

Beyond International Limited

Annual General Meeting

30 November 2015



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Basis of preparation of slides

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1. Overview

- Current share price - \$1.20;
- Market cap - \$73.6m;
- Final dividend maintained at 5c per share;
- 4 Operating divisions:
 - Production;
 - Distribution
 - Home Entertainment
 - Digital marketing
- Offices in Sydney, Brisbane, Auckland, Dublin, London, San Francisco and Los Angeles

2. Summary of financial results 12 months to 30 June 2015

	FY 2015 \$,000	FY 2014 \$,000	Variance \$,000	Variance %
Operating Revenue	91,172	89,772	1,400	1.6%
Expense	(83,302)	(80,935)	(2,367)	2.9%
Operating EBIT	7,870	8,837	(967)	(10.9%)
Non-operating Items				
Additional Amortisation	(1,906)	-	(1,906)	-
Restructuring Costs	-	(516)	516	-
EBIT	5,964	8,321	(2,357)	(28.3%)
Net Interest Income	49	228	(179)	(78.5%)
Profit Before Tax	6,013	8,549	(2,536)	(29.7%)
Tax Expense	(128)	(537)	409	(76.1%)
Profit After Tax	5,885	8,012	(2,128)	(26.6%)
OEI	-	(37)	37	(100.0%)
Net Profit	5,885	7,975	(2,091)	(26.2%)
EPS (Cents per Share)	9.59	13.00	(3.41)	(26.2%)
Dividends per Share (cents)	10.00	9.00	1.00	11.1%
NTA	64.28	64.58	(0.30)	(0.5%)

2. Summary of Financial Results 12 months to 30 June 2015 (Cont)

- Net profit after tax declined year on year by 26% from 8.0m to \$5.9m;
- Revenue for the 12 months has increased by 2% from \$89.8m to \$91.2m;
- Earnings Per Share reduced by 26% from 13.0 cents to 9.59 cents;
- The operating profit before tax and non-operating adjustments is \$7.9m compared to \$8.8m for the corresponding 12 month period, a decline of 11%;
- The Company has no bank debt; and
- The company held cash on hand of \$10.4m at 30 June 2015 (June 2014: \$11.0m) after dividend payments totalling \$6.2m, and the funding of working capital;

3. Trading History

	EBIT \$,000s	Net Profit \$,000s	EPS (Cents per share)	NTA Per Share	Total Equity \$,000s	Return on Equity	Dividends (Cents per share)
2006	4,818	3,100	5.26	41.32	26,702	11.61%	3.00
2007	6,524	4,340	7.27	45.61	28,705	15.12%	4.00
2008	7,483	4,992	8.36	43.03	28,220	17.69%	5.00
2009	5,047	4,280	7.28	42.40	28,964	14.78%	5.00
2010	6,205	4,939	8.40	42.63	30,384	16.26%	6.00
2011	8,178	5,099	8.67	45.22	31,377	16.25%	6.00
2012	10,190	8,463	14.39	48.33	36,249	23.35%	6.00
2013	10,841	9,273	15.12	59.00	42,074	22.04%	7.00
2014	8,837	7,975	13.00	64.58	45,639	17.47%	9.00
2015	7,870	5,885	9.59	64.28	45,490	12.94%	10.00

4. Trading Update - Segments

	FY 2015 \$,000	FY 2014 \$,000	Variance \$,000	Variance %
Revenue				
Productions & Copyright	33,270	31,494	1,776	5.6%
Home Entertainment	22,463	24,606	(2,143)	(8.7%)
Distribution	22,612	23,080	(468)	(2.0%)
Digital Marketing	12,828	10,592	2,236	21.1%
Total Revenue	91,172	89,772	1,400	1.6%
OPERATING EBIT				
Productions & Copyright	9,360	9,423	(63)	(0.7%)
Home Entertainment	1,827	2,395	(568)	(23.7%)
Distribution	2,420	3,171	(751)	(23.7%)
Digital Marketing	132	(531)	663	NMF
Corporate	(5,818)	(5,938)	120	2.0%
7Beyond Joint Venture	(560)	(239)	(321)	NMF
Foreign Exchange Gain / (Loss)	509	556	(47)	(8.4%)
Operating EBIT	7,870	8,837	(967)	(10.9%)
Non Operating Items				
Home Entertainment	-	(398)	398	100.0%
Digital Marketing	-	(118)	118	100.0%
Copyright	(1,906)	-	(1,906)	-
EBIT	5,964	8,321	(2,357)	(28.3%)

a) TV Production & Copyright

- Revenues were \$33.3m for the 12 months to June 30, up 5.6% on previous corresponding period;
- EBIT was \$9.4m, slightly below the 12 months to June 2014;
- Revenues and EBIT are impacted by timing of commissioning of production and completion levels of each title in production;
- Copyright sales were the same as the prior year at \$6.2m, however EBIT declined by 22% from \$6.8m to \$5.3m due to accelerated amortisation of \$1.9m in relation to Behind Mansion Walls, Dark Minds and the final guarantee on Li'l Horrors;
- 7Beyond reported a loss of \$0.6m for the 12 months compared to a loss of \$0.2m to June 2014. All costs relating to the JV have been expensed in the year incurred.

a) TV Production & Copyright (cont)

- Recurring production slate includes:
 - Mythbusters entering its 11th season. This will be its last;
 - Selling Houses Australia S8 in production;
 - Deadly Women renewed for series 9 and 10;
- New commissions in 2015 include:
 - Still Alive – Discovery;
 - Deadline Design – Foxtel;
 - Your Numbers Up – ID;
 - Hit List – Netflix;
 - Fanshaw & Crudnut - Animation series and film – 9 Network
- Joint venture with the Seven Network, 7Beyond:
 - First series commission with My Lottery Dream Home

a) TV Production & Copyright (cont)

- Commissions with OTT platforms of over \$30m have been negotiated including Beat Bugs and Hit List
- Represents over \$40m in production value.

b) Film & Television Distribution

- Revenues declined by 2% from \$23.1m to \$22.6m;
- EBIT fell by 24% from \$3.2m to \$2.4m due to:
 - decline in net revenues - \$0.2m;
 - Reallocation of costs from Corporate - \$0.2m;
 - Increase in the provision for un-recouped advances - \$0.2m; and
 - Impact of the change in the exchange rate to the £ - \$0.1m.
- Revenue contributions from acquired products grew from 54% to 58%;
- 3rd party programs are primarily sourced from independent producers in the US, UK and Canada;
- Focus is on factual series, documentaries, family and children's programs;

b) Film & Television Distribution (cont)

- Continues to have international sales success with acquired series Highway Through Hell, Love it or List it, Airshow and BBQ Crawl and in house productions Mythbusters, and Deadly Women.

c) Home Entertainment

- Revenues fell by 9% from \$24.6m to \$22.5m;
- EBIT before unusual items fell by 24% from \$2.4m to \$1.8m. This was due to:
 - A decline in gross margin of \$1.4m due to reduced sales and lower margin product; offset by
 - Lower overheads of \$0.8m resulting from outsourcing warehouse logistics.
- Market share (GFK) increased in 2015 by 2% to 3.8% against a market decline of 9%;
- Recently acquired the home entertainment rights to the Australian Football League (AFL);

c) Home Entertainment (cont)

- Strategic market categories:
 - Number one in sport;
 - Number one in stand up comedy;
 - Number one in factual television;
 - Number two in documentaries; and
 - Number four in children's.
- Received worldwide Netflix technical accreditation together with a significant sale of content;
- Received world wide YouTube technical accreditation which is generating incremental Adword revenue;

c) Home Entertainment (cont)

- Strong content supply relationships with
 - Discovery Channel;
 - AETN;
 - Pokemon;
 - The Jim Henson Company;
 - Comedy label Punchline;
 - Endemol Shine Australia;
 - Screentime;
 - NRL;
 - AFL.
- 1st half FY2016 revenues are expected to exceeded expectations.

d) Digital Marketing

- Revenues increased 21% from \$10.6m to \$12.8m;
- The division reported a profit of \$132k against a loss of \$531k to June 2014;
- Revenues continue to grow, off the back of an increasing customer base ;
- Significant management and operational changes that were made last year now flowing through to the results;

e) Corporate

- The operating divisions are supported by a shared Corporate resource including Finance, Legal, IT and general management;
- Costs for the 12 months reduced by \$0.1m compared to the corresponding prior period.

3. Outlook to 31/12/15

- The Home Entertainment, and Production divisions are expected to deliver at or better than last year for the corresponding 6 months;
- The Distribution and Digital segments are expected to be below that for the corresponding 6 months last year due to timing of sales;
- It is not possible to determine the result for the Group for the 6 months to December 2015 at this time as there are a number of uncertainties in relation to revenue contracts to be signed that will have an impact on the result.
- New OTT commissions are in negotiation and are expected to be contracted in the 2nd half.