

# **Financial Report for FYE March 31, 2018**

**May 14, 2018**



# **Hiroshi Hayakawa**

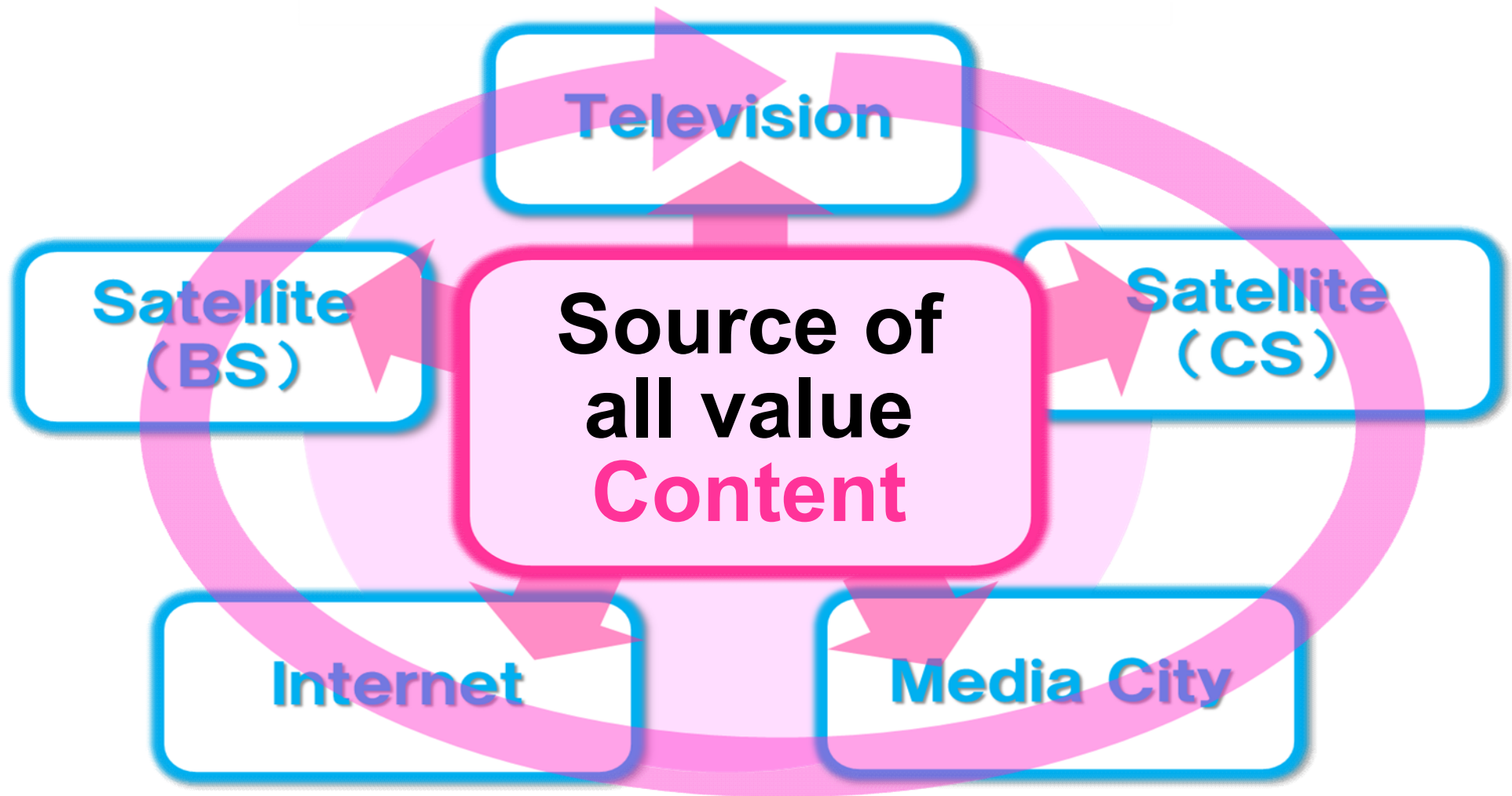
## **Chairman and CEO**

# FY18/3 Results

## Year One of TV Asahi 360°

Note: “FY18/3” refers to the fiscal year ended March 31, 2018 and all other fiscal years are referred to in the same manner.

# TV Asahi 360°



Strategic  
Investment

Strategic investment budget of **¥30.0 bn** for four years

Numeric  
Targets

Consolidated net sales of **¥320.0 bn**

Ordinary income of **¥22.0 bn**

# Content, the Source of Value

## Dramas

### Serial Drama Theater

Yasuragi no Sato	Avg. viewer ratings: <b>5.8%</b>
Totto-chan!	Avg. viewer ratings: <b>6.0%</b>
Koshiji Fubuki Monogatari	Avg. viewer ratings: <b>6.2%</b>

## 相棒16

Aibou (PARTNERS) Season 16

Avg. viewer ratings: **15.2%**  
(Total viewer ratings\*: **21.2%**)

**300 broadcast milestone reached**

## Doctor-X

外科医・大門未知子  
Doctor X - Surgeon Daimon Michiko

Avg. viewer ratings: **20.9%**  
(Total viewer ratings: **30.0%**)

## BG

## ～身辺警護人～

BG: Shinpen Keigonin (Personal Bodyguard)

Avg. viewer ratings: **15.2%**  
(Total viewer ratings: **24.4%**)

## 科捜研の女

Kasoken no Onna (Woman of the Crime Lab)

Avg. viewer ratings: **12.7%**  
(Total viewer ratings: **16.1%**)

**200 broadcast milestone reached**

## Morning news and informational programs



**Good! Morning**

Annual avg. viewer ratings

Between 6 and 7 a.m.: **7.1%** (+0.4% YoY)

Between 7 and 8 a.m.: **9.1%** (+0.8% YoY)



**Shinichi Hatori's  
MORNING SHOW**

Annual avg. viewer ratings

**8.3%** (+0.9% YoY)

**Top rating in its time slot  
among programs of  
commercial broadcasters!**

\* Total viewer ratings = "Viewer ratings" + "Time-shifted viewer ratings"

# Television (Terrestrial)

## 2nd highest ratings maintained in all time slots

FY18/3

(Apr. 3, 2017 – Apr. 1, 2018)

	TV Asahi	NTV	TBS	Fuji TV	TV Tokyo
All Day	② <b>7.4</b> +0.1	① <b>8.1</b> -0.3	③ <b>6.3</b> +0.2	④ <b>5.7</b> ±0.0	⑤ <b>2.8</b> ±0.0
Golden Time	② <b>9.9</b> -0.4	① <b>12.4</b> +0.2	② <b>9.9</b> +0.1	④ <b>7.8</b> -0.2	⑤ <b>6.6</b> +0.1
Prime Time	② <b>10.0</b> -0.6	① <b>12.0</b> +0.1	③ <b>9.8</b> +0.1	④ <b>7.7</b> -0.3	⑤ <b>6.2</b> ±0.0
Prime2	② <b>5.4</b> -1.0	① <b>6.5</b> -0.5	③ <b>4.5</b> ±0.0	④ <b>3.8</b> -0.3	⑤ <b>2.6</b> -0.1

Note: Numbers in circle refer to ranking among commercial stations.

(Source: Video Research)



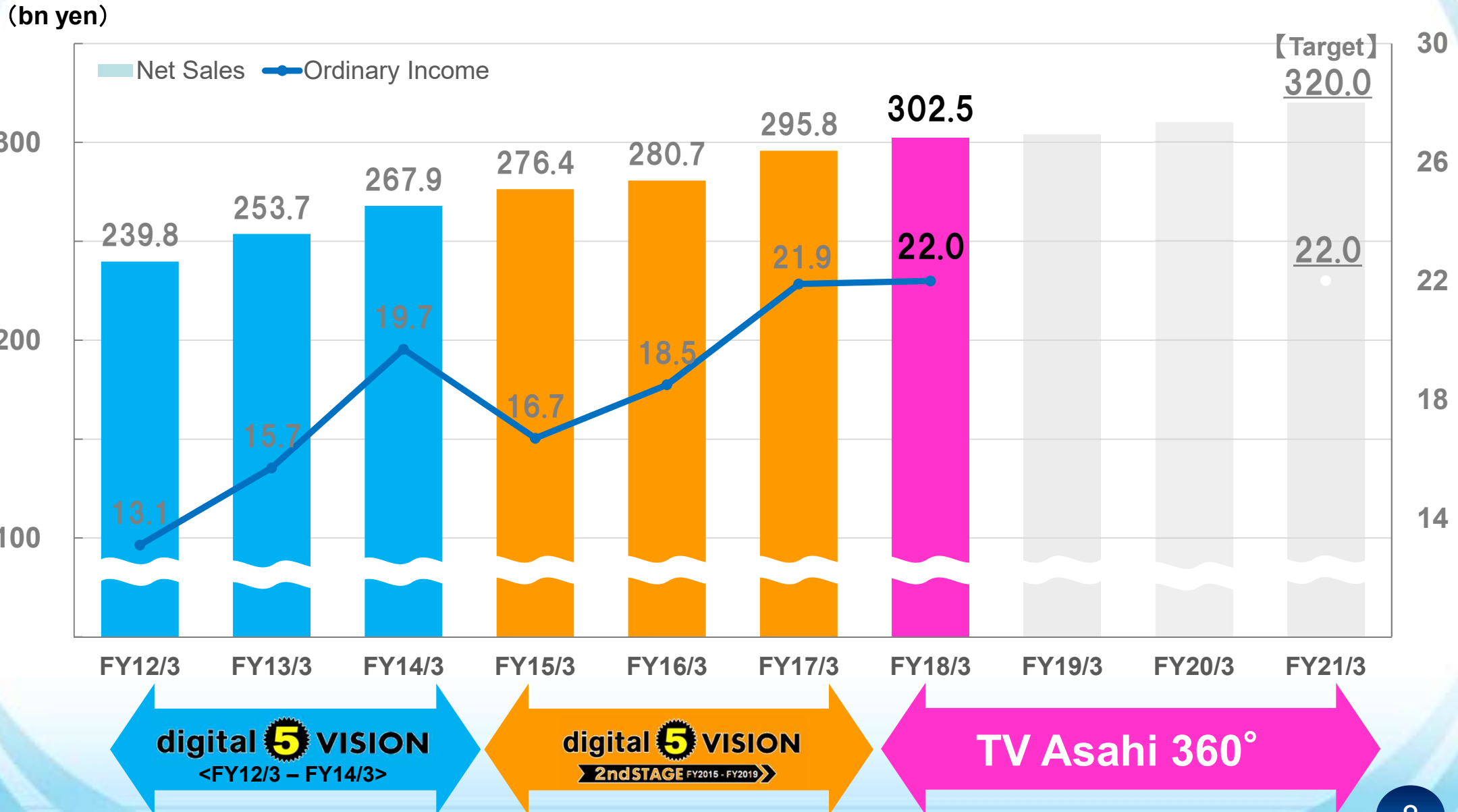
# Consolidated Operating Results

## (Year One of TV Asahi 360°)

	FY17/3	FY18/3	YoY	YoY(%)
(mm of yen)				
Net Sales	295,879	302,511	+ 6,632	+ 2.2%
Operating Income	17,278	18,634	+ 1,355	+ 7.8%
Ordinary Income	21,947	22,053	+ 105	+ 0.5%
Profit attributable to owners of the parent	15,949	15,848	△ 100	△ 0.6%

# Consolidated Operating Results

## Net sales of ¥300.0 billion achieved!

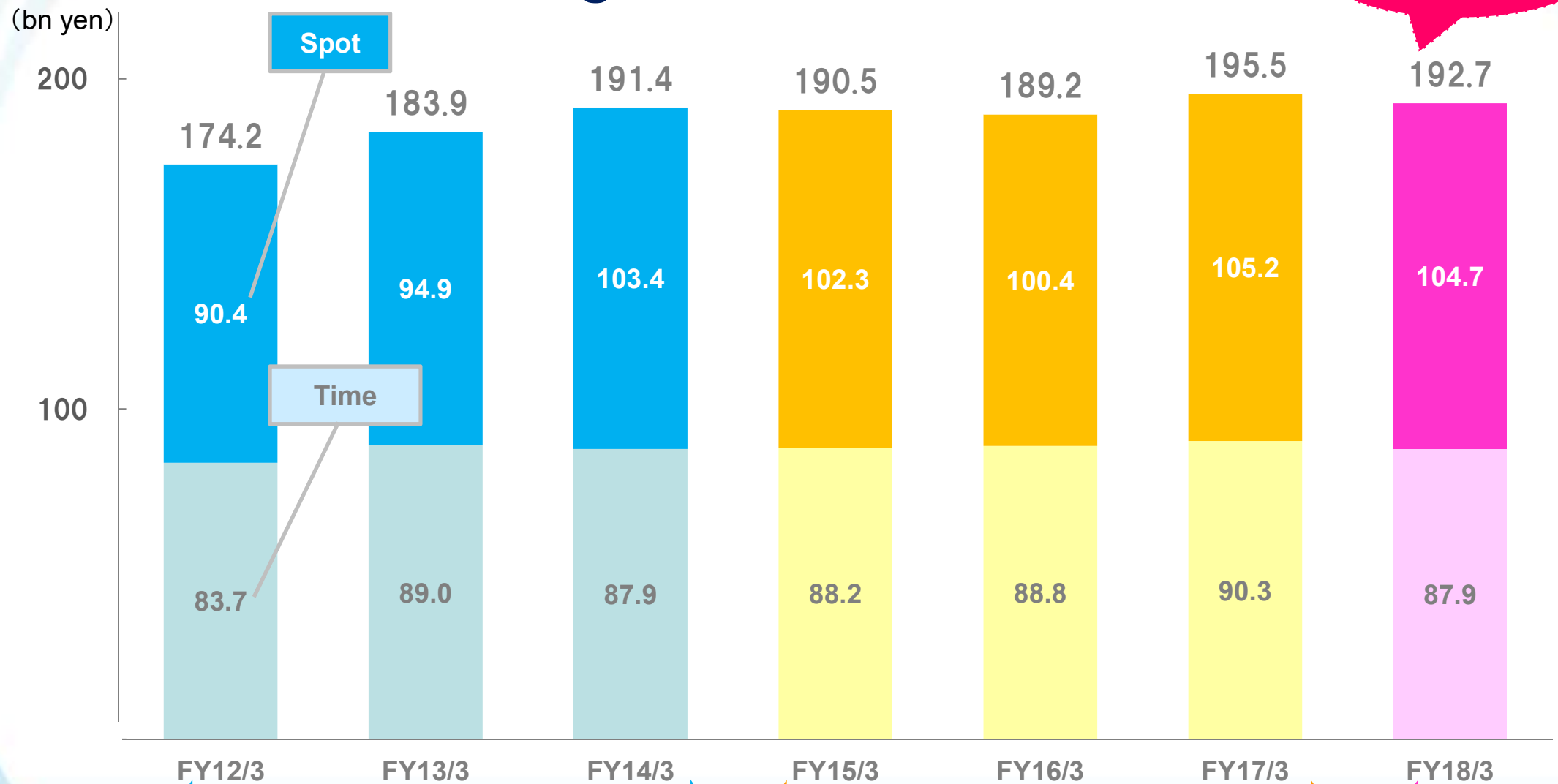




# Advertising Revenue

## Ranked 2nd among commercial broadcasters

Ranked 2nd for the first time



digital **5** VISION  
<FY12/3 – FY14/3>

digital **5** VISION  
2ndSTAGE FY2015 - FY2019

TV Asahi 360°

# Internet Offering 360° Content

## AbemaTV

- App downloads  
More than **29 million**
- MAU More than **11 million**
- WAU Approx. **5 million**  
(WAU all-time high: **7.29 million**)

## Video Pass (collaborating with KDDI)

- Unlimited viewing distribution of **popular TV Asahi content**, such as dramas and Sentai/Rider
- Contribution to increases in the number of views and number of members

## TV Asahi-related content

### AbemaNews



- **All information programs** broadcast on terrestrial TV on weekdays can be viewed.
- Flexible response to news such as disaster, incidents, and press conferences
- Sports, dramas, and other content that leverages TV Asahi's **content creation network** are popular.

- All episodes of Holiday Love **Captured the top** ranking for **overall daily number of unique users**

# Internet / Media City

## Catch-up service

- Distribution of approx. 40 programs each week from TV Asahi.
- The number of active users is increasing.
- Advertising revenue is strong.



## Original story replay count rankings

- BG: Shinpen Keigonin (Personal Bodyguard) and Holiday Love rank among the top programs.

## TV Asahi-Roppongi Hills Summer Festival SUMMER STATION


- Record high number of visitors: 5.85 million
- Cumulative number of visitors: surpassed the 20 million milestone!
- Revenue and profits are trending up.



- Many attractions that leverage TV Asahi's content and leading-edge technology
- Popular content such as Doraemon Treasure Island Adventure: Zakuzaku! AR Treasure Hunting!, which is linked to a movie

# TV Asahi 360°


## Strategic investment: Acceleration of investment that will lead to growth

- Conversion of Ray Corporation into an equity method affiliate (Dec. 2017) 
- Expected synergies in content production and the Media City concept

## Network strategy: Toward building a robust network structure

- Conversion of five affiliated broadcasting stations into equity method affiliates (Oct. 2017 / Mar. 2018)
- Refining and strengthening of the network strategy

## Group strategy: For further profitability and efficiency improvement

- Merging of Tokyo Sound production and VIDEO PACK NIPPON to realize greater efficiency in the video editing structure 
- Additional acquisition of Toei Animation Co., Ltd. shares (Jul. 2017)

# **Latest Initiatives**

**Year Two of  TV Asahi 360°**

# Television (Terrestrial)

## April Programming Change Overview

	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	Sun.
Evening	<b>From 16:50</b> Super J Channel					<b>From 16:30</b> Super J Channel	<b>From 16:30</b> <b>Sunday Station</b> (Broadcast slot change)
19:00	<b>Kaere Monday Mikketai</b>	Ima Desho! Kouza	Aitsu Ima nani shiteru?	Hanataka! Yuetsukan	Doraemon Crayon Shin chan	Sugōi Desu Ne!! Shisatsudan	Nichiyō mo Ame-Talk!
20:00	Nakai Masahiro's Mi ni Naru Toshokan	Takeshi no Katei no Igaku (ABC)	Miracle 9	<b>Keishichō Sousa Ikkachō</b> (Takashi Naito)	Music Station	Ikegami Akira's News Sou Datta no ka!!	Beat Takeshi no Sports Taishō
21:00	Q-Sama!!	Konna Tokoro ni Nihonjin (ABC)	<b>Tokusō 9</b> (Yoshihiko Inohara)	<b>Mikaiketsu no Onna</b> (Haru, Kyoka Suzuki)	Friday ★ London Hearts	Saturday Station	<b>Sunday Prime</b>
22:00	Hodo Station					<b>From 22:15</b> Land sea and air Konna Jikanni Chikyuu Seifukusuru nante	
23:00	Geki Rare-san wo Tsurete Kita	Sonosaki	Matsuko & Ariyoshi's Karisome Tengoku	Ame-Talk!	<b>Kaseifu no Mitazono</b> (Masahiro Matsuoka)	<b>Ossan's Love</b> (Kei Tanaka)	Kanjam Kanzennen Show

 Variety programming change
  Drama programming change
  News and informational programming change



# Television (Terrestrial)

## Apr.-Jun. quarter off to a strong start

### Dramas



First episode viewer rating: **16.0%**  
(Total viewer rating: **18.8%**)

Avg. viewer ratings (5 episodes): **14.9%**



First episode viewer rating: **12.7%**  
(Total viewer rating: **15.9%**)

Avg. viewer ratings (5 episodes): **12.9%**



First episode viewer rating: **14.7%**  
(Total viewer rating: **19.6%**)

Avg. viewer ratings (4 episodes): **13.1%**

### News and information

[Time slot change]



Avg. viewer ratings (5 episodes):  
**8.3%**



Avg. viewer ratings (YoY) (5 episodes):

1st segment **3.3%** (+1.7%)

2nd segment **5.2%** (+2.1%)

3rd segment **6.3%** (+3.4%)

### Variety



First episode viewer rating:  
**11.2%**

Avg. viewer ratings (4 episodes):  
**10.3%**

# Television (Terrestrial)

## Highly anticipated major programs

### Soccer



May 30 (Wed.)

Japan team's first match under Nishino!  
Immediately before the start of the World Cup

Kirin Challenge Cup 2018 Japan vs Ghana



Jun. to Jul.

2018 FIFA World Cup Russia



Jan. to Feb. AFC Asian Cup UAE 2019

### Swimming



Starts Aug. 9 (Thurs.)

Held in Japan for the first time in  
16 years!

Pan Pacific Swimming Championships Tokyo 2018

# Internet

## AbemaTV



### Now in its 3rd year

- Continue efforts to strengthen content, aiming for 10 million WAU.
- Start of the major project “Variety Station Presented by TV Asahi” (Broadcast straight through for four hours beginning at 8:00 every Sunday night starting May 20)



## Collaborating with KDDI

### Content distribution

- Offer content on Video Pass as the highest-priority platform in the SVOD strategy.
- Continuing distribution of all episodes of popular dramas and catch-up distribution of Rider/Sentai productions
- Reliably secure profits from news distribution.

# Media City / Non-broadcasting Business

TV Asahi-Roppongi Hills Summer Festival  
**SUMMER STATION**

**Decision to hold the festival  
for the 5th time!**

- ◆ Transform the festival into an all-target event that even adults can enjoy
- ◆ Effectively utilize the Wakabadai Media Center
- ◆ Aim for further profitability improvement



Wakabadai Media Center

**Strong performance from regular  
animated movies again this year!**

- ◆ Doraemon the Movie: Nobita's Treasure Island (March release) is setting new attendance records and also setting new records for box office revenue!
- ◆ Crayon Shin chan THE MOVIE (April release) is also off to a strong start.

# TV Asahi 360°

## Workstyle Transformation

- Implement Workstyle Transformation to ensure continuous, stable creation of appealing content, the source of value at TV Asahi.
  - ❑ Implement measures to encourage leave utilization.
    - Promotion of Lucky! Fridays
    - Achievement of a consecutive holiday (five weekdays) utilization rate of 98%
  - ❑ Reorganization and review of all aspects of work
  - ❑ Conduct of work style seminars etc.
- Achieve an **approx. 6% reduction** in total working hours due to the above initiatives
- Also achieve **productivity improvement** by reducing overtime pay
- Further **strengthen initiatives** in FY19/3 and beyond



# FY19/3 Forecast

## (Year Two of TV Asahi 360°)

**Consolidated** (mm of yen)

	1H				Annual			
	FY18/3	FY19/3	YoY	YoY(%)	FY18/3	FY19/3	YoY	YoY(%)
Net Sales	150,056	149,000	△1,056	△ 0.7%	302,511	304,000	+1,488	+ 0.5%
Operating Income	8,488	5,500	△2,988	△ 35.2%	18,634	16,000	△2,634	△14.1%
Ordinary Income	9,763	6,500	△3,263	△ 33.4%	22,053	17,500	△4,553	△20.6%
Profit attributable to owners of the parent	6,582	4,000	△2,582	△ 39.2%	15,848	11,500	△4,348	△27.4%

### Ad Revenue(Terrestrial)

	1H	2H	Annual
Time	+0.0%	+0.0%	+0.0%
Spot	+1.2%	+1.1%	+1.2%
Total	+0.6%	+0.6%	+0.6%

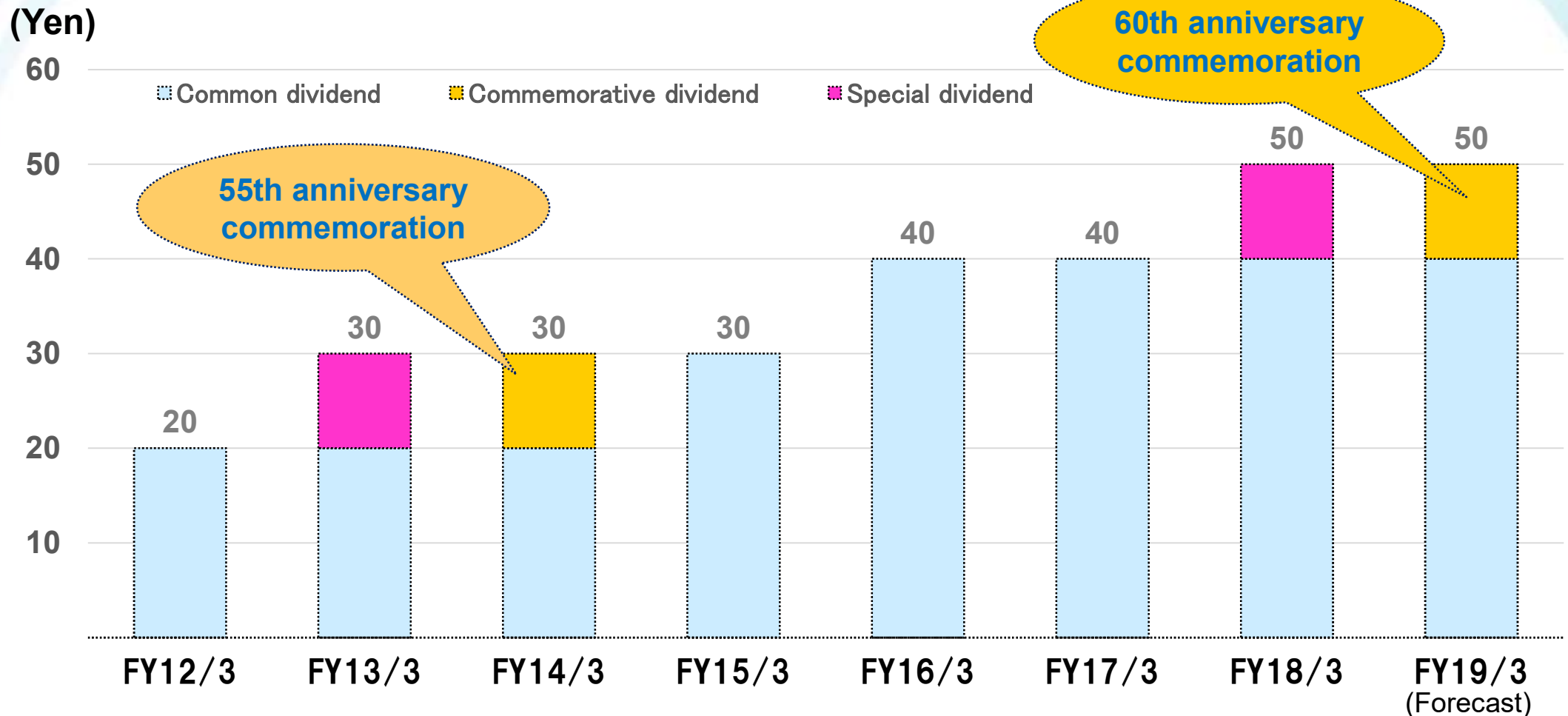
### Production Costs (Terrestrial)

(mm of yen)

FY18/3	FY19/3	YoY	YoY(%)
88,146	90,500	+2,353	+2.7%



# Dividend Forecast



- Dividend forecast (FY19/3) : **¥50 per share** (dividend payout ratio of 46.6%)  
(Common dividend of ¥40 / 60th anniversary commemorative dividend of ¥10)
- Strive to maintain a stable common dividend with sustained growth as the primary objective and to provide shareholder returns by means including commemorative and special dividends.

# **Masaya Fujinoki**

**Senior Executive Director**

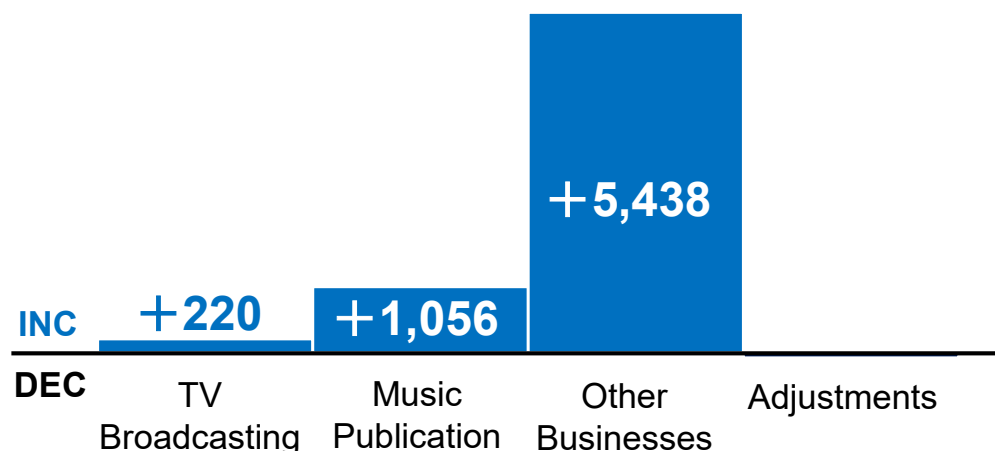
# Consolidated Results

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Net Sales	295,879	302,511	+ 6,632	+ 2.2%
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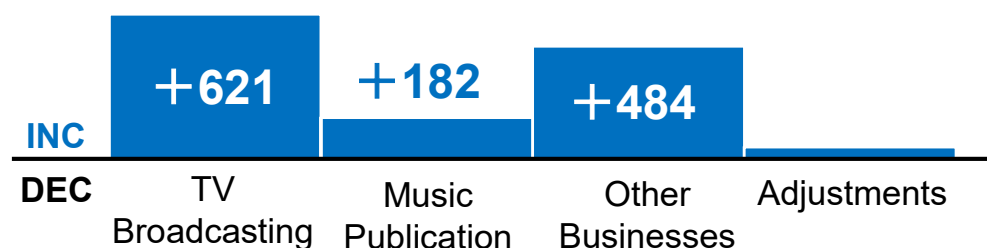
# Sales and Income by Segment (Consolidated)

(mm of yen)

## Net Sales YoY



## Operating Income YoY



Segment	Net Sales			Operating Income		
	FY18/3	YoY	YoY (%)	FY18/3	YoY	YoY (%)
TV Broadcasting Business	252,765	+ 220	+ 0.1%	15,550	+ 621	+ 4.2%
Music Publication Business	11,042	+ 1,056	+10.6%	811	+ 182	+ 28.9%
Other Businesses	50,945	+ 5,438	+11.9%	2,269	+ 484	+ 27.2%
Adjustments	△12,242	△ 82	-	2	+ 67	-
Total	302,511	+ 6,632	+ 2.2%	18,634	+1,355	+ 7.8%

# TV Broadcasting Business

(mm of yen)	FY17/3	FY18/3	YoY	YoY(%)
Net Sales	252,545	252,765	+ 220	+ 0.1%
Time Sales	90,351	87,988	△2,363	△ 2.6%
Spot Sales	105,212	104,768	△ 443	△ 0.4%
Program Sales	13,227	13,166	△ 61	△ 0.5%
BS & CS	24,824	26,018	+1,193	+ 4.8%
Other	18,928	20,824	+1,895	+10.0%
Operating Income	14,929	15,550	+ 621	+ 4.2%

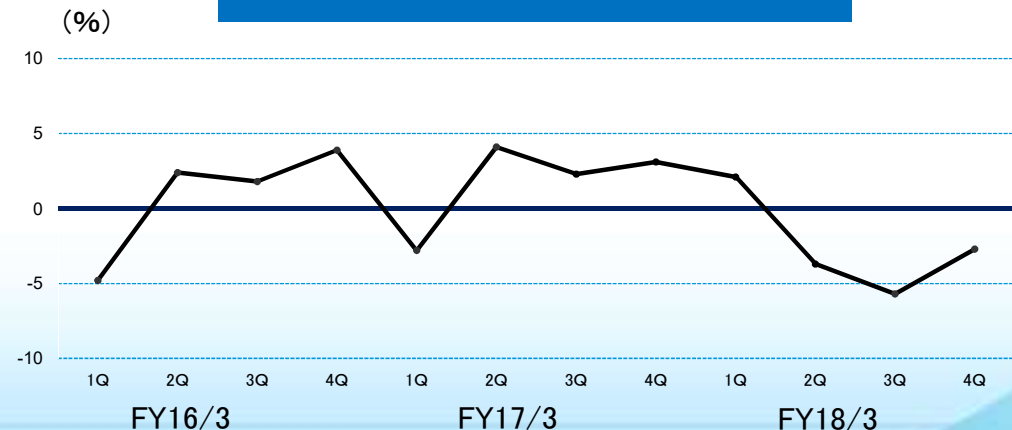
# Time Sales Revenue (Terrestrial)

(mm of yen)	FY17/3	FY18/3	YoY	YoY(%)
1Q	21,293	21,746	+ 452	+ 2.1%
2Q	23,319	22,451	△ 868	△ 3.7%
1H	44,613	44,198	△ 415	△ 0.9%
3Q	23,533	22,180	△ 1,353	△ 5.7%
4Q	22,205	21,610	△ 595	△ 2.7%
2H	45,738	43,790	△ 1,948	△ 4.3%
Annual	90,351	87,988	△ 2,363	△ 2.6%

## Major Difference in 2H

- Revenue decrease, reflecting the absence of major sports programs aired in the second half of the previous fiscal year (FIFA World Cup Russia Final Asian Qualifiers, WBC, etc.), despite an increase for regular programs

## Year on Year Growth





# Spot Sales Revenue (Terrestrial)

(mm of yen)	FY17/3	FY18/3	YoY	YoY(%)
1Q	27,047	26,005	△ 1,042	△ 3.9%
2Q	22,958	23,271	+ 313	+ 1.4%
1H	50,006	49,277	△ 729	△ 1.5%
3Q	29,163	28,881	△ 282	△ 1.0%
4Q	26,041	26,610	+ 568	+ 2.2%
2H	55,205	55,491	+ 285	+ 0.5%
Annual	105,212	104,768	△ 443	△ 0.4%

## Share in the Tokyo Spot Sales Market

Annual : 23.4% (YoY +0.4%)

Note: Share figures are estimated figures.

## Year on Year Growth



# Production Costs (Terrestrial)

(mm of yen)	FY17/3	FY18/3	YoY	YoY(%)
1Q	19,101	21,217	+2,116	+11.1%
2Q	24,027	22,865	△1,162	△ 4.8%
1H	43,128	44,082	+ 953	+ 2.2%
3Q	22,968	21,759	△1,209	△ 5.3%
4Q	24,733	22,304	△2,429	△ 9.8%
2H	47,702	44,064	△3,638	△ 7.6%
Annual	90,831	88,146	△2,685	△ 3.0%

## Major Difference in 2H

- Production cost decrease, reflecting the absence of major sports programs aired in the second half of the previous fiscal year (FIFA World Cup Russia Final Asian Qualifiers, WBC, etc.)

# Music Publication Business

	FY17/3	FY18/3	YoY	YoY(%)
(mm of yen)				
Net Sales	9,985	11,042	+ 1,056	+ 10.6%
Operating Income	629	811	+ 182	+ 28.9%



<KETSUMEISHI>  
TOUR2017



<SHONAN NO KAZE>  
SUMMER HOLIC 2017



<Sonar Pocket>  
JAPAN TOUR 2017  
~Reload~



<Dai Hirai>  
LIVE TOUR 2018  
ON THE ROAD

# Other Businesses

(mm of yen)	FY17/3	FY18/3	YoY	YoY(%)
Net Sales	45,507	50,945	+ 5,438	+ 11.9%
Operating Income	1,784	2,269	+ 484	+ 27.2%

## Sales of Major Other Businesses

(mm of yen)

	FY17/3	FY18/3	YoY	YoY(%)
Internet Related	13,706	15,598	+ 1,892	+ 13.8%
Shopping	8,178	8,526	+ 348	+ 4.3%
Special Events	6,585	7,863	+ 1,278	+ 19.4%
Equipment/Lease	5,204	5,061	△ 142	△ 2.7%
Motion Pictures	2,283	2,164	△ 118	△ 5.2%
DVD	1,584	976	△ 607	△ 38.4%

# Major Other Businesses

Internet Related	<ul style="list-style-type: none"><li>● <u>Revenue and profit increased</u> on strong sales of content to S-VOD services and strong performance from NJPW World and the catch-up service.</li></ul>
Shopping	<ul style="list-style-type: none"><li>● <u>Revenue increased and profit decreased slightly</u> due to the impact of an increase in the product cost ratio, despite strong performance from TV shopping.</li></ul>
Special Events	<ul style="list-style-type: none"><li>● <u>Revenue and profit increased</u>, with regular events such as TV Asahi-Roppongi Hills Summer Festival as well as one-off events such as Paul McCartney Japan Tour and The Doraemon Exhibition Tokyo 2017 driving performance.</li></ul>
Motion Pictures	<ul style="list-style-type: none"><li>● Regular animation releases performed well, with Doraemon the Movie: Nobita's Treasure Island (released March 3, 2018) setting new box office revenue and attendance records.</li><li>● However, <u>revenue and profit decreased</u> due to the impact of some unsuccessful releases.</li></ul>
DVD	<ul style="list-style-type: none"><li>● <u>Revenue and profit decreased</u> due to a slump in the DVD market overall.</li></ul>

# Capex and Depreciation

## Capex

(bn of yen)

	FY17/3	FY18/3	YoY	YoY(%)	Outlook for FY19/3
Consolidated	15.23	6.81	△8.42	△55.3%	14.00
TV Asahi Corporation	14.59	5.36	△9.23	△63.3%	13.00

## Depreciation

(bn of yen)

	FY17/3	FY18/3	YoY	YoY(%)	Outlook for FY19/3
Consolidated	9.54	9.75	+0.21	+ 2.2%	10.60
TV Asahi Corporation	8.42	8.43	+0.00	+ 0.1%	9.20



# Reference Materials

## TV Asahi Corporation Results

(mm of yen)	FY17/3	FY18/3	YoY	YoY(%)
Net Sales	240,557	239,627	△ 929	△ 0.4%
Operating Income	8,867	10,063	+1,196	+13.5%
Ordinary Income	10,189	17,268	+7,079	+69.5%
Net Income	7,304	13,392	+6,088	+83.4%

## Asahi Satellite Broadcasting, Ltd. Results

(mm of yen)	FY17/3	FY18/3	YoY	YoY(%)
Net Sales	14,886	15,569	+ 683	+ 4.6%
Operating Income	2,066	2,203	+ 137	+ 6.6%
Ordinary Income	2,067	2,207	+ 139	+ 6.8%
Net Income	1,409	1,508	+ 99	+ 7.1%

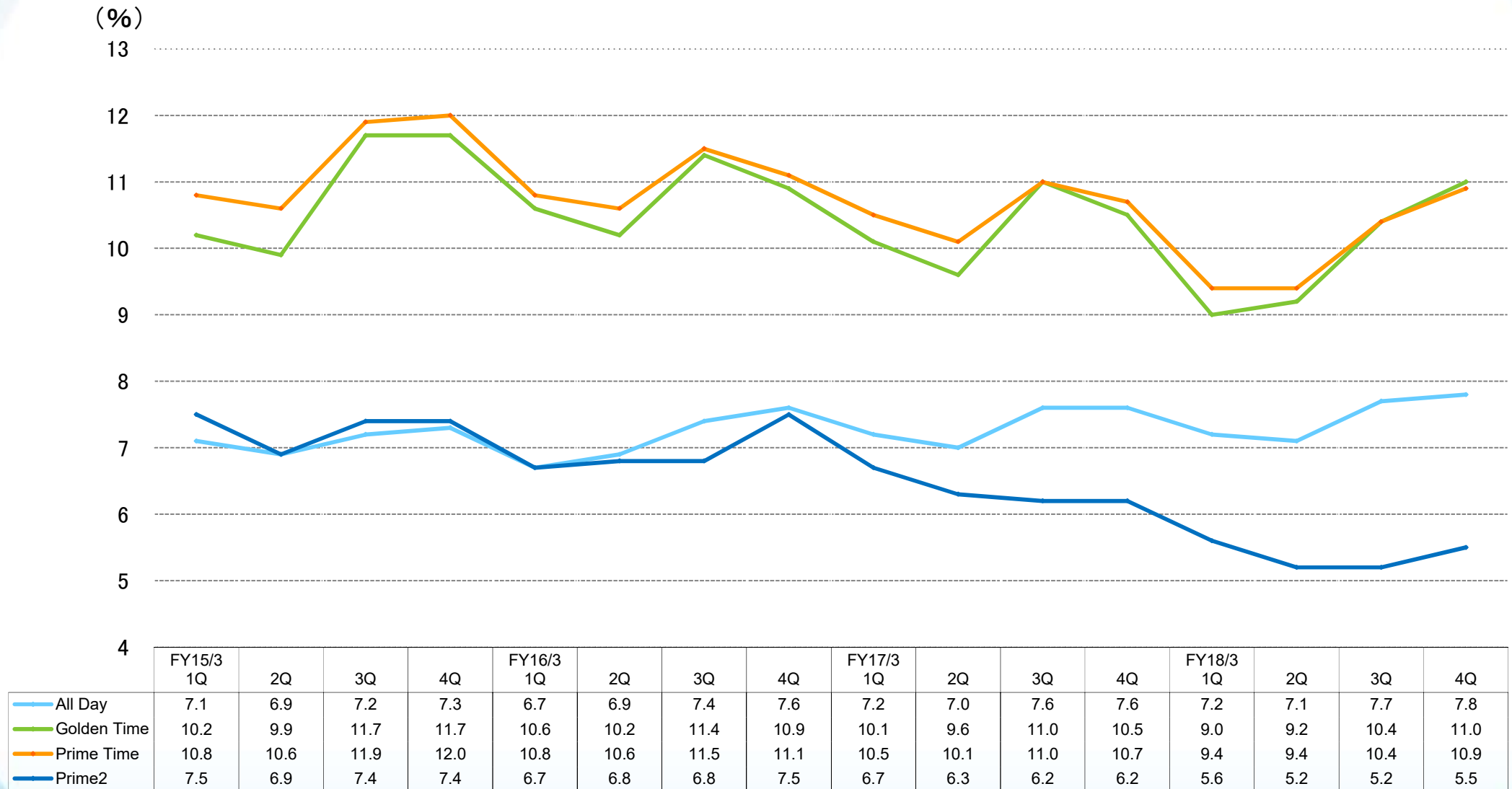
## CS One Ten, Ltd. Results

(mm of yen)	FY17/3	FY18/3	YoY	YoY(%)
Net Sales	6,194	6,786	+ 592	+ 9.6%
Operating Income	234	239	+ 5	+ 2.4%
Ordinary Income	235	239	+ 4	+ 1.9%
Net Income	151	154	+ 2	+ 1.9%

# Spot Sales Industry Information (Terrestrial)

	FY18/3 4Q (Jan.-Mar., 2018)		FY17/3 4Q (Jan.-Mar., 2017)	
	YoY	Share	YoY	Share
Source of Energy & Industrial Machines	92.2%	1.6%	131.0%	1.8%
Foods	77.2%	7.1%	121.9%	9.4%
Beverages & Liquors	113.5%	6.8%	94.3%	6.1%
Pharmaceuticals & Medical Supplies	95.7%	6.4%	89.0%	6.8%
Cosmetics & Toiletries	122.0%	4.6%	79.1%	3.9%
Clothing & Wear Accessories	61.5%	1.8%	135.0%	3.1%
Business Machines & Office Supplies	70.6%	0.8%	186.3%	1.1%
Consumer Electronics	71.4%	1.7%	152.3%	2.5%
Automobiles	107.3%	9.5%	98.2%	9.0%
Homeware	167.5%	2.1%	119.5%	1.3%
Game & Software & Sporting Goods	121.5%	4.3%	60.6%	3.6%
Housing & Housing Materials	99.9%	7.4%	112.7%	7.6%
Publishing	94.1%	2.0%	122.1%	2.2%
Communications Media & Internet Devices	86.1%	12.7%	93.6%	15.0%
Retail	141.5%	3.0%	60.2%	2.1%
Finance & Insurance	110.5%	10.1%	96.0%	9.3%
Transportation & Movies & Leisure	112.4%	7.6%	108.0%	6.9%
Food-service & Various Services	132.1%	6.3%	107.4%	4.9%
Government & Public Institution	115.4%	0.7%	120.7%	0.6%
Education & Medical-service & Religion	134.9%	3.5%	87.8%	2.7%
Other	11.6%	0.0%	519.0%	0.1%
Total	102.2%	100.0%	98.9%	100.0%

# Terrestrial Viewer Ratings Trend



(Source: Video Research)

# Future Topics for Other Businesses

<b>Special Events</b>	<p>[LIVE] <b>METROPOLITAN ROCK FESTIVAL 2018</b> (Osaka 5/19,20 Tokyo 5/26,27)</p> <p>[EVENT] <b>P&amp;G Presents Fantasy on Ice 2018 in MAKUHARI</b> (5/25-27)</p> <p>[LIVE] <b>GO!GO! Wakadaisho Festival 2018</b> (6/16,17)</p>
<b>DVD</b>	<p>■ <b>Summers × Summers 17</b> (5/23)</p> <p>■ <b>Jyuyosankonin Tantei</b> (6/6)</p> <p>■ <b>BG ~BODYGUARD~</b> (9/5)</p>
<b>Motion Pictures</b>	<p>5/25 <b>Tsuma yo Bara no Yoni – Kazoku ha Tsurai yo III</b></p> <p>8/4 <b>Kamen Rider Build the Movie / Kaito Sentai Lupineranger vs Keisatsu Sentai Patranger en file</b></p> <p>September <b>Papa ha warumono Champion</b></p> <p>2018 Autumn <b>Hashire! T kou Basketball Club</b></p>

**Financial outlooks and other figures that are not historical facts are based on information available at the time of announcement. Please be informed that actual results may differ due to various factors in the business environment. As such, actual results may differ from the forecasts given in this document and guarantees are not made to achieving the announced results.**

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