

# TELEPARK Corporation

## 1Q Financial Results for FY ending March 2008

August 7, 2007



MOBILE and NETWORK SERVICE

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\*This material contains statements about the future performance of Telepark, which are based on management's assumptions and beliefs taking into account information currently available to it. Therefore, please be advised that Telepark'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 Telepark's principal markets as well as other factors detailed from time to time.

# Outline of 1Q Financial Results for FY ending March 2008

# Outline of Business Performance for FY ending Mar 08



Unit: Billion yen	07/3 1Q Results	08/3 1Q Results	YoY Increase /Decrease (%)	Achievement Ratio (%)
Net Sales	77.40	85.00	110%	22%
Gross Margin	6.52	7.07	108%	24%
SGA Expenses	4.54	5.10	112%	24%
Operating Income	1.98	1.97	99%	25%
Ordinary Income	1.98	1.96	99%	25%
Net Income	1.11	1.11	100%	25%
<b>FCF</b>	26.9	26.5	98%	-
Net Income / share	3,367 yen	3,364 yen	99%	-

Adjusted based on split-ups of stock implemented on 20 January 2006.

## Good Results in Mobile, Network & New Settlement Businesses

### Mobile Business

Achieved Sales of 866 Thousand Handsets, the Highest ever for 1Q via Expansion of Sales Channels  
 Operating Income Decreased by 7% due to Increase of SGA Expenses resulted from Aggressive Marketing Strategy : Expansion of Sales Channels

Billion yen	2007 / 3 1Q Results	2008 / 3 1Q Results	Year on Year	
			Difference	%
Net Sales	73.92	79.6	5.68	108
Operating Income	1.47	1.36	0.11	93

### Network and Other Businesses

Volume Incentives for “Myline” Business brought from the Previous Fiscal Year Contributed the Income  
 Settlement Business : Sharp Sales Growth in PIN ( Personal Identification Number ) related Business  
 ( ) : Figures earned by New Settlement Business

Billion yen	2007 / 3 1Q Results	2008 / 3 1Q Results	Year on Year	
			Difference	%
Net Sales	3.48 ( 0.82 )	5.39 ( 2.43 )	1.91	155
Operating Income	0.52 ( - )	0.61 ( 0.01 )	0.09	118

# Future Business Development and Mid-term Business Plan “Challenge 5000”

## Maximizing Corporate Value

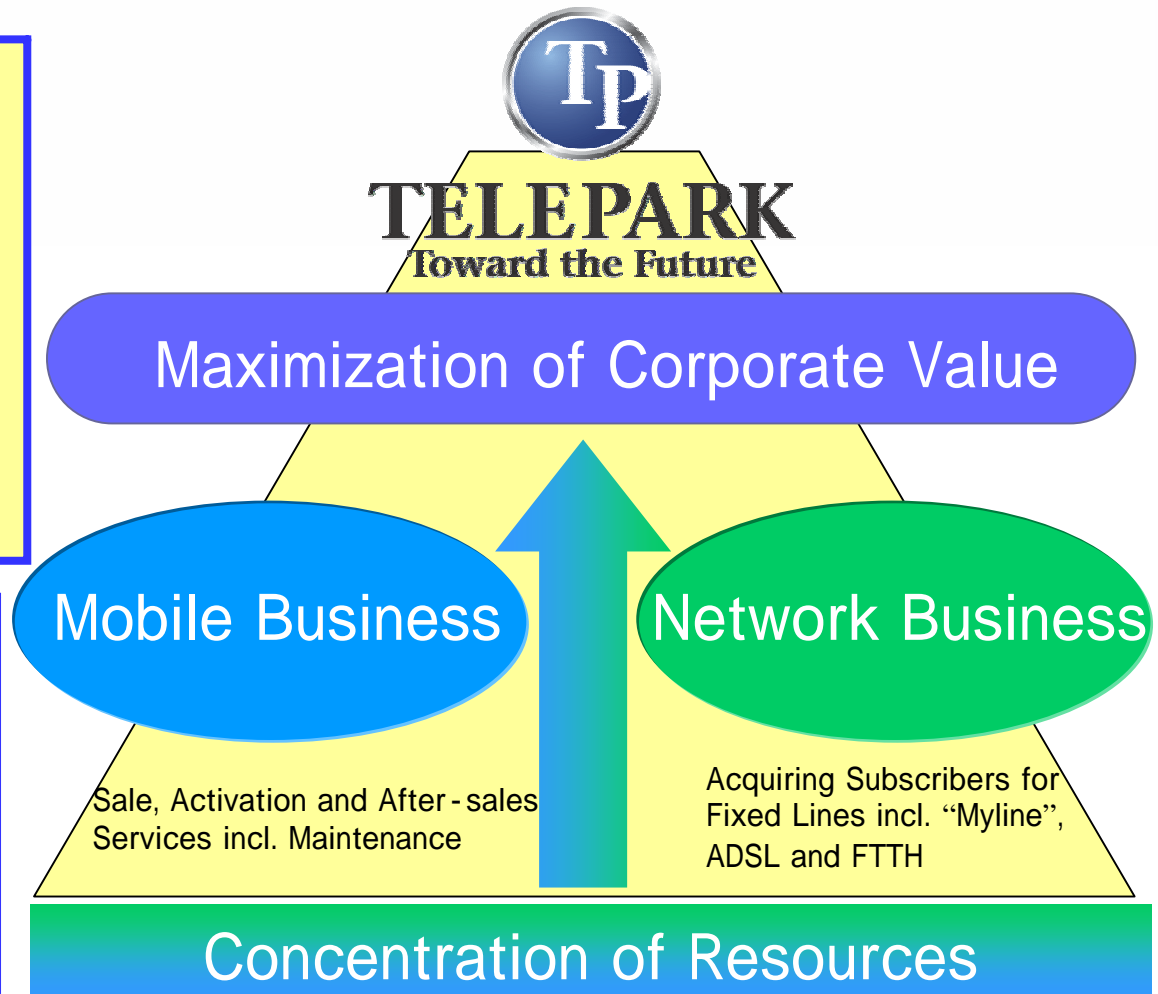
by Concentrating Resources on Mobile / Network and Related Businesses

### Business Environment

- Slowdown in Mobile Market Growth
- Fiercer Market Competition
- Reorganization of Sales Agents
- Good Opportunity for Business Expansion

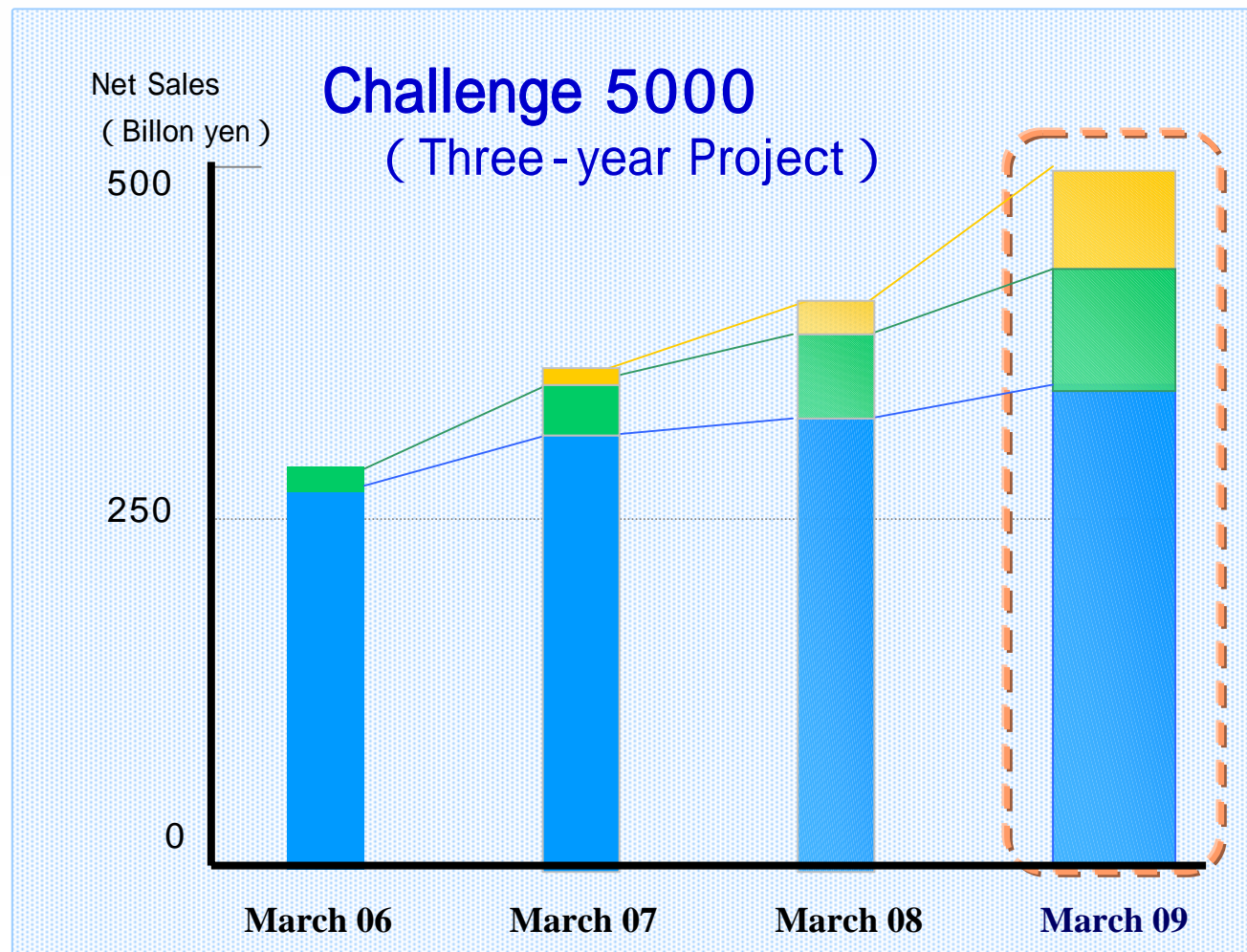
### Resources

- Financial Organizational and Informational Strengths
- Good Business Business Relationship with All Carriers
- Diversified Sales Channels



## 【Targets for the Fiscal Year ending March 2009】

Net Sales : 500 billion yen incl. Mobile, Network and New Businesses  
Mobile Market Share: More than 10%, Sale of Five Million Handsets



### KEY POINTS

New Business

Settlement Business

Network

**FTTH**

Mobile

M&A

Business Alliance

Volume Retailer

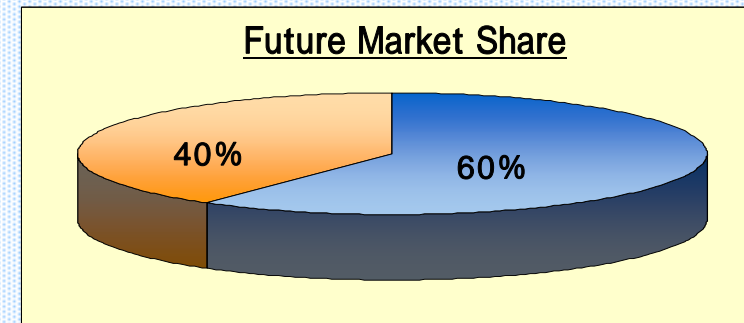
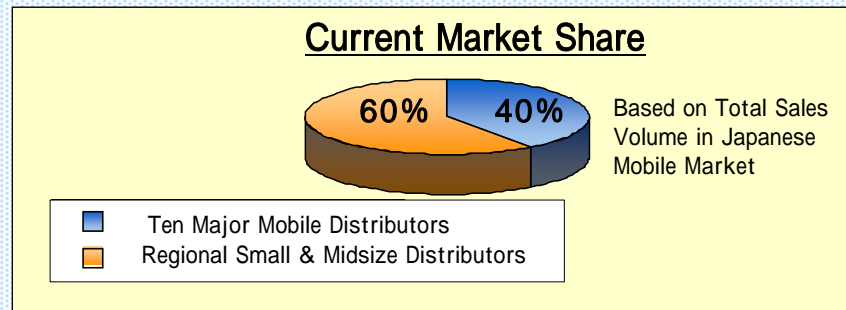
Sales for

Corporate Clients

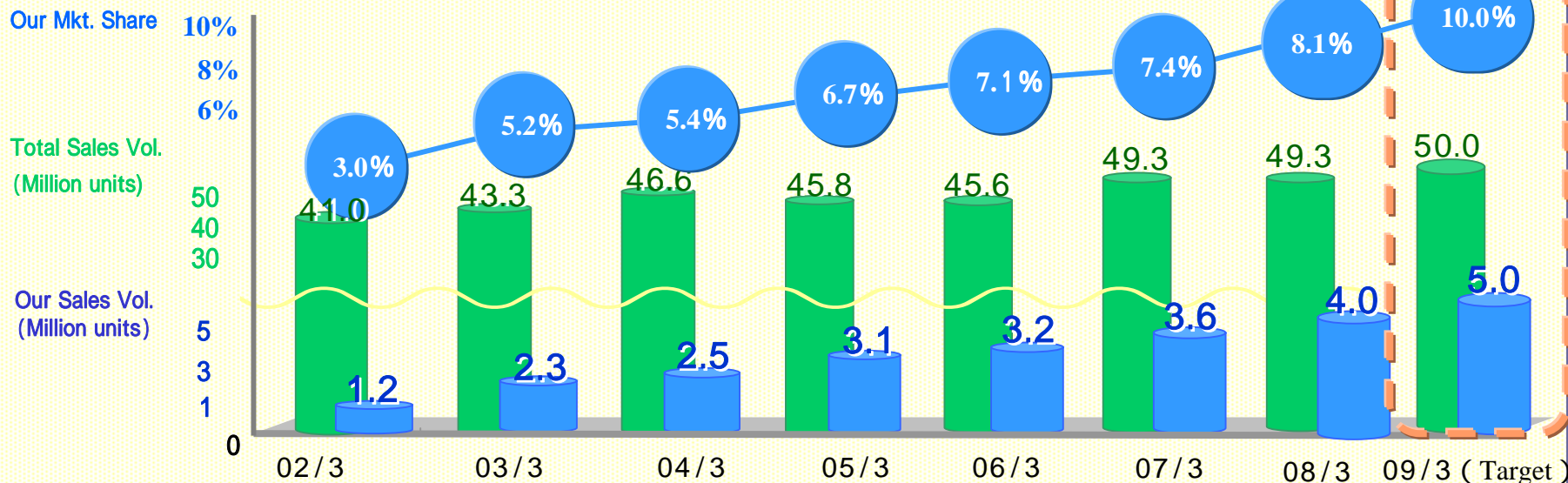


## Challenge 5000: Increase Sale of Handsets from 3.6 to 5 Million

Accelerating Market Reorganization & Acquisition of Sales Agents via M&A / Business Alliance



### Market Demand and Telepark's Sales Volume / Market Share



Total Sales Volume is based on our estimation

# Mobile Action Plans for the Year

## 1. Market Environment & Sales Target

- Calm Response of Mobile Users & Carriers to the Introduction of MNP
- Market Activation by New Attractive Models



Continuing Positive Effect of MNP

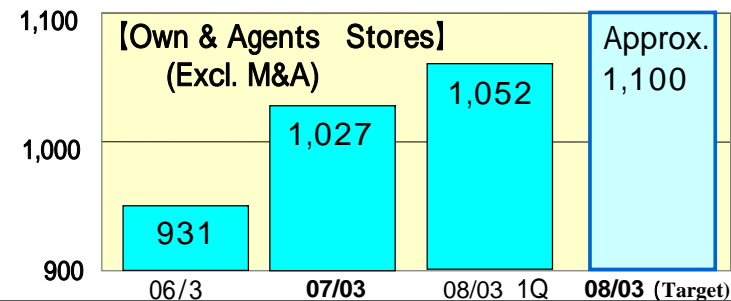
### [Sales Target]

	Mar. 2007	Mar. 2008	Increase (%)
Sales Vol. (Mil.)	3.6	4.0	110.2
Market Share (%)	7.4	8.1	0.7
Market Demand (Mil.)	49	49	100.0

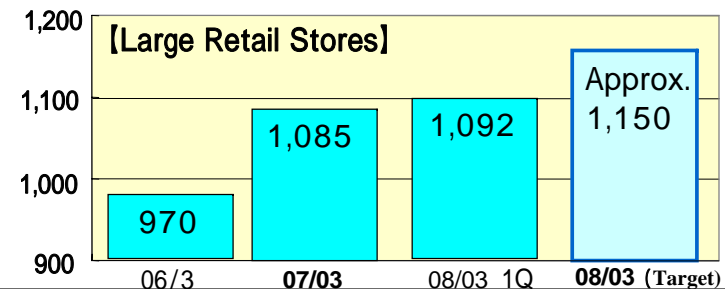
## 2. Concrete Action Plans

### Expansion of Sales Channels

- Through M&A & Business Alliance



### Expansion of Business w/ Large Retail Stores



### Strengthening of Sales for Corporate Clients

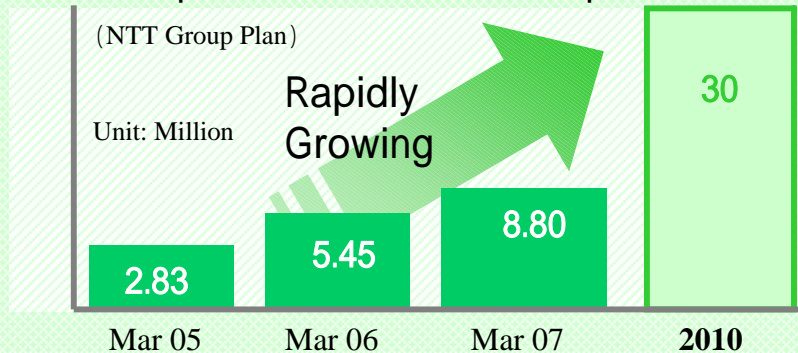
- June 2006: Established Corporate Sales Dept. consists of 70 staffs
- 1Q for FY ending 2008: Sales Volume **Increased by 86%** on Year-on-year basis

## 1. Business Strategy

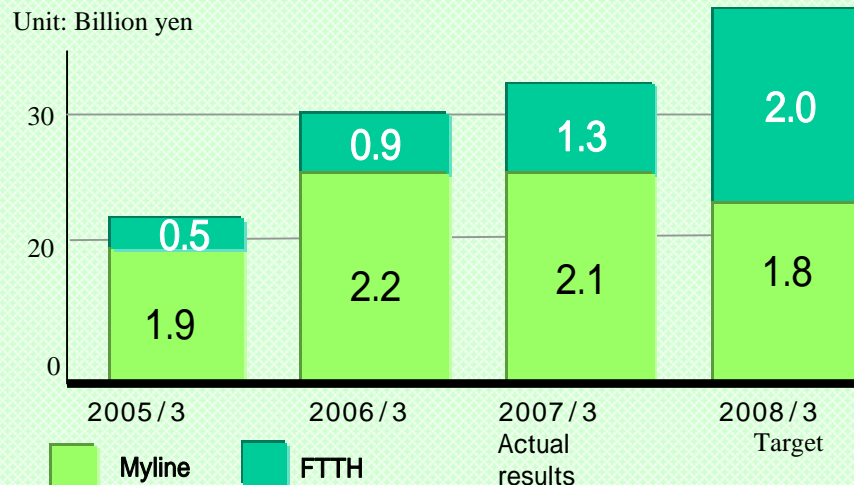
### Business Expansion in FTTH Market

#### 【Market Environment】

Expected Subscribers for Optical Fiber



### Gross Margin by Business Category



## 2. Action Plans

### Expansion of FTTH Business

- Marketing for One Unit Homes
- Shift of Sales Force from “Myline” to FTTH Business
- Acquiring New Sales Agents

### Continuing Traditional “Myline” Business

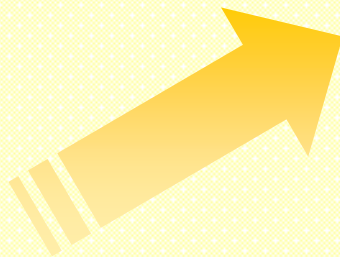
- Profit Contribution with Stable Income

Business Expansion  
Profit Increase



## Main New Business

Development of Settlement Business



## Existing Business

Prepaid Mobile Phones  
Prepaid Mobile Cards

Sold at 20 Thousand  
Convenience Stores

## New Development

( for Overseas Calls, E-Money · Contents etc. )

Expansion of Business with 40  
Thousand Convenience Stores

Strengthening of E-Settlement Business using PIN ( \* )

( \* ) PIN ( Personal Identification Number )

Password accessed by users to utilize the PIN-related services



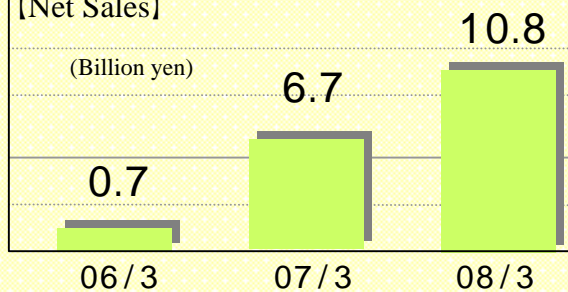
Sale of iTunes Card for Music Distribution Sites \* \*

Sale of Settlement Card for Leading Online Shopping Site

## Rapid Growth

[Net Sales]

(Billion yen)

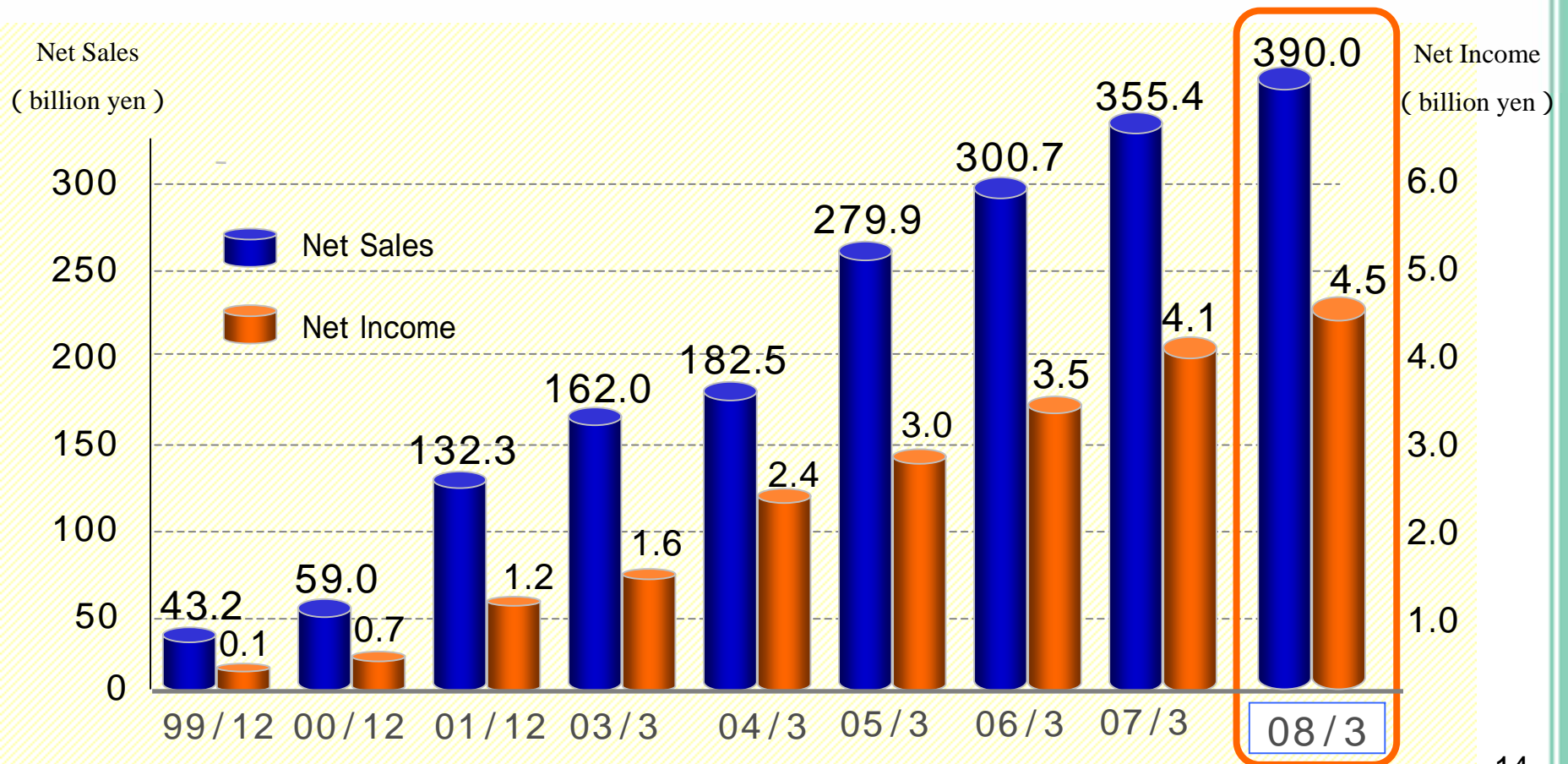


# Forecasts of Financial Results for FY ending March 2008

## Achieve Increase in Both Net Sales & Income for Nine Consecutive Years

Record the Highest Net Sales & Income with Excellent Performance in Mobile, Network and New Settlement Businesses

Sell Historical High 4 Mil. Handsets and Expand Market Share to 8.1%



Note ) FY02/03 is omitted because the FY lasted only 3 months due to change of the accounting term

## Increase in Both Net Sales & Income for Nine Consecutive Years

Planned Full - year Dividend : 5,000 yen per share (Dividend Payout Ratio: 36.6% )

Unit: Billion yen	07/3 Results	08/3 Forecasts	Difference	%
Net Sales	355.40	390.00	34.60	110%
Gross Margin	26.98	29.00	2.02	107%
SGA Expenses	19.67	21.20	1.53	108%
Operating Income	7.31	7.80	0.49	107%
Ordinary Income	7.33	7.80	0.47	106%
Net Income	4.12	4.50	0.38	109%
FCF	2.0	3.47	14.7	174%
ROA(%)	10.0	10.4	0.4	104%
Net Income / share	12,507 yen	13,666 yen	1,159 yen	112%
Dividend / share	(Payout Ratio: 36.0%) 4,500 yen	(Payout Ratio: 36.6%) <u>5,000 yen</u>	500 yen	111%



# Forecasts for FY ending Mar 2008 by Business Segment

## Mobile

Increase of Operating Income by 3% Year-on-Year due to:  
Continued Strong Market Demand resulted from Ongoing MNP Effect, Increase of Mobile Market Share and Stock Commission Expected based on Sales Volume in the Previous FY

Billion yen	07 / 3 Results	08 / 3 Forecasts	Difference	%
Net Sales	336.54	365.0	28.46	108
Operating Income	4.48	5.0	0.16	103

## Network

11% Increase of Operating Income is Expected base on Stable Income from “Myline” Business and FTTH Business Expansion

Billion yen	07 / 3 Results	08 / 3 Forecasts	Difference	%
Net Sales	12.18	14.2	2.02	116
Operating Income	2.44	2.7	0.26	111

## New Settlement Business

Targeting Net Sales of 10.7 billion yen in 40 Thousand Convenience Stores  
233% Drastic Increase in Operating Income by Improving Profitability

Billion yen	07 / 3 Results	08 / 3 Forecasts	Difference	%
Net Sales	6.68	10.8	4.12	161
Operating Income	0.03	0.1	0.07	333



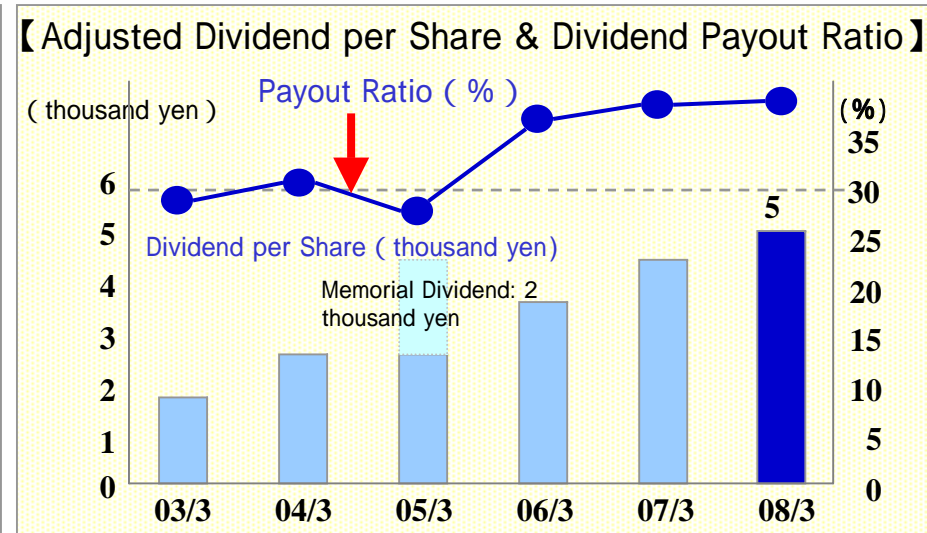
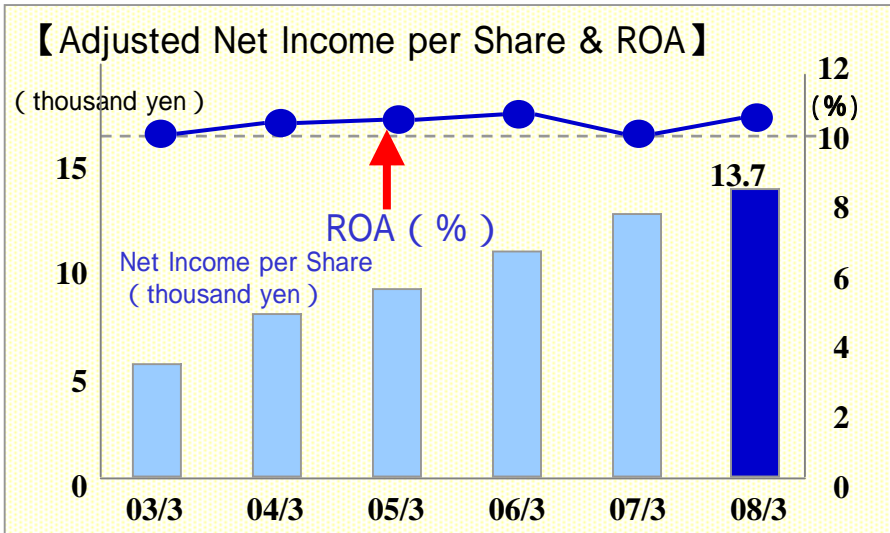
# Financial Strategy & Return to Shareholders

## Financial Strategy & Dividend Policy

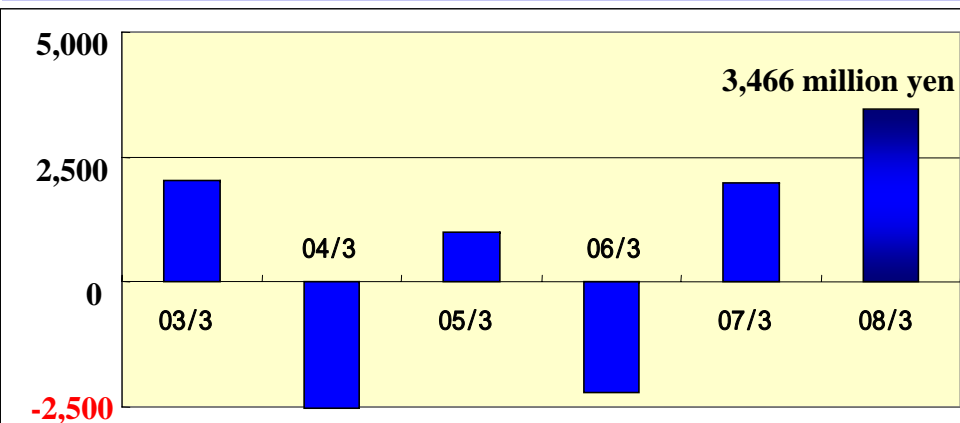
( ) Adjusted based on split-ups of stock implemented on 20 January 2006

Increasing Net Sales while Securing Asset Efficiency:  
**ROA over 10% Level**    **Increasing Net Income per Share ( )**

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



## Improvement of FCF & Future Activities

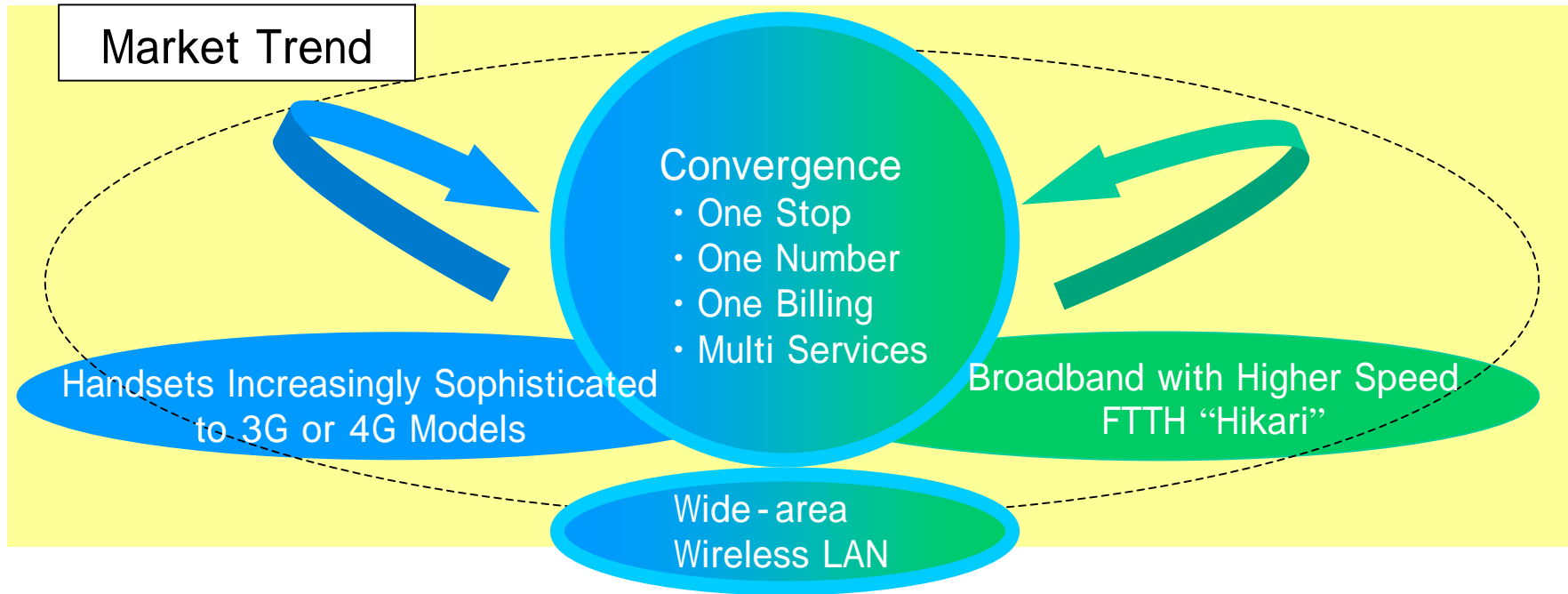


### Future Activities

- Return to Shareholders (Dividend Increase / Share Buyback, etc.)
- M&A / New Business Investment

# Future Telecommunication Market

## FMC Further Intensifies Competition among Telecom Carriers



Environment surrounding Telepark

**New Business Model Resulted from Fiercer Competition**



### **Telepark's Advantages**

- Business Relationship with All Major Telecom Carriers
- Diversified Sales Channels & Dominant Position in Both Network & Mobile Phone Businesses