



Earning Results Briefing for FY2018

May 9, 2019 (Thursday)

SKY Perfect JSAT Holdings Inc.

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 FY2018

Revenue increased but Operating Income decreased year on year

- Operating revenue increased 18.5 billion yen (+12.7%) through handover of satellite to Ministry of Defense
- Despite effort to reduce operating expenses, operating income decreased 0.4 billion yen (-2.3%) due to a decrease in subscription fee revenue.
- Profit attributable to owners of parent decreased by 1.7 billion yen (-14.7%) due to valuation loss on investment securities

(Unit: ¥ millions)

	FY2017	FY2018	Year-On-Year Comparison	Progress on FY2018 Forecast	FY2018 Full-Year Forecast
Revenue	145,501	164,014	12.7%	97.3%	168,500
Operating Income	15,652	15,290	-2.3%	92.7%	16,500
Ordinary Income	16,712	16,640	-0.4%	97.9%	17,000
Profit Attributable to Owners of Parent	11,353	9,681	-14.7%	84.2%	11,500
EBITDA ^{*1}	43,032	40,742	-5.3%	97.0%	42,000

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

Summary of Income Statements by Business Segment (quarter on quarter)

- The Media Business had decreased revenue due to decreasing subscription fee revenue and decreased operating income due to increasing depreciation expense for Tokyo Media center.
- The Space Business had increased revenue, due to broadcasting transponder-related revenues. (Unit: ¥ millions)

	FY2017					FY2018				
	1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Revenue	37,195	36,525	35,762	36,018	145,501	58,772	35,066	34,716	35,458	164,014
Media Business	27,424	26,828	25,925	25,620	105,798	25,857	25,368	25,160	25,109	101,495
Space Business	12,524	12,428	12,459	12,987	50,400	35,541	12,266	12,221	13,359	73,389
Consolidated Eliminations	△2,754	△2,731	△2,622	△2,589	△10,697	△2,626	△2,569	△2,665	△3,009	△10,870
Operating Income	4,334	4,547	3,233	3,536	15,652	4,646	4,969	3,033	2,642	15,290
Media Business	1,005	1,448	239	541	3,233	797	2,055	19	△343	2,528
Space Business	3,531	3,430	3,034	3,141	13,137	4,034	3,082	3,170	3,142	13,430
Consolidated Eliminations	△202	△331	△40	△145	△719	△185	△168	△156	△157	△668

In July, 2018, the naming for business segment "Space & Satellite Business" has changed to "Space Business." There is no affect on the result by business segment..

Forecast for FY2019

In FY2019, we forecast a decrease in revenue and increase in profit attributable to owners of parent year-on-year, due to diminished sales from the handover of satellite to the Ministry of Defense, etc.

- Media Business is implementing reforms aimed at securing continual profit.
- Space Business is working to achieve future growth by expanding base earnings capacity through the successful launch of JCSAT-17 and JCSAT-18.

(Unit: ¥ millions)

	FY2018 Full Year Result	FY2019 Full Year Forecast	Change
Revenue	164,014	143,500	(12.5%)
Operating Income	15,290	15,000	(1.9%)
Ordinary Income	16,640	15,500	(6.9%)
Profit Attributable to Owners of Parent	9,681	10,000	3.3%
EBITDA ^{*1}	40,742	42,000	3.1%

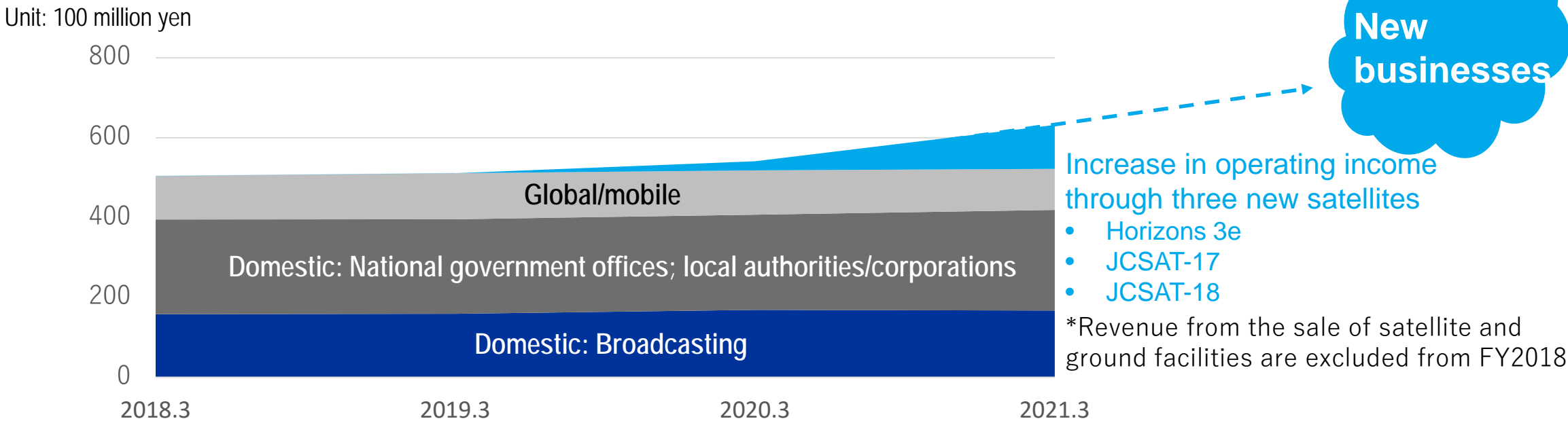
*1: EBITDA is calculated as Net Income + Tax Expense + Goodwill Amortization + Depreciation Expense+ Interest Expense

(Unit: ¥ millions)

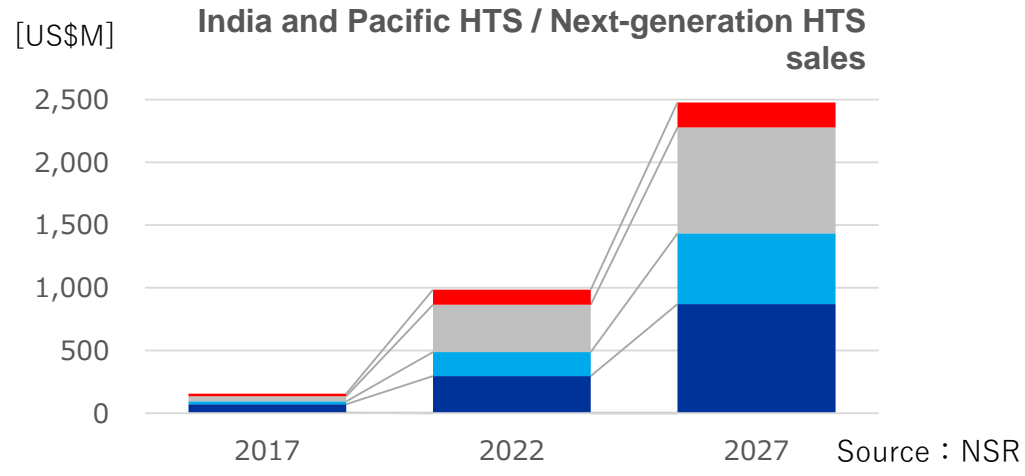
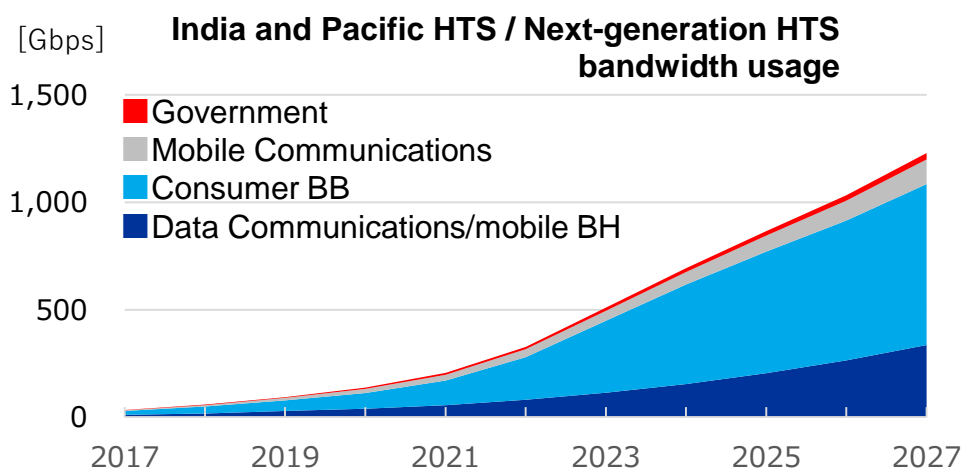
	FY2019 (Forecast)			
	Media Business	Space Business	Eliminations or Company Total	Consolidated Total
Revenue (Compare to Preceding Year)	101,500 +5	53,800 (19,589)	(11,800)	143,500 (20,514)
Operating Expense (Compare to Preceding Year)	98,500 (466)	41,300 (18,659)	(11,300)	128,500 (20,224)
Operating Income (Compare to Preceding Year)	3,000 +472	12,500 (930)	(500)	15,000 (290)

Launching three new satellites targeting the global mobile market, with a focus on Asia.
We seek to achieve operating profit exceeding 60 billion yen by FY2020.

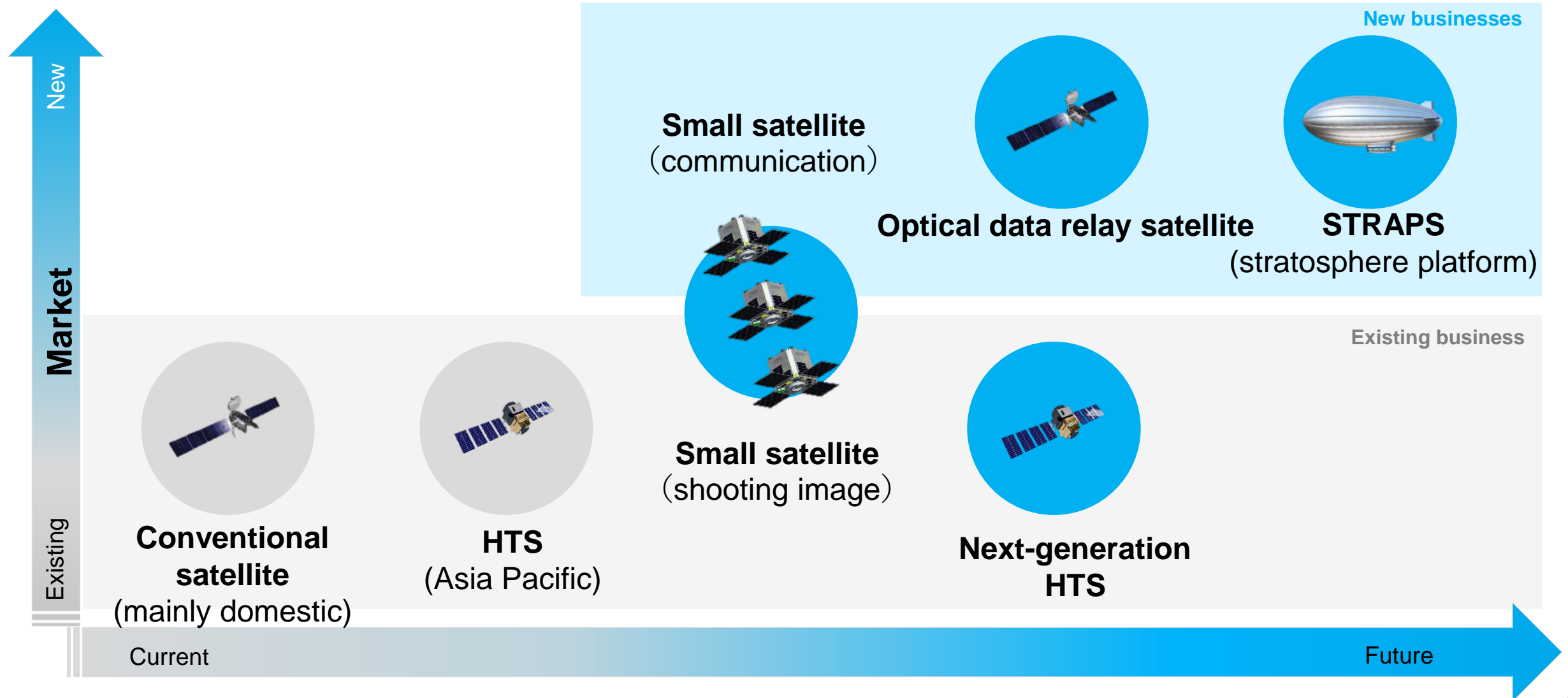
Increase base earnings capacity



Growth of HTS market



Seek to provide new communication services as a foundation for the digital revolution

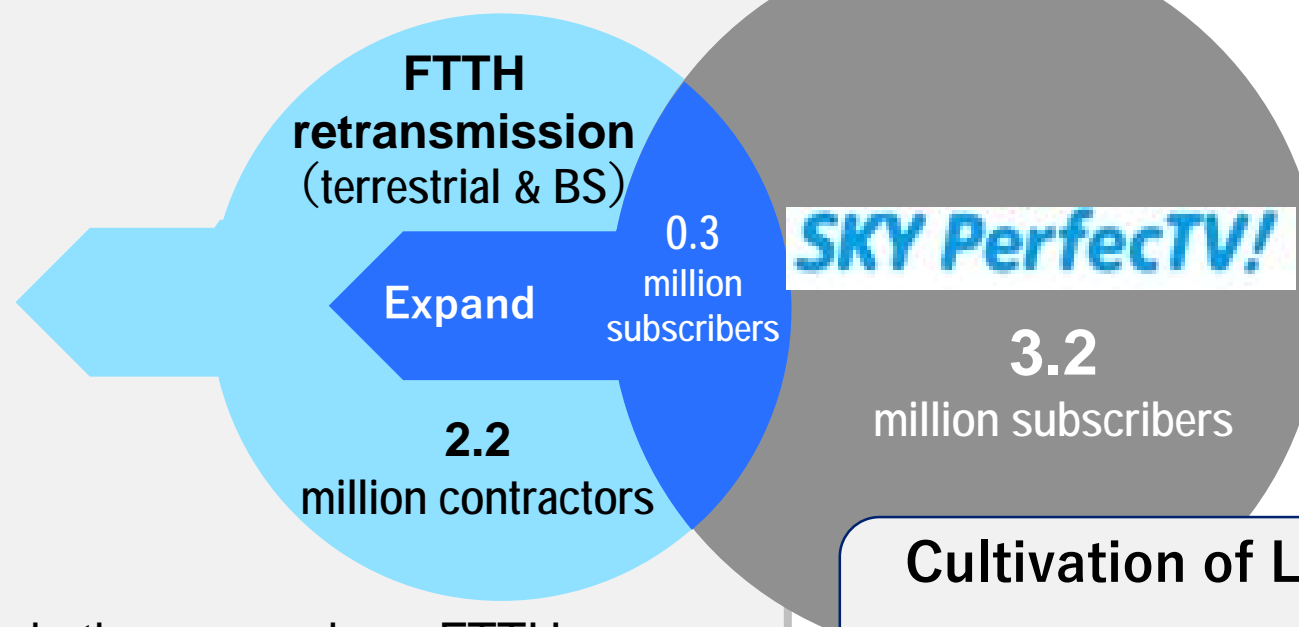


Seek to enhance competitive advantages and concentrating on the cultivation of new business through the appropriate allocation of management resources.

Japan Nationwide: 53 million households

Summer 2019: Expand retransmission services (fiber to the home) through new 4K/8K broadcasting

Expand contracts with a focus on basic plans and baseball

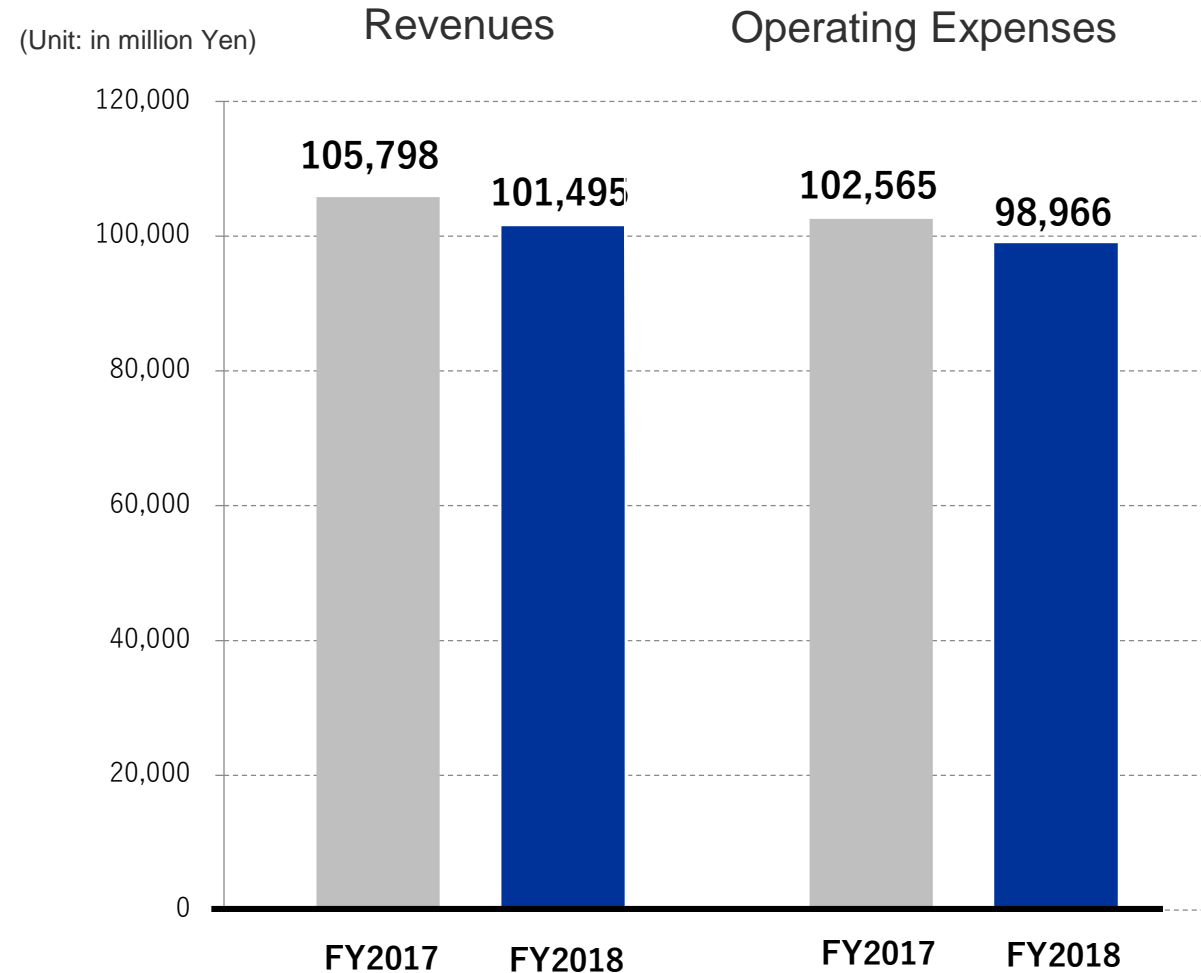


Number of households in the areas where FTTH retransmission service is available : approx. 30 million
→ Plan to expand service areas

Cultivation of LIFE business

Advancement of new business utilizing the subscriber base

Media Business



Revenues (¥4.3B) *

<Main Factors for Increases or Decreases>

- Decrease in subscription fees:(¥4.3B)
- Decrease in revenues from basic charges and registration fees :(¥0.8B)
- Increase in other revenues : +¥0.8B

Operating Expenses (3.6B) *

<Main Factors for Increases or Decreases>

- Decrease in program provision expenses:(¥2.7B)
- Decrease in content costs:(¥1.9B)
- Increase in depreciation expenses : +¥0.7B
- Increase in usage fee for transponder : +¥0.3B

* Inter-segment Transactions included.

Key Performance Indicators for Media Business (*)

	FY2017	FY2018	FY2019 Target
Number of New Subscribers and Re-subscribers (unit : thousands)	549	643	572
Net Increase in Subscribers (unit : thousands)	(57)	(15)	(66)
(SKY PerfecTV !)	(9)	+52	+37
(SKY PerfecTV ! Premium Service)	(5)	(67)	(99)
(SKY PerfecTV ! Premium Service Hikari)	+2	+0	(5)
Number of Cumulative Subscribers (unit : thousands)	3,262	3,248	3,181
*Number of subscribers who concluded a pay-subscription agreement.			
Number of Cumulative Contractors (unit : thousands)	2,885	2,784	2,713
*Number of subscribers by contract. Multiple pay-subscription agreements by the same contractor are counted as one.			
SKY PerfecTV ! On Demand Number of subscribers in March (unit : thousands)	28	28	35
SKY PerfecTV ! On Demand Cumulative number of subscribers at the end of year (unit : thousands)	1,338	1,532	1,664
Average Monthly Subscriber Payment (unit: JPY)	3,219	3,138	—
ARPU (unit : JPY)	2,040	1,966	—
*ARPU and SAC are calculated based on the numbers of IC cards			
We are going to change the way of major Key Performance Indicators from 1Q of FY2019			
SAC (unit : JPY)	33,353	25,824	—

Expand contracts for pro baseball and basic plan



Live broadcasts of all Regular-season games for all 12 teams of Central League and Pacific League

- First ever live broadcasting of all games for all 12 teams—even on smartphones!

Pro baseball set
¥3,685
(not including tax)

(As of March 31, 2019)

Number of new subscribers and re-registered subscribers increased 19% YoY



家を楽しむのは、テレビだ。

SKY PerfectTV!



Basic plan
¥3,600
(not including tax)

- Unlimited access to 11 genres on 50 channels
- No additional fees for up to 3 televisions

(As of March 31, 2019)

Exceeded 300,000 subscriptions from start of sales in October 2018

TV service using optical lines (terrestrial, BS, CS retransmission)

(1) Summer 2019: Promote terrestrial/BS retransmission contracts through start of new 4K/8K broadcasting

Number of households in the areas where optical retransmission service is available: approx. 30 million in 26 prefectures



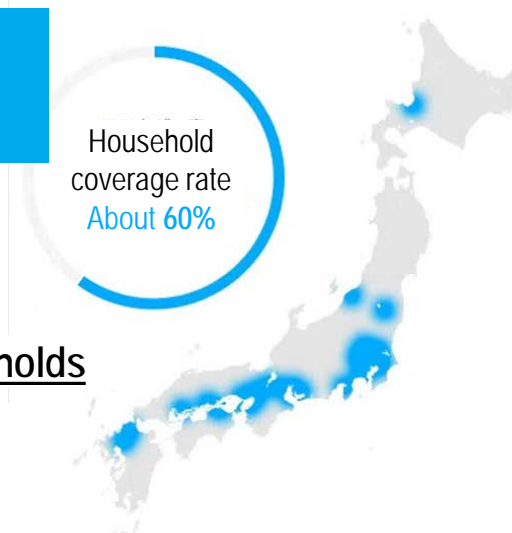
Household coverage rate
About 60%

End of FY2018: 2.23 million households

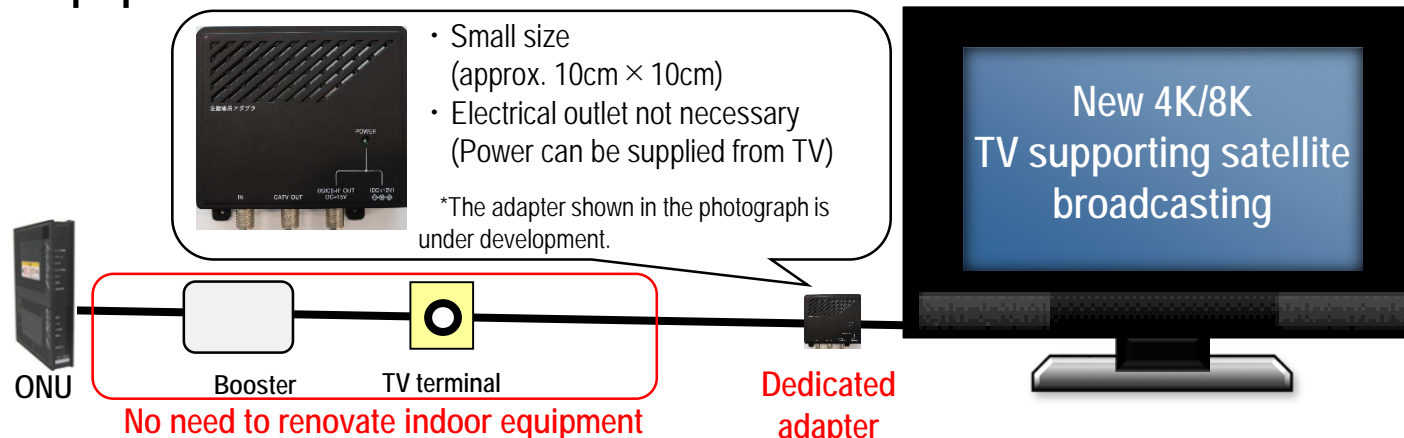
*Single family dwelling: 1.57 million households;
Communal housing: 660,000 households
*Includes approx. 300,000 households subscribing to Multichannel Pay TV

- Expand numerous collaborations with Docomo, SoftBank, major electric retailers, etc.
- Increase number of condominiums where service is installed

⇒ Also cooperate with NTT to expand the retransmission service area



(2) By using dedicated adapters, enable viewing of new 4K/8K satellite broadcasting on supporting TVs without the need to renovate indoor equipment



4K content broadcast this autumn

Live 4K broadcasting of all 48 games during the Rugby World Cup 2019™ in Japan (JSports 4K)



Japan Rugby Football Union©2018, JRFU Photo by S.IDA



Live broadcast of three major golf tournaments

U.S. PGA Championship, U.S. Open Championship, The Open Championship (England)

May to July: Golf Network

DREAMS COME TRUE

Eight-Month Special Feature

May to December: On BS SKY PerfecTV!

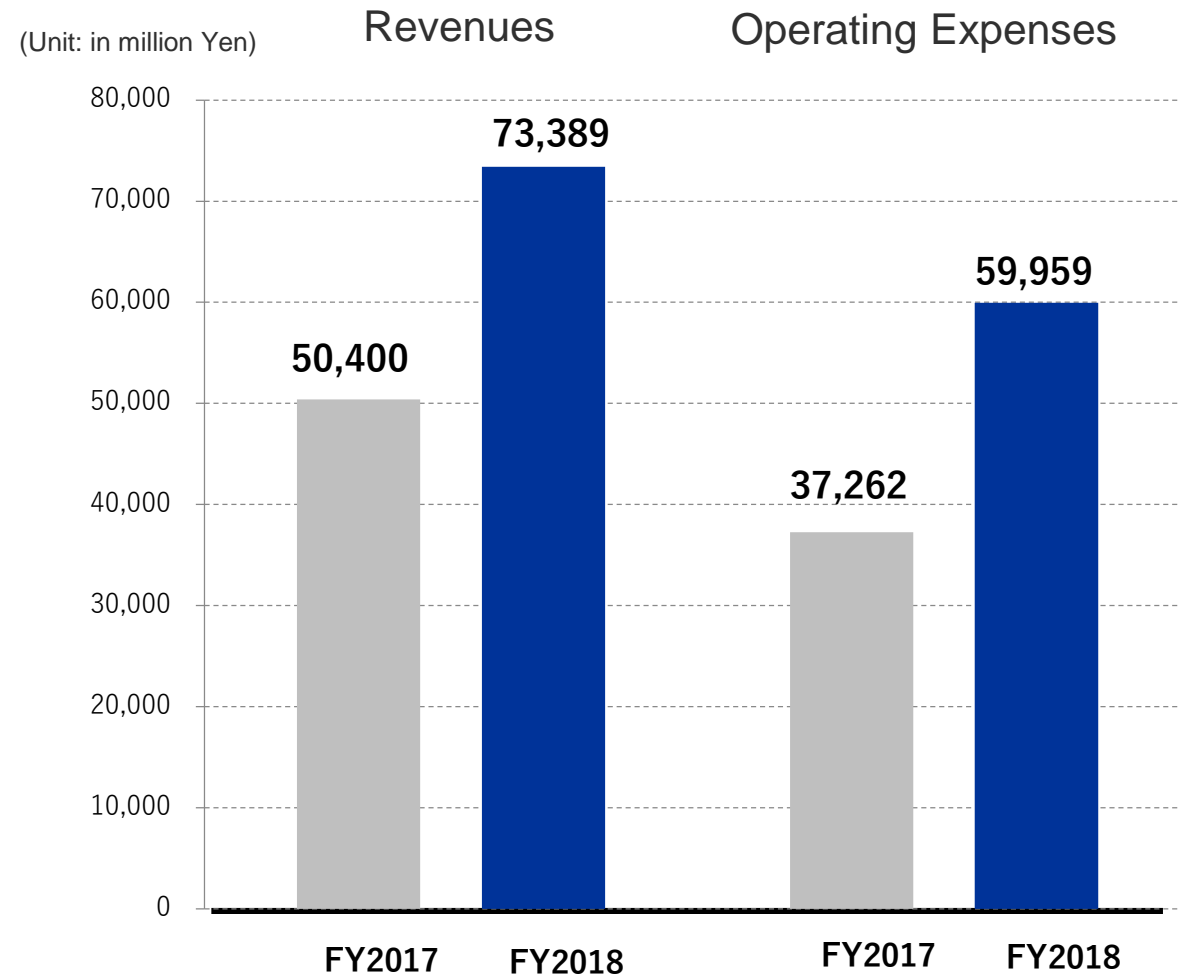
THE YELLOW MONKEY

World's earliest listening preview for 9th Album "9999"
Full Edition



May: On BS SKY PerfecTV!

Space Business



Revenue: +¥23B*

<Main Factors for Increases or Decreases>

- Sellout of communication satellite and related properties : +¥23.0B

Operating Expenses +22.7B*

<Main Factors for Increases or Decreases>

- Increase in satellite business related cost : +¥24.3B
- Decrease in depreciation : (¥1.6B)

* Inter-segment Transactions included.

Executed a transfer contract for low-orbit satellite ground stations in Hokkaido and Okinawa owned by Pasco Corporation
When combined with our existing ground station, forms a network of three ground stations

- Maximize satellite viewing time through a network of stations running north to south.
- Hokkaido, Okinawa, and SPE stations are operated 24 hours a day, 365 days a year.
- In addition to seeking to expand ground station services for low-orbit satellites, also reviewing cooperation with Pasco for businesses regarding data analysis.



Pasco Corporation

Head office location: Meguro Ward, Tokyo Prefecture

Founded: October 1953

Business activities: Collection/processing of domestic/international spatial information
Provision of spatial information service



Executed a transfer contract with JAXA for small demonstration satellites

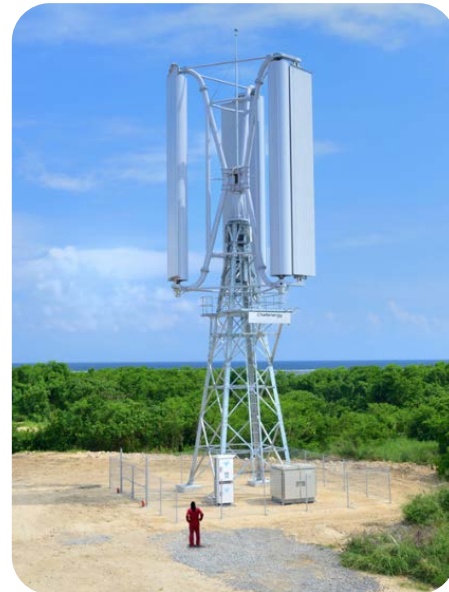
Decided to transfer the SDS-4 satellite owned by JAXA. This is the first case to transfer their satellite to private enterprises.

This satellite will be the first low-orbit satellite for SKY Perfect JSAT.



(Image: JAXA)

Reviewed solutions with wind power generation



Invested in Challenergy Inc., which is working to achieve practical utilization of next-generation wind power. Seek to provide services for digital divide areas such as Southeast Asia.

Utilized drones to participate in demonstration/testing in the agricultural field

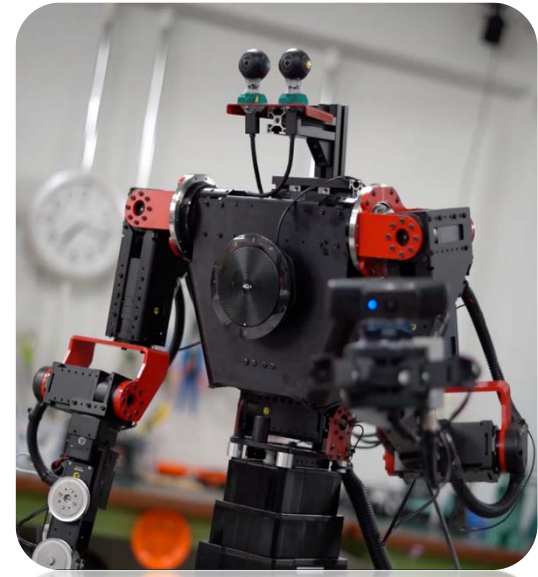
enRoute Co., Ltd. participated in demonstration/testing of smart agricultural solutions utilizing AI technology of the NTT Group.

In order to collect information on the growth of agricultural crops, reviewed the development of drones which support the quasi-zenith satellite Michibiki.



Reviewed the development of space servicing robots

Started review of a joint collaboration with the space robot venture GITAI Inc. Reviewed collaboration for the efficient utilization of expertise and business foundation in the space field.



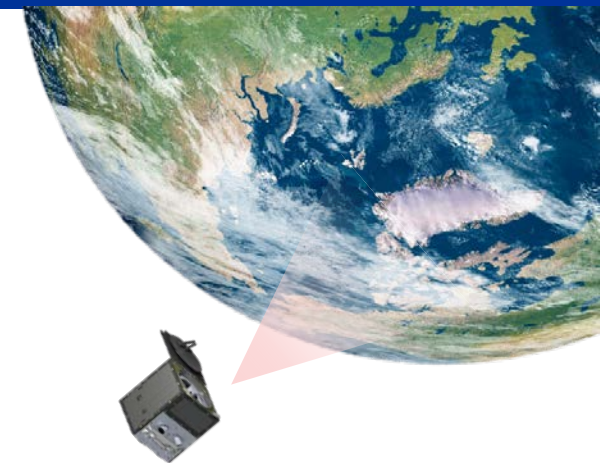
Licensing agreement concluded between the Satellite network and Planet Labs Inc., and investment made in Planet Labs



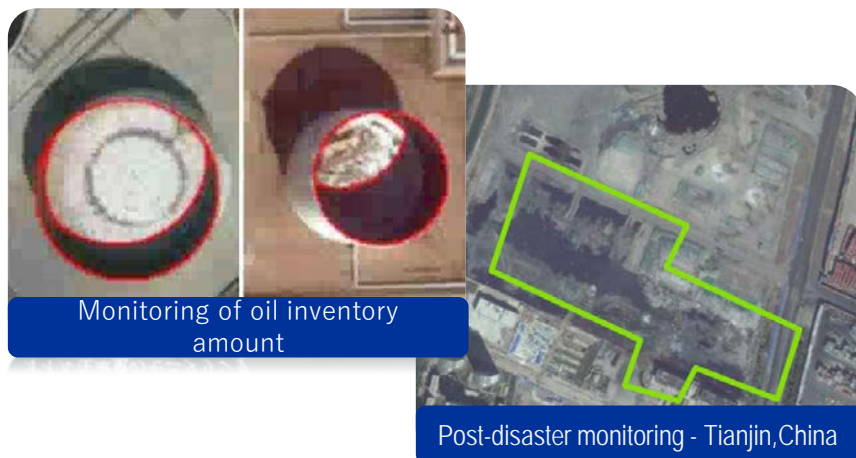
- In addition to high-frequency satellite imaging services, we will jointly develop new services and enhance our lineup of products.

Pioneered fields

- ...Service that combines satellite imaging with AI technology for automatic object extraction, etc.
- ...Providing high-resolution image photography services using SkySat satellites.

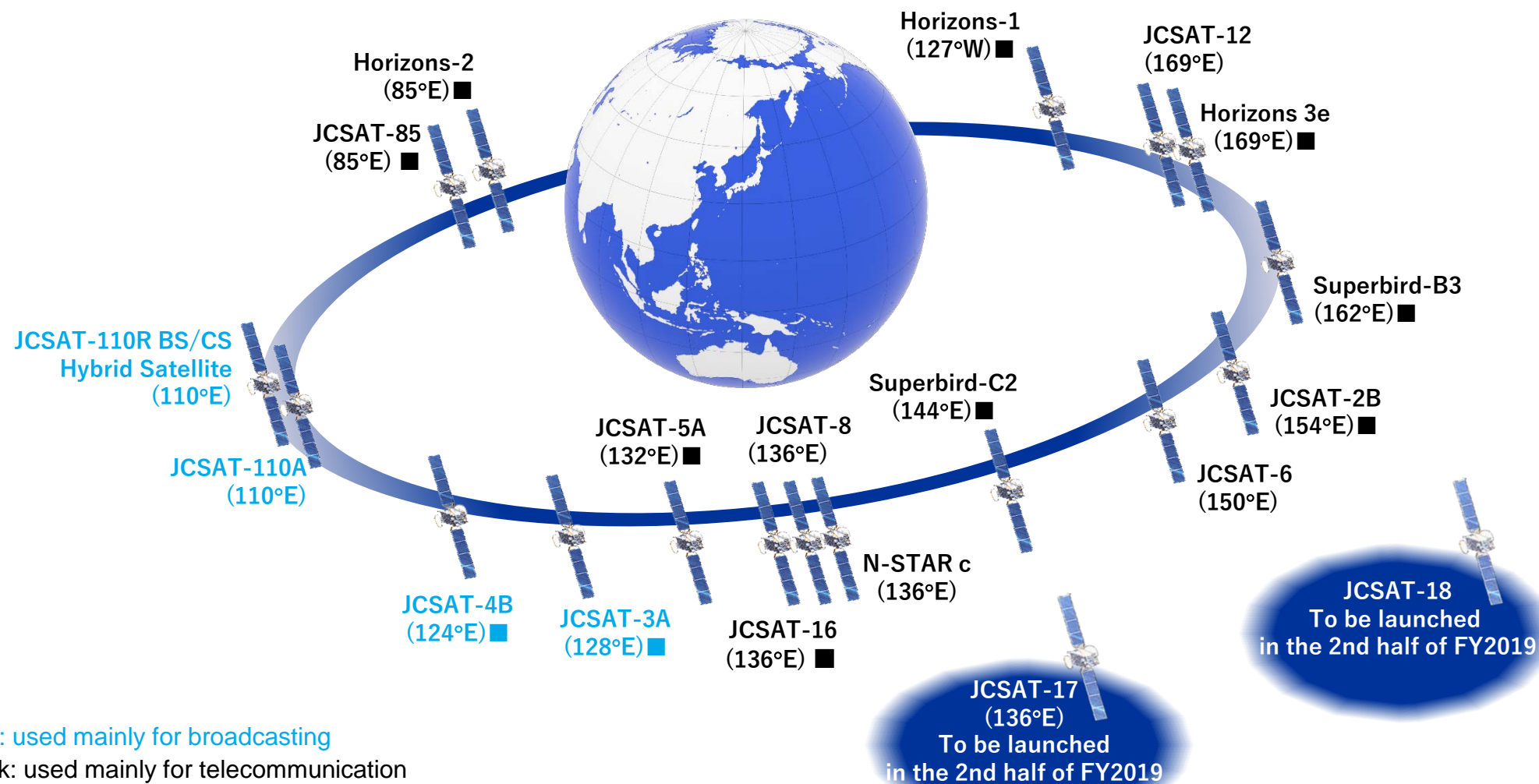


Invested in Orbital Insight Inc. and enhanced activities for capturing the Japanese market



- Invested in order to perform joint market development, etc., with Orbital Insight, a global leading company in the geospatial data analysis field.
- In addition to working to enhance development of services for the Japanese market, etc., cooperate with other low-orbit satellite business and enhance activities aimed at expanding opportunities for using space data.

Total of 17 satellites covering from North America to the Indian Ocean



[Note]

Satellite in blue: used mainly for broadcasting

Satellite in black: used mainly for telecommunication

■ Satellites with International beam (including movable beam) equipped

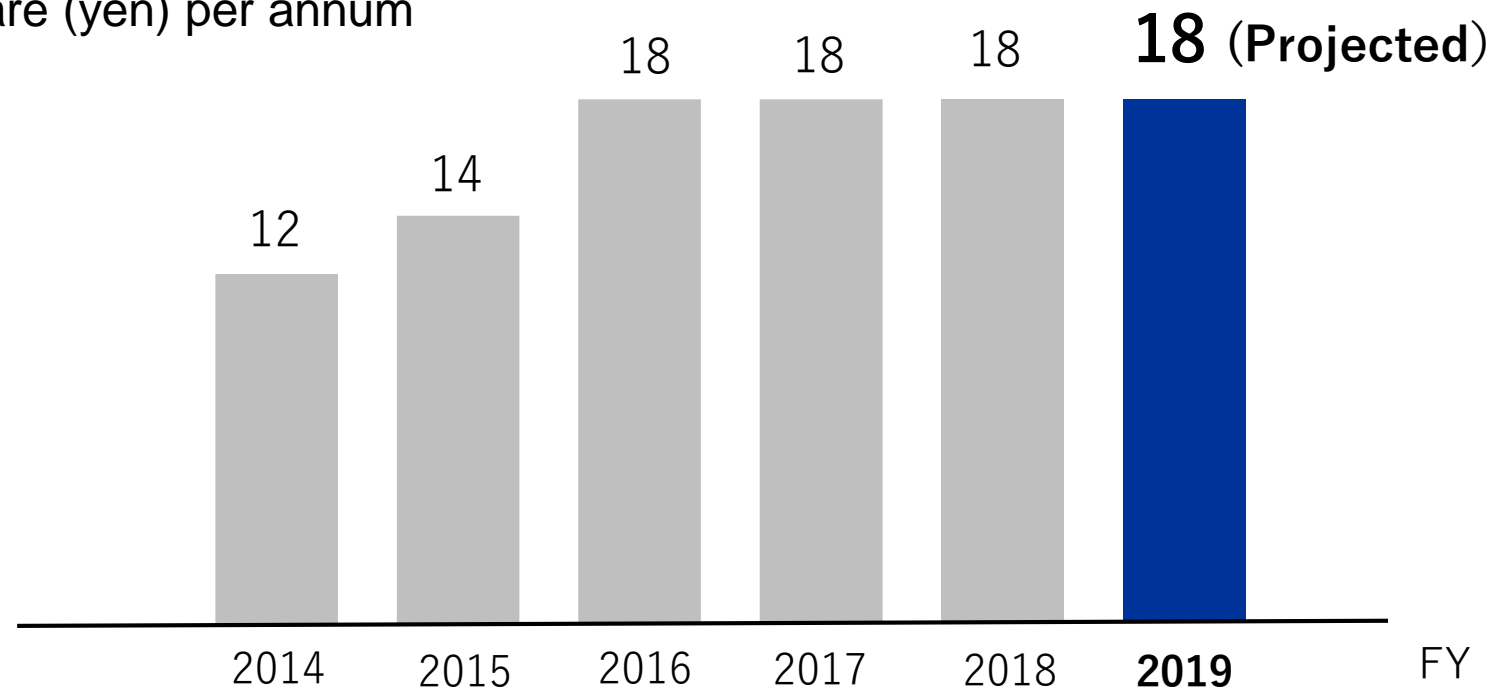
References

[Dividend Policy] Annual dividend shall satisfy following conditions.

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

For FY2019,
dividend distribution of **18** yen/share per annum is projected.

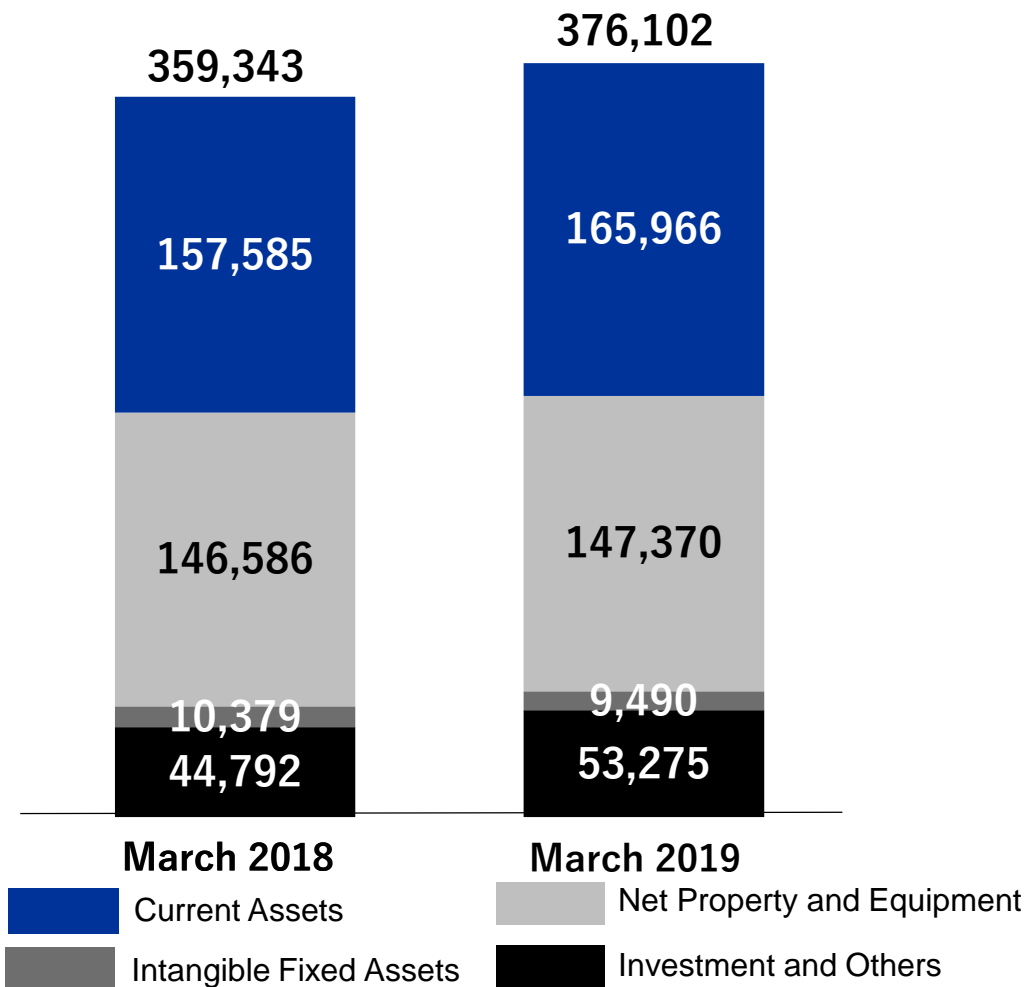
Dividend per share (yen) per annum



Consolidated Balance Sheets

Assets

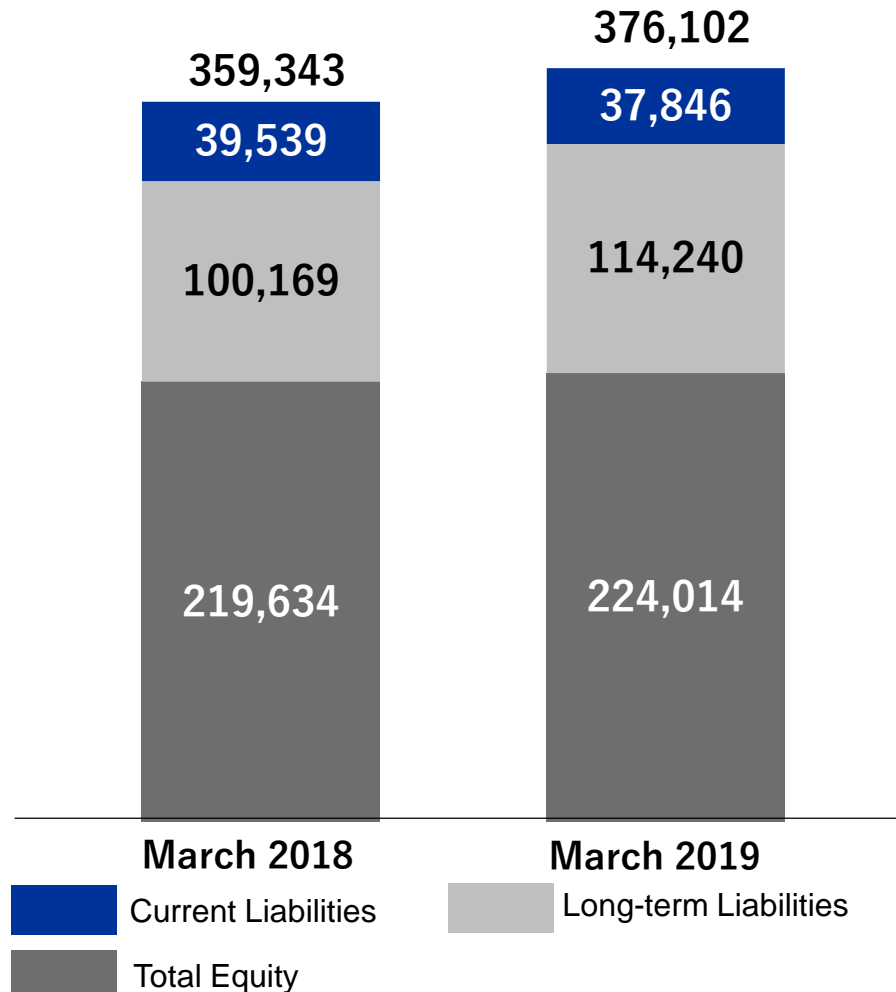
(Unit: ¥ million)



Liabilities and Equity

Equity Ratio : 60.3%

58.9% (Unit: ¥ million)



*From fiscal 2018, we applied "Partial Amendment to Accounting Standards for Tax Effect Accounting," etc. Accordingly, deferred tax assets are categorized as "investments and other assets," and deferred tax liabilities are categorized as "fixed liabilities." Equity is calculated by subtracting minority interests from net assets.

(Unit: ¥ million)

	FY2017	FY2018
Net Cash from Operating Activities	22,546	25,898
Net Cash from Investing Activities	(27,213)	(33,469)
Free Cash Flows ^{*1}	(4,667)	(7,570)
Net Cash from Financing Activities	4,866	9,362
Cash and Cash Equivalents at Term-End (a)	46,304	48,089
Term-end Balance of Interest-bearing Debt ^{*2} (b)	92,767	108,086
Term-end Balance of Net Interest-bearing Debt (b)-(a)	46,462	59,996

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

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

Investment Forecast for FY2019

(Unit: ¥ billion)

	FY2018 Actual	FY2019 Projection	Difference	Description
① Total of capital Investment	23.8	25.8	+2	
Break Down: (Media Business)	13.8	14.3	+0.5	Facilities Renewal for Tokyo Media Center, 4K Broadcast Related etc.
(Space Business)	9.9	11.4	+1.5	JCSAT-18 etc.
(Other)	0.1	0.2	+0.1	
② Investment in Business Project	12.5	4.4	(8.1)	Horizons 3e etc.
③ Investment included in Operating Cash Flow	9.9	16.0	+6.1	DSN、 JCSAT-17
Total Investment Combine of ① + ② + ③	46.2	46.3	+0.1	

Depreciation Cost projection for FY2019

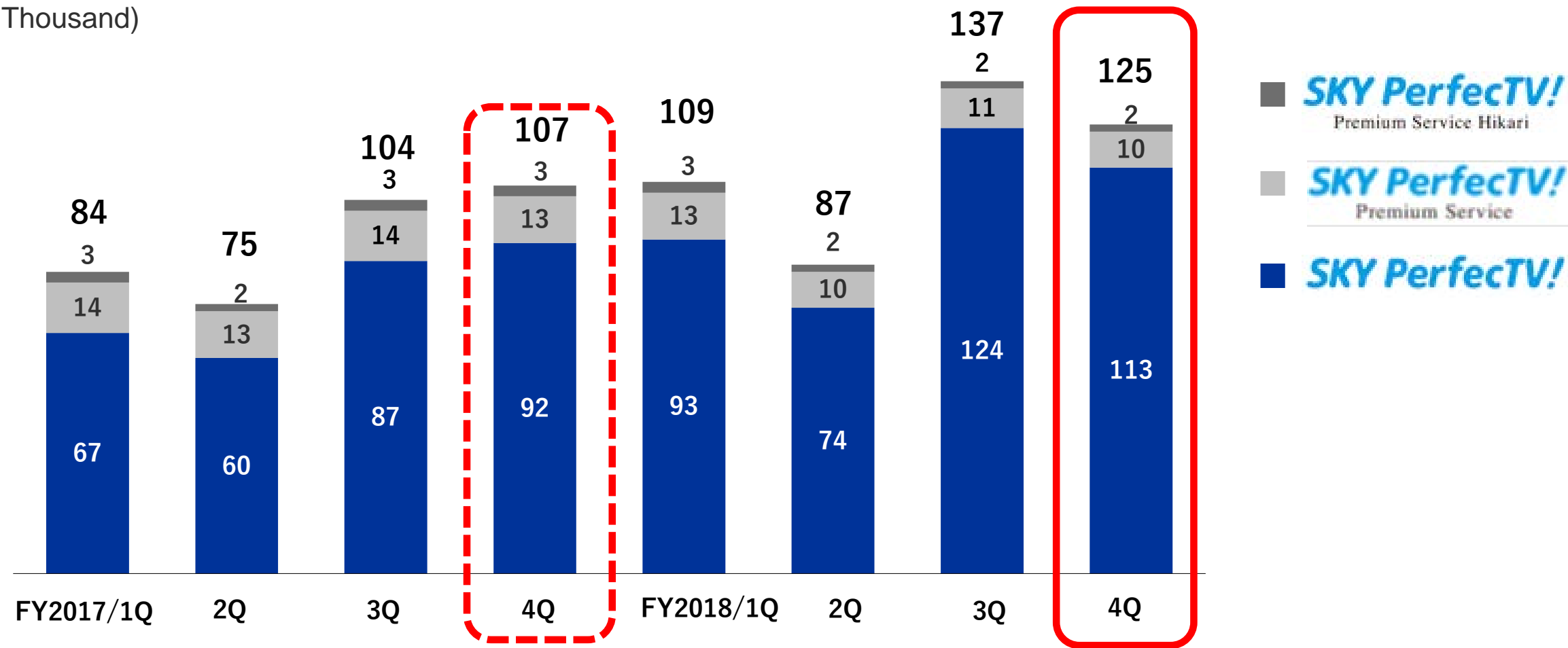
Media Business is expecting increase in depreciation cost by ¥0.8 Billion arising from facilities renewal of Tokyo Media Center responding to new 4K8K satellite broadcasting.

(Unit: ¥ billion)

	FY2018 Actual	FY2019 Projection	Difference
Depreciation Cost	22.5	23.6	+1.1
Break Down: (Media Business)	7.8	8.6	+0.8
(Space Business)	14.3	14.6	+0.3
(Other)	0.5	0.4	(0.0)

Number of New Subscribers

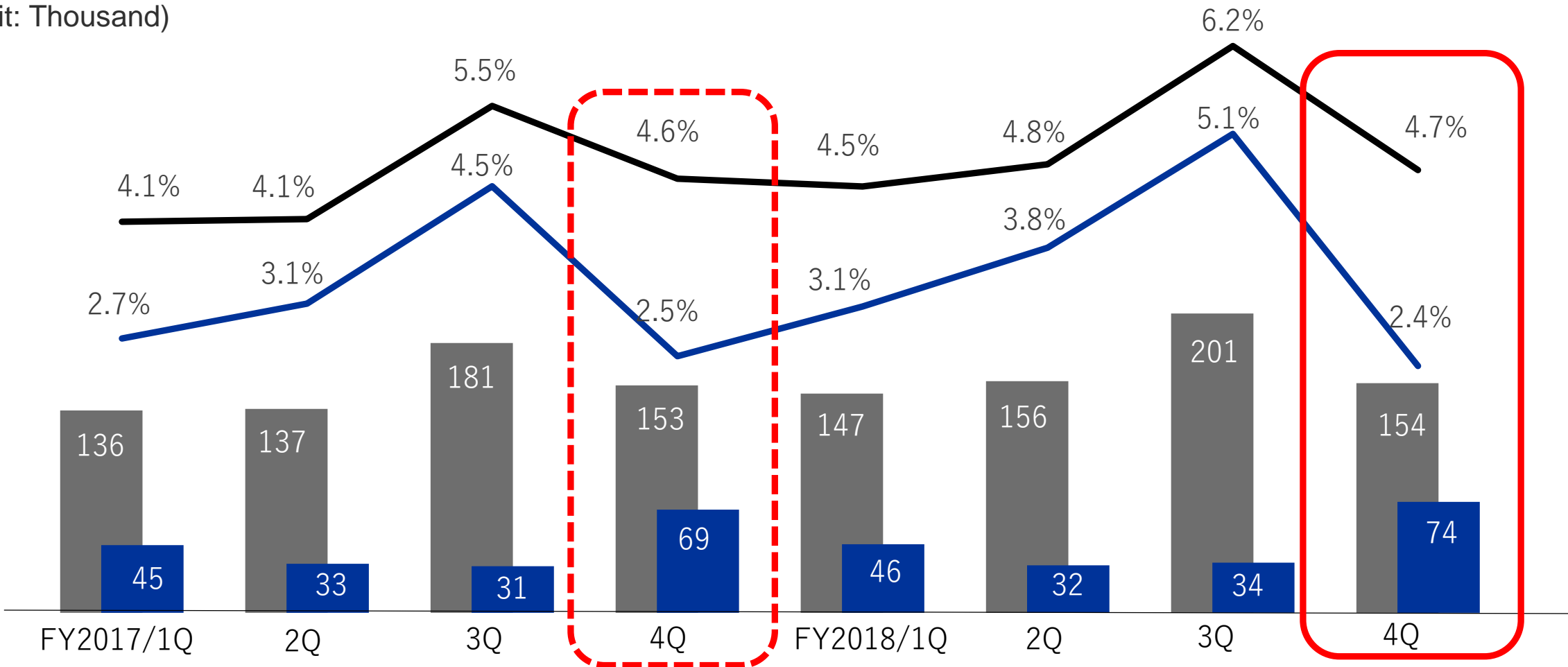
(Unit: Thousand)



Churn Rate

— Churn Rate (Quarterly basis)
 — Substantial Churn Rate after exclusion of re-subscriptions
 ■ Number of Churn
 ■ Number of re-registered subscribers

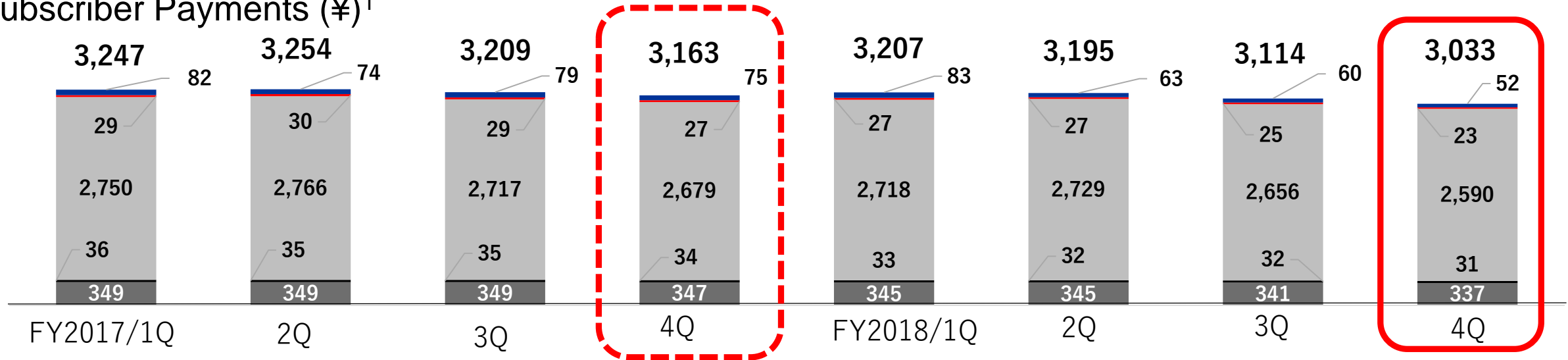
(Unit: Thousand)



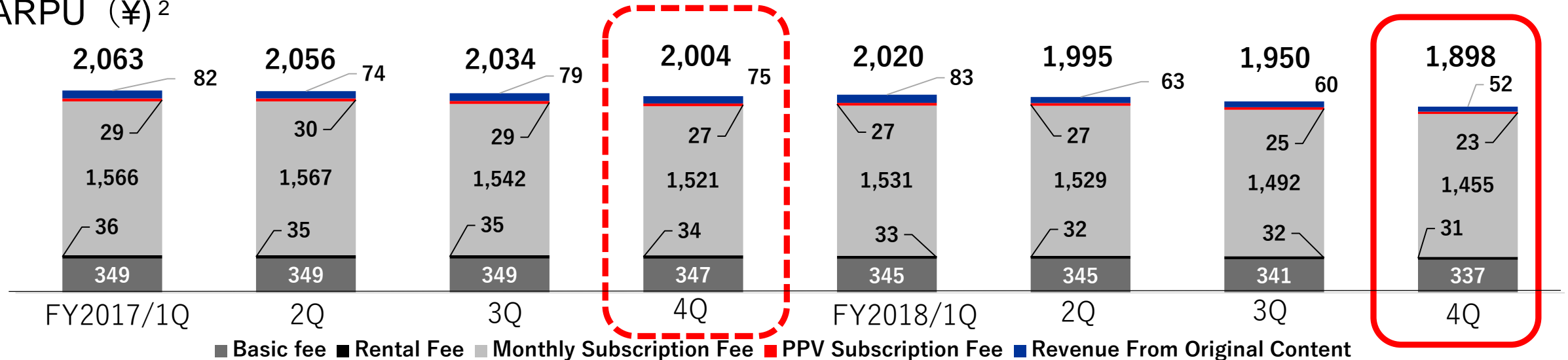
Note: Churn rate and subscriptions, etc., are the total value for SKY PerfectTV! Service.

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.

Subscriber Payments (¥)¹



ARPU (¥)²

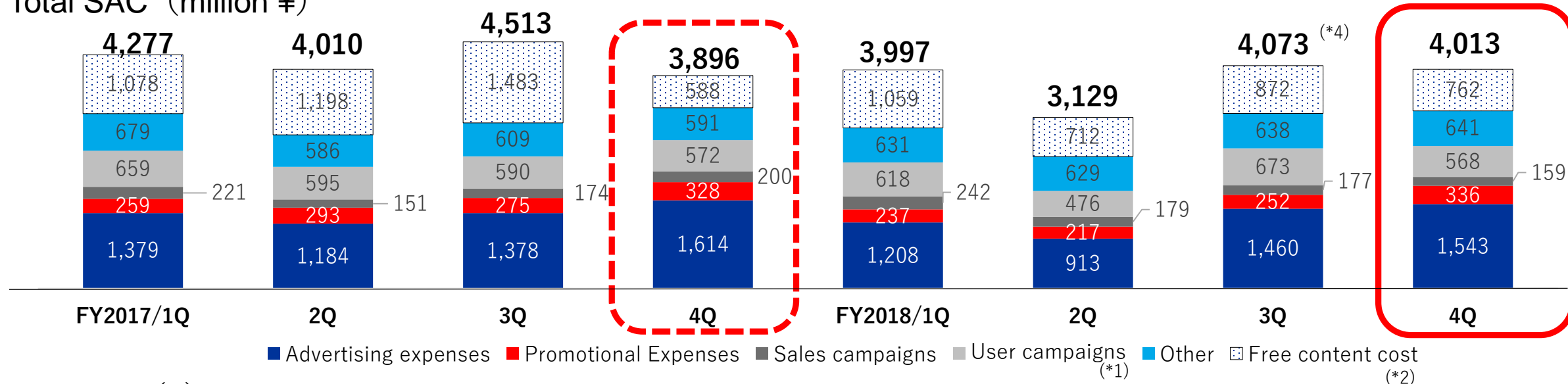


1. Average amount paid by subscribers in the form of monthly viewing fees, etc.

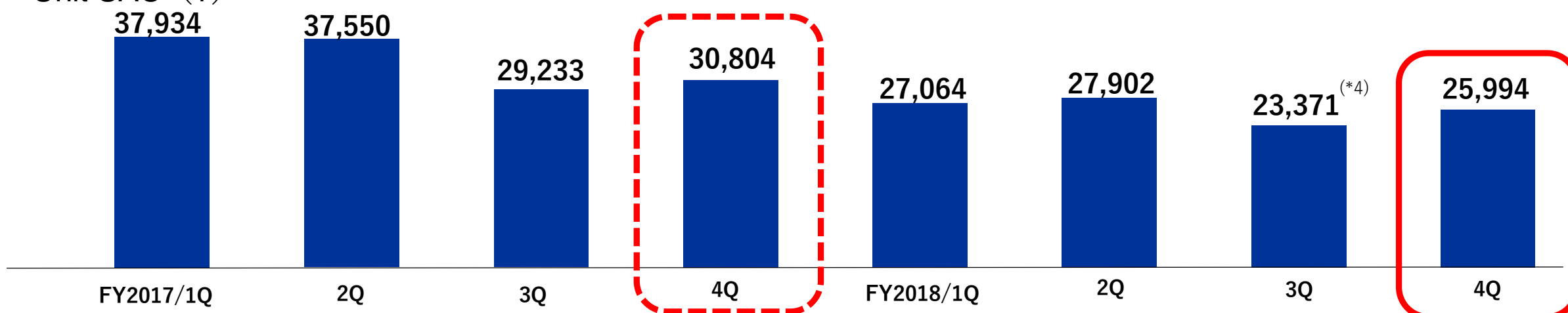
2. Of the average amount paid by subscribers in the form of monthly viewing fees, etc., the amount recorded as operating revenue by the SKY Perfect JSAT Group

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 PerfectTV!.

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.

4. Total SAC(¥4,059M → ¥4,073M) and Unit SAC (¥23,269 → ¥23,371) for 3Q of FY2018 were re-calculated.

(Unit: ¥ million)

		SJC	SPCC	SPET	SPBC	SNET	JII	JMC	WWJ	ENR
Nature of Business		Provision of satellite communications and Media Business	Customer center operation for multichannel pay TV broadcast and other services	Licensed broadcaster providing multichannel pay TV services via CS-110/124/128 degrees platform	Production of content, a provider of programs	A major Type II telecommunications carrier and a systems integrator for satellite communications and broadcasting services	U.S subsidiary working with joint venture partner, Intelsat, to market capacity on satellites in North America	Provider of mobile satellite communications (Inmarsat) services	Operation of overseas channels related business activities	Design, manufacturing and sales of industrial drones
Ownership Ratio(%)		100.0	100.0	100.0	100.0	92.0	100.0	53.3	60.0	100.0
Revenue	FY2017	114,401	6,276	57,316	3,756	3,127	1,986	2,484	386	514
	FY2018	135,094	6,613	52,927	4,422	3,819	1,810	2,462	204	428
Operating Income	FY2017	15,696	436	2,089	331	178	455	363	(1,681)	(618)
	FY2018	14,587	543	1,451	529	337	390	393	(1,005)	(950)
Ordinary Income	FY2017	16,770	438	2,095	328	178	561	344	(1,677)	(479)
	FY2018	15,736	542	1,458	529	340	435	411	(1,008)	(848)

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.

Space for your Smile

Toward a world where
uncertainty turns to peace of mind,
difficulty turns to ease,
and interest turns to passion