

# Earning Results Briefing

Ended March 31, 2013

May 9, 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 Results Overview for FY2012**
- **Performance Forecasts in FY2013**
- **Future Initiatives**
- **Aiming to Achieve Mid-Term Targets for FY2015**

# Consolidated Results Overview for FY2012

## FY2012 Full-Year Results: *Comparison to FY2011*

- **Operating revenue increased** due to factors including an increase in income from Premium Service viewing fees.
- **Operating Income decreased** mainly due to factors including normalization of the satellite usage demand, which had increased rapidly following the Earthquake disaster in March, 2011.

Consolidated (Units: ¥ millions)

	FY2011	FY2012	Comparison to FY2011
<b>Operating Revenue</b>	155,242	<b>159,609</b>	+2.8%
<b>Operating Income</b>	17,486	<b>16,153</b>	(7.6%)
<b>Net Income</b>	8,569	<b>9,682</b>	+13.0%
<b>EBITDA*</b>	42,005	<b>42,448</b>	+1.1%

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

## FY2012 Full-Year Results: *Comparison with Plan*

- **In the Multichannel Pay TV**, although operating revenue fell short of the plan due to the new subscription plan not being achieved, a loss of 800 million yen nearly in line with plans was achieved as a result of various cost reductions.
- **In the Space and Satellite**, the plan was upwardly achieved.

Consolidated (Units: ¥ millions)

	FY2012 (Plan)	FY2012 (Results)
<b>Operating Revenue</b>	<b>164,000</b>	<b>159,609</b>
<b>Multichannel Pay TV Business</b>	119,600	<b>114,415</b>
<b>Space &amp; Satellite Business</b>	56,300	<b>56,645</b>
Eliminations and Company Total	(11,900)	(11,452)
<b>Operating Income</b>	<b>16,000</b>	<b>16,153</b>
<b>Multichannel Pay TV Business</b>	(800)	<b>(819)</b>
<b>Space &amp; Satellite Business</b>	17,500	<b>17,598</b>
Eliminations and Company Total	(700)	(626)

# Indicators for Multichannel Pay TV Business

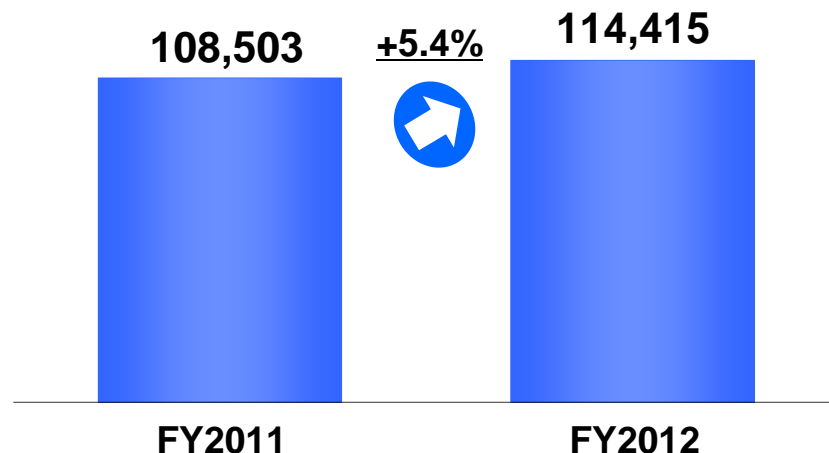
(Units: thousand)	FY2011	FY2012	Full year Forecast of FY2012
<b>Number of New Subscribers</b>	678	622	683
<b>Number of Re-registered Subscribers</b>	86	104	-
<b>Number of Churn</b>	674	711	-
<b>Net Increase in Subscribers</b>	89	15	106
<b>Number of Total Subscribers</b>	3,814	3,829	3,920
<b>Average Monthly Subscriber's Payment</b> (units: yen)	3,226	3,200	-
<b>ARPU</b> (units: yen)	1,652	1,784	-
<b>SAC</b> (units: yen)	30,223	29,931	-
<b>Premium service HDTV Conversion Ratio*</b>	32.5%	58.5%	54.7%
<b>Annual Churn Rate</b>	17.9%	18.6%	17.1%

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

# Operating Revenues: *Factors in revenue by segment*

## Multichannel Pay TV Business

(Units: ¥ millions)



■ **+5.9 billion yen (+5.4%)\***

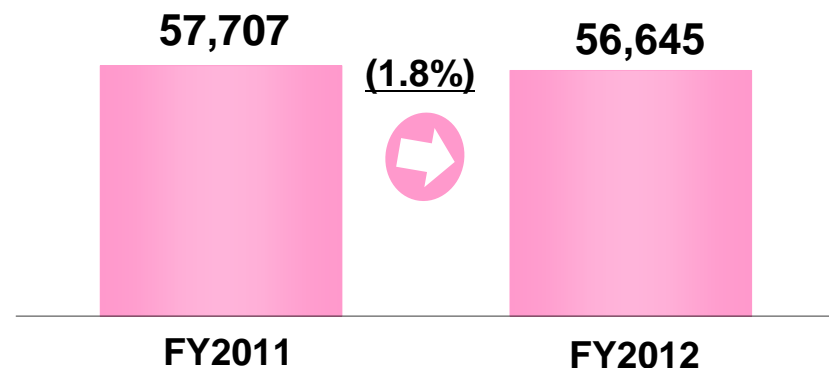
### <Main increase/decrease factors>

- **Subscription fees: +8.2B**
- **Commission fees: (2.2B)**
  - Income from SKY PerfectTV!: +2.7B
  - Income from SDTV service: (4.9B)

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

## Space & Satellite Business

(Units: ¥ millions)



■ **-1 billion yen (-1.8%)\***

### <Main increase/decrease factors>

- Decline for temporary usages against the disaster : (2.8B)
- Transponders revenue from broadcasting: (0.7B)
- Others (New BCP, global issues, etc.) : +2.5B

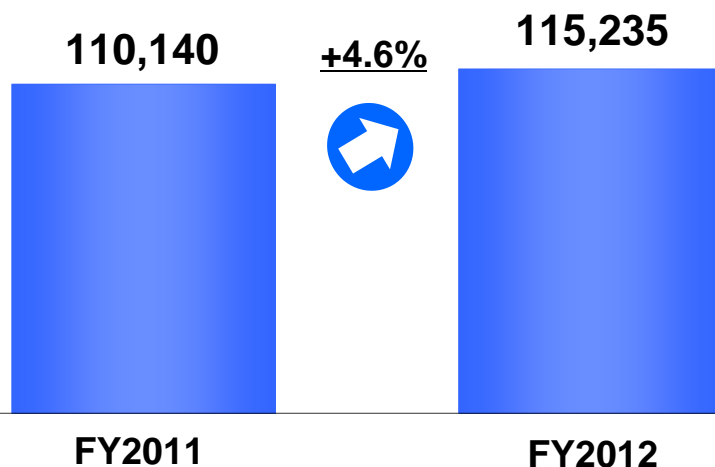
\* The inner transactions between segments, etc. are included.



# Operating Expenses : *Factors in expenses by segment*

## Multichannel Pay TV Business

(Units: ¥ millions)



■ **+5.1 billion yen (+4.6%)\***

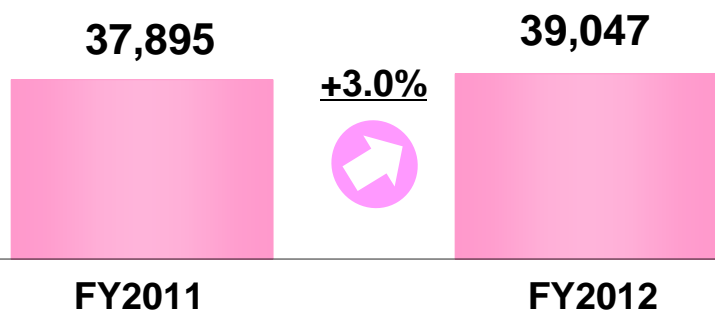
### <Main increase/decrease factors>

- **program Costs** : +3.7B
- Expenses related to **shift to HDTV**: +2.2B
- **BS broadcasting-related cost**: +0.8B
- **SAC-related Expenses, etc.** (1.5B)
- Other expenses: (0.1B)

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

## Space & Satellite Business

(Units: ¥ millions)



■ **+1.1 billion yen (+3.0%)\***

### <Main increase/decrease factors>

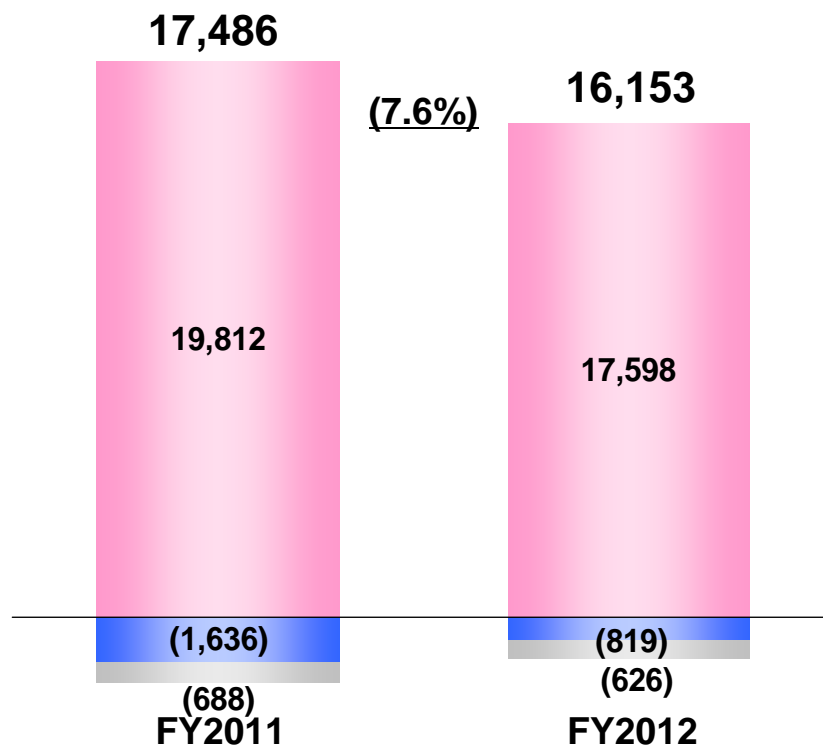
- **Depreciation cost**: +0.9B
- Other expenses: +0.2B

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

# Operating Income and EBITDA Updated

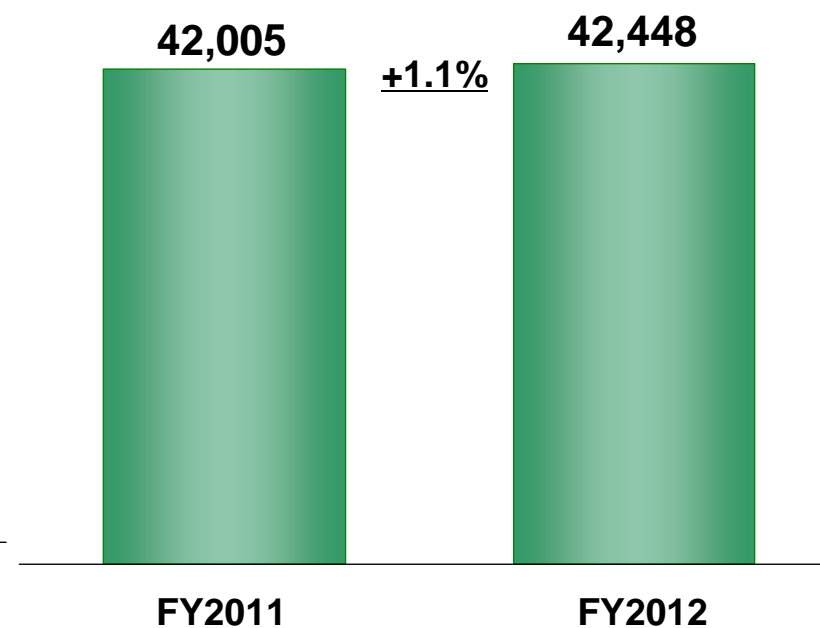
## Operating Income

(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

# Performance Forecasts in FY2013

# Business Activities focused in FY2013

## Multichannel Pay TV Business

There's Excitement In Your Future.  
**SKY PerfectTV!**

- **Realization of subscription plan** for achievement of net increase  
by means of differentiation of content and enhanced customer communication
- **Realization of business profitability** by means of reform of cost structure
- **Substantive completion of convergence from SDTV to HDTV**  
and maintenance of scale of subscriptions
- **Expansion of business domains**  
(Ultra HD broadcasting, expansion into Asia, on-demand services, etc.)

## Space & Satellite Business



- Strengthening activities for **large-scale disaster countermeasures and BCPs**
- Achieving **teady orders in business for public agencies** and promoting  
**the next X-band Satellite System business**
- **The mobile satellite communications business** for ships and aircraft
- Developing **new markets in overseas satellite business**

# Subscription plan for FY2013

- Set **640,000** as the new subscription target, above the levels of FY2012.
- While anticipating an increase in the number of churns accompanying the termination of SDTV, aim for a net increase of **36,000**.

(Units: thousand)

	FY2012	FY2013 Plan
<b>New Subscribers (Total)</b>	622	<b>640</b>
<b>SKY PerfectTV!</b>	546	<b>550</b>
<b>SKY PerfectTV!</b> Premium Service	61	<b>75</b>
<b>SKY PerfectTV!</b> Premium Service Hikari	15	<b>15</b>
Annual Churn Rate (%)	18.6%	<b>18.8%</b>
Net Increase	15	<b>36</b>
Number of Total Subscribers	3,829	<b>3,865</b>

# Performance forecast for FY2013

- Plans to **increase revenues and profit** over fiscal 2012 results

(Units: ¥ billions)

	FY2012	FY2013 (Forecast)
<b>Operating Revenues</b>	159.6	<b>164</b>
<b>Operating Income</b>	16.1	<b>17.0</b>
<b>Net Income</b>	9.6	<b>10.0</b>
Dividends per Unit Share* (¥)	1,200	<b>*1,200</b>

\* At the Meeting of the Board of Directors held on May 8, 2013, the company decided to conduct a stock split and to adopt a unit share system. For further details, please refer to the company's press release dated May 8, 2013.

# Performance Forecast by segment

(Units:¥ Billions)

	FY2013 (Forecast)			Consolidated Total
	Multichannel Pay TV	Space & Satellite	Eliminations and Company Total	
<b>Operating Revenues</b>	<b>120</b>	<b>56.8</b>	<b>(12.8)</b>	<b>164</b>
<b>Operating Expenses</b>	120.9*	38.2*	(12.1)	147
<b>Operating Income</b>	<b>(0.9)</b>	<b>18.6</b>	<b>(0.7)</b>	<b>17</b>

\* Includes a budget for costs related to initiatives in the area of new businesses for both business segments.

**Future Initiatives**  
**- Multichannel Pay TV Business -**



# Conversion of Premium Service from SDTV to HDTV

- The shift to HDTV (H.264 format) is proceeding steadily, and we plan to complete its convergence in May 2014.

Number of subscribers (as of the end of March 2013)

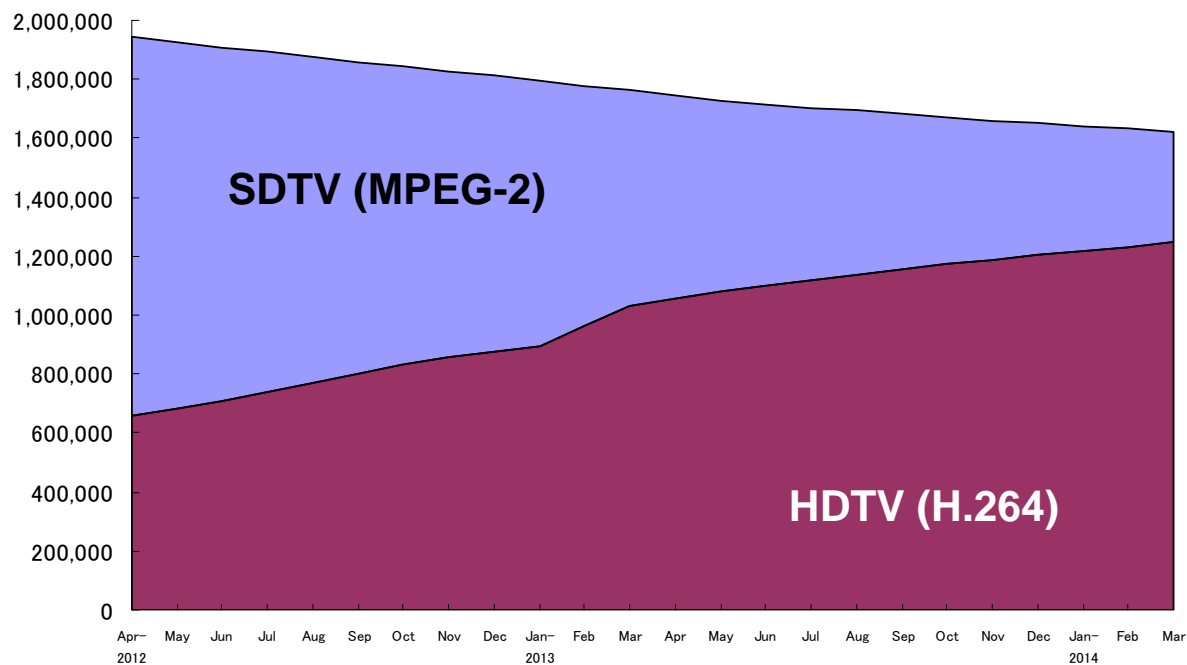
- SDTV/MPEG-2 (Cumulative total): 730,000
- HDTV/H.264 (Cumulative total) : 1,030,000



Number of subscribers as of the end of March 2014

- SDTV/MPEG-2 (Cumulative total): 370,000  
(Including customers paying only the basic fee)
- HDTV/H.264 (Cumulative total) : 1,250,000

<Trends in the number of subscribers for Premium Service>



■ Premium Service(HD) ■ Premium Service(SD)

【Number of shifts to HD in FY2012】

1Q/FY2012	65,319
2Q/FY2012	97,410
3Q/FY2012	79,870
4Q/FY2012	162,118

【Projected number of shifts in FY2013】

1Q/FY2013	72,000
2Q/FY2013	62,000
3Q/FY2013	56,000
4Q/FY2013	56,000

# Video-on-Demand (VOD) Services

Providing the convenience of being able to watch SKY PerfecTV! anywhere



## SKY PerfecTV! J.League Live

Live delivery of all J1 and J2 League games.

Free for subscribers with a contract that covers J.League. A VOD-only contract is also available.

In addition to improving the convenience of subscribers, it will also stimulate new demand.

Number of  
registrations  
126,000

As of the end of  
March 2013

Live video delivery and new channel content are appearing!

### ■ J Sports Live + On-demand

FIA Endurance World Championship 2013 / 2013 SUPER GT /  
2013 SUPER FORMULA

Cycle \* 2013 “The 100th Tour de France” commencing Saturday June 29!

### ■ Fuji Television ONE

SWALLOWS BASEBALL LIVE 2013

Start of live delivery

### ■ GAORA

FIA WTCC (World Touring Car Championship) 2013



GAORA  
SPORTS



# Future Developments

## *Launching of a Japanese channel for countries in Asia*

- Currently conducting trial broadcast with Indovision, Indonesia's largest DTH service
  - Conduct negotiations with the Lippo Group (Indonesia) and DTH services in Myanmar
- ⇒ Aim to launch full-scale broadcast in FY2014

## *Aiming to realize Ultra HD (4K) broadcasting Strategy and business development for Japan's initiative*

### ■ Production of ultra HD (4K) video of J-League matches and tests of their live transmission via satellite

- During a test viewing event for stakeholders on October 20, 2012, we shot 4K video of a match between Vegalta Sendai and Urawa Red Diamonds and transmitted it live via the JCSAT-5A.
- For a match between FC Tokyo and Kashima Reysol on March 9, 2013, we increased the number of cameras and conducted a test transmission in a form closer to that of an actual broadcast, using slow motion and adding captions, etc.



Vegalta Sendai vs Urawa Red Diamonds  
on October 20, 2012



FC Tokyo vs. Kashima Reysol  
on March 9, 2013

# The B-CAS Card Issue

- Occurrence of unauthorized fabrication and alteration of B-CAS Cards
- Situation of detecting illegal use
- Filing of civil suit

**Future Initiatives**  
**- Space and Satellite Business -**

# Initiatives in the Domestic Market

## ■ Initiatives for BCP

### · Lifeline-related use on the rise

➤ Transportation business-related  
Use in early earthquake detection systems and BCPs by railway companies

➤ Nuclear emergency preparedness-related  
Use for data collection from the monitoring posts of local governments



防災プラットフォームサービス

**EsBird**

エスバード

衛星IPネットワークサービス

**ExBird**

エクスバード



## ■ Initiatives for terrestrial system

### · Distribution systems not using satellites

➤ Use at preparatory schools on a national scale  
(for Takamiya Gakuen)

➤ Delivery of live class video and archived video to bases nationwide

➤ Use for publicly operated sports  
(for Japan Leisure Channel)

➤ Live video delivery such as boat races to racetracks and off-site betting offices

# Initiatives in the Global Market

## ■ Expanding business in the global market

- Mobile phone carriers in Indonesia
- Renew large-scale government contracts in North America
- Increase orders for satellite channel for aircraft Internet in the Asian region

Enable Internet connections in aircraft that are in flight

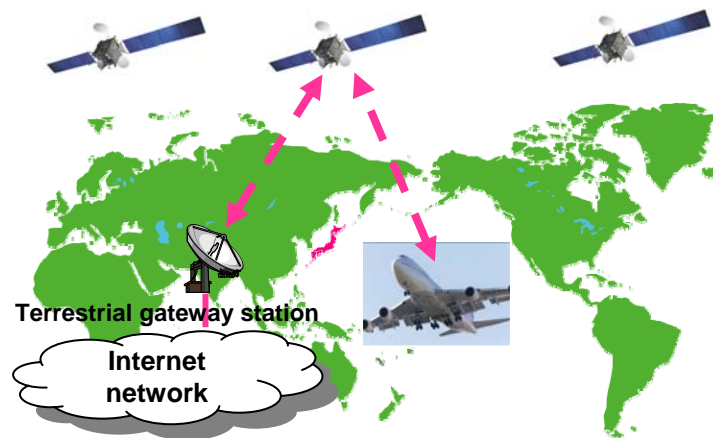
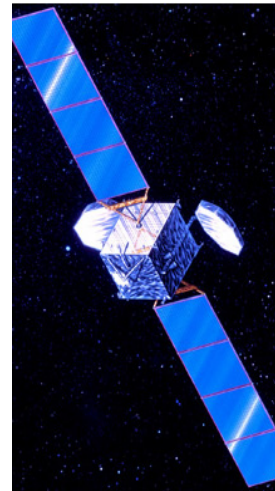


Image of aircraft Internet use

## ■ New orbital slots in Asia

- Moving existing satellites in order to secure new orbital slots to strengthen satellite business in Asia



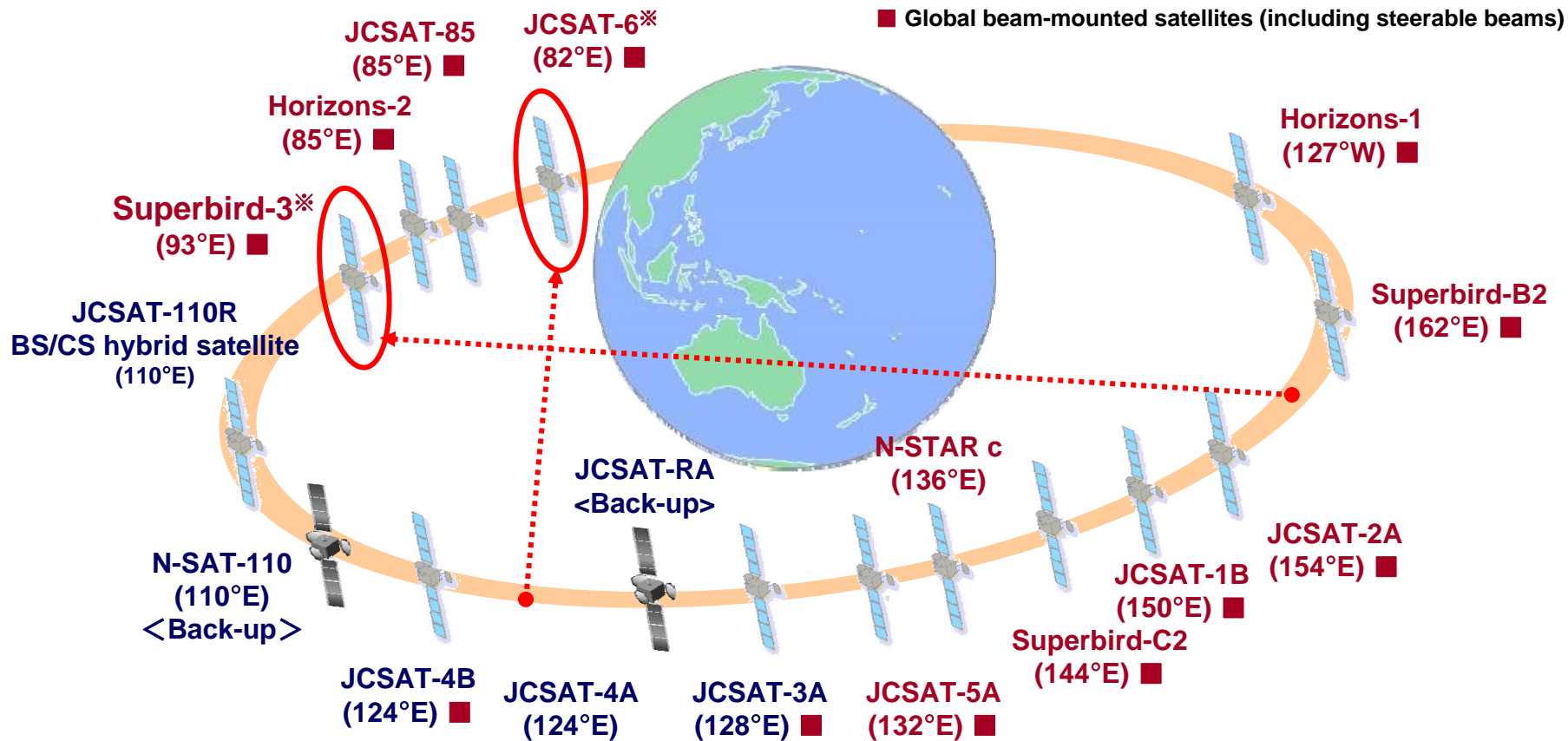
- ① JCSAT-4A:  
Move from 124 degrees east longitude to 82 degrees east longitude



- ② Superbird-A3:  
Move from 158 degrees east longitude to 93 degrees east longitude

# Satellite fleet

**16 satellites in total covering North America to the Indian Ocean**



Used for mainly the broadcasting service

Used for mainly the communication service



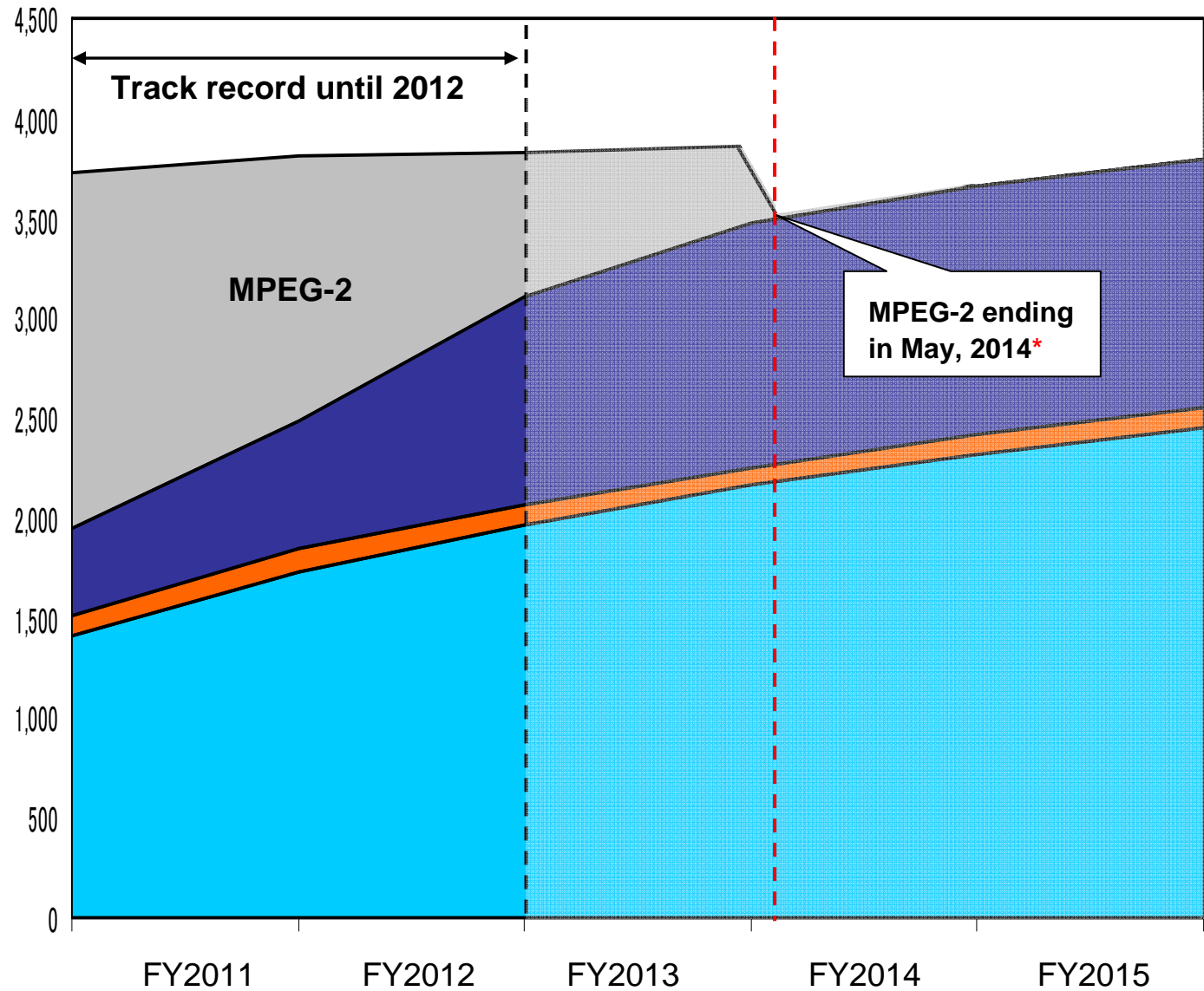
# Aiming to Achieve Mid-Term Targets

# Mid-Term Targets for FY2015

Targets for FY 2015	Main elements for achievement
Consolidated operating revenue  <b>Over 200 billion yen</b>	<ul style="list-style-type: none"> <li>• The next-generation X-band business</li> <li>• Revenue from viewing fees through increased HDTV (H.264) broadcasts subscribers</li> <li>• Global expansion of scope of business</li> </ul>
Consolidated operating income  <b>Over 20 billion yen</b>	<ul style="list-style-type: none"> <li>• SAC reduction and structural reform of the Customer Center</li> <li>• Elimination of transition costs after the completion of the HDTV convergence</li> <li>• Reduction of operations costs with the termination of standard-definition (MPEG-2) ⇒ Aiming for <b>20 to 25 billion yen level</b></li> </ul>
Total number of subscribers  <b>Over 4 million</b>	<ul style="list-style-type: none"> <li>• Steadily increase new subscribers for SKY PerfectTV!</li> <li>• Temporarily increase churns accompanying termination of Premium Service SDTV (MPEG-2) ⇒ <b>4 million by the end of FY2015 not to be achieved (approximately 3.8 million)</b></li> <li>• SKY PerfectTV! On-Demand “active users” Target: 300,000</li> </ul>

# Outlook for Mid-term Subscription Plan

(Units : thousand)



**SKY PerfectTV!**  
Premium Service

\*Radio broadcasts, etc. continue

**SKY PerfectTV!**  
Premium Service Hikari

**SKY PerfectTV!**

**FY2015 target for number of subscribers to SKY PerfectTV! On-demand**

Total number of subscribers	800,000
Number of active users	300,000

**(Reference)**

# Consolidated Balance sheets

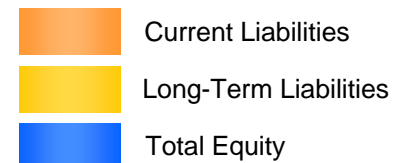
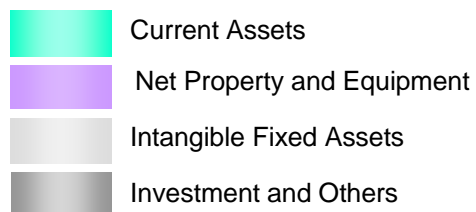
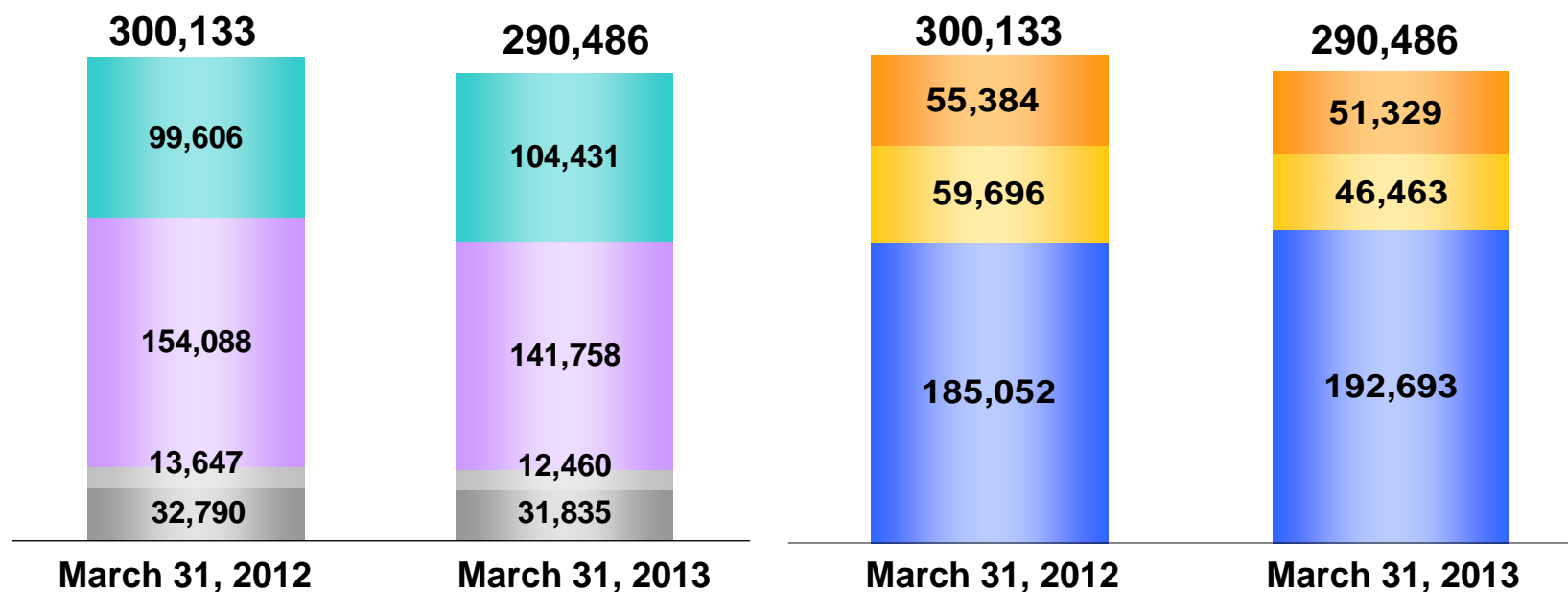
## Assets

## Liabilities and Equity

(Units: ¥ millions)

(Units: ¥ millions)

Equity ratio: 66.2%



# Consolidated Cash flows

(Units: ¥ millions)

	FY2011	FY2012
<b>Net Cash from Operating Activities</b>	39,976	<b>38,372</b>
<b>Net Cash from Investing Activities</b>	1,995	<b>(11,119)</b>
<b>Net Cash from Financing Activities</b>	(34,993)	<b>(19,401)</b>
<b>Cash and Cash Equivalents at Term-End (a)</b>	66,404	<b>74,472</b>
<b>Term-end balance of interest-bearing debt*1 (b)</b>	62,506	<b>49,398</b>
<b>Term-end balance of net interest-bearing debt (b) – (a)</b>	(3,898)	<b>(25,074)</b>
<b>Capital Expenditures *2</b>	14,444	<b>11,216</b>
<b>Free Cash Flows *3</b>	25,532	<b>27,155</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.

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

# Operating results of major subsidiaries

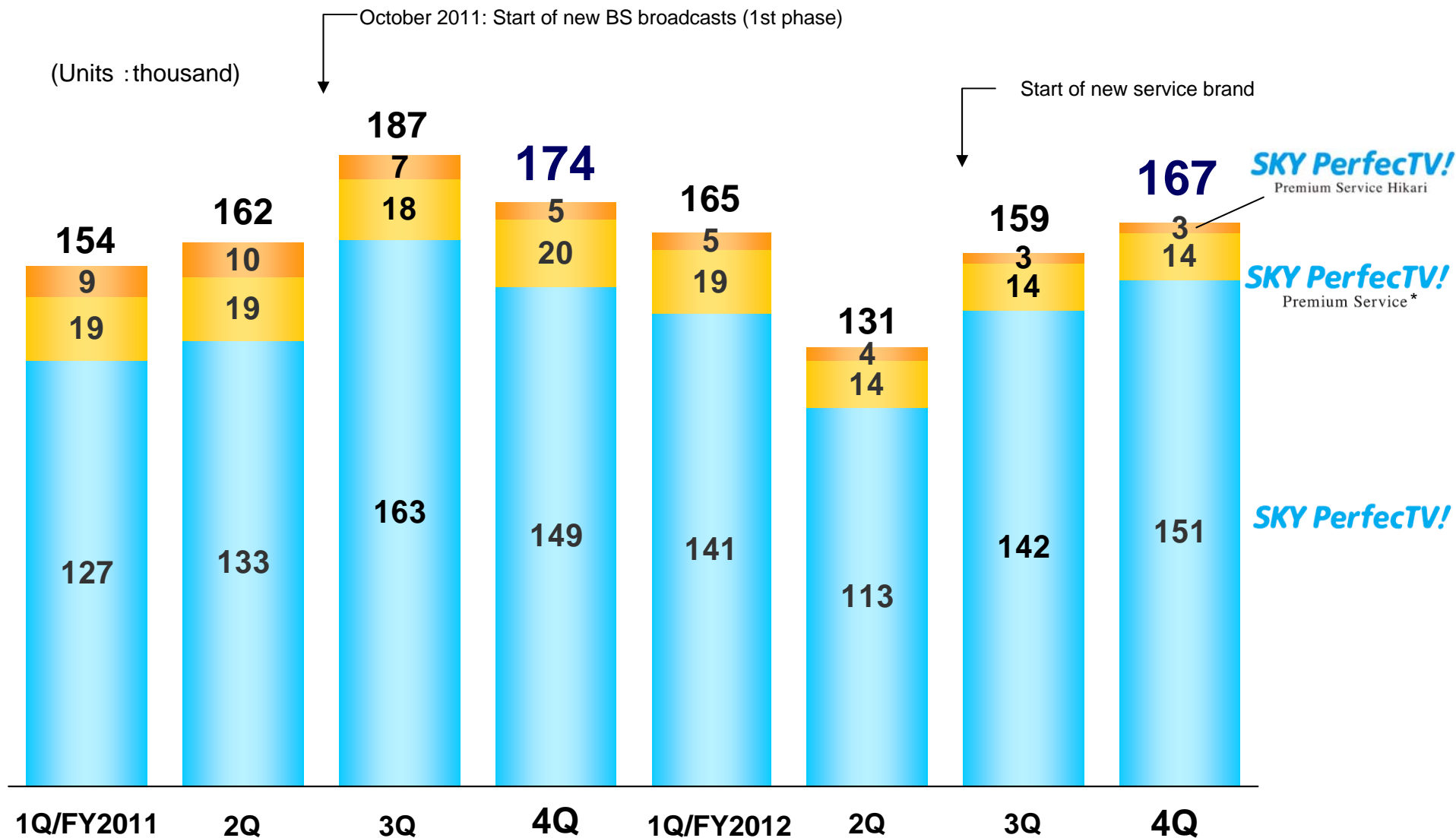
(Units: ¥ millions)

		SJC	SPCC	SPBC	OPTI	SNET	JII	JMC
Major Area of Business		Broad-casting platform, Satellite Operation	Customer management	Broadcasting	Content distribution via FTTH	Satellite communications	Satellite communications	Major Area of Business
% of Equity held by Holdings		100	100	100	100	92	100	53.3
Revenues	FY2011	124,930	16,393	33,372	10,797	7,162	2,032	774
	<b>FY2012</b>	<b>124,135</b>	<b>9,707</b>	<b>43,605</b>	<b>11,310</b>	<b>6,284</b>	<b>1,829</b>	<b>1,690</b>
Operating Income	FY2011	15,886	250	370	1,203	572	837	(23)
	<b>FY2012</b>	<b>15,037</b>	<b>(250)</b>	<b>439</b>	<b>1,106</b>	<b>604</b>	<b>702</b>	<b>234</b>
Ordinary Income	FY2011	15,982	267	375	1,140	506	838	(22)
	<b>FY2012</b>	<b>15,974</b>	<b>(234)</b>	<b>443</b>	<b>1,067</b>	<b>557</b>	<b>708</b>	<b>241</b>

SJC : SKY Perfect JSAT Corporation  
 SPBC : SKY Perfect Broadcasting Corporation  
 SNET : Satellite Network, Inc.

SPCC : SKY Perfect Customer-relations Corporation  
 OPTI : OptiCast Inc.  
 JII : JSAT International Inc.  
 JMC : JSAT MOBILE Communications Inc.

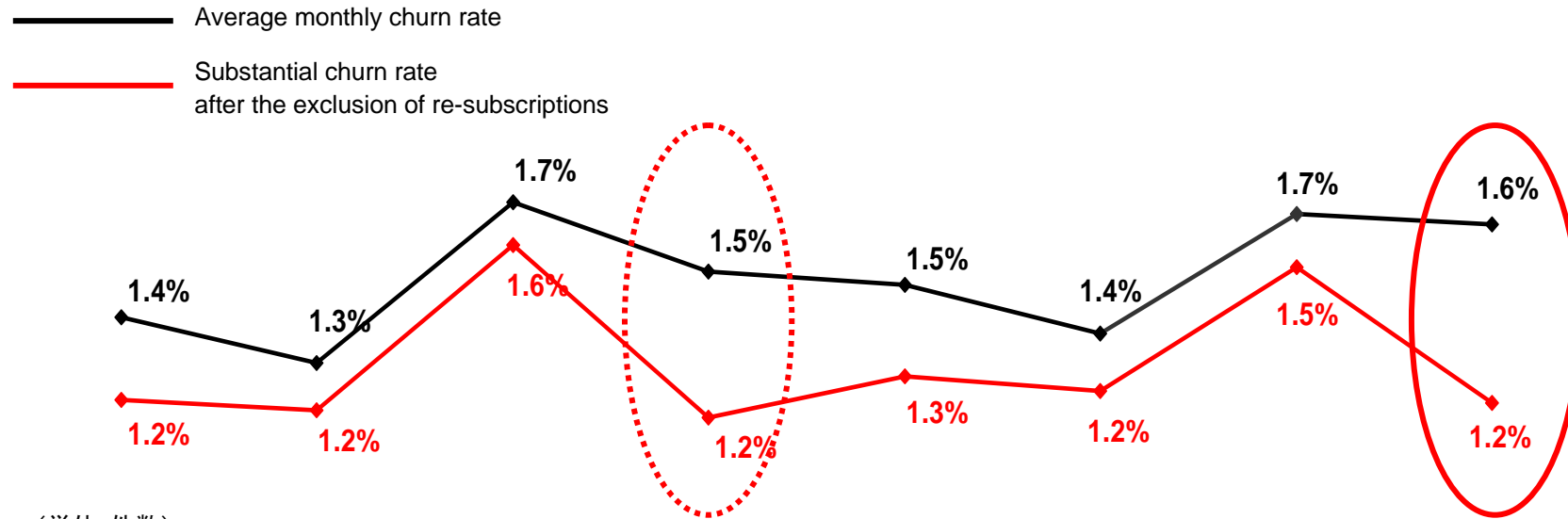
# Number of new subscribers



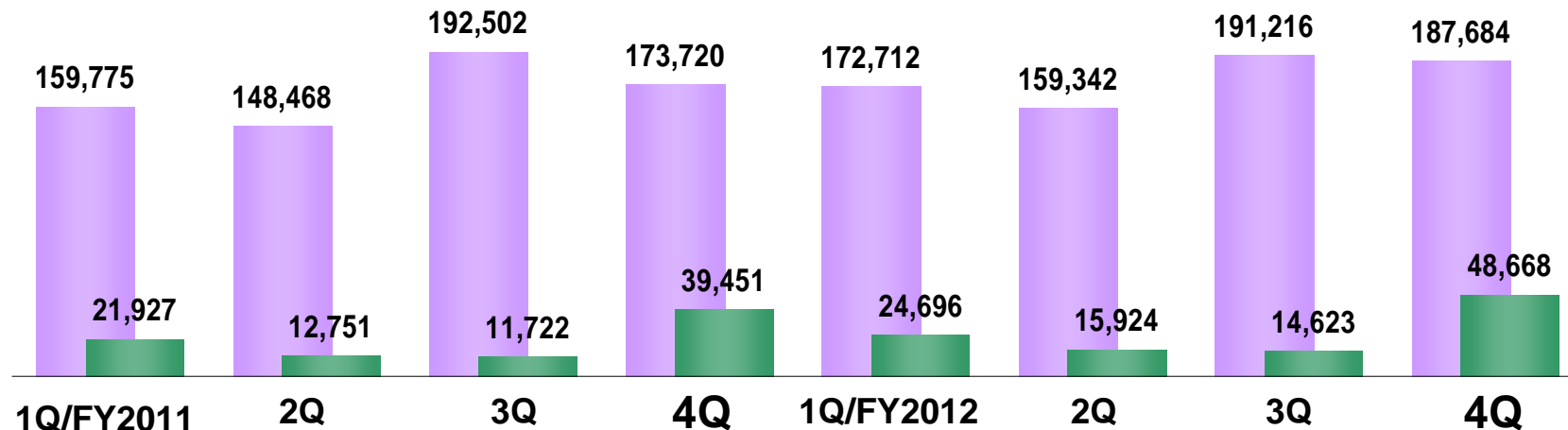
Note: The subscribers to Premium Service include the users of standard definition tuners.



# Average Monthly Churn Rate (Quarterly)



(単位: 件数)

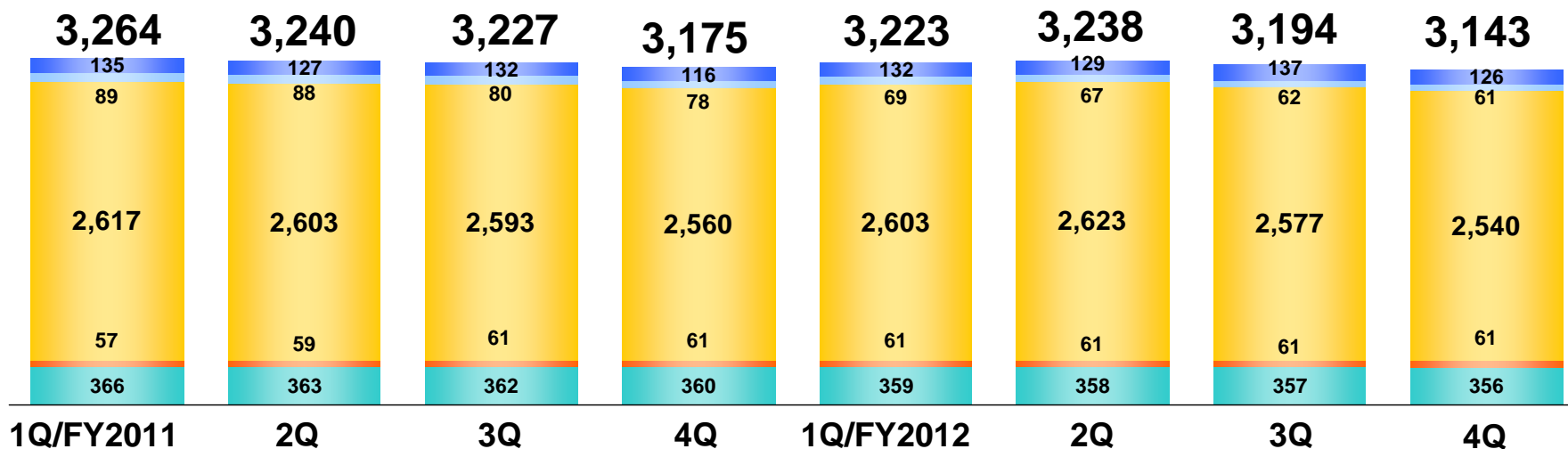


Number of churn (purple bar)      Number of re-registered subscribers (green bar)

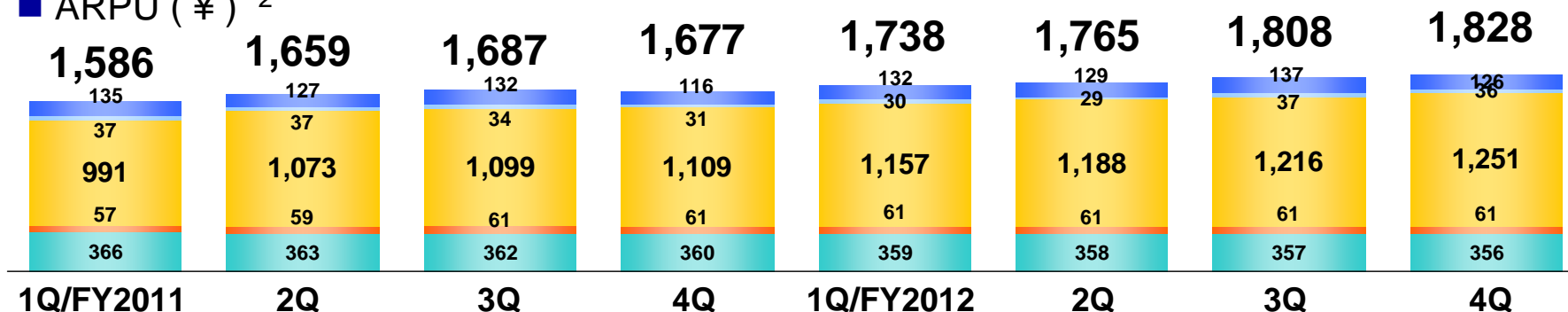
Note: Churn rate and subscriptions, etc. are the total values for SKY PerfectTV!

# ARPU

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



■ ARPU ( ¥ ) \*2



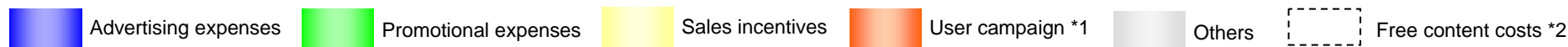
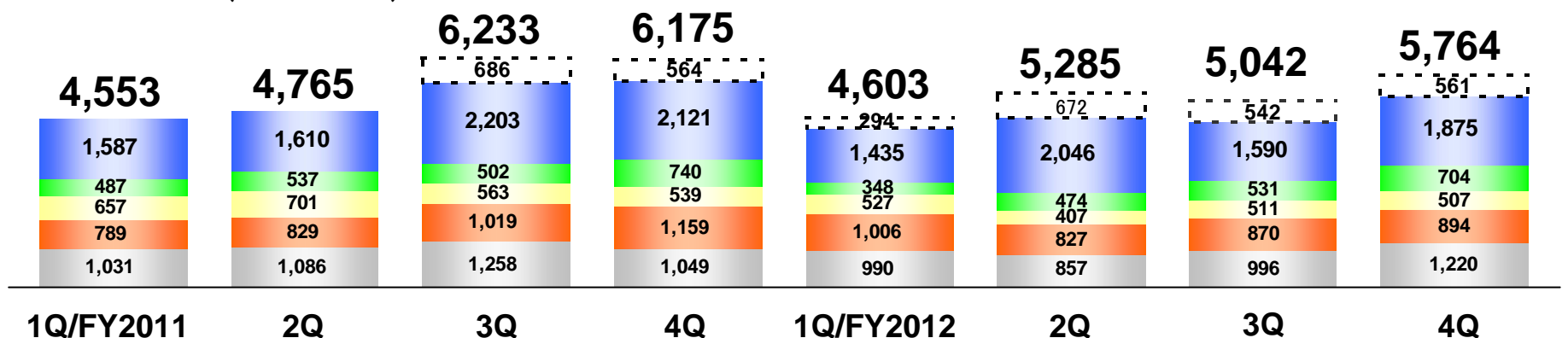
■ Basic fee 
 ■ Rental fee 
 ■ Monthly subscription fee 
 ■ PPV subscription fee 
 ■ Revenues from SKY Perfect's own content

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

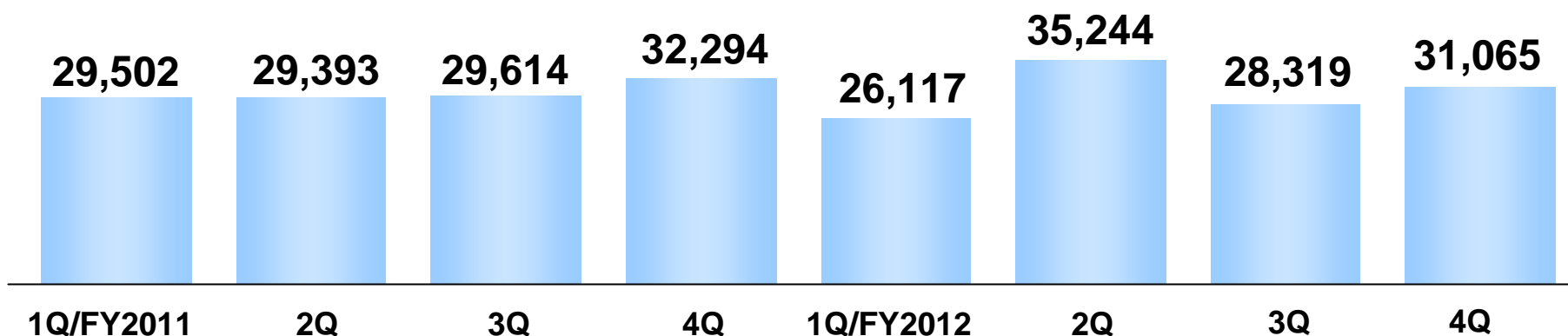
\*2 Revenue of our corporate group in the unit price of monthly viewing fees, etc. paid by subscribers

# Subscribers Acquisition Cost (SAC)

■ SAC total (¥ millions)



■ SAC unit (¥)<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.

# Share Split and Adoption of a Share-Trading-Unit System

## ■ Purpose of adopting stock split and unit share system:

- ✓ To enhance the convenience and liquidity of trading for Company shares in light of the intent of the “Action Plan for Consolidating Trading Units” announced by the securities exchanges in Japan in 2007
- ✓ There will be no effective change in the investment units as a result of this change.

## ■ Method for the stock split: Each common share will be split at a ratio of 1:100

- ✓ Record date: September 30, 2013
- ✓ Effective date: October 1, 2013

• Total number of issued shares before share split	3,446,037
• Number of increase in shares by share split	341,157,663
• Total number of issued shares after share split	344,603,700
• Total number of authorized shares after share split	1,450,000,000

## ■ Adoption of unit share system:

- ✓ The number of shares to constitute a share-trading shall be 100 shares on October 1, 2013 as the effective date.

Note: As a result, the Company plans to partially amend its articles of incorporation on October 1, 2013, based on Clause 2, Article 184, and Article 191 of the Companies Act.

Please direct any inquiries regarding this material to the division in charge.

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