

**Financial Results
for the 3rd Quarter of the
Fiscal Year Ending March 2016
(from April to December 2015)**

February 9, 2016

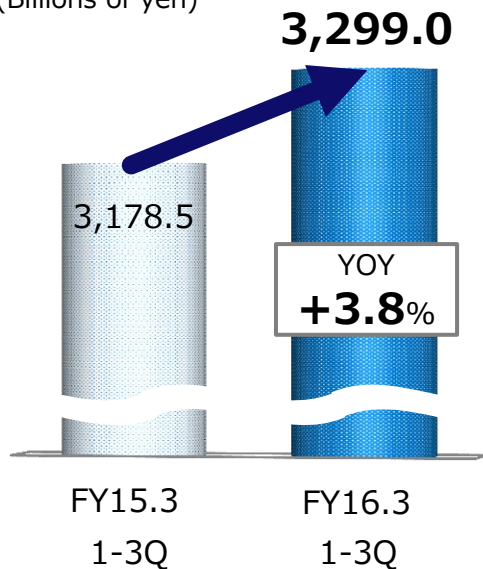
**President Takashi Tanaka
KDDI Corporation**



Achieved YOY Increases in Revenue and Income

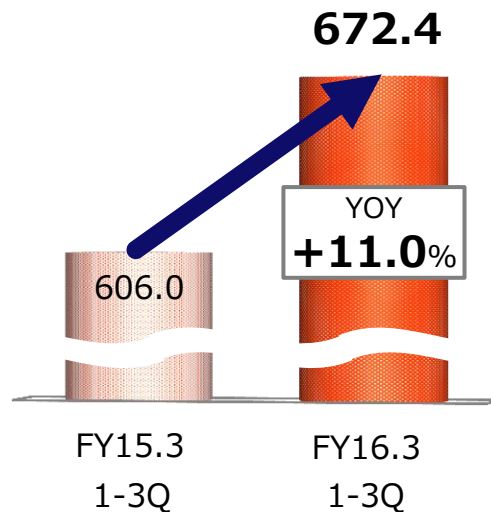
Operating Revenue

(Billions of yen)



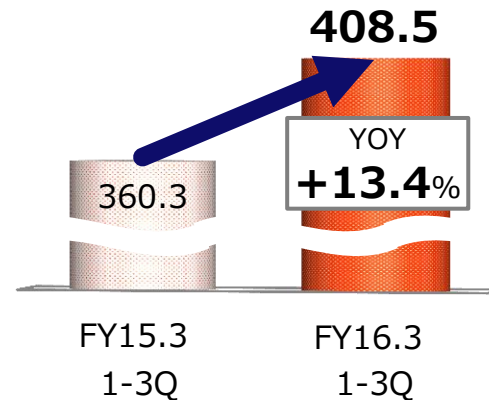
Operating Income

(Billions of yen)



Profit for the period attributable to owners of the parent

(Billions of yen)

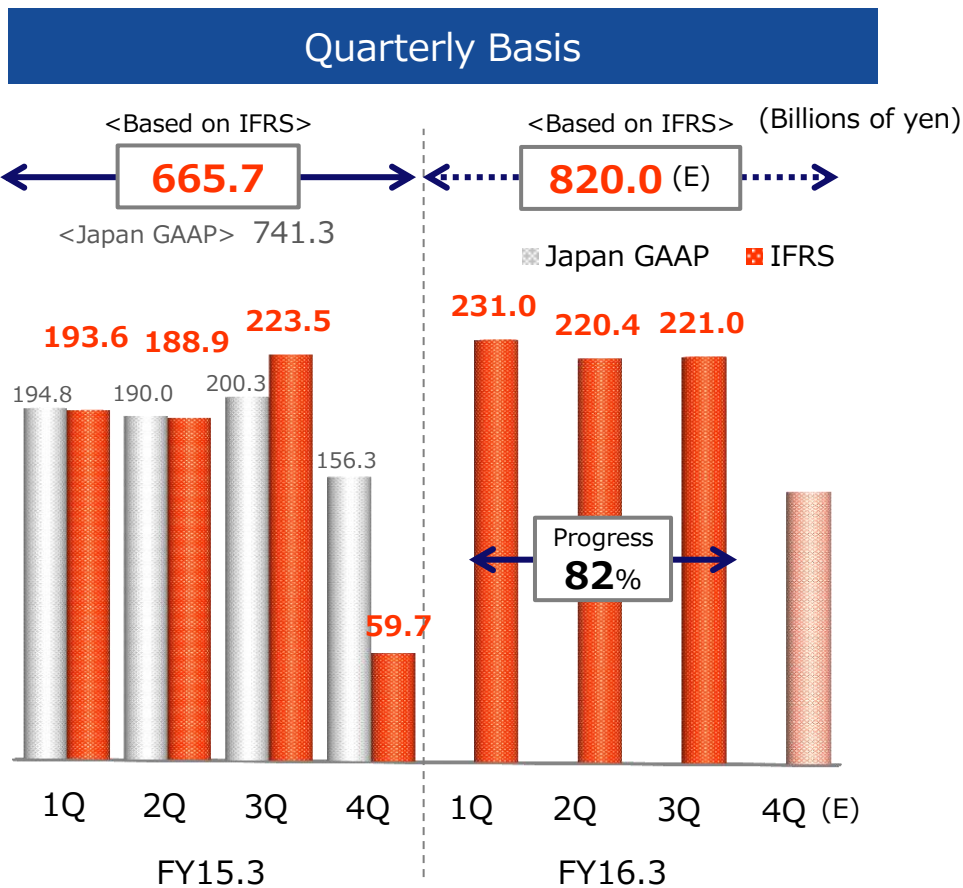


Operating Income

Steady Progress

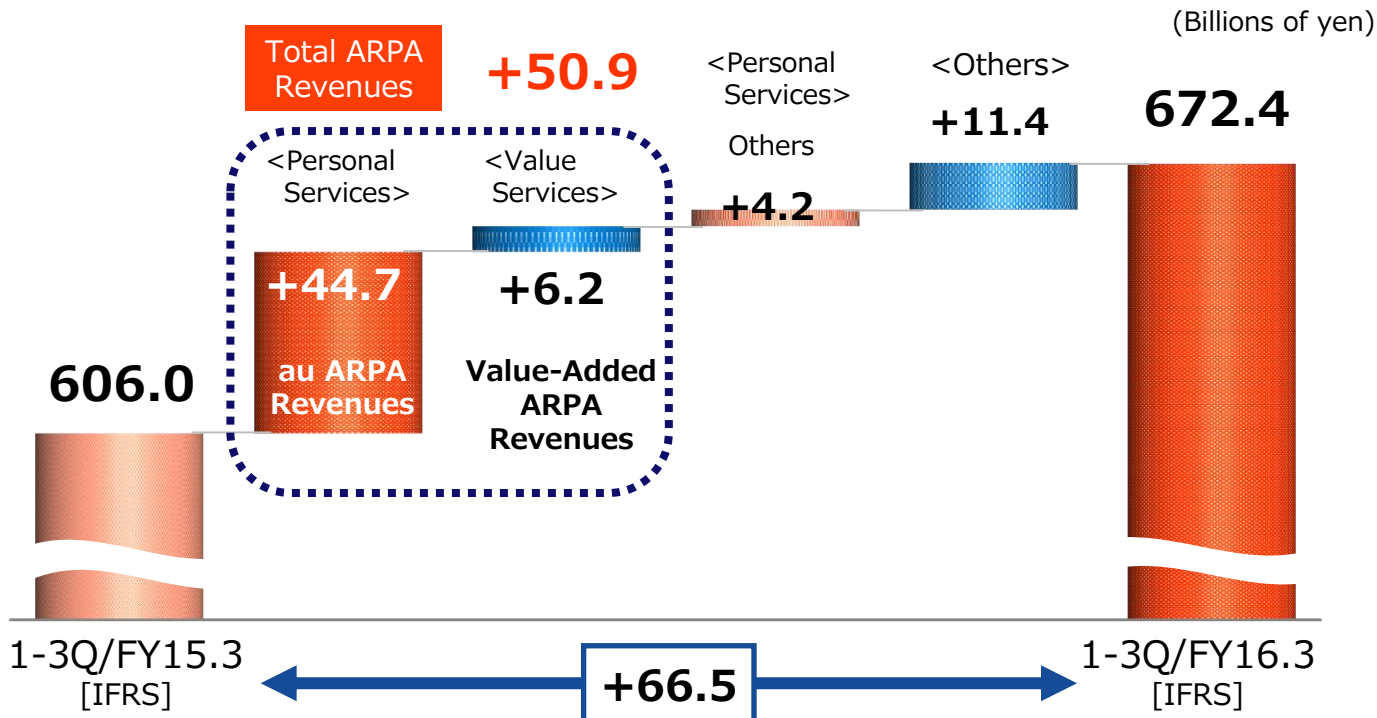
(Total for 1-3Q)

Progress 82%



Consolidated Operating Income: Factor for Change, YOY for 1-3Q/FY16.3

Driven by Total ARPA Revenues



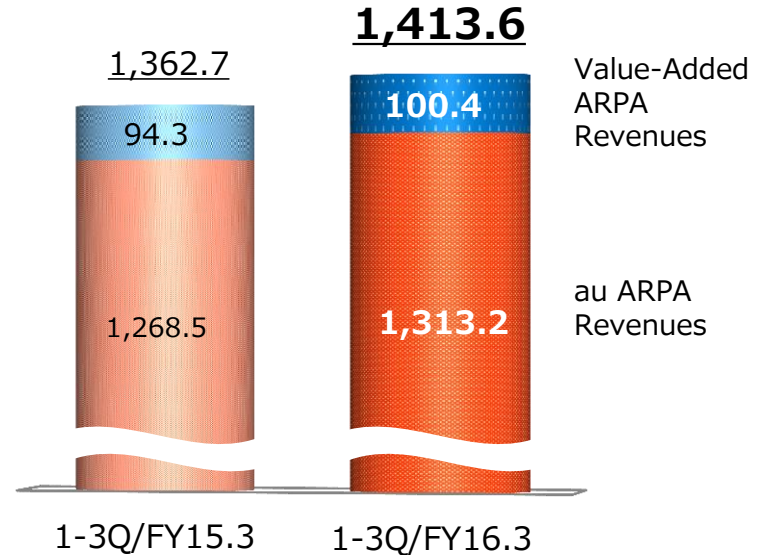
Total ARPA Revenues

YOY +3.7%

YOY +¥50.9B

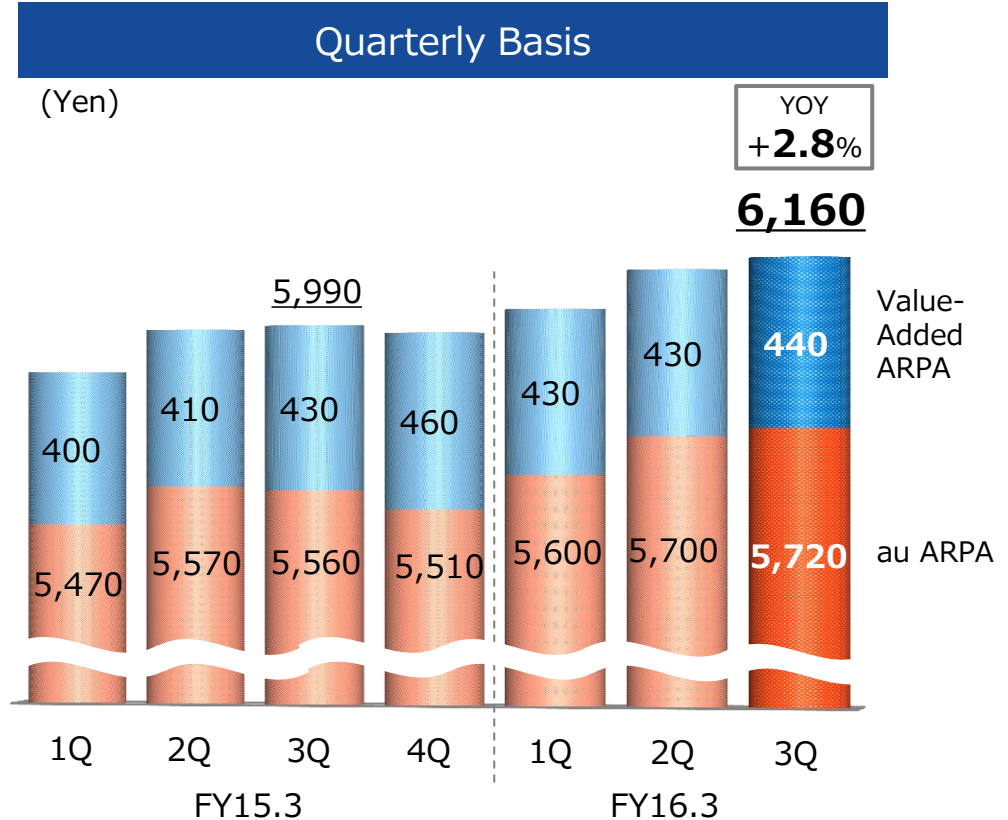
YOY Change

(Billions of yen)



Total ARPA

YOY +2.8%

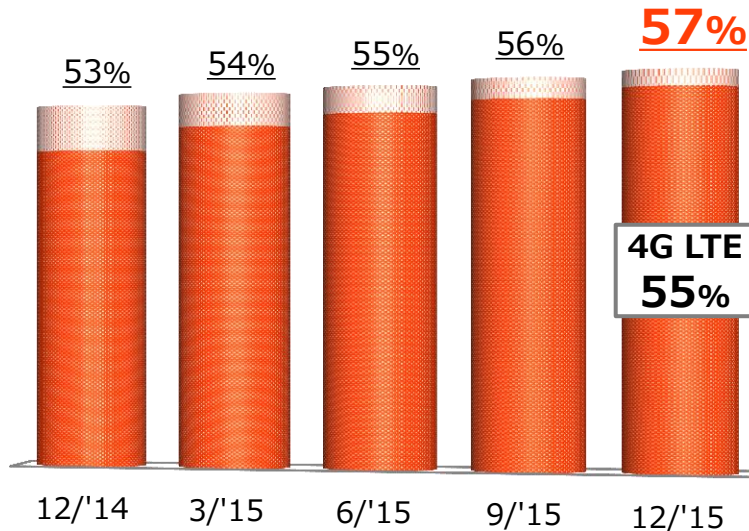


au Smartphone

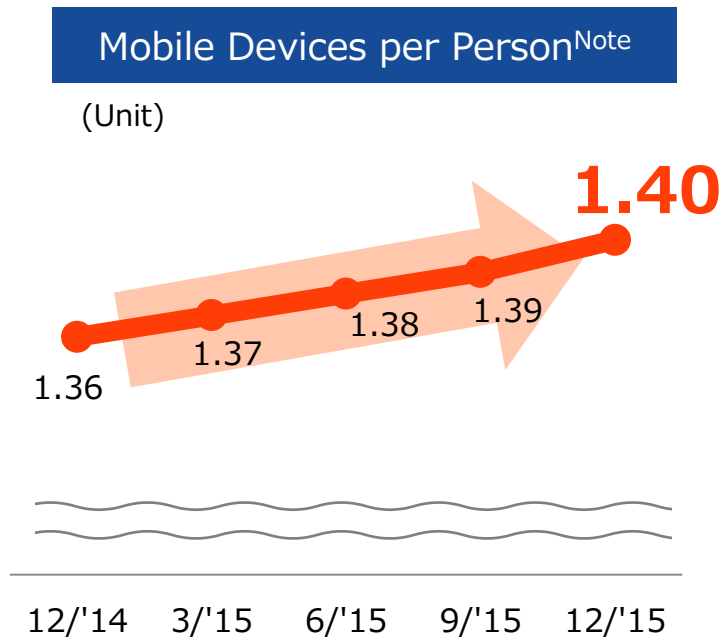
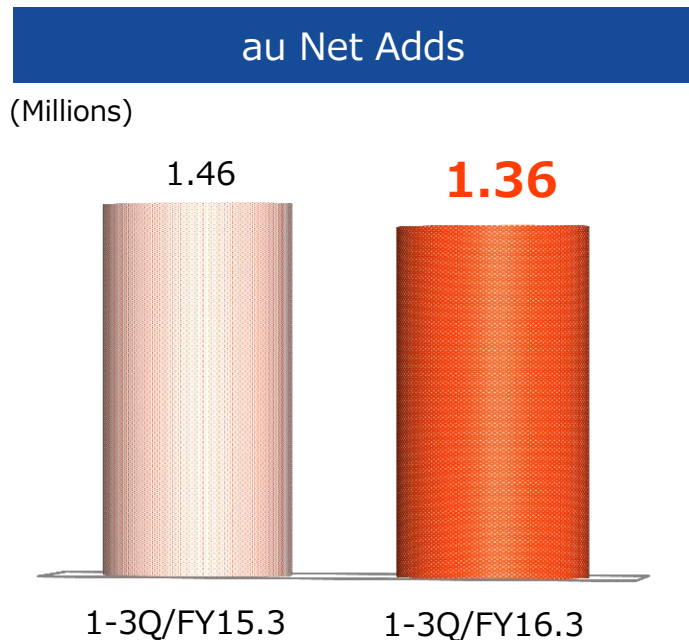
Aiming to Increase Penetration through a Variety of Plans

au Smartphone Penetration

■ 4G LTE smartphone ■ 3G smartphone



Steady Growth in the Number of Devices with au Net Adds



Note) Excluding prepaid and MVNO

au Smart Value

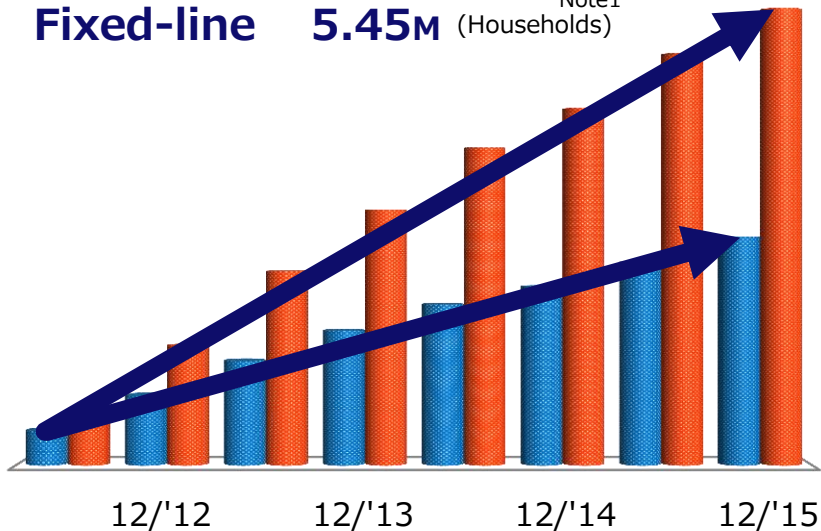
(Bundled Services)

Penetration at 56% of au Smartphone Subscribers

au Smart Value

(As of December 31, 2015)

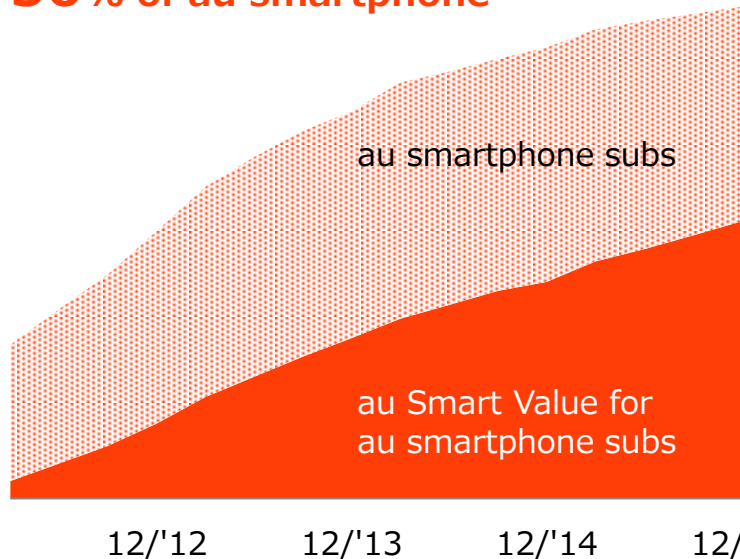
Mobile 10.92M (au subs)
Fixed-line 5.45M (Households)
Note1



Penetration for au Smartphone Subs^{Note2}

(As of December 31, 2015)

56% of au smartphone



Note1) Households: total for KDDI group companies and fixed-line allied companies

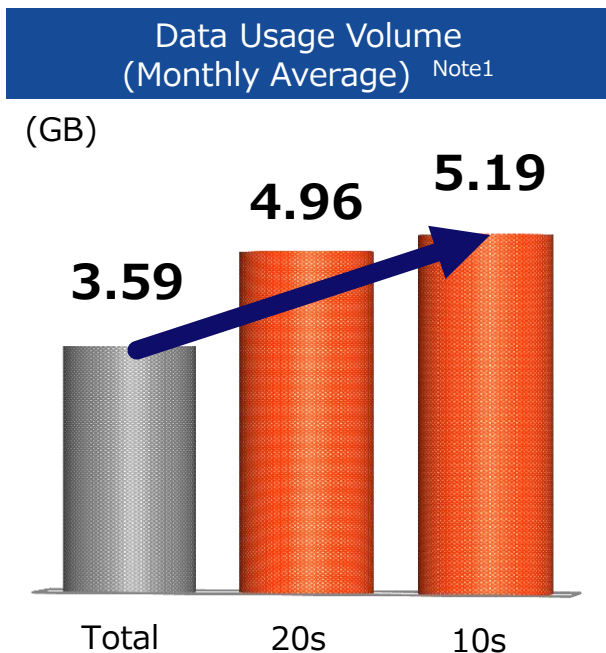
Note2) Percentage of au Smart Value for au smartphone subscribers

KDDI Earns Historically Top Favorable Score for Commercial's Favorability



* CM Databank announcement of companies whose commercials had the best commercial broadcasting impact and consumer appeal out of 7,591 aired by Tokyo's five key broadcasters in fiscal 2015 (November 2014 through October 2015)

Implementing Measures to Respond to Emergence of Massive Demand for Data Usage



(1) **Data capacity increase** Reception period (1/14 to 5/31, 2016)
"up to age 25"



Free provision of 5GB in data capacityNote2
(For customers with "Flat-Rate Data 5" or higher)Note3)

(2) **Sales launch of data charge cards**Note4



Note1) au's 4G LTE smartphones (November 2015 results)

Note3) Transfers from other companies/new subscribers/subscribers who join when upgrading handsets

Note4) Sales scheduled to begin at au shops throughout Japan in March

Note2) Until month of 26th birthday

“Super Kakeho”

-Unlimited free domestic calls for five minutes or less per call-

When Smart Value is applied,

**Smartphone Available
from ¥3,966 per month**

Super Kakeho “Flat-Rate Data 1”^{Note1}”

	Super Kakeho	au Smart Value (after applying)
Basic charge + Voice	¥1,700+ ^{Note2}	¥(934) ^{Note3}
Flat-Rate Data 1	¥2,900	
ISP charge	¥300	
Total monthly fee	¥4,900+	Up to two years ¥3,966+

*Indicated figures exclude taxes

Note1) Scheduled for launch in March 2016

Note2) When Everybody Discount is applied. With some call exceptions, domestic call charges are free for calls of five minutes or less. Charges apply for the portion of calls over 5 minutes, as well as SMS transmission within Japan

Note3) Applicable from the following month. After two years, discounted by ¥500

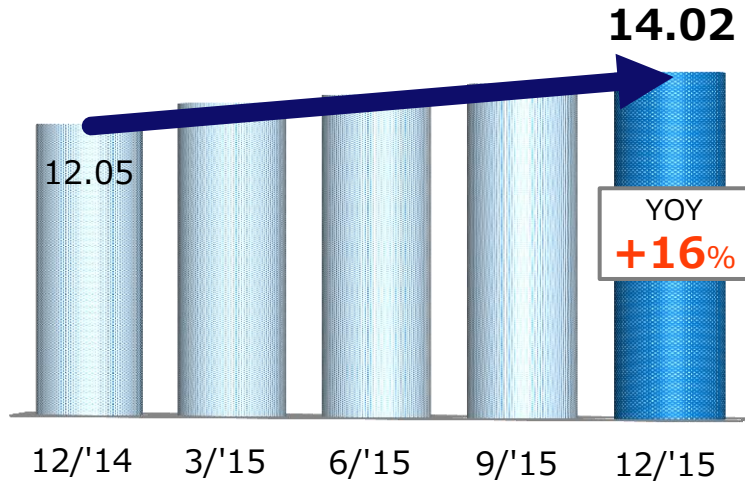
Targeting a New Stage of Growth

Expanding Customer Base in the Value-Added Domain

Online Base

au Smart Pass^{Note1}

(Millions)



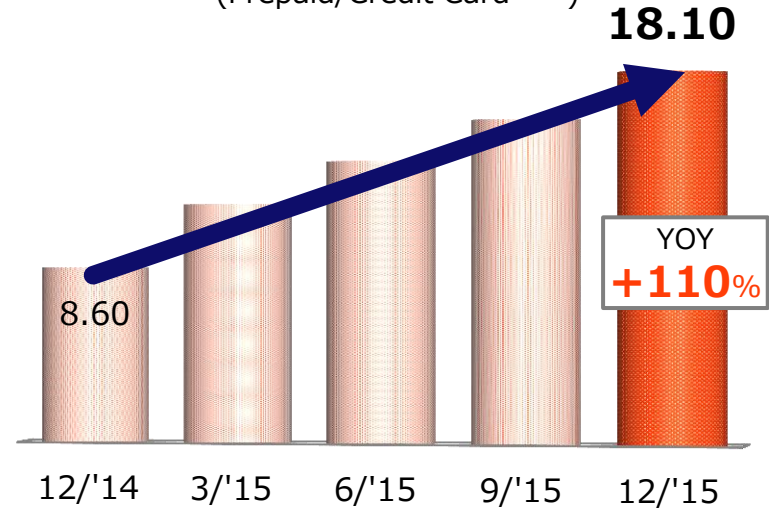
Note1) Members of au Smart Pass

Offline Base

au WALLET

(Prepaid/Credit Card^{Note2})

(Millions)



Note2) Cumulative number of au WALLET prepaid card applications + credit cards issued

Commenced Nationwide Launch. Expanding Sales Routes and Promoting Enhanced Product Capabilities



Monthly Visitors to au Shops
Approx. **10** Million

Launched **Nationwide**
Approx. **2,500** Shops
on December 7, 2015



Gradually expanding from around
2,000 product varieties



FRECIOUS (Mt. Fuji Springs)



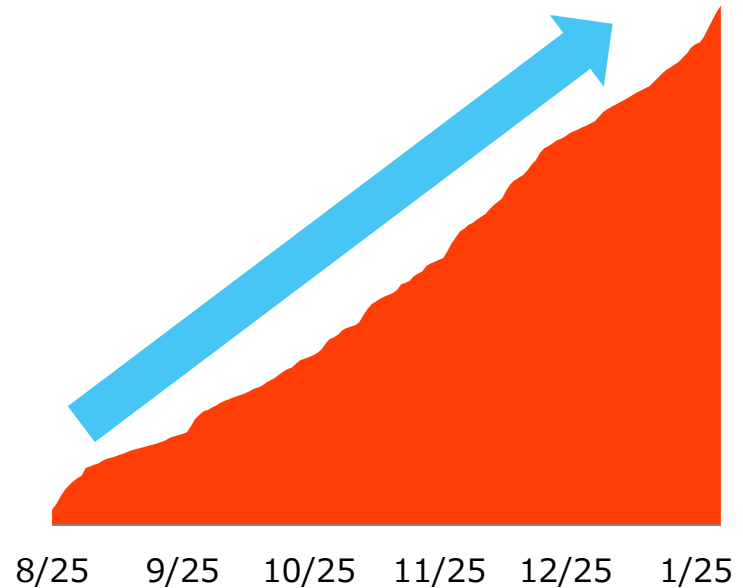
Shimamono Project: Handles items produced in Japan's outlying islands via "au WALLET Market" (Shop)



Cumulative members^{Note1}

**More than
1.7 million**^{Note2}

au WALLET Market Cumulative Members^{Note1}



Note1) Cumulative number registered at shops and via the Web

Note2) As of January 31, 2016

J:COM will Acquire 50% of the Shares of Shop Channel and KDDI will Acquire 5%^{Note1}



Jupiter Shop Channel

Top share of TV shopping market

Dedicated shopping channel, broadcasting
24 hours a day, 365 days a year

J:COM

**Utilization of Customer base
and connections**

- **Salespeople** (Around **3,400** nationwide^{Note2})
- **Monthly J:COM magazine**
- **Free community channel**

au

Link between Internet and TV

- **Settlement platform**
- **Service lineup for daily living
(au WALLET Market, etc.)**

Note1) Jupiter Telecommunications Co., Ltd. (J:COM) will acquire 50% of the shares of Jupiter Shop Channel Co., Ltd., and KDDI will acquire 5% of shares held in Shop Channel by Sumitomo Corporation. Date of stock transfer: March 31, 2016 (planned)

Note2) As of September 2015

Synergy through Capital Participation

Develop New Program by Combining Smartphones and TV Shopping



TV shopping track record and expertise

Product planning, procurement
Program production, distribution
Call center
Logistics

Potential viewer households:
28.71 million^{Note1}

Develop new program for people in their 30s-40s

(planned)

Expand customer base and sales routes



New program plan linking mobile and television



Contact points with au customers

Nationwide au shops
Mobile services
Finance, e-commerce business
Settlement platform

au customer base:
37.84 million subscribers^{Note2}

Note1) As of March 2015

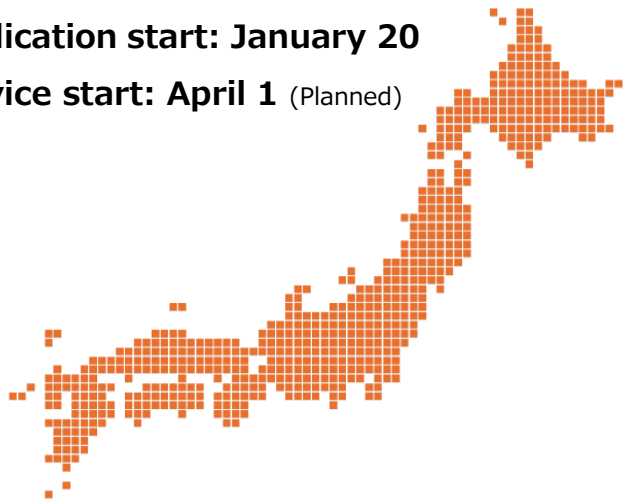
Note2) As of December 2015

Monthly Discount of Up to 5%^{Note1} for “Everybody” when Ordered as a Set with a Featurephone or Smartphone

Start of nationwide service^{Note2}

Application start: January 20

Service start: April 1 (Planned)



Simple rate system
Cash back and point linkage benefits

au Denki set discount

Receive up to 5% of monthly au Denki fee^{Note3} as cash back on the au WALLET prepaid card



Up to **5%**

Accumulate an additional 2 points for each ¥200 in purchases using an au WALLET credit card

Note1) Information as of February 9, 2016. Through a business alliance between Kansai Electric Power and KDDI, “au Denki” applicants up to May 31, 2016, will receive an “au Denki set discount” cash back percentage of up to 12% up to 1 year through a campaign limited to the Kansai region

Note2) Except Okinawa Prefecture and some outlying islands. Excludes all-electric homes and housing complexes with joint high-voltage receiving equipment

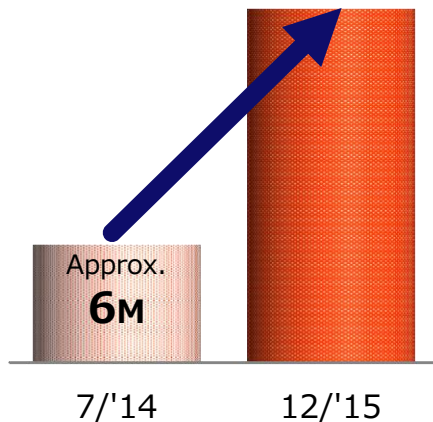
Note3) Excluding adjusted fuel expenses, surcharges to promote renewable energy generation, consumption tax

Focus on Reinforcing Touch Point with Customers

MPT Mobile Subscribers

Since joint business agreement signed (July 2014),
Number of subscribers
approx. **3 times up**

Approx.
18M



Enhancement of customer counters through store refurbishment



Pre-opening of the Sule office counter (The renovation will be completed on February 2016)

Promotion of call center systemization



1-3Q Operating Income Up by Double Digits^{Note} for Three Consecutive Years

- In 1-3Q, Achieved 82% of Progress toward Forecast Operating Income for the Full Fiscal Year
- Expanded Total ARPA Revenues by Promoting the “3M Strategy”
- Promoted Initiatives Targeting a New Stage of Growth
- Decided on purchase of its own shares up to ¥50.0B, or up to 18,500,000 shares.

Note) Year-on-year comparisons through the fiscal year ended March 31, 2015, are based on Japan GAAP. Year-on-year comparisons are based on IFRS for the fiscal year ending March 31, 2016

■ Appendix

Consolidated Financial Results

(Billions of yen)

	1-3Q/FY15.3	1-3Q/FY16.3	YOY	FY16.3 (E)
Operating revenue	3,178.5	3,299.0	+3.8%	4,400.0
Operating income	606.0	672.4	+11.0%	820.0
Operating margin	19.1%	20.4%	--	18.6%
Profit for the period attributable to owners of the parent	360.3	408.5	+13.4%	490.0
EBITDA	1,020.6	1,090.2	+6.8%	1,400.0
EBITDA margin	32.1%	33.0%	--	31.8%
Free cash flows	144.9	198.2	--	280.0

*Based on IFRS

(Ref.) IFRS/J-GAAP Differences in 1-3Q/FY15.3

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(Billions of yen)

Operating Revenue	Consolidated	Personal	Value	Business	Global	Other, Elimination and Corporate
IFRS	3,178.5	2,474.3	173.4	485.0	220.9	(175.0)
J-GAAP	3,351.9	2,598.3	177.3	492.8	215.0	(131.4)
Difference	(173.4)	(124.0)	(3.9)	(7.8)	+5.9	(43.6)
Major differences	<ul style="list-style-type: none"> Impact of excluding selling commissions: (128.4) Impact of excluding reward point expenses: (19.9) Differences in the scope of consolidation: (14.2) 	<ul style="list-style-type: none"> Impact of excluding selling commissions: (124.3) Impact of excluding reward point expenses: (18.2) Differences in the scope of consolidation: +30.1 		<ul style="list-style-type: none"> Impact of excluding selling commissions: (4.1) Impact of excluding reward point expenses: (1.7) 	Unification of reporting period for overseas subsidiaries: +5.9	Differences in the scope of consolidation: (44.3)

Operating Income	Consolidated	Personal	Value	Business	Global	Other, Elimination and Corporate
IFRS	606.0	476.1	46.9	62.5	16.0	4.5
J-GAAP	585.0	462.1	44.3	60.9	9.6	8.2
Difference	+21.0	+14.1	+2.6	+1.5	+6.5	(3.7)
Major differences	<ul style="list-style-type: none"> Non-amortization of goodwill: +20.2 Differences in depreciation method: (17.4) Differences in the scope of consolidation: +1.2 	<ul style="list-style-type: none"> Non-amortization of goodwill: +15.1 Differences in depreciation method: (17.4) Differences in the scope of consolidation: +4.7 	<ul style="list-style-type: none"> Non-amortization of goodwill: +1.8 Share of profit(loss) of investments accounted for using the equity method: +1.1 		Non-amortization of goodwill: +3.2	Differences in the scope of consolidation: (3.5)

(Ref.) IFRS/J-GAAP Differences of Consolidated Operating Income in FY15.3

(Billions of yen)

	1Q	2Q	3Q
IFRS	193.6	188.9	223.5
J-GAAP	194.8	190.0	200.3
Difference	(1.1)	(1.1)	+23.2

(Breakdown)

Differences in depreciation method	(8.9)	(7.1)	(1.4)
Inventory impacts	(7.8)	(7.7)	+4.9
Others	+15.5	+13.7	+19.7

Financial Results by Segment

(Billions of yen)

Personal Services	1-3Q /FY15.3	1-3Q /FY16.3	YOY
Operating revenue	2,474.3	2,598.7	+5.0%
Operating income	476.1	525.0	+10.3%
Operating margin	19.2%	20.2%	--
EBITDA	839.2	892.8	+6.4%
EBITDA margin	33.9%	34.4%	--

Value Services	1-3Q /FY15.3	1-3Q /FY16.3	YOY
Operating revenue	173.4	191.4	+10.4%
Operating income	46.9	56.4	+20.3%
Operating margin	27.1%	29.5%	--
EBITDA	55.0	64.4	+17.1%
EBITDA margin	31.7%	33.6%	--

Business Services	1-3Q /FY15.3	1-3Q /FY16.3	YOY
Operating revenue	485.0	462.4	(4.7%)
Operating income	62.5	59.6	(4.7%)
Operating margin	12.9%	12.9%	--
EBITDA	96.5	93.6	(2.9%)
EBITDA margin	19.9%	20.2%	--

Global Services	1-3Q /FY15.3	1-3Q /FY16.3	YOY
Operating revenue	220.9	223.1	+1.0%
Operating income	16.0	25.6	+59.9%
Operating margin	7.2%	11.5%	--
EBITDA	25.5	33.9	+33.0%
EBITDA margin	11.5%	15.2%	--

*Based on IFRS

Segment			3/'15	12/'15	Change	3/'16 (E)
Consolidated	au subscriptions	(Millions)	43.48	45.24	+1.76	45.78
Personal Services	au subscriptions	(Millions)	36.48	37.84	+1.36	38.18
	Mobile devices per person	(Units)	1.37	1.40	+0.03	1.40
	au smartphone penetration	(%)	54.3%	57.0%	+2.7pt	--
	au Smart Value (Mobile)	(Millions)	9.33	10.92	+1.59	--
	au Smart Value (Fixed-line)	(Millions)	4.59	5.45	+0.86	--
Value Services	au Smart Pass members	(Millions)	12.89	14.02	+1.13	--

Segment			3Q/FY15.3	3Q/FY16.3	YOY	FY16.3 (E)
	Total ARPA	(Yen)	5,990	6,160	+2.8%	6,110
Personal Services	au ARPA	(Yen)	5,560	5,720	+2.9%	5,610
Value Services	Value-added ARPA	(Yen)	430	440	+2.3%	500

Capital Expenditures

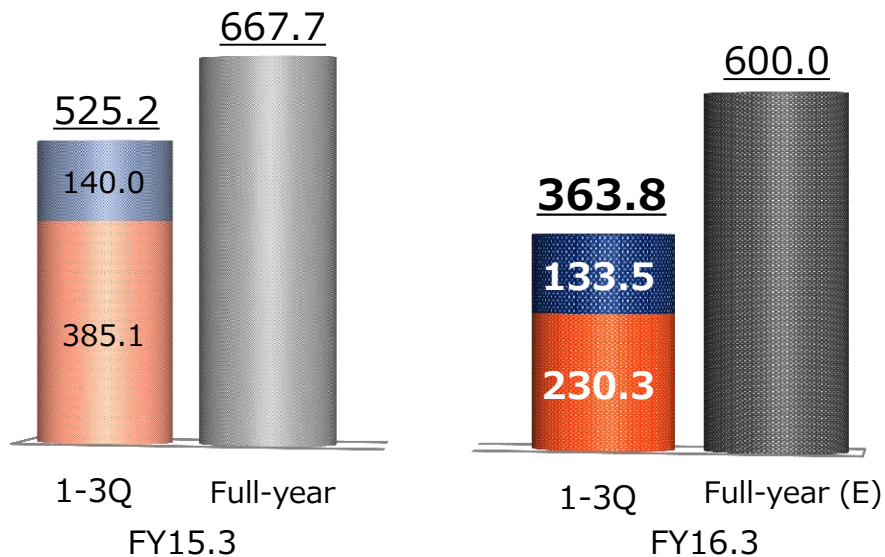
CAPEX (cash flow basis)

(Billions of yen)

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

1-3Q/FY16.3
¥363.8B

YOY -¥161.3B
 Progress Rate 60.6%



Designing The Future

KDDI

Disclaimer

The figures included in the this 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.