



## RECORD YEAR FOR TV4 AB BOOSTS EARNINGS FOR THE TV4 GROUP

TV4 Group, 1 January - 31 December 2013

- TV4 AB, not including C More, posts its highest ever operating profit, thanks in part to strong advertising sales and the optimisation of the rights and channel portfolio that was carried out during the year. The TV4 Group's operating profit in 2013 totalled SEK 648 million (SEK 577 million), up 12.3 per cent on 2012. The operating margin was 10.6 per cent (9.8 per cent in 2012). The falling trend of the past few years, which slowed in 2012, has thus now been reversed. C More continues to run at a loss, however, not least due to challenges in Denmark and Norway.
- TV4 Group net sales in 2013 also reached a record level: SEK 6,121 million (SEK 5,885 million in 2012), an increase of 4 per cent. Advertising sales almost equalled last year's record, performing particularly strongly in the second half, when they surpassed sales in the second half of 2012. TV4 Play's advertising sales were especially strong.
- TV4 Play's successes continue, both for the free component funded by advertising and for the TV4 Play Premium subscriber service. TV4 Play accounted for two-thirds of the streaming starts registered by the commercial TV operators, and the rapid growth of TV4 Play Premium has made it one of Sweden's foremost online pay-TV services.
- TV4 Play launched a number of new services during the year: second screen solutions, new programme and advertising formats, such as native advertising, mobile advertising breaks and T Commerce. These have been a great success, both with viewers and advertisers.
- TV4 also achieved its best linear TV shares since 2007, Sjuan having its best year ever. TV4 also grew its actual viewing figures and the number of TRP (target rating points) delivered to the advertising market, whereas main competitors lost ground.
- In late 2013 TV4 Group presented its new strategy, involving a total digital transformation. There are three clear goals: to provide the most-watched TV in Sweden on all platforms; to be the best partner for advertising impact and commercial joint operations; and to occupy a leading position in pay-TV on the internet with a greatly expanded consumer offering.



## TV4 GROUP EARNINGS

SEK millions	FULL YEAR 2013	FULL YEAR 2012	Change
Income*	6,121	5,885	236
Expenses	-5,473	-5,307	-166
Operating profit**	648	577	71
Margin	11 %	10 %	1 %

\* Net income, i.e. after deduction of C More's distribution fees.

\*\* Income before affiliates, structural costs and other items affecting comparability.

## SALES AND MARKET

The TV4 Group saw its second-best year ever for advertising sales in 2013. Thanks to a strong final three quarters the group virtually equalled the record sales achieved in 2012, despite a slower start to the year than expected, with a cautious advertising market and prolonged contract negotiations in the first quarter. TV4 Play advertising sales continued to out-perform in a growing market. TV4 Out of home also continued to grow, recording the highest sales ever for concept and sponsorship sales for the TV4 Group in the fourth quarter. Local sales also did well in the second half of the year.

In December the Institute for Advertising and Media Statistics (IRM) estimated that total media spending in 2013 fell by 2 per cent, i.e. just over SEK 600 million, to SEK 31,400 million. Printed media saw the biggest fall, between 10 and 15 per cent, depending on type of newspaper. TV advertising remains strong and is expected to attract roughly as much spending as in the record year of 2012, just under SEK 6 billion. Advertising sales by the TV4 Group also remain on a par with 2012. In the second half of the year the TV4 Group accounted for almost 90 per cent of TV advertising growth. Web TV ad sales are predicted to increase by 37.4 per cent, to SEK 390 million, with TV4 Play also making a contribution to that figure.

During the year TV4 Play launched several new digital advertising solutions, such as native advertising, mobile advertising breaks, second screen sponsorship and T Commerce. These solutions have attracted much interest and achieved good results for advertisers. A substantial number of new advertising solutions will be launched in 2014, including TV4 AdSync, which synchronises linear TV commercials with related advertisements on digital partner networks to within a minute.

As regards linear TV, TV4 increased its TRP (target rating point) delivery among its main target audience of 12 – 59-year-olds by 5 per cent, representing 17,000 TRP, whereas our main competitors TV3 and Kanal 5 saw their figures fall by 4 per cent (5,600 TRP) and 5 per cent (8,800 TRP), respectively, in the same target group. The competition also lost ground among their own main target groups.

## CHANNELS AND CONTENT

### TV4

Although total linear TV viewing fell by just under 5 minutes per person and day, to 159 minutes, actual viewing of TV4 and Sjuan is on the increase. With an increase of just over 1 minute, to 32 minutes per person and day, TV4 is therefore bucking the trend, since actual viewing of main competitors SVT1, TV3 and Kanal 5 is falling.

In audience share terms, TV4 had its best year since 2007, with a 19.9 per cent audience share (18.5 per cent in 2012) among its 12 – 59-year-old main target group. Main competitors SVT1, TV3 and Kanal 5 lost ground, both among TV4's main target group and among their own respective main target groups (see table below). Among its 15 – 49-year-old main target group, TV3's audience share fell to its lowest level recorded for the channel since MMS began monitoring audience share in 1994. And for Kanal 5's part, it is necessary to go as far back as 2001 to find a lower audience share among the channel's 15 – 44-year-old main target group. TV4 Group also increased the audience share in total for all channels, from 29.7 per cent to 30.4 per cent, even though the completed sale of TV11 during the year.

TV4's programme initiatives during the year focused on improving viewing figures in the second quarter, when demand from advertisers rises sharply. Programmes like Let's dance, Helt sjukt and Fuskbyggarna were stand-outs in a generally successful programme schedule, as was coverage of major sporting events such as the World Ice-Hockey Championships and the Women's European Football Championships.

Ratings successes continued during the third and fourth quarters, when broadcasts from the World Athletics Championships in Moscow and the acclaimed return of Idol set the tone. The British series Broadchurch, Bonde söker fru, Fångarna på fortet, Halvågs till himlen and Körslaget were other programmes that raised viewing figures, and towards the end of the year Så mycket bättre, Solsidan, I huvudet på Gunde Svan and Hellenius hörna all helped TV4 to achieve its best audience share since 2007.

Programmes like Nyhetsmorgon and news broadcasts continued to perform well, and TV4Nyheterna at 10.00pm continued to grow. Series such as Halv åtta hos mig and Äntligen hemma also continued to attract viewers, and TV4's audience share of off-prime also rose.

### TV4 Play & TV4 Play Premium

TV4 Play can look back on another successful year. According to MMS, TV4 Play, with almost 135 million streaming starts, accounted for nearly two-thirds of commercial TV operators' streaming starts (61 per cent), with MTG and SBS TV together accounting for one-third (MTG 24 per cent and SBS TV 15 per cent). And the situation is the same when it comes to time spent. With more than 21 million hours, TV4 Play accounted for 50 per cent of time spent on the commercial TV offerings, whereas MTG accounted for 32 per cent and SBS TV for 18 per cent.

The largest growth was seen in mobile devices. Almost 40 per cent of all streaming starts on TV4 Play during the year were made via mobile devices. This represents a rise of almost 40 per cent in mobile consumption compared with 2012. The largest increase was for viewing via iPad, which grew by 120 per cent.

In summer TV4 Play Premium launched a movie package, followed in the autumn by the TV4 Play Premium Sport package, which includes the range of sports offered by the entire TV4 Group and C More. The subscriber base grew rapidly, and TV4 Play Premium is now one of Sweden's most popular on-line pay-TV services.



In addition to the film and sports packages launched on TV4 Play Premium in the summer, December saw the launch of TV4 Play Hyrbutiken in cooperation with SF Anytime. As a result, viewers can now rent the latest and most talked-about top films individually direct via TV4 Play.

Programmes that are traditionally a hit on linear TV are also among the most popular on TV4 Play. In many cases a further 200,000 – 300,000 streaming starts were added to linear viewing for the strongest formats. Nyhetsmorgon and programmes and clips from Fotbollskanalen.se were also among the most popular items, where the most started single programme during the year was Zlatan-cam, shown exclusively on the web and generating 536,000 streaming starts.

Live viewing via TV4 Play grew rapidly during the year, comprising both live broadcasts linked to linear programmes, the new digital news programme Nyheterna Live and slow TV formats such as #TV4båten and #Älgjakten, which generated 250,000 and 100,000 streaming starts respectively, and were among the most viewed programmes on the internet during the year.

A good number of successful second screen solutions were launched during the year. Examples include Sverigequizet, where tens of thousands of viewers played each other interactively via apps and the web while the programme was being simultaneously broadcast on TV, and hockey-VM-appen, an app that had enormous impact: simultaneous use running to tens of thousands for some matches. The app won an international Pearl Award.

The year also saw a growing interest in, and consumption of, syndicated programmes, i.e. where viewers are offered TV4 Play programmes and clips, and advertisers gain exposure, on sites other than TV4 Play, e.g. YouTube, with which TV4 has a successful partnership for Idol, with millions of viewings.

As part the TV4 Group's digital transformation, TV4 Digital Media was discontinued as a separate unit at the end of 2013, all its parts instead being fully integrated into the company. This strengthened the efforts being made to further develop TV4 Play and TV4 Play Premium. At the centre of the work on enhancing the consumer offering and making it easier for viewers to gain access to TV4 Group content in new ways is a continued commitment to mobile and live offerings, combined with further enhancement of the rights portfolio for all platforms.

## Sjuan

Sjuan's success continues, and the channel had its best year yet in terms of audience share. Its share of viewing time was 4.8 per cent (4.6 per cent in 2012) among the 12 – 59-year-old target group, and a record 6.1 per cent among the main target group of women aged 25 – 59 (5.8 per cent in 2012). This makes Sjuan the sixth most-watched TV channel in the country, and the fifth most-watched among the main target group of women aged 25 – 59.

Sjuan has now established itself as one of the most-watched channels at prime time. The channel not infrequently wins the battle for viewers against TV3 and Kanal 5, and is sometimes also the slot winner among all channels. With a stable and well-known basic programme schedule, e.g. 112 – På liv och död and Spårlöst, and with major hit series such as Biggest loser and Hela Sverige bakar, Sjuan is becoming ever more popular. During the year the cancer gala Tillsammans mot Cancer was a major success, breaking its fund-raising record, and helping to strengthen the changing TV map.



## Audience shares 2013/2012, 12-59 year target group

	2013	2012	+/-
SVT1	16,4	18,0	-1,6
SVT2	5,2	5,2	-
TV3	8,1	8,2	-0,1
<b>TV4</b>	<b>19,9</b>	<b>18,5</b>	<b>+1,4</b>
KANAL 5	8,6	8,8	-0,2
TV6	6,9	6,3	+0,6
<b>SJUAN</b>	<b>4,8</b>	<b>4,6</b>	<b>+0,2</b>

Source: MMS.

## C MORE

The TV4 Group's premium and pay-TV operator C More has three main divisions: premium TV services, mini-pay channels and direct sales to consumers, mainly via the internet.

The planned major investment in premium sport in Norway was carried out in 2013 with the launch of most Tippeligan football matches. This initiative increased the number of subscribers in Norway, but resulted in lower earnings for the Norwegian premium operations. Challenges continued for C More's mini-pay channels in Denmark and Norway. Efforts to achieve structural and operational solutions were intensified during the year.

Growth in the digital TV market slowed in 2013. Some TV distributors launched online services. C More concluded distribution agreements with two of the operators considered to have the largest subscriber bases: Viaplay and TV4 Play Premium. But the most rapid growth was achieved by C More's own C Sports service.

During the year C More extended the two most important sporting rights in the Swedish market. The exclusive rights to the Swedish Allsvenskan men's football was extended until 2019, and the exclusive rights to SHL ice-hockey were extended until 2018.

The process of recruiting a new CEO of C More was initiated during the year, when the incumbent announced his resignation to take up a new position in the TV4 Group.

## MISCELLANEOUS

In October TV4 presented its new strategy, in which digital services are fully integrated with the Group's core business. There are three clear goals: to provide the most-watched TV in Sweden on all platforms; to be the best partner for advertising impact and commercial joint operations; and to occupy a leading position in pay-TV on the internet with a greatly expanded consumer offering.

The TV4 Group's new organisation took effect on 1 January 2014. TV4 Digital Media ceased to be a separate unit; digital services are being fully integrated throughout the company. Cecilia Beck-Friis, formerly Director of TV4 Digital Media, is the new Executive Vice President of the TV4 Group.

During the autumn TV4 increased its commitment to live news for TV4 Play, tv4.se and the TV4Nyheter app in order to strengthen digital news coverage, with greater focus on broadcasting news as it happens and on the platforms used by viewers. This move has been successful, with a sharp rise in consumption of live news.

In June the TV4 Group completed the sale of TV11 to SBS Discovery as part of a strategic review of the sporting rights and channel portfolio.

*Source: MMS. All figures are based on MMS's official viewing statistics for 2013. TV11 is included in TV4 Group viewing up to and including 30 June. From that date on the channel is included in SBS Discovery's viewing figures. Web TV figures are based on MMS HotTopWebb, which also includes consumption via mobile devices as from 1 July. Figures for consumption/streaming starts of TV4 Play via mobile devices have been added for the first half of the year.*

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