



Earning Results Briefing for 2Q/2019

November 7, 2019

SKY Perfect JSAT Holdings Inc.

Statements about the SKY Perfect JSAT Group's forecasts, strategies, management policies, and targets contained in this presentation that are not based on historical facts constitute forward-looking statements. These statements are based on management's assumptions, plans, expectations and judgments in light of information available at the time. These forward-looking statements are subject to a variety of risks and uncertainties. Therefore, actual results may differ materially from forecasts. The primary risks and uncertainties currently assumed by the SKY Perfect JSAT Group include, but are not limited to, the following:

<General Management Risks>

- Risks related to constraints imposed on the Group's business due to legal regulations related to Group's business operations
- Risks related to customer information security and trouble of customer information management system
- Risks related to major equipment failures due to large-scale disasters

<Risks related to Satellite Infrastructure>

- Risks related to communications satellite malfunctions and/or impaired operations
- Risks related to communications satellite acquisition
- Risks related to securing satellite insurance

<Risks related to Multichannel Pay TV Broadcast Platform Services>

- Risks related to subscriber acquisition/retention
- Risks related to broadcasters
- Risks related to subscriber management system
- Risks related to IC card security, etc.

Consolidated Business Performance for 2Q/2019

- Both Revenue and net income(Profit attributable to owners of parent) are generally progressing according to the full-year forecast.

Revenue and profit were down from the same period of the previous year due to divergence in sales of satellite (FY2018 1Q: ¥23 billion) to the Ministry of Defense. (Unit: ¥ millions)

	FY2018/2Q cumulative	FY2019/2Q cumulative	Year-On-Year Comparison	Progress on FY2019 Forecast	FY2019 Full-Year Forecast
Revenue	93,838	69,271	(26.2%)	48.3%	143,500
Operating Income	9,615	8,331	(13.4%)	55.5%	15,000
Ordinary Income	10,345	8,808	(14.9%)	56.8%	15,500
Profit Attributable to Owners of Parent	6,760	5,943	(12.1%)	59.4%	10,000
EBITDA *	22,644	22,279	(1.6%)	53.0%	42,000

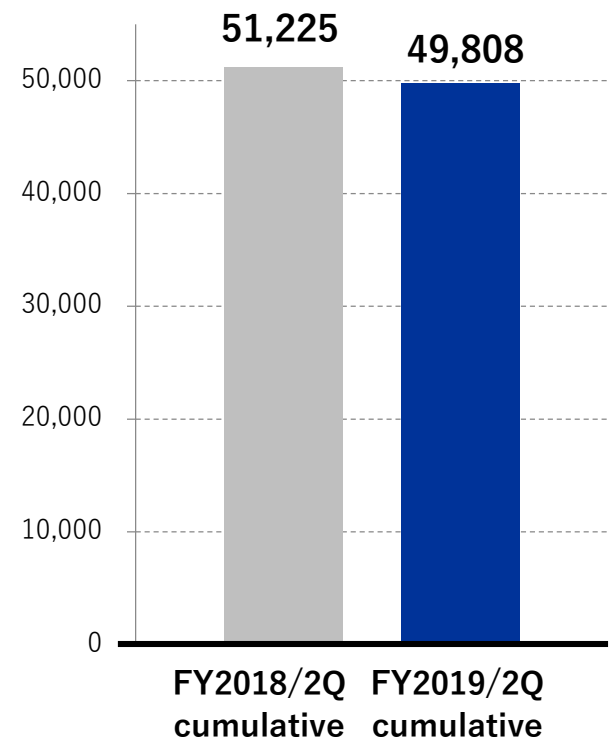
*1: EBITDA is calculated as Net Income + Tax Expense + Goodwill Amortization + Depreciation Expense+ Interest Expense

Earnings Overview for Media Business (Year-on-Year Comparison)

■ Segment profit (net income for the quarter) was ¥1.9 billion (down ¥0.2 billion from the same period of the previous year).

Revenue

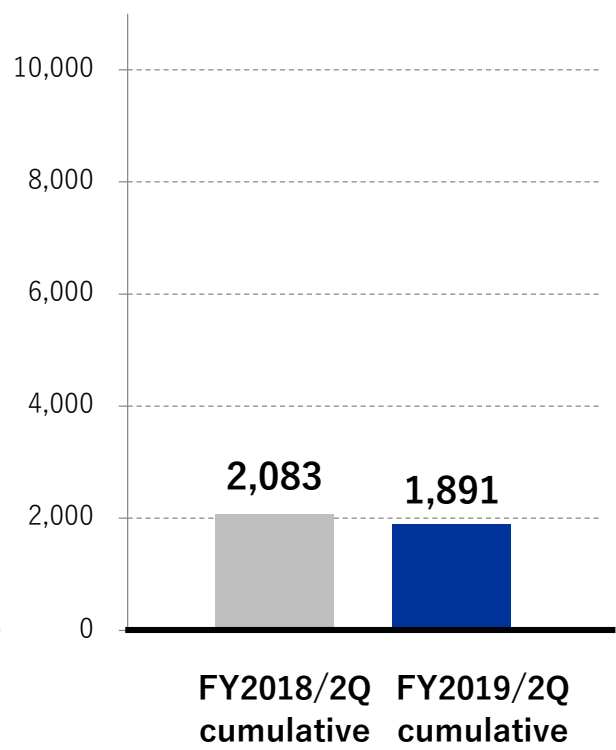
(Unit: ¥ millions)



Segment profit

(net income for the quarter)

(Unit: ¥ millions)



Factors causing the changes in segment profit

■ Revenue(¥1.4 billion)*

- Increased revenue from optical re-transmission service fees: +¥1.0 B
- Decrease in business commission fees: (¥0.3 B)
- Decrease in subscription fees: (¥2.1 B)

■ Operating expenses (¥1.1 billion)*

- Decrease in content costs: (¥0.7 B)
- Decrease in program provision expenses: (¥1 B)
- Decrease in Promotion expenses, etc.: (¥1.2 B)
- Increase in usage for transponders: +¥0.7 B
- Increase in depreciation expenses: +¥1.1 B

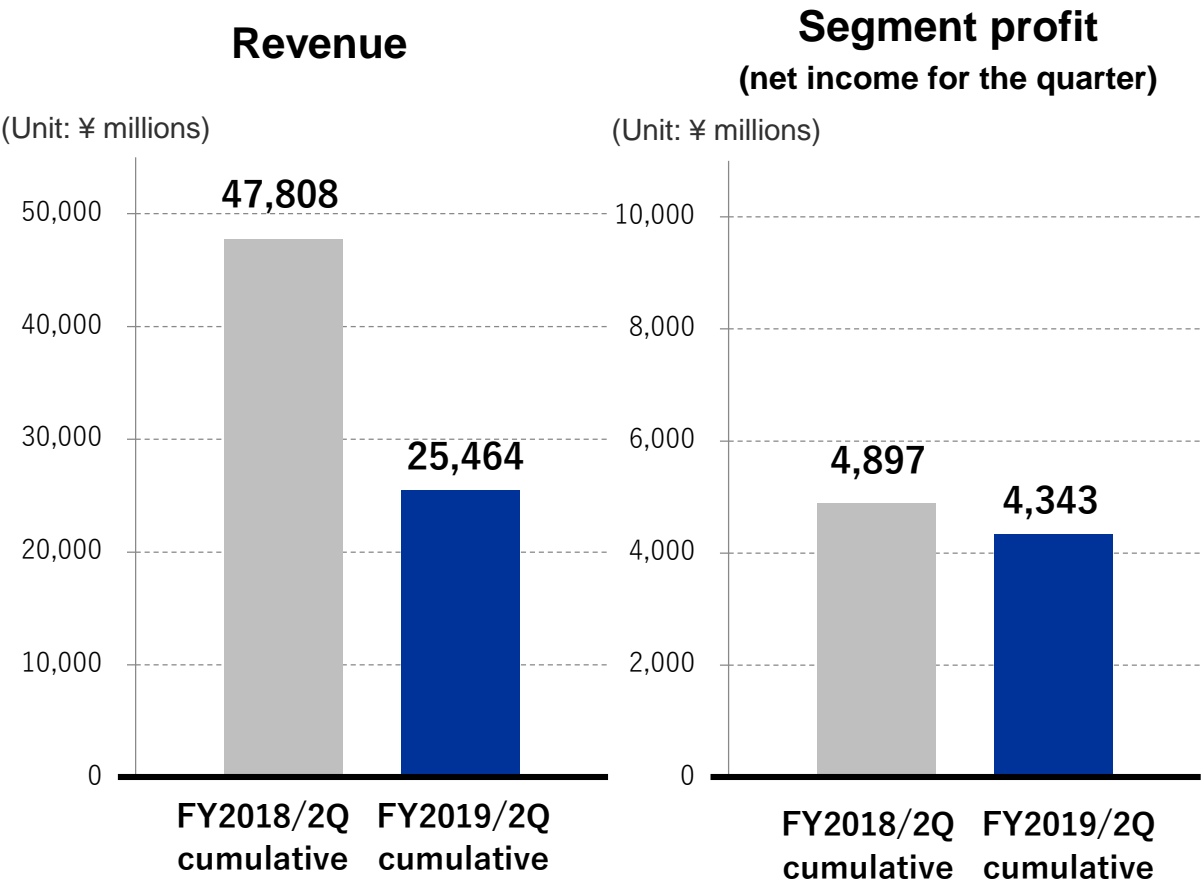
■ Other

- Special gain/loss, etc.: None

* Inter-segment Transactions included.

Earnings Overview for Space Business (Year-on-Year Comparison)

- Segment profit (net income for the quarter) was ¥4.3 billion (down ¥0.6 billion from the same period of the previous year).
- North American subsidiary JSAT International Inc. revenue increased ¥0.4 billion due to new satellite, Horizons 3e.



Factors causing the changes in segment profit

- **Revenue(¥22.3 billion)***
 - Increase in North American subsidiary revenue: +¥0.4 B
 - Increase in broadcasting transponder-related revenue: +¥0.5 B
 - Decrease in other transponder-related revenues: (¥0.2 B)
 - Divergence of sales of communication satellite to the Ministry of Defense: (¥23.0 B)
- **Operating expenses: (¥21.3 billion)***
 - Decrease in depreciation expenses: (¥0.2 B)
 - Increase in North American subsidiary operating expenses: +¥0.7 B
 - Decrease in satellite business related cost, etc.: (¥21.8 B)
- **Other**
 - Special gain/loss, etc.: None

Media Business

In addition to SKY PerfecTV! Premium Service, WOWOW is now available as part of SKY PerfecTV! service

Aim to expand subscription fee income by linking SKY PerfecTV!'s full lineup of channels to WOWOW content.
A broad lineup of attractive content that will please fans.

◆ Expansion of content

European soccer

**Bundesliga
Serie A
Portugal League, Belgium League**

La Liga/La Liga 2



getty images

SKY PerfecTV! Soccer Set + WOWOW discount campaign (until December 31, 2019)

Tennis

**ATP Tour
(on GAORA)**

**Australian Open Tennis
(January, 2020)**



"Australian Open Tennis": Photo: Aflo

Golf

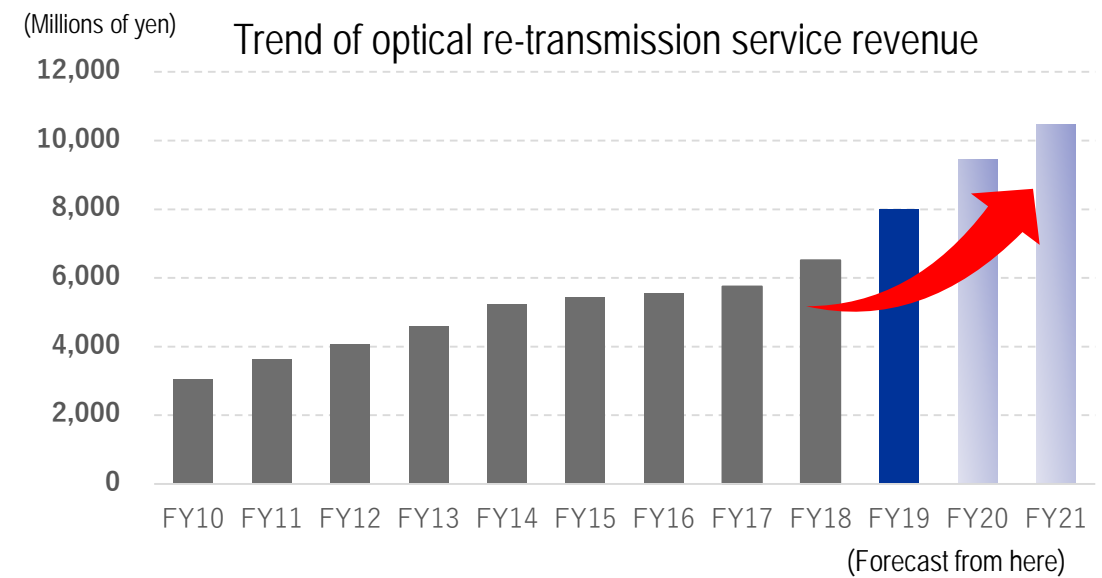
**PGA Tour (on Golf Network)
Domestic pro tour
(on Nippon TV G+/SKY A, etc.)**

LPGA Ladies Golf Tour



getty images

■ Optical re-transmission service revenue has increased each year

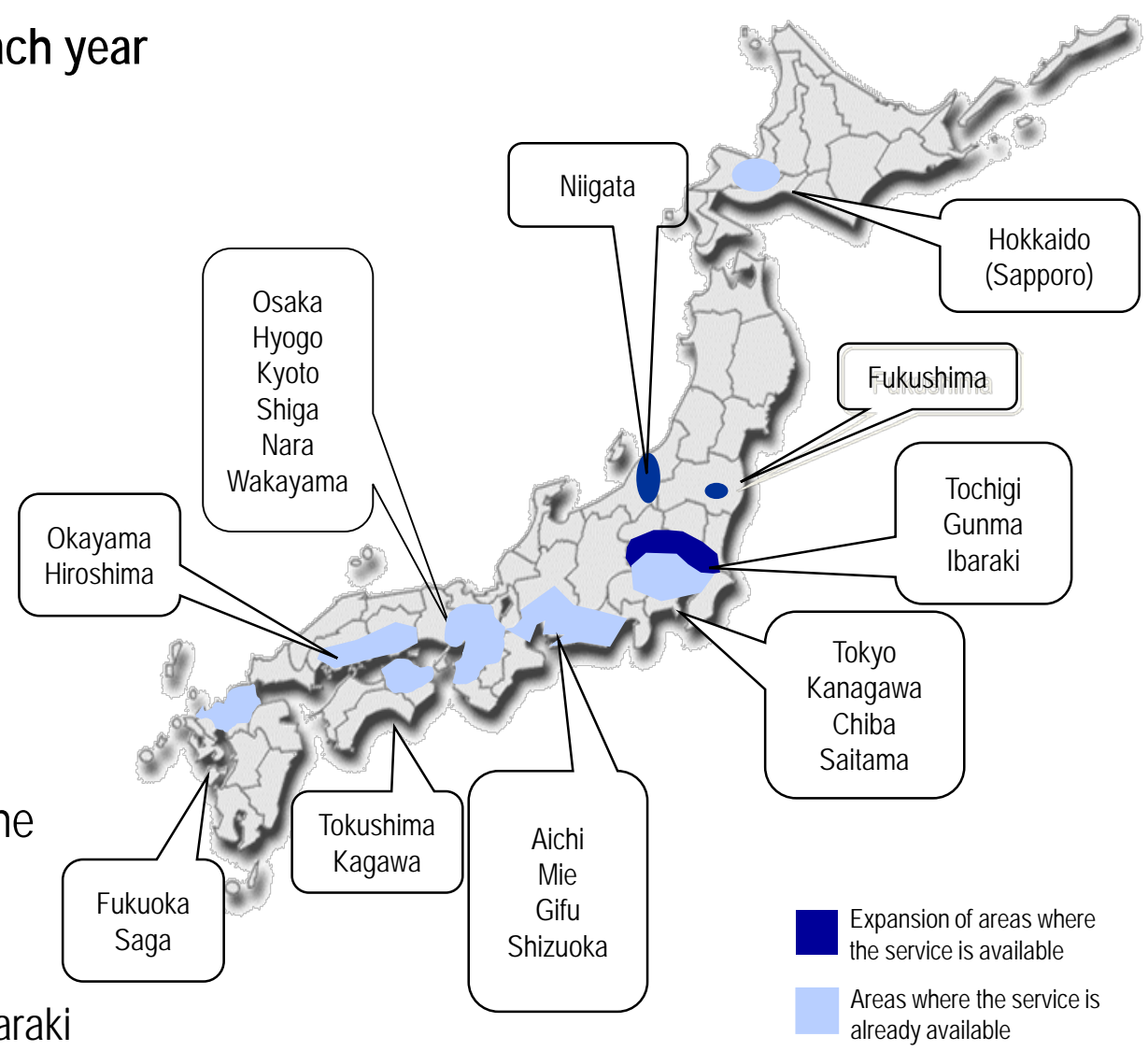


■ Areas where the service is available (figure to the right)

- We have been able to provide services to around 30 million households (as of November 2019). We will gradually expand the service area.

<Expansion areas>

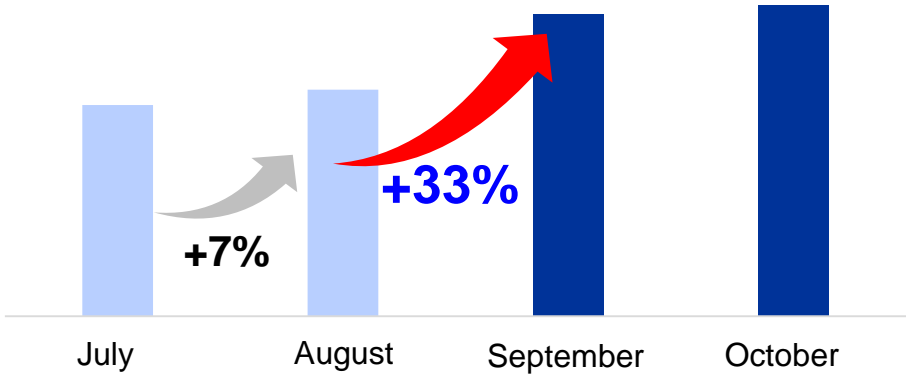
Starting in December 2019: Niigata , Fukushima , Tochigi , Gunma , Ibaraki



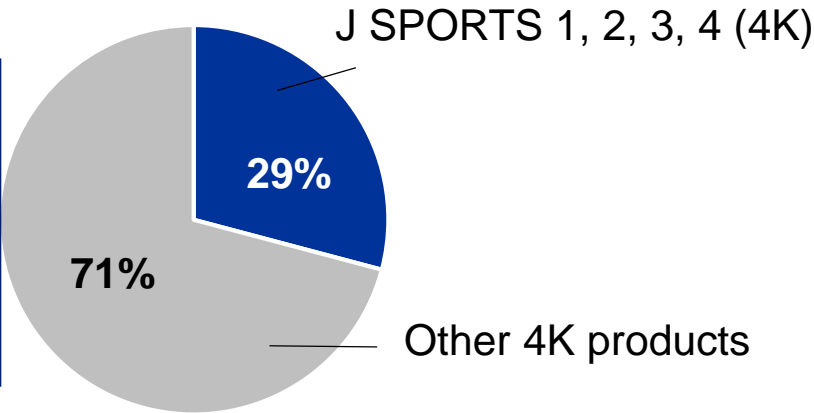
Expansion of 4K broadcasting/Sports content (Rugby)

- Sports content is the driving force of 4K broadcasting Expansion.
- Increased subscription to J SPORTS high-resolution 4K broadcasts related to Rugby World Cup 2019

Trend of J SPORTS 4K subscribers



Percentage of 4K products held by J SPORTS (As of end of Oct. 2019)

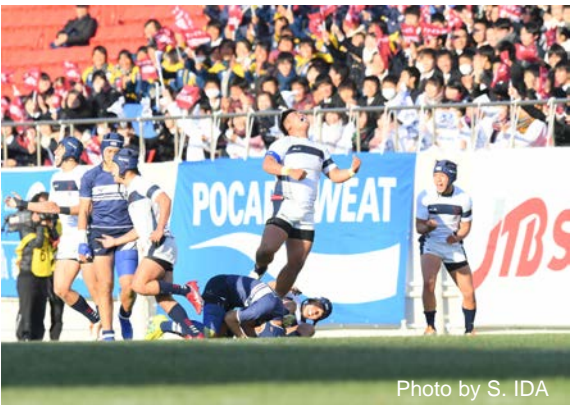


■ Future rugby content

Rugby World Cup 2019 in Japan, etc. (December)



[University/high school rugby]
All-Japan University Rugby Championship 19/20
99th National High School Rugby Football tournaments, etc.



Super Rugby 2020 (Starting in February)



Six Nations Rugby (Starting in February)



J SPORTS

WOWOW

Space Business

- Two HTS satellites operation will start after launch of JCSAT-18.

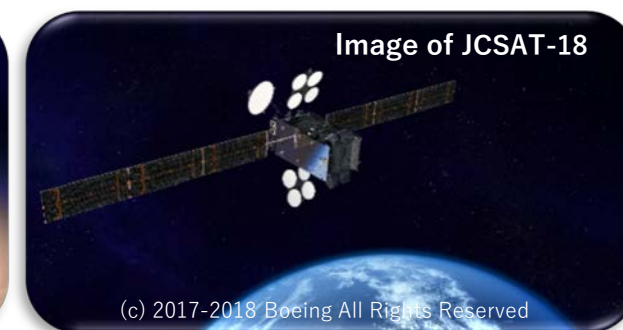
Provision of ground station services for customers at four sites in Japan.

JCSAT-18

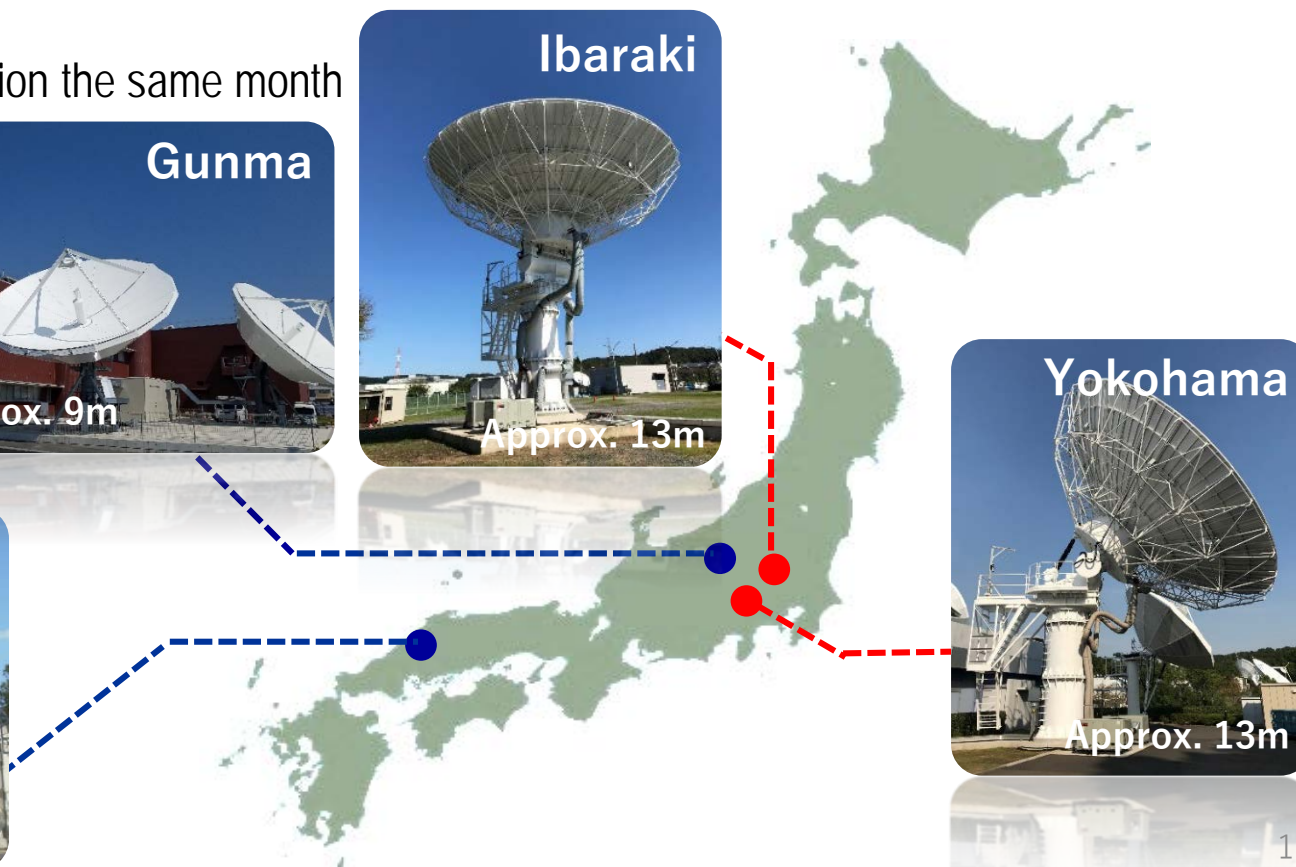
- Launch scheduled for December 2019
- Gateway stations in Yokohama and Ibaraki scheduled for completion the same month

Horizons 3e

- Successfully launched in September 2018
- Gateway stations in operation in Gunma and Yamaguchi



- JCSAT-18 gateway station
- Horizons 3e gateway station



- Transfer of SDS-4 from JAXA as the company's first low-orbit satellite is scheduled for December 2019
- SKY Perfect JSAT (SJC) was selected as the partner for "Normal operation of JAXA's Engineering Test Satellite 9 (ETS-9)* bus and reached on the agreement of installation of piggyback payloads, etc."



© JAXA

- SJC will operate ETS-9.
- SJC's mission will piggyback on the same satellite, and use it for consideration of new services, etc.

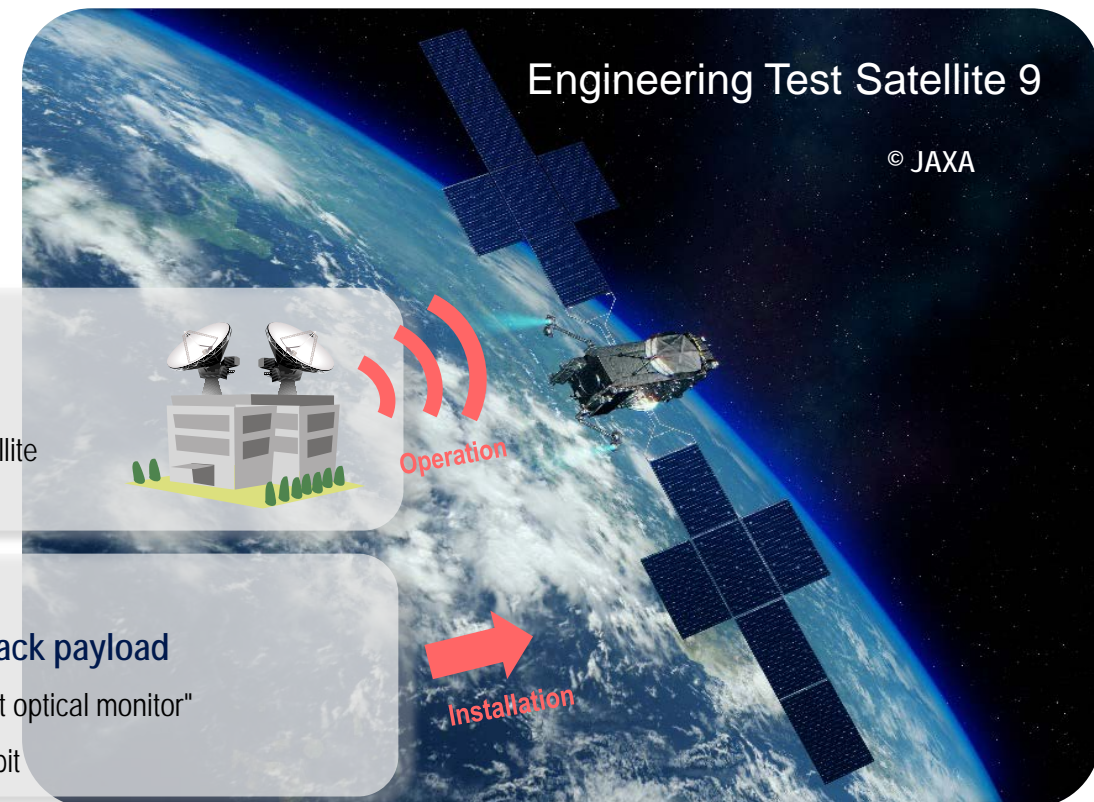
* A satellite for verification of new communication technology and the satellite bus technology to install communication devices to achieve it.

Range of SJC's order reception (1): Operation of the ETS-9 bus

ETS-9 will be operated from Yokohama Satellite Control Center

Range of SJC's order reception (2): Additional installation of piggyback payload

Installation of SJC's proposed "stationary orbit optical monitor"
Film the status of debris, etc., in stationary orbit



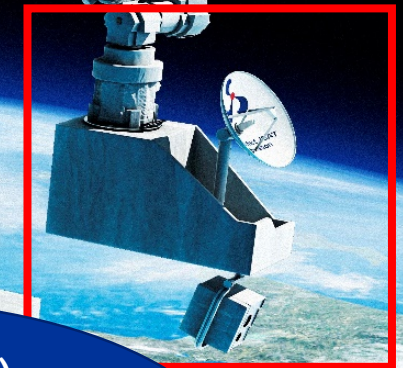
World's first!! Opening of a space studio on the International Space Station (JAXA x Bascule Inc. x SKY Perfect JSAT)

Phase 1.0 (After 2020 summer)
Opening of a studio inside "Kibo"
By Bascule Inc.

SKY Perfect JSAT will join as a content distributor.

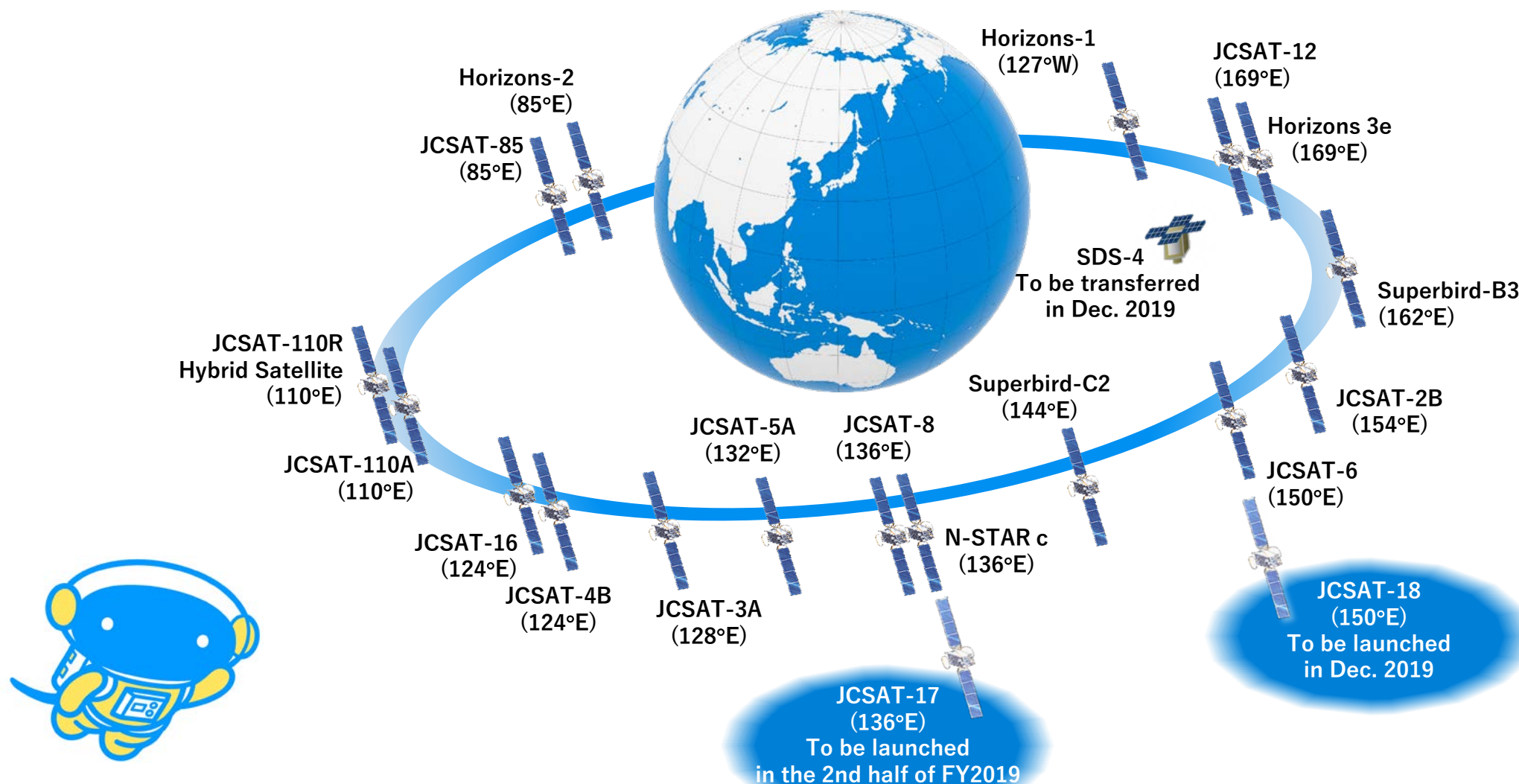
Phase 3.0 (2022 and after)
Build a new communication system
(High-resolution live broadcasts from space)
By SKY Perfect JSAT

Phase 2.0 (2021)
Build a new camera system
outside "Kibo"
By SKY Perfect JSAT



※Image

Total of 17 satellites covering from North America to the Indian Ocean



References

Summary of Income Statements by Business Segment(FY2018/1Q~FY2019/2Q)

(Quarter-on-Quarter Comparison)

Media Business : Subscription fee revenue decreased but Optical retransmission service revenue increased.

Space Business : Revenue had increased due to Horizons 3e contributed.

(Unit: ¥ millions)

	FY2018					FY2019	
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q
Revenue	58,772	35,066	34,716	35,458	164,014	34,519	34,752
Media Business	25,857	25,368	25,160	25,109	101,495	24,985	24,822
Space Business	35,541	12,266	12,221	13,359	73,389	12,570	12,893
Consolidated Eliminations	(2,626)	(2,569)	(2,665)	(3,009)	(10,870)	(3,037)	(2,963)
Operating Income	4,646	4,969	3,033	2,642	15,290	3,694	4,636
Media Business	797	2,055	19	(343)	2,528	654	1,932
Space Business	4,034	3,082	3,170	3,142	13,430	3,225	2,875
Consolidated Eliminations	(185)	(168)	(156)	(157)	(668)	(185)	(171)

Key Performance Indicators for Media Business (*)

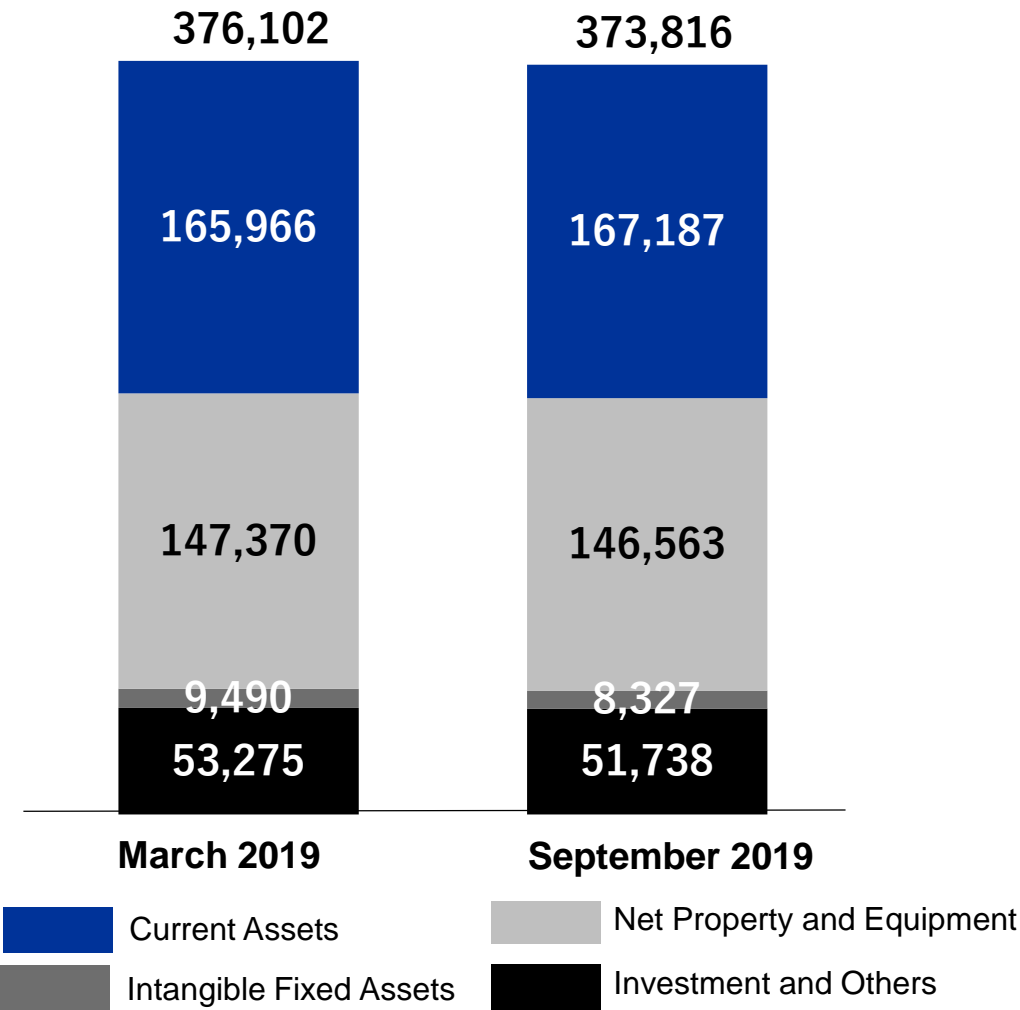
- Number of cumulative subscribers increased to 3,241 thousands, 8 thousands plus compared to the same period of the previous year.
- Number of cumulative contractors decreased to 2,724 thousands, 117 thousands minus compared to the same period of the previous year.

	2018/2Q cumulative	2019/2Q cumulative	FY2019 Target
Number of New Subscribers and Re-subscribers (unit : thousands)	273	309	572
Net Increase in Subscribers (unit : thousands)	(30)	(6)	(66)
SKY PerfecTV !	0	40	37
SKY PerfecTV ! Premium Service	(30)	(45)	(99)
SKY PerfecTV ! Premium Service Hikari	0	(2)	(5)
Number of Cumulative Subscribers (unit : thousands) *Number of subscribers who concluded a pay-subscription agreement.	3,233	3,241	3,181
Number of Cumulative Contractors (unit : thousands) *Number of subscribers by contract. Multiple pay-subscription agreements by the same contractor are counted as one.	2,840	2,724	2,713
Average Monthly Subscriber Payment (unit: JPY)			
SKY PerfecTV !	3,310	3,273	—
SKY PerfecTV ! Premium Service	3,732	3,679	
SKY PerfecTV ! Premium Service Hikari	5,283	5,256	

Consolidated Balance Sheets

Assets

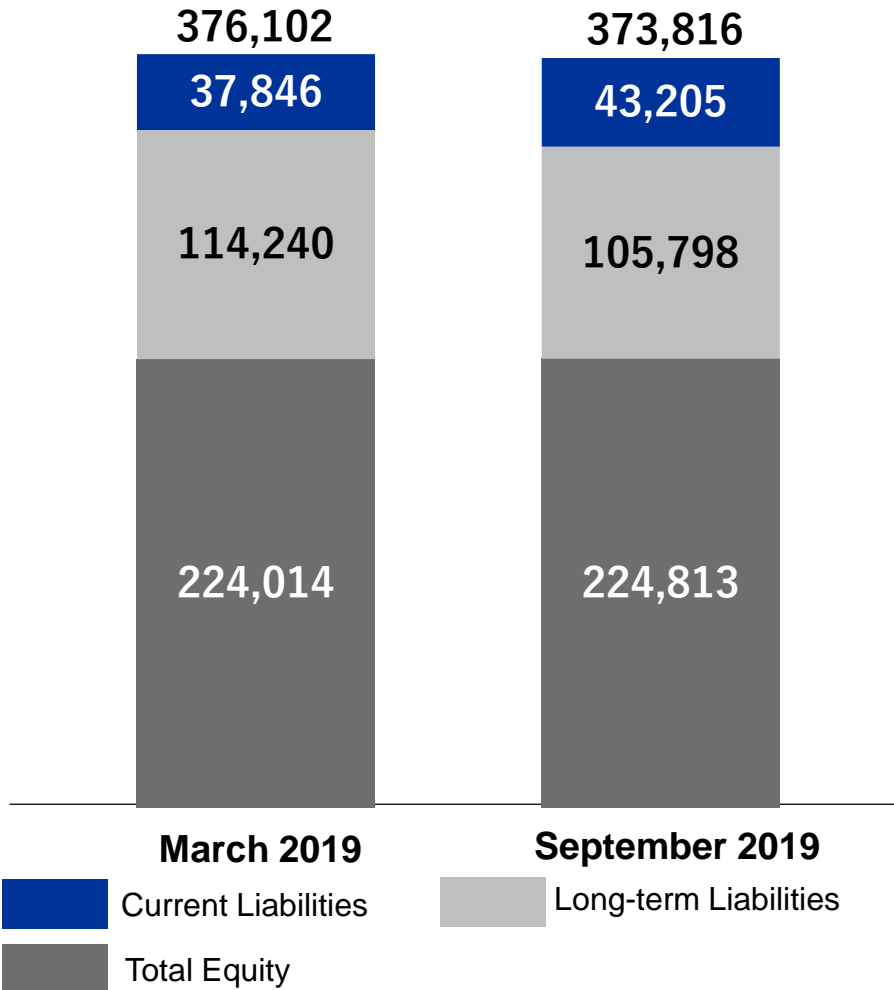
(Unit: ¥ million)



Liabilities and Equity

Equity Ratio : 58.9 %

59.9% (Unit: ¥ million)



(Unit: ¥ million)

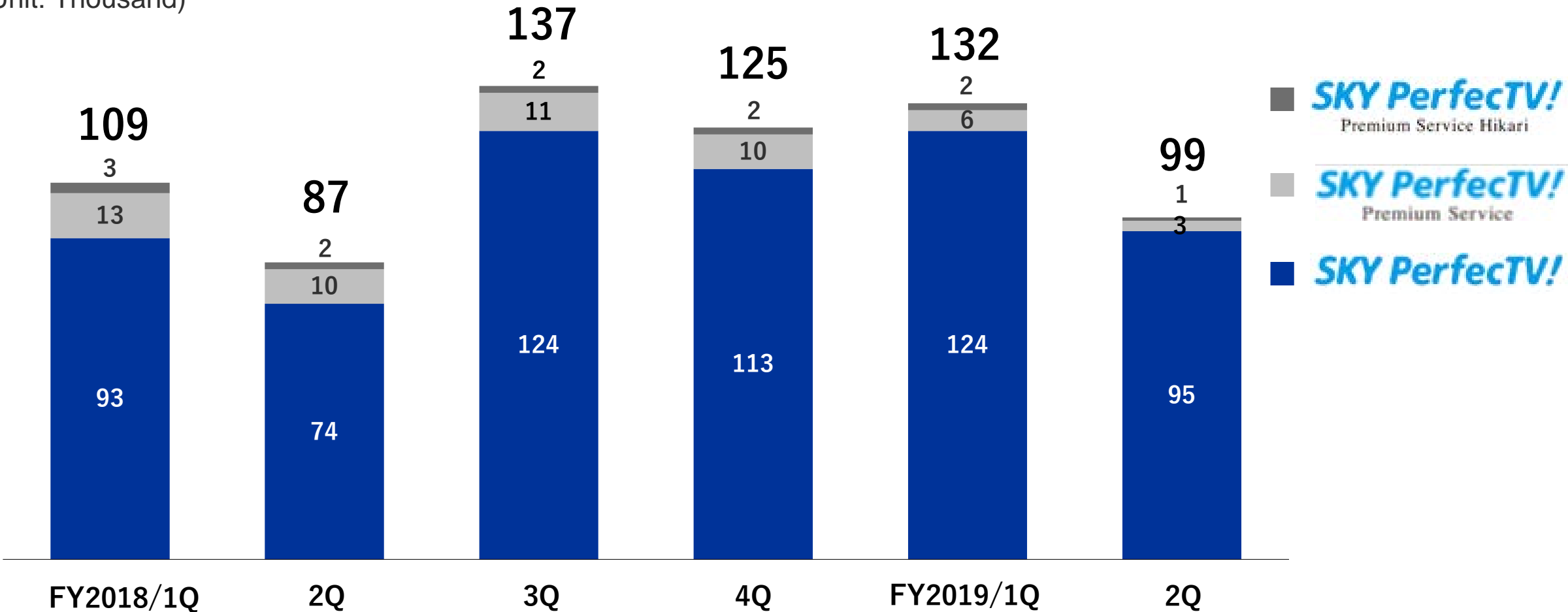
	FY2018/2Q	FY2019/2Q
Net Cash from Operating Activities	12,234	19,176
Net Cash from Investing Activities	(14,878)	(12,867)
Free Cash Flows ^{*1}	(2,643)	6,308
Net Cash from Financing Activities	12,971	(7,104)
Cash and Cash Equivalents at Term-End(a)	56,619	47,246
Term-end Balance of Interest-bearing Debt ^{*2} (b)	109,427	104,924
Term-end Balance of Net Interest-bearing Debt (b)-(a)	52,807	57,678

*1. Sum of Net Cash Flows from Operating and Investing Activities

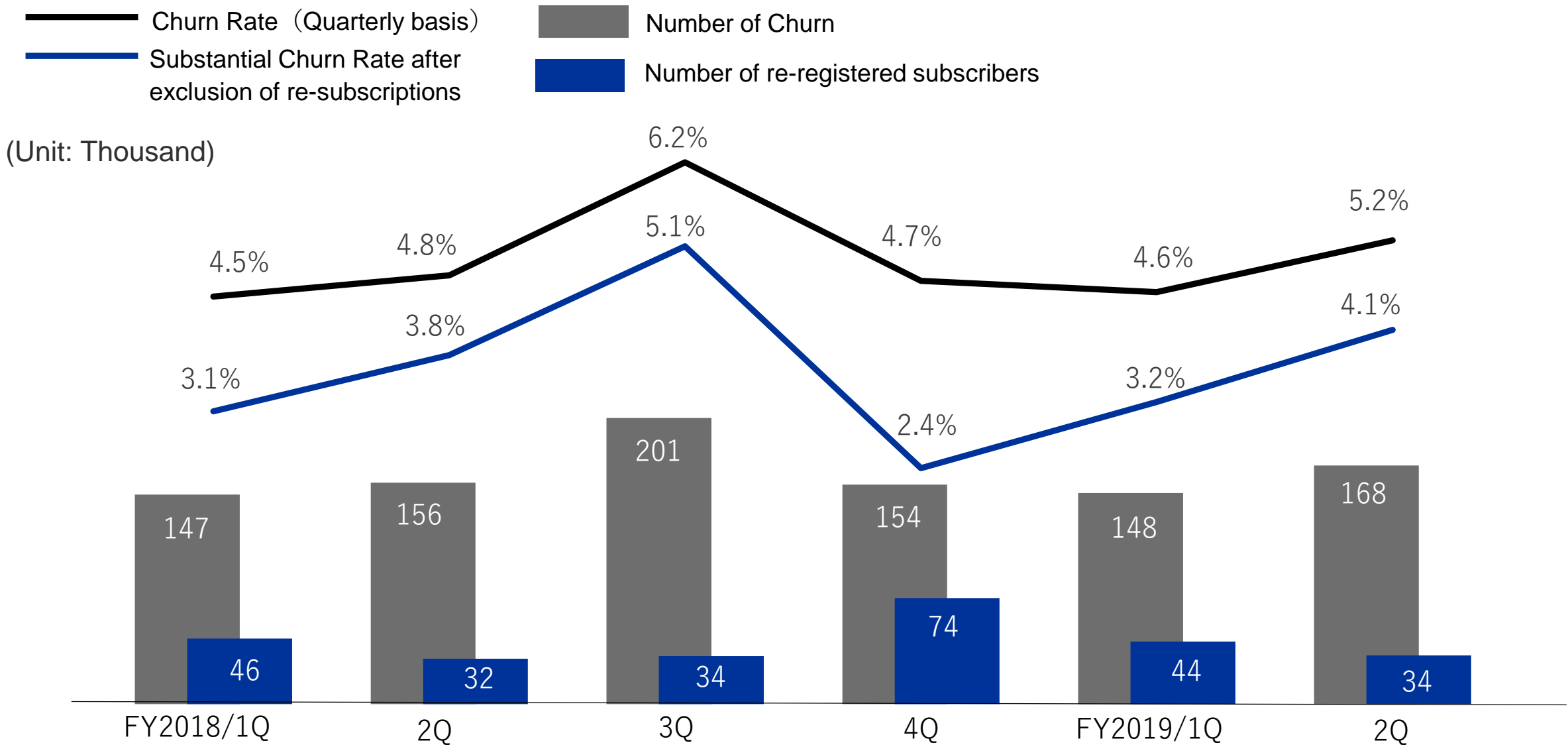
*2. Term end balance of debts and unsecured corporate bonds

Number of New Subscribers

(Unit: Thousand)

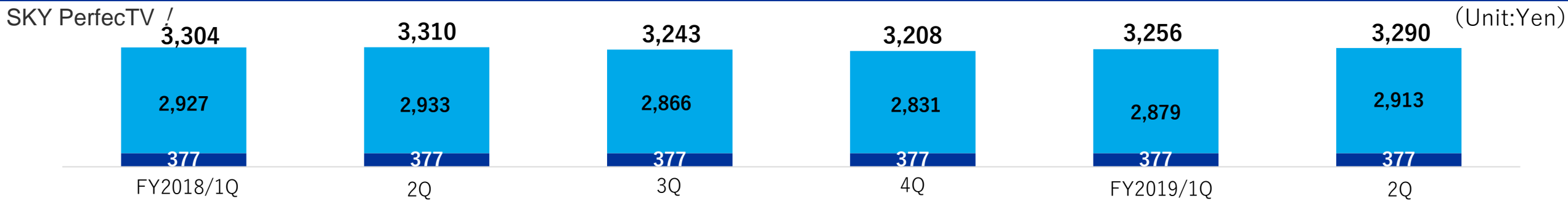


Churn Rate

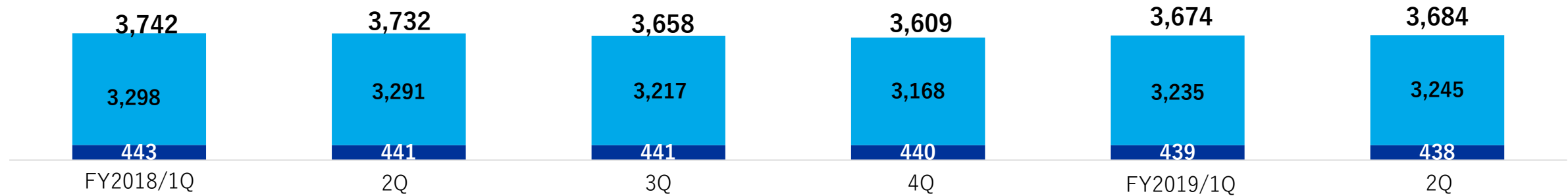


Note: The churn rate is calculated by dividing the total number of churns for each quarter with the cumulative number of subscriptions at the end of the preceding fiscal year.

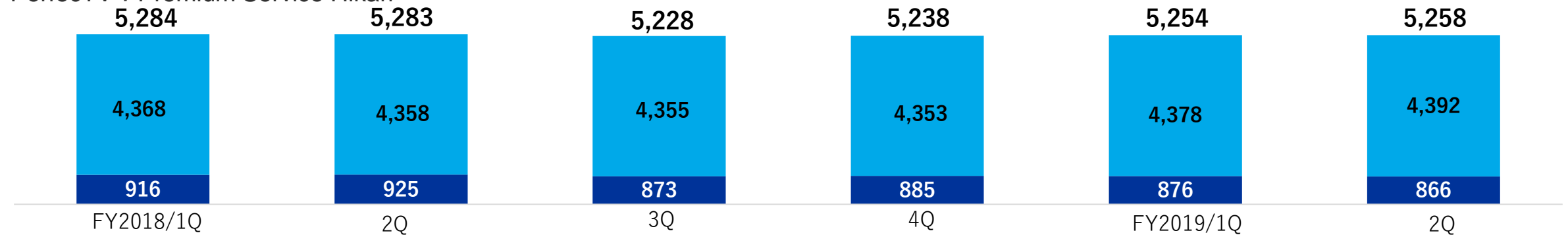
Subscriber Payments*1



SKY PerfectTV / Premium Service



SKY PerfectTV / Premium Service Hikari



■ Basic fee and others*2
■ Viewing fees

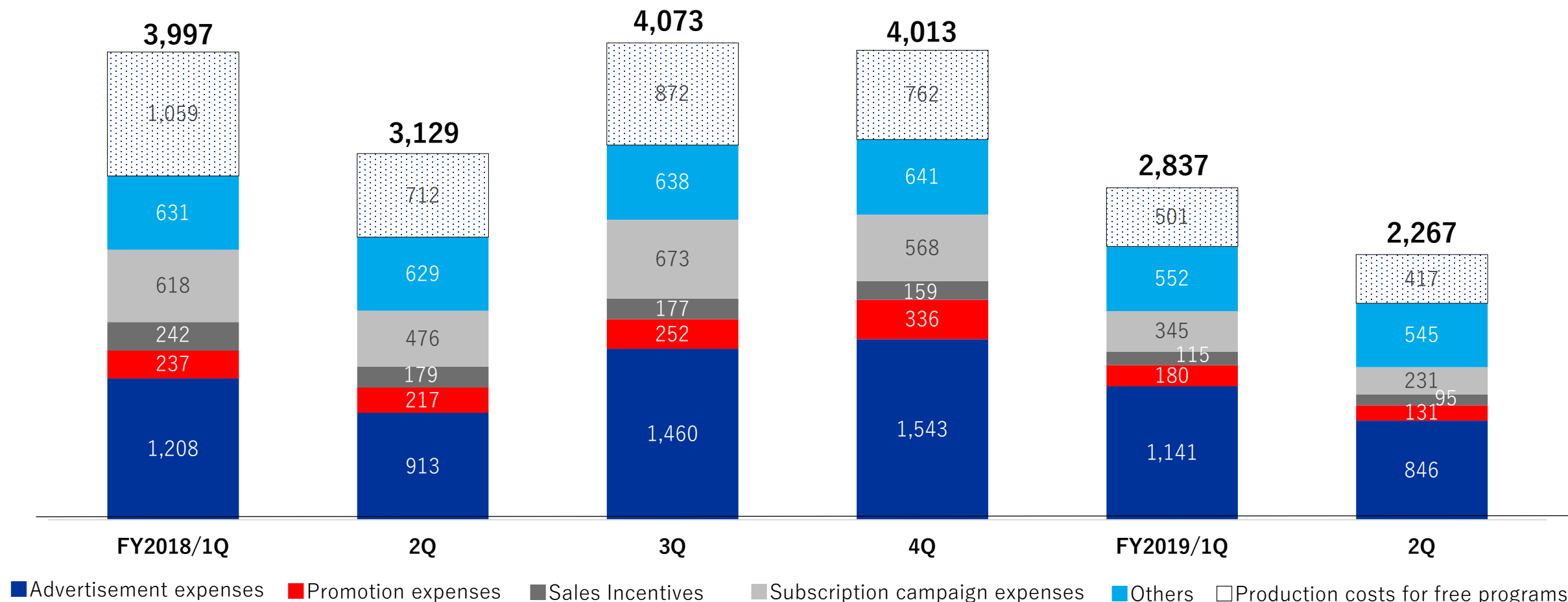
*1. Average amount paid by subscribers in the form of monthly viewing fees, etc. These figures are calculated based on number of cumulative contractors.
30% of subscriber payments for SKY PerfectTV! is recognized as commission fee revenue.

100% of subscriber payments for SKY PerfectTV! Premium Service and SKY PerfectTV! Premium Service Hikari is recognized as viewing fee revenue.

*2. Basic fee and others : Basic fee and rental fee of set top box

Total Subscribers Acquisition Cost (SAC)

(Unit: ¥ million)



Advertising expenses : Advertising expenses for various media.

Promotion expenses : Promotion cost to acquire new subscribers.

Sales incentives : Incentives and agency fees for electronics retail stores and mobile carriers.

Subscription campaign expenses : Cost of campaigns to acquire new subscribers (free of charge antenna installation, etc.).

Production costs for free programs : Costs associated with production cost for free programs, such as BS SKY PerfectTV!.

Others : Operation costs of SKY PerfectTV! customer center etc.

Results for Subsidiaries

(Unit: ¥ million)

		SJC	SPCC	SPET	SPBC	SNET	JII	JMC	WWJ	ENR
Nature of Business		Provision of satellite communications and Media Business	Involved in Customer Center operations for multichannel pay TV broadcast and other services	Licensed broadcaster providing multichannel pay TV services via CS-110/124/128 degrees platform	Production of content, a provider of programs	Network services, systems Integration	Sale of satellite connections in North America, Russia, and Asia-Pacific	A provider of mobile satellite communications services	Operation of overseas channels related business activities	Design, manufacturing and sales of industrial drones
Ownership Ratio (%)		100.0	100.0	100.0	100.0	92.0	100.0	53.3	100.0	100.0
Revenue	FY2018/2Q	78,667	3,267	27,035	2,016	1,713	918	1,265	86	199
	FY2019/2Q	55,849	3,299	25,817	1,910	1,857	1,284	1,278	86	187
Operating Income	FY2018/2Q	8,705	216	994	251	171	130	187	(504)	(321)
	FY2019/2Q	9,094	237	284	236	172	(226)	161	(378)	(281)
Ordinary Income	FY2018/2Q	9,193	218	997	252	170	166	213	(506)	(316)
	FY2019/2Q	9,356	241	287	236	186	(252)	153	(377)	(285)

SJC: SKY Perfect JSAT Corporation
 SPCC: SKY Perfect Customer-relations Corporation
 SPET: SKY Perfect Entertainment Corporation

SPBC: SKY Perfect Broadcasting Corporation
 SNET: Satellite Network, Inc.
 JII: JSAT International Inc.

JMC: JSAT MOBILE Communications Inc.
 WWJ: WAKUWAKU JAPAN Corporation
 ENR: enRoute Co., Ltd.

Space for your Smile

Toward a world where
uncertainty turns to peace of mind,
difficulty turns to ease,
and interest turns to passion