



## STRONG PERFORMANCE BY TV4 GROUP IN 2014

TV4 Group, 1 januari–31 december 2014

- 2014 was a good year for TV4 Group. The operating profit (EBITA) totalled SEK 640 million (SEK 783 million in 2013, not including C More\*). This is a decline of 18.3 per cent, mainly due to increased investment in the digital transformation, including both technical and business development, as well as content. The operating margin was 15.2 per cent (18.6 per cent in 2013).
- TV4's sales rose, totalling SEK 4,206 million (SEK 4,204 million). The year saw record national advertising sales, despite a slight decline in linear viewing. TV4 Play online advertising revenues also reached an all-time high, up 35 per cent on the previous year. TV4 has a markedly better TRP/advertising delivery than its competitors, which has enabled it to strengthen its position in the Swedish TV market.
- TV4 doubled overall digital consumption in 2014, from 131 to 262 million streaming starts, including YouTube. TV4's own platform TV4 Play achieved more streaming starts than MTG TV's and SBS Discovery's play services combined, accounting for 52 per cent of the streaming starts of commercial TV operators. TV4 Play Premium subscription services continued to grow. The number of subscribers grew by 40 per cent, consumption by over 150 per cent and revenues by 64 per cent.
- A long series of new digital offerings were launched in 2014. Among other things, TV4 Play became the first Scandinavian player on Apple TV; a joint venture began with YouTube and TV4 Play was launched for Chromecast. The autumn also saw the start of a Bonnier-wide OTT project gathering the digital content services of TV4, C More, SF and MTV in a new online subscription video on demand (SVOD) service. The service will be launched in 2015. A review of TV4's advertising video on demand (AVOD) offering was also begun, and development of a new Bonnier-wide video advertising platform began.
- For the first time total consumption of moving images exceeded four hours per person and day, even though traditional TV viewing fell from 159 to 153 minutes. TV4's main channels held their ground. TV4 lost only 0.2 percentage points of its audience share (19.7 per cent in All 12-59). Sjuan held on to its record share (6.1 per cent in Female 25-59) and the new channel TV12 captured a relatively high share of audience (2.1 per cent in Male 25-59) right from the outset. Overall, TV4 Group's audience share was 29.6 per cent in All 12-59 (30.4 per cent in 2013). The decline was largely due to the sale of TV11.

*\*In 2014 Bonnier Holding acquired all shares in C More from TV4 and Telenor. C More is therefore not included in earnings. As of 1 January 2015 C More is part of the Bonnier Broadcasting division..*

## TV4 GROUP EARNINGS\*\*

SEK millions	FULL YEAR 2013	FULL YEAR 2014	Change
Sales	4,204	4,206	2
Expenses	-3,421	-3,565	-144
Operating Profit**	783	640	-143
Margin	18.6 %	15.2 %	-3.4 %

\*\* C More is not included in earnings for 2013 and 2014, earnings are adjusted for items affecting comparability.

## SALES AND MARKET

According to IRM's December forecast, total media spending fell by 1.9 per cent in 2014, to just over SEK 32,000 million. The forecast suggests that Web TV sales rose to SEK 668 million, up 62 per cent. Total spending on TV advertising is expected to fall by 2.3 per cent, to SEK 5,810 million. TV4 Group is down only one per cent on 2013 in reports received by IRM, and has therefore increased its market share. And the decline in spending on advertising on traditional TV is less (SEK 140 million) than the increase for web TV (SEK 156 million).

Although traditional TV viewing fell by seven per cent in the 12 – 59 year-old target group, sales of national TV advertising for TV4 Group rose, and both national advertising sales and sales of advertising on TV4 Play broke their previous records in 2014. TV4 Play grew sales by 35 per cent.

TV4 Group deliveries of TRPs\*\*\* to the advertising market did not fall to the same extent as viewing. A substantially higher general TRP delivery than TV4s competitors enabled TV4 Group to strengthen its position in the TV advertising market.

In total, TV operators delivered 1,064,000 TRPs to the advertising market during the year, a fall of 6.5 per cent (representing 73,000 ratings) in the 12 – 59 year-old target group. The TV4 Group's figures held up best, accounting for almost 45 per cent of the total number of TRPs sold. And TV4 as an individual channel delivered a greater quantity of TRPs than the whole of MTG TV, or the whole of SBS Discovery.

- TV4 Group's TRP delivery fell five per cent (a decline of 25,800 TRPs to a total of 477,000) as compared with 2013. The TV4 channel fell by six per cent (-21,800 TRPs to 339,000).
- Despite the Winter Olympics, MTG TV lost most ground of the three major TV operators, almost 12 per cent (-42,000 TRPs to 303,000). TV3 accounted for the greatest decline, losing 15 per cent (-21,000 TRPs to 123,000).
- SBS Discovery lost a total of six per cent (-15,000 TRPs to 241,000) even though its channel portfolio grew. Kanal 5 was the SBS channel that lost most, 12 per cent (-19,500 TRPs to 139,000).

\*\*\*TRP, Target Rating Point, 1 TRP=1 procent av tittandet i en specifik målgrupp.

## CHANNELS AND CONTENT

In 2014 consumption of moving images exceeded four hours (256 minutes) per person and day for the first time (MMS Moving Images 2014:2). The average Swedish inhabitant spent over two and a half hours a day watching traditional TV, down from 159 to 153 minutes per person and day.

### TV4 DIGITAL CONSUMPTION DOUBLES

TV4's commitment to digital services increased in 2014, a year that saw rapid growth in web TV, in terms of both business and consumption. Digital consumption, including YouTube, doubled, from 131 million streaming starts in 2013 to 262 million in 2014.

On TV4 Group's own platform TV4 Play consumption grew by 18 per cent, from 115 to 135 million streaming starts. TV4 Play thereby achieved more streaming starts than MTG TV's and SBS Discovery's play services combined. TV4 Play accounted for 52 per cent of commercial streaming starts, MTG TV having 31 per cent (81 million streaming starts) and SBS Discovery 17 per cent (44 million). TV4 also led the field in time spent. TV4 Play consumption accounted for 47 per cent of time consumed (33 million hours); MTG TV had 38 per cent (27 million hours) and SBS Discovery 15 per cent (10 million hours).

The number of subscribers on TV4 Play Premium rose by almost 40 per cent, due in part to a greater focus on children's content, a greater range of sports and entire seasons of popular drama series. Consumption (streaming starts) rose by over 150 per cent and revenues by 64 per cent. TV4 Play Premium remains one of the most popular online pay TV services.

Numerous new services, collaborations and projects were launched in 2014. In February TV4 became the first Scandinavian player on Apple TV, and late in the year TV4 Play for Chromecast was launched. March saw the start of a partnership with YouTube to make TV4 content available there. Autumn marked the launch of a Bonnier-wide OTT project gathering the digital content services of TV4, C More, SF and MTV in a new internet SVOD service. Within the scope of this project, autumn also marked the start of a comprehensive review of TV4's AVOD offering to further increase growth, and a new Bonnier-wide video advertising platform is also being developed.

Efforts to increase engagement, reach and impact via social media were intensified during the year. TV4 now has one of the most engaging Swedish Facebook pages, with an organic (non-purchased) reach of 1.5 – 2 million unique visitors every week, which is an increase of over 300 per cent.

### GROWING CONSUMPTION VIA DIGITAL AND LINEAR COORDINATION

Digital services have been integrated throughout the new organisation in place at TV4 as of 1 January 2014. Among other things, this digital transformation has resulted in greater coordination and integration between linear and digital content, which has yielded very good results:

*Idol*, celebrating ten years on the air, had a successful season. Some 1,665,000 viewers watched the final when Lisa Ajax emerged victorious in December 2014. This was the highest linear viewing figure for five years. Engagement on social media was greater than ever. *Idol* was the most tweeted subject and reached over 1.5 million Swedes on Facebook. There was a dramatic increase in the number of followers on Instagram and Facebook. And during the season *Idol* generated a total of 30 million streaming starts on TV4 platforms. This represented a doubling of consumption as compared with 2013. A similar trend on all platforms was seen for programme formats such as *Så mycket bättre*, which twice achieved record ratings, *Let's dance* and *Bonde söker fru*, thanks to a clear integration of linear and digital content.

TV4's broadcasts from the *World Cup* were not only well received among traditional viewers and sports and TV critics. The World Cup was also a major digital success for TV4. The World Cup final between Germany and Argentina was the most-seen match, with 2,810,000 viewers. In addition, 323,000 streaming starts were recorded for the final. A total of five million streaming starts were generated for the tournament as a whole, an increase of 3.6 million as compared with the European Championships in 2012. Fotbollskanalen.se broke its record; during the final week it registered 550,000 unique visitors by desktop alone, with a further 150,000 via its two apps. Special World Cup programmes, clips and video blogs were distributed and broadcast live on Fotbollskanalen.se, YouTube and social media, helping to generate both interest and consumption. A number of sports podcasts were also started during the year, featuring Maud Bernhagen, Niklas Wikegård and Olof Lundh, among others. Lundh's football podcasts are the most popular; since their launch in spring there have been over 2.2 million downloads, which represents an average of 70 000 per podcast.

*TV4's election coverage* also demonstrates integration between traditional TV and digital consumption. With interviews, debates between party leaders, daily election specials and the end-of-campaign duel, TV4's election programmes attracted much attention and were a great success. Much more than ever before, viewers were engaged in front of the TV, via TV4 Play and on social media. TV4's traditional election programmes attracted more viewers than during the 2010 election, both in terms of shares among the main 12 – 59 year-old target audience, and in their overall share of audience. The programmes were particularly popular among the younger 15 – 24 year-old target group. But the election coverage also helped to increase digital consumption – of clips, entire programmes and live viewing, and also of Marcus Oscarsson's election podcasts. As a result of the election, digital news consumption as a whole increased in 2014. Consumption of news broadcasts, clips and live news continues to grow. In the autumn it increased by almost 190 per cent, with an average of 750,000 streaming starts each week for news-related programmes and features on TV4 Play alone.

#### **TV4 - THE STRONGEST TRADITIONAL TV OPERATOR**

TV4 Group is retaining its position by some way as the largest TV operator among its main target group of 12 – 59 year-olds, with a 29.6 per cent audience share (30.4 per cent in 2013). The loss of share is mainly explained by the sale of TV11 to SBS Discovery. Among the same target group SVT has an audience share of 25.5 per cent (25.6 per cent in 2013); MTG TV has 23.5 per cent (23.3) and SBS Discovery 14.2 per cent (14.3). TV4 Group is also the most-watched operator among MTG TV's and SBS Discovery's main target groups.

TV4 as an individual channel achieved a 19.7 per cent share of viewing time among its main target group (12 – 59 year-olds) (19.9 per cent in 2013), and was thus by far the most-watched channel, ahead of SVT1 with 16.1 per cent (16.4), TV3 with 8.7 per cent (8.1), Kanal 5 with 8.0 per cent (8.6) and SVT2 with 5.4 per cent (5.2). Factors strongly contributing to TV4's continuing high audience share were Swedish entertainment and drama, morning programmes, news and sport, which will continue to remain at the core of TV4's offering.

Sjuan's rating successes continue. The channel equalled its record ratings from 2013, and has established itself as the sixth most-watched channel among the population as a whole. Sjuan had a share of 4.8 per cent among the 12 – 59 year-old target group, and 6.1 per cent among the main female target group of 25 – 59 year-olds. Moreover, new channel TV12, which launched in late March, has captured an audience share of around 1.6 per cent among 12 – 59 year-olds, and 2.1 per cent among the male target group of 25 – 59 year-olds.



## ÖVRIGT

On 1 January 2014 an entirely new organisation took effect at TV4 Group. TV4 Digital Media was phased out as an individual unit, and digital competence was instead integrated throughout the company to meet the demands made of a modern media enterprise and to integrate digital services in everything the TV4 Group does.

TV4 Group sales organisation was also restructured in April to better meet the customers' and partners' growing need of, and demand for, solution-orientated selling on all platforms, where all salespeople can sell all products, and where TV4 is the best partner for advertising impact and commercial partnerships.

TV4's 24 local TV stations were closed down in June, a necessary step in light of the ongoing structural transformation and changes in the consumption of news. There were 125 redundancies at Nyhetsbolaget, which produces news and journalism for TV4. This change released necessary resources for continued focus on national news and current affairs and digital news services. A new news team was created, with 25 national reporters in 10 locations from Malmö in the south to Luleå in the north. The national reporters now deliver news from the whole country for national broadcasts, and have broadened the appeal of those broadcasts. No commercial news provider operating nationally offers such extensive nationwide coverage as TV4/Nyhetsbolaget. More journalists now provide national news coverage for TV4 than at the end of 2013.

In 2013 TV4 AB owned 65 per cent of C More. In January 2014 the company was sold to Bonnier Holding and in June Bonnier Holding acquired the remaining 35 per cent of C More from Telenor. In August Manfred Aronsson took over as new CEO of C More. C More continued to make substantial losses, but restructuring, new distribution agreements and ongoing work within C More and Bonnier to create synergies have improved the prospects of achieving profitability. As of 1 January 2015 C More belongs to the Bonnier Broadcasting division.

*Source: MMS. Viewing and consumption figures are based on official MMS monitoring in 2014 and MMS Hottop Webb for 2014, MMS Moving Images 2014:2, YouTube. TV4 Group channels include C More channels. MTG TV channels include the Viasat channels. SBS Discovery channels now include Kanal 11, which was acquired from the TV4 Group in 2013.*

### CONTACT INFORMATION:

Magnus Törnblom, Corporate Communications Manager TV4-Group, +46 (0)70 266 27 12, [magnus.tornblom@tv4.se](mailto:magnus.tornblom@tv4.se)

