



Management Update

April 2016

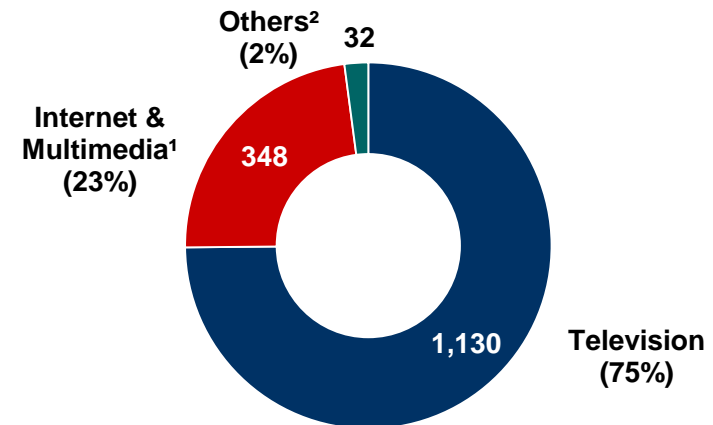
i-CABLE At A Glance



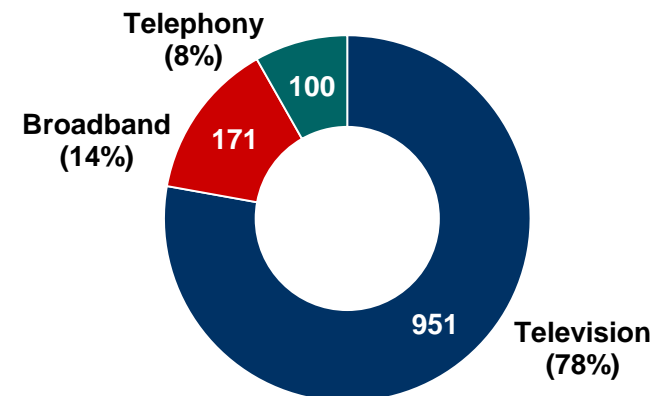
Integrated Triple-Play Communications Provider

- Integrated services provider of television, broadband and telephony services to ~1m customers
- Near universal Hybrid Fibre Coaxial (“HFC”) network in Hong Kong which can be easily overlaid with a scaleable Gigabit Passive Optical Network (“GPON”) for bandwidth-hungry consumers
- Most watched Pay-TV platform in Hong Kong over the past 2 decades
- Awaiting formal free-to-air (“FTA”) license from Hong Kong government
- One of the largest producers of television, film and multimedia content based in Hong Kong producing >10,000 hours of programming each year
- One of the largest TV and film libraries in Hong Kong, with >30,000 hours of TV programmes on top of >20 years of news footage

FY2015 Revenue = HK\$1,510m



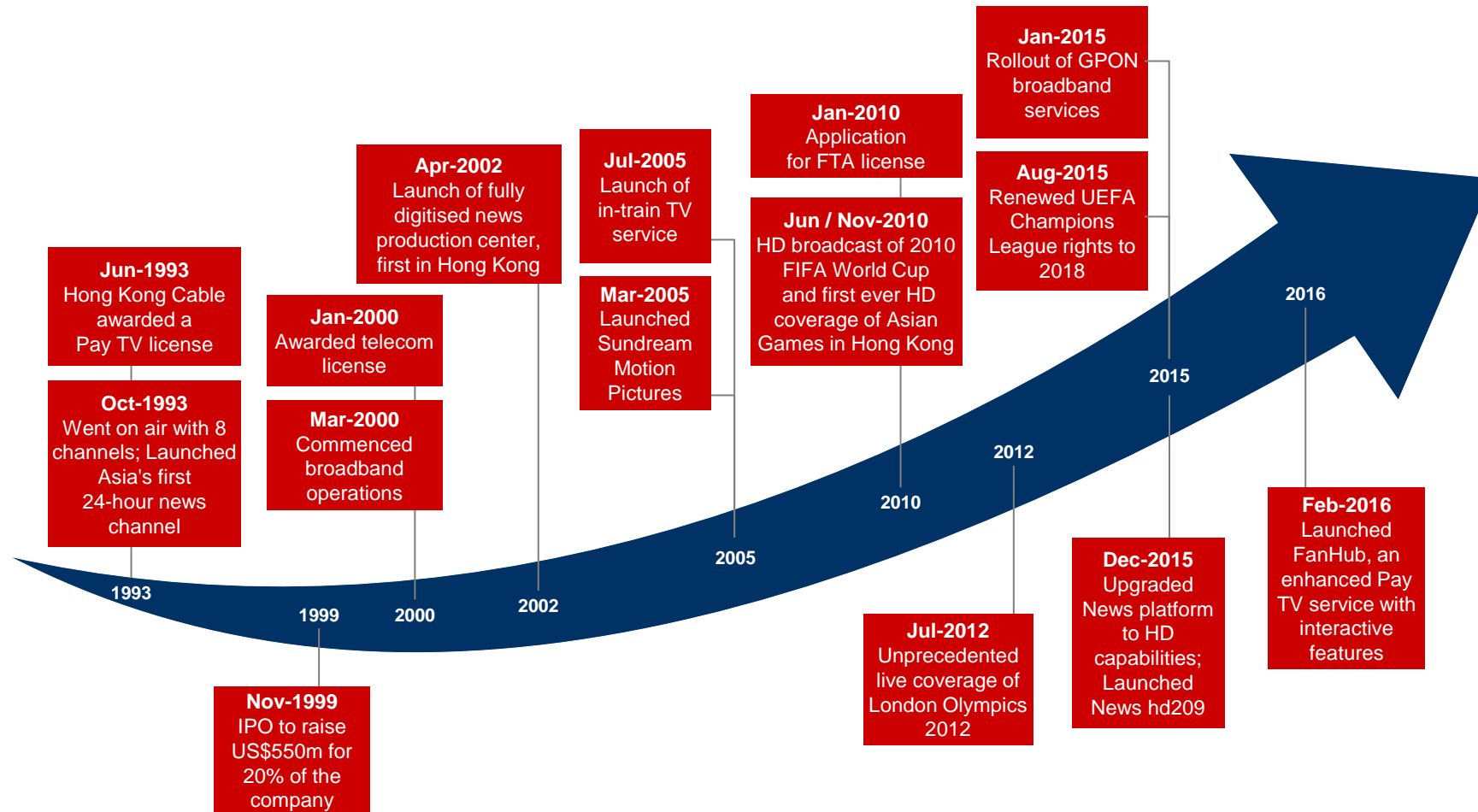
FY2015 Customers = ~ 1m



¹ Mainly consumer broadband & telephony.

² Includes inter-segment elimination.

Track Record of Innovative Multimedia Offerings



Overview of Business Segments



Television	Internet & Multimedia	Others
<ul style="list-style-type: none"> TV subscription business, advertising, channel carriage, programme licensing, miscellaneous TV-related businesses 	<ul style="list-style-type: none"> Broadband Internet access services, VoIP telephony, and other Internet access-related businesses Services delivered via HFC and GPON 	<ul style="list-style-type: none"> Sundream Motion Pictures Limited (“Sundream”): Movie production and distribution arm which acquires, produces and distributes films in Hong Kong and internationally International Distribution Limited (“iDL”): Distribution arm of i-CABLE’s TV content to third parties locally and overseas Inter-segment elimination

FY2015 Key Financials (HK\$m)

Revenue	1,130	348	32
Reported EBITDA ¹	(46)	143	(117)
Margin (%)	(4)%	41%	NA
Adjusted EBITDA ²	53	143	(88)
Margin (%)	5%	41%	NA

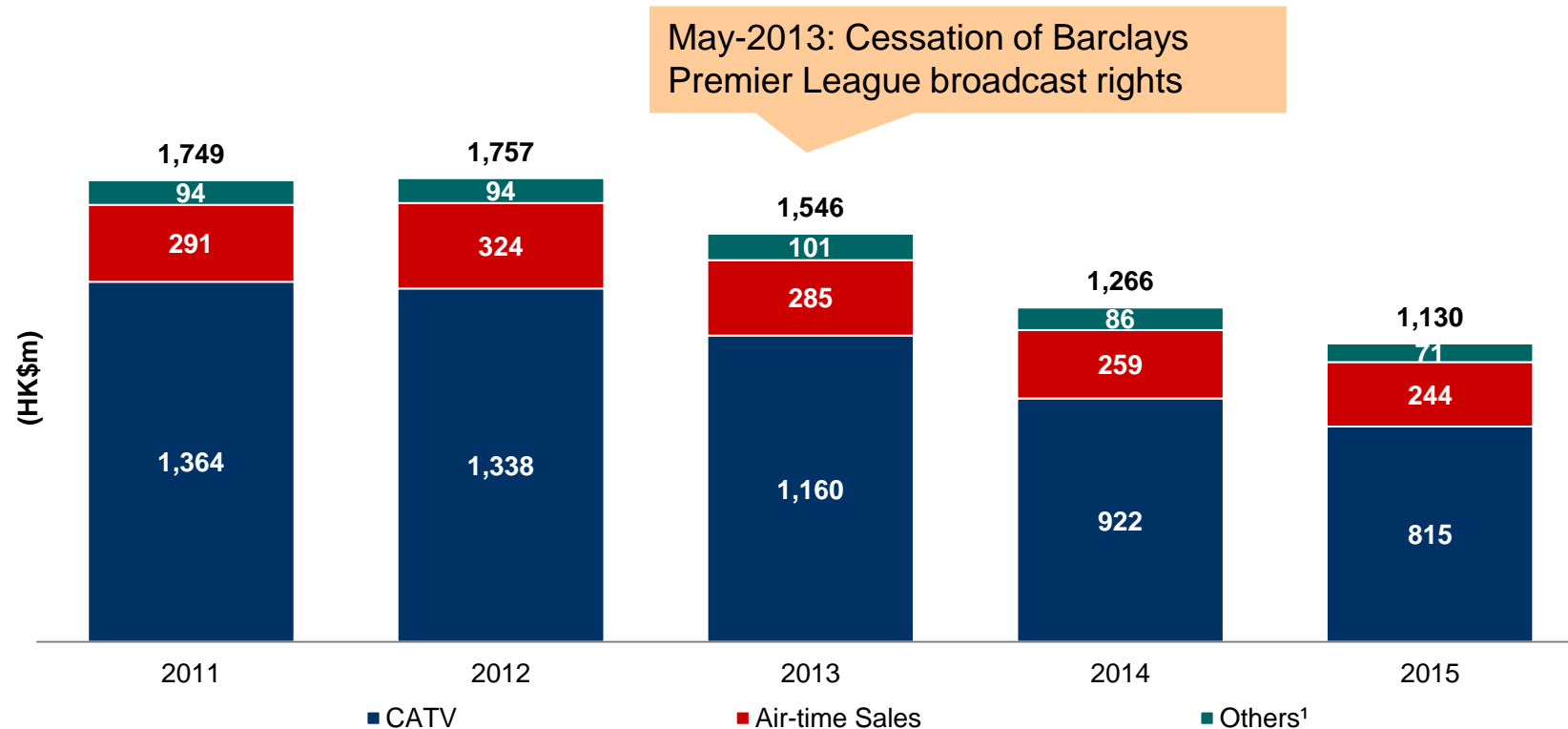
Note: Revenue and EBITDA based on segment revenues, which include inter-segment revenue and EBITDA.

¹ Reported EBITDA is defined as earnings before interest income, finance costs, impairment losses on investment, non-operating income / expenses, provisions for income tax, depreciation of property, plant and equipment but after amortisation of programming rights and impairment losses on programming library (see note 4 to the financial statements in i-CABLE 2015 Annual Report).

² Adjusted EBITDA is calculated by adding amortisation of programming library and impairment losses on programming library to Reported EBITDA. Adjusted EBITDA is shown for comparative purposes to provide EBITDA after incorporating all non-cash items.

Financial Overview

Television Revenue

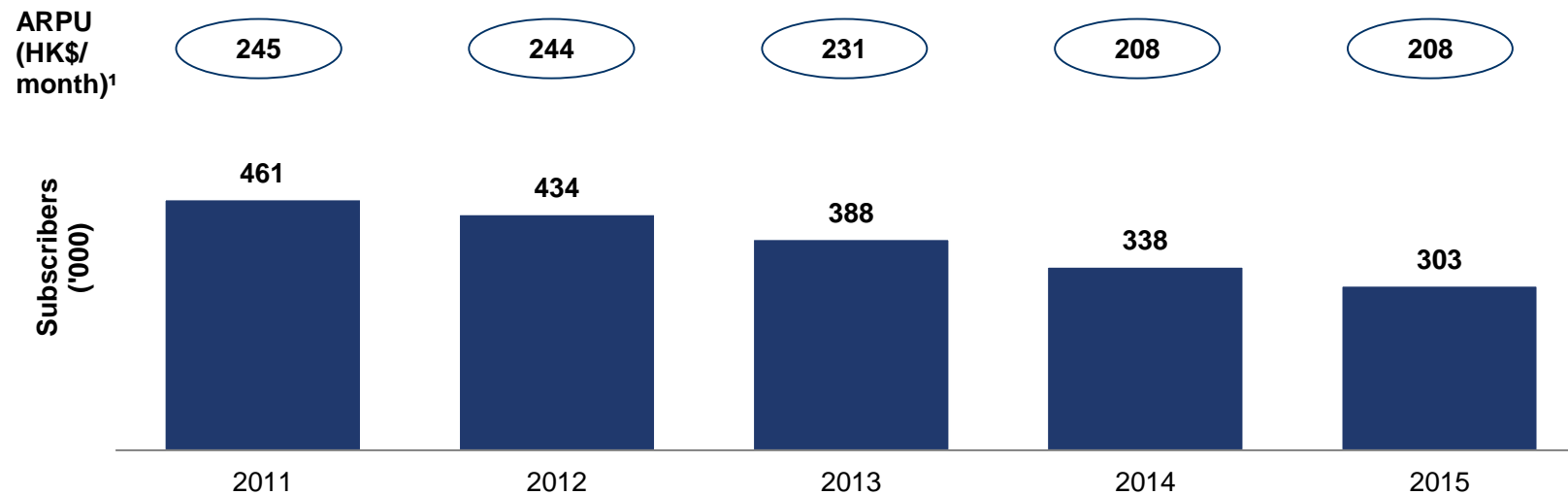


- Television revenue has decreased in recent years mainly attributable to a decrease in revenue related to Barclays Premier League (“BPL”)
 - Accompanied by a corresponding contraction in programming costs to sustain EBITDA
- Proliferation of content-on-demand via OTT platforms both locally and internationally, as well as intense competition via existing players and new entrants, have continued to put pressure on subscription revenue and advertising income

¹ Includes channel service fees, premises lease rental and other revenues.

Television

Key Performance Indicators

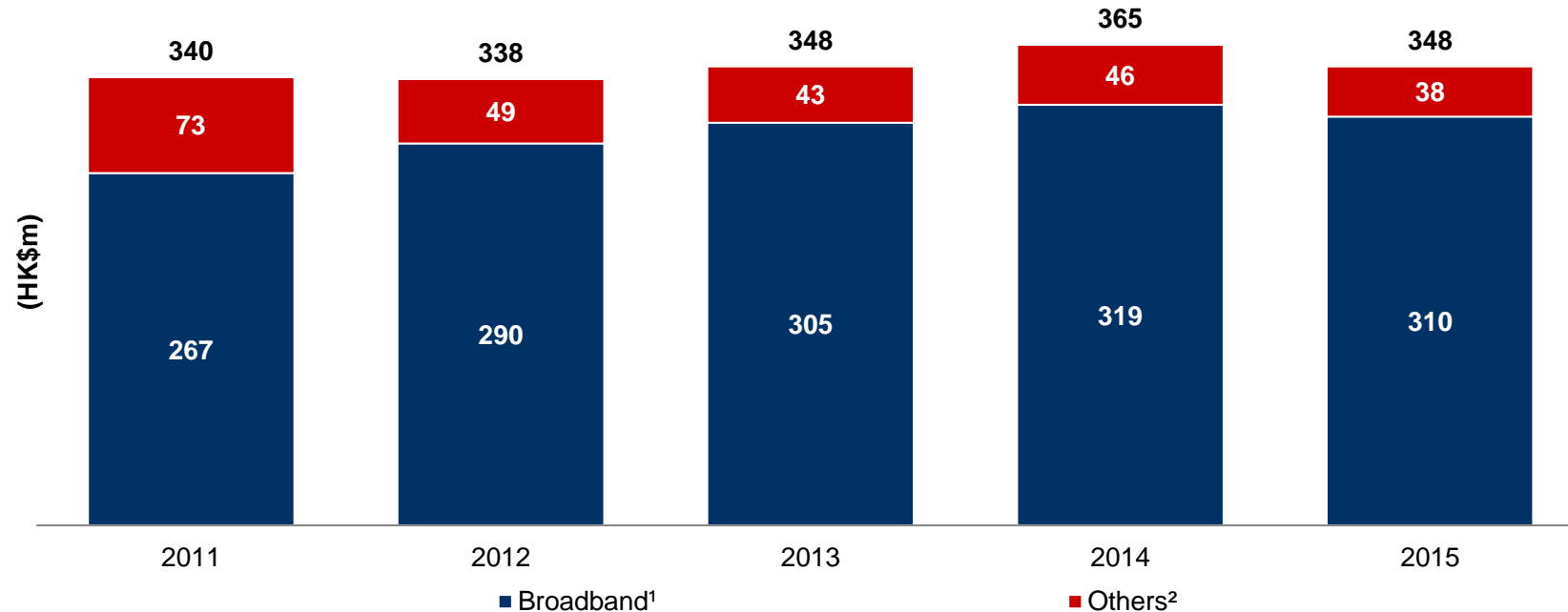


- Continued, but more gradual, contraction of subscription TV customer base, amidst stabilising ARPU as BPL impact is fully absorbed

Note: The above key performance indicators include CATV subscribers with ARPU of HK\$100 and above only.

¹ Calculated as revenue divided by the average number of subscribers divided by 12, where average number of subscribers are calculated as the average of the number of subscribers on the first day of the year and on the last day of each month of the year.

Internet & Multimedia Revenue



- Fibre-speed broadband migration and perception of “better speed equals better quality” have put pressure on Internet & Multimedia revenue
- Internet & Multimedia revenue has remained relatively stable despite a contracting subscriber base as customer yield improves

¹ Broadband revenue includes broadband access revenue and homeline telephony revenue (mainly generated as part of bundled services for broadband customers).

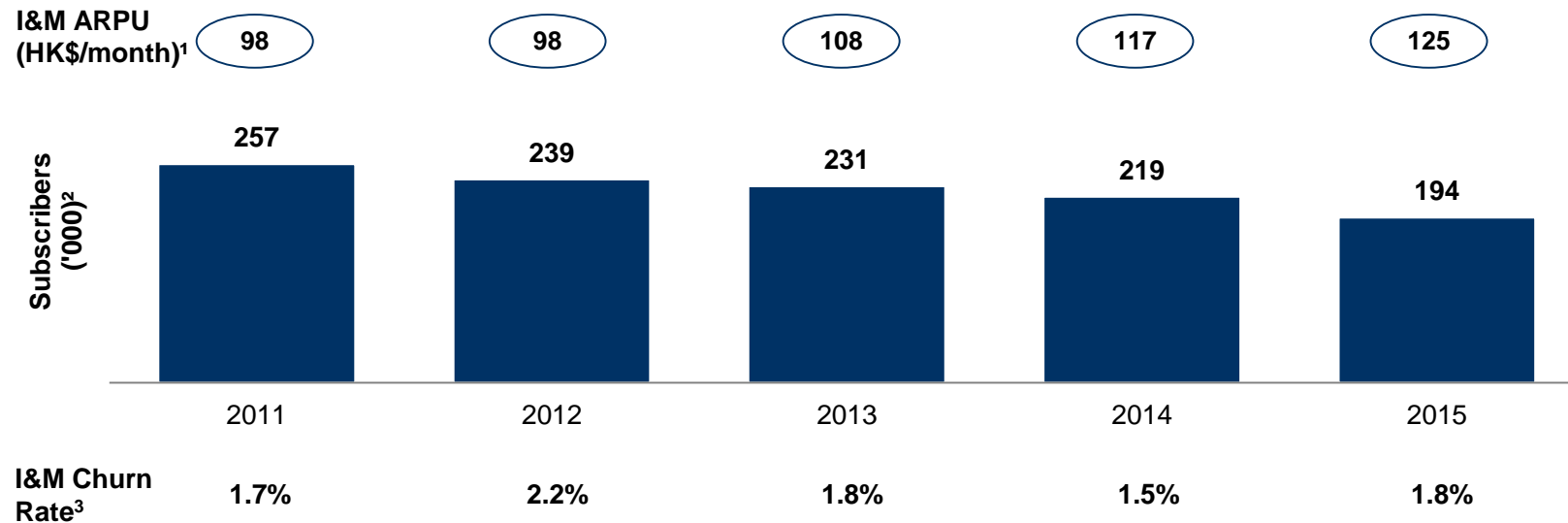
² Revenue from “Others” includes online advertising revenue, content / portal revenue, interconnect revenues and other revenues.

Internet & Multimedia

Key Performance Indicators



% of Total Revenue



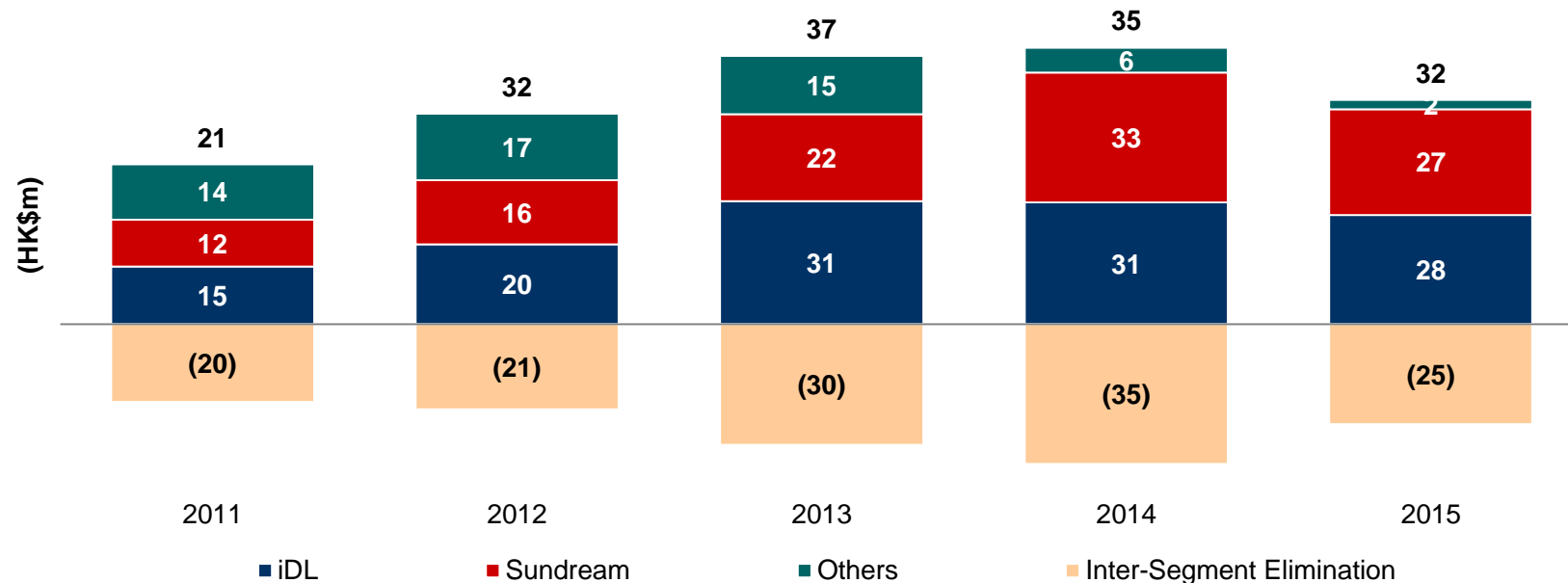
- Active upselling to higher bandwidth plans upon contract renewal, and active rate adjustment in subscription plan to align with competition in a stabilised market, have led to an overall increase in blended ARPU
- I&M subscribers include subscribers of broadband and/or telephony services

¹ Based on annual broadband access and homeline telephony revenue divided by the average of the Internet & Multimedia subscribers, where average number of subscribers are calculated as the average of the number of subscribers on the first day of the year and on the last day of each month of the year. The number of subscribers is net of double counting of subscribers that subscribe to both broadband and telephony services.

² Net of double counting of subscribers that subscribe to both broadband and telephony services.

³ Represents average of the monthly churn rate of the year. Monthly churn rate is calculated as the number of subscriber churn in a month divided by the opening number of subscribers for that month. The number of subscribers for churn rate calculation is based on a combined gross subscriber base for broadband and telephony and does not exclude double-counting of subscribers that subscribe to both broadband and telephony plans.

Others Revenue



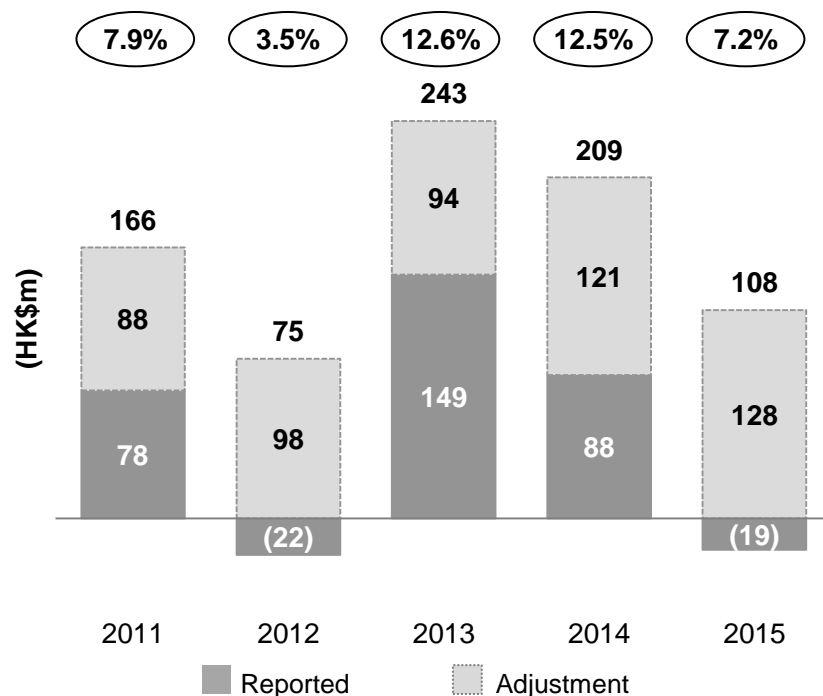
- iDL monetises i-CABLE’s programme library through worldwide distribution
- Sundream’s revenue has gained traction as it ramped up its film production and distribution capabilities
 - During 2015, Sundream theatrically released 20 films in Hong Kong and Macau
- “Others” includes revenue for i-CABLE’s retail shops and unallocated revenue
 - i-CABLE has closed its last retail shop at the end of 2015 given its low cost effectiveness

Adjusted EBITDA



Total

% of Total Revenue



Segmental Breakdown

	2011	2012	2013	2014	2015	
Television	EBITDA	69	(30)	125	34	(46)
	Adjusted EBITDA	149	59	210	133	53
Internet & Multimedia	EBITDA	127	118	125	156	143
	Adjusted EBITDA	(110)	(101)	(92)	(80)	(88)
Other & Inter-Segment Elimination	EBITDA	(117)	(110)	(101)	(103)	(117)
	Adjusted EBITDA	(110)	(101)	(92)	(80)	(88)

- Adjusted EBITDA is calculated by adding amortisation of programming library and impairment losses on programming library to Reported EBITDA
- These adjustments mainly relate to
 - Television EBITDA, which is adjusted by adding-back the abovementioned non-cash expenses from Programming / Content costs
 - EBITDA derived from Sundream, for which a small amount of non-cash expenses are added back to EBITDA from "Other & inter-segment elimination"

Operating Expenses By Business Segment

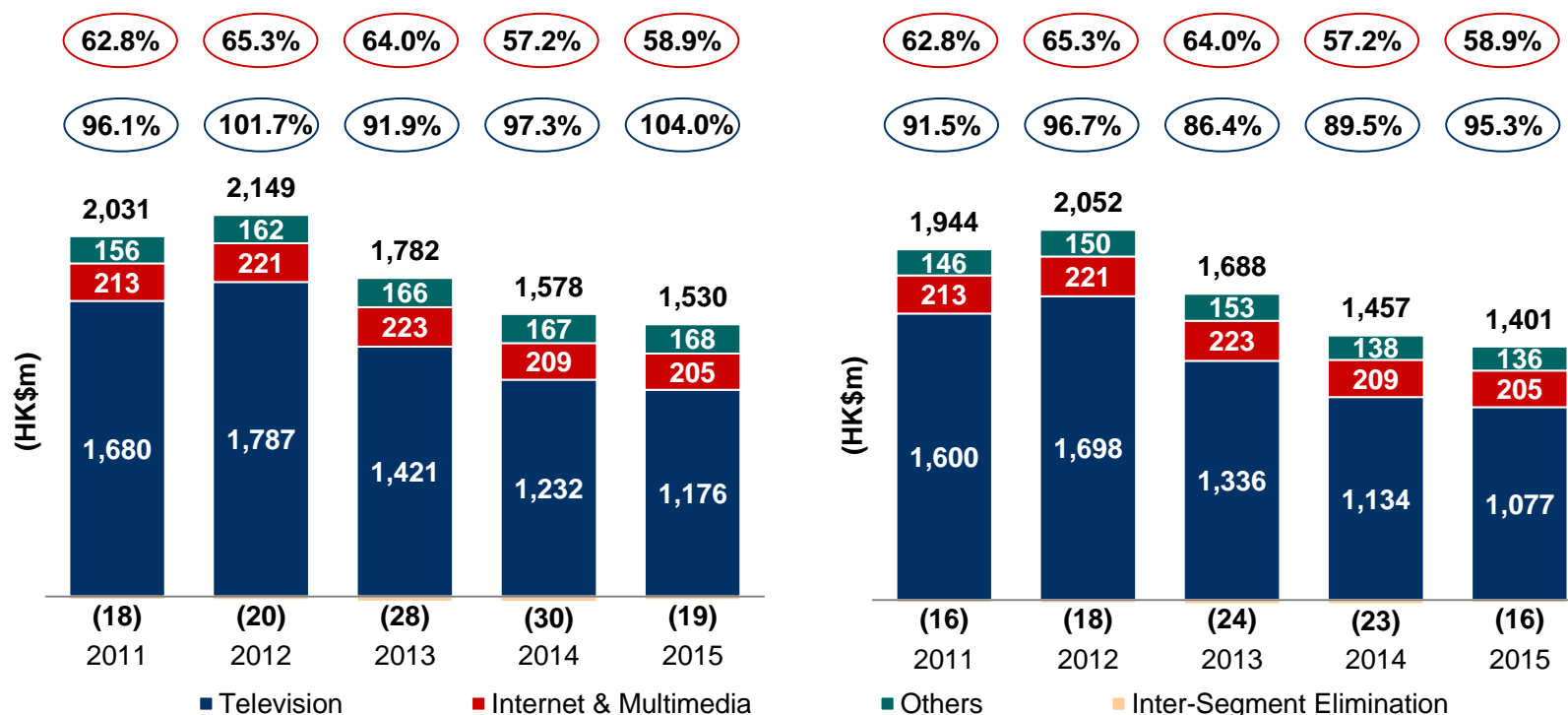


Before Adjustments

After Adjustments

I&M Opex
as % of Segment
Revenue

Television Opex
as % of Segment
Revenue



- Television operating expenses have gradually declined along with decline in television revenue
- Internet & Multimedia operating expenses have remained relatively stable, but have gradually declined as % of segment revenue due to disciplined cost management
- For adjusted opex calculations, opex for Television and Sundream (under Others) are adjusted for amortisation of programming library and impairment losses on programming library

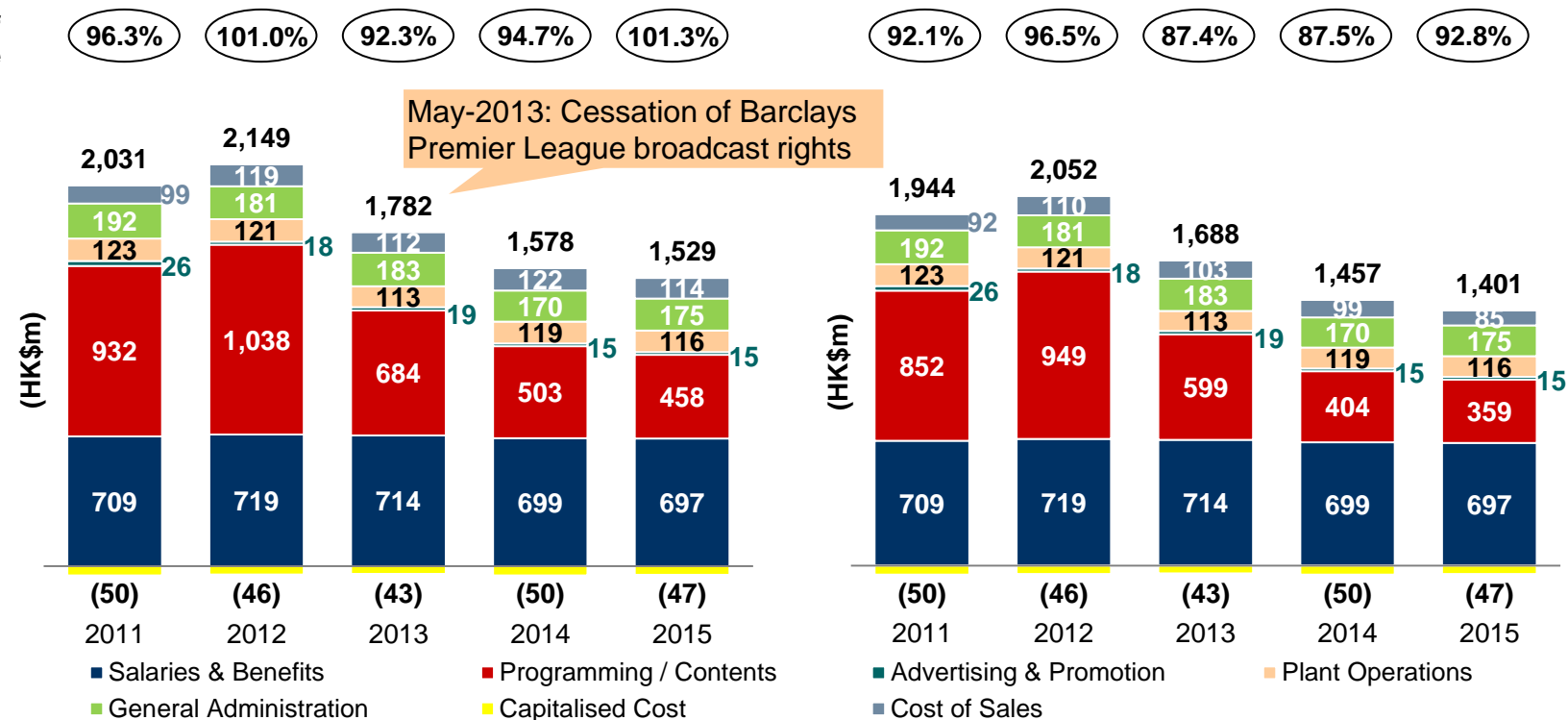
Operating Expenses By Category



Before Adjustments

After Adjustments

Opex as % of
Total Revenue



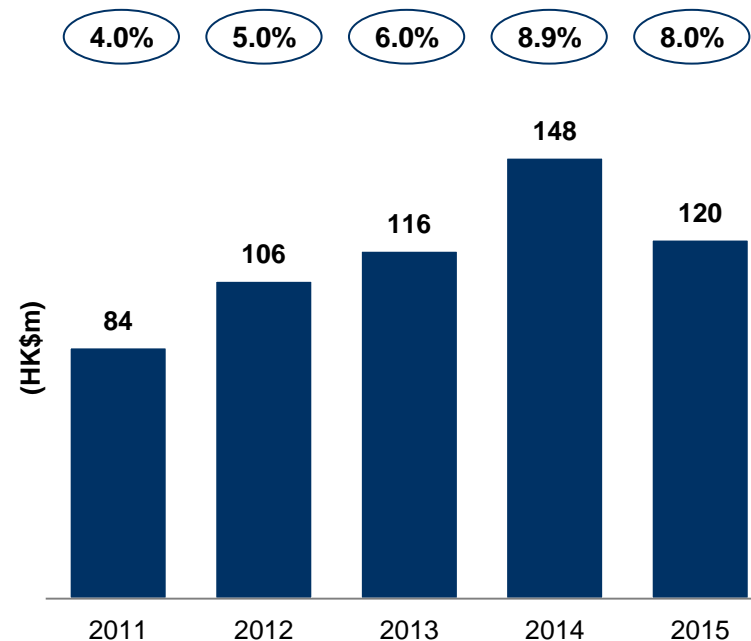
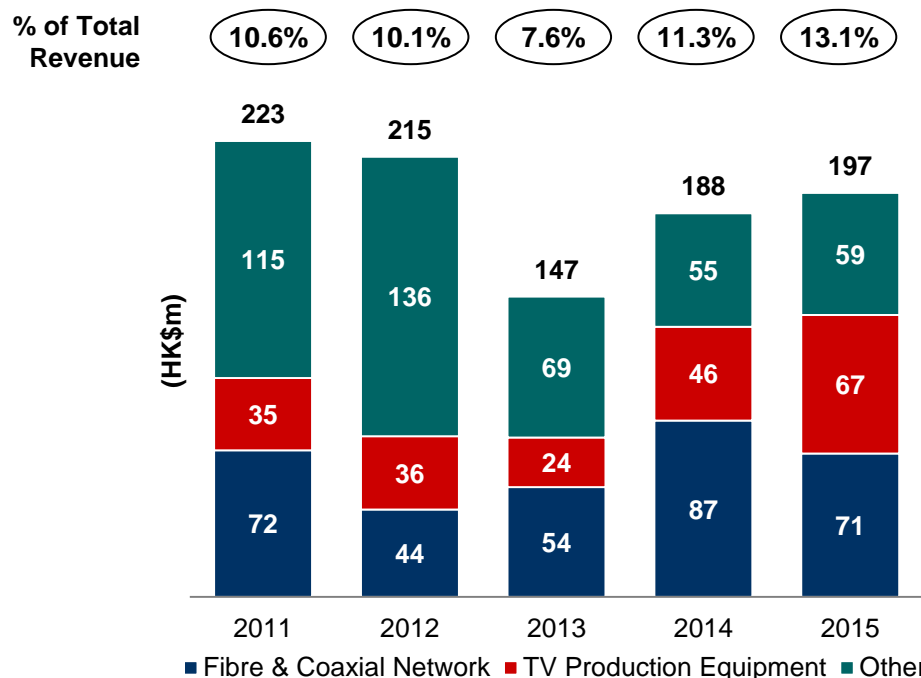
- Salaries & Benefits and Programming / Contents costs, which include amortisation of programming library and impairment losses on programming library, account for the majority of expenses
- Advertising & Promotion costs have been the lowest cost component at ~1% of total revenue
- For adjusted opex calculation, Programming / Contents costs and Cost of Sales are adjusted for amortisation of programming library and impairment losses on programming library

Capex



Capex

Additions to Programming Library



- Capex has remained relatively stable in the past few years, except in FY2013, when capex spend dipped primarily due to the near completion of the HD STB / production investments by 2012 as well as a contraction of other capex spend, while the HD news upgrade started from 2014 onwards
- Additions to programming library comprises mostly of acquisition costs relating to movie and drama content
 - These costs exclude costs related to live sports content and self-produced shows, both of which are expensed

¹ Includes capacity related, subscriber connections, cable modem, and Multichannel Multipoint Distribution System (MMDS)/ Headend / Test Equipment and other capex.

Summary Financials



(in HK\$ m)

FYE Dec	2011A	2012A	2013A	2014A	2015A
Total Revenue	2,110	2,127	1,932	1,666	1,510
<i>Growth (%)</i>		1%	(9)%	(14)%	(9)%
Reported EBITDA	78	(22)	149	88	(19)
<i>Margin (%)</i>	3.7%	(1.0)%	7.7%	5.3%	(1.3)%
Adjusted EBITDA	166	75	243	209	108
<i>Margin (%)</i>	7.9%	3.5%	12.6%	12.5%	7.2%
Loss from Operations	(180)	(275)	(88)	(139)	(242)
<i>Margin (%)</i>	(8.5)%	(12.9)%	(4.5)%	(8.3)%	(16.0)%
Loss for the Year	(179)	(278)	(93)	(139)	(233)
<i>Margin (%)</i>	(8.5)%	(13.1)%	(4.8)%	(8.4)%	(15.4)%
Capex	223	215	147	188	197
<i>Margin (%)</i>	10.6%	10.1%	7.6%	11.3%	13.1%
Additions to Programming Library	84	106	116	148	120
<i>Margin (%)</i>	4.0%	5.0%	6.0%	8.9%	8.0%
Adjusted EBITDA Less Capex Less Additions to Programming Library	(141)	(245)	(20)	(127)	(209)
<i>Margin (%)</i>	(6.7)%	(11.5)%	(1.0)%	(7.6)%	(13.8)%

Business Transformation Initiatives

Challenges & Strategic Focus



1

Brand Image / Marketing

- Service image suffering from legacy anecdotal and isolated incidences
- Under-investment in brand image
 - In terms of re-building of image and word-of-mouth creation effort
- Under-investment in online sales / marketing and service portals
 - Resulting in over-reliance on limited sales manpower which has driven up sales cost
 - Lagging behind competitors in terms of promoting the online platforms for customer service, customer communication, sales and renewals

2

Content Experience

- Under-investment in customer experience
 - Aging of set-top boxes
 - Less competitive functions compared to new OTT boxes
 - Affected performance and stability
 - Insufficient HD initiatives including capacity, news, & channel line-up
 - Insufficient focus on multi-screen potential
 - Full subscription value not realised

3

Broadband Experience

- Broadband image suffering from insufficient market education
 - Market pre-empted by competitors' efforts to promote Fiber-To-The-Home (FTTH), which undervalues HFC broadband
 - Market further affected by previous experiences of instability and speed limitations relating to HFC infrastructure

1 Brand Image / Marketing

i-CABLE Brand Proposition

Status

“We are the missing piece to complete your entertainment (and broadband) experience”

- Build confidence in and correct misperception of i-CABLE’s brand, products and services via mass communications
- Launch of a truly total multi-entertainment platform, supplemented by a service-guaranteed programme to address any skepticism
- Enhance i-CABLE’s experience as the innovative pioneer bringing PayTV to the local market, introducing around-the-clock news coverage, and producing groundbreaking entertainment programmes

Initiatives



- ✓ Increase annual advertising and promotion budget from ~1% to ~3 - 4% of revenue
- ✓ Correct inferior quality perception relating to brand and products via mass communications, supplemented by tactical promotions



“ Retake the throne and reclaim the lost avenues of brand equity ! ”

1 Brand Image / Marketing Service Image

Status

- i-CABLE's service quality has progressively improved in the last two years
- Consistently exceeding broadband service pledges and performance targets

Service Pledge	Service Delivery Standard	Service Perf. Target	2015 Actual Performance			
			Q1	Q2	Q3	Q4
Network Available Time	N/A	99%	100%	100%	100%	100%
Service Restoration	1 working day	95%	100%	100%	100%	100%
CS Hotline Call Answer Time	1 minute	90%	97%	89%	93%	92%
Handling of Customer Complaints	7 working days	90%	99%	99%	99%	99%

Initiatives

- ✓ ISO certifications obtained in Q1 2016
 - ISO 9001:2008 Quality Management System
 - ISO 10002:2014 Customer Complaint Management System
- ✓ Continue to correct market misperceptions
- ✓ Formalise & continuously improve all processes, procedures and policies as a company-wide commitment
- ✓ Closely monitor progress and improvement as reflected in the independent Annual Customer Satisfaction Surveys
- ✓ Actively communicate ISO certifications and quality to customers via above-the-line and below-the-line marketing strategies



After-Sales Operations

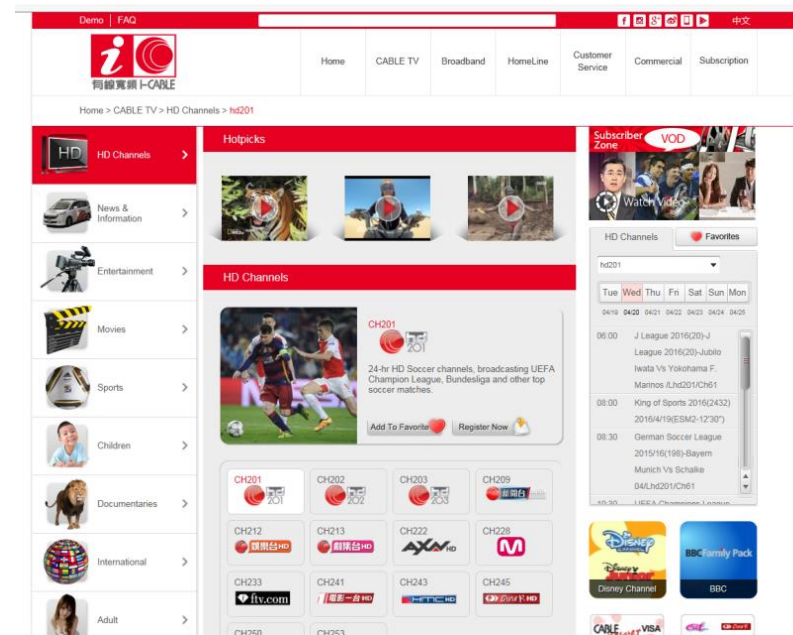


Service Operations

1 Brand Image / Marketing Online Service & Sales Portals

Status

- Revamp of i-cable.com with an increased focus on generating new sales and leveraging it to become a key renewal platform
 - Target to progressively migrate new sales and renewal activities to the online portal, reaching ~30% by 2020
 - Attainability of targets ascertained through benchmarking of competitors' experience and proof of concept in 2015
- New online service portals launched in 2015
 - Continuous growth in number of visits to the portals
 - Improvement of service quality through a reduction of human errors
















































2 Content Experience

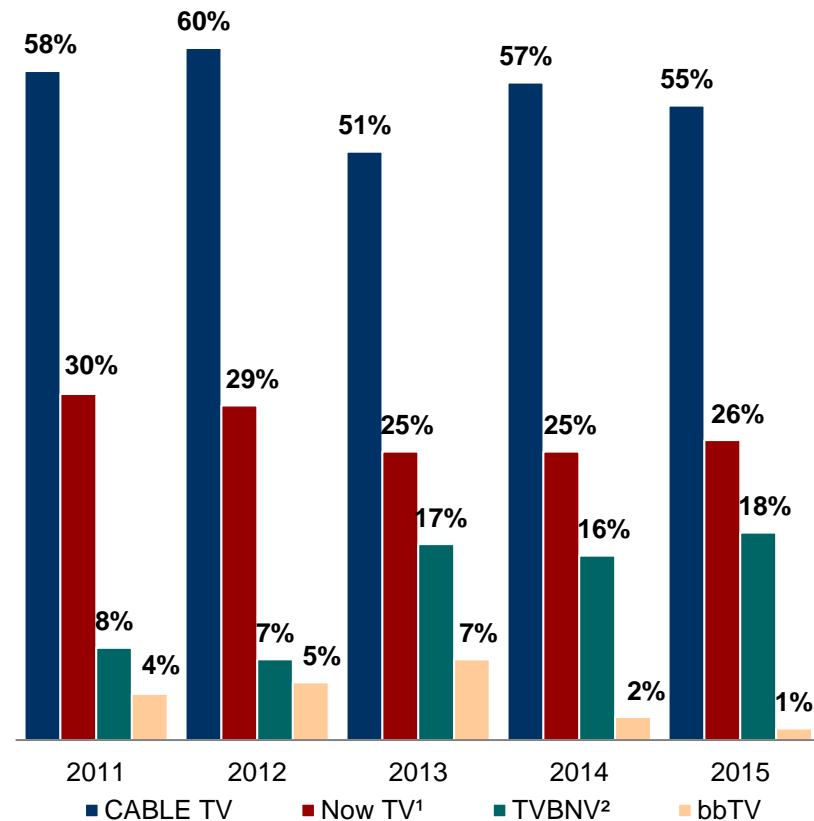
Current Content Offering

Portfolio

Total 111 Channels (97SD + 14HD)

News & Information (20 Channels)	Entertainment (36 Channels)
 天氣台  重慶新聞台  財經資訊台	 1台  娛樂台  劇集台
 Bloomberg TELEVISION  CNBC  資訊台	 AXN  COMEDY CENTRAL TYLAND  MTV
Movies (10 Channels)	Sports (12 Channels)
 AMC  HMC	 iQOO  足球台  體育台
 BBC entertainment  JET TV	 TEN CRICKET  體育台  201
Kids (7 Channels)	International (9 Channels)
 CN  ANIMAX  DISNEY CHANNEL	 NHK WORLD  Zing  ZEE TV
 DISNEY JUNIOR  nickelodeon  Sesame Street	 AUSTRALIA PLUS  DW-TV ASIEN  RTP INTERNACIONAL
Adult (5 Channels)	Documentaries (12 Channels)
 8台  歡樂台  百麻妹	 BBC earth  NATIONAL GEOGRAPHIC CHANNEL  Discovery CHANNEL
 5台  宇宙台	 TLC  ANIMAL PLANET  DMAX

Viewership Share Among Pay TV Operators



Programme offerings designed to bring the best tailor-made entertainment portfolio to individual families

Sources: CSM Media Research (2011-2012); Nielson (2013-2015) for All Day All Time viewership (individuals aged 4+)

¹ Excluded 8 TVBNV channels via Now TV platform in top 50 channel list only in 2013 and 2014; excluded all TVBNV channels via Now TV STB in 2015.

² Included 8 TVBNV channels via Now TV platform in top 50 channel list only in 2013 and 2014; included all TVBNV channels via Now TV STB in 2015.

2 Content Experience HD Upgrade and Offering

Status

News

- 5 production studios
- Largest studio is HD Ready with Live & Recording capabilities

Sports

- 3 production studios
- All 3 studios are HD Ready with Live & Recording capabilities

Entertainment

- 3 production studios
- All 3 studios are HD Ready with Recording and / or Live capabilities

Content Library

- >30,000 hours in programs
- >20 years of news footage
- 25 film productions

Initiatives

- ✓ Active upgrade of studio production facilities from SD to HD
 - First batch of HD channels rolled out in 2009
 - Studio-1 News platform upgraded to HD at the end of 2015
 - Finance programme and remaining news production facilities undergoing HD conversion in 2016
 - Incremental capex of ~\$100m over next 2 years combined to complete HD upgrade plan
- ✓ Triple HD channels from 14 to 45
 - Incremental capex of ~HK\$20m over next 2 years combined
- ✓ Upsell premium package with new HD channels at discounted prices to improve overall penetration and ARPU
- ✓ Focus on local market flavor to bring distinct and premium content to our viewers

2 Content Experience FanHub and i-CABLE App

ONE Box – Replace ALL Others



ONE App – Serves ALL Devices



FanHub + i-CABLE App – Reaches ALL Target Segments

- ✓ FanHub combines all features and functions into one, and includes all the popular content available in the market and enables customers to download apps of choice
- ✓ i-CABLE App offers a multi-screen platform, enabling access to the same FanHub content across different devices, whenever, wherever

2 Content Experience FanHub

- A full featured, “video-on-demand”, open platform and app-enabled HD set top box
- Live channels and VOD content
- Enabled to view all FTA channels, free to download app from open source



- ✓ Ability to raise ARPU
- ✓ Enable new revenue models
 - Pay-per-view
 - Revenue share
- ✓ Enrich HD channel portfolio
- ✓ Two-way connectivity enabling comprehensive customer behaviour analysis
 - Strengthen marketing and selling effectiveness

- ✓ **Target:** ~180k boxes by 2018
- ✓ **Budget:** ~\$90m investment over next 3 years combined
- ✓ **Cash Payback:** ~1 year for FanHub box

“ Join our enemies, stay in the game ... and retake the throne ! ”

2 Content Experience

i-CABLE App

- Device neutral and infrastructure neutral
- Single point of content management for TV (FanHub), Web (i-cable.com), Mobile and tablet (app)
- New applications for mobile and tablets as subscription alternative
- Target launch: Q3 2016



Platform	TV	Desktop/ Laptop	Tablet/ Phone
Technology Enablement	STB	Web	App
Product Name	CABLE TV	i-cable.com	i-CABLE
Picture Quality	HD	HD	HD (live & VOD)

“ Understand our customers, offer more than they can imagine ... and grow our share of wallet ! ”

3 Broadband Experience

New 200M Offer Answers Most Of The Market Needs

Status



- High quality Hitron cable modem provides better speed and better technology to improve service quality
- Economical DOCSIS-based products that allows for high-speed broadband access
- Provide stability to speed over HFC network

Initiatives

- ✓ Unleashes the true value of existing, near-universal HFC infrastructure for broadband service
- ✓ Incremental initiative targeted at customers who have issues with their existing modems
- ✓ Genuine alternative to fibre broadband
- ✓ Money-back guarantee offered to enhance customer take-up
- ✓ Gradually upsell to existing low broadband speed customers to reduce churn and improve ARPU

3 Broadband Experience

GPON to Fuel New Growth Momentum

Status

	Speed	Description	Limitations
xDSL	<100 Mbps	Transmits over copper telephone lines at higher speeds than dial-up	Subject to distance from the telephone exchange due to limitations of copper
HFC	<200 Mbps	Combines optical fibre and coaxial cable to offer digital pay-TV and broadband services	Requires all subscriptions to share the same pipe, limiting speed for concurrent users
Metro Ethernet	<1,000 Mbps	FTTB configuration using Cat-5e for the last 100 metres	Signals degrade after 100 metres
GPON	500-1,000 Mbps	FTTH connection	Relatively high cost

Initiatives

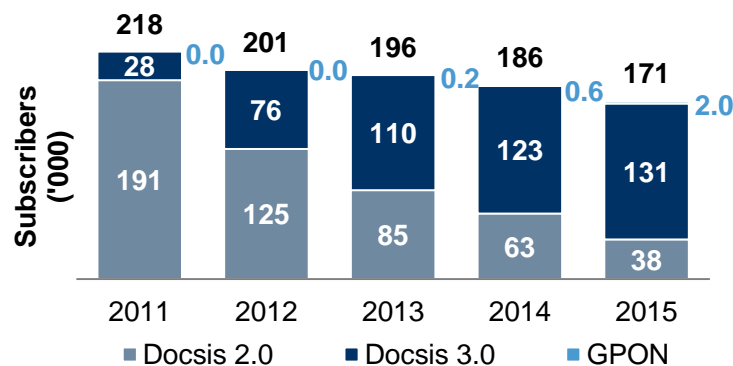
- ✓ Leapfrogging technology from HFC to GPON
- ✓ Limited incremental costs given overlay on HFC network
 - Estimated ~HK\$500m cumulatively between 2015-2020
- ✓ Clear network upgrade plan
 - Commenced GPON upgrade in January 2015
 - ~184k GPON-ready homes and subscriber base of ~2k as at FY2015 (1% penetration¹)
 - Targeted to reach 1.2m GPON-ready homes and ~150k subscribers by FY2020 (12% penetration¹)

¹ Penetration calculated as number of subscribers divided by the number of GPON-ready homes

3 Broadband Experience Pricing Strategy

Status

- i-CABLE's ARPU still substantially below competition across all product offerings
- Current product offerings include:
 - DOCSIS 2.0: up to 10Mbps
 - DOCSIS 3.0: 100 / 130 / 200Mbps
 - GPON: 500 / 1000Mbps
- Focused efforts to upsell DOCSIS 2.0 subscribers to DOCSIS 3.0 and GPON
- Early stage success of converting customers to higher speeds plans during contract renewal process



Initiatives

- ✓ Significant potential for ARPU uplift with the right product offering and marketing
- ✓ Provide service guarantees to regain customer confidence
- ✓ Develop differentiated strategy to address different target markets
- ✓ Product offering:
 - DOCSIS 3.0 using Hitron cable modem for mass market (up to 200 Mbps)
 - GPON for data hungry segment (above 200 Mbps) at 20% premium
- ✓ Targets to resume the growth trajectory of the broadband installed base
 - Double-digit annual growth rate
 - Regain market share at mid teens by 2018

Upside from FTA TV Roll-Out



Status

- Via Fantastic TV (affiliate)
- Applied for a FTA license in January 2010
- Received in-principle approval in October 2013 by Chief Executive-in-Council
 - License to be granted upon final approval by Chief Executive-in-Council
- Incremental business leveraging on i-CABLE business

Initiatives

- ✓ Target to launch in 2H 2016 at the earliest
- ✓ Leverage on CABLE TV's programming and network infrastructure and capabilities
- ✓ Sharing costs with CABLE TV resulting in a more robust business model to achieve early-on breakeven
- ✓ Committed to commence integrated 24 hours Cantonese and English channels within 12 months and 24 months respectively from the grant of license
- ✓ Committed to invest over HK\$1bn in the initial 6 years from the launch of FTA services, of which:
 - ~HK\$40m on capex
 - ~HK\$960m on programming

i-CABLE Communications Limited

(the “Company”)

HKSE Stock Code: 1097.HK

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