Earning Results Briefing for 1Q/2019

August 1, 2019 (Thursday)

SKY Perfect JSAT Holdings Inc.
Forward-looking Statements

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 1Q/2019
Both revenue and profit made progress as planned. Space Business had decreased revenue and profit due to handover of the satellite to the Ministry of Defense and a decrease in sales (¥23 billion) on 1Q 2018.

<table>
<thead>
<tr>
<th></th>
<th>FY2018/1Q</th>
<th>FY2019/1Q</th>
<th>Year-On-Year Comparison</th>
<th>Progress on FY2019 Forecast</th>
<th>FY2019 Full-Year Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>58,772</td>
<td>34,519</td>
<td>(41.3%)</td>
<td>24.1%</td>
<td>143,500</td>
</tr>
<tr>
<td>Operating Income</td>
<td>4,646</td>
<td>3,694</td>
<td>(20.5%)</td>
<td>24.6%</td>
<td>15,000</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>5,090</td>
<td>3,807</td>
<td>(25.2%)</td>
<td>24.6%</td>
<td>15,500</td>
</tr>
<tr>
<td>Profit Attributable to Owners of Parent</td>
<td>3,321</td>
<td>2,464</td>
<td>(25.8%)</td>
<td>24.6%</td>
<td>10,000</td>
</tr>
<tr>
<td>EBITDA *</td>
<td>11,346</td>
<td>10,821</td>
<td>(4.6%)</td>
<td>25.8%</td>
<td>42,000</td>
</tr>
</tbody>
</table>

*1: EBITDA is calculated as Net Income + Tax Expense + Goodwill Amortization + Depreciation Expense + Interest Expense
Revenues of optical retransmission service had increased 0.5 billion yen.

### Revenues (¥0.87B)*

**<Main Factors for Increases or Decreases>**
- Decrease in subscription fees : (¥1.1B)
- Decrease in business commission fees : (¥0.2B)
- Increase in optical retransmission service fees : +0.5B
- Decrease in other revenues : (¥0.1B)

### Operating Expenses (¥0.73B)*

**<Main Factors for Increases or Decreases>**
- Decrease in content costs : (¥0.8B)
- Decrease in program provision expenses : (¥0.5B)
- Increase in depreciation expenses : +¥0.8B
- Increase in usage fee for transponders : +¥0.3B
- Decrease in other expenses : (¥0.5B)

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* Inter-segment Transactions included.
Space Business had decreased revenue and profit due to handover of the satellite to the Ministry of Defense in sales (¥23 billion) on 1Q 2018. Horizons 3e contributed to revenue of Space Business by 0.1 billion yen.

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### Revenues (¥22.97B)*

<Main Factors for Increases or Decreases>

- Handover of the satellite to the Ministry of Defense and a decrease in sales: (¥23.0B)
- Increase in operating income of North American subsidiary: +¥0.1B
- Increase in broadcasting transponder-related revenues: +¥0.3B
- Decrease in other revenues: (¥0.4B)

### Operating Expenses (¥22.16B)*

<Main Factors for Increases or Decreases>

- Decrease in depreciation expenses: (¥0.2B)
- Increase in operating expenses of North American subsidiary: ¥+0.3B
- Decrease in satellite business related cost: (¥22.3B)

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* Inter-segment Transactions included.
Media Business
Expansion of TV service using optical lines (terrestrial, BS retransmission)

All new 4K/8K satellite broadcasting channels are now available with optical lines

Started provision in December 2018

The dedicated adapter eliminates the need to renovate indoor equipment

- ONU
- No need to renovate indoor equipment
- Booster
- TV terminal
- Start of sales 8/26 (Monday)
  - New 4K/8K satellite broadcasting compatible televisions

Starting provision in September 2019

Number of apartment buildings with optical service increasing

Example of orders
- Tokyo: Highrise tower apartments in Minato-ku 550 homes
- Osaka: Bay area large-scale development 330 homes
- Fukuoka: Composite development including tower apartment buildings 786 homes
  - etc.

* Up to September 2019
Expansion of TV service using optical lines (terrestrial, BS retransmission)

Expansion of revenue through revision of SKY Perfect JSAT facility usage fees

December 2018: Price increase through expanded services (¥210 → ¥300 per month)

<Television viewing service registration fees/usage fees>

Revenue ¥1.5 billion increase

FY2018 (Actual) 6.5
FY2019 (Forecast) 8.0

Expansion of new optical retransmission service accounts

Strengthened promotion with new 4K/8K broadcasting as a tailwind

December 2018: Price increase through expanded services (¥210 → ¥300 per month)

Strengthened promotion with new 4K/8K broadcasting as a tailwind

2,248,189 subscribers * As of June 30, 2019

* Actual
* Forecast
Pursuing appealing content

■ European Soccer begins

All Bundesliga matches broadcast
Broadcasting Shoya Nakajima and the Portuguese League

Aug. 16
New season starts

■ Rugby World Cup 2019™

Live 4K broadcasting of all 48 games during the Rugby World Cup 2019™ in Japan (JSPORTS 4K)

Sep. 20
Season opener

■ Music

a-nation 2019
Performers: AAA, TOHOSHINKI, others
(BS SKY PerfecTV!, MUSIC On! TV)

Exclusive live broadcasts
Aug. 17 and 18

2nd LIVE "REUNION" exclusive broadcast

IDOLiSH7 Live
October - November broadcast
(BS SKY PerfecTV!, MUSIC On! TV)
Online streaming-only new soccer product

**Provided contents**

Bundesliga: All matches broadcast live
Portuguese League: All matches with Shoya Nakajima scheduled to play broadcast live

**Price**

¥925 per month (excluded tax)

**Sales launch date**

August 1, 2019 (Thursday)

* Missed matches can be watched on-demand for 72 hours from the start of on-demand broadcast
  * The current SKY PerfecTV! Soccer Set (¥2,980) will continue to be available with TV! On-Demand
Collaboration on "next-generation television"

LINE x SKY PerfecTV!

TV makes the home fun.

[Next-generation television]
Aiming for a never-before-seen new display (in-home HUB) and integration of life services and media services.

For example,

Shopping

Today's menu

Healthcare
Space Business
We seek to achieve revenue exceeding 60 billion yen by FY2020 targeting the global mobile market, with a focus on Asia and Horizons 3e have steadily made contracts. 

*One time Revenue from the sale of satellite and ground facilities are excluded*
Horizons 3e
- Service is currently available, with acquisition of new accounts progressing steadily in Japan and around the world. There are also contracts for planned start of use in the future, and further expansion of revenues is anticipated.

Overview of the Horizons 3e satellite
- Launch of service: January 2019
- Orbital position: 169 degrees east longitude
- Main coverage: Asia Pacific
Total of 17 satellites covering from North America to the Indian Ocean
References
- The Company's second HTS satellite. Construction is currently progressing steadily.
- Currently providing proposals, mainly for mobile backhaul and mobile usage. Public sector, etc., usage has already been decided.
In combination with Horizons 3e, respond to demand in the Asia Pacific region.

Overview of the JCSAT-18 satellite

- Launch: Second half of FY2019
- Orbital position: 150 degrees east longitude
- Main coverage: Asia Pacific, Russian Far East
New satellite for mobile communication

**JCSAT-17**

- Long-term usage planned by NTT DOCOMO, INC.
- Equipped with S band and C band for mobile communication.

Provision of services for Japan.

Overview of the JCSAT-17 satellite

- Launch: Second half of FY2019
- Orbital position: 136 degrees east longitude
- Major coverage area: Japan and surrounding waters
- Radio Frequencies: S-band, C-band and Ku-band
Summary of Income Statements by Business Segment (FY2018/1Q~FY2019/1Q)

(Year-on-year Comparison)

- Media Business revenue had decreased due to decreasing subscription fee revenue, etc.
- Optical retransmission service contributed to revenue of Media Business by 0.5 billion yen.
- Space Business revenue and profits had decreased due to handover of the satellite to the Ministry of Defense.
- Horizons 3e contributed to revenue of Space Business by 0.1 billion yen.

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
</tr>
<tr>
<td>Revenue</td>
<td>58,772</td>
<td>35,066</td>
</tr>
<tr>
<td>Media Business</td>
<td>25,857</td>
<td>25,368</td>
</tr>
<tr>
<td>Space Business</td>
<td>35,541</td>
<td>12,266</td>
</tr>
<tr>
<td>Consolidated</td>
<td>(2,626)</td>
<td>(2,569)</td>
</tr>
<tr>
<td>Eliminations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>4,646</td>
<td>4,969</td>
</tr>
<tr>
<td>Media Business</td>
<td>797</td>
<td>2,055</td>
</tr>
<tr>
<td>Space Business</td>
<td>4,034</td>
<td>3,082</td>
</tr>
<tr>
<td>Consolidated</td>
<td>(185)</td>
<td>(168)</td>
</tr>
<tr>
<td>Eliminations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Unit: ¥ millions)
### Key Performance Indicators for Media Business (*)

- Number of cumulative subscribers increased to 3,275 thousands, 6 thousands plus compared to the same period of the previous year.
- Number of Cumulative Contractors decreased to 2,772 thousands, 107 thousands minus compared to the same period of the previous year.

<table>
<thead>
<tr>
<th></th>
<th>2018/1Q</th>
<th>2019/1Q</th>
<th>FY2019 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of New Subscribers and Re-subscribers (unit : thousands)</strong></td>
<td>155</td>
<td>176</td>
<td>572</td>
</tr>
<tr>
<td><strong>Net Increase in Subscribers (unit : thousands)</strong></td>
<td>7</td>
<td>28</td>
<td>(66)</td>
</tr>
<tr>
<td>SKY PerfecTV /</td>
<td>20</td>
<td>48</td>
<td>37</td>
</tr>
<tr>
<td>SKY PerfecTV / Premium Service</td>
<td>(13)</td>
<td>(19)</td>
<td>(99)</td>
</tr>
<tr>
<td>SKY PerfecTV / Premium Service Hikari</td>
<td>0</td>
<td>(1)</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Number of Cumulative Subscribers (unit : thousands)</strong></td>
<td>3,270</td>
<td>3,275</td>
<td>3,181</td>
</tr>
<tr>
<td><em>Number of subscribers who concluded a pay-subscription agreement.</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of Cumulative Contractors (unit : thousands)</strong></td>
<td>2,879</td>
<td>2,772</td>
<td>2,713</td>
</tr>
<tr>
<td><em>Number of subscribers by contract. Multiple pay-subscription agreements by the same contractor are counted as one.</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average Monthly Subscriber Payment (unit: JPY)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SKY PerfecTV /</td>
<td>3,304</td>
<td>3,256</td>
<td></td>
</tr>
<tr>
<td>SKY PerfecTV / Premium Service</td>
<td>3,742</td>
<td>3,674</td>
<td></td>
</tr>
<tr>
<td>SKY PerfecTV / Premium Service Hikari</td>
<td>5,284</td>
<td>5,254</td>
<td></td>
</tr>
</tbody>
</table>
Consolidated Balance Sheets

Assets

(Unit: ¥ million)

<table>
<thead>
<tr>
<th>March 2019</th>
<th>June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>147,370</td>
<td>145,972</td>
</tr>
<tr>
<td>9,490</td>
<td>8,962</td>
</tr>
<tr>
<td>53,275</td>
<td>52,911</td>
</tr>
<tr>
<td>165,966</td>
<td>166,357</td>
</tr>
<tr>
<td>376,102</td>
<td>374,203</td>
</tr>
</tbody>
</table>

Liabilities and Equity

Equity Ratio : 58.9 % 59.2% (Unit: ¥ million)

<table>
<thead>
<tr>
<th>March 2019</th>
<th>June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>114,240</td>
<td>105,969</td>
</tr>
<tr>
<td>224,014</td>
<td>224,054</td>
</tr>
<tr>
<td>376,102</td>
<td>374,203</td>
</tr>
<tr>
<td>37,846</td>
<td>44,179</td>
</tr>
</tbody>
</table>
### Consolidated Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>FY2018/1Q</th>
<th>FY2019/1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash from Operating Activities</td>
<td>7,877</td>
<td>13,524</td>
</tr>
<tr>
<td>Net Cash from Investing Activities</td>
<td>10,139</td>
<td>(6,868)</td>
</tr>
<tr>
<td>Free Cash Flows*1</td>
<td>(2,261)</td>
<td>6,656</td>
</tr>
<tr>
<td>Net Cash from Financing Activities</td>
<td>9,076</td>
<td>(5,197)</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at Term-End(a)</td>
<td>53,072</td>
<td>49,545</td>
</tr>
<tr>
<td>Term-end Balance of Interest-bearing Debt*2 (b)</td>
<td>104,841</td>
<td>105,070</td>
</tr>
<tr>
<td>Term-end Balance of Net Interest-bearing Debt (b)-(a)</td>
<td>51,768</td>
<td>55,524</td>
</tr>
</tbody>
</table>

*1. Sum of Net Cash Flows from Operating and Investing Activities
*2. Term end balance of debts and unsecured corporate bonds

(Unit: ¥ million)
Number of New Subscribers

(Unit: Thousand)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2018/1Q</td>
<td>109</td>
<td>87</td>
<td>137</td>
<td>125</td>
<td>132</td>
</tr>
<tr>
<td>2Q</td>
<td>93</td>
<td>74</td>
<td>124</td>
<td>113</td>
<td>124</td>
</tr>
<tr>
<td>3Q</td>
<td>13</td>
<td>11</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>4Q</td>
<td>3</td>
<td>10</td>
<td>10</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>FY2019/1Q</td>
<td>11</td>
<td>10</td>
<td>11</td>
<td>113</td>
<td>124</td>
</tr>
</tbody>
</table>
Churn Rate

- **Churn Rate (Quarterly basis)**
- **Substantial Churn Rate after exclusion of re-subscriptions**

(Unit: Thousand)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Number of Churns</th>
<th>Number of re-registered subscribers</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2018/1Q</td>
<td>147</td>
<td>46</td>
</tr>
<tr>
<td>2Q</td>
<td>156</td>
<td>32</td>
</tr>
<tr>
<td>3Q</td>
<td>201</td>
<td>34</td>
</tr>
<tr>
<td>4Q</td>
<td>154</td>
<td>74</td>
</tr>
<tr>
<td>FY2019/1Q</td>
<td>148</td>
<td>44</td>
</tr>
</tbody>
</table>

**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

<table>
<thead>
<tr>
<th></th>
<th>FY2018/1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>FY2019/1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SKY PerfecTV /</strong></td>
<td>3,304</td>
<td>2,927</td>
<td>377</td>
<td>2,933</td>
<td>377</td>
</tr>
<tr>
<td><strong>SKY PerfecTV / Premium Service</strong></td>
<td>3,742</td>
<td>3,298</td>
<td>443</td>
<td>3,291</td>
<td>441</td>
</tr>
<tr>
<td><strong>SKY PerfecTV / Premium Service Hikari</strong></td>
<td>5,284</td>
<td>4,368</td>
<td>916</td>
<td>4,358</td>
<td>925</td>
</tr>
</tbody>
</table>

### Notes:

*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 PerfecTV/ is recognized as commission fee revenue. 100% of subscriber payments for SKY PerfecTV/Premium Service and SKY PerfecTV/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)

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

<table>
<thead>
<tr>
<th></th>
<th>FY2018/1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>FY2019/1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising expenses</td>
<td>631</td>
<td>629</td>
<td>712</td>
<td>712</td>
<td>641</td>
</tr>
<tr>
<td>Promotion expenses</td>
<td>237</td>
<td>476</td>
<td>217</td>
<td>252</td>
<td>159</td>
</tr>
<tr>
<td>Sales incentives</td>
<td>242</td>
<td>179</td>
<td>177</td>
<td>336</td>
<td>345</td>
</tr>
<tr>
<td>Others</td>
<td>1,208</td>
<td>913</td>
<td>1,460</td>
<td>1,543</td>
<td>1,141</td>
</tr>
</tbody>
</table>
Space for your Smile

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