

# FY2011 2Q

# Earnings Results

(April 1<sup>st</sup>, 2010 - September 30<sup>th</sup>, 2010)

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November 11<sup>th</sup>, 2010  
HIKARI TSUSHIN, INC.

9435

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## Consolidated Financial Results Overview

## Net Sales :

Record High for 5 consecutive periods

## Operating Income :

Huge turnaround

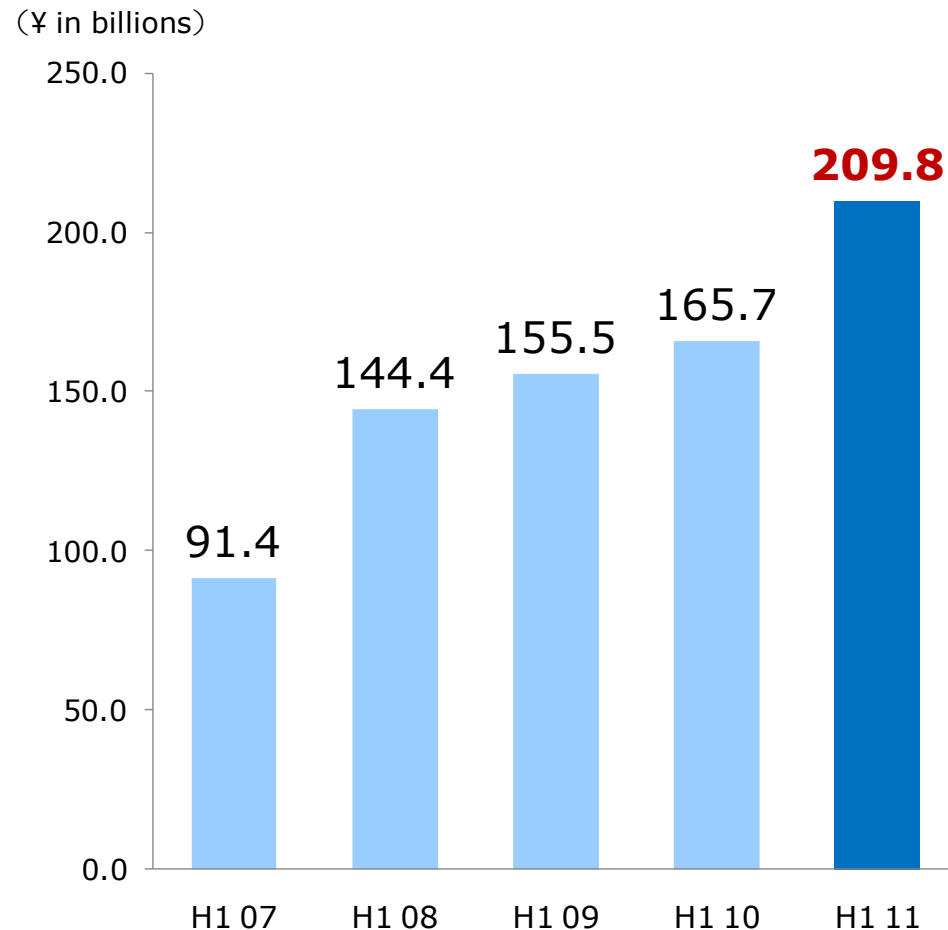
- Consolidated sales growth - up 26%  
Record high as strong marketing practices
- Operating Income huge turnaround from 1Q10

# 1 Consolidated Financial Results

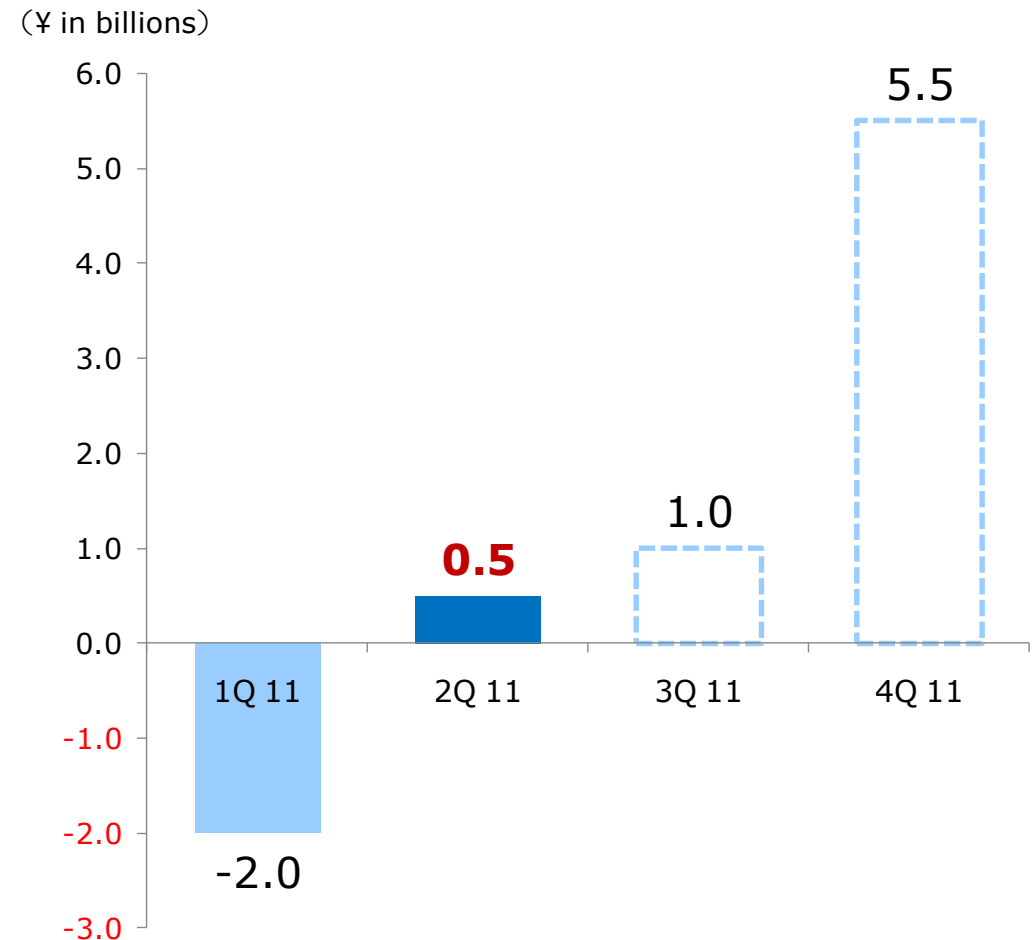
## Summary of Consolidated Earning Results

(¥ in billions)	FY10 2Q Reported	FY11 2Q Reported	Notes	FY11 Forecast (Before)	FY11 Forecast (Revision)
<b>Net Sales</b>	165.7	<b>209.8</b>	Improved sales by growth in business operation	370.0	420.0
<b>Gross Profits</b>	74.6	<b>95.3</b>		—	—
<b>Operating Income</b>	3.9	<b>▲1.5</b>	Decreased profit in short term by shifting profit model	5.0	5.0
<b>Ordinary Income</b>	2.6	<b>▲2.2</b>	Loss on Sales of Investment in Securities Loss on Money Trust	5.0	5.0
<b>Net Income before tax</b>	3.1	<b>▲1.4</b>		—	—
<b>Net Income</b>	1.8	<b>▲1.9</b>		3.0	3.0

## Consolidated Net Sales



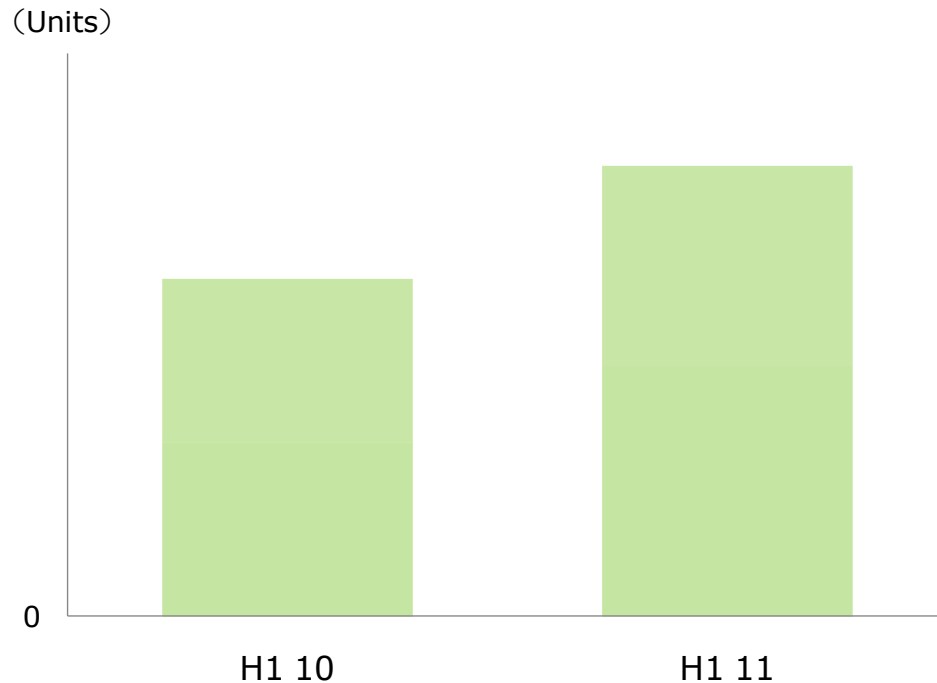
## Consolidated Operating Income



**Significant smartphones sales improvement**

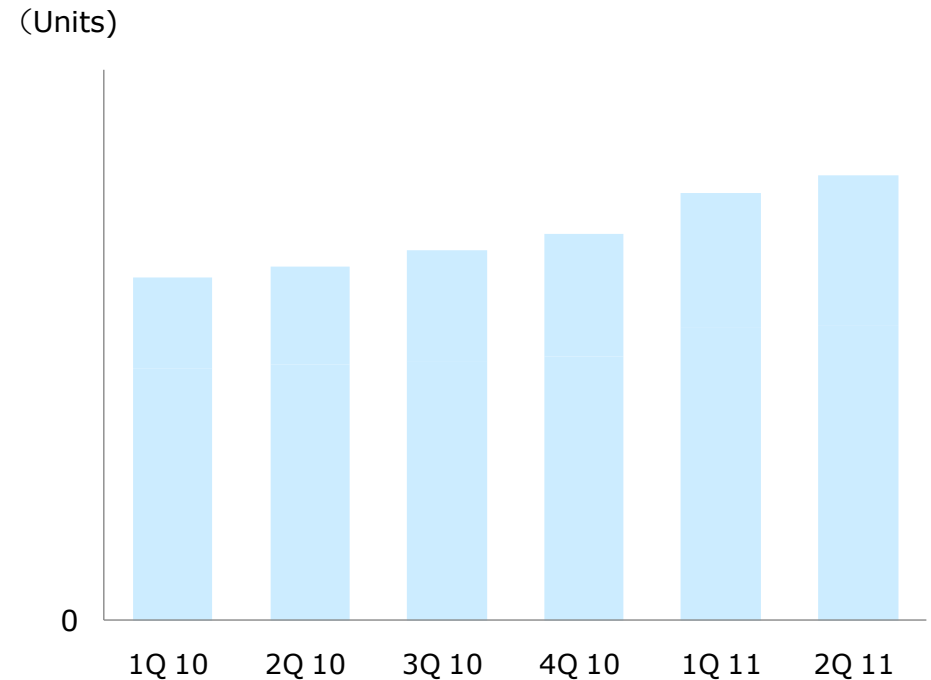
**Revenue growth accumulated by stock commissions**

## Sales Units of mobile phones



**Strong growth in smartphone sales  
(including corporate mobile phones)**

## Holding volume with recurring stock commissions



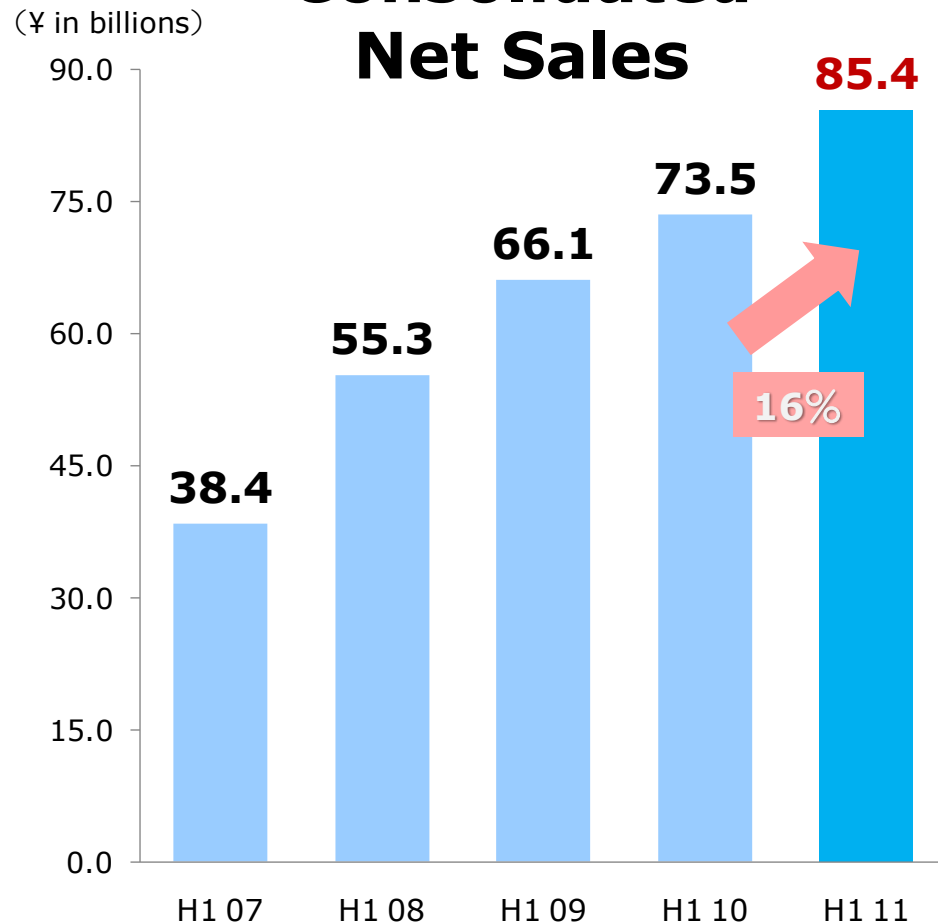
**Reason for increasing stock Commission;**

- 1.Improved ARPU trends by high smartphone adoption rate**
- 2. Strong growth in holding volume of own products**
- 3. Further improvements in revenue from contents**

# Corporate Business Overview

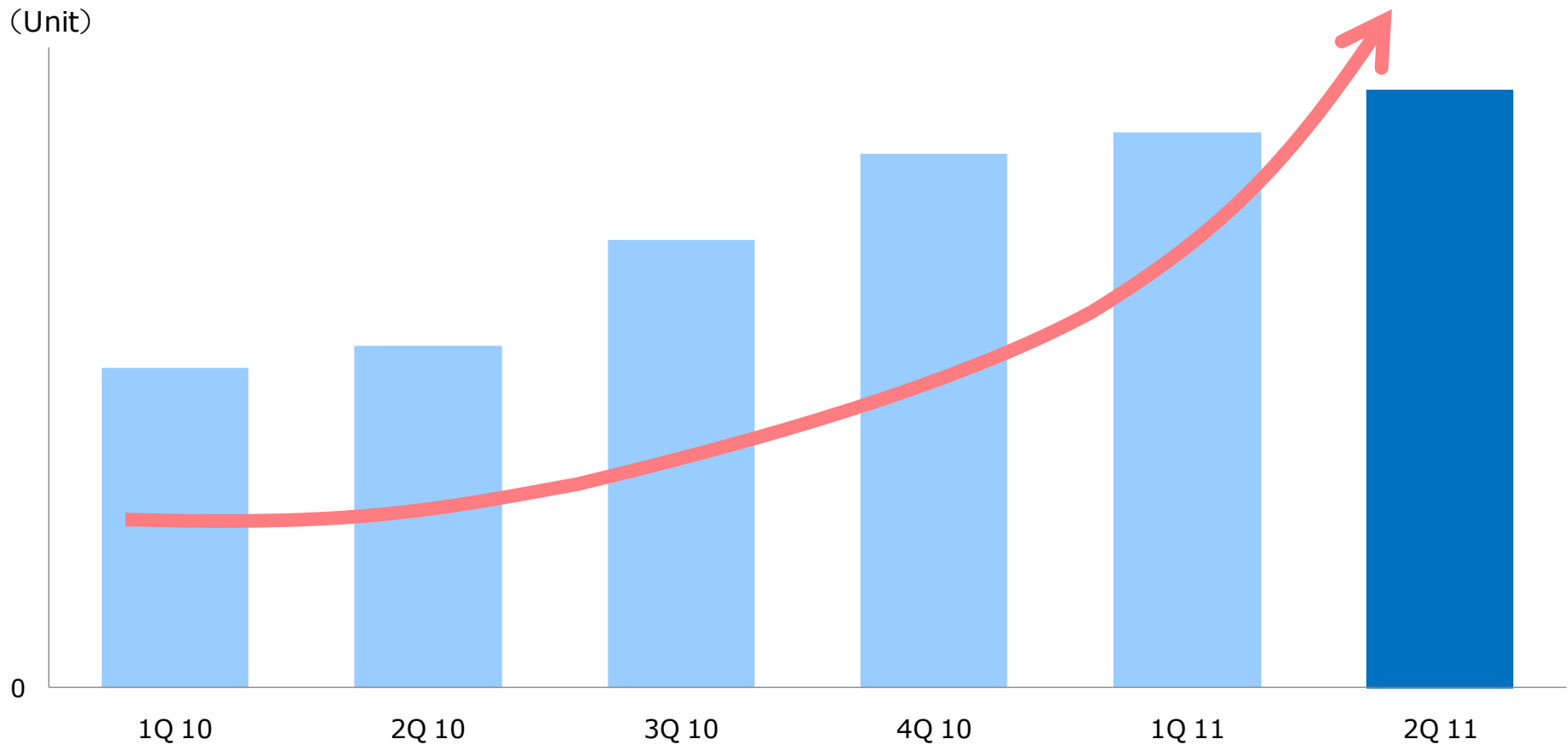
### Performance Movement

#### Consolidated Net Sales



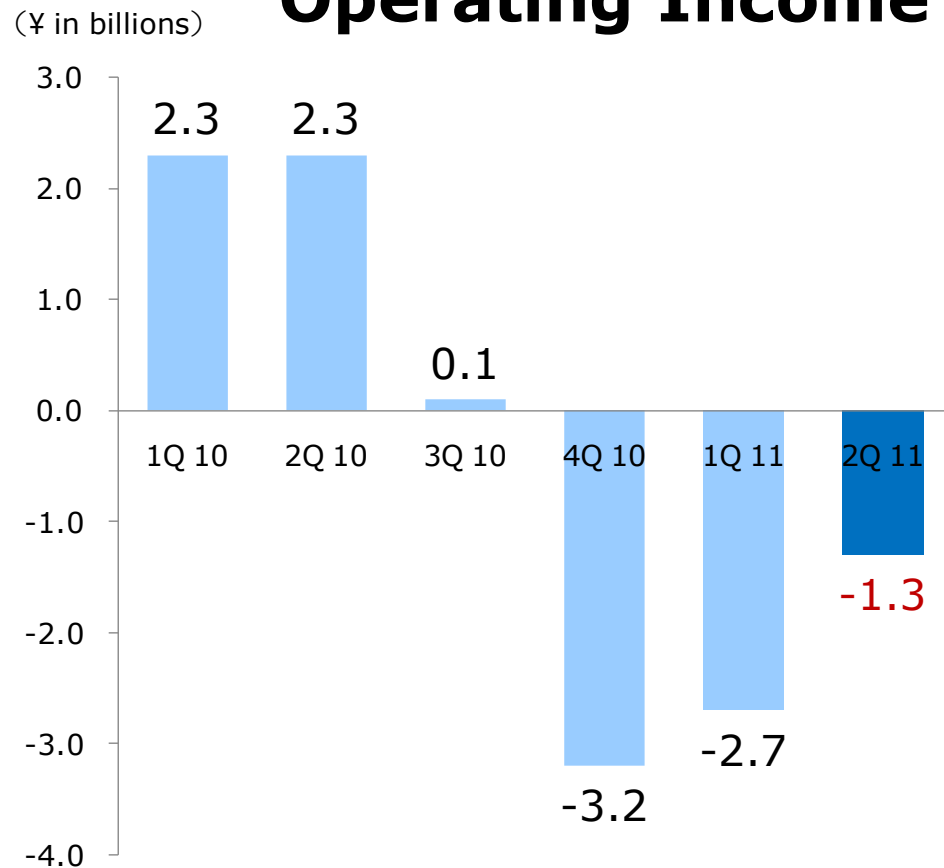
**Sequential growth in sales as strong marketing practices**

### Sales Units of own/devoted services



### Performance Movement

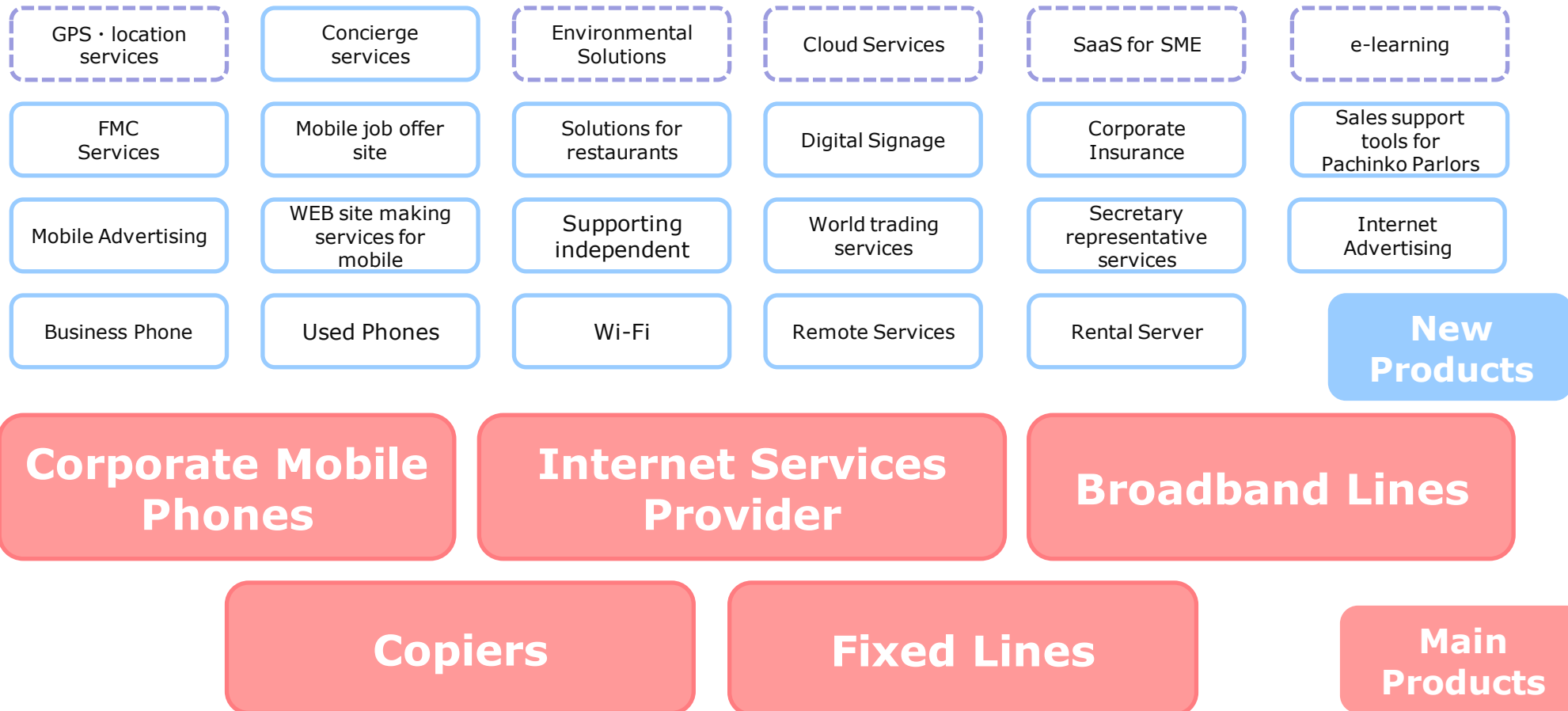
## Consolidated Operating Income



**Turnaround as  
accumulated  
stock commissions**

## Expanding New Businesses

**-Expand new services of solutions/contents business related with main products**

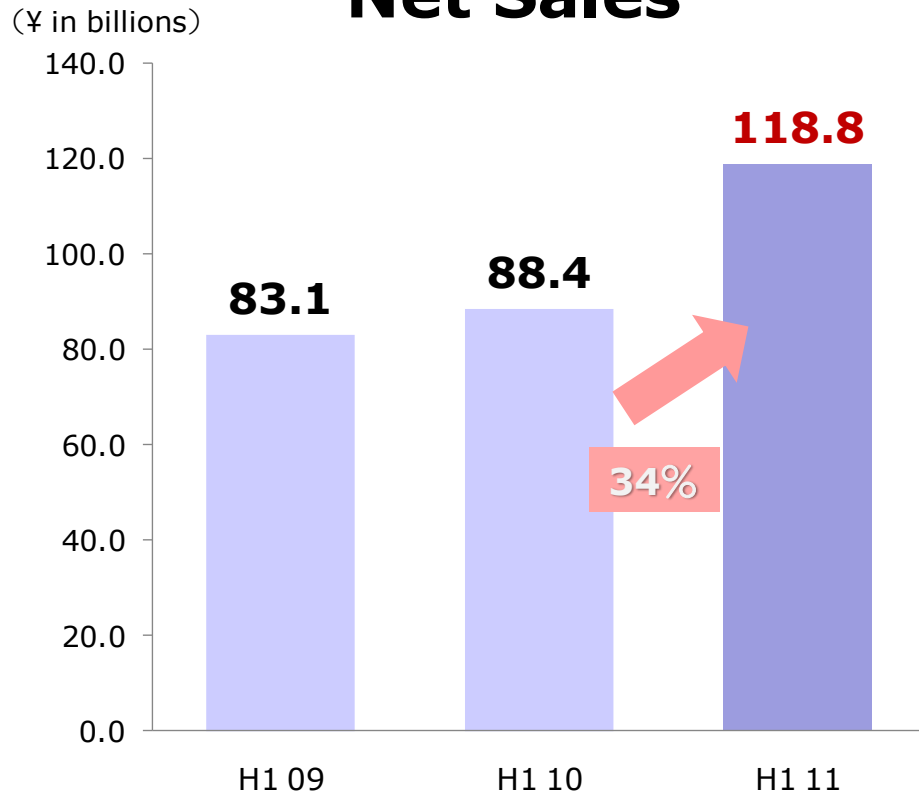


## SHOP Business Overview

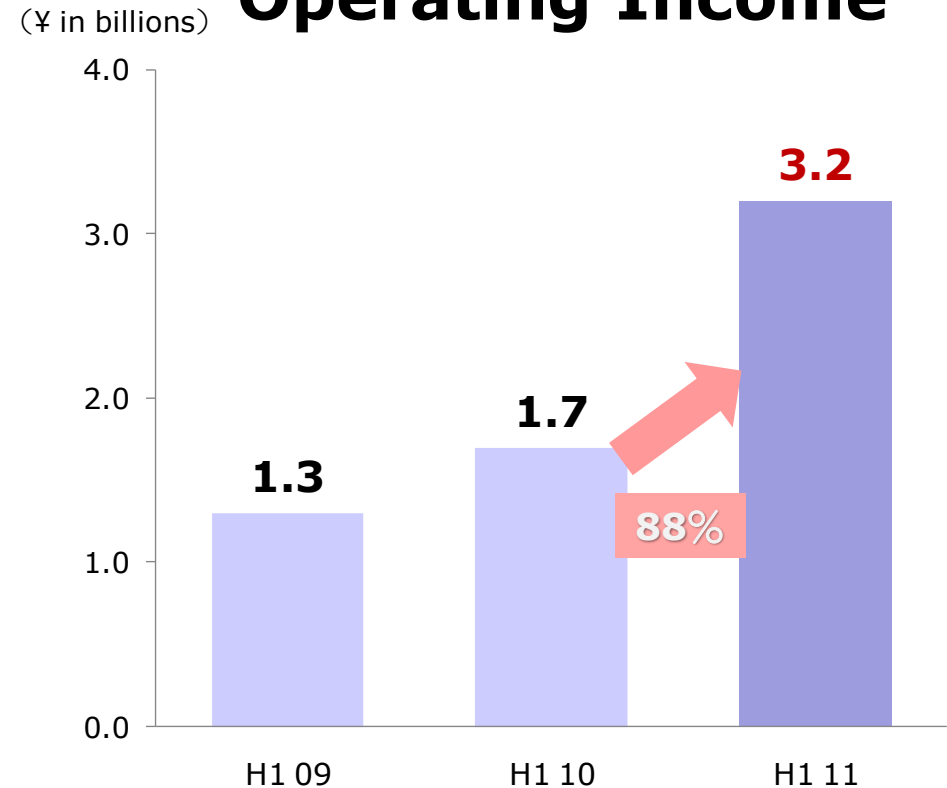
## Performance Movement

- Significant phones sales improvement
- Increased holding volume with high ARPU

### Consolidated Net Sales

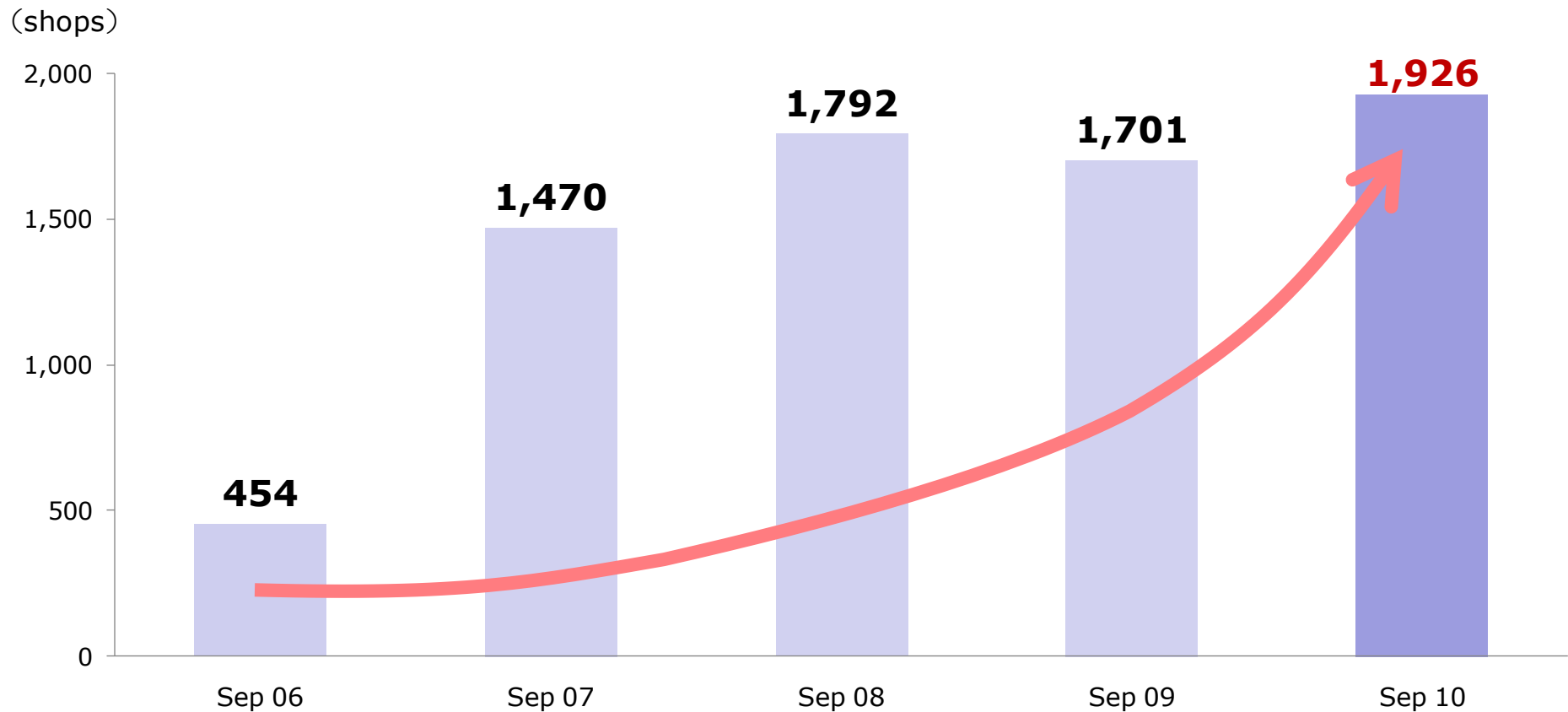


### Consolidated Operating Income



## - Shops of mobile phones margin increase

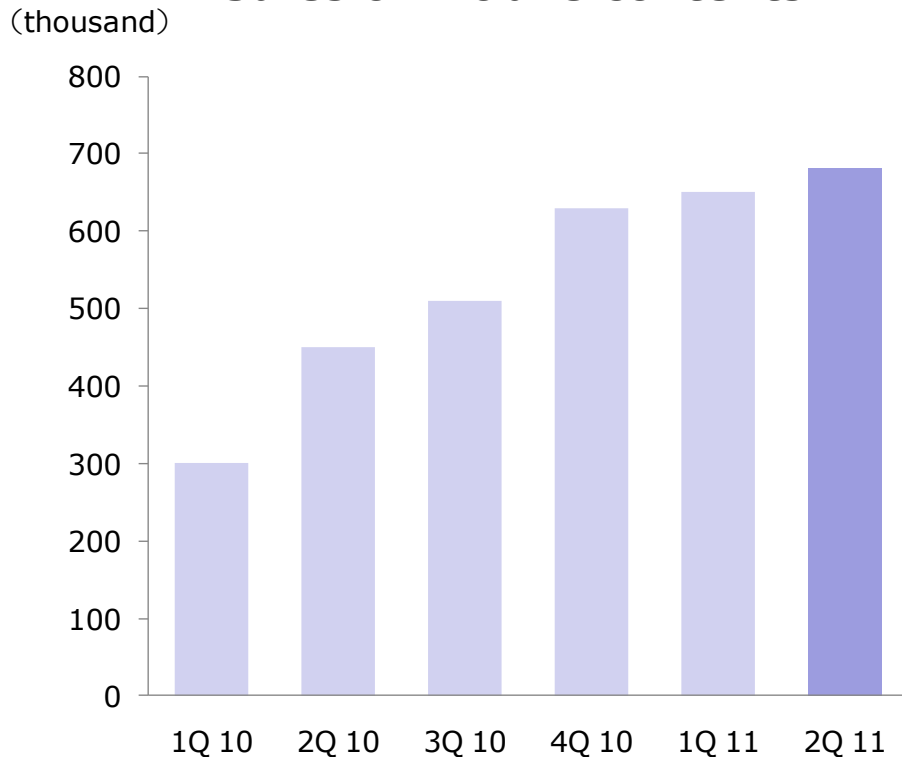
### Number of Shops



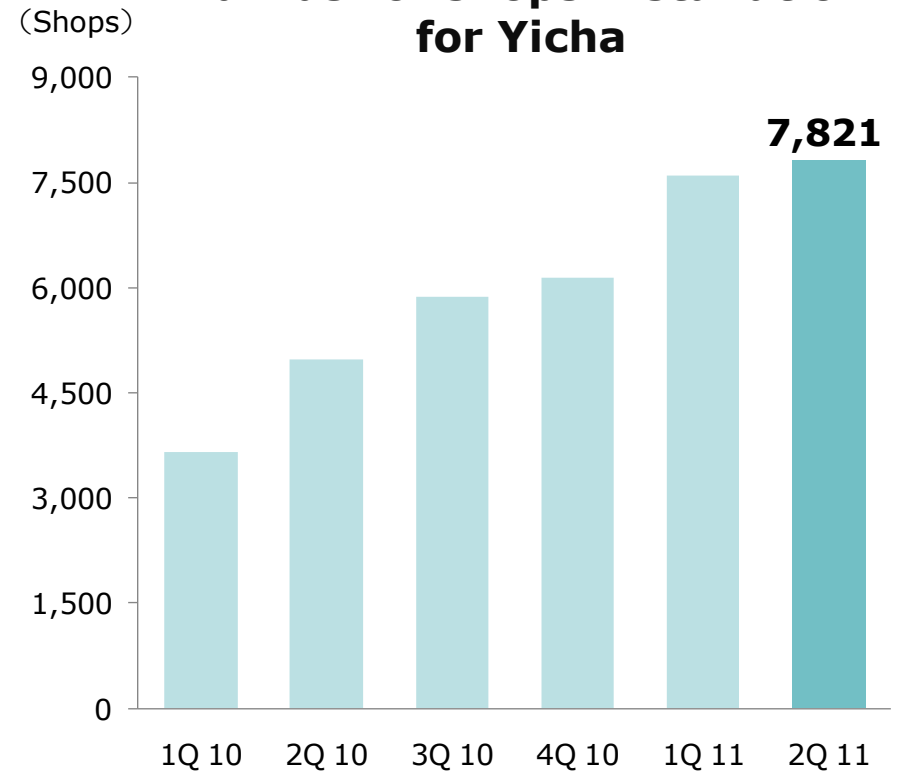
## Mobile Contents Business

### - Steady Performed in mobile contents' sales

#### Sales of mobile contents



#### Number of shops installation for Yicha



Including sales by Best Create Co.,Ltd., associated in Hikari Tsushin.

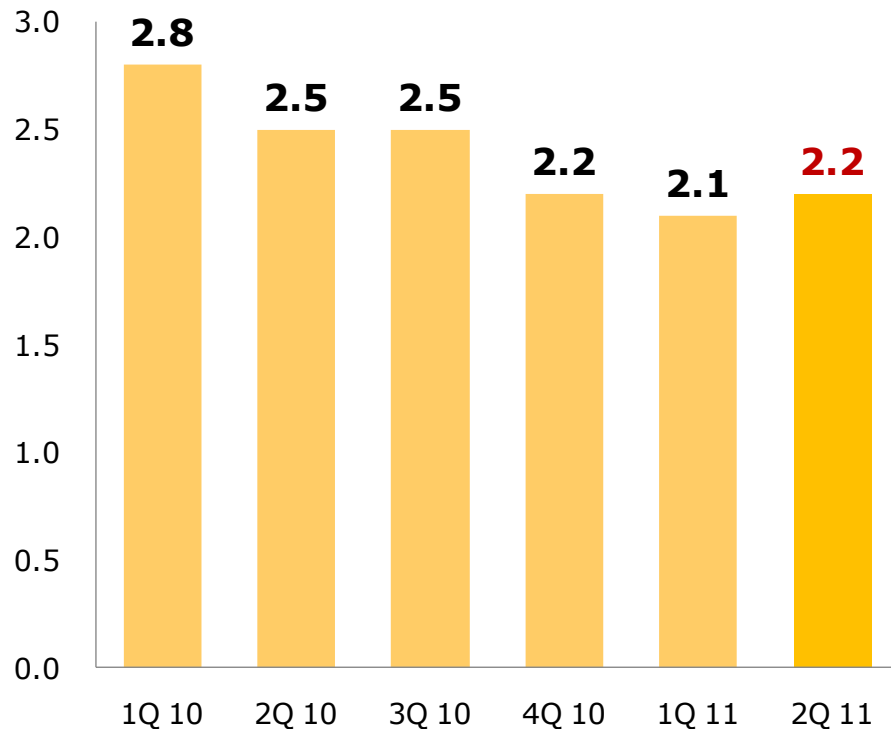
## Insurance Business Overview

## Performance Movement

### -Return to the black in operating income

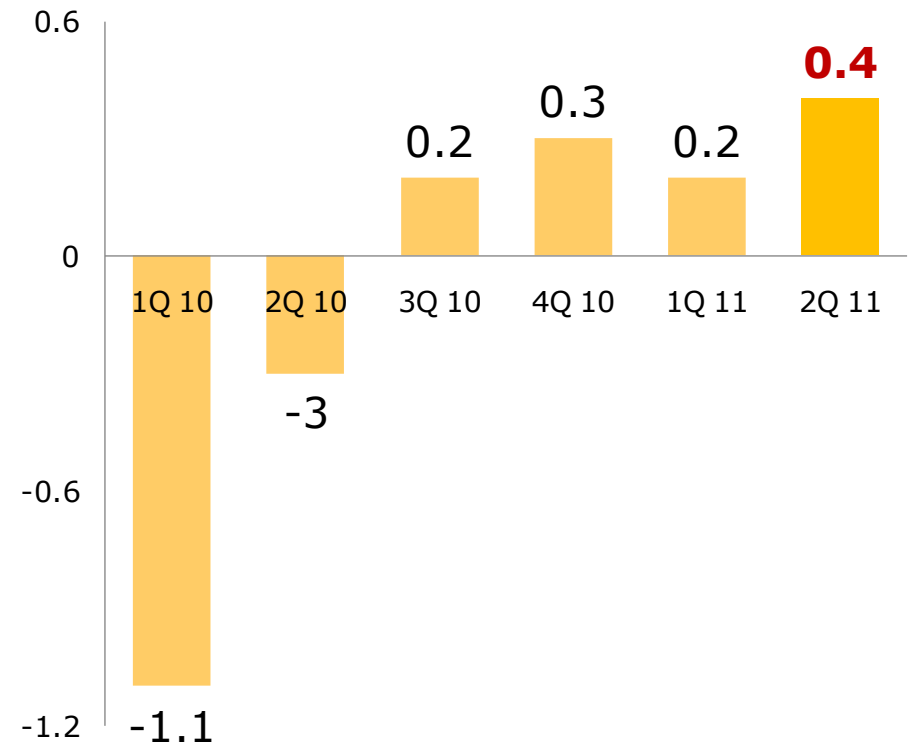
### Consolidated Net Sales

(¥ in billions)



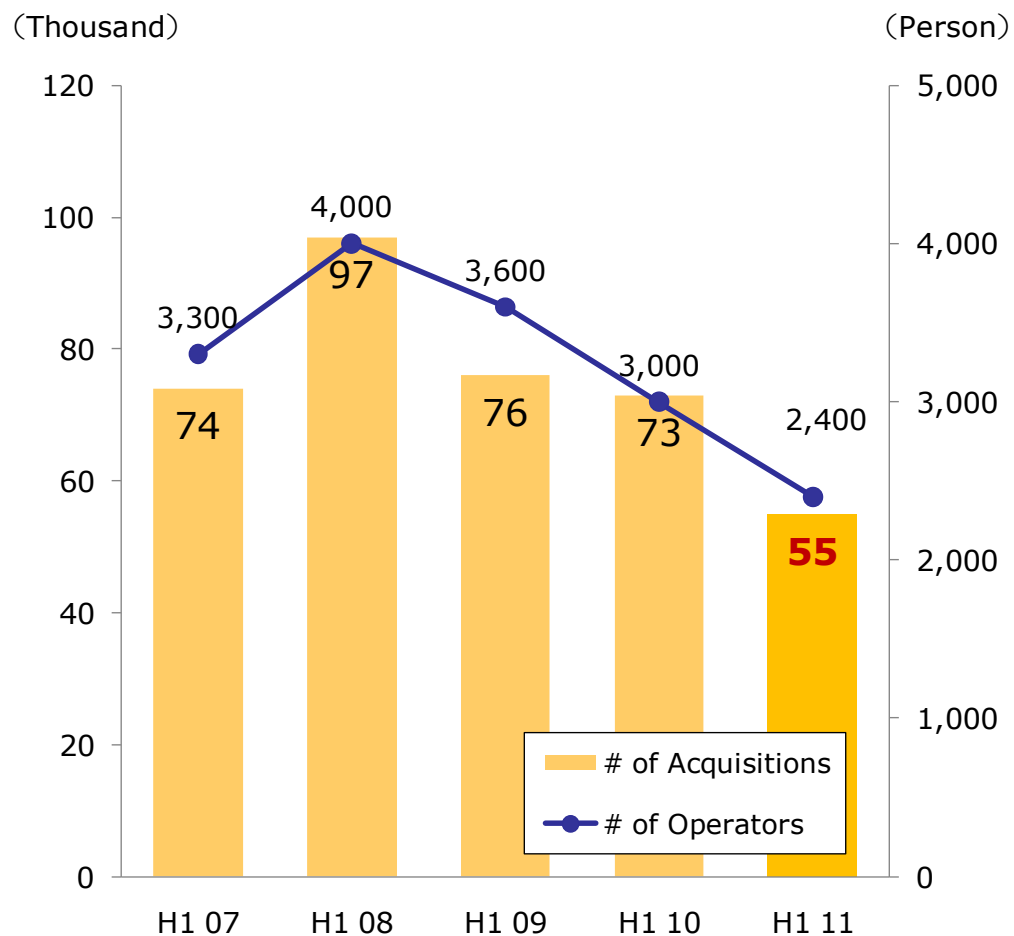
### Consolidated Operating Income

(¥ in billions)

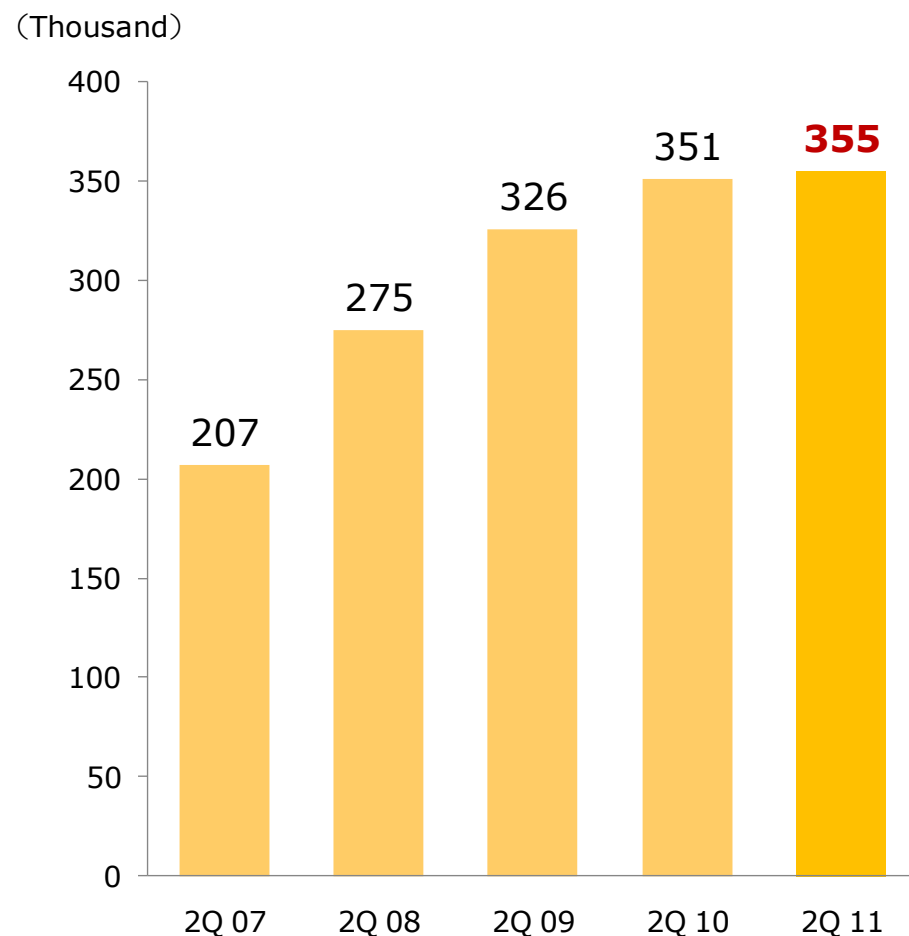


# 4 Insurance Business Overview

### Policies from Direct Sales and Number of Operations in Call Center

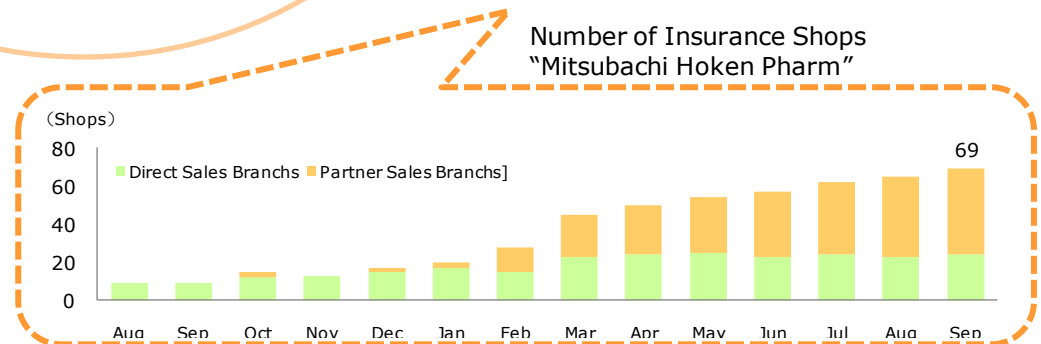
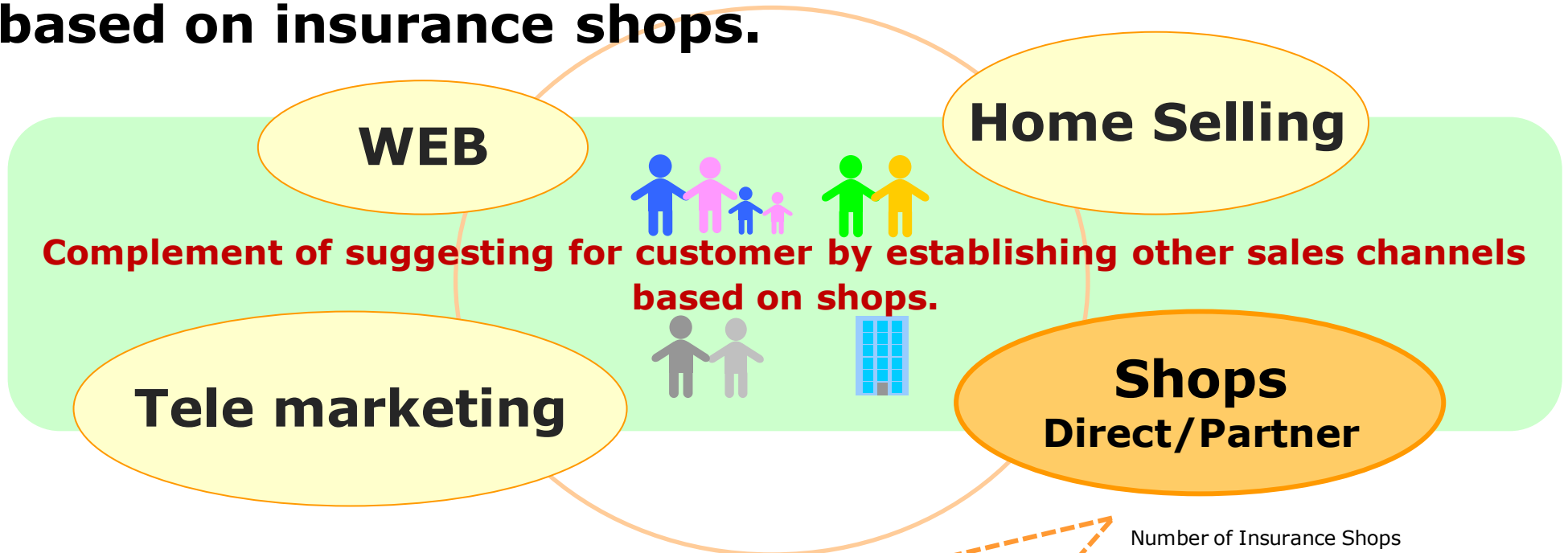


### Holding volume with recurring stock commissions



## Expanding Sales Channels

**-Find new market with diversified sales channels based on insurance shops.**



\*Including number of VL Finacila Partners Inc., associated in Hikari Tsushin.

## Media Advertising Business Overview

## Media Advertising Business

**-Set up a business enterprise through e-machi town group, consolidated company. Sales and purchase of advertisement based on Mobile and site operations.**

### Mobile Advertisement



Sales of own and others Ads

Number of Clients **No.1**  
Advertising billings **No.1**



Purchase of ads spot

Holding the highest mobile network in Japan.  
(30bn PV/month)

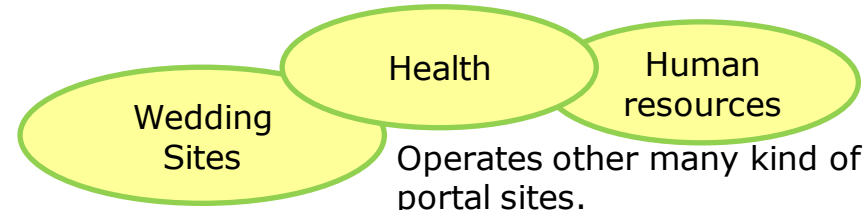
**Top Dealer for Mobile advertisement**

### Site operations



(Mothers Listed : 4747)

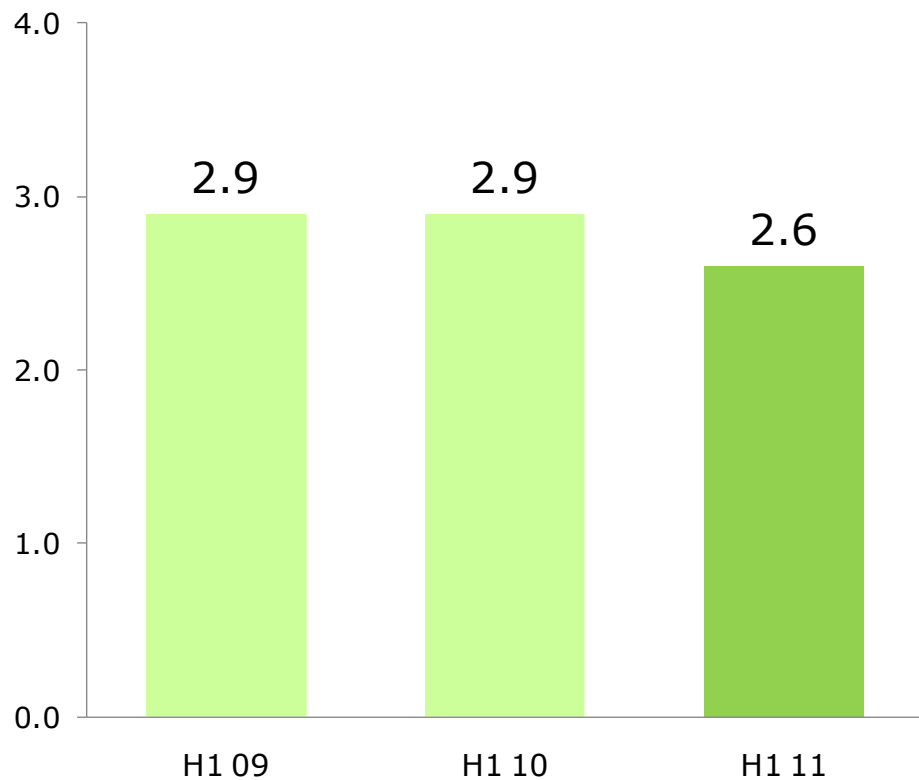
Operates the biggest town information sites, build 316 areas in Japan.



## Performance Movement

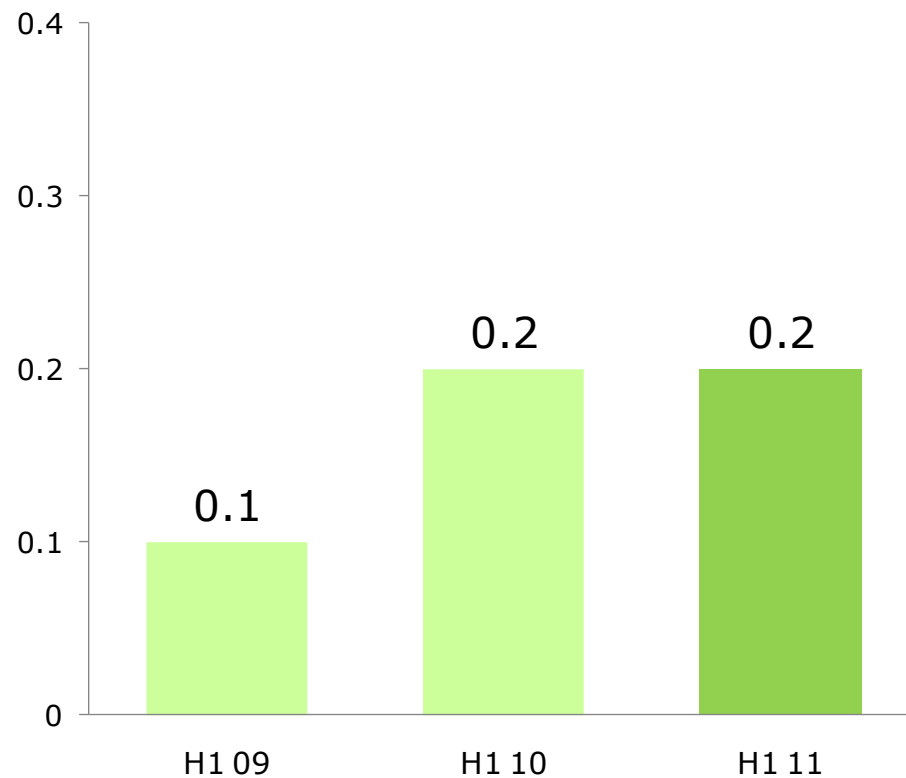
### Consolidated Net Sales

(¥ in billions)



### Consolidated Operating Income

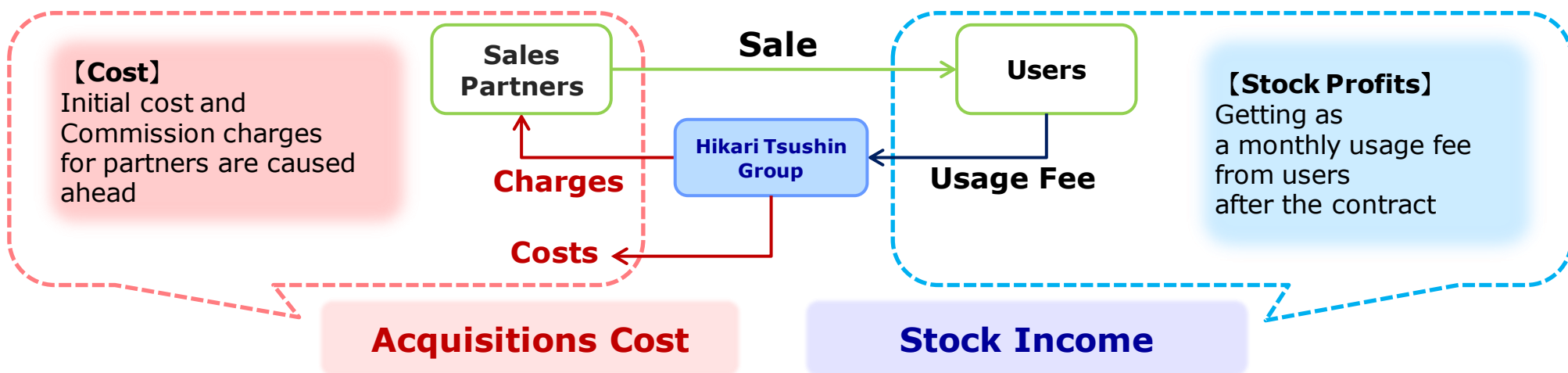
(¥ in billions)



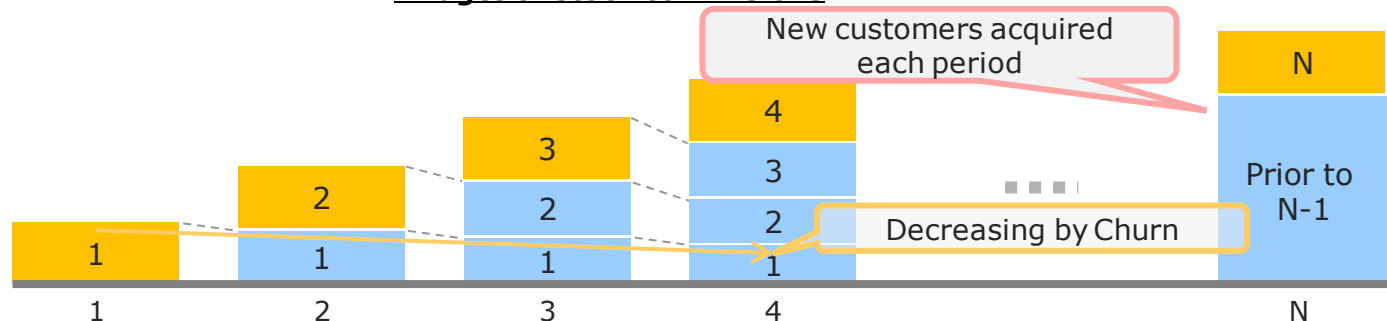
## Shifting to new profit model

## Profits Model

**-In sales of our own products, initial costs including commission charges for partners are caused ahead, but revenue from the stock commission which can be obtainable by getting usage fee from users.**



**Images of stock commissions**

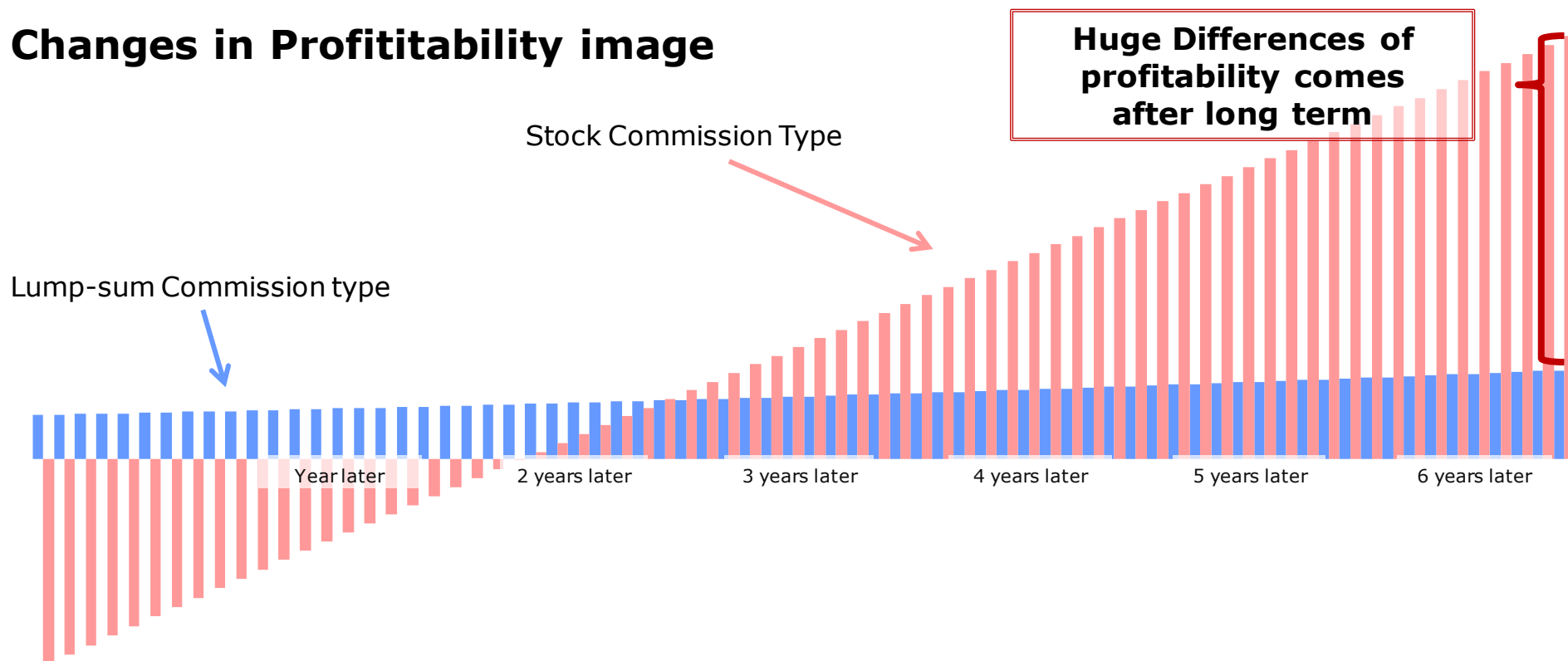


# 6 Shifting to new profit model

## Profitable differences

**-Due to shifting from lump-sum commission model to the stock commission model, profit is decreased in short term but it has a positive results in the medium and long terms.**

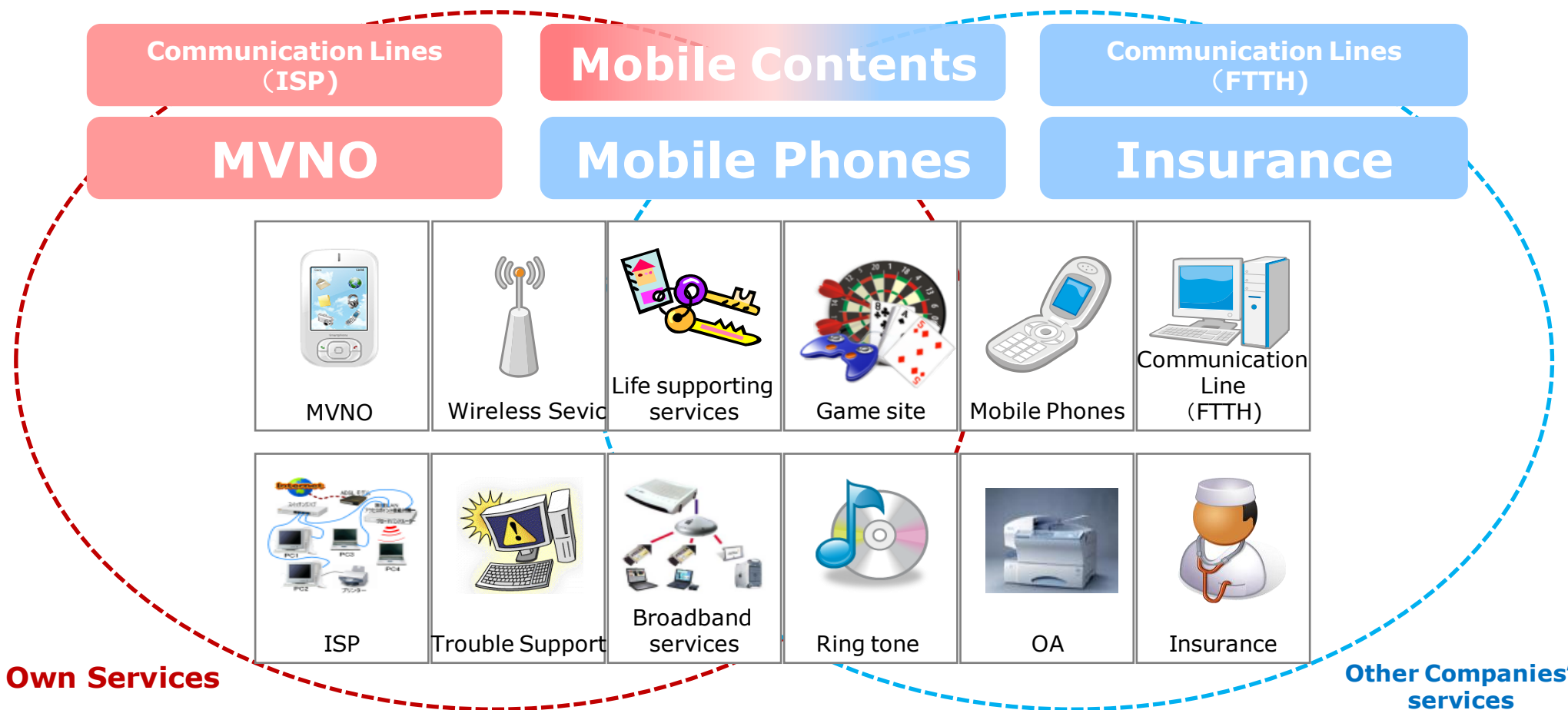
### Changes in Profitability image



# 6 Shifting to new profit model

Treated own services

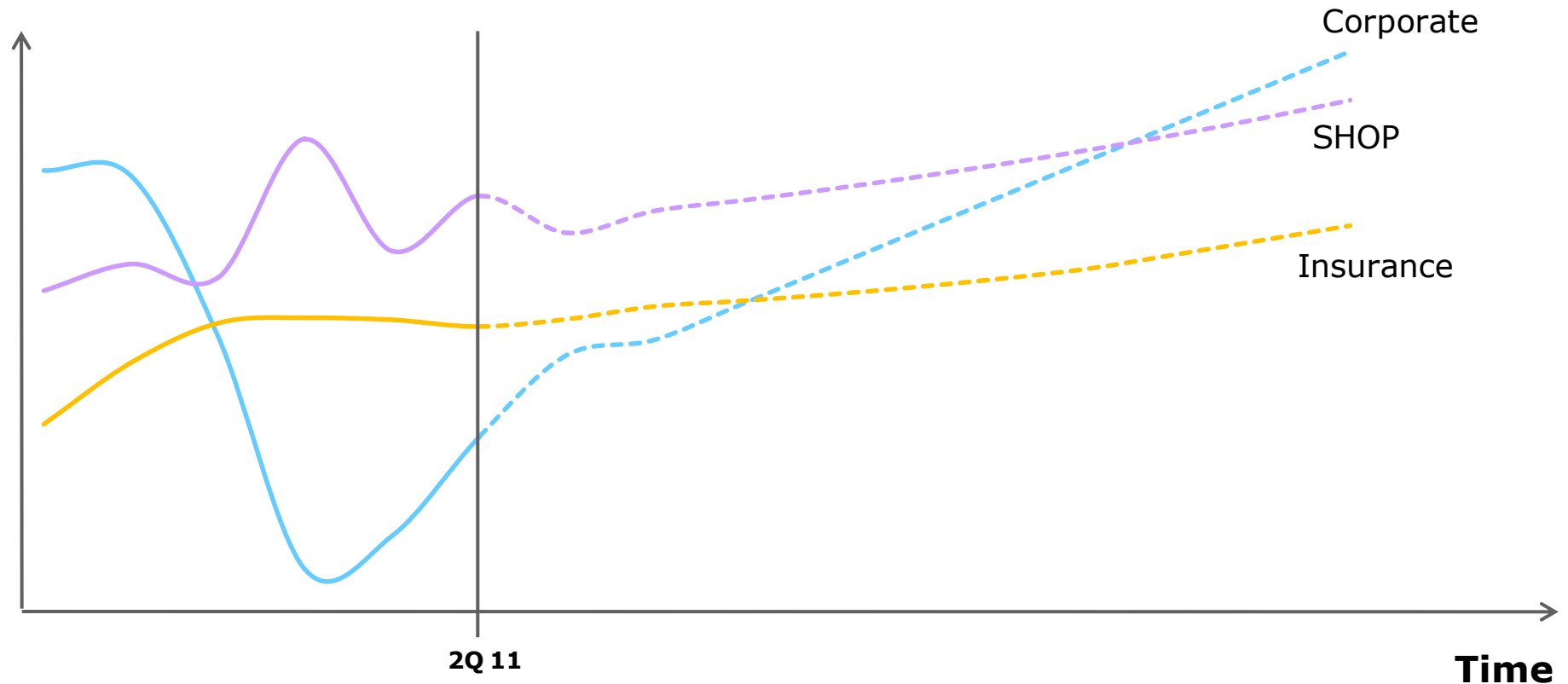
-Expand various service in own products



# Appendixes

## Revenue prospects

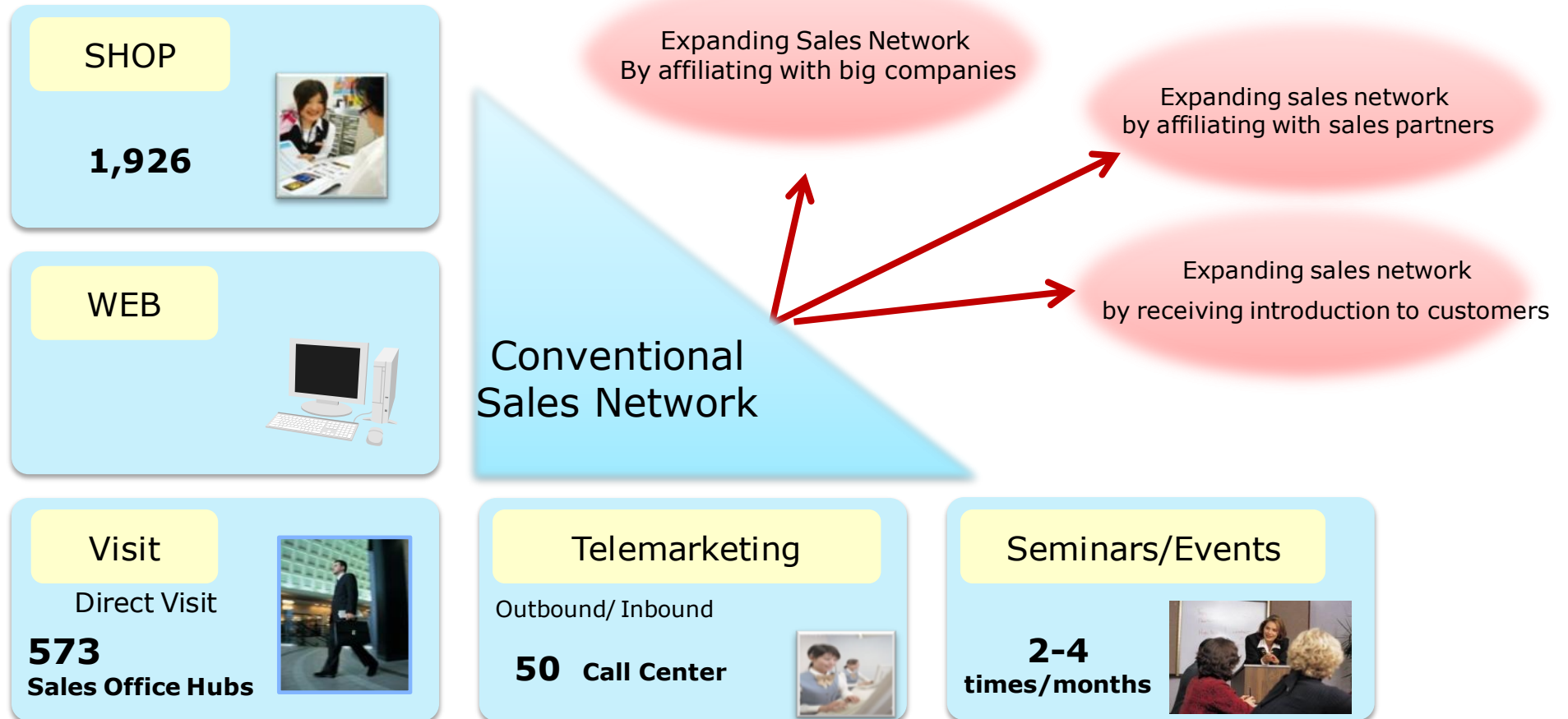
Profits



- Turnaround in all segment by 2Q 11
- Expected to be continued growth in profit

## Increasing sales channels and Expanding the sales network

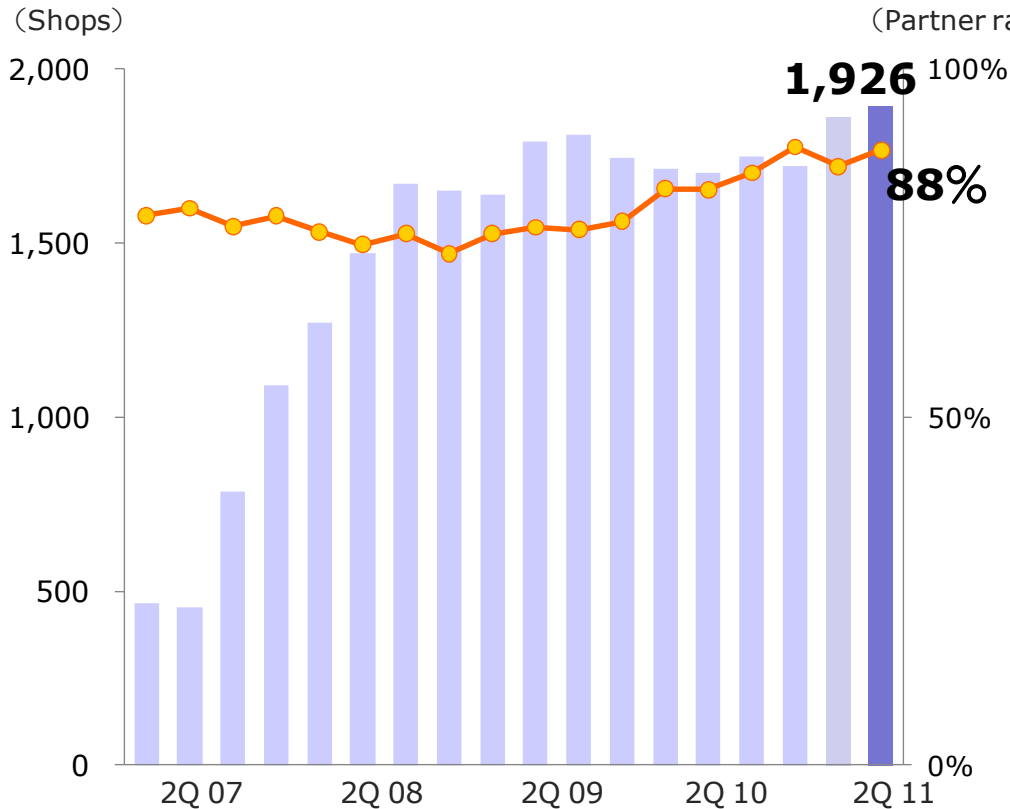
**Many Kinds of business operation expands by affiliating with powerful companies and sales partners.**



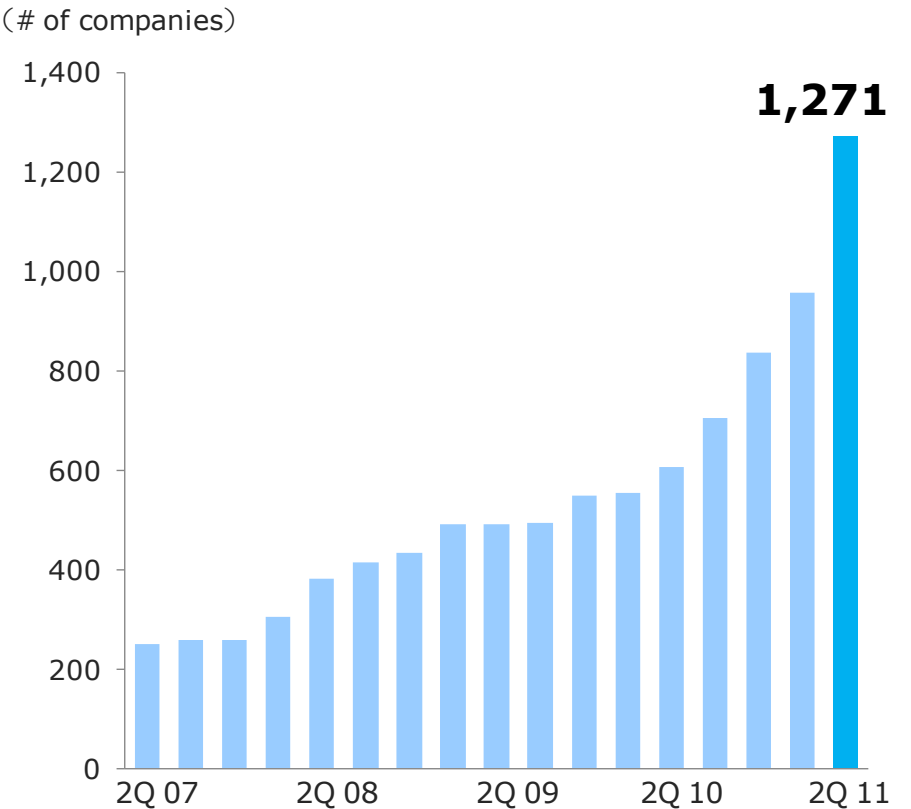
## Expand sales partners

# -Expanding sales network by affiliating sales partners.

### Number of Shops for mobile phones



### Number of Sales Partners



## Share buy-backs

**Hikari Tsushin conducts agile acquisitions for treasury stock to return more profit to shareholders.**

### Results of Share-buy- buck in FY2011

Share repurchases period	Acquisitions	Number of Shares
Jul 1, 2010 – Jul 31, 2010	198,352,500 JPY	126,200 Shares
Aug 1, 2010 – Aug 31, 2010	488,022,500 JPY	331,200 Shares
Sep 1, 2010 –Sep 30, 2010	442,693,100 JPY	270,600 Shares
<b>Total</b>	<b>1,129,068,100 JPY</b>	<b>728,000 Shares</b>

**The Company's treasury stock holdings as of the end of September;**

**Total Shares : 58,349,642 Shares**

**Shares held as treasury stock : 4,663,250 Shares**

( Rate of total number of shares 7.9%(excluding shares of treasury stock))

## Hikari Tsushin Activities

### ◆ Approach to environmental issues

We support to stop the global warming and praise "Challenge 25 Campaign" promoted by Environment Ministry.



<Turning Plastic bottle caps into Vaccines>  
Hikari Tsushin Group supports the efforts of the Eco-Cap committee.



### ◆ Launched official twitter



Hikari Tsushin opened official twitter to release the companies' information as soon as possible.

Number of Followers : 770  
Number of Tweet : 112  
Twitter Address : @HIKARITSUSHIN  
As of Oct 29, 2010.

### ◆ 9 光通信グループ | 東京都池袋清掃活動 のつく日はクリーン・デイ

With the aim of creating a clean social environment, we conduct "Clean Day" by picking up garbage around Ikebukuro Station.

They are introduced at the Toshima-ku Official homepage as "Toshima clean supporter".

A term of 10 employees on the 9<sup>th</sup>, 19<sup>th</sup> and 29<sup>th</sup> of each month can be seen cleaning the vicinity all day.



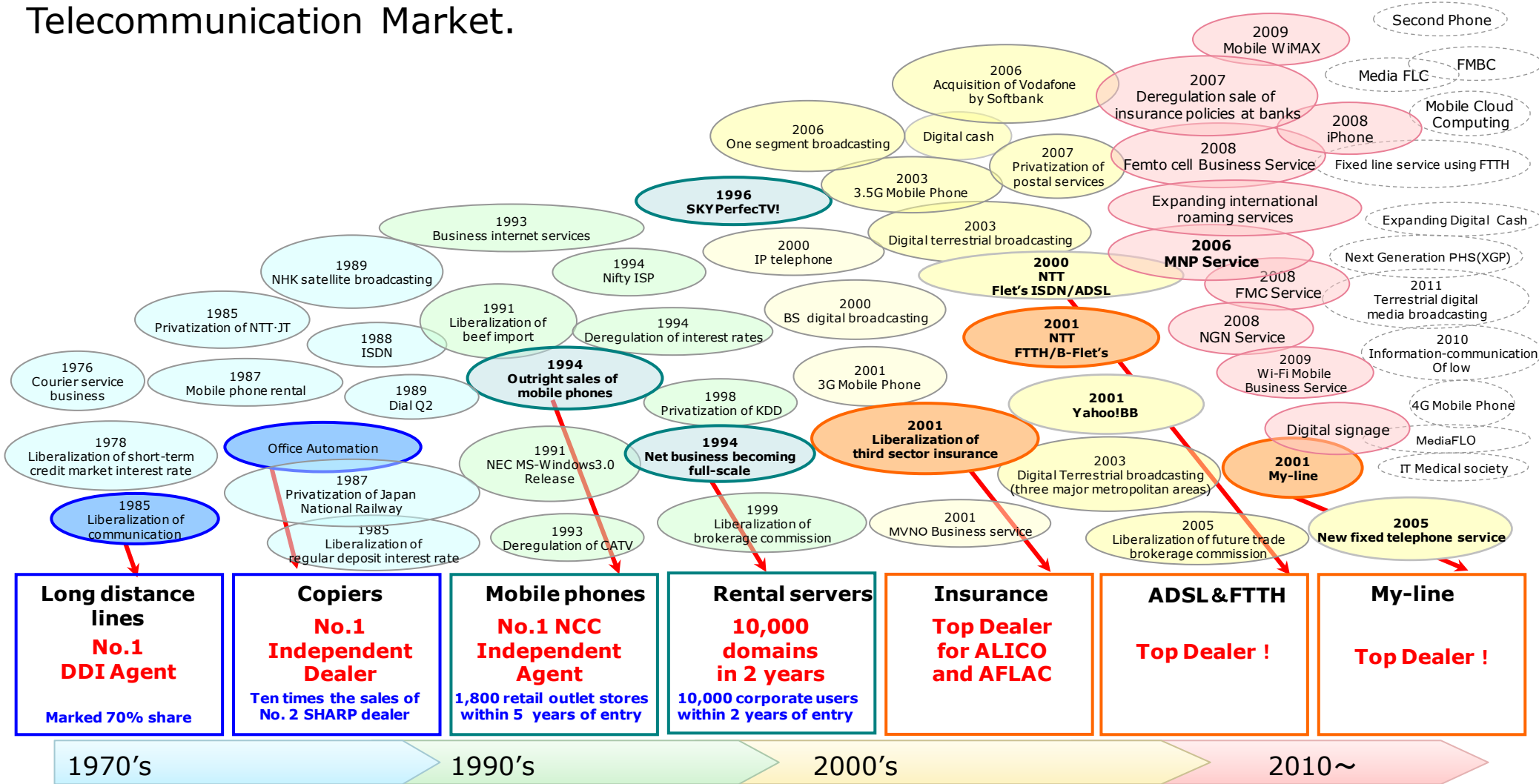
### ◆ Official Sponsor for bj-league

Make an official partner contract in 2011-2012 season with bj league which has 13 teams all over Japan in each local area.



# 7 Appendixes

Hikari Tsushin Group will aim to be **THE All-Purpose Sales Agent** and will distribute new services and products which are generated in Telecommunication Market.



# Disclaimer

This material contains “forward-looking” information, including the company’s plans, strategies, forecasts and beliefs.

Hikari Tsushin cautions readers that forward-looking statements are based on Hikari Tsushin’s current expectations, which have been derived from information that is currently available and involve a number of risks and uncertainties.

Actual results may differ significantly from information shown here.

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