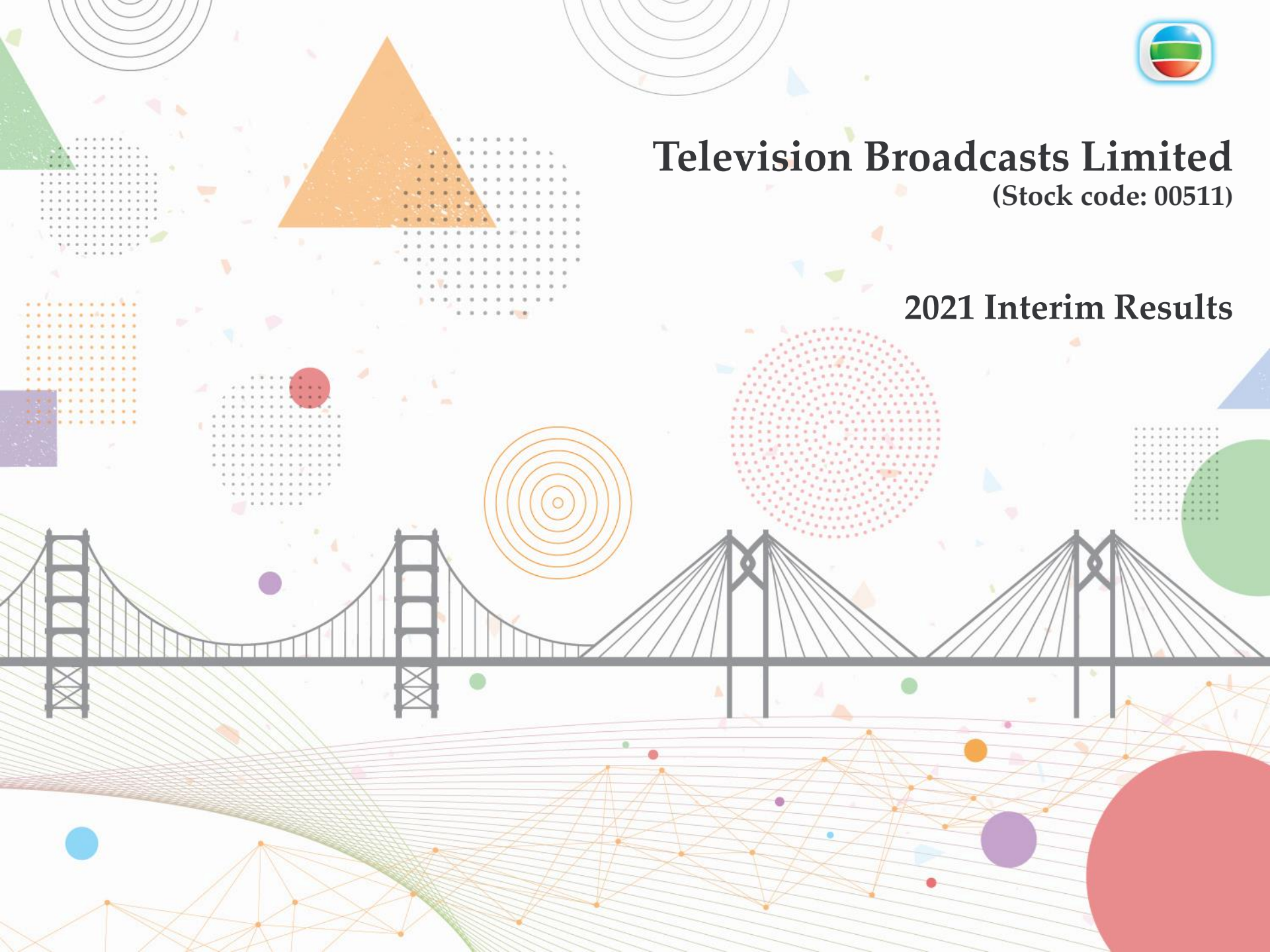




Television Broadcasts Limited

(Stock code: 00511)

2021 Interim Results



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Results Highlights



Results Highlights

Advertising revenue from terrestrial TV Broadcasting grew 31% yoy

Maintained overall TV ratings


Significant progress made in variety programmes


Acquired 75% of Ztore to strengthen e-commerce

Proportion of direct-to-consumer non-advertising revenue over Total Revenue improved (from 14% to 16%)



Results Highlights

Total revenue
HK\$1,248 million  2%

Total costs
HK\$1,597 million  3%

Adjusted EBITDA
Negative HK\$140 million
(2020: negative HK\$210 million)

Loss attributable to equity
holders
HK\$284 million*
(2020: Loss of HK\$293 million)

- If excluding wage subsidy,
Loss improvement was 13%.

No interim dividend declared



Group's Strategies and Execution



Initiatives under the Strategic Plan

1

Enhance our **content creation** capability by focusing on premium contents that are locally relevant

2

Invest in development of our **talent resources**

3

Migrate to a **multi-platform distribution model** balancing direct-to-customer digital and traditional free-to-air platforms

4

Enhance and broaden our presence in **mainland China** while extending our direct-to-customer footprint in other markets overseas

Enhance our content creation capability by focusing on premium contents that are locally relevant



Drama serials broadcast in 2021



1st

Forensic
27.0 TVRs



2nd

Plan "B"
24.7 TVRs

3rd

Beauty and the Boss
23.8 TVRs



Shadow of Justice
23.7 TVRs



The Forgotten Day
23.1 TVRs



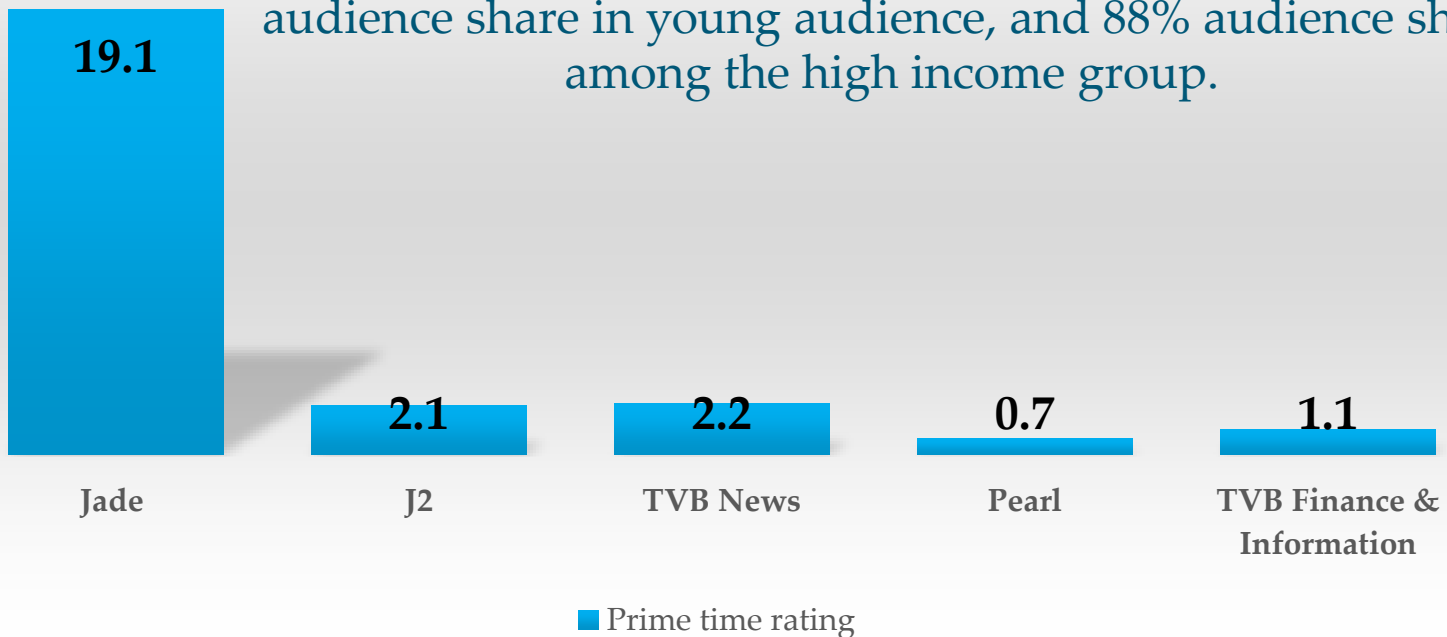
AI Romantic
20.3 TVRs



Prime time TV Ratings across all TVB channels

Average prime time ratings across all channels was 25.2 TVRs for 1H21, representing an audience share of 78%.

TVB maintained substantial lead in the market with its 85% audience share in young audience, and 88% audience share among the high income group.



Invest in development of talent resources



Stars Academy (聲夢傳奇) since its telecast in April 2021 has been attracting good viewership and tremendous volume of mentions/buzz on the social platforms.

Preparation for 2nd season began already.

Successful hit variety programmes, *Dub-of-War* (好聲好戲) and *Top Sales* (識貨) attracted good viewerships at Jade's weekday prime time slots



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



Top Sales – A competition for livestream selling

Music is an integral part of our business



- TVB strengthened its business cooperation with three major record labels, Universal Music, Warner Music and Sony Music, resulted in the opportunities to re-introduce singers to many of TVB's shows.



- Voice Entertainment Group began to work with Tencent's QQ Music in building a Cantonese music ecosystem.
- Under this collaboration, QQ Music promotes TVB's Jade Solid Gold Billboard and TVB provides music content and commentary videos to QQ Music.





3 Migrate to multi-platform distribution model

1 Content distribution via: TVB owned streaming platforms



- Revenue model: Subscription and Advertising

2 Third party streaming platforms



- Revenue model: Advertising

E-commerce platforms

Big Big Shop, Ztore, Neigbuy



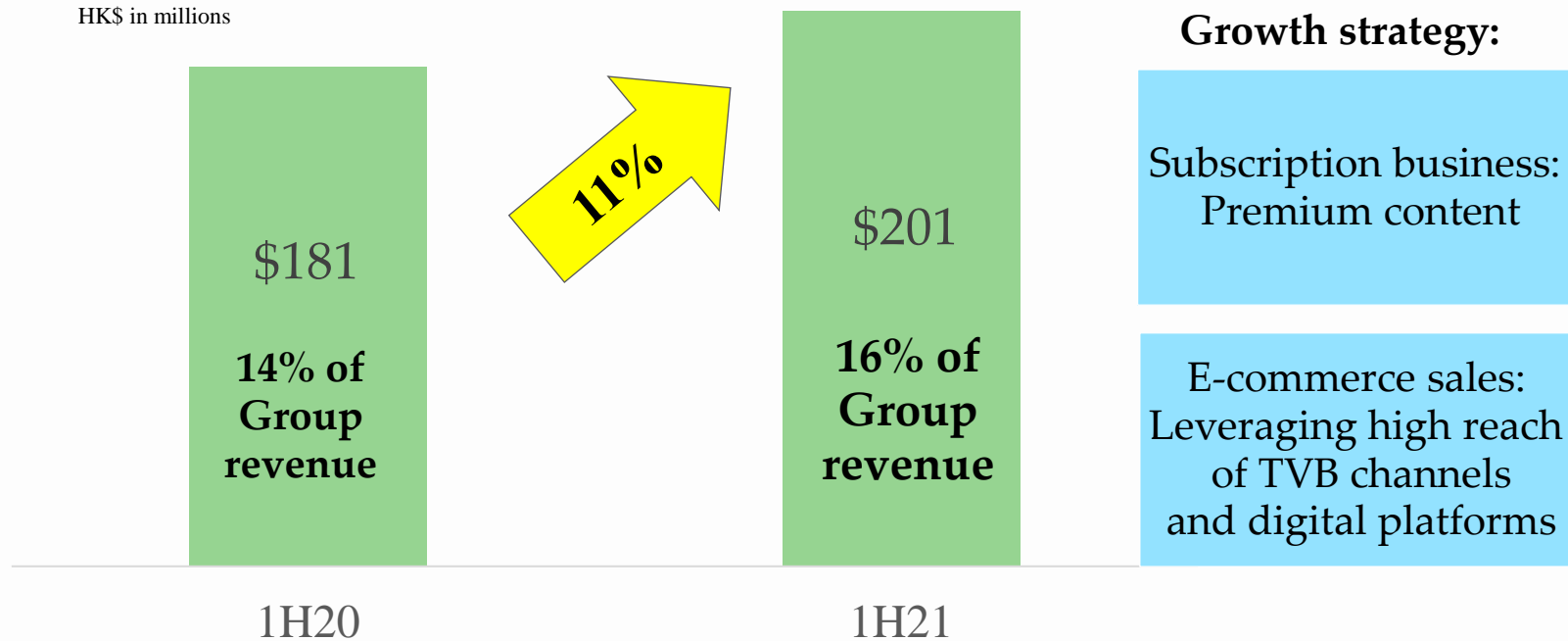
- Big Big Shop** operates on a platform model, which connects the merchants and consumers for commission income, but do not own products itself
- ztore.com** is self-operated where its merchandise transaction value (GMV) is equivalent to its revenue
- neigbuy.com** (neighborhood buy) is an online shopping platform operating on a "flash buying" model which offers many "flash bargains" daily to attract customers

Migrate to multi-platform distribution model balancing direct-to-customer digital and traditional FTA platforms



Proportion of direct-to-consumer non-advertising revenue from TVB's digital platforms grew in line with Group's strategies

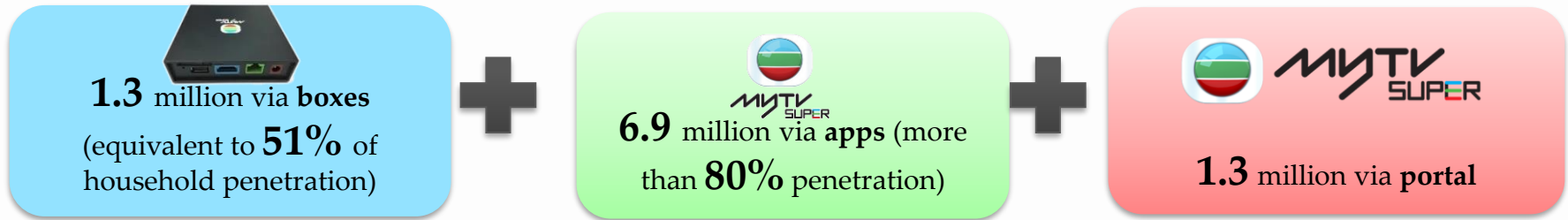
HK\$ in millions



myTV SUPER is the leading video streaming platform in HK



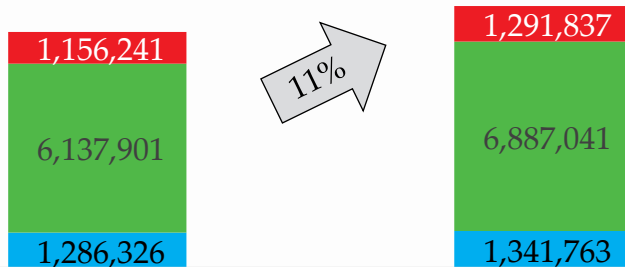
Total registered users exceeded **9.5 million**



117,000 subscribers

Premium service launched in April 2019 offering over 50 channels and more than 90,000 hours of VODs

No of registered users



As of 30 Jun 2020

As of 30 Jun 2021

■ Set-top-box ■ App ■ Web

Consumption and ratings	1H21
Average weekly time spent	17.96 million hours
Average weekly consumption per USV	18.2 hours
Contribution to TV ratings (all day all time)	1.62 TVRs
Contribution to TV ratings (prime time)	2.96 TVRs

Partnering with leading internet service providers to penetrate the households in HK



International Distribution: Diversifying from traditional B2B licensing to multi-platform distribution model, earning sub and ad income



1 B2B licensing business
StarHub, Singtel,
Mediacorp (Singapore)
MEASAT (Malaysia)
Saigontourist (Vietnam)
Fairchild (Canada)
DISH, Apple TV, Roku,
Fire TV (USA)



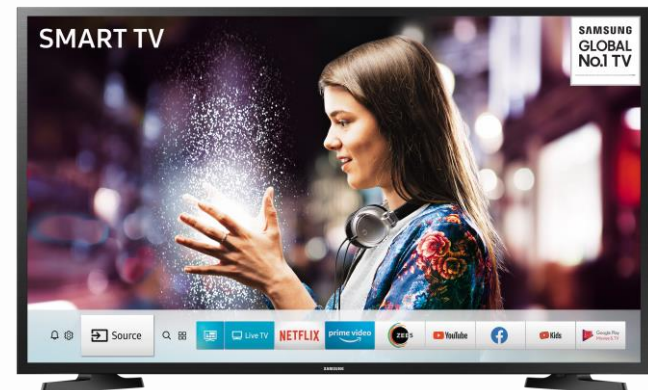
2 Telco-supported B2B2C
CTM (Macau)
Singtel, StarHub,
MyRepublic, M1 (Telco)
Shopee, Qoo10 (e-shop)
(Singapore)
M.V. TV (Thailand)
Vietnamobile (Vietnam)



B2C
North America
Europe
Australia
New Zealand
Rest of the world

4 Other modes of distribution

- TVB branded SVOD on Huawei Video App, pre-loaded app on all Huawei mobile devices, available in 29 countries business
- TVB Anywhere+ is also pre-loaded on certain smart TVs running Android TV platforms including Samsung, Philips, Sony, Sharp, TCL.



TVB acquired controlling stake in Ztore to expand e-commerce business



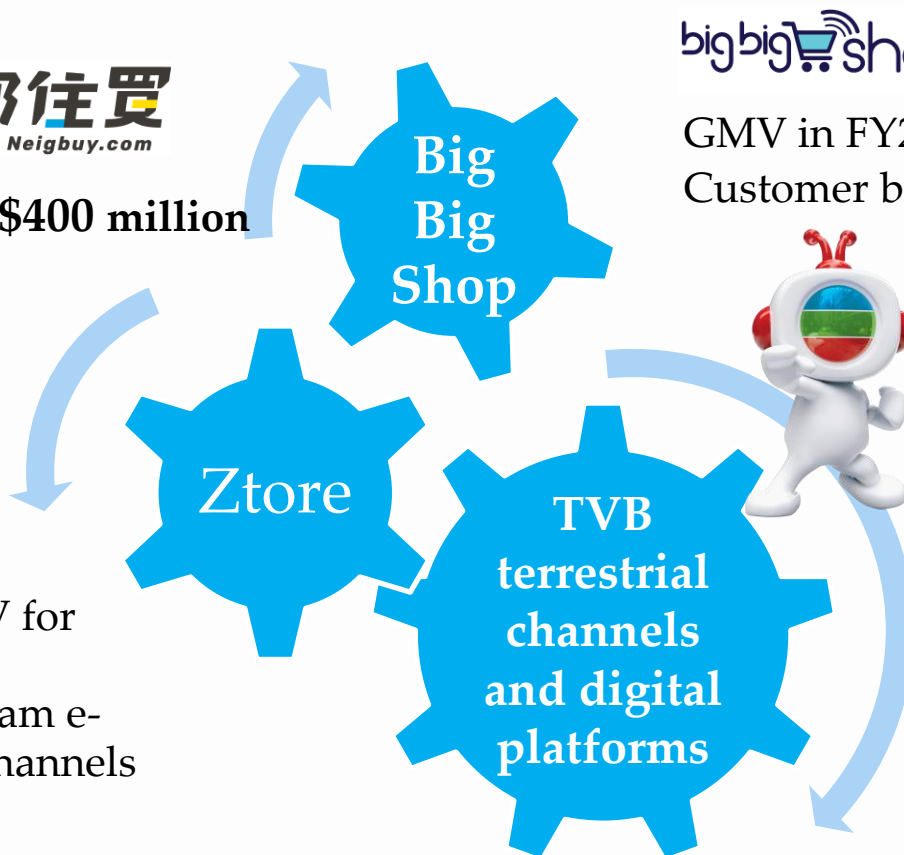
This transaction is expected to create significant positive synergistic effects for TVB & Ztore



GMV in FY31.3.21 **HK\$400 million**
Customer base:
ztore.com **660,000**
neigbuy.com **270,000**

Benefits for Ztore:

Accelerate customer acquisitions and GMV for Ztore with increased promotion & live-stream e-commerce on TVB's channels and platforms



GMV in FY2020 **HK\$142 million**
Customer base: **480,000**

Benefits for TVB:

Benefit from Ztore's e-commerce managerial resources to support future growth. Substantial synergies include the integration of warehouse management, order fulfilment systems and pickup points network

TVB's e-commerce business post-acquisition:

Customer base to exceed **1 million**; GMV scale up by over **4 times**

Pickup points network may form one of the **largest** in HK



E-commerce: Grow GMV with increased promotions & live-streaming on TVB channels and platforms

Big Big Shopping Nite (周末幫你慳啲啦) weekend flash sales programme



百成堂
買滿HK\$300
即減HK\$50
優惠碼 **PST50**
立即選購

限首100名 big big shop會員

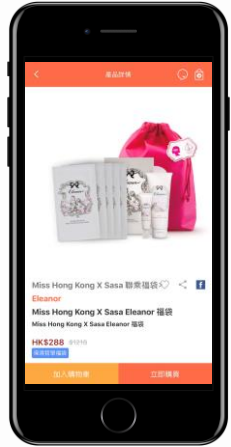
優惠期: 2021年8月16日至10月31日
數量有限, 用完即止
所有優惠條款及細則約束
如有任何爭議, big big shop及百成堂保留最終決定權



Circle K (300+ stores in HK) as fulfilment partner



Top Sales - Big Big Sale (識貨特賣場)



日本品牌 **YOHOME**
新煮意折疊萬用焗爐
一機五用(火鍋、煎、炒、煎、烤)
折疊式分體。獨立控溫

會員價 **HK\$599**
立即選購

Sasa
非凡美肌體驗

Miss Hong Kong X Sasa Eleanor 聯乘護膚
Eleanor
Miss Hong Kong X Sasa Eleanor 禮裝
HK\$288 (含稅)

SPF 50+ PA+++ 全方位
高保湿, 身體防曬噴霧 (500ml)
神效精油護手霜
每款女界獨一無二, 送 \$99 禮券



4 Enhance and broaden our presence in mainland China while extending our direct-to-customer footprint in other markets overseas

1

Traditional Licensing

(Landing rights fee for distribution of Jade & Pearl channels in Guangdong)

2

Co-production

(Exploitation of the associated IP rights are allocated between the respective Chinese online partners (taking the mainland rights) and TVB (taking all of non-mainland rights))

3

New media licensing

(Release new drama titles simultaneously in mainland China, license archive library)

Co-production & licensing of TVB content to online video platforms



Drama serials released on Chinese online streaming platforms in 1H2021



Sinister Beings
Simulcast right



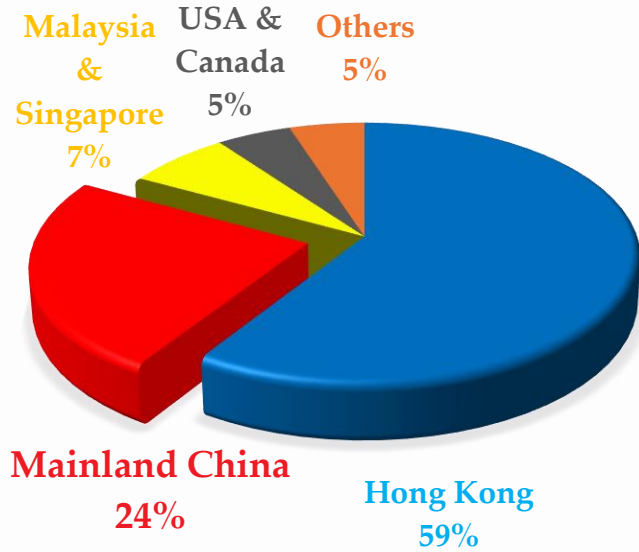
Armed Reaction
Co-production



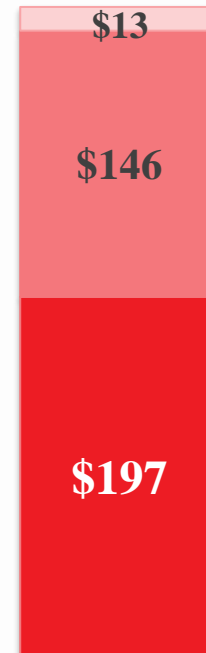
Murder Diary
Co-production



China Revenue was affected by COVID-19

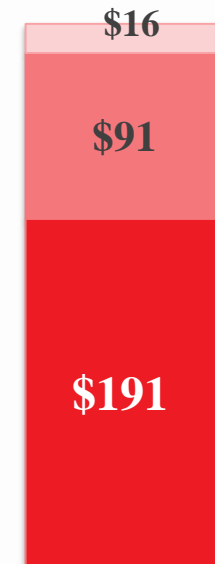


HK\$356m



1H20

HK\$298m



1H21

24% of Group's Revenue

Co-production & licensing of TVB content to online video platforms

Tencent 腾讯



- Travel restriction to/from mainland China since COVID-19 outbreak disrupted the progress
- 3 titles under co-production (1H20: 4 titles)
- Better margin due to higher ASP of co-production titles



Strategic Investment



Why Women Kill Season 2



- A Marc Cherry (creator of Desperate Housewives) creation
- Starring Allison Tollman, Nick Frost, Lana Parrilla
- Set in 1949, this season follows a simple and plain woman, Alma Philpot, whose life is turned upside down when she learns her husband's secret hobby. As she slowly learns what life is like with confidence and power, it will lead her down a road that she can't come back from.



Dan Brown's - The Lost Symbols



Starring Ashley
Zukerman and Valorie
Curry



- Based on Dan Brown's record-breaking thriller, *The Lost Symbol*, this series follows the early adventures of the famed Harvard symbologist Robert Langdon when he was just an awkward young professor trying to find his feet. Langdon finds himself pulled into a series of deadly puzzles when his mentor is kidnapped and the CIA forces him onto a task force, where he uncovers a chilling conspiracy of global terrorists.
- Scheduled to premiere on Peacock in mid September 2021.



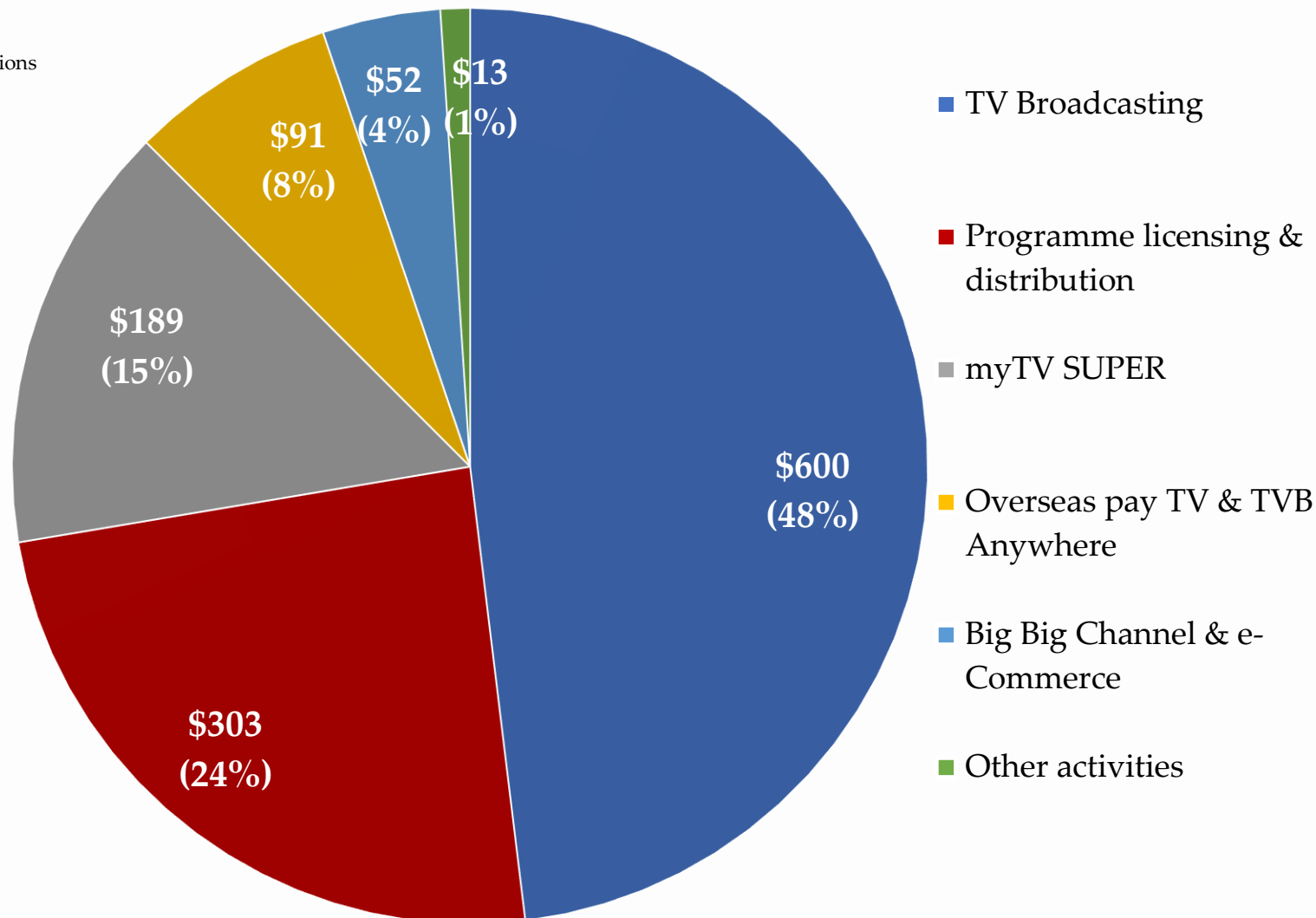
Segmental Results

Revenue breakdown by segments



Total revenue HK\$1,248m

HK\$ in millions

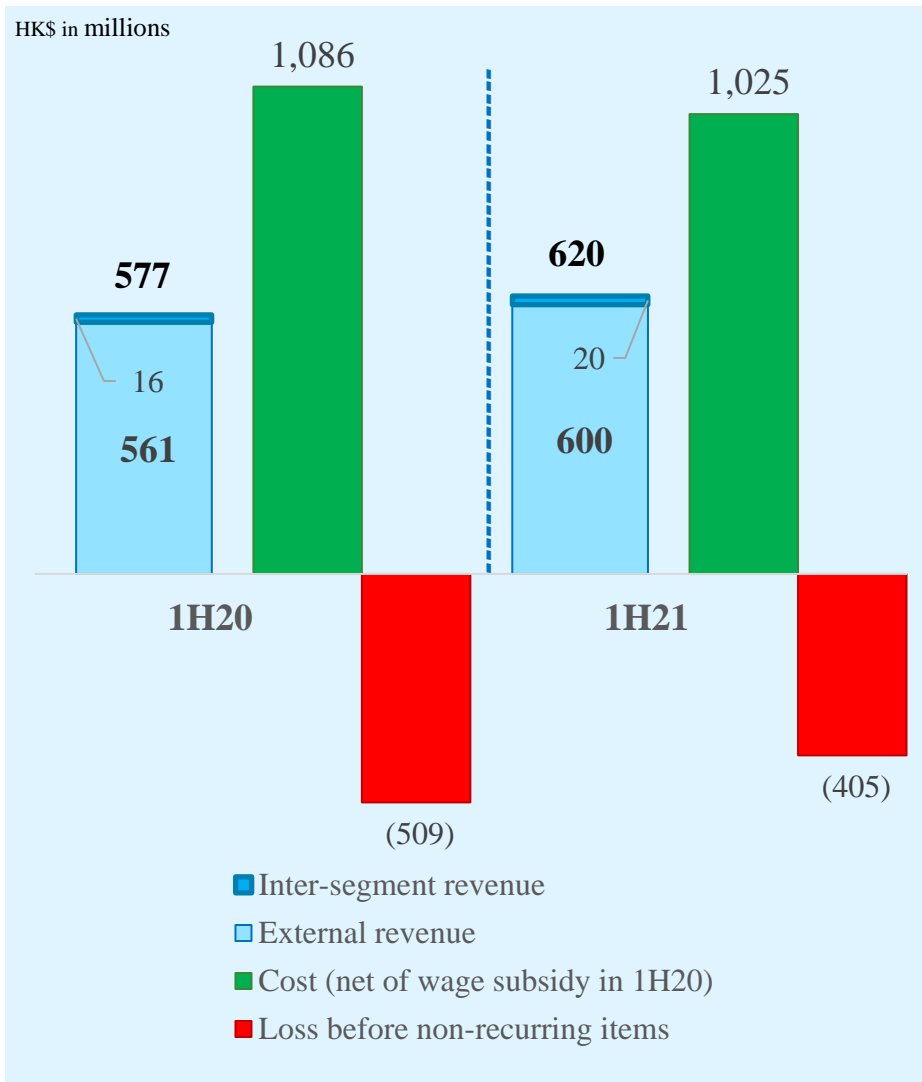


Total Revenue (by business segments)



HK TV Broadcasting

Audience share maintained at 78%



- This segment includes revenue from air-time advertising; programme sponsorship; drama co-production & commercial production; product placement, artiste management, etc.
- External revenue increased by 7% to HK\$600m
 - Advertising income improved 31% to HK\$460m
 - Co-production income from China's online video platforms decreased 38% to HK\$91m



HK TV Broadcasting

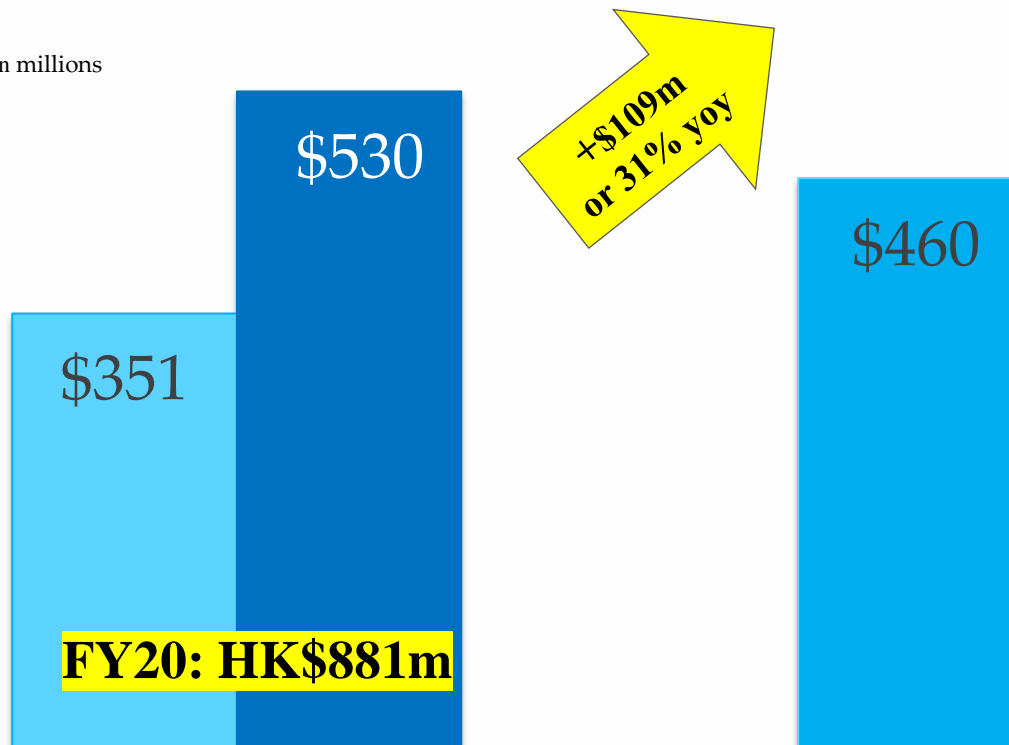
TV advertising revenue improved 31% in 1H21

Advertising revenue from HK TV Broadcasting

1H20: HK\$351m

1H21: HK\$460m

HK\$ in millions



Categories exhibited yoy growth in ad spend:

- Pharmaceutical and healthcare
- Hygiene and personal care products
- Pet care products
- Online games
- Local and overseas property developers
- Online property agents
- Virtual banking and finance

2020

■ 1H ■ 2H

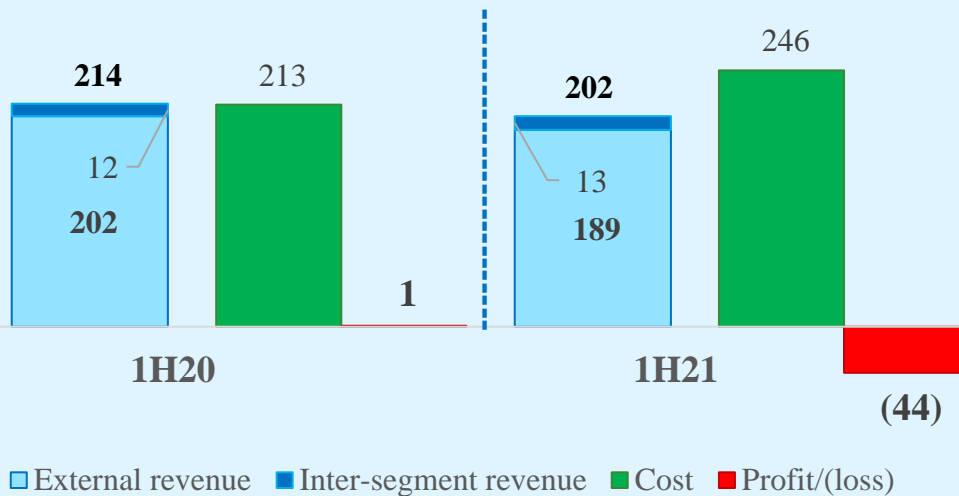
2021

myTV SUPER: Subscriber base expanded to 9.5m

Higher subscription revenue but lower advertising income



HK\$ in millions



- Revenue declined by 6% to HK\$189m

- Subscription income increased 8%

- New collaboration with iCable

- Higher ARPU boosted by expanded myTV Gold subscriber base

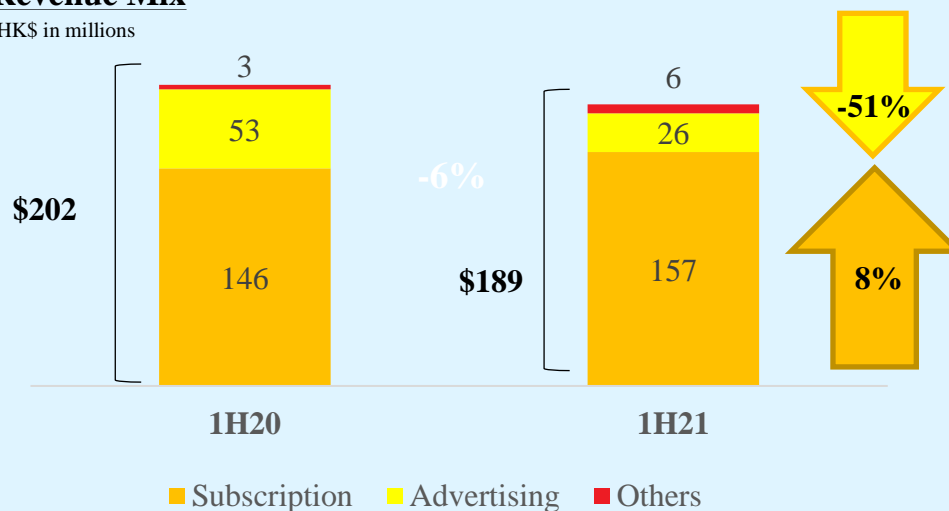
- myTV Gold 117,000 users (1H20: 40,000); ARPU of HK\$74/month

- Advertising income declined 51% to HK\$26m due to intense competition amongst the international digital platforms

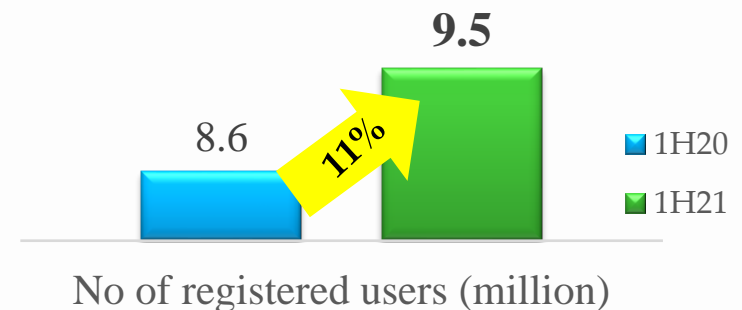
- Higher programme cost due to investment in original and 1st window content

Revenue Mix

HK\$ in millions



myTV SUPER Users

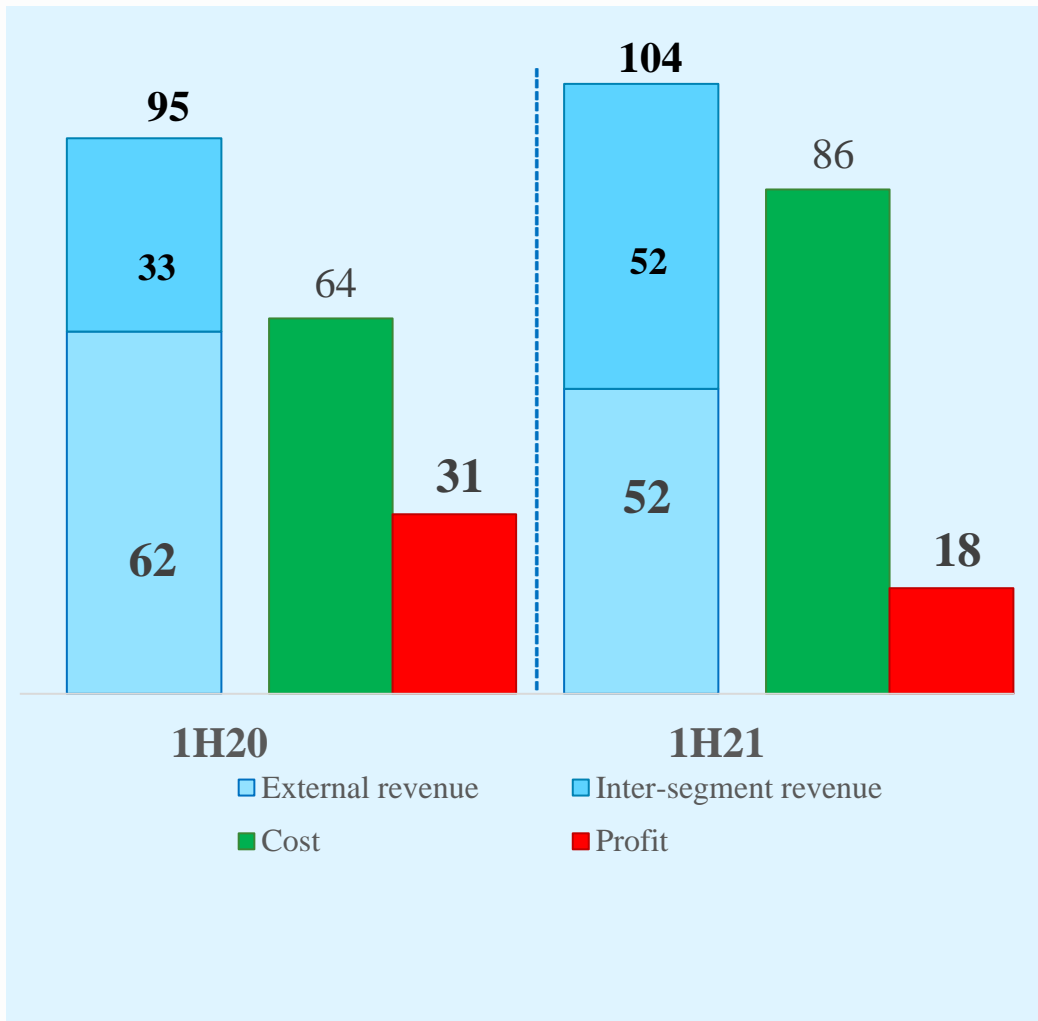


BBC & E-Commerce

Big Big Shop sales, social media income & events management income increased

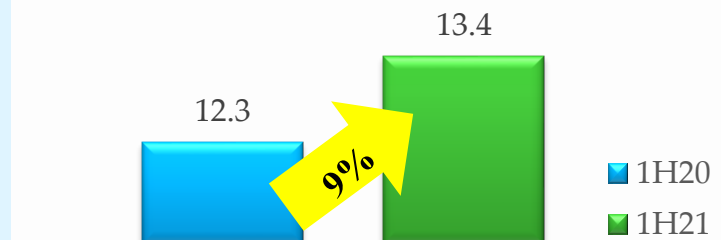


HK\$ in millions



- Revenue declined 15% to HK\$52m:
 - E-commerce, event management, social media advertising revenues increased but was offset by lower project-based sponsorship income.
 - E-commerce
 - ✓ Leverage on the high reach of TVB channels and digital platforms to convert audiences to online shoppers
 - ✓ GMV on completed orders increased 10% to HK\$62 million. Average order value was about HK\$627.
- Cost increased due higher costs incurred for event management and operating costs for e-commerce business.

Social Media Followers

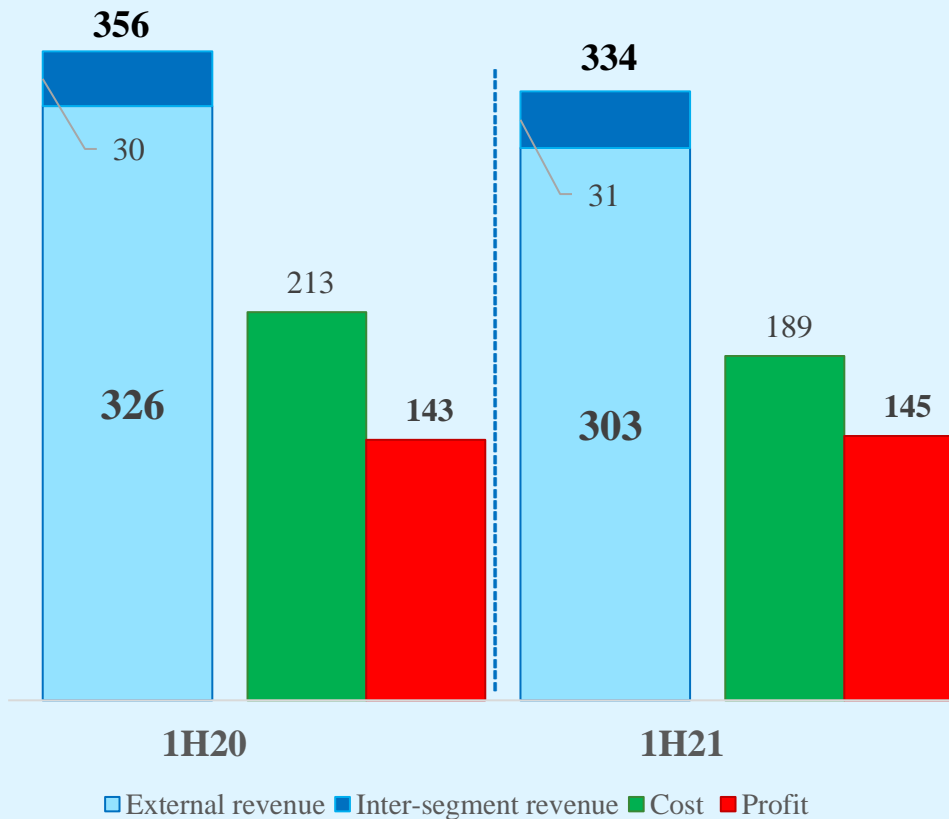


No of social media followers (million)



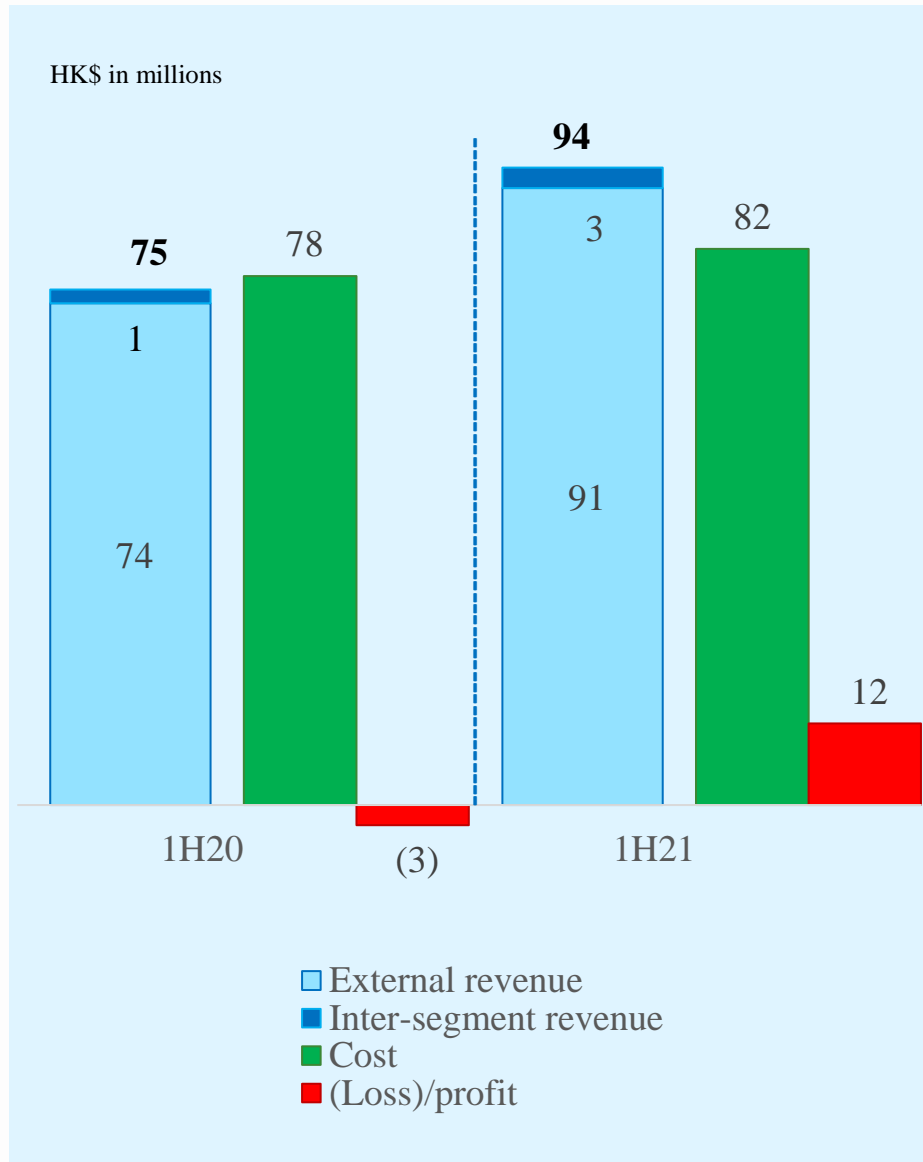
Programme Licensing and Distribution

HK\$ in millions



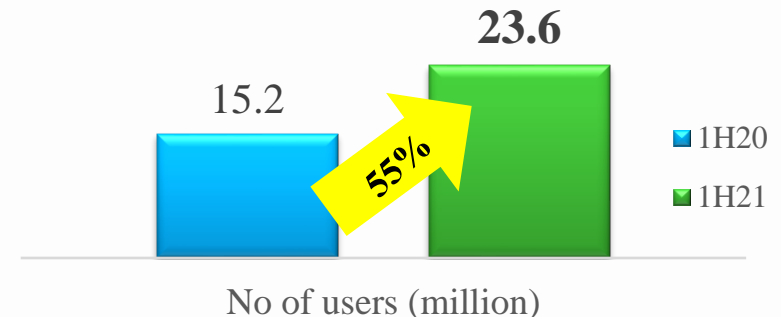
- This segment includes revenue from licensing of TVB programmes to overseas platforms. Platform partners include: Astro (Malaysia), StarHub (Singapore), SCTV (Vietnam), Singtel (Singapore), Fairchild (Canada).
- Revenue decreased by 7% to HK\$303m
 - Lower revenue from Malaysia and Singapore
- Profit remained steady as cost decreased with fewer promotional activities

Overseas Pay TV & TVB Anywhere: Business Turnaround



- This segment includes revenue from TVB Anywhere; payTV in USA; new media platforms.
- Revenue increased 23% to HK\$91m
 - Solid growth in user base
 - Advertising income increased with multi-channel distribution strategy (i.e.: YouTube)
- Engagement with YouTube users:
 - TVB contents are made available in eight languages* by dubbing or subtitling.
 - Subscriber base of over 6 million, up 56% year-on-year
- TVB Anywhere SVOD service available as a pre-loaded app on Huawei mobile devices in 29 markets

Global Viewers of All TVB Platforms



* Vietnamese, Cambodian, Thai, Arabic, Bahasa, English, Mandarin, Cantonese



Outlook



Outlook

Advertising

gradual return to growth

E-commerce

fast GMV growth under an expanded e-commerce group

Mainland China

Expand our content distribution by means of diversified licensing and co-production models

Appendix (for reference)



Consolidated Income Statement

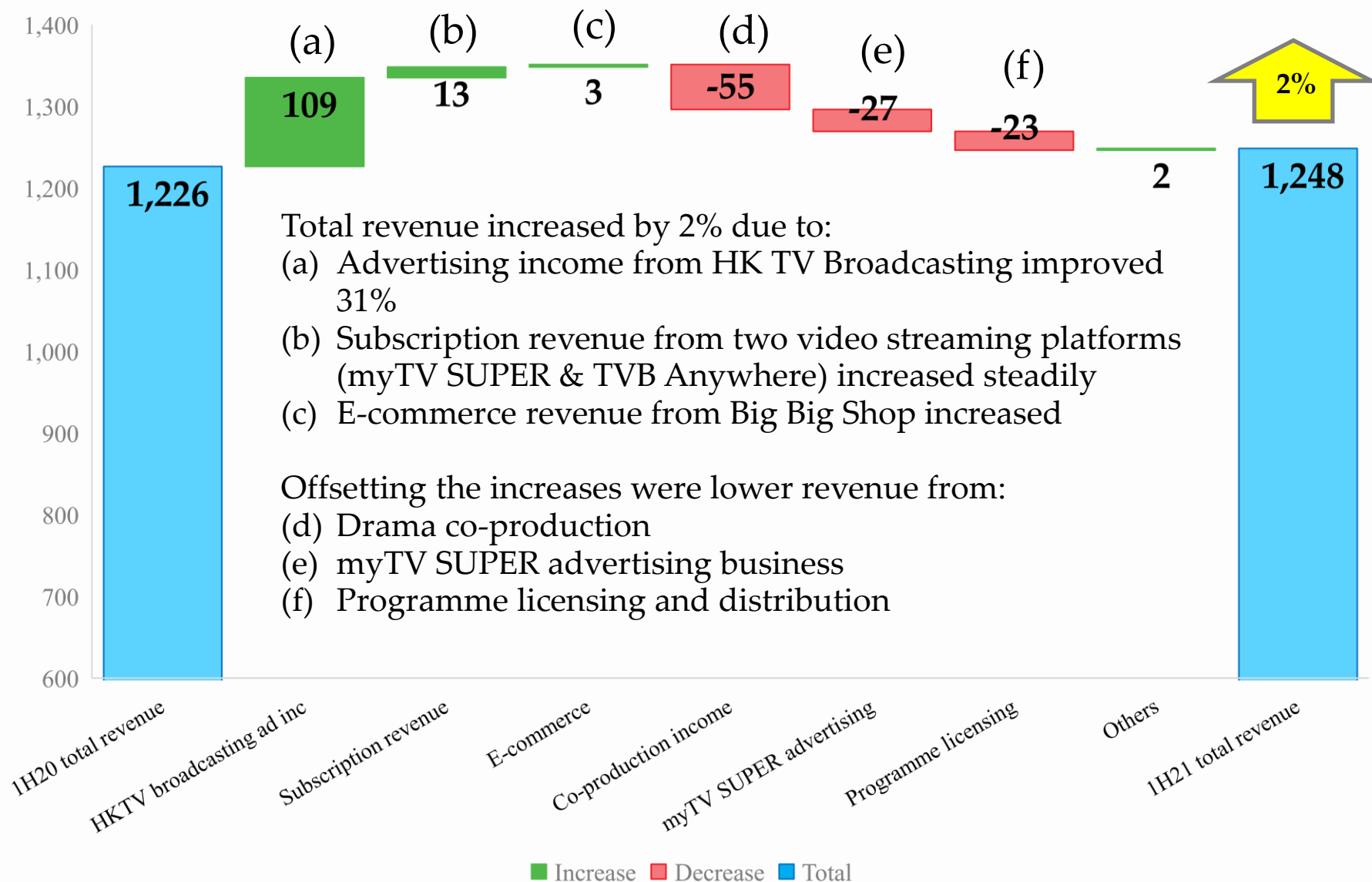


HK\$ million	1H21	1H20	yoy chg
Revenue	1,248	1,226	2%
Total costs	<u>(1,597)</u>	<u>(1,646)</u>	-3%
	(349)	(420)	-17%
Other revenues & other gains, net	10	42	-78%
Interest income	78	62	27%
(Loss)/gain on disposal of bond securities	(1)	14	NM
Impairment loss on other financial assets	(8)	(21)	-61%
Finance costs	(60)	(40)	50%
Share of losses of JV & associates	-	<u>1</u>	NM
Loss before income tax	(330)	(362)	-9%
Income tax credit	<u>53</u>	<u>74</u>	-28%
Loss for the year	<u>(277)</u>	<u>(288)</u>	-4%
Loss attributable to equity holders	<u>(284)</u>	<u>(293)</u>	-3%
Loss per share (HK\$)	<u>(0.65)</u>	<u>(0.67)</u>	-3%

Analysis of Change in Revenue by Category



HK\$ in millions



Total revenue increased by 2% due to:

- (a) Advertising income from HK TV Broadcasting improved 31%
- (b) Subscription revenue from two video streaming platforms (myTV SUPER & TVB Anywhere) increased steadily
- (c) E-commerce revenue from Big Big Shop increased

Offsetting the increases were lower revenue from:

- (d) Drama co-production
- (e) myTV SUPER advertising business
- (f) Programme licensing and distribution

■ Increase ■ Decrease ■ Total

Segment Analysis



HK\$ million	1H21 External revenue	yoy change	1H21 Profit/ (loss)	yoy Change	Explanation
HK TV Broadcasting	600	7%	(405)	-21%	Advertising revenue increased 31% to HK\$460m; Co-production income declined to HK\$91m
MyTV SUPER	189	-6%	(44)	NM	Subscription income increased 8% to HK\$157m Ad revenue dropped 51% to HK\$26m Higher content cost to attract subscription
Big Big Channel & e-Commerce	52	-15%	18	-41%	E-commerce, events management, social media income increased but sponsorship income dropped
Programme licensing and distribution	303	-7%	145	1%	Lower revenue from Malaysia and Singapore, profit was stable as promotional costs decreased
Overseas pay TV & TVB Anywhere	91	23%	12	Turnaround	Subscription and advertising income increased
Other activities	13	549%	(1)	-19%	
Corporate support	-		(97)	30%	Interest expense re: TVB Notes & bank loans
Subtotal	1,248	2%	(372)	-10%	
Adjusted EBITDA			(140)	-33%	
Loss attributable to equity holders			(284)	-3%	If excluding the wage subsidy of HK\$34m, loss would have improved by HK\$43m or 13%

Balance Sheet as at 30 June 2021



HK\$ million	30 June 2021	31 Dec 2020
Bond securities at amortised cost (current and non-current)	405	511
Property, plant and equipment	1,508	1,611
Trade receivables	956	1,096
Other receivables, prepayments and deposits	580	551
Cash and cash equivalents and bank deposits	3,121	3,335
Stocks, programmes and film rights	1,338	1,294
Other assets	1,572	1,434
Total assets	9,480	9,832
Total equity	5,027	5,298
5-year Notes due in October 2021	1,824	1,818
Bank borrowings	1,938	1,935
Other liabilities	691	781
Total liabilities	4,453	4,534
Total equity and liabilities	9,480	9,832

- Net current assets HK\$3,601 million (31.12.2020: HK\$3,834 million)
- Current ratio 2.5 (31.12.2020: 2.5)
- Gearing ratio: 13.8% (31.12.2020: 8.6%)

