

REVIEW OF OPERATIONS

myTV SUPER



myTV SUPER OTT service has become our key growth driver. This three years old engine leads the OTT TV service serving audiences in Hong Kong. In line with our expectations, myTV SUPER business had begun to contribute positively to the Group. During the year, revenue from external customers increased 43% from HK\$280 million to HK\$402 million of which, advertising revenue grew 56% from HK\$122 million to HK\$190 million. The promising growth in digital advertising sales has largely contributed to the segment's turnaround, recording an overall segment profit of HK\$16 million in 2018.

myTV SUPER team includes business development; content acquisition; and advertising sales which is backed by a competent team of data analytics researchers and technology professionals.

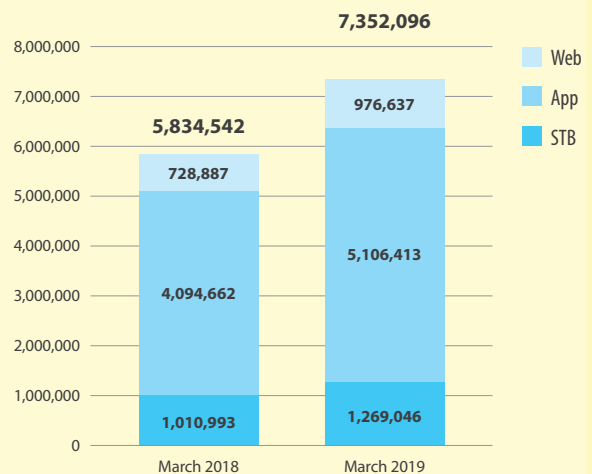
The business model of myTV SUPER is built on a combination of subscription and advertising. This OTT service leverages on a strong content library which is largely supported by the TVB signature drama programmes built up over the past decades, as well as the most up-to-date programmes offered by the terrestrial TV channels. The service is tiered and structured such that a free zone offers the latest programmes for catch-up viewing over a limited period; a basic zone namely Alpha pack offers over 30 linear channels and over 56,000 hours of VOD Cantonese language library for subscription; and a premium zone called Supreme pack offers a selection of international content for additional subscription. In 2019, we are going to execute new plans to attract subscription and gain share from traditional pay TV market by introducing a new service myTV Gold with premium sports, mega movies and documentaries.

myTV SUPER continues to track a steady uptake of subscribers. Up to 3 March 2019, this OTT service has further expanded its subscriber base to 7,352,096

registered users, representing an increase of 26% from 5,834,542 registered users reported a year ago. Among the 7,352,096 registered users, 1,269,046 users consume contents through STB, 5,106,413 accounts operate via mobile apps, and 976,637 accounts through the portal. The hard-bundled packages offered by our Internet Service Providers (ISPs) and telco partners, HKBN, HGC Broadband and 3HK, provide strong momentum to further broaden the subscriber base. The combined offerings of broadband service and local content on an OTT service, under an affordable package to subscribers, created this win-win solution.

To date, we have successfully penetrated 51%⁸ households in Hong Kong with our STB, and 78%⁹ of TV audience with mobile app. myTV SUPER has successfully reached out to a young affluent group of audience, broadening the demographics of our viewing population.

Registered Users of myTV SUPER in Hong Kong



The continual growth of myTV SUPER subscriber base has boosted consumption as reflected in the overall TV ratings, which further add to the TV ratings of the terrestrial TV channels to give a consolidated TV ratings for precise measurement. With an all-day-all-time average rating of 1.83 TVRs, myTV SUPER maintains as the second most watched platform in Hong Kong after flagship Jade. In addition, programmes viewed during prime time on myTV SUPER have generated an average rating of 3.35 TVRs.

⁸ Based on total number of TV households of 2,497,000 as of July 2018, according to Office of the Communications Authority and CSM Media Research

⁹ Based on total number of TV audience of 6,530,000 as of July 2018, according to Office of the Communications Authority and CSM Media Research



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myTV SUPER



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In the second half of 2018, Nielsen has been commissioned to conduct a survey to collect quantitative data on video consumption across all digital platforms and to measure respective engagements with digital audience. According to this survey, among the top ten digital video players available in Hong Kong, myTV SUPER OTT service was ranked at the third position with a 59%¹⁰ reach. Thanks to the compelling qualities of our long-form content, we are ranked at the top position in terms of consumption. With an average daily time spent of 129 minutes from digital audience participating in this survey, myTV SUPER surpasses the average consumption on YouTube and Facebook videos¹¹. This puts us in a very favourable position in competing for digital advertising orders locally.

To service our advertisers in this digital space, we are delivering digital and data-driven capabilities through targeting technology and an increasing emphasis on measurement, attribution and analytics capabilities.

- We began since April 2018 the deployment of Data Management Platform (“DMP”), an advertising tool to identify consumer targets across different age groups, gender and geolocation and viewing behaviours. The launch of DMP has greatly benefited the advertisers and agencies to improve their return-on-investments.
- In June 2018, myTV SUPER further expanded advertising inventory beyond in-stream videos with 2-D display slots including clickable U-shaped wallpaper, which offers viewers with further product information by prompting banners and QR code to direct viewers to the merchant’s landing page. This online to offline e-commerce structure, together with targeted commercials, is adding value to our one-stop solution.

- In September 2018, we introduced a brand lift survey to help advertisers measure the effectiveness of digital advertising campaigns placed on myTV SUPER. By closely monitoring the viewers’ responses throughout the marketing funnel spanning from brand awareness, perceptions and behaviours, initial impression to final conversion, this survey programme provides useful data to gauge the impact of campaigns and allow advertisers to have a better understanding of changing consumer perception pre and post campaign. These advanced targeting and analytics are helping TVB attract new clientele, such as automobile and airlines.

On the content side, myTV SUPER is launching “verticals” targeting audience interested in particular infotainment segments featuring topics such as cars, health, parenthood and wellness and beauty (beauty programme *Get it Beauty on the Road* collaborating with renowned Korean broadcaster CJ E&M and tvN Asia). These programmes are helping myTV SUPER to connect advertisers with the right audience.

We aim to unlock the ad-spend potential of small medium size enterprises (“SMEs”). In September 2018, myTV SUPER launched the Ad Booking Manager. This fully automated and user friendly interface platform allows fast and efficient advertisement booking and processing, which enables SMEs to make bookings and place orders expediently. With this Ad Booking Manager system, we are well-prepared to expand our SME clientele by deepening our collaboration with HKBN. By bundling HKBN’s enterprise broadband services with TVB’s digital advertising solutions on myTV SUPER, we hope that this will allow us to tap into a new enterprise market.



Moreover, we have solid plans to further grow our STB penetration in Hong Kong. In 2019, we will be partnering with more international content suppliers to offer subscribers with premium sports, mega movies and documentaries. With a highly competitive price point, we are confident about converting traditional TV subscribers to our OTT platform.

¹⁰ According to the survey conducted by Nielsen in 2018, the reach of YouTube and Facebook were 71% and 69%, respectively

¹¹ According to the survey conducted by Nielsen in 2018, daily time spent on YouTube videos and Facebook videos were 66 minutes and 50 minutes, respectively

Registered myTV SUPER users



March 2019

5.8
Millions

March 2018

Weekly Total Time Spent



Last week of 2018

18.4
Million Hours

Last week of 2017

Weekly Time Spent/USV



Last week of 2018

15.5
Hours

Last week of 2017

Contributions to TV ratings (All Day All Time)



Last week of 2018

1.68
TVRs

Last week of 2017

Contributions to TV ratings (Prime Time)



Last week of 2018

2.91
TVRs

Last week of 2017

