

SKY Perfect JSAT Group

Earning Results Briefing for FY2014

May 14, 2015

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 FY2014

Summary of Income Statements

- Revenue decreased from the previous fiscal year.
- Net Income increased.

(Units: ¥ millions)

	FY2013	FY2014	Comparison to FY2013
Revenue	171,683	163,294	△4.9%
Operating Income	21,713	19,627	△9.6%
Ordinary Income	21,529	19,580	△9.1%
Net Income	9,659	13,515	39.9%
EBITDA (*1)	43,673	43,624	△0.0%

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

Performances by Business Segments

- Multichannel Pay TV Business: Both Revenue and Operating Income increased
Migration cost reduced by completion of HDTV shifting
- Space & Satellite Business: Both Revenue and Operating Income decreased
Temporary government related revenue in the previous fiscal (FY2013) is gone

(Units: ¥ millions)

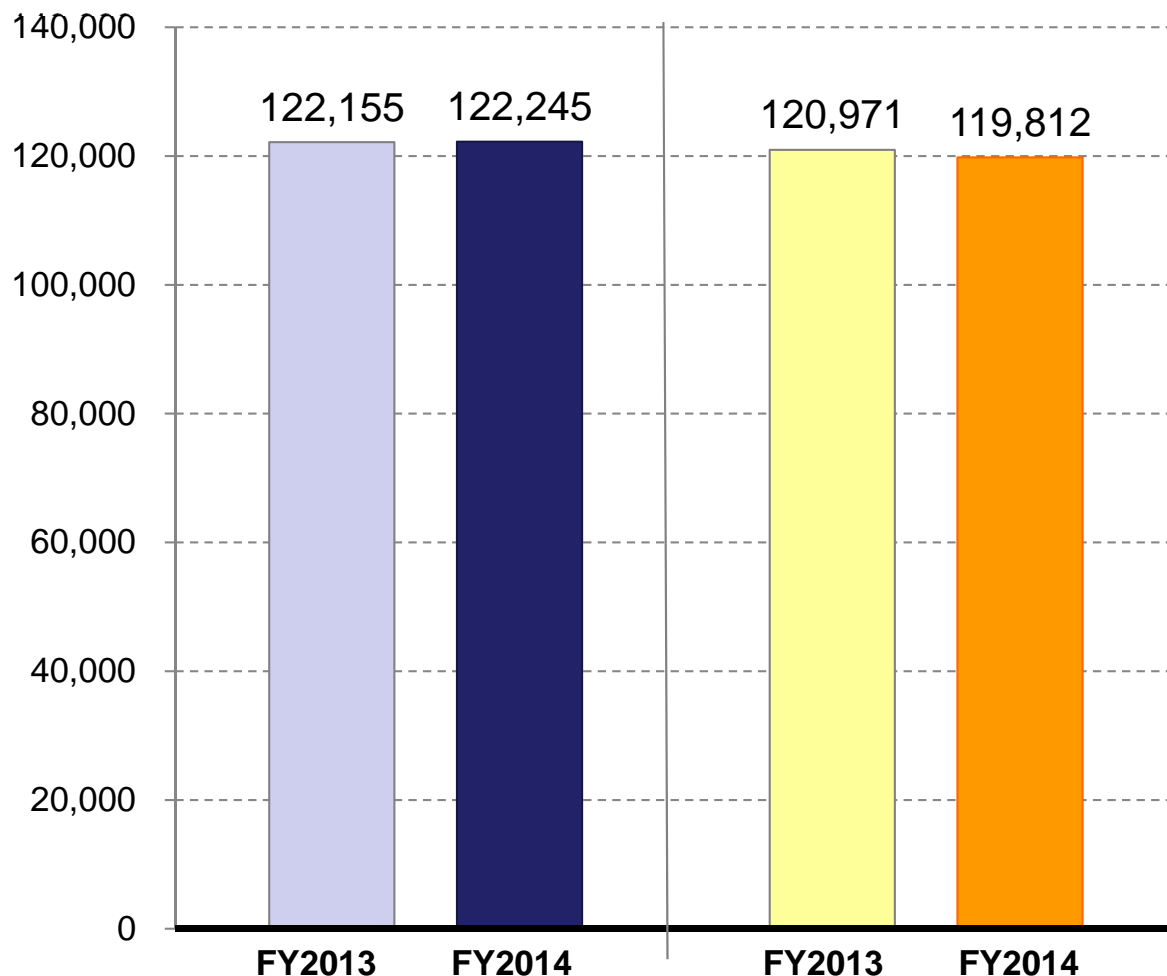
	FY2013	FY2014
Revenue	171,683	163,294
Multichannel Pay TV Business	122,155	122,245
Space & Satellite Business	62,586	53,388
Eliminations and Company Total	▲13,059	▲12,338
Operating Income	21,713	19,627
Multichannel Pay TV Business	1,184	2,432
Space & Satellite Business	21,083	17,829
Eliminations and Company Total	▲554	▲634

Detailed: Multichannel Pay TV Business

Revenues

Operating Expenses

(Units: JPY millions)



Revenue +0.1B*

- Increase of HDTV subscription fee: +6.6
- Decrease of Business consignment income: ▲3.8
 - for SKY Perfect Services: +1.0
 - for SD Services: ▲4.2
 - others: ▲0.6
- Decrease of transmission income: ▲1.3
- Decrease of basic fees: ▲1.1

* Internal transactions between segments included.

Operating Expenses ▲1.2B*

- Increase of program acquisition costs: +1.8
- Decrease of HDTV shift costs: ▲3.7

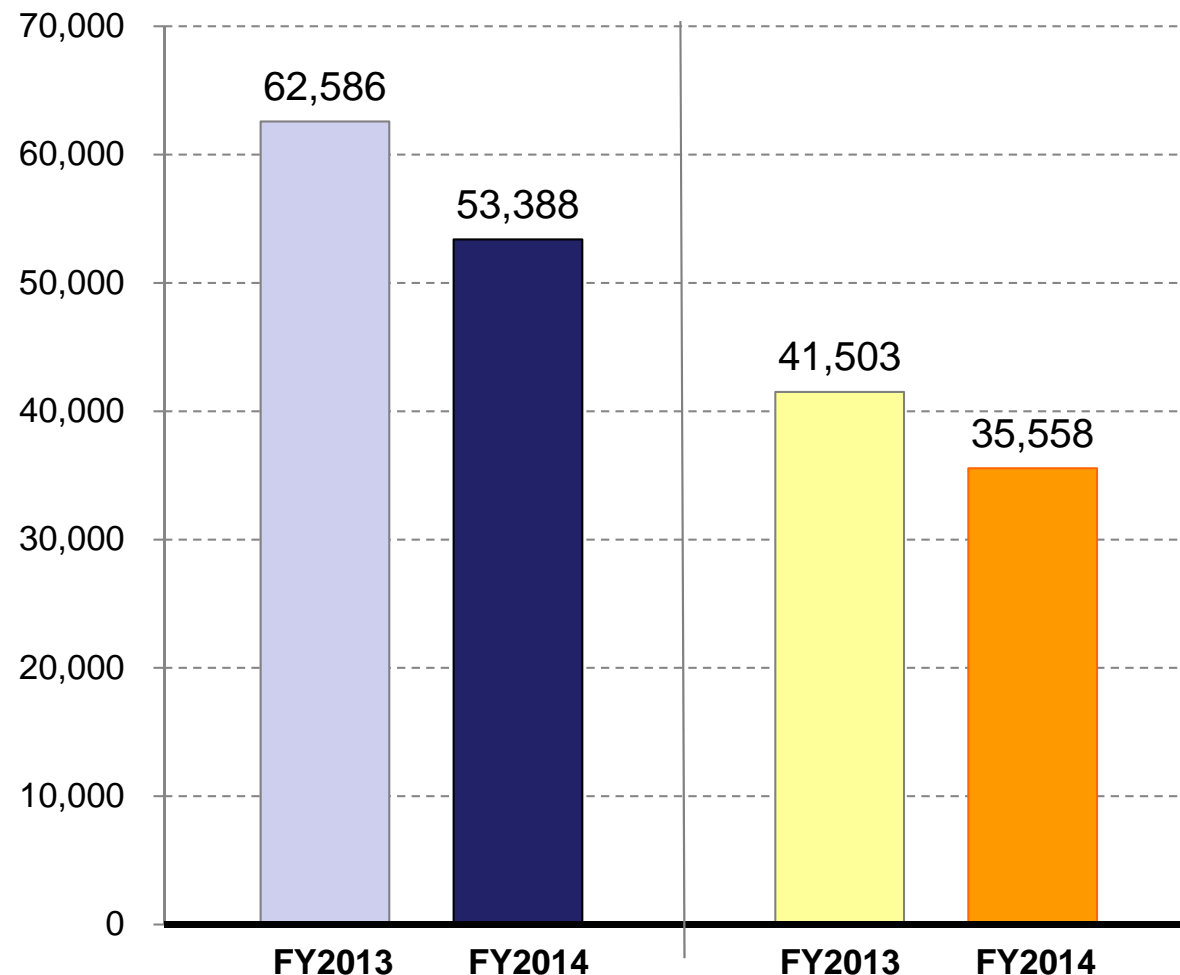
* Internal transactions between segments included.

Detailed: Space & Satellite Business

Revenues

Operating Expenses

(Units: JPY millions)



Revenue ▲9.2B*

- Increase in the income from overseas business +1.3
- Increase in the sales of the transponders for HDTV services: +1.5
- Decrease in the sales of the transponders for SD services: ▲6.8
- Temporary government contract in FY13 gone: ▲5.7

* Internal transactions between segments included.

Operating Expenses ▲5.9B*

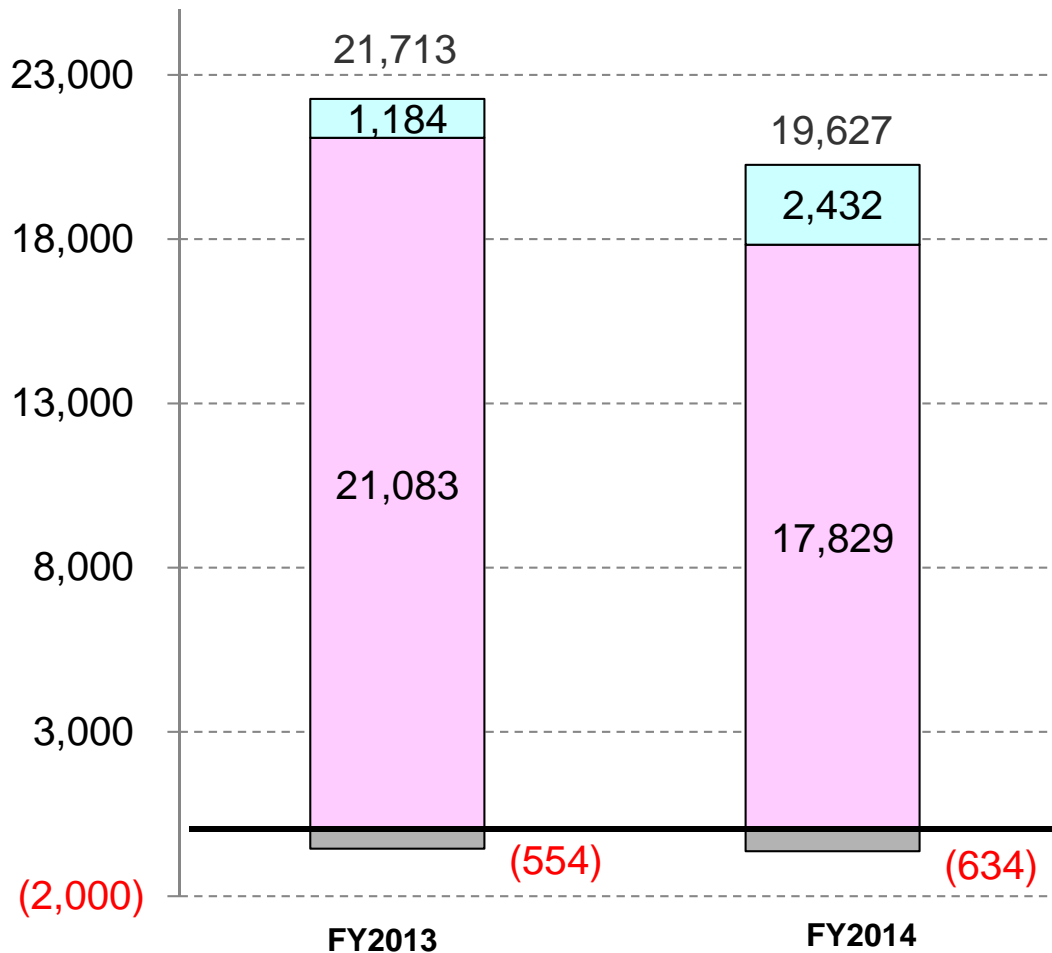
- Decrease in one-shot expense : ▲4.6
- Decrease in the depreciation cost: ▲0.9

* Internal transactions between segments included.

Consolidated Profitability

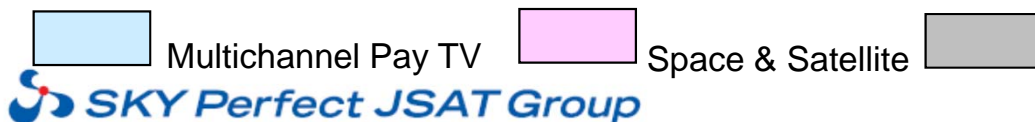
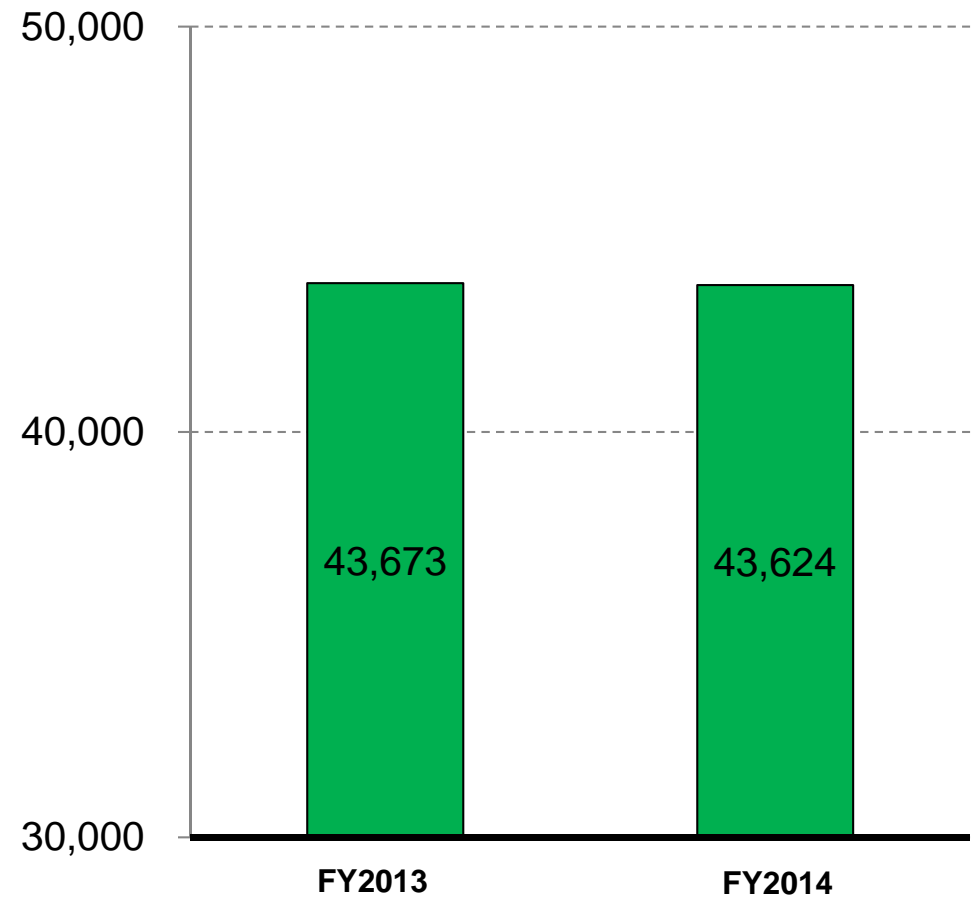
Operating Income

(Units: JPY millions)



EBITDA

(Units: JPY millions)



Eliminations and Company total

Future Initiatives
- Multichannel Pay TV Business -

Key Performance Indicators(*)

(Units: Thousands)

	FY2013	FY2014	FY2015 Targeted
Number of New Subscribers	480	425	482
Net Increase	△113	△255	75
Cumulative total Subscribers	3,717	3,462	3,537
Average Monthly Subscriber's Payment (units: JPY)	3,179	3,326	-
ARPU (units: JPY)	2,004	2,217	-
SAC (units: JPY)	36,007	39,412	-

■* Sum of SKY PerfectTV / , Premium Service and Premium Service HIKARI

1. Increase the total number of subscribers
(including SKY PerfecTV! On Demand)
 - New subscribers + re-entry subscribers + decrease churn
2. Enlarge the total amount of subscription fees
3. Maintain and expand Premium Services
4. Expand SKY PerfecTV! On Demand
5. Expand business outside Japan

FY2015 Targets for Increase in Subscriptions

FY2015 targets for increase in subscriptions	Number of Subscribers (Units: Thousands)
Cumulative number of subscribers at the end of FY2014	3,462
Total of new subscriptions	482
<i>SKY PerfecTV!</i>	395
<i>SKY PerfecTV! Premium Service</i>	76
<i>SKY PerfecTV! Premium Service HIKARI</i>	11
Churn Rate	16.2%
Net Increase in Subscribers	75
Cumulative number of subscribers at the end of FY2015 (Number of subscriptions)	3,537

■ SKY PerfecTV! On Demand

Number of pay subscribers in March 2016*	142
Cumulative number of subscribers at the end of FY2015	650

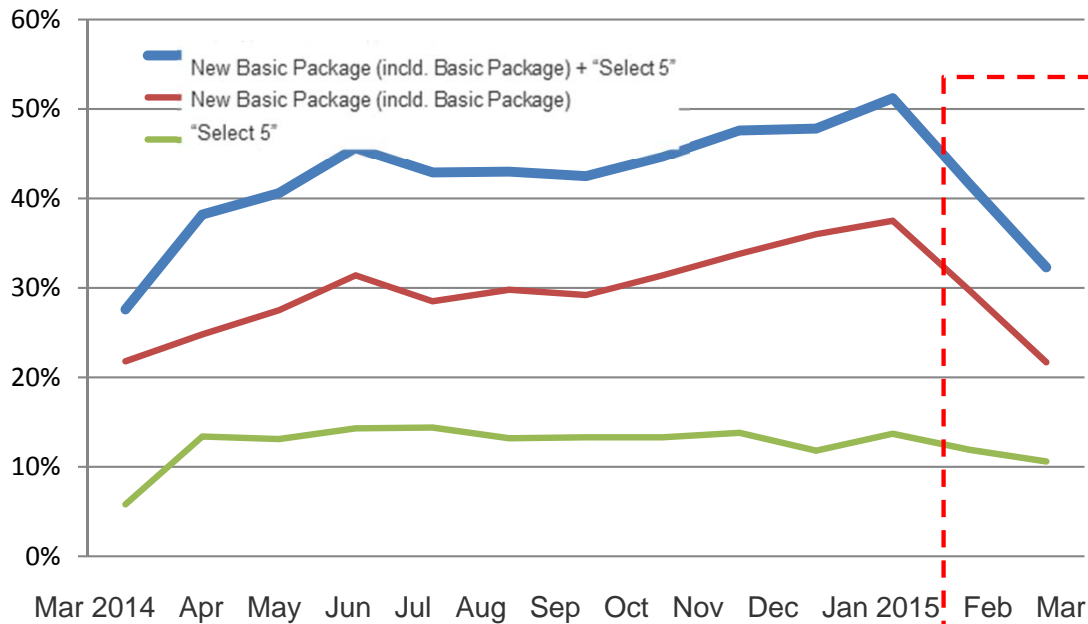
* The total number of registered subscribers who will purchase the pay service for March alone in FY2016.

Status of Contracts for Core Products

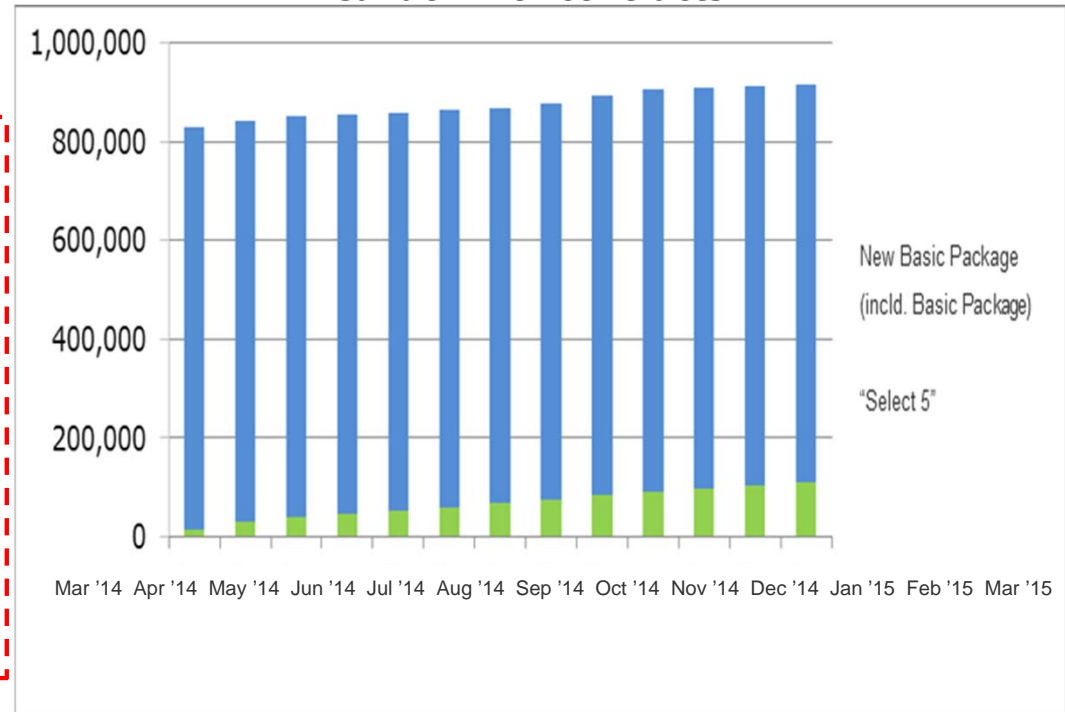
Percentage of new subscribers choosing new Basic Package and "Select 5" remains high

Movement in New Basic Package (including Basic Package) and "Select 5" contracts

<Package selection percentage of new subscribers>



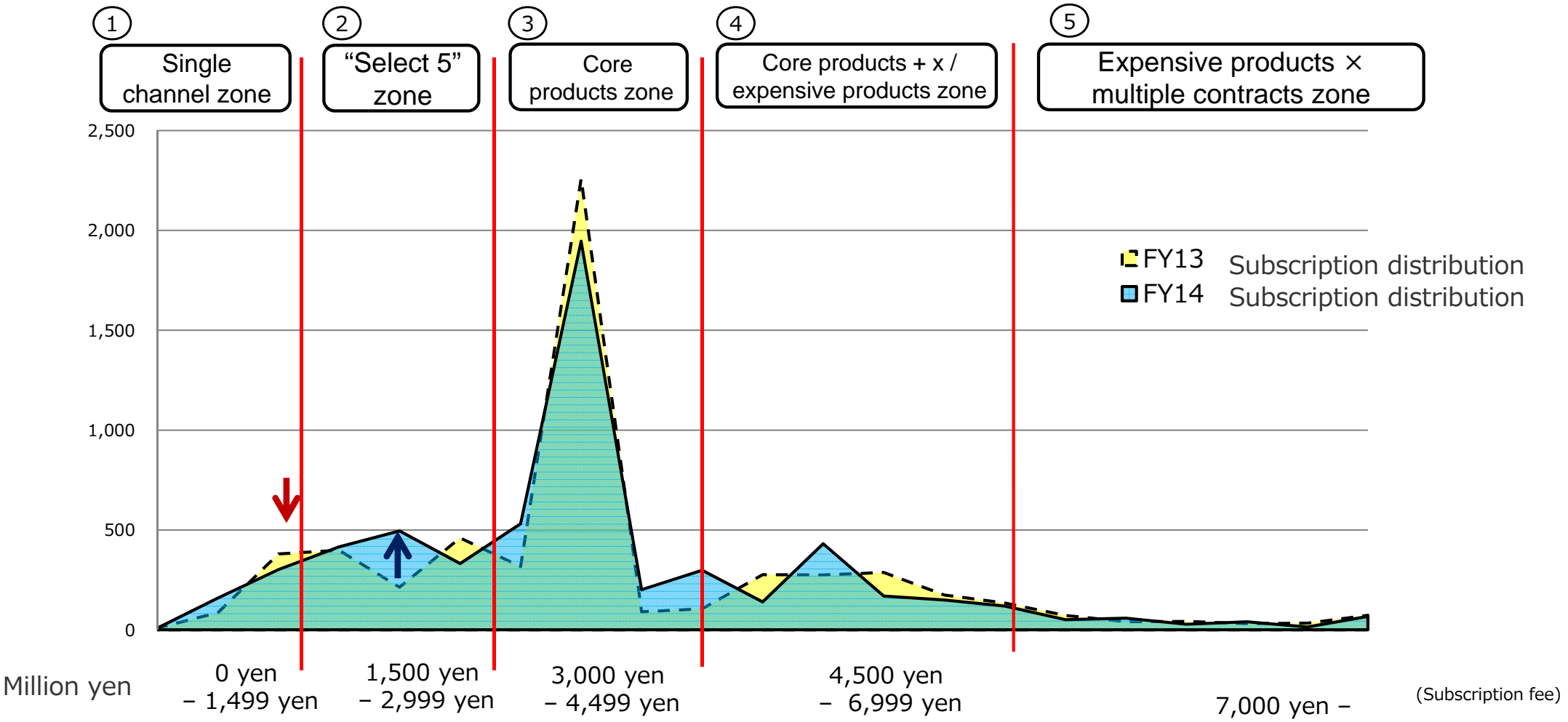
<Breakdown of contracts>



The percentage of subscribers choosing sports packages and channels increases in February and March, coinciding with the opening of the sports season, resulting in a relative drop in subscribers choosing the New Basic Package and "Select 5."

Subscription Distribution for SKY PerfecTV! Service

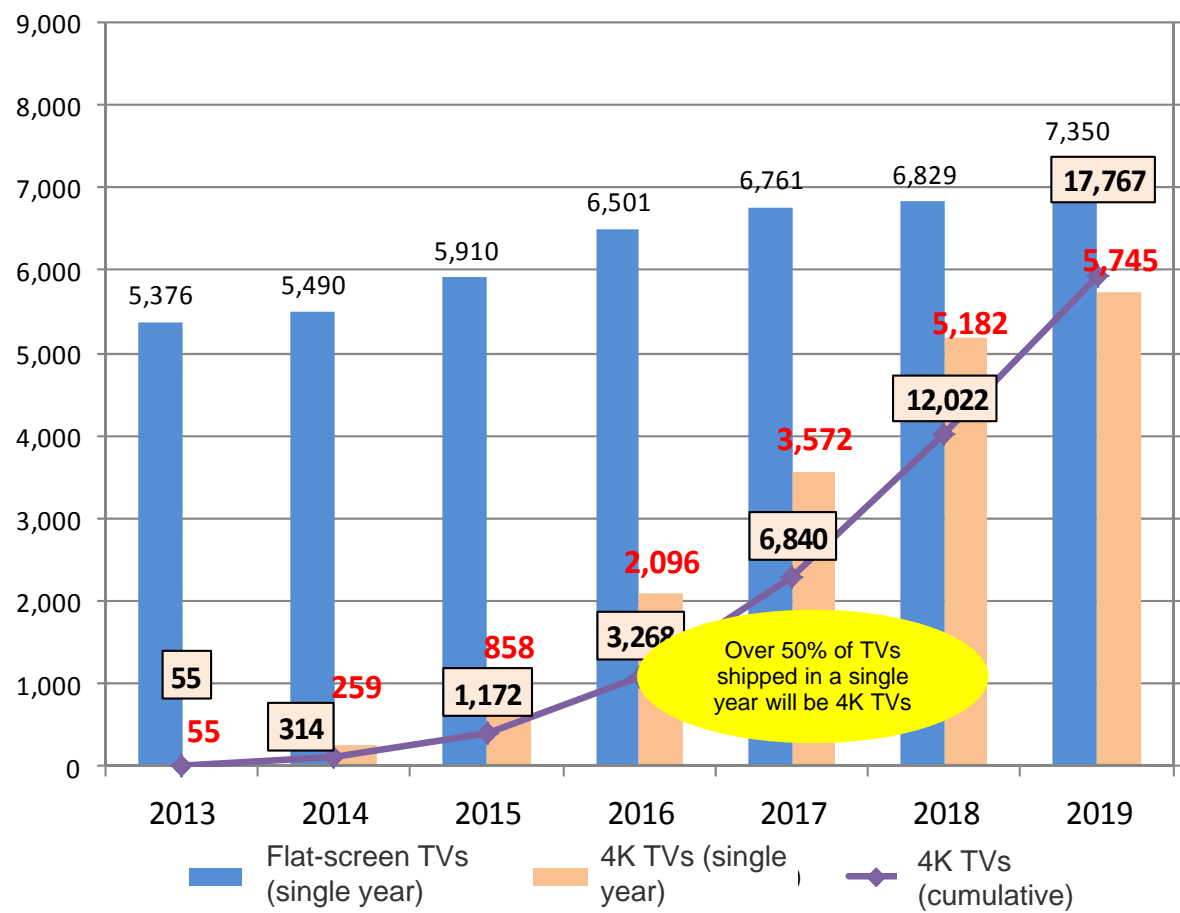
Subscription distribution by subscription fee changes with effect of "Select 5,"



Strengthening 4K Broadcast Initiatives (1)

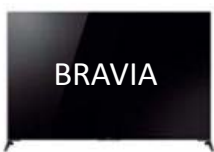



Accelerating Electrical appliance manufacturers' building of tuners supporting Premium Services into 4K TVs and recorders

Domestic Sales Prospects for 4K TV sets



Source: Japan Electronics and Information Technology Industries Association (JEITA)

Devices with built-in tuners supporting 4K Premium Services (devices supporting 4K broadcasts)

<p>NEW! SONY</p>  <p>BRAVIA</p> <ul style="list-style-type: none"> Release planned for June 2015 LCD TV BRAVIA (7 varieties in 3 Series) 	<p>TOSHIBA</p>  <p>REGZA</p> <ul style="list-style-type: none"> Launched Oct. 2014 LCD TV REGZA (3 models in Z10X series)
<p>SONY</p>  <ul style="list-style-type: none"> Launched Oct. 2014 Dedicated BOX 	<p>SHARP</p>  <ul style="list-style-type: none"> Launched June 2014 HDD recorder

Strengthening 4K Broadcast Initiatives (2)

Enhancing content and sales promotion in electrical appliance stores and creating motivators for multi-channel viewing

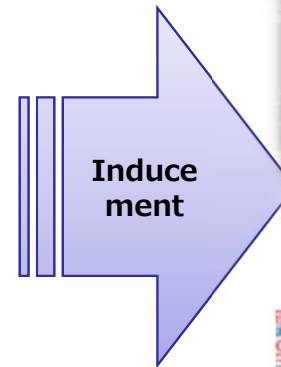
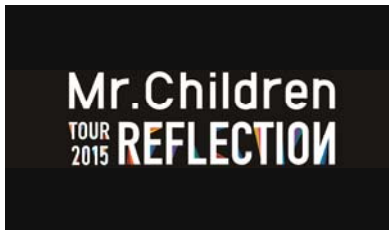
Special 4K contents

- ✓ Hollywood movies will be available after June

- Enhance Initiatives in Electrical Appliance Stores
- ✓ (Campaigns in cooperation with manufacturers.)



© J.LEAGUE PHOTOS

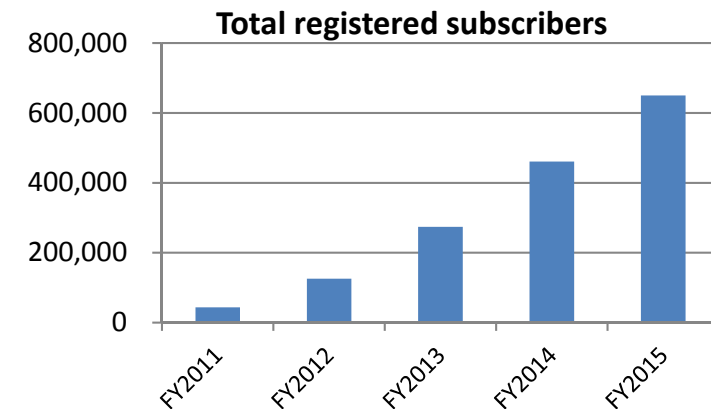


The number registered subscribers has been good and efforts will be made to increase them further through enhanced contents and services

■ Number of registered subscribers

- ✓ Total number of registered subscribers at the end of FY2014: 461,000
- ✓ Goal for the total number of subscribers at the end of FY2015: 650,000
- ✓ Goal for the number of pay purchasers in March 2016: 142,000*

* The total number of registered subscribers who purchased the pay service for March alone in FY2016.



■ Content enhancement

- ✓ Start of distribution of Copa América 2015 Chile 2015
- ✓ Start of distribution of J.League in seven countries (UK, France, Canada, India, Australia, New Zealand, and China (excluding Hong Kong))
- ✓ Content enhancement through J. League On Demand App

<LIVE>



<Player information>



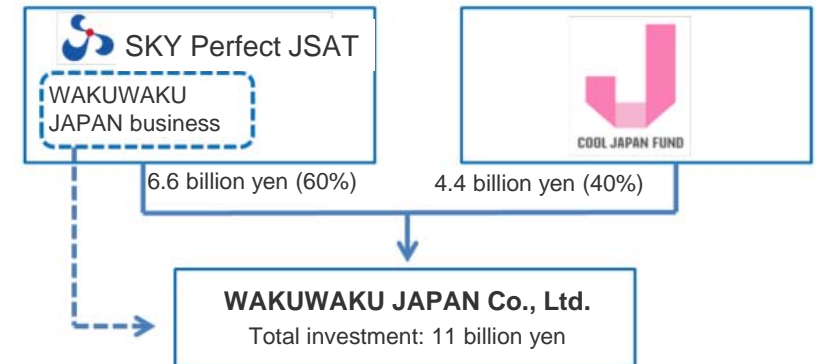
<Twitter>



Expanding Business Outside Japan

1. Established a business company

- Corporate name: WAKUWAKU JAPAN, Co., Ltd.
- Establishment: May 1, 2015 (capital increase by way of third-party allotment: July 1, 2015)
- Investment: 11 billion yen (capital: 5.5 billion yen, capital reserves: 5.5 billion yen)
- Shareholder composition: SKY Perfect JSAT 60%, Cool Japan Fund 40% (after implementation of capital increase by way of third-party allotment of shares on July 1, 2015)



2. Business development

Expansion to Europe

- Venture into mature European markets: UK, France, Spain, Netherlands, etc.
- Also consider expansion into Russia

Focus on Asia first

- Focus expansion on ASEAN nations such as Singapore, Thailand, and Malaysia in addition to Indonesia and Myanmar
- Also consider expansion into Oceania

Entry into North and South America

- Entry into the US
- Based on that, expand into Brazil and other Central and South American countries

■ Current expansion platforms

<Indonesia>

<Myanmar>

■ **Goal: 41 million households in 22 countries by FY2020**

- Exposing unauthorized fabrication and alteration of B-CAS cards and the status of lawsuits

Future Initiatives
- Space & Satellite Business -

Sales/Marketing in the Domestic Market

■ Expanding EsBird service



“Next satellite communications service for three expressway companies (East Nippon Expressway, Central Nippon Expressway, and West Nippon Expressway)” (EsBird service) to start in May 2015

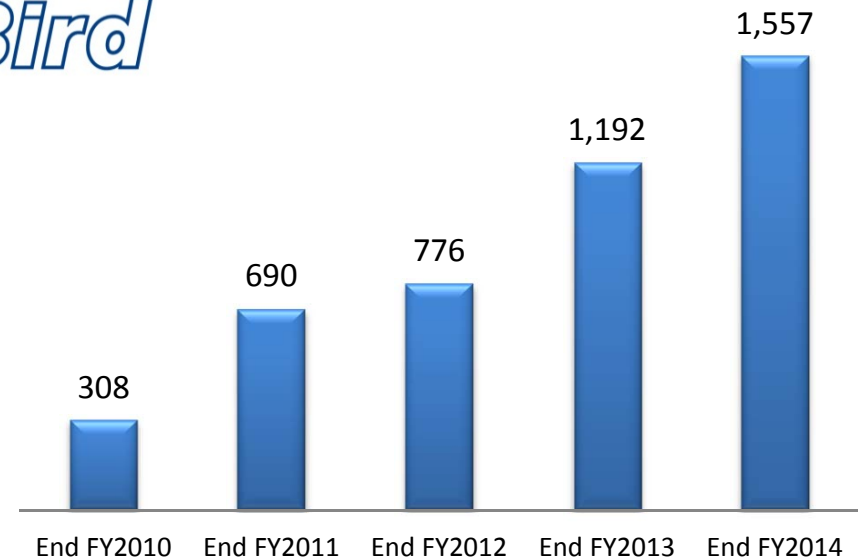
- Network connecting about 150 sites nationwide, including head offices, branches, offices, and road control centers, etc.
- Mainly use as backup for landlines and as communication links during large-scale disasters
- Also use for gathering information by transmitting images from disaster sites through on-vehicle stations and portable stations

Number of EsBird and ExBird stations

■ Expanding ExBird services



- Expanding sales as a backup line for nuclear power monitoring posts
- Expanding sales to customers in diverse kinds of businesses



Sales/Marketing in the Mobile Market

海洋ブロードバンドサービス

■ Mobile business **OceanBB** オーシャンビービー

- Expanding “OceanBB” service (maritime broadband service)
 - FY2010: Service started
 - FY2014: Number of ships under contract increased to 235
 - FY2015: Planned area expansion into South Pacific with new JCSAT -14

JCSAT-14 Ku-band Asia Beam & Pacific Beam



Sales/Marketing in the Global Market

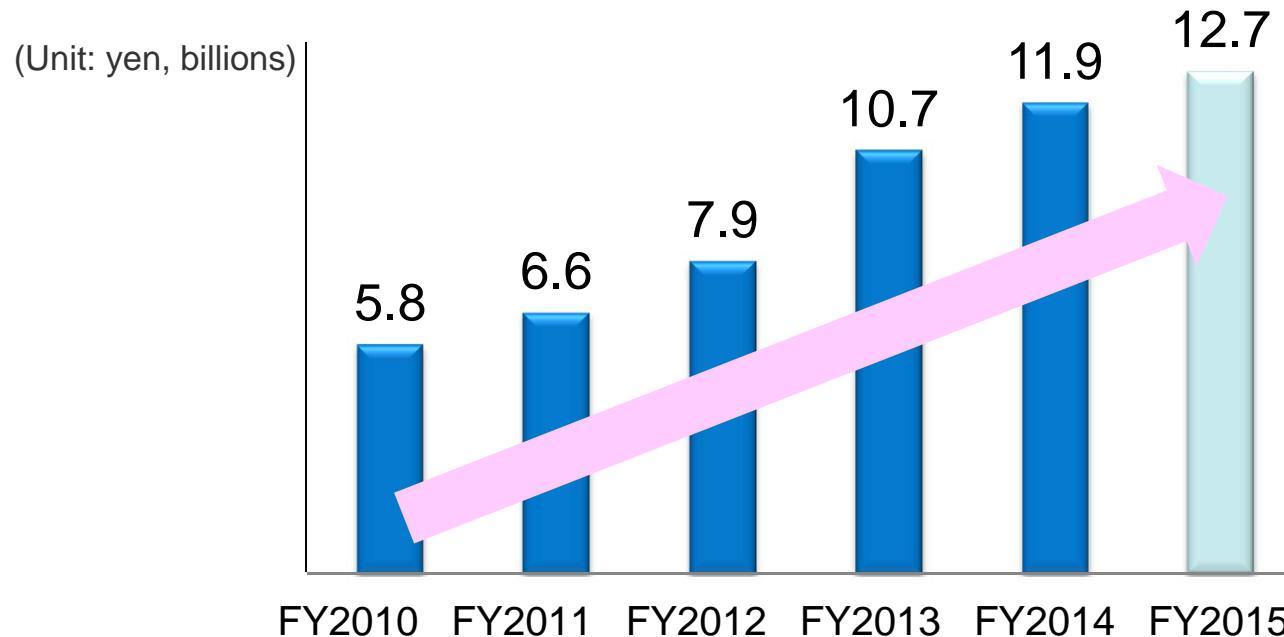
■ Global business

- Focusing satellite market development on the Asia/Oceania region, where growth is expected, and line sales in developing countries cranking up from March 2015

■ Sales in the global/mobile business

- Over 20% of sales in the Space and Satellite business in FY2014 were in the global/mobile business
- Sales in the global/mobile business doubled in the five years since FY2010

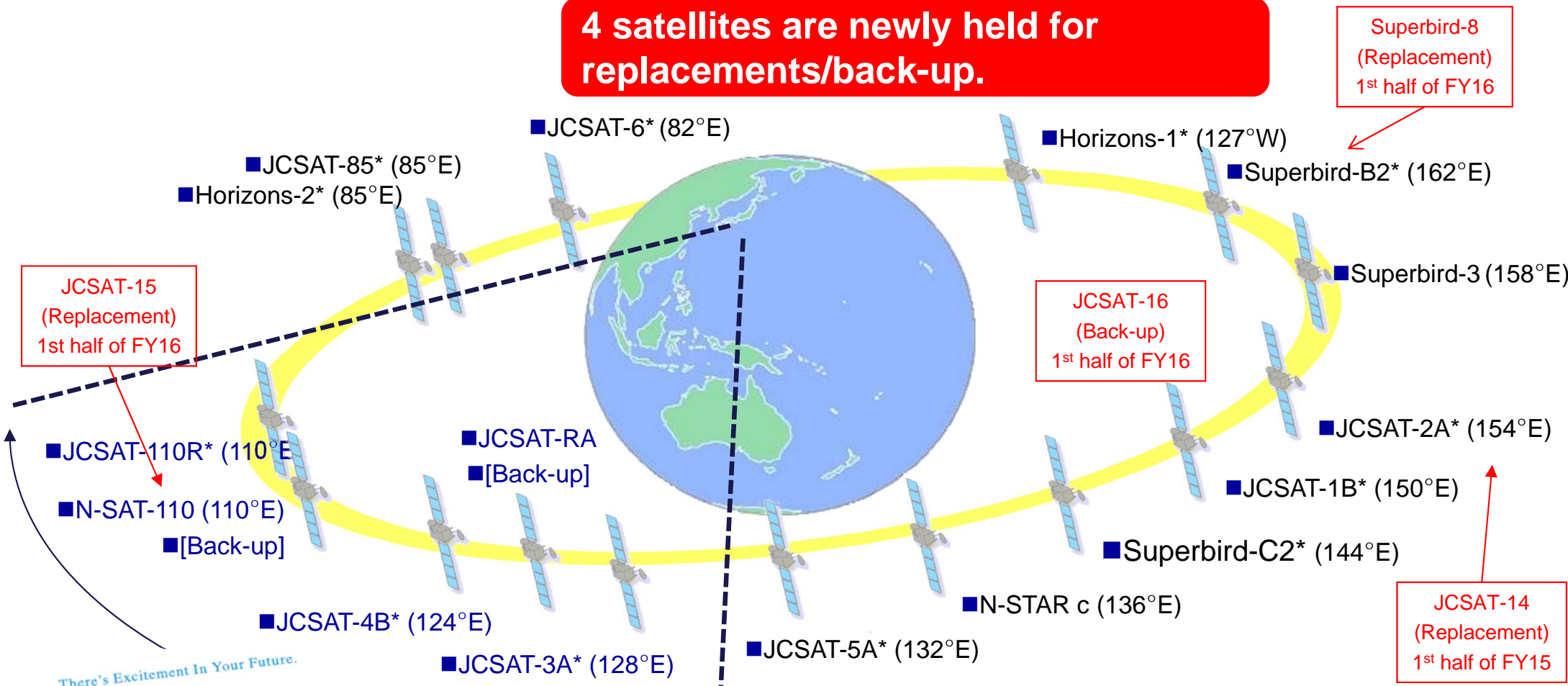
* FY2010 – FY2014 is actual; FY2015 is forecast



Satellites Fleet Updated

16 satellites in total cover from the Indian Ocean through North America.

4 satellites are newly held for replacements/back-up.



There's Excitement In Your Future.
SKY PerfectTV!

Satellites (blue): For mainly broadcasting use
Satellites (black): For mainly communication use
* overseas beam equipped

Forecast for FY2015

Current Mid-term Plan Targeted for FY2015

(Unit: yen, millions)

	FY2014 full-year results	FY2015 full-year forecast	Percentage change
Revenues	163,294	168,000	2.9%
Operating Income	19,627	23,000	17.2%
Ordinary Income	19,580	22,500	14.9%
Net Income	13,584	14,500*	7.3%

* Net income belonging to shareholders of the parent company

Business Forecast by Segment for FY2015

Consolidated (Unit: yen, millions)

	FY2015 (full-year forecast)			Consolidated total
	Multichannel Pay TV business	Space & Satellite business	Eliminations or company total	
Revenues	124,000	56,000	▲ 12,000	168,000
Operating Expenses	119,000	37,500	▲ 11,500	145,000
Operating Income	5,000	18,500	▲ 500	23,000

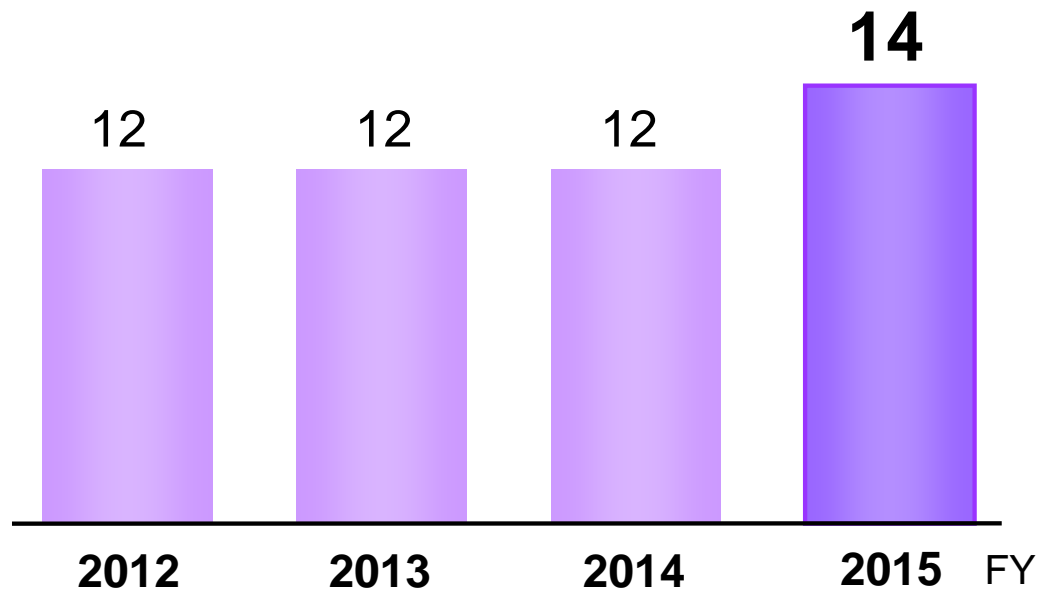
Current Mid-term Plan Targeted for FY2015

Mid-term plan targets for FY2015	Main factors in full-year forecast for FY2015
<p>Consolidated revenue 200 billion yen</p> <p>Consolidated operating income 20 billion yen</p>	<p>⇒ Consolidated revenue of 168 billion yen ⇒ Consolidated operating income of 23 billion yen</p> <ul style="list-style-type: none"> • Expanding business area, including for the global/mobile business • Decrease in total SAC amount • Non-recurrence of migration costs due to completion of shift to HD service • Reduction in operating costs associated with end of SD (MPEG-2) services • Due to the delay of the launch, the revenue related to the next X-band business will be accounted in FY2016.
<p>Number of cumulative subscribers Over 4 million</p>	<p>⇒ 3.68 million, including on demand users (Number of SKY PerfectTV! On Demand paying purchasers: includes 140,000 users)</p> <ul style="list-style-type: none"> • SKY PerfectTV!: Maintain cumulative net increase • Premium Service: Maintain subscriber base • SKY PerfectTV! On Demand: Increase the number of paying purchasers

Dividend Forecast

- Planned increase from annual 12 yen to 14 yen per share in FY2015

Dividend per share (yen)※



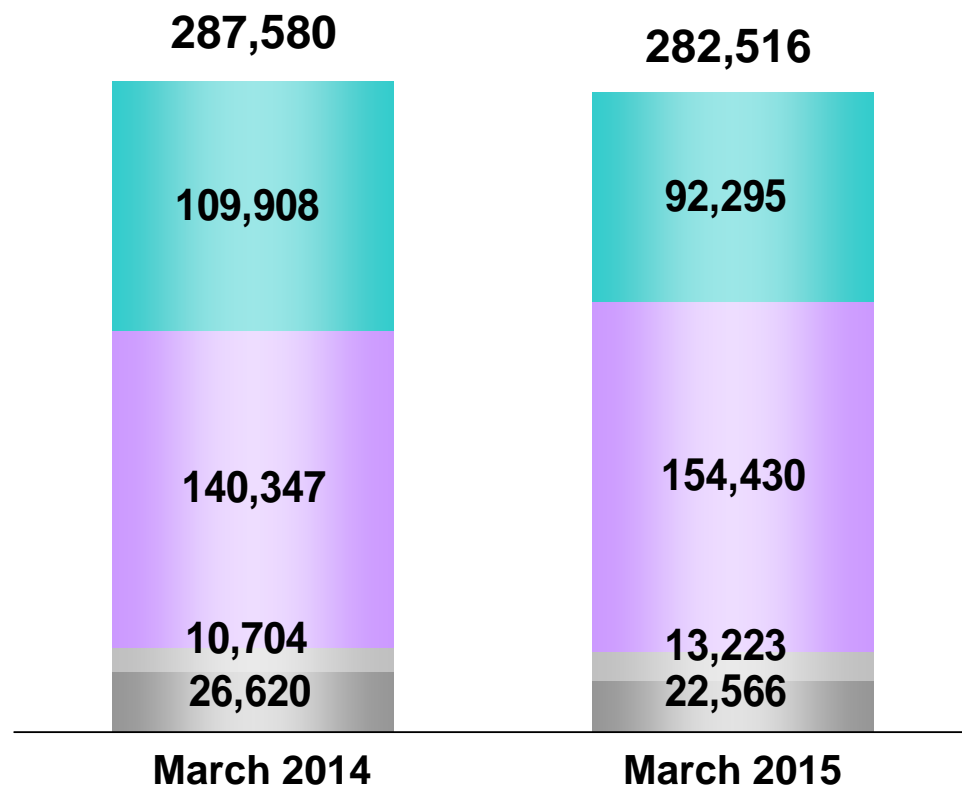
※On October 1, 2013, the company split shares into 100 shares per 1 share.
The dividend up to FY2013 has been recalculated into the current dividend per share.

(References)

Consolidated Balance Sheets

Assets

(Units: ¥ millions)

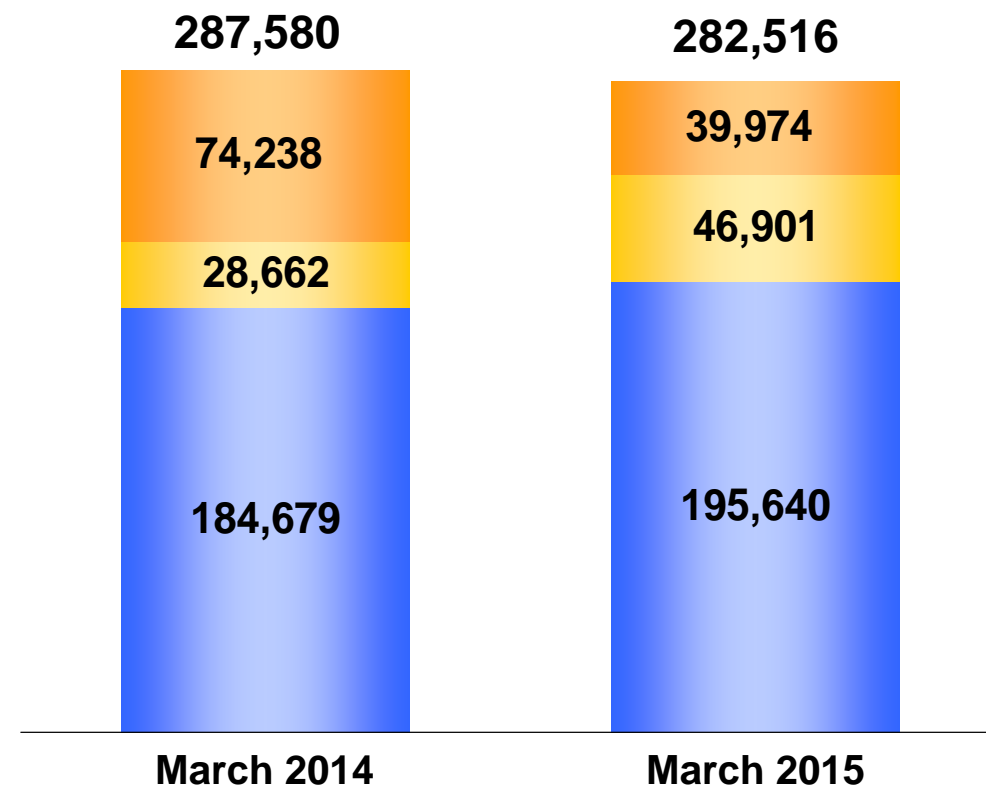


Liabilities and Equity

(Units: ¥ millions)

Equity Ratio: 64.1%

Equity Ratio: 69.2%



Consolidated Cash Flows

(Units: ¥ millions)

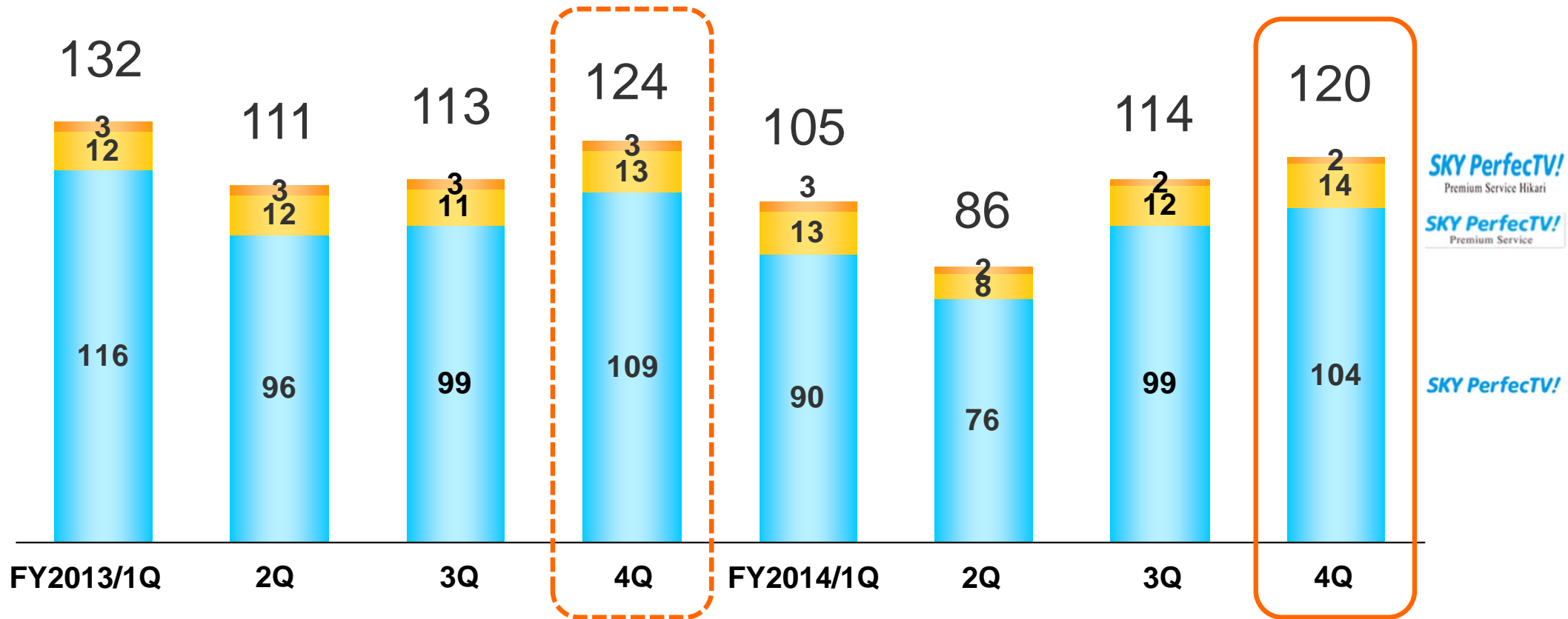
	FY2013/4Q	FY2014/4Q
Net Cash from Operating Activities	33,345	16,633
Net Cash from Investing Activities	△18,969	△34,746
Free Cash Flows^{*1}	14,375	△18,113
Net Cash from Financing Activities	△25,444	△12,078
Cash and Cash Equivalents at Term-End (a)	63,783	33,963
Term-end balance of interest-bearing debt^{*2} (b)	45,994	38,366
Term-end balance of net interest-bearing debt (b) – (a)	△17,789	4,403

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

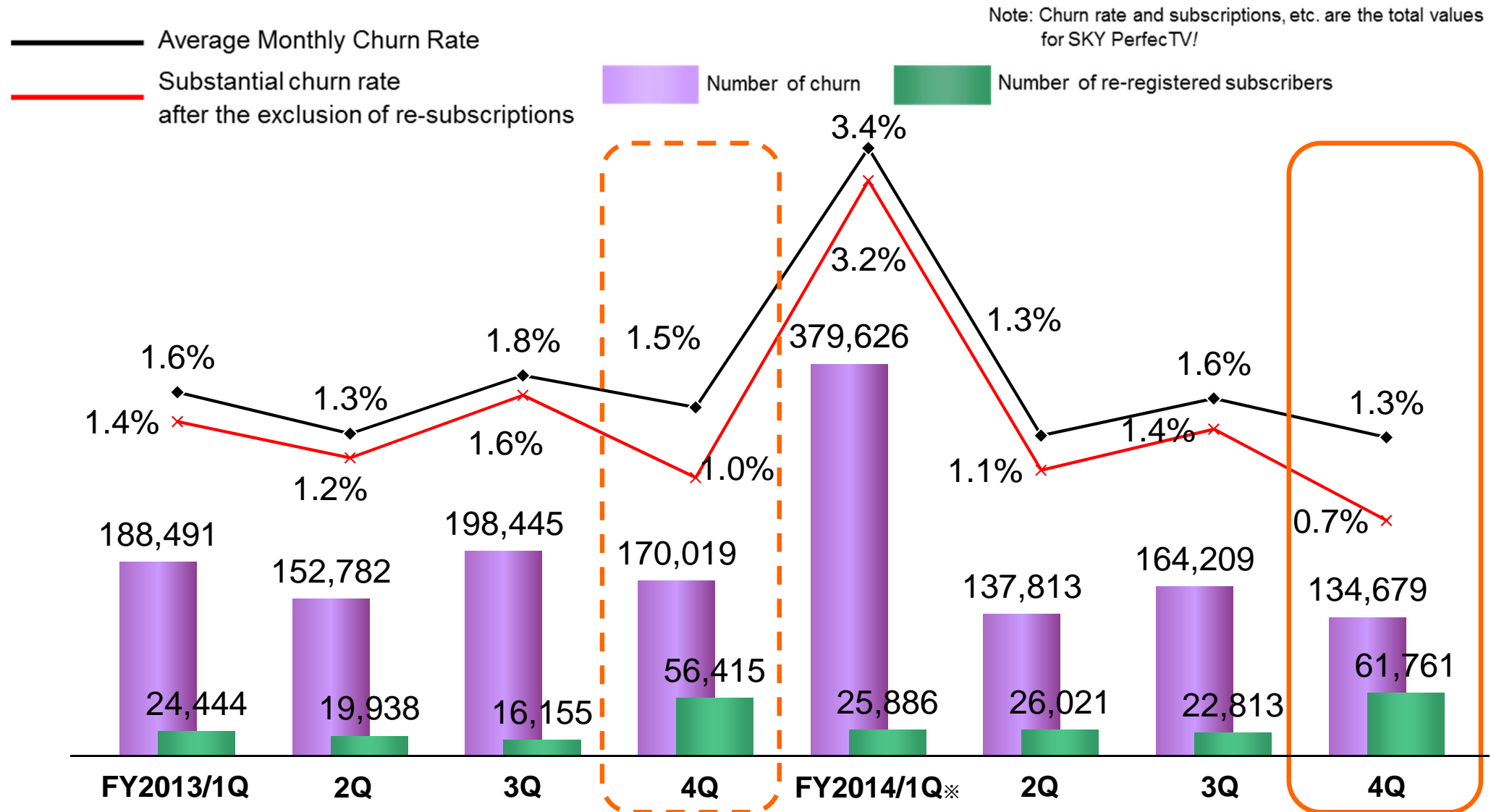
*2 The acquisition and reimbursement, etc. of short-term securities for fund management are excluded from the cash flow from investing activities.

Number of New Subscribers

(Unit: thousands)



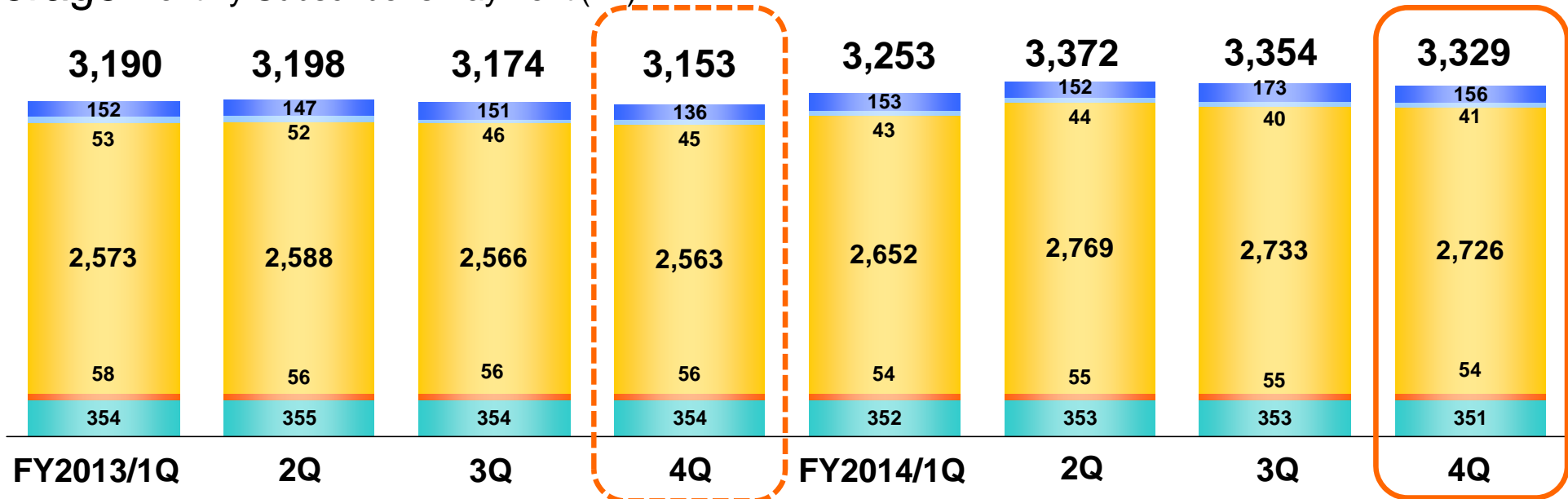
Average Monthly Churn Rate



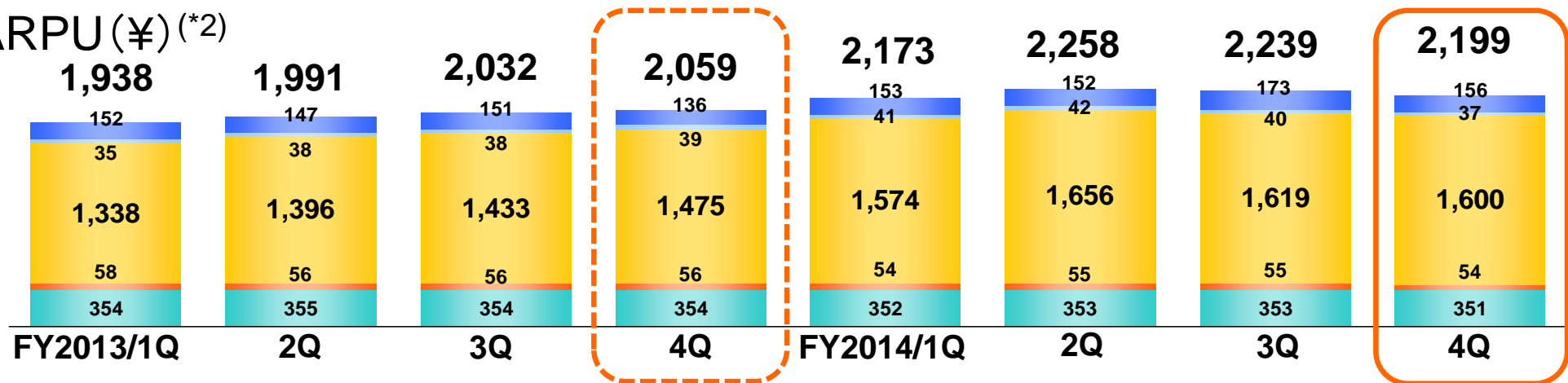
*Due to the termination of the SD services at the end of May, 2015.

ARPU

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



■ ARPU (¥) (*2)



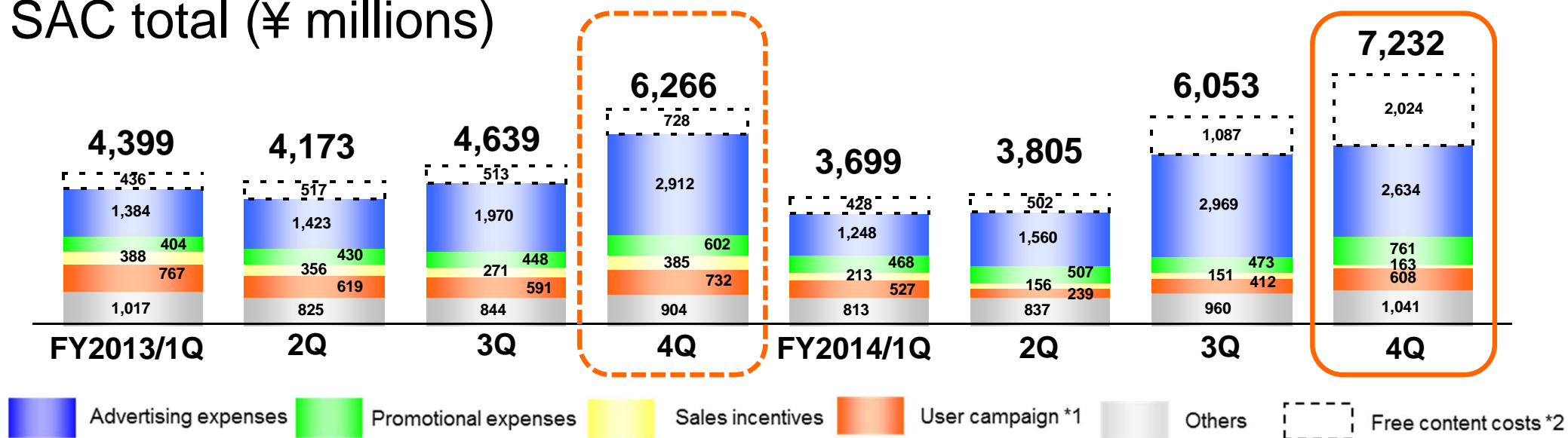
■ Basic fee
 ■ Rental fee
 ■ Monthly subscription fee
 ■ PPV subscription fee
 ■ Revenues from SKY Perfect's own content

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

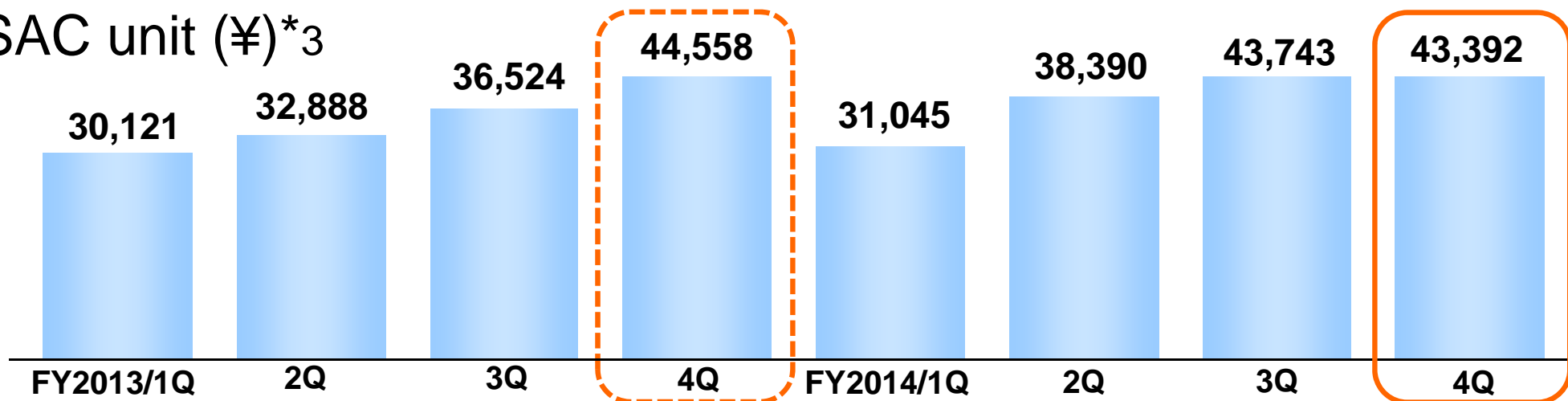
*2 Revenue of our corporate group in the unit price of monthly viewing fees, etc. paid by subscribers

Subscribers Acquisition Cost (SAC)

SAC total (¥ millions)



SAC unit (¥)*3



*1 Expenses for the campaign to acquire the new subscribers.

*2 "Charge-free content cost" in the total amount of SAC includes the cost for program production fees for SKY Perfect! BS..

*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.

Major Subsidiaries

(Unit: yen, millions)

		SJC	SPCC	SPBC	OPTI*	SNET	JII	JMC
Main business		Multi-channel platform/satellite transmission	Subscribers management	Broadcast/production	Content distribution via FTTH	Re-sale of satellite transmissions	Re-sale of satellite transmissions in the US	Mobile services
Shares (%)		100	100	100	100	92	100	53.3
Revenue	FY2013/4Q	129,218	7,526	58,647	11,273	4,085	2,624	1,895
	FY2014/4Q	127,638	7,623	66,215	-	4,159	2,618	2,484
Operating Income	FY2013/4Q	20,168	△364	1,044	1,034	353	1,276	165
	FY2014/4Q	17,772	695	1,573	-	207	1,196	259
Ordinary Income	FY2013/4Q	21,143	△362	1,052	1,008	332	1,292	184
	FY2014/4Q	17,972	697	1,587	-	193	1,206	303

SJC : SKY Perfect JSAT Corporation

SNET: Satellite Network, Inc.

SPCC : SKY Perfect Customer-relations Corporation

JII : JSAT International Inc.

SPBC: SKY Perfect Broadcasting Corporation

JMC: JSAT MOBILE Communications Inc.

OPTI: Opticast Inc. (*Merged with SJC as of April 2014)

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