

New Medium-Term Management Plan

(FY20.3-FY22.3)

May 15, 2019

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President

KDDI Corporation



We Refreshing Our Brand Slogan

Tomorrow, Together



“Tomorrow, Together”

**Move forward to the future
with partners and continue
to grow and develop**

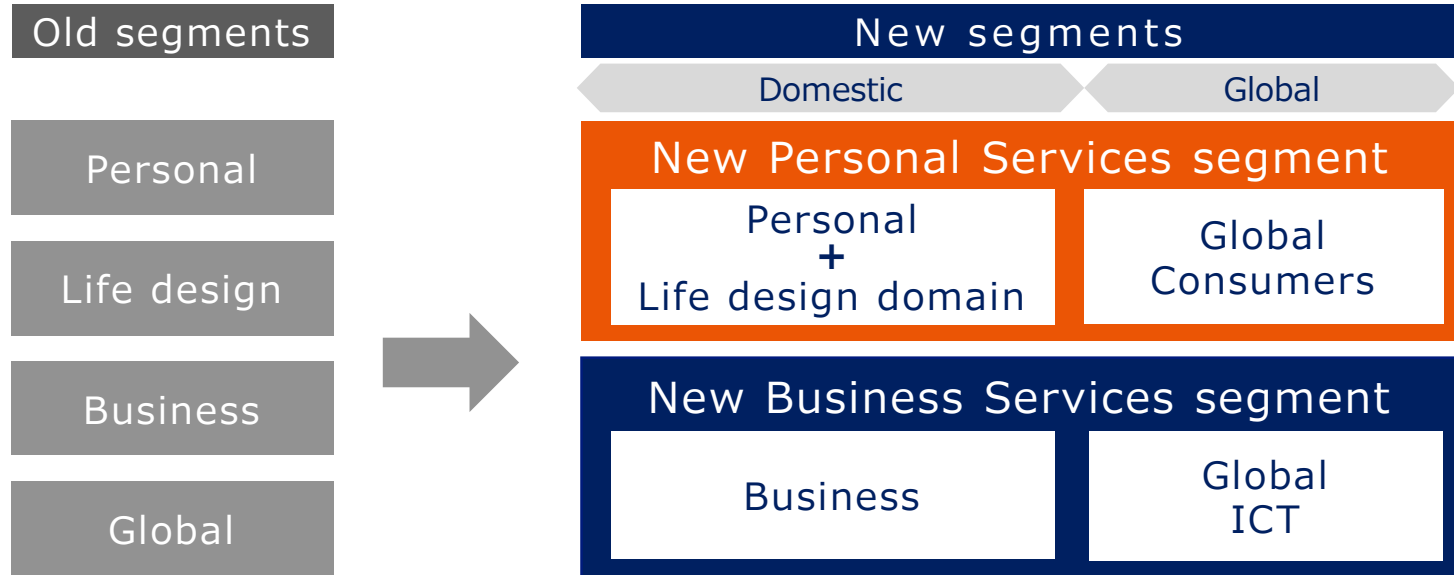
おもしろいほうの未来へ。



“Explore the extraordinary”

**Choose enjoyable and
playful future and provide change
with excitement to the world**

Segments in the New Medium-Term Management Plan



Global businesses are now positioned to extend domestic businesses

The Focus of Our Business Strategies

Creating innovation
toward the 5G era



The integration of
telecommunications
and life design



Further expansion
of global business



Utilizing big data



Expanding the
finance business



Growth as the Group



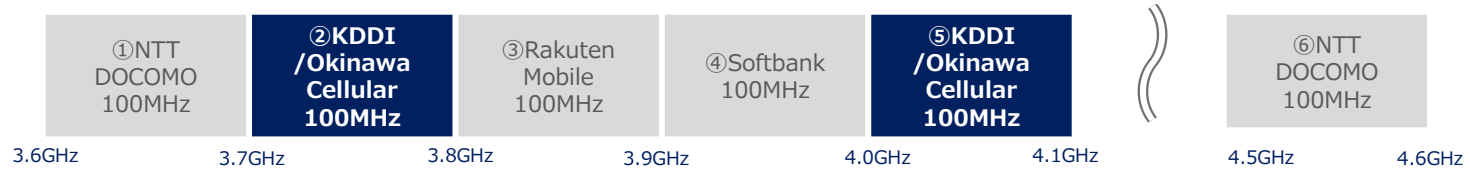
Sustainability



Allocation of 5G Frequencies

3.7GHz Band **100MHz×2** ranges + 28GHz Band **400MHz** = TOTAL **600MHz**

3.7GHz band
4.5GHz band



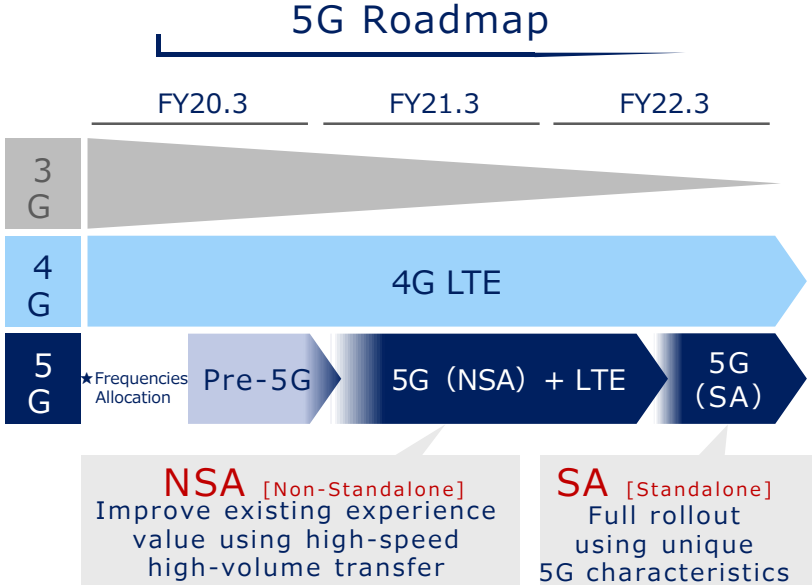
28GHz band



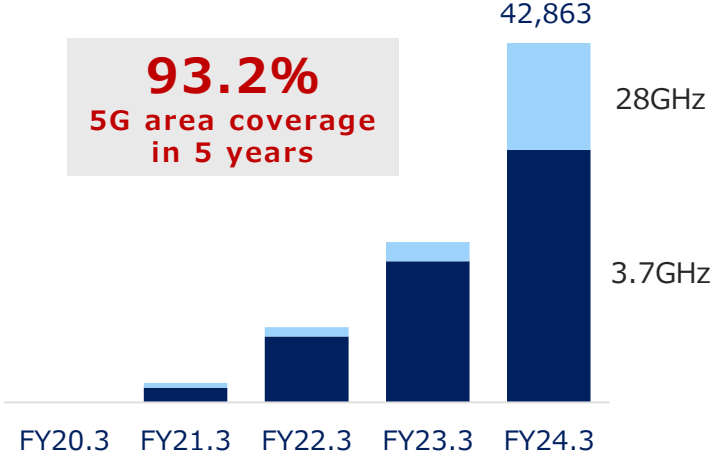
Reference) based on MIC Accreditation of establishment plan of specific base station for introduction of 5th generation mobile communication system (5G) (outline)
http://www.soumu.go.jp/main_content/000613734.pdf

Acquire 3.7GHz band and 28GHz band which expect to use worldwide as 5G, big advantage for network development and handset procurement costs

5G Rollout Plan



Number of 5G specified base stations (Outdoors) -Plan



**Rolling out 5G proactively,
 as society's next generation infrastructure**

Creating Innovation by 5G



Smart factories



Autonomous driving



Remote operations



Remote medical care



Free view point image stadium views



Creating new experience value through collaboration with partner companies

Driving Regional Revitalization through 5G

Regional case studies using IoT



We concluded cooperation agreements with 63 organizations to utilize 5G toward further solution of regional issues and regional revitalization

Establish the regional revitalization fund

Established ¥3 billion fund for the regional revitalization in April 2019

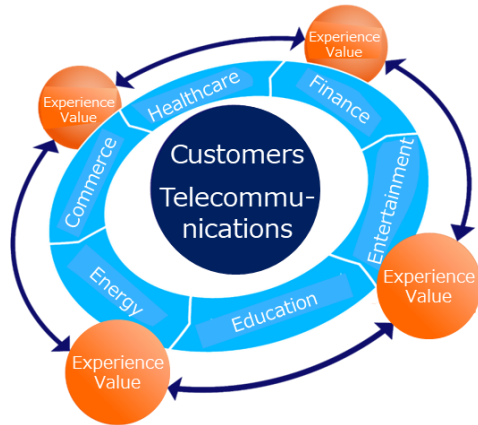
Contribute SDGs through driving DX to utilize 5G with regional venture companies

Accelerating 5G use with venture companies

The Integration of Telecommunications and Life Design

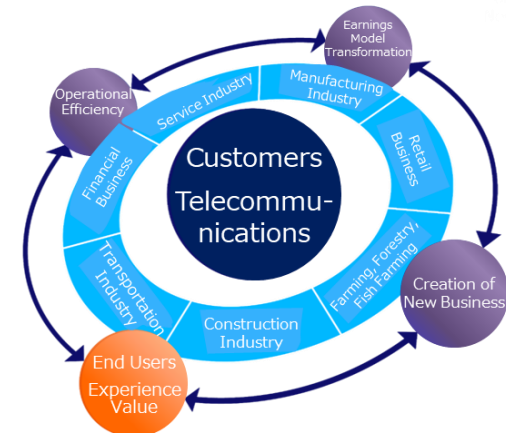
For individual customers

Expanding life design services through smartphones as starting point
Providing experience value with excitement to customers



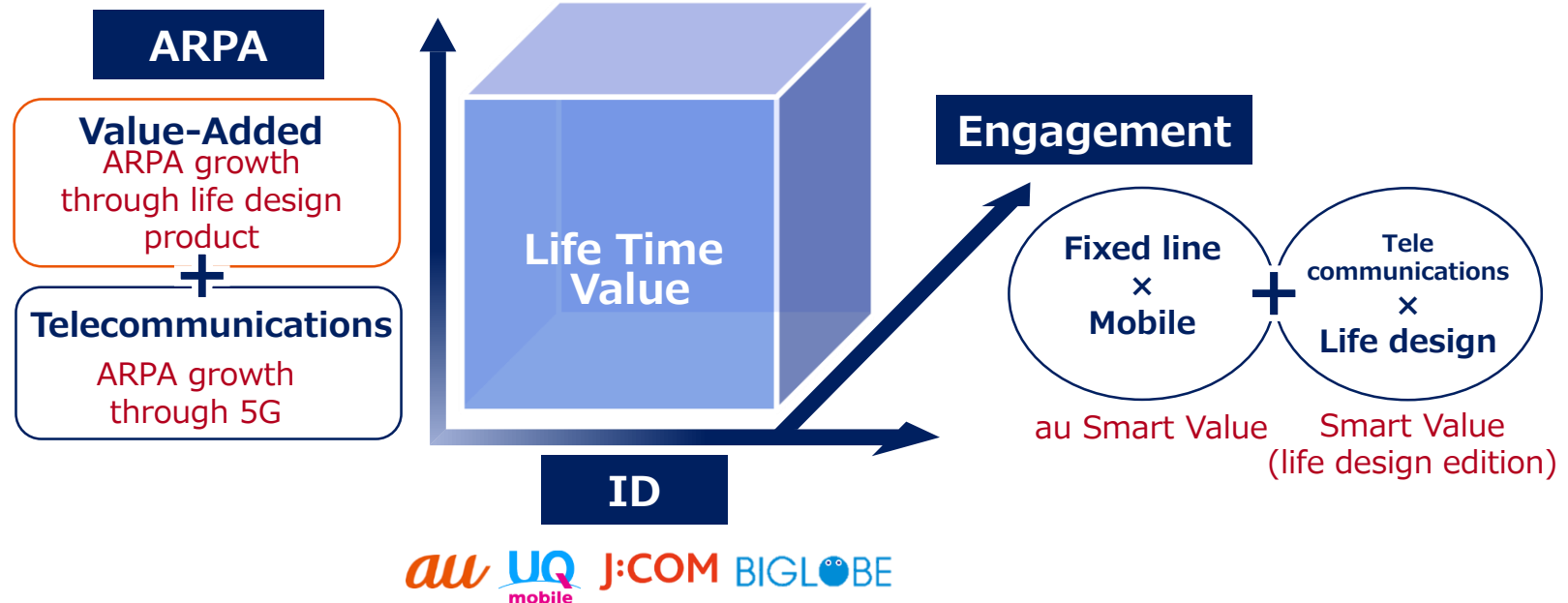
For corporate customers

Building new business models together with customers
Supporting the driving of DX for customers



Expanding growth businesses centering on telecommunications as a base

Maximizing Life Time Value



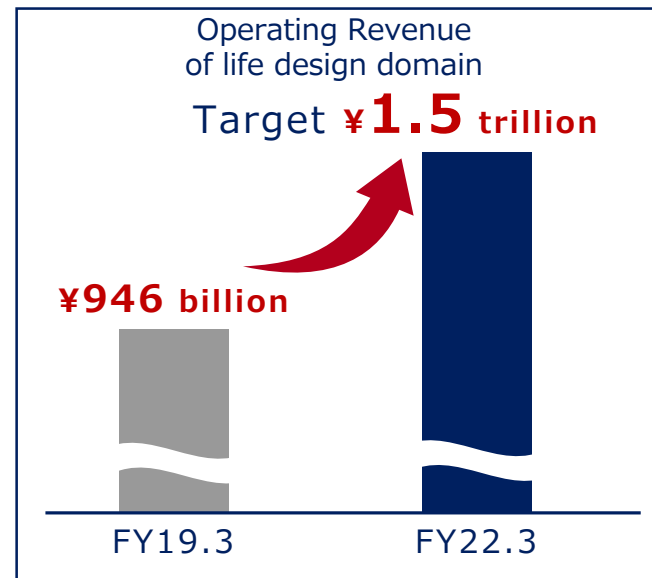
**The integration of telecommunications and life design
= ID × ARPA × Engagement**

Expanding the Operating Revenue of Life Design Domain

The integration of telecommunications and life design

Growth as the Group

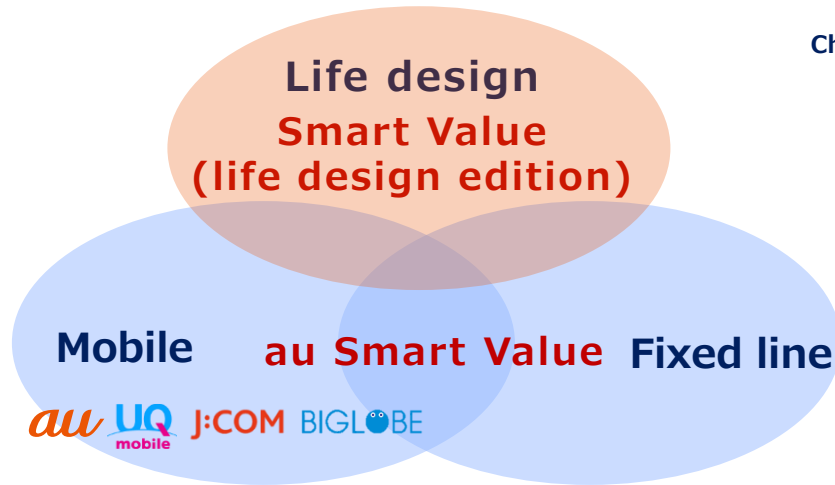
ARPA	Value Added	Commerce FY19.3 FY22.3(Target) GMV *1 ¥250 billion → ¥400 billion
		Energy FY19.3 FY22.3(Target) au Denki Over subscriptions 2 million → 3.4 million
		Finance FY19.3 FY22.3(Target) Transaction volume *2 ¥4.4 trillion → ¥6.0 trillion
	Tele communications	Growth through 5G



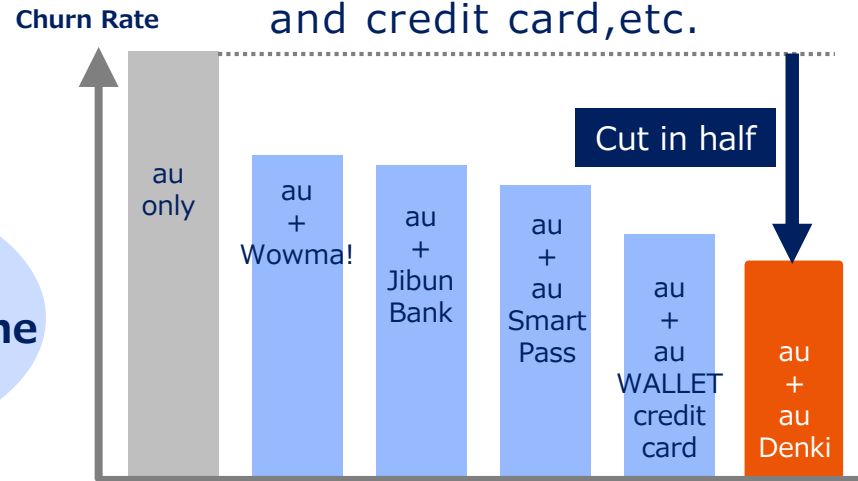
*1 Gross Merchandise Value *2 Transaction Volume of Settlement/Loan

Aim to expand the operating revenue alongside ARPA growth

Promoting Deeper Engagement



Significantly reduce churn rate using bundles with au Denki and credit card, etc.



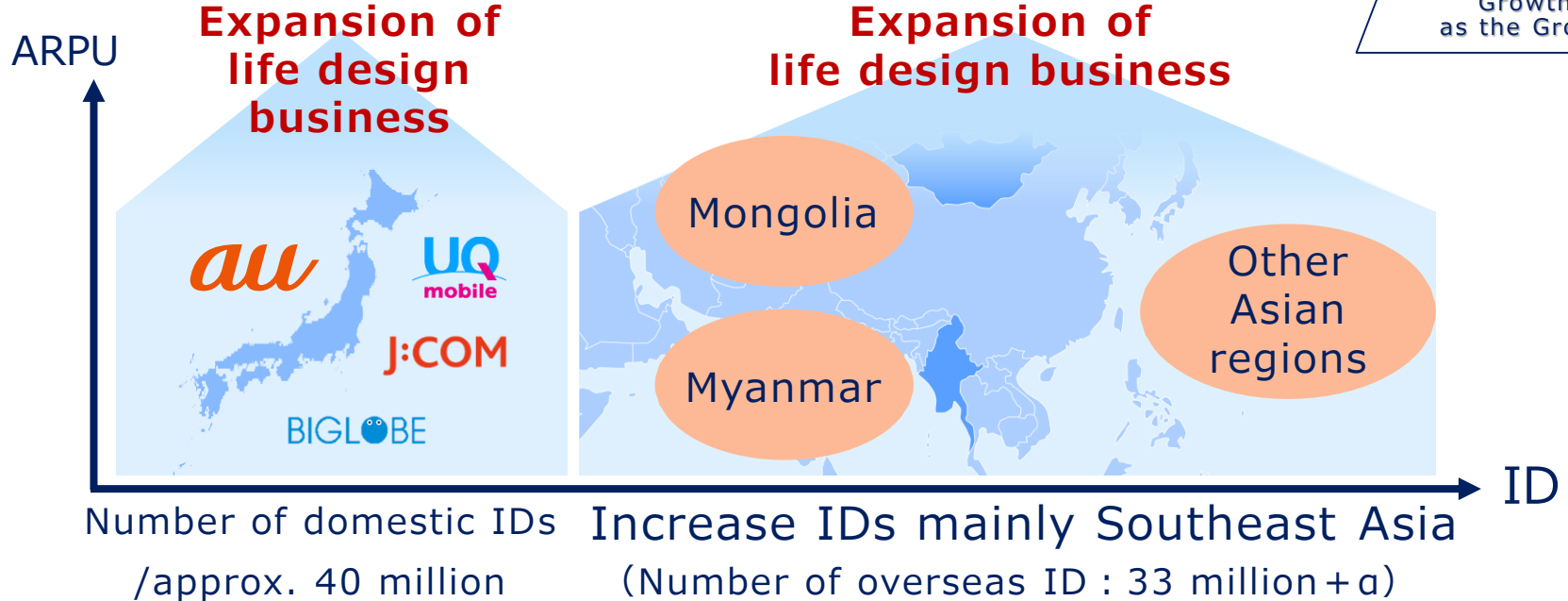
Promoting using bundles with Mobile/Fixed line/Life design

Expansion to Global Business

The integration of telecommunications and life design

Further expansion of global business

Growth as the Group

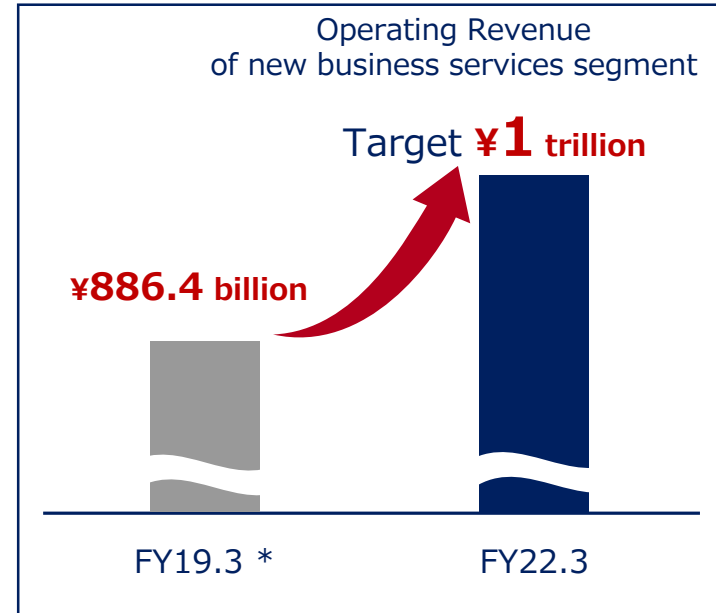
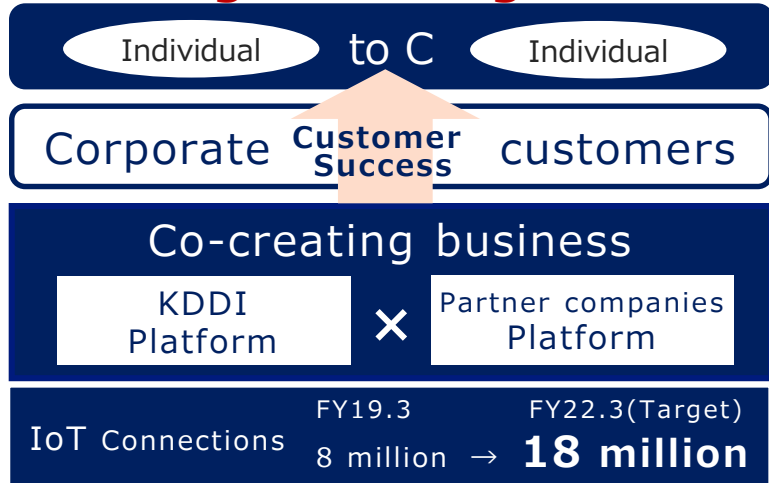


Acquiring IDs in overseas equal to or more than domestic, expand the model of “the integration of telecommunications and life design”

Co-Creating Business with Partner Companies

Strengthening initiatives in new growth fields, especially IoT business

Realizing recurring business



Aim to create new recurring business with customers

*The figures of FY19.3 are referential information

Growth Fields of Global ICT

The integration of telecommunications and life design

Further expansion of global business

Growth as the Group

“Connected” cars

TOYOTA

TOYOTA smart center

Global Communications Platform



Connected service

Support throughout the world



Application Advancement

IoT connect to everything

KDDI IoT World Architecture

HITACHI
Inspire the Next

TOSHIBA

Global Communications Platform

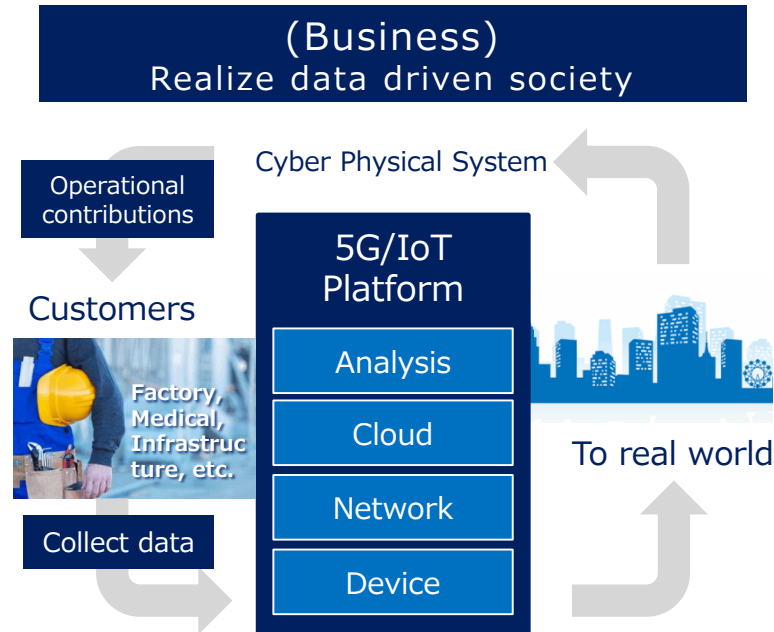
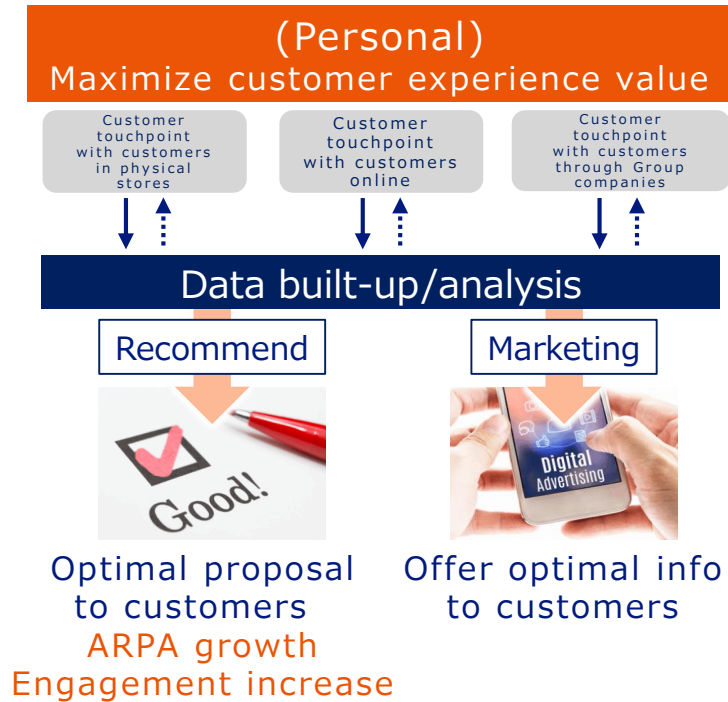
SORACOM



Factory/Building facilities/Home electronics /Construction machinery, etc.

Supporting customer businesses with global partners

Utilizing Big Data



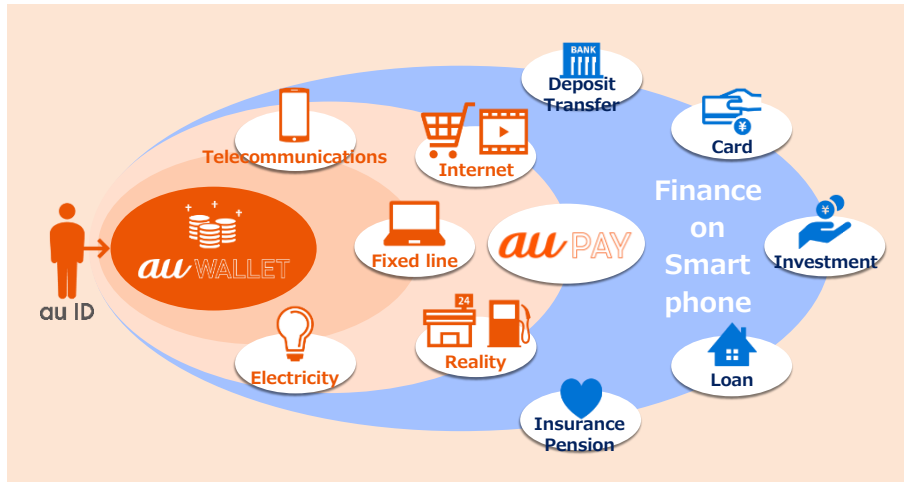
**Expanding business fields
through approaching customers with data**

Expanding the Finance Business

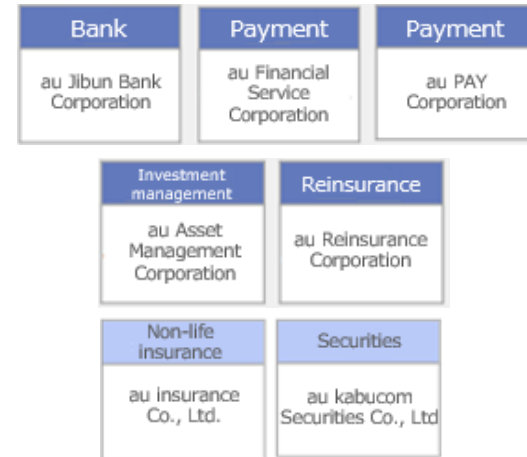
Expanding the finance business

Growth as the Group

Smart Money Concept



au Financial Holdings*



Expanding the finance business as the center of Smart Money Concept. Starting full-scale business operations by establishing a holding company.

* Each company whose company name will be changed to the au brand name will change name within FY20.3. The change of the company name of Jibun Bank is subject to the obtaining of approval from the relevant authorities. Furthermore, with respect to a change of company names, au Insurance Company is required to obtain consent from Aioi Nissay Dowa Insurance Co., Ltd., which is its shareholder, and kabu.com Securities is required to complete the settlement concerning the tender offer for the company, and to go private. Logos are currently under discussion, and have not been determined

Sustainability

KDDI's Material Sustainability Issues

① Safer and more resilient connected world



④ Rewarding workplaces for diverse talents



② Cyber security and privacy protection



⑤ Respect for human rights and fairness in business



③ Fulfilled life brought through ICTs



⑥ An energy-efficient, circular economy



Aiming to be a company contributing to sustainable growth of society

KDDI's Target SDGs

Social Issues to Be Solved through Business

Telecommunications

Building a safe and resilient information- and telecommunications-based society



Global Business

Promoting economic development in countries with inadequate infrastructure



Regional Revitalization

Building communities where everyone can prosper



Education

Training the next-generation of human resources



Finance

Providing financial services anyone can easily use



Social Issues to Be Solved through Corporate Activities

Human Resource Development

Enhancing expertise and providing autonomous career development



Support for Women's Advancement

Realizing workplaces where diversity is respected



Respect for Human Rights, Diversity & Inclusion

Realizing diverse work styles



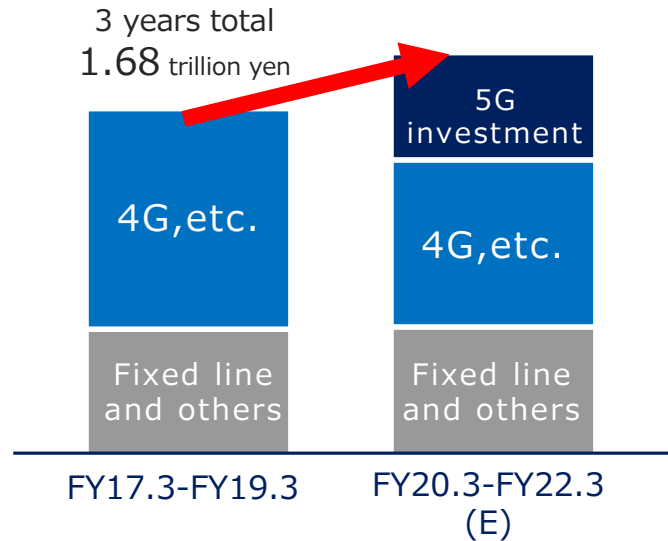
Environmental Conservation

Contributing to a sustainable global environment



Establishing KPIs linked to business strategies and corporate activities. Contributing to resolve issues through partnerships with stakeholders.

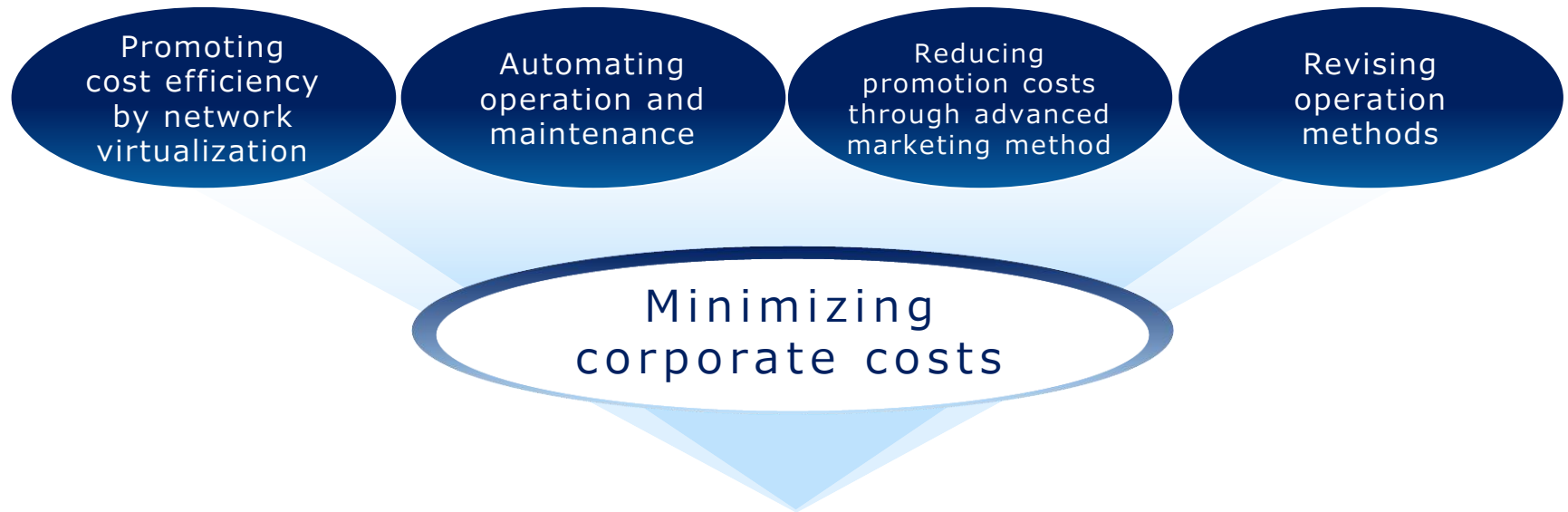
CAPEX



- 1** Pioneered the termination of 3G service, strengthening network base for 5G era
- 2** Building a base to support the efficient operation of 5G/IoT services using next-generation technologies
- 3** Promoting efficiency by sharing facilities with other telecommunications operators

**Securing competitiveness
on the 5G network**

Initiatives for Cost Efficiency

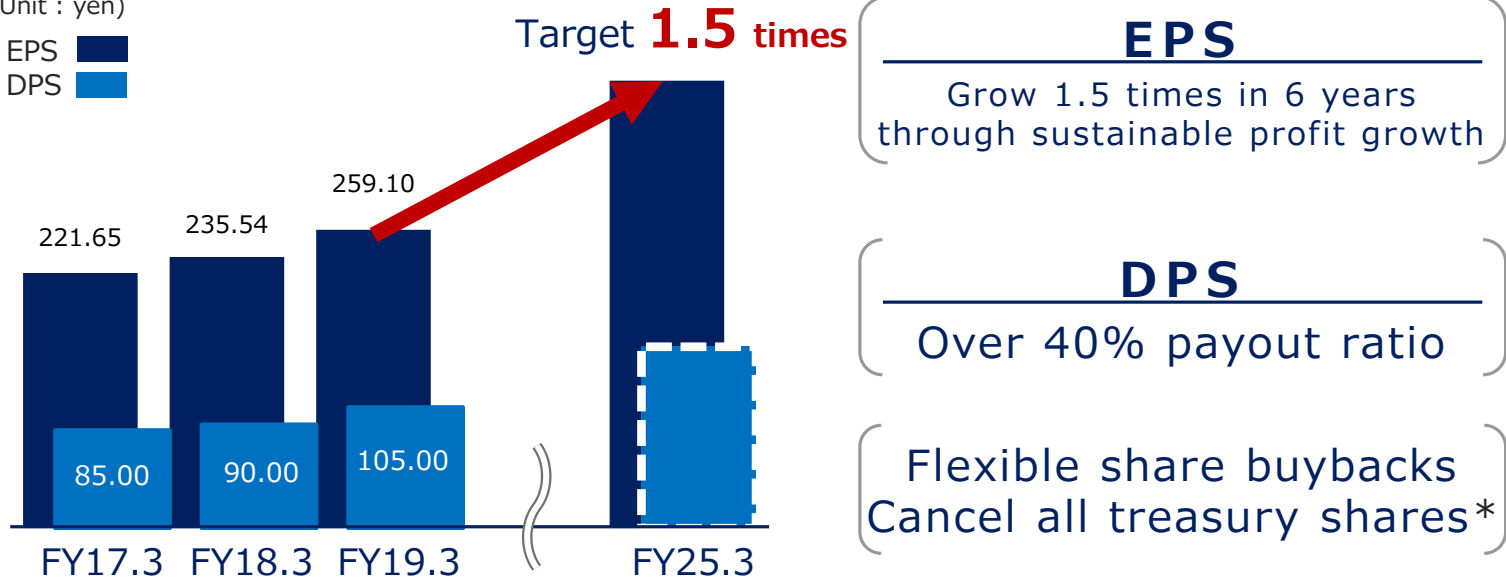


Generating approx. ¥100 billion profit through cost reductions, etc.

Sustainable Growth and Further Strengthening Shareholders Returns

(Unit : yen)

EPS ■
DPS ■



Aiming for EPS and DPS growth through sustainable profit growth

*Except KDDI shares owned by executives' compensation BIP Trust Account and ESOP Trust Account

Medium-Term Management Plan Summary

FY25.3 Target	EPS growth		FY19.3→FY25.3 1.5 times
FY20.3-FY22.3 Initiatives	Operating Revenue growth	<ul style="list-style-type: none"> Operating Revenue of life design domain 	FY22.3 Target ¥1.5 trillion
		<ul style="list-style-type: none"> Operating revenue of new business services segment 	FY22.3 Target ¥ 1 trillion
	Cost reduction, etc.		3 years TOTAL ¥100 billion (approx.)
	Shareholder returns		<ul style="list-style-type: none"> •Over 40% payout ratio •Flexible share buybacks •Cancel all treasury shares*

Aim to realize both sustainable profit growth and further strengthening shareholder returns

*Except KDDI shares owned by executives' compensation BIP Trust Account and ESOP Trust Account

Tomorrow, Together



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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.

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