

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

(Six Months ended September 30, 2017)

November 2, 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 September 30, 2017 is referred to as “1H.”

The period from July 1, 2017 to September 30, 2017 is referred to as “2Q.”

# 1H FY3/18 Consolidated Results

<April 1, 2017 to September 30, 2017>

Millions of yen

	FY3/17	FY3/18	YoY		1H FY3/18 Forecast (Announced on May 11)	1H FY3/18 Actual/ 1H Forecast	
Net Sales	327,601	<b>311,816</b>	(15,784)	(4.8)%	317,900	(6,083)	(1.9)%
Operating Income	13,301	<b>11,669</b>	(1,632)	(12.3)%	9,100	2,569	28.2%
Ordinary Income	17,735	<b>15,634</b>	(2,100)	(11.8)%	12,800	2,834	22.1%
Net income attributable to owners of the parent	12,732	<b>11,609</b>	(1,122)	(8.8)%	8,800	2,809	31.9%

# 1H FY3/18 Segment Results

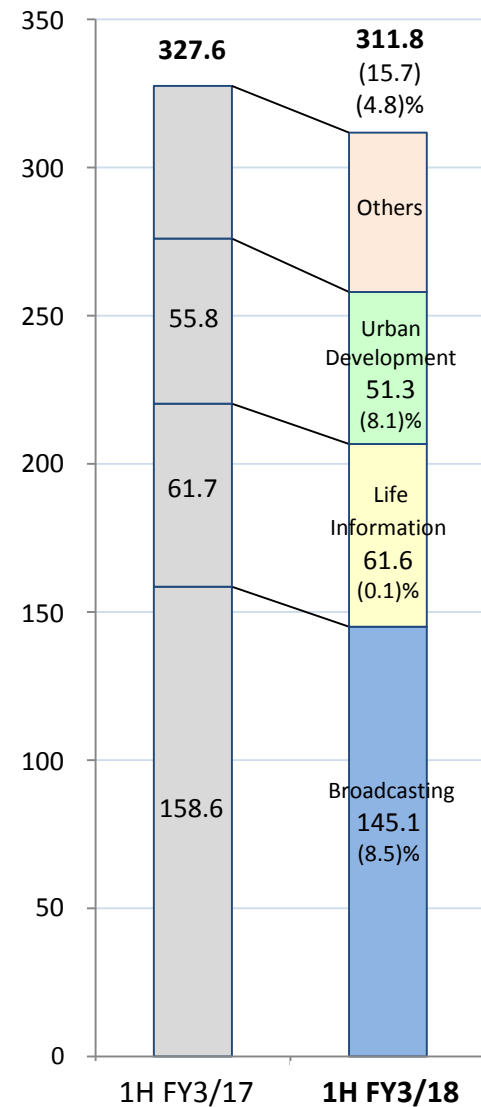
<April 1, 2017 to September 30, 2017>

Millions of yen

	Business Segment								Total	Adjust- ment	Consolidated statement of income
		Broad- casting	Produc- tion	Video and Music	Life Informa- tion	Advertis- ing	Urban Develop- ment	Other			
Net Sales	FY3/18	145,191	24,301	23,418	61,679	21,524	51,391	15,002	342,509	(30,692)	311,816
	FY3/17	158,641	24,186	23,134	61,738	22,199	55,893	14,181	359,975	(32,374)	327,601
	YoY	(13,449)	115	283	(59)	(674)	(4,502)	820	(17,465)	1,681	(15,784)
	YoY%	(8.5)%	0.5%	1.2%	(0.1)%	(3.0)%	(8.1)%	5.8%	(4.9)%	—	(4.8)%
Operat- ing Income	FY3/18	776	858	(358)	(144)	200	10,387	264	11,984	(315)	11,669
	FY3/17	3,512	1,008	180	(24)	132	8,039	351	13,200	100	13,301
	YoY	(2,736)	(150)	(539)	(120)	67	2,347	(86)	(1,216)	(415)	(1,632)
	YoY%	(77.9)%	(14.9)%	—	—	51.2%	29.2%	(24.6)%	(9.2)%	—	(12.3)%

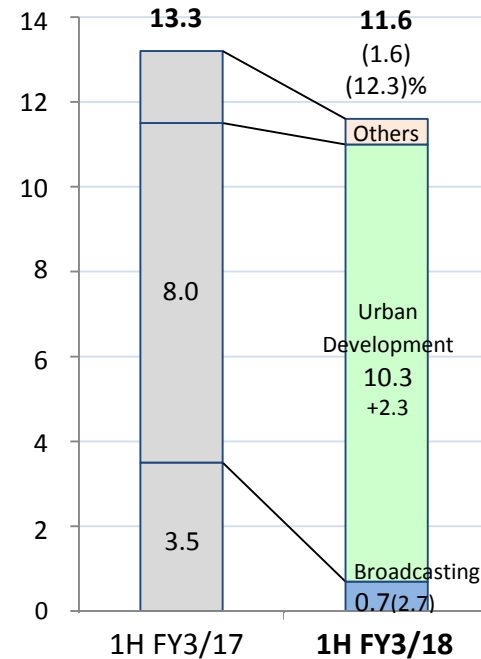
# 1H FY3/18 Consolidated Results (Year-on-Year)

Billions of yen



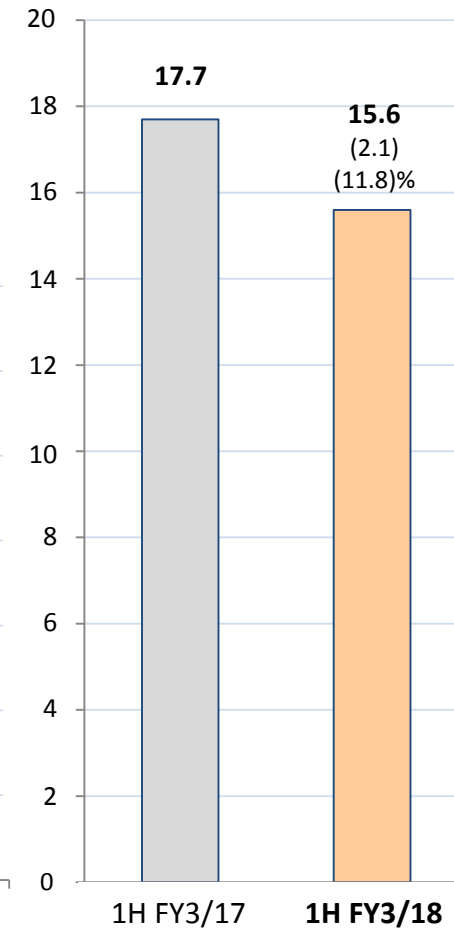
Net Sales

Billions of yen



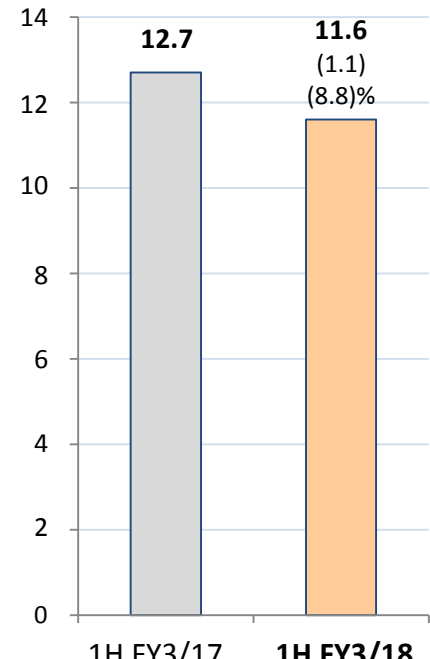
Operating Income

Billions of yen



Ordinary Income

Billions of yen

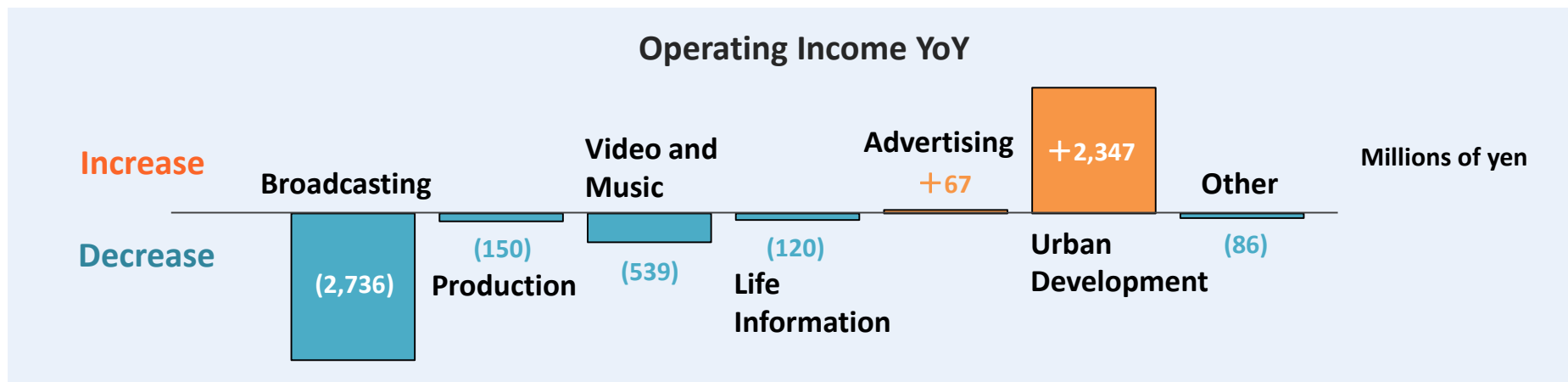


Net income attributable to owners of the parent

# 1H FY3/18 Financial Highlights

Consolidated operating income of ¥11.6 billion

Decline in revenue and earnings



## Broadcasting (Fuji TV)

- Decline in revenue and earnings, with results in other areas unable to offset decrease in broadcasting revenue
- Event business revenue declined on rebound from major productions in the previous fiscal year
- Movie business contributed to revenue from secondary use

## Life Information

- Dinos Cecile: Revenue and earnings gains on successful strategies in the Dinos business, and steady growth in both catalogue and TV shopping sales
- Sankei Living Shimbun struggled
- Revenue decline and wider operating loss in segment overall

## Video and Music (Pony Canyon)

- Results fell short of forecasts on sluggish package sales
- Growth in non-package sectors including streaming and overseas sales
- Operating loss widened with recording of a retirement loss on inventory

## Urban Development (Sankei Building/GRANVISTA)

- Sankei Building: Earnings gain on contribution from asset development business due to sales of held properties, and steady performance in the building business (office leasing)
- GRANVISTA: Hotel business results favorable, effect from last year's renovation work eliminated

# [Segment Details] Summary of Broadcasting Segment by Company

<April 1, 2017 to September 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1H FY3/17	1H FY3/18	YoY	1H FY3/17	1H FY3/18	YoY
Fuji Television	144,165	<b>127,213</b>	(16,952) (11.8)%	2,305	<b>(836)</b>	(3,142) —
BS Fuji	8,340	<b>8,483</b>	143 1.7%	1,171	<b>1,431</b>	260 22.3%
Nippon Broadcasting System	7,092	<b>7,048</b>	(44) (0.6)%	79	<b>133</b>	54 69.1%
Others and adjustment	(957)	<b>2,447</b>	—	(43)	<b>46</b>	—
Total	158,641	<b>145,191</b>	(13,449) (8.5)%	3,512	<b>776</b>	(2,736) (77.9)%

# [Segment Details] Summary of Production Segment by Company

<April 1, 2017 to September 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1H FY3/17	1H FY3/18	YoY	1H FY3/17	1H FY3/18	YoY
Fuji Creative Corporation	6,271	<b>7,703</b>	1,432 22.8%	422	<b>399</b>	(22) (5.4)%
Kyodo Television	7,211	<b>6,849</b>	(362) (5.0)%	186	<b>91</b>	(94) (50.7)%
Others and adjustment	10,702	<b>9,748</b>	—	400	<b>366</b>	—
Total	24,186	<b>24,301</b>	115 0.5%	1,008	<b>858</b>	(150) (14.9)%



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

<April 1, 2017 to September 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1H FY3/17	1H FY3/18	YoY	1H FY3/17	1H FY3/18	YoY
Pony Canyon	15,885	16,021	136 0.9%	(269)	(848)	(579) —
Others and adjustment	7,249	7,396	—	450	490	—
Total	23,134	23,418	283 1.2%	180	(358)	(539) —

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

<April 1, 2017 to September 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1H FY3/17	1H FY3/18	YoY	1H FY3/17	1H FY3/18	YoY
Dinos Cecile	54,335	<b>54,687</b>	352 0.6%	3	<b>170</b>	166 —
Others and adjustment	7,402	<b>6,991</b>	—	(28)	<b>(314)</b>	—
Total	61,738	<b>61,679</b>	(59) (0.1)%	(24)	<b>(144)</b>	(120) —

## [Segment Details] Summary of Advertising Segment by Company

<April 1, 2017 to September 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1H FY3/17	1H FY3/18	YoY	1H FY3/17	1H FY3/18	YoY
Quaras	22,199	<b>21,524</b>	(674) (3.0)%	132	<b>200</b>	67 51.2%
Adjustment	—	—	—	(0)	<b>(0)</b>	—
Total	22,199	<b>21,524</b>	(674) (3.0)%	132	<b>200</b>	67 51.2%

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

<April 1, 2017 to September 30, 2017>

Millions of yen

	Net Sales			Operating Income		
	1H FY3/17	1H FY3/18	YoY	1H FY3/17	1H FY3/18	YoY
Sankei Building	36,586	<b>30,201</b>	(6,384) (17.5)%	6,158	<b>6,365</b>	207 3.4%
GRANVISTA Hotels & Resorts	14,423	<b>15,548</b>	1,124 7.8%	1,744	<b>2,164</b>	420 24.1%
Others and adjustment	4,883	<b>5,640</b>	—	137	<b>1,857</b>	—
Total	55,893	<b>51,391</b>	(4,502) (8.1)%	8,039	<b>10,387</b>	2,347 29.2%

# Main Items in Non-Operating Income and Expenses

<April 1, 2017 to September 30, 2017>

Millions of yen

		1H FY3/17	1H FY3/18	YoY	
Non-operating income					
	Dividends income	1,549	<b>1,761</b>	212	13.7%
	Equity in earnings of affiliates	2,048	<b>1,576</b>	(472)	(23.1)%
	Other	2,036	<b>1,541</b>	(495)	(24.3)%
Total		5,635	<b>4,879</b>	(755)	(13.4)%
Non-operating expenses					
	Interests	760	<b>628</b>	(132)	(17.3)%
	Other	440	<b>285</b>	(154)	(35.2)%
Total		1,201	<b>914</b>	(286)	(23.9)%

# Main Items in Extraordinary Gain and Loss

<April 1, 2017 to September 30, 2017>

Millions of yen

		1H FY3/17	1H FY3/18	YoY	
Extraordinary gain					
	Gain on sales of investment securities	45	<b>778</b>	733	—
	Other	48	<b>102</b>	54	112.7%
Total		93	<b>881</b>	787	839.2%
Extraordinary loss					
	Loss on retirement of non-current assets	207	<b>101</b>	(106)	(51.3)%
	Loss on valuation of investment securities	21	<b>81</b>	59	276.9%
	Loss on revision of retirement benefit plan	—	<b>108</b>	108	—
	Other	1,209	<b>108</b>	(1,101)	(91.1)%
Total		1,439	<b>399</b>	(1,039)	(72.2)%

# 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.

# **Fuji TV Results**



# 1H FY3/18 Fuji TV Results

<April 1, 2017 to September 30, 2017>

Millions of yen

	FY3/17	FY3/18	YoY	
Net Sales	144,165	<b>127,213</b>	(16,952)	(11.8)%
Operating Income	2,305	<b>(836)</b>	(3,142)	—
Ordinary Income	2,670	<b>(612)</b>	(3,283)	—
Net Income	1,647	<b>(522)</b>	(2,169)	—

# Broadcasting Business: Revenues and Cost

<April 1, 2017 to September 30, 2017>

Millions of yen

	FY3/18	YoY	
<b>Broadcasting Business Revenues</b>	<b>107,951</b>	(9,495)	(8.1)%
Broadcasting	<b>91,884</b>	(8,723)	(8.7)%
Network time	<b>38,847</b>	(6,573)	(14.5)%
Local time	<b>6,649</b>	228	3.6%
Spot	<b>46,387</b>	(2,378)	(4.9)%
Other Broadcasting	<b>16,066</b>	(771)	(4.6)%
Program sales	<b>8,755</b>	106	1.2%
CS broadcasting and Other	<b>7,311</b>	(878)	(10.7)%
<b>Cost of Broadcasting Business</b>	<b>77,221</b>	(5,326)	(6.5)%

# Spot Advertising YoY Trend by Industry

July – September 2017

\*Administrative accounting base

Industry	Share Last Year	Share	YoY
Cosmetic/Toiletries	15.8%	15.2%	(7.6)%
Information/ Telecommunication/ Broadcasting	13.1%	14.5%	6.5%
Beverage (Non-Alcoholic)	8.6%	8.5%	(4.1)%
Foods	8.5%	7.7%	(12.1)%
Autos	6.3%	7.4%	14.0%
Pharmaceuticals/ Medical Products	5.6%	6.7%	15.9%
Publications/ Entertainment	7.4%	6.6%	(13.6)%
Fast Foods/Services	5.6%	5.6%	(3.8)%
Finance/Insurance	5.3%	4.9%	(10.4)%

Industry	Share Last Year	Share	YoY
Apparel/Accessories	3.2%	4.6%	37.6%
Office/Precision/Optical Equipment	2.8%	3.4%	16.7%
Distribution/Retail	4.3%	3.1%	(29.9)%
Beverage (Alcoholic)	2.9%	3.0%	(1.0)%
Real Estate/Housing	3.1%	2.7%	(16.7)%
Travel/Leisure	2.4%	2.4%	(5.7)%
Telephone Services	2.0%	1.8%	(13.6)%
Consumer Electronics	1.4%	0.9%	(33.1)%
Energy/Machinery	0.4%	0.4%	12.6%
Others	1.5%	0.7%	(56.3)%

# Production Costs

Millions of yen

	1H FY3/17	1H FY3/18	YoY
1Q	21,599	20,495	(5.1)%
2Q	23,619	20,305	(14.0)%
1H	45,218	40,801	(9.8)%
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 September 30, 2017>

Millions of yen

	1H FY3/18	YoY	
<b>Other Businesses Revenues</b>	<b>19,261</b>	(7,456)	(27.9)%
Event	5,343	(6,717)	(55.7)%
Movie	4,476	(483)	(9.7)%
Digital	4,112	470	12.9%
Merchandising	2,182	(539)	(19.8)%
Video	1,002	(138)	(12.1)%
Other	2,143	(49)	(2.2)%
<b>Cost of Other Businesses</b>	<b>15,780</b>	(5,983)	(27.5)%

# SG&A and Non-Operating Income/Expenses

<April 1, 2017 to September 30, 2017>

Millions of yen

	1H FY3/18	YoY	
<b>SG&amp;A</b>	<b>35,047</b>	(2,500)	(6.7)%
Selling expenses	<b>24,594</b>	(1,896)	(7.2)%
General and administrative expenses	<b>10,453</b>	(604)	(5.5)%
<b>Operating Expenses</b>	<b>128,049</b>	(13,810)	(9.7)%
<b>Operating Income</b>	<b>(836)</b>	(3,142)	—
Non-operating income	<b>346</b>	(163)	(32.1)%
Non-operating expenses	<b>122</b>	(21)	(15.1)%
<b>Ordinary Income</b>	<b>(612)</b>	(3,283)	—

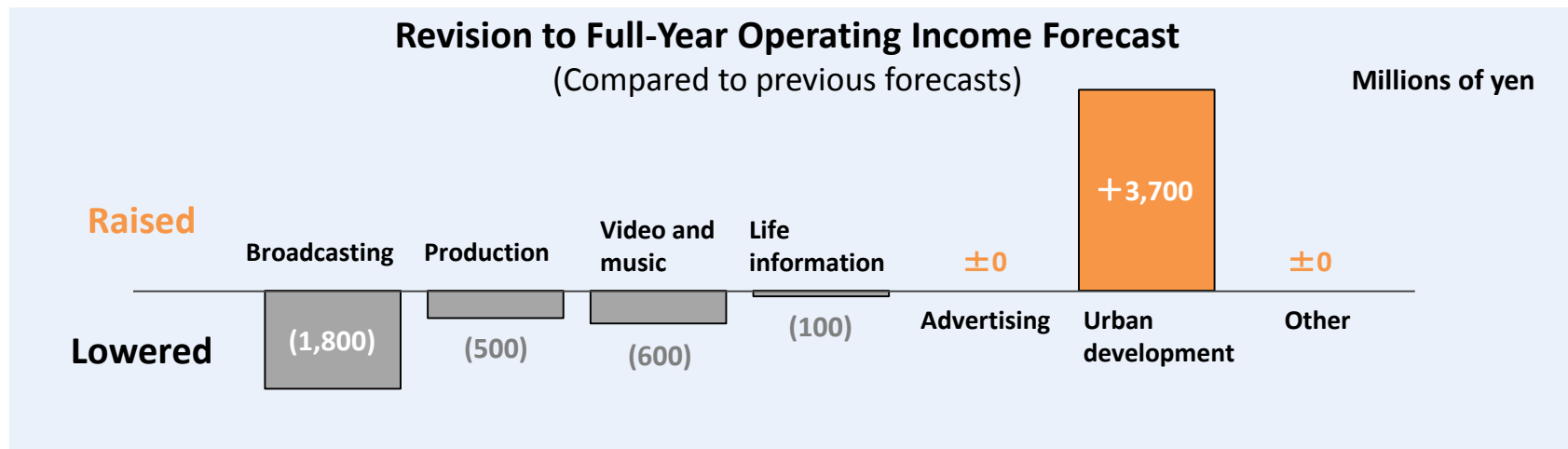
# **FY3/18 Earnings Forecasts**

# Highlights of Revision to FY3/18 Earnings Forecast

**No change in full-year operating income forecast of ¥23.5 billion**

**Upward revision in Urban Development segment**

**Downward revision in Broadcasting, Production, Video and Music, and Life Information segments**



## Broadcasting (Fuji TV)

- Broadcast revenue forecast revised downward
- Aim to secure earnings with cost controls and earnings from other businesses

## Video and music (Pony Canyon)

- Downward revision to reflect impact from recording of a retirement loss on inventory
- Continue to shift focus to non-package sectors

## Urban development (Sankei Building/GRANVISTA)

- Upward revision as 1H results in the asset development business greatly exceeded forecasts
- Planned development of new office buildings and hotels to expand earnings base



# Revision to FY3/18 Earnings Forecasts

<April 1, 2017 to March 31, 2018 >

Millions of yen

Consolidated	Revised Forecast	Previous Forecast	Change
Net Sales	644,600	661,500	(16,900)
Operating Income	23,500	23,500	—
Ordinary Income	30,500	30,500	—
Net Income Attributable to Owners of the Parent	21,300	21,300	—

# Revision to FY3/18 Segment Forecasts

<April 1, 2017 to March 31, 2018>

Millions of yen

	Business Segment								Total	Adjustment	Consolidated statement of income
		Broadcasting	Production	Video and Music	Life Information	Advertising	Urban Development	Other			
Net Sales	Revised forecast	294,000	47,200	47,200	129,900	43,500	111,400	29,400	702,600	(58,000)	644,600
	Previous forecast	300,900	50,400	50,000	135,700	43,500	106,900	31,800	719,200	(57,700)	661,500
	Change	(6,900)	(3,200)	(2,800)	(5,800)	—	4,500	(2,400)	(16,600)	(300)	(16,900)
Operating Income	Revised forecast	6,400	1,400	700	1,200	400	14,200	(100)	24,200	(700)	23,500
	Previous forecast	8,200	1,900	1,300	1,300	400	10,500	(100)	23,500	—	23,500
	Change	(1,800)	(500)	(600)	(100)	—	3,700	—	700	(700)	—

# CAPEX Plan and Depreciation and Amortization

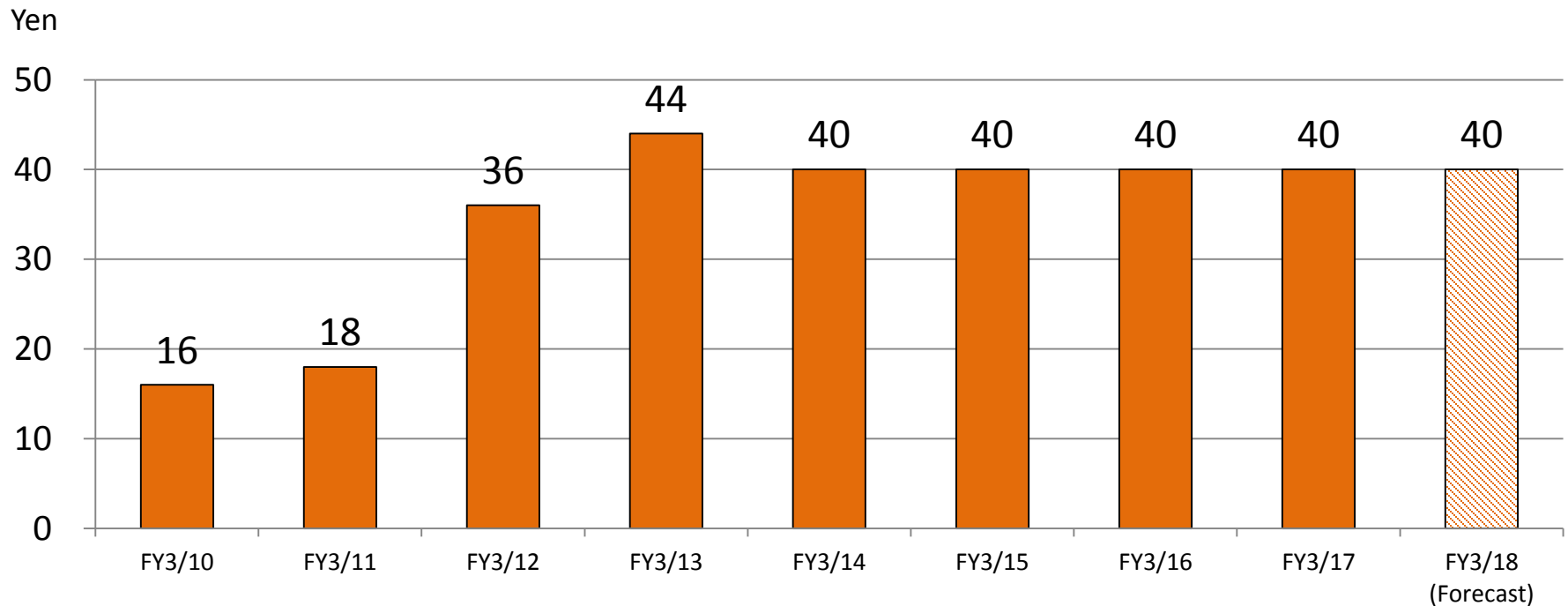
Millions of yen

		FY3/18		FY3/19 (Plan)
		1H (Actual)	Full-Year (Plan)	
CAPEX	Consolidated	16,347	48,100	44,200
	Fuji TV	2,278	9,800	11,000
	Urban Development	12,644	34,200	28,300
	Fuji Media HD	136	800	800
Depreciation and amortization	Consolidated	8,706	18,400	21,300
	Fuji TV	3,614	7,800	9,200
	Urban Development	2,205	4,400	6,000
	Fuji Media HD	1,138	2,400	2,000

# Shareholder Returns

**Guiding principle of stable dividend based on a 40% target payout ratio**

**FY3/18 Annual Dividends ¥40 (Forecast, No Revision)**



Note: Fuji Media Holdings adopted the unit share system, and implemented a share split at the ratio of 100 shares for each share of common stock, effective October 1, 2013. Previous dividend figures have been calculated with the number of shares following the split.

# **Business Measures by Company**

# Broadcasting (Fuji TV)

- Major organizational change in July – Consolidate authority in the Programming Division
  - ◆ Program production, movies, marketing, and advertising/promotion departments placed under the Programming Division
  - ◆ Aim to expand support across a wide viewer range, centered on kids, teens, and viewers in their 20s to 40s
- October program lineup revision focused on weekend prime time variety programs  
Begin time table reforms anticipating programming revisions in April and October 2018

## Event Business

### Cirque du Soleil *Kurios*

Opening February 2018

Performances in Tokyo, Osaka,  
Nagoya, Fukuoka, and Sendai



### *Fear in Painting*

October 7 to December 17  
The Ueno Royal Museum

## Movie Business



October 21 release  
*Mixed Doubles*



February 2018 release  
*Tonight at the Movies*  
(Working Title)

## Broadcasting (BS Fuji)

- Regular programs popular, including *BS Fuji LIVE Prime News* and *Quiz! Brain Bell SHOW*
- October programming revision  
Strengthen existing programs, and undertake new projects emphasizing originality



Broadcast scheduled for November 11

Major 11-hour live special program based on the popular quiz show *Quiz! Brain Bell SHOW*

## Life Information (Dinos Cecile)

- Dinos business: Successful revision to timing for issuing catalogues, and strategies linking ecommerce and television  
Steady growth in both catalogue and TV shopping

Favorable reception for catalogue "*So close*," featuring actress Kyoko Hasegawa

Online-only content "*STAY close*," also popular



- Proactive pursuit of new businesses



New rental service "*flect*" for furniture being considered for purchase launched in October

Unused furniture sold by Dinos available for rental

Aim to gain new customers with a service to try products before buying

## Urban Development (Sankei Building/GRANVISTA)

Develop into a business that consistently generates ¥10 billion in operating income

- Narrow focus to prime locations in central Tokyo, and concentrate on development of highly functional office buildings, and lease residences  
Stabilize and expand the earnings bases
- Announcement of new hotel brand  
**INTERGATE HOTELS**  
Jointly developed by Sankei Building and GRANVISTA

Located in highly convenient, popular areas  
Openings in Hiroshima and Kanazawa  
planned for spring 2019



Hotel Intergate Kyoto Shijo Shinmachi  
Planned opening in March 2018

Hotel Intergate Tokyo Kyobashi  
Planned opening in April 2018

## Other (Fuji Games)

- First new app game by Fuji Games to be released this winter

### *ORDINAL STRATA*

Dramatic fantasy RPG

Collaboration with Marvelous Inc.



Aim to generate stable hit with promotional plan including TV, anime, and radio

- Developed a game engine strong in character expressiveness and story scenarios  
Jointly developed with SMILE-LAB Co., Ltd.  
Development begun on first original game utilizing this game engine  
Original RPG targeting women



P. 29: Photos: Martin Girard, Pierre Manning / shootstudio.ca © 2014 Cirque du Soleil  
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P. 29: John William Waterhouse, Circe Offering the Cup to Ulysses, 1891, oil on canvas, Gallery Oldham  
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P. 29: © 2018 Tonight at the Movies Production Committee  
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