

Tomorrow, Together

**KDDI**

おもしろいほうの未来へ。

**au**

# Financial Results for the Fiscal Year Ended March 2020

**May 14, 2020**  
**Makoto Takahashi**  
**President**  
**KDDI Corporation**



*5G on The Rise*  
**au 5G**

# Basic Policy toward COVID-19

1

We ensure the safety of our customers and employees of the Company and affiliated companies above all else.

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2

We continue to respond to the rise in telecommunications traffic and maintain telecommunications services, which are the foundation and lifeline of society.

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3

We actively collaborate with governments, municipalities, and public organizations, etc.

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4

We contribute to the construction of a resilient social infrastructure that is resistant to environmental changes by promoting Digital Transformation (DX) for individual and corporate customers such as telework, online education, and remote medical care.

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5

We offer customer experiences that can alleviate worries and difficulties in life and fill the heart.

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**We contribute to the stability of society and lifestyle through telecommunications and services**

# Response to COVID-19

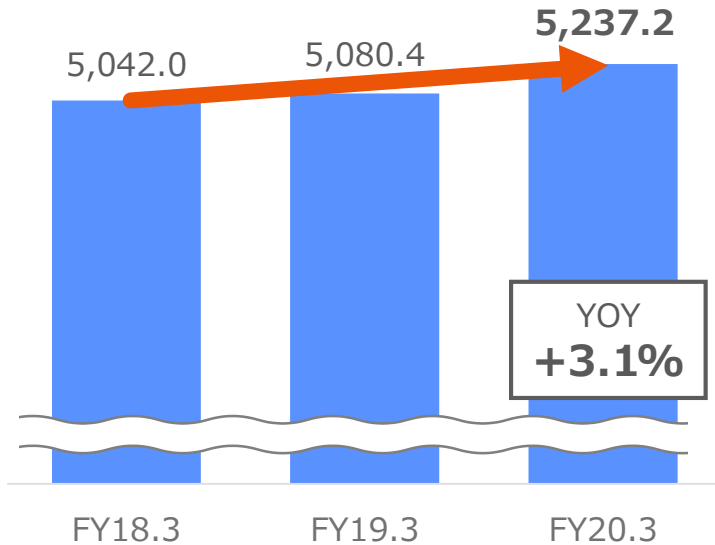
1	The safety of our customers and employees	<b>Shop safety measures</b>	Preventing splash infection by deploying partitions at the reception counter and thorough hygiene management by preparing disinfectant and masks for sales staff
		<b>Thorough telework and safety at call centers and others</b>	Do telework at business offices nationwide except important business personnel, in addition to thorough hygiene management
2	Maintain telecommunication services	<b>Operation monitoring</b>	Continued operational monitoring to maintain telecommunications quality while up to 10% increase in traffic is seen during peak hours (including mobile and fixed-line)
3	Collaborate with governments and municipalities, etc.	<b>Providing population dynamics analysis reports by using location data</b>	Visualize the movements of people before and after the declaration of a state of emergency by granular data analysis and provide its data for free to local governments nationwide
		<b>Extension of payment due date</b>	Defer the payment due date for customers who use services we provide
		<b>Donated to Social Welfare Corporation Central Community Chest of Japan</b>	Donated 100 million yen at March 31, 2020 to Red Feather community chest of Social Welfare Corporation Central Community Chest of Japan.
		<b>Shorten au shop's business hours</b>	Shorten business hours at au shops nationwide in response to a request from the Ministry of Internal Affairs and Communications to strengthen efforts to prevent the spread of infection
4	Building a social infrastructure by promoting DX	<b>Support measures for online education</b>	Started to provide home learning support service with Mates, the EdTech venture company
5	Alleviate worries in life	<b>Free offering "book-pass" all-you-can-read plan</b>	We offer two all-you-can-read plans (general course / magazine course) free of charge until the end of May, following the situation of closing for schools, telework, and stay at home.



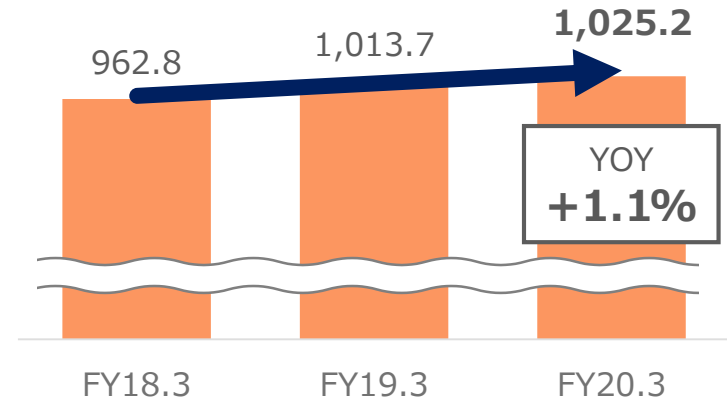
# Highlights of Financial Results for FY20.3

# Highlights of Consolidated Financial Results for FY20.3

Operating Revenue (Unit : Billions of yen)



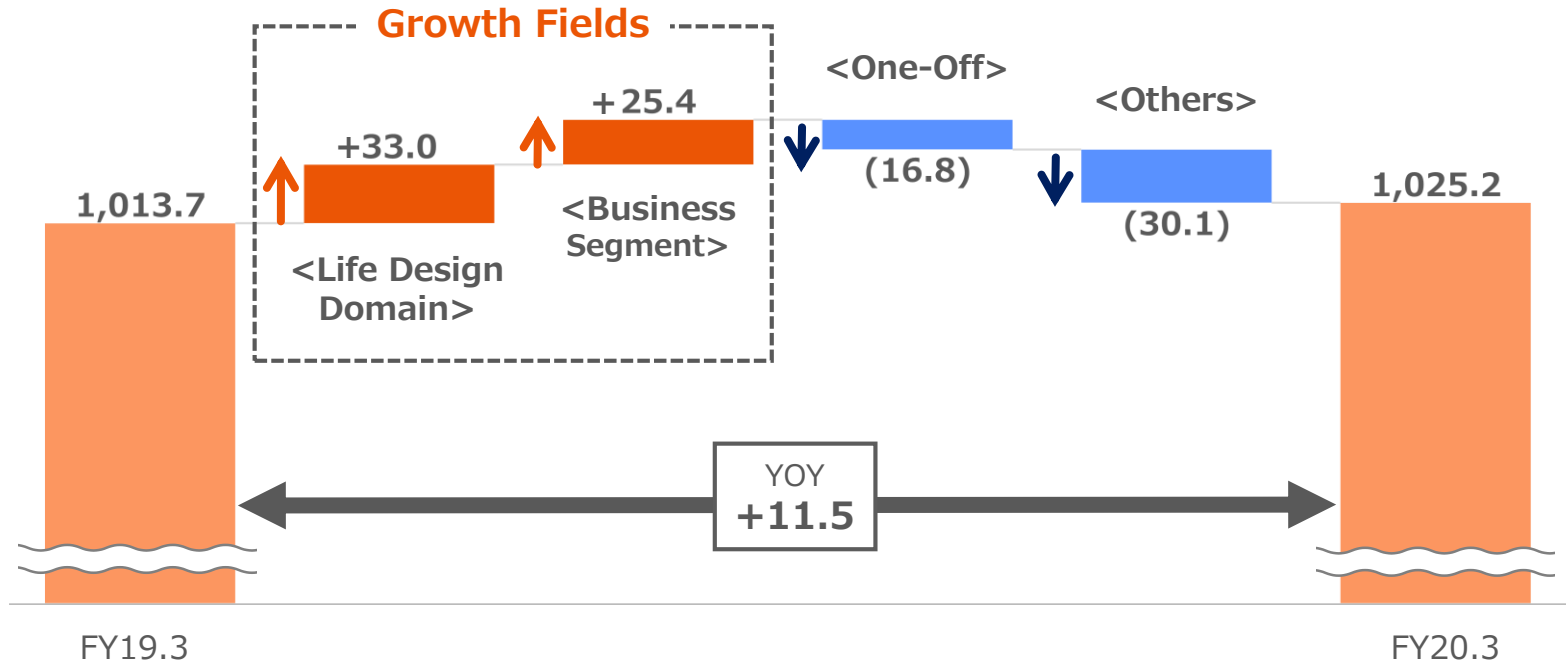
Operating Income (Unit : Billions of yen)



**Achieved higher revenue and operating income**

# Operating Income : Factor for Change, YoY for FY20.3

(Unit : Billions of yen)



**Made steady progress toward sustainable growth**

# Business Strategies



# Customer-Oriented Value Provision

Group IDs



Engagement



Total ARPU



Enhance Customer Recommendation (NPS\*)

Brilliant Network

Easy-to-use  
Pricing Plans



Exciting Contents

Attractive Devices

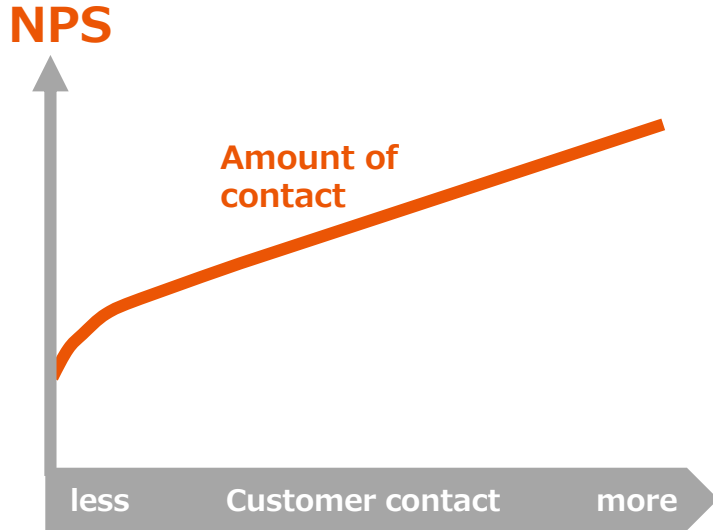
Expanding business with a top priority on building trusting relationships with customers

\*Abbreviation for Net Promoter Score

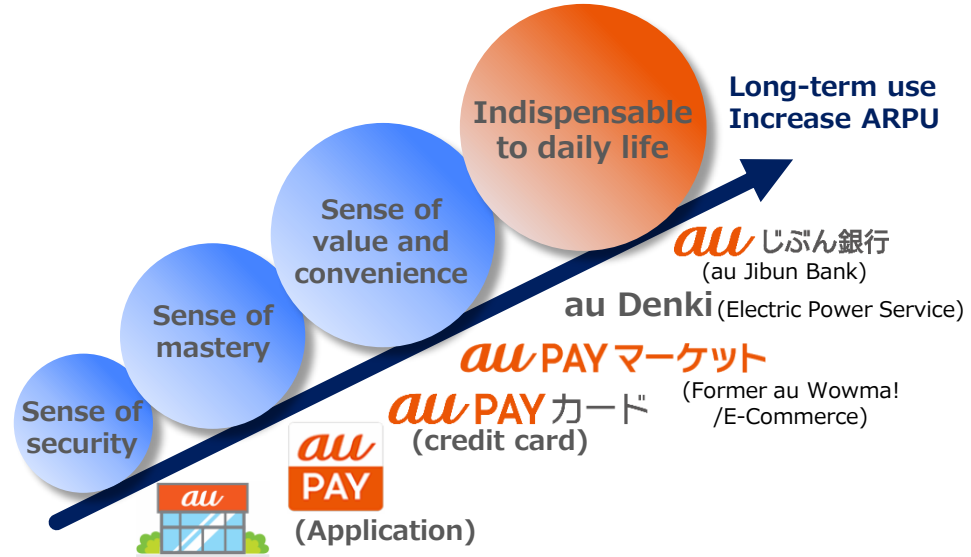


# Enhancing Engagement

Correlation between customer contact and NPS



Enhancing engagement through increased contact

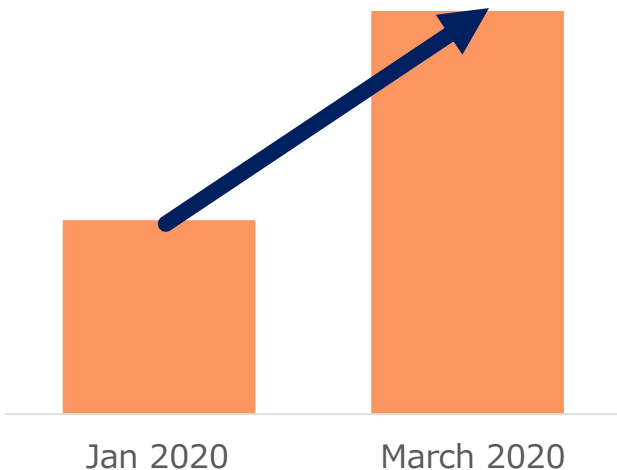


Creating stronger engagement through increased customer contact

# au PAY

Number of Payments

More than double  
following the campaign\*



**Number of payments greatly increased.  
Promoted initiatives to increase contact**

**Integrated with Ponta points  
Full-scale partnership with Lawson  
(Scheduled for the end of  
May 2020)**

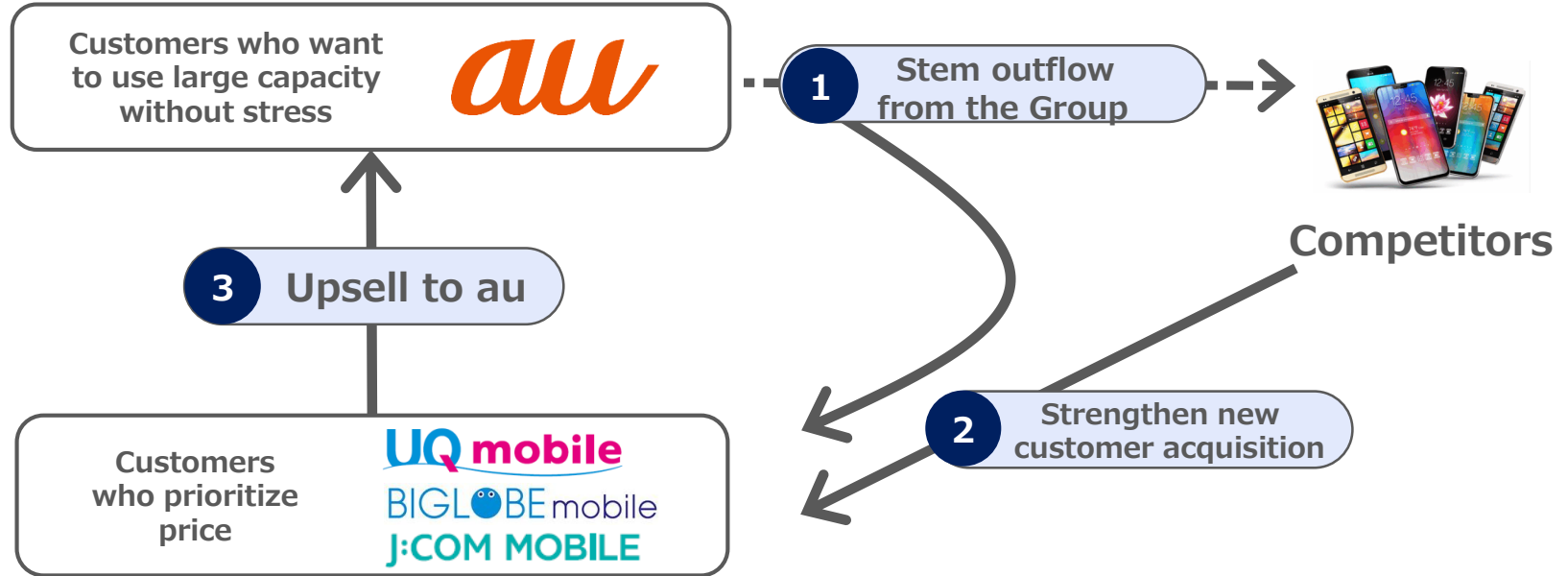


Japan's largest class member base  
of over 100 million

Expansion of points and payments  
affiliated stores

\* Campaign that anyone can participate in and get 1 billion yen every week (Feb 2020 to March 2020)

# Strengthen ID Base across The Entire Group



Meet a wide range of needs and strengthened momentum with the Group's combined capabilities



## Strengthening sales organization



- ✓ “au” and “UQ mobile” Reorganization and integration of sales organization and sales channels nationwide

## Providing new value



- ✓ Providing easy-to-understand and various services that meet the needs of customers by utilizing the features of both brands

## Business efficiency



- ✓ Streamlining the overlapping tasks and operations
- ✓ Streamlining the management resources for full-scale 5G

**Aiming to strengthen competitiveness  
by consolidating group management resources**

# UNLIMITED WORLD *au* 5G

Providing a wide range of models,  
from flagship to mid-range



XPERIA 1 II

Galaxy S20 5G

Galaxy S20+ 5G

AQUOS R5G

OPPO Find X2 Pro

Mi 10 Lite 5G

ZTE a1

**au Online Shop**  
for good deals discount

Purchases of applicable handset models from April 1, 2020

up to **22,000** (including tax) yen discount\*

## Promoting the switch to 5G with attractive devices

\* Applies to select models purchased with a new contract (including customers switching from a competitor company)

or with a handset model upgrade (for use of 12 months or more) during the specific period

Target models are XPERIA1 II, Galaxy S20 5G, Galaxy S20+ 5G and AQUOS R5G (as of May 14, 2020)

Note) 5G service is available only in some areas. Please check the au website for service areas and sales dates of 5G-ready smartphones

# UNLIMITED WORLD *au* 5G

Promoting switch by offering 5G original plans  
at around 4G LTE prices (two years campaign)\*1

## Data MAX 5G Netflix Pack

Available from June 2020

## Data MAX 5G ALL STAR Pack

The top partner in leading entertainment

**NETFLIX**

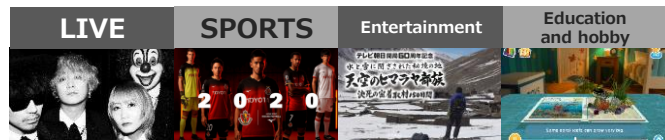
**APPLE MUSIC**

**YOUTUBE PREMIUM**

**TELASA**

Passport to AUGMENT experience

**auスマートパスプレミアム**\*2  
(au Smart Pass Premium)

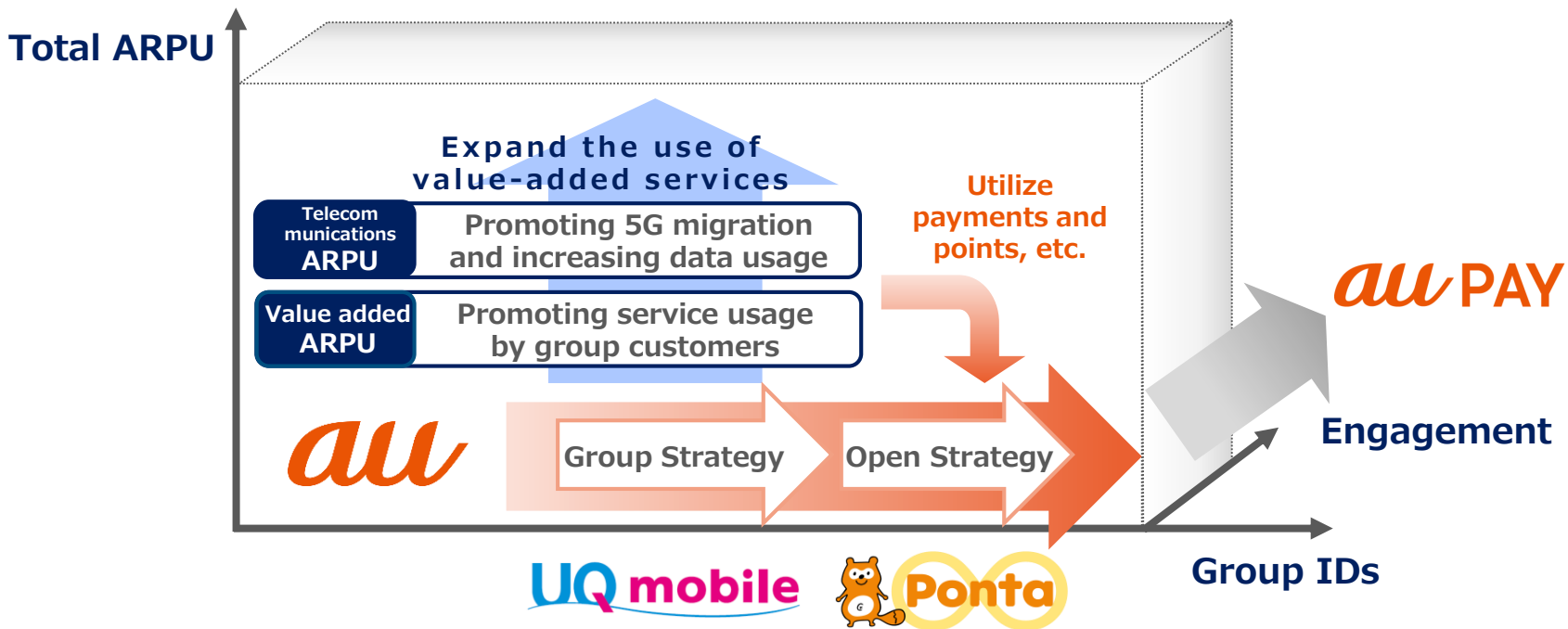


© tv asahi

Providing a unique price structure  
that incorporates value-added services

\*1) Applications under the 5G start campaign will be accepted until August 31, 2020 \*2) 499yen (tax not included, per month) We plan to begin steadily releasing content.  
Note) 5G services is available only in some areas. Please check the au website for service areas

# Further Expansion of Growth Area



Expand by promoting ARPU growth measures and open strategy

# Progress on Medium-Term Targets

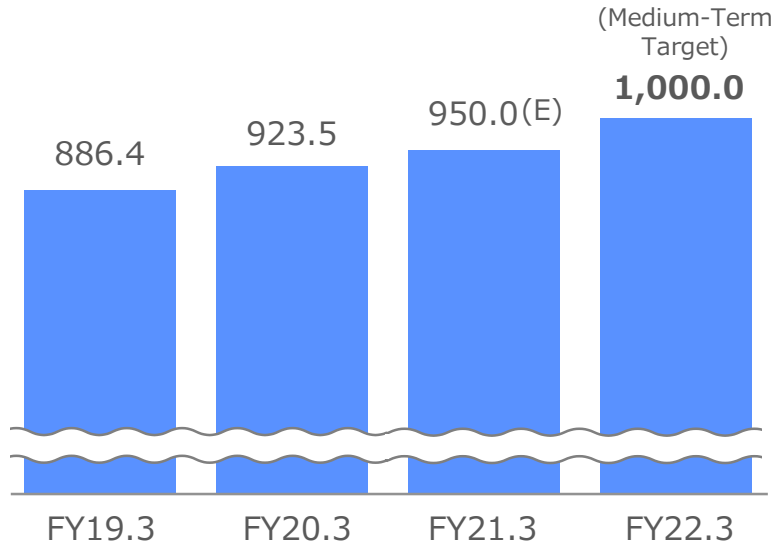
	FY19.3	FY20.3	(Medium-Term Targets Progress Rate)	FY21.3 (E)	FY22.3(Target)
<b>Life Design Domain Sales</b> (Billions of yen)	946.0	<b>1,218.0</b>	<b>49%</b>	1,290.0	1,500.0
<b>Transaction Volume of Settlement/Loan</b> (Billions of yen)	4,424.0	<b>6,537.0</b>	<b>134%</b>	6,800.0	6,000.0

**Steadily progress and Transaction Volume of Settlement/Loan grew significantly**

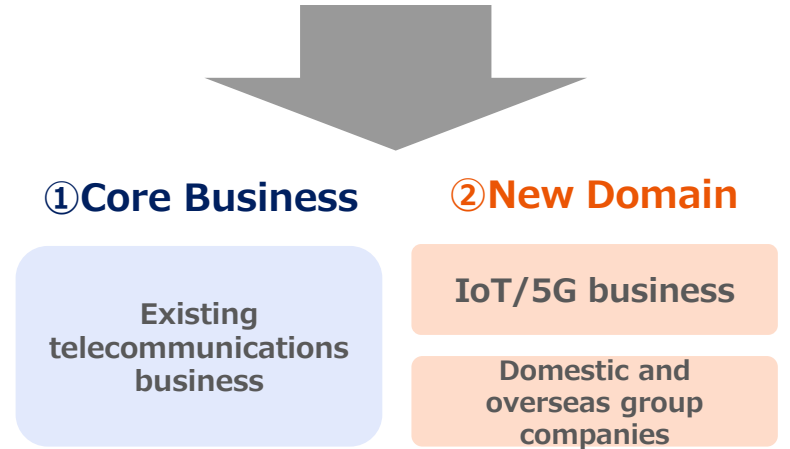


# Business Services Segment

Operating Revenue (Unit : Billions of yen)



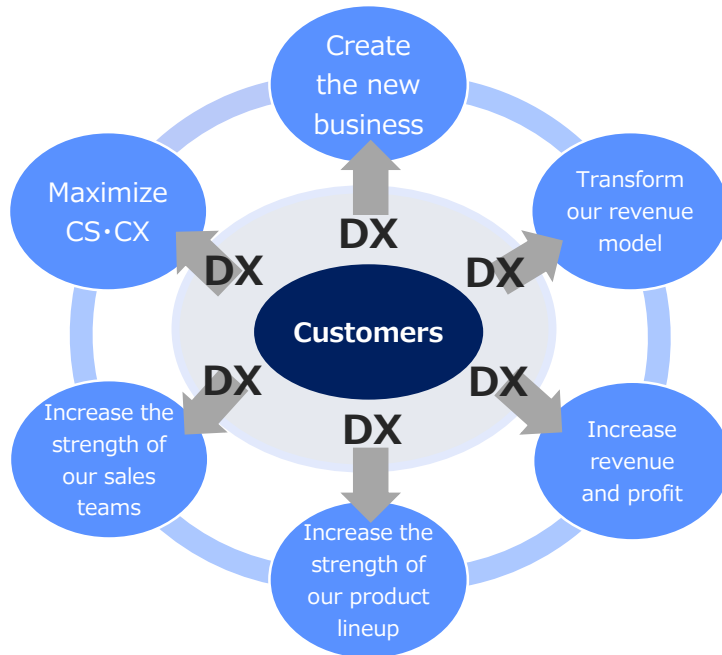
## Promoting customer DX



Business growth in both areas

**Aim to grow in core business and new domain both by promoting customer DX**

# Creating New Value by Collaborating Customers Achieve DX



Realize safe and highly productive next generation logistics center through utilizing 5G and AI



 Hitachi Transport System

Toward New Dimensions  
**LOGISTEED**

Increase operational efficiency using telecommunications and AI  
"KDDI Gas Platform Service"



**Obbli** SAN-AI OIL

Contributing to the creation of a resilient foundation  
that is resistant to environmental changes

# Progress on Medium-Term Targets

	FY19.3	FY20.3	(Medium-Term Targets Progress Rate)	FY21.3 (E)	FY22.3(Target)
<b>Business Services segment Operating Revenue (Billions of yen)</b>	886.4	<b>923.5</b>	<b>33%</b>	950.0	1,000.0
<b>IoT Connections (Million)</b>	8.0	<b>11.5</b>	<b>35%</b>	15.0	18.0

**Steadily progress  
and IoT Connections has exceeded the plan**



# Financial Forecasts for FY21.3

# Consolidated Financial Forecasts for FY21.3

Although the impact of COVID-19 that we can forecast at this moment has been included in our financial forecasts, while we will carefully assessing the future outlook, we will contribute the stability of society and lifestyles based on Basic Policy toward COVID-19 and aim to achieve our financial forecasts and medium-term management plan

We expect operating revenue and operating income on par with the previous fiscal year's results

Operating Revenue **¥5,250** Billions

Operating Income **¥1,030** Billions

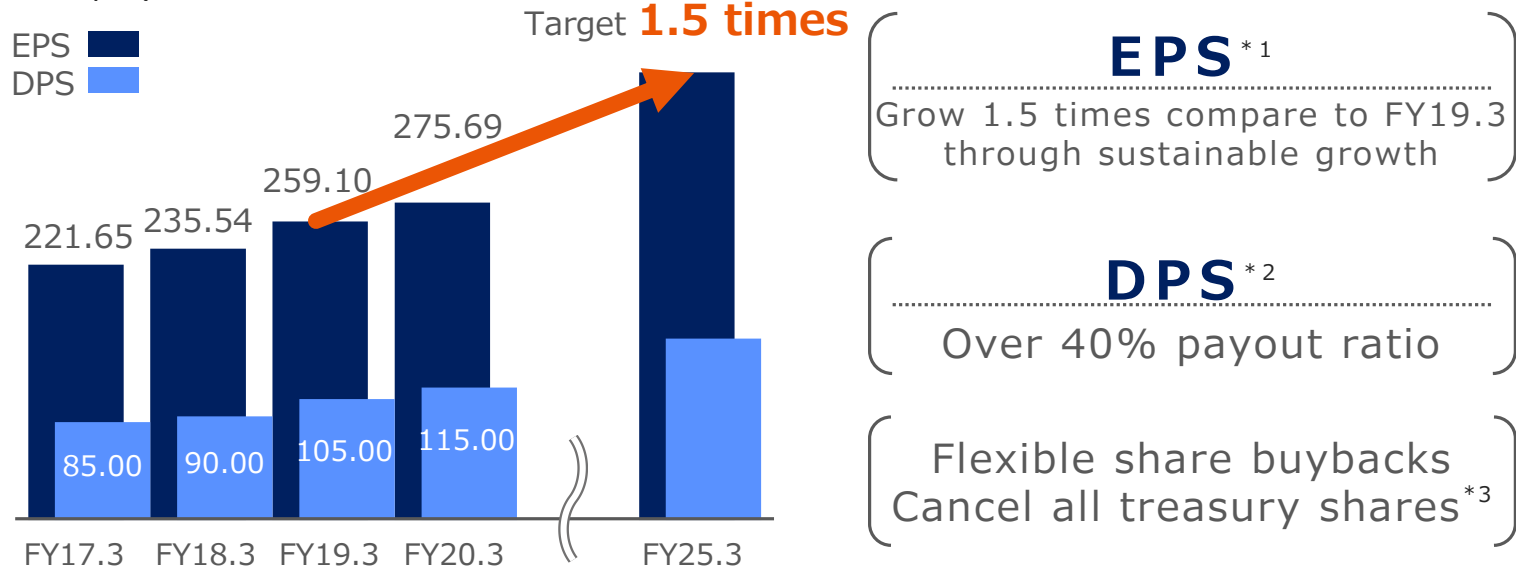
Profit for the period attributable to owners of the parent **¥640** Billions

**Promoting our business strategies  
and work to strengthen our business foundation**

# Review of Medium-Term Management Plan

(Unit : yen)

(compare to the end of FY19.3 actual)

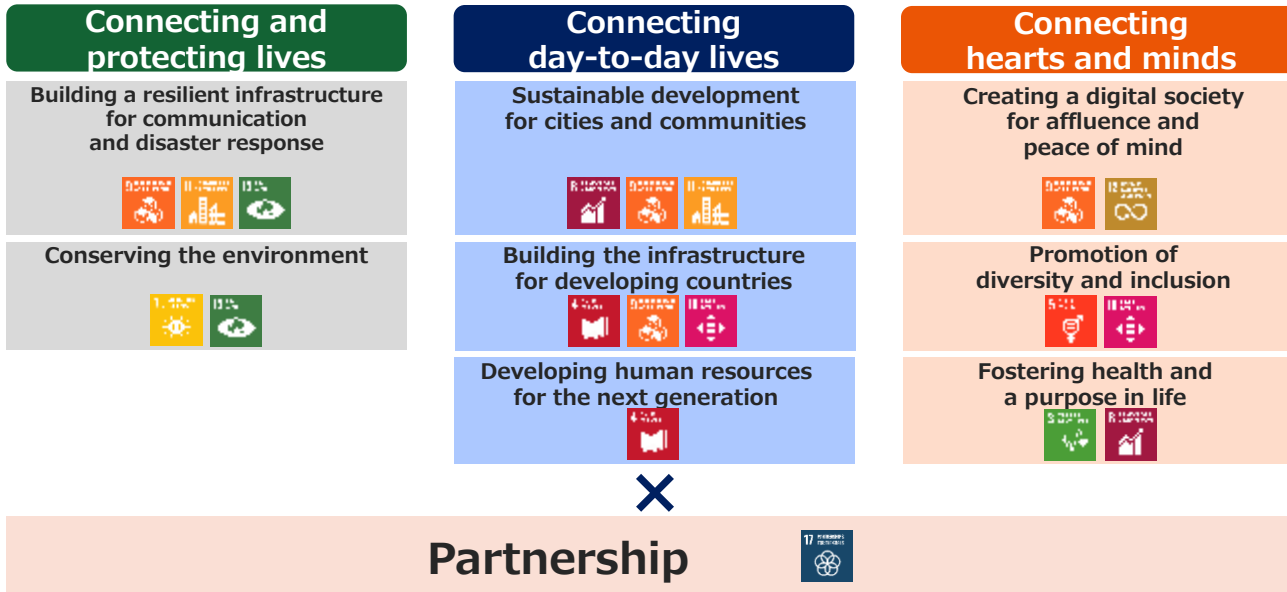


**Aim to sustainable growth and strengthening shareholders returns both continuously**

\*1) Earnings Per Share \*2) Dividend Per Share \*3) Except KDDI shares owned by executives' compensation BIP Trust Account and ESOP Trust Account

# KDDI Sustainable Action

Our power to make connections will help create a brighter future for all.



Accelerated SDGs initiatives through activities rooted in business

# External Recognition

## Innovation



ILS (Innovation Leaders Summit)  
Executive Committee  
“Innovative Major  
Corporations Ranking”  
**2 consecutive years**



Morning Pitch  
“Large Enterprise  
Innovation Award”  
**Won First place**

## Sustainability



FTSE4Good



FTSE Blossom  
Japan



S&P/JPX  
Carbon  
Efficient  
Index

Global



2020 MSCI ESG Leaders  
Indexes Constituent \*

Domestic

2020 CONSTITUENT MSCI JAPAN \*  
ESG SELECT LEADERS INDEX

MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN) \*

**Aiming to be a company  
that can meet the expectations of society**



# Toward a Safe National Life and Economic Recovery

## Building a more resilient network to sustain day-to-day life and economy activity

- Expanding and strengthening the network that underpin telework, online education, and remote medical care
- Rolling out 5G service nationwide earlier through infrastructure sharing
- Adopting leading-edge technologies that meet global standards and establishing a domestic diversity network

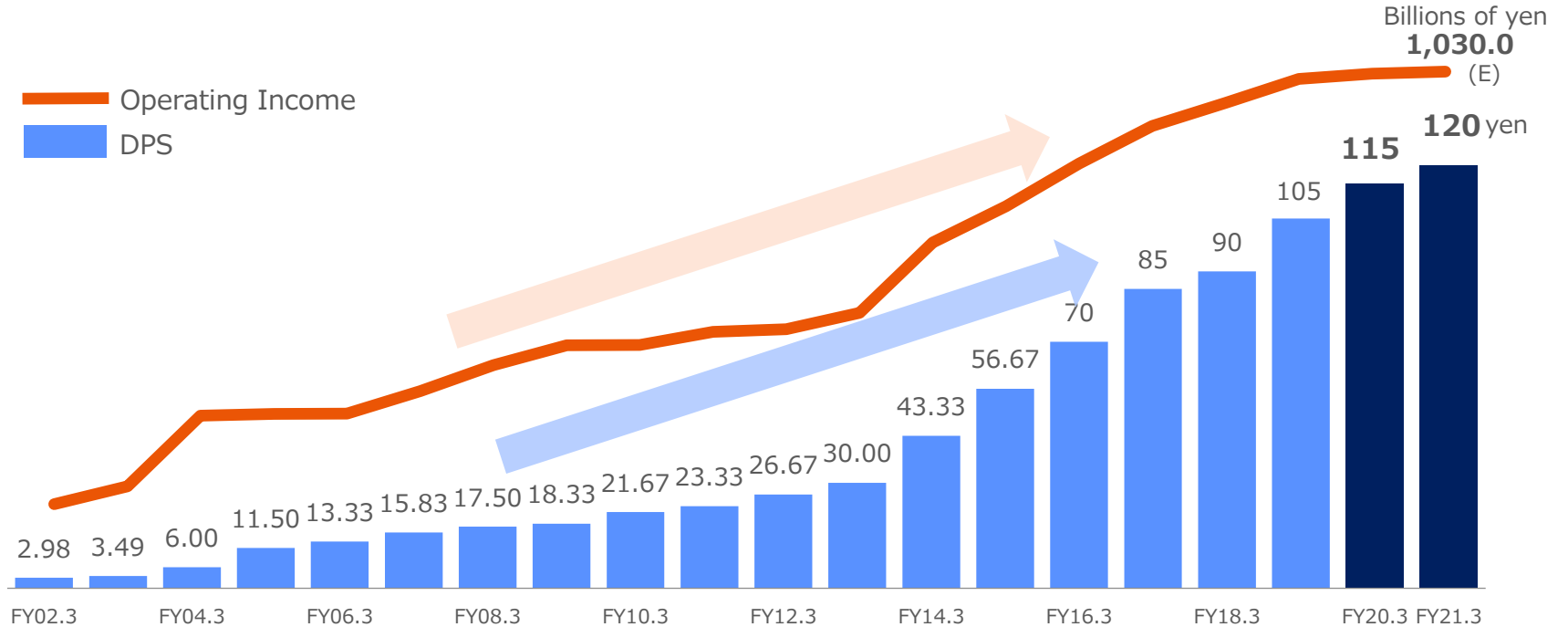
## Promoting DX to restore and grow domestic economic strength

- Merging with online communities that augment the incremental economic recovery of real-world communities
- Creating business model through a wide range of alliances spanning venture companies to large corporations
- Establishing “a new social foundation” that underpins safety and peace of mind in day-to-day life as well as economic activity

**Continuing to make necessary CAPEX  
in the society in Japan**



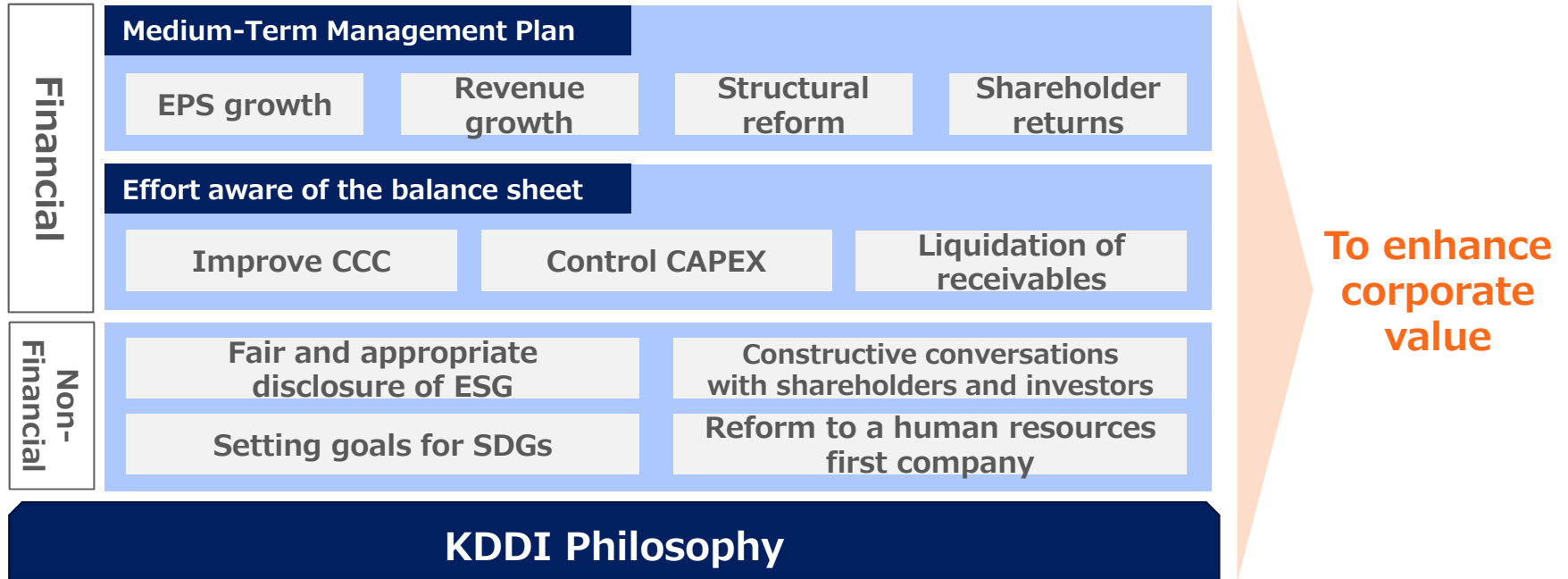
# DPS



**Aiming for 19<sup>th</sup> consecutive DPS growth**

Note) DPS for FY20.3 and FY21.3 are expected figures

# To Maximize Corporate Value



**Aim to maximize corporate value through both financial and non-financial efforts**

# Summary

## Medium-Term Management Plan

- ✓ Aim to sustainable growth and strengthening shareholders returns both continuously
- ✓ Strengthen financial aspects through expansion of growth areas and “lean and mean” management
- ✓ Strengthen management base through efforts on non-financial aspects such as SDGs

## Financial Results

- ✓ FY20.3 : Achieved higher revenue and operating income. Made steady progress toward sustainable growth
- ✓ FY21.3 : Absorbing environmental changes, business performance is expected to achieve at the same level as the previous year

## Business Strategies

- ✓ Enhancing engagement through expanding customer contacts centering on au PAY
- ✓ Aim to grow in core business and new domain through promoting customer DX








**Promoting initiatives for social stability  
and solid management**

The image features a dark blue background with a glowing Earth at the bottom. A bright light source, likely the sun, is positioned behind the Earth's horizon, creating a lens flare effect. Two vertical bars, one orange and one blue, run through the center of the image. The word "Appendix" is written in white, bold, sans-serif font across the middle of the image.

# Appendix



# Principal Impacts of COVID-19

## Personal Services segment (telecommunications business)



● Telecommunications services		<b>Voice</b>	➤ Increase due to rise in student usage and businesspeople working at home
		<b>Mobile Data</b>	➤ Decrease due to an increase in the offload rate caused by more people staying at home
		<b>International</b>	➤ Decrease the usage of international roaming services due to restrictions on overseas travel
		<b>Fixed-line</b>	➤ Increase in demand for at-home telecommunications for telework, online learning, and other such activities
● Handset sales, etc.		<b>Decrease the revenue of handset sales</b>	➤ Decrease the unit of shipments due to decrease in total sales
		<b>Decrease the costs of handset sales</b>	➤ With the decrease in total sales, a decrease is expected on an IFRS basis
		<b>Support to sales branches</b>	➤ Implementation of support for au shop's agents and store staff

# Principal Impacts of COVID-19

## Personal Services segment (Life Design Domain)

- **E-commerce** 
  - Increase demand due to stay at home
- **Education and Accommodation** 
  - Decrease in real-world customer interactions as people shelter in place
- **Finance** (–)
  - Despite a decline in the acquisition of some financial products due to restrict face-to-face operations and a decrease the transaction volume of settlement due to decline in consumption, stable profits from the internet financial business are expected to maintain an upward trend

## Business Services segment

- **Core Business** 
  - Decrease the usage of international roaming due to restrictions on overseas travel and the sales of solution business overseas
- **Medium-term prospective** 
  - Accelerate needs for work style reform such as telework

## Others

- **CAPEX** (–)
  - Design and setting business is continued through decentralization of bases and remote work
  - The impact of the delivery of network equipment and construction is limited at this time

# Consolidated Statement of Financial Position

**Total Assets 9.58 trillion yen**

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

**KDDI (consolidated)**

**Total Assets 2.22 trillion yen**

Cash and cash equivalents	Loans	Deposits
Securities		
Others		Others

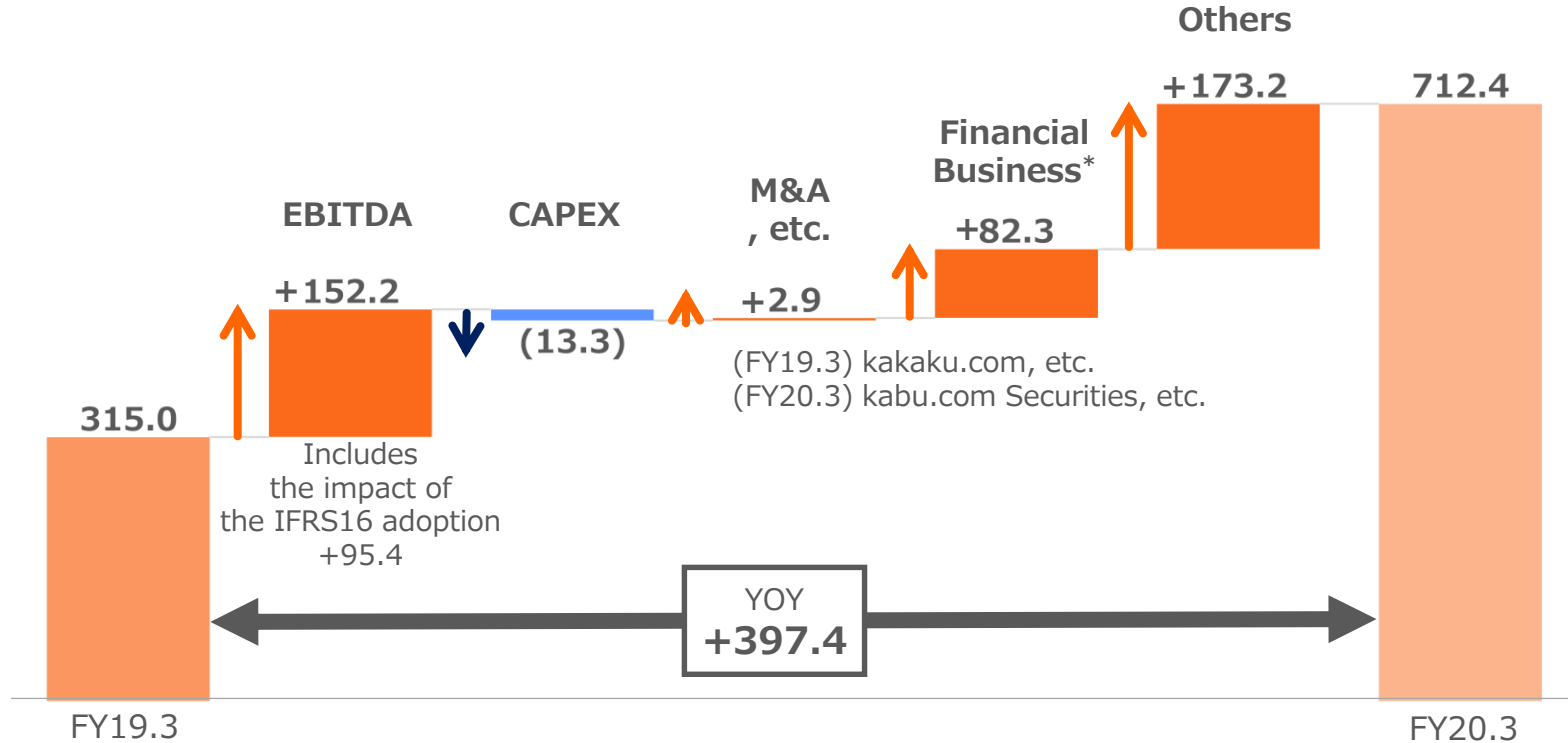
**au Financial Holdings (consolidated)**

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 FY20.3

(Unit : Billions of yen)



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

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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.