

Tomorrow, Together

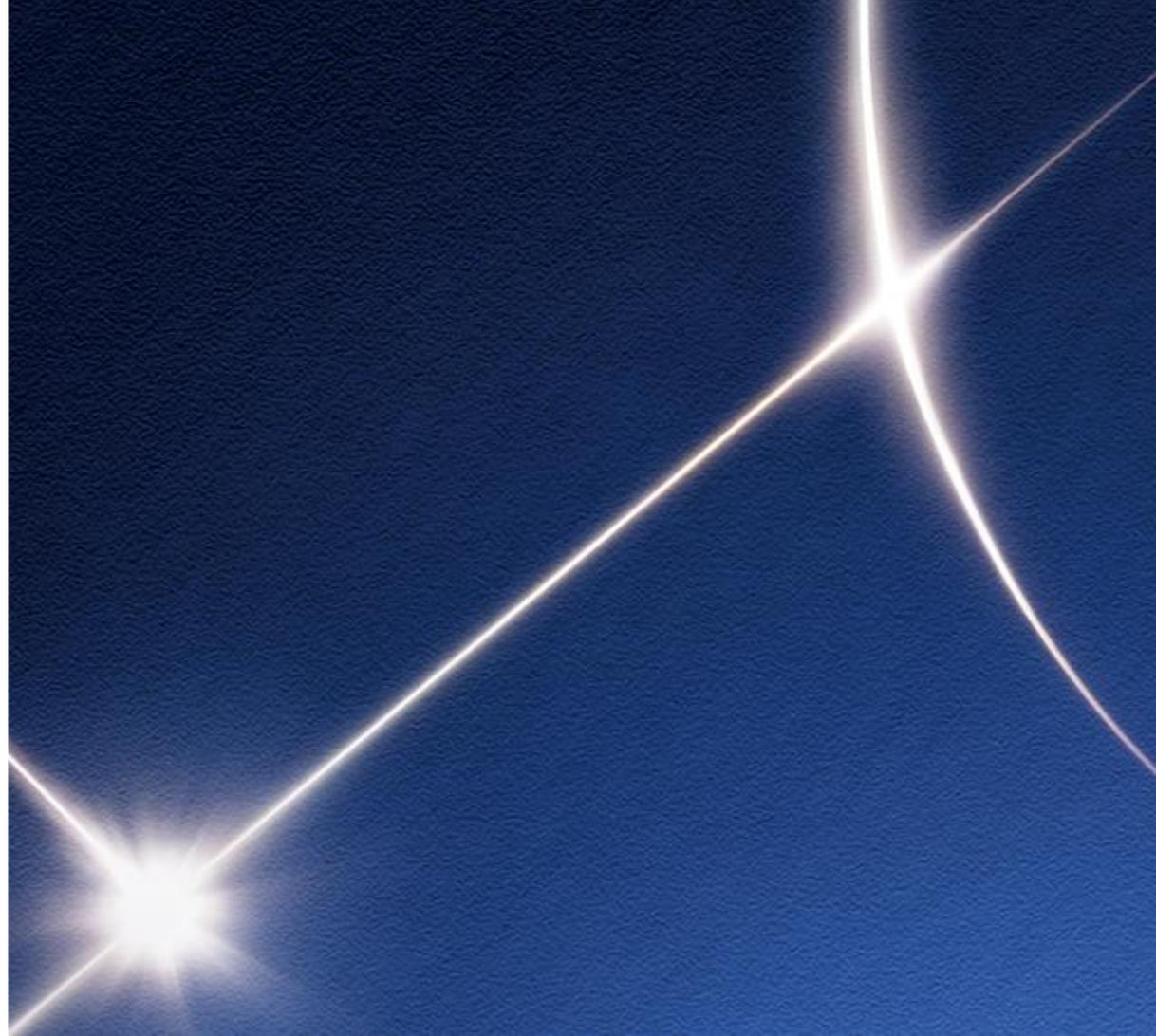


おもしろいほうの未来へ。



**Financial Results for the  
3<sup>rd</sup> Quarter of the Fiscal  
Year Ending March 2020**  
(from April to December 2019)

**January 31, 2020**  
**KDDI Corporation**

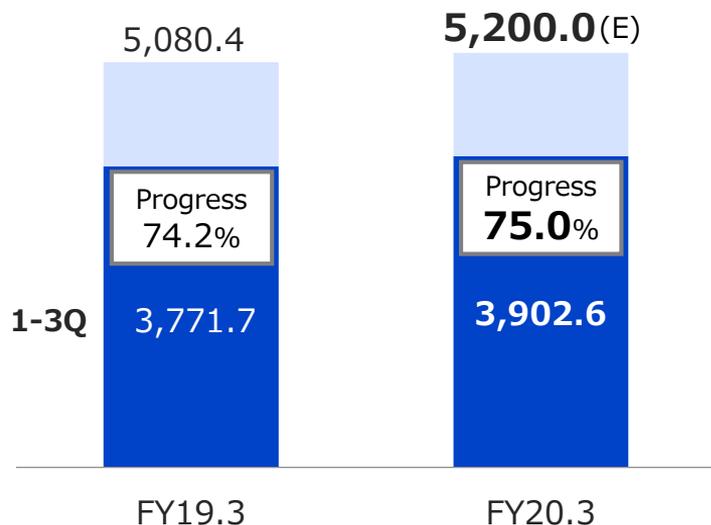




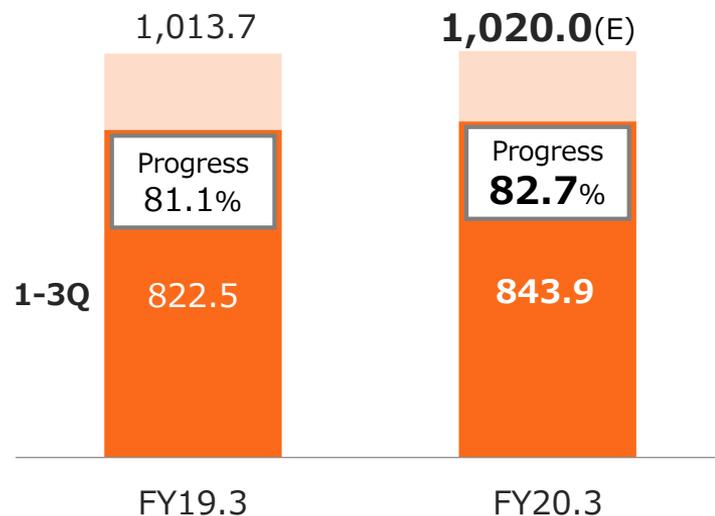
# Highlights of Financial Results for 1-3Q

# Highlights of Consolidated Financial Results for 1-3Q

Operating Revenue (Unit : Billions of yen)



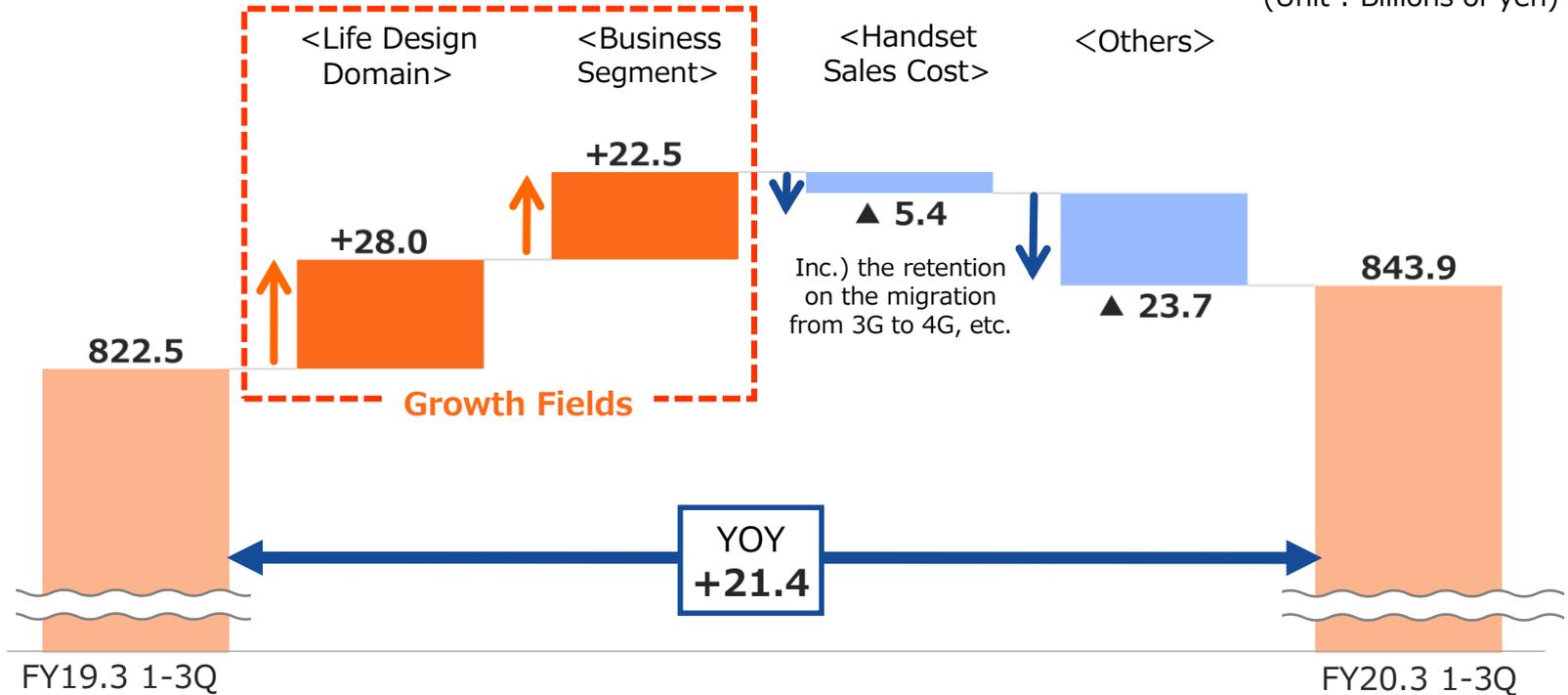
Operating Income (Unit : Billions of yen)



**Performance leaped ahead, better positioning us to secure sustainable growth going forward**

# Operating Income : Factor for Change, YoY for 1-3Q

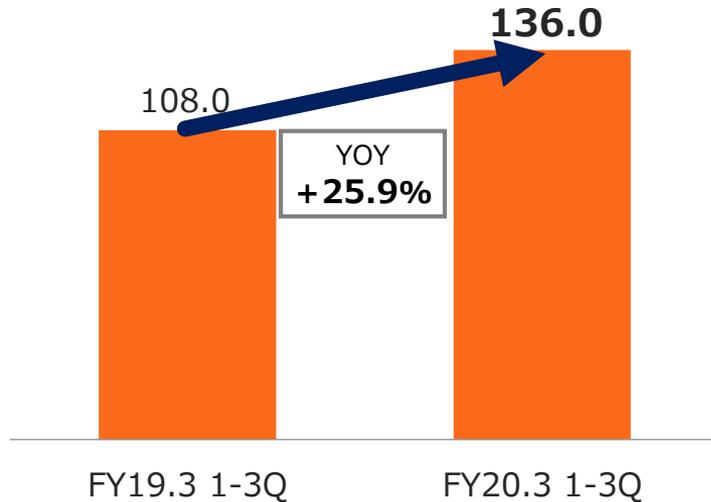
(Unit : Billions of yen)



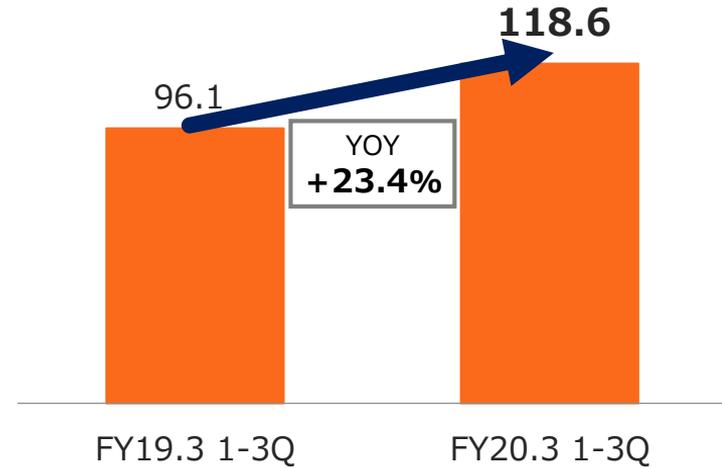
**Growth fields drove results.  
Turned a profit in cumulative 3Q**

# Growth Fields Operating Income for 1-3Q

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



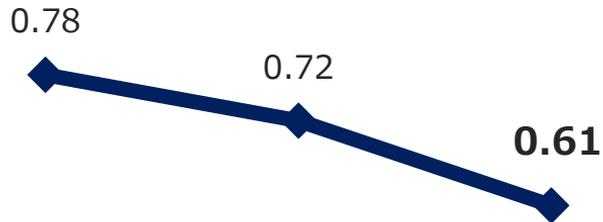
Business Services segment  
Operating Income (Unit : Billions of yen)



**Growth fields sustained double-digit income growth**

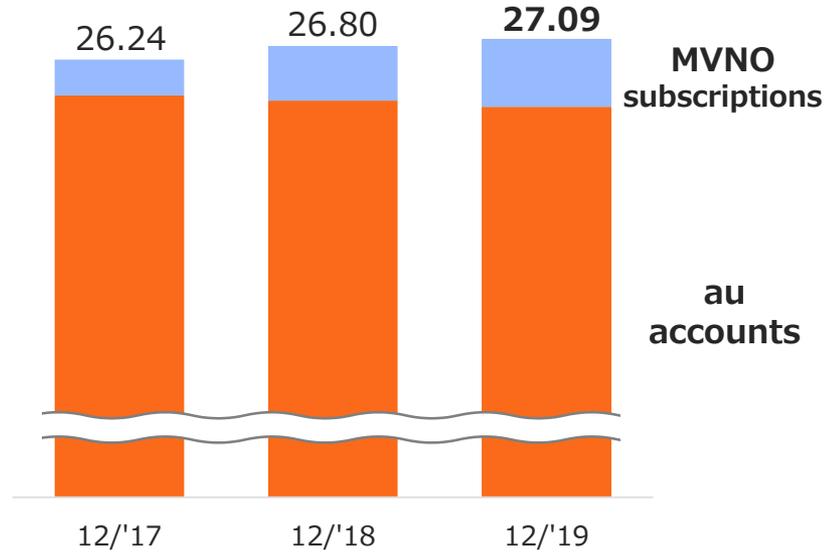
# au Churn Rate / Mobile IDs

au Churn Rate (Unit : %)



FY18.3 3Q      FY19.3 3Q      FY20.3 3Q

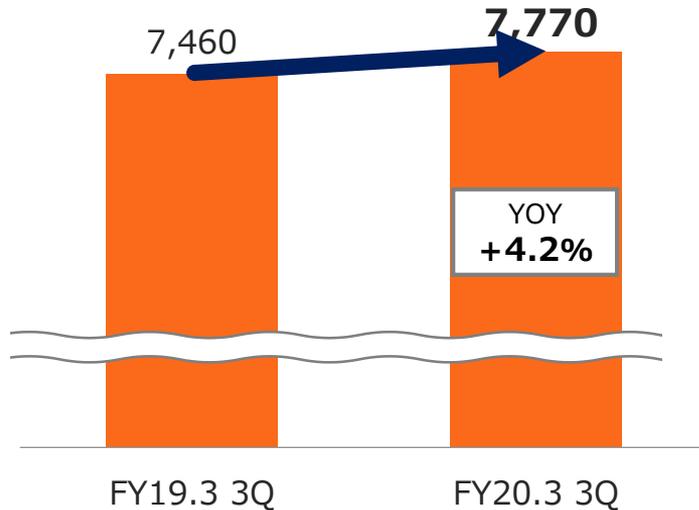
Mobile IDs\* (Unit : Millions)



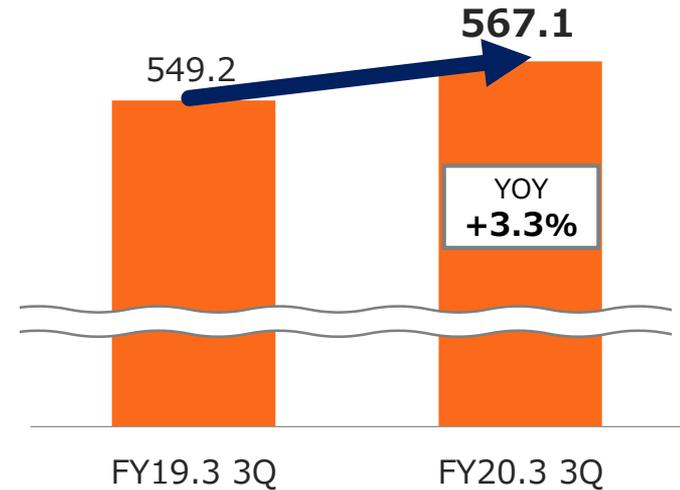
**Churn rate greatly improved, Mobile IDs increased**

# Total ARPA / Total ARPA Revenues

Total ARPA (Unit : Yen)



Total ARPA Revenues (Unit : Billions of yen)



**Life Design Domain drove growth**



# **Aiming to Step Up Engagement**

# Affiliation with Lawson, Inc. and Point Service “Ponta”

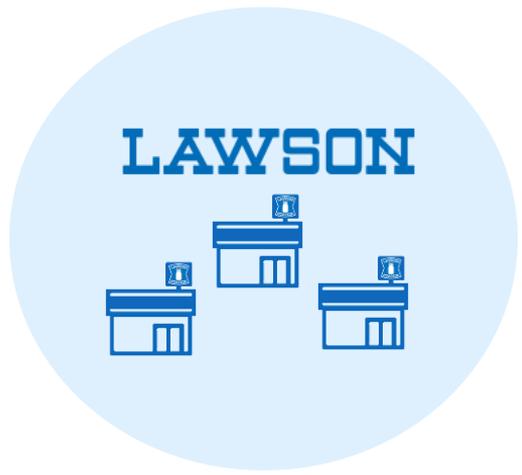
The logo for au PAY, featuring the word "au" in a stylized orange script font followed by "PAY" in a bold, orange, sans-serif font.The logo for Lawson, Inc., consisting of the word "LAWSON" in a bold, blue, sans-serif font.

Annually **4.1 billion people** visited and  
approximately **14,600** brick-and-mortar stores nationwide  
Points and payments affiliated stores over **1.7million** places\*

Aiming to strengthen our service foundation  
and create new consumer experiences

\* Total of stores accepting au PAY, QUICPay, and Ponta (as of Dec 2019)

# Aiming to Step Up Engagement

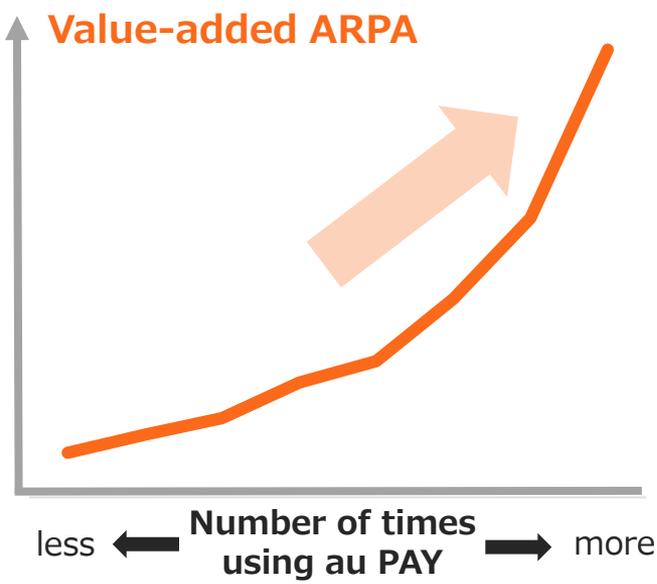
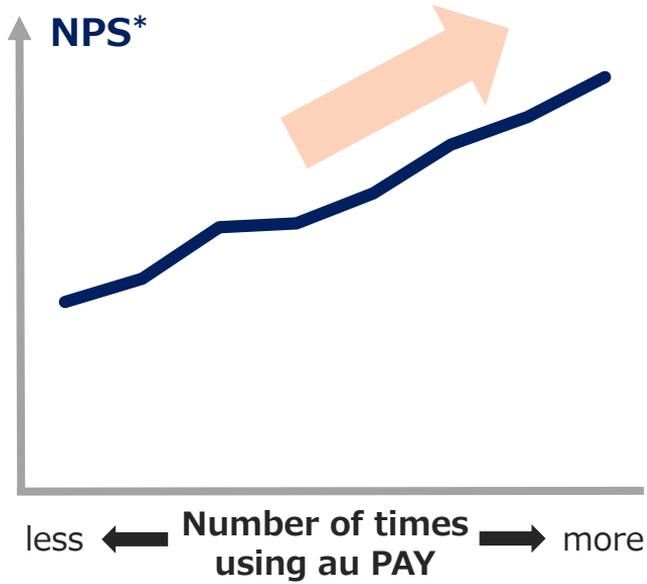


## Accelerating point circulation and aim to expand the number of au PAY membership

\*1) Total of au WALLET point holders and Ponta members \*2) Total of au WALLET points and Ponta points issued annually (both as of Dec 2019)



Correlation with number of times using au PAY (results for November 2019)



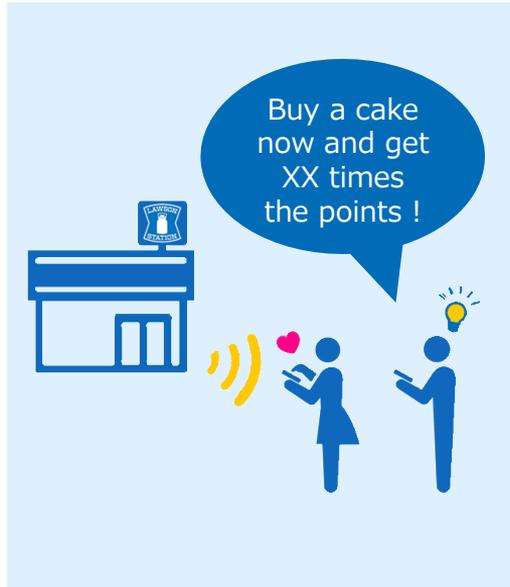
Further strengthening through collaboration

**Aim to enhance engagement and ARPA through collaboration with Ponta**

\* NPS : Net Promoter Score

# AUGMENTED Convenience Stores

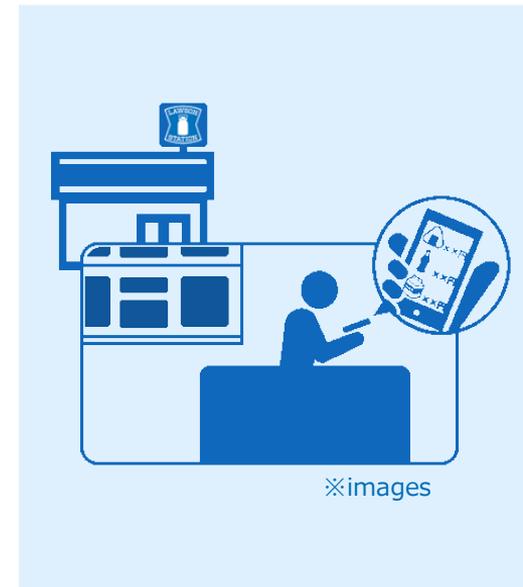
New, customer-tailored  
consumer experiences and  
food loss reduction efforts



Meeting society's need  
to stay healthy



Stress-free  
consumption experience



Using advanced technologies to solve social issues  
through convenience stores

# Enhanced Entertainment with an Eye toward the 5G Era

## auスマートパスプレミアム (au Smart Pass Premium)

Digital video, music, and literary contents evolve unlimited at the same price of ¥499 (tax not included)



BATMAN V SUPERMAN: DAWN OF JUSTICE and all related characters and elements © & TM DC Comics and Warner Bros. Entertainment Inc.  
JUSTICE LEAGUE and all related characters and elements © & TM DC Comics and Warner Bros. Entertainment Inc.



## ビデオパス (video streaming service)

Aiming to expand unique contents and distinctive video contents, especially terrestrial broadcasts of TV Asahi's programs



- Exclusive**
- Streaming of terrestrial broadcasts
  - Exclusive original contents
  - Past archives
  - xR contents, etc.

(After spring 2020)



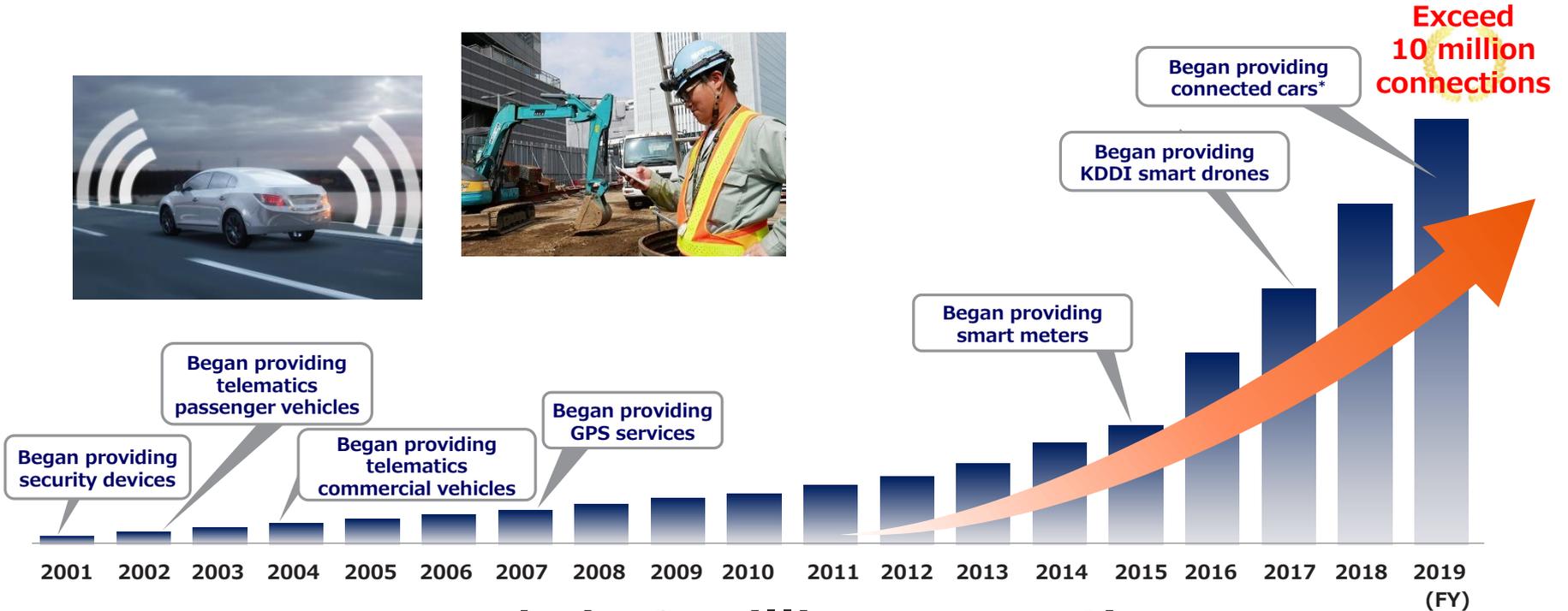
(c) TV Asahi, Toei



(c) 2019 Ishimori Production, TV Asahi, ADK EM, Toei

# Expanded quality and quantity and began offering contents to non-au customers

# KDDI Group IoT Connections



**Exceeded 10 million connections.  
Accumulated know-how in various fields**

\* Global Communications Platform

# Providing New Value through IoT



No.1 share of cumulative global shipments  
of speech translation devices\*



Sophistication of logistics using 5G



## Working with partners to further provide value and enable digital transformation

\*Calculated on a factory shipment basis. In addition, our scope is limited to each company's share of shipments based on their manufacturing brand and does not include OEM shipments of other companies' brands. ("Survey of worldwide shipments of speech translation devices" written by MM Research Institute, Ltd. Dec 10, 2019)

# Towards the 5G Era

Start “Shibuya 5G Entertainment Project”



## *au* 5G

**Commercial  
5G service\***  
Slated to begin in March

**Steadily upgrading infrastructure  
to provide new experience value**

\* Launch 5G services by NSA (Non-Standalone)

# Initiatives for the 5G Era

## 5G×Remotely monitored autonomous vehicles

(Aichi Prefecture and AISAN TECHNOLOGY CO.,LTD. and Tier IV, Inc., and Sompo Japan Nipponkoa Insurance Inc. etc.)



## 5G×Monitoring people climbing mountains

(Shinshu University and Komagane City, Nagano Prefecture and Prodrone Co., Ltd., and Chuo Alps Kanko Co, Ltd.)



## 5G×Disaster relief

(National Defense Medical College)



## 5G×Stadium security

(SECOM CO., LTD.)



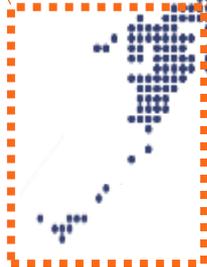
## 5G×Dairy

(Advanced Telecommunications Research Institute International and University of Miyazaki and Kamishihoro town, Katogun, Hokkaido, and TOKACHI HARVESTERS)



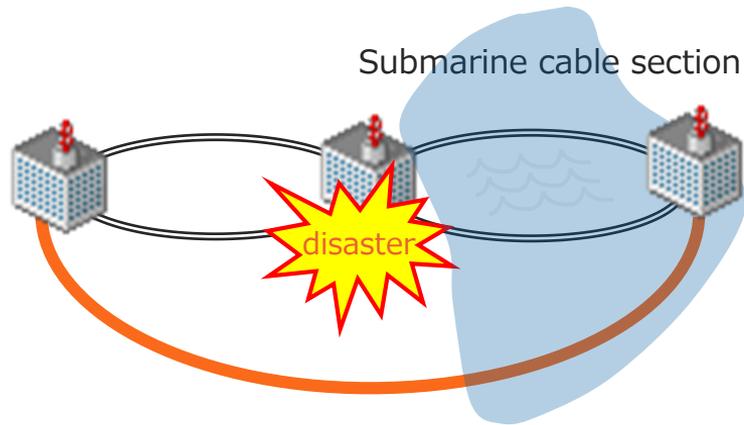
**Steady progress with various partners**

# Our Initiatives for Network Resilience



Construction set to wrap up  
in March 2020  
Okinawa-Kyushu (760 kilometer)

Core transmission lines  
Detour line (increase to 3 lines)

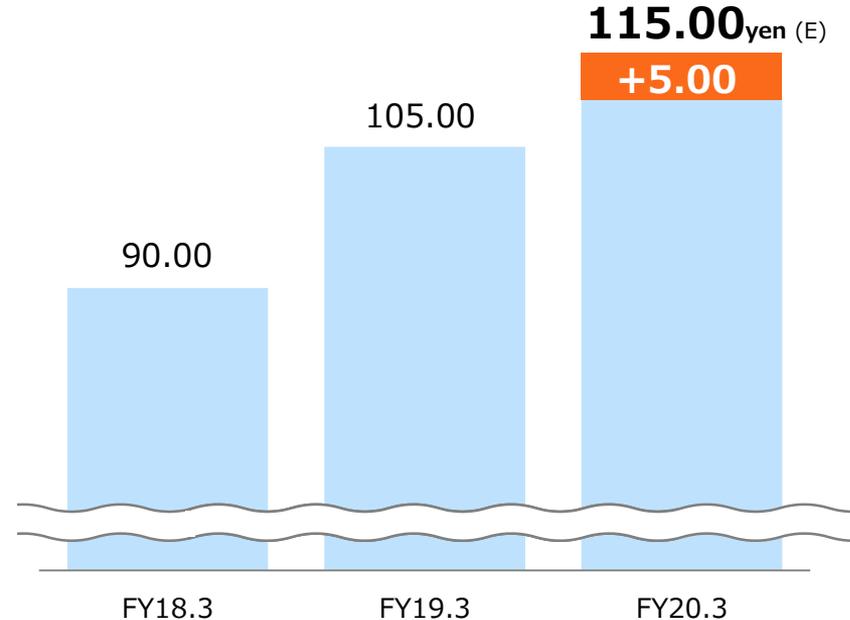


Completed Japan-wide countermeasures  
for a large-scale earthquake,  
such as Nankai Trough earthquake

Serve three core transmission lines Japan-wide  
with the construction of the Okinawa-Kyushu

# DPS

**+5 yen upward revision  
from initial forecast  
Based on “Further strengthening  
shareholders returns”  
in medium-term management plan**



**Aim to sustainable growth  
and strengthening shareholders returns both**

# Summary

## 1-3Q Financial Result

- ✓ Turned a profit in cumulative 3Q, performance leaped ahead, better positioning us to secure sustainable growth going forward
- ✓ Life design domain and Business Services segment sustained double-digit income growth

## Growth Fields

- ✓ Aim to expand the number of au PAY membership by leveraging our member base of over 100 million and aim to create new consumer experiences in the Life Design Domain
- ✓ IoT Connections exceeded 10 million and working with partners to further provide value and enable digital transformation in the Business Services segment
- ✓ Steadily upgrading infrastructure for 5G commercialization in March
- ✓ +5 yen upward revision based on the policy of sustainable growth and strengthening shareholders returns both

Tomorrow, Together

**KDDI**

おもしろいほうの未来へ。

**au**

# Appendix



# Consolidated Statement of Financial Position

**Total Assets 9.40 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 2.11 trillion yen**

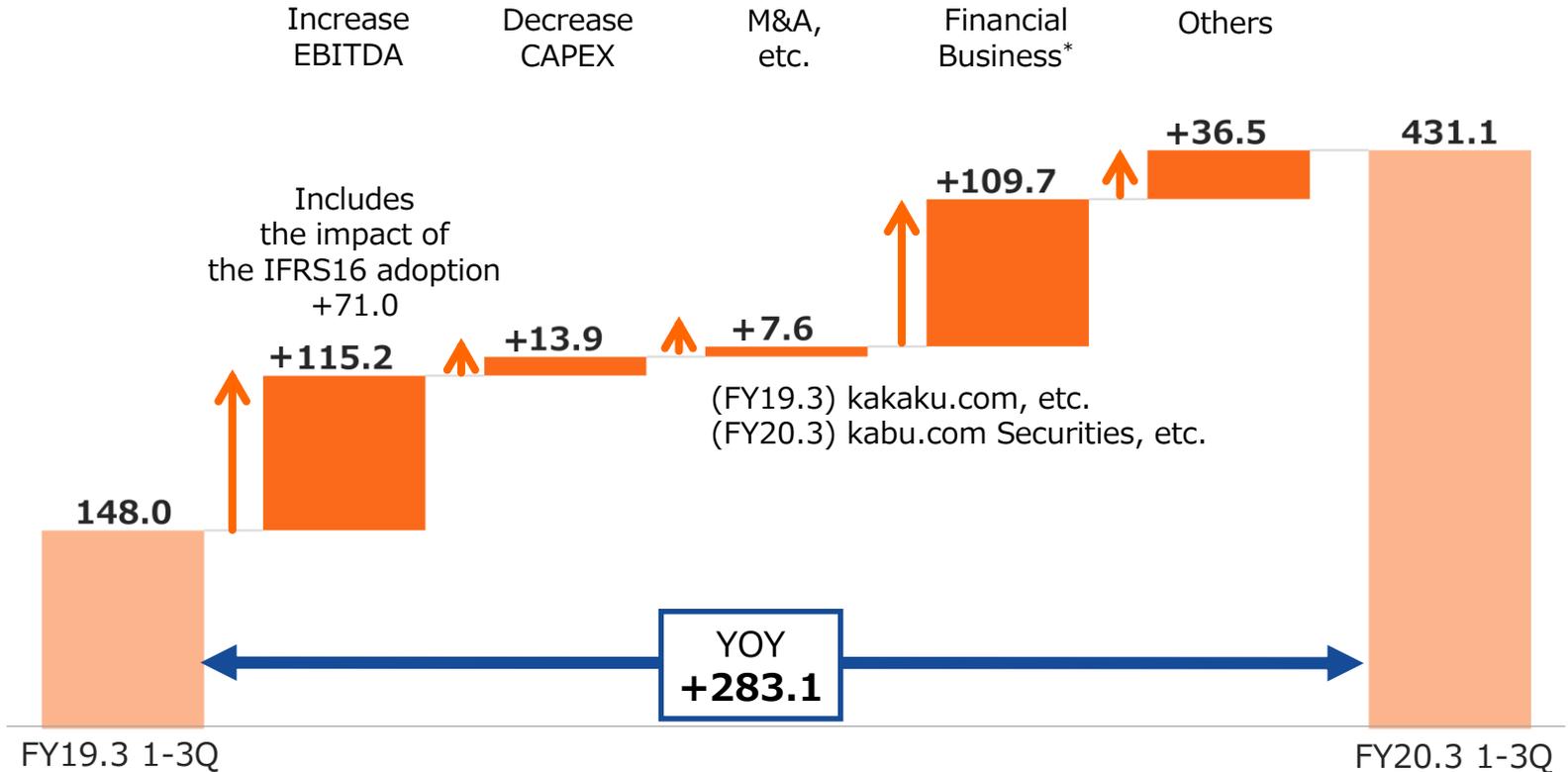
Cash and cash equivalents	Loans	Deposits
Securities		
Others	Others	

**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 1-3Q

(Unit : Billions of yen)



\* Cash flow related to financial business as described in the consolidated cash flow statement in the 3<sup>rd</sup> quarter of the fiscal year ending March 2020  
+ revenue from Jibun Bank's gain control

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.

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.