

KDDI CORPORATION

Financial Results for the 1st Half of
the Fiscal Year Ending March 2013

October 24, 2012

President Takashi Tanaka

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.

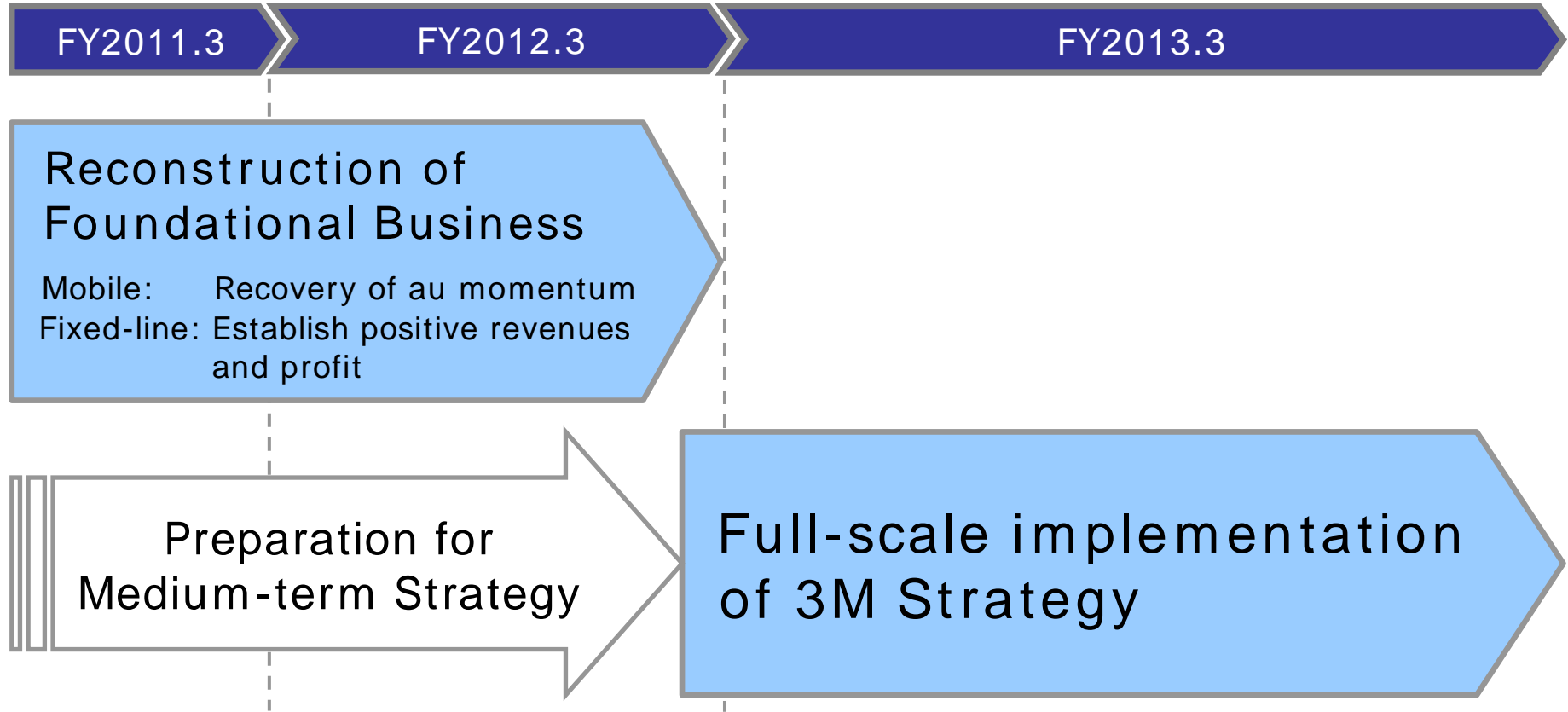
Accordingly, please be advised that the actual results of business performance or of the number of subscribers may differ substantially from the projections described here.

Today's Presentation

1. Two Years under
New Management System
2. Launch of au 4G LTE Services
3. 1H Performance

Two Years under New Management System

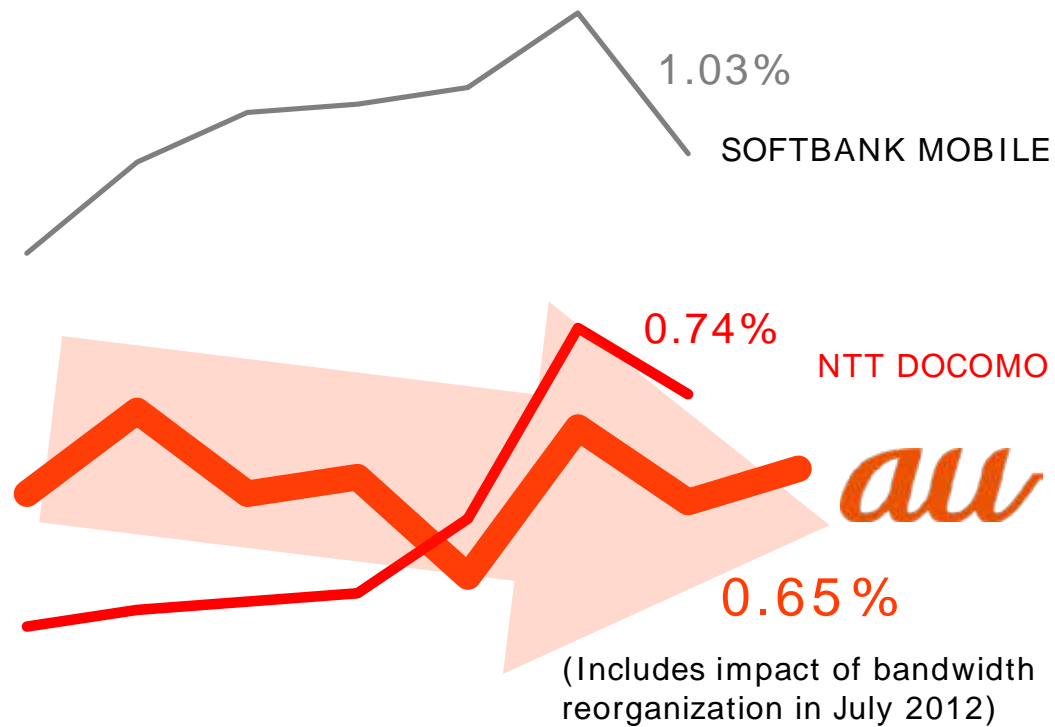
To Build a New KDDI



Complete Recovery of au Momentum

au Churn Rate

Achieving
lowest rate
in the industry

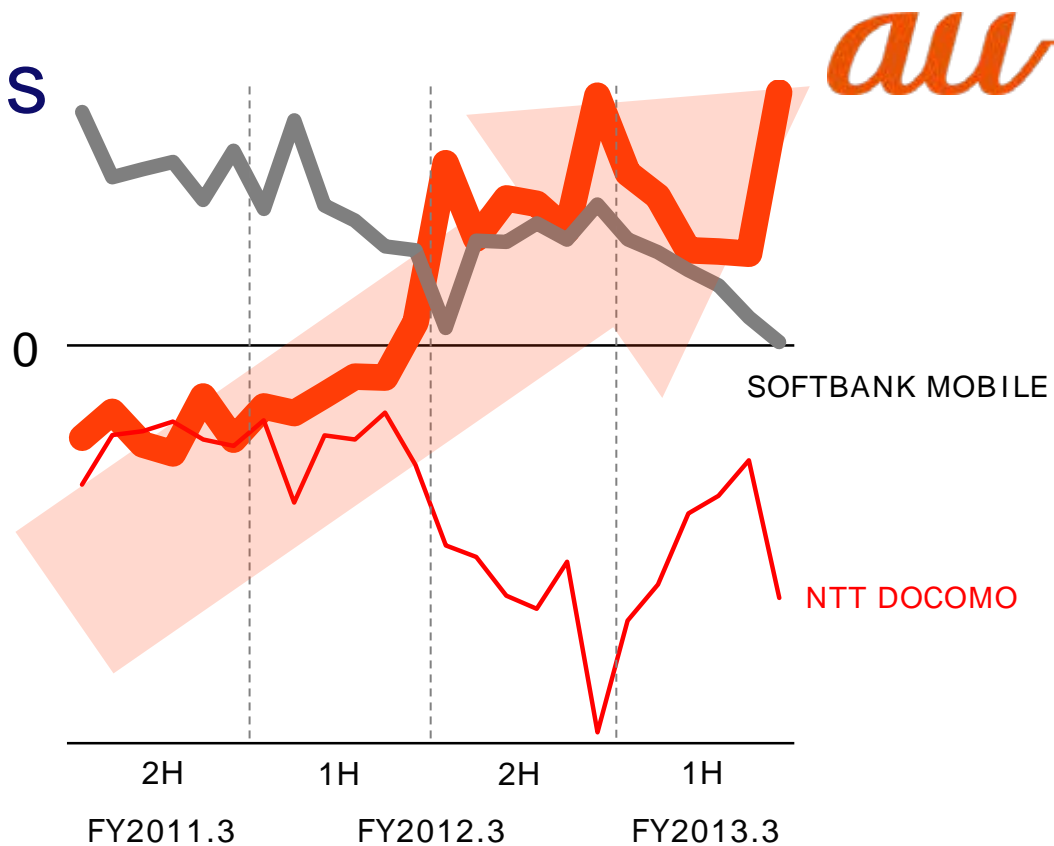


*au churn rate is calculated for ordinary handsets based on Personal Services segment, which exclude module-type terminals.

*Based on financial results materials, etc. of each company.

MNP Net Additions

No.1 for
12 consecutive
months



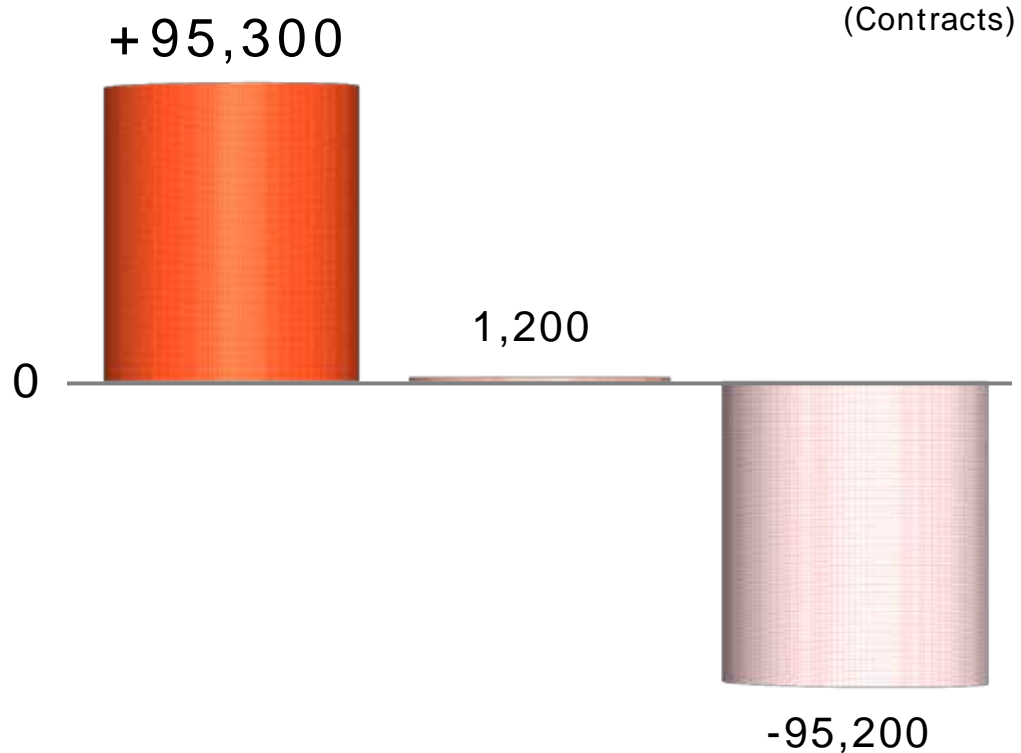
MNP Net Additions in September

Undisputed victory

(MNP net additions from other companies, compared to August)

Vs. SOFTBANK MOBILE:
Approx. 3 times

Vs. NTT DOCOMO:
Approx. 2.5 times



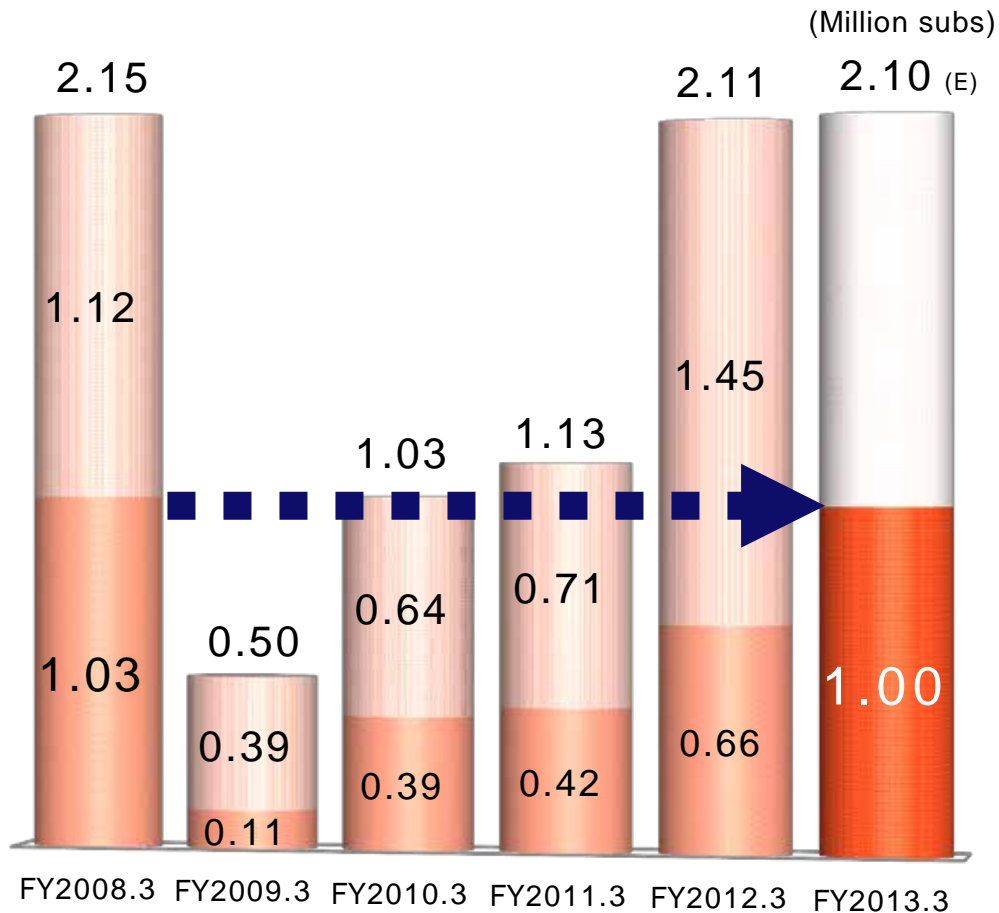
SOFTBANK MOBILE

NTT DOCOMO

*Created by KDDI based on telecommunications sector analyst reports, etc.

au Net Additions

At the same
favorable level
as in FY2008.3



*Consolidated basis

*The numbers of FY2008.3 and FY2009.3 are the sum total of au and Tu-Ka.

From March 2012

Full-Scale Implementation of 3M Strategies


au Smart Value Exceeded **2.00M** subs


au Smart Pass Exceeded **2.50M** members

au ID Exceeded **10.00M** IDs

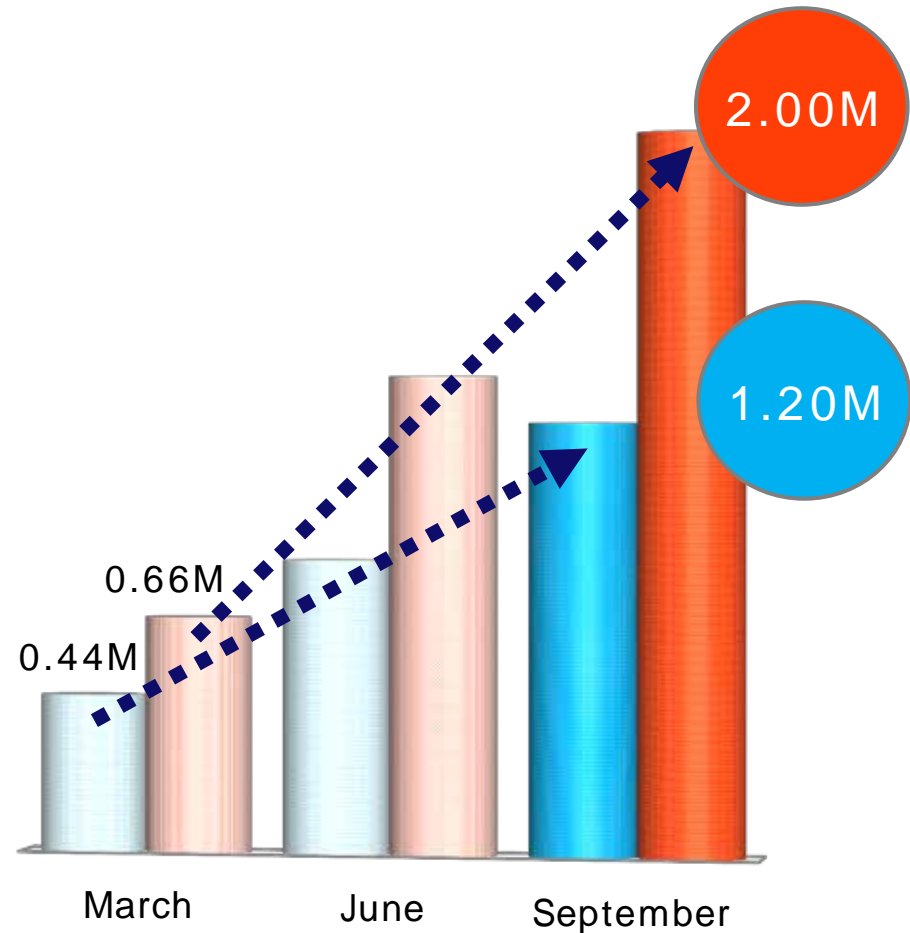
au Smart Value

Exceeded 2.00M subs,
Progress strong

 au subs : 2.00M
(Progress rate: 55%)

 Households* : 1.20M
(Progress rate: 68%)

*Total for KDDI group companies and
fixed-line allied companies

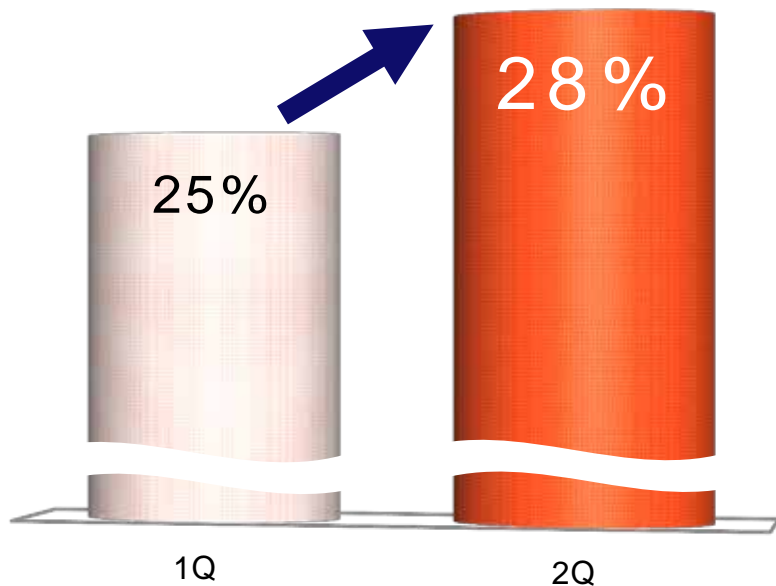


[Progress rate] Increase in 1H in comparison to FY2013.3 targets (3.10M of au subscriptions and 1.55M of households)

*Smart Value is a registered trademark of Energy Management Corporation.

au Smart Value

Contribution to new smartphone subscriptions increase



(2Q)

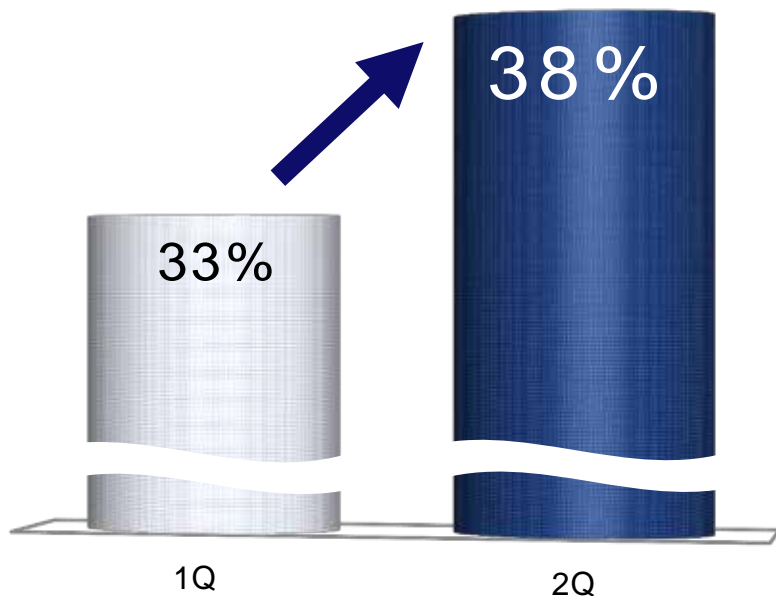
28% of new
smartphone subs

= au Smart Value

Subject: Percentage of au Smart Value subs among new smartphone subs (Personal Services segment)

au Smart Value

Contribution to new FTTH
subscriptions increase



(2Q)

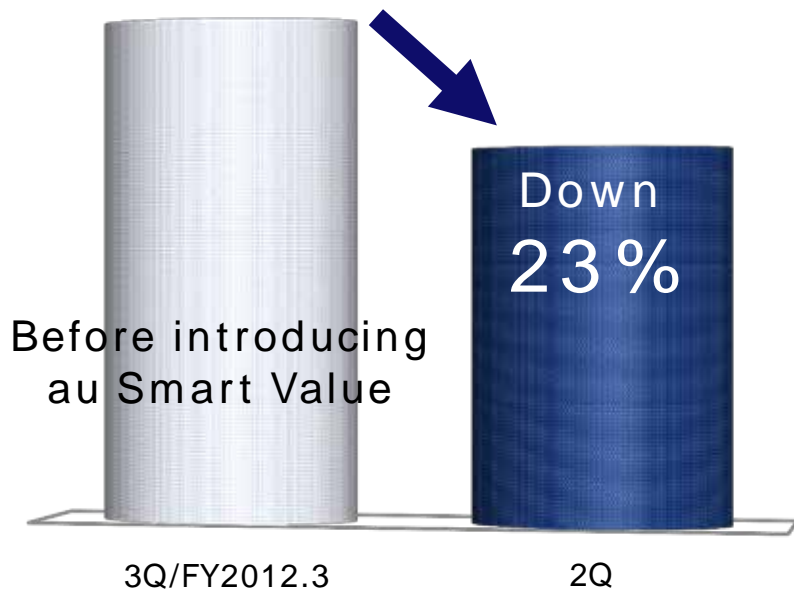
38% of
new au HIKARI subs

= au Smart Value

Subject: Percentage of au Smart Value subs among
new au HIKARI subs (Personal Services segment)

au Smart Value

Reduction in FTTH subscribers
acquisition costs per unit



Compared with 3Q/FY2012.3,
before introducing
au Smart Value

2Q: down 23%

au Smart Value

FTTH/CATV household coverage ratio

Approx. 80%

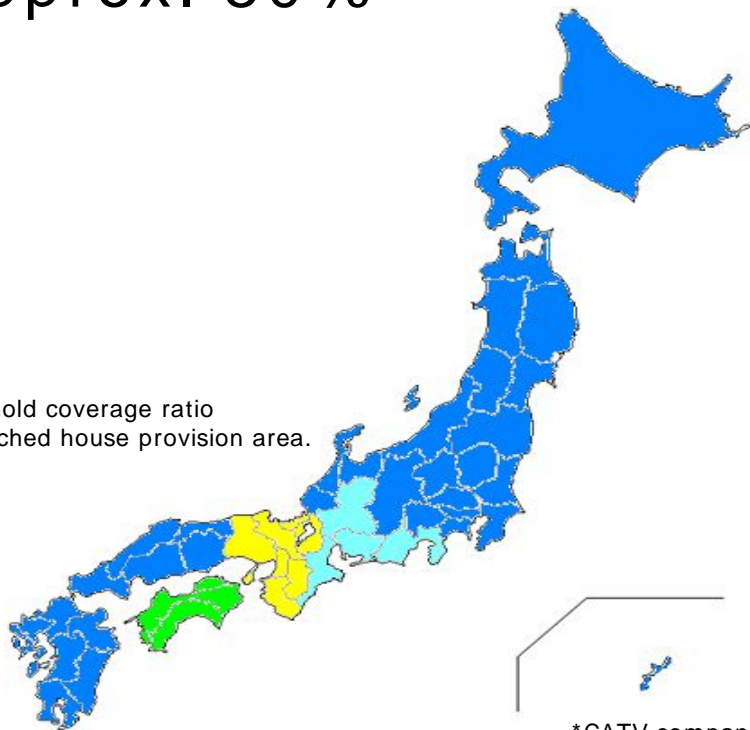
(Companies providing au Smart Value)

FTTH 5 companies

CATV 98 companies,

178 channels

*Household coverage ratio in detached house provision area.

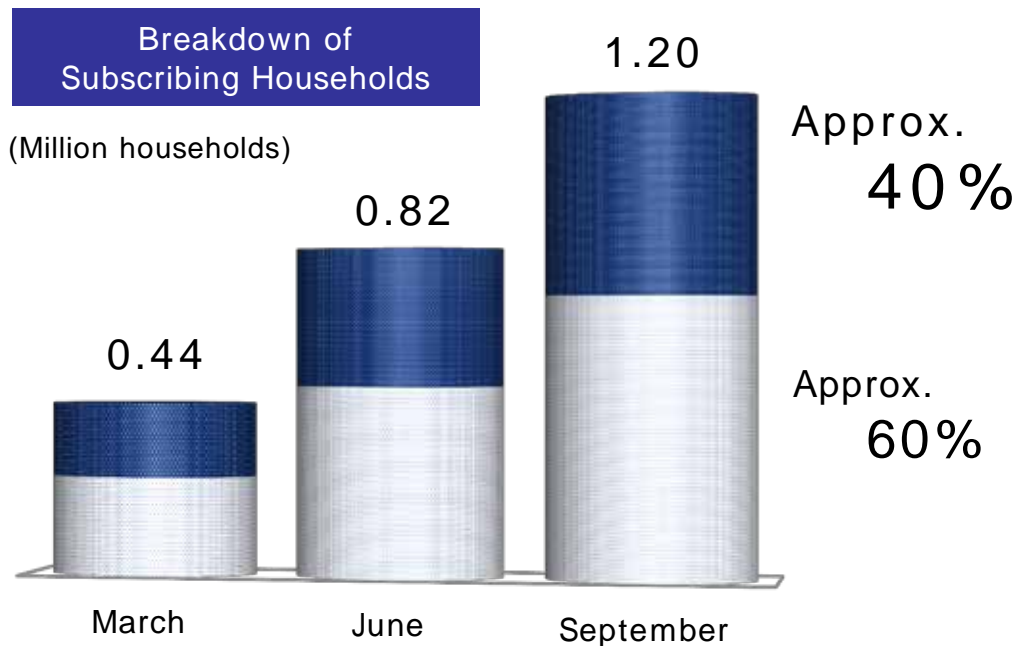


< FTTH >	< CATV >
<ul style="list-style-type: none"> ■ au HIKARI / au HIKARI Chura (OCT) ■ Commuf@-hikari (CTC) ■ eo HIKARI (K-Opticom) ■ Pikara (STNet) 	<ul style="list-style-type: none"> JCN J:COM Allied CATV companies

*CATV companies/channels include CATV 22 companies/22 channels through alliance with STNet.

au Smart Value

Applications through allied companies remain strong



Fixed-line allied companies

< FTTH >	< CATV >
eo HIKARI Pikara	J:COM Allied CATV companies

KDDI group

< FTTH >	< CATV >
au HIKARI Commuf@-hikari au HIKARI Chura	JCN

au Smart Pass

Exceeded 2.50M members in early October

(Progress: 42%)

Unlimited Use of Apps



Storage

au Cloud
Photo Album
Photo Air



Coupons & Points



Safety & Security

TREND MICRO
ウイルスバスターモバイル
for auスマートパス



Secure verification

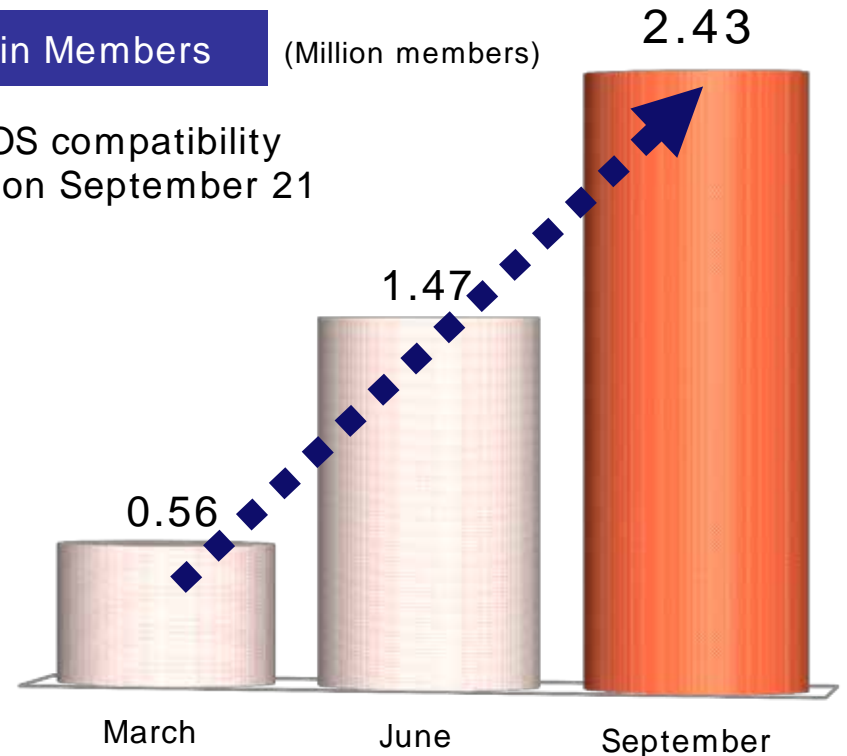


Customer center

Trends in Members

(Million members)

Range of OS compatibility expanded on September 21

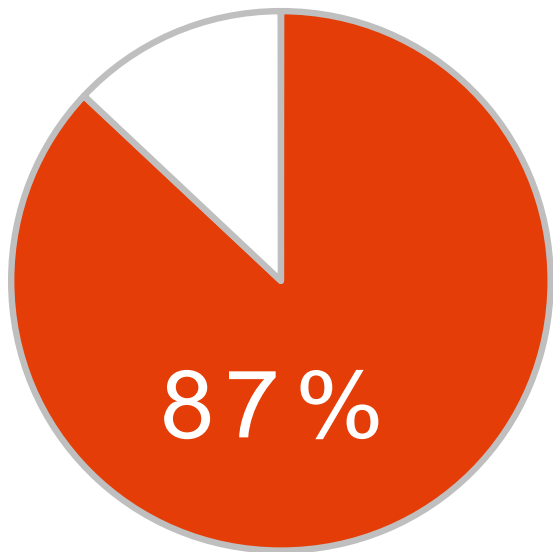


[Progress rate] Increase in 1H in comparison to FY2013.3 target (5.00M members)

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 **TRENDMICRO® and "VirusBuster" are registered trademarks of Trend Micro Incorporated.

au Smart Pass

Becoming a standard service
for au smartphones



August performance
of au shops nationwide

87% of users purchasing
Android™ smartphones

= au Smart Pass

au Smart Pass

Expand cloud and subscription services

New



Video Pass

Unlimited movies: ¥590/month



Uta Pass

Unlimited music: ¥315/month



Book Pass

Unlimited ebooks: ¥590/month

December
launch

Up-selling

Up-selling



au Smart Pass

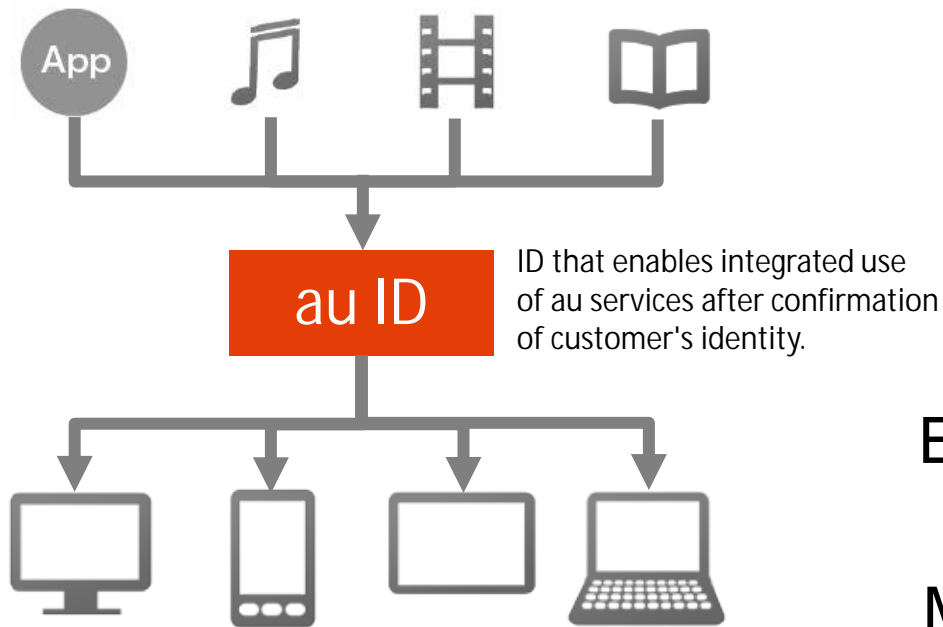
¥390/month

Target take-up ratio of 80% *

*Ratio using au Smart Pass compatible handsets as denominator

au ID

Exceeded 10.00M IDs



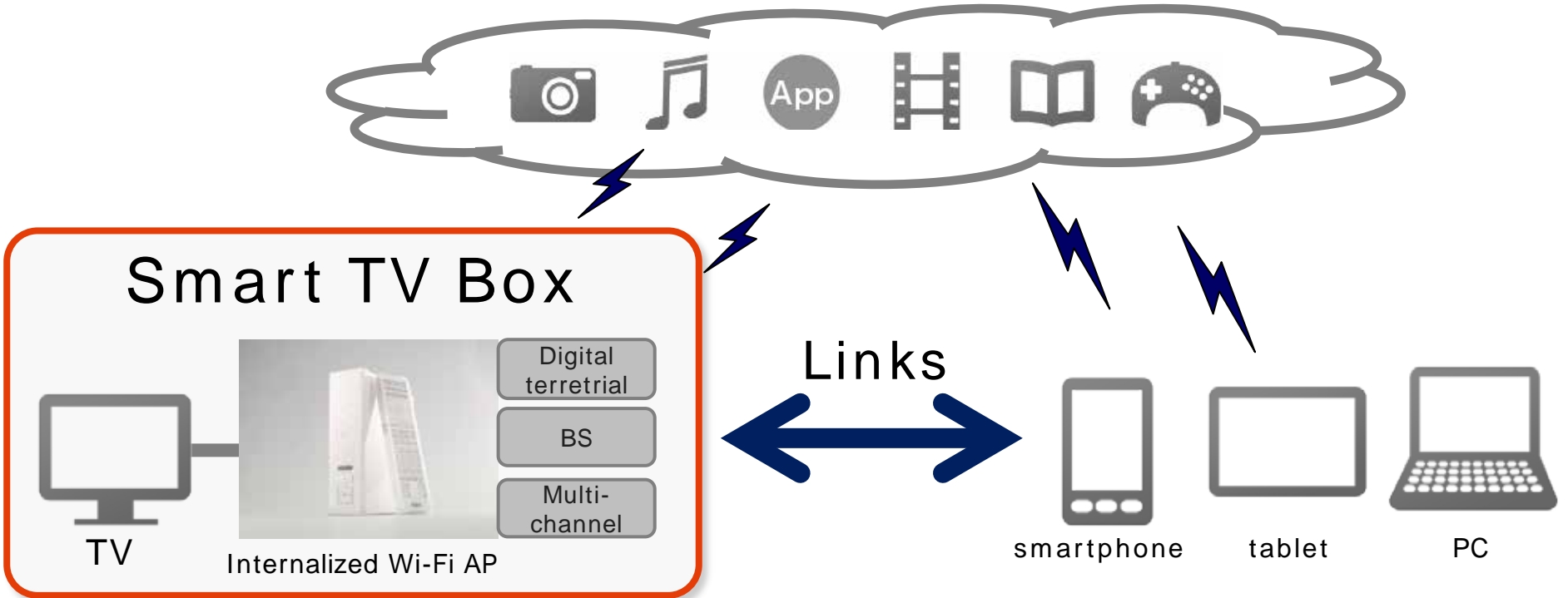
Realizing Multi-use,
Multi-network,
and Multi-device services



Expanded foundations
for the 3M Strategy
Maximized value ARPU

Development of Multi-Screen Services

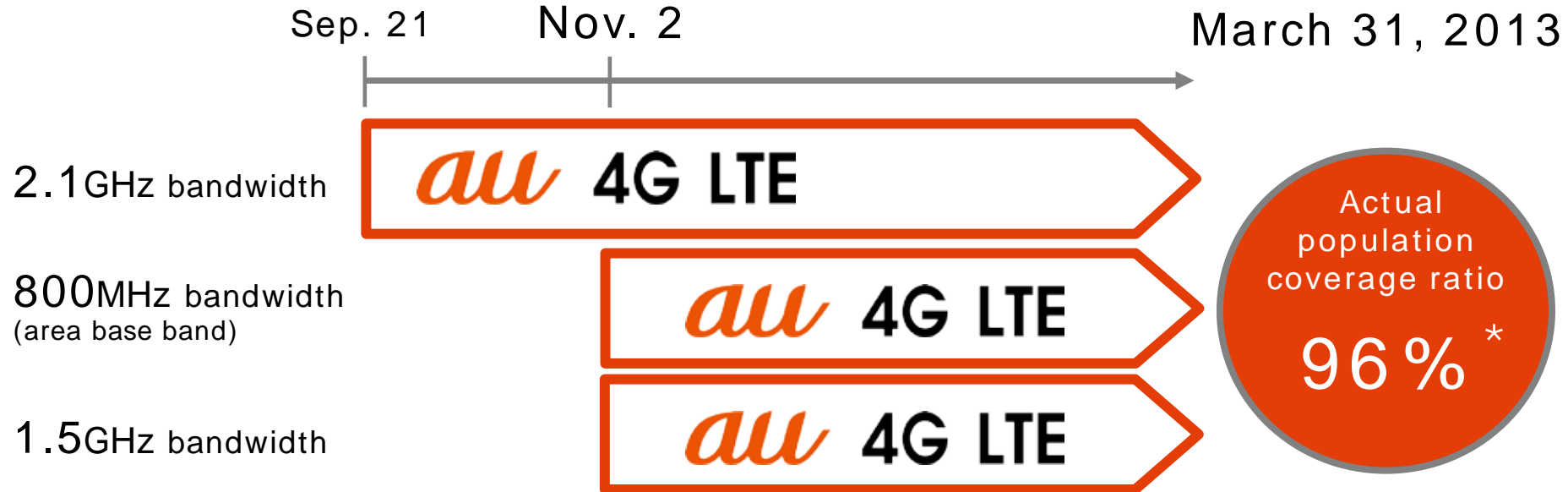
Connectable with TVs (STB for CATV)



Launch of
au **4G LTE** Services

No.1 Area Coverage in the Industry

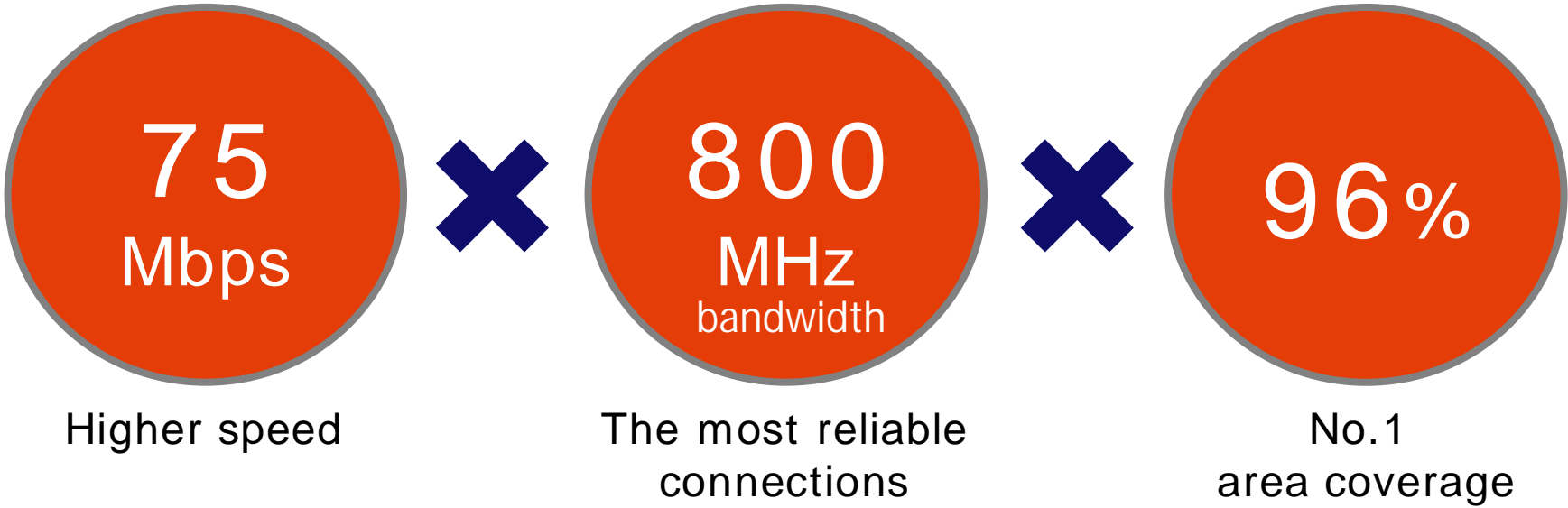
84%* on October 31,
simultaneous nationwide rollout of services



*Actual population coverage of 800MHz bandwidth

High-Quality *au* 4G LTE

75Mbps anywhere in Japan

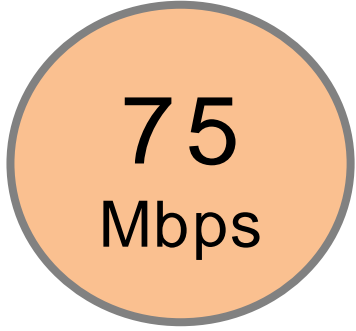


*Maximum downlink speed of 75Mbps, may vary depending on connection environment.

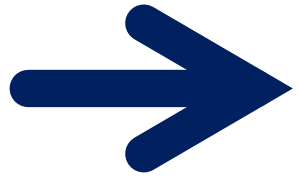
Pursuit of Higher Speeds

Speeds scheduled to be raised to 112.5Mbps from 2013

Present



2013



*Maximum downlink speed of 112.5Mbps, may vary depending on connection environment.
*Compatibility to be sequentially established for certain handset models released in 2013 and onwards

Pursuit of Higher Quality

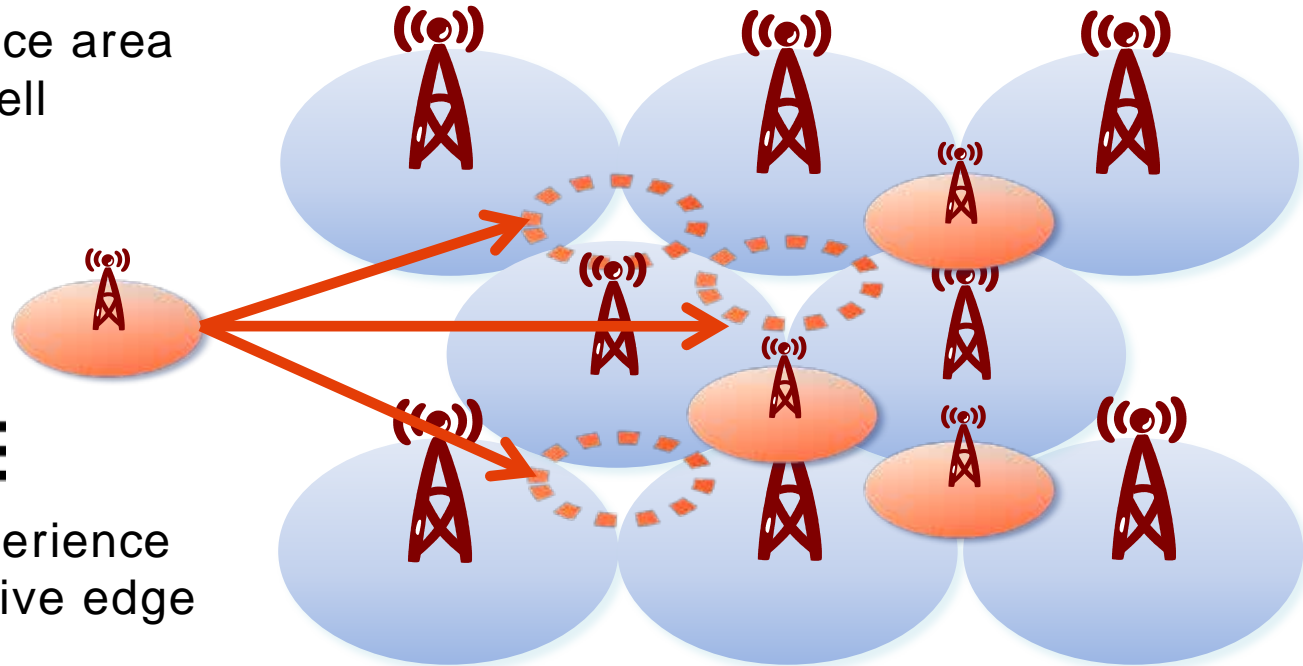
Introduced world's first 4G LTE picocell base station

Develop gapless service area
using miniature picocell
base stations



au 4G LTE

Improved 4G LTE experience
= Enhanced competitive edge



iPhone 5

Launched on
September 21, 2012



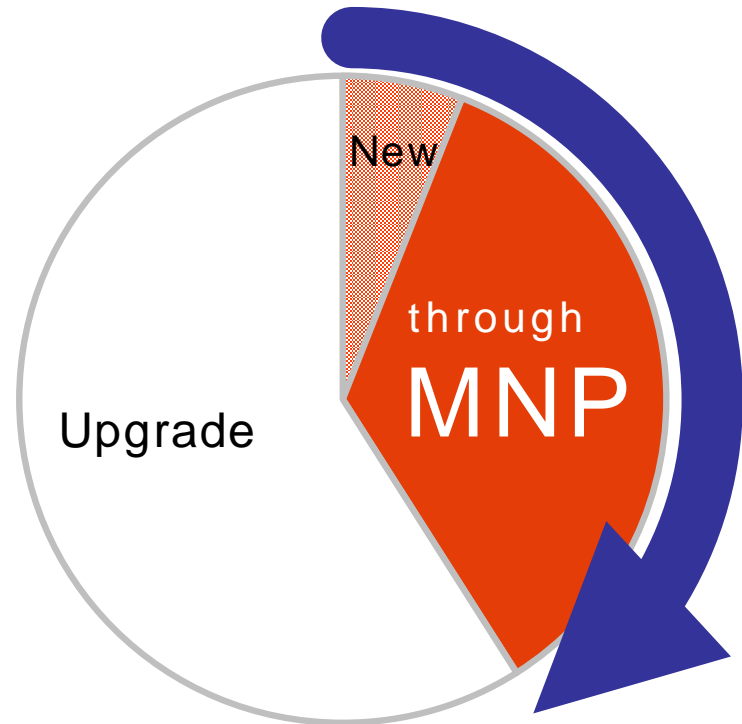
*iPhone is a trademark of Apple Inc.

*The trademark 'iPhone' is used with a license from Aiphone K.K.

iPhone 5

Strong increase in new contracts

Over 40% of sales from new contracts
Of which, 80% was using MNP



Winter Lineup of Android™ Smartphones

All 10 models compatible with *au* 4G LTE



HTC J butterfly



XPERIA VL



GALAXY S III Pro



AQUOS PHONE SERIE



AQUOS PAD

Simultaneous launch
of 8 models
on November 2



ARROWS ef



optimus G



VEGA



DIGNO S



GzOne TYPE-L

* Android™ is a trademark or a registered trademark of Google Inc.

* HTC J™ is a registered trademark of HTC CORPORATION.

* GzOne™ is a registered trademark of CASIO COMPUTER CO., LTD.

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au 4G LTE Pricing Plans (Standard)

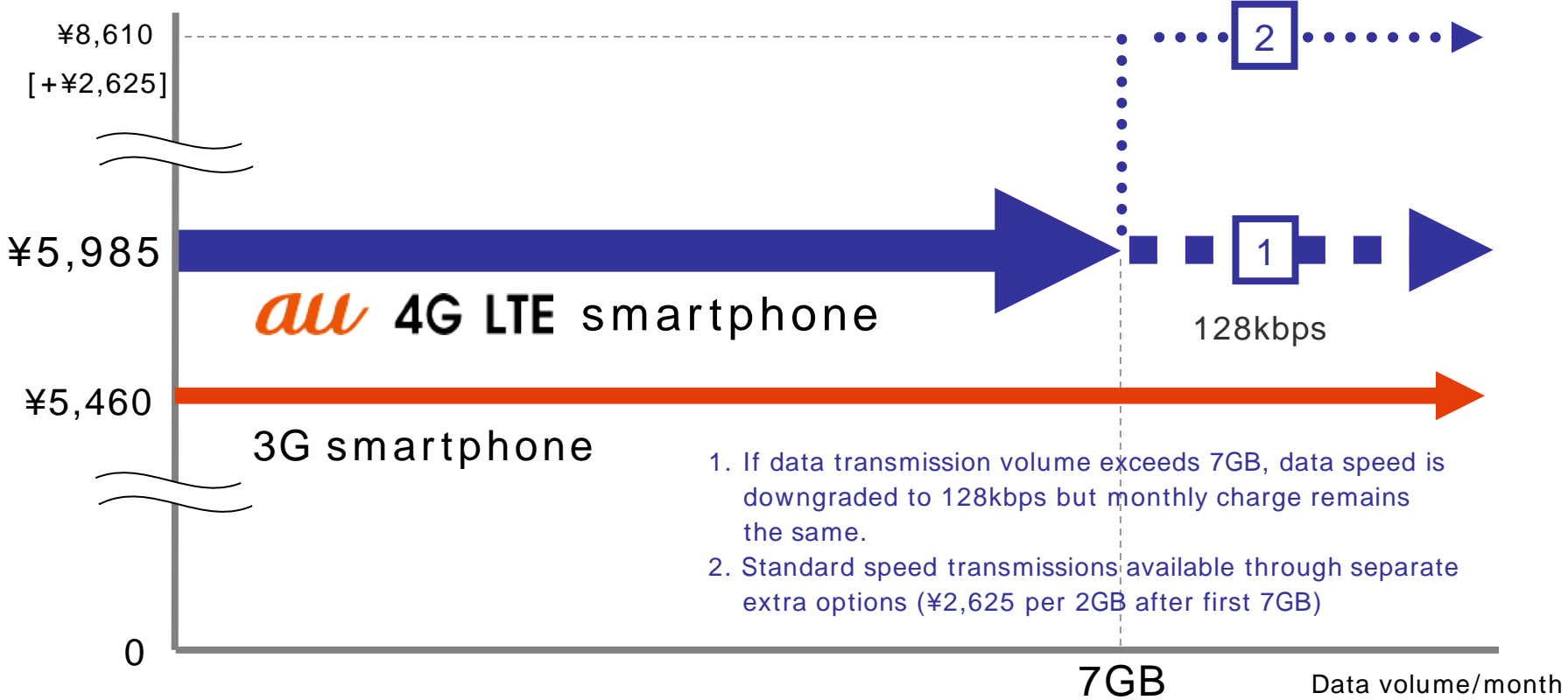
Introduction of tiered data plan,
Simplified pricing plans

Plan name	Details	Monthly charge
LTE PLAN	Basic charge <small>Free between 1am and 9pm to au users</small>	¥980*
LTE NET	Internet connection service	¥315
LTE FLAT <small>(Details on next page)</small>	Tiered data plan	¥5,985

*Under "Everybody discount" contract

(Ref.) LTE FLAT - Tiered Data Plan

Monthly charge (yen, incl. tax)



KDDI = The Clear Leader of 4G LTE

Network

High quality & Industry's
No.1 area coverage

Handset

Robust smartphone
lineup



4G LTE

Charge

au Smart Value

Content

au Smart Pass

1H Performance

Highlights of 1H Performance

Operating income: ¥231.2B (down 13.3%, YOY)

Upturn of +8.2%, YOY in 2Q (July to September)

-> Progressing on schedule to meet full-year goal of ¥500.0B

Ü Extraordinary loss of ¥88.9B recorded (accounted for in initial forecasts)

Of which impairment loss, etc. associated with reorganization of existing 800MHz bandwidth: ¥88.2B

Ü Scheduled full-year dividend payments of ¥170 per share* will be unchanged (+¥10, YOY)

*Value based on stock numbers after the 1:100 stock split conducted with an effective date of October 1, 2012 (Interim dividend of ¥8,500 displayed after being recalculated based on stock numbers after the split for convenience purposes.)

Consolidated Performance in 1H

	FY12.3 1H	FY13.3 1H	yoy	FY13.3(E)	(Billions of yen) Progress
Operating revenues	1,743.3	1,740.6	-0.2%	3,580.0	48.6%
Operating income	266.7	231.2	-13.3%	500.0	46.2%
Operating margin	15.3%	13.3%	-	14.0%	-
Ordinary income	252.4	227.0	-10.1%	490.0	46.3%
Net income	140.1	79.8	-43.1%	250.0	31.9%
EBITDA	475.2	440.8	-7.2%	974.0	45.3%
EBITDA margin	27.3%	25.3%	-	27.2%	-
Free cash flow	176.3	-7.6	-	150.0	-

Consolidated Performance in 2Q

	FY12.3 2Q	FY13.3 2Q	yoy
Operating revenues	878.3	879.0	+0.1%
Operating income	126.7	137.0	+8.2%
Operating margin	14.4%	15.6%	-
Ordinary income	120.0	136.8	+14.1%
Net income	68.2	28.5	-58.3%
EBITDA	233.1	241.1	+3.4%
EBITDA margin	26.5%	27.4%	-
Free cash flow	109.1	102.1	-

(Billions of yen)

Sales and income took an upturn in 2Q

Segment Performance 1

	(Billions of yen)				
	FY12.3 1H	FY13.3 1H	yoy	FY13.3(E)	Progress
Personal Services					
Operating revenues	1,373.5	1,344.7	-2.1%	2,760.0	48.7%
Operating income	198.6	166.9	-16.0%	370.0	45.1%
Operating margin	14.5%	12.4%	-	13.4%	-
EBITDA	376.1	341.1	-9.3%	767.0	44.5%
EBITDA margin	27.4%	25.4%	-	27.8%	-

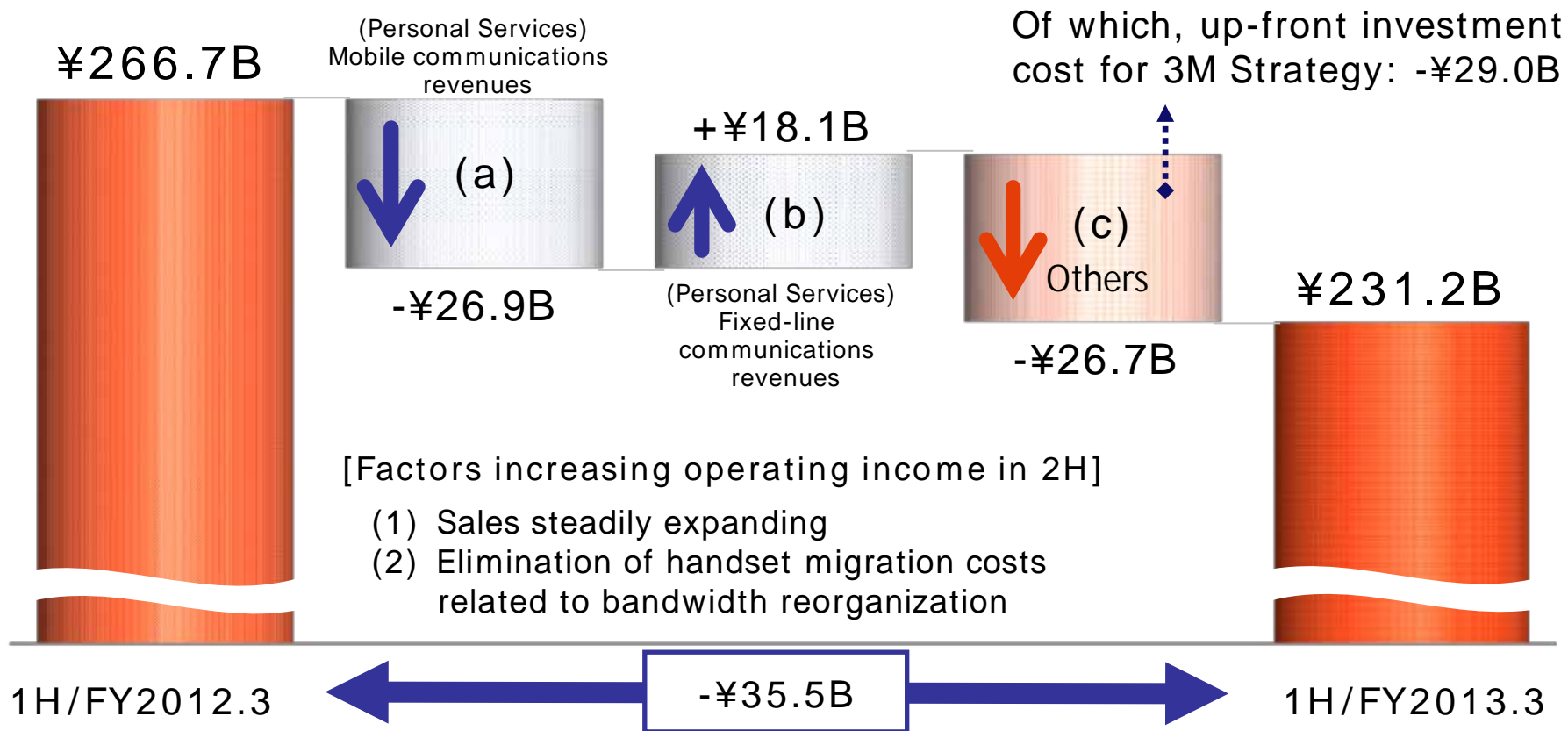
	(Billions of yen)				
	FY12.3 1H	FY13.3 1H	yoy	FY13.3(E)	Progress
Value Services					
Operating revenues	62.8	69.8	+11.2%	164.0	42.5%
Operating income	20.6	19.8	-4.2%	45.0	43.9%
Operating margin	32.9%	28.3%	-	27.4%	-
EBITDA	23.5	24.2	+2.9%	57.0	42.5%
EBITDA margin	37.5%	34.7%	-	34.8%	-

Segment Performance 2

	(Billions of yen)				
	FY12.3 1H	FY13.3 1H	yoy	FY13.3(E)	Progress
Business Services					
Operating revenues	310.1	313.0	+0.9%	630.0	49.7%
Operating income	40.7	36.9	-9.4%	71.0	51.9%
Operating margin	13.1%	11.8%	-	11.3%	-
EBITDA	63.8	61.1	-4.2%	122.0	50.1%
EBITDA margin	20.6%	19.5%	-	19.4%	-

	(Billions of yen)				
	FY12.3 1H	FY13.3 1H	yoy	FY13.3(E)	Progress
Global Services					
Operating revenues	81.8	95.3	+16.5%	195.0	48.9%
Operating income	2.2	2.8	+28.9%	6.0	47.2%
Operating margin	2.7%	3.0%	-	3.1%	-
EBITDA	6.8	9.2	+35.1%	19.0	48.6%
EBITDA margin	8.4%	9.7%	-	9.7%	-

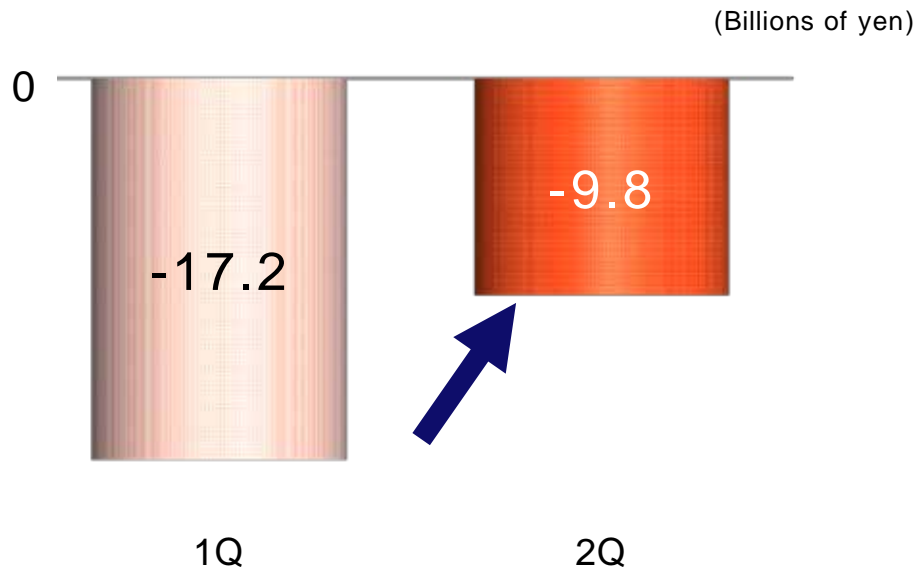
Consolidated Operating Income: Factor for Change in 1H, YOY



Sales Steadily Expanding (Personal Services segment)

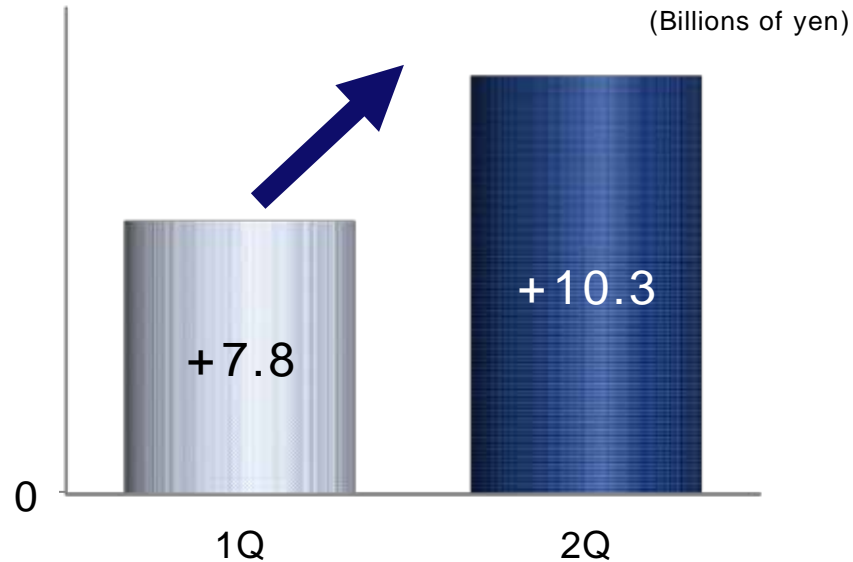
a: Mobile Communications Revenues
(YOY Change)

Revenues declines reduced
by around half on a quarterly basis



b: Fixed-line Communications Revenues
(YOY Change)

Greater revenues increases



Bandwidth Reorganization Costs

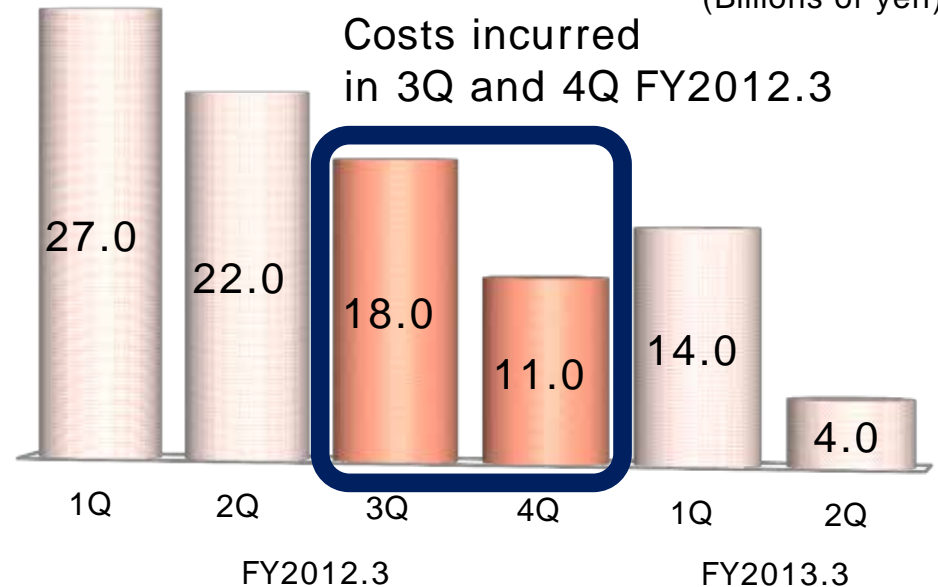
Handset migration costs to be eliminated in 3Q

From 3Q, decrease approx. ¥30.0B scale, YOY

Additional Costs of Handset Migration*

(Billions of yen)

Costs incurred in 3Q and 4Q FY2012.3



*Based on Personal Services segment

au ARPU / Value ARPU

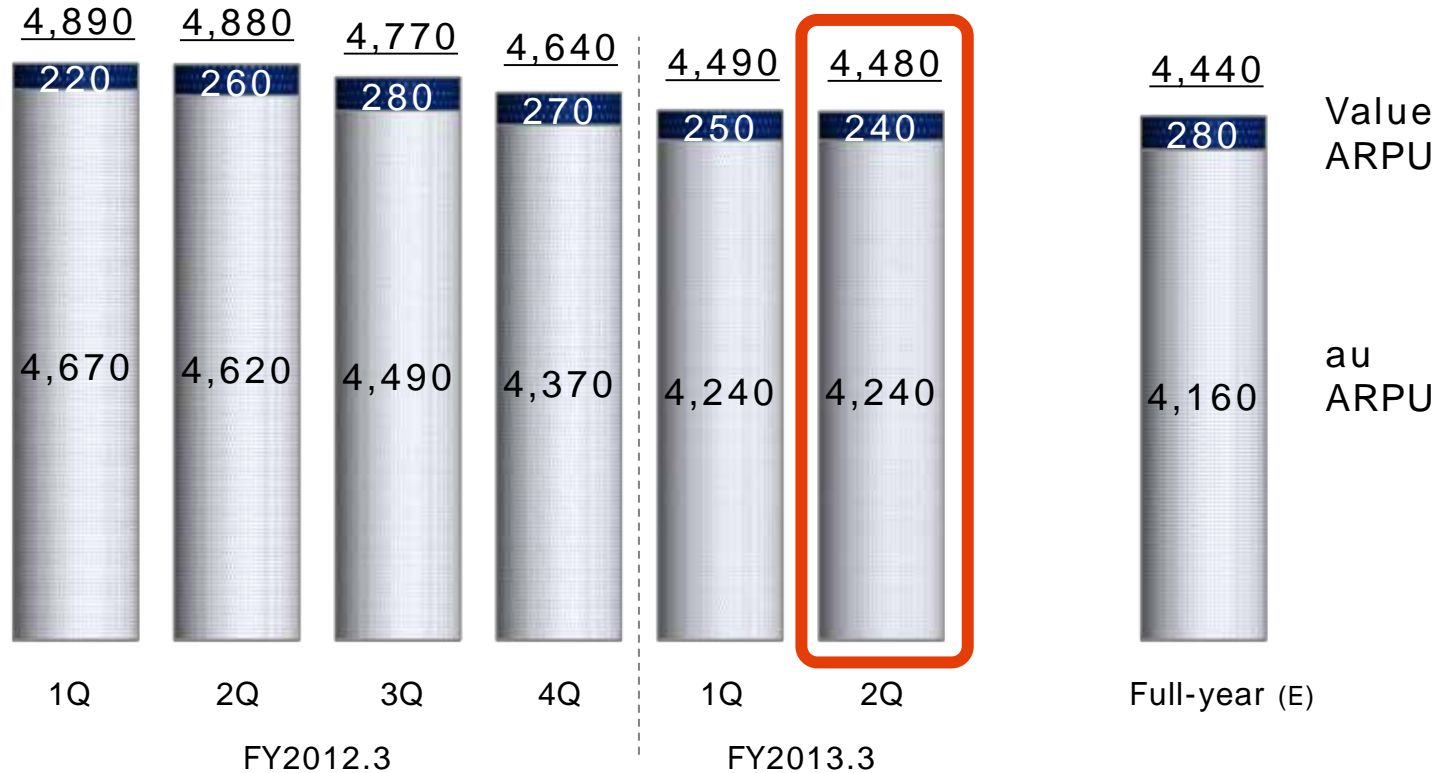
(Personal Services segment)

(Value Services segment)

43

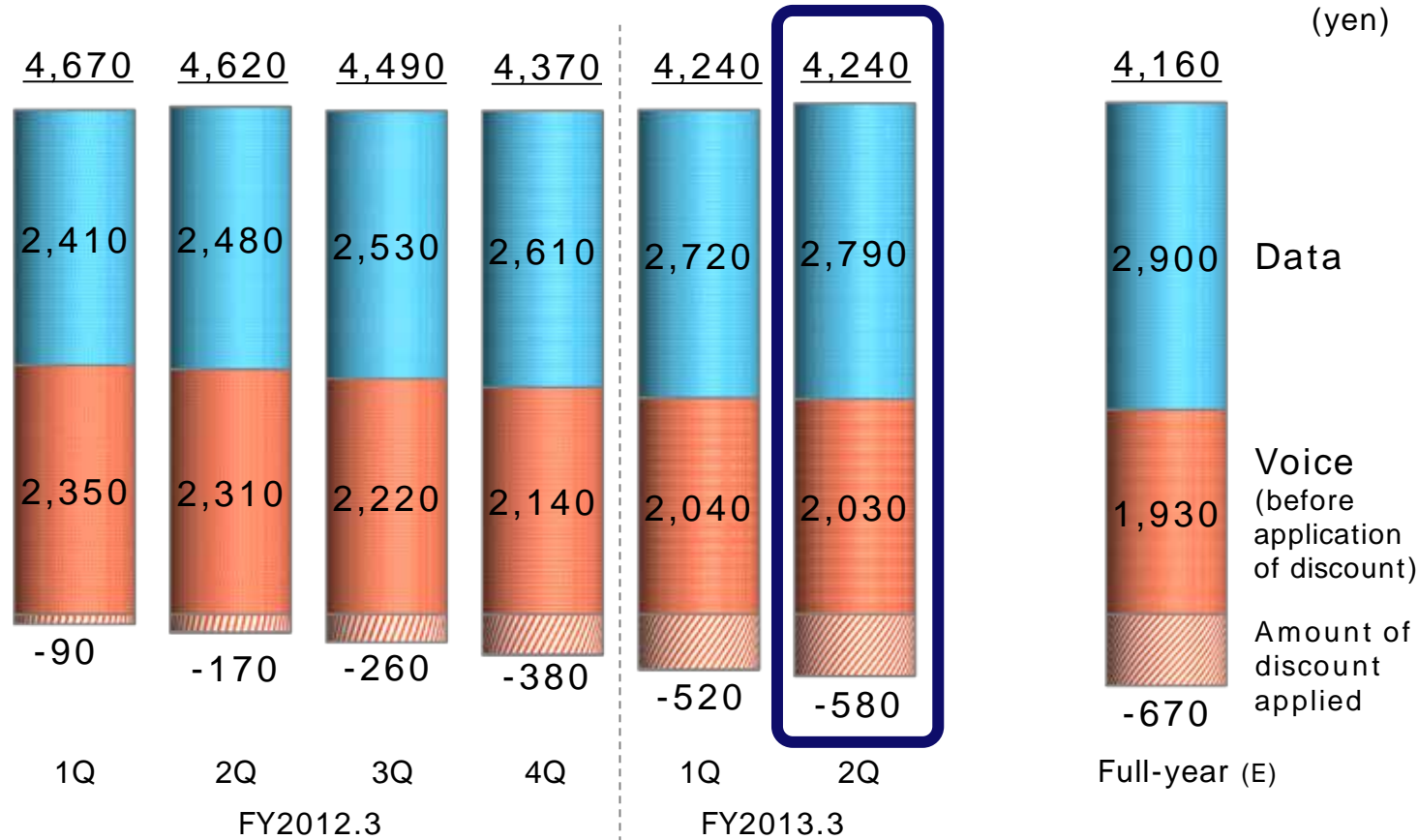
(yen)

2Q: down
8.2%, YOY



Breakdown of au ARPU (Personal Services segment)

2Q: down
8.2%, YOY



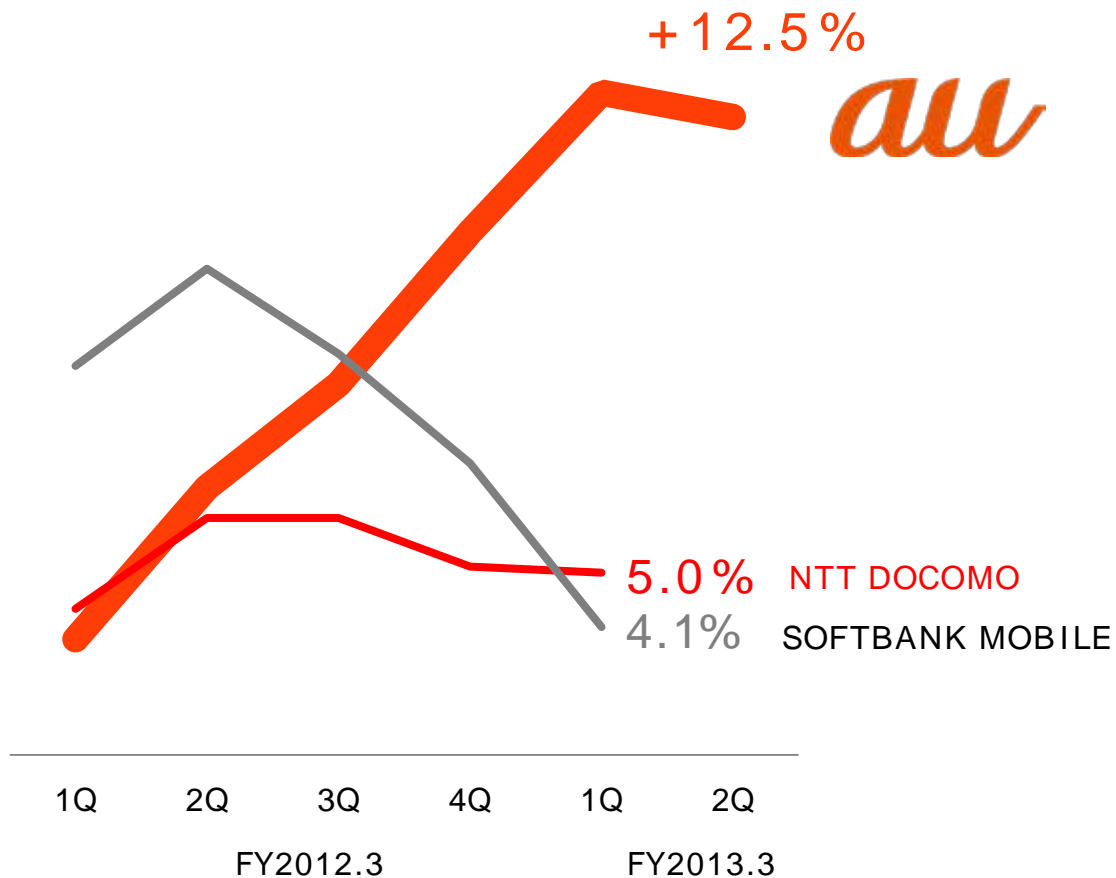
Rise Ratio of Data ARPU (YOY)

Data ARPU

(Personal Services segment)

No.1 Growth

2Q/FY2013.3: ¥2,790

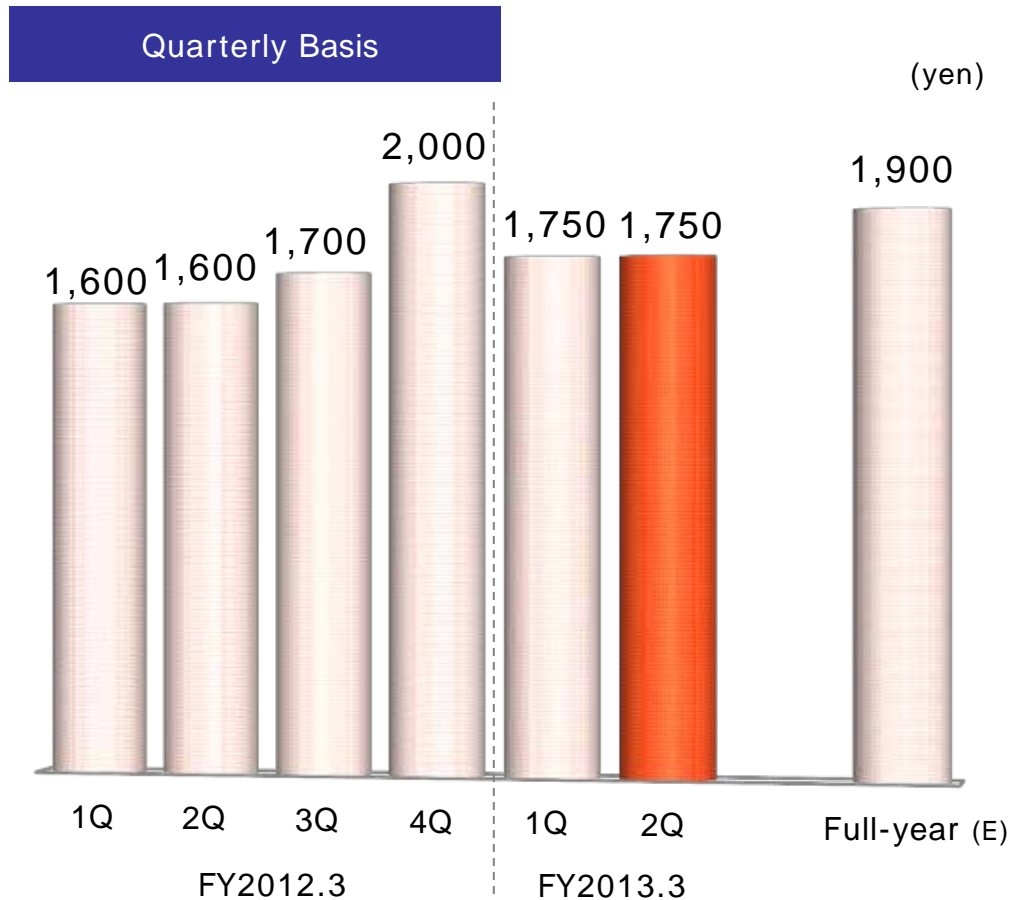


Maitsuki Discount unit Price

(Monthly Discount/Personal Services segment)

Steady control of
Maitsuki Discount
unit price

2Q/FY2013.3: ¥1,750

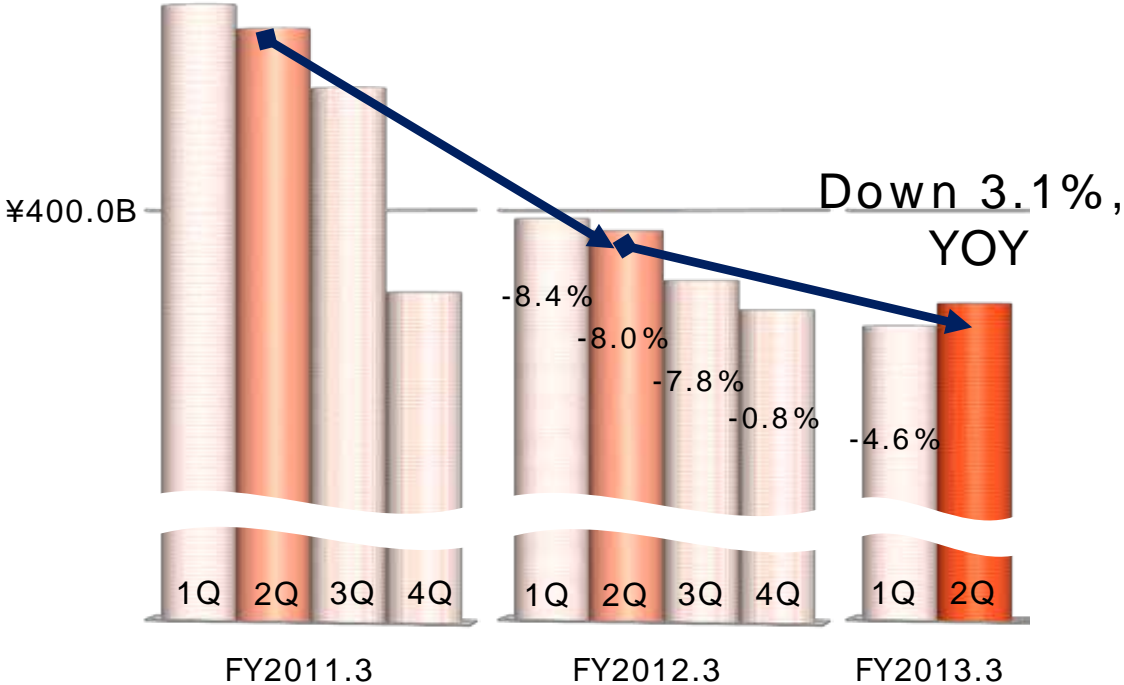


Mobile Communications Revenues

(Personal Services segment)

Declines
being steadily
reduced

Revenues for au ARPU



Summary

[1st step] Complete recovery of au momentum

[2nd step] Complete construction of
foundations for the 3M Strategy



Growth to start in FY2013.3

Appendix

Focus KPI in FY2013.3

Personal Services & Value Services

		12.3-2Q	13.3-2Q	Change	13.3(E)	yoy
au churn rate	%	0.64	0.65	+0.01	0.61	-
au ARPU	yen	4,620	4,240	-380	4,160	-8.2%
Value ARPU	yen	260	240	-20	280	-7.7%
		3/'12	9/'12	Change	3/'13(E)	Progress
[Utilizing au Smart Value]						
au subscriptions	'000	660	2,000	+1,340	3,100	54.9%
[Utilizing au Smart Value]						
Households	'000	440	1,200	+760	1,550	68.5%
au Smart Pass members	'000	560	2,430	+1,870	5,000	42.1%

Business Services

		12.3-1H	13.3-1H	Change	13.3(E)	Progress
Smartphone sales	'000	-	149	-	450	33.1%

-

		3/'12	9/'12	Change	3/'13(E)	
Data offload rate	%	20	39	+19	50	-

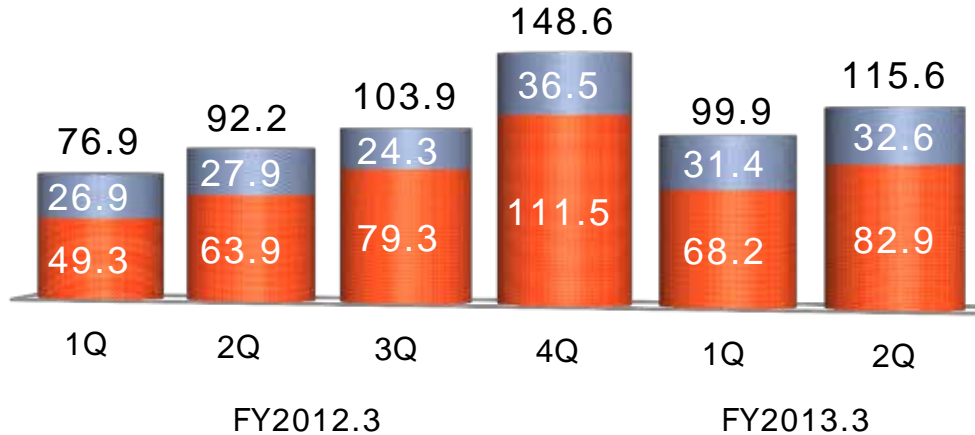
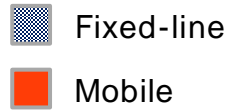
Capital Expenditures (Consolidated)

1H/FY2013.3: ¥215.5B

(+¥46.4B, YOY / Progress 47.9%)

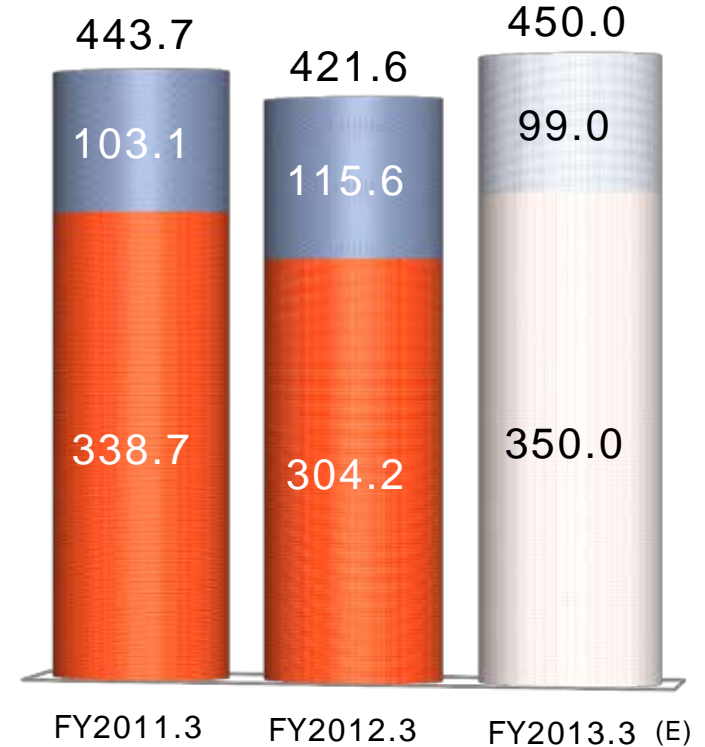
Quarterly Basis

(Billions of yen)



Full-year Basis

(Billions of yen)

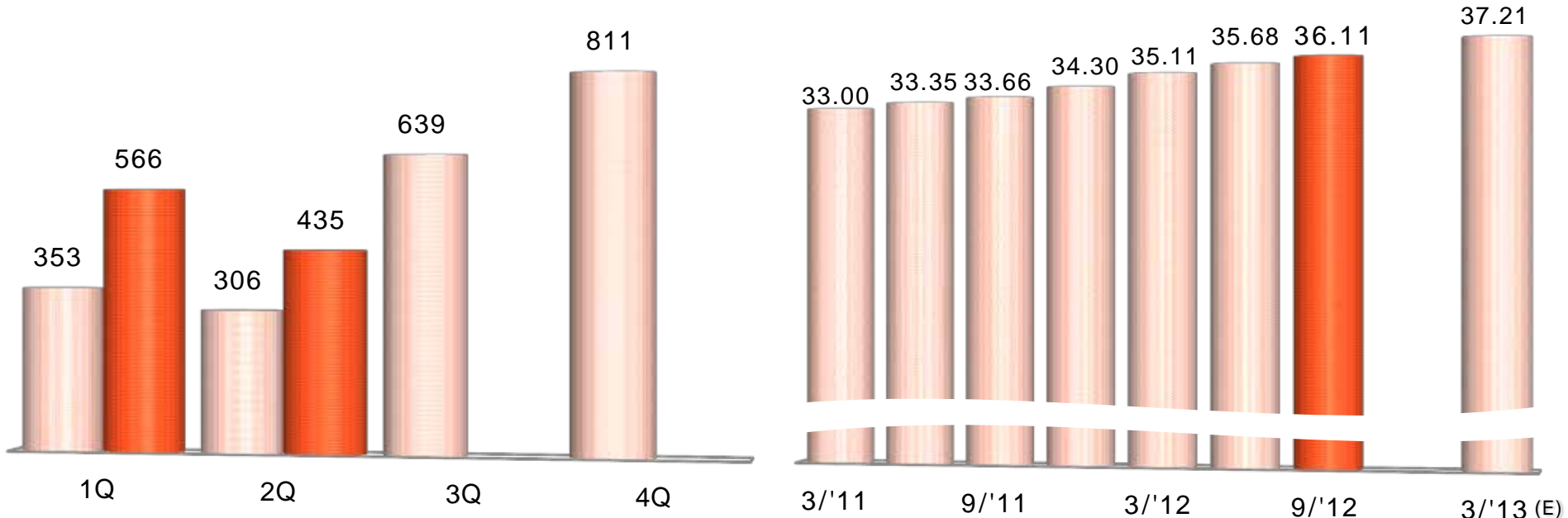


au Net Additions / au Subscriptions (Consolidated)

au Net Additions ('000)

au Subscriptions (Million subs)

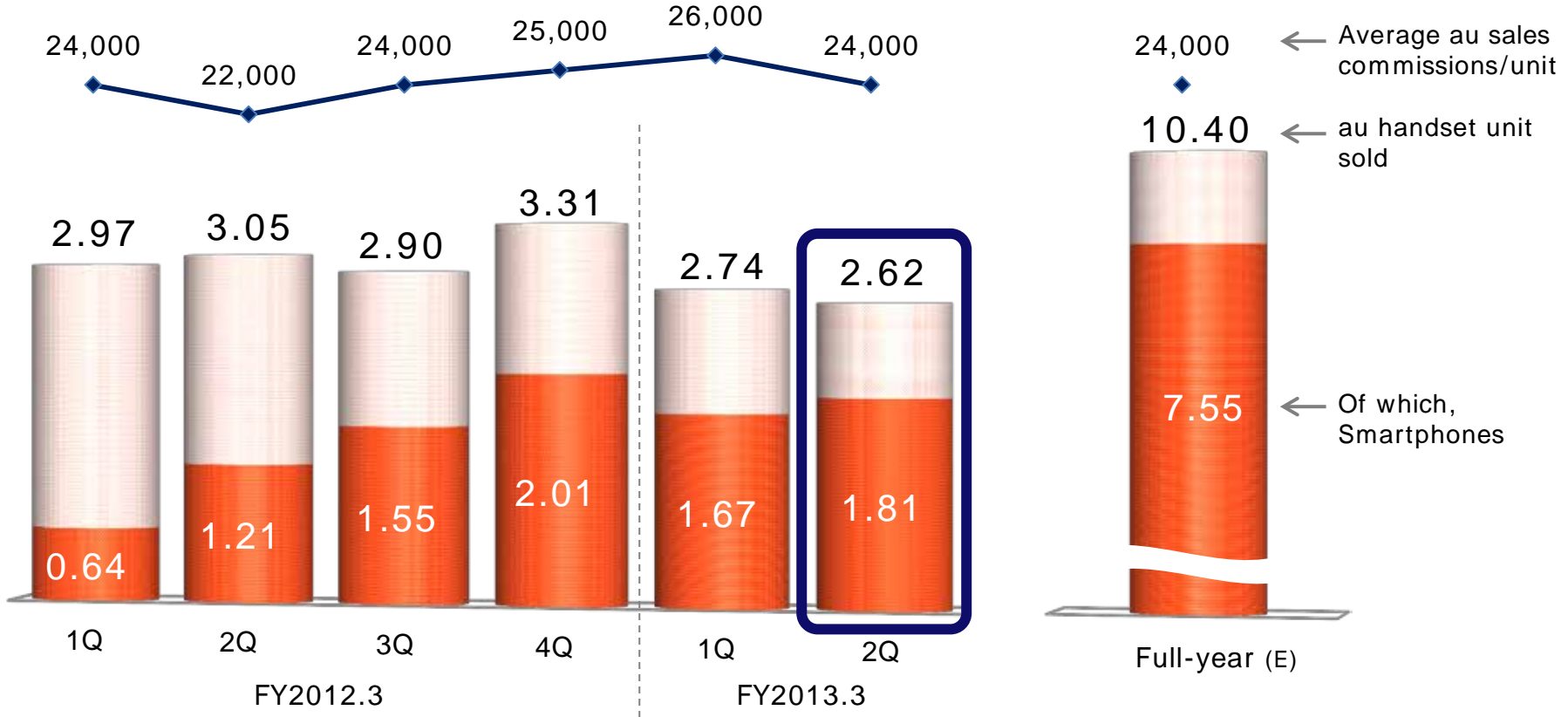
Left: FY2012.3/Right: FY2013.3



au Handset Sales / au Sales Commissions

(Personal Services segment)

(Bar graph: Million units/Line graph: yen)



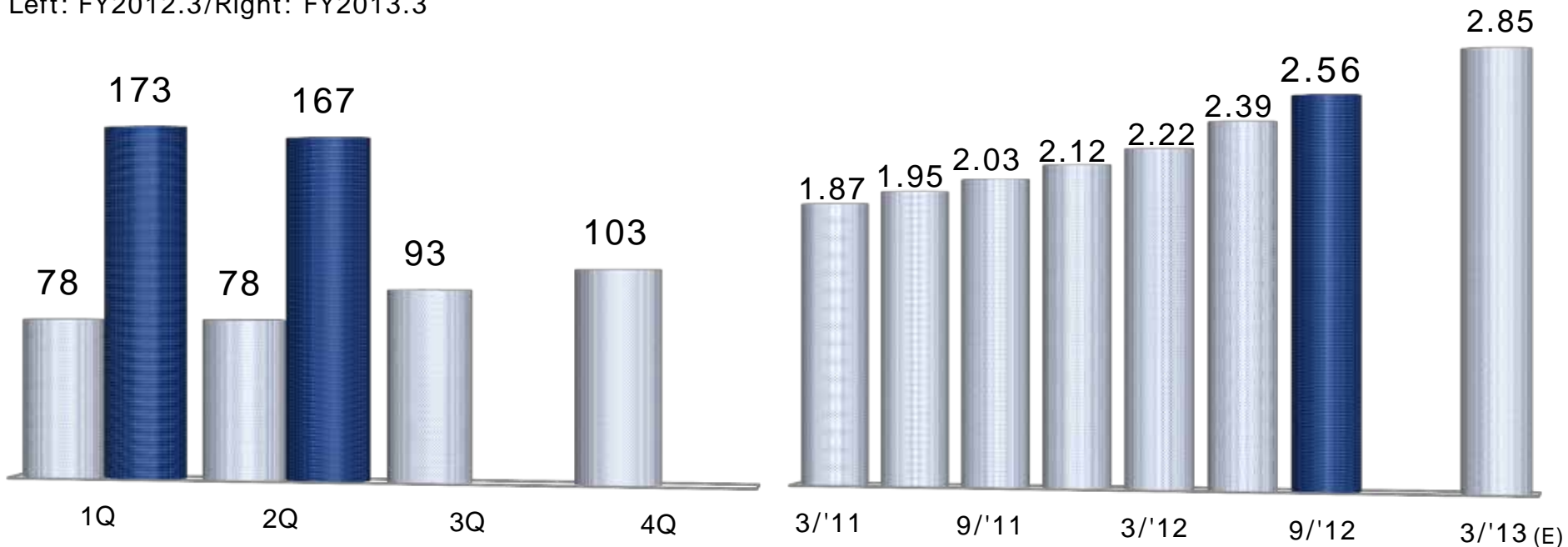
FTTH Net Additions / FTTH Subscriptions

(Personal Services segment)

FTTH Net Additions ('000)

FTTH subscriptions (Million subs)

Left: FY2012.3/Right: FY2013.3



*FTTH net additions/FTTH subscriptions: Total for KDDI group's FTTH services (au HIKARI, au HIKARI Chura, and Comuf@-hikari)

Designing The Future

KDDI