



# AVEX GROUP HOLDINGS INC.

## Highlights of Consolidated Financial Results

Third quarter of fiscal year ending March 2011



# 3<sup>rd</sup> quarter of fiscal year ending March 2011

## Consolidated Financial Results



(Unit: 100 million yen)

	Previous term	Current term	Change
Net sales	883.9	859.4	-24.4
Cost of sales	568.2	532.5	-35.7
Gross profit	315.6	326.9	+11.2
Gross profit margin	35.7%	38.0%	+2.3%
Personal expenses	68.9	69.8	+0.8
Sales promotion and advertising expenses	112.8	75.4	-37.4
General expenses	82.6	79.1	-3.4
Total SG&A expenses	264.4	224.4	-40.0
Operating income	51.1	102.5	+51.3
Operating income margin	5.8%	11.9%	+6.1%
Ordinary income	39.5	95.0	+55.4
Ordinary income margin	4.5%	11.1%	+6.6%
Net income	12.1	57.4	+45.3
Net income margin	1.4%	6.7%	+5.3%

Net sales declined, reflecting less release of packages by major artists and environment deterioration of music market.

Profit of Video Business increased with better sales of video products with high profit ratio. This led the increase in consolidated gross profit.

With no large-scale advertising (such as the epic "RED CLIFF" released last FY) done by Video Business and conduct of efficient promotion by Music Business led great increase in operating income.

Net income increased due to the relief of tax burden with lowering the deficit for BeeTV.

\* In this material, presented figures are rounded to one decimal place.

# 3<sup>rd</sup> quarter of fiscal year ending March 2011

## Consolidated Results by Business Segment



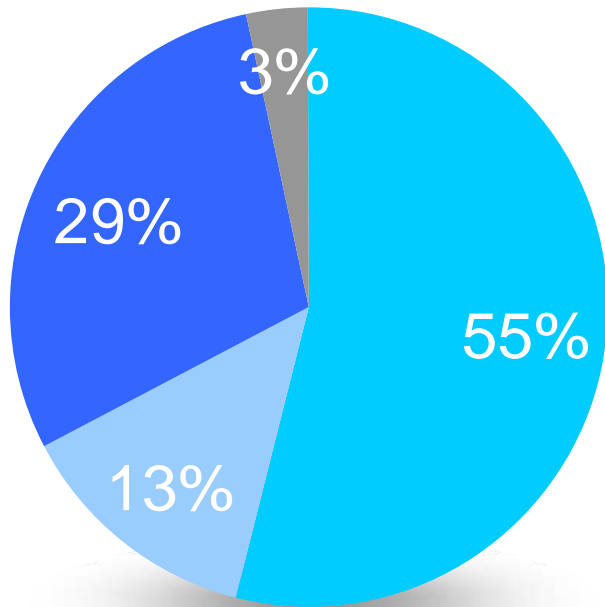
(Unit: 100 million yen)

	Music Business	Video Business	Management/ Live Business	Other	Corporate and Elimination	Total
<b>Net sales</b> (Year-on-year change)	495.9 -36.5	122.1 +2.7	270.4 +7.9	29.5 +0.5	-58.6 +0.8	859.4 -24.4
<b>Cost of sales</b> (Year-on-year change)	300.2 -24.0	78.6 -20.9	177.6 +9.1	15.7 +2.3	-39.6 -2.2	532.5 -35.7
<b>Gross profit</b> (Year-on-year change)	195.7 -12.5	43.5 +23.6	92.8 -1.1	13.7 -1.7	-18.9 +3.1	326.9 +11.2
Personal expenses	23.6	4.8	17.9	1.2	+22.2	69.8
Sales promotion and advertising expenses	47.9	13.4	19.0	1.2	-6.1	75.4
General expenses	28.9	4.1	23.8	7.4	+14.8	79.1
GMF	35.6	3.0	10.2	0.8	-49.8	-
<b>Total SG&amp;A expenses</b> (Year-on-year change)	136.1 -22.9	25.4 -27.0	71.0 +7.8	10.7 -1.0	-18.9 +3.1	224.4 -40.0
<b>Operating income</b> (Year-on-year change)	59.5 +10.3	18.0 +50.6	21.8 -8.9	3.0 -0.7	0.0 +0.0	102.5 +51.3

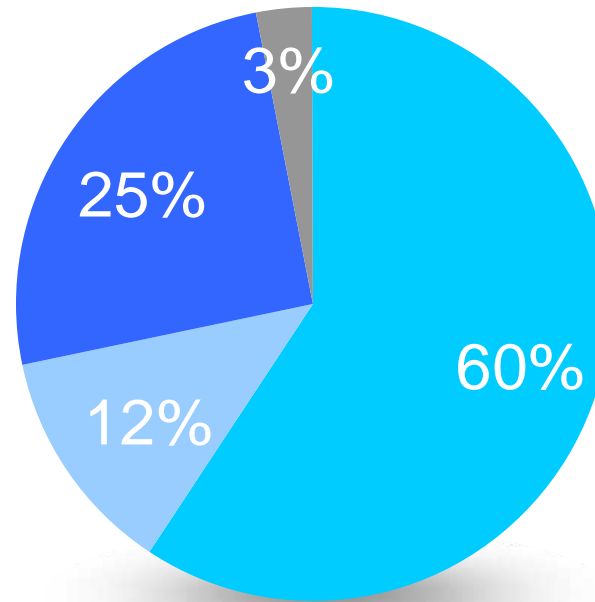
# 3<sup>rd</sup> quarter of fiscal year ending March 2011 Sales Breakdown



3<sup>rd</sup> quarter of fiscal year ending March 31, 2011



Cf. Full-term for fiscal year ended March 31, 2010



- Music Business
- Video Business
- Management/Live Business
- Other Businesses

# Music Business Highlights



(Unit: 100 million yen)

	Music Package	Online Distribution	Music Publication	Other	Intra-segment elimination	Total
<b>Net sales</b> (Year-on-year change)	<b>264.3</b> -33.5	<b>171.7</b> -4.4	<b>25.8</b> -1.8	<b>38.8</b> +4.5	<b>-4.9</b> -1.2	<b>495.9</b> -36.5
<b>Cost of sales</b> (Year-on-year change)	<b>167.5</b> -26.1	<b>88.0</b> +0.2	<b>17.0</b> +0.9	<b>20.3</b> +2.5	<b>+7.1</b> -1.6	<b>300.2</b> -24.0
<b>Gross profit</b> (Year-on-year change)	<b>96.8</b> -7.4	<b>83.7</b> -4.7	<b>8.7</b> -2.8	<b>18.5</b> +2.0	<b>-12.0</b> +0.4	<b>195.7</b> -12.5

## Topics and main titles

- Net sales decreased for package and online distribution on year-on-year base, reflecting fewer release by major artists and environment deterioration of music market.  
(Year-on-year change: -7.5% for music package and -4.9% for online distribution)
- Main major titles released in 3Q are: *Love Songs* by ayumi hamasaki (315,000 copies) and *EXILE LIVE TOUR 2010* by EXILE (DVD) (395,000 copies).

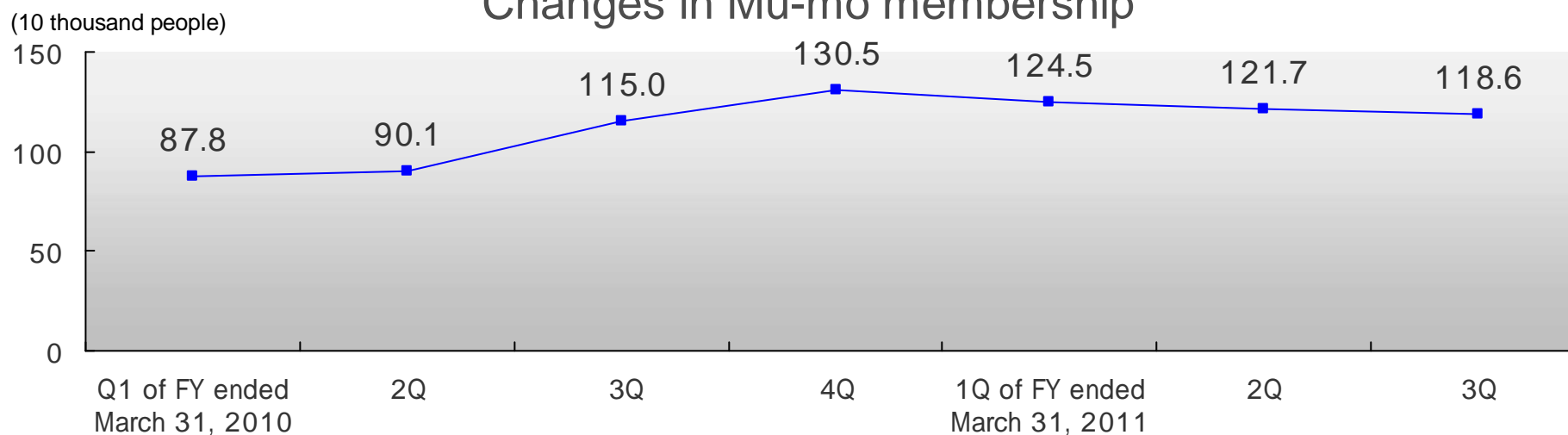
# Music Business KPI



	Music Package			Online Distribution			
	Albums	Singles	DVDs	External Distribution			Mu-mo
				Cyaku-uta Full	PC distribution	Cyaku-uta	
<b>Average unit price</b> <small>(3Q of FY ended March 31, 2010)</small>	¥2,006 ¥2,183	¥871 ¥914	¥4,130 ¥3,737	¥389 ¥372	¥207 ¥185	¥100 ¥106	¥373 ¥429
<b>Number of sales</b> <small>(3Q of FY ended March 31, 2010)</small>	3,870,000 copies 4,980,000 copies	3,580,000 copies 4,090,000 copies	1,760,000 copies 1,570,000 copies	18.44 million DL 20.07 million DL	5.99 million DL 6.47 million DL	39.36 million DL 42.29 million DL	

\* Average unit price of packages and the number of sales are only for new titles

## Changes in Mu-mo membership



# Video Business Highlights



(Unit: 100 million yen)

	Video Package, Film Distribution	Video Distribution	Intra-segment elimination	Total
<b>Net sales</b> (Year-on-year change)	102.8 -11.1	40.5 +23.7	-21.3 -9.8	122.1 +2.7
<b>Cost of sales</b> (Year-on-year change)	66.1 -20.6	28.3 +6.4	-15.8 -6.6	78.6 -20.9
<b>Gross profit</b> (Year-on-year change)	36.7 +9.4	12.2 +17.3	-5.4 -3.2	43.5 +23.6

## Topics and main titles

- Because of the lack of a major theatrical film like *RED CLIFF PART II*, net sales of film distribution decreased. However, gross sales has improved with the outperform sales of repackaged animation *ONE PIECE* (2 DVD Boxes released in December 2010. Sales of items that were released in the first half continue to outperform).
- Net sales for video distribution expanded, reflecting the increase of 650,000 BeeTV membership from 3Q of FY 2010 (863,000 as of). Drastic decrease in cost ratio reflected the increase in gross profit.

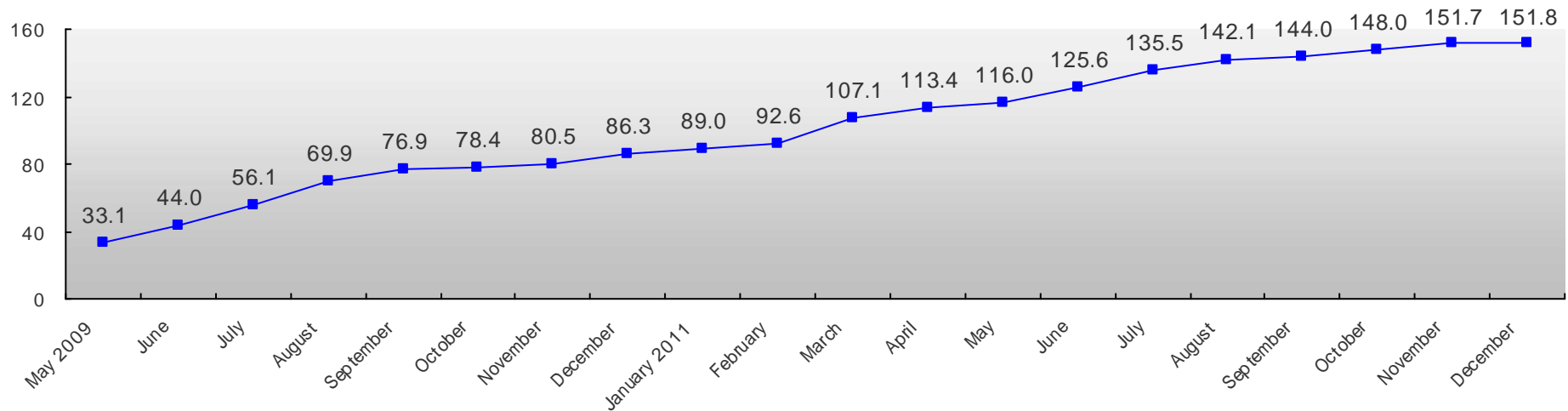
# Video Business KPI



	Video Package	Video Distribution (BeeTV)
<b>Average unit price</b> (H1 of FY ended March 31, 2010)	¥8,054 ¥6,008	¥300 ¥300
<b>Number of sales</b> (H1 of FY ended March 31, 2010)	580,000 copies 760,000 copies	

## Changes in BeeTV membership

(10 thousand people)





# Management/Live Business Highlights



(Unit: 100 million yen)

	Management	Merchandizing	Fan Club	Live	Other	Intra-segment elimination	Total
<b>Net sales</b> (Year-on-year change)	78.0 +3.3	67.0 +13.0	20.0 +1.3	131.2 -4.4	2.4 +0.7	-28.3 -5.9	270.4 +7.9
<b>Cost of sales</b> (Year-on-year change)	34.2 +5.0	39.1 +9.7	11.2 +2.9	118.0 -4.3	1.8 +0.4	-26.9 -4.6	177.6 +9.1
<b>Gross profit</b> (Year-on-year change)	43.7 -1.6	27.9 +3.2	8.8 -1.5	13.2 -0.1	0.6 +0.2	-1.4 -1.2	92.8 -1.1

## Topics and main titles

- As a result of good performance with merchandising and management relating to Tohoshiki, net sales of Management / Live Business increased.
- Less number of lives with arena level and increase in number of clubs with live music where less average unit price tickets are sold, resulted the decrease in net sales for Live Business.

\* All forecasts in this document are forecasts at the beginning of the current fiscal year.

# Management/Live Business KPI

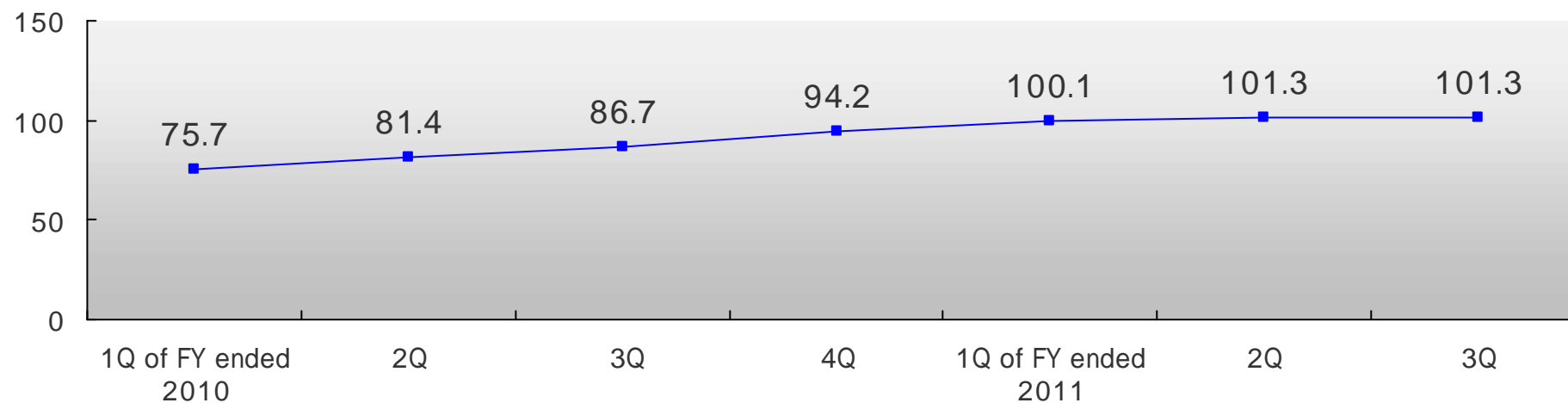


## Live Business KPI

Average unit price (3Q of FY ended March 31, 2010)	¥7,610 ¥7,952	➔	Size of site	Number of performances
Number of performances (3Q of FY ended March 31, 2010)	192 172		Stadium	13 9
Attendance (3Q of FY ended March 31, 2010)	1,180,000 1,160,000		Arena	67 82
			Hall / Clubs with live music	112 81

## Changes in FC Membership

(10 thousand people)



# Full-Term Consolidated Forecasts for Fiscal Year Ending March 31, 2011



(Unit: 100 million yen)

	Initial forecast	Revised forecast	Difference
<b>Net sales</b>	<b>1,180.0</b>	<b>1,183.0</b>	<b>+3.0</b>
<b>Gross profit</b>	<b>438.0</b>	<b>470.0</b>	<b>+32.0</b>
Gross profit margin	37.1%	39.7%	+2.6%
<b>Operating income</b>	<b>85.0</b>	<b>115.0</b>	<b>+30.0</b>
Operating income margin	7.2%	9.7%	+2.5%
<b>Ordinary income</b>	<b>73.0</b>	<b>105.0</b>	<b>+32.0</b>
Ordinary income margin	6.2%	8.8%	+2.6%
<b>Net income</b>	<b>40.0</b>	<b>58.0</b>	<b>+18.0</b>
Net income margin	3.4%	4.9%	+1.5%

- There is no change in consolidated forecasts from the announcement of 1<sup>st</sup> half of FY 2011.

# Full-Term Consolidated Forecasts for Fiscal Year Ending March 31, 2011 (by business segment)



(Unit: 100 million yen)

	Music Business	Video Business	Management /Live Business	Other Businesses
<b>Net sales</b> (Year-on-year change)	756.1 +7.5	144.7 -12.9	317.7 -0.5	37.9 +1.2
<b>Cost of sales</b> (Year-on-year change)	444.3 -19.5	96.3 -38.0	203.2 +4.1	21.0 +2.0
<b>Gross profit</b> (Year-on-year change)	311.8 +27.1	48.4 +25.0	114.4 -4.6	16.8 +0.8
<b>Total SG&amp;A expenses</b> (Year-on-year change)	217.9 -1.2	45.5 -21.8	97.7 +8.8	15.3 +3.7
<b>Operating income</b> (Year-on-year change)	93.9 +28.4	2.8 +46.9	16.7 -13.5	1.5 -2.8

\* Before inter-segment elimination