

Financial Results

FY2018 2nd Quarter

Nippon Television Holdings, Inc.
November 13, 2018

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Key Points of Financial Results

Viewer Ratings and Programming

Overview of Financial Results 2018 2Q

Highlights of Group Companies

Forecast for FY2018

Key Points of Financial Results

Point
1

Slight Decline in Net Sales, Increase in Net Income

Net sales declined marginally due to slight decreases in non-broadcasting businesses (such as movies) and VAP's music business, despite increases in Nippon TV's broadcasting business and HJ Holdings' subscriber fees.

Operating and recurring profits increased due to the decline in the face value of HJ Holdings' content.

Net income increased significantly due to the extraordinary loss posted in the same quarter last year.

Point
2

HJ Holdings

Total subscribers at the end of Q2 topped 1.78 million (+ 80k from beginning of Q2). Balance of income and expenditures has improved greatly YoY.

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Viewer Ratings

Point

1

Nippon TV Captures 2018 1H Triple Crown Title

Won Triple Crown Title in 1H for 5 consecutive years

Triple Crown Title winner for 58 consecutive months from Dec 2013 to Sep 2018

→ a record setter for commercial broadcasters

Point

2

Captured High Ratings in All Timeslots Across All Regions in 1H

First place in Platinum timeslot (23:00-25:00)

Triple Crown victory for 24 out of 26 Nippon TV regional network stations

Successfully captured viewership of demographic most-targeted by sponsors

Point

3

On Track for Annual 2018 Triple Crown Title Victory

(as of October 29, 2018)

FY2018 1H Viewer Ratings

April 2, 2018 – September 30, 2018

(Unit: %)	Nippon TV	EX	TBS	TX	CX	HUT
All Day	① 7.8	7.6	6.3	2.8	5.6	40.8
6:00 to 24:00	(-0.2)	(+0.5)	(+0.2)	(±0.0)	(-0.1)	(+0.5)
Prime Time	① 11.4	10.2	9.9	6.0	7.6	57.6
19:00 to 23:00	(-0.4)	(+0.8)	(+0.4)	(-0.2)	(±0.0)	(+0.2)
Golden Time	① 11.8	10.1	10.0	6.5	7.7	60.2
19:00 to 22:00	(-0.4)	(+1.0)	(+0.4)	(-0.1)	(±0.0)	(+0.3)
Non-Prime Time	① 6.7	6.8	5.3	1.8	5.1	36.0
All Day- Prime Time	(-0.2)	(+0.3)	(+0.2)	(±0.0)	(±0.0)	(+0.6)
Platinum Time	① 6.5	5.4	4.6	2.5	3.8	28.7
23:00-25:00	(±0.0)	(±0.0)	(+0.2)	(-0.3)	(±0.0)	(+0.1)

FY 2018 October Programming Improvements

**Theme: Improvements that Turn the Tide
~ A “fresher” and “richer” timetable ~**

Fresher

Enticing new and returning viewers back to linear TV

Richer

Developing a more seasoned linear TV fan base

October Cour Topics

~ A “fresher” and “richer” timetable ~

① A more robust Golden and Prime Time

● A new entertainment show for Golden Time Thu 7 pm

◎ For the first time in 2 years, a new entertainment show in Golden Time!

Nationally-renowned MC Uchimura and the most-loved comedian Sandwich Man join forces in this real-life drama and quiz show that features actual dramatic accounts of miraculous instances that are educational and encouraging!



● “Friday Roadshow!” improvements

◎ A new theme-oriented strategy drove up ratings, with the July cour up 1.3% YoY. The month kicked off with “Summer Super Anime Festival,” featuring a lineup of irresistible titles. Creating a theme and bunching up proven titles resulted in synergies and efficiencies.

◎ October unleashed an “Autumn Fantasy” festival that rolled out Studio Ghibli greats and autumn-themed concepts that take advantage of the release of the latest in the “Harry Potter” series.

“Fantastic Beasts and Where to Find Them” and “DESTINY Kamakura Story” are also in the lineup for linear broadcast.

October Cour Topics

~ A “fresher” and “richer” timetable ~

2 Bolstering Our Daily Weekday Regulars

● “Baguette”—a new 10:25 am infotainment

©A show where 3rd most popular male announcer Genta Aoki and his colleagues use their multiple talents to bring you the hottest entertainment news, lifestyle tips you want to try asap, and current events you surely want to know!



● “news zero” reborn

©12 years after its debut, a new main newscaster steps in for an overhaul, creating a fearless show that goes where no other Japanese broadcaster dares to. “News through conversations” is the concept of this cutting-edge program in which all topics from lifestyle to world news are discussed unfiltered, straight from the heart.



Yumiko Udo

Nationally-acclaimed main anchor

● “ZIP!” renewed

©2 young top actors join as main personalities, kicking up the notch. The new sports segment offers Olympics information better than the competition in a way that makes it easy for viewers to integrate as one of their daily habits.

● “SUKKIRI!” 1 year after the revamp

©The most recent July cour saw ratings increase 0.1% YoY. New commentators brought added life to the show and the 3 MCs proactively went on the field to tackle topics such as breast cancer and the devastation from the torrential rains.

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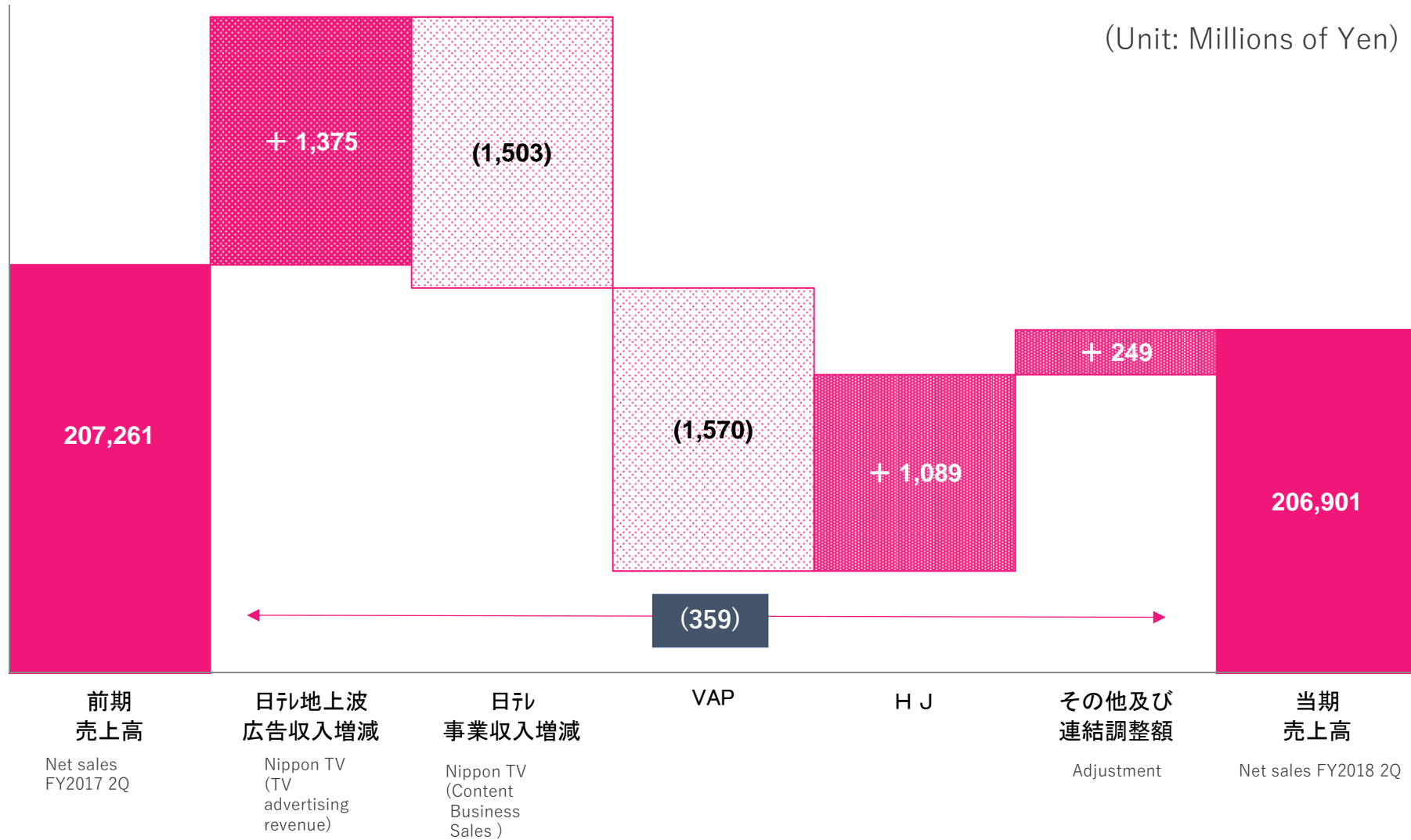
FY2018 2Q Consolidated Financial Results

(Unit: Millions of Yen)

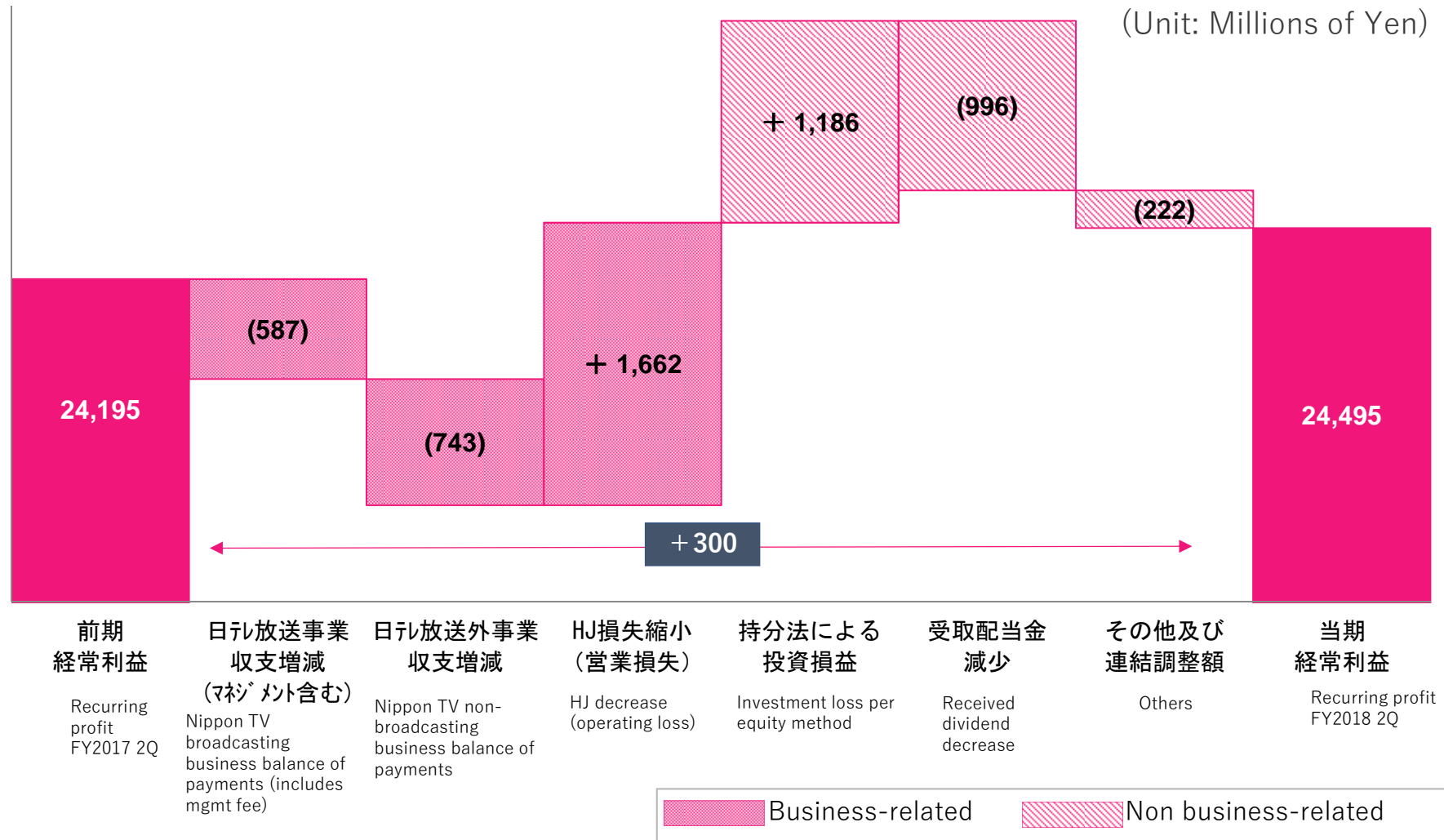
	FY2017 2Q	FY2018 2Q	change (%)
Net Sales	207,261	206,901	(0.2)
Operating Profit	20,221	20,544	1.6
Recurring Profit	24,195	24,495	1.2
Net Income attribute to owners of the parent	10,487	17,166	63.7

Net Sales Year-Over-Year Change Components

(Unit: Millions of Yen)

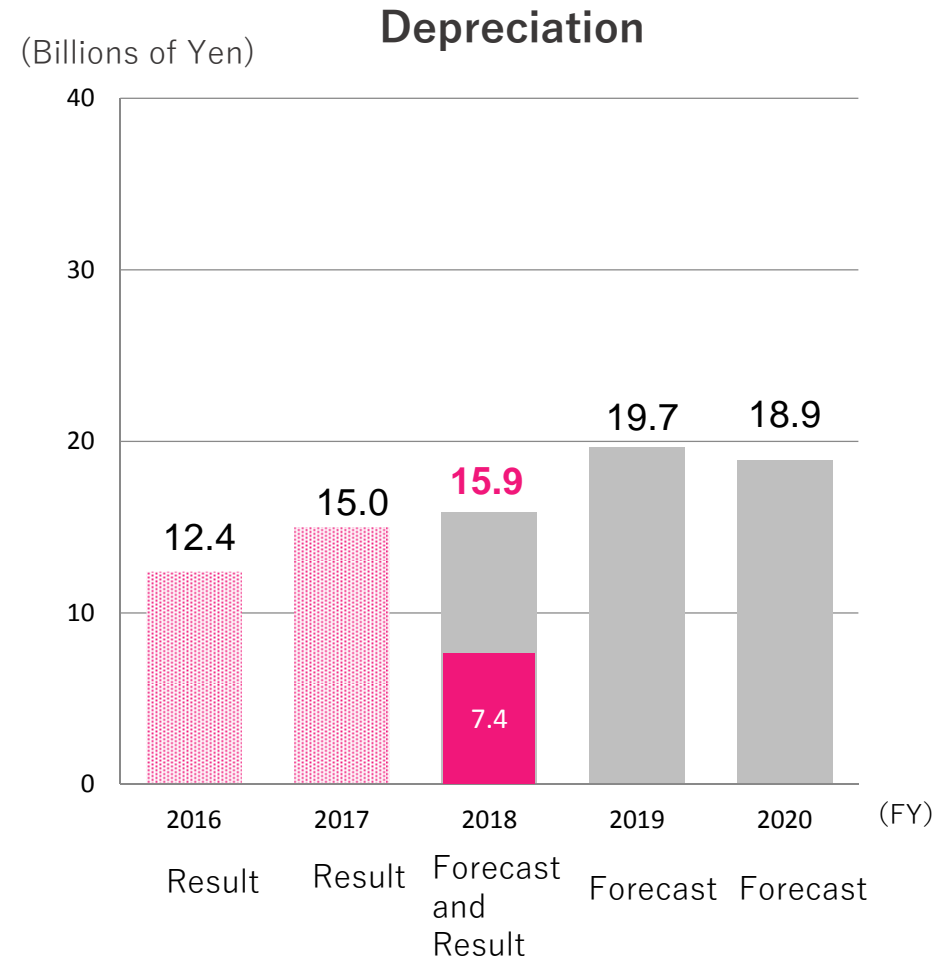
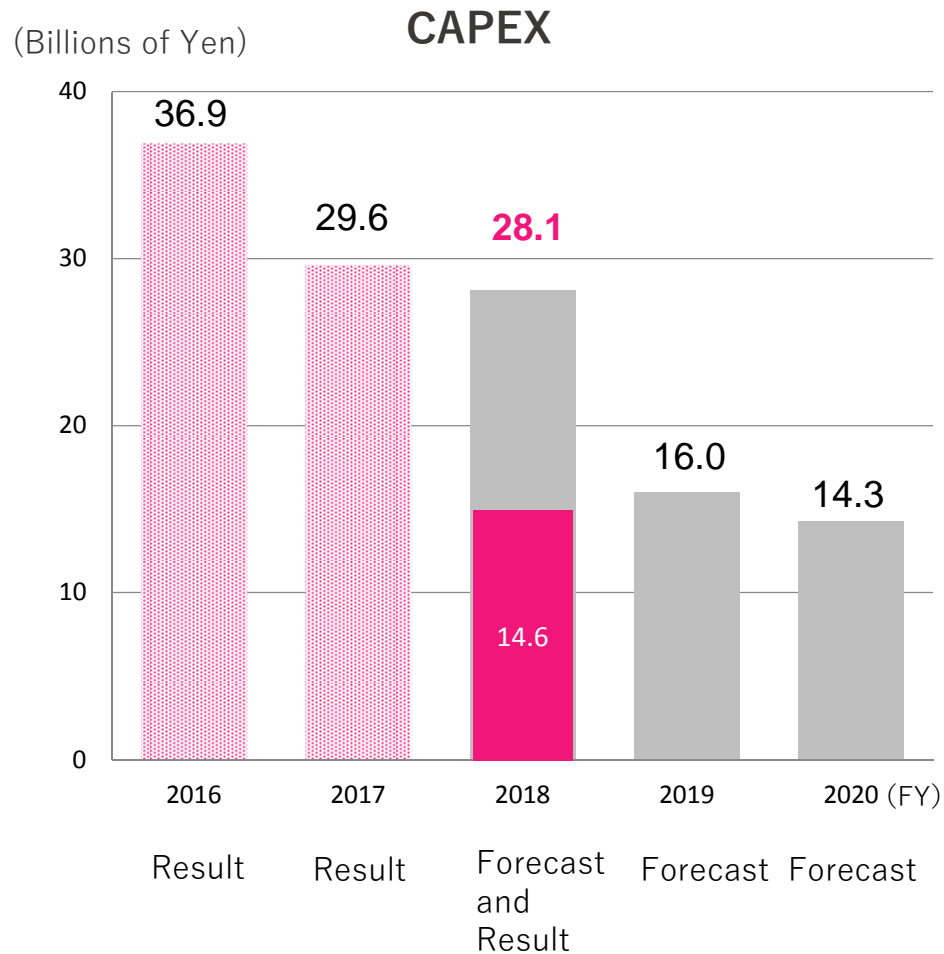


Recurring Profit YoY Change Components



CAPEX and Depreciation (consolidated)

FY2018 2Q (Unit: Billions of Yen)	CAPEX	Depreciation
	14.6	7.4



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Nippon TV Financial Results

Nippon TV's broadcasting business saw spot ad revenues decline, offset by time ad sales to yield a YoY increase of 1.1%. Non-broadcasting business (such as movies) revenues decreased, driving net sales down YoY marginally. Operating profit declined due to increased production costs for the Russia World Cup and equipment upgrades that drove depreciation higher. Recurring profit dropped slightly as dividends received from subsidiary companies increased. Net income increased as corporate taxes decreased YoY.

(Unit: Millions of Yen)

	FY2017 2Q	FY2018 2Q	change (%)
Net Sales	153,310	153,109	(0.1)
Operating Profit	17,122	15,878	(7.3)
Recurring Profit	20,248	20,200	(0.2)
Net Income	13,369	14,609	9.3

TV Advertising Revenue (Nippon TV)

(Unit: Millions of Yen)

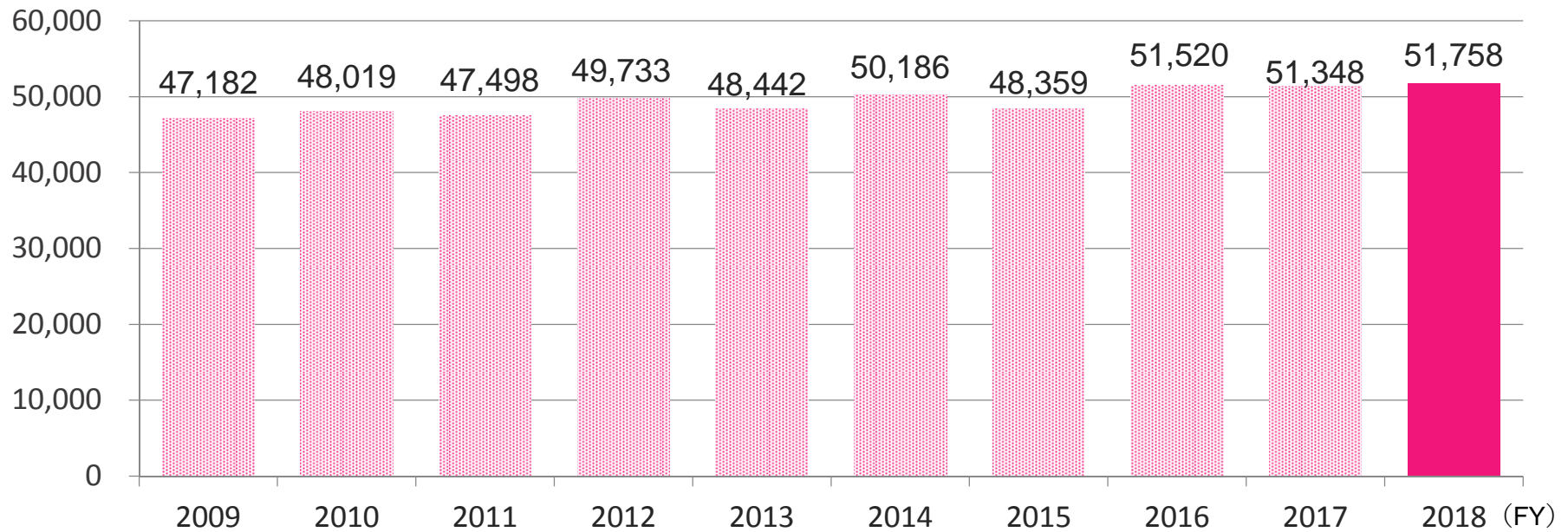
	FY2017 2Q	FY2018 2Q	change (%)
TV Advertising Revenue	123,185	124,560	1.1
Time	59,661	62,296	4.4
Spot	63,523	62,263	(2.0)

Production Costs (Nippon TV)

(Unit: Millions of Yen)

FY2017 2Q	FY2018 2Q	change (%)
51,348	51,758	0.8

Production Costs (2nd Quarter)



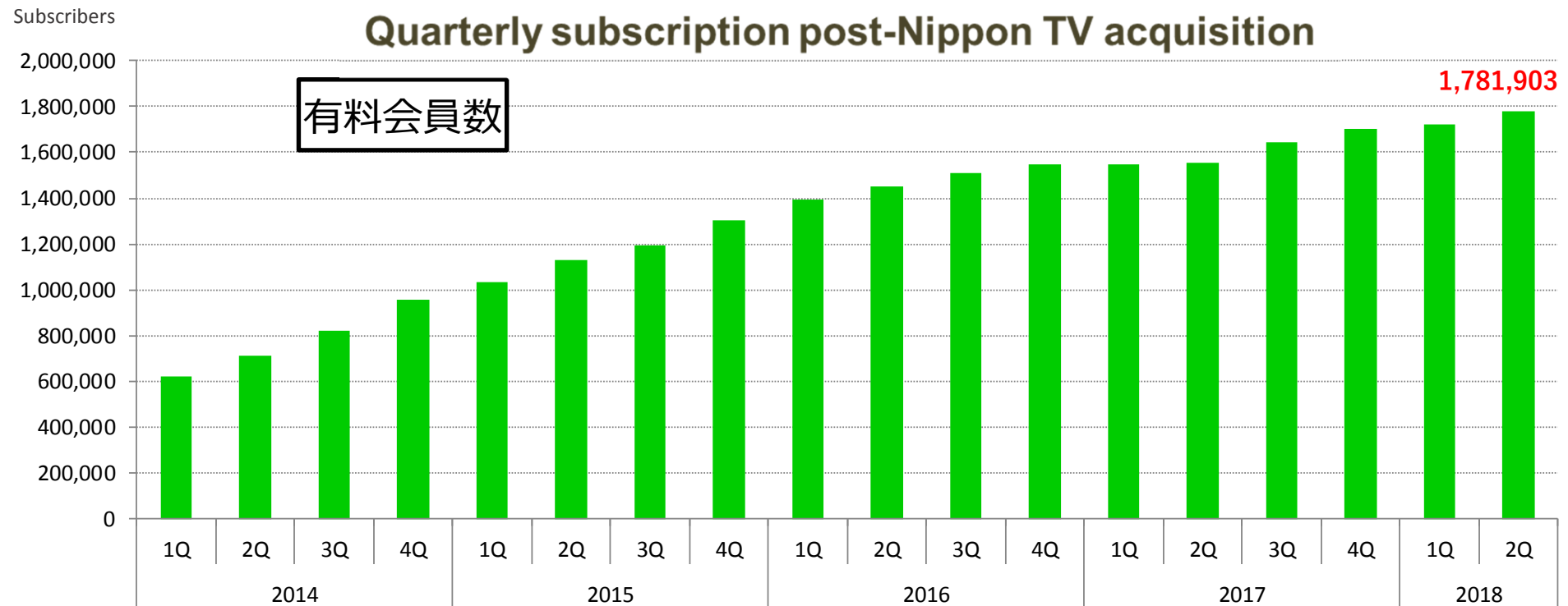
Events/Content Business Sales and Costs

(Unit: Millions of Yen)

		FY2017 2Q	FY2018 2Q
BS, CS, CATV, Other	Sales	4,926	5,169
	Costs	2,154	2,645
	Balance	2,772	2,523
Rights	Sales	1,017	950
	Costs	314	635
	Balance	703	314
Media Commerce	Sales	3,866	4,358
	Costs	3,656	4,101
	Balance	210	257
Movies	Sales	5,131	2,164
	Costs	4,390	1,671
	Balance	741	493

		FY2017 2Q	FY2018 2Q
Events	Sales	3,951	4,598
	Costs	3,604	3,921
	Balance	346	678
International Business	Sales	1,014	896
	Costs	441	475
	Balance	573	421
Other	Sales	3,418	3,683
	Costs	3,393	3,447
	Balance	24	235
Total	Sales	23,321	21,817
	Costs	17,952	16,895
	Balance	5,369	4,922

HJ Holdings



- Added **62,054** subscribers from previous quarter, reaching over **1.78** million
- Hulu original spinoffs of Nippon TV dramas and improved catch-up viewing service for current cour Nippon TV dramas continue to draw new subscribers, proving that constantly new initiatives are successful
- Closely following legendary Japanese pop diva to create “Documentary of Namie Amuro Finally” yielded stellar results
- On track to reach the goal of 1.8 million subscribers by the end of FY2018

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Consolidated Financial Forecast

(Unit: Million Yen)	FY2017 Result	FY2018 Forecast	change (%)
Net Sales	423,663	428,000	1.0
Operating Profit	50,964	48,000	(5.8)
Recurring Profit	61,239	55,000	(10.2)
Net Income attribute to owners of the parent	37,416	38,000	1.6

*** Unchanged from previous forecast**

Growth assumptions for terrestrial TV advertising revenue and production costs

(Unit: %)	FY	Previous Forecast
TV advertising revenue	0.3	0.1
Time	1.0	(0.1)
Spot	(0.5)	0.2
Production costs	1.1	1.3

Reference Materials for Financial Results

Nippon TV Holdings Consolidated Results

- Segment Information

FY2018 2Q (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	185,136	19,015	5,051	209,203	3,182	212,385	(5,484)	206,901
Segment Profit	18,332	493	1,706	20,532	404	20,936	(392)	20,544

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

Net Sales - Nippon TV -

(Unit: Millions of yen)

	FY2017 2Q	FY2018 2Q	% change
TV advertising revenue	123,185	124,560	1.1
Program sales	5,784	5,659	(2.2)
Events/Content business sales	23,321	21,817	(6.4)
Real estate business	1,018	1,072	5.2
Total	153,310	153,109	(0.1)

Operating Expenses - Nippon TV -

(Unit: Millions of Yen)

	FY2017 2Q	FY2018 2Q	% change
Production costs	51,348	51,758	0.8
Personnel	11,273	10,949	(2.9)
Depreciation and amortization	4,141	4,468	7.9
Events/Content business costs	17,952	16,895	(5.9)
Other	51,472	53,158	3.3
Total	136,187	137,230	0.8

Time Sales and Spot Sales YoY Comparison

Time	FY2017(%)	FY2018(%)
April	6.5	3.2
May	(0.2)	1.0
June	4.2	16.0
July	(0.9)	5.3
August	(8.9)	1.4
September	7.1	0.6

Spot	FY2017(%)	FY2018(%)
April	1.7	0.4
May	0.0	(6.6)
June	(7.2)	0.1
July	(6.5)	0.0
August	10.4	0.3
September	0.2	(5.8)

Spot Sales Terrestrial Broadcasting (Nippon TV)

	FY2017 2Q	Share	% chg	FY2018 2Q	Share	% chg
1	Cosmetics/ Toiletries	14.0	(7.6)	Cosmetics/ Toiletries	13.7	(4.5)
2	Telecom/Game	12.4	(1.1)	Telecom/Game	10.8	(14.8)
3	Service	8.4	14.2	Service	10.3	19.9
4	Non-alcohol	6.4	(3.7)	Non-alcohol	6.3	(3.5)
5	Pharmaceutical	6.2	8.6	Finance	6.2	17.3
6	Box-office/ Entertainment	5.8	0.1	Pharmaceutical	5.7	(10.1)
7	Transportation equipment	5.7	11.9	Transportation equipment	5.2	(10.4)
8	Finance	5.2	3.2	Box-office/ Entertainment	5.2	(12.3)
9	Foods (dairy products)	4.0	6.6	Foods (processed food, health)	4.3	6.4
10	Foods (processed food, health)	3.9	(1.2)	Foods (dairy products)	3.9	(3.5)

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

Financial Highlights of Other Group Companies

①

(Unit: Millions of Yen)	BS Nippon Corp.	CS Nippon Corp.	NTV Technical Resources Inc.	NTV AX-ON	NTV EVENTS Inc.	Nippon Television Art Inc.
Net Sales	7,528 (-4.8%)	2,487 (3.2%)	5,219 (-2.0%)	10,995 (-4.4%)	1,885 (-0.6%)	3,920 (-3.4%)
Operating Profit	763 (23.2%)	457 (-1.0%)	66 (-30.7%)	400 (-33.5%)	53 (-39.5%)	115 (-29.0%)
Recurring Profit	805 (22.2%)	464 (-0.4%)	79 (-27.2%)	407 (-33.2%)	55 (-38.7%)	119 (-28.9%)
Net Income	551 (22.5%)	320 (0.1%)	53 (-27.0%)	269 (-33.9%)	36 (-39.7%)	81 (-19.9%)

(Unit: Millions of Yen)	Nippon Television Music Corp	VAP Inc.	TIPNESS Limited	NTV Service Inc.	Nippon Television Work 24 Corp.	Forecast Communications Inc
Net Sales	5,691 (-1.4%)	4,860 (-24.4%)	19,015 (0.1%)	1,684 (-8.9%)	2,168 (5.5%)	1,966 (6.6%)
Operating Profit	824 (12.7%)	76 (-80.1%)	1,275 (-18.7%)	110 (135.8%)	74 (12.9%)	57 (349.3%)
Recurring Profit	880 (13.6%)	174 (-63.5%)	1,140 (-20.0%)	116 (125.7%)	75 (83.9%)	116 (84.9%)
Net Income	620 (10.9%)	118 (-65.6%)	972 (-0.1%)	67 (114.0%)	51 (92.5%)	80 (91.6%)

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

Financial Highlights of Other Group Companies ②

(Unit: Millions of Yen)	NTV IT Produce Corporation	Eiho Produce Corporation	NitteleSeven	TATSUNOKO PRODUCTION Co., Ltd.	HJ Holdings LLC	ACM	SkillUp Video Technologies Corporation
Net Sales	1,022 (-)	1,153 (-7.8%)	1,724 (7.0%)	819 (-29.5%)	9,761 (12.6%)	1,766 (1.7%)	126 (-)
Operating Profit	93 (-)	200 (665.0%)	94 (222.8%)	43 (185.5%)	-124 (-)	127 (678.3%)	-4 (-)
Recurring Profit	92 (-)	195 (993.5%)	96 (218.2%)	43 (161.2%)	-103 (-)	140 (423.4%)	-4 (-)
Net Income	64 (-)	192 (-)	65 (220.6%)	26 (-)	-104 (-)	92 (442.2%)	8 (-)

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

(※) SkillUp Video Technologies Corporation was established as a subsidiary on July 2, 2018.

(※) Effective July 2, 2018, NTV IT Produce Corporation's trade name was officially changed to Eiho Produce Corporation. Effective the same day, NTV IT Produce Corporation was established pursuant to a company split (to acquire the assets and liabilities unrelated to the Broadcast Total Management System business) and became a subsidiary.

2018 Annual Viewer Ratings

01/01/2018 - 11/11/2018

(Unit:%)	NTV	EX	TBS	TX	CX	Difference vs 2 nd place	H U T
All Day	① 7.9	7.7	6.4	2.8	5.6	+0.2	41.0
6:00 to 24:00	(0.3)	+0.4	+0.1	±0.0	(0.1)	(0.7)	+0.3
Prime Time	① 11.6	10.5	10.0	6.1	7.6	+1.1	58.1
19:00 to 23:00	(0.4)	+0.5	+0.3	(0.1)	(0.1)	(0.9)	+0.1
Golden Time	① 12.0	10.5	10.2	6.5	7.7	+1.5	60.7
19:00 to 22:00	(0.3)	+0.8	+0.3	(0.1)	(0.2)	(0.9)	+0.3
Non-Prime Time	① 6.9	6.9	5.3	1.8	5.1	±0.0	36.1
All day- Prime Time	(0.2)	+0.3	±0.0	±0.0	±0.0	(0.5)	+0.3
Platinum Time	① 6.4	5.4	4.6	2.4	3.8	+1.0	28.5
23:00 to 25:00	(0.3)	(0.2)	+0.2	(0.2)	±0.0	(0.1)	(0.2)

1. In order of digital channel, from left
2. Source for household viewership (Kanto region): Video Research
3. Period of comparison: 01/02/2017 - 11/12/2017

Movie Lineup for FY2018

☆: Nippon TV is lead organizer ★ = Nippon TV is co-organizer

Date	Title	Distributor
November 30, 2018	OUR DEPARTURES	SHOCHIKU
December 28, 2018	★ A Banana? At This Time of Night?	SHOCHIKU
January 2019	☆ 12 Suicidal Teens	WB
February 8, 2019	CITY HUNTER	ANIPLEX

Movie Lineup for FY2018

☆: Nippon TV is lead organizer ★ = Nippon TV is co-organizer

Date	Title	Distributor
2019	☆ Until I Meet September's Love	WB
March 21, 2019	PRINCE OF LEGEND	TOHO


Event Lineup for FY2018

Date	Event
November 3 – 27 2018	<p data-bbox="920 368 1890 587">The 65th anniversary of Nippon Television Network Corporation MAKAI TENSHO (Theatrical Performance)</p> 
<p data-bbox="136 943 808 986">December 1 2018 – March 3, 2019</p> <p data-bbox="136 1043 846 1086">Metsa village(Hanno, Saitama Pref.)</p>	<p data-bbox="920 943 1843 991">teamLab:Digitized Lakeside and Forest</p> 

Event Lineup for FY2018

Date	Event
December 22-23 2018	Annie Xmas Concert 
January 5-6 2019	Anpanman Anniversary Festival, Osaka 
January 22,23 2019 @TOKYO DOME CITY HALL April 18,19 @TOKYO DOME CITY HALL July 8,9 @Zepp TOKYO	ROCK AX

Event Lineup for FY2018

Date	Event
January 25-February 3, 2019	Wait Until Dark 
【Tokyo】 February 19–22, 2019 【Kobe】 March 8-9, 2019	THE STAGE “MANGA mitaini ikanai 2” 