

SKY Perfect JSAT Group

Earning Results Briefing for FY2017

May 10, 2018 (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 FY2017

Summary of Income Statements

- Earning forecast was revised on March 20 due to the postpone of satellite delivery to Ministry of Defense to April, 2018 (FY2018).
- A year-on-year decrease in Revenue and Profit as a result of diminished sales relating to satellite sellout to Ministry of Defense in preceding fiscal year for Space and Satellite Business and decrease in subscriber base for Media Business.

(Unit: ¥ millions)

	FY2016 Cumulative	FY2017 Cumulative	Difference	Earning Forecast (March 20, 2017)
Revenue	192,875	145,501	(24.6%)	145,400
Operating Income	24,433	15,652	(35.9%)	15,000
Ordinary Income	24,875	16,712	(32.8%)	16,000
Profit Attributable to Owners of Parent	17,415	11,353	(34.8%)	11,000
EBITDA ^{*1}	47,724	43,032	(9.8%)	-

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

Summary of Income Statements by Business Segment (FY2016 1Q – FY2017 4Q)

- Decrease in Revenue and Operating Income for Media Business compare to 4Q of the preceding fiscal year due to decrease in subscription fee.
- Sales from satellite delivery to Ministry of Defense was recognized in the preceding fiscal year has resulted decrease in both Revenue and Operating Income for Space and Satellite Business

(Unit: ¥ millions)

	FY2016					FY2017				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
Revenue	39,707	39,610	38,806	74,750	192,875	37,195	36,525	35,762	36,018	145,501
Media Business	30,095	29,882	29,130	27,668	116,777	27,424	26,828	25,925	25,620	105,798
Space & Satellite Business	12,626	12,718	12,580	49,822	87,748	12,524	12,428	12,459	12,987	50,400
Consolidated Eliminations	(3,013)	(2,990)	(2,905)	(2,740)	(11,650)	(2,754)	(2,731)	(2,622)	(2,589)	(10,697)
Operating Income	6,266	4,795	4,468	8,903	24,433	4,334	4,547	3,233	3,536	15,652
Media Business	1,861	1,023	1,135	551	4,571	1,005	1,448	239	541	3,233
Space & Satellite Business	4,585	3,937	3,488	8,515	20,527	3,531	3,430	3,034	3,141	13,137
Consolidated Eliminations	(180)	(165)	(155)	(164)	(665)	(202)	(331)	(40)	(145)	(719)

Key Performance Indicators for Media Business (*)

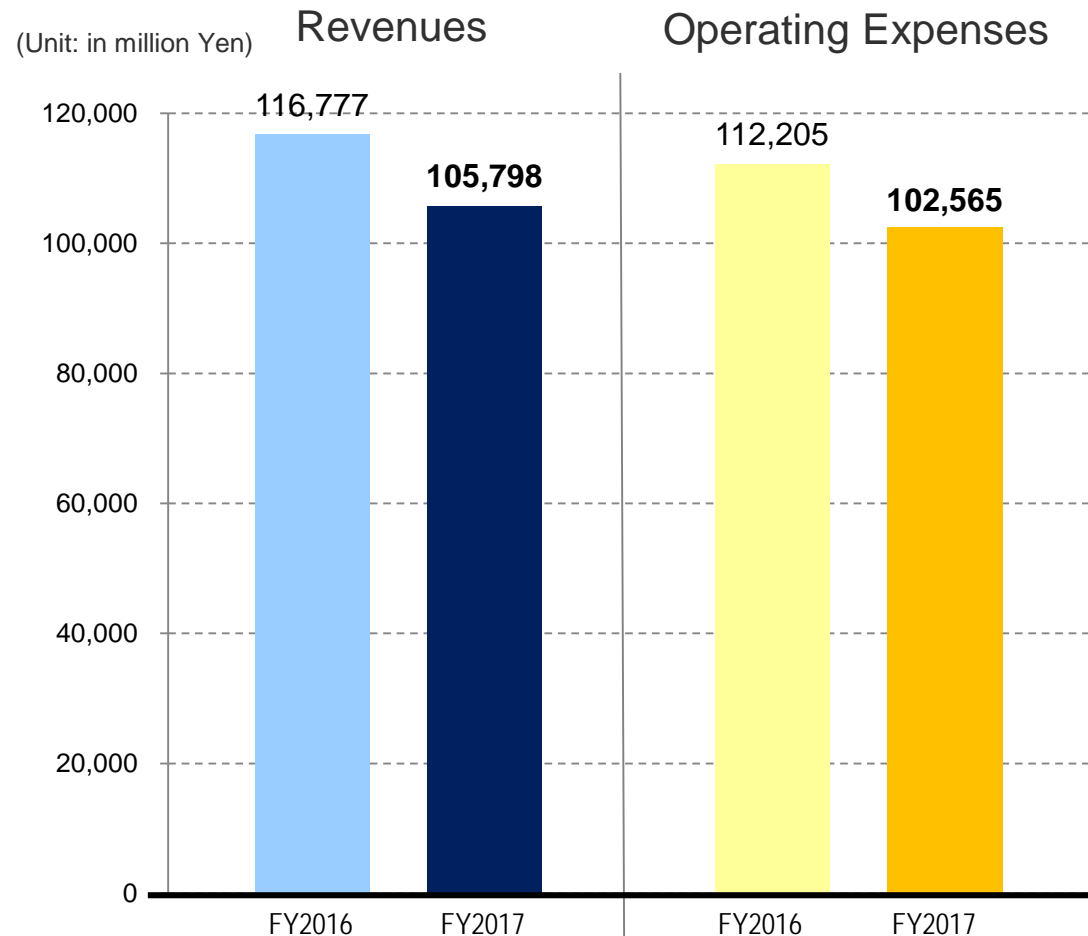
- SKY Perfect TV! New Basic Service Package-Free Subscription for Multiple TV Sets Campaign started from December 2017 has earned good reputation and contributed to new subscriptions of total 370,000 which is exceeding the preceding fiscal year.
- Number of cumulative subscribers combining of 3 SKY Perfect TV! Services are net decrease of 57,000.

	FY2016	FY2017
Number of New Subscribers (unit: thousands)	350	370
Net Increase in Subscribers (unit: thousands)	(162)	(57)
Number of Cumulative Subscribers (unit: thousands)	3,320	3,262
Average Monthly Subscriber Payment (unit: JPY)	3,291	3,219
ARPU (unit: JPY)	2,133	2,040
SAC (unit: JPY)	39,274	33,353

* 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 (¥11.0B)*

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

- Decrease in soccer related revenues : (¥5.2B)
- Decrease in subscription fees (excluding soccer) : (¥3.6B)
- Decrease in basic charges and others : (¥2.2B)

Operating Expenses (¥9.6B)*

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

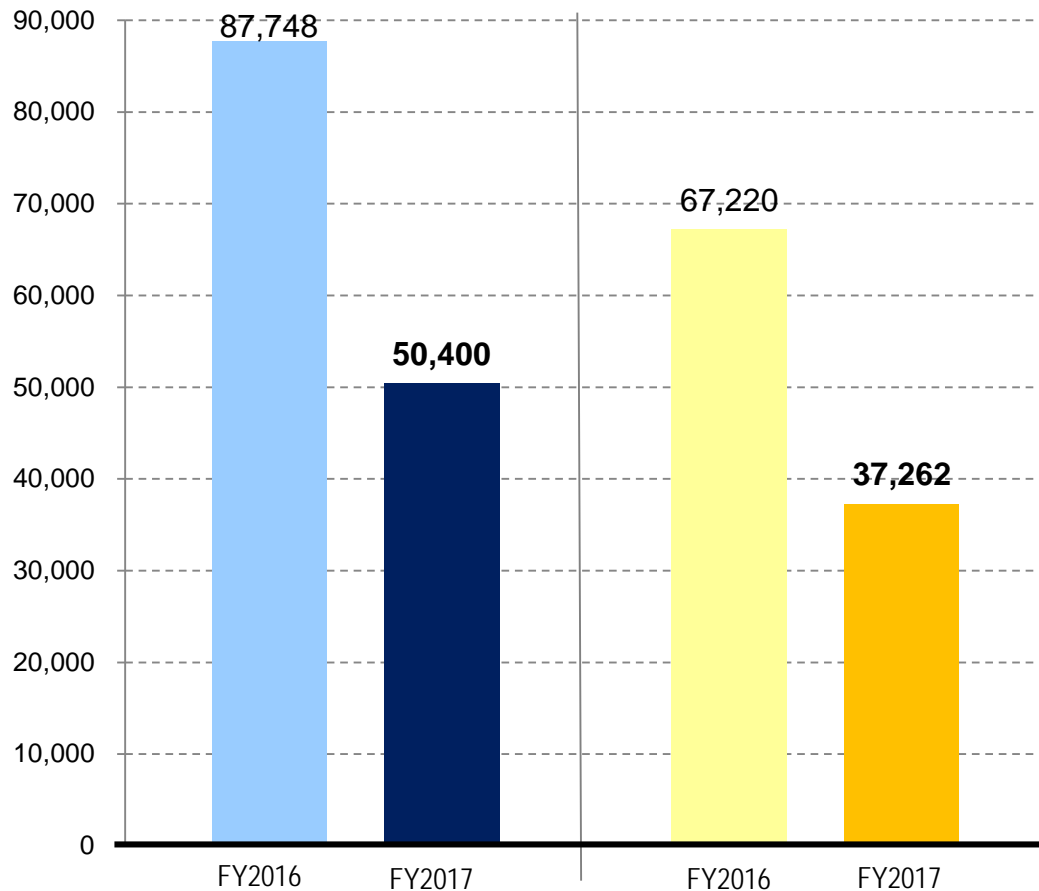
- Decrease in soccer content costs: (¥4.7B)
- Decrease in program provision expenses: (¥2.3B)
- Decrease in other expenses : (¥2.6B)

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

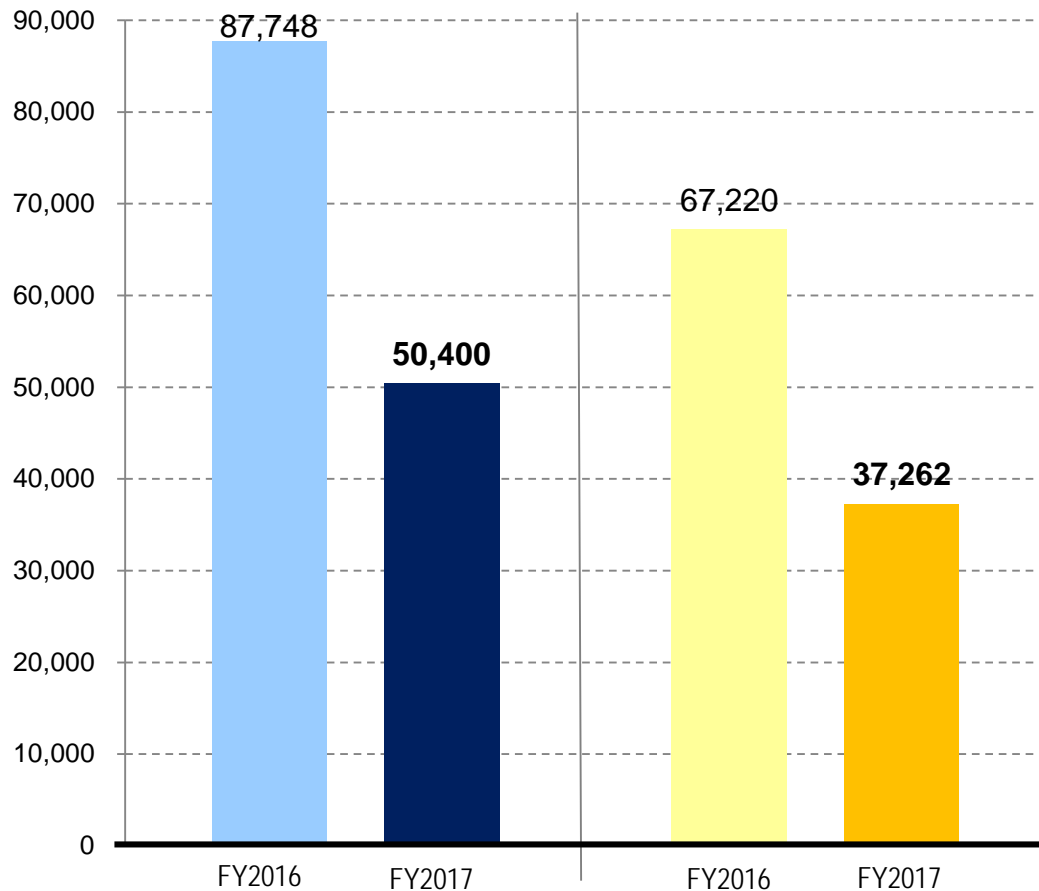
Space & Satellite Business

(Unit: ¥ millions)

Revenues



Operating Expenses



Revenue: (¥37.3B)*

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

- Diminished sales relating to sellout of satellite and ground facilities: (¥36.9B)
- Decrease in broadcasting transponder-related revenues: (¥0.7B)
- Increase in others revenues: +¥0.3B

Operating Expenses: (¥30.0B)*

* Inter-segment Transactions included.

<Main Factors for Increases or Decreases>

- Decrease in satellite business related cost: (¥31.6B)
- Increase in depreciation: +¥1.6B

Forecast for FY2018

Earning Forecasts for FY2018

- An increment of 15.8% in Revenue and 5.4% in Operating Income compare to the preceding fiscal year is expected in FY2018.

(Unit: ¥ millions)

	FY2017 Full Year Result	FY2018 Full Year Forecast	Change
Revenue	145,501	168,500	15.8%
Operating Income	15,652	16,500	5.4%
Ordinary Income	16,712	17,000	1.7%
Profit Attributable to Owners of Parent	11,353	11,500	1.3%
EBITDA ^{*1}	43,032	42,000	(2.4%)

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

Earning Forecast by Business Segments for FY2018

■ Media Business

Revenue decreases but Operating Income increases owing to decrease in subscriber base, reduction in content acquisition cost as well as advertisement cost.

■ Space & Satellite Business

Increase in both Revenue and Operating Income as a result of the successful launch of satellite for Ministry of Defense and decrease in depreciation cost (JCSAT-5A).

(Unit: ¥ millions)

	FY2018 (Forecast)			Consolidated Total
	Media	Space & Satellite	Eliminations or Company Total	
Revenue (Compare to Preceding Year)	103,900 (1,898)	75,300 +24,899	(10,700)	168,500 +22,998
Operating Expenses (Compare to Preceding Year)	100,400 (2,165)	61,700 +24,437	(10,100)	152,000 +22,150
Operating Income (Compare to Preceding Year)	3,500 +267	13,600 +462	(600)	16,500 +847

Target Subscription for FY2018

- Subscriber base maintain for the prime SKY PerfecTV! Service (Satellite 110°)
- Reinforce the prevention of subscription cancellation for SKY PerfecTV! Premium Service (Satellite 124°/128°)

(Unit: thousand)

	FY2017 Actual	FY2018 Target
Cumulative number of subscribers as of end of the preceding year (Number of subscriptions)	3,320	3,262
Total of New Subscriptions and Resubscriptions	549	532
SKY PerfecTV!	466	429
SKY PerfecTV! Premium Service	72	57
SKY PerfecTV! Premium Service HIKARI	11	12
Churn Rate *	18.3%	17.9%
Net Increase	(57)	(52)
Cumulative numbers of subscribers as of end of year (Number of Subscriptions)	3,262	3,210

SKY PerfecTV! On Demand

Number of Pay Subscribers as of end of year	28	35
Cumulative number of subscribers at the end of year	1,338	1,468

■ **Competitive Environment**

- The existing pay-TV market has matured. Internet video streaming services are emerging and entering into the market one after another.
- Competition is intensifying in terms of both content and subscribers acquisition.

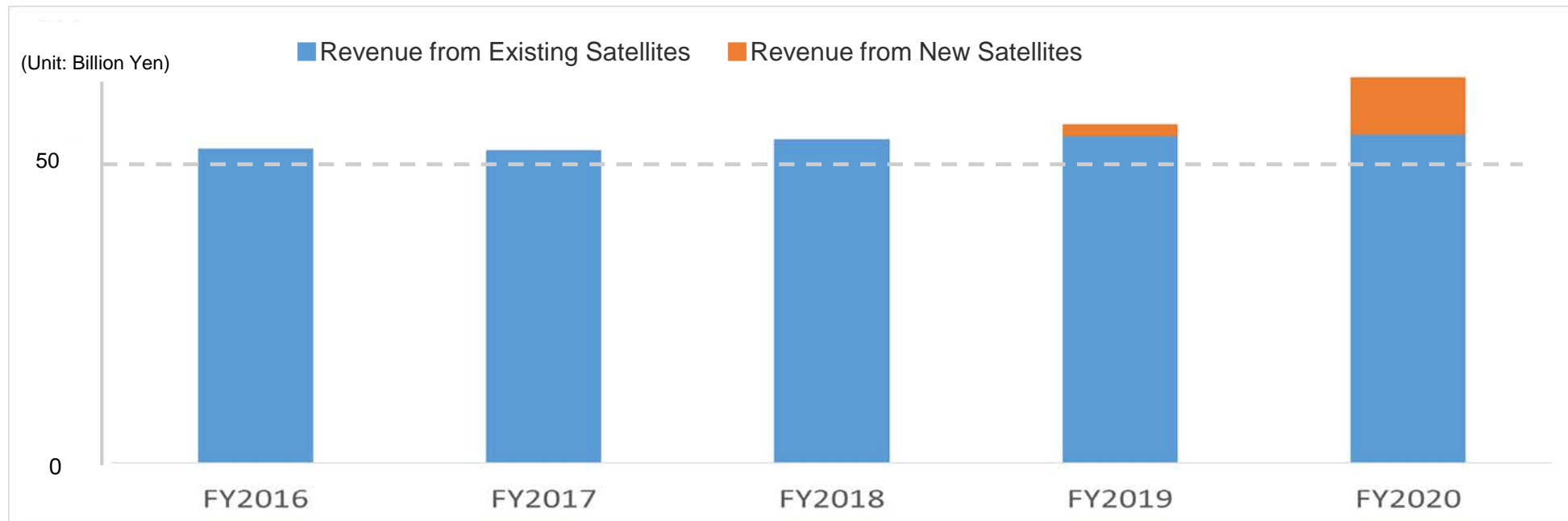
■ **Securing Continual Operating Income**

- Secure constant Operating Income in the mid-term, even if the number of subscriber decreases.
- Major rearrangement of cost structure for platform business.
- Improve the profitability of content business particularly self-production content.

Space & Satellite Business: Profit Expansion by Launching New Satellites

- Target Revenue of 60 billion yen in FY2020 including income from the 3 new satellites.

Satellite	Target Customers	Features	Launch Schedule
Horizons 3e	Aviation, Maritime, Cellular Backhaul etc.	Joint Satellite with Intelsat (HTS)	Second Half, FY2018 * To be scheduled
JCSAT-18	Aviation, Maritime, Cellular Backhaul etc.	Joint Satellite with Kacific (HTS)	Second Half, FY2019
JCSAT-17	Major Customer: NTT Docomo	Large Scale Antenna Deployment For Mobile Communication	Second Half, FY2019



* Revenue from the sale of satellite and ground facilities are excluded from FY2016 and FY2017.

Investment Plan for FY2018

- Continue to make aggressive investment particular in Space and Satellite Business.

(Unit: ¥ Billion)

	FY2017 Actual	FY2018 Projection	Difference	Description
① Total of Capital Investment	15.9	26.6	+10.7	
Break Down: Media Business	5.6	15.0	+9.4	Facilities Renewal for Tokyo Media Center, 4K Broadcast Related etc.
Space and Satellite Business	9.1	11.4	+2.3	JCSAT-18 etc.
Other	1.2	0.2	(1.0)	
② Investment in Business Project	10.4	16.3	+5.9	Horizons 3e etc.
③ Investment included in Operating Cash Flow	13.4	19.2	+5.8	JCSAT-17, DSN1
Total Investment Combine of ①+②+③	39.7	62.1	+22.4	

Assumption Currency Rate: US\$1 = ¥110 Yen, €1 = ¥130

Depreciation Cost for FY2018

- Media Business is expecting increase in depreciation cost arising from facilities renewal of Tokyo Media Center.
- Depreciation cost for satellite JCSAT-5A shall complete for Space and Satellite Business.

(Unit: ¥ Billion)

	FY2017 Actual	FY2018 Projection	Difference
Depreciation Cost	23.4	22.5	(0.9)
Break Down: Media Business	7.2	7.8	+0.6
Space & Satellite Business	15.8	14.7	(1.1)
Others	0.4	0	(0.4)

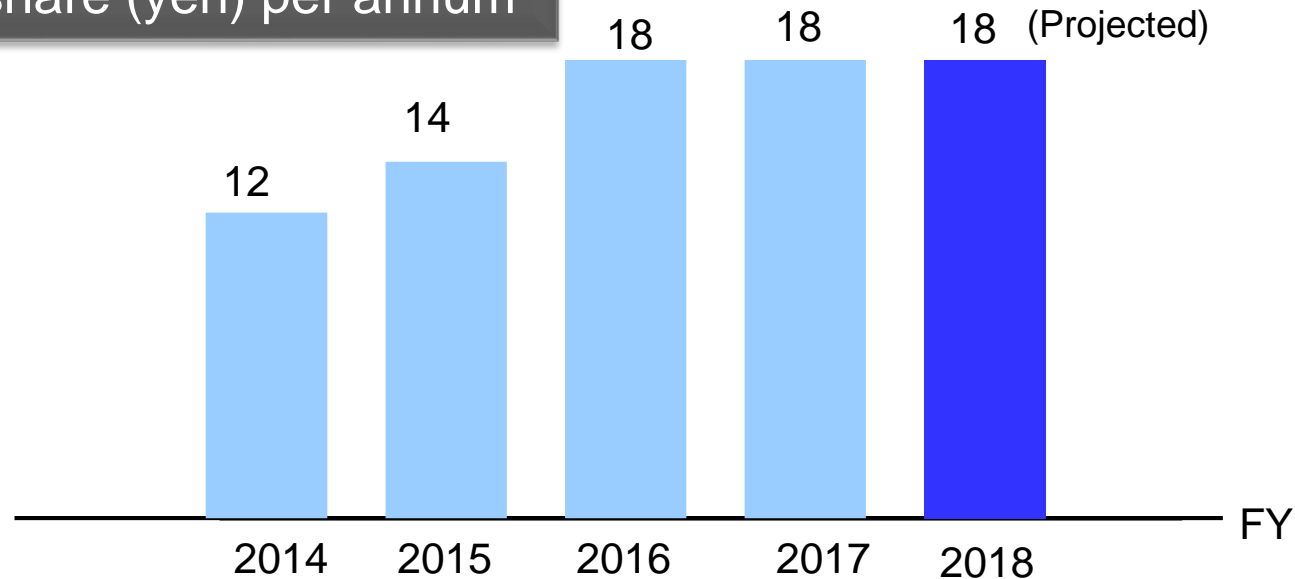
Dividend Forecast

[Dividend Policy] Annual dividend shall satisfy following conditions.

16 yen/share or greater, 30% payout ratio or greater

FY2018: Dividend distribution of 18 yen per share per annum is planned

Dividend per share (yen) per annum*



Future Initiatives

- Media Business -

Major Initiatives in FY2018

① Pursue Appealing Content and Products



② Increase The Value of SKY PerfecTV! to Customers



**Shift to long-term contract period;
Decrease Number of Subscription Cancellations**

③ Continue Initiatives in Obtaining Further Profit from New Services, etc.

① Pursue Appealing Content

■ Nippon Professional Baseball

Official 2018 season games for all 12 teams in Central/Pacific Leagues
Live broadcasting of all games, including games by the Tokyo Giants and Hiroshima



Photo: courtesy of Hiroshima Toyo Carp

J Sports

J Sports Stadium 2018

Live broadcast of all Central-Pacific Interleague



©SoftBank Hawks

June: Fox Sports and Entertainment

2018 Hawks Baseball Park: Nippon Professional
Baseball Central-Pacific Interleague Games

■ Golf



©Getty Images

June: Golf Network

U.S. Open Golf Championships

■ Soccer



Bundesliga: 2018-2019 season

■ Original TV Drama



©Nobuyuki Fukumoto / Takeshobo / SKY PerfecTV!

BS SKY PerfecTV! Original TV Drama

Akagi—Washizu Mahjong Complete Series

② Increase the Value of SKY PerfectTV! to Customers

SKY PerfectTV! Promotion for Free New Basic Packs on Multiple TV Set

- Number of subscriber increased significantly on YOY by **157%** !
(*Total of new subscription and re-subscription from December to March)
- Extend until September 2018**
- Subscription Fee
[First TV] 3,672 yen/month
[Second/third TVs] 1,836 yen/month (normal) ➡ **During promotion 0 yen**

基本パック スカパー! 新基本パックが1台分の料金で

テレビ3台目まで追加料金なし!

大好評につき、**9月末まで延長決定!**

満足度90%以上! おかげさまで皆さまより好評の声を頂いています。

お得で、便利で、**ストレスフリー!** (40代男性)
家族が好きな時に好きな番組を好きな部屋で楽しめる (50代男性)
録画のとりこぼしがなくなった (40代女性)

満足度 **90.5%**

利用実態アンケート結果より、「満足している」「非常に満足している」の合計 / 2018年1月実施 有効回答数 464名 有効回答へ「満足度調査」の回答率 92.5%

New Contact with Customers

- Following SKY PerfectTV!, introducing SKY PerfectTV! Hybrid to Premium Service.

スカパー!
Hybrid



*Schedule in December 2018

New Owned Media Site

- Focusing on all kinds of people!
- Daily distribution of the latest information, including interviews with TV stars and other top celebrities!

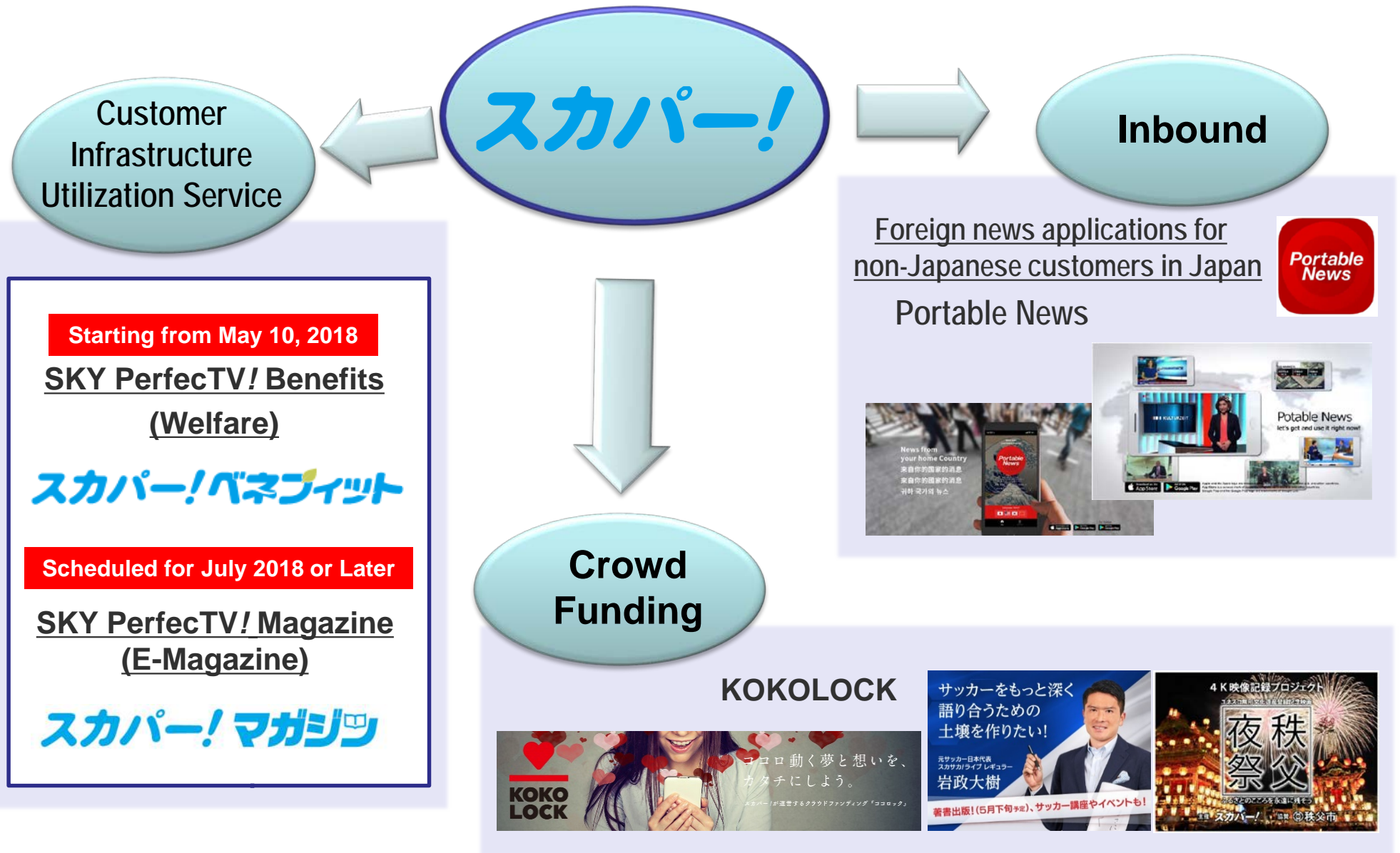


*Hominis is Latin for "person"

"Hajimete no Takeshi" is currently broadcast on BS SKY PerfectTV!



③ Implementation of New Services



Initiatives for Advancement of Broadcasting Services

■ Initiatives for 4K Broadcasting

スカパー!



- Commence CS110° left-handed polarized wave 4K broadcasting (8ch) in December 2018.
- Simulcast BS right-handed polarized wave 4K channels on FTTH (Flets TV).

スカパー!

プレミアムサービス

- Currently broadcasting 4K channels (3ch)



■ Change to Higher Resolution Quality Service

スカパー!

- Establish New Channels (2ch): Mnet/ Entermeitele TVHD☆CineDramaVariety
- Maximize High Definition Channels.
(To be recognized by Ministry of Internal Affairs and Communications in May 2018)
- Release New Core Products: Schedule in October 2018

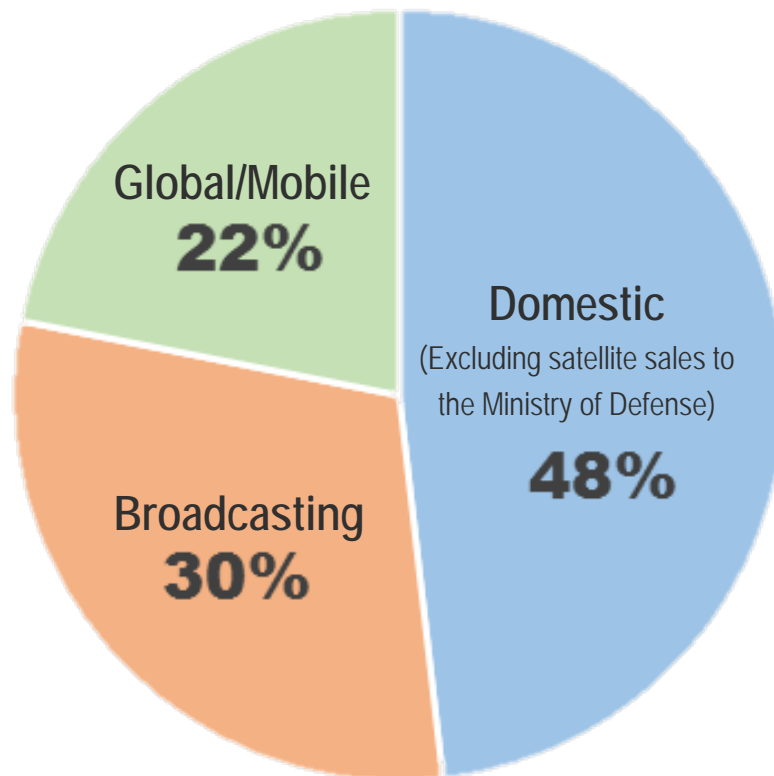
Mnet



Future Initiatives

- Space & Satellite Business -

Satellite Communication Revenues Outlook in FY2018



■ Domestic

- Strong sales for existing customers such as government and municipal offices.
- Increase utilization by cellular carriers.

■ Broadcasting

- Stable satellite use by broadcasting companies (external).

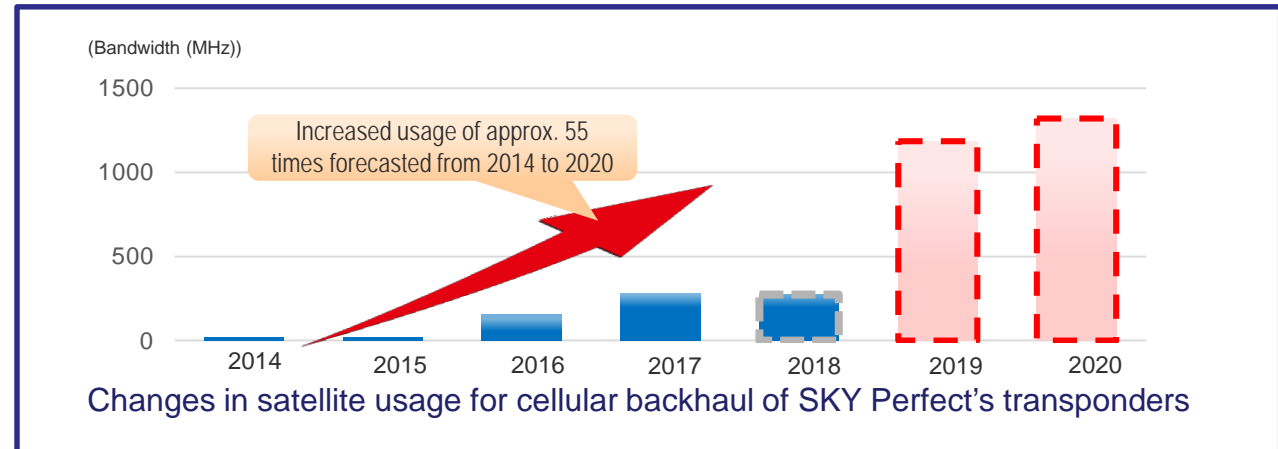
■ Global / Mobile

- For Global, intensifying price competition particularly in Southeast Asia.
- For Mobile Communication, the use of Internet connections for aircrafts is growing.

Use of 3 New Satellites

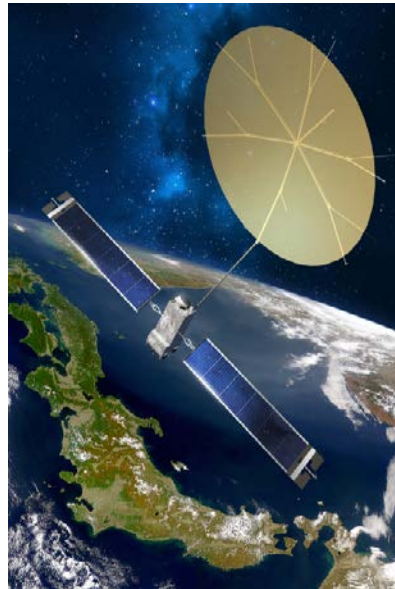
Horizons 3e

- Finalized cellular backhaul service provision.



JCSAT-17

- Satellite for domestic market.
- Finalized long-term service provision for NTT DoCoMo.



©Lockheed Martin

JCSAT-18

- Promote JCSAT-18 for aviation and maritime markets.
- Started provision of maritime broadband service "OceanBBplus." Invest in and strengthen partnership with KVH, the business partner of the aforesaid service.
(※The use of JCSAT-18 for OceanBBplus is under review)



OceanBBplus service is currently used by the passenger ship "Asuka II" of NYK Cruises Co., Ltd.

Initiatives in New Fields ①

Provision of Low Earth Orbit Satellite Services through Collaboration with Foreign Partners

Satellite Imaging Business

- Collaboration with Orbital Insight.
- Provision of Planet Labs' satellite imaging service.



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Teleport Services for Low Earth Orbit Satellites

- Provision of teleport services in collaboration with Kongsberg Satellite Services (KSAT), the largest service provider in the industry.

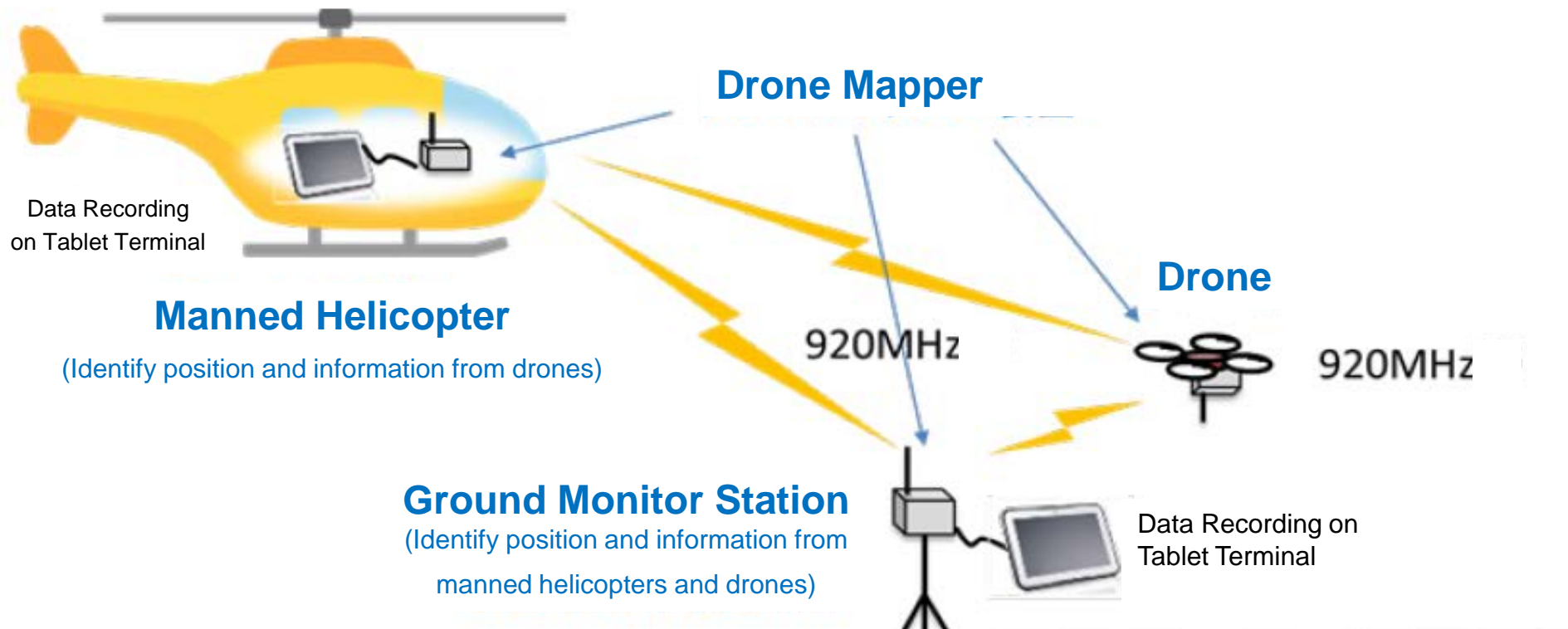


Drone Business

Received R&D contract from the New Energy and Industrial Technology Development Organization (NEDO).
Seeking to achieve a drone flight control system to enable flight outside the range of direct sight.

Successful Experiment for Drones and Manned Helicopters

(Conducted in Aichi Prefecture on March 2, 2018)



Use in New Launch Services

In order to reduce future launch costs, signed an agreement to use the New Glenn rocket developed by Blue Origin.



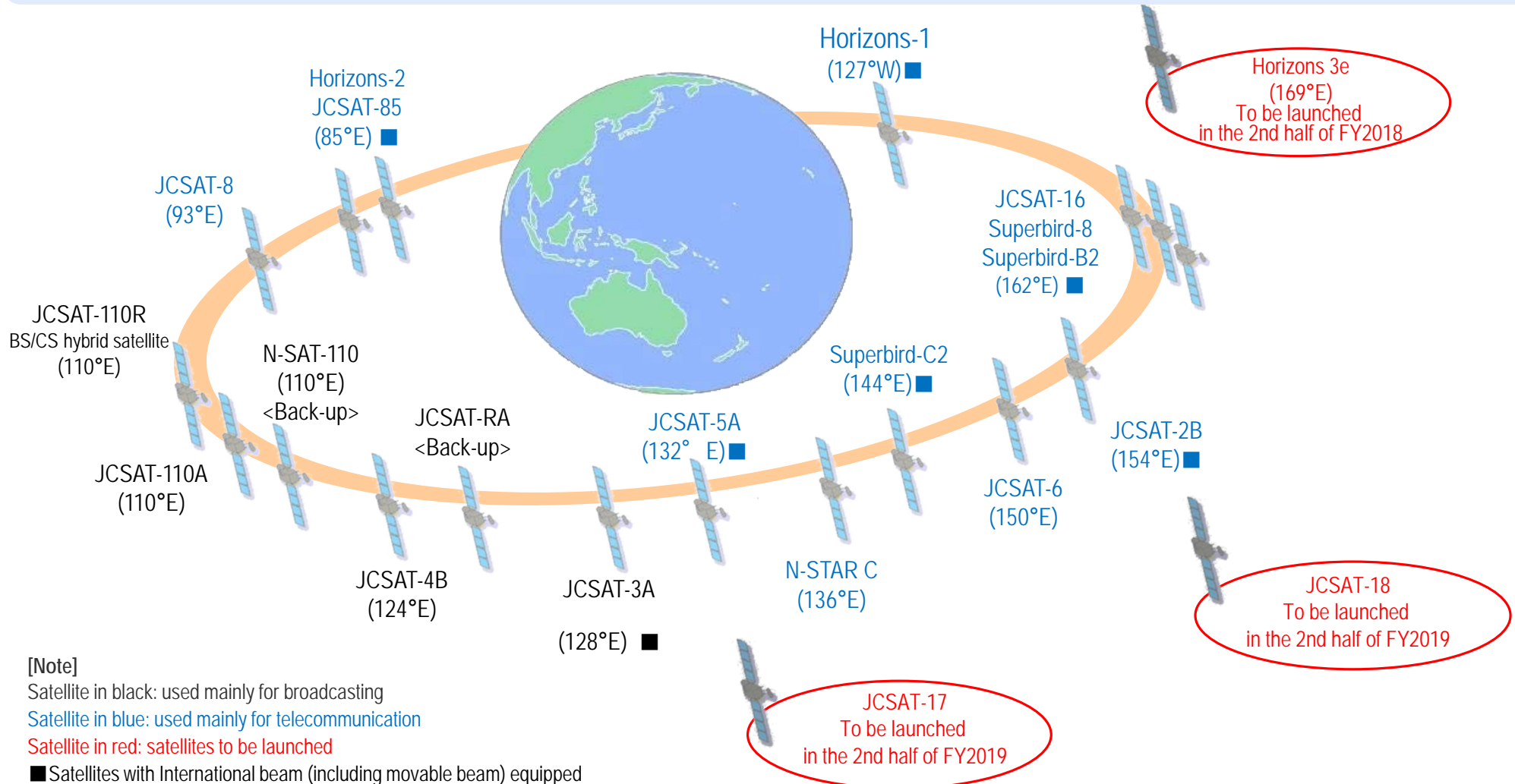
List of Satellites Scheduled for Launch

Successful Launch of Superbird-8/DSN-1 on April 6, 2018 (JST)

	Horizons 3e (HTS)	JCSAT-17	JCSAT-18 (HTS)
Satellite Bus	702MP	A2100	702MP
Manufacturer	Boeing	Lockheed Martin	Boeing
Launch Vehicle	Ariane5	Ariane5	Falcon9
Planned Launch Period	2nd half of FY2018 (To be scheduled)	2nd half of FY2019	2nd half of FY2019
Orbit Position	169 degrees East Longitude	136 degrees East Longitude	TBD
Satellite Lifetime	Over 15 years	Over 15 years	Over 15 years
Purpose	Global / Mobile (Joint-satellite with Intelsat)	Domestic Market	Global / Mobile (Joint-satellite with Kacific)

Satellite Fleet Update

Total of **18** satellites covering from North America to the Indian Ocean

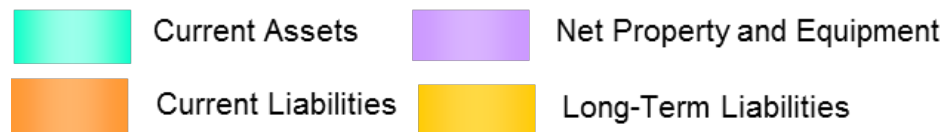
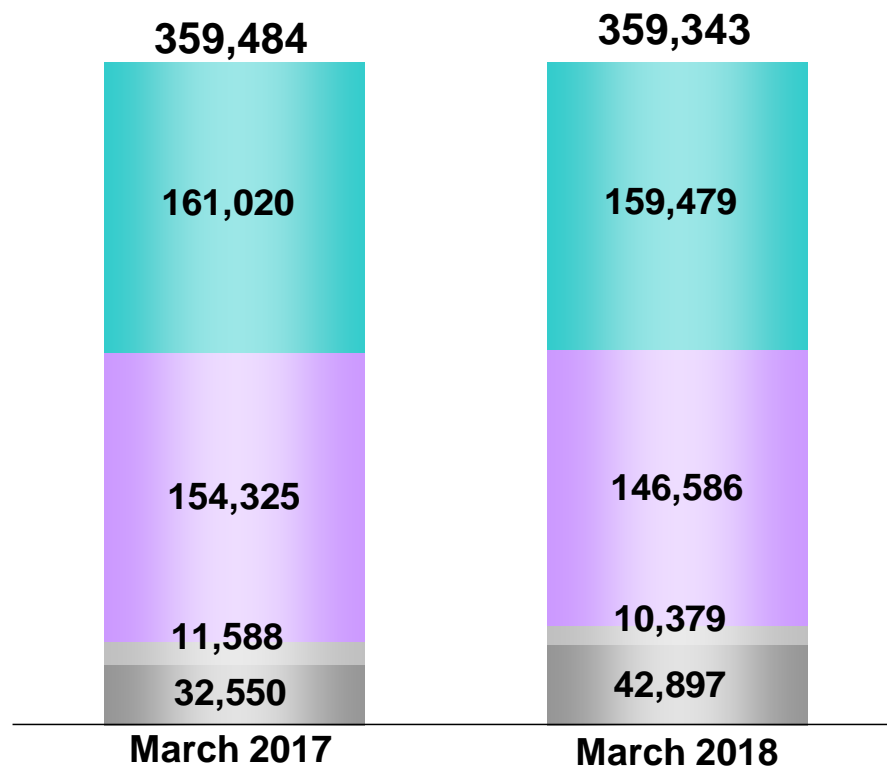


(References)

Consolidated Balance Sheets

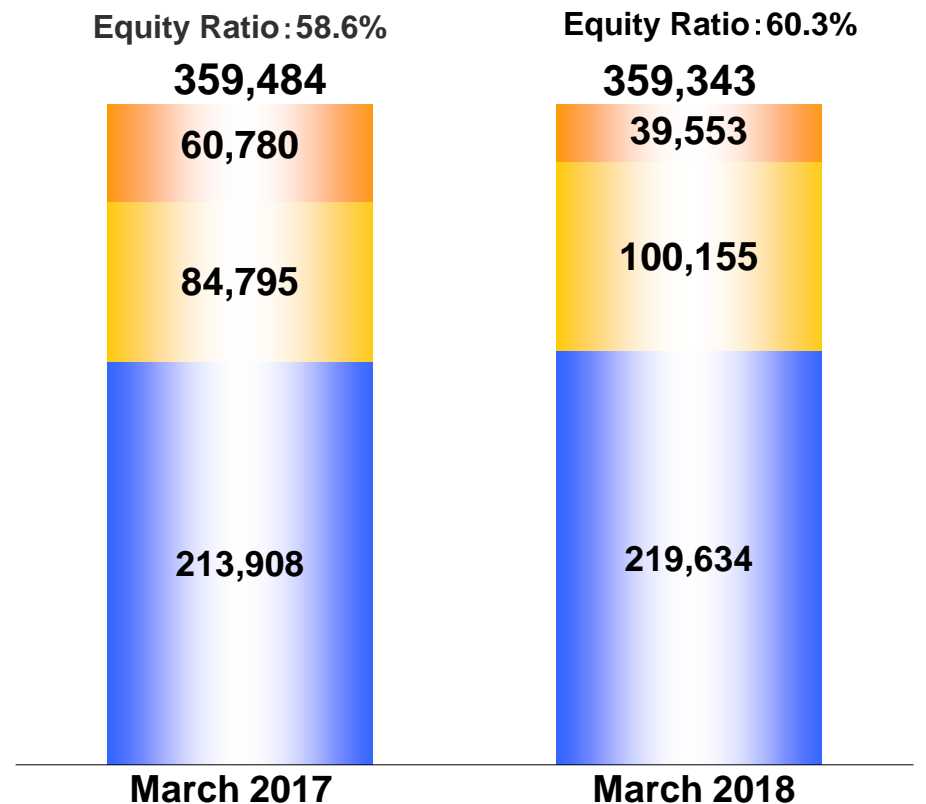
Assets

(Unit: ¥ million)



Liabilities and Equity

(Unit: ¥ million)



Consolidated Cash Flows

(Unit: ¥ million)

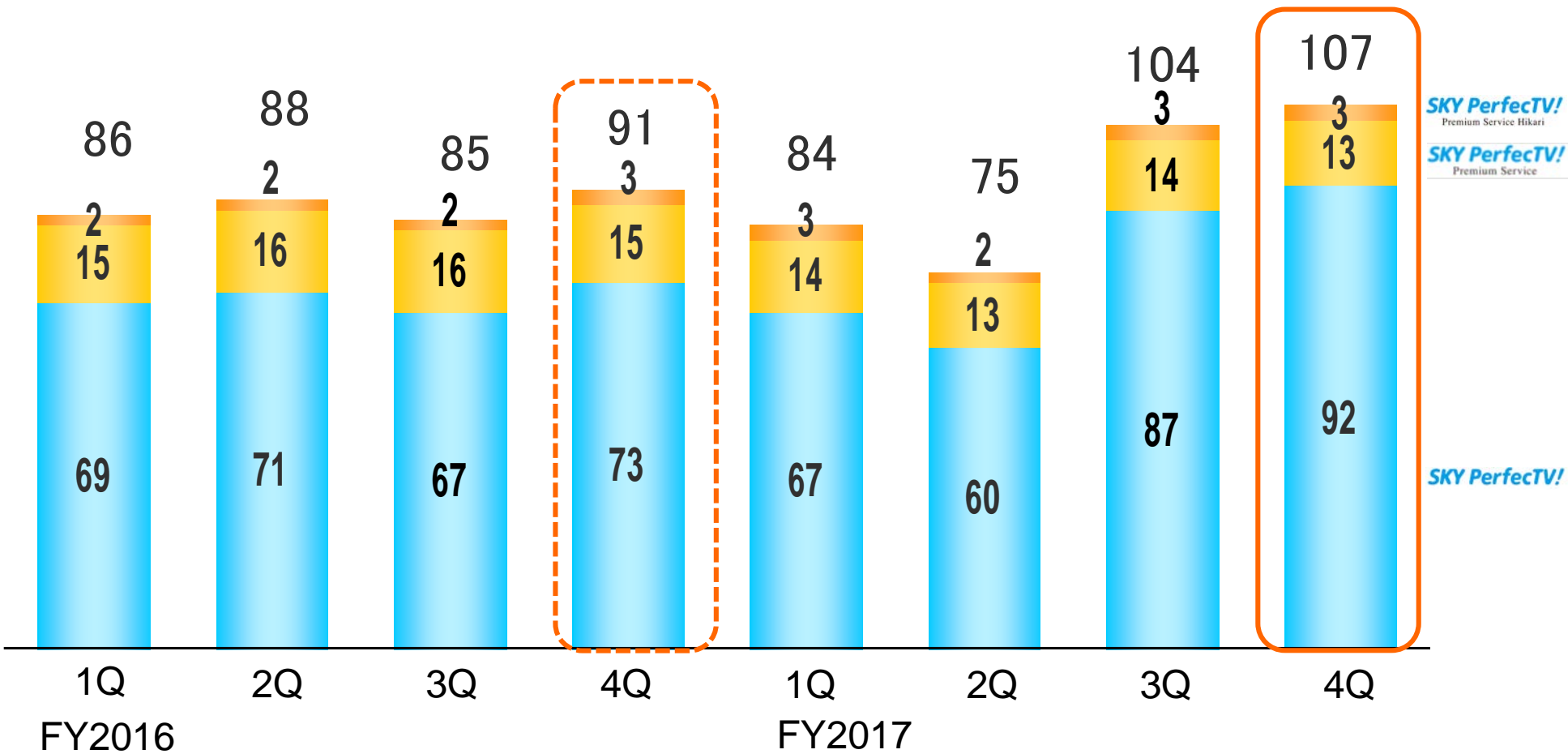
	FY2016/4Q Cumulative	FY2017/4Q Cumulative
Net Cash from Operating Activities	7,029	22,546
Net Cash from Investing Activities	(22,882)	(27,213)
Free Cash Flows ^{*1}	(15,853)	(4,667)
Net Cash from Financing Activities	13,469	4,866
Cash and Cash Equivalents at Term-End (a)	46,150	46,304
Term-end Balance of Interest-bearing Debt ^{*2} (b)	82,753	92,767
Term-end Balance of Net Interest-bearing Debt (b)-(a)	36,602	46,462

*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: thousand)



Churn Rate

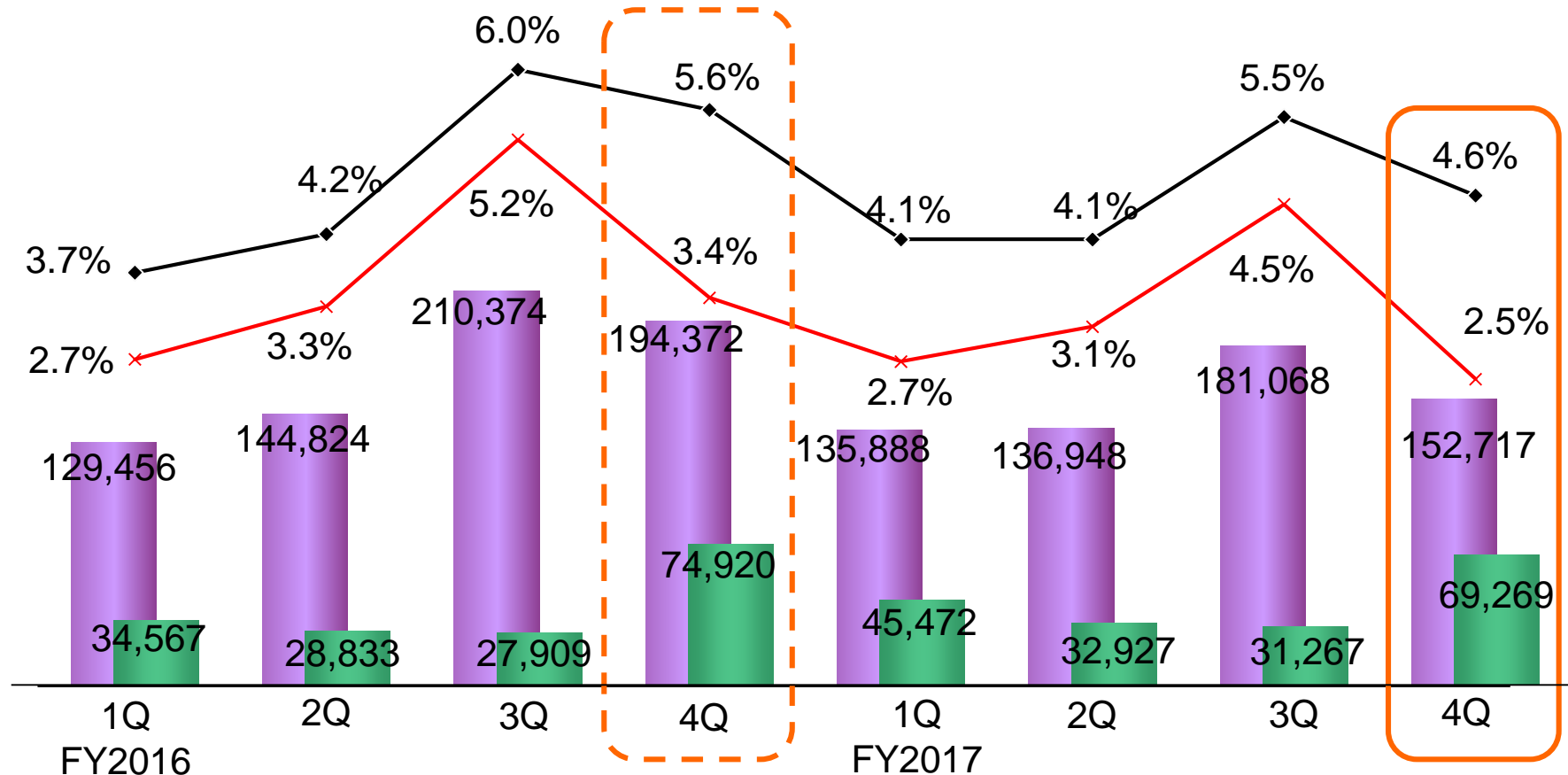
— Churn Rate (Quarterly Basis)

— Substantial Churn Rate after exclusion of re-subscriptions

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

Number of churn

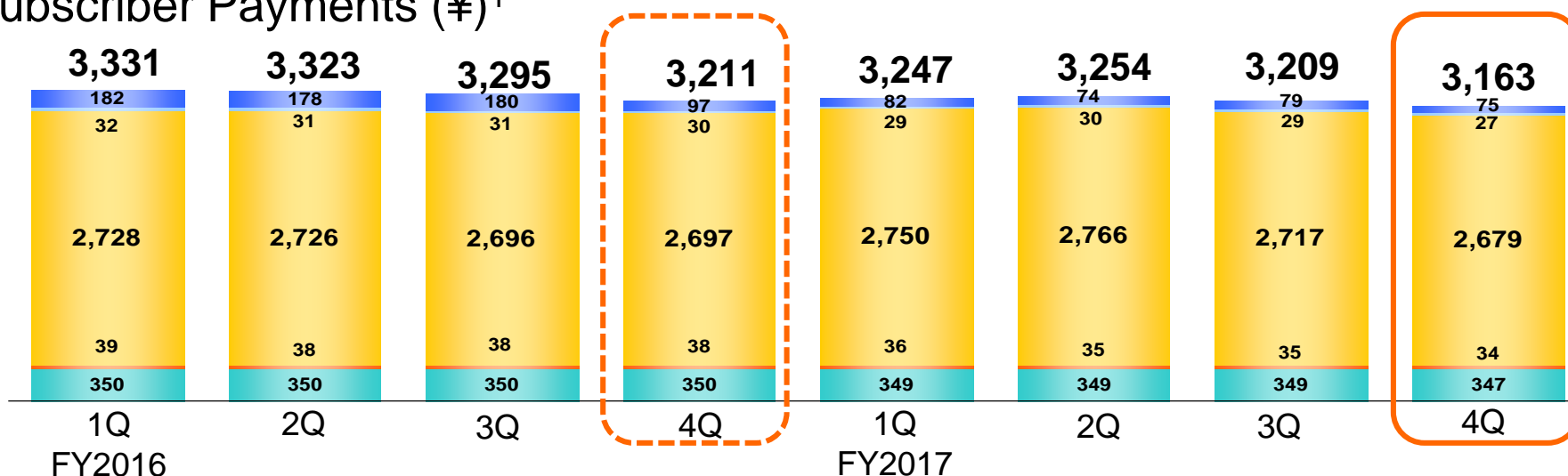
Number of re-registered subscribers



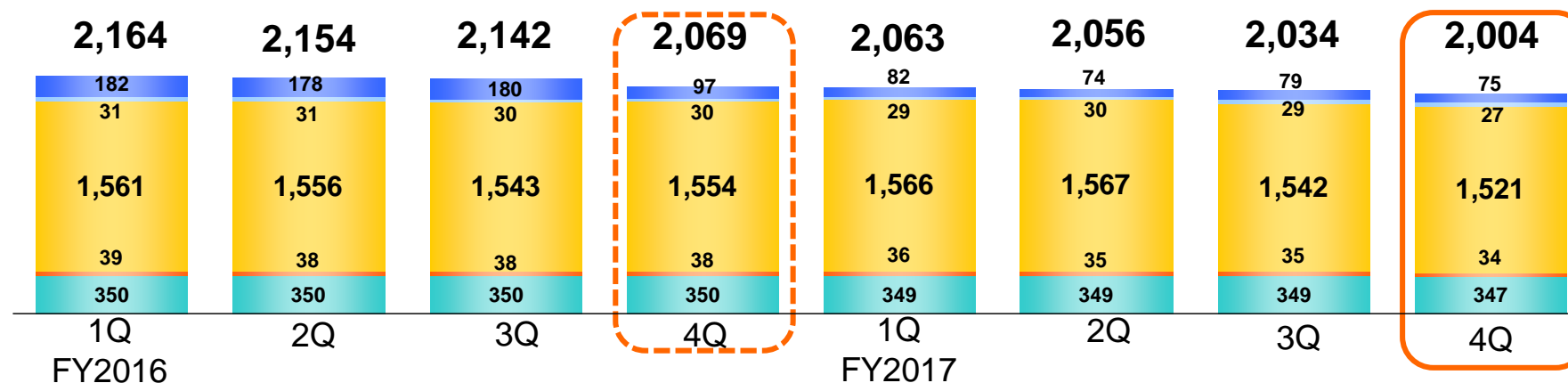
*The churn rate is calculated by dividing the total number of churns for each quarter with the cumulative number of subscriptions at the end of the preceding fiscal year.

ARPU

Subscriber Payments (¥)¹



ARPU (¥) (*2)



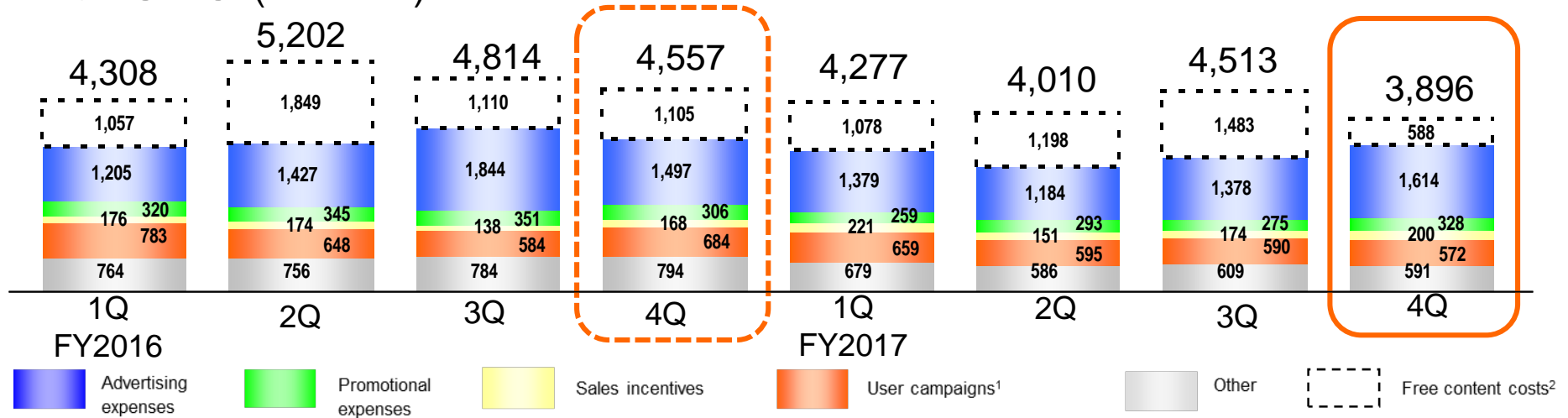
Basic Fee Rental Fee Monthly Subscription Fee PPV Subscription Fee Revenue From Original Content

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

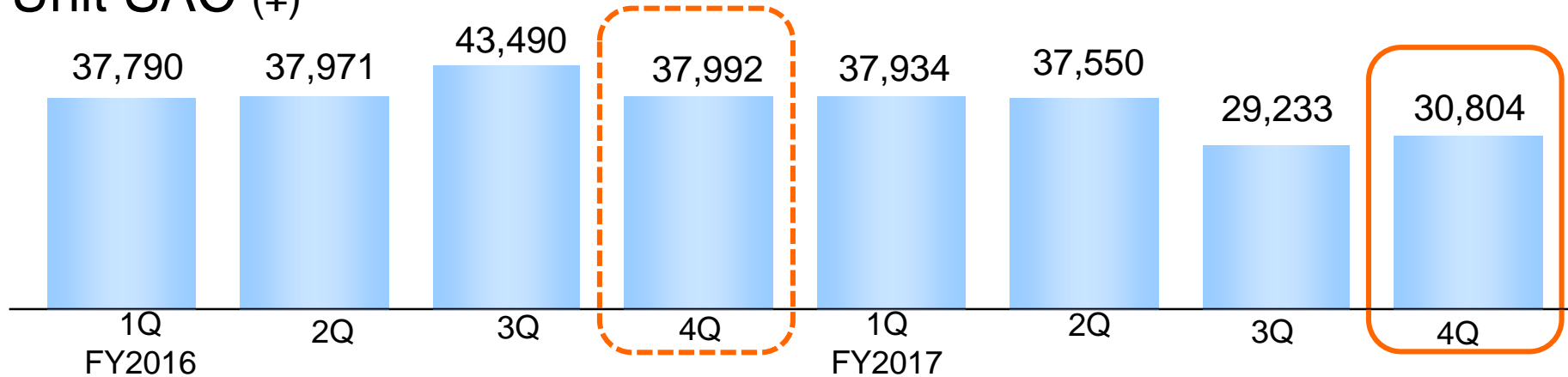
2. Of the average amount paid by subscribers in the form of monthly viewing fees, etc., the amount recorded as operating revenue by the SKY Perfect JSAT Group

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	ENR
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 US	Mobile Satcom Services	Delivery of Japanese content for overseas markets	Industrial Drone
Ownership Ratio (%)		100	100	100	100	92	100	53.3	60	100
Revenue	FY2016/4Q	157,056	6,350	27,704	43,370	3,209	1,721	2,421	502	436
	FY2017/4Q	114,401	6,276	57,316	3,756	3,127	1,986	2,484	386	514
Operating Income	FY2016/4Q	22,456	443	701	1,157	(17)	295	328	(2,207)	(240)
	FY2017/4Q	15,696	436	2,089	331	178	455	363	(1,681)	(618)
Ordinary Income	FY2016/4Q	23,045	444	703	1,162	(21)	365	316	(2,206)	(179)
	FY2017/4Q	16,770	438	2,095	328	178	561	344	(1,677)	(479)

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

ENR: enRoute Co., Ltd.

※Broadcasting business on satellite124E/128E of SKY Perfect Broadcasting Corporation is split and merged into SKY Perfect Entertainment Corporation as of December 1, 2016.

SKY Perfect JSAT Holdings Inc.

Corporate Communications & Investor Relations Division