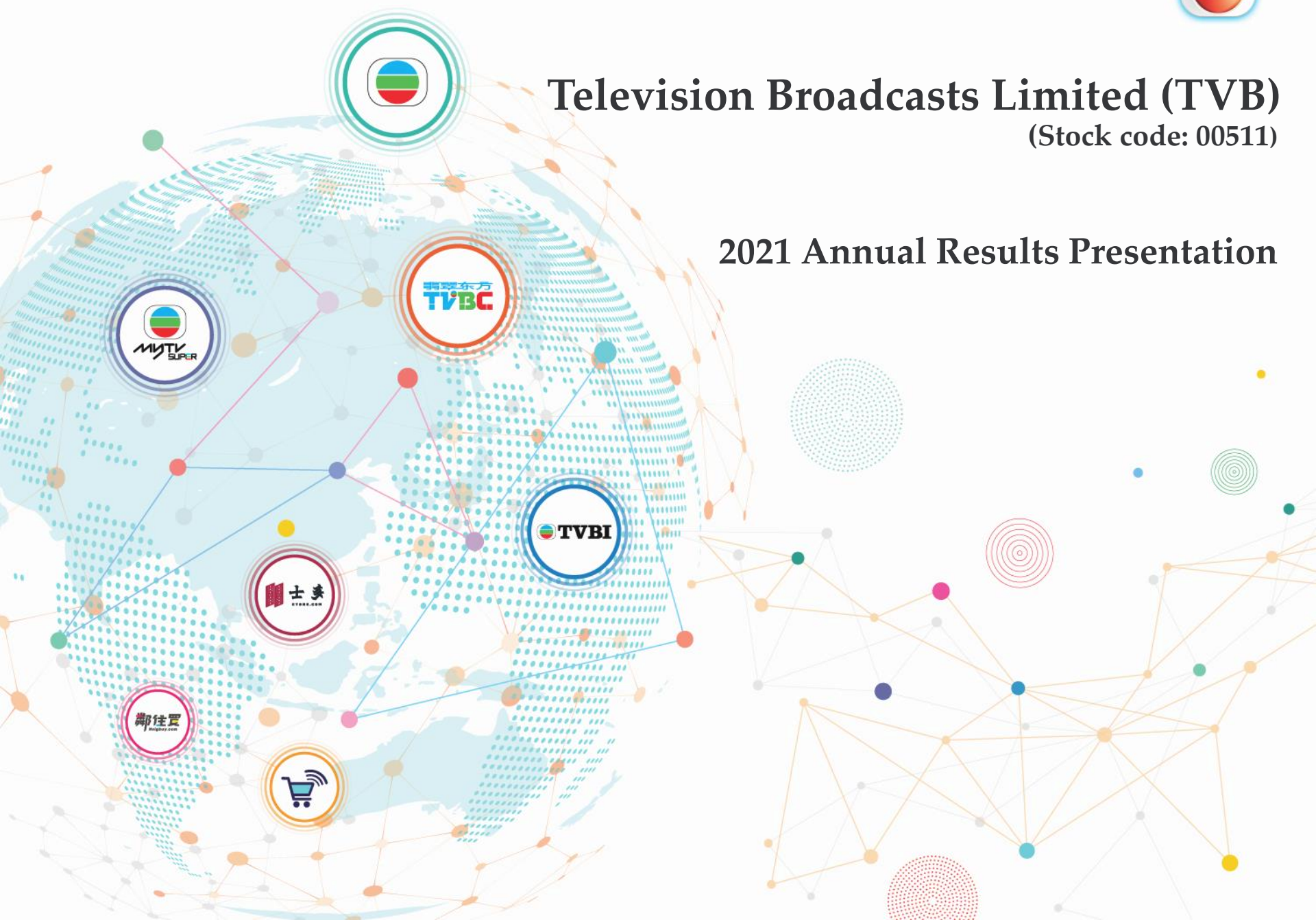




Television Broadcasts Limited (TVB)

(Stock code: 00511)

2021 Annual Results Presentation



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1 Investment Highlights

2 Financial Highlights

3 Audience engagement and monetization strategy

4 E-commerce business update

5 Appendix

Investment Highlights

TVB is an iconic brand with 55 years of history & a market leader



Strong content creation capability

- One of the world's largest Chinese programme producers: annual output of nearly 23,000 hours and archive library of over 152,000 hours
- 3,870 employees including 500 artistes (management & contract)

Touch points with audiences/consumers in HK

- Free-to-air broadcasting: 77% audience share in HK
- Video streaming service: over 50% penetration into HK households & over 80% penetration on mobile devices
- E-commerce: acquire Ztore Group to scale up business

Content distribution covers Chinese communities

- B2B: Co-produce and license content to Chinese online platforms (Tencent, iQiyi, Youku, BesTV, Migu) and international TV operators (Astro, StarHub, Singtel, DISH, Fairchild)
- B2C (Mainland): Mai Dui Dui, Douyin, Kuaishou, Xiaohongshu & Wechat Video
- B2C (Global): TVB Anywhere, YouTube, Facebook, Instagram

Unique business model encompassing content creation, broadcasting, distribution & e-commerce



Business nature	Content creation, TV broadcasting & licensing		OTT streaming & social media			E-commerce
Market	Hong Kong; Guangdong	Global (incl Mainland China)	Hong Kong	Mainland China	Global	Hong Kong
Brand	Jade, J2, Pearl, TVB News, TVB Finance & Information	TVB produced content	myTV SUPER	Mai Dui Dui & social media platforms	TVB Anywhere & social media platforms	Ztore, Neigbuy, Big Big Shop
Viewer/customer base	5.4 million audience	Family audience	9.9 million users	76 million followers	20.5 million users	Over 1 million paid customers
Position	Most-watched	Household brand	2 nd most-watched	Influential	Influential	Well-recognized
Content	Five free-to-air channels; Jade & Pearl aired in GD	TVB channels & programmes	<ul style="list-style-type: none"> TVB produced programmes & acquired content Dubbed in many languages 			Live-stream e-commerce
Revenue model	Advertising, production & music income	Co-production & licensing income	Subscription & advertising/marketing income			Self-operated, flash-sales & platform model



Financial Highlights

Results Highlights



(HK\$ million)	2021	2020	yoy change
Revenue	2,899	2,724	6%
Total operating cost	3,707	3,253	14%
Covid-related wage subsidy	-	202	NM
EBITDA	(314)	74	NM
Loss attributable to equity holders	(647)	(281)	-130%
Loss per share (HK\$)	(1.48)	(0.64)	-131%

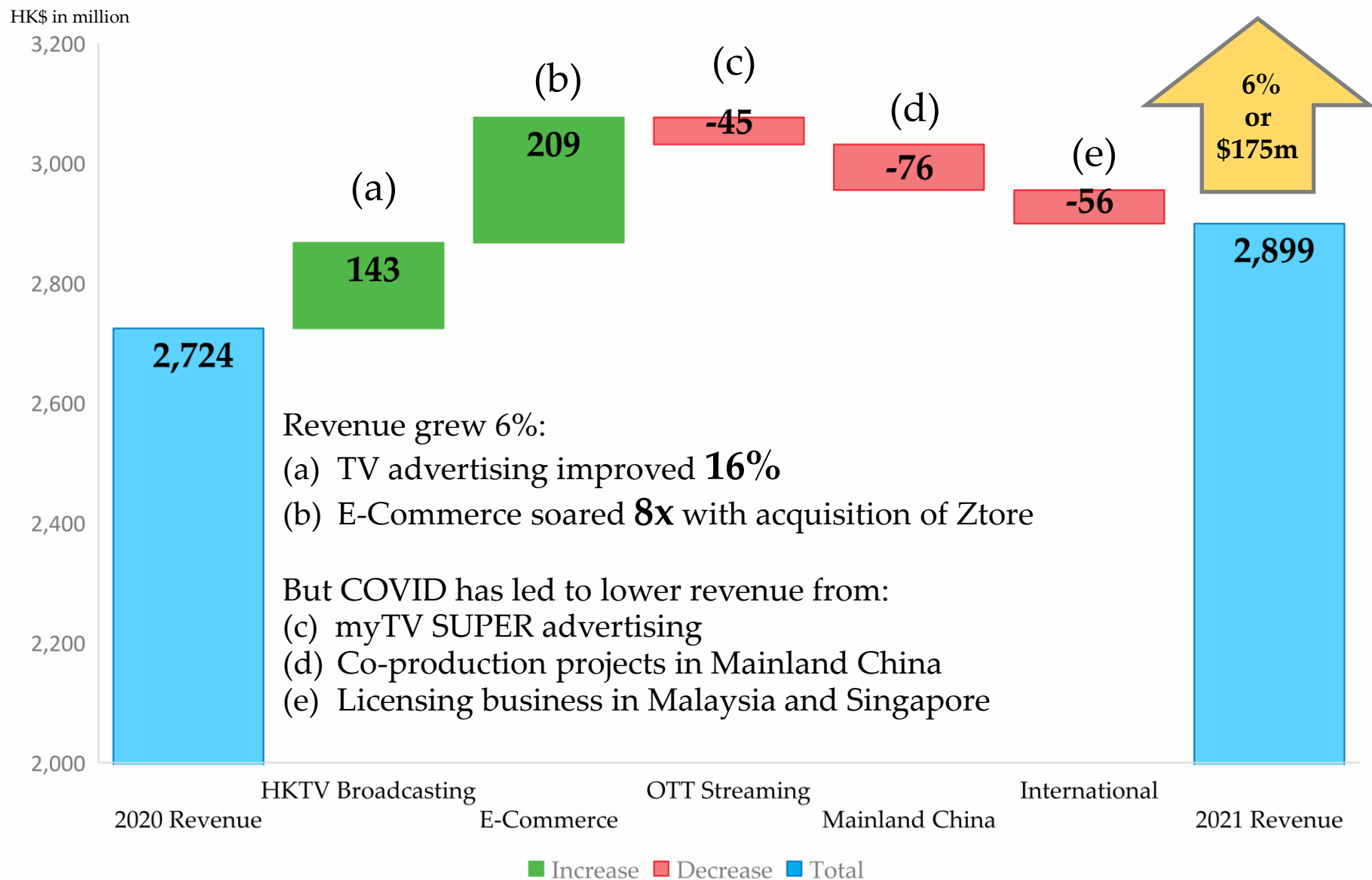
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Contributing factors:

- Improved TV advertising revenue
- Investment in content production
- Acquisition of Ztore E-Commerce Group

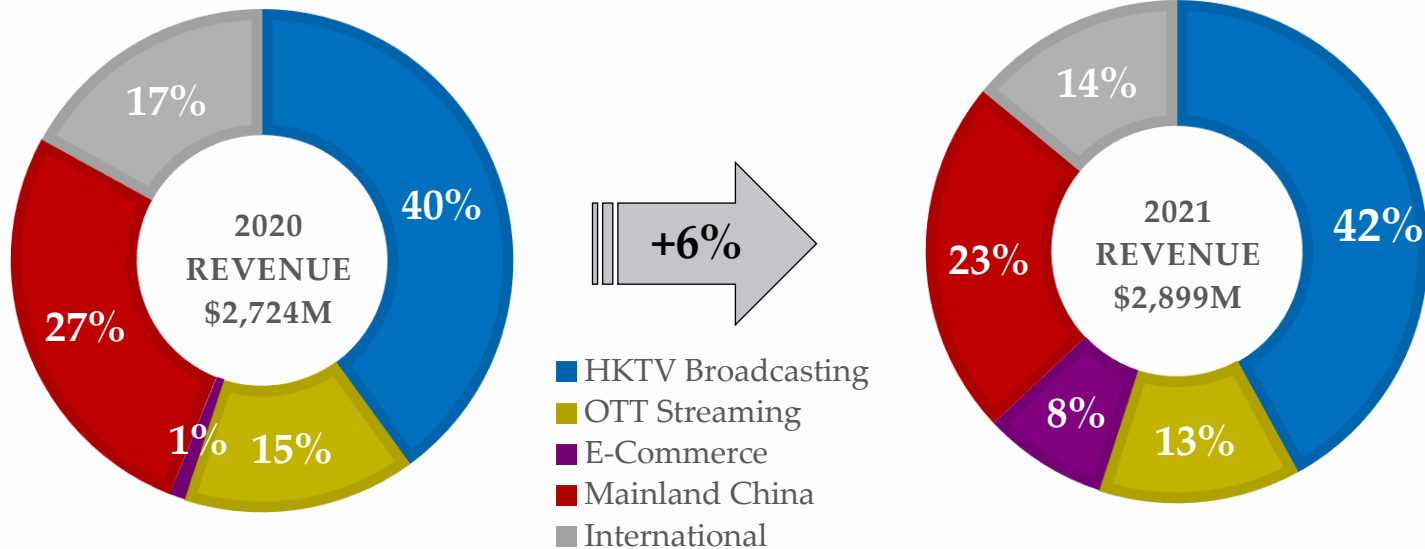
No dividend was recommended (2020: nil)

Change in Revenue by Segment

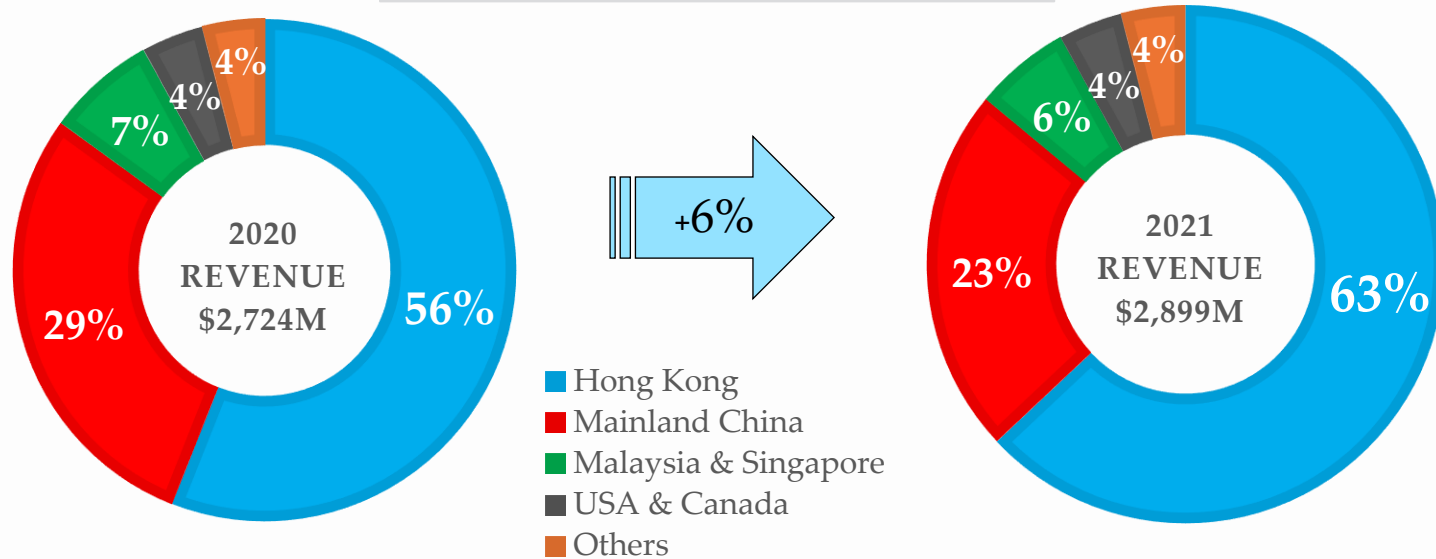




Revenue by Segment



Revenue by Geography



Healthy Financial Position



(HK\$ million)	2021	2020	yoy change
Cash & bank deposits (note)	1,177	3,335	-65%
Bond securities (3.8% p.a.)	234	511	-54%
Trade receivables	1,002	1,096	-9%
TVB Notes (3.625% p.a.) (note)	-	1,818	NM
Borrowings (2.4% p.a. bank loan)	2,009	1,935	4%
Current assets	4,199	6,368	-34%
Total equity	4,593	5,298	-13%
Book value per share (HK\$)	10.5	12.1	-13%
Current ratio	1.4x	2.5x	NM
Gearing ratio	19.2%	8.6%	NM

NM – not meaningful

Note: Decrease in bank deposits mainly due to redemption of TVB Notes in Oct 21.

Cash Flow



(HK\$ million)	2021	2020
Beginning balance of cash & bank deposits	3,335	1,185
Cash (used in)/generated from operating activities	(302)	31
Cash generated from investing activities excluding movement in bank deposits maturing after 3 months	78	763
Cash (used in)/generated from financing (note)	(1,950)	1,330
(Decrease)/increase in cash and bank deposits	(2,174)	2,124
Effect of foreign exchange rate changes	<u>16</u>	<u>26</u>
Ending balance of cash & bank deposits (note)	<u>1,177</u>	<u>3,335</u>

Note:

Decrease in bank deposits in 2021 mainly due to redemption of TVB Notes.

Based on cash flow projections, the Directors consider that TVB Group will have adequate funds available for the business operations in the foreseeable future.



Our audience engagement & monetization strategy

Our direct touch points with audiences/consumers



Broadcasting & Production

500 artistes

24.0 TVRs
average prime time ratings

77%
audience share¹ of all channels

83%

audience share² in young audience group (below age of 35)

85%

audience share² in high income group viewership

22,958 hours
total production output

¹ Compared with all TV channels (including free TV, pay TV, satellite & OTT channels) in Hong Kong

² Compared with all free TV channels in Hong Kong

Digital Platforms

Hong Kong

9.9 million

myTV SUPER registered users

Over 1 million

myTV SUPER paying subscribers

1.9 million

myTV SUPER MAU

Mainland China

76 million

Followers of TVB accounts on Chinese social media platforms³

34 million times

Mai Dui Dui download

5.6 million

Mai Dui Dui MAU

Overseas

9.0 million

TVB Anywhere aggregated users⁴

7.5 million

TVB YouTube channels subscribers

20.5 million

TVB YouTube channels MAU

E-Commerce



HK\$593million
proforma GMV

HK\$ 800

average value of home delivery order

³ This includes all TVB-related accounts on Sina Weibo, Douyin, Kuaishou and Xiaohongshu

⁴ Together with subscribers from TVB YouTube channels

Dominant audience share driven by rich, compelling content



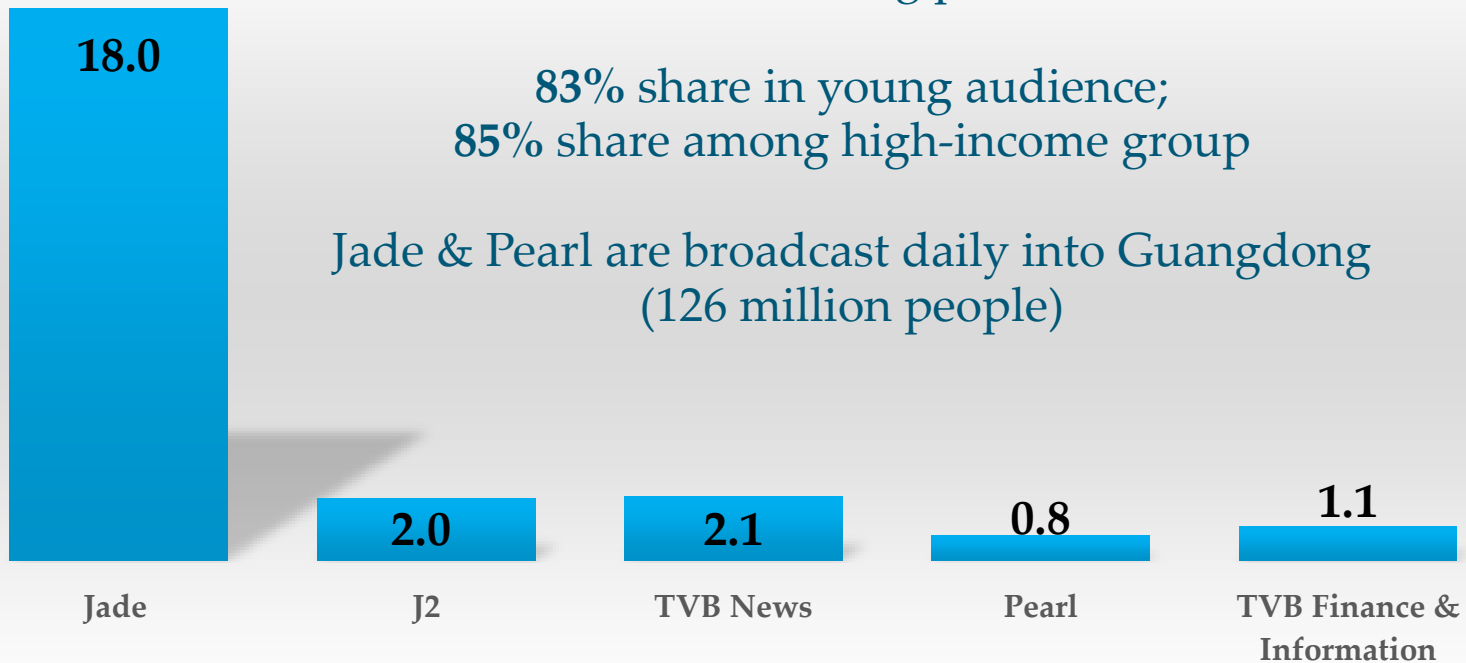
TVB channels prime time TV ratings

Reach: **5.4** million in-home viewers in HK

77% share during prime time

83% share in young audience;
85% share among high-income group

Jade & Pearl are broadcast daily into Guangdong
(126 million people)



■ 2021 prime time rating (24 TVRs in aggregate)

Content creation: TVB's core strength and key driver for monetization across all platforms



Popular drama series in 2021 (released in HK, Mainland & Overseas markets)



Sinister Beings

27.0 TVRs



Plan "B"

24.7 TVRs



Beauty and the Boss

23.8 TVRs



Shadow of Justice

23.7 TVRs



The Forgotten Day

23.1 TVRs



Kids Lives Matter

23.0 TVRs



Created hit shows by investing in content production talent and resources; 2nd season will be launched in 2022



Stars Academy
(聲夢傳奇)
attracted good viewership and large social media following

Dub-of-War (好聲好戲) and *No Poverty Land* (無窮之路)

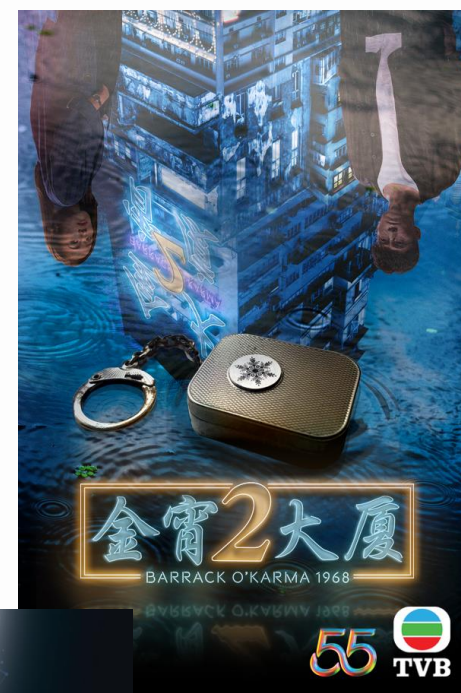


Dub-of-War – A competition for the best voice acting



No Poverty Land – A documentary showcasing China's poverty alleviation efforts
9.5/10 on Douban

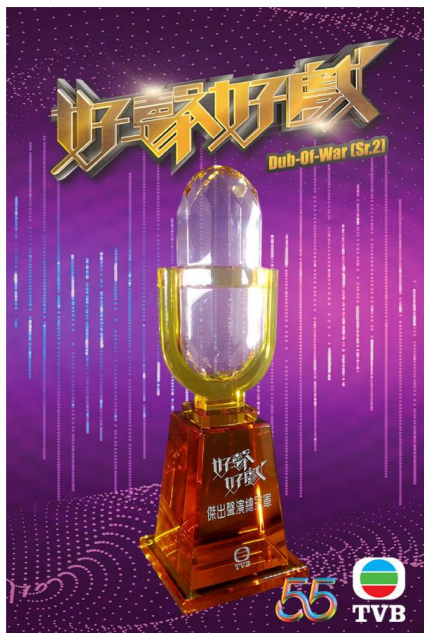
2022 TVB 55th Anniversary – A rich slate of dramas



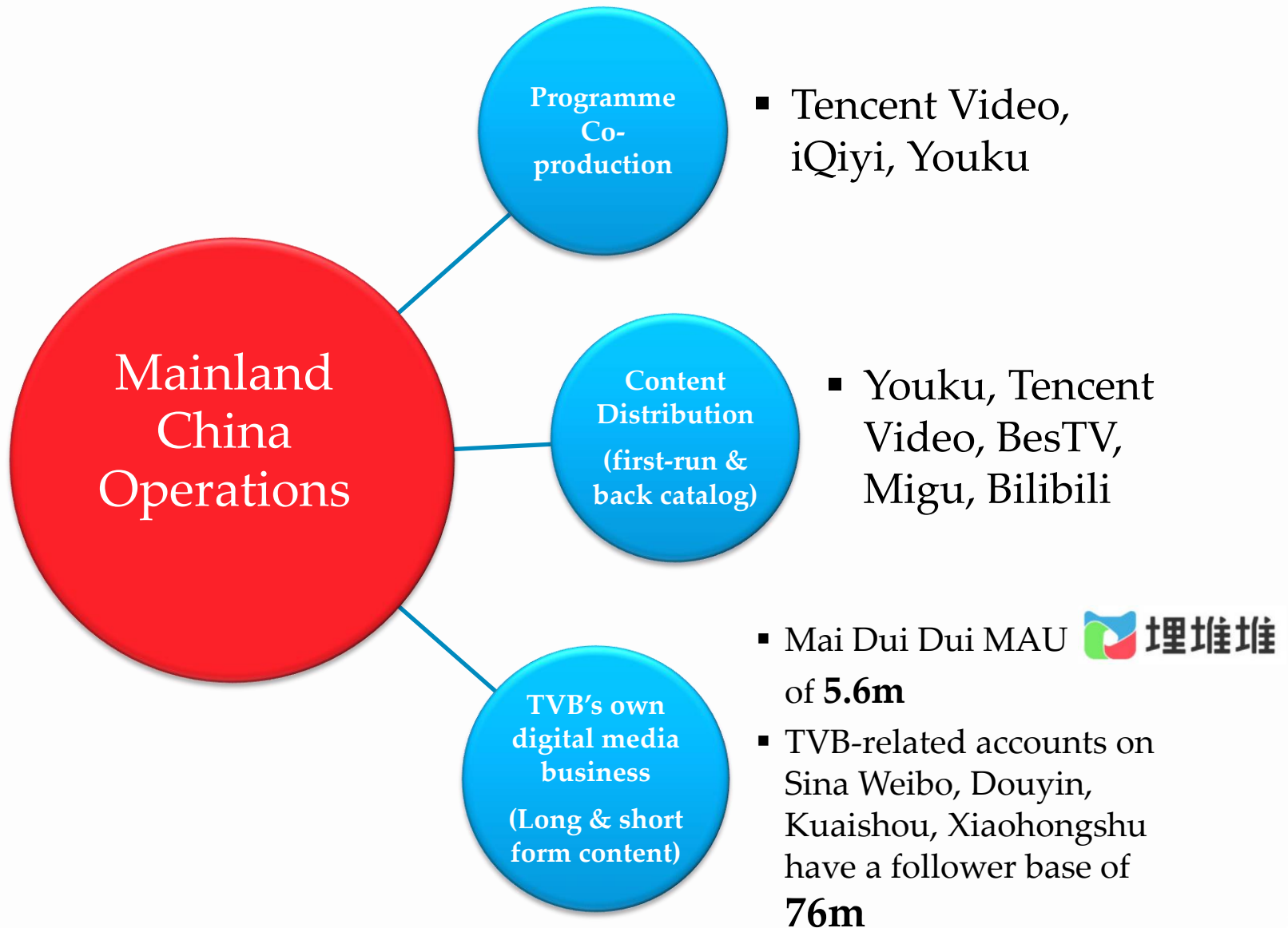
In 2022, Hong Kong celebrates 25th anniversary of our handover, a rich lineup of TV programmes around this theme will be released



2022 New variety programmes & documentaries



Mainland China: Large social media following enables execute on MCN strategy to monetize through advertising, endorsements & e-commerce



Early 2022, TVB created an official Wechat video account

An inaugural 4-hour interactive concert attracted 36 million viewers



MCN strategy, monetize our fan base through celebrity endorsements, advertising & livestream e-commerce



A new show
collaborating with
Mango TV

聲生不息

聯同《我是歌手》原班人馬
推廣港樂金曲

— 芒果TV × TVB —

尋找熱愛廣東歌，具備演唱能力、音樂創造力、
舞台魅力的歌手以全新風格 重現香港經典金曲

誠摯邀請

- 年滿18歲
- 任何新晉、現役歌手
演藝人員及娛樂圈新秀接受挑戰
- 一經晉級，將與全國更多選手進行對壘

請掃描以下QR code獲得更多資訊及下載表格
並於十月二十四日前電郵表格及相關資料至
angel.suen@tvb.com.hk



Strategy for 2022 and beyond



1. Produce high quality content, distribute across multiple channels

- Continue investing in compelling content
- Distribute more of it through non-traditional channels
 - TVB digital platforms (myTV SUPER, TVB Anywhere, Mai Dui Dui)
 - Global internet platforms (YouTube, Facebook)
 - Mainland China social media platforms (Weibo, Douyin, Kuaishou)

2. Increase direct touch points with audiences/consumers

- Content: Keep growing direct subscribers on our own platforms and audiences on third-party platforms
- E-Commerce: Use our marketing power to drive customer growth

3. Leverage our brand, content and artistes in Mainland China

- Continue partnering with large platforms to produce/distribute content
- Innovate production of different content formats (long, short form)
- Grow own audience through Mai Dui Dui and other social media
- Monetize through various models (subscription, advertising, e-commerce)



TVB e-Commerce Business: Geared and Ready to Ride on e-Commerce Hypergrowth



COVID outbreak presented 3 unparalleled opportunities to catalyze key paradigm shift in e-Commerce adoption

Catalyst 1 – Mass stay-at-home measures and citywide lock-down concerns



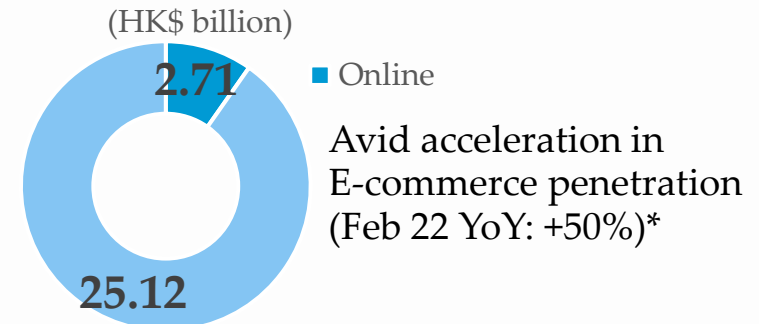
Catalyst 2 – Severe daily necessity shortage in physical retail stores



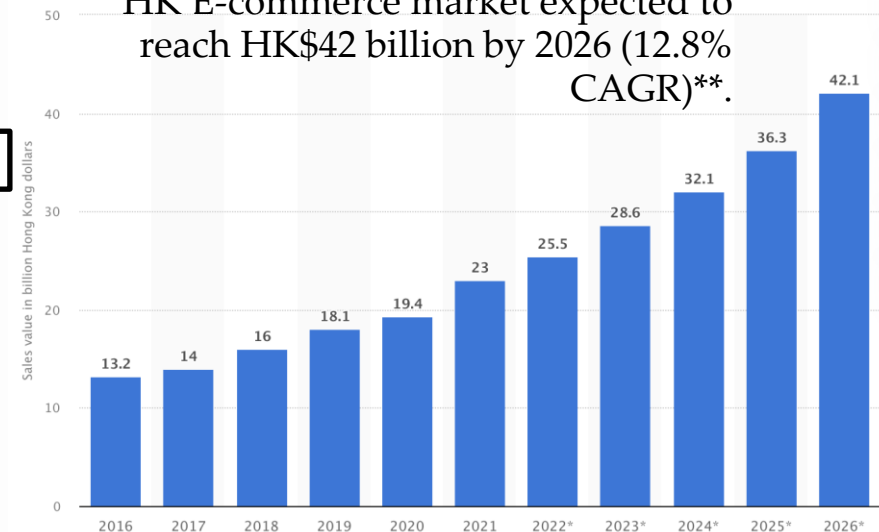
Catalyst 3 – Widespread outbreak, strong preference in contactless deliveries



HK Retail Sales in Feb 2022



HK E-commerce market expected to reach HK\$42 billion by 2026 (12.8% CAGR)**.



*Source: HKSAR Census and Statistics Department (C&SD) Table E089 Value of Online Retail Sales
<https://www.censtatd.gov.hk/en/EIndexbySubject.html?scode=530&pcode=D5600089>

**Source: Statista
<https://www.statista.com/statistics/1271614/hong-kong-online-retail-sales/>

In 2021, TVB acquired Ztore & Neigbuy to scale up e-commerce



bigbigshop

Big Big Shop operates a platform model mainly selling advertiser-sponsored products



Ztore.com is self-operated platform focuses on supplying daily household needs



鄰住買
Neigbuy.com

Neigbuy.com adopts a flash-sales model offering attractive deals

Monthly data	December 2021 Ztore, Neigbuy, BBS	December 2020 BBS only	Year-on-year change
Monthly GMV on order intake	HK\$57 million	HK\$8 million	Over 7 times 613%
Average daily orders	5,539	449	Over 12 times 1,134%
Average order value	Home delivery \$800 Self pick-up \$160	\$575	N/A
Monthly active customers	80,000	11,000	627%

E-Commerce: Well-honed key assets ready for rapid scale-up



Proprietary tech assets tailored for local e-Commerce operations

Comprehensive roster of [internally developed Enterprise Resource Planning system](#) that includes SKU & Stock Management, Order Management, Customer Management, Promotion and Content Management, Warehouse Management, Logistics Management, Routing Management, Pickup Points Management and Affiliate Marketing Management

Data Analysis team develops in-house [Artificial Intelligence engine and Machine Learning algorithm](#) to enhance decision-making quality, deliver personalized content and boost marketing & operations efficiency

Efficient fulfilment capability

Strong logistics network, self-operated warehouse and Operations team with rich B2C fulfilment experiences enable [high-density order delivery incurred with one of the lowest costs](#) in local market

Seasoned e-Commerce Veterans

[250+](#) experienced talents from IT, Data, Merchandising, Marketing, Warehousing, Customer Service, Logistics and Operations, that has been pioneering Hong Kong's e-commerce development for more than 5 years

Brand & Product Empowerment – Full-fledged trend-setting solutions brewed from TVB's Media & e-Commerce synergy



To be seen



To be sold



To be trend

bigbigshop

Media Promotion

Sales in Existing Online Retail Channels

1st-tier Brand Partners
Successful Case Build-up

Artiste Endorsement

Offline Retail Channels Development

Livestream e-Commerce Innovation



Cross-border e-Commerce



Appendix (for reference)



Business Highlights



Strong viewership

- 77% audience share; prime time rating of 24 TVRs

Recovery in HK TV Broadcasting revenue

- Total revenue +13% to HK\$1,225 million
- Advertising income +16% to HK\$1,024 million

Scaling up E-Commerce: Strategic acquisition of Ztore Group

- Post acquisition e-commerce revenue expanded 8x to HK\$238 million in 2021
- 2021 GMV (pro forma for full year) expanded 4x to HK\$593 million
- TV-based promotion highly effective: Ztore Group GMV up +46% in 2H21 (vs. 1H21 before joining TVB group)

Business Highlights (cont'd)



myTV SUPER: revenue -11% as ad revenue fell, but subscriber base growing

- Ad revenue down 39% as some advertisers shifted to TV commercials
- MAU 1.9 million; myTV Gold-tier subscribers up 36% to 123,500
- Due to expiry of sports packages, overall subscription revenue was flat

Mainland China: revenue -10% due to co-production; social media presence growing

- Lower co-production income due to pandemic schedule disruption
- Critical mass of 76 million users/fans in TVB-related official accounts on major social media platforms
- Mai Dui Dui MAU 5.6 million

International: revenue -12% as license fees fell; but platform audience growing

- Lower license fees from Malaysia and Singapore (traditional pay TV)
- TVB Anywhere aggregated users grew 39% to 9.0 million
- YouTube channels subscribers up 45% to 7.5 million; MAU rose 65% to 20.5 million

Financial Highlights



HK\$ million	2021	2020	yoy chg
Revenue	2,899	2,724	6%
Total operating costs	<u>(3,707)</u>	<u>(3,253)</u>	14%
	(808)	(529)	-53%
Other revenues & other gains, net	88	247	-64%
Interest income	153	161	-5%
(Loss)/gain on disposal of bond securities	(3)	22	NM
Impairment losses on bonds and receivables	(85)	(145)	41%
Finance costs	(106)	(101)	5%
Share of losses of JV & associates	<u>2</u>	<u>(0.4)</u>	NM
Loss before income tax	(759)	(345)	-120%
Income tax credit	<u>102</u>	<u>88</u>	16%
Loss for the year	<u>(657)</u>	<u>(257)</u>	-156%
Loss attributable to equity holders	<u>(647)</u>	<u>(281)</u>	-130%
Loss per share (HK\$)	<u>(1.48)</u>	<u>(0.64)</u>	-131%

Revenue:

- + Improvement in advertising income
- + Consolidation of Ztore
- Decline in co-production
- Fall in overseas licensing

Total operating costs:

- + Increased content cost
- + COGS of Ztore

Other revenues:

- Absence of Covid-related wage subsidy

Segment Analysis



HK\$ million	2021 Revenue	yoy change	2021 EBITDA	yoy Change	Explanation
HK TV Broadcasting	1,225	+13%	(570)	-4%	TV advertising revenue increased 16% to HK\$1,024m
OTT Streaming	367	-11%	37	-66%	Subscription flat due to expiry of sports package; Ad revenue dropped 39% as advertisers shifted budgets to TV slots
E-Commerce	238	+721%	(93)	NM	Consolidation of Ztore Group
Mainland China operations	666	-10%	189	-28%	Lower co-production income; Mai Dui Dui content app income grew
International operations	403	-12%	123	-52%	Lower license fees from pay TV, income from digital platforms increased
Subtotal	<u>2,899</u>	6%	<u>(314)</u>	NM	

Note: NM – not meaningful

Balance Sheet



HK\$ million	31 Dec 2021	31 Dec 2020
Bond securities at amortised cost (current and non-current)	234	511
Property, plant and equipment	1,397	1,611
Trade receivables	1,002	1,096
Other receivables, prepayments and deposits	556	551
Cash and cash equivalents and bank deposits	1,177	3,335
Programmes and film rights	1,326	1,267
Other assets	1,958	1,461
Total assets	7,650	9,832
Total equity	4,593	5,298
5-year Notes due in October 2021	-	1,818
Bank borrowings	2,009	1,935
Other liabilities	1,048	781
Total liabilities	3,057	4,534
Total equity and liabilities	7,650	9,832

- Net current assets HK\$1,243 million (31.12.2020: HK\$3,834 million)
- Current ratio 1.4 (31.12.2020: 2.5)
- Gearing ratio 19.2% (31.12.2020: 8.6%)

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