

SKY Perfect JSAT Group Earning Results Briefing for 1Q/2014

July 31, 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 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 IC card security, etc.

Consolidated Business Performance for 1Q/2014

Summary of Income Statements

- Revenues and Net Income increased from the same quarter of the previous year.

(units: ¥ millions)

	1Q/FY2013	1Q/FY2014	Comparison to 1Q/FY2013	Vs Full Year Forecast
Revenues	41,044	42,239	2.9%	25.8%
Operating Income	5,210	7,015	34.6%	39.0%
Ordinary Income	5,246	7,067	34.7%	40.4%
Net Income	3,140	6,587	109.8%	54.9%
EBITDA (*1)	11,835	13,698	15.7%	—

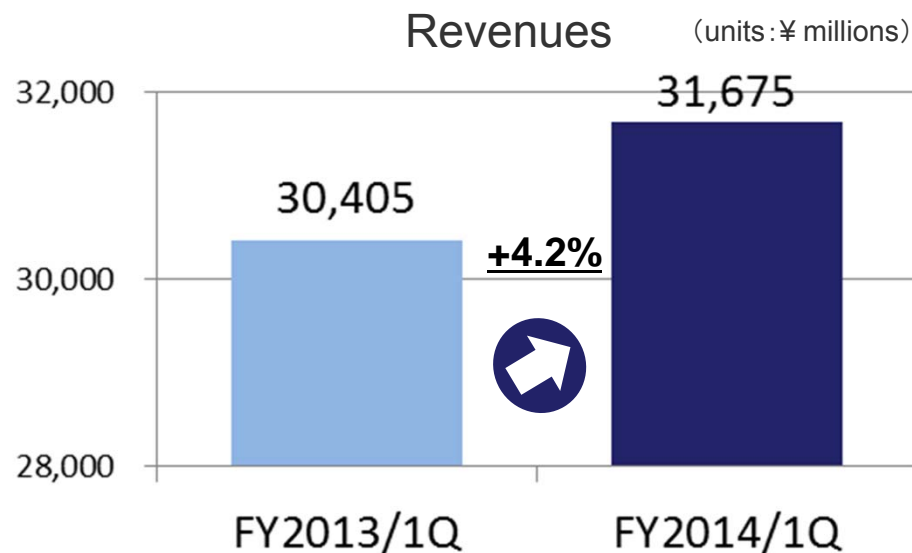
*1. EBITDA is calculated as Net Income + Tax Expense + Depreciation Expense + Interest Expense

Indicators for Multichannel Pay TV Business (*)

	FY2013/1Q	FY2014/1Q	FY2014 Target
Number of New Subscribers (units: thousands)	132	105	569
Net Increase in Subscribers (units: thousands)	△32	△248	△160
Number of Cumulative Subscribers (units: thousands)	3,800	3,468	3,557
Number of HD migration (units: thousands)	109	44	-
Average Monthly Subscribers Payment (units: yen)	3,190	3,253	-
ARPU (units: yen)	1,938	2,173	-
SAC (units: yen)	30,121	31,045	-

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

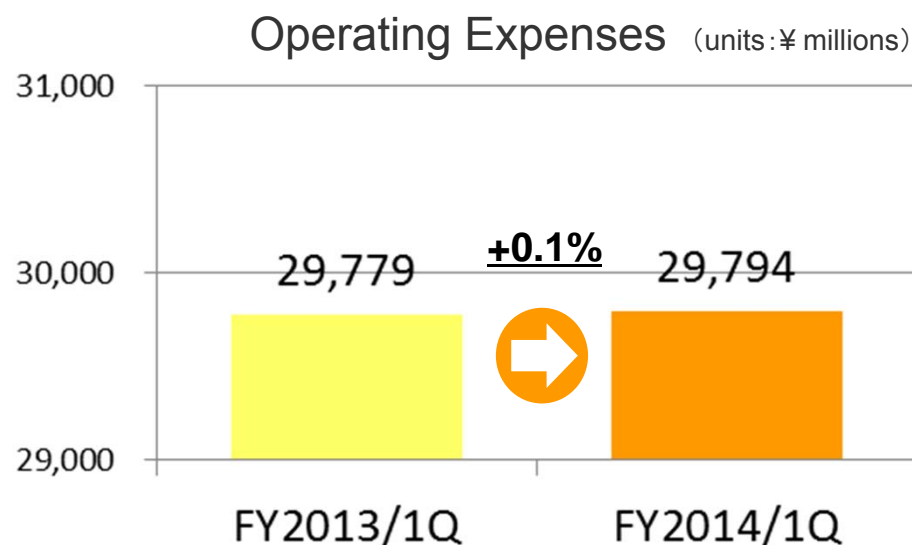
Detailed: Multichannel Pay TV Business



Revenues +¥1.27B*

* Internal transactions between segments included.

- Increase in the income from subscription fees: +¥2.8B
- Decrease in the income from commission fees: (¥1.3B)
 - Commission from SKY PerfectTV!: +¥0.3B
 - Commission from SDTV: (¥1.6B)
- Decrease in the income from uplink fees: (¥0.2B)



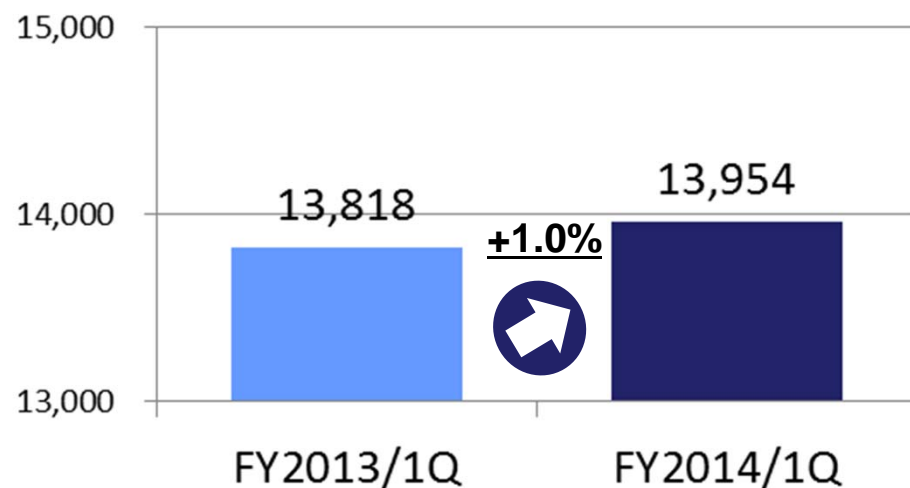
Operating Expenses +¥0.01B*

* Internal transactions between segments included.

- Increase in HDTV-related program cost: +¥1.5B
- Decrease in the cost for migration to HDTV: (¥0.5B)
- Decrease in other costs related to Multichannel PayTV: (¥1.0B)

Detailed: Space & Satellite Business

Revenues (units: ¥ millions)

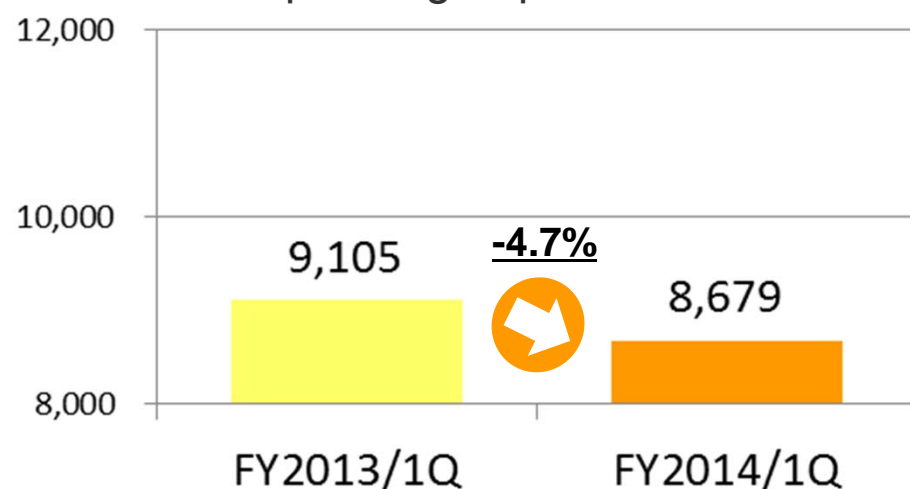


Revenues +¥0.13B*

* Internal transactions between segments included.

- Increase in the income from overseas business: +¥0.5B
- Increase in the income from HD broadcasting transponders: +¥0.4B
- Decrease in the income from SD broadcasting transponders: (¥0.9B)

Operating Expenses (units: ¥ millions)



Operating Expenses (¥0.42B)*

* Internal transactions between segments included.

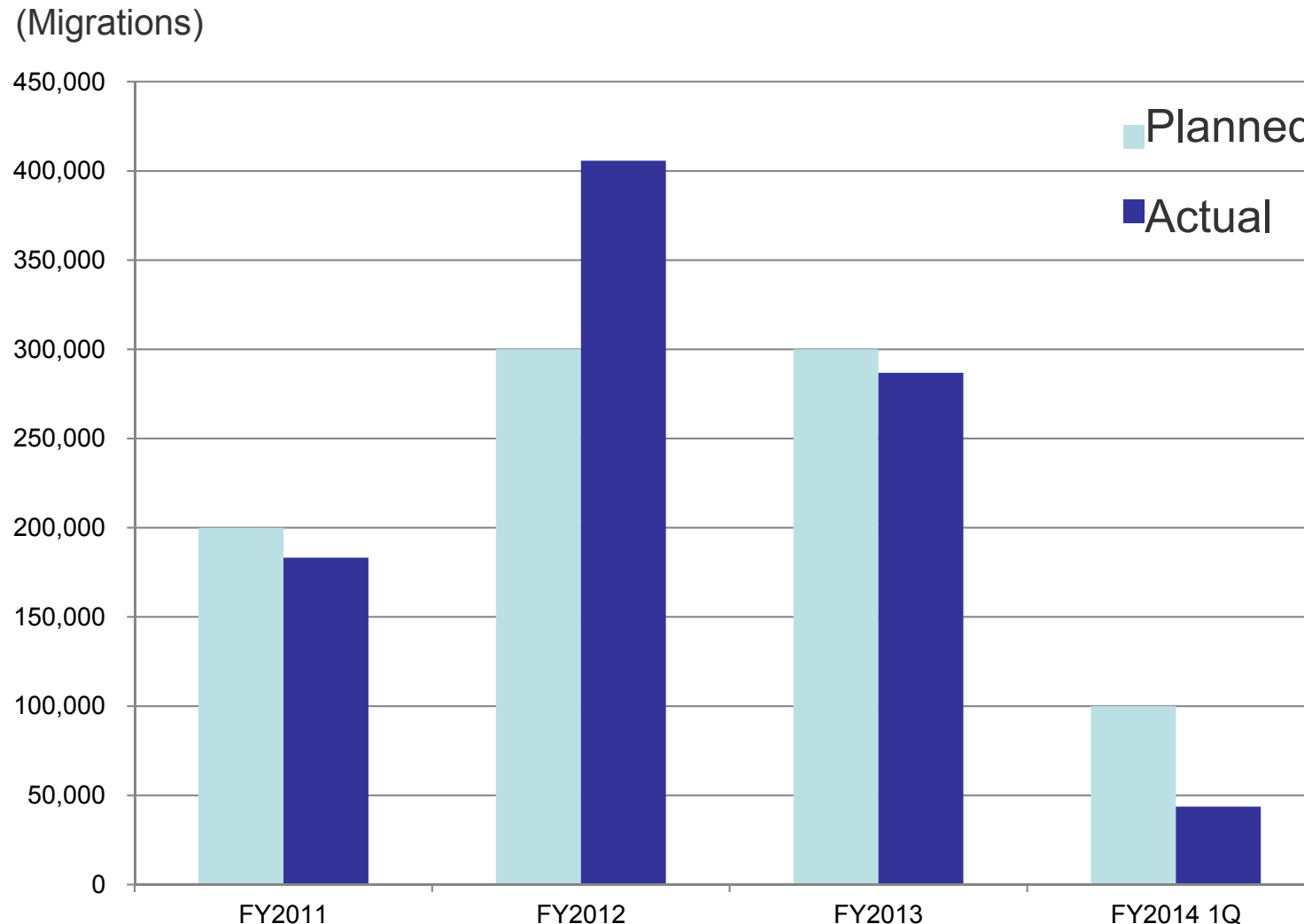
- Decrease in the satellite deprecations costs: (¥0.5B)

Future Initiatives

- Multichannel Pay TV Business -

Completion of shift to SKY PerfecTV! HD Premium Service (1)

- A total of 919,000 HD migrations (FY2011–FY2014Q1)
- This is 19,000 more migrations than planned.



Completion of shift to SKY PerfecTV! HD Premium Service (2)

- Brought forward the end of shift period
(from the end of March 2015 to the end of May 2014)

Main Measures Implemented

- Set-up of the products corresponding to shift as substitute for the discontinued products
- Early implementation of onscreen text announcements in programs
- Inexpensive tuner development and its free provision

- Sum total expenditure was **¥2.8 billion less** than planned.

<Total Expenses>

[Planned]	¥15 billion
[Actual]	¥12.2 billion
[Difference]	-¥2.8 billion

< Unit price expenses >

[Planned]	¥15,000
[Actual]	¥12,182
[Difference]	-¥2,818

Situation after sales of new package “SKY PerfecTV! Select 5”

➤ “SKY PerfecTV! Select 5” Outline



- ❑ Release Date: March 17, 2014
- ❑ Price: ¥1,980/month (including tax)
- ❑ Product Details: Subscribers can choose any 5 channels out of a list of 45 available channels.

➤ Comparison of before and after “SKY PerfecTV! Select 5” release (compared with the same month of the previous year).

		May 2013	May 2014
Number of new subscriptions to SKY PerfecTV! /		35,198	29,460
Breakdown of new subscriptions	Basic Package subscriber percentage	25.4%	27.5%
	Professional Baseball Set subscriber percentage	8.0%	11.1%
	Select 5 subscriber percentage	—	13.6%
	Single channel only subscriber percentage *1	55.8%	38.8%
	Average subscription fee *2	¥2,156	¥2,418

*1 The percentage of new SKY PerfecTV! subscribers who only subscribe to a single channel and not to a set package.

*2 Combined total of flat-rate and “ticket” subscriptions (not including tax). Not including first month sign-up fees or basic charges. Value does not include discounts.

Restructuring International Soccer Package

- The international soccer packages have been restructured, and soccer games are broadcasted all year around through the “European & J. League soccer set”.

<Current>

SKY PerfectTV!	European Soccer Set ¥3,600
	Soccer Set MAX ¥6,048
Premium service	European Soccer Set Premium ¥3,909
	Soccer MAX Premium ¥6,459
VOD	International Soccer LIVE ¥2,160 * ¥324
	International Soccer LIVE PLUS ¥3,024 * ¥648

* Discount price for the above SKY PerfectTV! broadcast service subscribers

<From August 1, 2014>

SKY PerfectTV! & Premium service	European Soccer set (Premium) ¥3,980
	European Soccer & J. League Set (Premium) ¥5,980
VOD	European Soccer On Demand ¥3,980 * ¥0

* Free to view by subscribers to the above SKY PerfectTV! broadcast service

< Major League Schedule >

		March	April	May	June	July	August	September	October	November	December	January	February	
International soccer	UEFA Champions League													
	Premier League													
	Serie A													
	Bundesliga													
Japanese soccer	J. League													

- 315,000 registered subscribers (as of June 2014)

- Additional new channels available

- From 52 channels to 59 channels (from July)

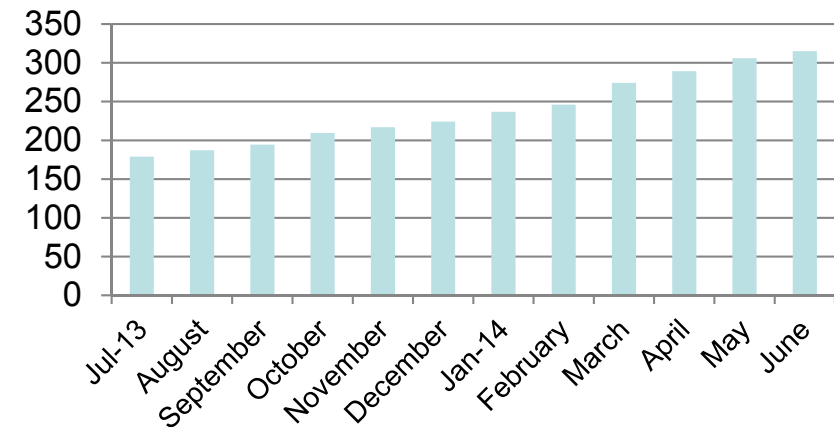
- Main initiative to meet the new European football season.

- New European football league including Swiss Super League, German Bundesliga and England FA Cup will be available.

- Special contents for On Demand Service

- Latest Japanese movies will be shown through the Japanese Movie Channel On Demand prior to the main broadcast.

Increase in registered subscribers (units: thousands)



©2014 Production Committee JUDGE
[JUDGE!] distributing through Japanese
Movie Channel On Demand

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Initiatives toward 4K broadcast

In 2018, Japan's shipment volume for 4K TV sets will grow up to 5.18 million and this will occupy more than half of the total volume (8.04 million forecast) for flat TV sets.

(Source: Ministry of Internal Affairs and Communications, Japan Electronics and Information Technology Industries Association)

4K-compatible Premium Service tuners

* Images are illustrative only

SHARP



- ❑ On sale June 2014
- ❑ HDD recorder

SONY



- ❑ Available fall 2014
- ❑ Dedicated box

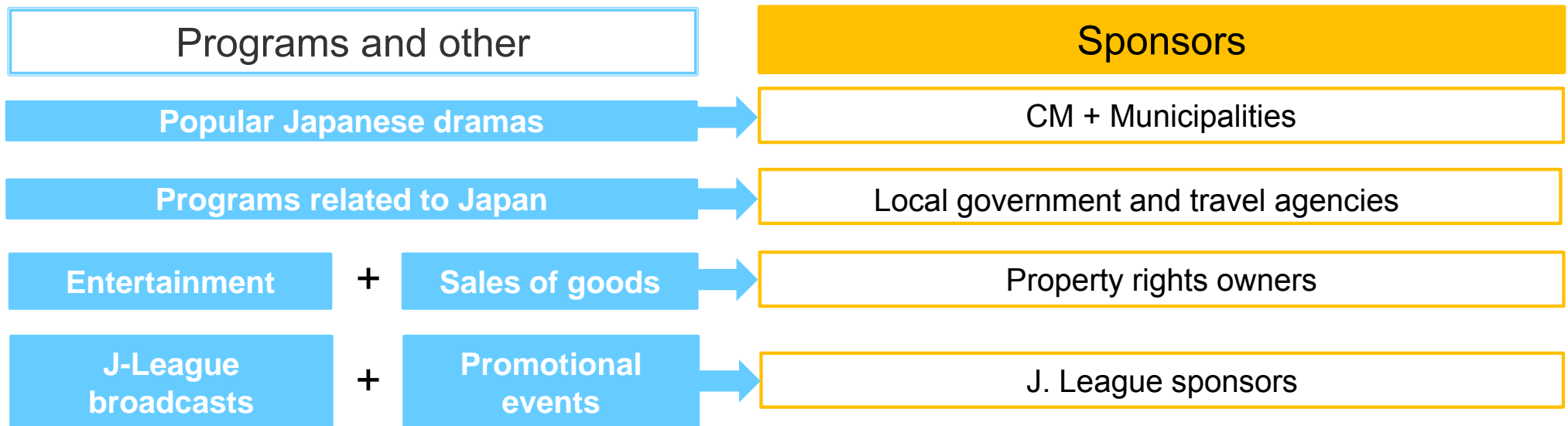
Commercial 4K service is scheduled to commence on SKY PerfecTV! Premium Service during FY2014.

WAKUWAKU JAPAN

■ Service areas expansion

- In addition to Indonesia (February 2014) and Myanmar (June 2014), negotiations are ongoing to add broadcasting to Thailand and Singapore this fall.

■ Increases in revenue from program sponsors



■ In cooperation with local outlets/E-commerce

- WAKUWAKU JAPAN original Ultraman T-shirts
As “Ultraman Cosmos” becomes popular through the broadcasting in the service area, the original T-shirt were sold in cooperation with Tsuburaya Productions.



US\$48.99



US\$39.99

© Tsuburaya Productions

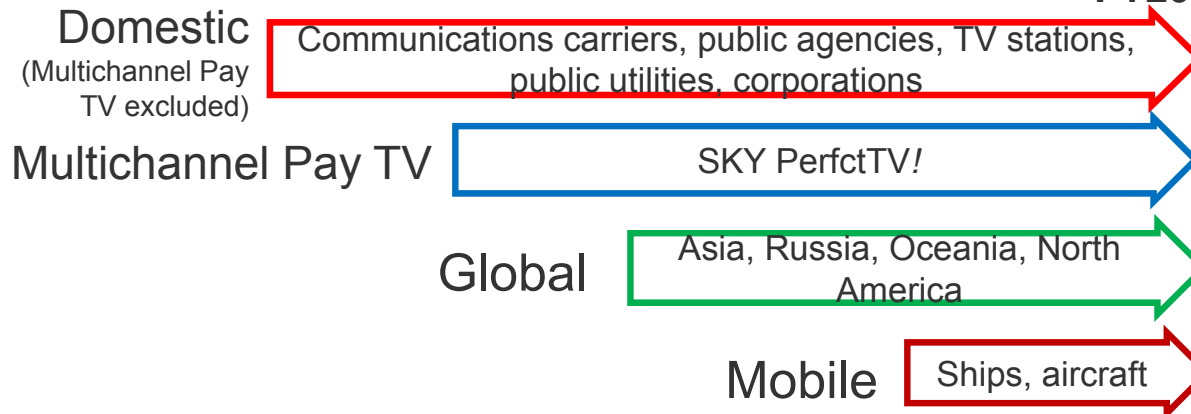
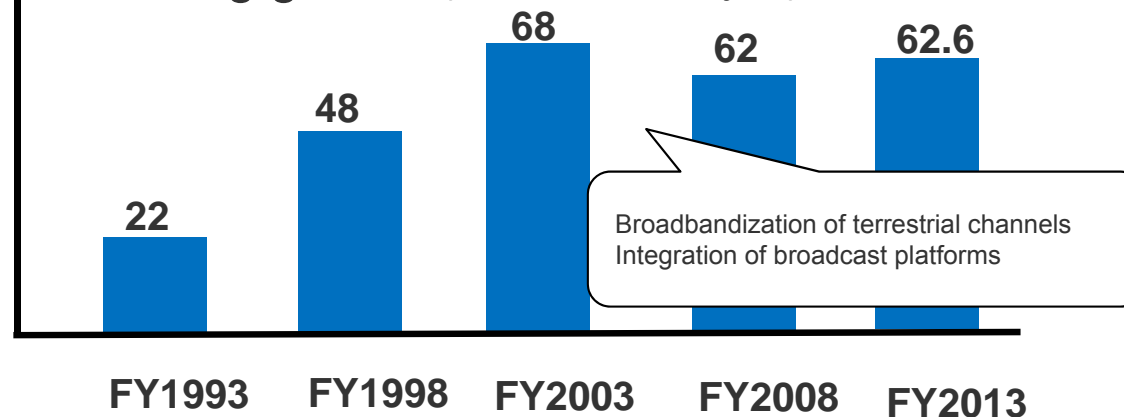
Future Initiatives

—Space and Satellite Business —

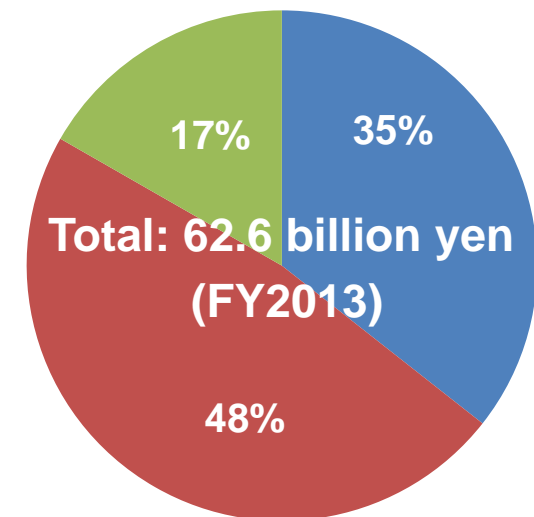
Space & Satellite Business revenue and developments

- ◆ 25 Years from the first satellite launch and the service commencement in Japan
- ◆ Our satellite business has grown to world ranking number five and the largest in Asia.

Tracking growth (Sales: billions yen)



Space & Satellite Business Revenue



- Multichannel Pay TV business
- Domestic business
- Global and Mobile businesses

Importance of Orbital Rights and Interests in Satellite Business

No orbital locations, No satellite business

- There are about 470 satellites* in the geostationary orbit.
 - * According to North American Aerospace Defense Command (NORAD) website
- Orbital locations and usable radio frequencies are limited resources.
- Satellite orbits and radio frequencies are internationally controlled by the International Telecommunication Union (ITU)*.
 - * International Telecommunication Union (ITU): United Nations specialized agency (192 member countries)

Interference from neighboring satellites

Adjacent satellite in close proximity

Target satellite

If the adjacent satellites are too close, radio interference may occur.

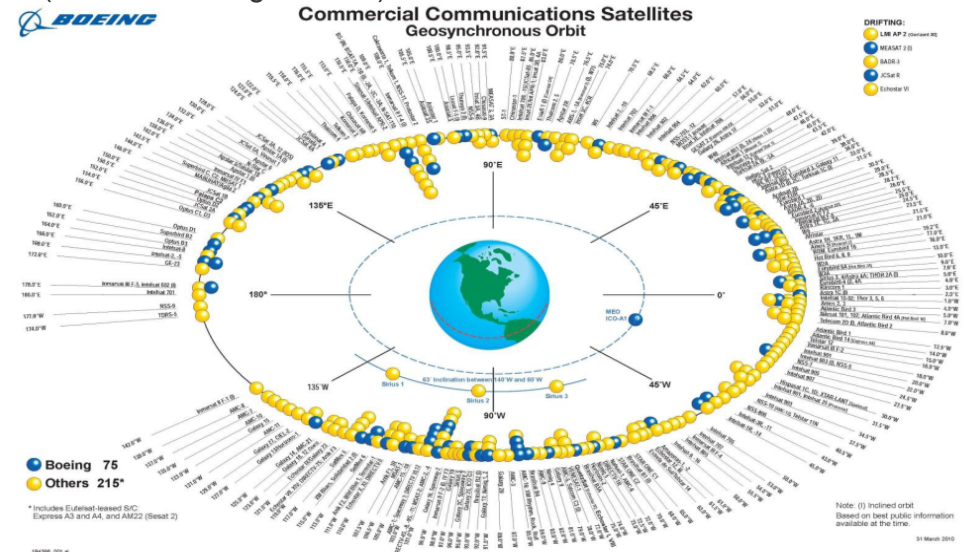
The other satellite's direction

Target satellite's direction

Target satellite Earth station

[Reference] Geostationary Commercial Satellites

(from the Boeing website)



Initiatives in the Global Market

■ Strategic expansion initiatives

- Establishment of Global Business Planning Division (July 1)
 - Working out to develop global business strategies such as M&A and procurement of jointly owned satellites with overseas operators.
 - Reservation of rights and interest for value-added orbital locations and frequencies.

■ Initiatives to deal with the increasing demand for satellite communication

- Satellite demand has increased in Russia and South East Asia for the use of DTH or mobile backhaul

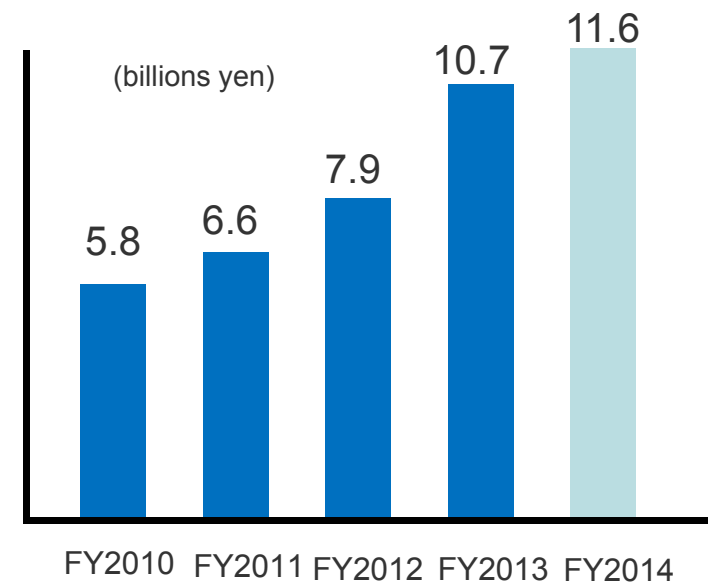


More than 20% of our FY2014 revenue is expected to come from the global business.



Major expansion of communications capability to Asia and Pacific regions with 2015 launch of JCSAT-14 (successor to JCSAT-2A)

Global Business Revenue



* Including the mobile business

* FY2010–FY2013 are actual results, FY2014 is estimate

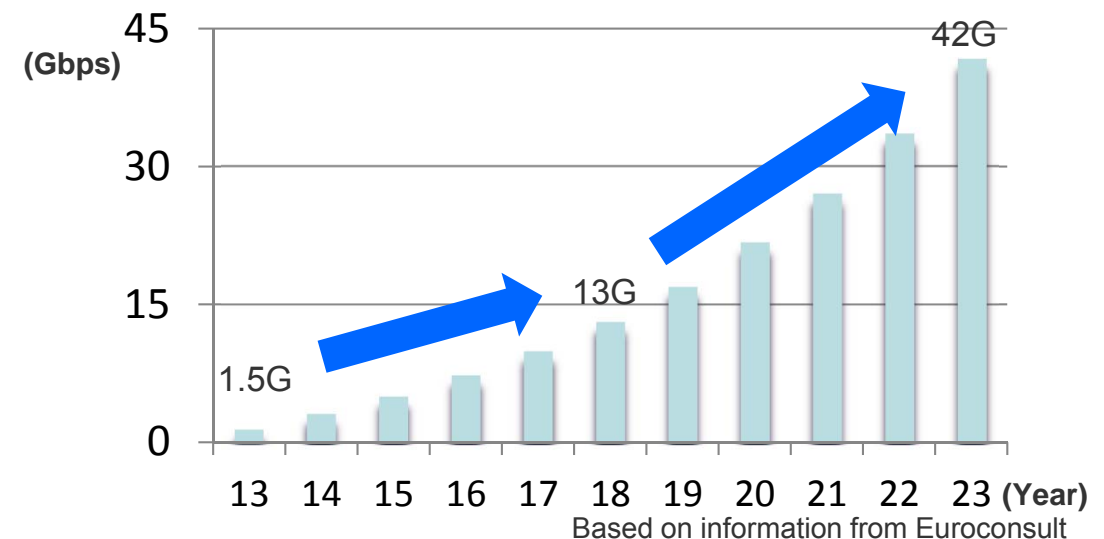
Initiatives in the Mobile Market

■ Initiatives in aircraft markets

➤ Market expansion

- With many people using smartphones and tablets, there will be huge communication demands in the mobile market including aircraft.
- According to a forecast, in 2018, four years from now, traffic will have increased to 10 times that in 2013, and to 30 times by 2023.

Demand forecast for aircraft communications



➤ Our Company's Initiatives

- Provision of satellite capacity to the U.S. company Panasonic Avionics Corporation
Used by Japan Airlines (JAL) for in-flight Wi-Fi services to provide onboard international flights and the like
- Provision of INMARSAT's service for aircraft
Used by All Nippon Airways (ANA) for in-flight Wi-Fi services
- Aiming for further acquisition of customers centered around Asia and Pacific regions.



In-flight Internet usage is expanding

Initiatives in the Domestic Market

■ Initiatives in Space and Defense Business

- June 2012: commissioned for promotion and operation business of JAXA's ultra-high-speed Internet satellite Kizuna (WINDS)

Experiments promoted with JAXA to investigate future needs of communication satellite

- January 2013: A consortium led by SKY Perfect JSAT was commissioned for a PFI project "Program to Upgrade and Operate X-band Satellite Communications Functions, etc." by the Ministry of Defense

Procurement of two satellites and their launches, provisions, operations and maintenance of ground facilities

Tentative schedule

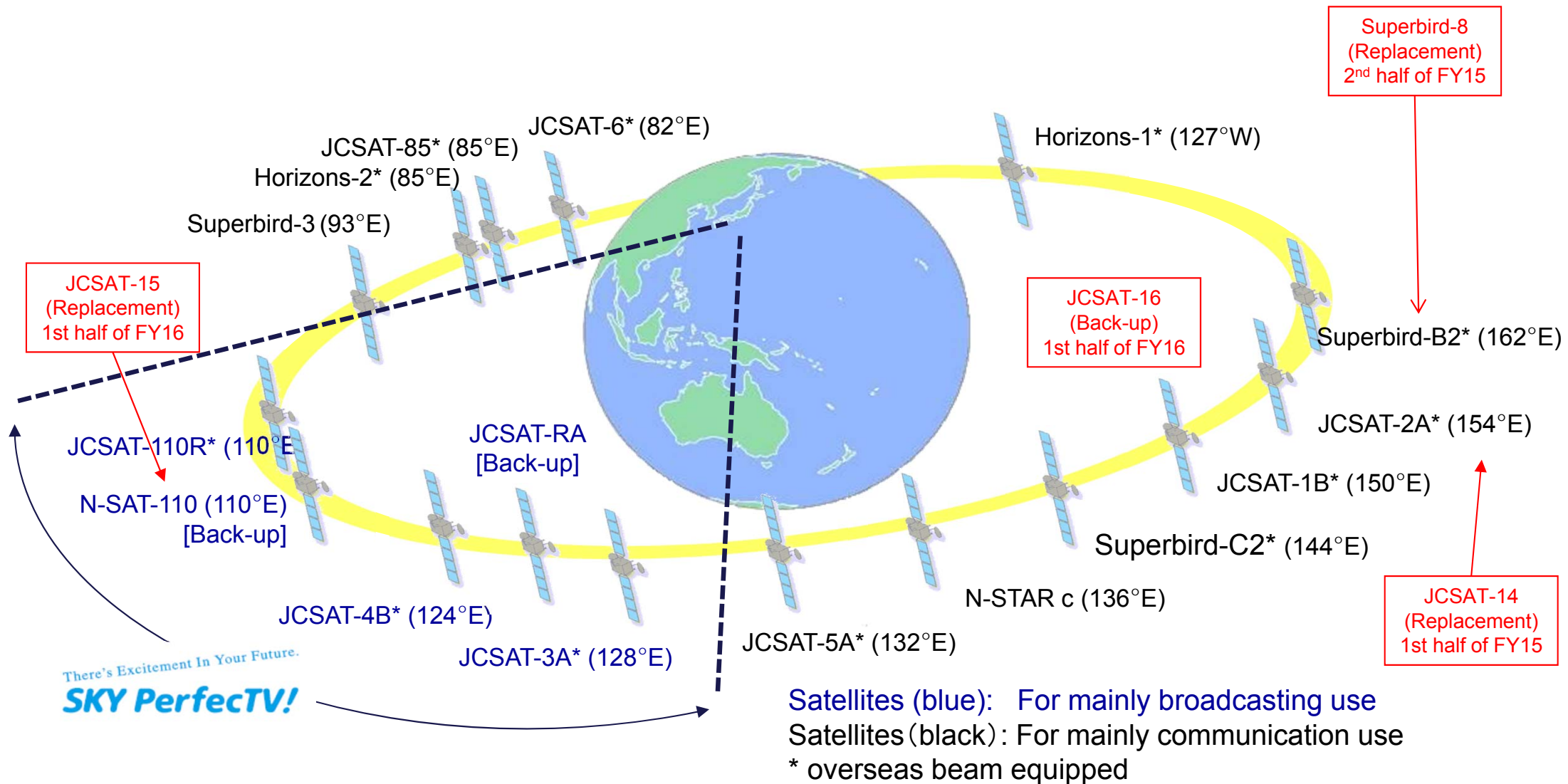
	1st Satellite	2nd Satellite
Launch	December 2015	January 2017
Operation beginning	March 2016	March 2017
Operation ending	April 2030	March 2031



We are planning to make full use of our expertise in satellite procurement, operation and funding to contribute to the development of Japan's space and satellite-related industries.

Satellites Fleet Updated

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



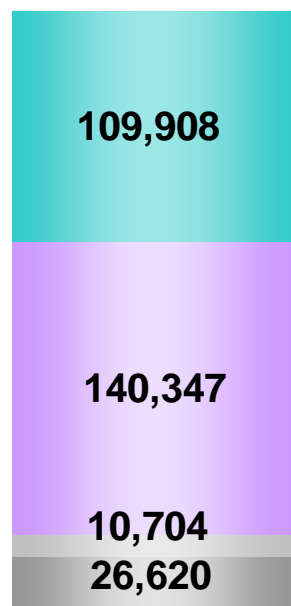
(References)

Consolidated Balance Sheets

Assets

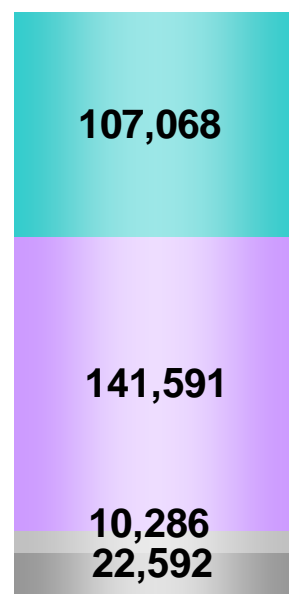
(Units: ¥ millions)

287,580



2014/3

281,537



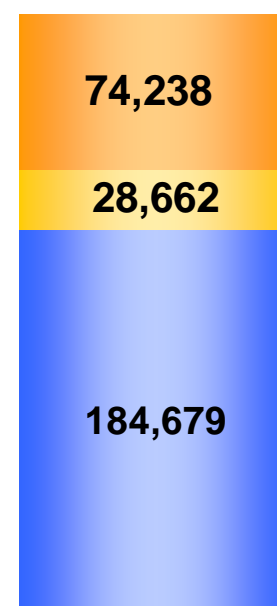
2014/6

Liabilities and Equity

(Units: ¥ millions)

Equity Ratio : 64.1%

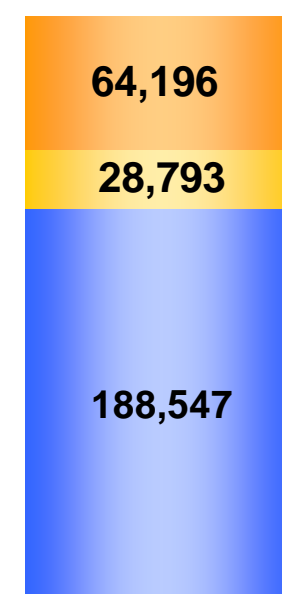
287,580



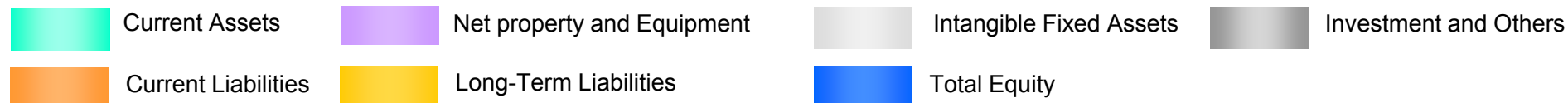
2014/3

Equity Ratio : 66.9%

281,537



2014/6



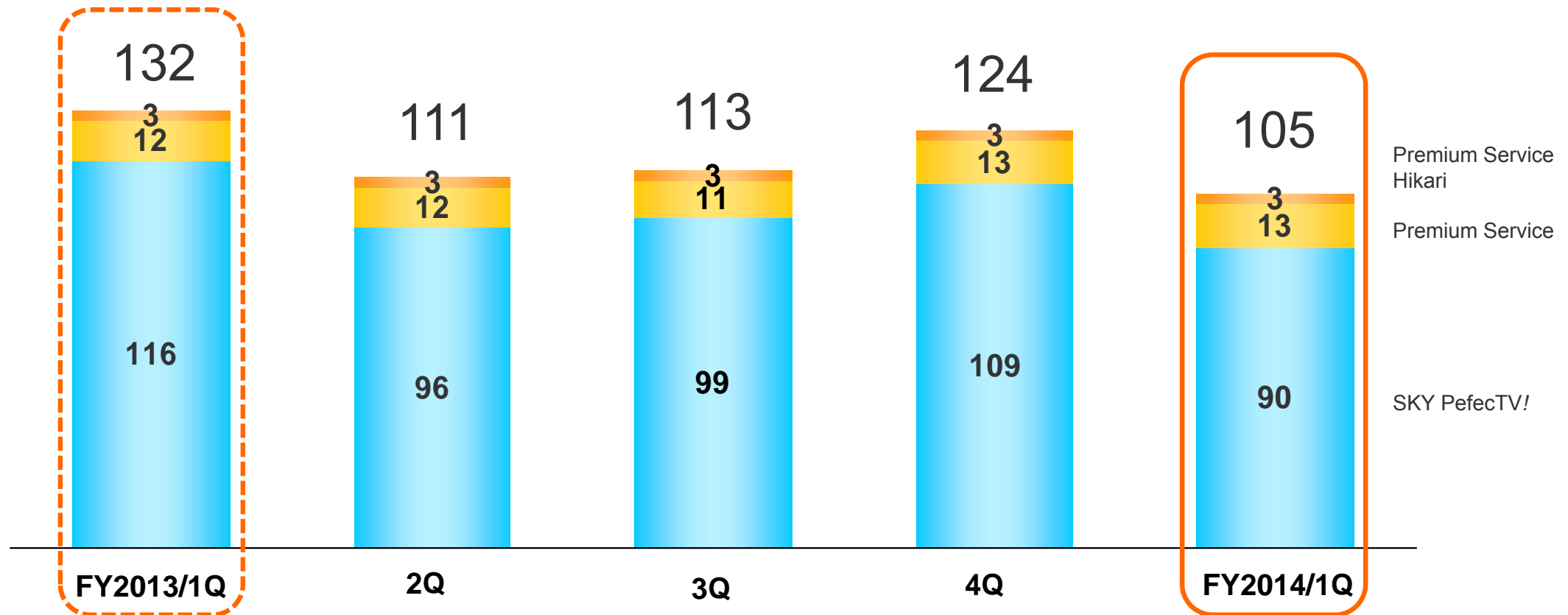
Consolidated Cash Flows

(Units: ¥ millions)

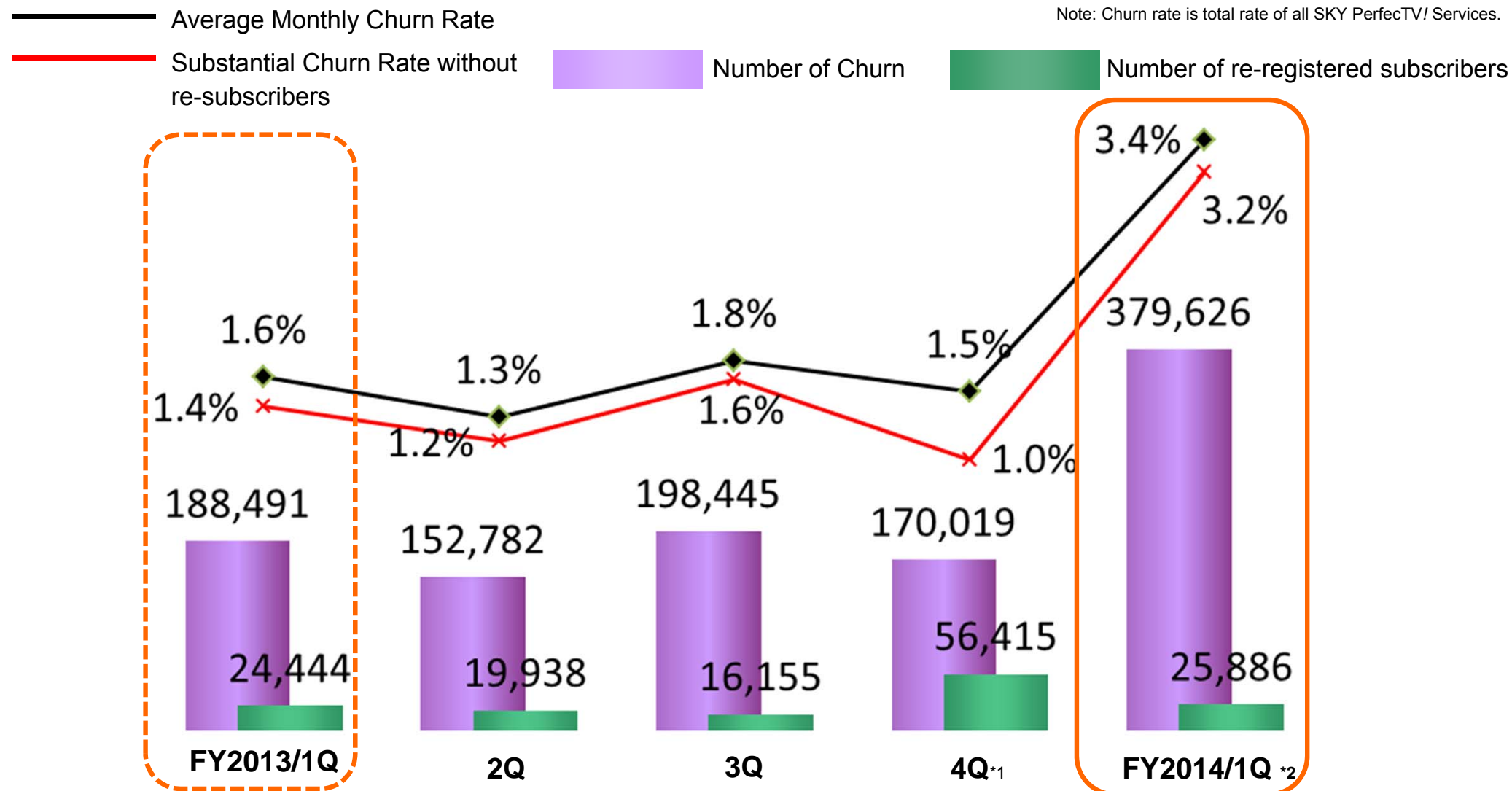
	FY2013/1Q	FY2014/1Q
Net Cash from Operating Activities	15,938	8,927
Net Cash from Investing Activities	△2,456	△1,642
Free Cash Flows	13,481	7,284
Net Cash from Financing Activities	△4,899	△2,759
Cash and Cash Equivalent at Term-end (a)	83,208	68,284
Term-end balance of interest-bearing debt (b)	47,801	45,335
Term-end balance of net interest-bearing debt (b)－(a)	△35,407	△22,948

Number of New Subscribers

(Units: thousands)



Average Monthly Churn Rate

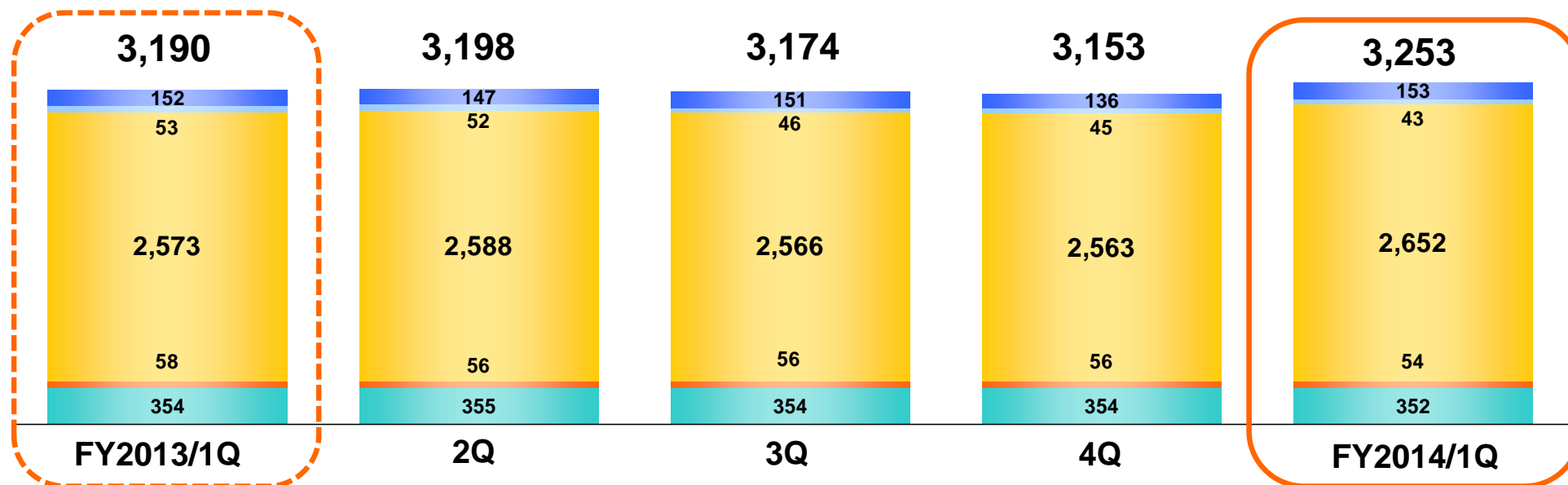


*1: "Average Monthly Churn rate" and "Substantial churn rate without re-subscriptions" of FY2013/4Q are revised.

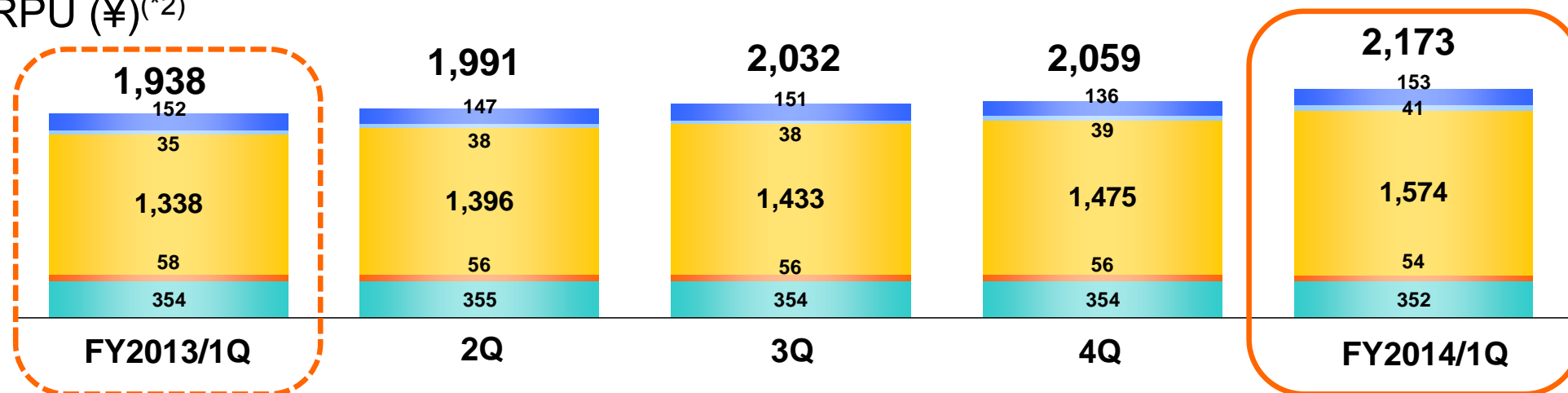
*2: Churn rate substantially increased in FY2014/1Q compared to the previous quarter because of termination of SD broadcasting at the end of May 2014.

ARPU

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



■ ARPU (¥)^(*2)



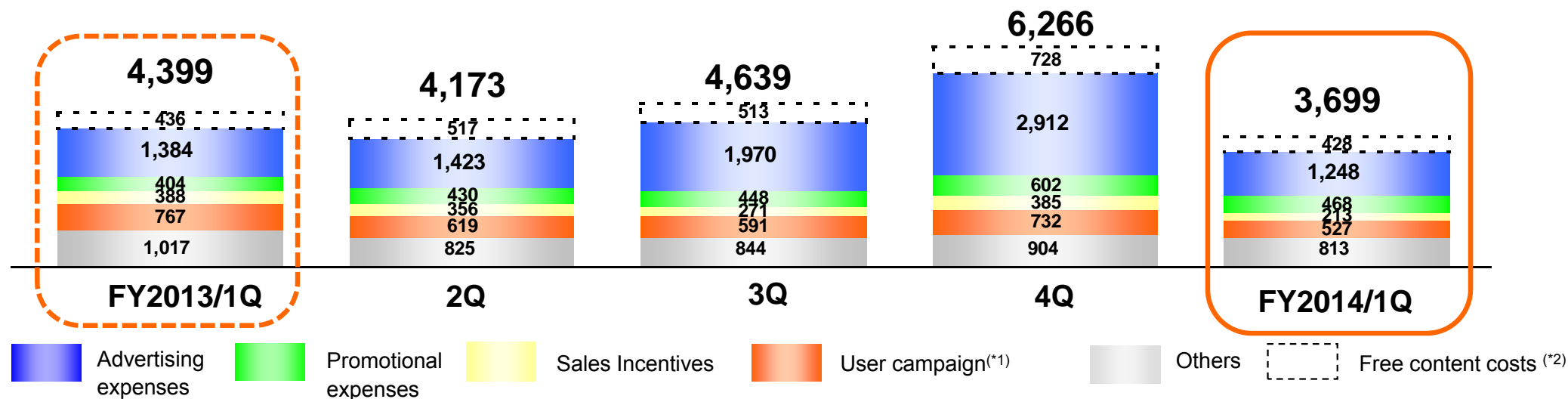
Basic fee
 Rental fee
 Monthly subscription fee
 PPV subscription fee
 Revenues from SKY Perfect's own content

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

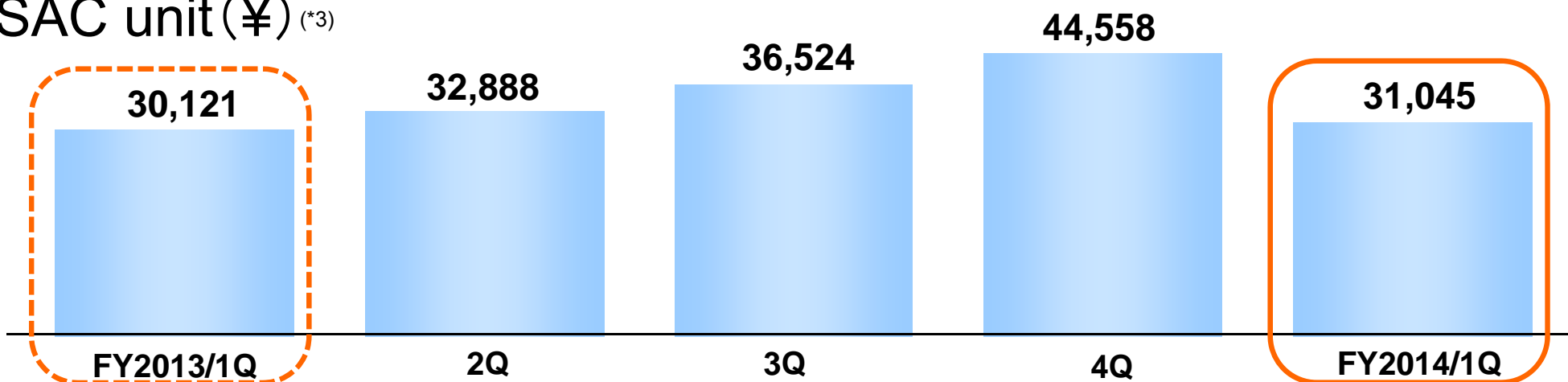
*2. Revenues of our corporate group in the unit price of monthly viewing fees, etc. paid by subscribers

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 Division