

# **eAccess Limited 【9427】**

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**3<sup>rd</sup> Quarter Results for Fiscal Year 3/2004  
( 4/2003 ~ 12/2003 )**



**February 10<sup>th</sup>, 2004**

**I. 3Q 2003 Results Overview**

**II. 3Q 2003 Financial Results**

**III. Summary**

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# 3Q 2003 Results Overview

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## Strong Subscriber Growth

- Accumulated subscribers exceeded 1.29 million as of 12/2003. Strong subscriber growth through the launch of 40M menu and active year-end promotion.

## Improved Cost Structure

- Operating expenses were lower than the forecast due to lower depreciation expense (higher network capacity utilization) and lower backbone cost (IP optical fiber network)

## Earnings Revision of FY2003 Forecast

- Upward revision of FY2003 (4/2003 – 3/2004) net profit by 0.5 billion yen or 50%, to 1.5 billion yen.

## Margin Improvement

- Further improvement in margins in 3Q 2003 (10-12/2003) with EBITDA margin at 36.6% and operating margin at 9.8%

## Stable Balance Sheet / Improving ROE

- Net debt / shareholders' equity ratio improved through IPO proceeds and higher operating cash flows in 3Q 2003. Based on the new forecasts, our ROE is expected to reach 10% by 3/2004.

# 3Q 2003 (4 - 12/2003) Financial Summary

	FY2002	FY2003	
	3Q 2002 ( 4 - 12/2002 )	3Q 2003 ( 4 - 12/2003 )	Changes
Revenue	¥13.31 billion	¥27.29 billion	+¥13.98 billion
Operating profit	-¥4.00 billion	¥ 2.24 billion	+¥6.24 billion
Recurring profit	-¥4.68 billion	¥ 1.14 billion	+¥5.82 billion
Net profit	-¥4.68 billion	¥ 1.13 billion	+¥5.81 billion

● Revenue was ¥27.3 billion, an increase of 105% YoY.

● Operating profit improved due to lower than expected depreciation and backbone costs.

● Net profit was ¥1.13 billion, exceeding the previous full-year forecast of ¥1.0 billion.

**eAccess** Broadband service **Upward Revision FY2003 (4/2003 – 3/2004) Forecast**

	Previous Forecast	Revised Forecast	Increase (Decrease) / Changes(%)	
Revenue	¥38.3 billion	¥ 38.3 billion	± 0	± 0%
Recurring profit	¥ 1.0 billion	¥ 1.5 billion	+¥0.5 billion	+50%
Net profit	¥ 1.0 billion	¥ 1.5 billion	+¥0.5 billion	+50%

- Backbone cost per subscriber is expected to decrease significantly, through an expansion in our subscriber base and a higher utilization of our optical fiber backbone network.
- Lower capex and depreciation expense through higher network capacity utilization
- Net profit is revised up by ¥0.5 billion or 50%, to ¥1.5 billion.

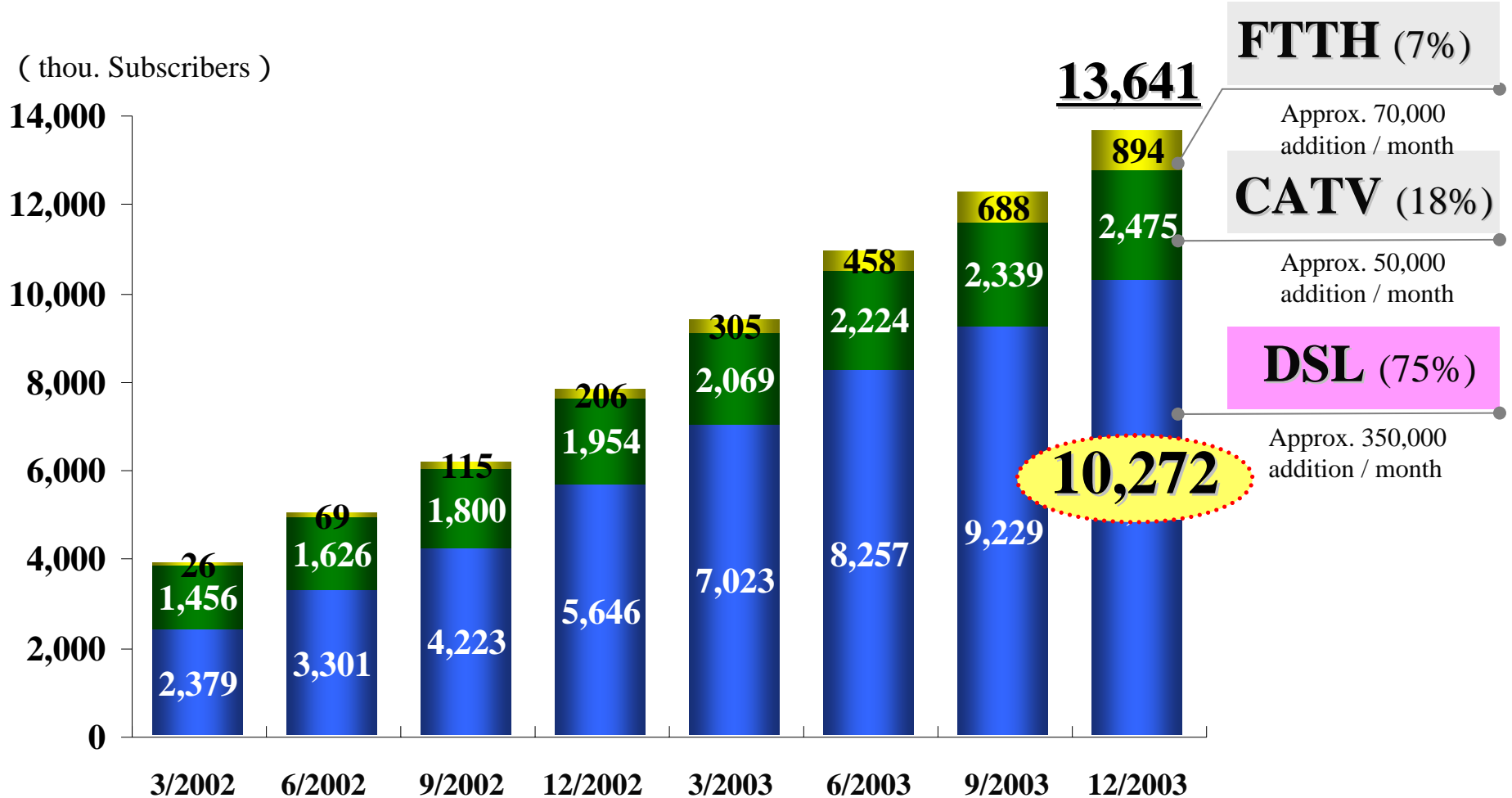
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# Broadband Market Growth in Japan

Total DSL subscribers surpassed 10 million in 12/2003

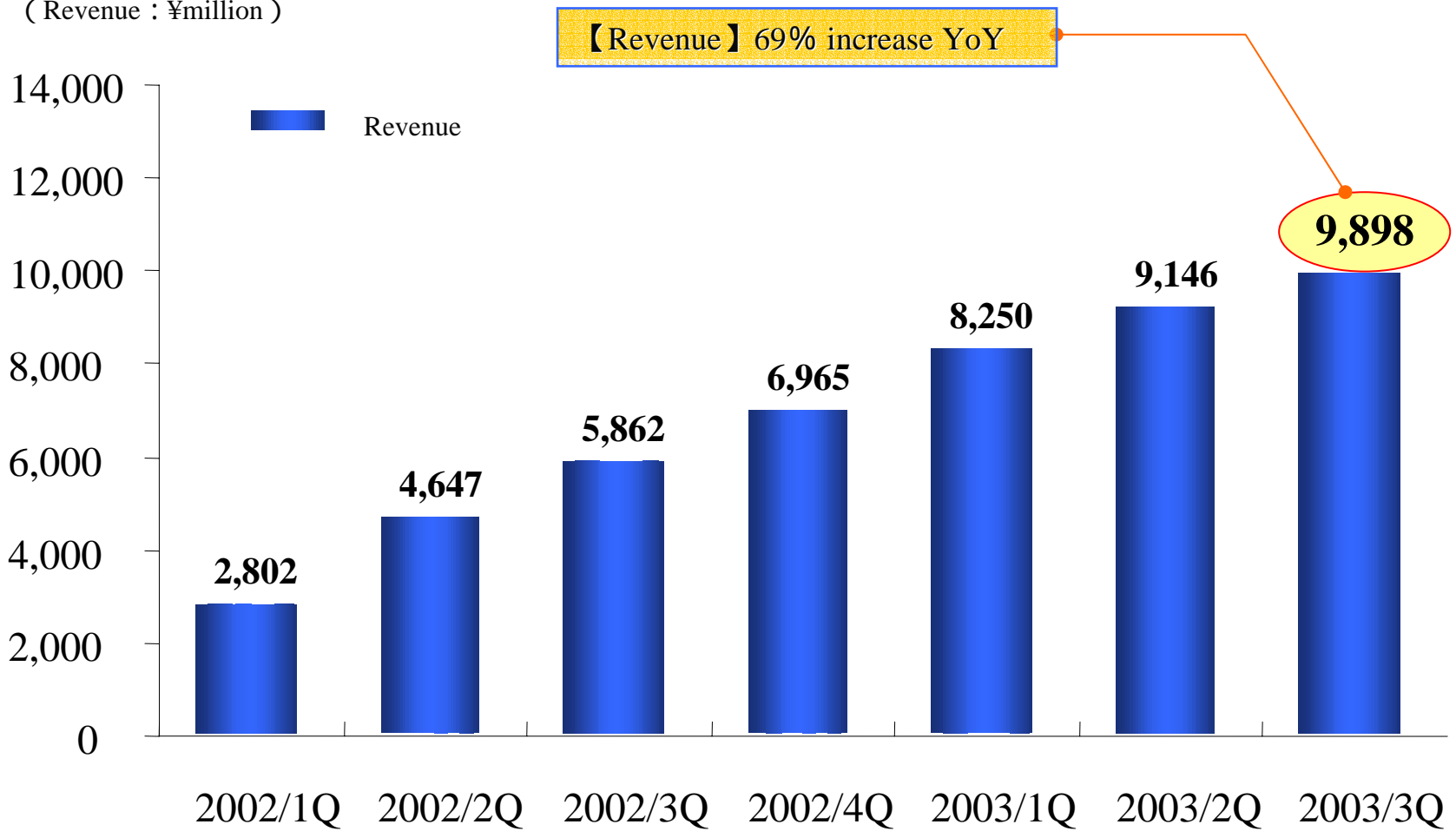


Source : MPHPT

# eAccess Revenue Growth

Strong revenue growth trend

( Revenue : ¥million )

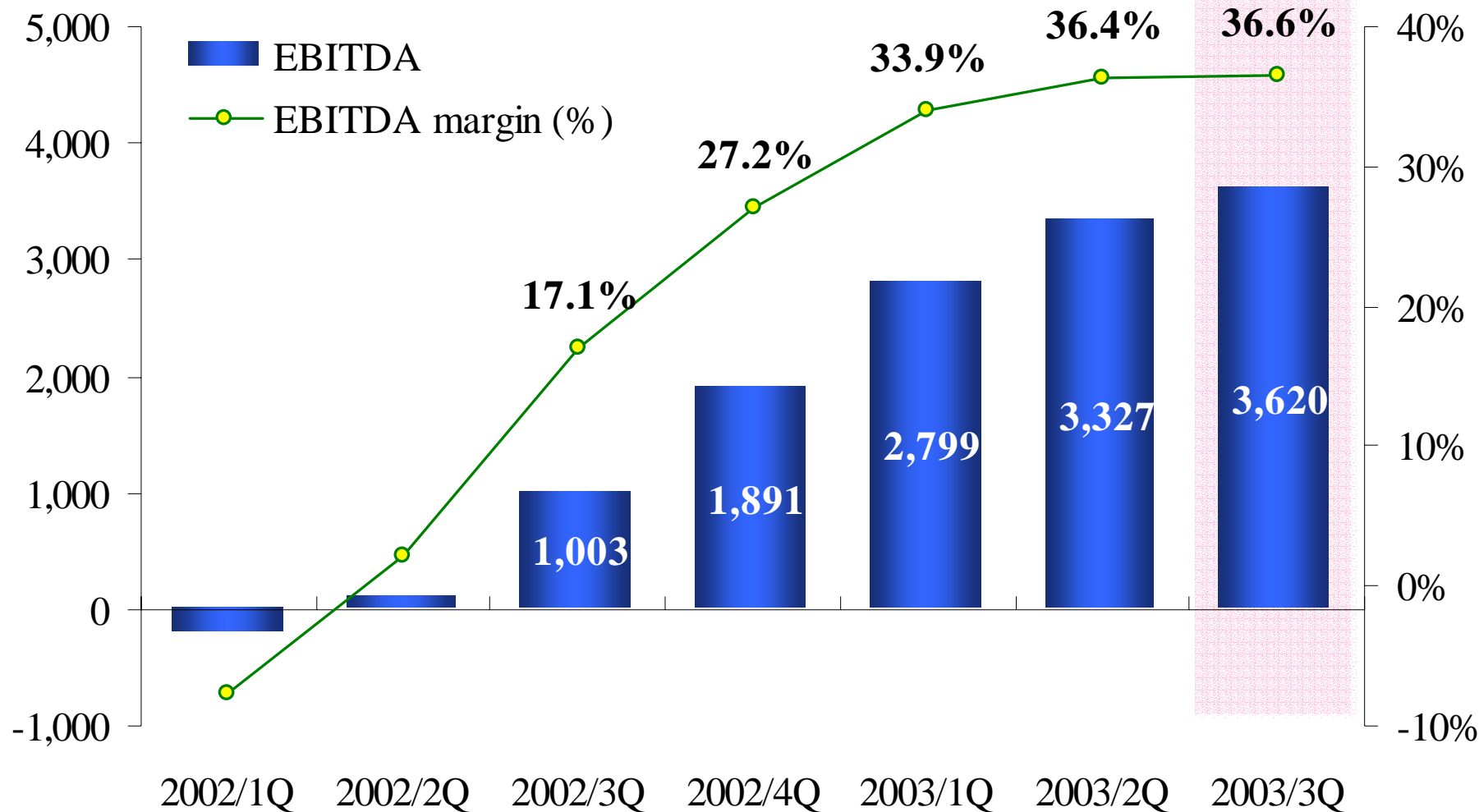


# EBITDA and EBITDA Margin Trend

**EBITDA margin increased to 36.6% in 3Q 2003**

( EBITDA : ¥ million )

( EBITDA margin : % )

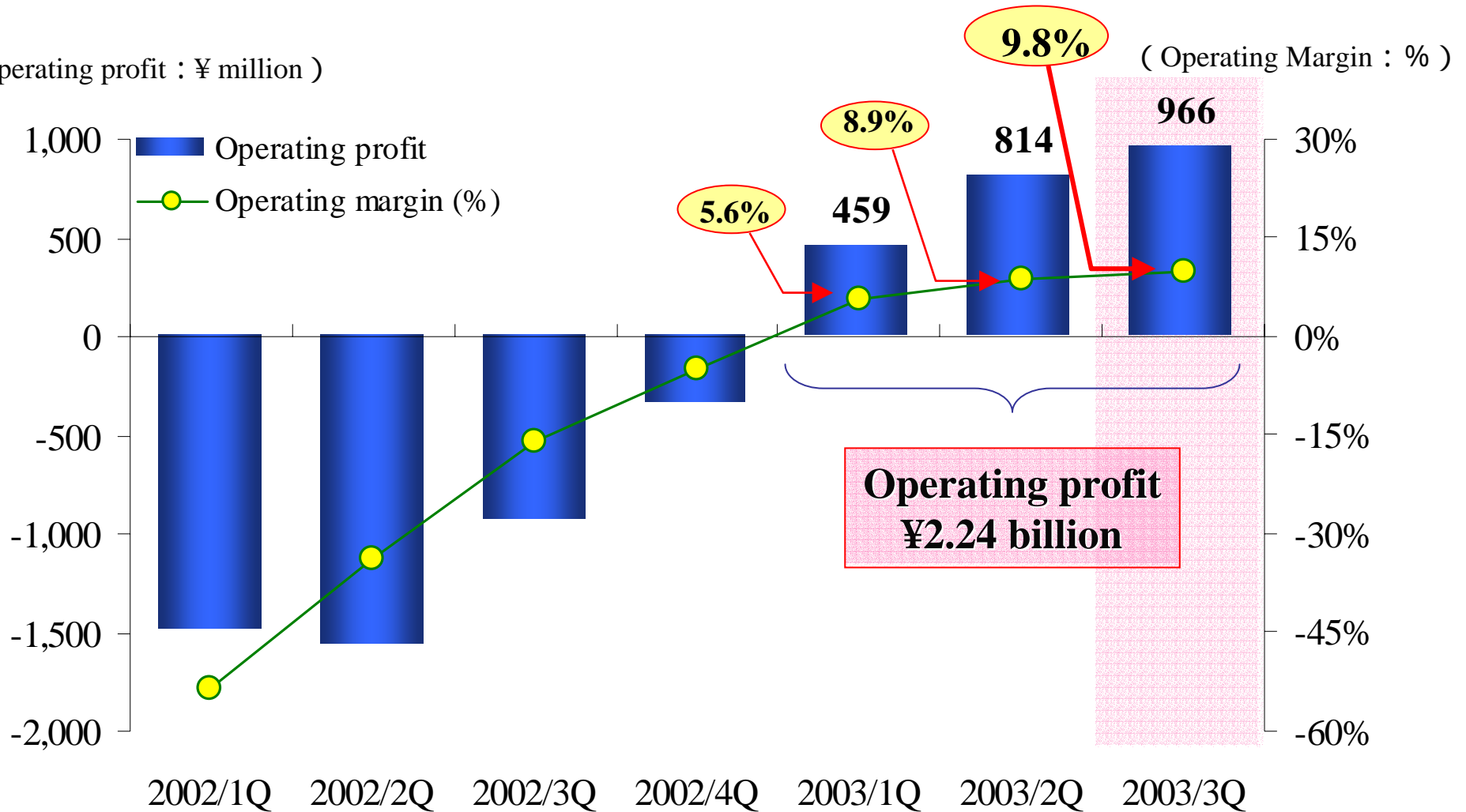


# Operating Profit and Operating Profit Margin

**3Q 2003 Operating margin further improved to 9.8%**

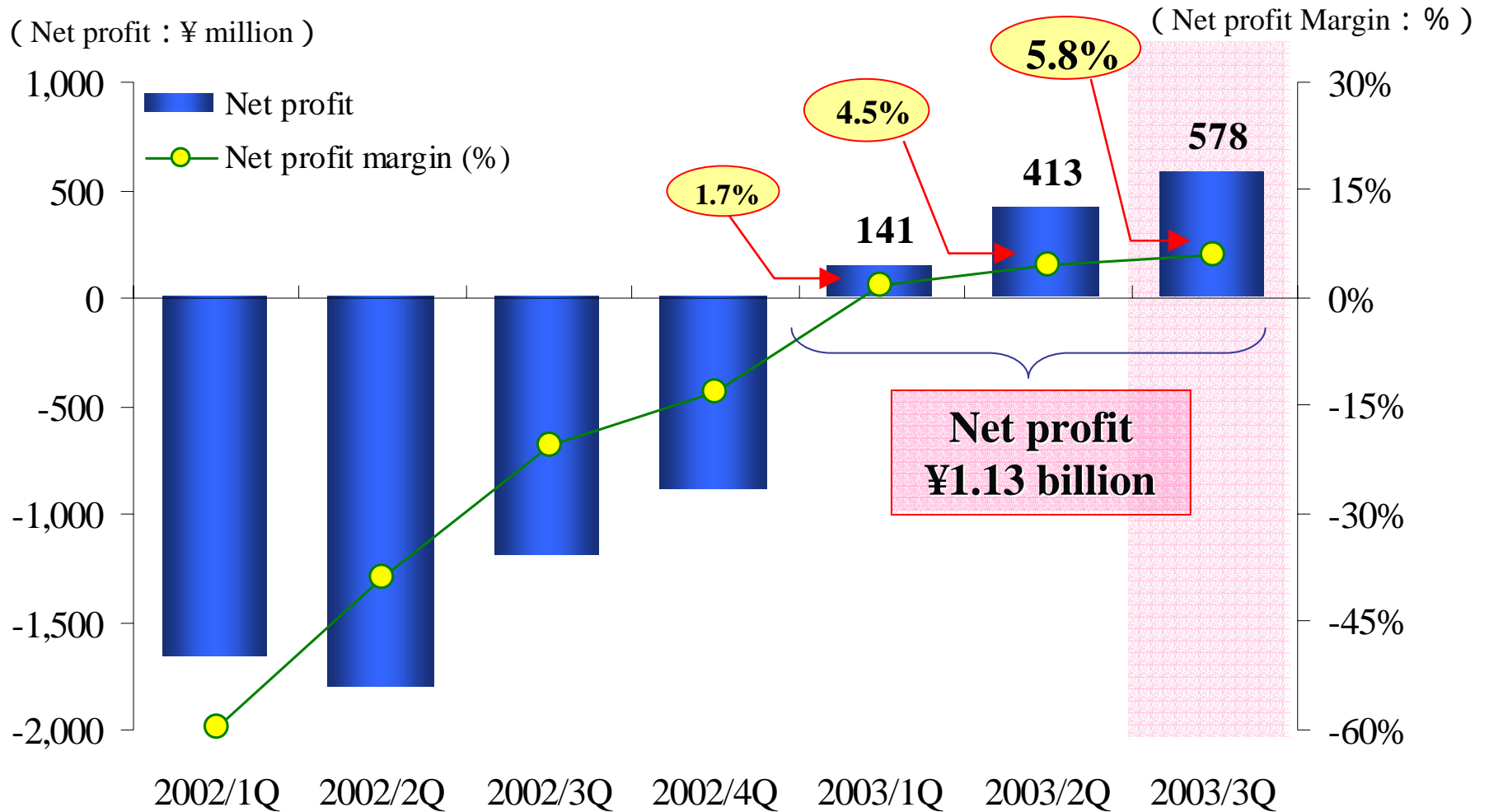
( Operating profit : ¥ million )

( Operating Margin : % )



# Net Profit and Net Profit Margin

**YTD (4 – 12/2003) net profit was ¥1.13 billion,  
exceeding the previous FY2003 full-year forecast of ¥1.0 billion.**



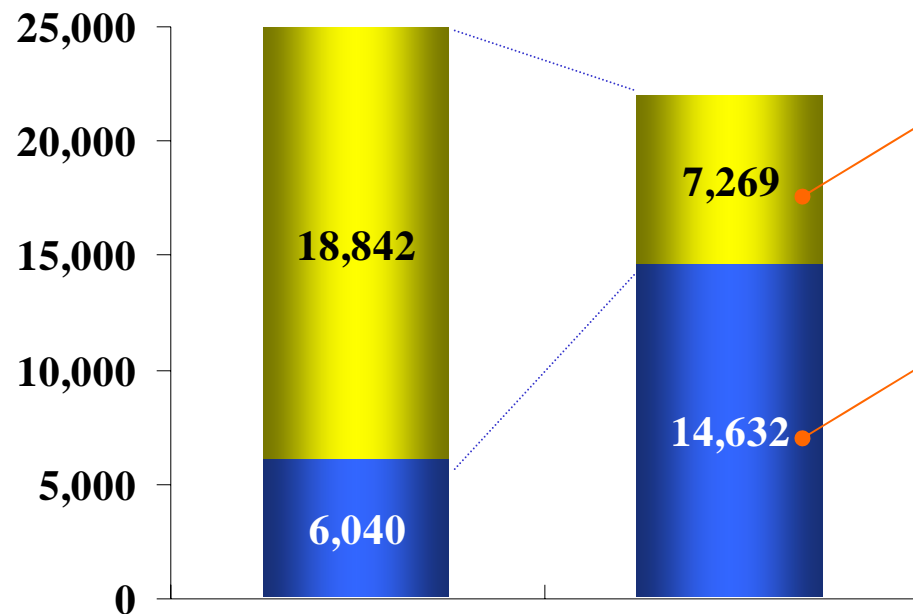
# Improvement of Net Debt Ratio

## Net Debt / Shareholders' Equity

312%

49.7%

(¥ million)



### 【Net Debt】

Net debt decreased by ¥11.6 billion, through IPO proceeds and higher operating cash flows during 3Q 2003.

### 【Shareholders' equity】

Shareholder's equity increased by ¥8.6 billion, due to ¥7.7 billion IPO proceeds and improved profit.

**2003/2Q**  
( Before IPO )

**2003/3Q**  
( Post IPO )

**Number of shares outstanding as of 12/2003 :  
256,584 shares**

**Cash and cash equivalents**

14,768 million yen

23,978 million yen

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# Summary

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- Strong Subscriber Growth
- Improved Cost Structure
- Earnings Revision of FY2003 Forecast
- Margin Improvement
- Stable Balance Sheet / Improving ROE



Focus on shareholders' value maximization by increasing the ADSL business value and expanding into the next generation broadband services.

# Disclaimer

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