



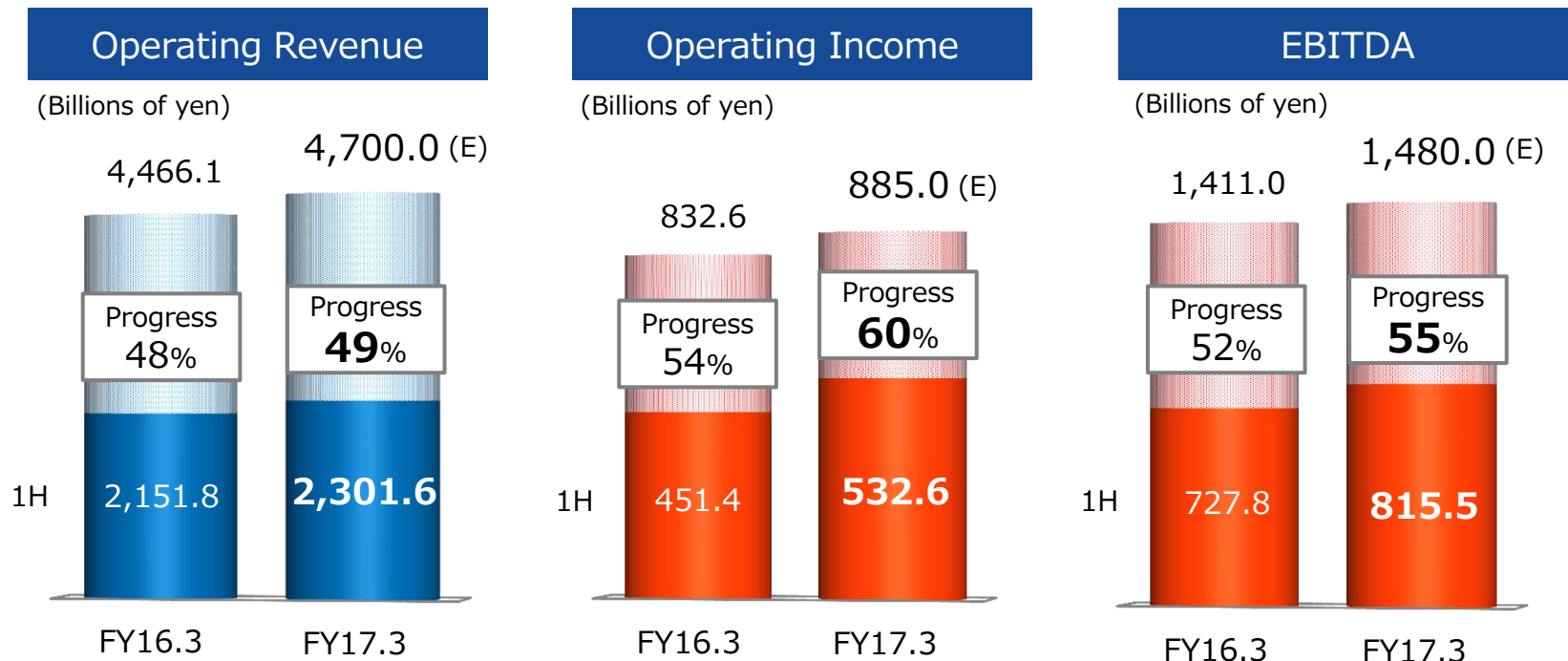
Financial Results for the 1st Half of the Fiscal Year Ending March 2017 (from April to September 2016)

November 1, 2016

**Takashi Tanaka, President
KDDI Corporation**

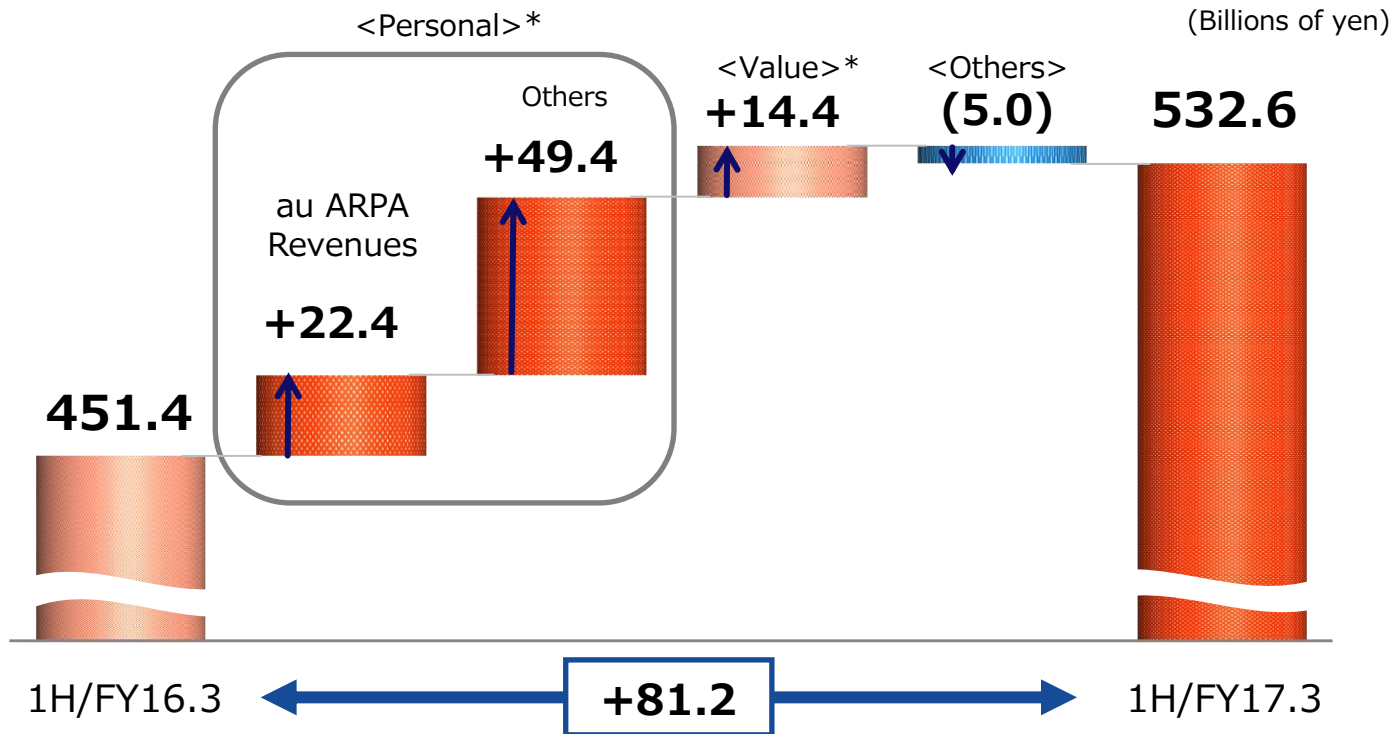
Highlights of 1H Performance

Achieved YOY Growth in Revenue and Income. Steady Progress



Operating Income: Factor for Change, YOY for 1H/FY17.3

Steady Progress with the Domestic Telecommunications Business Contributed to Profits



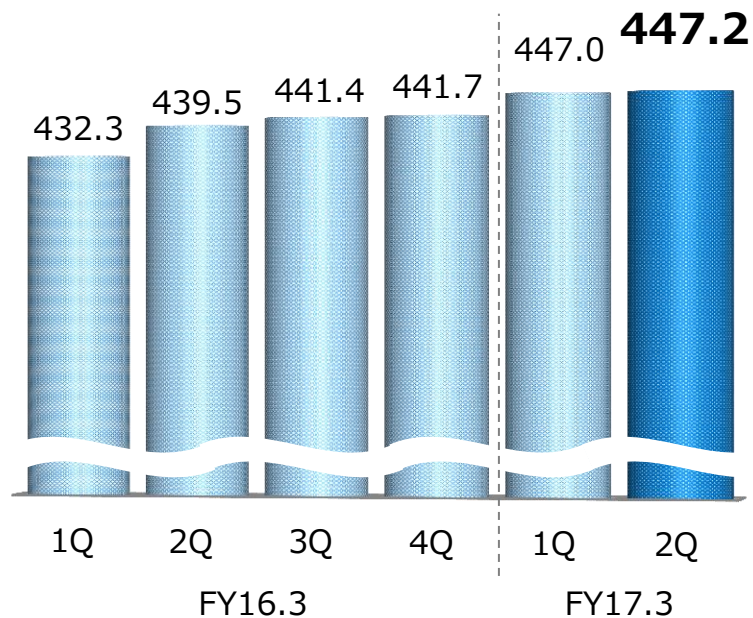
*<Personal> Personal Services segment <Value> Value Services segment

au ARPA Revenues

2Q YOY +1.7%

Quarterly Basis

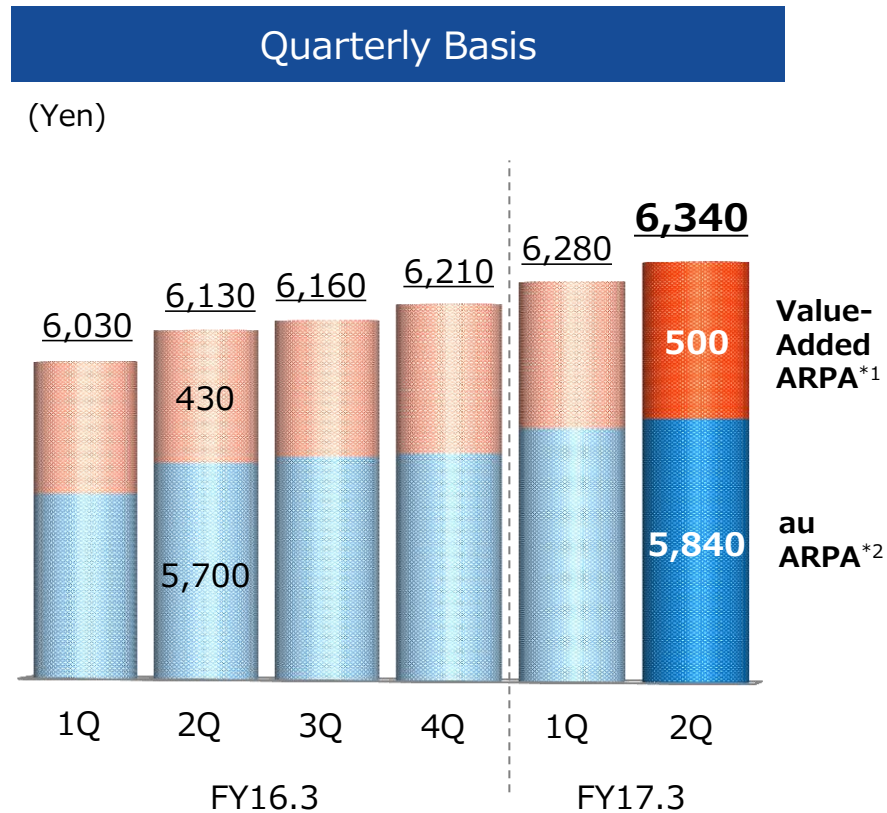
(Billions of yen)



Note) Personal Services segment basis

Total ARPA

Steady Growth



*1) Value Services segment basis

*2) Personal Services segment basis

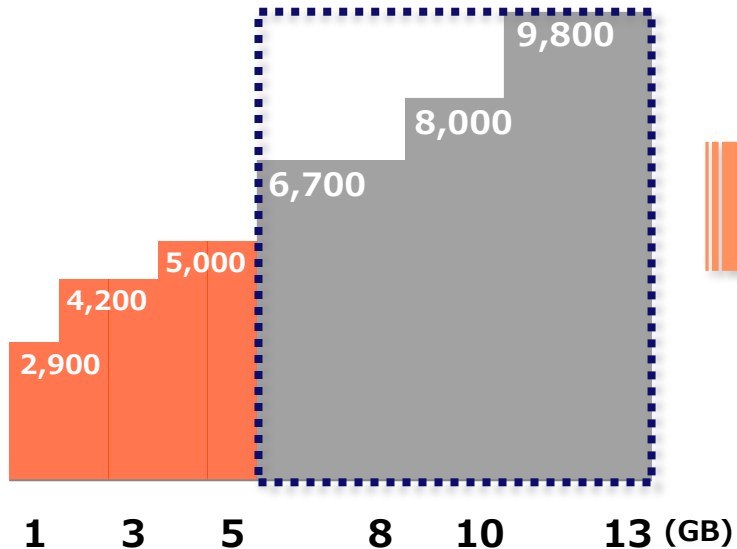
Domestic Telecom Business

New Tiered Data Plan

New Plans Responding to Large Volume Data Needs

Tiered Data Plan (Previous)

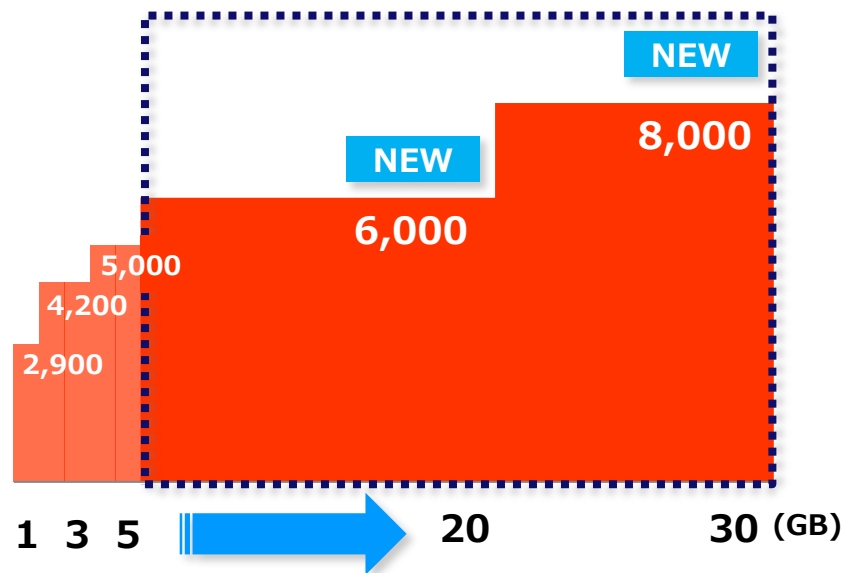
(Yen)



Tiered Data Plan (New)

Started in **September 2016**

(Yen)



Note) Indicated figures exclude taxes

Price Plan for 4G LTE Mobile Phones

Starting New Price Plan from ¥1,500/month

New Price Plan (Starting November 9)

	SuperKakeho (Voice) + Data
Basic charge* ¹ NEW	¥1,200 (when subscribing to "Everybody Discount Package")
Internet connection service	¥300
Data service* ² NEW	From ¥0 to ¥4,200
Monthly total	From ¥1,500 to ¥5,700

Note) Indicated figures exclude taxes

*1) Domestic call charges are free for calls of five minutes or less. Charges ¥20 per 30 seconds apply for the portion of calls over 5 minutes

*2) Data communication is available up to 500KB per month for ¥0. The excess after 500KB will be charged as the upper limit of ¥4,200 (¥0.03 per 1KB). In addition, if data communication exceeds 2.5GB, communication speed will be controlled up to 128kbps to the end of the month

22 Months at Top* in the TV Commercial Popularity Ranking



*From CM Databank (Minato-ku, Tokyo; CEO Shintaro Sekine), selected as No.1 in the CM Popularity Ranking by brand for September 2016. This is the 22nd consecutive month at the top of the ranking since December 2014, the longest period for any company to hold top position since CM Databank started the CM popularity survey in January 1989

In 2016, Received Top Award in Individual and Corporate Customer Satisfaction



J.D. Power "No.1 in Mobile Phone Service Satisfaction"

Best ranked in "Handsets,"
"Services Offered," "Cost,"
and "Retailer experience"

Source: J.D. Power 2016 Japan
Mobile Phone Service Satisfaction
Study. Based on responses from
31,200 mobile phone users in
Japan. japan.jdpower.com



J.D. Power "No.1 in Mobile Data Communications Service Satisfaction"

Ranked top for "handset
and optional services"
"procedures and support"

Source: J.D. Power 2016 Japan
Mobile Data Communications
Service Satisfaction Study. Based
on responses from 2,750 individual
users of data communications
devices. japan.jdpower.com



J.D. Power "No.1 in Business Mobile Phone and PHS Service Satisfaction <large and mid-sized corporation market segment> "

Source: J.D. Power 2016 Japan Business
Mobile Phone and PHS Service
Satisfaction Study. Based on 3,085
responses received from 2,449
companies with 100 or more employees
in a survey regarding mobile phone and
PHS service providers (evaluations
obtained from up to two operators per
company). japan.jdpower.com



J.D. Power "No. 1 in Japan Business IP Phone & Direct Line Phone Service Satisfaction"

Source: J.D. Power 2016 Japan
Business IP Phone & Direct Line
Phone Service Satisfaction Study.
Based on 1,632 responses received
from 1,293 companies with 100 or
more employees on a survey
regarding telecommunications service
providers offering IP phone and
direct line phone services
(evaluations obtained from up to two
services per company).
japan.jdpower.com



J.D. Power "No. 1 in customer satisfaction in corporate customer network service <large corporation market segment> "

Source: J.D. Power 2016 Japan
Company Network Service
Satisfaction Study. Based on 635
responses received from 443
companies with 1,000 or more
employees on a survey regarding
telecommunications service
providers offering network services
(evaluations obtained from up to
two respondents per company).
japan.jdpower.com

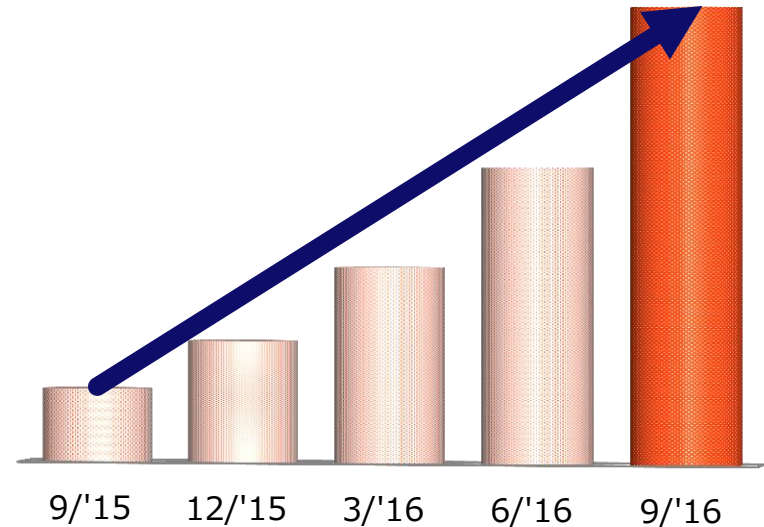


One Year On from the Merger of UQ and KVE*

(Merger on October 1, 2015)

**Subscriber Numbers Grew
by Service and
Sales Channel Enhancement**

UQ mobile Subscribers



Promote Business through Lineup and Promotion Enhancement

Autumn to Winter 2016 Smartphone Lineup

New Commercial Starts Nationwide
Broadcasts from October 25



AQUOS L



HUAWEI P9 lite
PREMIUM



alcatel
IDOL4



alcatel
SHINE
LITE



Zenfone 3 Deluxe



Zenfone 3



Zenfone 2 Laser



LG X screen



Note) "AQUOS," the "AQUOS" logo and the "AQUOS L" logo are registered trademarks or trademarks of Sharp Corporation. "HUAWEI" is a trademark or registered trademark of Huawei Technologies Japan K.K. "Alcatel" is a trademark of (former) Alcatel-Lucent S.A. and is owned by TCL Communication. "ASUS" and "ZenFone" are registered trademarks of ASUSTeK Computer Inc. "LG X screen" is a trademark or registered trademark of LG Electronics Inc.

Life Design Business

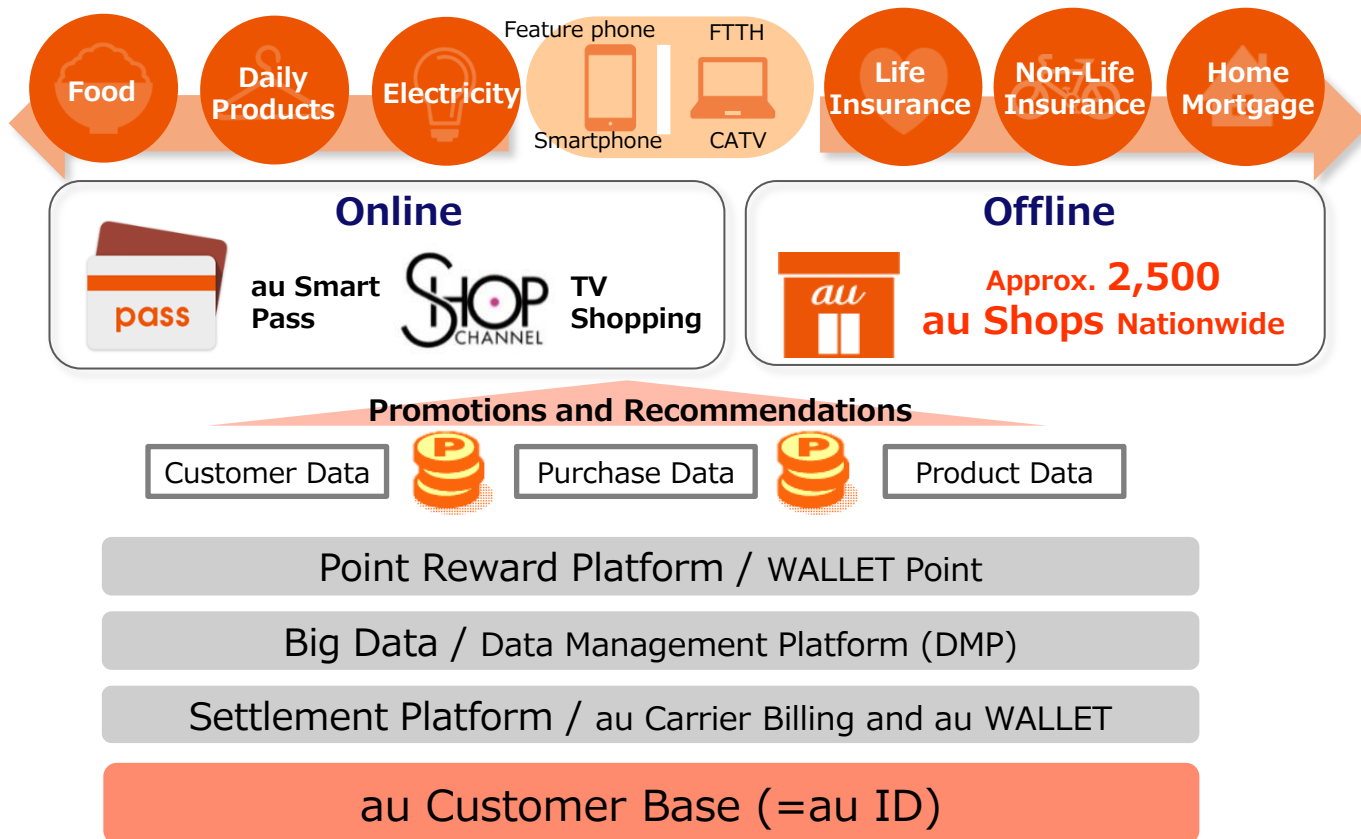
-Maximize the “au Economic Zone”-

(1) Services

(2) Customer Touchpoints

(3) Enablers

Systems & Platforms



(1) Services

Widening the au Economic Zone through au STAR Tie-In and Business Acquisition



*The Company plans to transfer the businesses of "DeNA Shopping," which is operated by DeNA Co., Ltd., ("DeNA"), and "au Shopping Mall," which is jointly operated by Mobaoku Corporation with DeNA and the Company, by means of an absorption-type company split to a subsidiary to be newly established by DeNA, all shares of which will then be acquired by the Company around December 28, 2016, making it a wholly owned subsidiary

(1) Services

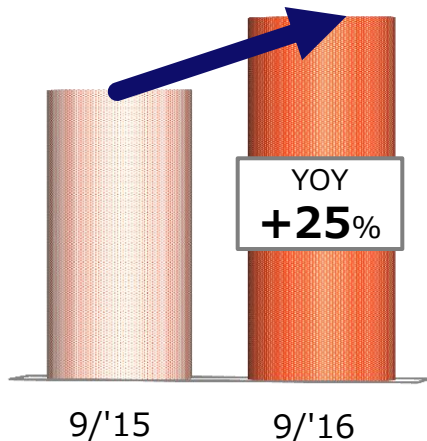
Further Promote Video Pass through Collaboration with au STAR Gift

Video Pass

Video Pass Members



Unlimited Plan
¥562/month



Collaboration with au STAR Gift

In place during September 2016,
**All customers^{*1} registered as
subscribers for au STAR were
gifted 540 video coins^{*2}**



Note) The indicated figure excludes taxes

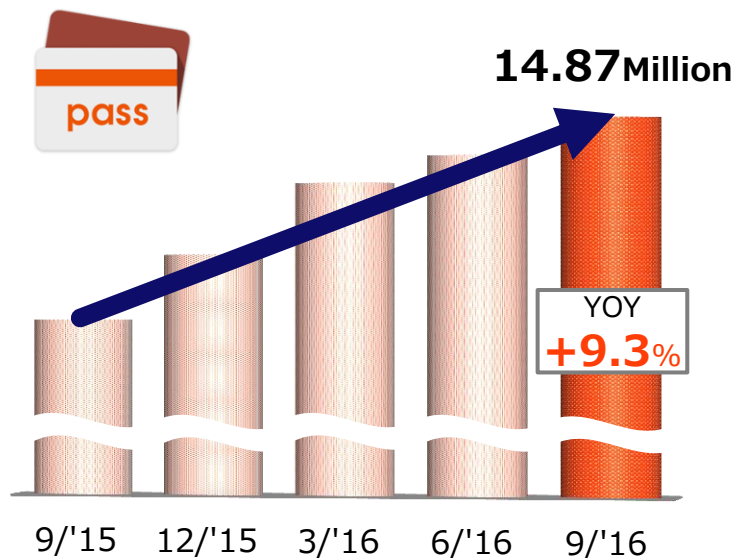
*1) Not available for some types of handset, etc.

*2) Video coins are original points for purchasing rental videos on Video Pass. 1 video coin = 1 yen

(2) Customer Touchpoints

Strengthen Multi-Touchpoints Both Online and Offline

au Smart Pass Members



New Style Shops Directly Operated Opened

“au SAPPORO”
Opened June 23



“au MINATOMIRAI”
Opened October 6



We adopted a shop design fusing telecommunications and lifestyle. We will continue various trials to find a new form for shops that propose “au Life Design.”

(3) Enablers

Enhanced Convenience of the Settlement Platform






au Carrier Billing

au WALLET

Expand settlement services to non-au services

The number of valid prepaid and credit cards issued has reached **19.6 million**
(As of September 30, 2016)

Major services accepting au Simple Payment

<p>NEW Started on August 17</p> <p>App Store/ Apple Music/iTunes and iBooks</p> <p> Google Play</p> <p> Spotify</p>	<p>NEW Started on September 1</p> <p>For airline ticket payment</p> <p> Jetstar</p> <p>Rakuten  楽天 ICHIBA</p> <p> mercari</p>
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NEW Launched on October 25

**Start of Apple Pay service
by credit card**

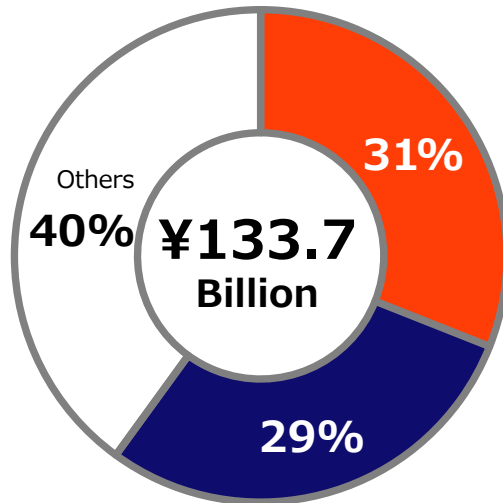
	
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Note) "Apple," "App Store," "Apple Music," "iTunes," "iBooks," and "Apple Pay" are registered trademarks of Apple Inc. in the United States and other countries. The "iPhone" trademark is used under license from Aiphone K.K. "Google Play" and the "Google Play" logo are registered trademarks of Google Inc.

Global Business

Advancing Mainly through the Global Consumer and ICT businesses

1H/FY17.3 Operating revenue



Global Consumer Business

Growth Driver

MPT (Myanmar) / MobiCom (Mongolia)
/ MVNO in the U.S.

Global ICT Business

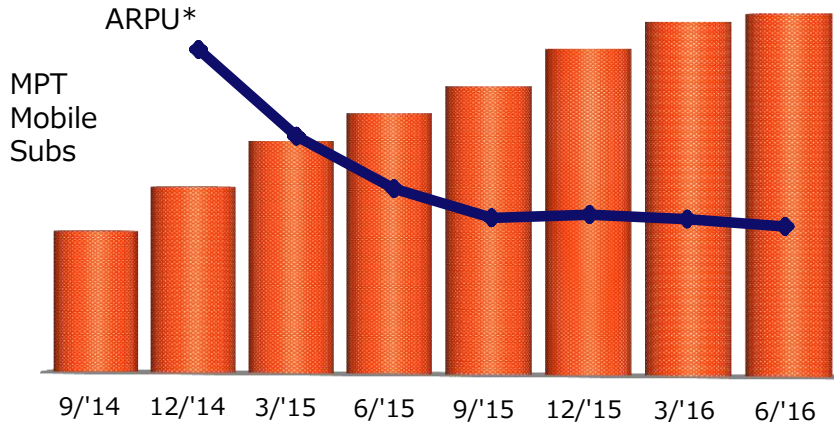
Solid Growth Base

Data Center / SI /
Network



Promote Telecom Business in Myanmar

Steady growth in subscribers,
Stable trend in ARPU



Launched MPT Brand
Smartphone
in September 2016

* Quarterly Basis (in Myanmar Kyat)

Excellence through Connectivity and Attractive Partners



(London)

**Docklands North Two
in Operation from August**

4th building at Docklands site started operation, where more than 530 partners located including LINX*1

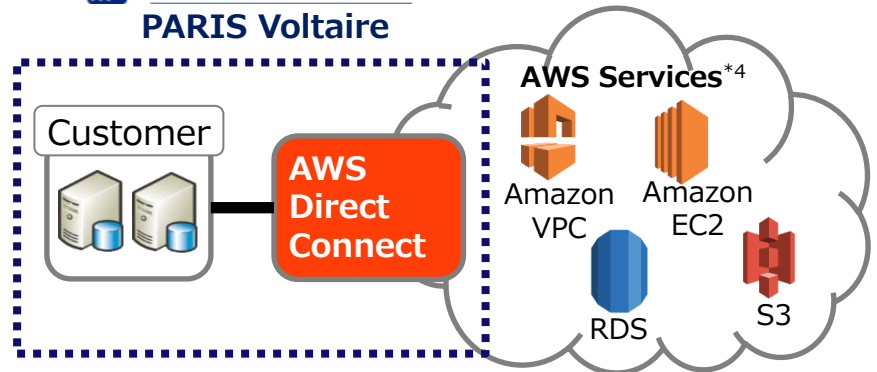
 **TELEHOUSE**
**LONDON Docklands
North Two**



(Paris)

**First AWS Direct Connect*2
Location by Japanese Carrier*3**

 **TELEHOUSE**
PARIS Voltaire



*1) U.K.'s largest IX provider in terms of connection points and Internet traffic

*2) KDDI own research (as of August 3, 2016)

*3) Connection to the AWS cloud computing service provided by Amazon Web Services, Inc. of a low-latency and secure closed network that does not pass through the Internet

*4) All lineup of AWS services; Simple Storage Service (S3), Elastic Cloud Compute (Amazon EC2), Virtual Private Cloud (Amazon VPC) and Relational Database Service (RDS)., etc.

Summary

Promoting Business Strategies in Japan and Overseas toward the New Medium-Term Targets

1H Results [Consolidated]

- 1H operating income ¥532.6B, 60% progress rate on full-year targets
- au ARPA revenue increase and sales expense reduction drove profit in the Personal Services segment

Business Strategy

1. **Domestic Telecommunications Business**
Starting new price plans. Promoting UQ mobile
2. **Life Design Business**
Strengthening services, customer touchpoints and enablers
3. **Global Business**
Advancing mainly through the global consumer and ICT businesses

■ Appendix

Financial Results

(Billions of yen)

	1H/FY16.3	1H/FY17.3	Progress	FY17.3(E)
Operating revenue	2,151.8	2,301.6	49.0%	4,700.0
Operating income	451.4	532.6	60.2%	885.0
Operating margin	21.0%	23.1%	--	18.8%
Profit for the period attributable to owners of the parent	277.5	326.1	60.4%	540.0
EBITDA	727.8	815.5	55.1%	1,480.0
EBITDA margin	33.8%	35.4%	--	31.5%
Free cash flows	141.7	440.0	--	350.0

Financial Results by Segment (1)

(Billions of yen)

Segment		1H/FY16.3	1H/FY17.3	Progress	FY17.3(Ε)
Personal	Operating revenue	1,682.6	1,769.7	49.9%	3,550.0
	Operating income	351.4	423.2	61.3%	690.0
	Operating margin	20.9%	23.9%	--	19.4%
	EBITDA	594.0	667.3	55.6%	1,200.0
	EBITDA margin	35.3%	37.7%	--	33.8%
Value	Operating revenue	126.0	209.2	47.5%	440.0
	Operating income	36.6	51.0	56.7%	90.0
	Operating margin	29.0%	24.4%	--	20.5%
	EBITDA	41.9	61.2	55.7%	110.0
	EBITDA margin	33.3%	29.3%	--	25.0%

Financial Results by Segment (2)

(Billions of yen)

Segment		1H/FY16.3	1H/FY17.3	Progress	FY17.3(E)
Business	Operating revenue	309.9	308.1	48.5%	635.0
	Operating income	39.6	39.3	62.3%	63.0
	Operating margin	12.8%	12.7%	--	9.9%
	EBITDA	62.8	61.8	56.2%	110.0
	EBITDA margin	20.3%	20.1%	--	17.3%
Global	Operating revenue	152.9	133.7	43.1%	310.0
	Operating income	19.9	14.7	43.3%	34.0
	Operating margin	13.0%	11.0%	--	11.0%
	EBITDA	25.4	21.2	44.1%	48.0
	EBITDA margin	16.6%	15.8%	--	15.5%

KPI

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Segment			3/'16	9/'16	Change	3/'17(E)
Consolidated	au subscriptions	(Millions)	45.91	47.24	+1.33	48.71
Personal	au subscriptions	(Millions)	38.24	38.57	+0.34	39.24
	Mobile devices per person	(Units)	1.414	1.425	+0.011	1.436
	au smartphone penetration	(%)	58.2	59.8	+1.6pt	--
	au Smart Value (Mobile)	(Millions)	11.55	12.12	+0.57	--
	au Smart Value (Fixed-line)	(Millions)	5.72	6.01	+0.29	--
Value	au Smart Pass	(Millions)	14.47	14.87	+0.40	--

Segment			2Q/FY16.3	2Q/FY17.3	YOY	FY17.3(E)
Personal/Value	Total ARPA	(Yen)	6,130	6,340	+210	6,230
Personal	au ARPA	(Yen)	5,700	5,840	+140	5,730
Value	Value-added ARPA	(Yen)	430	500	+70	500

Capital Expenditures

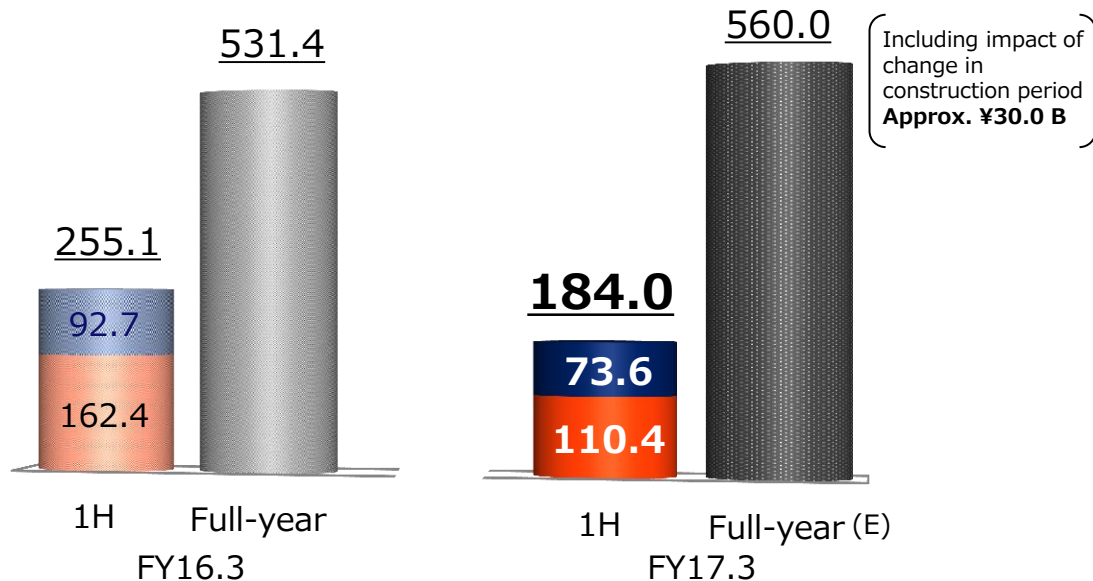
CAPEX (cash flow basis)

(Billions of yen)

■ Mobile (including UQ) ■ Fixed-line and others

1H/FY17.3
184.0B

YOY -¥71.1B
 Progress Rate 32.8%



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.

Designing The Future

KDDI

あたらしい自由。

au