

# Beyond International Limited

Annual General Meeting

30 November 2016



# Disclaimer

## Basis of preparation of slides

- Included in this presentation is data prepared by the management of Beyond International Limited (BYI) and other associated entities and investments. This data is included for information purposes only and has not been subject to the same level of review by the company as the financial statements, so is merely provided for indicative purposes. The company and its employees do not warrant the data and disclaim any liability flowing from the use of this data by any party.
- BYI does not accept any liability to any person, organisation or entity for any loss or damage suffered as a result of reliance on this document. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, and are subject to variation. All forward-looking statements in this document reflect the current expectations concerning future results and events. Any forward-looking statements contained or implied, either within this document or verbally, involve known and unknown risks, uncertainties and other factors (including economic and market conditions, changes in operating conditions, currency fluctuations, political events, labour relations, availability and cost of labour, materials and equipment) that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements, expressed, projected or implied by any forward-looking statements.
- Unless otherwise indicated, all references to estimates, targets and forecasts and derivations of the same in this material are references to estimates, targets and forecasts by BYI. Management estimates, targets and forecasts are based on views held only at the date of this material, and actual events and results may be materially different from them. BYI does not undertake to revise the material to reflect any future events or circumstances.

# Company Overview

- Current share price - \$1.20;
- Market cap - \$73.6m;
- 714 shareholders. Top 20 hold 87.1%;
- 4 Operating divisions:
  - Production;
  - Distribution;
  - Home Entertainment;
  - Digital marketing
- Offices in Sydney, Melbourne, Brisbane, Auckland, Dublin, London and Los Angeles

## 2. Key Earnings Matrix

Key Earnings Metrics (\$,000)	Production & Copyright		Distribution		Home Entertainment		Digital		Corporate & Other		Group	
	FY16	FY15	FY16	FY15	FY16	FY15	FY16	FY15	FY16	FY15	FY16	FY15
Revenues	38,371	35,315	25,843	22,612	24,485	22,463	12,470	12,828	60	-	101,229	93,217
EBITDA & FX	10,852	10,821	2,020	2,436	2,301	2,437	(241)	848	(6,079)	(5,818)	8,852	10,724
Operating EBITFX	9,560	8,800	2,020	2,420	1,526	1,827	(292)	132	(6,079)	(5,818)	6,735	7,361
Non Operating Items	(91)	(1,906)	(350)	-	-	-	-	-	(247)	-	(688)	(1,906)
Division EBIT	9,469	6,894	1,670	2,420	1,526	1,827	(292)	132	(6,326)	(5,818)	6,047	5,455
Foreign Exchange Gain/(Loss)											(494)	509
Net Interest											51	49
Income Tax											(287)	(128)
Net Profit After Tax											5,317	5,885

# Balance Sheet & Cashflow

<b>Balance Sheet &amp; Cash Flow (\$,000)</b>	<b>FY16</b>	<b>FY15</b>	<b>Variance</b>	<b>%</b>
Net Assets	44,807	45,490	(683)	(1.5%)
Operating Cash Flow	5,127	8,135	(3,008)	(37.0%)
Dividends Paid	6,134	6,134	-	-
Cash at Bank	6,379	10,403	(4,024)	(38.7%)

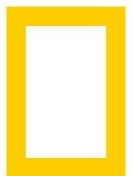
# Production & Copyright

Production & Copyright (\$,000)	FY16	FY15	Variance	%
Production Revenues	31,921	29,065	2,856	9.8%
Copyright Revenues	6,450	6,250	200	3.2%
<b>Total Revenues</b>	<b>38,371</b>	<b>35,315</b>	<b>3,056</b>	<b>8.7%</b>
<hr/>				
EBITDA	10,852	10,821	31	0.3%
Operating EBIT	9,560	8,800	760	8.6%
Margin %	24.9%	24.9%	(0.0%)	(0.0%)
Non Operating Items	(91)	(1,906)	1,815	95.2%
<hr/>				
<b>Divisional EBIT</b>	<b>9,469</b>	<b>6,894</b>	<b>2,575</b>	<b>37.3%</b>

- Strong revenue growth
- Slight decline in margins due to less fully commissioned projects
- The non operating item in FY15 related to provision for impairment of copyright

# Production and Copyright

- Over 5,500 hours of production since 1984;
- 2016 – commenced production on 200 hours of television across 19 titles;
- Current titles include the globally acclaimed Mythbusters, Selling Houses Australia, and Deadly Women;
- New commissions include Mythbusters Reboot, Deadline Design and an Australian version of Love It Or List It for Foxtel, Australia Beyond 2020 for Seven, Your Number's Up for ID and Self Shot Survival for Discovery;
- Copyright revenues strength from long running franchises – Mythbusters and Deadly Women.



# Production & Copyright

# NETFLIX

Beyond are currently involved in 3 productions with Netflix





# Production & Copyright



- Improvement in the share of JV loss – FY16 \$404k v FY15 \$560k
- HGTV commissioned 7Beyond to produce My Lottery Dream Home in FY16. The series has now been renewed with a 3<sup>rd</sup> series confirmed recently
- 7Beyond is providing US production services to Seven for a US celebrity version of My Kitchen Rules for Fox
- Seriously, a new platform launched by Hearst Verizon in the US has greenlit a new series, Six Second Pranks
- The venture also has a number of broadcaster funded development projects

# Distribution

Distribution (\$,000)	FY16	FY15	Variance	%
<b>Total Revenues</b>	<b>25,843</b>	<b>22,612</b>	<b>3,231</b>	<b>14.3%</b>
EBITDA	2,020	2,436	(416)	(17.1%)
Operating EBIT	2,020	2,420	(400)	(16.5%)
Margin %	7.8%	10.7%	(2.9%)	(27.0%)
Non Operating Items	(350)	-	(350)	-
<b>Divisional EBIT</b>	<b>1,670</b>	<b>2,420</b>	<b>(750)</b>	<b>(31.0%)</b>

- Strong revenue growth
- EBITDA impacted due to lower commissions on 3<sup>rd</sup> party titles
- Costs increased due to relocation of London office
- Non operating item relates to provision for impairment of advances made

# Distribution

- Leading independent distributor of world-class television content since 1984
- Offices in London, Dublin and Sydney;
- The division represents internally produced titles worldwide and is active in the global acquisitions market.
- Current key 3<sup>rd</sup> party producer titles include Highway Thru Hell, Love It Or List It, Chasing Monsters and Fatal Vows.
- Ratio of 3<sup>rd</sup> party titles to internally produced titles is 64/36. FY15 was 58/42



# Home Entertainment

Home Entertainment (\$,000)	FY16	FY15	Variance	%
<b>Total Revenues</b>	<b>24,485</b>	<b>22,463</b>	<b>2,022</b>	<b>9.0%</b>
EBITDA	2,301	2,437	(136)	(5.6%)
Operating EBIT	1,526	1,827	(301)	(16.5%)
Margin %	6.2%	8.1%	(1.9%)	(23.4%)
Non Operating Items	-	-	-	-
<b>Divisional EBIT</b>	<b>1,526</b>	<b>1,827</b>	<b>(301)</b>	<b>(16.5%)</b>

- Strong revenue growth driven by acquisition of AFL and Seven Drama
- Retail conditions in the 2<sup>nd</sup> half impacted EBIT
  - Aggressive discounting by retailers
  - Increased demands from retailers to pay for shelf space
  - Reduction of shelf space for the home entertainment category by a major retailer

# Home Entertainment

- An Australian and New Zealand wholesale distribution company leading in children's, comedy, documentaries, sporting and TV series genres within the home entertainment market.
- Based in Brisbane, Beyond Home Entertainment provides sales and marketing production, while packaging and distribution is outsourced to Regency.
- Currently holding over 2000 licensed titles in the product catalogue
- Acquired the home entertainment rights for AFL from the 2015 season
- Other key titles for 2017 include 800 Words – season 2, Brock, and The Secret Daughter which will air on Seven in late 2016.



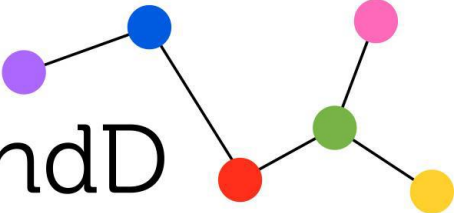
# Digital Marketing

Digital Marketing (\$,000)	FY16	FY15	Variance	%
First	10,059	10,299	(240)	(2.3%)
3Di	2,411	2,529	(118)	(4.7%)
<b>Total Revenues</b>	<b>12,470</b>	<b>12,828</b>	<b>(358)</b>	<b>(2.8%)</b>
<hr/>				
First	1,809	1,826	(17)	(0.9%)
3Di	(358)	649	(1,007)	(155.1%)
Administration	(1,692)	(1,627)	(65)	4.0%
<b>EBITDA</b>	<b>(241)</b>	<b>848</b>	<b>(1,089)</b>	<b>NMF</b>
First	1,809	1,826	(17)	(0.9%)
3Di	(409)	(67)	(342)	NMF
Administration	(1,692)	(1,627)	(65)	4.0%
<b>Operating EBIT</b>	<b>(292)</b>	<b>132</b>	<b>(424)</b>	<b>NMF</b>
Margin %	(2.3%)	1.0%	(3.4%)	NMF
Non Operating Items	-	-	-	-
<hr/>				
<b>Divisional EBIT</b>	<b>(292)</b>	<b>132</b>	<b>(424)</b>	<b>NMF</b>

# Digital Marketing

- Revenues down across both businesses
- First EBIT was in line with FY15 due to cost controls
- 3Di suffered from a competitive market significantly driving down margins

- 3Di is being re-purposed to address the programmatic advertising space
- In partnership with Google
- Makes use of technology developed in house over the last 15 years to deliver data to advertising exchanges
- Technology allows the capture of unique cookies to provide advertisers with targeted on-line advertising



BeyondD  
Audiences

# Digital Marketing

## DIGITAL MARKETING

Beyond D, the digital division consists of Digital Marketing Services and Digital Media Sales, including SEM and SEO, and Digital Assets including websites, marketing databases and bespoke technology.

### Brands



### Key Clients





# Corporate

- The operating divisions are supported by a shared Corporate resource including Finance, Legal, IT and general management;
- Costs for the 12 months increased by \$261k compared to the corresponding prior period. This was a result of an investment in a new rights management system – Film Track.

# Foreign Exchange

- FY15 benefitted from the 18% decline in value of the Australian dollar through that year
- While FY16 was still volatile with large intra-month swings, the value of the dollar was only down 3% from the start of FY16

Item	Segment	Jun-16	Jun-15	Movement	
		\$,000	\$,000	\$,000	%
Realised gain / (loss)	Distribution / TV	(257)	396	(654)	165%
Unrealised gain / (loss)	Distribution / TV	(283)	87	(370)	NMF
Mark To Market revaluation of Currency Hedges (Loss)	Other*	87	(87)	174	201%
Unrealised gain/(loss)	Other	(40)	113	(153)	136%
<b>Total FX (Gain)/loss</b>		<b>(494)</b>	<b>509</b>	<b>(1,003)</b>	<b>(197%)</b>

# Income Tax

- Income tax expense increased due to the reversal of deferred tax liabilities relating to the recoupment of Distribution advances previously claimed as a tax expense.

# Outlook – 6 Months to December 2016

- Distribution and Copyright benefited from strong sales of Mythbusters in the first 6 months of FY2016
- This will not be repeated in the corresponding 6 months of FY2017
- Home Entertainment continue to be negatively impacted by the retail environment
- The result for the 6 months to December 31 2017 is therefore likely to be lower than that achieved for the 6 months to December 31 2016
- No guidance is able to be provided for the full year at this stage

# Future Dividends

- Directors currently expect to reduce the 2016-17 financial year and future dividend payouts to a lower percentage of earnings per share depending on movements in net after tax profits and surplus cash generation