

**Medium-Term Management
Plan for 2019–2021:
Nippon TV eVOLUTION**

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Nippon Television Holdings, Inc.

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New Medium-Term Management Plan for 2019–2021: Nippon TV eVOLUTION

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(1) Results of Change65, our previous medium-term management plan

Other than the consolidated ordinary profit margin (13.5%), all figures were below target for the final year of medium-term management plan (fiscal 2018). Consolidated net sales was lower than targeted because of a lack of major M&A activity and because Content Business sales fell short of target, although TV advertising revenue was higher than expected.

| (Billions of yen) | | FY2015 results | FY2018 targets | FY2018 results | Difference 2015→2018 | Difference between FY2018 targets and results |
|--------------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------------|--------------------------------------------------------|
| Consolidated net sales | | 414.7 | 460.0 | 424.9 | 10.2 | (35.1) |
| | TV advertising revenue | 247.8 | 252.5 | 255.9 | 8.1 | 3.4 |
| | Content Business sales, other | 166.9 | 207.5 | 169.0 | 2.1 | (38.5) |
| Consolidated operating profit | | 53.1 | 55.0 | 49.7 | (3.4) | (5.3) |
| | Consolidated operating profit margin | 12.8% | 12.0% | 11.7% | (1.1)% | (0.3)% |
| Consolidated ordinary profit | | 57.7 | 60.0 | 57.3 | (0.4) | (2.7) |
| | Consolidated ordinary profit margin | 13.9% | 13.0% | 13.5% | (0.4)% | 0.5% |

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(2) Themes of Nippon TV eVOLUTION, our new medium-term management plan

“More than just TV”

We intend to move outside the boundaries of television. As an **integrated content company***, we aim to become the No. 1 company as a lifetime partner.

Through our current medium-term management plan (Nippon TV eVOLUTION), we aim to take the Nippon TV Group to new heights, leveraging our **paramount strength in content production** as an **engine of growth**.

* “Integrated content company” refers to our aim of being a company that provides a broad range of content and services—from events to health and lifestyle and education—that enriches consumers’ lives.

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(3) Management goals (qualitative targets)
for our new medium-term management plan

[1] Fulfill the Nippon TV Group's social responsibility and further enhance trust in the Group

- 1 Provide content and services that are trusted by all stakeholders
- 2 Be fair and equitable, disseminate information swiftly and accurately
- 3 Use the Company's business activities and resources to provide enriching experiences that contribute to society and culture

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(3) Management goals (qualitative targets)
for our new medium-term management plan

[2] As an integrated content company, substantially enhance profitability and productivity through progress on broadcasting and related services

- 1 Remain the strongest content production group
- 2 Make progress in the broadcasting business and formulate new strategy
Set new indices, transform sales, develop low-cost content
- 3 Boost profitability and productivity by leveraging new technologies [artificial intelligence (AI) and fifth-generation mobile communications system (5G)] and conducting data-based marketing
- 4 Dramatically overhaul existing business schemes, such as the anime and movie businesses, and proactively promote the intellectual property business
- 5 Strengthen companywide initiatives aimed at boosting sales in overseas markets

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(3) Management goals (qualitative targets)
for our new medium-term management plan

[3] Grow a business pillar in the internet field

- 1 Enable distribution of all broadcast programs and create a content production system for the internet
- 2 Complete the groupwide DMP (customer information system), and create a service and business foundation that provides direct links to consumers
- 3 Substantially increase sales from Hulu and the free ad-linked distribution business
- 4 Develop and commercialize new services and content for the fifth-generation mobile communications system (5G)
- 5 Develop new internet services for young people
- 6 Expand internet compatibility of content and services in preparation for an IoT society, when everything will be connected over the internet

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(3) Management goals (qualitative targets)
for our new medium-term management plan

[4] Promote startups, M&A and alliances in the aim of boosting non-terrestrial-broadcasting revenue above 50% of net sales

- 1 Aggressively promote startups by soliciting new business plans from across the Group and establish a companywide support structure
- 2 Double the investment budget to ¥100.0 billion, and work to expand business segments throughout the Group through M&A and other measures
- 3 Promote far-reaching worldwide alliances that cross lines of business
- 4 Expand business in Life and Health-Related business, and augment the real estate and education businesses
- 5 Bolster the percentage of revenue from outside the Group

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(3) Management goals (qualitative targets)
for our new medium-term management plan

[5] Transform our awareness, the organization, and the status quo

- 1 Nurture and acquire human resources, our engine of growth
- 2 Expand beyond broadcasting, establishing structures and rules to facilitate the production of content for a host of media services
- 3 Review all business processes across the Company in the aim of reducing human and physical resource requirements by around 20%, and reallocate these resources toward growth
- 4 Review existing organizations and systems from the ground up, and transform them into future-oriented organizations and systems in anticipation of changes in the operating environment
- 5 By breaking away from precedent and introducing artificial intelligence (AI) and other new technologies, make operations more nimble and swifter, and promote work-style reforms

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(4) Quantitative targets for our new medium-term management plan

| | | FY2018 results | FY2021 targets | FY2021 targets (including M&A) |
|--------------------------------------|-----------------------------------------|-------------------|-------------------|-----------------------------------|
| (Billions of yen) | | | | |
| Consolidated net sales | | 424.9 | 450.0 | 500.0 |
| | TV advertising revenue | 255.9 | 264.0 | 264.0 |
| | Media and content business sales, other | 164.2 | 186.0 | 186.0 |
| | New M&A | 4.8 | — | 50.0 |
| Consolidated operating profit | | 49.7 | 52.0 | 54.0 |
| | Consolidated operating profit margin | 11.7% | 11.6% | 10.8% |
| Consolidated ordinary profit | | 57.3 | 59.0 | 62.0 |
| | Consolidated ordinary profit margin | 13.5% | 13.1% | 12.4% |

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(5) Targets by business: broadcasting business

Assume the television advertising market will be flat or grow slightly

In terrestrial viewer ratings, change our internal metric from “household viewer ratings” to “individual viewer ratings”

Retain our triple crown title for terrestrial viewer ratings in individual (overall) viewer ratings and the core target zone

Conduct sales reforms in the terrestrial and BS broadcasting business

Maintain the top share of terrestrial TV advertising revenue among Tokyo-based key broadcasters

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(5) Targets by business: internet business

Develop Nippon TV Group content for Hulu and the free, ad-linked distribution business

Introduce a rights system that facilitates distribution of all programming

Substantially expand free, ad-linked distribution business and other internet advertising revenue

Create an internal customer information system for the Group and use it to develop BtoC business within the Group

Develop a new internet business of a certain scale and conduct M&A in the ICT field

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(5) Targets by business: content business

Develop large-scale anime content that can be rolled out on multiple platforms

Plan and develop original products that can be used to expand the IP business

Develop dramas to expand sales in overseas markets

Develop integrated movie, event, merchandizing and game content

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(5) Targets by business: new business development

Double new business and M&A investment budget from ¥50.0 billion to ¥100.0 billion

Create a framework for new business proposals and cultivate an entrepreneurial culture

Steadily expand business in the Life and Health-Related business

Develop new businesses that aggressively leverage new technologies, including the fifth-generation mobile communications system (5G), artificial intelligence (AI) and extended reality (XR)

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(6) Financial policy

- Double the three-year budget for new business and M&A investment from ¥50.0 billion to ¥100.0 billion
- Capital expenditure of ¥48.2 billion over three years (budget-based)
- Key management indicators
Operating profit margin and ordinary profit margin
- Pay stable, ongoing dividends

Appendices

The Previous Medium-Term Management Plan

| Business | Results |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Terrestrial TV broadcasting | <ul style="list-style-type: none"> ● Maintained top viewer ratings for five consecutive years (maintained “triple crown” on calendar and fiscal year basis for both the household and core target zones) ● Remained top in TV advertising revenue (time + spot) for five consecutive years |
| Internet | <ul style="list-style-type: none"> ● Hulu subscribers reached 2.02 million ● Acquired SkillUp Video Technologies Corporation in September 2018 ● Launched the Televiva business for distributing short video content, expanding the video distribution business |
| Portfolio diversification | <ul style="list-style-type: none"> ● Increased the number of TIPNESS FASTGYM24 openings ● ACM Co., Ltd., became a consolidated subsidiary ● Launched and moved forward on the e-sports, Vtuber, education and announcer dispatch businesses |
| Overseas expansion | <ul style="list-style-type: none"> ● In Turkey, sold <i>Mother</i> and <i>Woman</i> remake rights, and succeeded in programs in various countries ● Signed agreements for original drama <i>Way Too Kawaii!</i> in China, South Korea, Taiwan, and GEM |
| Shareholder returns | <ul style="list-style-type: none"> ● Increased dividend ¥34 in FY03/2018 → ¥35 in FY03/2019 |

Results of Change65

(Appendix 2)

The Previous Medium-Term Management Plan

(%)

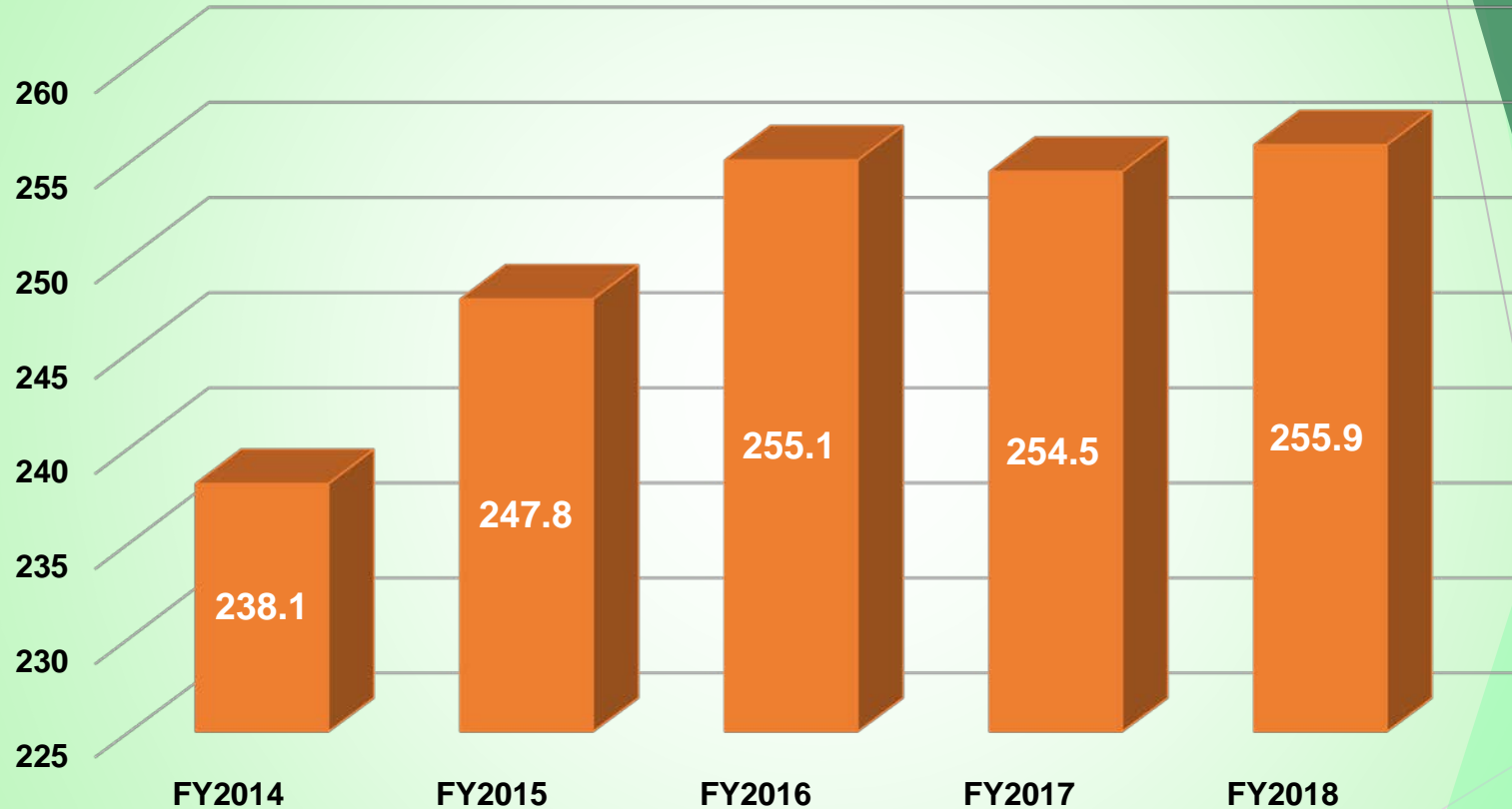
| Terrestrial household viewer ratings | FY2015 | FY2018 |
|--------------------------------------|---------|---------|
| All Day (6:00 to 24:00) | #1 8.5 | #1 7.8 |
| Prime Time (19:00 to 23:00) | #1 12.2 | #1 11.5 |
| Golden Time (19:00 to 22:00) | #1 12.4 | #1 11.9 |

(Billions of yen)

| Terrestrial TV advertising revenue | FY2015 | FY2018 |
|------------------------------------|--------|--------|
| Time | 118.3 | 125.8 |
| Spot | 129.4 | 130.0 |
| Total | 247.8 | 255.9 |

The Previous Medium-Term Management Plan

Terrestrial TV Advertising Revenue



(Billions of yen)