

# **eAccess Limited 【9427】**

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**1<sup>st</sup> Quarter Results for Fiscal Year Ending 3/2010  
( 4/2009 ~ 6/2009 )**



**August 7<sup>th</sup> , 2009**

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## FY 3/2010 1Q Consolidated Results

- Turned profits at consolidated recurring & net levels
- Improving margins through ACCA consolidation
- EMOBILE turned first positive quarterly EBITDA

# FY3/2010 1Q Consolidated Financial Results

**Consolidated operating profit increased by 41.1% YoY.  
Turned profit at consolidated recurring and net levels with shrinking EMOBILE losses**

	FY3/2009	FY3/2010			
	1Q (4~6/2008)	1Q (4~6/2009)	YoY Increase	Full Year Forecast *2	Progress
(billion yen)					
Revenue	24.26	21.42	- 11.7%	83.00	25.8%
Operating Profit	3.50	4.94	+ 41.1%	16.80	29.4%
<i>EM Accounting Losses</i>	- 4.67	- 2.58	na	- 4.50	na
Recurring Profit (Losses)	- 1.53	1.82	na	10.00	18.2%
Net Income (Losses)	- 2.81	0.46	na	4.00	11.5%
EBITDA	5.12	6.85	+ 33.8%	25.00	27.4%
Capex	0.56	1.03	+ 83.9%	5.00	20.6%
Depreciation	1.62	1.91	+ 17.9%	8.20	23.3%
Operating FCF	4.56	5.82	+ 27.6%	20.00	29.1%

Note 1: eAccess consolidated ACCA from 9/1/2008 and fully merged with ACCA on 6/25/2009.

Note 2: FY3/2010 full year forecasts are based on the forecasts announced on 5/14/2009.

# Consolidated Cash Flow Outlook

Steady improvement in EBITDA and net free cash flows

(billion yen)	FY3/2009	FY3/2010			
	1Q (4~6/2008)	1Q (4~6/2009)	YoY Increase	Full Year Forecast *2	Progress
EBITDA	5.12	6.85	+ 33.8%	25.00	27.4%
Capex	- 0.56	- 1.03	+ 83.9%	- 5.00	20.6%
Operating FCF	4.56	5.82	+ 27.6%	20.00	29.1%
Interest (net of interest income)	- 0.04	- 0.10	+ 150.0%	- 1.40	7.1%
Tax	- 1.28	- 1.85	+ 44.5%	- 5.00	37.0%
Dividend (net of div. income) *3	- 0.67	- 0.79	+ 17.9%	- 3.60	21.9%
Net FCF	2.57	3.08	+ 19.8%	10.00	30.8%

Note 1: eAccess consolidated ACCA from 9/1/2008 and fully merged with ACCA on 6/25/2009.

Note 2: FY3/2010 full year forecasts are based on the forecasts announced on 5/14/2009.

Note 3: Dividends of full year forecast are based on the current dividend policy.

# Balance Sheets

**Maintained good cash liquidity on balance sheets  
after the redemption of 20 billion yen Convertible Bond in June 2009**

	As of 3/31/2009		As of 6/30/2009	
	Consolidated	Parent	Consolidated	Parent
(billion yen)				
<b>Cash and Cash Deposit</b>	68.54	57.93	57.64	56.95
<b>Debt</b>	103.89	103.34	90.33	90.33
<b>Net Debt</b>	35.35	45.41	32.69	33.38
<b>Shareholders' Equity</b>	9.96	48.34	11.78	52.67
<b>Net Assets</b>	12.70	47.98	12.03	52.39
<b>Total Assets</b>	129.05	161.15	112.99	153.33
<b>Net Debt/Net Assets Ratio (%)</b>	278.3%	94.7%	271.8%	63.7%
<b>Net Debt/EBITDA Ratio (%)</b> <sup>*2</sup>	147.2%	234.3%	127.0%	177.8%

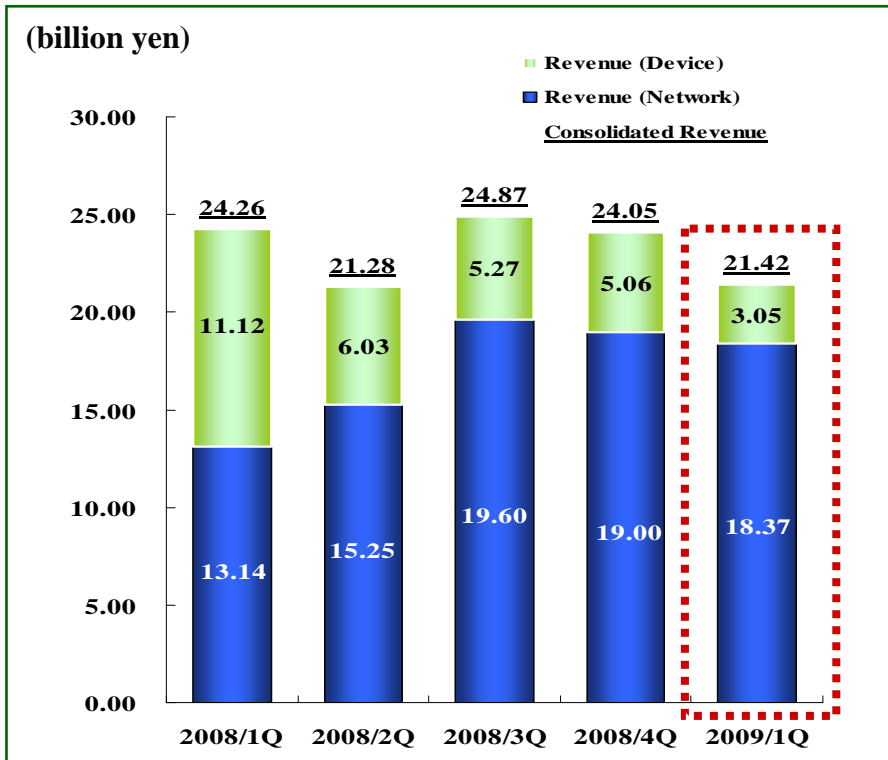
Note 1: eAccess consolidated ACCA from 9/1/2008 and fully merged with ACCA on 6/25/2009.

Note 2: EBITDA figures are accumulation of 4 quarters ending at each accounting date.

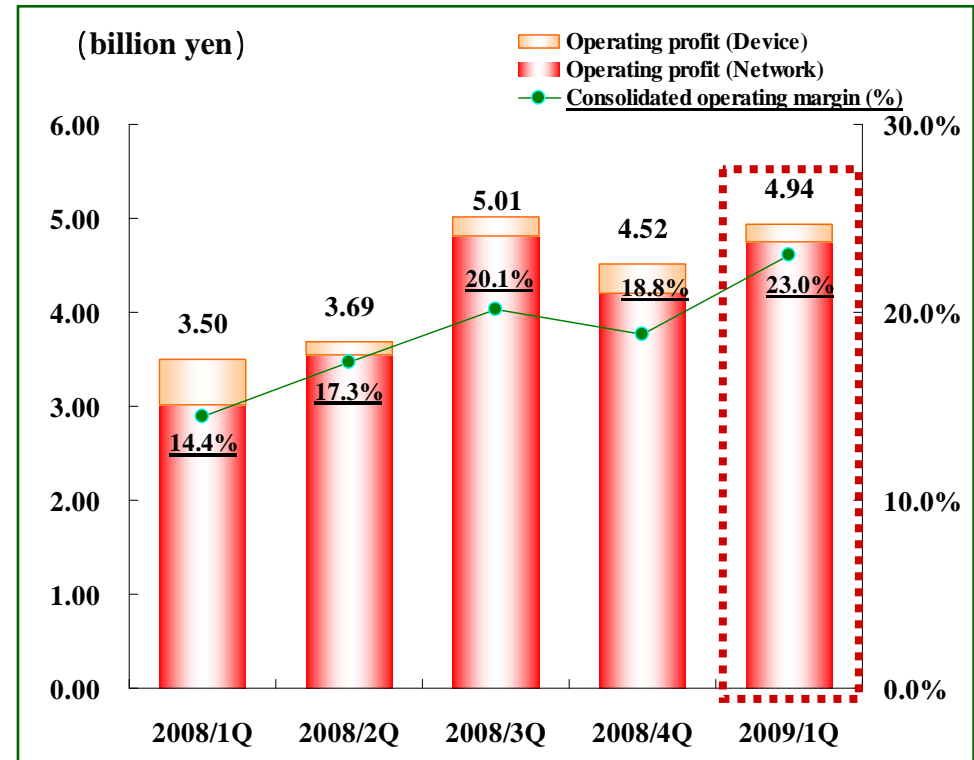
# Consolidated Operating Profit (Margin) Trend

1Q revenue decreased YoY due to an expected decline in device revenue.  
 Consolidated operating margin improved to 23.0% through ACCA integration.

## Revenue Trend (Consolidated)



## Operating Profit/Operating Profit Margin (Consolidated)



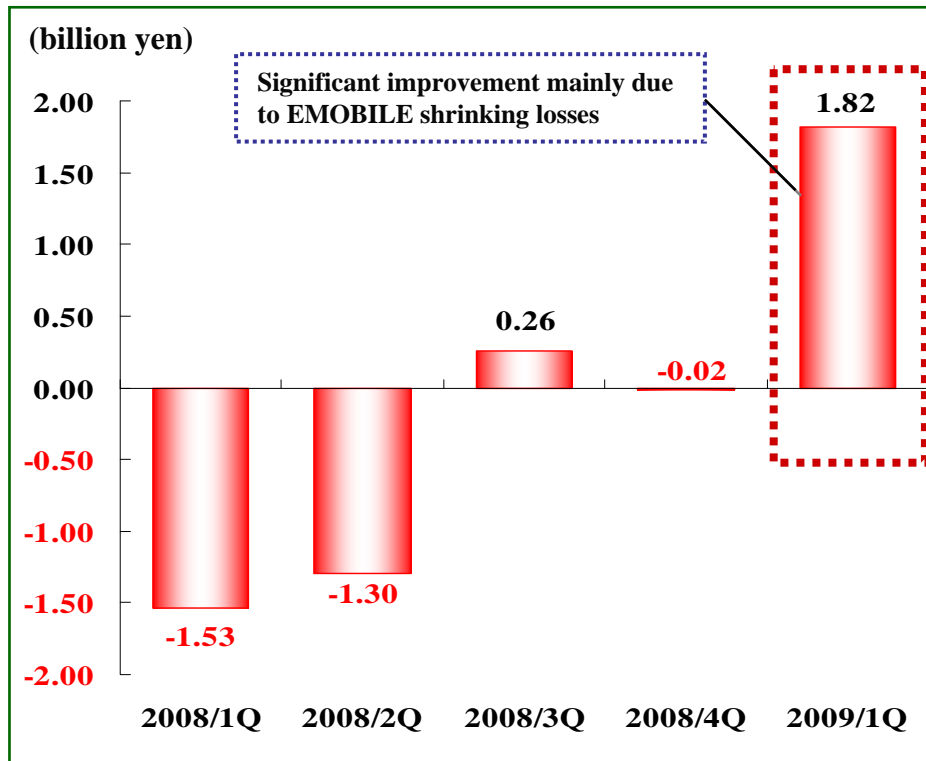
Note 1: eAccess consolidated ACCA from 9/1/2008 and fully merged with ACCA on 6/25/2009.



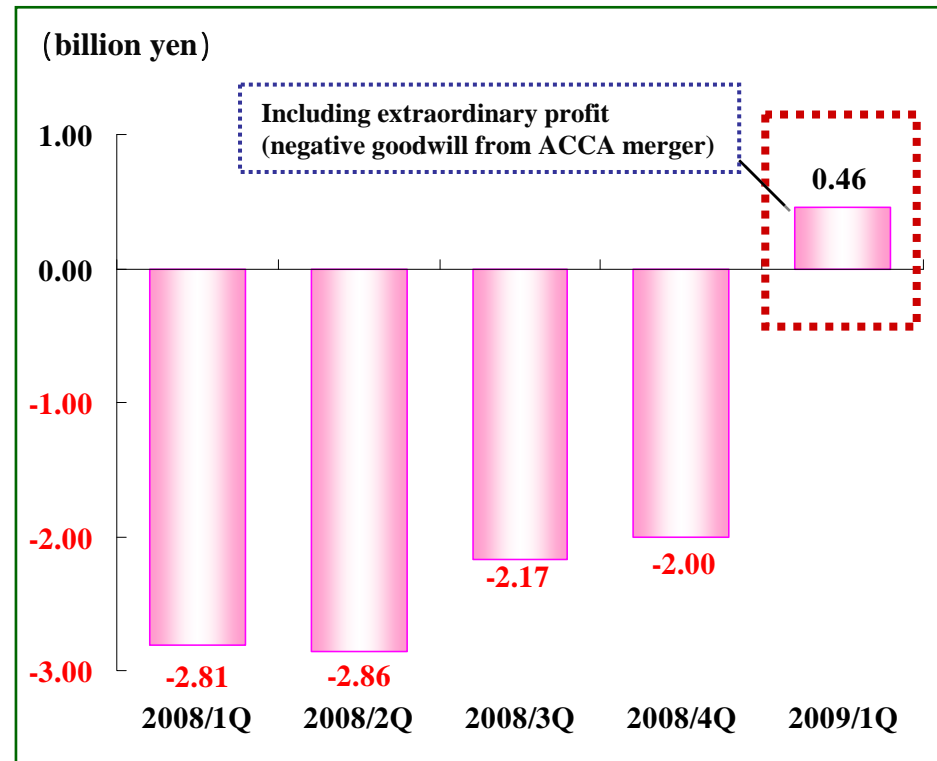
# Consolidated Recurring & Net Profit Trend

Turned quarterly profit at consolidated net level for first time in 3 years.

## Recurring Profit Trend (Consolidated)



## Net Profit Trend (Consolidated)

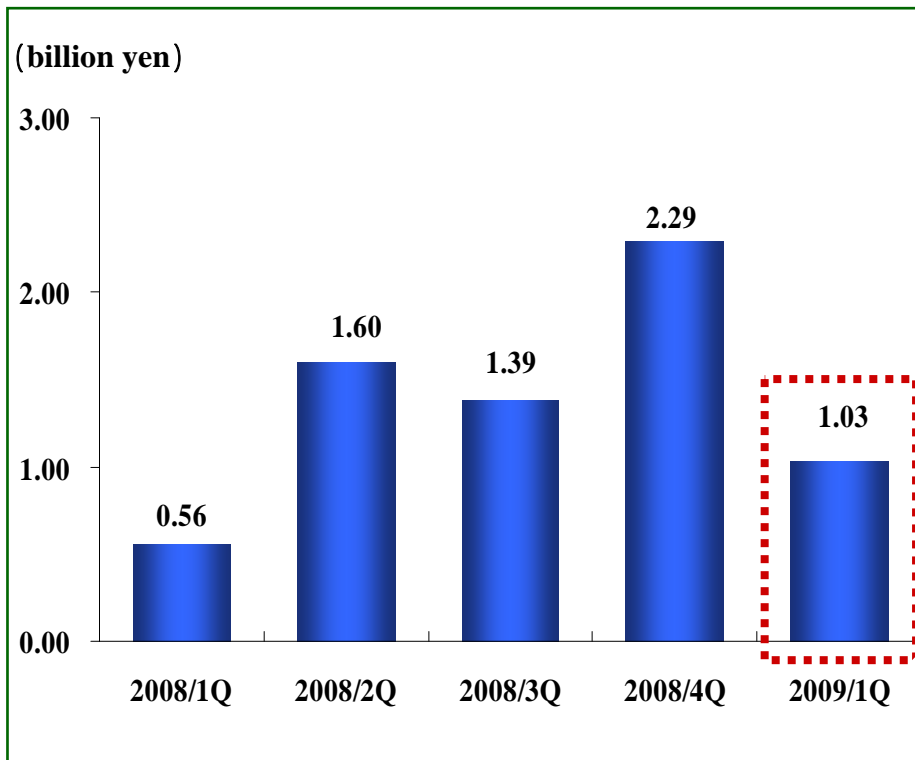


Note 1: eAccess consolidated ACCA from 9/1/2008 and fully merged with ACCA on 6/25/2009.

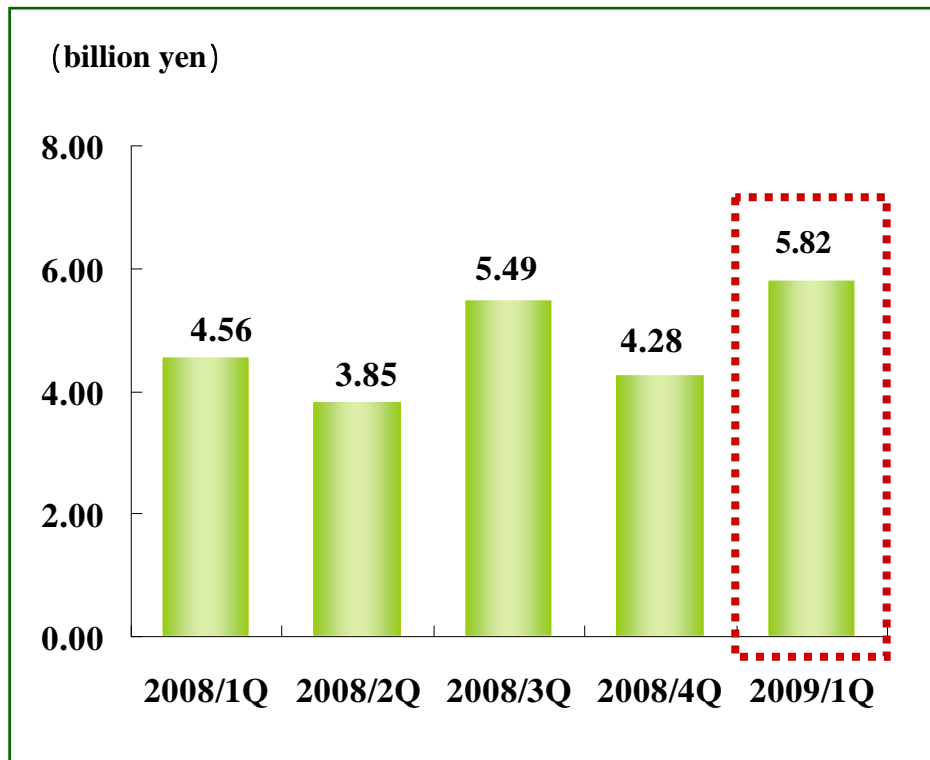
# Consolidated Capex & Operating FCF Trends

**Consolidated operating free cash flow (FCF) increased 27.6% YoY.  
Combined (eAccess and ACCA) capex was kept at low level.**

**Capex Trend  
(Consolidated)**



**Operating FCF  
(Consolidated)**

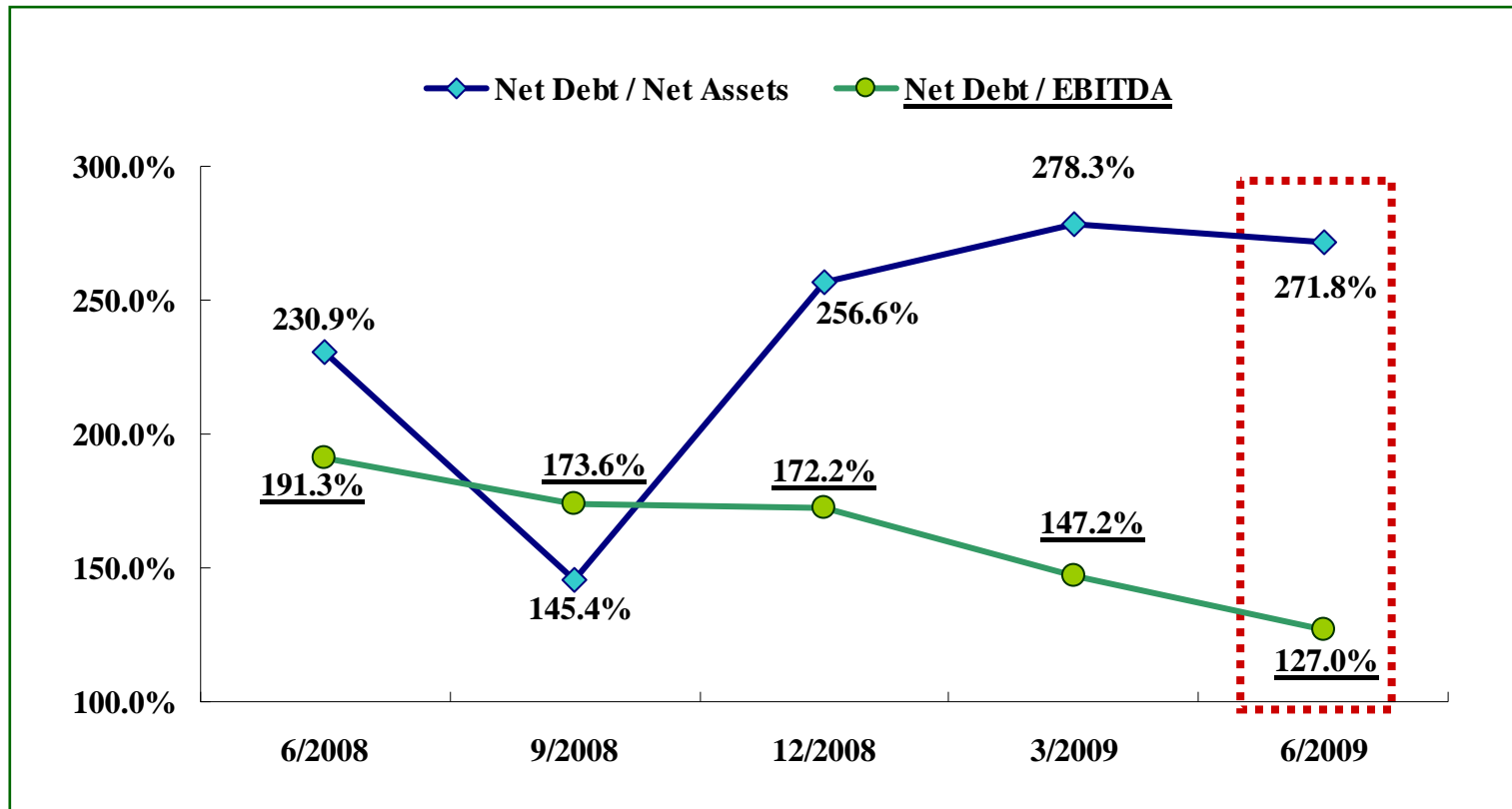


\* Operating FCF = EBITDA - Capex

Note 1: eAccess consolidated ACCA from 9/1/2008 and fully merged with ACCA on 6/25/2009.

# Key Financial Parameters

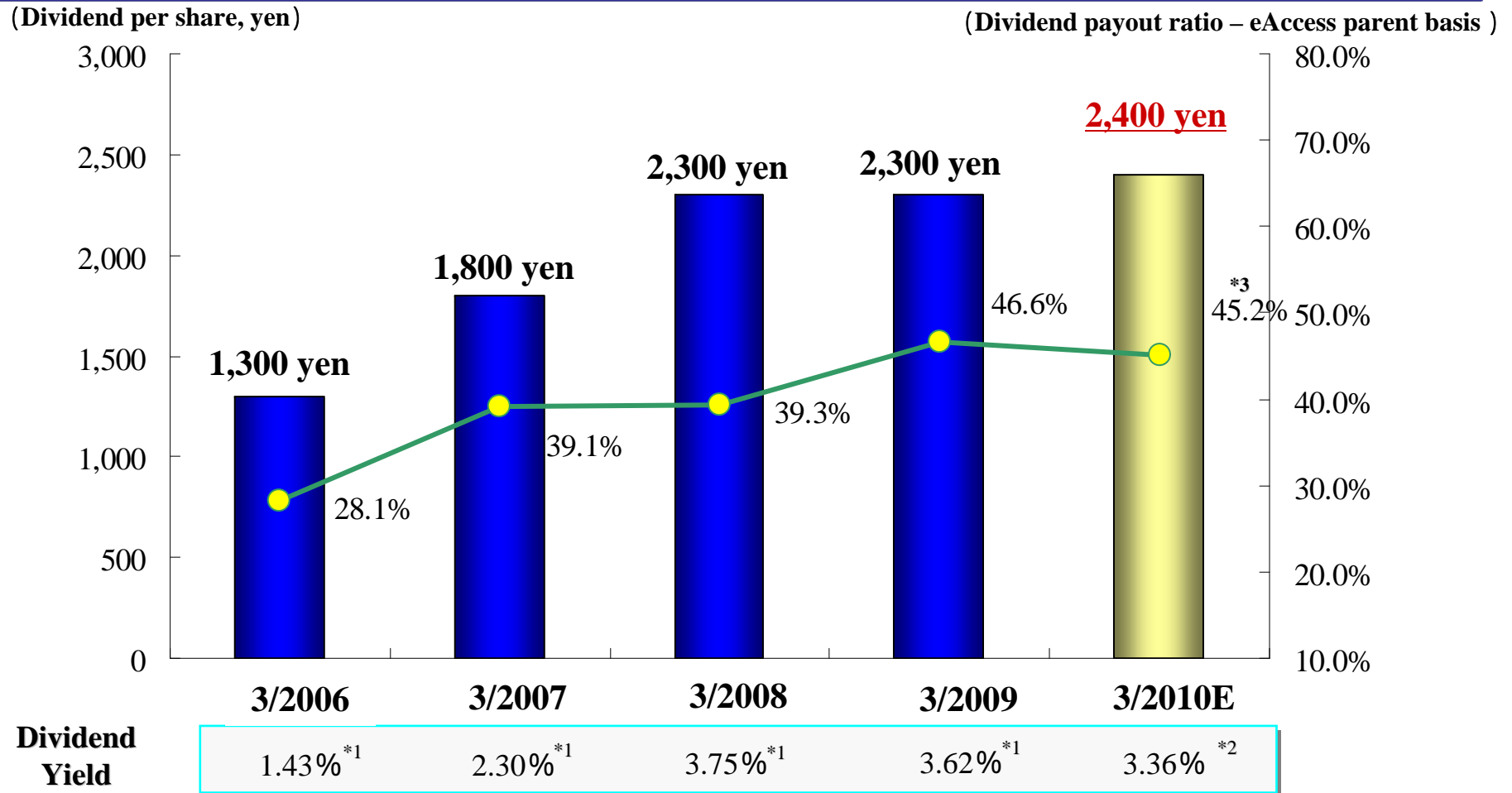
**Continued improvement in consolidated net debt/net assets and net debt/EBITDA.**



Note 1 : EBITDA figures are accumulation of 4 quarters ending at each accounting dates.

# Shareholders Returns

**Maintain high dividend payout ratio at approx. 45% with 2,400 yen cash dividend per share for FY3/2010.**



\*1 Based on the March end stock price of each fiscal year.

\*2 Based on the stock price on August 6, 2009 of 71,500 yen.

\*3 Based on the financial forecasts announced on May 14, 2009.

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# ACCA Merger Summary

Completed the final share merger with ACCA on 6/25/2009.

## Investment Return on ACCA

(billion yen)

Cash Investment	19.6
Stock Value Exchanged	2.3
<b>TOTAL Investment</b>	<b>21.9</b>
ACCA Cash on hand (as of 8/31/2008)	(9.8)
ACCA Enterprise Value (estimate)	12.1
ACCA Annual EBITDA (FY12/2008)	7.2
<b>EV/EBITDA multiple</b>	<b>approx. 1.7X</b>

## Business Synergy & Scale Merits



+

ACCA ADSL  
subscriber base:  
889 thousand  
(as of 8/31/2008)

1

Scale merits from full integration

2

Profit growth from business synergies

3

Strengthen financial fundamentals

4

Strengthen competitiveness  
in the ADSL market

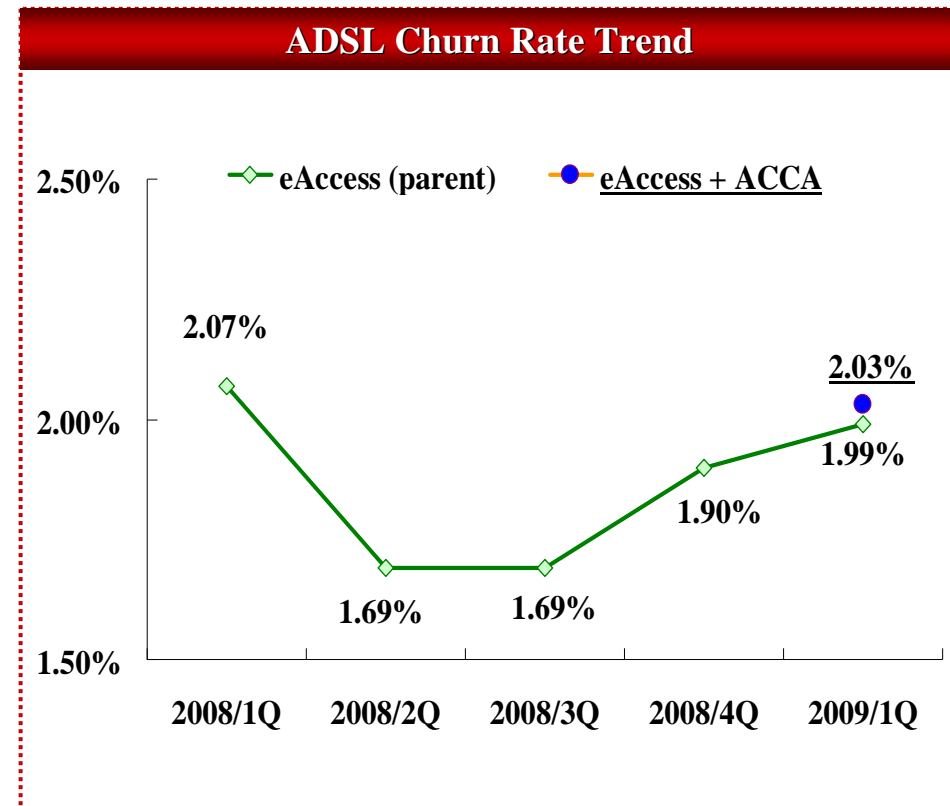
5

Improvement in churn &  
acquisition cost efficiency

# Subscribers & Churn Rate Trend

**Lower-than-expected ADSL churn during weak macro economic condition.  
Lower subscriber acquisition cost for ADSL services in 1Q.**

	FY3/2009 1Q (4-6/2008)	FY3/2010 1Q (4-6/2009)
ADSL Subscriber # (thousand subs)	1,820	2,488
ADSL Market Share	14.3%	*2 23.0%
ARPU (yen)	--	2,035
Churn	--	2.03%
Acquisition Cost per subscriber (yen)	--	Approx. 9,000



Note 1: ACCA was consolidated from 9/1/2008. Subscribers, ARPU and churn rate include both eAccess and ACCA subscribers from 1Q FY3/2010.

Note 2: eAccess ADSL market share as of 6/2009 is an assumption based on our market estimate..

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## FY3/2010 1Q Results

- Added 262,100 new subscribers in 1Q to 1,672,300

- Turned positive EBITDA in 1Q

- Granted additional spectrum (10MHz x 2) for 3.9G

# **EMOBILE Financial Results**

# EMOBILE Financial Results

**Turned positive EBITDA in 1Q. Continued improvement at operating losses and net losses.**

	FY3/2009				FY3/2010
	1Q (4~6/2008)	2Q (7~9/2008)	3Q (10~12/2008)	4Q (1~3/2009)	1Q (4~6/2009)
(billion yen)					
Revenue	10.68	12.93	17.29	20.55	23.49
Operating Profit (Losses)	- 10.38	- 10.12	- 8.76	- 7.62	- 4.48
Recurring Profit (Losses)	- 11.65	- 11.85	- 10.70	- 9.65	- 6.50
Net Income (Losses)	- 11.67	- 11.89	- 10.71	- 9.75	- 6.51
EBITDA*	- 6.18	- 5.71	- 4.03	- 2.45	0.75
Capex	6.67	10.03	9.37	13.64	4.57
Accumulated Capex	136.05	146.08	155.45	169.08	173.66
Depreciation	4.19	4.41	4.74	5.17	5.22

Note 1: Amortization of long-term contract discount for terminals, etc. are not included

# EMOBILE Cash Flows

**Continued improvement in (shrinking) negative operating cash flow in 1Q.**

(billion yen)	FY3/2009				FY3/2010
	1Q (4~6/2008)	2Q (7~9/2008)	3Q (10~12/2008)	4Q (1~3/2009)	1Q (4~6/2009)
Operating Cash Flow	- 20.66	- 16.30	- 14.13	- 14.24	- 8.88
Investing Cash Flow	- 31.95	- 13.08	-11.88	- 11.61	- 7.45
Free Cash Flow	- 52.61	- 29.38	- 26.02	- 25.85	- 16.33
Financing Cash Flow	71.00	-1.14	38.78	-1.12	28.80
Net Change in Cash and Cash Deposit	18.39	- 30.51	12.77	- 26.97	12.47

Note 1: Free Cash Flow = Operating Cash Flow + Investing Cash Flow

# EMOBILE Balance Sheets

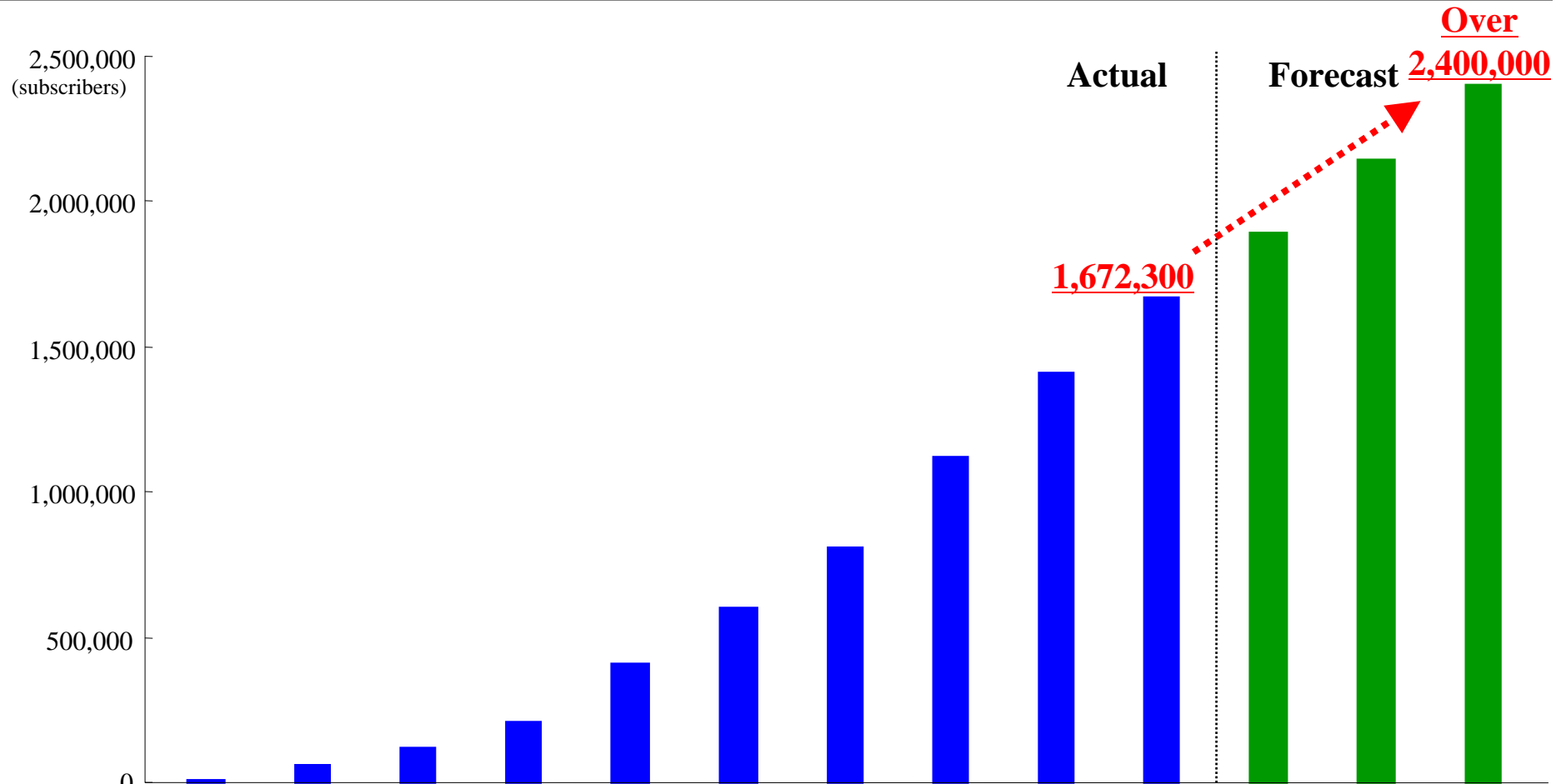
**Completed the remaining approx. 30 billion yen debt drawdown in June 2009**  
**Maintained cash position of approx. 80 billion yen at the end of June 2009**

	FY3/2009				FY3/2010
	1Q (6/2008)	2Q (9/2008)	3Q (12/2008)	4Q (3/2009)	1Q (6/2009)
(billion yen)					
Cash and Cash Deposit	112.13	81.62	94.38	67.42	79.89
Debt	175.66	174.53	213.31	212.19	240.99
Net Debt	63.53	92.91	118.92	144.78	161.10
Shareholder's Equity	74.71	62.82	52.11	42.36	35.85
Net Assets	74.71	62.82	52.11	42.36	35.85
Total Assets	275.99	260.15	289.37	280.12	296.64
Net Debt/Net Assets Ratio (%)	85.0%	147.9%	228.2%	341.8%	449.4%

# **EMOBILE Operational Results**

# EMOBILE Subscriber Trend

The number of accumulated subscribers as of 6/2009 was 1,672,300

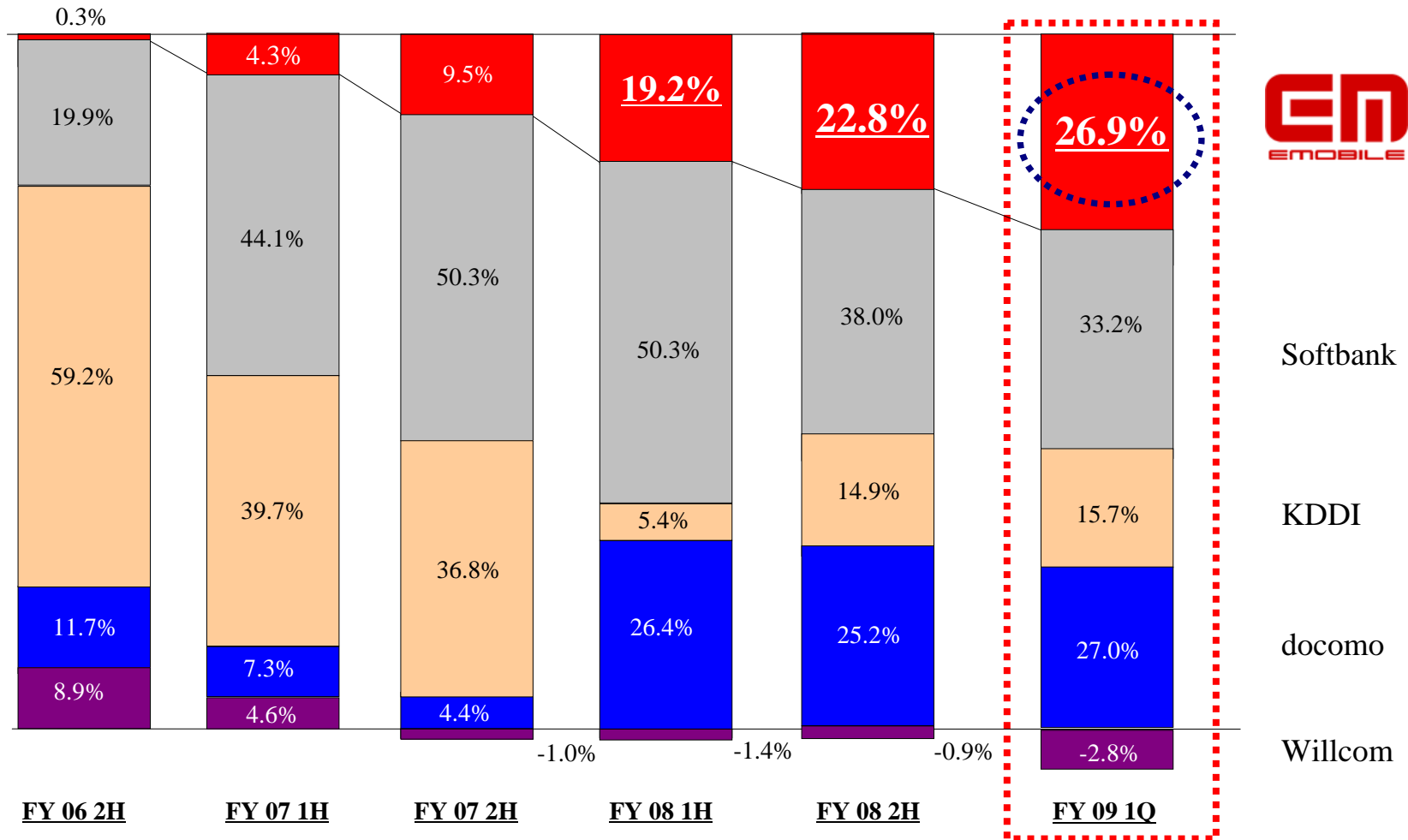


	2007/3	2007/6	2007/9	2007/12	2008/3	2008/6	2008/9	2008/12	2009/3	2009/6	2009/9(est.)	2009/12(est.)	2010/3(est.)
Net Addition	9,500	50,700	62,100	83,600	205,600	191,600	208,600	308,400	290,100	262,100	220,000	250,000	280,000
Accumulated Subs.	9,500	60,200	122,300	205,900	411,500	603,100	811,700	1,120,100	1,410,200	1,672,300	1,892,300	2,142,300	2,422,300

(Source: TCA and EMOBILE estimate)

# Net Subscriber Addition Market Share

**Continued expansion in net subscriber addition market share.**

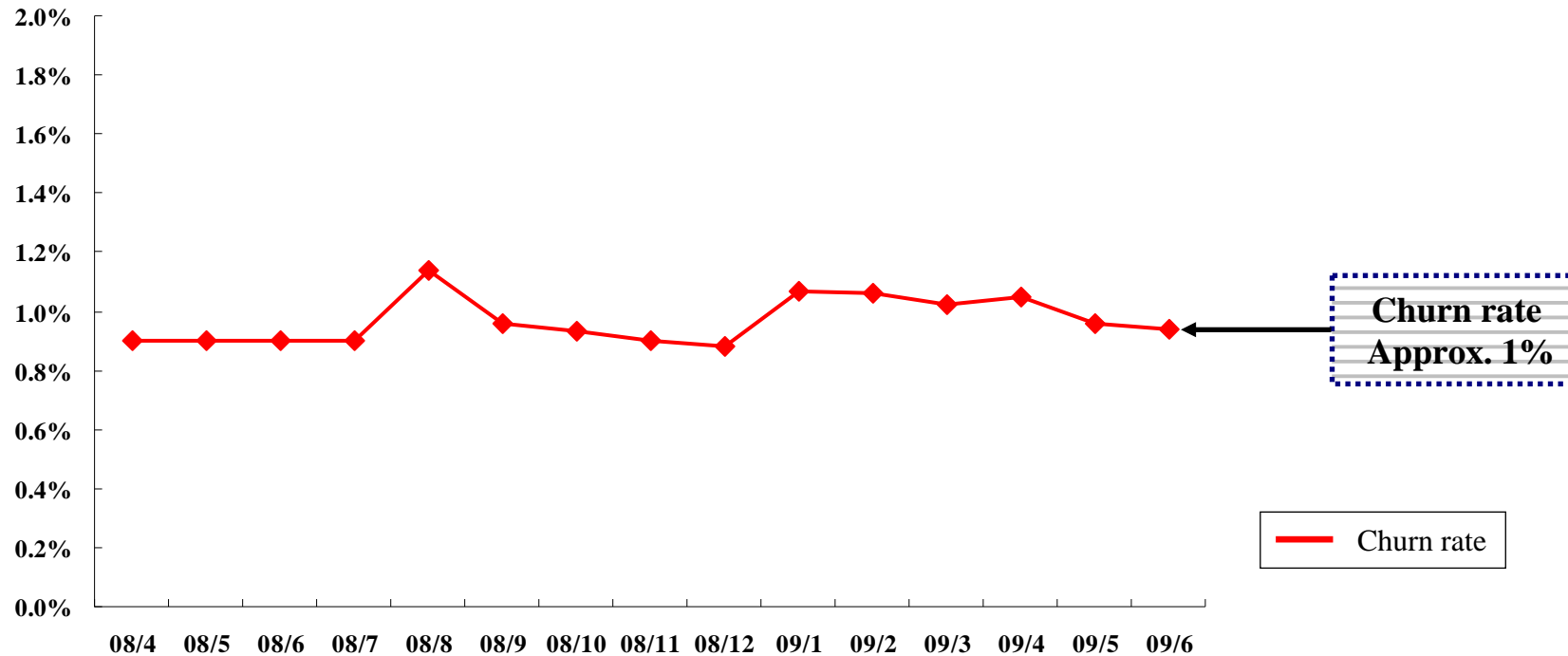


(Source: TCA)



# Churn Rate Trend

**Maintained low monthly churn rate at approximately 1% level.**



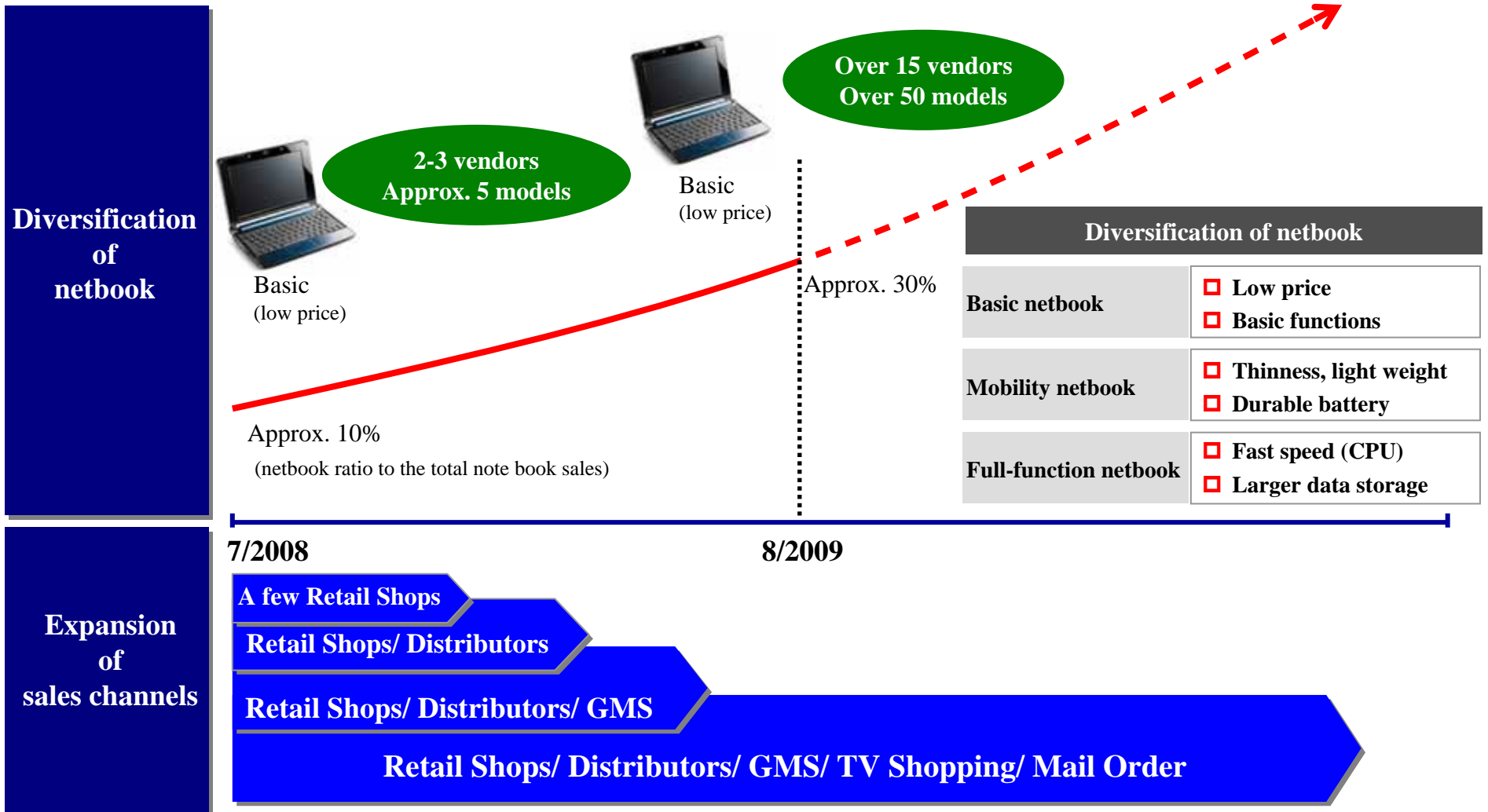
## Reasons for low churn rates

■ **EMOBILE offers fast speed and low rates**

■ **Most subscribers are under a long-term (2-year) contract**

# Growing Business Opportunity

**Expansion of netbook market will stimulate demand for data cards**



# Service Area Coverage

**Outdoor coverage has surpassed 90%.  
Expect to complete most of the underground station coverage in the current fiscal year.**

	% of underground stations covered				
	2009/5	2009/6	2009/9 (forecast)	2009/12 (forecast)	2010/3(forecast)
Hokkaido	59%	63%	80%	96%	Nearly 100%
Tohoku	100%	100%	100%	100%	100%
Kanto	22%	22%	48%	73%	Nearly 100%
Tokai	62%	66%	80%	100%	100%
Kansai	42%	44%	53%	71%	Nearly 100%
Cyugoku	100%	100%	100%	100%	100%
Kyusyu	68%	68%	68%	85%	Nearly 100%
Nationwide	38%	39%	57%	78%	Nearly 100%

## **Major underground stations in Tokyo metropolitan area to be covered from August**

Aug (plan): Ginza Line (Akasaka-mitsuke Sta.), Marunouchi Line (Akasaka-mitsuke Sta., Yotsuya-sanchome Sta.), Yurakucho Line (Nagatacho Sta.), Hanzo-mon Line (Nagatacho Sta.), Namboku Line (Yotsuya Sta., Nagatacho Sta.), Oedo Line (Shinjyuku-nishiguchi Sta., Higashi-Shinjyuku Sta., Wakamatsukawata Sta., Ushigomeyanagicho Sta., Ushigomekagurazaka Sta., Morishita Sta., Seichoshirakawa Sta., Monzennakacho Sta., Tsukishima Sta., Kachidoki Sta., Tsuizi-shijyo Sta., Shiodome Sta., Shinjyuku Sta.), Shinjyuku Line (Shinjyuku Sta., Morishita Sta., Kikukawa Sta., Sumiyoshi Sta., Nishioshima Sta., Oshima Sta.)

Sep (plan): Marunouchi Line (Kokkaigizidomae Sta.), Hibiya Line (Ninngyocho Sta., Kayabacho., Hacchobori Sta.), Tozai Line (Nihonbashi Sta., Kayabacho Sta., Monzen-nakamachi Sta., Kiba Sta. Toyochi Sta., Minamisago Sta.), Chiyoda Line (Kokkaigizidomae Sta.), Hanzomon Line (Mitsukoshimae Sta.), Namboku Line (Tameikesannno Sta., Roppongi icchome Sta. Azabujyuban Sta., Shirokanetakanawa Sta., Shirokanedai Sta., Meguro Sta.), Ginza Line (Mitsukosimae Sta., Nihonbashi Sta. Kyobashi Sta., Shimbashi Sta., Toranomom Sta., Tameikesannno Sta.), Asakusa Line (Nishimagome Sta., Magome Sta., Nakanobe Sta., Togoshi Sta., Gotanda Sta., Takanawadai Sta.) Mita Line (Meguro Sta., Shirokanedai Sta., Shirokanetakanawa Sta.)

# Leader of High-Speed Mobile Data Services

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Industry leader in launching new high-speed mobile data services.

March 2007: Japan's first flat rate 3.6Mbps service

December 2007: Japan's first 7.2Mbps service

April 2009: Japan's first uplink speed of 5.8Mbps (HSUPA)

July 2009: Japan's first 21Mbps service

# HSPA+ Summary

<b>Speed</b>	<ul style="list-style-type: none"> <li>■ Japan's first HSPA+ service started on July 24<sup>th</sup> (21Mbps* downlink/5.8Mbps* uplink)</li> </ul>
<b>Area</b>	<ul style="list-style-type: none"> <li>■ Start from metropolitan area : over 60% population coverage by December 2009</li> <li>■ Underground stations and malls will also be upgraded to 21Mbps</li> </ul>
<b>Charge</b>	<ul style="list-style-type: none"> <li>■ Monthly charge ranges from 1,000 yen to 5,980 yen**</li> </ul>

<ul style="list-style-type: none"> <li>■ Throughput in a test environment (as of 4/10/2009)           <table style="margin-left: 20px;"> <tr> <td>Maximum throughput</td> <td style="color: red;"><b>20.8 Mbps</b></td> </tr> <tr> <td>Average throughput</td> <td style="color: red;"><b>19.2 Mbps</b></td> </tr> </table> </li> <li>■ Field trials (average)           <table style="margin-left: 20px;"> <tr> <td>Underground mall of Yokohama PORTA</td> <td style="color: blue;"><b>15.2 Mbps</b></td> </tr> <tr> <td>Underground mall of Tokyo Station</td> <td style="color: blue;"><b>14.8 Mbps</b></td> </tr> <tr> <td>In front of Shinjuku Alta</td> <td style="color: blue;"><b>12.7 Mbps</b></td> </tr> <tr> <td>In front of Yodobashi-Akiba</td> <td style="color: blue;"><b>11.0 Mbps</b></td> </tr> </table> </li> </ul>	Maximum throughput	<b>20.8 Mbps</b>	Average throughput	<b>19.2 Mbps</b>	Underground mall of Yokohama PORTA	<b>15.2 Mbps</b>	Underground mall of Tokyo Station	<b>14.8 Mbps</b>	In front of Shinjuku Alta	<b>12.7 Mbps</b>	In front of Yodobashi-Akiba	<b>11.0 Mbps</b>
Maximum throughput	<b>20.8 Mbps</b>											
Average throughput	<b>19.2 Mbps</b>											
Underground mall of Yokohama PORTA	<b>15.2 Mbps</b>											
Underground mall of Tokyo Station	<b>14.8 Mbps</b>											
In front of Shinjuku Alta	<b>12.7 Mbps</b>											
In front of Yodobashi-Akiba	<b>11.0 Mbps</b>											



D31HW  
(data terminal for HSPA+)

\*) Theoretical speed. The actual speed will be best-effort-basis.

\*\*\*) Under *Super Light (HSPA+)* with *Shin-ninen*

# HSPA+ Tariffs

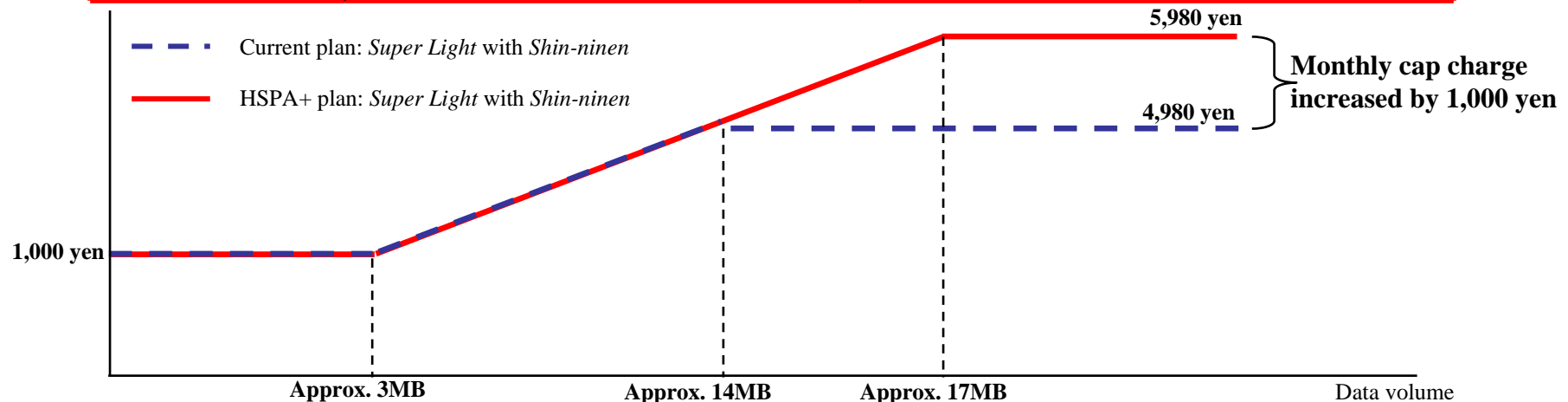
■ Current tariff

	Subscription	
Plan	<i>Shin-ninen</i> (new two-year)	<i>Ninen MAX</i> (two-year MAX)
<i>Data Plan</i>	4,980 yen	-
<i>Super Light</i>	1,000 - 4,980 yen	2,900 - 6,880 yen

Monthly cap charge increased by 1,000 yen

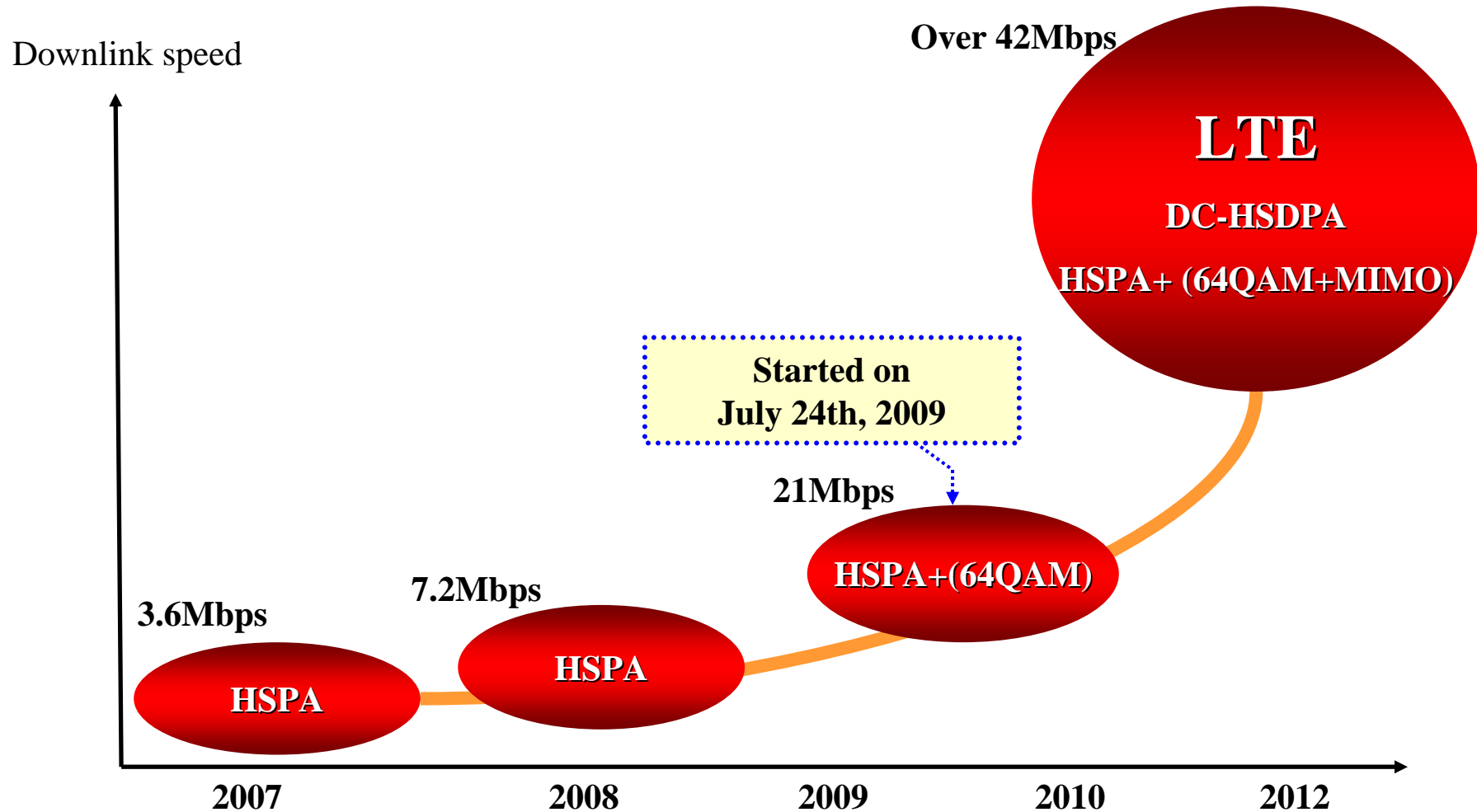
■ Tariff for HSPA+

	Subscription	
Plan	<i>Shin-ninen</i> (new two-year)	<i>Ninen MAX</i> (two-year MAX)
<i>Data Plan</i> (HSPA+)	5,980 yen	-
<i>Super Light</i> (HSPA+)	1,000 - <u>5,980 yen</u>	2,900 - <u>7,880 yen</u>



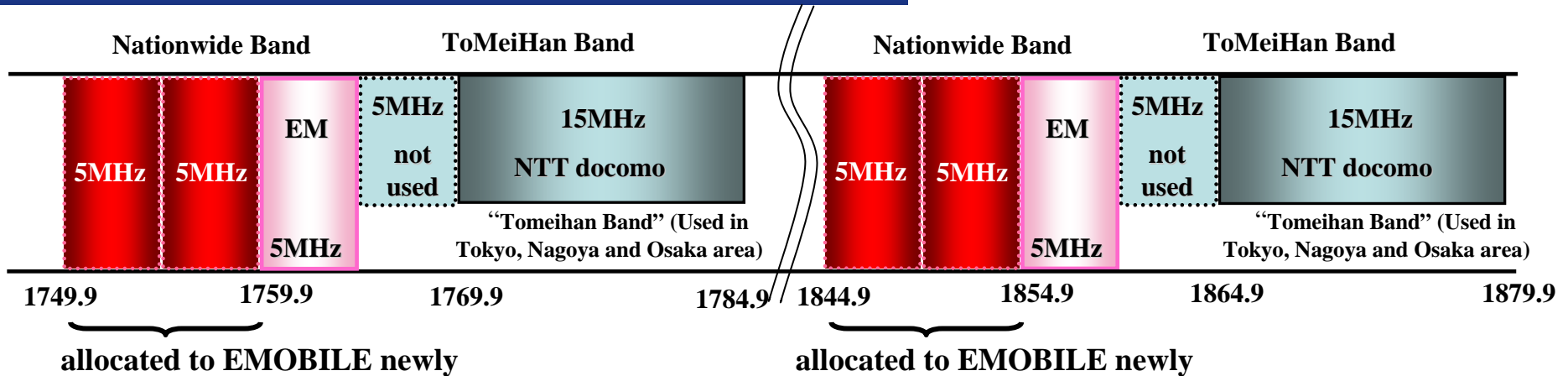
# Mobile Technology Roadmap

Competitive mobile broadband product roadmap.

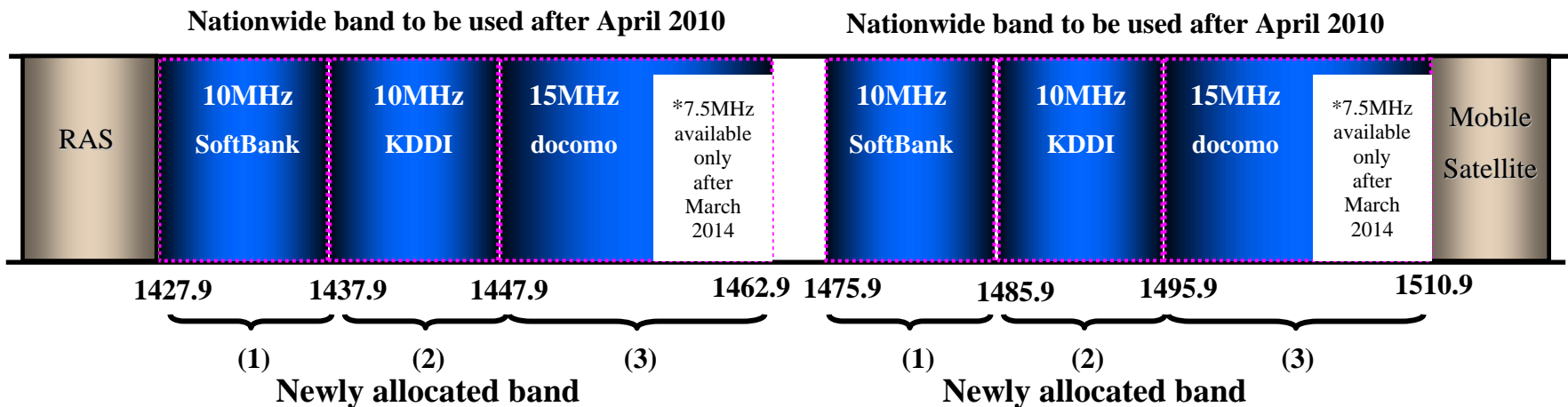


# Additional Spectrum Allocation for 3.9G

## 1.7GHz Band – Allocated to EMOBILE



## 1.5GHz Band – Allocated to other operators



Under control of Hokkaido, Kanto, Tokai, Kinki, Chugoku and Kyushu Bureau of Telecommunications

Source: MIC



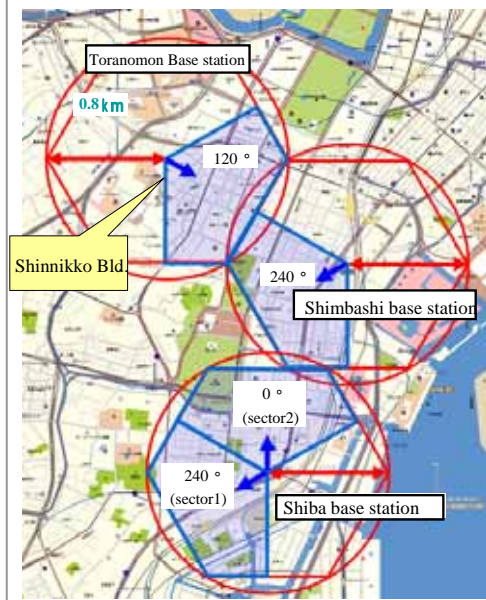
## Preparation for the Next Generation Service through LTE field trial in the center of Tokyo

### LTE field trial

**Period** December 2008 – May 2009

**Spectrum** 1.5GHz

**Test area**



### LTE field trial results

- Max speed**
- ❑ Approx. 54Mbps (downlink 2x2MIMO)
  - ❑ Approx. 18 Mbps (uplink SIMO)

Base station



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# FY3/2010 1Q Results (Segment Info.)

	FY3/2010 1Q (4~6/2009)			
	Network Business *1	Device Business	EMOBILE etc.	Consolidated
(billion yen)				
Revenue	18.37	3.11		21.42
Operating Profit	4.74	0.19		4.94
Recurring Profit (losses)	4.40		- 2.58	1.82
Net Income	3.04		- 2.58	0.46
EBITDA	6.65	0.20		6.85
Capex	1.03	0.00		1.03
Depreciation	1.90	0.01		1.91

Note 1 Network Business: ADSL Business, ISP Business, Backbone Business and MVNO Business.

Note 2 ACCA results are consolidated in Network Business from 9/1/2008.

# Disclaimer

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