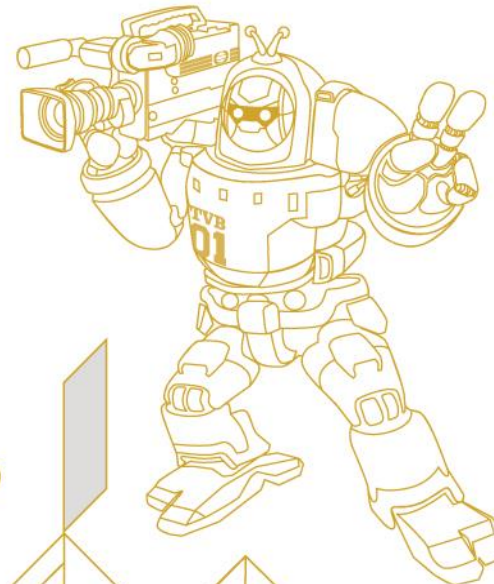
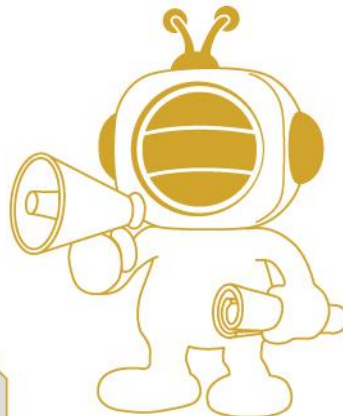
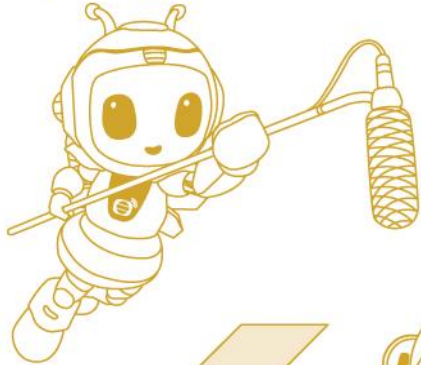




Television Broadcasts Limited
(Stock code: 0511)

“Transformation: From Terrestrial Broadcaster to Digital Driving Long-Term Growth”

21 March 2018



Disclaimer



The information contained in this presentation is intended solely for your information. Such information comprises extracts of operational data and unaudited financial information of the TVB Group for the year ended 31 December 2017 and of certain comparative financial information of the TVB Group for the year ended 31 December 2016. The information included is solely for the use in this presentation and certain information has not been independently verified. Such information is subject to change without notice and no representation or warranty, express or implied, is made as to, and no reliance, should be placed on, the fairness, accuracy, timeliness, completeness, fitness or correctness of the information or opinions presented or contained in this presentation. This presentation does not intend to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the TVB Group's financial or trading position or prospects. You may refer to the 2016 Annual Report for the audited results of the TVB Group which are published in accordance with the Listing Rules of the Stock Exchange of Hong Kong Limited. None of TVB Group nor any of its respective affiliates, advisors or representatives shall have any liability (in negligence or otherwise) whatsoever for any loss or damage howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.

The information set out in this presentation does not constitute an offer or invitation to purchase or subscribe for any securities or financial instruments or the provision of any investment advice, and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto, nor does this presentation constitute a recommendation regarding the securities or financial instruments of TVB Group.

Statements in this presentation that refer to business outlook, forecast, future plans and expectations, or are based on projections, uncertain events or assumptions are forward-looking statements. Any forward-looking statements and opinions contained within this presentation are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Such statements are based on management's beliefs, expectations and opinions as of the date of this presentation. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The TVB Group, the directors, employees and agents of the TVB Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this presentation; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Readers are cautioned not to place undue reliance on any of these forward-looking statements, as they may involve significant assumptions and subjective judgments which may or may not prove to be correct and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of TVB Group. There can be no assurance that any of the matters set out in any of the forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. Moreover, past performance cannot be relied on as a guide to future performance. Nothing in this presentation should be considered as a profit forecast. All charts and the associated remarks and comments contained herein are integrally related, and are intended to be presented and understood together. Potential investors and shareholders should exercise caution when investing in or dealing in the securities of TVB.

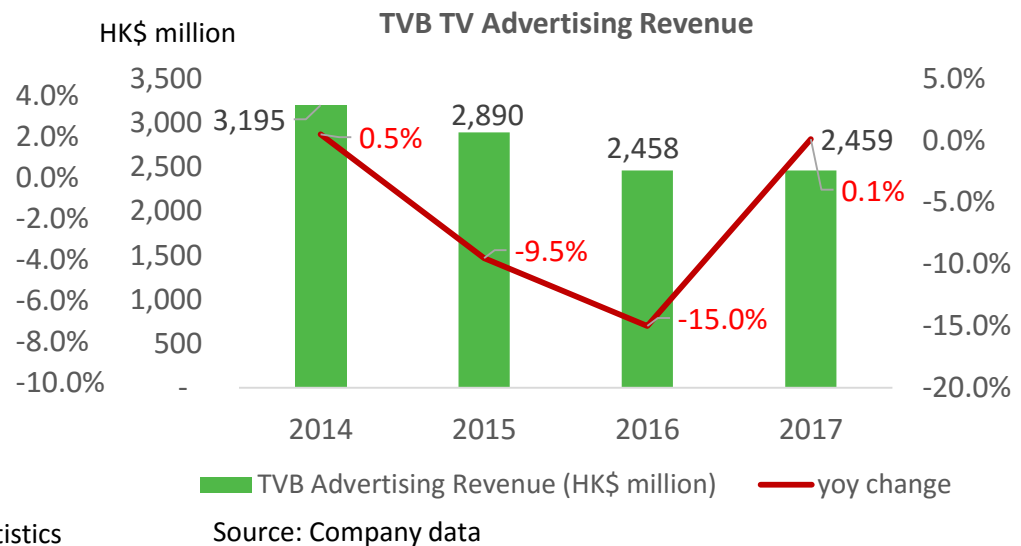
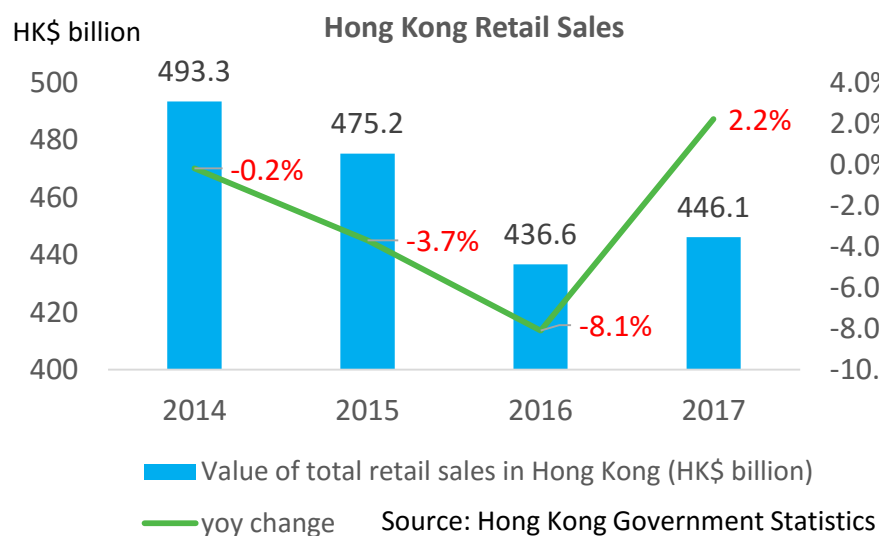
2017 a tough year



Lackluster advertising market, global digital revolution

Since 2015, TVB has been operating against a disruptive market, mainly owing to lackluster advertising market and global digital revolution:

- **Sluggish advertising market** - Hong Kong economic downturn has persisted since 4Q14, dampening local spending and retail market. Retail sales index has suffered year-on-year declines in 24 consecutive months until March 2017. The Hong Kong ad spend also fell more than 10% in 2015 and 2016. TVB's revenue and profits were adversely affected. Between 2014 and 2016, our advertising revenue reported an accumulated decline of over HK\$700 million.



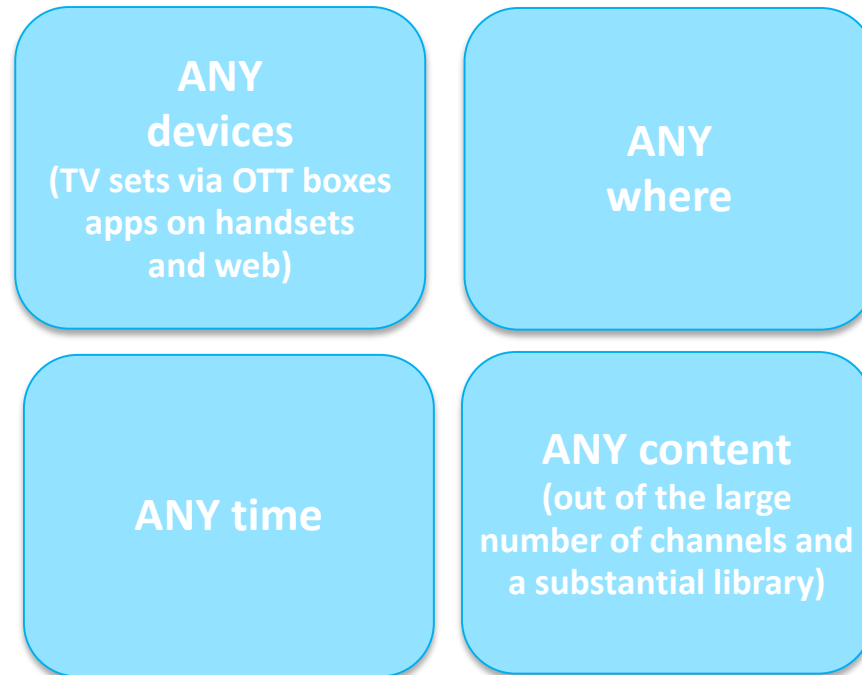
2017 a tough year



Lackluster advertising market, global digital revolution (cont'd)

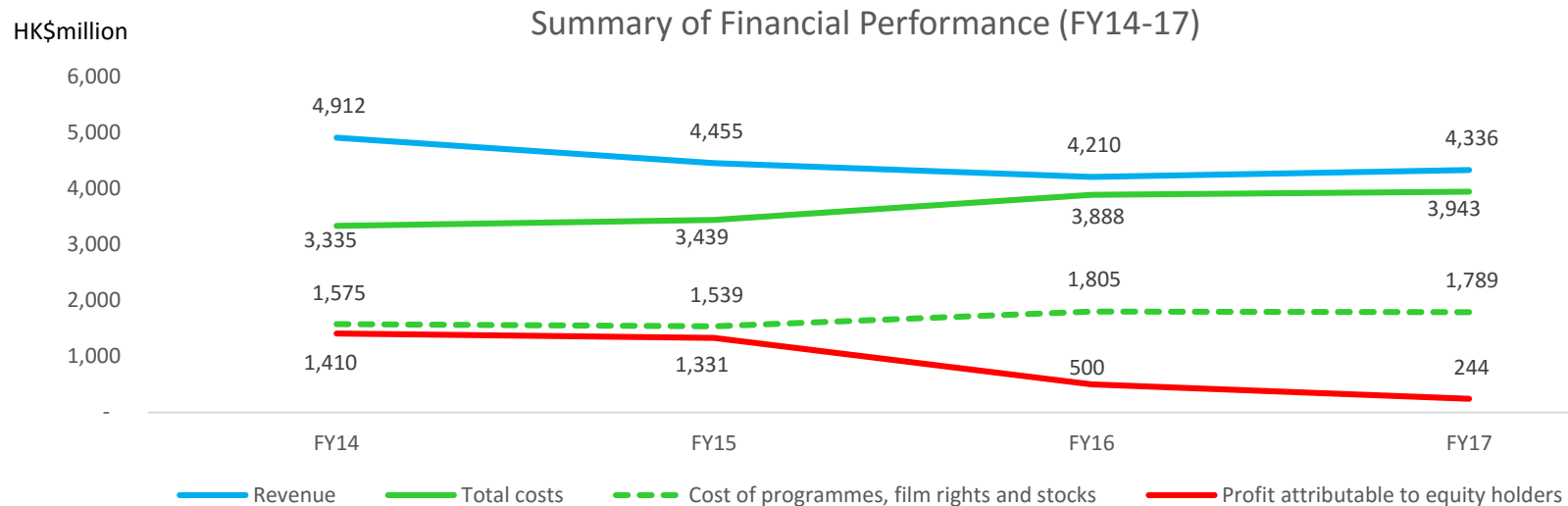
TVB has been operating against a disruptive market as a result of rapid advancements in technology:

- **Aftermath of media content globalisation** – Proliferation of content on the Internet and popularity of the social media have made profound impacts on TV consumption behaviour
- **Audience's changing TV consumption behaviour** - Drastic changes in lifestyle, work modalities and means of communication are taking place. Audience opt for digital platforms that can provide **any content, anywhere, anytime** and on **any types of devices**, which accord with lifestyle nowadays.



Despite lower profits in the last three years

We are committed to investing in content and digital new media



Three important strategies to drive long-term success

Raising Content Standard

“Content is king” remains as TVB’s core business strategy.

Over the years, TVB increased the annual output to 23,700 hours to meet growing demands

Rebranded J2 channel and TVB Finance & Information channel, each channel now carries distinct characteristics targeting different audience demographics, but complementary each other as whole.

Develop Markets

In FY17, TVB began to produce platform-exclusive content for

Tencent 腾讯



Three co-production drama serials earned HK\$185 million in FY17, generated significant viewerships in both Hong Kong and Mainland China, provided higher production budgets.

Invest in Digital

Launched new OTT and social media platforms with notable results to date

TVB now possess a complete spectrum of media platforms spanning terrestrial TV, OTT service and social media, which position us as a major multi-platform solution to advertisers for commercials and content marketing, paving way for e-commerce business opportunity.

TVB a 50th year terrestrial TV-based broadcaster

Transforming to a major digital player



- A leading **vertically integrated television broadcaster** encompassing **production, broadcasting, distribution**
- Terrestrial broadcasting (1st platform) engages with **5.4** million viewers, captures **83%** audience share
- One of the largest Chinese programme producers in the world, with a huge content library



No 1 TV
rating in Hong Kong

Annual output
23,700 hours
(including 700
hours of drama)

Archive
146,435 hours of self-
produced programmes
(including news
footage)

Road to success : Transform to a major digital player:



OTT (2nd platform, launched in April 2016)

Exceeded **5.8 million** registered users
Expect to deliver a positive segmental contribution in FY18



Social Media (3rd platform, rolled out in July 2017)

Exceeded **10.7 million** registered users and followers
Expect to increase content marketing efforts and e-commerce opportunities in FY18



FY17 Results Highlights

Financial highlights

Revenue increased by 3% to HK\$4,336 million.

Total costs increased by 1% to HK\$3,943 million.

Operating profit before non-recurring income increased by 109% to HK\$554 million.

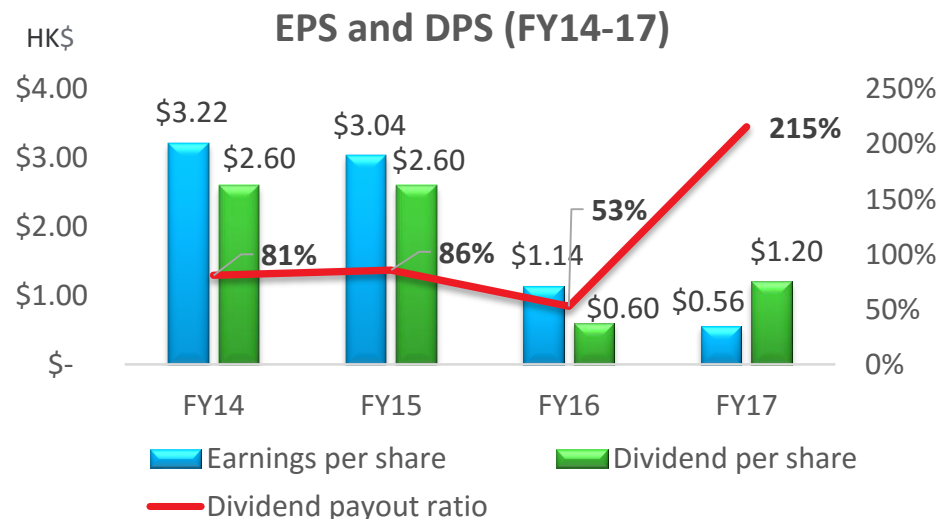
Adjusted EBITDA increased by 49% to HK\$824 million.

Profit attributable to equity holders decreased by 51% to HK\$244 million. EPS HK\$0.56

Final dividend of HK\$0.30, Special dividend of HK\$0.70, making FY17 total dividend HK\$1.90.

Dividends

	FY16	FY17
	HK\$	HK\$
First interim dividend paid	-	0.60
Second interim dividend paid	0.60	0.30
Final dividend recommended	-	0.30
Total dividends	0.60	1.20
Special dividend recommended	-	0.70
Total dividends including special	0.60	1.90



FY17 Business Highlights



Business highlights of our three media platforms (Terrestrial broadcasting, OTT and Social media)



Advertising revenue from terrestrial TV channels stabilised at HK\$2,459 million. New co-production income of HK\$185 million



myTV SUPER (OTT) has been delivering promising growth since launch in April 2016. No of users to date is in excess of 5.8 million. Anticipating positive contribution in FY18.

TVB Anywhere (OTT) is gathering momentum overseas, expect to bring positive contribution in FY18.



Big Big Channel (social media platform) was launched in July 2017. Registered users and followers to date are in excess of 10.7 million. With the increasing video consumption, hoping to fully cover our costs in the near future.



Outlook



The Company remains hopeful that the worst is now behind as the advertising market continues its recovery and growth along with Hong Kong's overall economy

We remain positive for more co-production opportunities for online platforms in Mainland China

We expect increasing contributions from the digital new media businesses.

Consolidated Income Statement



HK\$ million	FY16	FY17	yoy chg	Remark	Note: NM – not meaningful
Revenue	4,210	4,336	3%	Ad income stabilized, new co-production brought income	
Total costs (COS + SG&A)	(3,888)	(3,943)	1%		
Other revenues & other gains/(losses), net	<u>(57)</u>	<u>161</u>	NM	Included interest income from Imagine Tiger Television	
Operating profit before non-recurring income	265	554	109%		
Gain on disposal of investment properties	280	18	NM	Sold a property on Bade Road (FY16: Neihu in Taiwan)	
Professional fees incurred for the share buyback offer	-	(29)	NM		
Finance costs	(34)	(152)	351%	Included 3.625% per annum interest for 5-year note	
Share of losses of JV & associates	(6)	(33)	460%		
Impairment loss re: Network Vision	(23)	-	NM		
Write-back of impairment loss re: Network Vision	<u>71</u>	<u>-</u>	NM		
Profit before income tax	553	358	-35%		
Income tax expense	<u>(105)</u>	<u>(94)</u>	-10%		
Profit from continuing operations	448	264	-41%		
Discontinued operations (Taiwan)	<u>71</u>	<u>-</u>	NM		
Profit for the year	519	264	-49%		
Profit attributable to equity holders	500	244	-51%		
Earnings per share (HK\$)	1.14	0.56	-51%		

■ Revenue increased to HK\$4,336m (+HK\$125m, +3%)

- HK TV Broadcasting revenue up (HK\$163m, +6%) as ad income stabilized, new co-production income earned
- HK Digital New Media revenue up (+HK\$76m +33%) due to full year operation of myTV SUPER OTT service
- Big Big Channel business revenue up (+HK\$33m +94%) due to launch of Big Big Channel in July 2017
- Lower revenue under Programme Licensing and Distribution (-\$37m, -4%) due to lower telecast income in China and Malaysia

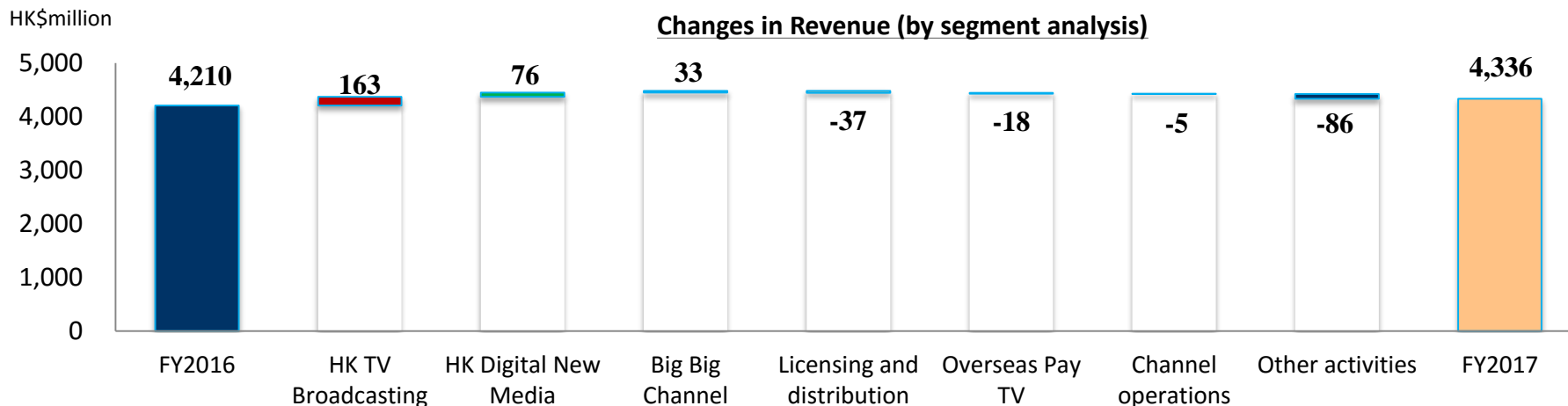
■ Profit attributable to equity holders declined to HK\$244m (HK\$256m, -51%)

- Non-recurring disposal gain of a property ; opportunity loss of better interest yield of restricted cash set aside for the Offer

Segment Analysis



HK\$ million	FY17 Revenue	yoy change	FY17 Profit	yoy change	Explanation
HK TV broadcasting	2,870	6%	165	NM	New co-production income earned and absence of FY16 Olympic cost
HK digital new media business	306	33%	(85)	190%	Revenue, content and distribution costs increased alongside with business expansion of myTV SUPER
Big Big Channel business	69	94%	(11)	NM	Start-up cost incurred for Big Big Channel
Programme licensing and distribution	982	-4%	493	11%	Revenue dropped, but lower programme cost
Overseas pay TV operations	151	-10%	(53)	32%	Incremental cost incurred for TVB anywhere upgrade
Channel operations	85	-6%	11	383%	Cost savings via satellite migration
Other activities	93	-40%	33	22%	Higher movie income in FY16
Elimination/Finance cost	(220)	NM	(152)	NM	Interest for Notes issued at 3.625% p.a.
Segment profit before non-recurring inc	4,336	3%	401	33%	
Gain on disposal of investment properties	--		18	NM	
Total segment profit	4,336		419	-25%	

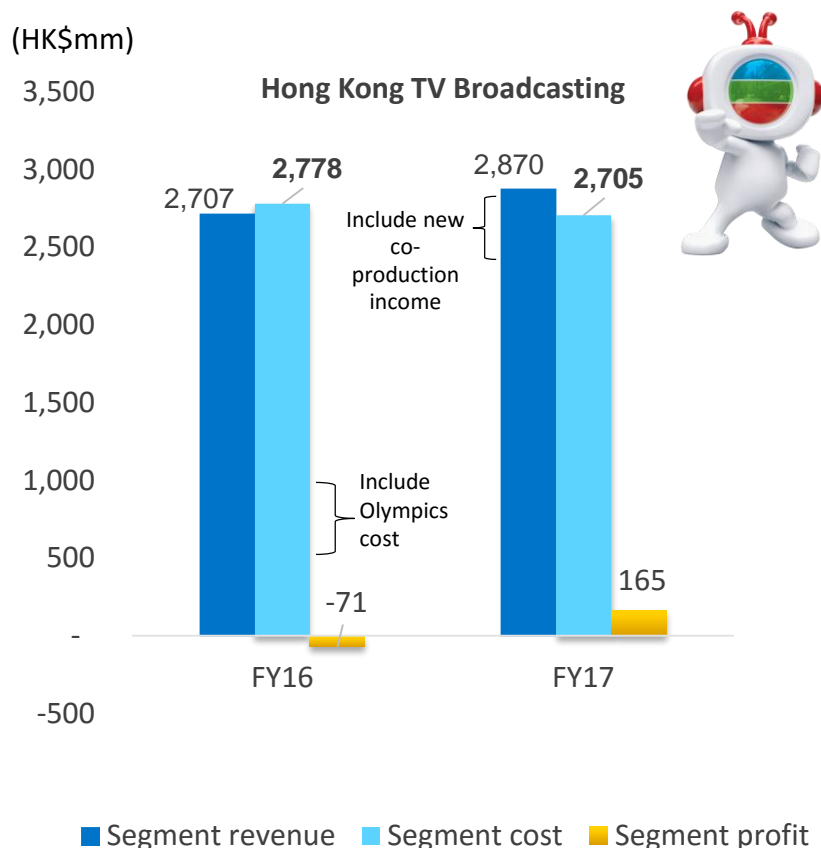


1 Terrestrial TV: Maintain as the leading broadcaster serving Hong Kong, capturing 85% of the total HK TV ad spend



TVB's five terrestrial TV channels engage with **5.4** million viewers every week, capturing an audience share of **83%** in FY17, maintaining the lead in the local TV market. TVB programmes also attract substantial viewership from neighboring markets, such as **Macau and the Guangdong province**.

Business model: Free-to-air broadcasting of 5 terrestrial TV channels (Jade, J2, TVB News, Pearl, TVB Finance & Information), each with clear audience targets in return for advertising and production revenue.



- Revenue up by **6%** or HK\$163m:
 - New co-production income of HK\$185m earned from drama serials contributed to the overall increase in segment revenue.
 - Advertising revenue stabilized at HK\$2,459m (2016: HK\$2,458m) after a consecutive two-year decline
- Cost up by 5% from HK\$2,569m (excluding Olympics cost of HK\$209m in FY16) to HK\$2,705m
- Future developments:
 - ✓ **Advertising market continues its recovery along with HK's overall economic growth**
 - ✓ **More co-production opportunities for online platforms in Mainland China**

2 Digital New Media: myTV SUPER OTT platform becomes the second most watched TV platform after TVB flagship channel Jade¹



Since launch in April 2016, myTV SUPER continues to track a rapid uptake on subscribers.

To-date, registered users of this OTT service had exceeded **5.8 million**



1.0 million via boxes

+



4.1 million via apps

+



0.7 million via portal

As TV consumption shifts towards OTT, the consumption hours of myTV SUPER is growing healthily in tandem with its subscriber base, boosting the overall TV ratings of our programmes. With an all-day-all-time average rating of **1.68 TVR**, myTV SUPER is now the second most watched platform in Hong Kong after Jade.

	Last week of 2017	Last week of 2016	yoy change
Active users			
Weekly Unique Viewers ²	1,484,423	1,047,015	42%
Weekly Unique Stream Viewers ³ (USV)	1,190,722	793,043	50%
Consumption (Hours)			
Weekly Time Spent	18,443,140	9,115,345	102%
Weekly Time Spent per USV	15.5	11.5	35%
Rating performance of myTV SUPER (TVRs ⁴)			
All-day-all time ratings	1.68	0.84	
Prime time ratings	2.91	1.27	

Note: 1. Jade commends an all-day-all-time average rating of 4.8 TVRs in the final week of Dec 2017

2. Weekly Unique Viewers refer to the total number of unique viewers visiting myTV SUPER during a week.

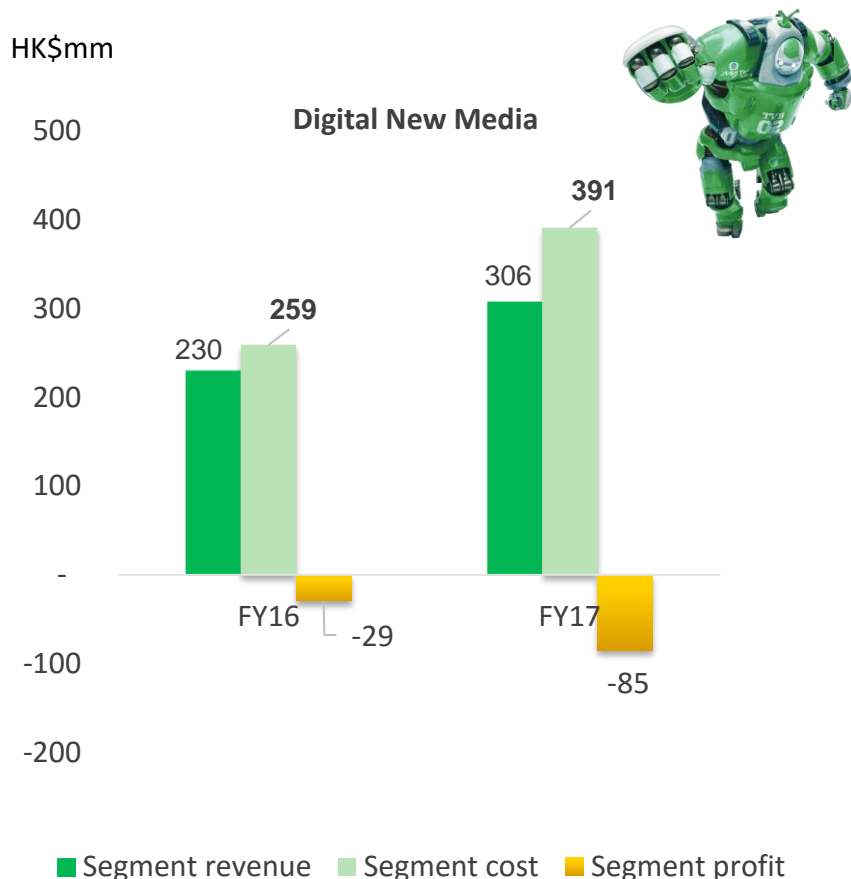
3. Weekly Unique Stream Viewers refer to the total number of unique viewers visiting myTV SUPER and watched at least one video during a week.

4. Data of myTV SUPER is sourced from Nielsen SiteCensus. The conversion of myTV SUPER online data to individual rating is endorsed by Nielsen.

2 Digital New Media: Increasing eyeballs are driving revenue growth for myTV SUPER, achieved breakeven in December 2017



Business model for myTV SUPER: Combination of advertising and subscription model. Secured long-term contracts with ISP and telco partners warrant rapid penetration. In addition to ad videos, new features to improve monetization (i.e.: banner ads, U-shaped display ads, insert different ads during commercial breaks). Partnered up with renowned companies on joint marketing campaigns through E-commerce zone.



- Revenue up **33%** or HK\$76m
 - Full year operation of myTV SUPER, subscription income increased
- Cost up by 51% or HK\$132m
 - Increase in content costs to enrich offering
 - Incurred higher overhead cost and set-top-box depreciation as business grew
- Usage level is growing healthily in tandem with subscriber number, boosting programme TVRs
- Future developments:
 - ✓ **Expect a positive earning contribution in FY18**
 - ✓ **Focus on monetizing myTV SUPER and strengthen its technical service capability**
 - ✓ **Launch programmatic advertising, covering target segments across different demographics, to increase the effectiveness of ads**

3 Big Big Channel: New social media platform launched in July 2017 to capture content marketing and e-commerce opportunities



To-date, Big Big Channel app itself, together with TVB's social media footprint on Facebook, Youtube, Instagram, Twitter, Tencent Weibo, Sina Weibo, Youku attracted followers aggregating to over **10.7 million**, which includes Hong Kong, Mainland China, Taiwan, Malaysia, Singapore and many other overseas countries.

Stream views totaled to more **12 million** in the last week of 2017.

The expanding user base is helping Big Big Channel to monetize through providing **content marketing**. Riding on effective on-line promotion power, soon-to-launched **e-commerce** platform is to collaborate with advertisers to create value-added services.



Big Big Channel features

Content Marketing

- ✓ Self-produced short-format content
- ✓ Spin-off of TVB dramas and shows
- ✓ Create synergies with Terrestrial TV broadcasting
- ✓ Exclusive contents offered by station, artistes and KOLs on a wide range of chic topics (i.e.: home-cooking , dining-out, beauty advice, child-caring, music, young lifestyles, online games, entertainment news etc.)

Innovative Social Experience

- ✓ Live chat and send virtual gifts to artistes/KOLs
- ✓ Regular updates from artistes
- ✓ Interactive online games (i.e.: mahjong, e-sports)

E-commerce

- ✓ To be launched in FY18

Big Big Channel exhibits TVB online power, offering a strong online advertising solution in HK

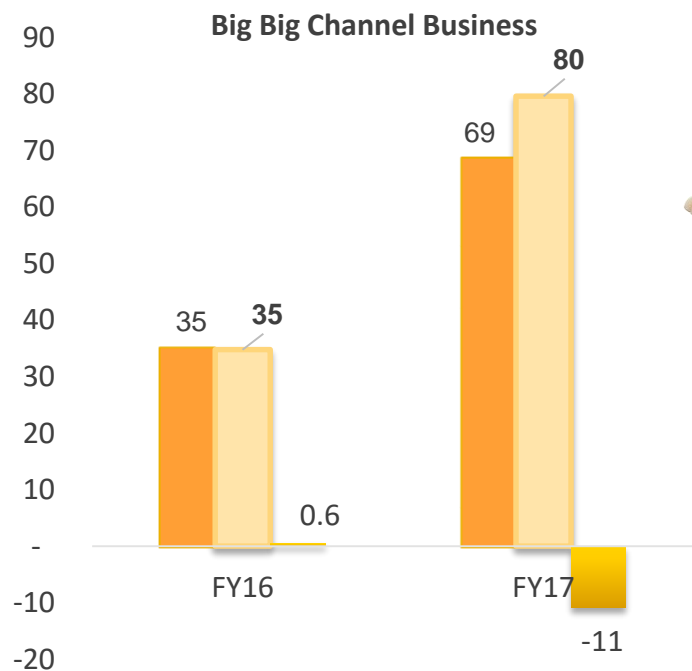


3 Big Big Channel Business: Focus on content marketing and e-commerce to capture value from digital world

Business model for Big Big Channel: Advertising and content marketing, E-Commerce will be added in FY2018. This new social media platform engages with users via a free app and portal, offering self-produced short videos featuring TVB's artistes and KOLs on chic topics.

Business model for Voice Entertainment: Earned music entertainment income by engaging in music productions and publishing, concerts and singer management.

HK\$m



■ Segment revenue ■ Segment cost ■ Segment profit

- Revenue comprised of advertising income from Big Big Channel and music entertainment income
- Revenue up by **94%** or HK\$33m due to launch of Big Big Channel in July 2017
- Cost up by 129% or HK\$45m, incurred higher cost for staff, content, bandwidth and marketing
- Future developments:
 - ✓ **With the increasing consumption of content on Big Big Channel, we expect to fully cover our costs in the near future**
 - ✓ **Expect to launch E-commerce in 2018**
 - ✓ **Launch of a new app Mai Dui Dui through our Mainland China partner**

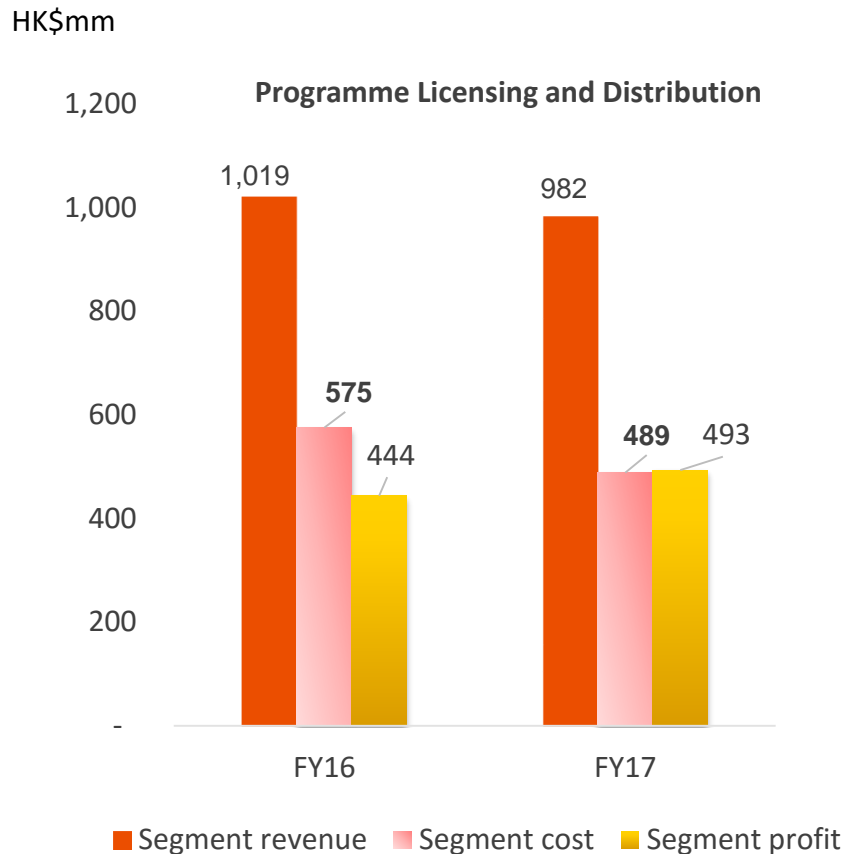
Note: The online social media business is undertaken by Big Big Channel Limited, which became a subsidiary of TVB in November 2016 and was previously engaged in Hong Kong Pay TV business prior to the surrender of the pay TV licence in July 2017.

4 Programme Licensing and Distribution: **Emphasis in key markets such as Singapore, Malaysia and Mainland China**



Global footprint with steadily licensing and distribution revenue through cooperation with renowned international partners

Business model: **B2B**. Licensing of TVB produced programmes in Hong Kong to TV operators for exhibition on pay TV services and online. Some programmes are locally produced to enhance the station's appeal in those markets.



- Revenue decreased 4% or HK\$37m
 - Lower telecast licensing revenue from China and Malaysia
- Cost reduced by 15% or HK\$86m
 - Lower programme costs
 - Net exchange gains from Renminbi and Malaysian Ringgits
- Investment in local productions adopting TVB programme format have proven to be a success
- Future developments:
 - ✓ **Expect to launch an OTT service in Malaysia by mid-2018 in collaboration with local network operators**
 - ✓ **Similar plan to expand traditional pay TV to OTT service in Singapore**
 - ✓ **Leverage on the digitization of TV industry in these B2B markets to further monetize our content library**

China Operation: 12% of group revenue (FY16: 8%)

Strategic cooperation with leading online operators on production of platform-exclusive drama serials, deliver notable successes



Benefit : Increase TVB presence in Mainland China and provide higher production budgets.

Business model: B2B. Under this drama co-production arrangement, TVB, as the production house, execute the entire production for a fee. Exploitation of the associated rights are allocated between the respective online partners (taking the PRC rights) and TVB (taking all of the non-PRC rights including HK and Macau).

Released concurrently in Mainland China and Hong Kong in 2017



**Legal Mavericks
(28 episodes)**

Accumulative stream
views on iQiyi
platform exceeded
570 million



**Line Walker: The
Prelude
(30 episodes)**

Accumulative stream
views on Tencent
platform exceeded
2.5 billion



**Heart And Greed III
(40 episodes)**

Accumulative stream
views on Tencent
platform exceeded
1.5 billion

Coming soon in 2018



**Deep In the
Realm of
Conscience
(36 episodes)**

Tencent 腾讯



**Another Era
(36 episodes)**

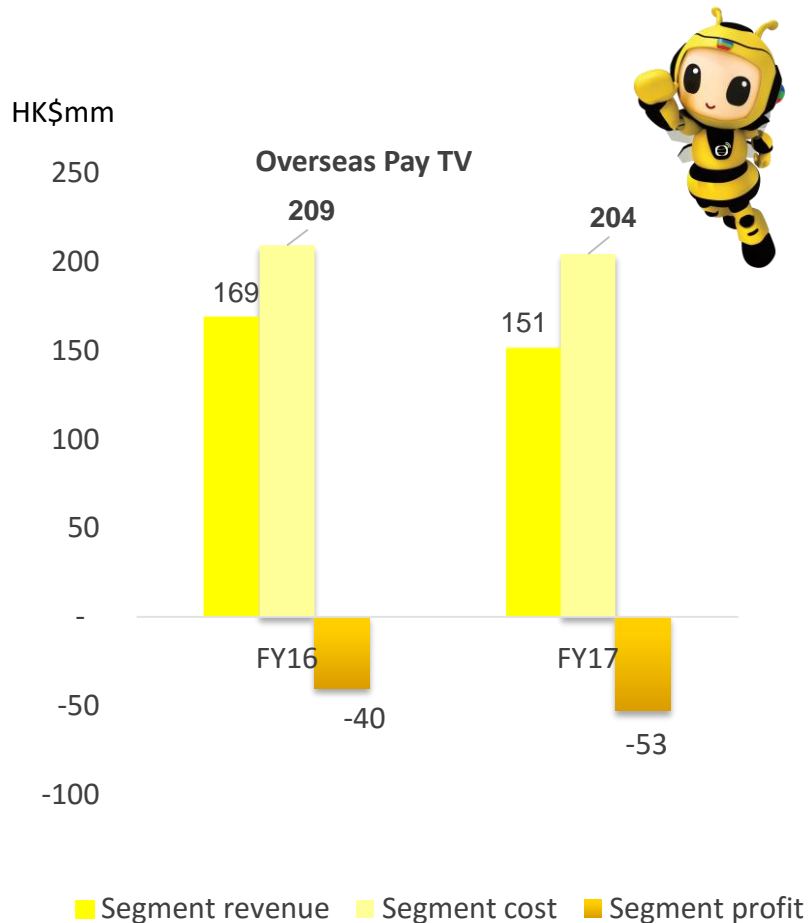
iQIYI 爱奇艺

With the strong funding backing the digital new media sector, we are devoting more efforts and resources on exploring new media business in Mainland China in the coming years.

5 Overseas Pay TV: Extend TVB's reach in overseas markets using digital services, replacing satellite service with OTT



Business model of TVB Anywhere: B2C. TVB now adopts OTT service (TVB Anywhere) in overseas markets (with the exception of Singapore, Malaysia, Vietnam, Mainland China, USA). In the USA, TVB licenses mainly to DISH Network for distribution through satellite (this arrangement will end in 2019)



- Revenue decreased 10% or HK\$18m
 - Infringing sites and illegal boxes pirated TV programmes continued to hurt our business
- Cost reduced by 2% or HK\$5m
 - Lower programme costs
- Migration from our traditional satellite TV service to the enhanced OTT platform, TVB Anywhere was completed.
- Future developments:
 - ✓ **Grow subscriber base in Macau, launched a premier TVB Anywhere through bundle arrangement with CTM, largest teleco in Macau in Dec 2017**
 - ✓ **Looking to enter non-Chinese speaking Asian markets (i.e.: Thailand) with dubbed version of programmes through digital platform in 2018.**
 - ✓ **Focus on turnaround in 2018**

Strategic investments: Movie production platforms and TV programme slate



Investments in movie business

- TVB will further expand its movie business to capitalize the growth in the global film market, including a 12% interest in Shaw Brothers (953.HK) through a JV held by CMC and TVB, and a 5.1% interest in Flagship Entertainment Group, a mega movie investment platform formed by Warner Bros., CMC and TVB



TVB's investment cost in:

Flagship	HK\$47.4m
Shaw Brothers	HK\$174.0m



- These platforms naturally extend our expertise in programme production into international movie arena and help capture the growth of box office revenue globally

Investment in production of TV drama serials on a co-production basis with networks in the US



- In July 2017, a JV called Imagine Tiger Television (ITT) was formed between TVB and Imagine Entertainment to finance the production and development of a TV slate in the US.
- TVB invested US\$100m (US\$33.3m in equity, US\$66.7m in promissory note bearing 12% p.a.). TVB and Imagine each own 50% of the JV. Imagine contributes in kind (i.e.: production service).
- TVB will have the rights to use the programmes in the PRC, Taiwan, Hong Kong and Macau.
- Since its inception in July 2017, the JV has been filing its development to co-production partners, including CBS Corporation which has been granted the right of first-look of all outputs
- Imagine Entertainment will assemble quality TV projects in FY18, adding more titles to ITT's production slate

Financial Position



HK\$ million	31 Dec 2016	31 Dec 2017
Non-current assets	2,886	3,863
Current assets (other than restricted cash, bank deposits, cash and cash equivalents)	3,267	2,953
Bank deposits, cash and cash equivalents	6,198	893
Restricted cash	6	4,307
Total assets	12,357	12,016
Total equity	7,230	7,157
5-year Notes due 2021	3,842	3,814
Other liabilities	1,285	1,045
Total liabilities	5,127	4,859
Total equity and liabilities	12,357	12,016

- As of 31 December 2017, gearing ratio was 53.3% (31 December 2016: 53.1%)
- FY17 CAPEX amounted to HK\$483 million (FY16: HK\$484 million)

Notes:

(1) Gearing is expressed as a ratio of gross debts to total equity



Appendix

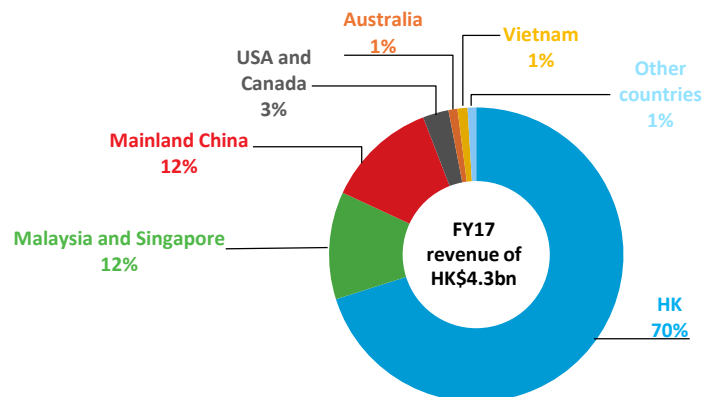


Segment Revenue Analysis

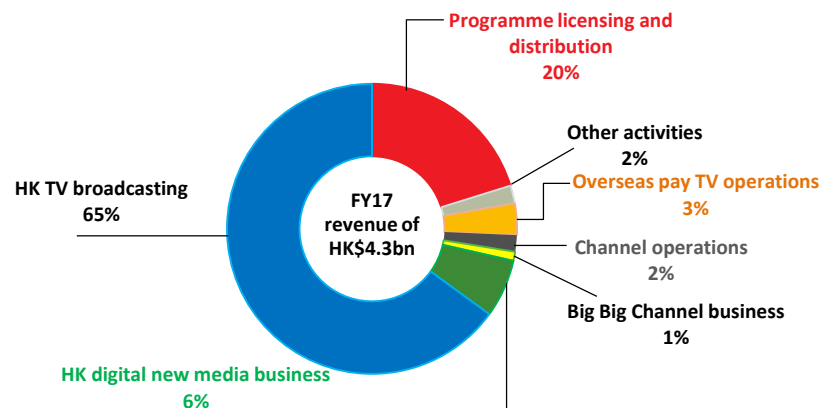


HK\$ million	FY16	FY17	Change	Explanation
HK TV broadcasting	2,707	2,870	6%	Ad revenue stabilised at HK\$2,459m, up 0.1% Co-production income of HK\$185m earned from China
HK digital new media business (myTV SUPER)	230	306	33%	Full year of operation of myTV SUPER, growth in subscription and advertising income
Big Big Channel business (Big Big Channel & music entertainment)	35	69	94%	Big Big Channel, a new online social media business launched in July 2017, bringing in ad revenue
Programme licensing and distribution	1,019	982	-4%	Lower telecast licensing income from China and Malaysia, but higher income from PRC online operators
Overseas pay TV operations	169	151	-10%	Infringing sites/ illegal boxes offering pirated contents impacted subscription. Migration to OTT completed
Channel operations	90	85	-6%	Lower ad revenue from Malaysia
Other activities	156	93	-40%	Higher movie income in FY16
Elimination	(196)	(220)	NM	
Total revenue	<u>4,210</u>	<u>4,336</u>	3%	

FY17 Revenue by geographies (%)



FY17 Revenue by operating segments (%)



Segment Profit Analysis



HK\$ million	FY16	FY17	Change	Explanation
HK TV broadcasting	(71)	165	NM	New co-production income and absence of FY16 Olympic cost
HK digital new media business	(29)	(85)	190%	Content and distribution costs increased due to business expansion of myTV SUPER
Big Big Channel business	1	(11)	NM	Start-up cost incurred for Big Big Channel
Programme licensing and distribution	444	493	11%	Revenue dropped, but lower programme cost and forex gain
Overseas pay TV operations	(40)	(53)	32%	Incremental cost incurred for TVB anywhere upgrade
Channel operations	2	11	383%	Cost savings via satellite migration
Other activities	27	33	22%	
Finance cost	<u>(33)</u>	<u>(152)</u>	NM	Interest for Notes issued at 3.625% p.a.
Segment profit before non-recurring income	301	401	33%	
Gain on disposal of investment properties	280	18	n/m	Sold Neihu investment property in FY16
Non-recurring write-off	<u>(22)</u>	<u>--</u>	n/m	
Total segment profit	<u>559</u>	<u>419</u>	-25%	

