

1H FY3/20 Financial Results Briefing

Summary of President's Remarks

Measures to address management issues

Fuji Media Holdings will transition to a Company with Audit & Supervisory Committee, subject to approval at the General Meeting of Shareholders next year. We plan to strengthen our governance structure by reducing the total number of directors, with more than one third of Board members independent outside directors.

Increasing ROE is also one of our management priorities. Rather than taking a short-term perspective, and without harming the continuity of our business activities, we will work to improve ROE by increasing earnings. As this fiscal term we had a boost from extraordinary gains, we have set a target with a considerable increase from the previous fiscal year.

Development of new earnings sources

Increasing the level of earnings over the medium term with just our existing businesses has its limitations, so we need to develop new sources of earnings. Establishing new businesses from scratch is a difficult challenge, but we plan to build structures to search for potential across the entire corporate group.

We are also pursuing measures for development through investment. We are not limiting ourselves to any particular genre, with investment targets from early stage to large-scale projects. To provide the necessary funding we will utilize cash on hand, while also considering borrowings, and a partial cross-shareholding policy.

Analysis of 1H FY3/20 results and future outlook

Fuji TV achieved a year-on-year increase in operating income in 1H. This was due mainly to the increase in viewership from last year, with particularly strong support from younger viewers. While spending on spot advertising is sluggish, we managed to keep the revenue decline to a minimum, and increase our market share. The movie business also made a significant contribution this year. Gaining earnings from large-scale productions such theater movies in which Fuji TV excels, will be an important strategy going forward.

We do not see the TV advertising market gaining strength in 2H. We will analyze cost effectiveness, and efficiently allocate costs.

Regarding the media value of TV going forward, we need to conduct a sober and objective analysis, and formulate a specific response strategy. Fuji TV has established a headquarters to plan its future digital media strategy, including streaming. This office is considering issues faced by all commercial broadcasters, such as increasing ad revenue from time shift and catch-up streaming, improving viewer data, and simultaneous streaming. At the same time, Fuji TV is also considering its own strategies.

In the Media & Content segment, Pony Canyon posted gains in streaming and merchandise sales. Segment performance improved as a result of management efforts from each company in the segment, including strong performance in TV shopping and increased sales of high-priced furniture from Dinos Cecile.

Fuji Games struggled, as results from a newly released game fell below expectations.

In the Urban Development, Hotels & Resorts segment, the asset development business was positive, with earnings significantly exceeding plan for the segment overall. Our proactive business development strategy was successful, and produced results. Going forward, we will make investments from a medium-term standpoint to secure future earnings sources, and seek growth.

Overall, results in the current period are exceeding plan. We will work to maintain this positive performance for the fiscal year.