

# New Growth Strategy for Nippon TV Group

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Nippon Television Holdings, Inc.  
November 5, 2020

Nippon Television Holdings, Inc. (the “Company”) has developed a new growth strategy designed to pave the way for the Nippon TV Group to make remarkable advancements in the 2020s. It provides measures for us to overcome the adverse effects of COVID-19 on our performance and aspire to greater heights as a top company after the return to normal. The reforms are:

1. Significant growth in digital businesses
2. Strategic investments in content and reexamination of revenue structure
3. Strengthen group businesses

Structured into three pillars, these reforms will be advanced as the entire group aims to fundamentally bolster our profitability in order to further develop our core business of broadcasting, as well as achieve a revenue share of over 50% for our non-broadcasting businesses by the middle of the decade.

# I. Significant growth in digital businesses

- (1) Achieve consolidated revenue worth ¥100 billion from digital business in 2023
- (2) Grow video content streaming business, with Hulu at the forefront
- (3) Integrate broadcasting and communications to create new businesses

☞ Businesses in the digital domain offer the biggest opportunities for growth, and by focusing on this as our most important task, we aim to achieve consolidated revenue worth ¥100 billion in 2023, the year Nippon Television Network Corporation will celebrate its 70th anniversary since hitting the airwaves.

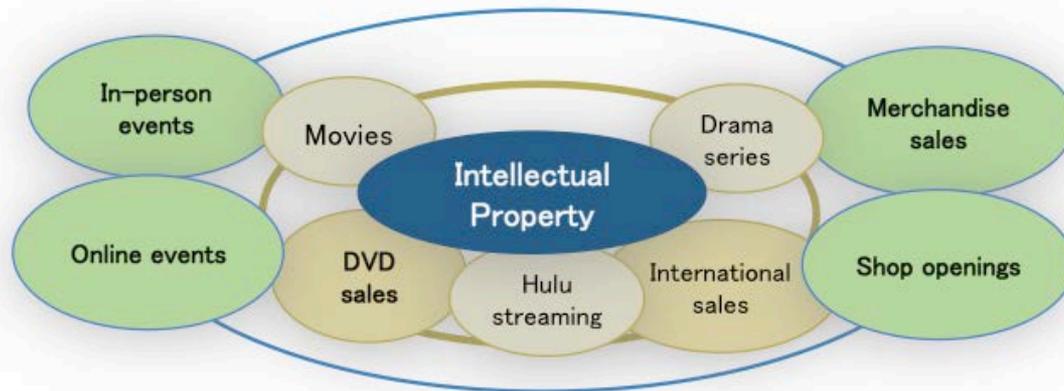
☞ Our SVOD/TVOD platform Hulu will be at the front and center of these video content streaming business expansions that also cover the AVOD platform TVer and other endeavors.

☞ We will create new businesses that address the increasing shift to online events, as well as simultaneous online and in-person events. Through aggressive M&A initiatives in the IT-related field and recruitment of human resources with highly-specialized skills, we will grow our digital business to become the second revenue pillar that follows our broadcasting segment, which includes terrestrial broadcasting.

## II. Strategic investments in content and reexamination of revenue structure

- (1) Newly allocate ¥20 billion for strategic investments in content production
- (2) Maximize advertising revenue, which depends on the increase in content value
- (3) Thorough suppression of production and overhead expenses that come along with the intensifying digital transformation (DX)

☞ In order to produce content that goes beyond the terrestrial platform, the Company is newly allocating ¥20 billion for strategic investments. This enables us to create strategic content suited for multiplatform rollouts.



## II. Strategic investments in content and reexamination of revenue structure

☞ In addition to viewer ratings data, we will collect and analyze various marketing data to increase the value of our content and maximize our advertising revenue.

☞ To fundamentally reexamine the structure of our terrestrial broadcast expenditures, this fiscal year, we will implement reforms that enable us to thoroughly suppress overall production costs to levels unseen in the last 20 years. This level will be maintained going forward. As DX intensifies, we will aspire to increase the efficiency of our equipment and overhead expenses.

### III. Strengthen group businesses

- (1) Reexamine the operational efficiency of group companies and implement fundamental reforms
- (2) Implement a new evaluation system to strengthen leadership and supervision
- (3) Reorganize and integrate to elevate the combined capability of the group

☞ The Company will enforce the reorganization of unprofitable businesses within the group, as well as the reexamination of operational efficiencies. Given that our life and health-related business segment suffered severely from COVID-19, we will reexamine our store strategy and other factors with the goal of returning to profitability.

☞ We will encourage dialog in all the group companies and implement an evaluation system.

⇒ Clarify who has management responsibility and thoroughly implement governance

☞ As we aspire to improve the combined capability of the group, we will encourage each business segment, such as digital and e-commerce, to reorganize and integrate.