

**Financial Results
for the 1st Quarter of the
Fiscal Year Ending March 2016
(from April to June 2015)**

August 7, 2015

**President Takashi Tanaka
KDDI Corporation**



Highlights of 1Q Performance

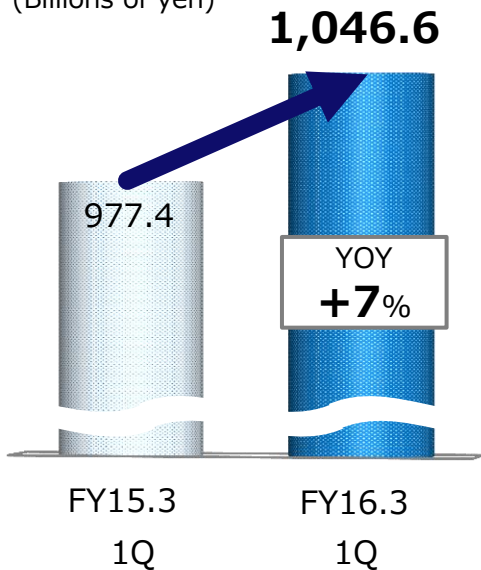
In Addition to Domestic Telecommunications Business, Growth in New Domains

- Operating Income for 1Q: ¥231.0B
+19% YOY^{Note}
- Expanded Total ARPA Revenues by Promoting the “3M Strategy”
- Promoted Initiatives Targeting a New Stage of Growth

Achieved YOY Increases in Revenue and Income

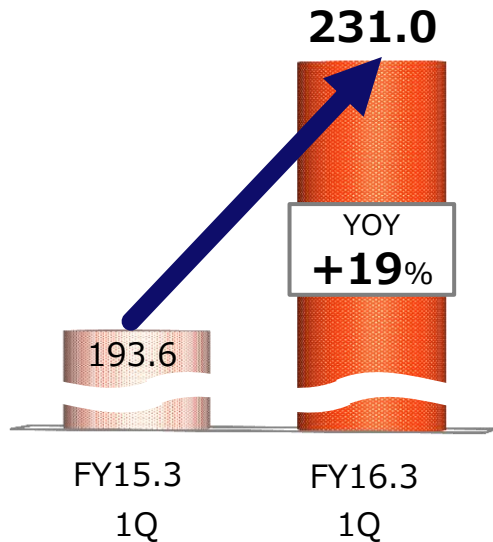
Operating Revenue

(Billions of yen)



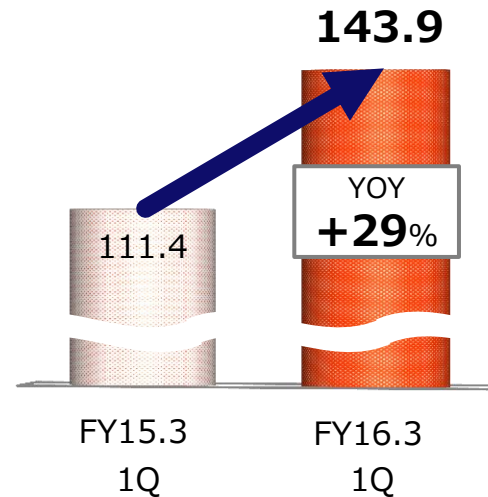
Operating Income

(Billions of yen)



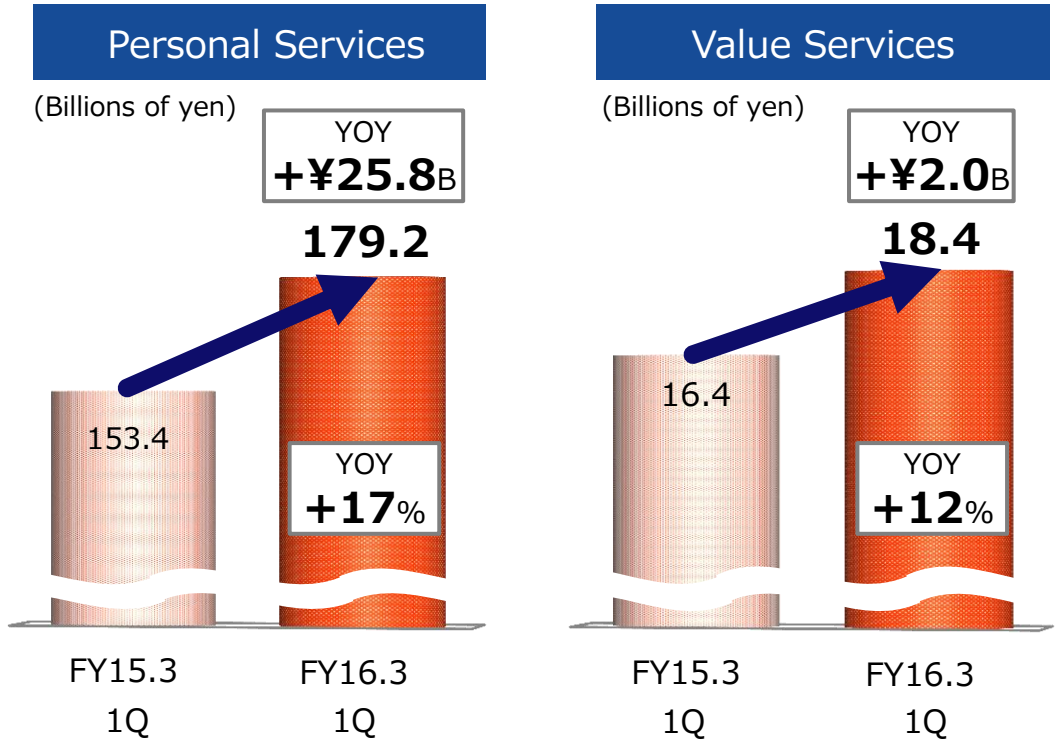
Profit for the period attributable to owners of the parent

(Billions of yen)



Segment Operating Income (1)

In Both Segments,
Steady
Income Growth

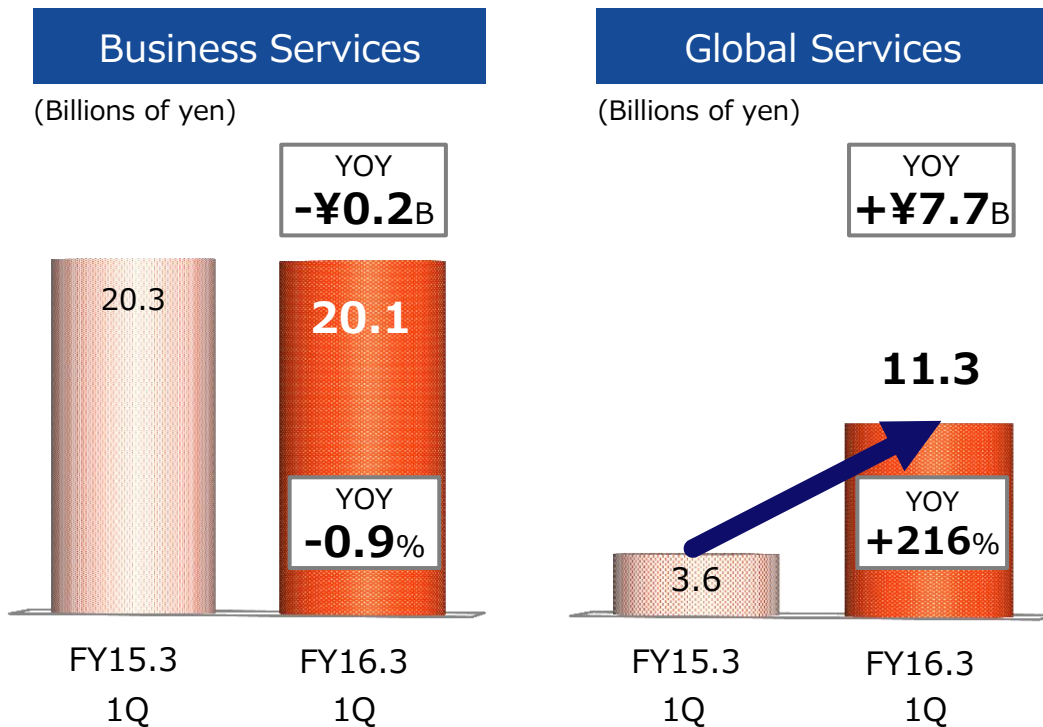


*Based on IFRS

Segment Operating Income (2)

In the Global
Services Segment

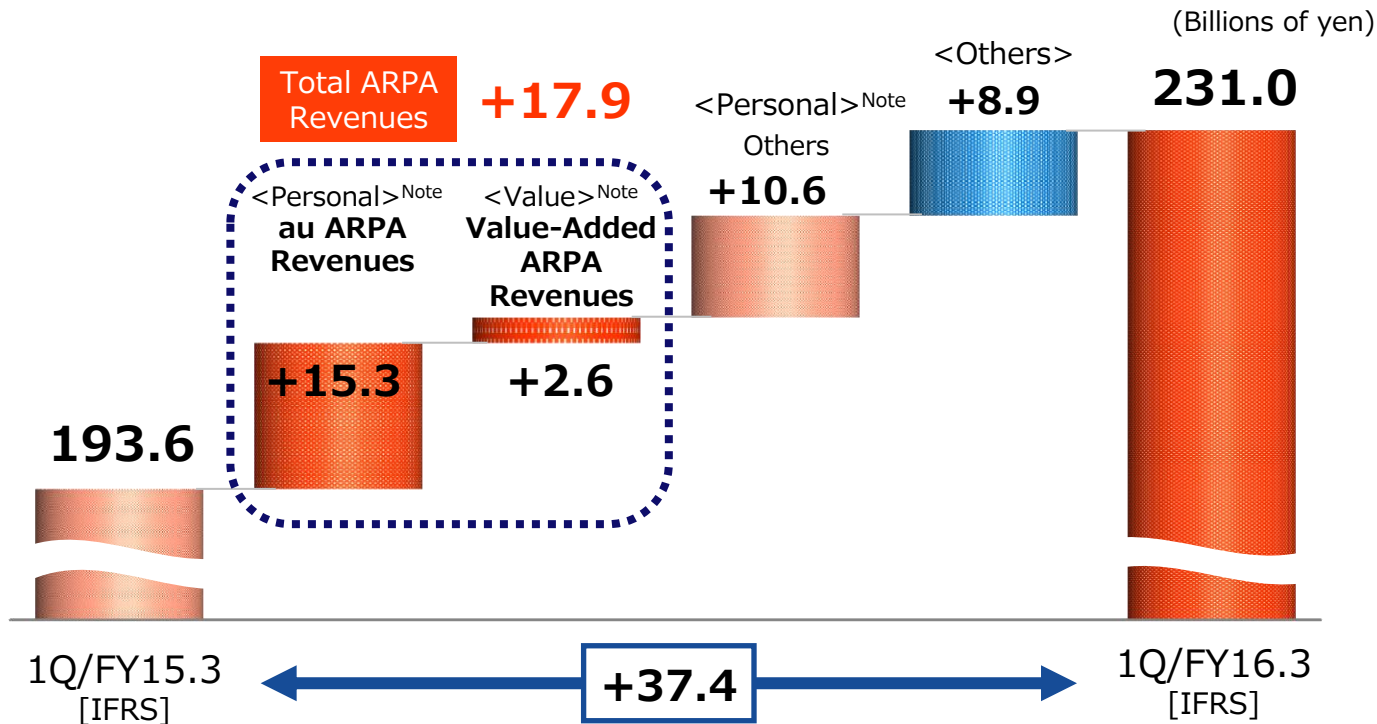
**Income Up
Significantly**



*Based on IFRS

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

Driven by Total ARPA Revenues

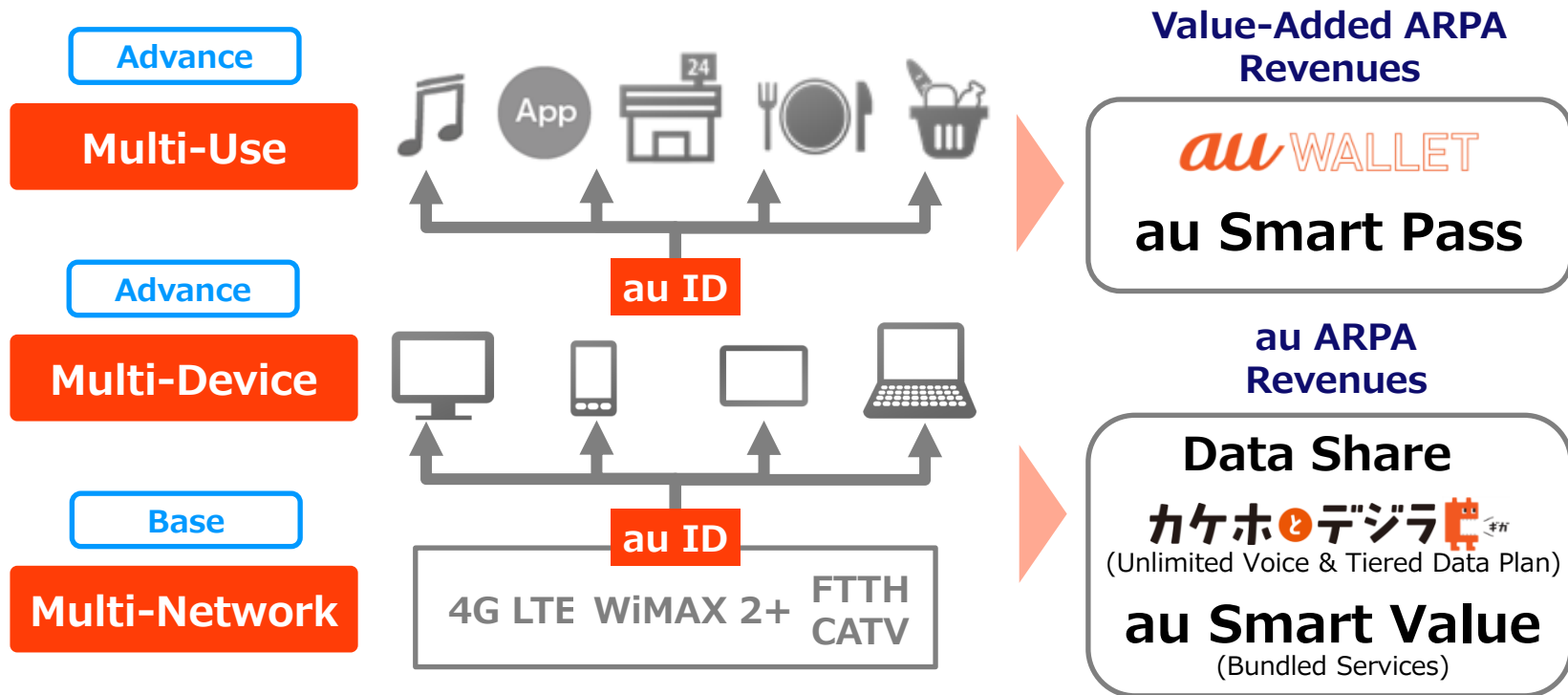


Note) <Personal>:the Personal Services segment <Value>:the Value Services segment

Operational Data

Promoting the 3M Strategy

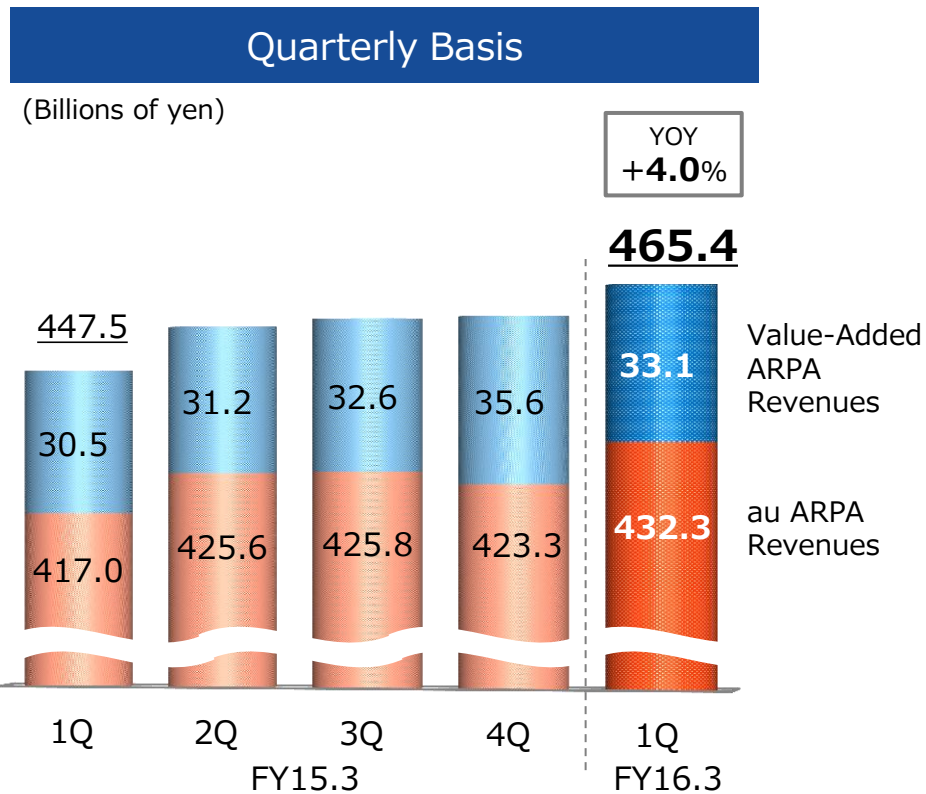
Expand Total ARPA Revenues^{Note}
by Further Promoting the “3M Strategy”



Note) Total ARPA Revenues = au ARPA Revenues + Value-Added ARPA Revenues

Total ARPA Revenues^{Note}

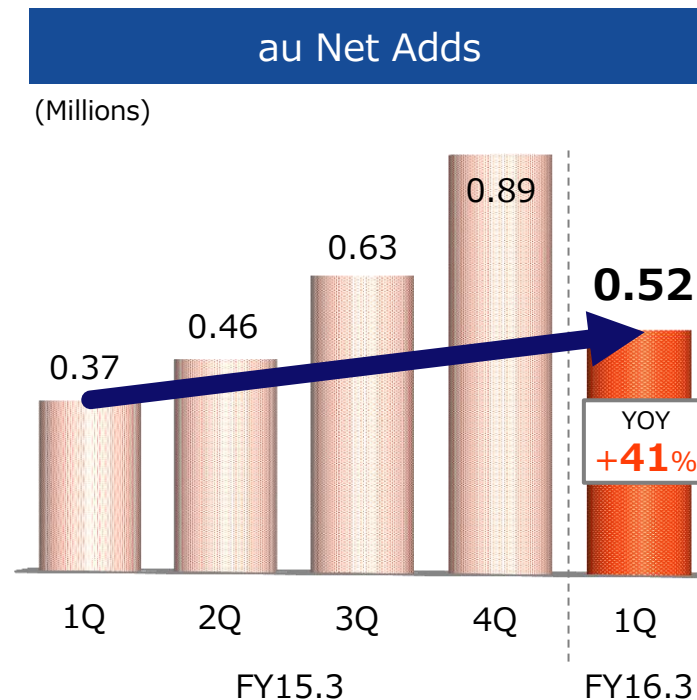
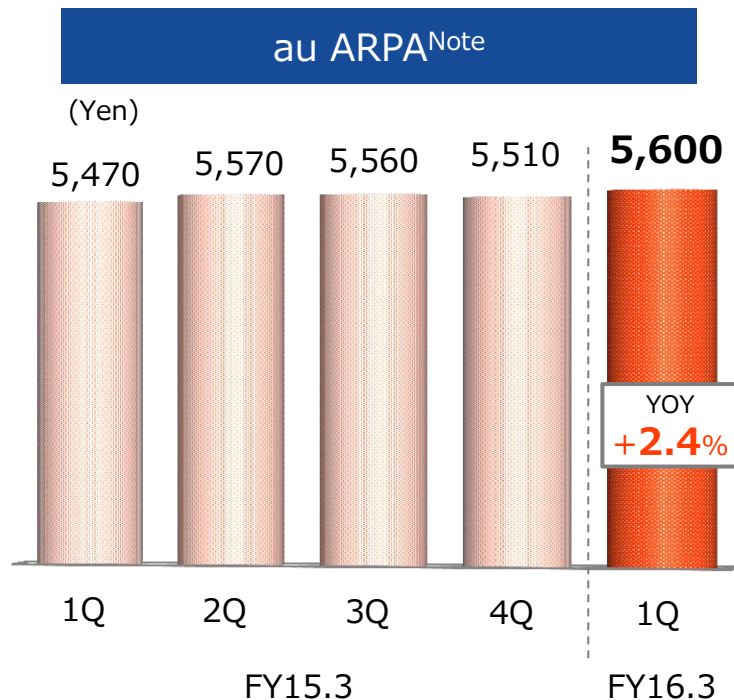
YOY **+4.0%**
YOY **+¥17.9B**



Note) Total ARPA Revenues = au ARPA Revenues + Value-Added ARPA Revenues

au ARPA / au Net Adds

Steady Growth in Both au ARPA and au Net Adds



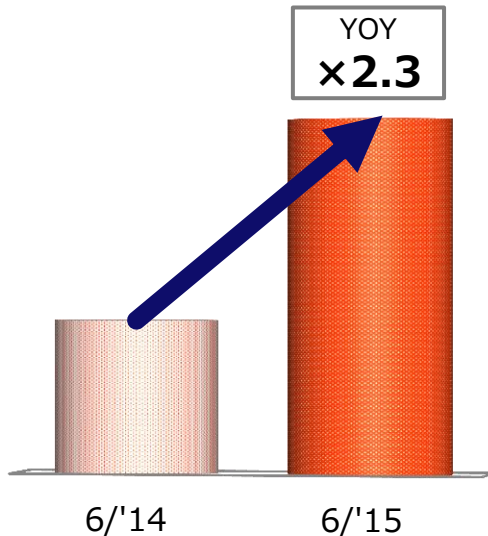
* Based on the Personal Services segment

Note) Mobile communications revenues, excluding MVNO and prepaid ÷ au customers

Mobile Devices per Person

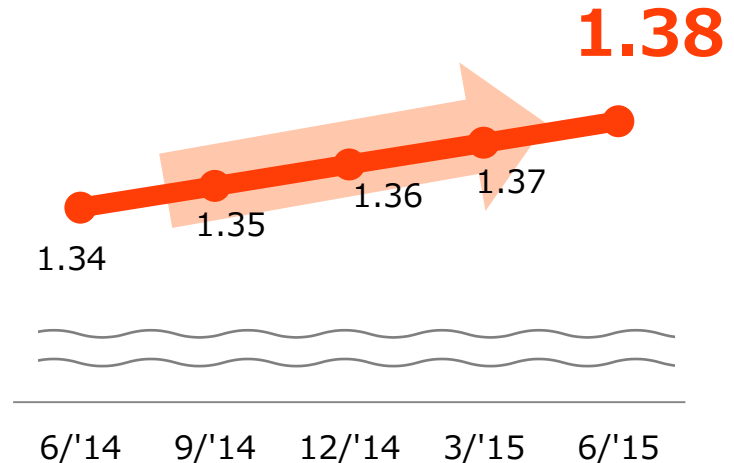
Tablets at 2.3 Times YOY Number of Mobile Devices Rising Steadily

Cumulative Tablet Subs



Mobile Devices per Person^{Note}

(Unit)



* Based on the Personal Services segment

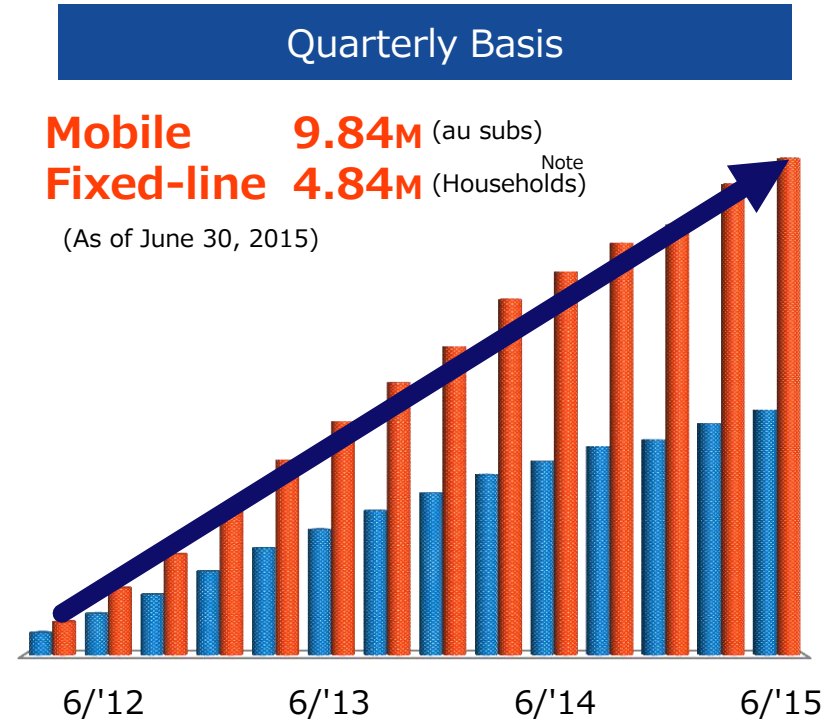
Note) Excluding MVNO and prepaid

au Smart Value

(Bundled Services)

Steady Expansion

40 months after launch



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

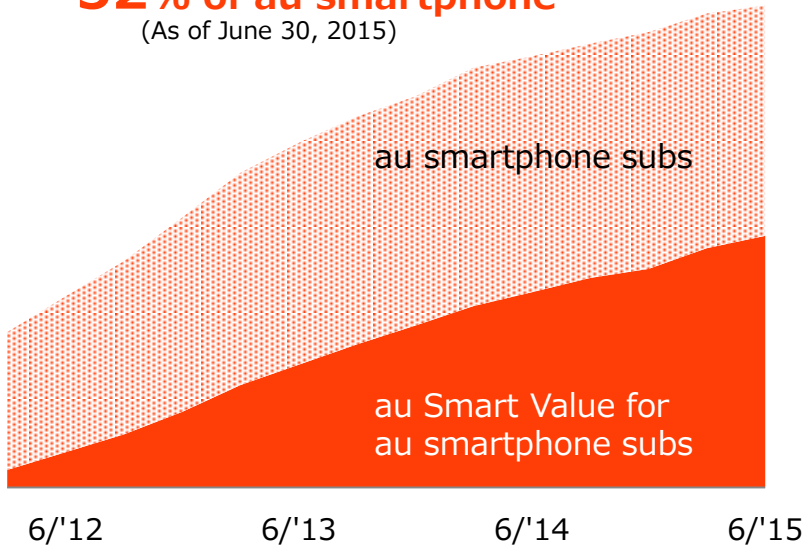
au Smart Value

(Bundled Services)

Penetration More Than Half of KDDI Group's Service Subscribers

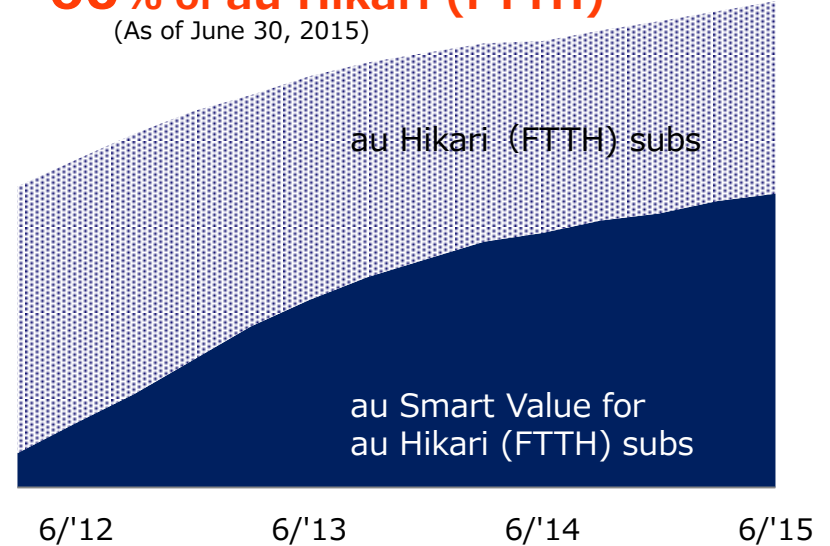
Penetration for au Smartphone
Subscribers^{Note1}

52% of au smartphone
(As of June 30, 2015)



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

60% of au Hikari (FTTH)
(As of June 30, 2015)



Note1) Percentage of au Smart Value for au smartphone subscribers

Note2) Percentage of au Smart Value for au Hikari (FTTH) subscribers

Value-Added ARPA^{Note1}

<Settlement
commissions^{Note2}>
au Simple Payment
(Online Carrier billing)
au WALLET

YOY +20円

<KDDI services
and others^{Note3}>
au Smart Pass,
etc.

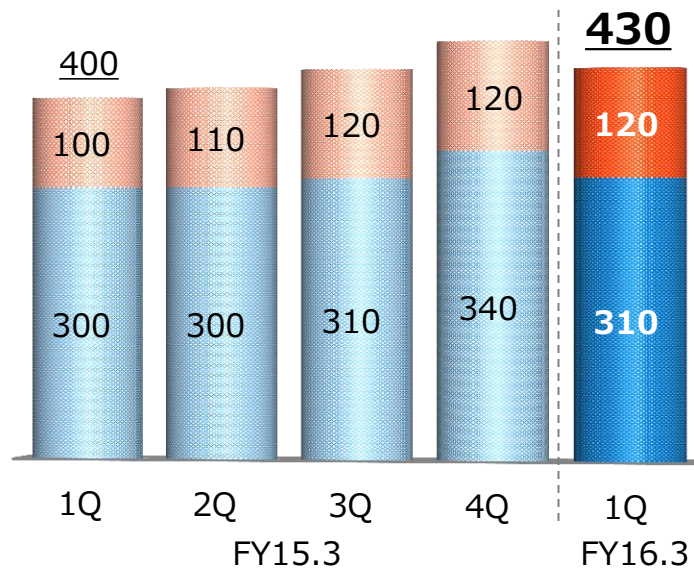
YOY +10円

Quarterly Basis

(Yen)

■ Settlement commissions^{Note2}
■ KDDI services and others^{Note3}

YOY
+7.5%



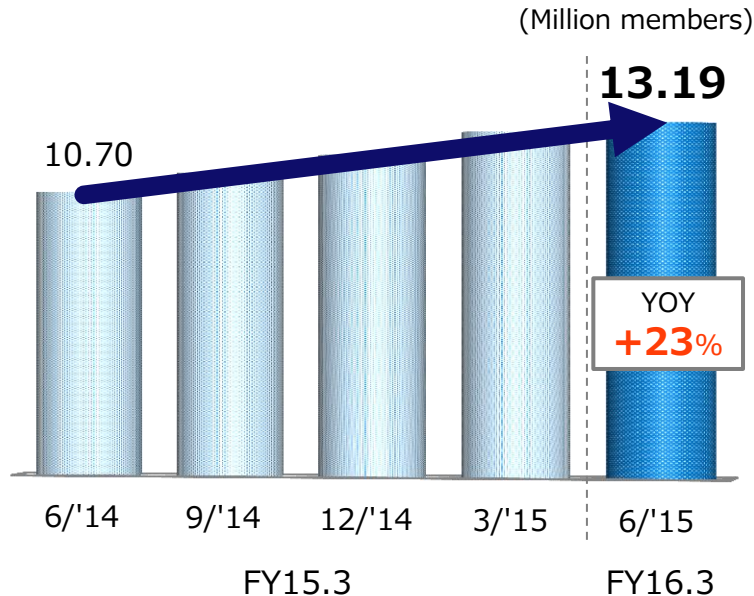
Note1) Value-Added ARPA = Value-Added ARPA revenues (Settlement commissions + KDDI services and others) ÷ au customers
 Note2) Settlement commissions = Settlement commissions revenues of au Simple Payment (online carrier billing) and au WALLET
 Note3) KDDI services and others = Sales from KDDI services (such as "au Smart Pass" and product sales) and advertising revenues, etc.

Targeting a New Stage of Growth

Secure Customer Base in the Value-Added Domain

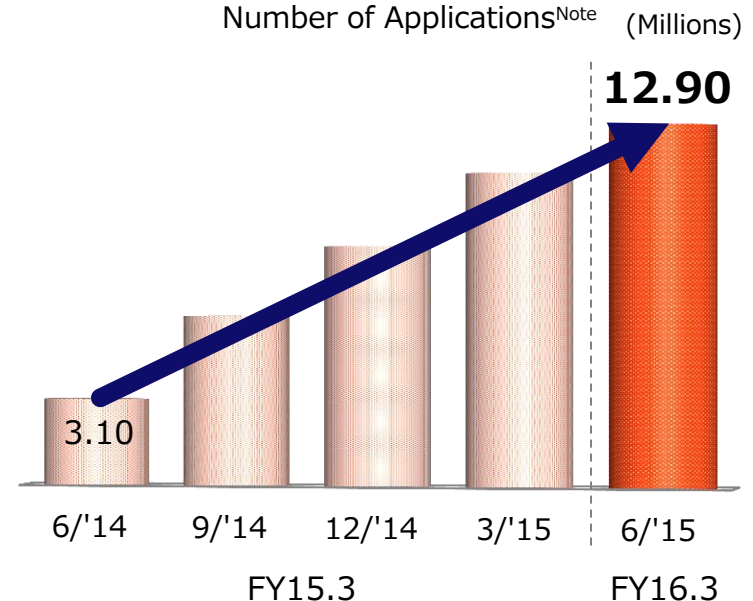
Online Base

au Smart Pass



Offline Base

au WALLET



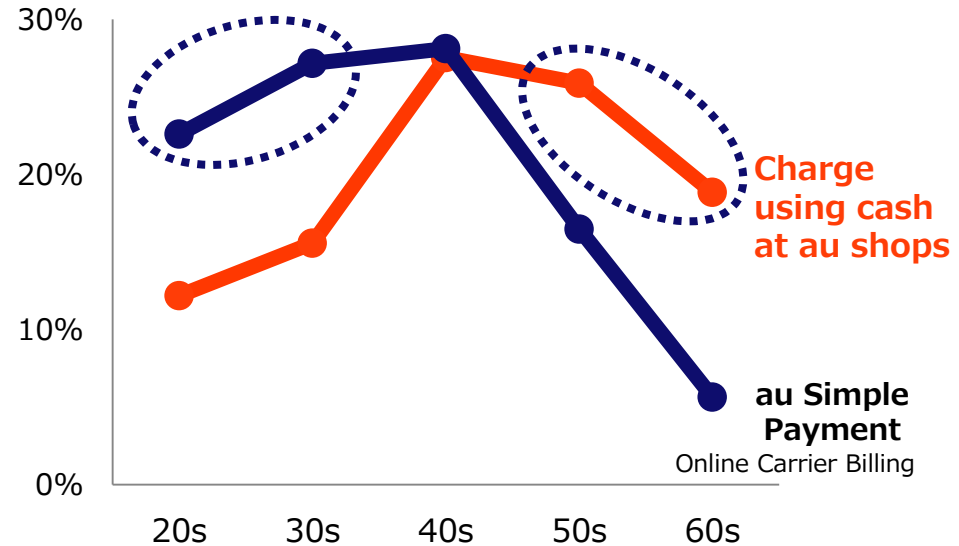
Note) au WALLET Prepaid Card

au WALLET

**Providing
Charging Methods**
for use online and offline



Age Distribution by Use of Principal
Charging Methods

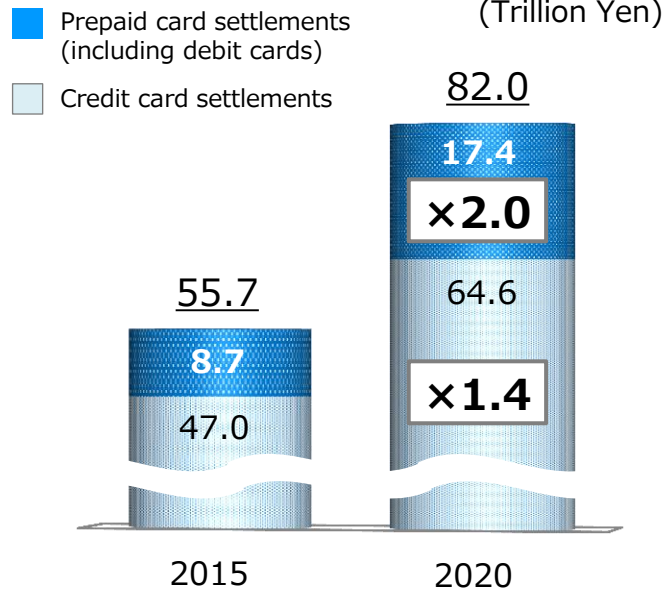


*Based on sampling data of au WALLET prepaid card users in their 20s through 60s (Study period: January–March 2015)

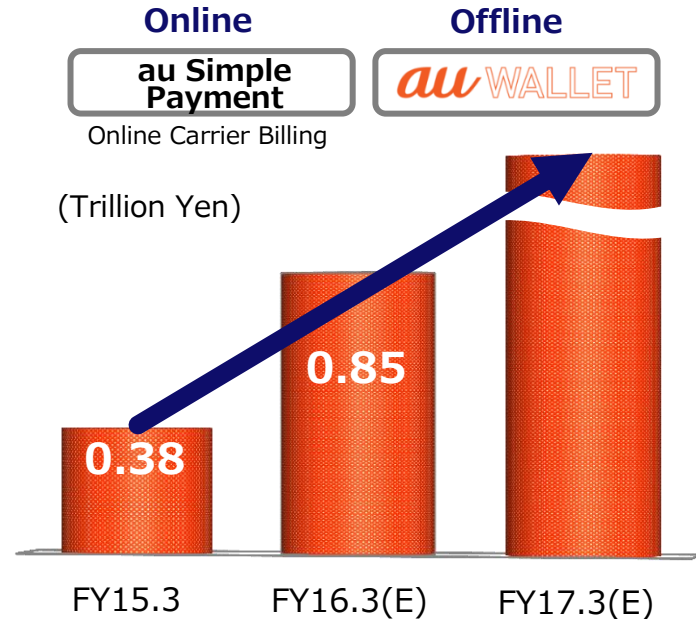
Increasing Gross Merchandise Value

Aiming to Increase Gross Merchandise Value Both Online and Offline

Market Forecast for Electronic Settlements^{Note1}



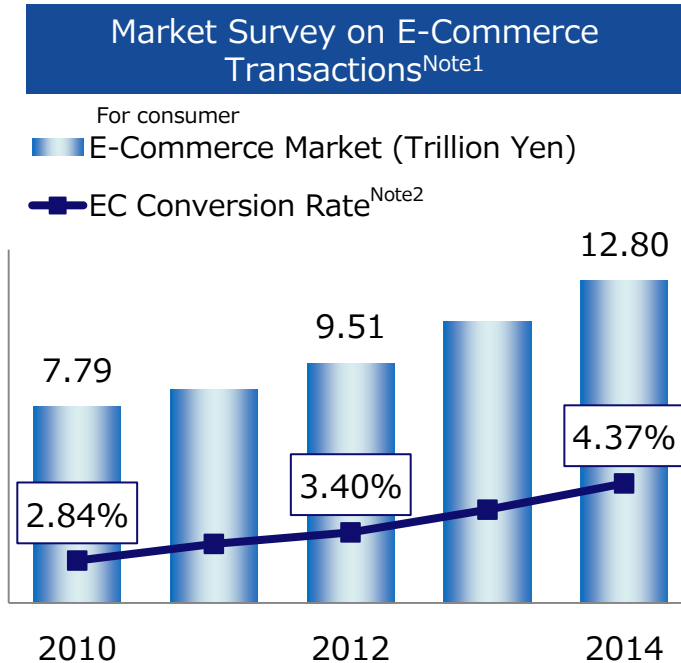
Gross Merchandise Value^{Note2} via au settlement services



Note1) Prepared by KDDI based on "Overview of Electronic Settlements 2015-2016" (CardWave Co., Ltd., ePayments.jp, Yamamoto International Consultants)

Note2) Total amount in circulation, including from KDDI's own services, via au settlement services of "au Simple Payment (Online Carrier Billing)" and "au WALLET"

Aiming to Increase Users by Leveraging Customer Contact Points



auWALLET
Market

Scheduled to
begin in
summer 2015



Services
through
Tablet



Supported
by staff

Note1) "Market Survey on E-Commerce Transactions" (Ministry of Economy, Trade and Industry)

(<http://www.meti.go.jp/press/2015/05/20150529001/20150529001-3.pdf>, Japanese only) (May 2015)

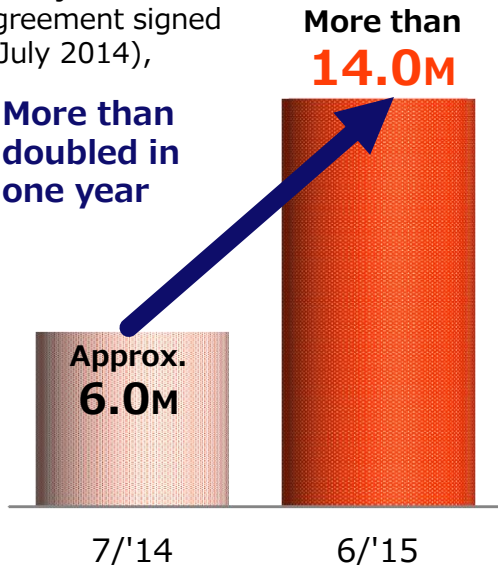
Note2) Scale of e-commerce transactions as a percentage of all transaction amounts (scale of the market for commercial transactions)

Reinforce Network to Support a Rapid Increase in the Number of Users

MPT Mobile Subscribers

Since joint business
agreement signed
(July 2014),

More than
doubled in
one year



Taken in Yangon (2015/7/23)
MPT and KSGM (KDDI Summit Global Myanmar Co., Ltd.)
staff involved in base station facility expansion

Summary

In Addition to Domestic Telecommunications Business, Growth in New Domains

- **Operating Income for 1Q: ¥231.0B**
+19% YOY^{Note}
- **Expanded Total ARPA Revenues by
Promoting the “3M Strategy”**
- **Promoted Initiatives Targeting
a New Stage of Growth**

■ Appendix

Consolidated Financial Results

(Billions of yen)

	1Q/FY15.3	1Q/FY16.3	YOY	FY16.3 (E)
Operating revenue	977.4	1,046.6	+7.1%	4,400.0
Operating income	193.6	231.0	+19.3%	820.0
Operating margin	19.8%	22.1%	--	18.6%
Profit for the period attributable to owners of the parent	111.4	143.9	+29.2%	490.0
EBITDA	330.8	367.5	+11.1%	1,400.0
EBITDA margin	33.8%	35.1%	--	31.8%
Free cash flow	-30.7	-80.1	--	280.0

*Based on IFRS

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

22

(Billions of yen)

Operating Revenue	Consolidated	Personal	Value	Business	Global	Other, Elimination and Corporate
IFRS	977.4	750.7	53.9	159.0	69.2	-55.4
J-GAAP	1,020.6	780.6	54.5	161.9	66.7	-43.1
Difference	-43.1	-30.0	-0.6	-2.8	+2.5	-12.3
Major differences	<ul style="list-style-type: none"> Impact of excluding selling commissions: -30.1 Impact of excluding reward point expenses: -6.6 Differences in the scope of consolidation: -2.4 	<ul style="list-style-type: none"> Impact of excluding selling commissions: -29.1 Impact of excluding reward point expenses: -6.0 Differences in the scope of consolidation: +10.0 		<ul style="list-style-type: none"> Impact of excluding selling commissions: -1.1 Impact of excluding reward point expenses: -0.6 	<ul style="list-style-type: none"> Unification of reporting period for overseas subsidiaries: +2.5 	<ul style="list-style-type: none"> Differences in the scope of consolidation: -12.4
Operating Income	Consolidated	Personal	Value	Business	Global	Other, Elimination and Corporate
IFRS	193.6	153.4	16.4	20.3	3.6	0.0
J-GAAP	194.8	155.9	15.2	19.7	2.7	1.4
Difference	-1.1	-2.5	+1.2	+0.6	+0.9	-1.4
Major differences	<ul style="list-style-type: none"> Non-amortization of goodwill: +6.6 Differences in depreciation method: -8.9 Differences in the scope of consolidation: -0.9 	<ul style="list-style-type: none"> Non-amortization of goodwill: +5.0 Differences in depreciation method: -8.3 Differences in the scope of consolidation: +0.1 	<ul style="list-style-type: none"> Non-amortization of goodwill: +0.5 Share of profit(loss) of investments accounted for using the equity method: +0.4 		<ul style="list-style-type: none"> Non-amortization of goodwill: +1.0 	<ul style="list-style-type: none"> Differences in the scope of consolidation: -1.0

Financial Results by Segment

23

(Billions of yen)

Personal	1Q/FY15.3	1Q/FY16.3	YOY
Operating revenue	750.7	814.6	+8.5%
Operating income	153.4	179.2	+16.8%
Operating margin	20.4%	22.0%	--
EBITDA	273.5	299.8	+9.6%
EBITDA margin	36.4%	36.8%	--

Business	1Q/FY15.3	1Q/FY16.3	YOY
Operating revenue	159.0	151.2	-4.9%
Operating income	20.3	20.1	-0.9%
Operating margin	12.7%	13.3%	--
EBITDA	31.4	31.0	-1.3%
EBITDA margin	19.8%	20.5%	--

Value	1Q/FY15.3	1Q/FY16.3	YOY
Operating revenue	53.9	61.8	+14.6%
Operating income	16.4	18.4	+11.9%
Operating margin	30.4%	29.7%	--
EBITDA	19.0	20.7	+9.0%
EBITDA margin	35.2%	33.5%	--

Global	1Q/FY15.3	1Q/FY16.3	YOY
Operating revenue	69.2	76.8	+11.0%
Operating income	3.6	11.3	+215.5%
Operating margin	5.2%	14.7%	--
EBITDA	6.8	14.0	+105.5%
EBITDA margin	9.9%	18.3%	--

*Based on IFRS

Segment			3/'15	6/'15	Change	3/'16 (E)
Consolidated	au subscriptions	(Millions)	43.48	44.07	+0.60	45.78
Personal Services	au subscriptions	(Millions)	36.48	37.00	+0.52	38.18
	Mobile Devices per Person	(Units)	1.37	1.38	+0.01	1.40
	au smartphone penetration	(%)	54.3%	55.1%	+0.8pt	--
	au Smart Value (Mobile)	(Millions)	9.33	9.84	+0.51	--
	au Smart Value (Fixed-line)	(Millions)	4.59	4.84	+0.25	--
Value Services	au Smart Pass	(Millions)	12.89	13.19	+0.30	--

Segment			1Q/FY15.3	1Q/FY16.3	YOY	FY16.3 (E)
	Total ARPA	(Yen)	5,870	6,030	+2.7%	6,110
Personal Services	au ARPA	(Yen)	5,470	5,600	+2.4%	5,610
Value Services	Value-added ARPA	(Yen)	400	430	+7.5%	500

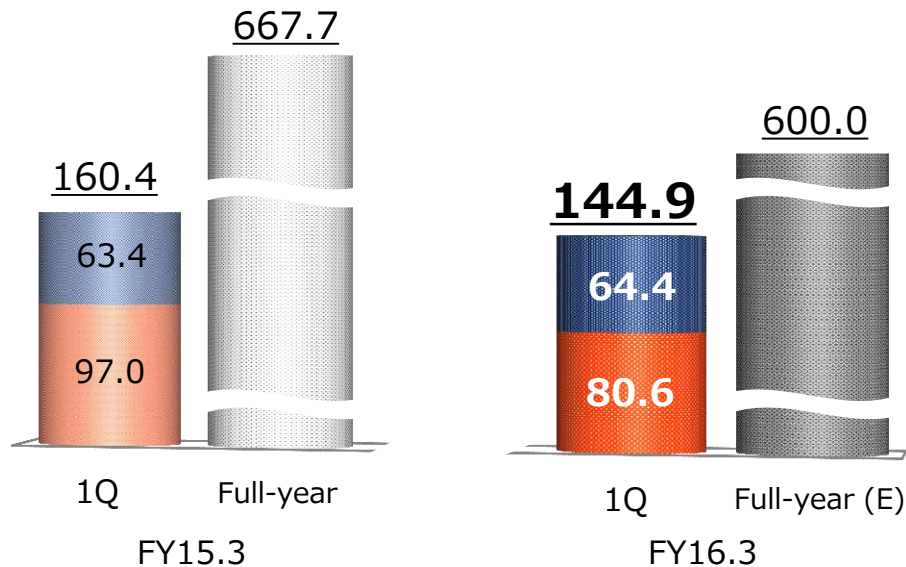
Capital Expenditures

CAPEX (cash flow basis)

■ Mobile (Billions of yen)
■ Fixed-line and other (including UQ)

1Q/FY16.3
¥144.9B

YOY -¥15.5B
 Progress Rate 24.2%



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.