



RECORD SALES AND HIGHER EARNINGS FOR THE TV4 GROUP

TV4 Group, 1 January – 31 December 2012

- TV4 Group sales and earnings rose in 2012. TV4 Group net sales totalled SEK 5,885 million (SEK 5,555 million during the previous year), an increase of just over 6 per cent. Operating profit totalled SEK 577 million (SEK 529 million). This represents an operating margin of 10 per cent (10 per cent), bringing an end to the decline in operating margin over the past few years.
- TV4 Group advertising sales reached an all-time high in a buoyant TV advertising market, where demand for advertising slots on TV4 Group channels exceeded supply for the third year running. According to IRM (the Institute for Advertising and Media Statistics), media reporting monthly reported a decline during the first eleven months of the year, whereas spending on TV advertising rose. The TV4 Group grew sales considerably more than did the TV market as a whole, accounting for almost 90 per cent of growth in the TV market, thereby continuing to capture market share.
- 2012 was the year that TV4 Group digital operations saw a major breakthrough. TV4 Digital Media reports an increase in both sales and earnings, having streamlined and focused its operations on fewer services, centred on TV4 Play, together with a number of new advertising products and continuing growth in use. The segment was highly successful, both in terms of advertising growth and its TV4 Play Premium-pay service.
- Viewing figures for linear TV remain stable, increasing slightly over the year. Among the TV4 Group's main target audience, 12 – 59-year-olds, TV4 remained the single most-watched channel, and the TV4 Group as a whole was the most watched media channel group, although viewing were slightly down on the record figures seen in 2011. Sjuan had its best year ever, overtaking TV6 as the sixth most-watched TV channel in Sweden.
- Premium TV operations under the C More umbrella grew sales and subscriber numbers, as well as earnings, although restructuring, start-ups and launches during the year resulted in an overall loss. The year saw a major brand change as Canal+ became C More, and a number of channels and sites were relaunched, accompanied in September by the launch of Filmnet, a pay service for movies and TV series on the internet.
- The TV4 Group carried out a strategic review of its rights and channels in 2012. A number of sports rights were divested and the sale of TV11 was initiated. The review yielded some results in 2012, but will have more impact in 2013, also creating scope for reallocation of resources and new investments.

EARNINGS

SEK millions	Full year 2012	Full year 2011	Change
Income			
Advertising and pay-TV	5,540	5,285	255
Other income	345	271	74
Total income*	5,885	5,555	330
Expenses*	- 5,307	- 5,026	- 281
Operating profit**	577	529	48
Margin	10%	10%	0%

* Income and expenses are reported net, i.e. after deduction of C More's distribution fees.

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

TV CHANNELS

MARKET

IRM (The Institute for Advertising and Media Statistics) has reported monthly figures up to and including November 2012 (full-year figures are to be reported on 22 February). Spending on media reporting monthly (daily press, popular press, trade press, TV, radio, outdoor and cinema) fell during January – November by 6.1 per cent (SEK -971 million) to SEK 15,921 million as compared with the same period in 2011. The daily press saw the largest fall: -12.1 per cent (SEK -866 million).

During the same period spending on TV advertising rose by 3.9 per cent (SEK +202 million) to SEK 5,358 million, TV thereby increasing its share of total spending on media advertising. Spending on TV4 Group channels rose more than for TV overall. The TV4 Group accounted for almost 90 per cent of the growth in the TV advertising market, thereby continuing to capture market share. In this buoyant market, TV4 Group advertising sales reached an all-time high; for the third year running demand for airtime on TV4 Group channels outstripped supply. Surplus demand was seen both among existing TV advertisers and new advertisers that had not tried TV advertising before.

The double-digit annual growth seen for local advertising sales in recent years experienced a hiccup, with local advertising sales falling just below their record level of 2011. The main reason for this was the sharp price cuts that local daily newspapers were forced to make because of their declining reach. Sales of local TV advertising are expected to rise, however.

VIEWING

Total TV viewing in Sweden rose in 2012 from 162 to 164 minutes per person and day. The figure among TV4's main 12 – 59-year-old target audience was unchanged: 142 minutes per person.

As earlier, TV4 was the most-watched single TV channel among 12 – 59-year-olds in 2012, and the TV4 Group was the largest media channel group, even though its share was down on the record it set in 2011.

TV4's share of the viewing figures was 18.5 per cent (19.2 per cent in 2011); SVT1's share rose to 18 per cent (from 16.5 per cent); SVT2 was unchanged at 5.2 per cent; TV3 fell to 8.2 per cent (from 9.2); and Kanal 5 fell to 8.8 per cent (from 9.1). Sjuan recorded its best viewing figures ever in 2012, with a 4.6 per cent share among the 12 – 59-year-old target audience, and 5.8 per cent among the main target audience (women aged 25 – 59). During the year Sjuan overtook TV6 to become the sixth most-watched channel in Sweden.

Total viewing of TV4 Group channels was 29.8 per cent among the main target audience (compared with 31.5 per cent in 2011, a record year). Of the other media channel operators, MTG fell 0.9 percentage points to 21.8 per cent, and SBS by 0.3 points to 11.3 per cent, whereas SVT was the only media channel group to increase its audience share, by 2.1 points to 26.4 per cent.

Increases and decreases during the year between the media channel groups were largely due to the Olympic Games, during which SVT captured an extremely high audience share, while its competitors had much lower viewing figures than normal. The Olympics accounted for 0.5 of the 0.7 points that the TV4 TV channel lost during the year.

PROGRAMME INVESTMENTS

TV4's programme schedule was rearranged for the spring season, so as to generate a greater impact during April – May than in January – February. Much of the weekend strength derived from Let's dance, which in 2012 began its run two months later than its normal January start. The programme was every bit as popular in April as it had been in January, and was a major factor in the success of the rearranged schedules and TV4's enhanced ability to meet the market's demand for ratings.

Another factor contributing to the success was TV4's first broadcasts from the World Ice Hockey Championships, TV3 having held the rights to this event for many years. Notwithstanding only moderate success for the Swedish team, the event made attractive TV, and TV4 achieved ratings far beyond those ever reached by TV3 for this event.

Another season of the Solsidan comedy series was broadcast in the autumn, with high ratings on Sundays. Season three of the Så mycket bättre music show also exceeded the high targets that was set. Two new weekday shows were launched: Uppfinnarna and Kockarnas kamp. These, too, were well received.

The weekday evening news at 10.00pm was relaunched in 2011, and was broadcast throughout 2012 in a new, extended format. It has been a success, and the weekday news hour attracted a growing audience during the year. The 10.00pm weekday slot now has a one per cent higher audience share than it did in 2011.

Viewing figures for Sjuan scaled new heights in 2012, with the channel having its best year ever. The autumn season was a particular ratings success, with programmes like Hela Sverige bakar, Medium, Skenet bedrar and Spårlöst helping to make 2012 a record year for Sjuan.

TV4 DIGITAL MEDIA

2012 was a breakthrough year for the TV4 Group digital operations. TV4 Digital Media grew both its sales and earnings in a year when a good number of new services, advertising formats and products were successfully launched. Early in the new year the TV4 Group was also awarded Internetworld's prestigious 'Site of the Year' award, among other things for an "impressive play site", "focusing on users' needs", and delivering "the year's best-conceived overall concept" on tv4.se and TV4 Play.

Operations were streamlined during the year, with an even sharper focus on moving images. July saw the launch of the new tv4.se, which extends the TV feeling and creates a user-friendly experience thanks to its responsive design. The site was also voted 'Entertainment Site of the Year'. TV4 Play was also relaunched, and the TV4 Group was the first media channel group to make all its (11) channels available live via computer, mobile and smartpad during the autumn, boosting premium-pay sales in the process.



Ease of access and the improvements made helped to increase the number of streaming starts by 14 per cent as compared with the previous year. Mobile platforms saw the strongest growth, with consumption trebling over the year. During the first 49 weeks of the year TV4 Play accounted for almost two-thirds of streaming starts on sites operated by the commercial TV groups (TV4 Play 66 per cent, MTG 20 per cent*, SBS 14 per cent). Streaming starts averaged over 3.6 million a week on TV4 Play during the year.

2012 also saw the launch of a number of new advertising formats for TV4 Play – pause commercials, AdSelector, Interaction Layer (a social media function), RBS sponsorship and Live Ingest (the ability to send out internet-unique advertising during live transmissions) – all of which have attracted great interest in the advertising market. The TV4 Group is the first to offer several of these services.

The popular second-screen app Pengarna på bordet was also launched during the year. It was a big hit, as were the Big Brother Superfans and X Factor Superfans gamification services. Here, fans of the TV programmes and other visitors can delve into programme content, compete and add value to their TV experience in a playful environment and at their own pace.

* No data available for MTG weeks 43 – 48

C MORE

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

The process of structuring, developing and clarifying C More's offering continued in 2012, the aim being to improve operating profitability. As a result of these efforts, C More increased its sales, subscriber numbers and improved profit in 2012, although the restructuring, start-ups and launches carried out during the year caused C More to report a loss overall. Earnings were up on the previous year, however.

In September the brand for premium TV operations was changed from Canal+ to C More. This change was accompanied by a number of other changes of C More channel names. C More Tennis and (in Norway) C More Fotball HD were among new channels launched. Autumn also saw the relaunch of C More's sites focusing on the play service. All TV distributors are now able to offer this service free of charge to C More subscribers.

Competition in the market for films and TV series intensified greatly during the year following the launch of a number of new online pay services. In September C More launched its new Filmnet consumer service, which offers the C More Film package of movies and TV series to the Swedish market, mainly via the internet. Filmnet will also be launched in Norway and Finland in 2013.

Premium TV operations in Denmark were restructured in August, with most sports content being moved from premium TV to the newly-launched mini-pay channel Canal8 Sport. The premium TV offering in Denmark now therefore focuses solely on films, TV series, children's programmes and documentaries. A joint operation agreement for the YouBio online service was also concluded with YouSee in Denmark during the year.

C More renewed its 'first pay' agreements with Fox, Paramount and HBO during the year, along with its 'second pay' agreement with Sony. Additional first pay agreements were concluded with MGM and NonStop Entertainment, along with a new second pay agreement with NBC Universal. C More chose not to renew its first pay agreement with Warner. These renewals, together with a number of newly-concluded minor agreements, have enabled C More to secure long-term availability of an increased offering of films, TV series, children's programmes and documentaries, continuing commitment to sport (including Tippeliga in Norway, the World Ice Hockey Championships in Finland, new sports packages in Sweden, and tennis). The number of programmes that subscribers can choose between at any given time increased dramatically during the year, in tandem with the growing importance of on-demand services via both set-top boxes and the internet.



MISCELLANEOUS

TV4 Group conducted a strategic review of its rights and channels portfolio in 2012. A number of sporting rights were divested, and the process of selling TV11 began. The aim of the review was to strengthen and further develop TV4 Group operations. The review yielded some results in 2012, but will have more impact in 2013, also creating scope for reallocation of resources and new investments.

In December all TV4 Group sales, national, local and digital, were amalgamated in an integrated sales organisation. This creates a more competitive and effective sales organisation for the entire TV4 Group. This reorganisation also incorporated the insight and business development work conducted by a company called Enterprize in the TV4 Group's sales division.

At the start of 2012 the production of news and current affairs journalism was separated off from TV4 AB and transferred to a newly-formed company, Nyhetsbolaget Sverige AB. The move included some 450 TV4 employees around Sweden. The aim was to rationalise the news operations of the TV4 Group and Nyhetsbolaget, and to find and create new business associated with news and journalism. Today, Nyhetsbolaget is Sweden's largest producer of news and current affairs programmes, and produces all TV4 programmes of this kind, as well as broadcasting and producing the country's only round-the-clock news channel, TV4 News, which was launched in January 2012.

During the year the TV4 Group transferred its Mobilab operations to Bonnier Growth Media. 2012 also saw a restructuring of the TV4 Group's Out Of Home operations. Boutique TV operations were discontinued at the end of the year, and the emphasis will now be on ensuring that TV4 Out Of Home continues to grow in the waiting room, airport and public transport sectors, where a number of new agreements were concluded during the year.

CONTACT INFORMATION:

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The TV4 Group has delivered engaging news, major entertainment shows of great variety and quality, live sport and top-class drama to Swedish viewers for more than two decades. In addition to the main TV4 channel, the TV4 Group comprises more than 40 TV channels throughout the Nordic region - in the free-TV, basic cable and premium segments, with C More as the leading pay-TV operator in the Nordic region. The TV4 Group also broadcasts news from 25 local TV stations and has a wide range of other internet, mobile and on-demand services, including TV4 Play, which offers online access to clips and full programmes from TV4 Group channels. For more information, visit tv4group.se.

