



# Earning Results Briefing for the First Quarter of FY2020

September 2, 2020

SKY Perfect JSAT Holdings Inc.

Security : 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 Concerning Business Investments, etc.
- Risks Concerning Legal Business Regulations
- Risks Concerning Leaks and the Handling of Personal Information and Important Information, and Cyber Security
- Risks Concerning Business Continuity Due to Large-Scale Disasters, etc.

## <Risks related to Satellite Infrastructure>

- Risks Concerning Lower Competitiveness in the Satellite Communications
- Risks Concerning Communications Satellite Procurement
- Risks Concerning Communications Satellite Operations

## <Risks related to Multichannel Pay TV Broadcast Platform Services>

- Risks Concerning the Lower Feasibility of the Multichannel Pay TV
- Risks Concerning Illegal Viewing
- Risks Concerning the Customer Management System

# Consolidated Business Performance for 1Q/FY2020

# Overview of Consolidated Earning Results for 1Q/FY2020

- Revenue and Each Profit progressed almost as planned against the Full-Year Forecast
- While revenue from viewing fees decreased in Media business, revenue increase from JCSAT-17 and Horizons 3e in Space business and lower operating expense in Media business contributed to higher revenues and profits as a whole for 1Q/FY2020

(Millions of yen)

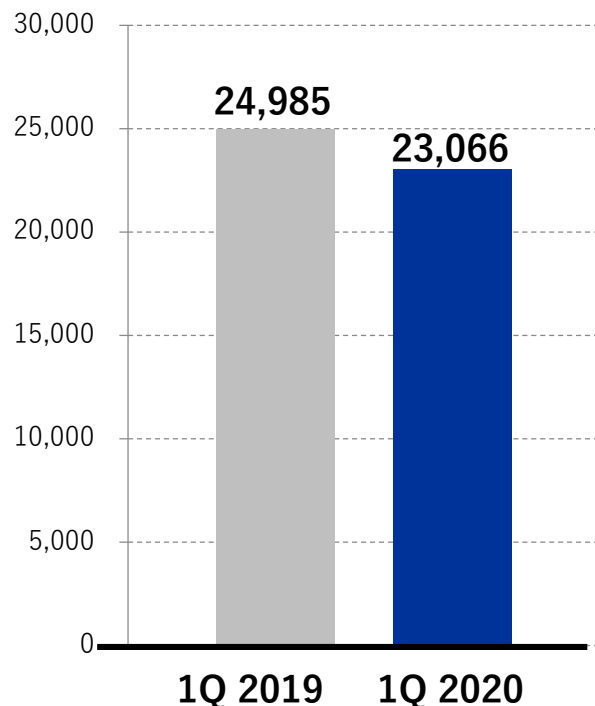
	1Q/2019	1Q/2020	Change	Progress	2020 Full Year Forecast
<b>Revenue</b>	34,519	34,674	0.5%	24.8%	140,000
<b>Operating income</b>	3,694	5,594	51.4%	46.6%	12,000
<b>Ordinary income</b>	3,807	5,977	57.0%	47.8%	12,500
<b>Profit attributable to Owners of Parent</b>	2,464	4,022	63.2%	50.3%	8,000
<b>EBITDA*</b>	10,821	12,368	14.3%	32.5%	38,000

\* EBITDA = Net income + Tax expenses + Depreciation + Amortization of goodwill + Interest expenses

- Segment profit (quarterly net income) was JPY1.6 billion (JPY1.13 billion increase from the same period of the previous year)
- Operating income and segment profit increased mainly due to a decrease in content-related cost by JPY1.0 billion, which was resulted from postponement of the seasonal sport events, and a decrease in depreciation expense by JPY800 million, etc.

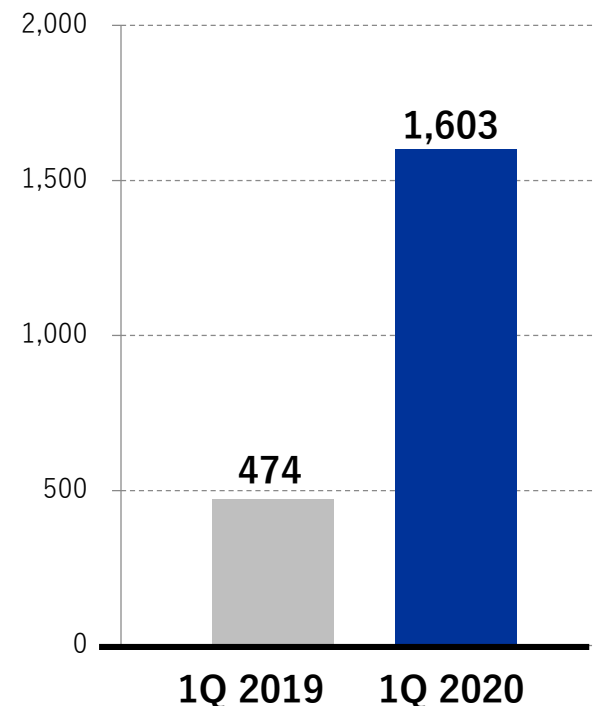
## Revenue

(Millions of yen)



## Segment profit

(Millions of yen)



## Factors contributing to changes in the segment profit

### ■ Revenue (- JPY1.92 billion)\*

- Decrease in viewing fees: (JPY1.2 billion)
- Decrease in commission revenues: (JPY200 million)

### ■ Operating expenses (- JPY3.44 billion)\*

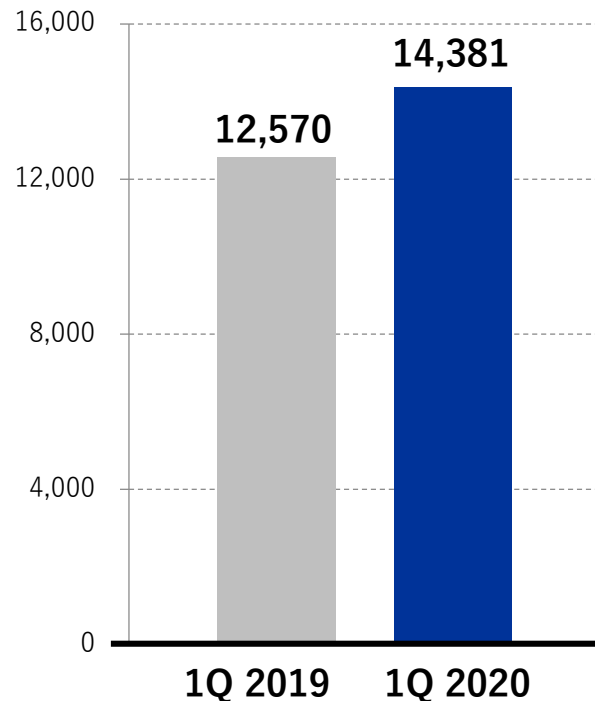
- Decrease in program provision cost: (JPY0.6 billion)
- Decrease in content-related cost: (JPY1.0 billion)
- Decrease in depreciation expense: (JPY800 million)

\* Include inter-segment sales

- Segment profit (quarterly net income) was JPY2.5 billion (JPY380 million increase from the same period of the previous year)
- While the influence of the COVID-19 Pandemic reduced revenues from in-flight Internet connection by JPY300 million, total revenue increased due to a JPY1.9 billion revenue increase on JCSAT-17 and Horizons 3e

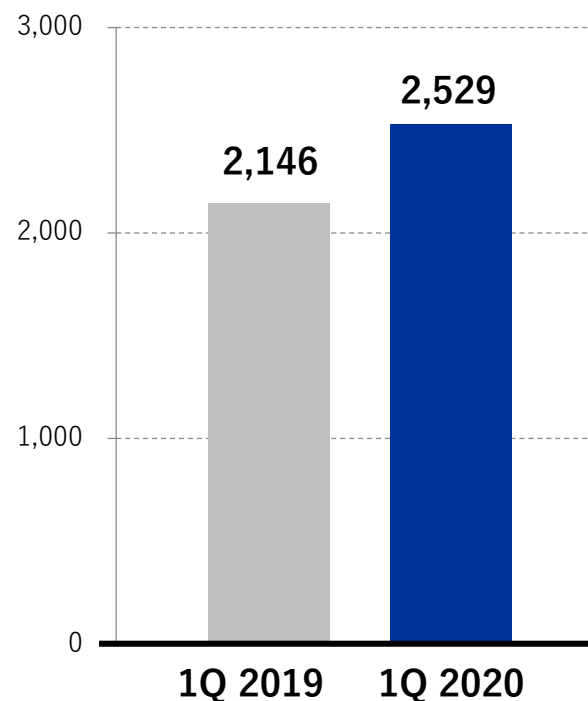
## Revenue

(Millions of yen)



## Segment profit

(Millions of yen)



## Factors contributing to changes in the segment profit

### ■ Revenue (+JPY1.81 billion)\*

- Increase in JCSAT-17 and Horizons 3e revenues: +JPY1.9 billion
- Decrease in in-flight Internet connection: (JPY300 million)

### ■ Operating expenses (+JPY1.47 billion)\*

- Increase in depreciation expense: +JPY400 million
- Increase in satellite cost of services etc.: +JPY1.1 billion

\* Include inter-segment sales

## ■ Media Business

- In the first quarter, the number of cumulative subscribers and subscriber payments remained steady against the plan
- Although certain subscribers, who are mainly subscribing the professional baseball sets, have returned since opening in June, the total number of the subscribers have not reached at the peak of the previous year
- Operating expenses are expected to increase from the second quarter due to the start and resumption of sports event, etc.

## ■ Space Business

- Throughout the full year, the situation surrounding in-flight Internet connection market is expected to be severe due to continued COVID-19
- Operating expenses are expected to increase from the second quarter in order to implement new business initiatives as planned without restraint

## ■ Introduced constant telework system, aiming to improve productivity and realize a variety of work style that is not bound by time or place

### ➤ Improvement of the Environment

- Improvement of telework system environment (improving convenience of network environment, introduction of telework terminals etc.)
- Establishment of satellite offices \* in-house bases and expansion of the use of satellite offices outside the company
- Abolition of the core time rule of the flex system
- Turnover rate in July was less than 20% (at the Akasaka head office) as a result of establishment of telework system

### ➤ Allowance and benefits for teleworking

- Changes in the rule for commuting allowance payments (from fixed amounts to payment according to number of days commuted)
- In addition to temporary allowance (May), payments of subsidies for the part of compensation for telework and COVID-19 prevention measures started (from July)

\* Akasaka Head Office, Yokohama Satellite Control Center, and SKY PerfecTV! Media Center

## ■ Initiatives in the business operation

### ➤ Remote Work Trial at Customer Service Center

June: implementation of the Trial

October: Official introduction (plan)

Planned to expand gradually to other customer service centers nationwide

### ➤ SKY PerfecTV! on-demand Entertainment Support Campaign

Special distribution plan to event organizers for a limited time



## ■ Fan marketing strategy

- **SOLO FES!** (A 5-hour concert in which a total of 52 Halo Pro members spend a crown program singing one song at a time)



- ✓ Starting with the Solo Fes broadcast in July, the "Back-of-the-Stage" program and MVP sponsored program at Solo Fes planned in three consecutive months
- ✓ Appropriate promotions, including notifications from Hello Project members and offices, reached fans, earning a strong number of subscribers
- ✓ Marked No. 1 in the trend ranking on Twitter



- **"F1 Grand Prix [4K]" Limited-time Campaign** \*Requires 4K broadcast receivers

- ✓ For customers subscribing to Fuji TV NEXT broadcasting F1, a campaign to allow them to view F1 on 4K broadcast without additional viewing fees will be launched in September

## ■ KIBO Space Broadcasting Station Special Opening Program

- At KIBO Space Studio opened at the International Space Station, interacting from the Space for the first time in the world, free Live broadcast on August 12 on BS SKY PerfecTV! and SKY PerfecTV! on Demand, YouTube and Twitter, etc.



## ■ Launch of Sat-Q service

サッと使える! IP映像伝送サービス



- In June 2020, Sat-Q, an IP-video transmission service using an ultra-compact flat-antenna “Satcube” has been launched
- The largest 6Mbps of satellite-based Internet connectivity for video transmission that expected to be used mainly by the media.
- It can also be linked to a mobile transmission system used at a news relay site, even when the mobile phone network is congested at the site, it provides a stable transmission path. In addition, a unique satellite capture function enables communication within a minimum of one minute from installation.

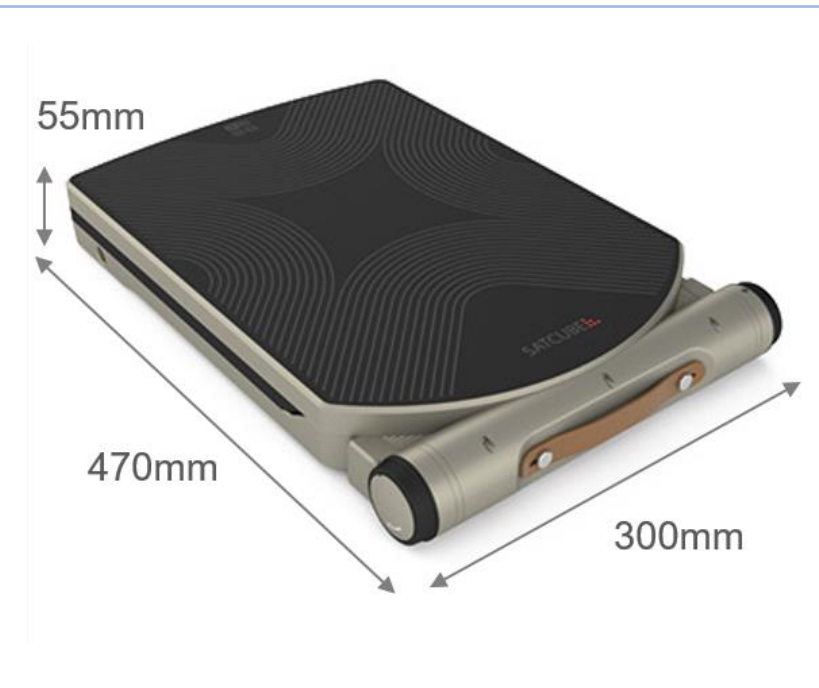


Image of handset size

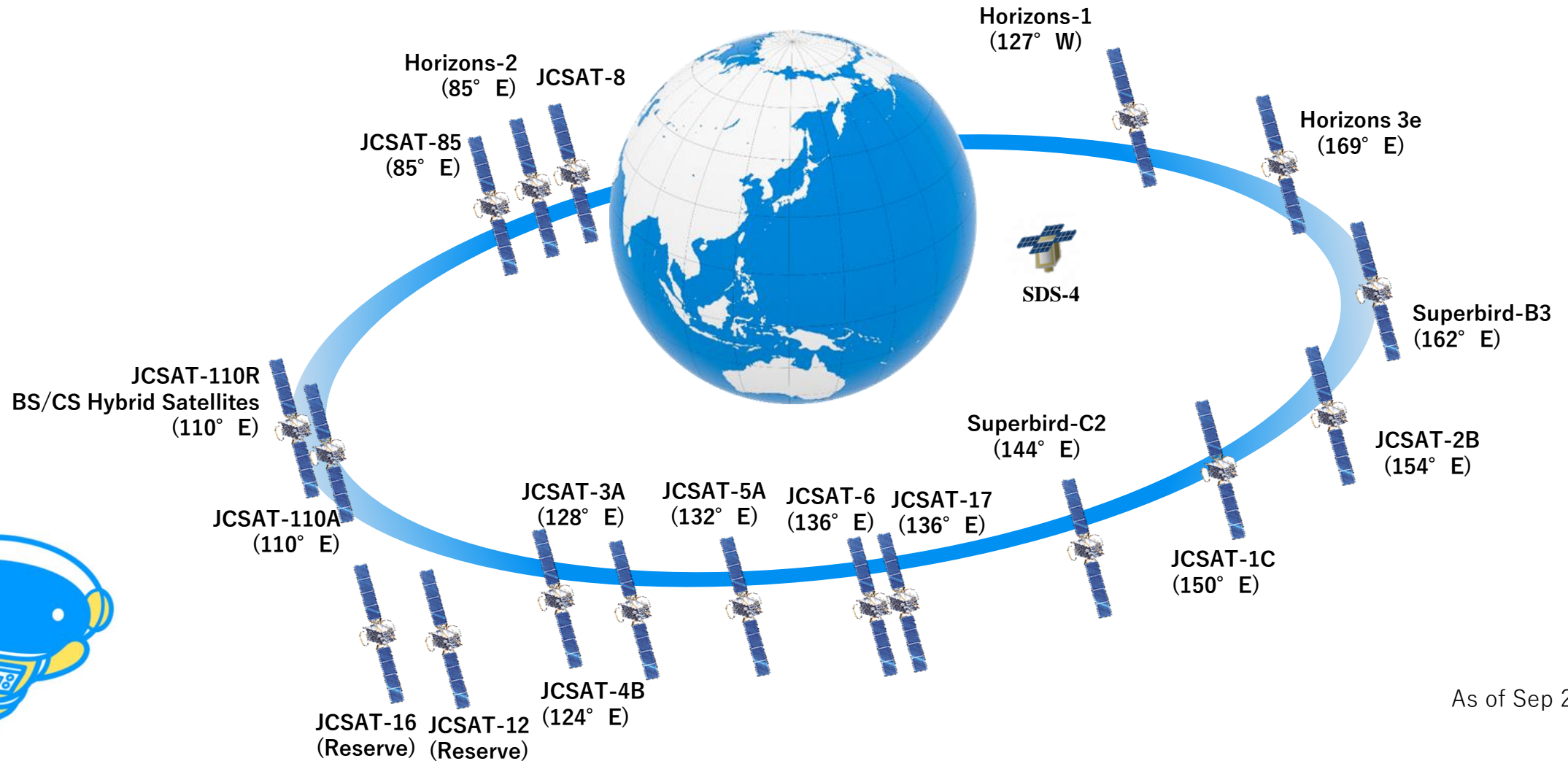


Television West Japan Demo



Image of use

A total of 19 satellites covering from North America to the Indian Ocean.



As of Sep 2020

# References

	1Q 2019	1Q 2020	Target for FY2020
<b>New*</b> (tens of thousands of IC cards)	17.6	16.7	64.3
<b>Net increase</b> (number of smart cards tens of thousands)	2.8	(1.8)	(8.2)
- SKY PerfecTV!	4.8	0.5	1.5
- SKY PerfecTV!/Premium Service	(1.9)	(2.2)	(9.2)
- SKY PerfecTV!/Premium Service Hikari	(0.1)	(0.1)	(0.6)
<b>Cumulative number of subscribers</b> (tens of thousands of IC cards)	327.5	315.2	308.8
<b>Cumulative number of subscribers</b> (tens of thousands of subscribers)	277.2	259.3	249.2
<b>Monthly unit price paid by contractor</b> (yen)			
SKY PerfecTV!	3,256	3,262	—
SKY PerfecTV!/Premium Services	3,674	3,590	
SKY PerfecTV!/Premium Service Hikari	5,254	5,194	

\* "New" is the sum of the number of subscribers, which had been counted separately as "New" and "Re-subscription" until September 2019. The numbers in 2019 are re-calculated.

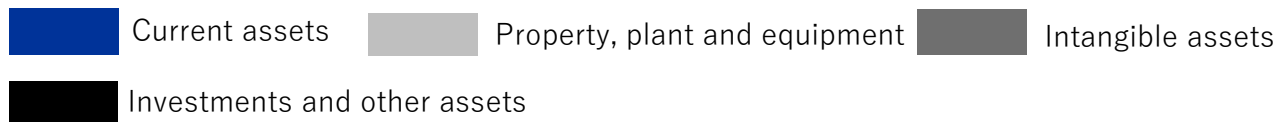
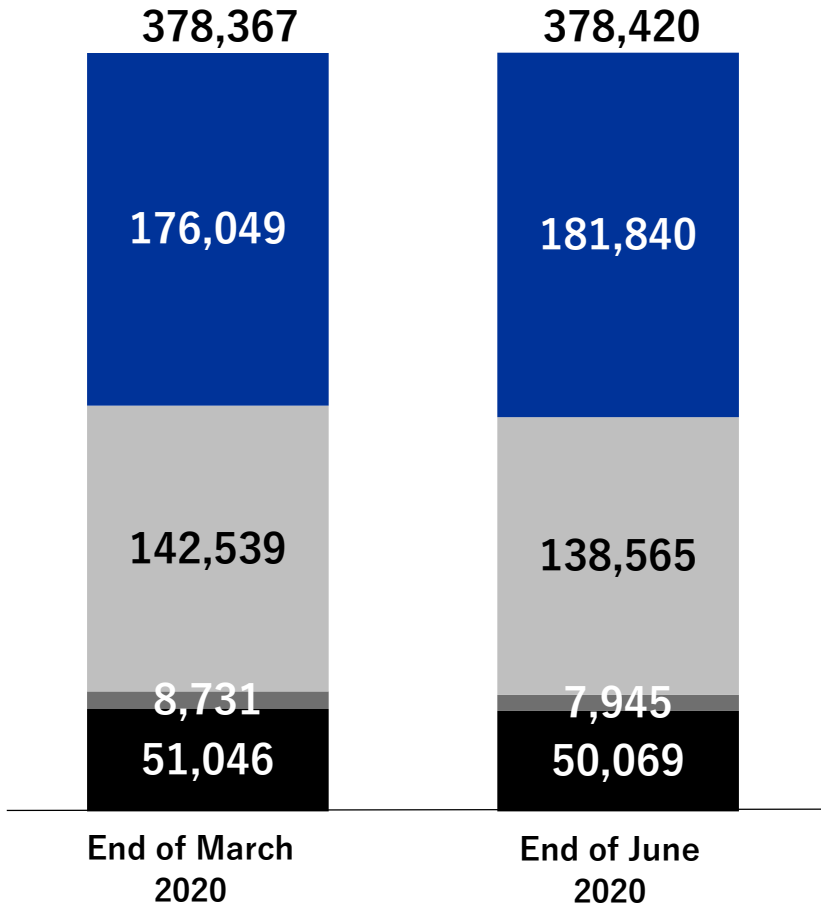
# Consolidated Earnings Results by Segment

(Millions of yen)

	FY2019					FY2020
	1Q	2Q	3Q	4Q	Full year	1Q
<b>Revenue</b>	<b>34,519</b>	<b>34,752</b>	<b>34,552</b>	<b>35,717</b>	<b>139,541</b>	<b>34,674</b>
<b>Media Business</b>	24,985	24,822	24,213	23,623	97,645	23,066
<b>Space Business</b>	12,570	12,893	13,180	14,889	53,533	14,381
<b>Consolidated Eliminations</b>	(3,037)	(2,963)	(2,842)	(2,794)	(11,637)	(2,773)
<b>Operating income</b>	<b>3,694</b>	<b>4,636</b>	<b>3,971</b>	<b>2,960</b>	<b>15,263</b>	<b>5,594</b>
<b>Media Business</b>	654	1,932	1,284	(795)	3,076	2,174
<b>Space Business</b>	3,225	2,875	2,855	3,945	12,901	3,568
<b>Consolidated Eliminations</b>	(185)	(171)	(168)	(189)	(714)	(148)
<b>Segment profit</b> (Profit attributable to Owners of Parent)	<b>2,464</b>	<b>3,479</b>	<b>2,582</b>	<b>3,500</b>	<b>12,027</b>	<b>4,022</b>
<b>Media Business</b>	474	1,416	909	1,746	4,546	1,603
<b>Space Business</b>	2,146	2,197	1,800	1,884	8,029	2,529
<b>Consolidated Eliminations</b>	(156)	(134)	(128)	(130)	(549)	(111)

## Assets

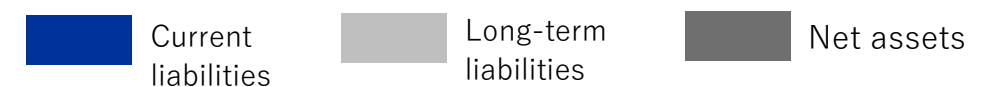
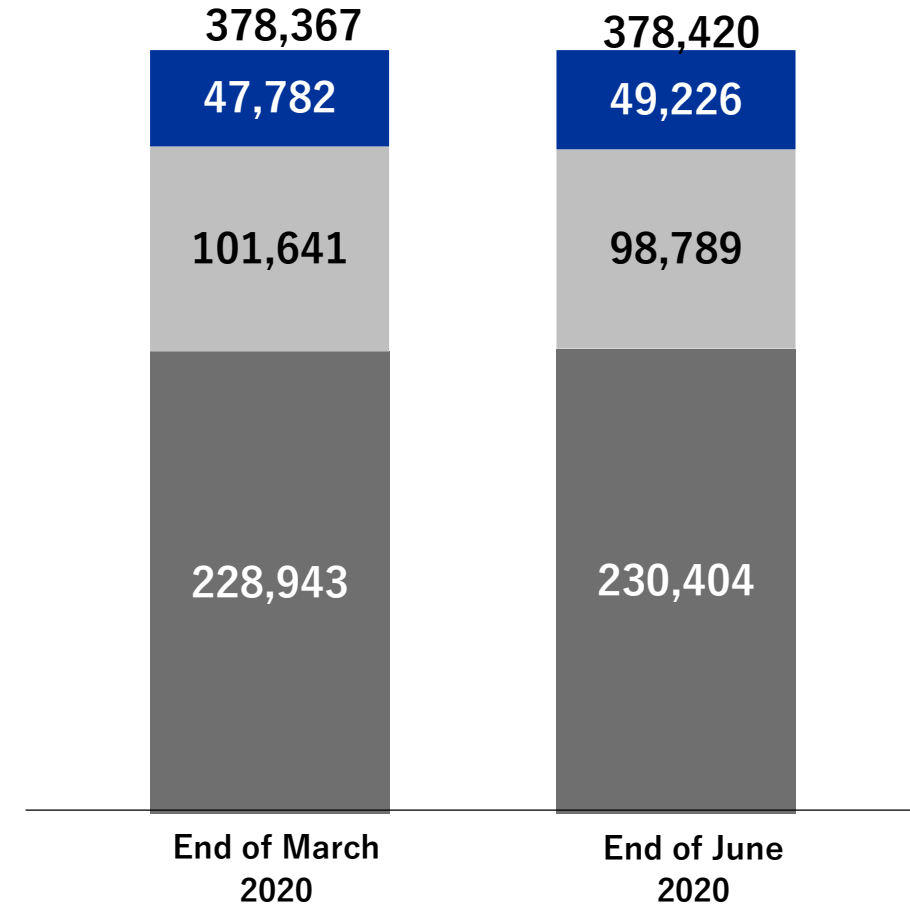
(Millions of yen)



## Liabilities and Net Assets

Equity Ratio: 60.3%

60.6% (Millions of yen)



(Millions of yen)

	1Q 2019	1Q 2020
<b>Net Cash from Operating Activities</b>	13,524	20,611
<b>Net Cash from Investing Activities</b>	(6,868)	(2,349)
<b>Free cash flows<sup>(*1)</sup></b>	6,656	18,262
<b>Net Cash from Financing Activities</b>	(5,197)	(10,380)
<b>Cash and Cash Equivalents at Term-end (a)</b>	49,545	51,474
<b>Term-end Balance of Interest-bearing Debt <sup>(*2)</sup> (b)</b>	105,070	94,560
<b>Term-end Balance of Net Interest-bearing Debt (b)-(a)</b>	55,524	43,086

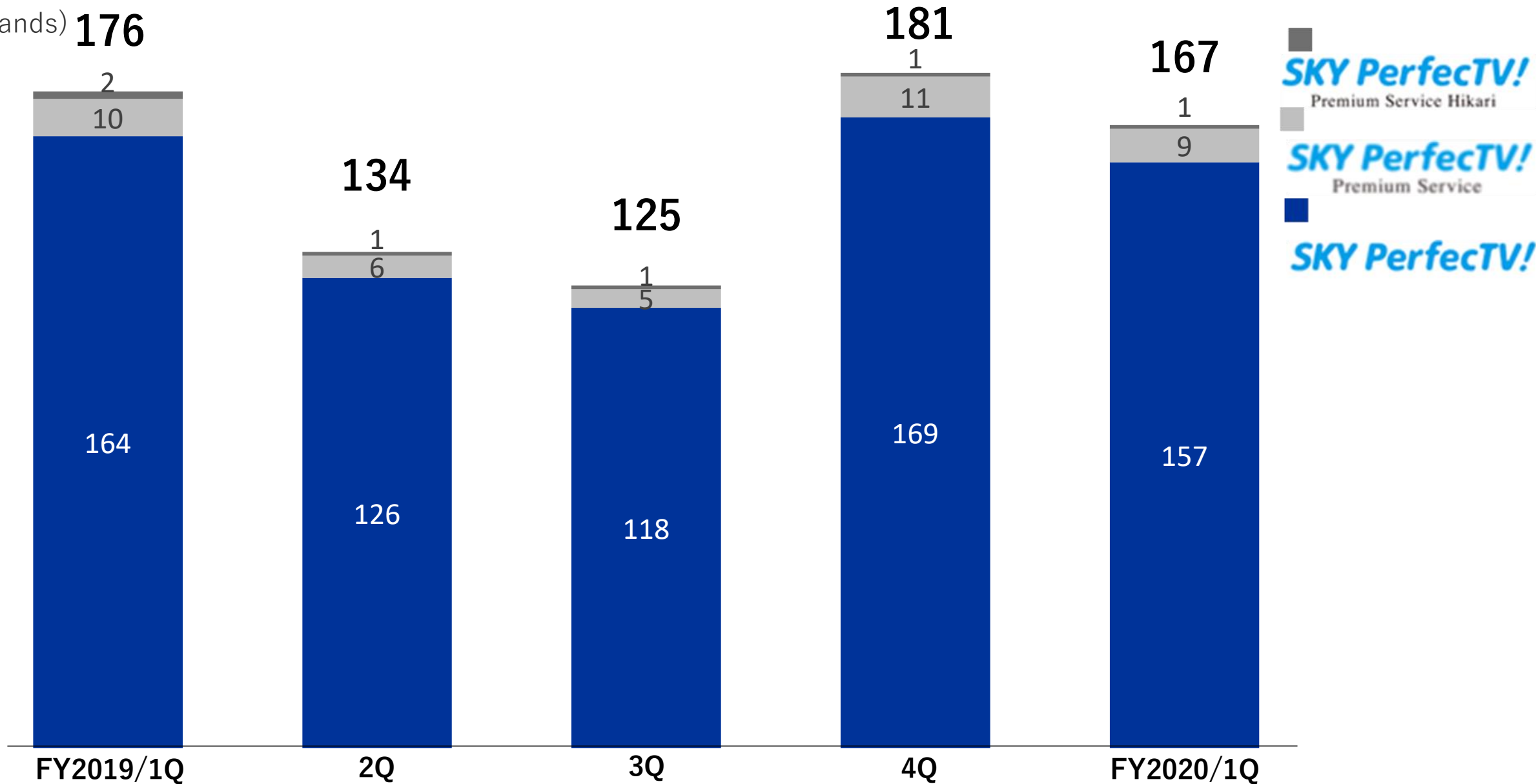
\*1. Net Cash from Operating Activities + Net Cash from Investing Activities

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

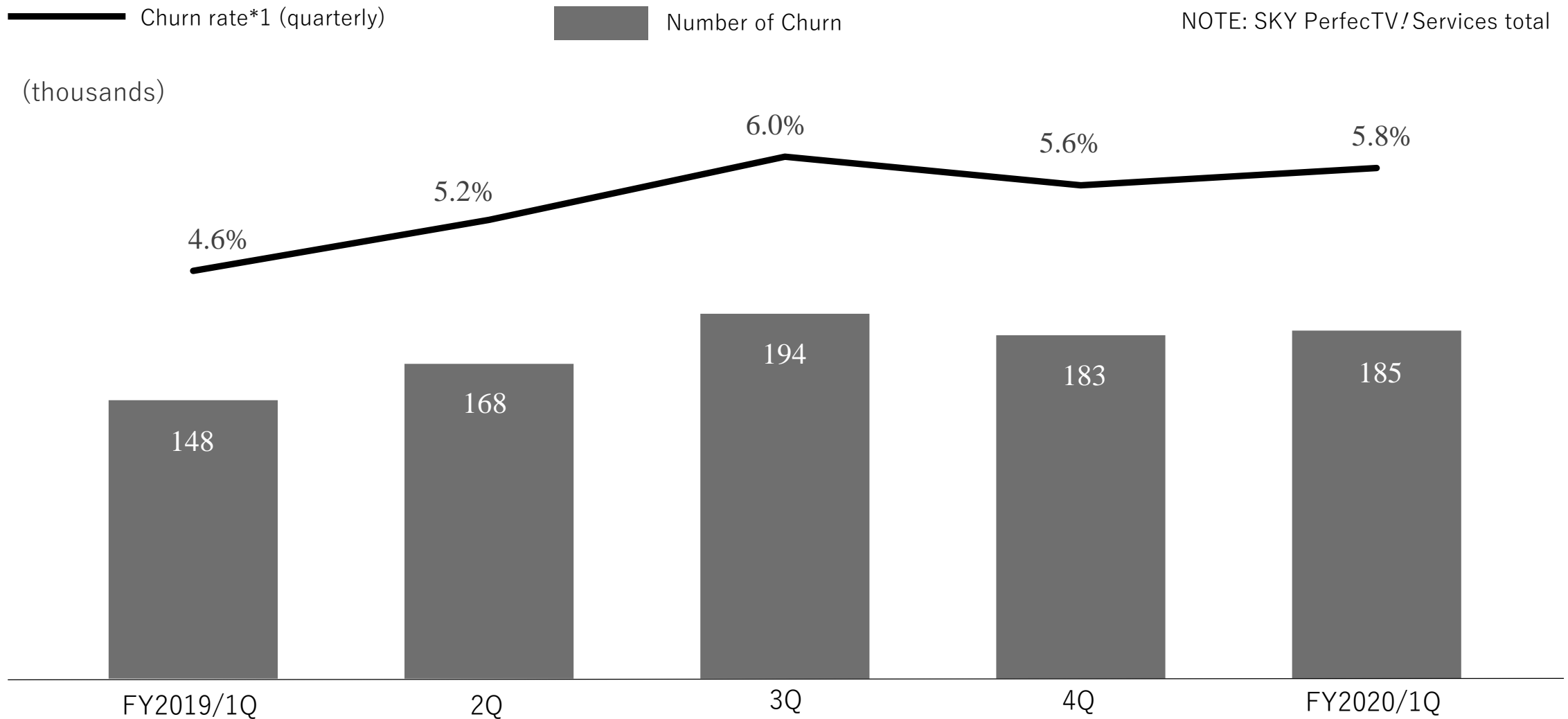


# Number of New Subscribers (IC cards)

(thousands) **176**



\* "New" is the sum of the number of subscribers, which had been counted separately as "New" and "Re-subscription" until September 2019. The numbers in 2019 are re-calculated. 17



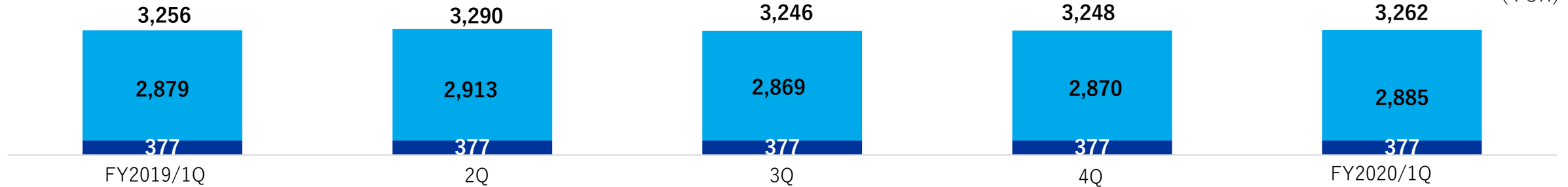
\*1 The rate is calculated by dividing the total number of cancellations for each quarter by the cumulative number of subscribers at the end of the previous fiscal year.

\*2 The number of new subscribers, which had been separately included in "New" and "Re-subscription," has been added up and included in "New."

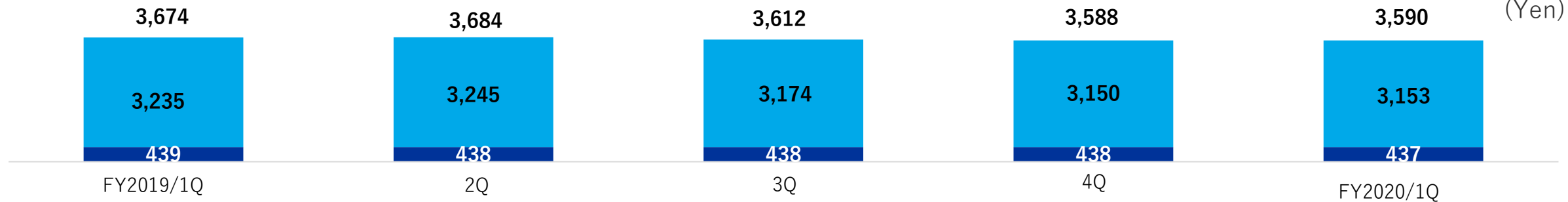
The churn rate after deducting the number of reinsurance contracts is not calculated. (Source: 3Q Fiscal Year 2019)

# Subscriber Payments \*1

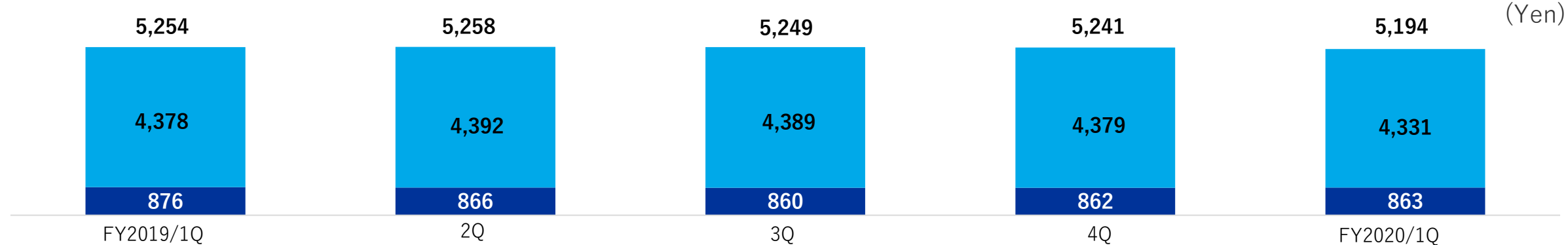
## SKY PerfectTV!



## SKY PerfectTV! Premium Service



## SKY PerfectTV! Premium Service Hikari



■ Basic fees and other

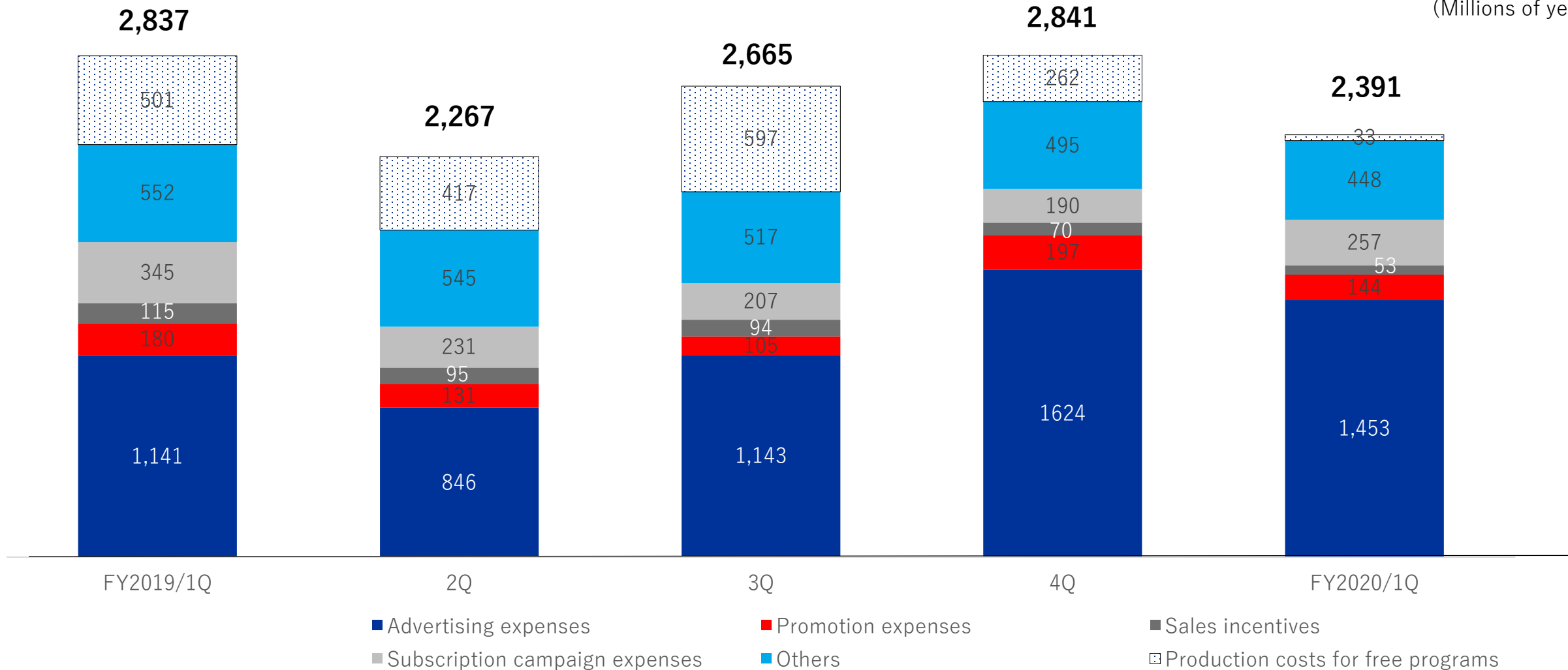
■ Viewing fees

\*1. Average monthly viewing fees paid by policyholders. The monthly unit price, which was previously disclosed in units of "subscribers" (number of IC cards), has been changed to "subscribers" (from the materials disclosed in the first quarter of Fiscal Year 2019). Approximately 30% of the subscriber's viewing fees are paid to SKY PerfectTV! and 100% to SKY PerfectTV! Premium Services, respectively, are recognized as operating revenue.

\*2. Basic fees and other basic fees and set-top box rental fees

# Total Subscribers Acquisition Cost (SAC)

(Millions of yen)



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.)

Others: Operation costs of SKY PerfectTV / customer service center etc.

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

# Space for your Smile

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