

SKY Perfect JSAT Group

Earning Results Briefing for 2Q/2017

November 2, 2017 (Thursday)
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 system
- Risks related to IC card security, etc.

Consolidated Business Performance for 2Q/2017

Summary of Income Statements

- Decrease in both revenues and profits in a year-on-year basis due to decrease of cumulative number of subscribers in the Media Business and increase of depreciation in Space & Satellite Business.

(Millions of yen)

	FY2016/2Q Cumulative	FY2017/2Q Cumulative	Year-On-Year Comparison	Progress on FY2017 Forecast	FY2017 Full-year Forecast *1
Revenues	79,318	73,720	(7.1)%	43.0%	171,500
Operating Profit	11,061	8,881	(19.7)%	52.2%	17,000
Ordinary Profit	11,125	9,453	(15.0)%	54.0%	17,500
Profit Attributable to Owners of the Parent	7,012	6,407	(8.6)%	55.7%	11,500
EBITDA *2	21,635	22,531	4.1%	51.2%	44,000

*1. Announced a revision on full-year forecast on September 26, 2017 with an upward adjustment in Revenues.

*2. EBITDA = Profit Attributable to Owners of the Parent + Income Taxes + Depreciation and Amortization + Amortization of Goodwill + Interest Expense.

Summary of Earning Results by Business Segment (FY2016 1Q ~ FY2017 2Q)

- Media Business : Resulted a year-on-year decrease in revenues but increase in profits by improving cost control.
- Space & Satellite Business : Decrease in both revenues and profits on a year-on-year basis owing to increment in depreciation.

(Millions of yen)

	FY2016					FY2017	
	1Q	2Q	3Q	4Q	Full year	1Q	2Q
Revenue	39,707	39,610	38,806	74,750	192,875	37,195	36,525
Media Business	30,095	29,882	29,130	27,668	116,777	27,424	26,828
Space & Satellite Business	12,626	12,718	12,580	49,822	87,748	12,524	12,428
Elimination or Corporate	(3,013)	(2,990)	(2,905)	(2,740)	(11,650)	(2,754)	(2,731)
Operating Profit	6,266	4,795	4,468	8,903	24,433	4,334	4,547
Media Business	1,861	1,023	1,135	551	4,571	1,005	1,448
Space & Satellite Business	4,585	3,937	3,488	8,515	20,527	3,531	3,430
Elimination or Corporate	(180)	(165)	(155)	(164)	(665)	(202)	△331

Key Performance Indicators for Media Business(*)

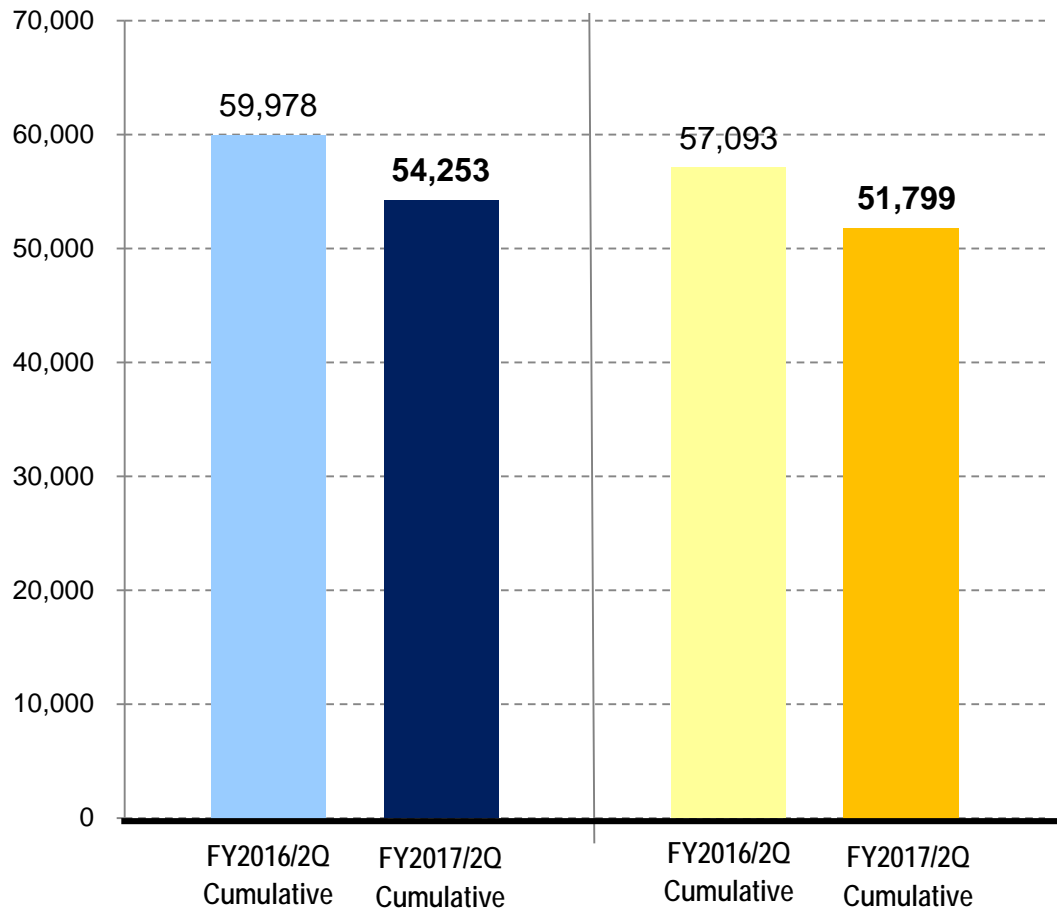
	FY2016/2Q Cumulative	FY2017/2Q Cumulative	FY2017 Full- Year Forecast
Number of New Subscribers (unit: thousands)	174	159	390
Net Increase in Subscribers (unit: thousands)	(37)	(35)	10
Number of Cumulative Subscribers (unit: thousands)	3,446	3,285	3,330
Average Monthly Subscriber Payment (unit: JPY)	3,327	3,251	-
ARPU (unit: JPY)	2,159	2,059	-
SAC (unit: JPY)	37,882	37,753	-

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

Earnings Overview for Media Business (Year-on-Year Comparison)

Media Business

(Unit: in million Yen) Revenues Operating Expenses



Revenue (¥5.73B) *

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

- Decrease in soccer related revenues: (¥3.5B)
- Decrease in other subscription fees (excluding soccer): (¥1.4B)
- Decrease in basic charges and others : (¥0.8B)

Operating Expenses (¥5.29B) *

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

- Decrease in soccer content costs: (¥3.6B)
- Decrease in program provision expenses: (¥0.8B)
- Decrease in other expenses : (¥0.9B)

Earning Overview for Space & Satellite Business (Year-on-Year Comparison)

Space & Satellite Business

Revenue: (¥0.39B) *

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

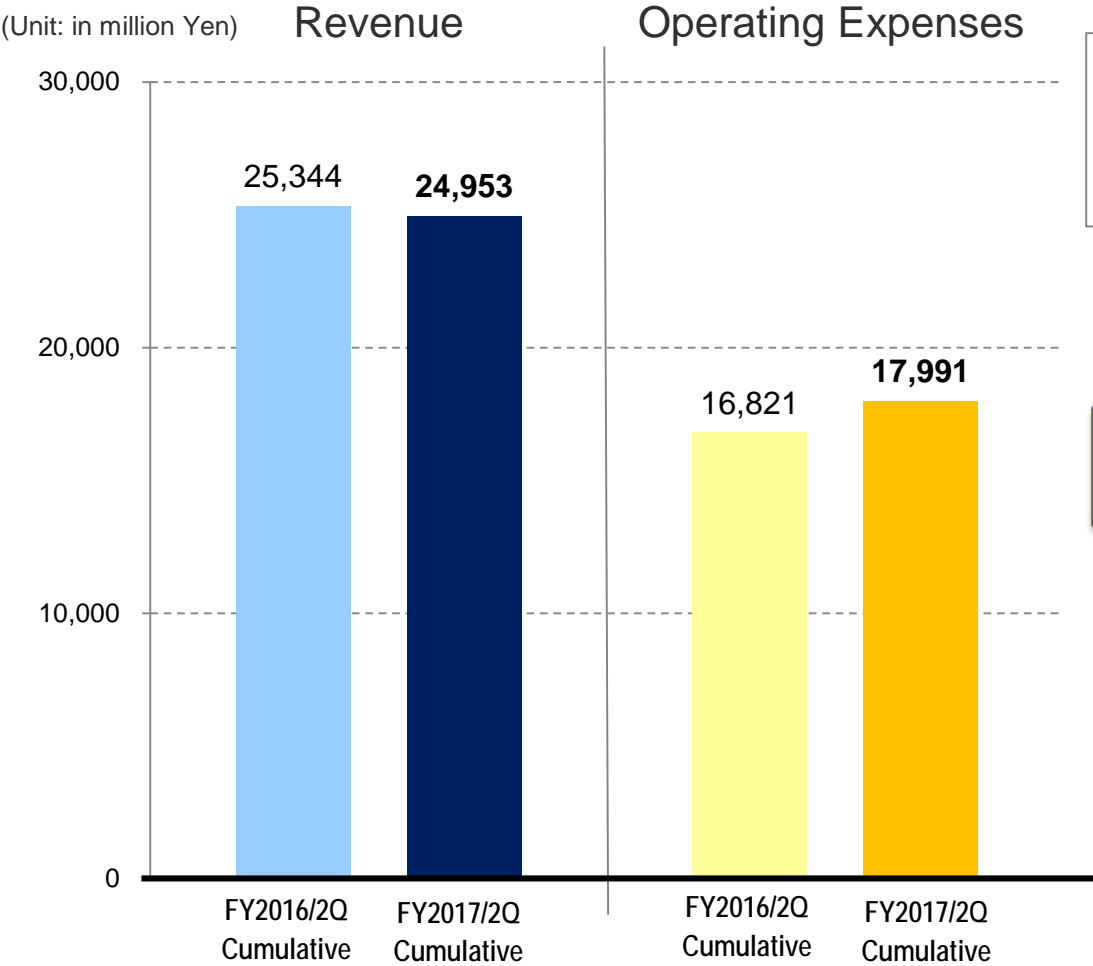
- Decrease in broadcasting transponder-related revenues: (¥0.4B)

Operating Expenses: +¥1.17B*

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

- Increase in satellite depreciation: +¥1.3B
- Decrease in satellite business expenses: (¥0.1B)



Future Initiatives
~Media Business~

Future Contents Lineup

Live Music

Exclusive



『Mr. Children 25th Anniversary Live Special』

(On BS SKY PerfecTV! from 9:00 p.m. on Dec. 23 (Sat., public holiday))



『BIGBANG JAPAN DOME TOUR 2017 - LAST DANCE-』

(Live broadcast on BS SKY PerfecTV! from 6:00 p.m. on Dec. 13 (Wed.))



『Hi-STANDARD: 「THE GIFT TOUR 2017 LIVE SPECIAL」』

(On BS SKY PerfecTV! in Feb. 2018)

Original Korean Drama on Sky PerfecTV! in collaboration with KBS World



Licensed by Sky PerfecTV! and KBS JAPAN © 2017 KBS Media Ltd. All rights reserved.

Drama: 『Melo Holic』

(On BS SKY PerfecTV! every Wednesday starting from Nov. 22 (Wed) with a total of 10 episodes)

Sports



© B. LEAGUE

『Broadcasting All Games of B1! B. LEAGUE』

Broadcasting all games of 2017-18 B1 League All games will be live broadcast on SKY PerfecTV! On-demand.

Sky PerfecTV! New Basic Service Package – Free Subscription for Multiple TV Sets Campaign

New Basic Service Package that enable
viewing on all TV sets at home

Offer customers with more
opportunities to enjoy SKY PerfecTV!

SKY PerfecTV! New Basic Service Package Free Subscription for Multiple (2nd & 3rd) TV Sets Campaign



Campaign period: From December 1, 2017 ~ March 31, 2018

Subscriptions to New Basic Service Package for 2nd and 3rd TV sets to be offered
at free of charge during campaign (regular price of 1,700 yen (tax excluded))

Sky PerfecTV! Proposing a New Way of TV Viewing on HybridCast

Offering a new style of TV viewing by integrating broadcast and telecommunications.



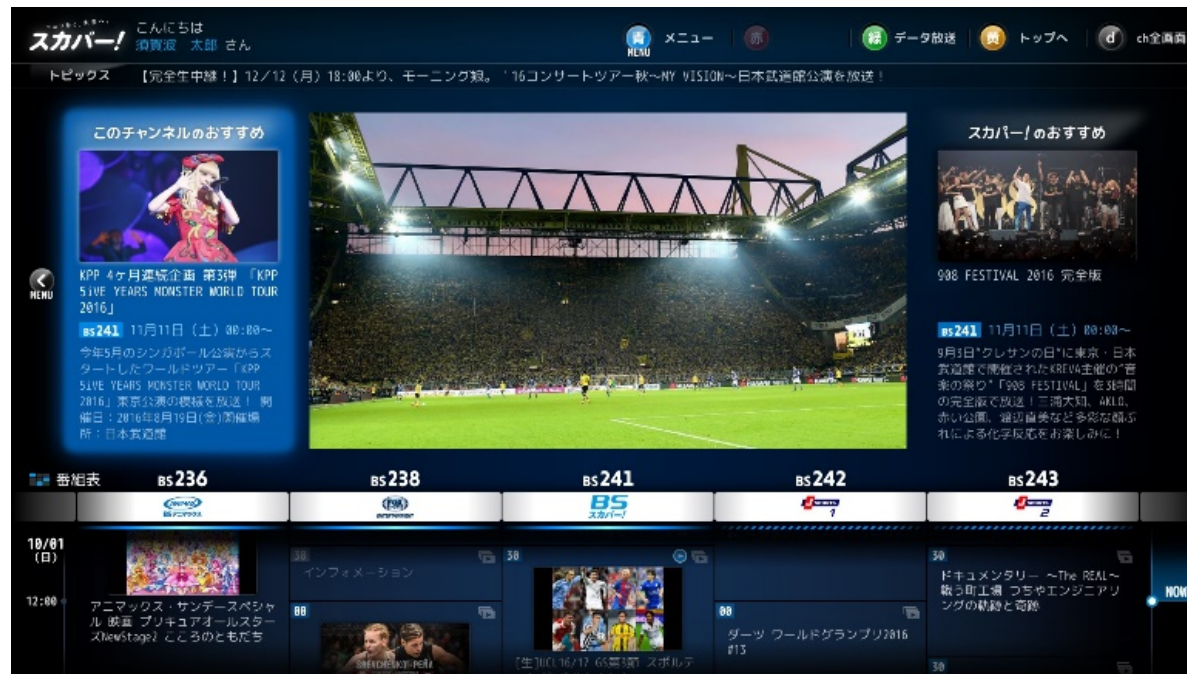
【Quality Broadcast】

Uninterrupted high-quality
TV viewing



【Quality Telecommunications】

Internet Enjoy your favorite programs at any
time without waiting



Starting from December

Developing a Crowdfunding Service



In collaboration with the crowdfunding service "A-port" operated by the Asahi Shimbun Company, we link the Internet with multiple media—namely TV and newspaper—to provide a crowdfunding service with a more communication-driven approach.



Initial Project

In memory of the registration as UNESCO Intangible Cultural
"The Chichibu Yomatsuri Festival in 4K – Stay Forever With The Heart of Hometown"

Starting from November 1

Offering App with a Collection of Free Foreign Language Channels

■ Service provision to foreigners visiting Japan



App Name: 『 Portable News 』

The app enables foreign visitors to receive information of their home countries at free of charge at anytime and anywhere during their stay in Japan! Free them from stress by enjoy watching programs in their mother tongue.

Advertising revenue is anticipated in the future as well as aiming to revitalize the inbound market towards 2020.

■ France: FRANCE 24



■ Congo / France: africanews.



■ France: euronews.



■ Germany: Deutsche Welle



and more...

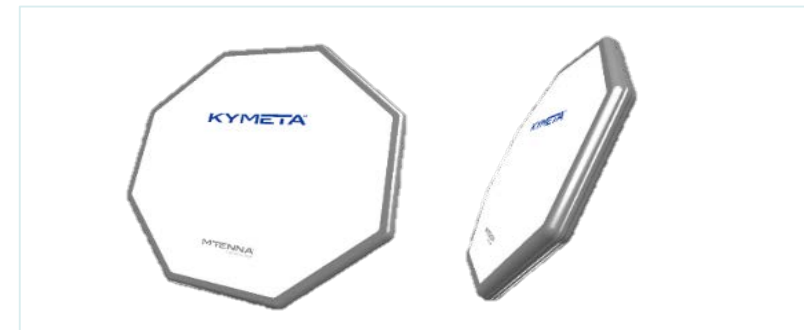
Starting from end of November (plan)

Future Initiatives

-Space & Satellite Business-

Demonstrated Vehicle-mounted Earth Station Equipped with Kymeta Antenna in Japan

- In Japan, we have built a vehicle-mounted earth station equipped with a power-saving and flat panel antenna developed by Kymeta Corporation in the U.S.
- We have demonstrated to domestic mobile carriers, government agencies, electric appliance manufacturers and automobile manufacturers.
We will participate in TU-Automotive Japan 2017 in October, INTER BEE 2017 in November.
A press conference to news media was held on October 6
- We are considering service plans aiming to start service provision in the next fiscal year.



New Contract Secured to Supply Planet Labs' Satellite Images to a Government Agency



- In October 2017, Satellite Network won a tender bid for supplying satellite images to a government agency. Service to be provided from January 2018 until the end of FY2021.
- Service also being provided to other government agencies and anticipated further growth in demand. On the private sector, service is used in various fields including agriculture sector.



Planet Labs Inc.

Founded : 2011 Headquarters : San Francisco, U.S.

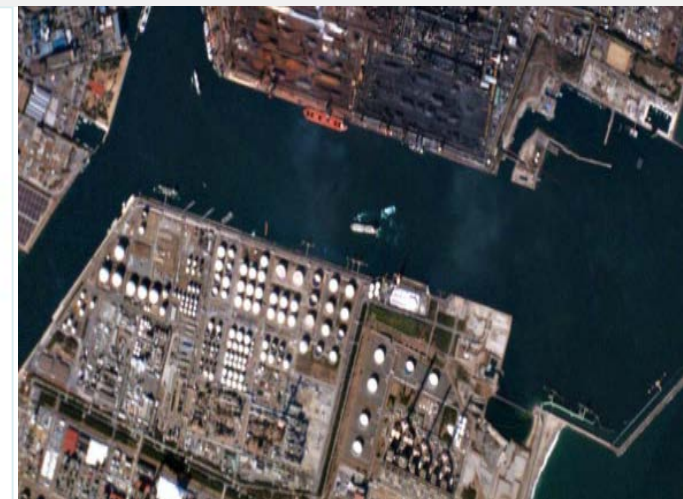
Provides constant earth imaging service with a large number of ultra-small satellites (commonly called "Dove"). Additionally launched 48 satellites in July 2017 and formed a satellite constellation of 180 satellites.



Ultra-small satellite



Earth image taken by a satellite



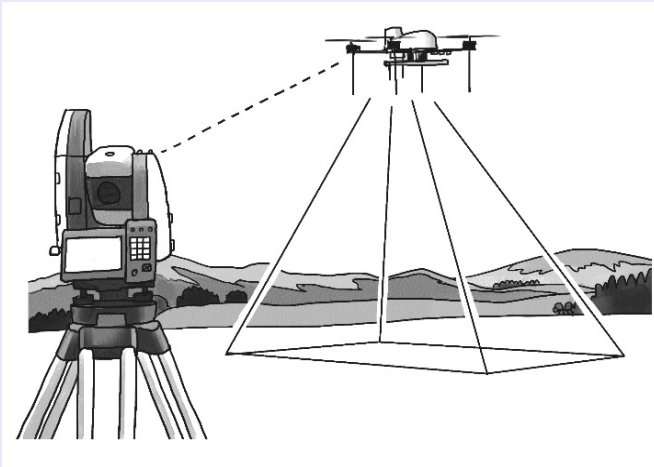
Satellites capturing earth images (illustrative)

Reinforcing Capital Structure of enRoute Co., Ltd.



- SKY Perfect JSAT Group has acquired enRoute as a wholly-owned subsidiary following with further enhancement in its capital structure aiming to accelerate business development in the following domains.
- Land Surveying: Developed surveying drones in partnership with TOPCON CORPORATION, a leading optical surveying instrument manufacturer.
- Agriculture: Jointly developed pesticide spray drones with Maruyama Mfg. Co., Ltd., a leading pump manufacturer.
- Facility Inspection: Proposing monitoring by drones to our existing customers engaging in infrastructure business.
- Disaster Prevention: Provided customized drones for government agencies and other organizations.
- We pursue business opportunities as a group aiming to generate synergies such as through the use of satellite communications to control drones outside the visible range.

<Land Surveying>



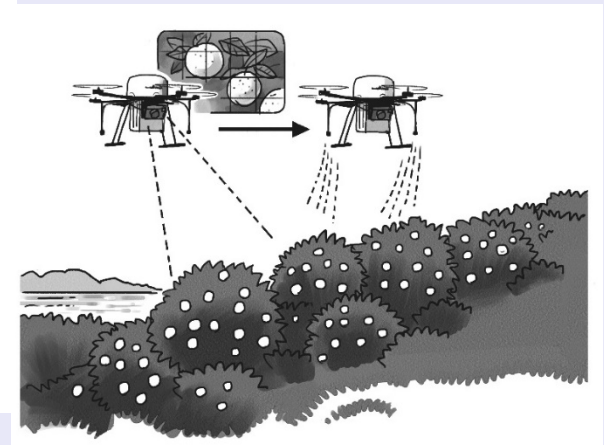
<New Product : Continuous survey with auto-tracking>

<Agriculture (Image of Future Utilization)>



<Control via computers or tablets>

<Gathering harvest grow information & automatic pesticide dispersion>



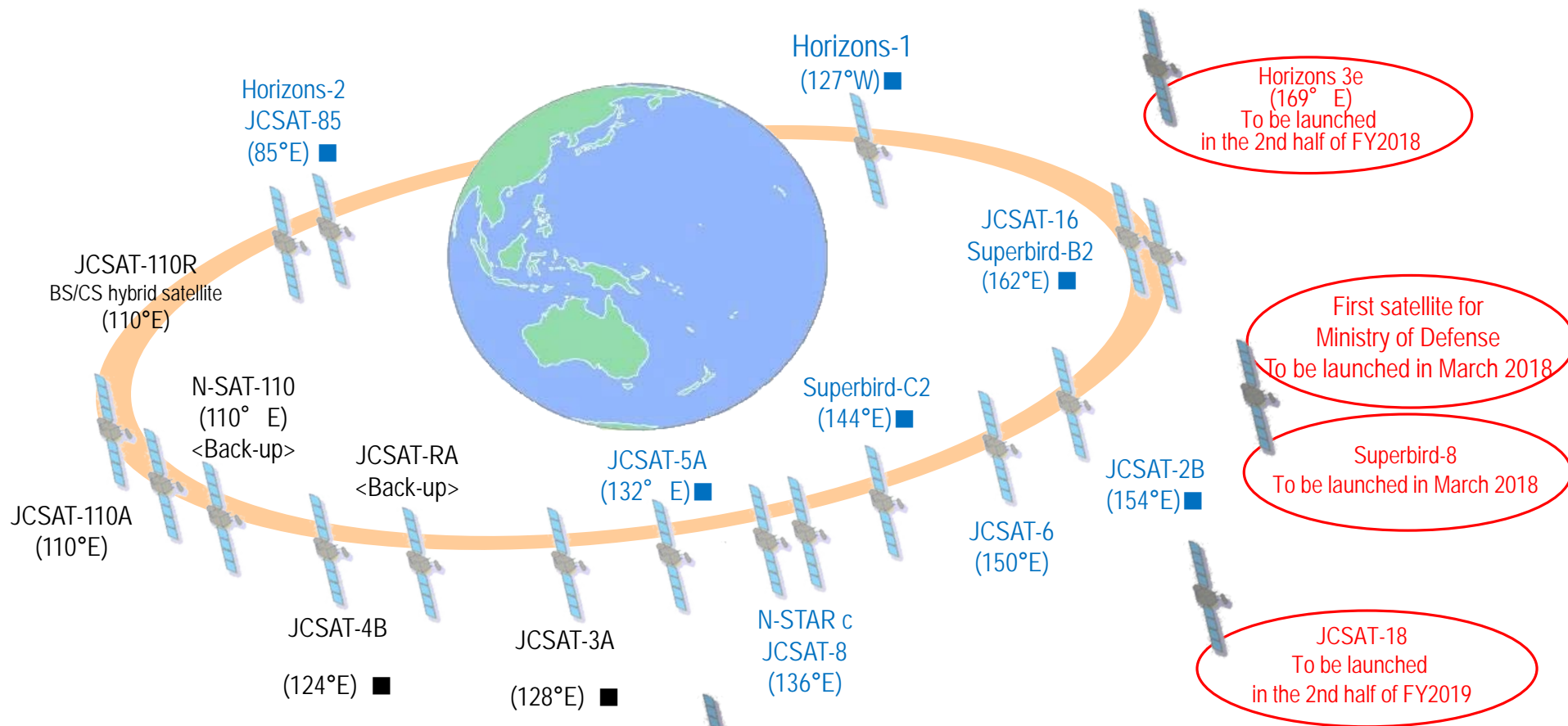
List of Satellites Scheduled for Launch

	Satellite No. 1 of PFI Project for Ministry of Defense	Superbird-8	Horizons 3e (HTS Satellite)
Satellite bus	DS2000	DS2000	702MP
Manufacturer	Mitsubishi Electric	Mitsubishi Electric	Boeing
Launch vehicle	Ariane 5	Ariane 5	Ariane 5
Planned launch time	March 2018	March 2018	2nd half of FY2018
Orbit position	-	162 degrees east longitude	169 degrees east longitude
Satellite lifetime	Over 15 years	Over 15 years	Over 15 years
Purpose	Satellite for PFI Project by Ministry of Defense	Successor to Superbird-B2 (Japan)	Overseas / Mobile (Joined- satellite with Intelsat)

	JCSAT-17	JCSAT-18 (HTS Satellite)
Satellite bus	A2100	702MP
Manufacturer	Lockheed Martin	Boeing
Launch vehicle	Ariane 5	Falcon 9
Planned launch time	2nd half of FY2019	2nd half of FY2019
Orbit position	136 degrees east longitude	TBD
Satellite lifetime	Over 15 years	Over 15 years
Purpose	Provision of telecommunication in Japan	Overseas / Mobile

Satellite Fleet Update

A total of 17 satellites covering from North America to the Indian Ocean



(Note)

Satellite in black: used mainly for broadcasting

Satellite in blue: used mainly for telecommunication

Satellite in red: satellites to be launched

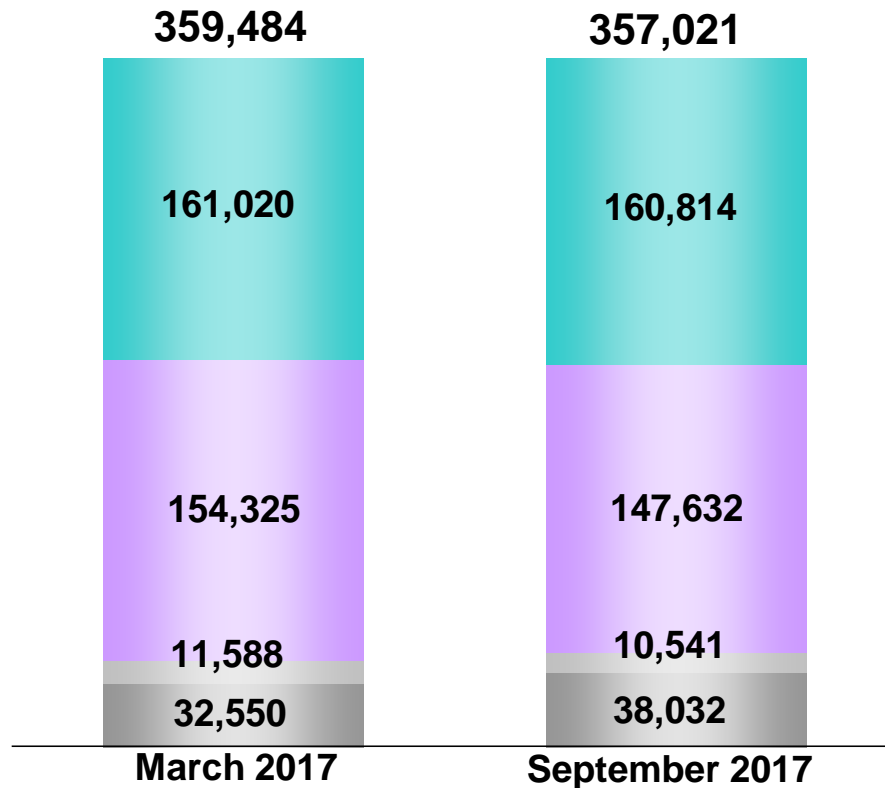
■ Satellites with International beam (including movable beam) equipped

(References)

Consolidated Balance Sheets

Assets

(Units: ¥millions)

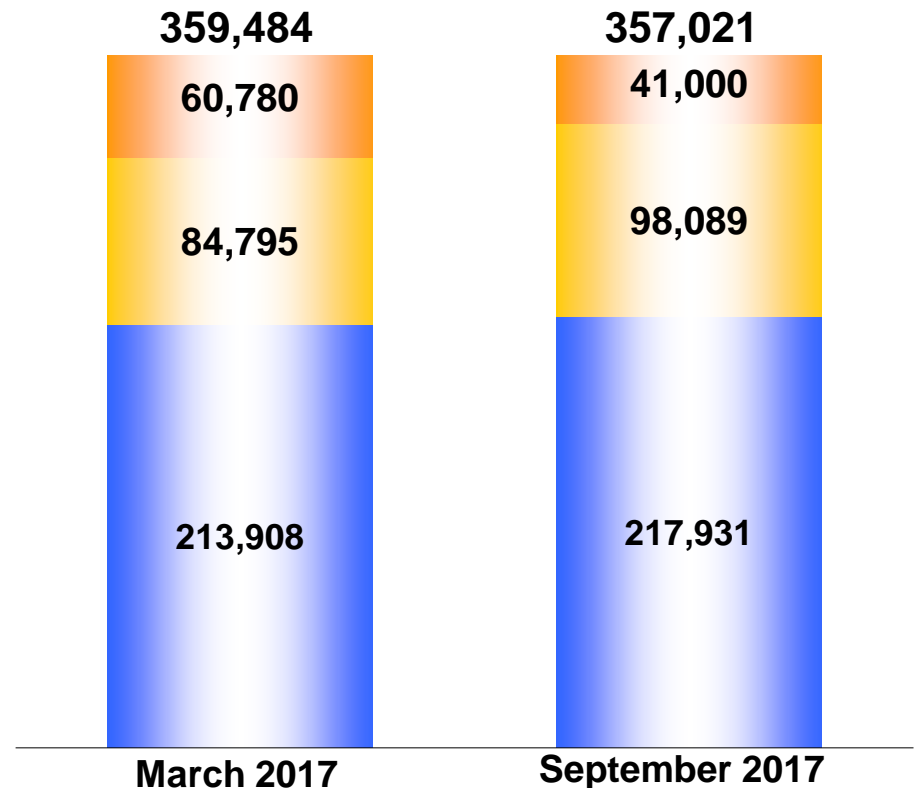


Liabilities and Equity

(Units: ¥millions)

Equity Ratio : 58.6%

Equity Ratio : 60.2%



Consolidated Cash Flows

(Unit: in ¥ millions)

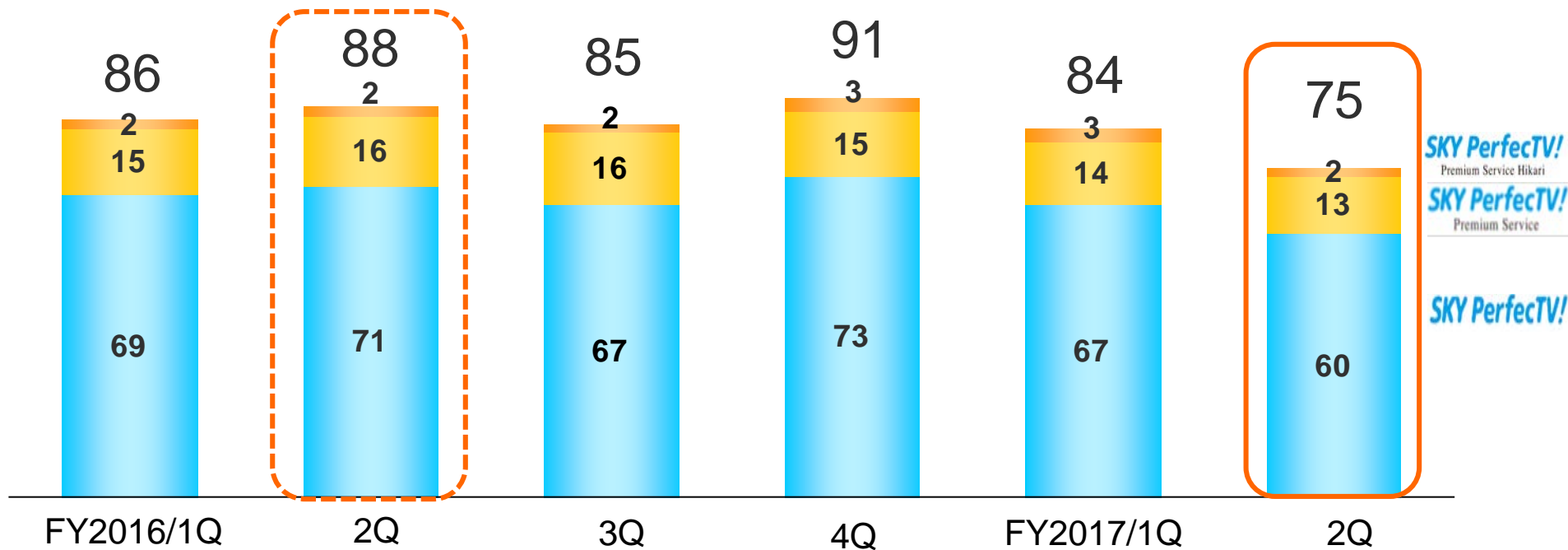
	FY2016/2Q Cumulative	FY2017/2Q Cumulative
Net Cash from Operating Activities	7,678	8,010
Net Cash from Investing Activities	(11,007)	(11,766)
Free Cash Flows ^{*1}	(3,329)	(3,756)
Net Cash from Financing Activities	(455)	5,091
Cash and Cash Equivalents at Term-End (a)	44,598	47,438
Term-end balance of interest-bearing debt ^{*2} (b)	65,908	90,901
Term-end balance of net interest-bearing debt (b)-(a)	21,309	43,462

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

2. Debts + unsecured corporate bonds

Number of New Subscribers

(Unit: thousands)



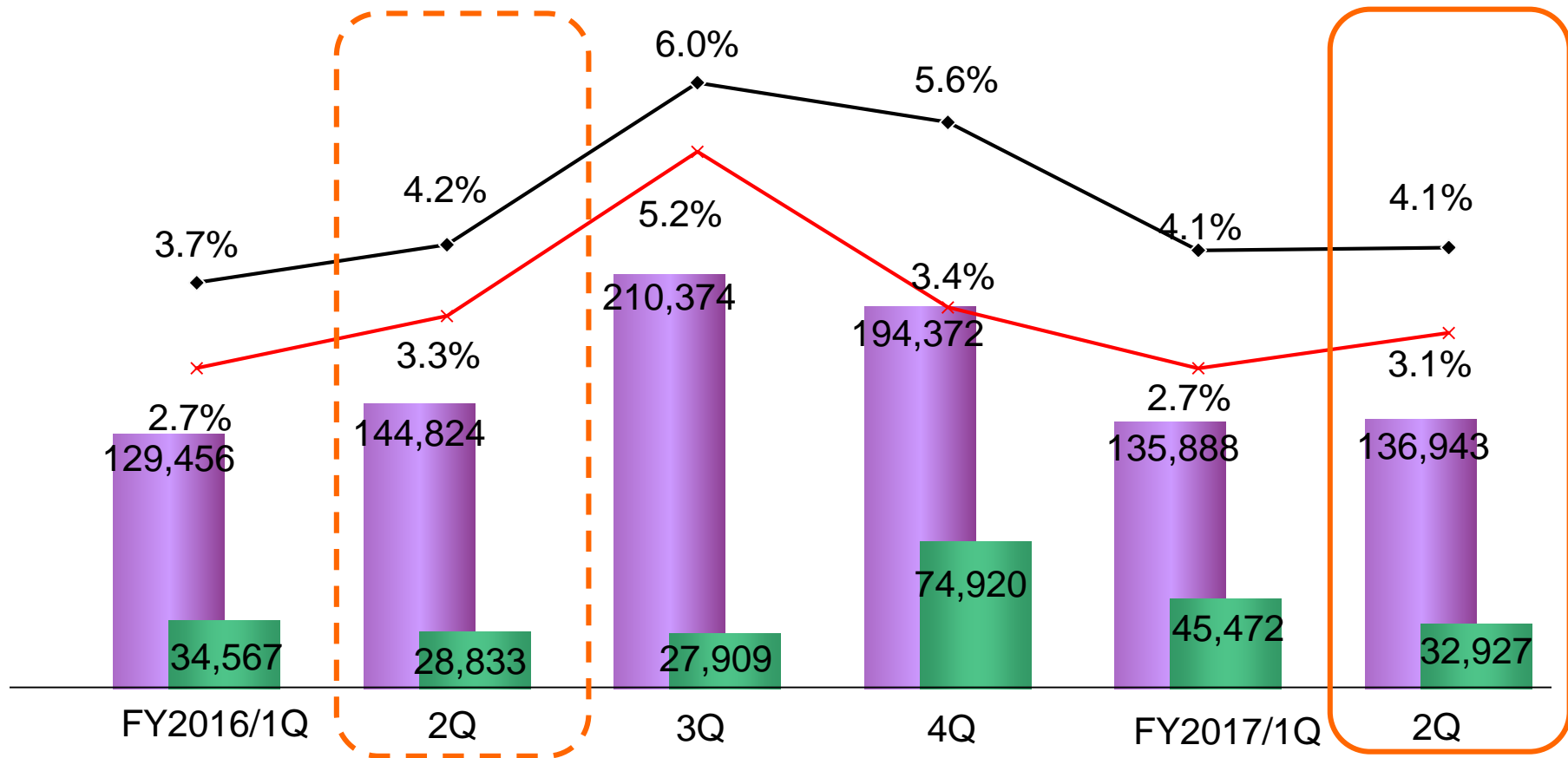
Churn Rate

— Churn Rate on quarterly basis
— Actual Churn Rate after deduction of Re-subscription

■ Number of Churn

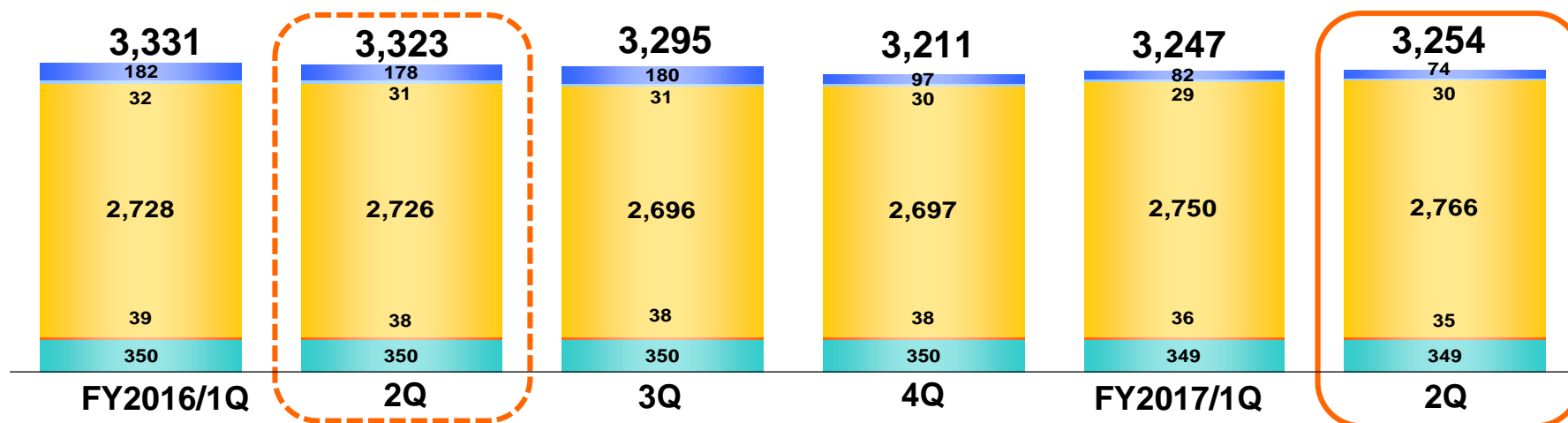
■ Number of Re-subscription

Note:- Based on the Churn and Re-subscription for SKY PerfectTV !

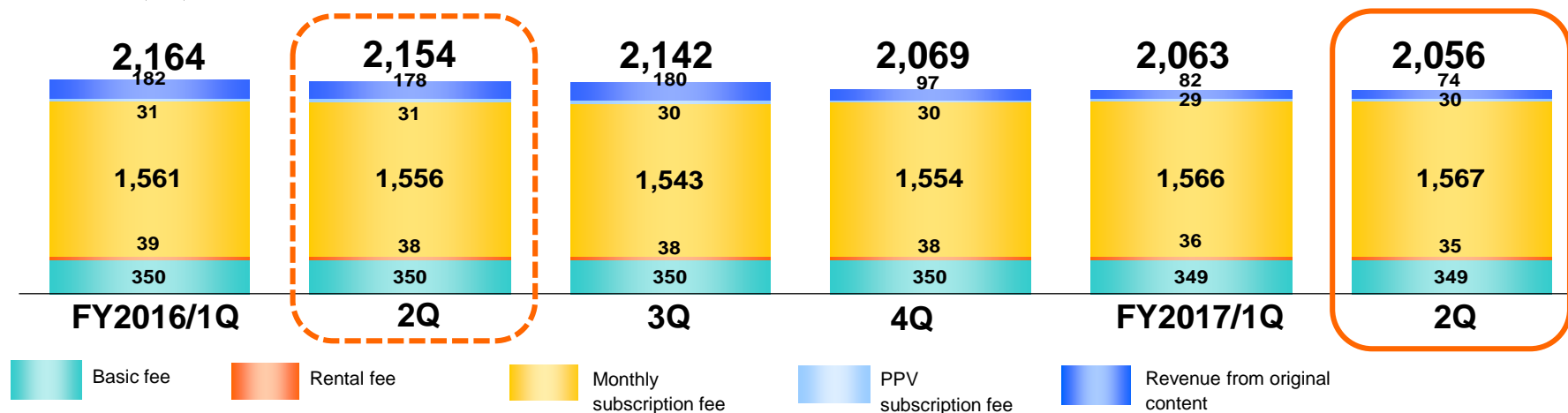


Churn Rate is calculated by dividing total number of churn per quarter over total cumulative number of subscription of the preceding fiscal year.

Subscriber Payments (¥)¹



ARPU (¥)²

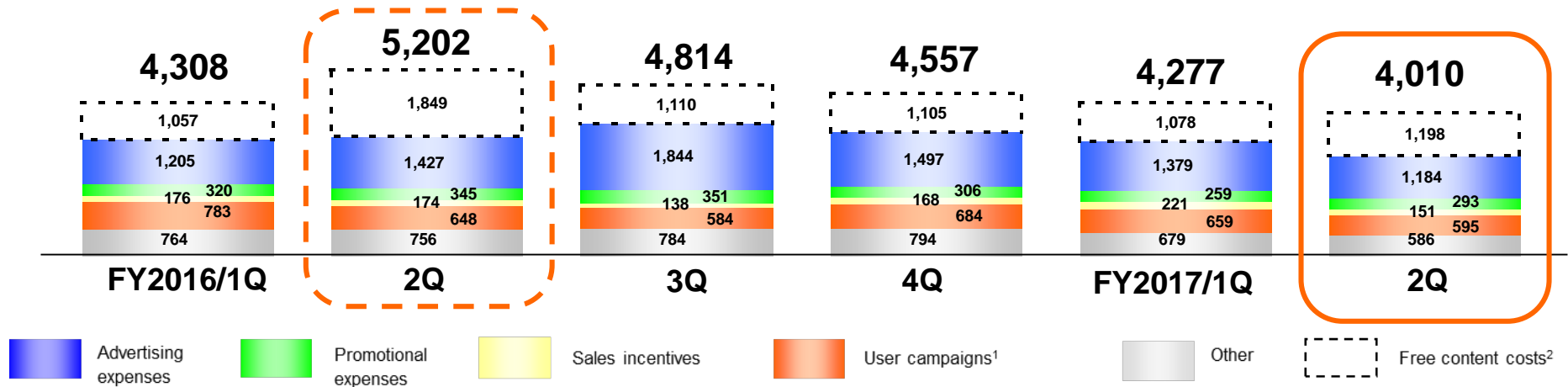


1. Average amount paid by subscribers in the form of monthly viewing fees, etc.

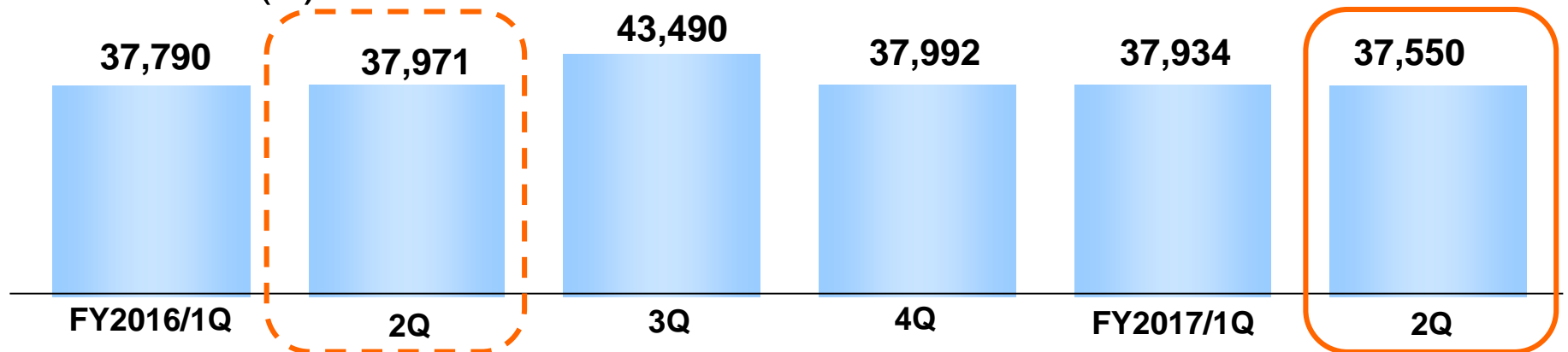
2. Of the average amount paid by subscribers in the form of monthly viewing fees, etc., the amount recorded as operating revenue by the SKY Perfect JSAT Group

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: in Million Yen)

		SJC	SPCC	SPET	SPBC	SNET	JII	JMC	WWJ	ENR
Main Business		Broadcasting platform & satellite communications	Subscribers management	Broadcasting business	Content production & provision	Resale satellite communications services	Resale satellite communications services	Resale mobile satellite communications services	Delivery Japanese Contents to overseas countries	Industrial drone
Ownership (%)		100	100	100	100	92	100	53.3	60	66.7
Revenues	FY2016/2Q	63,298	3,167	5,448	31,829	1,535	832	1,200	111	146
	FY2017/2Q	57,662	3,011	29,895	1,933	1,366	961	1,226	92	199
Operating Income	FY2016/2Q	11,746	208	3	767	9	104	152	(987)	(69)
	FY2017/2Q	9,457	189	1,070	200	(11)	189	149	(1,147)	(240)
Ordinary Income	FY2016/2Q	11,999	208	3	771	3	132	108	(984)	(50)
	FY2017/2Q	10,076	190	1,072	200	(8)	240	148	(1,144)	(224)

SJC: SKY Perfect JSAT Corporation

SPCC: SKY Perfect Customer-relations Corporation

SPET: SKY Perfect Entertainment Corporation

SPBC: SKY Perfect Broadcasting Corporation

SNET: Satellite Network, Inc.

JII: JSAT International Inc.

JMC: JSAT MOBILE Communications Inc.

WWJ: WAKUWAKU JAPAN Corporation

ENR: enRoute CO., LTD

※Broadcast services for satellites on orbital slot 124°E and 128°E operates by SPBC has been split and absorbed by SPET as of December 1, 2016.

SKY Perfect JSAT Holdings Inc.

Corporate Communications & Investor Relations Division