

W O W O W

Summary of 1Q FY2019 Earnings

July 31, 2019
WOWOW INC.



1 1Q FY2019 Earnings (April-June)

2 FY2019 Results Forecasts

3 Supplementary Materials

1Q FY2019 Earnings Highlights

Net new subscriptions decreased by 12,000 but revenue and income increased

New Subscription

- Programs-such as boxer Naoya Inoue's world title match, tennis matches, Gen Hoshino's live performance and the drama series Renzoku Drama-W: Mirror Twins Season 2 helped drive new subscription.
- However, the large number of new subscriptions in May due to the boxing resulted in increase of cancellations year on year.

(Thousands)

	1Q FY2018	1Q FY2019	Difference	YoY
Gross New Subscriptions	152	148	-3	97.8%
Cancellations	148	160	12	108.3%
Net New Subscriptions	4	-12	-16	—

Income & Expenditure (Consolidated)

- Revenue increased due to increase of net cumulative subscriptions year on year.
- Ordinary income increased year on year due to the increased revenue as well as decreased retirement compensation.

(Millions of yen)

	1Q FY2018	1Q FY2019	Difference	YoY
Revenue	20,056	20,277	221	101.1%
Operating Income	2,281	2,585	304	113.3%
Ordinary Income	2,387	2,756	368	115.4%

Figures rounded down to millions of yen.

1Q FY2019 Subscription

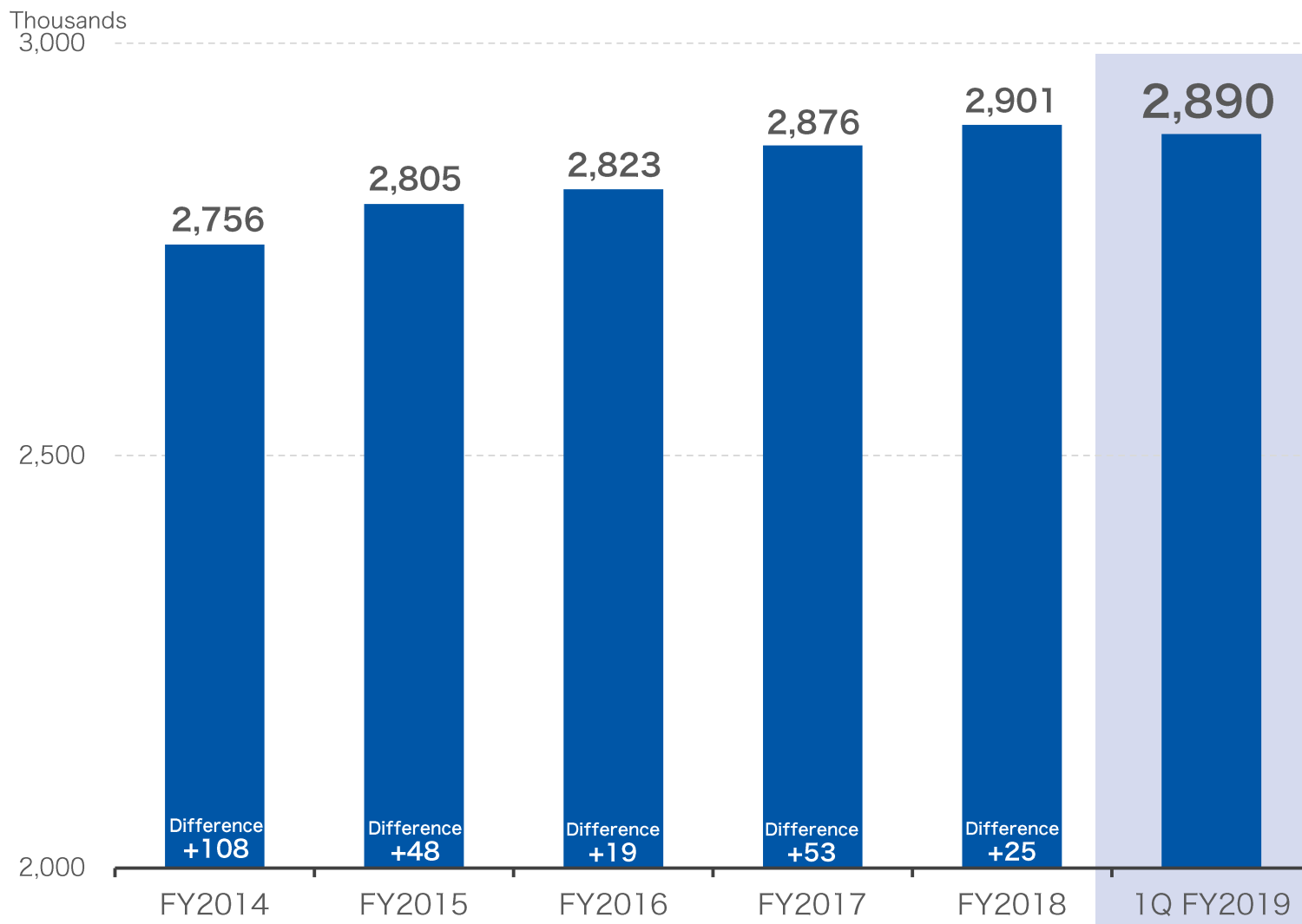
(Thousands)

	1Q FY2018	1Q FY2019	Previous Period Comparison	
			Difference	YoY
Gross New Subscriptions	152	148	-3	97.8%
Cancellations	148	160	12	108.3%
Net New Subscriptions	4	△12	-16	—
Net Cumulative Subscriptions	2,880	2,890	9	100.3%
Of these, multi-subscriptions*1	416	413	-3	99.4%
Of these, hotel subscriptions*2	61	66	5	108.8%

*1 Existing subscribers are granted two additional subscriptions for a discounted price (JPY900/month – the first subscription is JPY2,300/month, tax not included).

*2 Agreements with hotels and other accommodations for viewing in guest rooms.

Change in Net Cumulative Subscriptions



1Q FY2019 Income & Expenditure

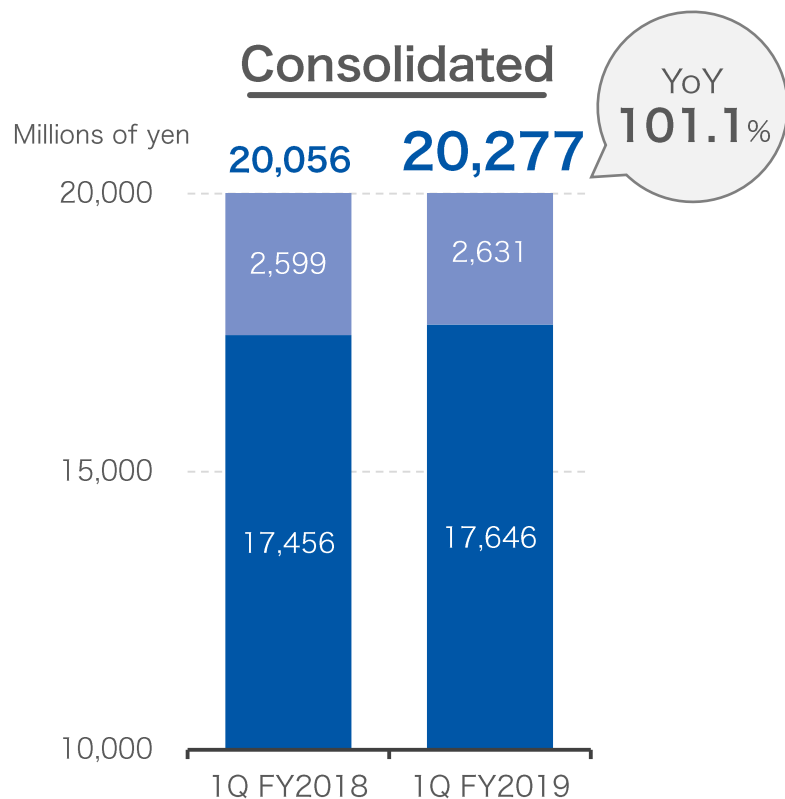
(Millions of yen)

		1Q FY2018		1Q FY2019		Previous Period Comparison	
		Result	Percent of Revenue	Result	Percent of Revenue	Difference	YoY
Consolidated	Revenue	20,056	100.0%	20,277	100.0%	221	101.1%
	Operating Income	2,281	11.4%	2,585	12.7%	304	113.3%
	Ordinary Income	2,387	11.9%	2,756	13.6%	368	115.4%
	Profit Attributable to Owners of Parent	1,621	8.1%	1,888	9.3%	267	116.5%
Non-Consolidated	Revenue	17,750	100.0%	18,033	100.0%	282	101.6%
	Operating Income	2,166	12.2%	2,509	13.9%	342	115.8%
	Ordinary Income	2,439	13.7%	2,915	16.2%	475	119.5%
	Profit	1,726	9.7%	2,080	11.5%	354	120.5%

Figures rounded down to millions of yen.

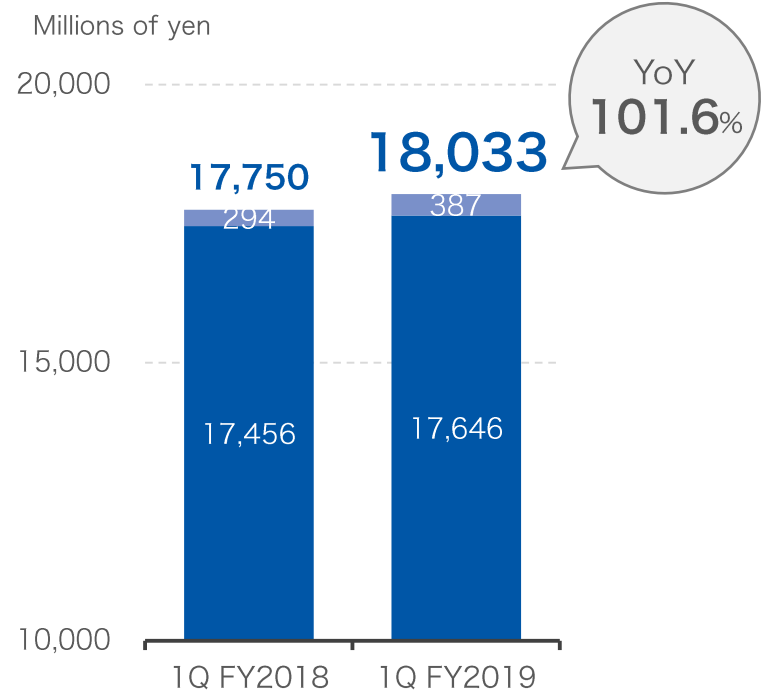
Revenue Compared to Previous Period

Consolidated



YoY
101.1%

Non-Consolidated



YoY
101.6%

(Millions of yen)

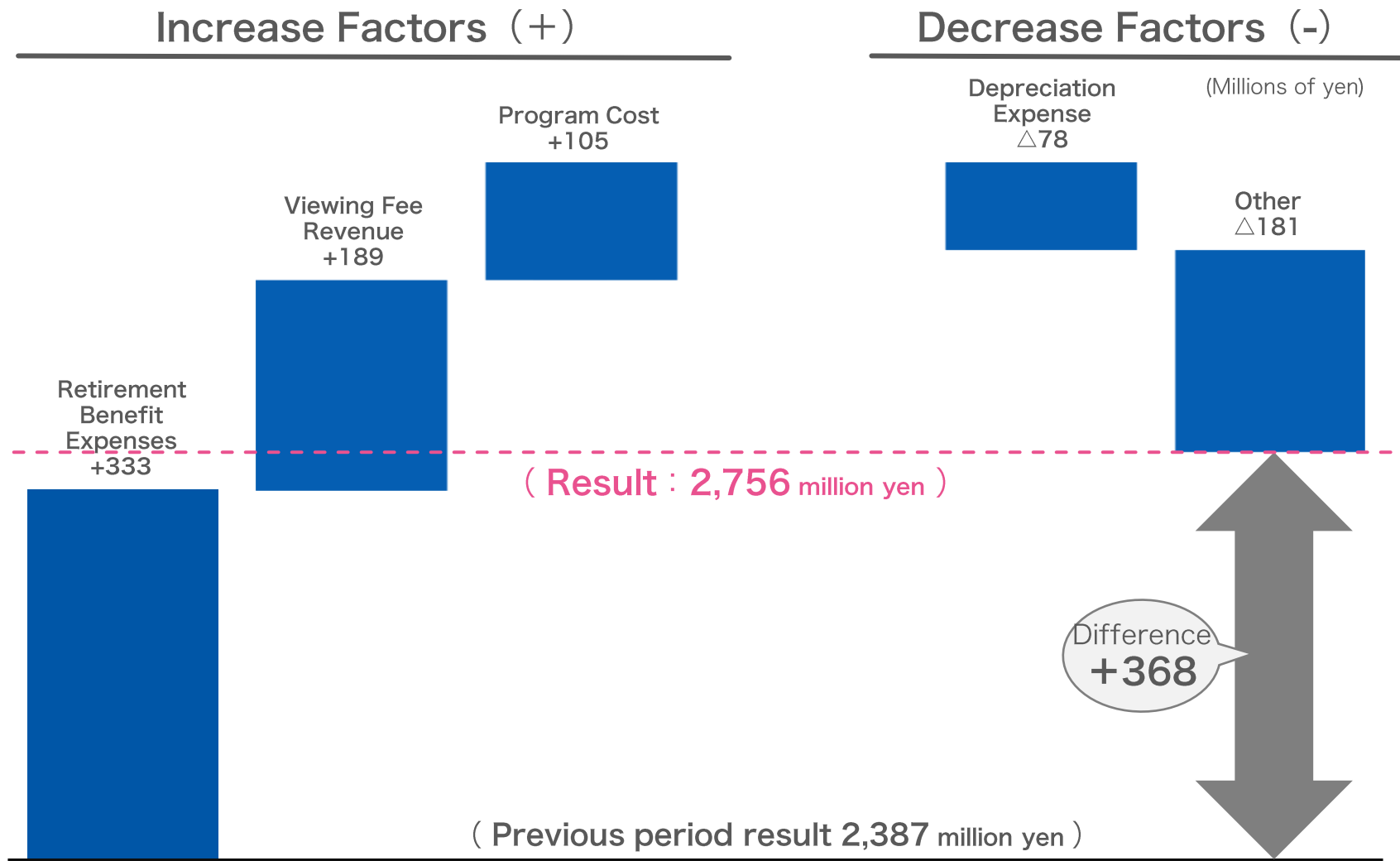
Revenue Item	1Q FY2018	1Q FY2019	Difference
Broadcasting	17,456	17,646	189
Other	2,599	2,631	31
Total	20,056	20,277	221

(Millions of yen)

Revenue Item	1Q FY2018	1Q FY2019	Difference
Broadcasting	17,456	17,646	189
Other	294	387	92
Total	17,750	18,033	282

Figures rounded down to millions of yen.

Consolidated Ordinary Income Factors in Difference from Previous Period

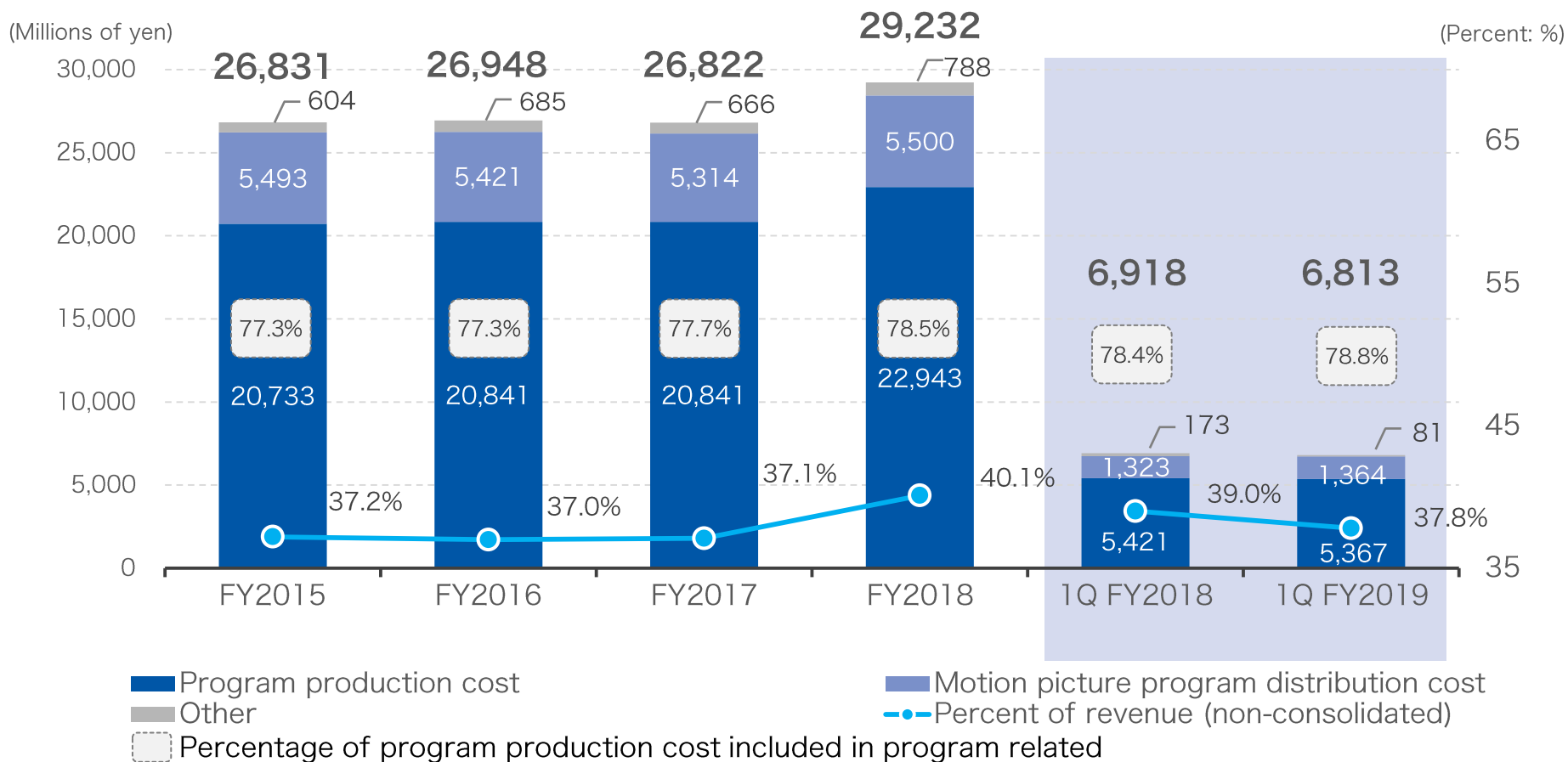


Figures rounded down to millions of yen.

*The figure for each factor is the difference from the same period the previous year, with + representing an increase factor.

Change in Program-Related Cost

Program-related cost decreased year on year due to difference of licensed titles



*Program production cost: Original dramas, movies (except movies produced by US major studios), sports, music, etc.
 Motion picture program distribution cost: Movies produced by US major studios
 Other: Data broadcasting, etc.

*All figures are non-consolidated.
 Figures rounded down to millions of yen.

Income & Expenditure of Major Consolidated Earnings Companies

■WOWOW COMMUNICATIONS (Telemarketing)

(Millions of yen)

	1Q FY2018		1Q FY2019		Previous Period Difference	
	Result	Percent of Revenue	Result	Percent of Revenue	Difference	YoY
Revenue	1,955	100.0%	2,077	100.0%	122	106.3%
Operating Income	65	3.4%	15	0.8%	-50	23.8%
Ordinary Income	65	3.4%	17	0.8%	-48	26.3%
Profit	44	2.3%	10	0.5%	-34	23.3%

*WOWOW COMMUNICATIONS non-consolidated figures

■WOWOW Plus Inc. (Broadcasting)

Revenue	1,286	100.0%	1,230	100.0%	-55	95.7%
Operating Income	54	4.2%	45	3.7%	-8	84.2%
Ordinary Income	54	4.2%	45	3.7%	-8	85.1%
Profit	25	2.0%	27	2.2%	1	105.0%

*WOWOW Plus Inc. non-consolidated figures

Figures rounded down to millions of yen.

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FY2019 Subscription Plan(announced May 15, 2019)

(Thousands)

	FY2018	FY2019	Previous Period Comparison	
			Difference	YoY
Gross New Subscriptions	660	610	△50	92.4%
Cancellations	635	580	△55	91.3%
Net New Subscriptions	25	30	5	119.6%
Net Cumulative Subscriptions	2,901	2,931	30	101.0%

FY2019 Income & Expenditure Plan

(Millions of yen)

		FY2018		FY2019		Previous Period Comparison	
		Result	Percent of Revenue	Plan	Percent of Revenue	Difference	YoY
Consolidated	Revenue	82,623	100.0%	83,500	100.0%	876	101.1%
	Operating Income	6,779	8.2%	7,600	9.1%	820	112.1%
	Ordinary Income	7,531	9.1%	8,000	9.6%	468	106.2%
	Profit Attributable to Owners of Parent	5,182	6.3%	5,600	6.7%	417	108.0%

Non-Consolidated	Revenue	72,951	100.0%	73,400	100.0%	448	100.6%
	Operating Income	6,237	8.6%	7,100	9.7%	862	113.8%
	Ordinary Income	7,048	9.7%	7,600	10.4%	551	107.8%
	Profit	4,883	6.7%	5,400	7.4%	516	110.6%

Note: Program costs forecast to be approximately 40% of non-consolidated revenue.
Estimated foreign exchange rate: 1 USD = 115yen

Figures rounded down to millions of yen.

Annual Dividend	80 yen per share	80 yen per share	—	100.0%
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Subscription

(Subscriptions)

		April	May	June	1Q Cumulative	Previous Period 1Q (Cumulative)	Previous Period Comparison	
							Difference	YoY
Gross New Subscriptions		28,657	61,362	58,182	148,201	151,551	-3,350	97.8%
Cancellations		53,483	47,899	58,604	159,986	147,740	12,246	108.3%
Net New Subscriptions		-24,826	13,463	-422	-11,785	3,811	-15,596	—
	Of these, multi-subscriptions*1	-1,385	△499	-2	-1,886	-1,529	-357	123.4%
	Of these, hotel subscriptions*2	793	662	363	1,818	-4	1,822	—
Net Cumulative Subscriptions at End of Period		2,876,667	2,890,130	2,889,708	2,889,708	2,880,213	9,495	100.3%
	Of these, multi-subscriptions*1	413,904	413,405	413,403	413,403	415,911	-2,508	99.4%
	Of these, hotel subscriptions*2	64,973	65,635	65,998	65,998	60,648	5,350	108.8%

*1 Existing subscribers are granted two additional subscriptions for a discounted price(JPY900/month – the first subscription is JPY2,300/month, tax not included).

*2 Agreements with hotels and other accommodations for viewing in guest rooms.

Previous Period (FY2018) Subscription

(Subscriptions)

	1Q	2Q	2Q Cumulative	3Q	3Q Cumulative	4Q	Fiscal Year
Gross New Subscriptions	151,551	195,416	346,967	142,245	489,212	170,979	660,191
Cancellations	147,740	142,012	289,752	174,764	464,516	170,584	635,100
Net New Subscriptions	3,811	53,404	57,215	-32,519	24,696	395	25,091
Of these, multi-subscriptions*1	-1,529	1,980	451	-1,247	-796	-1,355	-2,151
Of these, hotel subscriptions*2	-4	864	860	1,140	2,000	1,528	3,528
Net Cumulative Subscriptions at End of Period	2,880,213	2,933,617	2,933,617	2,901,098	2,901,098	2,901,493	2,901,493
Of these, multi-subscriptions*1	415,911	417,891	417,891	416,644	416,644	415,289	415,289
Of these, hotel subscriptions*2	60,648	61,512	61,512	62,652	62,652	64,180	64,180

*1 Existing subscribers are granted two additional subscriptions for a discounted price(JPY900/month – the first subscription is JPY2,300/month, tax not included).

*2 Agreements with hotels and other accommodations for viewing in guest rooms.

Income & Expenditure (Consolidated)

(Millions of yen)

	1Q FY2018		1Q FY2019		
	Results	Percent of Revenue	Results	Percent of Revenue	YoY
I. Revenue	20,056	100.0%	20,277	100.0%	101.1%
Broadcasting	17,456	87.0%	17,646	87.0%	101.1%
Other	2,599	13.0%	2,631	13.0%	101.2%
II. CoGS	11,323	56.5%	11,453	56.5%	101.2%
Gross Profit	8,733	43.5%	8,824	43.5%	101.0%
III. SG&A	6,451	32.2%	6,239	30.8%	96.7%
Operating Income	2,281	11.4%	2,585	12.7%	113.3%
IV. Non-Operating Income	107	0.5%	173	0.9%	162.1%
Interest Income	0	0.0%	0	0.0%	119.3%
Equity in Earnings of Affiliates	20	0.1%	59	0.3%	294.8%
Exchange Rate Profit	36	0.2%	66	0.3%	180.0%
Other	49	0.2%	47	0.2%	94.8%
V. Non-Operating Expenses	0	0.0%	1	0.0%	—
Other	0	0.0%	1	0.0%	—
Ordinary Income	2,387	11.9%	2,756	13.6%	115.4%
VI. Extraordinary Income/Loss	-3	-0.0%	-1	0.0%	29.1%
Income before Income Tax and Minority Interests	2,384	11.9%	2,755	13.6%	115.6%
Income Taxes (Current and Deferred), etc.	763	3.8%	866	4.3%	113.6%
Profit Attributable to Owners of Parent	1,621	8.1%	1,888	9.3%	116.5%

Figures rounded down to millions of yen.

Income & Expenditure (Non-Consolidated)

(Millions of yen)

	1Q FY2018		1Q FY2019		
	Results	Percent of Revenue	Results	Percent of Revenue	YoY
I. Revenue	17,750	100.0%	18,033	100.0%	101.6%
Broadcasting	17,456	98.3%	17,646	97.9%	101.1%
Other	294	1.7%	387	2.1%	131.5%
II. CoGS	10,080	56.8%	10,019	55.6%	99.4%
Gross Profit	7,670	43.2%	8,014	44.4%	104.5%
III. SG&A	5,504	31.0%	5,505	30.5%	100.0%
Operating Income	2,166	12.2%	2,509	13.9%	115.8%
IV. Non-Operating Income	272	1.5%	408	2.3%	149.5%
Interest Income	0	0.0%	0	0.0%	120.3%
Exchange Rate Profit	37	0.2%	66	0.4%	179.1%
Other	235	1.3%	341	1.9%	144.9%
V. Non-Operating Expenses	0	0.0%	1	0.0%	—
Other	0	0.0%	1	0.0%	—
Ordinary Income	2,439	13.7%	2,915	16.2%	119.5%
VI. Extraordinary Income/Loss	-3	-0.0%	-1	-0.0%	29.1%
Income before Income Tax and Minority Interests	2,436	13.7%	2,914	16.2%	119.6%
Income Taxes (Current and Deferred), etc.	709	4.0%	833	4.6%	117.4%
Profit	1,726	9.7%	2,080	11.5%	120.5%

Figures rounded down to millions of yen.

Expenditure Breakdown (Non-Consolidated)

(Millions of yen)

	1Q FY2018	1Q FY2019	YoY
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(1) CoGS Items

Program Cost	6,918	6,813	98.5%
Moving Picture Program Cost	1,323	1,364	103.1%
Program Production Cost	5,421	5,367	99.0%
Other	173	81	46.8%
Broadcasting Technology Cost	680	697	102.6%
Expenses for Programming Guide	634	649	102.3%
Other	1,845	1,858	100.7%
Total	10,080	10,019	99.4%

(2) SG&A Items

Merchandising Expense	209	199	95.5%
Incentives Paid	68	91	132.8%
Retention Commission Paid	1,260	1,299	103.1%
Credit Collection Agency Fee Paid	366	367	100.1%
Advertisement Expenses	1,183	1,146	96.8%
Customer Center Expenses	527	496	94.1%
Other	1,886	1,904	100.9%
Total	5,504	5,505	100.0%

(3) Depreciation Expense

Depreciation Expense	503	568	113.0%
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Figures rounded down to millions of yen.

Extraordinary Income/Loss Breakdown

(Millions of yen)

1Q FY2018	1Q FY2019	YoY
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(Consolidated)

Extraordinary Income			
Income from Sale of Non-Current Assets	—	0	—
Total	—	0	—
Extraordinary Losses			
Loss from Elimination of Non-Current Assets	3	0	11.1%
Loss on Valuation of Golf Memberships	—	0	—
Total	3	1	31.6%

(Non-Consolidated)

Extraordinary Income			
Income from Sale of Non-Current Assets	—	0	—
Total	—	0	—
Extraordinary Losses			
Loss from Elimination of Non-Current Assets	3	0	11.1%
Loss on Valuation of Golf Memberships	—	0	—
Total	3	1	31.6%

Figures rounded down to millions of yen.

Results by Consolidated Segment

(Millions of yen)

	Revenue			Segment Income (Operating Income)		
	1Q FY2018	1Q FY2019	YoY	1Q FY2018	1Q FY2019	YoY
Broadcasting	19,111	19,284	100.9%	2,215	2,569	116.0%
Telemarketing	1,955	2,077	106.2%	65	15	23.8%
Total	21,067	21,361	101.4%	2,281	2,585	113.3%
Adjusted*	-1,011	-1,084	107.2%	—	—	—
Consolidated	20,056	20,277	101.1%	2,281	2,585	113.3%

*Adjustment of revenue offsets transactions between segments, and adjustment of segment income is based on consolidation adjustment.

Figures rounded down to millions of yen.

Balance Sheets (Consolidated)

(Millions of yen)

	As of March 31, 2019		As of June 30, 2019		Compared to End of Previous Period	
	Results	Share	Results	Share	Difference	Compared to End of Previous Period
Current Assets	61,488	66.4%	56,923	65.0%	-4,564	92.6%
Non-Current Assets	31,066	33.6%	30,661	35.0%	-405	98.7%
Current Liabilities	31,611	34.2%	27,193	31.0%	-4,418	86.0%
Non-Current Liabilities	2,912	3.1%	2,804	3.2%	-107	96.3%
Capital Stock	5,000	5.4%	5,000	5.7%	—	100.0%
Capital Surplus	2,738	3.0%	2,738	3.1%	—	100.0%
Retained Earnings	52,765	57.0%	52,495	59.9%	-270	99.5%
Treasury Shares	-3,081	-3.3%	-3,081	-3.5%	—	100.0%
Shareholders' Equity	57,421	62.0%	57,151	65.3%	-270	99.5%
Accumulated Other Comprehensive Income	609	0.7%	435	0.5%	-173	71.5%
Net Assets	58,030	62.7%	57,586	65.7%	-444	99.2%
Total Assets	92,555	100.0%	87,584	100.0%	-4,970	94.6%

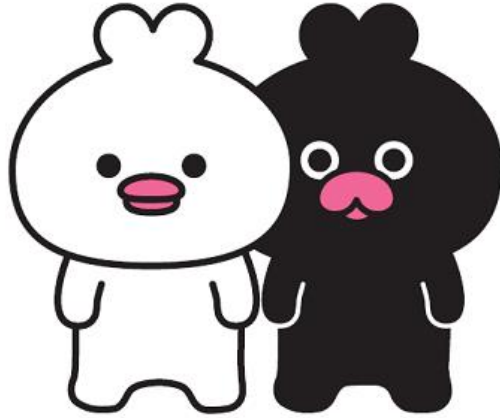
Figures rounded down to millions of yen.

Balance Sheets (Non-Consolidated)

(Millions of yen)

	As of March 31, 2019		As of June 30, 2019		Compared to End of Previous Period	
	Results	Share	Results	Share	Difference	Compared to End of Previous Period
Current Assets	54,779	65.3%	50,479	63.6%	-4,300	92.1%
Non-Current Assets	29,160	34.7%	28,836	36.4%	-324	98.9%
Current Liabilities	30,246	36.0%	25,966	32.7%	-4,279	85.9%
Non-Current Liabilities	2,233	2.7%	2,119	2.7%	-113	94.9%
Capital Stock	5,000	6.0%	5,000	6.3%	—	100.0%
Capital Surplus	2,738	3.3%	2,738	3.5%	—	100.0%
Retained Earnings	46,141	55.0%	46,063	58.1%	-78	99.8%
Treasury Shares	-3,081	-3.7%	-3,081	-3.9%	—	100.0%
Shareholders' Equity	50,797	60.5%	50,719	63.9%	-78	99.8%
Valuation and Translation	662	0.8%	509	0.6%	-153	76.9%
Net Assets	51,460	61.3%	51,228	64.6%	-231	99.5%
Total Assets	83,940	100.0%	79,315	100.0%	-4,624	94.5%

Figures rounded down to millions of yen.



WOWOW

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Cautionary Statement:

The earnings forecasts described in this document are made based on decisions and assumptions relying on information currently available to WOWOW INC. as of the date hereof and thus include risks and uncertainties.

The actual financial results may substantially differ due to various factors.

The factors that may influence actual financial results include, but are not limited to, economic conditions and market trends surrounding business sectors of WOWOW INC. and its group companies.

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