



Financial Results for the 3rd Quarter of the Fiscal Year Ending March 2017 (from April to December 2016)

February 2, 2017

**Takashi Tanaka, President
KDDI Corporation**

Today's Presentation

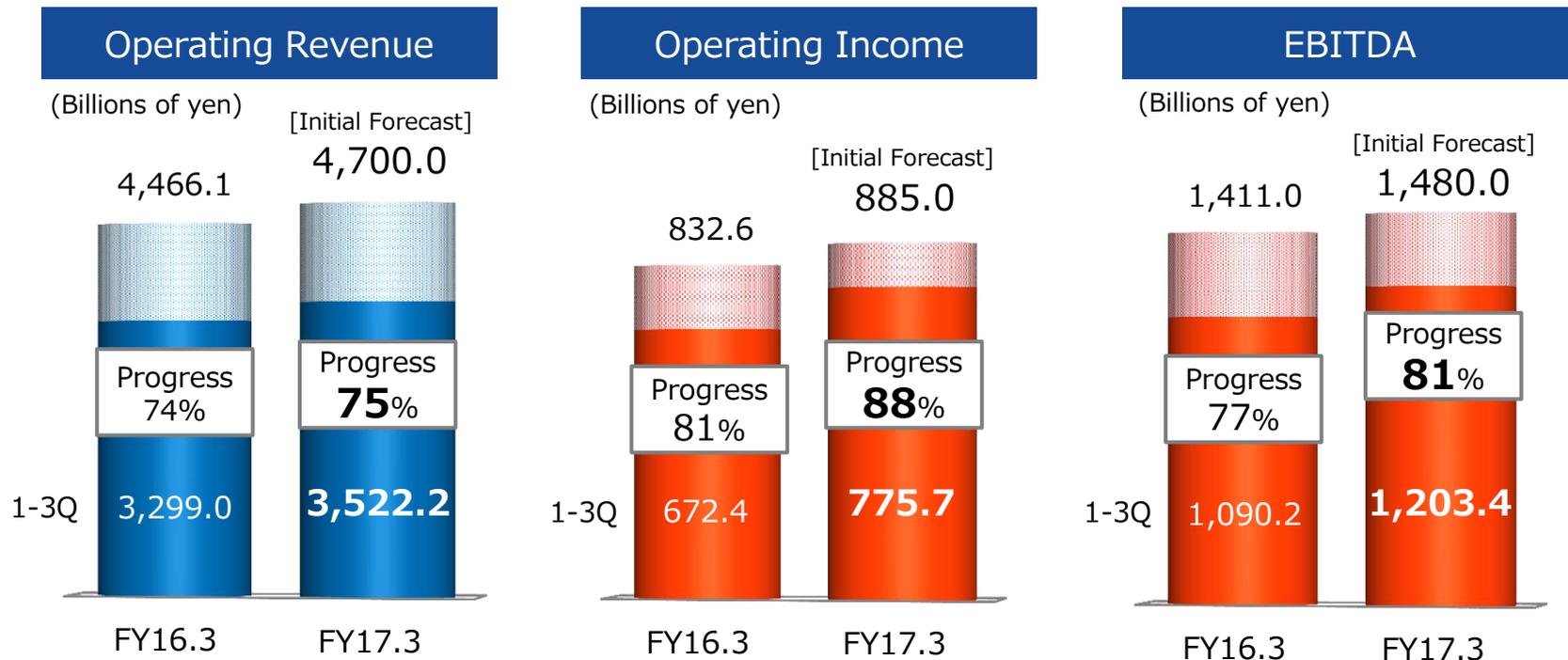
- 1. Performance in 1-3Q**
- 2. Promoting Business Strategies**
- 3. Revision of Full-year Results Forecasts**

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.

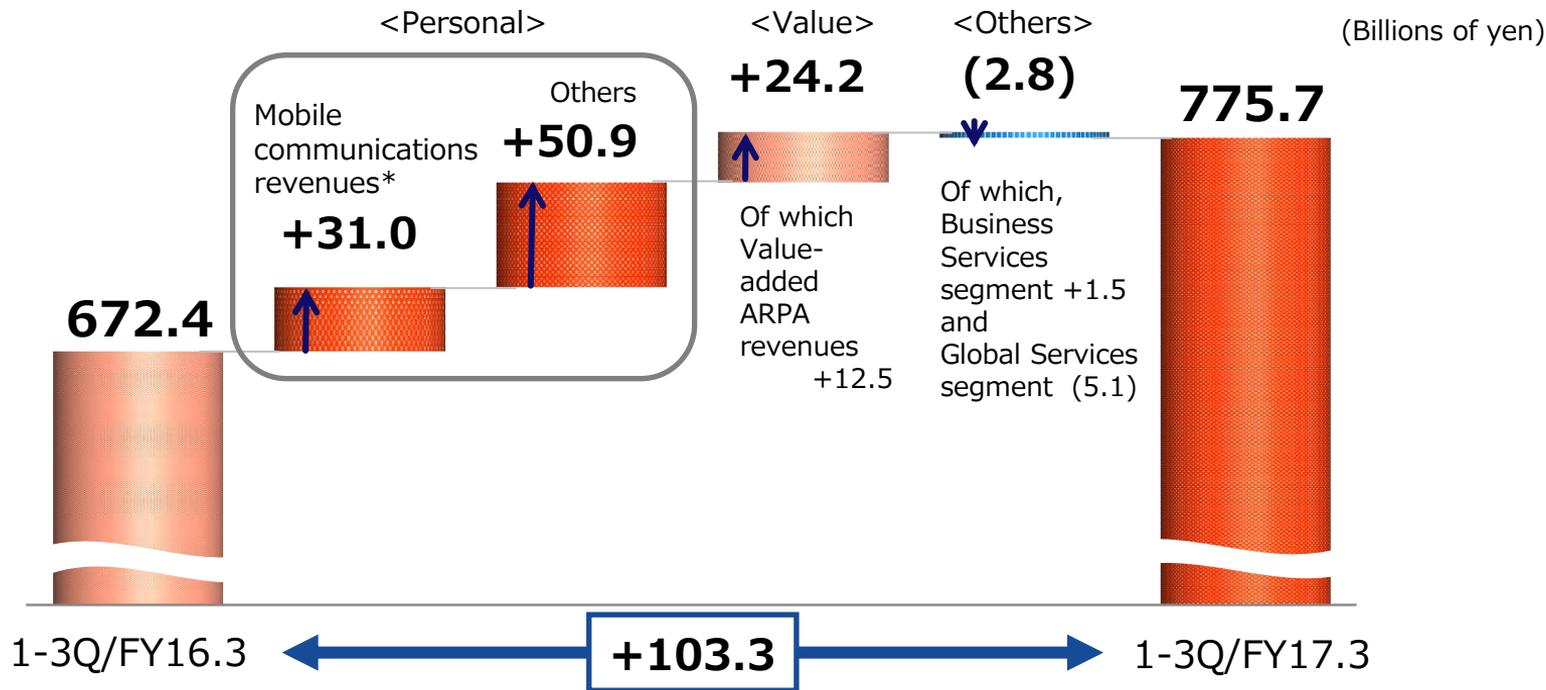
1. Performance in 1-3Q

Achieved YOY Increases in Revenue and Income



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

Increased Earnings in Domestic Business is the Main Driver



*[Mobile communications revenues]=[au ARPA revenues]+[MVNO revenues]

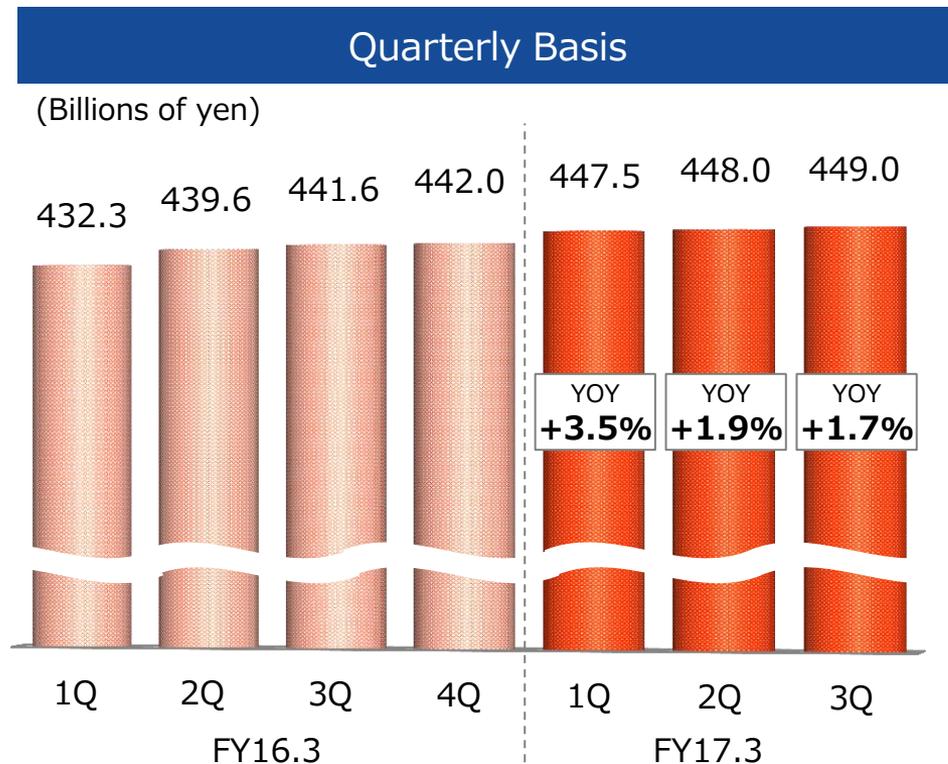
[au ARPA revenues] au communications revenues for smartphones, featurephones (excluding prepaid phones), tablets, routers and modules

[MVNO revenues] Communications revenues from MVNO services provided by consolidated subsidiaries (Excluding certain services. Including services using networks of other operators)

Note) <Personal> Personal Services segment <Value> Value Services segment

Mobile Communications Revenues

3Q YOY +1.7%



*[Mobile communications revenues]=[au ARPA revenues]+[MVNO revenues]

[au ARPA revenues] au communications revenues for smartphones, featurephones (excluding prepaid phones), tablets, routers and modules

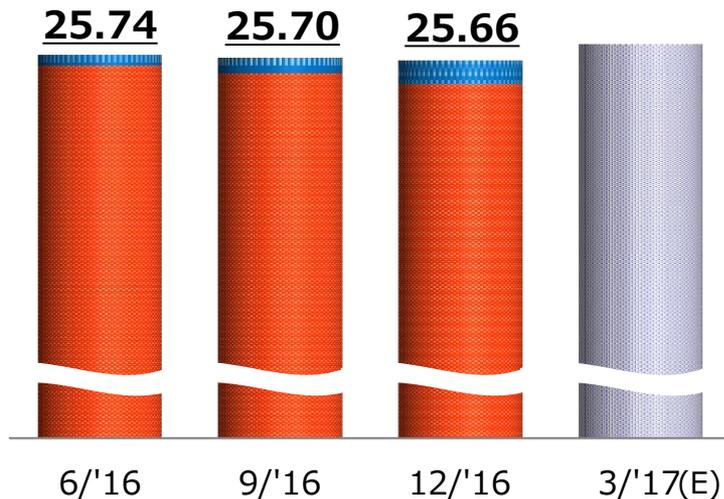
[MVNO revenues] Communications revenues from MVNO services provided by consolidated subsidiaries (Excluding certain services. Including services using networks of other operators)

Mobile IDs

Aim for Growth in Number of “Mobile IDs” Based on au + MVNO

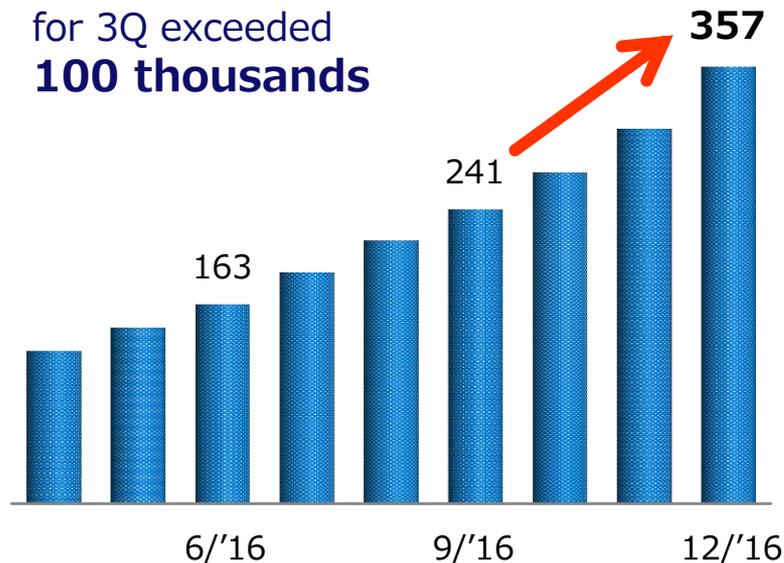
Mobile IDs*¹ (Quarterly Basis)

■ au accounts*² ■ MVNO subs*³ (Millions)



MVNO Subs*³ (Monthly Basis)

MVNO net additions for 3Q exceeded **100 thousands** (Thousands)



*1) au accounts + MVNO subscriptions

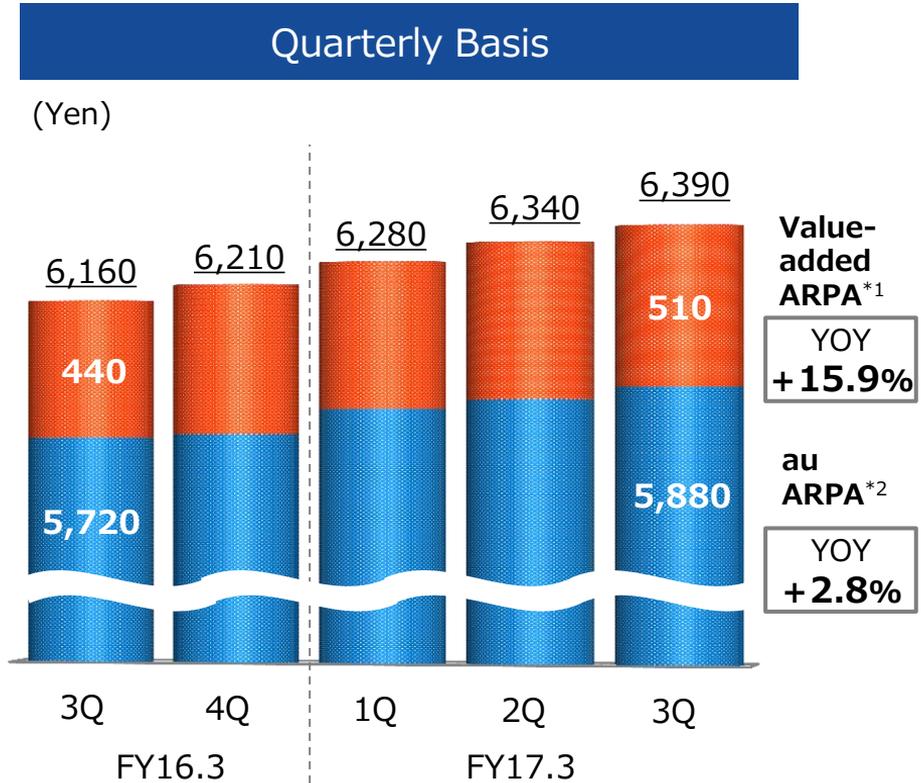
*2) Number of subscriptions within the scope of au ARPA revenues, which excludes multiple subscriptions under the same identical name

*3) Based on MVNO services provided by consolidated subsidiaries (Excluding certain services. Including services using networks of other operators)

Total ARPA

Steady Growth
3Q YOY +3.7%

Note) Total ARPA = au ARPA + Value-added ARPA



*1) Value Services segment basis

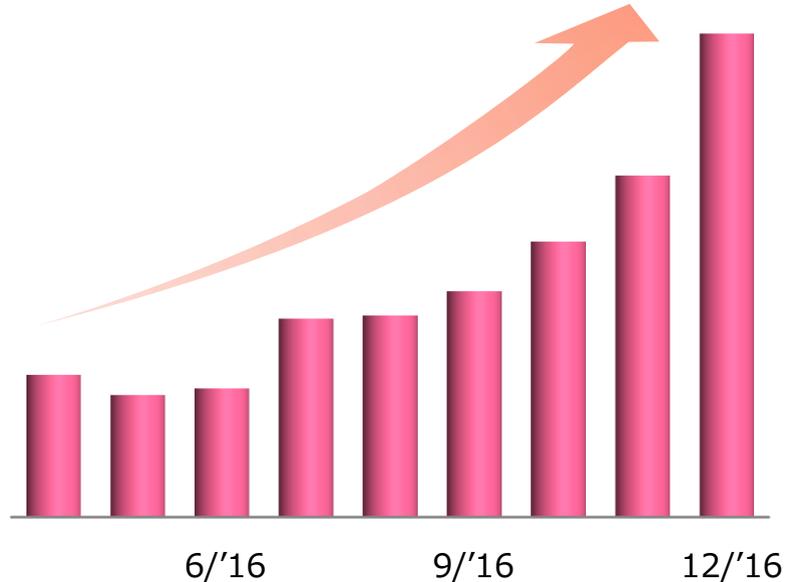
*2) Personal Services segment basis

2. Promoting Business Strategies

Aiming for 30% Share of New Subscriptions in the MVNO Market



New Subscriptions (Monthly Basis)



BIGLOBE Customer Base

Expanding Customer Base with Growth Driver of FTTH and Mobile

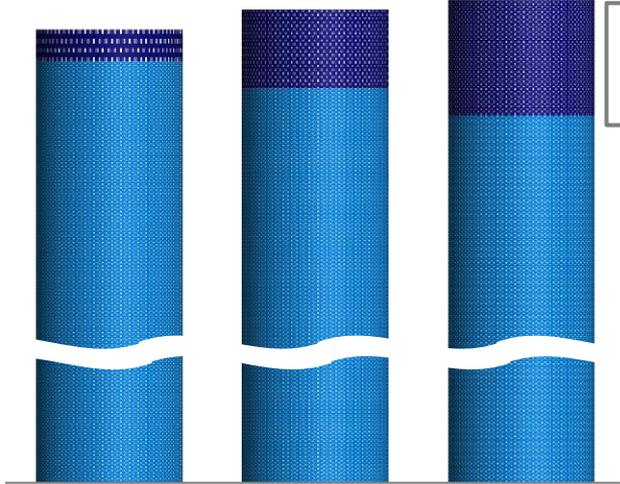
ISP (FTTH, etc.) Service Subs

■ BIGLOBE Hikari (FTTH)

Over 2 million

YOY
Approximately
3.7 times

Of which,
BIGLOBE Hikari



12/'15

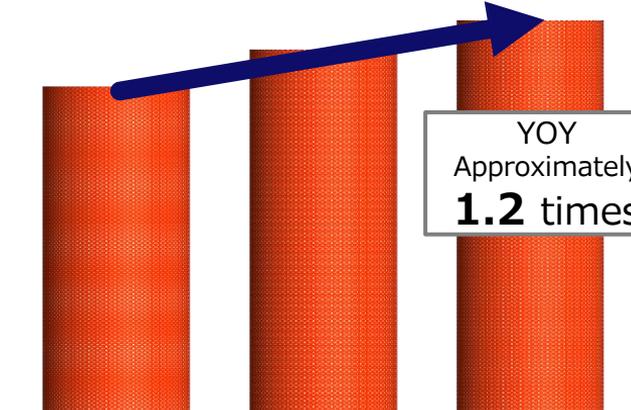
6/'16

12/'16

Mobile Service* Subs

Over 400 thousand

YOY
Approximately
1.2 times



12/'15

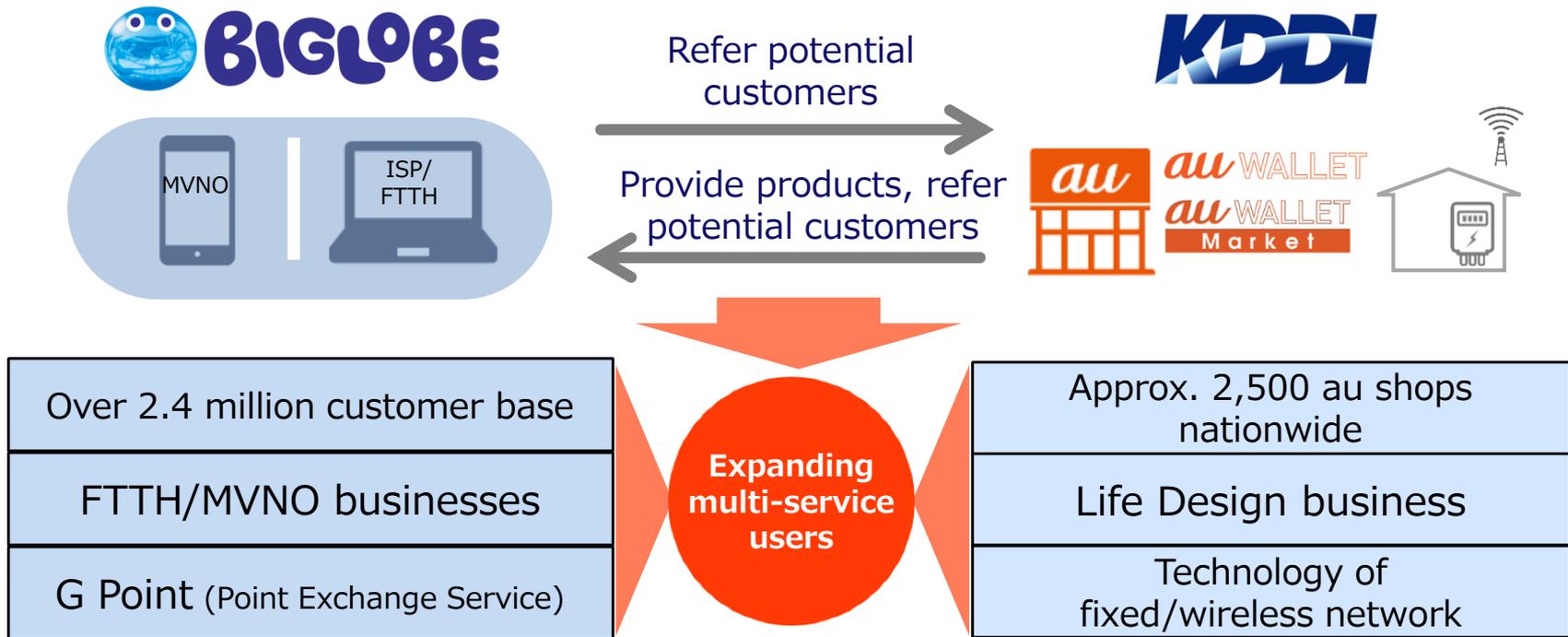
6/'16

12/'16

*MVNO and WiMAX services

Purposes of Subsidizing BIGLOBE

Create Synergies Using Both Companies' Assets



au Economic Zone Gross Merchandise Value

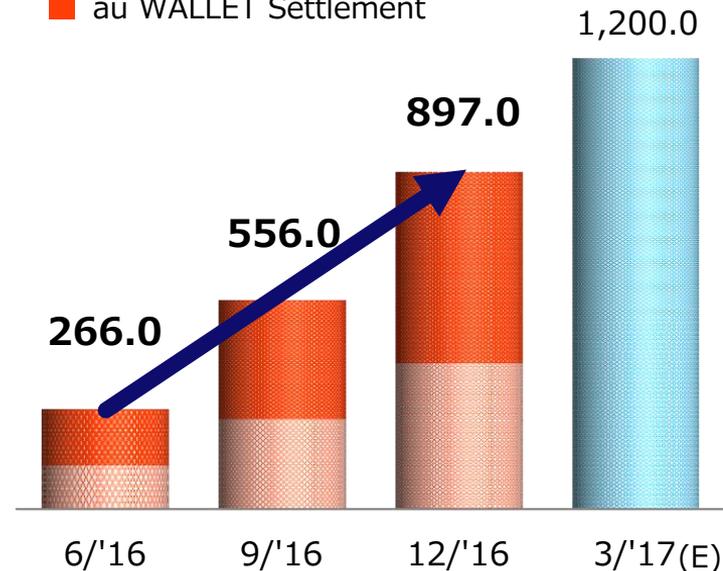
au WALLET settlements contributed

Steady Progress

au Economic Zone Cumulative Gross Merchandise Value (FY17.3)

(Billions of yen)

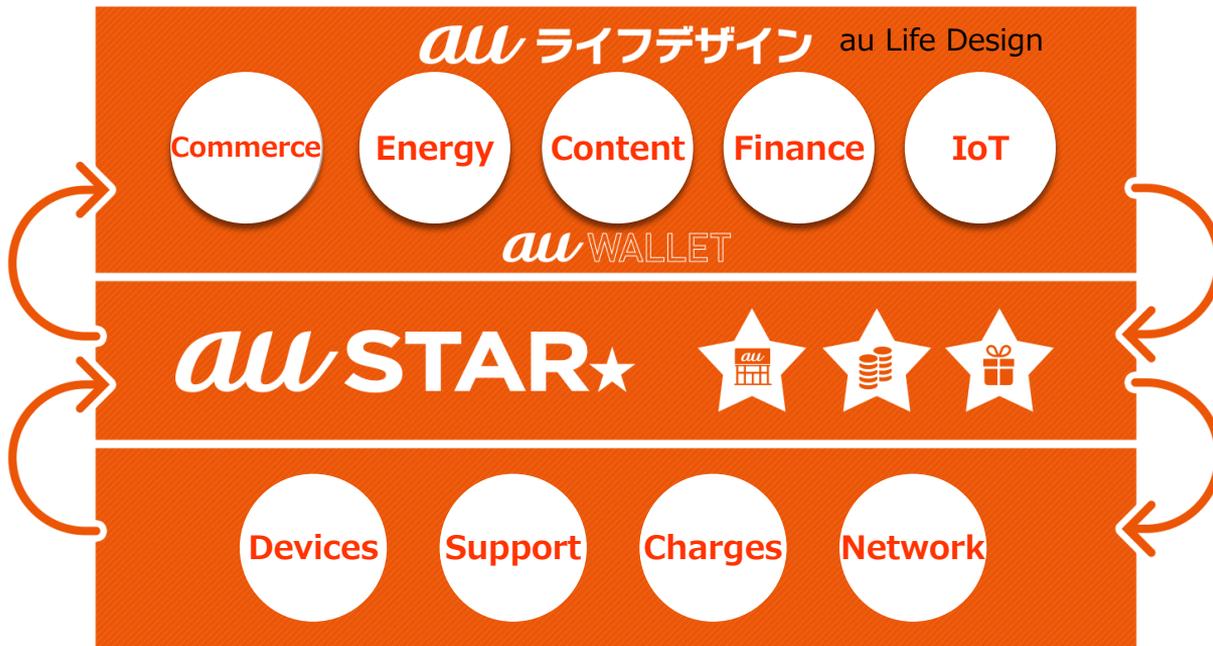
■ au WALLET Settlement



Aiming to Become a Life Design Company

Strengthening the Domestic Telecommunications Business and Promoting the Life Design Business

Enhancing experience value at all manner of customer touchpoints

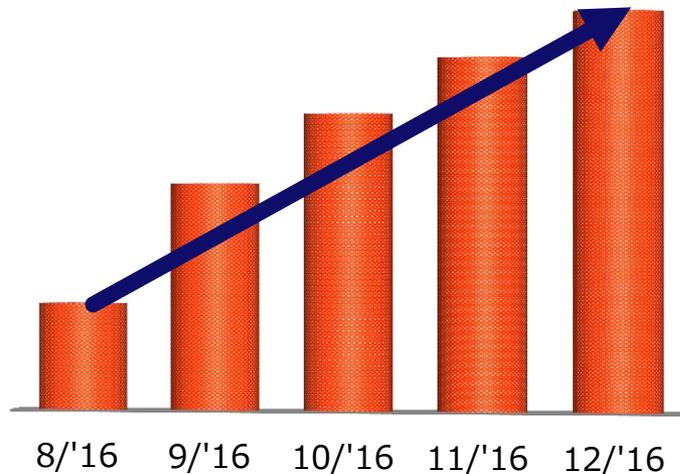


Enhancing Customer Experience Value

au STAR Members

Over 6 million members

(As of January 1, 2017)



Services



au STAR Passport
Started in August 2016



au STAR Loyal
Started in November 2016



au STAR Gift
Started in August 2016
Expanded in November 2016

au STAR★

ギフトセレクション (Gift Selection)

Started Exclusive Points Exchange Website for Members

Feature 1 – Provision of premium products and experience value

Products rigorously selected by au



Experience value that can only be realized by au*



Feature 2 – Provision of special offers through point exchange

Further increase the value of au WALLET points



Usually
1 point = 1 yen



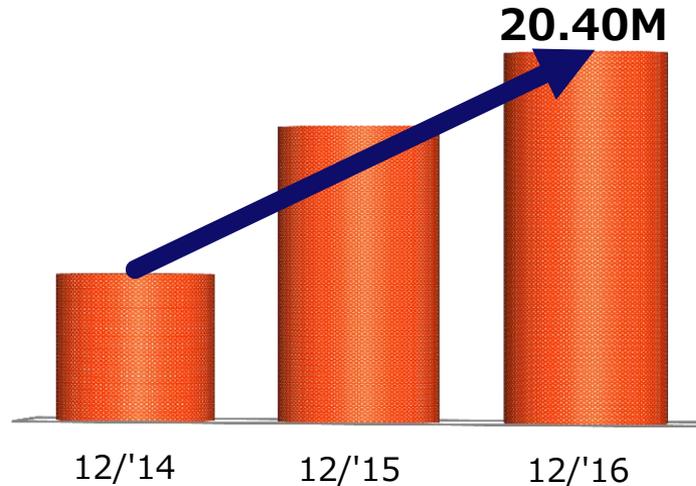
e.g.) Products valued at 15,000 yen are exchanged for 10,000 points, then
1 point = 1.5 yen

*Applications for the one day tour to experience in the life of the Japan national football team and gifts of items appearing in the "Santaro" TV commercial are open until February 9, 2017

Churn Rate Improved Further through Use of Multiple Services

au WALLET Prepaid and Credit Card
(Number of valid cards)

Over **20 millions**
Of which **2 millions** are Credit Cards



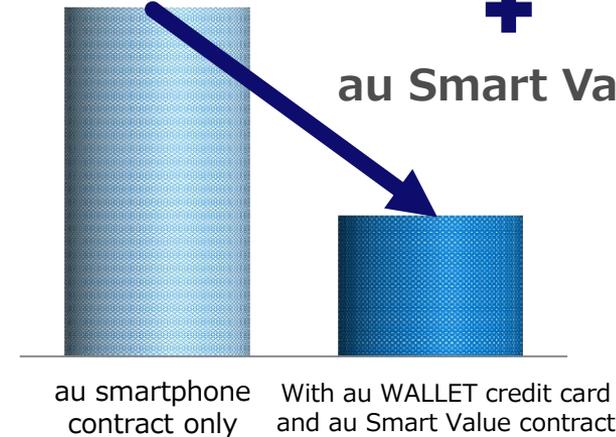
Churn Rate of au Smartphone

(December 2016)

auWALLET
Credit Card



au Smart Value



Commerce Business

Expand au Economic Zone through Both Own Product Sales and Shopping Malls

Own Product Sales

SHOP
CHANNEL



TV Shopping with approx.
29 million of potential
viewer households

au WALLETT
Market



Provide attractive
products rigorously
selected by au

Provide select and premium value

Shopping Mall

au Shopping Mall

DeNA
SHOPPING

Integrated into a new brand in January 2017

NEW

Wowma!

Launched
2017/1/30

A wide variety of products from 3,000 shops
with more than 20 million items

Respond to diverse lifestyles
and customer needs

au Smart Pass

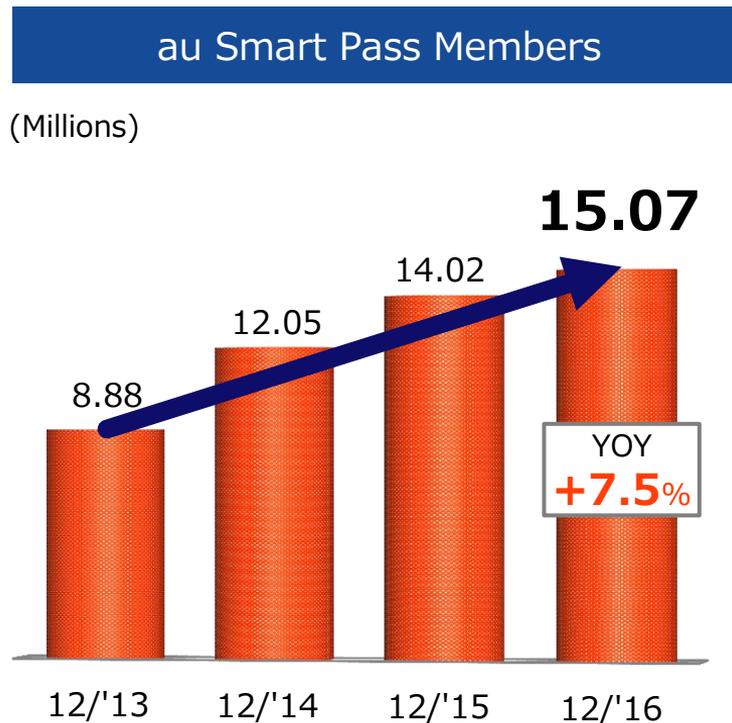
Members

Over **15** Millions

Cancellation rate

of paying members*

Less than **0.5%**



au Smart Pass Premium

Launched in January 2017

NEW

au Smart Pass Premium

In promotion now*

~~¥499~~ /month

Monthly Service Charge

Monthly Service Charge
au Smart Pass ~~¥499~~ **¥372** /month

Data Storage

50GB

Coupon & Points



Free take of Apps



Safety & Security of handsets

- iOS: Repair Support
- Android: Anti-Virus Software



Enhanced special offers for members

au Everyday

Special offers for each day of a week

e.g.)   



Addition of security functions

Data Recovery Support
 Wi-Fi Security
 au Insurance Privilege



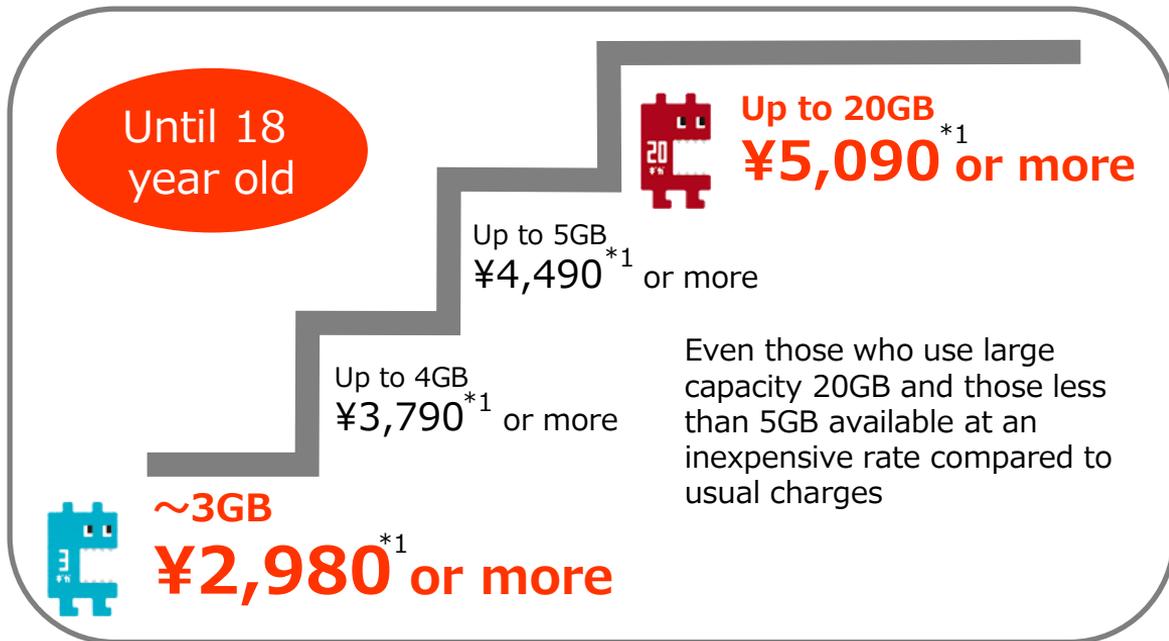
* Application period of "au Smart Pass Premium Promotion" is up to 2017/5/31. Service available with ¥372/month until December 2017.

Application period of "Student Discounts" is up to 2017/5/31. Discount for monthly service charge equivalent until December 2017 for a person under 25 years old who joins the designated plan

Note) Indicated figures exclude taxes. Conditions apply when using the services and functions. Some functions incur separate charges. For details please refer to au website

Providing Fee in Accordance with Usage of Data Communication and Special Offers

Student Discounts Under 18



au Smart Pass Premium

Monthly Service Charge ~~¥499/month~~

Discount for monthly service charge equivalent within the year*2

| | |
|---|---|
| <p>Repair Support</p> | <p>Data Recovery Support</p> <p>Water Stained</p> <p>Partial damage</p> |
| <p>Wi-Fi Security</p> <p>Encryption</p> | <p>au Everyday</p> |

*1) au Smart Value + applying new subscription benefit of family. Required to join designated plan, etc. There are conditions for application of each discount benefit. The discount method varies until the month of May 2017 usage. Additionally, call / communication fee, universal fee etc. will apply

*2) A person under 25 years old must join the designated plan to apply the discount. Some functions incur separate charges. For details please refer to au website
Note) Indicated figures exclude taxes

Creating IoT Business

Developing and Deploying Enablers to Build New Business Models with Partner Companies

Development
support

Provided in December 2016
KDDI IoT Cloud Creator

Announced in January 2017 
Utilize expertise of Iret, Inc.
Selected for world-top-class AWS Premier Consulting
Partner for 5 consecutive years*1

Platform

Provided
in Dec 2016
**KDDI IoT
Connect Air**

SIM
Management

Monitoring
Data Volume

SIM Order

Changing
Speed

Planning in FY2017

Further enhancement

(API Manage/GW, Data Storage, and Settlement)

Network

Licensed
Band

Released in April 2016

Cat.1 Connection Requirement

Planning in FY2017

Introduce Cat-M1/NB-IoT

Unlicensed
Band

Provided in January 2017

LoRa PoC Kit*2

Utilizing SIGFOX/

Collaboration with KCCS

Device

Security

Released in October 2016

Develop IoT security utilizing robust SIM features



*1) Selected since 2013. AWS (Amazon Web Services) certified qualifications for companies that generate sound revenues with more than a certain level of performance in business using AWS, extensive experience in customer solutions at AWS, and a large number of training and certified technological consultants enrolled, etc.

*2) Compliant with LoRaWAN™, a Low-Power Wide Area (LPWA) network communications technology for IoT that realizes low power and wide area coverage. LoRaWAN™ is a registered trademark of Semtech Corporation

3. Revision of Full-year Results Forecasts

Summary of Revisions

Operating Performance and Dividend Forecasts Raised with Strong Progress

Performance
/KPI

| | | |
|------------------|------------------|----------|
| Operating Income | <u>¥910.0B</u> | +¥25.0B* |
| EBITDA | <u>¥1,500.0B</u> | +¥20.0B* |
| au ARPA | <u>¥5,830</u> | +¥100* |

Shareholder
Return

| | | |
|--------------------------------|------------|------|
| Year-end dividend per share | <u>¥45</u> | +¥5* |
|--------------------------------|------------|------|

*Figures are comparisons with initial forecasts

Summary

Promoting Business Strategy toward the New Medium-Term Targets

Results and Forecasts

- **1-3Q operating income ¥775.7B**
- **Upward revision of FY17.3 full-year forecasts of income and dividend**

Business Strategy

- **Advance measures to increase customer experience value in the domestic business**
- **Steadily increase the total distribution amount in the life design business**
- **Accelerating IoT projects**

■ Appendix

Definitions of KPI and Revenues

| Scope of services KPI/Revenues | | au | | | MVNO (Excluding certain services) | |
|-----------------------------------|--|------------|--------------|-----------------------------|--|--------|
| | | Smartphone | Featurephone | Data card/ Tablet/Module | Services provided by consolidated subsidiaries | Others |
| Personal | au subscriptions | ○ | ○ | ○ | ○ | ○ |
| | au churn rate Units sold/shipped | ○ | ○ | — | — | — |
| | [new]au accounts *1 | ○ | ○*5 | ○ | — | — |
| | [new]MVNO subscriptions *2 [new]MVNO revenues *2 | — | — | — | ○*6 | — |
| | [new]Mobile IDs *3 [new]Mobile communications revenues *4 | ○ | ○*5 | ○ | ○*6 | — |
| Personal /Value | au ARPA Value-added ARPA Mobile Devices per person | ○ | ○*5 | ○ | — | — |

*1) Number of subscriptions within the scope of au ARPA revenues, which excludes multiple subscriptions under the same identical name

*2) Based on MVNO services provided by consolidated subsidiaries

*3) au accounts + MVNO subscriptions

*4) au ARPA revenues + MVNO revenues

*5) Excluding prepaid

*6) Including services using networks of other operators

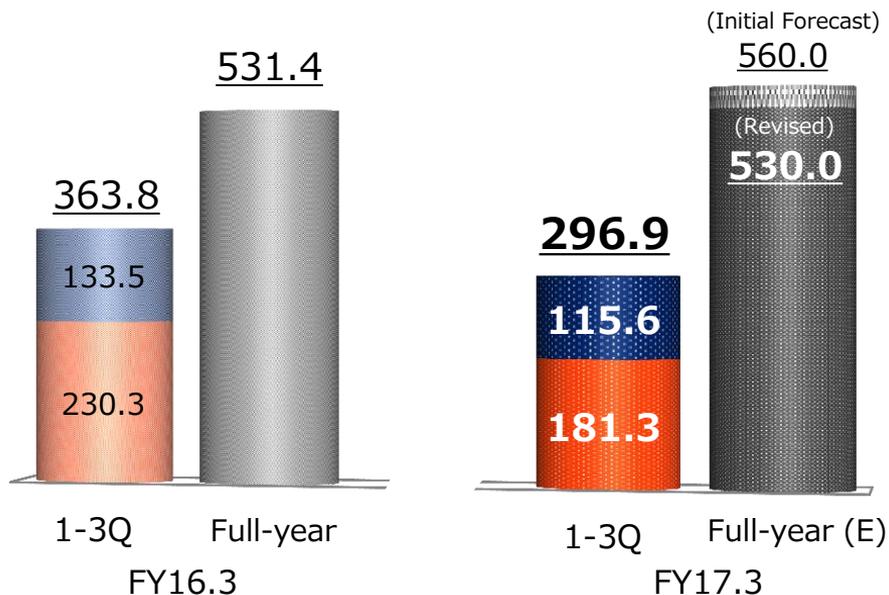
Capital Expenditures

CAPEX (cash flow basis)

(Billions of yen)

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

1-3Q/FY17.3
¥296.9B
 YOY (¥66.9B)



Designing The Future

KDDI

あたらしい自由。

au