

**1H FY3/19 Financial Results Briefing**  
**Summary of Question and Answer Session**

**Q. What are the reasons for leaving the current plan for Fuji TV unchanged?**

The spot advertising market remains turbid, and we are not at a point where we can declare that the decline in viewer ratings has stopped. To achieve a recovery in viewer ratings, we are continuing to plan and develop new programs, and making structural reforms to the timetable, while also considering further effective investments of production expenditures.

**Q. What is your thinking regarding production expenditures over the longer term?**

We will make efficient and effective investments of program production expenditures that take a broad perspective on the overall time table, with the aim of recovery in viewer ratings. Next year is the 60th anniversary of the launch of Fuji TV, and there are major programs and other events planned, so we anticipate a slight increase in production spending.

**Q. Demand for on-demand services is rising. What is your position regarding streaming for Fuji TV, and what measures are you currently pursuing?**

As we've indicated in the medium-term management plan, we consider streaming to be an important management concern, and are considering the issue. Earnings from Fuji TV On Demand is steadily increasing, with gradual growth in advertising revenue as well. Members are migrating to the subscription service (¥888 per month), and this will translate to stable income going forward. However, there are many issues we have to solve with simultaneous streaming, and we also need to watch how the overall industry will respond. We will carefully consider the situation, and decide on specific actions.

**Q. The movie business is performing well. What will be the timing for the contribution to earnings? Also, a rebound decline in the next fiscal year is a concern. Do you have a strategy to address this?**

The timing of the contribution to earnings varies by the distribution company. A portion of the earnings from *Code Blue: The Movie* was booked in the first half, and we expect to receive further revenues in the second half. There was no contribution from *Shoplifters* in the first half, but earnings will be recognized in the second half. The structure for Fuji TV's movies is such that a hit title generates a ripple effect for revenue, including package sales, streaming, and broadcast syndication. In the next fiscal year we are working on some properties that will follow the usual pattern for hit titles of serial drama to movie, so we do not anticipate a major rebound decline.

**Q. Regarding Fuji Games, what has been the response to the newly released *Libra of precatius*, and what is in the lineup going forward?**

*Libra of precatius* is the first original game from Fuji Games. Pre-registrations exceeded 1.4 million, with steady growth. The next title will be *FAIRY TAIL DiceMagic*. It's a novel style of game, and we have high expectations.

**Q. What issues other than viewer ratings do you consider important from the next fiscal year and beyond?**

For Pony Canyon, package sales have been in decline across the industry, so an important issue is how to generate earnings from the non-package business. We are actively exploring new businesses, such as sponsoring various live events, and establishing a structure to produce anime voice actors. We expect further results from these efforts to emerge in the next fiscal year.

For Dinos Cecile, TV shopping is positive, but the catalogue business is struggling. The demand definitely exists, so we will focus on expertly conveying the product appeal in catalogues while pursuing greater cost efficiency, with the aim of securing further earnings over the full term in the next fiscal year.

The Urban Development, Hotels & Resorts segment has grown to be a business able to generate stable earnings. Earthquakes have affected results to a certain degree this year, but we believe the tourists will return.

**Q. What progress have you made in the Urban Development, Hotels & Resorts business this year, and what is the outlook for the next fiscal year and beyond?**

We consider operating income of ¥10 billion to be one standard, and our immediate goal is to increase this to ¥11.5 billion. In the current fiscal year, we have properties planned for the turnover-style business, and believe that achieving this plan will allow us to secure earnings for the full fiscal year. For the next fiscal year, in addition to the turnover-style business, we expect to open new locations for the new INTERGATE HOTELS brand. In the building business, we have completed the S-GATE NIHONBASHI-HONCHO building, and are planning a new building construction in Osaka. While anticipating inbound tourism demand and stable rent income, we are establishing a business less susceptible to real estate market conditions.

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