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Consolidated Financial Results for the Six Months Ended September 30, 2019 [Japanese GAAP]

November 06, 2019

Company name: SKY Perfect JSAT Holdings Inc.

Stock exchange listing: Tokyo

Code number: 9412

URL: <https://www.skyperfectjsat.space/>

Representative: Eiichi Yonekura

Representative Director, President

Contact: Masao Nito

Director

Phone: 03-5571-1500

Scheduled date of filing quarterly securities report: November 08, 2019

Scheduled date of commencing dividend payments: December 02, 2019

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 01, 2019 to September 30, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Operating revenues | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------------------------|--------------------|--------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Six months ended September 30, 2019 | 69,271 | (26.2) | 8,331 | (13.4) | 8,808 | (14.9) | 5,943 | (12.1) |
| September 30, 2018 | 93,838 | 27.3 | 9,615 | 8.3 | 10,345 | 9.4 | 6,760 | 5.5 |

(Note) Comprehensive income: Six months ended September 30, 2019: ¥ 5,028 million [(31.2)%]
Six months ended September 30, 2018: ¥ 7,307 million [4.1%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Six months ended | Yen | Yen |
| September 30, 2019 | 20.01 | - |
| September 30, 2018 | 22.76 | - |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|--------------------|--------------|-------------|------------------------|----------------------|
| As of | Million yen | Million yen | % | Yen |
| September 30, 2019 | 373,816 | 224,813 | 59.9 | 754.10 |
| March 31, 2019 | 376,102 | 224,014 | 58.9 | 745.26 |

(Reference) Equity: As of September 30, 2019: ¥ 223,974 million
As of March 31, 2019: ¥ 221,349 million

2. Dividends

| | Annual dividends | | | | |
|---|--------------------|--------------------|--------------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2019 | - | 9.00 | - | 9.00 | 18.00 |
| Fiscal year ending March 31, 2020 | - | 9.00 | | | |
| Fiscal year ending March 31, 2020 (Forecast) | | | - | 9.00 | 18.00 |

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2020 :

| | |
|------------------------|-------|
| Commemorative dividend | - yen |
| Special dividend | - yen |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020(April 01, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

| | Operating revenues | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------|--------------------|--------|------------------|-------|-----------------|-------|---|-----|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 143,500 | (12.5) | 15,000 | (1.9) | 15,500 | (6.9) | 10,000 | 3.3 | 33.67 |

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2019

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2019: 297,007,848 shares

March 31, 2019: 344,603,700 shares

2) Total number of treasury shares at the end of the period:

September 30, 2019: - shares

March 31, 2019: 47,595,852 shares

3) Average number of shares during the period:

Six months ended September 30, 2019: 297,007,848 shares

Six months ended September 30, 2018: 297,007,848 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31,2019 | As of September 30,2019 |
|--|---------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 28,590 | 26,747 |
| Accounts receivable - trade | 77,520 | 75,028 |
| Lease receivables | 3,063 | 3,001 |
| Securities | 19,499 | 20,499 |
| Broadcasting rights | 1,407 | 2,528 |
| Merchandise | 632 | 622 |
| Work in process | 31,602 | 34,555 |
| Supplies | 320 | 367 |
| Short-term loans receivable | 202 | 392 |
| Accounts receivable - other | 343 | 81 |
| Other | 3,228 | 3,976 |
| Allowance for doubtful accounts | (445) | (614) |
| Total current assets | 165,966 | 167,187 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 9,667 | 9,472 |
| Machinery, equipment and vehicles, net | 22,337 | 26,205 |
| Telecommunications satellites, net | 93,147 | 87,381 |
| Land | 2,924 | 2,924 |
| Construction in progress | 15,422 | 15,948 |
| Other, net | 3,870 | 4,631 |
| Total property, plant and equipment | 147,370 | 146,563 |
| Intangible assets | | |
| Goodwill | 2,701 | 2,262 |
| Software | 6,726 | 6,003 |
| Other | 62 | 61 |
| Total intangible assets | 9,490 | 8,327 |
| Investments and other assets | | |
| Investment securities | 20,565 | 20,104 |
| Long-term loans receivable | 20,023 | 19,256 |
| Deferred tax assets | 9,502 | 9,296 |
| Other | 3,184 | 3,081 |
| Total investments and other assets | 53,275 | 51,738 |
| Total non-current assets | 210,136 | 206,629 |
| Total assets | 376,102 | 373,816 |

(Million yen)

| | As of March 31,2019 | As of September 30,2019 |
|--|---------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 358 | 359 |
| Current portion of bonds | - | 5,000 |
| Current portion of long-term borrowings | 5,208 | 5,455 |
| Accounts payable - other | 10,340 | 8,860 |
| Income taxes payable | 2,393 | 3,162 |
| Subscription fees received | 8,222 | 8,407 |
| Unearned revenue | 2,881 | 7,588 |
| Provision for bonuses | 605 | 532 |
| Other | 7,837 | 3,839 |
| Total current liabilities | 37,846 | 43,205 |
| Non-current liabilities | | |
| Bonds payable | 20,000 | 15,000 |
| Long-term borrowings | 82,878 | 79,468 |
| Deferred tax liabilities | 427 | 331 |
| Provision for retirement benefits for directors (and other officers) | 6 | 6 |
| Retirement benefit liability | 6,002 | 6,101 |
| Asset retirement obligations | 2,203 | 2,260 |
| Other | 2,723 | 2,629 |
| Total non-current liabilities | 114,240 | 105,798 |
| Total liabilities | 152,087 | 149,003 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 10,000 | 10,000 |
| Capital surplus | 158,054 | 131,984 |
| Retained earnings | 79,823 | 83,093 |
| Treasury shares | (26,268) | - |
| Total shareholders' equity | 221,609 | 225,078 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 293 | (47) |
| Deferred gains or losses on hedges | (736) | (948) |
| Foreign currency translation adjustment | 482 | 186 |
| Remeasurements of defined benefit plans | (299) | (295) |
| Total accumulated other comprehensive income | (260) | (1,104) |
| Non-controlling interests | 2,665 | 839 |
| Total net assets | 224,014 | 224,813 |
| Total liabilities and net assets | 376,102 | 373,816 |

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

| | For the six months ended September 30,2018 | For the six months ended September 30,2019 |
|---|---|---|
| Operating revenue | 93,838 | 69,271 |
| Operating cost | 66,479 | 44,776 |
| Operating gross profit | 27,358 | 24,495 |
| Selling, general and administrative expenses | 17,743 | 16,164 |
| Operating profit | 9,615 | 8,331 |
| Non-operating income | | |
| Interest income | 1,003 | 1,156 |
| Dividend income | 19 | 9 |
| Share of profit of entities accounted for using equity method | 143 | 229 |
| Foreign exchange gains | 82 | - |
| Other | 209 | 100 |
| Total non-operating income | 1,459 | 1,497 |
| Non-operating expenses | | |
| Interest expenses | 699 | 960 |
| Foreign exchange losses | - | 43 |
| Other | 29 | 15 |
| Total non-operating expenses | 728 | 1,019 |
| Ordinary profit | 10,345 | 8,808 |
| Extraordinary income | | |
| Income from compensation for damage | 6 | - |
| Total extraordinary income | 6 | - |
| Profit before income taxes | 10,351 | 8,808 |
| Income taxes - current | 3,631 | 2,720 |
| Income taxes - deferred | (49) | 211 |
| Total income taxes | 3,581 | 2,932 |
| Profit | 6,770 | 5,876 |
| Profit (loss) attributable to non-controlling interests | 10 | (67) |
| Profit attributable to owners of parent | 6,760 | 5,943 |

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

| | For the six months ended September 30,2018 | For the six months ended September 30,2019 |
|--|---|---|
| Profit | 6,770 | 5,876 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 171 | (345) |
| Deferred gains or losses on hedges | 1,612 | (201) |
| Foreign currency translation adjustment | (1,239) | (296) |
| Remeasurements of defined benefit plans, net of tax | 2 | 4 |
| Share of other comprehensive income of entities accounted for using equity method | (8) | (9) |
| Total other comprehensive income | 537 | (847) |
| Comprehensive income | 7,307 | 5,028 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 7,263 | 5,099 |
| Comprehensive income attributable to non-controlling interests | 44 | (71) |

Quarterly Consolidated Statements of Cash Flows

(Million yen)

| | For the six months ended September 30,2018 | For the six months ended September 30,2019 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 10,351 | 8,808 |
| Depreciation | 11,164 | 12,004 |
| Amortization of goodwill | 439 | 439 |
| Interest and dividend income | (1,023) | (1,166) |
| Interest expenses | 699 | 960 |
| Share of loss (profit) of entities accounted for using equity method | (143) | (229) |
| Decrease (increase) in trade receivables | (22,931) | 2,471 |
| Decrease in Broadcasting rights | (565) | (1,120) |
| Decrease (increase) in accounts receivable - other | 1,788 | 262 |
| Decrease (increase) in inventories | 17,471 | (2,989) |
| Increase (decrease) in accounts payable - other | (3,406) | (1,479) |
| Increase (decrease) in unearned revenue | 3,320 | 4,709 |
| Decrease (increase) in lease receivables | (1,089) | 62 |
| Other, net | (794) | (1,707) |
| Subtotal | 15,281 | 21,024 |
| Interest and dividends received | 503 | 730 |
| Interest paid | (599) | (612) |
| Income taxes paid | (2,950) | (1,965) |
| Net cash provided by (used in) operating activities | 12,234 | 19,176 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (6,778) | (11,566) |
| Purchase of intangible assets | (1,486) | (1,208) |
| Purchase of investment securities | (16) | (14) |
| Purchase of shares of subsidiaries and associates | (2,239) | (21) |
| Proceeds from share of profits on investments in capital | 4 | 16 |
| Long-term loan advances | (4,399) | - |
| Other, net | 37 | (74) |
| Net cash provided by (used in) investing activities | (14,878) | (12,867) |
| Cash flows from financing activities | | |
| Repayments of finance lease obligations | (56) | (57) |
| Proceeds from long-term borrowings | 17,413 | - |
| Repayments of long-term borrowings | (1,675) | (2,476) |
| Dividends paid | (2,671) | (2,670) |
| Dividends paid to non-controlling interests | (38) | (39) |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | - | (1,860) |
| Net cash provided by (used in) financing activities | 12,971 | (7,104) |
| Effect of exchange rate change on cash and cash equivalents | (13) | (47) |
| Net increase (decrease) in cash and cash equivalents | 10,314 | (843) |
| Cash and cash equivalents at beginning of period | 46,304 | 48,089 |
| Cash and cash equivalents at end of period | 56,619 | 47,246 |