

SKY Perfect JSAT Group  
Earning Results Briefing for 3Q/2015

February 4, 2016  
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/2015

# Summary of Income Statements

- Revenue increased due to increase in revenue from Space & Satellite Business.
- Operating Income increase comes from cost reduction in Multichannel Pay TV Business.
- Net Income was down from previous fiscal year as income taxes adjustments were gone.

(Unit: ¥ millions)

	3Q/ FY2014	3Q/ FY2015	Comparison to 3Q/FY2014	Vs. full-year Forecast	FY2015 Full-year forecast
Revenue	122,568	123,466	0.7%	73.5%	168,000
Operating Income	17,592	18,560	5.5%	80.7%	23,000
Ordinary Income	17,581	18,554	5.5%	82.5%	22,500
Profit attributable to owners of parent	12,936	12,134	(6.2%)	83.7%	14,500
EBITDA <sup>*1</sup>	35,780	34,863	(2.6%)	—	—

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

# Summary of Income Statements (FY2014 1Q – FY2015 3Q)

(Unit: ¥ millions)

	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenue	42,239	40,141	40,187	40,725	<b>41,122</b>	<b>40,633</b>	<b>41,710</b>
Operating Income	7,015	5,814	4,761	2,034	<b>5,855</b>	<b>5,015</b>	<b>7,689</b>
Ordinary Income	7,067	5,694	4,820	1,999	<b>5,792</b>	<b>5,091</b>	<b>7,670</b>
Profit attributable to owners of parent	6,587	3,469	2,880	579	<b>3,788</b>	<b>3,246</b>	<b>5,099</b>
EBITDA <sup>*1</sup>	13,698	11,514	10,567	7,843	<b>11,343</b>	<b>10,783</b>	<b>13,142</b>

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

# Summary of Income Statements by Business Segment (FY2014 1Q – FY2015 3Q)

(Unit: ¥ millions)

	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenue	42,239	40,141	40,187	40,725	<b>41,122</b>	<b>40,633</b>	<b>41,710</b>
Multichannel Pay TV Business	31,675	30,456	30,338	29,773	<b>30,904</b>	<b>30,636</b>	<b>29,690</b>
Space & Satellite Business	13,954	12,681	12,824	13,927	<b>13,320</b>	<b>13,098</b>	<b>14,992</b>
Consolidated Eliminations	(3,390)	(2,996)	(2,975)	(2,975)	<b>(3,102)</b>	<b>(3,101)</b>	<b>(2,972)</b>
Operating Income	7,015	5,814	4,761	2,034	<b>5,855</b>	<b>5,015</b>	<b>7,689</b>
Multichannel Pay TV Business	1,881	1,930	698	(2,076)	<b>1,307</b>	<b>772</b>	<b>3,087</b>
Space & Satellite Business	5,274	4,029	4,258	4,266	<b>4,714</b>	<b>4,407</b>	<b>4,752</b>
Consolidated Eliminations	(139)	(144)	(195)	(154)	<b>(166)</b>	<b>(164)</b>	<b>(150)</b>

# Key Performance Indicators for Multichannel Pay TV Business (\*)

	FY2014/3Q	FY2015/3Q	FY2015 full-year forecast
Number of New Subscribers (unit: thousands)	30.5	<b>32.1</b>	48.2
Net Increase in Subscribers (unit: thousands)	(30.2)	<b>(3.2)</b>	7.5
Number of Cumulative Subscribers (unit: thousands)	341.5	<b>343.0</b>	353.7
Average Monthly Subscriber Payment (unit: JPY)	3,325	<b>3,356</b>	-
ARPU (unit: JPY)	2,223	<b>2,209</b>	-
SAC (unit: JPY)	37,845	<b>33,411</b>	-

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

# Detailed: Multichannel Pay TV Business

**Revenue: (¥1.24B) \***

\* Internal transactions between segments included

< Main increases or decreases >

- Increase of SKY PerfectTV! business consignment income: ¥0.8B
- Decrease of business consignment income and transmission income of standard definition (SD) service: (¥0.5B)
- Decrease of income from high-definition (HD) service subscription fee: (¥1.5B)

**Operating Expense: (¥1.89B) \***

\* Internal transactions between segments included

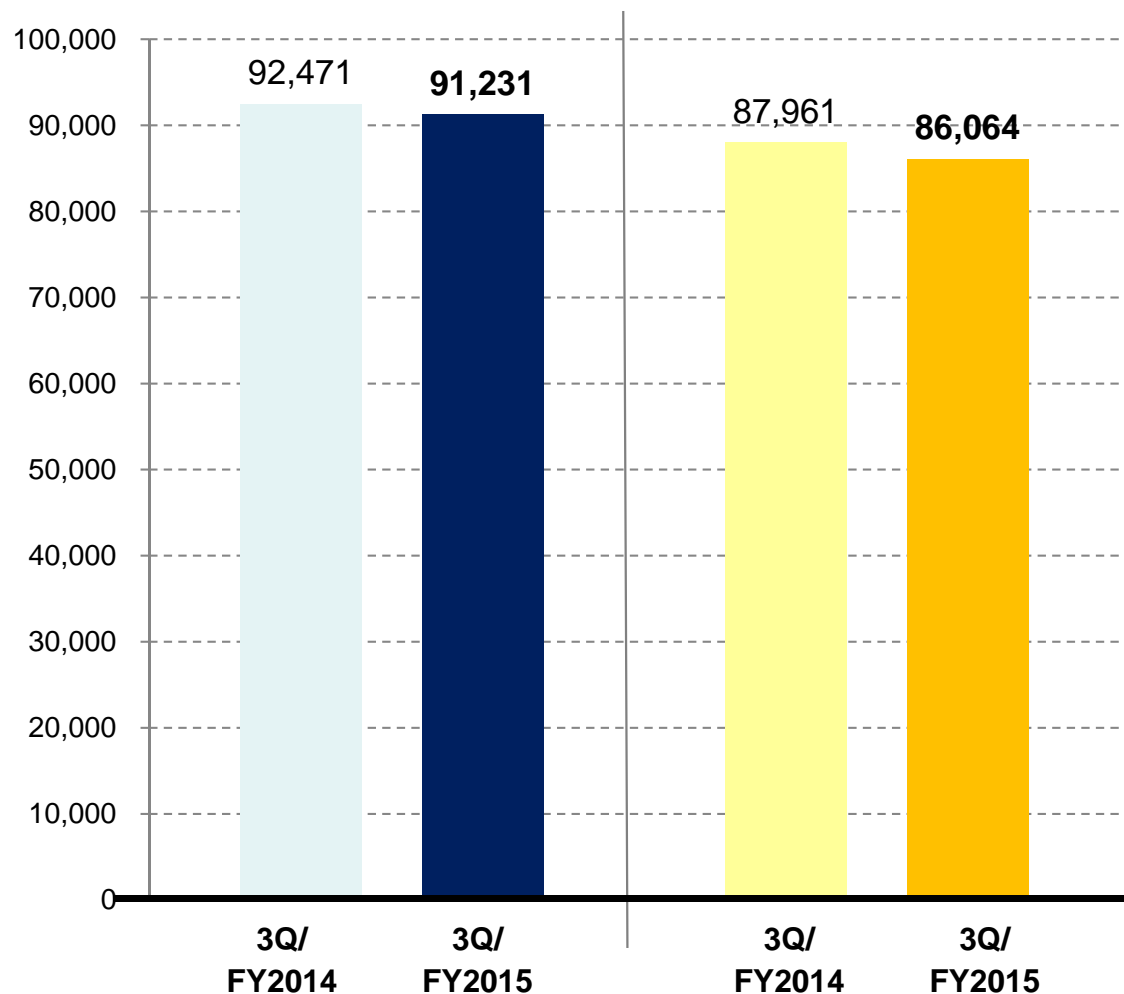
< Main increases or decreases >

- Increase in content cost: ¥3.6B
- Decrease of the HD service migration cost: (¥0.6B)
- Decrease in program provision expense: (¥1.3B)
- Decrease in advertising expense: (¥1.3B)
- Decrease in other expense: (¥2.3B)

(unit: ¥ millions)

Revenue

Operating Expense





# Detailed: Space & Satellite Business

**Revenue: ¥1.95B\***

\* Internal transactions between segments included

< Main increases or decreases >

- Decrease in sales of broadcasting transponders for SD services: (¥1.4B)
- Increase in sales of broadcasting transponders : ¥0.4B
- Increase in sales of maritime Internet services : ¥0.7B
- Increase in sales of control center facilities for disaster response: ¥2.0B

**Operating Expense: ¥1.64B\***

\* Internal transactions between segments included

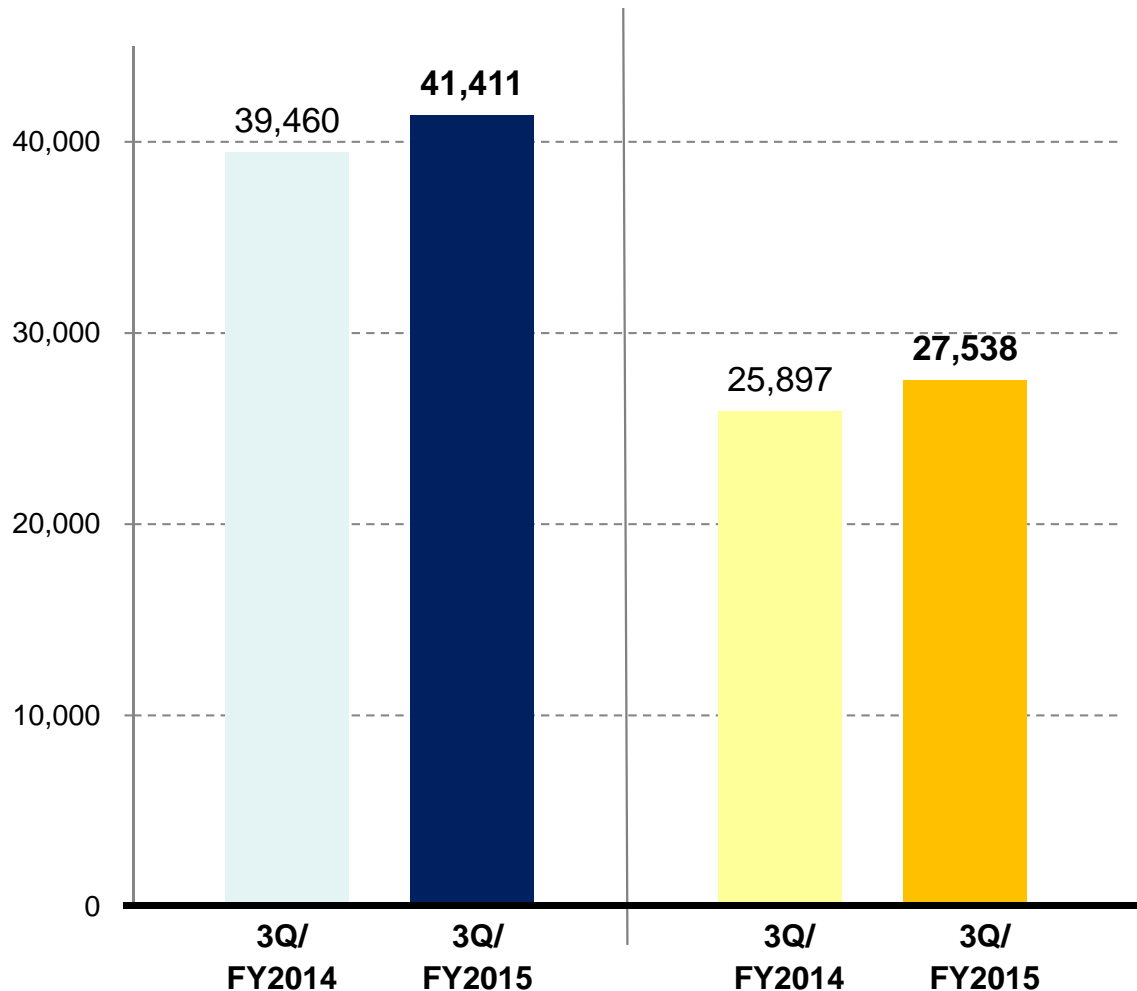
< Main increases or decreases >

- Decrease in satellite depreciation expense: (¥1.0B)
- Increase in satellite business expenses: ¥2.6B

(unit: ¥ millions)

Revenue

Operating Expense



## Future Initiatives

- Multichannel Pay TV Business -

# Strategies for Increase in Total Number of Subscribers

The total number of subscribers in the 3Q exceeded that in the previous year as a result of content and subscriber expansion measures.

- Expansion of subscribers through live broadcasts and original content



©2015 Jidaigeki Senmon Channel / SKY PerfecTV!! / Shochiku

- Measures to expand new subscribers

- ✓ 10-day free broadcast / free broadcast in the first three days of the New Year



- Number of new and returning subscribers

- ✓ New and returning subscribers exceed results for 3Q/FY2014 while the nine-month results also exceeded the results of the same period in the previous year

	New and returning subscribers		Total number of subscribers	
	FY2015/3Q total	Year-on-year comparison	FY2015/3Q total	Year-on-year comparison
SKY PerfecTV!	354,063	+26,732	2,134,171	+70,333
Premium Service	44,634	(748)	1,210,015	(52,160)
Premium Service Hikari	6,055	(857)	85,629	(2,939)
<b>Total</b>	<b>404,752</b>	<b>+25,127</b>	<b>3,429,815</b>	<b>+15,234</b>

# Future Content and Topics

## ■ Sports

- ✓ J. League: Opening of J1/J2 League season, SKY PerfectTV! New Year Cup
- ✓ European soccer: UEFA Champions League, UEFA Europa League



- ✓ Opening of pro baseball season. Training camp reports, exhibition games, and official games.

★Took pre-subscription for this season at the end of the last season: Around 30,000 subscribers



Mouko camp report 2016 (SKY/A sports+)

- ✓ Super Rugby

★Broadcast of all matches of Japanese team "Sunwolves" and Australian team Reds with Ayumu Goromaru

## ■ Original drama

- ✓ Original serial drama "Yakubyogami" series, 2<sup>nd</sup> installment "Kera" 4K

★Terrestrial broadcast of 1<sup>st</sup> installment "Hamon" (MX TV, Kansai TV)

- ✓ Original samurai drama 4<sup>th</sup> installment: "Mitsuya Seizaemon Zanjitsuroku" 4K



©2016 SKY PerfectTV!



©2015 Jidaigeki Senmon Channel / BS Fuji / Toei

## ■ Music, Documentary

- ✓ Japanese pop duo, "Dreams Come True" Wonderland 2015

- ✓ "Tokyo Archives" Hotel Okura Main Wing

★Trial for 4K high-resolution based video recording of Tokyo transition toward 2020



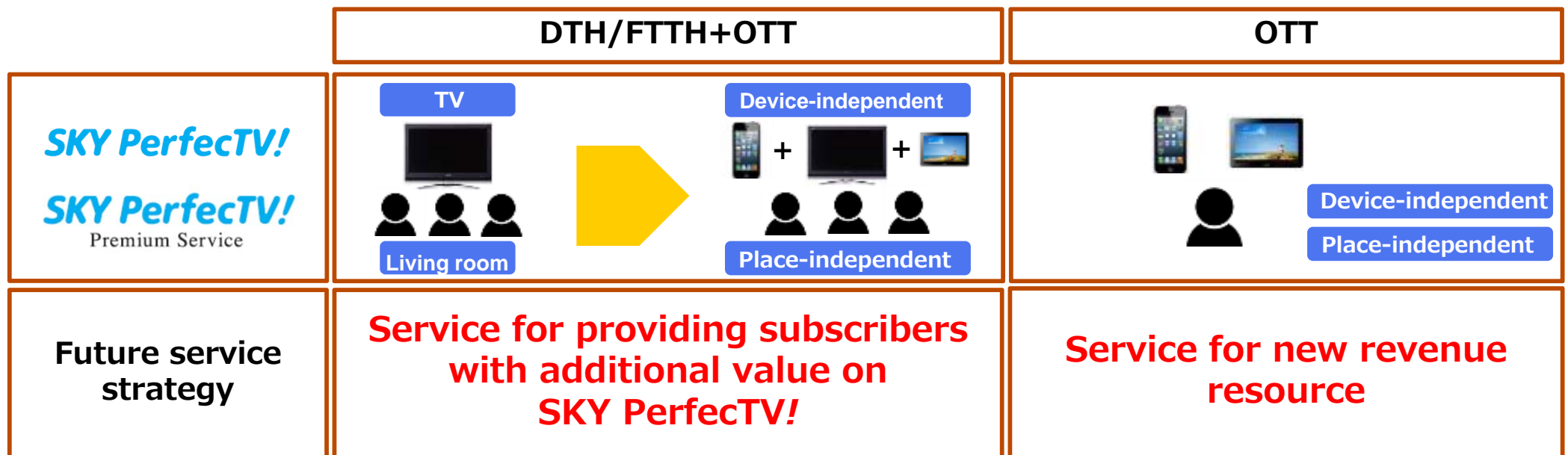
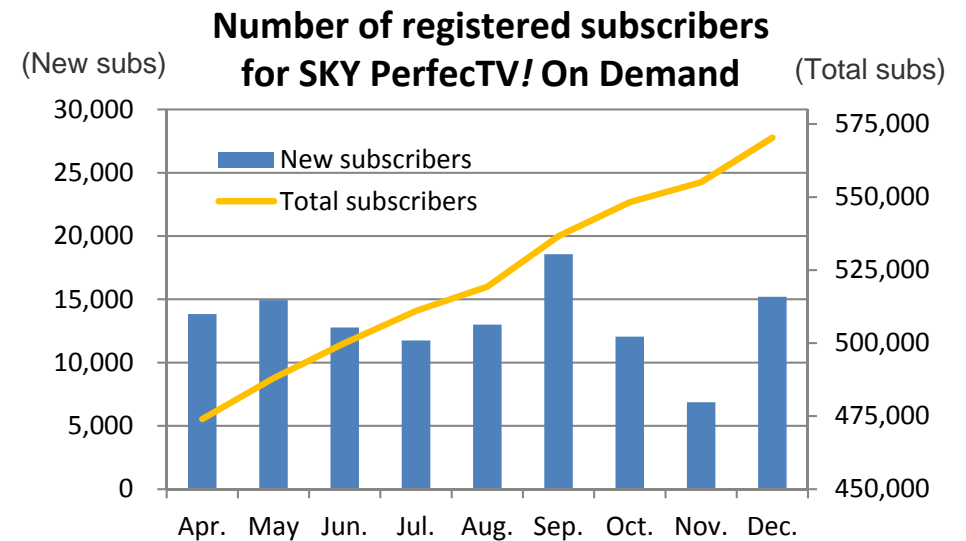
# SKY PerfecTV! On Demand

## ■ Total number of registered subscribers for SKY PerfecTV! On Demand

✓ 570,330 (as of the end of December 2015)

## ■ Future service strategy

✓ Roll out of new value through collaboration between DTH/FTTH and OTT



## ■ New Platforms Available

- ✓ **Launch on CATV service “StarHub TV” in Singapore (on January 15)**
  - Top share in Singapore’s Pay TV market / With “Singtel TV” subscribers, approx. 550,000 households accessible to the channel
- ✓ **Launch of broadcasting “WAKUWAKU JAPAN’s” contents on terrestrial TV station Channel 3SD in Thailand (on March 26)**
  - Potential viewers: 15 millions households / Broadcast three hours a week as “WAKUWAKU Japan HOUR”
- ✓ **Countries and platforms**

<Indonesia>	<Myanmar>	<Singapore>	<Thailand>
<p>Ten platforms in three countries available with 3.5 million potential households (Thailand excluded)</p>			

## ■ New content

- ✓ **“The Wonder Japan —Takumi—” (December 7, 2015 to February 7, 2016)**
  - The content introduces Japanese traditional manufacture and service in different parts of Japan / Viewers can purchase those products through tie-up with global EC website





# 4K/8K Roadmap (Satellite Broadcasting)

The Ministry of Internal Affairs and Communications announced  
 “The Second Interim Report of the Follow-up Meeting on 4K and 8K Roadmap” (July 2015)

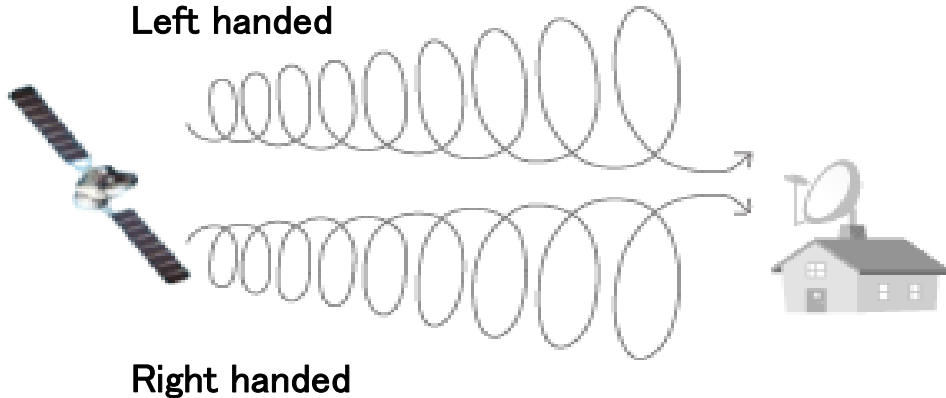
	2014	2015	2016	2017	2018	2019	2020 Tokyo Olympics	
<b>110 BS</b> BS: Broadcasting Satellite			Trial 4K/8K broadcasting from BS by right handed circular polarization (ch17)		Commercial 4K broadcasting from BS by right handed circular polarization Commercial 4K/8K broadcasting from BS by left handed circular polarization		(Around 2020) Addition of 4K/8K transponders with BS left handed circular polarization	
<b>110 CS</b> CS: Communication Satellite			<b>Launch of JCSAT-15</b>	Trial 4K broadcasting from CS by left handed polarization	Commercial 4K broadcasting by CS left handed polarization		(Around 2020) Addition of 4K transponders with CS left handed circular polarization	
<b>124/128CS</b>	Trial 4K broadcasting	Commercial 4K broadcasting						

# 4K/8K Satellite Broadcasting Receiving Antenna

## ■ More frequency available

### ✓ Circular Polarization

Left handed



Right handed

Planned frequency for future 4K/8K broadcasting

Left handed circular polarization

Right handed circular polarization

Frequency used for existing BS and 110CS broadcasting

## ■ Available Antenna for 4K Broadcasting



- ✓ New BS/110CS antenna is available from the end of January 2016 (MASPRO DENKOH CORP.). The antenna can receive signal from both right handed and left handed circular polarization. Future 4K broadcasting on left handed can also be received.
- ✓ SKY Perfect JSAT is developing new antenna which will support multiple satellites. The antenna will be available not only for BS/110CS right handed, BS/110CS left handed but for our SKY PerfectTV! Premium Service



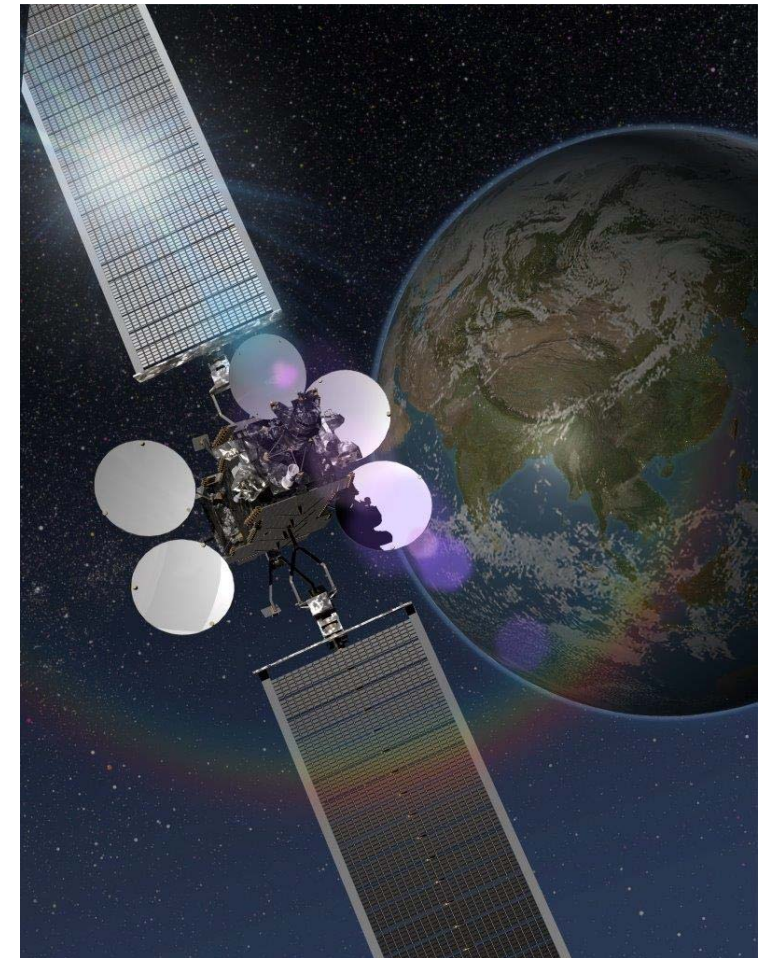
# Future Initiatives

## - Space & Satellite Business -

# Initiatives in the Domestic Market (1)

## ■ JCSAT-17

- ✓ Satellite bus
  - The satellite bus will be an A2100 manufactured by Lockheed Martin, which has a record of more than 40 deliveries to satellite operators around the world.
- ✓ Frequency Bands
  - JCSAT-17 will carry high-performance transponders in the S-, C-, and Ku-bands.
- ✓ Launch
  - Expected launch period: later FY2019
  - Launch vehicle: TBD



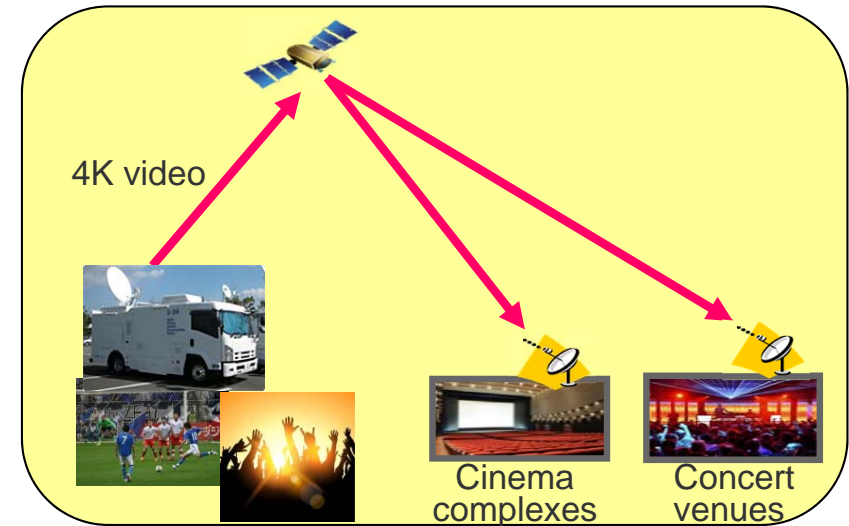
A2100 satellite illustration

# Initiatives in the Domestic Market (2)

## ■ Promoting 4K ODS\*

\* An acronym for Other Digital Stuff, a term used in Japan to mean the use of non-movie digital content

- ✓ Expanding locations that can handle 4K ODS reception
  - We are promoting the use of satellite-transmitted ODS in 4K video through the installation of satellite receiving antennas and 4K receivers at cinema complexes and concert venues nationwide equipped with digital screening facilities.



- ✓ Expanding services that can handle 4K video
  - Satellite Network, Inc. (SNET) has adopted 4Kista!, an in-vehicle video production system that can flexibly handle 4K video production at locations around Japan. This system is enhancing the handling of video production and the relay broadcasting of video content, including 4K ODS, which is expected to expand in the future.



4K in-vehicle video production system (provided by SNET)

# Initiatives in the Global/Mobile Market

## ■ Satellite based in-flight business

- ✓ All Nippon Airways Co., Ltd. (ANA) launched following services on domestic flights by using SKY Perfect JSAT's satellite on January 25, 2016.

- ANA Wi-Fi Service, an in-flight Internet service, on domestic routes
- **ANA SKY LIVE TV, the first in-flight TV service on domestic routes**

ANA  
WiFi  
Service

### <Route/aircraft offering the services>

- The services are starting on flights mainly between Haneda and Chitose, Fukuoka, and Okinawa.
- The service is available on aircrafts with the logo at left at the entrance.
  - Number of service available aircraft as of January 2016 is one (B777-300), and will be gradually rolled out to other aircrafts (B777 · B787 · B767 · B737 · A320)
  - On Q400 aircraft, the services are limited to video, audio, and e-book services.
  - The services are unavailable on B737-500 and B737-700 aircraft.

### ANA SKY LIVE TV

Three channels on our SKY PerfectTV! Premium Service are available



Nittele G+  
Sports channel run by Nippon  
Television Network Corporation



Nippon TV News 24  
News channel run by Nippon  
Television Network  
Corporation



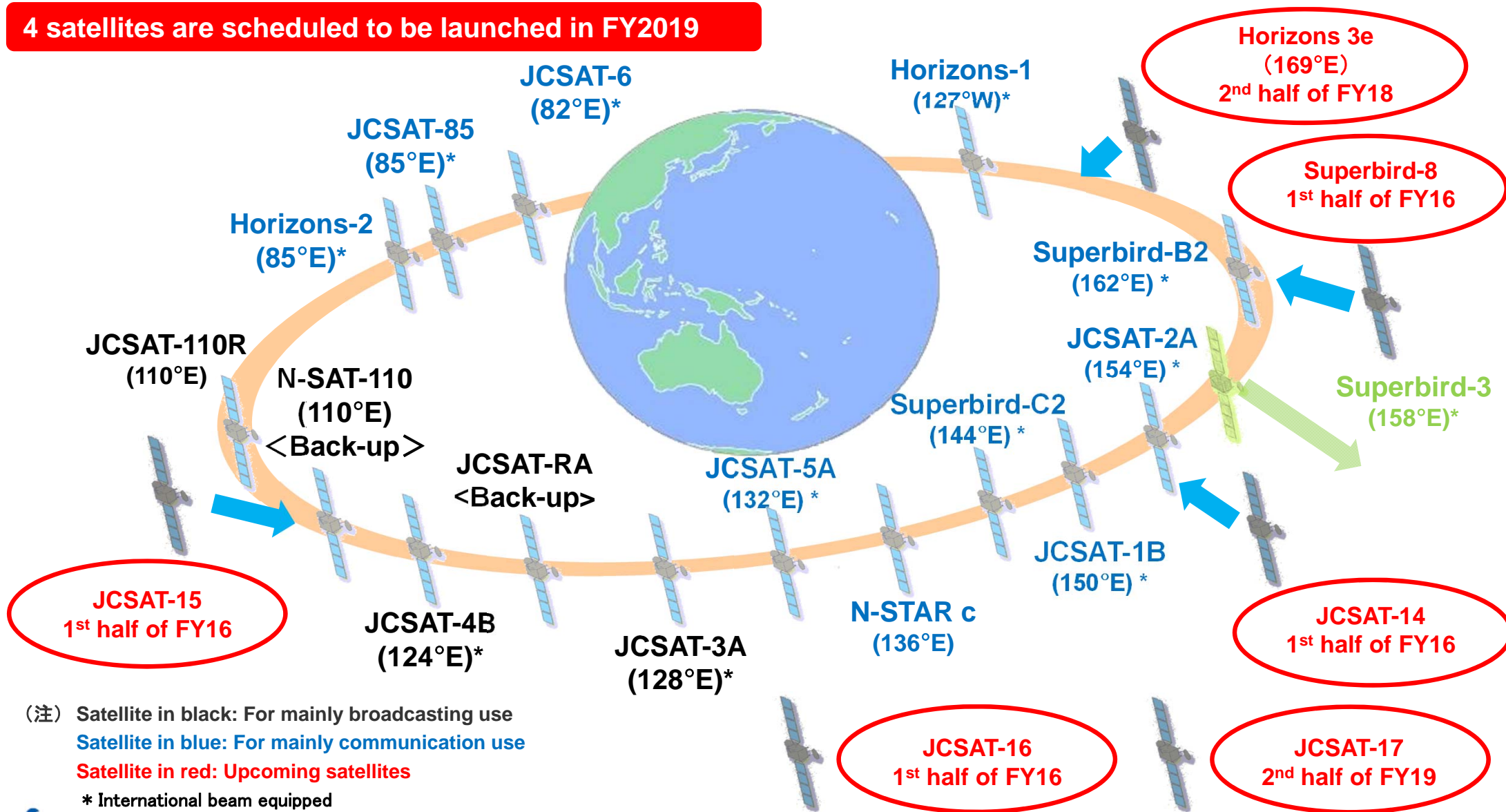
Sukasaka!  
24-hour all-soccer channel run by  
SKY Perfect JSAT Corporation



# Satellite Fleet Updated

15 satellites in total cover from Indian Ocean through North America.

4 satellites are scheduled to be launched in FY2019



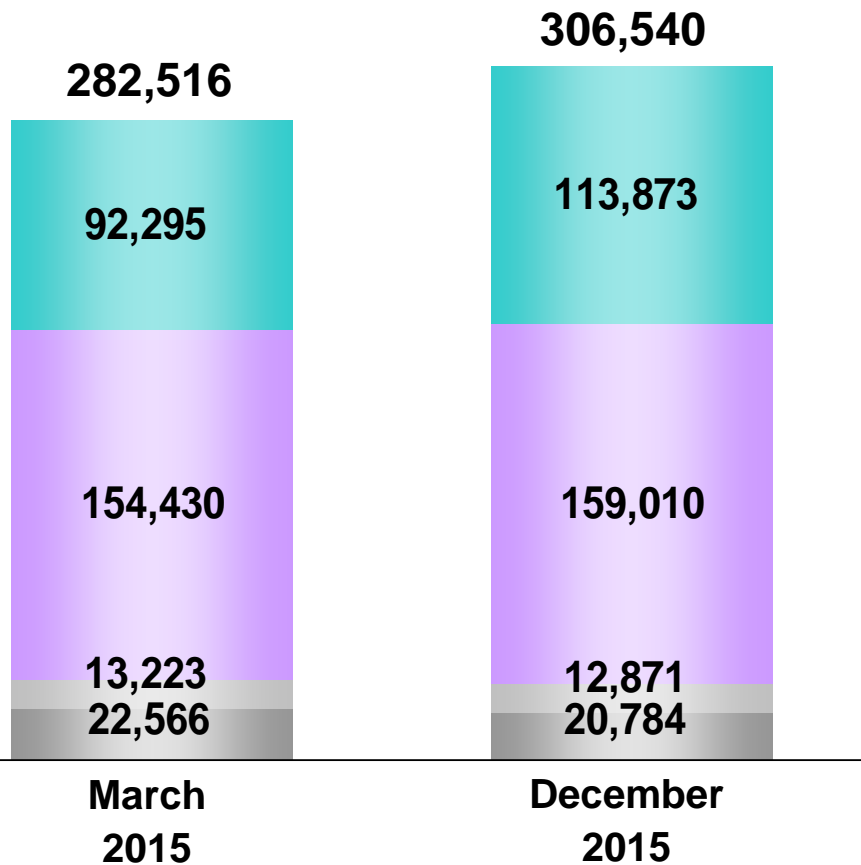
(注) Satellite in black: For mainly broadcasting use  
 Satellite in blue: For mainly communication use  
 Satellite in red: Upcoming satellites  
 \* International beam equipped

(References)

# Consolidated Balance Sheets

## Assets

(Units: ¥ millions)

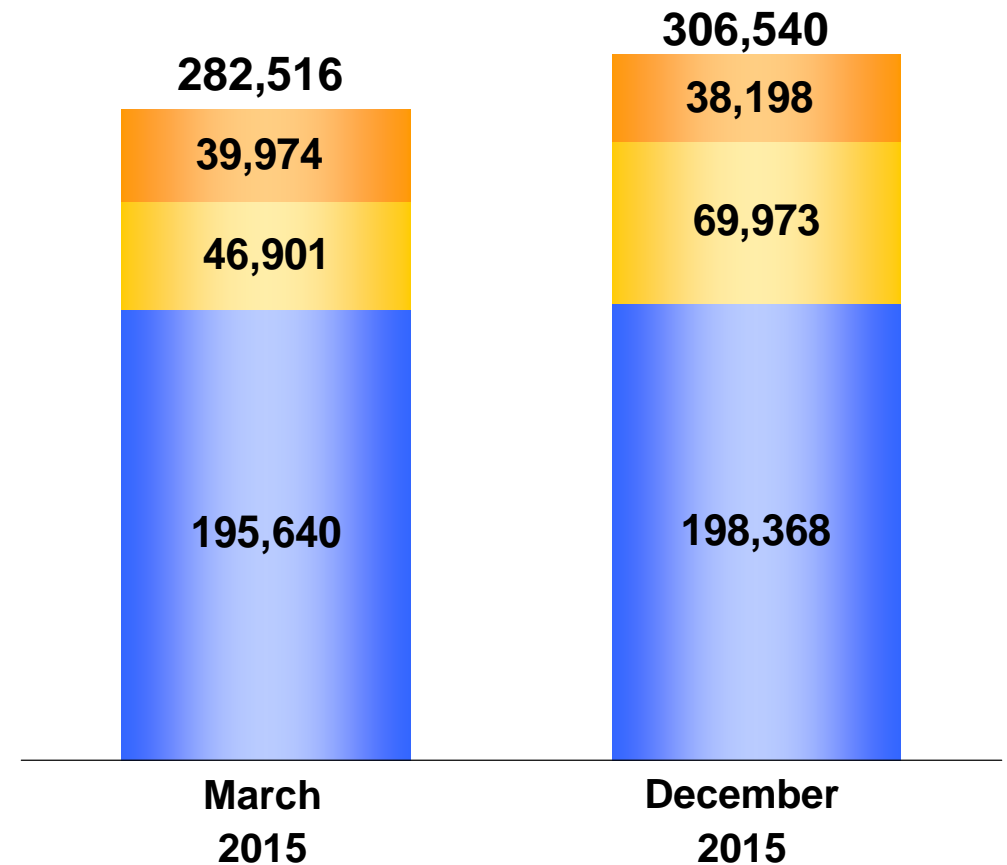


## Liabilities and Equity

(Units: ¥ millions)

Equity Ratio :69.2%

Equity Ratio :63.4%



# Consolidated Cash Flows

(Units: ¥ millions)

	3Q/FY2013	3Q/FY2014	3Q/FY2015
<b>Net Cash from Operating Activities</b>	26,612	15,622	<b>23,346</b>
<b>Net Cash from Investing Activities</b>	(11,466)	(22,293)	<b>(20,737)</b>
<b>Free Cash Flows<sup>*1</sup></b>	15,145	(6,670)	<b>(2,609)</b>
<b>Net Cash from Financing Activities</b>	(26,017)	(16,623)	<b>16,194</b>
<b>Cash and Cash Equivalents at Term-End (a)</b>	63,850	40,583	<b>52,740</b>
<b>Term-end balance of interest-bearing debt<sup>*2</sup> (b)</b>	45,026	33,709	<b>61,721</b>
<b>Term-end balance of net interest-bearing debt (b)-(a)</b>	(18,824)	(6,874)	<b>8,981</b>

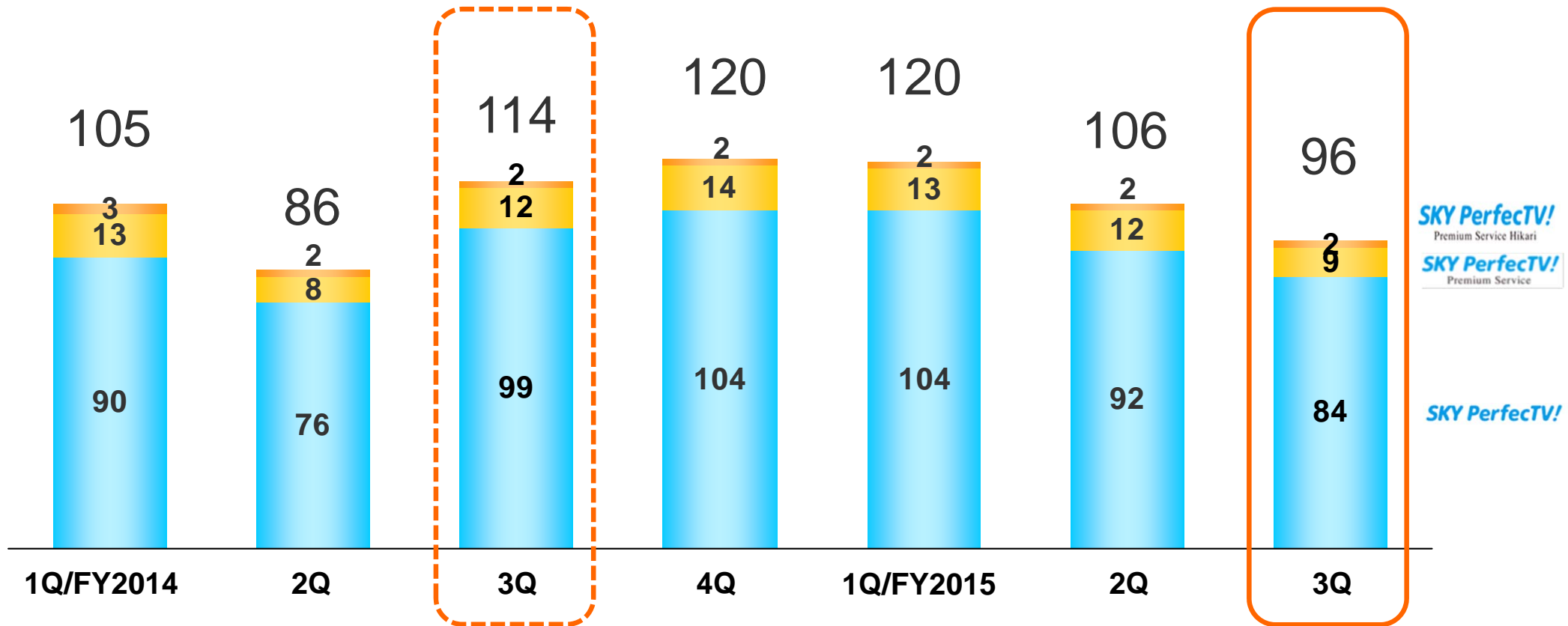
\*1 Term-end balance of debts and unsecured corporate bonds

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

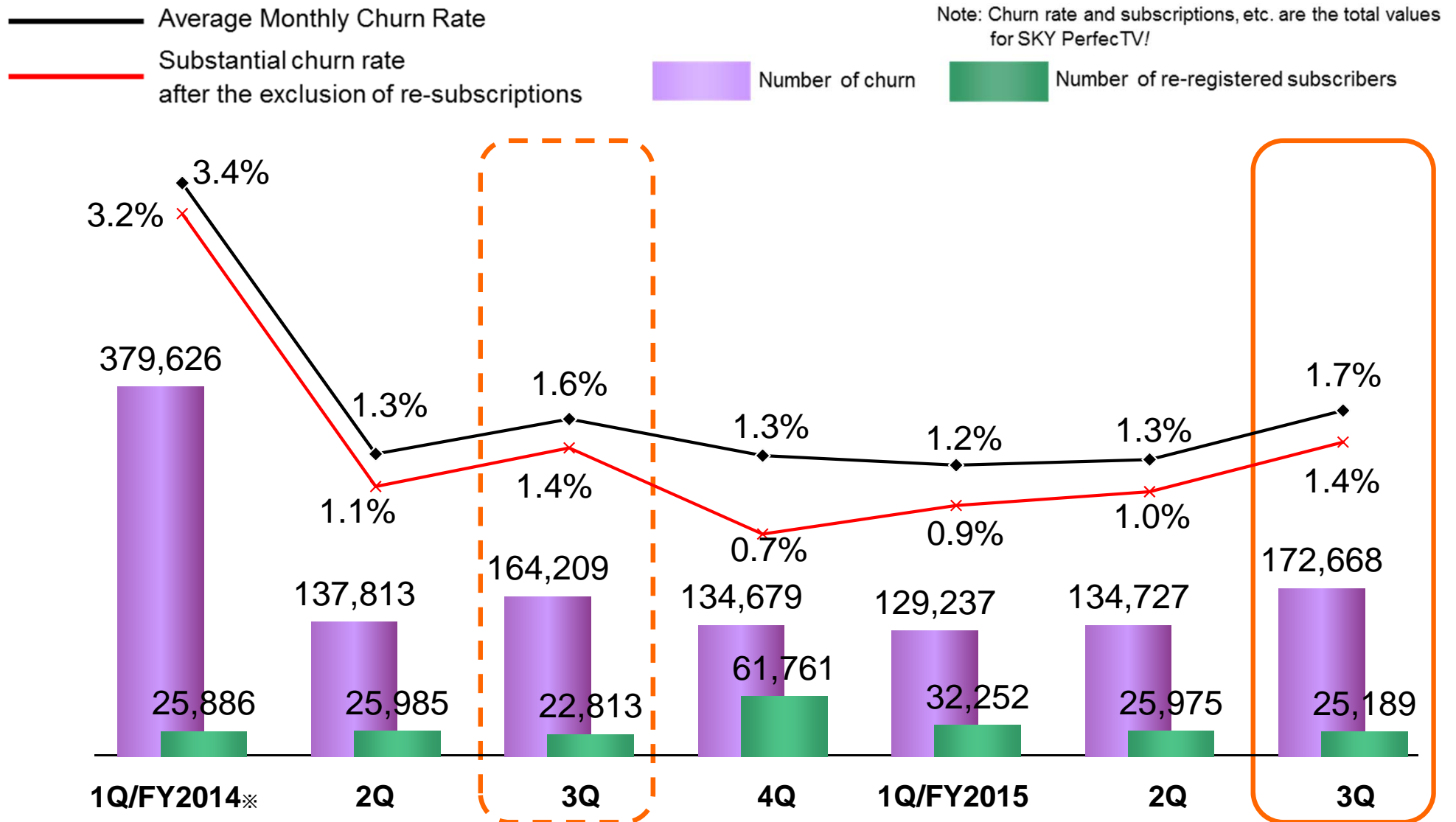


# Number of New Subscribers

(Unit: thousands)



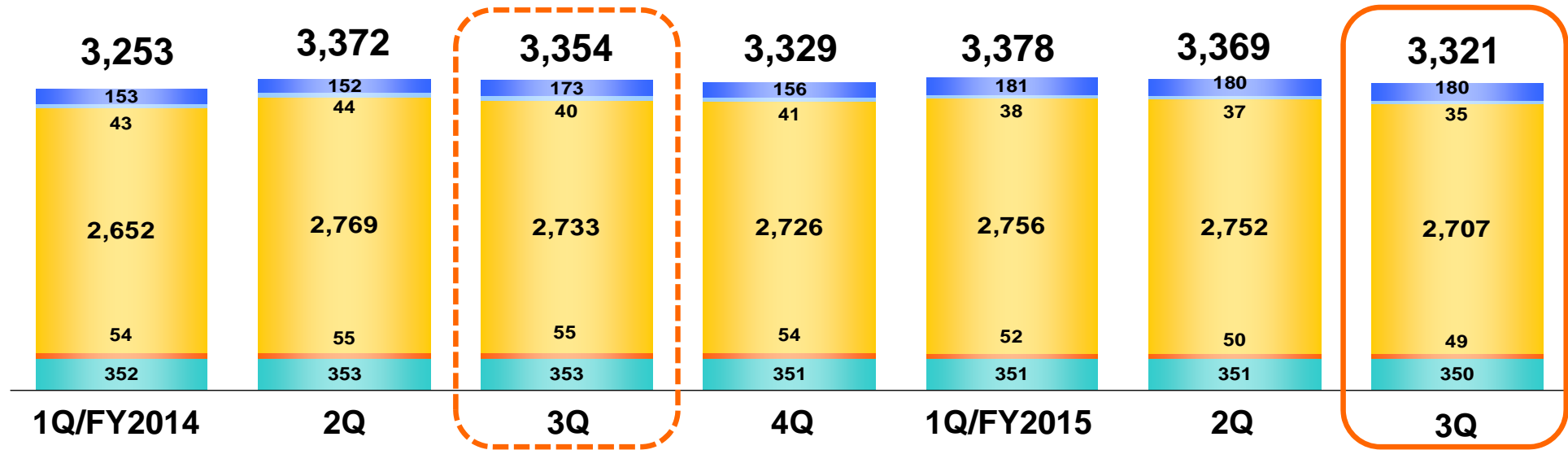
# Average Monthly Churn Rate



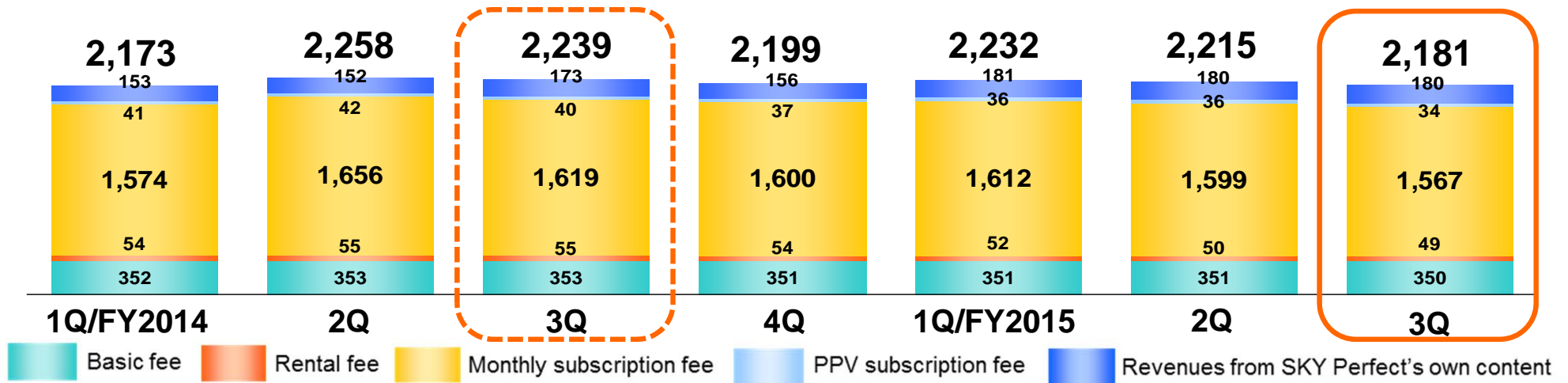
\*Due to the termination of the SD services at the end of May, 2014.

# ARPU

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



## ■ ARPU ( ¥ ) \*2

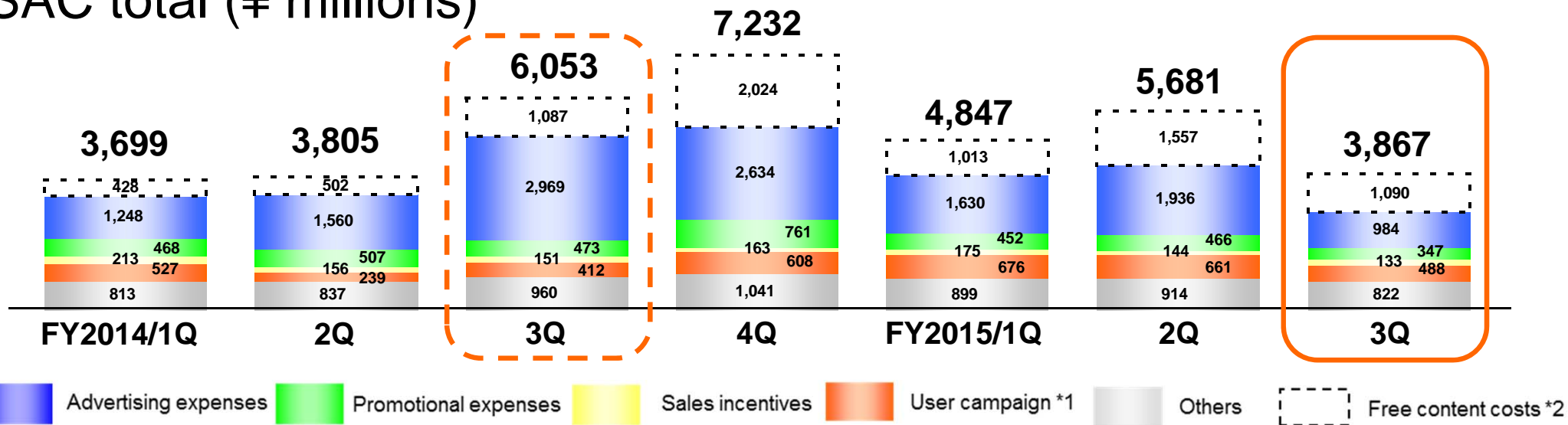


\*1 Average unit price of monthly viewing fees, etc. paid by subscribers

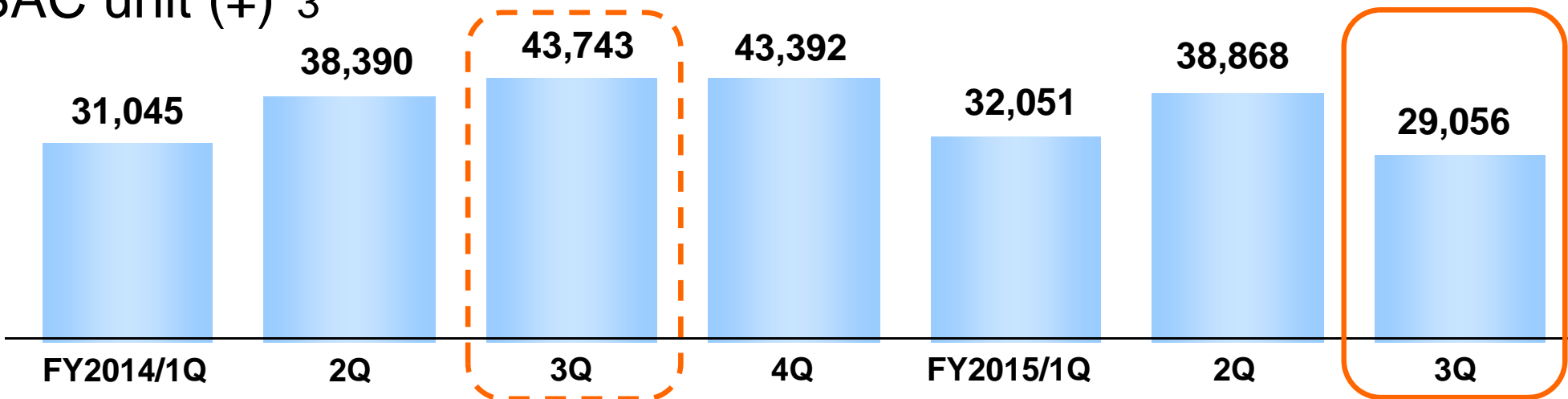
\*2 Revenue of our corporate group in the unit price of monthly viewing fees, etc. paid by subscribers

# Subscribers Acquisition Cost (SAC)

## SAC total (¥ millions)



## SAC unit (¥)\*3



\*1. "User campaign" is expenses for the campaign to acquire the new subscribers.

\*2. "Change-free content cost" in the total amount of SAC includes the cost for program production fees for SKY PerfectTV! BS.

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

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