

**Financial Results
for the 3rd Quarter of the
Fiscal Year Ending March 2015
(from April to December, 2014)**

January 30, 2015

**President Takashi Tanaka
KDDI Corporation**



Today's Presentation

- 1. Financial Results for 1-3Q/FY2015.3**
- 2. Targeting a New Stage**
- Appendix**

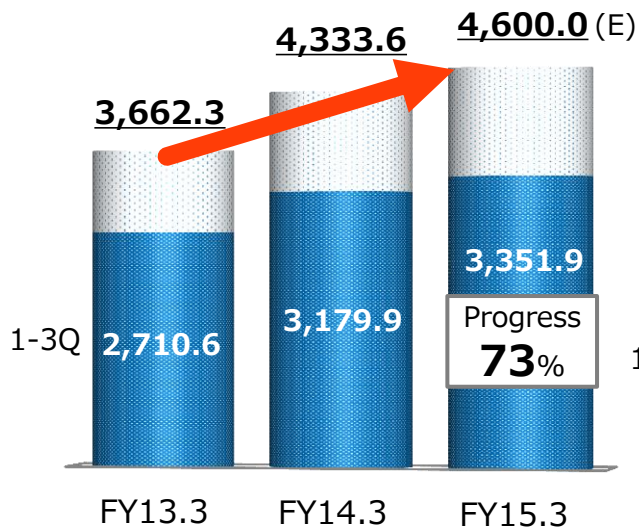
The figures included in the following brief, including the business performance target and the target for the number of subscribers are all projected data based on the information currently available to the KDDI Group, and are subject to variable factors such as economic conditions, a competitive environment 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. Financial Results for 1-3Q/FY2015.3

Steady Progress toward Second Consecutive Years of Double-Digit Growth in Operating Income for Full Fiscal Year

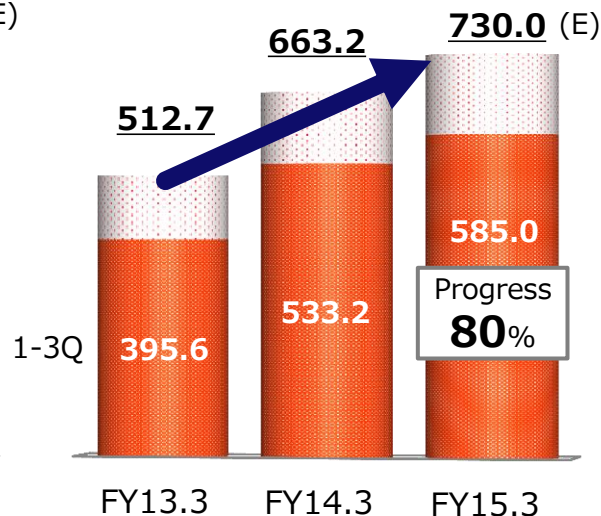
Operating Revenues

(Billions of yen)



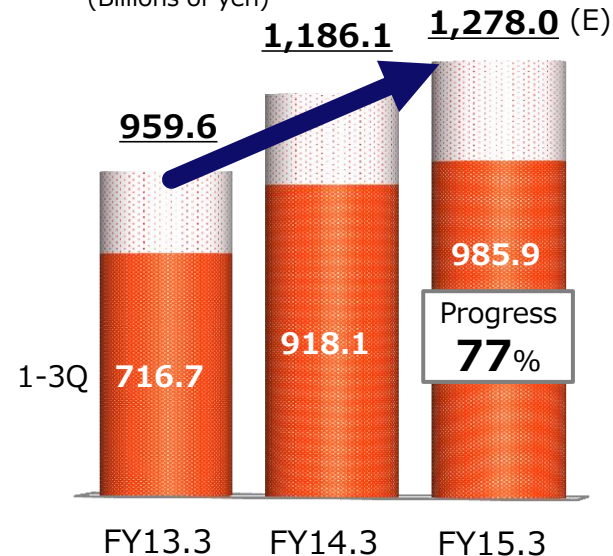
Operating Income

(Billions of yen)



EBITDA

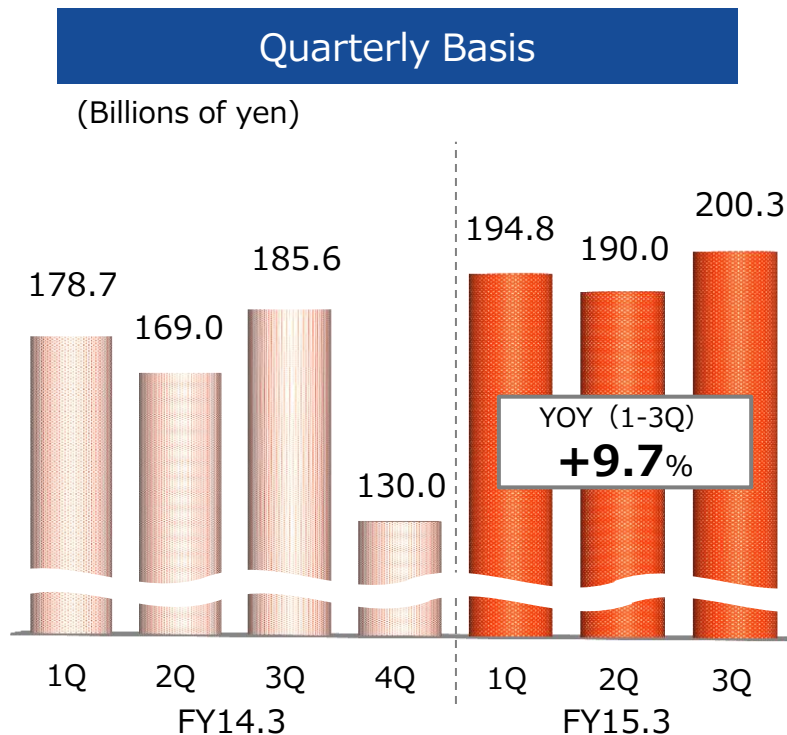
(Billions of yen)



Operating Income

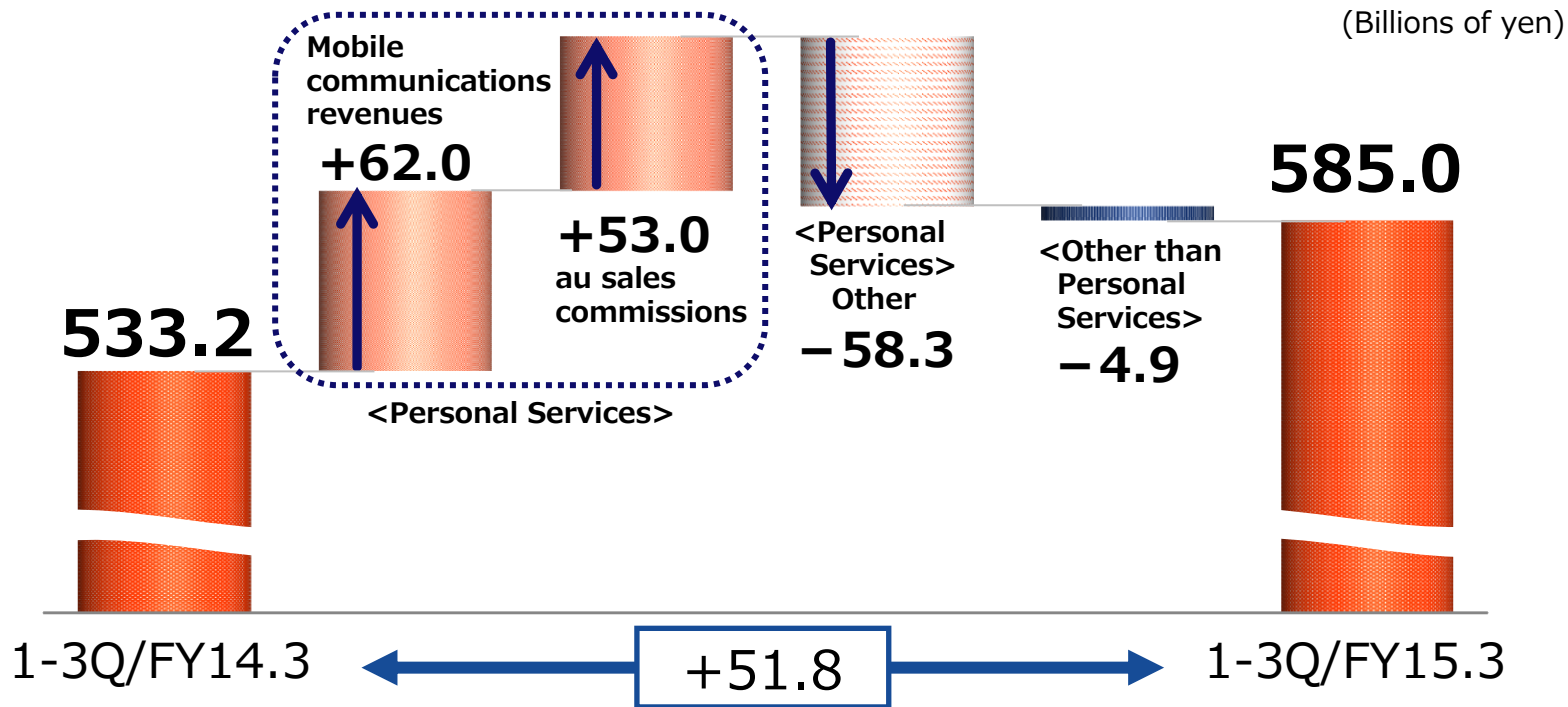
Steady Progress
toward Double-Digit Growth

YOY
(1-3Q) **+9.7%**



Consolidated Operating Income: Factor for Change, YOY

Contributions from Increased Mobile Communications Revenues and Lower au Sales Commissions

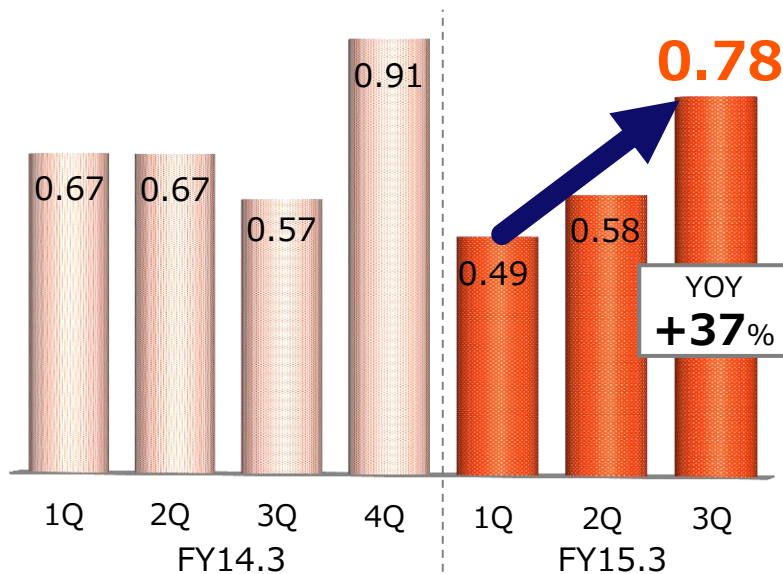


Net Adds

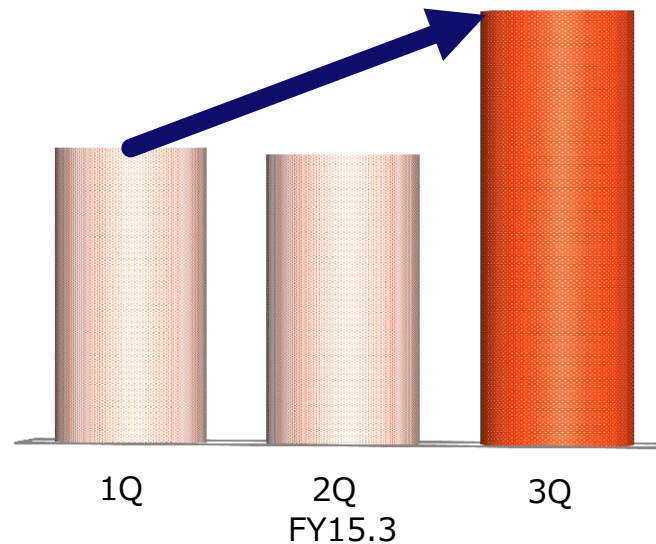
3Q Net Adds and MNP Net Adds Both at the Highest Levels So Far This Fiscal Year

au Net Adds

(Millions)

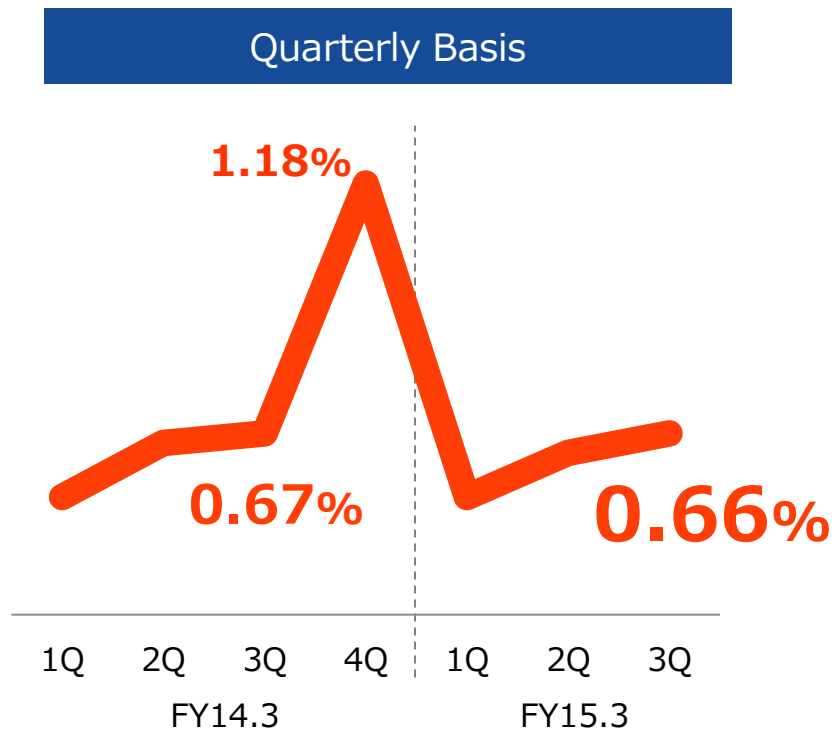


MNP Net Adds



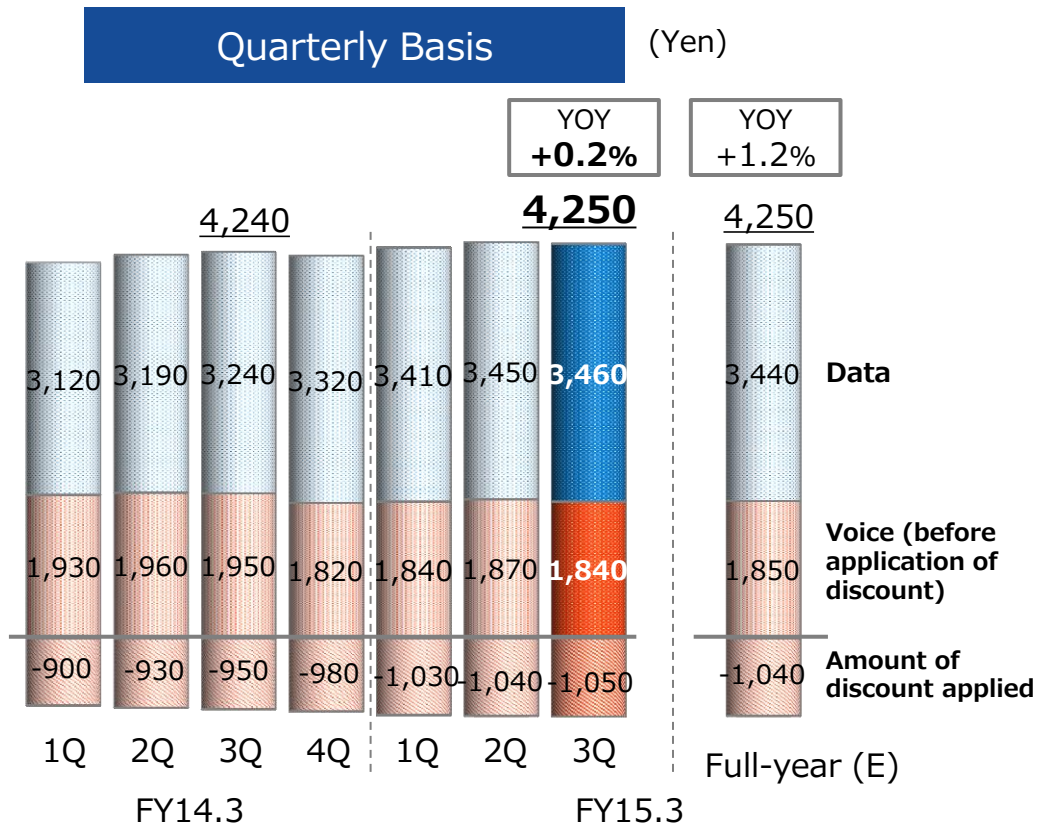
au Churn Rate

**Maintained
Low Churn Rate**



au ARPU

Impact of New Rate Plan^{Note}

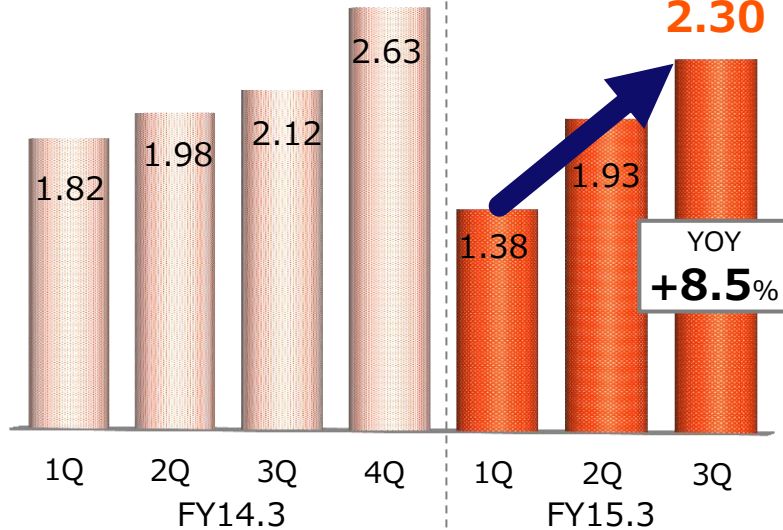


au Smartphone

Number of au Smartphones Sold Expanded in 3Q, and Percentage of LTE Smartphones Grew to 46%

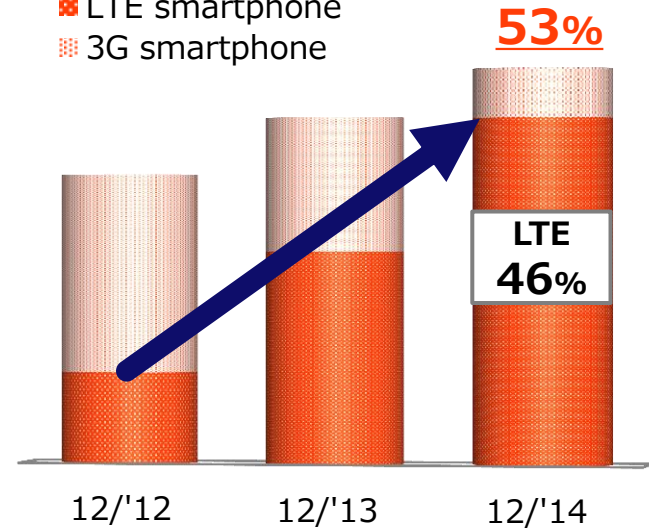
Number of au Smartphones Sold

(Millions)



au Smartphone Penetration

■ LTE smartphone
■ 3G smartphone



Value-Added ARPU / Revenues

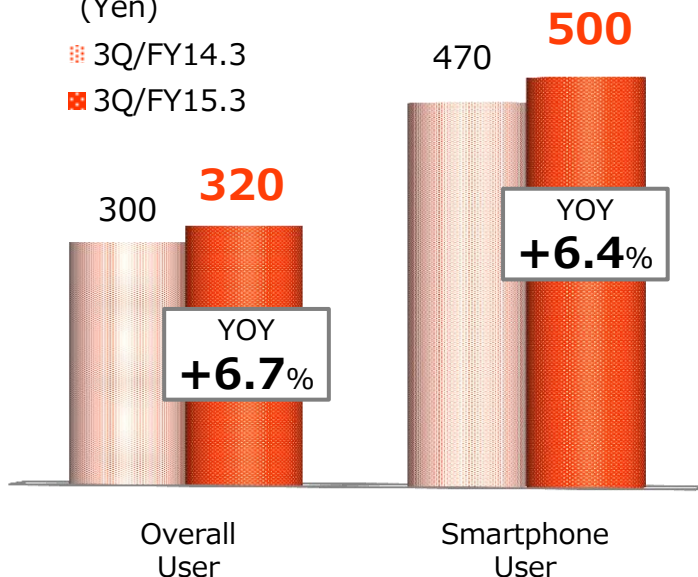
Based on “ID×ARPU” Expansion,
Expanding Revenues at +14%, YOY

Value-Added ARPU

(Yen)

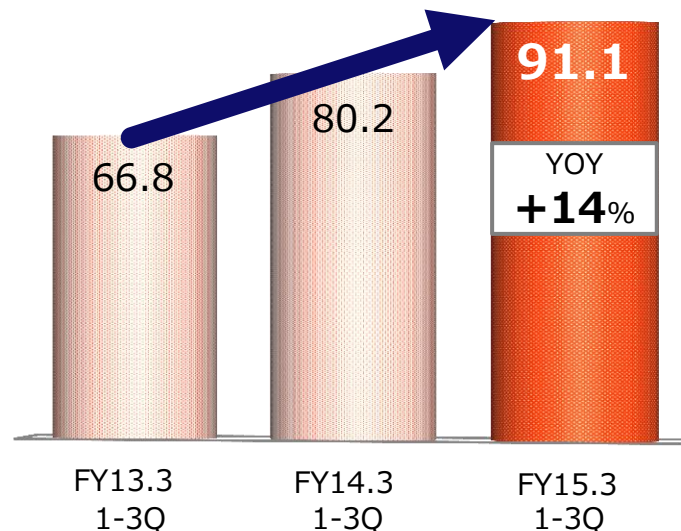
▨ 3Q/FY14.3

■ 3Q/FY15.3

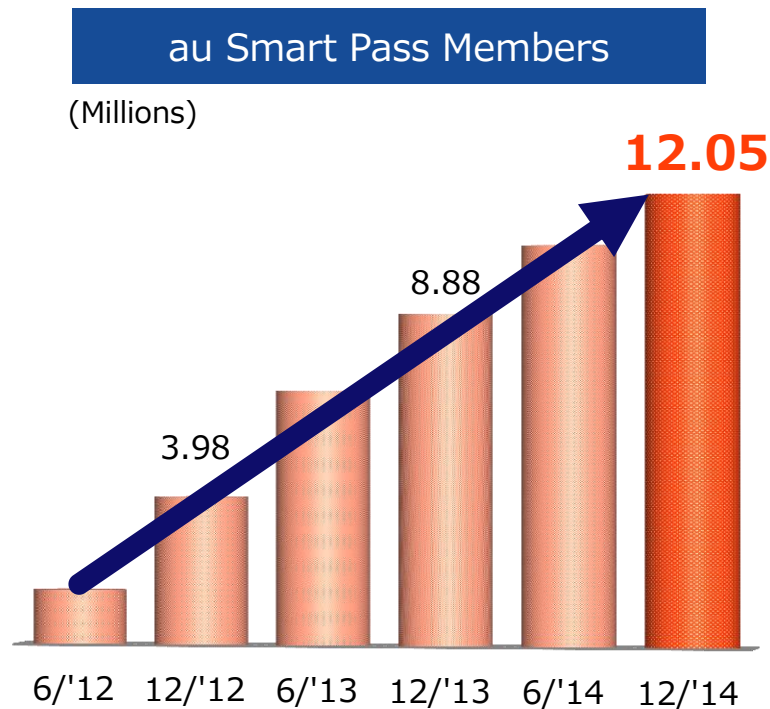


Value-Added Revenues

(Billions of yen)



au Smart Pass
Steady Progress
YOY +36%



Number of Applications Surpassed 9 Million, Nearing 10 Million



Received "Award for
Excellence" in 2014
Nikkei Sangyo
Newspaper Awards



au WALLET Cards Applications

More than

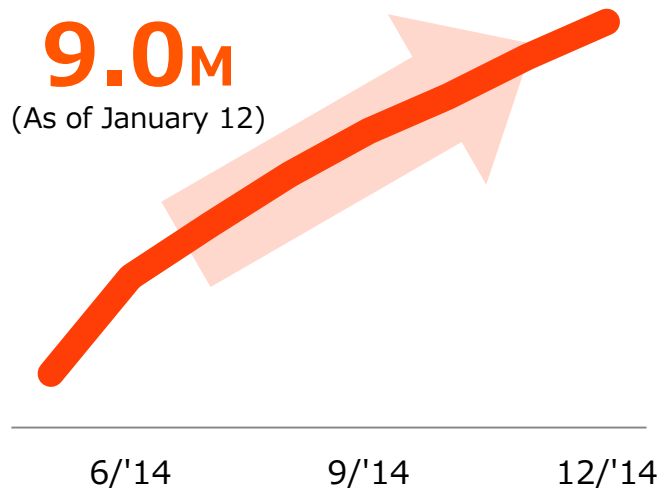
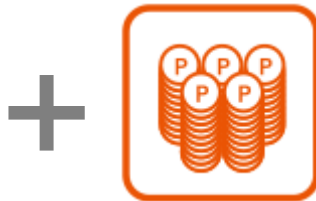
9.0M

(As of January 12)

Use for Shopping
(Prepaid)

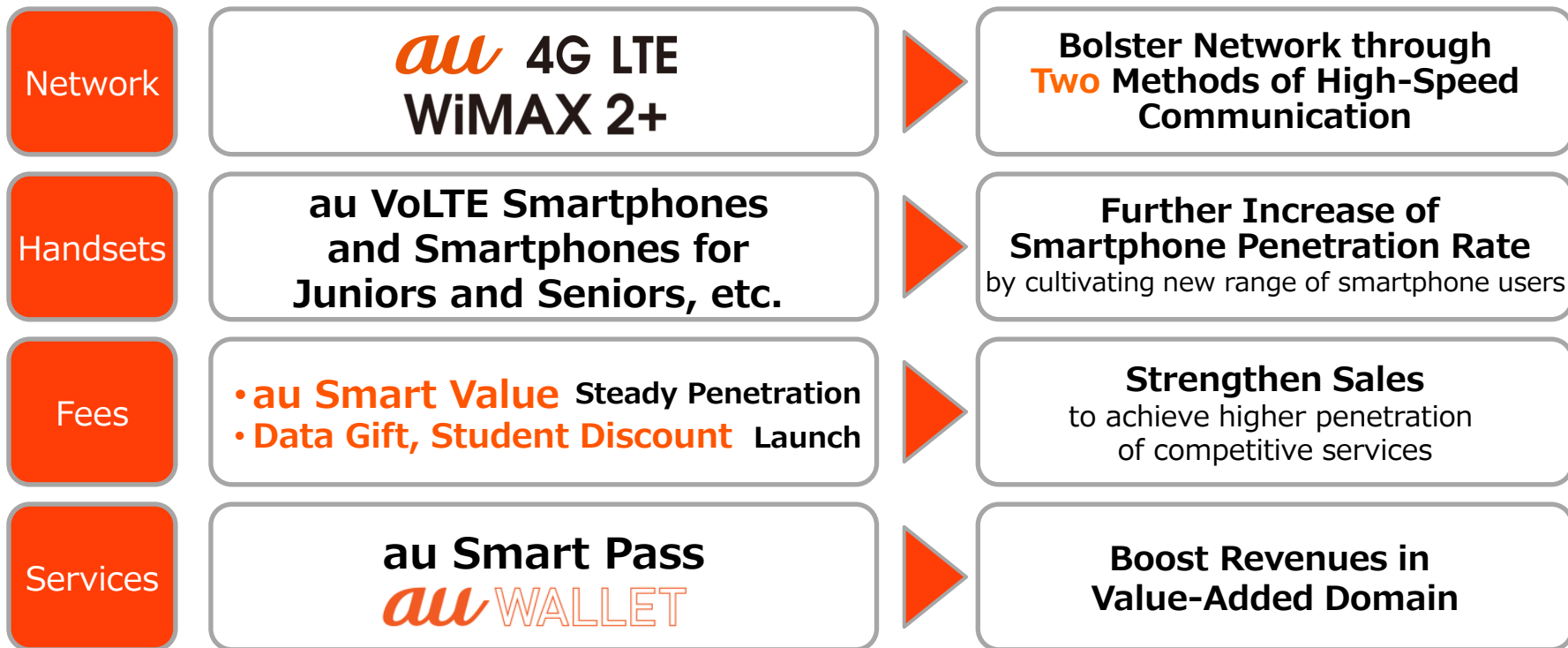


Reward Points
also Accumulate



2. Targeting a New Stage

Strengthening and Improving in All Smartphone-Related Areas



Bolster Network through **Two** Methods of High-Speed Communication

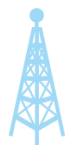
au 4G LTE

Maximum downlink speed

150Mbps

Maximum downlink speed

225Mbps^{Note1}



Base stations compatible with maximum downlink speed of 150Mbps

Exceeded 20,000
(2014/12/25)

WiMAX 2+

(TD-LTE)

Maximum downlink speed

110Mbps

Maximum downlink speed

220Mbps^{Note2}



1.5 years after service launch, WiMAX 2+ area expansion to same level as current WiMAX area
(Expected as of March 31, 2015)

*The speeds mentioned are the maximum speeds by technical standards and do not represent actual usage speeds. Even within the areas mentioned, the speed may slow down depending on the usage environment and traffic status. This is a best-effort service

Note1) Compatibility is slated to begin in certain areas for compatible models scheduled to be launched in the future

Note2) Compatibility is slated to begin in certain areas for compatible models scheduled to be launched at the end of March, 2015

Enhanced Lineup of VoLTE-Compatible Models for High-Quality Voice Communications

High-Quality Voice Communications

Voice Frequency Range **50Hz-7kHz**

au VoLTE

(Previous)

200Hz-3.4kHz

Always
Connected
with

au 4G LTE

Population
Coverage^{Note}

99%



isai VL



URBANO



INFOBAR A03



AQUOS SERIE mini



BASIO
ベイシオ

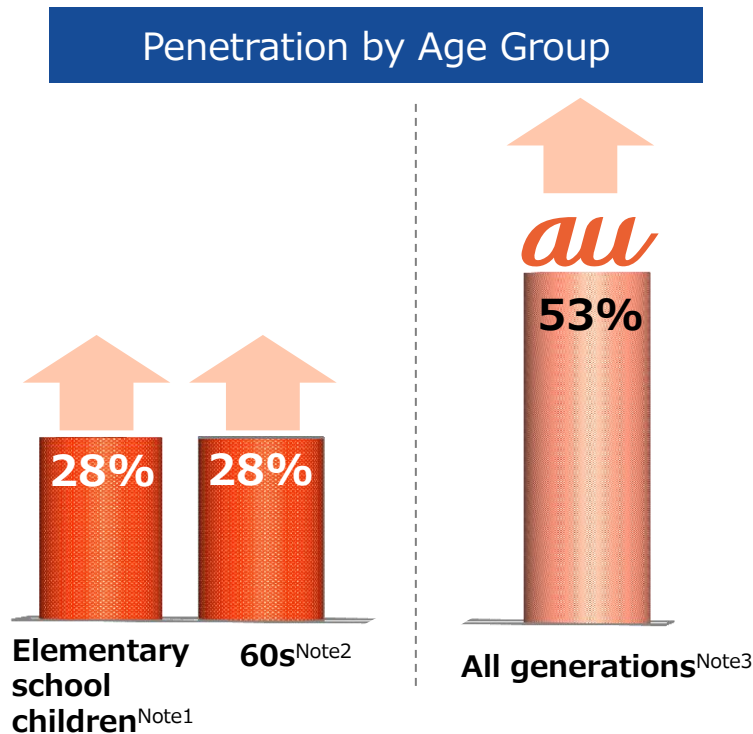
*Communications with high voice quality are possible when both parties use compatible models (within the au 4G LTE area)

*Cannot be used in Japan with 3G communications

Note) The population coverage ratio is for area of 4G LTE (800MHz.) 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

Smartphone Penetration

Remains Low Among
Junior and Senior
Segments



*Smartphone penetration = smartphones owned ÷ (smartphones owned + featurephones owned)

Note1) Figures are for all telecommunications carriers. Source: Survey of Awareness among Children of Mothers' Mobile Phones and Smartphones, Mobile Marketing Data Labo (Survey period: July 31 through August 2, 2014)

Note2) Figures are for all telecommunications carriers. KDDI's estimate (Study date: December 1, 2014)

Note3) Based on the Personal Services segment (as of December 31, 2014)

au Smartphone / 4G LTE Keitai

Cultivating a New Range of Users with Greater Diversity of Handsets

For Juniors

miraie
ミライエ



Safe, secure settings

- In addition to Internet browsing restrictions, safe text entry function, etc.
- Security buzzer with camera function
- Vibration-resistance, waterproof, and dustproof settings, etc.

For Seniors

BASIO
ベシオ



Large characters, Easy to hear

- Compatible with au VoLTE
- With SMART SONIC RECEIVER®

4G LTE Keitai

AQUOS K



Smarter keitai

- Wi-Fi tethering
- Compatible with LINE and other apps
- With "PASSNOW" for tablet linking functionality

*BASIO cannot be used in Japan with 3G communications

*EZweb cannot be used with AQUOS K

In Addition to Handsets, Beginning to Offer Rates and Services Optimized for These Segments

For Juniors **miraie**
ミライエ

Monthly fee^{Note1} **¥3,920**^{Note2}
Limited to children elementary school age and younger (Monthly data volume: Includes 0.5GB)



au Smart Pass^{Note4, Note5}

Safe apps that aid learning, etc.



With upgrade program (juniors)

For Seniors **BASIO**
ベシオ

Monthly fee^{Note1} **¥4,280**^{Note3}
Limited to people aged 55 and above (Monthly data volume: Includes 0.7GB)

au Smart Pass^{Note4}

Portal website with large characters and recommendations of coupons for seniors, etc.

au Smart Support

Special campaign for customers aged 55 and above^{Note6} (From BASIO launch through March 31)

Note1) Separate call, data communication, option and universal service charges apply. For calls to au mobile phones between 1am and 9pm, charges are waived as LTE Plan. Check au shops and the au website for details

Note2) Junior Smartphone Plan. When "Everybody Discount package" + "LTE NET" apply

Note3) Senior Plan (V). When "Everybody Discount package" + "LTE NET" apply

Note4) ¥372/month

Note5) Content quantity and makeup differ from standard "au Smart Pass"

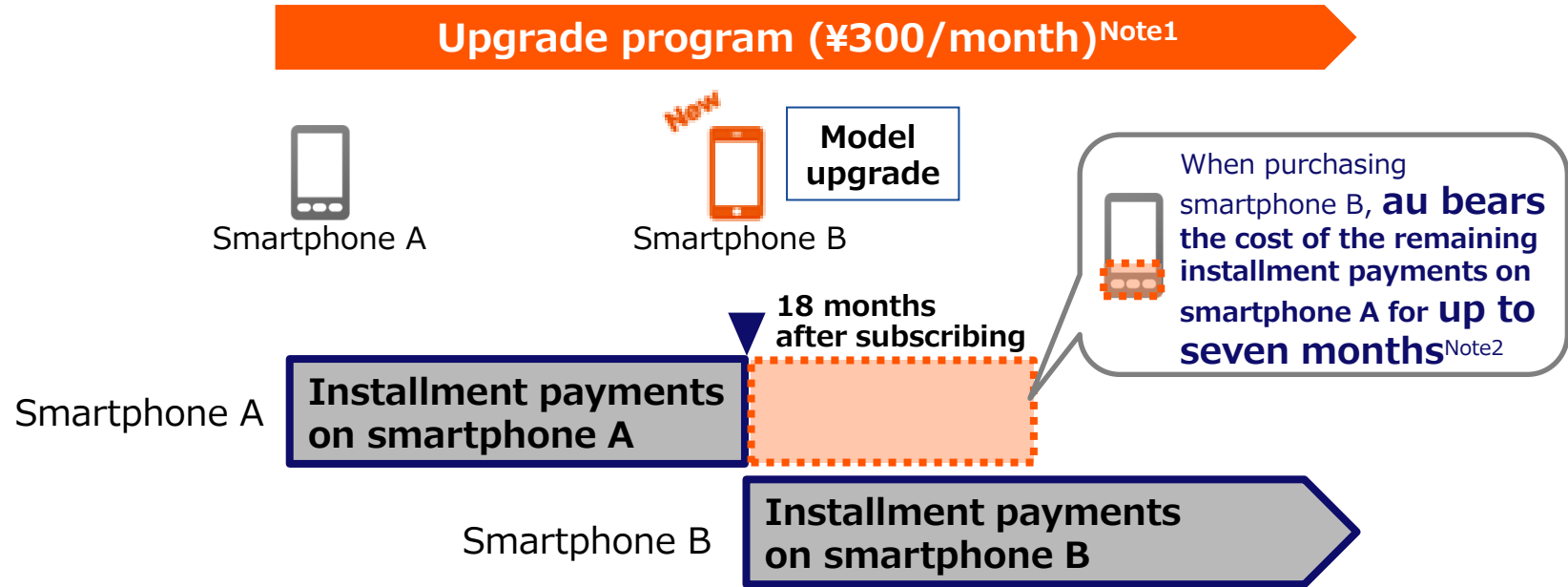
Note6) ¥3,000 free for first month of subscription. ¥380/month from fourth month

*Indicated figures exclude taxes

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Upgrade Program of Smartphone

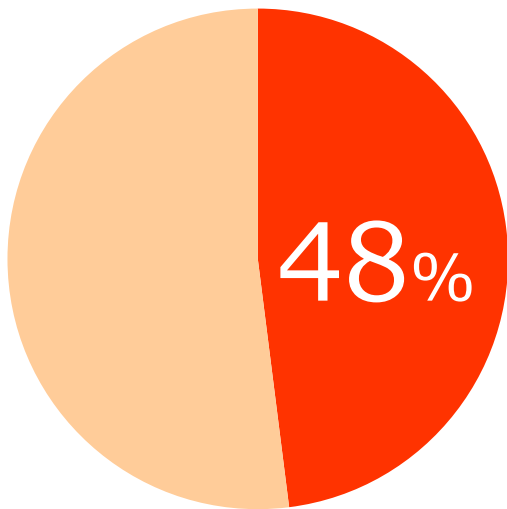
Encouraging Upgrades to the Newest Smartphone Models



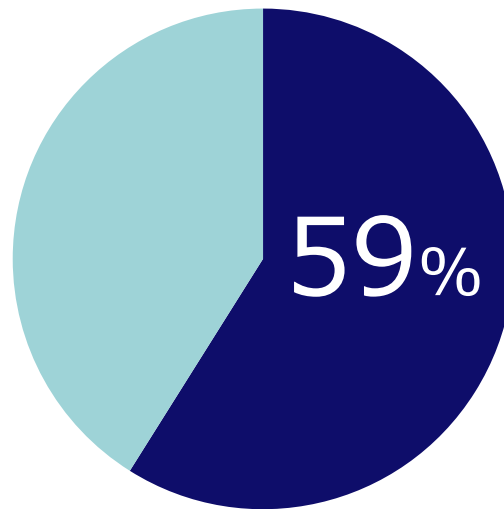
Note1) The program fee does not take consumption tax *Upgrade program (juniors) differs in some details *Please see our website for details
Note2) This program is scheduled to commence on February 6, 2015. When subscribing to the program, customers must use a designated data plan and purchase a compatible handset (when paying in 24 installments.) Under this program, the customer must also remain a subscriber of this program after the model upgrade. The previous handset must be returned (subject to conditions)

Penetration Now Up to Nearly Half of KDDI Group's Service Subscribers

Penetration for au Smartphone Subscribers^{Note1}



Penetration for au HIKARI(FTTH) Subscribers^{Note2}



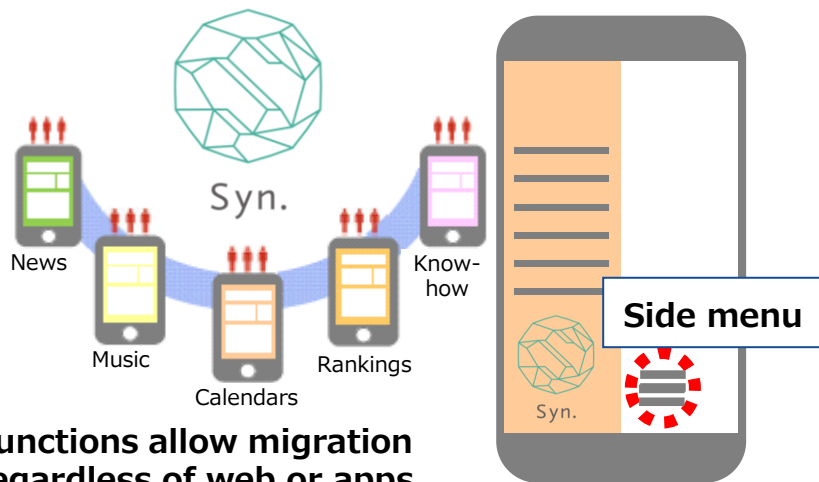
*As of December 31, 2014

Note1) Percentage of au Smart Value for au smartphone subscribers

Note2) Percentage of au Smart Value for au HIKARI subscribers

Increasing the Number of Customer Contact Points by Providing New Value via “the Syn. Concept”

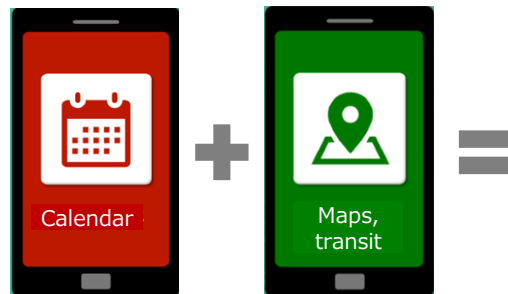
“Syn.menu” linking and integrating various other services



Functions allow migration regardless of web or apps

Example of New User Experience Gained from Links between Services

Example) Jorte x NAVITIME



Links between two services provides smooth support both when scheduling and on the move^{Note}

* “The Syn. Concept” works through a federation of leading companies that provide service on the internet (the “Syn.alliance”), providing a decentralized Web portal in which all of the services function as entrances, with the aim of creating new mobile Internet experiences for customers

Note) Launch scheduled for February, 2015
(C) Jorte Inc., (C) NAVITIME JAPAN

Approximately Four Months Since the Joint Business Launch, SIM Card Sales Exceeded 5 Million

Sales network enhancement

- Brand shop launch
- Reconfiguration of nationwide sales network

Network quality improvements

- Optimization of base stations in three principal cities



(Photos from left) Opening of the first shop operated directly by MPT within the Yangon General Post Office (November 2014) / Shop opening event / Base station (photo taken in October 2014)

Reduce Share-Trading Units to Expand Individual Shareholder

Overview of Stock Split

1:3 stock split

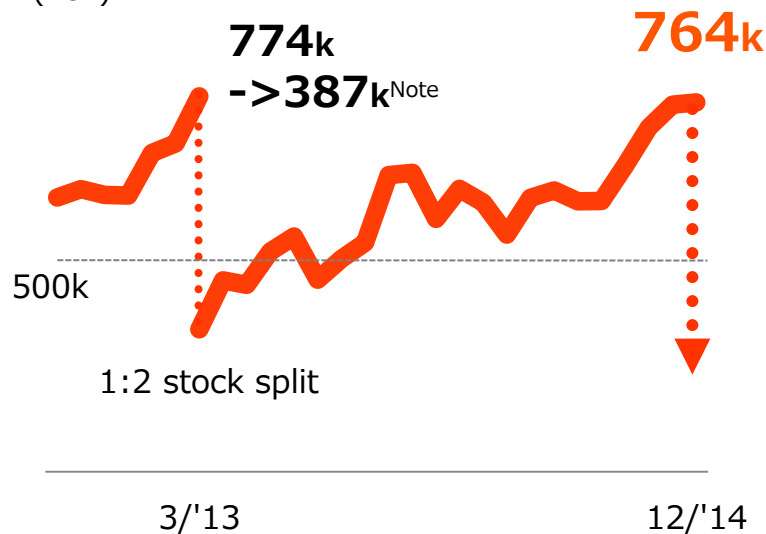
(Shares of KDDI stock will be issued at a ratio of 1:3)

Record date : March 31, 2015

Effective date : April 1, 2015

Changes in investment unit amount

(Yen)



Note) Calculated by the closing price at the end of March 2013

[Year-end dividends for FY2015.3] As the effective date for the stock split is April 1, 2015, year-end dividends for FY2015.3 will be based on the number of stocks before the split

Summary

- **au Momentum Continues, Centered on MNP Net Adds**
- **Mobile Communications Revenues and Value-Added Revenues Rose Steadily**



**Making Steady Progress toward
Second Consecutive Years of Double-Digit Growth
in Operating Income for Full Fiscal Year**

■ Appendix

Segment			3/'14	12/'14	Change	3/'15 (E)
Consolidated	au subscriptions	(Millions)	40.52	42.38	+1.86	43.17
Personal Services	au subscriptions	(Millions)	34.13	35.59	+1.46	35.83
	au smartphone penetration	(%)	49.1%	52.7%	+3.6pt	--
(Mobile)	au Smart Value	(Millions)	7.05	8.53	+1.48	--
(Fixed-Line)	au Smart Value	(Millions)	3.58	4.27	+0.69	--
Value Services	au Smart Pass	(Millions)	10.25	12.05	+1.80	--

Segment			3Q/FY14.3	3Q/FY15.3	YOY	FY15.3(E)
Personal Services	au ARPU	(Yen)	4,240	4,250	+0.2%	4,250
	au churn rate	(%)	0.67%	0.66%	--	--
	Number of units sold	(Millions)	2.69	2.72	+1.1%	10.50
	of au smartphone	(Millions)	2.12	2.30	+8.5%	8.67
Value Services	Value-Added ARPU	(Yen)	300	320	+6.7%	--

Consolidated Financial Results

(Billions of yen)

	1-3Q /FY14.3	1-3Q /FY15.3	YOY	Progress	FY15.3 (E)
Operating revenues	3,179.9	3,351.9	+5.4%	72.9%	4,600.0
Operating income	533.2	585.0	+9.7%	80.1%	730.0
Operating margin	16.8%	17.5%	--	--	15.9%
Ordinary income	538.6	593.1	+10.1%	80.7%	735.0
Net income	268.7	351.0	+30.6%	82.8%	424.0
EBITDA	918.1	985.9	+7.4%	77.1%	1,278.0
EBITDA margin	28.9%	29.4%	--	--	27.8%
Free cash flow	231.9	100.4	--	--	245.0

Financial Results by Segment

(Billions of yen)

Segment		1-3Q /FY14.3	1-3Q /FY15.3	YOY	Progress	FY15.3 (E)
Personal Services	Operating revenues	2,489.6	2,598.3	+4.4%	73.0%	3,560.0
	Operating income	405.4	462.1	+14.0%	82.5%	560.0
	Operating margin	16.3%	17.8%	--	--	15.7%
	EBITDA	736.2	804.6	+9.3%	78.4%	1,026.0
	EBITDA margin	29.6%	31.0%	--	--	28.8%
Value Services	Operating revenues	154.4	177.3	+14.8%	73.9%	240.0
	Operating income	40.9	44.3	+8.2%	77.7%	57.0
	Operating margin	26.5%	25.0%	--	--	23.8%
	EBITDA	50.1	54.4	+8.5%	75.6%	72.0
	EBITDA margin	32.5%	30.7%	--	--	30.0%

Financial Results by Segment

(Billions of yen)

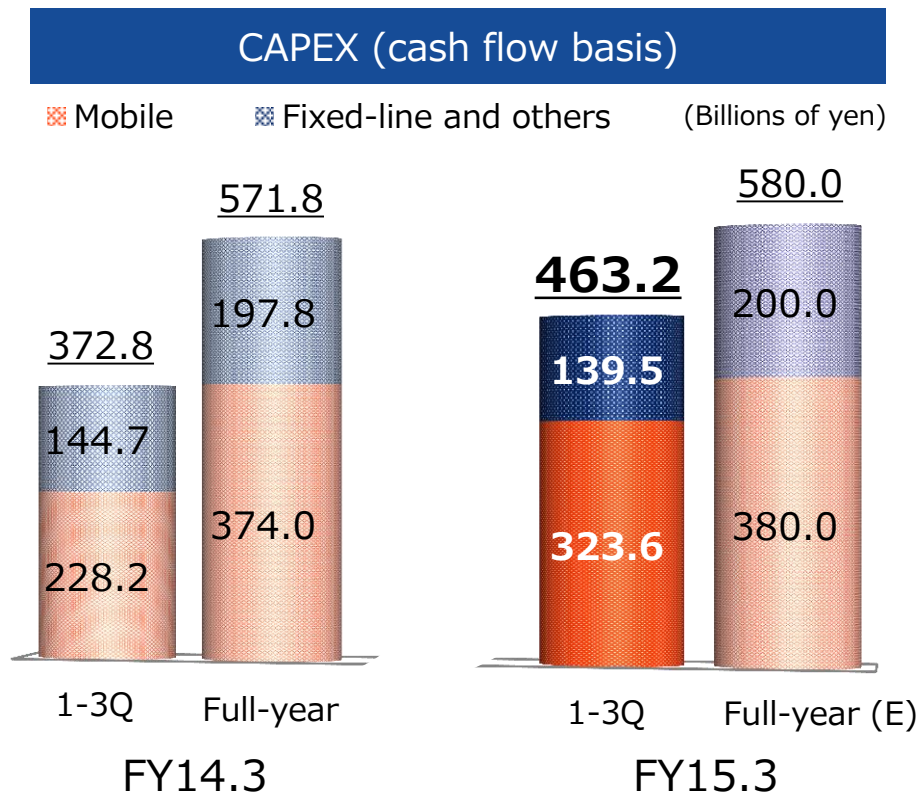
Segment		1-3Q /FY14.3	1-3Q /FY15.3	YOY	Progress	FY15.3 (E)
Business Services	Operating revenues	490.9	492.8	+0.4%	71.4%	690.0
	Operating income	72.4	60.9	-15.8%	67.7%	90.0
	Operating margin	14.8%	12.4%	--	--	13.0%
	EBITDA	104.7	94.8	-9.4%	69.2%	137.0
	EBITDA margin	21.3%	19.2%	--	--	19.9%
Global Services	Operating revenues	189.2	215.0	+13.7%	69.4%	310.0
	Operating income	8.3	9.6	+14.9%	68.2%	14.0
	Operating margin	4.4%	4.4%	--	--	4.5%
	EBITDA	19.9	22.6	+13.5%	70.5%	32.0
	EBITDA margin	10.5%	10.5%	--	--	10.3%

Capital Expenditures

31

1-3Q/FY15.3
¥463.2B

YOY +¥90.4B
Progress Rate 79.9%



Designing The Future

