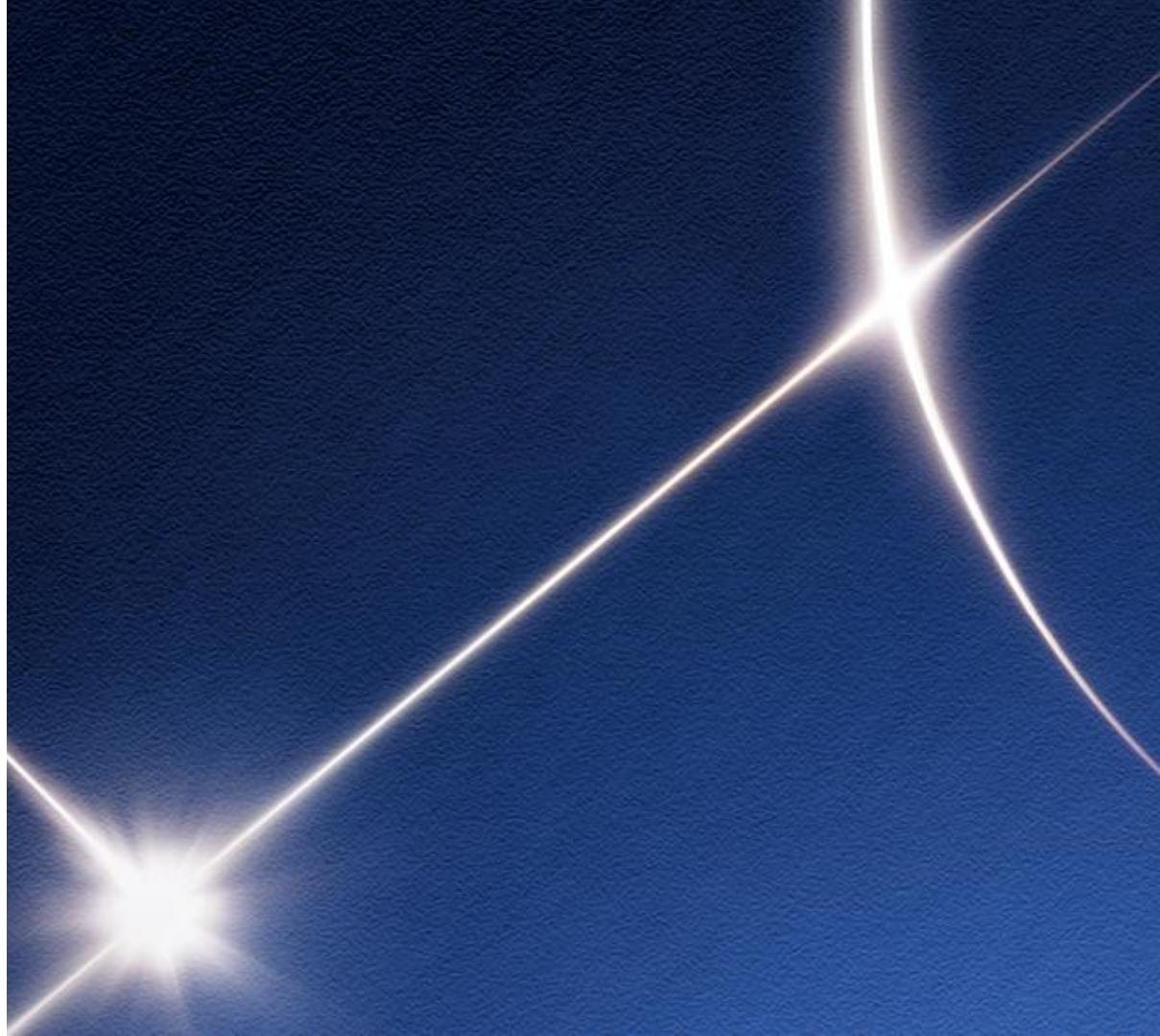


Financial Results for the 1st Half of the Fiscal Year Ending March 2020

(from April to September 2019)

November 1, 2019

**Makoto Takahashi
President
KDDI Corporation**

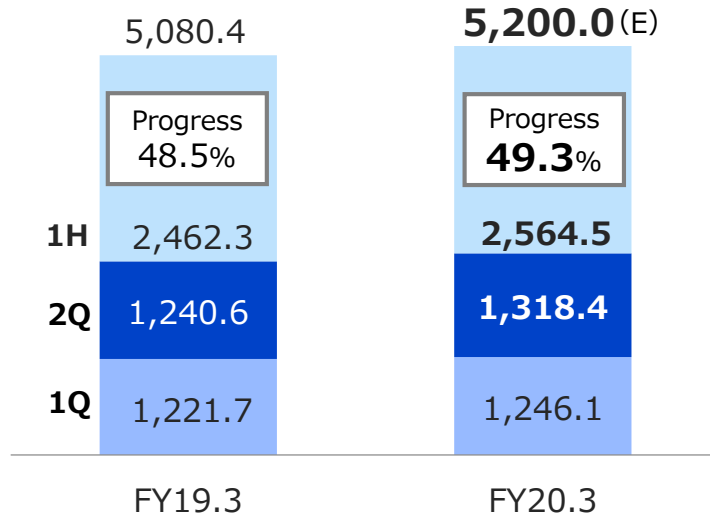




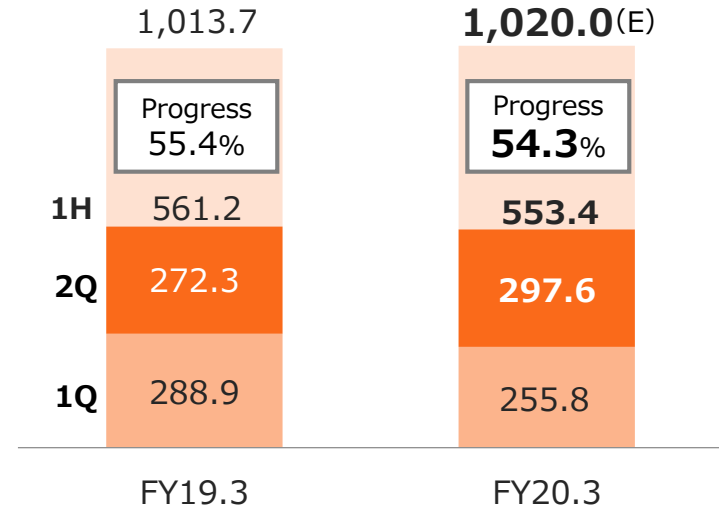
Highlights of Financial Results for the 1st Half

Highlights of Consolidated Financial Results for the 1st Half

Operating Revenue (Unit : Billions of yen)

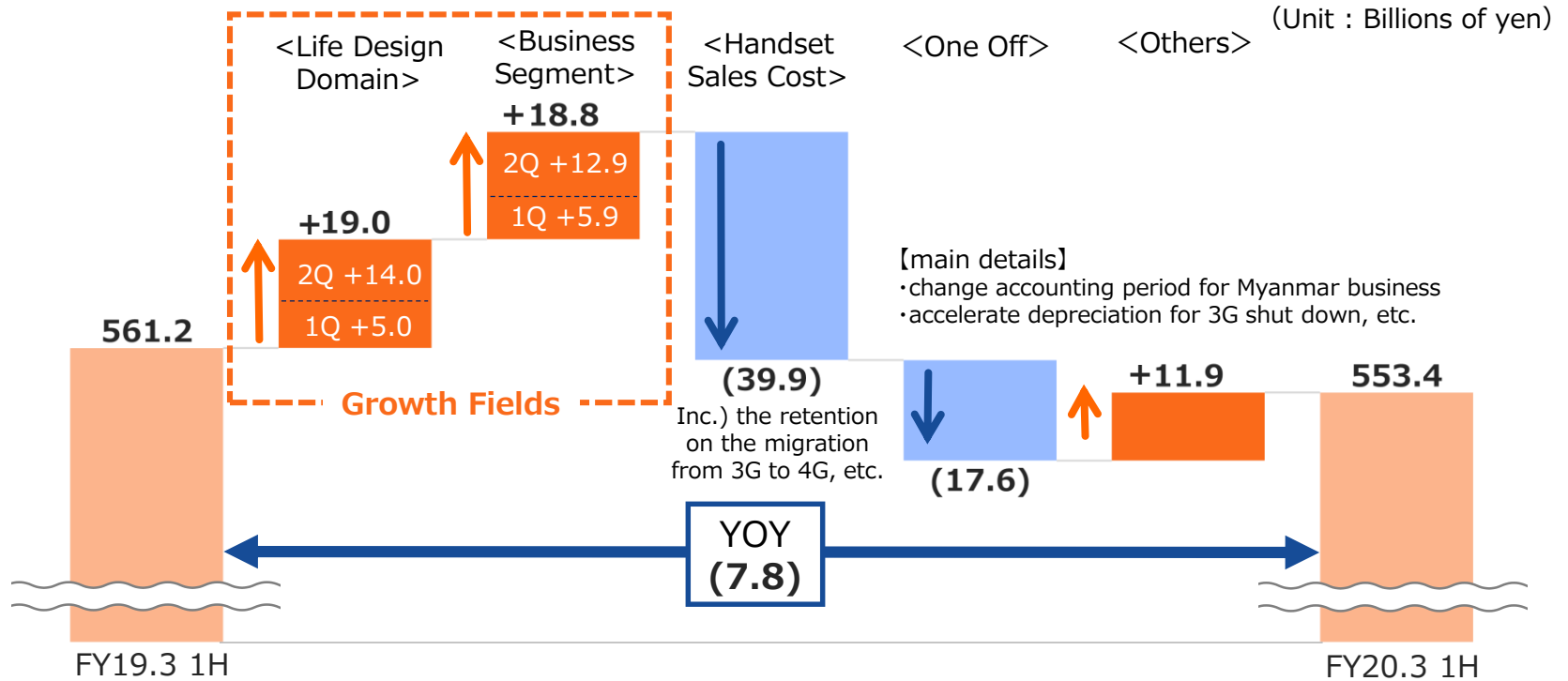


Operating Income (Unit : Billions of yen)



Convert to profit increase in 2Q and steadily progress toward the full-year target

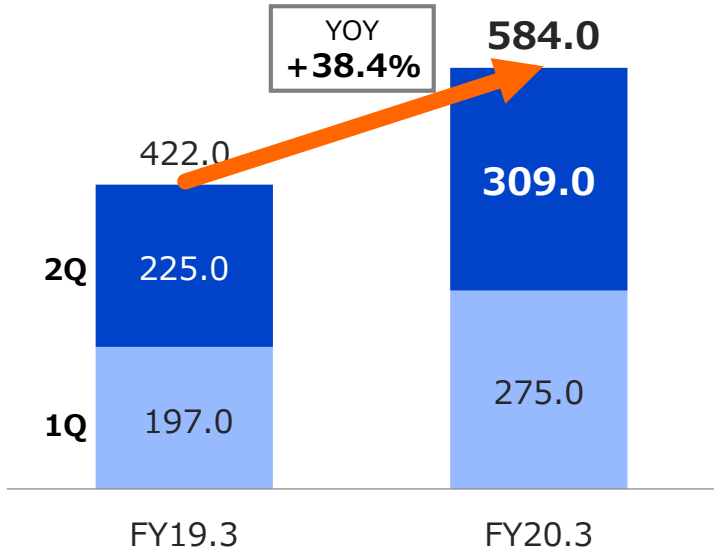
Operating Income : Factor for Change, YoY for 1st Half



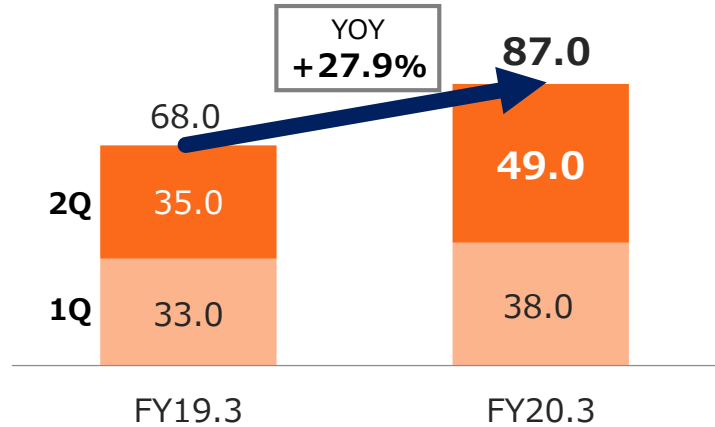
2Q Profit in growth fields has increased more robustly than 1Q

Life Design Domain Sales/Operating Income

Life Design Domain Sales (Unit : Billions of yen)



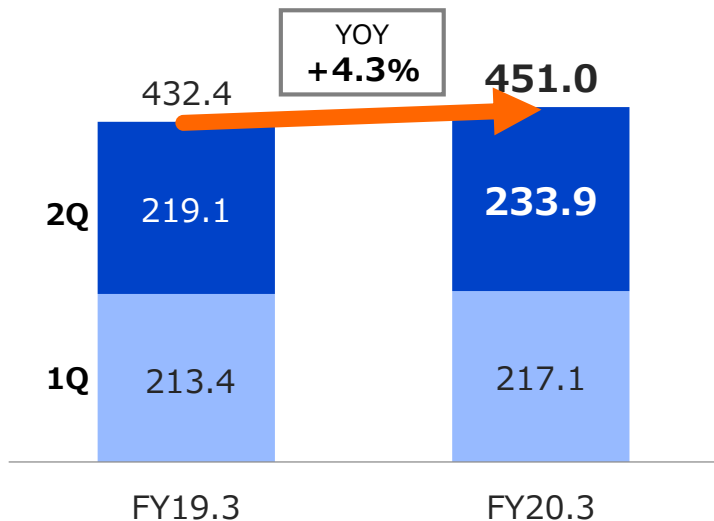
Life Design Domain Operating Income (Unit : Billions of yen)



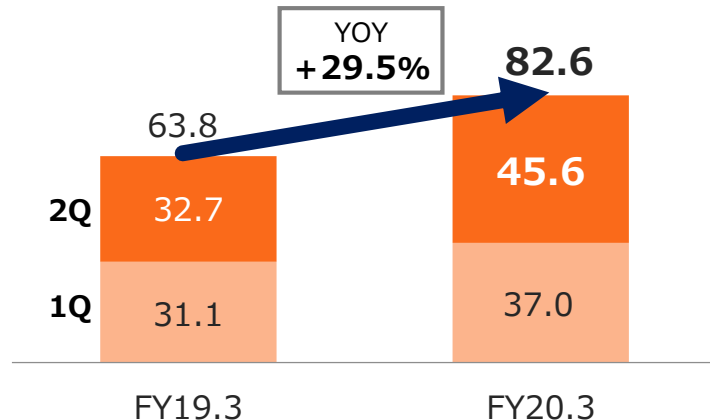
Achieved double-digit growth in sales and operating income both

Business Services segment Operating Revenue / Operating Income

Business Services segment Operating Revenue (Unit : Billions of yen)



Business Services segment Operating Income (Unit : Billions of yen)

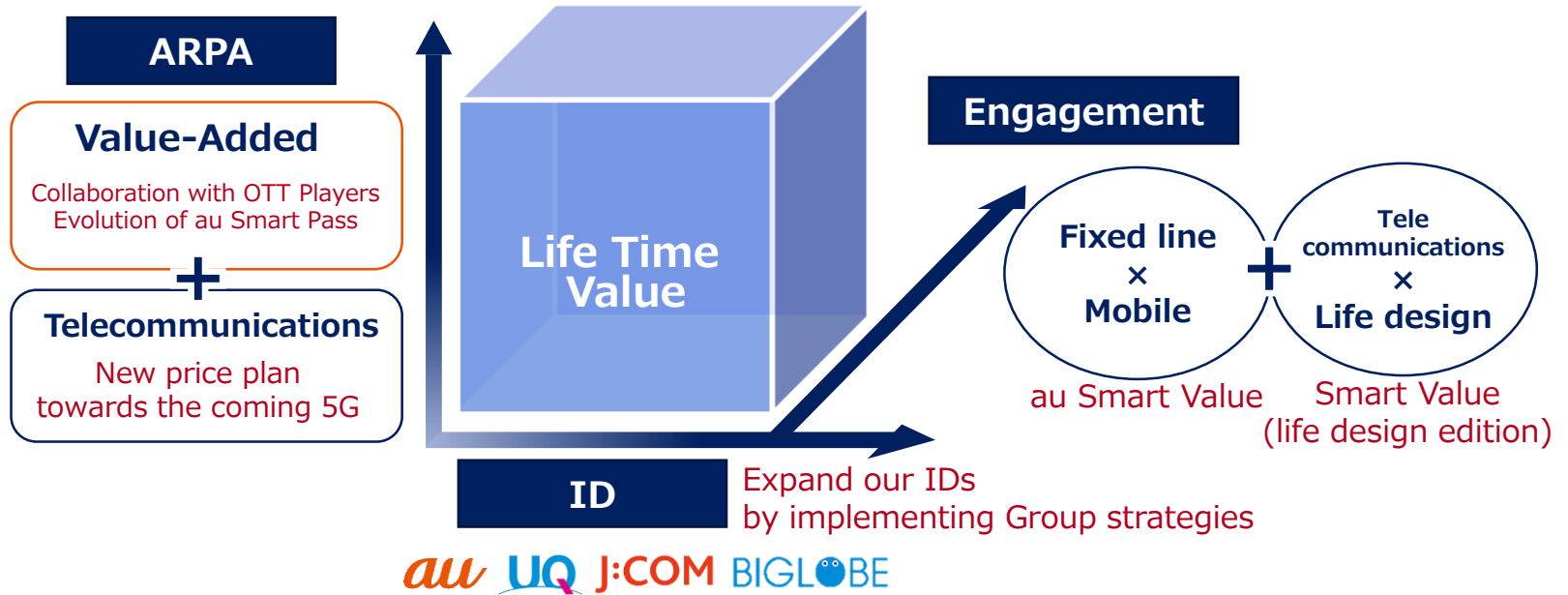


In addition to the robust performance of existing business, growth fields as IoT contributed to an increase in profit



ID×ARPA×Engagement

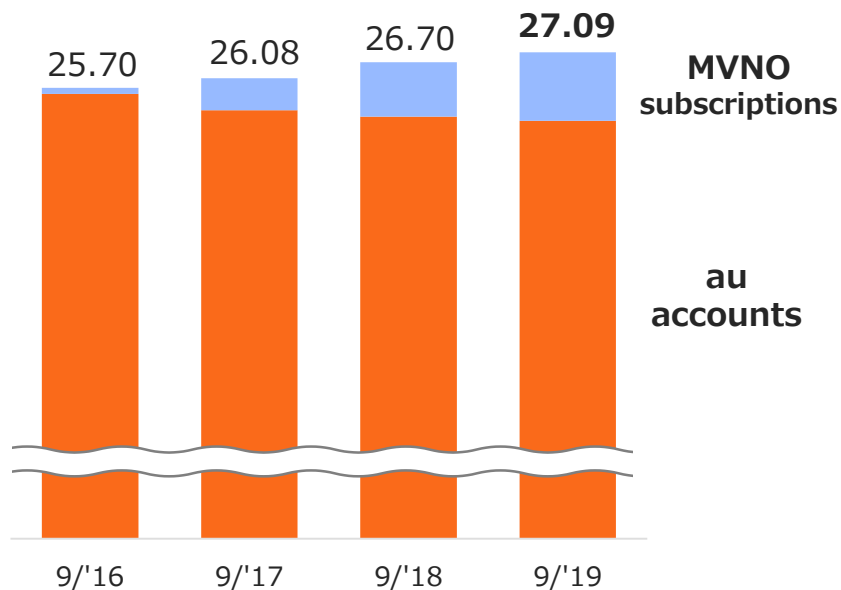
Maximizing Life Time Value



**Aim to expand Life Time Value
via “ID×ARPA×Engagement”**

Expand Our IDs by Implementing Group Strategies

Mobile IDs* (Unit : Millions)



Diverse sales channel and customer basis



Customers prefer lower prices

Customers want fast, smooth high-capacity communications

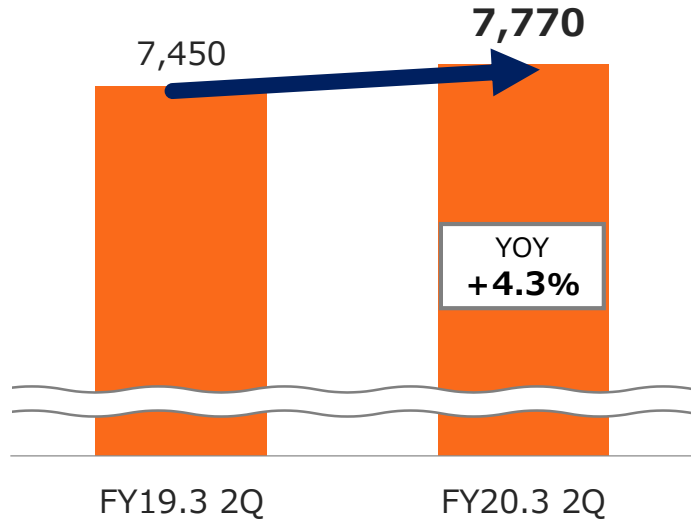


Act in collaboration with Group MVNO to increase the Mobile IDs for the entire Group

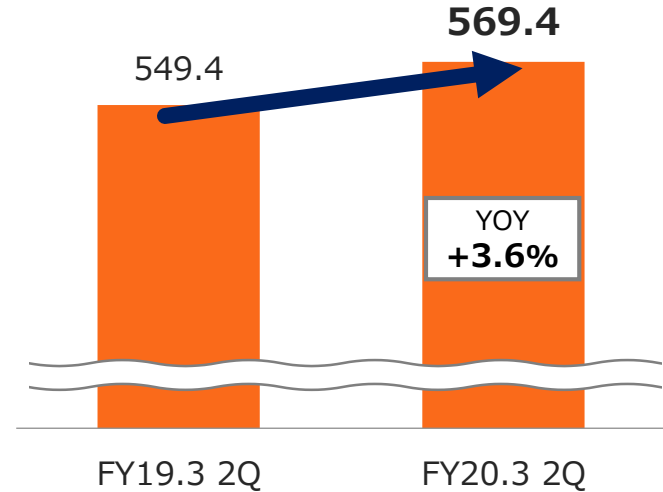
*au accounts + MVNO subscriptions

Total ARPA / Total ARPA Revenues

Total ARPA (Unit : Yen)



Total ARPA Revenues (Unit : Billions of yen)



Achieved year on year growth in all components of Total ARPA*

* au ARPA, Value-added ARPA, au Denki ARPA, Handset Repair and Compensation ARPA

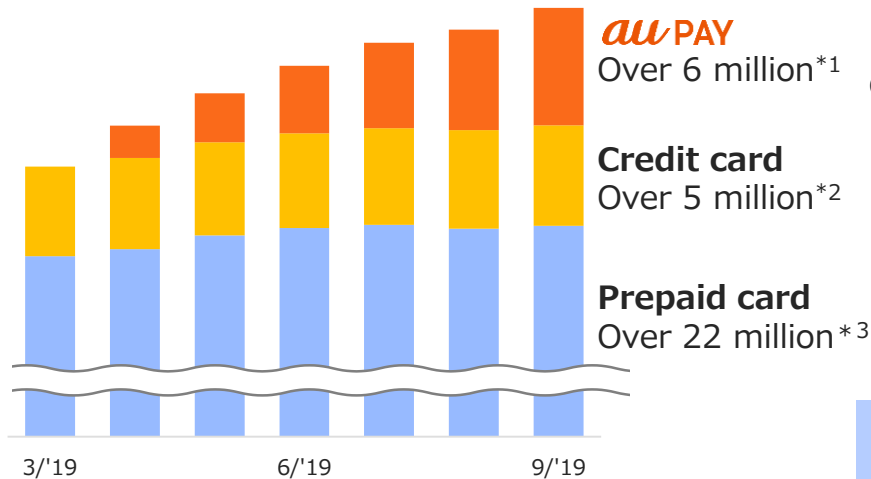


Growth Fields

Expansion of Finance Business

au PAY / au WALLET

Total over 33 million



Earn points through smartphone



Customers can utilize their au WALLET points in financial services

From Oct 2018
au's iDeCo

From Apr 2019
Point utilization
Micro loans

Within FY2019
Micro investments

Finance through smartphone

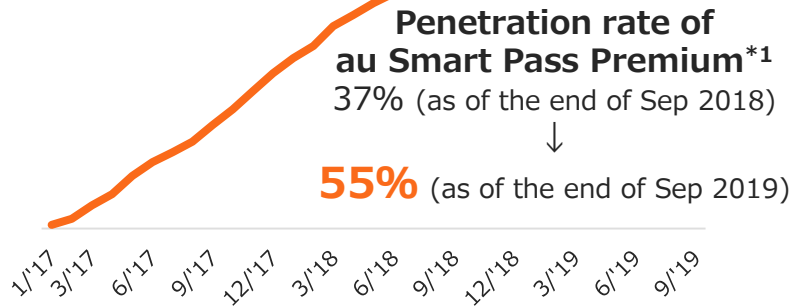
Aiming business growth by expanding settlement platforms and facilitating point circulation

*1) Subs. as of Oct 5, 2019 *2) Valid members as of Oct 12, 2019 *3) Valid members as of the end of Sep 2019

au Smart Pass Premium

The Members of
au Smart Pass Premium

8.51 million members
(as of the end of Sep 2019)



Free take of
Apps

Protection for
breakage or
loss of a phone

Member
privileges

Selected
Coupon

毎日イコト
月火水金土日
毎日おトクがやってくる! お見逃しなく!

Reward Day

三太郎の日
毎月 3、13、23日

**Free
shipping*2**
au Wowma!

**Concerts and
entertainment
events**

**xR
experience**

Expansion of services

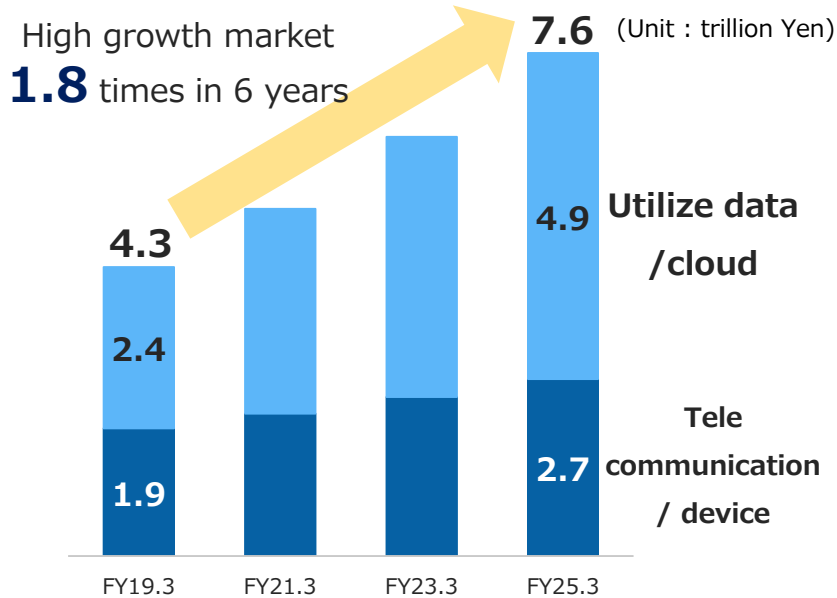
Offer attractive services to increase membership

*1 Ratio of au Smart Pass Premium members to au Smart Pass members

*2 Products with premium marks and that were purchased on 'au Wowma!' will receive free shipping

Total Strength toward IoT Market

Estimated Sizing of Domestic IoT Market by Business Category*



Provide one-stop IoT for the entire group



Aiming for growth that surpasses the market with total Group strength

* Created by KDDI based on "IT Navigator 2019 Edition" written by Nomura Research Institute, Ltd.



KDDI DIGITAL GATE

More than 250
companies use
since establish
in September 2018

Expand into Osaka and
Okinawa in September
2019



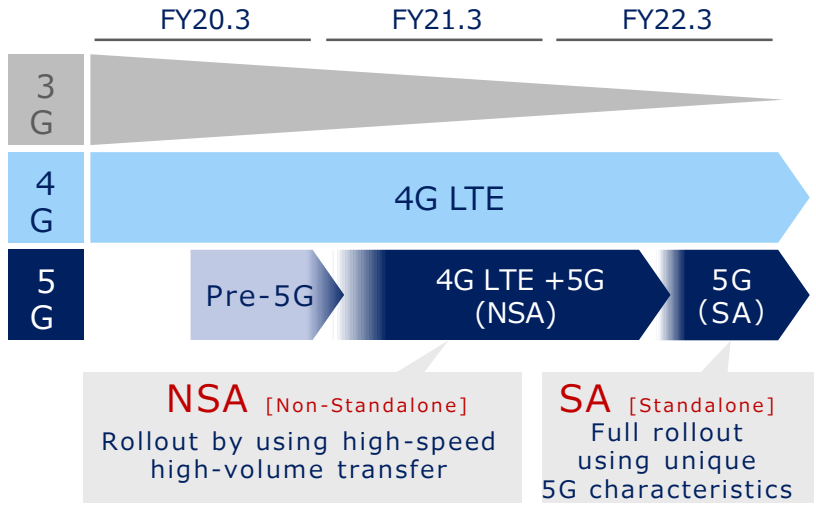
Collaboration with Partners
from Diverse Sectors



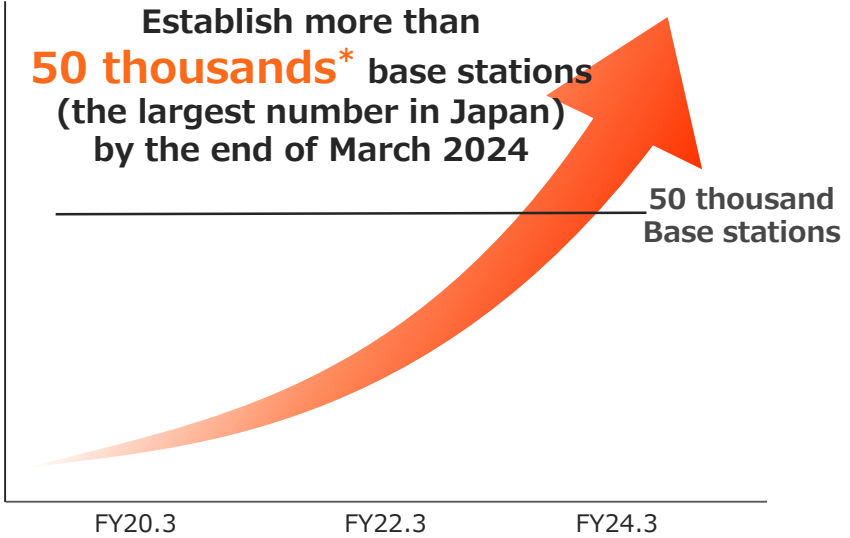
Accelerate collaboration to help customers realize DX

au 5G

5G Roadmap



au 5G Plan for Establishing Base Stations



Aim to secure a resilient network by efficiency and swiftly establishing base stations

* Based on "the authorization of establishment plans for specified base stations for the diffusion of the 5th Generation (5G) mobile communications systems" (granted by Japan's Ministry of Internal Affairs and Communications) The number of base stations are described the sum of exterior and interior (the number is counted as KDDI + Okinawa Cellular total)

Customer Experience Value in the 5G Era

au UNLIMITED WORLD

5G-Compatible Solution



Deliver new experience value towards the era that telecommunications will be prevalent everywhere

Our Response in Times of Disaster

Retrieval Activities use Equipment

Ship-mounted base stations



Satellite communication equipment



Vehicle-mounted base stations



Portable electric generator



Various Back-Up Activities

Refuge charger support



Rental of restoration support goods



Free Wi-Fi 0000JAPAN



au shop charger BOX



Realize quick telecommunication restoration and disaster area support

Received Top Awards J.D. Power Customer Satisfaction



"No.1 in Mobile Phone Service Satisfaction"
4 consecutive years



"No.1 in Business Mobile Phone Service Satisfaction"
<large and mid-sized corporation market segment>
4 consecutive years



"No.1 in Business IP Phone and Direct Line Phone Service Satisfaction"
7 consecutive years



"No.1 in Business Network Service Satisfaction"
<large enterprise market segment>

Pursue further improvement of customer satisfaction

Source : J.D. Power 2016-2019 Mobile Phone Service Satisfaction Study. Based on responses from 27,600 mobile phone users in 2019.

J.D. Power 2016-2019 Business Mobile Phone Service Satisfaction Study. Based on 2,872 companies with 100 or more employees in a survey in 2019.

J.D. Power 2013-2019 Business IP Phone & Direct Line Phone Service Satisfaction Study. Based on 1,519 companies with 100 or more employees in a survey in 2019.

J.D. Power 2019 Business Network Service Satisfaction Study. Based on 598 companies with 1,000 or more employees in a survey in 2019. jdpower-japan.com

Summary

1H Financial Result

- ✓ Convert to profit increase in 2Q and steadily progress toward the full-year target
- ✓ Achieved double-digit profit growth both in the life design domain and the Business Services segment

Growth Fields

- ✓ Expand Life Time Value via “ID×ARPA×Engagement”
- ✓ We aim to achieve business expansion in the life design domain, as our core remains telecommunication services, by taking advantage of finance and settlement solutions and au Smart Pass Premium
- ✓ Promote to tackle the growth fields especially IoT in the Business Services segment
- ✓ Deliver new customer experience value towards the coming 5G

Tomorrow, Together

KDDI

おもしろいほうの未来へ。

au

Appendix



Consolidated Statement of Financial Position

Total Assets 9.27 trillion yen

Property, Plant and equipment and Intangible assets	Interest-bearing debt	Trade and other payables
	Deposits for financial business	
Goodwill	Other liabilities	
Trade and other receivables	Equity	
Securities for financial business		
Loans for financial business		
Contract costs		
Cash and cash equivalents		
Others		

KDDI (consolidated)

Total Assets 1.88 trillion yen

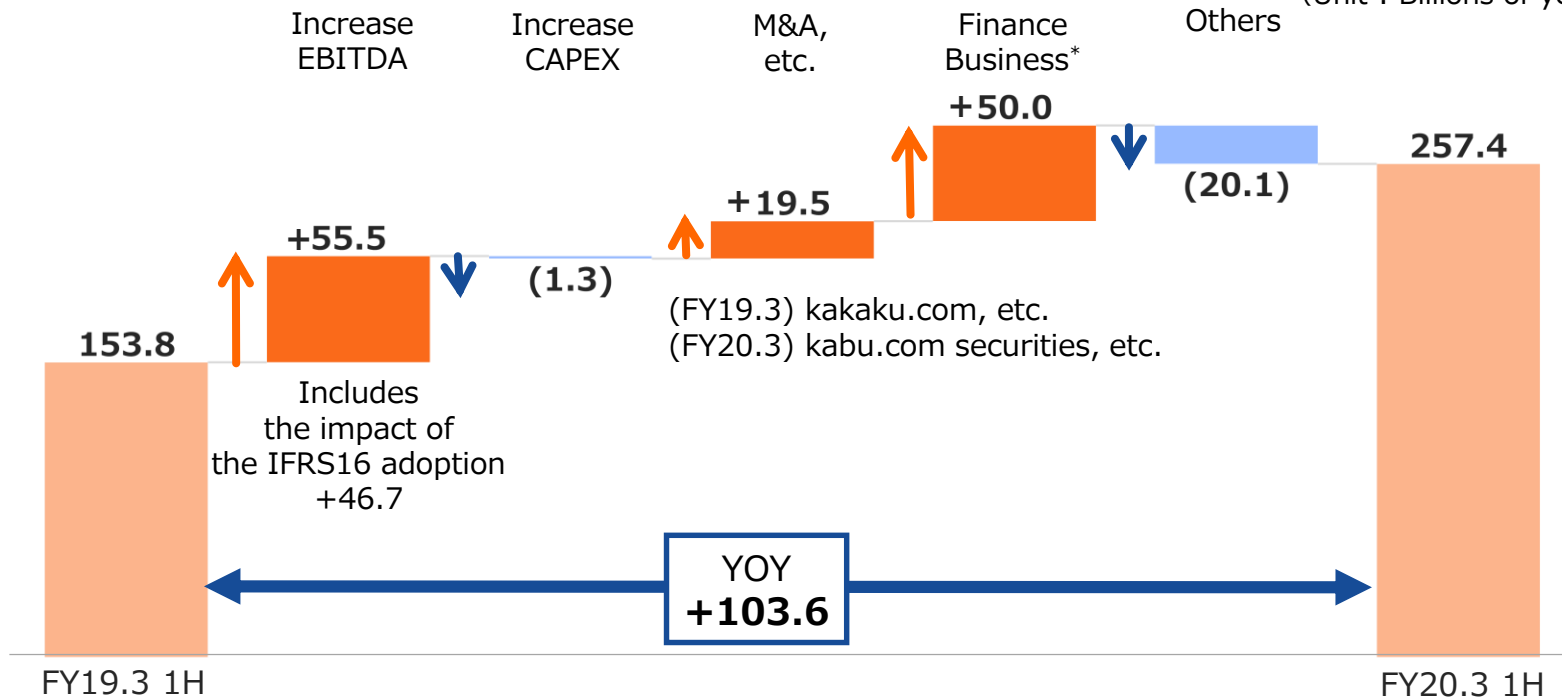
Cash and cash equivalents	Loans	Deposits
Securities		
Others	Others	

au Financial Holdings (consolidated)

Note) "KDDI (consolidated)" is prepared in accordance with IFRS and "au Financial Holdings (consolidated)" is prepared in accordance with J-GAAP

Free Cash Flow : Factor for Change, YoY for 1st Half

(Unit : Billions of yen)



* Cash flow related to financial business as described in the consolidated cash flow statement in the 2nd quarter of the fiscal year ending March 2020
+ revenue from Jibun Bank's gain control

Tomorrow, Together

おもしろいほうの未来へ。



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.