



## 3Q08 Japan Mobile Forecast

NTT docomo will continue to enjoy higher profitability than KDDI and Softbank



**FreeSight #13.2008**

*September 2008*

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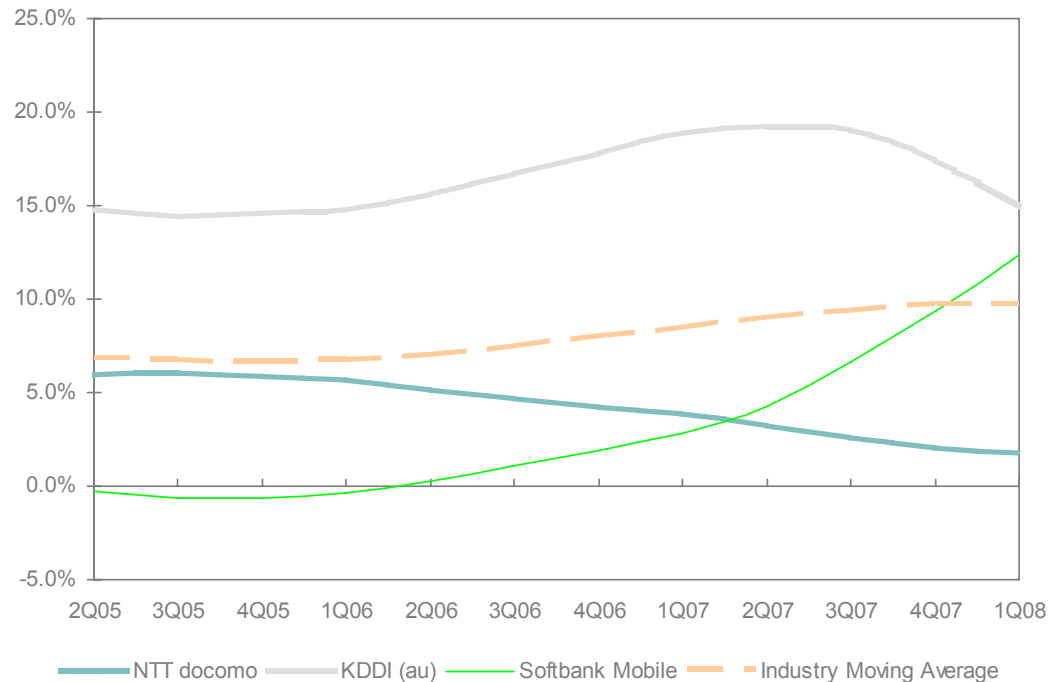
# Strong subscriber growth continues in Japan

## **+9.7% subscriber growth in Japan over last four quarters**

### TOTAL SUBSCRIBERS IN JAPAN ARE INCREASING AT AN INCREASING RATE

- Industry-wide subscriber growth averaged 9.7% over the past four quarters (2Q07 – 1Q08)
- As Chart 1 shows, KDDI (au) has seen double-digit subscriber growth for the last 12 quarters
- Softbank is gathering momentum with subscriber growth averaging 12.4% over the past four quarters
- While the declining trend in NTT docomo's subscriber growth has not reversed, its growth rates are still in positive territory

Chart 1: Subscriber Growth (2Q05 – 1Q08), %



\* Data shows 4-quarter Moving Averages



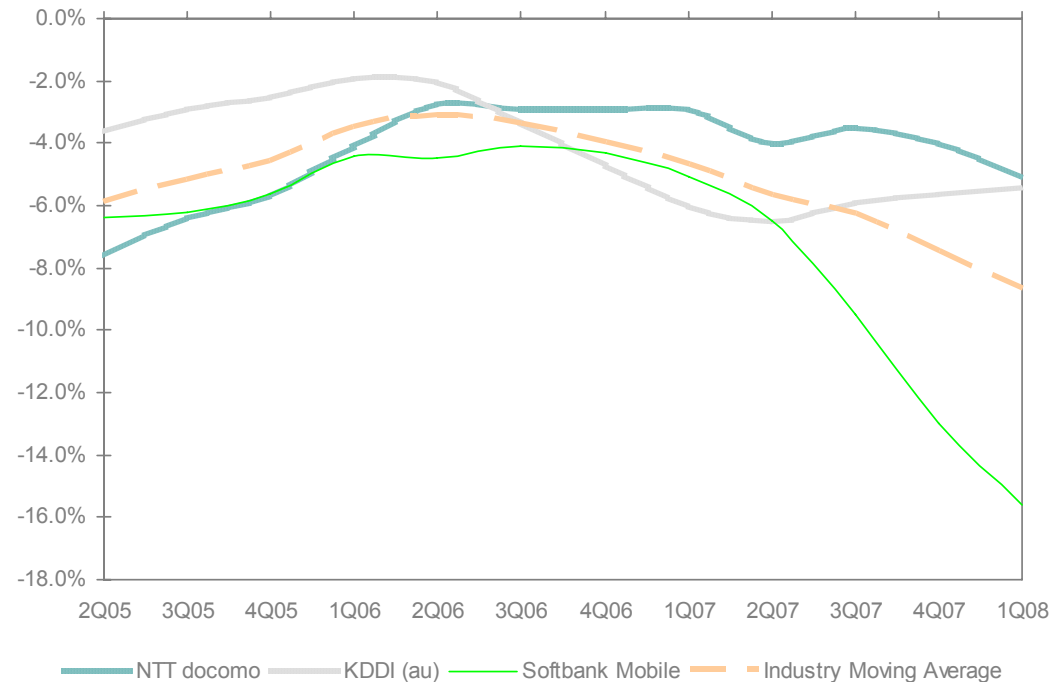
# ARPU level is declining at an increasing rate

**-8.7% operator-wide average over last four quarters**

## ARPUs CONTINUE TO DECLINE ACROSS OPERATORS

- Average Revenue per User (ARPU) continues to decline in Japan
  - All operators have seen negative ARPU growth rates for years now
- NTT docomo appears to have stabilized its ARPU declines with average declines over the last 4 quarters at -5.1%
- Softbank continues to lower its ARPUs aggressively to gain more subscribers
  - Softbank's ARPU growth has declined to -15.6% over the last 4 quarters

Chart 2: ARPU Growth (2Q05 – 1Q08), %



\* Data shows 4-quarter Moving Averages

Source: IEMR



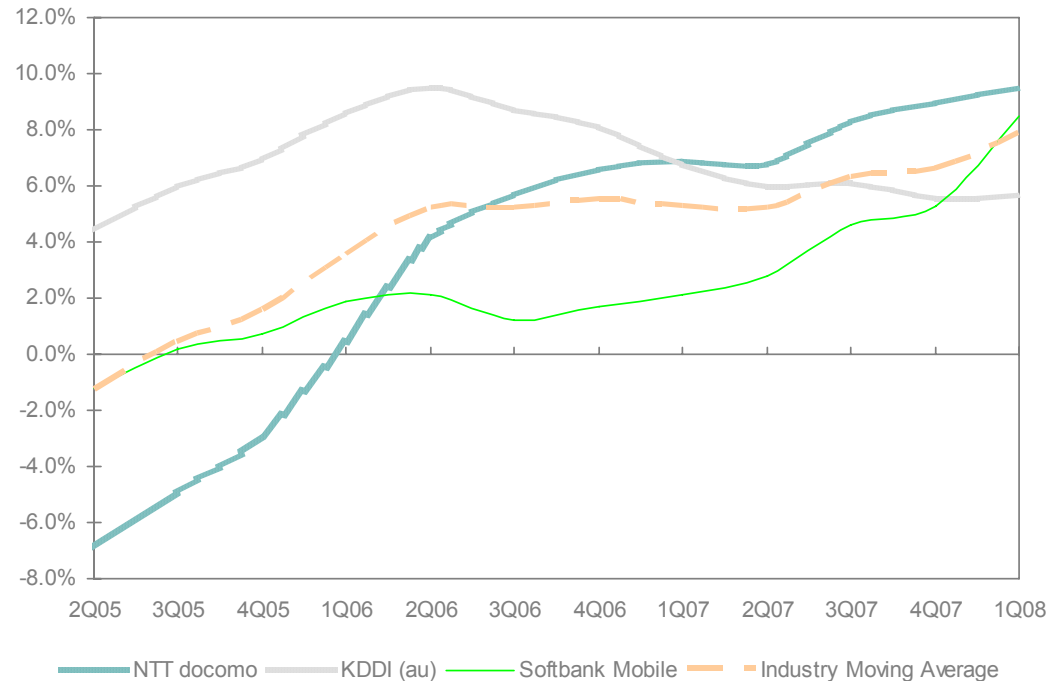
# Data ARPU is showing healthy growth

## **+7.9% operator-wide average over last four quarters**

### DATA ARPUs IN JAPAN CONTINUE TO SHOW HEALTHY GROWTH

- Data ARPU growth averaged 7.9% across operators over the four-quarter period, 2Q07 – 1Q08
  - All operators have seen positive Data ARPU growth rates over the past eight quarters
- NTT docomo has enjoyed higher data ARPU growth than KDDI and Softbank over the past year
- We expect all operators to continue to push data plans to attract subscribers from all demographic groups

Chart 3: Data ARPU Growth (2Q05 – 1Q08), %



\* Data shows 4-quarter Moving Averages

Source: IEMR



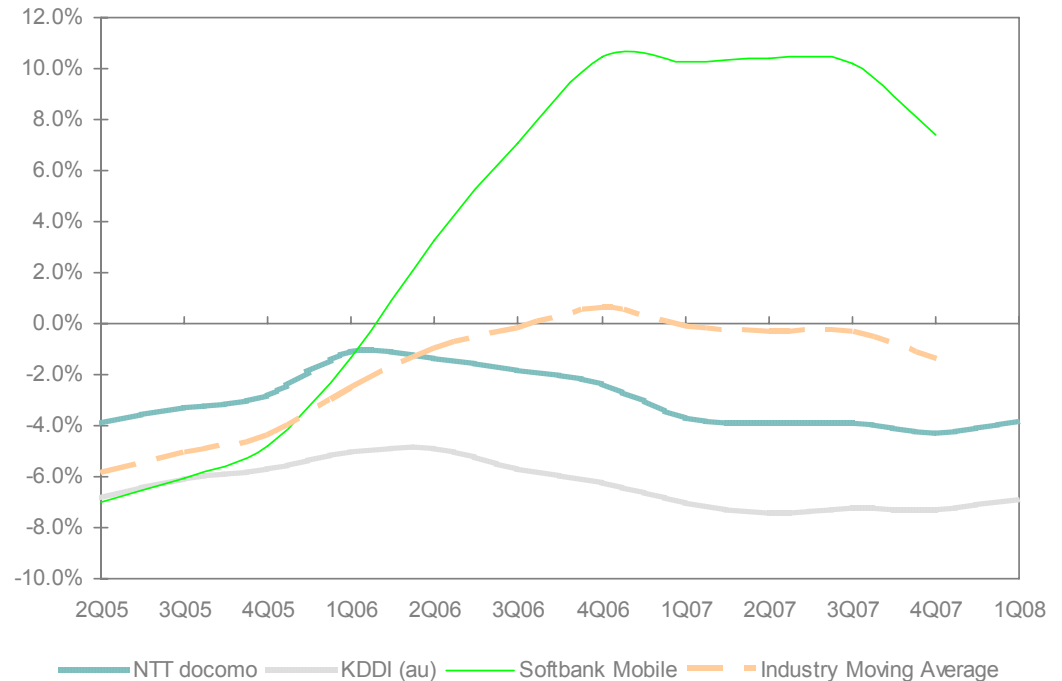
# Minutes of Use per Subscriber to become stable

**-1.4% operator-wide average growth in 2007**

## MINUTES OF USE PER SUBSCRIBER CONTINUE TO DECLINE SLIGHTLY IN JAPAN

- The industry average MOU/Sub growth in 2007 was -1.4%
- MOU/Sub growth rates continue to be in negative territory for NTT docomo and KDDI
- MOU/Sub across operators averaged approximately 140 minutes per month in 2007. We expect this number to continue to fall over the next three years

Chart 4: MOU/Sub Growth (2Q05 – 1Q08), %



\* Data shows 4-quarter Moving Averages



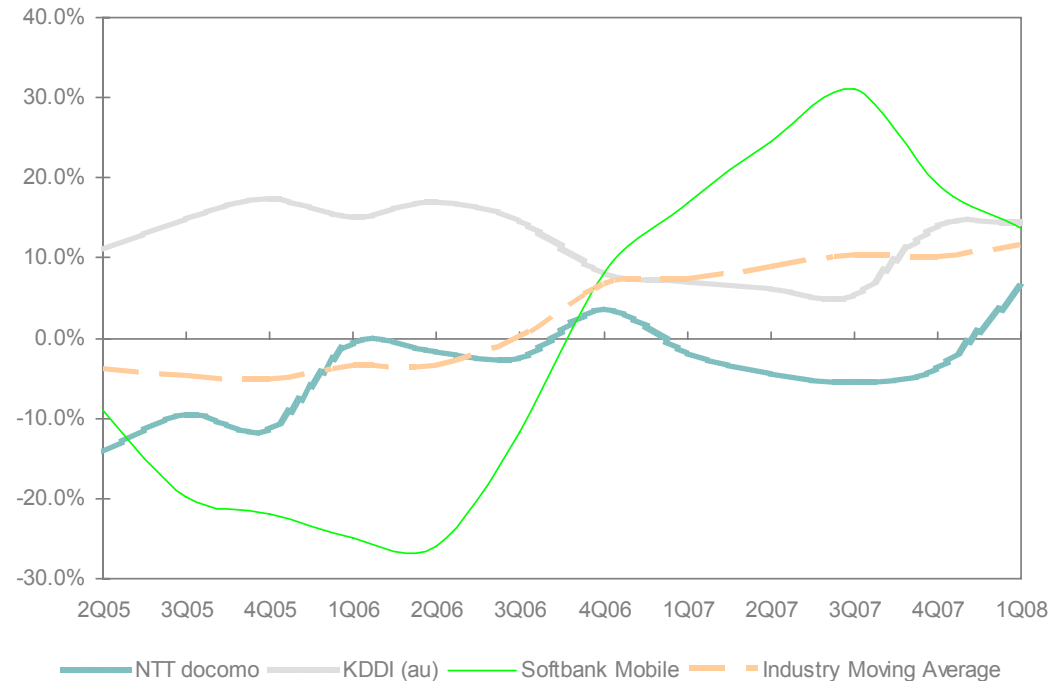
# EBITDA margins in Japan are improving

## +11.5% industry average growth over last four quarters

### OPERATORS ENJOY IMPROVEMENTS IN THEIR EBITDA MARGINS IN JAPAN

- The EBITDA growth rates among NTT docomo, KDDI and Softbank averaged 11.5% over the last four quarters (2Q07 – 1Q08)
- This is significantly higher than the average growth of 7.4% over the four-quarter period from 2Q06 – 1Q07
- NTT docomo, which had suffered EBITDA declines in 2007, has seen positive EBITDA growth again over the past two quarters

Chart 5: EBITDA Growth (2Q05 – 1Q08), %



\* Data shows 4-quarter Moving Averages



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