

(from April to June 2018)

August 1, 2018

Makoto Takahashi
President
KDDI Corporation



KDDI would like to extend its sincere condolences to the people affected by the heavy rain event of July 2018 in Japan, and to their families.

The KDDI Group is fully committed to recovering the areas affected by the disaster.

Today's Presentation

- 1. Integration of Telecommunications and Life Design**
- 2. Highlights of Financial Results for the 1st Quarter**

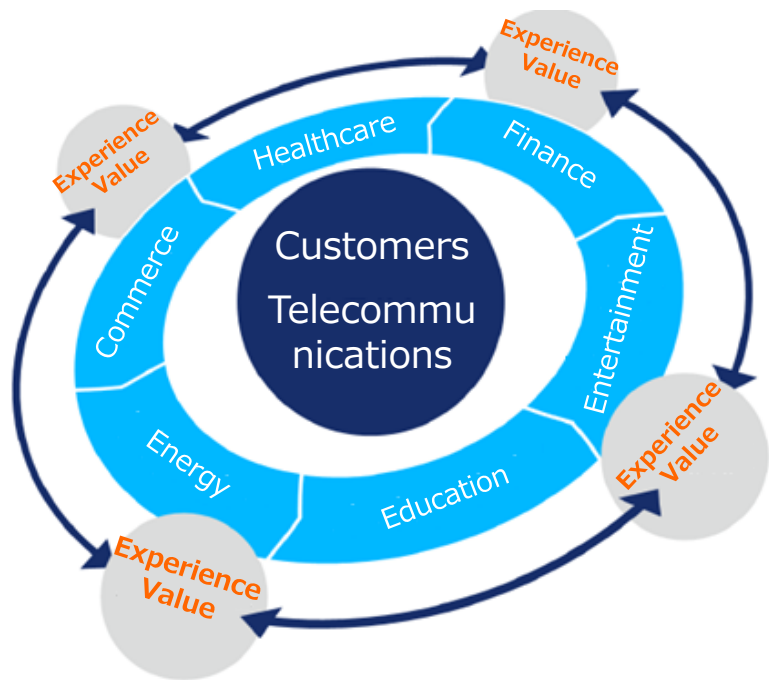
Disclaimer

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.

Integration of Telecommunications and Life Design



Integrate Telecommunications and Life Design



To provide
new **"Experience Value"**
beyond services and price plans

KDDI **IoT** **au** **5G**

Connect with customers via telecommunications to enhance experience value

au Flat Plan 25 Netflix Pack

✓ Eliminate hurdles of using paid video service

The usage fee is expensive

The amount of data traffic is a concern

Content

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Data

From ¥5,500 per month

(When applying various discounts.
For one year from the following month)



✓ Aim to provide better experience value

Experience Value

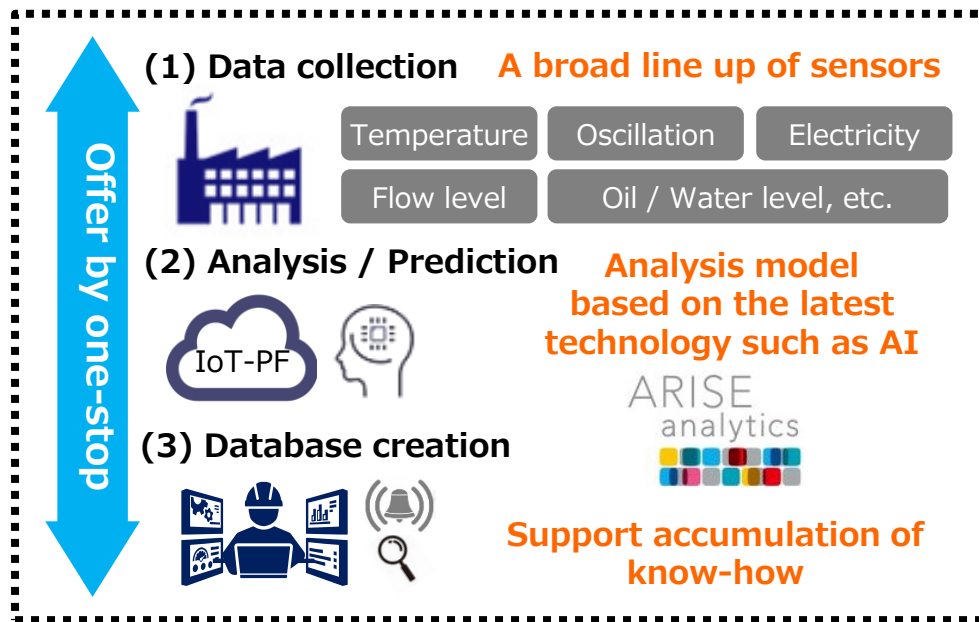


To provide better experience value through partnership with Netflix

KDDI IoT Cloud ~Factory Package~

- ✓ Strengths of KDDI solution services
- ✓ From ¥100,000-level monthly charge per line

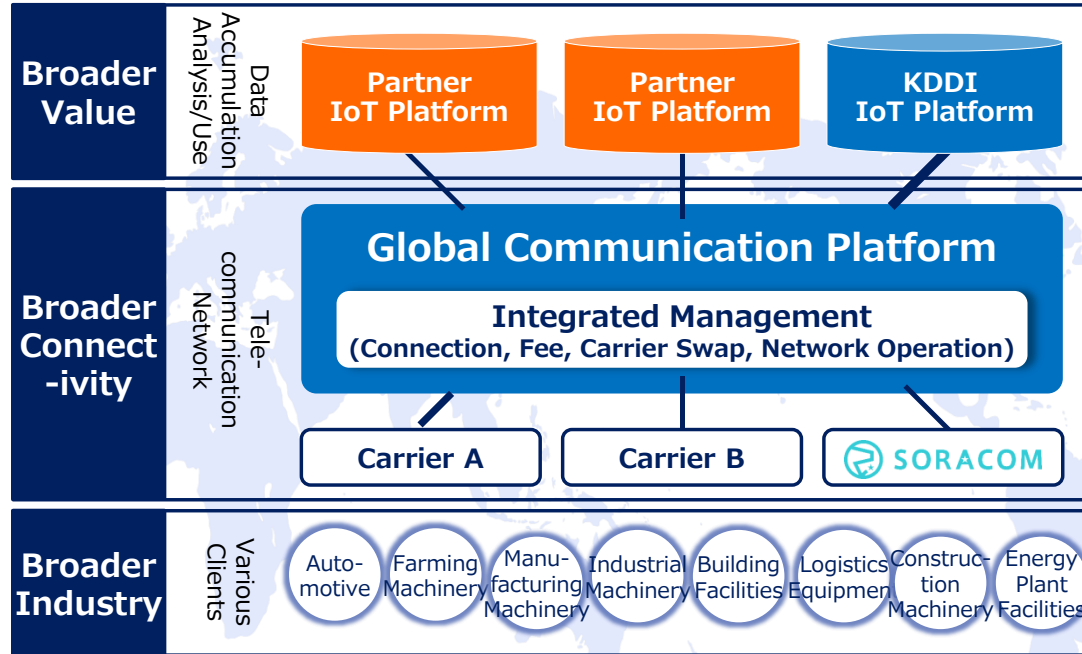
- ✓ "Use" system than "own."
Reduce initial costs
- ✓ Improve productivity by
preventing / reducing failures
- ✓ Discover issues through
visualization
- ✓ Support multiple factories
from headquarters



Provide one-stop solutions from sensor installation through to detect precursors to malfunctions

KDDI “IoT Worldwide Architecture”

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✓ Together with global partners

TOYOTA

HITACHI
Inspire the Next

✓ For the launch in FY2019, to connect telecommunications carriers from more than 100 countries and regions

✓ IoT devices around the world can be controlled and monitored in Japan

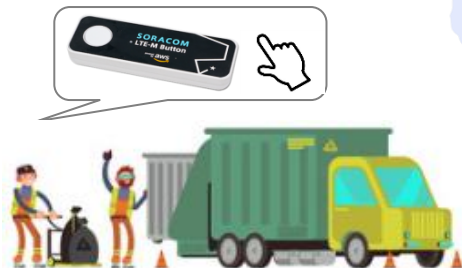
Operate any high quality telecommunication on a global scale

✓ “SORACOM LTE-M Button powered by AWS” to be launched



(Usage image)

Notice of ordering products, notification of waste collection in trash box, smart key operation, notification of replacement timing such as equipment / devices, questionnaire terminals, etc.



✓ Accelerate service deployment in global scale



1. IoT Worldwide Architecture will collaborate with SORACOM global communication platform
2. Collaboration on sales with KDDI's overseas subsidiaries. Starting from North America and Southeast Asia, expanding in stages going forward

Maximize experience value throughout the whole KDDI group

Measures for the 5G Era

✓ Experience conquers distance



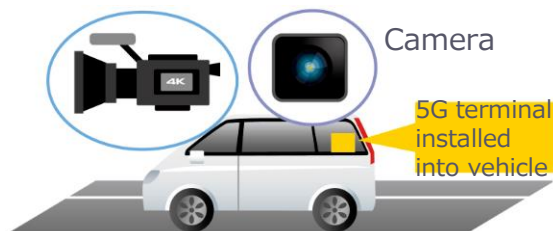
Remote controlled robot that conquers distance using VR, telecommunications, cloud, and haptic transmission technology. Plan to hold a travel experience event where people can try remote sightseeing in the Ogasawara Islands.



✓ Toward realization of unmanned automatic driving vehicle



Real time 4K video 5G transmission test



✓ Working drone



Real time 4K video 5G transmission test

Equipment inspection, agricultural support, disaster relief, etc.



We are pleased to please you – anytime, anywhere

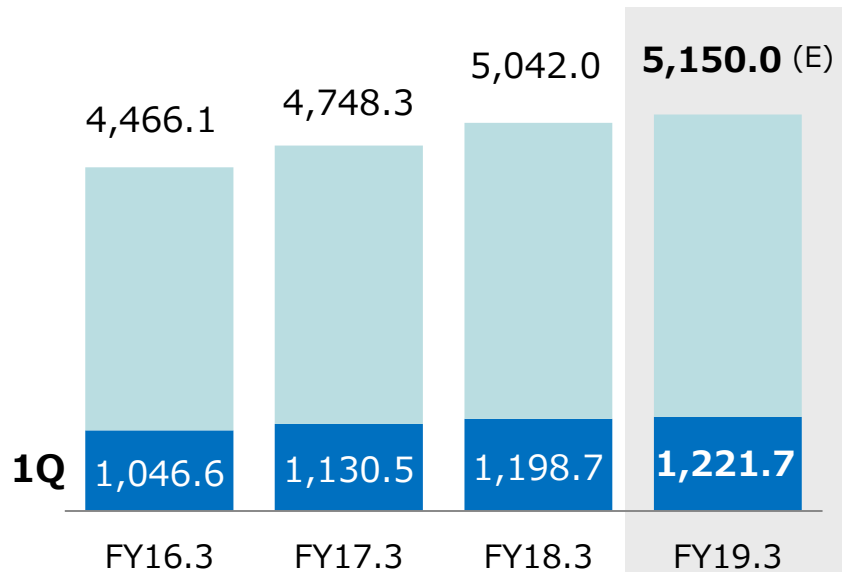
Highlights of Financial Results for the 1st Quarter



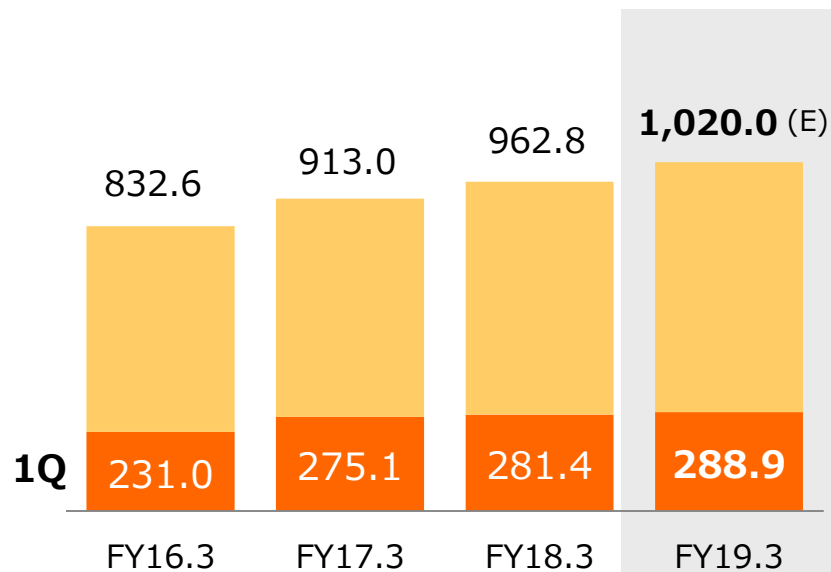
Highlights of Consolidated Results for the 1st Quarter

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Operating Revenue (Unit: Billions of yen)

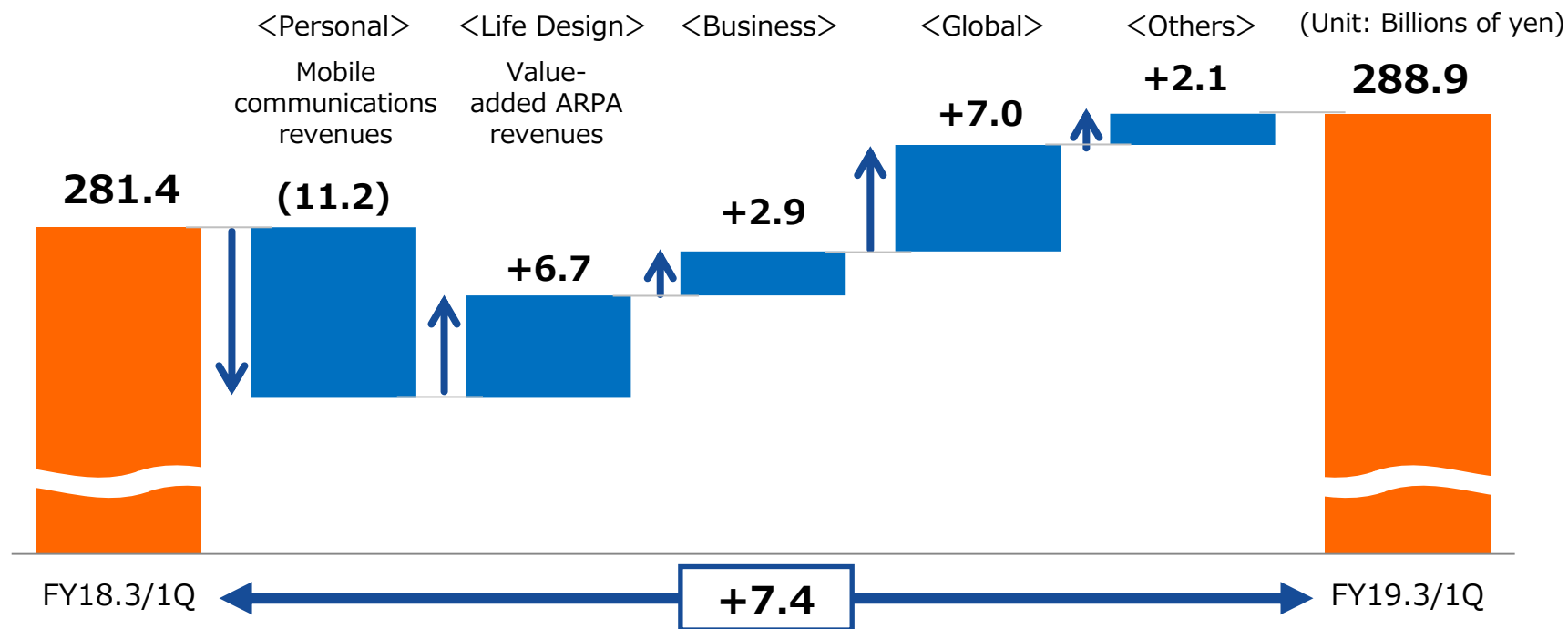


Operating Income (Unit: Billions of yen)



Steady progress towards the current mid-term targets

Consolidated Operating Income: Factor for Change, YOY for the 1st Quarter



Steady progress towards the current mid-term targets

au Pitatto Plan / au Flat Plan (Price Plan)

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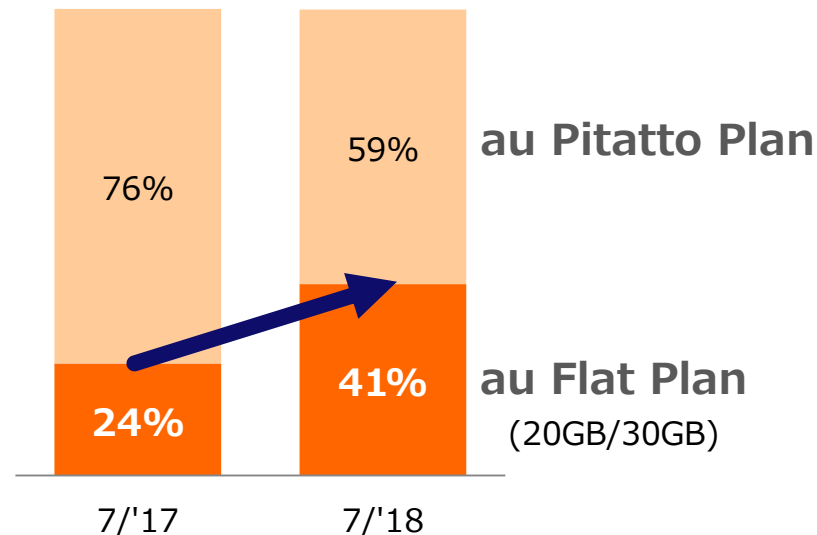
Cumulative Subscribers

**Exceeded
8 millions**

(as of May 31, 2018)



Selectivity*



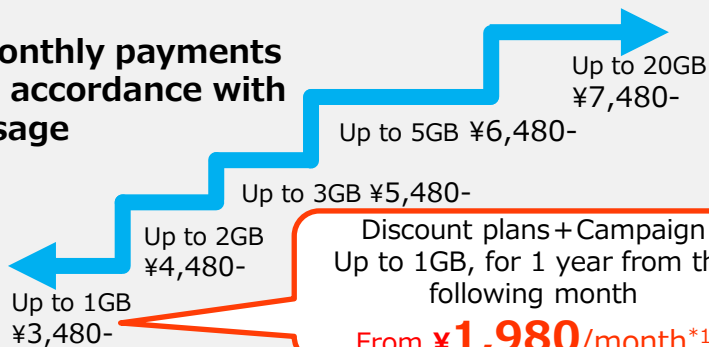
**Subscribers increased significantly,
the selectivity of high volume data plan also increased**

*Based on 4G LTE smartphone sales (Counting period: [7/'17] from July 14 to 31, [7/'18] from July 1 to 16)

Price Plan Satisfaction

au Pitatto Plan

Monthly payments
in accordance with
usage



au Flat Plan

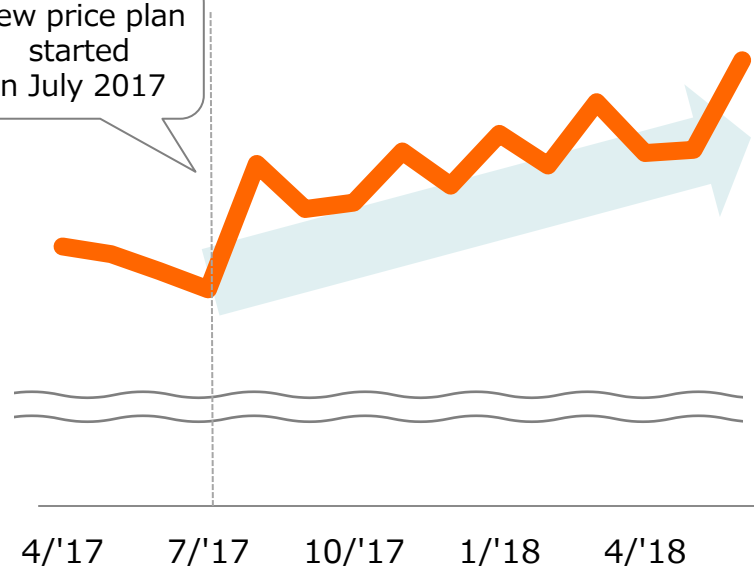
(For 1 year from the following month)

20GB from ¥4,500*1 /month

30GB from ¥6,500*1 /month

au Price Plan Satisfaction*2

New price plan
started
in July 2017



One year from its start, satisfaction of price plans has risen

*1) The amount shown is "the plans (SuperKakeho)" (Applied with "2-years Contract," "au Smart Value" and "Smartphone Support Discount")

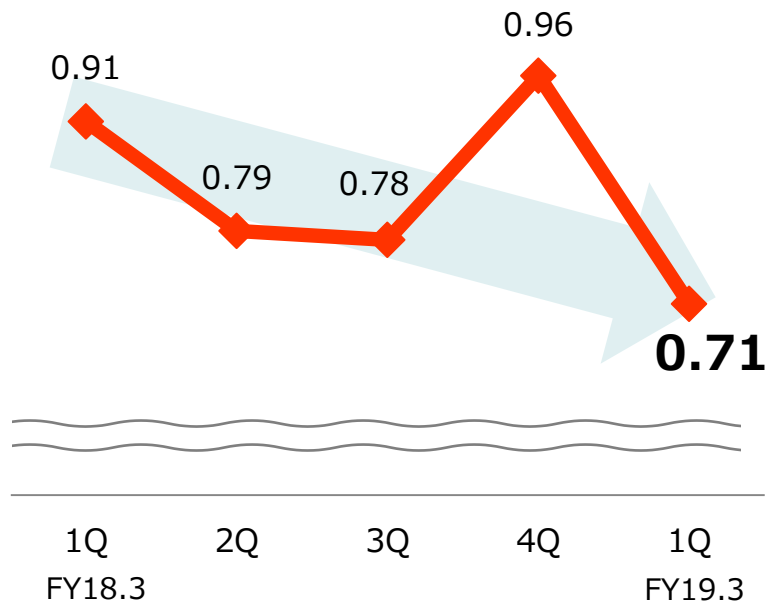
*2) Survey of au smartphone and feature phone users (KDDI survey. Approx. 2,300 responses per month)

Note) Indicated figures exclude taxes

au Churn Rate / Mobile IDs

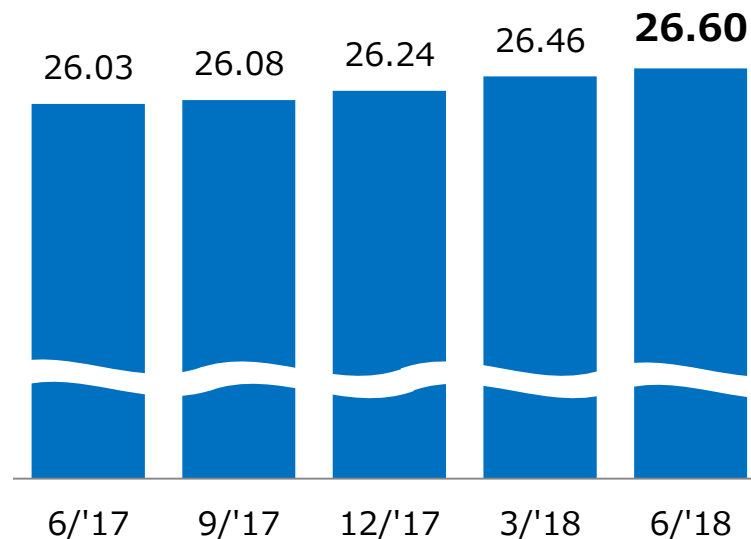
au Churn Rate

(Unit: %)



Mobile IDs*

(Unit: Millions)



au churn rate significantly improving, mobile IDs steadily growing

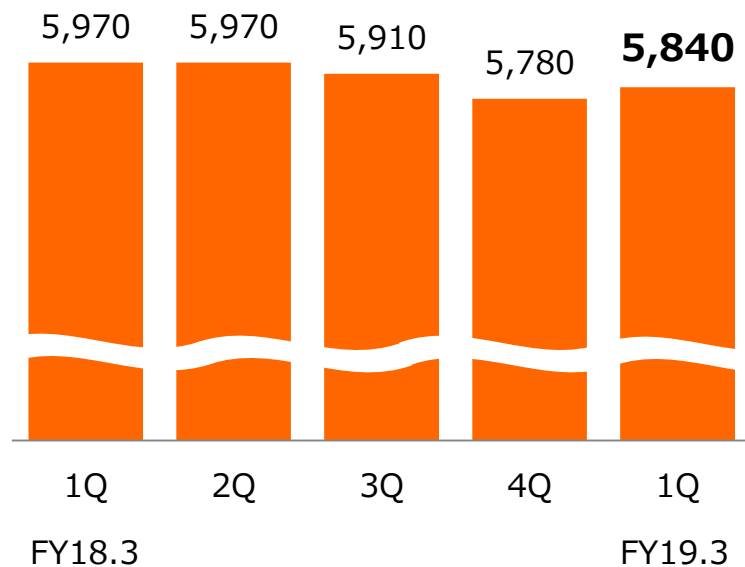
Note) Personal Services segment basis

*au accounts + MVNO subscriptions

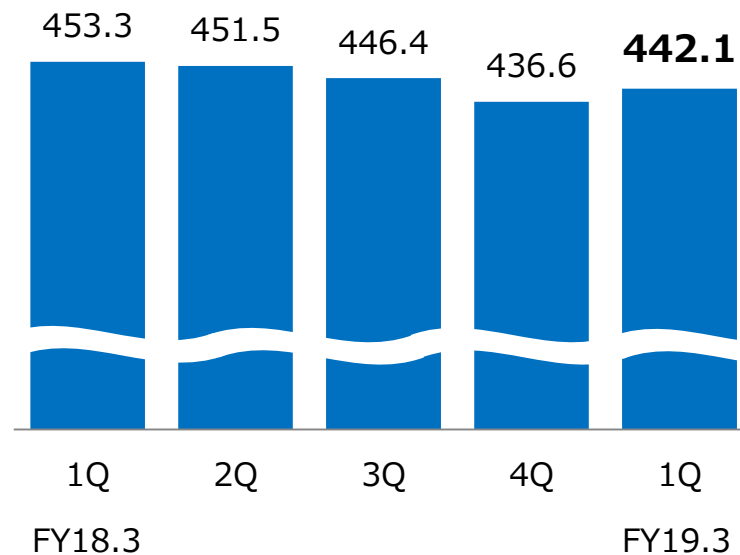
*The figures of Mar-18 have been changed

au ARPA / Mobile Communications Revenues

au ARPA (Unit: Yen)



Mobile Communications Revenues (Unit: Billions of yen)



Decreased year on year due to impact of the new price plan

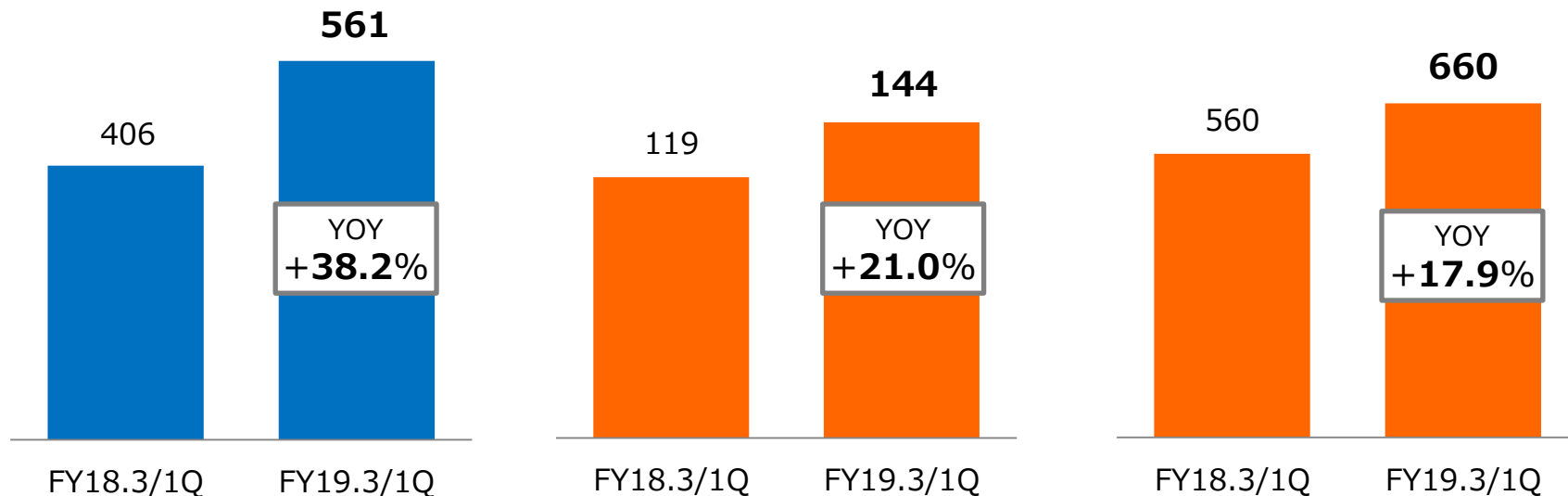
au Economic Zone Index / Value-Added ARPA

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au Economic Zone
Gross Merchandise Value
(Unit: Billions of yen)

au Economic Zone Sales
(Unit: Billions of yen)

Value-Added ARPA (Unit: Yen)



Double-digit growth rate year on year

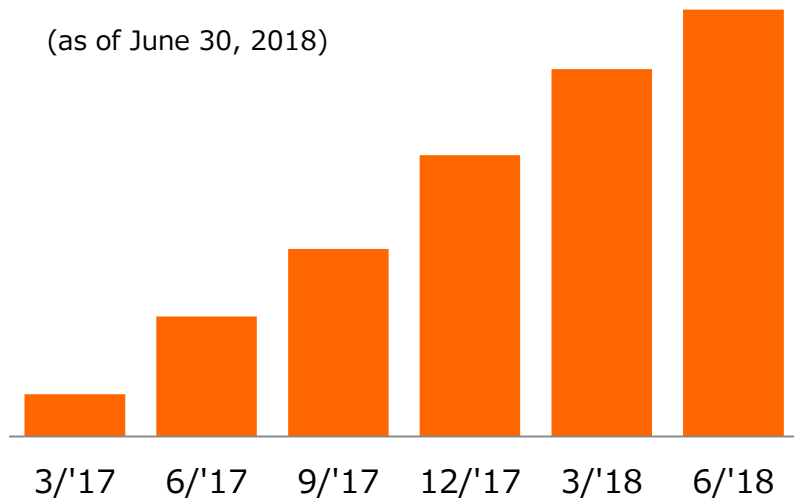
au Economic Zone Customer Base

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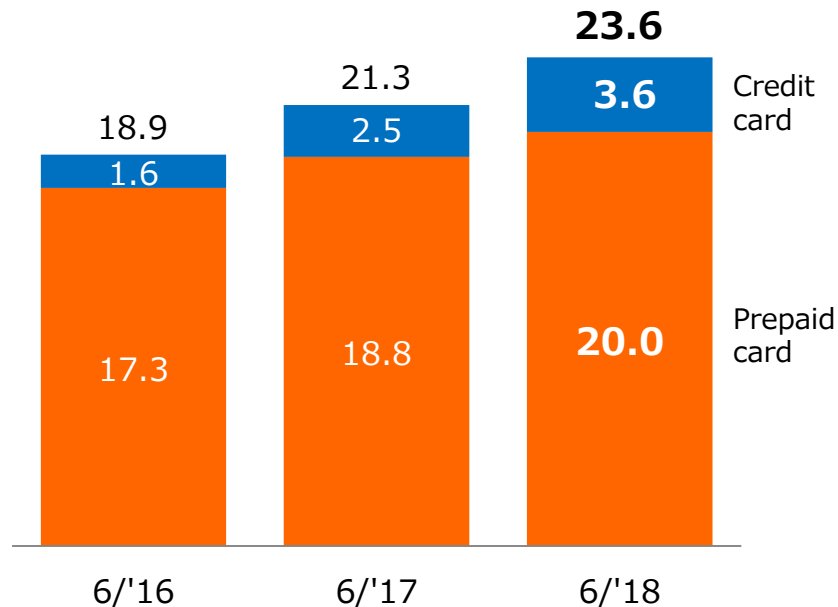
au Smart Pass Premium Members

5 millions

(as of June 30, 2018)



au WALLET Valid Cards (Unit: Millions)



Both online customer touchpoint and settlement platform growing steadily

Summary

Business Strategy

- Towards provision of experience value through integration of telecommunications and life design
 - ✓ Released “au Flat Plan 25 Netflix Pack”
 - ✓ Promote new initiatives of IoT/5G

Financial Results for 1Q

- Customer satisfaction for price plans improved after launch of new price plan
- Number of mobile IDs steadily grew
- Steady progress in the life design business

Steady progress towards the current mid-term targets

Designing The Future



あたらしい自由。



THANK YOU

