



# **Earning Results Briefing for 3Q/2019**

**February 5, 2020**

**SKY Perfect JSAT Holdings Inc.**

**Securities code: 9412**

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 3Q/2019

■ Operating revenue was slightly below the plan for both businesses, but increased profit in Media Business allowed net income to continue to be strong against the plan.

An increase of operating expenses for Media Business is anticipated for the fourth quarter, so the full-year results forecast will remain the same at the current stage.

(Unit: ¥ millions)

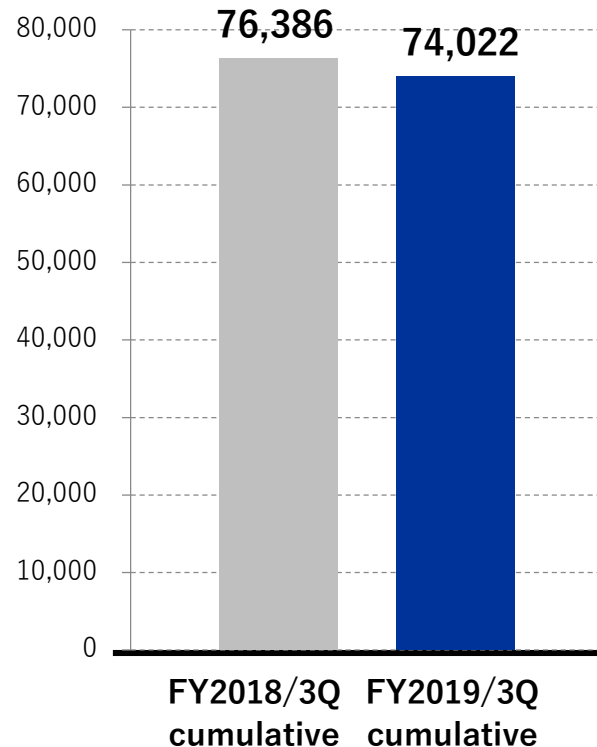
	FY2018/3Q cumulative	<b>FY2019/3Q cumulative</b>	Year-On-Year Comparison	Progress on FY2019 Forecast	FY2019 Full-Year Forecast
<b>Revenue</b>	128,555	<b>103,823</b>	(19.2%)	72.4%	143,500
<b>Operating Income</b>	12,648	<b>12,302</b>	(2.7%)	82.0%	15,000
<b>Ordinary Income</b>	13,659	<b>13,041</b>	(4.5%)	84.1%	15,500
<b>Profit Attributable to Owners of Parent</b>	8,900	<b>8,526</b>	(4.2%)	85.3%	10,000
<b>EBITDA *</b>	32,239	<b>32,597</b>	1.1%	77.6%	42,000

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

■ Segment profit (net income for the quarter) was ¥2.8 billion (up ¥0.64 billion from the same period of the previous year).

## Revenue

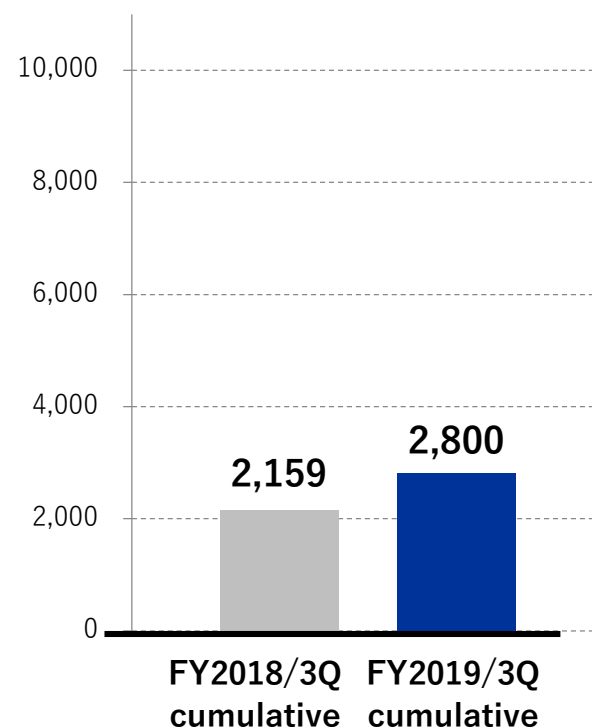
(Unit: ¥ millions)



## Segment profit

(net income for the quarter)

(Unit: ¥ millions)



## Factors causing the changes in segment profit

### ■ Revenue(¥2.4 billion)\*

- Increased revenue from optical re-transmission service fees: +¥1.4 B
- Decrease in business commission fees: (¥0.4 B)
- Decrease in subscription fees: (¥3.0 B)
- Decrease in other revenues: (¥0.3B)

### ■ Operating expenses (¥3.4 billion)\*

- Decrease in content costs: (¥1.0 B)
- Decrease in program provision expenses: (¥1.4B)
- Decrease in Promotion expenses, etc.: (¥2.0 B)
- Decrease in other expenses: (¥0.8B)
- Increase in usage for transponders: +¥0.8 B
- Increase in depreciation expenses: +¥1.0 B

### ■ Other

- Special gain/loss, etc.: None



## ■ 2020 Professional Baseball Season Opening

All 12 pro baseball teams will be broadcast live during the 2020 season

Broadcasts can be viewed on TV, PC, smartphone, or tablet



×



## ■ Broadcast rights acquired for all games hosted by the Fukuoka SoftBank Hawks

Satellite (BS/CS) and cable television broadcast rights for all games hosted in the 2020 season have been acquired.



## ■ General sports channel "Sports Live+" launches on March 1<sup>st</sup>.

Pro baseball, overseas/domestic soccer, B-League, and other sports broadcast live.

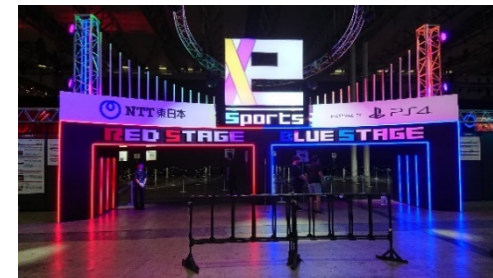
Available on cable television, etc., in addition to SKY PerfecTV!

## ■ Efforts in e-Sport

### <Commissioning, Broadcasting, and Public viewing of e-Sport event >

Contract for operation of Tokyo Game Show 2019, Japan's largest game event, acquired

1. Commissioning of event stage operation and broadcast video production and delivery
2. Commissioning of production and delivery of news clip video
3. Asian public viewing
4. Some e-Sport stage broadcasts on BS SKY PerfecTV!



### <Launch of new company>

New company focused on e-Sport launched through joint investment with partner companies

The aim of the new company is to promote video delivery/content production, media partnerships, and other unique projects, and revitalize the market

(1) Company name: **NTT e-Sports Corporation**

(2) Business activities: e-Sports facility construction/operation and other human resources development support, operation of video content, etc., delivery services, regional revitalization business in partnership with municipalities, etc., providing event solutions, etc.

(3) Date established: January 31, 2020 (planned)

(4) Partner companies: Nippon Telegraph and Telephone East Corporation, Nippon Telegraph and Telephone West Corporation, NTT Advertising, Inc., Taito Corporation, NTT Urban Solutions, Inc., SKY Perfect JSAT Corporation



NTT-east

NTT-ad

NTT-west

NTT-urban

SKY Perfect

solutions

JSAT

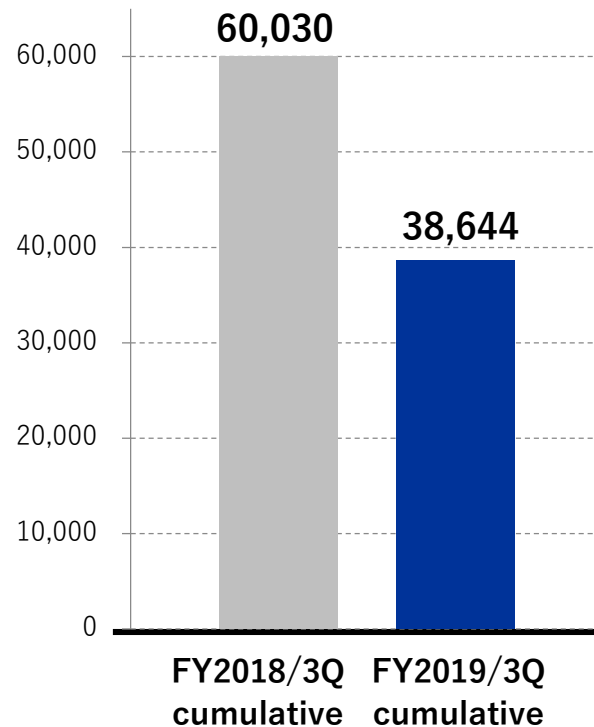
Taito

■ Segment profit (net income for the quarter) was ¥6.1 billion (down ¥1.0 billion from the same period of the previous year).

■ North American subsidiary JSAT International Inc. revenue increased ¥0.7 billion due to new satellite, Horizons 3e.

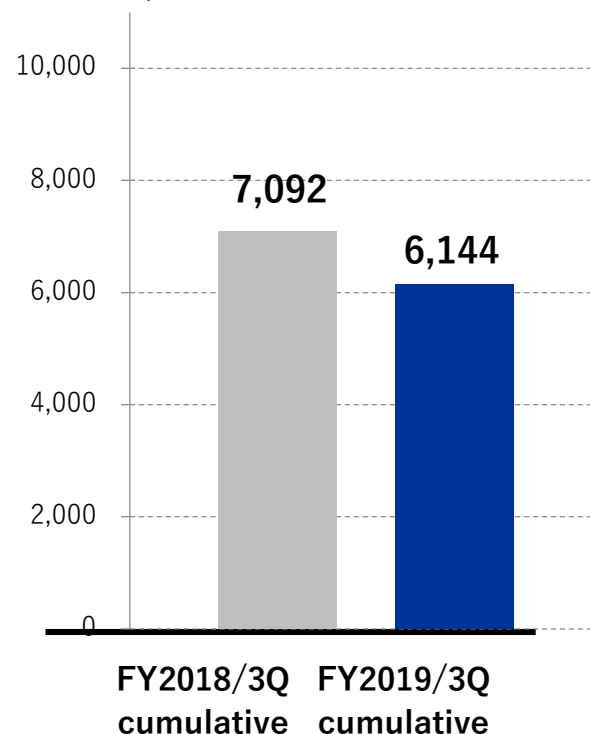
## Revenue

(Unit: ¥ millions)



## Segment profit (net income for the quarter)

(Unit: ¥ millions)



## Factors causing the changes in segment profit

### ■ Revenue(¥21.4 billion)\*

- Increase in North American subsidiary revenue: +¥0.7 B
- Increase in broadcasting transponder-related revenue: +¥0.6 B
- Increase in other transponder-related revenues: +¥0.3 B
- Divergence of sales of communication satellite to the Ministry of Defense: (¥23.0 B)

### ■ Operating expenses: (¥20.1 billion)\*

- Decrease in depreciation expenses: (¥0.2 B)
- Increase in North American subsidiary operating expenses: +¥1.4 B
- Decrease in satellite business related cost, etc.: (¥21.3 B)

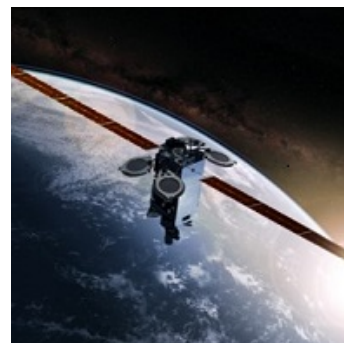
### ■ Other

- Special gain/loss, etc.: None



¥10 billion increase in Space Business operating revenue in the period ending March 2021 planned due to the three new satellites

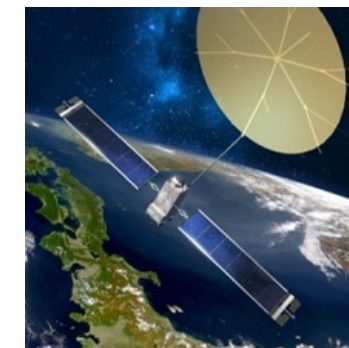
Subsequent increase in operating revenue anticipated due to Horizons 3e and JCSAT-18 as mobile demand is robust



**Horizons 3e**  
(High Throughput Satellite)



**JCSAT-1C (JCSAT-18)**  
(High Throughput Satellite)

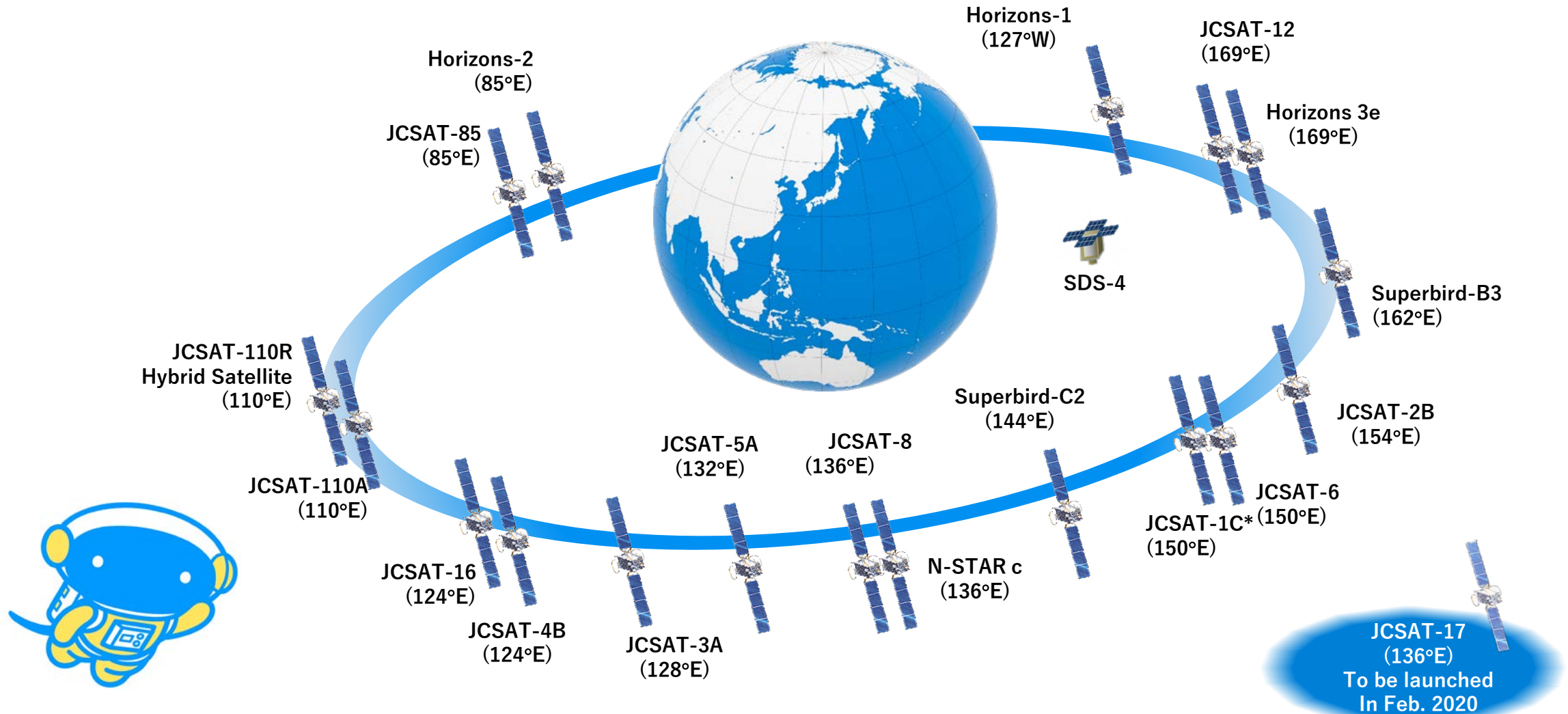


**JCSAT-17**

Satellite Bus	Boeing	Boeing	Lockheed Martin
Launch vehicle	Ariane5	Falcon9	Ariane5
Launch/Service-in schedule	<b>Service-in in Jan. 2019</b>	<b>Service-in in Jan. 2020</b>	<b>To be Launched in Feb. 2020</b>
Orbital Position	169° E	150° E	136° E
Utility	Global & Mobile (Co- Satellite w/Intelsat)	Global & Mobile (Co- Satellite w/Kacific)	Domestic For mobility tele-communication

## Total of 19 satellites covering from North America to the Indian Ocean

Including JCSAT-1C launched in Dec. 2019 and SDS-4 transferred from JAXA



\* JCSAT-18 was successfully on launched on 150°E in Dec. 2019 and changed its name to JCSAT-1C as it started to providing service.

# References

# Summary of Income Statements by Business Segment(FY2018/1Q~FY2019/3Q)

(Quarter-on-Quarter Comparison)

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

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

(Unit: ¥ millions)

	FY2018					FY2019		
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q
<b>Revenue</b>	<b>58,772</b>	<b>35,066</b>	<b>34,716</b>	<b>35,458</b>	<b>164,014</b>	<b>34,519</b>	<b>34,752</b>	<b>34,552</b>
<b>Media Business</b>	25,857	25,368	25,160	25,109	101,495	24,985	24,822	24,213
<b>Space Business</b>	35,541	12,266	12,221	13,359	73,389	12,570	12,893	13,180
<b>Consolidated Eliminations</b>	(2,626)	(2,569)	(2,665)	(3,009)	(10,870)	(3,037)	(2,963)	(2,842)
<b>Operating Income</b>	<b>4,646</b>	<b>4,969</b>	<b>3,033</b>	<b>2,642</b>	<b>15,290</b>	<b>3,694</b>	<b>4,636</b>	<b>3,971</b>
<b>Media Business</b>	797	2,055	19	(343)	2,528	654	1,932	1,284
<b>Space Business</b>	4,034	3,082	3,170	3,142	13,430	3,225	2,875	2,855
<b>Consolidated Eliminations</b>	(185)	(168)	(156)	(157)	(668)	(185)	(171)	(168)

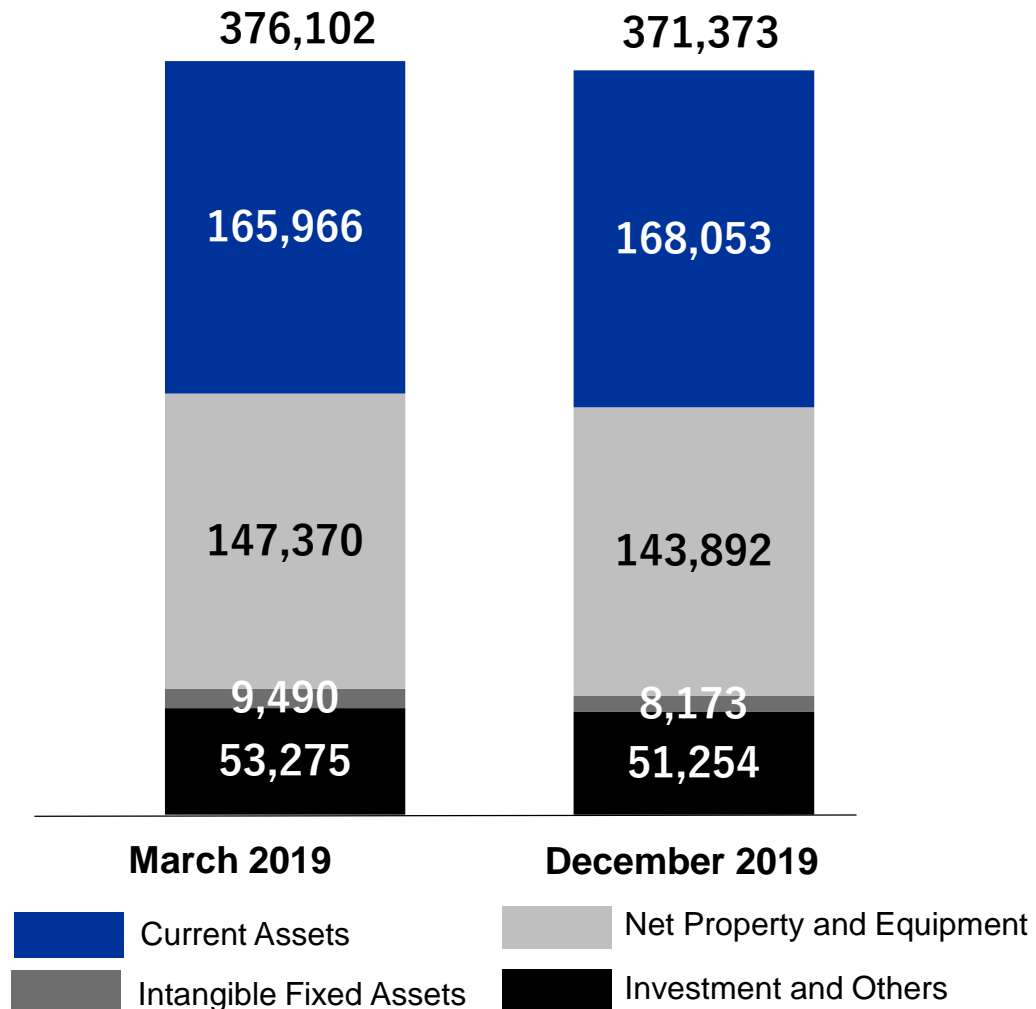
# Key Performance Indicators for Media Business (\*)

- Number of cumulative subscribers decreased to 3,172 thousands, 30 thousands minus compared to the same period of the previous year.
- Number of cumulative contractors decreased to 2,642 thousands, 127 thousands minus compared to the same period of the previous year.

	2018/3Q cumulative	2019/3Q cumulative	FY2019 Target
Number of New Subscribers and Re-subscribers (unit : thousands)	444	434	572
Net Increase in Subscribers (unit : thousands)	(60)	(76)	(66)
SKY PerfectTV !	(8)	(0)	37
SKY PerfectTV ! Premium Service	(53)	(73)	(99)
SKY PerfectTV ! Premium Service Hikari	(0)	(3)	(5)
Number of Cumulative Subscribers (unit : thousands) *Number of subscribers who concluded a pay-subscription agreement.	3,203	3,172	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.	2,769	2,642	2,713
Average Monthly Subscriber Payment (unit: JPY)			
SKY PerfectTV !	3,286	3,264	—
SKY PerfectTV ! Premium Service	3,711	3,657	
SKY PerfectTV ! Premium Service Hikari	5,265	5,254	

## Assets

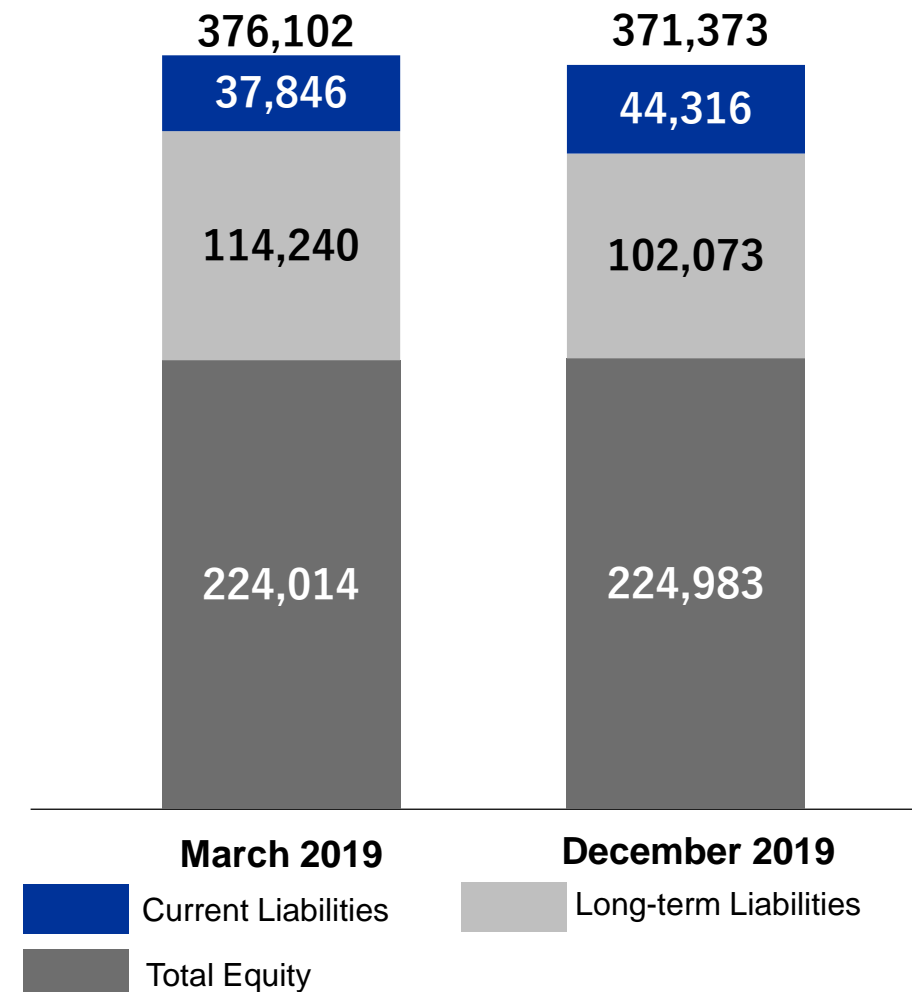
(Unit: ¥ million)



## Liabilities and Equity

Equity Ratio : 58.9 %

60.3% (Unit: ¥ million)



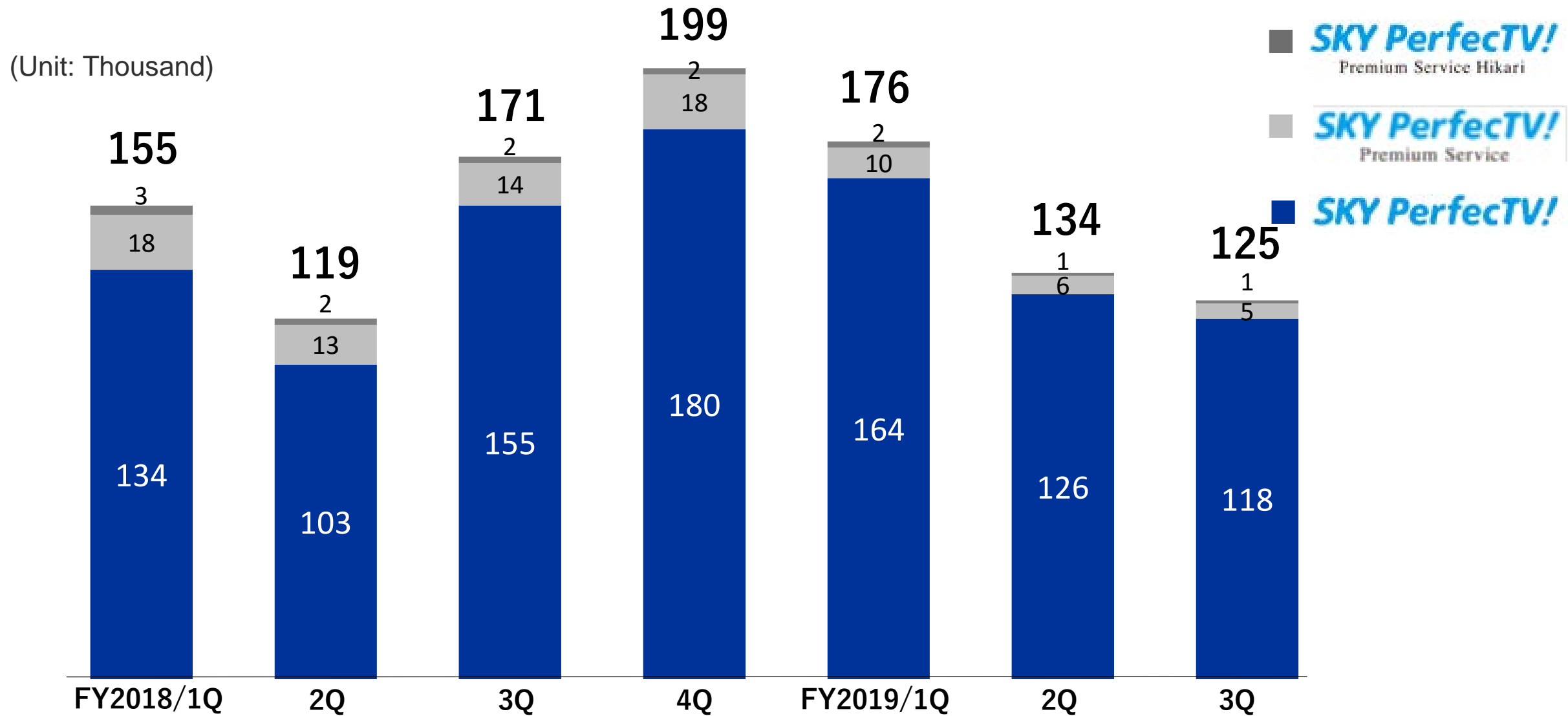
(Unit: ¥ million)

	<b>FY2018/3Q</b>	<b>FY2019/3Q</b>
Net Cash from Operating Activities	22,146	23,785
Net Cash from Investing Activities	(24,837)	(15,117)
Free Cash Flows* <sup>1</sup>	(2,690)	8,667
Net Cash from Financing Activities	9,126	(12,442)
Cash and Cash Equivalents at Term-End(a)	52,760	44,269
Term-end Balance of Interest-bearing Debt* <sup>2</sup> (b)	107,991	102,542
Term-end Balance of Net Interest-bearing Debt (b)-(a)	55,230	58,273

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

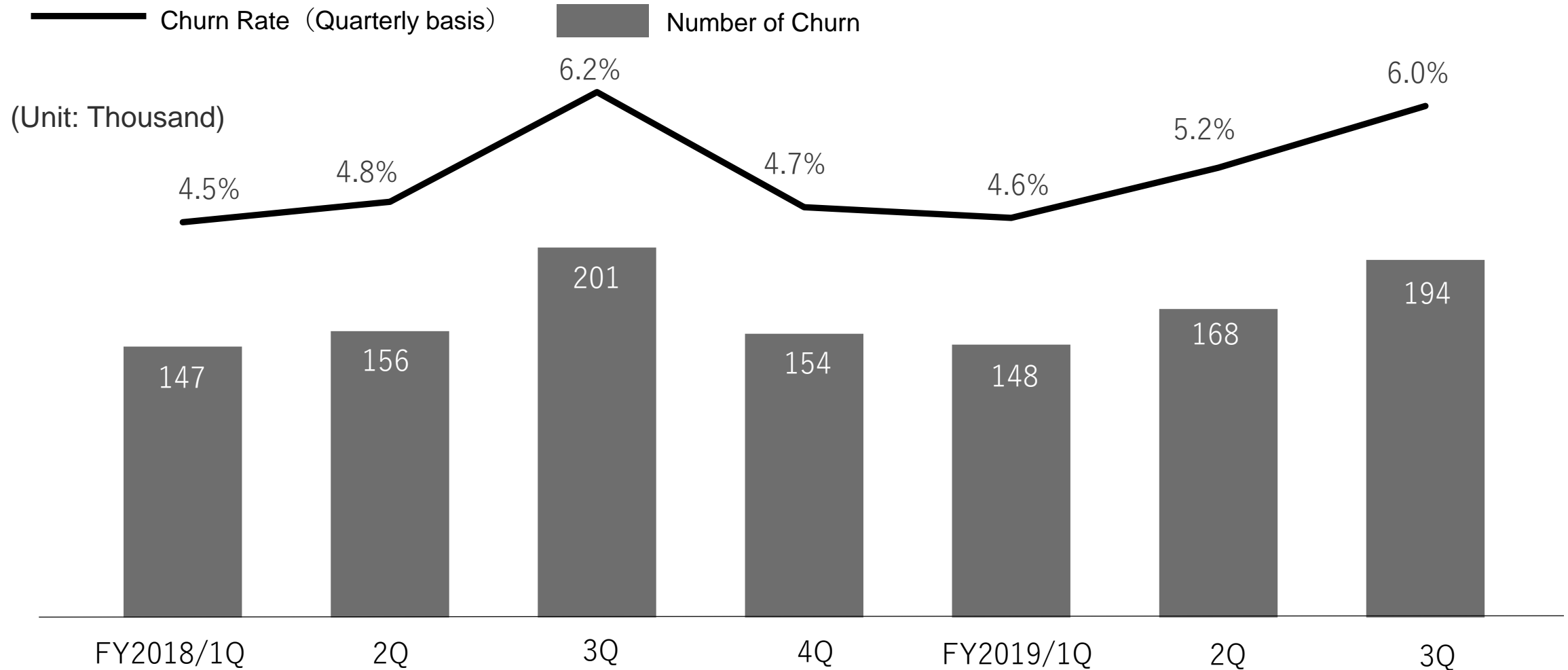
\*2. Term end balance of debts and unsecured corporate bonds

# Number of New Subscribers



\* New subscribers that, in the past, had been counted separately depending on whether they were new subscribers or re-registered subscribers are currently counted as "New Subscribers." (From FY2019 3rd quarter disclosure materials)

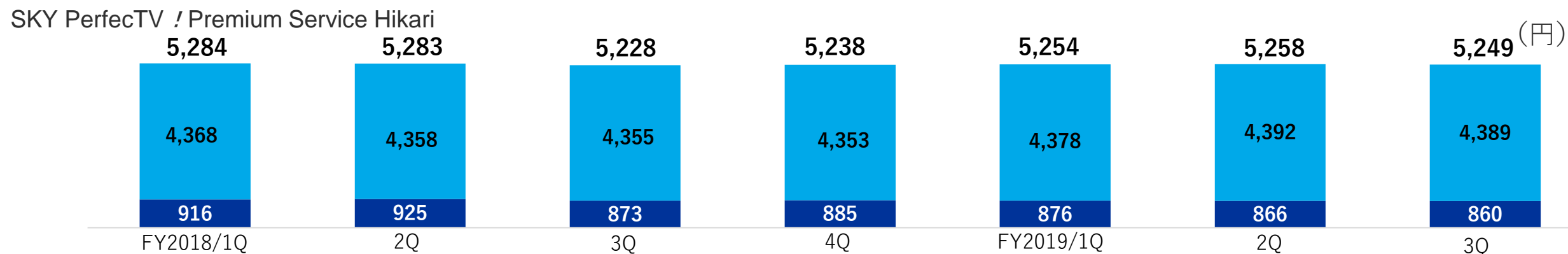
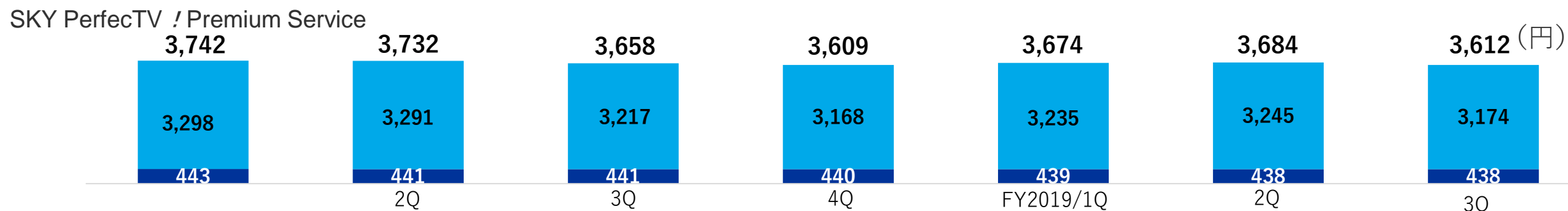
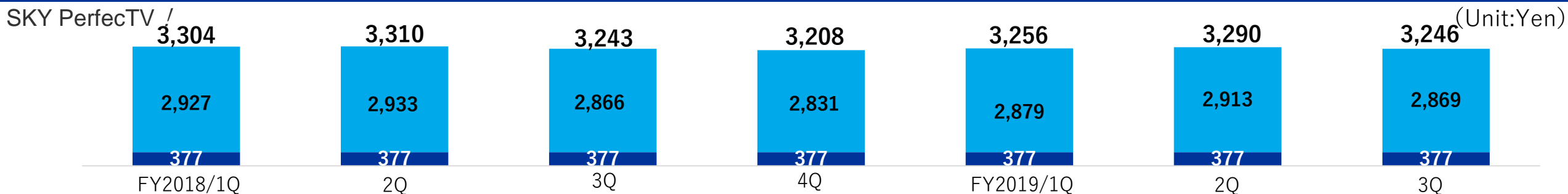




\*1 The churn rate is calculated by dividing the total number of churns for each quarter with the cumulative number of subscriptions at the end of the preceding fiscal year.

\*2 New subscribers that, in the past, had been counted separately depending on whether they were new subscribers or returning subscribers are currently counted as "New Subscribers," so the churn rate after exclusion of re-registered subscribers has not been calculated. (From FY2019 3rd quarter disclosure materials)

# Subscriber Payments\*1



■ Basic fee and others\*2  
 ■ Viewing fees

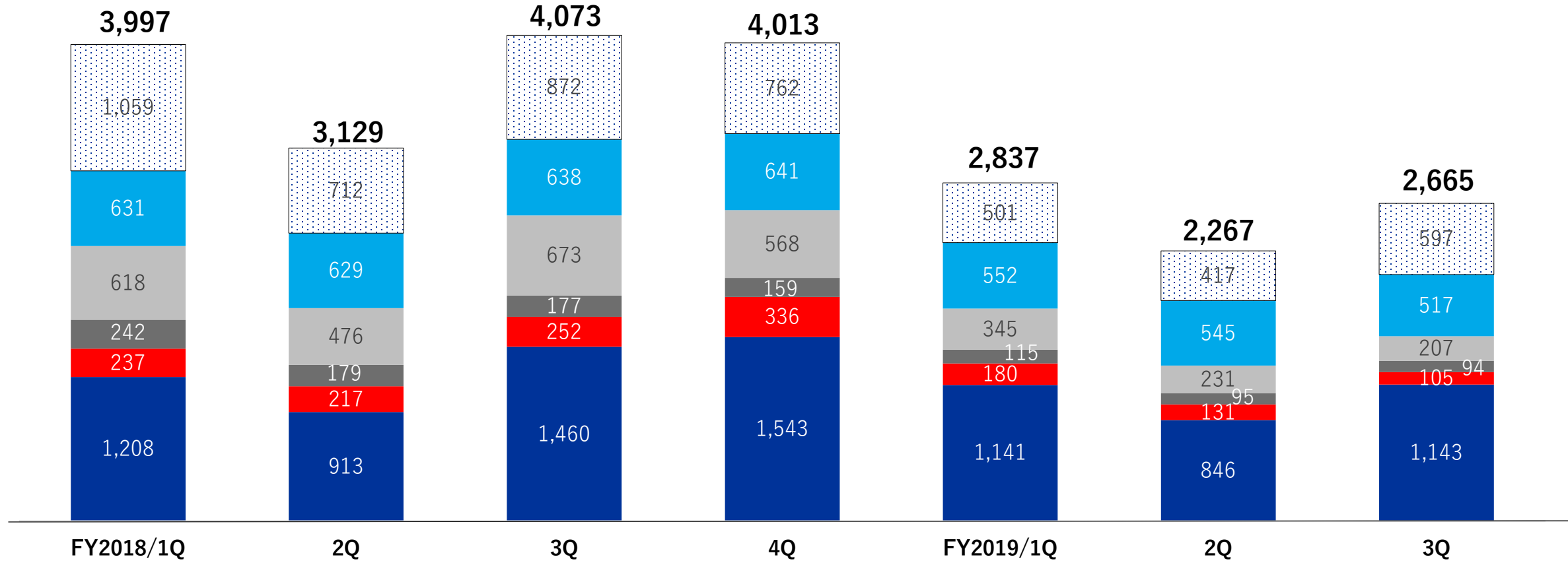
\*1. Average amount paid by subscribers in the form of monthly viewing fees, etc. These figures are calculated based on number of cumulative contractors. 30% of subscriber payments for SKY PerfectTV! is recognized as commission fee revenue.

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)



■ Advertisement expenses  
 ■ Promotion expenses  
 ■ Sales Incentives  
 ■ Subscription campaign expenses  
 ■ Others  
  Production costs for free programs

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.

# Space for your Smile

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