

SKY Perfect JSAT Group  
Earning Results Briefing of FY2011

May 10, 2012  
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
- 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 IC card security, etc.

# 1. Report on the Full-year Financial Results for Fiscal 2011

2. Progress of the Mid-Term Business Plan

3. Earnings Forecast and Approach of Each Business for Fiscal 2012

# Consolidated Business Performance Highlights

# Operating results summary of FY2011

Revenues, Operating income and Ordinary Income hit a record high

(Units: ¥ millions)

	FY2010	FY2011	Comparison to FY2010
<b>Revenues</b>	141,850	<b>155,242</b>	+9.4%
<b>Operating Income</b>	13,503	<b>17,486</b>	+29.5%
<b>Ordinary Income</b>	12,394	<b>16,702</b>	+34.8%
<b>Net Income</b>	4,421	<b>8,569</b>	+93.8%
<b>EBITDA<sup>*1</sup></b>	35,256	<b>42,005</b>	+19.1%

\*1 EBITDA is calculated as Net Income + Tax Expense + Depreciation Expense + Interest Expense.

# Main indicators for Multichannel Pay TV Business

(Units: thousand)

	FY2010	<b>FY2011</b>	Full year Forecast of FY2011
Number of New Subscribers	580	<b>678</b>	608
Net Increase in Subscribers	38	<b>89</b>	53
Number of Cumulative Subscribers	3,725	<b>3,814</b>	3,778
<u>Average Monthly Subscriber's Payment</u> <sup>*1</sup> (units: yen)	3,236	<b>3,226</b>	—
<u>ARPU</u> <sup>*2</sup> (units: yen)	1,489	<b>1,652</b>	—
SAC <sup>*3</sup> (units: yen)	34,839	<b>30,223</b>	—
SKY PerfectTV! HD Subscribers Rate <sup>*4</sup>	19.2 %	<b>32.5 %</b>	—

\*1 Conventional "Gross ARPU" is represented by "average spending per subscriber" (total of the 3 services).

\*2 Conventional "Net ARPU" is represented by "ARPU" (total of the 3 services).

\*3 Part of sales promotion expenses is deducted from SAC from the first quarter of this year due to the revision to accounting procedures (The values for fiscal 2010, too, are revised).

\*4 Cumulative number of subscribers of SKY PerfectTV! HD / (Cumulative number of subscribers of SKY PerfectTV! SD + Cumulative number of subscribers of SKY PerfectTV! HD)

# “ARPU” renamed

【Old name】

【New name】

● Gross ARPU



Average Monthly  
Subscriber's Payment

= Average spending per subscriber for monthly subscription fee, etc.

● Net ARPU



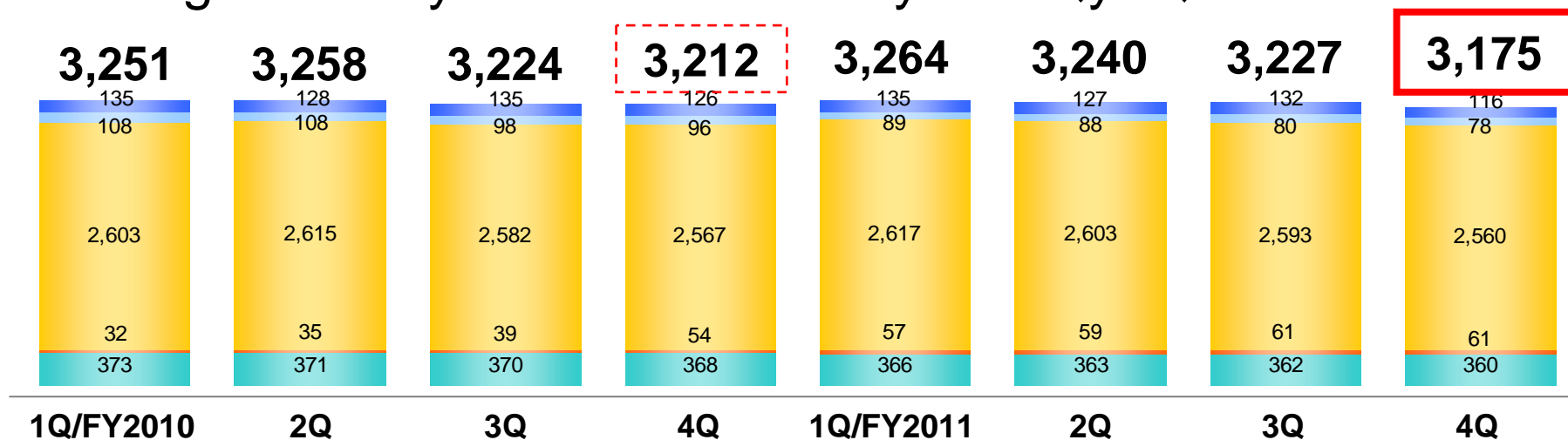
ARPU  
(Average Monthly Revenue Per Unit)

= Revenues of our group in the average spending per subscriber for monthly subscription fee, etc.

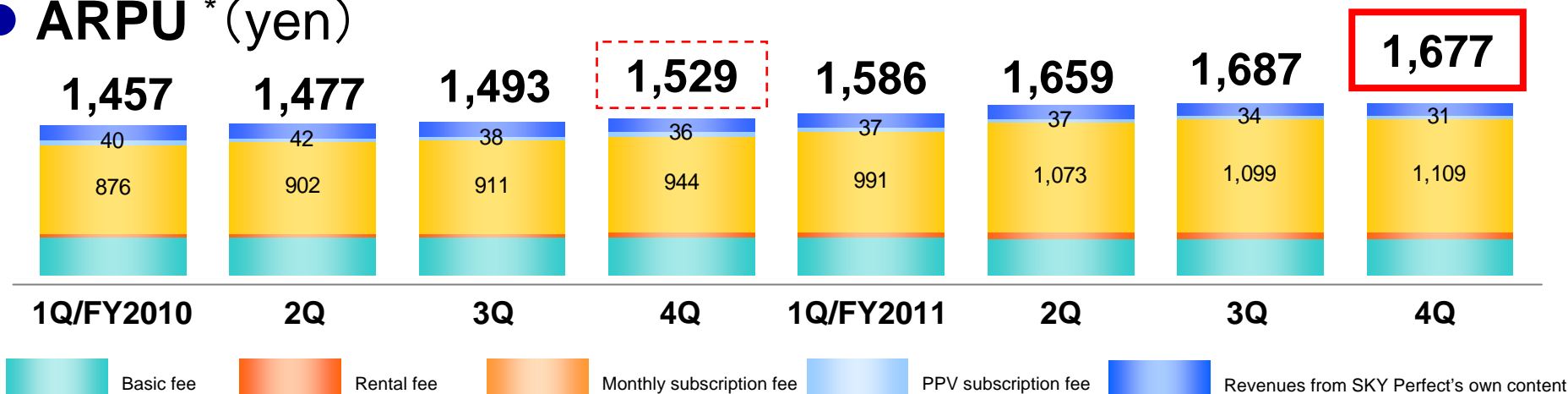
\*The definition of each indicator is the same as before.

# ARPU

## ● Average Monthly Subscriber's Payment\* (yen)



## ● ARPU\* (yen)

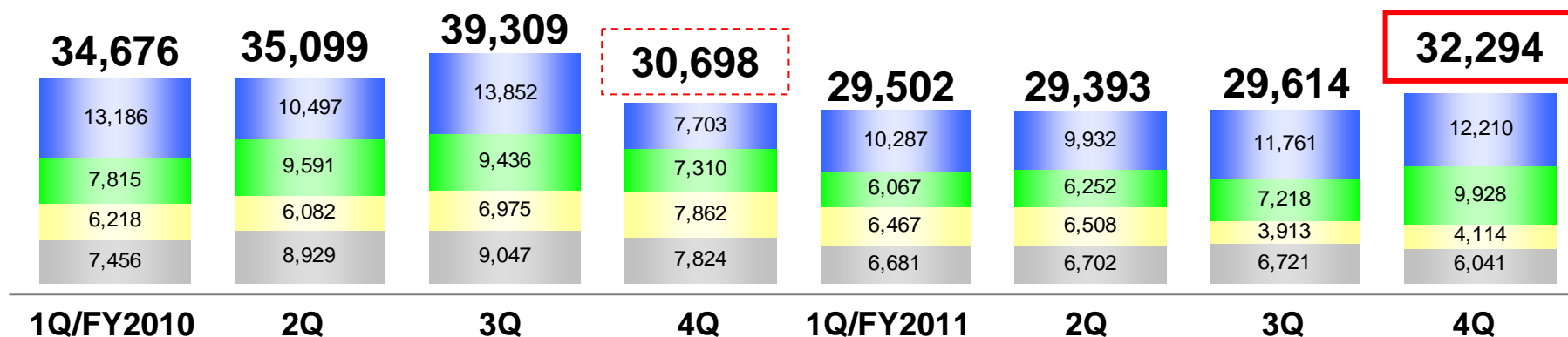


\* Conventional "Gross ARPU" and "Net ARPU" are represented by "average spending per subscriber" and "ARPU" (total of the 3 services).  
The average spending per subscriber for the basic charge, rental fee, and original content prices is equal to ARPU.

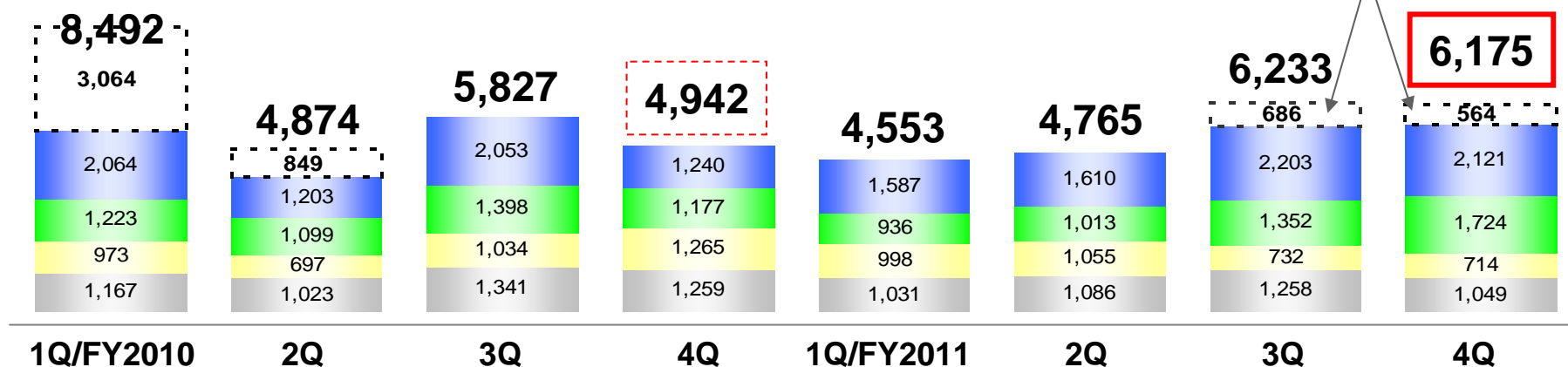


# SAC

## ● SAC unit \*1 (Units: ¥)



## ● SAC total \*2 \*3 (Units: ¥ millions)



\*1 Sum of the 3 services of SKY PerfectTV! SAC unit price is calculated while excluding the costs for charge-free contents, such as the new BS broadcasting.

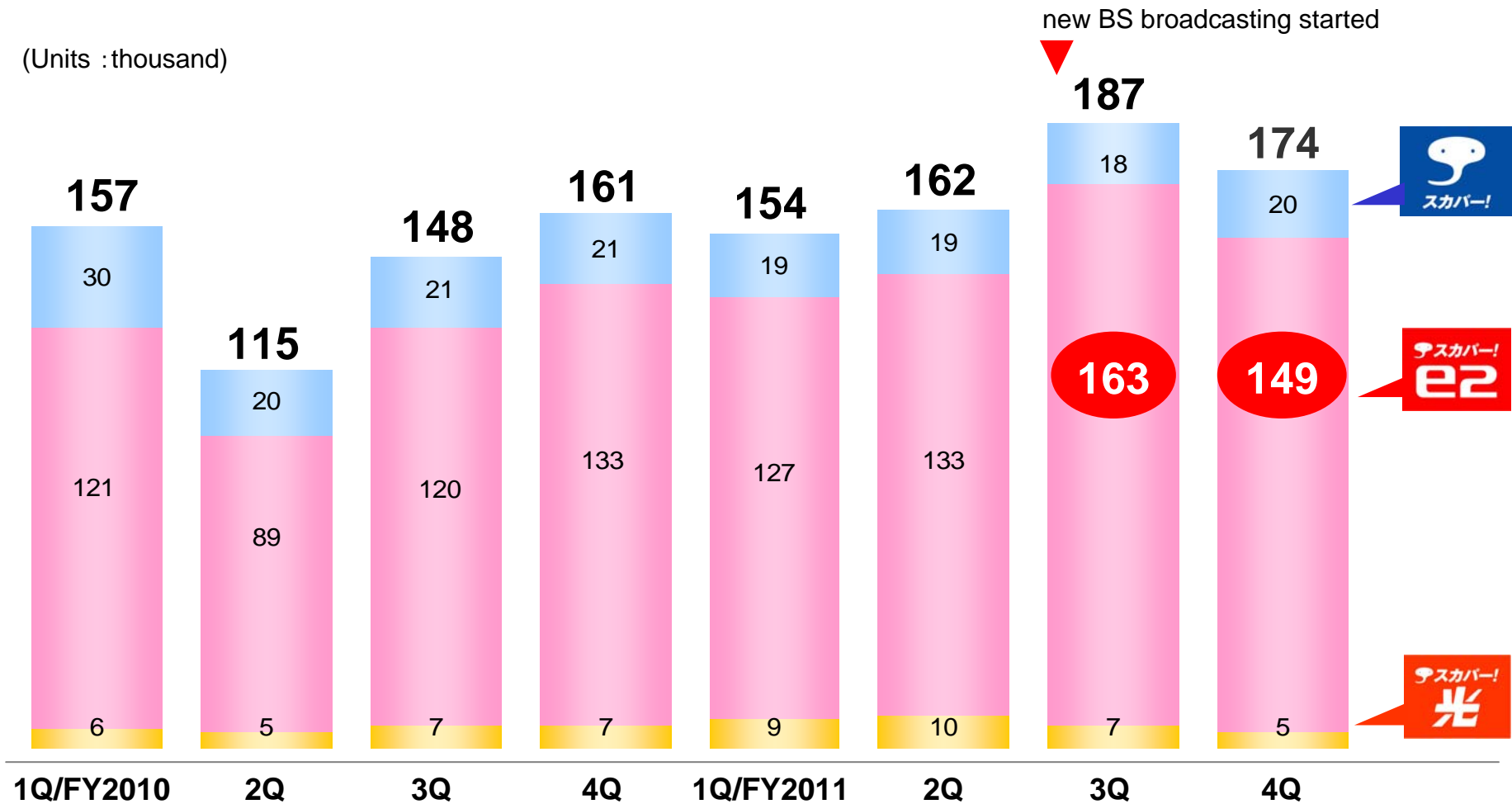
\*2 "Cost for charge-free contents" in the total amount of SAC includes the World Cup-related cost for fiscal 2010 and the cost for BS program production for fiscal 2011.

\*3 Part of sales promotion expenses is deducted from SAC from the first quarter of fiscal 2011 due to the revision to accounting procedures.

# Trends in number of new subscribers

The start of the new BS broadcasting contributed to the increase of subscribers to SKY PerfectTV! e2

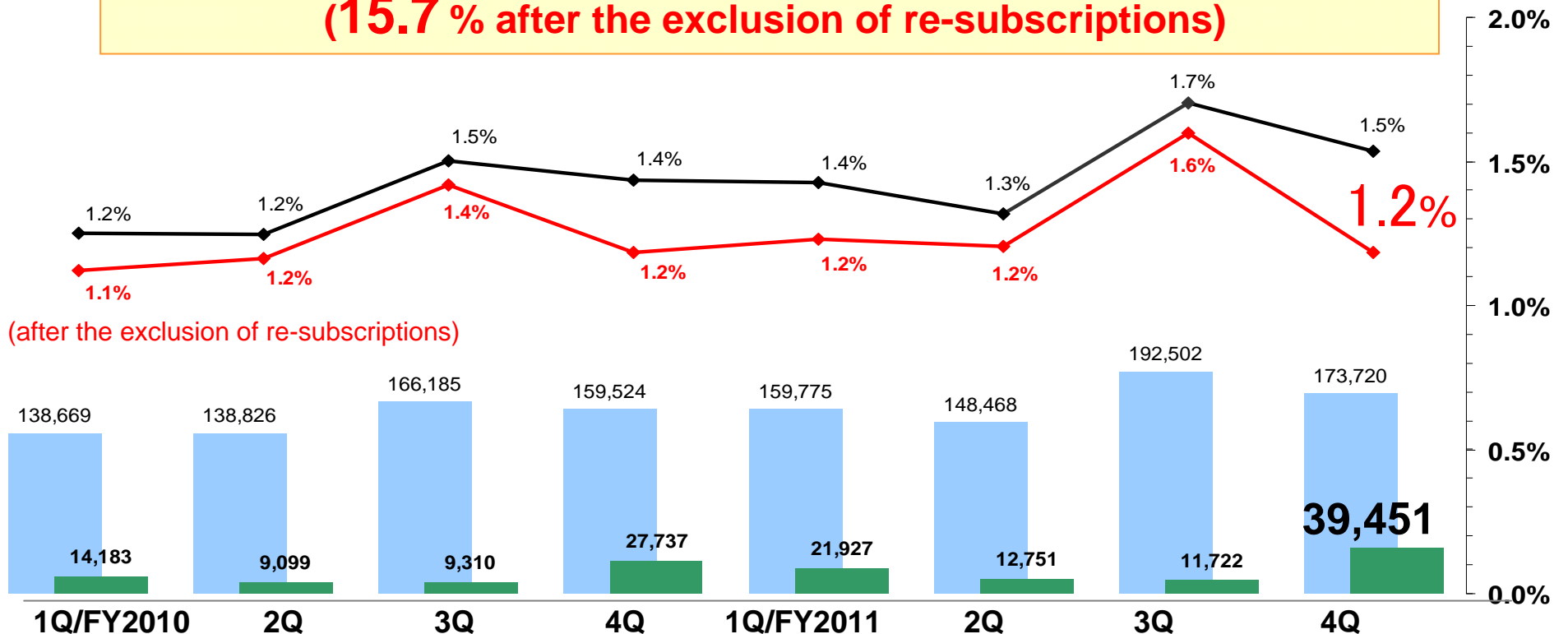
(Units : thousand)



# Trends in number of churn rate (quarterly\*1)

Re-subscriptions increased in 4Q as the sports season began

**Annual churn rate\*2 : 17.9 %**  
**(15.7 % after the exclusion of re-subscriptions)**



\*1 The quarterly average of monthly cancellation rate. Calculated for all of the three services.

\*2 Monthly cancellation rate is included.

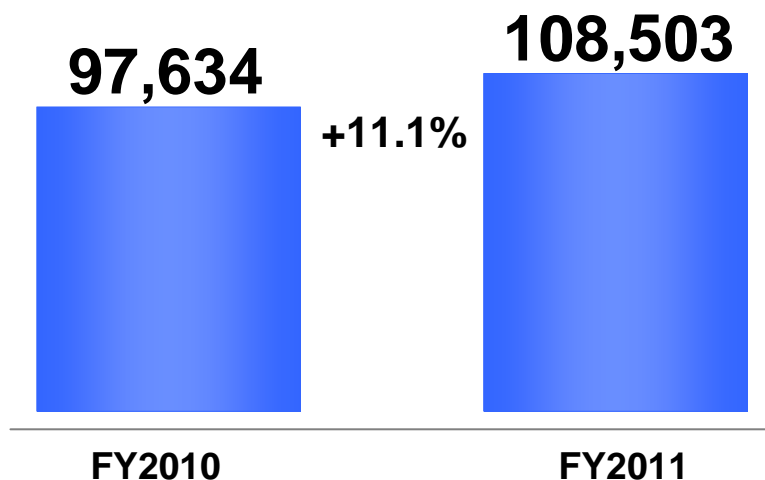
Churn Re-registered Subscribers

# Analysis of Consolidated Business Performance

# Revenues (each segment)

## Multichannel Pay TV Business

(Units: ¥ millions)



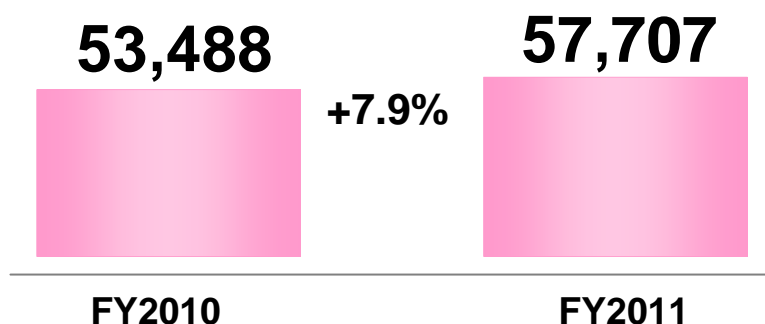
**+10,800 million yen** \*transactions among segments + including 260 million yen

(Units: ¥ millions)

- Increase in the income from subscription fees: +11,100
- Decrease in the income from commission fees: -3,000
  - SD commission fees: -5,300
  - e2 commission fees: +2,300
- Other income increase: +2,700

## Space & Satellite Business

( Units: ¥ millions )



**+4,200 million yen**

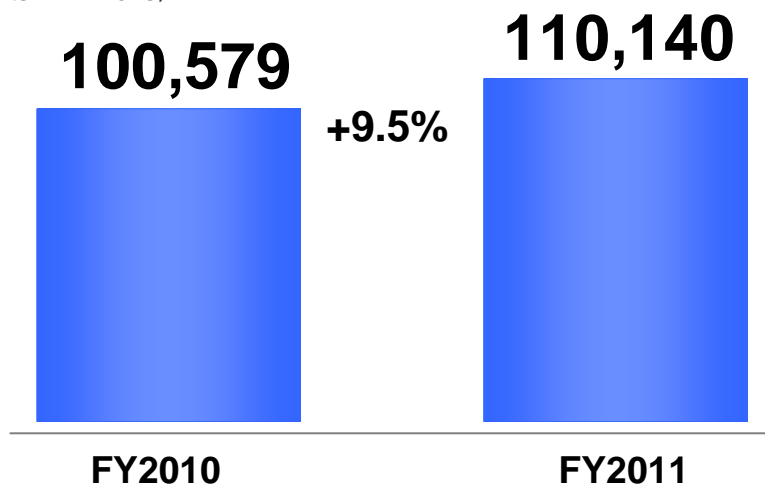
- Increase in satellite use for anti-earthquake measures, etc. : +2,800
- Transactions among segments : +1,400

Note: Consolidated eliminations/corporate decreased by 1,700 million yen from the same period of the previous year

# Operating Expenses (each segment)

## Multichannel Pay TV Business

(Units: ¥ millions)



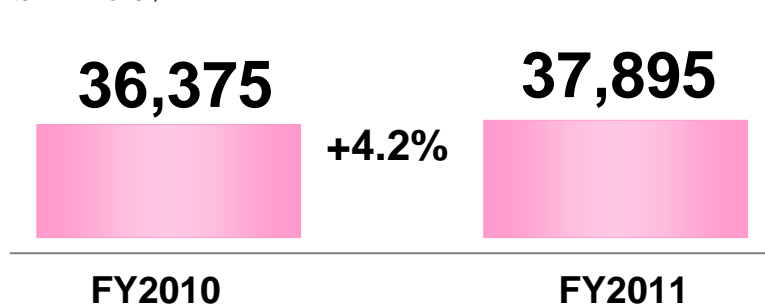
**+9,600** million yen

(Units: ¥ millions)

- Decrease in cost for the broadcasting right of the World Cup: -3,700
- Increase in expense for purchasing programs : +7,400
- Increase in cost for the new BS broadcasting : +2,200
- Loss on valuation of HD receivers : +600
- Others: +1,600
- Transactions among segments : +1,400

## Space & Satellite Business

( Units: ¥ millions )



**+1,500** million yen

\*transactions among segments  
+ including 260 million yen

- Increase in the cost for the satellite business : +600
- Increase in depreciation : +600
- Others: +300

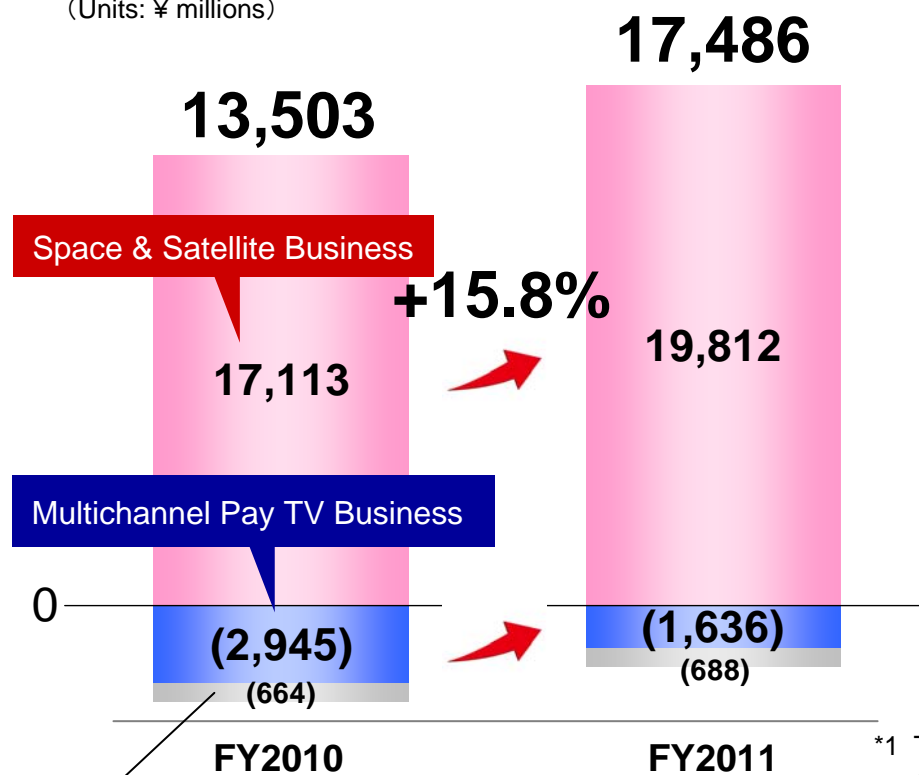
Note: Consolidated eliminations/corporate decreased by 1,700 million yen from the same period of the previous year

# Profit performances

Multichannel Pay TV Business improved, and Space & Satellite Business saw about 15% increase in income.

## Operating Income

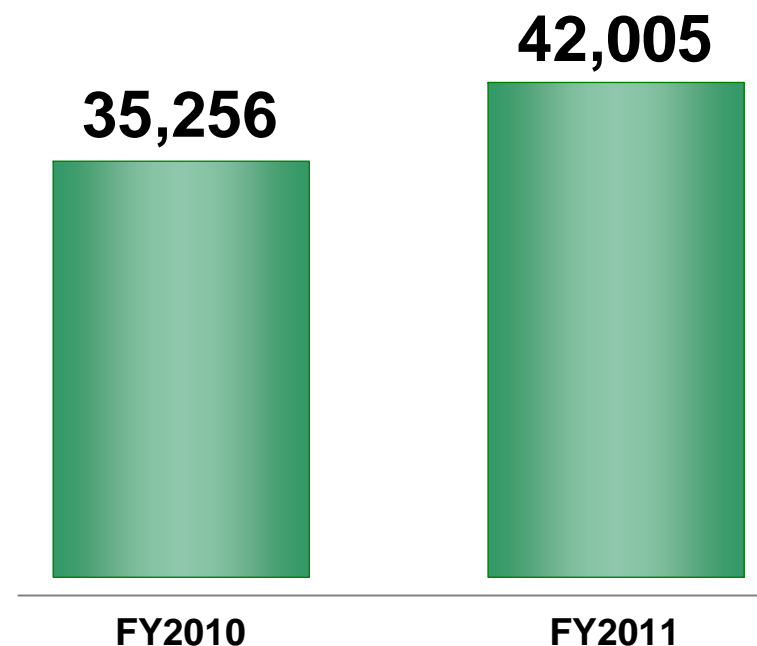
(Units: ¥ millions)



Eliminations and Company Total

## EBITDA

(Units: ¥ millions)



\*1 The value in each segment was calculated with the new method. (The values for fiscal 2010, too, were revised.)

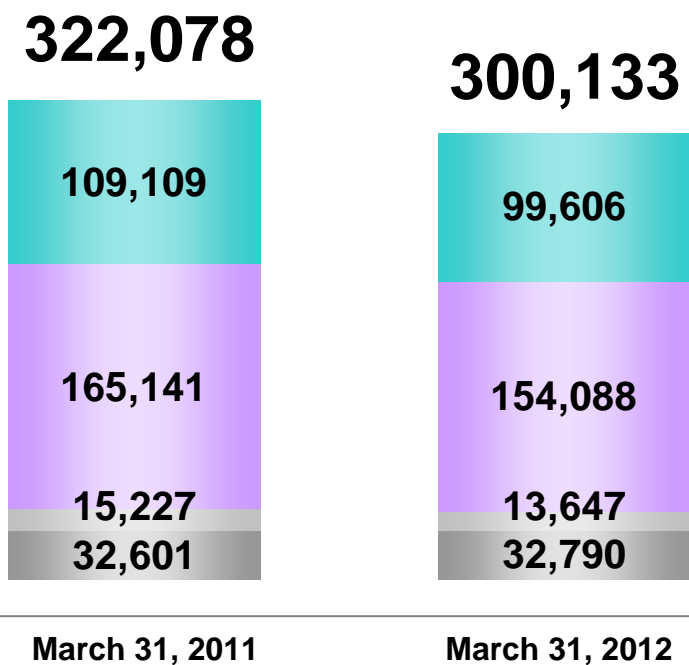
\*2 EBITDA = Net Income + Tax Expense + Depreciation Expense + Interest Expense

# Balance sheets

As Liabilities decreased and Equity increased,  
our financial base was further stabilized.  
(Equity Ratio: 55.9% ⇒ 61.6%)

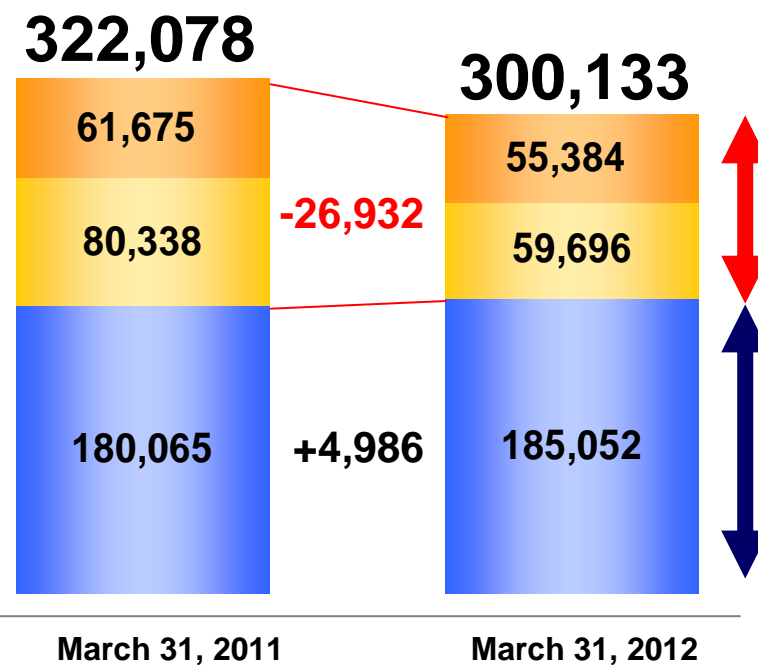
## Assets

(Units: ¥ millions)



## Liabilities and Equity

(Units: ¥ millions)





# Cash flows

## Settlement of net interest-bearing liabilities due to the repayment of debt(virtually no debts)

Consolidated (Units: ¥ millions)

	FY2010	FY2011	Comparison to FY2010
Net Cash from Operating Activities	38,956	39,976	+1,019
Net Cash from Investing Activities	(28,595)	1,995	+30,590
Net Cash from Financing Activities	(17,302)	(34,993)	(17,690)
Cash and Cash Equivalents at the End of Fiscal Year (A)	59,499	66,404	+6,904
Term-end balance of interest-bearing debt* <sup>1</sup> (B)	91,692	62,506	<b>(29,186)</b>
Term-end balance of net interest-bearing debt (B) – (A)	32,192	<b>(3,898)</b>	(36,091)
Capital Expenditures * <sup>2</sup>	18,182	14,444	(3,738)
Free Cash Flows * <sup>3</sup>	20,774	25,532	+4,757

\*1 Term-end balance of debts and unsecured corporate bonds

\*2 The acquisition and reimbursement, etc. of short-term securities for fund management are excluded from the cash flow from investing activities.

\*3 Free Cash Flows = (Cash Flows from Operating Activities) – (Capital Expenditures)

# Operating results of major subsidiaries

## Stable performance of subsidiaries continues

(Units: ¥ millions)

		SJC	SPCC	SPBC	OPCT	SNET	JII
Major Area of Business		Broad-casting platform, Satellite Operation	Customer management	Broadcasting	Content distribution via FTTH	Satellite communications	Satellite communications
% of Equity held by Holdings		100	100	100	100	92	100
Revenues	FY2010	121,770	17,596	23,388	9,355	5,019	2,183
	FY2011	<b>124,930</b>	<b>16,393</b>	<b>33,372</b>	<b>10,797</b>	<b>7,162</b>	<b>2,032</b>
Operating Income	FY2010	12,617	297	259	819	427	822
	FY2011	<b>15,886</b>	<b>250</b>	<b>370</b>	<b>1,203</b>	<b>572</b>	<b>837</b>
Ordinary Income	FY2010	12,023	315	260	734	396	825
	FY2011	<b>15,982</b>	<b>267</b>	<b>375</b>	<b>1,140</b>	<b>506</b>	<b>838</b>

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

SPCC: SKY Perfect Customer-relations Corporation  
 OPCT: OptiCast Inc.  
 JII: JSAT International Inc.

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## Group goals for fiscal 2015

- Revenues 200 billion yen or more
- Operating Income 20 billion yen or more  
(Secure 10% or more of operating margin)
- EBITDA 50 billion yen or more



Multichannel pay TV Business, we aim to have over 4 million subscribers, and secure the position as the leading company in the pay TV business.



Space and Satellite Business, we aim to strengthen the domestic business base, increase the ratio of overseas business considerably, and secure the No.1 position in Asia and Oceania in reality and name.



# Multichannel pay TV Business

## Intensive measures

## Outcome and progress

1

**Increase new subscribers to mainly SKY PerfectTV! e2**

- Start of new BS programs  
⇒ New subscriptions hit a record high.

2

**To promote the shift to SKY PerfectTV! HD and maintain the number of subscribers**

- Start of the distribution of receivers to subscribers with high ARPU  
⇒ Further acceleration is necessary.

3

**To develop the Internet and mobile services**

- Start of the TV program information service “Teleco!”
- Start of “SKY PerfectTV! On-Demand”

4

**Marketing from the viewpoint of subscribers**

- Active campaigns for sales promotion
- Strengthening of the loyalty program

5

**Drastic reform of the cost structure**

- Reform of the structure of the customer center  
⇒ Cost was reduced by about 1 billion yen.



## Intensive measures

## Outcome and progress

1

**Strengthening of the base for the domestic satellite communication business**

- Swift response to the temporary increase in demand after the earthquake disaster
- Cultivation of new customers of BCP-related businesses

2

**Promotion of the space business**

- Discussion on the involvement in governmental missions
- Proposal for the use of Japanese satellite infrastructure around the world ⇒ Medium to long-term theme

3

**Active efforts in the new business fields**

- Expansion of the cloud storage service  
⇒ Establishment of a specialized section, and strengthening of its system

4

**Enhancement of the overseas satellite communication business**

- To relocate Horizons-2 to the orbital position above the Indian Ocean
- Launch of JCSAT-13 (May 2012)

5

**Drastic reform of cost structure**

- Integration and streamlining of the satellite control and service  
⇒ About 20% cost reduction in satellite control due to integration







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# Consolidated Earnings Forecast



# Subscription plan for FY2012

(Units: thousand)

	FY2011	FY2012 (Forecast)
New Subscribers	678	<b>683</b>
 SKY PerfectTV! (SD/HD)	75	<b>120</b>
 SKY PerfectTV! e2	571	<b>538</b>
 SKY PerfectTV! HIKARI	31	<b>25</b>
Total Subscribers	3,814	<b>3,920</b>
 SKY PerfectTV! (SD/HD)	1,963	<b>1,836</b>
 SKY PerfectTV! e2	1,737	<b>1,968</b>
 SKY PerfectTV! HIKARI	114	<b>117</b>
Net Increase ( three SKY PerfectTV! services )	89	<b>106</b>
SKY PerfectTV! HD Subscribers Rate (%)	32.5 %	<b>54.7 %</b>
Churn Rate (%)	17.9 %	<b>17.1 %</b>

# Performance forecast for FY2012

(Units: ¥ millions)

	FY2011	FY2012 Forecast	Comparison to FY2010
Revenues	155,242	<b>164,000</b>	+5.6%
Operating Income	17,486	<b>16,000</b>	(8.5%)
Ordinary Income	16,702	<b>15,500</b>	(7.2%)
Net Income	8,569	<b>9,000</b>	+5.0%
Dividends per Share (¥)	1,200	<b>1,200</b>	-

## (Values for reference) Earnings forecast for each segment

(Units:¥ millions)

	FY2012 Forecast			Consolidated Total
	Multichannel Pay TV Business	Space & Satellite Business	Eliminations and Company Total	
Revenues	119,600	56,300	(11,900)	164,000
Operating Expenses	120,400	38,800	(11,200)	148,000
Operating Income	(800)	17,500	(700)	16,000

# Measures of Multichannel Pay TV Business

## Arrangement of the band for SKY PerfectTV! e2 (CS 110 degrees) and enrichment of channels

More enriched channel lineup of e2 with the “easily-viewable environment”

In February of this year, the following channels(HDTV and SDTV) were approved.

GAORA  
ASAHI NEWSTAR  
MTV  
tv asahi channel  
TBS channel HD  
Super! Drama TV HD  
sky・A sports+  
Samurai Drama Channel HD  
FAMILY THEATER HD  
MUSIC ON! HD      HDTV:10 programs

IGO & SHOGI CHANNEL HD  
EISEI GEKIJO  
TOEI CHANNEL  
Disney Junior      SDTV: 4 programs

As 10 existing channels were upgraded to high definition versions and 2 new channels were added,

33 high definition channels and 35 standard-definition channels, a total of 68 channels!

スカパー!e2

SKY Perfect JSAT Group

# Annual scheduling and contents improvement

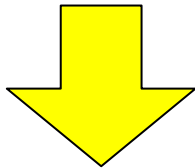
Focus on providing an opportunity to take free trial watching, based on the diffusion of a TV with a built-in digital tuner

Fiscal 2012	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
No. of open days	1 day		3 days	1 day	5 days	2 days		4 days	2 days		3 days	
Special programs	<p><b>&lt;Extension&gt;</b> 4 days from May 3 (Thu, holiday) to May 6 (Sun)</p>		<p><b>&lt;Super extension&gt;</b> Scheduled in early October 10-day class</p>			<p><b>&lt;Extension&gt;</b> 6 days from Jan. 1 (Tue, holiday) to Jan. 6 (Sun)</p>		<p><b>&lt;Super extension&gt;</b> 10 days from Mar. 1 (Fri) to Mar. 10 (Sun)</p>				
	<p><b>Summer Festival</b> 3 days including the 3 consecutive holidays from Jul. 14 (Sat) to Jul. 16 (Mon, holiday)</p>			<p><b>Autumn Festival</b> Scheduled in early October 10-day class</p>			<p><b>Spring Festival</b> 3 days including the 3 consecutive holidays from Feb. 9 (Sat) to Feb. 11 (Mon, holiday)</p>					
Formation	<ul style="list-style-type: none"> <li>Opening of the baseball season to interleague games</li> <li>Animation</li> <li>Broadcasting at once during the golden week</li> <li>Overseas dramas</li> <li>Korean genre</li> </ul>			<ul style="list-style-type: none"> <li>Launch of the new HD channels of e2</li> <li>Summer festival</li> <li>European soccer</li> </ul>			<ul style="list-style-type: none"> <li>Movie</li> <li>Historical dramas</li> <li>Year-end and new-year programs</li> <li>Live music</li> </ul>				<ul style="list-style-type: none"> <li>J-League</li> <li>Opening of the baseball season</li> </ul>	

# Structural reform of the customer center

## Implementation of far-sighted structural reform

### Policy



- Improvement of risk countermeasures through decentralization
- Drastic reform of cost structure

- Bipolarization of the customer center. Establishment of Sapporo and Okinawa Centers. Closing of Yokohama Center
- Multi-operation of the two centers through the exclusive network. Mutual complement.



Photo: Okinawa Center

# Sales promotion from now on

Improvement of the viewing environment  
and the promotion of the shift to SKY PerfectTV! HD

## Common measures

- Continuation of the “campaign of providing and installing antennas!”  
To solve the major problem of the obstacle to subscription

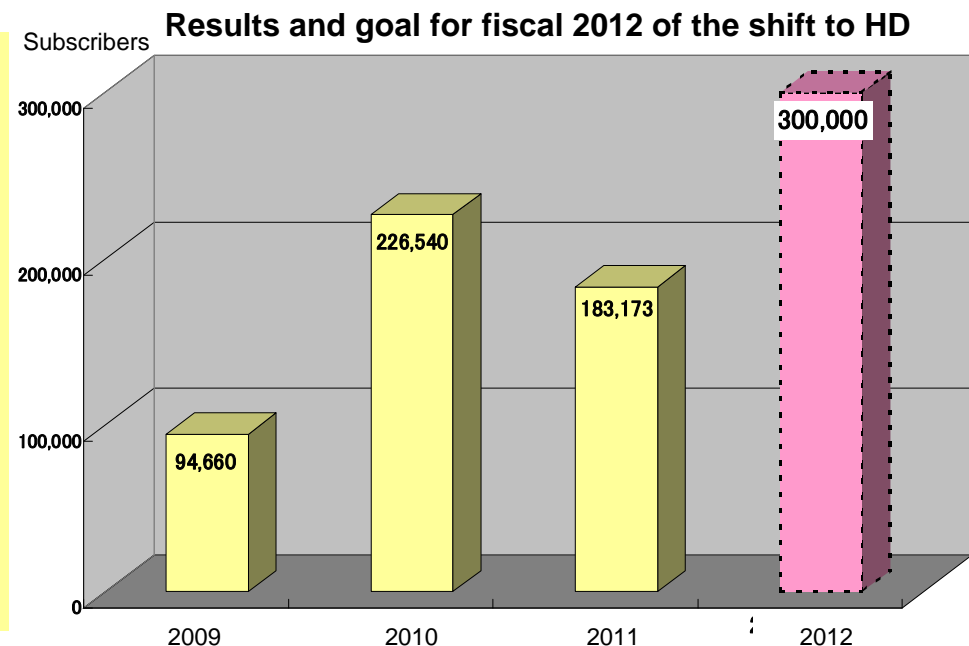


## Measure for the shift to HD

- Continuation of the measure for shift to HD targeting the customers with high ARPU from fiscal 2011

\*Total number of the subscribers who shifted to HD in fiscal 2011

**183,173** ⇒ **300,000**  
(FY2012 planned)





# Full-scale start of VOD and the linkage with SKY PerfecTV! services

Implementation of the charge-free campaigns for the subscribers to SKY PerfecTV! services, etc.



Setting of affordable prices, and the charge-free trial campaign, etc.



## Campaign of live J-League games anywhere

Start of the charge-free distribution of exclusive applications: To enable “halfway play” and “time shifted play” and viewing J-League games live.

### Campaign for live J-League anywhere

お手持ちのスカパー!HDチューナーで見たい番組を「いつでも・どこでも・何度でも!!」

**どこでもJリーグLIVEキャンペーン**

キャンペーン期間: Jリーグ2012年シーズン(2012年3月1日~2012年12月31日ご契約分)

スマートフォン、タブレット、パソコンでJ1・J2リーグ戦のライブ中継などを見られる!

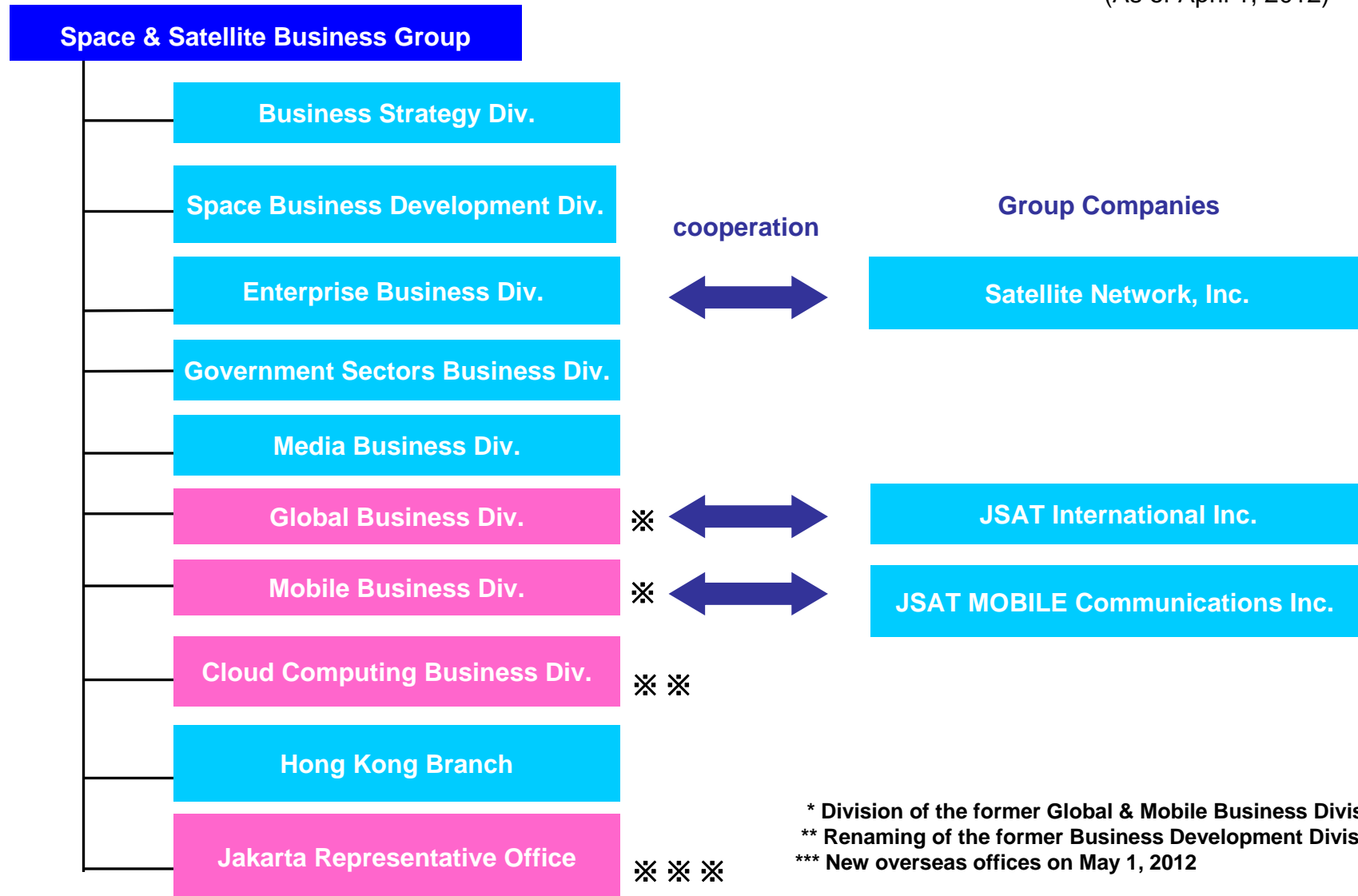
キャンペーン対象のJリーグ系セット契約者は **0円/月**



# Measures of Space & Satellite Business

# Organizational reform for the future business expansion

(As of April 1, 2012)



# Further expansion of the global business

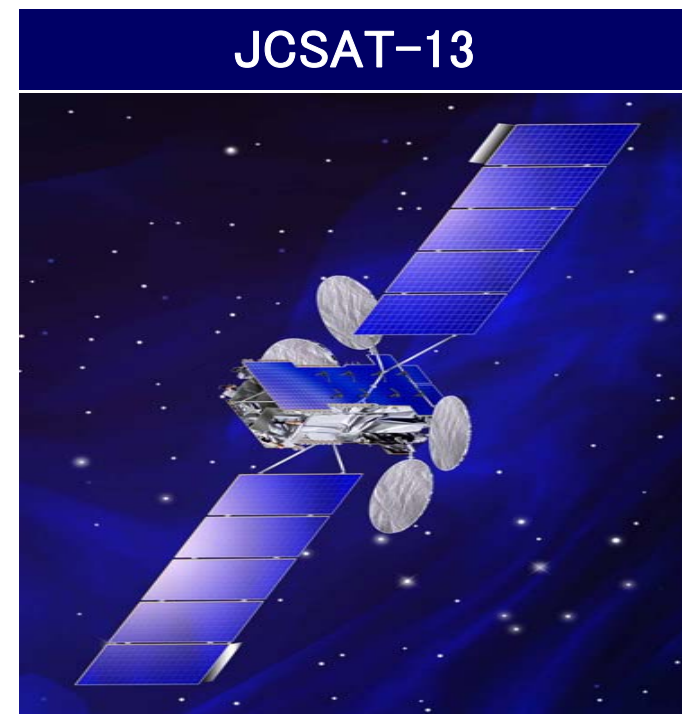
## Strengthening of Asian business

### ① the establishment of Jakarta Representative Office

- In May 2012, a new overseas office will be established, following Hong Kong Branch.

### ② To launch JCSAT-13

- To be launched from French Guiana in South America in the morning of May 16, 2012, Japan time
- 124 degrees east longitude
- Equipped with the Southeast Asia beam and the movable beam



### ③ Promotion of the sale of transponders to the outside of Japan

# Expansion of the mobile business

## Sales promotion of the “maritime broadband service”

海洋ブロードバンドサービス

**OceanBB**  
オーシャンビービー

Examples of the satellite communication services for vessels

### ■ Mitsui O.S.K. Lines Group

- Passenger vessel “Nippon Maru”
- LNG carrier “Energy Navigator,” and other 4 ships



Nippon Maru

### ■ Kawasaki Kisen

- Container ship  
“BROOKLYN BRIDGE”
- Bulk carrier  
“CORONA JOYFUL”



BROOKLYN  
BRIDGE



CORONA JOYFUL

# Enhancement of the measure for meeting the new BCP-related demand

To meet the demands for the revision to BCPs and for satellite mobile phones

## ① Provision of new BCP plans with the VSAT service



To propose the satellite communication solution for supporting the initial response of the anti-disaster section, considering the information on inland earthquakes in Tokyo and estimated damages to power supply and traffic infrastructure



## ② Introduction of new satellite mobile phones to the market

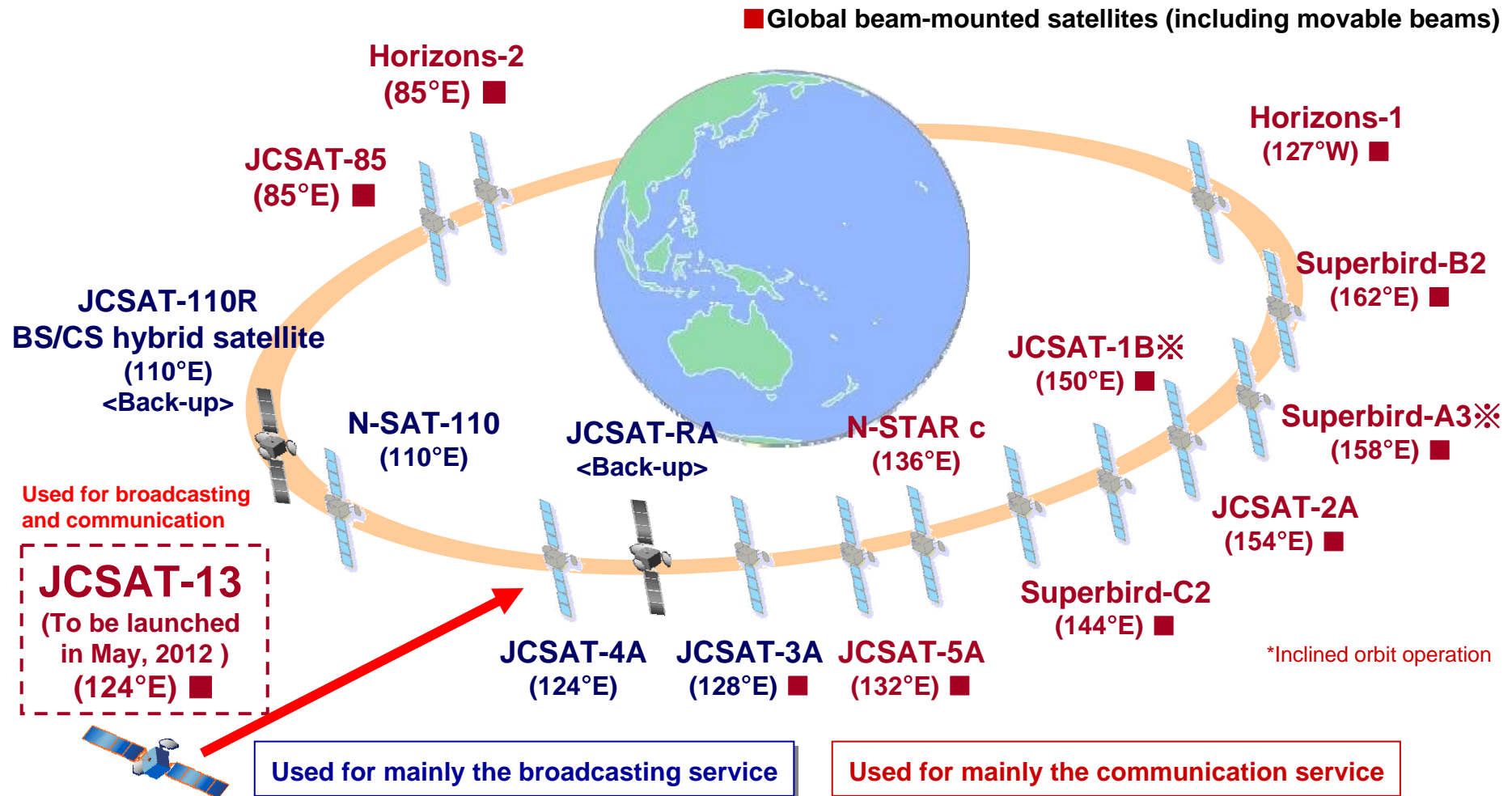
### IsatPhone Pro

We will obtain the license by the end of June 2012.



# Reference: Satellite fleet

We own a total of 15 satellites covering North America to the Indian Ocean



Please direct any inquiries regarding this material to the division in charge.

SKY Perfect JSAT Holdings Inc.  
Corporate Communications & Investor Relations Div.