

SKY Perfect JSAT Group
Earning Results Briefing for 3Q/2014

February 5th, 2015
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 IC card security, etc.

Consolidated Business Performance for 3Q/2014

Summary of Income Statement

- Revenues was slightly down and Operating Income increased from the same quarter of the previous year.
- Revised Full Year Forecast

(units : ¥ millions)

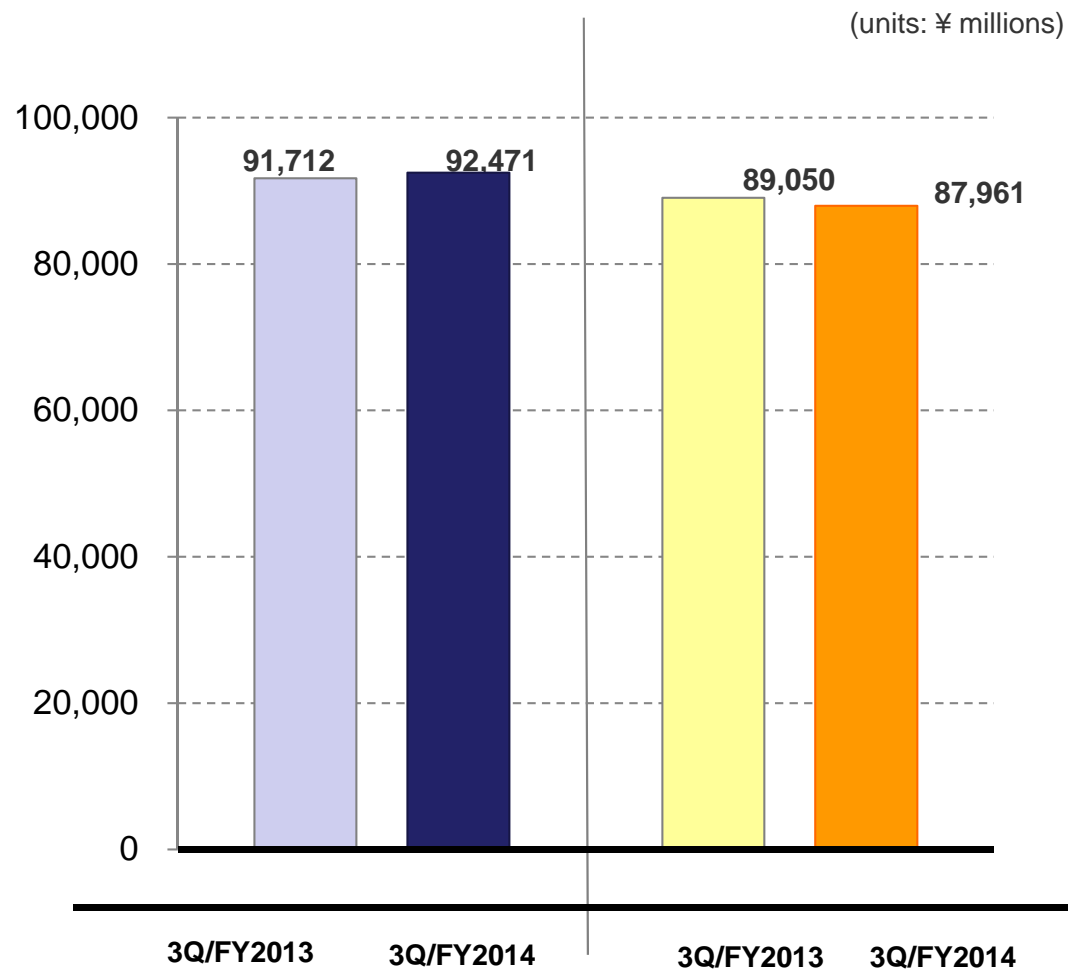
	3Q/FY2013	3Q/FY2014	Comparison to 3Q/FY2013	Vs Full Year Forecast	Vs Full Year Forecast (Revised)
Revenues	124,195	122,568	△1.3%	163,500	164,000 (+0.3%)
Operating Income	16,987	17,592	3.6%	18,000	19,500 (+8.3%)
Ordinary Income	16,970	17,581	3.6%	17,500	19,500 (+11.4%)
Net Income	10,155	12,936	27.4%	12,000	14,000 (+16.7%)
EBITDA (*1)	35,916	35,780	△0.4%	-	-

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

Detailed: Multichannel Pay TV Business

Revenues

Operating Expenses



Revenues +¥0.76B*

* Internal transactions between segments included.

- Increase in the income from subscription fees: +¥6.3B
- Decrease in the income from commission fees: (¥3.4B)
 - Commission from SKY PerfectTV!: +¥0.8B
 - Commission from SDTV: (¥4B)
 - Others: (¥0.2B)
- Decrease in the income from uplink fees: (¥1B)
- Decrease in the income from registration and basic fees: (¥0.8B)

Operating Expenses (¥1.09B*)

* Internal transactions between segments included.

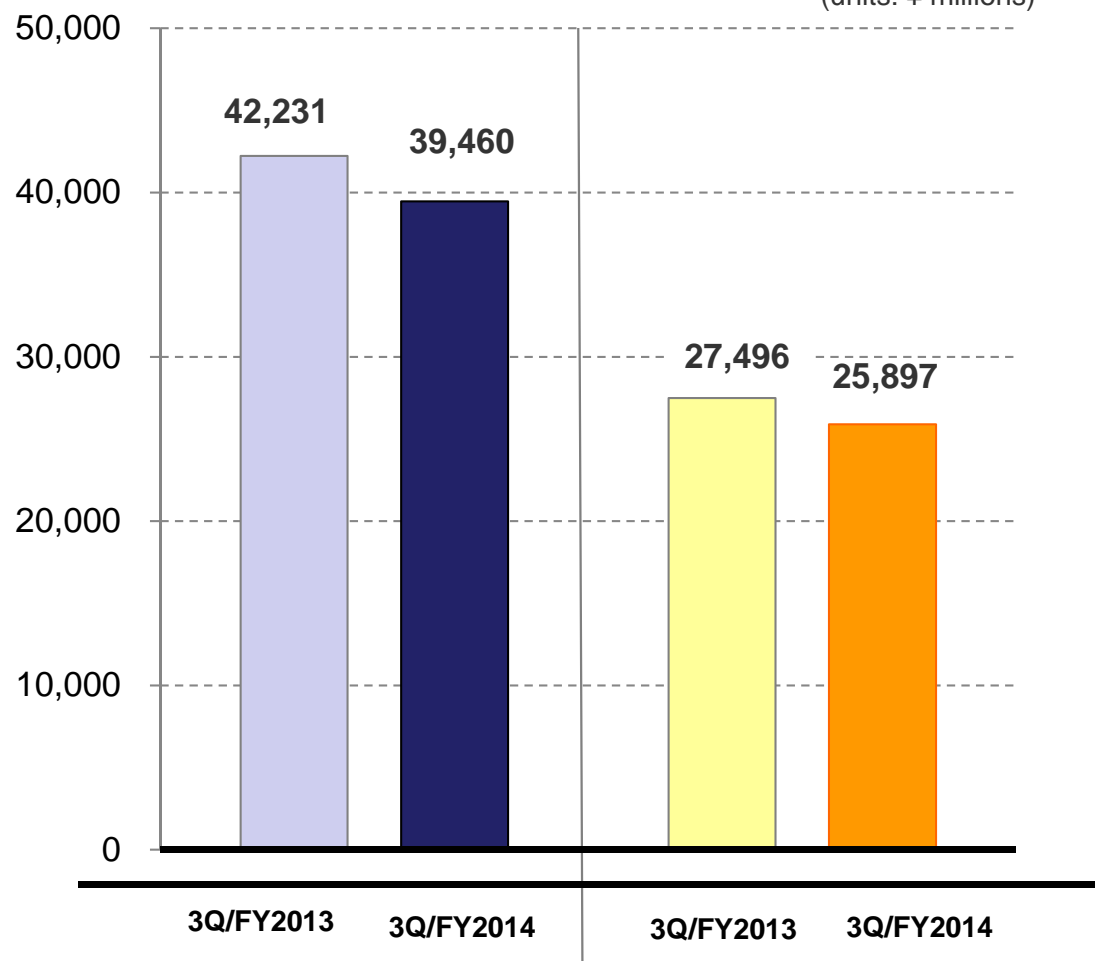
- Increase in the HDTV-related program cost: +¥2.2B
- Decrease in the cost for accelerating HD migration: (¥3.1B)

Detailed: Space & Satellite Business

Revenues

Operating Expenses

(units: ¥ millions)



Revenues (¥2.77B)*

* Internal transactions between segments included.

- Decrease in the income from SD broadcasting transponders: (¥5.0B)
- Increase in the income from HD broadcasting transponders: +¥1.2B
- Increase in the income from overseas business: +¥1.1B

Operating Expenses (¥1.6B)*

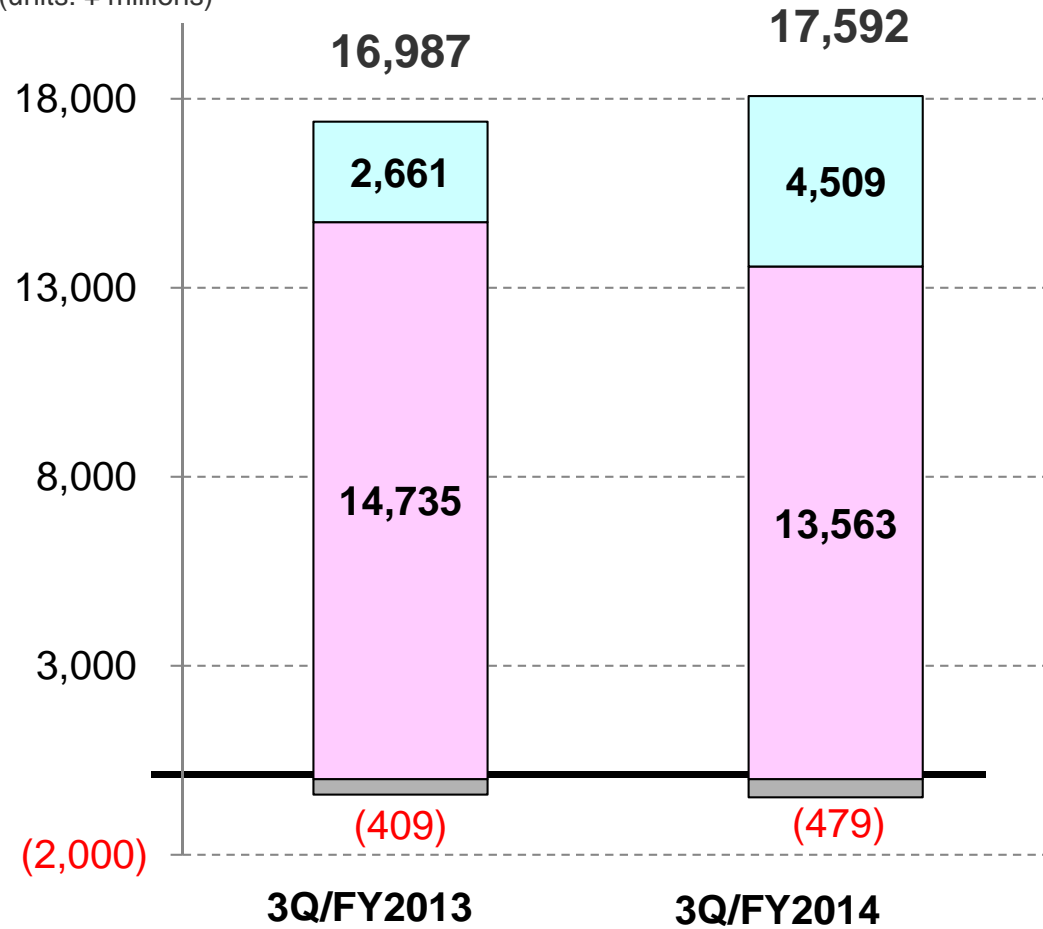
* Internal transactions between segments included.

- Decrease in the satellite depreciation cost: (¥0.8B)
- Decrease in the satellite life insurance cost: (¥0.2B)
- Decrease in the cost of internal transaction: (¥0.7B)

Profit Performances

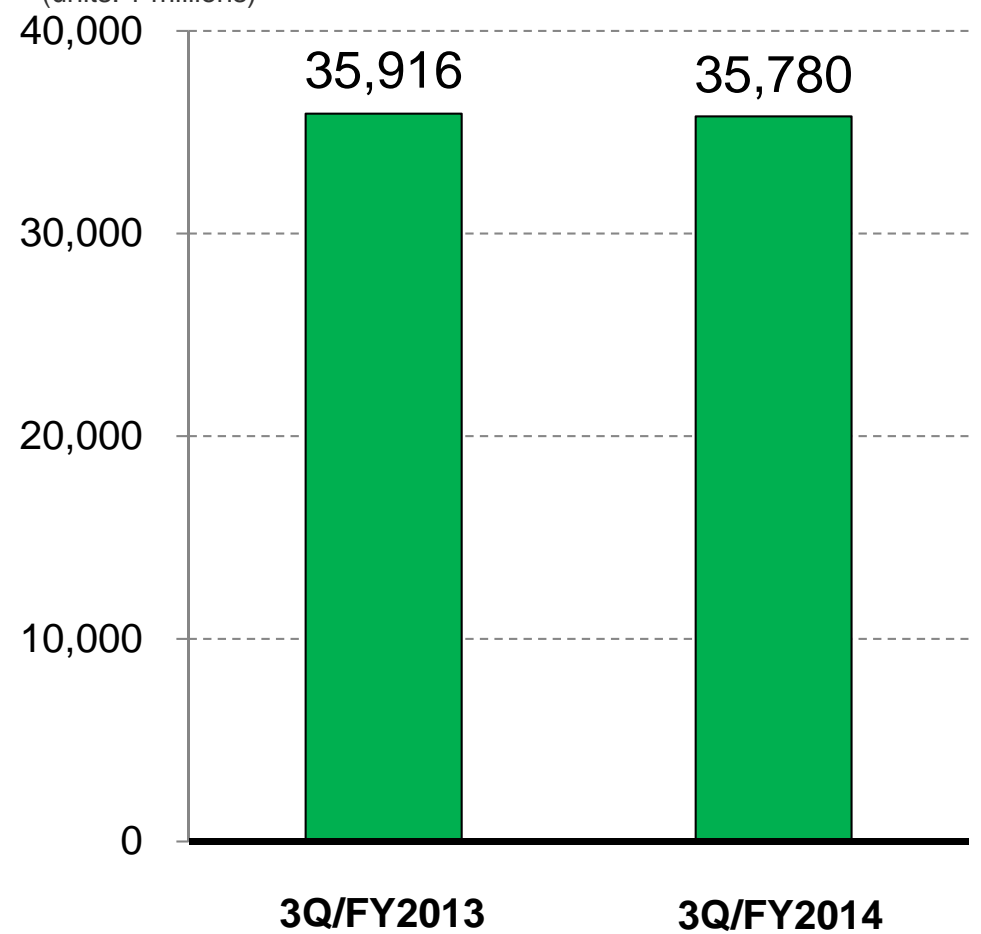
Consolidated OP

(units: ¥ millions)



EBITDA

(units: ¥ millions)



Multichannel Pay TV Business
 Eliminations and Company total

Space & Satellite Business

Indicators for Multichannel Pay TV Business (*)

	3Q/FY2013	3Q/FY2014	FY2014 Target
Number of New Subscribers (units: thousands)	356	305	569
Net Increase in Subscribers (units: thousands)	(123)	(302)	(160)
Number of Cumulative Subscribers (units: thousands)	3,706	3,415	3,557
Average Monthly Subscribers Payment (units: yen)	3,187	3,325	-
ARPU (units: yen)	1,987	2,223	-
SAC (units: yen)	32,842	37,845	-

* Sum of SKY PerfectTV!, Premium Service and Premium Service Hikari

Future Initiatives

- Multichannel Pay TV Business -

Review of Subscription Performance Up Through 3Q

- SKY PerfecTV! : New subscriptions slowed. Maintained cumulative net increase in 3Q.
- Premium Service : Since the discontinuation of MPEG2 at May 2014, level of the churn rate has been kept low.
- Premium Service HIKARI : New subscriptions tight.

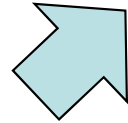
	Number of New Subscribers (3Q Cumulative)	Net Increase (3Q Cumulative)	Net Increase (3Q Cumulative)	Cumulative Total Subscribers (End of 3Q)
SKY PerfecTV!	264,707	319,065	8,266	2,063,838
Premium Service	33,480	354,094	-308,712	1,262,175
Premium Service HIKARI	6,754	8,489	-1,577	88,568
Total of the above three services	304,941	681,648	-302,023	3,414,581

Increase in ARPU

- Total ARPU through 3Q in FY2014 up 11.9% year on year

FY2013 3Q total

1,987 yen



FY2014 3Q total

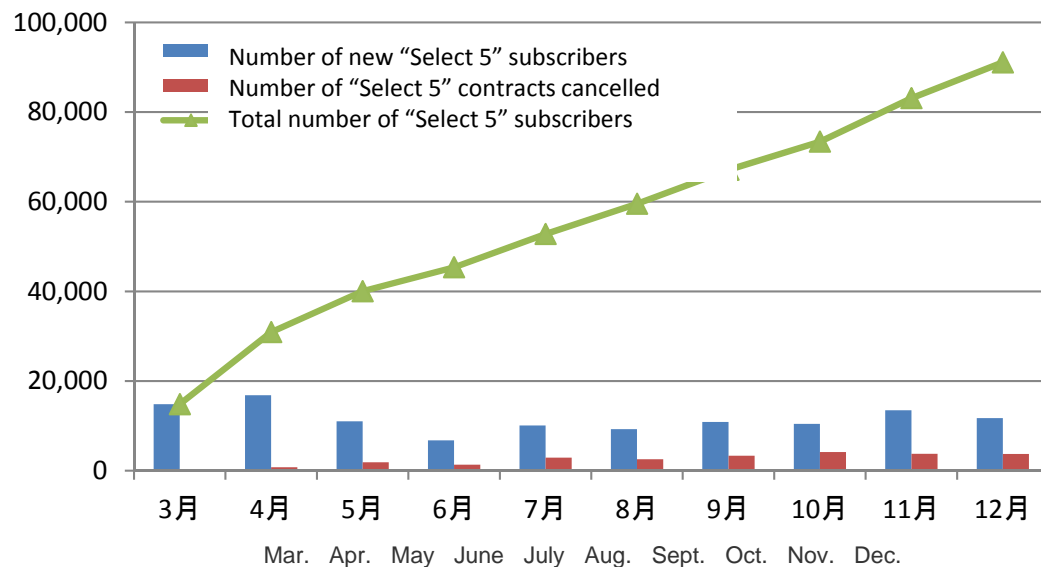
2,223 yen

11.9% growth

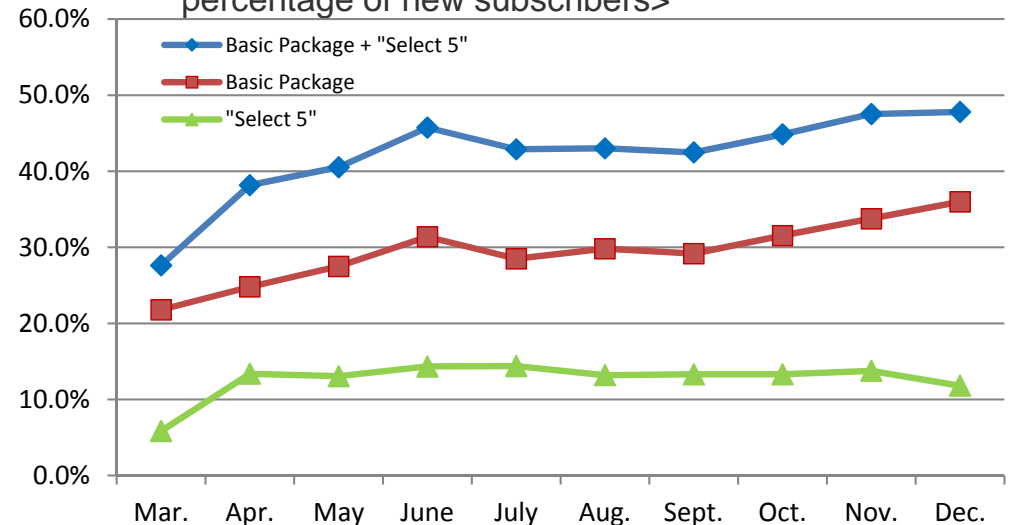
- Main factors in ARPU increase

- Discontinuation of MPEG2 broadcasting caused subscribers who had been paying only the basic subscription fee to cancel their subscriptions.
- The percentage of new subscribers subscribing to “Select 5” stayed above 10% and those subscribing to the Basic Package and other expensive products stayed at around 30%.

<Number of “Select 5” subscribers>



<“Select 5” and Basic Package: Subscribers as a percentage of new subscribers>



Initiatives to Win New Subscriptions

February

J. League SKY PerfectTV! New Year Cup inaugurated on Feb. 1.
9 J. League official pre-season matches to be inaugurated and broadcast live only on SKY PerfectTV!



J. League pre-season match

March

UEFA Champions League R16



Opening of J. League

Live broadcast of all Division 1
/Division 2 matches!
Broadcast of popular Division 3
matches!

J. League season opens on March 7

Pro baseball training camp

Live broadcast of first SKY PerfectTV! music festival
5-hour broadcast including medley of nostalgic
hits of the '80s and '90s



Pro baseball pre-season match

In addition to relay of each club's training camp report,
broadcast of special program reporting the state of all clubs'
camps also on BS SKY PerfectTV!



Pro baseball season opens on March 27

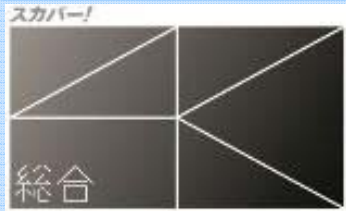
Opening of pro baseball

Broadcast of all Central League
/Pacific League official games!

On-demand distribution of
Yokohama DeNA BayStars games
in addition to Tokyo Yakult Swallows games

Launch of 4K Channels

■ Two 4K channels will be launch in March 2015.



SKY PerfecTV! 4K General

➤ Free for subscribers

➤ Major programs scheduled in March

• J League: 1 match/1 leg



• Regular featured programs of museums.

#1: Musée d'Orsay~



• ONWARD presents Tetsuya Kumakawa
K-Barret Company Cinderella
(Live Broadcast)



• Concert: Shinji Tanimura
FINAL ~CURTAIN CALL~



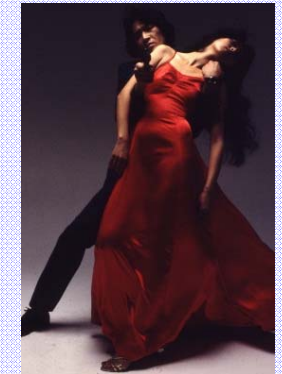
SKY PerfecTV! 4K Movies

➤ Pay-per-view

➤ Major Japanese contents scheduled in March

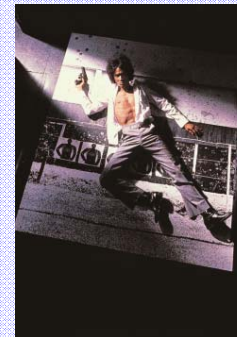
• Tokiokakerushojo 4K Scanning

• Yaju Shisubeshi 4K Scanning



• Yomigaeru Kinro 4K Scanning

• Nature



SKY PerfecTV! On Demand

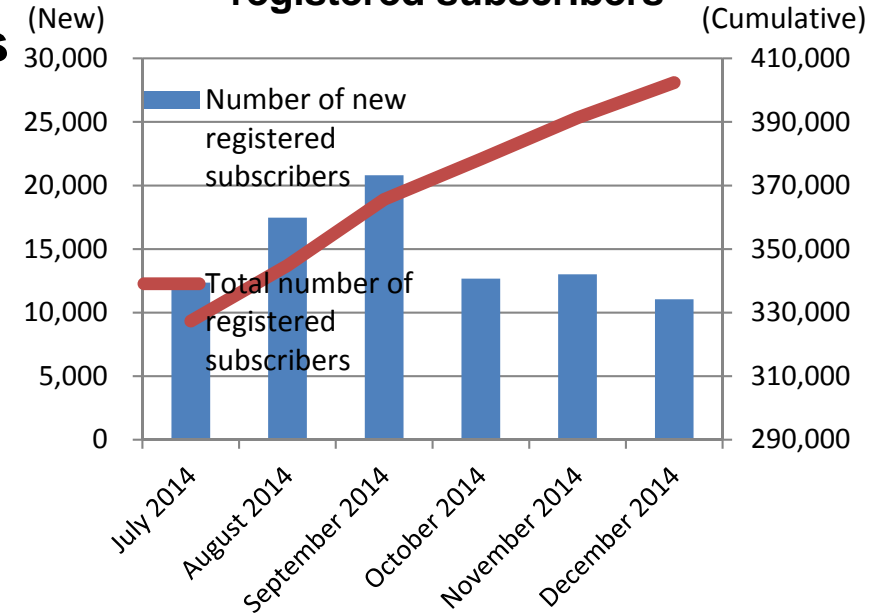
■ Steady growth maintained for the number of registered SKY PerfecTV! On Demand subscribers

- Total number of registered subscribers as of Dec. 31, 2014: 402,360

■ TRY! SKY PerfecTV! On Demand

- Period: February 14, 2015 (Sat.) – March 1, 2015 (Sun.)
- Special app: A special app will be released in early Feb.
- Content: Over 100 programs viewable with free member registration
- Format: Live, archive, and on-air distribution
- Programs:

Number of SKY PerfecTV! On Demand registered subscribers



UEFA Champions League 14/15
Finals Round 16 1st Leg
Juventus vs. Dortmund
on European Soccer On Demand



2015 J. League pre-season matches
J. League SKY PerfecTV! New Year Cup
on J. League On Demand

Progress on WAKUWAKU JAPAN

■ Overview of overseas distribution

- Distribution on 7 platforms in Indonesia and Myanmar. (Only 4TV in Myanmar)



- Number of households that can view WAKUWAKU JAPAN in Indonesia: About 2.5 million (roughly 11.25 million people)

■ February programming mix (17:00–23:00)

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
17:00	[Animation]				[Live action]	[Animation]	[Animation]
18:00	[Live action]				[Animation]	[Animation]	[Animation]
19:00	<1> [Cultural program] SHIKI-ORIORI					[Variety show]	[Variety show]
20:00	<2> [Drama] Drama 19			[Music]	[Cultural program]	[Variety show]	[Variety show]
21:00	[Cultural program]				[Variety show]	[Cultural program]	[Cultural program]
22:00	[Drama]			[Cultural program]	[Variety show]	[Cultural program]	[Cultural program]
23:00	<3> [Drama] Drama 21			<4> [Movie] Feature film	<5> [Drama] Drama NEO	<6> [Movie] J HORROR	[Movie]
	[Variety show]	[Variety show]	[Variety show]	[Variety show]	[Variety show]	[Variety show]	[Variety show]
	[Animation]	[Animation]	[Animation]	[Animation]	[Animation]	[Animation]	[Animation]

<1> SHIKI-ORIORI: Every Mon. to Sat. 18:00–19:00

- ✓ Ministry of Internal Affairs and Communications Model Business for Strengthening and Promoting Overseas Distribution of Broadcast Content. Program introducing attractions around Japan, including travel, food, arts, and culture.

<2> Drama 19: Every Mon. to Thu. 19:00–20:00

- ✓ Dramas that can be enjoyed by the whole family

<3> Drama 21: Every Mon. to Thu. 21:00–22:00

- ✓ Dramas targeting adults

<4> Feature film: Every Fri. 21:00–23:00

- ✓ Films on a monthly theme. The theme for February is music.

<5> Drama NEO: Every Sat. 21:00–22:00

- ✓ The latest dramas being broadcast in Japan at the moment

<6> J HORROR: Every Sun. 21:00–23:00

- ✓ Japanese horror movies

Future Initiatives

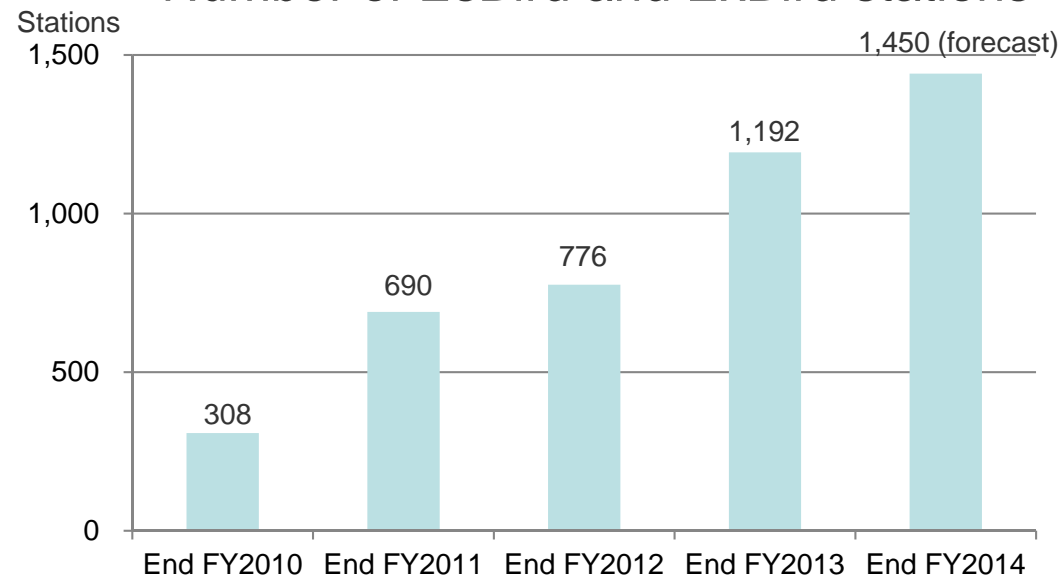
- Space and Satellite Business -

Sales/Marketing in Domestic Market

- Increasing number of ground stations since the Great East Japan Earthquake.
- Expanding sales to infrastructure companies, such as power and transportation companies, for communications links between important bases and as a backup line for business continuity plans (BCP).
- Sales to temporary housing in FY2011 – FY2012 after the Great East Japan Earthquake.
- Use of Ministry of Land, Infrastructure, Transport and Tourism's EsBird started in FY2013.
- Three expressway companies (East Nippon Expressway, Central Nippon Expressway, and West Nippon Expressway) plan to start using EsBird in FY2015.

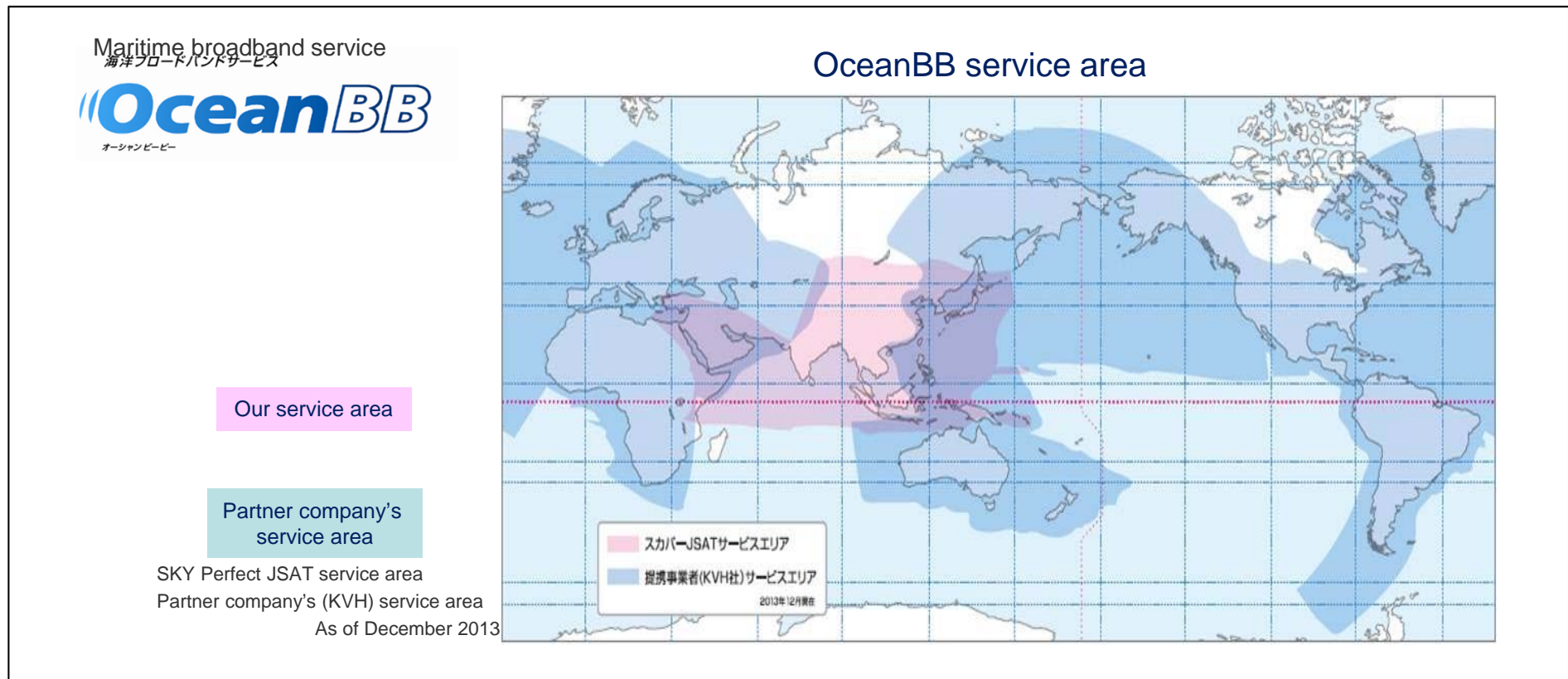


Number of EsBird and ExBird stations



Sales/Marketing in Global/Mobile Market

- Orders taken from government offices for “OceanBB” maritime broadband service
Sales to Japan’s three major shipping companies and mid-tier shipping lines also expanded.
- Sales to the US government remained steady



From Satellite Procurement to Operation

1. Prior analysis

Securing orbital slot and demand forecasting

2. Satellite specifications study

Service area, frequency, number of repeaters

3. Order and manufacture

Choose a manufacturer and conduct process management and performance assessments

4. Insertion into geostationary orbit

Launch on rocket, insert into geostationary orbit, and perform in-orbit tests

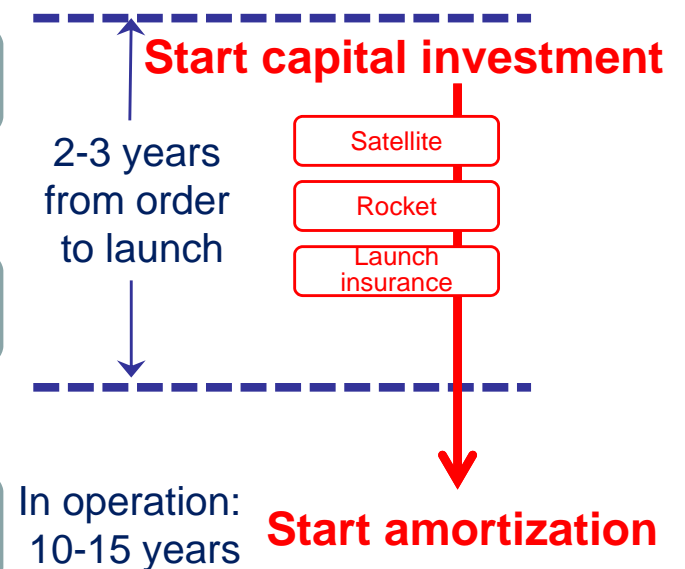
5. Operation

Provide repeaters while monitoring and controlling the satellite from the control center

Mounting a JCSAT-RA antenna

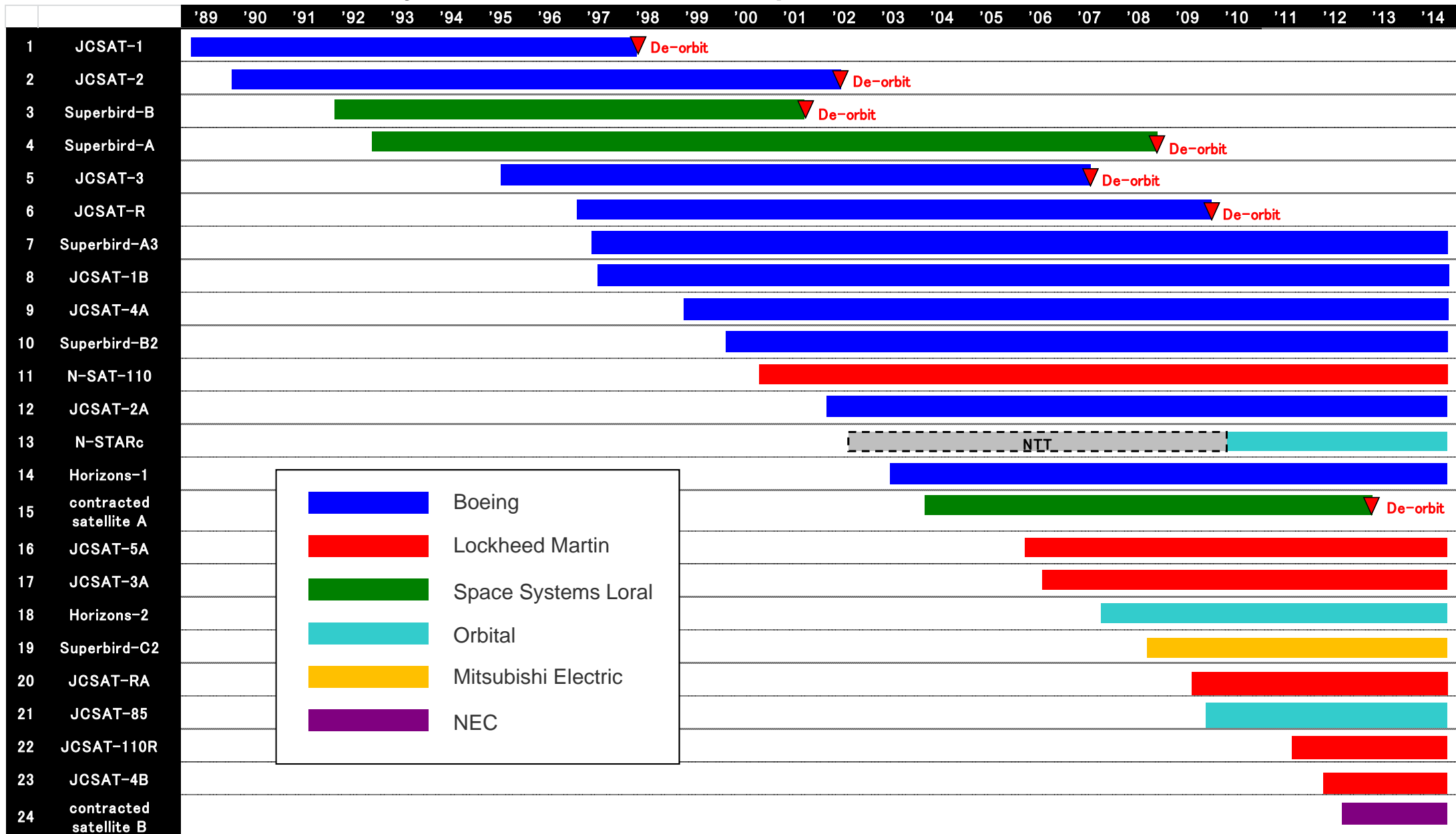


Photo: Lockheed Martin



Satellite Operational Performance

■ Combined years of satellite operation: Over 220



Trends in Communication Satellites

■ Increasing in size

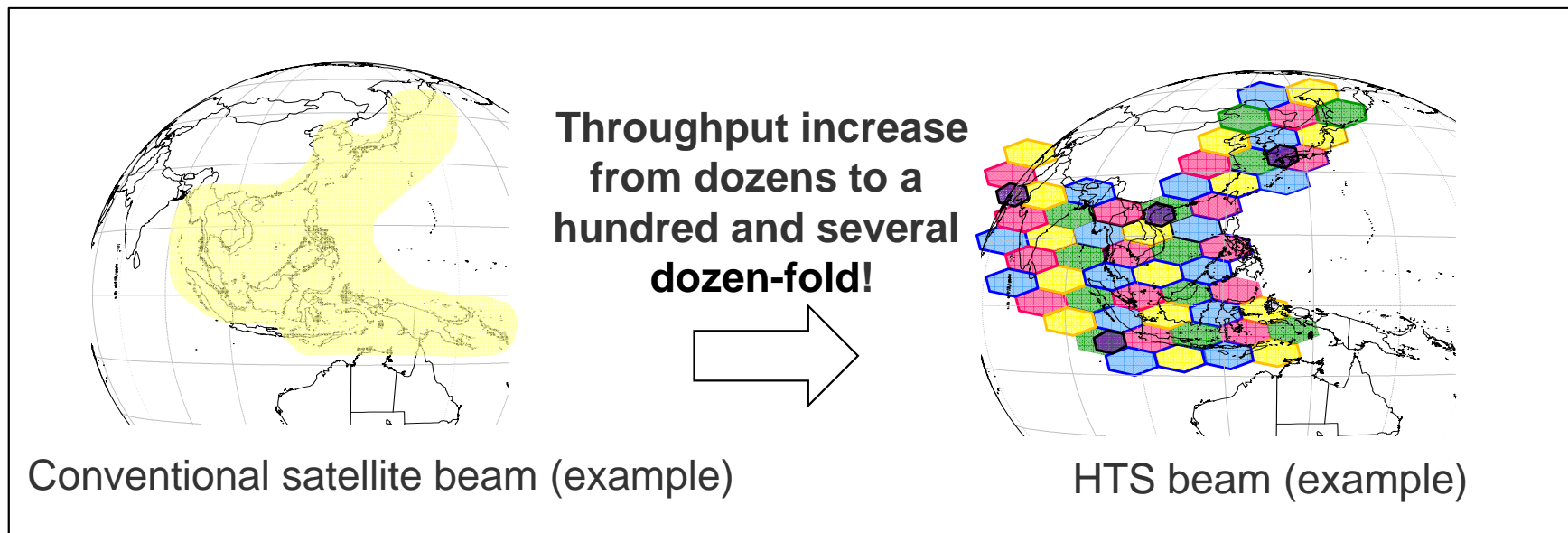
- Greater output of solar cells
- Greater output of repeaters

Satellite (launch year)	JCSAT-1 (1989)	JCSAT-4B (2012)
Weight	2.3 t	4.5 t
Power generation	2.2 kW	10 kW
Repeater output	20 W	150 W

■ Trimming weight and increasing life: Electric propulsion engine

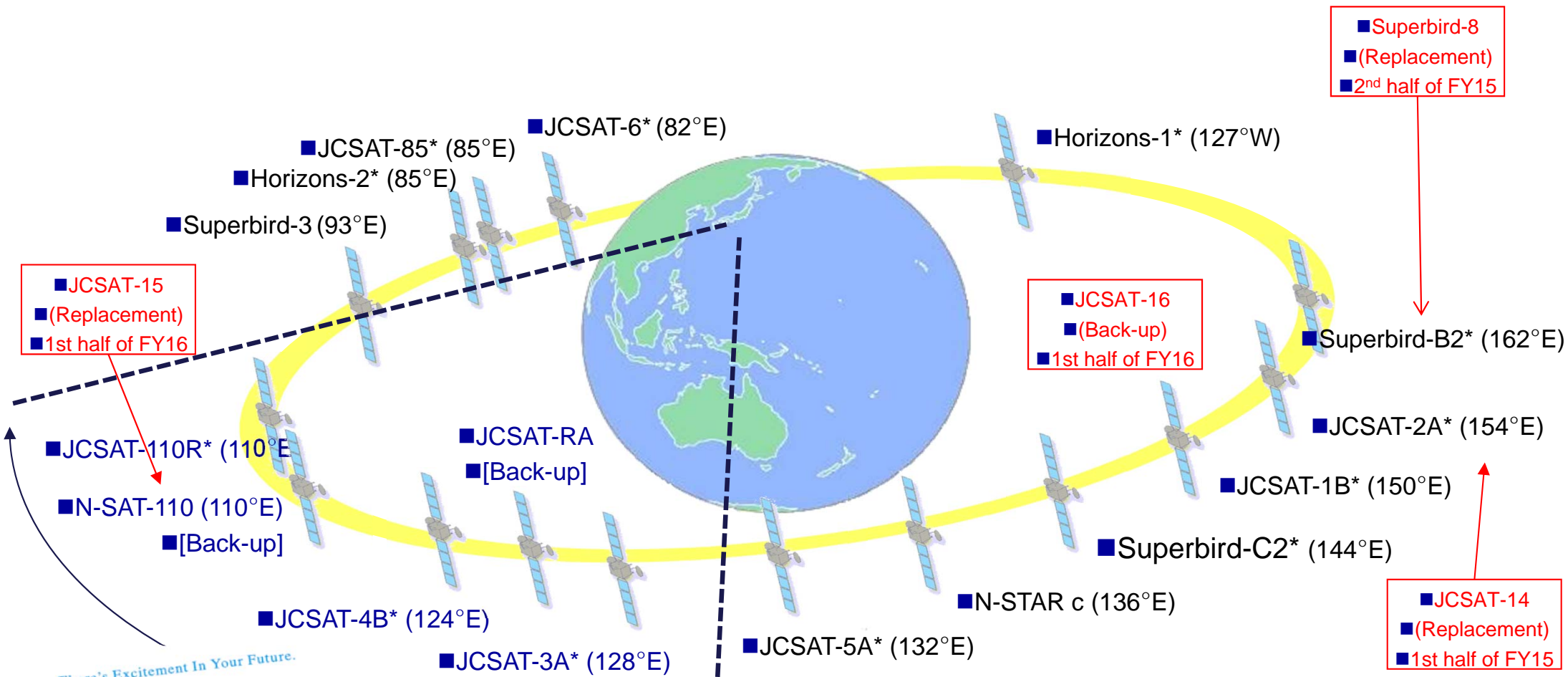
■ Coping with expanding throughput capacity: HTS (High Throughput Satellite)

Difference between conventional satellites and HTS



Satellites Fleet Updated

- 16 satellites in total cover from the Indian Ocean through North America.
- 4 satellites are newly manufactured for replacements/back-up.



There's Excitement In Your Future.
SKY PerfectTV!

Satellites (blue): For mainly broadcasting use
 Satellites (black): For mainly communication use
 * overseas beam equipped

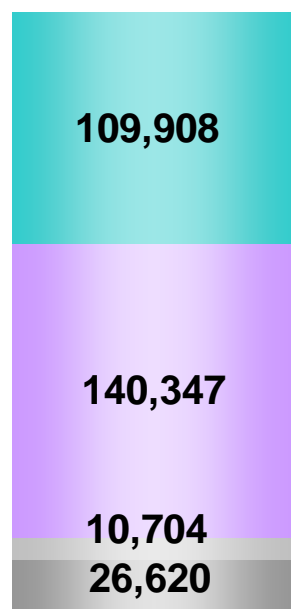
(References)

Consolidated Balance Sheets

Assets

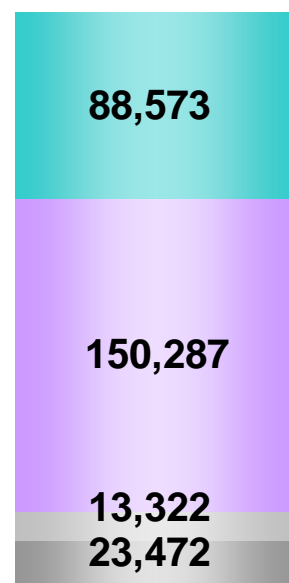
(units : ¥ millions)

287,580



2014/3

275,656



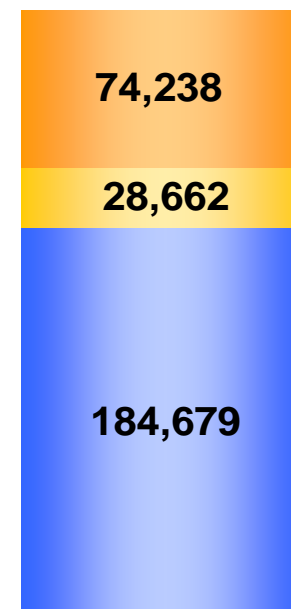
2014/12

Liabilities and Equity

(units : ¥ millions)

Equity Ratio : 64.1%

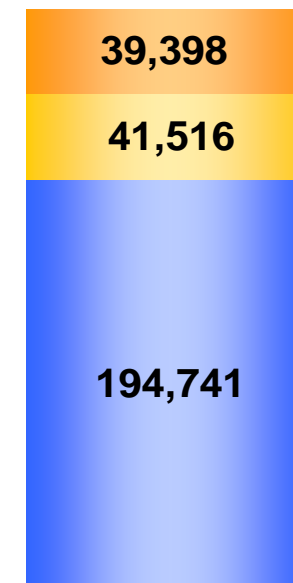
287,580



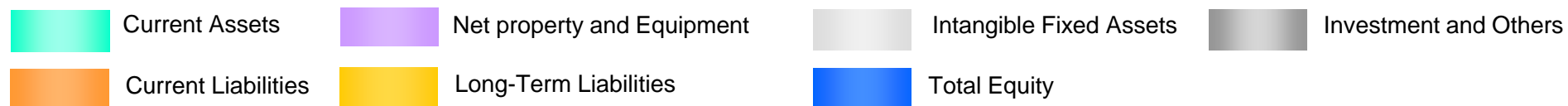
2014/3

Equity Ratio : 70.6%

275,656



2014/12



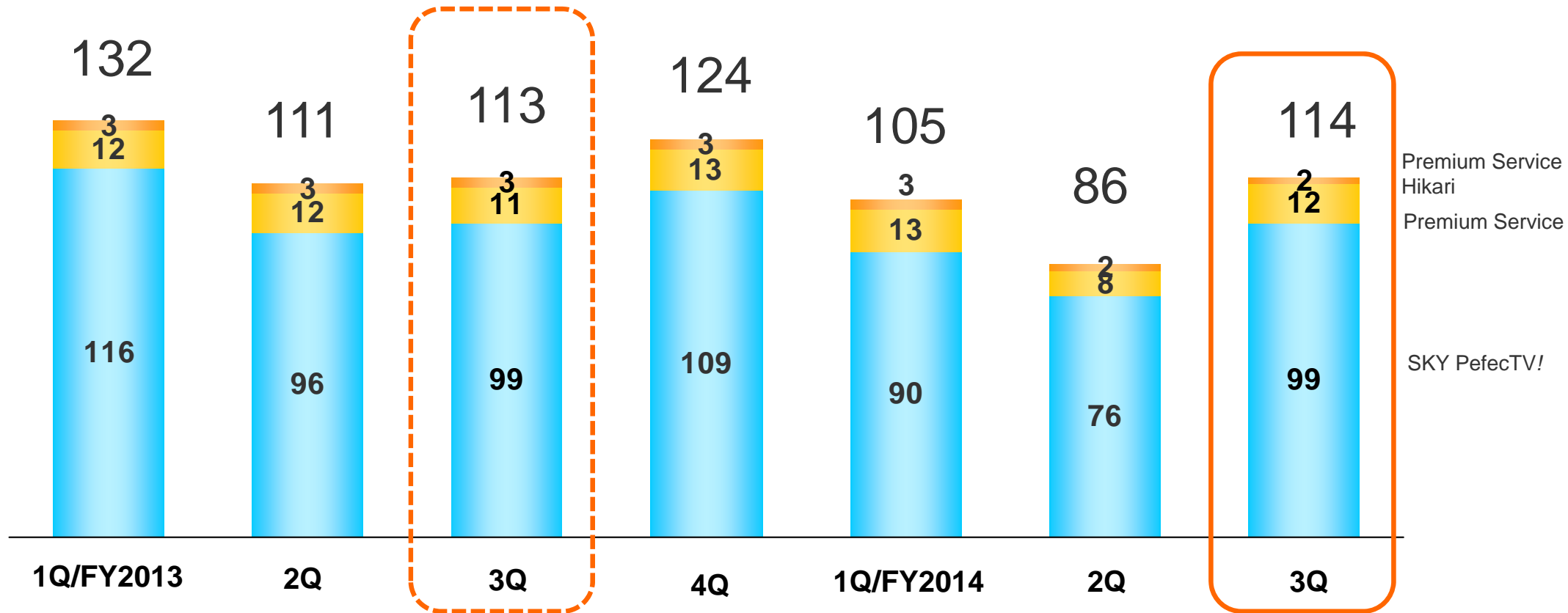
Consolidated Cash Flows

(units ; ¥ millions)

	3Q/FY2013	3Q/FY2014
Net Cash from Operating Activities	26,612	15,662
Net Cash from Investing Activities	△11,466	△22,293
Free Cash Flows	15,145	△6,670
Net Cash from Financing Activities	△26,017	△16,623
Cash and Cash Equivalent at Term-end (a)	63,850	40,583
Term-end balance of interest-bearing debt (b)	45,026	33,709
Term-end balance of net interest-bearing debt (b) – (a)	△18,824	△6,874

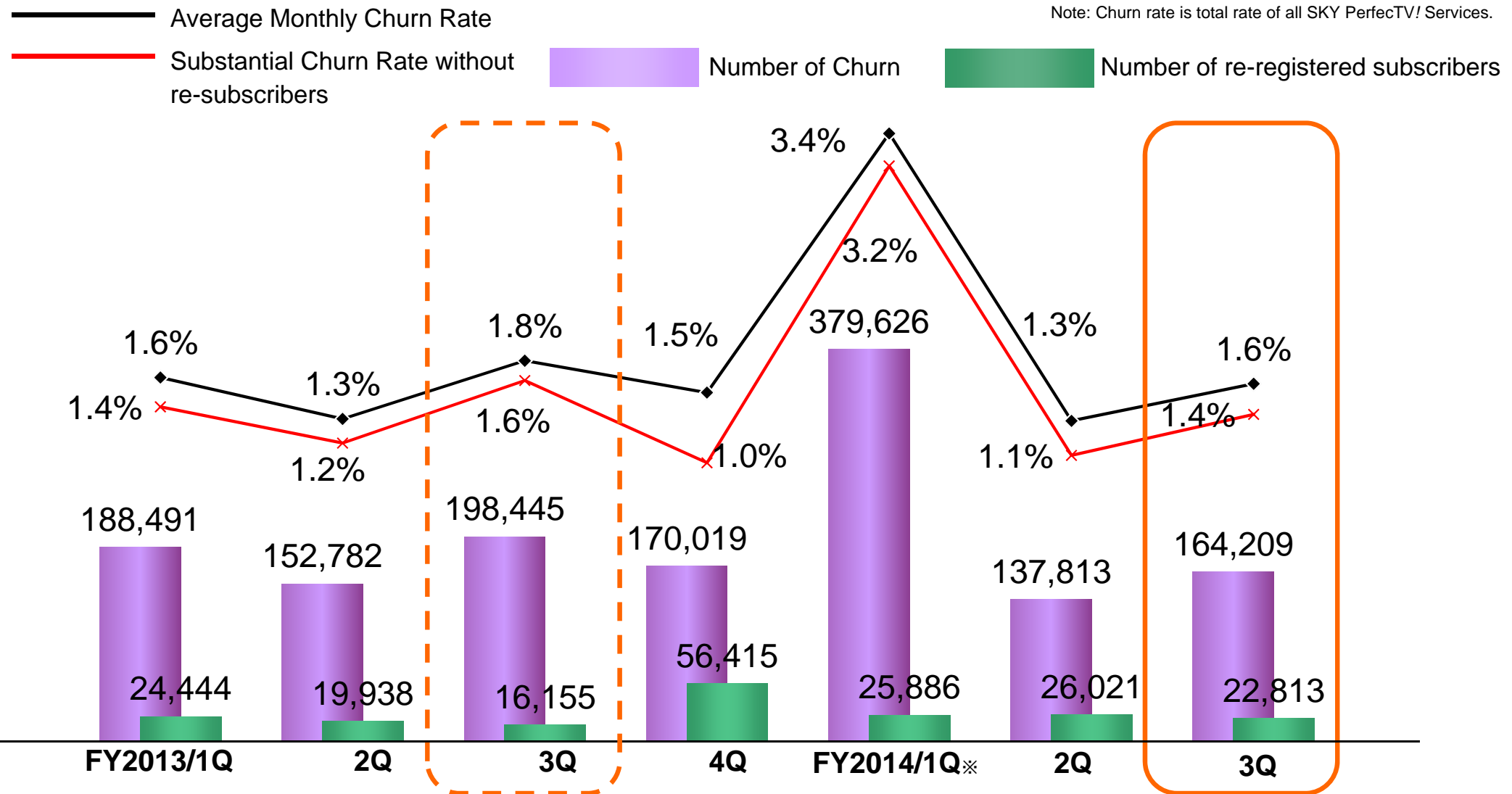
Number of New Subscribers

(units : thousands)



Average Monthly Churn Rate

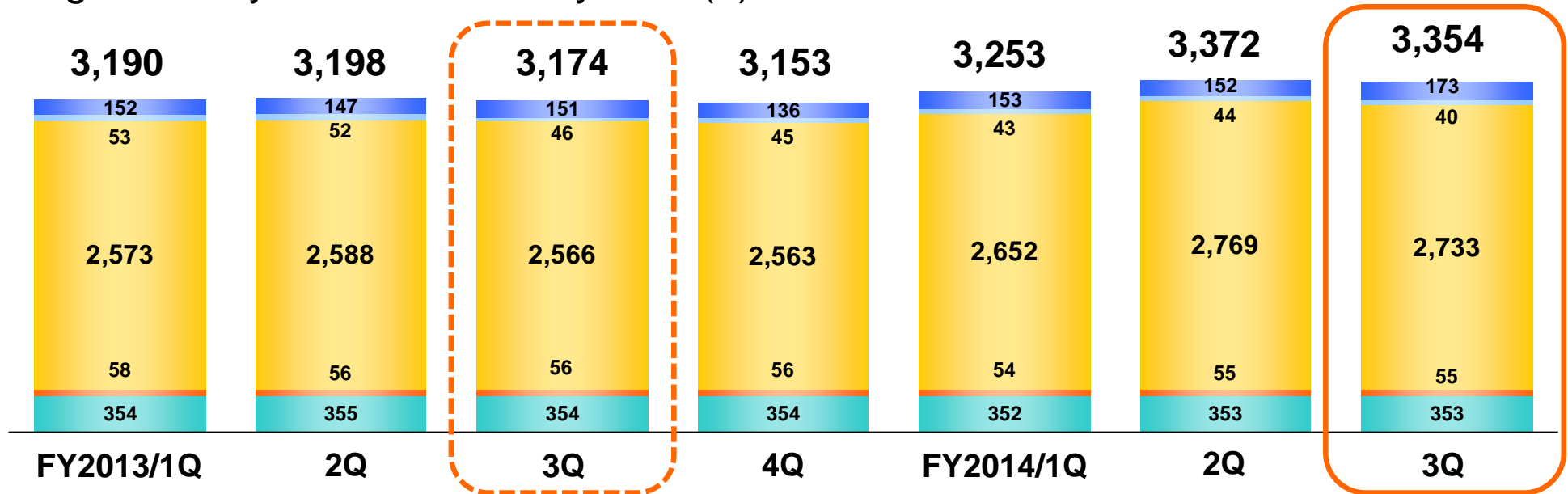
Note: Churn rate is total rate of all SKY PerfectTV! Services.



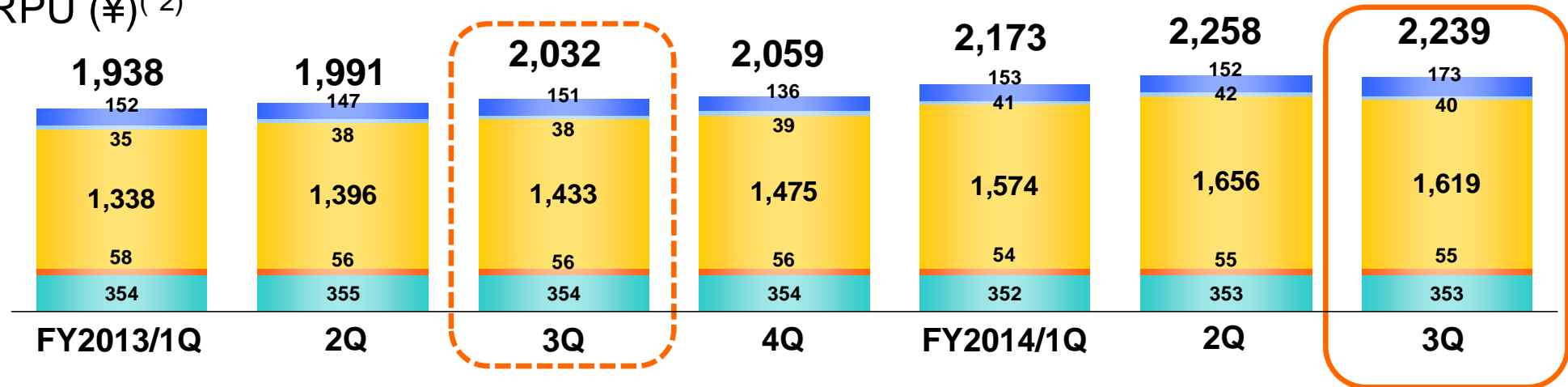
* Churn rate substantially increased in FY2014/1Q compared to the previous quarter because of termination of SD broadcasting at the end of May 2014.

ARPU

■ Average Monthly Subscriber's Payment (¥)^(*1)



■ ARPU (¥)^(*2)



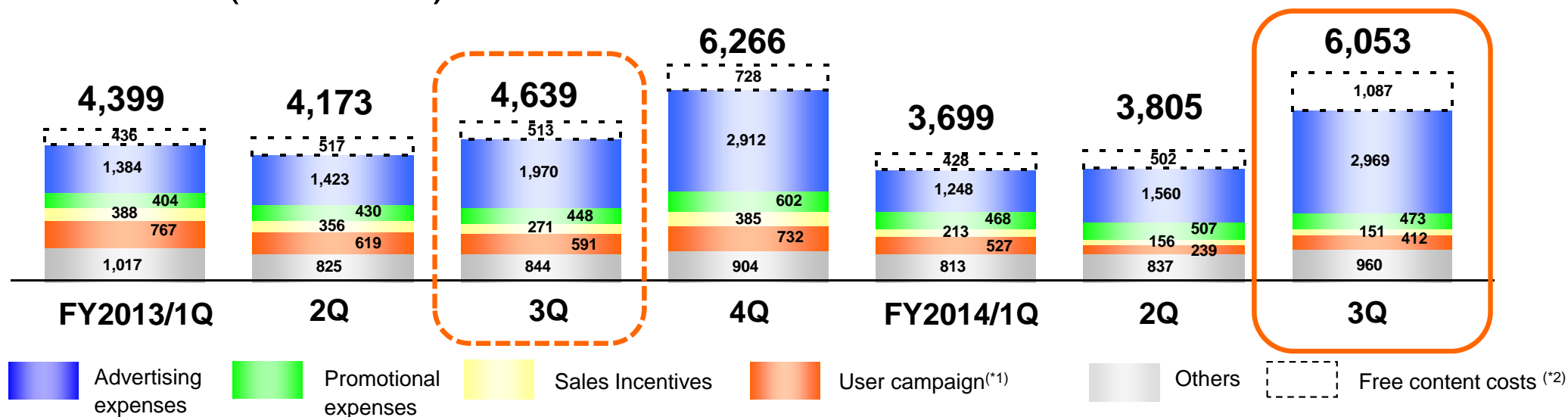
■ Basic fee
 ■ Rental fee
 ■ Monthly subscription fee
 ■ PPV subscription fee
 ■ Revenues from SKY Perfect's own content

*1. Average units price of monthly viewing fees, etc. paid by subscribers

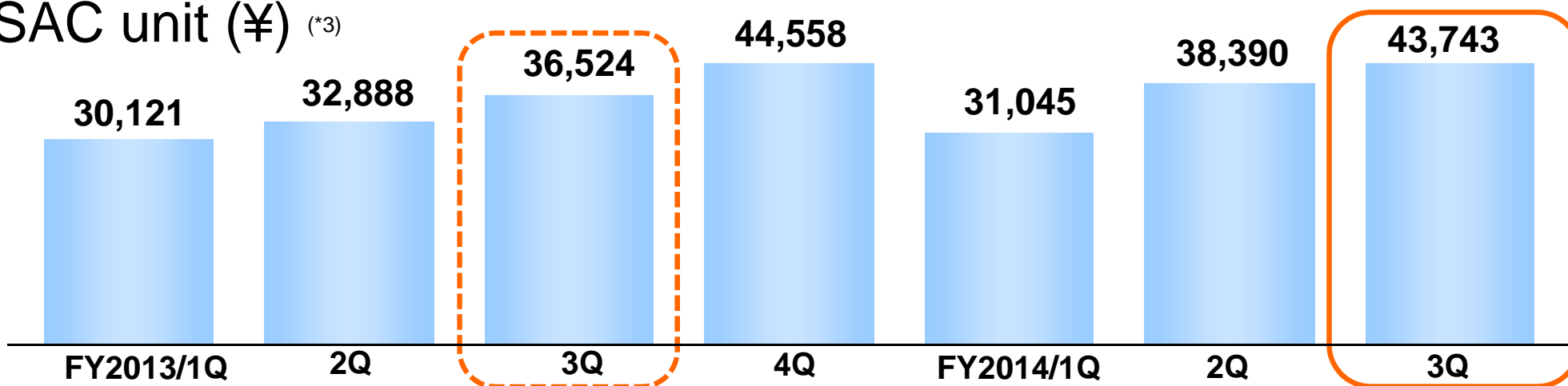
*2. Revenues of our corporate group in the unit price of monthly viewing fees, etc. paid by subscribers

Subscribers Acquisition Cost (SAC)

SAC total (¥ million)



SAC unit (¥) ^{(*)3}



*1 Expenses for campaigns, including "Campaign of providing and installing antennas" and "Limited-time discount." Indicated separately from sales promotion cost and sale incentives.

*2 "Charge-free content cost" in the total amount of SAC includes the cost for program production.

*3 Unit cost figures are obtained by dividing the total SAC value (excluding "free content costs") by the number of new subscribers in each period.

SKY Perfect JSAT Holdings, Inc.
Corporate Communications & Investor Relations Division