

SKY Perfect JSAT Group
Earning Results Briefing for FY 2016

May 19, 2017

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 subscriber management system
- Risks related to IC card security, etc.

Consolidated Business Performance for FY2016

Summary of Income Statements

- Revenue and Profit increased from the previous fiscal year owing to sellouts of satellite & equipment for the Government
- Revenue, Operating Income and Net Income record the highest past achievement

(Unit: ¥ millions)

	FY2015	FY2016	Comparison to FY2015
Revenue	162,905	192,875	18.4%
Operating Income	24,210	24,433	0.9%
Ordinary Income	24,012	24,875	3.6%
Profit attributable to owners of parent	16,867	17,415	3.2%
EBITDA ^{*1}	46,669	47,724	2.3%

*1: EBITDA is calculated as Net Income + Tax Expense + Goodwill Amortization + Depreciation Expense+ Interest Expense

Summary of Income Statements (FY2015 1Q – FY2016 4Q)

- Multichannel Pay TV Business : Revenue and Operating Income decreased from the previous fiscal year mainly owing to decreased subscription revenue.
- Space & Satellite Business : Revenue and Operating Income increased from the previous fiscal year mainly owing to sellouts(4Q) of satellite & equipment for the Government

(Unit: ¥ millions)

	FY2015					FY2016				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Revenue	41,122	40,633	41,710	39,438	162,905	39,707	39,610	38,806	74,750	192,875
Multichannel Pay TV Business	30,904	30,636	29,690	29,184	120,415	30,095	29,882	29,130	27,668	116,777
Space & Satellite Business	13,320	13,098	14,992	13,187	54,599	12,626	12,718	12,580	49,822	87,748
Consolidated Eliminations	△3,102	△3,101	△2,972	△2,932	△12,109	△3,013	△2,990	△2,905	△2,740	△11,650
Operating Income	5,855	5,015	7,689	5,650	24,210	6,266	4,795	4,468	8,903	24,433
Multichannel Pay TV Business	1,307	772	3,087	1,074	6,241	1,861	1,023	1,135	551	4,571
Space & Satellite Business	4,714	4,407	4,752	4,738	18,611	4,585	3,937	3,488	8,515	20,527
Consolidated Eliminations	△166	△164	△150	△162	△643	△180	△165	△155	△164	△665

Key Performance Indicators for Multichannel Pay TV Business (*)

- 162 thousands net decrease in subscribers resulted from weak new subscribers acquisition and loss of J_League Soccer broadcasting right

	FY2015	FY2016
Number of New Subscribers (unit: thousands)	443	350
Net Increase in Subscribers (unit: thousands)	21	(162)
Number of Cumulative Subscribers (unit: thousands)	3,482	3,320
Average Monthly Subscriber Payment (unit: JPY)	3,335	3,291
ARPU (unit: JPY)	2,191	2,133
SAC (unit: JPY)	33,018	39,274

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

Detailed: Multichannel Pay TV Business

Revenue: (¥3.63B) *

* Internal transactions between segments included

< Main increases or decreases >

- Increase of SKY PerfectTV! business consignment income: ¥0.6B
- Decrease of income from the Premium service subscription fee : (¥2.9B)
- Other decrease: (¥1.3B)

Operating Expense (¥1.96B) *

* Internal transactions between segments included

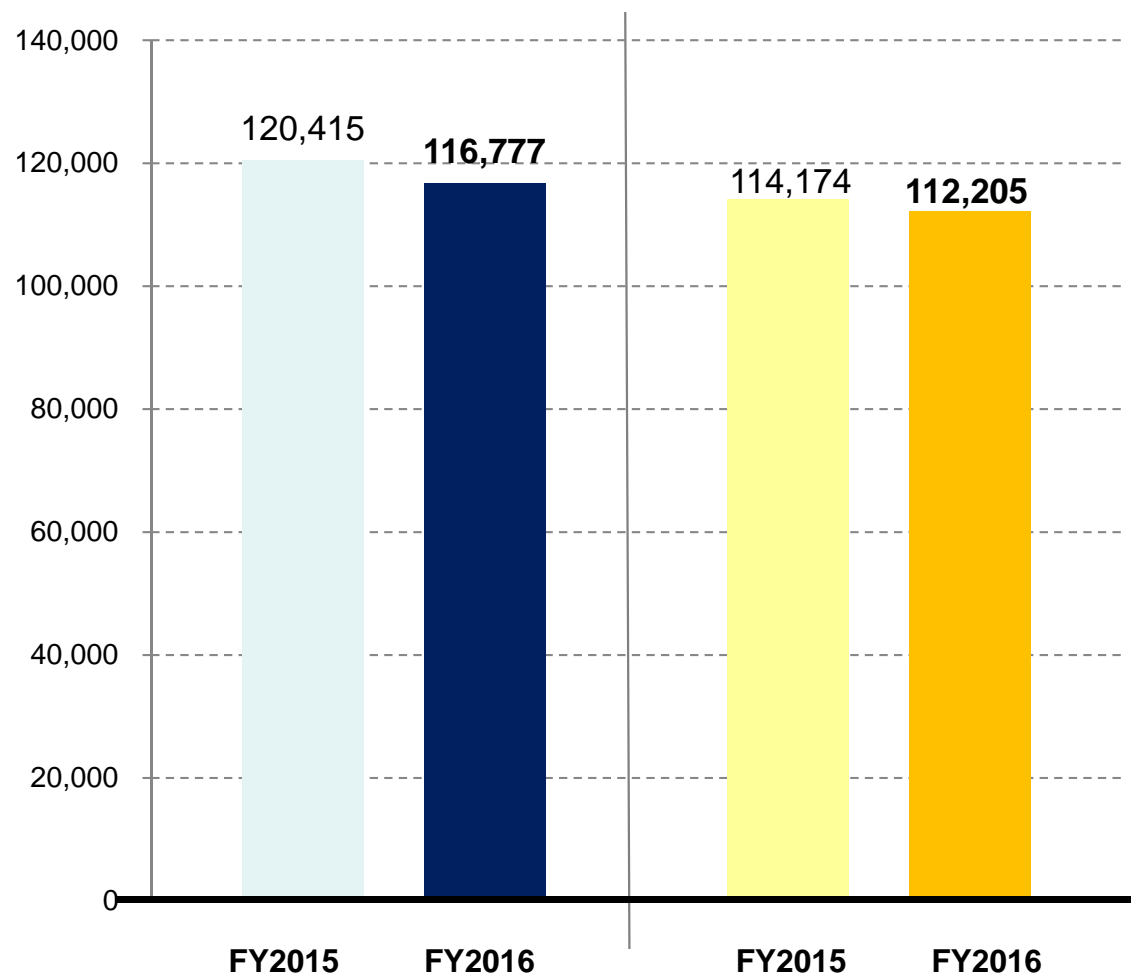
< Main increases or decreases >

- Decrease in program provision expense : (¥1.2B)
- Decrease in advertising expense: (¥0.8B)
- Increase in other expense: ¥0.1B

Revenues

Operating Expenses

(Units: JPY millions)

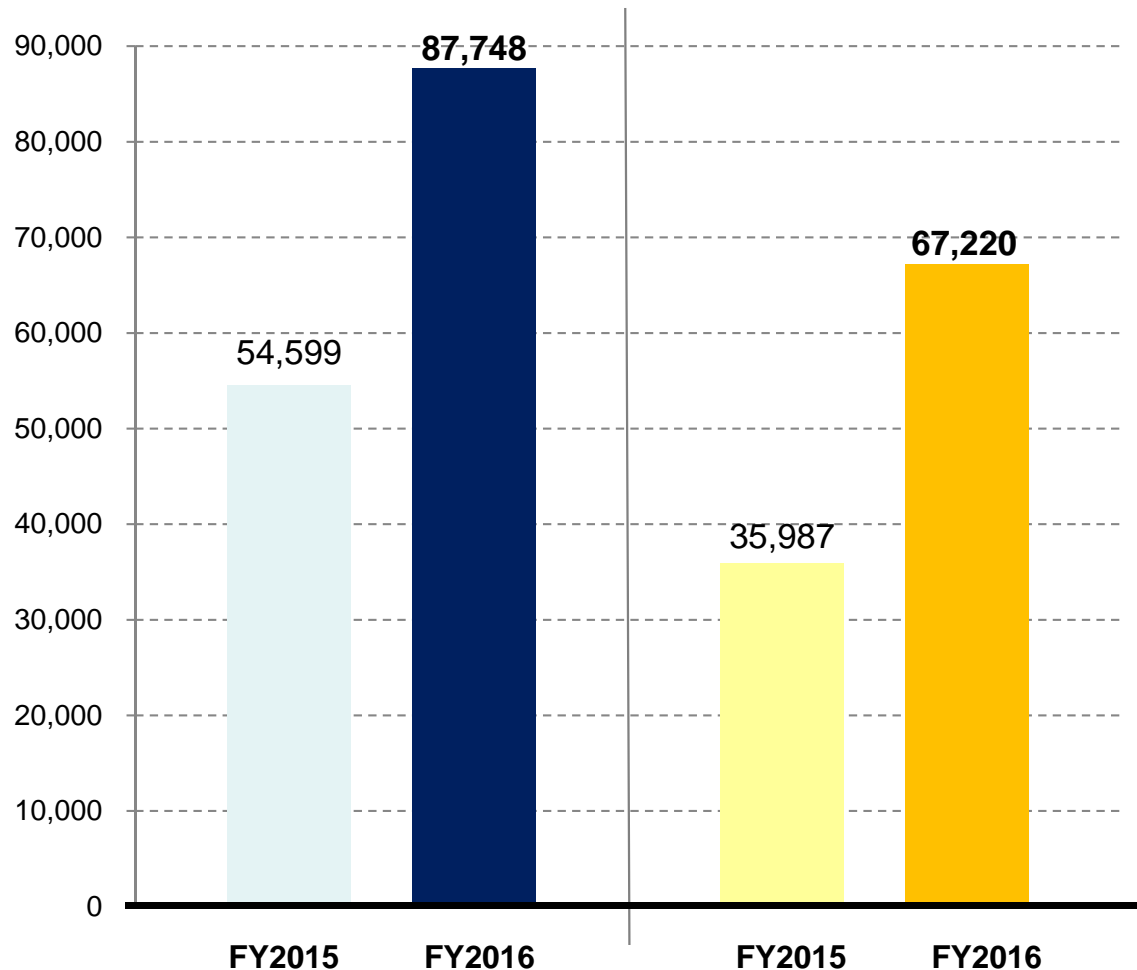


Detailed: Space & Satellite Business

Revenues

Operating Expenses

(Units: JPY millions)



Revenue: +¥33.14B*

* Internal transactions between segments included

< Main increases or decreases >

- Increase in sellout of satellite and related equipment : +36.9B
- Decrease in sellout of control center equipment for a disaster response organization : (¥2.0B)
- Decrease in overseas sales: (¥1.7B)
- Other decrease: (¥0.1B)

Operating Expense: +¥31.23B*

* Internal transactions between segments included

< Main increases or decreases >

- Increase in satellite business expenses: : +¥29.9B
- Increase in satellite depreciation: +1.3B

Forecast for FY2017

Earning Forecasts for FY2017

Forecasting Revenue and Operating Income decrease from the previous year mainly owing to nonrecurring sellout of satellite and related equipment in FY2016 and starting depreciation for successor satellites launched FY2016.

(Unit: ¥ millions)

	FY2016 Full year result	FY2017 Full year forecast	change
Revenue	192,875	153,500	(20.4%)
Operating Income	24,433	17,000	(30.4%)
Ordinary Income	24,875	17,500	(29.6%)
Profit attributable to owners of parent	17,415	11,500	(34.0%)
EBITDA *1	47,724	44,000	(7.8%)

*1: EBITDA is calculated as Net Income + Tax Expense + Goodwill Amortization + Depreciation Expense+ Interest Expense

Earning Forecasts by the segments for FY2017

■ Multi-channel Pay TV Business

Revenue and Operating Income decrease owing to subscription revenue decrease

■ Space & Satellite Business

Forecasting Revenue and Operating Income decrease from the previous year owing to nonrecurring sellout of satellite and related equipment ,and starting depreciation for successor satellites launched FY2016.

(Unit: ¥ millions)

Italic Font = FY2016

	FY2017 (Forecast)			
	Multichannel Pay TV	Space & Satellite	Eliminations and Company Total	Consolidated Total
Revenues	112,700	52,200	(11,400)	153,500
	<i>116,777</i>	<i>87,748</i>	<i>(11,650)</i>	<i>192,875</i>
Operating Expenses	109,000	38,400	(10,900)	136,500
	<i>112,205</i>	<i>67,220</i>	<i>(10,984)</i>	<i>168,441</i>
Operating Income	3,700	13,800	(500)	17,000
	<i>4,571</i>	<i>20,527</i>	<i>(665)</i>	<i>24,433</i>

FY2017 Targets for Increase in Subscriptions

(Unit: thousands)

	FY2016	FY2017 Target
Cumulative number of subscribers as of end of previous year (Number of subscriptions)	3,482	3,320
Total of new subscriptions	350	390
<i>SKY PerfecTV!</i>	280	323
<i>SKY PerfecTV! Premium Service</i>	62	60
<i>SKY PerfecTV! Premium Service HIKARI</i>	8	7
Churn rate	19.5%	16.7%
Net increase	(162)	10
Cumulative number of subscribers as of end of Year (Number of subscriptions)	3,320	3,330

SKY PerfecTV! On Demand

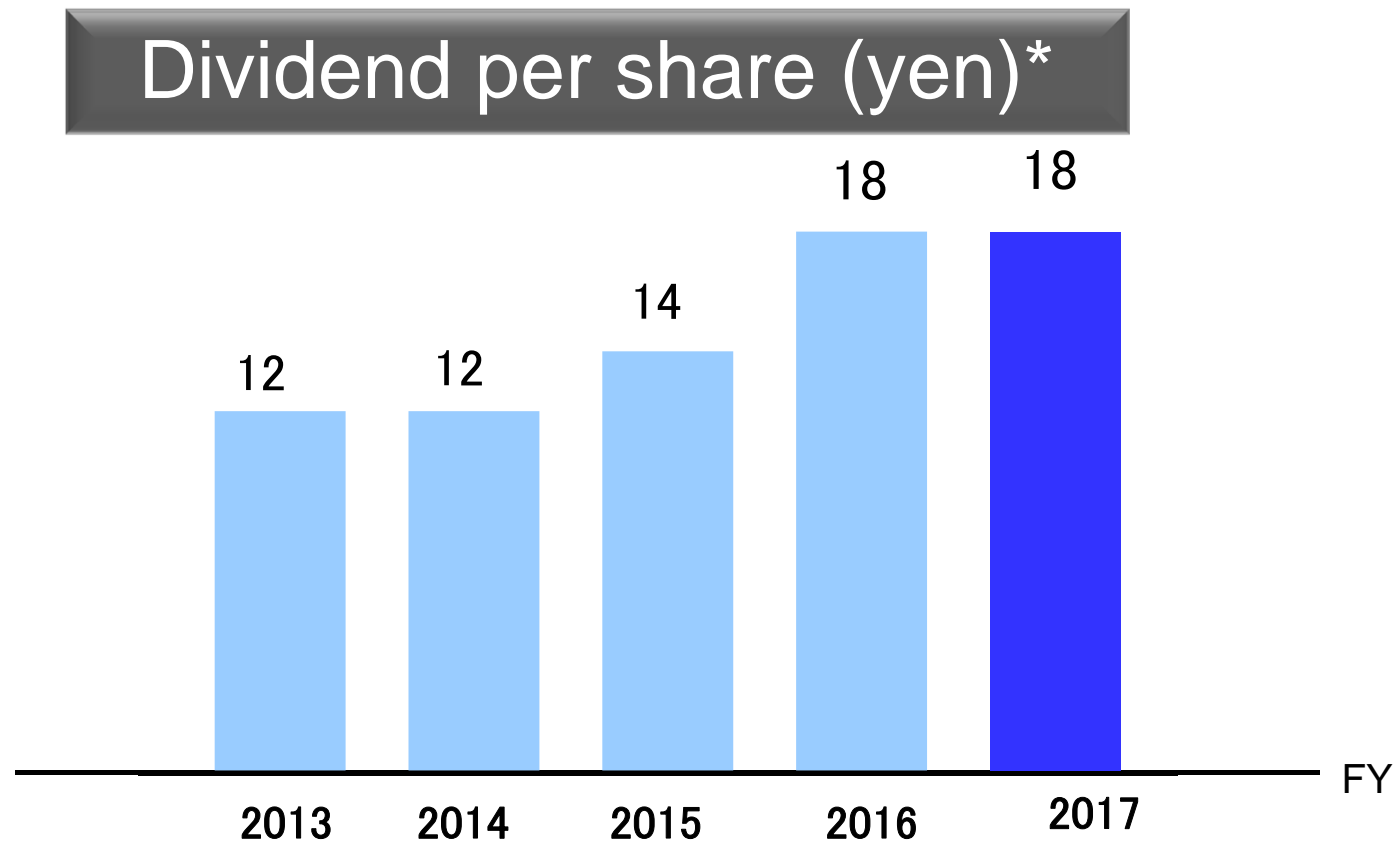
Number of pay subscribers in March	27	40
Cumulative number of subscribers at the end of year	1,140	1,320

Dividend Forecast

■ For FY 2016, increased 4 yen from the previous fiscal year, 18 yen annual dividend per share is planned. For FY2017, 18 yen dividend is projected.

■ Annual dividend shall be satisfied following both conditions

- » 16 yen/share or greater
- » 30% payout ratio or greater



Future Initiatives

- Multichannel Pay TV Business -

Restructuring Multichannel Pay TV Business Unit

■ Aiming to develop new businesses beyond the domain of the multichannel pay TV business

- ✓ Multichannel Pay TV Business Unit → Media Business Unit.
- ✓ Broadcasting Business Group → Content Business Group
- ✓ Customer Business Group → Platform Business Group

■ New developments by taking full advantage of the business fundamentals (existing customer base/channels)

- ✓ Pursuing the profitability of contents by:
 - Changing the revenue model from subscription fee only to subscription fee, advertising and secondary use; and
 - Creating the Content Business Division to clarify profitability of the business.
- ✓ Expanding advertising revenue by:
 - Implementing sales promotions for original programs on a full scale;
 - Helping Japanese advertisers advertise to overseas markets on WAKUWAKU JAPAN; and
 - Newly establishing an advertising sales team to sell advertising for both domestic and overseas markets.
- ✓ Expanding the Internet distribution services by:
 - Strengthening the system to make the linear IP streaming available on all channels.
- ✓ Strengthening the effort to expand business by:
 - Putting the system in place to further develop new businesses and vigorously promote corporate alliance.

Differentiating contents

■ Original anime

* The first original animation program for BS SKY PerfectTV!



© Keiji Adachi & Yuji Moritaka/Kodansha Ltd.

✓ Amination “Gurazeni”

(Broadcasting starts in 2018 on BS SKY PerfectTV!)

■ Sports



✓ Final match of the Final Round of UEFA Champions League 2016/17

(Broadcasting starts in June on SUKSSAKA and SKY PerfectTV! 4K General Channel)



©MotoGP.com

✓ 2017 MotoGP All Live feed from all classes' preliminary & Final

(Broadcast on NTV G+ channel and BS SkyperfectTV!)

■ Music



✓ YUZU 20th Anniversary DOME TOUR 2017: Yuzu Iroha

(Broadcasting starts in June on BS SKY PerfectTV!)

■ Original Drama



© Wataru Watanabe (Weekly Shonen Champion) 2008/SKY PerfectTV!, Toho, Stage “Yowamushi Pedal”
Production Partnership

✓ BS SKY PerfectTV! Original Drama Series Yowamushi Pedal

(Broadcasting starts in 2017 on BS SKY PerfectTV!)

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Reorganizing the Soccer Set

■ The “SKY PerfecTV! Soccer Set” launched on February 1

- ✓ Subscribers can enjoy watching Japanese soccer games—including the games of the J-League Levain Cup, Emperor’s Cup and youth and junior leagues—in addition to those of the UEFA Champions League, UEFA Europa League, Serie A, and FIFA World Cup European Qualifiers.
- ✓ Subscription fee: 2,980 yen/month (tax included)
- ✓ Sales launched on February 1, 2017



We will strive to sell the SKY PerfecTV! Soccer Set to make up for the cancellations of the J League MAX/J League MAX Premium/J2 Premium

- ✓ U-16 I international Dream Cup 2017 Japan presented by Asahi News paper
Live feed of U16 all games of Japan national team from June 14th
Photo: 2016 U16 meet

- ✓ “SKY PerfecTV! Soccer On Demand” is launched on March 10.
The product can be enjoyed on SkyPerfeTV! On demand application



Pursuing more improved and advanced broadcasting

■ 4K test broadcasting using left hand circular polarization radio wave

- ✓ The Association for Promotion of Advanced Broadcasting Services (A-PAB) launched 4K test broadcasting on left hand circular polarization radio wave on 110E satellite

■ Efforts to promote 4K HDR broadcasting

- ✓ J-League YBC Levain Cup (Yokohama F. Marinos vs. Vissel Kobe) was aired live in 4K HDR on April 12, Wednesday.
- ✓ The game was broadcast using the “SR-1” 4K HDR broadcast van owned by SKY Perfect Broadcasting Corporation.



Expanding IP services coverage

- Launched IP services for Smart TVs in addition to PCs, smartphones and tablets

62 time linear channels as of end of April 2017

- ✓ Oct. 2016 SKY PerfecTV! On-Demand application is released for smart phones and tablets
- ✓ Apr. 2017 SKY PerfecTV! On-Demand Web browser UI is renewed
- ✓ Nov. 2017 Making SKY PerfecTV! On-Demand available on TV is set to start
- ✓ Dec. 2017 Developing broadcasting & telecommunications integrated services is set to start

[Reference] Market forecast on potential services recipients

Approx. 7.64 million in 2017

→ 24 million in 2020

- Number of “Hybridcast” services-enabled TV
- Number in 2017 SkyPerfect TV! Assumption
- Number in 2020 JEITA(Japan Electronics Industry Association) forecast



※液晶テレビ ブラビア Android TV機能(イメージ)

Future Initiatives

- Space & Satellite Business -

Achieving sales growth through launch of new satellites

Horizons 3e

HTS

- ✓ Covering the Asia Pacific region
- ✓ Supporting air and marine communication demand

【Launch schedule: 2nd half of fiscal 2018】

JCSAT-18

HTS

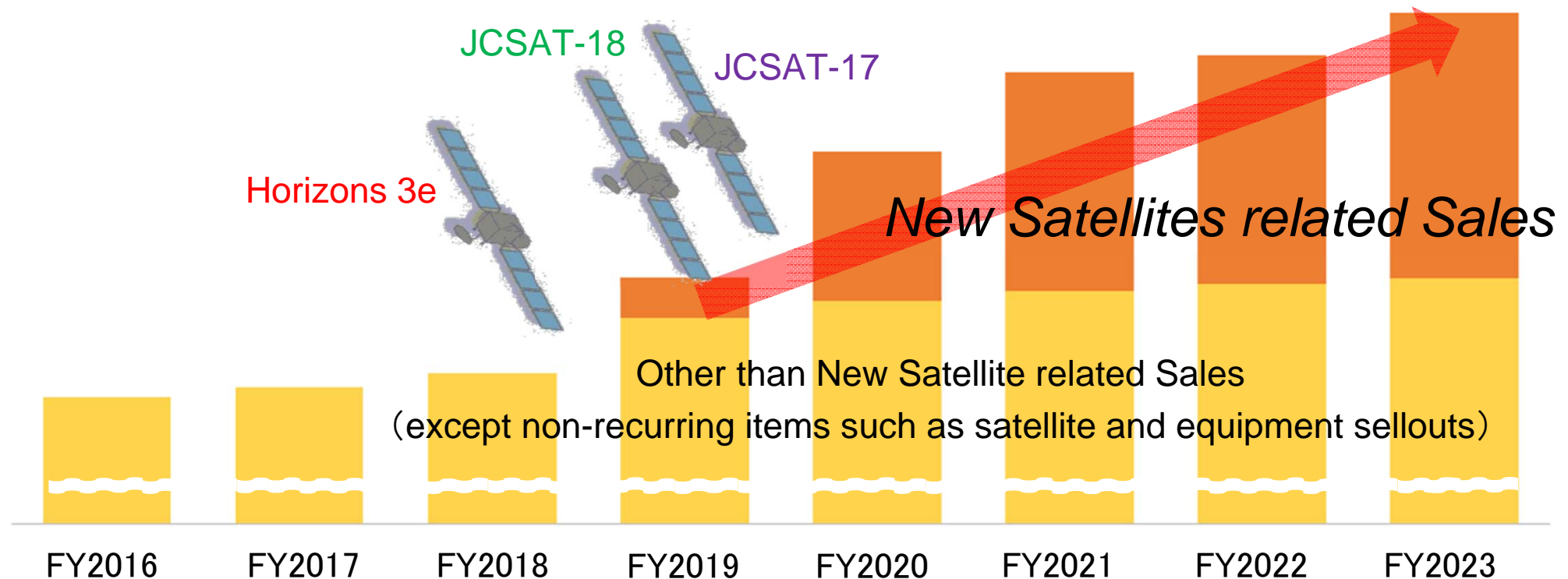
- ✓ Covering an area from the Asia Pacific region to the Russian Far East
- ✓ Jointly run with Kacific Broadband
- ✓ Satellite Supporting mobile and broadband communication demand

【Launch schedule: 2nd half of fiscal 2019】

JCSAT-17

- ✓ Covering the East Asia region, including Japan
- ✓ Primarily supporting communication demand in Japan

【Launch schedule: 2nd half of fiscal 2019】



Initiatives towards development of low-orbit satellite business (1)

- Consigned operation of low-orbit satellites and Data reception/distribution services
 - ✓ Set an antenna dedicated for the services at Ibaraki Network Control Center (SPE)
 - ✓ Service contract signed with a domestic institution
- Signed a strategic alliance agreement with KSAT*
 - ✓ linkage with KSAT's ground station network and the antenna at SPE
 - ✓ Jointly marketing to Axelspace Corporation and a large-scale, low-orbit satellite constellation operator
 - ✓ Detection Service such as oil leaking and unidentified vessel

* About KSAT

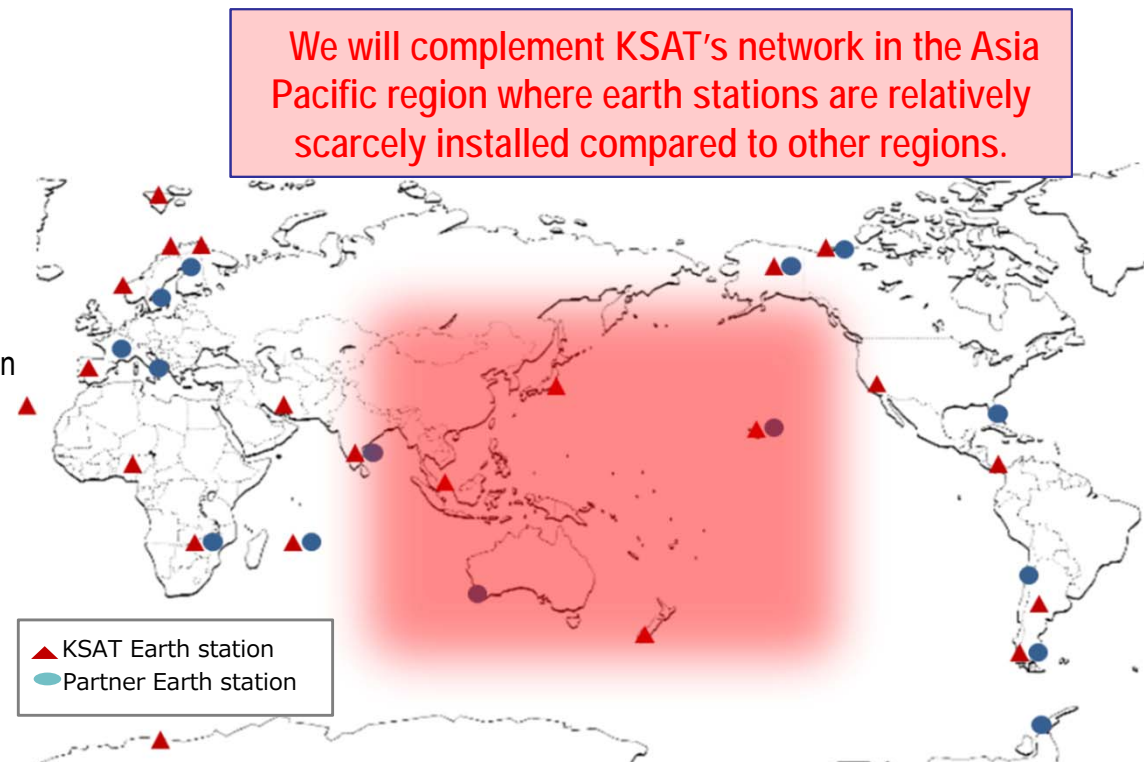
Company name: Kongsberg Satellite Services AS

Year of establishment: 2002

Head office: Norway

Characteristics of the company: A major operator that has installed a large number of ground stations for low-orbit satellites across the globe.

Known as the world's first company that started providing satellite communication services both in the Arctic and the Antarctic. ¥¥



Initiative towards development of low-orbit satellite business (2)

■ Earth observation satellite business with Planet*

- ✓ Successfully launched 88 satellites in February 2017, resulting in the establishment of 149 satellite systems, which has helped substantially increase the photographing frequency.
- ✓ Signed satellite image sales contracts with multiple government agencies.

* About Planet Labs Inc.

[Characteristics of Planet Labs Inc.]



Year of establishment: 2011

Head office: San Francisco

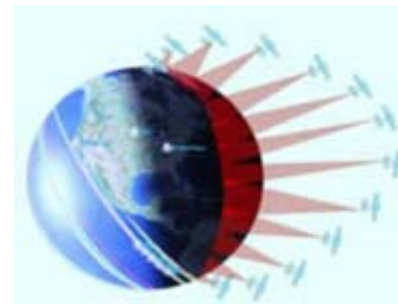
Known as a company that can provide satellite images more frequently at lower cost by utilizing a large number of ultra-small satellites, or "Doves."



Satellite Network, Inc. exclusively sells the images in Japan.



Ultra-small satellite



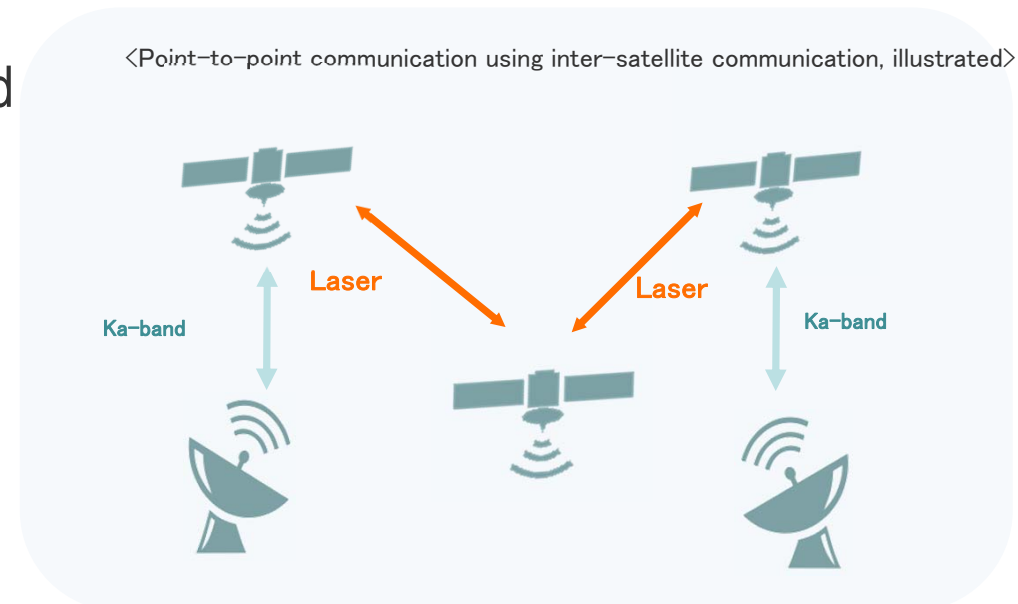
- Constantly capturing views of the Earth
- 3 to 3.7m ground resolution
- Archiving global images which are searchable by location, time, etc.
- Images available at affordable price

■ Initiative towards communication business using low-orbit satellites by:

- ✓ Equity participation in LeoSat Enterprises that is planning to launch communication services utilizing low-orbit satellite constellation, and
- ✓ Jointly preparing and evaluating feasibility studies to launch the communication business using low-orbit satellites

■ Characteristics of the business

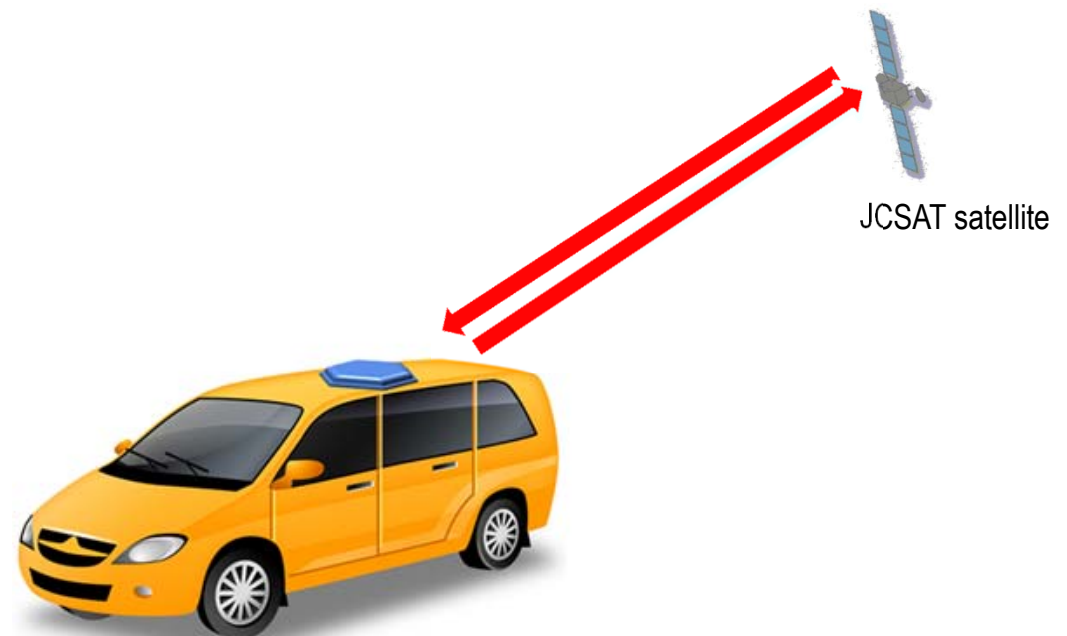
- ✓ Planning to launch up to 108 low-orbit satellites
- ✓ Establishing a laser communication network between satellites to realize a low latency and high security point-to-point network.



Initiative towards developing new technologies

■ Made a capital contribution to Kymeta Corporation to form a strategic alliance

- ✓ Realized a small and thin satellite dish compatible also with such as connected cars by taking advantage of the breakthrough technology that enables to track satellites
- ✓ Easily be installed on moving vehicles such as vessels and airplanes.
- ✓ Scheduled to start Asia's first demonstrations in Japan during the summer of 2017.
- ✓ Propose a total solution including satellite transmissions by starting with the efforts for adoption in special-purpose vehicles used primarily by government agencies.



Initiative towards developing drone services business

■ Strengthening a business structure

- ✓ Re organize company structure and increase support in human resources as a SkyPerfect JSAT group in order to enhance R&D capability and Marketing & Sales capability

■ Collaborating with Yamaha Motor Co., Ltd.

- ✓ Started considering forming a business alliance with Yamaha Motor Co., Ltd., a leader of the crop-dusting unmanned helicopter market.
- ✓ Enter the global market, and develop new applications in the fields as follows, for industrial use drones.

Inspection of various infrastructures
Land surveying
Environmental measures
Disaster response
Transportation
Fishery



"FAZER R" industrial use unmanned helicopter made by Yamaha



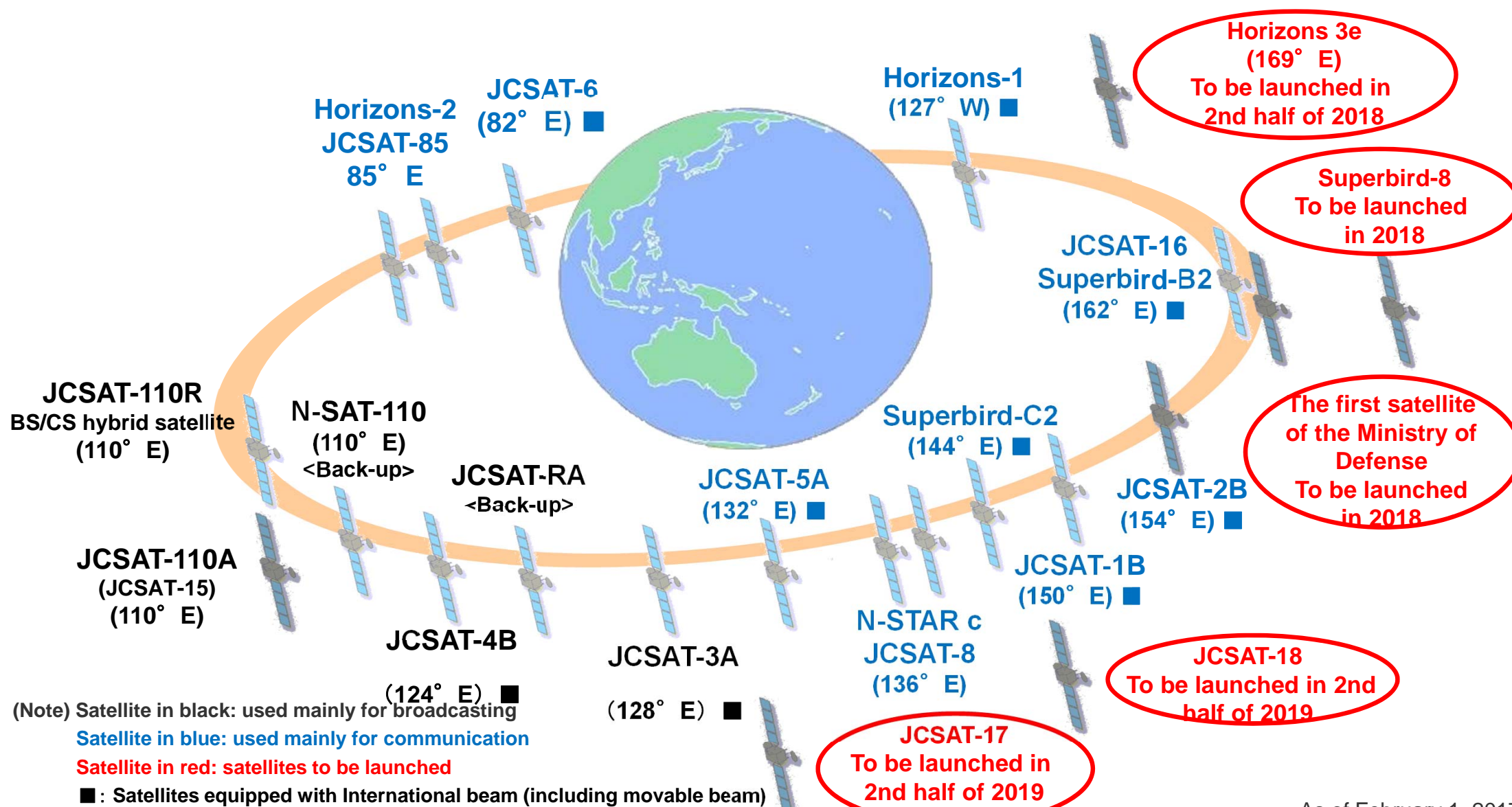
"AC940-D" agriculture use multicopter made by enRoute

Initiative at each altitude of orbit



Satellite Fleet Update

A total of 18 satellites covering from North America to the Indian Ocean



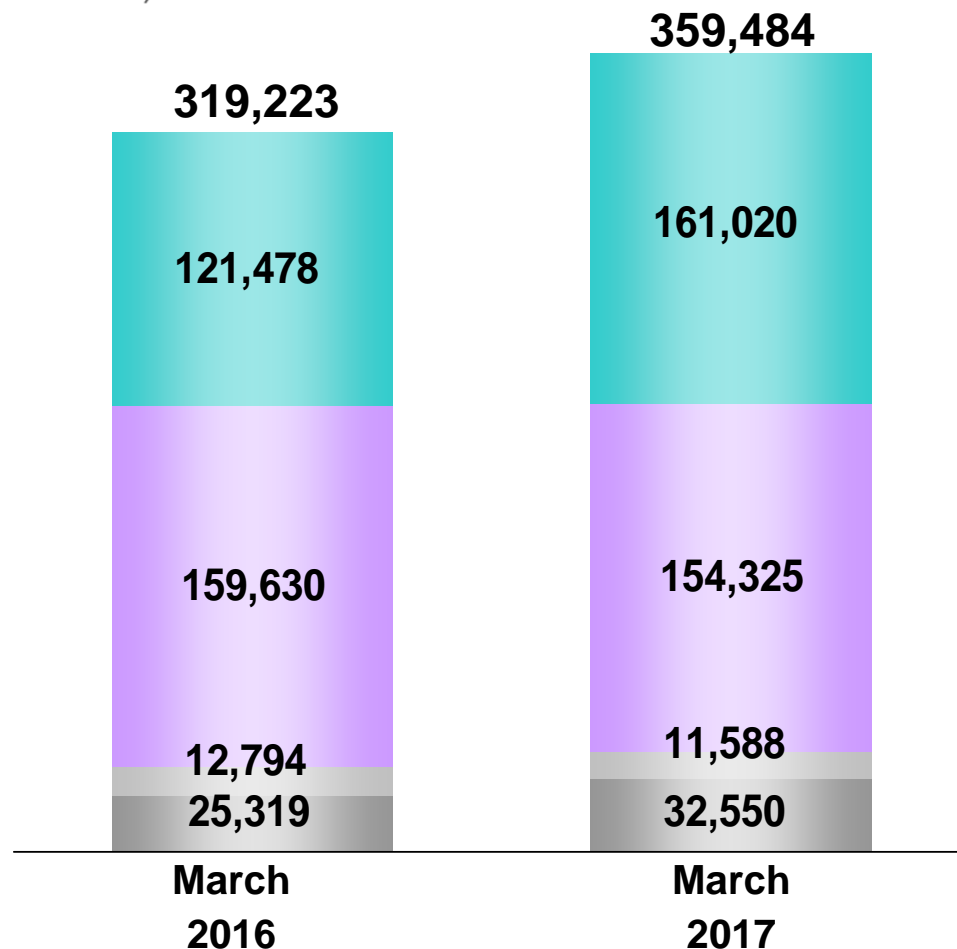
(Note) Satellite in black: used mainly for broadcasting
Satellite in blue: used mainly for communication
Satellite in red: satellites to be launched
■ : Satellites equipped with International beam (including movable beam)

(References)

Consolidated Balance Sheets

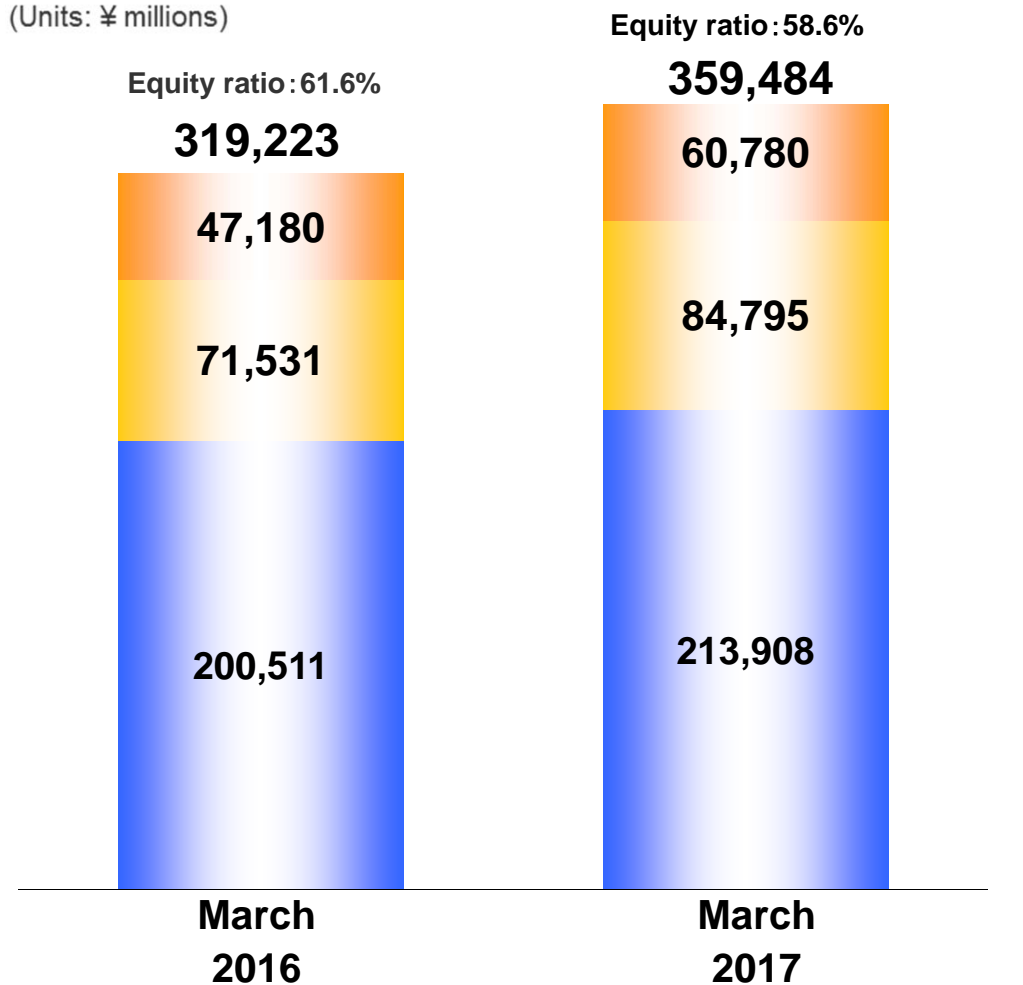
Assets

(Units: ¥ millions)



Liabilities and Equity

(Units: ¥ millions)



Consolidated Cash Flows

(Units: ¥ millions)

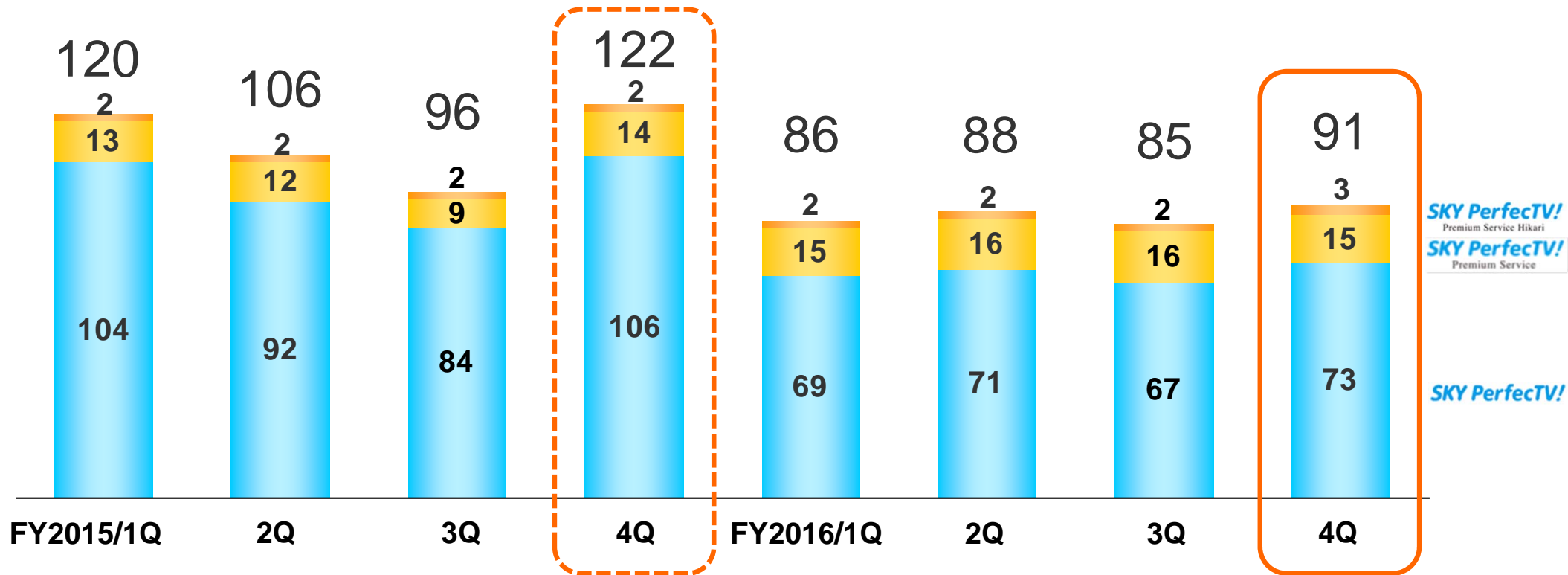
	FY2015 Full year	FY2016 Full year
Net Cash from Operating Activities	24,806	7,029
Net Cash from Investing Activities	△28,804	△22,882
Free Cash Flows^{*1}	△3,997	△15,853
Net Cash from Financing Activities	18,586	13,469
Cash and Cash Equivalents at Term-End (a)	48,557	46,150
Term-end balance of interest-bearing debt^{*2} (b)	64,137	82,753
Term-end balance of net interest-bearing debt (b)-(a)	15,579	36,602

*1. Sum of Net Cash Flows from Operating and Investing Activities

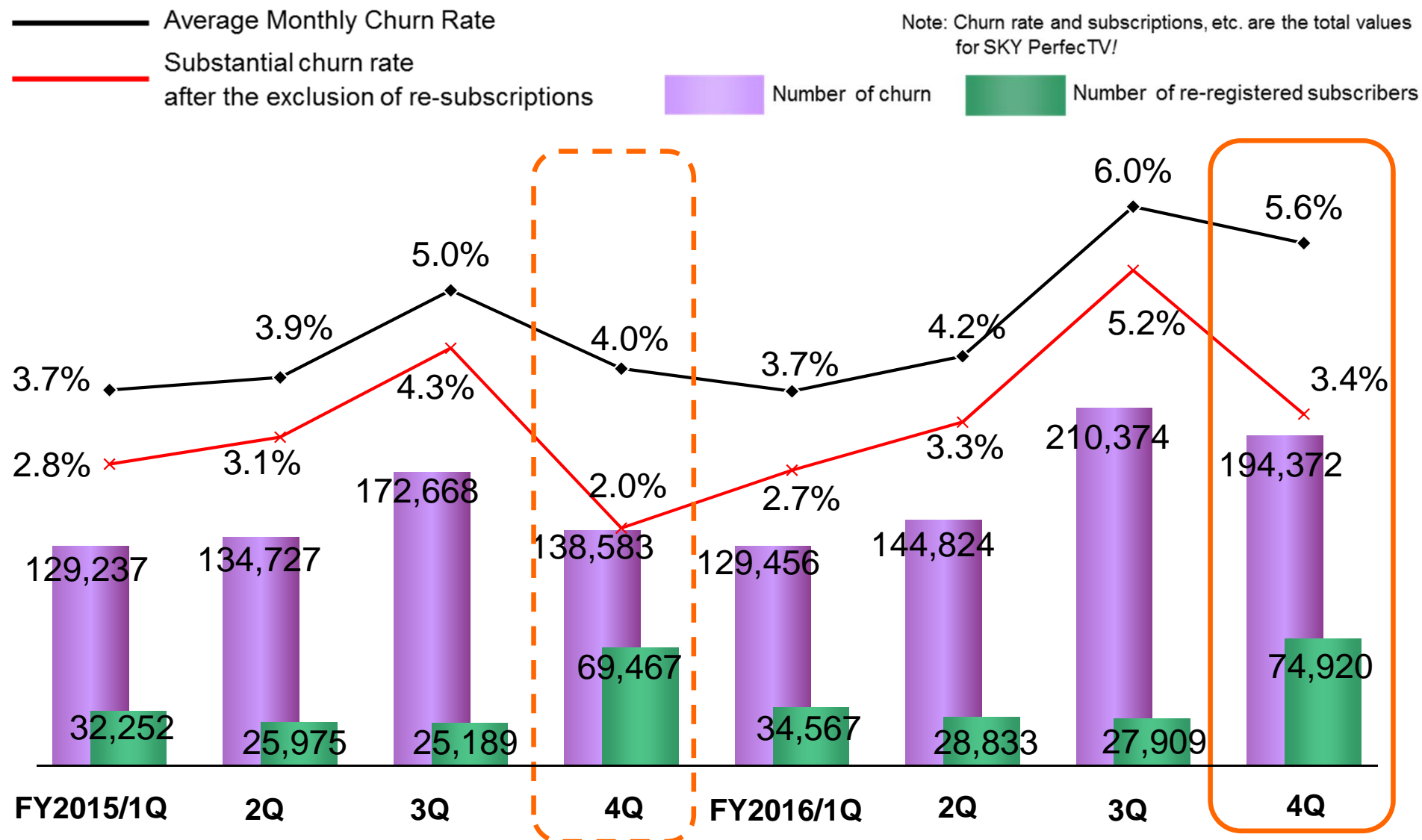
*2. Term end balance of debts and unsecured corporate bonds

Number of New Subscribers

(Unit: thousands)



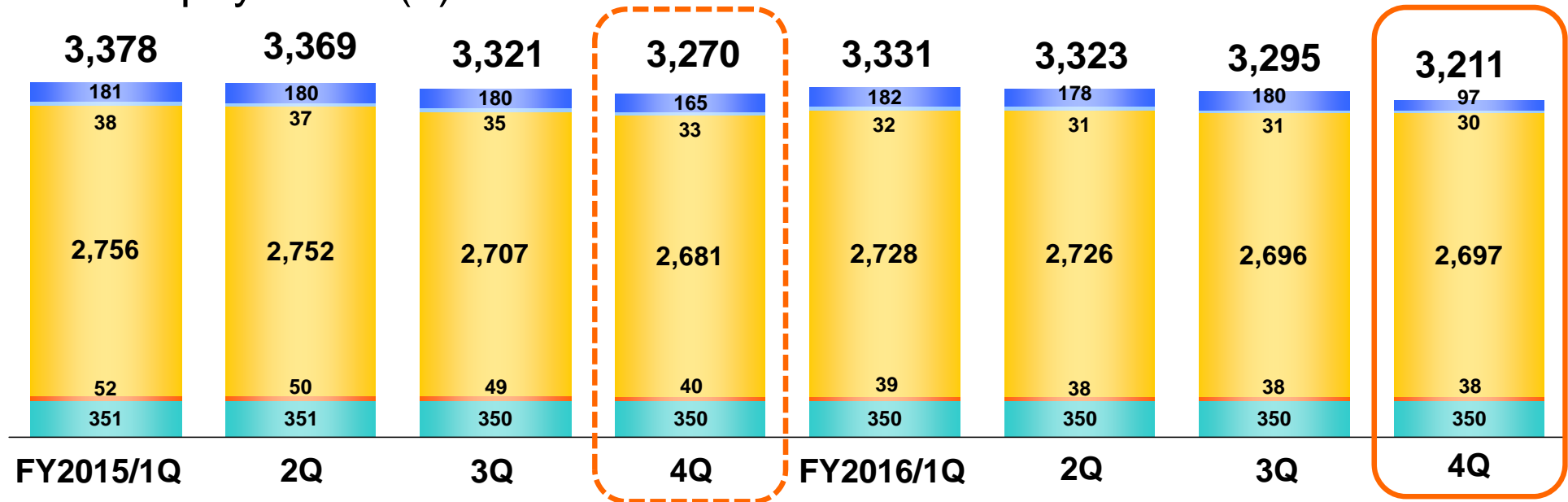
Churn Rate



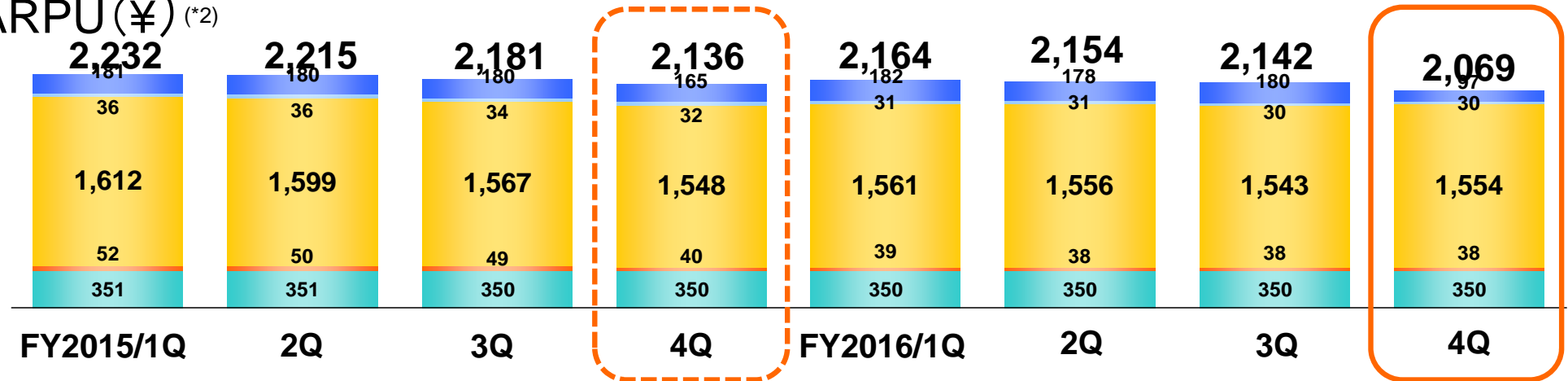
*The churn rate is calculated by dividing the total number of churns for each quarter by the cumulative number of subscriptions at the end of the preceding fiscal year.

ARPU

Subscriber payments (¥)¹



ARPU (¥) (*2)



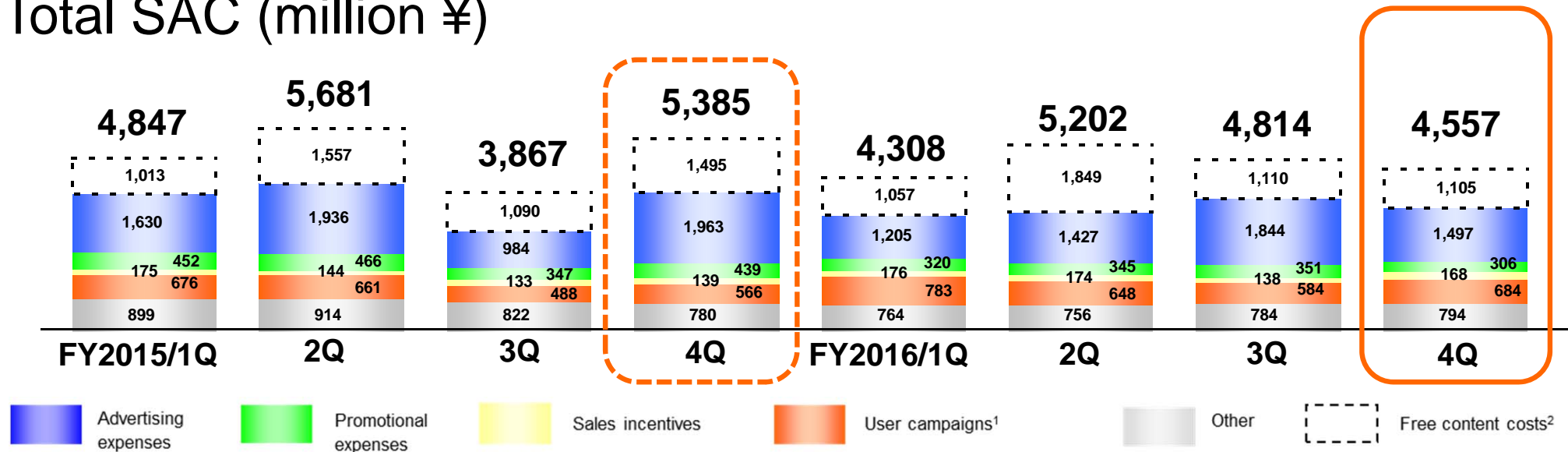
■ Basic fee
 ■ Rental fee
 ■ Monthly subscription fee
 ■ PPV subscription fee
 ■ Revenue from original content

1. Average amount paid by subscribers in the form of monthly viewing fees, etc.

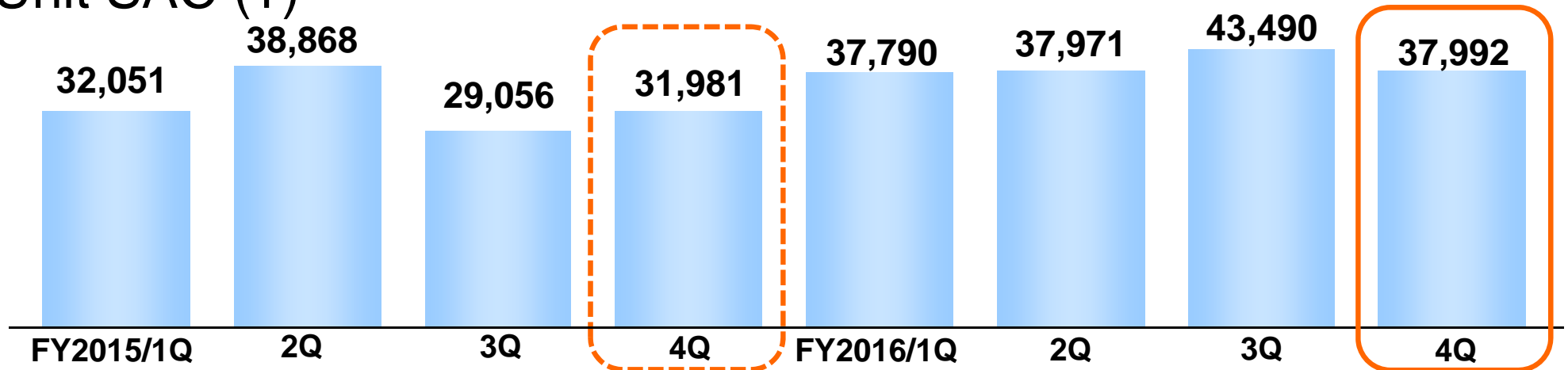
2. Of the average amount paid by subscribers in the form of monthly viewing fees, etc., the amount recorded as operating revenue by the SKY Perfect JSAT Group

Subscribers Acquisition Cost (SAC)

■ Total SAC (million ¥)



■ Unit SAC (¥)³



1. Cost of campaigns to acquire new subscribers.

2. "Free content costs" includes costs associated with the production of programs for BS SKY PerfecTV!.

3. The unit SAC cost is the total SAC value (excluding free content costs) divided by the number of new subscriptions in the period under review.

Results for Subsidiaries

(Unit: million ¥)

		SJC	SPCC	SPET	SPBC	SNET	JII	JMC	WWJ
Nature of business		Broadcasting platforms/satellite communications	Customer management	Broadcasting business	Broadcasting business, Video production engineering	Satcom channel resale, Facility Installation, maintenance etc.	Satcom channel resale in the US	Mobile satcom services	Delivery of Japanese content for overseas markets
Ownership ratio (%)		100	100	100	100	92	100	53.3	60
Revenues	FY2015/4Q	129,431	7,063	10,627	64,485	3,810	2,222	2,938	259
	FY2016/4Q	157,056	6,350	27,704	43,370	3,209	1,721	2,421	502
Operating income	FY2015/4Q	24,418	659	5	1,559	162	628	444	△1,748
	FY2016/4Q	22,456	443	701	1,157	△17	295	328	△2,207
Ordinary income	FY2015/4Q	24,782	662	5	1,584	164	532	435	△1,640
	FY2016/4Q	23,045	444	703	1,162	△21	365	316	△2,206

SJC: SKY Perfect JSAT Corporation

SPCC: SKY Perfect Customer-relations Corporation

SPET: SKY Perfect Entertainment Corporation

SPBC: SKY Perfect Broadcasting Corporation

SNET: Satellite Network, Inc.

JII: JSAT International Inc.

JMC: JSAT MOBILE Communications Inc.

WWJ: WAKUWAKU JAPAN CORPORATION

※Broadcasting business on 124E/128E satellite of SKY Perfect Broadcasting Corporation is split and merged into SKY Perfect Entertainment Corporation as of December 1 in 2016.

SKY Perfect JSAT Holdings Inc.

Corporate Communications & Investor Relations Division