

# Investor Presentation

January 2011





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- **Name: SBS Contents Hub Co.,. Ltd.**
- **Business portfolio:**
  - Planning, development, investment, production, and distribution of TV contents
  - Digital data processing, internet broadcasting
  - Production and distribution of Movies, music, games, and animations
- **CEO: Young-Hwa Gong**
- **Number of employees: 134 (As of September 2010)**
- **Name of the group: Taeyoung**
- **Website: [www.sbscontentshub.co.kr](http://www.sbscontentshub.co.kr)**

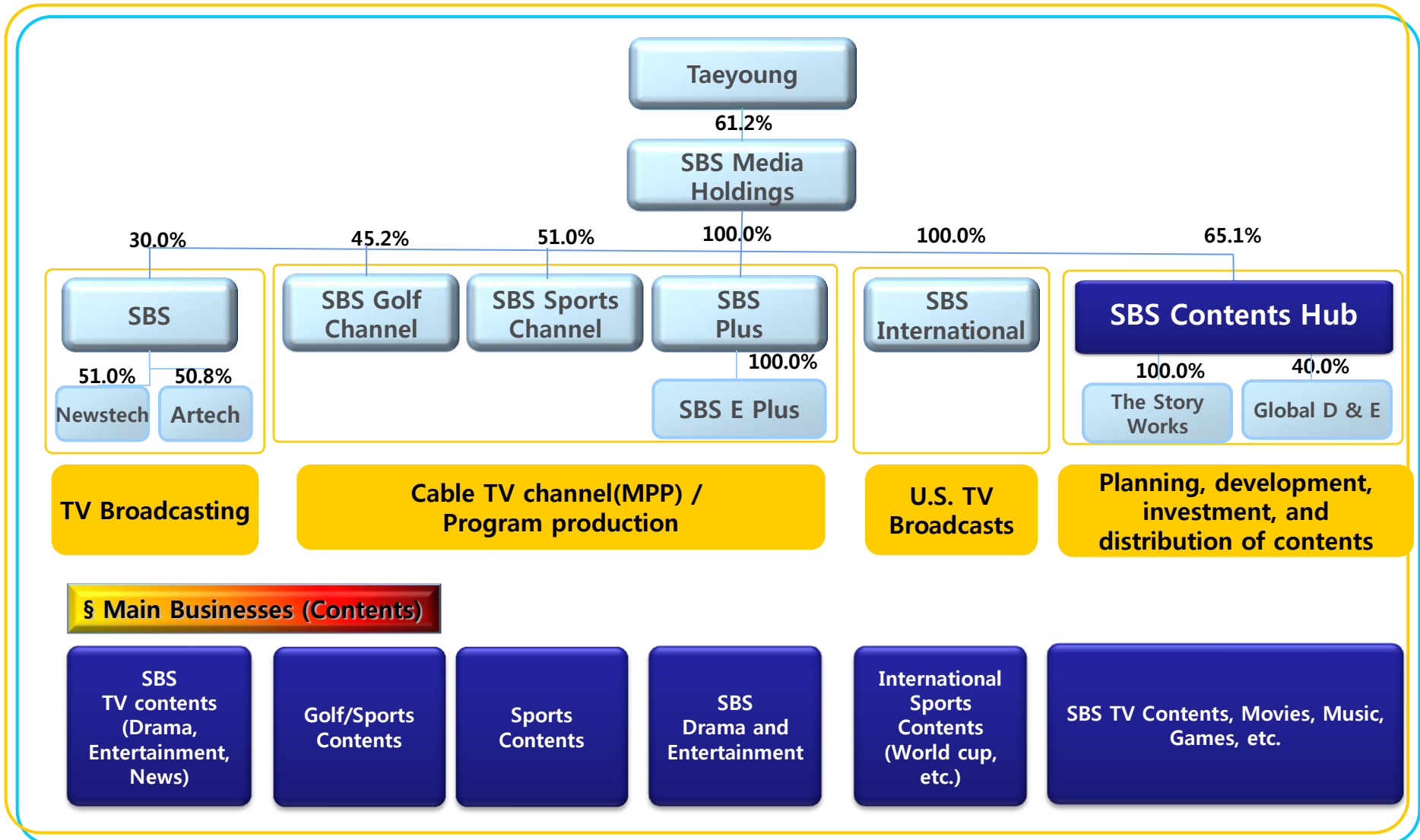
# Stock Chart & Share Performance



- ◆ Market Cap (Wbn) : 278
- ◆ Avg Trading Volume ('000): 200
- ◆ Largest Shareholder Ownership (%): 65.0
- ◆ 52-week high (W) : 15,800

- ◆ Shares Outstanding (mn): 22
- ◆ Free Float (mn) : 7.8
- ◆ Foreign Ownership (%): 1.24
- ◆ 52-week low (W) : 7,110

# Ownership Structure



# Financial Results



The day of merger : 2009.9.16

Before : SBSi

After : SBSi + SBSp

	2007	yoy	2008	yoy	2009	yoy	2010 3Q	Unit: (Wmn) Vs. end of 2009
<b>Operating Revenue</b>	35,371	17%	43,328	22%	76,262	76%	106,625	40%
CP Revenue	20,514	10%	24,485	19%	45,876	87%	71,731	56%
Contents Distribution Agency Revenue	8,251	49%	11,598	41%	22,778	96%	27,383	20%
Web Agency Revenue	3,544	6%	3,974	12%	4,034	2%	4,253	5%
Advertisement Revenue	3,062	18%	3,271	7%	3,574	9%	3,258	-9%
<b>Operating Expenses</b>	29,215	20%	35,464	21%	64,931	83%	83,359	-20%
Labor Expense	8,592	7%	8,625	0%	9,171	6%	8,629	-6%
Contents Fees	4,324	4%	7,085	64%	16,622	135%	26,732	61%
Outsourcing Fees	4,442	65%	3,903	-12%	14,197	264%	17,512	23%
Commissions	2,838	62%	3,834	35%	10,854	183%	21,162	95%
Depreciation	2,515	-12%	2,512	0%	3,013	20%	2,049	-32%
Others	8,503	32%	9,505	46%	11,074	17%	7,275	-34%
<b>Operating Profit</b>	6,157	8%	7,864	28%	11,331	44%	23,266	105%
<b>OP Margin (%)</b>	17.4%		18.1%		14.9%		21.8%	

- Average Operating Margin: 18.0%
- Fee for contents channels: 20%~55% of CP revenue (new media channel ↓ , old media channel ↑ )
- Operating Expenses (based on 3Q 10)
  - Contents fees: 37% of CP revenue on average), cost corresponding to CP revenue
  - Outsourcing fees: 18% of offline revenue; cost corresponding to contents distribution agency and CP revenue
  - Commissions: 20% of operating revenue; cost corresponding to CP, contents distribution agency, web agency revenue



### ▪ CP Revenue

- Provision and distribution of broadcasting/film/music/game contents (Network TV, cable TV, IPTV, portal businesses, web hard distribution, internet VOD, etc.)

### ▪ Contents Distribution Agency Revenue

- Investment in broadcasting/film/music/game contents (film distribution, production and distribution of music DVD, game publishing, etc.)
- Lotto and production/distribution of TV broadcasts (i.e. game show)
- Concerts, shows, and cultural events

### ▪ Web Agency Revenue

- Website maintenance service provided to SBS and affiliates

### ▪ Advertisement Revenue

- Advertisements (banners, VOD, partnerships, voice ads, etc.) on the website



1

**Focus on distribution of contents produced by SBS:  
No Risks associated with commercial success**

2

**SBS Production Acquisition: Expanded business  
model/Decision making power/Front office functions**

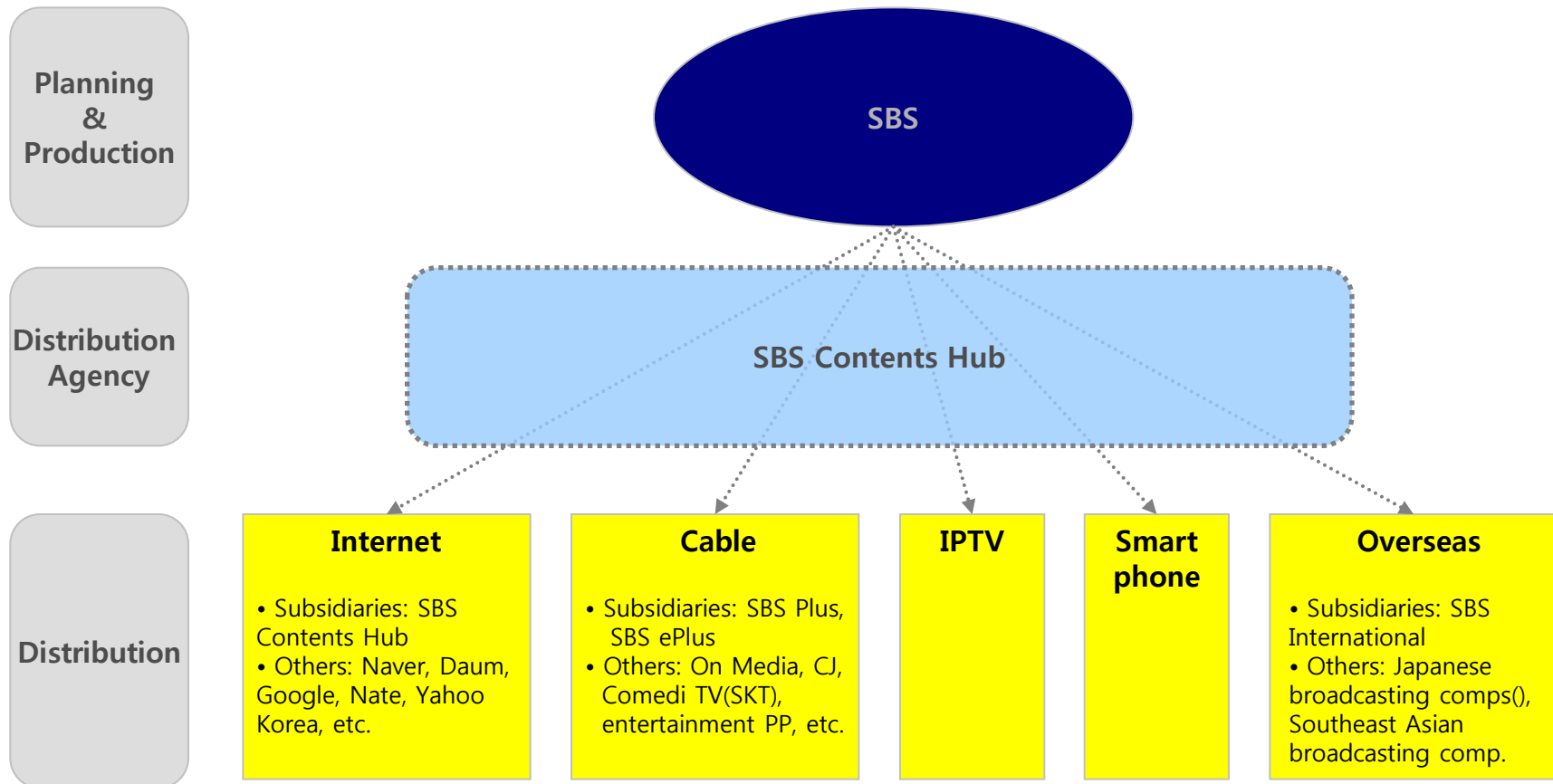
3

**Impressive operating margin and revenue growth,  
CP revenue and other revenue in particular**





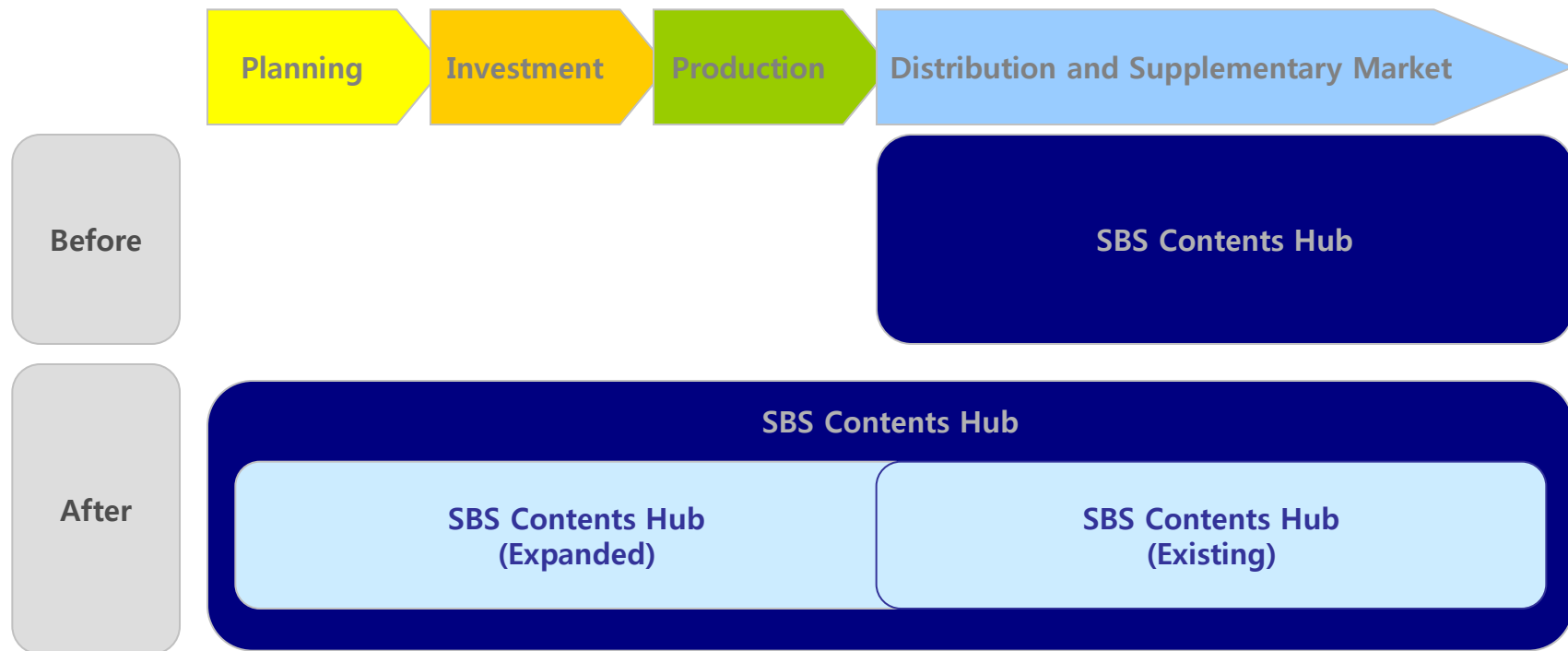
- **Focusing on distribution of contents produced by SBS:**  
No risks associated with commercial success





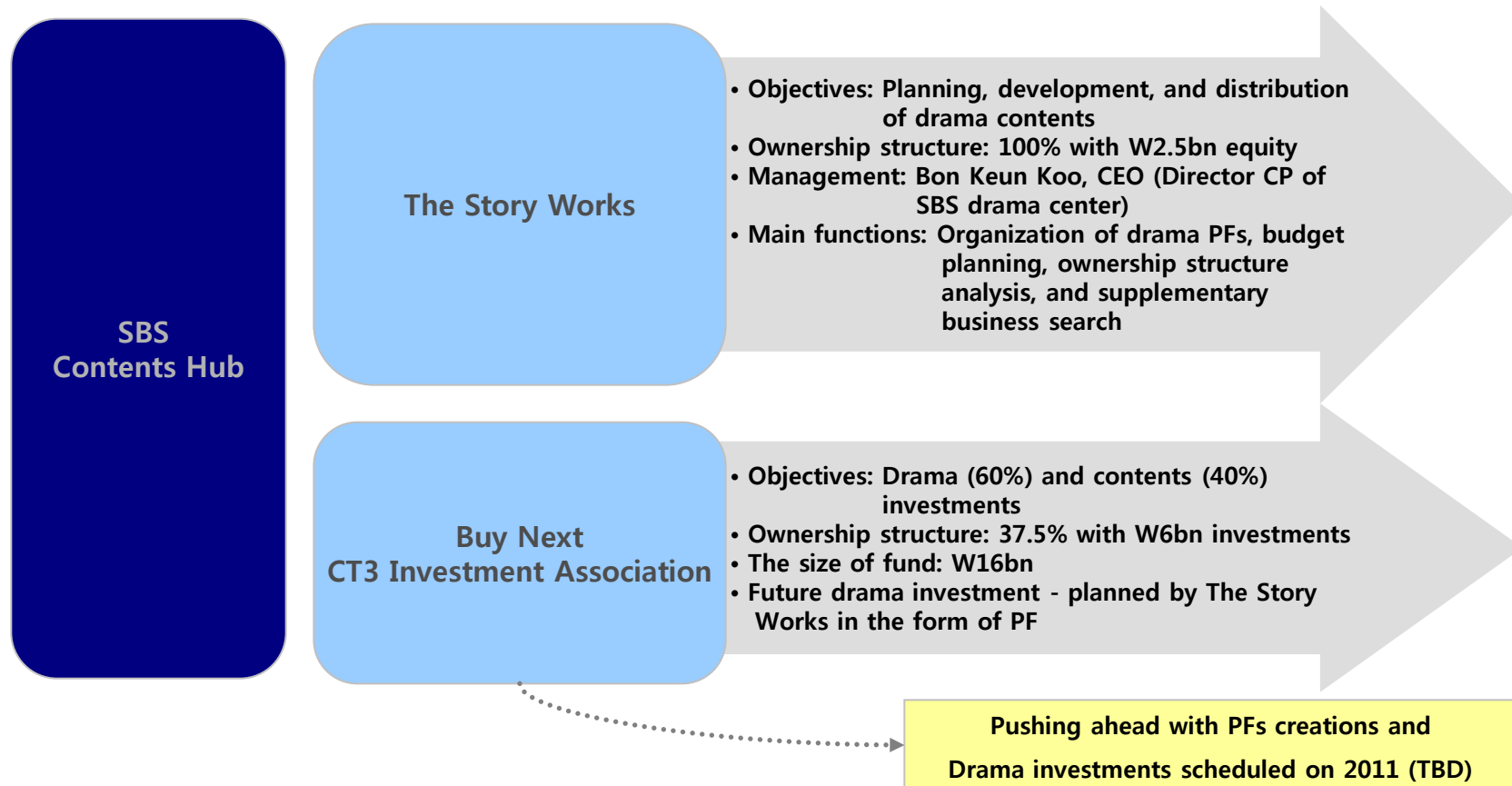
## ▪ Adding front office functions to maximize contents value

- Expansion of value chain line
  - ✓ Current focus on distribution of contents produced by SBS: Revenue generation through brokerage fees: No risks associated with commercial success
  - ✓ Future focus on Planning, Investment, and Production of Broadcasting Contents: Additional revenue generation potential by participating in production of contents





## ▪ Pushing ahead planning and production of Drama contents



# Strategies Catering to the Changes in the Market

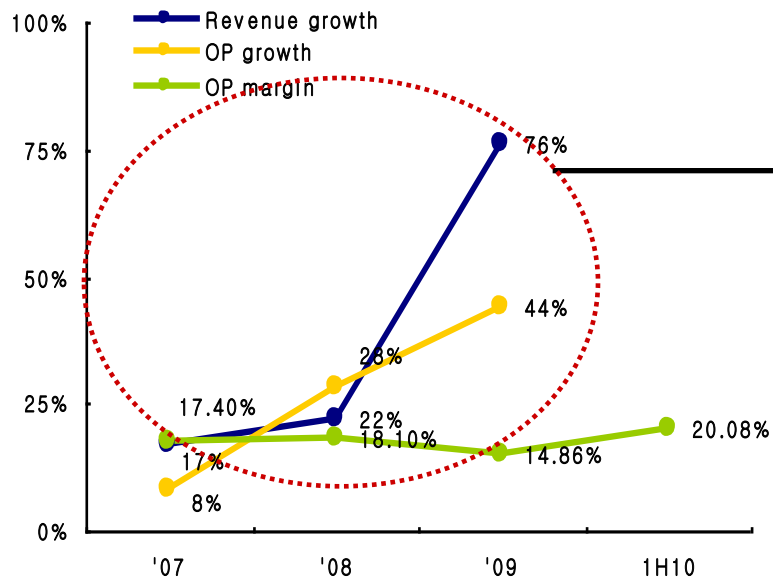


	Before	After	Strategy
Shift of target market and strategy	<ul style="list-style-type: none"> <li>⊙ Domestic TV advertising market and broadcast rights market for cable contents</li> <li>⊙ Strategy to maximize domestic network TV ratings</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Existing market + New media broadcast rights market + Overseas market</li> <li>⊙ Budget increase and contents improvement</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Maximization of revenue from selling Broadcast (from old and new media) rights overseas:</li> <li>⊙ Contents price hike due to contents improvement resulting from higher budget</li> </ul>
Spending pattern on entertainment contents	<ul style="list-style-type: none"> <li>⊙ Spending on broadcasting contents concentrated on old media such as network TV and Cable TV</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Diversified broadcast contents spending platform: Internet, IPTV, iPad, DMB, smartphone, smart TV</li> <li>⊙ Technological development increases the number of contents platform</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Value Maximization of supplementary business through New Media</li> </ul>
Korean popular culture fever	<ul style="list-style-type: none"> <li>⊙ Inflow of Hong Kong films, Japanese animation, and pop music from the US and UK</li> <li>⊙ Insignificant amount of Korean TV contents exports</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Korean popular culture fever (broadcasts, K-pop, and games) in Japan, Taiwan, China, Hong Kong, Vietnam, and Indonesia</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Contents with universal appeal targeting East Asian broadcasting market (story, casts, and materials)</li> </ul>

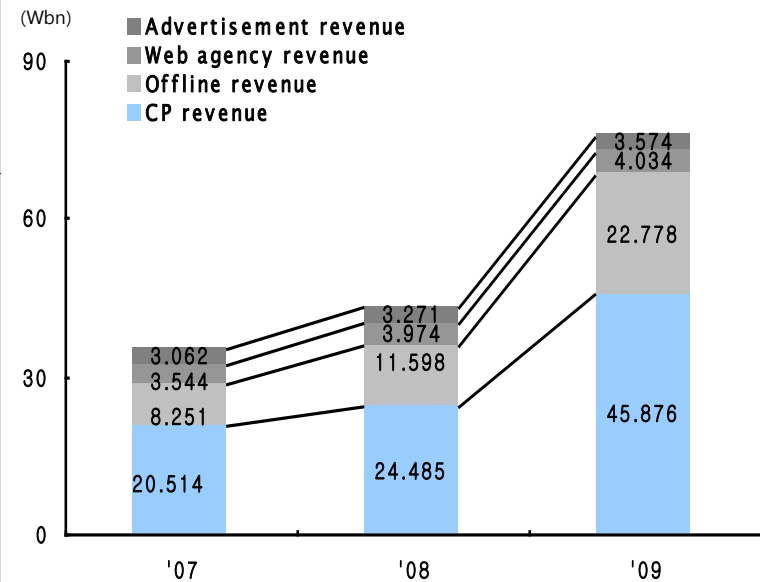
# Impressive OP Margin and growth rate of revenue



## Financial Results



## Revenue Growth

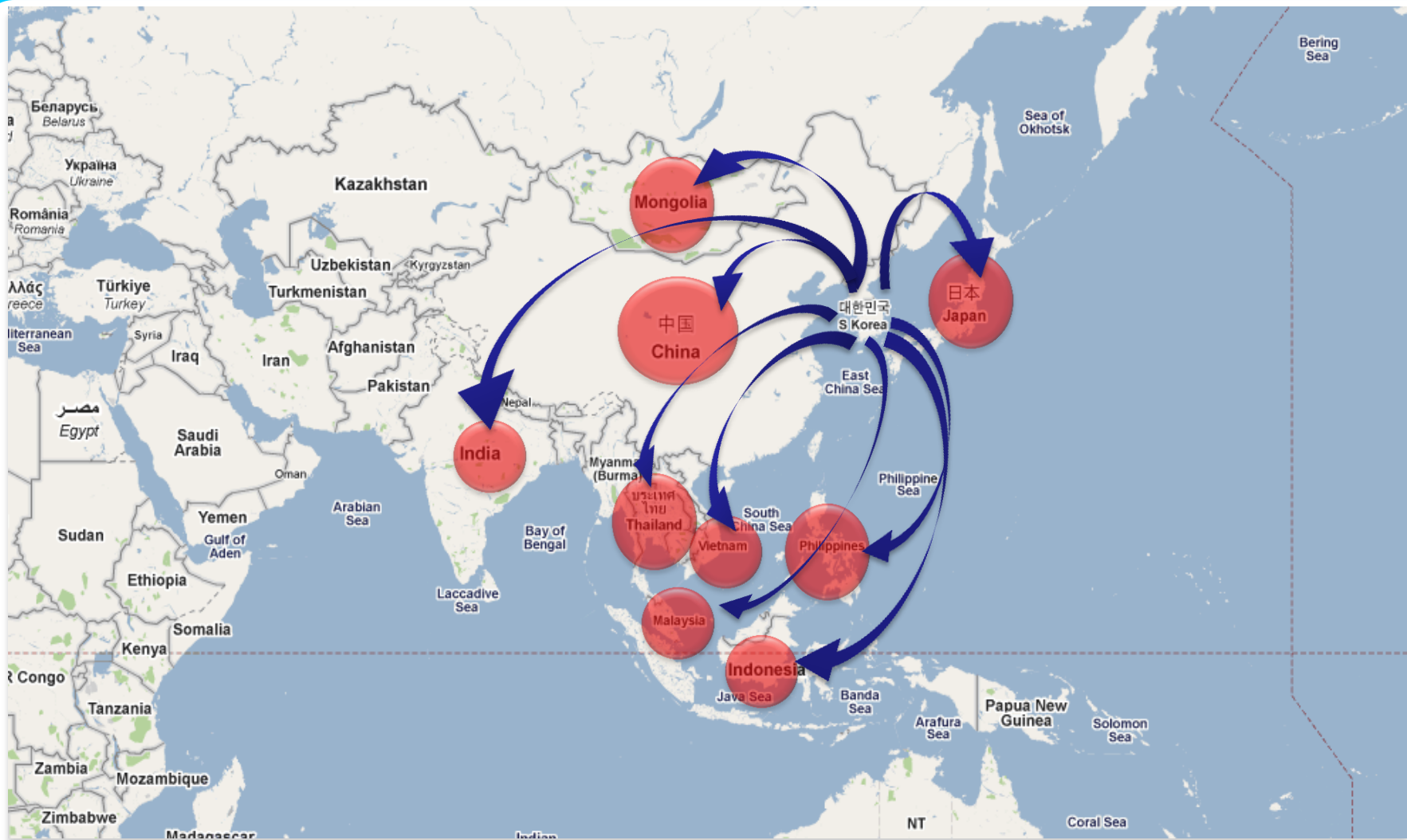




# Appendix

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# Countries Importing Broadcasting Contents







## #1 in Content Provision Business

### Investment/ Production

### Distribution

### Management



Films

#### ▪ Participation by film investment associations

- ACTI Ggumiroom
- MAX/KM film experts class1
- MVP venture capital

#### ▪ Investment in film production

- Rough Cut(2008)
- My Dear Enemy / CJ7(2008)
- Kitchen / The Legend of Ip Man/ Devotion of Suspect X(2009)
- Slumdog Millionaire(2009)

#### ▪ Acquisition and distribution of film/movie rights

- Old media: Cable, Satellite TV, etc.
- New media: Web, IPTV, DMB, etc.

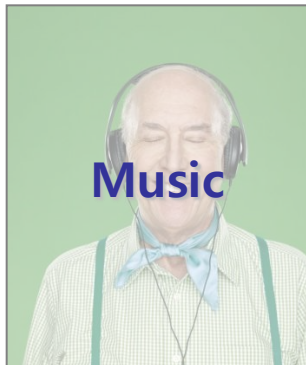
#### ▪ Distribution of network (SBS) TV films

- Purchase rights to films and drama

#### ▪ MCP(DCP) business within its portal site

- INTERPARK, NEOWIZ, Soribada, etc.
- Free of charge websites: Tvee.co.kr

#### ▪ Cable/Satellite PP business under consideration



Music

#### ▪ Music fund

- Buy Next CT class2

#### ▪ Concert/Performance

- Tae-ji Seo/ Seung-Hoon Shin/ Country KoKo/ Girls' Generation
- Tokyo Korean fever concert

#### ▪ Siren Entertainment

- Record production
- Concert business

#### ▪ Securing copyrights for music

- Album/ digital single/ OST
- Ringtones
- Ranked 5<sup>th</sup>~10<sup>th</sup> in the industry

#### ▪ Production of Music and "Star" VOD

- Utilization of production facilities owned by the group
- Production of concert, "Star" VOD
- No. 1 in the industry

#### ▪ Cable/IPTV Distribution

#### ▪ Online/Mobile Distribution

#### ▪ Offline Distribution

- DVD / MD products / books, etc.

#### ▪ Overseas Distribution

- Japan/ China/ Southeast Asia, etc.



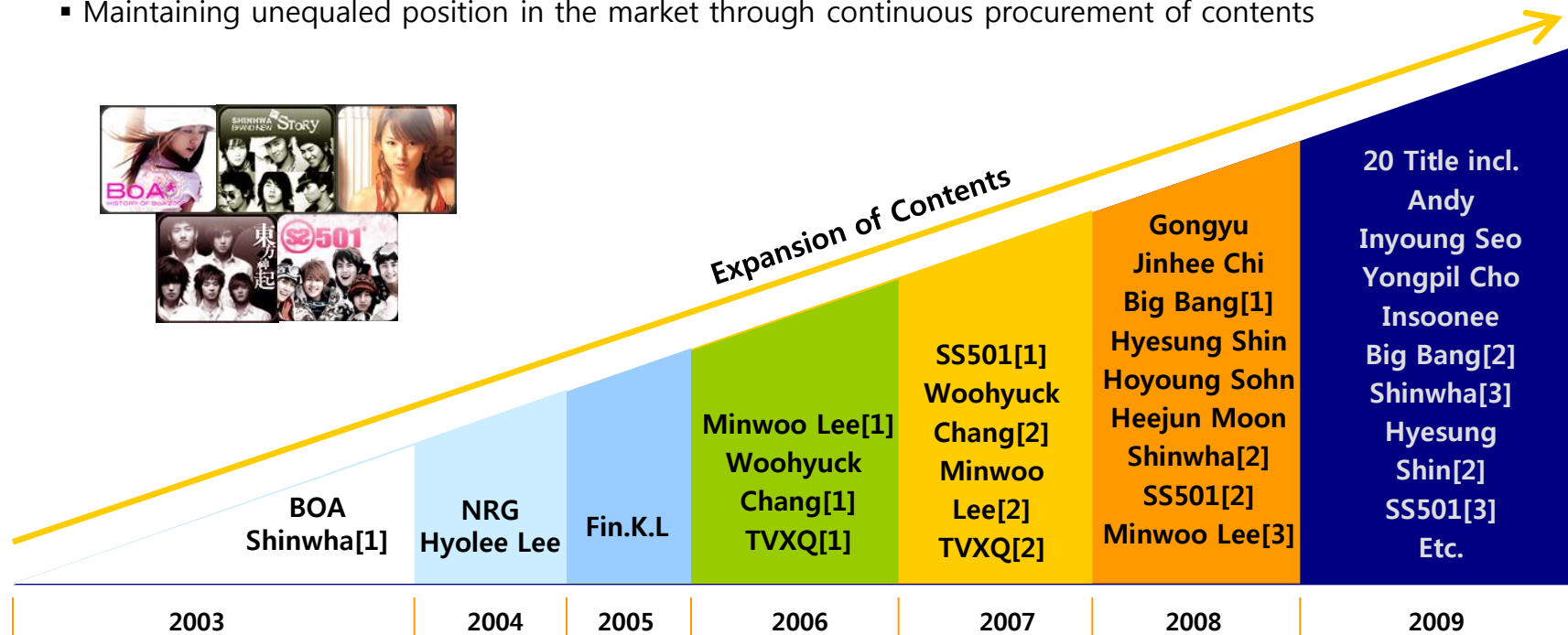


## Music and VOD Biz.

Planning, production, and distribution of competitive contents and supplementary businesses through broadcast rights

### Targeting niche market in the music industry

- Continued growth in demand from expansion of content distribution platforms such as CATV, IPTV, MOBILE, and etc.
- Expansion of market through distribution of VOD and supplementary businesses related to concert, MD, and books
- Gaining competitive advantage through utilization of production facilities owned by group
- Maintaining unequaled position in the market through continuous procurement of contents





## Final Goal

Game development capability and publishing experience - strengthened strategic alliance network with its own studio and developers

## Alliance with production studio and launching of game portal

### Game development and investment

- IMM Game Fund's participation
- Acquisition of existing developers or investment

### Publishing

- Domestic release of Wonder King in November 2007
- Target of two publishing investments per year

### Game portal

- "Joyful World" production
- Strategic alliance with NHN

Title: Wonder King online  
Producer: Ryu&Soft  
Other productions: Push Bear, War of Roses  
Commercialization: Nov 2007  
Region: Korea, Japan, Hong Kong, Taiwan, North and South America, Europe



Title: Moorim-Supplementary Story online  
Producer: China, Wanmisigong  
Other productions: Wanmi world, etc.  
Commercialization: June 2009  
Region: Korea



Title: Fighters' Club  
Producer: KOG  
Other productions: Grand Chaser, etc.  
Commercialization: Planned on 2011  
Region: TBD





## Cultural Business

Supplementary businesses related to music/film/game contents and offline businesses utilizing SBS group's platform

### Synergy between broadcasting and non-broadcasting contents distribution business



#### Events and production of broadcasts

- Hosting various broadcasting events that include Seoul Drama Awards and Daejong Award Film Festival
- Production of documentaries, PR VODs, Special concerts, Lotto broadcasts, and etc.

#### International Conference and Conventions

- Hosting government events that include OECD World Forum and Incheon international festival
- Opening and closing ceremonies of the Korean National Athletic Competition, 2010 Visit Korea events, 60<sup>th</sup> anniversary of Korean War, Daejanggyung EXPO, and etc.

#### Concerts/ Planning Business

- Production/Investment - Italian musical <Il Pinocchio>
- Real estate development business - Songdo Project through Global D&E

#### Advertisement & Promotion Agency

- Hanwoo fund raising campaign, 134 metro/subway advertisement, and Seoul Health Expo promotion

#### Animation

- Production and sales of animation in Korea/overseas and character/merchandising businesses