

SKY Perfect JSAT Group  
Earning Results Briefing for the Nine Months  
Ended December 31, 2012

January 31, 2013  
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
- 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 Highlights

# Summary of operating income statements

- The basic trend of “increasing revenues and decreasing income” is proceeding as planned.
- The full-year forecasts for operating revenue and income are also unchanged.

Consolidated (Units: ¥ millions)

	1-3Q/FY2011	1-3Q/FY2012	Comparison to 1-3Q/FY2011	Full Year Forecast of FY2012	vs. Full Year Forecast of FY2012
<b>Operating Revenue</b>	115,904	<b>117,906</b>	+1.7%	164,000	<b>71.9%</b>
<b>Operating Income</b>	14,763	<b>12,810</b>	(13.2%)	16,000	<b>80.1%</b>
<b>Ordinary Income</b>	13,984	<b>12,718</b>	(9.1%)	15,500	<b>82.1%</b>
<b>Net Income</b>	7,012	<b>7,830</b>	+11.7%	9,000	<b>87.0%</b>
<b>EBITDA *</b>	33,247	<b>32,578</b>	(2.0%)	-	-

\* Ratio of the subscribers other than the users of standard definition tuners to all of the subscribers to Premium Service

# Indicators for Multichannel Pay TV Business

- The number of subscribers posted a net decrease of 13,000 (cumulative total for 1–3Q).
- Premium Service subscribers are steadily shifting to High definition service.

(Units: thousand)

	1-3Q/FY2011	1-3Q/FY2012	Full year Forecast of FY2012
Number of New Subscribers	504	<b>455</b>	683
Net Increase in Subscribers	49	<b>(13)</b>	106
Number of Cumulative Subscribers	3,775	<b>3,801</b>	3,920
Average Monthly Subscriber's Payment (units: yen)	3,244	<b>3,218</b>	-
ARPU (units: yen)	1,644	<b>1,770</b>	-
SAC (units: yen)	29,509	<b>29,513</b>	-
SKY PerfectTV! HD Subscribers Ratio*	28.1%	<b>48.4%</b>	54.7%

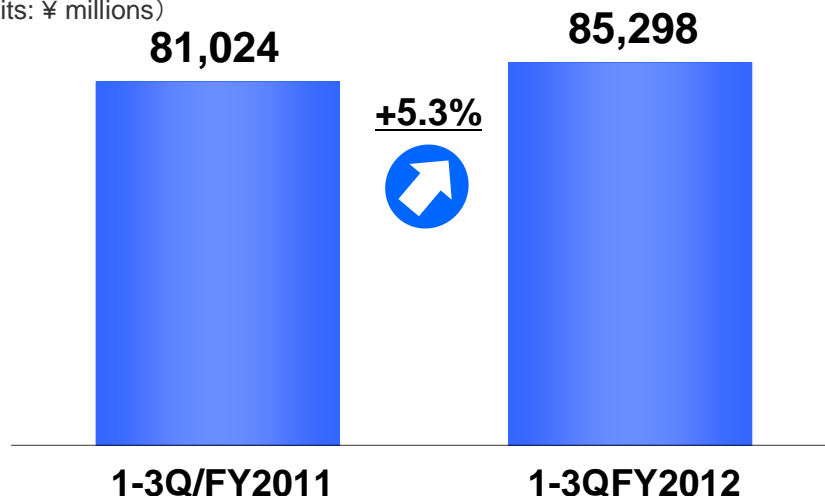
\* Ratio of the subscribers other than the users of standard definition tuners to all of the subscribers to Premium Service

# Analysis of Consolidated Business Performance

# Revenues (Increase/decrease factors in revenue by segment)

## Multichannel Pay TV Business

(Units: ¥ millions)



- Compared with the same quarter of the previous year **+4,300 million yen (+5.3%)\***

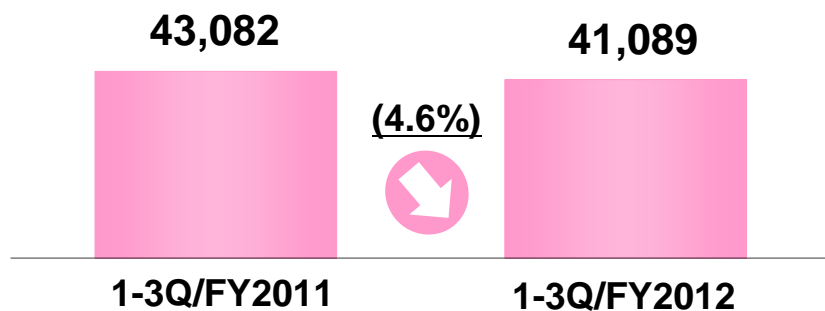
<Main increase/decrease factors>

- Increase in the income from subscription fees: +5,900
- Decrease in the income from commission fees: -1,600
  - Income from commission fees of SKY PerfectTV! (the former e2 service): +1,900
  - Income from commission fees of the standard definition service: -3,500

\* The inner transactions between segments, etc. are included.

## Space & Satellite Business

(Units: ¥ millions)



- Compared with the same quarter of the previous year **-2,000 million yen (-4.6%)\***

<Main increase/decrease factors>

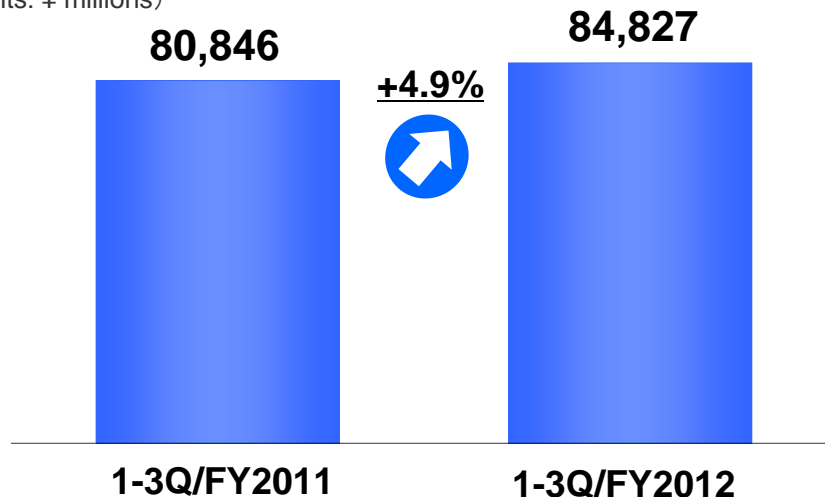
- Decrease in the income from the satellite business partly because of the decline in the use for coping with the earthquake disaster : -2,000
- Decrease in the income from broadcasting transponders: -500
- Other increases in revenue (Mobile satellite communications services, etc.): +500

\* The inner transactions between segments, etc. are included.

# Operating Expenses (Increase/decrease factors in revenue by segment)

## Multichannel Pay TV Business

(Units: ¥ millions)



■ Compared with the same quarter of the previous year **+4,000 million yen (+4.9%)\***

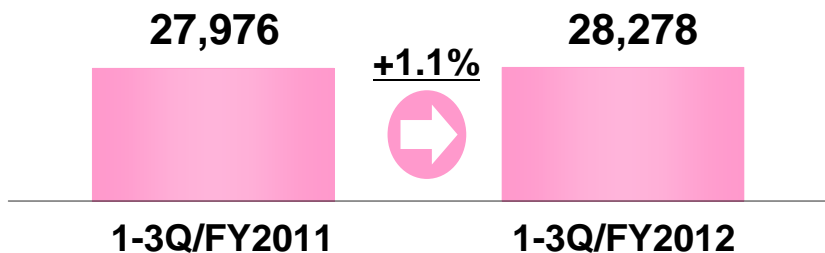
<Main increase/decrease factors>

- Increase of programs : +2,800
- Increase in cost for the BS broadcasting: +600
- Increase in expenses for measures to shift to HDTV service: +1,500
- Others: -900

\* The inner transactions between segments, etc. are included.

## Space & Satellite Business

(Units: ¥ millions)



■ Compared with the same quarter of the previous year **+300 million yen (+1.1%)\***

<Main increase/decrease factors>

- Increase in depreciation: +700
- Decrease in satellite business costs : -300
- Others: -100

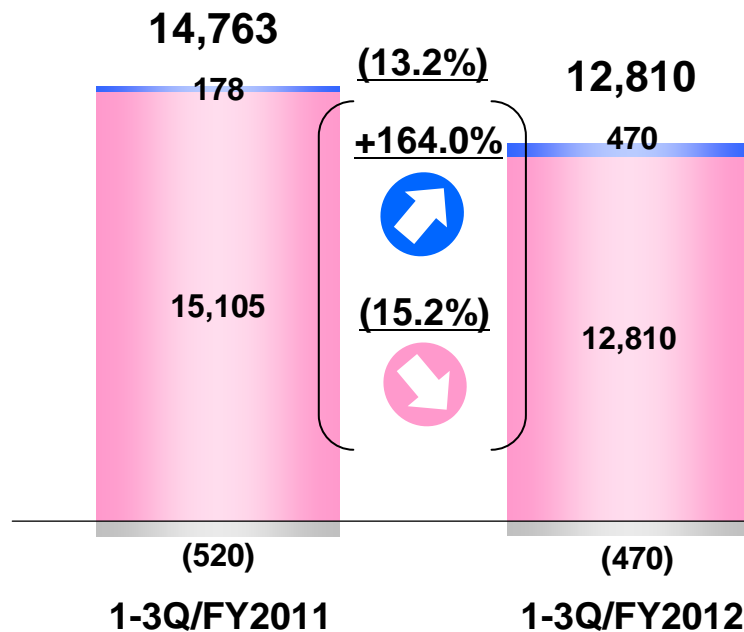
\* The inner transactions between segments, etc. are included.



# Profit performances

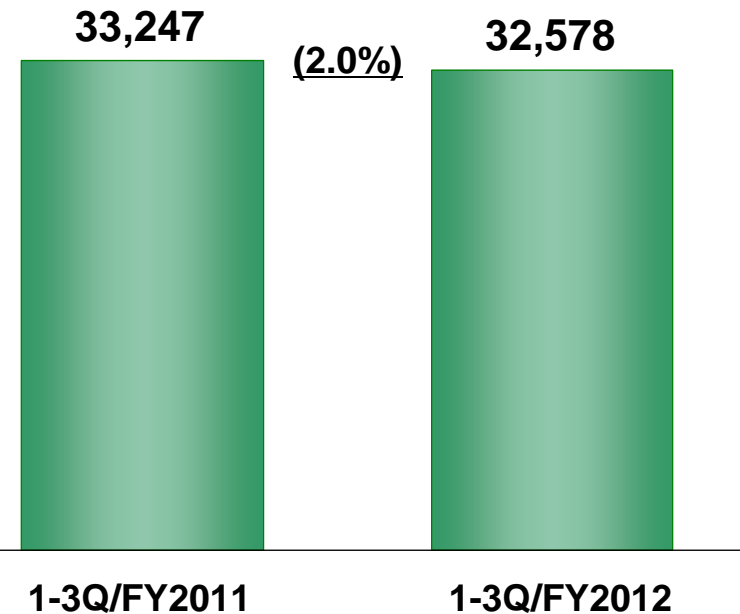
## Operating Income

(Units: ¥ millions)



## EBITDA\*

(Units: ¥ millions)



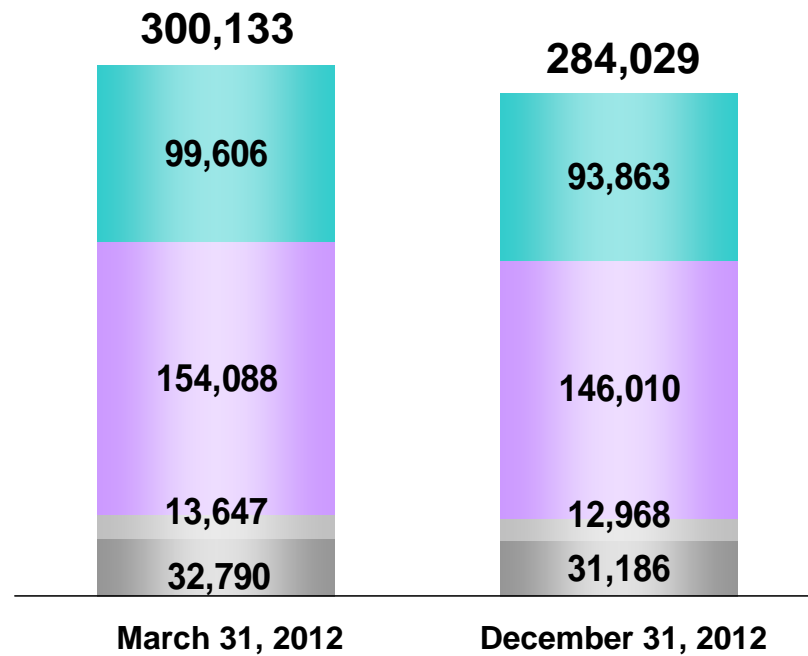
\* EBITDA = Net Income + Tax Expense + Depreciation Expense + Interest Expense

- Multichannel Pay TV Business
- Space & Satellite Business
- Eliminations and Company Total

# Balance sheets

## Assets

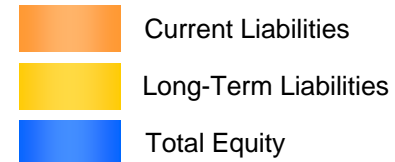
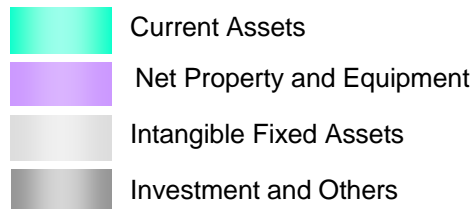
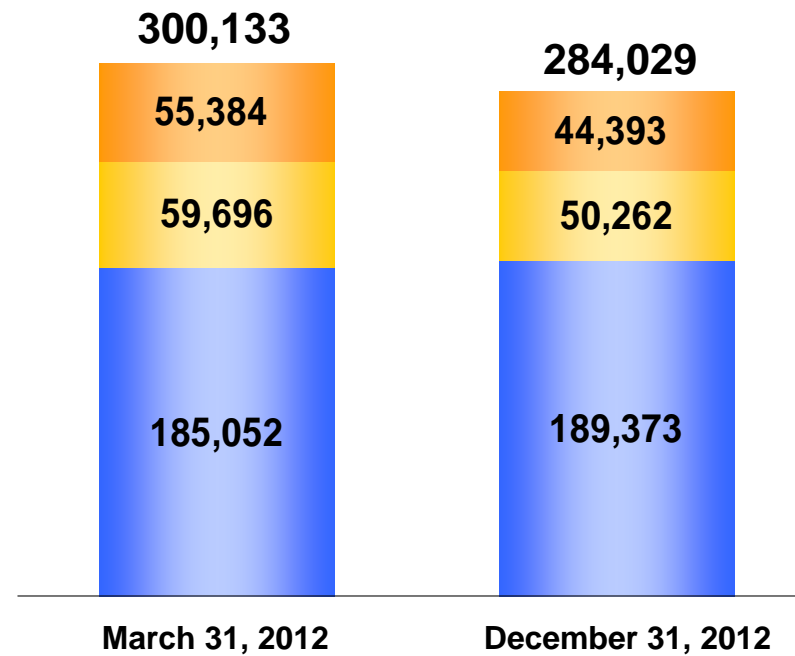
(Units: ¥ millions)



## Liabilities and Equity

(Units: ¥ millions)

equity ratio: 66.5%



# Cash flows

(Units: ¥ millions)

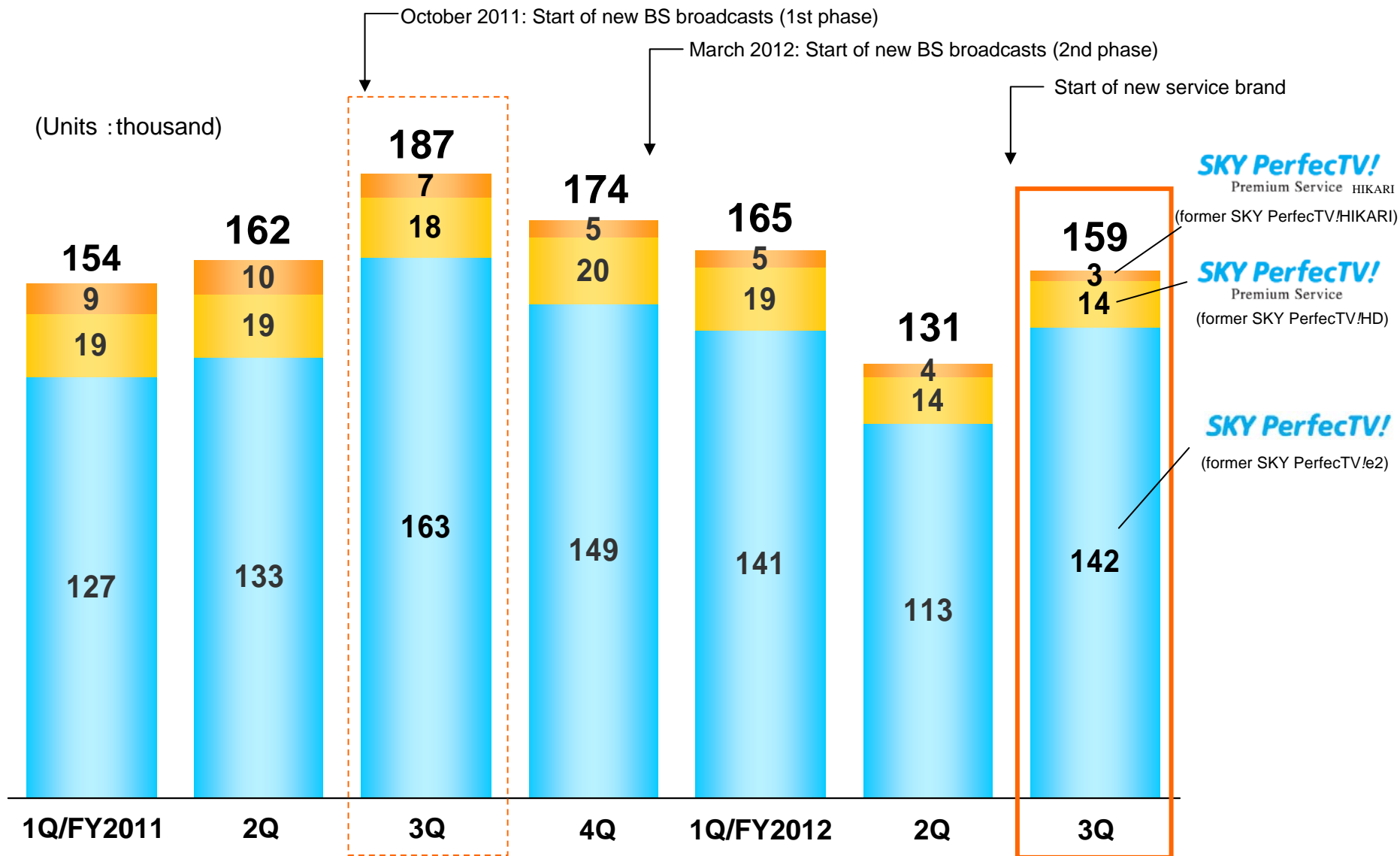
	1-3Q/FY2011	1-3Q/FY2012
<b>Net Cash from Operating Activities</b>	32,299	29,034
<b>Net Cash from Investing Activities</b>	1,933	(11,069)
<b>Net Cash from Financing Activities</b>	(12,547)	(16,014)
<b>Cash and Cash Equivalents at Term-End (a)</b>	81,090	68,366
<b>Term-end balance of interest-bearing debt*1 (b)</b>	84,232	51,781
<b>Term-end balance of net interest-bearing debt (b) – (a)</b>	3,142	(16,585)
<b>Capital Expenditures *2</b>	11,507	11,069
<b>Free Cash Flows *3</b>	20,792	17,964

\*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.

\*3 Free Cash Flows = (Cash Flows from Operating Activities) - (Capital Expenditures)

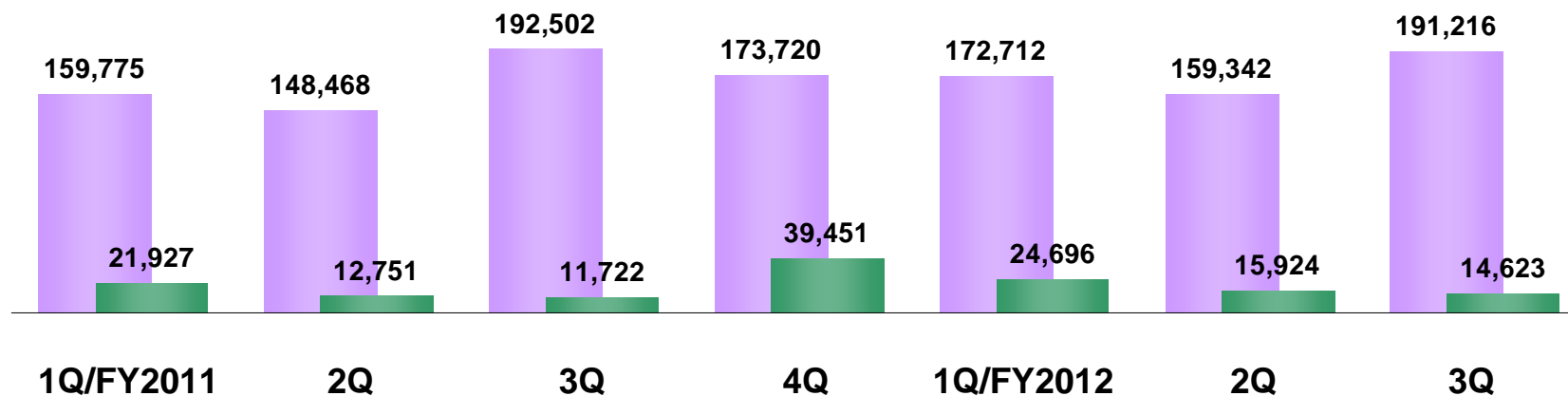
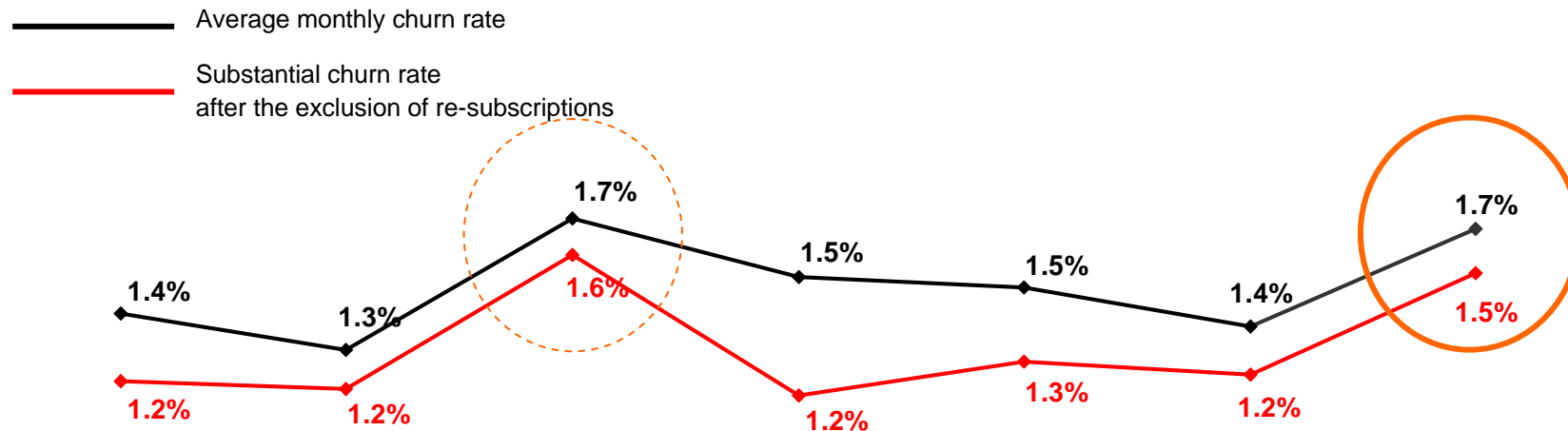
# Number of new subscribers



Note: The subscribers to Premium Service include the users of standard definition tuners.

# Churn rate

■ Average monthly churn rate for this third quarter is 1.7%  
 (after the exclusion of re-registered subscribers: 1.5%)

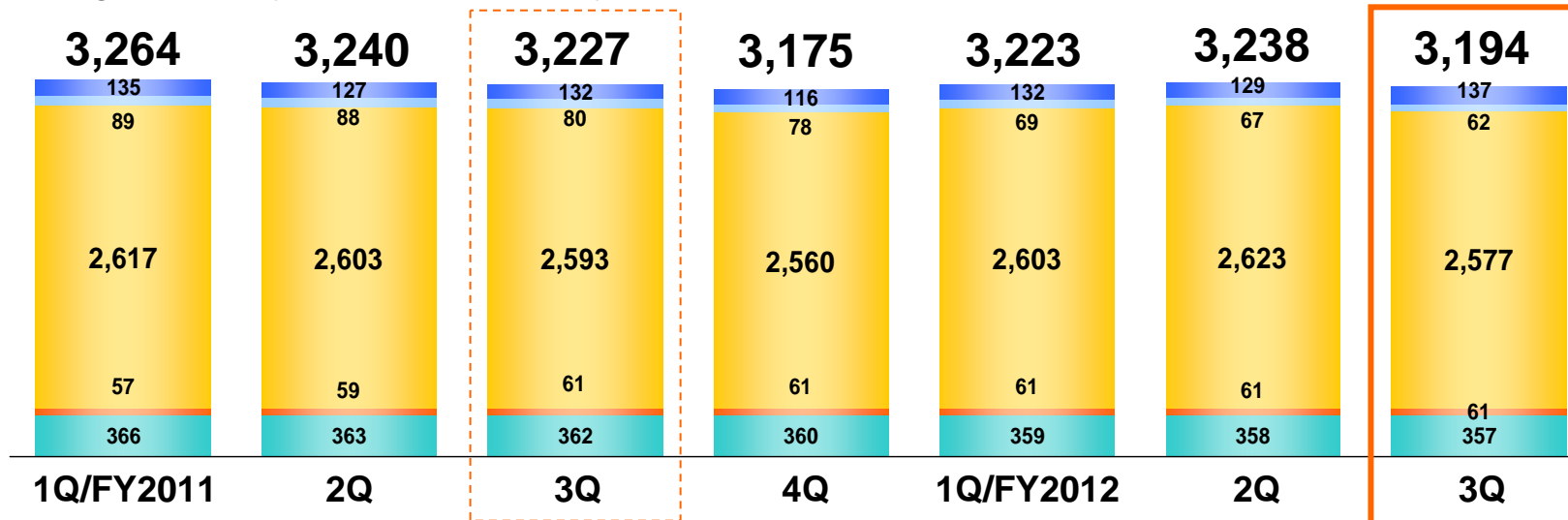


Number of churn (purple bar)      Number of re-registered subscribers (green bar)

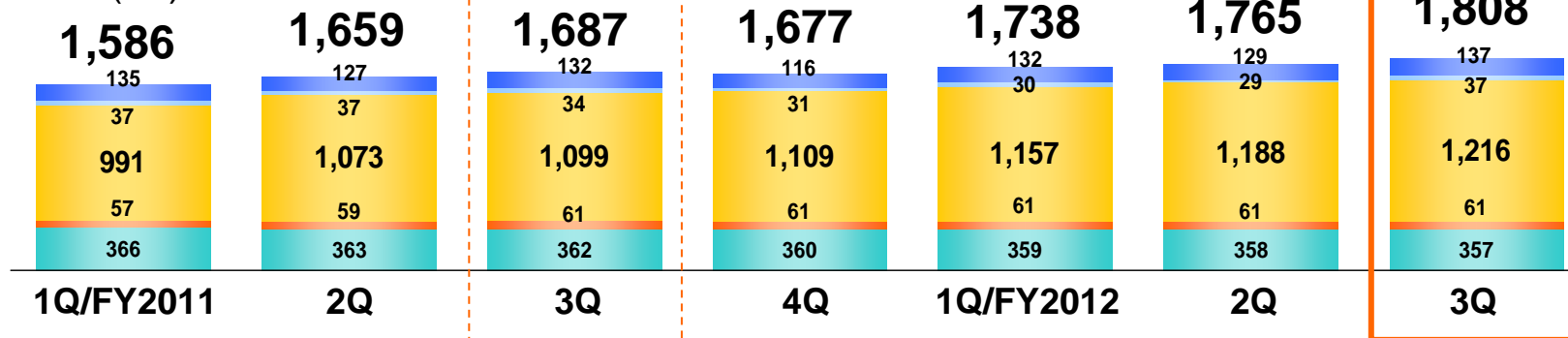
Note: Churn rate and subscriptions, etc. are the total values for SKY PerfectTV!

# ARPU

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



## ■ ARPU ( ¥ ) \*2

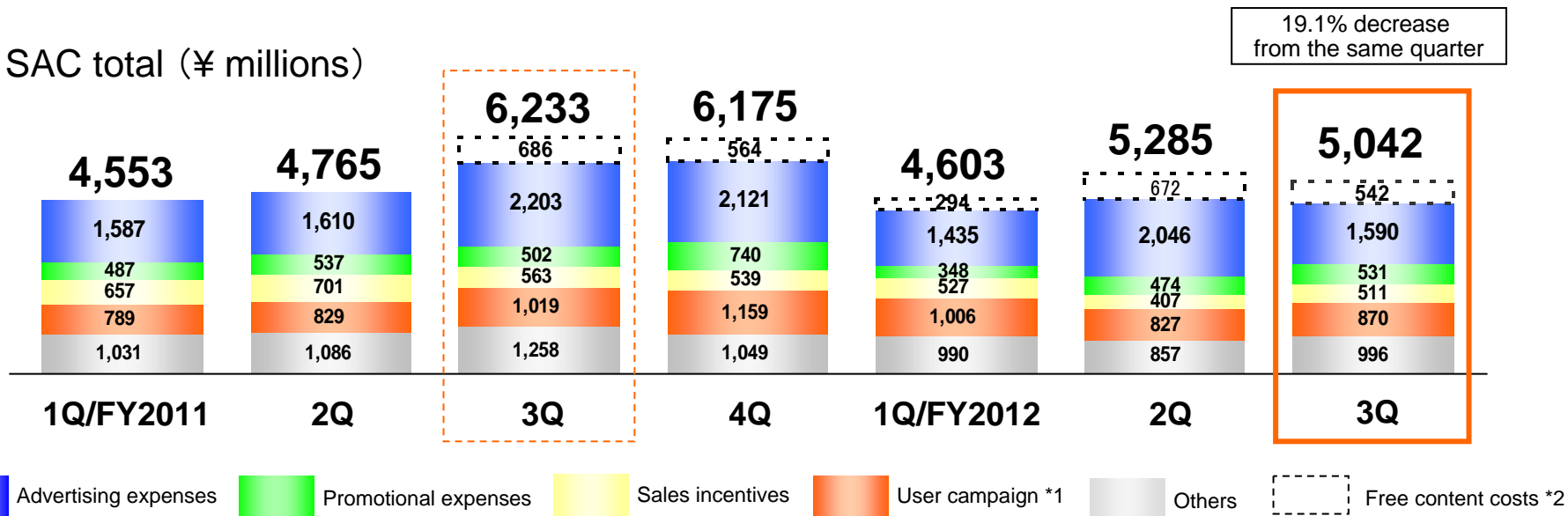


\*1 Average unit price of monthly viewing fees, etc. paid by subscribers

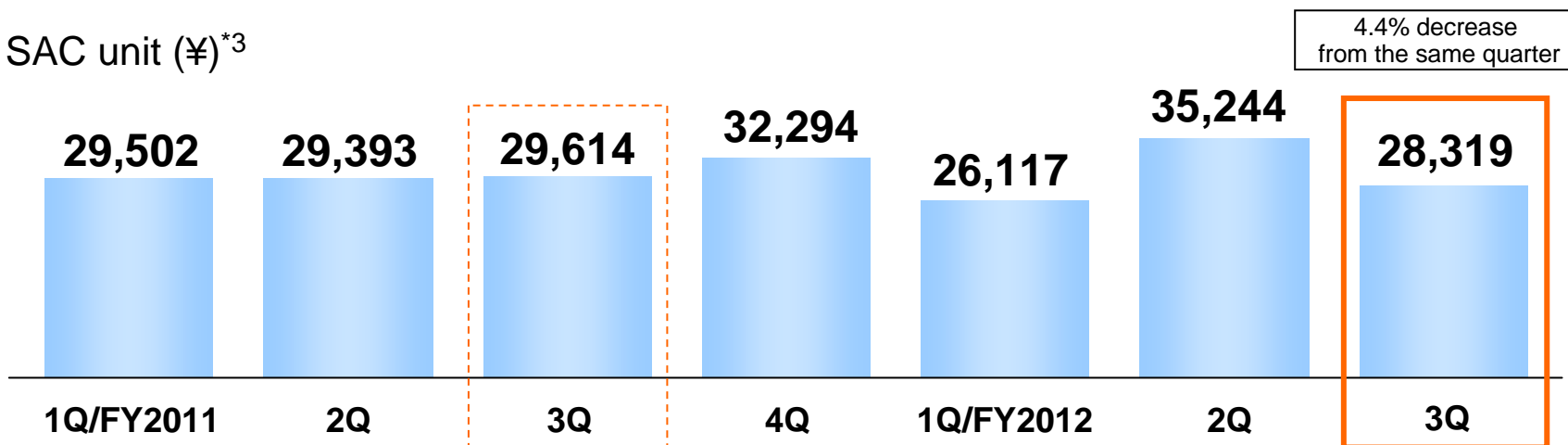
\*2 Revenue of our corporate group in the unit price of monthly viewing fees, etc. paid by subscribers

# SAC

## ■ SAC total (¥ millions)



## ■ SAC unit (¥)<sup>\*3</sup>



\*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.

Measures To Be Addressed  
~ Multichannel Pay TV Business ~



# Toward a more attractive product lineup

## ■ Increased SKY PerfecTV! (formerly e2) HDTV channels

(Conversion of 35 of the total 69 channels to Hi-Vision)

From December 1, 2012 onward		
sky・A sports+ (Ch. 250)	GAORA (Ch. 254)	MTV HD (Ch.323)


## ■ Simpler J. League sets and enhanced product content

Previous (13 products)



New products from February 1 onward (5 products)	
<b>【SKY PerfecTV!】</b>	
J. League MAX*	2,980 yen
Soccer MAX	5,980 yen
<b>【SKY PerfecTV!Premium Service】</b>	
J. League MAX Premium*	3,280 yen
Soccer MAX Premium	6,280 yen
J2 Live Premium*	1,880 yen

\* Sets subject to the campaign

20th Anniversary Celebration!  
SKY PerfecTV! J. League Opening Game  
Free View Campaign

Period: February 1 to April 30  
Content: Waiver of viewing fee through the month following the start  
of the subscription

# Future content development

- Increase exposure and understanding with free broadcasts, and use enhanced content to lead to definitive registration.

Free broadcasting for the 10-day period  
from February 2 to February 11

- Arrival of spring sports opening game season

March 2: J. League opening games

Live broadcasting of all J1 and J2 games



March 2: Broadcasting of all WBC games



March 15: Start of F1 Grand Prix 2013 season

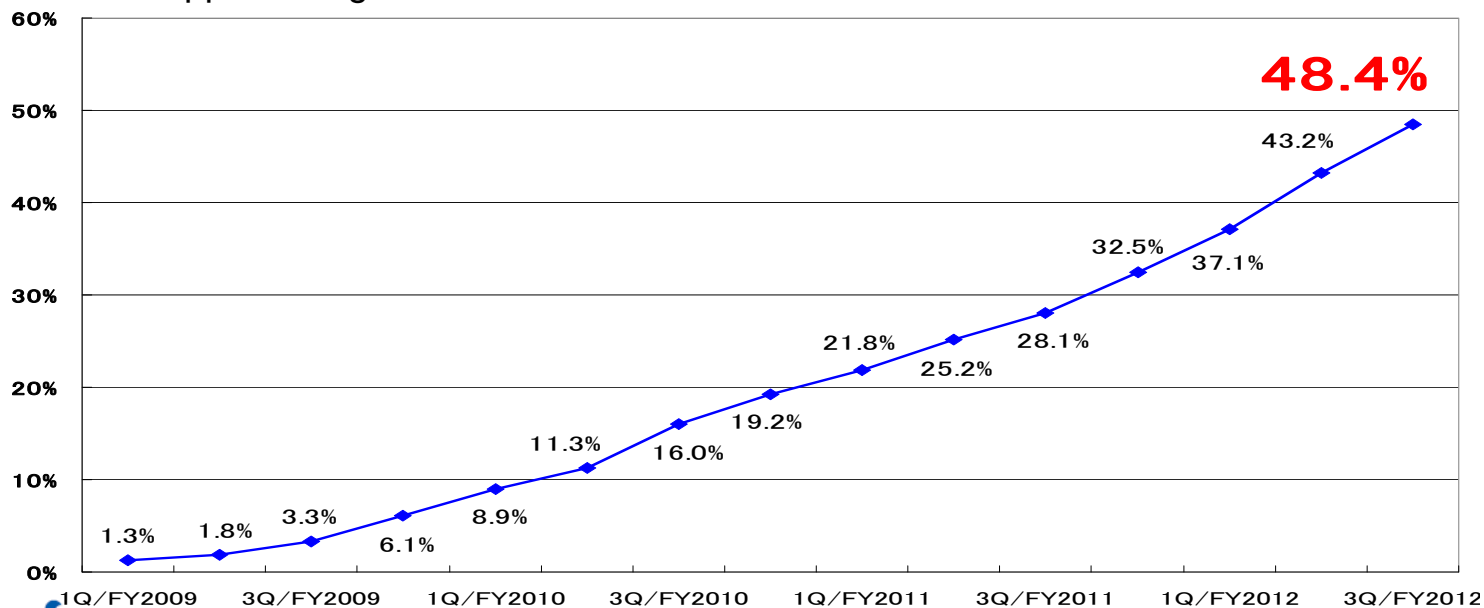
March 29: Japanese professional baseball opening games

# Efforts to shift SKY PerfectTV! Premium Service to H.264

■ Timing finalized for termination of MPEG-2 standard-definition broadcasts (conversion to H.264)

- ◇ January 17, 2013: Schedule for termination of MPEG-2 system standard-definition channel broadcasts announced
- ◇ May 31, 2013: End of acceptance of applications for MPEG-2 standard-definition channels and related service sets and service packages  
End of acceptance of new subscription and re-subscription using IC cards for standard-definition-only tuners
- ◇ **May 31, 2014: End of MPEG-2 standard-definition channel broadcasts**  
\* **Start of tuner replacement measures (special provision) for subscribers**

■ The shift to Hi-Vision is also proceeding favorably, with the Hi-Vision conversion rate approaching 48.4%.



【No. of shifts to HD in 2012】

Jan., 2012	9,523
Feb., 2012	19,754
Mar., 2012	34,790
Apr., 2012	16,854
May, 2012	22,487
Jun., 2012	26,130
Jul., 2012	31,649
Aug., 2012	33,900
Sep., 2012	32,092
Oct., 2012	29,460
Nov., 2012	25,609
Dec., 2012	24,981

# Approach toward 4K/8K for the future

## ■ Investigation of realizing 4K/8K

- Participate in the “Investigative Commission on the Advancement of Broadcast Services” hosted by the Ministry of Internal Affairs and Communications
- Tie-ups with NHK and various commercial broadcasters and manufacturers to promote realization of 4K/8K

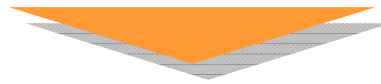
- It is reasonable to use satellites to realize large-capacity transmissions of 4K/8K.
- It is feasible to use satellites such as idle transponders following the termination of MPEG-2 standard-definition channel broadcasts.

⇒ Driving forward in line with the roadmap that the review commission is expected to deliver in FY2012

Measures to be Addressed  
~Space & Satellite Business~

## Approach toward Next-generation X-band Satellite Communications (1/2)

SKY Perfect JSAT tendered a bid for the “Program to Upgrade and Operate X-Band Satellite Communications Functions, etc.,” and was accepted as a representative firm (November 15, 2012)



### ■ Establishment of DSN Corporation (December 19, 2012)

- This is a special-purpose company formed for the purpose of carrying out the project.
- NEC Corporation and NTT Communications Corporation are also participating shareholders.
- Business activities include the procurement and launching of satellites for the project, and construction, maintenance and management of related ground facilities.



■ A contract was concluded with the Ministry of Defense as a designated business based on the Act on Promotion of Private Finance Initiative (January 15, 2013)

<Future business schedule>

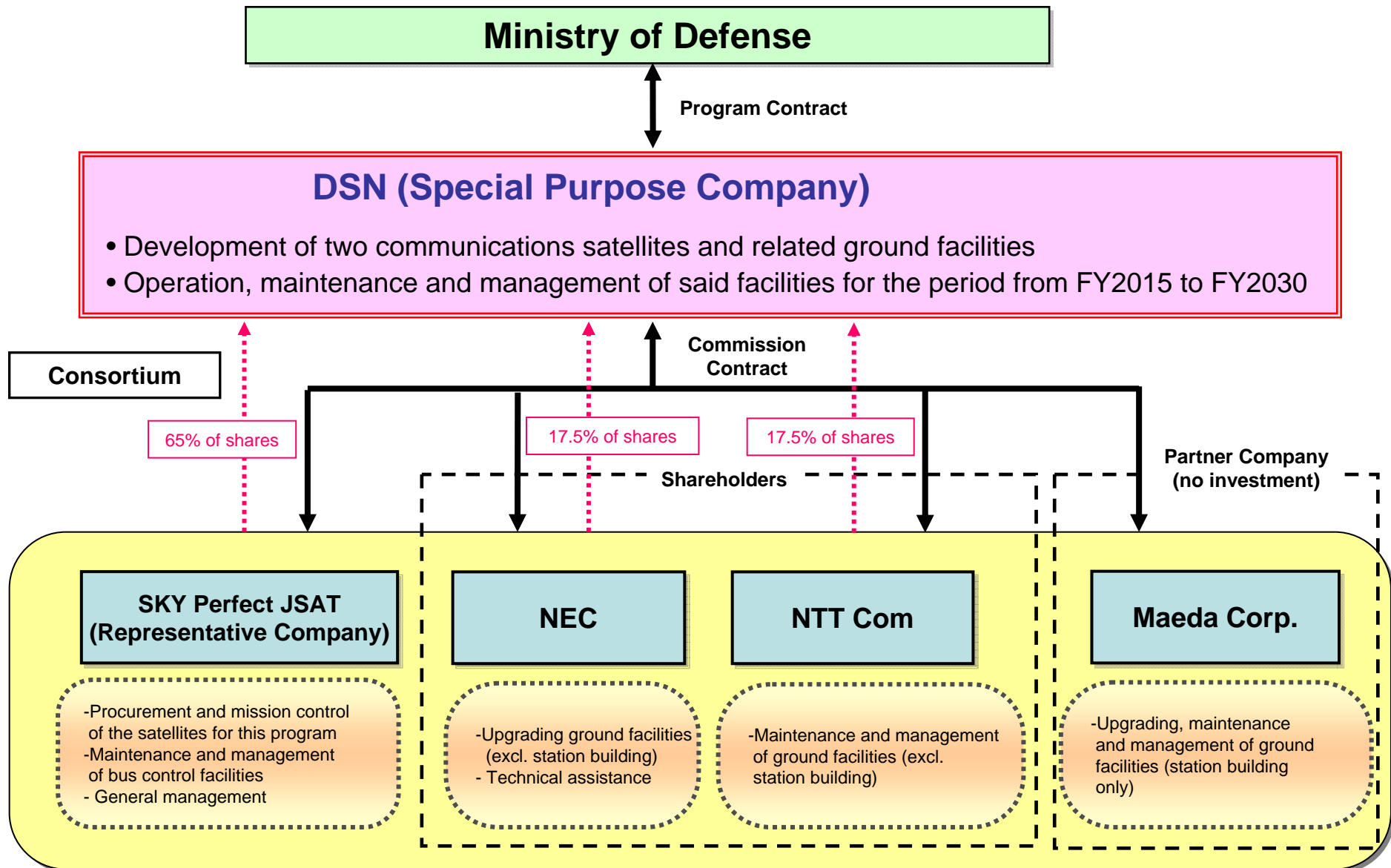
#### **[Satellite No. 1]**

December 2015: Launch  
March 2016: Start of service  
April 2030: Termination of service

#### **[Satellite No. 2]**

January 2017: Launch  
March 2017: Start of service  
March 2031: Termination of service (end of business)

# Approach toward Next-generation X-band Satellite Communications (2/2)

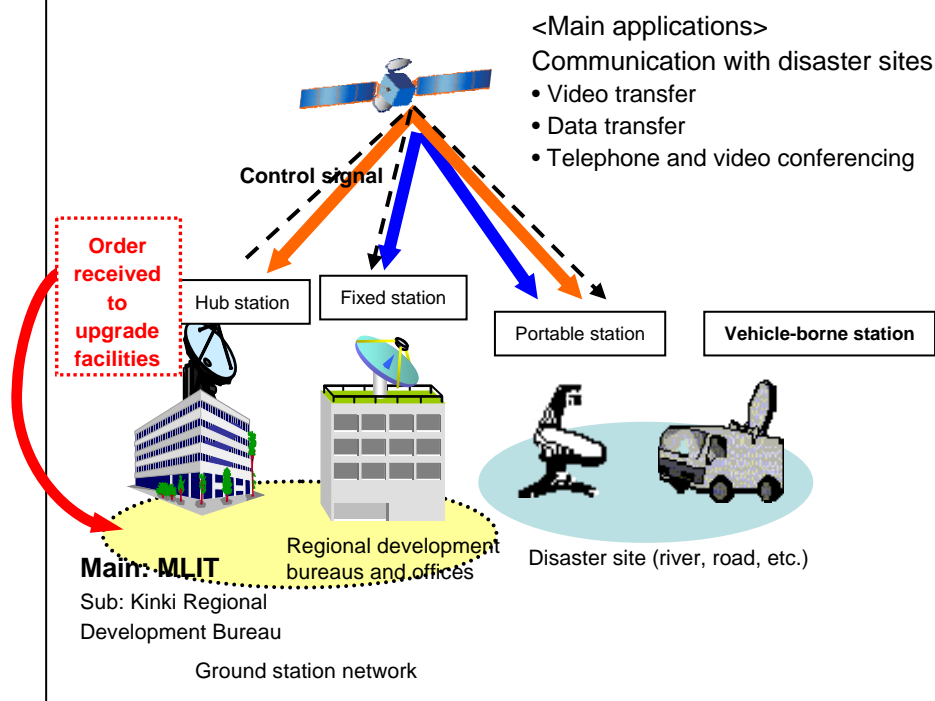


# Approach toward the Domestic Market

## ■ Approach toward public agencies

- The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) is upgrading its satellite system, and SKY Perfect JSAT has received a contract to upgrade the MLIT (base station) facilities.
- It is expected that this satellite system will be expanded to branch offices throughout the country in the future.

### MLIT: Overview of satellite system



## ■ Approach toward news agencies

- Expand sales of the “Portalink” video transfer service
- Provision of lines for news agencies is trending favorably.

### Overview of “Portalink” service

ポータブル衛星IP通信サービス  
**Portalink**  
ポータルリンク

<Main applications>  
Means of video transfer for creating news programs

- Relay for disaster sites to which land routes have been severed
- Relay for landslide disaster sites due to typhoons, etc.

Portable terminal

**Achieves real-time video transfer using portable ultra-compact and lightweight terminals**



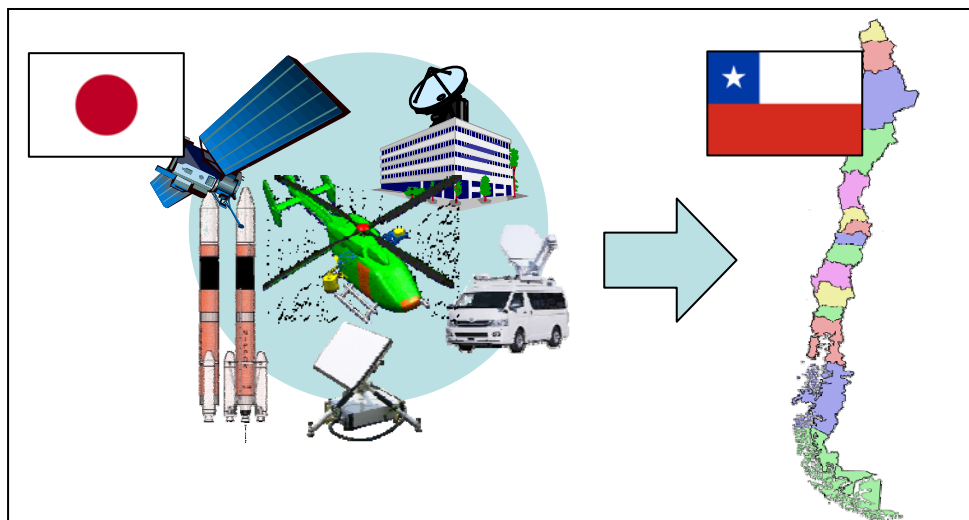
# Approach toward Global Markets

## ■ Export of a total satellite system package

- **With the Republic of Chile as the target, the goal is to expand overseas using a total infrastructure package put together by a consortium of Japanese businesses working with the government.**

- Satellite procurement consulting
- Satellite manufacture and launching
- Provision and installation of ground-satellite communications facilities
- Provision of operating technology, etc.

- **Make use of experience and know-how obtained as a result of disasters such as the Great Hanshin Earthquake and the Great East Japan Earthquake to contribute to Japanese disaster preparedness.**

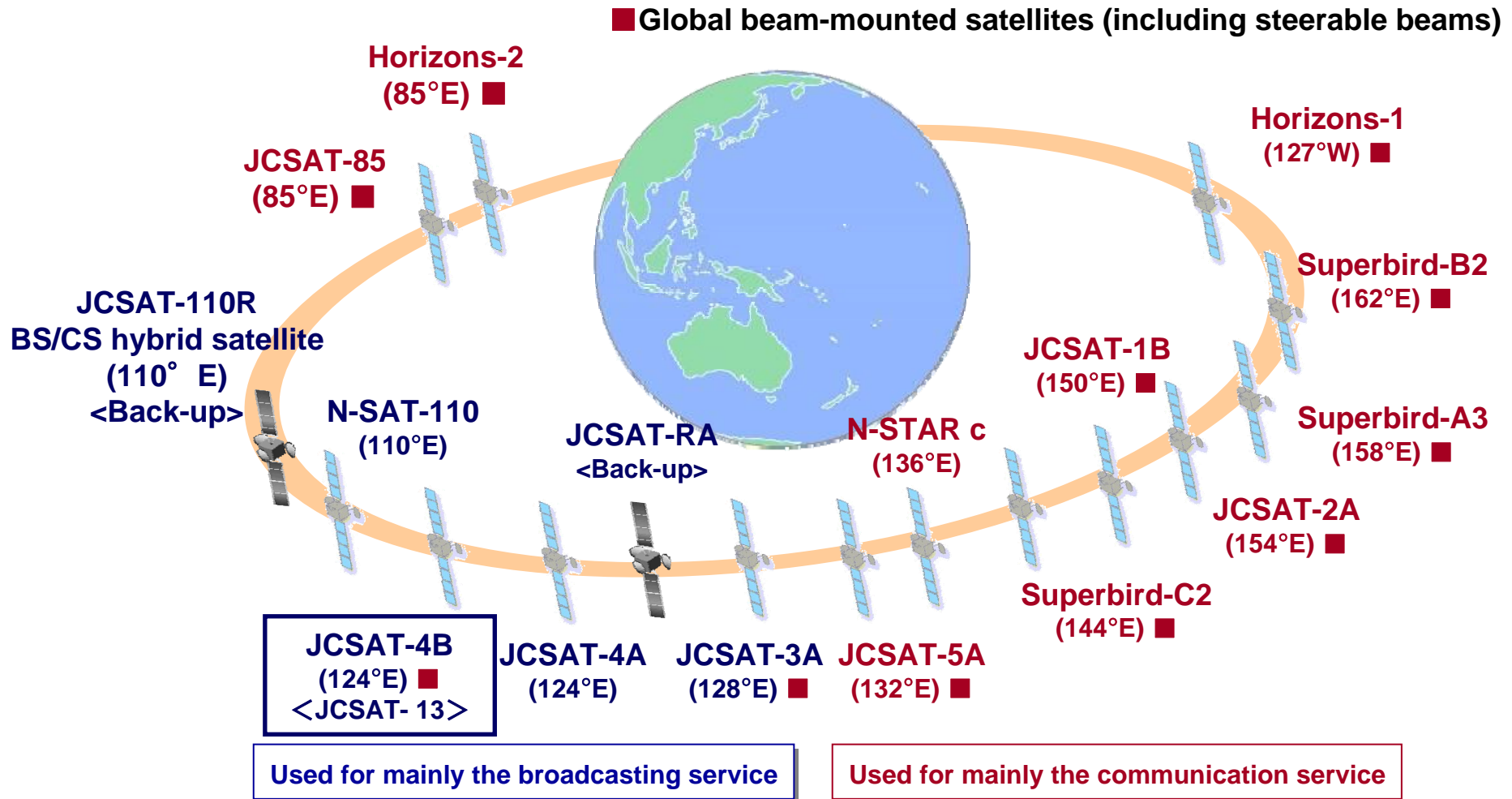


**Mr. Pedro Pablo Errázuriz, Minister of Transport and Telecommunications of the Republic of Chile, visited Japan on December 4, 2012, and toured SKY Perfect JSAT's Yokohama Satellite Control Center.**

-Activities included a demonstration by eight Japanese satellite communications-related companies of the satellite communications system that proved extremely useful in the aftermath of the Great East Japan Earthquake.

# Reference: Satellite fleet

We own a total of 16 satellites covering North America to the Indian Ocean



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Corporate Communications & Investor Relations Div.