

Final Results 2014

Television Broadcasts Limited



31 March 2015



Results Highlights

HK\$mil	FY2014	FY2013	% change
Turnover	\$5,773	\$5,686	+2%
Profit attributable to equity holders	\$1,410	\$1,738	-19%
EPS (HK\$/s)	\$3.22	\$3.97	-19%
Total Dividend per share for FY2014 *	\$2.60	\$2.60	-
Special Dividend per share **	\$2.30	-	n/a

* Interim Dividend already paid of \$0.60 per share and Final Dividend of \$2.00 per share, giving a total of \$2.60 per share

** Based on disposal of 53% of shareholding interest in Liann Yee Production Co. Ltd. as announced on 29 January 2015

Consolidated Income Statement

HK\$mil	FY2014	FY2013	% change
Turnover	\$5,773	\$5,686	+2%
Cost of sales ^{Note 1}	<u>(\$2,453)</u>	<u>(\$2,221)</u>	+10%
Gross profit	\$3,320	\$3,465	-4%
Other revenues	\$81	\$68	+20%
Selling, distribution and transmission costs	(\$657)	(\$626)	+5%
General and administrative expenses	(\$839)	(\$736)	+14%
Other (losses)/gains, net ^{Note 2}	(\$86)	\$6	N/A
Finance costs	(\$3)	(\$2)	+56%
Share of losses of joint ventures ^{Note 3}	(\$7)	(\$2)	+217%
Share of losses of associates ^{Note 4}	(\$73)	<u>(\$53)</u>	+37%
Profit before income tax	\$1,736	\$2,120	-18%
Income tax expense	(\$317)	<u>(\$358)</u>	-12%
Profit for the year	<u>\$1,419</u>	<u>\$1,762</u>	-19%
Profit attributable to equity holders	<u>\$1,410</u>	<u>\$1,738</u>	-19%

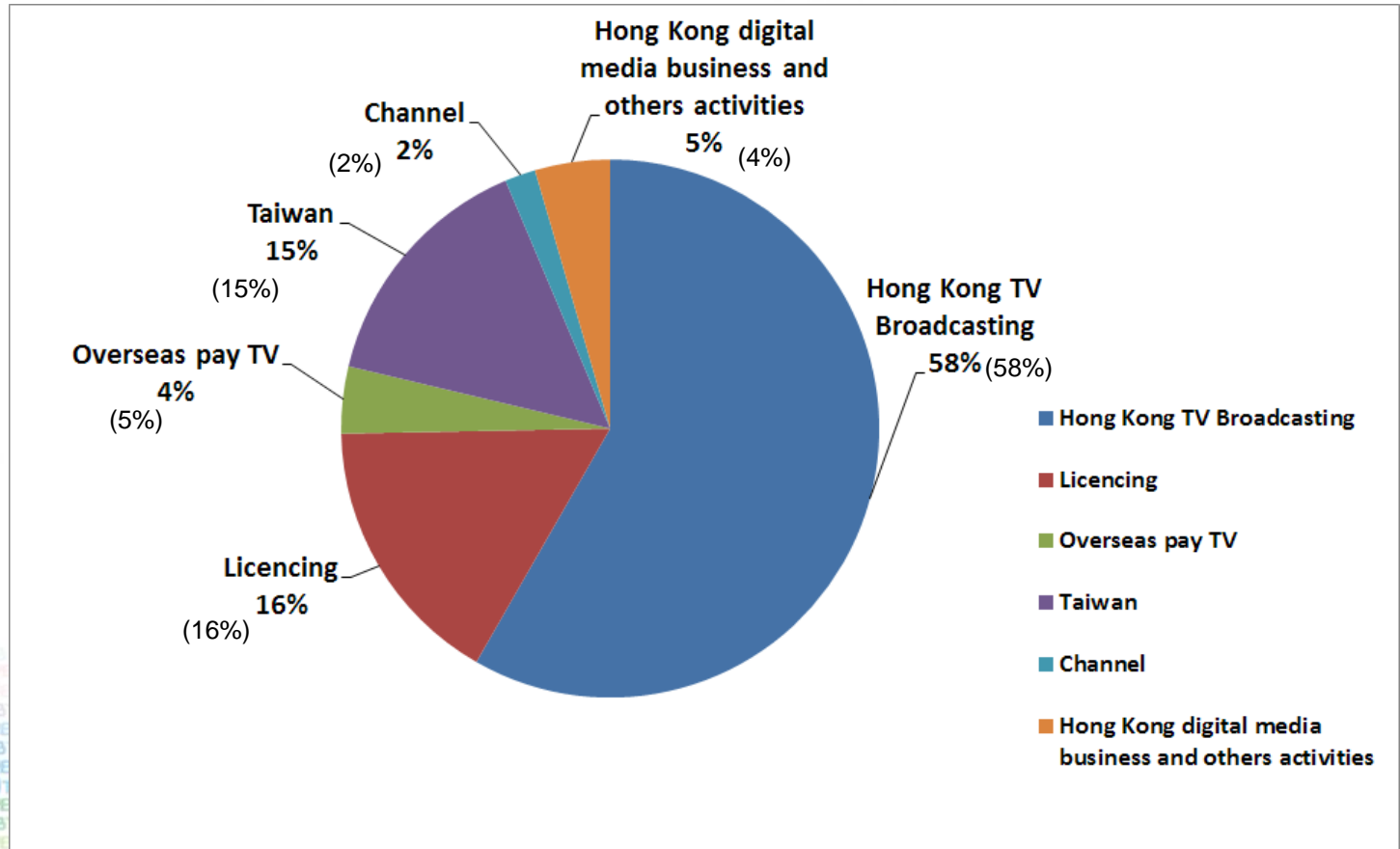
Note

- Absorbed total costs of 2014 FIFA World Cup Brazil, resulting in total cos increase of \$232 mil.
- Losses resulted mainly from restructuring of overseas pay TV in Europe
- Represented a joint venture project in Shanghai
- Represented TVB Network Vision - the Group's HK pay TV business

Key events 2014/15

- Broadcast 2014 World Cup on free and pay channels and through portal and mobile apps
- Launched *TVB Anywhere* in Europe (May 2014) and in Australia (February 2015) replacing legacy satellite service
- Announced new OTT service in 2016, creating a second platform for Hong Kong
- Announced plan to increase movie investment
- Disposal of 53% interest in Liann Yee Production Co. Ltd. (TVBS) for NT4,695 mil (approx. \$1,149,mil) in January 2015
- Final dividend of \$2.00 per share recommended, making FY2014 total dividend of \$2.60 per share (2013: \$2.60 per share)
- Special dividend of \$2.30 per share recommended, based on Disposal
- Governance – New Chairman and Directors appointed

Turnover by Operating Segment



% relating to 2013 are shown in brackets

Turnover by Operating Segment

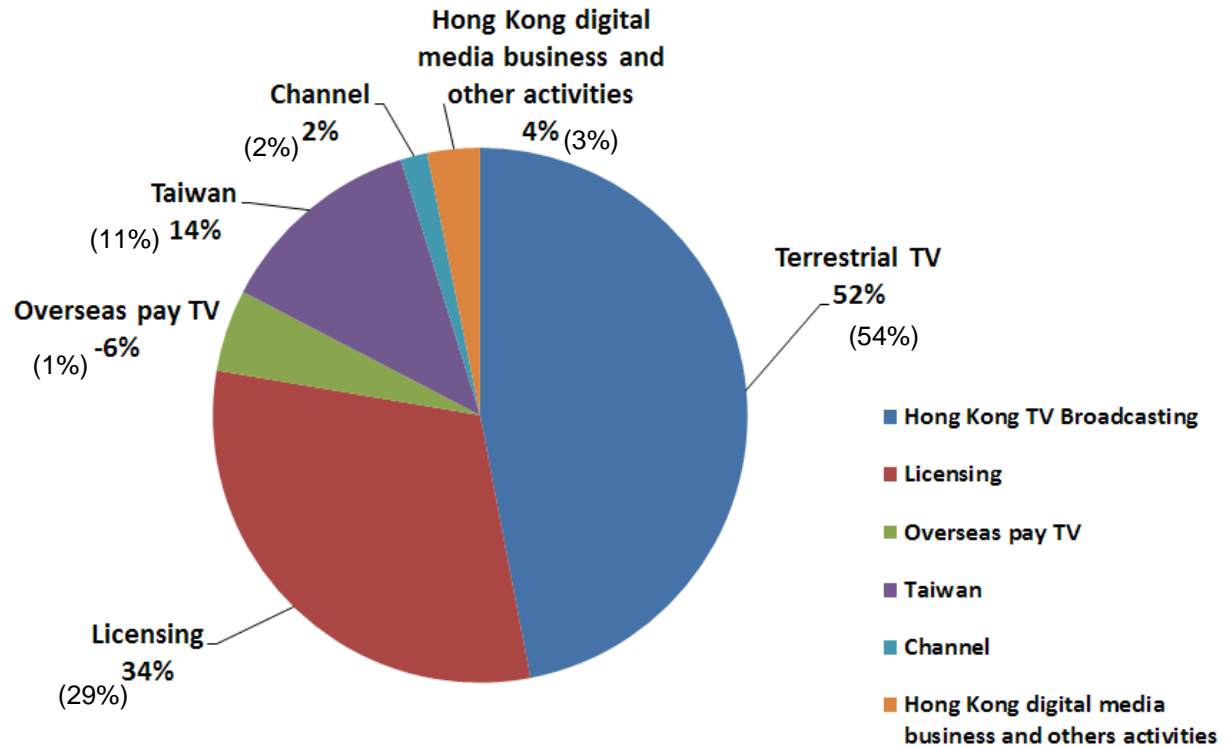
HK\$mil	FY2014	FY2013	% change
Hong Kong TV broadcasting	\$3,420	\$3,322	+3%
Programme licensing and distribution ^{Note 1}	\$1,085	\$1,072	+1%
Overseas pay TV ^{Note 2}	\$243	\$308	-21%
Taiwan operations	\$866	\$834	+4%
Channel operations ^{Note 3}	\$125	\$132	-6%
Hong Kong digital media business and other activities ^{Note 4}	\$271	\$222	+22%
Inter-segment sales	(\$237)	(\$204)	+16%
Total	\$5,773	\$5,686	+2%

Note:

1. Includes businesses in Malaysia, Singapore and Mainland China (TVBC*)
2. Includes platforms in North America (USA), Australia, and Europe.
3. Includes satellite channel operations under TVB8 and Xing He.
4. Includes the digital media business (Hong Kong) and publication.

* TVBC shareholders: TVB (55%), SMG and CMC (45%)

Reportable Segment Profit by Operating Segment



% relating to 2013 are shown in brackets

Reportable Segment Profit by Operating Segment

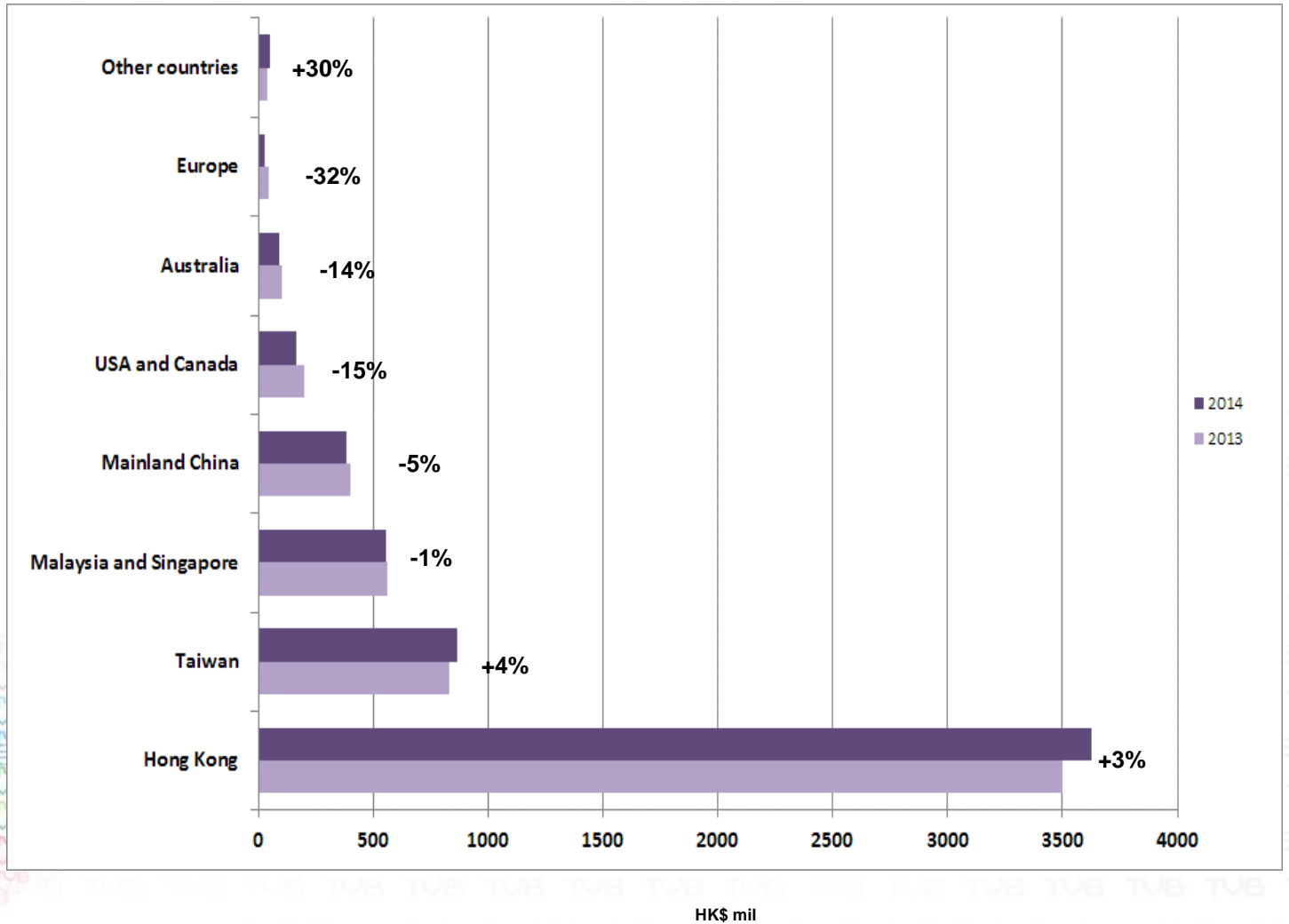
HK\$mil	FY2014	FY2013	% change
Hong Kong TV broadcasting	\$947	\$1,182	-20%
Programme licensing and distribution ^{Note 1}	\$619	\$639	-3%
Overseas pay TV ^{Note 2}	(\$100)	\$14	N/A
Taiwan operations	\$253	\$246	+3%
Channel operations ^{Note 3}	\$32	\$43	-26%
Hong Kong digital media business and other activities ^{Note 4}	\$64	\$52	+24%
Total	\$1,815	\$2,176	-17%

Note:

- 1.** Includes businesses in Malaysia, Singapore and Mainland China (TVBC*)
- 2.** Includes platforms in North America (USA), Australia, and Europe.
- 3.** Includes satellite channel operations under TVB8 and Xing He.
- 4.** Includes the digital media business (Hong Kong) and publication.

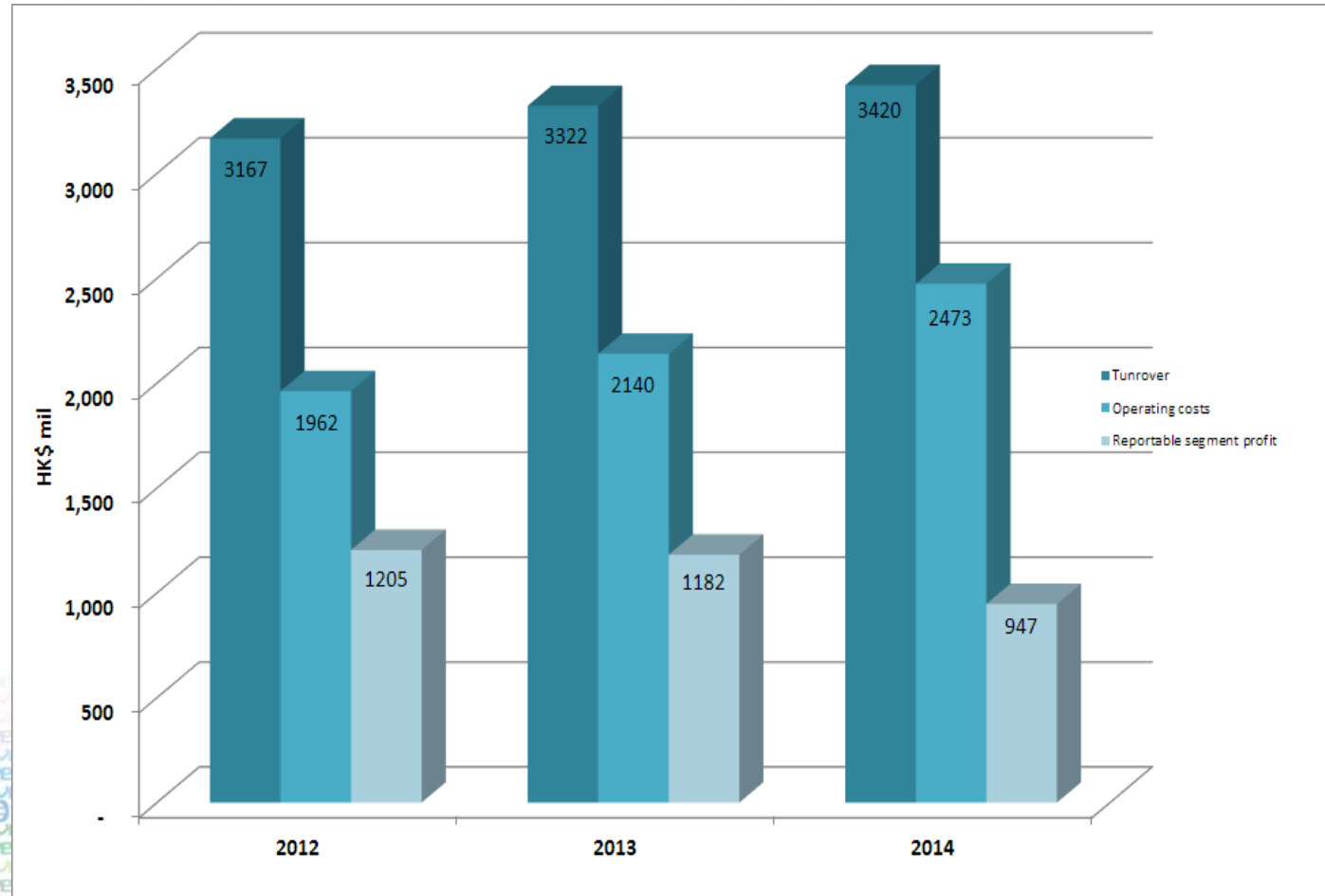
* *TVBC shareholders: TVB (55%), SMG and CMC (45%)*

Turnover (Geographical)



Hong Kong TV Broadcasting

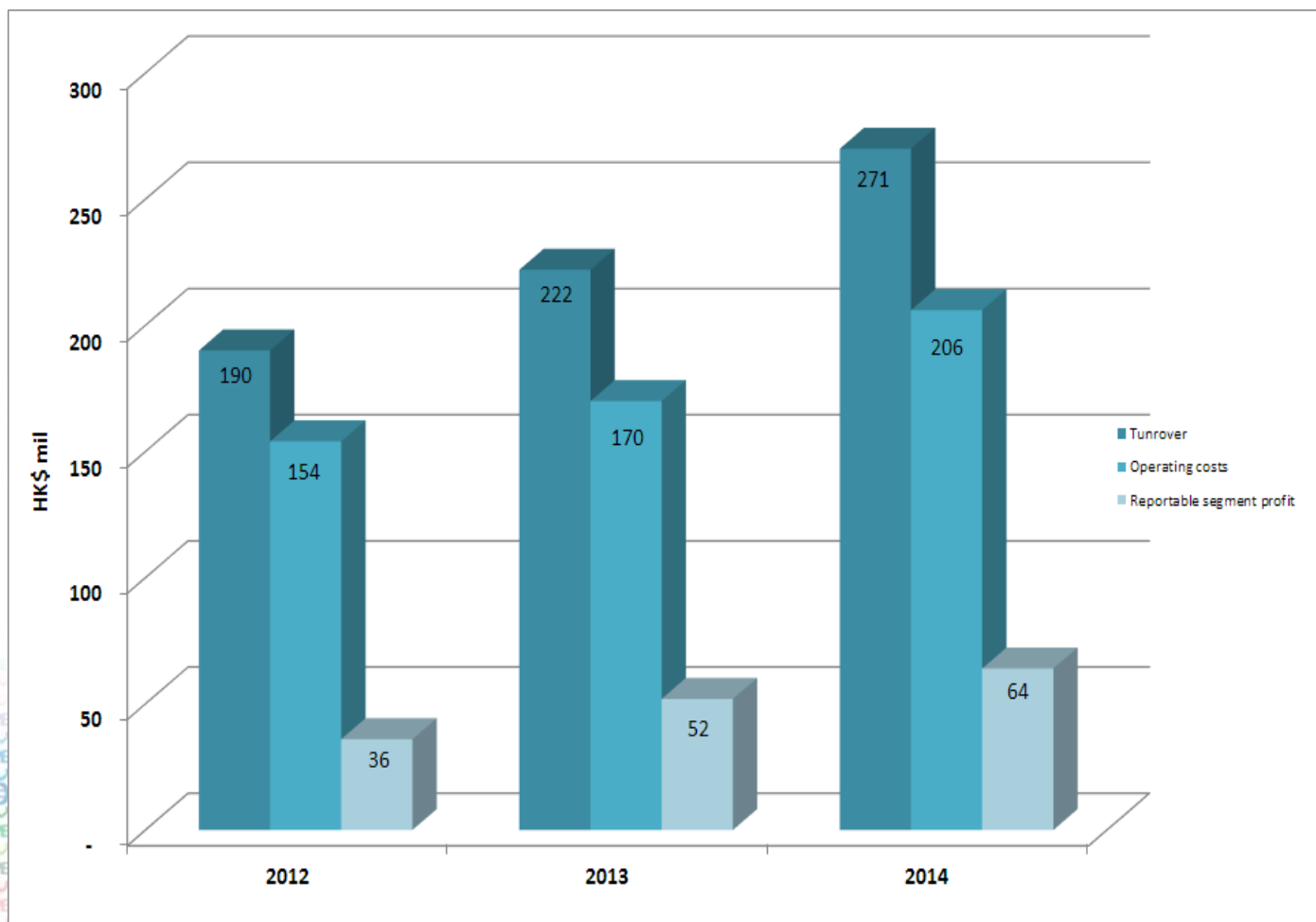
Turnover, Operating costs and Reportable Segment Profit



- Turnover increased by 3% and reportable segment profit decreased by 20%.
- Operating costs increased by 16%.
- Operating margin changed from 38% → 36% → 28%

Hong Kong digital media business and other Activities

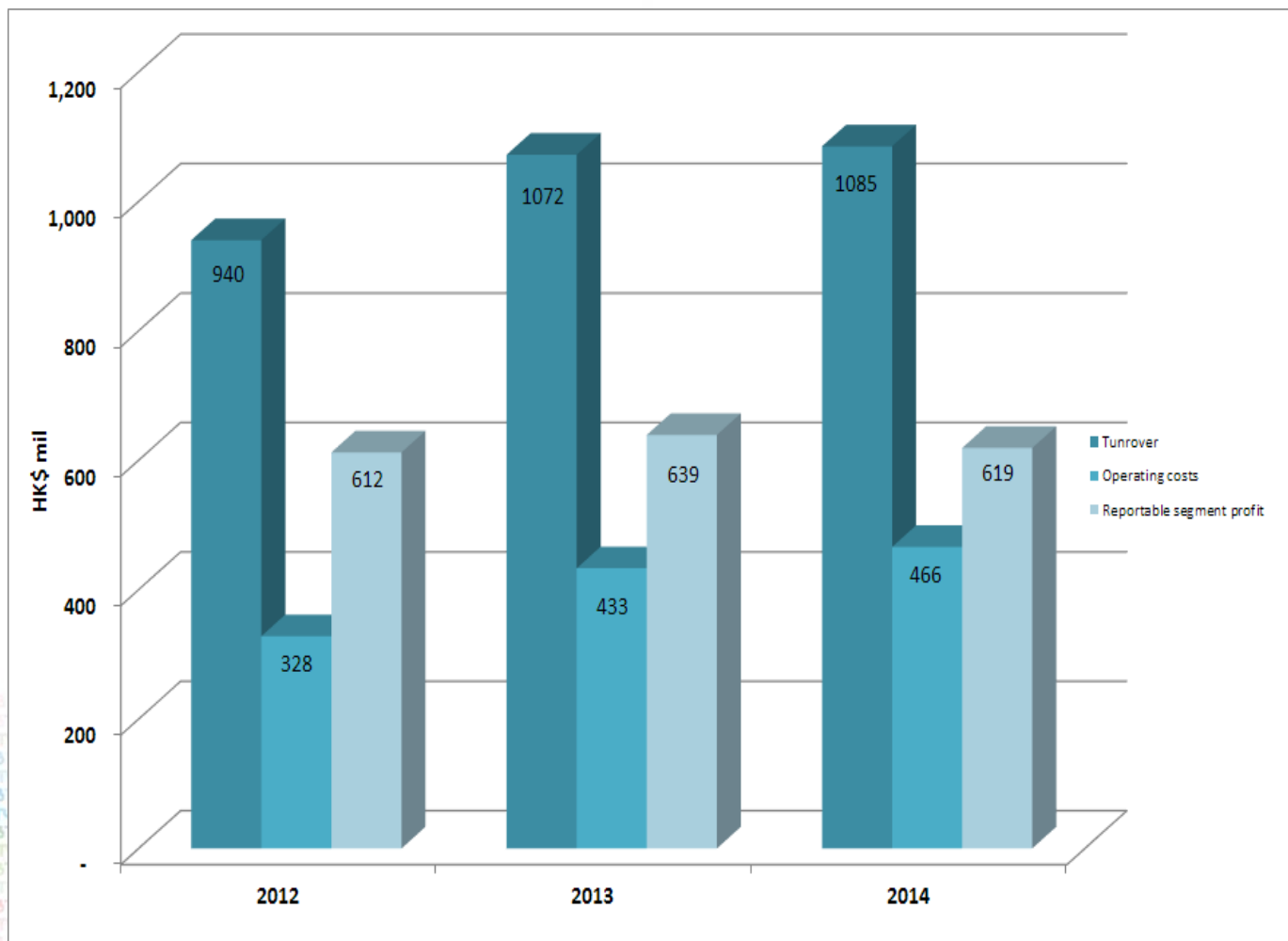
Turnover, Operating costs and Reportable Segment Profit



- Turnover increased by 22%, reportable segment profit increased by 24%.
- Operating costs increased by 21%.
- Operating margin changed from 19% → 23% → 24%.

Programme Licensing and Distribution

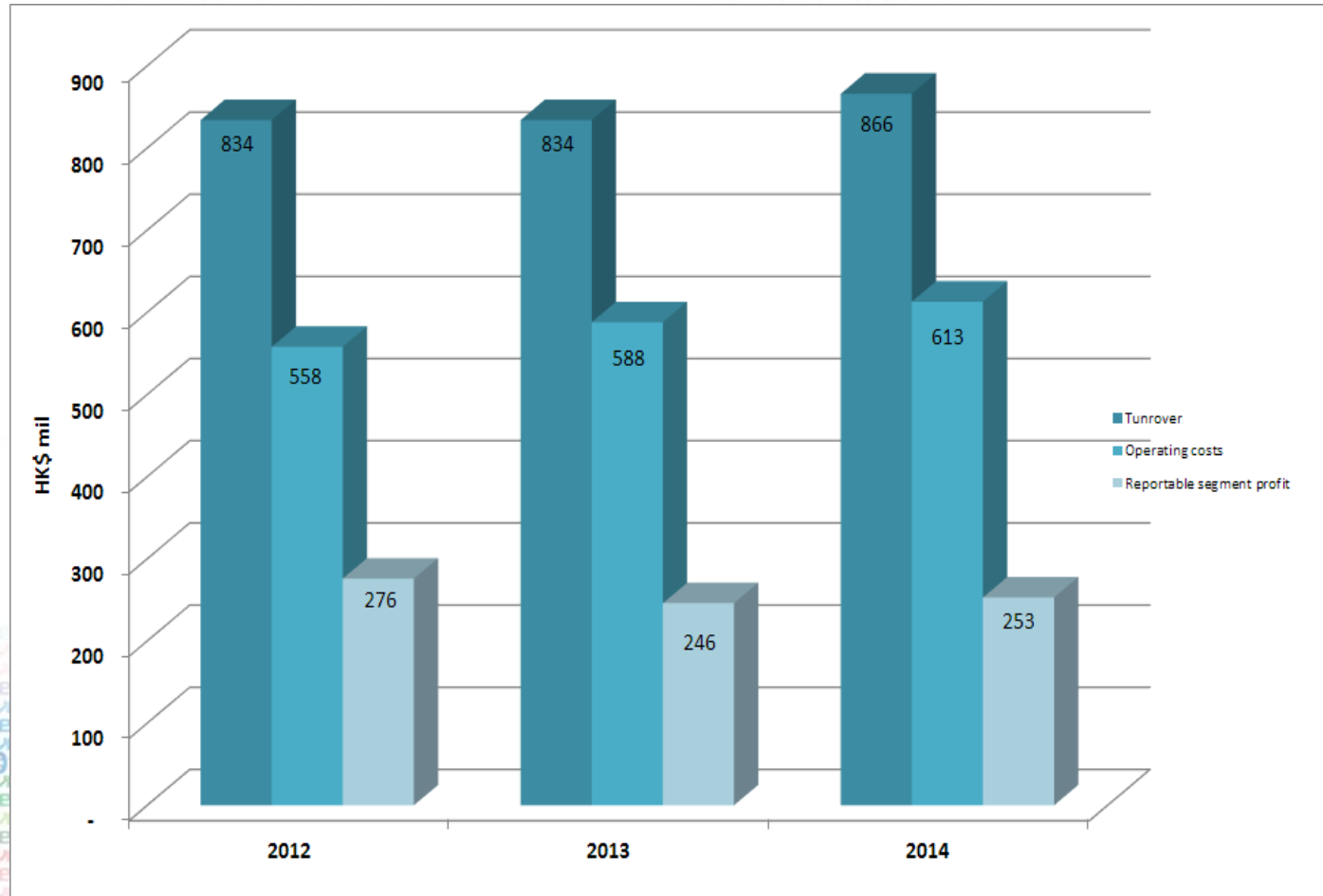
Turnover, Operating costs and Reportable Segment Profit



- Turnover increased by 1%, reportable segment profit decreased by 3%.
- Operating costs increased by 8%.
- Operating margin changed from 65% → 60% → 57%

Taiwan Operations

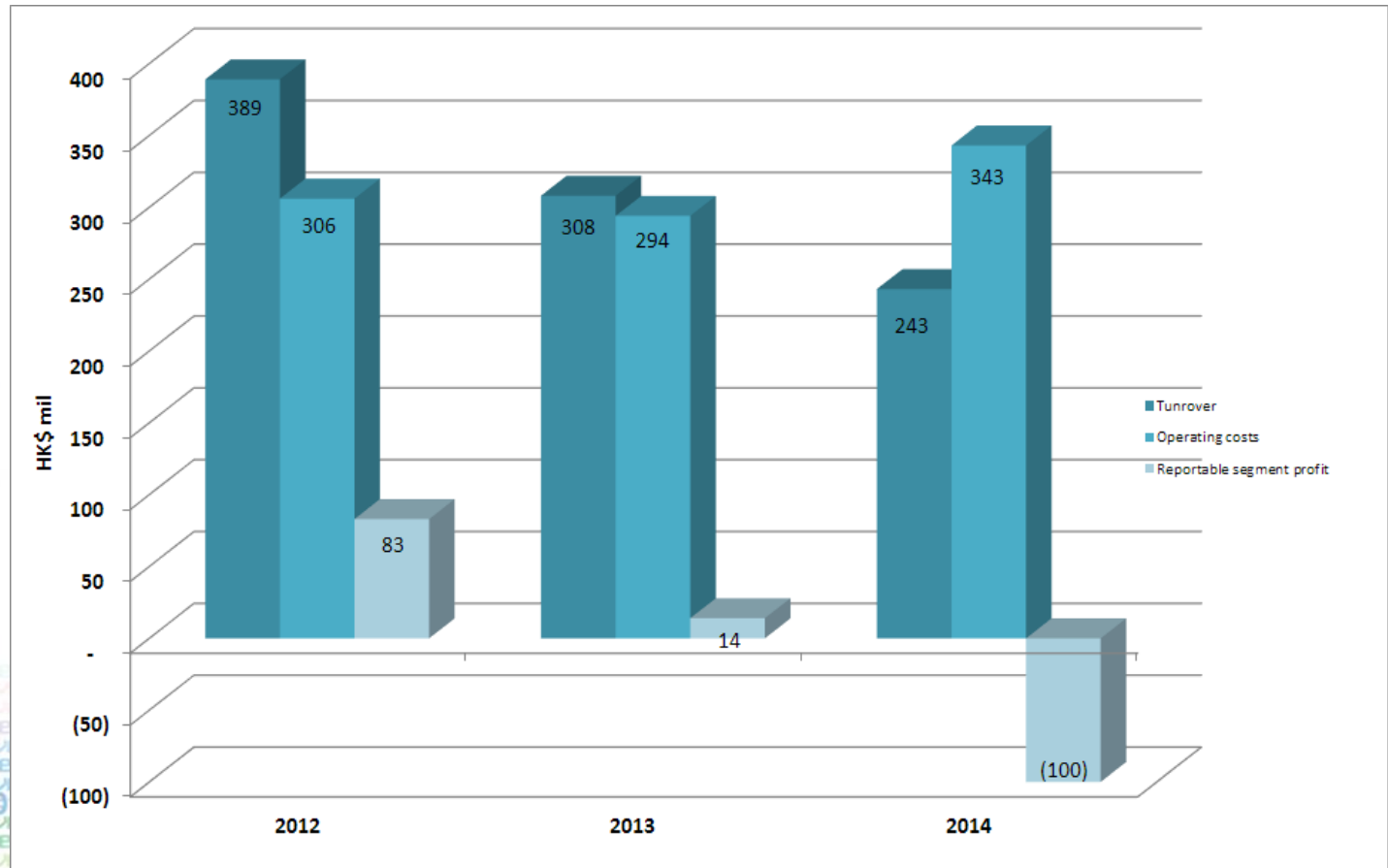
Turnover, Operating Costs and Reportable Segment Profit



- Turnover increased by 4% and reportable segment profit increased by 3%.
- Operating costs increased by 4%.
- Operating margin changed from 33% → 29% → 29%.

Overseas Pay TV Operations

Turnover, Operating costs and Reportable Segment Profit



- Turnover decreased by 21%, reportable segment recorded a loss of HK\$100m (2013: a profit of HK\$14m) mainly due to liquidation of certain subsidiaries carrying the overseas pay TV operations.
- Operating costs increased by 17%.
- Operating margin changed from 21% → 5% → -41%.

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HKSE stock code: 00511

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