

# SinoMedia Holding Limited

Stock Code: 00623

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## 2013 Interim Results

22 August 2013



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# Agenda

**About SinoMedia**

**Business Review**

**Financial Review**

**Outlook**

**Appendix**



# About SinoMedia



# Key Highlights for 1H 2013

1

Net profit went up **115%**, with remarkable **growth of revenue** and **gross profit margin**

2

A satisfactory **growth** of **24%** in revenue from **TV advertising resources** in terms of improved sales rate and ASP

3

Satisfactory **development** in **creative service and production** capacity, with **growth** of **96%** in revenue

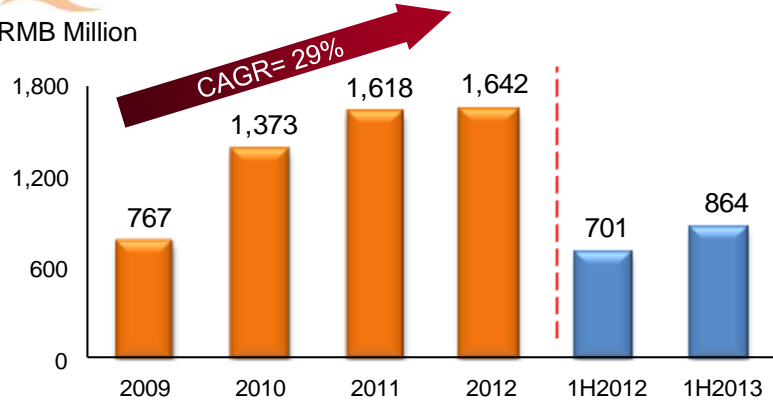
4

Clean balance sheet with **strong cash position** of RMB **1.16bn** as at 30 June 2013

# Sustained Growth Momentum

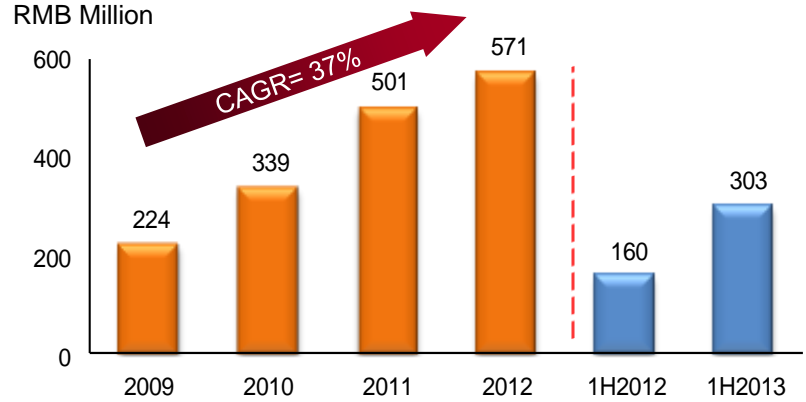
## Revenue

RMB Million



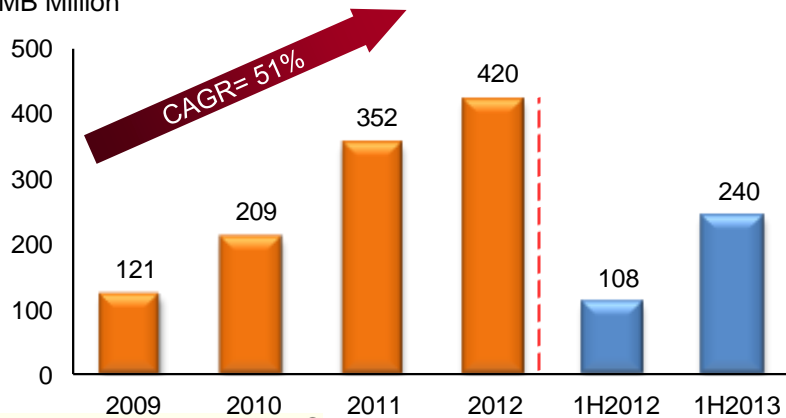
## Gross Profit

RMB Million



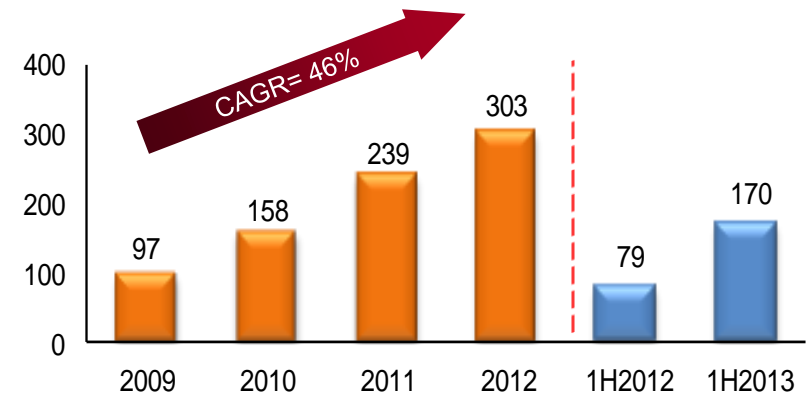
## EBIT

RMB Million



## Profit Attributable to Equity Shareholders of the Company

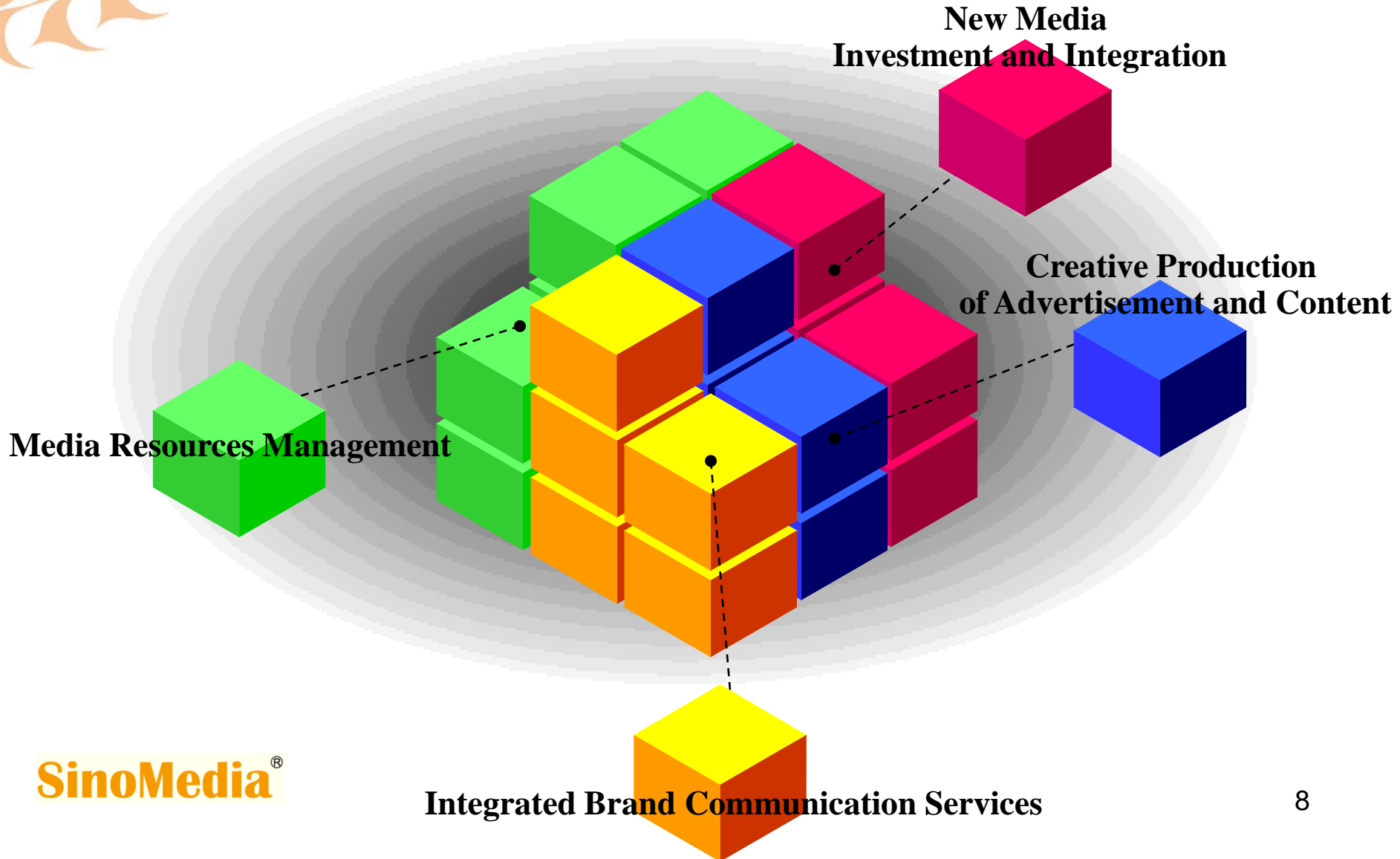
RMB Million



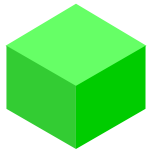


# Business Review

# Business Segments







# Media Resources Management ('MRM')

- ✓ The largest operator of the longest business relationship, an abundance of underwriting resources, and wide-ranging forms of partnership with CCTV
- ✓ CCTV Top Ten Advertising Agencies & CCTV Outstanding Achievement Award



Media Resources

- Competitive sales efforts
- Diversified media product portfolios
- Active promotion and strong marketing initiatives



Marketing and packing of the media resources for multiple products

Working with CCTV to underwrite exclusive media resources

## Clients

Multinational Companies

Domestic Companies





# MRM - Underwritten Media Resources in 1H 2013

The Group had approximately 19,607 minutes of advertising time resources on a total of 50 programs in 5 channels.

## CCTV-1 (General)



“Night News”  
“News 30”

## CCTV-4 (Chinese International, including Europe and US)



“Across the Strait”  
“China News Package”  
“Exposition of Chinese Culture Relics”  
“China Showbiz” & two time slots packages

## CCTV-5 (Sports)



“Weather Forecast” during “Sports News”

## CCTV-7 (Military and Agriculture)



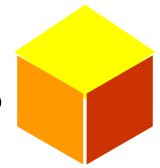
“Zhi Fu Jing”  
“Focus on the Three Agricultural Issues”  
“Daily Agricultural News”  
“The Rural World” & other time slots

## CCTV-NEWS (English News)



All programs on CCTV-NEWS

# Integrated Brand Communication Services

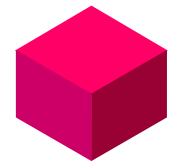


**Customer service covers all media platforms**

- ✓ Brand management & product position
- ✓ Media procurement & ad placement
- ✓ Ad monitoring & evaluation
- ✓ Public relations



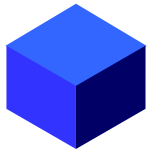
# Creative Production of Advertisement and Content



- ✓ **Creative production of commercial** advertisements
- ✓ **Creative production and distribution** of promotional videos by the nationwide **PSA broadcast network**



- ✓ **Integration, production, and distribution** of non-advertising **programme content**
- ✓ Kicking off the **research, creative production and broadcast negotiation** of the 1st **original featured programme**



# New Media Investment and Integration

**A platform of multiple media channels,**  
built by the Group or in which the Group holds a controlling or participating interest

Websites



Digital TV channel



Mobile terminal TV





# Financial Review

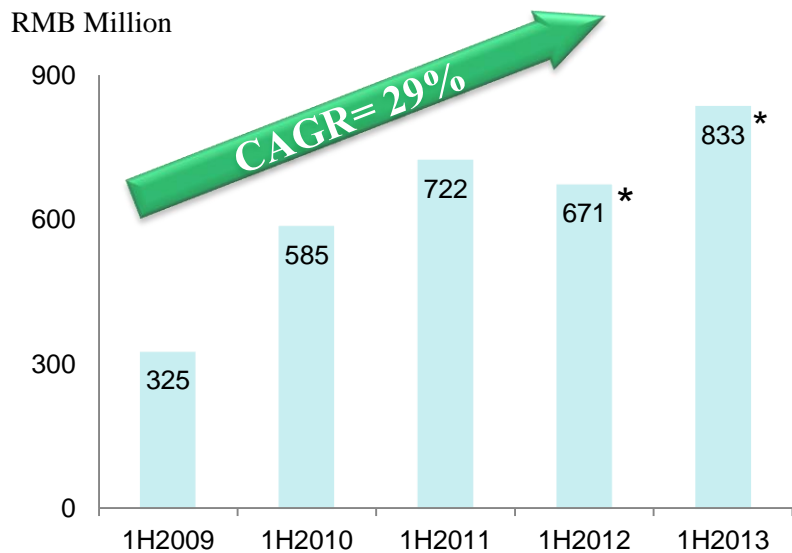
# Financial Summary

Six months ended 30 June

<i>(RMB '000)</i>	2013	2012	Change
<b>Revenue</b>	<b>863,921</b>	700,742	<b>+23%</b>
<b>Gross profit</b>	<b>303,124</b>	159,936	<b>+90%</b>
<i>Gross profit margin (%)</i>	<b>35%</b>	23%	<b>12 p.p.</b>
<b>Profit from operations</b>	<b>239,796</b>	107,771	<b>+123%</b>
<b>Profit attributable to equity shareholders of the Company</b>	<b>170,310</b>	79,049	<b>+115%</b>
<i>Net profit margin (%)</i>	<b>20%</b>	11%	<b>9 p.p.</b>

# *MRM – substantial increase yoy*

## Revenue



\*Revenue subject to VAT (about 6%) rather sales tax since 2012.

## Core CCTV TV programme ad time

Six months ended 30 June

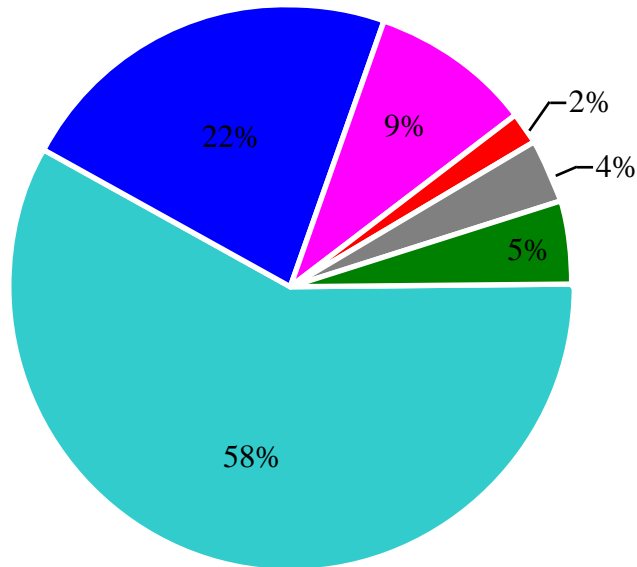
	2013	2012
Minutes Acquired	4,418	4,563
Minutes Sold	3,163	2,748



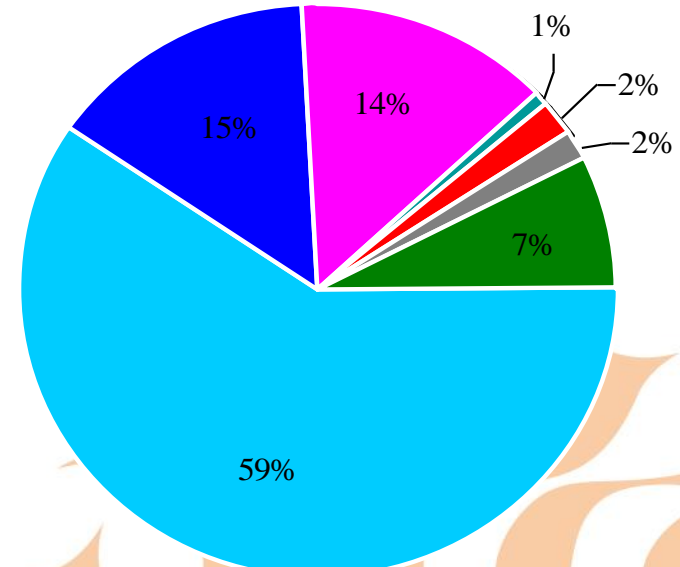
# *MRM – diversified client base*

CCTV – 1, 4, 5, 7 & News

**2013 1H**



**2012 1H**



- Tourism & City Image; Business Promotion; Convention & Exhibition
- Automobile & Transportation
- Building Materials
- Others
- Consumer Goods
- Health & Medical
- Finance & Insurance

# Integrated Brand Communication Services

## Six months ended 30 June

<i>(RMB '000)</i>	2013	2012	Change
<b>Turnover</b>	<b>618,318</b>	632,290	<b>-3%</b>
<b>Revenue</b> <i>(after netting off procurement cost under IFRS)</i>	<b>17,966</b>	29,107	<b>-38%</b>

Delay in confirmation of media accounts settlement affected revenue for 1H2013. Turnover and revenue from this business are expected to resume growth momentum in the second half of this year.

# *Creative Production of Advertisement and Content*

Six Months ended 30 June

<i>(RMB '000)</i>	2013	2012	Change
<b>Creative production for commercial advertisement</b>	14,661	7,464	<b>+96%</b>
<b>Nationwide public service advertising broadcast network</b>			

Creative and content production continued its good development during the period, with further enhancements to our creative service capacity and continuing increases in its revenue contribution.

# Costs Under Control

Six months ended 30 June

<i>(RMB '000)</i>	<b>2013</b>	<b>2012</b>
<b>Total operating expenses as a % of revenue</b>	<b>10.9%</b>	<b>9.4%</b>
<b>Selling &amp; marketing expenses (RMB'000)</b>	<b>31,700</b>	<b>20,026</b>
<i>As a % of revenue</i>	<b>3.7%</b>	<b>2.9%</b>
<b>General &amp; administrative expenses (RMB'000)</b>	<b>62,050</b>	<b>46,155</b>
<i>As a % of revenue</i>	<b>7.2%</b>	<b>6.5%</b>
<b>Profit before taxation is arrived at after charging/ (crediting):</b>	<b>2013</b>	<b>2012</b>
<b>- Finance income</b>	<b>11,661</b>	<b>9,215</b>
<b>- Finance costs</b>	<b>330</b>	<b>2,062</b>
<b>- Impairment losses</b>	<b>9,759</b>	<b>8,406</b>

# Strong Balance Sheet

(RMB '000)

	At 30 June 2013	At 31 December 2012
<b>Cash and cash equivalents</b>	<b>1,164,275</b>	1,442,752
<b>Trade debtors &amp; bills receivable (net of impairment)</b>	<b>197,703</b>	108,850
<b>Current assets</b>	<b>1,808,334</b>	1,911,697
<b>Total assets</b>	<b>2,828,317</b>	2,839,156
<b>Current liabilities</b>	<b>1,520,436</b>	1,593,014
<b>Total liabilities</b>	<b>1,540,276</b>	1,605,456
<b>Net assets</b>	<b>1,288,041</b>	1,233,700

# Trade Debtors and Bills Receivable Maintained at Low Level

(RMB '000)

	At 30 June 2013	At 31 December 2012
<b>Within 3 months</b>	156,917	84,391
<b>3 – 6 months</b>	37,774	24,212
<b>6 – 12 months</b>	2,788	247
<b>Over 12 months</b>	224	—
<b>Trade debtors and bills receivable (net of impairment losses)</b>	<b>197,703</b>	<b>108,850</b>
<b>Turnover days</b>	<b>32</b>	<b>23</b>
<b>Impairment loss on trade debtors (1H2013 &amp; 1H2012)</b>	<b>9,759</b>	<b>1,490</b>

# Healthy Cash Flow

Six months ended 30 June

(RMB '000)

	2013	2012
Net cash (used in)/ generated from operating activities	(339,860)	395,690
Net cash generated from/ (used in) investing activities	179,791	(15,899)
Net cash used in financing activities	(119,272)	(95,639)
Net (decrease)/ increase in cash and cash equivalents	(279,341)	284,152
Cash and cash equivalents at 1 January	1,442,752	913,179
Effect of foreign exchange rates changes	864	813
Cash and cash equivalents at 30 June	1,164,275	1,198,144



# Outlook





# Industry & Group Outlook

- ✓ **The group remains cautious about the economic and market environment for 2H2013 & 2014, and will closely monitor the situation**
- ✓ **But the group remains prudently optimistic about achieving its target of 2013**
- ✓ **In the media advertising industry, video advertisements will continue to be the primary focus**
- ✓ **The group will leverage the advantages of its media resources and work out more popular media products**
- ✓ **Customer loyalty will be enhanced with planning services and expertise in professionalism, in order to keep increasing market share**
- ✓ **For emerging businesses, investment on construction of media platform and creative content production will be increased**



# Open Forum



# Appendix

# Global Advertising Market

## Top ten ad markets

US\$ million, current prices. Currency conversion at 2012 average rates.

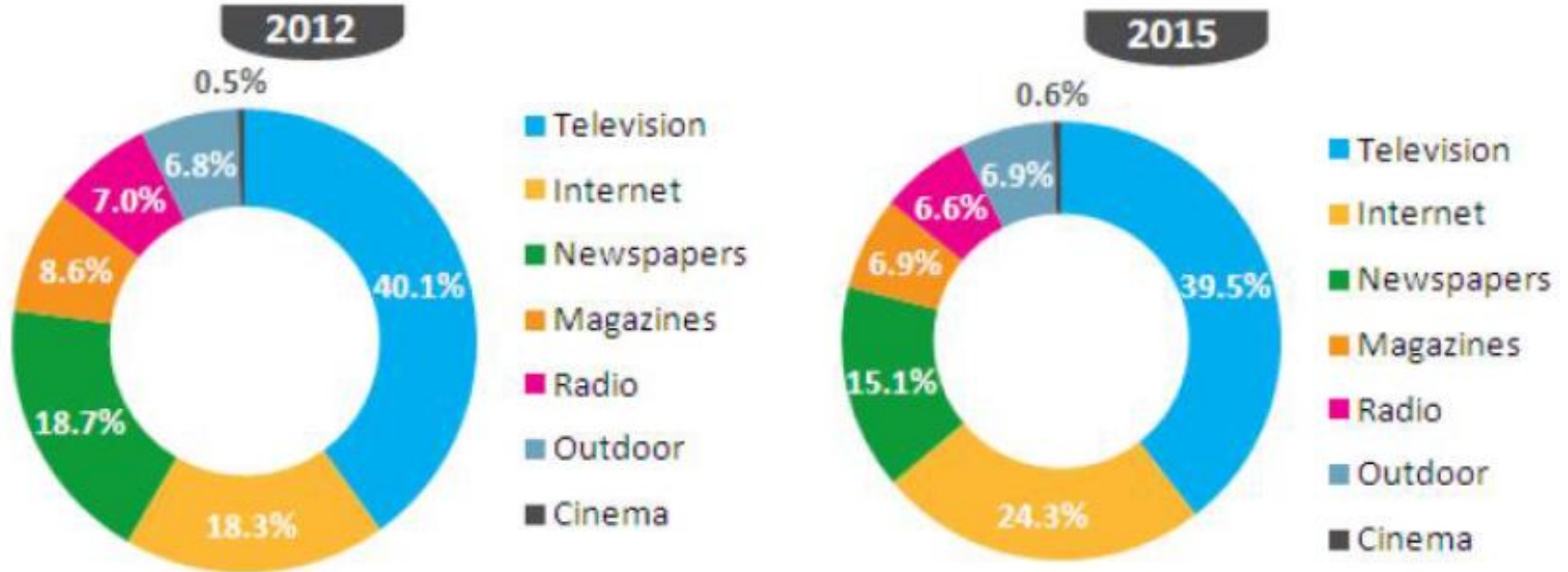
2012		Adspend	2015		Adspend
1	USA	161,241	1	USA	182,433
2	Japan	51,742	2	Japan	55,005
3	China	37,202	3	China	50,241
4	Germany	23,433	4	Germany	23,698
5	UK	19,376	5	UK	21,299
6	Brazil	15,298	6	Brazil	17,740
7	Australia	12,813	7	Australia	13,753
8	France	12,490	8	Canada	13,022
9	Canada	11,624	9	South Korea	12,917
10	South Korea	10,738	10	Russia	12,492

Source: ZenithOptimedia

**China's global ad market share will increase to 18% in 2015, from that of 8% in 2012.**

# TV Remains the Leading Beat

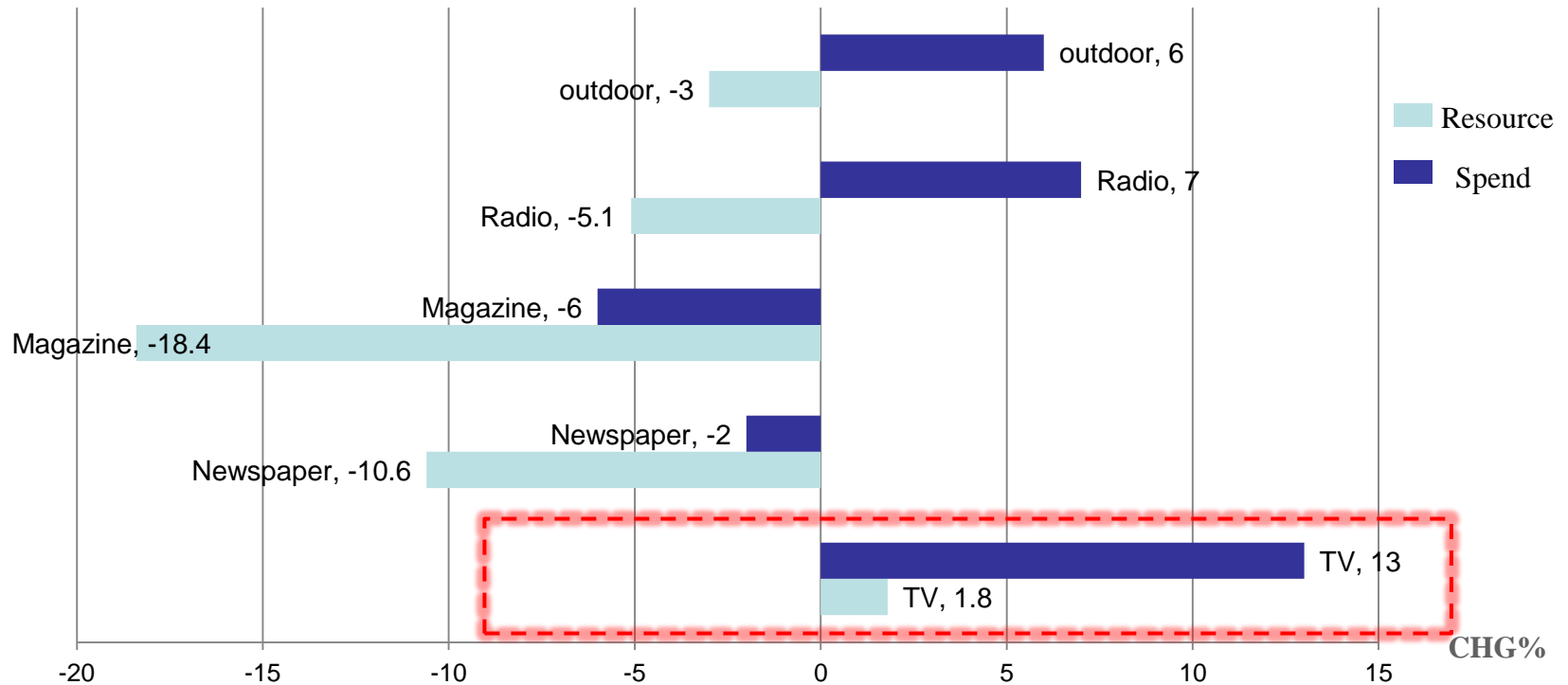
Shares of global ad spend by medium (%)



Source: ZenithOptimedia

# TV Advertising Outperforms Other Traditional Media in China

## China ad resource and spend 2013Q1

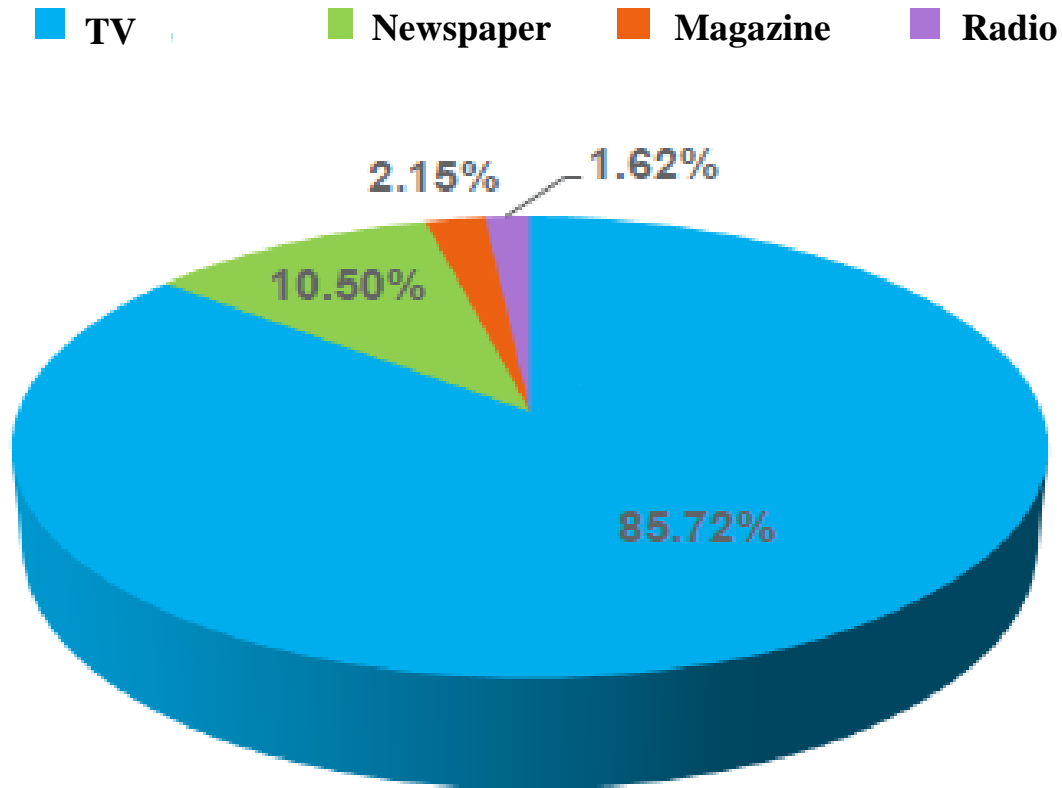


Source: CTR China, May 2013

**TV was the only medium experienced double increases on both ad resource and spend in 2013Q1**

# TV Advertising Outperforms Other Traditional Media in China

Shares of China ad spend 1H2013 by medium (%)



Source: Nielson, July 2013

# CCTV - The Powerhouse in China

## Ad placement on different TV channels in 2013Q1

Channels	Ad spend		Ad resource	
	YoY%	QoQ%	YoY%	QoQ%
CCTV	18	11	5	-6
Satellite TVs	29	2	9	-9
Provincial TVs	4	-10	-6	-15
Local TVs	14	-5	1	-8

Source: Media 360, June 2013