

# **1Q FY3/18 Results Materials**

(Three Months ended June 30, 2017)

**July 31, 2017**

**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.

“FY3/18” means the fiscal year ending March 31, 2018.

The period from April 1, 2017 to June 30, 2017 is referred to as “1Q.”

# 1Q FY3/18 Consolidated Results

<April 1, 2017 to June 30, 2017>

Millions of yen

	FY3/17	FY3/18	YoY		1H FY3/18 Forecast (Announced on May 11)	1Q FY3/18 Actual/ 1H Forecast	FY3/18 Forecast (Announced on May 11)
Net Sales	151,771	<b>149,079</b>	(2,691)	(1.8)%	317,900	46.9%	661,500
Operating Income	6,872	<b>3,300</b>	(3,572)	(52.0)%	9,100	36.3%	23,500
Ordinary Income	9,450	<b>5,776</b>	(3,673)	(38.9)%	12,800	45.1%	30,500
Net income attributable to owners of the parent	6,772	<b>4,202</b>	(2,569)	(37.9)%	8,800	47.8%	21,300

# Net Sales and Operating Income by Segment

<April 1, 2017 to June 30, 2017>

Millions of yen

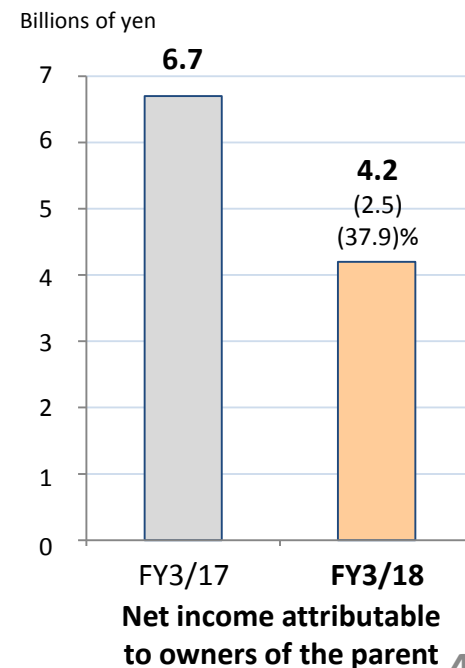
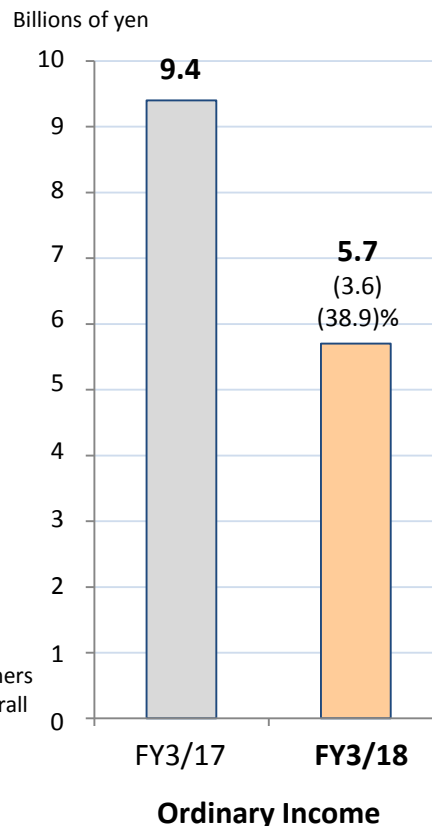
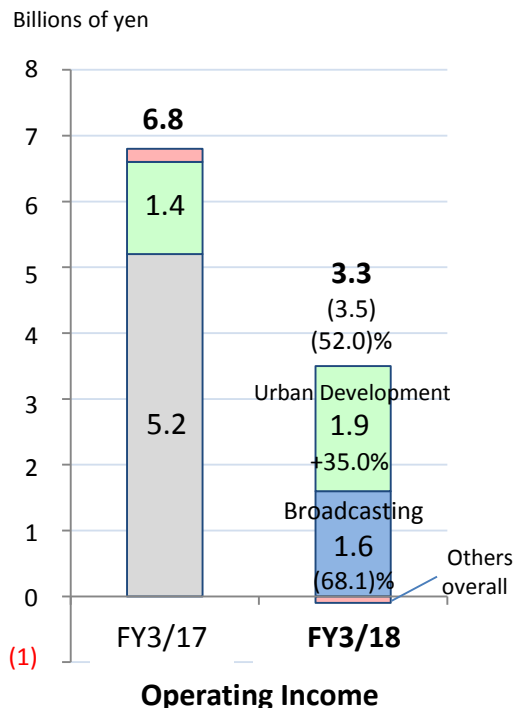
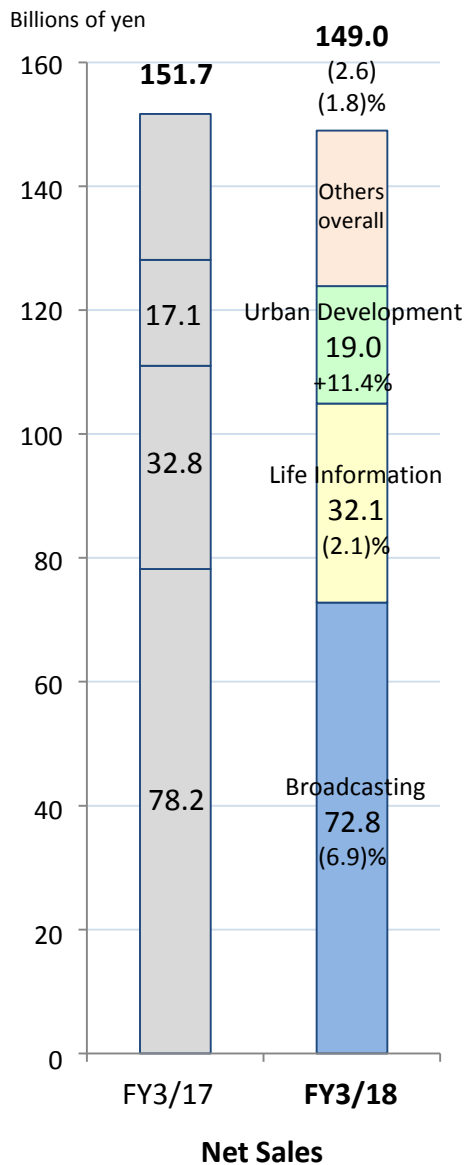
	Business Segment								Total	Adjustment	Consolidated statement of income
		Broad-casting	Production	Video and Music	Life Information	Advertising	Urban Development	Other			
Net Sales	FY3/18	72,884	11,476	10,909	32,129	9,841	19,070	7,859	164,171	(15,091)	149,079
	FY3/17	78,297	10,508	11,126	32,812	9,830	17,118	6,886	166,580	(14,809)	151,771
	YoY	(5,413)	968	(217)	(683)	10	1,952	973	(2,409)	(282)	(2,691)
	YoY%	(6.9)%	9.2%	(2.0)%	(2.1)%	0.1%	11.4%	14.1%	(1.4)%	---	(1.8)%
Operating Income	FY3/18	1,659	244	(744)	54	20	1,996	187	3,418	(118)	3,300
	FY3/17	5,204	54	(396)	416	22	1,478	104	6,884	(11)	6,872
	YoY	(3,545)	190	(347)	(361)	(1)	517	83	(3,465)	(106)	(3,572)
	YoY%	(68.1)%	351.8%	---	(86.9)%	(5.5)%	35.0%	79.7%	(50.3)%	---	(52.0)%

# 1Q FY3/18 Consolidated Results (Year-on-Year)

Operating Income of Major Companies

Billions of yen

Major companies	FY3/17	FY3/18	YoY
GRANVISTA Hotels & Resorts	0.2	<b>0.7</b>	0.4
BS Fuji	0.5	<b>0.7</b>	0.1
Sankei Building	1.2	<b>1.2</b>	0.0
Fuji Television Network	4.6	<b>0.8</b>	(3.7)
Pony Canyon	(0.5)	<b>(0.9)</b>	(0.3)
Dinos Cecile	0.5	<b>0.2</b>	(0.2)

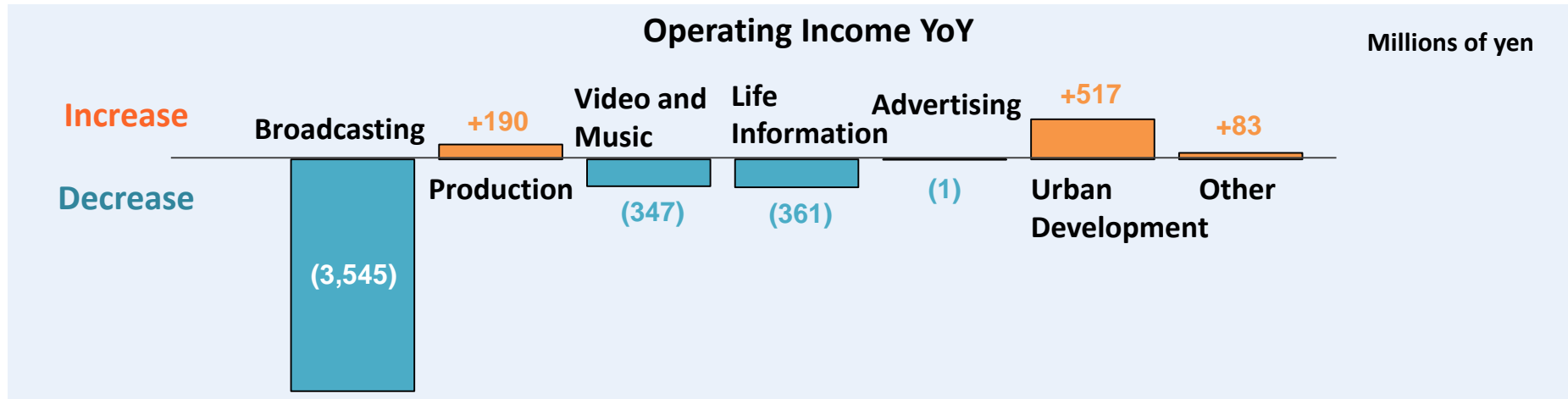


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# 1Q FY3/18 Financial Highlights

Consolidated operating income of ¥3.3 billion

Decline in revenue and earnings



## Fuji TV

- Earnings down due to decline in broadcasting revenue
- Event business revenue declined on rebound from major productions in the previous fiscal year
- Movie business contributed to revenue with secondary use

## Life Information (Dinos Cecile)

- Cecile business: Decline in revenue and earnings on struggling catalogue sales
- Dinos business: Steady growth
- We will strengthen links with e-commerce, aiming for revenue and earnings gains

## Video and Music (Pony Canyon)

- Revenue declined on sluggish package sales
- Operating loss widened with recording of a retirement loss on inventory
- We will continue to shift to the non-package area

## Urban Development (Sankei Building/GRANVISTA)

- Sankei Building: Contribution from residential business, building business (office leasing) results firm, asset development business declined due to unfavorable year-on-year comparison
- GRANVISTA: Last year's hotel renovation work completed, gains in revenue and earnings

# [Segment Details] Summary of Broadcasting Segment by Company

<April 1, 2017 to June 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1Q FY3/17	1Q FY3/18	YoY	1Q FY3/17	1Q FY3/18	YoY
Fuji Television	71,144	<b>63,873</b>	(7,270) (10.2)%	4,667	<b>878</b>	(3,788) (81.2)%
BS Fuji	4,181	<b>4,317</b>	135 3.2%	549	<b>710</b>	160 29.2%
Nippon Broadcasting System	3,496	<b>3,459</b>	(37) (1.1)%	(8)	<b>21</b>	29 ---
Others and adjustment	(524)	<b>1,233</b>	---	(4)	<b>49</b>	---
Total	78,297	<b>72,884</b>	(5,413) (6.9)%	5,204	<b>1,659</b>	(3,545) (68.1)%

# [Segment Details] Summary of Production Segment by Company

<April 1, 2017 to June 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1Q FY3/17	1Q FY3/18	YoY	1Q FY3/17	1Q FY3/18	YoY
Fuji Creative Corporation	3,008	<b>3,498</b>	489 16.3%	196	<b>174</b>	(22) (11.6)%
Kyodo Television	3,282	<b>3,272</b>	(9) (0.3)%	(77)	<b>(14)</b>	62 ---
Others and adjustment	4,217	<b>4,706</b>	---	(65)	<b>84</b>	---
Total	10,508	<b>11,476</b>	968 9.2%	54	<b>244</b>	190 351.8%



# [Segment Details] Summary of Video and Music Segment by Company

<April 1, 2017 to June 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1Q FY3/17	1Q FY3/18	YoY	1Q FY3/17	1Q FY3/18	YoY
Pony Canyon	7,647	<b>7,107</b>	(540) (7.1)%	(561)	<b>(949)</b>	(388) ---
Others and adjustment	3,479	<b>3,801</b>	---	165	<b>205</b>	---
Total	11,126	<b>10,909</b>	(217) (2.0)%	(396)	<b>(744)</b>	(347) ---

# [Segment Details] Summary of Life Information Segment by Company

<April 1, 2017 to June 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1Q FY3/17	1Q FY3/18	YoY	1Q FY3/17	1Q FY3/18	YoY
Dinos Cecile	29,363	<b>28,796</b>	(566) (1.9)%	541	<b>279</b>	(262) (48.4)%
Others and adjustment	3,449	<b>3,332</b>	---	(124)	<b>(224)</b>	---
Total	32,812	<b>32,129</b>	(683) (2.1)%	416	<b>54</b>	(361) (86.9)%

# [Segment Details] Summary of Advertising Segment by Company

<April 1, 2017 to June 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1Q FY3/17	1Q FY3/18	YoY	1Q FY3/17	1Q FY3/18	YoY
Quaras	9,830	<b>9,841</b>	10 0.1%	22	<b>20</b>	(1) (5.4)%
Adjustment	---	---	---	(0)	<b>(0)</b>	---
Total	9,830	<b>9,841</b>	10 0.1%	22	<b>20</b>	(1) (5.5)%

# [Segment Details] Summary of Urban Development Segment by Company

<April 1, 2017 to June 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1Q FY3/17	1Q FY3/18	YoY	1Q FY3/17	1Q FY3/18	YoY
Sankei Building	8,833	<b>9,432</b>	599 6.8%	1,230	<b>1,268</b>	37 3.1%
GRANVISTA Hotels & Resorts	6,116	<b>7,050</b>	933 15.3%	255	<b>702</b>	446 174.4%
Others and adjustment	2,168	<b>2,587</b>	---	(7)	<b>25</b>	---
Total	17,118	<b>19,070</b>	1,952 11.4%	1,478	<b>1,996</b>	517 35.0%

# Main Items in Non-Operating Income and Expenses

<April 1, 2017 to June 30, 2017>

Millions of yen

	1Q FY3/17	1Q FY3/18	YoY	
Non-operating income				
Dividends income	1,248	<b>1,418</b>	169	13.6%
Equity in earnings of affiliates	1,030	<b>896</b>	(134)	(13.1)%
Other	926	<b>638</b>	(287)	(31.1)%
Total	3,205	<b>2,953</b>	(252)	(7.9)%
Non-operating expenses				
Interests	377	<b>309</b>	(67)	(18.0)%
Other	250	<b>167</b>	(83)	(33.2)%
Total	628	<b>477</b>	(151)	(24.0)%

# Main Items in Extraordinary Gain and Loss

<April 1, 2017 to June 30, 2017>

Millions of yen

		1Q FY3/17	1Q FY3/18	YoY	
Extraordinary gain					
	Gain on sales of investment securities	---	<b>409</b>	409	---
	Other	0	<b>87</b>	86	---
Total		0	<b>496</b>	495	---
Extraordinary loss					
	Loss on retirement of non-current assets	76	<b>85</b>	9	12.3%
	Loss on valuation of investment securities	21	<b>81</b>	59	276.9%
	Other	89	<b>71</b>	(17)	(19.5)%
Total		187	<b>238</b>	51	27.7%

# **Fuji TV Results**

# 1Q FY3/18 Fuji TV Results

<April 1, 2017 to June 30, 2017>

Millions of yen

	FY3/17	FY3/18	YoY	
Net Sales	71,144	<b>63,873</b>	(7,270)	(10.2)%
Operating Income	4,667	<b>878</b>	(3,788)	(81.2)%
Ordinary Income	4,957	<b>1,022</b>	(3,934)	(79.4)%
Net Income	3,269	<b>641</b>	(2,627)	(80.4)%



# Broadcasting Business: Revenues and Cost

<April 1, 2017 to June 30, 2017>

Millions of yen

	1Q FY3/18	YoY	
<b>Broadcasting Business Revenues</b>	<b>55,264</b>	(5,026)	(8.3)%
Broadcasting	<b>47,214</b>	(4,689)	(9.0)%
Network time	<b>19,021</b>	(2,791)	(12.8)%
Local time	<b>3,229</b>	(34)	(1.0)%
Spot	<b>24,963</b>	(1,863)	(6.9)%
Other Broadcasting	<b>8,049</b>	(336)	(4.0)%
Program sales	<b>4,412</b>	21	0.5%
CS broadcasting and Other	<b>3,637</b>	(358)	(9.0)%
<b>Cost of Broadcasting Business</b>	<b>38,300</b>	(1,134)	(2.9)%

# Spot Advertising YoY Trend by Industry

April – June 2017

\*Administrative accounting base

Industry	Share Last Year	Share	YoY
Cosmetic/Toiletries	19.4%	18.4%	(10.1)%
Beverage (Non-Alcoholic)	9.8%	10.2%	(1.0)%
Information/Telecommunication/Broadcasting	11.3%	9.9%	(17.8)%
Foods	9.7%	9.7%	(5.6)%
Pharmaceuticals/Medical Products	5.6%	6.2%	4.3%
Fast Foods/Services	4.2%	5.6%	24.4%
Finance/Insurance	5.5%	5.1%	(11.6)%
Publications/Entertainment	4.8%	5.1%	0.7%
Apparel/Accessories	3.5%	4.9%	31.4%

Industry	Share Last Year	Share	YoY
Autos	3.9%	4.9%	18.3%
Office/Precision/Optical Equipment	3.2%	3.7%	7.4%
Travel/Leisure	3.7%	3.7%	(6.1)%
Distribution/Retail	4.6%	3.4%	(30.1)%
Consumer Electronics	2.5%	2.6%	1.2%
Beverage (Alcoholic)	3.4%	2.2%	(38.2)%
Telephone Services	1.6%	1.5%	(9.6)%
Real Estate/Housing	1.0%	1.4%	35.4%
Energy/Machinery	0.4%	0.6%	37.8%
Others	2.0%	0.8%	(61.8)%

# Production Costs

Millions of yen

	FY3/17	FY3/18	YoY
1Q	21,599	20,495	(5.1)%
2Q	23,619		
1H	45,218		
3Q	21,709		
4Q	21,295		
2H	43,004		
Full Year	88,223		

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

# Other Businesses: Revenues and Cost

<April 1, 2017 to June 30, 2017>

Millions of yen

	1Q FY3/18	YoY	
<b>Other Businesses Revenues</b>	<b>8,609</b>	(2,244)	(20.7)%
Event	1,410	(2,267)	(61.6)%
Movie	2,863	466	19.5%
Digital	1,810	(219)	(10.8)%
Merchandising	1,061	(177)	(14.3)%
Video	526	(95)	(15.3)%
Other	936	48	5.4%
<b>Cost of Other Businesses</b>	<b>6,813</b>	(1,145)	(14.4)%

# SG&A and Non-Operating Income/Expenses

<April 1, 2017 to June 30, 2017>

Millions of yen

	1Q FY3/18	YoY	
<b>SG&amp;A</b>	<b>17,881</b>	(1,201)	(6.3)%
Selling expenses	<b>12,473</b>	(1,022)	(7.6)%
General and administrative expenses	<b>5,407</b>	(178)	(3.2)%
<b>Operating Expenses</b>	<b>62,995</b>	(3,481)	(5.2)%
<b>Operating Income</b>	<b>878</b>	(3,788)	(81.2)%
Non-operating income	<b>217</b>	(146)	(40.2)%
Non-operating expenses	<b>73</b>	(0)	(0.9)%
<b>Ordinary Income</b>	<b>1,022</b>	(3,934)	(79.4)%

# Fuji TV: Programming

- Consolidate authority in the Programming Division as the “control tower” function

Place program production, movies, marketing, and advertising/promotion departments under the Programming division in order to create content supported by viewers and maximize earnings.

- Revise allocations of production expenditures, strengthen the timetable

- Use large-scale one-off programs, movie tie-ins, and other specials to stimulate discussion, and raise the viewer rating base

## Large-scale variety specials

- *FNS Music Festival Anniversary Special*  
August 2, 19:00-23:18
- *FNS 27-Hour TV 2017 – Japanese History*  
Broadcast planned for September



- Positive start for July-September season dramas



Monday 21:00 drama  
*Code Blue* - 3rd Season

Initial average rating  
16.3%

Strong support from a wide range of viewers, particularly the main target 20s-40s age range

# Initiatives in Growth Areas

## Game Business **Fuji Games, Inc.** (“Other” segment)

- First new app game by Fuji Games to be released in fall 2017

Utilize strengths and know-how, including planning and production capabilities, and promotional tie-ins across the entire corporate group, and aim for hit titles



### *ORDINAL STRATA*

Collaboration with Marvelous Inc.

Dramatic fantasy RPG

- New projects in development, aiming for release of 2-3 titles from FY3/19

# **FY3/18 Earnings Forecasts**

**(Revision: None )**



# FY3/18 Earnings Forecasts (Revision: None)

Millions of yen

Consolidated	1H		2H		Full-Year		
	FY3/17	FY3/18 Forecast	FY3/17	FY3/18 Forecast	FY3/17	FY3/18 Forecast	YoY
Net Sales	327,601	317,900	326,374	343,600	653,976	661,500	1.2%
Operating Income	13,301	9,100	9,017	14,400	22,319	23,500	5.3%
Ordinary Income	17,735	12,800	12,644	17,700	30,380	30,500	0.4%
Net Income Attributable to Owners of the Parent	12,732	8,800	14,663	12,500	27,396	21,300	(22.3)%

Millions of yen

Fuji TV	1H		2H		Full-Year		
	FY3/17	FY3/18 Forecast	FY3/17	FY3/18 Forecast	FY3/17	FY3/18 Forecast	YoY
Net Sales	144,165	134,000	136,385	136,400	280,550	270,400	(3.6)%
Operating Income	2,305	1,000	1,721	4,200	4,027	5,200	29.1%

# FY3/18 Segment Forecasts (Revision: None)

<April 1, 2017 to March 31, 2018>

Millions of yen

	Business Segment								Total	Adjustment	Consolidated statement of income
		Broad-casting	Production	Video and Music	Life Information	Advertising	Urban Development	Other			
Net Sales	FY3/18 Forecast	300,900	50,400	50,000	135,700	43,500	106,900	31,800	719,200	(57,700)	661,500
	FY3/17	312,721	49,292	48,071	130,694	45,476	102,501	29,221	717,979	(64,003)	653,976
	YoY %	(3.8)%	2.2%	4.0%	3.8%	(4.3)%	4.3%	8.8%	0.2%	---	1.2%
Operating Income	FY3/18 Forecast	8,200	1,900	1,300	1,300	400	10,500	(100)	23,500	0	23,500
	FY3/17	6,830	1,819	1,071	952	384	10,968	245	22,271	47	22,319
	YoY %	20.0%	4.4%	21.4%	36.5%	3.9%	(4.3)%	---	5.5%	---	5.3%

# 1H FY3/18 Segment Forecasts (Revision: None)

<April 1, 2017 to September 30, 2017>

Millions of yen

	Business Segment								Total	Adjustment	Consolidated statement of income
		Broad-casting	Production	Video and Music	Life Information	Advertising	Urban Development	Other			
Net Sales	FY3/18 Forecast	148,100	25,000	25,600	63,500	21,500	47,000	15,000	345,700	(27,800)	317,900
	FY3/17	158,641	24,186	23,134	61,738	22,199	55,893	14,181	359,975	(32,374)	327,601
	YoY %	(6.6)%	3.4%	10.7%	2.9%	(3.1)%	(15.9)%	5.8%	(4.0)%	---	(3.0)%
Operating Income	FY3/18 Forecast	2,600	900	500	0	200	4,800	100	9,100	0	9,100
	FY3/17	3,512	1,008	180	(24)	132	8,039	351	13,200	100	13,301
	YoY %	(26.0)%	(10.8)%	176.9%	---	50.7%	(40.3)%	(71.5)%	(31.1)%	---	(31.6)%

# CAPEX Plan and Depreciation and Amortization

Millions of yen

		FY3/18		FY3/19 (Plan)
		1Q (Actual)	Full-Year (Plan)	
CAPEX	Consolidated	10,191	48,100	44,200
	Fuji TV	1,261	9,800	11,000
	Urban Development	8,451	34,200	28,300
	Fuji Media HD	32	800	800
Depreciation and amortization	Consolidated	4,303	18,400	21,300
	Fuji TV	1,793	7,800	9,200
	Urban Development	1,081	4,400	6,000
	Fuji Media HD	569	2,400	2,000

# Segment Information (Consolidated Subsidiaries)

Segment	Company Name	No. of Companies
Broadcasting	Fuji Television Network, Fuji Satellite Broadcasting (BS Fuji), Nippon Broadcasting System, Sendai Television	4
Production	Fuji Creative Corporation, Kyodo Television, Vasc, Fuji Media Technology, NEXTEP TV WORKSHOP, Fuji Art, Van Eight Production, Kyodo Edit, Basis	9
Video and Music	Fuji Music Partners, Pony Canyon, Ponycanyon Enterprise, EXIT TUNES, Fujipacific Music, Shinko Music Publishers, Fuji Music Group, ARC MUSIC, ARC/CONRAD MUSIC	9
Life Information	Sankei Living Shimbun, Dinos Cecile, Living Pro-seed, Dinos Cecile Communications	4
Advertising	Quaras	1
Urban Development	The Sankei Building, Granvista Holdings, Koshien Development, Sankei Kaikan, GRANVISTA Hotels & Resorts, Sankei Building Well Care, The Sankei Bldg Techno, The Sankei Building Management, SKB USA, SKB Seattle	10
Other	Fusosha Publishing, Fujimic, Nippon Broadcasting Project, Fuji Games, FUJI CAREER DESIGN, FUJISANKEI COMMUNICATIONS INTERNATIONAL, <b>Fuji&amp;gumi Games</b>	7
Total		44

\*Companies listed in red were included in the scoped of consolidation in FY3/18.

