

Flash Report [Japanese GAAP] (Consolidated Basis)**Results for the nine months ended December 31, 2018****Company name: Fuji Media Holdings, Inc.**Stock listing: Tokyo Stock Exchange Code number: 4676 URL: <http://www.fujimediahd.co.jp/en>

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Scheduled date of filing quarterly securities report: February 13, 2019

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: No

(Figures less than ¥1 million have been omitted.)

1. Consolidated Financial Results**(1) Business Performance**

Nine Months ended December 31

Percentages indicate year-on-year increases/(decreases).

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2018	448,529	(6.5)	21,679	7.2	27,562	2.8	15,444	(19.1)
2017	479,802	(1.8)	20,222	0.1	26,800	0.6	19,081	(15.4)

(Note) Comprehensive income: Nine months ended December 31, 2018: ¥15,979 million, (67.6)%,
 Nine months ended December 31, 2017: ¥49,387 million, 44.9%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2018	66.69	—
2017	82.44	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2018	1,297,649	724,822	54.9
March 31, 2018	1,246,225	721,733	56.7

(Reference) Total shareholders' equity: December 31, 2018: ¥712,035 million,
 March 31, 2018: ¥706,544 million

2. Dividends

Year ended March 31, 2018/ Year ending March 31, 2019

	Dividends per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2018	—	20.00	—	20.00	40.00
2019	—	22.00	—		
2019 (Forecast)				22.00	44.00

(Note) Revision to the most recently announced dividends forecast: None

Breakdown of dividends per share for the year ending March 31, 2019:

2Q: Ordinary dividend: ¥20.00, Commemorative dividend: ¥2.00

Year-end (forecast): Ordinary dividend: ¥20.00, Commemorative dividend: ¥2.00

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019

Percentages indicate year-on-year increases/(decreases).

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	654,000	1.2	32,500	28.7	39,100	11.3

	Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year	25,000	0.2	107.96

(Note) Revision to the most recently announced earnings forecast: Yes

Notes:

1. Significant changes in subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the subject period: None

Additions: None

Deletions: None

Notes on significant changes in subsidiaries during the period

2. Adoption of special accounting treatment in preparing the quarterly consolidated financial statements:

None

Notes on adoption of special accounting treatment in preparing the quarterly consolidated financial statements

3. Changes in accounting policies, changes in accounting estimates, and modifications and restatements:

1) Changes in accounting policies based on revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Modifications and restatements: None

Notes on changes in accounting policies

4. Number of issued shares (Common stock)

	Nine months ended December 31, 2018	Year ended March 31, 2018
1) Number of issued shares (including treasury stock) at end of the period	234,194,500	236,429,800
2) Number of treasury stock at end of the period	2,618,211	4,853,511
		Nine months ended December 31, 2017
3) Average number of issued shares during the period [(cumulative)]	231,576,289	231,451,849

Notes on number of issued shares

This flash report is outside the scope of quarterly review by certified public accountants or an audit firm.

Explanation of appropriate use of forecasts of financial results; other important items

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release and certain assumptions considered rational. Actual results may differ materially from the forecasts due to various factors in the future. Regarding the assumptions forming the forecast of financial results, please refer to "1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE THIRD QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2019: (3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections" on page 8.

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1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE THIRD QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2019

(1) Explanation of Business Results

The Japanese government's Monthly Economic Report on the Japanese economy for the nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018) states, "With the continuing improvement trend of the employment and income situation, along with the effect of various government measures, the moderate recovery trend is expected to continue in the future. However, attention should be paid to the effects of situations over trade issues on the world economy, the uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets." The report also states that the business outlook of corporations "is generally unchanged."

Amid this economic environment, the consolidated net sales of Fuji Media Holdings Group (the "Group") decreased during the nine months ended December 31, 2018, down 6.5% from the same period of the previous fiscal year to ¥448,529 million, as there were decreases in the Media & Content, Urban Development, Hotels & Resorts and Other segments.

In terms of earnings, operating income amounted to ¥21,679 million, up 7.2% year-on-year as a result of an increase in income of the Media & Content segment compensating for decreases in income of the Urban Development, Hotels & Resorts and Other segments. While recurring profit increased 2.8% year-on-year to ¥27,562 million, net income attributable to owners of the parent decreased 19.1% year-on-year to ¥15,444 million due to the recording of an impairment loss under extraordinary loss.

On May 10, 2018, the Board of Directors of the Company resolved to change the segment categories.

In the previous fiscal year, the Group's segments were "Broadcasting," "Production," "Video and Music," "Life Information," "Advertising," "Urban Development" and "Other." From the first quarter of the fiscal year ending March 31, 2019, the segments are "Media & Content," "Urban Development, Hotels & Resorts" and "Other."

Results by operating segment are as follows. Note that the information on amounts for the nine months ended December 31, 2017 is presented based on the operating segments after the change.

Nine months ended December 31

	Net sales			Operating income		
	2017	2018	Change	2017	2018	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Media & Content	398,941	392,370	(1.6)	8,945	17,209	92.4
Urban Development, Hotels & Resorts	76,937	52,116	(32.3)	11,707	4,383	(62.6)
Other	14,596	14,200	(2.7)	488	417	(14.5)
Eliminations	(10,672)	(10,158)	—	(918)	(330)	—
Total	479,802	448,529	(6.5)	20,222	21,679	7.2

Media & Content

Fuji Television Network, Inc. (“Fuji TV”) saw a decrease in broadcasting revenue due to a decrease in spot advertising revenue as a result of factors including the impact of weak market conditions in the Kanto region resulting from a decrease in advertising demand, despite an increase in network time advertising sales. Revenue from other businesses overall increased thanks to the contribution of Cirque du Soleil’s production “KURIOS” in the event business and hits such as “CODE BLUE: The Movie” in the movie business. As a result of the above, revenue and earnings increased.

Fuji Satellite Broadcasting, Inc. (“BS Fuji”) recorded decreases in revenue and earnings as a result of sluggish broadcasting and event revenues.

Nippon Broadcasting System, Inc. showed a strong performance in the event business, but the broadcasting business and radio shopping business struggled, and revenue and earnings decreased as a result.

Pony Canyon Inc. posted a decline in revenue overall, reflecting a lackluster performance in the video division, despite increases in revenue in the music, streaming and other divisions; however, operating loss improved thanks to successful cost control.

Fujipacific Music Inc. recorded an increase in revenue overall thanks to strong performances in video production revenue, artists management revenue and others, despite a decrease in royalty revenue. Meanwhile, earnings decreased due to a deterioration in the cost rate.

The Dinos business of Dinos Cecile Co., Ltd. posted a decrease in revenue as the catalog business was sluggish due to unseasonable weather, despite maintaining strong performances, particularly from beauty and health products in television shopping. In the Cecile business, the effect of revised shipping costs led to a decrease in revenue. As a result, revenue and earnings decreased for the entire business of Dinos Cecile Co., Ltd.

Quaras Inc. recorded increases in revenue and earnings as a result of strong performances in events, contracting, and advertising production.

As a result, while net sales in the Media & Content segment overall decreased 1.6% from the same period of the previous fiscal year to ¥392,370 million, segment operating income increased 92.4% from the same period of the previous fiscal year to ¥17,209 million due to increases in revenue and earnings at Fuji TV.

Urban Development, Hotels & Resorts

The Sankei Building Co., Ltd. recorded decreases in revenue and earnings as an increase in revenue in the office building leasing business due to robust office demand could not offset the reactionary decline from [strong] sales of developed properties and in dividends and the like relating to investments in redevelopment business recorded in the asset development business in the previous fiscal year.

GRANVISTA Hotels & Resorts Co., Ltd. posted decreases in revenue and earnings due to factors including the closing of operations of some hotels and the impact from natural disasters in Hokkaido.

As a result, net sales in the Urban Development, Hotels & Resorts segment overall decreased 32.3% from the same period of the previous fiscal year to ¥52,116 million, and segment operating income decreased 62.6% from the same period of the previous fiscal year to ¥4,383 million.

Other

Net sales in the Other segment overall decreased 2.7% from the same period of the previous fiscal year to ¥14,200 million, and segment operating income decreased 14.5% from the same period of the previous fiscal year to ¥417 million.

The eleven Fuji TV network affiliates, along with WOWOW Inc. and ITOCHU Fuji Partners, Inc. contributed to the equity in earnings of affiliates.

(2) Explanation of the Financial Position

Total assets at the end of the third quarter of the fiscal year under review (December 31, 2018) amounted to ¥1,297,649 million, an increase of ¥51,423 million (4.1%) from the end of the previous fiscal year (March 31, 2018).

Total current assets amounted to ¥436,195 million, an increase of ¥39,432 million (9.9%) from the end of the previous fiscal year. This was due mainly to increases of ¥42,807 million in inventories and ¥17,012 million in marketable securities; against a decrease of ¥24,689 million in cash and deposits.

Total noncurrent assets amounted to ¥861,054 million, an increase of ¥11,920 million (1.4%) from the end of the previous fiscal year. This was due mainly to an increase of ¥27,586 million in land; against a decrease of ¥14,381 million in leasehold right included in the "Other" line item under intangible assets as a result of factors including the purchase of ownership of the land for the Fuji TV headquarters building.

Total liabilities amounted to ¥572,827 million, an increase of ¥48,335 million (9.2%) from the end of the previous fiscal year.

Total current liabilities amounted to ¥220,080 million, an increase of ¥33,812 million (18.2%) from the end of the previous fiscal year. This was due mainly to an increase of ¥32,200 million in short-term loans payable.

Total noncurrent liabilities amounted to ¥352,746 million, an increase of ¥14,522 million (4.3%) from the end of the previous fiscal year. This was due mainly to an increase of ¥14,829 million in long-term loans payable.

Net assets amounted to ¥724,822 million, an increase of ¥3,088 million (0.4%) from the end of the previous fiscal year. This was due mainly to the recording of ¥15,444 million in net income attributable to owners of the parent; against ¥9,836 million dividends of surplus and a decrease of ¥2,402 million in non-controlling interests. Treasury stock was canceled during the first quarter of the fiscal year ending March 31, 2019, and accordingly treasury stock and retained earnings both decreased by ¥5,662 million, respectively.

(3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections

With regard to the full-year consolidated financial results forecasts for the fiscal year ending March 31, 2019, net sales, operating income and recurring profit are expected to exceed the previous forecasts due to firm growth in the Media & Content and Urban Development, Hotels & Resorts segments.

The full-year consolidated financial results forecasts reflecting the above anticipate net sales of ¥654,000 million, operating income of ¥32,500 million, recurring profit of ¥39,100 million and net income attributable to owners of the parent of ¥25,000 million.

Furthermore, the differences from the full-year consolidated financial results forecasts for the fiscal year ending March 31, 2019 announced on May 10, 2018 are as follows.

Consolidated (full-year)

(Millions of yen)

	Net sales	Operating income	Recurring profit	Net income attributable to owners of the parent
Previously announced forecast (A)	623,000	25,500	33,100	25,000
Revised forecast (B)	654,000	32,500	39,100	25,000
Changes (B-A)	31,000	7,000	6,000	—
Percentage of Changes (%)	5.0	27.5	18.1	—

2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2018	December 31, 2018
ASSETS		
Current assets:		
Cash and deposits	85,017	60,327
Notes and accounts receivable-trade	114,201	112,226
Marketable securities	83,602	100,615
Inventories	78,580	121,387
Other	36,043	42,399
Allowance for doubtful accounts	(683)	(761)
Total current assets	396,762	436,195
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	145,426	136,122
Land	240,295	267,882
Other, net	30,568	32,300
Total property, plant and equipment	416,290	436,305
Intangible assets		
Goodwill	1,145	977
Other	32,952	17,683
Total intangible assets	34,098	18,660
Investments and other assets		
Investment securities	352,962	361,812
Other	47,259	45,696
Allowance for doubtful accounts	(1,475)	(1,420)
Total investments and other assets	398,746	406,088
Total noncurrent assets	849,134	861,054
Deferred assets	328	399
Total assets	1,246,225	1,297,649

	Millions of yen	
	March 31, 2018	December 31, 2018
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	58,820	62,398
Short-term loans payable	48,724	80,924
Provision for sales returns	659	557
Provision for directors' bonuses	335	224
Provision for point card certificates	567	442
Provision for loss on reconstruction	476	438
Provision for environmental measures	17	—
Provision for loss on closing of office	116	—
Provision for loss on disaster	—	81
Other	76,549	75,013
Total current liabilities	<u>186,267</u>	<u>220,080</u>
Noncurrent liabilities:		
Bonds payable	20,000	20,000
Long-term loans payable	143,512	158,341
Provision for directors' retirement benefits	2,131	2,165
Provision for environmental measures	46	46
Net defined benefit liability	65,020	63,948
Other	107,513	108,245
Total noncurrent liabilities	<u>338,224</u>	<u>352,746</u>
Total liabilities	<u>524,491</u>	<u>572,827</u>
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	146,200
Capital surplus	173,676	173,676
Retained earnings	306,997	306,924
Treasury stock	(9,354)	(3,691)
Total shareholders' equity	<u>617,519</u>	<u>623,109</u>
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	98,313	96,937
Deferred gains or losses on hedges	(400)	(228)
Revaluation reserve for land	1,448	1,466
Foreign currency translation adjustment	(574)	(503)
Remeasurements of defined benefit plans	(9,760)	(8,746)
Total accumulated other comprehensive income	<u>89,024</u>	<u>88,925</u>
Non-controlling interests	<u>15,189</u>	<u>12,787</u>
Total net assets	<u>721,733</u>	<u>724,822</u>
Total liabilities and net assets	<u>1,246,225</u>	<u>1,297,649</u>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Nine months ended December 31

	Millions of yen	
	2017	2018
Net sales	479,802	448,529
Cost of sales	331,349	307,343
Gross profit	148,453	141,185
Selling, general and administrative expenses	128,230	119,506
Operating income	20,222	21,679
Non-operating income:		
Dividends income	2,537	2,622
Equity in earnings of affiliates	3,208	2,437
Other	2,185	2,179
Total	7,931	7,238
Non-operating expenses:		
Interests	918	875
Other	435	479
Total	1,353	1,355
Recurring profit	26,800	27,562
Extraordinary gain:		
Gain on sales of investment securities	986	819
Other	334	195
Total	1,320	1,014
Extraordinary loss:		
Impairment loss	51	3,640
Loss on reconstruction	263	—
Other	537	596
Total	852	4,236
Income before income taxes	27,268	24,340
Income taxes-current	5,105	6,991
Income taxes-deferred	2,349	1,223
Total	7,455	8,214
Net income	19,813	16,125
Net income attributable to non-controlling interests	731	680
Net income attributable to owners of the parent	19,081	15,444

Consolidated Statements of Comprehensive Income

Nine months ended December 31

	Millions of yen	
	2017	2018
Net income	19,813	16,125
Other comprehensive income:		
Valuation difference on available-for-sale securities	28,918	(1,136)
Deferred gains or losses on hedges	9	26
Foreign currency translation adjustment	(732)	83
Remeasurements of defined benefit plans	1,046	1,028
Share of other comprehensive income of affiliates accounted for using equity method	331	(147)
Total other comprehensive income	29,574	(146)
Comprehensive income	49,387	15,979
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	48,574	15,346
Comprehensive income attributable to non-controlling interests	812	633

(3) Notes to Consolidated Financial Statements

(Note on Assumptions for Going Concern)

Not applicable

(Notes in the Event of Major Change in Shareholders' Equity)

Not applicable

(4) Segment Information

I. Nine months ended December 31, 2017

1. Information on Amounts of Net Sales and Profit or Loss by Reported Segment

(Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated statement of income (Note 3)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	398,619	76,562	475,181	4,621	479,802	—	479,802
Inter-segment net sales and transfers	321	375	697	9,975	10,672	(10,672)	—
Total net sales	398,941	76,937	475,878	14,596	490,475	(10,672)	479,802
Segment operating income	8,945	11,707	20,653	488	21,141	(918)	20,222

Notes: 1. The "Other" category is a business segment not included in reported segments. It includes such operations as temporary agency services, movables leasing and software development.

2. The segment operating income adjustment of minus ¥918 million mainly comprises ¥3,237 million in eliminations of inter-segment business, together with minus ¥4,156 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.

3. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

II. Nine months ended December 31, 2018

1. Information on Amounts of Net Sales and Profit or Loss by Reported Segment

(Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated statement of income (Note 3)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	391,991	51,749	443,740	4,788	448,529	—	448,529
Inter-segment net sales and transfers	379	367	746	9,411	10,158	(10,158)	—
Total net sales	392,370	52,116	444,487	14,200	458,687	(10,158)	448,529
Segment operating income	17,209	4,383	21,592	417	22,010	(330)	21,679

- Notes: 1. The “Other” category is a business segment not included in reported segments. It includes such operations as temporary agency services, movables leasing and software development.
2. The segment operating income adjustment of minus ¥330 million mainly comprises ¥2,953 million in eliminations of inter-segment business, together with minus ¥3,284 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.
3. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

2. Matters concerning the Changes of the Reported Segment

On May 10, 2018, the Board of Directors of the Company resolved to change the segment categories.

The Group has announced a medium-term business plan aimed at enhancing its earnings capabilities based on powerful media and attractive content, while responding to such changes in the environment as innovations in Internet technologies and the spread of digital devices, as well as increasing investment in growth fields, building a more solid business portfolio, and future-oriented growth of the Group. Under the medium-term business plan, businesses related to media and content have been aggregated into the same segment to enhance the Group’s earnings capabilities, while the Urban Development, Hotels & Resorts business is positioned as one of the Group’s two main pillars and we aim for further growth over the medium to long term through strategic investments.

Accordingly, the Group’s segments have been changed. In the previous fiscal year, they were “Broadcasting,” “Production,” “Video and Music,” “Life Information,” “Advertising,” “Urban Development” and “Other.” From the first quarter of the fiscal year ending March 31, 2019, the segments are “Media & Content,” “Urban Development, Hotels & Resorts” and “Other.”

Note that the segment information for the nine months ended December 31, 2017 is presented based on the reported segments after the change.

3. Information on Impairment Loss on Noncurrent Assets and Goodwill, etc. by Reported Segment

(Material impairment loss on noncurrent assets)

In the “Media & Content” segment, an impairment loss is recorded regarding the Cecile business assets of Dinos Cecile Co., Ltd. as a result of an investment amount no longer expected to be recoverable due to a deterioration in profitability. The impairment loss recorded during the nine months ended December 31, 2018 is ¥3,630 million.

(5) Additional Information

The “Partial Amendments to ‘Accounting Standard for Tax Effect Accounting’” (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2019, and accordingly deferred tax assets are included in the item of investments and other assets, and deferred tax liabilities are included in the item of noncurrent liabilities.

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