



中視金橋國際傳媒控股有限公司  
SinoMedia Holding Limited

# SinoMedia Holding Limited

Stock code: 623

## 2010 Annual Results

## 23 March 2011



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# Overview

# Key Highlights

- 1 Delivered above-industry growth rate with revenue and profit attributable to owners of the Company up 79% and 63% y-o-y respectively
- 2 Maintained solid balance sheet and strong cash position of approx. RMB796 million as at 31 December 2010
- 3 Businesses with CCTV-7 and nationwide public service advertising broadcast network recorded increases in revenue and profit
- 4 Extensive media resources with approx. 52,737 minutes of advertising time of 45 programmes in CCTV-1/13, 4, 7 and CCTV-NEWS for 2010
- 5 Further consolidated and expanded client base and professional team to strengthen its highly efficient platform for brand communications

# Further Consolidated & Expanded Media Resources

## Fostering Cooperation with CCTV

- ▶ Acquired additional underwriting rights for four programmes on CCTV-2, 4 and 5 in 2011

## Investments and Acquisitions

- ▶ Acquired the remaining 40% interest in Golden Bridge Senmeng, one of the largest underwriters of TV advertising time on CCTV-7
- ▶ Acquired a combined 55% equity interest in Beijing Taihe Ruishi, enabling the Group to have full management of the national public service broadcast network
- ▶ Investment in [www.lotour.com](http://www.lotour.com), which is the largest Internet portal for travel industry in China

## Others

- ▶ Became the master advertising agent for the TV channels of MediaCorp, the largest Singapore media company, in China



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# Business Review

# Unique Business Model

## Media Resources

## Tender Business

Bidding for prime CCTV time

## Customer Service

Serving over 1,500 enterprises and 500 cities and tourism destinations

- ▶ **Creative**
  - ▶ Creative advertising ideas
  - ▶ Advertisement design & production
- ▶ **Communication**
  - ▶ Innovative media strategy
  - ▶ Efficient execution
- ▶ **Marketing**
  - ▶ CCTV
  - ▶ Local TV
  - ▶ Internet

## Customers

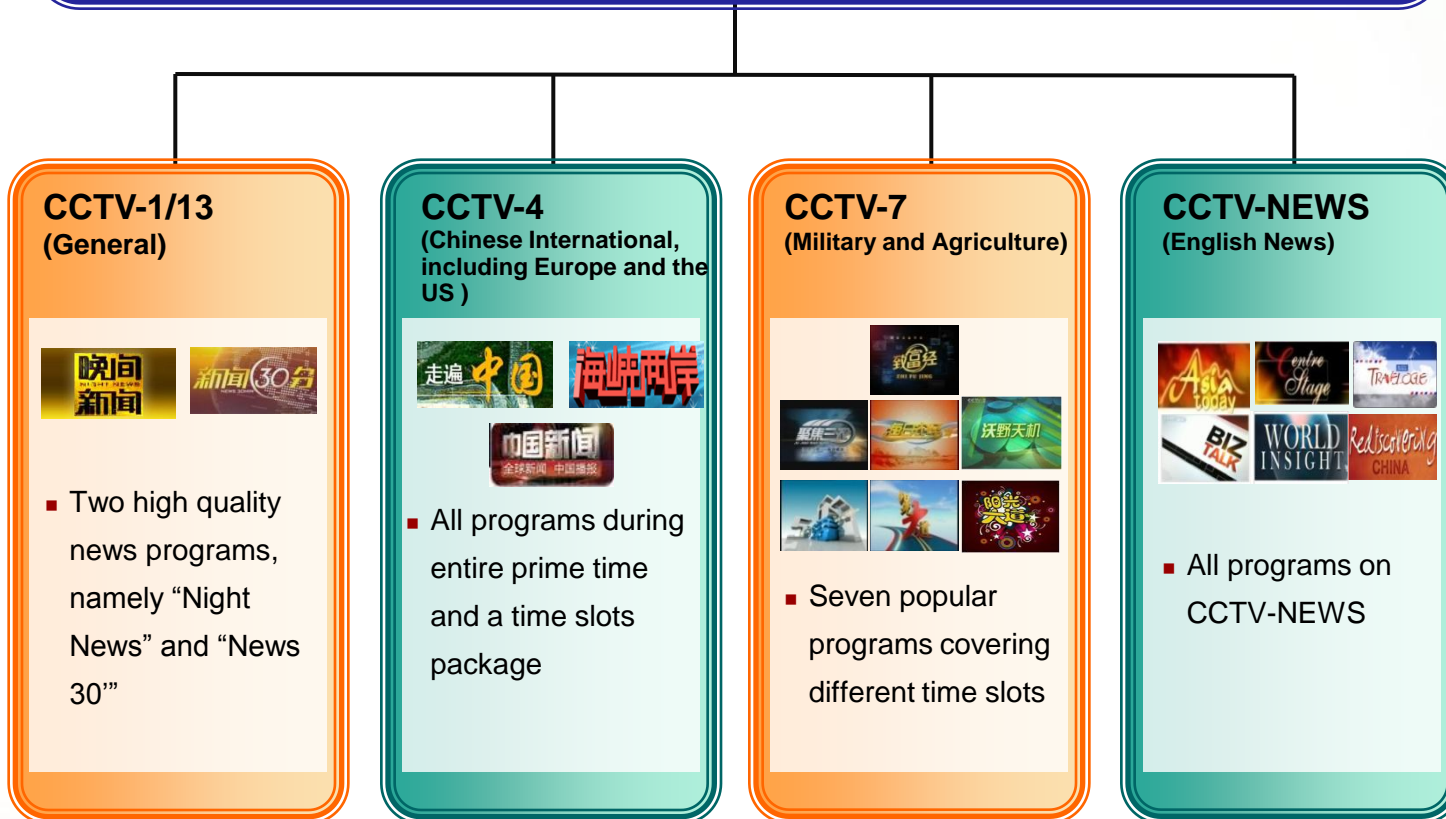
### Multinational Companies

### Domestic Companies



# Core Media Resources on CCTV in 2010

Underwriting rights to approx. 52,737 minutes of advertising time of 45 programmes on CCTV



# Core Media Resources on CCTV in 2011

## Further consolidated and expanded media resources on CCTV in 2011

### CCTV-1/13 (General)



- Renewed the exclusive underwriting contracts for "Night News" and "News 30"

### CCTV-2 (Finance)



- Newly acquired exclusive underwriting rights in 2011

### CCTV-4 (Chinese International, including Europe and the US)



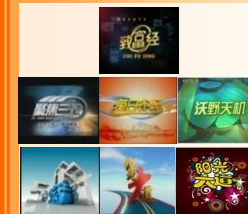
- Renewed the contracts for "Across the Strait", "China News Package" and a time slots package
- Newly added the exclusive underwriting rights for "Exposition of Chinese Culture Relics" and "China Showbiz"

### CCTV-5 (Sports)



- Newly acquired exclusive underwriting rights in 2011

### CCTV-7 (Military and Agriculture)



- Continues to hold the exclusive underwriting rights to all advertising resources of seven programs

### CCTV-NEWS (English News)



- Renewed the exclusive underwriting contracts for all programmes on CCTV-NEWS

The no. of minutes of advertisement time available for sales on CCTV-1,2,4,5 exceeds 9,000 minutes in 2011, representing more than 40% increase year-on-year

# Media Resources on CCTV-1



- ▶ Exclusive underwriting rights to sell the advertising resources of two high quality news programs, namely “Night News” and “News 30”
- ▶ “Night News” is one of the most influential CCTV program and strives to become the 2<sup>nd</sup> dominant news programme
- ▶ “News 30” is one of the top 10 CCTV programmes and ranks the 2<sup>nd</sup> in terms of program viewers’ satisfaction level \*

Program:



Air time: **Mon-Sun 22:00 - 22:20**

**Mon-Sun 12:00 - 12:30**

\* Source: CTR Market Research Co., Ltd., June 2010

# Media Resources on CCTV-2 & CCTV-4

## CCTV 2 (Finance)

- ▶ Acquired the exclusive underwriting rights to sell the advertising resources of “Make More Money” in 2011
- ▶ The programme focuses on new business owners and features how people manage their money
- ▶ Widely recognized as “a dark horse” among finance TV programmes

Program:



Air time: Mon-Fri 18:45 - 19:20

## CCTV 4 (Chinese International, including Europe and the US)

- ▶ Renewed the contracts for exclusive underwriting rights to the advertising resources of “Across the Strait”, “China News Package” and a time slots package
- ▶ Added the full-year exclusive rights to sell the advertising resources of “Exposition of Chinese Culture Relics” and “China Showbiz” in 2011
- ▶ The Group has dominant position on the exclusive underwriting rights to the advertising resources of the entire channel



# Media Resources on CCTV-5 & CCTV-NEWS

## CCTV 5 (Sports)

- ▶ Acquired the exclusive underwriting rights to the advertising resources of “Weather Forecast” in 2011
- ▶ Average rating of the programme amounted to 0.39% in 2010 \* and tends to go up significantly when major events are on
- ▶ The large number of young viewers will effectively enrich the Group’s clientele and fulfil different advertising needs of clients

Program:



Air time: Mon-Sun 07:25, 08:25, 18:28

## CCTV NEWS (English News)

- ▶ Continued to hold the exclusive underwriting rights to the advertising resources of all programmes on CCTV-NEWS in 2011
- ▶ The channel underwent a revamp to place stronger emphasis on its position as a news channel
- ▶ Provide 24-hour global news with full editorial independence
- ▶ Intended to become one of the world’s most influential international news media platforms in 2-3 years



\* Source: A study into 35 cities in Mainland China, CVSC-Sofres Media

# Media Resources on CCTV-7



- ▶ Exclusive underwriting rights to all advertising resources of seven programs
- ▶ CCTV-7 has overbeat CCTV-2 with household penetration rate of 84.34%, ranking 2<sup>nd</sup> among all TV channels in China\*
- ▶ High rating, high audience persuasion degree, high value/ price ratio with 1 billion TV audience
- ▶ Benefitting from national policies that favour the agricultural sector and attach increasing importance to “three agricultural issues”



\*Source: China Central Television Audience Satisfaction Survey by CVSC-Sofres Media Co., Ltd, June 2009

# Other Media Resources

## Nationwide Public Service Advertising Broadcast Network

- ▶ Covers 120 local TV channels and the advertisement time of each channel covers no less than 30 seconds of evening prime time
- ▶ In November 2010, SinoMedia acquired a combined 55% equity interest in Beijing Taihe Ruishi, enabling the Group to have full management of the network
- ▶ Enables the Group to establish a comprehensive media resources platform comprising CCTV and local channels



## Internet Advertising

- ▶ Established a joint venture for the exclusive operation of the largest Internet portal for travel industry in China, [www.lotour.com](http://www.lotour.com)



## International Business

- ▶ Becomes the master advertising agent of MediaCorp's TV channels (including Channel NewsAsia and other TV channels) in China
- ▶ MediaCorp is the largest media company in Singapore. Its popular TV channels include local channels as well as the flagship Channel NewsAsia, which is broadcasted across the Asia Pacific region





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# Financial Review



# Financial Summary

For the year ended 31 December

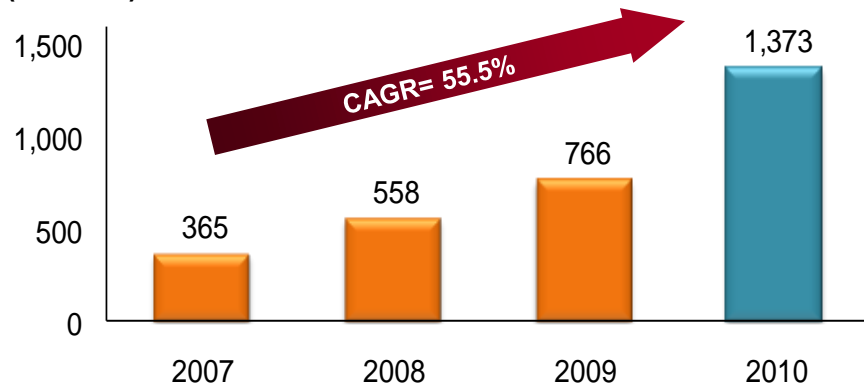
(RMB '000)

	2010	2009	Change
Revenue	1,373,173	766,804	↑ 79.1%
Gross profit	339,194	224,075	↑ 51.4%
Profit from operations	208,979	120,907	↑ 72.8%
Profit attributable to owners of the Company	158,064	97,245	↑ 62.5%
Basic earnings per share (RMB)	0.279	0.172	↑ 62.2%

# Sustained Growth Momentum

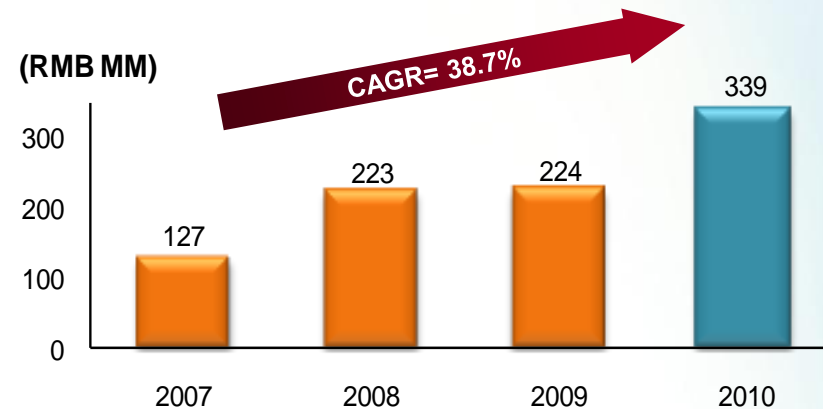
## Revenue

(RMB MM)



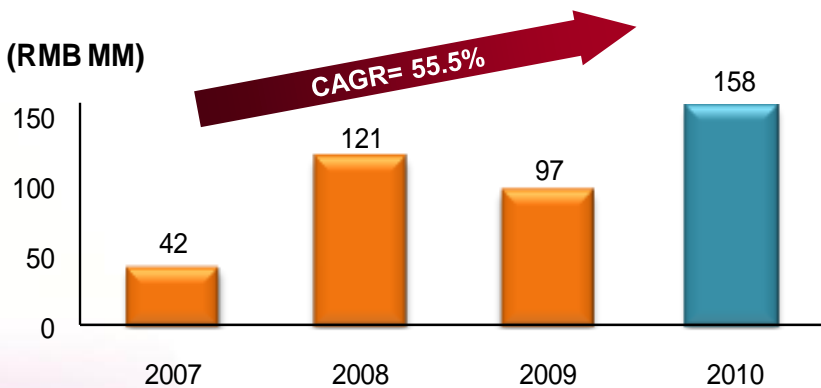
## Gross Profit

(RMB MM)



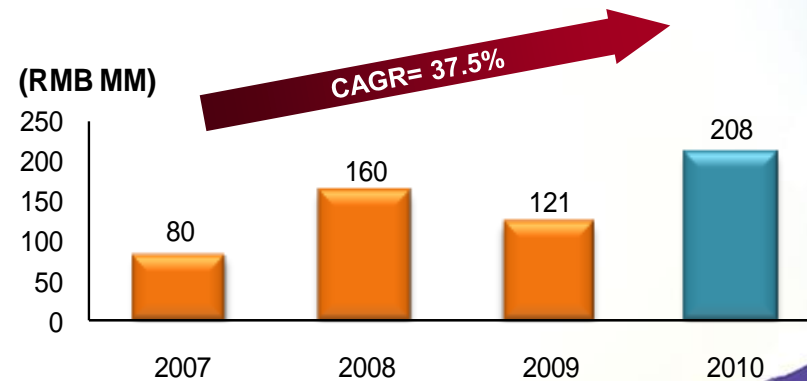
## Profit Attributable to Owners of the Company

(RMB MM)



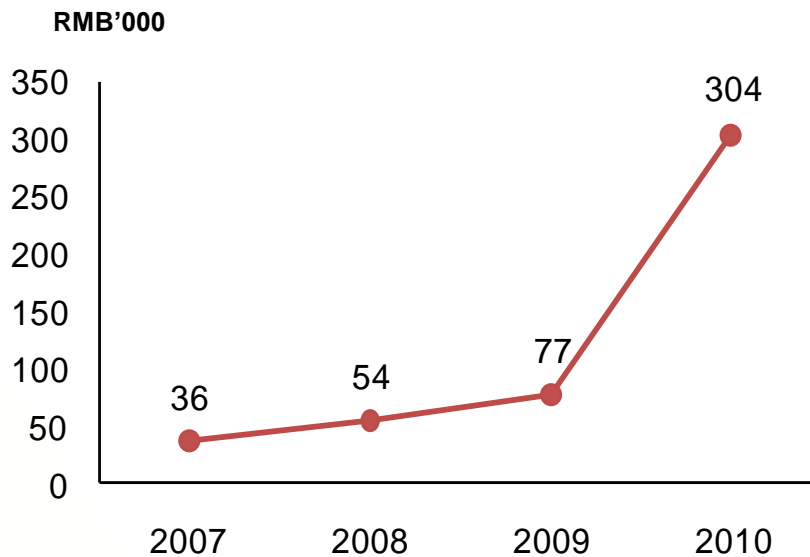
## EBIT

(RMB MM)

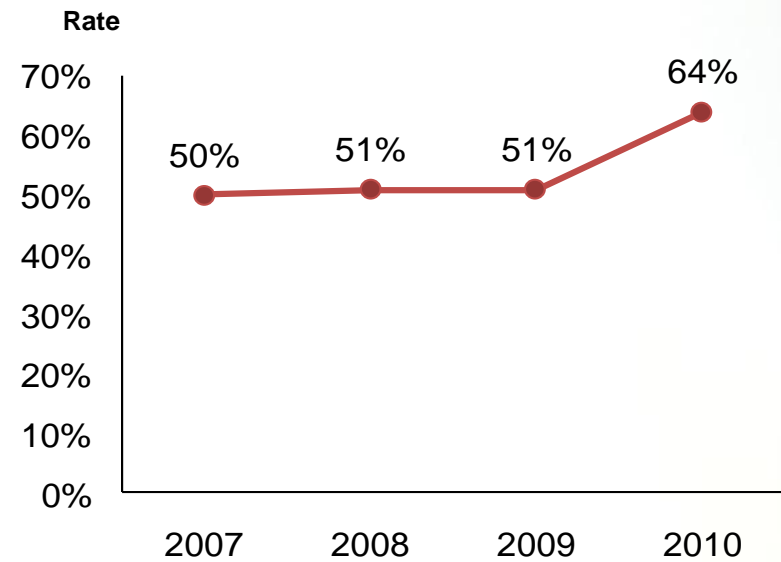


# Segment Analysis: Improved Performance for CCTV-1&4 Businesses

## Average Selling Price (ASP) in CCTV-1,4



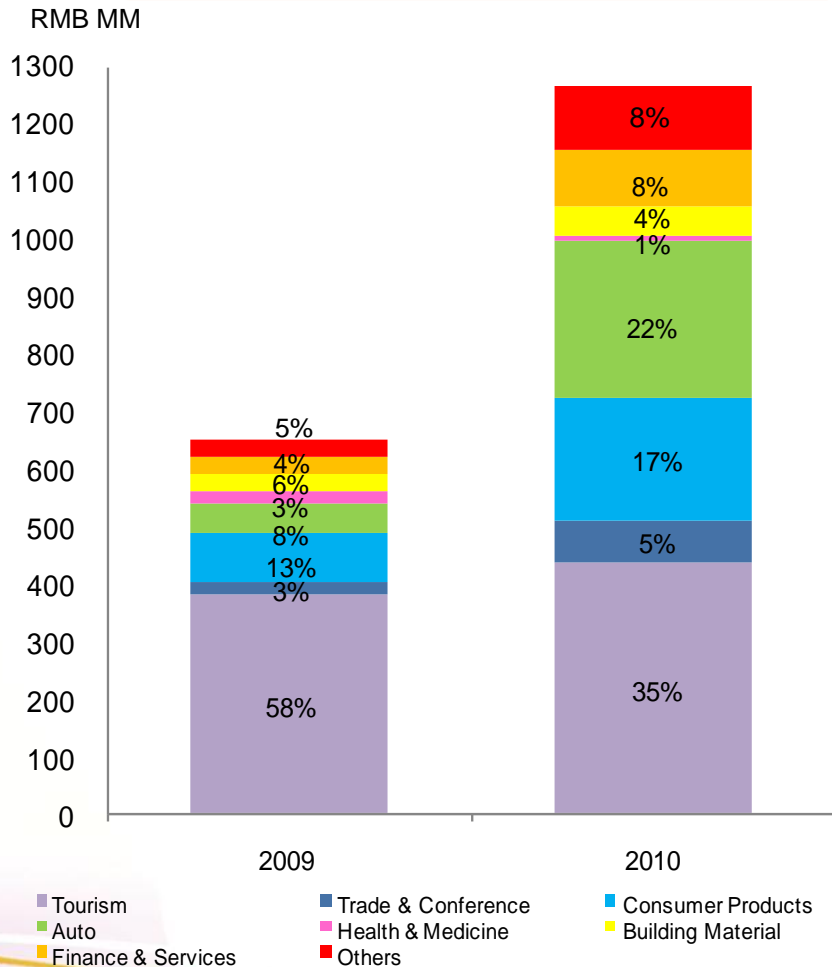
## Utilisation rate in CCTV-1,4



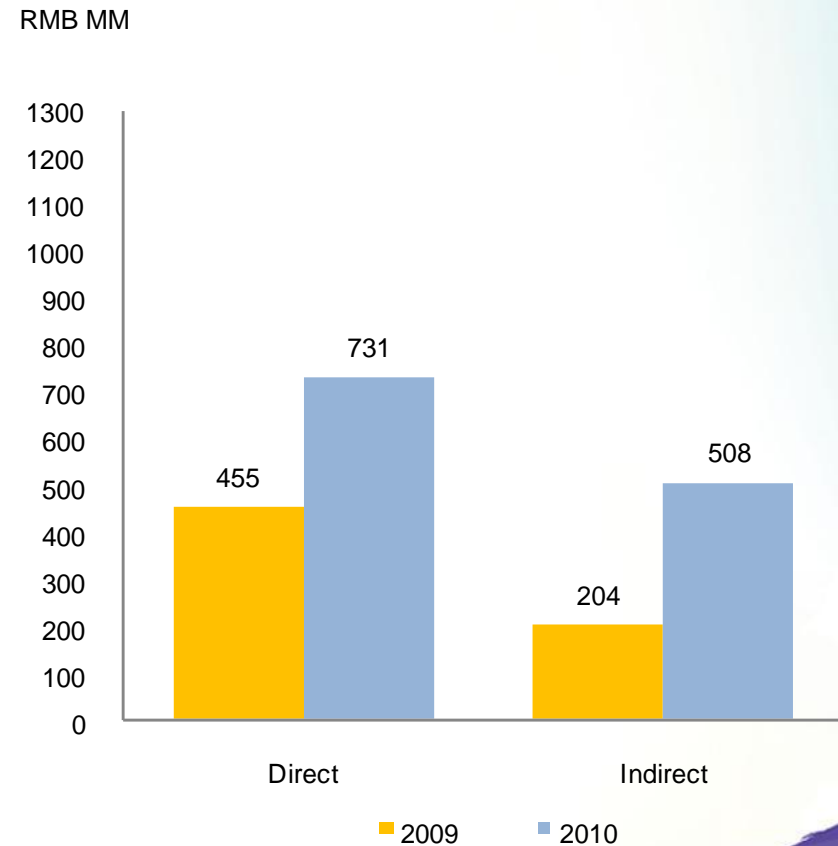
# Segment Analysis:

## Diversified & Balanced Customer Base – CCTV-1 & CCTV-4 Businesses

### Composition of Clients

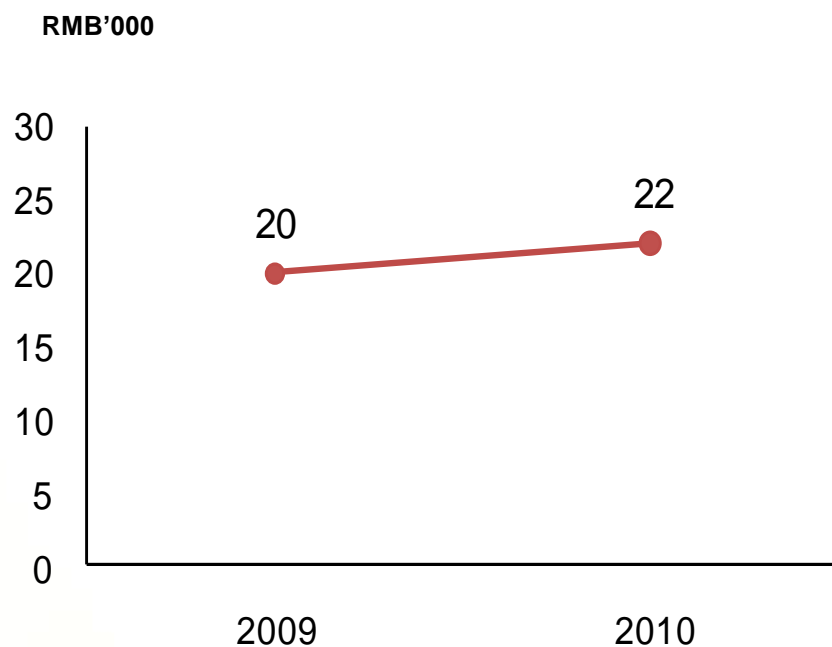


### Direct & Indirect Clients

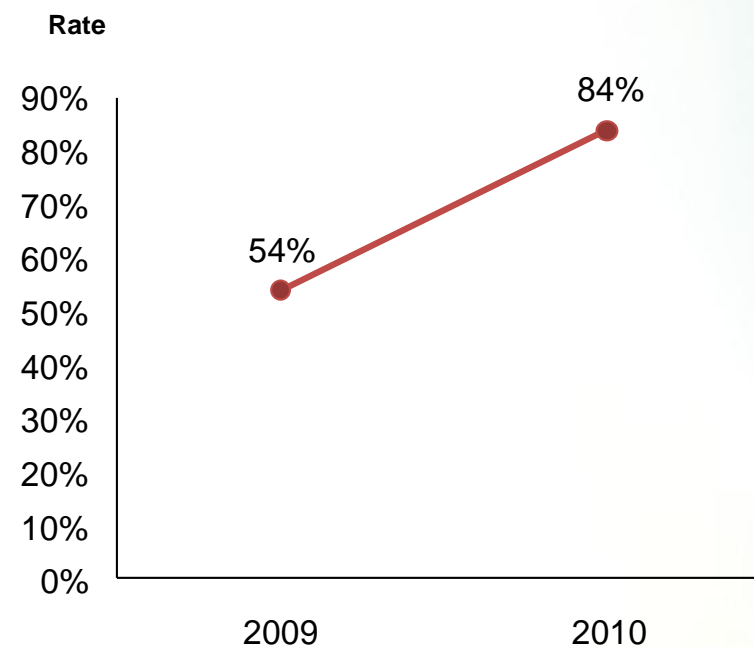


# Segment Analysis: Improved Performance for CCTV-7 Business

**Average Selling Price (ASP) in CCTV-7**



**Utilisation rate in CCTV-7**



# Effective Cost Control

For the year ended 31 December

	2010	2009
<b>Selling &amp; marketing expenses(RMB'000)</b>	<b>67,493</b>	<b>29,060</b>
<i>As a % of revenue</i>	<i>4.9</i>	<i>3.8</i>
<b>General &amp; administration expenses (before impairment losses)(RMB'000)</b>	<b>55,576</b>	<b>44,605</b>
<i>As a % of revenue</i>	<i>4.0</i>	<i>5.8</i>
<b>Total operating expenses as a % of revenue</b>	<b>8.9</b>	<b>9.6</b>
<i>(RMB '000)</i>		
<b>Finance income</b>	<b>20,960</b>	<b>6,000</b>
<b>Finance cost</b>	<b>(7,406)</b>	<b>(354)</b>
<b>Net finance income</b>	<b>13,554</b>	<b>5,646</b>

# Strong Balance Sheet

<i>(RMB '000)</i>	<i>At 31 December</i>	
	<b>2010</b>	<b>2009</b>
<b>Cash and cash equivalents</b>	<b>795,791</b>	<b>323,084</b>
<b>Trade &amp; bills receivables (net of impairment)</b>	<b>74,539</b>	<b>41,759</b>
<b>Current assets</b>	<b>1,214,899</b>	<b>838,550</b>
<b>Total assets</b>	<b>1,284,248</b>	<b>917,006</b>
<b>Current liabilities</b>	<b>410,506</b>	<b>154,598</b>
<b>Total liabilities</b>	<b>428,204</b>	<b>175,068</b>
<b>Net assets</b>	<b>856,044</b>	<b>741,938</b>

# Improved Management of Receivables

<i>(RMB '000)</i>	<i>At 31 December</i>	
	<b>2010 (Audited)</b>	<b>2009 (Audited)</b>
<b>Current – 90 days</b>	<b>67,355</b>	<b>25,713</b>
<b>91 – 180 days</b>	<b>44</b>	<b>1,873</b>
<b>181 days – 1 year</b>	<b>-</b>	<b>18</b>
<b>Over 1 year</b>	<b>-</b>	<b>6,855</b>
<b>Trade debtors (net of impairment losses)</b>	<b>67,399</b>	<b>34,459</b>
<b>Turnover days</b>	<b>14</b>	<b>34</b>
<b>Bills receivables</b>	<b>7,140</b>	<b>7,300</b>

**Receivables remained at a low level despite the significant increase in revenue**

- Stringent control over delayed payments and continuous efforts in collecting receivables



# Healthy Cash Flow

For the year ended 31 December

(RMB '000)

	2010	2009
Net cash from (used in) operating activities	504,392	(227,308)
Net cash used in investing activities	(4,981)	(3,276)
Net cash used in financing activities	(25,434)	(20,086)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>473,977</b>	<b>(250,670)</b>
Cash and cash equivalents at 1 January	323,084	574,503
Effect of exchange rate fluctuations	(1,270)	(749)
<b>Cash and cash equivalents at 31 Decemeber</b>	<b>795,791</b>	<b>323,084</b>



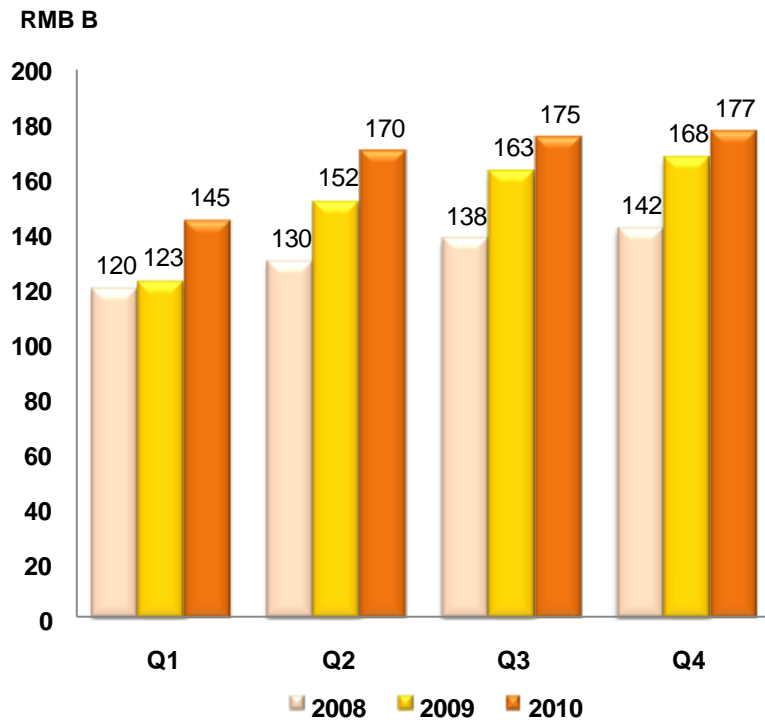
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# Outlook

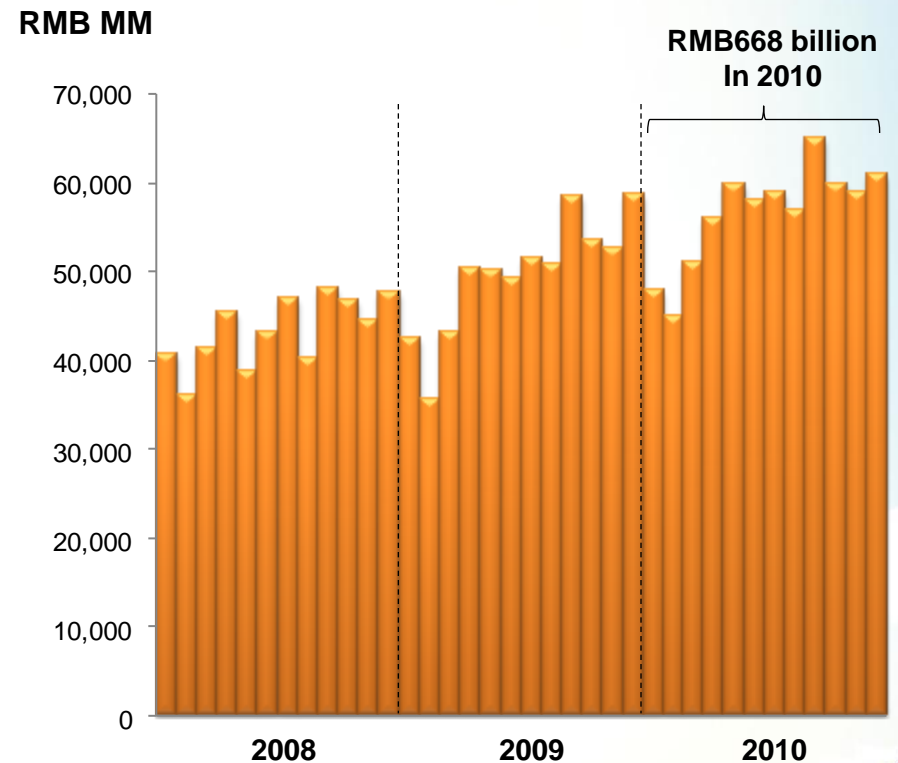
# Strong Growth for Chinese Advertising Market

## Quarterly Advertising Expenses in China (TV, Magazine, Newspapers & Radio)

	Q1 2010	Q2 2010	Q3 2010	Q4 2010
YoY	+18%	+12%	+7%	+6%
QoQ	-14%	+18%	+3%	+1%



## Monthly Advertising Expenses in China (TV, Magazine, Newspapers & Radio)

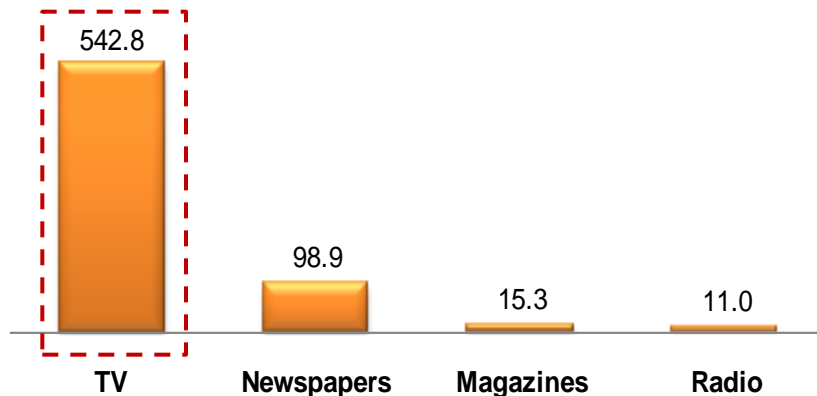


Source: Nielsen Company

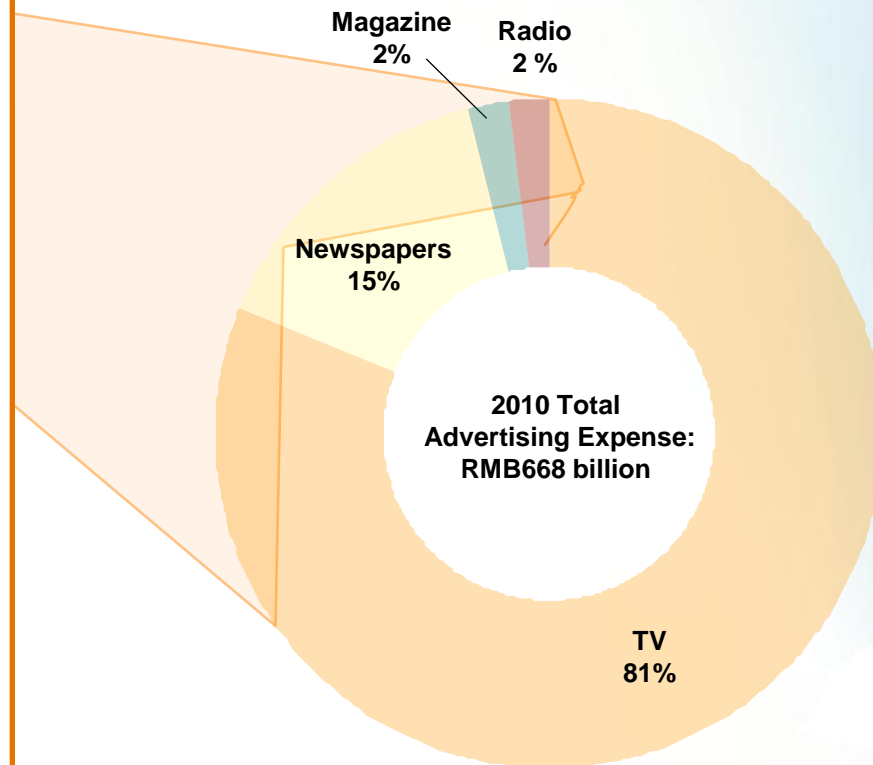
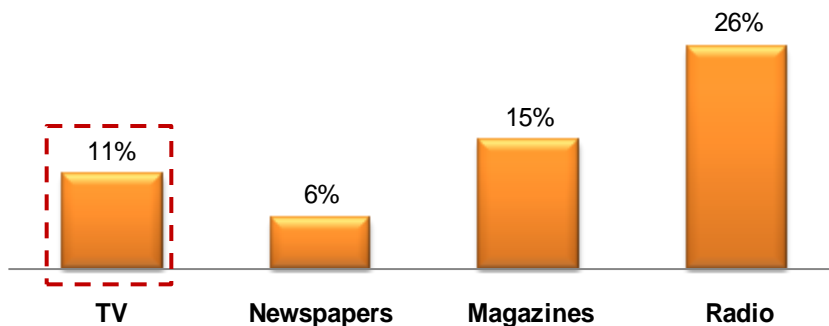
# TV Remains as the Main Advertising Medium

## 2010 Advertising Expenses in China

RMB Billion



## Year-on-year Growth



Source: Nielsen Company

# Highlights

Prospect of advertising and media industry remains bright on the back of continuous improvements in economy and improving consumer confidence


TV sector remains strong, especially for the “high quality yet scarce advertising resources”

A convergence of the Internet, mobile phones and TV is likely to create tremendous growth potential

Huge market potential for new media and internet advertising services



- ▶ **Extensive media resources**
- ▶ **Solid client base**
- ▶ **Excellent customer service & brand position**
- ▶ **Strong management & execution capabilities**
- ▶ **Healthy financial position**
- ▶ **Increasing efforts in strategic planning for new media**



**Solidify the position  
as a leading  
advertising operator  
in the mainstream  
media**

# Growth Strategies

## Diversifying Media Resources

- **Solidify the position as a leading operator in the mainstream media and expanding the market share:**
  - Strive to obtain additional advertisement time from CCTV and increase the utilization rate to further boost the Group's profitability
  - Enhance our presence in the regional TV advertising market
- **Diversify media resources into digital media:**
  - Continue to seize every growth opportunity through investment and acquisition
- **Media platform integration:**
  - Focus on business model innovation



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# Open Forum