

SKY Perfect JSAT Group Earning Results Briefing for 3Q/FY2017

February 8, 2017 (Thursday)
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 3Q/FY2017

Summary of Income Statements

- Decrease in both revenues and profits on a year-on-year basis due to decrease of cumulative number of subscribers in Media Business and increase of depreciation in Space & Satellite Business.

(Millions of yen)

	FY2016/3Q Cumulative	FY2017/3Q Cumulative	Year-On-Year Comparison	Progress on FY2017 Forecast	FY2017 Full-year Forecast *1
Revenues	118,124	109,483	(7.3%)	63.8%	171,500
Operating Income	15,530	12,115	(22.0%)	71.3%	17,000
Ordinary Income	15,870	12,849	(19.0%)	73.4%	17,500
Profit attributable to owners of parent	10,283	8,621	(16.2%)	75.0%	11,500
EBITDA *1	32,507	32,445	(0.2%)	73.7%	44,000

*1. EBITDA is calculated as net profit + tax expense + depreciation expense + amortization of goodwill + interest expense.

Summary of Earning Results by Business Segment (FY2016 1Q ~FY2017 3Q)

- Media Business has a year-on-year decrease in both revenues and profits due to decrease of number of subscribers.
- Increase of depreciation has resulted a year-on-year decrease in both revenues and profits for Space & Satellite Business

(Millions of yen)

	FY2016					FY2017		
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q
Revenue	39,707	39,610	38,806	74,750	192,875	37,195	36,525	35,762
Media Business	30,095	29,882	29,130	27,668	116,777	27,424	26,828	25,925
Space & Satellite Business	12,626	12,718	12,580	49,822	87,748	12,524	12,428	12,459
Elimination or Corporate	(3,013)	(2,990)	(2,905)	(2,740)	(11,650)	(2,754)	(2,731)	(2,622)
Operating Profit	6,266	4,795	4,468	8,903	24,433	4,334	4,547	3,233
Media Business	1,861	1,023	1,135	551	4,571	1,005	1,448	239
Space & Satellite Business	4,585	3,937	3,488	8,515	20,527	3,531	3,430	3,034
Elimination or Corporate	(180)	(165)	(155)	(164)	(665)	(202)	(331)	(40)

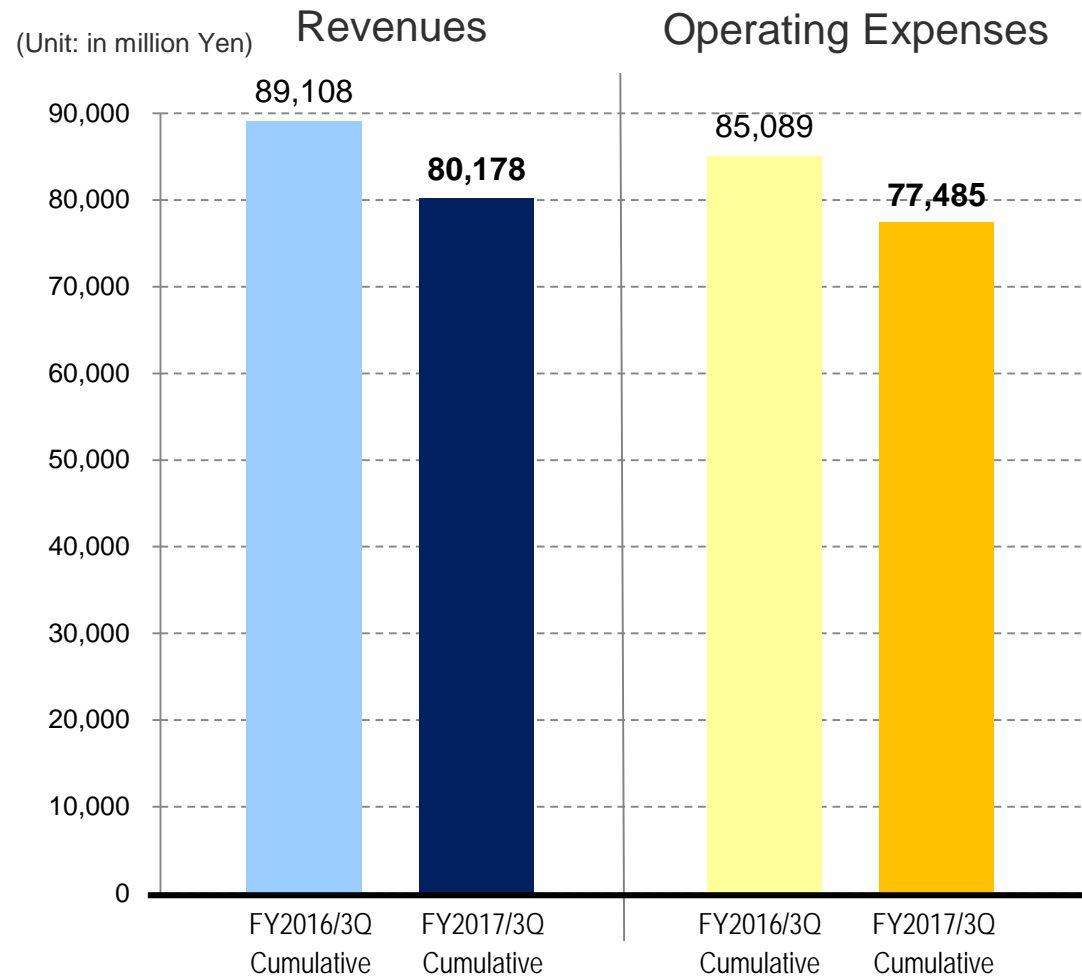
Key Performance Indicators for Media Business(*)

	FY2016/3Q Cumulative	FY2017/3Q Cumulative	FY2017 Full- Year Forecast
Number of New Subscribers (unit: thousands)	259	263	390
Net Increase in Subscribers (unit: thousands)	(134)	(81)	10
Number of Cumulative Subscribers (unit: thousands)	3,348	3, 238	3,330
Average Monthly Subscriber Payment (unit: JPY)	3,317	3,237	-
ARPU (unit: JPY)	2,153	2,051	-
SAC (unit: JPY)	39,722	34,395	-

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

Earnings Overview for Media Business (Year-on-Year Comparison)

Media Business



Revenue (¥8.93B)*

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

- Decrease in soccer related revenues : (¥4.9B)
- Decrease in other subscription fees (excluding soccer) : (¥2.5B)
- Decrease in basic charges and others : (¥1.5B)

Operating Expenses (¥7.6B) *

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

- Decrease in soccer content costs: (¥4.6B)
- Decrease in program provision expenses: (¥1.6B)
- Decrease in other expenses : (¥1.4B)

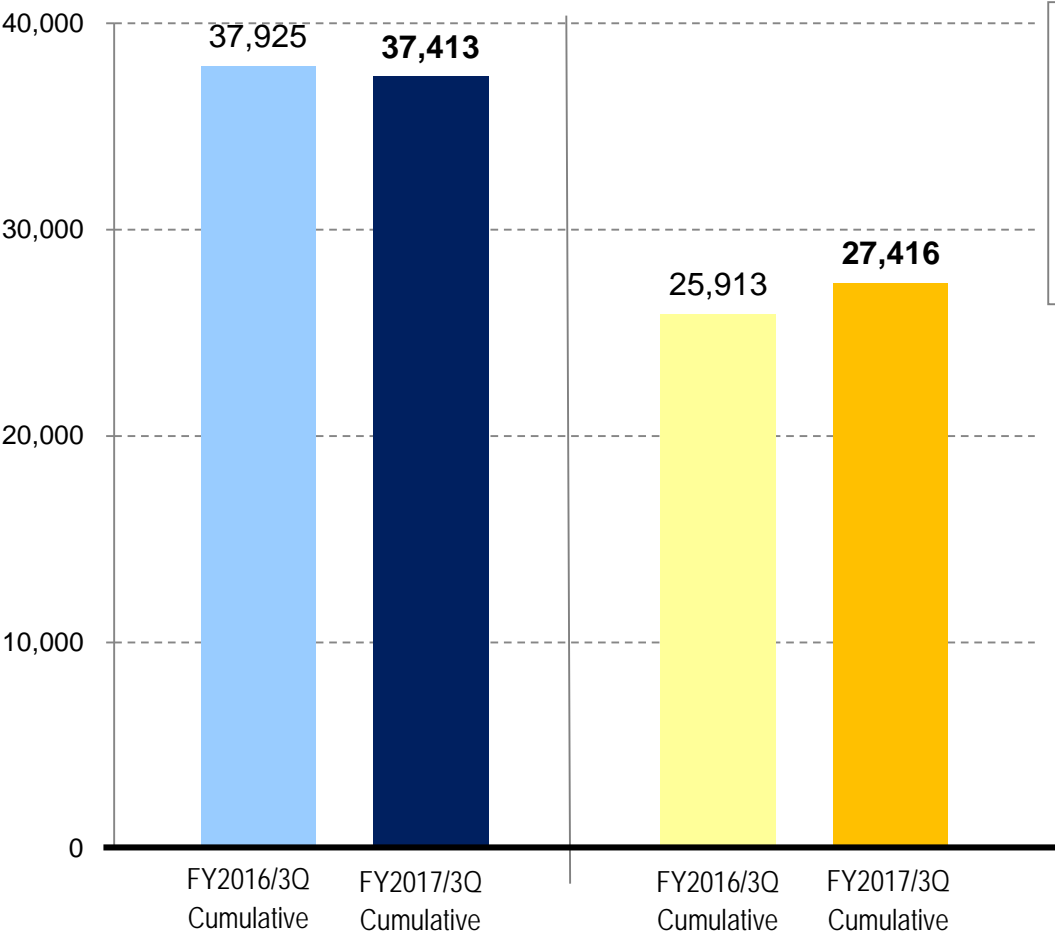
Earning Overview for Space & Satellite Business (Year-on-Year Comparison)

Space & Satellite Business

(Unit: ¥ millions)

Revenue

Operating Expenses



Revenue: (¥ 0.51B)*

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

- Decrease in broadcasting transponder-related revenues: (¥0.6B)
- Increase in others revenues: + ¥0.1B

Operating Expenses: ¥ 1.5B*

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

- Increase in satellite depreciation: +¥1.5B

Future Initiatives
~Media Business~

Future Contents Lineup

■ Japanese Professional Baseball

SKY PerfecTV! offers comprehensive broadcasting of games from training camp, preseason, and the regular season!



©SoftBank HAWKS

2018 HAWKS BASEBALL PARK

Regular season games for Fukuoka SoftBank Hawks, a Japanese professional baseball team
(From March: FOX Sports and Entertainment)



©Hokkaido Nippon-Ham Fighters

Special on Shohei Ohtani:

Shohei Ohtani—The Legend of the Cleanup Hitter and Ace Pitcher
(Feb. 11, GAORA SPORTS)

■ Soccer



UEFA Champions League 2017/18

Championship Round (Broadcast from February)

■ Jidaigeki (Japanese period dramas)

First TV
Broadcast



© 2018 Exclusive Jidaigeki Channel / BS Fuji / Toei: Shuhei Fujisawa (R)

Mitsuya Seizaemon Zanjitsuroku: Reunion After 30 Years
(Feb. 3, Exclusive Jidaigeki Channel)

■ AKB48 Idol Group & Pro Wrestling

Exclusive
Broadcast



© WIP2017 Production Committee © AKS

Tofu Pro Wrestling: THE REAL 2018 WIP QUEENDOM
At Aichi Prefectural Gymnasium: Exclusive full broadcast
(Feb. 23, Sky Channel 1)

Status of Sky PerfectTV! New Basic Service Package – Free Subscription for Multiple TV Sets Campaign

This Campaign offer is valid until March 31, 2018

 Sky Perfect TV! New Basic Service Package Campaign
Pay Only 1 TV set Monthly Subscription Fee

Everywhere from living room to bed room!
Convenient for recording!

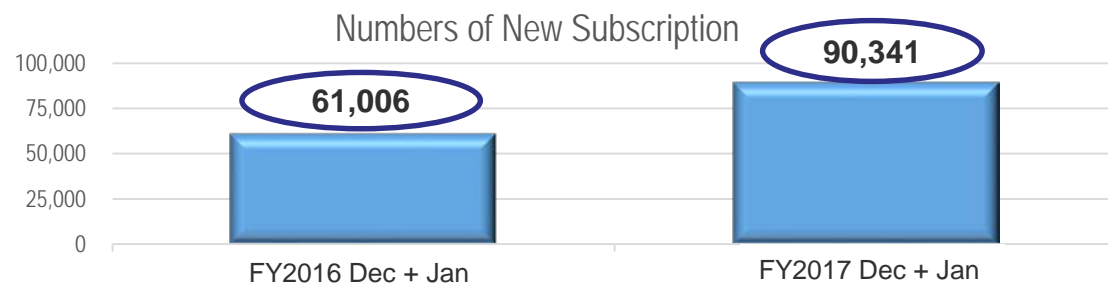
**Up to 3 TV Sets
at No Additional
Charges !!**


イラスト：ワンディ・荒井

Application for This Campaign Starts from December 2017 !
Free Subscription Fee for 2 more TV Sets.

1st TV Set
Sky PerfectTV! New Basic Service Package Subscription Fee ¥3,672 per month
2nd and 3rd TV Sets
Sky PerfectTV! New Basic Service Package Subscription Fee ¥1,836 per month at ¥0 during campaign!!

Significant Increase In
New Subscriptions
Yer-on-Year of **147%**



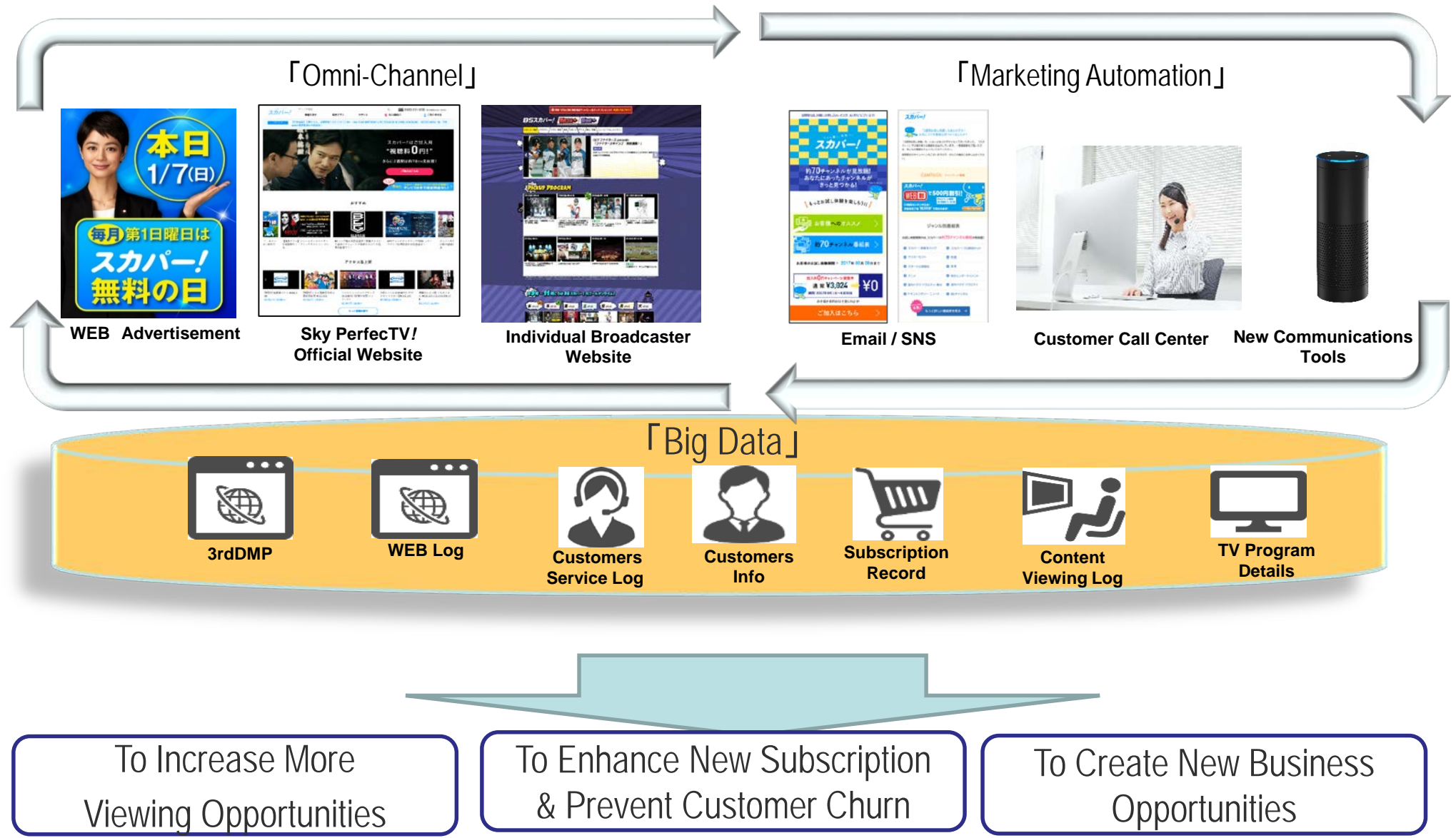
(※Based on IC Cards of new subscription and re-registered subscription)

Status of Sky PerfecTV! HybridCast

Starting from December 2017 and using by over 140,000 subscribers now



Use of Big Data to Improve Customer Experience



Future Initiatives

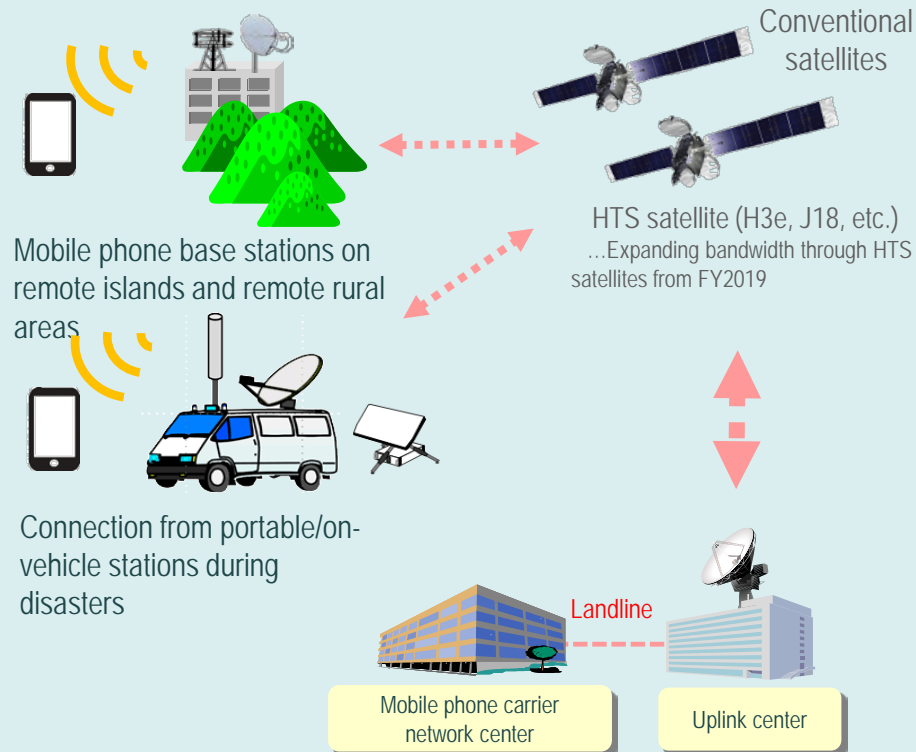
~Space & Satellite Business~

Increased Use for Mobile Phone Backhaul

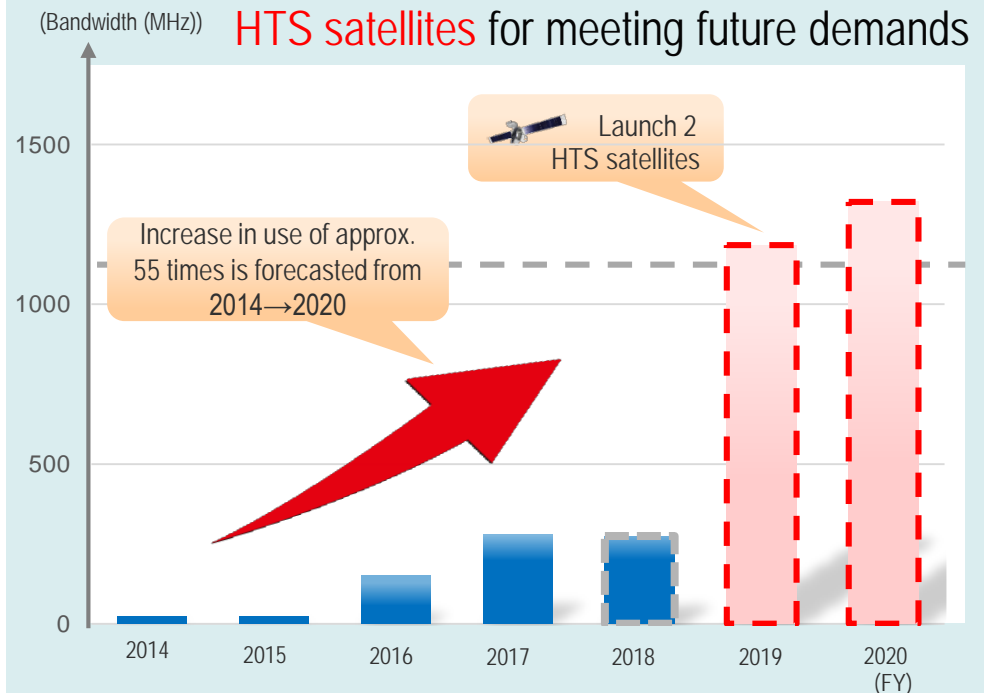
The use of mobile phone backhaul is increasing against the background of improving the population coverage and expansion of service area to mountainous regions and tourist areas.

*Mobile phone backhaul: A satellite link which connects mobile phone base stations with the network centers of mobile phone carriers

An Example of Mobile Phone Backhaul for Mobile Phone Base Stations

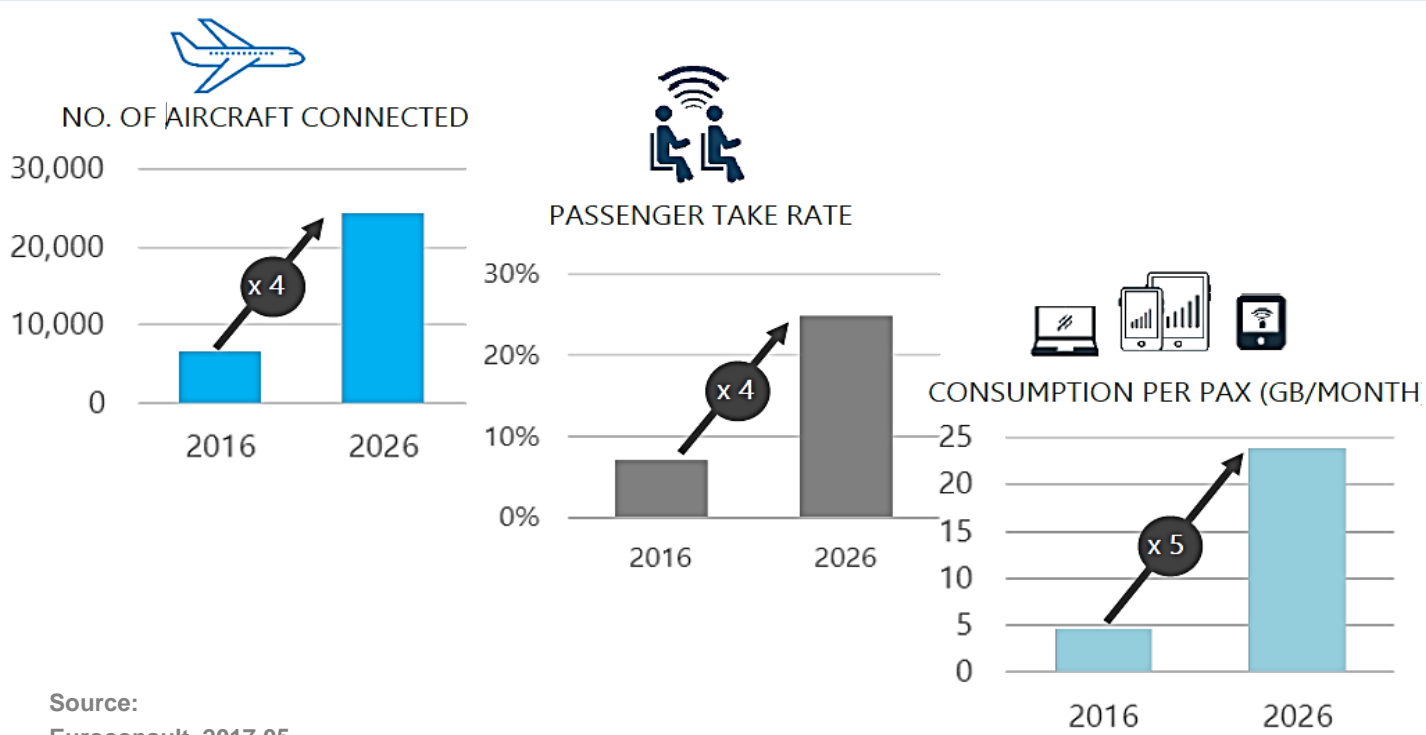


Changes in SKY Perfect JSAT's Transponder Usage for Mobile Phone Backhaul

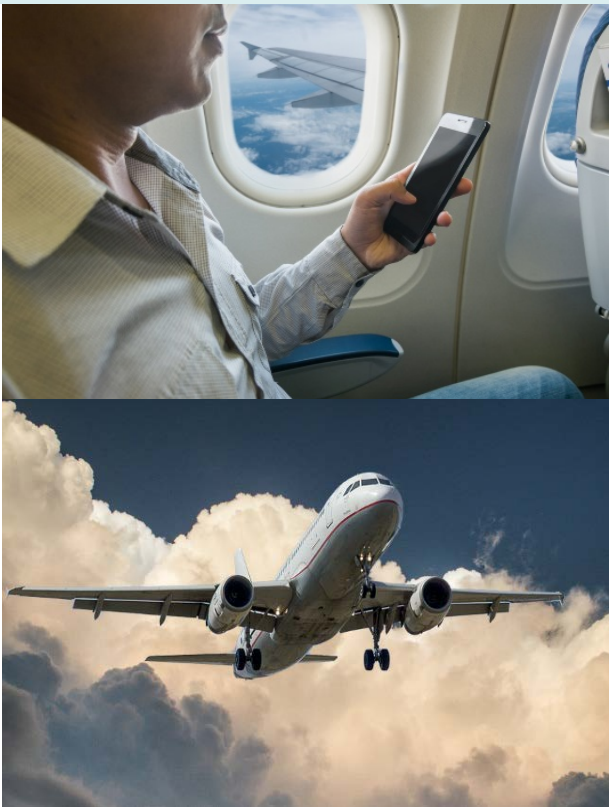


Increased Demand in Satellite Connectivity for Aircrafts

Increase in demand for satellite communication in response to the needs of inflight internet and entertainment.



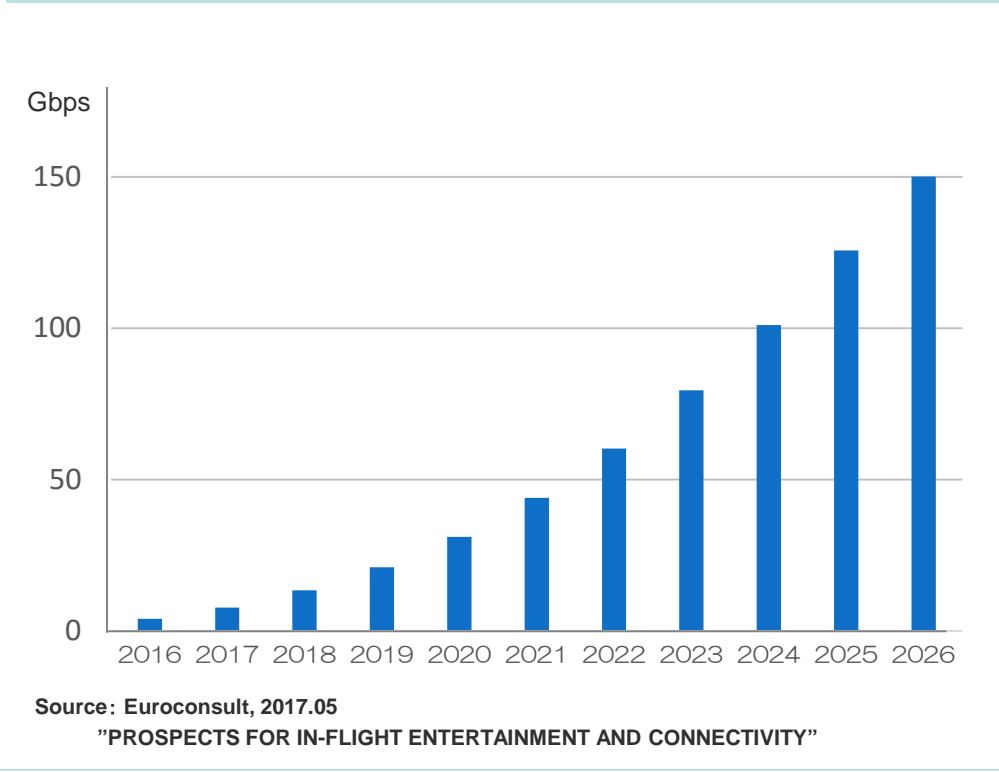
Source:
Euroconsult, 2017.05
"PROSPECTS FOR IN-FLIGHT ENTERTAINMENT AND CONNECTIVITY"



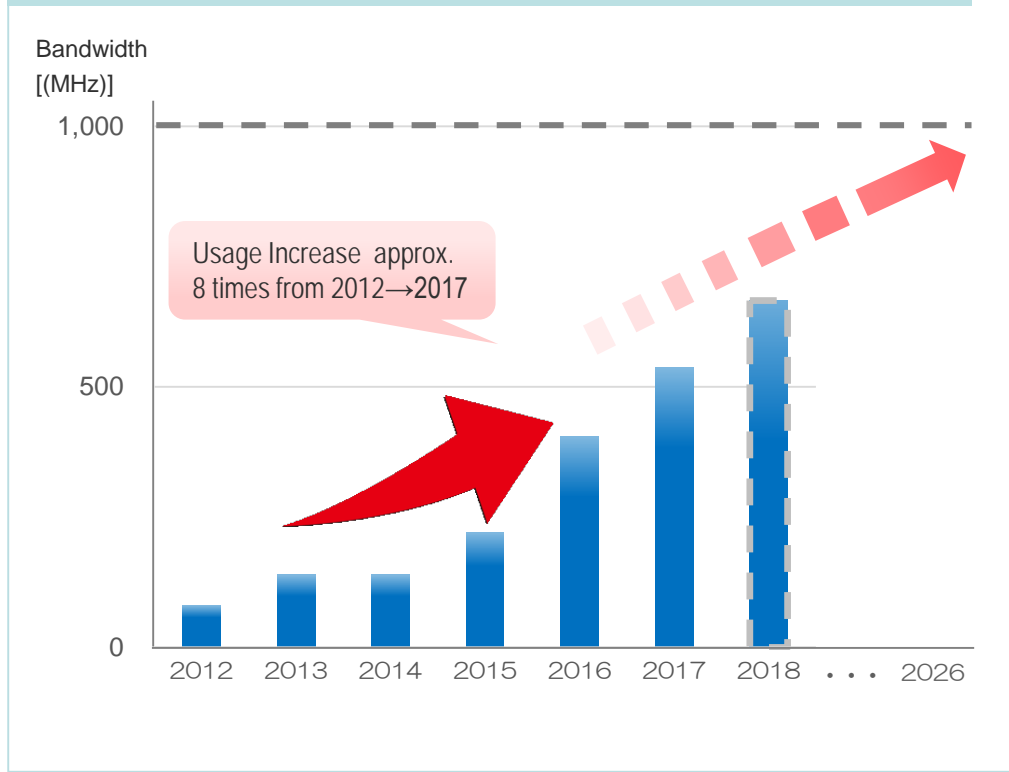
Increased Demand in Satellite Connectivity for Aircrafts

Our satellite services provision to aircrafts expand steadily and we are anticipating greater demand in future.

Global Demand of Ku-band Transponder Usage for In-flight Entertainment and Connectivity



Forecast of SKY Perfect JSAT Ku-band Transponder Usage for Aircrafts



Next-Generation High-Speed Maritime Communication Service

Strengthening the collaborative efforts with our strategic partner KVH Industries (USA)

In cooperation with KVH Industries, we are going to launch next-generation high-speed maritime communication services.



KVH KVH Industries, Inc.

Established in 1978. Listed on NASDAQ. Head office located in Rhode Island, USA.

Manufacturing satellite antenna /mobile communication products and providing satellite communication services.

Past projects with
SKY Perfect JSAT

- June 2009 Tie-up mobile communication roaming service between the two companies.
- April 2010: Launched Ocean BB service:

Enhance Value-Added Services

VoIP

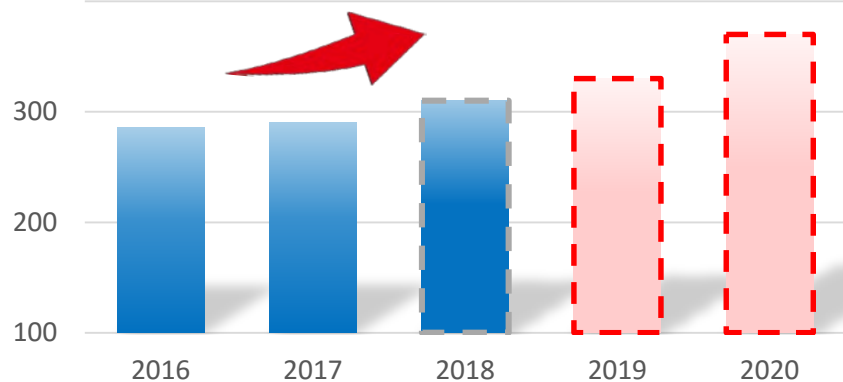


Contents
Distribution



Forecast of Vessels Service Use

(no. of ships)



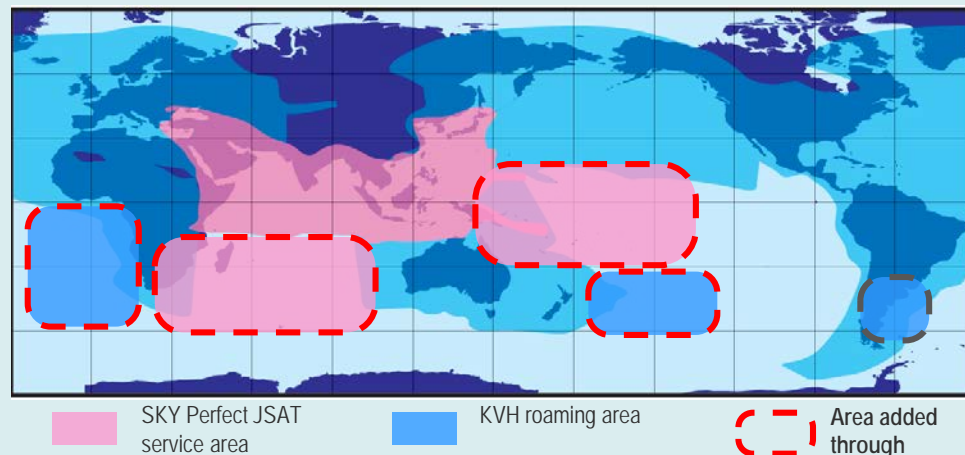
High Speed

Max.: 2 Mbps/512 kbps (downlink/uplink)



Max.: 10 Mbps/3 Mbps

Expanded Service Area



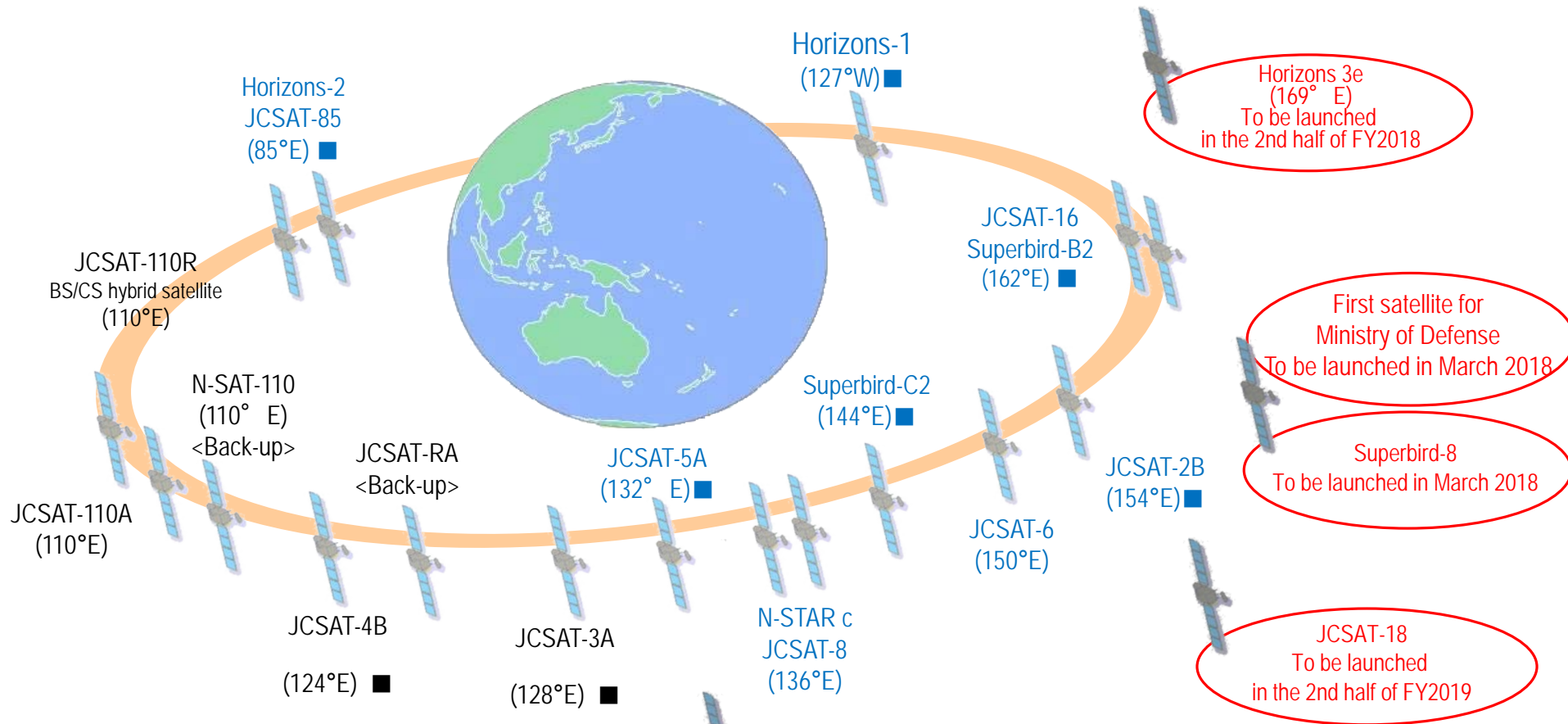
List of Satellites Scheduled for Launch

	Satellite No. 1 of PFI Project for Ministry of Defense	Superbird-8	Horizons 3e (HTS Satellite)
Satellite bus	DS2000	DS2000	702MP
Manufacturer	Mitsubishi Electric	Mitsubishi Electric	Boeing
Launch vehicle	Ariane 5	Ariane 5	Ariane 5
Planned launch time	March 2018	March 2018	2nd half of FY2018
Orbit position	-	162 degrees east longitude	169 degrees east longitude
Satellite lifetime	Over 15 years	Over 15 years	Over 15 years
Purpose	Satellite for PFI Project by Ministry of Defense	Successor to Superbird-B2 (Japan)	Overseas / Mobile (Joined- satellite with Intelsat)

	JCSAT-17	JCSAT-18 (HTS Satellite)
Satellite bus	A2100	702MP
Manufacturer	Lockheed Martin	Boeing
Launch vehicle	Ariane 5	Falcon 9
Planned launch time	2nd half of FY2019	2nd half of FY2019
Orbit position	136 degrees east longitude	TBD
Satellite lifetime	Over 15 years	Over 15 years
Purpose	Provision of telecommunication in Japan	Overseas / Mobile

Satellite Fleet Update

A total of 17 satellites covering from North America to the Indian Ocean



(Note)

Satellite in black: used mainly for broadcasting

Satellite in blue: used mainly for telecommunication

Satellite in red: satellites to be launched

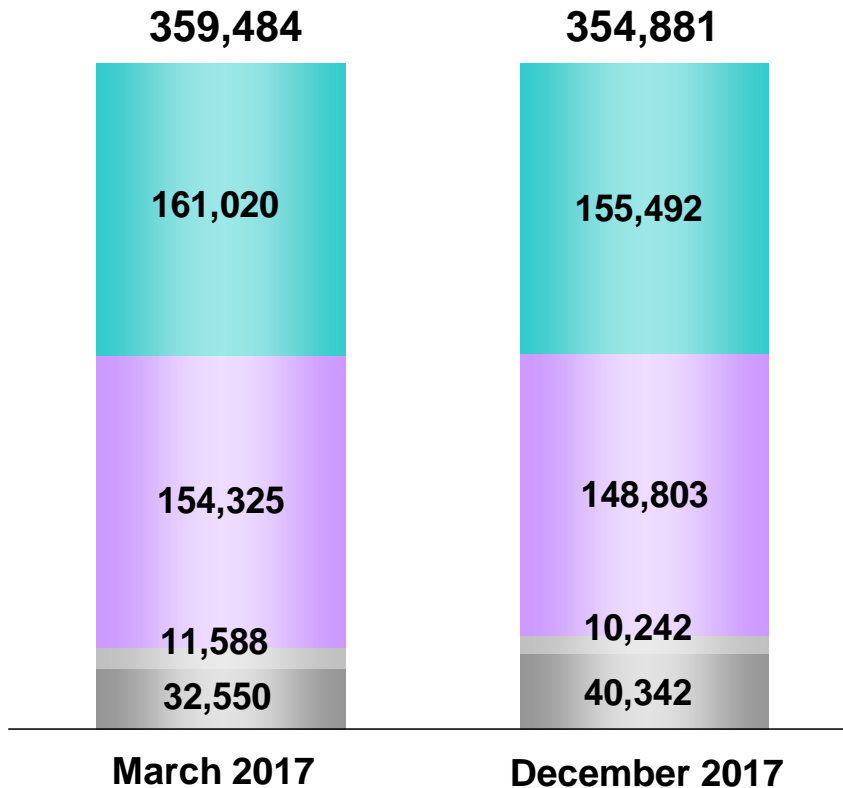
■ Satellites with International beam (including movable beam) equipped

(References)

Consolidated Balance Sheets

Assets

(Units: ¥millions)

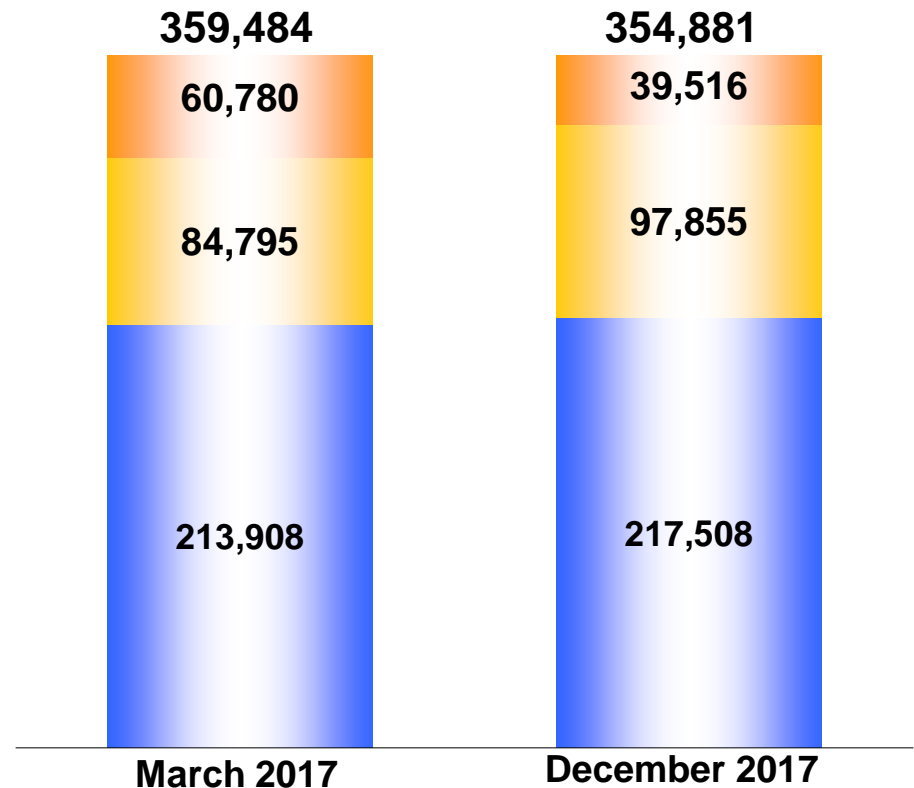


Liabilities and Equity

(Units: ¥millions)

Equity Ratio : 58.6%

Equity Ratio : 60.5%



Consolidated Cash Flows

(Unit: in ¥ millions)

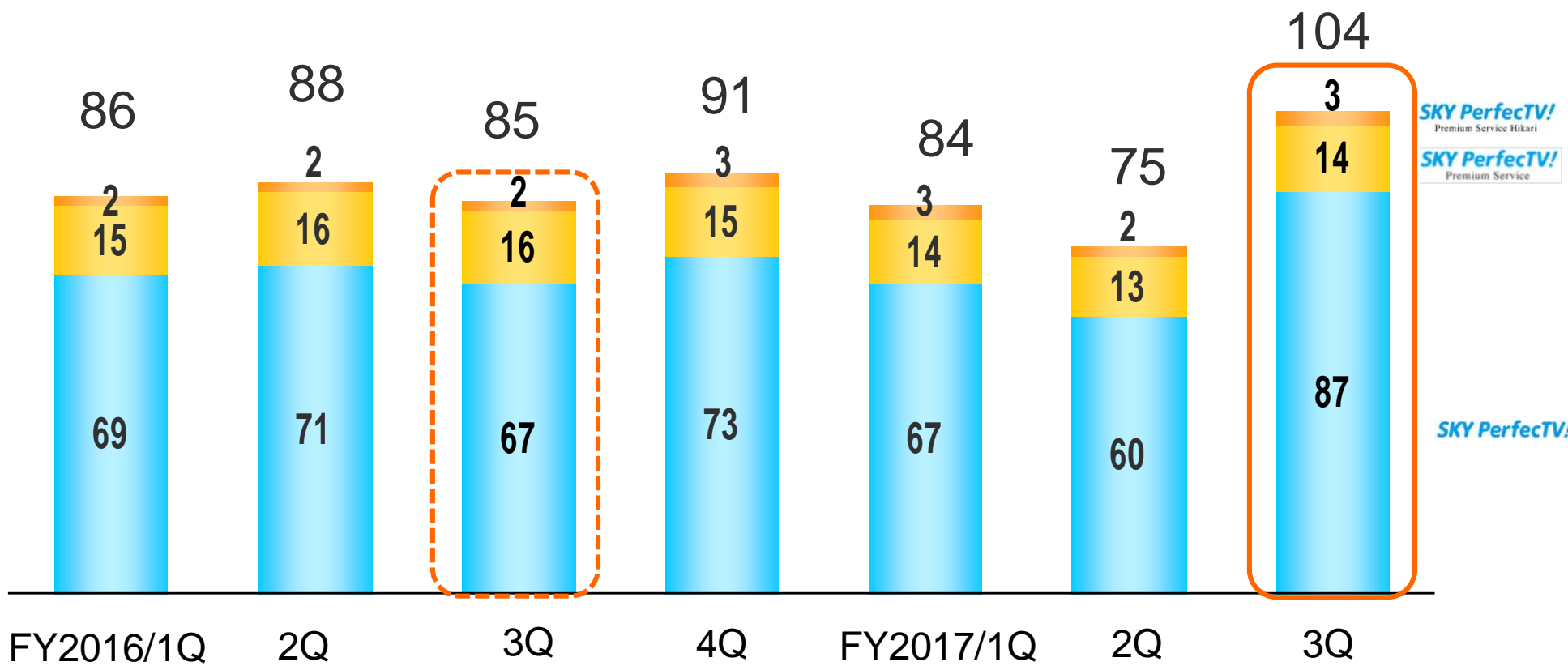
	FY2016/3Q Cumulative	FY2017/3Q Cumulative
Net Cash from Operating Activities	7,564	15,525
Net Cash from Investing Activities	(16,965)	(19,971)
Free Cash Flows ^{*1}	(9,400)	(4,445)
Net Cash from Financing Activities	(1,655)	2,771
Cash and Cash Equivalents at Term-End (a)	37,318	44,431
Term-end balance of interest-bearing debt ^{*2} (b)	67,615	91,337
Term-end balance of net interest-bearing debt (b)-(a)	30,296	46,906

1. Cash flows from business activities + cash flows from investment activities

2. Debts + unsecured corporate bonds

Number of New Subscribers

(Unit: thousands)



Churn Rate

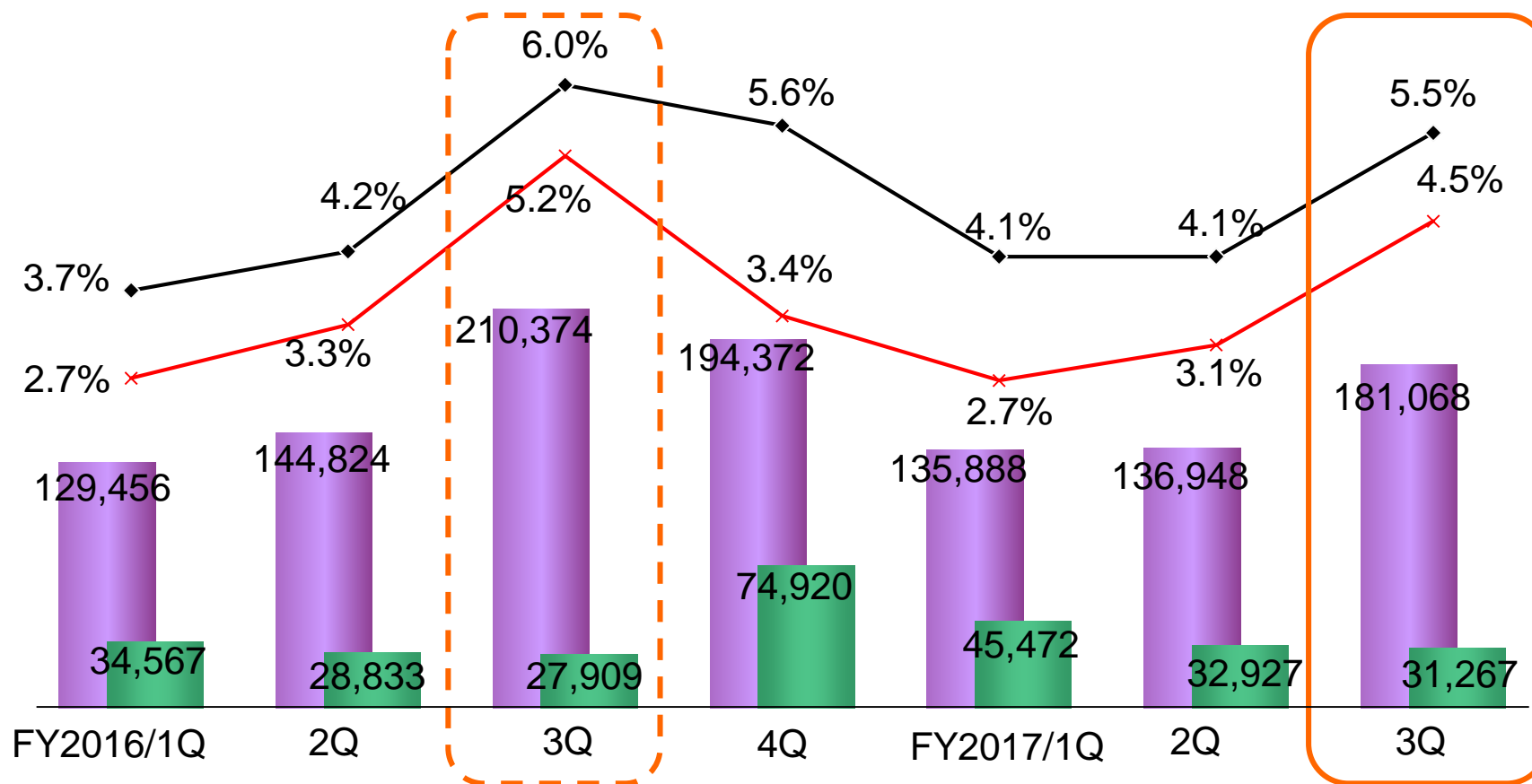
— Churn Rate (Quarterly Basis)

— Substantial Churn Rate after exclusion of re-subscriptions

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

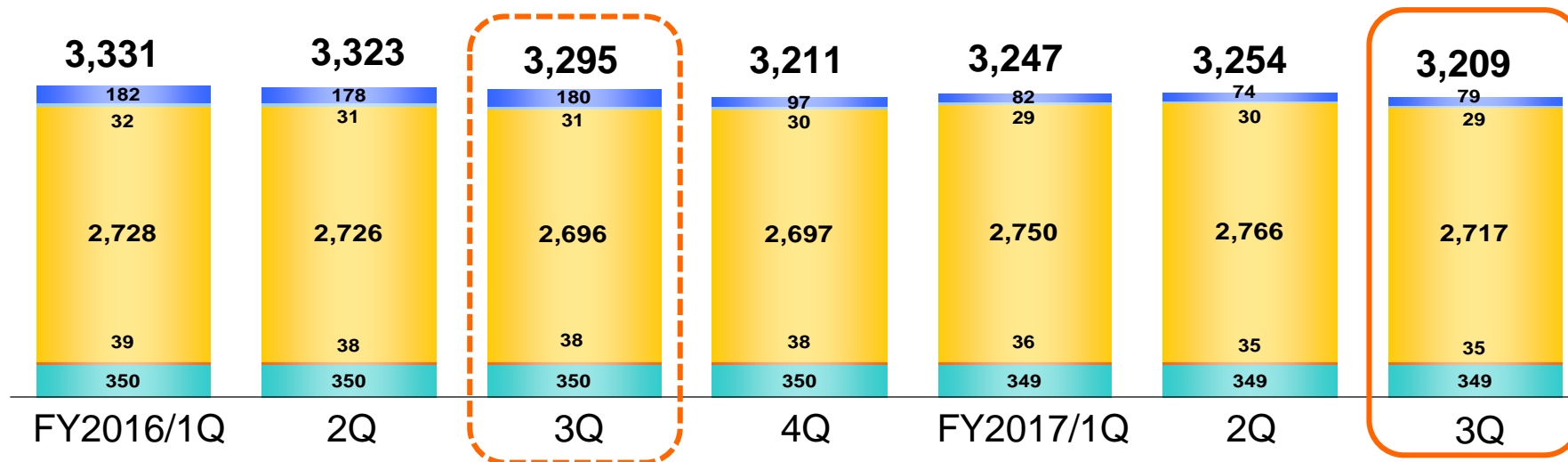
Number of churn

Number of re-registered subscribers

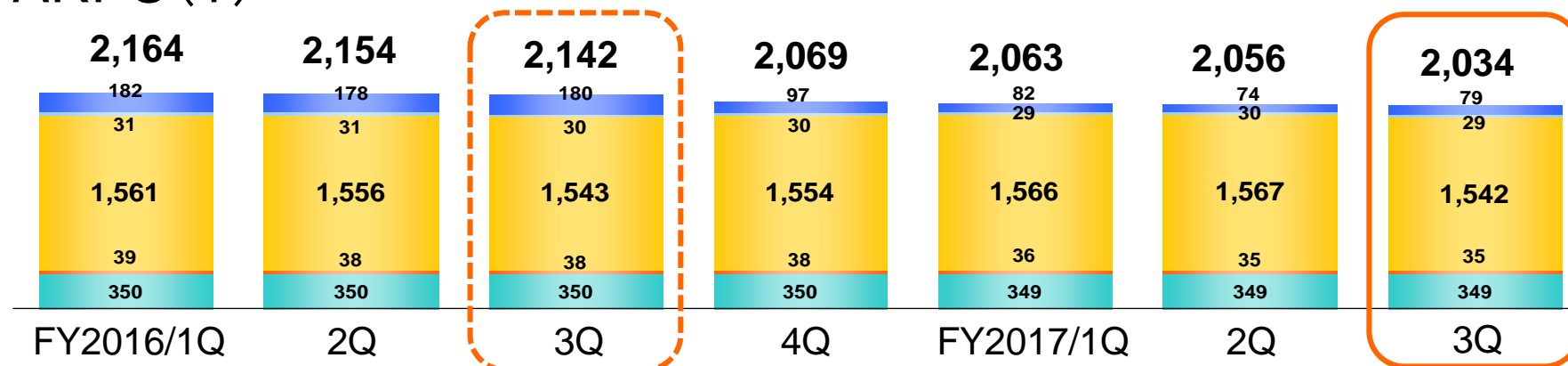


*The churn rate is calculated by dividing the total number of churns for each quarter by the cumulative number of subscriptions at the end of the preceding fiscal year.

Subscriber Payments (¥)¹



ARPU (¥) (*2)



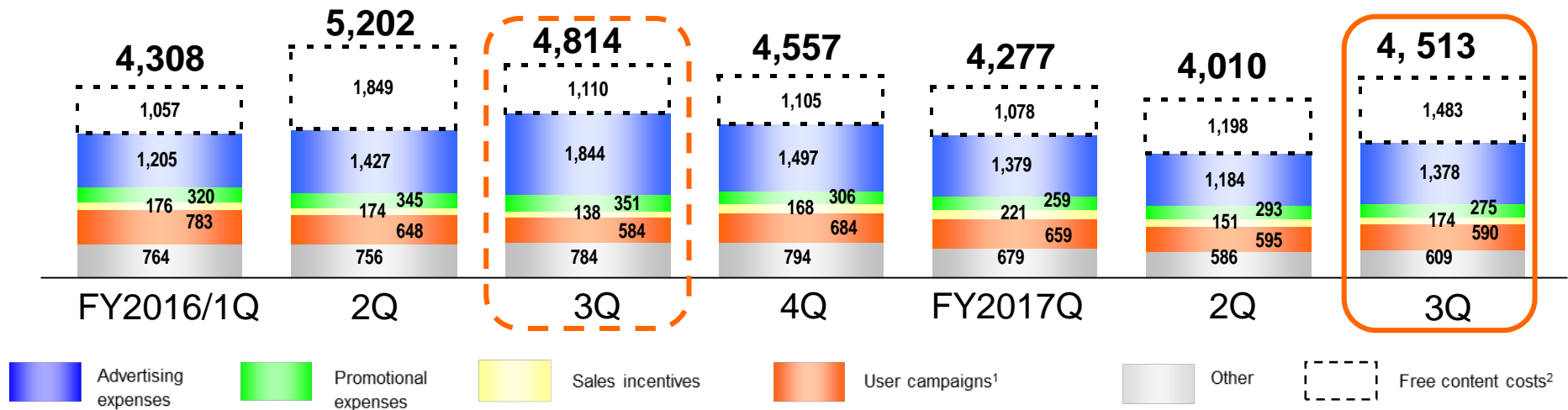
■ Basic fee
 ■ Rental fee
 ■ Monthly subscription fee
 ■ PPV subscription fee
 ■ Revenue from original content

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

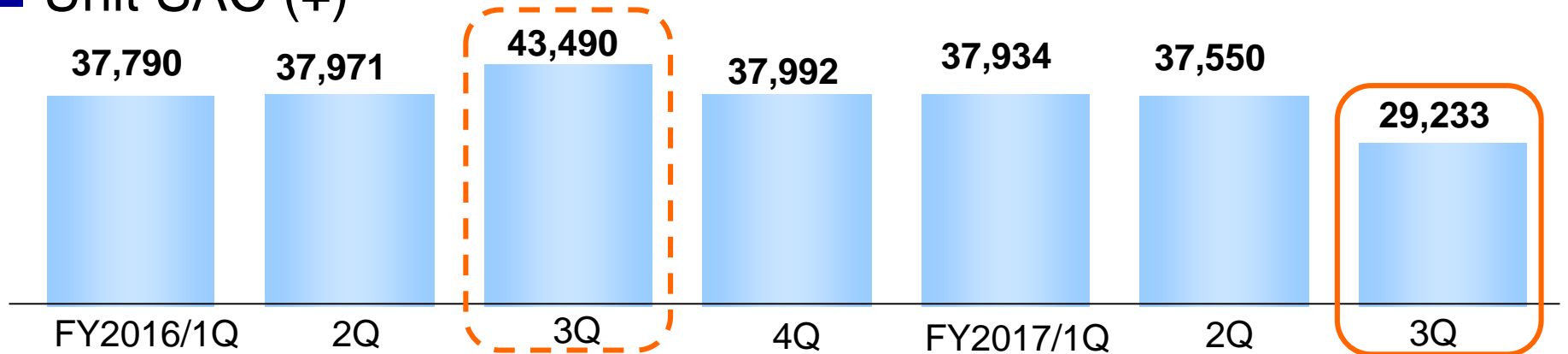
2. Of the average amount paid by subscribers in the form of monthly viewing fees, etc., the amount recorded as operating revenue by the SKY Perfect JSAT Group

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.

SKY Perfect JSAT Holdings Inc.

Corporate Communications & Investor Relations Division