



STRONG PERFORMANCE BY THE TV4 GROUP IN 2015

TV4 Group, 1 January – 31 December 2015

SUMMARY:

- 2015 was a good year for the TV4 Group. The operating profit (EBITA) totalled SEK 662 million (SEK 640 million in 2014), an increase of 3.4 per cent. The improvement was due to the Group's increased investment in Swedish content, continuing success with digital transformation and major sales successes on all platforms. The operating margin rose slightly, to 15.6 per cent (15.2 per cent in 2014).
- TV4 Group sales rose, totalling SEK 4,234 million (SEK 4,206 million). Both national advertising sales and advertising revenues for online service TV4 Play were at an all-time-high. Sponsorship and concept sales also rose. The broadening of TV4 main target group, increased viewing on all platforms and an improved sell-off rate helped in achieving the new sales records. TV4 Group advertising/TRP delivery rose, whereas deliveries from other TV operators fell. As a result, TV4 strengthened its leading position in the Swedish TV market.
- TV4's digital consumption rose sharply in 2015, by more than the market average. According to MMS, the number of TV4 Play streaming starts rose by 95 per cent and time spent by 79 per cent. TV4 Play therefore accounted for twice as many streaming starts as MTG TV and Discovery Networks combined. TV4 Play's weekly reach increased sharply during the fourth quarter. Out of all web TV services funded by advertising in the Swedish market, only YouTube achieved greater weekly reach. TV4 Play Premium subscription online service continued to grow. The number of subscribers grew by 25 per cent during the year. Revenues rose by 47 per cent.
- A substantial number of new digital offerings were launched, including the *Woo* video advertising platform, whose extensive reach and impact offers the advertising market the Bonnier companies' entire stock of online video advertising. The *ENT* talent network finds and fosters new talent and gives advertisers new ways to reach young target groups. New food and kitchen brand and service *Köket* is intended to become the country's premier food destination and offer the advertising market integrated solutions on all platforms, and the *Kökets favoriter* internet store will take visitors and users from inspiration to action. TV4 Play was launched for Android TV, and Big Screen consumption grew during the year by nearly 500 per cent.
- Total consumption of TV and online video continued to grow, approaching 4.5 hours per person and day (263 minutes). After several years of declining figures for traditional TV viewing, it increased slightly, from 153 to 154 minutes. TV4's audience share (20.9 per cent) was at its highest since 2007. Overall, TV4 Group channels had their second best year ever (31.5 per cent) among the 15 – 64-year-old main target group. The TV4 Group also captured audience share among the target groups of its main competitors, which instead lost ground. Sjuan maintained its audience share. The relaunched TV12 saw a sharp rise and is now the fastest-growing TV channel in Sweden.

EARNINGS – TV4 GROUP*

SEK MILLIONS	FULL YEAR 2014	FULL YEAR 2015	CHANGE
Sales	4,206	4,234	28
Expenses	-3,566	-3,572	-6
Operating profit*	640	662	22
Margin	15.2 %	15.6 %	0.4 %

* Earnings are for the TV4 Group (excluding C More, which is part of the Bonnier Broadcasting business area since 1 January 2015), and are adjusted for items affecting comparability.

SALES AND MARKET

The broadening of the main target group and price rises brought in by the TV4 Group in 2015 have resulted in a more balanced TV market. This enabled the TV4 Group to deliver secure, effective and successful campaigns for advertisers in 2015.

According to IRM's December forecast, total media spending rose by 1.8 per cent in 2015, to SEK 32,500 million. The forecast suggests that Web TV sales rose to SEK 906 million, up 42.6 per cent. Total spending on TV advertising is expected to have fallen by 4.4 per cent, to SEK 5,511 million. Spending on TV4 Group TV advertising only fell 1.6 per cent, and TV4 Group hence increased its market share. The decline in spending on traditional TV advertising is less (SEK 251 million) than the increase for web TV (SEK 270 million).

The TV4 Group scored major ratings successes thanks to its commitment to local Swedish content. And although total TV viewing in TV4's main 15–64-year-old target group fell by two minutes (to 135 minutes), viewing on all TV4 Group channels increased (from 42 to 43 minutes).

2015 saw record national advertising sales for TV4, Sjuan and TV12, and record advertising sales for TV4 Play. TV4 Play grew sales by 31 per cent. And local digital advertising products increased by over 400 per cent, due in large part to the Woo video alliance launched during the year. Woo offers advertisers a broader digital product with extensive reach. During Q4 weekly reach for Woo, which currently includes TV4 Play, Expressen TV, DN TV and DI Play, was over 26 per cent**. Sponsorship and concept sales also rose.

Thus, the TV4 Group outperformed the market as a whole, and its deliveries of TRP*** to the advertising market grew, while those of the main competitors – MTG TV and Discovery Networks – fell. In total, Swedish TV operators delivered 1,146,000 TRPs to the advertising market during the year, a fall of 0.5 per cent (representing 5,500 ratings) in the 15–64-year-old target group. The TV4 Group accounted for nearly 49 per cent of the total number of TRPs sold. And TV4 as an individual channel delivered a much greater quantity of TRPs than the whole of MTG TV, or the whole of Discovery Networks.

- *TV4 Group* delivery rose by 1.9 per cent (up 10,500 TRPs) to a total of 547,000 TRPs as compared with 2014. The TV4 channel rose by 4,500 TRPs (+1 per cent); Sjuan lost 2,500 TRPs (-3 per cent) and TV12 rose by 13,000 TRPs (+70 per cent).
- *MTG TV* lost 8.2 per cent (down 26,000 to a total of 316,000 TRPs). Most ground was lost by TV3, which fell by 25,000 TRPs (-19 per cent), while TV6 lost 9,000 TRPs (-9 per cent). TV8 and TV10 gained.
- *Discovery Networks* lost 0.4 per cent (down 1,000 TRPs to a total of 251,000 TRPs). Kanal 5 lost 12,000 TRPs (-8 per cent), while some of the smaller channels, such as Kanal 11, improved their ratings.

**MMS Trend & Tema Q4 2015.

***TRP, Target Rating Point, 1 TRP = 1 per cent of ratings in a specific target group.

CHANNELS AND CONTENT

Total consumption of moving images (traditional and online TV) continues to rise. In 2015 the average Swedish inhabitant consumed almost 4.5 hours of moving images a day (263 minutes compared with 256 minutes in 2014). Over 2.5 hours of that time was devoted to watching traditional linear TV channels, and after a number of years of declining viewing figures for linear TV, viewing rose by 1 minute during the year, to 154 minutes per person and day. Linear TV viewing also remains popular with younger viewers. For example, viewing among 15–44-year-olds was 97 minutes per person and day. And TV4's main target group, 15–64-year-olds, watched an average of 135 minutes per day.

RAPID DIGITAL GROWTH FOR THE TV4 GROUP

Following greatly increased investments, both in technology and content, TV4 Play saw rapid growth. TV4 Play delivered all-time-highs in all areas, and grew substantially more than the market as a whole. Customer satisfaction with the service and the TV4 Play app also grew.

The number of streaming starts rose by 95 per cent, from 135.2 to 263.7 million, and time spent increased by 79 per cent, from 33.5 to 60 million hours. Since competitors MTG TV and Discovery Networks lost ground or remained static in a growing market, TV4 Play increased its lead over the players monitored by MMS. TV4 Play accounted for 71 per cent of commercial TV streaming starts and 63 per cent of time spent, thereby generating approximately twice as high digital consumption as those players combined.

The time spent by TV4 Play visitors using the service was also substantial. The average time per streaming start was 14 minutes. The average time spent watching live broadcasts and news was considerably greater, not infrequently up to 60 minutes. Investments in content and ongoing technical improvements have also enhanced TV4 Play's weekly reach. According to MMS Trend & Tema, TV4 Play's weekly reach in Q4 increased by over six percentage points, to 20.9 per cent (among women the figure was 25 per cent). This meant that TV4 Play overtook Aftonbladet TV online. Out of all the online web TV services funded by advertising in the Swedish market, only YouTube had a greater weekly reach.

The TV4 Play Premium subscription service continued to grow. The number of subscribers rose by 25 per cent, and revenues by 47 per cent. Consumption of sport, live channels and other content increased.

On external platforms, too, consumption of TV4 content continued to grow. If that consumption – mainly YouTube, where 240 million streaming starts (+89 per cent) and 11.8 million hours (+54 per cent) of TV4 content were consumed – is added, TV4 recorded over half a billion streaming starts for its content for the first time, and nearly 72 million hours of time spent.

The TV4 Group launched and developed a series of digital services during the year. They included the *ENT* talent network, which finds and fosters new Swedish talent and offers them the opportunity to develop, as well as giving advertisers new ways of reaching young target groups. *ENT's* signings include a YouTube phenomenon called *De Vet Du*, a comedy duo called *Språk för alla*, Alexandra Bring (a fitness coach) and some 20 other talents, who already have two million followers, “likers” and subscribers.

During the year the TV4 Group also broke new ground when the *Kökets favoriter* internet store was launched jointly with Adlibris, as the first step in a major initiative to use *Köket* as the basis for building Sweden’s foremost and largest food destination on all platforms. The aim is that *Köket* should have the most engaging content and services, thereby taking users the whole way from inspiration to action, while offering the advertising market new integrated solutions on all platforms. This will enhance what is already one of the country’s most attractive offerings in the realm of food and baking.

2015 also saw the launch of the viral site *Gilla TV*. TV4 Play was released for *Android TV*, and Big Screen consumption grew by nearly 500 per cent. *Fotbollskanalen.se* was relaunched and won two prestigious Pearl Awards in New York. TV4 was the first Swedish media company to launch *360 video* – for both *Idol* and news reporting – and engagement generated by TV4 in the social media continue to break records. Organic Facebook reach grew by 55 per cent to over 3 million accounts a month on average, with a record of 4.5 million.

LINEAR AND DIGITAL COORDINATION GENERATE INCREASED CONSUMPTION ON ALL PLATFORMS

TV4 Groups investment in local Swedish content in all programme genres was a key factor in achieving major ratings successes, both linear and digital. These programmes also drove digital consumption. Thanks to a combination of technical improvements in the digital platform, a clearer digital content strategy and greater reach and involvement via social media, all-platform consumption achieved record successes. It could clearly be seen during the year how linear and digital consumption interacted, and also drove the business.

Then new drama serie ***Modus***, based on the novels of Anne Holt, was one of no fewer than eight Swedish drama series broadcast during the year. The series was a big hit with viewers and critics alike, and was seen by more than a million people on linear TV. The series’ peak viewing figures were 1.3 million for a single episode on TV4. But *Modus* was also a major digital success, peaking at 500,000 streaming starts for a single episode on TV4 Play. Programmes such as *Ack Värmland*, *Så mycket bättre* and *Solsidan* were other examples of series attracting over a million viewers on TV4, with an additional 400,000 to 600,000 streaming starts on TV4 Play.

TV4's news consumption is another clear example of this trend. During the year digital consumption of news and current affairs content on TV4 Play rose by 153 percent. The increase included whole programmes, clips and live broadcasts. In November, at the time of the terrorist attacks in Paris, consumption per started news stream was over 40 minutes. Linear broadcasts of TV4Nyheterna (the News) and Nyhetsmorgon (breakfast TV), which began broadcasting from the new state-of-the-art studio during the year, also saw a rise in ratings, even though overall viewing (PUT) declined. Ratings for TV4Nyheterna's main news broadcast at 10.00pm have risen by 12 per cent over the past three years as compared with the PUT trend. Nyhetsmorgon breakfast TV has grown its ratings by 21 per cent over the same period. This increase has occurred as digital consumption has gathered pace since summer 2014.

Pop Idol is one of several other examples of how coordination between linear and digital platforms create "double leverage", making big programmes and formats even bigger. The show's eleventh season broke record after record, and the synching of linear and digital services was a key factor in this. TV4 was the first Swedish media operator to show 360 video from Idol, TV4 Play sent #Idolsoffan live in conjunction with the TV4 broadcast. ENT's *De Vet Du* coached the Idol contestants, Idol grew on all social media, and the TV4 Play "Idol ticket" achieved record success. As the season reached its climax, 1.7 million viewers saw Martin Almgren win the final of *Idol*, representing an audience share of 57 per cent in the main target group. Streaming starts increased by 11 per cent, and visits to the *Idol* page by 19 per cent.

TV4, SJUAN AND TV12 REINFORCED THE TV4 GROUP'S LINEAR POSITION

In 2015 the TV4 Group retained its position as by far the largest Swedish TV operator among its main target group of 15–64-year-olds, with a total audience share of 31.5 per cent (30.7 per cent in 2014). This is the TV4 Group's second-best year ever in terms of audience share, topped only by 2011. Among the same target group SVT had an audience share of 28.3 per cent (26.8 per cent in 2014); MTG TV had 18.5 per cent (21.4) and Discovery Networks 14.7 per cent (14.5). The TV4 Group was also the most-watched operator among its commercial competitors' main target groups, improving its share there too.

TV4 cemented its position as the most-watched individual TV channel among the main 15–64-year-old target group. With an audience share of 20.9 per cent (up from 20.5 per cent in 2014), TV4 achieved its highest audience share since 2007. SVT1 had 19.1 per cent (17.4), Kanal 5 had 7.0 per cent (7.4), TV3 6.2 per cent (8.5), and SVT2 5.7 per cent (5.8).

TV4 also grew among TV3's and Kanal 5's main target groups, while both TV3 and Kanal 5 lost ground. Among the 15–49-year-old target group TV4 grew from 19.1 to 19.3 per cent, whereas TV3 dropped from 9.4 to 7.3 per cent. And in the 15–44-year-old target group TV4 rose from 18.7 to 19.2 per cent, whereas Kanal 5 fell from 9.6 to 9.1 per cent.

During the year the TV4 channel broadcast no fewer than 200 programmes with over 1 million viewers, and the autumn prime-time schedule with only Swedish programmes was a major contributory factor in the success. In addition to the shows mentioned above, programmes attracting million-plus audiences included *Let's dance*, *Boy Machine*, *Beck*, *TV4Nyheterna*, *Bonde söker fru*, *Sveriges mästarkock*, *Hellenius Hörna* and the *World Ice-Hockey Championships*.

Sjuan's rating successes continued, and the channel maintained its audience share. Among the main target group (25–59-year-old women) Sjuan was Sweden's fifth most-watched TV channel, with an audience share of 6.1 per cent. Among the population as a whole it commanded a share of 4.6 per cent (both unchanged compared with 2014). Sjuan's ratings are now often higher than those for TV3 and Kanal 5.

TV12 was relaunched during the year as a dedicated humour, movie and sports channel. With an audience share up from 1.2 to 1.9 per cent among the 15–64-year-old target group, from 1.2 to 1.8 per cent among the population as a whole, and from 1.5 to 2.6 per cent among 25–59-year-old males, TV12 is Sweden's fastest-growing TV channel. Coverage of last summer's Under-21 European Championships attracted record numbers of viewers. 875,000 people saw the semi-final between Denmark and Sweden.

MISCELLANEOUS

- Since 1 January 2015 C More has been a separate company in the Bonnier Broadcasting business area.
- The phase-in of the new common technology platform accommodating both C More and TV4 Play began in 2015. The platform represents the next generation OTT service and will continue to be phased in during 2016.
- Coordination of Bonnier Broadcasting continued, as a part of phasing in the new technology platform, to identify synergies in other Broadcasting operations, and to create scope for further investments in content and technology. Erik Westberg was recruited as Head of Sports for a joint TV4 and C More sports organisation, and Henri Caddeo as new CTO of the technology organisation for all of Bonnier Broadcasting.

Source: MMS. Viewing and consumption figures are based on official MMS monitoring in 2015 and MMS Hottop Web for 2015, MMS Moving Images 2015, MMS Trend & Tema Q4 and YouTube. TV4 Group linear channels also include C More's linear channels. MTG TV channels include the Viasat channels.

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