

The Nippon TV Group Medium-Term Management Plan 2016-2018 Change65

May 17, 2016

Nippon Television Holdings, Inc.

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Medium-Term Management Plan 2016-2018 Change65

- ① Reassessment of Next60 accomplishments
- ② Long-term and medium-term management goals
- ③ Medium-term management goals
- ④ Focal points of Change65
- ⑤ Financial goals of Change65
- ⑥ Goals of each business
- ⑦ Financial and dividend policy of Change65

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① The Results of Next60

All the financial targets have been accomplished. Nippon TV's competitiveness in the TV advertising business has been enhanced. Measures have been taken for the diversification of our business portfolio.

Unit: 100 Million Yen

	FY 2011	FY2015 Target	FY2015	Increase 2011→2015
Consolidated Net Sales	3,054	4,000	4,147	1,093
TV Advertising Sales	2,133	2,550	2,623	490
Content Sales and Other	920	1,450	1,524	604
Consolidated Recurring Profit (% to Net Sales)	380 (12.4%)	500 (12.5%)	577 (13.9%)	197

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② Long-Term and Medium-Term Management Goals

Long-Term Management Goals, which Nippon TV Group will pursue by FY2025

- Become a corporate group which provides “enriching experiences”
- Be the “First Choice Nippon TV”
- Diversify business portfolio and expand overseas
- Develop internet video distribution business and overseas business into main sources of profit

Medium-Term Management Goals (qualitative goals)

- The strongest production group, which produces and delivers enriching content
- “Destroy and create” businesses to achieve continuous growth
- A solid position in overseas markets
- Social contributions emphasizing regions and individuals
- A working environment that nurtures the talents of all employees and motivates them to take on greater challenges

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③ Medium-term management goals (qualitative)

Become the strongest production group, which produces and delivers enriching content

1. Become the most reliable news outlet in Japan
2. Obtain the “Quintuple Crown” title in the household zone and the core target zone of terrestrial viewer ratings, and secure the largest share in terrestrial television advertisement revenue among Tokyo-based key broadcasters
3. Produce content which the “Internet First” demographic will support, and accelerate the growth of its internet video distribution business
4. Ensure that BS Nippon reaches the most viewers and achieves the highest revenues
5. Deliver its content through various media and maximize profits
6. Research state-of-the-art technologies and maximize their usage

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③ Medium-term management goals (qualitative)

“Destroy and create” businesses to achieve continuous growth

1. Reconfirm the business domains, improve the business models by making bold organizational reforms and mobilizing sufficient human resources
2. Set up a total of ¥50 billion investment line and proceed with the diversification of the Group's business portfolio
3. Ensure that the companies in the life and health-related segment pursue synergistic benefits and develop new services

Gain a solid position in overseas markets

1. Promote the businesses that are established in the respective regions
2. Accelerate global expansion of content and production

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③ Medium-term management Goals (qualitative)

Make social contributions that emphasize regions and individuals

CSR through TV programs and various other activities that are appropriate and relevant to the times

Foster a working environment that nurtures the talents of all the employees in the Nippon TV Group and motivate them to take on great challenges

1. Develop and improve the talents of all employees
2. Recruit and develop a diversified group of employees and create a corporate culture as well as a system that encourages all employees to take on challenges

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④ Focal Points of Change65

- Maintain top position in terrestrial TV advertising market
- Ensure that BS Nippon reaches the most viewers and achieves the highest revenues among the BS subsidiary companies of the key terrestrial broadcasters
- Further develop the businesses which were initiated in Next60 (internet video distribution business, overseas business, life and health-related business)
- Continue investing for future growth and diversification of business portfolio

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⑤ Financial Goals

Unit: 100 Million Yen

	FY2015	FY2018 Target	Increase 2015-2018
Consolidated Net Sales	4,147	4,600	453
TV Advertising Sales	2,623	2,685	62
Terrestrial	2,478	2,525	47
BS & CS	145	160	15
Content Sales and Others	1,524	1,915	391
Consolidated Operating Profit (% of Net Sales)	531 (12.8%)	550 (12.0%)	19
Consolidated Recurring Profit (% of Net Sales)	577 (13.9%)	600 (13.0%)	23

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⑥ Objectives of Each Business 【1. TV advertising business】

- Assume that TV advertising market will remain flat
- Obtain “Quintuple Crown” in both household and core target zones of terrestrial viewer ratings
- Maintain top share in terrestrial television advertisement market
- Ensure BS Nippon gains top position in both viewer reach and advertisement revenues among BS subsidiaries of key terrestrial broadcasters

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⑥ Objectives of Each Business 【2. Internet video distribution business】

- Accelerate Hulu's growth

Subscribers as of March 2016: approx. 1.3 million

- Develop a sales model for the free internet video distribution business (Nittele TADA) and stabilize its advertising revenue

- Promote real-time viewing and gain viewer membership through collaboration of internet and TV programs, as planned by HAROiD

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⑥ Objectives of Each Business 【 3. Overseas business】

● Accelerate the expansion of GEM

Operate Pay TV channels in Hong Kong, Thailand, Indonesia and Cambodia

Provide a diverse array of Nippon TV content

● Promote merchandizing business overseas

Opened the first overseas ANPANMAN shop in Taipei in September 2015

● Promote the businesses which are rooted in the respective regions, especially in Asia, which the Group expects to grow

● Target the specific needs of each county and accelerate global expansion of content and production

⑥ Objectives of Each Business 【4. Life and health related business】

● Ensure steady growth of TIPNESS

Increase membership of comprehensive-type gyms

Increase membership of 61 comprehensive-type gyms in Greater Tokyo Area by making the most of the latest fitness programs and their high customer satisfactions

Increase FASTGYM24 branches

Currently in 37 locations. Market is expanding in response to the need for round-the-clock easy access to exercise facilities

- New business development in life and health-related business segment, responding to the aging society and health-oriented lifestyle

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⑥ Objectives of Each Business 【5. New business development】

- Set aside a total of ¥50 billion investment line for new businesses, including strategic investments
 - ◎ Purchased TIPNESS, Hulu and TATSUNOKO; invested in GEM and HAROiD during the previous Medium-Term Management Plan Next 60
 - ◎ With many investment proposals offered, an internal incubation program launched in Nov 2015
- Expand life and health-related business segment
- Develop the “fourth source of profit” following content business, life and health-related business and real estate business

⑦ Financial and Dividend Policy

- Total investment line 2016-2018: ¥50 billion

- Total capex 2016-2018: ¥80 billion (budget)

Cash in hand will be used

¥13 billion out of ¥80 billion will be spent towards construction of a new studio building in Kojimachi

- Key Management Indicators:

Operating Profit Margin and Recurring Profit Margin

- Continuous and stable dividend payments

The background features a white upper-left quadrant and a white lower-right quadrant. The lower-left area is divided into three overlapping geometric shapes: a light blue triangle, a teal triangle, and a large orange triangle that extends from the bottom-left towards the top-right.

Supplemental Materials

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The Results of Next60

Business	Results
Terrestrial TV broadcasting	Top viewer ratings (“Triple Crown” for two consecutive years) Largest share of terrestrial TV advertising revenue among key stations
Internet	Purchased Hulu Japan in April 2014 Subscribers as of the end of March 2016: approx. 1.3 million Established HAROiD jointly with Bascule, Inc. to develop services that connect TV and internet
Overseas expansion	Established pay TV channel GEM jointly with a SONY Group company. Launched GEM in Hong Kong, Thailand, Indonesia and Cambodia to broadcast Nippon TV programs
Diversification of business portfolio	Purchased TIPNESS, an operator of fitness clubs → Established life and health-related business segment. The share of TV advertisement revenue decreased from 70% to 64%
Return for shareholders	Stable increase of dividend payments FY 2011 ¥29 FY 2015 ¥34 (forecast)

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The Results of Next60

Enhanced Competitiveness of Terrestrial TV Advertising Business

Household viewer ratings	First Half of FY2012	First Half of FY2015
All Day (6:00 – 24:00)	① 7.7	① 8.5
Prime Time (19:00 - 23:00)	② 11.7	① 12.3
Golden Time (19:00 – 22:00)	① 11.9	① 12.4
Non-Prime Time (6:00 – 19:00 / 23:00 – 24:00)	① 6.6	① 7.4
Platinum (23:00 – 25:00)	③ 5.7	① 7.4

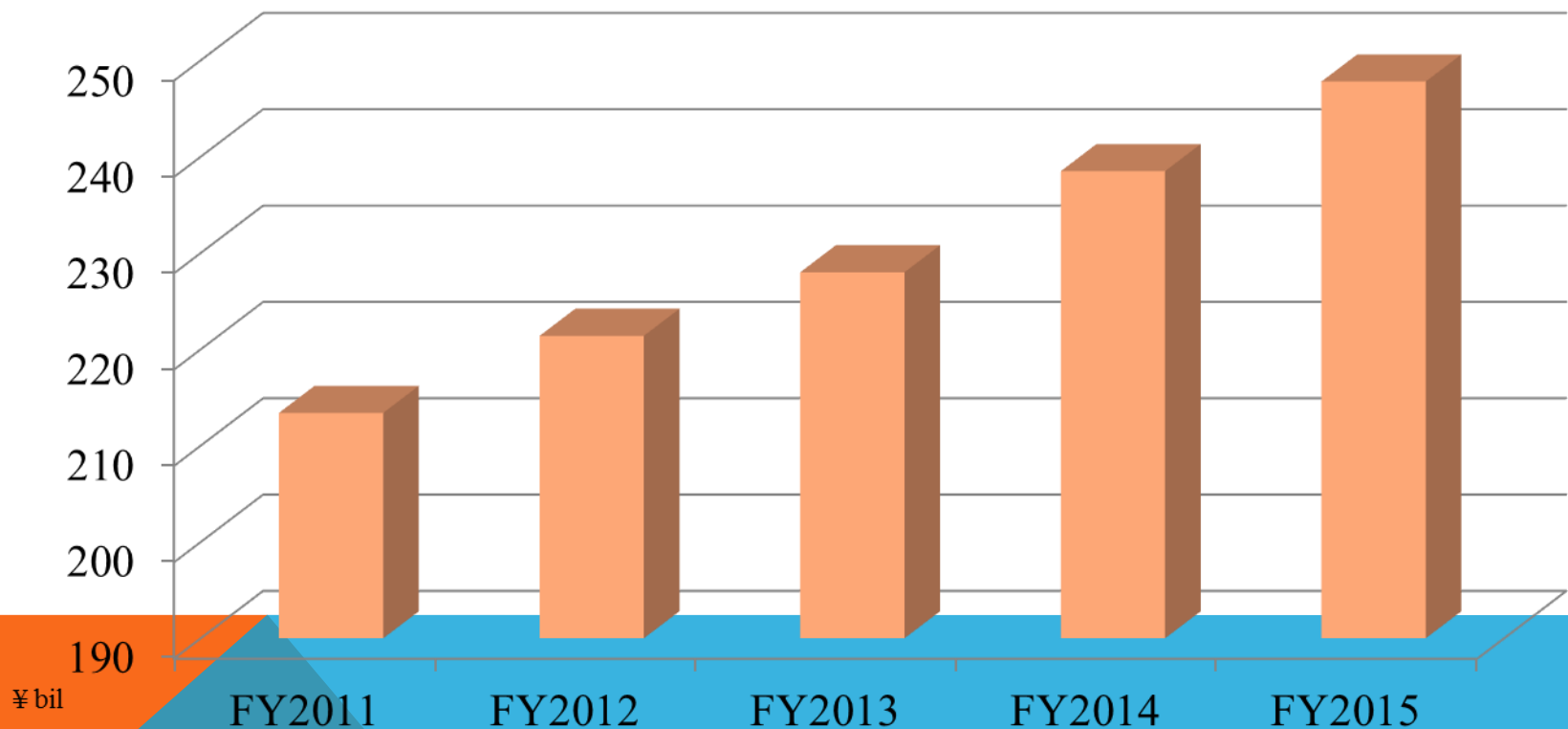
Unit: 100 Million Yen

	FY2011	FY2015
TV Advertising Sales	2,133	2,624
Terrestrial	2,133	2,478
BS & CS	—	145

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The Results of Next60

Historical Trend of Nippon TV Terrestrial TV Advertising Revenue



The Results of Next60

Terrestrial TV Advertising Revenue Share

