

# **1Q FY3/19 Results Materials**

(Three Months ended June 30, 2018)

**July 31, 2018**

**Fuji Media Holdings, Inc.**

These materials are an English translation of the original document in Japanese. The Company's performance forecasts and other information are based on the Company's understanding as of the time the earnings presentation materials were prepared.

These materials may contain information about financial targets, forecasts, and other forward looking statements regarding Fuji Media Holdings, Inc., its affiliates, and investees. Actual results may differ substantially due to a variety of factors, including changes in business management, economic conditions, financial markets, and other circumstances.

“FY3/19” means the fiscal year ending March 31, 2019.

The period from April 1, 2018 to June 30, 2018 is referred to as “1Q.”

# 1Q FY3/19 Consolidated Results

<April 1, 2018 to June 30, 2018>

Millions of yen

	FY3/18	FY3/19	YoY		FY3/19 Forecast (Announced on May 10)	1Q FY3/19 Actual/ FY3/19 Forecast	
Net Sales	149,079	<b>144,544</b>	(4,535)	(3.0)%	623,000	(478,455)	23.2%
Operating Income	3,300	<b>6,114</b>	2,814	85.3%	25,500	(19,385)	24.0%
Ordinary Income	5,776	<b>8,517</b>	2,740	47.4%	33,100	(24,582)	25.7%
Net income attributable to owners of the parent	4,202	<b>5,662</b>	1,459	34.7%	25,000	(19,337)	22.6%

# Net Sales and Operating Income by Segment

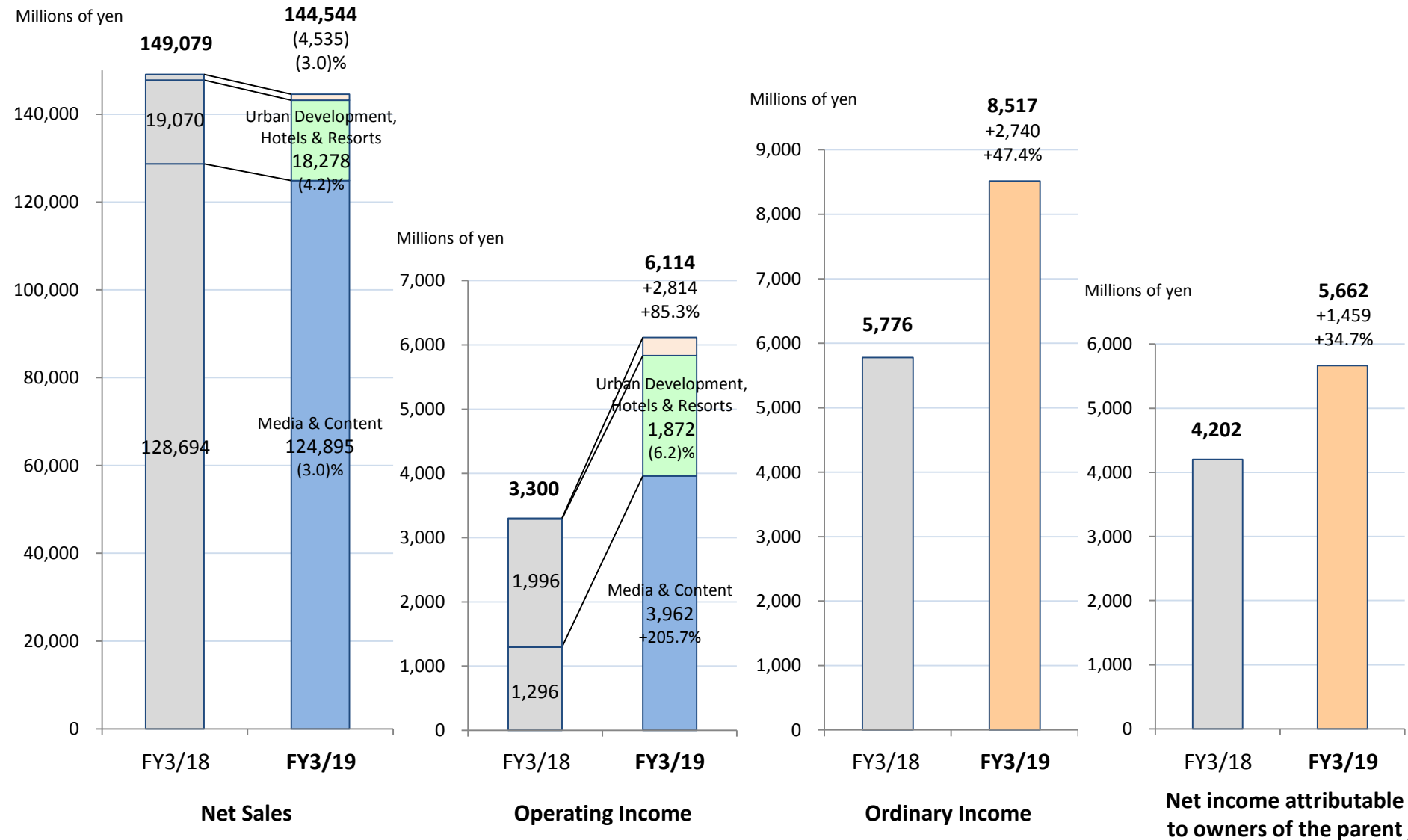
<April 1, 2018 to June 30, 2018>

Millions of yen

	Business Segment				Total	Adjustment	Consolidated statement of income
		Media & Content	Urban Development, Hotels & Resorts	Other			
Net Sales	FY3/19	124,895	18,278	4,555	147,729	(3,185)	144,544
	FY3/18	128,694	19,070	4,793	152,559	(3,479)	149,079
	YoY	(3,799)	(791)	(238)	(4,829)	294	(4,535)
	YoY%	(3.0)%	(4.2)%	(5.0)%	(3.2)%	—	(3.0)%
Operating Income	FY3/19	3,962	1,872	121	5,956	157	6,114
	FY3/18	1,296	1,996	129	3,421	(120)	3,300
	YoY	2,666	(123)	(7)	2,535	278	2,814
	YoY%	205.7%	(6.2)%	(5.9)%	74.1%	—	85.3%

# 1Q FY3/19 Consolidated Results (Year-on-Year)

Note: The “Media & Content” segment for the previous fiscal year includes the three companies of Sankei Living Shimbun, Living Pro-seed, and Pony Canyon Enterprise (excluded as a consolidated subsidiary at the end of the previous fiscal year).



# 1Q FY3/19 Financial Highlights

Consolidated operating income of ¥6.1 billion

Revenue decline with earnings gain

## Media & Content

### Fuji TV

- Significant earnings gain on contribution from major Cirque du Soleil event, and successful efforts for cost efficiency.
- Decline in broadcasting revenue.

### Pony Canyon

- Revenue increased, with sales from streaming and other non-package areas contributing to results.
- Operating income restored through decrease in retirement and valuation losses from inventory reductions.

### Dinos Cecile

- Earnings increase secured as positive results from TV shopping, and cost efficiencies offset increase in shipping costs.
- Revenue decline in mainstay catalogue sales due to suspension of unprofitable catalogues.

## Urban Development, Hotels & Resorts

### Sankei Building/GRANVISTA

- Sankei Building: Revenue declined on rebound from sale of major properties in the previous fiscal year, but earnings increased with occupancy of new leased office building, and contribution from asset development business.
- GRANVISTA: Revenue and earnings decline stemming from closure of certain hotels.

# Summary of Media & Content Segment by Company

<April 1, 2018 to June 30, 2018>

Millions of yen

	Net Sales			Operating Income		
	1Q FY3/18	1Q FY3/19	YoY	1Q FY3/18	1Q FY3/19	YoY
Fuji Television	63,873	<b>63,783</b>	(90) (0.1)%	878	<b>2,488</b>	1,609 183.2%
BS Fuji	4,317	<b>3,867</b>	(449) (10.4)%	710	<b>666</b>	(44) (6.2)%
Nippon Broadcasting System	3,459	<b>3,385</b>	(74) (2.1)%	21	<b>13</b>	(7) (36.1)%
Fuji Creative Corporation	3,498	<b>3,182</b>	(315) (9.0)%	174	<b>147</b>	(26) (15.2)%
Kyodo Television	3,272	<b>3,978</b>	706 21.6%	(14)	<b>47</b>	62 ---
Pony Canyon	7,107	<b>7,478</b>	371 5.2%	(949)	<b>18</b>	968 ---
Dinos Cecile	28,796	<b>27,368</b>	(1,427) (5.0)%	279	<b>387</b>	108 39.0%
Quaras	9,841	<b>11,625</b>	1,784 18.1%	20	<b>186</b>	165 787.0%
Others and adjustment	4,528	<b>225</b>	---	176	<b>6</b>	---
Total	128,694	<b>124,895</b>	(3,799) (3.0)%	1,296	<b>3,962</b>	2,666 205.7%

Note: The "Others and adjustment" for the previous fiscal year includes the three companies of Sankei Living Shimbun, Living Pro-seed, and Pony Canyon Enterprise (excluded as a consolidated subsidiary at the end of the previous fiscal year).

# Summary of Urban Development, Hotels & Resorts Segment by Company

<April 1, 2018 to June 30, 2018>

Millions of yen

	Net Sales			Operating Income		
	1Q FY3/18	1Q FY3/19	YoY	1Q FY3/18	1Q FY3/19	YoY
Sankei Building	9,432	<b>9,157</b>	(274) (2.9)%	1,268	<b>1,604</b>	335 26.4%
GRANVISTA Hotels & Resorts	7,050	<b>6,139</b>	(910) (12.9)%	702	<b>209</b>	(492) (70.2)%
Others and adjustment	2,587	<b>2,981</b>	---	25	<b>59</b>	---
Total	19,070	<b>18,278</b>	(791) (4.2)%	1,996	<b>1,872</b>	(123) (6.2)%



# Main Items in Non-Operating Income and Expenses

<April 1, 2018 to June 30, 2018>

Millions of yen

		1Q FY3/18	1Q FY3/19	YoY	
Non-operating income					
	Dividends income	1,418	<b>1,410</b>	(8)	(0.6)%
	Equity in earnings of affiliates	896	<b>580</b>	(315)	(35.2)%
	Other	638	<b>849</b>	210	32.9%
<b>Total</b>		<b>2,953</b>	<b>2,840</b>	<b>(113)</b>	<b>(3.8)%</b>
Non-operating expenses					
	Interests	309	<b>283</b>	(25)	(8.4)%
	Other	167	<b>153</b>	(13)	(8.2)%
<b>Total</b>		<b>477</b>	<b>437</b>	<b>(39)</b>	<b>(8.3)%</b>

# Main Items in Extraordinary Gain and Loss

<April 1, 2018 to June 30, 2018>

Millions of yen

		1Q FY3/18	1Q FY3/19	YoY	
Extraordinary gain					
	Gain on transfer of business	—	82	82	—
	Other	496	0	(496)	(99.9)%
<b>Total</b>		<b>496</b>	<b>82</b>	<b>(413)</b>	<b>(83.3)%</b>
Extraordinary loss					
	Loss on retirement of non-current assets	85	75	(10)	(11.7)%
	Special retirement expenses	—	130	130	—
	Other	153	59	(93)	(61.3)%
<b>Total</b>		<b>238</b>	<b>265</b>	<b>26</b>	<b>11.2%</b>

# **Fuji TV Results**

# 1Q FY3/19 Fuji TV Results

<April 1, 2018 to June 30, 2018>

Millions of yen

	FY3/18	FY3/19	YoY	
Net Sales	63,873	<b>63,783</b>	(90)	(0.1)%
Operating Income	878	<b>2,488</b>	1,609	183.2%
Ordinary Income	1,022	<b>2,600</b>	1,577	154.3%
Net Income	641	<b>1,755</b>	1,113	173.5%

# Broadcasting Business: Revenues and Cost

<April 1, 2018 to June 30, 2018>

Millions of yen

	1Q FY3/19	YoY	
<b>Broadcasting Business Revenues</b>	<b>54,965</b>	(298)	(0.5)%
Broadcasting	<b>46,926</b>	(288)	(0.6)%
Network time	<b>20,178</b>	1,156	6.1%
Local time	<b>3,210</b>	(19)	(0.6)%
Spot	<b>23,536</b>	(1,426)	(5.7)%
Other Broadcasting	<b>8,039</b>	(10)	(0.1)%
Program sales	<b>4,130</b>	(281)	(6.4)%
CS broadcasting and Other	<b>3,908</b>	271	7.5%
<b>Cost of Broadcasting Business</b>	<b>36,891</b>	(1,409)	(3.7)%

# Spot Advertising YoY Trend by Industry

**April – June 2018**

\*Administrative accounting base

Industry	Share Last Year	Share	YoY
Cosmetic/Toiletries	18.5%	19.0%	(4.1)%
Beverage (Non-Alcoholic)	10.2%	10.2%	(6.2)%
Information/ Telecommunication/ Broadcasting	9.9%	10.0%	(6.0)%
Foods	9.7%	9.8%	(4.9)%
Fast Foods/Services	5.6%	6.6%	9.9%
Finance/Insurance	5.1%	6.0%	8.8%
Autos	4.9%	4.9%	(7.4)%
Travel/Leisure	3.7%	4.8%	20.9%
Pharmaceuticals/ Medical Products	6.2%	4.4%	(34.1)%

Industry	Share Last Year	Share	YoY
Apparel/Accessories	5.0%	4.3%	(19.4)%
Publications/ Entertainment	5.1%	4.3%	(21.6)%
Distribution/Retail	3.4%	3.5%	(3.4)%
Office/Precision/ Optical Equipment	3.7%	3.3%	(16.1)%
Beverage (Alcoholic)	2.2%	2.5%	1.9%
Consumer Electronics	2.6%	2.3%	(17.5)%
Real Estate/Housing	1.4%	1.7%	9.5%
Telephone Services	1.5%	1.1%	(31.8)%
Energy/Machinery	0.6%	0.1%	(78.2)%
Others	0.8%	1.3%	45.1%

# Production Costs

Millions of yen

	FY3/18	FY3/19	YoY
1Q	20,495	<b>19,283</b>	(5.9)%
2Q	20,305		
1H	40,801		
3Q	19,960		
4Q	19,922		
2H	39,882		
Full Year	80,684		

\* Direct costs of in-house production and program purchases

# Other Businesses: Revenues and Cost

<April 1, 2018 to June 30, 2018>

Millions of yen

	1Q FY3/19	YoY	
<b>Other Businesses Revenues</b>	<b>8,817</b>	208	2.4%
Event	<b>3,236</b>	1,825	129.5%
Movie	<b>1,347</b>	(1,515)	(52.9)%
Digital	<b>1,765</b>	(45)	(2.5)%
Merchandising	<b>1,264</b>	203	19.1%
Video	<b>281</b>	(245)	(46.6)%
Other	<b>921</b>	(14)	(1.6)%
<b>Cost of Other Businesses</b>	<b>7,368</b>	555	8.1%



# SG&A and Non-Operating Income/Expenses

<April 1, 2018 to June 30, 2018>

Millions of yen

	1Q FY3/19	YoY	
<b>SG&amp;A</b>	<b>17,035</b>	(846)	(4.7)%
Selling expenses	12,089	(384)	(3.1)%
General and administrative expenses	4,946	(461)	(8.5)%
<b>Operating Expenses</b>	<b>61,295</b>	(1,700)	(2.7)%
<b>Operating Income</b>	<b>2,488</b>	1,609	183.2%
Non-operating income	198	(19)	(8.8)%
Non-operating expenses	86	12	16.8%
<b>Ordinary Income</b>	<b>2,600</b>	1,577	154.3%

# **FY3/19 Earnings Forecasts**

**(Revision: None )**

# FY3/19 Consolidated Earnings Forecast (Revision: None)

<April 1, 2018 to March 31, 2019>

Millions of yen

	FY3/18	FY3/19	YoY	
Net Sales	646,536	623,000	(23,536)	(3.6)%
Operating Income	25,258	25,500	241	1.0%
Ordinary Income	35,120	33,100	(2,020)	(5.8)%
Net Income Attributable to Owners of the Parent	24,956	25,000	43	0.2%

## Full-year Projections for Terrestrial TV Advertising Revenue

<April 1, 2018 to March 31, 2019>

Network Time	Local Time	Spot	Total broadcasting revenues	
(1.7)%	(6.4)%	(4.1)%	(3.2)%	(YoY)

# FY3/19 Segment Forecasts (Revision: None)

<April 1, 2018 to March 31, 2019>

Millions of yen

	Business Segment				Total	Adjustment	Consolidated statement of income
		Media & Content	Urban Development, Hotels & Resorts	Other			
Net Sales	FY3/19 Forecast	514,000	101,600	19,500	635,100	(12,100)	623,000
	FY3/18	532,224	108,939	20,105	661,269	(14,732)	646,536
	YoY%	(3.4)%	(6.7)%	(3.0)%	(4.0)%	—	(3.6)%
Operating Income	FY3/19 Forecast	14,100	11,500	400	26,000	(500)	25,500
	FY3/18	11,839	14,171	662	26,673	(1,415)	25,258
	YoY%	19.1%	(18.9)%	(39.6)%	(2.5)%	—	1.0%

# CAPEX Plan and Depreciation and Amortization

Millions of yen

		FY3/19		FY3/20 (Plan)
		1Q (Actual)	Full-Year (Plan)	
CAPEX	Consolidated	20,911	58,100	37,900
	Fuji TV	2,098	7,500	7,500
	Urban Development, Hotels & Resorts	3,955	32,100	23,300
	Fuji Media HD	14,114	14,900*	800
Depreciation and amortization	Consolidated	4,341	18,900	20,500
	Fuji TV	1,756	8,000	8,700
	Urban Development, Hotels & Resorts	1,278	5,500	6,200
	Fuji Media HD	466	2,000	2,000

\* Includes purchase of land (limited land rights) for the head office building.

# Segment Information (Consolidated Subsidiaries)

Segment	Company Name	No. of Companies
Media & Content	Fuji Television Network, Fuji Satellite Broadcasting (BS Fuji), Nippon Broadcasting System, Sendai Television, Fuji Creative Corporation, Kyodo Television, Pony Canyon, Fujipacific Music, Dinos Cecile, Quaras, Fusosha Publishing, Fuji Games, NEXTEP TV WORKSHOP, Fuji Art, Fuji Media Technology, Kyodo Edit, Vasc, Van Eight Production, Basis, Fuji Music Partners, EXIT TUNES, Shinko Music Publishers, Dinos Cecile Communications, FUJI MUSIC GROUP, ARC MUSIC, ARC/CONRAD MUSIC	26
Urban Development, Hotels & Resorts	The Sankei Building, Granvista Holdings, GRANVISTA Hotels & Resorts, The Sankei Building Management, The Sankei Bldg Techno, Sankei Building Well Care, Sankei Kaikan, Koshien Development, SKB USA, SKB Seattle	10
Other	Fujimic, Nippon Broadcasting Project, FUJI CAREER DESIGN, FUJISANKEI COMMUNICATIONS INTERNATIONAL	4
Total		40