

SKY Perfect JSAT Group
Earning Results Briefing for 1Q/2016

August 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 1Q/2016

Revision of Consolidated Earnings Forecasts announced on June 17

- Downward revision of results forecasts, due to delay in the launch of the first satellite in the PFI program for the Ministry of Defense, announced on June 17.
- Launch of the second satellite in the PFI program for the Ministry of Defense planned for the fourth quarter of fiscal 2016.

(Unit: ¥ millions)

	Previous forecast for FY2016	Revised forecast for FY2016	Difference
Revenue	221,500	195,000	(12.0%)
Operating Income	22,500	21,000	(6.7%)
Ordinary Income	23,000	20,500	(10.9%)
Profit attributable to owners of parent	15,000	13,000	(13.3%)
EBITDA ^{*1}	47,600	44,200	(7.1%)

*1. EBITDA is calculated as net profit + tax expense + depreciation expense + amortization of goodwill + interest expense.

Summary of Income Statements

- Revenue decreased and Operating Income increased year on year mainly due to cost reductions in the Multichannel Pay TV Business.

(Unit: ¥ millions)

	1Q/ FY2015	1Q/ FY2016	Comparison to 1Q/FY2015	Vs. full-year forecast	FY2016 full- year forecast
Revenue	41,122	39,707	(3.4%)	20.4%	195,000
Operating income	5,855	6,266	7.0%	29.8%	21,000
Ordinary income	5,792	6,285	8.5%	30.7%	20,500
Profit attributable to owners of parent	3,788	4,284	13.1%	33.0%	13,000
EBITDA ^{*1}	11,563	11,700	1.2%	26.5%	44,200

*1. EBITDA is calculated as profit + tax expense + depreciation expense + amortization of goodwill + interest expense.

Summary of Income Statements by Business Segment (1Q/FY2015–1Q/FY2016)

- Multichannel Pay TV Business: Revenue decreased and Operating Income increase from the same quarter of the previous fiscal year.
- Space & Satellite Business: Revenue and Operating Income decreased from the same quarter of the previous fiscal year.

(Unit: ¥ millions)

	FY2015					FY2016
	1Q	2Q	3Q	4Q	Full year	1Q
Revenue	41,122	40,633	41,710	39,438	162,905	39,707
Multichannel Pay TV Business	30,904	30,636	29,690	29,184	120,415	30,095
Space & Satellite Business	13,320	13,098	14,992	13,187	54,599	12,626
Consolidated Eliminations	(3,102)	(3,101)	(2,972)	(2,932)	(12,109)	(3,013)
Operating Income	5,855	5,015	7,689	5,650	24,210	6,266
Multichannel Pay TV Business	1,307	772	3,087	1,074	6,241	1,861
Space & Satellite Business	4,714	4,407	4,752	4,738	18,611	4,585
Consolidated Eliminations	(166)	(164)	(150)	(162)	(643)	(180)

Key Performance Indicators for Multichannel Pay TV Business (*)

	1Q/FY2015	1Q/FY2016	Target for FY2016
Number of New Subscribers (unit: thousands)	120	86	430
Net Increase in Subscribers (unit: thousands)	23	(9)	20
Number of Cumulative Subscribers (unit: thousands)	3,484	3,473	3,502
Average Monthly Subscriber Payment (unit: JPY)	3,378	3,331	-
ARPU (unit: JPY)	2,232	2,164	-
SAC (unit: JPY)	32,051	37,790	-

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

Detailed: Multichannel Pay TV Business (Comparison with 1Q/FY2015)

Revenue: ¥-0.8B*

* Internal transactions between segments included

<Main increases or decreases>

- Increase in SKY PerfectTV! business consignment income: ¥0.3B
- Decrease in income from Premium service subscription fee: ¥-0.7B
- Others: ¥-0.4B

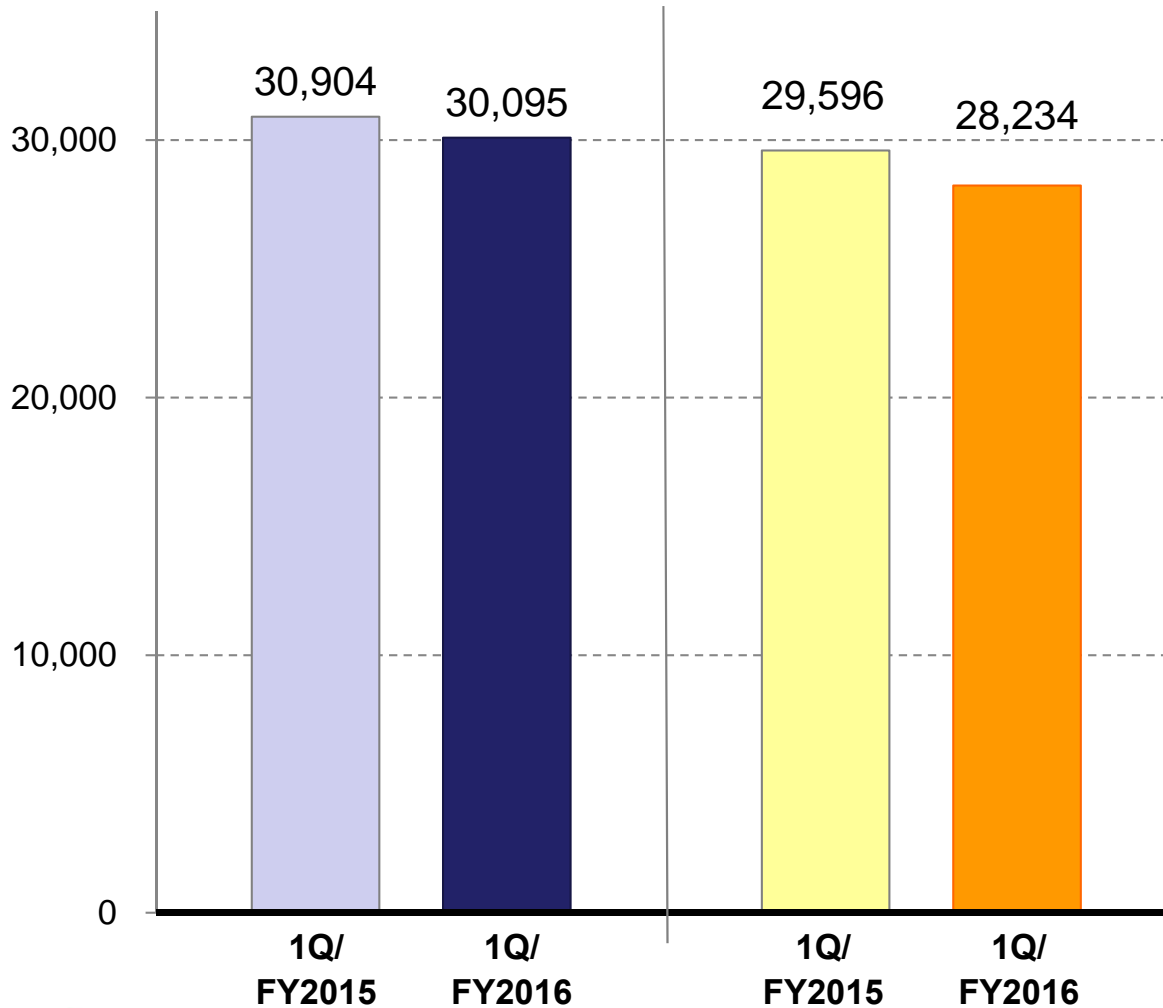
Operating Expenses: ¥-1.36B*

* Internal transactions between segments included

<Main increases or decreases>

- Decrease in programming expense: ¥-0.3B
- Decrease in advertising expense: ¥-0.4B
- Decrease in depreciation expense: ¥-0.2B
- Decrease in other expense: ¥-0.5B

(Unit: ¥ millions) Revenues Operating Expenses



Detailed: Space & Satellite Business (Comparison with 1Q/FY2015)

Revenue: ¥-0.69B*

* Internal transactions between segments included

<Main increases or decreases>

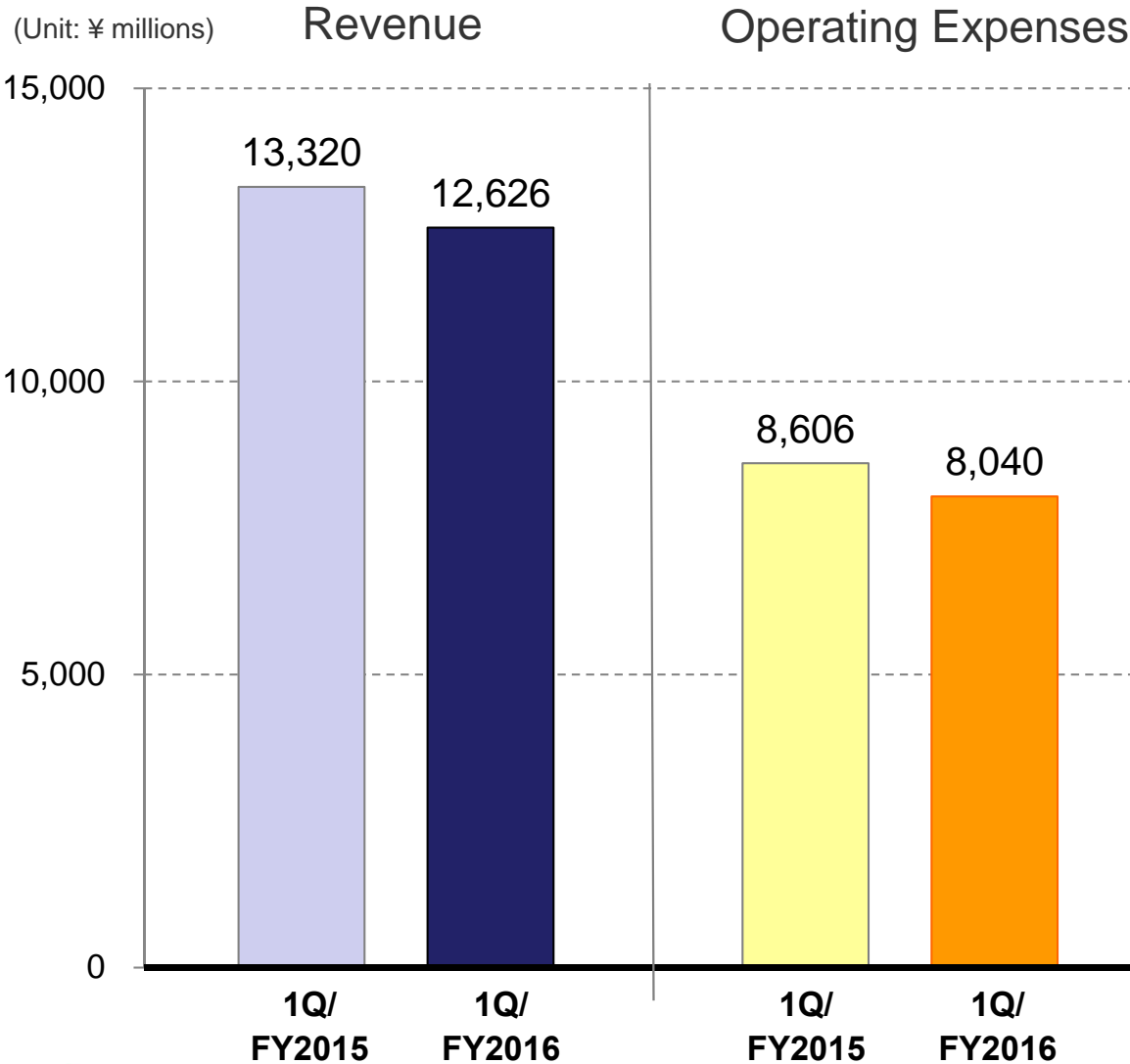
- Decrease in usage by overseas customers: ¥-0.4B
- Other decreases: ¥-0.3B

Operating Expenses: ¥-0.56B*

* Internal transactions between segments included

<Main increases or decreases>

- Decrease in satellite depreciation expense: ¥-0.3B
- Decrease in satellite business expenses: ¥-0.3B



Future Initiatives

- Multichannel Pay TV Business -

■ Start of collaboration with Softbank (from July 7)

スカパー!

SoftBank 光

Overview

Sold at around 5,650 stores nationwide
at Softbank shops, electronics retail stores, and Y!mobile shops

Products sold

SKY PerfecTV! Select 5 package
SKY PerfecTV! New Basic Pack

■ Start of collaboration with NTT DOCOMO (from April 20)

スカパー!

NTT docomo

Overview

Sold at around 1,500 docomo shops

Products sold

SKY PerfecTV! Select 5 package
Premium Service Hikari “Hikari Pack HD”

Future contents

■ European soccer

- European each League
- UEFA Champion's League/ UEFA Europa League



Photo : Aflo

■4K General Ch.

- Fuji Firepower Exercise 2016



Photo from Japan Ground Self-Defense Force web page

■Original drama

- BS SkyPerfectTV! Original series drama “Yowamushi Pedal”



(C) Wataru Watanabe
(Weekly Shonen Champion)



(C) SKY PerfectTV!, Toho, “Yowamushi Pedal” dramatic version production committee

■ Music

- Live broadcast
THE YELLOW MONKEY SUPER JAPAN TOUR 2016, the
Yokohama Special



World first HDR(HLG) 4K Broadcasting

■ Schedule

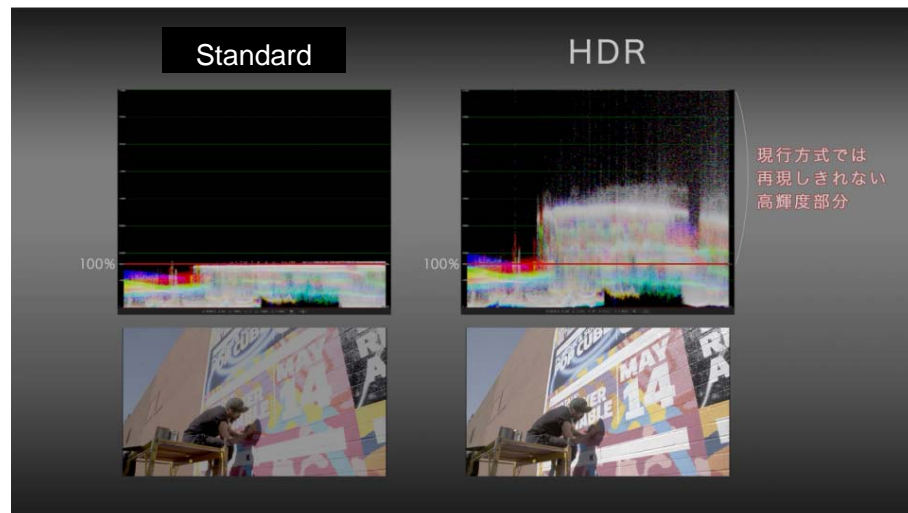
- ✓ From October 4, 2016 : Start broadcast program on “SKY PerfectTV! 4K Experience”
- ✓ From spring 2017: Start HDR broadcasting on the “SKY PerfectTV! 4K Experience” and “SKY PerfectTV! 4K GENERAL” channels

■ Standard

- ✓ Hybrid Log-Gamma standard, which has high compatibility with TV broadcasting

■ Recommended equipment

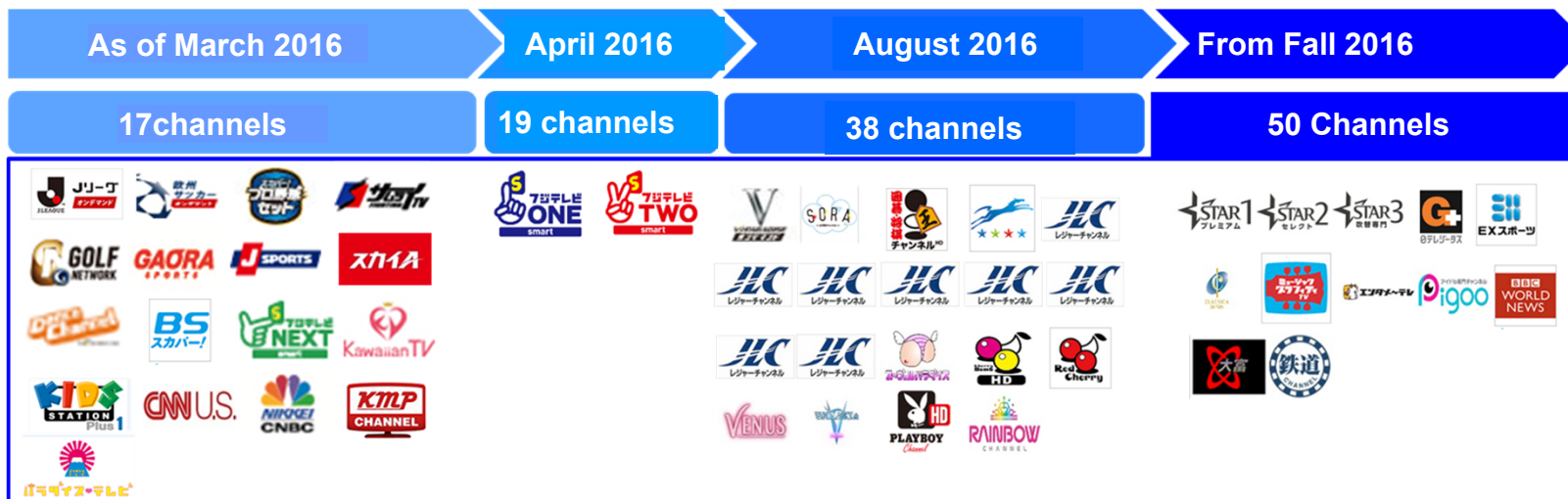
- ✓ Toshiba 4K REGZA Z20X series as of Oct. 2016
- ✓ Under talking with other manufacturers, conformed equipment would increase



SKY PerfecTV! On Demand

■ Accelerating rollout of IP services using linear strengths

- ✓ We will gradually expand the number of IP linear streaming channels from August.



- ✓ We plan to develop apps for smart TVs (2017).



Goal: 1 million registered users by the end of fiscal 2016

※ About 0.7 million registered users at the end of FY2015

WAKUWAKU JAPAN Initiatives

■ Current countries and platforms

- ✓ Ten platforms in three countries available with 3.5 million potential households (excluding Thailand)

<Indonesia>	<Myanmar>	<Singapore>	<Thailand>
			

* We provide programs to digital terrestrial broadcast Ch3SD.

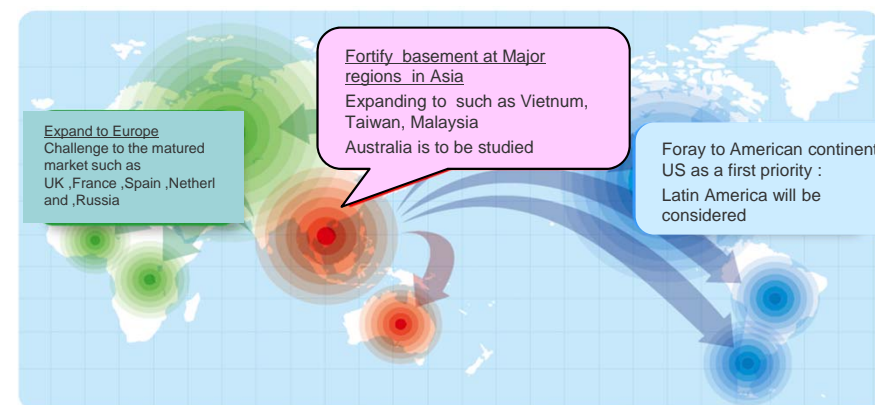
■ New channel launch information

➤ Channel to be launched on several platforms in Taiwan

- ✓ Launch on CATV and IPTV platforms in the beginning of September .
- ✓ Basic Package

➤ WAKUWAKU JAPAN is going to reach 5.2million HH , adding Taiwan subscribers

- ✓ Expanding subscribers are expected more on new platforms in future



Goal: 10 million potential households by the end of fiscal 2016

Future Initiatives
—Space & Satellite Business—

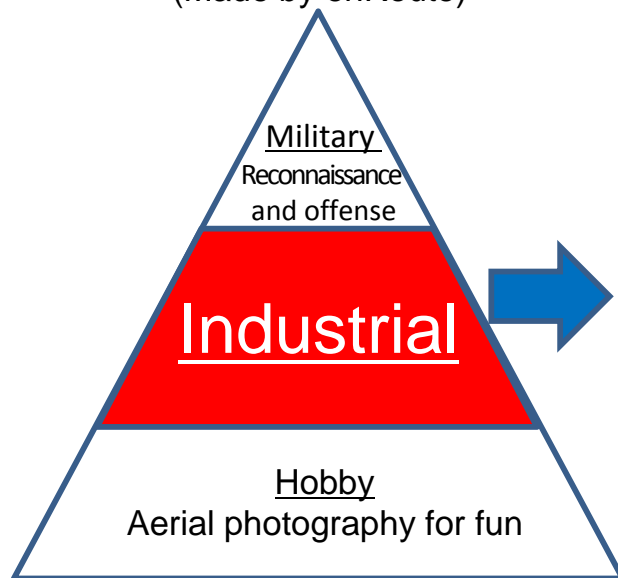
Initiatives in the Domestic market (1)

■ Initiatives in the drone market by Satellite Network, Inc.

- ✓ In July 2016, Satellite Network, Inc. acquired shares in enRoute Co., Ltd., the largest developer of industrial drones in Japan, and underwrote a third-party allotment of new shares, thereby acquiring 66.7% of the voting rights in enRoute



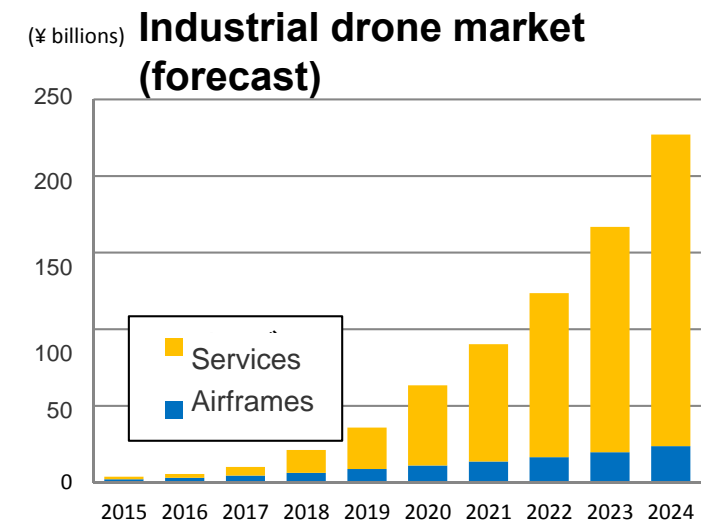
PG-700
(Made by enRoute)



【Anticipated fields】	⇒	【Typical Services】
Infrastructure	⇒	Maintenance inspections of facilities
Agriculture	⇒	Crop dusting; growth management
Aerial photography	⇒	Aerial photography for TV and film
Disaster response	⇒	Status checking in afflicted regions, operation support in danger zones
Construction surveying	⇒	Topographical surveying; support for construction work
Security	⇒	Aerial surveillance
Logistics	⇒	Home deliveries; delivery of emergency goods



QC-730
(Made by enRoute)



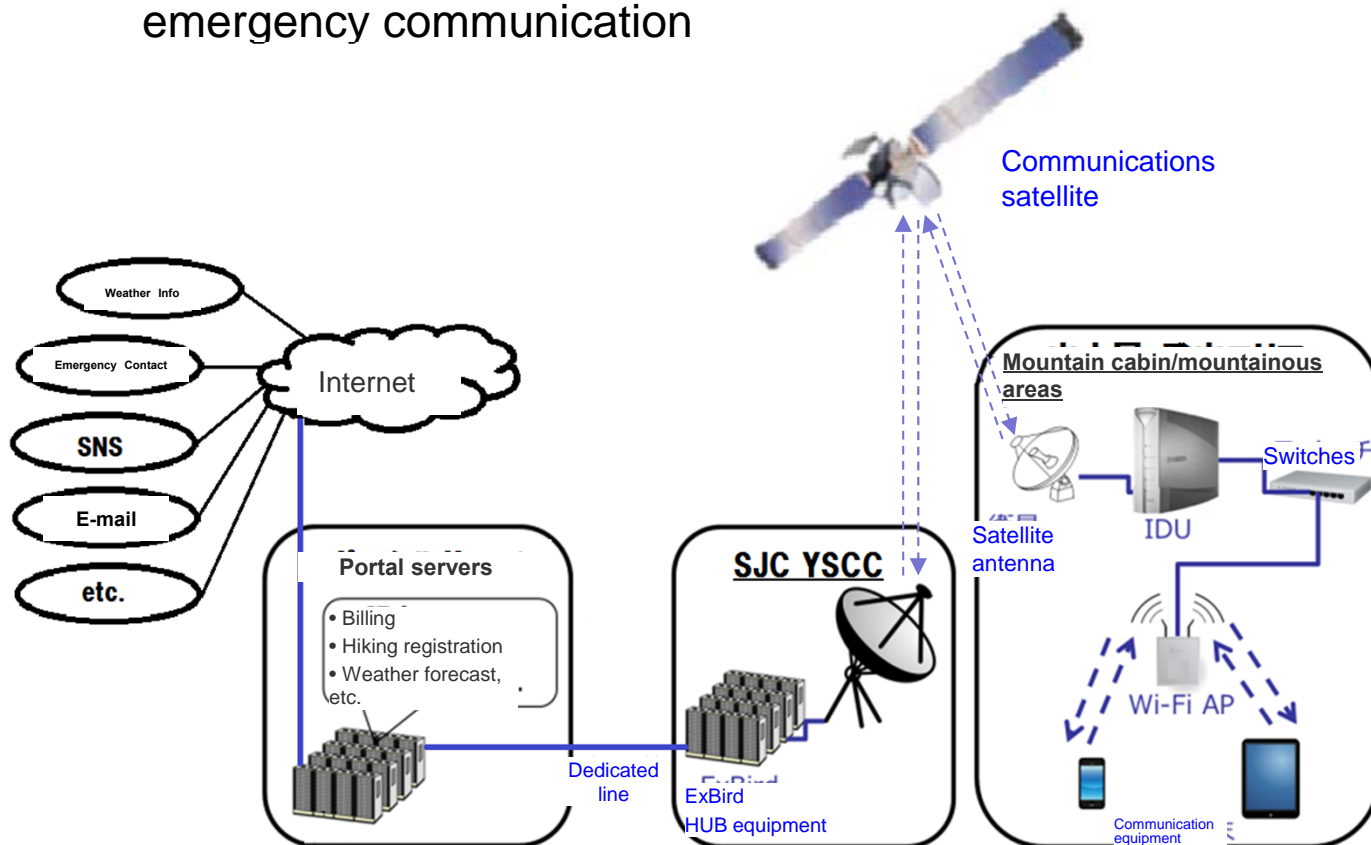
(Unit: ¥ billion)

Source: Seed Planning, Inc.

Initiatives in the Domestic market (2)

■ Wi-Fi connection service via satellite in mountainous regions

- ✓ This summer we will start providing a Wi-Fi connection service via satellite for mobile phone dead zones in mountainous regions.
- ✓ In cooperation with the Japan Mountain Guides Association and the North Alps Broad Band Network, we have set up satellite communications equipment at five locations in cabins in the North Alps, and will provide Wi-Fi connection service at those cabins and in the surrounding areas.
- ✓ We anticipate use as a lifeline, such as for acquisition of weather information and as a means of emergency communication



Each company's role

[SKY Perfect JSAT Corporation]

- Provide satellite circuit and related equipment
- Provide Wi-Fi-related equipment

[Japan Mountain Guides Association]

- Provide billing system
- Operate portal site

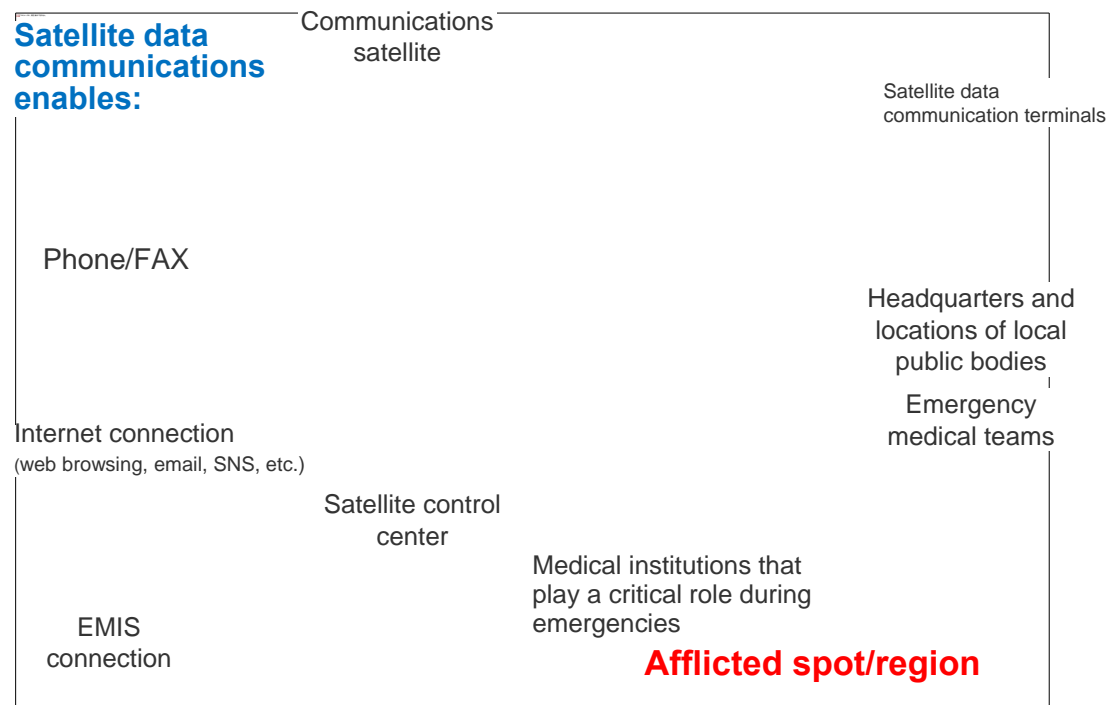
[North Alps Broad Band Network]

- Negotiate installation in each cabin
- Handle various approval applications related to installation

Initiatives in the Domestic market (3)

■ Initiatives for satellite communications in emergency medicine

- ✓ On June 29, 2016, the Ministry of Internal Affairs and Communications announced “Guidelines related to Means of Communication for Emergency Use that should be Secured for Disaster Medicine and Relief Work.”
- ✓ The guidelines recommended securing means of satellite communications for disaster medicine and relief work.
- ✓ We anticipate the adoption and expanded use of satellite earth station equipment in medical institutions that play a critical role during emergencies (e.g., disaster base hospitals, emergency and critical care centers, and university hospitals), headquarters and locations of local public bodies, and in the field during disasters.



Source: Ministry of Internal Affairs and Communications, “Guidelines related to Means of Communication for Emergency Use that should be Secured for Disaster Medicine and Relief Work” (attachment)

List of satellites to be launched

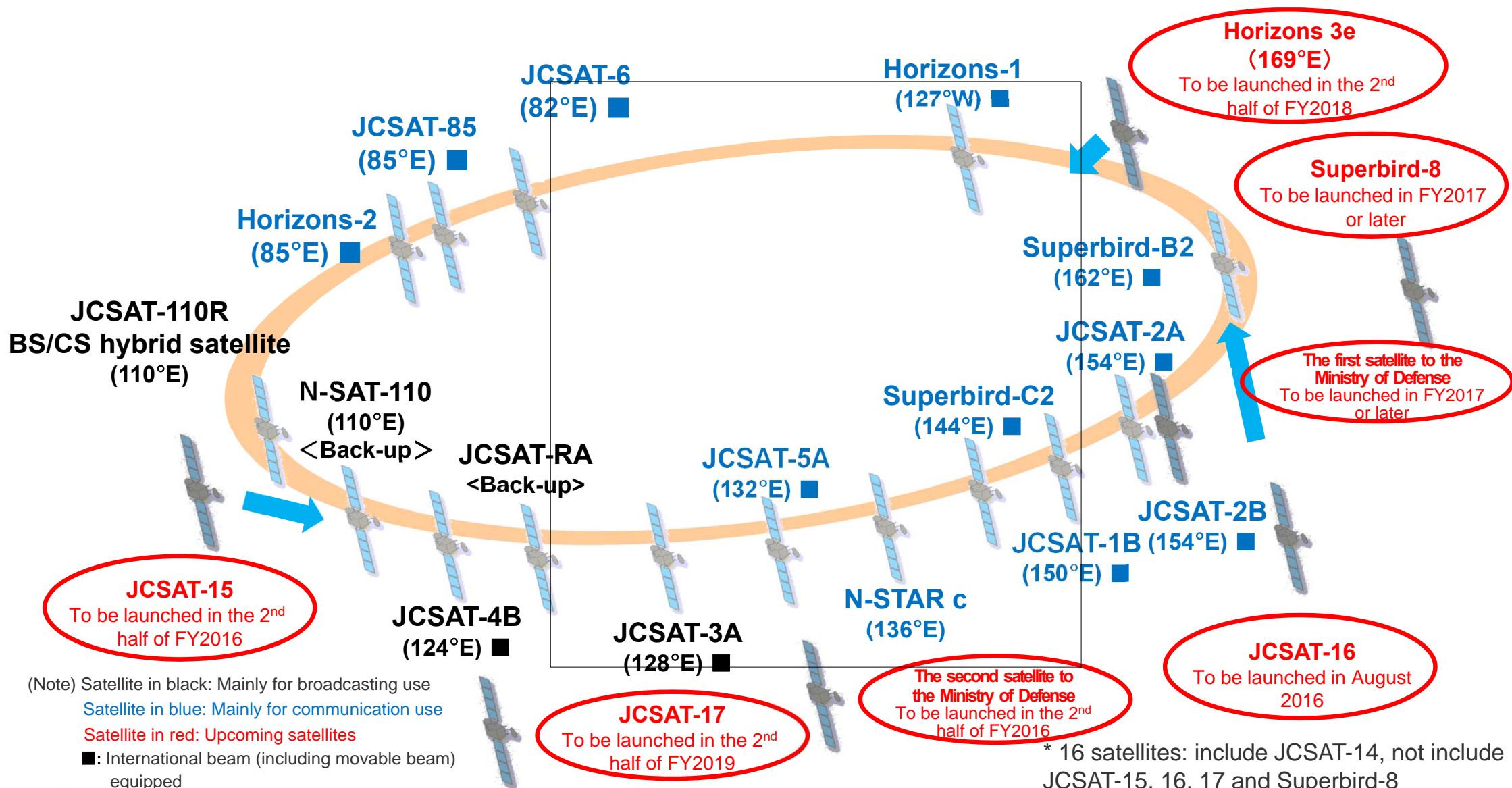
■ Changes to the satellite launch schedule, etc.

(Changes: Items in **red**)

	JCSAT-14 (2B)	First satellite in the PFI program for the Ministry of Defense	Superbird-8
Satellite bus	SSL1300	DS2000	DS2000
Manufacturer	Space Systems/Loral	Mitsubishi Electric	Mitsubishi Electric
Rocket	Falcon9	Ariane5	Ariane5
Launch date	To be launched in the 1st half of FY2016 → Successfully launched on May 6, 2016	To be launched in the 1st half of FY2016 → To be launched in FY2017 or later	To be launched in the 1st half of FY2016 → To be launched in FY2017 or later
Orbital slot	154 degrees east longitude	-	162 degrees east longitude
Purpose	Successor to JCSAT-2A (for domestic, overseas, and mobile businesses)	Satellite in the PFI program for the Ministry of Defense	Successor to Superbird-B2 (for domestic business)
	JCSAT-16	JCSAT-15	Second satellite in the PFI program for the Ministry of Defense
Satellite bus	SSL1300	SSL1300	DS2000
Manufacturer	Space Systems/Loral	Space Systems/Loral	Mitsubishi Electric
Rocket	Falcon9	Ariane5	H- II A
Launch date	To be launched in the 1st half of FY2016 → To be launched in August 2016	To be launched in the 1st half of FY2016 → To be launched in the 2nd half of FY2016	To be launched in the 2nd half of FY2016
Orbital slot	In-orbit spare satellite → 162 degrees east longitude	110 degrees east longitude	-
Purpose	In-orbit spare satellite	Successor to N-SAT-110 (for Multichannel Pay TV and mobile businesses)	Satellite in the PFI program for the Ministry of Defense

Satellite Fleet Updated

16 satellites* in total cover from North America through Indian Ocean



(Note) Satellite in black: Mainly for broadcasting use
 Satellite in blue: Mainly for communication use
 Satellite in red: Upcoming satellites
 ■: International beam (including movable beam) equipped

* 16 satellites: include JCSAT-14, not include JCSAT-15, 16, 17 and Superbird-8

(References)

Revised forecast for FY2016 (by Business Segment)

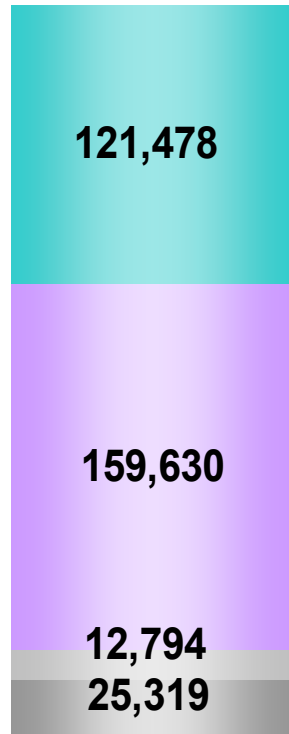
	Revised forecast for FY2016			Consolidated total
	Multichannel Pay TV Business	Space & Satellite Business	Consolidated Eliminations	
Revenue	120,600	86,300	(11,900)	195,000
Operating Income	115,600	69,600	(11,200)	174,000
Ordinary Income	5,000	16,700	(700)	21,000

Balance Sheet

Assets

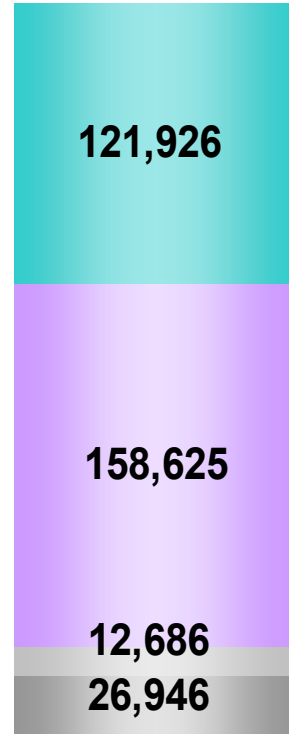
(Units: ¥ millions)

319,223

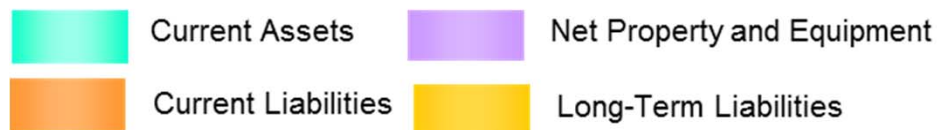


March 2016

320,184



June 2016

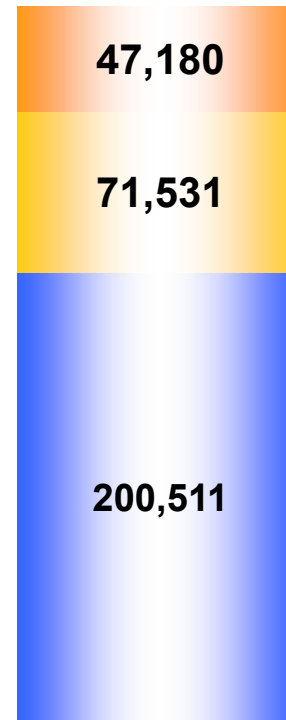


Liabilities and Equity

(Units: ¥ millions)

Equity Ratio : 61.6%

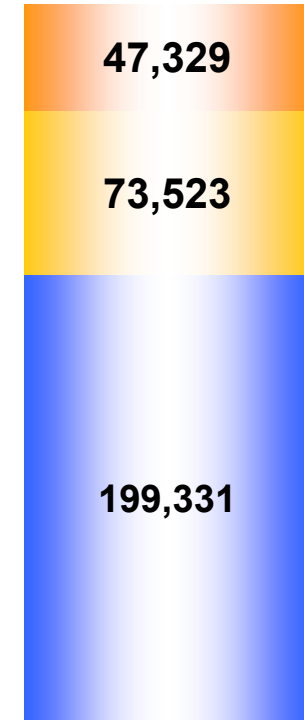
319,223



March 2016

Equity Ratio : 61.1%

320,184



June 2016



Consolidated Cash Flows

(Units: ¥ millions)

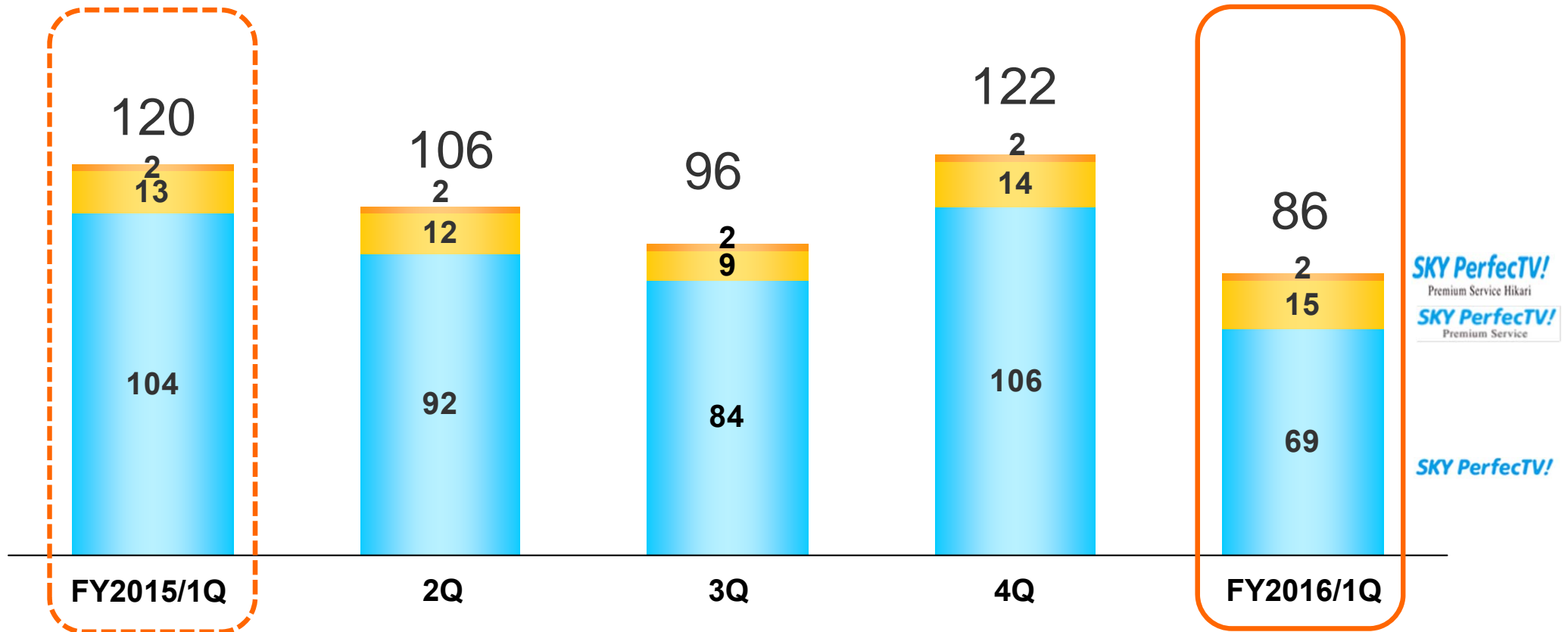
	FY2015/1Q	FY2016/1Q
Net Cash from Operating Activities	10,748	4,199
Net Cash from Investing Activities	(10,066)	(4,905)
Free Cash Flows¹	682	(705)
Net Cash from Financing Activities	17,868	(919)
Cash and Cash Equivalents at Term-End (a)	52,515	46,854
Term-end balance of interest-bearing debt² (b)	58,366	65,323
Term-end balance of net interest-bearing debt (b) – (a)	5,851	18,468

1. Cash flows from business activities + cash flows from investment activities

2. Debts + unsecured corporate bonds

Number of New Subscribers

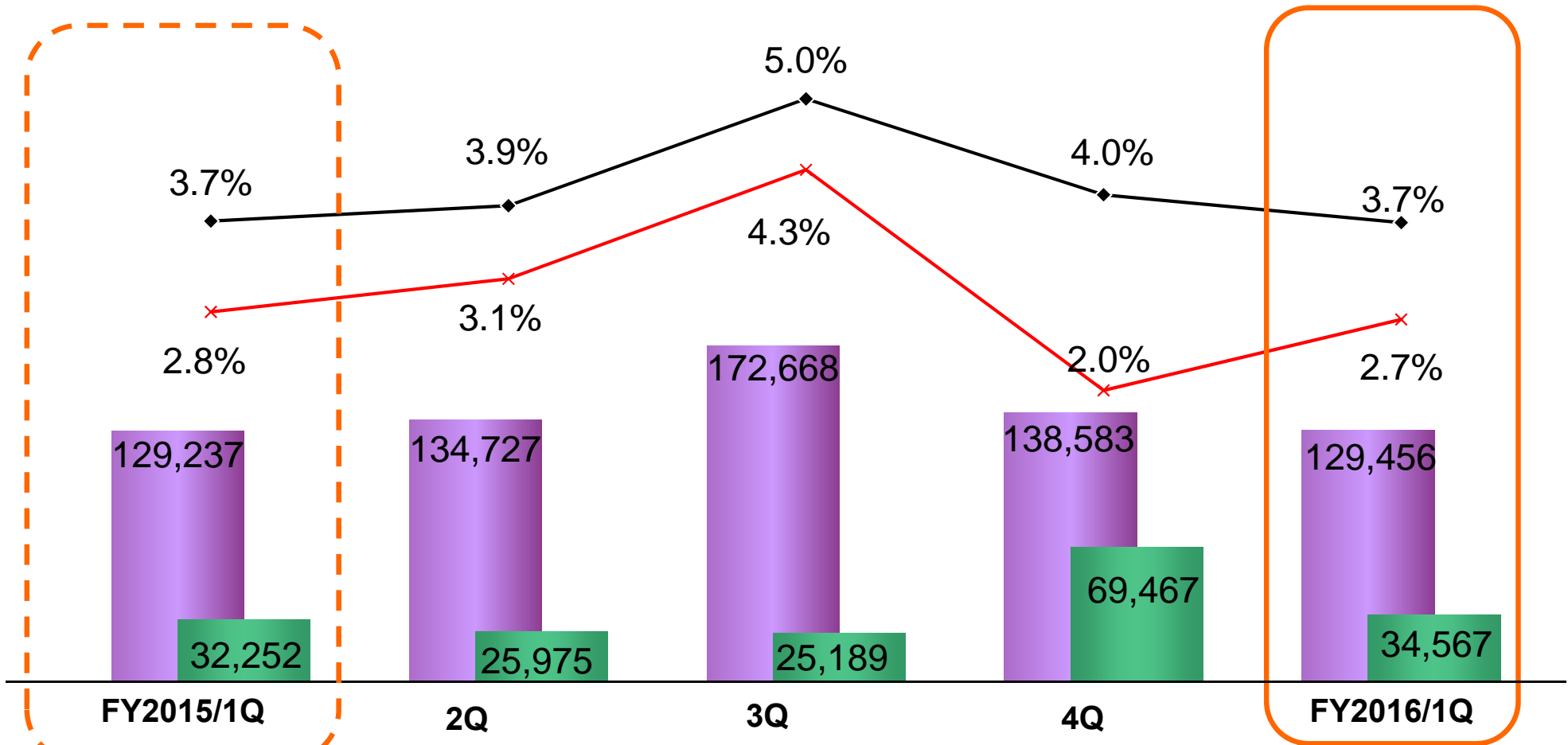
(Unit: thousands)



Churn Rate

— Average Monthly Churn Rate
— Substantial churn rate after the exclusion of re-subscriptions
█ Number of churn
█ Number of re-registered subscribers

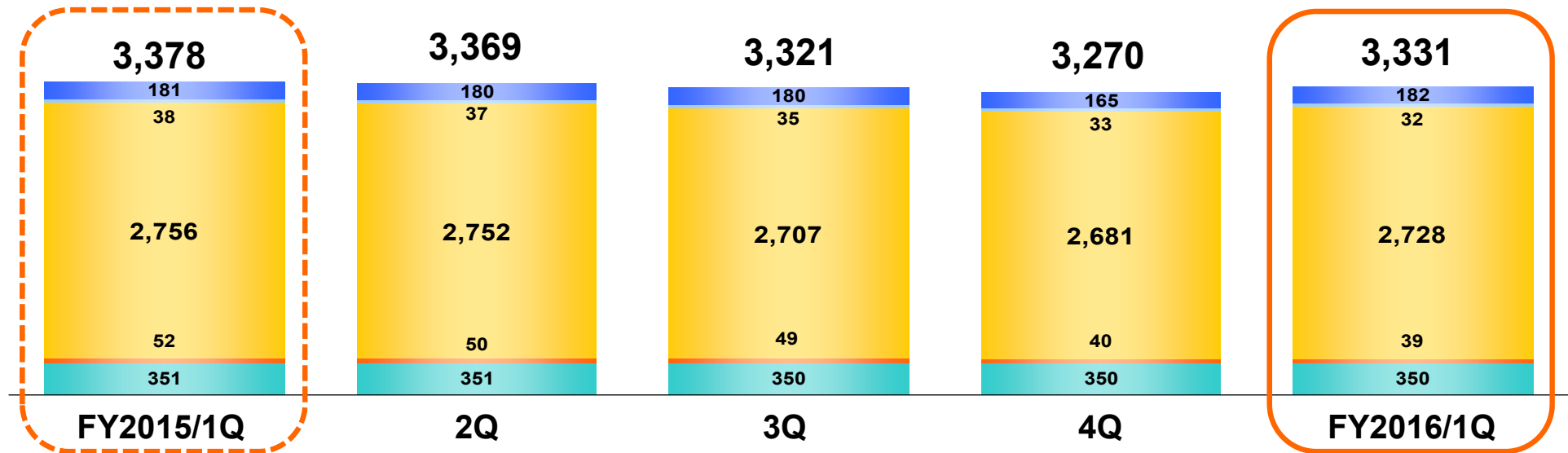
Note: Churn rate and subscriptions, etc. are the total values for SKY PerfectTV!



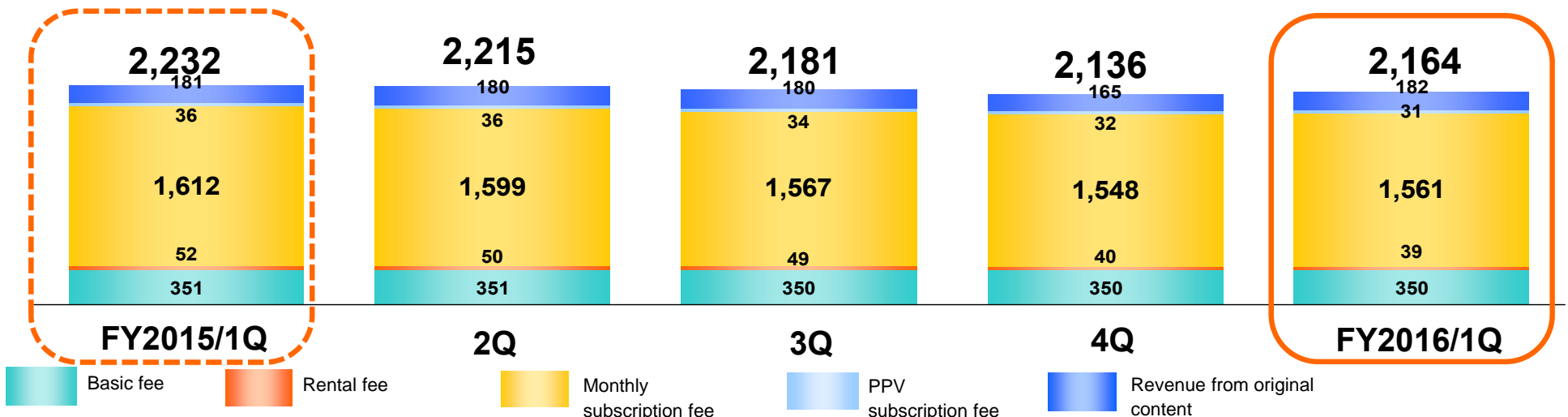
*Up to the FY2015.3Q Earning Results Briefing, the churn rate was given as the average of the monthly churn rates for each quarter. From this Earning Results Briefing onwards, the churn rate will be calculated by dividing the total number of churns for each quarter by the cumulative number of subscriptions at the end of the preceding fiscal year.

ARPU

Subscriber payments (¥)¹



ARPU (¥)²

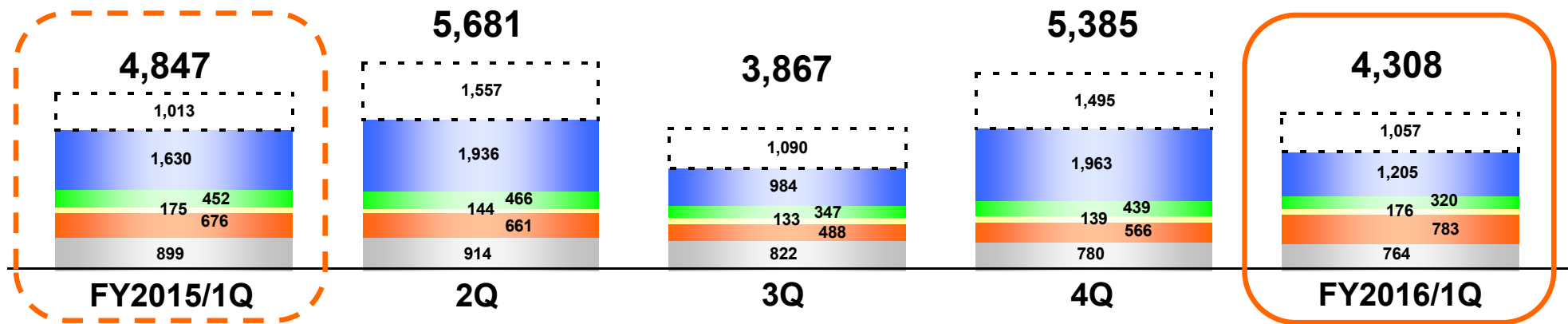


1. Average amount paid by subscribers in the form of monthly viewing fees, etc.

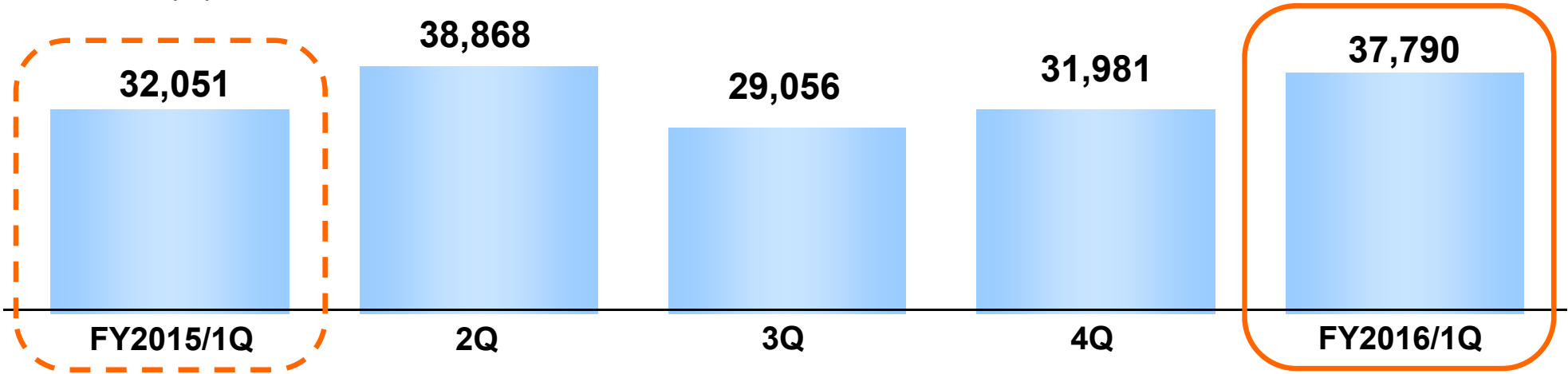
2. Of the average amount paid by subscribers in the form of monthly viewing fees, etc., the amount recorded as operating revenue by the SKY Perfect JSAT Group

Subscribers Acquisition Cost (SAC)

Total SAC (million ¥)



Unit SAC (¥)³



1. Cost of campaigns to acquire new subscribers.
 2. "Free content costs" includes costs associated with the production of programs for BS SKY PerfectTV!.
 3. The unit SAC cost is the total SAC value (excluding free content costs) divided by the number of new subscriptions in the period under review.

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