



KDDI CORPORATION

Financial Results for the 3rd Quarter
of the Fiscal Year Ending March 2014

January 30, 2014

President Takashi Tanaka

Today's Presentation

- 1. Performance in 1-3Q**
- 2. Operational Data**
- 3. Revision of Full-year Results Forecasts**

Disclaimer

The figures included in the following 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.

1. Performance in 1-3Q

Highlights of Performance in 1-3Q

Consolidated

Consolidated Performance

1-3Q

(from April to December)

Robust YOY Growth in Operating Revenues and Income

Operating Revenues YOY **+17%**

Operating Income YOY **+35%**

Personal Services

Communications Revenues

1-3Q

(from April to December)

Strong YOY Growth

YOY **+22%**

Excludes [Influence of J:COM consolidation] ^{Note}

YOY **+7%**

*Note) In these materials, [influence of J:COM consolidation] excludes the performance of JCN, which became a consolidated subsidiary of J:COM in December 2013.

Consolidated Performance

(Billions of yen)

	FY13.3 1-3Q	FY14.3 1-3Q	[Influence of J:COM consolidation]	yoy	FY14.3 (Initial Forecast)	Progress
Operating revenues	2,710.6	3,179.9	263.0	+17.3%	4,140.0	76.8%
Operating income	395.6	533.2	50.2	+34.8%	630.0	84.6%
Operating margin	14.6%	16.8%	-	-	15.2%	-
Ordinary income	394.0	538.6	47.6	+36.7%	620.0	86.9%
Net income	180.2	268.7	-30.6	+49.0%	295.0	91.1%
EBITDA	716.7	918.1	111.8	+28.1%	1,160.0	79.1%
EBITDA margin	26.4%	28.9%	-	-	28.0%	-
Free cash flow	-43.8	231.9	83.2	-	270.0	85.9%

Segment Performance 1

Personal Services

Revenues Up, Income Up

	FY13.3 1-3Q	FY14.3 1-3Q	[Influence of J:COM consolidation]	yoy	FY14.3 (Initial Forecast)	Progress
Operating revenues	2,107.7	2,489.6	244.2	+18.1%	3,210.0	77.6%
Operating income	291.8	405.4	46.4	+38.9%	485.0	83.6%
Operating margin	13.8%	16.3%	-	-	15.1%	-
EBITDA	560.0	736.2	105.9	+31.5%	940.0	78.3%
EBITDA margin	26.6%	29.6%	-	-	29.3%	-

(Billions of yen)

Value Services

Revenues Up, Income Up

	FY13.3 1-3Q	FY14.3 1-3Q	[Influence of J:COM consolidation]	yoy	FY14.3 (Initial Forecast)	Progress
Operating revenues	104.9	154.4	32.9	+47.1%	210.0	73.5%
Operating income	31.0	40.9	3.6	+31.8%	50.0	81.8%
Operating margin	29.6%	26.5%	-	-	23.8%	-
EBITDA	38.1	50.1	5.7	+31.8%	62.0	80.9%
EBITDA margin	36.3%	32.5%	-	-	29.5%	-

(Billions of yen)

Segment Performance 2

(Billions of yen)

Business Services

Revenues Up, Income Up

	FY13.3 1-3Q	FY14.3 1-3Q	yoy	FY14.3 (Initial Forecast)	Progress
Operating revenues	470.3	490.9	+4.4%	650.0	75.5%
Operating income	60.1	72.4	+20.5%	80.0	90.5%
Operating margin	12.8%	14.8%	-	12.3%	-
EBITDA	96.2	104.7	+8.8%	127.0	82.5%
EBITDA margin	20.5%	21.3%	-	19.5%	-

(Billions of yen)

Global Services

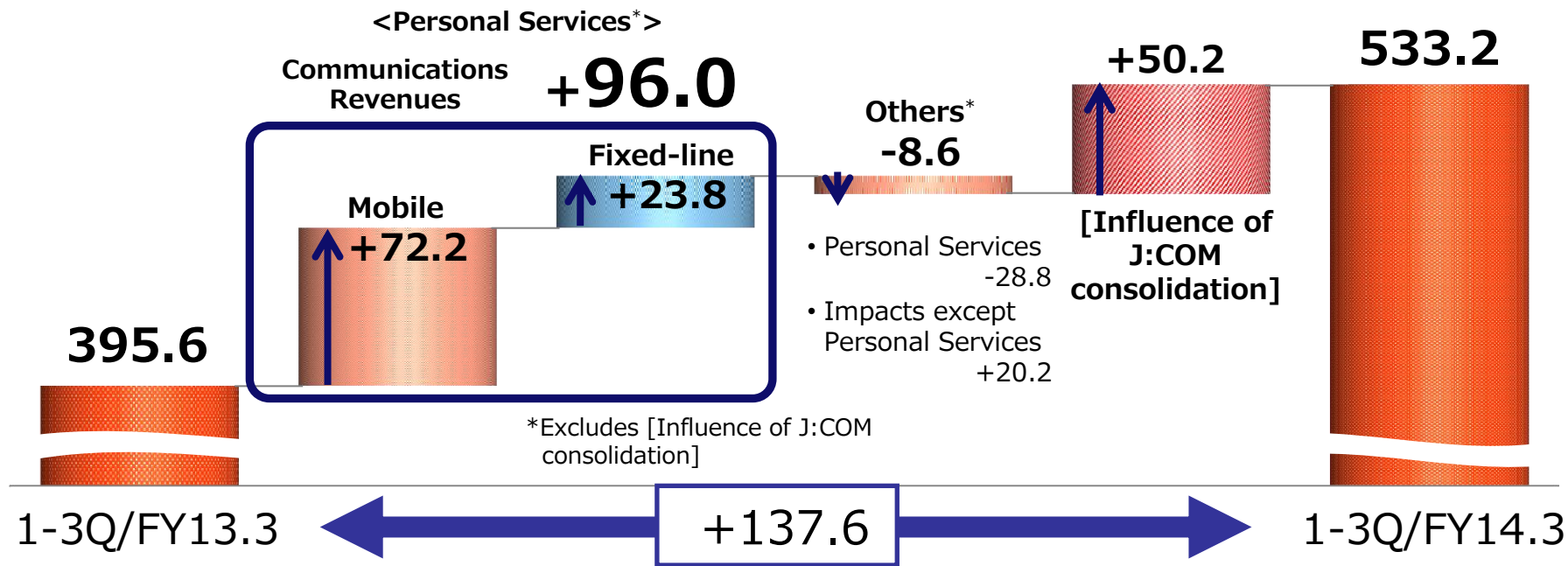
Revenues Up, Income Up

	FY13.3 1-3Q	FY14.3 1-3Q	yoy	FY14.3 (Initial Forecast)	Progress
Operating revenues	148.5	189.2	+27.4%	218.0	86.8%
Operating income	5.4	8.3	+54.9%	9.0	92.4%
Operating margin	3.6%	4.4%	-	4.1%	-
EBITDA	14.9	19.9	+32.9%	23.0	86.4%
EBITDA margin	10.1%	10.5%	-	10.6%	-

Consolidated Operating Income: Factor for Increase in 1-3Q YOY

Contributions from higher communications revenues
accounted for 70% of increased income,
further contributions made by J:COM consolidation

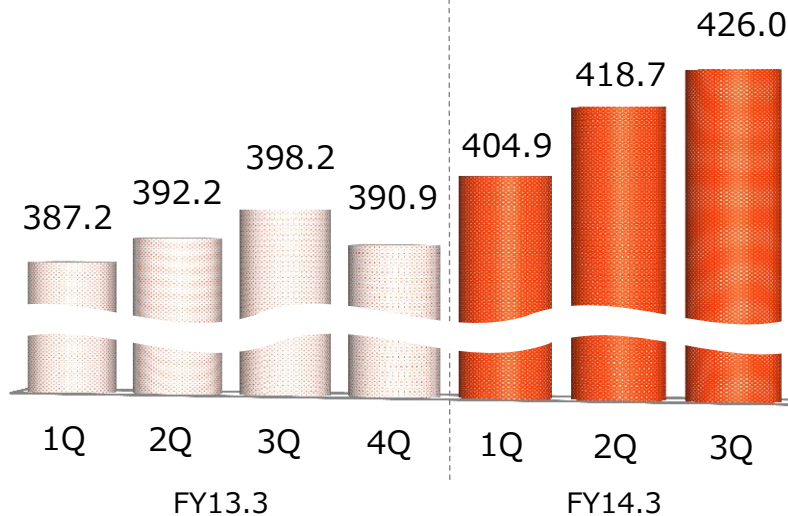
(Billions of yen)



YOY increases in both mobile and fixed-line communications revenues

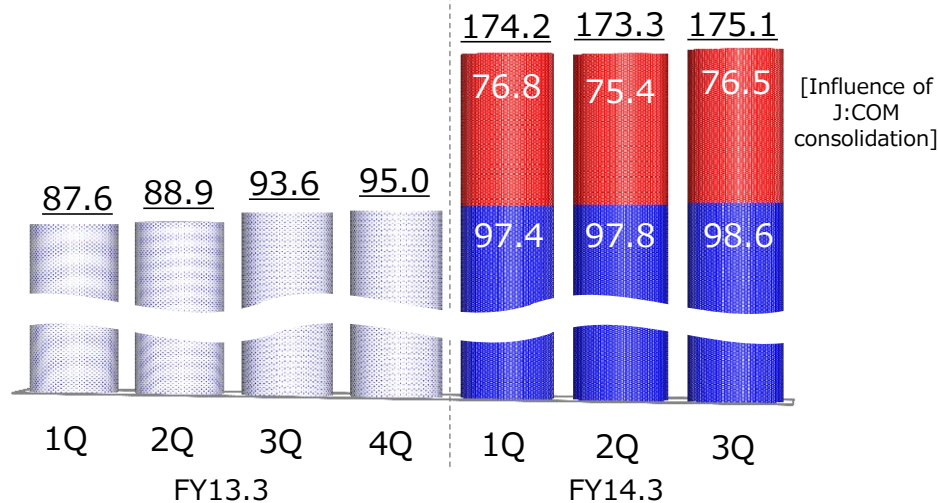
Mobile Communications Revenues

(Billions of yen)

**1-3Q
YOY +6.1%**

Fixed-line Communications Revenues

(Billions of yen)

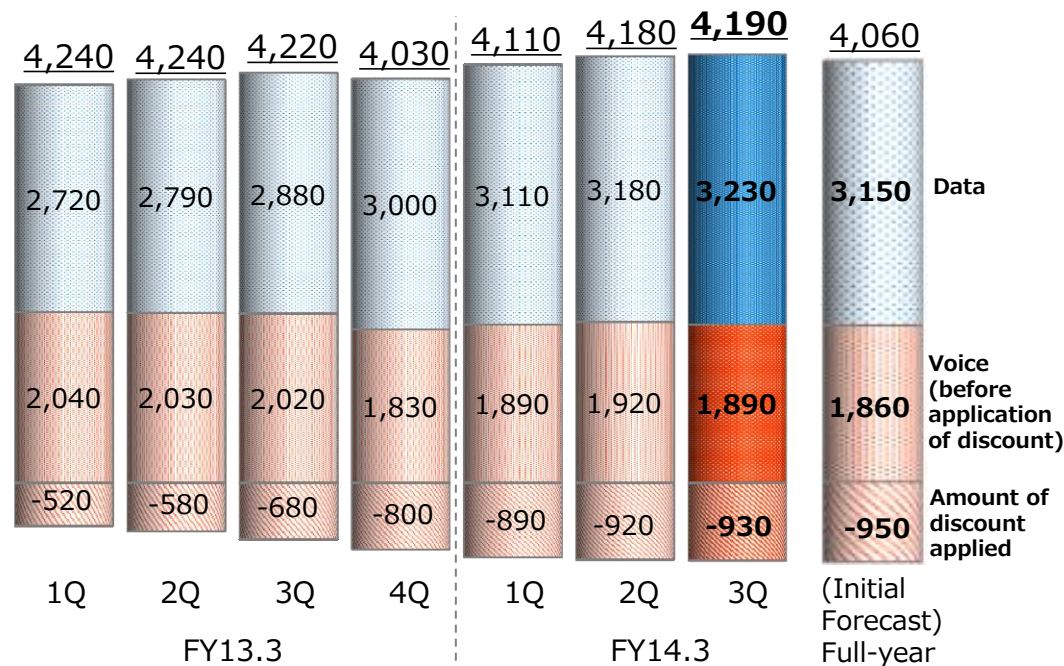
**1-3Q
YOY +93.5%**

2. Operational Data

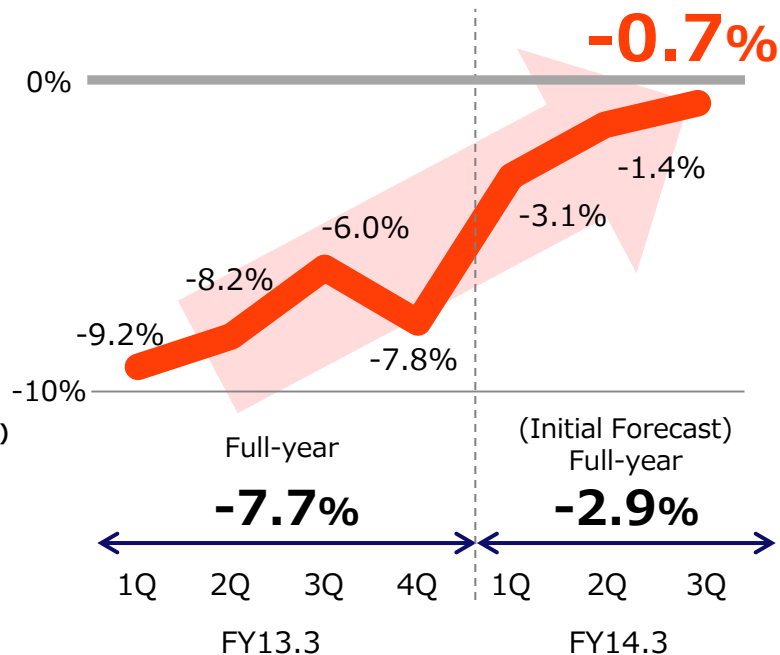
Steady progress toward positive YOY growth in 4Q

Breakdown of au ARPU

(Yen)

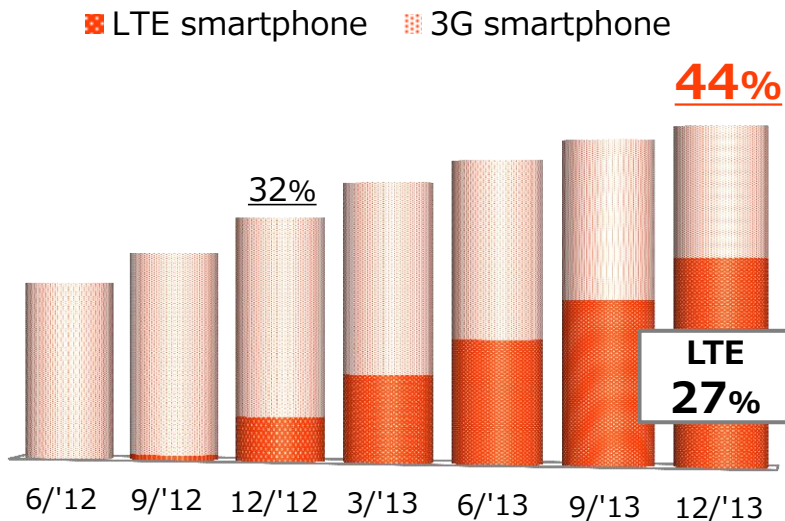


Quarterly YOY Change

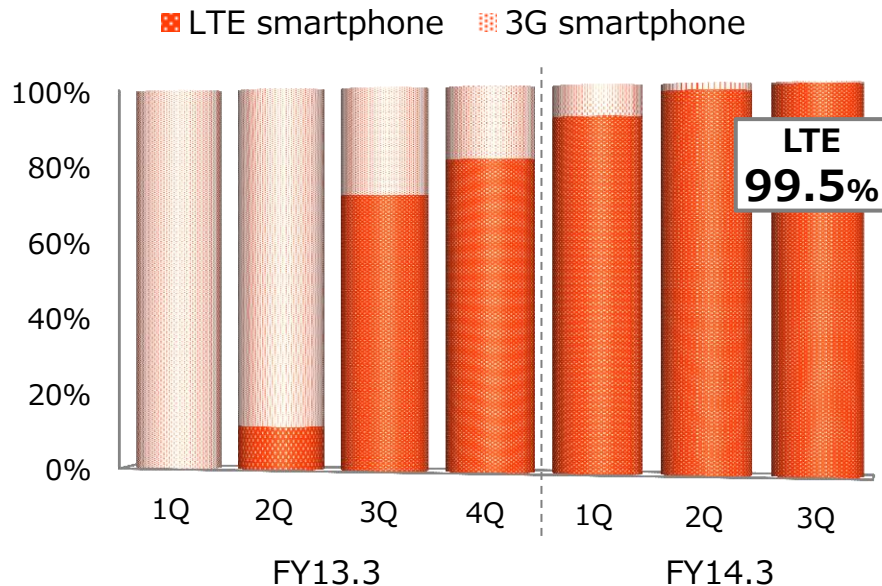


Over 61% of total smartphones compatible with LTE

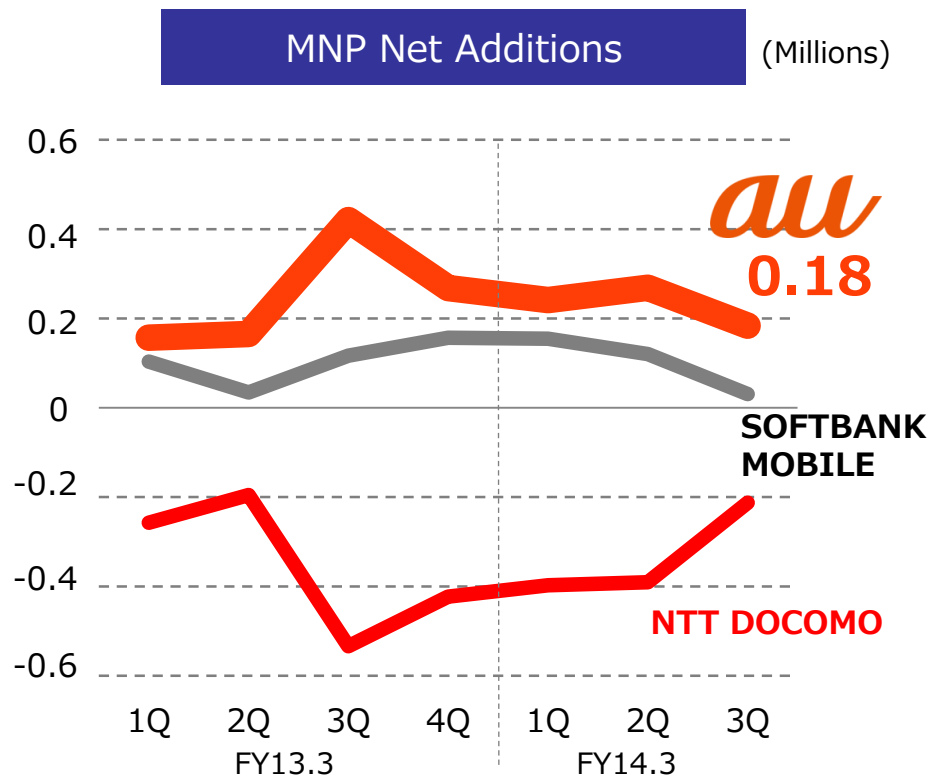
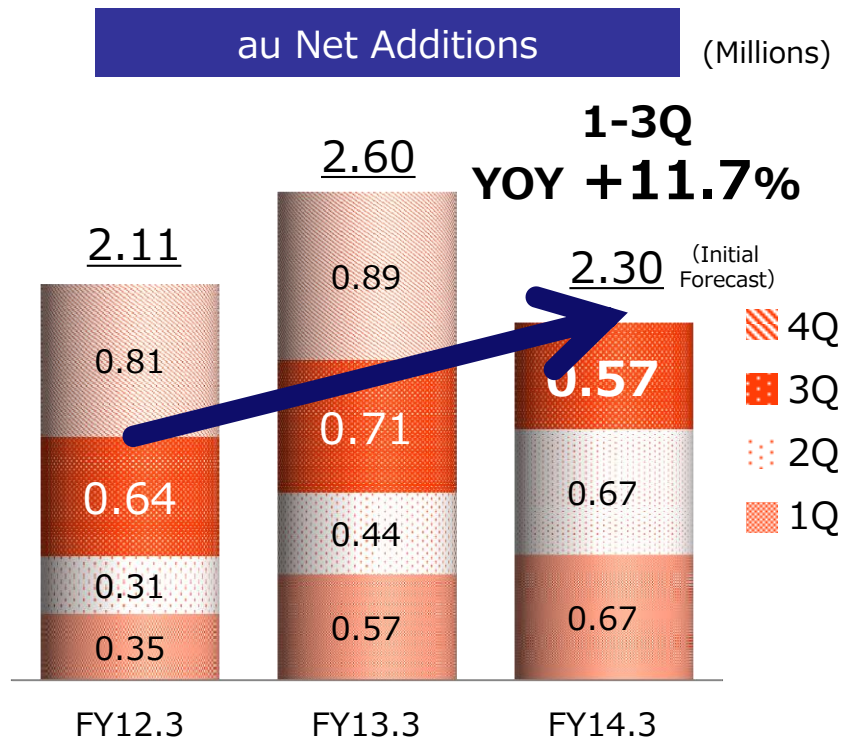
au Smartphone Penetration



Breakdown of Smartphone Sales



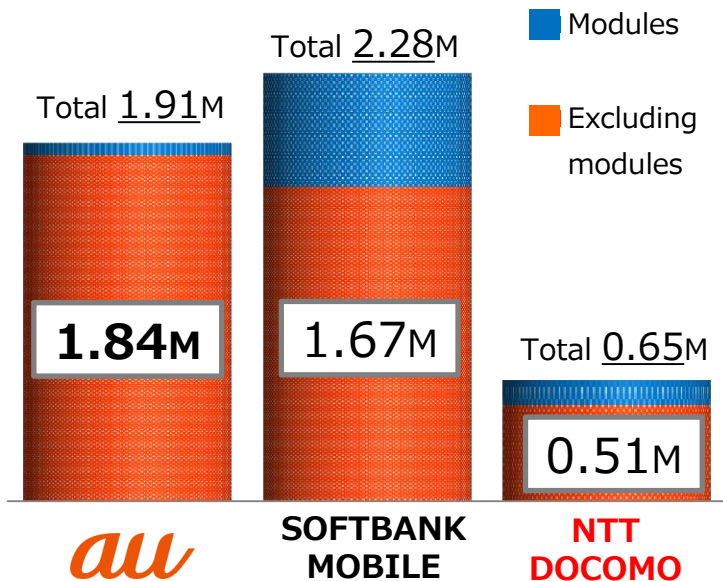
No.1 in MNP net additions for 27 consecutive months



Breakdown of Net Additions / Churn Rate

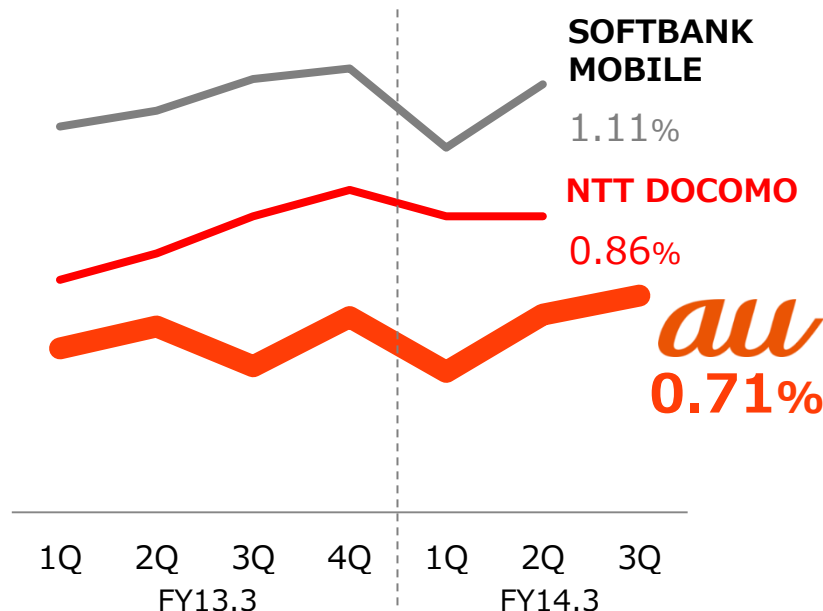
Maintained industry's highest level of net additions (excluding modules) and industry's lowest churn rate

Breakdown of Net Additions^{Note1}(1-3Q)



Note1) Net addition figures for au are on a consolidated basis. Figures from other companies are taken from disclosure materials.

Churn Rate^{Note2}

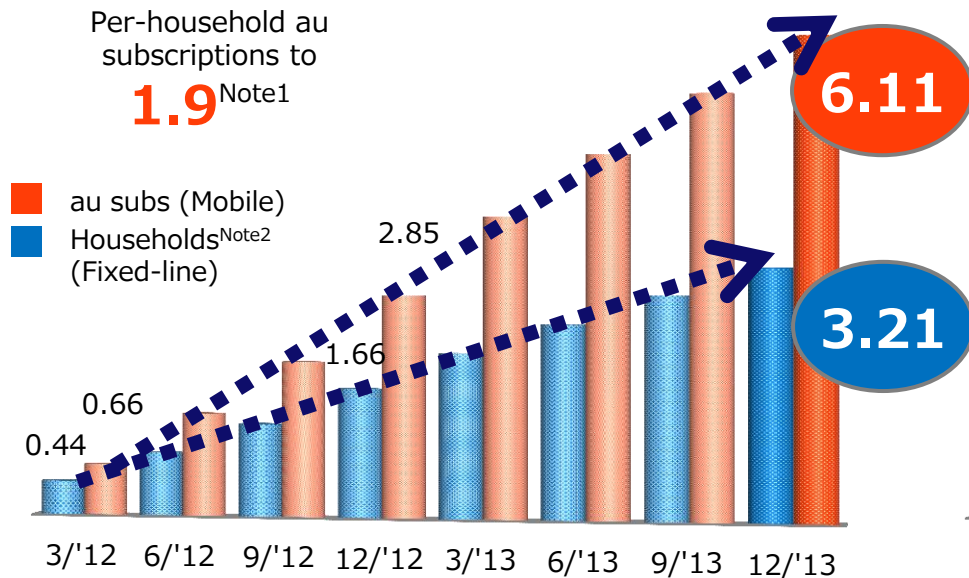


Note2) au churn rate is calculated for ordinary handsets based on Personal Services segment, which exclude module-type terminals. Based on financial results materials, etc. of each company.

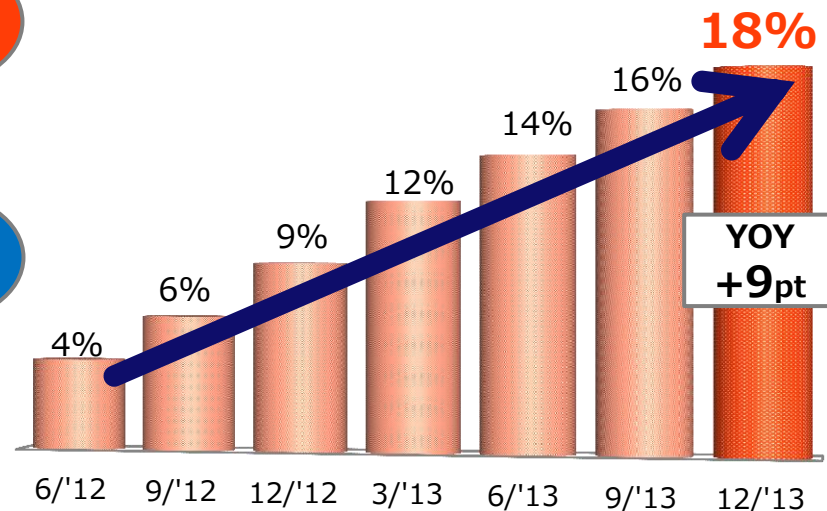
Increased penetration of “au Smart Value” in conjunction with rise in smartphone usage

Quarterly Basis

(Millions)



au Smart Value Penetration^{Note3}



Note1) au subscriptions divided by households

Note2) Households: total for KDDI group companies and fixed-line allied companies

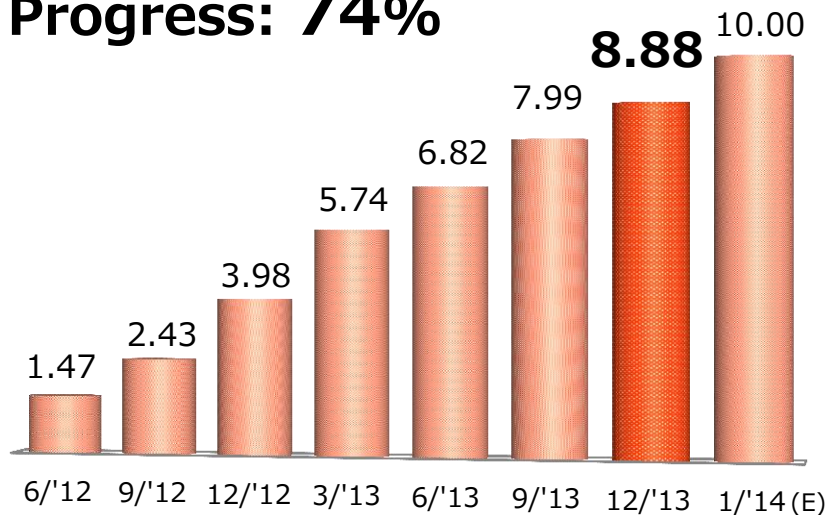
Note3) au Smart Value subscriptions divided by total au subscriptions

Boosting Value ARPU with “au Smart Pass”

Trends in Members

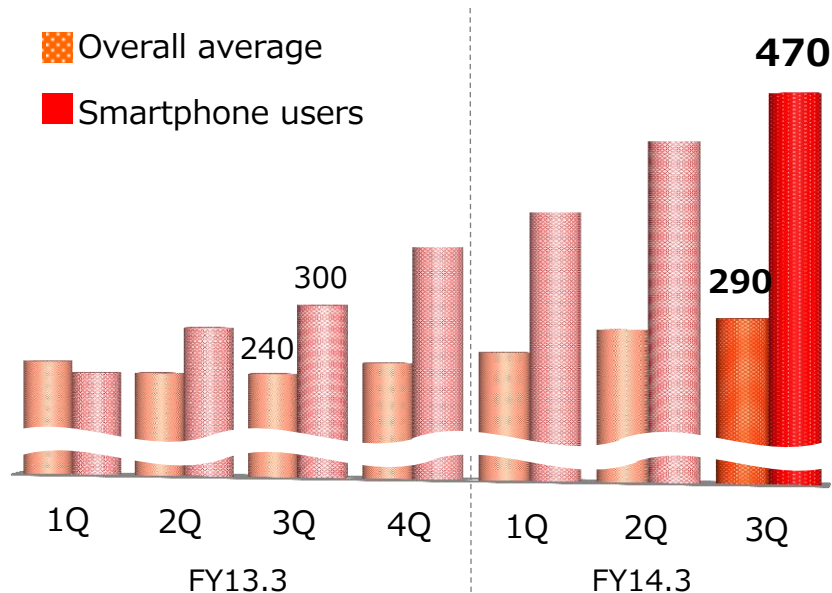
(Millions)

Progress: **74%**



Value ARPU on Quarterly Basis

(Yen)



Mobile Phone Service Overall Satisfaction

No.1

for Two Consecutive Years



More Competitive Mobile Services

Target further growth in smartphone usage

Network	au 4G LTE 800MHz Platinum Bandwidth ^{Note1}	Actual population coverage ^{Note2} 99% (planned for March 31, 2014) 98.7% (as of December, 2013)
Handsets	Smartphone Lineup	2013 Winter~2014 Spring 10 smartphones and 2 tablets
Fees	au Smart Value Data Share, Student Discount	Enhance services for people living alone and students
Services	au Smart Pass	Provide benefits for student discount users, enhance content services
Support	au Smart Support	Expand range of smartphone users Rollout initiatives

Note1) Applicable devices; Android™ smartphones compatible with 4G LTE, iPhone 5s, iPhone 5c, iPad Air, and iPad mini Retina display model

Note2) For calculation purposes, Japan has been divided into 500m² grid squares. Actual population coverage is the coverage ratio in comparison to the total population of grid squares designated as part of KDDI's service area. Plan is based on forecasts released in January 2014.

3. Revision of Full-year Results Forecasts

Summary of Revisions

Operating revenues / operating income forecasts and shareholder return raised

Figures in parentheses are comparisons with initial forecasts.

Performance

Consolidated Operating Revenues

¥4,280.0B (+¥140.0B)

Consolidated Operating Income

¥660.0B (+¥30.0B)

KPI

Personal
Services

au ARPU

¥4,130 (+¥70)

Consolidated

au Net Additions

2.70M (+0.40M)

Shareholder Return

Annual dividend per share

¥130 (+¥10)

Consolidated Performance Forecasts (Rev.)

20

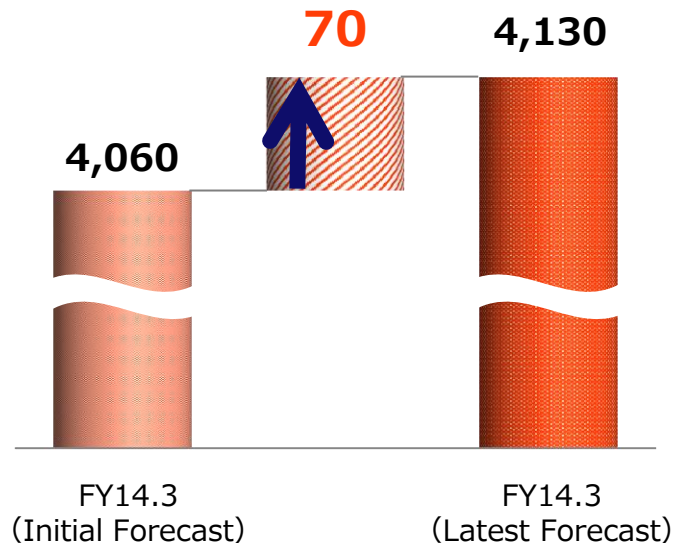
(Billions of yen)

	Initial Forecast	[Influence of J:COM consolidation]	Latest Forecast	[Influence of J:COM consolidation]	Change	Change Rate
Operating revenues	4,140.0	360.0	4,280.0	348.0	+140.0	+3.4%
Operating income	630.0	60.0	660.0	63.0	+30.0	+4.8%
Operating margin	15.2%	-	15.4%	-	-	-
Ordinary income	620.0	60.0	658.0	60.0	+38.0	+6.1%
Net income	295.0	-32.0	318.0	-30.0	+23.0	+7.8%
EBITDA	1,160.0	145.0	1,183.0	145.0	+23.0	+2.0%
EBITDA margin	28.0%	-	27.6%	-	-	-
Free cash flow	270.0	90.0	239.0	100.0	-31.0	-11.5%

**Full-year forecasts raised by ¥70 from initial forecasts,
YOY increase to be realized in 4Q**

Difference Between Initial and
Revised au ARPU Forecasts

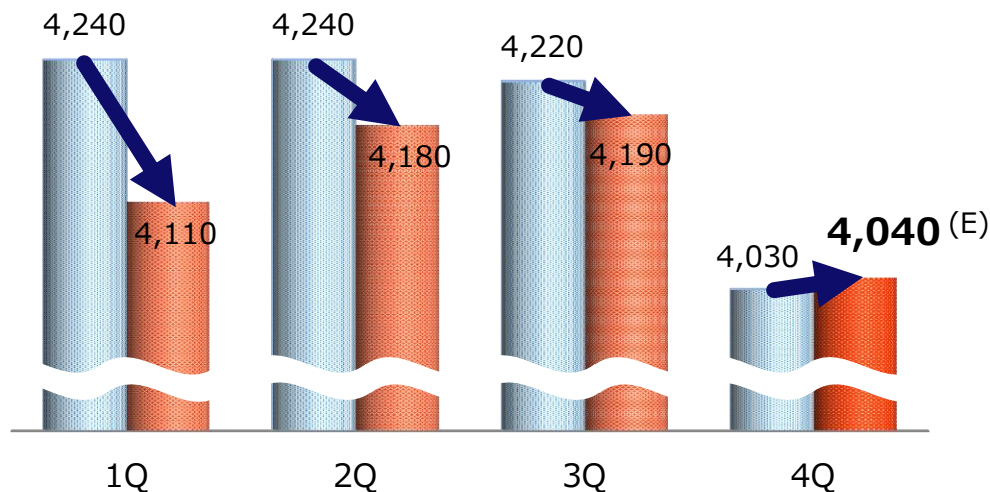
(Yen)



Quarterly Basis

(Yen)

FY13.3 FY14.3



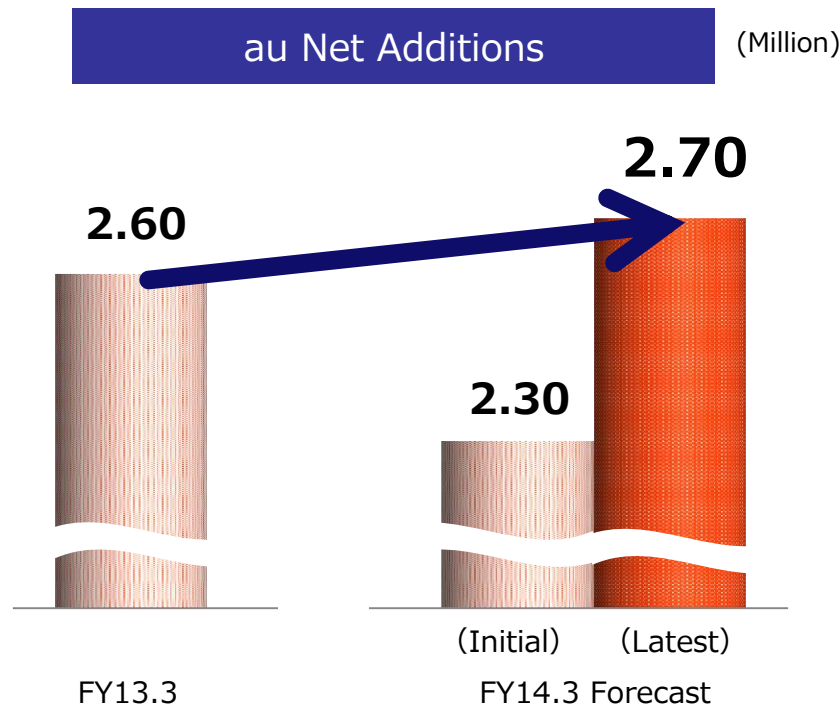
au Net Additions

Upward Revision

+0.4M

from initial forecasts

YOY +3.8%



Upward Revision of Dividend Forecast (per share)

23

Annual dividend per share raised by ¥10 from initial forecast

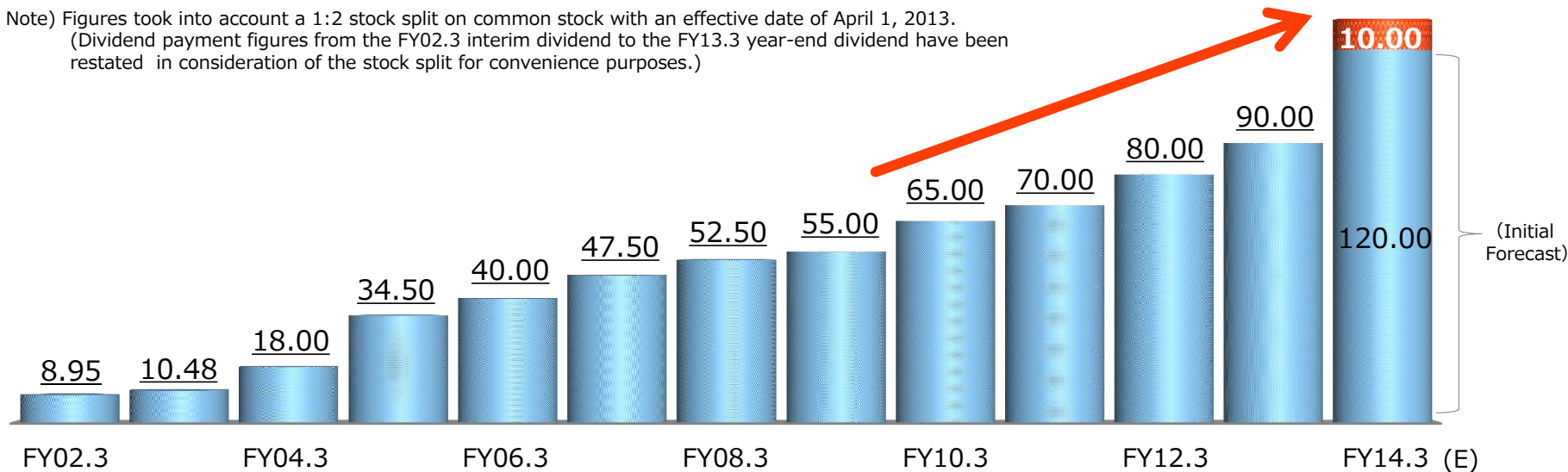
Annual dividend per share

(Yen)

130.00

(Latest Forecast)

Note) Figures took into account a 1:2 stock split on common stock with an effective date of April 1, 2013.
(Dividend payment figures from the FY02.3 interim dividend to the FY13.3 year-end dividend have been restated in consideration of the stock split for convenience purposes.)



[Payout Ratio]

- 17.5% 16.8% 21.2% 20.8% 22.4% 21.5% 22.0% 27.2% 24.1% 27.5% 28.5% 33.0%

Summary

- Upward revision of full-year forecasts for consolidated operating revenues and income
- Progress toward positive YOY growth for au ARPU in 4Q
- Dividend forecast raised and enhanced shareholder return



Heading toward a phase of steady income growth

Appendix

Performance Forecast by Segment 1 (Rev.)

(Billions of yen)

Personal Services

	Initial Forecast	[Influence of J:COM consolidation]	Latest Forecast	[Influence of J:COM consolidation]	Change	Change Rate
Operating revenues	3,210.0	310.0	3,330.0	324.0	+120.0	+3.7%
Operating income	485.0	55.0	505.0	58.0	+20.0	+4.1%
Operating margin	15.1%	-	15.2%	-	-	-
EBITDA	940.0	139.0	954.0	138.0	+14.0	+1.5%
EBITDA margin	29.3%	-	28.6%	-	-	-

(Billions of yen)

Value Services

	Initial Forecast	[Influence of J:COM consolidation]	Latest Forecast	[Influence of J:COM consolidation]	Change	Change Rate
Operating revenues	210.0	50.0	212.0	42.0	+2.0	+1.0%
Operating income	50.0	5.0	51.0	4.0	+1.0	+2.0%
Operating margin	23.8%	-	24.1%	-	-	-
EBITDA	62.0	6.0	64.0	7.0	+2.0	+3.2%
EBITDA margin	29.5%	-	30.2%	-	-	-

Performance Forecast by Segment 2 (Rev.)

(Billions of yen)

Business Services

	Initial Forecast	Latest Forecast	Change	Change Rate
Operating revenues	650.0	664.0	+14.0	+2.2%
Operating income	80.0	87.0	+7.0	+8.8%
Operating margin	12.3%	13.1%	-	-
EBITDA	127.0	131.0	+4.0	+3.1%
EBITDA margin	19.5%	19.7%	-	-

(Billions of yen)

Global Services

	Initial Forecast	Latest Forecast	Change	Change Rate
Operating revenues	218.0	262.0	+44.0	+20.2%
Operating income	9.0	10.0	+1.0	+11.1%
Operating margin	4.1%	3.8%	-	-
EBITDA	23.0	27.0	+4.0	+17.4%
EBITDA margin	10.6%	10.3%	-	-

Changes in Focus KPI in FY2014.3 (1)

Consolidated

		12/'12	12/'13	Initial Forecast	Latest Forecast	Change	Change Rate
au subscriptions	'000	36,817	39,617	40,009	40,409	+400	+1.0%

Personal Services

		12/'12	12/'13	Initial Forecast	Latest Forecast	Change	Change Rate
au subscriptions	'000	31,516	33,582	33,689	34,089	+400	+1.2%
		FY13.3-3Q	FY14.3-3Q	Change	yoy	Initial Forecast	Latest Forecast
au churn rate	%	0.58	0.71	+0.13	-	0.69	0.72
au ARPU	yen	4,220	4,190	-30	-0.7%	4,060	4,130
au handset sales	'000	2,830	2,790	-40	-1.4%	10,900	10,920
of smartphone sales	'000	2,300	2,120	-180	-7.8%	8,600	8,380
au handset shipments	'000	2,970	3,180	+210	+7.1%	10,680	10,720
Maitsuki Discount unit price	yen	2,050	1,650	-400	-19.5%	1,600	1,550

Changes in Focus KPI in FY2014.3 (2)

Personal Services

		12/'12	12/'13	Initial Forecast	Latest Forecast	Change	Change Rate
【Utilizing au Smart Value】 au subscriptions	'000	2,850	6,110	6,900	6,800	-100	-1.4%
【Utilizing au Smart Value】 Households	'000	1,660	3,210	3,450	3,580	+130	+3.8%
FTTH subscriptions	'000	2,711	3,117	3,260	3,197	-63	-1.9%

Value Services

		FY13.3-3Q	FY14.3-3Q	Change	yoy	FY14.3(E)
Value ARPU	yen	240	290	+50	+20.8%	290
		12/'12	12/'13	Progress	3/'14(E)	
au Smart Pass members	'000	3,980	8,880	73.7%	10,000	

Common

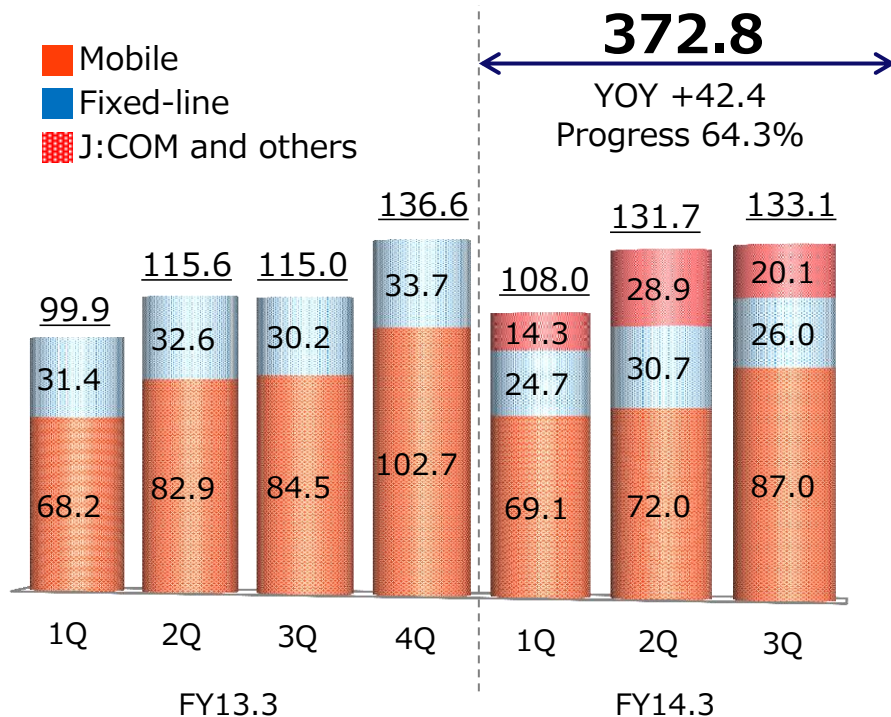
		12/'12	3/'13	6/'13	9/'13	12/'13	3/'14(E)
Data offload rate ^{Note}	%	43	52	56	59	56	54

Note) Data offload rate for FY14.3 includes data traffic of LTE compatible smartphones.

Capital Expenditures

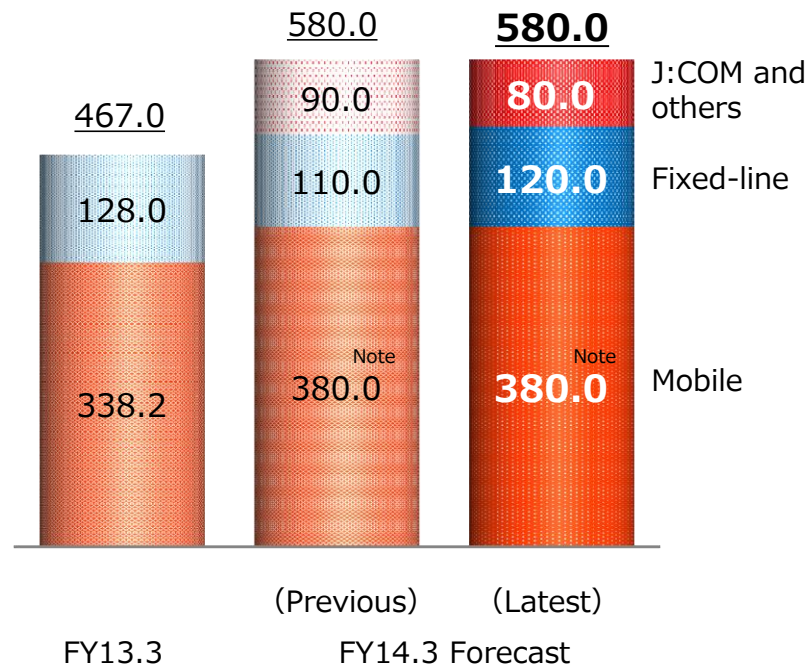
Quarterly Basis

(Billions of yen)



Full-year Basis

(Billions of yen)



(Note) Includes additional investment of ¥30B to augment LTE facilities

Designing The Future

