



January 31, 2018

To whom it may concern

TOKAI Holdings Corporation  
Katsuhiko Tokita, President & CEO  
(Code No. 3167 Tokyo Stock Exchange First Section)

## **The Number of CATV Subscribers Exceeded 1 Million!**

TOKAI Holdings announces that the Group's CATV business celebrated the 30<sup>th</sup> anniversary in September 2017 and the number of subscribers exceeded the 1-million subscriber mark at the end of the year.

CATV business of the TOKAI Group provides broadcast and communication services (Internet connection service) through eight subsidiaries\*<sup>1</sup> in Tokyo, Shizuoka, Kanagawa, Chiba, Nagano, and Okayama prefectures. 750 thousand subscribers use the broadcast service through the community television channel and multi-channel digital broadcast while 250 thousand users enjoy the stable Internet and optical IP telephone services using the Group-owned fiber-optic network in our communication service. Revenue of the CATV business captured the third spot in the market\*<sup>2</sup>.

The greatest strength of the business is the promotion of FTTH (Fiber-to-the-Home) connecting the master facility and a subscriber's home with optic fiber, which enables the provision of large-volume images communication, and sounds that support 4K and 8K broadcasting. This project started in 2006 with an insight into the era of fusion between broadcasting and communications and will have almost completed by 2020.

The Group actively engages in collaborative initiatives with other partners, including the discount program of CATV service and smartphone to be more competitive in price, and works to diversify its business by launching smart home service "Intelligent Home," which is considered a significant part of the IoT services.

The Company published Innovation Plan 2020 "JUMP" ("IP 2020"), the medium-term management plan to be conducted through FY2020, in last May. One of the main goals of the plan is to expand the customer base of the Group's core business segments including CATV, and the CATV business aims to acquire 380 thousand new customers in four years.

In addition to the steady subscriber growth in existing business areas, Tokyo Bay Network Co., Ltd., which became a consolidated subsidiary in last July through the merger, and TV Tsuyama Inc., a cable television station in Tsuyama City, Okayama, which is planned to become a consolidated subsidiary, will help achieve the net increase of 380 thousand subscribers in four years as we now expect 300 thousand increase for the first year. CATV business surely got off to a flying start to achieve IP2020.

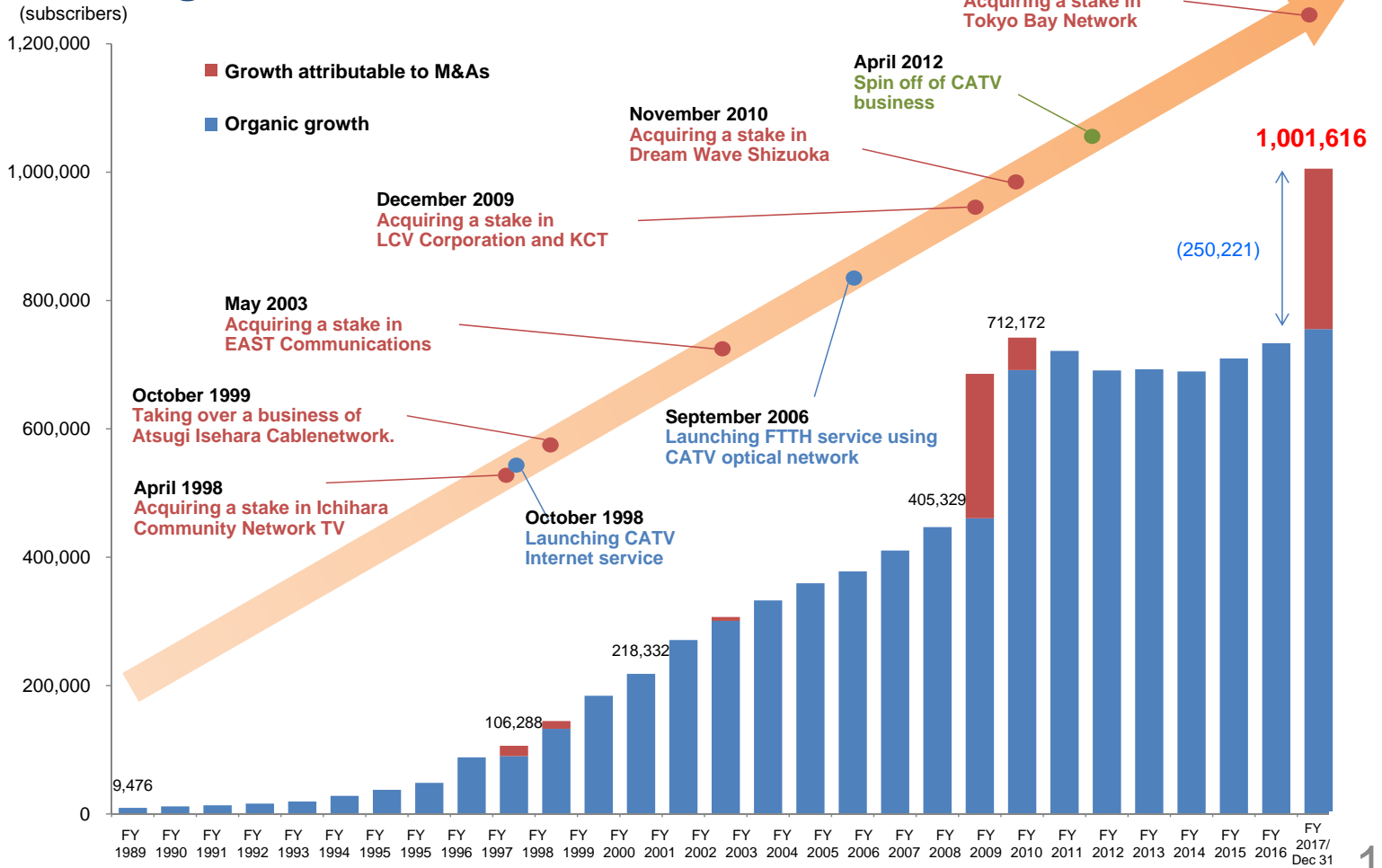
The Company continues to expand the revenue base of the CATV business by means of M&As and investment in alliances.

\*1 TOKAI Cable Network Corporation, Ichihara Community Network TV Corp., Atsugi Isehara Cablenetwork, Inc., EAST Communications Co., Ltd., LCV Corporation, KCT Co., Ltd., TOCO Channel Shizuoka, and Tokyo Bay Network Co., Ltd.

\*2 Cited from "Urban CATV" of "the 35th Service Industry Comprehensive Survey" featured in Nikkei MJ November 8, 2017 issue published by Nikkei Inc..

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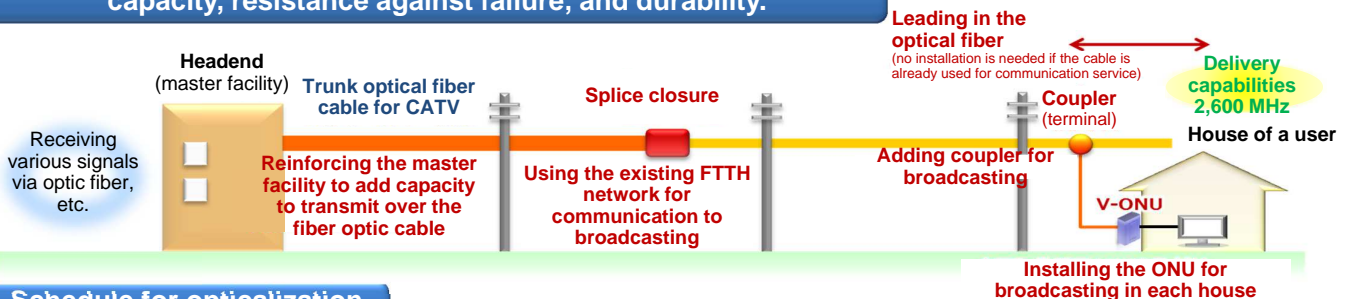
# Change in the number of subscribers



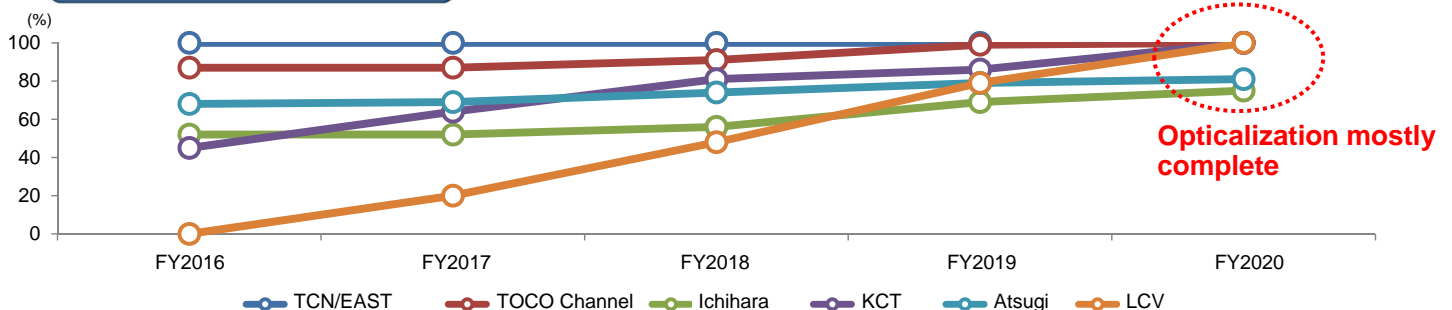
## Promoting “opticalization” of broadcasting and communications through the company-owned fiber-optic network

- Promoting FTTH since 2006 with an insight into the era of fusion between broadcasting and communications
- Opticalization will have almost complete throughout the company’s CATV coverage by FY2020
- These initiatives lead to an increase in the number of subscribers of both broadcasting and communication services and help expand the business in the future.

[Opticalization of broadcasting] FTTH ... High distribution capacity, resistance against failure, and durability.

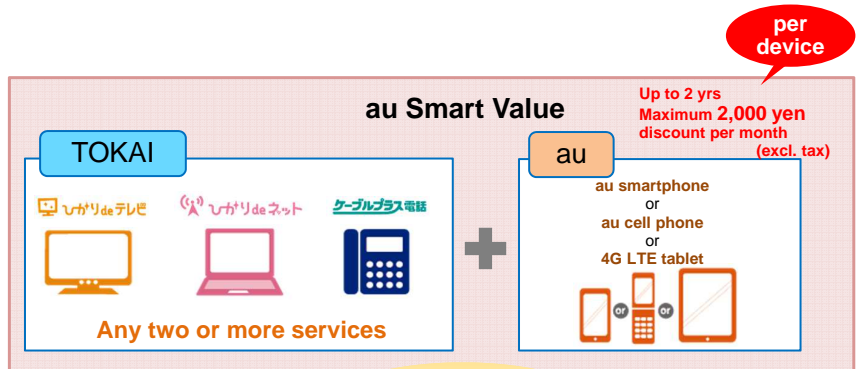
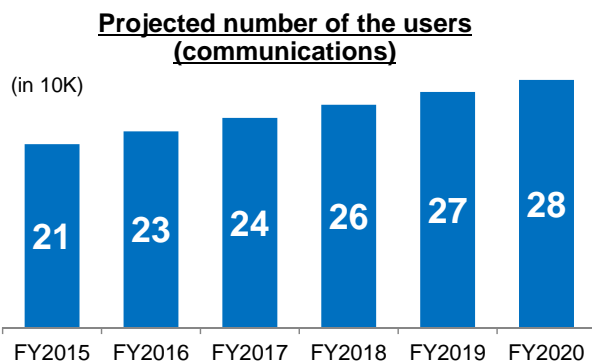
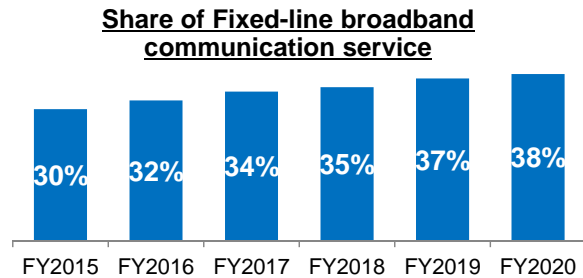


### Schedule for opticalization of broadcasting



# Increasing the number of communication subscribers through collaboration with major carriers.

- High-margin FTTH service using the Company's network sees a steady increase in the number of users and establishes the market share of over 30%
- Alliance with major carriers leads to a win-win relationship thanks to the difference of sales channels and users from these carriers.

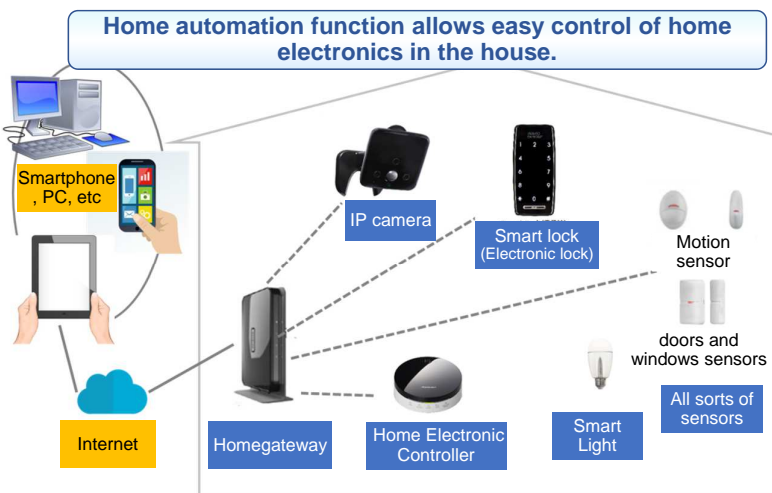


# Launch of Intelligent Home Service

- The Company launched the Intelligent Home service in November 2017 in cooperation with its communications Inc.
- The smart home market has a strong potential as it is one of the main pillars of the IoT services. (The market scale is said to grow quintuple in next six years)
- The Company will make the best of its sales technique cultivated through the adaptation to business diversification in the past, know-how to treat customers and the Group's strength of sales capability and customer base.

Intelligent Home service provided by its communications Inc., a CATV provider under Tokyu Group.

TOKAI Group aims to sell this service as one of the new commercial products through CATV business.



Wholesale to licensee

Each company of TOKAI G

Contract to find new customers, construction and maintenance services

2.9 mil. customers within TOKAI G