

KDDI CORPORATION

Financial Results of the Fiscal Year
Ended March 2013

April 30, 2013

President Takashi Tanaka

Today's Presentation

- 1. Financial Results for FY2013.3**
- 2. Initiatives Targeting the Next Stage**
- 3. Outlook for FY2014.3**
- 4. Shareholder Return**

The figures included in the following brief, including the business performance target and the target for the number of subscribers are all projected data based on the information currently available to the KDDI Group, and are subject to variable factors such as economic conditions, a competitive environment and the future prospects for newly introduced services.

Accordingly, please be advised that the actual results of business performance or of the number of subscribers may differ substantially from the projections described here.

Financial Results for FY2013.3

Growth to Start in FY2013.3

- Consolidated Operating Income
¥512.7B (+7.3% YOY)
- Declining au ARPU Bottoms Out on a Monthly Basis
- Competitive Position Established through 3M Strategy

Consolidated Financial Results

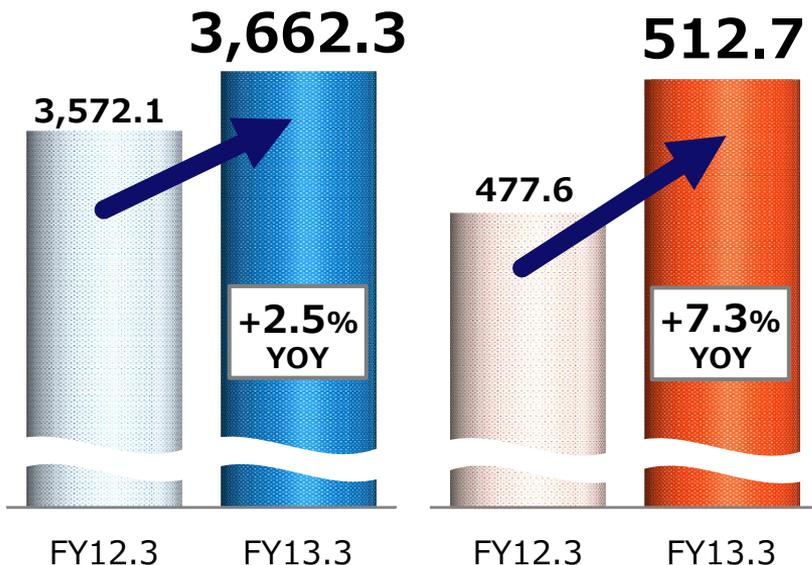
4

Higher Operating Revenues and Income

(Billions of yen)

Operating Revenues

Operating Income



	FY12.3	FY13.3	yoy
Operating revenues	3,572.1	3,662.3	+2.5%
Operating income	477.6	512.7	+7.3%
Operating margin	13.4%	14.0%	-
Ordinary income	451.2	514.4	+14.0%
Net income	238.6	241.5	+1.2%
EBITDA	908.5	959.6	+5.6%
EBITDA margin	25.4%	26.2%	-
Free cash flow	241.4	50.9	-

Financial Results by Segment

Revenues Up, Income Up (Billions of yen)

Personal Services

	FY12.3	FY13.3	yoy
Operating revenues	2,799.6	2,838.0	+1.4%
Operating income	347.2	378.6	+9.0%
Operating margin	12.4%	13.3%	-
EBITDA	713.2	751.0	+5.3%
EBITDA margin	25.5%	26.5%	-

Revenues Up, Income Up (Billions of yen)

Business Services

	FY12.3	FY13.3	yoy
Operating revenues	636.0	638.3	+0.4%
Operating income	75.0	79.8	+6.4%
Operating margin	11.8%	12.5%	-
EBITDA	123.1	128.8	+4.6%
EBITDA margin	19.4%	20.2%	-

Revenues Up, Income Down (Billions of yen)

Value Services

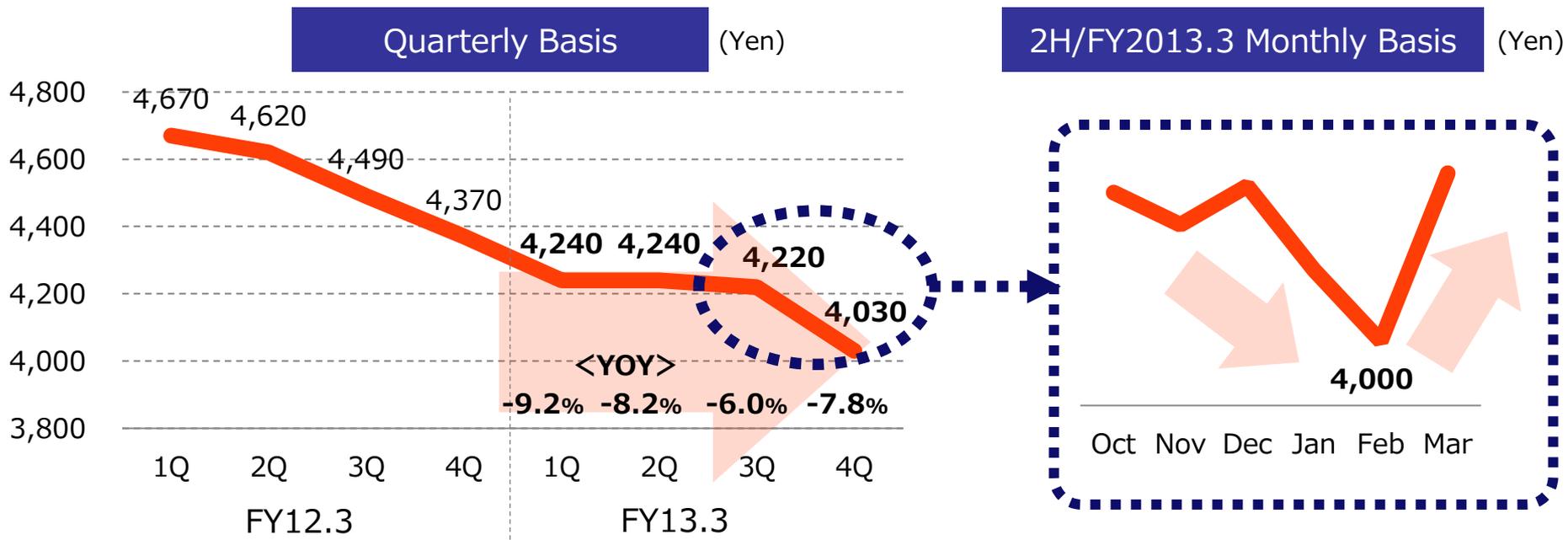
	FY12.3	FY13.3	yoy
Operating revenues	136.4	141.9	+4.0%
Operating income	44.4	41.9	-5.7%
Operating margin	32.6%	29.5%	-
EBITDA	51.1	51.8	+1.4%
EBITDA margin	37.5%	36.5%	-

Revenues Up, Income Up (Billions of yen)

Global Services

	FY12.3	FY13.3	yoy
Operating revenues	171.6	207.3	+20.8%
Operating income	4.3	7.8	+83.4%
Operating margin	2.5%	3.8%	-
EBITDA	13.7	21.3	+55.3%
EBITDA margin	8.0%	10.3%	-

Declines bottom out on a monthly basis in February



Note:

au ARPU in 4Q of FY12.3 and FY13.3 include impact of the settlement of access charges among carriers.

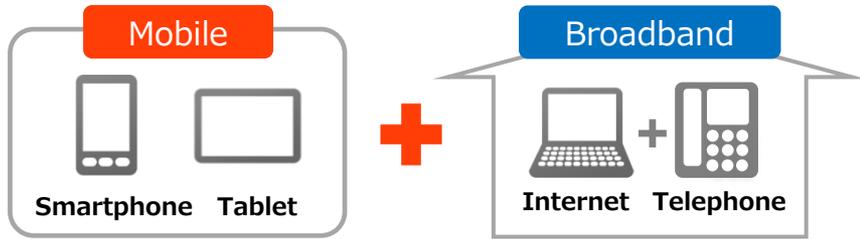
The graph "2H/FY2013.3 Monthly Basis" does not include impact of the settlement of access charges among carriers.

**Competitive Position Established
through 3M Strategy**

au Smart Value

Mobile and Fixed-line Subscriptions Greatly Exceed Initial Forecasts

au Smart Value



au smartphone

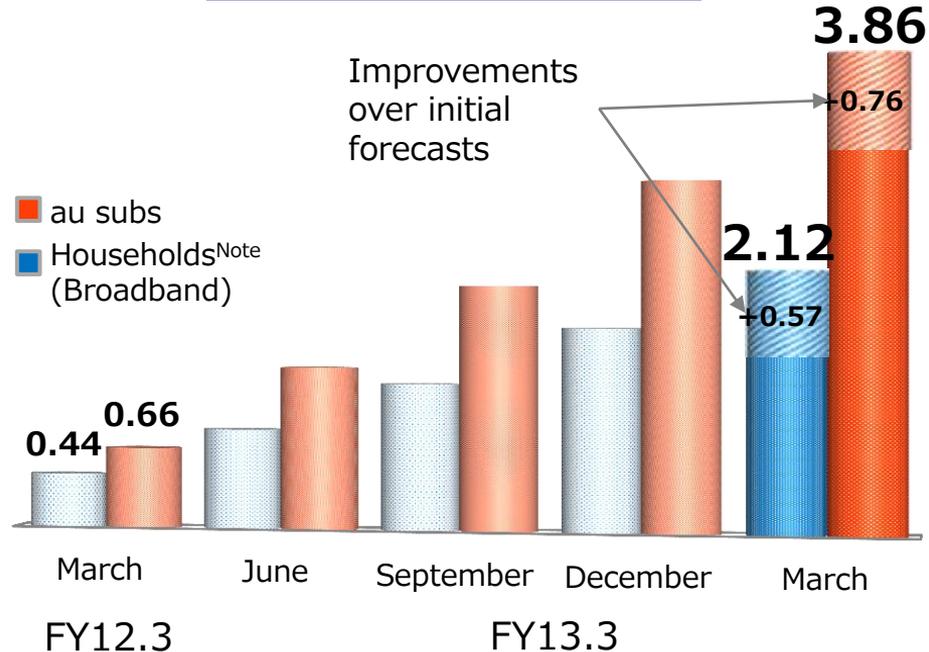
For 1 Broadband contract

¥1,480/month off maximum discount period of 2 years

All au smartphones in the household are applicable

Quarterly Basis

(Millions)



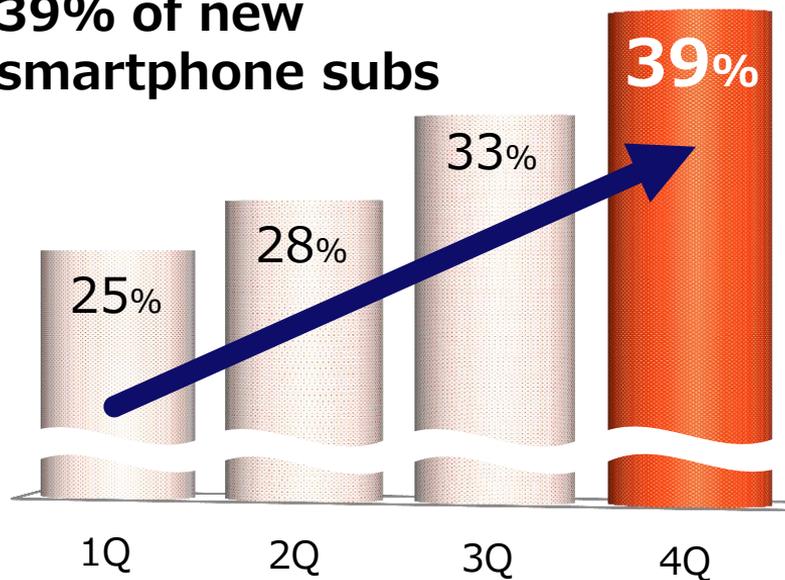
Note: Smart Value is a registered trademark of Energy Management Corporation.
Households: total for KDDI group companies and fixed-line allied companies

au Smart Value

New Subscription Contributions Increase Each Quarter

Smartphone

39% of new smartphone subs

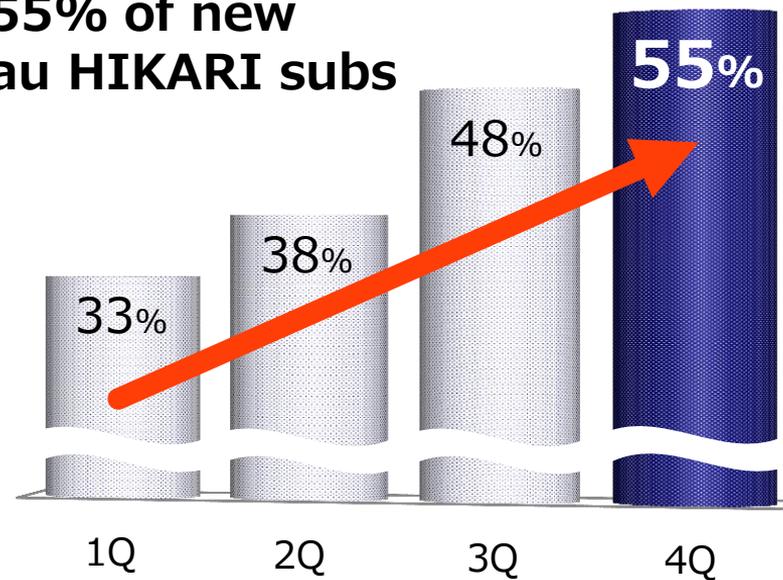


Subject: Percentage of au Smart Value subs among new smartphone subs (Personal Services segment)

Note: Excludes existing au users changing to smartphones

FTTH

55% of new au HIKARI subs

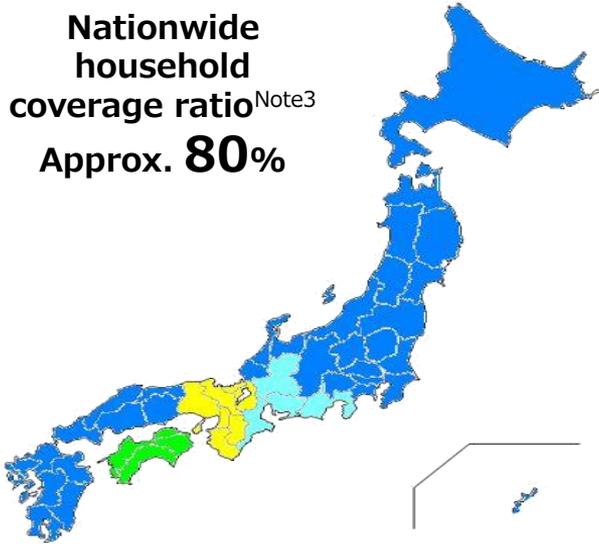


Subject: Percentage of au Smart Value subs among new au HIKARI subs (Personal Services segment)

au Smart Value

Number of Fixed-allied Companies Doubled in 1 year

Nationwide household coverage ratio^{Note3}
Approx. **80%**



FTTH

- au HIKARI / au HIKARI Chura (OCT)
- Commuf@-hikari (CTC)
- eo hikari
- Pikara

CATV JCN J:COM Allied CATV companies

Last year

FTTH 4 companies
CATV 41 companies
118 channels



Present

FTTH 5 companies^{Note1}
CATV 106 companies^{Note2}
189 channels

**Alliances with Energia Communications, Inc.
and CATV companies planned**

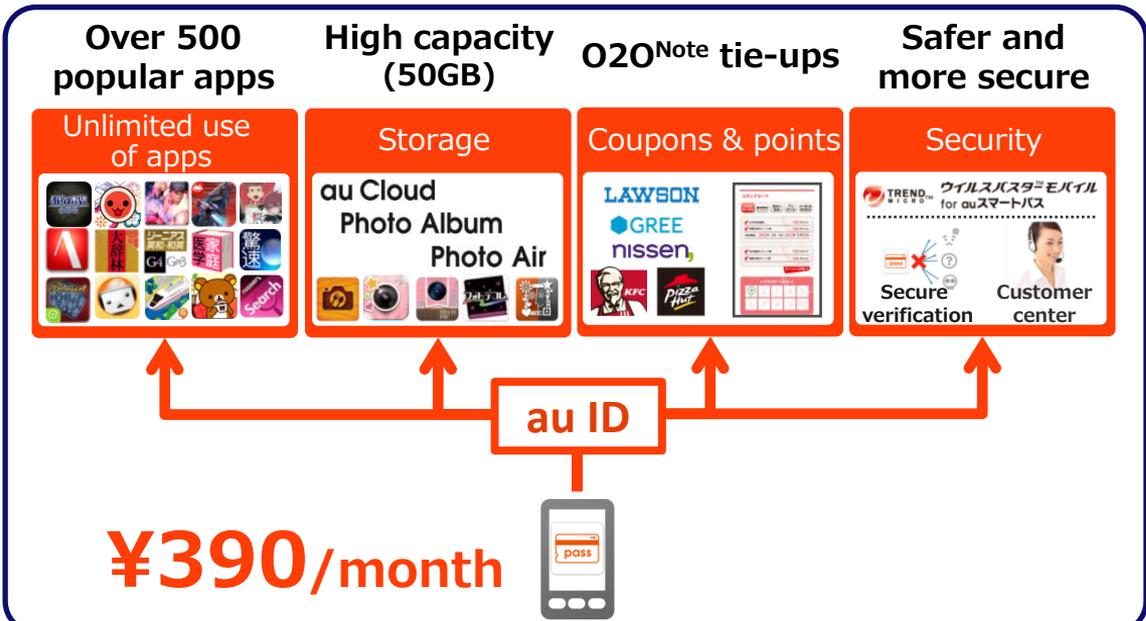
(Scheduled to start expanding alliances in July 2013)

Note1: FTTH 5 companies include 3 KDDI group companies. (Shikoku covered by both "au HIKARI" and "Pikara")
 Note2: CATV companies/channels include CATV 22 companies/22 channels through alliance with STNet.
 Note3: Household coverage ratio in detached house provision area of FTTH/CATV

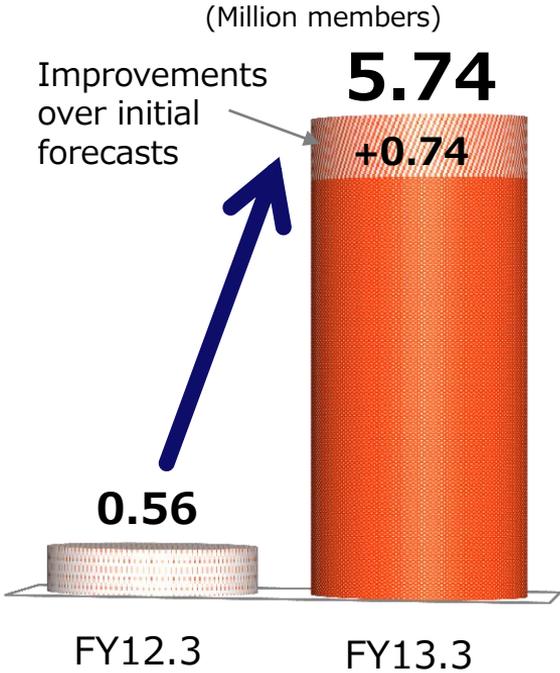
au Smart Pass

Becoming a Standard Service for au Smartphones

~Subscription numbers greatly exceeded initial forecasts~



Trends in Members

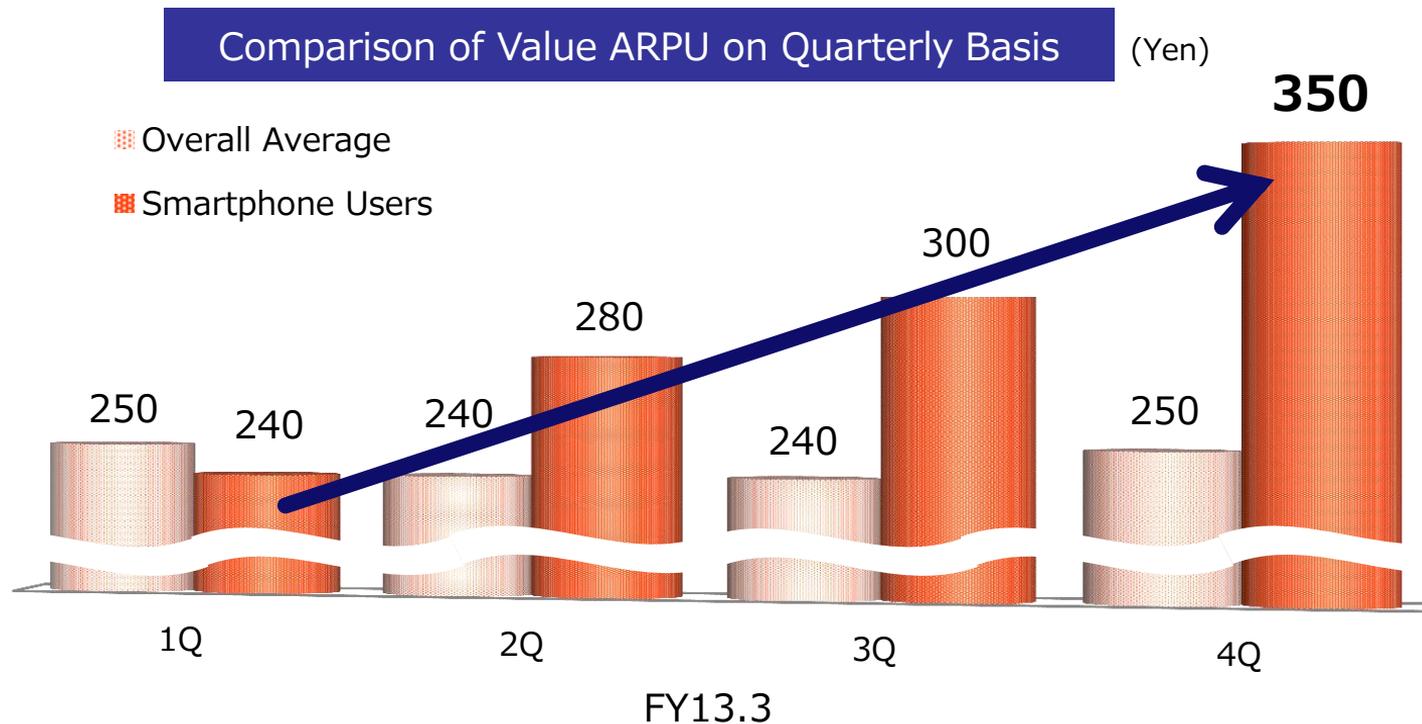


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Note: O2O (online to offline) refers to utilizing information available on the Internet to encourage users to purchase items in the real world (community organizations, stores, etc.)

Value ARPU

Boosting Value ARPU with “au Smart Pass”



Data Offloading Performance

Achieved 50% of Initial Goal

March 2012

June

September

December

March 2013



Data traffic during peak hour (11-12PM) over one month

Definition

Numerator: Data offloading to Wi-Fi+WiMAX

Denominator: Total smartphone data traffic (3G+Wi-Fi+WiMAX)

Actual population coverage^{Note1}

Reached **96.4%**^{Note2} **by March 31, 2013**

and

Planned to reach 99%^{Note2} **by March 31, 2014**

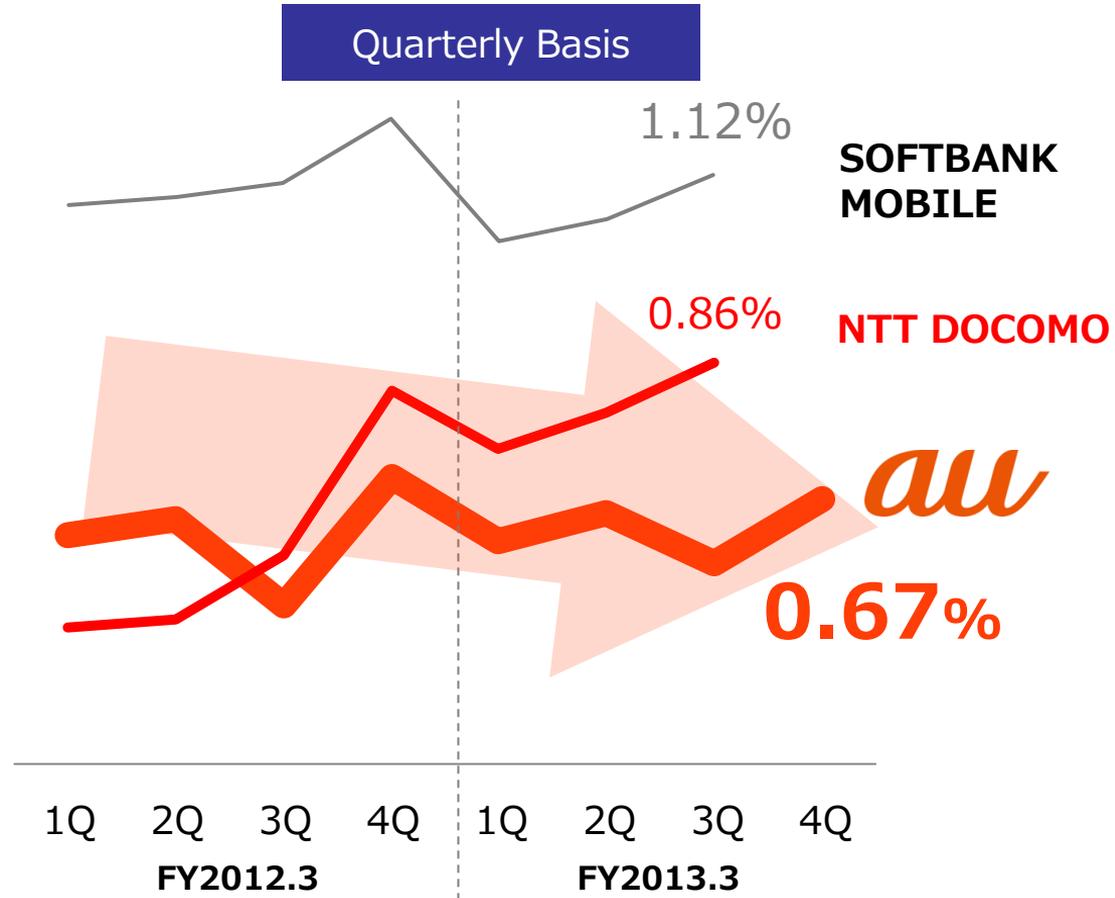
Notes:

1. For calculation purposes, Japan has been divided into 500m² 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.
2. For LTE compatible Android™ smartphones

Increasing Momentum of Mobile and FTTH Services

au Churn Rate

Maintaining lowest rate in the industry



Note: au churn rate is calculated for ordinary handsets based on Personal Services segment, which exclude module-type terminals. Based on financial results materials, etc. of each company.

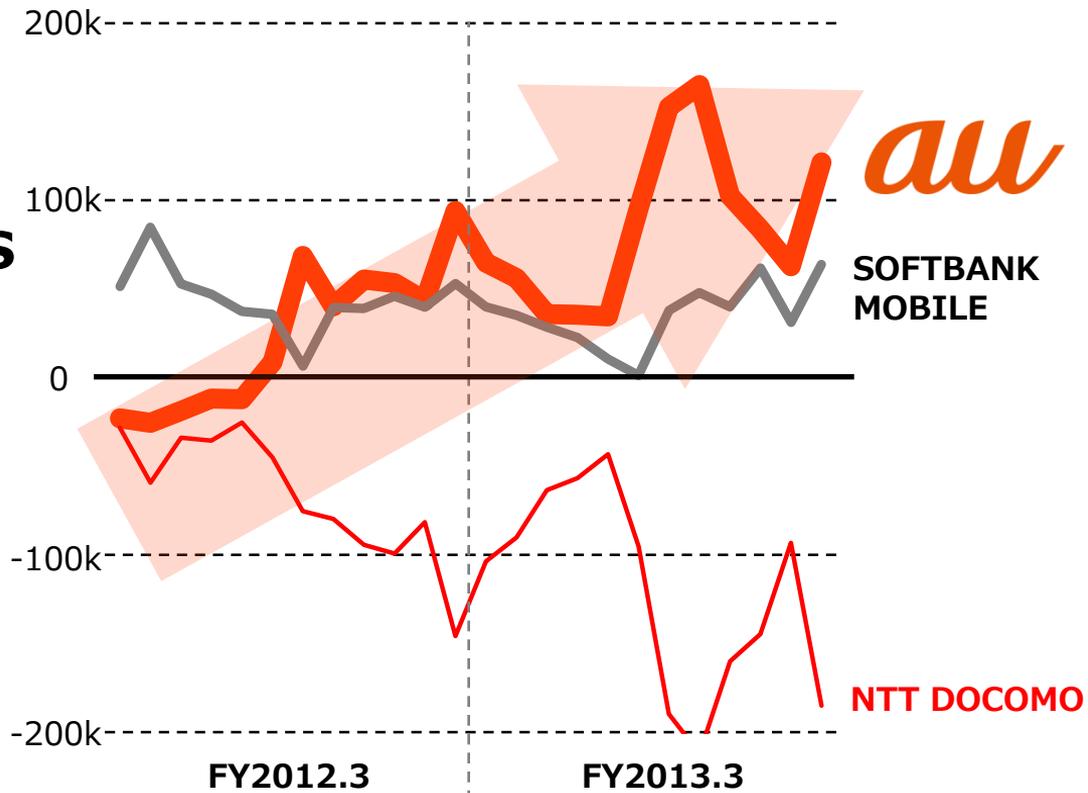
MNP Net Additions

**No.1 for
18 consecutive months**
from October 2011

FY13.3 1.01M
Maximum in the past

Monthly Basis

Period: from April 2011 to March 2013



au

SOFTBANK
MOBILE

NTT DOCOMO

Net Addition Share

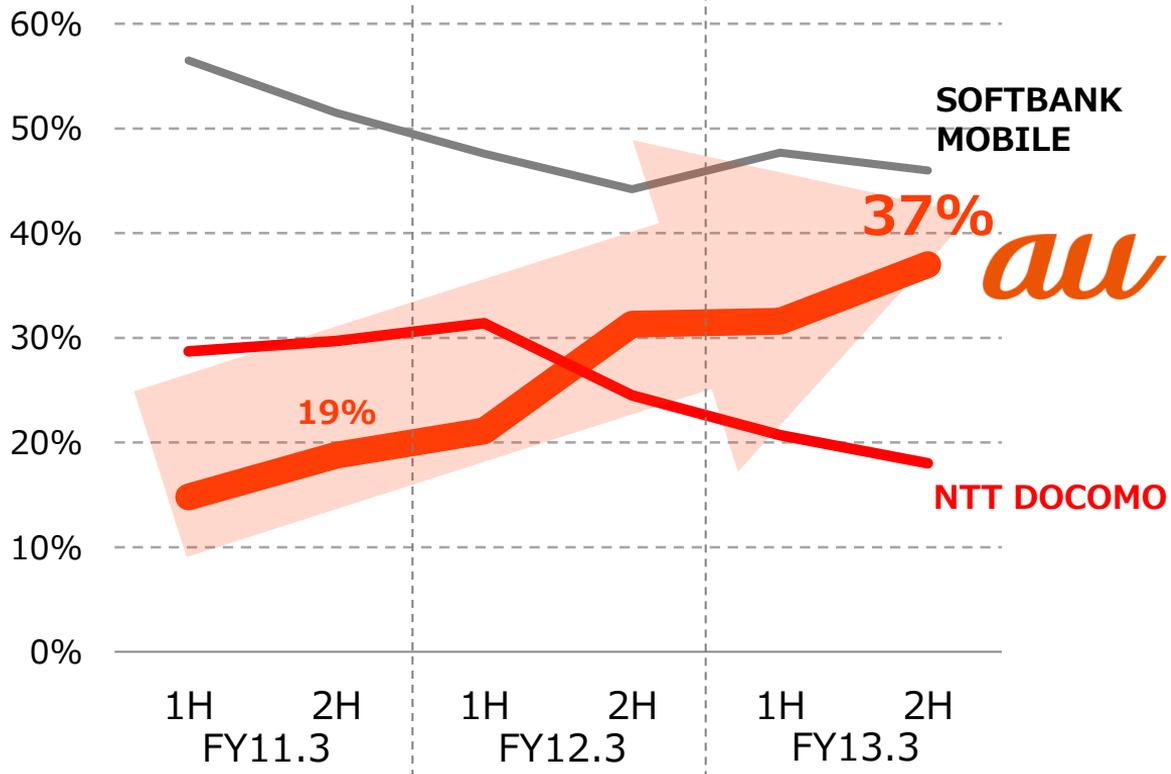
2H/FY2013.3

37%

Significant increases
in 2-year period

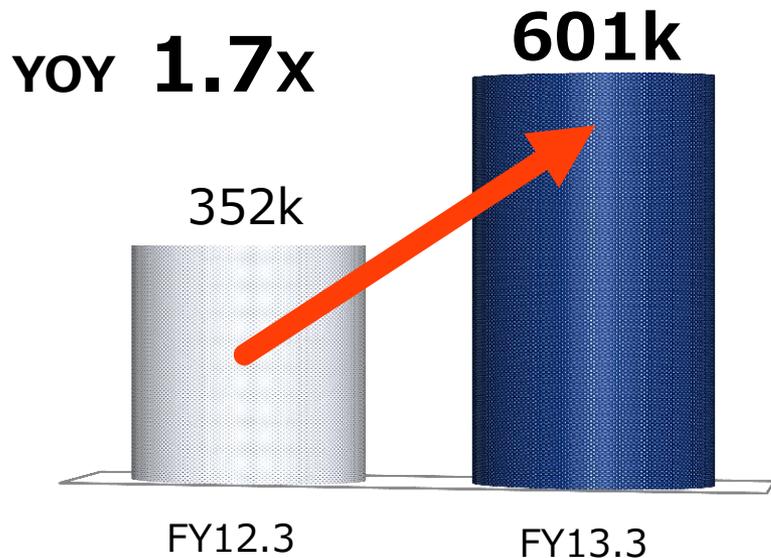
Note: Share of net additions among NTT DOCOMO,
SOFTBANK MOBILE, and KDDI

Changes by 6-month period

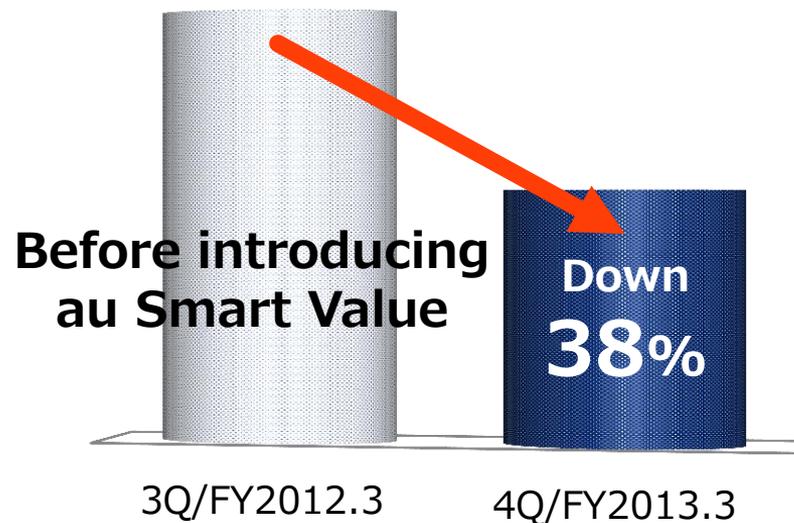


**Significantly increasing net additions
while also decreasing acquisitions costs**

FTTH Net Additions



Acquisitions Costs for
au HIKARI Users



Note: FTTH net additions: total for KDDI group's FTTH services (au HIKARI, au HIKARI Chura, and Commuf@-hikari)

Initiatives Targeting the Next Stage

Strategies for the Next 3 Years

21



FY14.3~
FY16.3

“Full-scale Income Growth”

Advance and develop 3M Strategy
implement Global Strategy

FY13.3

“Growth to Start”

Full-scale implementation of 3M Strategy

FY12.3

“Reconstruction of Foundational Business”

Complete recovery of au momentum

Basic Policies

Advance and develop 3M Strategy

**Maximize
communications revenues
and value-added revenues**

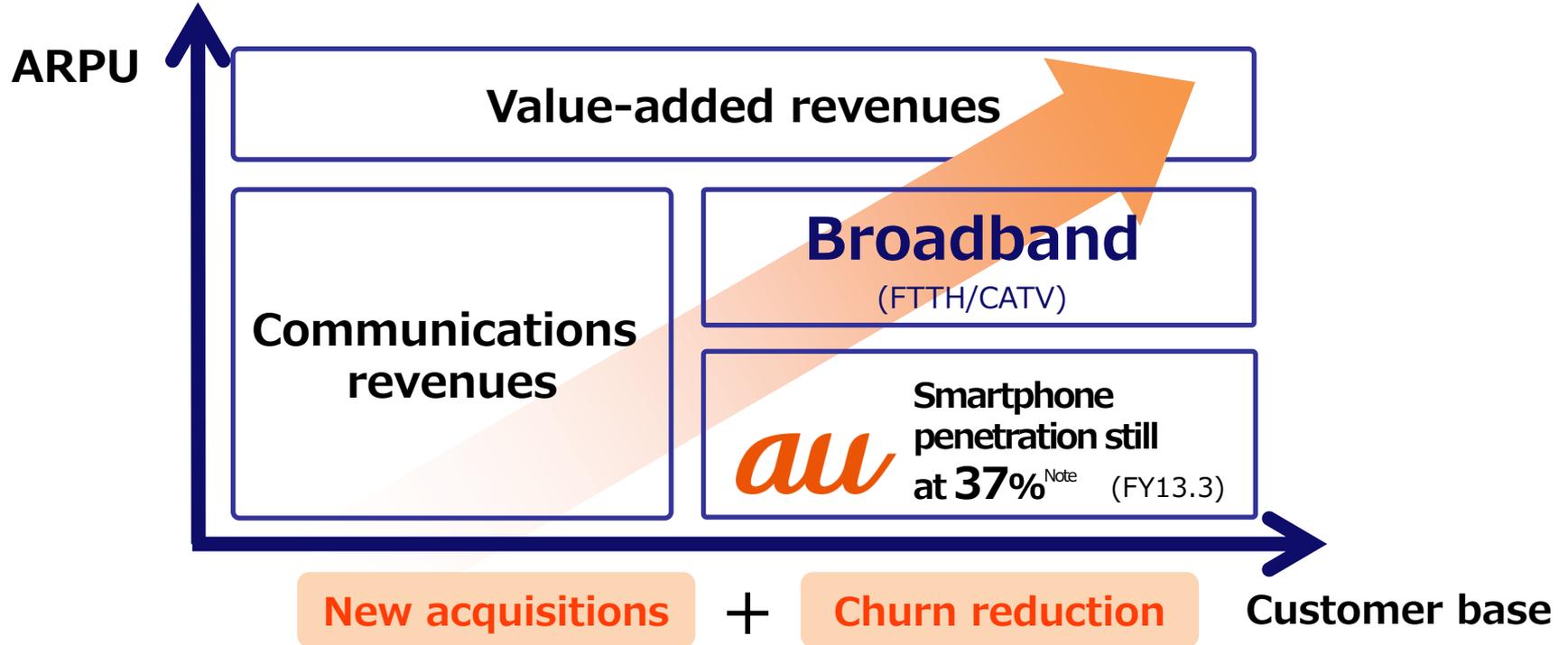
Implement Global Strategy

**Establish growth pillar
to supplement
domestic operations**

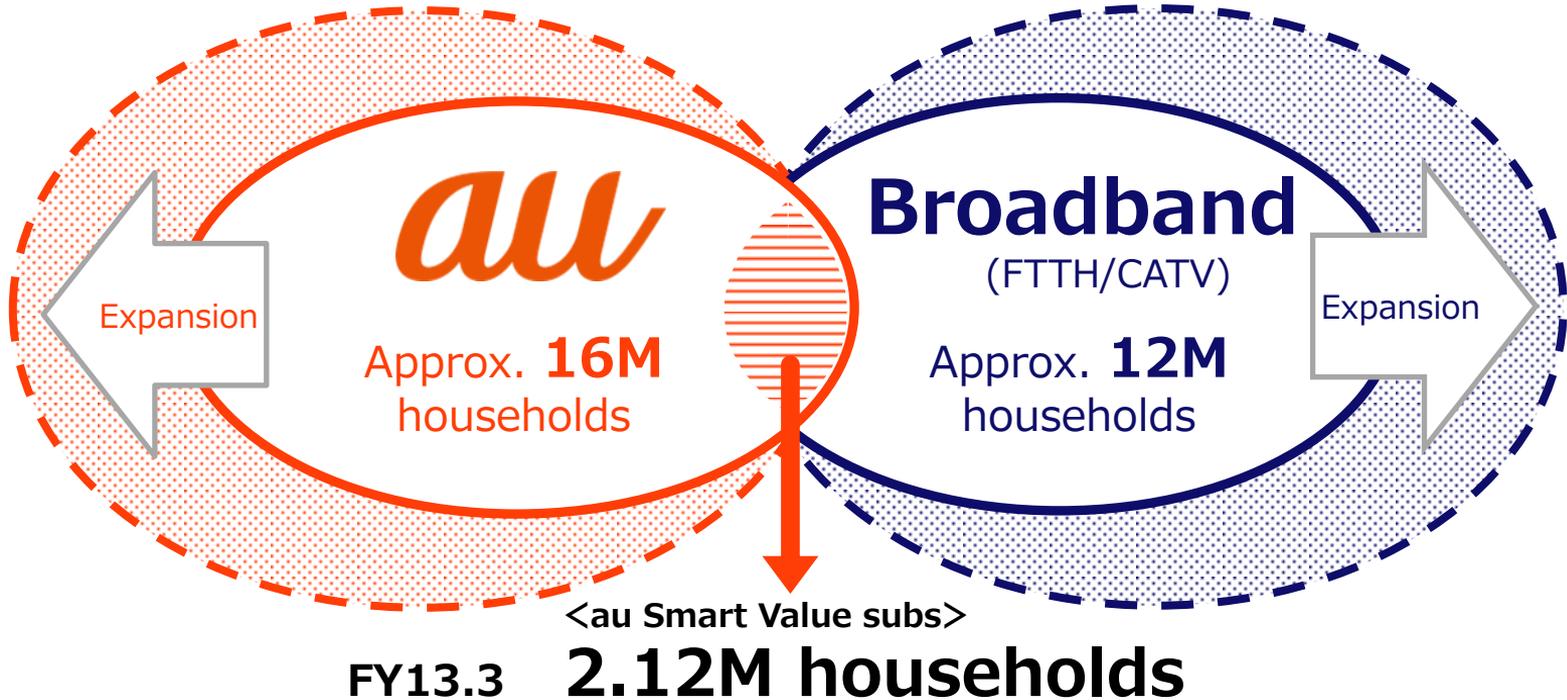
Pursue further business growth

Business Model

Maximize Revenues

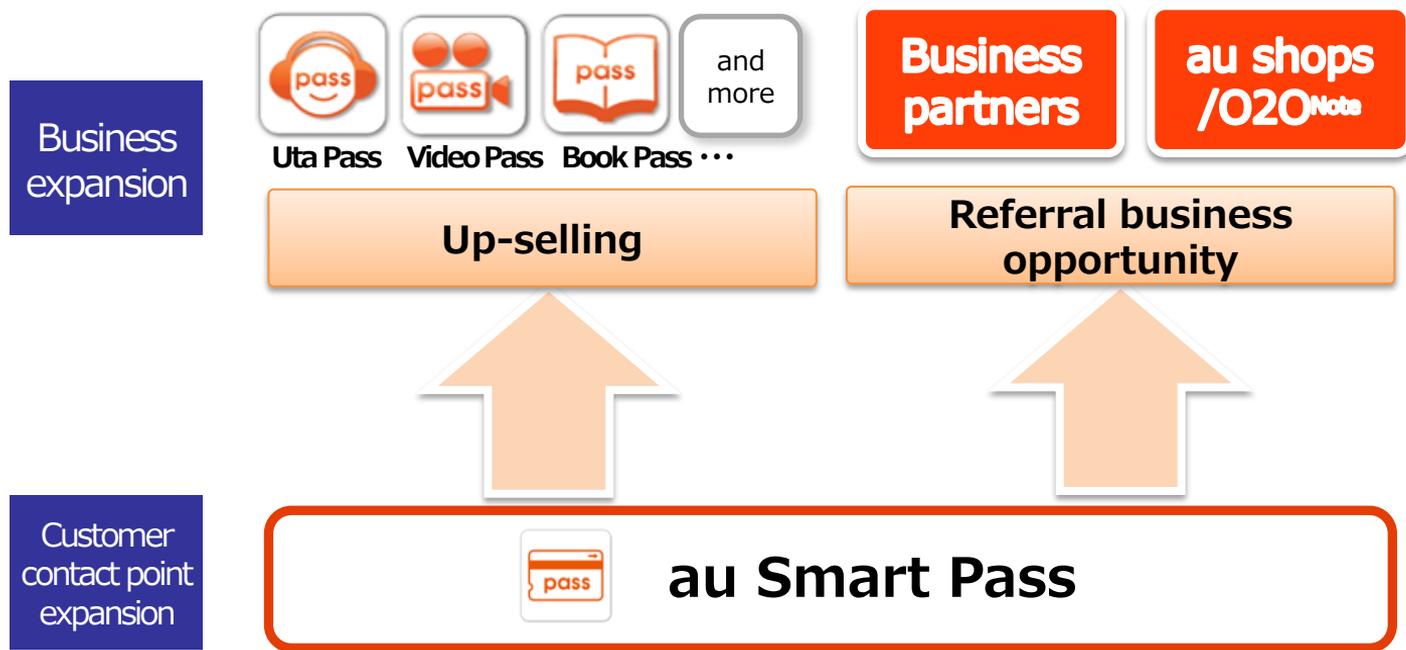


Expansion of customer base via au Smart Value chain reactions



Maximize Value-added Revenues

Expansion of businesses spawned from au Smart Pass



Note: O2O (online to offline) refers to utilizing information available on the Internet to encourage users to purchase items in the real world (community organizations, stores, etc.)

Global Strategy

Progressive advancement into key markets
First, concentrate group efforts in Asia

Global ICT Business

Global Consumer Business

Cloud/SI

Networks

Datacenters

New businesses in emerging markets

MVNO



Targets for the Next Stage

“Achieve continuous growth and enhance shareholder returns”

	Past (FY2011.3–FY2013.3)		Future (FY2014.3–FY2016.3)
Profit Growth	➤ Consolidated Operating Income	Average annual growth 4.23%	Double-digit annual growth rate
	➤ EPS	Average annual growth 4.24%	Large increases accompanying income growth
Shareholder Return	➤ Dividend Policy	Gradually raise to 25–30%	Dividend payout ratio over 30%
	➤ Share Buyback	Consider as possible option for management	

Note: EPS (Earnings per Share): Net income per share

Outlook for FY2014.3

<1st Year of Initiatives Targeting the Next Stage>

“ Target Income Growth Exceeding 20% ”

- **Operating income, EBITDA, and net income all forecasted to grow more than 20% YOY**
 - J:COM to be consolidated in April
(contributions throughout full year)
- **Increased communications revenues will drive income growth**
 - Substantial increase in communications revenues for the Personal Services segment (+¥75.6B)
 - Consolidated au net additions of 2.3M forecasted

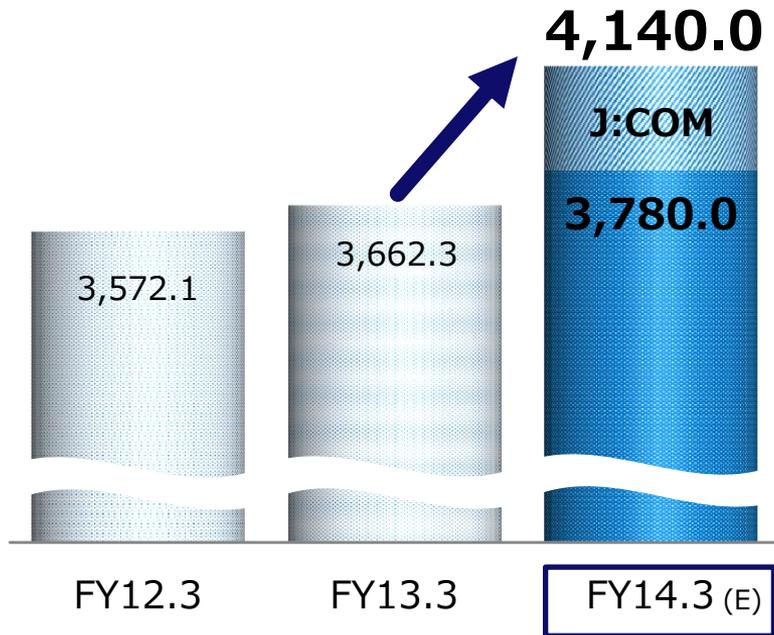
Operating Revenues/Operating Income

Operating Revenues

(Billions of yen)

YOY +13.0%

(Before J:COM consolidation: +3.2%)

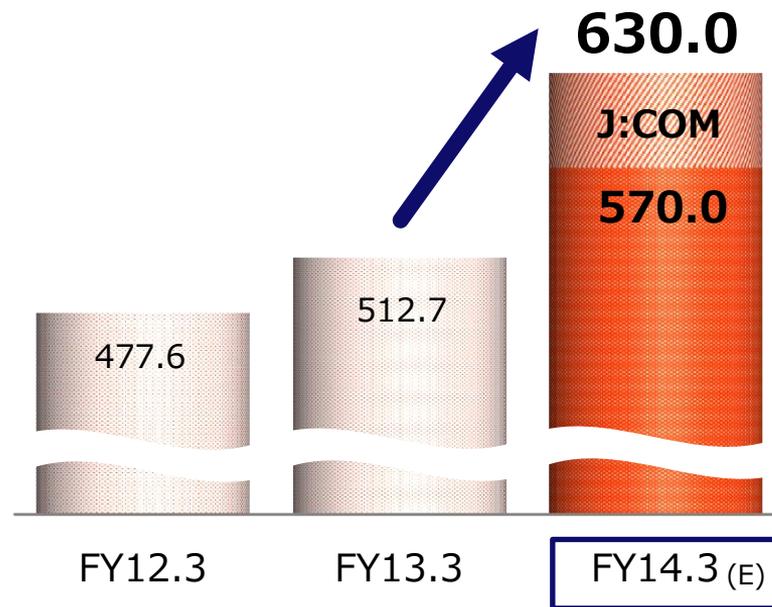


Operating Income

(Billions of yen)

YOY +22.9%

(Before J:COM consolidation: +11.2%)



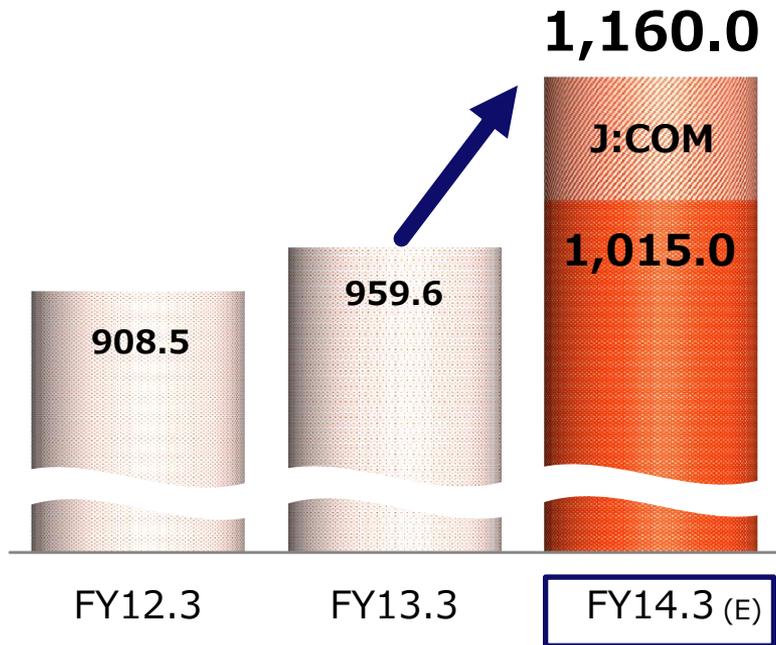
EBITDA/Net Income

EBITDA

(Billions of yen)

YOY +20.9%

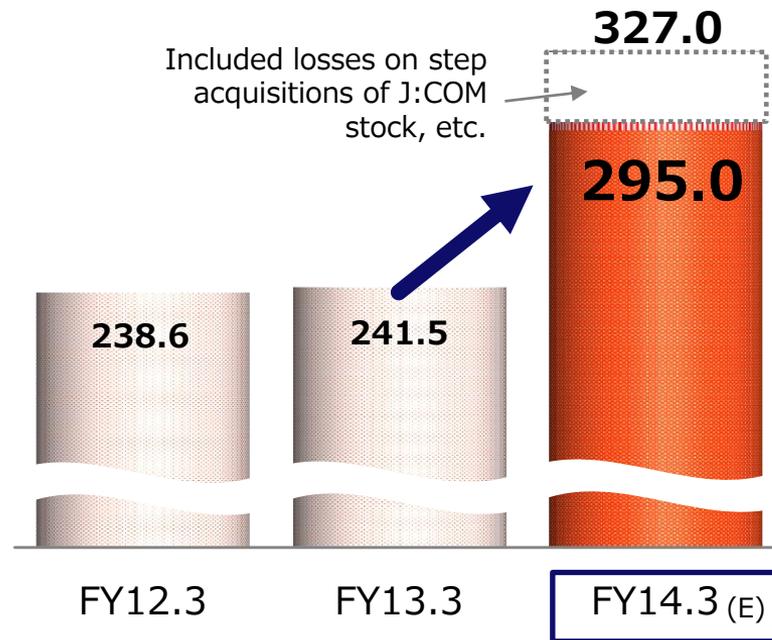
(Before J:COM consolidation: +5.8%)

**Net Income**

(Billions of yen)

YOY +22.2%

(Before J:COM consolidation: +35.4%)



Reflected in Consolidated Performance Forecasts for FY2014.3

Operating Revenues

¥360B

CAPEX

¥60B

Operating Income

¥60B

Free Cash Flow

¥90B

Net Income

-¥32BOf which includes extraordinary factors
in FY2014.3: ¥30BOf which losses on step acquisitions of
J:COM stock: -¥37.5B

Outlook for FY2014.3 by Segment-(1)

33

(Billions of yen)

Personal Services

	FY13.3	Before J:COM consolidation		Influence of J:COM consolidation	After J:COM consolidation	
		FY14.3(E)	yoy		FY14.3(E)	yoy
Operating revenues	2,838.0	2,900.0	+2.2%	310.0	3,210.0	+13.1%
Operating income	378.6	430.0	+13.6%	55.0	485.0	+28.1%
Operating margin	13.3%	14.8%	-	17.7%	15.1%	-
EBITDA	751.0	801.0	+6.7%	139.0	940.0	+25.2%
EBITDA margin	26.5%	27.6%	-	44.8%	29.3%	-

(Billions of yen)

Value Services

	FY13.3	Before J:COM consolidation		Influence of J:COM consolidation	After J:COM consolidation	
		FY14.3(E)	yoy		FY14.3(E)	yoy
Operating revenues	141.9	160.0	+12.8%	50.0	210.0	+48.0%
Operating income	41.9	45.0	+7.4%	5.0	50.0	+19.4%
Operating margin	29.5%	28.1%	-	10.0%	23.8%	-
EBITDA	51.8	56.0	+8.1%	6.0	62.0	+19.7%
EBITDA margin	36.5%	35.0%	-	12.0%	29.5%	-

Outlook for FY2014.3 by Segment-(2)

Business Services

	(Billions of yen)		
	FY13.3	FY14.3(E)	yoy
Operating revenues	638.3	650.0	+1.8%
Operating income	79.8	80.0	+0.2%
Operating margin	12.5%	12.3%	-
EBITDA	128.8	127.0	-1.4%
EBITDA margin	20.2%	19.5%	-

Global Services

	(Billions of yen)		
	FY13.3	FY14.3(E)	yoy
Operating revenues	207.3	218.0	+5.2%
Operating income	7.8	9.0	+14.9%
Operating margin	3.8%	4.1%	-
EBITDA	21.3	23.0	+8.0%
EBITDA margin	10.3%	10.6%	-

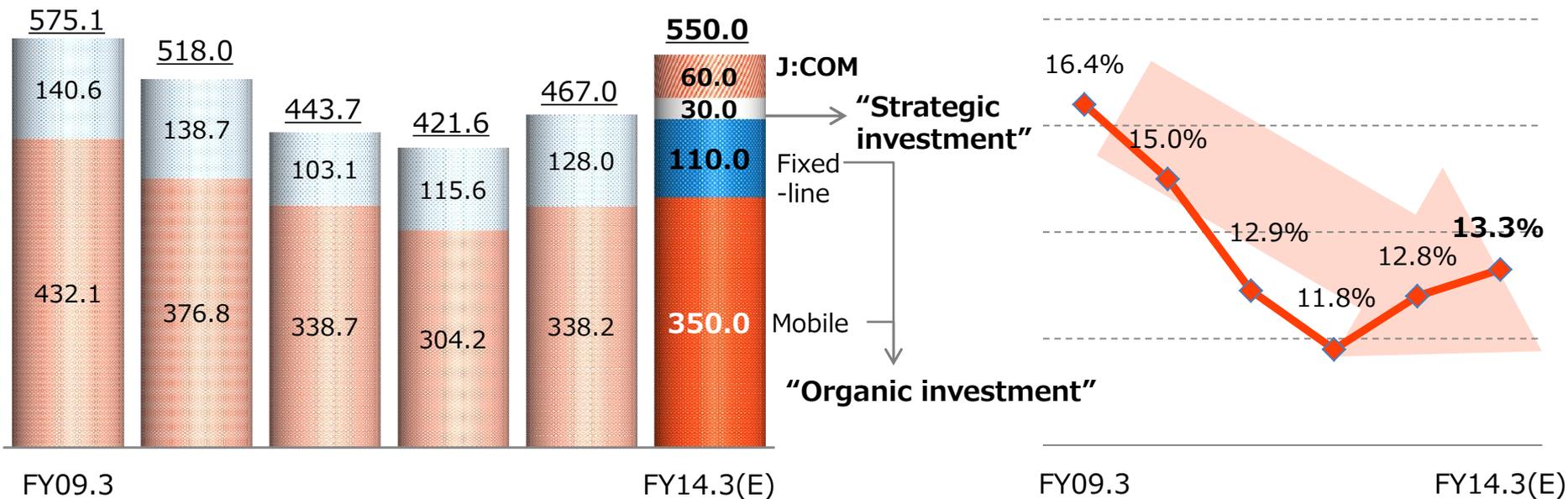
Capital Expenditure

Maintain level of ¥550.0B after J:COM consolidation

CAPEX

(Billions of yen)

CAPEX to Sales

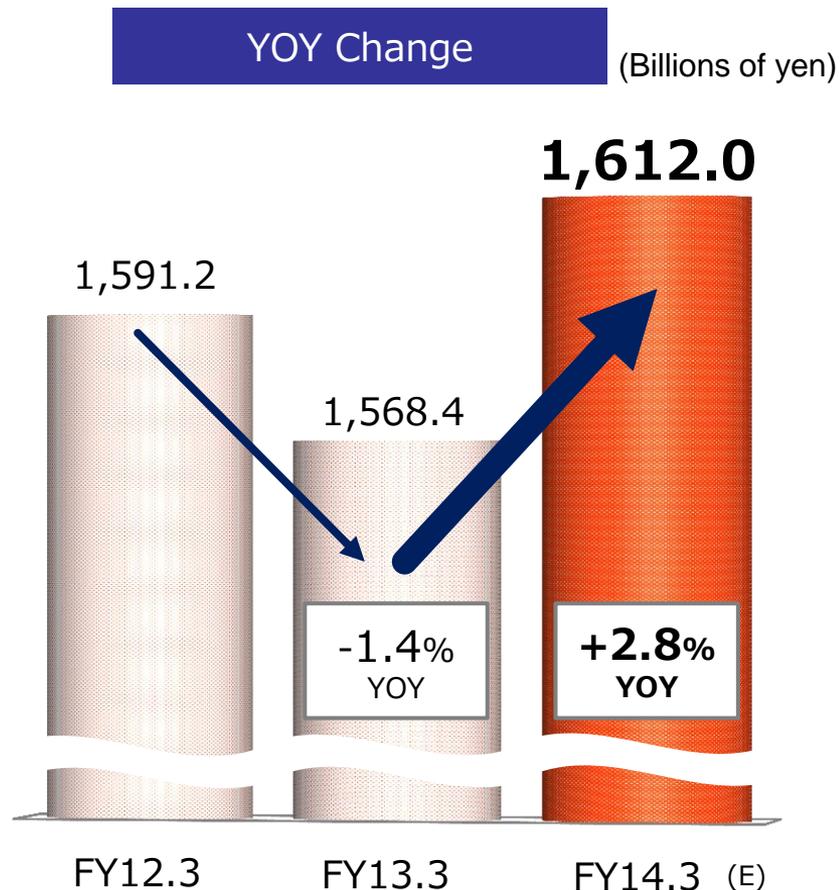


Communications Revenue Growth

Mobile Communications Revenues

Revenue growth achieved
for first time in 5 years

+¥43.6B YOY



Fixed-line Communications Revenues

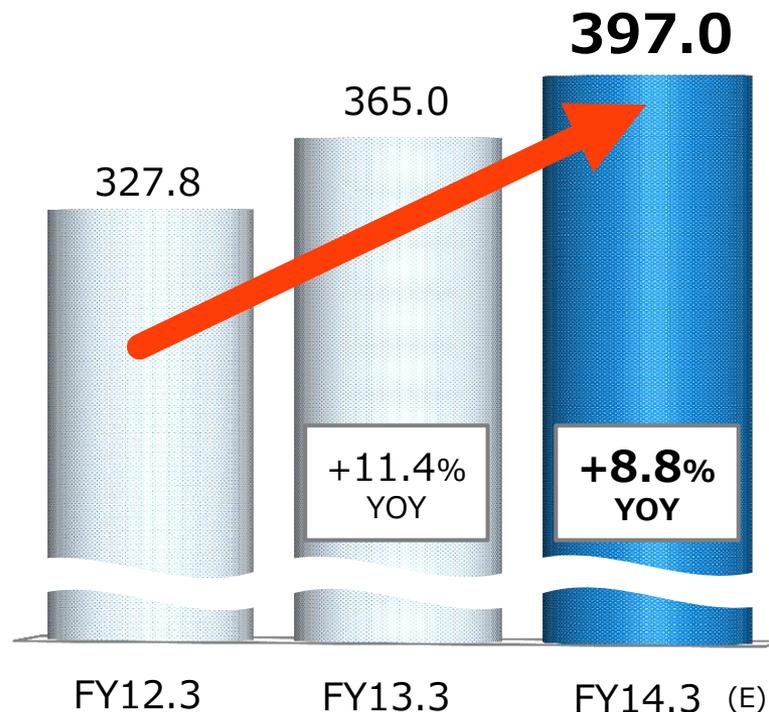
Greater
revenue growth

+¥32B YOY

YOY Change

(Billions of yen)

Note: Excludes revenues from J:COM



YOY Change

(Billions of yen)

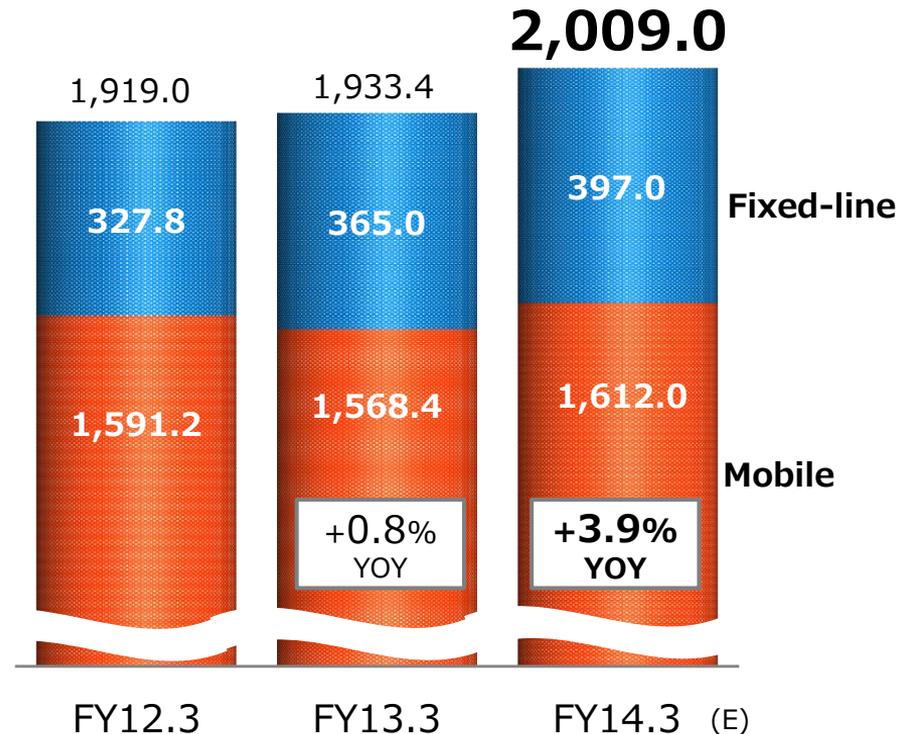
Total Amount of Communications Revenues

(Mobile & Fixed-line)

Transform into a driver
for future business
growth

+¥75.6B YOY

Note: Excludes revenues from J:COM



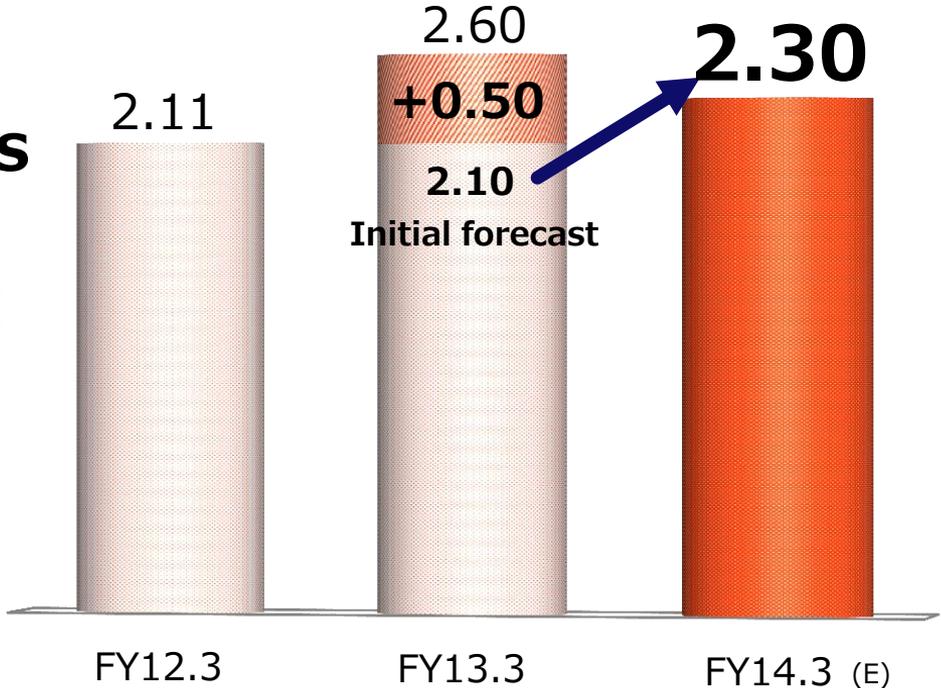
YOY Change

(Millions)

au Net Additions

Target level of net additions that exceeds FY2013.3's initial forecast

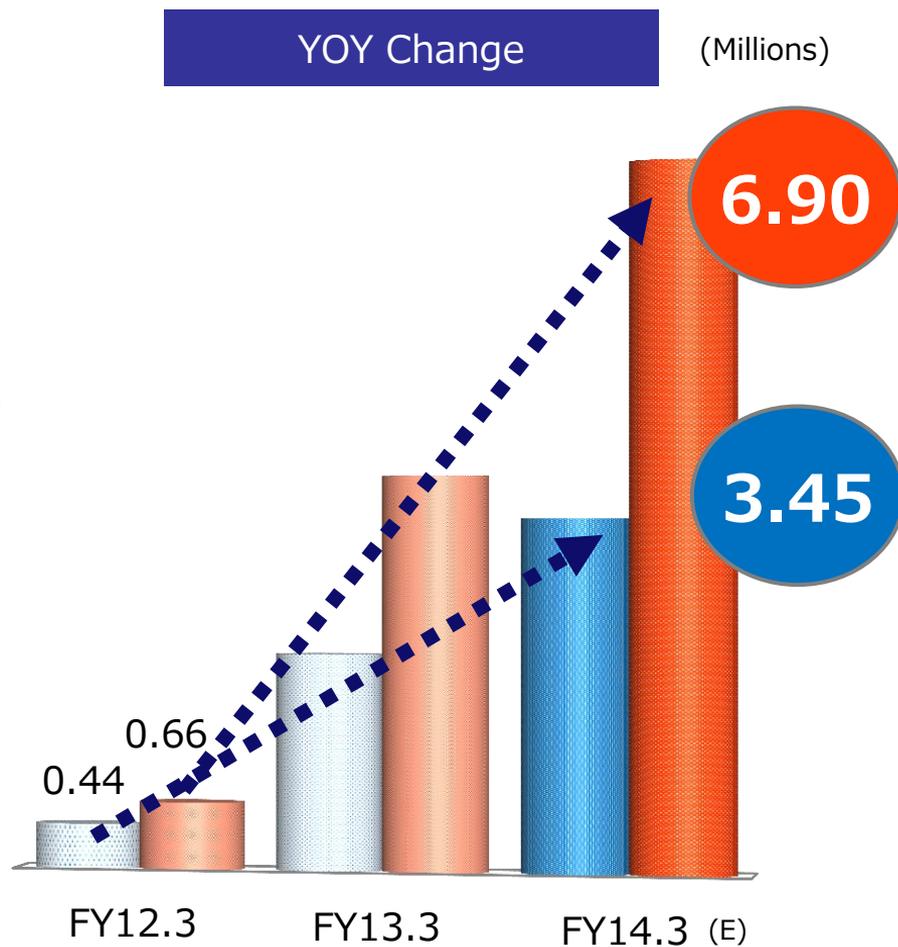
Cumulative total of over 40M as of March 31, 2014



au Smart Value

Further expand
subscriptions for both
mobile and fixed-line

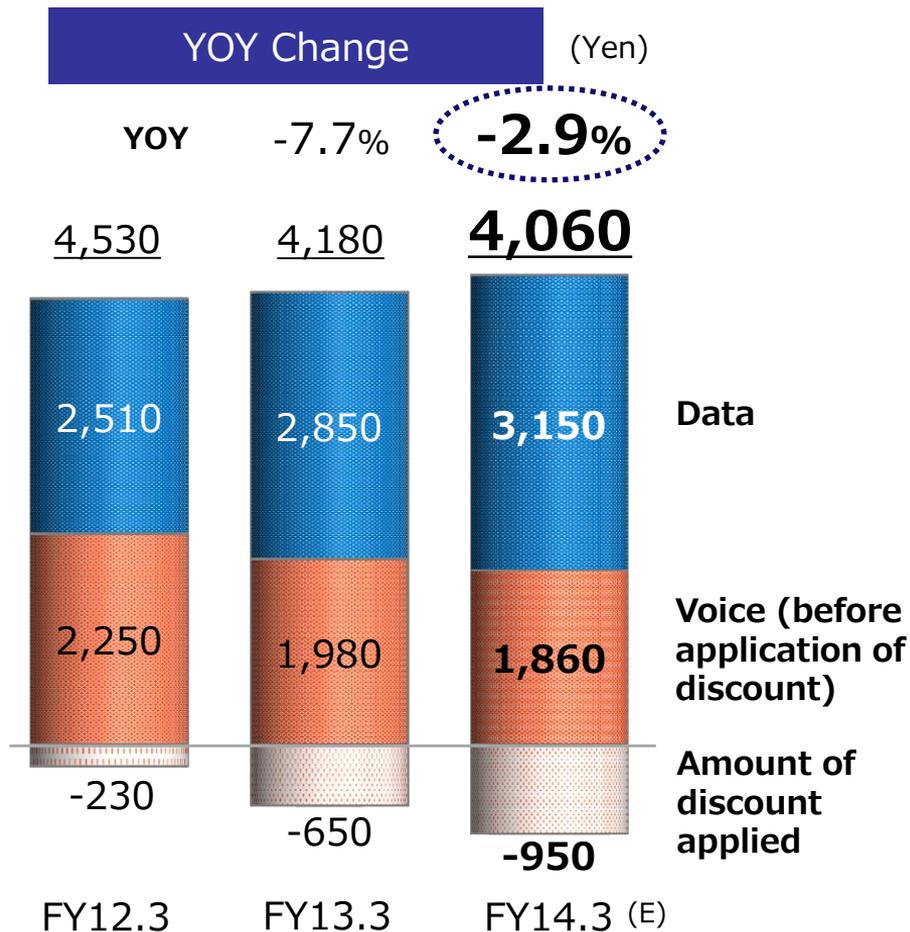
■ au subs
■ Households^{Note}



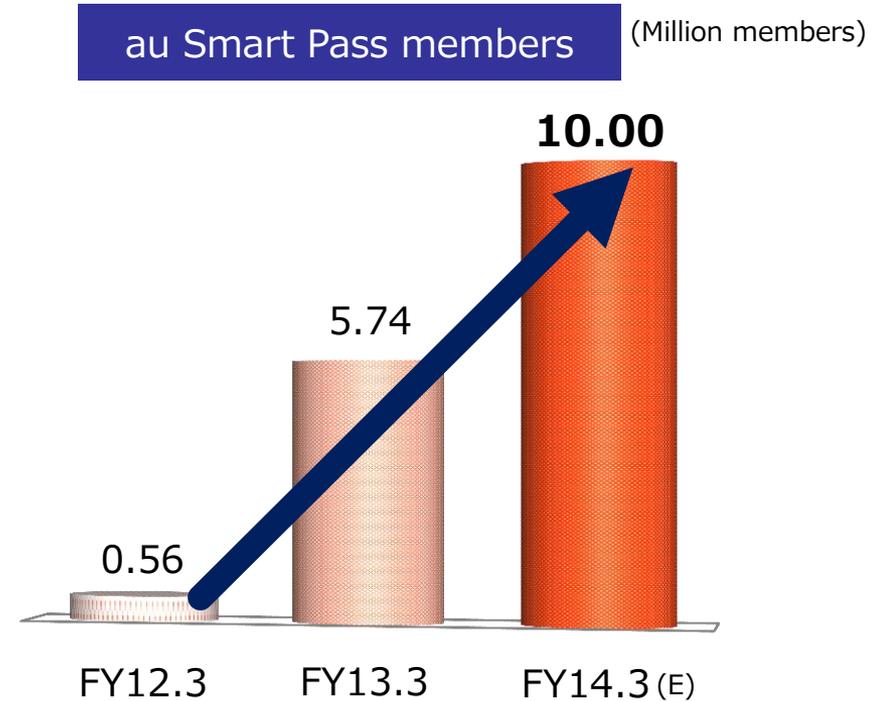
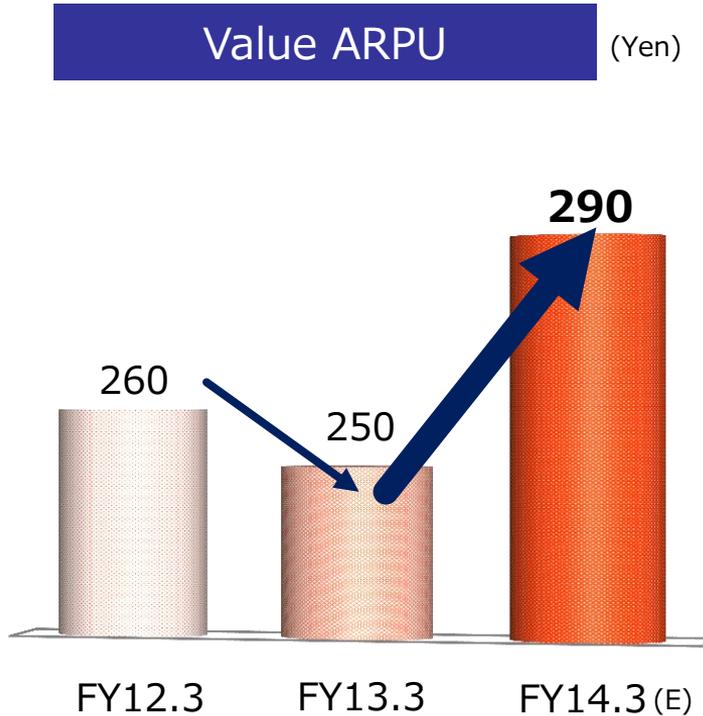
Note: Households: total for KDDI group companies and fixed-line allied companies

au ARPUs

Significant improvement in decline trend



Growth of 16% based on increase in au Smart Pass subs



Shareholder Return

Shareholder Return

	FY2013.3(E)	FY2014.3(E)	
Dividend (per share)	90円 ^{Note1}	¥120	1.33x
Payout Ratio	28.5%	31.1%	+2.6pts
Dividend Yield	2.4% ^{Note2}	3.1% ^{Note2}	+0.8pts

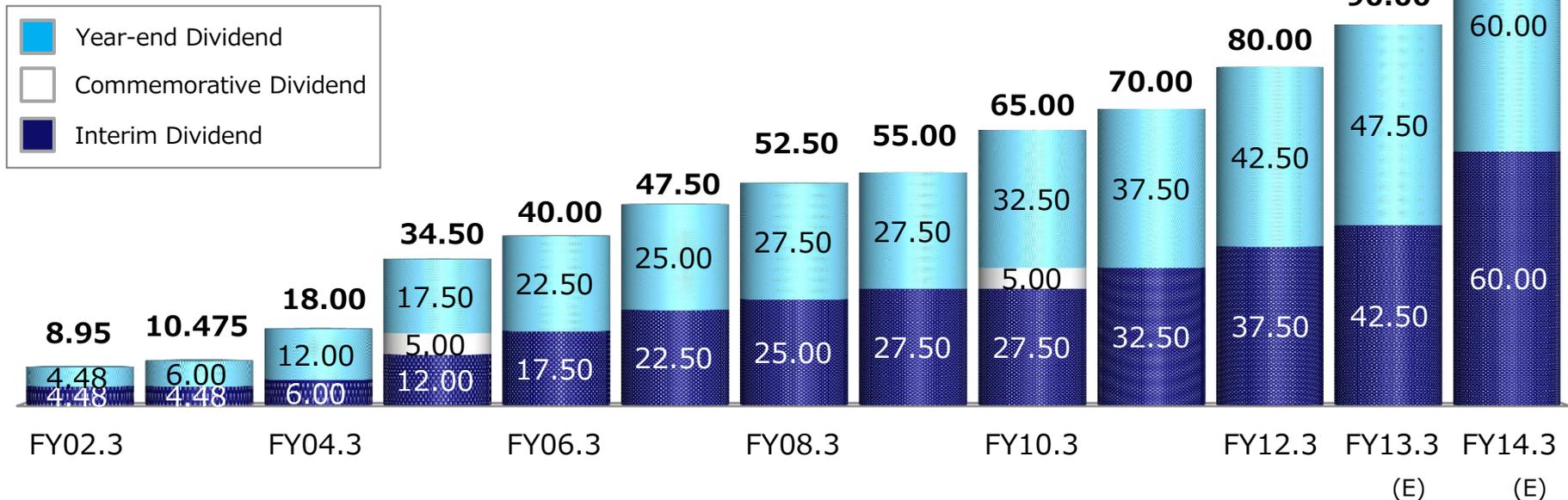
Notes:

1. Figures took into account a 1:2 stock split on common stock with an effective date of April 1, 2013.
2. Share price was calculated as ¥3,815 took into account a 1:2 stock split by halving the final price of ¥7,630 on March 26, 2013 (the final day for transactions with accompanying cum rights).

Dividend per Share and Payout Ratio

[Dividend per Share]

Note: Figures took into account a 1:2 stock split on common stock with an effective date of April 1, 2013.
(Dividend payment figures from the FY02.3 interim dividend to the FY13.3 year-end dividend have been restated in consideration of the stock split for convenience purposes.)



[Consolidated Payout Ratio]

- 17.5% 16.8% 21.2% 20.8% 22.4% 21.5% 22.0% 27.2% 24.1% 27.5% 28.5% 31.1%

Summary

FY2013.3 performance

- Consolidated Operating Income: **¥512.7B**
- **au ARPU**
Declines bottom out on a monthly basis

FY2014.3 forecast

- Full consolidation of J:COM
- Consolidated Operating Income: **+23% growth**
- Dividend **1.33x**

Goals leading up to FY2016.3

- Consolidated Operating Income: **Double-digit annual growth rate**
- Dividend Payout Ratio over **30%**

“Achieving both continuous income growth & shareholder return enhancement”

Appendix

Consolidated Performance Forecasts for FY14.3

49

(Billions of yen)

	FY13.3	Before J:COM consolidation			After J:COM consolidation	
		FY14.3(E)	yoy	Influence of J:COM consolidation	FY14.3(E)	yoy
Operating revenues	3,662.3	3,780.0	+3.2%	360.0	4,140.0	+13.0%
Operating income	512.7	570.0	+11.2%	60.0	630.0	+22.9%
Operating margin	14.0%	15.1%	-	16.7%	15.2%	-
Ordinary income	514.4	560.0	+8.9%	60.0	620.0	+20.5%
Net income	241.5	327.0	+35.4%	-32.0	295.0	+22.2%
EBITDA	959.6	1,015.0	+5.8%	145.0	1,160.0	+20.9%
EBITDA margin	26.2%	26.9%	-	40.3%	28.0%	-
Free cash flow	50.9	180.0	-	90.0	270.0	-

Consolidated KPI in FY2014.3-(1)

50

Consolidated

		FY13.3	FY14.3(E)	Change	Change rate
au subscriptions	'000	37,709	40,009	+2,300	+6.1%

Personal Services

		FY13.3	FY14.3(E)	Change	Change rate
au subscriptions	'000	32,189	33,689	+1,500	+4.7%
au churn rate	%	0.63	0.69	+0.06	-
au ARPU	yen	4,180	4,060	-120	-2.9%
au handset sales	'000	11,080	10,900	-180	-1.6%
of smartphone sales	'000	8,110	8,600	+490	+6.0%
au sales commissions	yen	25,000	27,000	+2,000	-
au handset shipments	'000	10,660	10,680	+20	+0.2%

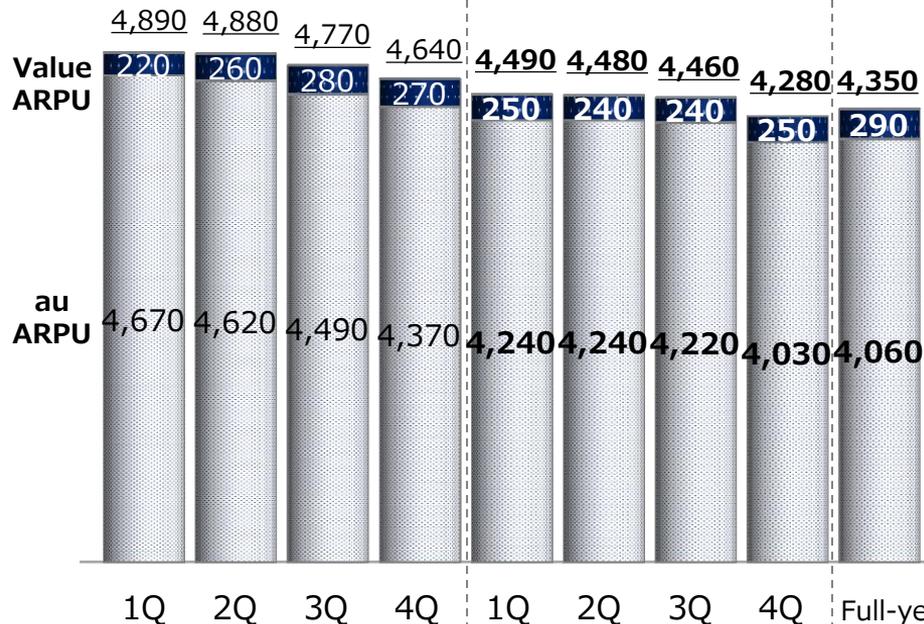
Consolidated KPI in FY2014.3-(2)

			FY13.3	FY14.3(E)	Change	Change rate
Personal Services	[Utilizing au Smart Value]					
	au subscriptions	'000	3,860	6,900	+3,040	+78.8%
	Households	'000	2,120	3,450	+1,330	+62.7%
	FTTH subscriptions	'000	2,822	3,260	+438	+15.5%
			FY13.3	FY14.3(E)	Change	Change rate
Value Services	au Smart Pass members	'000	5,740	10,000	+4,260	+74.2%
	Value ARPU	yen	250	290	+40	+16.0%
			3/'13	3/'14(E)	Change	
--	Data offload rate	%	52	Note 54	+2	

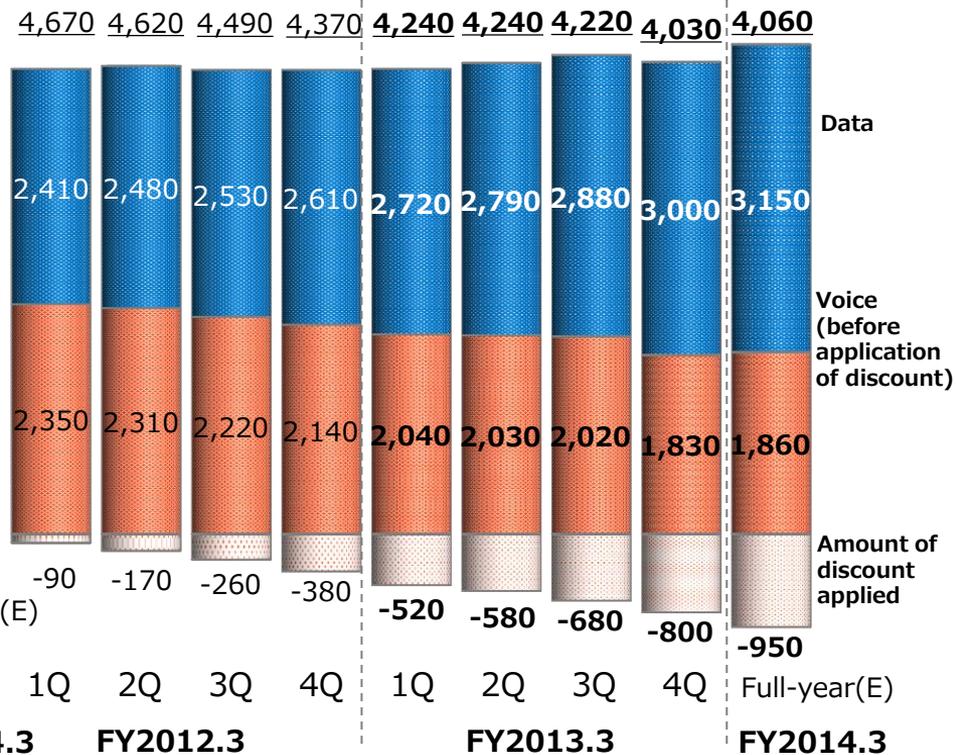
Note: Data offload rate for 3/'14 includes data traffic of LTE compatible handsets.

au ARPU / Value ARPU

au ARPU / Value ARPU (Yen)



Break Down of au ARPU (Yen)



FY2012.3

FY2013.3

FY2014.3

FY2012.3

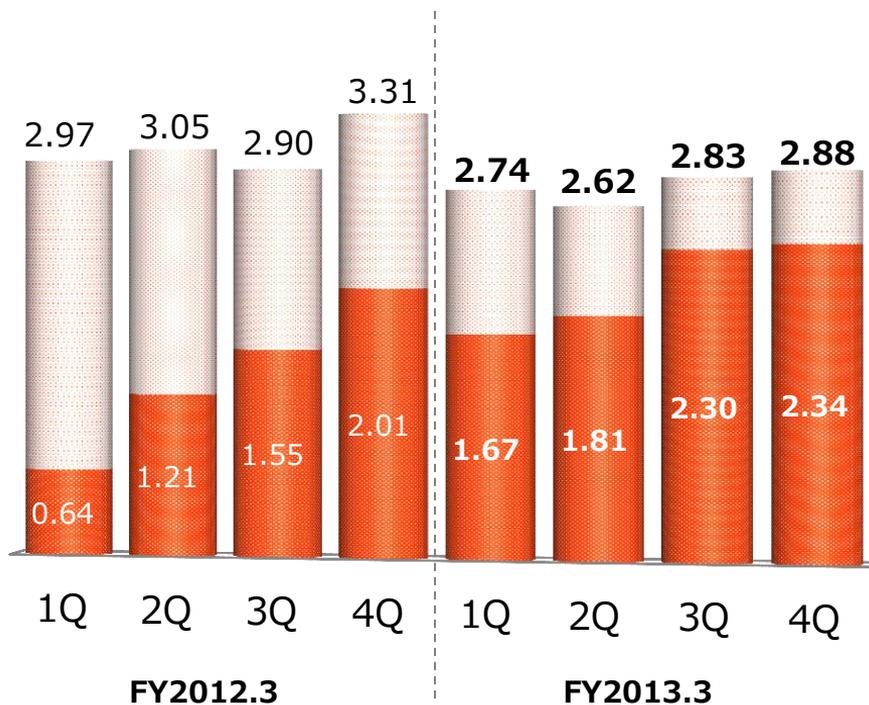
FY2013.3

FY2014.3

au Handset Sales

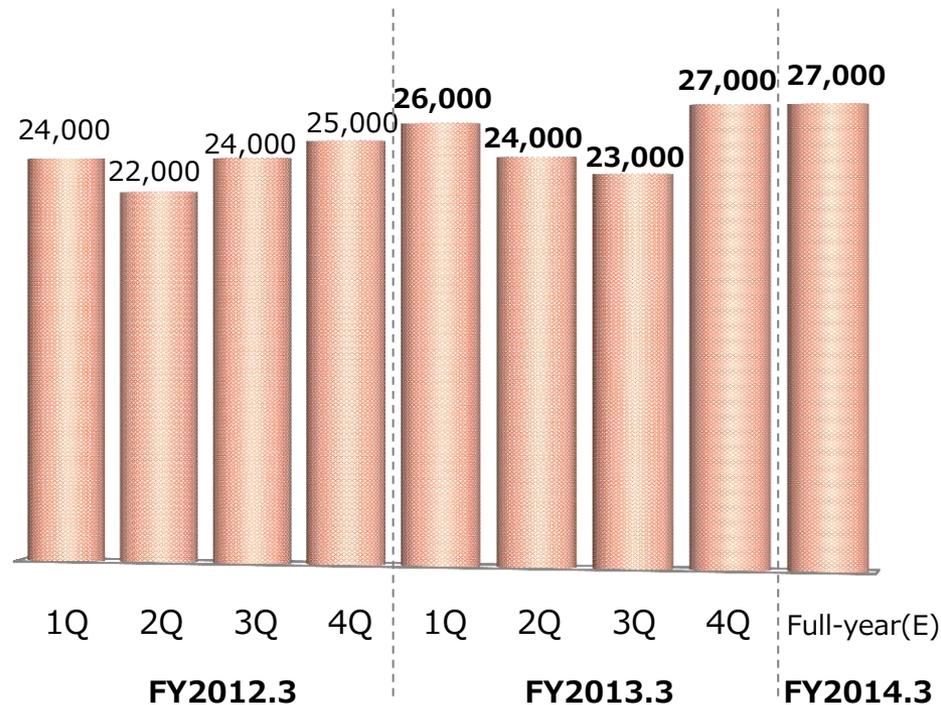
(Million units)

Of which Smartphones



Average au sales Commissions/Unit

(Yen)



Consolidated Operating Income Factor for Increase YOY

(Billions of yen)

(a): <Personal Services> Mobile Communications Revenues

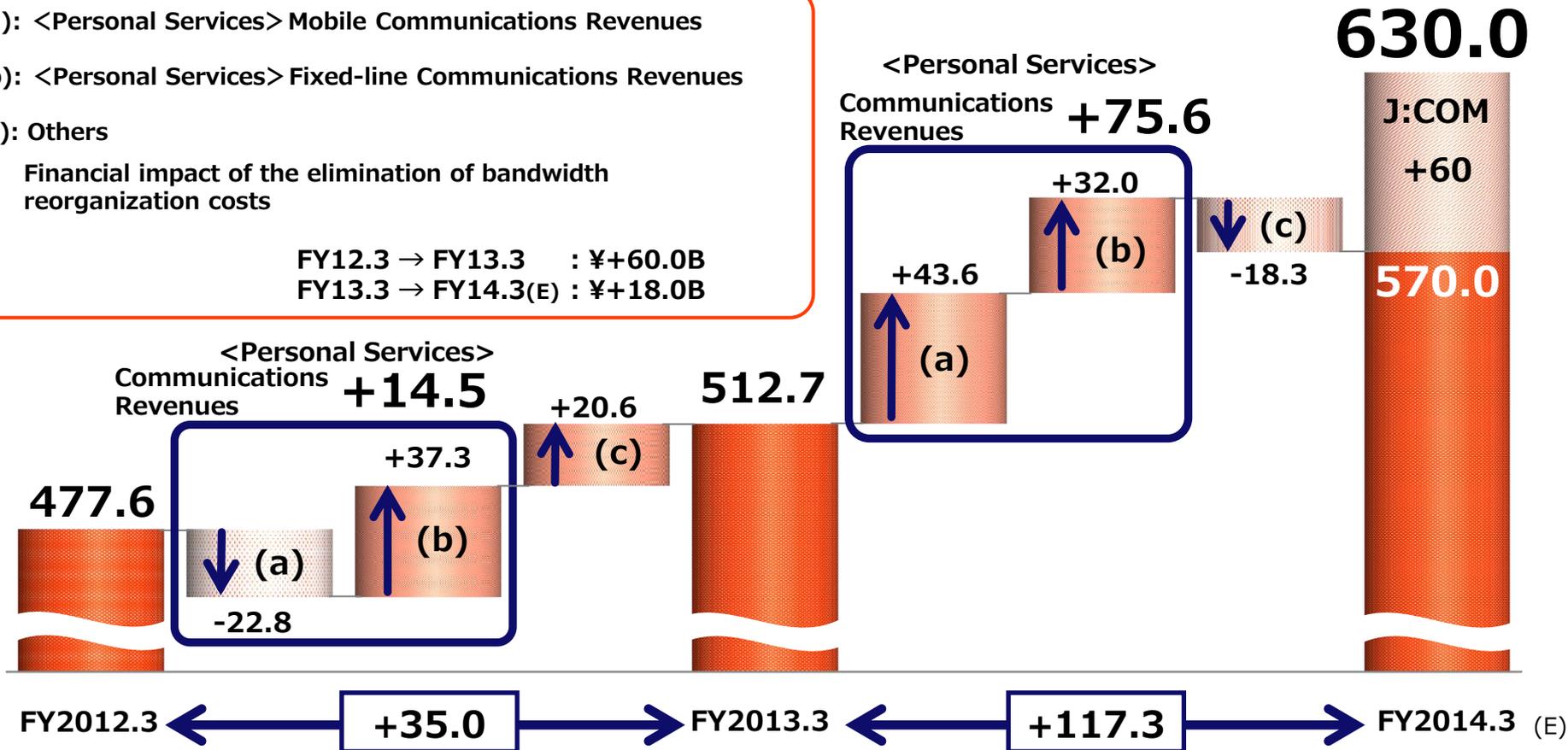
(b): <Personal Services> Fixed-line Communications Revenues

(c): Others

Financial impact of the elimination of bandwidth
reorganization costs

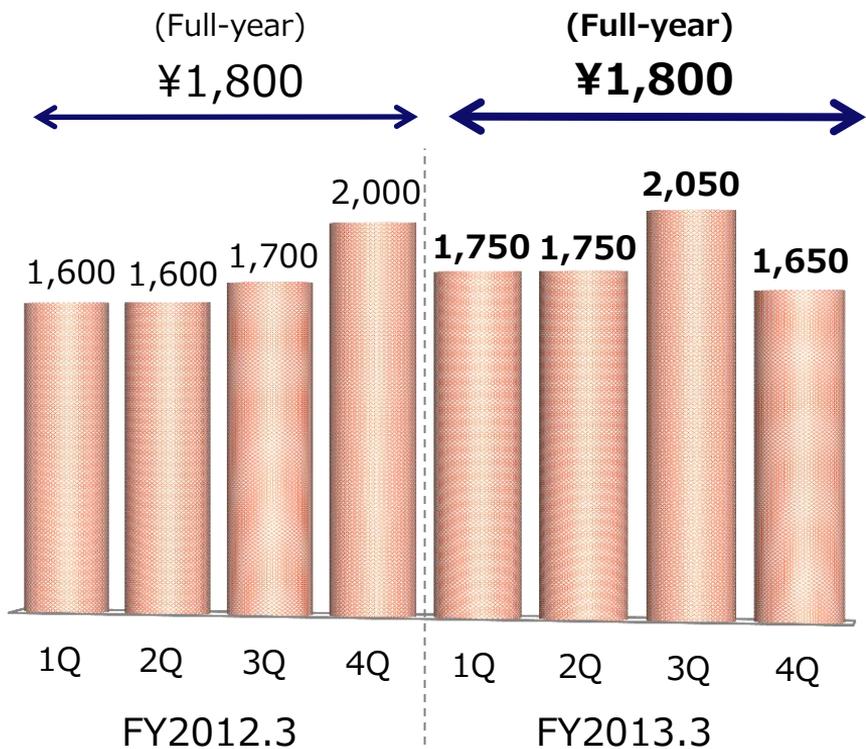
FY12.3 → FY13.3 : ¥+60.0B

FY13.3 → FY14.3(E) : ¥+18.0B

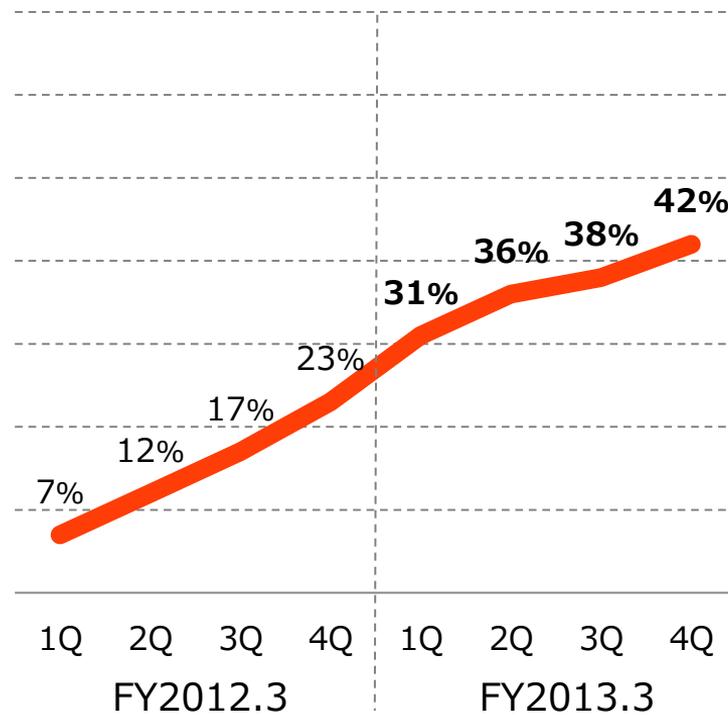


Maitsuki Discount (Monthly Discount)

Maitsuki Discount unit price (Yen)



Take-up Ratio



Designing The Future

KDDI