

# Final Results 2013

## Briefing to Analysts

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Television Broadcasts Limited  
電視廣播有限公司

26 March 2014



# Financial Highlights

<b>HK\$mil</b>	<b>FY2013</b>	<b>FY2012 (Restated)</b>	<b>% change</b>
Turnover	<b>\$5,686</b>	\$5,448	+4%
Total costs*	<b>\$3,583</b>	\$3,278	+9%
Profit attributable to equity holders	<b>\$1,738</b>	\$1,732	+0.3%
EPS (HK\$/s)	<b>\$3.97</b>	\$3.95	+0.3%
Interim dividend (HK\$/s)	<b>\$0.60</b>	\$0.60	
Final dividend (HK\$/s)	<b>\$2.00</b>	\$2.00	
Total dividend (HK\$/s)	<b>\$2.60</b>	\$2.60	-
Payout	<b>66%</b>	66%	

FY2013: year ended 31 December 2013

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



# Consolidated Income Statement

HK\$mil	FY2013	FY2012	% change
		(Restated)	
Turnover	\$5,686	\$5,448	+4%
Cost of sales	<u>(\$2,221)</u>	<u>(\$2,023)</u>	+10%
<b>Gross profit</b>	<b>\$3,465</b>	<b>\$3,425</b>	<b>+1%</b>
Other revenues	\$68	\$73	-7%
Selling, distribution and transmission costs	(\$626)	(\$555)	+13%
General and administrative expenses	(\$736)	(\$700)	+5%
Other gains, net	\$6	\$3	+100%
Impairment loss on loan to and trade receivables from an associate	-	(\$100)	-100%
Finance costs	(\$2)	(\$4)	-50%
Share of losses of joint ventures	(\$2)	(\$1)	+100%
Share of (losses)/profits of associates	<u>(\$53)</u>	<u>-</u>	n/a
<b>Profit before income tax</b>	<b>\$2,120</b>	<b>\$2,141</b>	<b>-1%</b>
Income tax expense	<u>(\$358)</u>	<u>(\$403)</u>	-11%
<b>Profit for the year</b>	<b><u>\$1,762</u></b>	<b><u>\$1,738</u></b>	<b>+1%</b>
Profit attributable to equity holders	<u>\$1,738</u>	<u>\$1,732</u>	+0.3%

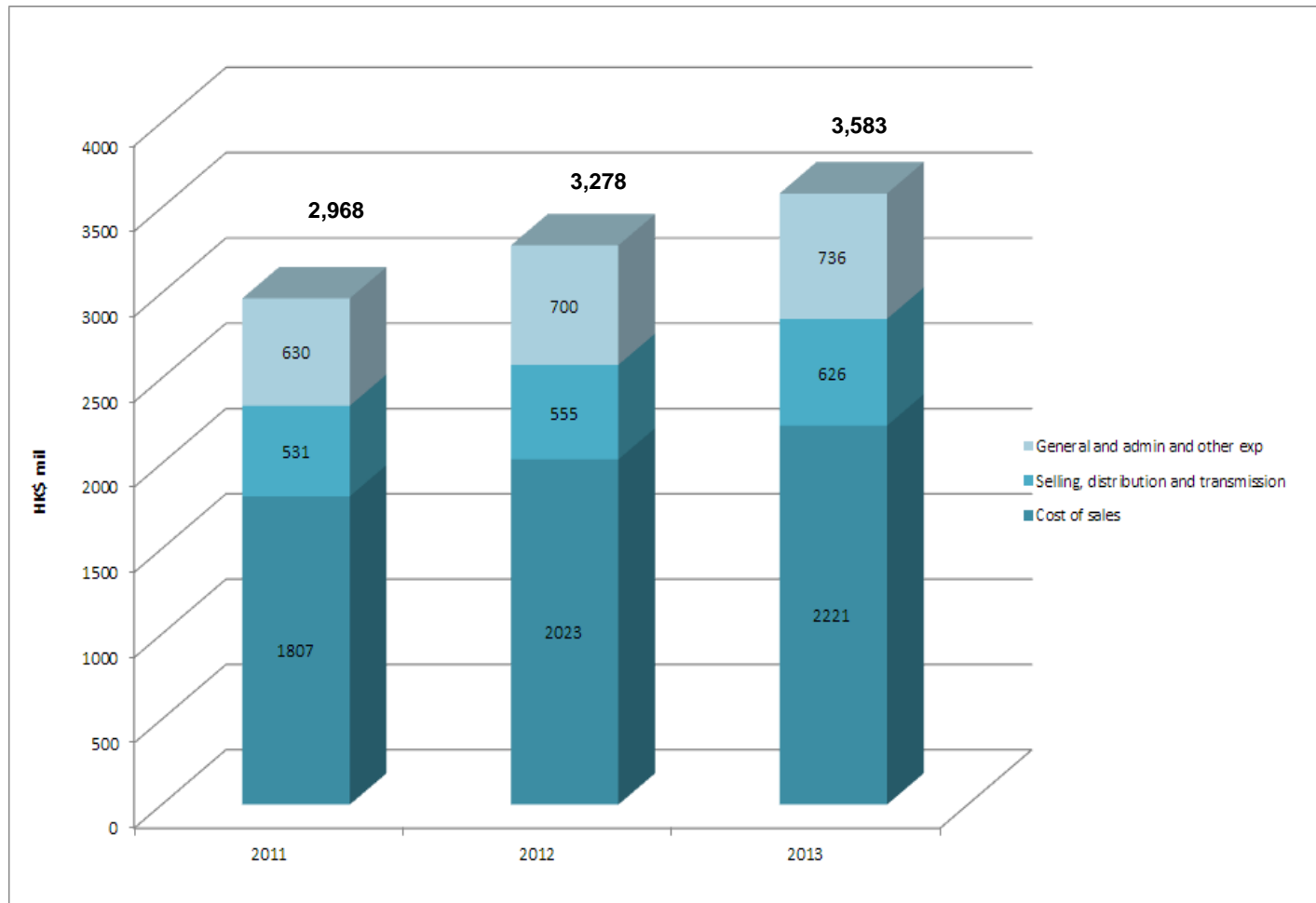


## Consolidated Statement of Financial Position at 31 December 2013

HK\$mil	31.12.13	31.12.12	% change
		(Restated)	
Non-current assets	<b>\$4,002</b>	\$3,768	+6%
Current assets	<b>\$3,399</b>	\$2,361	+44%
Bank deposits (maturing more than 3 mths)	<b>\$291</b>	\$435	-33%
Cash and cash equivalents	<b><u>\$2,609</u></b>	<u>\$3,169</u>	-18%
<b>Total assets</b>	<b><u>\$10,301</u></b>	<u>\$9,733</u>	+6%
Total equity	<b>\$8,427</b>	\$7,831	+8%
Total liabilities	<b><u>\$1,874</u></b>	<u>\$1,902</u>	-1%
<b>Equity and Liabilities</b>	<b><u>\$10,301</u></b>	<u>\$9,733</u>	+6%
Current ratio	<b>3.8</b>	4.0	
Gearing ratio	<b>3.0%</b>	2.6%	

# Total Costs

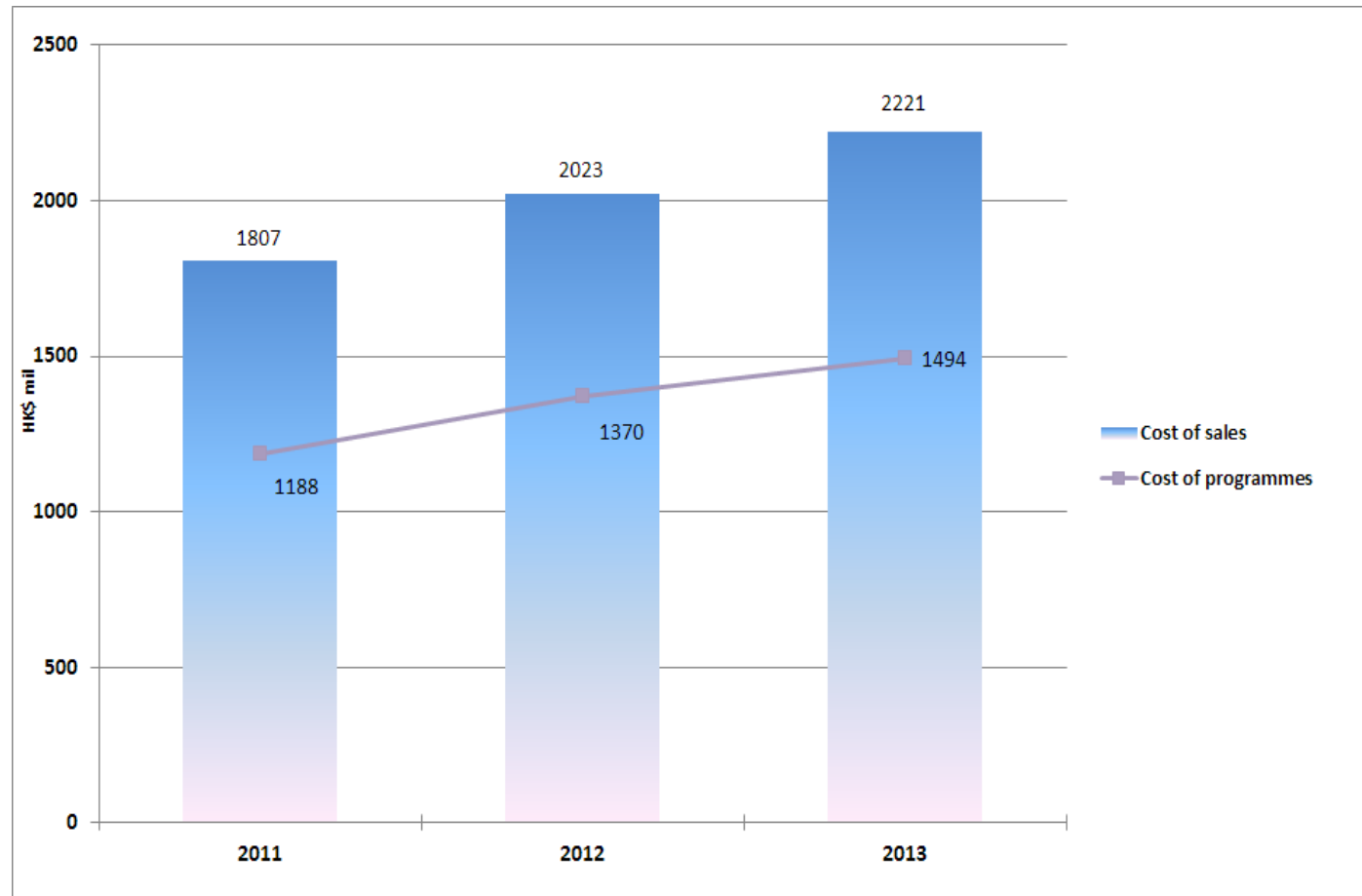
(Cost of sales, selling, distribution and transmission costs, general and administrative expenses)



Total costs HK\$3,583m (2012: HK\$3,278m), +9%



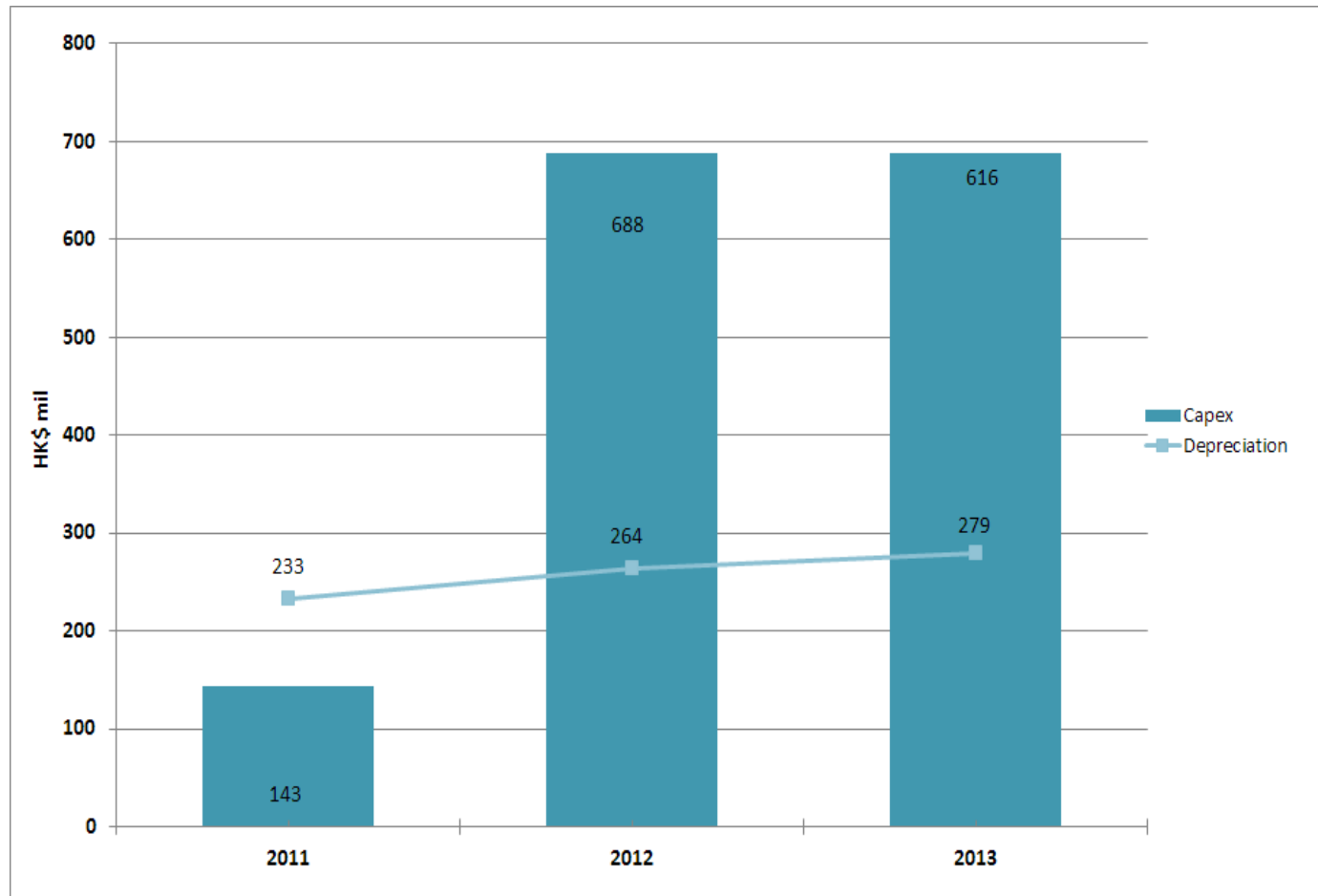
## Cost of Programmes, Film Rights and Stocks



- Cost of programmes HK\$1,494m (2012: HK\$1,370m), +9%
- Cost of sales HK\$2,221 m (2012: HK\$2,023m), +10%



## Capex and Depreciation



- Capex for the year amounted to HK\$616m (2012: HK\$688m).
- Capital commitments at 31 December 2013 amounted to HK\$1,245m (2012: \$1,571m).



# Segment Results



## Turnover by Operating Segment

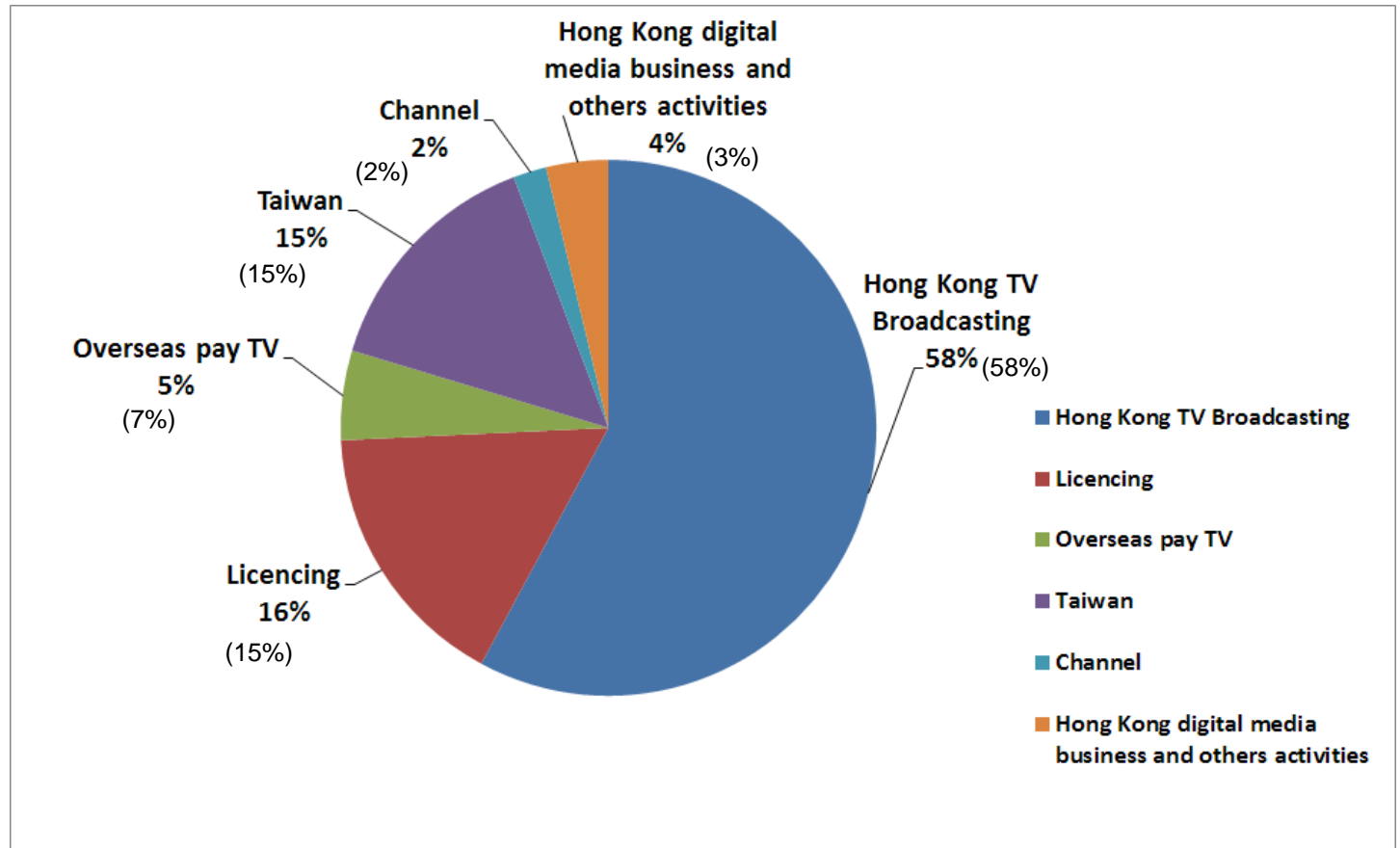
HK\$mil	FY2013	FY2012	% change
Hong Kong TV broadcasting	<b>\$3,322</b>	\$3,167	+5%
Programme licensing and distribution (note 1)	<b>\$1,072</b>	\$940	+14%
Overseas pay TV (note 2)	<b>\$308</b>	\$389	-21%
Taiwan operations	<b>\$834</b>	\$834	-
Channel operations (note 3)	<b>\$132</b>	\$116	+14%
Hong Kong digital media business and other activities (note 4)	<b>\$222</b>	\$190	+17%
Inter-segment sales	<b>(\$204)</b>	(\$188)	+9%
<b>Total</b>	<b>\$5,686</b>	\$5,448	+4%

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 2012 are shown in brackets

## Reportable Segment Profit by Operating Segment

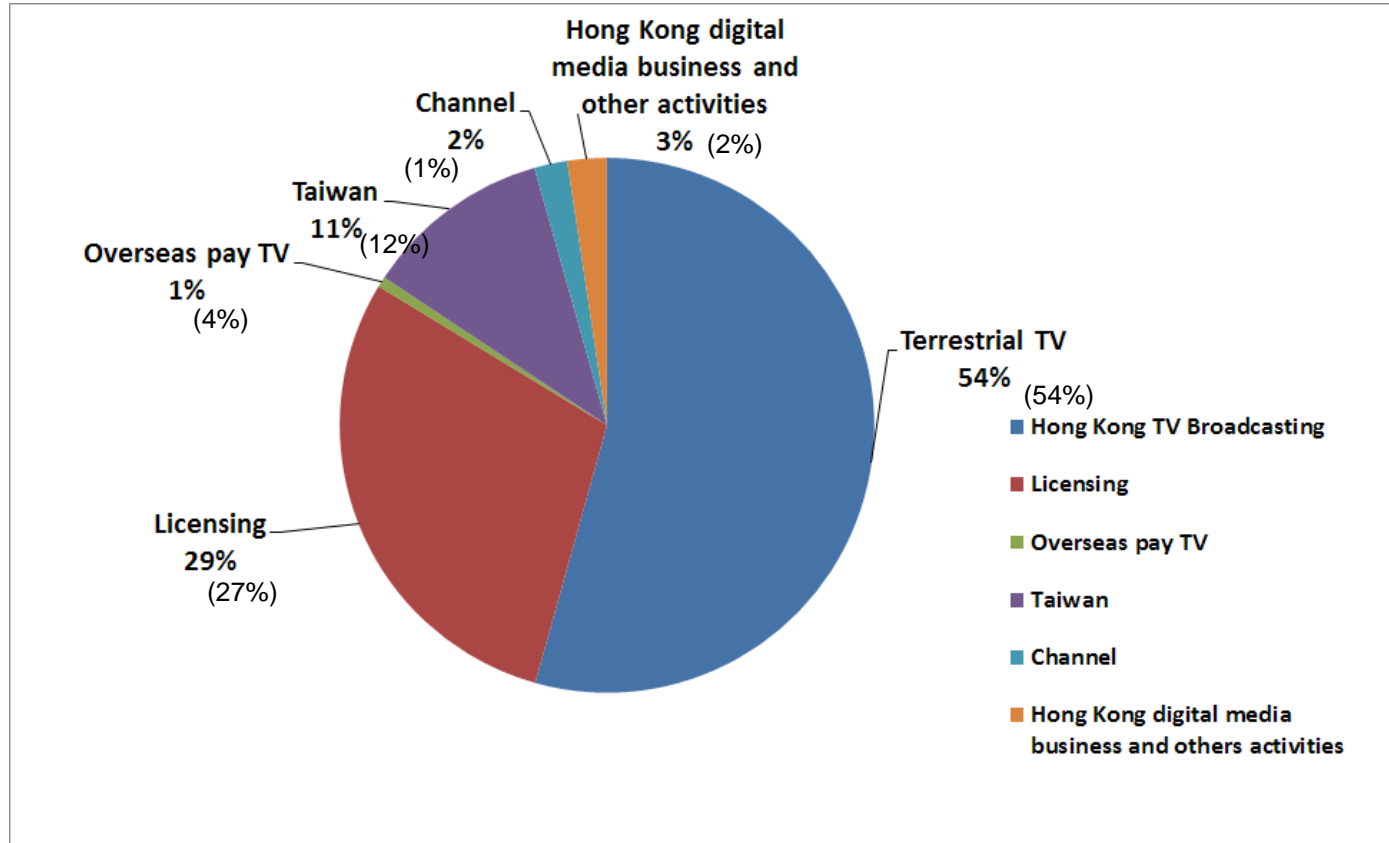
HK\$mil	FY2013	FY2012	% change
		(Restated)	
Hong Kong TV broadcasting	\$1,182	\$1,205	-2%
Programme licensing and distribution (note 1)	\$639	\$612	+4%
Overseas pay TV (note 2)	\$14	\$83	-83%
Taiwan operations	\$246	\$276	-11%
Channel operations (note 3)	\$43	\$30	+43%
Hong Kong digital media business and other activities (note 4)	\$52	\$36	+44%
<b>Total</b>	<b>\$2,176</b>	<b>\$2,242</b>	<b>-3%</b>

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.

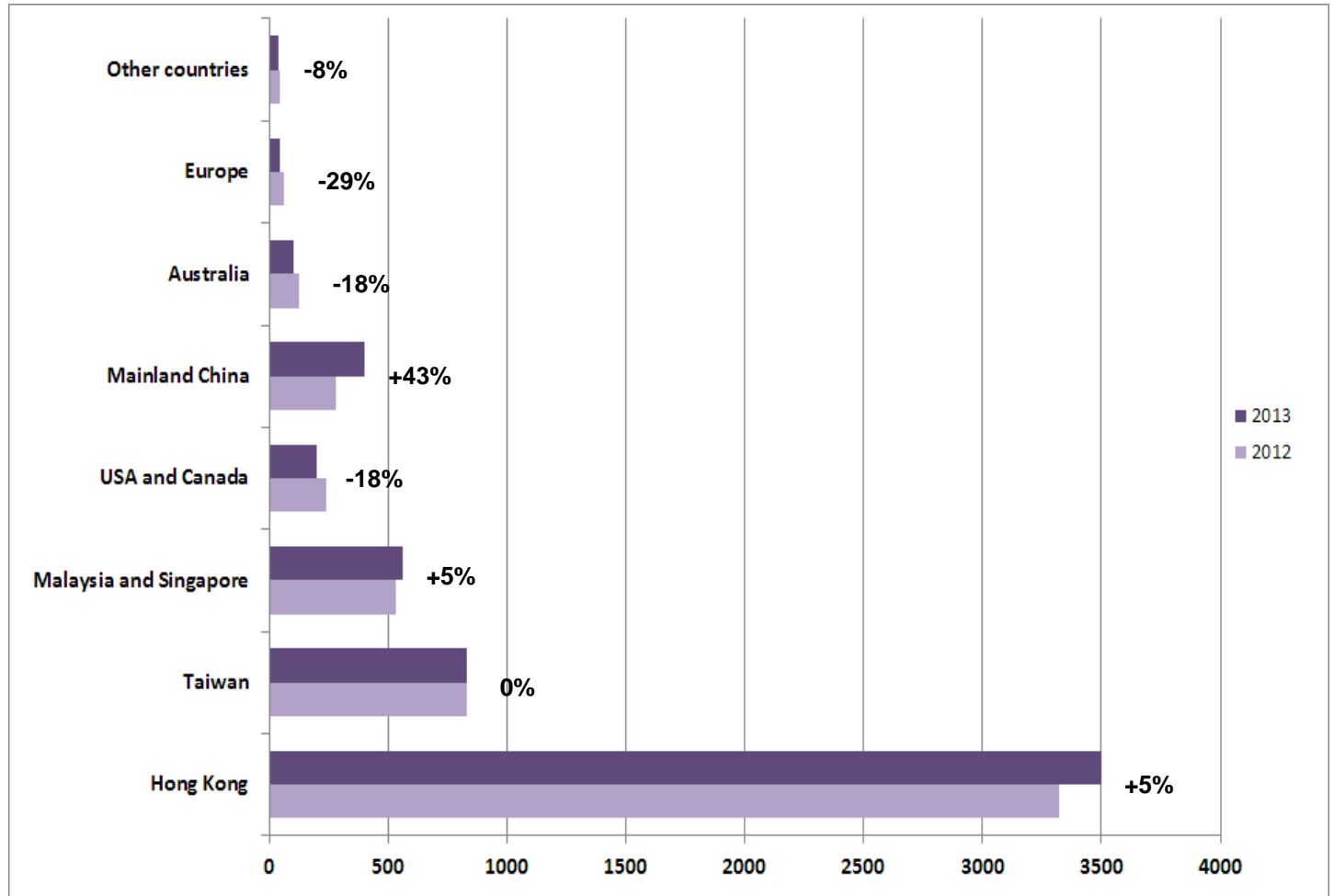


# Reportable Segment Profit by Operating Segment



% relating to 2012 are shown in brackets

## Turnover (Geographical)

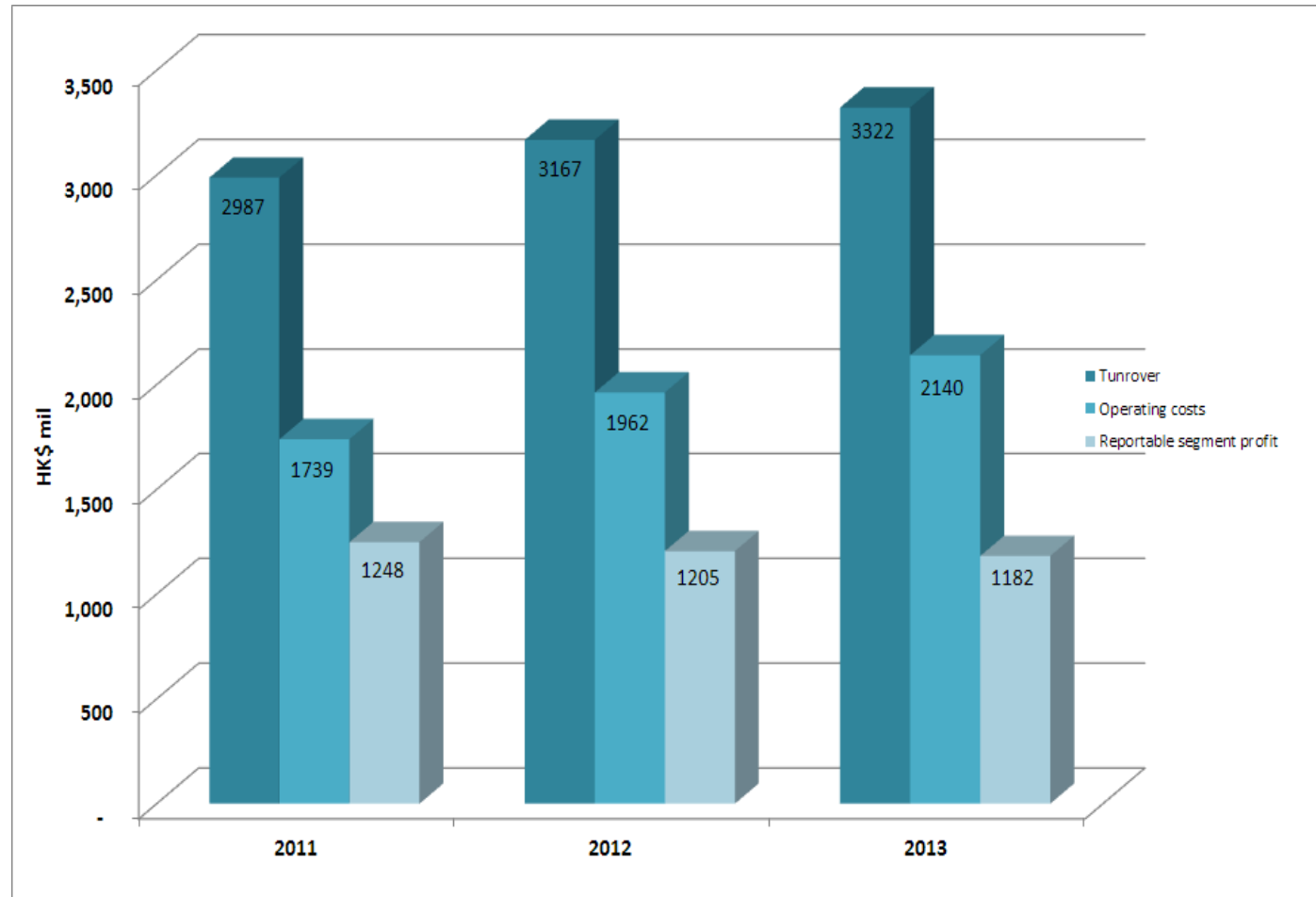


HK\$ mil



# Hong Kong TV Broadcasting

## Turnover, Operating costs and Reportable Segment Profit

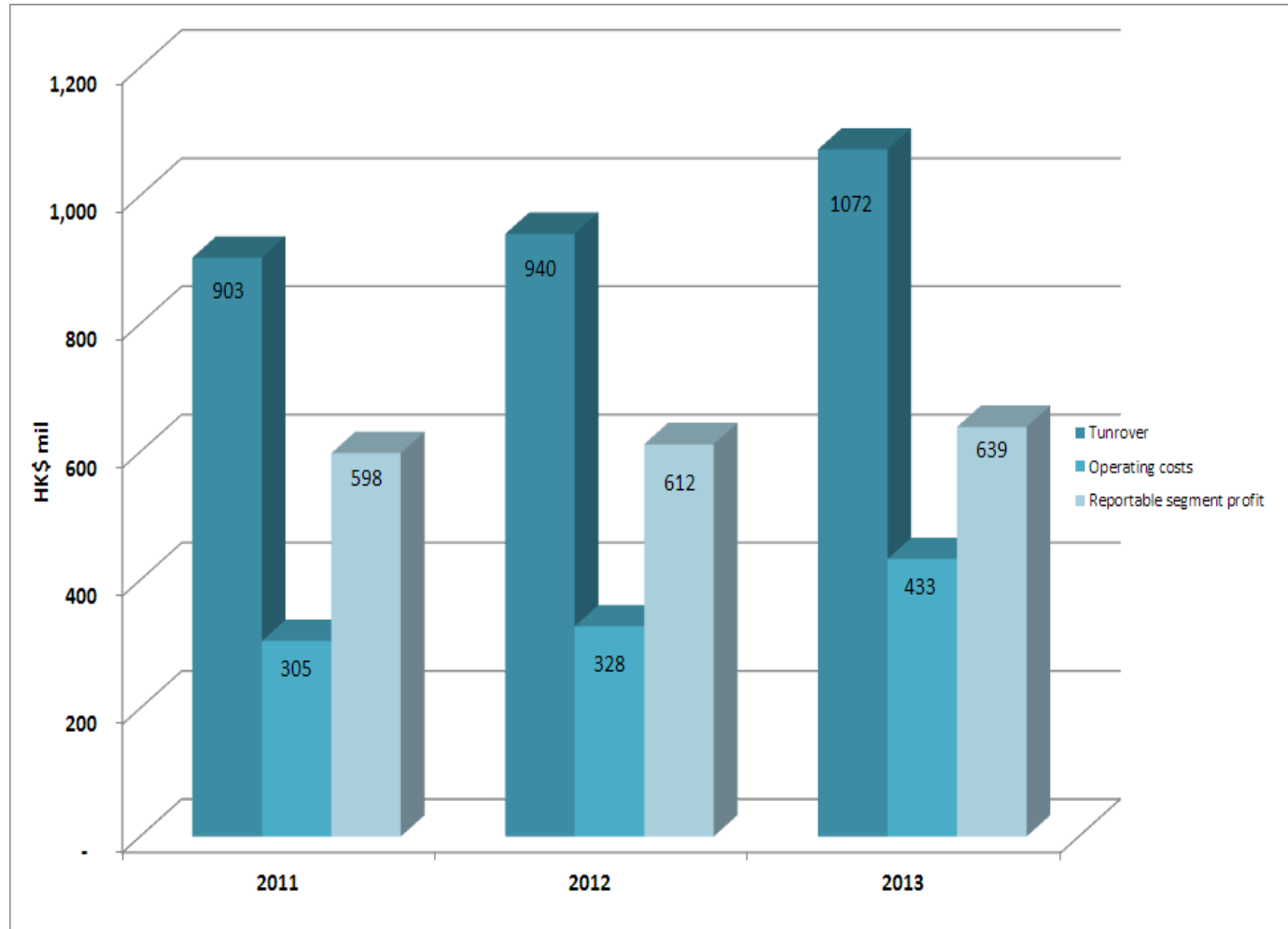


- Turnover increased by 5% and reportable segment profit decreased 2%.
- Operating costs increased by 9%.
- Operating margin changed from 42% → 38% → 36%



# Programme Licensing and Distribution

## Turnover, Operating costs and Reportable Segment Profit



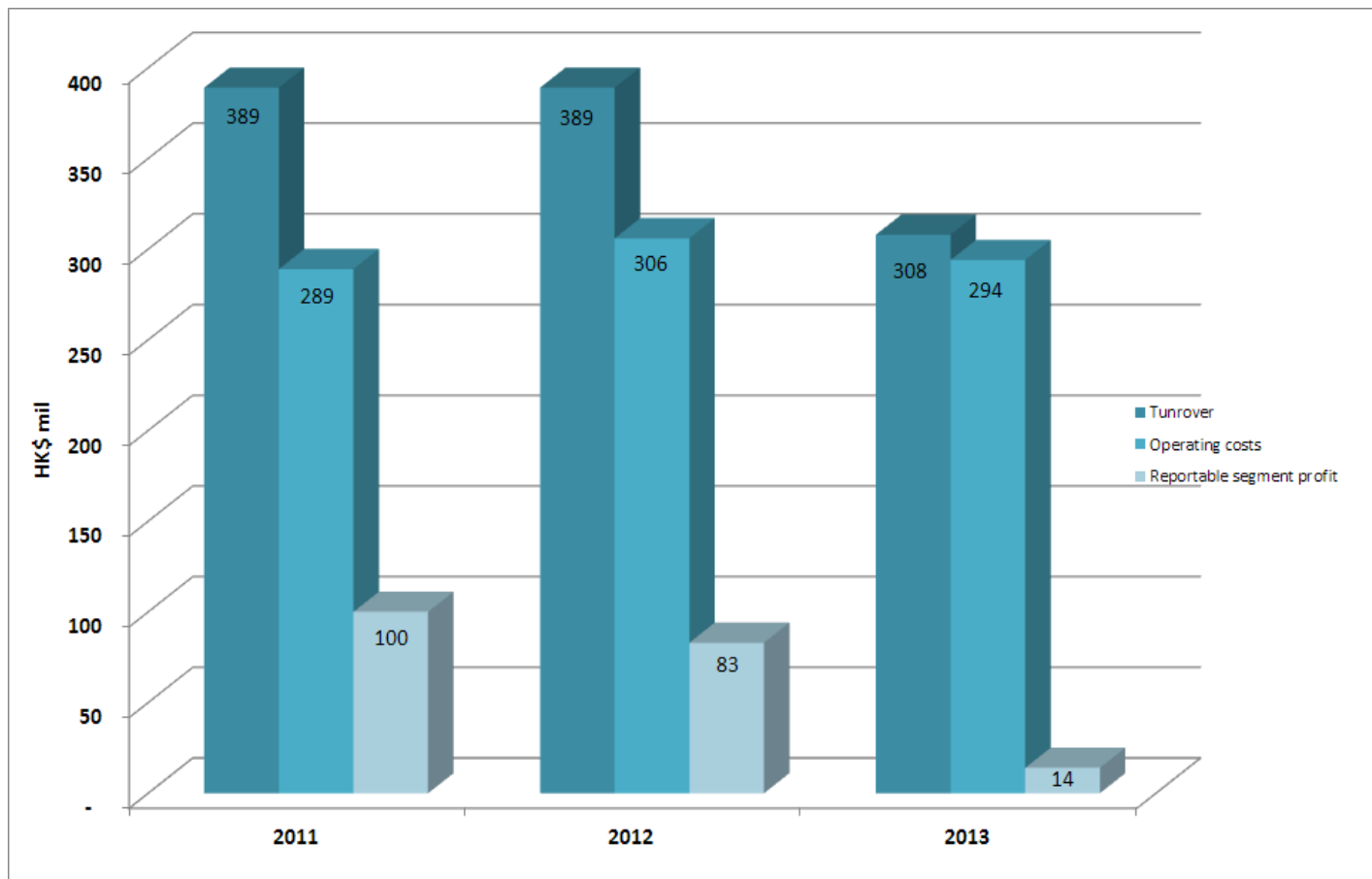
- Turnover increased by 14%, reportable segment profit increased by 4%.
- Operating costs increased by 32%.
- Operating margin decreased from 66% → 65% → 60%





# Overseas Pay TV Operations

## Turnover, Operating costs and Reportable Segment Profit



**Turnover decreased by 21%, reportable segment profit decreased by 83%.**

**Operating costs decreased by 4%.**

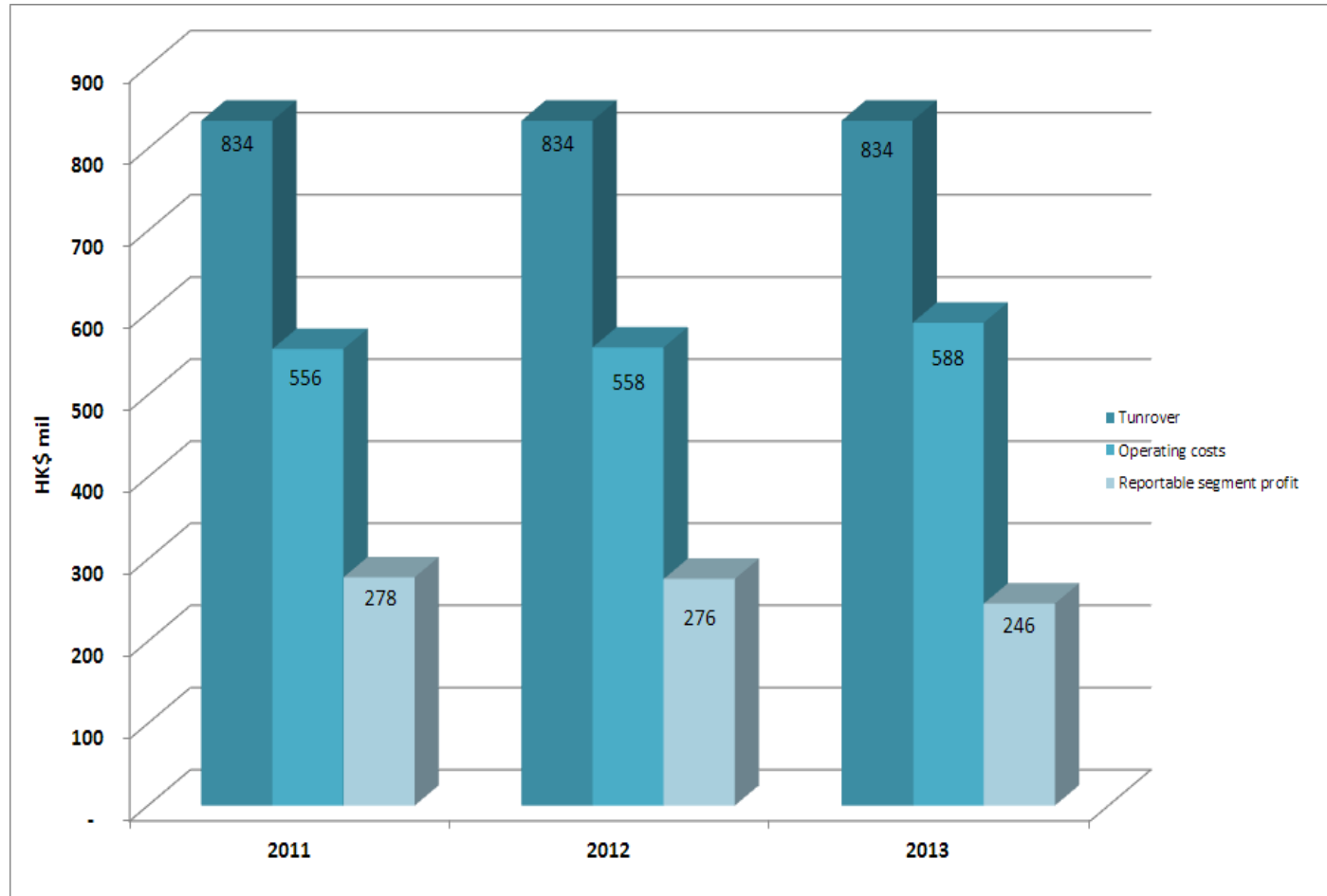
**Operating margin decreased from 26% → 21% → 5%.**





# Taiwan Operations

## Turnover, Operating Costs and Reportable Segment Profit



**Turnover remained stable, reportable segment profit decreased by 11%.**

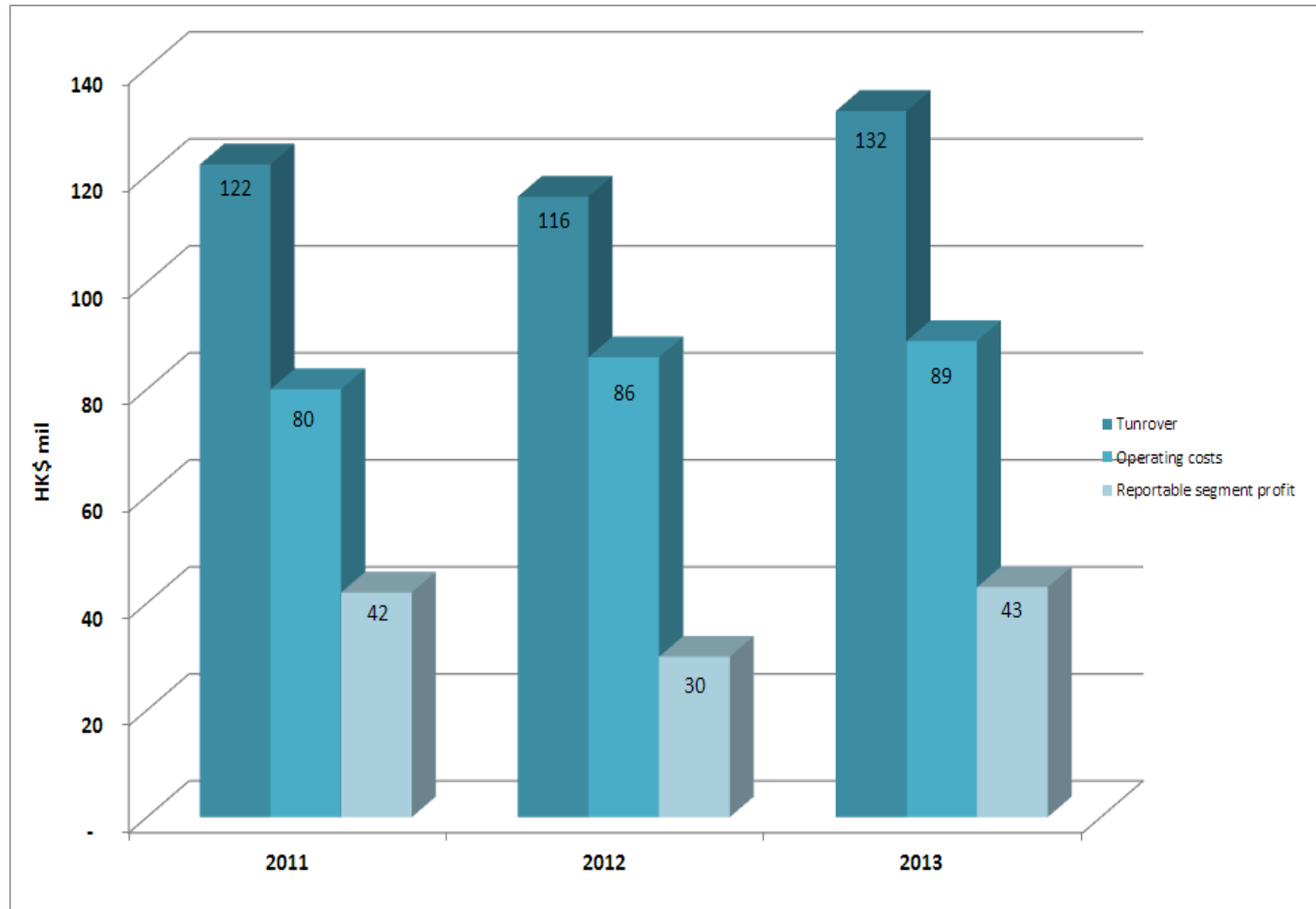
**Operating costs increased by 5%.**

**Operating margin changed from 33% → 33% → 29%.**



# Channel Operations

## Turnover, Operating costs and Reportable Segment Profit



**Turnover increased by 14%, reportable segment profit increased by 43%.**

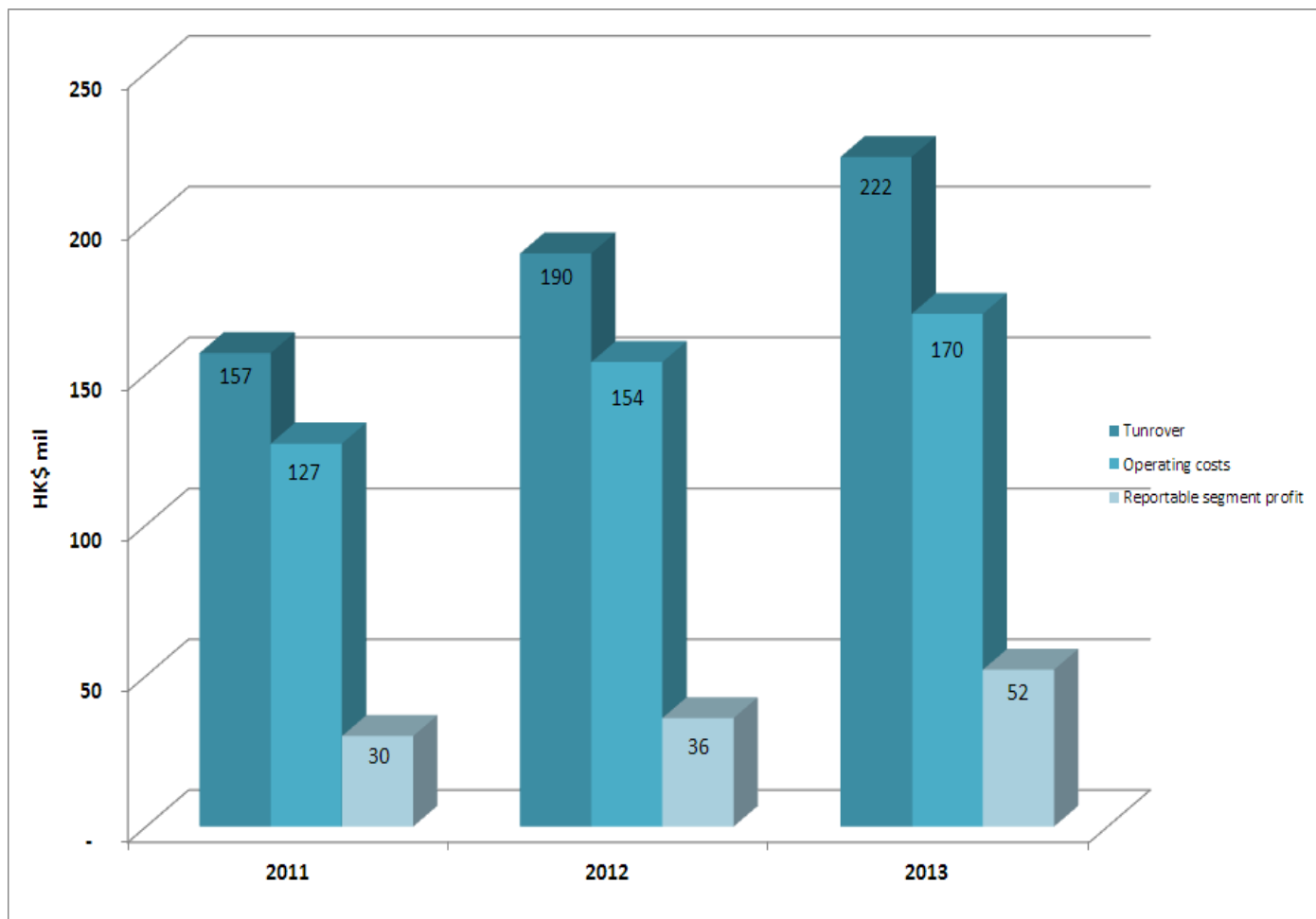
**Operating costs increased by 3%.**

**Operating margin decreased from 34% → 26% → 33%.**



# Hong Kong digital media business and other activities

## Turnover, Operating costs and Reportable Segment Profit



**Turnover increased by 17%, reportable segment profit increased by 44%.**

**Operating costs increased by 10%.**

**Operating margin increased from 19% → 19% → 23%.**



# Summary

## Financials

- Group's turnover increased by 4%
- Total costs increased by 9%
- Profit attributable to shareholders was HK\$1,738 million (2012: HK\$1,732 million)
- EPS at HK\$3.97 per share (2012: HK\$3.95 per share)

## Business

- TV rating for Jade at 23 TVRs, while non-Jade channels are performing
- Revenue from Mainland China began to improve from HK\$281 million to HK\$402 million, an increase of 43%
- Piracy continued to create negative impact on overseas businesses



# Television Broadcasts Limited

HKSE stock code: 00511

## Disclaimer

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