

Note: The following document is an English translation of the Japanese-language original.

# Asahi Broadcasting Corporation

## Earnings Reference for FISCAL 2016

(Fiscal Year Ending March 31, 2017)

May 19, 2017

The logo for Asahi Broadcasting Corporation (ABC) features the letters 'ABC' in a bold, white, sans-serif font. The letters are set against a solid orange rectangular background. A white diagonal line cuts across the top right corner of the orange rectangle, creating a stylized effect.

Securities Code: 9405

# Outline of the Performance

# Outline of the Performance of FY 2016

## Outline of consolidated financial results

### ◆ Increased revenue and profit

- 【Factors】
- While time sales revenue **decreased**, spot revenue **increased**
  - The number of hours of the programs broadcasted on national network decrease, so that program production costs **decrease**
  - **Increase** in housing business, etc.

## Overview of the television viewer ratings

- ◆ Ranked 2<sup>nd</sup> in All-day, Golden time, Prime time
- ◆ Ranked 1<sup>st</sup> in Prime time (15 consecutive years)

# Earning Outlook and Issues of FY 2017

## Earning Outlook

### ◆ Decreased revenue and profit

- No large-scale events planned
- **Decline** in slots on nationwide network programs produced by ABC
- May struggle to increase viewer ratings in Golden time

### Issue ①

In order to recapture top in four viewer rating categories, strengthen Golden time and Sunday programming

### Issue ②

Enhance overall content strengths  
« Terrestrial + Internet-based delivery »

# Details of the Performance

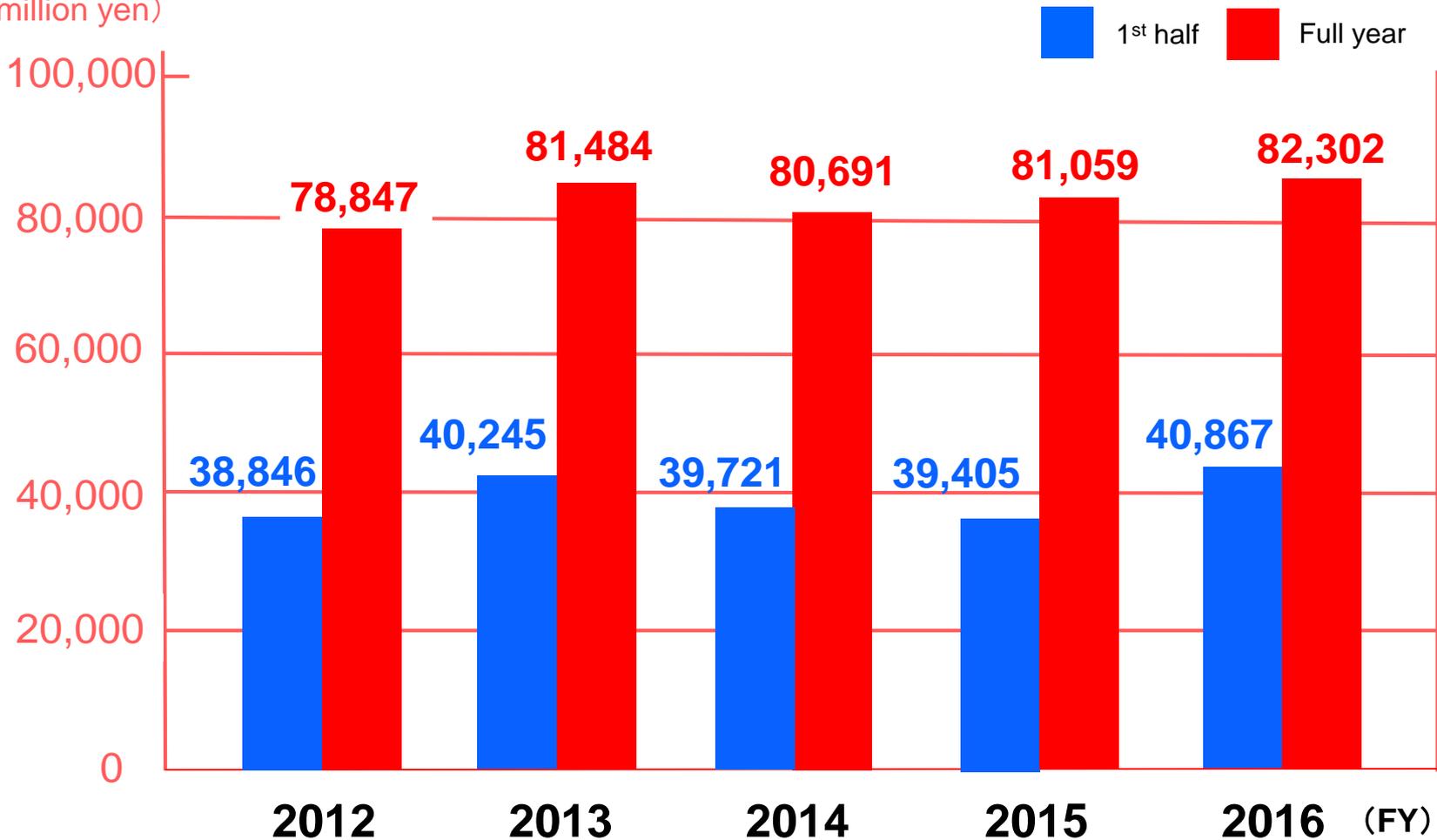
# Consolidated Earnings

(in million yen)

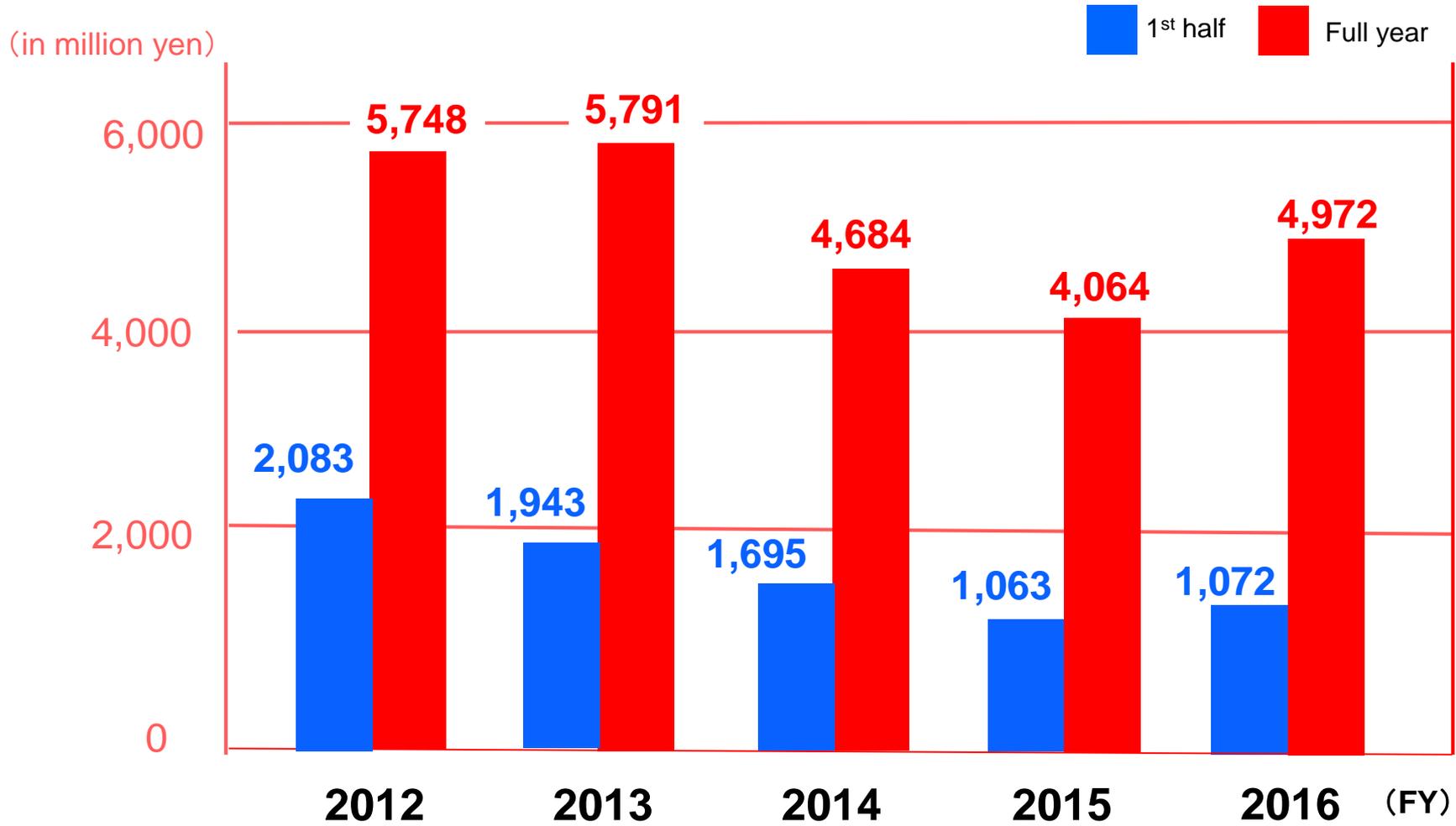
|   | FY 2016 | FY 2015 | Growth | % change |
|---|---------|---------|--------|----------|
| Net sales                               | 82,302  | 81,059  | 1,242  | 1.5%     |
| Operating income                        | 4,972   | 4,064   | 907    | 22.3%    |
| Ordinary income                         | 5,261   | 4,407   | 854    | 19.4%    |
| Profit attributable to owners of parent | 3,416   | 2,372   | 1,043  | 44.0%    |

# Consolidated Net Sales in the Past 5 Years

(in million yen)



# Consolidated Operating Income in the Past 5 Years



# Earnings by Segment

(in million yen)

| Broadcasting     | FY 2016 | FY 2015 | Growth | % change |
|------------------|---------|---------|--------|----------|
| Net sales        | 70,568  | 69,794  | 773    | 1.1%     |
| Operating income | 3,809   | 2,781   | 1,027  | 37.0%    |

| Housing          | FY 2016 | FY 2015 | Growth | % change |
|------------------|---------|---------|--------|----------|
| Net sales        | 10,924  | 10,424  | 499    | 4.8%     |
| Operating income | 1,143   | 1,279   | △135   | △10.6%   |

| Golf Club        | FY 2016 | FY 2015 | Growth | % change |
|------------------|---------|---------|--------|----------|
| Net sales        | 809     | 840     | △30    | △3.7%    |
| Operating income | 19      | 3       | 15     | 418.5%   |

# ABC's Earnings (Non-consolidated)

(in million yen)

|                  | FY 2016 | FY 2015 | Growth | % change |
|------------------|---------|---------|--------|----------|
| Net sales        | 65,130  | 65,127  | 3      | 0.0%     |
| Operating income | 3,485   | 2,619   | 865    | 33.1%    |
| Ordinary income  | 3,891   | 3,034   | 856    | 28.2%    |
| Profit           | 2,867   | 1,855   | 1,011  | 54.5%    |

# Television Broadcasting Business Revenue (Terrestrial broadcast)

<Revenue>

(in million yen)

|  | FY 2016 | FY 2015 | Growth | % change |
|--|---------|---------|--------|----------|
| Television broadcasting business revenue | 58,264  | 58,178  | 86     | 0.1%     |

## Breakdowns

|                                  |        |        |       |       |
|----------------------------------|--------|--------|-------|-------|
| Network time advertising revenue | 14,684 | 15,253 | △568  | △3.7% |
| Local time advertising revenue   | 5,592  | 5,943  | △351  | △5.9% |
| Spot sales revenue               | 35,752 | 34,719 | 1,033 | 3.0%  |
| Program sales revenue            | 2,235  | 2,262  | △26   | △1.2% |

# Background of the Results of TV Broadcasting Business

## Time sales revenue of network time

- The number of hours of nationwide network program produced by ABC **decreased**
- Ratings for new program in Sunday 8pm timeslot are lackluster

## Time sales revenue of local time

- Sponsors tend to minimize fixed costs

# TV spot sales revenue (Terrestrial broadcast)

(in million yen)

|                            | FY 2016       | FY 2015       | Growth       | % change    |
|----------------------------|---------------|---------------|--------------|-------------|
| 1 <sup>st</sup> quarter    | 8,692         | 8,511         | 181          | 2.1%        |
| 2 <sup>nd</sup> quarter    | 8,267         | 8,138         | 128          | 1.6%        |
| <b>1<sup>st</sup> half</b> | <b>16,959</b> | <b>16,649</b> | <b>309</b>   | <b>1.9%</b> |
| 3 <sup>rd</sup> quarter    | 9,523         | 8,980         | 542          | 6.0%        |
| 4 <sup>th</sup> quarter    | 9,270         | 9,088         | 181          | 2.0%        |
| <b>2<sup>nd</sup> half</b> | <b>18,793</b> | <b>18,069</b> | <b>723</b>   | <b>4.0%</b> |
| <b>Full Fiscal Year</b>    | <b>35,752</b> | <b>34,719</b> | <b>1,033</b> | <b>3.0%</b> |

# TV spot sales revenue (Terrestrial broadcast: By industry sector / Top 20 shown)

| Industry sector                    | FY 2016  |        | FY 2015  |        |
|------------------------------------|----------|--------|----------|--------|
|                                    | % change | Shares | % change | Shares |
| Communication                      | 129.7%   | 11.2%  | 97.5%    | 8.8%   |
| Drugs                              | 101.5%   | 7.3%   | 106.3%   | 7.4%   |
| Cosmetics and toiletries           | 98.1%    | 7.3%   | 105.8%   | 7.7%   |
| Automobile                         | 103.6%   | 7.3%   | 81.0%    | 7.2%   |
| Alcoholic and other beverages      | 91.5%    | 7.0%   | 87.2%    | 7.9%   |
| Foods                              | 105.0%   | 6.7%   | 97.1%    | 6.6%   |
| Housing/Real Estate/Construction   | 109.4%   | 3.8%   | 101.5%   | 3.6%   |
| Insurance                          | 115.3%   | 3.4%   | 87.3%    | 3.1%   |
| Leisure                            | 104.2%   | 3.3%   | 89.4%    | 3.3%   |
| Electric appliance                 | 135.1%   | 3.1%   | 78.5%    | 2.3%   |
| Public works                       | 516.8%   | 3.0%   | 86.8%    | 0.6%   |
| Confectionaries and daily products | 100.2%   | 3.0%   | 101.2%   | 3.0%   |
| Banks and finance                  | 90.2%    | 2.8%   | 82.3%    | 3.2%   |
| Movie/Theater                      | 122.2%   | 2.7%   | 89.8%    | 2.3%   |
| Restaurant                         | 101.7%   | 2.5%   | 106.3%   | 2.5%   |
| Game/Toy                           | 100.8%   | 2.2%   | 97.9%    | 2.3%   |
| Retail distribution industry       | 76.4%    | 2.1%   | 109.7%   | 2.9%   |
| Clothing                           | 97.6%    | 2.1%   | 118.8%   | 2.2%   |
| Computer                           | 66.4%    | 2.1%   | 102.7%   | 3.2%   |
| Other organizations                | 95.3%    | 2.0%   | 127.2%   | 2.2%   |

※Percentage of figures represent the year-on-year increase or decrease.

# Broadcasting Business Revenue (Non-Terrestrial)

(in million yen)

|                             |   | FY 2016 | FY 2015 | Growth | % change |
|-----------------------------|---|---------|---------|--------|----------|
| ABC (Non-consolidated)      | Radio broadcasting revenue                        | 2,842   | 2,812   | 29     | 1.0%     |
|                             | Events revenue                                    | 2,497   | 2,198   | 298    | 13.6%    |
|                             | Content related revenue<br>(Jul 2016 to Mar 2017) | 1,071   | 1,516   | △444   | △29.3%   |
| ABC FRONTIER HOLDINGS, INC. | Content related revenue                           | 914     | -       | -      | -        |
| Sky-A                       | CS broadcasting revenue                           | 3,299   | 3,159   | 140    | 4.4%     |
| AMC                         | TV shopping business revenue                      | 1,160   | 1,187   | △27    | △2.3%    |

(Note: Including internal transactions in the consolidated group)

# Housing Business (ABC Development Corporation)

(in million yen)

| Housing          | FY 2016 | FY 2015 | Growth | % change |
|------------------|---------|---------|--------|----------|
| Net sales        | 10,924  | 10,424  | 499    | 4.8%     |
| Operating income | 1,143   | 1,279   | △135   | △10.6%   |

## ▪ Housing Exhibition

(16 locations in Kinki Region /  
8 locations in Kanto Region)



Housing market remains strong thanks to low interest rates.

While there were new displays by housing makers, the number of those withdrawing from exhibitions slightly outnumbered these, causing **decrease in revenue and profit**.

## ▪ Housing Design Center

(HDC Kobe, HDC Osaka, HDC Nagoya)



HDC Osaka attracted a large number of customers.

HDC Nagoya opened, and there was **increase in revenue and profit**.

## ▪ Real Estate Business

**Growth in revenue and profit** in rental condominium business

# Consolidated / Non-consolidated Expense

(in million yen)

| Consolidated                                 | FY 2016 | FY 2015 | Growth | % change |
|--|---------|---------|--------|----------|
| Cost of Sales                                | 53,788  | 53,954  | △166   | △0.3%    |
| Selling, General and Administrative Expenses | 23,541  | 23,039  | 501    | 2.2%     |
| Total Operating Expenses                     | 77,329  | 76,994  | 334    | 0.4%     |

| Non-consolidated                             | FY 2016 | FY 2015 | Growth | % change |
|--|---------|---------|--------|----------|
| Cost of Sales                                | 40,395  | 41,567  | △1,171 | △2.8%    |
| Selling, General and Administrative Expenses | 21,248  | 20,940  | 308    | 1.5%     |
| Total Operating Expenses                     | 61,644  | 62,507  | △862   | △1.4%    |

|                     |        |        |      |       |
|---------------------|--------|--------|------|-------|
| TV Program Expenses | 17,853 | 18,498 | △644 | △3.5% |
|---------------------|--------|--------|------|-------|

# Consolidated Earnings Outlook

(in million yen)

|  | FY 2017 | FY 2016<br>(actual) | Growth | % change |
|--|---------|---------------------|--------|----------|
| Net Sales                                  | 80,500  | 82,302              | △1,802 | △2.2%    |
| Operating income                           | 4,100   | 4,972               | △872   | △17.5%   |
| Ordinary income                            | 4,300   | 5,261               | △961   | △18.3%   |
| Profit attributable to<br>owners of parent | 2,600   | 3,416               | △816   | △23.9%   |

# Earnings Outlook by Segment

(in million yen)

| Broadcasting     | FY 2017 | FY 2016<br>(actual) | Growth | % change |
|------------------|---------|---------------------|--------|----------|
| Net sales        | 68,110  | 70,568              | △2,458 | △3.5%    |
| Operating income | 2,980   | 3,809               | △829   | △21.8%   |
| Housing          | FY 2017 | FY 2016<br>(actual) | Growth | % change |
| Net sales        | 11,500  | 10,924              | 575    | 5.3%     |
| Operating income | 1,100   | 1,143               | △43    | △3.8%    |
| Golf Club        | FY 2017 | FY 2016<br>(actual) | Growth | % change |
| Net sales        | 890     | 809                 | 80     | 10.0%    |
| Operating income | 20      | 19                  | 0      | 4.7%     |

# ABC's Earnings Outlook (Non-consolidated)

(in million yen)

|                  | FY 2017 | FY 2016<br>(actual) | Growth | % change |
|------------------|---------|---------------------|--------|----------|
| Net sales        | 62,700  | 65,130              | △2,430 | △3.7%    |
| Operating income | 2,900   | 3,485               | △585   | △16.8%   |
| Ordinary income  | 3,200   | 3,891               | △691   | △17.8%   |
| Profit           | 2,200   | 2,867               | △667   | △23.3%   |

# Television Broadcasting Business (Terrestrial) Revenue Outlook

## <Revenue>

(in million yen)

|   | FY 2017 | FY 2016<br>(actual) | Growth | % change |
|---|---------|---------------------|--------|----------|
| <b>Television Broadcasting Business revenue</b> | 57,300  | 58,264              | △964   | △1.7%    |

## Breakdowns

|                                  |        |        |        |       |
|----------------------------------|--------|--------|--------|-------|
| Network time advertising revenue | 13,500 | 14,684 | △1,184 | △8.1% |
| Local time advertising revenue   | 5,400  | 5,592  | △192   | △3.4% |
| Spot sales revenue               | 36,300 | 35,752 | 547    | 1.5%  |
| Program sales revenue            | 2,100  | 2,235  | △135   | △6.1% |

# Broadcasting Business Revenue Outlook (Non-Terrestrial)

<Revenue>

(in million yen)

|                                    |  | FY 2017 | FY 2016<br>(actual) | Growth | % change |
|------------------------------------|--|---------|---------------------|--------|----------|
| <b>ABC FRONTIER HOLDINGS, INC.</b> | <b>Content related revenue</b><br>(Including internal transactions in the group) | 1,174   | 914<br>(* Note1)    | 260    | 28.4%    |

(\* Note1: From July 2016 to March 2017)

|              |                                     |       |       |      |       |
|--------------|-------------------------------------|-------|-------|------|-------|
| <b>Sky-A</b> | <b>CS broadcasting revenue</b>      | 3,031 | 3,299 | △267 | △8.1% |
| <b>AMC</b>   | <b>TV shopping business revenue</b> | 1,231 | 1,160 | 71   | 6.2%  |

(Note: Including internal transactions in the consolidated group)

# Consolidated / Non-consolidated Expense Outlook

(in million yen)

|   | FY 2017 | FY 2016<br>(actual) | Growth | % change |
|---|---------|---------------------|--------|----------|
| Consolidated:<br>Operating Expenses         | 76,400  | 77,329              | △929   | △1.2%    |
| Non-consolidated:<br>Operating Expenses     | 59,800  | 61,644              | △1,844 | △3.0%    |
| Non-consolidated:<br>TV Program<br>Expenses | 17,000  | 17,853              | △853   | △4.8%    |

## Capital Investments / Depreciation and amortization

|                               | FY 2017 (forecast) |                  | FY 2016      |                  |
|-------------------------------|--------------------|------------------|--------------|------------------|
|                               | Consolidated       | Non-consolidated | Consolidated | Non-consolidated |
| Capital Investments           | 5.3 billion        | 3.3 billion      | 3.9 billion  | 2.6 billion      |
| Depreciation and amortization | 3.1 billion        | 2.4 billion      | 2.8 billion  | 2.2 billion      |

(Amounts less than 0.1 billion yen are rounded to the nearest whole unit.)

# Dividends

(in yen)

|                     | FY 2017<br>(forecast) | FY 2016 | FY 2015 |
|---------------------|-----------------------|---------|---------|
| Interim dividend    | 10.0                  | 9.0     | 9.0     |
| Period-end dividend | 10.0                  | 17.0    | 9.0     |
| Total               | 20.0                  | 26.0    | 18.0    |

# Programs, Television Viewer Ratings

# Television Viewer Ratings of FY 2016 (Kansai region)

|   | All-day<br>(6:00-24:00)          | Golden time<br>(19:00-22:00)        | Prime<br>(19:00-23:00)         | Prime 2<br>(23:00-25:00)         |
|---|----------------------------------|-------------------------------------|--------------------------------|----------------------------------|
| 1 | YTV<br>8.2                       | YTV<br>12.1                         | YTV<br>12.1                    | <b>ABC</b><br><b>8.2 (-0.2p)</b> |
| 2 | <b>ABC</b><br><b>7.6 (+0.2p)</b> | <b>ABC</b> ・NHK<br><b>11.1 (±0)</b> | <b>ABC</b><br><b>11.7 (±0)</b> | YTV<br>7.9                       |
| 3 | MBS<br>7.5                       | * * *<br>* * *                      | MBS<br>10.9                    | MBS<br>5.9                       |
| 4 | KTV<br>6.9                       | MBS<br>10.8                         | NHK<br>9.7                     | KTV<br>5.3                       |
| 5 | NHK<br>6.2                       | KTV<br>9.6                          | KTV<br>9.6                     | NHK<br>3.2                       |

(Source: Video Research ) (%)

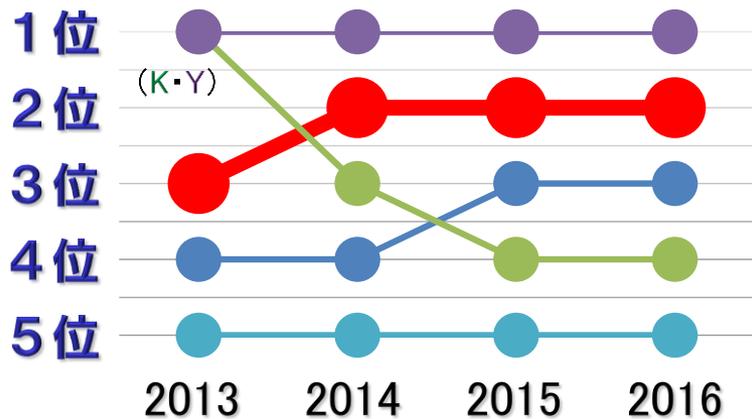
15 consecutive years at #1

# Television Viewer Ratings

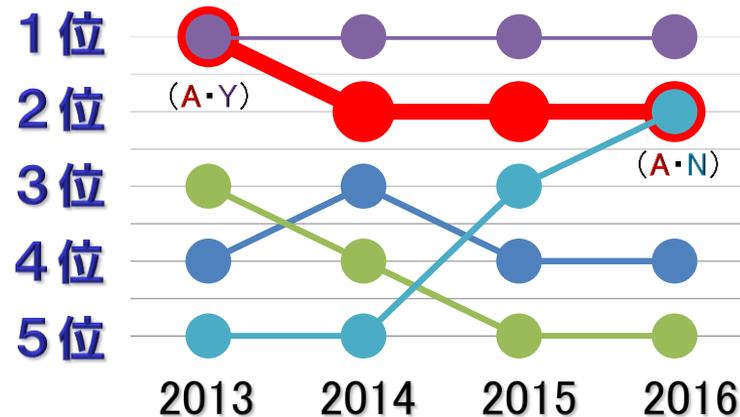
(Fiscal Year : Kansai region)

All-day (6:00-24:00)

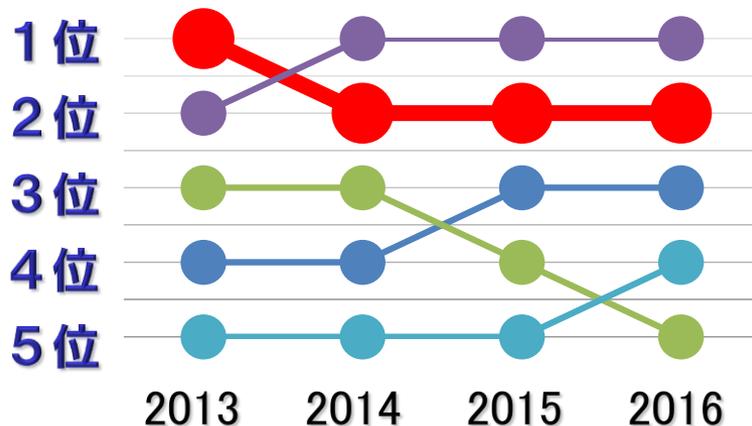
(Source: Video Research)



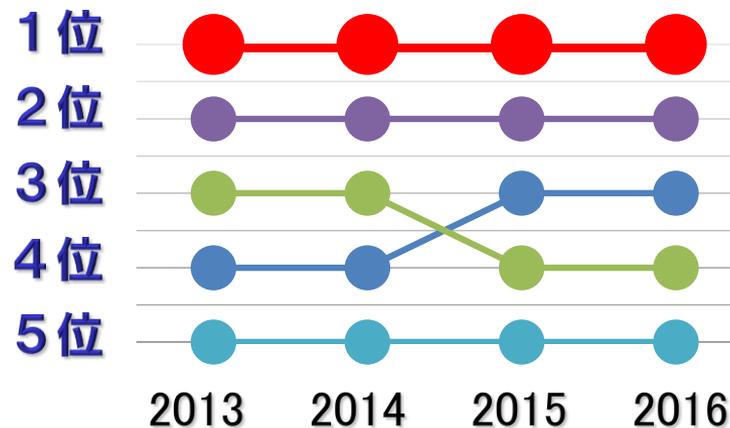
Golden time (19:00-22:00)



Prime (19:00-23:00)



Prime 2 (23:00-25:00)

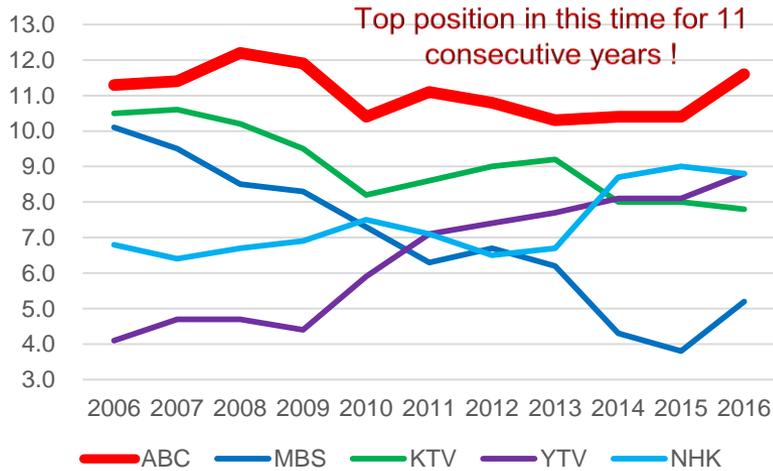


# Kansai local content continually strong in morning / late-night slots

## “Ohayo Asahi Desu”



6:45 a.m. ~ 8:00 a.m. (Mon to Fri)



## Weekday late-night variety programs



## Prime 2

Top position for 15 consecutive years!

# Our challenge: Strengthening Golden Time

|       | MON   | TUE                     | WED  | THU | FRI | SAT   | SUN   |
|-------|---|-------------------------|--|-----|-----|---|---|
| 19:00 |   |                         |  |     |     |   |   |
| 20:00 |   | Minna no Katei no Igaku | News shows also during Sat/Sun Golden time |     |     |   | Jinsei de taisetsu na koto wa ○○ kara mananda |
| 21:00 |   | Konnatokoro ni Nihonjin |  |     |     | Saturday & Sunday Station   |   |
| 22:00 | Hodo Station                                  |                         |  |     |     |   |   |
| 23:00 | ABC local time slot (Prime 2)                 |                         |  |     |     |   |   |
| 24:00 | Top in viewer rating for 15 consecutive years |                         |  |     |     | Strengthen and stabilize Golden time in cooperation with TV Asahi |   |

• Light blue: TV Asahi production • Orange: Asahi Broadcasting Corporation production as well as program names



“Zettai Zetsumei Answer” first program as part of trial (MC: Imada Koji) starts on Sun, May 21



# Catch-up Video Services: Total number of playbacks showing steady growth

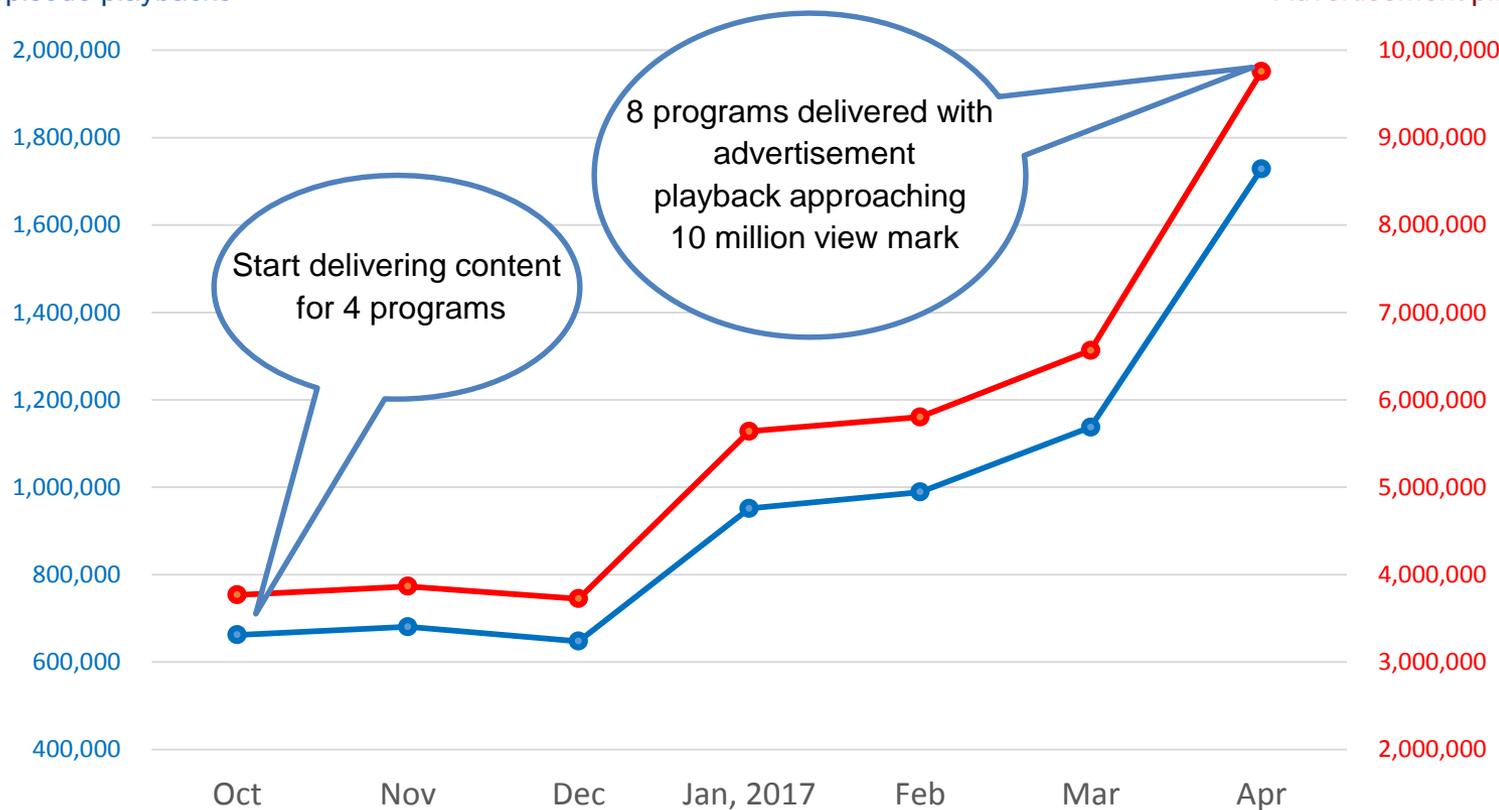


Currently delivering content for 8 programs. Started with 4 programs in October last year. One program added in January, with an additional 3 in April.



Main episode playbacks

Advertisement playback



(Total playback for TVer and Gyao combined)

## Comprehensive strengthening of terrestrial and Internet-based delivery



- Catch-up Video playbacks growing steadily
- Number of programs offered on upward trend



- Production / Distribution of original contents such as “Matsumoto ke no kyujitsu” by ABC for the Yoshimoto ‘Osaka Channel’
- ⇒ Program production focused on Internet-based delivery



Comprehensive strengthening of terrestrial and Internet-based video delivery

# New Business



©Ooima Yoshitoki • Kodansha / Koe no Katachi production committee

- “Koe no Katachi” – first movie to finance – was a huge hit, generating over 2.3 billion yen at the box office
- Increased revenue from re-use of “Pretty Cure” series



- Commencement of “Hospitality Channel” (shopping channel) for broadcast in domestic hotel chain guest rooms
- Programs sold into North American/Asian markets doing well



- 65<sup>th</sup> anniversary drama “Koori no Wadachi”, etc., made available on DVD
- Previous years’ “M-1 Grand Prix” now available on Amazon Prime



©2017 Rei Hiroe, SHOGAKUKAN Inc., Aniplex Inc. ©2017 SAKURA QUEST production committee

- Financing of four programs in Wednesday and Saturday late-night local animation time slots
- Financing of feature-length animated films and selling programs overseas



- Third consecutive year of production of program aimed at Vietnamese audience introducing Japan. To be broadcast from December



© Shochiku • ABC © KYORAKU

- Popular pachinko machine series “Pachinko hissatsu shigoto nin V” licensed for nationwide distribution from May 22

# New Contents Companies Growth Targets (Net sales)

(in million yen)



(\*Figures for FY2016 July-March)

# ABC DREAM VENTURES

【Investment target】



**ABC  
DREAM  
VENTURES**



**FY 2015**



**FY 2016**

Oh My Glasses

TOKYO



株式会社  
坂ノ途中

CINEMA CRAFT

Retty

**Medium-Term Management  
Plan and Certified  
Broadcasting Holding  
Company**

# Medium-Term Management Plan (2015-2017)

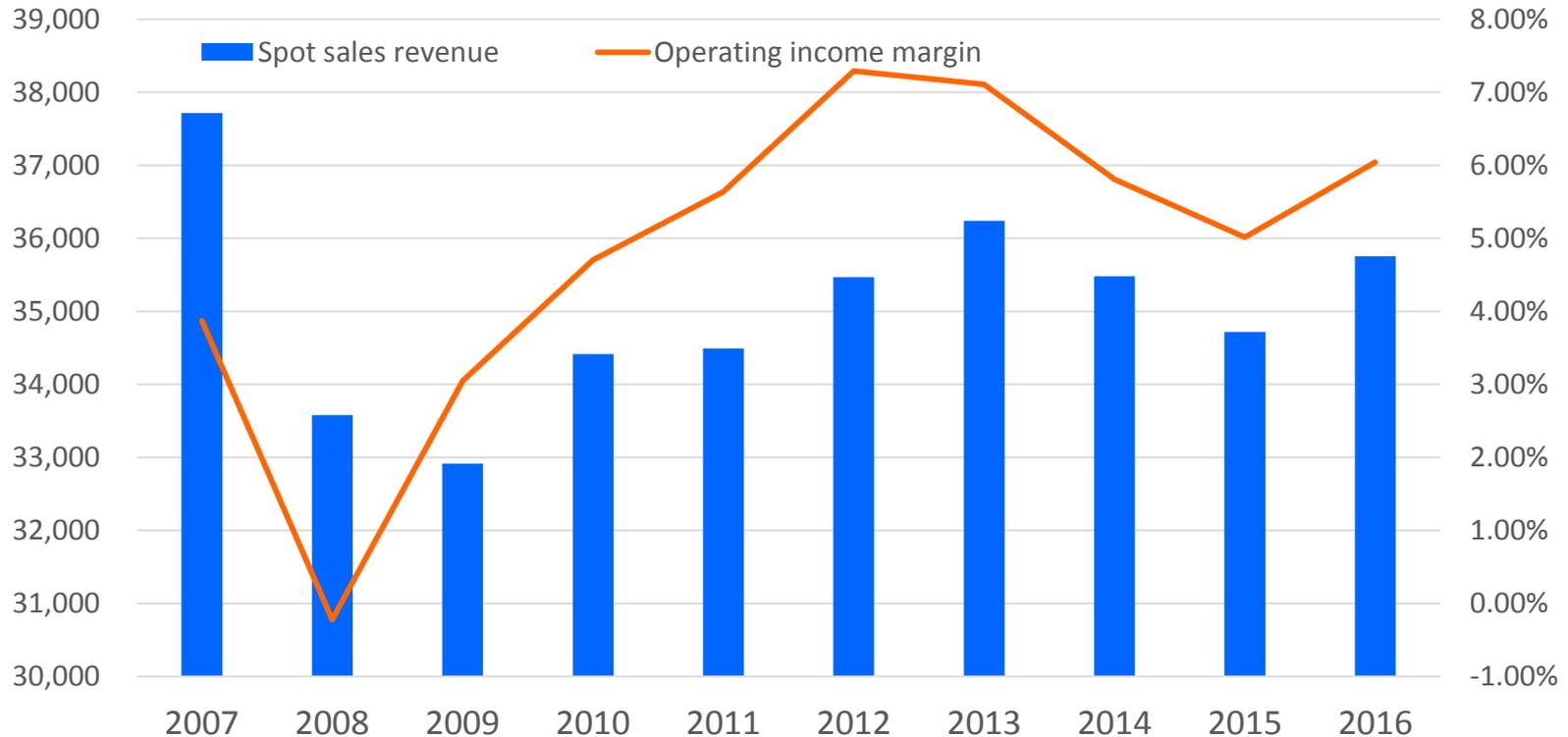
(in million yen)

| Consolidated                            | FY 2015   | FY 2016                                | FY 2017                                  |
|---|---|--|--|
|   | Upper: Actual<br>Lower: (Plan figures: Prior to revision) | Upper: Actual<br>Lower: (Plan figures) | Upper: Forecast<br>Lower: (Plan figures) |
| Net sales                               | 81,059<br>(82,100)  | 82,302<br>(82,400)                     | 80,050<br>(83,100)                       |
| Operating income                        | 4,064<br>(4,400)  | 4,972<br>(4,100)                       | 4,100<br>(4,400)                         |
| Ordinary income                         | 4,407<br>(4,600)  | 5,261<br>(4,400)                       | 4,300<br>(4,700)                         |
| Profit attributable to owners of parent | 2,372<br>(2,800)  | 3,416<br>(2,700)                       | 2,600<br>(2,900)                         |
| Operating income margin                 | 5.0%<br>(5.4%)  | 6.0%<br>(5.0%)                         | 5.1%<br>(5.3%)                           |

# TV spot sales revenue and Operating profit margin (consolidated) trend

(Spot sales revenue : in million yen)

(Operating income margin : Consolidated)



Earnings structure that does not overly rely on spot sales revenue required

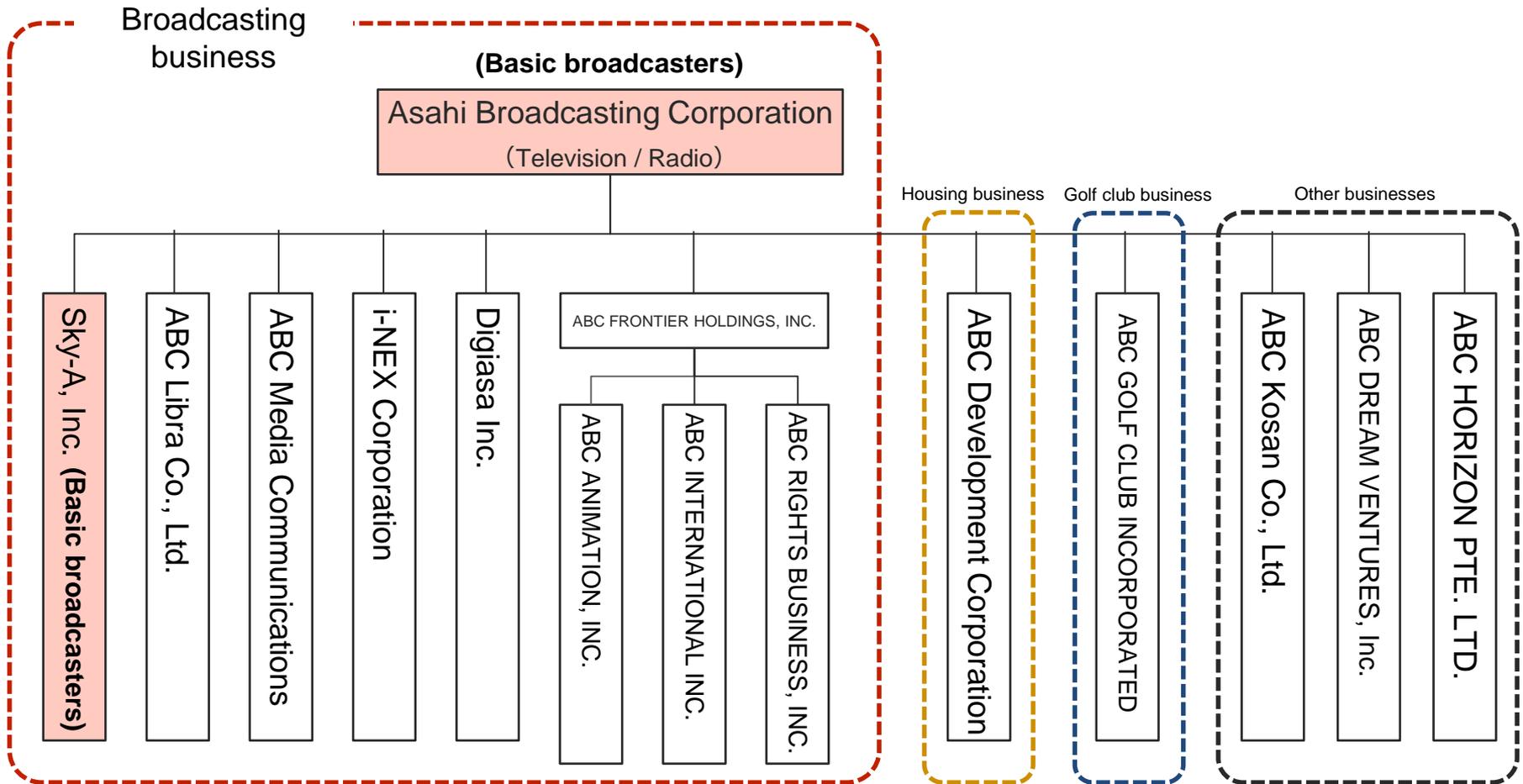
# Certified Broadcasting Holding Company

Asahi Broadcasting Corporation

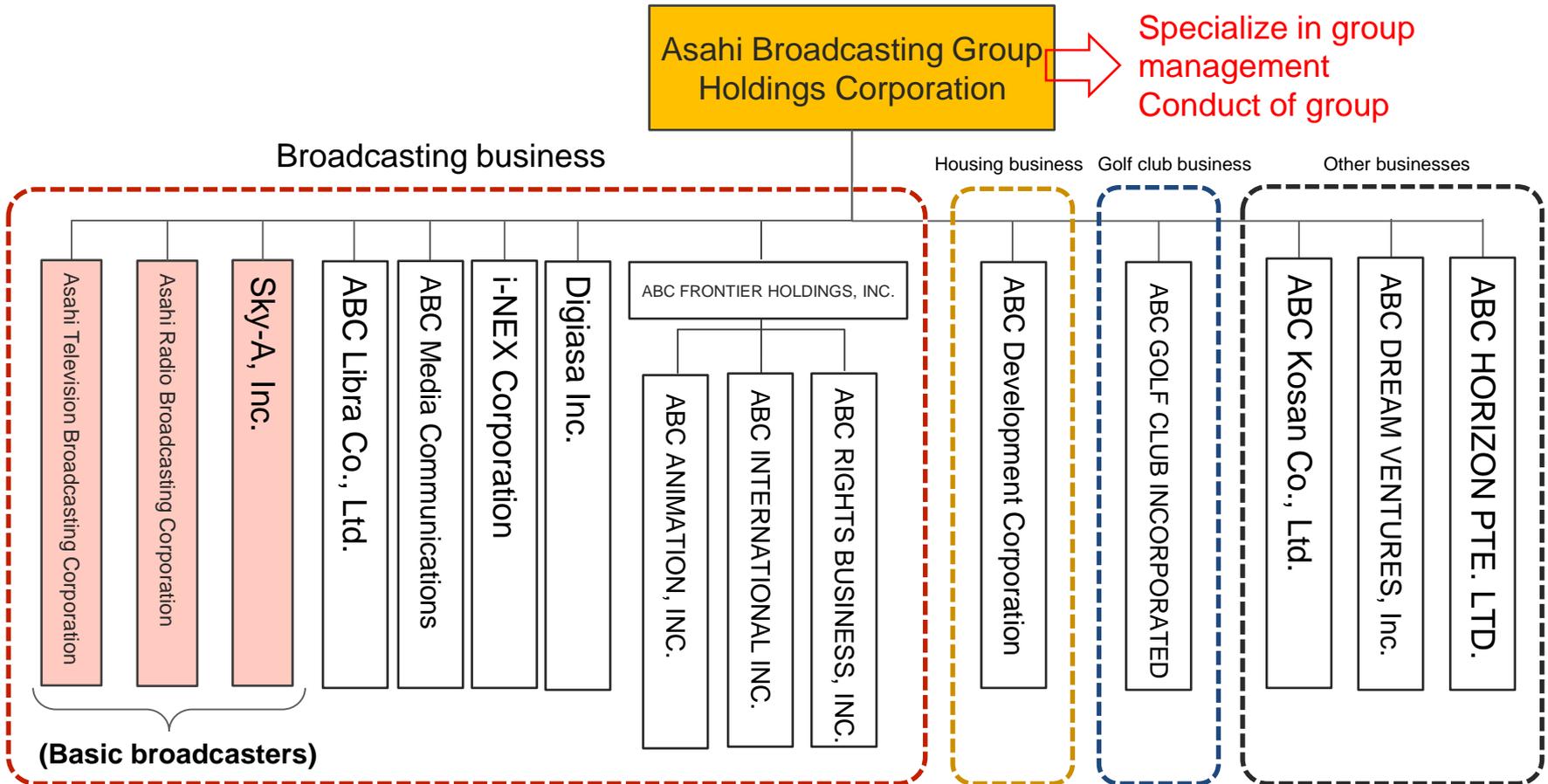


Asahi Broadcasting Group  
Holdings Corporation

# Asahi Broadcasting Group Structure (Present)



# Asahi Broadcasting Group HD Structure (from April 2018)



# Ideal Asahi Broadcasting Group Structure



# Contact/Disclaimer

This presentation is intended to provide information on our business etc., not to recommend the investment in our company. And, this presentation contains forecasts and the other forward-looking statements relating to the plans, outlook, targets, and forecasts of Asahi Broadcasting Corporation and its affiliated companies. These forecasts and other forward-looking statements are based on assumptions and beliefs that draw on information that is available as of the date of this presentation. As a result, the information in this presentation contains inherent risks and uncertainties. Accordingly, readers are advised that actual results may differ materially from forecasts due to a variety of factors.

## Contact



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For all shareholders, more detailed information such as consolidated financial reports and annual securities reports can be found on the website.