FY3/21 Financial Results Briefing
Summary of Remarks

Osamu Kanemitsu
President and COO

- Advertising revenue, events, and the tourism business were all severely impacted by the COVID-19 situation in the previous fiscal year. However, the external business environment took a favorable turn from the third quarter, and many of the main companies in the Media & Content segment achieved an increase in earnings, with overall results exceeding forecasts on a consolidated basis.

- The businesses that performed well were those that provide content over the internet, including Pony Canyon, Fujipacific Music, and Fusosha. The expansion in the mail order market led to a significant rise in earnings for DINOS, while BS Fuji posted gains on an increase in mail order advertising.

- For FY3/22, we anticipate an increase in earnings on a consolidated basis. Our estimates for the tourism business are premised on recovery in domestic demand from the second quarter, but we still expect conditions to be difficult this period. Fuji Television anticipates an increase in advertising revenue, but because of the expense incurred for broadcasting rights to the Olympics, is forecasting results on a par with the previous fiscal year.

- Regarding medium-term management targets, because of the difficulty of predicting the period for recovery in the tourism business from the COVID-19 crisis, current conditions do not allow Fuji Media Holdings to provide quantitative figures. We will consider the issues going forward, including the starting point for a medium-term plan.

- The importance of the value of media content provided over the internet continues to rise amid the changes in society and lifestyles due to COVID-19. In the media sector, the line between broadcasting and streaming has blurred, further underscoring the principle that "strong content makes strong media." However, Fuji TV continues to face major issues in terms of increasing audience ratings and expanding advertising revenue, and will devote a wide range of management resources to achieving improvements. We aim to have a business structure with diverse income streams centered on content and intellectual property rights, such as greater ad revenue from streaming.

- In the video and music field, the current situation has underscored the importance of strong content and hit artists. Pony Canyon has gained distribution income from hits in music streaming, and popular anime production in which it participated. We have also secured exclusive sales rights through our platform for goods related to new generation artists, generating considerable revenue even for streaming without a live audience.

- In the mail order business, DINOS attracted a greater number of new young customers, with a greater portion of sales made through e-commerce and internet orders. The Cecile business centered on apparel was sold in March. Going forward, DINOS will link its core TV shopping and e-commerce business with catalogue sales, enhance profitability and efficiency, and expand growth opportunities.

- In the Urban Development, Hotels & Resorts segment, office building rents were firm, but we are keeping a close eye on demand trends. Demand for logistics facilities has increased dramatically, and we have established our own brand, SANKEILOGI, and are in the process of building distribution centers. We plan to have facilities in several locations to capture demand. In the tourism business, we anticipate growth over the longer term, and are planning a major redevelopment of Suma Aqualife Park. Development and investment will be made from a long-term perspective while ensuring financial soundness.

- Our basic policy of business portfolio management proved effective to a certain degree during the previous fiscal year. Going forward, we will postulate various scenarios, aiming for a more robust management foundation and greater management efficiency.

- That capital efficiency increases with a rise in earnings is a basic principle, but in the previous fiscal year we acquired ¥10 billion in treasury stock. In terms of shareholder returns, there is no change in our policy of paying a stable dividend based on a 40% payout ratio. We recorded ¥11.9 billion in gain on sales of cross-shareholding shares in the previous fiscal year. We will continue to examine the significance of such holdings going forward.

- In March, Fuji Television, BS Fuji, and Nippon Broadcasting System collaborated in a joint broadcast of programs on the environment and human rights, centered on the UN Sustainable Development Goals (SDGs). As a media-centric corporate group, Fuji Media Holdings will ensure that it perpetually fulfills its public mission and social responsibility, while also acquiring earnings as a listed company.

Kenji Shimizu
Executive Managing Director

- The increasing use of video streaming is driving a trend toward a viewing style that makes no distinction between broadcast and streaming, putting terrestrial broadcasters in competition with streaming platform providers. Fuji Television, while capturing terrestrial broadcasting advertising revenue, aims to build a business structure that does not rely solely on this income source, but generates earnings from a variety of sources including program content and intellectual property.

- For program content, we aim to manage operations in a way that maximizes returns in terms of both the content's value as an advertising medium, and its value for generating earnings. We want to establish an environment that produces hit content, such as by making relatively larger investments in content with potential returns.

- Television programming is of course about gaining a high audience rating, but other factors that need to be considered are the audience composition and number of impressions for missed episodes. We want to secure strong growth from streaming ads in addition to television ad revenue, and will make this a management priority going forward. We will cooperate and coordinate with other TV stations through the TVer service, and conduct research and development on ad technologies and other services.

- While capturing the expanding video ad market for streaming, we also want to put Fuji Television on track for a new stage of growth. To achieve this, the facilities and other equipment we had considered necessary for TV broadcasting will be streamlined and made more compact in an effort to optimize fixed costs.

- For Fuji Media HD Group companies, we aim to establish a robust management structure with each company competitive in its respective field. However, the decline in revenue due to the coronavirus has revealed weak spots in management, such as earnings declining at several business companies under the burden of fixed expenses. We plan to draw on the experience of the previous fiscal year to implement improvements in profitability and the cost structure at our business companies.

- Further, for the Fuji Media HD Group overall to adapt to the changes in the business environment and achieve growth, we believe that we need “subtractive” restructuring, such as consolidation of existing businesses. By rebalancing capital and resources, and allocating management resources in areas with growth potential, we hope to build a highly profitable and efficient business portfolio.

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