



# Phoenix New Media

## November 2014



This presentation contains forward-looking statements.  
These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995.  
These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements.

[WWW.IFENG.COM](http://WWW.IFENG.COM)

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## About the Company

# Uniquely Successful in Bridging the Divide



Leveraging Phoenix Satellite TV's media brand and content on a truly convergence platform

**The most credible and unbiased news provider available to an increasingly sophisticated Chinese audience globally**



**Website**: [www.ifeng.com](http://www.ifeng.com)



**Mobile** : News App, Video App, FM App and WAP



**TV** – Phoenix Satellite TV in over 150 countries and regions

# What Sets Phoenix New Media Apart Today?

Media DNA + Big idea Advertising Solutions + Cross Media Platform

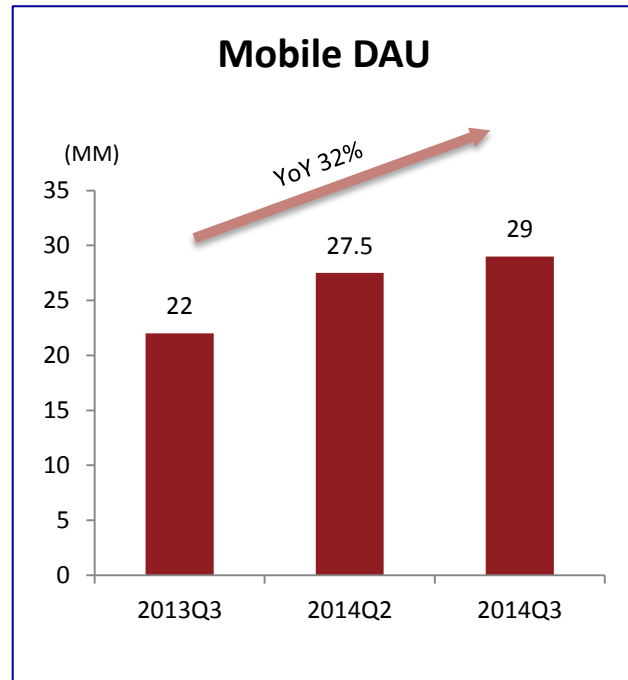
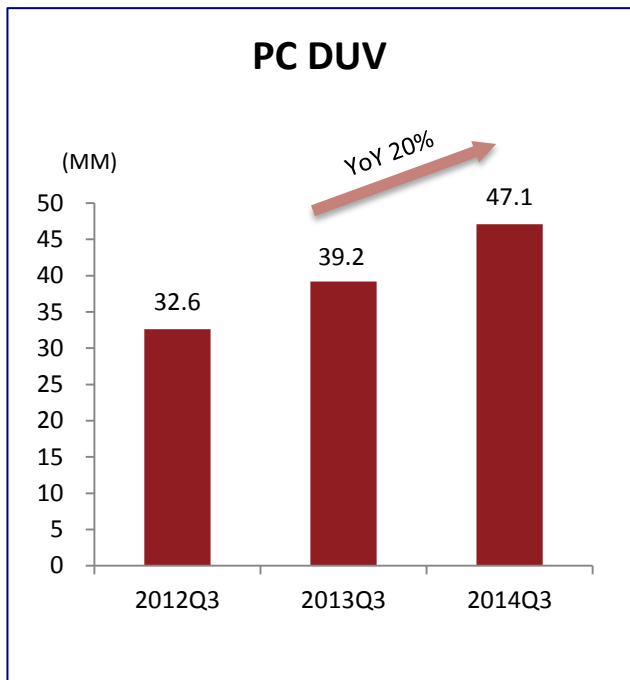
Content      Differentiated content offering rooted in media DNA

Monetization      Big idea advertising strategies and integrated marketing solutions

Technology      Cross-media platform making content and big ideas thrive

# One of the Most Heavily Viewed Internet Platforms

ifeng had about 300 million monthly unique visitors on PC in 2014Q3, covering half of the Internet population in China



# Leading Verticals by Traffic

#1-ranked News channel

#2-ranked media home page



#1-ranked fashion channel

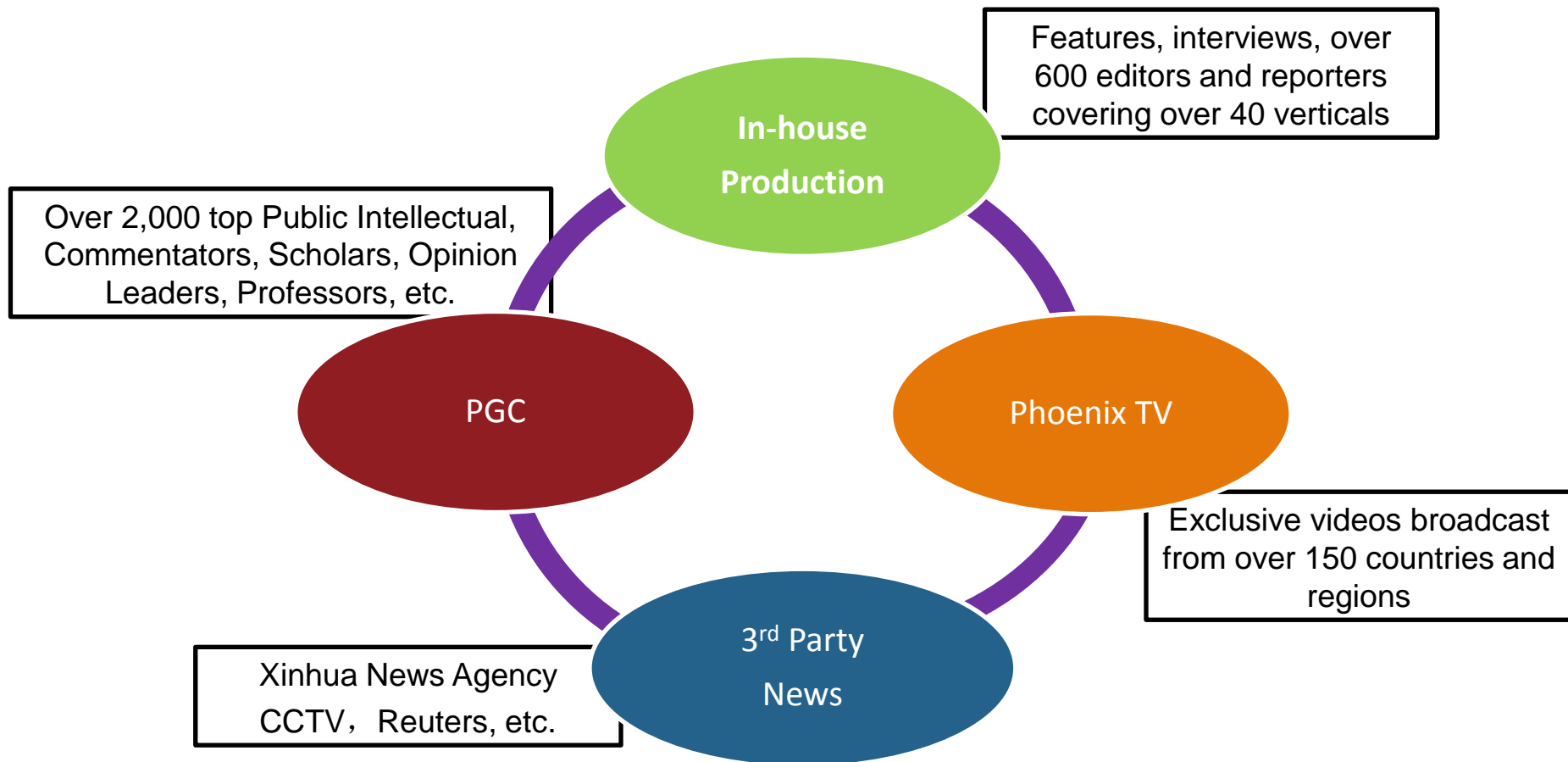


#2-ranked entertainment channel



Source: iResearch's iUserTracker ranking for September 2014, all ranking by Daily Unique Visitors





Mobile advertising revenues grew 124% YoY, contributed 14% of total net advertising revenues in 3Q14



- Large and quality mobile user base with strong monetization potential
- Two platforms on Mobile
  - WAP portal: 3g.ifeng.com
  - App: ifeng News, ifeng Video, ifeng FM
- WAP portal + APPs DAU: around 29m

We have acquired 17.5% of “Yidian Zixun” (一点资讯) as of November 7<sup>th</sup>, 2014



## Yidian Zixun

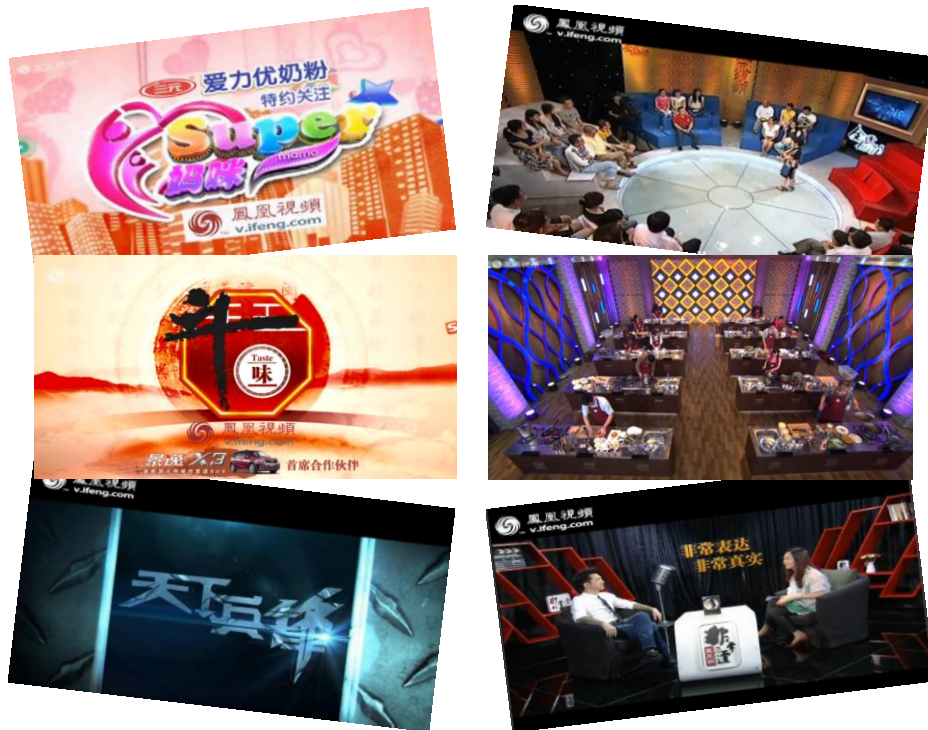
- Interested-oriented newsfeed App
- Technology-driven, no editors
- Patented algorithm-enabled “Interest Engine” integrates search and recommendation technology
- Enhance advertising solutions over personalized in-stream news feed

## ifeng News

- Leading news App
- Premium content driven (editorial base)
- Talented and experienced editors and reporters produce content on a daily basis
- Multiple advertising solutions: display advertising and native advertising

- Accelerate user growth
- Accelerate mobile monetization: LBS, CPM, CPC, Native ad, etc.

Video advertising revenues grew 68% YoY, contributed 19% of total net advertising revenues



- Specialize in Short Form Video
  - Professional news
  - Documentaries
  - In-house produced programs
  - Phoenix TV exclusive video constitutes about 40% of video traffic
- LOW content and bandwidth cost
- Highly suitable for mobile and 4G
- Video Ad Forms: Banner, Sponsorship, Pre-roll and Native

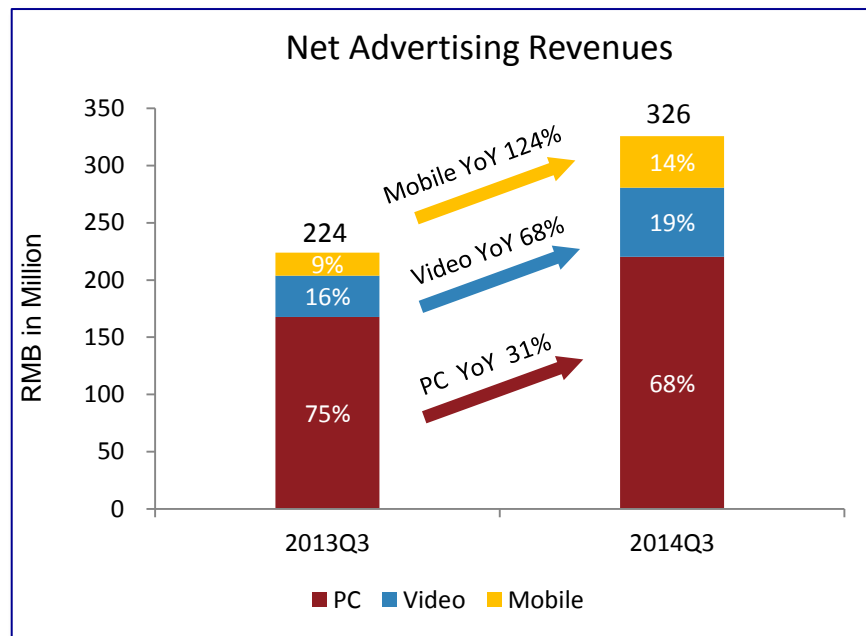
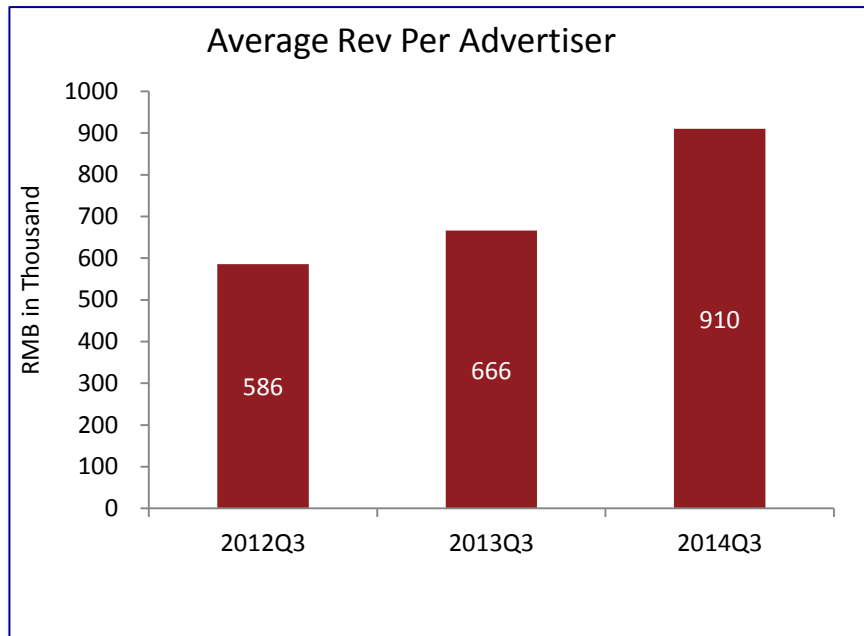


# Monetization

# Secular Advertising Growth

Total net advertising revenues increased 46% YoY

Number of advertisers increased 7% YoY, ARPA increased 37% YoY



Source: Company data

# High Quality and Expanding Advertising Client Base

358 clients in 3Q14, YoY 7%, QoQ 8%

569 in 2013, 522 in 2012

## Auto ( around 30%)



## FMCG (around 10%)



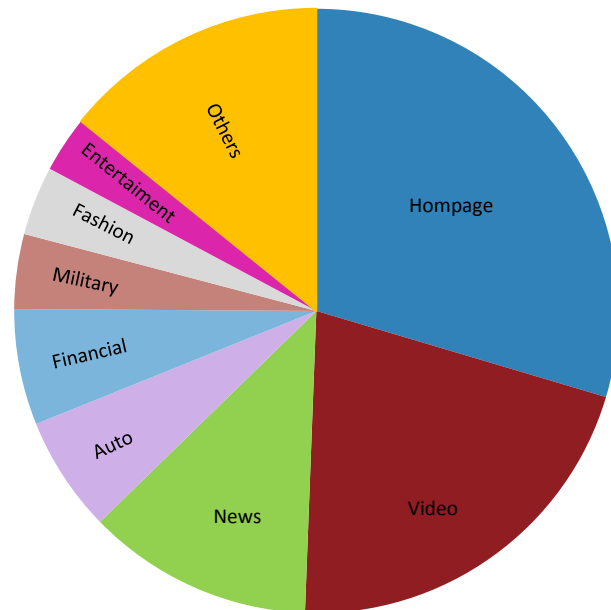
## E-commerce (around 10%)



## Financial Services (around 4-7%)



## Advertising Rev by website verticals





## Native Marketing: Example I

**Customer:** Philips Group

**Ad Revenue:** around 6 Million RMB

**Project Introduction:** We join with Philips to co-produce the first online documentary series to focus on the doctor's life in China. Through our video camera, we record their working status and daily life to show their great love and professional ethics. We also demonstrate Philips medical products' innovative spirit by recording how those products help doctors to improve their treatments.

**ROI:** video views 9 Million



Offline Event: The Premiere & Salon



Documentary Film Page



## Native Marketing: Example II

**Customer:** Shanghai GM- Chevrolet Malibu

**Ad Revenue:** around 5 Million RMB

**Project Introduction:** To celebrate Malibu brand 50<sup>th</sup> anniversary, we launch a special feature to introduce the historical figures in political, technology, music, movie and architecture field to readers, demonstrating Malibu's unchangeable spirit as pioneers in the changing times.

**ROI:** page views 11million, video views 24million during 50 days



Feature Webpage



Interview Video

## Native Marketing: Example III

**Customer:** Yili Satine Pure Milk

**Ad Revenue:** around 4 Million RMB

**Project Introduction:** By producing in-house program “Talk to” interview series, we use our channels and social media to connect people with their family members who are far away from home, demonstrating that Yili cares about people and their families by offering high quality dairy products.

**ROI:** page views 6.8 Million, video views 10 Million during 25 days



Online Interactive Program



Celebrities Interview Video

# Rewards of Advertising Marketing Solutions

We have won more than 40 advertising awards in 2014



## 7th ROI Festival

- 2 Golden Awards
- 2 Silver Awards
- 1 Bronze Awards



## Effie Awards China

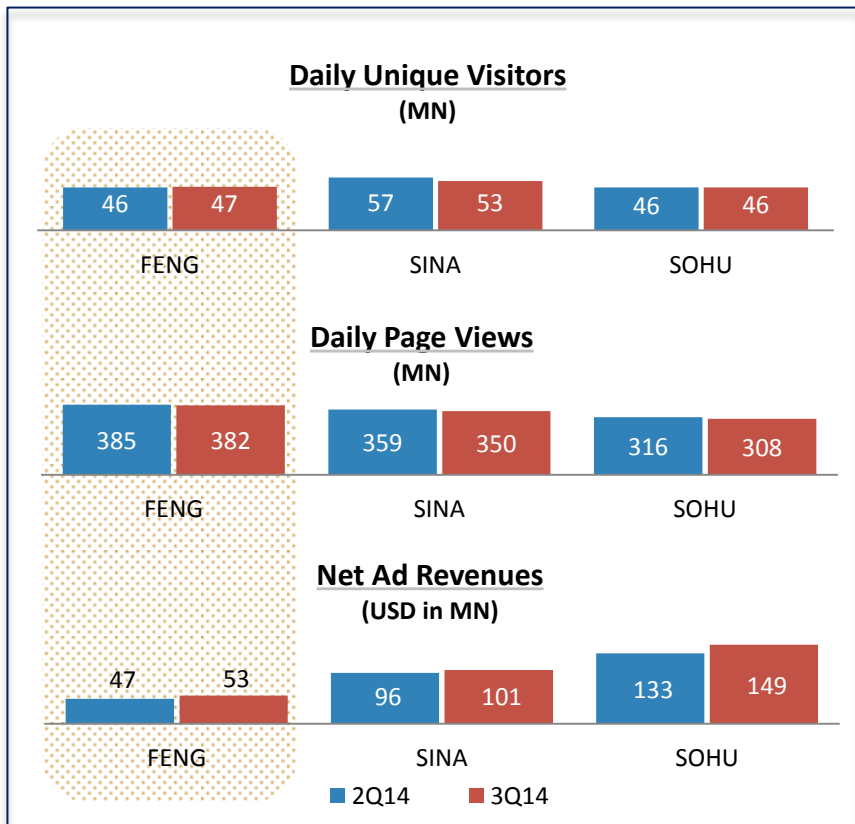
- 2 Golden Awards
- 3 Bronze Awards



## China Advertising Great Wall Awards

- 1 Golden Awards
- 3 Silver Awards
- 3 Bronze Awards





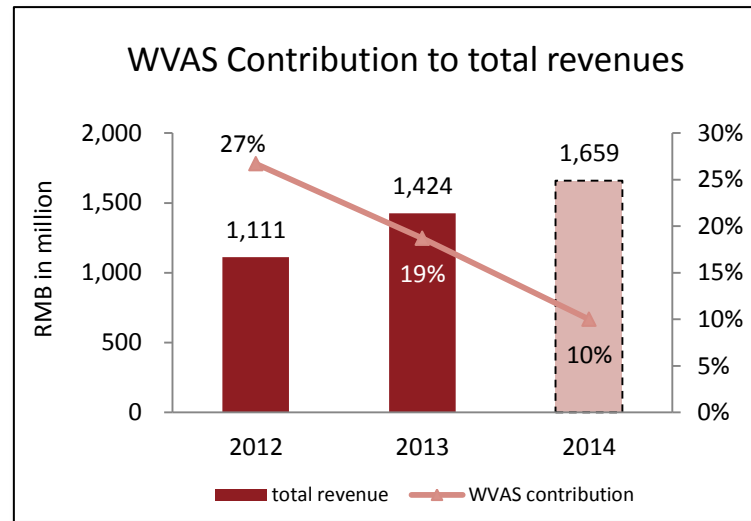
Further monetization on traffic

Note: 1. SINA advertising revenues exclude the advertising revenues of Weibo;

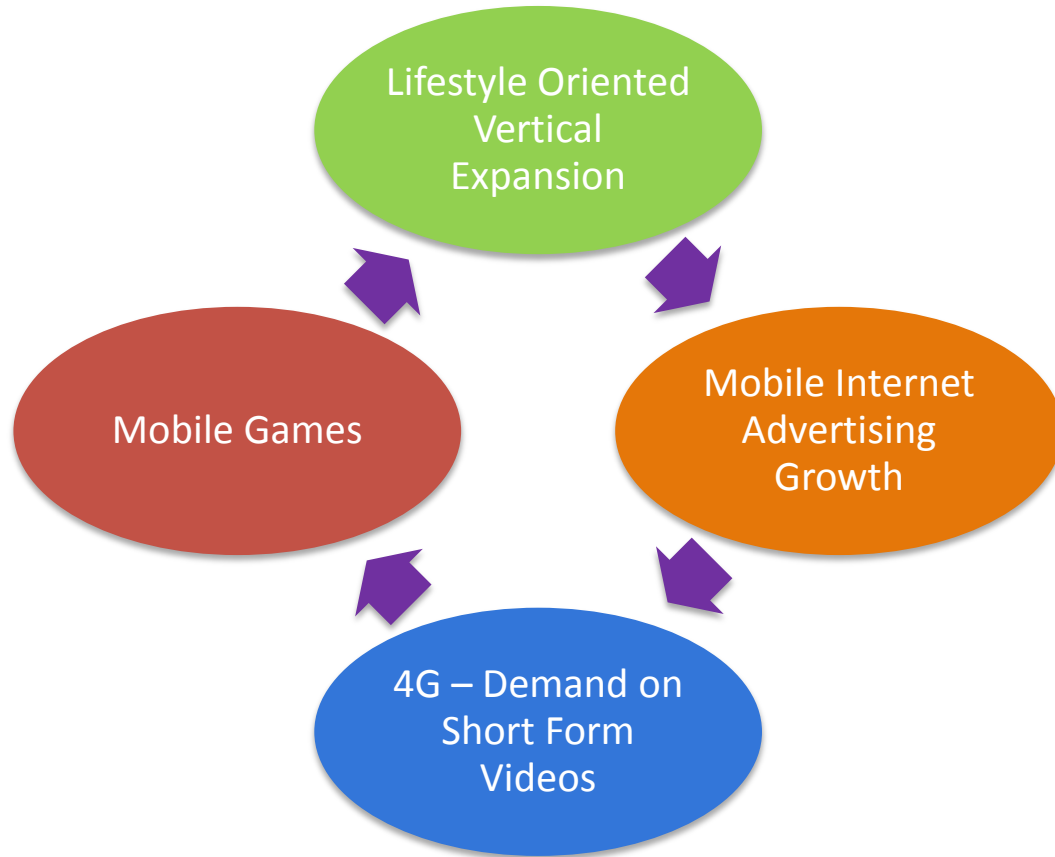
2. SOHU advertising revenues are brand advertising revenues.

# Paid Services – Subscription and Transaction

Well Poised for 4G opportunities



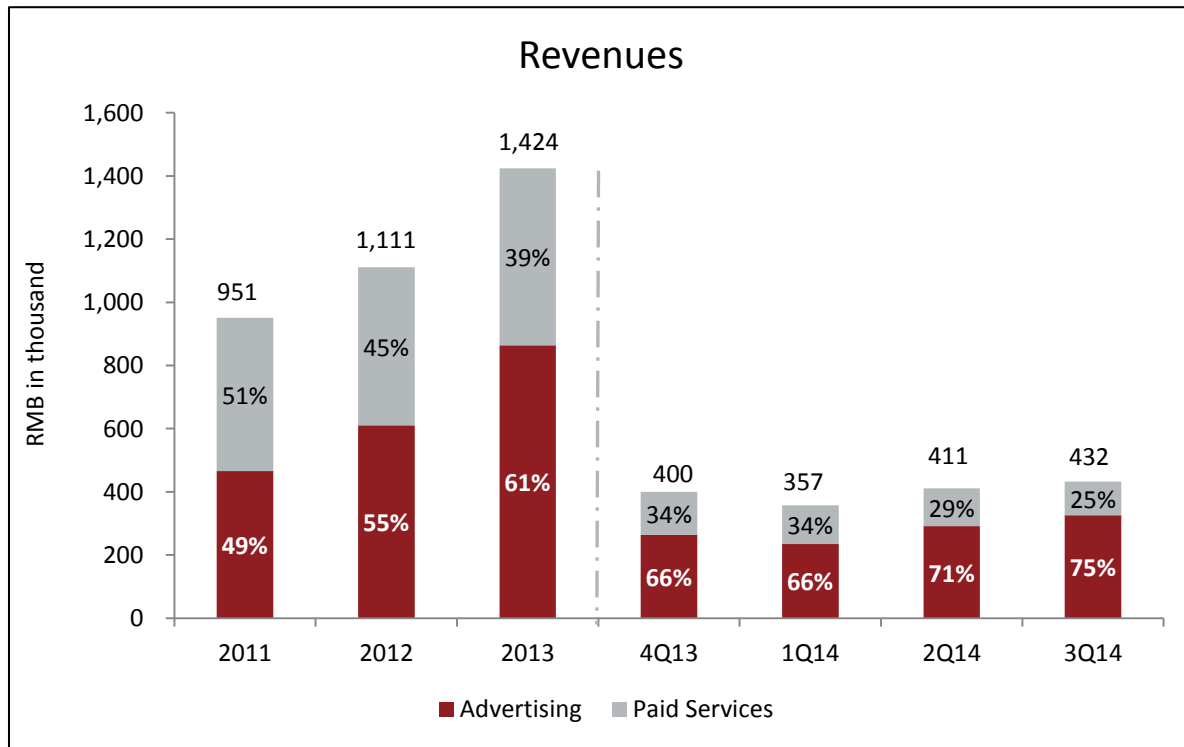
- WVAS contribution to total revenues decreased
- WVAS impact to P/L decreased



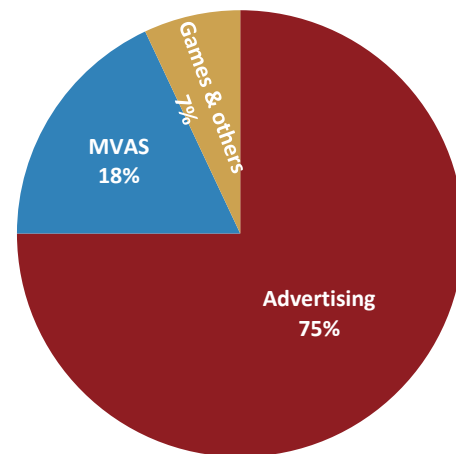


# Financial Highlights

# Strong Revenue Growth



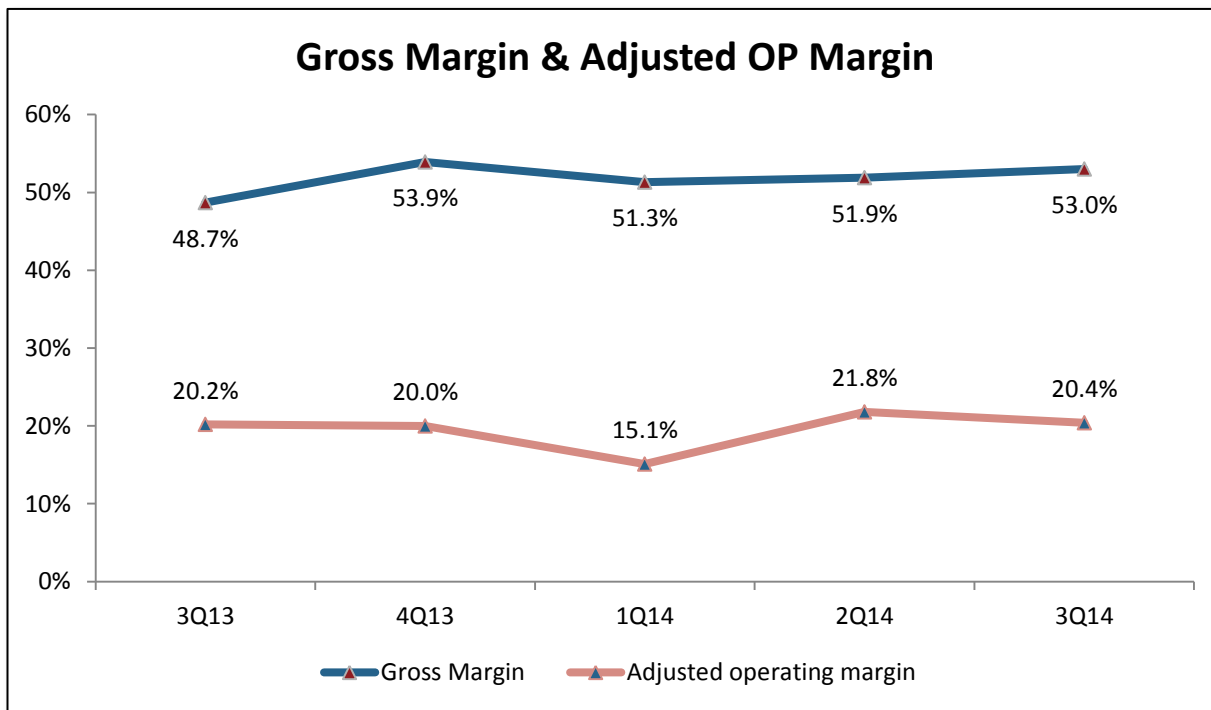
3Q14 Revenue Breakdown





# Consistent Operating Income Growth (Non-GAAP)

Non-GAAP operating income grew 14.8% YoY in 3Q14, operating margin was similar with 3Q13



Note: Non-GAAP operating income excludes share-based compensation expenses. Share-based compensation expenses: 2012: US\$1.1Mn; 2013: US\$2.8Mn; 1Q13: US\$-0.1Mn; 2Q13: US\$1.0Mn; 3Q13: US\$0.3Mn; 4Q13: US\$1.5Mn; 1Q14: US\$1.8Mn; 2Q14: US\$1.4Mn; 3Q14: US\$2.9Mn.

# Profits and Loss Highlights

(RMB 000's)	2012	2013	3Q13	4Q13	1Q14	2Q14	3Q14
<b>Revenue</b>	1,111,004	1,424,475	378,741	400,109	357,149	410,873	431,773
Cost of Revenues	631,299	696,355	194,434	184,645	173,871	197,501	202,889
Revenue sharing fees	263,518	249,797	76,182	56,140	53,680	59,210	43,882
Content and operational costs	227,934	277,038	75,538	80,246	74,079	83,729	104,347
Bandwidth costs	67,721	76,583	18,331	19,579	20,791	19,933	20,771
Sales tax and surcharges	72,126	92,937	24,383	28,680	25,321	34,629	33,889
Operating Expenses	395,066	479,931	109,667	144,532	140,222	132,304	158,819
S&M	197,038	273,399	65,839	88,062	76,733	72,823	80,541
G&A	106,736	97,849	16,604	27,093	32,702	26,436	36,933
R&D	91,292	108,683	27,224	29,377	30,787	33,045	41,345
Non GAAP Income from Operations	91,398	264,912	76,613	80,070	53,950	89,511	87,937
<b>Non GAAP Net Profits</b>	<b>114,118</b>	<b>296,277</b>	<b>82,015</b>	<b>92,005</b>	<b>56,903</b>	<b>92,273</b>	<b>93,288</b>
<b>% to Revenue</b>							
Revenue sharing fees	23.7%	17.5%	20.1%	14.0%	15.0%	14.4%	10.2%
Content and operational costs	20.5%	19.5%	19.9%	20.1%	20.7%	20.4%	24.2%
Gross Margin	43.2%	51.1%	48.7%	53.9%	51.3%	51.9%	53.0%
S&M	17.7%	19.2%	17.4%	22.0%	21.5%	17.7%	18.7%
G&A	9.6%	6.9%	4.4%	6.8%	9.2%	6.4%	8.6%
R&D	8.2%	7.6%	7.2%	7.3%	8.6%	8.0%	9.6%
Non GAAP Operation Income Margin	8.2%	18.6%	20.2%	20.0%	15.1%	21.8%	20.4%
Non GAAP Net Margin	10.3%	20.8%	21.7%	23.0%	15.9%	22.5%	21.6%

Notes: The above table is the excerpts of Condensed Consolidated Statements of Income

<i>(in MM)</i>	2013/12/31 RMB	2014/6/30 RMB	2014/9/30 RMB	2014/9/30 USD
Cash and Cash Equivalents and Term Deposits and Short Term Investments	1,181	1,394	1,364	222
Total Current Assets	1,506	2,131	2,185	356
Total Non-Current Assets	59	133	135	22
Total Liabilities	258	517	593	97
Total Shareholders' Equity	1,307	1,747	1,727	281



# Appendix

Content Development consist of over 30 % of our total headcount, out of a total of around 1,900 headcounts





**President – Ya Li**

18+ (Internet industry and entrepreneurship)  
With FENG 8+



**CFO – Betty Ho**

AICPA and HKICPA  
20+ (TMT, manufacturing and retail)  
Joined in 2013



**CEO – Shuang Liu**

12+ (media industry)  
With FENG 9+



**CTO – Richard Tong**

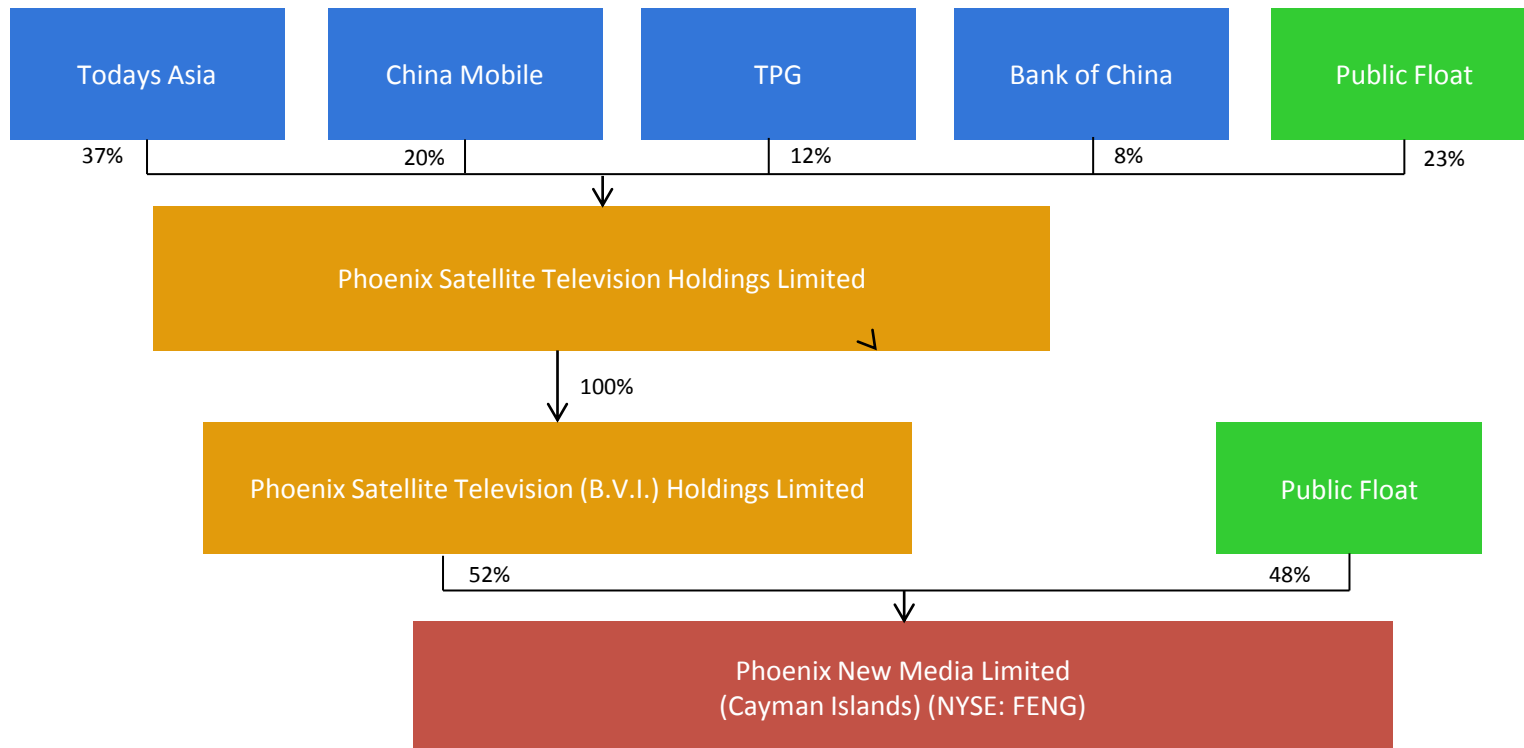
19+ (digital media)  
Joined in 2014



**CMO – Ling Jin**

10+ (Internet industry, advertising industry)  
With FENG 5+

# Shareholding Structure

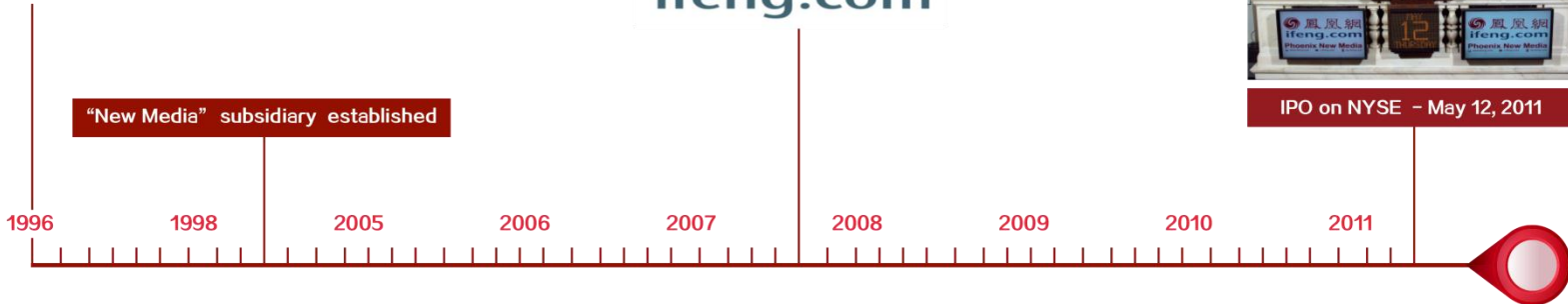


Notes: As of 30 Sep 2014, 5.94% of total outstanding shares were granted but not exercised. Top 10 shareholders accounted for about 20% of total shares outstanding as of 30 Sep 2014.

# Young Company with Long History



Phoenix TV founded- a leading Chinese language  
TV & media group based in HK






As of Nov 12, 2014

## Exchange / Ticker

 NYSE: FENG


## Market Cap

 US\$ 770Mn


## Price

 US\$10.15

## ADS Outstanding

 75.6Mn

## Average Daily Trading Volume (last 3 months)

 0.4Mn

## Analysts Coverage



Morgan Stanley

Deutsche Bank



J.P.Morgan



CICC

中国国际金融有限公司



GY(HK)



国泰君安证券  
GUOTAI JUNAN SECURITIES

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谢谢观赏  
Thanks