Actual results can differ from these statements due to reasons including, but not limited to, domestic and overseas economic trends, competitive position, formulation, revision or abolition of laws and ordinances, regulations or systems, government actions or intervention and the success or lack thereof of new services. Consequently, please understand that there is a possibility that actual performance, subscriber numbers, strategies and other information may differ significantly from the forecast information contained in these materials or other envisaged situations.

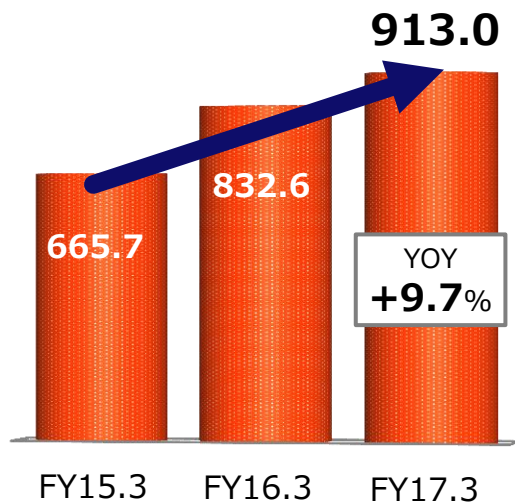
Financial Results for FY17.3

Highlights of Results for FY17.3

Promoting Business Strategy toward the New Growth Stage

Operating Income

(Billions of yen)



Financial Results/Operations

- Operating income: YOY +9.7%
- Profit increased in the domestic business
- Strengthened the life design business

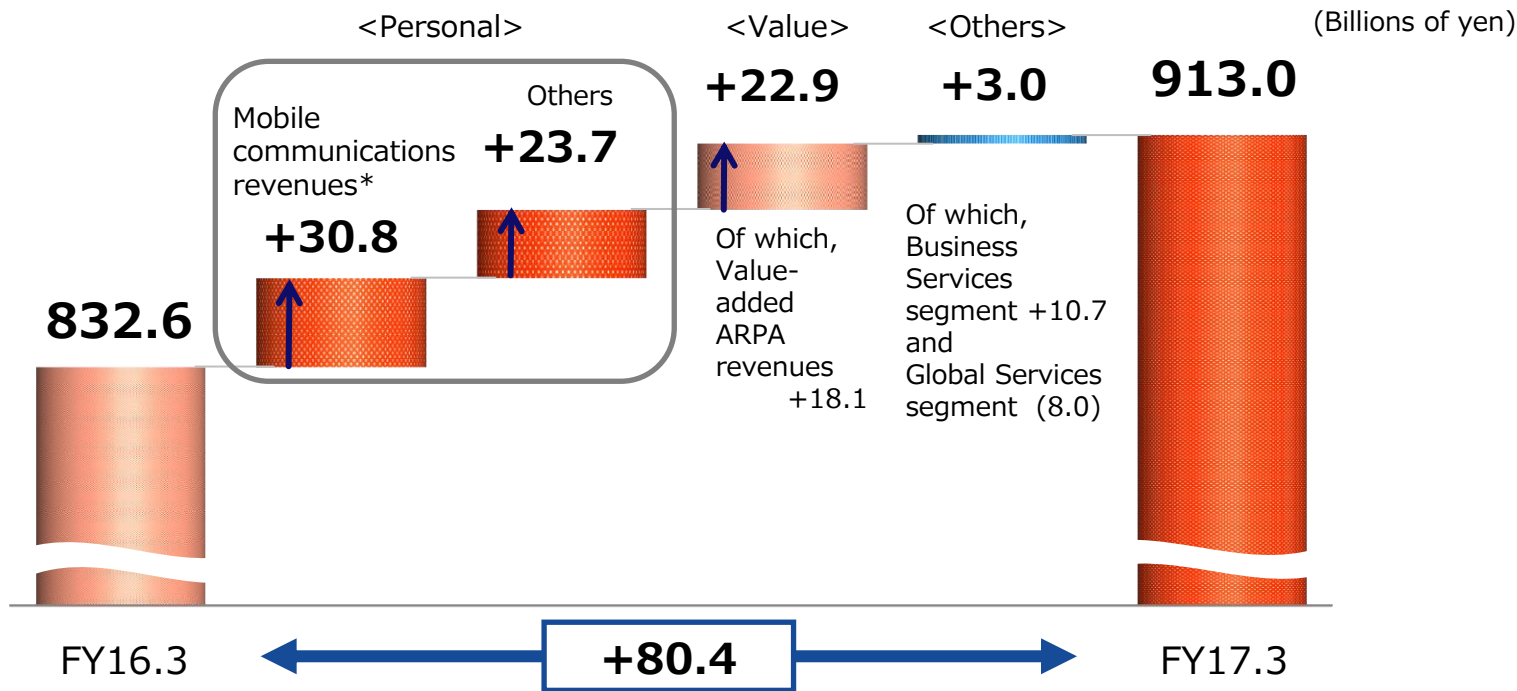
Shareholder Return/Capital Strategy

- Increased DPS “¥5” from the initial forecast
- Repurchased own shares approx. ¥100 billion*
- Canceled portion of treasury shares exceeding 5% of total issued shares

*Aggregate number of shares: 31,650,800 shares
Period for share repurchased: From May 13 to September 13, 2016

Operating Income: Factor for Change, YOY for FY17.3

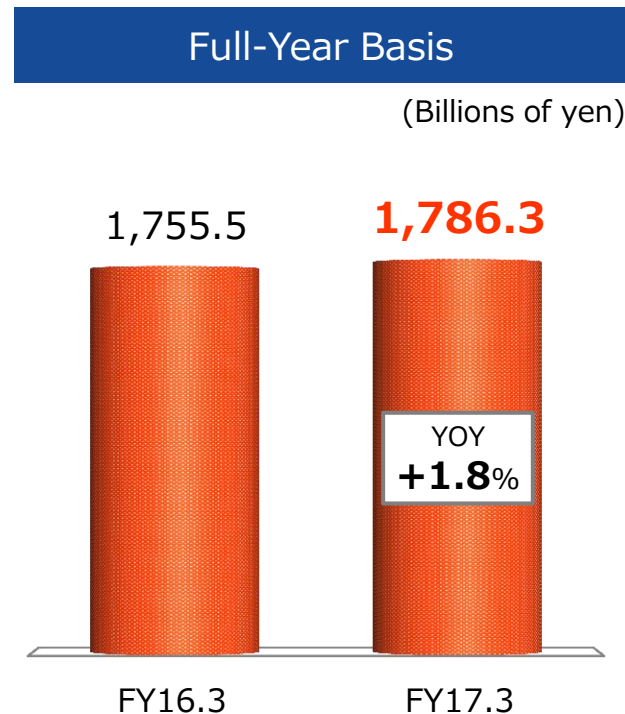
Increased Earnings in Domestic Business is the Main Driver



*Mobile communications revenues = au ARPA revenues + MVNO revenues

Mobile Communications Revenues

YOY +1.8%



Note) Mobile communications revenues = au ARPA revenues + MVNO revenues

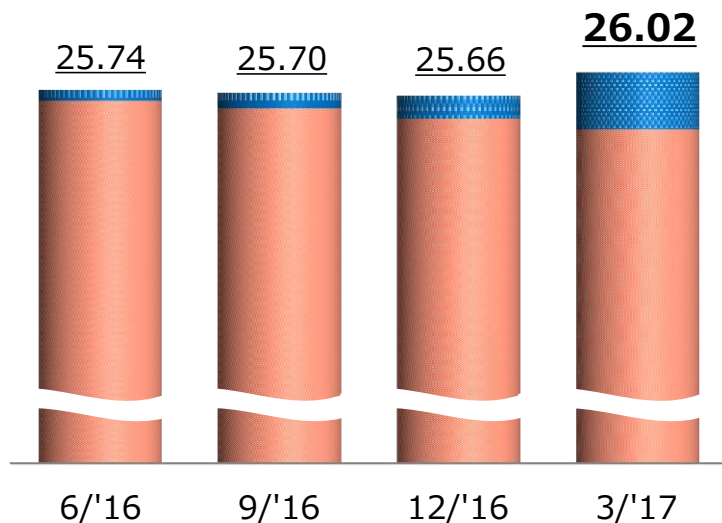
Mobile IDs

“Mobile IDs” Began to Turnaround in 4Q Driven by MVNO

Mobile IDs^{*1}

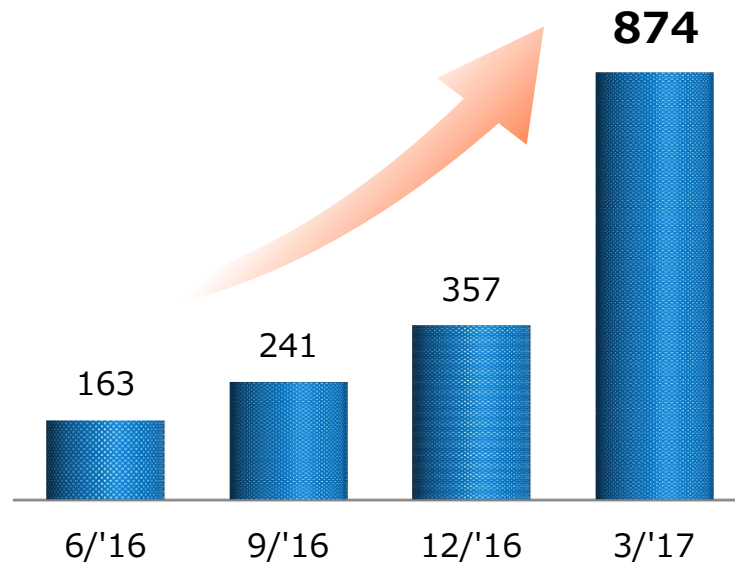
(Millions)

■ au accounts^{*2} ■ MVNO subs^{*3}



MVNO Subscriptions^{*3}

(Thousands)



*1) au accounts + MVNO subscriptions

*2) Number of subscriptions within the scope of au ARPA revenues, which excludes multiple subscriptions under the same identical name

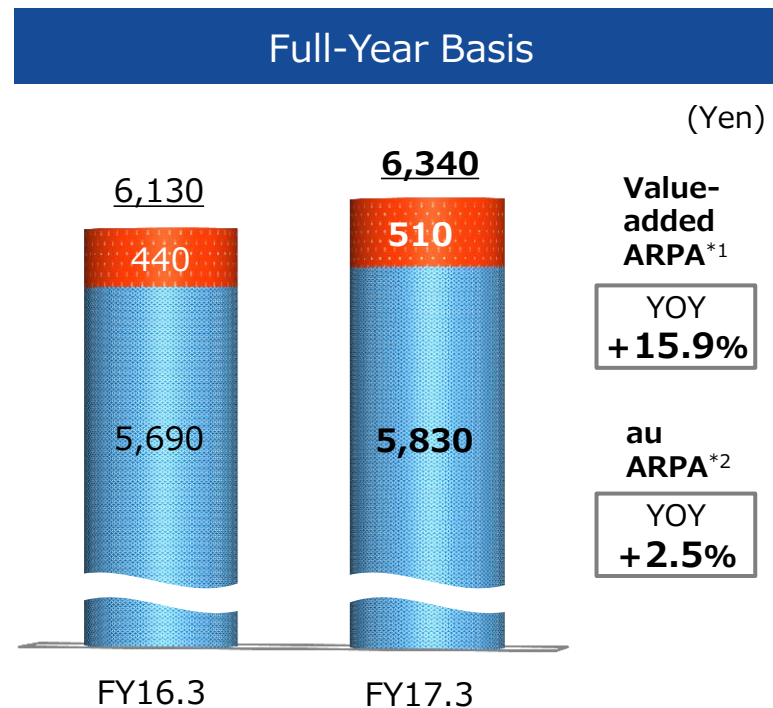
*3) Based on MVNO services provided by consolidated subsidiaries (Excluding certain services. Including services using networks of other operators)

Total ARPA

Steady Growth

YOY +3.4%

Note) Total ARPA = au ARPA + Value-added ARPA



*1) Value Services segment basis

*2) Personal Services segment basis

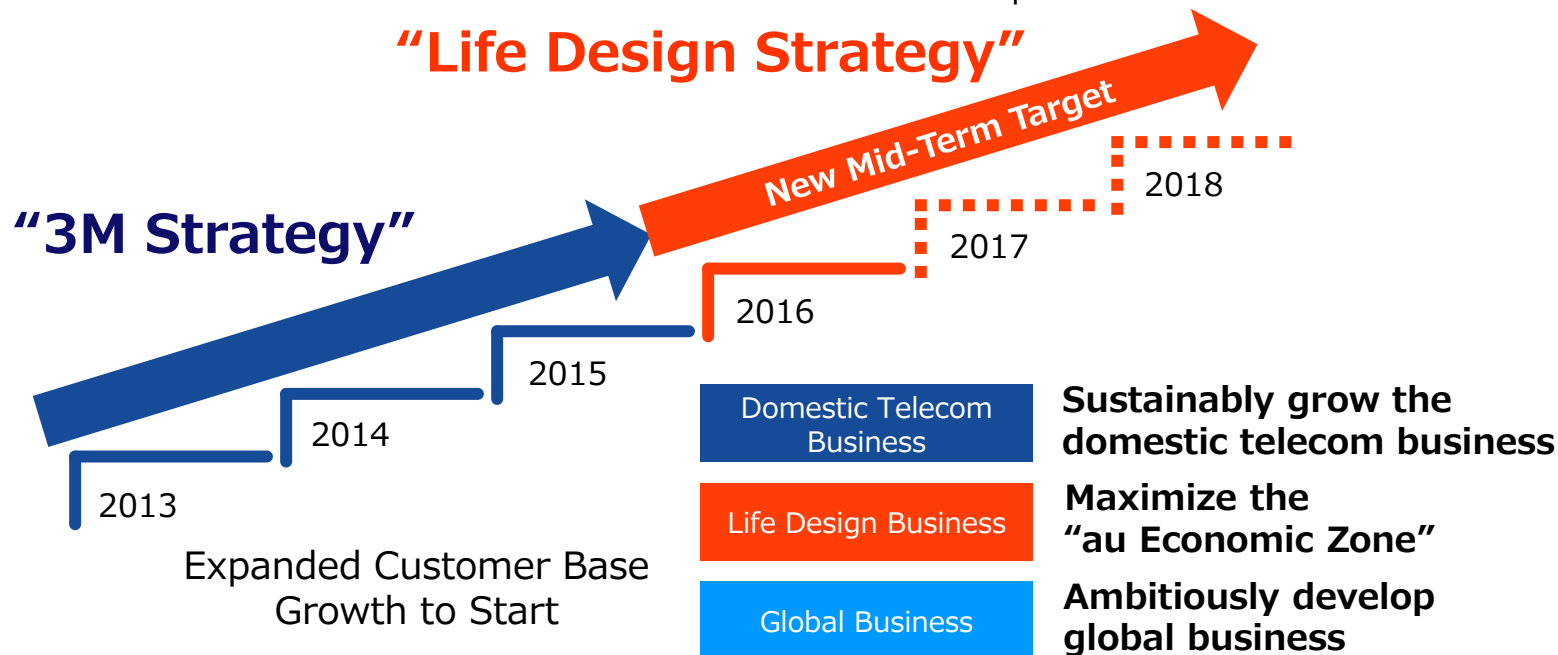
Toward Achieving the Medium-Term Target

Medium-Term Target Framework

Sustainably Grow the Domestic Telecom Business and Establish New Growth Pillars

Transform into a Business that Provides Customer Experience Value

"Life Design Strategy"



First-Second Year Point of the Medium-Term

10

Accelerate “Transformation” to Achieve Medium-Term Target

Transform into a Business that Provides Customer Experience Value

Domestic Telecom Business

Expansion of the KDDI Group's customer base in terms of the number of “Mobile IDs” based on au + MVNO

Life Design Business

1. Acquire new expertise and customer base through M&As
2. Strengthen efforts to generate IoT businesses

Global Business

1. Promoting mobile business in developing Asian countries
2. Enhancing service quality of data center



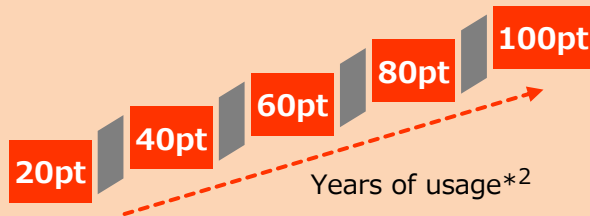
Strengthen Point Accumulation and Usage to Increase Customer Experience Value

Accumulate WALLET points

Use WALLET points

au STAR Loyal

Points are awarded every month depending on years of service use and flat-rate data fee



^{*1}
au STAR

au WALLET



Points can also be awarded by using au WALLET prepaid/credit card

au STAR Gift



(Popular items on members' website^{*3})

New products will be added in June



Usable at **MasterCard®** network of approx. **43.3 million stores worldwide**^{*4}



^{*1}) Available for au feature phone and au smartphone users. Requires member registration (free)

^{*2}) Customers who have subscribed to a designated flat-rate data service for 4 years and 1 month or longer

^{*3}) The photo shows "Table Grill Pure (Princess)" and "Cloth Steamer (Panasonic)" from the left

^{*4}) Customers can use points to charge their au WALLET prepaid card for use. The number of stores is based on the Nilson Report, Issued September 2016. The card cannot be used at some stores

Price Plans for Smartphone

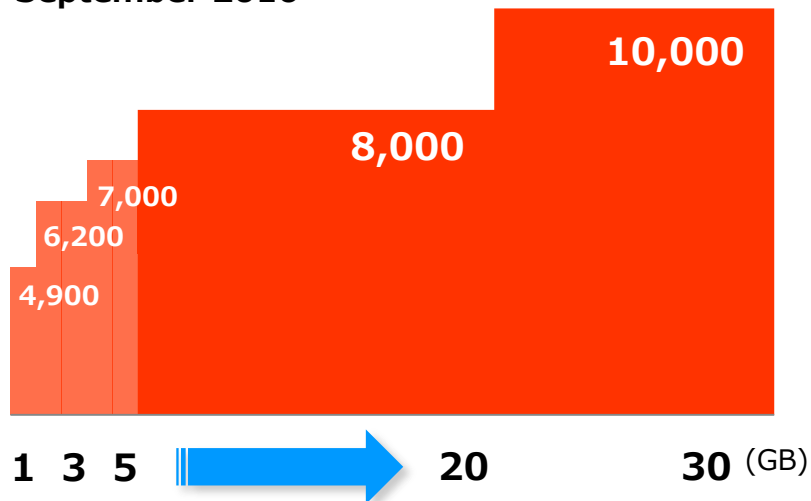
Expanding Demand for High-Volume Data of Smartphone

Price Plan (Dedzilla/Super-Dedzilla)*

Super-Dedzilla 20/30GB

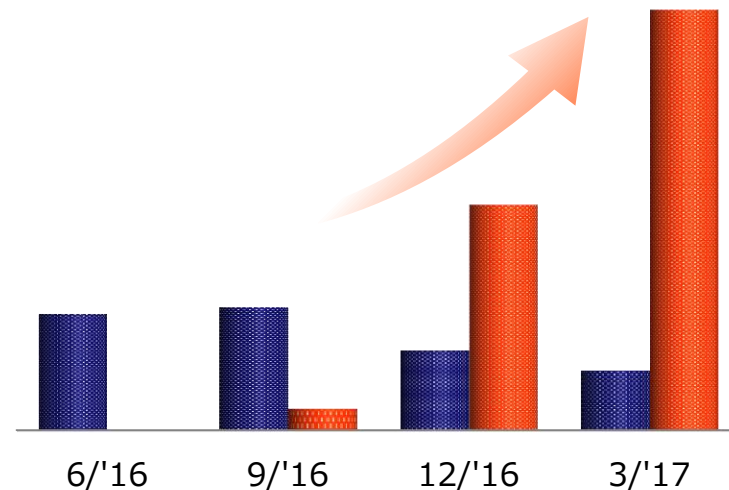
(Yen)

Started in
September 2016



Users by Plan

■ 8/10/13GB ■ 20/30GB






Note) Indicated figures exclude taxes

*Basic charge (Super-Kakeho (when "Everybody Discount" applied)) + Tiered data fee + Internet connection service fee

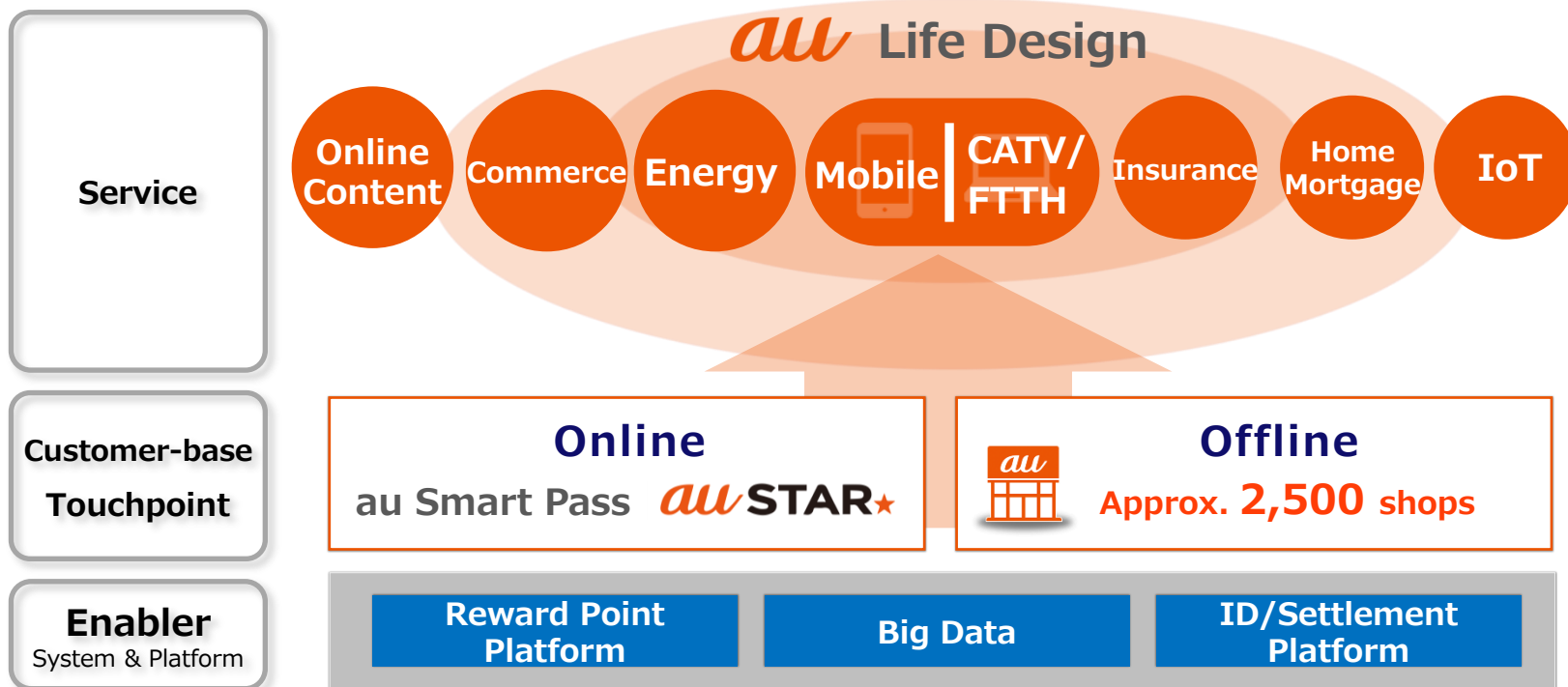
MVNO Business

**Leverage the Strengths of Each Company
to Maximize the Number of Mobile IDs**

			
Aim	Growth driver for expanding MVNO subscriptions	Strengthen retention of J:COM customers	Develop new customer segment
Main customer segment	New smartphone users	New smart-device users	Demand for SIM cards
Sales channel of advantage	UQ Spots (roadside store) and mass retailers	J:COM sales network	In-house channels of mainly online

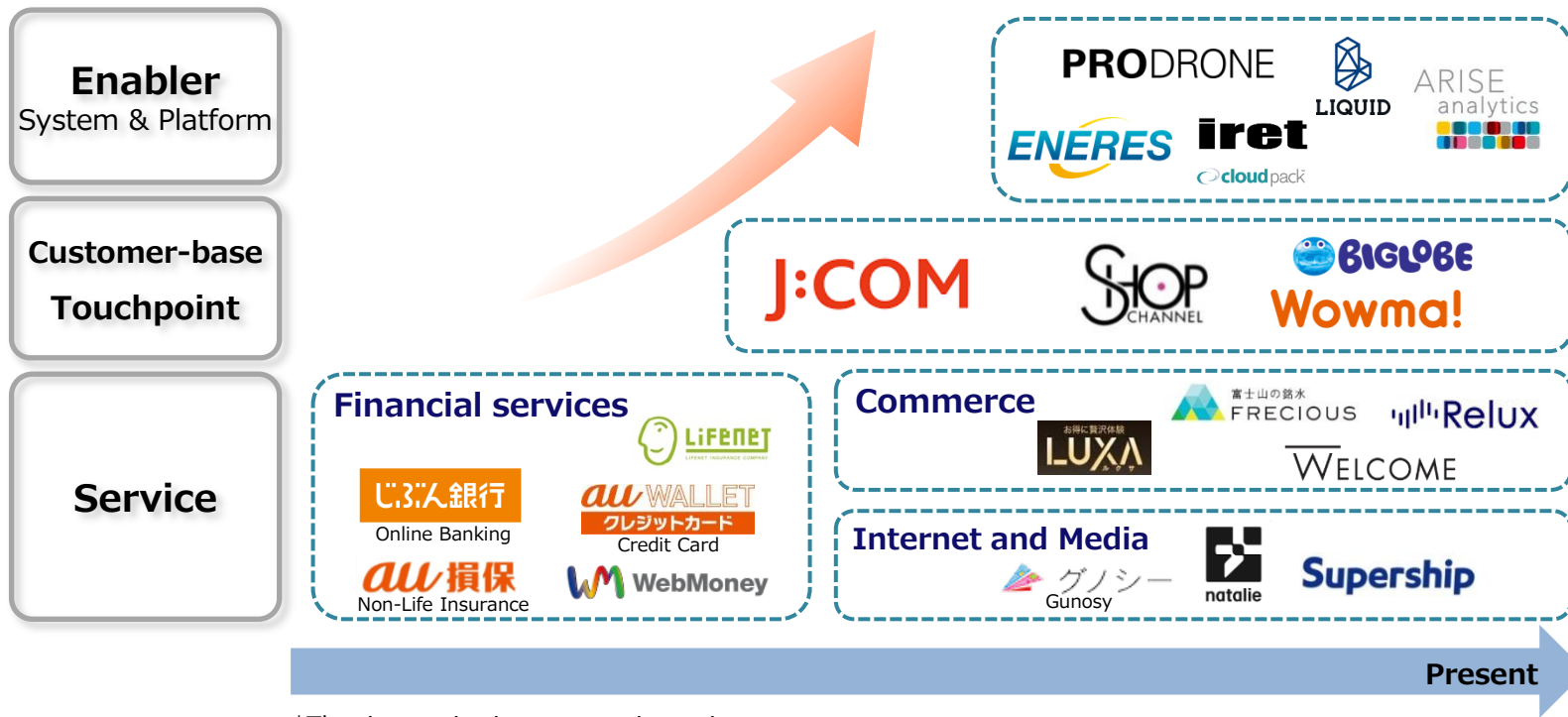
Life Design Business

Change from Communication Company to Life Design Company



Alliances and Investments in the Life Design Business

Used Alliances and Investments to Acquire New Expertise and Customer Bases



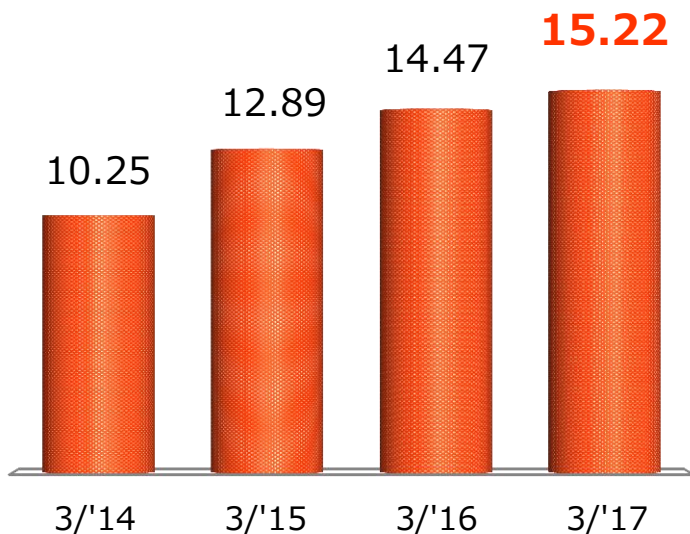
*The time series is an approximate image

Customer Touchpoint

Developing au Smart Pass into a Further Stronger Touchpoint

au Smart Pass/au Smart Pass Premium
Members

(Millions)



au Smart Pass Premium

Launched in **January 2017**

au Smart Pass

Benefits including
coupon

Safety & security
of handsets

Data storage

Mobile apps



au Smart Pass
Premium

Enhanced
special offers
for members

Addition of
security
functions

Strengthen connections from
online to real stores

Commerce Service

Aim to Bolster the Number of Stores and Products Lineup

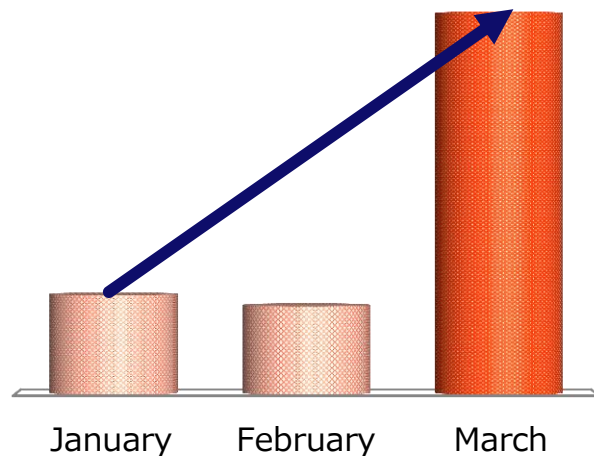
Started in March 2017

Currently holding a sales promotion with ¥0 sign-up fee and monthly membership fee*



The "Try Wowma! ¥0 Campaign" to be launched in June 30, 2017 offers a sign-up fee and monthly membership fee of ¥0 for 1 year. Usually, the sign-up fee is ¥10,000 and the monthly membership fee ¥4,800 under the new store opening plan, with a set structure for the contract commission and settlement commission.

Application for Store Opening (2017)



*Currently the "Advanced ¥0 Campaign" is running, offering sign-up and monthly membership fees of ¥0 until June 29, 2017. (Application period: From March 15 to June 29, 2017) Applies retroactively to stores that have already opened

Financial Service

Aim to Increase Customer Experience Value and Strengthen Convenience

Services for au Customers

April 2016

Start of services for au through cooperation with group companies

じぶん銀行



au 住宅ローン

au Home Mortgage

au 損保



au の損害ほけん

au Non-Life Insurance



au の生命ほけん

au Life Insurance



Since January 2017, services rolled out successively at directly operated shops including au SHINJUKU and au OSAKA^{*1}

^{*1}) In January 2017, "au Non-Life Insurance" was rolled out at shops. In February 2017, "au Home Mortgage" was rolled out. Please refer to the company website for details on shops offering these services

Online Banking (Jibun Bank)



First place in "Internet banking division"^{*2}



Awarded "The Best Digital-Only Bank in Japan"^{*3}

March 2017, Launch of Japan's first^{*4} "Smartphone ATM" service

じぶん銀行

(Jibun Bank)



セブン銀行

(Seven Bank)



^{*2}) 13th financial institution ranking by Nikkei Veritas (Posted on 29 January, 2017)

^{*3}) The Asian Banker, The International Excellence in Retail Financial Services Awards 2017

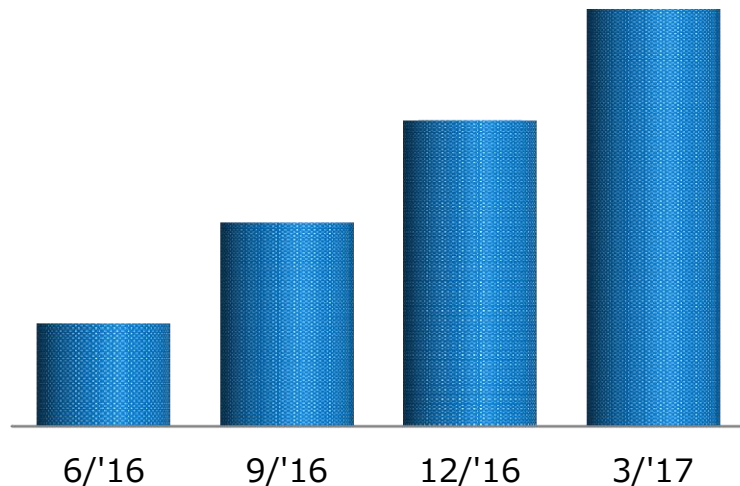
^{*4}) As of March 27, 2017. Research by Seven Bank and Jibun Bank

Energy Service

Gas Services Launched in Addition to au Denki

au Denki (Electric Power Service)

April 2016, coordinated nationwide*¹ launch
Steady increase in subscriptions



Kanden Gas Plan for au

April 2017
 Started handling in the Kansai area*²



Main Discount Benefits*³

With au Denki
discounts

3%

By au WALLET
 credit card payment
 For every ¥200 (incl. tax)

4 Reward Point*⁴

*1) Except Okinawa prefecture and some outlying islands. Excludes all-electric homes and housing complexes with joint high-voltage receiving equipment

*2) Applicable to au customers who are residents contracting Osaka Gas' city gas

*3) For details, please refer to the company website

*4) Ordinarily: Two points for every ¥200 (incl. tax) spent

Generating IoT Businesses

KDDI IoT Cloud Enables Toilet Occupancy and Water-Saving Management

KDDI IoT Cloud "Toilet Occupancy Management"

Sensor installed on toilet (individual-room) door



Check toilet occupancy status using Smartphone



Features and benefits

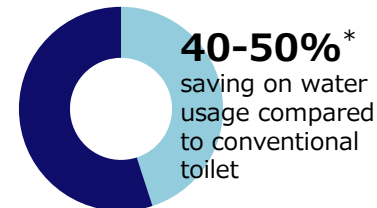
1. Reduction of waiting time
2. Visualization and improvement of operation status
3. Quick detection of accidents and crime prevention

KDDI IoT Cloud "Toilet Water-Saving Management"

Users are recognized by human perception sensor and sensor installed on the valve



Enables appropriate flush volume based on sojourn time



Features and benefits

1. Automatic control of water volume
2. Visualization of expense reduction effect

*Estimates based on actual data from valve manufacturer. Values may be lower than envisaged depending on installation environment

Global Business

Promoting Mobile Business in Developing Asian Countries and Data Center Business



**Network
Speed
No.1**

**Certified by
Ookla
speedtest***

**Promote differentiation by
expanding services and
strengthening the sales
function.
Full-scale roll-out of LTE**



**Aim to promote
expansion of LTE area
and migration to
postpaid**



TELEHOUSE LONDON Docklands North Two

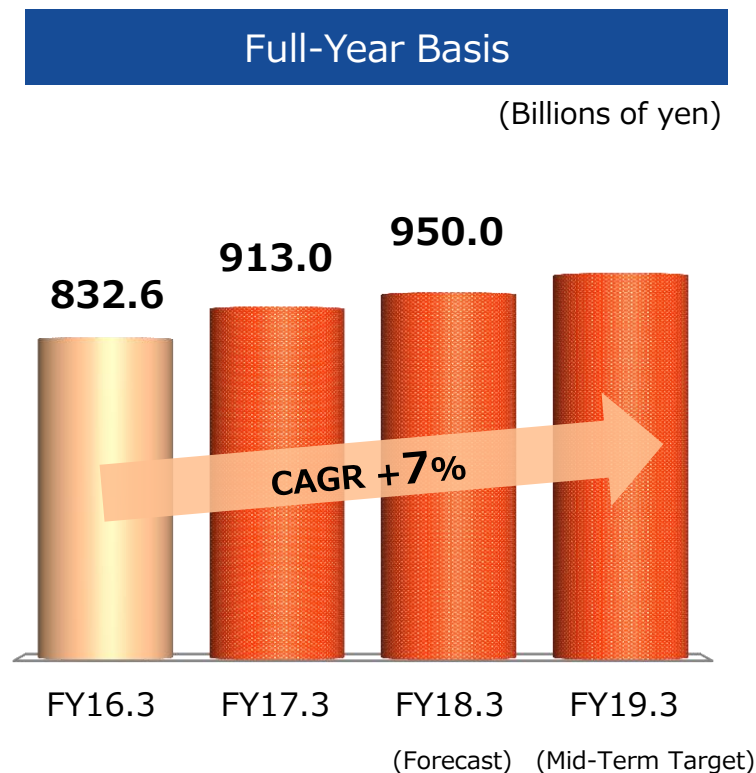
**Promote a high quality
data center business
centered in Europe, with
the largest number of
connections in the world**

*2016 Fastest Mobile Award Winner for Myanmar based on speed tests conducted by Ziff Davis Ireland Limited (Ookla International) from the third quarter to the fourth quarter of 2016

Financial Forecasts for FY18.3

Operating Income

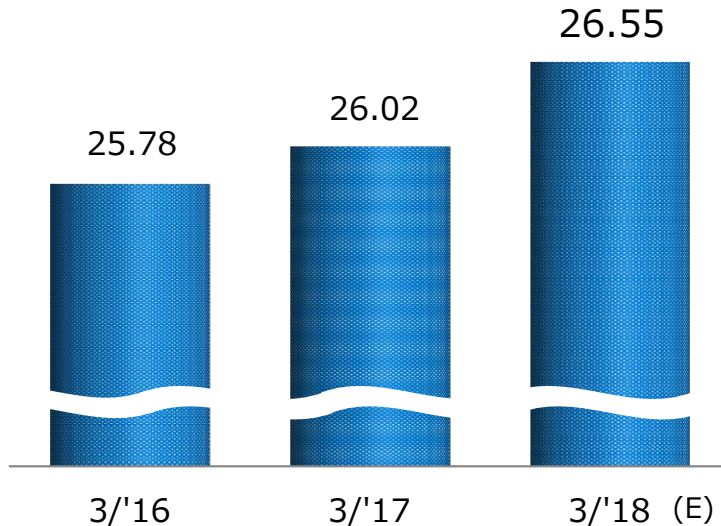
**Steady Progress Toward
CAGR of +7%**



Aim for Expanding “Mobile IDs” and “au Economic Zone: GMV”

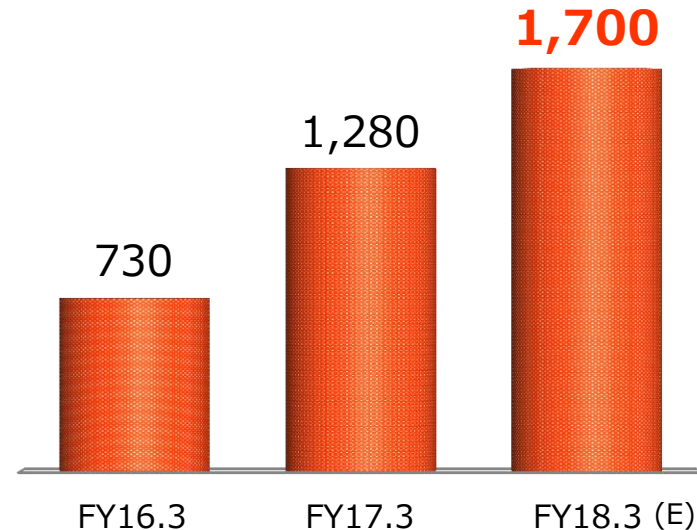
Mobile IDs

(Millions)



au Economic Zone
Gross Merchandise Value

(Billions of yen)

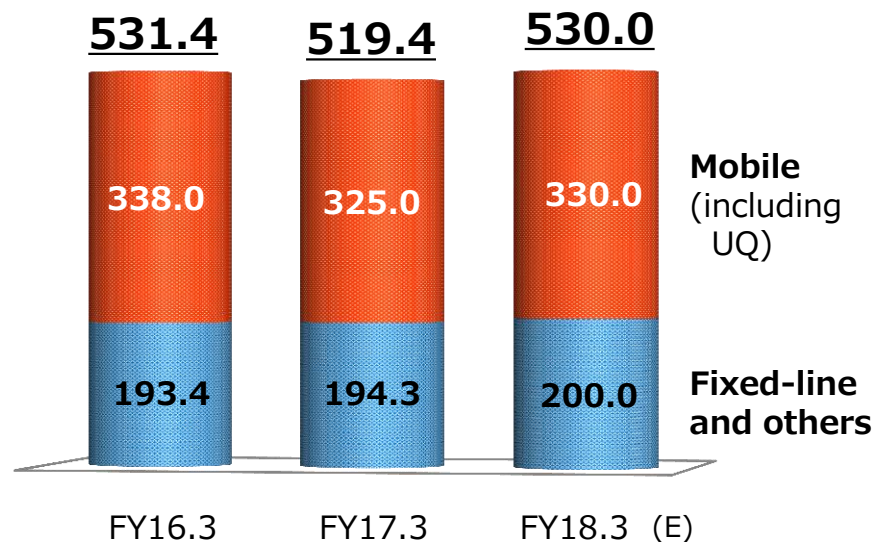


Capital Expenditure

FY18.3 (E)
¥530.0B

CAPEX (cash flow basis)

(Billions of yen)

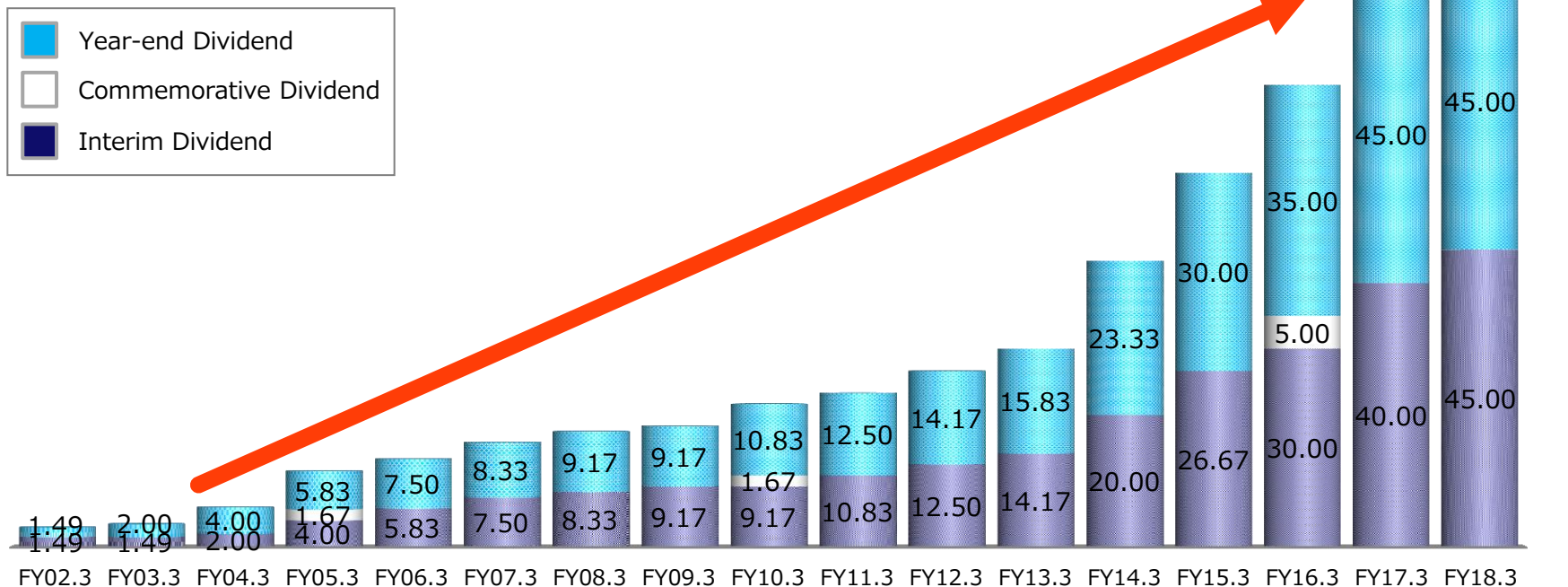


Dividend per Share

Plan to Increase Dividend for 16th Consecutive Year in FY18.3

(Yen)

*Figures are adjusted to reflect stock split



Summary

“Achieve Continuous Growth and Enhance Shareholder Return”

FY17.3

FY18.3 (E)

Profit Growth

- Significant profit increase due to contribution from domestic business
- Strengthened the life design business

- Steady progress toward the mid-term target CAGR +7%

Shareholder Return

- Increased payout ratio to 38.3%
- Repurchased own shares approx. ¥100 billion^{*1}

- Pay out ratio: 39.2%. Plan to increase dividend for 16th consecutive year
- Resolution of repurchase of own shares up to aggregate amount of ¥100 billion^{*2}

^{*1)} Aggregate number of shares: 31,650,800 shares
Period for share repurchased: From May 13 to September 13, 2016

^{*2)} Aggregate number of shares to be repurchased: Up to 41,000,000 shares
Period for share to be repurchased: From May 12 to September 22, 2017

Designing The Future

