

# SKY Perfect JSAT Group Earning Results Briefing of 1Q/FY2012

August 2, 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.

# Consolidated Business Performance Highlights

# Summary of operating income statements

Sales increased and profit decreased from the same quarter of the previous year  
The use of satellites increased temporarily after the earthquake disaster returned to the normal level.

(Units: ¥ millions)

	1Q/FY2011	1Q/FY2012	Comparison to 1Q/FY2011	vs. Full Year Forecast of FY2012
<b>Revenues</b>	37,911	<b>39,086</b>	+3.1%	23.8%
<b>Operating Income</b>	5,916	<b>5,043</b>	(14.8%)	31.5%
<b>Ordinary Income</b>	5,663	<b>4,922</b>	(13.1%)	31.8%
<b>Net Income</b>	3,420	<b>3,228</b>	(5.6%)	35.9%
<b>EBITDA<sup>*1</sup></b>	12,226	<b>11,127</b>	(9.0%)	-

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

# Indicators for Multichannel Pay TV Business

The number of new subscriptions increased 7% from the same quarter of the previous year  
Thanks to the promotion of the shift to HD, HD subscribers ratio increased to over 37%.

(Units: thousand)

	1Q/FY2011	1Q/FY2012	Full year Forecast of FY2012
Number of New Subscribers	154	<b>165</b>	683
Net Increase in Subscribers	16	<b>17</b>	106
Number of Cumulative Subscribers	3,742	<b>3,831</b>	3,920
Average Monthly Subscriber's Payment (units: yen)	3,264	<b>3,223</b>	-
ARPU (units: yen)	1,586	<b>1,738</b>	-
SAC (units: yen)	29,502	<b>26,117</b>	-
SKY PerfecTV! HD Subscribers Ratio*	21.8%	<b>37.1%</b>	54.7%

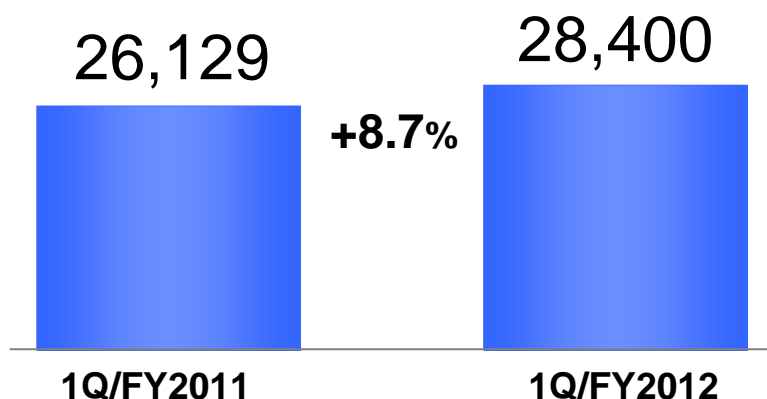
\* Cumulative number of subscribers of SKY PerfecTV! HD / (Cumulative number of subscribers of SKY PerfecTV! SD + Cumulative number of subscribers of SKY PerfecTV! HD)

# Analysis of Consolidated Business Performance

## Revenues (Increase/decrease factors in revenue by segment)

### Multichannel Pay TV Business

(Units: ¥ millions)



**+2,300** million yen\*

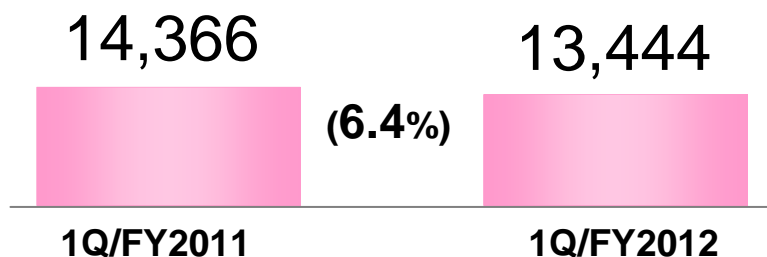
(Units: ¥ millions)

- Increase in the income from subscription fees: +2,600
- Decrease in the income from commission fees: -700
  - SD commission fees: -1,500
  - e2 commission fees: +600
- Other income increase: +400

\* transactions among segments + including -6 million yen

### Space & Satellite Business

( Units: ¥ millions )



**-900** million yen\*

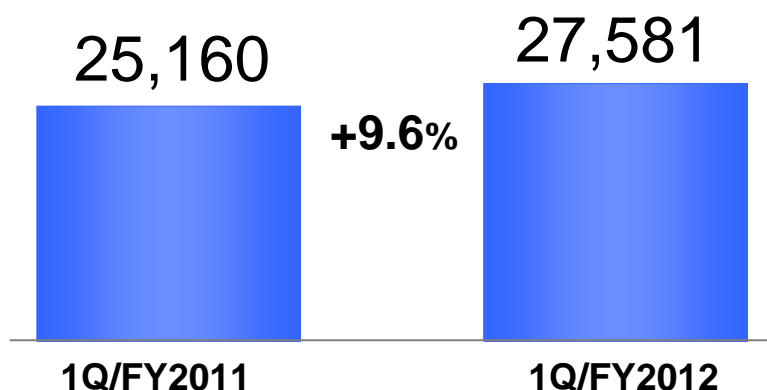
- Decrease due to the termination of the use for coping with the earthquake disaster: -800
- Decrease in the income from broadcasting transponders: -300

\* transactions among segments + including +180 million yen

## Operating Expenses (Increase/decrease factors in revenue by segment)

### Multichannel Pay TV Business

(Units: ¥ millions)



▶ **+2,400** million yen\*

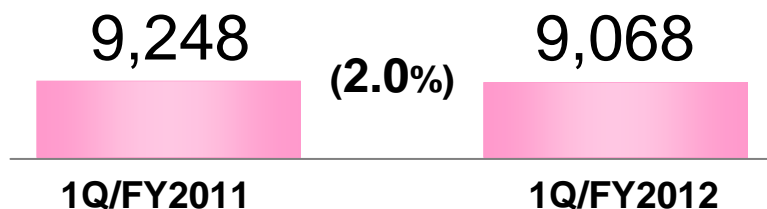
(Units: ¥ millions)

- Increase of HD programs etc.: +1,400
- Increase in cost for the antenna measures etc.: +800
- Increase in cost for the new BS broadcasting: +400

\* transactions among segments + including 160 million yen

### Space & Satellite Business

( Units: ¥ millions )



▶ **-200** million yen\*

(There is no big increase and decrease factors)

\* transactions among segments + including -8 million yen

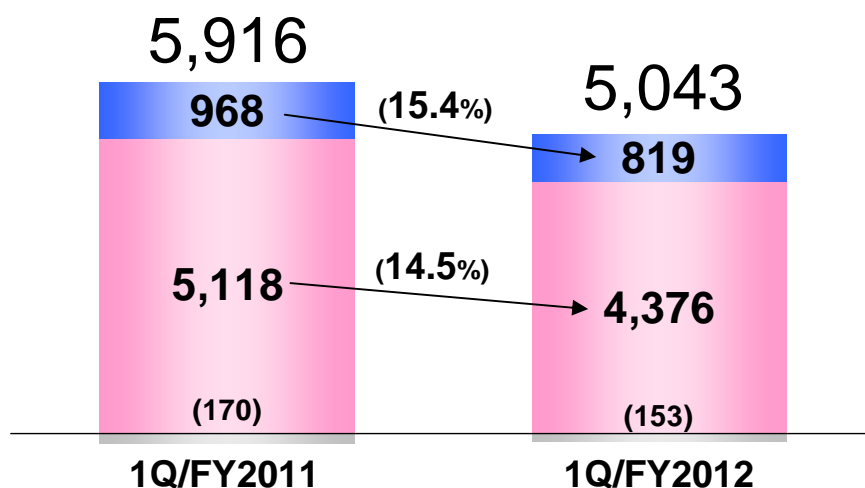


# Profit performances

For both Multichannel Pay TV Business and Space & Satellite Business, profit decreased about 15% from the same quarter of the previous year.

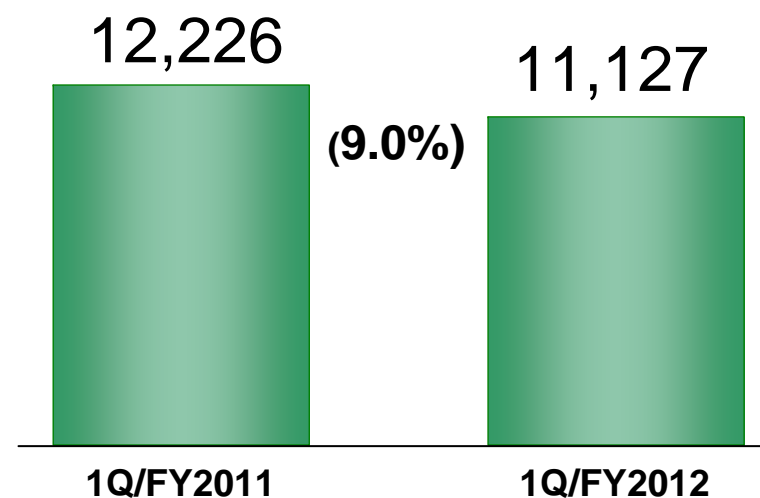
## Operating Income

(Units: ¥ millions)



## EBITDA\*

(Units: ¥ millions)



- Multichannel Pay TV Business
- Space & Satellite Business
- Eliminations and Company Total

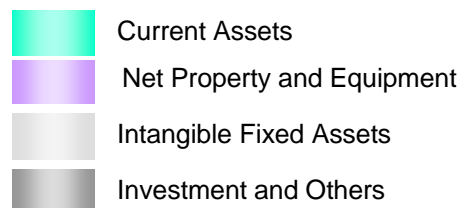
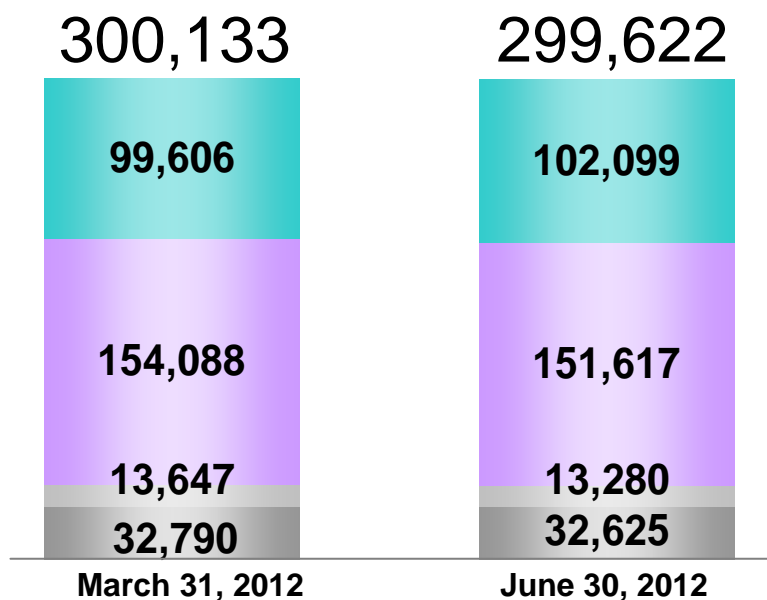
\* EBITDA = Net Income + Tax Expense + Depreciation Expense + Interest Expense

# Balance sheets

The stable financial base continues (equity ratio: 62.2%)

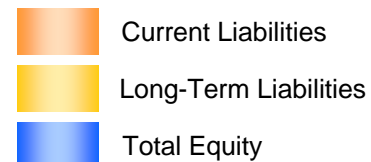
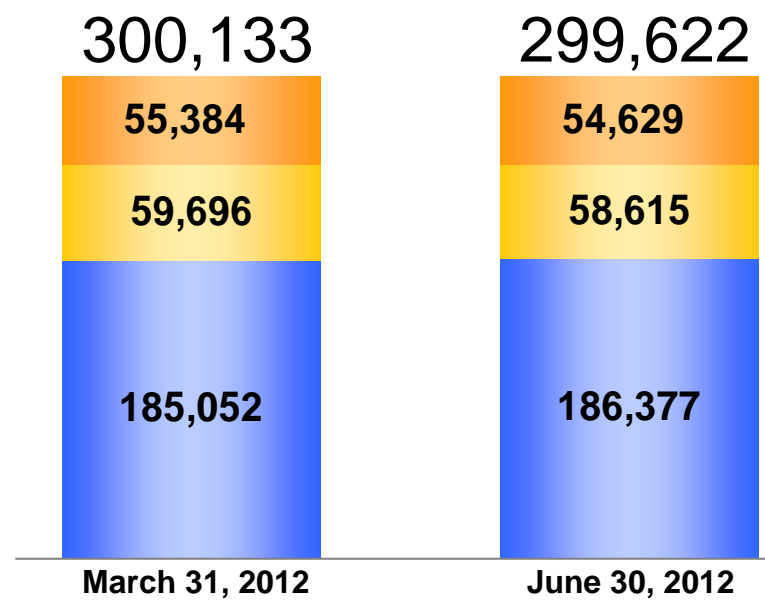
## Assets

(Units: ¥ millions)



## Liabilities and Equity

(Units: ¥ millions)



# Cash flows

Operating CF decreased about 4 billion yen from the same quarter of the previous year.  
There have been no net interest-bearing debts since the 4<sup>th</sup> quarter of the previous year.

Consolidated (Units: ¥ millions)

	1Q/FY2011	1Q/FY2012	Full year of FY2011
Net Cash from Operating Activities	17,909	<b>13,987</b>	39,976
Net Cash from Investing Activities	5,280	<b>(4,098)</b>	1,995
Net Cash from Financing Activities	(3,481)	<b>(3,482)</b>	(34,993)
Cash and Cash Equivalents at the End of Fiscal Year (A)	79,254	<b>72,924</b>	66,404
Term-end balance of interest-bearing debt* <sup>1</sup> (B)	90,844	<b>61,826</b>	62,506
Term-end balance of net interest-bearing debt (B) – (A)	11,589	<b>(11,098)</b>	<b>(3,898)</b>
Capital Expenditures * <sup>2</sup>	4,072	<b>4,098</b>	14,444
Free Cash Flows * <sup>3</sup>	13,837	<b>9,888</b>	25,532

\*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.

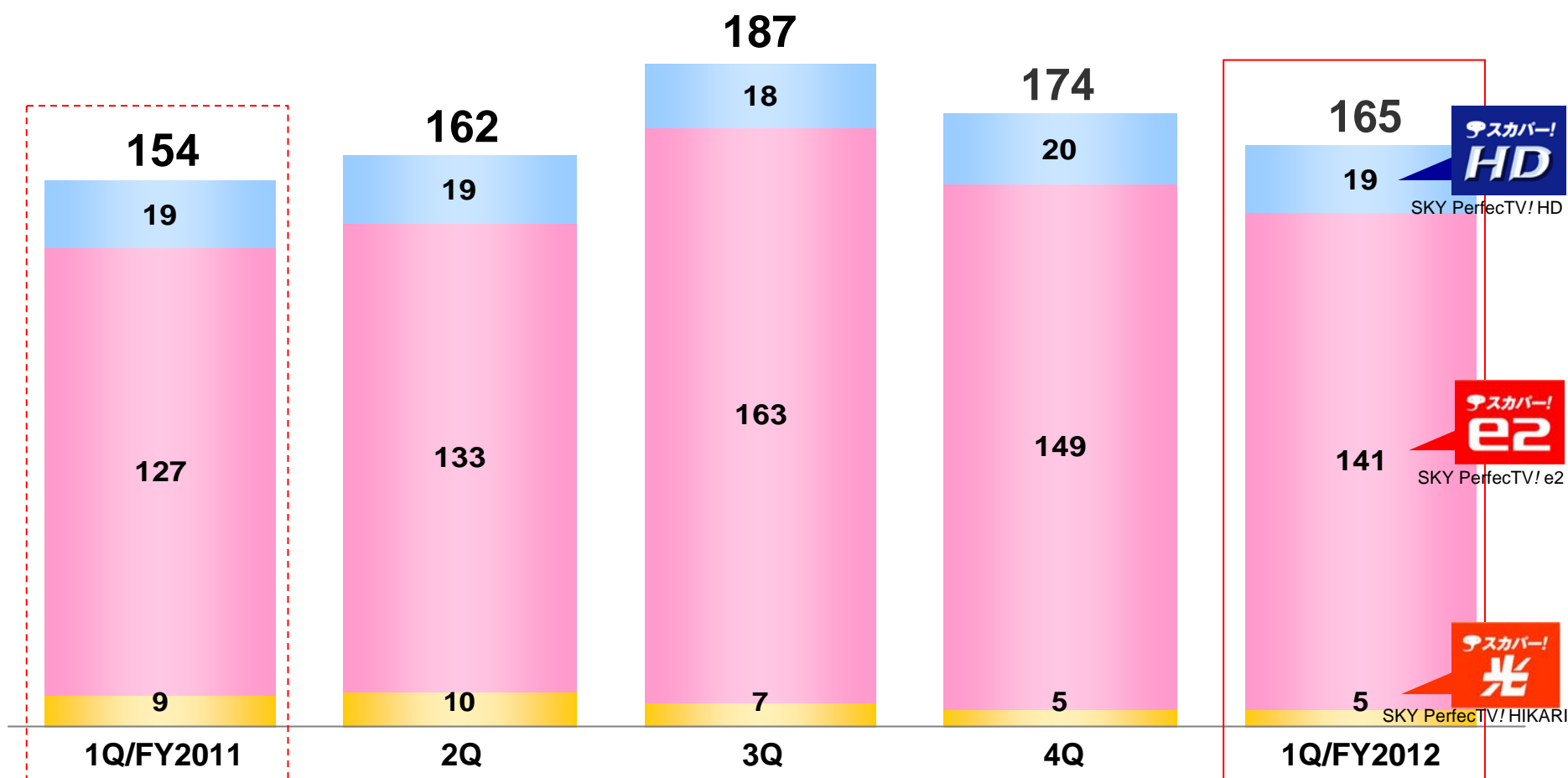
\*3 Free Cash Flows =(Cash Flows from Operating Activities )-(Capital Expenditures)

# Number of new subscribers

The number of new subscribers especially to SKY PerfectTV! e2 is steady.  
It increased 7% from the same quarter of the previous year.

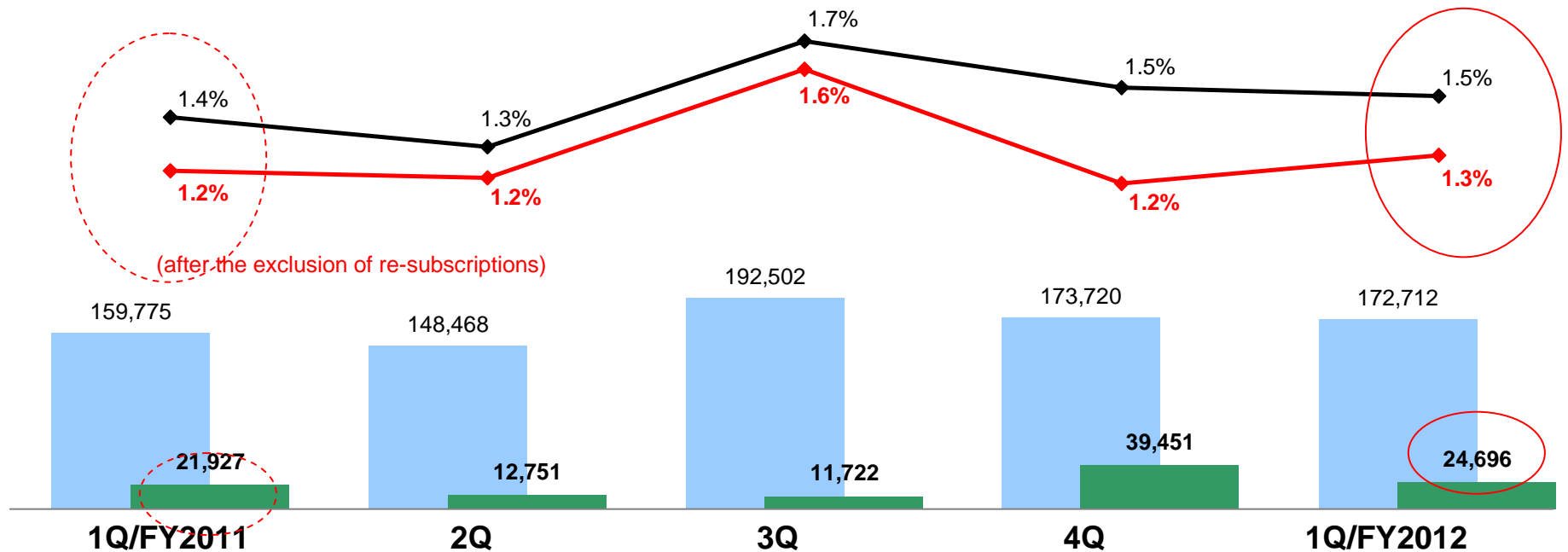
(Units : thousand)

▼ new BS broadcasting started



# Churn rate <sup>\*1</sup>

Churn rate increased 0.1 point from the same quarter of the previous year.  
The number of re-registered subscribers increased about 13%.



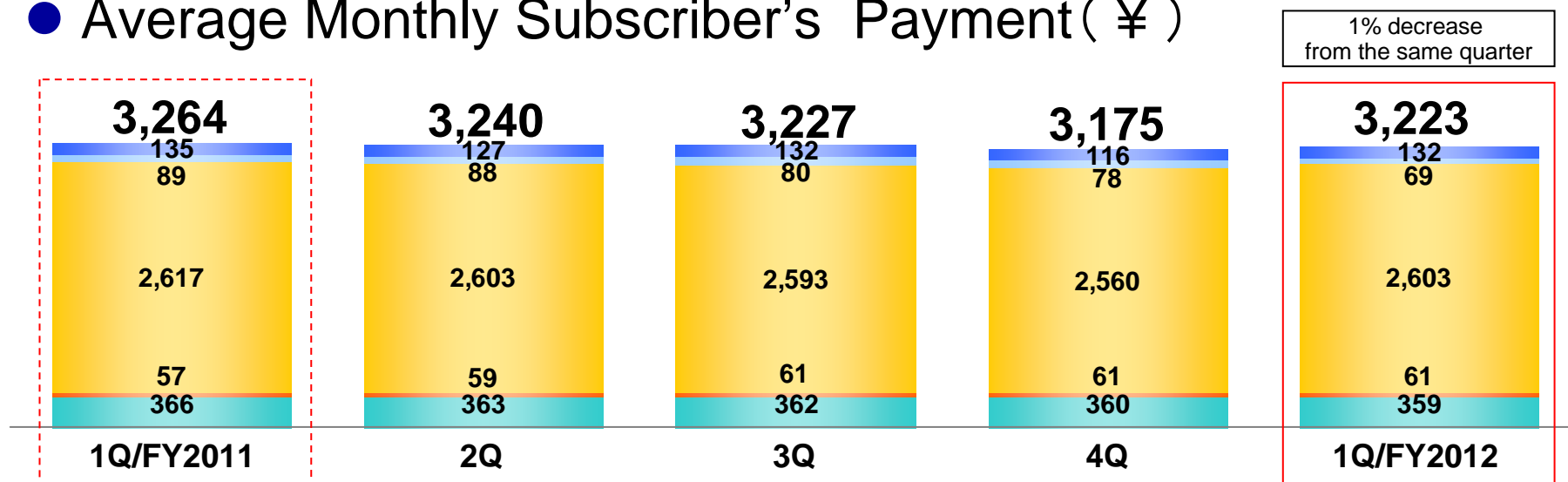
— Quarterly churn rate<sup>\*1</sup>  
 — Substantial churn rate  
 (after the exclusion of re-subscriptions)

■ Number of churn  
 ■ Number of re-registered subscribers

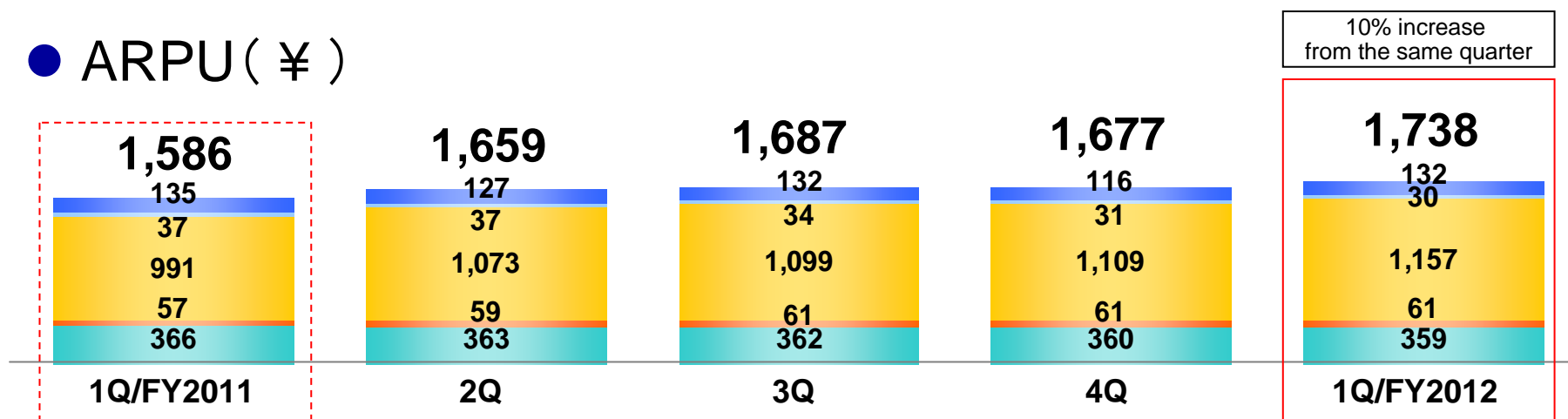
<sup>\*1</sup> The quarterly average of monthly churn rate. Calculated for all of the three services.

# ARPU

## ● Average Monthly Subscriber's Payment ( ¥ )



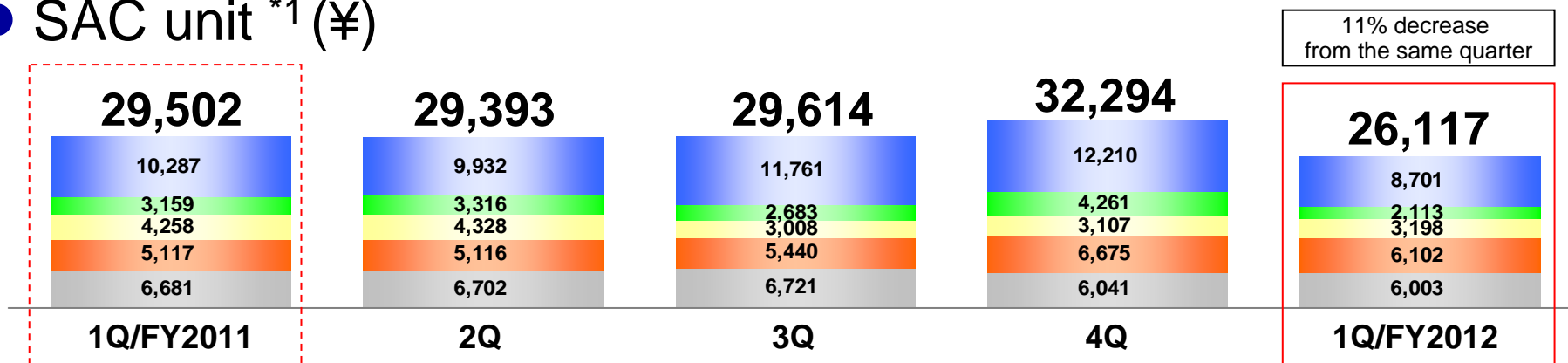
## ● ARPU ( ¥ )



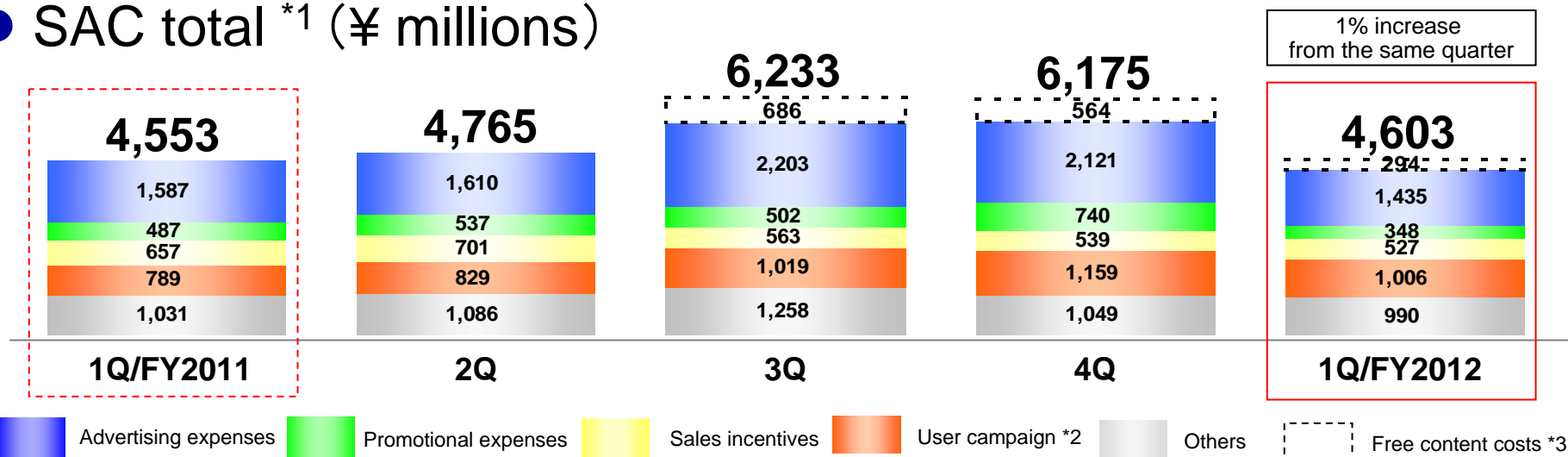
Basic fee Rental fee Monthly subscription fee PPV subscription fee Revenues from SKY Perfect's own content

# SAC

## ● SAC unit <sup>\*1</sup> (¥)



## ● SAC total <sup>\*1</sup> (¥ millions)



Advertising expenses

Promotional expenses

Sales incentives

User campaign <sup>\*2</sup>

Others

Free content costs <sup>\*3</sup>

<sup>\*1</sup> 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.

<sup>\*2</sup> Expenses for campaigns, including "Campaign of providing and installing antennas" and "Limited-time discount." Indicated separately from sales promotion cost and sale incentives.

<sup>\*3</sup> "Charge-free content cost" in the total amount of SAC includes the cost for program production.

Measures To Be Addressed  
~Multichannel Pay TV Business~



## Further enriched lineup of programs for SKY PerfectTV! e2

In February of this year, 14 channels were approved for the vacant band of CS 110 degrees

HD channels started on July 1.



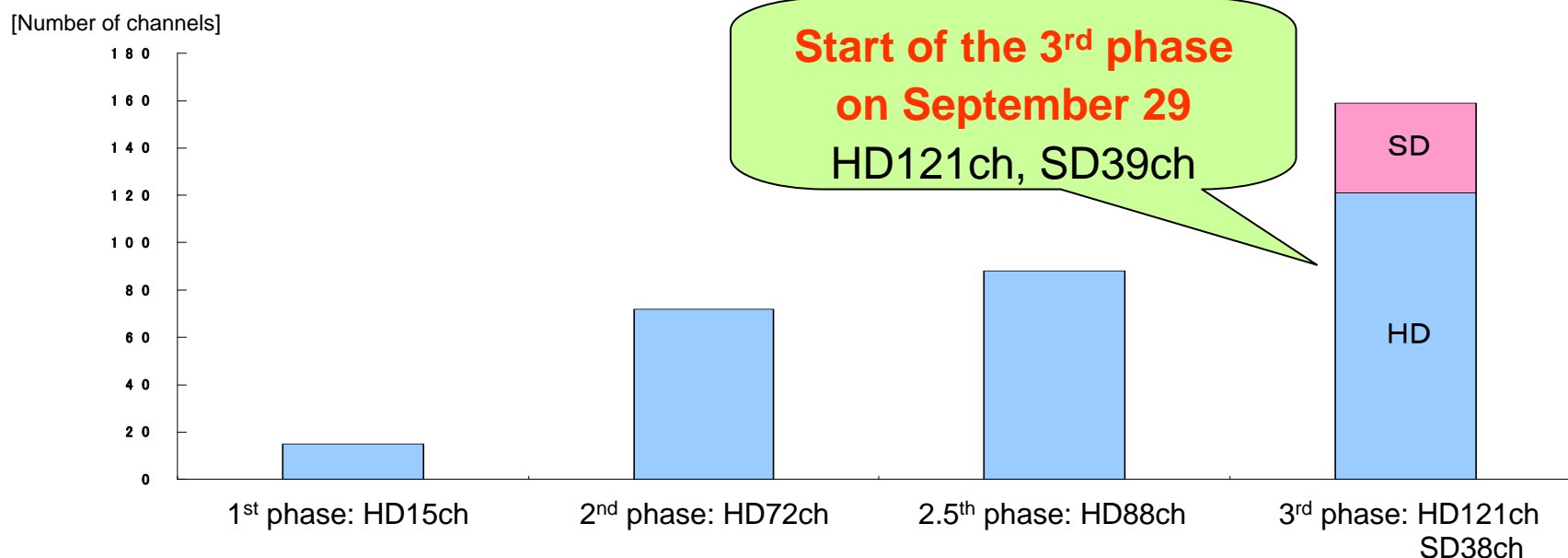
Other HD channels will be added from this autumn.



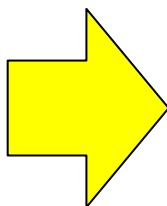
**Shift to HD channels advances steadily**

The third phase of “SKY PerfecTV! HD” will begin on September 29.

The channels that can be watched with an HD tuner increase.  
--The number of HD channels increases to 121 channels--



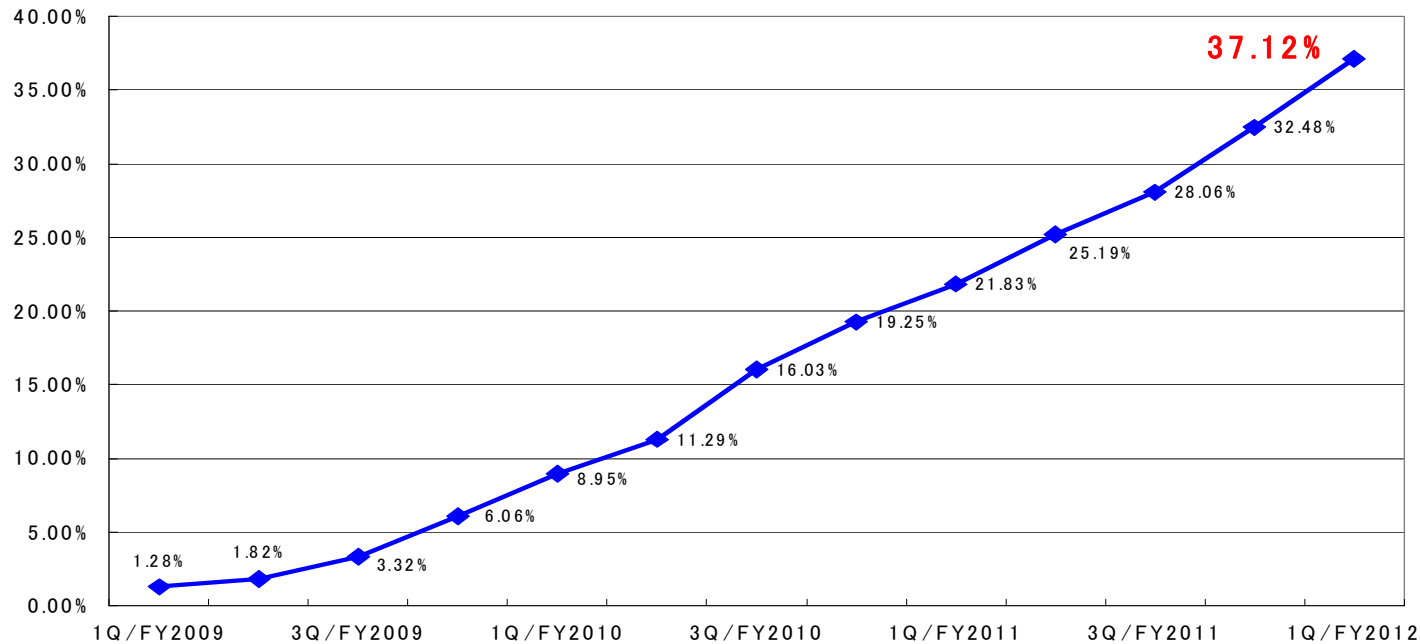
The preparation for the shift  
to H.264 has been completed.



Acceleration of the shift to H.264

# Promotion of the shift to SKY PerfectTV! HD

At the end of Jun. 2012, HD ratio reached 37%.



[The number of the shift to SKY PerfectTV! HD in 2012]

Jan. 2012	9,523
Feb. 2012	19,754
Mar. 2012	34,790
Apr. 2012	16,854
May 2012	22,487
Jun. 2012	26,130
Jul. 2012	31,649

## ■ Resumption of the sale of tuners at retail stores



Maspro Denkoh  
CDT-700HD



HUMAX  
CS-HD300



# Activities for this autumn

The promotion for the second half will begin  
from the last ten days of September

■ **SKY PerfecTV! Award 2012: held on Sep. 27**

■ **Creation of “viewing habit” through the charge-free broadcasting period**

“Super-extended open day in autumn”

Sep. 29 - Oct. 8: 10 days

■ **BS SKY PerfecTV! Special program festival in autumn: Sep. 29 - Oct. 8**

⇒ To improve contents in cooperation with broadcasters

# Contents for August and September

## August

### ■ The primary soccer leagues in Europe will begin.

England: Premier League    Spain: La Liga

Germany: Bundesliga    Italy: Serie A

Cups: UEFA Champions League and UEFA European Championship

### ■ Broadcasting of all of popular Japanese dramas

“Shiratori Reiko de gozaimasu,” “Aishiteirutoittekure,” “Aitoiunanomotoni,” “BOSS”

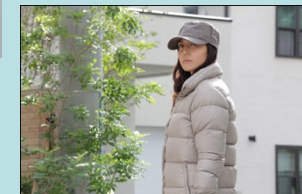
“Kaseifu-no-Mita,” “Aibo season 2,” “Dr. Koto Shinryosho,” etc.

### ■ London 2012 Paralympics

Aug. 30 -Sep. 10    Charge-free broadcasting of BS SKY PerfecTV! and Sukachan



Manchester U  
Player Shinji Kagawa



Nittele Plus “Kaseifu-no-Mita”



## September

### ■ 100 years of history of Japanese films Stars who flourished during the golden years of Japanese films

The works starring Yujiro Ishihara, Sayuri Yoshinaga and Akira Kobayashi will be broadcasted.

The special programs for BS SKY PerfecTV! include “Arashi-wo-yobu-otoko,” “Cupora-no-aruru-machi” and “Kuchibue-ga-nagareru-minato-machi.”



“Arashi-wo-yobu-otoko”  
NIKKATSU CORPORATION



“Cupora-no-aruru-machi”  
NIKKATSU CORPORATION



“Kuchibue-ga-nagareru-  
minato-machi”  
NIKKATSU CORPORATION



# Enrichment of the video-on-demand (VOD) service

To provide the subscribers to SKY PerfectTV! with the convenience for enjoying TV anywhere

## Campaign of live J-League games anywhere

“Away” games are watched by TV via SKY PerfectTV! ⇒ “Home” games are watched by mobile device at a stadium

**Campaign for live J-League anywhere**

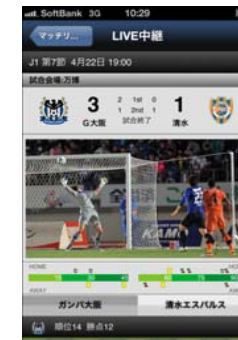
お手持ちのスカパー! HDチューナーで見たままを  
「いつでも・どこでも・何度でも!」

**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日ご契約中)

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**



## Tour de France

All of the prologue to the 20<sup>th</sup> stage will be broadcasted live.



## Suzuka 8 Hours Endurance Road Race

Thanks to the discount for those who purchased PPV, it becomes more convenient to subscribers.



# Drastic reform of “SKY PerfecTV! services”

**For the “maximization of the total number of subscribers,” our service system and communication methods are reconstructed and simplified from the viewpoint of customers.**



**We are discussing the following themes with broadcasters for the release from the second half of fiscal 2012.**

- **Integration of service brand systems**
- **Development of “easy-to-understand” product lineup**
- **Provision of premium services for satisfying customer’s preference**
- **Improvement of communication by “increasing new subscribers” and “strengthening the bond with existing subscribers”**

Measures to be Addressed  
~Space & Satellite Business~



# Continuous measures for meeting the demand for BCP

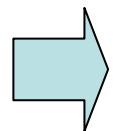
To satisfy the demands for BCP and satellite mobile phones

## ■ Additional use and new planning for the revision to BCP

- Mobile phone operators: Backup line for mobile phone base stations
- Financial institutions: Data center backup line
- Electric power/gas companies: Lines for TV conferences, monitoring, and control, etc.
- Local governments: Radiation monitoring/monitor improvement

## ■ Start of the provision of the satellite mobile phone “IsatPhone Pro”

**Start of domestic services on July 20, 2012**



NTT DoCoMo will start handling it in early August.

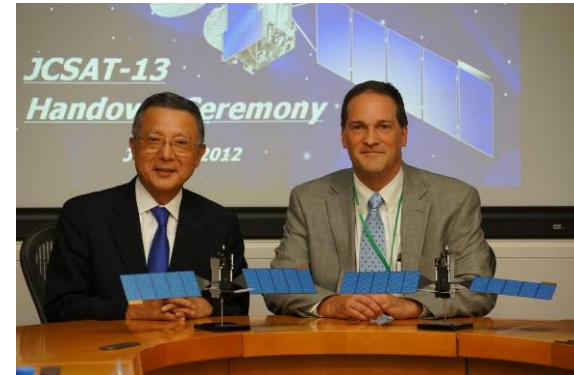


# Expansion of global businesses

## Strengthening of the Asian business through the launch of a new satellite

### ■ Full-scale operation of JCSAT-13 as JCSAT-4B

- It was launched from French Guiana in South America at 7:13 am on May 16, 2012 (Japan Time)
- On July 10, 2012 (Japan Time) , it was officially handed over, and its full-scale operation as JCSAT-4B was started.
- Used for both the multichannel pay broadcasting and communication services
- Mounted with the Southeast Asia beam and movable beam



Scene of the hand-over ceremony with Lockheed Martin

### ■ To cope with the demand for DTH in Asia

- Concluded the contract for the use of the transponder for JCSAT-4B with PT Tecnoves International of the LIPPO Group, which is a leading company syndicate in Indonesia.
- PT. First Media Tbk\* of the same group is expected to air 400 channels and have several million subscribers.

\* The largest cable TV operator in Indonesia, which broadcasted to about 530,000 households as of August 2011.



Scene of the meeting with CEO of the LIPPO Group

# Enrichment of the mobile business

## Expansion of satellite mobile communication services

### ■ Maritime broadband service



- Nippon Yusen decided to adopt this service for over 100 ships.
- OceanBB installed in the 3 major commercial vessels (Nippon Yusen, MOL, and Kawasaki Kisen)



Nippon Yusen  
Container vessel  
(NYK VIRGO)



MOL  
Passenger vessel  
(Nippon-maru)



Kawasaki Kisen  
Bulk carrier  
(CORONA JOYFUL)

### ■ Airline broadband service

- Provide Panasonic Avionics in the U.S. with a satellite line for the eXConnect service
- The passengers of the private airplanes flying above Southeast Asia become able to access the Internet through our satellite lines (For JAL Jakarta Line, this service will be available from late October).

# Promotion of space and new businesses

## Active business expansion in new fields

### 【Space business】

#### ■ Promotion of the experiment of the social use of “Kizuna”

- JAXA entrusted us with the promotion of use of the ultrahigh-speed Internet satellite “Kizuna” (WINDS) and its operation
- We promote the experiment in collaboration with JAXA, and discuss the future needs for communication satellites
- Satellite operation at Yokohama Control Center

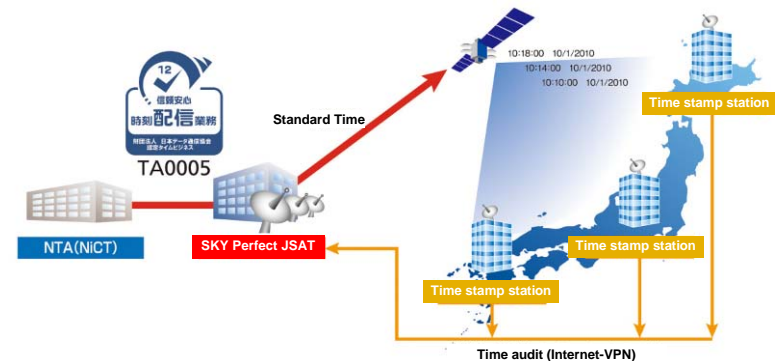


Schematic diagram of “Kizuna” on its orbit

### 【New business】

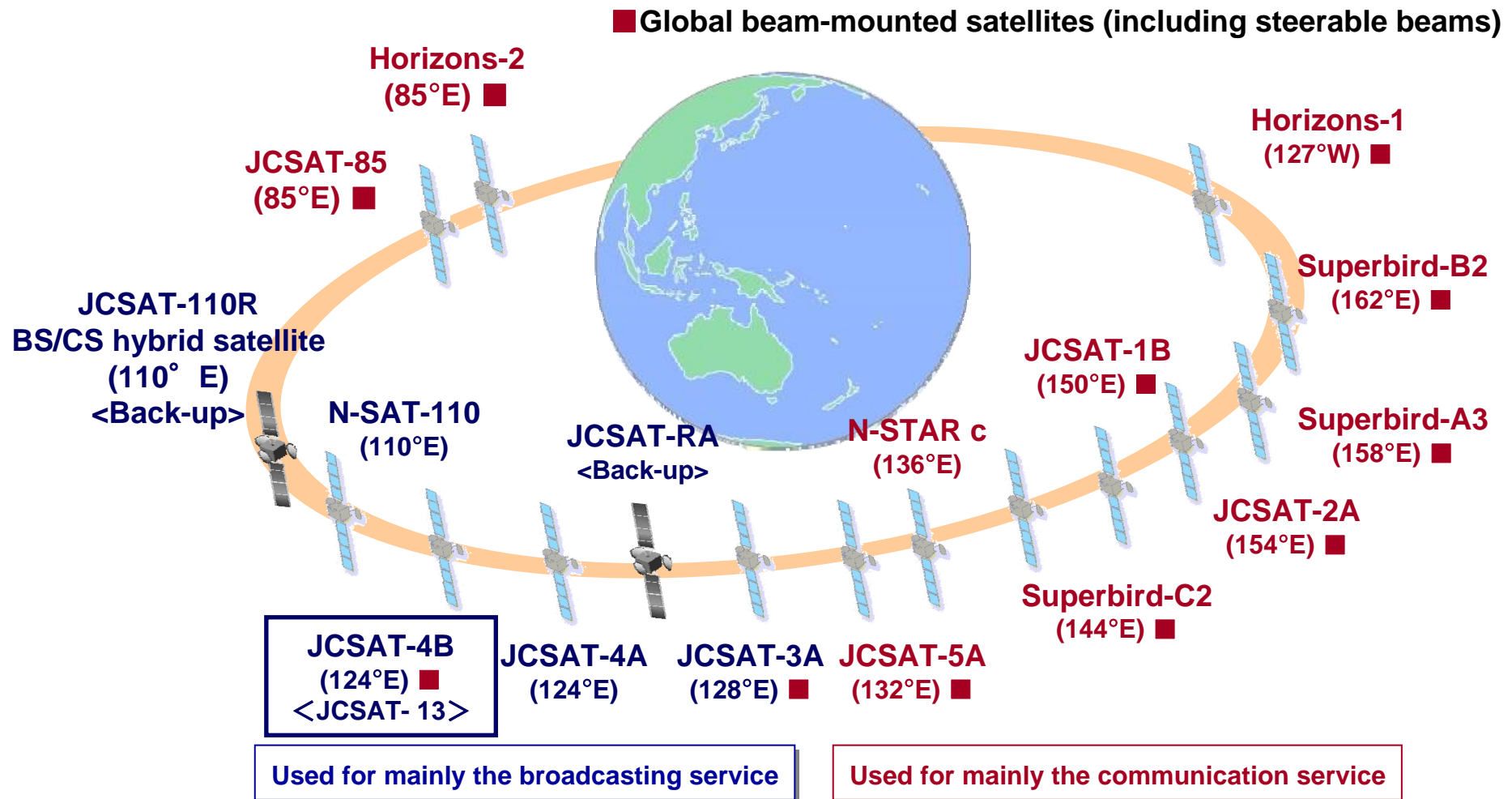
#### ■ Expansion of the satellite time distribution service (TimeShower)

- Adoption of TimeShower in the new time stamp service of Amano Business Solutions Corporation
- The sales promotion of the new time stamp service is conducted cooperatively by the two companies.



# Reference: Satellite fleet

We own a total of 16 satellites covering North America to the Indian Ocean



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