

# eAccess Limited 【9427】

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**3<sup>rd</sup> Quarter Results for FY3/2007**  
**(4/2006 ~ 12/2006)**



**February 8<sup>th</sup>, 2007**

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## **FY3/2007 3Q Results Highlights**

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**Achieved net increase in subscriber acquisition in 3Q**

**Improved churn rate to 1.78% in 3Q from 1.85% in 2Q**

**Parent 3Q operating profit (YTD) increased 40% YoY to 9.54 billion yen**

**Decline in consolidated 3Q operating profit (YTD) was in-line with forecast**

**Plan to launch mobile data service in late March 2007**

**Dividend payout in 3Q is 450 yen per share**

# FY3/2007 3Q Financial Results

**Parent operating profit (YTD) increased by 40% YoY and recurring profit by 51% YoY  
Decline in consolidated operating profit (YTD) was in-line with our forecast**

(billion yen)	Parent			Consolidated				
	FY3/2006 3Q (2005/4-12) <sup>(1)</sup>	FY3/2007 3Q (2006/4-12)	YoY Comparison	FY3/2007 3Q (2006/4-12)				
				ADSL/ISP	+	Mobile	=	Consolidated <sup>(2)</sup>
Revenue	45.50	42.11	- 7.5 %	42.11		—		42.09
Operating profit	6.82	9.54	+ 39.9 %	9.54		- 6.16		3.37
Recurring profit	5.67	8.57	+ 51.2 %	8.57		- 7.37		1.20
Net Income	4.09	5.10	+ 24.8 %	5.10		- 7.38		1.80
EBITDA	15.03	16.33	+ 8.6 %	16.33		- 6.09		10.24
Capex	4.82	4.49	- 6.8 %	4.49		4.60		9.09
Depreciation	8.21	6.79	- 17.3 %	6.79		0.08		6.87

(1) FY3/2006 3Q included mobile losses of 0.8 billion yen at operating level and 0.9 billion yen at recurring level

(2) Minority interest adjustment of 4.09 billion yen was included in the net income level.

# Financial Progress

**Parent profit progressed better than our forecast**  
**Mobile business start-up costs were in-line with the forecast**  
**Reduced parent and consolidated full year capex forecast**

	Parent			Consolidated			
	(billion yen)	FY3/2006 3Q (2005/4-12)	Forecast	Progress	FY3/2006 3Q (2005/4-12)	Forecast*	Progress
Revenue		42.11	56.00	75.2 %	42.09	56.00	75.2%
Operating profit		9.54	10.90	87.5 %	3.37	0.30	NA
Recurring profit		8.57	9.70	88.4 %	1.20	- 2.20	NA
Net Income		5.10	5.40	94.4 %	1.80	0.30	NA
EBITDA		16.33	20.50	79.5 %	10.24	10.30	NA
Capex		4.49	8.00	56.1 %	9.09	38.00	23.9 %
Depreciation		6.79	9.60	70.7 %	6.87	10.00	68.7 %

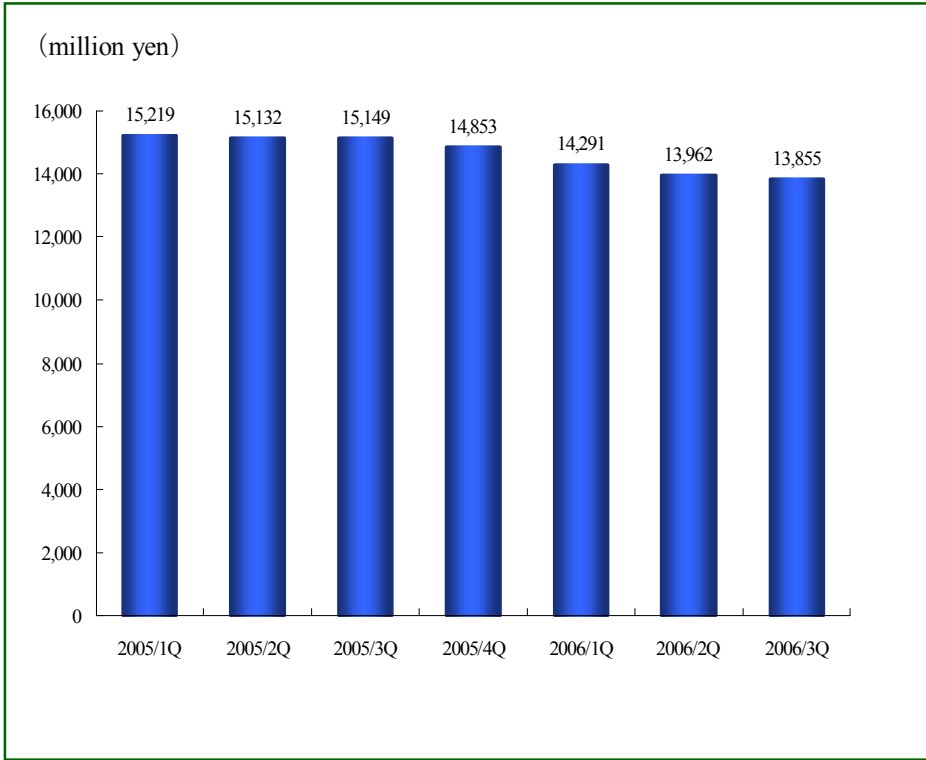
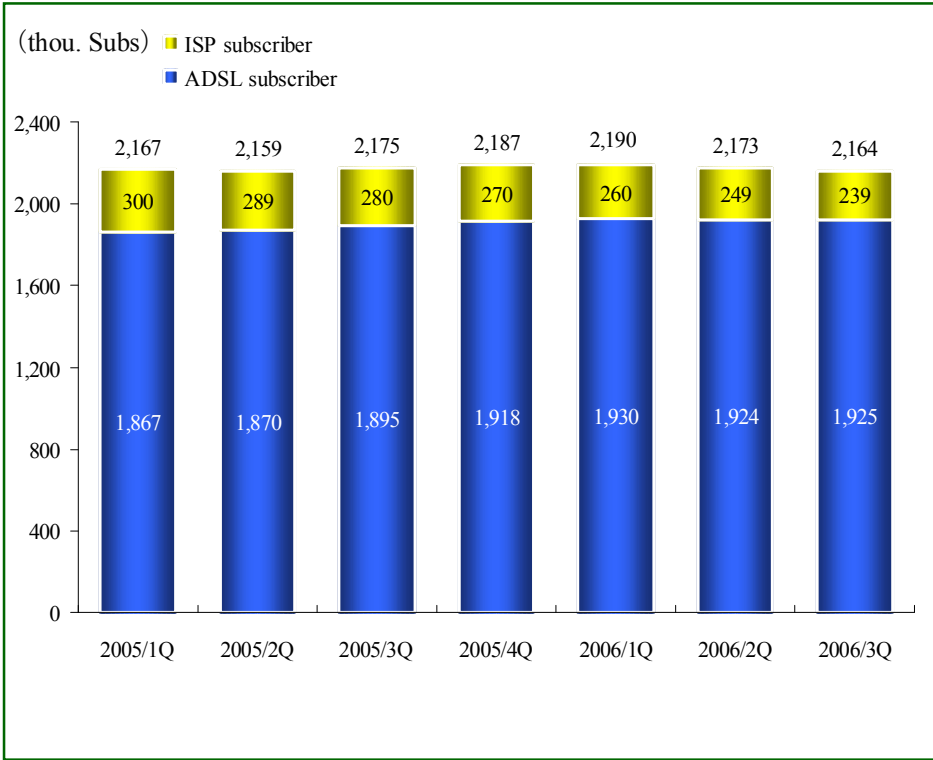
\*Consolidated financial forecast for FY3/2007 includes internal sales adjustment of 0.8 billion yen in the revenue line and minority interest adjustment of 6.8 billion yen in the net income line.

# ADSL/ISP Subscriber and Revenue

**Achieved net increase in subscriber acquisition in 3Q**

## ADSL/ISP Subscribers

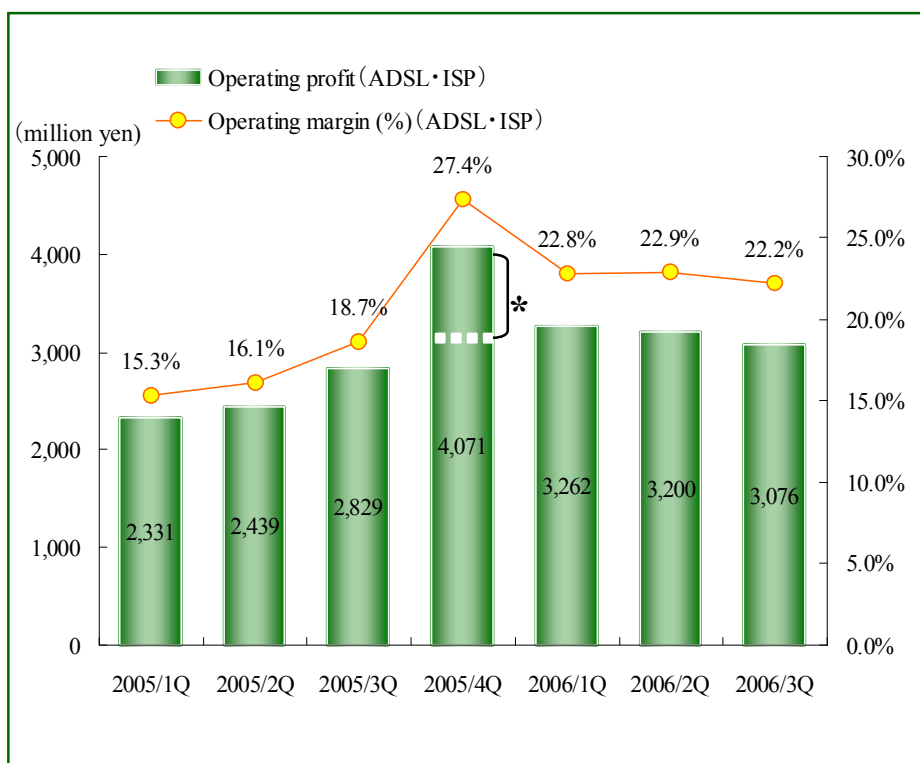
## Revenue (ADSL/ISP Only)



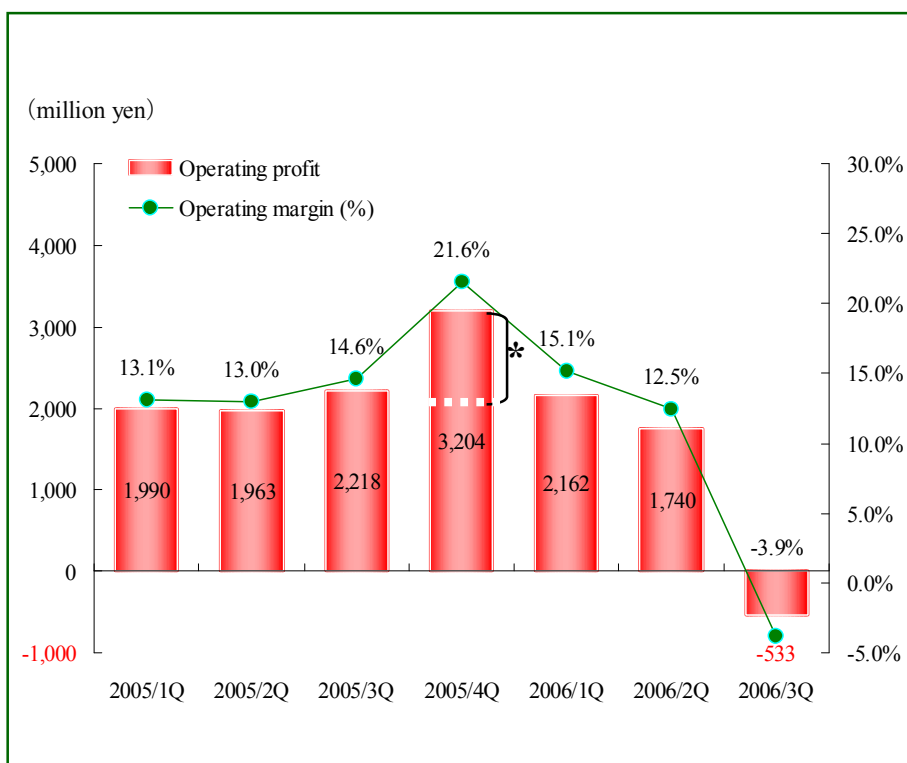
# Operating Profit Trend

**Slight decline in ADSL/ISP operating margin due to an increase in net subscriber addition**  
**Consolidated operating losses were in-line with our forecast due to mobile start-up losses**

**Operating Profit and Operating Margin Trend  
(ADSL/ISP Only)**



**Operating Profit and Operating Margin Trend  
(Consolidated Basis)**



\*2005/4Q figure includes NTT charges retroactive adjustment of approx. 1,000 million yen.

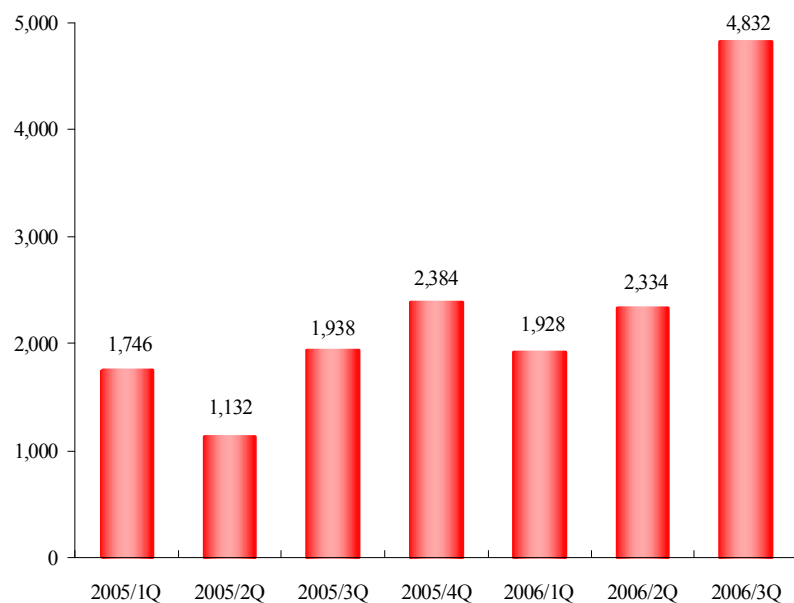


# Capex and Operating FCF Trend

**Sharp increase in capex in 3Q was related to mobile network rollout**

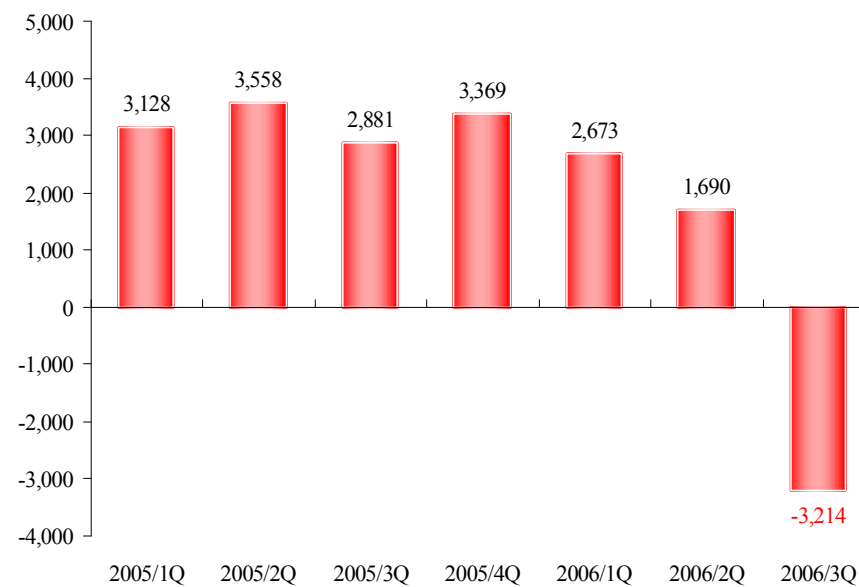
**Consolidated Capex Trend**

(million yen)



**Consolidated Operating Free Cash Flow\* Trend**

(million yen)



\* Operating Free Cash Flow = EBITDA - Capex

# Balance Sheets

**Maintained strong cash position of 174.1 billion yen,  
and net cash position of 84.2 billion yen on the consolidated balance sheets.**

(billion yen)	<Parent> As of September 30, 2006		<Consolidated> As of September 30, 2006	
	Balance	Share of Total	Balance	Share of Total
Cash and Cash Deposit	52.29	37.8 %	174.10	80.5 %
Debt	89.90	64.9 %	89.90	41.6 %
Net Debt	37.61	27.2 %	- 84.20	NA
Minority Interest (EMOBILE)	--	--	80.23	37.1 %
Total Shareholders' Equity	38.29	27.6 %	33.96	15.7 %
Total Asset	138.51	100.0 %	216.19	100.0 %
Net Debt/Equity ratio(%)	98.2 %	--	-248.0 %	--

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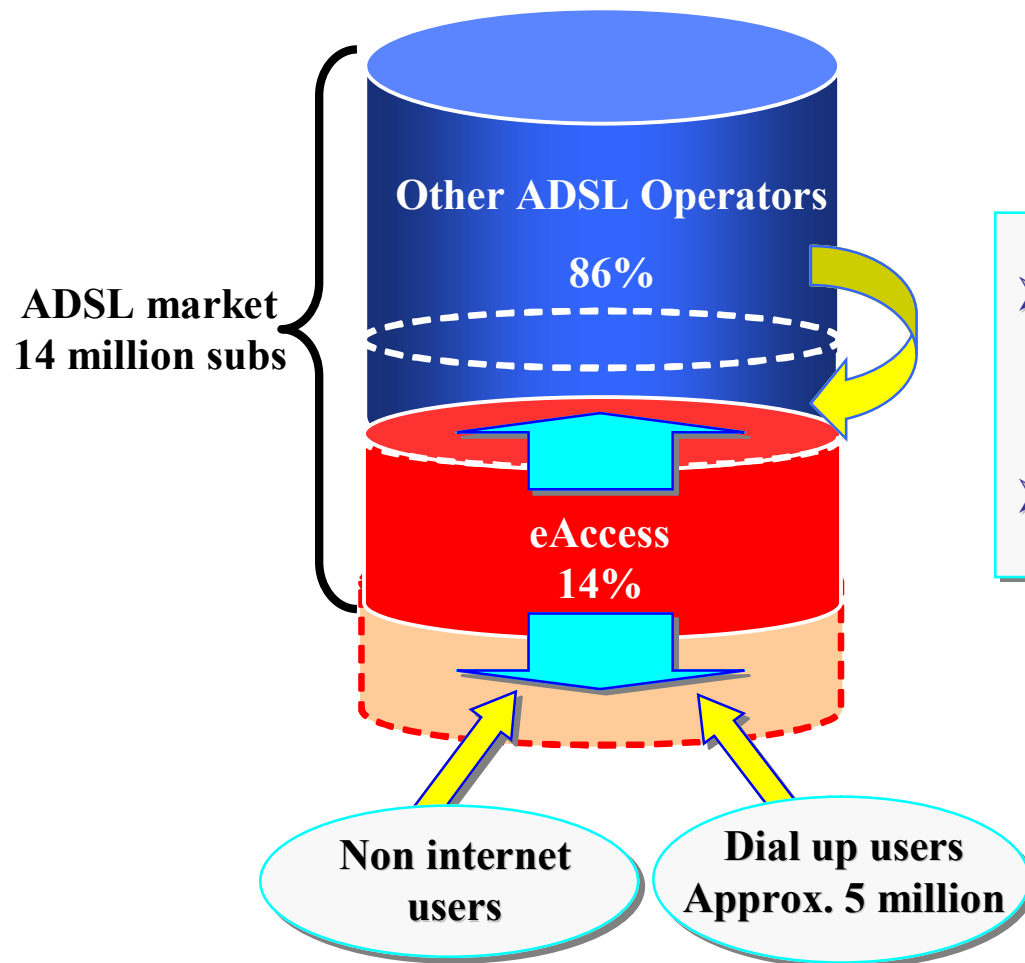
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# ADSL • ISP Business

# ADSL Target Users

**Gradual increase in market share in a saturated ADSL market**

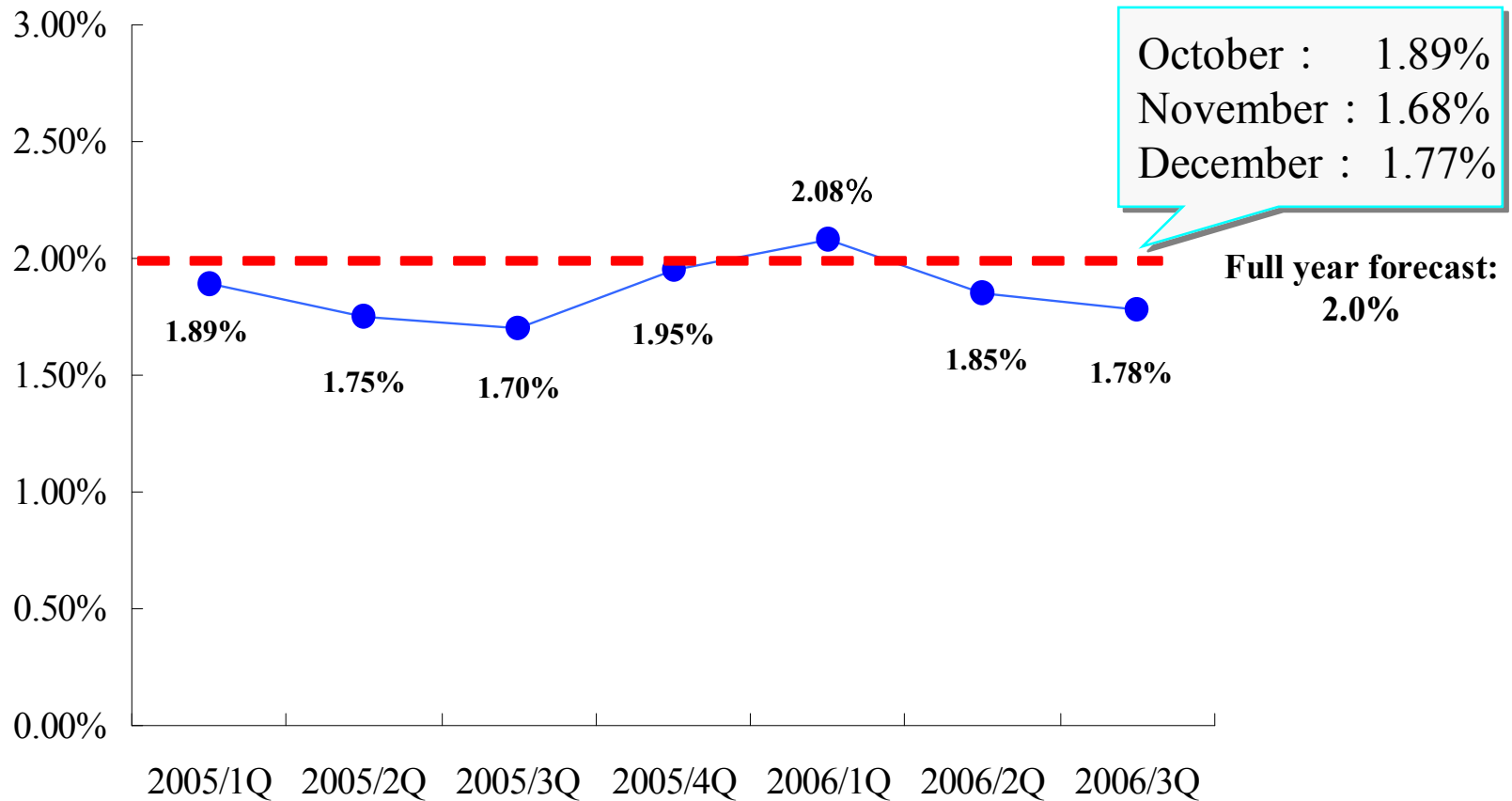


- ADSL service provided to METAL PLUS subscriber addition was in line with our forecast
- Strong demand for new 12M service

Source: MIC Information & Communications statistics database, September 2006

# ADSL Churn

**Improvement in monthly churn in 3Q**  
**Expect monthly churn to rise in 4Q due to the usual seasonal factor**



**Launched EC site "Jungle Mart" on February 1st**  
**AOL's pilot project to shift from access business to contents business**

<p><b>Service</b></p>	<p>Offer both contents and products* under the same EC portal site</p>
<p><b>Target Users</b></p>	<p>Expand target users from AOL subscribers to entire Internet users. Plan to expand our target to mobile users in the future.</p>
<p><b>Platform</b></p>	<p>Billing platform which allow both credit and web money payments</p>



<http://junglemart.jp>

\*Product sales is expected to launch during next FY3/2008.

# WiMAX Business



# WiMAX Business Update

## Preparation for the 2.5GHz WiMAX license allocation in 2007

### Technology

- Conduct 2.5GHz WiMAX field trial at 3 base stations in the Tokyo 23 wards.
  - High speed data communication similar speed to FTTH
  - All IP network hand over between different cells while moving in high speed
  - Cell radius similar to mobile phone
  - 2.5GHz data access in middle to high rise building environment



### MIC

- Participated in the MIC's public hearing on the 2.5GHz spectrum in 12/2006
- Preparing the business plan to apply for 2.5GHz license

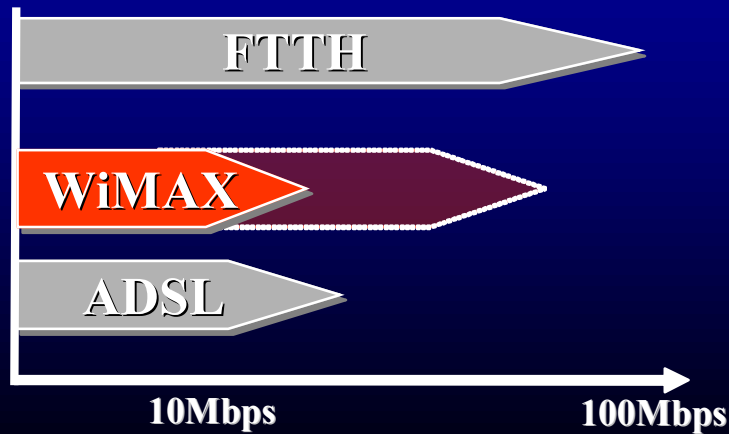
### Standardization

- Participated in the ITU-R in Cameroon
- Participated WiMAX forum in Hawaii to contribute to WiMAX standardization activities.

# WiMAX Business Model Concept

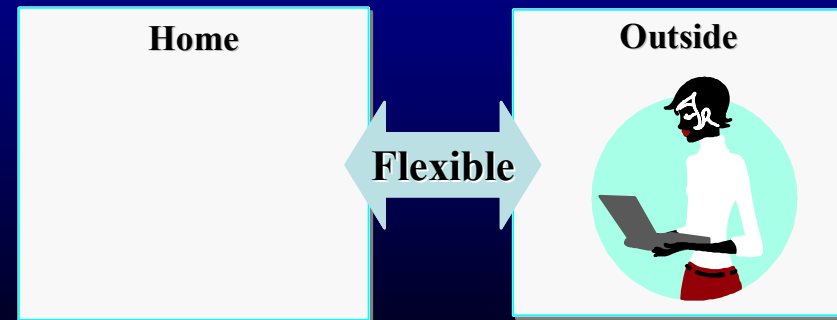
## ▶ High Speed

Access speed 37Mbps, expect increase to 75Mbps, similar to FTTH speed



## ▶ Always On

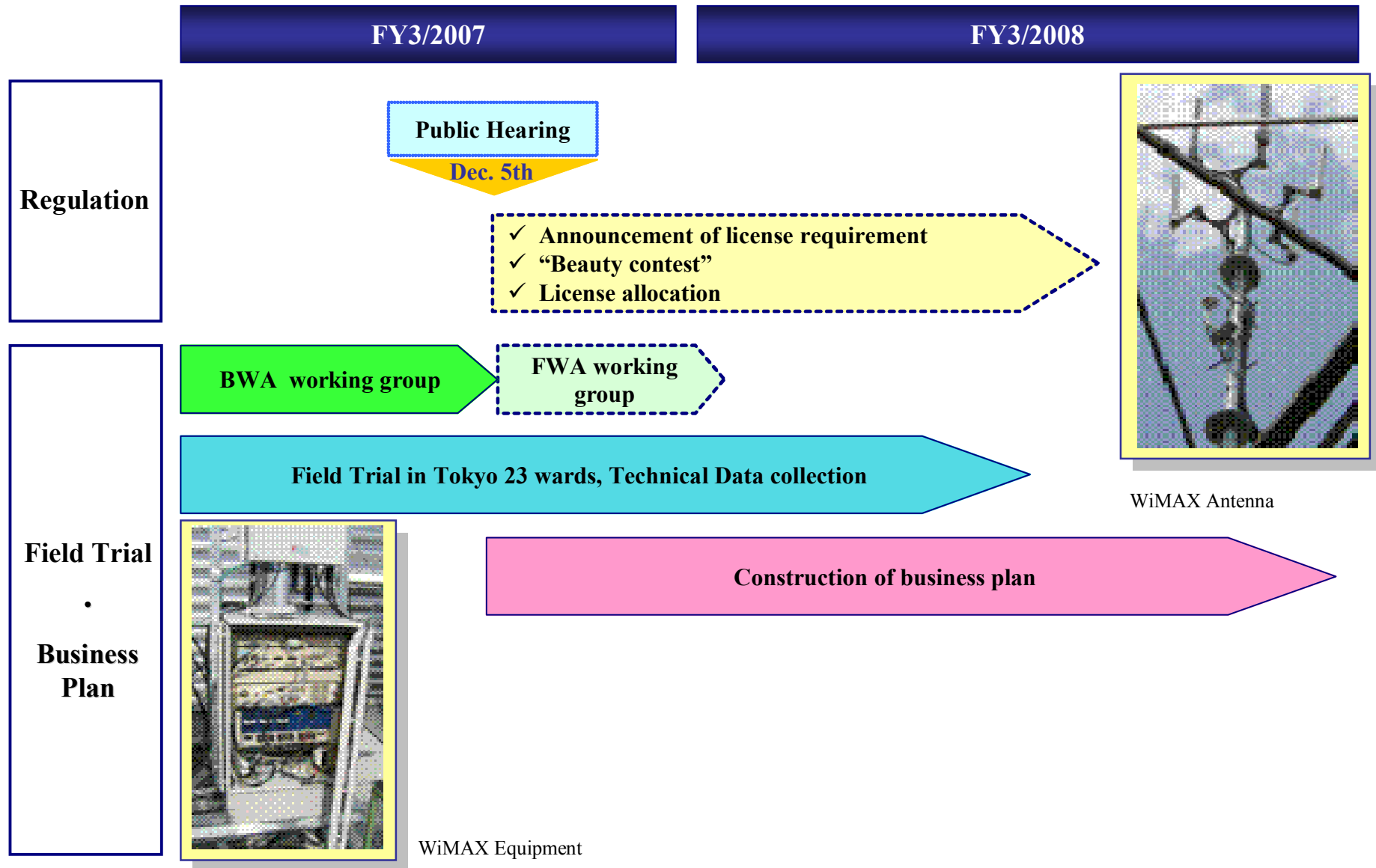
Broadband access both at home and outside



## Creating new types of businesses

Differentiation from the existing vertical business model  
Utilize flexible and advanced broadband application

# WiMAX Business Roadmap (Plan)



# Mobile Business

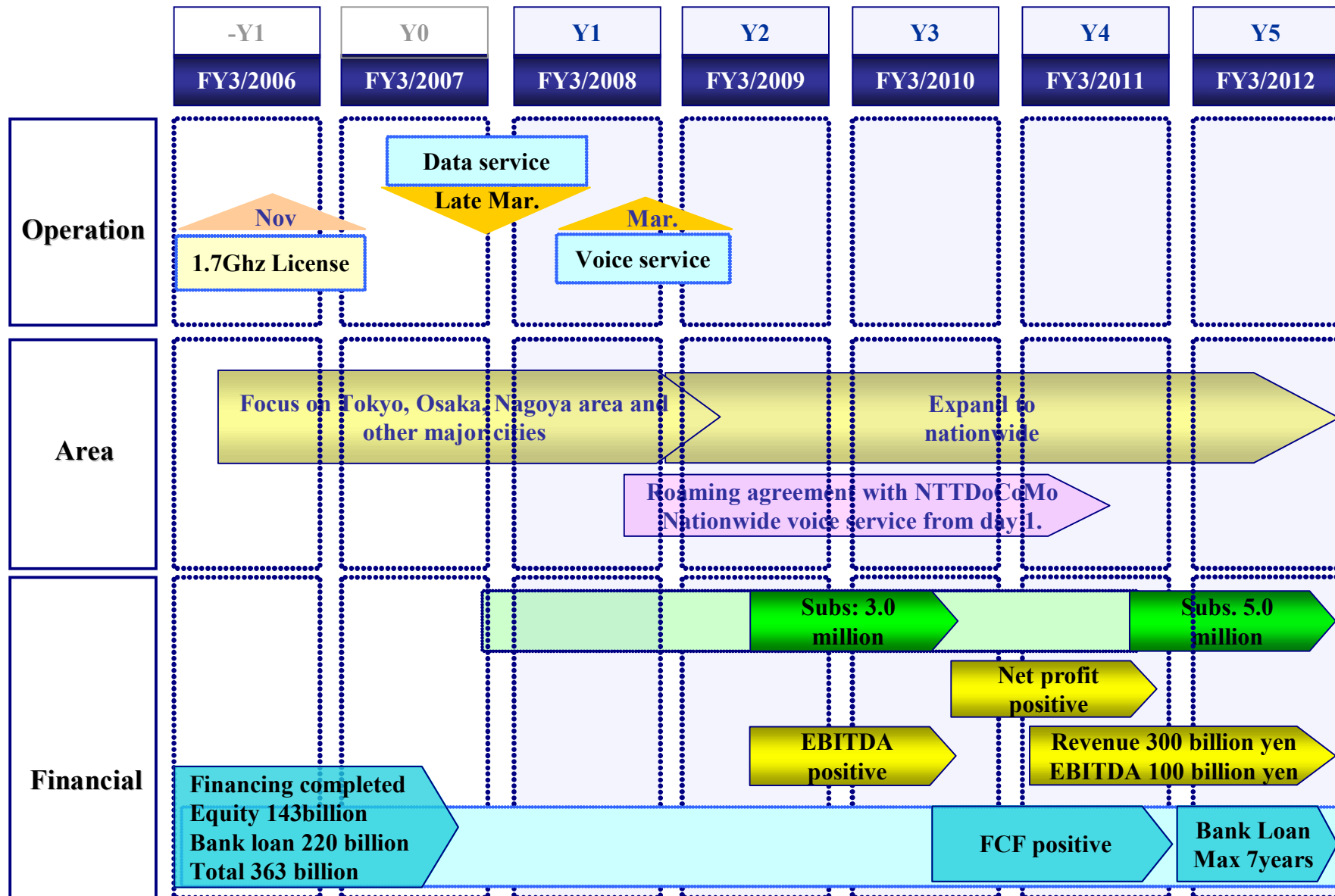
# Mobile Data Service (Plan)

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## Service Outline (Plan)

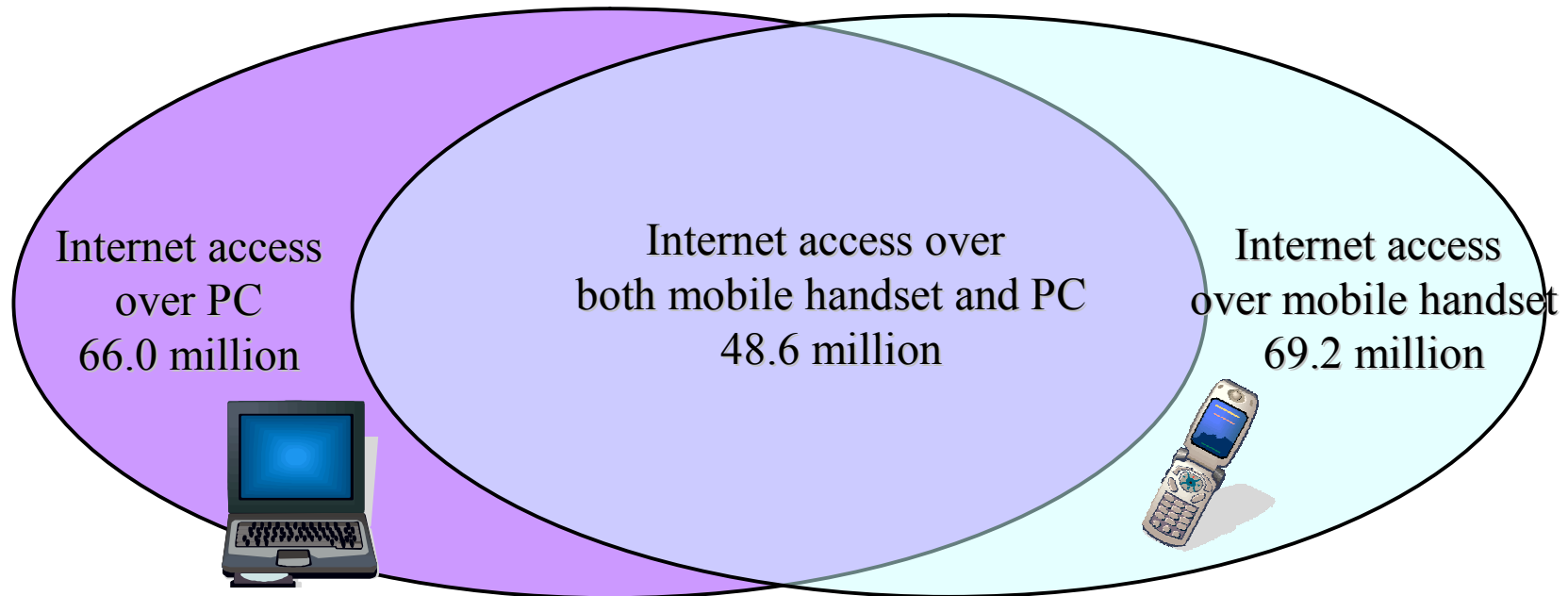
<b>Date</b>	<b>Late March 2007</b>
<b>Data Speed</b>	<b>Max 3.6Mbps (HSDPA)</b>
<b>Service Area</b>	<b>Metropolitan areas of Tokyo, Osaka, Nagoya</b>
<b>Terminals</b>	<b>Data terminals</b>
<b>Pricing</b>	<b>To be announced</b>
<b>Distribution</b>	<b>Focus on major retail stores</b>

# EMOBILE Business Plan Schedule



# Target Segments of Mobile Data Service

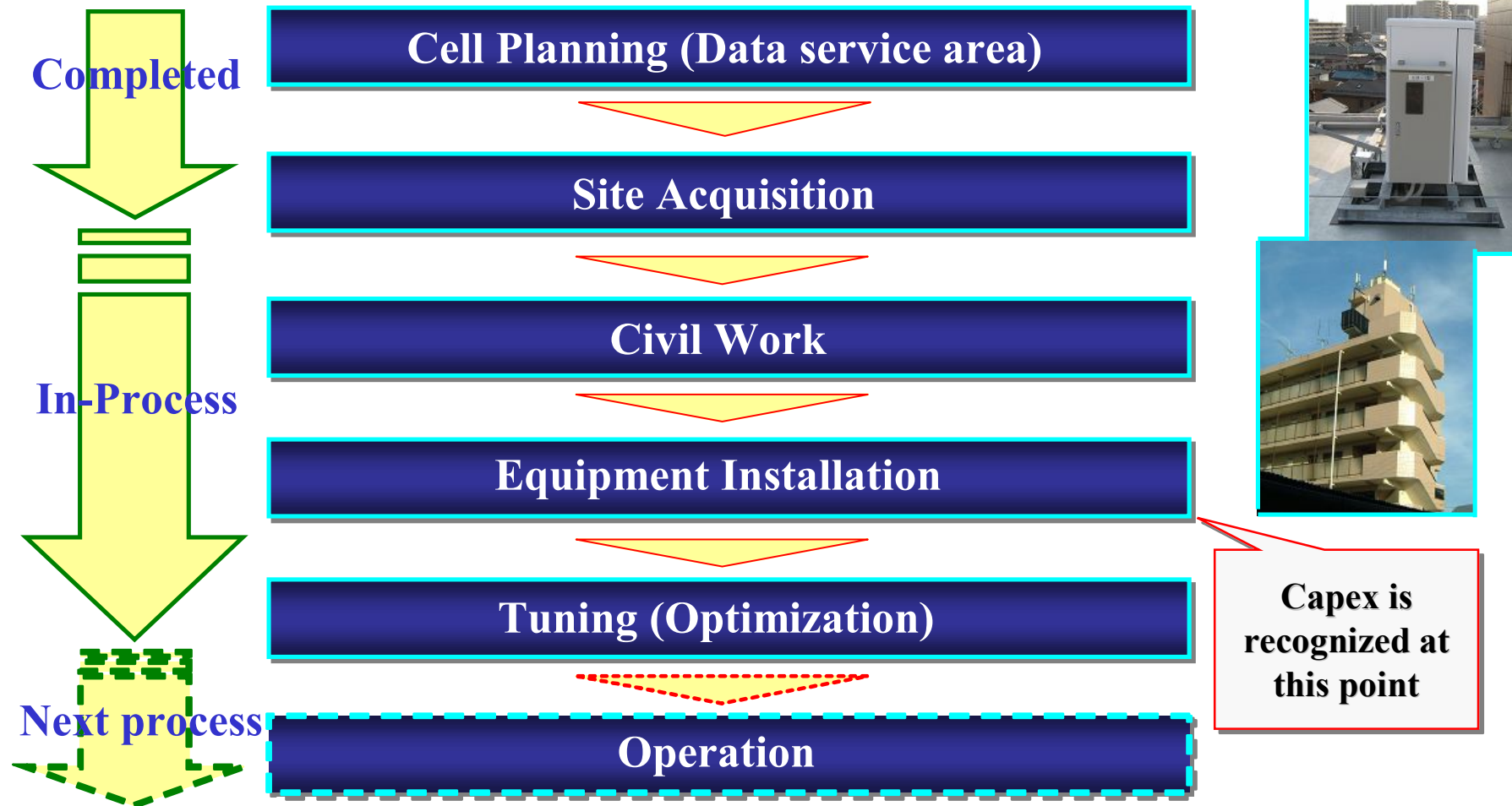
To offer PC broadband mobile computing service



EMOBILE targets Internet users who currently access Internet over both PC and mobile handsets by offering high speed access and reasonable pricing

# Network Construction Process

**Accelerated civil work and equipment installation process in 3Q**  
**Expect the majority of FY3/2007 capex to be incurred in 4Q,**  
**upon the completion of the equipment installation**





# Disclaimer

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