

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

# Asahi Broadcasting Corporation

## Earnings Presentation for the Second Quarter (Cumulative) of FISCAL 2015 (Fiscal Year Ending March 31, 2016)

November 20, 2015

The logo for Asahi Broadcasting Corporation (ABC) is displayed in white text on an orange rectangular background. The letters 'ABC' are in a bold, sans-serif font, with a white diagonal line extending from the top right of the 'C'.

Securities Code: **9405**

An orange rounded rectangular box with a slight gradient and a thin white border, containing a white square bullet point followed by the text "Outline of the Presentation".

- **Outline of the Presentation**

# Outline of Financial Results for the 1<sup>st</sup> half of FY 2015

## Financial results outline

- **Decrease in sales and profit mainly due to the decreased income from spot advertisements**

## Overview of the television viewer ratings

- **Ranked 2<sup>nd</sup> in All-day (6:00-24:00), Golden time (19:00-22:00) and Prime time (19:00-23:00)**
- **Ranked 1<sup>st</sup> in Prime 2 (23:00-25:00)**

# Forecasts for FY 2015

## Financial Results

- **Operating revenue outlook in this industry has changed from positive to negative**
  - ⇒ **ABC is also in the difficult situation**
- **Aim to improve profits by expanding the market shares or decreasing the expenses etc.**

## TV Viewer Rating

- **Raise the TV viewer ratings by developing bigger special programs and enhancing the existing television programs**
- **Maintain 1<sup>st</sup> in Prime 2 (23:00-25:00)**

# ABC Group “Growth Vision”

FY 2021 will be the ABC’s 70<sup>th</sup> anniversary

Consolidated sales                      100 billion yen

Operating profit margin              8%

# Current Situation of “Growth Vision”

## Television Broadcasting

- **Strengthen the program production and sales and marketing, aiming to be the top in TV viewer ratings**

## New business

- **Establish a firm base while work for future revenue**

## Overseas development

- **Favorable growth of program sales and look into further developing the business**

**• Financial Results and Forecasts  
of FY 2015**

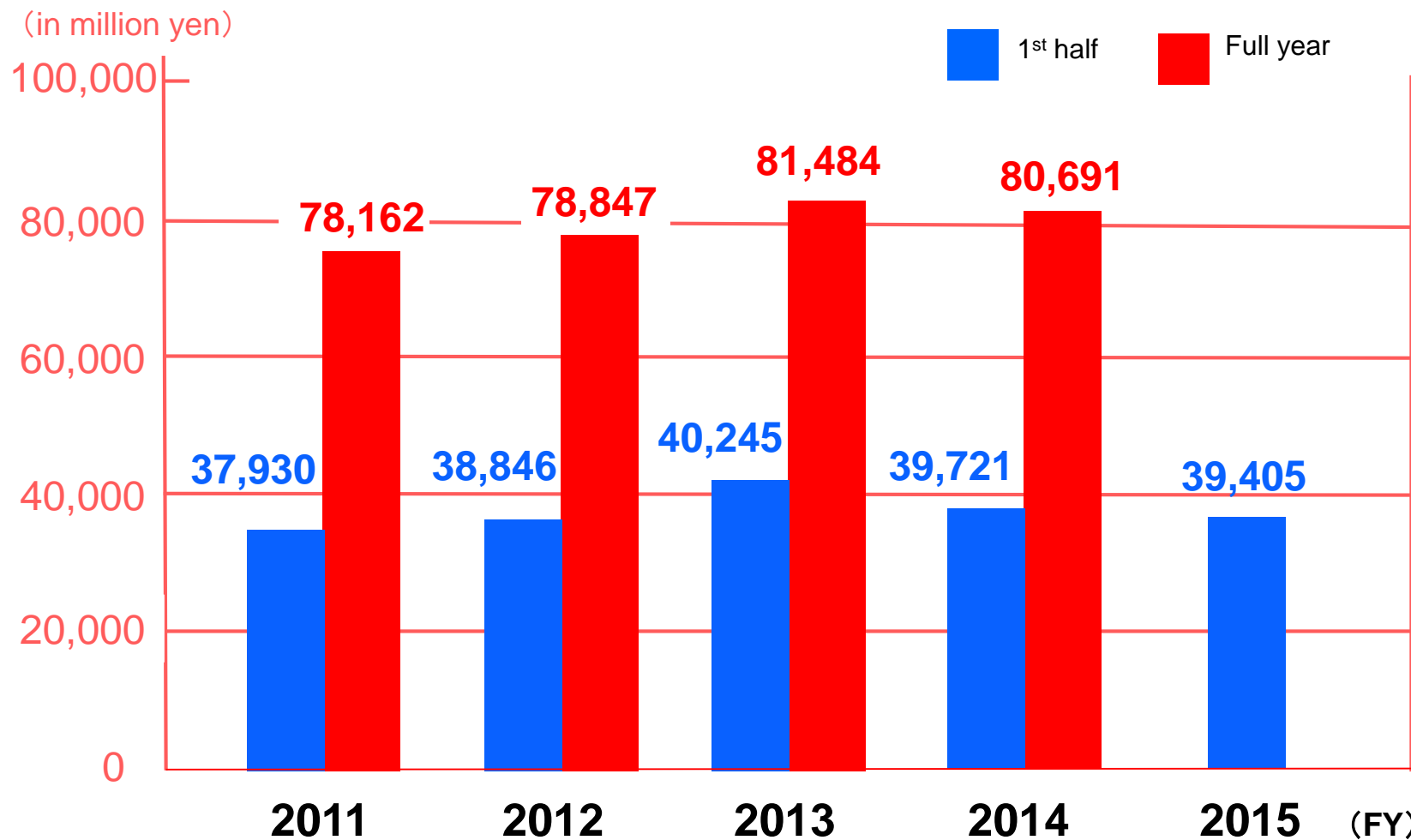
# Consolidated Results – 1<sup>st</sup> half of FY 2015

(in million yen)

Consolidated	FY 2015	FY 2014	Growth	% change
Net sales	39,405	39,721	△315	△0.8%
Operating income	1,063	1,695	△632	△37.3%
Ordinary income	1,300	1,815	△515	△28.4%
Profit attributable to owners of parent	786	955	△169	△17.8%

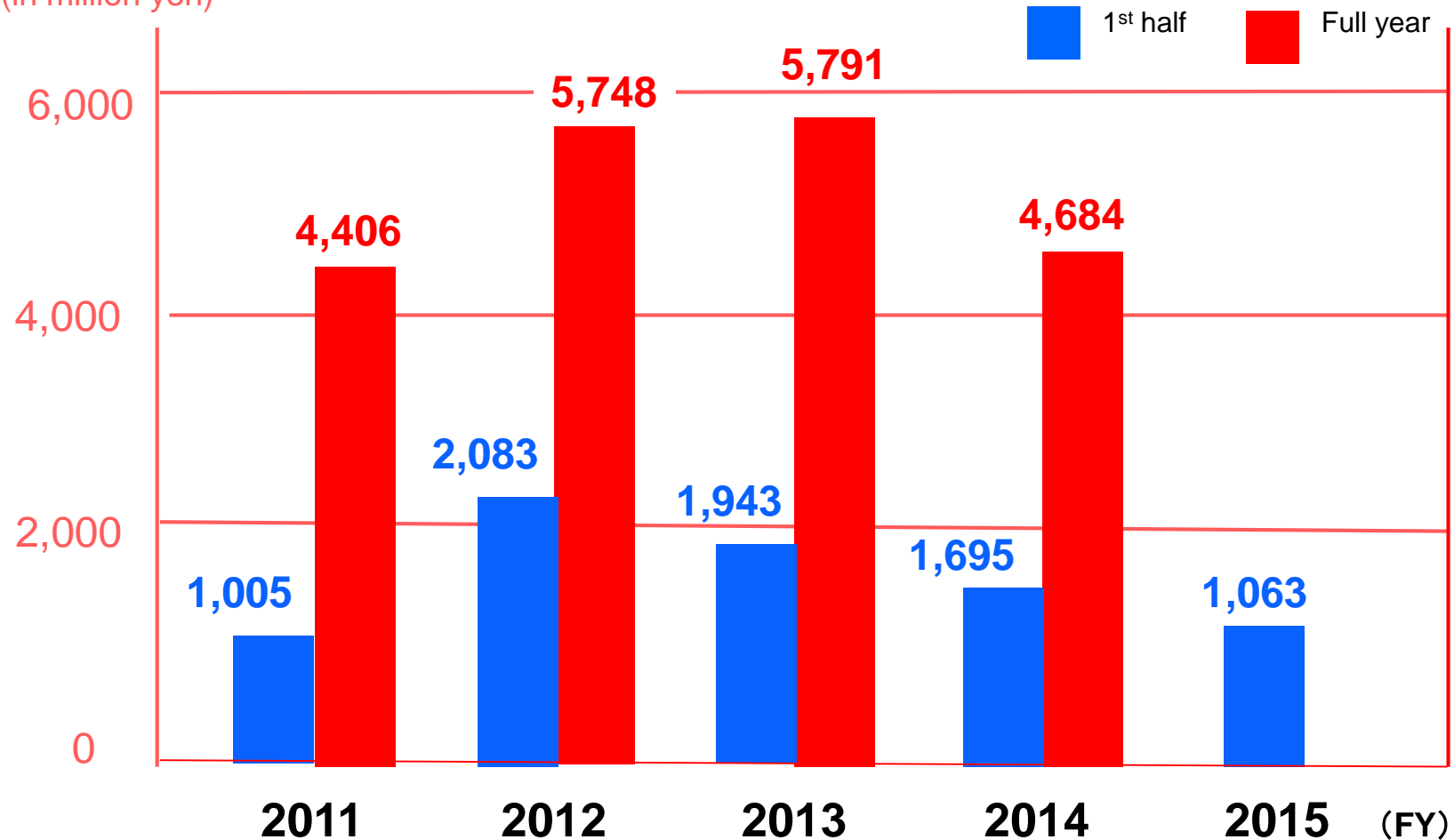


# Consolidated Net Sales in the Past 5 Years



# Consolidated Operating Income in the Past 5 Years

(in million yen)



# Financial Results by Segment

## 1<sup>st</sup> half of FY 2015

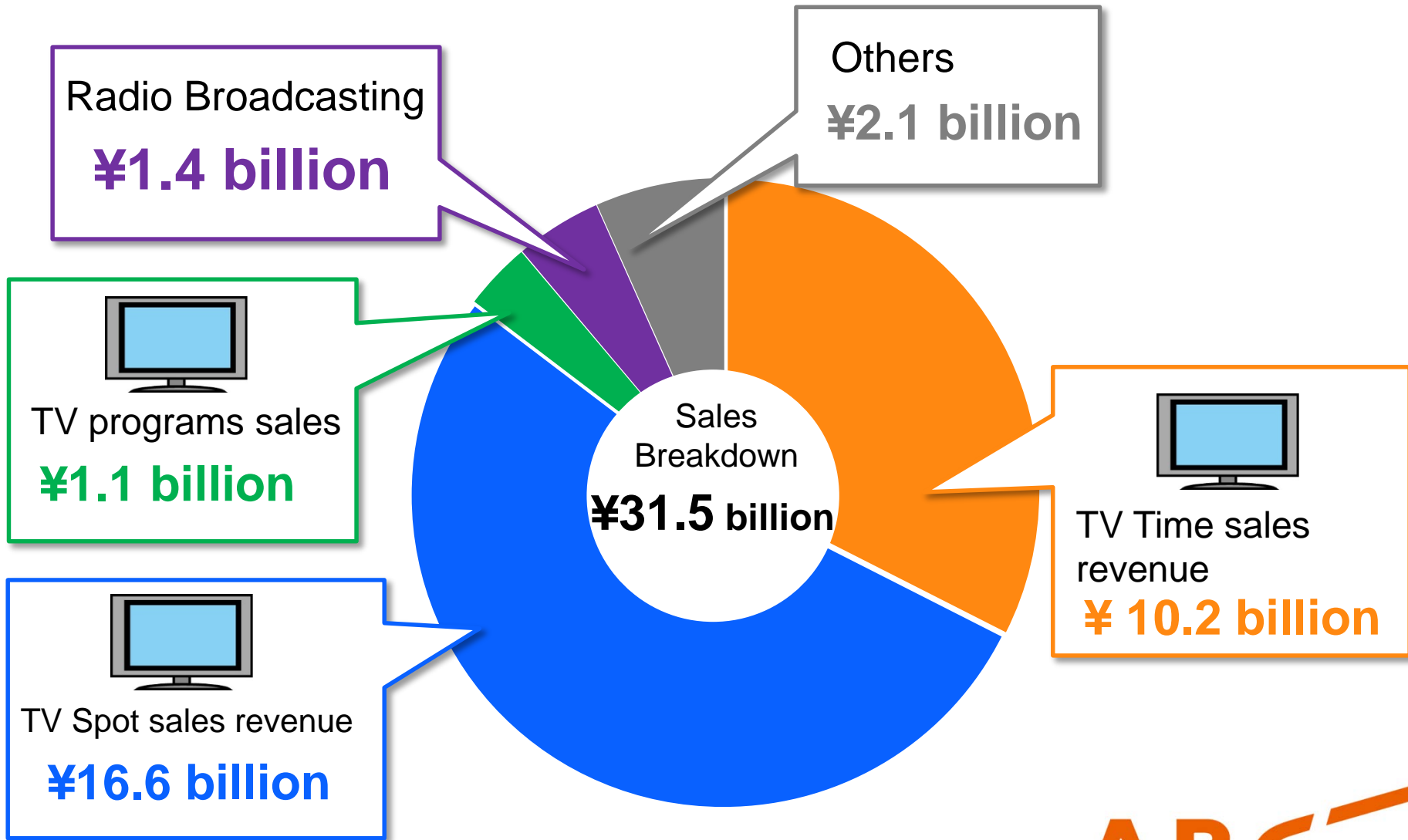
(in million yen)

By segment	Net sales			Operating income		
	FY 2015	FY 2014	%change	FY 2015	FY 2014	% change
Broadcasting	33,908	34,254	△1.0%	507	1,100	△53.9%
Housing	5,067	5,012	1.1%	568	581	△2.4%
Golf Club	429	455	△5.7%	△11	13	△189.8%

Individual	FY 2015	FY 2014	Total Growth	% change
Net sales	31,583	32,419	△836	△2.6%
Operating income	699	1,459	△760	△52.1%
Ordinary income	1,003	1,680	△676	△40.3%
Profit	762	1,080	△318	△29.4%

# Breakdown of Sales

1<sup>st</sup> half of FY 2015



# Television Broadcasting Business

<Revenue>

(in million yen)

	FY 2015 (1 <sup>st</sup> half)	FY 2014 (2 <sup>nd</sup> half)	Growth	% change
<b>Television Broadcasting Business revenue</b>	27,989	29,023	△1,033	△3.6%

Breakdown

Time sales revenue	10,206	10,501	△295	△2.8%
Spot sales revenue	16,649	17,351	△701	△4.0%
Program sales revenue	1,133	1,170	△36	△3.2%

# Background of the Results of TV Broadcasting Business 【Spot sales revenue of 1<sup>st</sup> half of FY 2015】

## Industry trends

- Total advertisement amount in the Kansai region: **97.7%** (yr/yr)

## ABC

- Dropped in the television viewer ratings  
⇒ Lower than the industry trend: **96.0%** (yr/yr)

# TV Broadcasting Business Spot Sales Revenue (by Industry Sector)

Industry sector	% change	Shares (1 <sup>st</sup> half of FY 2015)
<b>Alcoholic and other beverages</b>	△9.7%	9.8%
<b>Cosmetics and toiletries.</b>	△6.1%	8.3%
<b>Automobile</b>	△14.1%	7.9%
<b>Communication</b>	△13.5%	7.8%
<b>Foods</b>	△12.9%	6.8%
<b>Drugs</b>	0.2%	6.4%
<b>Confectionaries and daily products</b>	1.1%	3.8%
<b>Leisure</b>	△4.4%	3.4%
<b>Computer</b>	△9.9%	3.1%
<b>Banks and finance</b>	△25.8%	3.0%

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

# Background of the Results of TV Broadcasting Business

【Time sales revenue (1<sup>st</sup> half of FY 2015)】

## Network time advertising sales

Because of decreased broadcast hours of the program ABC produced which were broadcasted on the national network, revenue decreased.

## Local time advertising sales

ABC was able to make agreement with “TOYOTA” sponsored programs.

Also, the informercials collaborated with “au” along with the connected programs were good

⇒ Over 3 billion yen sales (1<sup>st</sup> half of FY 2015 for the first time in 4 years)





# Program Sales Revenue

New sales record due to the strong “Program Sales”



“Shinkon san irasshai!”



“Matsumoto ke no kyujitsu”

Increase

Decrease

Decrease in total

「Program Sales」+「Handling fee from network stations」⇒“Program sales revenue”

Paid by associated broadcasting companies for the program produced by ABC which are broadcasted on the national network

# TV Broadcasting Business【Program Expenses】

<Expenses>

(in million yen)

	FY 2015 (1 <sup>st</sup> half )	FY 2014 (1 <sup>st</sup> half)	Increase (Decrease)	% change
Television program expenses	9,345	9,252	93	1.0%

## Reasons of the increase

- Actively produced a program in new way
- High school baseball matches in 4K were broadcasted live for the first time

# Radio Broadcasting Business

## <Revenue>

(in million yen)

	FY 2015 (1 <sup>st</sup> half)	FY 2014 (1 <sup>st</sup> half)	Increase (Decrease)	% change
<b>Radio broadcasting Business revenue</b>	1,418	1,403	15	1.1%

## Major breakdowns

Time sales revenue	750	674	76	11.3%
Spot sales revenue	510	585	△74	△12.8%

## <Expenses>

	FY 2015 (1 <sup>st</sup> half)	FY 2014 (1 <sup>st</sup> half)	Increase (Decrease)	% change
Program production expenses	473	465	7	1.7%

# Broadcasting Business 【Others】

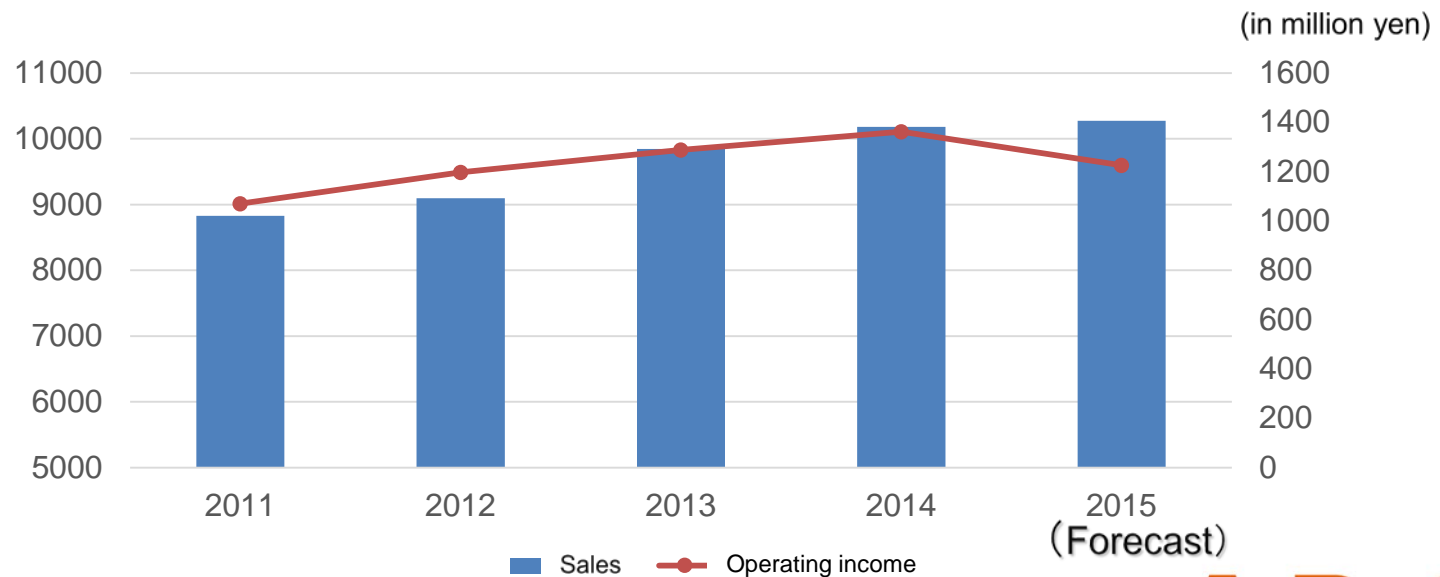
(in million yen)

Sales	FY2015 (1 <sup>st</sup> half)	FY 2014 (1 <sup>st</sup> half)	Increase (Decrease)	Reason
<b>CS broadcasting 【Sky-A】</b>	1,622	1,515	107	▪ Since the number of contracts of Sky-A increased, the commission revenue from its broadcasting also increased
<b>Content related revenue</b>	730	775	△44	▪ Decreased revenue from copyright fee in secondary use
<b>TV shopping 【ABC Media Communications】</b>	574	459	115	▪ Increased by selling hit products

# Housing Business

Net sales  
(1<sup>st</sup> half of FY 2015) 5,067 million yen  
+ 1.1% yr/yr

Operating income  
(1<sup>st</sup> half of FY 2015) 568 million yen  
- 2.4% yr/yr



# Forecasts for FY 2015 (full-year)

(in million yen)

Consolidated	FY 2015 (forecast)	FY 2014	% change
Net Sales	79,700	80,691	△1.2%
Operating income	3,400	4,684	△27.4%
Ordinary income	3,700	4,830	△23.4%
Profit attributable to owners of parent	2,100	2,203	△4.7%

Non-consolidated	FY 2015 (forecast)	FY 2014	% change
Net Sales	64,200	65,898	△2.6%
Operating income	2,100	3,427	△38.7%
Ordinary Income	2,400	3,680	△34.8%
Profit	1,700	1,975	△14.0%

# Forecasts of TV Broadcasting Business (Non-Consolidated)

## <Revenue>

(in billion yen)

	FY 2015		
	1st half	2nd half (forecast)	Full Fiscal Year (forecast)
Revenue from TV broadcasting business	27.9 ( $\Delta$ 3.6%)	29.2 ( $\Delta$ 2.7%)	57.2 ( $\Delta$ 3.1%)

## Major revenues

Time sales revenue	10.2 ( $\Delta$ 2.8%)	10.3 ( $\Delta$ 3.8%)	20.5 ( $\Delta$ 3.3%)
Spot sales revenue	16.6 ( $\Delta$ 4.0%)	17.7 ( $\Delta$ 2.0%)	34.4 ( $\Delta$ 3.0%)

## <Expenses>

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

	FY 2015		
	1st half	2nd half (forecast)	Full Fiscal Year (forecast)
Program production expenses	9.3 (+1.0%)	8.9 ( $\Delta$ 2.8%)	18.2 ( $\Delta$ 0.9%)

# Capital Investments / Depreciation and amortization

	1 <sup>st</sup> half of FY 2015 (actual)		FY 2015 (forecast)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Capital Investments	1.5 billion	0.8 billion	4.4 billion	3.0 billion
Depreciation and amortization	1.6 billion	1.4 billion	3.4 billion	2.8 billion

※Amounts less than 0.1 billion are rounded to the nearest whole unit.



# • **Television Viewer Ratings**

# Television Viewer Ratings -1<sup>st</sup> half of FY 2015

(Source: Video Research )

(%)

	All-day (6:00-24:00)	Golden time (19:00-22:00)	Prime (19:00-23:00)	Prime 2 (23:00-25:00)
1	YTV 8.5	YTV 12.4	YTV 12.5	<b>ABC</b> <b>8.3</b>
2	<b>ABC</b> <b>7.3</b>	<b>ABC</b> <b>10.7</b>	<b>ABC</b> <b>11.4</b>	YTV 8.1
3	MBS 7.2	MBS・NHK 10.2	MBS 10.3	MBS 6.0
4	KTV 6.8	..... .....	KTV 9.9	KTV 5.6

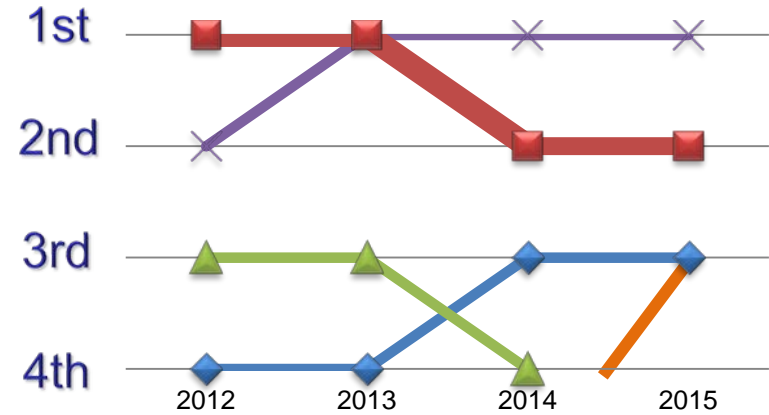
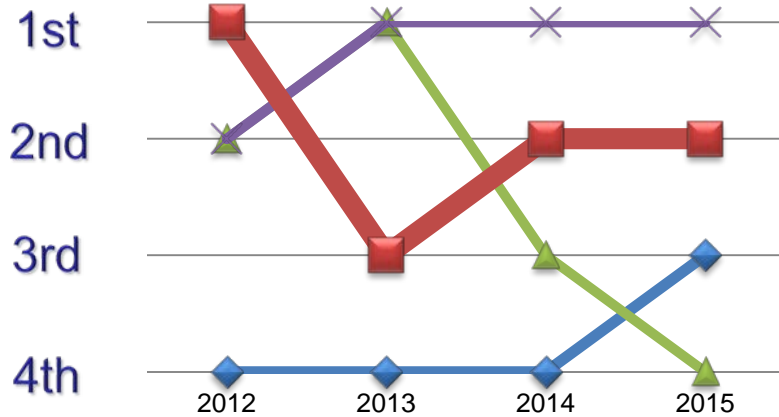
# Television Viewer Ratings

All-day

■ ABC ◆ MBS ▲ KTV ✕ YTV — NHK

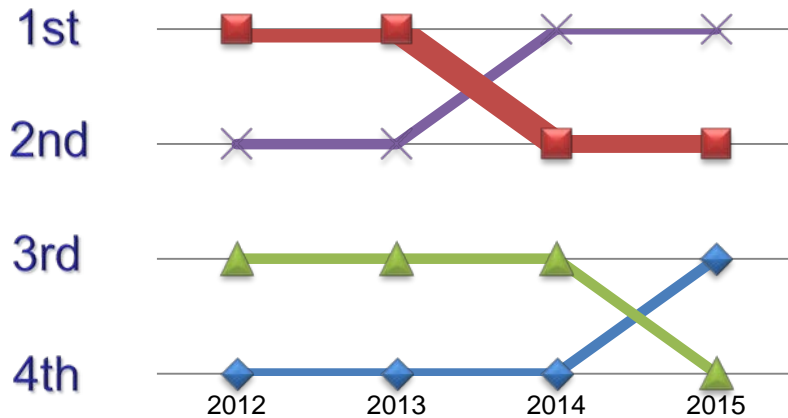
Golden time

(Source: Video Research)

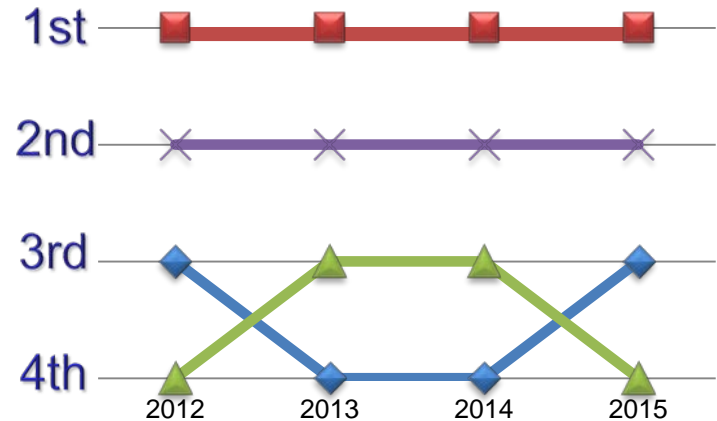


(Note: FY2012-2014 = Full FY, FY2015= 1st half)

Prime



Prime 2



# Highlights of TV Programs - 1<sup>st</sup> half of FY 2015



"Ohayo Asahi Desu"

Mon - Fri 6:45-8:00 am



Even after a new MC Iwamoto has taken over, this program is still able to maintain the co-top in the competitive broadcast time zone of the weekday morning, as "Morning face of Kansai".



"Cast"

Mon - Fri  
4:58 - 7:00 pm



After a new newscaster Urakawa has taken over in April, this program is gaining the support gradually in the highly competitive broadcast time zone of early evening.



"Oshiete! NEWS Live Seigi no Mikata"

Sat  
9:30-11:00 am



Strong TV viewing ratings on Saturday morning programs from early morning till noon due to the increased viewer rating of info-variety program "Seigi no Mikata"

# Approaches to Increase TV Viewer Ratings



"M-1 Grand Prix 2015"

Comeback after 5 years

The legend battle of two-man comedy with more power will be broadcasted in December.

Re-enhance the local across-the-board programs in Prime 2

(23:00-25:00)



"Gokigen! Bran' New"



"Ameagari no Yamato Nazeshiko"



"Ima-chan no Jitsuwa..."



"Tantei! Knight Scoop" knight scoop



"BE-BOP! HIGH HEEL"

# Developments of New TV Programs



"Doyoru no mousouzoku"

Broadcasted during  
July to October

Johnny's WEST was featured on the project to raise young producers.



"Chia doru"

Broadcasting  
since October



# ABC 65<sup>th</sup> Anniversary Project



## Kicked off the “Talent Discovery ABC E ! Project”

- Scripts are collected from scriptwriters in theatrical groups
- The top 3 scripts among all will be made into dramas by ABC
- The best script will be made into a stage show ⇒ raise new stars in the future and gain income
- ◆ Special drama broadcasted on the national network will be broadcasted in 2016

# ▪ ABC's Growth Strategies



# ABC Group “Growth Vision”

FY 2021 will be the ABC’s 70<sup>th</sup> anniversary

Consolidated sales                      100 billion yen

Operating profit margin              8%

# ABC's Growth Strategies

## Broadcasting Business

- To get No. 1 in the TV viewer ratings and get steady revenue
- Improve the base of the business by producing new programs

①  
New Business

Develop new pillars for revenue

Focus more on the growth fields

②  
Use of Internet

④  
Housing

③  
Overseas  
Development

# ①: Setup of Corporate Venture Capital



**ABC  
DREAM  
VENTURES**

**4 major  
goals**

**1. Business synergies**



**2. Creation of new  
businesses**



**3. Contribution to the  
Kansai region**



**4. Financial return**



# ① : Setup of Corporate Venture Capital

<b>Company name</b>	<b>ABC DREAM VENTURES, Inc.</b>
<b>Capital fund</b>	<b>1.2 billion yen</b>
<b>Operational duration</b>	<b>10 years</b>
<b>Investment stage</b>	<b>Early~Later stage</b>



Send our staffs to conduct researches not only to Ad Technology and IoT in Japan, but also to Israel and Stanford University in Silicon Valley, United States.

**1<sup>st</sup> Investment project will be announced very soon**

## ②: Collaboration of TV and Internet

### Virtual High School Baseball



The site will enable you to check the angle of baseball players on your smartphone and computer anytime! Moreover, the direction of the ball thrown by the pitcher will be explained in real-time.

	1	2	3	4	5	6	7	8	9	計	H
石見智翠館	0	0	0	0	1	0	0	4	0	5	9
興南	1	0	0	0	1	2	0	0	2X	6	13

石見智翠館

投手	田中
捕手	比嘉
一塁	二仲
二塁	高部
三塁	喜納
遊撃	石川
内野手	佐久本
外野手	砂川
投手	城間
捕手	吉里

興南

投手

田中
石見智翠館
興南

9回裏

B  
S  
O

試合終了

打者

城間
----

By combining the website of Asahi Shimbun, this website has become a “mega site” with an overwhelming number of information on high school baseball.

⇒ Significant increase in the access numbers

# ③ : Active Effort on Overseas Development



Jointly develop programs with a production company in Thailand



Program sales



Format sales

- Sell programs and formats to Asian and European companies
- Co-produce programs with Asian production companies



Jointly develop In-bound programs with a production company in Vietnam

## ④: Expansion of Housing Business



HDC Nagoya will be opened  
in the Dainagoya building in front of  
JR Nagoya station in March, 2016

# Dividends

(in yen)

	FY 2015	FY 2014	FY 2013
Interim dividend	9.0	6.0	6.0
Period-end dividend (Incl. Special and Commemorative dividend)	9.0 (Forecast)	12.0 (Special 4.0, Commemorative 2.0)	10.0 (Special 4.0)
Annual dividend	18.0 (Forecast)	18.0	16.0



# 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



Asahi Broadcasting Corporation  
General Affairs Division

TEL: +81-6-6458-5321 (main number) FAX: +81-6-6454-1111

URL: <http://corp.asahi.co.jp/en/>

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