

SKY Perfect JSAT Group  
Earning Results Briefing for 1Q/2015

July 30, 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 1Q/2015

# Summary of Income Statements

- Revenue and Net Income decreased from the same quarter of the previous fiscal year due to the termination of standard definition broadcasting service.

(unit: ¥ millions)

	1Q/ FY2014	1Q/ FY2015	Comparison to 1Q/FY2014	Vs Full-Year Forecast	FY2015 Full-Year Forecast
Revenue	42,239	<b>41,122</b>	(2.6%)	24.5%	168,000
Operating Income	7,015	<b>5,855</b>	(16.5%)	25.5%	23,000
Ordinary Income	7,067	<b>5,792</b>	(18.0%)	25.7%	22,500
Profit attributable to owners of parent	6,587	<b>3,788</b>	(42.5%)	26.1%	14,500
EBITDA*1	13,698	<b>11,343</b>	(17.2%)	—	

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

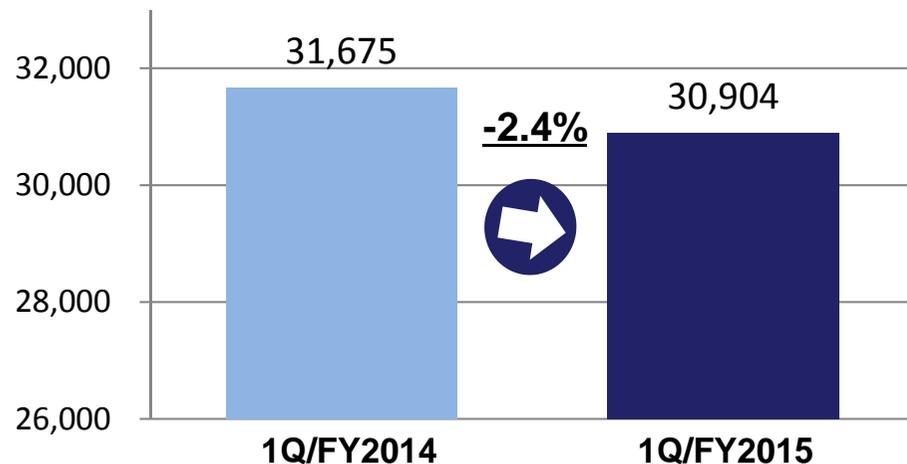
# Key Performance Indicators for Multichannel Pay TV Business(\*)

	FY2014/1Q	FY2015/1Q	FY2015 Full-Year Forecast
Number of New Subscribers (unit: thousands)	105	<b>120</b>	482
Net Increase in Subscribers (unit: thousands)	(248)	<b>23</b>	75
Number of Cumulative Subscribers (unit: thousands)	3,468	<b>3,484</b>	3,537
Average Monthly Subscriber Payment (unit: JPY)	3,253	<b>3,378</b>	-
ARPU (unit: JPY)	2,173	<b>2,233</b>	-
SAC (unit: JPY)	31,045	<b>32,051</b>	

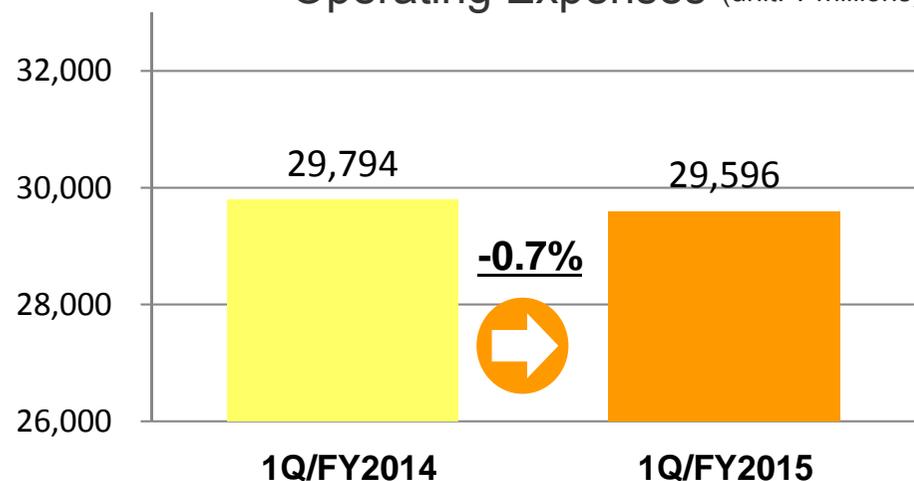
\* Sum of SKY PerfectTV!, SKY PerfectTV! Premium Service and SKY PerfectTV! Premium Service Hikari

# Detailed: Multichannel Pay TV Business

Revenue (unit: ¥ millions)



Operating Expenses (unit: ¥ millions)



**Revenue: (¥0.77B)\***

\* Internal transactions between segments included.

<Main increases or decreases>

- Increase of SKY PerfectTV! business consignment income: ¥0.3B
- Decrease of business consignment income and transmission income of standard definition (SD) service: (¥0.5B)
- Decrease of income from high-definition (HD) service subscription fee: (¥0.4B)

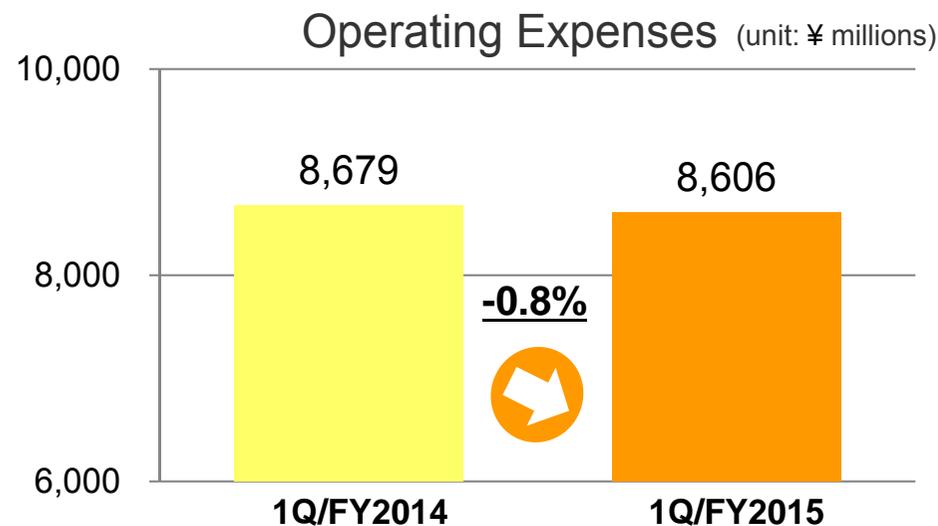
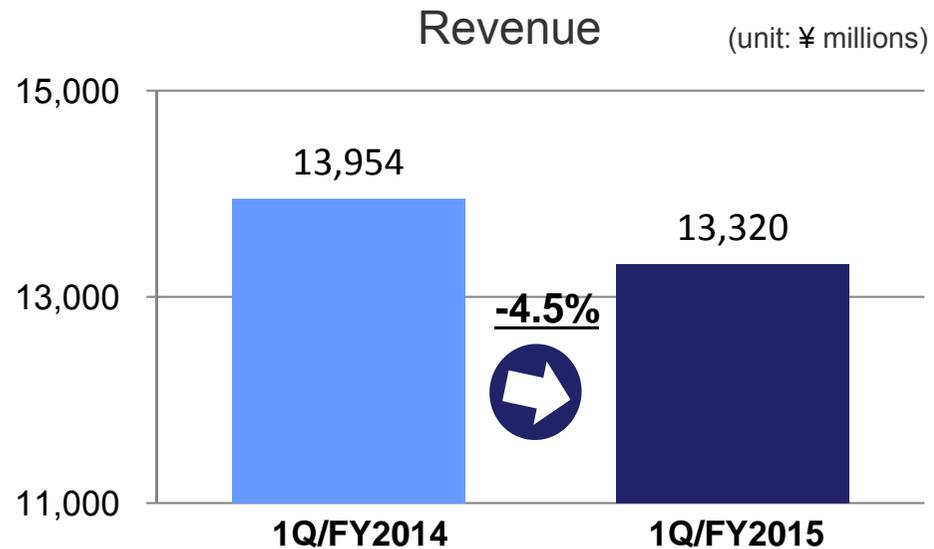
**Operating Expenses: (¥0.2B)\***

\* Internal transactions between segments included.

<Main increases or decreases>

- Increase in content costs: ¥1.4B
- Decrease of the HD service migration costs: (¥0.6B)
- Decrease in other expenses: (¥1B)

# Detailed: Space & Satellite Business



Revenue: (¥0.63B)\*

\* Internal transactions between segments included.

<Main increases or decreases>

- Decrease in sales of transponders for SD services: (¥1.4B)
- Increase in sales of transponders for HD services: ¥0.3B
- Increase in sales of maritime Internet services: ¥0.3B

Operating Expenses: (¥0.07B)\*

\* Internal transactions between segments included.

<Main increases or decreases>

- No major changes

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

## Pushing ahead with differentiation strategies using SKY PerfecTV! Channels' strengths

### Measure 1: Realization of increase by means of live broadcasts

- ✓ Promotion of increased subscriptions through live broadcasts of content (sports events, major live concerts, etc.)
- ✓ Maximization of subscriptions by means of ¥0 subscription fee campaign from June\*

\*Until July 31, 2015



Live broadcast of complete final concert of Mr. Children REFLECTION Tour 2015



Image provided by Hiroshima Toyo Carp

### Measure 2: Realization of increase through major overseas soccer content

- ✓ Prevention of subscription cancellations through live broadcasts of all Copa America Chile 2015 matches
- ✓ Realization of increase in number of product contracts through viewing fee discount campaign



### Measure 3: Realization of increase through 4K broadcasting

- ✓ Ongoing enrichment of content, with broadcasts of Hollywood movies commencing from June



© 2014 Columbia Pictures Industries, Inc. and LSC Film Corporation. All Rights Reserved. Marvel, Spider-Man and all related character names and their distinctive likenesses: TM & © 2014 Marvel Entertainment, LLC and its subsidiaries. All Rights Reserved.

### Measure 4: Realization of increase through presentation of selected products

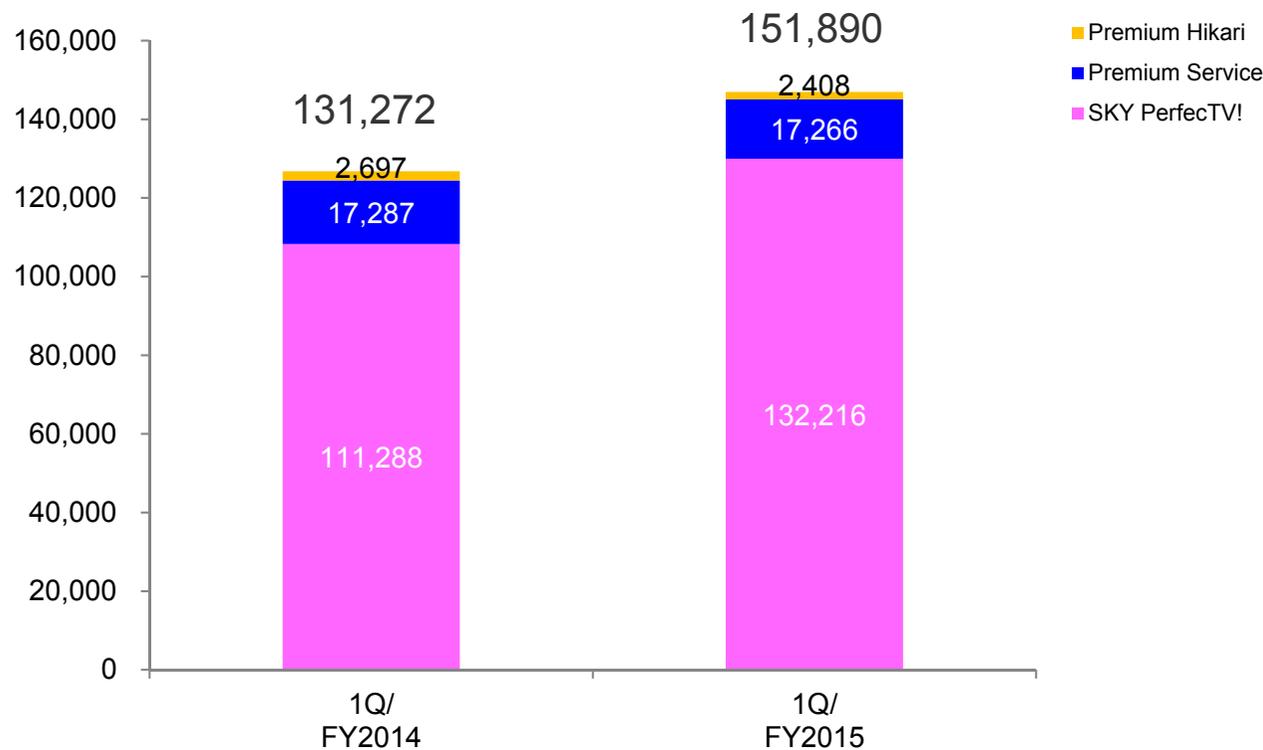
- ✓ Presentation of high-customer-satisfaction subscription packages, such as Select 5



# 1Q/2015 Results

## Results for number of new and returning subscribers exceed results for 1Q/2014

- ✓ Results for number of new and returning subscribers
  - 1Q/2015: 151,890 (+20,618 against 1Q/2014)



- ✓ Increased viewing fee revenue (Against 1Q/2014)
  - Select 5/ Professional baseball set/ Soccer set-related

# Future Initiatives

## Continuing differentiation of SKY PerfecTV! channels from competitors through initiatives including live broadcast content and further enrichment of 4K content

- ✓ Continuing intensified live content programming beyond August in order to promote subscriptions

### Live broadcast content

#### (1) Music concerts



flumpool Mid-summer Outdoor Concert  
★LIVE 2015 "FOR ROOTS"  
Simultaneous live broadcast  
by BS SKY PerfecTV! and 4K GENERAL

#### (2) Sports



August: European soccer league openers  
September: UEFA Champions League openers



Photo by S.IDA

Rugby World Cup England 2015  
(Live broadcasts of all 48 matches by  
J SPORTS channels)

#### (3) Other



Fuji Combined Firepower Exercise "Sokaen"  
2015 Simultaneous live broadcast  
by BS SKY PerfecTV! and 4K GENERAL  
Image taken from Japan Ground Self-Defense Force website

- ✓ Continuing enrichment of 4K content

### SKY PerfecTV! 4K GENERAL



© Nobuyuki Fukumoto/TAKESHOBO Co., Ltd.

Original 4K drama series Akagi



© Yasuyuki Kasagi

FUJI ROCK FESTIVAL '15

### SKY PerfecTV! 4K CINEMA



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Men in Black II



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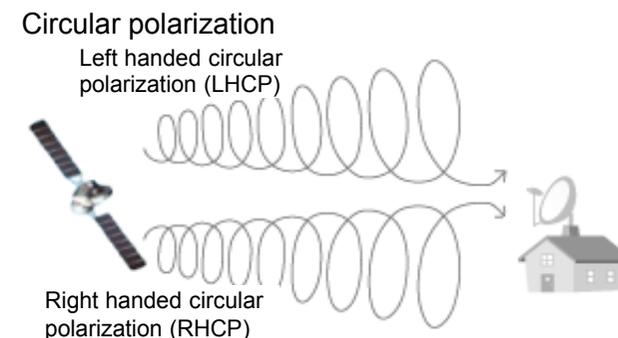
Taxi Driver

# 4K Broadcasting from 110-Degree CS by Left Handed Circular Polarization

The Ministry of Internal Affairs and Communications announces  
 “The Second Interim Report of the Follow-up Meeting on 4K and 8K Roadmap” (July 2015)

2017	
Satellite	• Start trial 4K broadcasting from 110-degree CS by left handed circular polarization
2018	
Satellite	• Start practical 4K broadcasting from BS by right handed circular polarization and from 110-degree CS by left handed circular polarization • Start practical 4K and 8K broadcasting from BS by left handed circular polarization
Around 2020	
Satellite	• Expand practical 4K and 8K broadcasting from BS by left handed circular polarization (assign additional transponders) • Expand practical 4K broadcasting from 110-degree CS by left handed circular polarization (assign additional transponders)
Envisioned for around 2025	
<ul style="list-style-type: none"> <li>• <b><u>Realize diverse practical broadcasting using the BS left handed circular polarization and 110-degree CS left handed circular polarization positioned as transmission paths for practical 4K and 8K broadcasting</u></b></li> <li>• <b><u>Make progress in developing a reception environment for use of left handed circular polarization to the same extent as the reception environment for use of right handed circular polarization</u></b></li> </ul>	

- Polarization is a property of the propagation of radio waves, and rotating polarization (right handed circular polarization and left handed circular polarization) is called circular polarization. Differentiating the types of polarization makes it possible to make double use of the same frequency.
- SKY PerfectTV! BS broadcasts and 110-degree CS broadcasts presently use right handed circular polarization, but when satellites equipped with transponders using left handed circular polarization are launched in future, it will become possible to make broadcasts with left handed circular polarization.



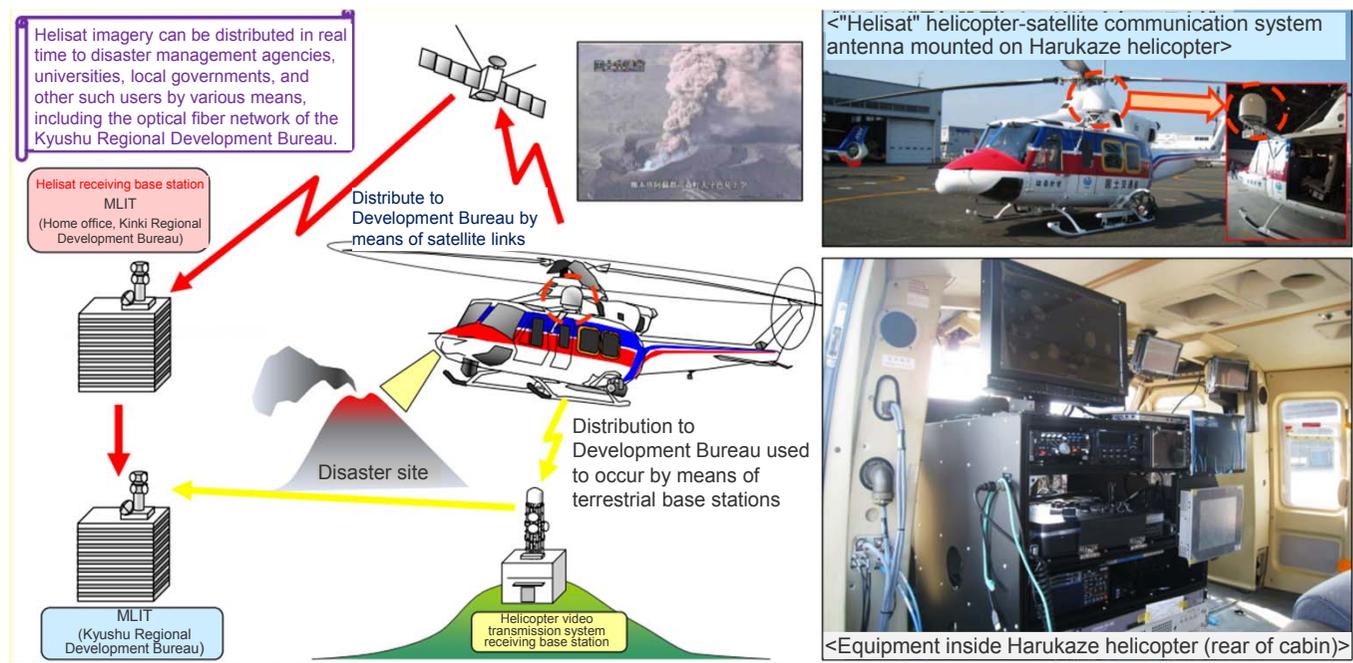
**Future Initiatives**  
**—Space & Satellite Business—**

# Initiatives in the Domestic Market

## ✓ Utilization in Disaster Management Services

A disaster response helicopter with a Helisat system installed took part in responses to the volcanic eruption on Kuchinoerabu Island on May 29.

- Approximately four hours after the eruption, a Kochi Prefecture Fire Fighting and Disaster Prevention helicopter with a Helisat system installed was delivering on-site imagery in real time.
- Work is under way to install this system on disaster response helicopters belonging to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) throughout Japan.
- The system is also being introduced to the regional satellite communications network (commonly referred to as LASCOM, which is the Local Authority's Satellite Communications Organization).



Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT) website

# Initiatives in the Global Market 1

- ✓ Service Area Expansion with new JCSAT-14 (successor of JCSAT-2A)
- ✓ Ku-Band
  - In addition to the Japan beam provided to date, the satellite will also have a wide-area beam that provides broad new coverage to the Asia and Pacific region, thus meeting demand in both market areas.
  - The wide-area beam is also anticipated to provide aviation and maritime service, where use continues to expand.

## JCSAT-2A (current)

Coverage Area

Ku-band Japan EIRP

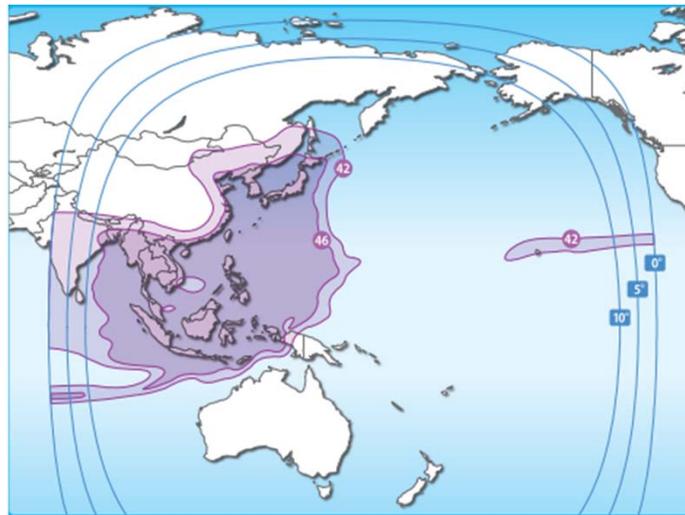


■ 57dBW ■ 55dBW ■ 52dBW ■ 48dBW

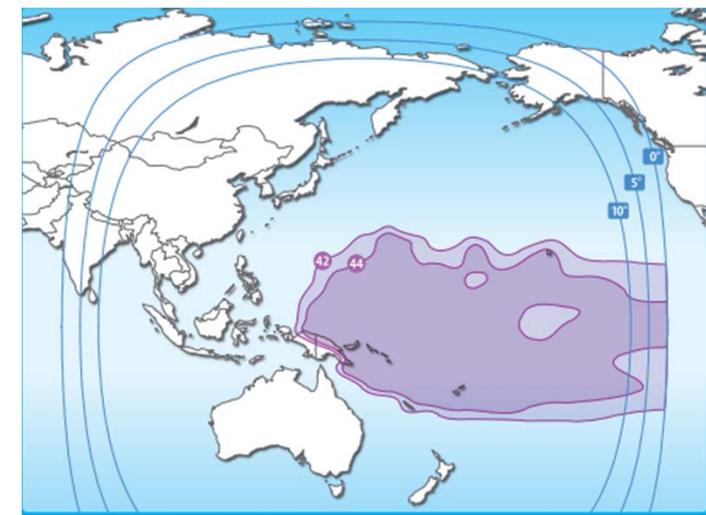
## JCSAT-14 (successor)

Coverage Area

Ku-band



Asia Beam



Pacific Beam

# Initiatives in the Global Market 2

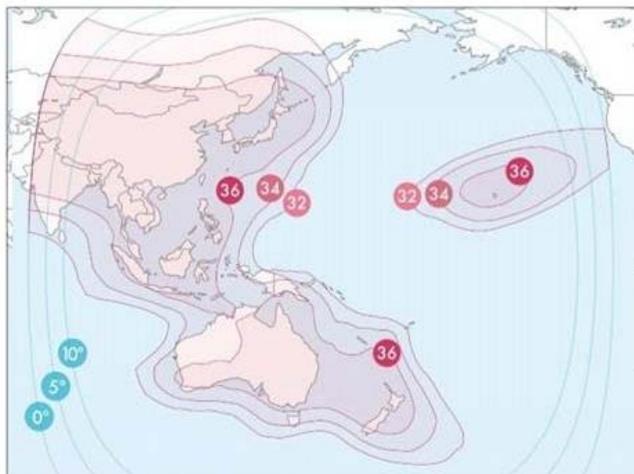
## ✓ C-Band

- Provided bandwidth has increased threefold.
- The area for provision of services will be expanded from Asia, Australia, and New Zealand, to include Russia and the Pacific region, as well.
- The provided bandwidth and the service provision area are being expanded in order to meet further growing utilization.

### JCSAT-2A (current)

Coverage Area

C-band EIRP

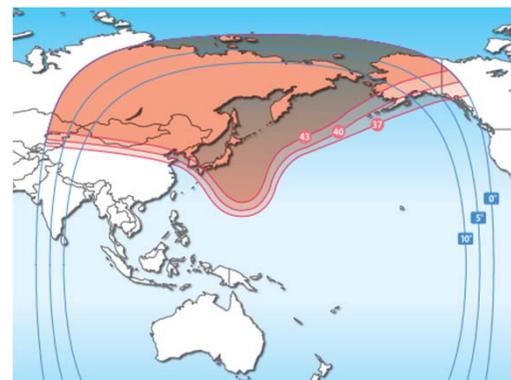


■ 36dBW ■ 34dBW ■ 32dBW

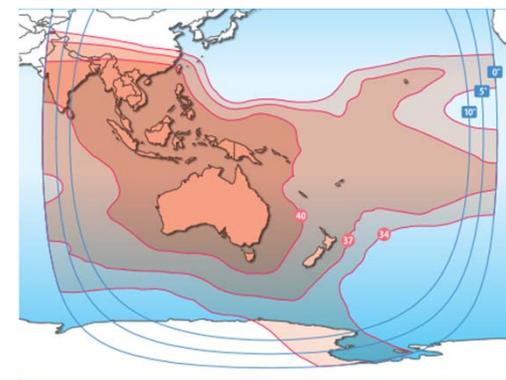
### JCSAT-14 (successor)

Coverage Area

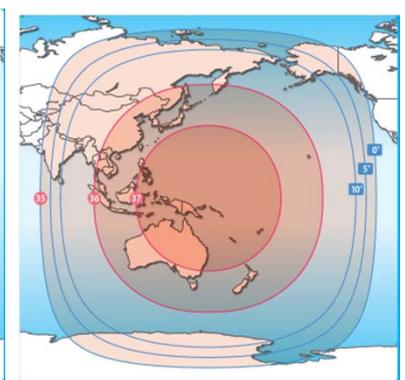
C-band



North Beam



South Beam

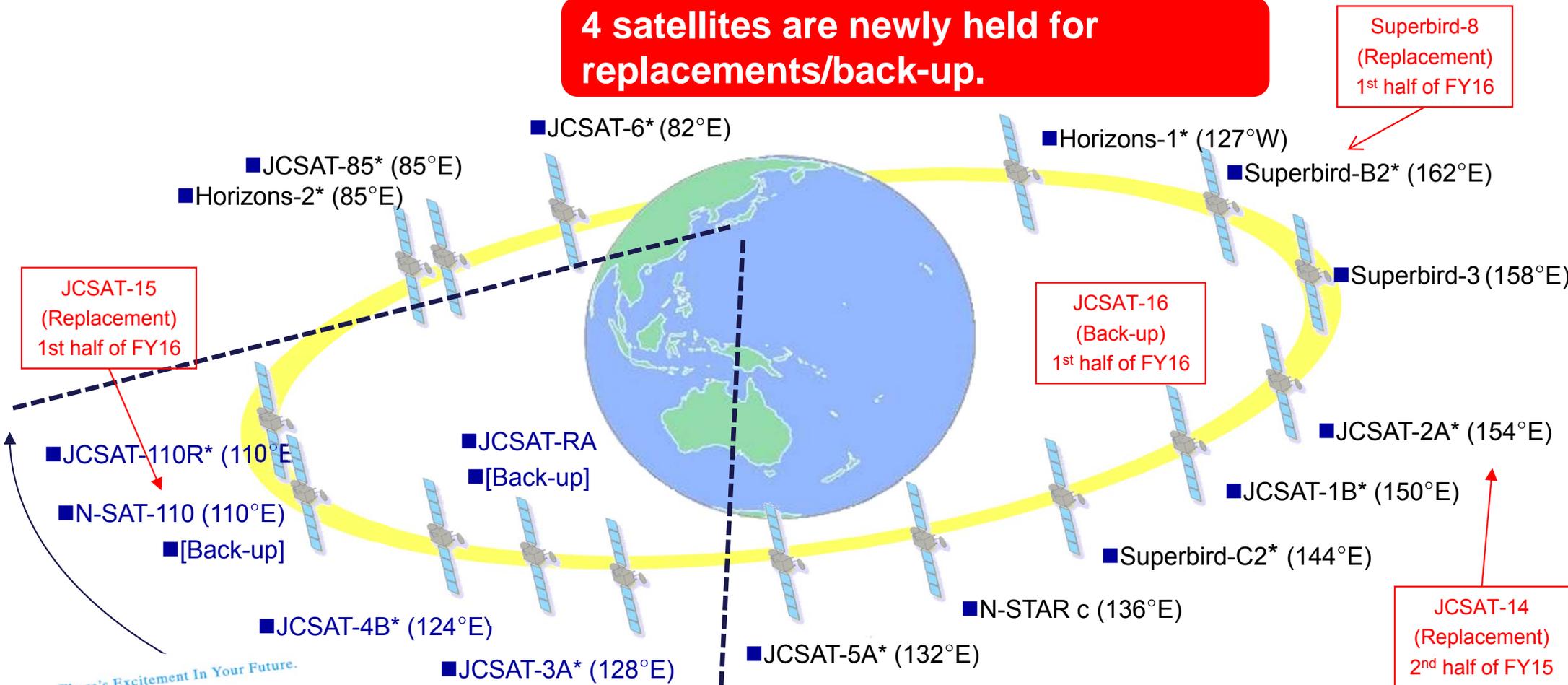


Global Beam

# 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!**

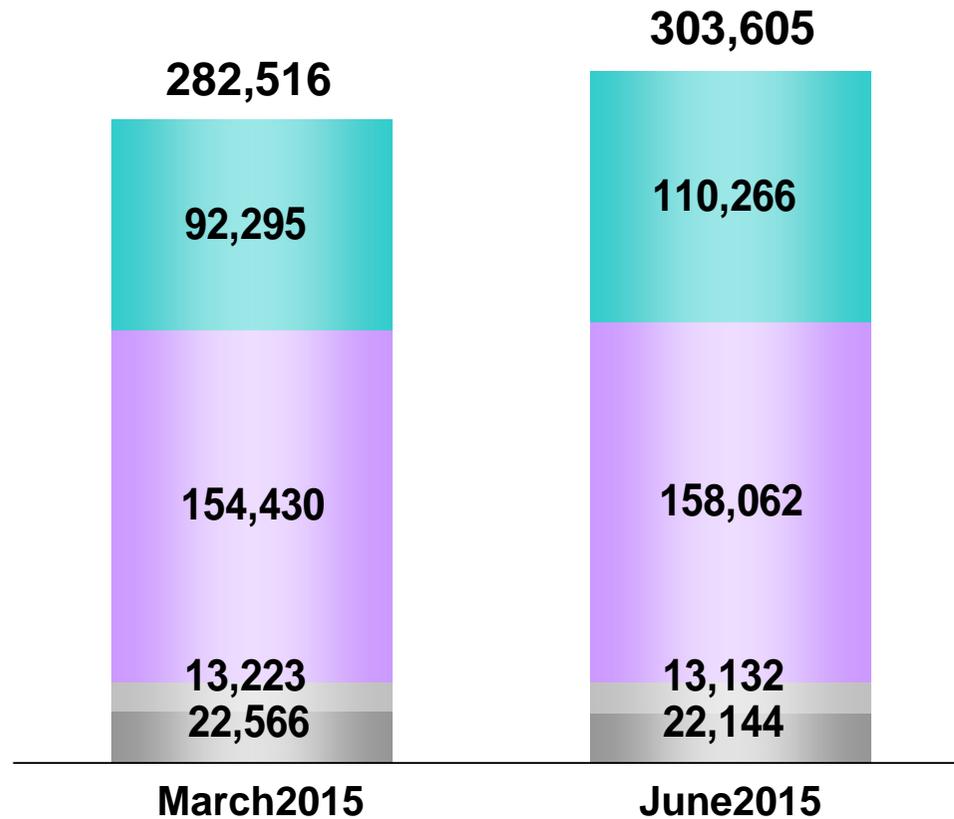
Satellites (blue): For mainly broadcasting use  
 Satellites (black): For mainly communication use  
 \* overseas beam equipped

(References)

# Consolidated Balance Sheets

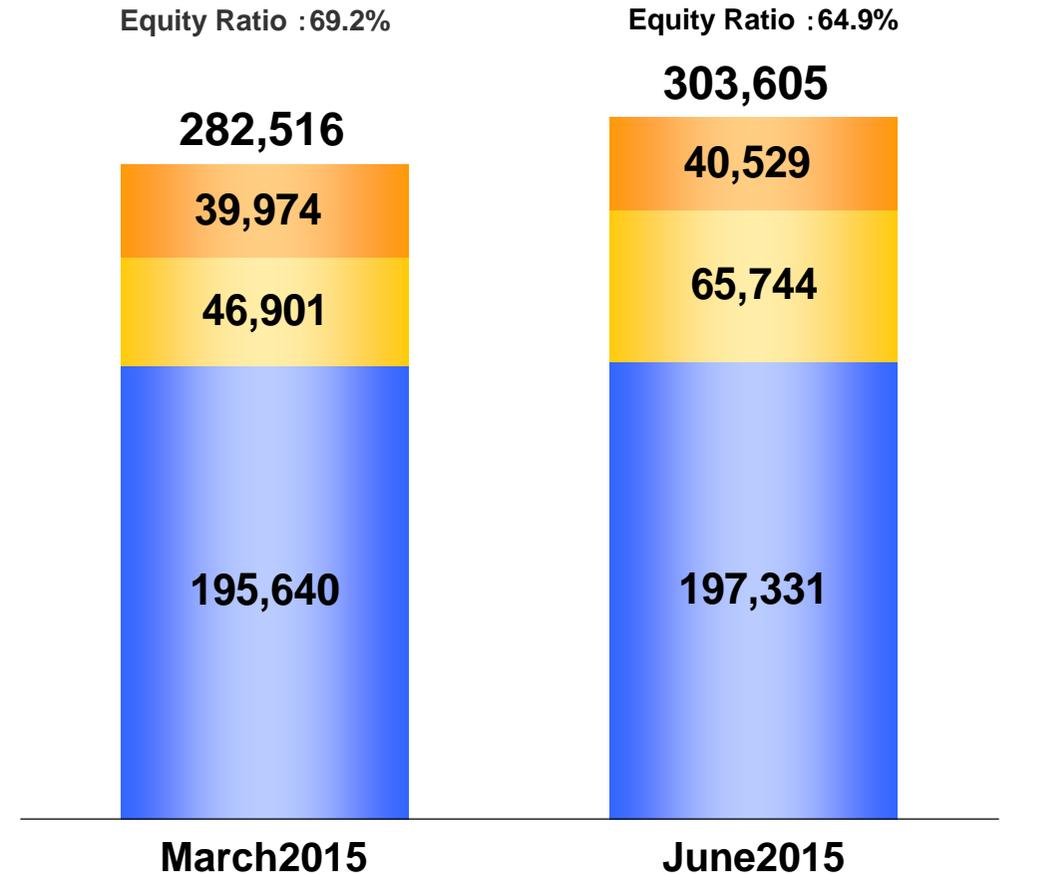
## Assets

(Units: ¥ millions)



## Liabilities and Equity

(Units: ¥ millions)



# Consolidated Cash Flows

(Units: ¥ millions)

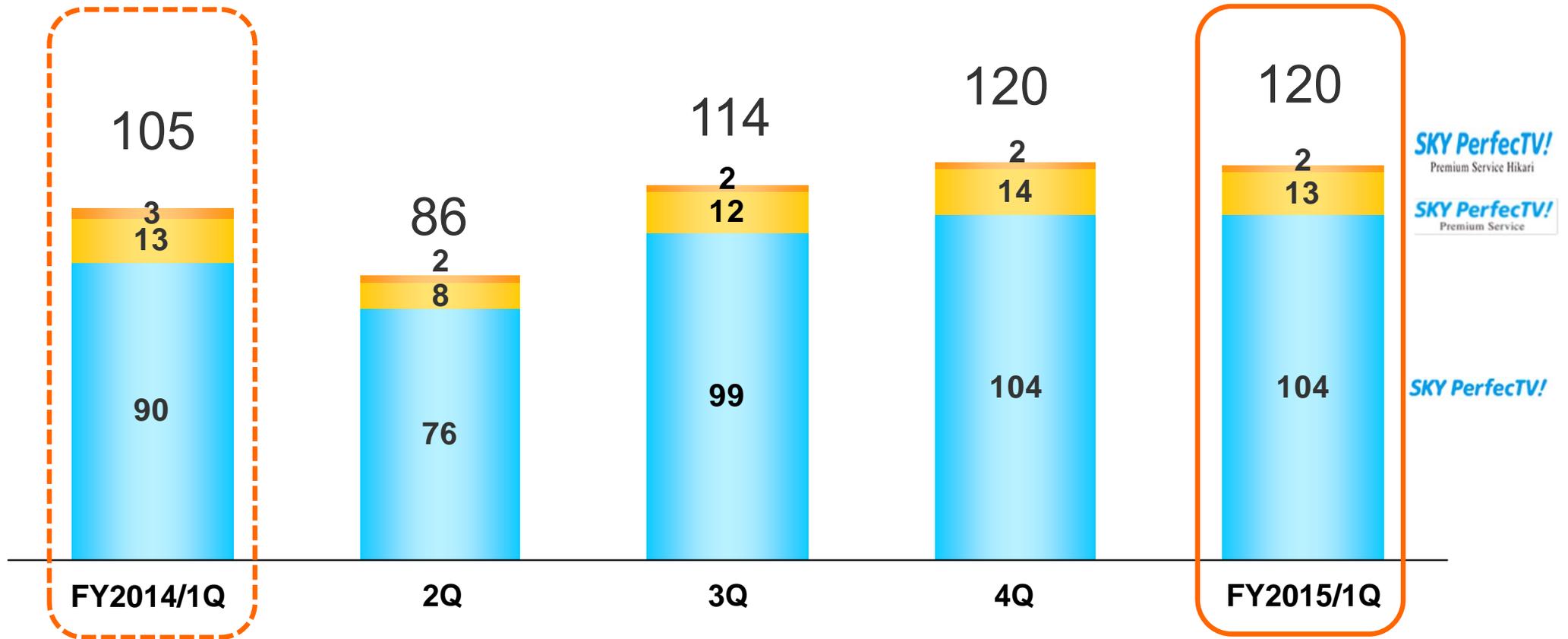
	FY2014/1Q	FY2015/1Q
<b>Net Cash from Operating Activities</b>	8,927	<b>10,748</b>
<b>Net Cash from Investing Activities</b>	(1,642)	<b>(10,066)</b>
<b>Free Cash Flows*<sup>1</sup></b>	7,284	<b>682</b>
<b>Net Cash from Financing Activities</b>	(2,759)	<b>17,868</b>
<b>Cash and Cash Equivalents at Term-End (a)</b>	68,284	<b>52,515</b>
Term-end balance of interest-bearing debt* <sup>2</sup> (b)	45,335	<b>58,366</b>
<b>Term-end balance of net interest-bearing debt (b) – (a)</b>	<b>(22,948)</b>	<b>5,851</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.

# Number of New Subscribers

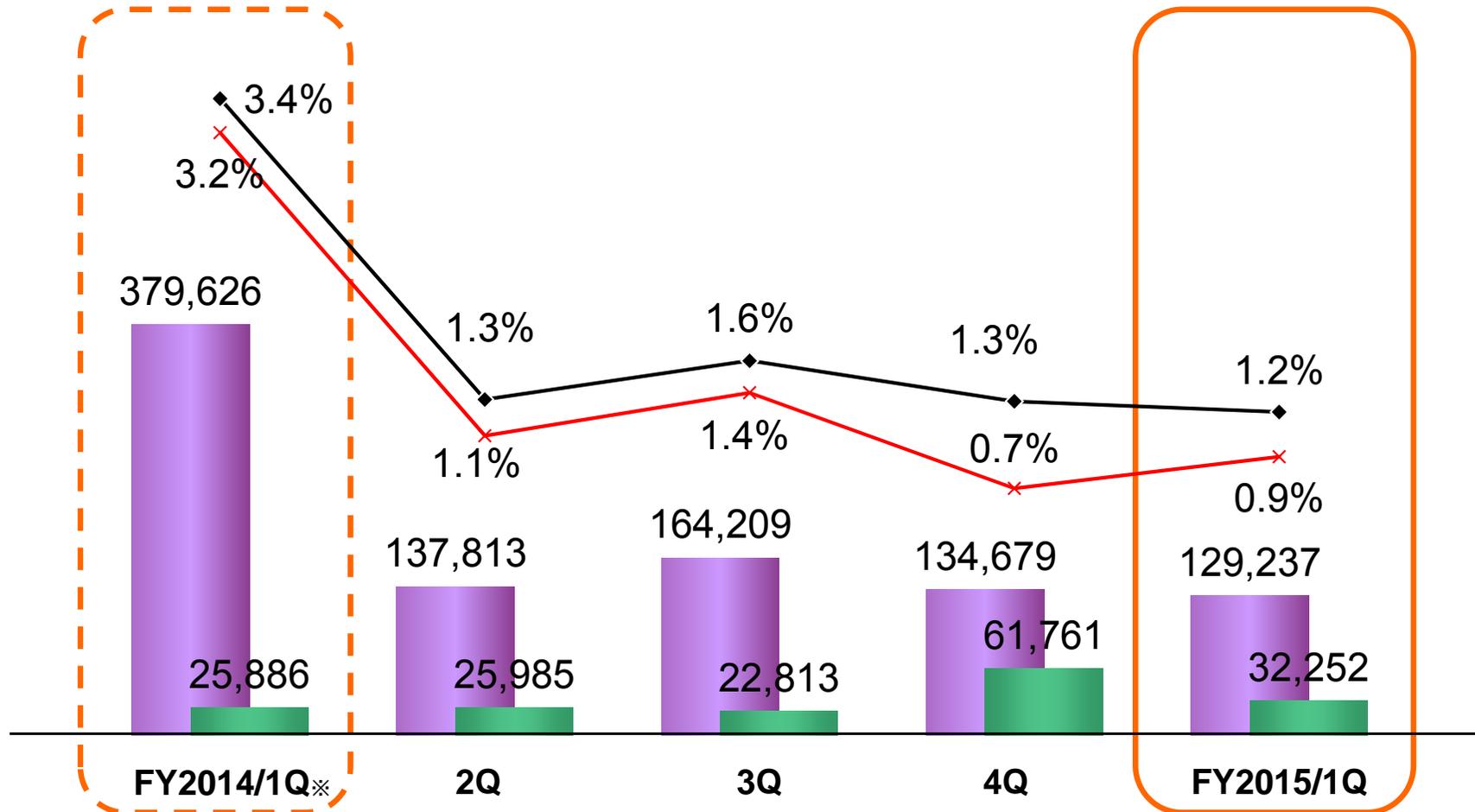
(Unit: thousands)



# Average Monthly Churn Rate

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

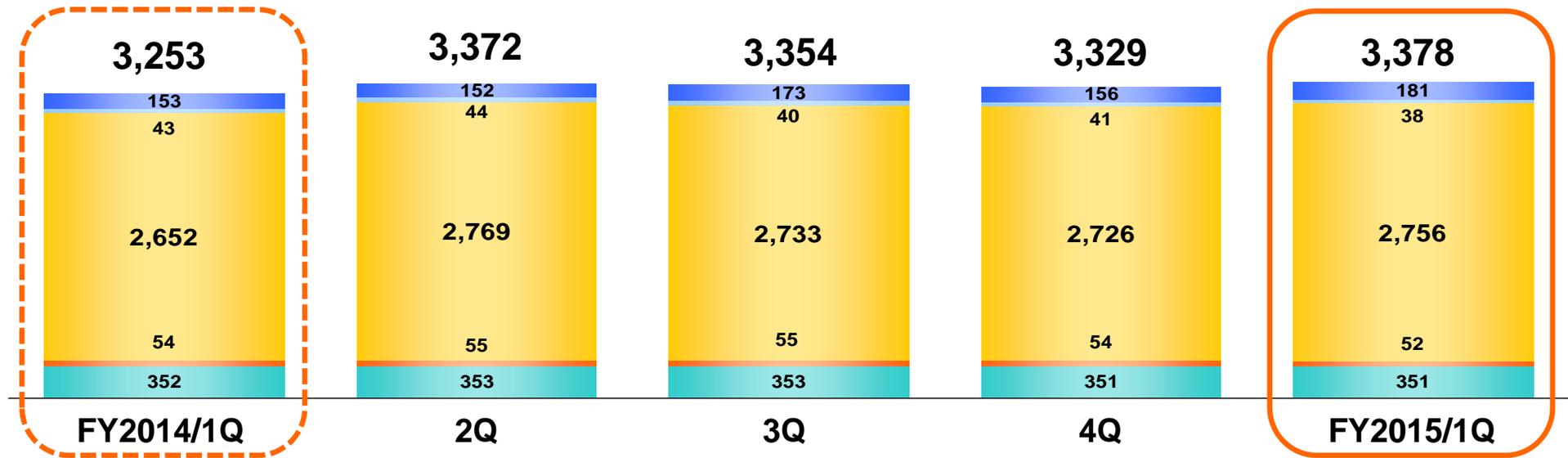
Note: Churn rate and subscriptions, etc. are the total values for SKY PerfecTV!



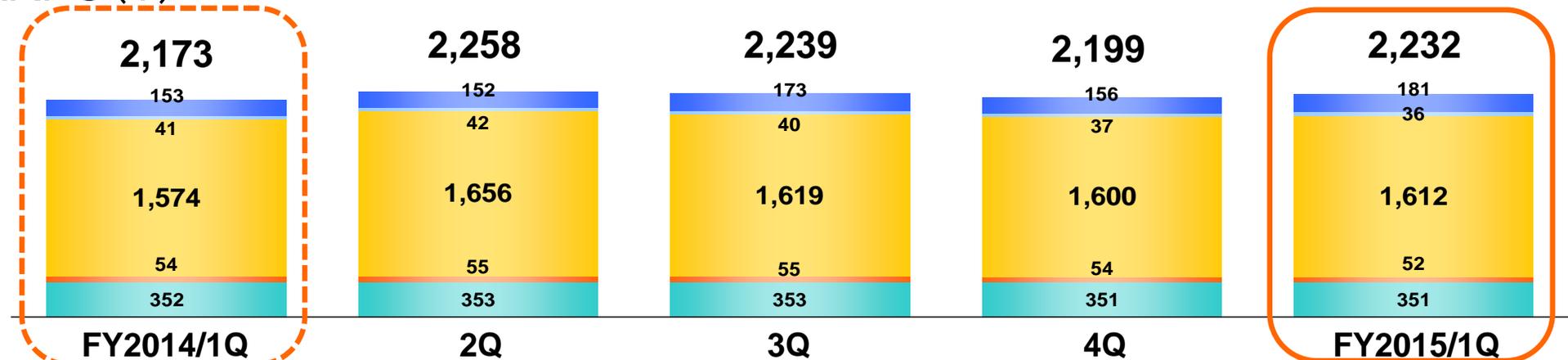
\*Due to the termination of the SD services at the end of May, 2014.

# ARPU

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



## ■ ARPU ( ¥ ) \*2



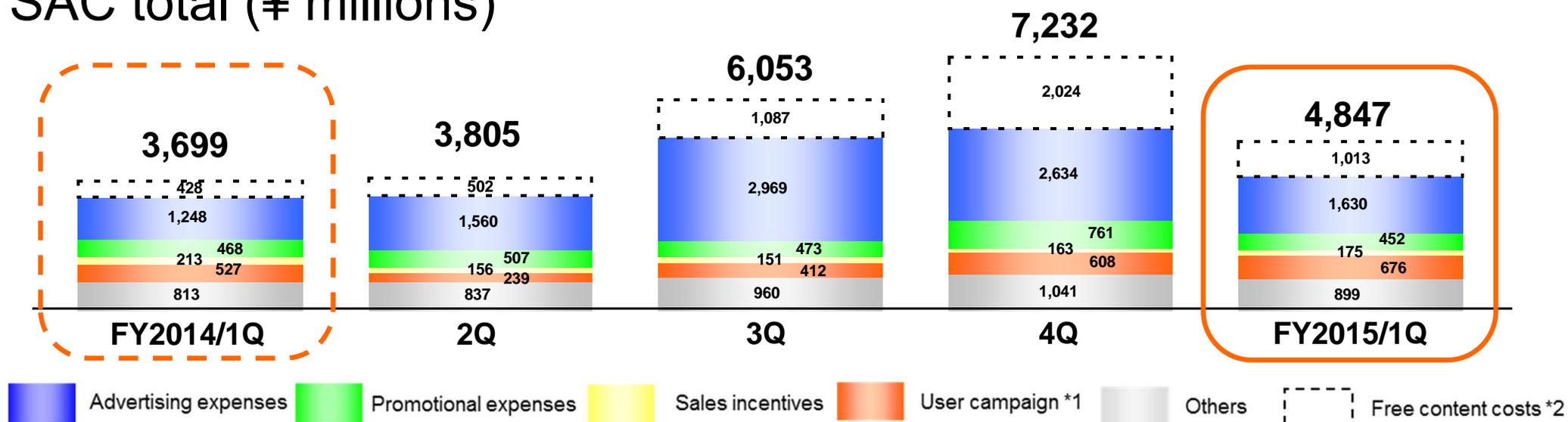
■ Basic fee  
 ■ Rental fee  
 ■ Monthly subscription fee  
 ■ PPV subscription fee  
 ■ Revenues from SKY Perfect's own content

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

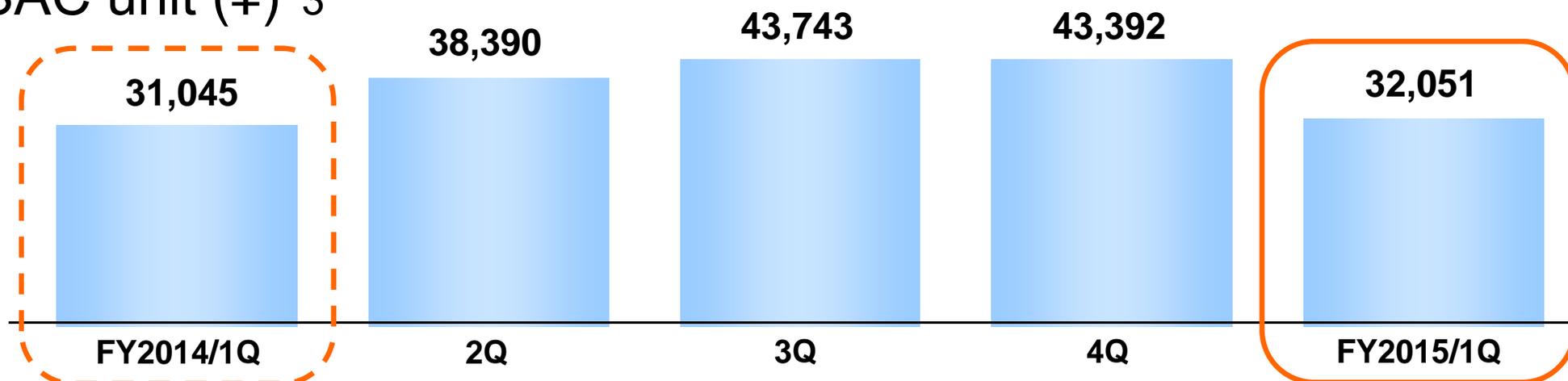
\*2 Revenue of our corporate group in the unit price of monthly viewing fees, etc. paid by subscribers

# Subscribers Acquisition Cost (SAC)

## SAC total (¥ millions)



## SAC unit (¥)\*3



\*1. "User campaign" is expenses for the campaign to acquire the new subscribers.

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

\*3. Unit cost figures are obtained by dividing the total SAC value (excluding "free content cost") by the number of new subscribers in each period.

# **SKY Perfect JSAT Holdings Inc.**

Corporate Communications & Investor Relations Division