

SKY Perfect JSAT Group

Earning Results Briefing for 2Q/2016

November 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 2Q/2016

Summary of Income Statements

- Revenue decreased and Operating Income increased compared with the same period of the previous fiscal year.
- Due to appraisal loss (807 million yen) of derivative related to the delay in the launch of the first satellite of the Ministry of Defense PFI program, Net Profit attributable to owners of parent is decreased compared with the same period of the previous fiscal year.

(unit: ¥ millions)

	2Q/ FY2015 *2	2Q/ FY2016 *2	Comparison to 2Q/FY2015	vs Full-Year Forecast	FY2016 Full-Year Forecast
Revenue	81,756	79,318	(3.0%)	40.7%	195,000
Operating Income	10,871	11,061	1.8%	52.7%	21,000
Ordinary Income	10,884	11,125	2.2%	54.3%	20,500
Profit attributable to owners of parent	7,035	7,012	(0.3%)	53.9%	13,000
EBITDA *1	22,566	21,635	(4.1%)	49.0%	44,200

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

*2: 2Q values are cumulative 1Q and 2Q

Summary of Income Statements by Business Segment (FY2015 1Q ~FY2016 2Q)

- Multichannel Pay TV Business : Revenue decreased and Operating Income increased 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	2Q
Revenue	41,122	40,633	41,710	39,438	162,905	39,707	39,610
Multichannel Pay TV Business	30,904	30,636	29,690	29,184	120,415	30,095	29,882
Space & Satellite Business	13,320	13,098	14,992	13,187	54,599	12,626	12,718
Consolidated Eliminations	(3,102)	(3,101)	(2,972)	(2,932)	(12,109)	(3,013)	(2,990)
Operating Income	5,855	5,015	7,689	5,650	24,210	6,266	4,795
Multichannel Pay TV Business	1,307	772	3,087	1,074	6,241	1,861	1,023
Space & Satellite Business	4,714	4,407	4,752	4,738	18,611	4,585	3,937
Consolidated Eliminations	(166)	(164)	(150)	(162)	(643)	(180)	(165)

Key Performance Indicators for Multichannel Pay TV Business(*)

	FY2015/2Q	FY2016/2Q	FY2016 Full-Year Forecast
Number of New Subscribers (unit: thousands)	226	174	430
Net Increase in Subscribers (unit: thousands)	20	(37)	20
Number of Cumulative Subscribers (unit: thousands)	3,482	3,446	3,502
Average Monthly Subscriber Payment (unit: JPY)	3,373	3,327	-
ARPU (unit: JPY)	2,223	2,159	-
SAC (unit: JPY)	35,255	37,882	-

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

** 2Q values are cumulative 1Q and 2Q

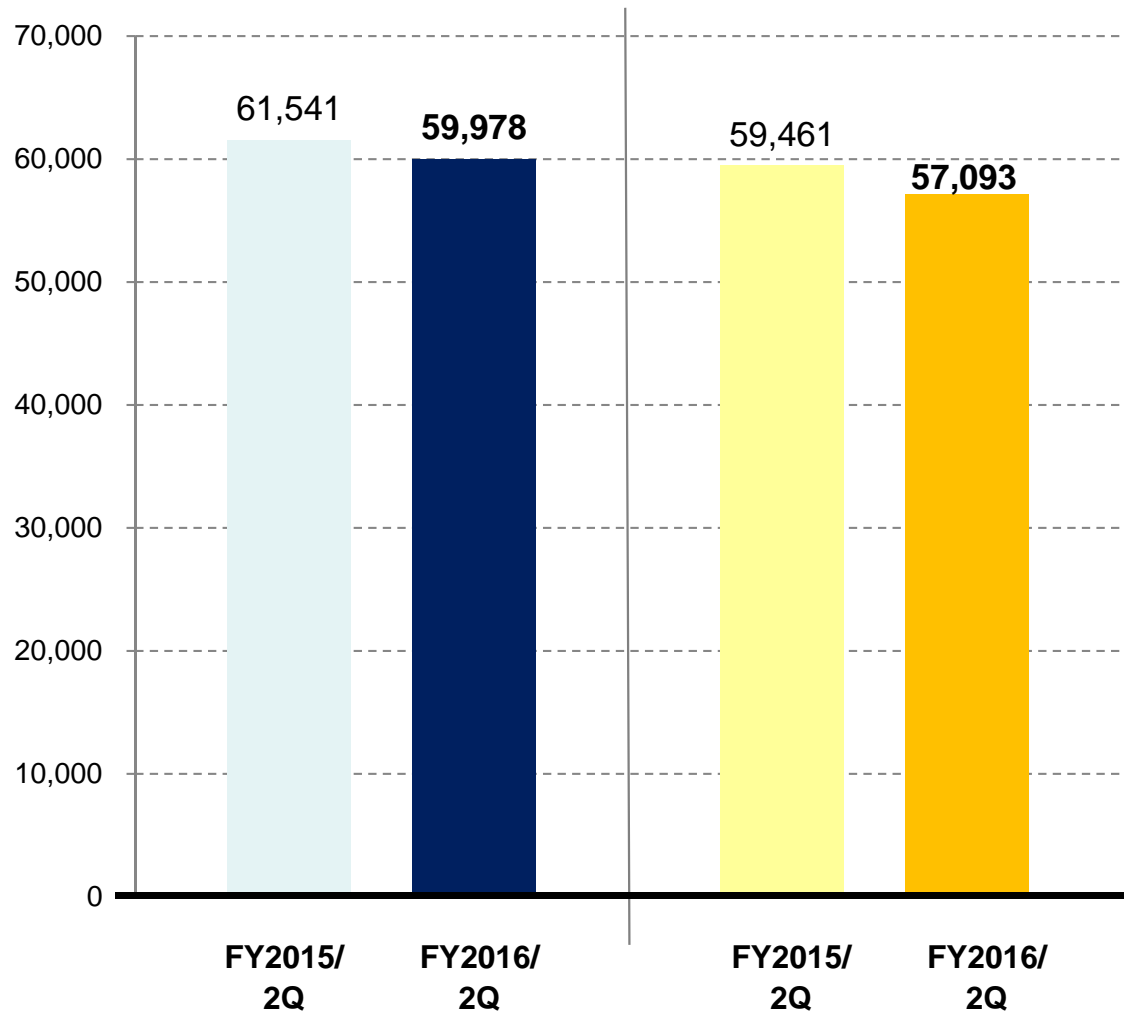
Detailed: Multichannel Pay TV Business (Comparison with 2Q/FY2015)

2Q values are cumulative 1Q and 2Q

(Unit: ¥ millions)

Revenues

Operating Expenses



Revenue ¥ -1.56B*

* Internal transactions between segments included.

<Main increases or decreases>

- Increase in SKY PerfectTV! business consignment income : ¥ +0.5B
- Decrease in income from Premium service subscription fee : ¥ -1.3B
- Others : ¥ -0.8B

Operating Expenses ¥ -2.36B*

* Internal transactions between segments included.

<Main increases or decreases>

- Decrease in programming expense: ¥ -0.7B
- Decrease in advertising expense: ¥ -1.1B
- Decrease in depreciation expense: ¥ -0.3B
- Decrease in other expense : ¥ -0.3B

Detailed: Space & Satellite Business (Comparison with 2Q/FY2015)

2Q values are cumulative 1Q and 2Q

Revenue: ¥ -1.07B*

* Internal transactions between segments included

<Main increases or decreases>

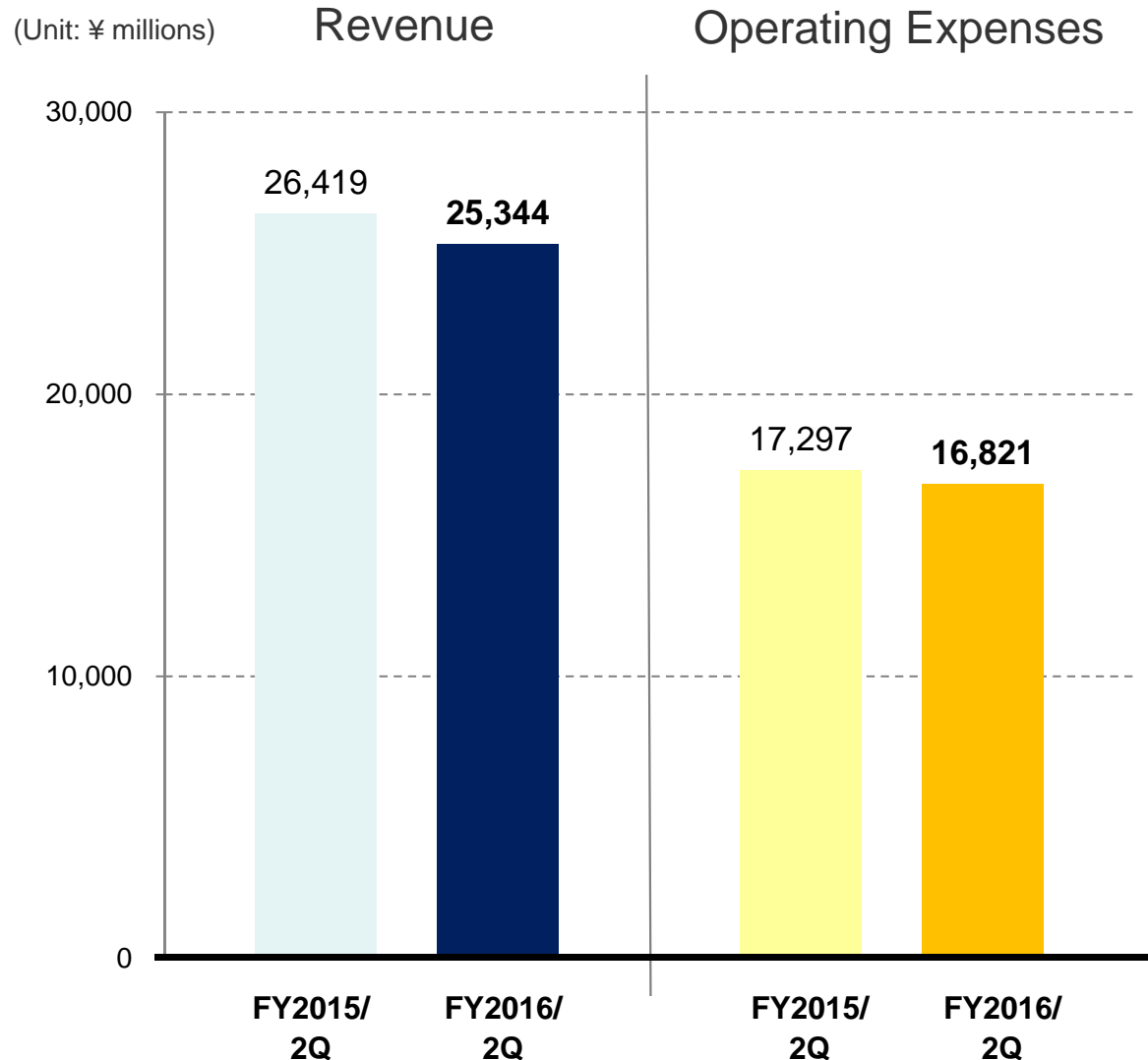
- Increase in domestic satellite communication services : ¥ +0.2B
- Decrease in sales from overseas customers: ¥ -1.0B
- Other decreases: ¥ -0.3B

Operating Expenses: ¥ -0.47B*

* Internal transactions between segments included

<Main increases or decreases>

- Decrease in satellite depreciation expense: ¥ -0.2B
- Decrease in satellite business expenses: ¥ -0.3B



Future Initiatives
~Multichannel Pay TV business~

3Q Measures to promote registration

■ Free broadcasting for 10-day period (Oct. 28 to Nov. 6)

- Through comprehensive free broadcasting, expand viewing experience, foster desire to conclude contract, and maximize new contracts
- ✓ Free distribution of On Demand service for 10-day period.
- ✓ Contents advertising which combines the free broadcasting period and after the free period.
- ✓ Start campaign for 0-yen registration fee.



■FTTH Enhancement of Hikari collaboration sales channel

- Established as a new sales channel. The following measures will be implemented to further increase the number of customers acquired.
- ✓ Free initial cost and installation cost (from November)
- ✓ Campaign for maximum of 2 free months for Sky PerfecTV! New Basic Pack (from November)
- ✓ Increase choices for customers by expanding products handled

Start of B. League broadcasting, sales of new set

■ Broadcasting of all important games from the 4th round of official B1 games!

- Free live broadcasting of 28 games during the 4th to 6th rounds of official games played in October!
- Start sales of new set from November 1.



(C)B.LEAGUE

■ Product Overview: B. League Set

- Providing Services: SKY PerfecTV!, Premium Service, Premium Service Hikari

*For SKY PerfecTV! On Demand, game broadcasting can only be viewed by customers with a contract for B. League Set via the services listed above.

- Monthly Fee: 2,480 yen

<Channels included in set>

- FOX Sports and Entertainment
- J SPORTS 3
- skyA
- GAORA SPORTS

- NTV G-TAS
- NTV NEWS24
- SKACHAN 0, etc.
- BS Sky Perfect TV!

*Customers with a contract for B. League Set can also view live B. League broadcasting on **J SPORTS 1,2, and 4.**

Future contents

■ Sports

✓ 2016/2017 World Cup of Golf (Golf Network)

★ Live broadcasting for all rounds of the tournament between countries (first time to be held in 3 years).

Hideki Matsuyama and Ryo Ishikawa will compete as a pair representing Japan.



©Getty Images

■ Original dramas

✓ When They Cry: Kai

★ Expansion of the BS Sky PerfectTV! Original drama "When They Cry" which was broadcast in May and June.

Starring Yu Inaba and NGT48(Kato, Nakai, Aoshi, Honma)



■ Movies

✓ Nikkatsu's Roman Porno Reboot Project

"New production powered by BS SKY PerfectTV!"

From November to February, five new movies will be released to commemorate the 45th anniversary of Roman Porno by Nikkatsu. The movies will be broadcast on BS SKY PerfectTV!, R-15 rated, on the day of the release.



- ✓ Nov.: Director Isao Yukisada
"Gymnopédies"
- ✓ Dec.: Director Akihiko Shiota
"Wet Woman in the Wind"
- ✓ Jan.: Director Kazuya Shiraishi
"Pussycats"
- ✓ Feb.: Director Sion Sono
"Anti-Porno"
- ✓ Mar.: Director Hideo Nakata
"White Lily"

©2016 Nikkatsu

■ Hobbies and leisure

✓ 66th Osho Tournament: Final match of league games to determine Osho challenger (Nov. 25: Go/Shogi, Sky-Chan, BS SKY PerfectTV!)

★ Live broadcasting for all three games of the final league match to determine who will challenge the current Osho (Champion) Masataka Goda. Commentary for the games will be provided by Goda himself.



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About SKY PerfecTV! On Demand

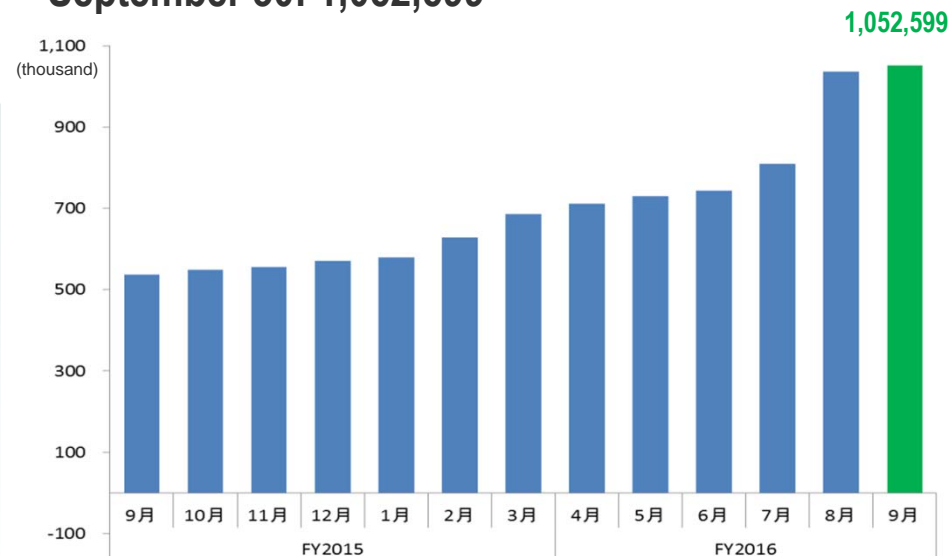
- Accelerating rollout of linear streaming channels from August

✓ 51 channels as of November 1st



- Number of registered viewers

✓ Number of On Demand registered viewers as of September 30: 1,052,599



- Renewing logo application (service UI) from October

✓ SKY PerfecTV! appears on the internet.

スカパー! ondemand



Providing a new viewing experience which combines real-time and time-shift

WAKUWAKU JAPAN initiatives

Potential viewing for a total of approx. 6.9 million households in 5 countries (excluding Thailand)

■ Channel launch to multichannel broadcasting platforms in multiple countries

*Number of contracting household estimated by our company.



Indonesia



INDOVISION
Bukan yang lain
Satellite
broadcasting



Okevision
Bisikan Masuk Rumah
Satellite
broadcasting



Play Media
IPTV



BiG TV
Satellite
broadcasting



FIRST MEDIA
Empowering You!
CATV



Orange TV
Satellite
broadcasting



TRANS VISION
Satellite
broadcasting, CATV



Usee TV
IPTV



Taiwan



K-bro: CATV



TOP (Taiwan Optical
Platform) : CATV



TWT Communication
Corp., New Taipei City:
CATV



MOD (Chunghwa Telecom:
IPTV



bbtv (CNS): CATV

Channel scheduled to start
from Nov. 2016



Lian Wei: CATV

Broadcast from
September 2016



Singapore



Singtel TV
IPTV



StarHub TV
CATV



Sri Lanka



Dialog TV

Broadcast from
October 2016



Myanmar



4TV



Thailand



Ch 3 SD

Country-wide network terrestrial digital broadcasting
channel operated by Thailand's largest private media
corporation.

Start broadcasting via
terrestrial time block from
March 2016

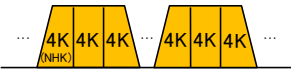
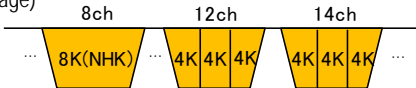

■ Broadcast terrestrially in Thailand for 3 hours every week

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

Group company reorganization

- Sky Perfect Entertainment Corporation: Aggregated satellite broadcast licensed entity
 - ✓ East longitude 124°/128° Satellite general broadcasting business
 - ✓ East longitude 110° Right rotation/left rotation Satellite core broadcasting business

Satellite core broadcasting business related to ultra high-definition broadcasting: Status of application for next 4K8K broadcast certification

	BS		CS
	Right rotation	Left rotation	Left rotation
Application target	Target: 2 transponders (bandwidth restructuring) 4K 6 programs (1 program is NHK) (Image) 	Target: 3 transponders 8K 1 program (NHK) 4K 6 programs (Image) 	Target: 5 transponders 4K 10 programs (Image) 
Applicant	Application for total of 6 programs Asahi Satellite Broadcasting Limited BS Japan Corporation BS-TBS, Incorporated BS Fuji Inc. WOWOW Inc.	4K: Application for total of 4 programs SC Satellite Broadcasting Corp. QVC Japan, Inc. Tohokushinsha Film Corporation WOWOW Inc. [also applying for BS right rotation]	Application for total of 9 programs SC Satellite Broadcasting Corp. [also applying for BS left rotation] Sky Perfect Entertainment Corporation *Application for 8 programs

- SKY Perfect Broadcasting Corporation: Program production business entitiy
 - ✓ Enhancement of program production business
 - Introduction of 4K broadcast/production truck



Future Initiatives

-Space & Satellite Business-

Important policies in the Space & Satellite Business (from Mid Term Business Plan)

■ Capture global mobile demand through launch of new satellites

- Support for mobile communications demand using JCSAT-14 and JCSAT-15
- Launch of new S band satellite and launch of HTS (High Throughput Satellite) through cooperation with other operators such as Horizons 3e.

■ Expand Space & Satellite Business fields which is related to the Basic Plan on Space Policy of Japan

- Acquisition and control support/service for government satellites based on the Basic Plan on Space Policy
- Operation of non-geostationary satellites and space business utilizing those satellites

■ Develop new fields for satellite usage

- Emergency medical VSAT, 4K/8K video streaming
- Information streaming to vehicles using a planar antenna, IoT, etc.

■ Increase the efficiency of satellite fleet

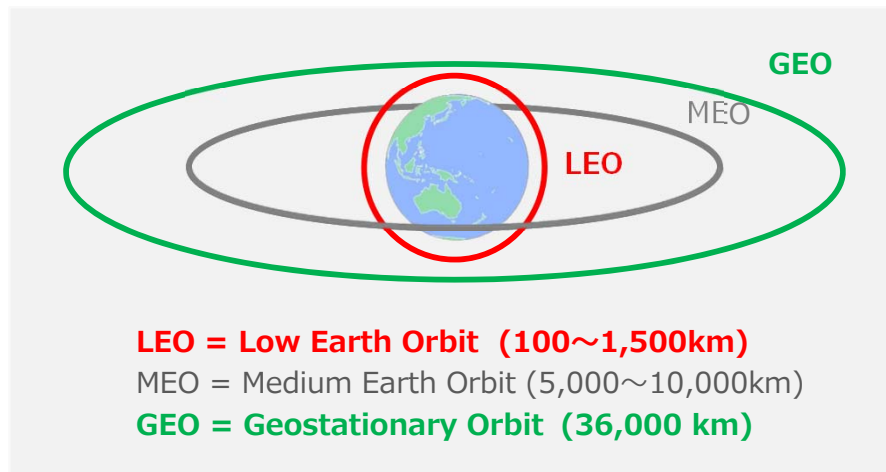
- Increase efficiency when acquiring successor satellites by launching the new spare satellite JCSAT-16 and utilize old spare satellites
- Increase fleet efficiency via piggyback missions during satellite acquisition and joint satellites with other operators
- Reduce acquisition cost for satellites and rockets

■ Create new businesses

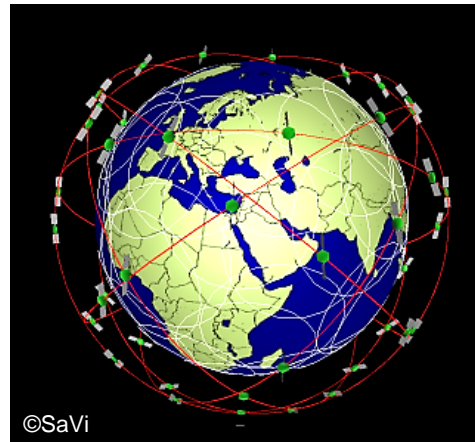
- Information provision business utilizing low-orbit/small satellites, etc.

Low Earth Orbit(LEO) Satellite

LEO is one of circling orbits



▼Various areas are covered



▼Use for Communication or Observation



Capabilities of LEO

Communication & **observation** while circling the Earth
+ Composite utilization of acquired data

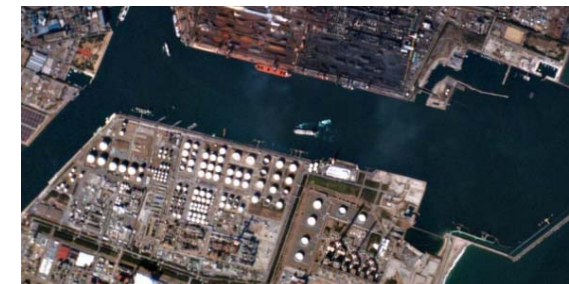
Observation data



M2M

Communication

▼Optical Image (Kashima Harbor)

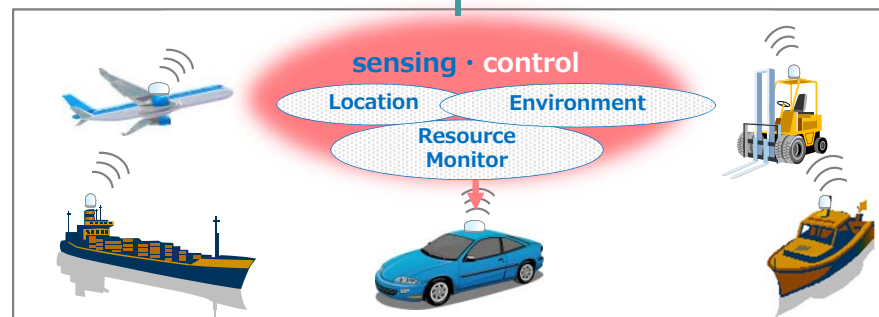


©Planet

User terminal

Gateway

Internet



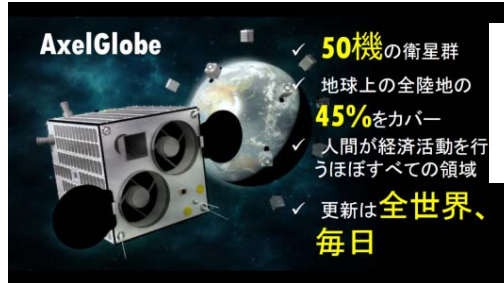
Trends in the low-orbit/small satellite business

Earth observation, etc.

Plan for 50 satellites (2022)



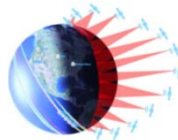
Procured capital: 1.9 billion yen



Fleet of 50 satellites
Coverage for 45% of total land on Earth surface
Almost all areas with economic activity by human beings
Updated everyday for the entire world

Plan for AxelGlobe, a real-time Earth observation network.

60 satellites (Aug. 2016) → 120 satellites (first half of 2017)



Realizes low-cost/high-frequency satellite images.

In Japan, exclusive distribution by Satellite Network, Inc.

Procured capital: 1.83 million USD

7 satellites (Sept. 2016) → Plan for additional satellites in future



Terra Bella
Acquisition of satellite images and analysis of geographic information

9 satellites (July 2016) → 58 satellites (2024)



Sales: 23.6 million CAD (period ending July 2015)

AIS receipt and information distribution.

10 satellites (July 2016) → 100 satellites



Acquisition of weather information via GPS-RO

3 satellites (July 2016) → 300 satellites



Real-time provision of high-resolution images and video

Communications

Plan for approx. 700 satellites



Partners



Procured capital: 500 million USD

Plan for 78 to 108 satellites



Partners



Procured capital: less than 1 million USD

Plan for 4,000 satellites

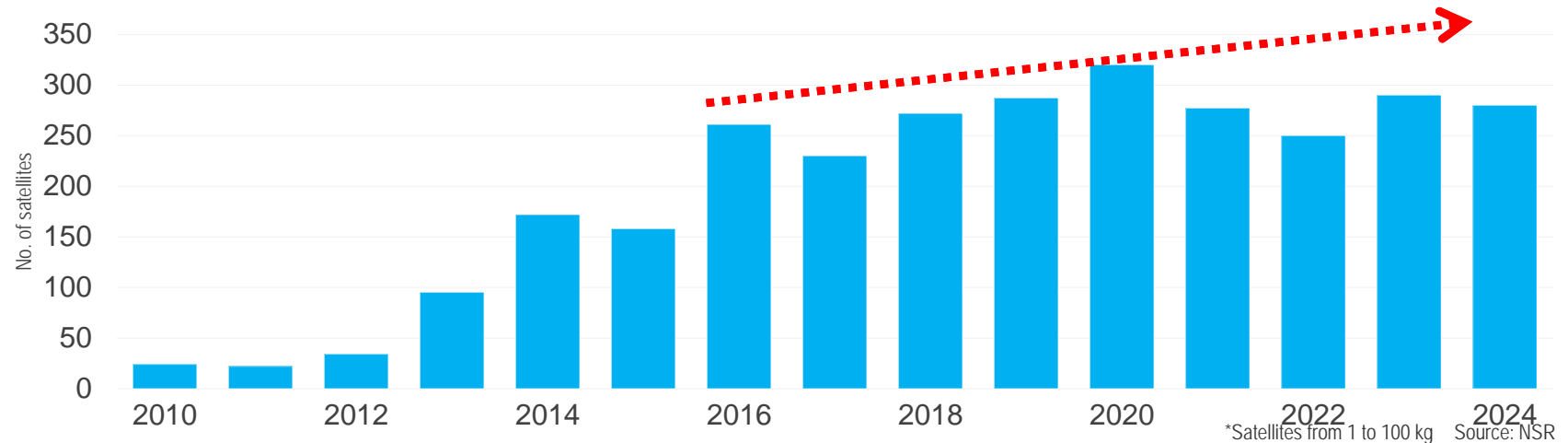
Investors



Procured capital: 1 billion USD

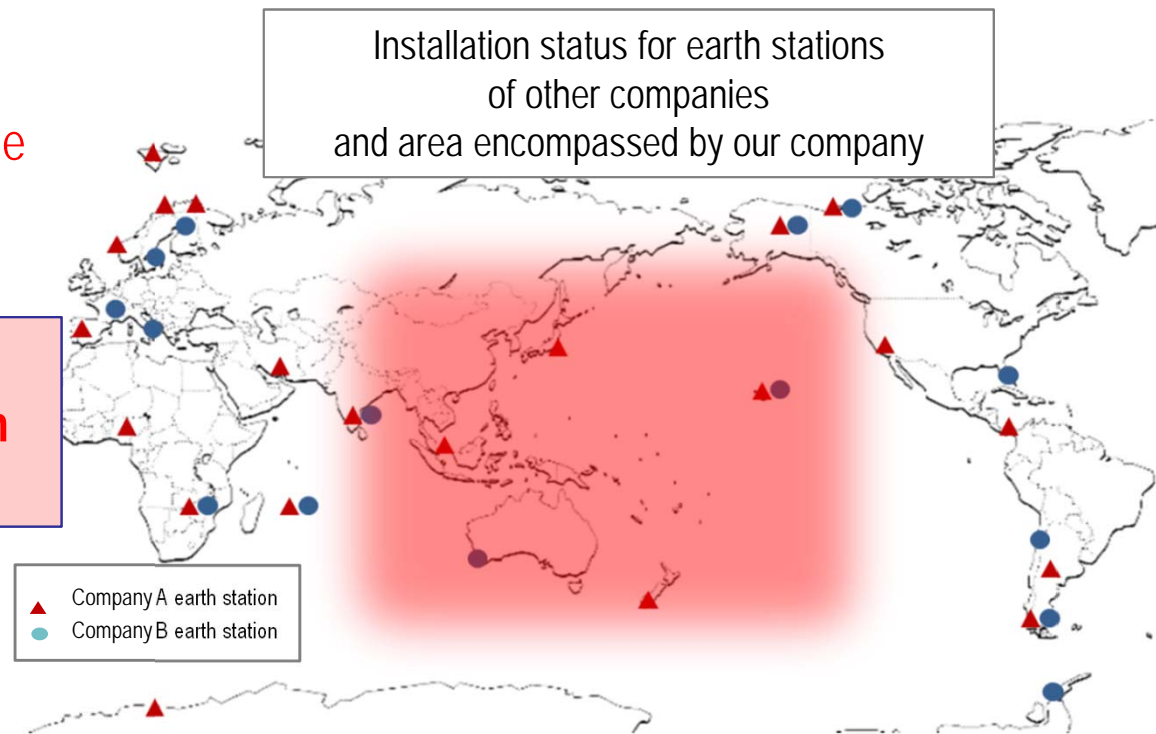
Forecast for increased earth station service demand

Significant increase in number of small* satellites launched, more than 200 satellites every year



Increased demand for earth station usage
via low-orbit small satellites

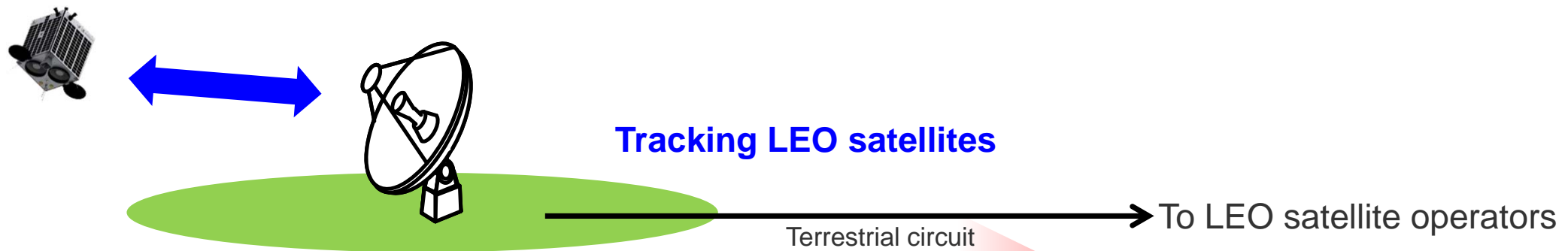
Installation of earth stations in the Asia-Pacific region is particularly scarce when compared to other regions.



Projected Earth Station Services

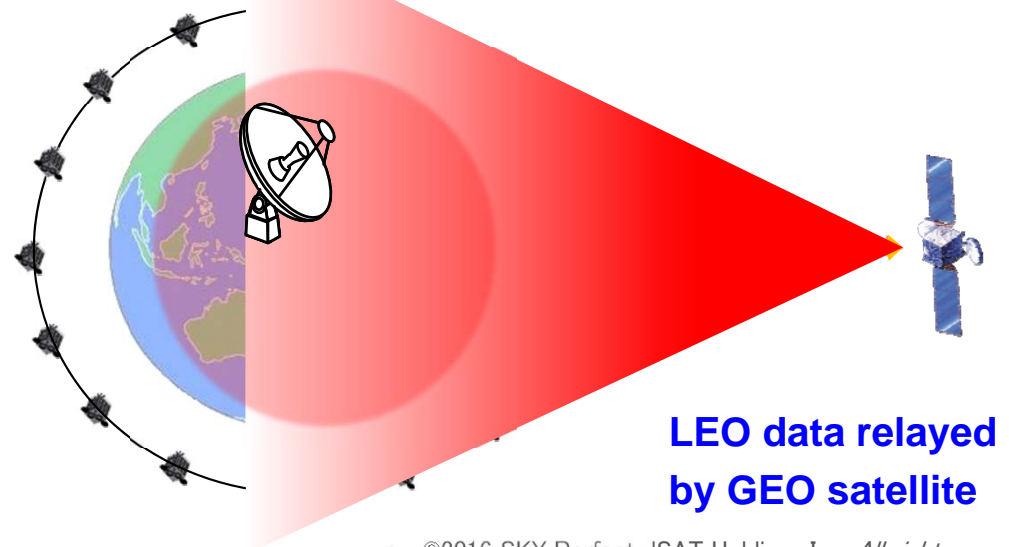
■ Construction of earth station at Ibaraki Network Control Center

- ✓ Start operation consignment for low-orbit satellites and data reception/distribution service from 1Q/2017.



■ Future projects

- ✓ Enter the field of data relay satellites, and further enhance earth station service.
- ✓ After processing data acquired from low-orbit/small satellites, promote reading by businesses which provide information.



List of satellites to be launched

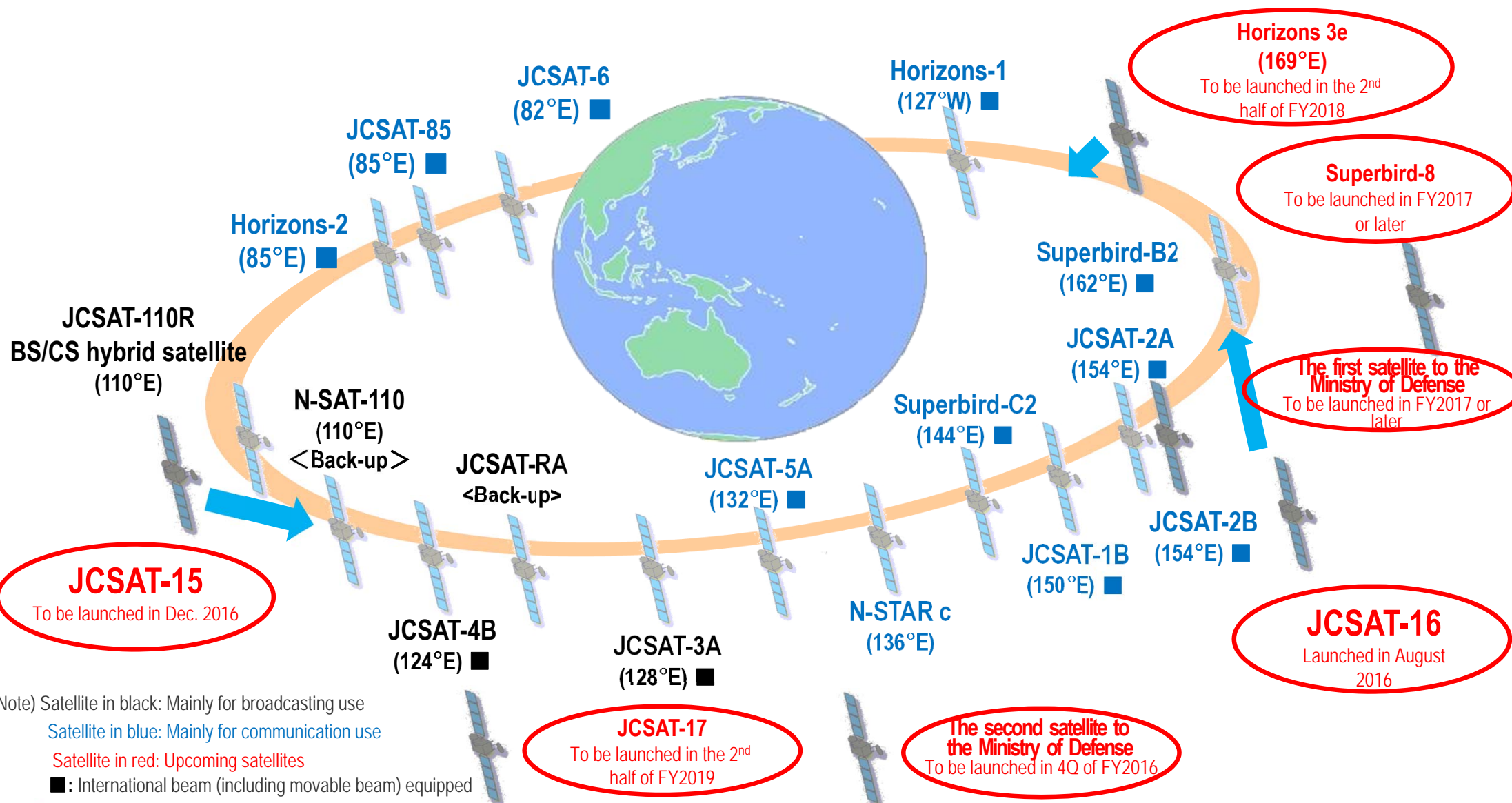
■ Changes to the satellite launch schedule, etc.

(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	Launched on May 6, 2016	To be launched in FY2017 or later	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	Launched on August 14, 2016	To be launched in late December 2016	To be launched in 4Q of FY2016
Orbital slot	162 degrees east longitude	110 degrees east longitude	-
Purpose	In-orbit spare satellite (Temporary use by SB-B2 customer due to delay in launch of SB-8)	Successor to N-SAT-110 (for Multichannel Pay TV and mobile businesses)	Satellite in the PFI program for the Ministry of Defense

Satellite Fleet Update

17 satellites in total cover from North America through Indian Ocean

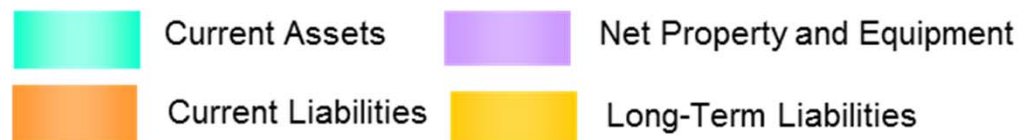
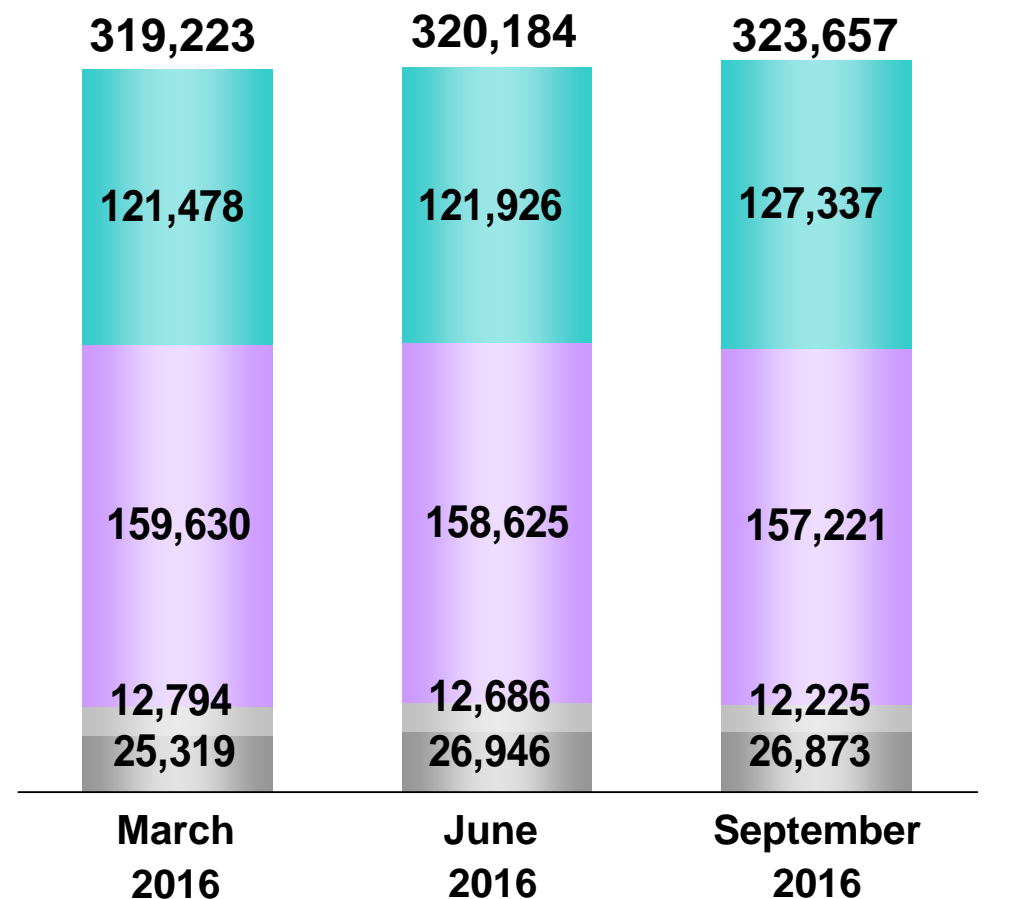


(References)

Consolidated Balance Sheets

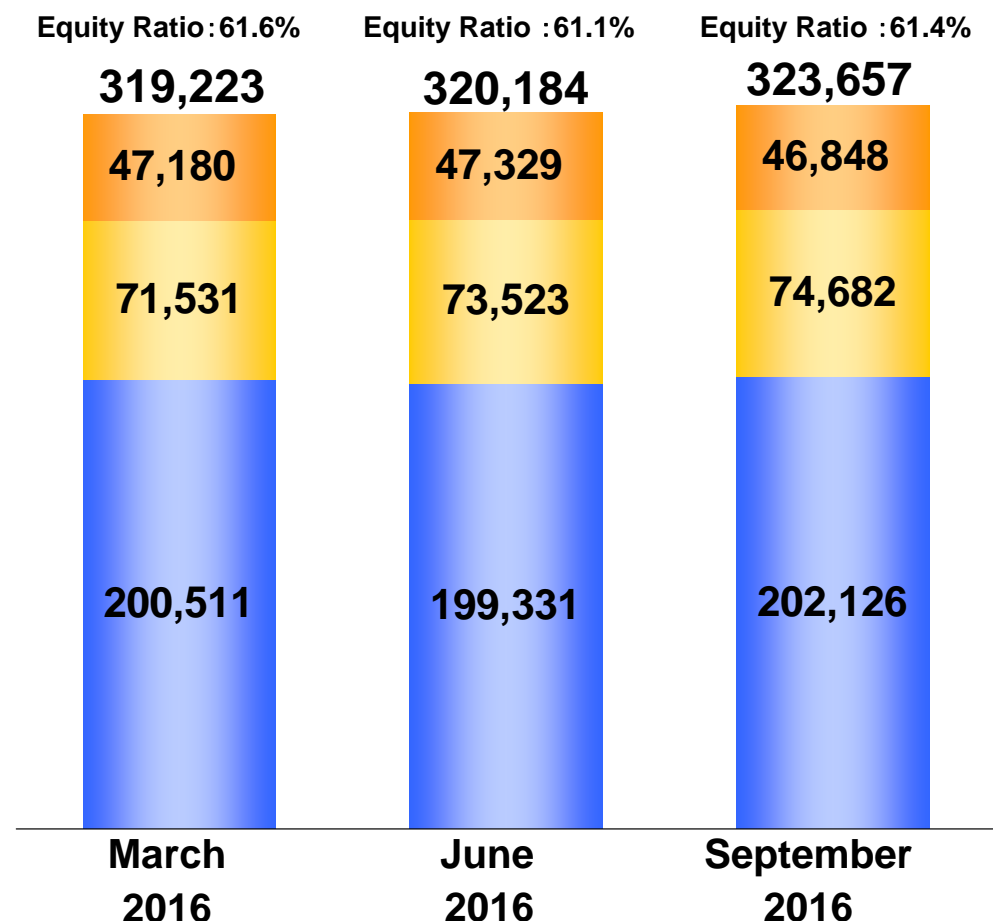
Assets

(Units: ¥ millions)



Liabilities and Equity

(Units: ¥ millions)



Consolidated Cash Flows

2Q values are cumulative 1Q and 2Q

(Units: ¥ millions)

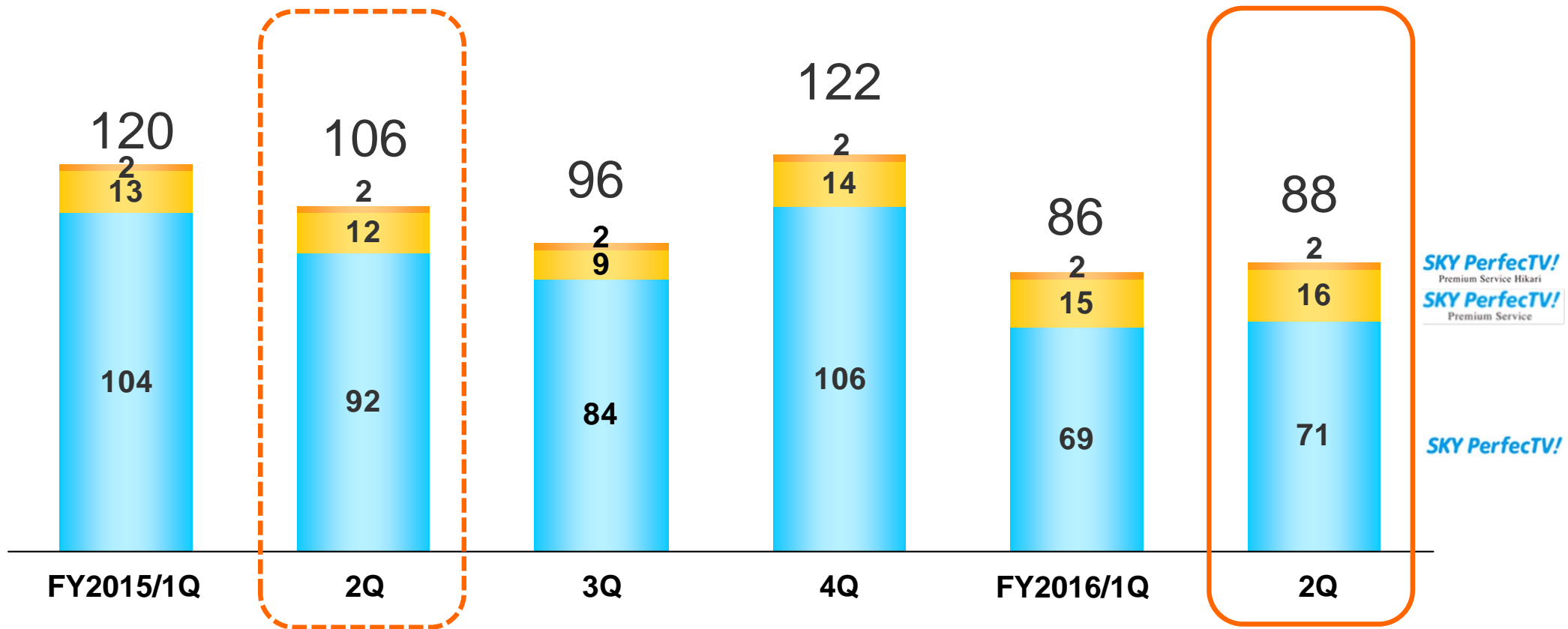
	FY2014/2Q	FY2015/2Q	FY2016/2Q
Net Cash from Operating Activities	11,365	14,069	7,678
Net Cash from Investing Activities	(13,212)	(16,470)	(11,007)
Free Cash Flows^{*1}	(1,846)	(2,401)	(3,329)
Net Cash from Financing Activities	(11,545)	25,541	(455)
Cash and Cash Equivalents at Term-End (a)	50,334	57,174	44,598
Term-end balance of interest-bearing debt^{*2} (b)	36,827	61,721	65,908
Term-end balance of net interest-bearing debt (b)-(a)	(13,506)	4,547	21,309

*1. Sum of Net Cash Flows from Operating and Investing Activities

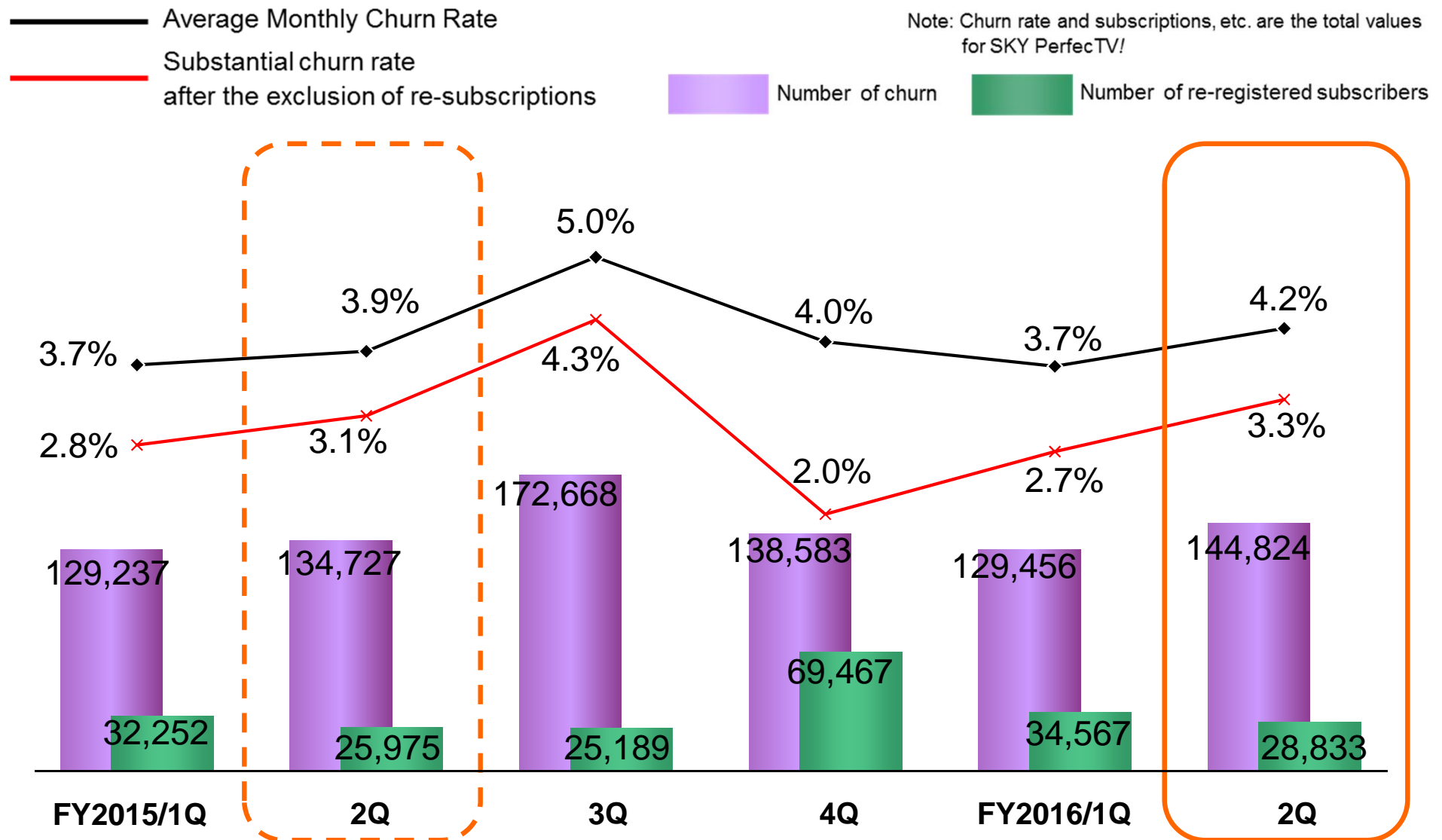
*2. Term end balance of debts and unsecured corporate bonds

Number of New Subscribers

(Unit: thousands)



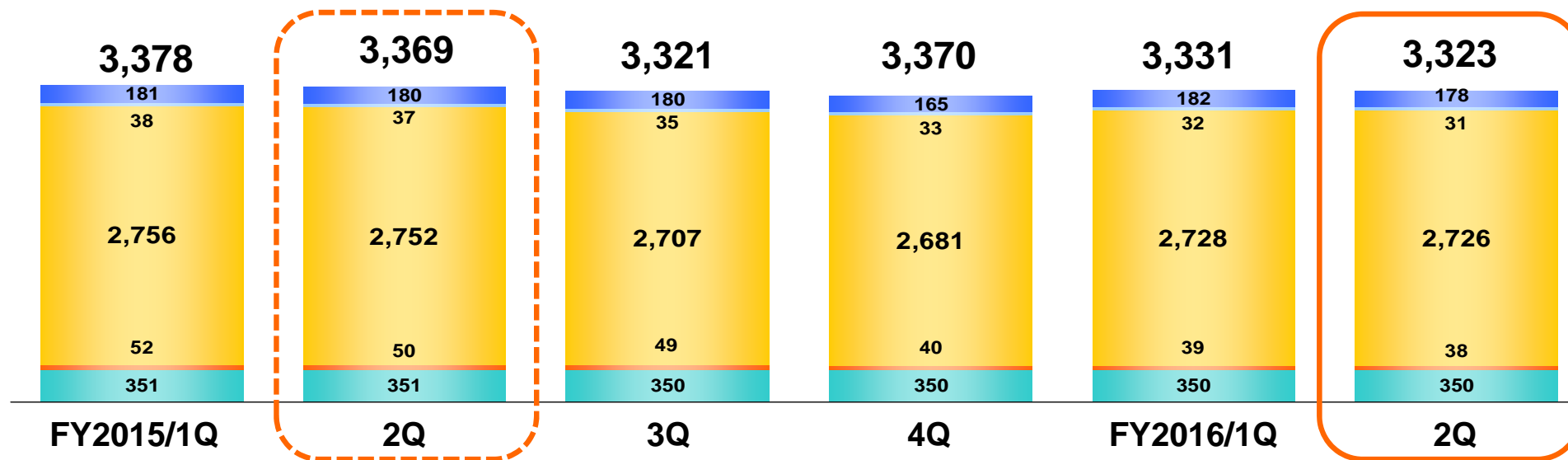
Churn Rate



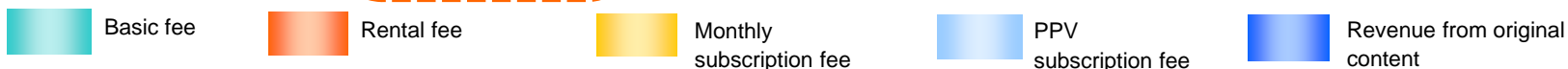
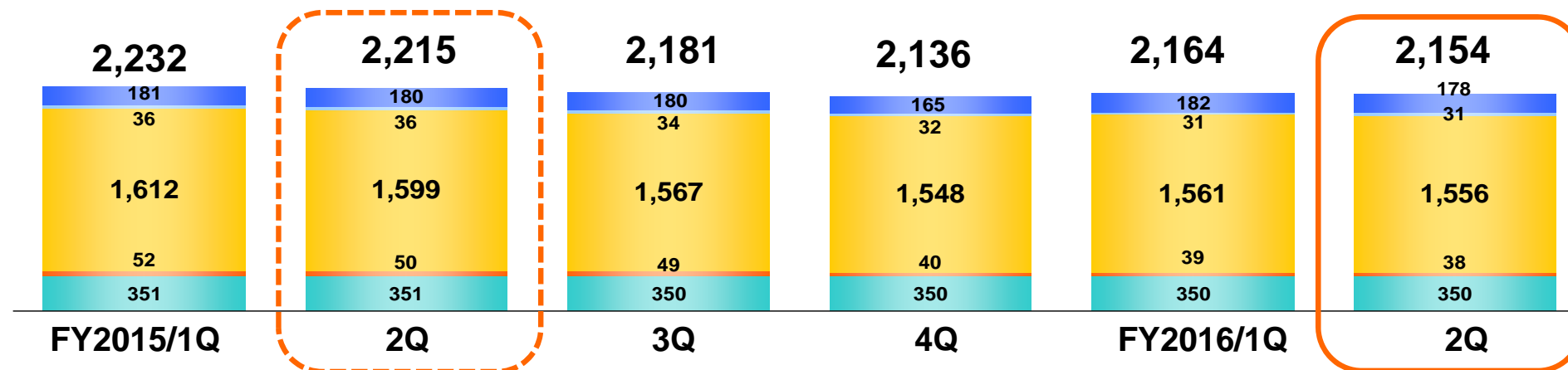
*The churn rate is calculated by dividing the total number of churns for each quarter by the cumulative number of subscriptions at the end of the preceding fiscal year.

ARPU

Subscriber payments (¥)¹



ARPU (¥) (*2)

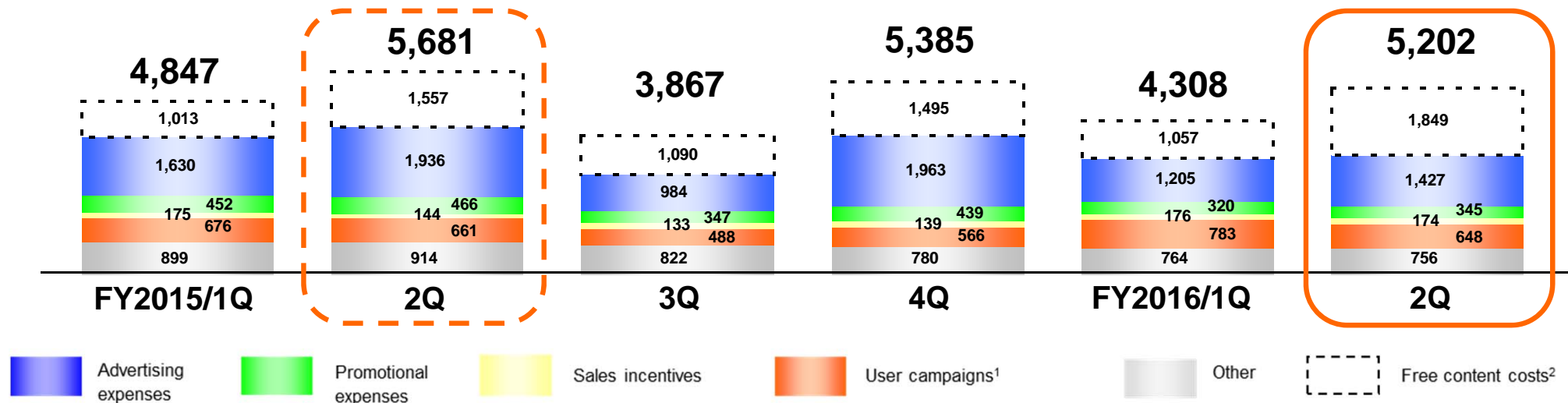


1. Average amount paid by subscribers in the form of monthly viewing fees, etc.

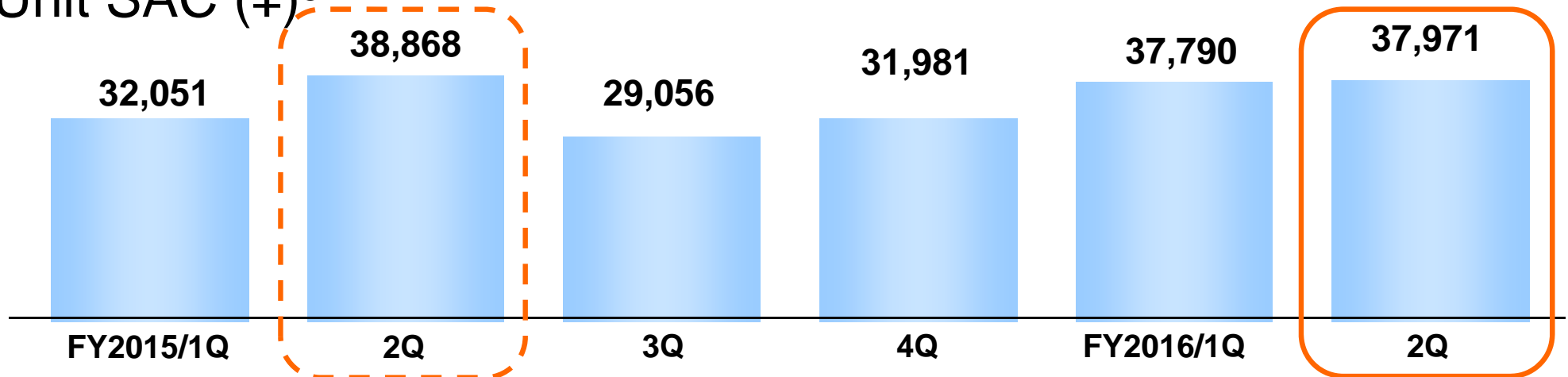
2. Of the average amount paid by subscribers in the form of monthly viewing fees, etc., the amount recorded as operating revenue by the SKY Perfect JSAT Group

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.

Major Subsidiaries

(Unit: yen, millions)

		SJC	SPCC	SPBC	SNET	JII	JMC	WWJ
Main business		Multi-channel platform/satellite transmission	Subscribers management	Broadcast/production	Re-sale of satellite transmissions	Re-sale of satellite transmission	Mobile services	Contents Distribution at overseas countries
Shares (%)		100	100	100	92	100	53.3	60
Revenue	FY2015/2Q	64,779	3,614	33,405	2,189	1,168	1,521	30
	FY2016/2Q	63,298	3,167	31,829	1,535	832	1,200	111
Operating Income	FY2015/2Q	10,775	303	803	144	362	207	(587)
	FY2016/2Q	11,746	208	767	9	104	152	(987)
Ordinary Income	FY2015/2Q	10,928	305	807	153	369	221	(563)
	FY2016/2Q	11,999	208	771	3	132	108	(984)

SJC: SKY Perfect JSAT Corporation

SPCC: SKY Perfect Customer-relations Corporation

SPBC: SKY Perfect Broadcasting Corporation

SNET: Satellite Network, Inc.

JII: JSAT International Inc.

JMC: JSAT MOBILE Communications Inc.

WWJ: WAKUWAKU JAPAN Corporation

SKY Perfect JSAT Holdings Inc.

Corporate Communications & Investor Relations Division