

SKY Perfect JSAT Group

Earning Results Briefing for FY2013

May 9, 2014

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 FY2013

Summary of Income Statements

- Both Revenues and Profits increased from the previous fiscal year
- Net Income decreased due to loss of Investment Securities

(Units: ¥ millions)

	FY2012	FY2013	Comparison to FY2012
Revenues	159,609	171,683	7.6%
Operating Income	16,153	21,713	34.4%
Ordinary Income	15,698	21,529	37.1%
Net Income	9,682	9,659	(0.2)%
EBITDA	42,448	43,673	2.9%

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

Performances by Business Segments

- Multichannel Pay TV turned profitable by higher ARPU generated by increasing subscribers to the HDTV Service
- Space & Satellite Business achieved its targeted profits upwardly.

(Units: ¥ millions)

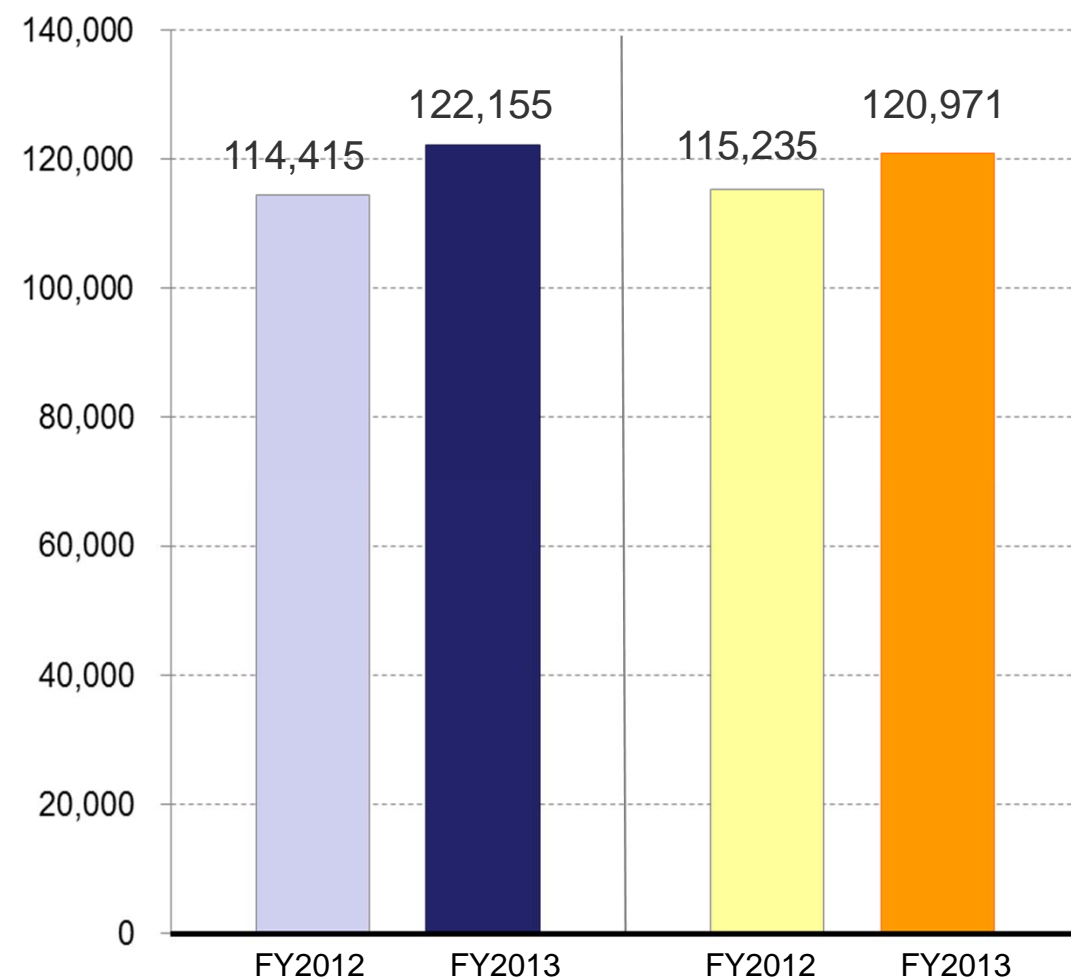
	FY2012	FY2013
Revenue	159,609	171,683
Multichannel Pay TV Business	114,415	122,155
Space & Satellite Business	56,645	62,586
Eliminations and Company Total	(11,452)	(13,059)
Operating Income	16,153	21,713
Multichannel Pay TV Business	(819)	1,184
Space & Satellite Business	17,598	21,083
Eliminations and Company Total	(626)	(554)

Detailed: Multichannel Pay TV Business

Revenues

Operating Expenses

(Units: JPY millions)



Revenues +7.7B*

- Increase in the income from subscription fees: +14.0B
- Decrease in the income from commission fees: (5.5B)
 - Commission from SKY PerfecTV! +0.8B
 - Commission from SDTV: (6.3B)

* Internal transactions between segments included.

Operating Expenses +5.7B*

- Increase of HDTV-related program cost: +7.5B
- Decrease of Business consignment expense: (1.9B)

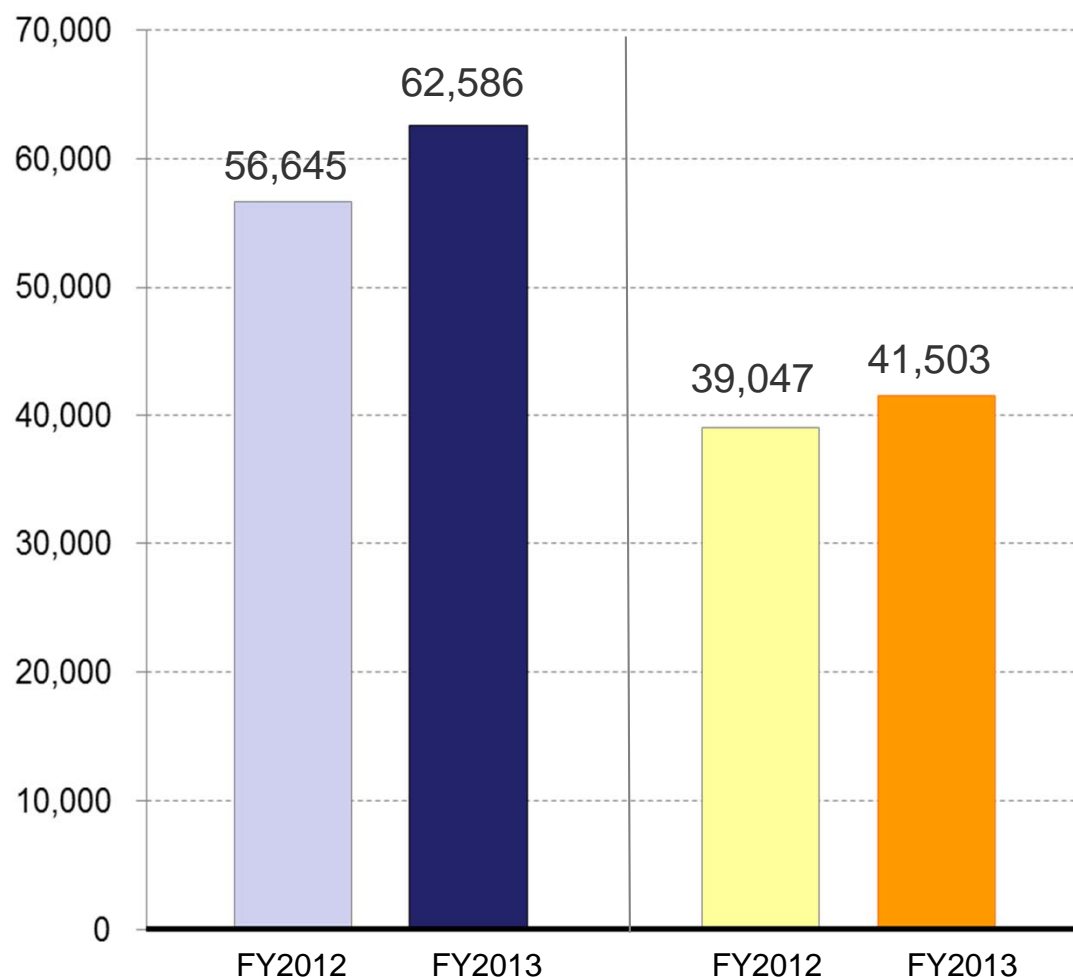
* Internal transactions between segments included.

Detailed: Space & Satellite Business

Revenues

Operating Expenses

(Units: JPY millions)



Revenues +5.9B*

- Orders of satellite system from public offices: +5.7B
- Increase in the income from overseas business: +1.5B
- Decrease in SD broadcasting transponders: (2.0B)

* Internal transactions between segments included.

Operating Expenses +2.4B

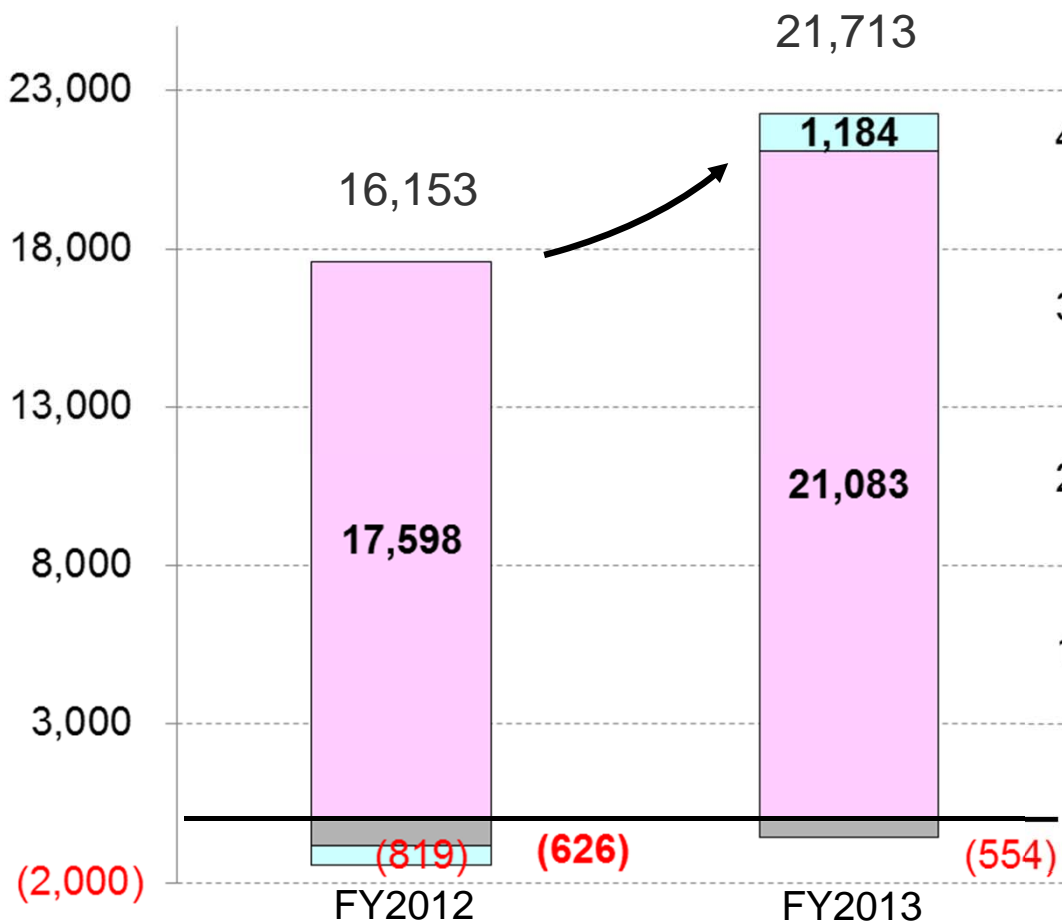
- Increase in the cost associated with satellite business expenses: +4.6B
- Decrease in the depreciation cost : (2.1B)

* Internal transactions between segments included.

Consolidated Profitability

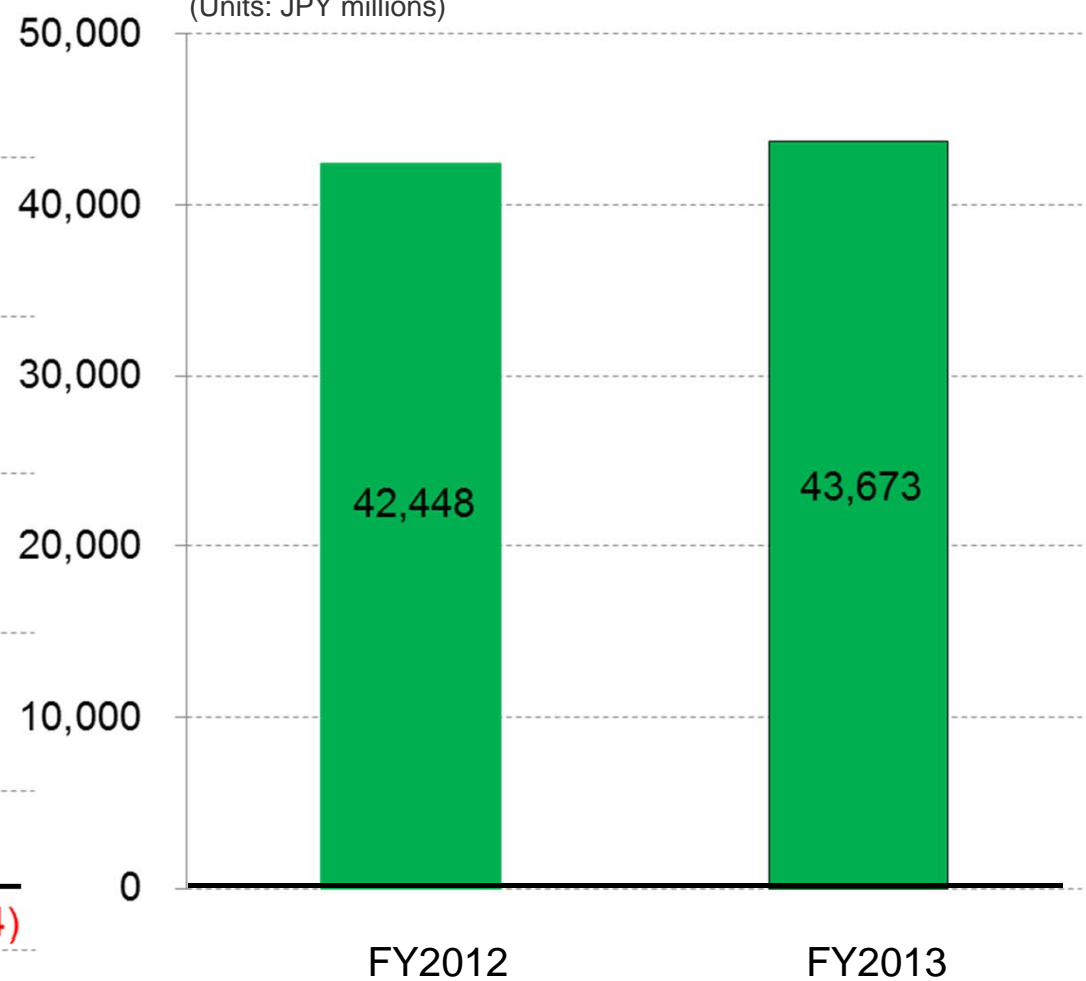
Operating Income

(Units: JPY millions)



EBITDA

(Units: JPY millions)



Multichannel Pay TV
 Space & Satellite
 Eliminations and Company total

Future Initiatives

- Multichannel Pay TV Business -

Key Performance Indicators(*)

(Units: Thousands)

	FY2012	FY2013	FY2013 Targeted
Number of New Subscribers	622	480	640
Net Increase	15	(113)	36
Cumulative total Subscribers	3,829	3,717	3,865
Subscribers shifted to HDTV	406	287	246
Average Monthly Subscriber's Payment (units: JPY)	3,200	3,179	-
ARPU (units: JPY)	1,784	2,004	-
SAC (units: JPY)	29,931	36,007	-

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

FY2014 will be a year of transformation

Transformation of Cost Structure

- Enhancement of content
- Bolstering of efforts to retain subscribers

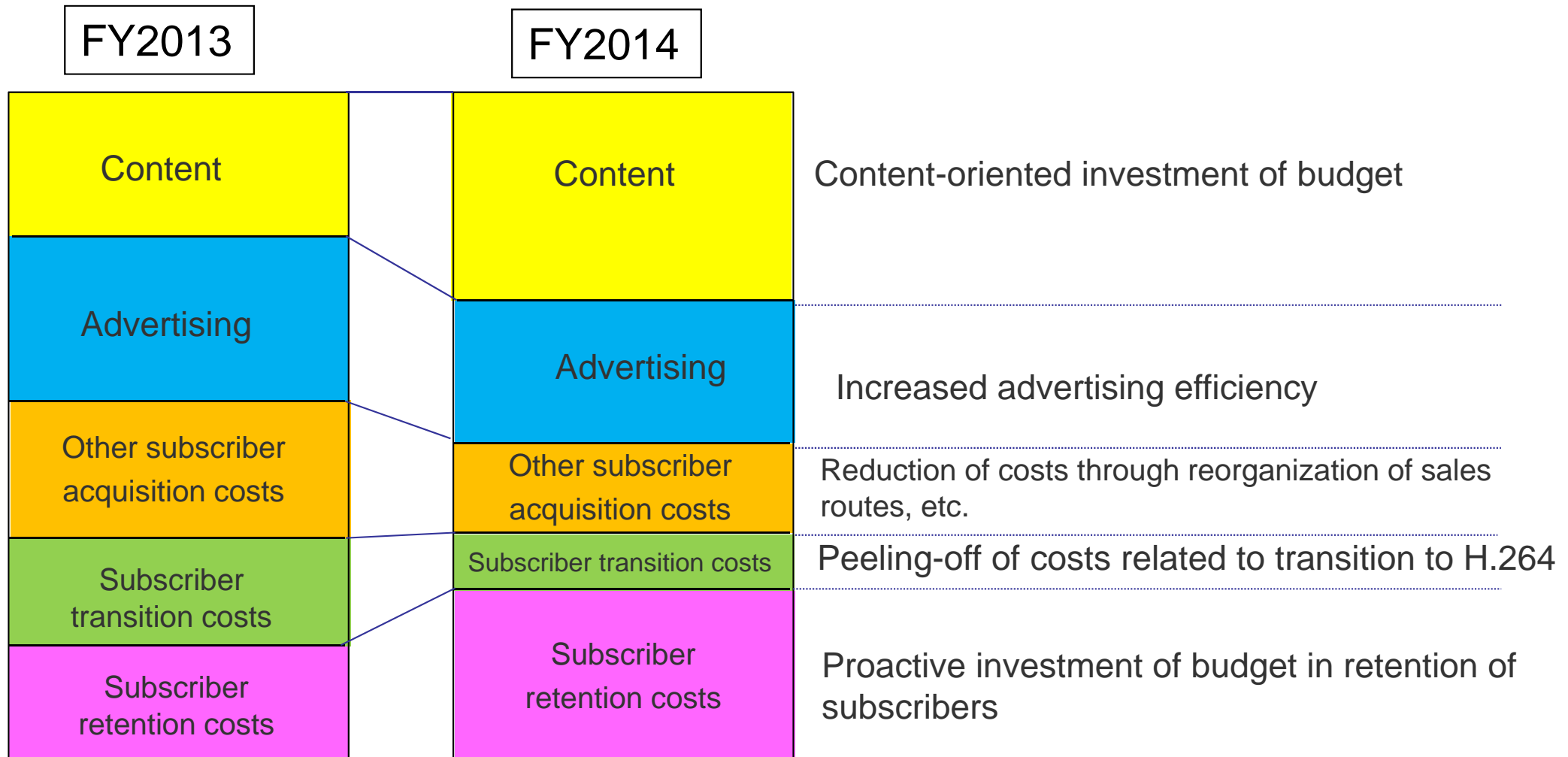
Improvement of Services using Big Data

- Introduction of new subscriber management system
- Commencement of surveys of viewing trends

Towards Positioning SKY PerfectTV! On Demand as our Main Service

Transformation of Cost Structure

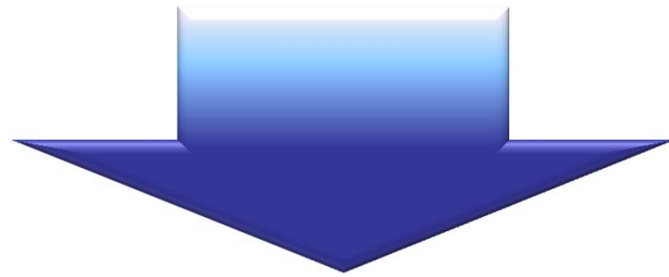
Greater allocation of budget to content and maintenance of subscribers



Improvement of Services using Big Data

Introduction of new
subscriber
management system

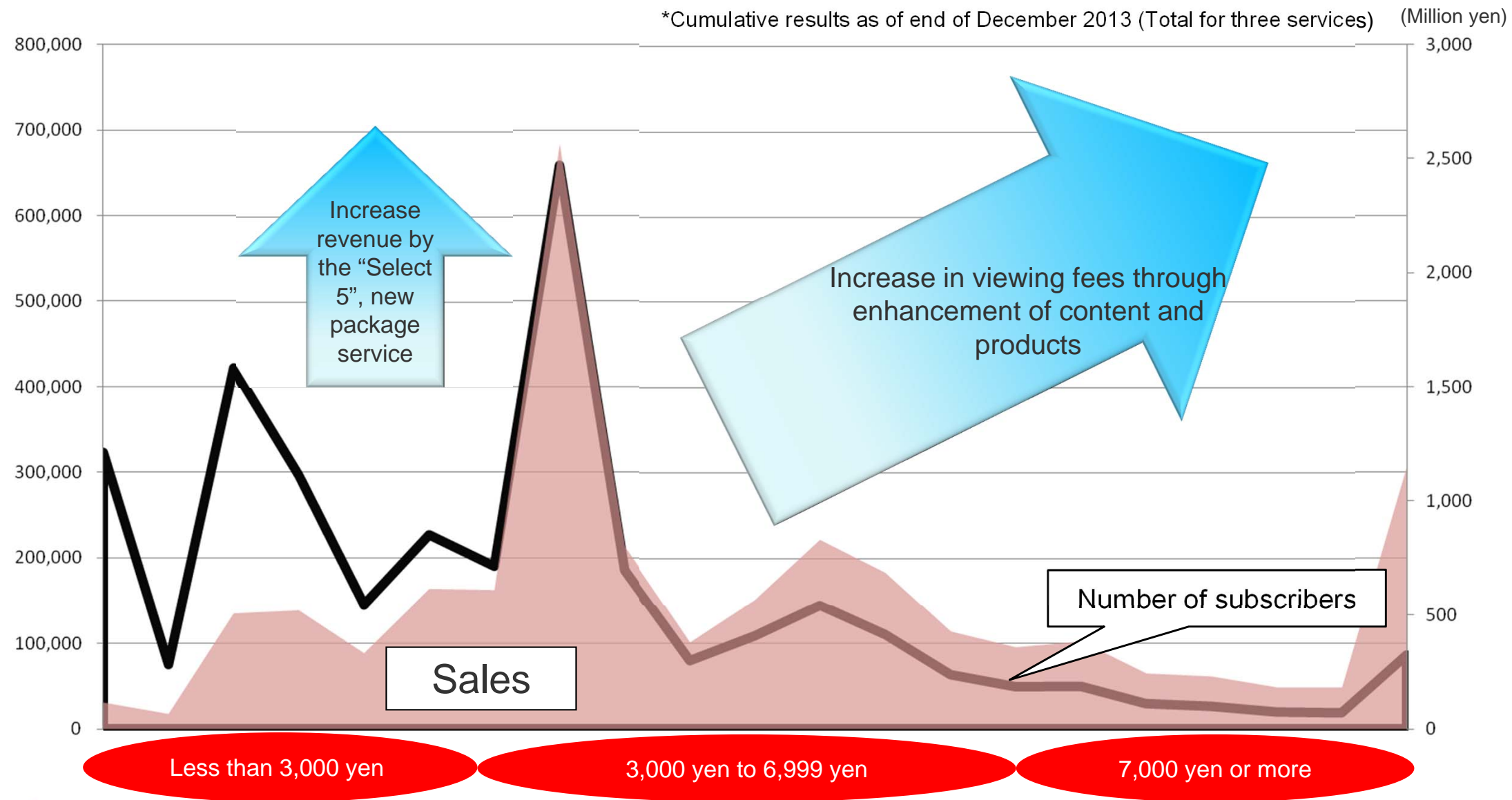
Commencement of
surveys of viewing
trends



Using Big Data, presentation of services tailored
to each individual subscriber

Measures to Increase Total Viewing Fees

Presentation of services that will be valued for longer by more subscribers



Towards Positioning SKY PerfecTV! On Demand as our Main Service

- Acquisition of new user demographics by means of diverse content such as J. League On Demand
- Expanding sales of on-demand services through linkage with other platforms and availability on multiple devices

SKY PerfecTV!



J. League On Demand



Linkage with other platforms



J.COTT "cotto-Box"



NTT West "Hikari Box Plus"



Availability on multiple devices



"PlayStation Vita TV"



PC



Tablet



Smartphone



FY2014 Targets for Increase in Subscriptions

(Unit: thousands)

FY2014 targets for increase in subscriptions	Number of IC cards (Number of subscriptions)	Number of subscribers*
Cumulative number of subscribers as of end of FY2013 (Number of subscriptions)	3,717	3,327
Total of new subscriptions	569	431
<i>SKY PerfecTV!</i>	<i>(478)</i>	<i>-</i>
<i>SKY PerfecTV! Premium Service</i>	<i>(74)</i>	<i>-</i>
<i>SKY PerfecTV! Premium Service HIKARI</i>	<i>(17)</i>	<i>-</i>
Number of churn due to termination of MPEG2 broadcasts (Projected)	265	244
Churn rate	23.7%	21.2%
Net increase	(160)	(148)
<i>(Net increase excluding number of churn due to termination of MPEG2 broadcasts in May, 2014)</i>	<i>(+105)</i>	<i>(+96)</i>
Cumulative number of subscribers as of end of FY2014 (Number of subscriptions)(Forecast)	3,557	3,179

*Number of subscribers: The number of subscribers using contracts as a unit. Contracts for multiple services held by the same subscriber are counted as one contract.

Towards Realization of a Range of 4K Broadcasts

- Commencement of broadcasting of 4K channel by NexTV-F in June 2014

《Overview of 4K test broadcasts》

- Commencement of broadcasting: June 2 (Mon)
* Broadcasting will be commenced using JCSAT-3A (128 degrees east longitude)
- Broadcaster: Next Generation Television & Broadcasting Promotion Forum (NexTV-F)

2014	April	May	June	July	August	September	October	November	December	January	February	March
NexTV-F 4K channel			★	→			★	→				
			■ Commencement of test broadcast					■ Extension of time for test broadcast				

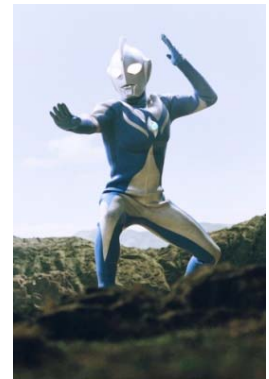
- We are examining the expansion of 4K services via SKY PerfecTV! Premium Service HIKARI
- The Ministry of Internal Affairs and Communications has launched the 4K/8K Follow-up Meeting (In order to lay out a roadmap towards 2020)

Active Expansion of WAKUWAKU JAPAN Business

■ Good start of WAKUWAKU JAPAN channel in Indonesia

- Survey of status of viewing in collaboration with Video Research Ltd. from March 10 to 23
 - J. League, Ultraman Cosmos, and Ama-chan are particularly popular
- We are preparing for broadcasts in Indonesia on multiple platforms

WakuWaku
JAPAN



ULTRAMAN COSMOS
©2001 TSUBURAYA PRODUCTIONS

■ Commencement of broadcasting by 4TV in Myanmar

- 4TV is terrestrial pay TV service operated by major media company Forever group
- Will commence broadcasting on June 1



■ First Japanese broadcast of popular Indonesian programs on MNC International channel

- Commencement of broadcasting on SKY PerfecTV! Premium Service on April 26



Ch.515

■ Conclusion of basic agreement with Cool Japan Fund

- Beginning of joint review towards clarifying plans for media business in Southeast Asia, etc. in April

Authorization for V-High Broadcasting

- On April 9, the following channel was authorized for V-High broadcasting
 - Broadcaster: SKY Perfect Entertainment Corporation
 - Channel name: SKY PefecTV! Mobile TV (provisional)
 - Commencement of broadcasting: April 1, 2015 (scheduled)
 - Content: Scheduled focus will be live soccer relays
 - Fee system/Sales method: Undetermined at present

The Unauthorized viewing Issue

- Occurrence of unauthorized fabrication and alteration of B-CAS Cards

Future Initiatives

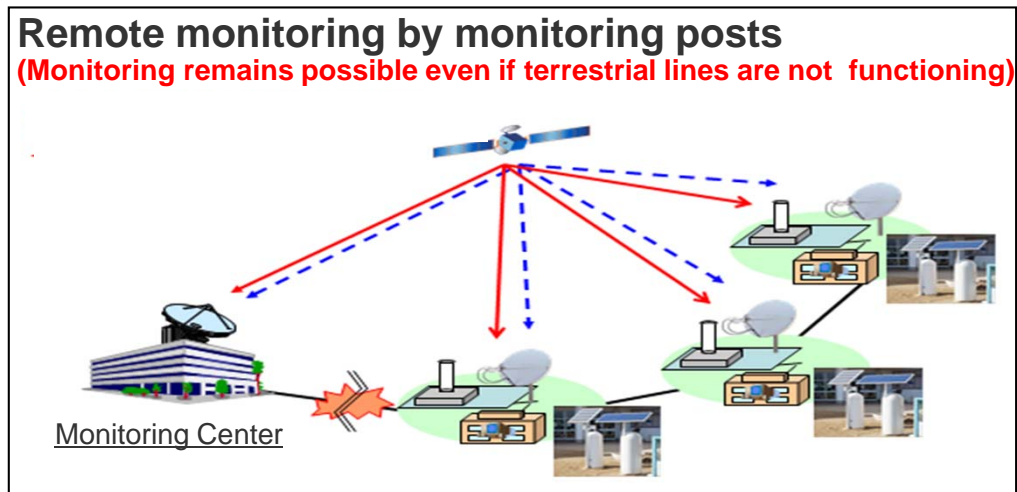
- Space and Satellite Business -

Initiatives in the Domestic Market

■ Expansion of ExBird Service



- Nuclear disaster prevention
 - Use of the service to provide data transmission lines for radiation monitoring posts operated by local governments is increasing



- Responding to demand for BCP
 - Use of the service by gas companies for pipeline monitoring is increasing
 - We are strengthening our business targeting use of the service in BCP preparing for the possibility of an earthquake directly underneath the Tokyo metropolitan area or in the projected region of a Tonankai earthquake

Initiatives in the Space and Defense Markets

■ Space Business

- In addition to continuing our work in operating and promoting the use of JAXA's ultra-high-speed Internet satellite Kizuna (WINDS), we are enhancing our initiatives towards establishing new satellite operation contracts
- We are studying the potential for space and ocean monitoring
 - International monitoring to ensure the safety of satellites as the amount of space debris increases
 - Ocean monitoring using a variety of types of data, for example, satellite images of the Arctic region, etc.



Still image of space debris in low orbit

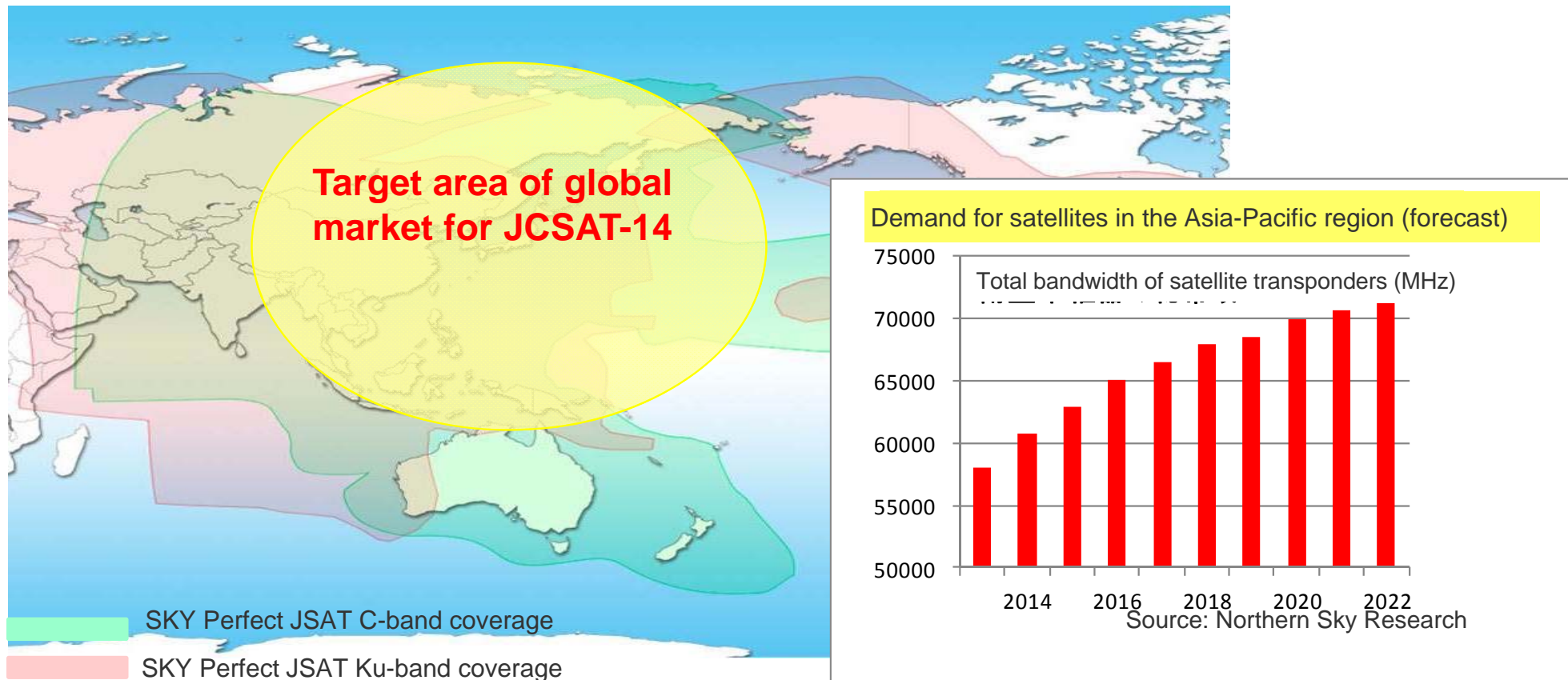
■ Defense Business

- A consortium led by SKY Perfect JSAT is working to smoothly implement a PFI project “Program to Upgrade and Operate X-Band Satellite Communications Functions, etc.” commissioned by the Ministry of Defense. (The first satellite is scheduled for launch in December 2015, and the second for launch in January 2017)

Initiatives in the Global Market (1)

■ Expansion of sales of satellite lines

- We are cultivating business with a focus on the C/Ku-band market in the Asia and Oceania regions, which is expected to grow in the future
- We are strengthening our business expansion in North America and Russia
- We are enhancing advance sales related to JCSAT-14 (the successor to JCSAT-2A), which will be launched in the first half of FY2015



Initiatives in the Global Market (2)

■ All-Japanese system initiatives

- We are strengthening our initiatives in the area of export of Japan's satellite disaster prevention communications system, as a total infrastructure package put together by a consortium of Japanese businesses working with the government, to Turkey and Chile, which are also prone to earthquakes

【 Republic of Turkey】



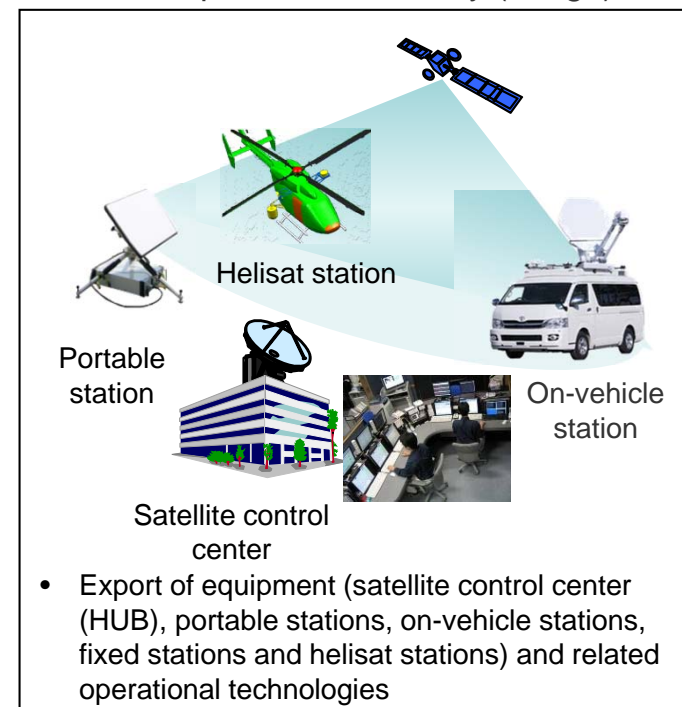
- Turkey's Disaster and Emergency Management Presidency (AFAD) is planning to construct a satellite communications network as a disaster prevention measure.
- The Director General of AFAD visited Japan in April to inspect the EsBird system

【 Republic of Chile】



- At the end of May, a Japanese consortium, of which SKY Perfect JSAT is a member, is scheduled to make a presentation in Chile to the new administration

〔Network planned for Turkey (Image)〕



〔Japanese consortium (seven companies)〕



Initiatives in Mobile Markets

■ Business targeting aircraft

- Aircraft Internet services are growing quickly against the background of factors such as the rapid spread of smartphones
- From March, we commence offering a domestic Japanese service of SwiftBroadband, Inmarsat's satellite communications service for aircraft
 - We offer an onboard Wi-Fi service for All Nippon Airways Co., Ltd. (ANA) aircraft
- From January, we increased the amount of satellite lines dedicated to the U.S. company Panasonic Avionics Corporation.
 - The company is offering onboard Wi-Fi for Japan Airlines Co., Ltd. (JAL) and other airlines using its eXconnect service

■ Business targeting ships



- We have expanded our OceanBB Internet connection service for ships
 - In FY2013, the number of ships contracted to use the service increased from 95 to 160 (Japan's three major shipping companies, Nippon Yusen, Mitsui O.S.K. Lines, and Kawasaki Kisen Kaisha, are using the service)



Exhibiting at SeaJapan
(April, Tokyo)

Future Responses to Demand for Satellites

■ Signing of contracts for procurement of JCSAT-15 and JCSAT-16

- In April, we signed contracts with Space Systems/Loral for the procurement of two satellites

【Main purposes of use】

- JCSAT-15: Will replace N-SAT-110 and be used for SKYPerfectTV! services
- JCSAT-16: Will be used as an in-orbit back-up satellite for the Ku- and Ka-bands for the Japanese market in order to enable the presentation of more stable satellite services



JCSAT-15 and JCSAT-16 satellites (Image)

Future satellite launch plans

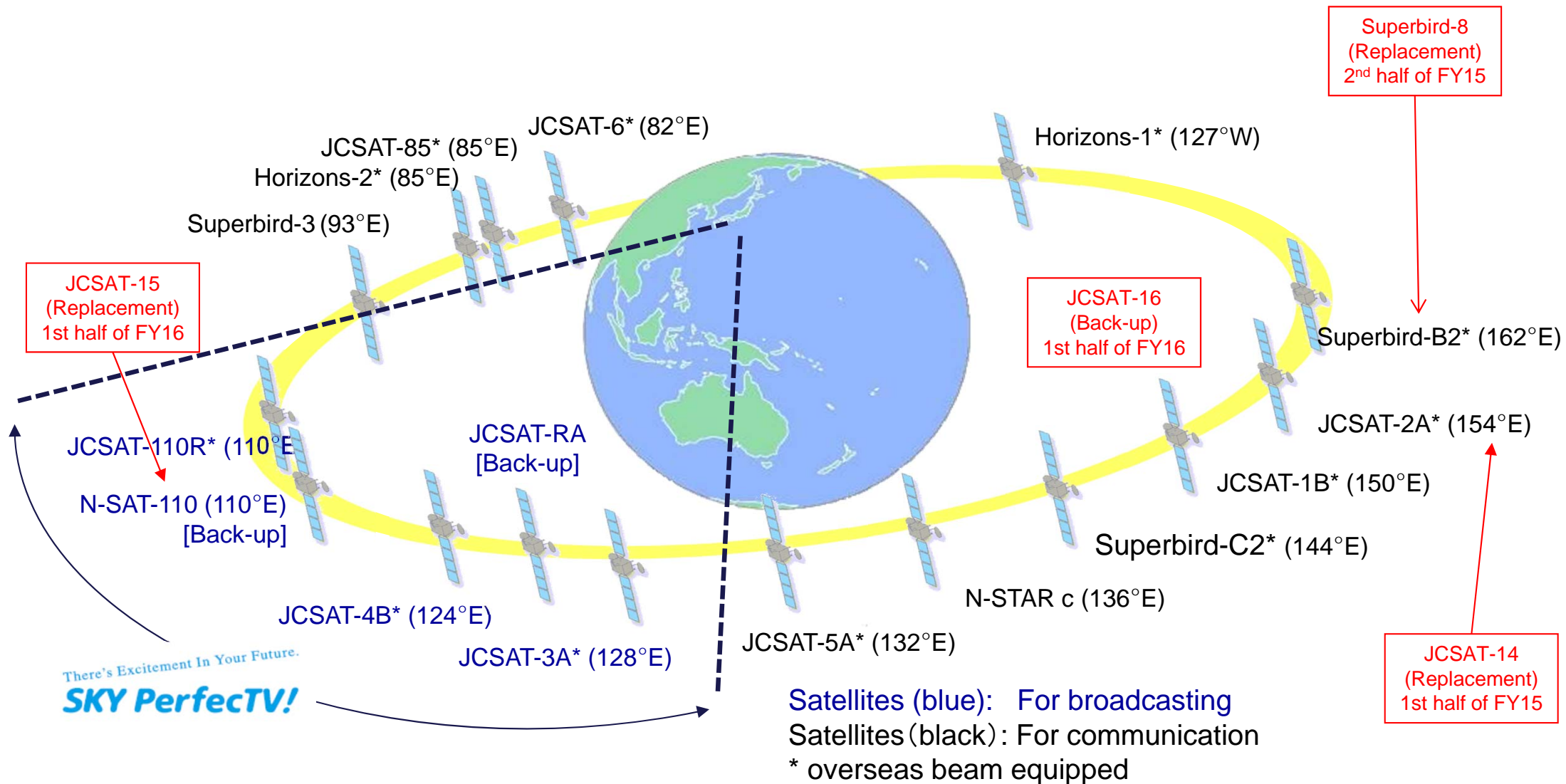
- JCSAT-14 (successor to JCSAT-2A (154E))
First half of FY2015 (scheduled)
- Superbird-8 (successor to Superbird-B2 (162E))
Second half of FY2015 (scheduled)
- JCSAT-15 (successor to N-SAT-110 (110E))
First half of FY2016 (scheduled)
- JCSAT-16 (in-orbit back-up satellite)
First half of FY2016 (scheduled)



Space Systems/Loral CEO John Celli visits Japan

Satellites Fleet Updated

- 16 satellites in total cover from the Indian Ocean through North America.
- 4 satellites are newly manufactured for replacements/back-up.



Forecast for FY2014

Earning Forecasts for FY2014

- Forecasting both revenues and profits decrease from Fiscal Year 2013

(Units: JPY Billions)

	FY2013	FY2014 (Forecast)	Comparison (+/-)
Revenues	171.6	163.5	(4.8%)
Operating Income	21.7	18.0	(17.1%)
Net Income	9.6	12.0	+24.2%

The Forecast by the Business Segments

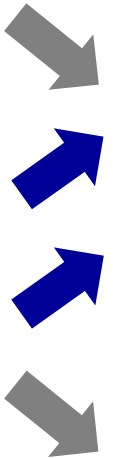
(Units: JPY Billions)

	FY2014 (Forecast)			Consolidated Total
	Multichannel Pay TV	Space & Satellite	Eliminations and Company Total	
Revenues	122.2	53.2	(11.9)	163.5
Operating Expenses	121.0	35.7	(11.2)	145.5
Operating Income	1.2	17.5	(0.7)	18.0

Fluctuation Factors in FY2014

■ Particular factors due to the SDTV broadcasting termination in May 2014

- Decrease of revenues from SDTV transponders Leasing Fees
- Cost reductions from subscribers migration to HDTV
- Cost reduction from consolidation of broadcasting centers
- Decrease of revenues of Subscribers Monthly Basic Fee



■ Other factors compared to FY2013

- Decrease of extra one time revenues from governmental user



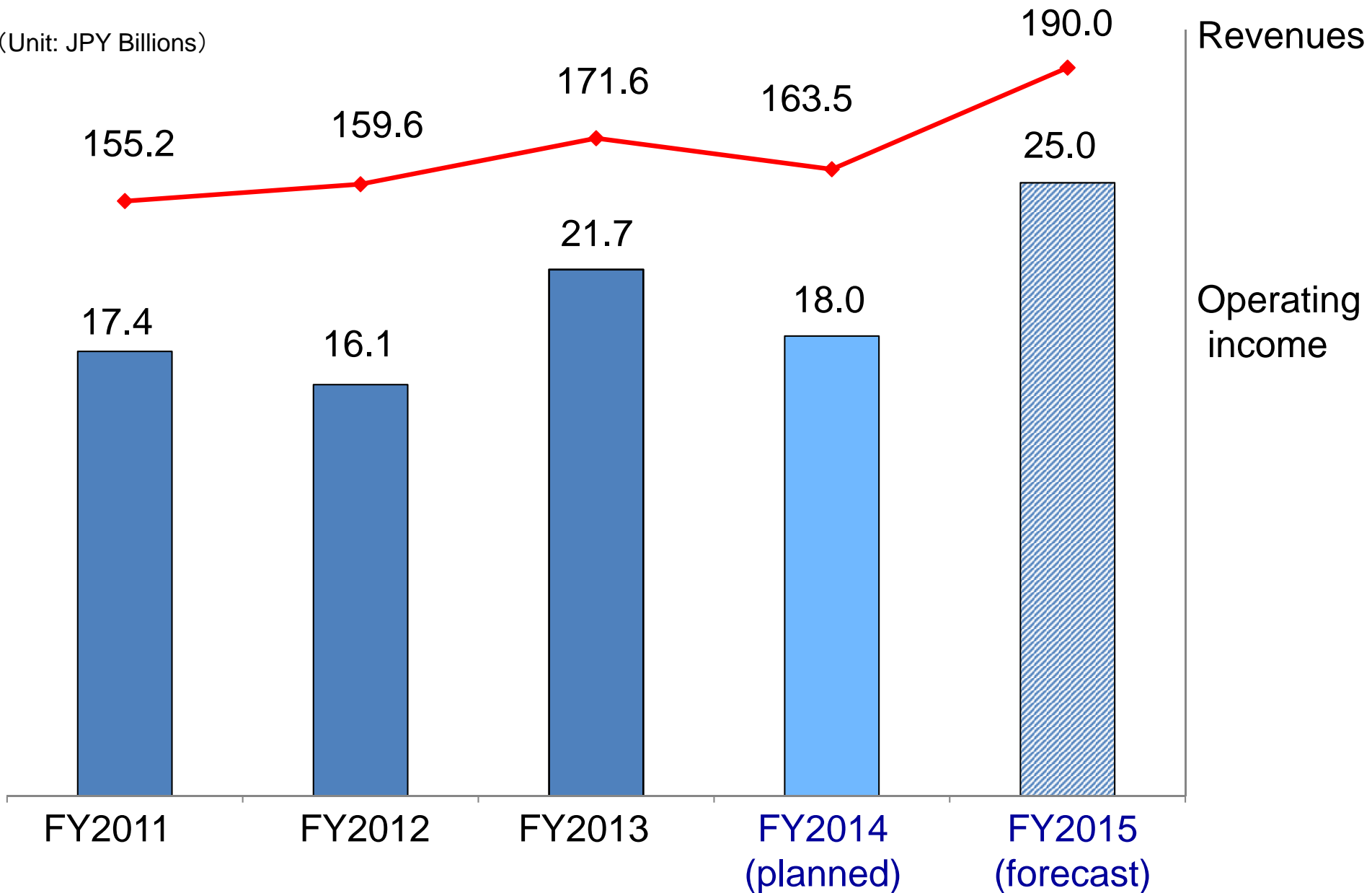
Mid-Term Business Plan: Target and Forecast

Current Mid-term Plan Targeted for FY2015

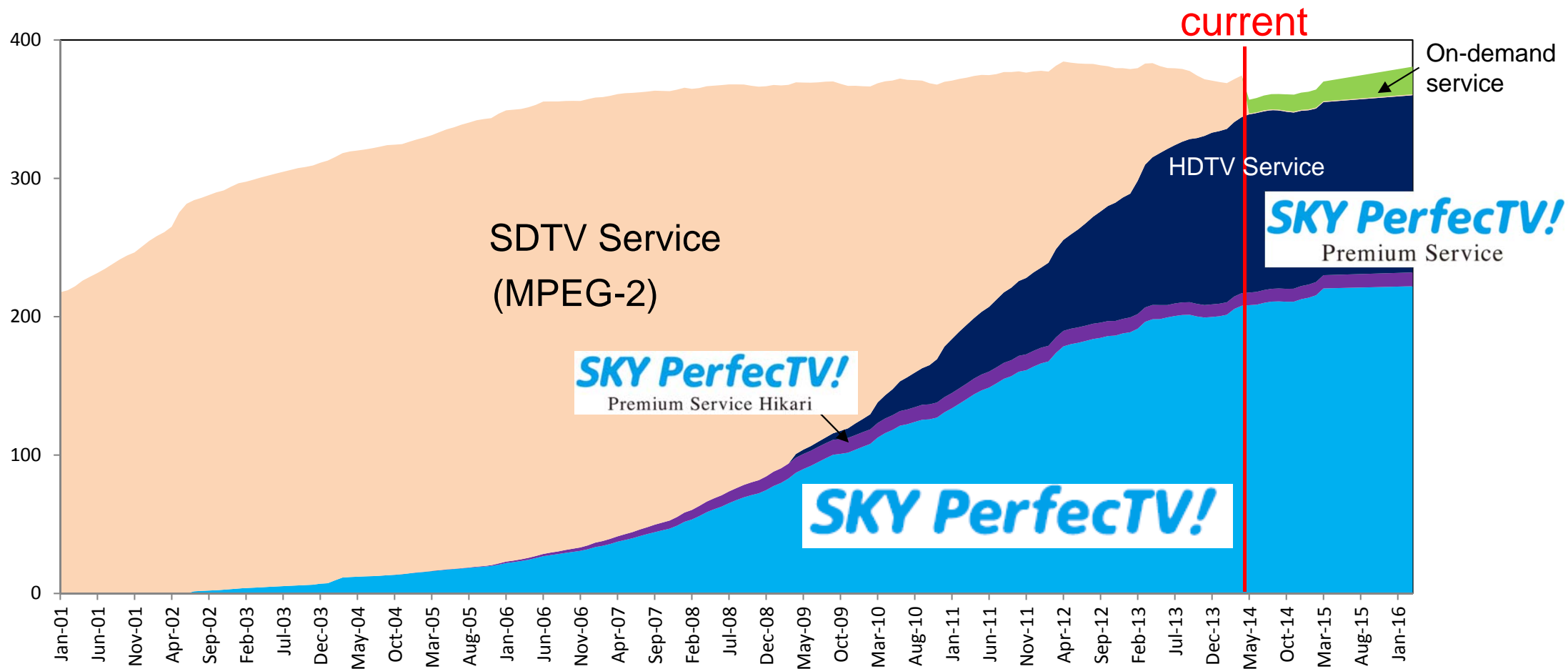
Targeted for FY 2015	Main elements for achievement
<p>Consolidated operating revenue</p> <p>200 billion yen</p> <p>Consolidated operating income</p> <p>20 billion yen</p>	<p>⇒ Consolidated operating revenue JPY190 Bn level.</p> <p>⇒ Aiming a consolidated operating income JPY 25 Bn.</p> <ul style="list-style-type: none"> • The next-generation X-band business • Global expansion of scope of business • SAC reduction and structural reform of the Customer center • Elimination of transition costs after the completion of the HDTV convergence • Reduction of operations costs with the termination of standard-definition (MPEG-2)
<p>Total number of subscribers</p> <p>4.0 million</p>	<p>⇒ 4 million by the end of FY2015 not to be achieved (approx. 3.8 million including paid on-demand users)</p> <ul style="list-style-type: none"> • Steadily increase new subscribers for SKY PerfecTV! • Maintaining the subscriber basis for the Premium service. • Expanding the SKY PerfecTV! On-Demand paid users.

Performance Results and Forecast

(Unit: JPY Billions)



Subscribers Outlook: Results and Forecasts



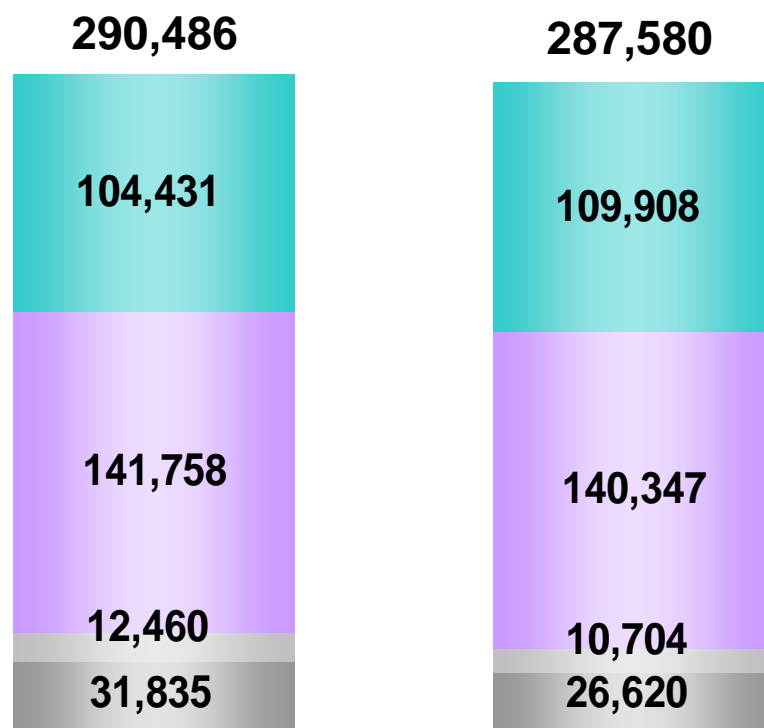
	FY2013 Results	FY2014 Forecast	FY2015 Forecast
Total subscribers (thousands)	3,717	3,557	3,800 (VOD added)

(References)

Consolidated Balance Sheets

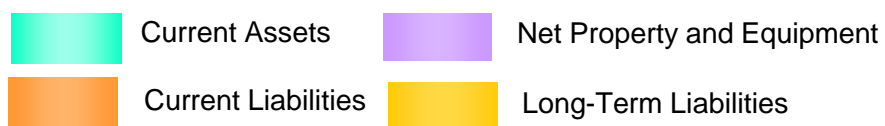
Assets

(Units: ¥ millions)



2013/3

2014/3

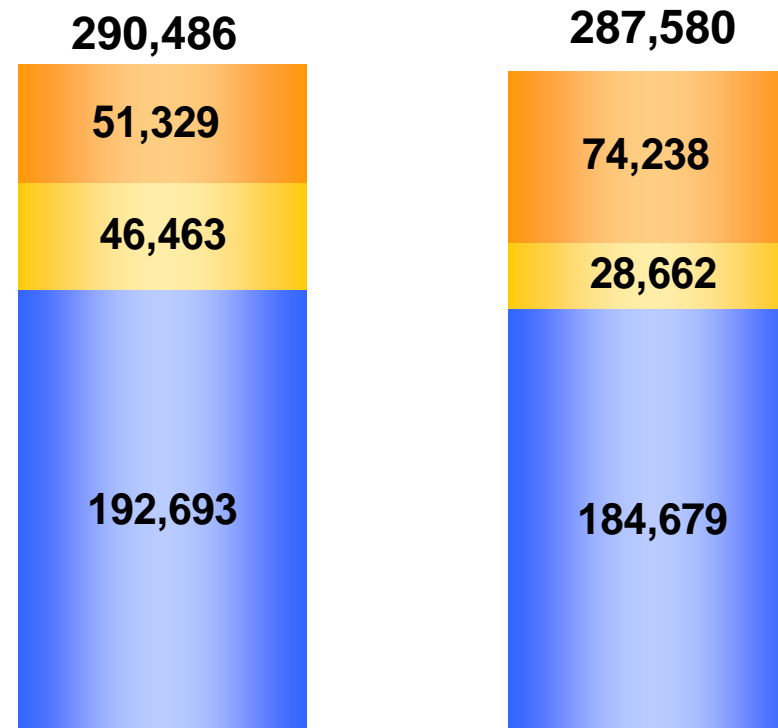


Liabilities and Equity

(Units: ¥ millions)

Equity Ratio : 66.2%

Equity Ratio : 64.1%



2013/3

2014/3



Consolidated Cash Flows

(Units: ¥ millions)

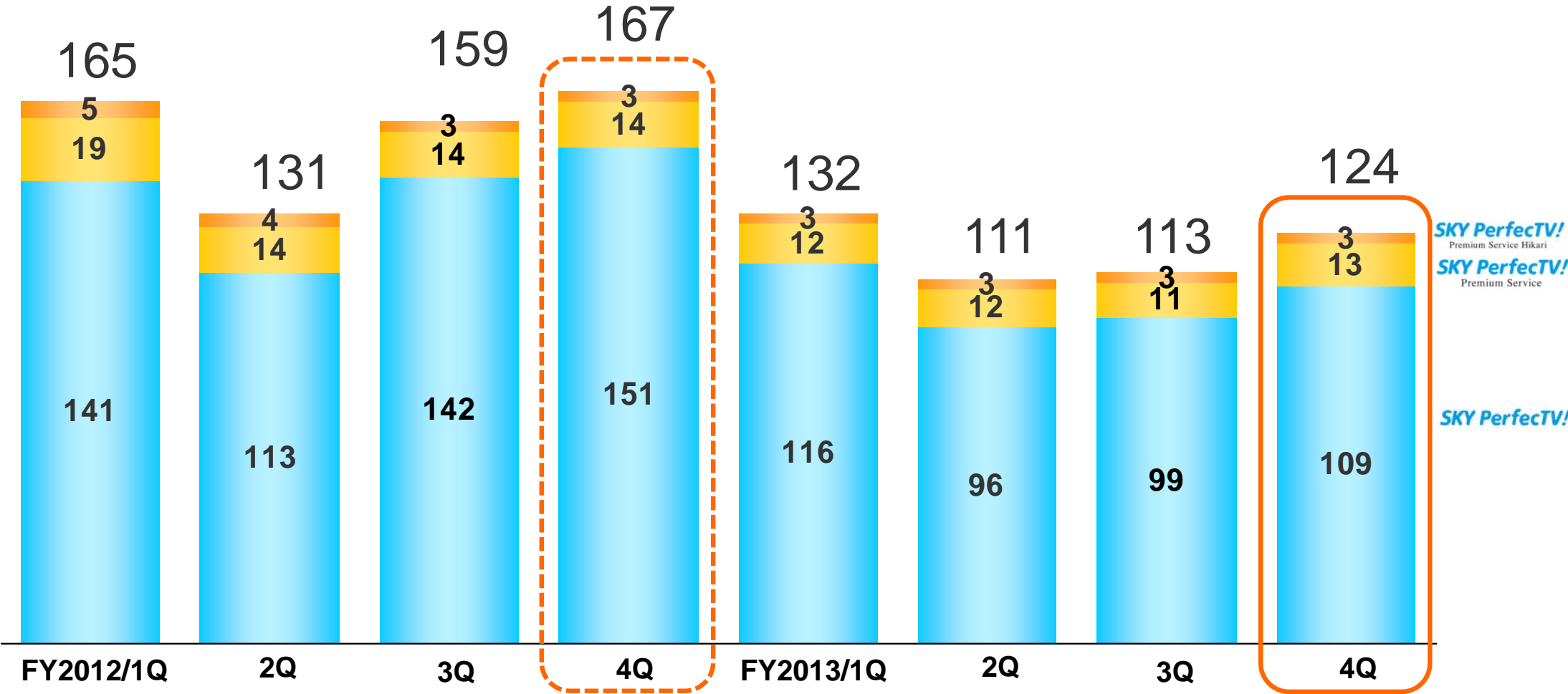
	FY2012 4Q	FY2013 4Q
Net Cash from Operating Activities	38,372	33,345
Net Cash from Investing Activities	(11,119)	(18,969)
Free Cash Flows^{*1}	27,252	14,375
Net Cash from Financing Activities	(19,401)	(25,444)
Cash and Cash Equivalents at Term-End (a)	74,472	63,783
Term-end balance of interest-bearing debt^{*2} (b)	49,398	45,994
Term-end balance of net interest-bearing debt (b) – (a)	(25,074)	(17,789)

*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.

Number of New Subscribers

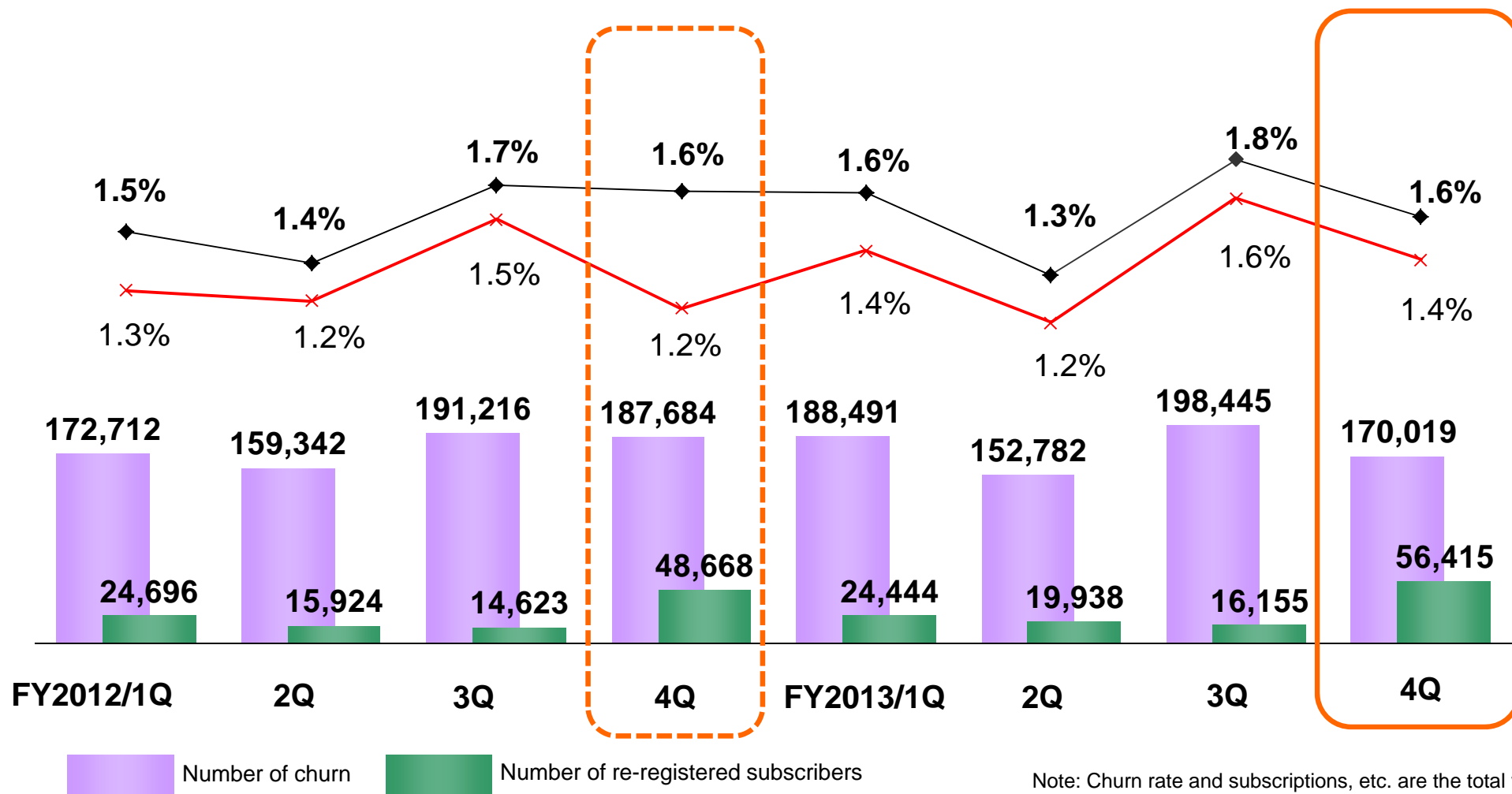
(Units: ¥ thousands)



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

Average Monthly Churn Rate

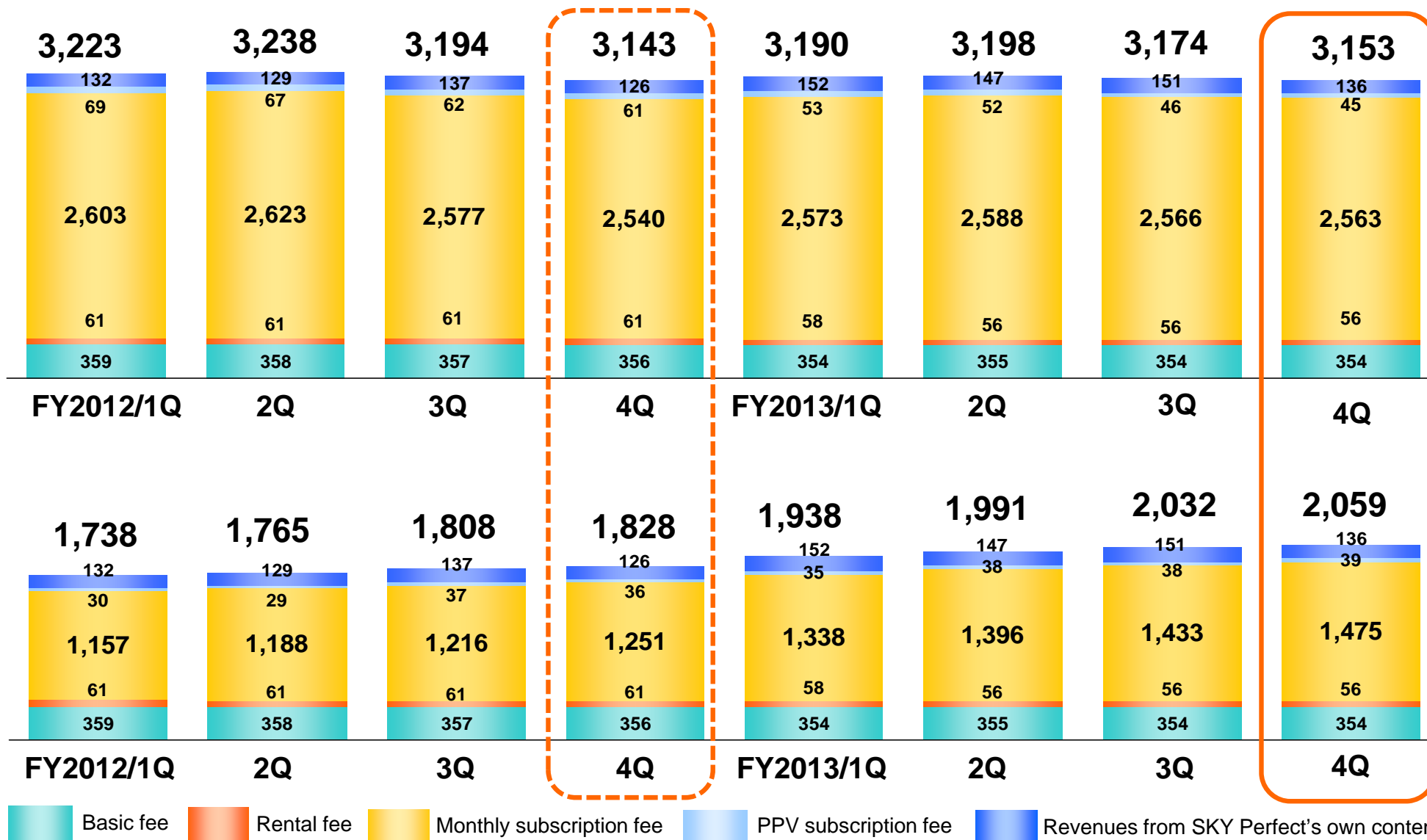
—◆— Average Monthly Churn Rate
—×— Substantial churn rate after the exclusion of re-subscriptions



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

ARPU

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

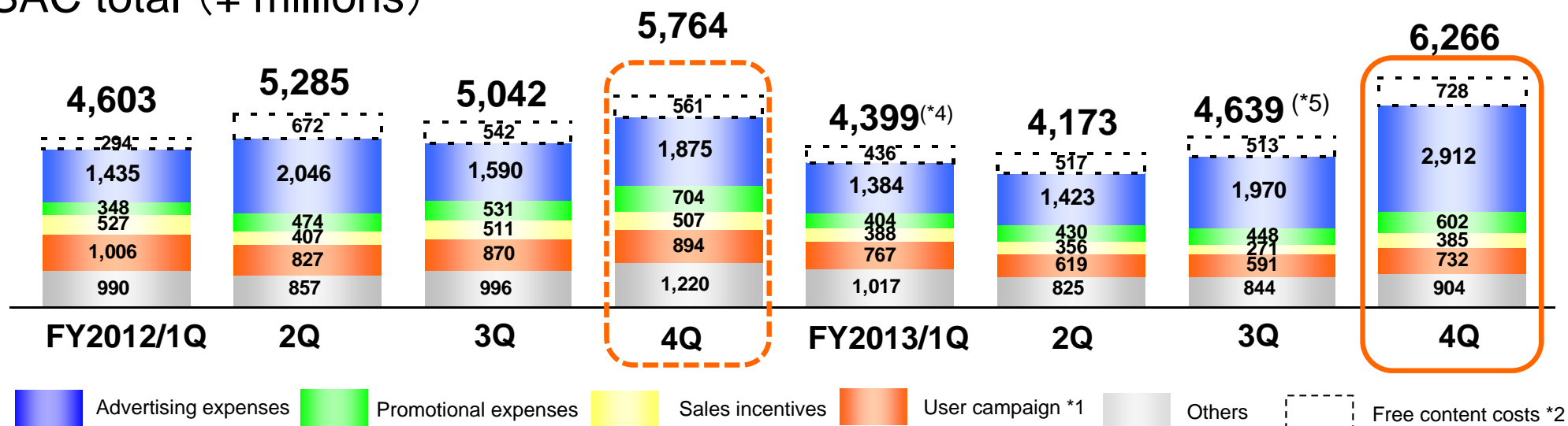


*1 Average unit price of monthly viewing fees, etc. paid by subscribers

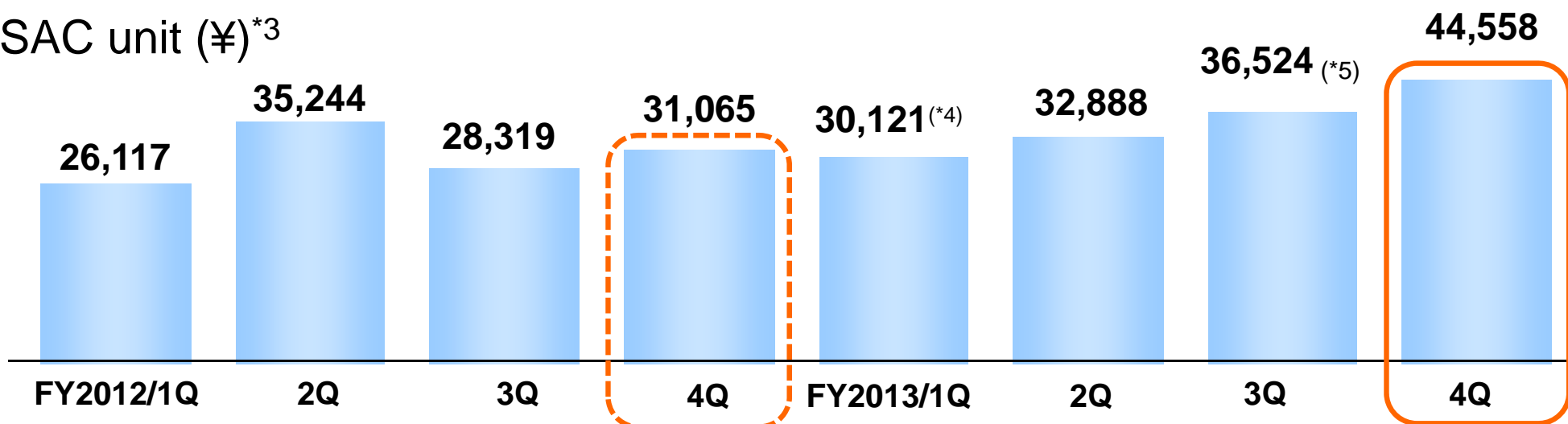
*2 Revenue of our corporate group in the unit price of monthly viewing fees, etc. paid by subscribers

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.

*4 The amount of advertising expenses of the 1Q for the year ended March 31, 2014 was revised.

*5 The amount of advertising expenses, Promotion expenses, User incentives and Others of the 3Q for the year ended March 31, 2014 was revised.

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