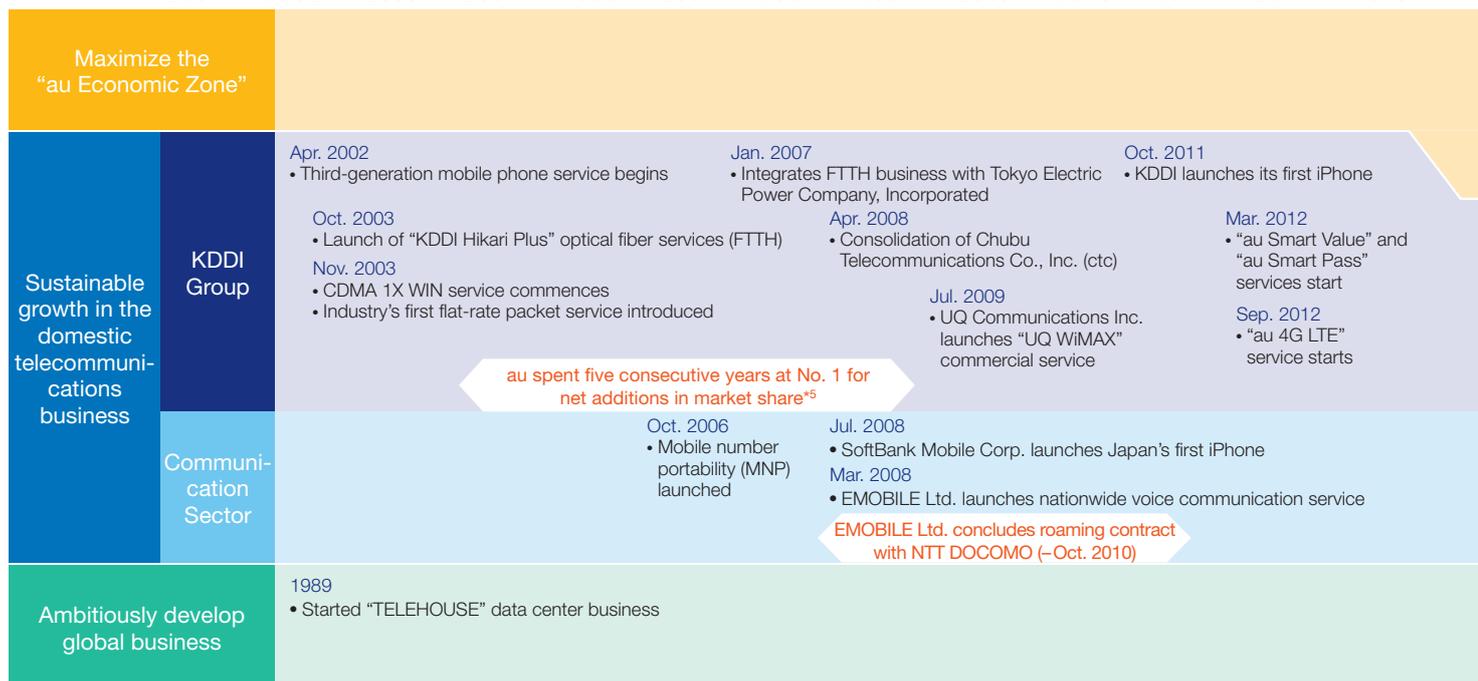
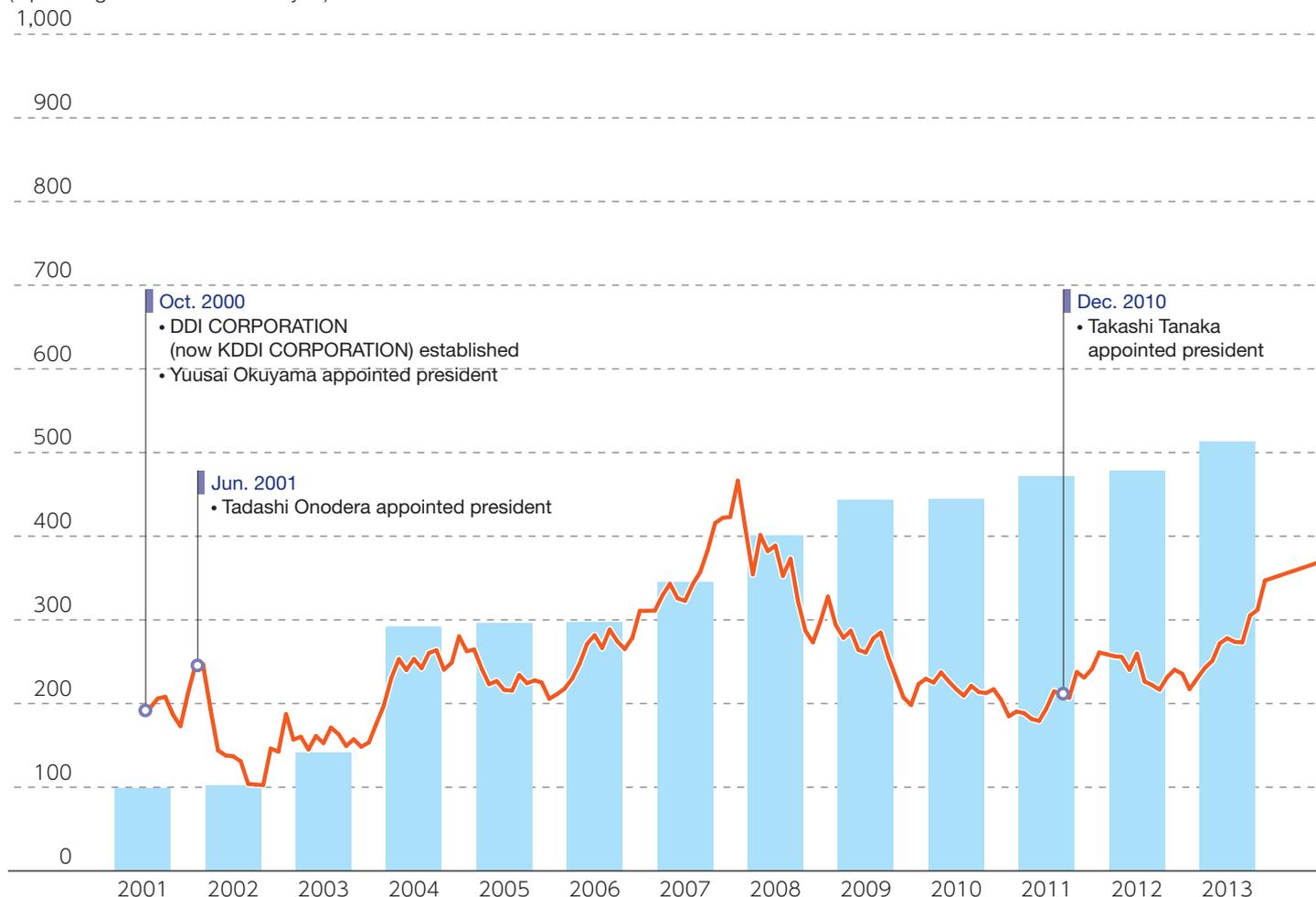


## The Source of KDDI's Value

Since its establishment in October 2000, KDDI has leveraged its strengths as a comprehensive telecommunications carrier to continue growing its business. In terms of the three-year medium-term targets that concluded in the fiscal year ended March 31, 2016, operating profit experienced double-digit growth in each fiscal year in addition to the strengthening of shareholder returns and greatly expanding corporate value.

KDDI is currently taking steps to achieve medium-term targets that will conclude in this fiscal year, such as an average annual operating income growth rate (CAGR) of 7% and a dividend payout ratio over 35%.

(Operating income: Billions of yen) \*1



\*1 Results for fiscal years ended March 31. Figures up to the fiscal year ended March 31, 2014 are based on Japanese GAAP and figures for the fiscal year ended March 31, 2015 onward are based on IFRS (International Financial Reporting Standards).

\*2 On a closing price basis for the end of October 2000 to the end of March 2018 (monthly)

\*3 CAGR: Compound Average Growth Rate

\*4 RGU: Revenue Generating Units. Each household's subscription to CATV, high-speed Internet connection, or telephony services each represent one RGU.

\*5 Share among NTT DOCOMO, INC. (NTT DOCOMO), SoftBank Corp. (SoftBank), and KDDI + Okinawa Cellular Telephone Company (au)

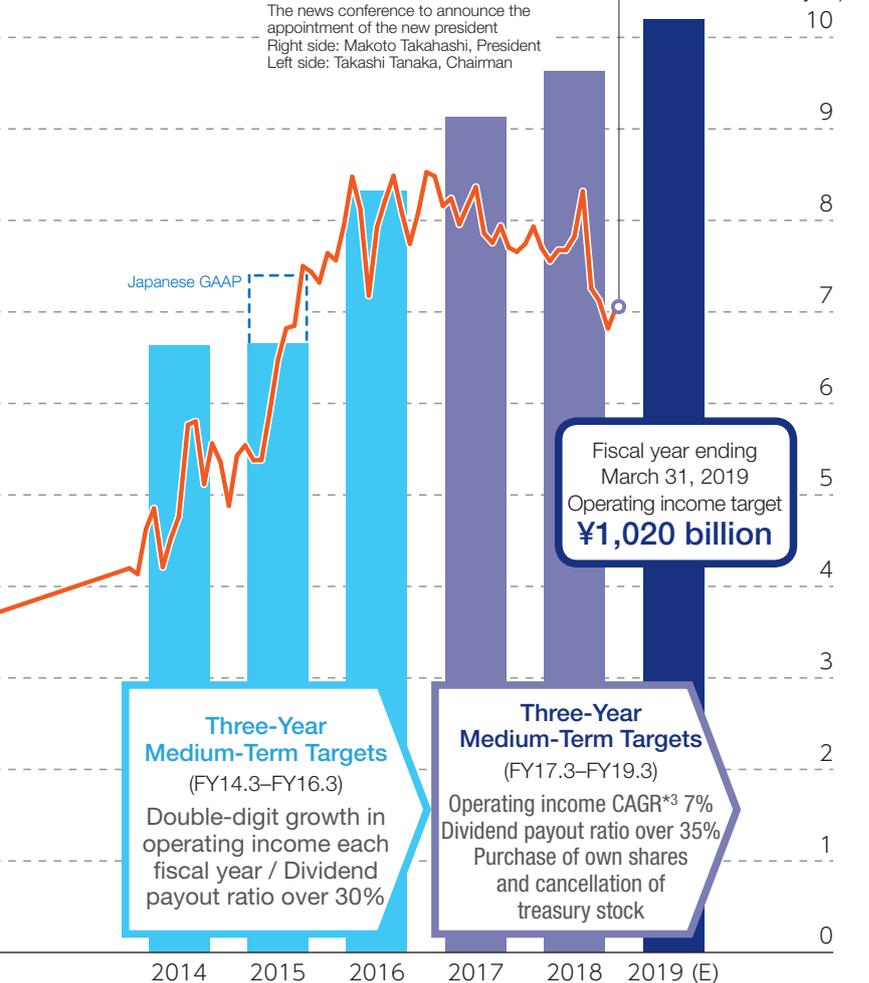
\*6 MNO: Mobile Network Operator



The news conference to announce the appointment of the new president  
 Right side: Makoto Takahashi, President  
 Left side: Takashi Tanaka, Chairman

Apr. 2018  
 • Makoto Takahashi appointed president

Market capitalization: Trillions of yen)\*2



**Three-Year Medium-Term Targets**  
 (FY14.3-FY16.3)

Double-digit growth in operating income each fiscal year / Dividend payout ratio over 30%

**Three-Year Medium-Term Targets**  
 (FY17.3-FY19.3)

Operating income CAGR\*3 7%  
 Dividend payout ratio over 35%  
 Purchase of own shares and cancellation of treasury stock

<p>May 2014 • "au WALLET" service starts</p> <p>Aug. 2015 • "au WALLET Market" service starts</p> <p>Apr. 2013 • Jupiter Telecommunications Co., Ltd. (J:COM) becomes consolidated</p> <p>May 2014 • Japan's first carrier aggregation (CA) technology introduced</p> <p>Sep. 2013 • NTT DOCOMO, INC. launches its first iPhone</p> <p>Jul. 2014 • Signed a joint business agreement with MPT*7 and Sumitomo Corporation on the launch of the Myanmar telecommunications business</p> <p>Mar. 2016 • MobiCom Corporation LLC becomes a consolidated subsidiary</p>	<p>Jan. 2017 • "Wowma!" service starts</p> <p>Jan. 2018 • AEON Holdings Corporation becomes a consolidated subsidiary</p> <p>Apr. 2016 • "au Denki" service starts</p> <p>Jan. 2017 • BIGLOBE Inc. becomes a consolidated subsidiary</p> <p>Jul. 2017 • "au Pitatto Plan" and "au Flat Plan" services start</p> <p>2020 • Start of 5G services (planned)</p> <p>Oct. 2019 • Rakuten, Inc. enters mobile communications business as MNO*6 (planned)</p>
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**Customer Base** Retaining a strong customer base inside and outside Japan (As of March 31, 2018)

Mobile ID subscriptions (au + Group MVNO)	26.48 million
FTTH subscriptions	4.38 million
CATV RGU*4 households	5.38 million

Global Consumer Business  
 No. 1 in domestic shares in both Myanmar and Mongolia

**Touchpoints** Touchpoints both online and offline (As of March 31, 2018)

Approx. 2,500 au shops nationwide

15.53 million "au Smart Pass" and "au Smart Pass Premium" members

SHOP CHANNEL Wowma!

**Innovative-ness** A history of actively promoting industry-first services and original KDDI initiatives since our launch

- October 2003 Sales commence of "INFOBAR," the first model from the au Design project
- March 2012 Launch of "au Smart Value" and "au Smart Pass"
- July 2017 Start of "au Pitatto Plan" and "au Flat Plan"

**Brand Strength** No. 1 in brand strength and customer satisfaction and in both corporate and individual services

J.D. Power "No. 1 in Mobile Phone Service Satisfaction" for two years*8	(UQ mobile) J.D. Power "No. 1 in Low-cost Smartphone Service Satisfaction"*9	J.D. Power "No. 1 in Business Mobile Phone Service Satisfaction" (Large Corporations / Medium-Sized Enterprises Market Segment)*10 for two years
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\*7 MPT: Myanmar Posts & Telecommunications  
 \*8 J.D. Power 2016-2017 Japan Mobile Phone Service Satisfaction Study. The 2017 study is based on responses from 31,200 mobile phone users in Japan.  
 \*9 J.D. Power 2018 Low-cost Smartphone / SIM Card Service Satisfaction Study. Based on responses from 4,000 individual users who bought and use smartphones with service from contracted operators.

\*10 J.D. Power 2016-2017 Japan Business Mobile Phone Service Satisfaction Study. The 2017 survey is based on 2,974 responses received from 2,327 companies with 100 or more employees (acquired evaluation of a maximum of 2 services per company with regard to business providing mobile phone service).

# KDDI's Value Creation Cycle

The four sources of KDDI's value are its "customer base," "touchpoints," "innovativeness," and "brand strength" that have been built over the years since its establishment.

We will further refine and enhance these sources of value and optimally allocate the Company's management resources to maximize KDDI's corporate value. In doing so, we aim to achieve our medium-term targets set for the fiscal year ending March 31, 2019.

## KDDI's Surrounding Business Environment

### Political (Government / Legislation)

- Enforcement of the guidelines for adjusting handset subsidies and others

### Economic

- Gradual economic recovery

### Social (Society / Culture)

- Declining birth rate and aging population / Shrinking working-age population
- Rise in improvements to productivity through work style reforms

### Technological

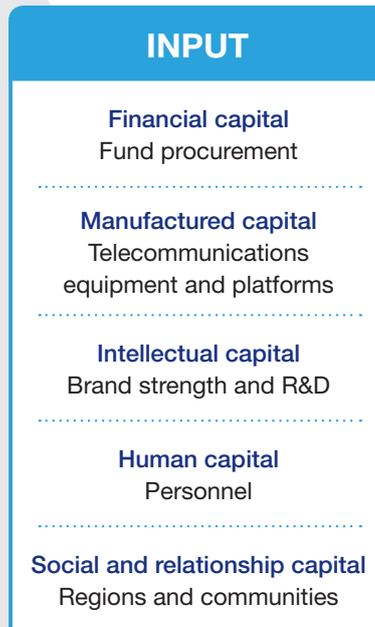
- Development of technologies such as IoT and AI
- Development and introduction of new communication technologies (LPWA / 5G)
- Growth in mobile traffic

### Customers (Market / Clients)

- Popularization of smartphone use
- Development towards multidevices
- Popularization of low-cost SIM services
- Diversification of SNS

### Competition

- Homogenization of services offered by mobile companies
- Expansion of business to fields beyond communications
- Entry of new business operators
- Expansion of the MVNO market



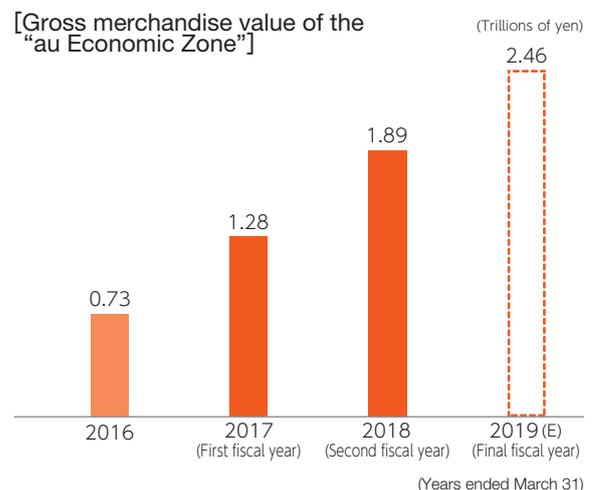
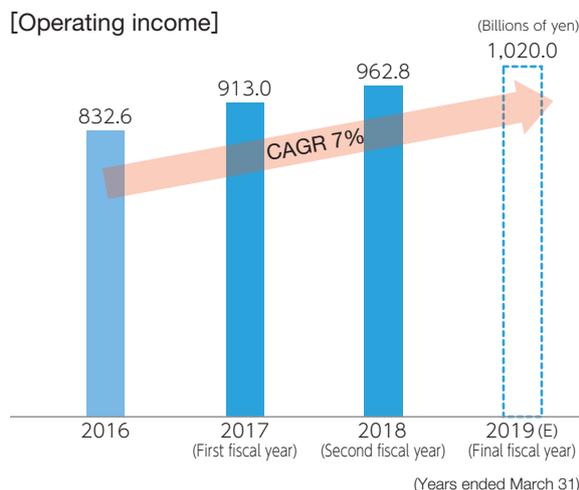
Optimal distribution of management resources across the four sources of value

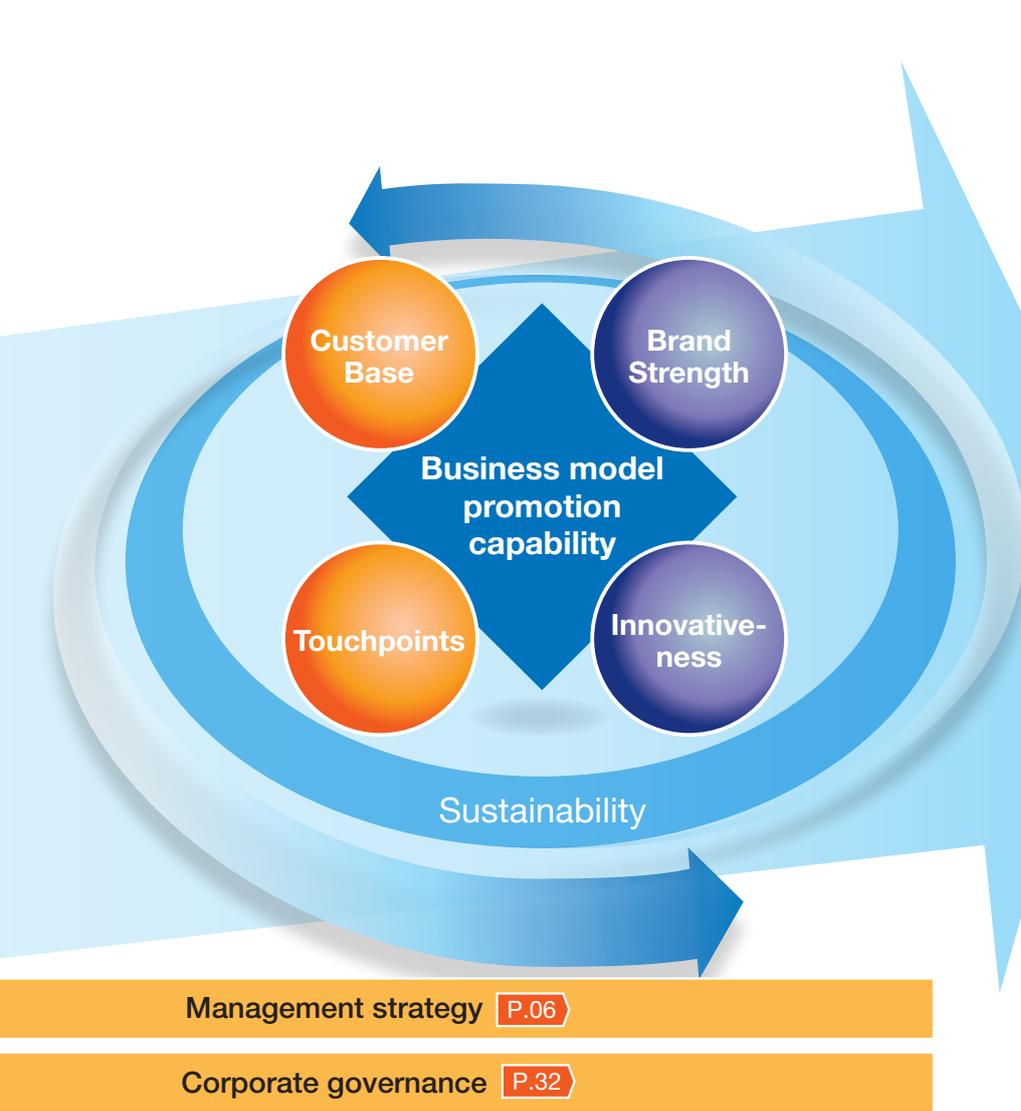
## Towards achievement of the medium-

### Continuous Growth

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

**Gross merchandise value of the "au Economic Zone" above ¥2 trillion**





OUTPUT	
<b>Financial capital</b>	
Generating cash flow	P.47
<b>Manufactured capital</b>	
Building a safe and resilient information and communications society	P.24
Promoting the IoT business	P.52
<b>Intellectual capital</b>	
Augmenting the service lineup	P.49
Strengthening the life design business	P.51
<b>Human capital</b>	
Shifting key personnel to strategically important divisions	P.18
Global human resource cultivation	P.19
<b>Social and relationship capital</b>	
Realizing enriched living through ICT	P.28
KDDI GREEN PLAN 2017–2030	P.27

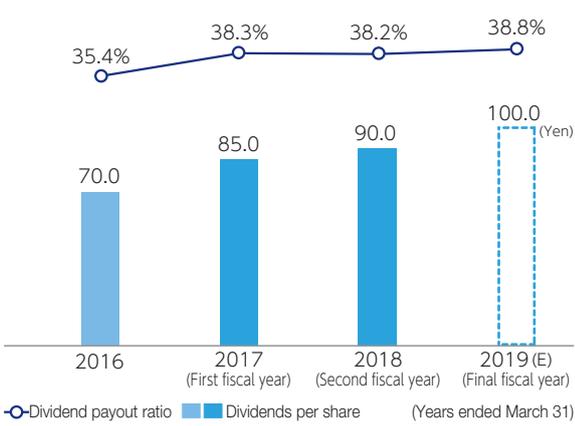
**term targets (FY2017.3 – FY2019.3) P.06**

**Enhance Shareholder Returns**

**Dividend payout ratio above 35%**

**Repurchase of own shares and cancellation of treasury stock**

[Dividend payout ratio / Dividends per share]



**Repurchase of own shares**

2018	2019 (Planned)
Total repurchase amount: ¥150.0 billion	Total repurchase amount: ¥150.0 billion (upper limit)
Number of shares purchased: Approx. 52.48 million	Number of shares to be purchased: Approx. 63.0 million (upper limit)
Repurchase period: May 12, 2017–March 23, 2018	Repurchase period: May 11, 2018–March 22, 2019

**Cancellation of treasury stock**

2018	2019
Number of shares cancelled: Approx. 33.28 million	Number of shares cancelled: Approx. 55.21 million
Cancellation date: May 17, 2017	Cancellation date: May 16, 2018

(Years ended March 31)