

Financial Results

FY2017 3rd Quarter

Nippon Television Holdings, Inc.
February 6, 2018

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Key Points of Financial Results

Viewer Ratings and Programming

Overview of Financial Results 2017 2Q and Forecast
for FY2017

Themes

① HJ Holdings and TIPNESS

② CAPEX Forecast and Depreciation (consolidated)

Key Points of Financial Results

Point
1

Sales increase, profit decrease

For FY2017 3Q, sales increased and profits decreased. While Nippon Television Network Corporation's (Nippon TV) broadcasting revenue declined, its non-broadcasting revenue increased. HJ Holdings saw subscriber growth, leading to increased sales. Operating profit decreased due to a rise in depreciation, maintenance and repair, and HJ Holdings content book value. Net income declined due to an extraordinary loss booked in FY2017 2Q.

Point
2

FY2017 forecast revision (sales only)

FY2017 forecast for operating profit, recurring profit, and net income are unchanged.
Sales forecast is revised downward by JPY 2 billion.

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Stellar Viewing Ratings

Point

1

Annual Triple Crown title 2017! No. 1 in all time slots

① Nippon TV captures annual Triple Crown title for 4th consecutive year / Quintuple Crown title for 5th consecutive year

- Annual winner for “All Day” for 7th year running, “Non-Prime” 6th year running, “Platinum Time” 3rd year running!

- Over 2 points higher than 2nd placer in “Prime” and “Golden Time”!

- Triple Crown title holder for 50 consecutive months

(“All Day” 55 consecutive months as of January 2018)

- Triple Crown victory for 48 out of 52 weeks

② Network broadcasters also enjoyed high viewership

→ Triple Crown victory for 24 out of 26 Nippon TV regional networks

Point

2

On-track for fiscal year 2017 Triple Crown title victory

2017 Annual Viewer Ratings

January 2, 2017 – December 31, 2017

(Unit: %)	Nippon TV	EX	TBS	TX	CX	Difference vs 2 nd place	HUT
All Day	8.2	7.4	6.3	5.7	2.8	+0.8	40.7
6:00 to 24:00	(-0.2)	(±0.0)	(+0.3)	(-0.1)	(-0.1)	(-0.2)	(-0.3)
Prime Time	12.0	10.0	9.8	7.8	6.2	+2.0	58.0
19:00 to 23:00	(±0.0)	(-0.7)	(+0.2)	(-0.4)	(±0.0)	(+0.7)	(-1.0)
Golden Time	12.4	9.8	9.9	8.0	6.6	+2.5	60.5
19:00 to 22:00	(+0.1)	(-0.6)	(+0.2)	(-0.1)	(+0.1)	(+0.6)	(-0.5)
Non-Prime Time	7.1	6.6	5.3	5.2	1.8	+0.5	35.8
All Day - Prime Time	(-0.3)	(+0.2)	(+0.3)	(±0.0)	(-0.1)	(-0.5)	(-0.1)
Platinum Time	6.7	5.6	4.4	3.8	2.6	+1.1	28.7
23:00 to 25:00	(-0.4)	(-1.1)	(-0.2)	(-0.4)	(-0.2)	(+0.7)	(-2.3)

1. In order of digital channel, from left
2. Source for household viewership (Kanto region): Video Research
3. Period of comparison: January 04,2016- January 01,2017

Viewer Ratings (Fiscal Year)

April 03,2017 – February 04, 2018

(Unit: %)	Nippon TV	EX	TBS	TX	CX	Difference vs 2 nd place	HUT
All Day	8.1	7.4	6.3	2.8	5.7	+0.7	40.7
6:00 to 24:00	(-0.3)	(+0.1)	(+0.3)	(±0.0)	(±0.0)	(-0.4)	(-0.3)
Prime Time	12.1	9.9	9.7	6.2	7.7	+2.2	57.9
19:00 to 23:00	(+0.2)	(-0.6)	(±0.0)	(+0.1)	(-0.3)	(+0.8)	(-0.8)
Golden Time	12.5	9.7	9.9	6.6	7.9	+2.6	60.5
19:00 to 22:00	(+0.3)	(-0.5)	(+0.1)	(+0.1)	(-0.1)	(+0.6)	(-0.4)
Non-Prime Time	7.0	6.7	5.3	1.9	5.2	+0.3	35.8
All Day - Prime Time	(-0.4)	(+0.3)	(+0.3)	(±0.0)	(+0.1)	(-0.7)	(-0.1)
Platinum Time	6.5	5.3	4.5	2.6	3.8	+1.2	28.4
23:00-25:00	(-0.5)	(-1.0)	(±0.0)	(-0.1)	(-0.3)	(+0.5)	(-2.1)

1. In order of digital channel, from left
2. Source for household viewership (Kanto region): Video Research
3. Numbers in parentheses are YoY differences (comparison against: April 04, 2016 – February 05,2017)

Household and Core Target Viewer Ratings



Point

Household viewer ratings—Triple Crown title 4th straight year

Core target viewer ratings—Triple Crown title 5th straight year

Dominant in both Household and Individual viewer ratings

→Successfully captured the largest viewership from the demographics most important to our clients across all time slots, i.e. All-Day, Prime Time, and Golden Time

Results of October Programming Improvements

1 “SUKKIRI!!” renewal fortified weekday mornings

October overhaul included cast switch and change of set art
 ⇒ Announcer Asami Miura joined, news content bolstered, and title logo simplified
 ⇒ **Household viewership: Part 1 +0.7% Part 2 +0.2%** (vs cour prior to renewal)

2 Golden Time annual ratings +0.1% (vs last year) leads to 2017 Triple Crown

◎ October improvement for “**Burning Questions!**”

⇒ Program and title change yielded **+1.1% household rating spike** (vs cour prior to change)

◎ April “**Arashi Ni Shiyagare**” time change ⇒ **+2.5% household rating spike** (vs cour prior to change)

◎ Monday program flow was improved in April leading to significant ratings increase in 4 Golden and Prime Time shows



2017 Average Household Rating

14.0%

13.7%

13.0%

13.8%

Prior year comparison

+1.7

+0.5

+0.4

+0.6

Key Points of April Programming Improvements

Point
1

Initiatives on final year of “2016-2018 Medium-Term Management Plan”

- ◎ Strengthen programs across entire day ⇒ “ZIP!” and “Hirunandesu!”
Renewal includes changing and bolstering concept, bringing in new faces
- ◎ Golden and Prime Time shows ⇒ solidify lineup for dramas and “Friday Roadshow!”

Point
2

Increase value of terrestrial TV for entire network

- ◎ Unparalleled content production expertise ⇒ focus on regular programs and optimal flow from one program to the next
- ◎ News and information organization that is indispensable to viewers = maximize value of Nippon TV network

⇒ **No prime time improvements for 2 consecutive quarters
(excluding dramas)**

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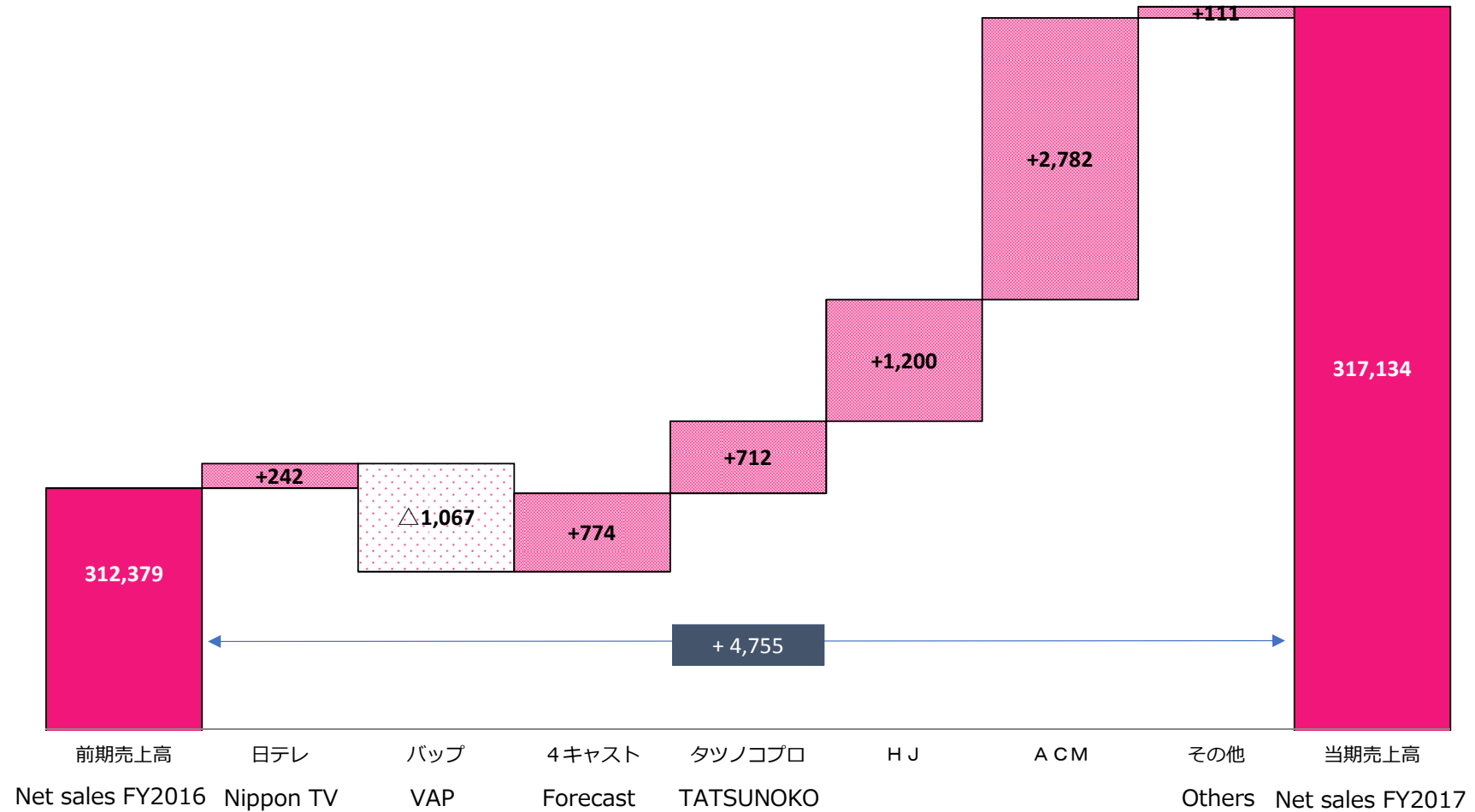
FY2017 3Q Consolidated Financial Results

Net sales rose due to increase in Nippon TV non-broadcasting business, Hulu subscriber, and other group company revenues, as well as establishment of ACM as a subsidiary at the end of last period. Operating profit declined due to higher depreciation and maintenance and repair costs, as well as Hulu content book value increase. Net income declined as extraordinary loss was posted in FY2017 2Q for integration of sales broadcast system for all Nippon TV network stations nationwide.

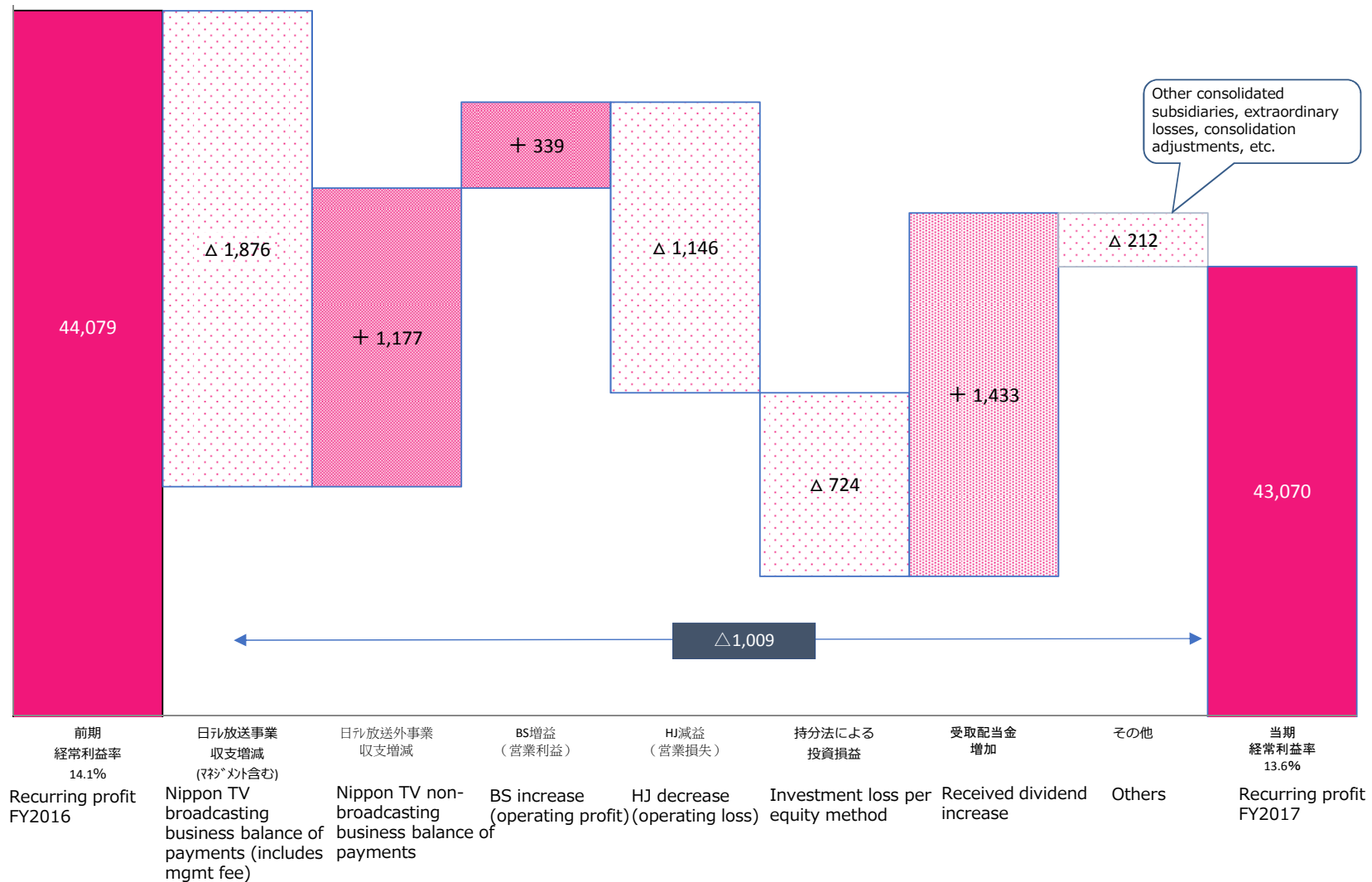
(Unit: Millions of Yen)

	FY2016 3Q	FY2017 3Q	change (%)
Net Sales	312,379	317,134	1.5
Operating Profit	39,376	37,346	(5.2)
Recurring Profit	44,079	43,070	(2.3)
Net Income attribute to owners of the parent	31,035	23,016	(25.8)

Net Sales Year-Over-Year Change Components



Recurring Profit Year-Over-Year Change Components



Consolidated Financial Forecast

(Unit: Millions of Yen)	2016 Result	FY2017 Previous Forecast (A)	FY2017 Revised Forecast (B)	Decrease (B-A)
Net Sales	416,704	425,000	423,000	(2,000)
Operating Profit	52,526	48,000	48,000	0
Recurring Profit	58,130	53,000	53,000	0
Net Income	40,786	31,000	31,000	0

Dividend Forecast **※unchanged**

(Unit: Yen)	2Q	Year-End	Annual
FY2016	10	24	34
FY2017 Dividend Forecast	10	24	34

Growth assumptions for terrestrial TV advertising revenue and production costs (vs last FY)

(Unit: %)	FY2017 Year-End Forecast	Previous Forecast
TV advertising revenue	(0.8)	(0.9)
Time	0.9	0.1
Spot	(2.4)	(1.9)
Production costs	1.2	2.8

Key Points of Financial Results

Viewer Ratings and Programming

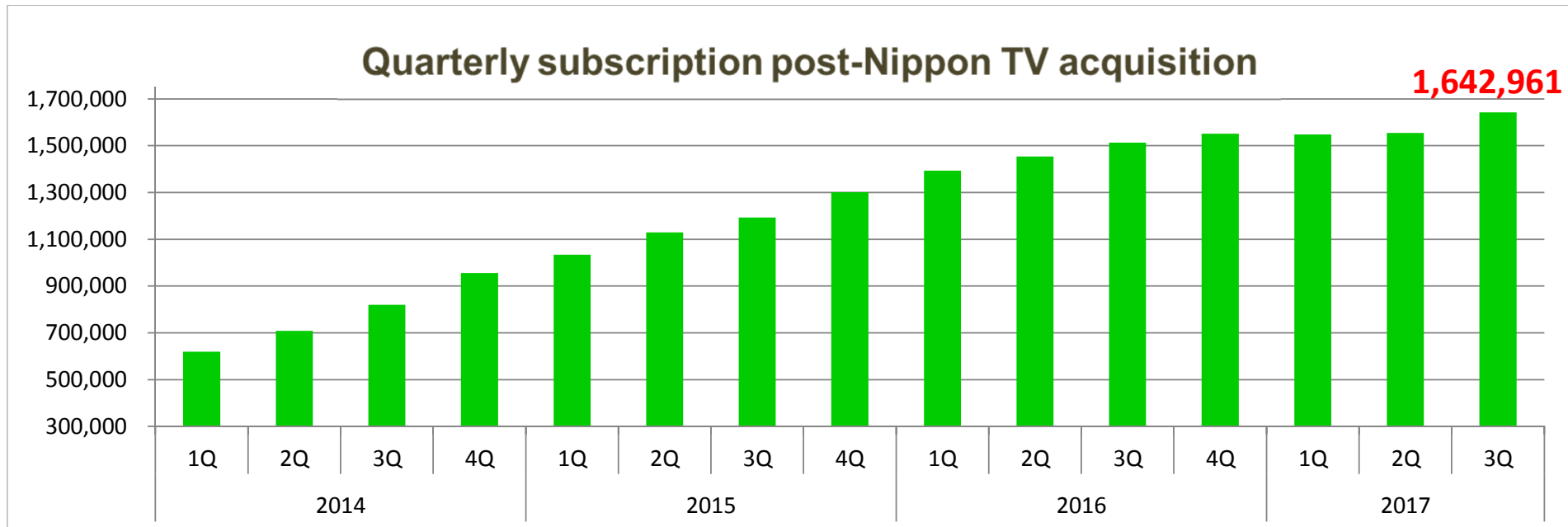
Overview of Financial Results 2017 2Q and Forecast
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Themes

① **HJ Holdings and TIPNESS**

② CAPEX and Depreciation (consolidated)

HJ Holdings



■ **1,642,961** subscribers at end of FY2017 3Q ※ **+88,516** since end of 2Q (largest increase to date)

⇒ July original drama “My Lover’s Secret” and

⇒ Hulu original “You Are Tender When it Rains” garnered over 250,000 new subscribers

■ Switchover campaign from Premium GYAO! started in December and brought in **over 11,000 members**

■ 3Q results prompt us to revise 2017 fiscal year end subscriber estimate to **1.75 million**

TIPNESS Initiatives

Point
1

Jan 2018 rollout of “Comprehensive Fitness Club” and “24-Hour Gym” service availability across entire brand

Point
2

New women-only hot studio TIPNESS brand “Magma Spa Studio Hotlux” opens first branch

Point
3

“TIPNESS Nihonbashi Style” to open in summer; first venture into the redeveloped Nihonbashi area

Key Points of Financial Results

Viewer Ratings and Programming

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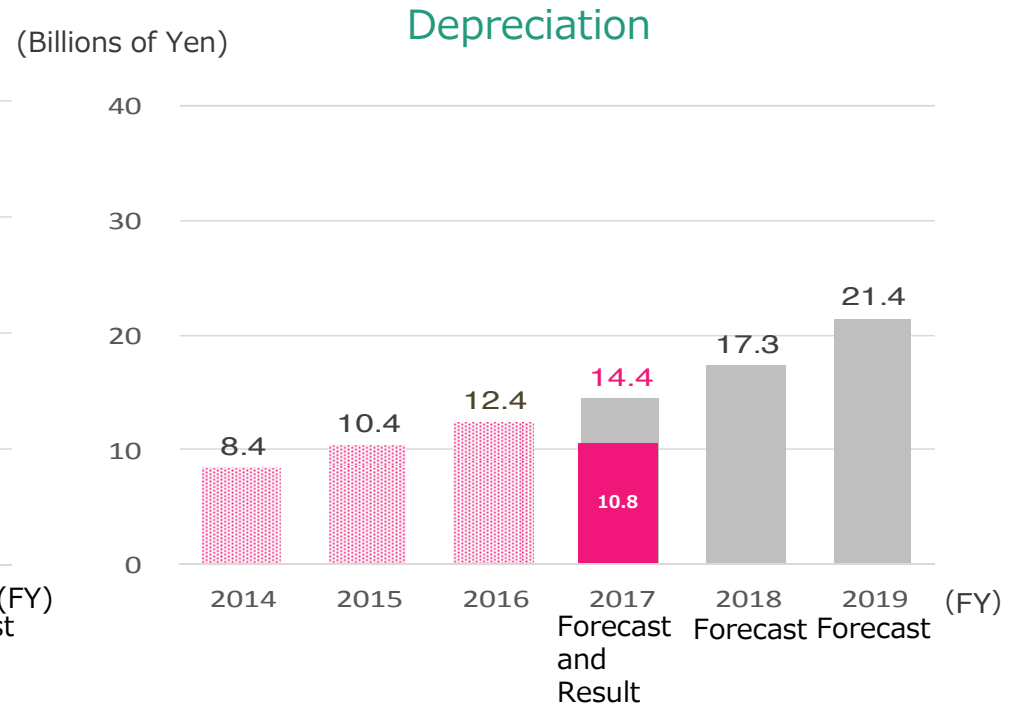
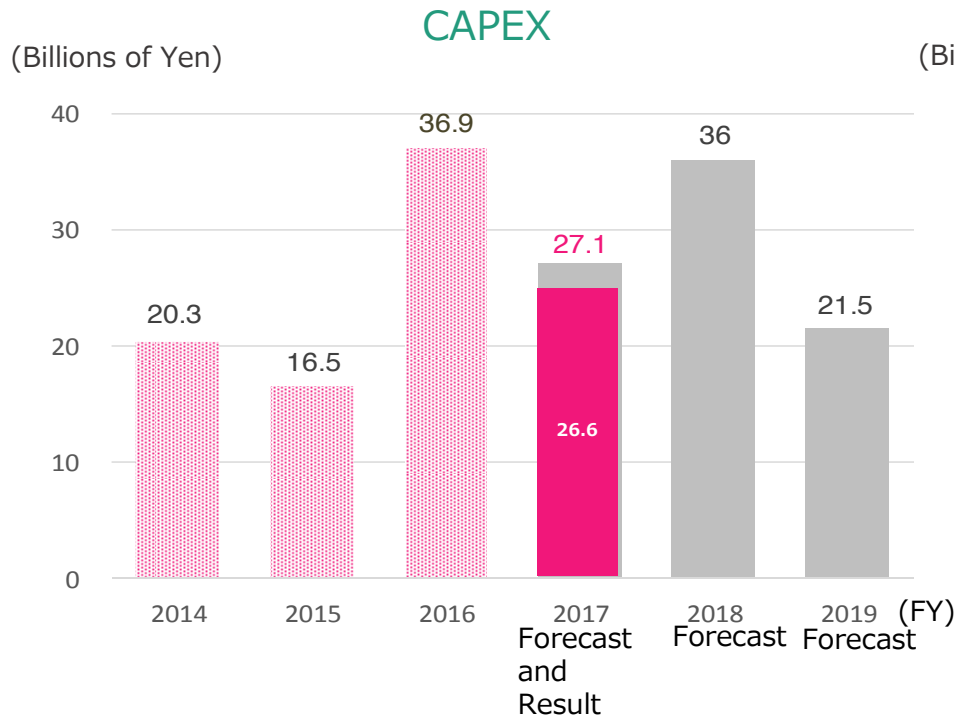
Themes

① HJ Holdings and TIPNESS

② **CAPEX and Depreciation (consolidated)**

CAPEX and Depreciation (consolidated)

FY2017 3Q (Unit: Billions of Yen)	CAPEX	Depreciation
		26.6



Reference Materials for Financial Results

Nippon TV Holdings Consolidated Results

- Segment Information

FY2017 3Q (Unit : Millions of Yen)	Segmentation				Other	Total	Adjustment	Consolidated Year to Date Total
	Media · Content Business	Life and Health- Related Business	Real Estate Business	Total				
Net Sales	284,398	28,579	7,353	320,331	4,722	325,054	(7,919)	317,134
Segment Profit	33,693	1,445	2,532	37,670	258	37,929	(583)	37,346

Segmentation	Main businesses
Media Content business	Sales of TV advertising, pay TV business, Video On Demand, video and music royalty revenue, sales of package media, TV-shopping, movie business, events and art exhibitions, content production business and theme park business
Life and health-related business	Operation of fitness clubs
Real estate business	Rental offices, building management

※Media Content Business includes ACM, a company that operates ANPANMAN Children's Museums (5 nationwide), which became a subsidiary at the end of last period.

Nippon TV Financial Results

Net sales increased slightly despite yoy decline in broadcasting revenue, which was offset by increases in movie, international business, and non-broadcasting revenues.

Operating profit declined due to equipment upgrades and related depreciation and miscellaneous cost increases.

Recurring profit increased due to received dividend growth.

Net income decreased due to the fall in value of the compensation received and booked in the previous period.

(Unit: Millions of Yen)

	FY2016 3Q	FY2017 3Q	change (%)
Net Sales	232,983	233,225	0.1
Operating Profit	31,953	31,048	(2.8)
Recurring Profit	34,389	35,216	2.4
Net Income	24,725	23,156	(6.3)

Net Sales - Nippon TV -

(Unit: Millions of Yen)	FY2016 3Q	FY2017 3Q	change (%)
TV advertising revenue	190,320	189,319	(0.5)
Program sales	8,496	8,731	2.8
Events/Content business sales	32,595	33,652	3.2
Real estate business	1,570	1,523	(3.0)
Total	232,983	233,225	0.1

TV Advertising Revenue (Nippon TV)

(Unit: Millions of Yen)

	FY2016 3Q	FY2017 3Q	change (%)
TV Advertising Revenue	190,320	189,319	(0.5)
Time	90,591	90,862	0.3
Spot	99,729	98,456	(1.3)

Time Sales and Spot Sales YoY Comparison

Time	FY2016 (%)	FY2017 (%)
April	4.5	6.5
May	1.2	(0.2)
June	3.5	4.2
July	11.1	(0.9)
August	10.9	(8.9)
September	0.6	7.1
October	3.6	0.6
November	0.0	(1.5)
December	2.7	(1.4)
Oct. – Dec.	2.1	(0.8)
Apr. – Dec.	4.2	0.3

Spot	FY2016 (%)	FY2017 (%)
April	8.6	1.7
May	7.2	0.0
June	7.9	(7.2)
July	0.0	(6.5)
August	(7.7)	10.4
September	1.1	0.2
October	6.1	(5.1)
November	0.5	(1.8)
December	5.8	0.1
Oct. – Dec.	4.1	(2.2)
Apr. – Dec.	3.5	(1.3)

Spot Sales

Terrestrial Broadcasting (Nippon TV)

	FY2016 3Q	Share	% chg	FY2017 3Q	Share	% chg
1	Cosmetics/ Toiletries	14.5	(0.4)	Cosmetics/ Toiletries	14.6	(0.2)
2	Telecom/ game	13.2	9.7	Telecom/ game	12.8	(4.7)
3	Service	7.3	17.3	Service	8.2	11.6
4	Pharmaceutical	6.5	(0.8)	Pharmaceutical	7.1	6.7
5	Non-alcohol	6.1	25.7	Non-alcohol	5.9	(4.1)
6	Box-office/ Entertainment	5.4	19.6	Transportation equipment	5.8	15.0
7	Finance	5.2	8.6	Box-office/ Entertainment	5.3	(1.8)
8	Transportation equipment	5.0	(4.8)	Finance	5.1	(2.2)
9	Electronic equipment	4.6	(0.7)	Electronic equipment	4.3	(8.4)
10	Wholesale/Department store	4.1	(6.3)	Foods (dairy product)	3.8	0.7

*% changes are versus the same period last year and are tracked internally.

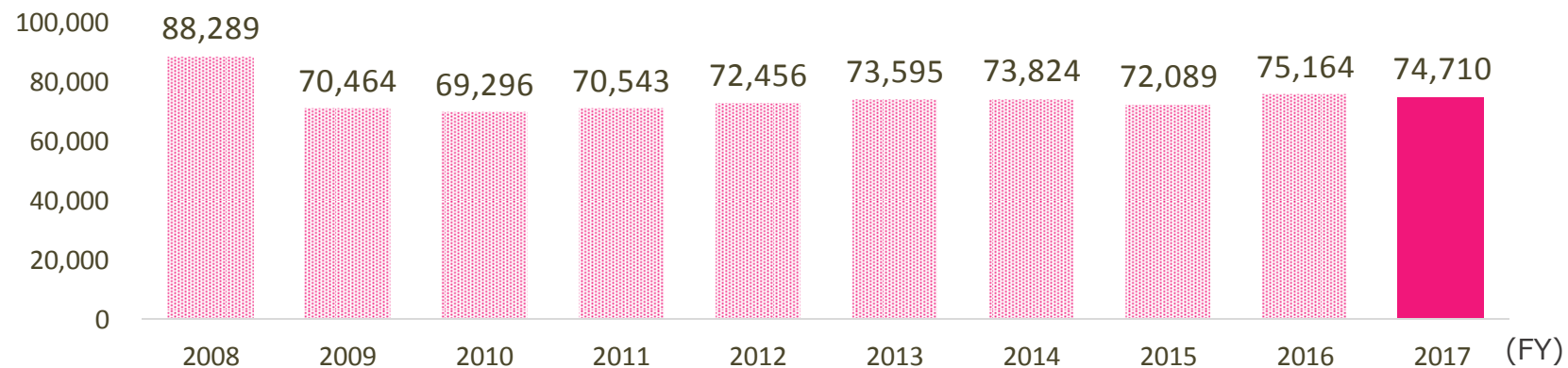
Production Costs - Nippon TV -

(Unit: Millions of Yen)

FY2016 3Q	FY2017 3Q	change (%)
75,164	74,710	(0.6)

Production Costs (3rd Quarter)

(Millions of Yen)



Events/Content Business Sales and Costs

(Unit: Millions of Yen)		FY2016 3Q	FY2017 3Q	(Unit: Millions of Yen)		FY2016 3Q	FY2017 3Q
BS, CS, CATV, Other	Sales	6,621	6,727	Events	Sales	5,461	5,234
	Costs	3,179	3,213		Costs	5,322	4,553
	Balance	3,442	3,513		Balance	139	681
Rights	Sales	1,554	1,555	International Business	Sales	1,224	1,520
	Costs	682	521		Costs	570	637
	Balance	873	1,034		Balance	654	883
Media Commerce	Sales	6,530	6,384	Other	Sales	4,590	4,867
	Costs	6,061	6,056		Costs	4,329	4,734
	Balance	468	328		Balance	261	134
Movies	Sales	6,615	7,365	Total	Sales	32,595	33,652
	Costs	6,427	6,446		Costs	26,570	26,160
	Balance	188	918		Balance	6,025	7,491

Operating Expenses - Nippon TV -

(Unit: Millions of yen)	FY2016 3Q	FY2017 3Q	change (%)
Production costs	75,164	74,710	(0.6)
Program distribution costs to network affiliates	24,339	24,429	0.4
Agency commission	33,558	33,221	(1.0)
Personnel	16,858	16,866	0.0
Depreciation and amortization	5,704	6,690	17.3
Events/Content business costs	26,570	26,160	(1.5)
Other	18,833	20,098	6.7
Total	201,029	202,177	0.6

Financial Highlights of Other Group Companies

In millions of yen, rounded down	BS Nippon Corp.	CS Nippon Corp.	NTV Technical Resources Inc.	NTV AX-ON	NTV EVENTS Inc.	Nippon Television Art Inc.	Nippon Television Music Corp	VAP Inc.	TIPNESS Limited
Net Sales	11,876 (-0.1%)	3,665 (1.1%)	7,988 (-2.4%)	17,226 (3.2%)	2,630 (5.6%)	5,938 (-1.9%)	9,022 (6.2%)	10,225 (-9.5%)	28,579 (0.7%)
Operating Profit	1,475 (29.9%)	603 (1.3%)	163 (-16.3%)	834 (-10.1%)	110 (16.2%)	180 (-15.1%)	1,227 (-5.2%)	664 (-29.3%)	2,808 (-7.3%)
Recurring Profit	1,523 (28.3%)	611 (2.0%)	180 (-16.0%)	846 (-9.6%)	112 (15.4%)	186 (-14.1%)	1,271 (-4.8%)	766 (-26.7%)	2,595 (-7.5%)
Net Income	1,040 (28.9%)	422 (1.5%)	119 (-26.1%)	567 (-11.1%)	74 (26.2%)	114 (-22.9%)	901 (-2.8%)	536 (-41.5%)	1,630 (-16.2%)

※ % chg will not be provided if prior or current year is a loss.

Financial Highlights of Other Group Companies

In millions of yen, rounded down	NTV Service Inc.	Nippon Television Work 24 Corp.	Forecast Communications Inc	NTV IT Produce Corporation	NitteleSeven	TATSUNO KO PRODUCTION Co., Ltd.	HJ Holdings LLC	ACM
Net Sales	2,738 (25.4%)	3,141 (3.6%)	2,778 (38.6%)	1,994 (62.0%)	2,576 (-10.8%)	1,931 (58.4%)	13,253 (9.9%)	2,782 (4.0%)
Operating Profit	88 (126.8%)	127 (88.7%)	-6 (-)	170 (144.1%)	61 (-28.8%)	43 (593.4%)	-2,189 (-)	192 (-)
Recurring Profit	94 (111.1%)	91 (26.8%)	75 (-40.9%)	157 (154.0%)	62 (-28.2%)	40 (373.4%)	-2,188 (-)	206 (-42.0%)
Net Income	57 (518.6%)	60 (79.3%)	50 (-37.3%)	-4,809 (-)	42 (25.1%)	-84 (-)	-2,311 (-)	133 (-40.9%)

※ % chg will not be provided if prior or current year is a loss.

※NTV IT Produce Corporation is a subsidiary that provides system development and support for the Nippon TV Group's IT infrastructure.

Losses related to the implementation of a Nippon TV network station nationwide sales broadcast system were incurred in 2Q

FY2017 2H Viewer Ratings

October 02, 2017 – February 04, 2018

(Unit: %)	Nippon TV	EX	TBS	TX	CX	Difference vs 2 nd place	HUT
All Day	8.4	7.8	6.6	2.9	5.8	+0.6	41.3
6:00 to 24:00	(-0.4)	(+0.3)	(+0.5)	(+0.1)	(±0.0)	(-0.7)	(+0.3)
Prime Time	12.4	10.6	10.1	6.2	7.9	+1.8	58.7
19:00 to 23:00	(-0.2)	(-0.1)	(+0.4)	(+0.1)	(-0.3)	(-0.1)	(±0.0)
Golden Time	12.8	10.6	10.3	6.7	8.1	+2.2	61.4
19:00 to 22:00	(-0.1)	(-0.1)	(+0.5)	(+0.2)	(-0.2)	(±0.0)	(+0.4)
Non-Prime Time	7.3	7.0	5.6	1.9	5.2	+0.3	36.3
All Day - Prime Time	(-0.4)	(+0.4)	(+0.5)	(±0.0)	(+0.1)	(-0.8)	(+0.4)
Platinum Time	6.6	5.2	4.7	2.4	3.9	+1.4	28.3
23:00 to 25:00	(-0.5)	(-0.9)	(+0.2)	(-0.2)	(-0.1)	(+0.4)	(-1.4)

1. In order of digital channel, from left
2. Source for household viewership (Kanto region): Video Research
3. Period of comparison : October 03, 2016 – February 05, 2017

Movie Lineup for 2017

☆: Nippon TV is lead organizer

Date	Title	Distributor
Dec 9, 2017	☆ DESTINY Kamakura Story	TOHO
Feb 24, 2018	Infini-T Force	SHOCHIKU
Mar 17, 2018	☆ Chihayafuru—Musubi	TOHO
Apr 13, 2018	Detective Conan—Zero's Executioner	TOHO

Movie Lineup for 2017

★: Nippon TV is co-organizer

Date	Title	Distributor
Apr 27, 2018	★ Marmalade Boy	WB
Jun 1, 2018	★ 50 First Dates	SPE

Event Lineup for 2018

Date	Event
Jan 23 – Apr 1, 2018	Bruegel: 150 Years of an Artistic Dynasty
Feb 22 – Mar 4, 2018	The Baby That Lived Until 99 Years Old
Apr 6 – May 5, 2018	ANPANMAN Musical
Apr 21 – May 7, 2018	Annie the Musical

Nippon TV 65th Anniversary Commemoration Events

Date	Event
May 30 - Sep 3, 2018	Louvre Exhibition The Art of Portraiture in the Louvre Exhibitions
Jul 4 – 29, 2018	Evita the Musical