

**Financial Results
for the 1st Quarter of the
Fiscal Year Ending March 2015
(from April to June, 2014)**

July 30, 2014

**President Takashi Tanaka
KDDI Corporation**



Today's Presentation

1. Targeting a New Stage

- Expanding “ID x ARPU”
- Promoting the Global Strategy

2. Financial Results for 1Q/FY2015.3

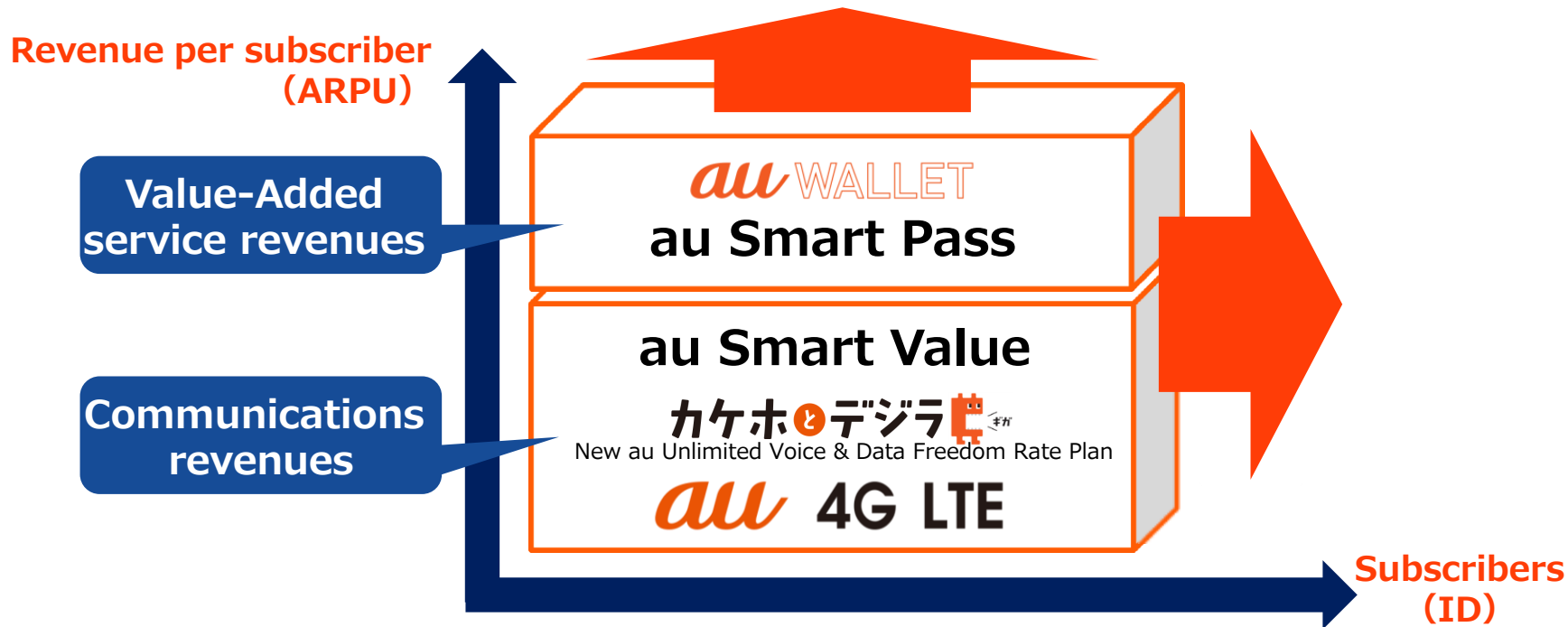
■ Appendix

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.

1. Targeting a New Stage

Aiming to Expand “ID x ARPU”

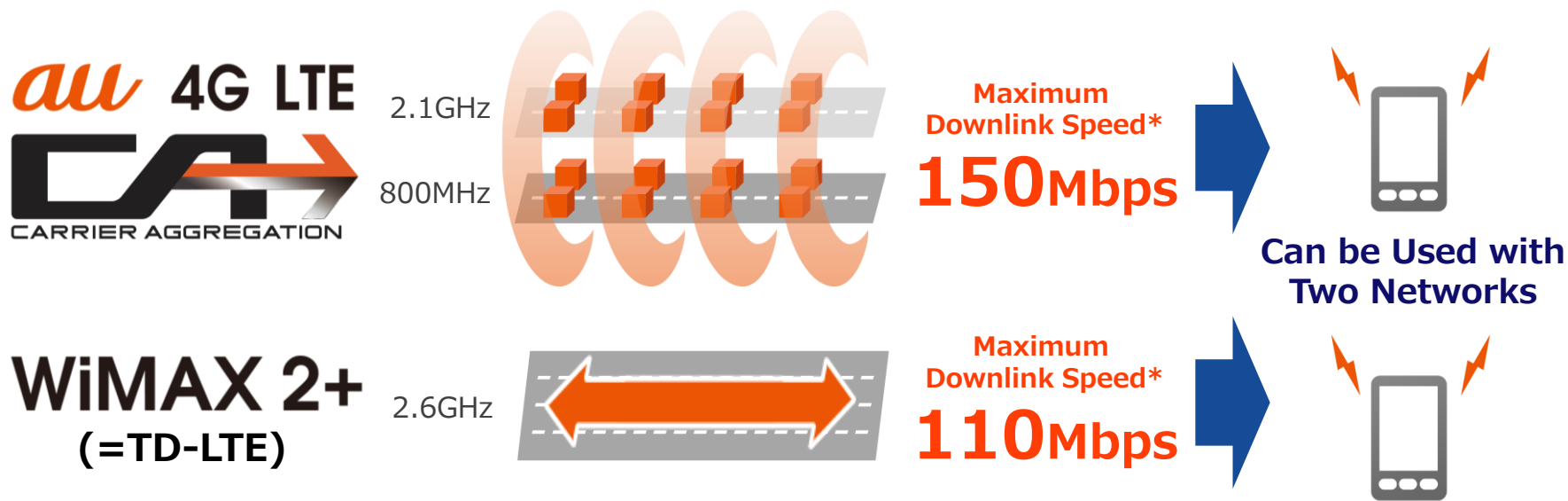
Aiming to Boost Value-Added Revenues by Expanding Offline, as well as Online



au 4G LTE

Toward Ultrafast, Robust Networks

Aiming for No. 1 in Effective Speed over **Two** Networks:
LTE-Advanced (CA) and UQ's WiMAX 2+ on Board



* The maximum communication speed varies depending on areas or terminals used. The indicated services are available in certain areas. This is the best-effort method service. The communication speed is not the actual communication speed, but the maximum value based on the technical standards. The actual speed may fall short of the maximum for various reasons, including the customer's communication environment and traffic conditions.

Further Expansion of the LTE Area

**Achieved Area Coverage Fastest^{Note1}
Moved Forward Coverage on the 2.1GHz**

~au 4G LTE Population Coverage Ratio^{Note2}~

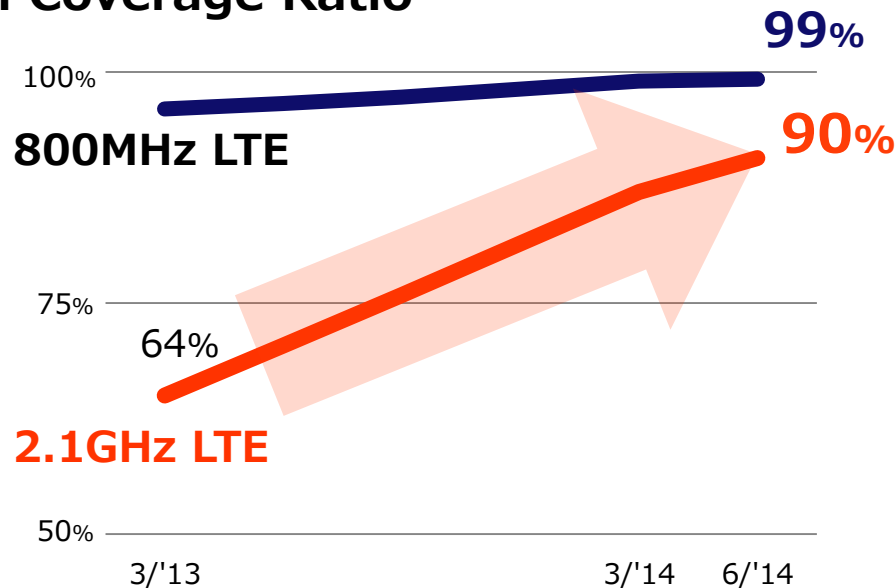
800MHz
Platinum
Bandwidth

99%

2.1GHz

90%

As of June 30, 2014



Note1) Population coverage ratio with the 800MHz platinum band. Based on KDDI's study of all company's area maps. (As of June 30, 2014)

Note2) The "population coverage ratio" is calculated by using national census data and dividing the nation into 500m² sections. If coverage is possible in more than 50% of the locations within that grid square, the mesh square is considered to be covered. (This is a new method announced by the Telecom Services Promotion Committee.)

*Depending on signal conditions, even within the LTE area communications may be via 3G or, in some cases, not available

Strengthening Our Network as an ICT Platform in Tourism Locations

Easy Connections Even at Japan's World Heritage Sites, Natural Treasures and Tourism Locations,

Like the Upward Path and the Summit of Mt. Fuji, the 88 Temples in the Shikoku Pilgrimage,
from Shiretoko in the North to Ryukyu Kingdom artifacts in the South



*Depending on signal conditions, even within the LTE area communications may be via 3G or in some cases, not available.

*Clockwise from upper left, Mt. Fuji, Ryozenji (sacred places of Shikoku), Oshinkoshin Falls (Shiretoko, Hokkaido), Tomioka Silk Mill, Shirakawa-go, Shurijo Castle Park (Okinawa)

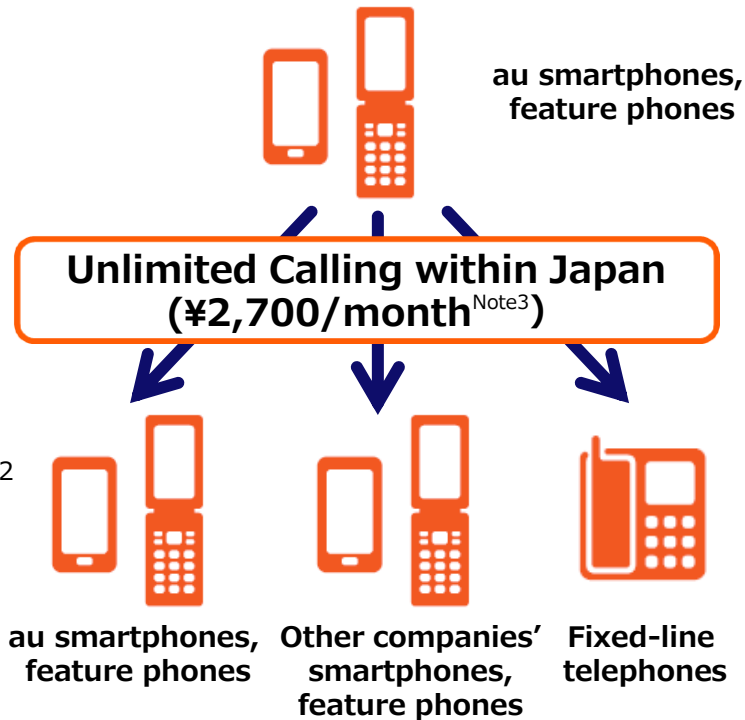
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カケホとデジラ ギガ

New au Unlimited Voice & Data Freedom Rate Plan

Unlimited Voice Call Plan

Advance Campaign^{Note1}
Effective from July 1^{Note2}



Note1) Used in combination with the "LTE Flat" packet flat-rate service

Note2) The campaign's ending date has not yet been determined.

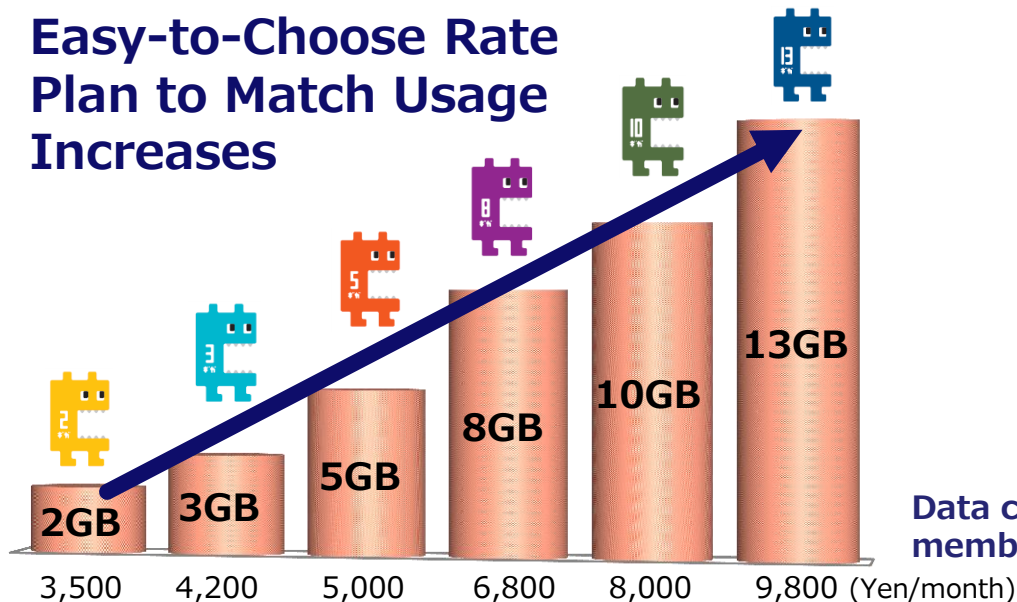
Note3) When a 4G LTE smartphone is used with the "Everybody Discount" applied. For use of an au feature phone with the "Everybody Discount" applied, ¥2,200 per month. Requires package subscription to an unlimited voice call plan and a flat-rate data service. * Excluding some communications * Indicated figures exclude tax

New au Unlimited Voice & Data Freedom Rate Plan

Flat-Rate Data Service with Six Data Quantities and Data Gifting to Promote Efficient Use

Flat-Rate Data Service

Easy-to-Choose Rate Plan to Match Usage Increases

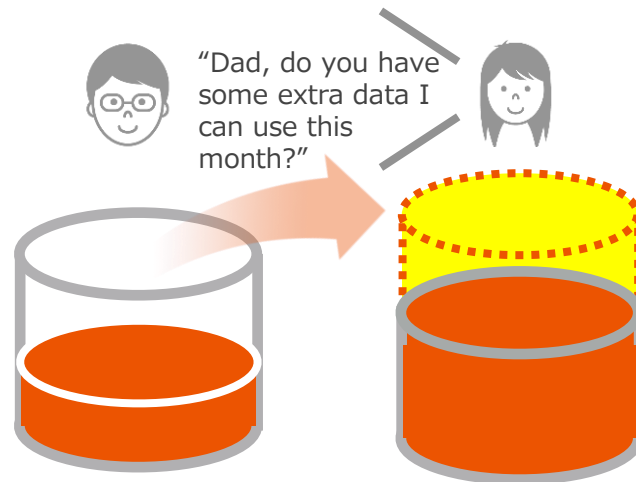


*Requires package subscription to an unlimited voice call plan and a flat-rate data service.

*Indicated figures exclude tax

Data Gifting^{Note}

(Scheduled to Commence in December 2014)



Data can be gifted (in 0.5GB increments) to family members, in real time and free of additional charges.

Note) Both must be subscribed to applicable services and be in a single-invoice/"KDDI Collective Billing Service" group or be registered in an "au Smart Value" group

New au Unlimited Voice & Data Freedom Rate Plan

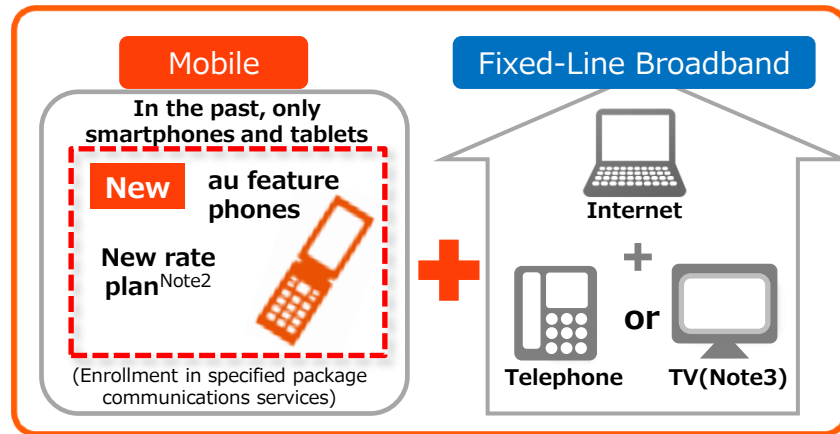
Further Enhancing “au Smart Value” along with the New Rate Plan

Example of Fees Using “au Smart Value”

* For customers enrolled in a fixed-line communication service compatible with “au Smart Value” (Internet + phone, etc.)

Basic plan (including domestic voice service)	¥2,700 ^{Note1}
For 5GB of data	ISP ¥300
	¥5,000
Charges for fixed-line communications services (Internet + phone, etc.)	Separate
“au Smart Value” discount (bundled-discount)	Up to two years -¥1,410 ^{Note2} After year three, -¥934
Total	Up to two years ¥6,590 + Fixed-line communications service fees

Expanding the Scope of “au Smart Value”

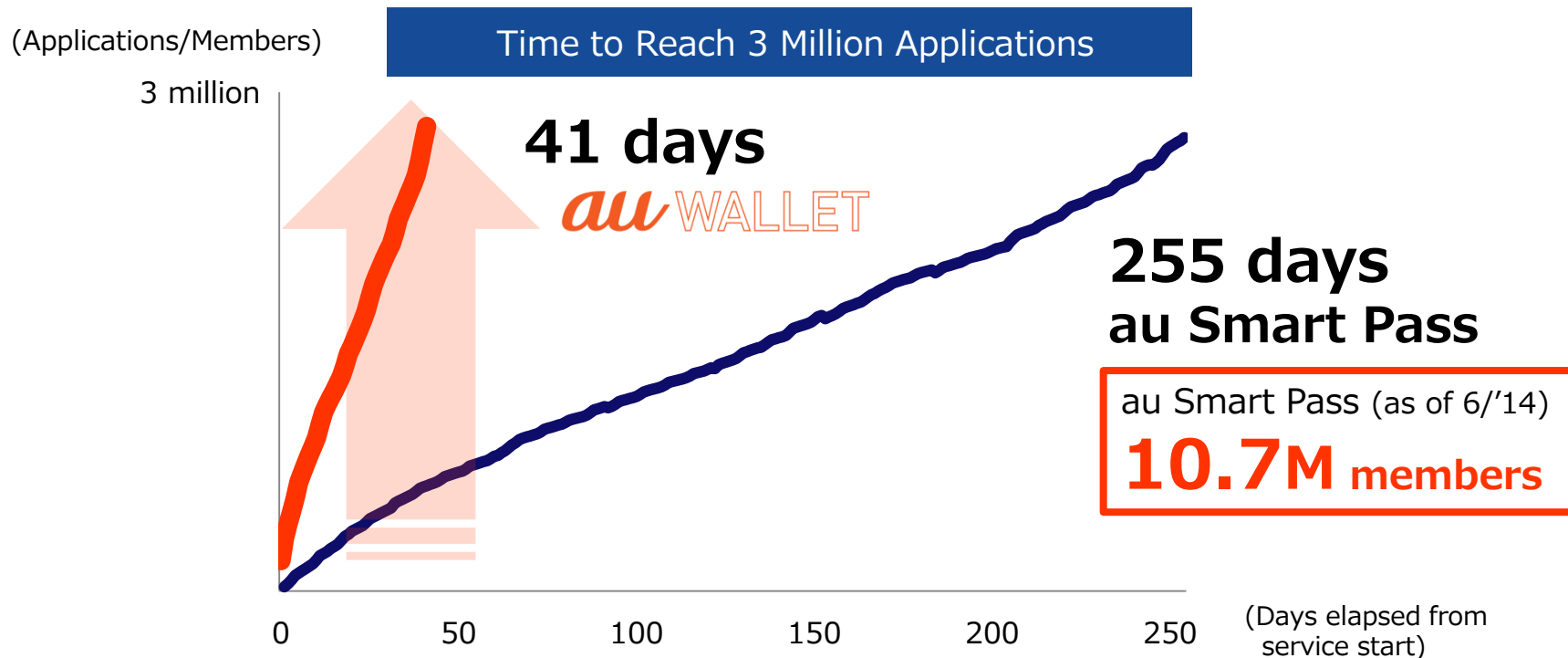


Take Advantage of New Rate Plan and Use au Feature Phone

Note1) When a 4G LTE smartphone is used with the “Everybody Discount” applied. Note2) au feature phones on the new rate plan are eligible for discount of ¥934 during the contract period. Note that some new rate plans from certain alliance partners may be excluded from the au Smart Value Discount. Note3) au Smart Value set discount for Internet + TV does not apply for some CATV alliance partners. *Discounted from the month following commencement of an “au Smart value” agreement. *Indicated figures exclude taxes.

au WALLET

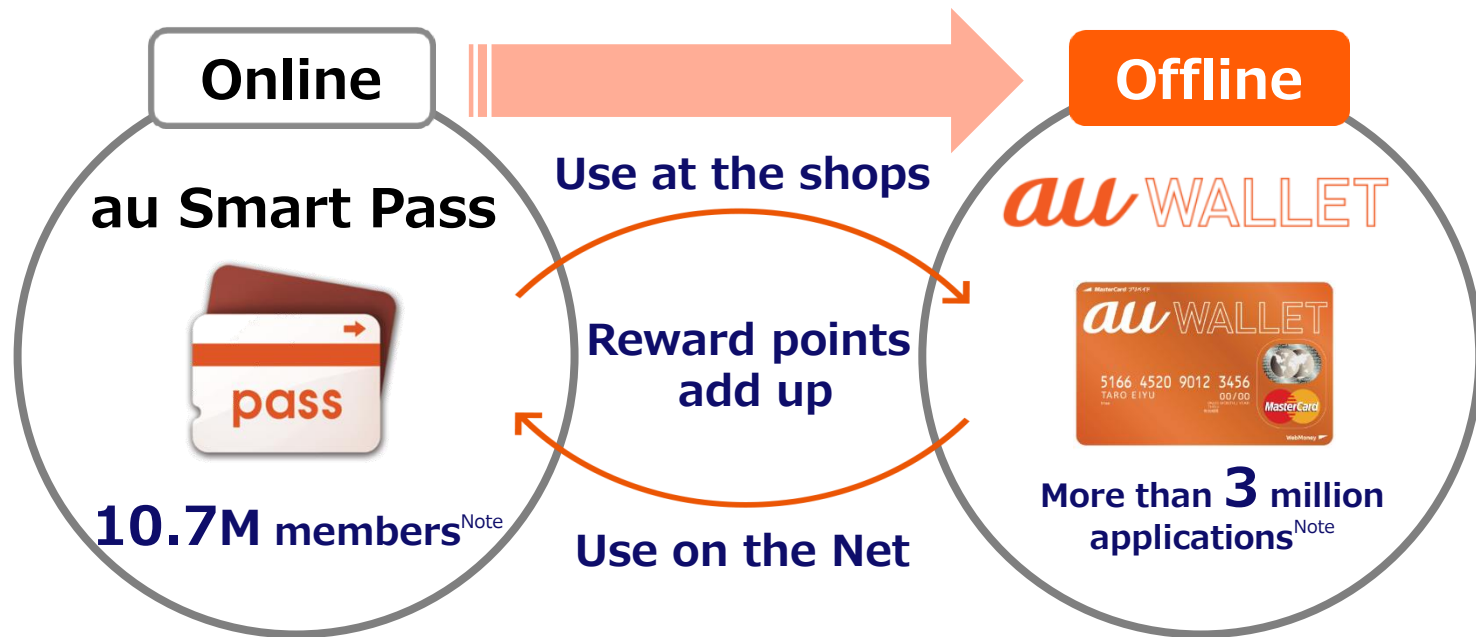
An au Record for Topping 3 Million Applications^{Note}



Note) Applications for au WALLET reached 1 million on May 30, 2014, 2 million on June 15 and 3 million on June 30

au WALLET

Expand Sales Further by Going into New Market (Offline)



Global Strategy

Global Strategy

Expansion of ICT Businesses and Further Growth of Consumer Businesses

ICT Business

- The core business to support growth -

Datacenters

Networks

Cloud/SI

Strengthen current business model
based on data centers even further

Consumer Business

- Engine of business expansion -

New businesses in
emerging markets

U.S. MVNO

Expand businesses in
developing countries and Asia

Expanding Data Center Business

Increasing Our Data Centers in London Even Further

Total Floor Space in London reaches approximately 73,000m²

KDDI's Global "TELEHOUSE" Data Centers

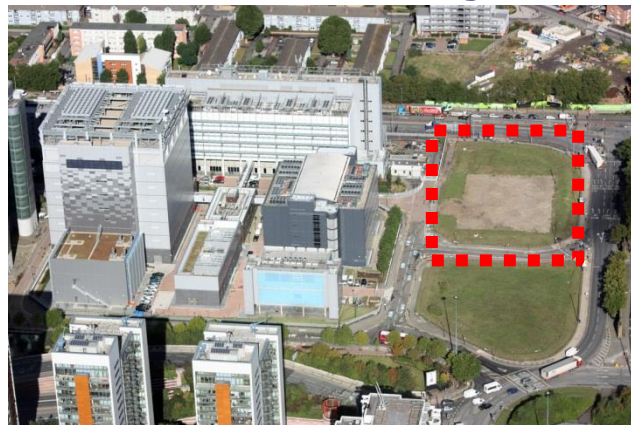
**43 Locations, 24 Cities,
13 Countries/Regions**



London Docklands Data Centers

North Two Data Center Scheduled to Open

**Expanding Data Center in Docklands
London, the Largest Data Center
Concentrated Area in England**



Commencing Telecommunications Business in Myanmar

Developing a Joint Business with MPT



MPT
Myanma Posts and
Telecommunications

Licensing
Human resources
Strong brand/Customer base
Existing facilities



**Joint
Business**

KSGM



Sumitomo
Corporation

KSGM : KDDI Summit Global Myanmar

Marketing knowhow
Technical, operational knowhow
New facilities
Cash



**Revenue
Surplus**

Sharing



Sharing



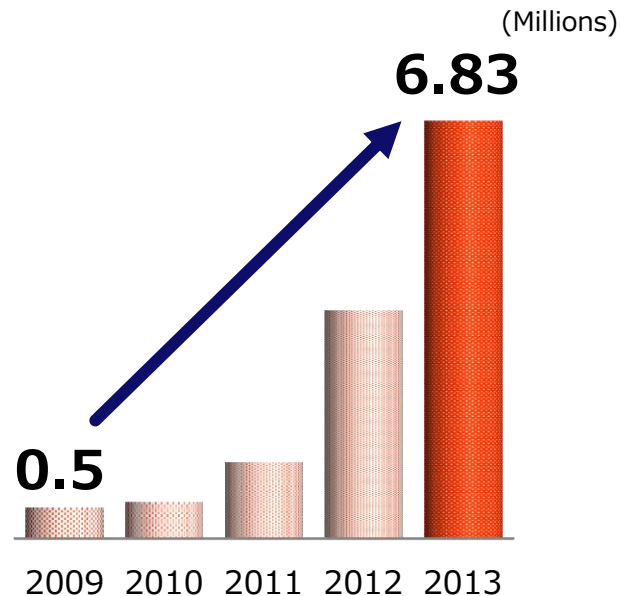
MPT's Telecommunications Business

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No. 1 Brand, Customer Base, Communications Provider with the Most Bandwidth

Services provided	Mobile communications, fixed-line telephone, Internet	
Employees	8,500	
Bandwidth As of July 2014	450MHz: 3.75MHz x2 800MHz: 10MHz x2 900MHz: 15MHz x2 2.1GHz: 15MHz x2	
Subscriptions and Penetration Rate (2013)	Mobile-cellular telephone : 6.83 million	10.5%
	Fixed-telephone : 534,000	0.8%
	Fixed (wired)-broadband : 95,000	0.1%

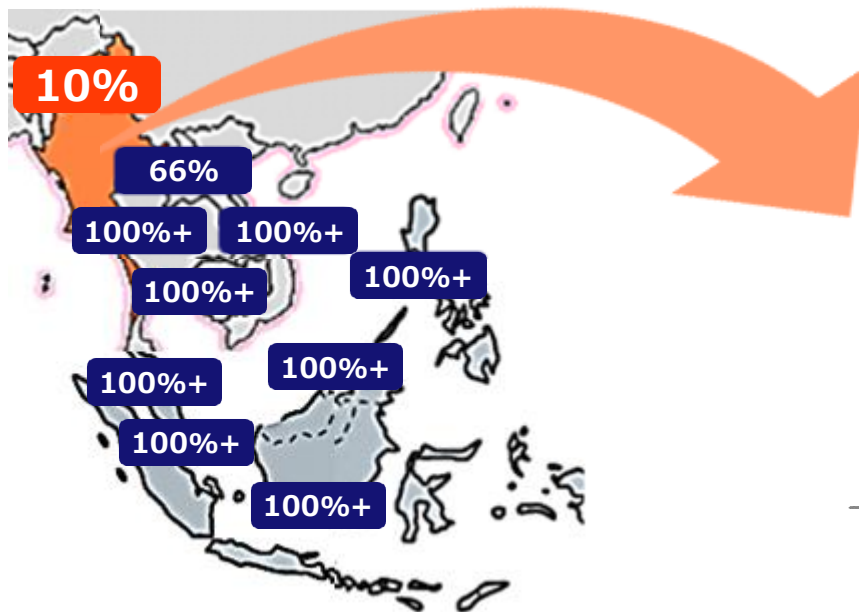
MPT Mobile Subscriptions



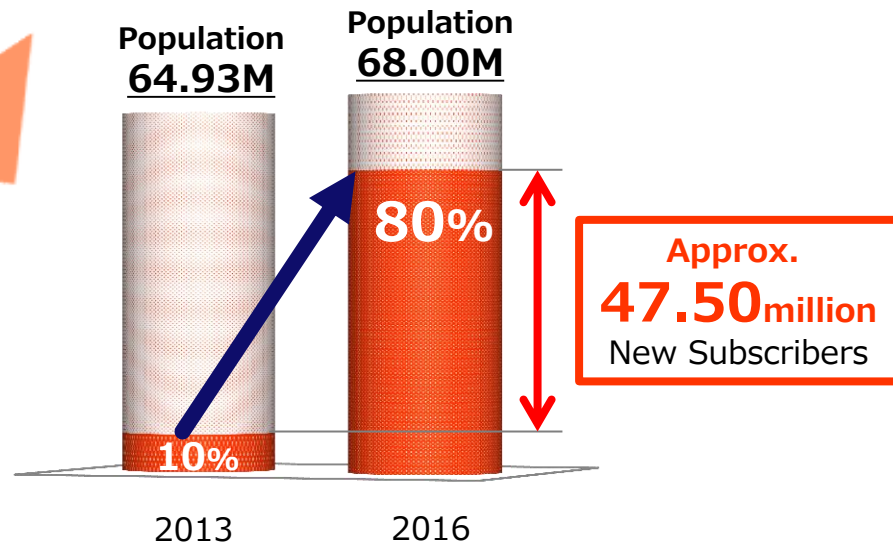
Myanmar's Market

Entering a New Market Slated for Rapid Growth

Mobile Phone Penetration Rates in
Neighboring Asian Countries



Mobile Phone Penetration Target Provided by
the Government of Myanmar

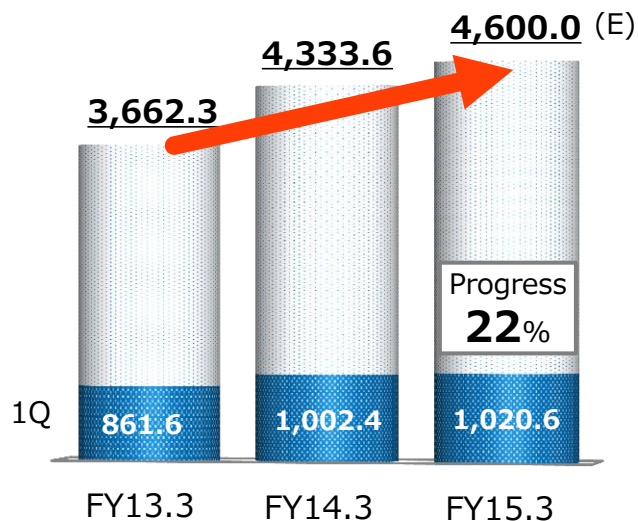


2. Financial Results for 1Q/FY2015.3

Steady Progress Toward Second Consecutive Years of Double-Digit Growth in Consolidated Operating Income

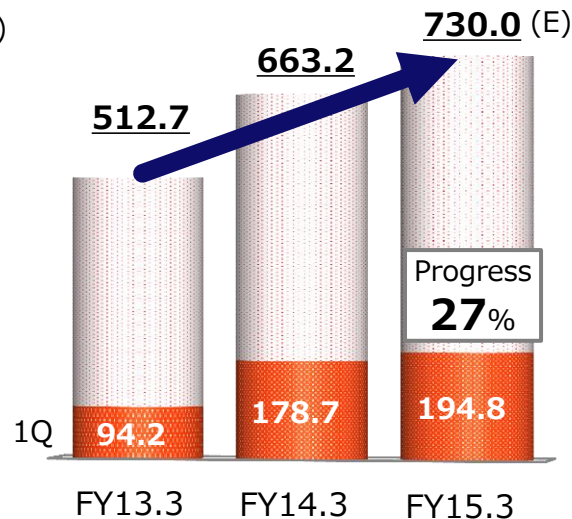
Operating Revenues

(Billions of yen)



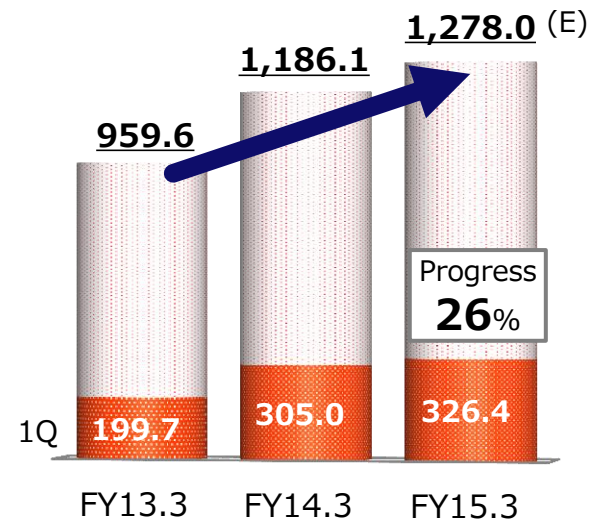
Operating Income

(Billions of yen)



EBITDA

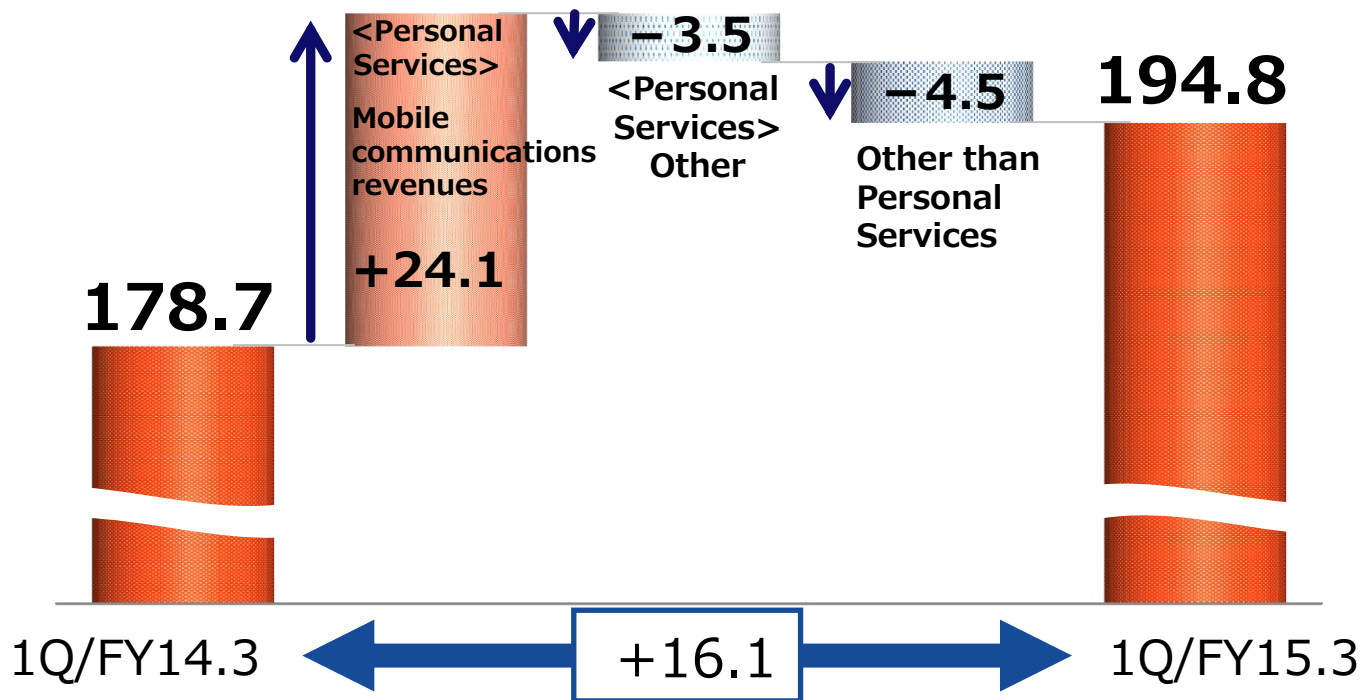
(Billions of yen)



Consolidated Operating Income: Factor for Change, YOY

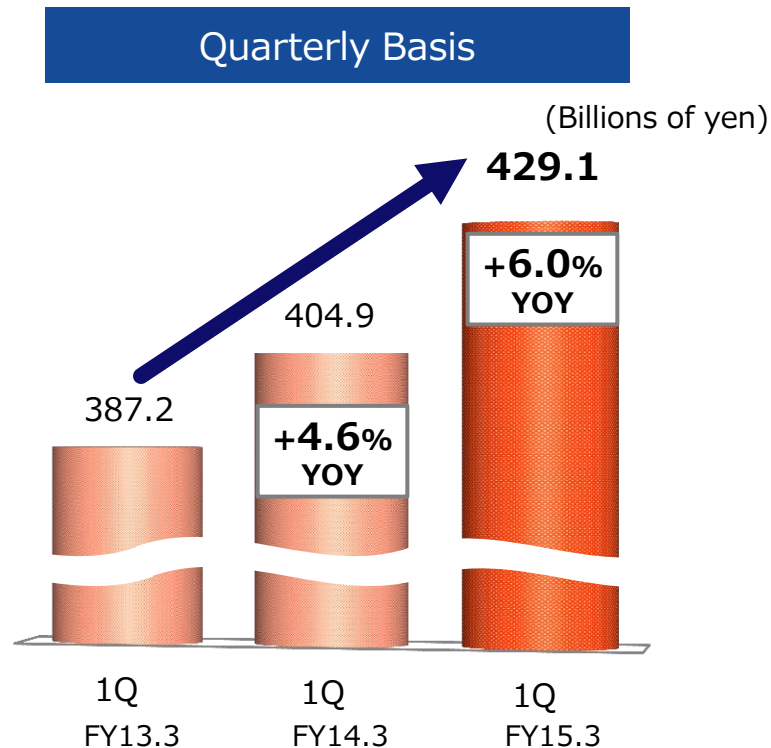
Contributing Factors Included Increase in
Mobile Communications Revenues

(Billions of yen)



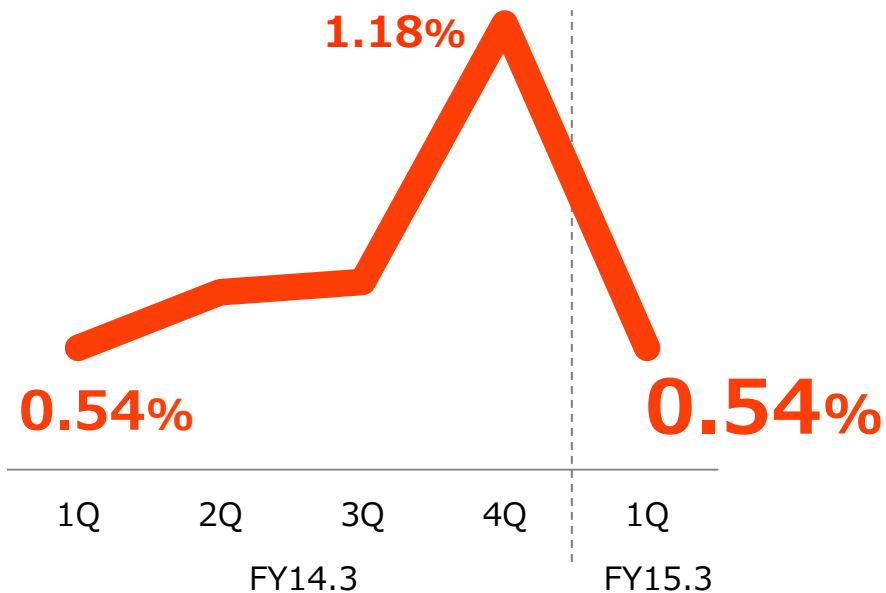
Mobile Communications Revenues

+6.0% Growth YOY
Rate of Growth Increasing



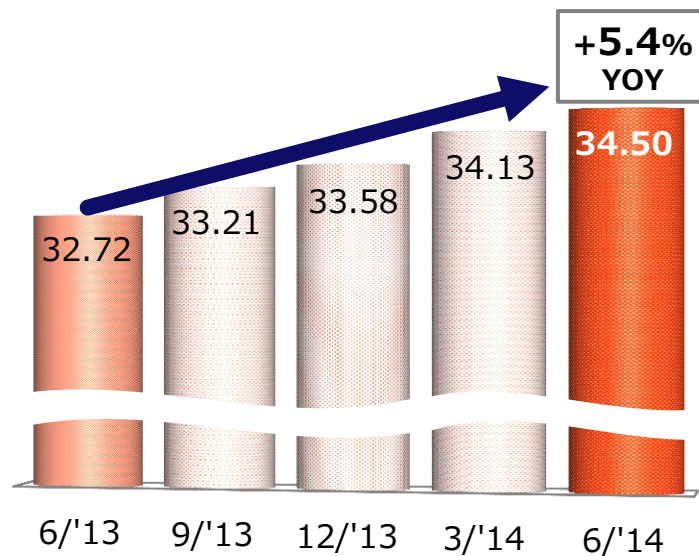
Churn Rate at Historically Low Level Subscriptions up 5.4% YOY

au Churn Rate



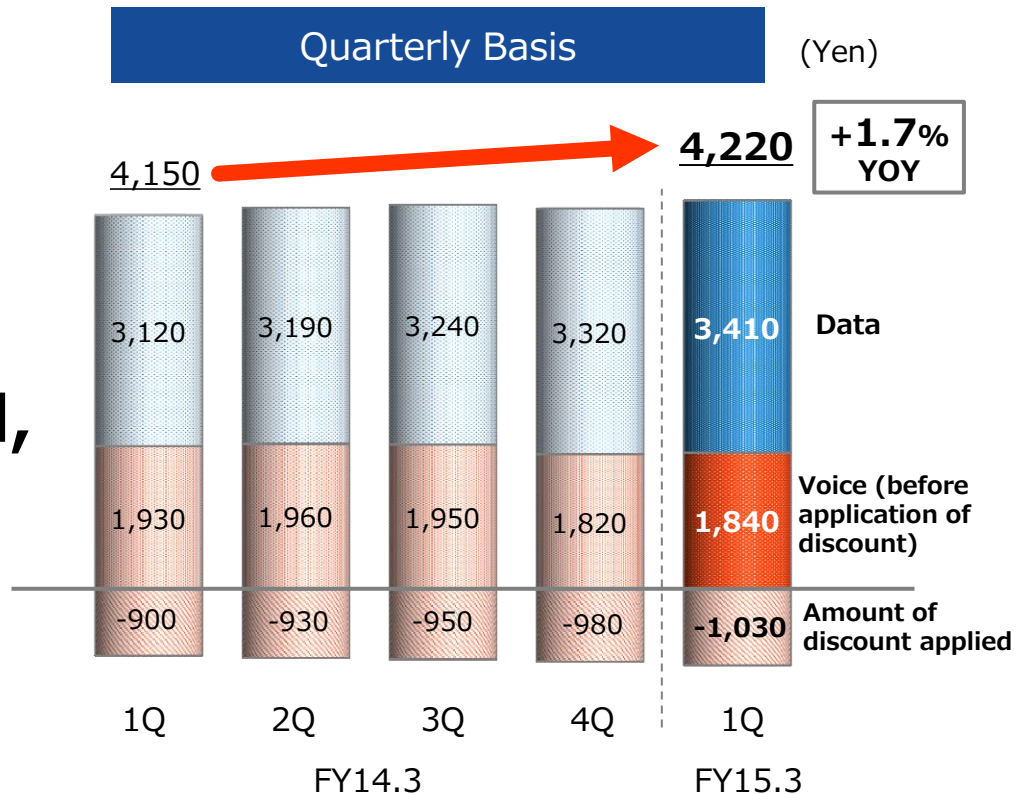
au Subscribers
(on cumulative basis)

(Millions)



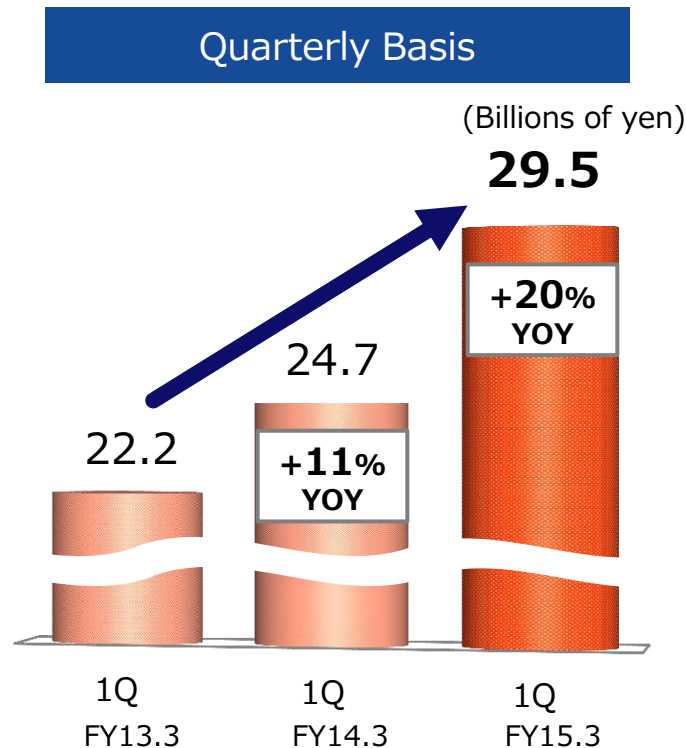
au ARPUs

Steadily Turning Around,
at +1.7% YOY



Value-Added Revenues

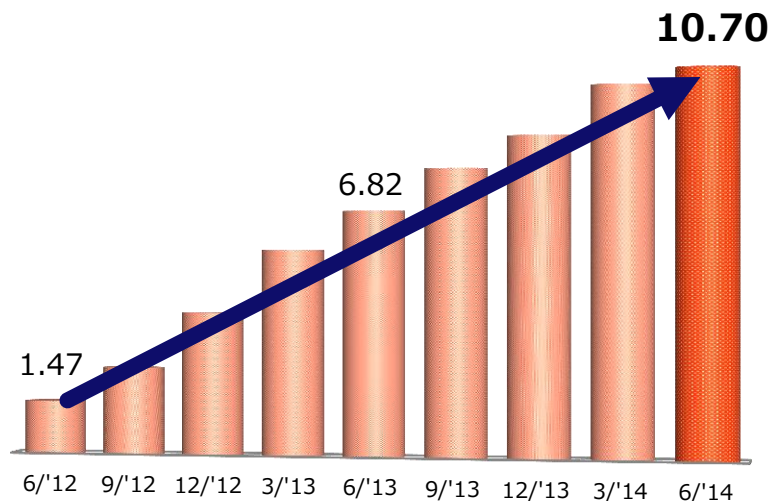
+20% Growth YOY
Rate of Growth Increasing



Boosting Value-Added ARPU with “au Smart Pass”

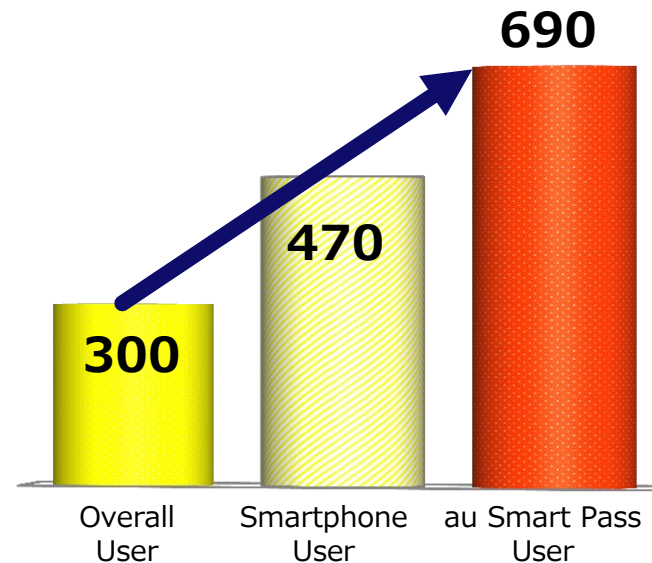
au Smart Pass Members

(Millions)



Value-Added ARPU (1Q/FY15.3)

(Yen)



Summary

- **Aiming to Expand “ID x ARPU”**
 - au ARPU +1.7% YOY
with new rate plan, accelerate shift to smartphones
 - Aiming to boost value-added revenues by
expanding offline, as well as online
- **Further Promoting the Global Strategy**
- **Consolidated Operating Income of
¥194.8 Billion for 1Q/FY2015.3 (YOY+9.0%)**



**Sustainable growth in income and
target the next growth stage**

■ Appendix

Consolidated Financial Results

(Billions of yen)

	1Q/FY14.3	1Q/FY15.3	YOY	Progress	FY15.3 (E)
Operating revenues	1,002.4	1,020.6	+1.8%	22.2%	4,600.0
Operating income	178.7	194.8	+9.0%	26.7%	730.0
Operating margin	17.8%	19.1%	--	--	15.9%
Ordinary income	181.9	194.7	+7.0%	26.5%	735.0
Net income	68.2	113.5	+66.5%	26.8%	424.0
EBITDA	305.0	326.4	+7.0%	25.5%	1,278.0
EBITDA margin	30.4%	32.0%	--	--	27.8%
Free cash flow	55.0	-7.3	--	--	245.0

Financial Results by Segment

(Billions of yen)

Segment		1Q/FY14.3	1Q/FY15.3	YOY	Progress	FY15.3 (E)
Personal Services	Operating revenues	784.6	780.6	-0.5%	21.9%	3,560.0
	Operating income	135.2	155.9	+15.3%	27.8%	560.0
	Operating margin	17.2%	20.0%	--	--	15.7%
	EBITDA	244.8	269.0	+9.9%	26.2%	1,026.0
	EBITDA margin	31.2%	34.5%	--	--	28.8%
Value Services	Operating revenues	49.1	54.5	+11.0%	22.7%	240.0
	Operating income	13.6	15.2	+11.6%	26.6%	57.0
	Operating margin	27.7%	27.9%	--	--	23.8%
	EBITDA	16.3	18.3	+12.6%	25.5%	72.0
	EBITDA margin	33.2%	33.6%	--	--	30.0%

Financial Results by Segment

(Billions of yen)

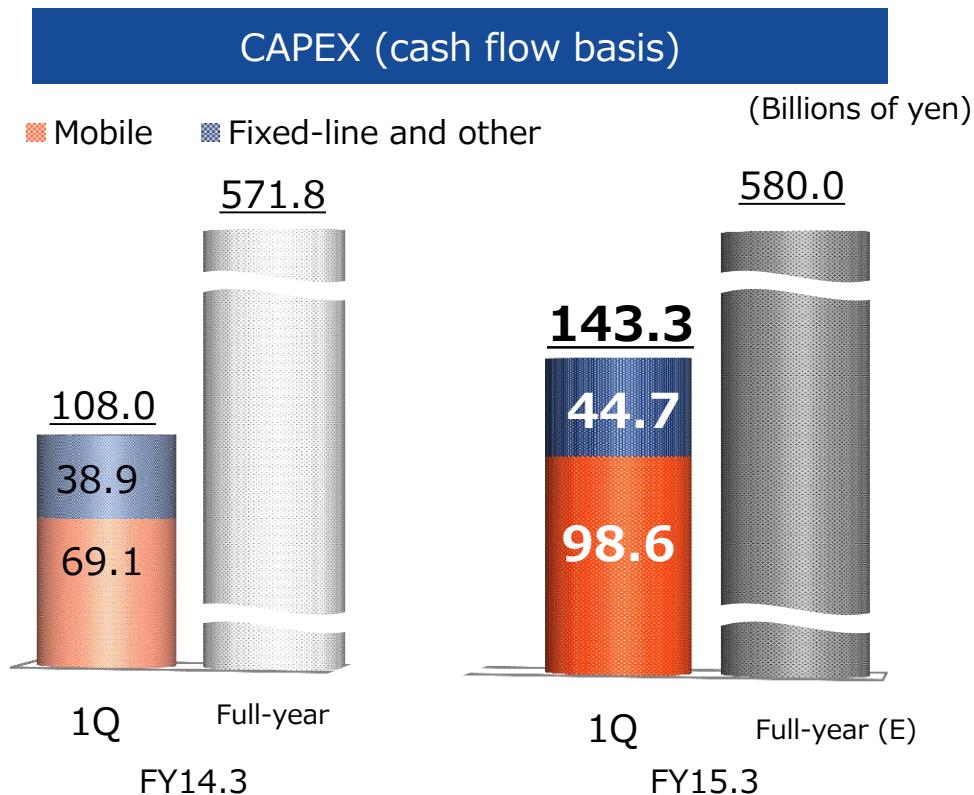
Segment		1Q/FY14.3	1Q/FY15.3	YOY	Progress	FY15.3 (E)
Business Services	Operating revenues	157.7	161.9	+2.6%	23.5%	690.0
	Operating income	25.5	19.7	-22.9%	21.8%	90.0
	Operating margin	16.2%	12.1%	--	--	13.0%
	EBITDA	36.0	30.3	-16.0%	22.1%	137.0
	EBITDA margin	22.8%	18.7%	--	--	19.9%
Global Services	Operating revenues	58.7	66.7	+13.6%	21.5%	310.0
	Operating income	2.2	2.7	+20.2%	19.1%	14.0
	Operating margin	3.8%	4.0%	--	--	4.5%
	EBITDA	5.9	7.0	+18.7%	21.8%	32.0
	EBITDA margin	10.0%	10.5%	--	--	10.3%

Capital Expenditures

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1Q/FY2015.3
¥143.3B

YOY +¥35.3B
Progress Rate 24.7%



Designing The Future

