



February 13, 2009

# Non - Consolidated 3 Q Financial Results for FY ending March 2009

(From April 1 to December 31, 2008)

株式会社 ティーガイア



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\*This material contains statements about the future performance of T-Gaia, which are based on management's assumptions and beliefs taking information currently available into consideration. Therefore, please be advised that T-Gaia's actual results could differ materially from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in T-Gaia's principal markets as well as other factors detailed from time to time.

# Outline of 3Q Financial Results for FY ending March 2009



# 09 / 3 3Q Financial Results



Unit : Billion yen	08 / 3 3Q Results <sup>1</sup>	09 / 3 3Q Results	YoY Inc. / Dec.	09 / 3 Full-year Forecasts	09 / 3 3Q Achieve. Ratio <sup>2</sup>
Net Sales	2,687.7	2,752.9	2.4%	4,384.0	62.8%
Gross Margin	208.6	305.9	46.7%	517.0	59.2%
SGA Expenses	159.7	235.1	47.2%	416.0	56.5%
Operating Income	48.8	70.8	45.0%	101.0	70.1%
Ordinary Income	48.8	66.9	37.0%	98.0	68.3%
Interim Net Income	27.6	33.4	21.0%	51.0	65.7%
FCF	32.8	79.5	-	-	-
Net Income / Share(yen)	8,401.2	8,810.6	4.8%	12,358.9	71.3%
Dividend / Share(yen)	-	-	-	5,000	-

( All amounts are rounded down to the nearest million yen )

1 : 08 / 3 3Q Non-consolidated Financial Results recorded by Telepark

2 : 09 / 3 Full-year Forecasts calculated by adding the 1H Results for Telepark and full-year forecasts for T-Gaia.  
Therefore, Achievement Ratio of two-thirds (66.6%) is regarded as it has turned out as planned.

# 3Q Financial Results by Business Segment



## Mobile Business

Despite the overall market weakness with total handset sales down by 25% YoY, T-Gaia (ex-Telepark & ex-MS Com.) sold approx. 4 million mobile handsets (incl. Pre-paid mobile handsets) and retained the market share of 15%.

Unit: Million yen	08 / 3 3Q Results	09 / 3 3Q Results	Change rate (%)
Net Sales	244,373	239,079	2.2
Operating Income	3,008	5,110	+69.9

## Network Business

In FTTH (optical fiber) business, expansion of sales channel including acquisition of new sales agents contributed to increase in net sales as well as operating income while “Myline” business slowed down resulted from the market maturation.

Unit: Million yen	08 / 3 3Q Results	09 / 3 3Q Results	Change rate (%)
Net Sales	8,180	10,230	+25.1
Operating Income	1,560	1,550	0.6

## Settlement Service & Other Business

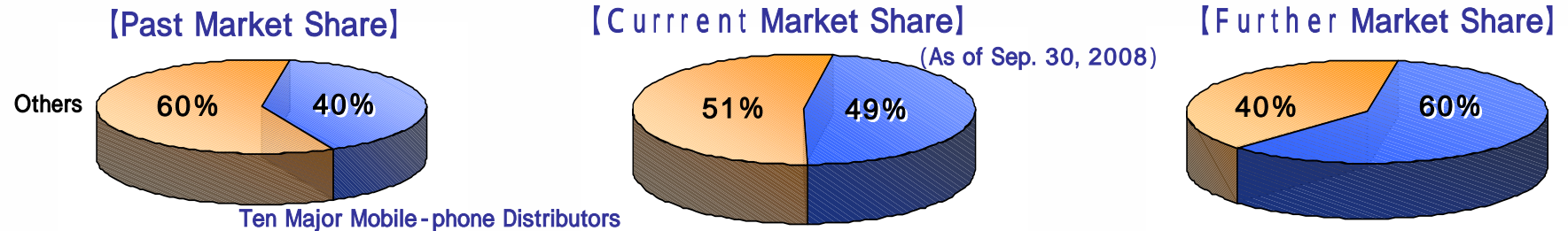
Settlement Service steadily expanded in major convenience store chains nationwide and contributed to increase of both net sales & operating income.

Covering product Sales using PIN system and products related to prepaid handsets

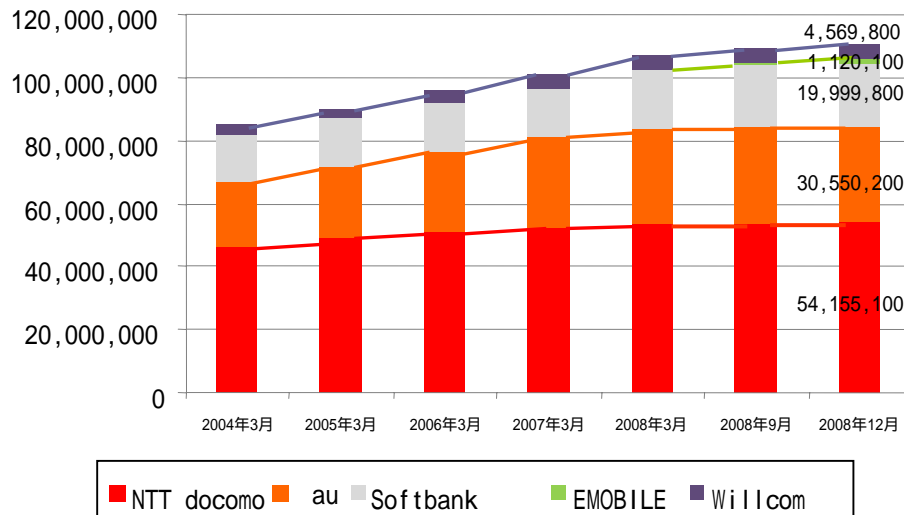
Unit: Million yen	08 / 3 3Q Results	09 / 3 3Q Results	Change rate (%)
Net Sales	16,216	25,984	+60.2
Operating Income	314	422	+34.2

## Accelerating Market Reorganization & Acquisition of Sales Agents via M&A / Grouping

Transition of Mobile Market Share in the Total Market Sales



## Development of subscribers in each carriers



## Impact of New Installment Sales System

### Negative Impact

- Decrease of total mobile handset sales
- Lengthening of turnover period for handsets (From 27 to 34 months)

### Positive Impact

- Ensured profits by stabilized retail price
- Increase of maintenance service after the sales such as repair of handsets, etc.

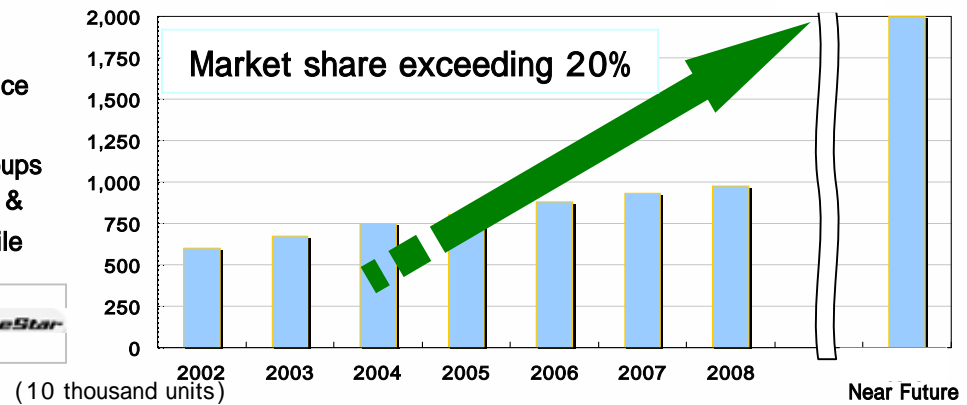
## Further Market Growth by Expanding Demand for Second Handsets

### [ Strengthening of Sales for Corporate Clients ]

- Increasing number of staff for Corporate Sales Dept. from Current 235 to approx. 280 by the next fiscal year
- Boosted by stricter compliance with Personal Info. Protection Law & internal control system in addition to MNP effect
- “Consulting Marketing” to propose optimal solutions incl. carries & price plans depending on each company’s needs
- Expanding client base starting with Mitsui, Sumitomo & Mitsubishi Groups
- Providing attractive mobile solutions such as “Mo-Vino”, “MobileStar & MobileStar Secured Services to unify mgmt. of billing & usage for mobile phones to corporate clients
- Marketing for SMEs via sales agents & directly managed stores
- Responding to the needs for smart phones



Rapidly Growing Market for Corporate Clients  
Reaching 20 million handsets in few years

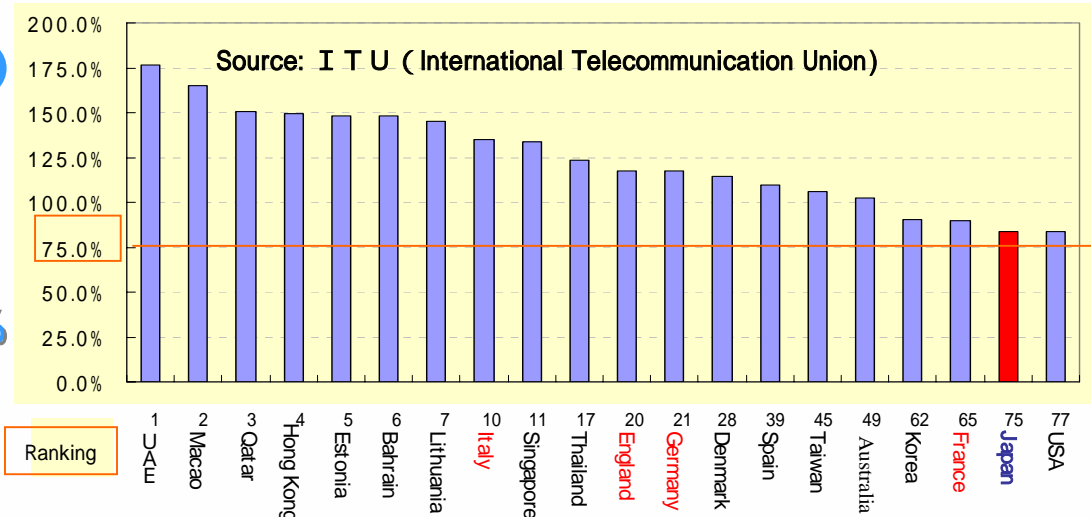


### 2006 Global Mobile - phone Penetration

Japan Ranks 75th  
with 83% Penetration Rate

Penetration Rate Exceeding 100%  
in 51 Countries

Stimulating Latent Demand  
for Second Handsets

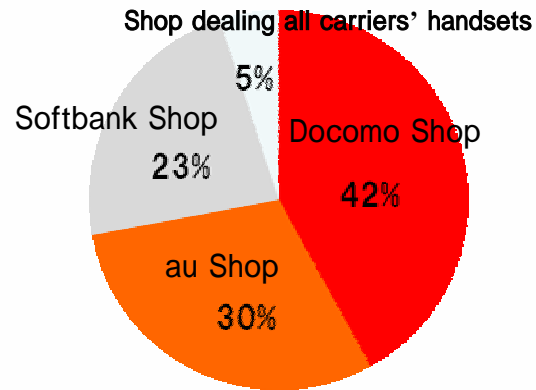


# Optimization of Sales Channels

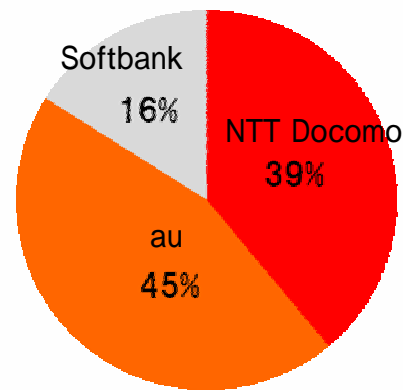


## Strengthening of Directly Managed Carrier Shops and Mobile Handset Sales by Carrier & Channel

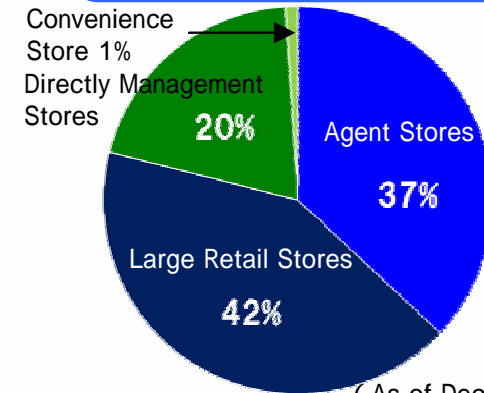
By Carrier in directly managed stores



By Carrier



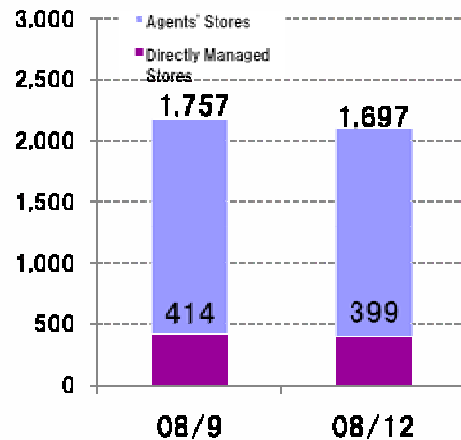
By Sales Channel



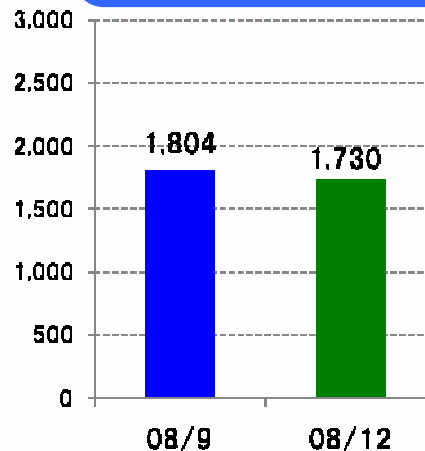
(As of Dec.31, 2008)

## Diversified Sales Channels

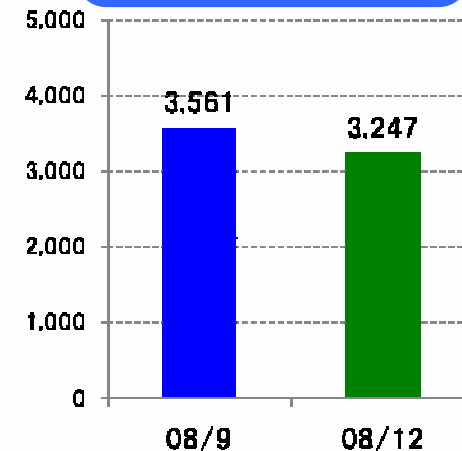
Directly Managed & Agents Stores



Shops in Large Retail Stores



Total No. of such Stores & Shops



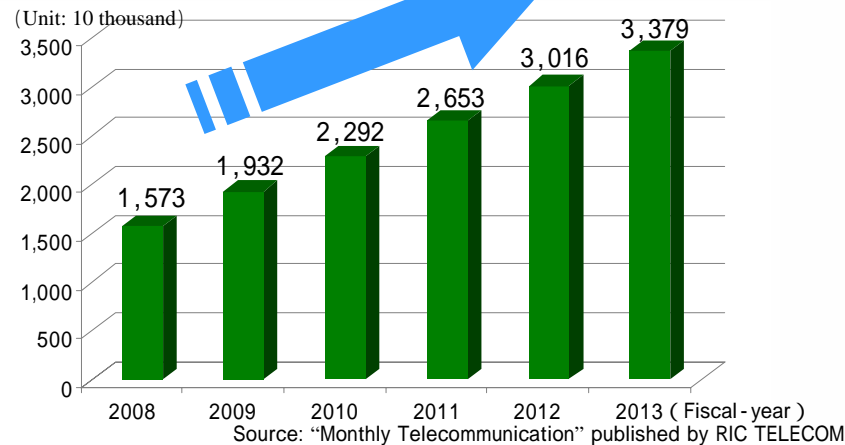
(As of Dec.31, 2008)



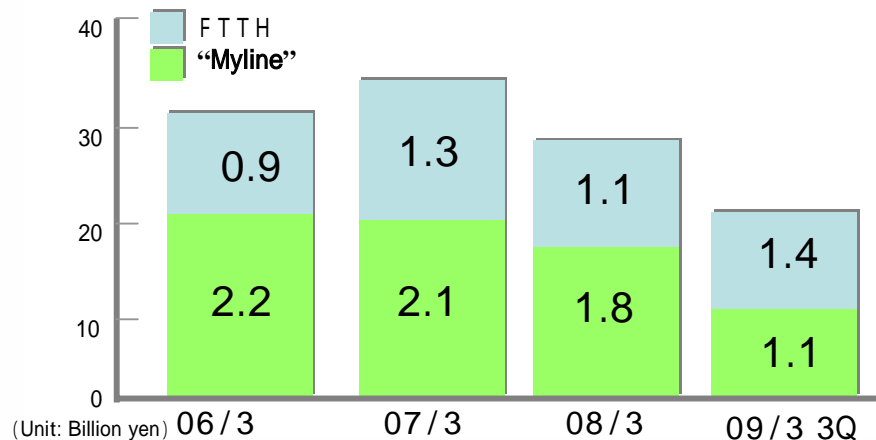
## Business Strategy

### Business Expansion in FTTH Market

#### [ Market Environment ]



### Gross Margin by Business Category



## Action Plans

### Expansion of FTTH Business

- Acquiring New Sales Agents
- Marketing for One Unit Homes
- Start Content Service Business such as video picture & IP telephone
- Diversified Sales Method incl. Business Alliance
- Expansion of Sales Channels Nationwide

### "Myline" Business

In Saturated Market, Continuing the Business based on Carriers' Policy

### Toward "the FMC Era"

Provision of Converged Service with Mobile Phones accompanied by Penetration of WiFi and Femtocell

## New Development : Settlement Service

(For Prepaid Mobile Handsets, Overseas Calls, E-money, and Contents, etc.)

Expansion of Business with 42 Thousand Convenience Stores (incl. 30 Thousand Stores with whom Online Network for PIN System has been Established) to Secure Sales Channel for Future Growth

【Strengthening of E-settlement business using PIN(\*)】

For mobile handsets : Settlement of calling rate for prepaid & postpaid mobile handsets

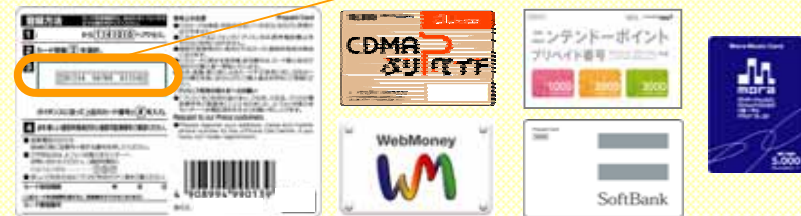
For overseas calls: Settlement of overseas calls

E-money: Convenient & secured general purpose e-money

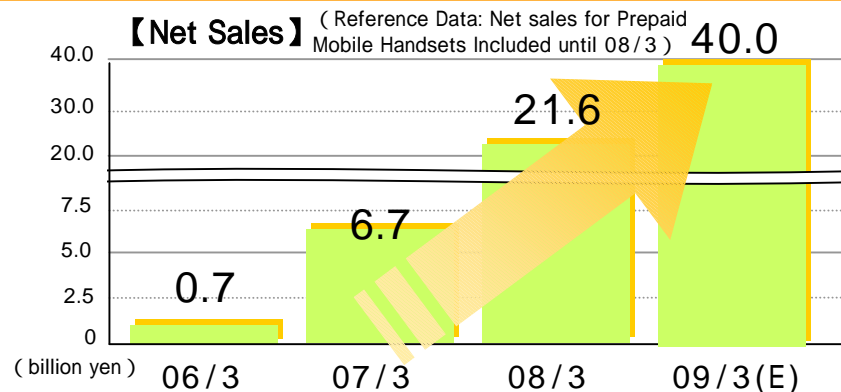
For variety of products: iTunes Card, online shopping & game cards

(\*)PIN : Personal Identification Number

Password accessed by users to utilize the PIN-based services



### Further Growth though Effect of Merger

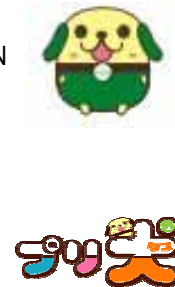


### Development of “Prepaid Service” w/SEJ Stores Nationwide



Telepark & Seven Eleven Japan (SEJ) launched “Prepaid Service” using multi-copy machines to sell PIN Codes at approximately 12,000 SEJ stores nationwide from April 9, 2008.

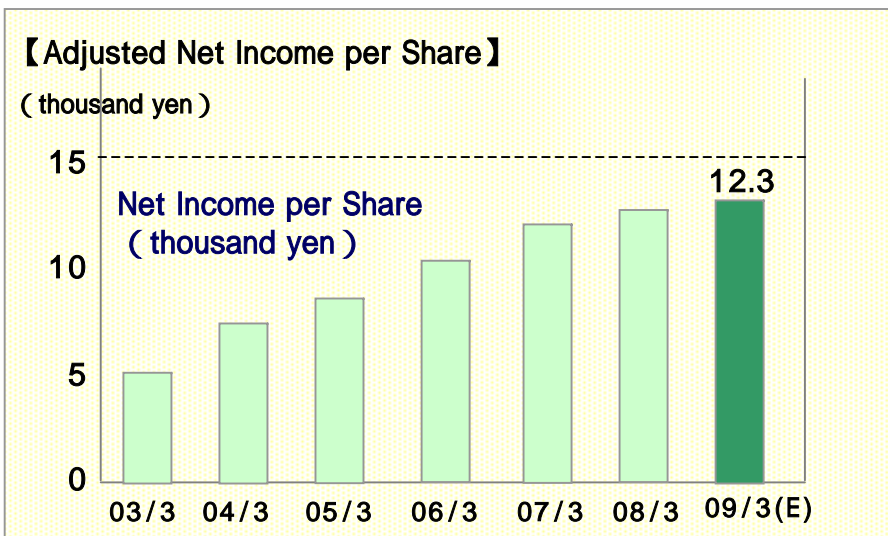
“Prepaid Service” is convenient service, which allows customers to purchase PIN Codes becoming popular as means of settlement in a wide range of areas such as online games, music distribution, and international calls.



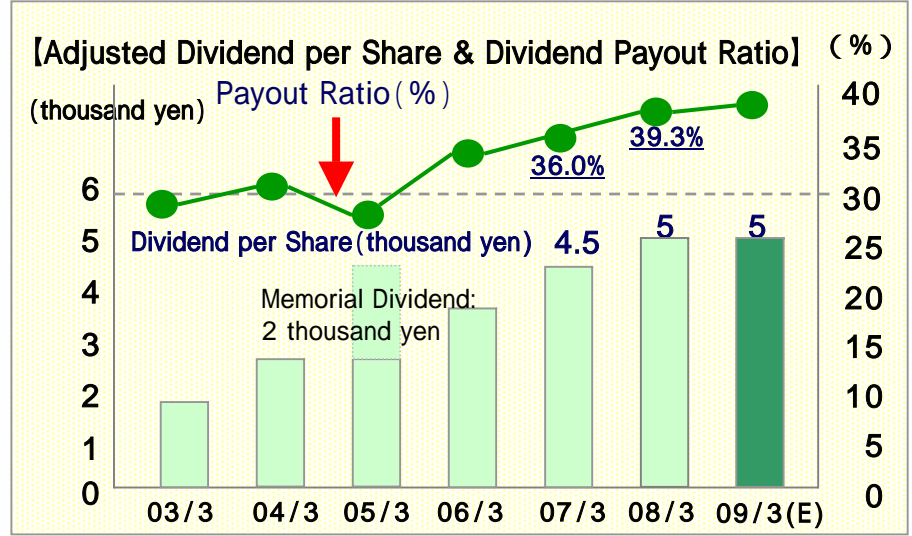
## Financial Strategy & Dividend Policy

( ) Adjusted based on split-ups of stock implemented on 20 Jan 2006

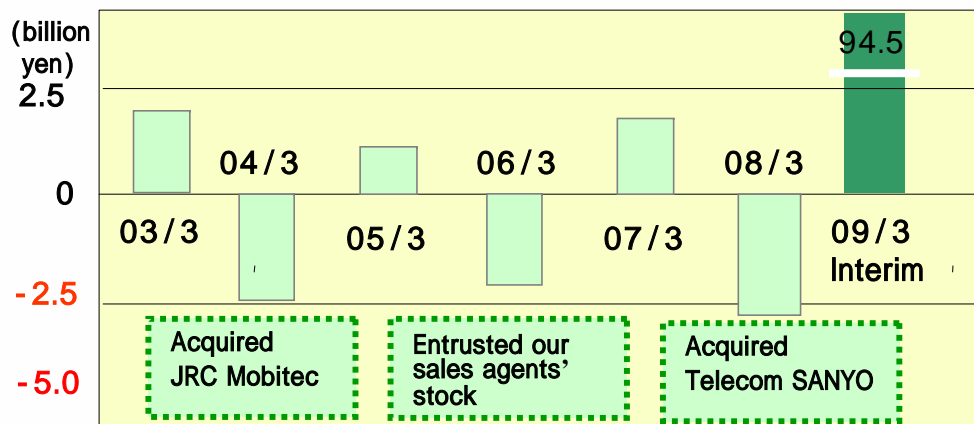
Increasing Net Sales while Securing Asset Efficiency:  
**Increasing Net Income per Share ( )**



Targeting **Dividend Payout Ratio over 30% Level**  
 Dividend per Share ( ) Continuously Increasing



## FCF (Free Cash Flow) & Future Activities



### Future Activities

- Return to shareholders focusing on “High Dividend Payout Ratio”
- New Business Investment

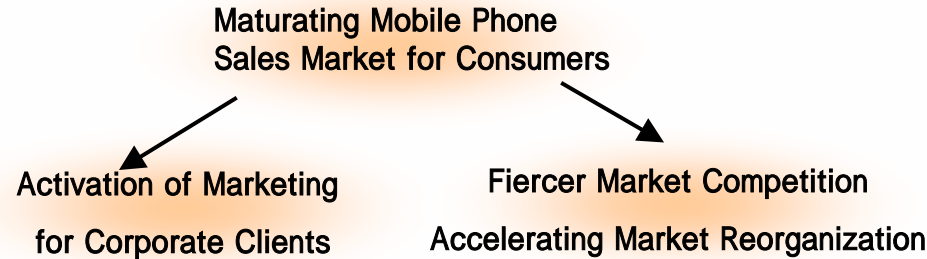
# Future Development



# Objectives & Background of the Merger



## Synergy Effect

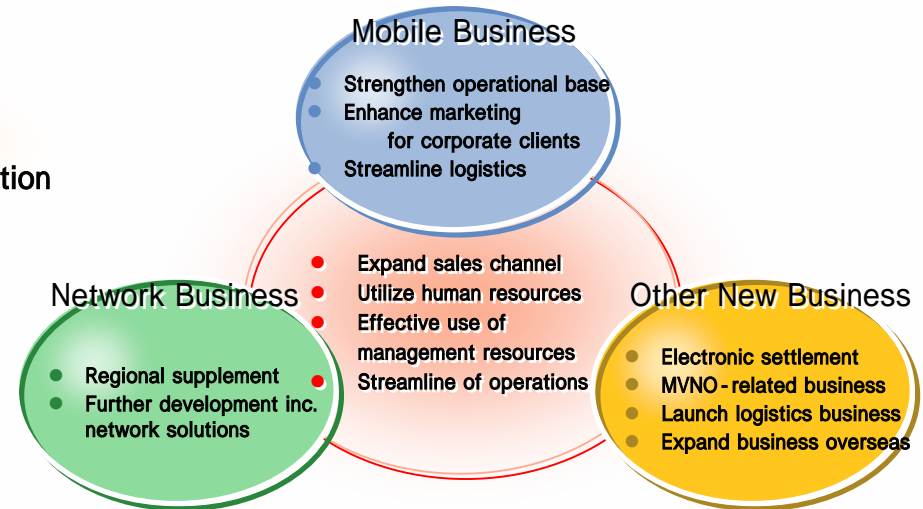


**Establish the Position of Leading Company as Global Information & Telecommunications Firm**

**Strengthening Revenue Base by Expanding Operational Scale**

**Actively Challenge New Business Domains**

## Enjoy the economics of scale



### Strengthening Revenue Base by Expanding Operational Scale

- Expand its customer base and increase its market share, especially in the promising market for corporate clients by utilizing each enterprise group of three major shareholders and enhancing its ability for make proposals, such as for mobile solutions.
- Streamline operations, including centralizing logistics and inventory management and reducing management costs as well as strengthening its revenue base.

### Actively Challenge New Business Domains

- By diversifying sales network, as well as financial power and planning ability, it will take on new business domains other than mobile and network communication businesses through effective utilization of abundant personnel resources.

# Forecast for FY ending March 2009



Unit: Billion yen	08 / 3 Results	09 / 3 Forecast	Change of amount	Change of rate
<b>Net Sales</b>	375.52	438.40	62.87	16.7%
<b>Gross Margin</b>	31.16	51.70	20.53	65.9%
<b>SGA Margin</b>	23.84	41.60	17.75	74.5%
<b>Operating Income</b>	7.32	10.10	2.77	37.9%
<b>Ordinary Income</b>	7.32	9.80	2.47	33.7%
<b>Net Income</b>	4.02	5.10	1.07	26.6%
<b>FCF</b>	28.7			
<b>Prifit / share (yen)</b>	12,721.5	12,358.9	362.2	2.8%
<b>Dividend / share (yen)</b>	5,000	5000.0		

( Dividend Payout Ratio : 39.3% )

( \* ) 08 / 3 3Q Non-consolidated Financial Results recorded by Telepark

09 / 3 Full-year Forecasts calculated by adding the 1H Results for Telepark and full-year forecasts for T-Gaia

# 09 / 3 Forecast by Business Segment



## Mobile Business

Forecast operating income growth of 27.4% YoY taking synergy effect of merger, positive effect of installment plan & improvement of operational efficiency into consideration.

Unit: Million yen	08 / 3 Results	09 / 3 Forecast	Amount change	Change rate
Net Sales	339,092	380,400	41,308	12.2%
Operating Income	5,496	7,000	1,504	27.4%

## Network Business

Plan to increase both in net sales & operating income by mainly focusing on continuity of “Myline” business and expansion of FTTH business.

Unit: Million yen	08 / 3 Results	09 / 3 Forecast	Amount change	Change rate
Net Sales	10,408	18,000	7,592	72.9%
Operating Income	1,563	2,500	937	60.0%

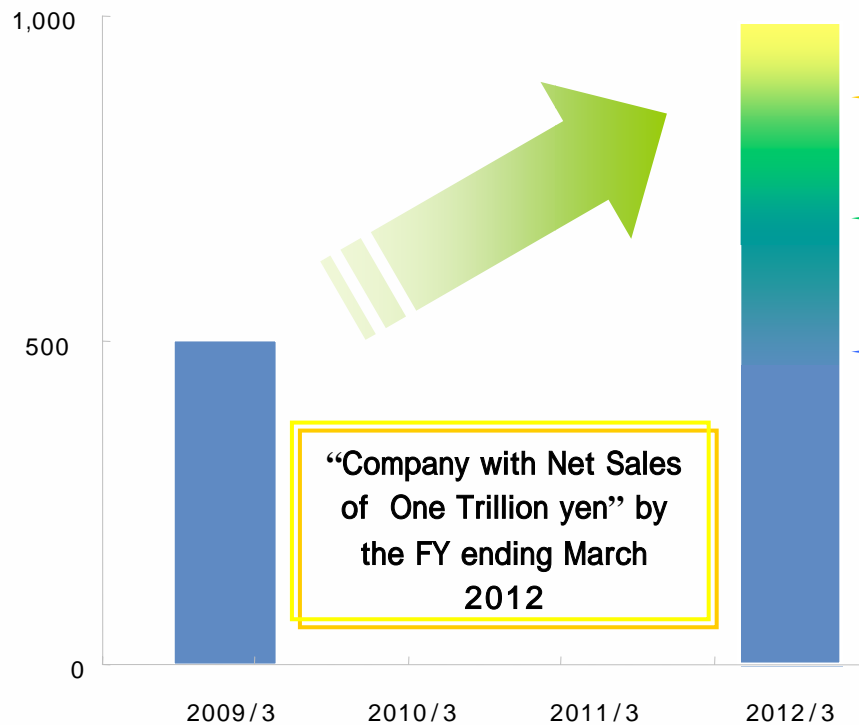
## Settlement Service & Other Business

Based on further expansion of sales network using convenience stores including Seven Eleven Japan, forecast net sales of 40,000 million yen for FY ending March 2009. Moreover, improved profitability will drastically increase operating income by 85.4% YoY.

Unit: Million yen	08 / 3 Results	09 / 3 Forecast	Amount change	Change rate
Net Sales	21,676	40,000	18,324	84.5%
Operating Income	323	600	277	85.4%

## Actively Promoting Marketing for Corporate Clients & New Business

( Net Sales: Billion yen )



### Priority Areas for Each Segment

#### New Business

- ✓ Actively explore & promote new business domains

#### Network Business

- ✓ Business Development taking FMC and/or NGN into consideration

#### Mobile Business

- ✓ Strengthen marketing for corporate clients
- ✓ Stimulate demand for second mobile handset

### Dividend Policy

Dividend Payout Ratio : Continue to be maintained at stable level above 30%