

SKY Perfect JSAT Group

**Earning Results Briefing for 1Q/2013**

August 1, 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 for 1Q/2013

# Summary of Income Statements

- Revenues and profits increased from the same quarter of the previous year

(Units: ¥ millions)

	1Q/FY2012	1Q/FY2013	Comparison to 1Q/FY2012	Vs Full Year Forecast
Revenues	39,086	<b>41,044</b>	+5.0%	25.0%
Operating Income	5,043	<b>5,210</b>	+3.3%	30.6%
Ordinary Income	4,922	<b>5,246</b>	+6.6%	31.7%
Net Income	3,228	<b>3,140</b>	(2.7%)	31.4%
EBITDA (*1)	11,127	<b>11,835</b>	+6.3%	—
EBITDA Margin	28.47%	<b>28.84%</b>	—	—

\*1. EBITDA is calculated as Net Income + Tax Expense + Depreciation Expense + Interest Expense.

# Indicators for Multichannel Pay TV Business

- Resulted net decrease (32 thousands) for the first quarter

\*Temporary increase of churn due to termination of SDTV service of Premium Service HIKAR included.

- Shift to HDTV subscription in Premium Service proceeds as planned

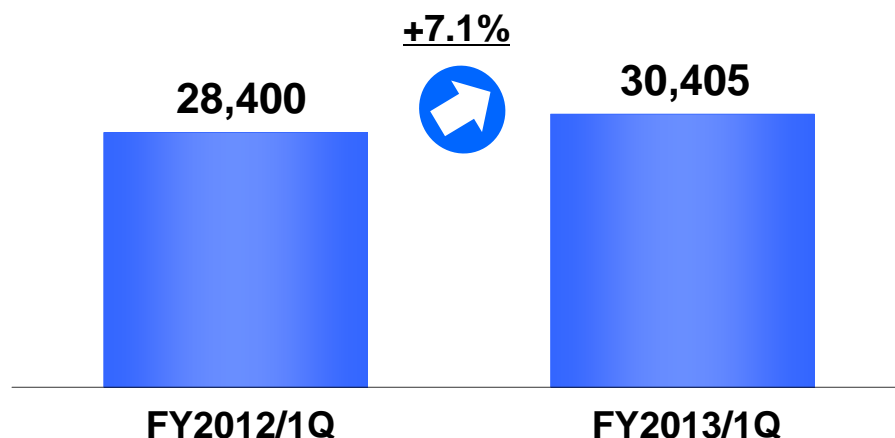
(Units: Thousands)

	FY2012/1Q	FY2013/1Q	FY2013 Target
Number of New Subscribers	165	<b>132</b>	640
Net Increase in Subscribers	17	<b>(32)</b>	36
Number of Cumulative Subscribers	3,831	<b>3,797</b>	3,865
Average Monthly Subscriber's Payment (units: yen)	¥3,223	<b>¥3,190</b>	—
ARPU (units: yen)	¥1,738	<b>¥1,938</b>	—
SAC (units: yen)	¥26,117	<b>¥29,219</b>	—

# Revenues: Increase/decrease factors in revenue by segment

## Multichannel Pay TV Business

(Units: ¥ millions)



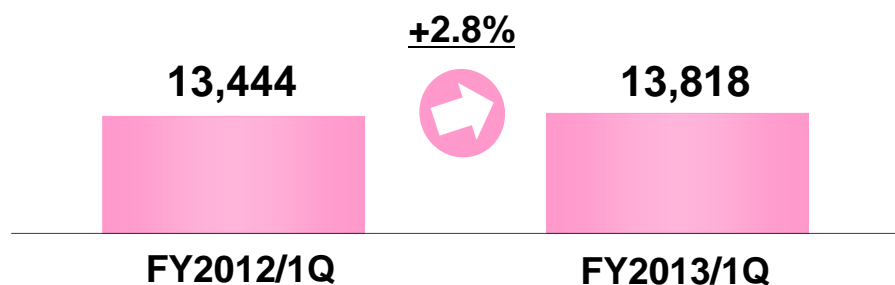
■ **+2 billions from the previous 1Q (+7.1%)\***

- Increase in the income from subscription fees: +3.3B
- Decrease in the income from commission fees: (1.1B)

\* transactions among segments included.

## Space and satellite Business

(Units: ¥ millions)



■ **+0.4 billions from the previous 1Q (+2.8%)\***

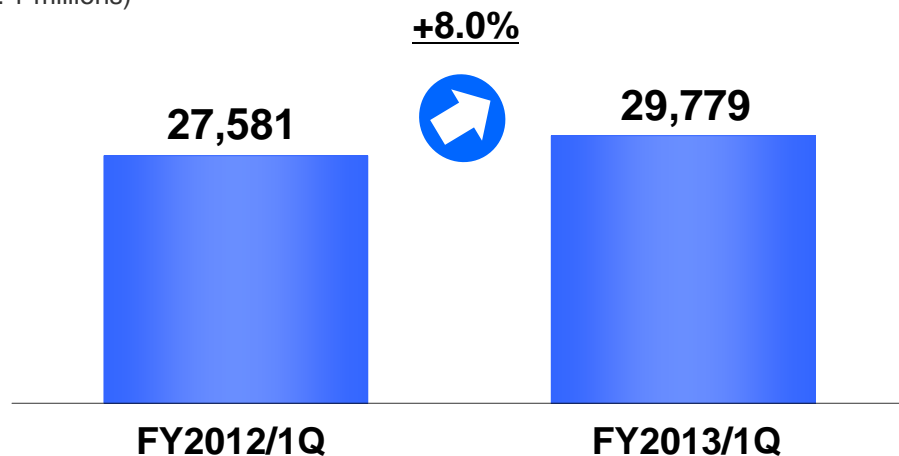
- Increase in the income from Satellite business: +0.6B
- Decrease in the income from transponders for SDTV : (0.2B)

\* transactions among segments included.

# Operating Expenses: Increase/decrease factors in revenue by segment

## Multichannel Pay TV Business

(Units: ¥ millions)



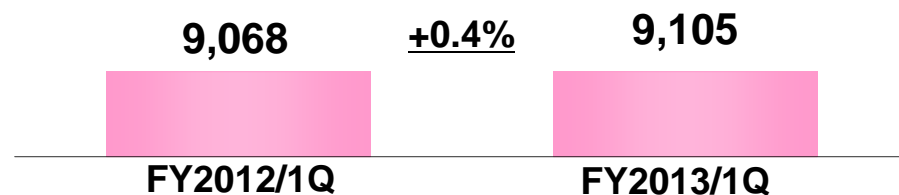
**+2.2 billions from the previous same quarter (+8.0%)\***

- Increase of HDTV programs: +1.6B
- Increase in cost for shift to HDTV subscription: +0.3B

\* transactions among segments included.

## Space and satellite Business

(Units: ¥ millions)



**+40 millions from the previous same quarter (+0.4%)\***

- Increase of Depreciation: +80M
- Decrease of in-orbit insurance costs: (30M)

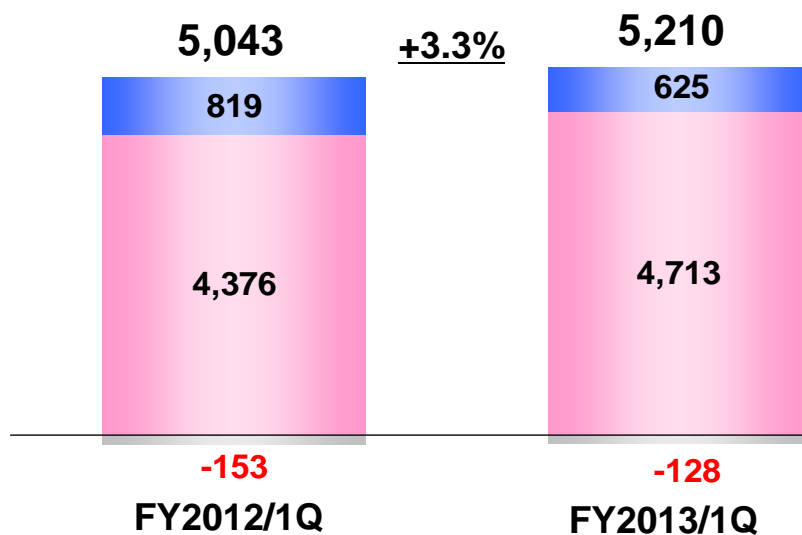
\* transactions among segments included.

# Profit Performances

## Operating Income

(Units: ¥ millions)

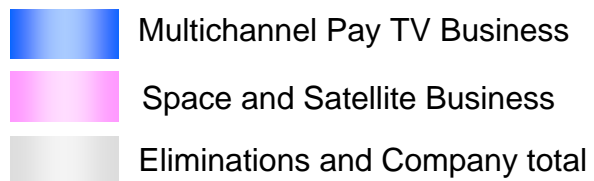
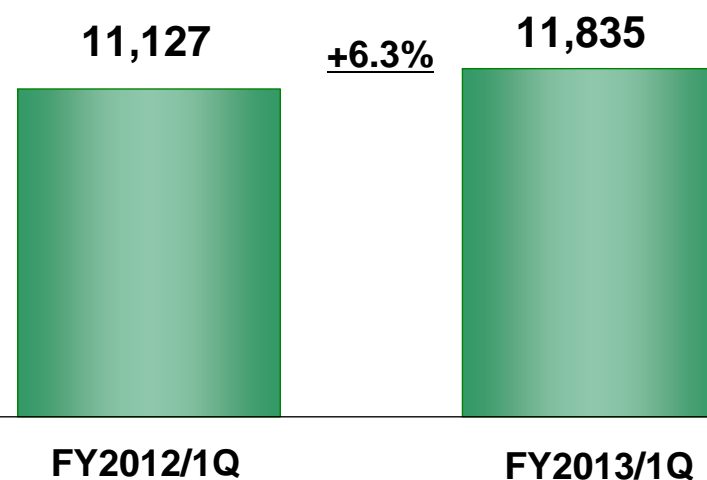
Comparison to 1Q/FY2012



## EBITDA (\*)

(Units: ¥ millions)

Comparison to 1Q/FY2012



\* EBITDA is calculated as Net Income + Tax Expense + Depreciation Expense + Interest Expense.



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

# Reinforcing Further enriched lineup of programs

## Strong content like Music Live and Sports after August

### AKB48



- 48 hours continuous broadcast
- No packaged and exclusive programs!!

### 東方神起



- August 31, 2013
- 『LIVE TOUR 2013 ～TIME～』  
Exclusive broadcasting

### Japanese Samurai Drama



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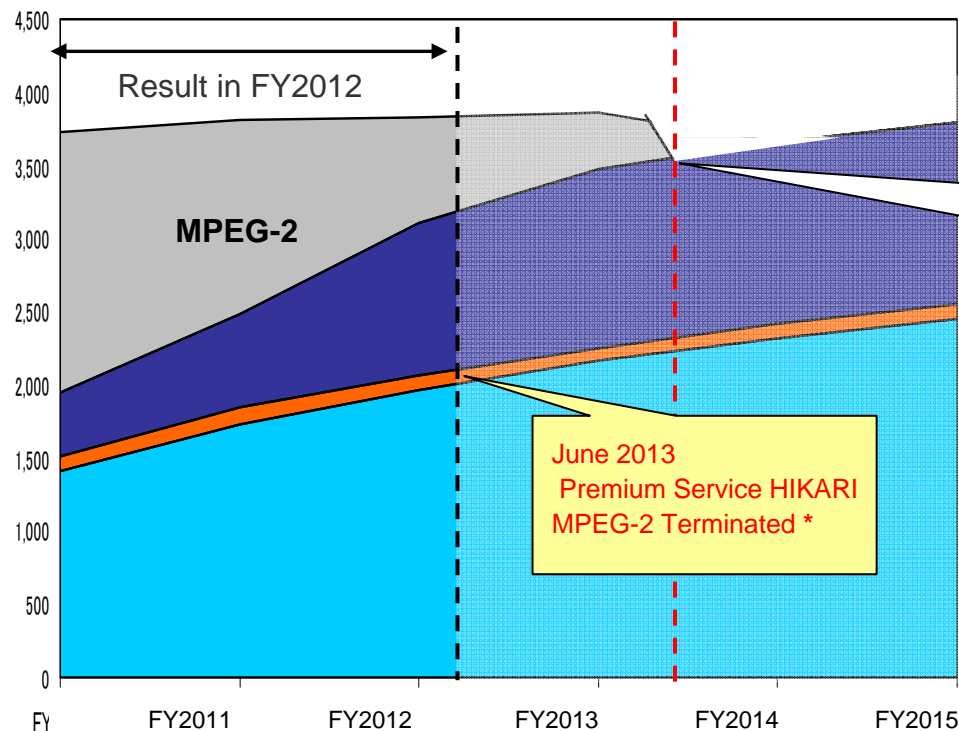
# Shift to HDTV (H.264) for Premium Service

- The shift to HDTV (H.264 format) is proceeding steadily, and we plan to complete it by May 2014. Premium Service HIKARI terminated its SDTV service in June 2012.

**Subscribers  
as of June 2013  
(Thousands)**

	Premium Service	Premium Service HIKARI
MPEG-2 Total	580	0
H.264 Total	1,130	90

(Thousands) **【Revised Mid-Term Subscription Forecast】**



**Shift to HDTV  
subscription in FY2013**

**Annual Target: 246,000**

	Results
Apr.	<b>39,220</b>
May	<b>36,083</b>
Jun.	<b>33,775</b>
1Q Total	<b>109,078</b>

\* Radio programs continued

# Expanding SKY PerfecTV! On-Demand (VOD) Service

**スカパー! オンデマンド**

New registers more than 15 thousands for 3 days thanks to "free of charge" DAY



Enriching original content focusing on LIVE programs



**J SPORTS**  
LIVE+

100<sup>th</sup> Tour de France  
6/29~7/21  
ALL STAGE LIVE



Europe Soccer  
League starts  
(8/1~)



**時代劇専門  
チャンネルセレクト**

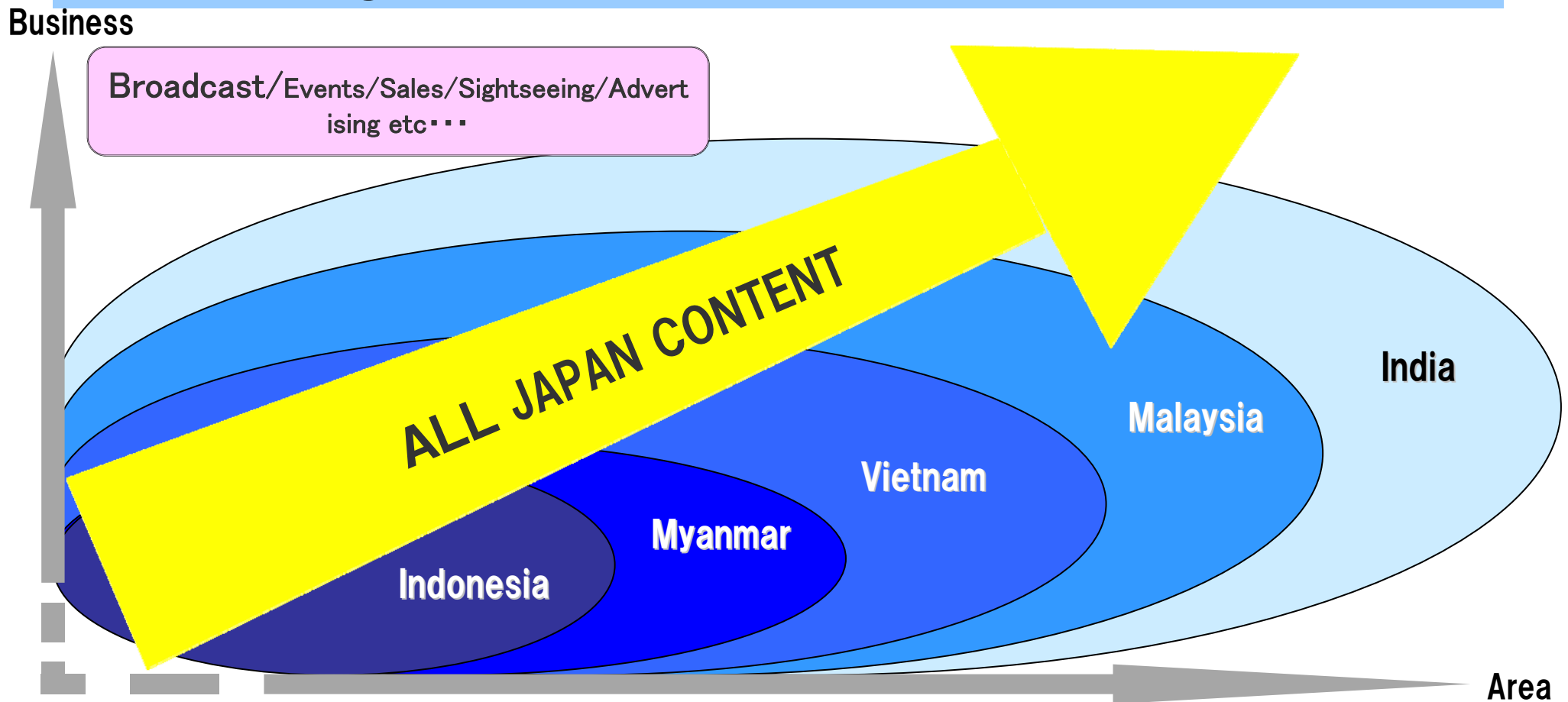
Japanese Traditional  
Samurai Drama  
(September-)

©2013 日本映画衛星放送株式会社／松竹株式会社

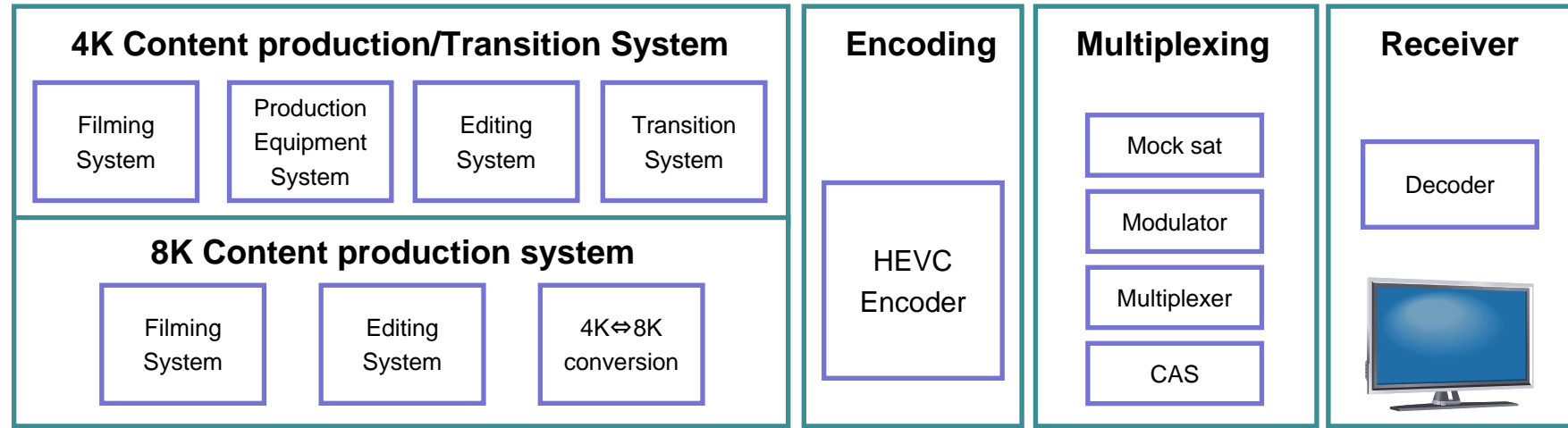
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# Development of Japan Content Business for Overseas

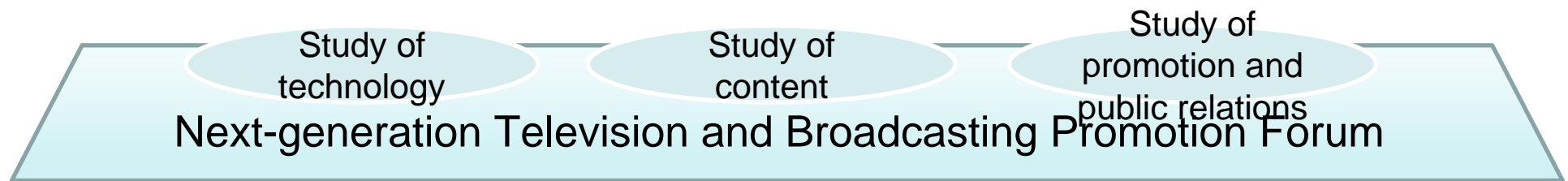
- Aim for quick start-up of a “Japan Channel” for overseas markets and especially Asian countries.
- Also promote construction of a revenue structure in addition to broadcasting business.



# 4K Broadcasting and Next-generation Television



■ Developed by next-generation satellite broadcasting



Source: NexTV-F material dated June 2013

# The B-CAS Card Issue

- Occurrence of unauthorized fabrication and alteration of B-CAS Cards
- Situation of Filing of civil suit
- Unauthorized viewing Premium Service



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



# Initiatives in the Domestic Market (1)

## ■ Strengthening the Defense Business infrastructure

- Acquired additional shares of investee company MCC Corporation (June 20)
- Became the largest MCC shareholder and dispatched a representative director and other personnel

[Shareholder composition]

SKY Perfect JSAT Corporation, Mitsubishi Electric Corporation, NEC Corporation, Toshiba Corporation, NTT Communications Corporation, Mitsubishi Corporation



Promote business in coordination with MCC for the “Program to Upgrade and Operate X-Band Satellite Communications Functions, etc.,” which is a PFI program for the Ministry of Defense

## ■ Promotion of experiment for social use of “Kizuna”

- Continuation of the contract with JAXA to undertake the promotion of use and operation of the ultra-high-speed Internet satellite “Kizuna” (WINDS)
- Verification test conducted by Rikei Corporation (April 22)



Contribute to the expansion of space use and development of the space industry



Image of “Kizuna” in orbit

# Initiatives in the Domestic Market (2)

## ■ Countermeasures against large-scale disaster and BCP initiatives

- Use in lifeline-related sectors



Use of the ExBird service for gas pipeline monitoring is increasing.

- New BCP initiatives



Started offering an ExBird BCP plan from July 1.

Creation of a package product that includes extension telephones, earthquake early warning, notice boards, and other applications needed during disasters



Development of new customers

- Development of satellite facilities for disaster countermeasures

Conducted a demonstration of the new small earth station (VSAT)

- (1) Available for easy operation and installation
- (2) Improving automatic satellite capture function
- (3) Presumed use in the event of large-scale disasters
- (4) Developed under commission from the Ministry of Internal Affairs and Communications



Demonstration in town of Yamamoto, Miyagi Prefecture

# Initiatives in the Global Market

## ■ Conclusion of JCSAT-14 procurement contract [JCSAT-2A (154E) replacement satellite]

- A satellite procurement contract was concluded with Space Systems/Loral (SSL). (June 12)
- In addition to offering domestic satellite communications services, this will strengthen the further development of global business.

- Demand is robust in Asian markets such as Indonesia and in the Russian market (Far East).
- The ocean broadband service OceanBB is expanding favorably.

### ▪ Ku band:

In addition to a Japan beam, new global beams will also be provided covering Asia and Pacific Ocean regions.

### ▪ C band:

Service capacity will be boosted by approximately three times, and coverage will be expanded to the Russia and Pacific Ocean regions in addition to Asia, Australia and New Zealand.

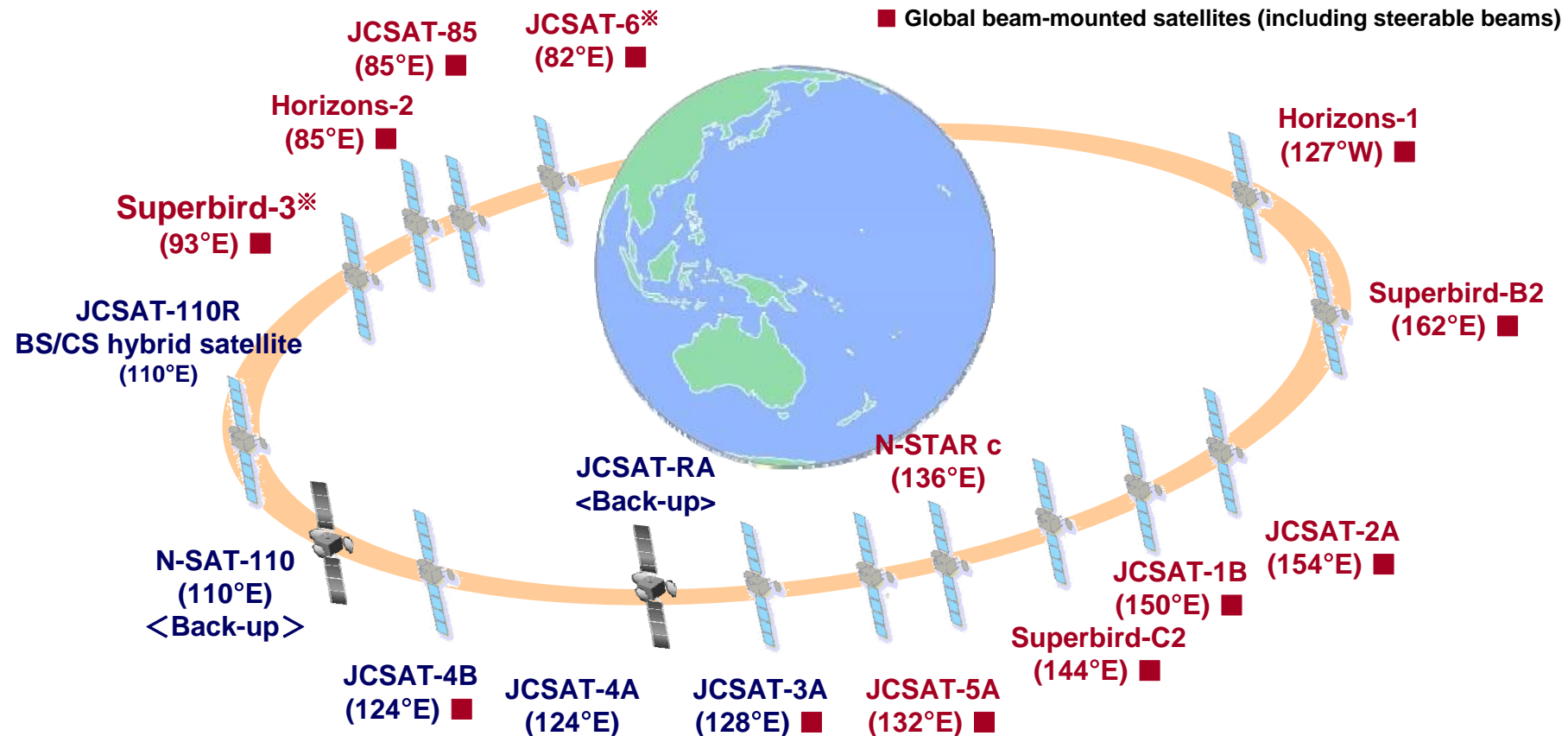
- **Scheduled for launch during the second half of 2015**



Signing ceremony with Space Systems/Loral

# 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

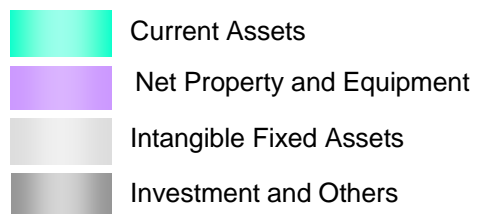
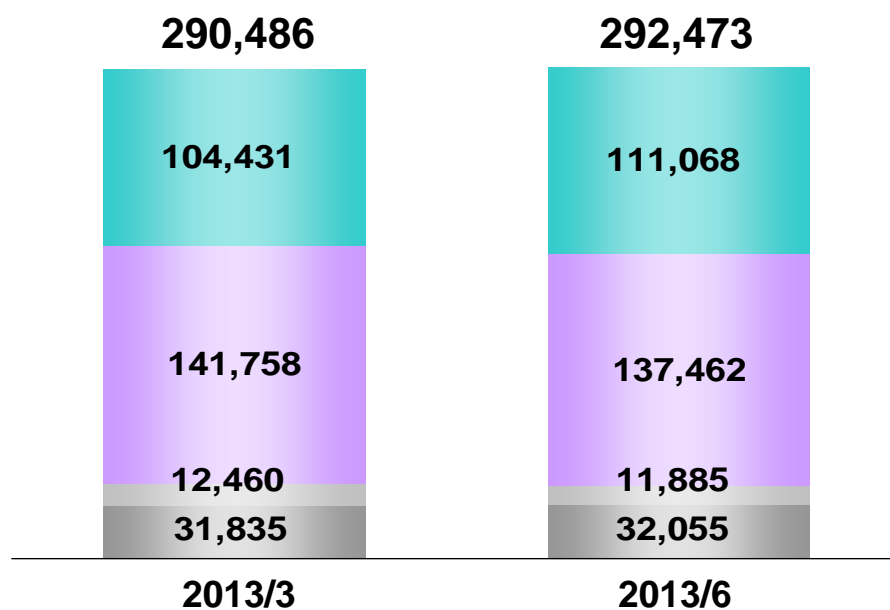
# (References)

# Consolidated Balance Sheets

## Assets

## Liabilities and Equity

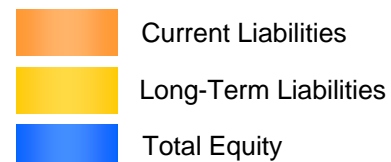
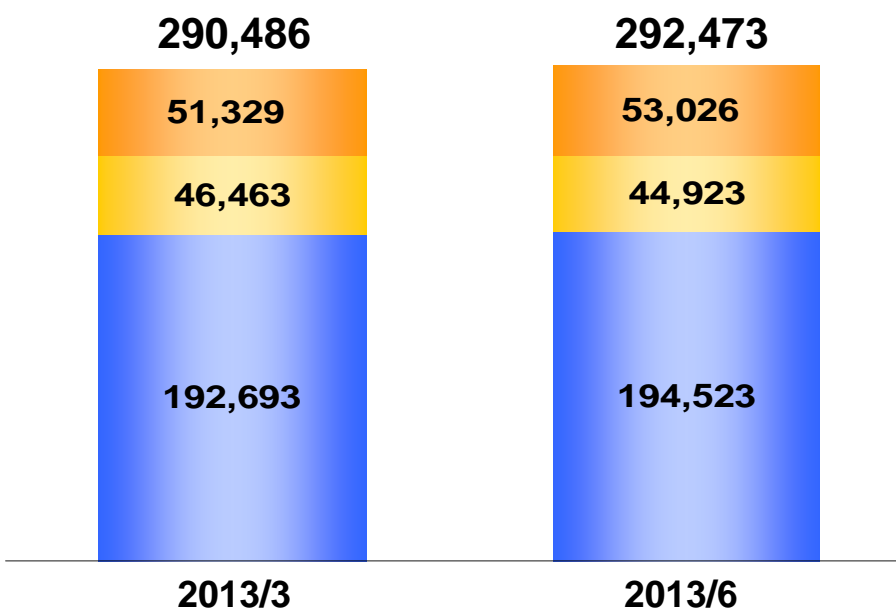
(Units: ¥ millions)



Equity Ratio: 66.2%

(Units: ¥ millions)

Equity Ratio: 66.4%



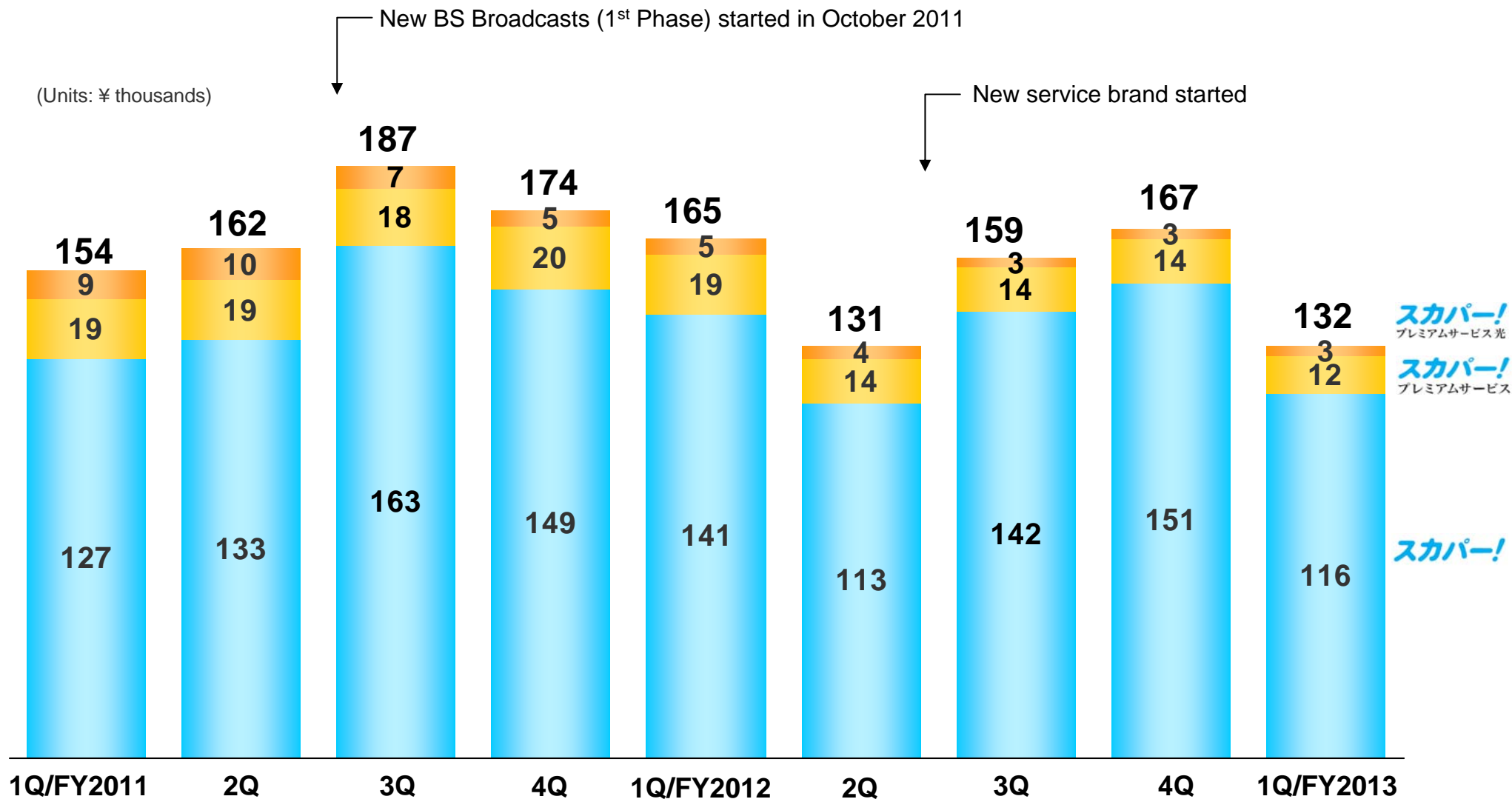
# Consolidated Cash Flows

(Units: ¥ millions)

	<b>FY2012 1Q</b>	<b>FY2013 1Q</b>
<b>Net Cash from Operating Activities</b>	13,987	<b>15,938</b>
<b>Net Cash from Investing Activities</b>	△4,098	<b>△2,456</b>
<b>Free Cash Flows</b>	9,888	<b>13,481</b>
<b>Net Cash from Financing Activities</b>	△3,482	<b>△4,899</b>
<b>Cash and Cash Equivalents at Term-End (a)</b>	72,924	<b>83,208</b>
<b>Term-end balance of interest-bearing debt* (b)</b>	61,826	<b>47,801</b>
<b>Term-end balance of net interest-bearing debt (b) — (a)</b>	△11,098	<b>△35,407</b>

\* Term-end balance of debts and unsecured corporate bonds

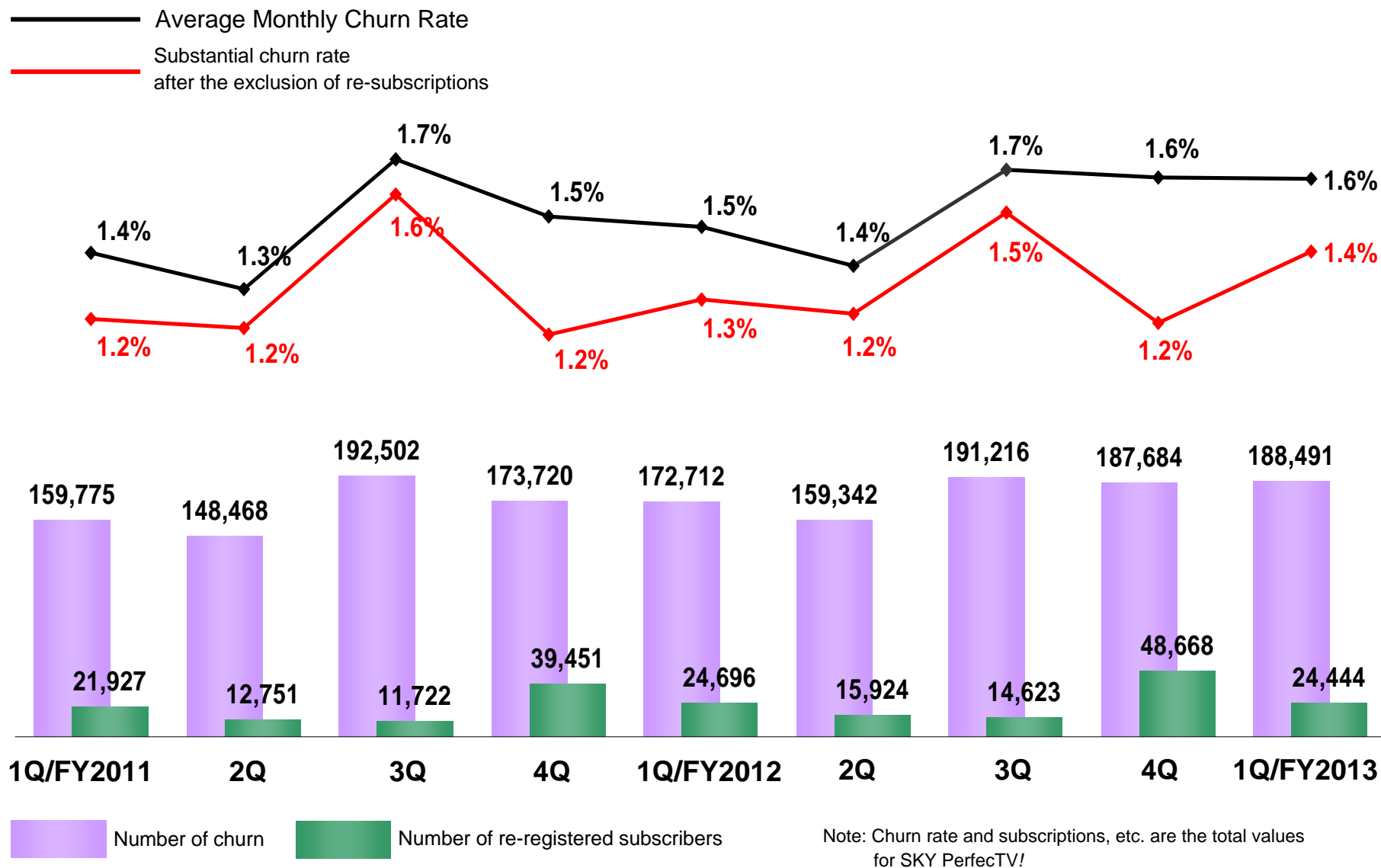
# Number of new subscribers



\* The number of new subscription to Premium Service includes the subscribers with SDTV tuners.

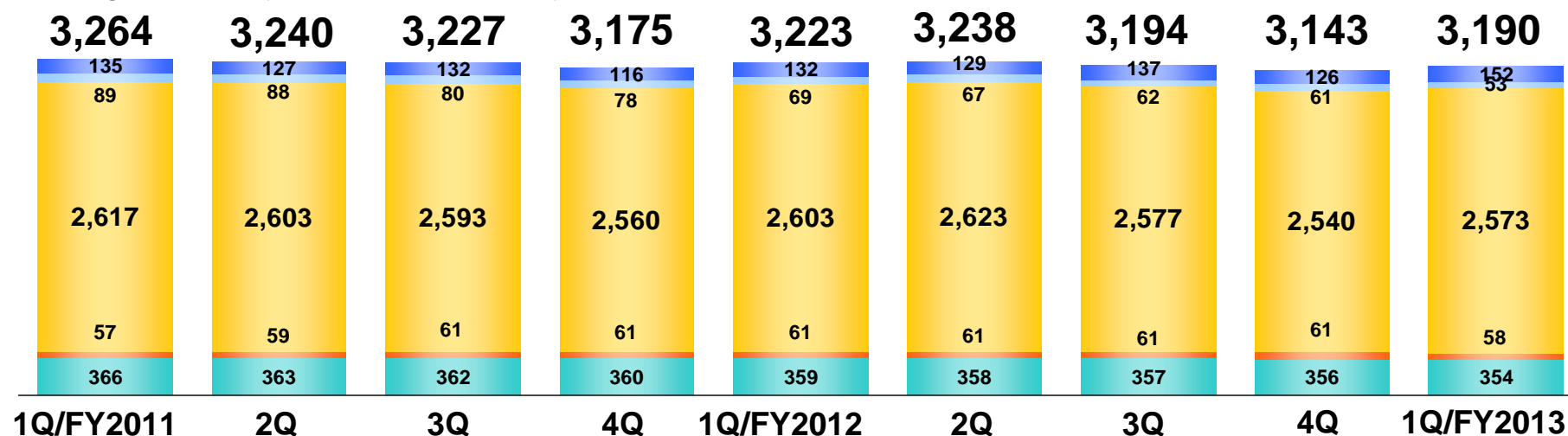


# Average Monthly Churn Rate (Quarterly)

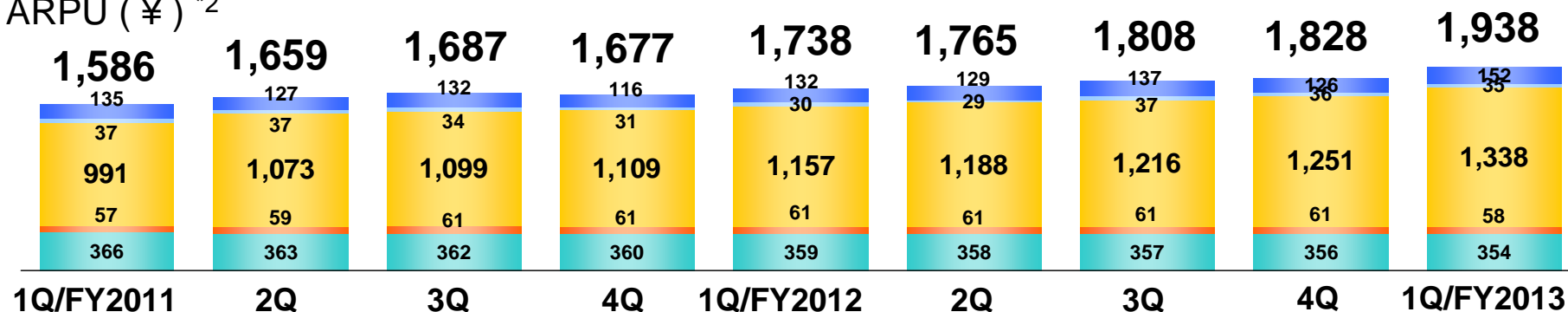


# ARPU

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



## ■ ARPU ( ¥ ) \*2



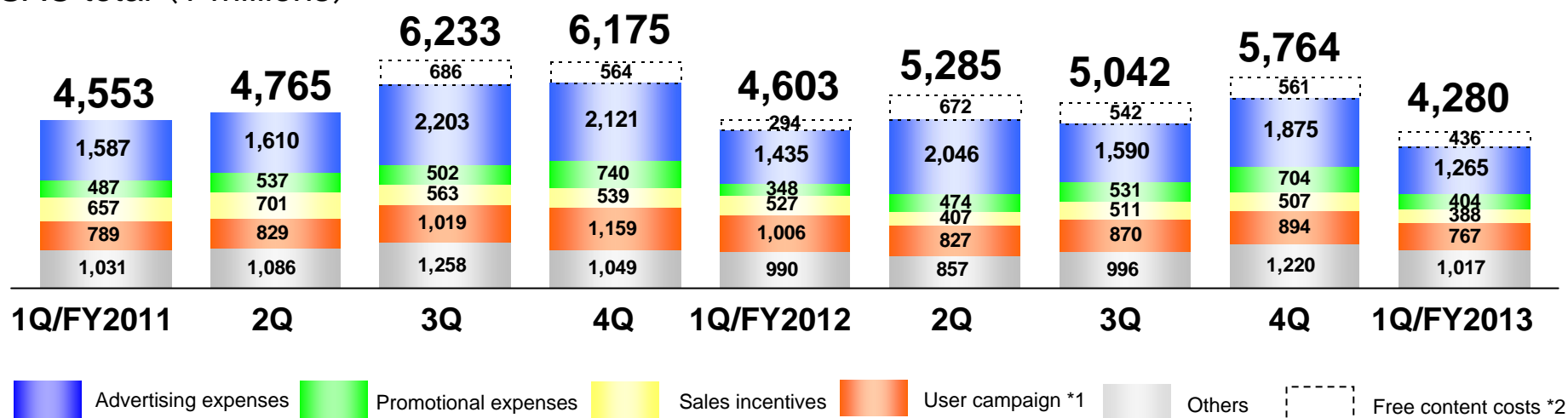
基本料／件   レンタル会費／件   フラット視聴料／件   PPV視聴料／件   自主コンテンツ収入／件

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

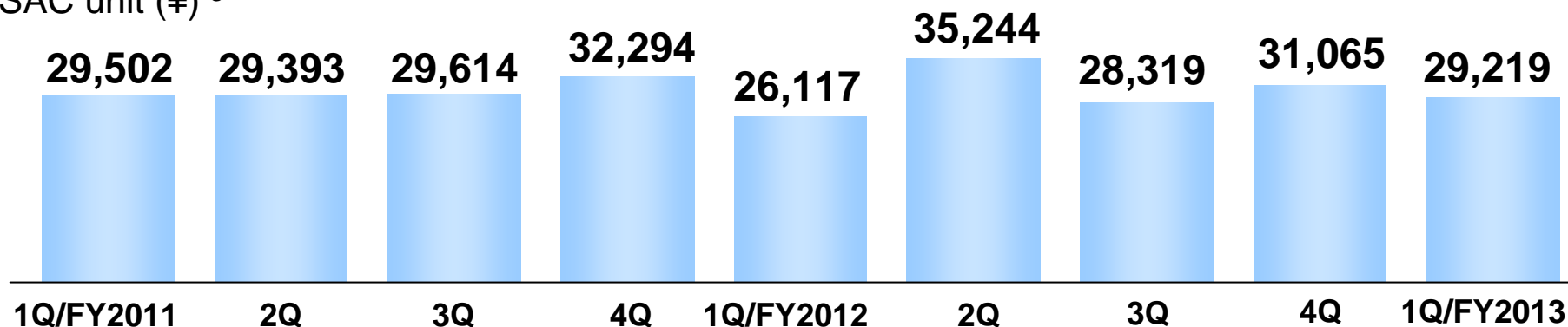
\*2 Revenue of our corporate group in the unit price of monthly viewing fees, etc. paid by subscribers

# Subscribers Acquisition Cost (SAC)

## ■ SAC total (¥ millions)



## ■ SAC unit (¥)\*3



\*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.

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