

Interim Results 2013

Briefing to Analysts

Television Broadcasts Limited



21 August 2013



TVB

Financial Highlights

As at 30 June 2013

HK\$m	1H13	1H12	% change
Turnover	\$2,592	\$2,451	+6%
Total costs *	\$1,663	\$1,451	+15%
Profit attributable to equity holders	\$770	\$850	-9%
Net profit %	30%	35%	-14%
EPS (HK\$/sh)	\$1.76	\$1.94	-9%
Interim dividend (HK\$/sh)	\$0.60	\$0.60	-

1H13: 6 months ended 30 June 2013

* Total costs include cost of sales, selling distribution and transmission costs, and general and administrative expenses.



Major business developments during the Period

- China Joint Venture (TVBC)

- Transfer of licensing business to TVBC according to plan
- New media distribution with major partners (Youku Tudou)

- New Media Business (TVB.com)

- Improving monetisation through web, mobile platforms
- Launch of Home Entertainment, a pay service for Hong Kong, targeted in late 2013

- Hong Kong pay TV business

- Re-branded as “TVB Network Vision”
- Plans in place to improve distribution and programming



Consolidated Income Statement

For Period Ended 30 June 2013

HK\$m	1H13	1H12	% change
Turnover	\$2,592	\$2,451	+6%
Cost of sales	<u>(\$1,030)</u>	<u>(\$895)</u>	+15%
Gross profit	\$1,562	\$1,556	0%
Other revenues	\$29	\$35	-17%
Selling, distribution and transmission costs	<u>(\$298)</u>	<u>(\$247)</u>	+21%
General and administrative expenses	<u>(\$335)</u>	<u>(\$309)</u>	+8%
Other gains/(losses), net	-	(\$1)	-100%
Finance costs	<u>(\$1)</u>	<u>(\$2)</u>	-50%
Share of losses of joint ventures	<u>(\$2)</u>	<u>(\$1)</u>	+100%
Share of losses of associates (note 1)	<u>(\$25)</u>	-	N/A
Profit before tax	\$930	\$1,031	-10%
Taxation	<u>(\$151)</u>	<u>(\$180)</u>	-16%
Profit for the period	<u>\$779</u>	<u>\$851</u>	-8%
Profit attributable to equity holders	<u>\$770</u>	<u>\$850</u>	-9%

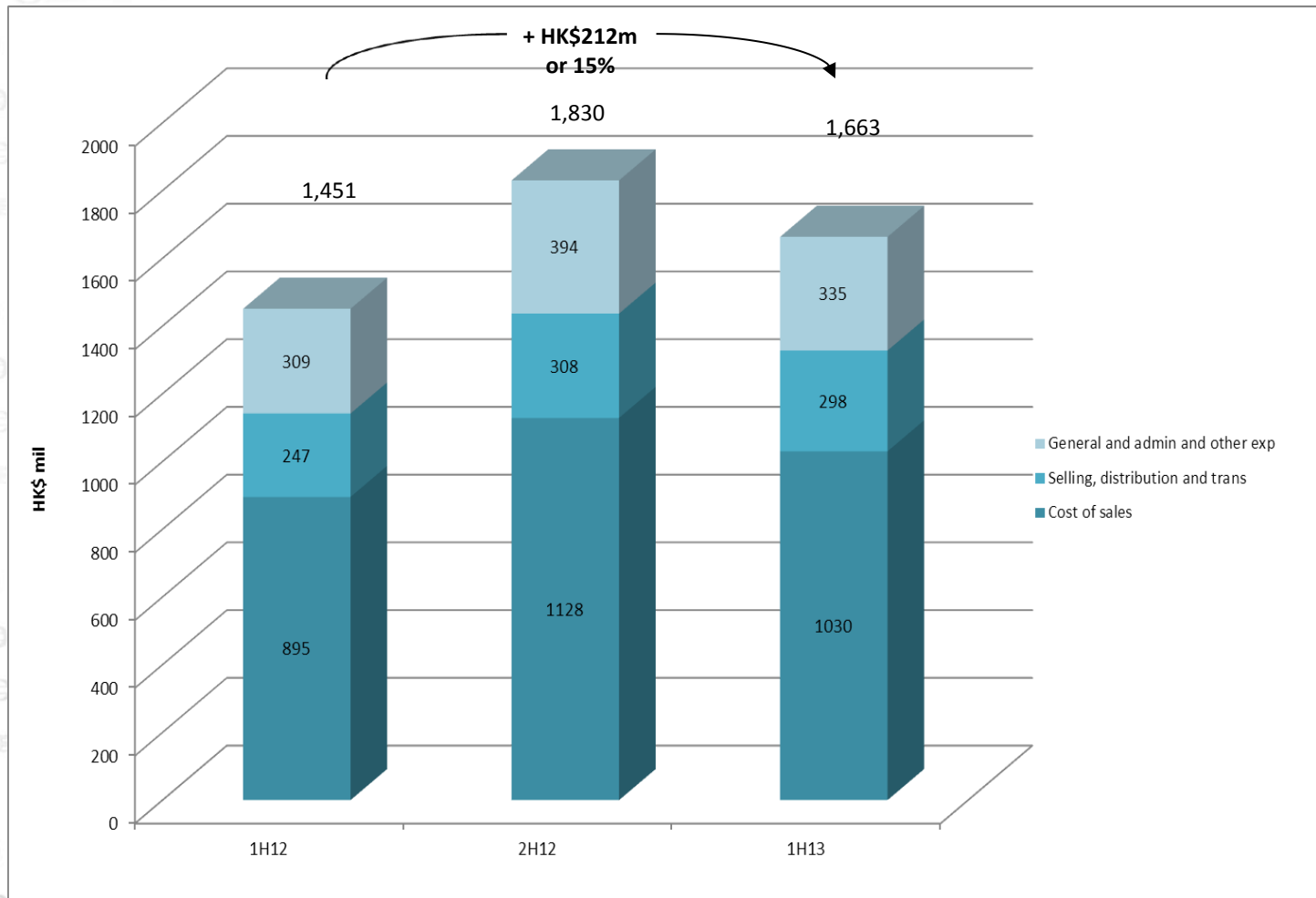
Note

1. TVB Network Vision Limited was accounted for as an associate.

Total Costs

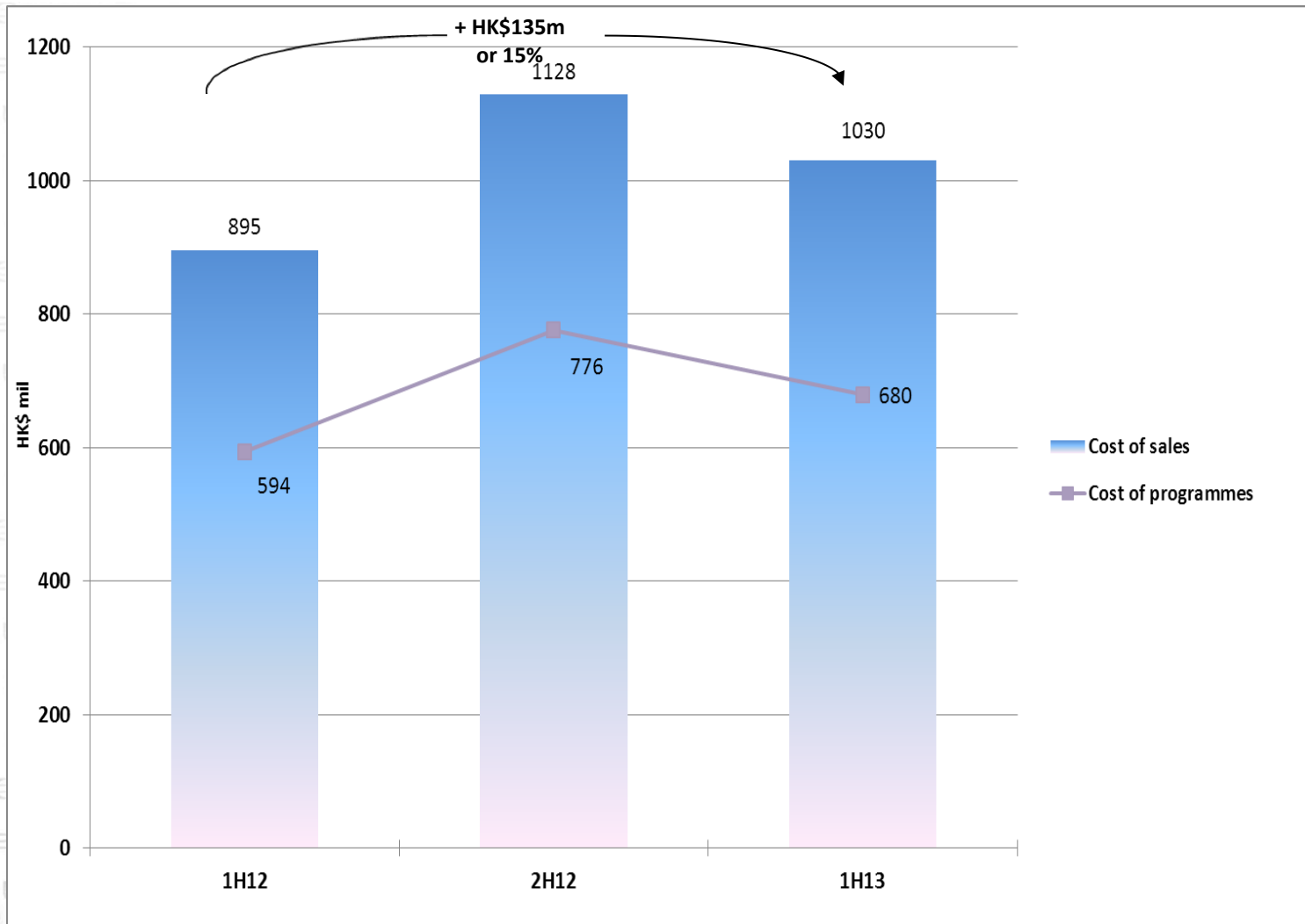
For Period Ended 30 June 2013

(Cost of Sales, Selling Distribution and Transmission Costs, General and Administrative Expenses)



Cost of Programmes, Film Rights and Stocks

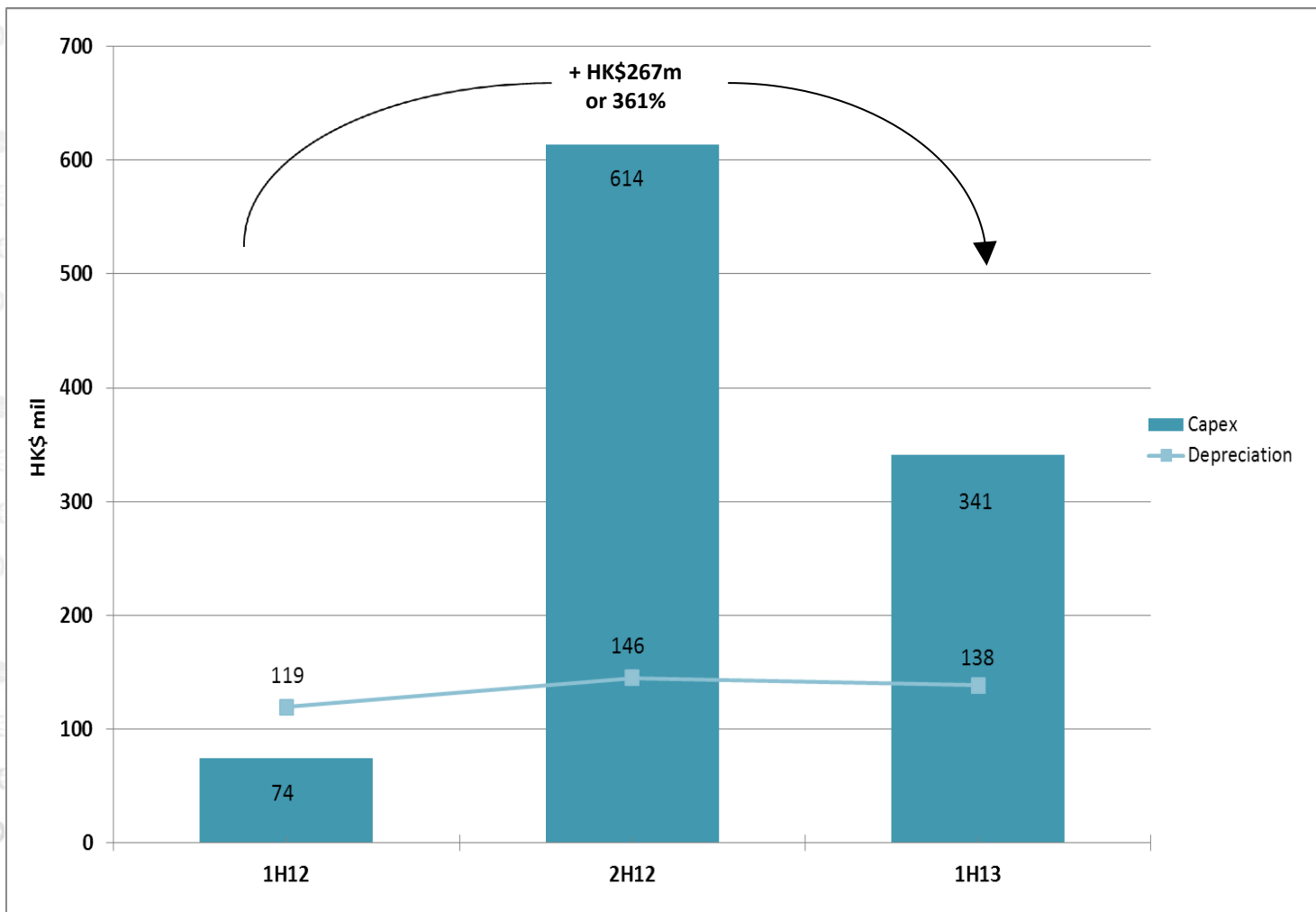
For Period Ended 30 June 2013



- Cost of sales increased by HK\$135m when compared with 1H12 and decreased by HK\$98m when compared with 2H12.

Capex and Depreciation

For Period Ended 30 June 2013



- Capex HK\$341m (1H12: HK\$74m)
- Capital commitments HK\$1,371m (30 June 2012: HK\$446m)

Consolidated Statement of Financial Position

As at 30 June 2013

HK\$m	30.06.13	31.12.12 (Restated)	% change
Non-current assets	\$3,903	\$3,768	+4%
Current assets (other than cash and cash equivalents)	\$2,528	\$2,361	+7%
Bank deposits	\$664	\$435	+53%
Cash and cash equivalents (Note)	\$2,257	\$3,169	-29%
Total assets	\$9,352	\$9,733	-4%
Total equity	\$7,689	\$7,831	-2%
Total liabilities	\$1,663	\$1,902	-13%
Equity and Liabilities	\$9,352	\$9,733	-4%
Current ratio	3.9	4.0	
Gearing ratio	0.8%	2.6%	

Note: Cash and cash equivalents decreased at 30.6.13 due to (i) higher capex; (ii) increase in bank deposits; (iii) repayment of bank loan; (iv) higher final dividend for 2012 paid in 2013.



Segment Results



Turnover by Operating Segment

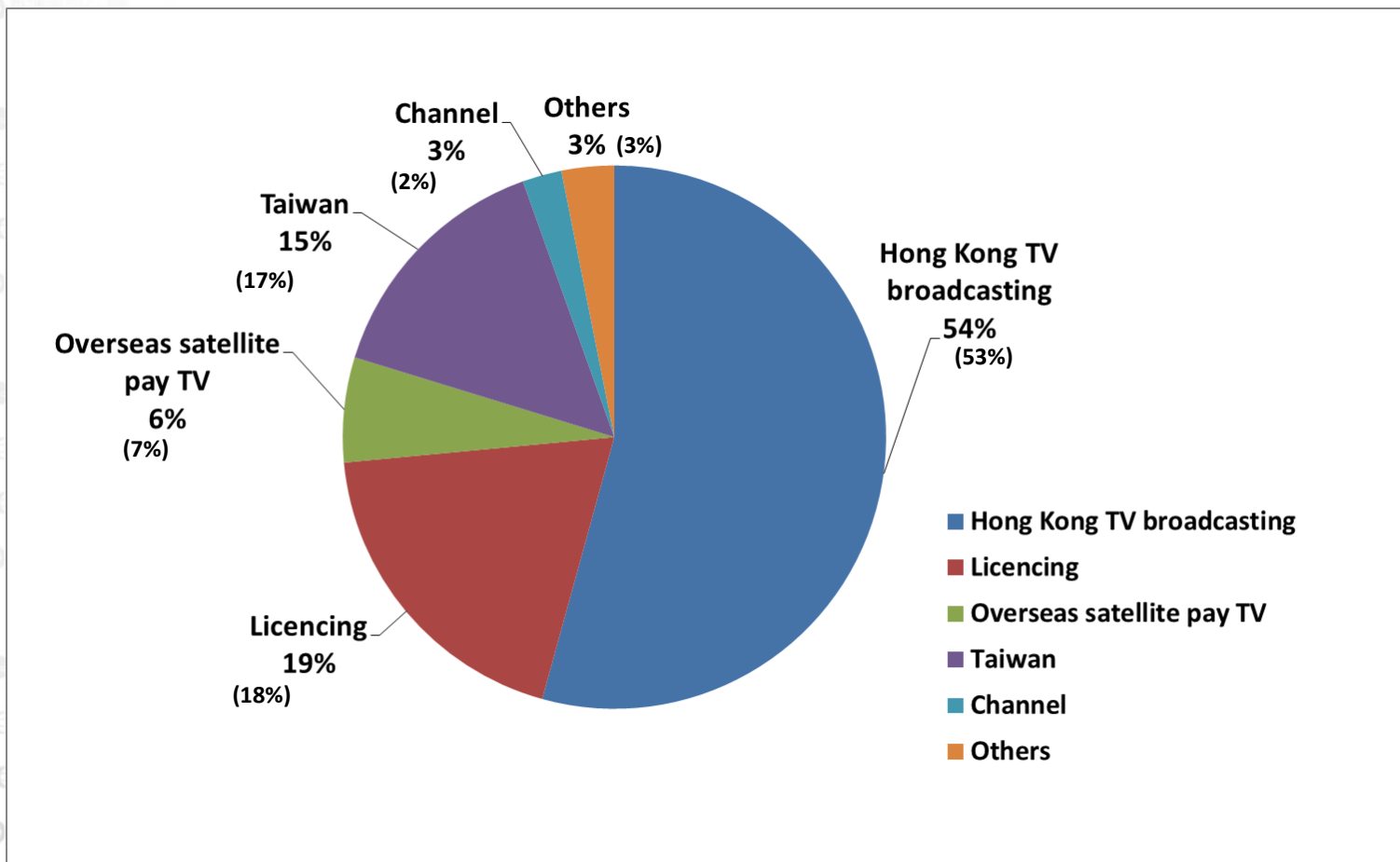
HK\$m	1H13	1H12	% change
Hong Kong TV broadcasting	\$1,459	\$1,335	+9%
Programme licensing and distribution (Note 1)	\$517	\$463	+12%
Overseas satellite pay TV (Note2)	\$168	\$187	-10%
Taiwan operations	\$398	\$428	-7%
Channel operations (Note 3)	\$63	\$54	+17%
Others (Note 4)	\$83	\$76	+9%
Inter-segment sales	(\$96)	(\$92)	+4%
Total	\$2,592	\$2,451	+6%

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.



Turnover by Operating Segment



% relating to 1H of 2012 are shown in brackets



Reportable Segment Profit by Operating Segment

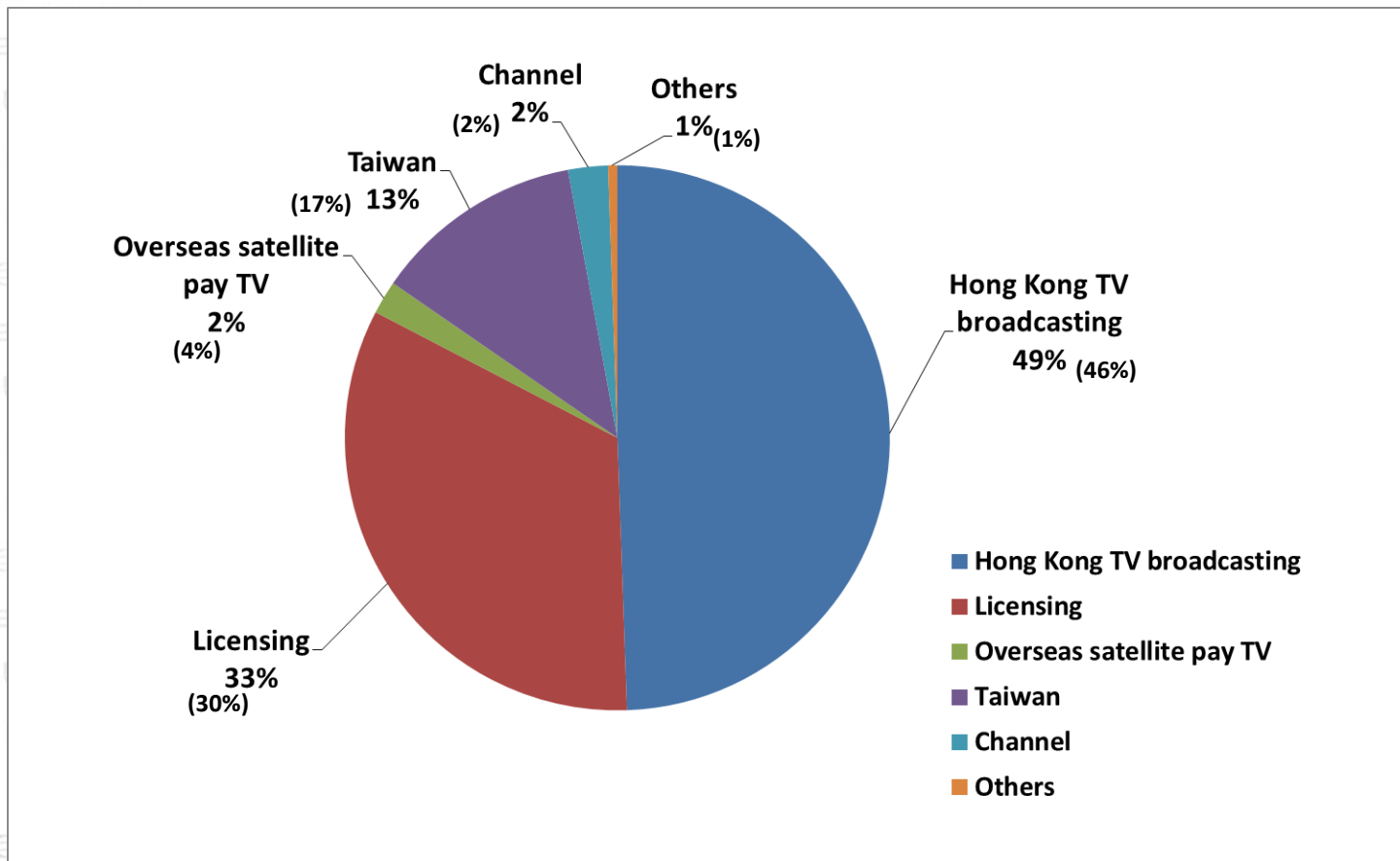
HK\$m	1H13	1H12	% change
Hong Kong TV broadcasting	\$473	\$475	-
Programme licensing and distribution (Note 1)	\$317	\$313	+1%
Overseas satellite pay TV (Note 2)	\$19	\$39	-51%
Taiwan operations	\$119	\$179	-34%
Channel operations (Note 3)	\$23	\$13	+77%
Others (Note 4)	\$6	\$12	-50%
Total	\$957	\$1,031	-7%

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.



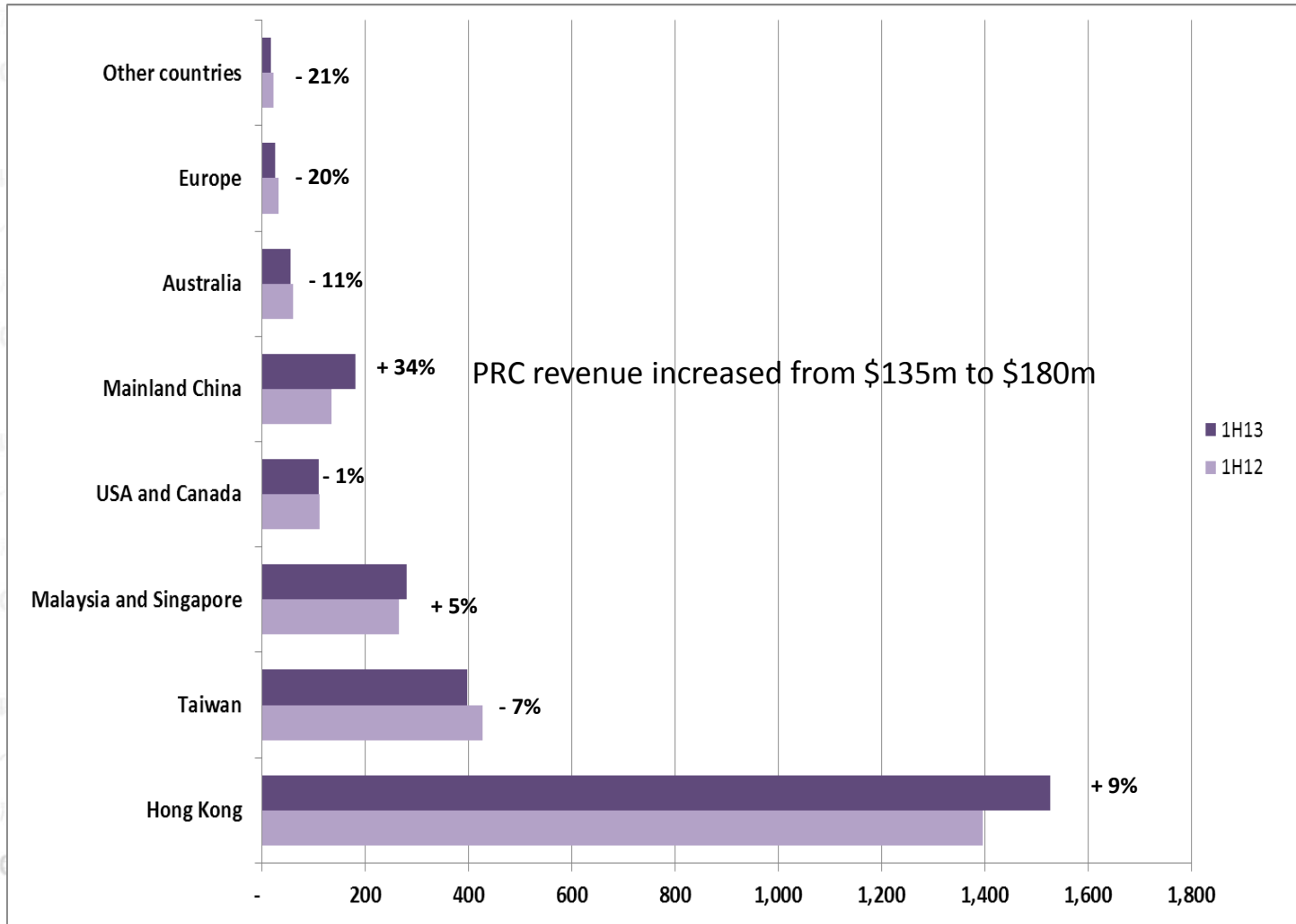
Reportable Segment Profit by Operating Segment



% relating to 1H of 2012 are shown in brackets

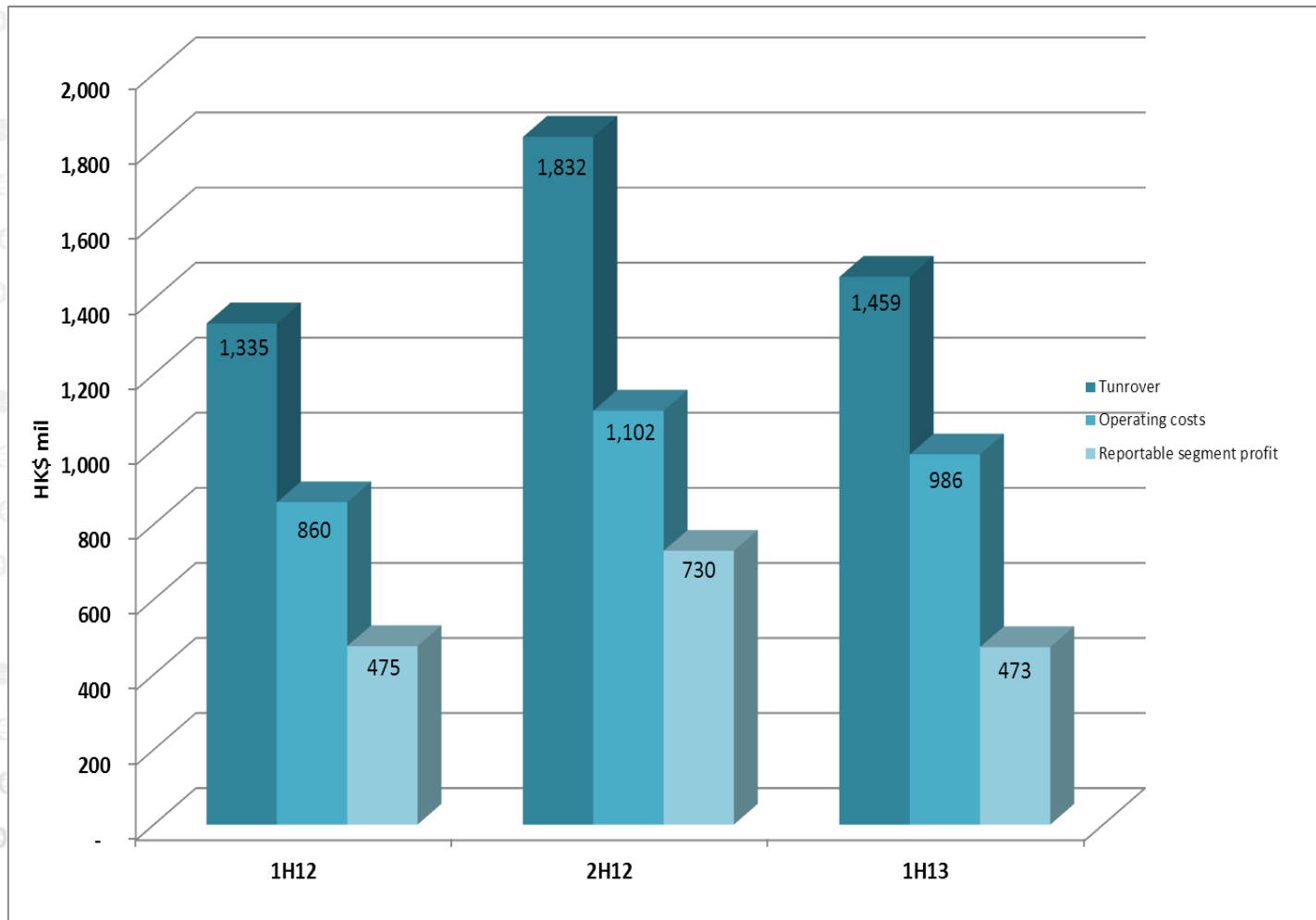


Turnover (Geographical)



Hong Kong TV Broadcasting

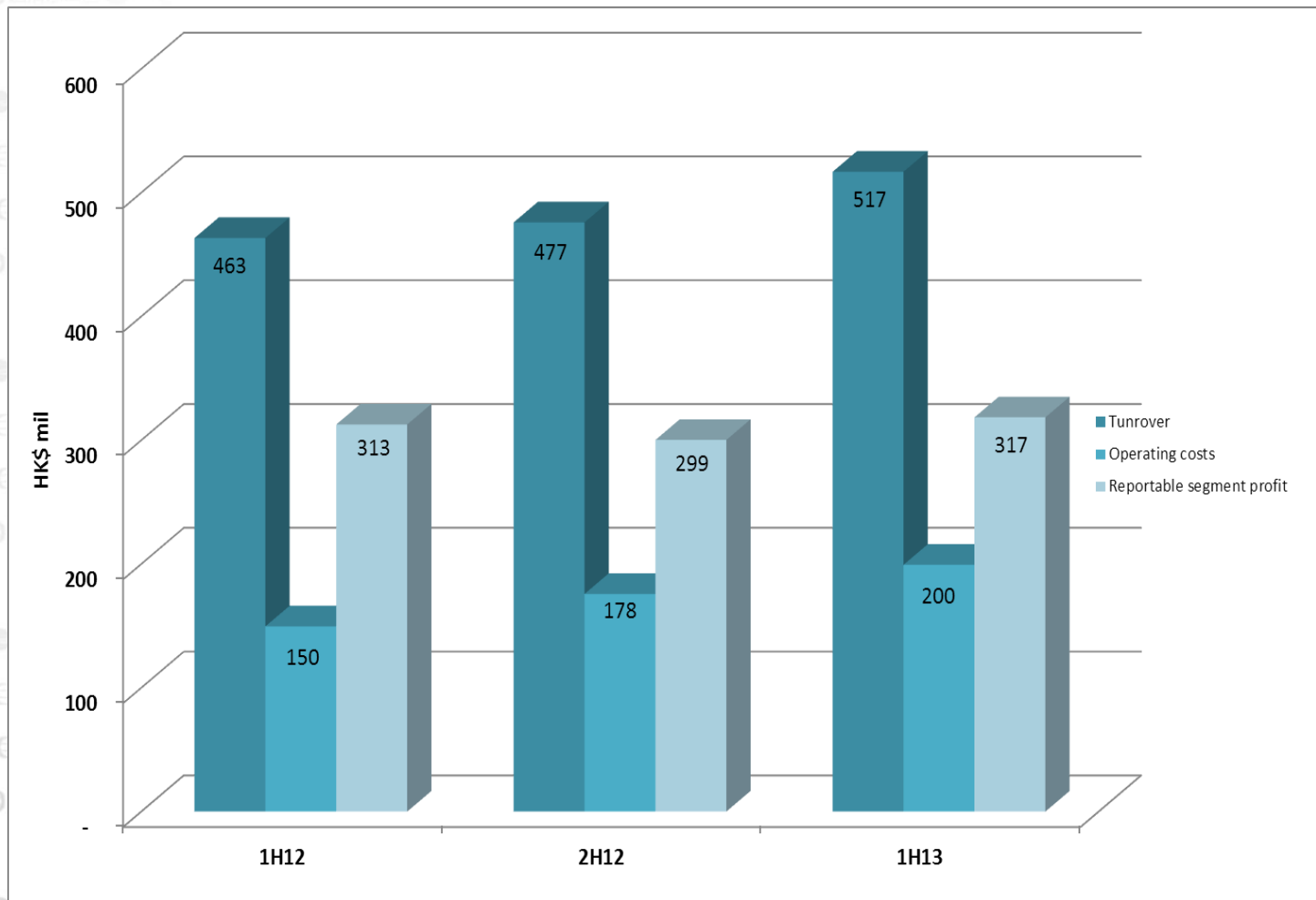
Turnover, Operating Costs and Reportable Segment Profit



- Turnover increased by 9% and reportable segment profit remained stable.
- Operating costs increased by 10%.
- Operating margin changed from 36% → 40% → 32%

Programme Licensing and Distribution (Note)

Turnover, Operating Costs and Reportable Segment Profit

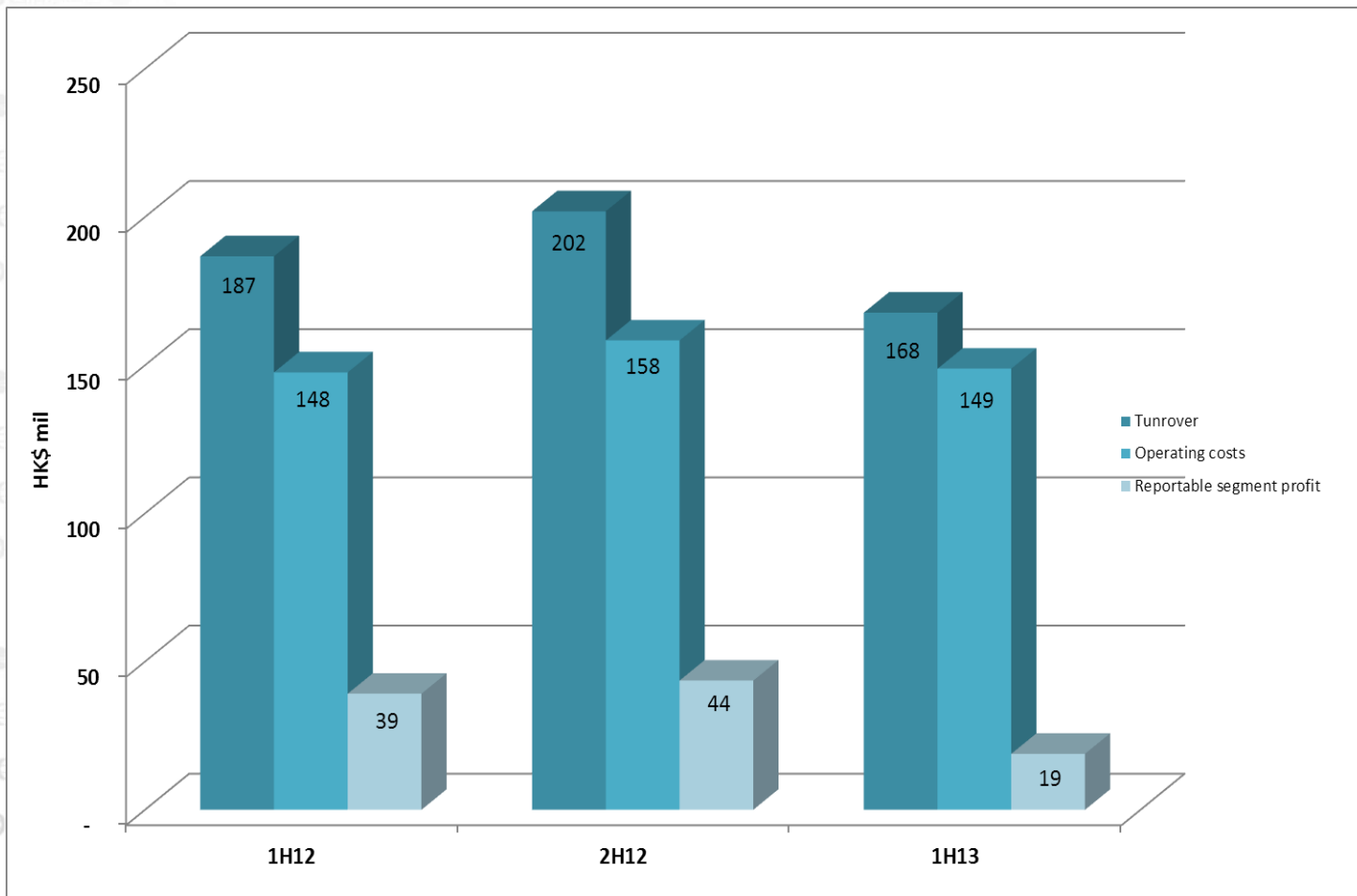


- Turnover increased by 12%, operating profit increased by 1%.
- Operating costs increased by 30%.
- Operating margin changed from 68% → 63% → 61%

Note: Includes the businesses in Malaysia, Singapore and Mainland China (TVBC)

Overseas Satellite TV Operations

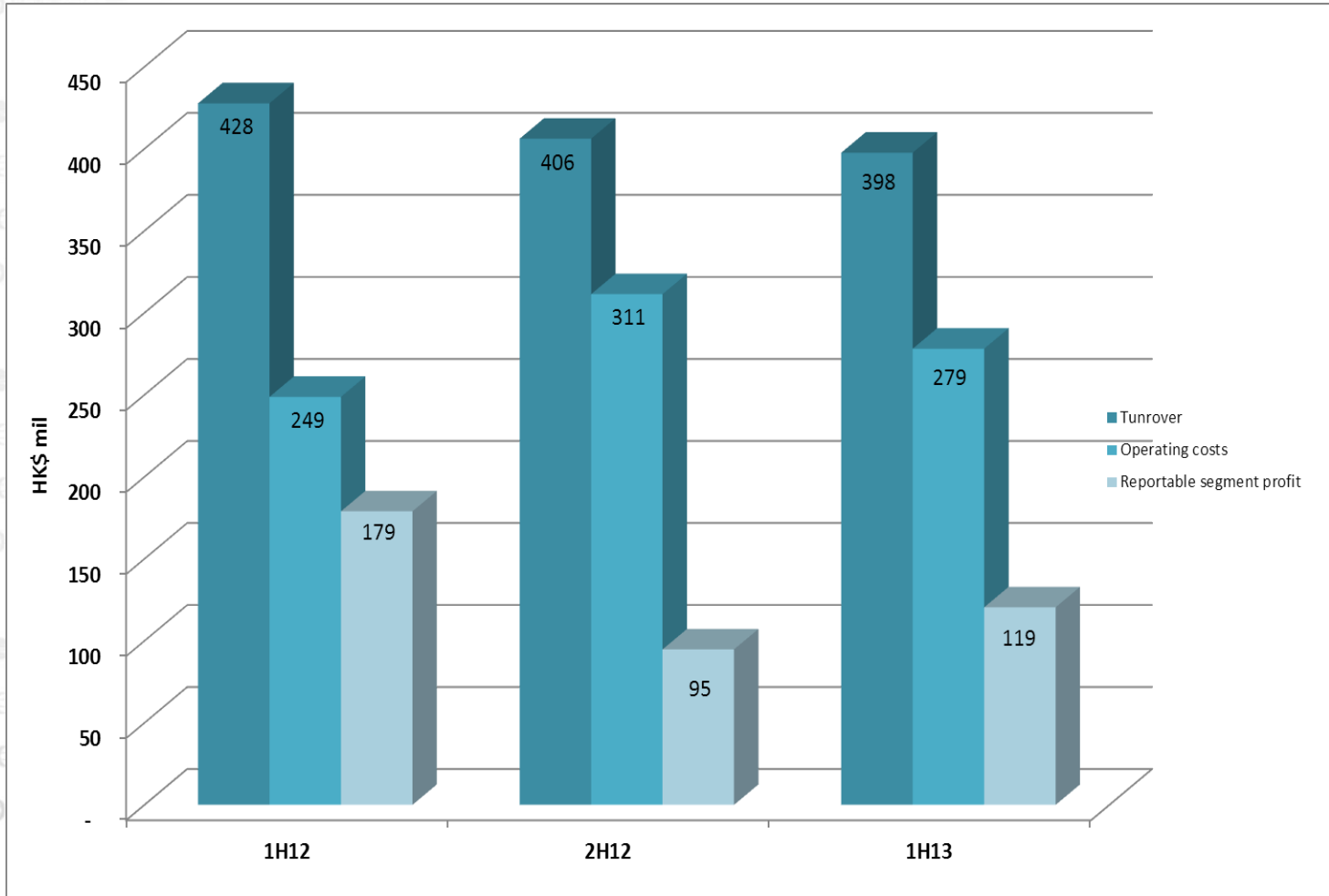
Turnover, Operating Costs and Reportable Segment Profit



- Turnover decreased by 10%, operating profit decreased by 51%.
- Operating costs remained flat.
- Operating margin changed from 21% → 22% → 11%

Taiwan Operations

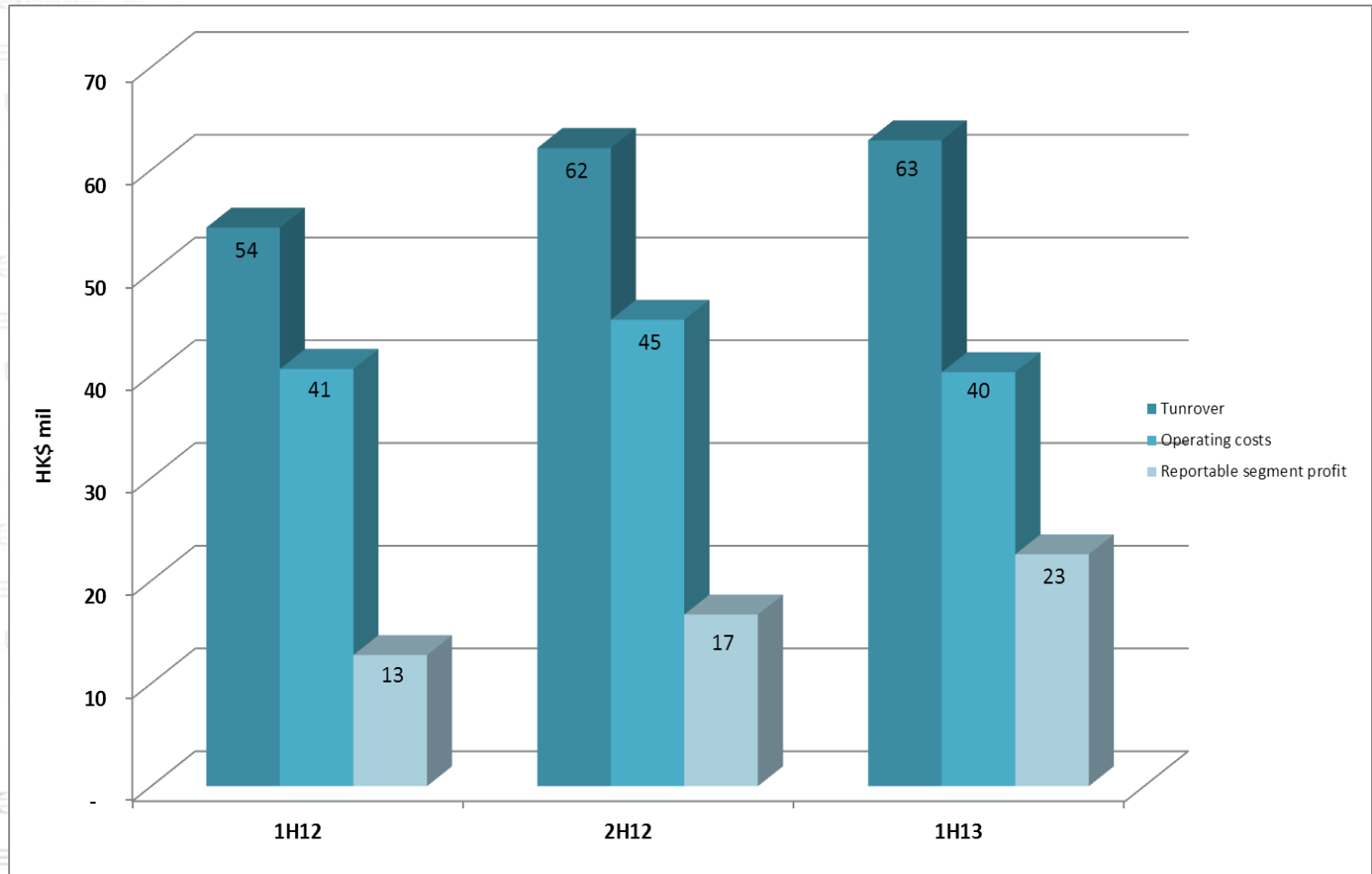
Turnover, Operating Costs and Reportable Segment Profit



- Turnover decreased by 7%, operating profit decreased by 34%.
- Operating costs increased by 10%.
- Operating margin changed from 41% → 23% → and 30%

Channel Operations

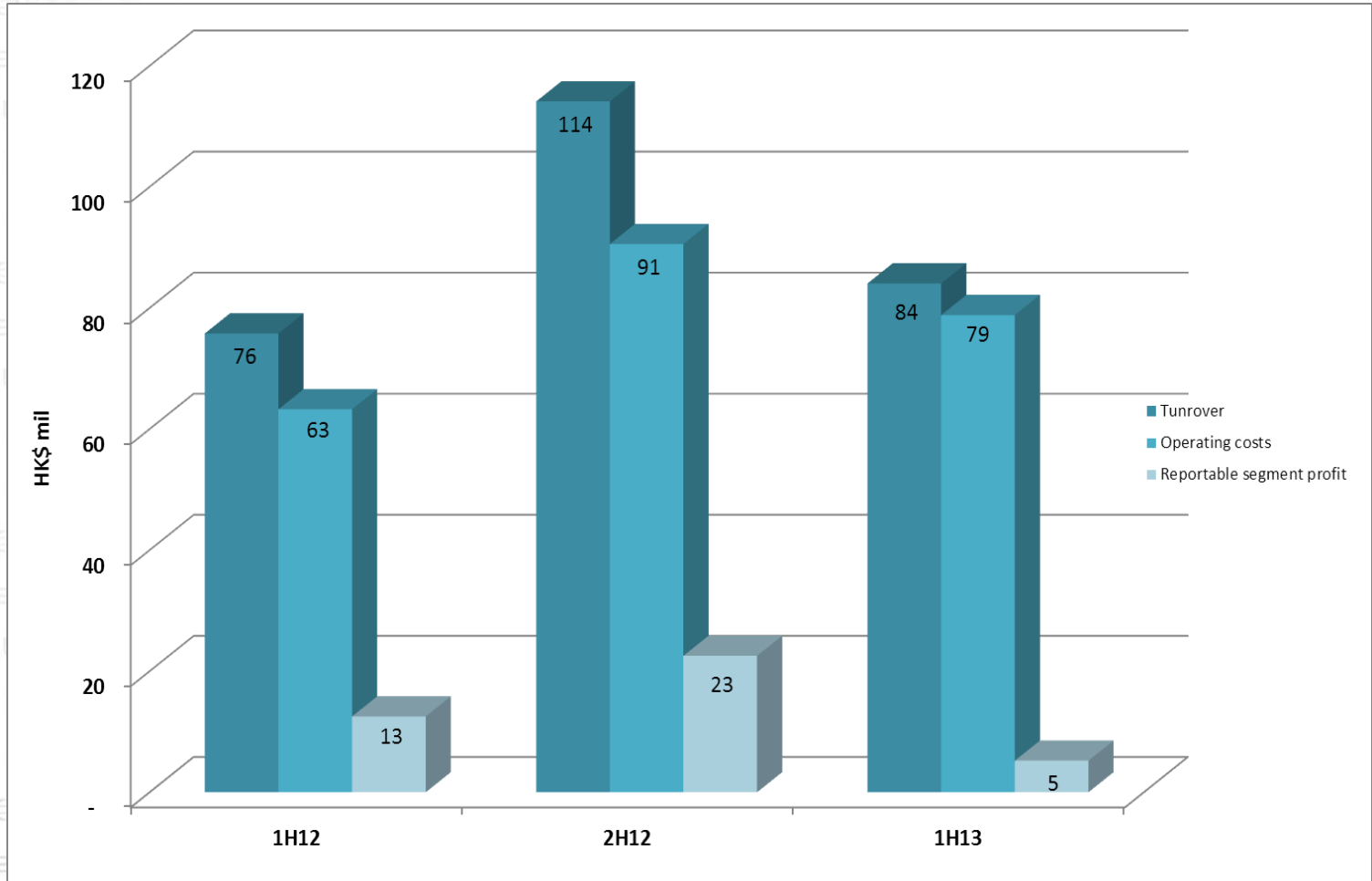
Turnover, Operating Costs and Reportable Segment Profit



- Turnover increased 17%, operating profit increased by 77%.
- Operating costs remained flat.
- Operating margin changed from 24% → 27% → and 37%

Other Activities (Note)

Turnover, Operating Costs and Reportable Segment Profit



- Turnover increased 11%, operating profit decreased by 62%.
- Operating costs increased by 30%.
- Operating margin changed from 17% → 20% → and 6%

Note: Includes digital media business in Hong Kong and publications

Summary

Results for the period ended 30 June 2013

Overall

- Group's turnover reached \$2,592m (**up 6%**), benefited mainly from performance of HK TV broadcasting (**up 9%**) and programme licensing and distribution (**up 12%**).
- Total costs increased by 15%, driven mainly by increases in programme costs and staff costs.
- Overall, profit attributable to shareholders was \$770m (**down 9%**)

Segments

- Overseas businesses, in aggregate, reported a lower operating profit at \$478m (**down 12%**), and in particular, segment profit of Taiwan Operations was \$119m (**down 34%** or \$60m).
- Share of losses of TVB Network Vision widened from a close to breakeven in 2012 to a loss \$25m, as the business is going through a restructure.
- However, performance of TVBC, JV in Mainland China, is on track. Revenue from Mainland China was \$180m (up 34%).



Television Broadcasts Limited

HKSE stock code: 00511

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