FINAL TRANSCRIPT

DHX Media Ltd.

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PRESENTATION

Operator

Good morning. My name is Laurel (phon), and I will be your conference Operator today. At this time, I would like to welcome everyone to the DHX Media Fourth Quarter and Year-End 2014 Conference Call.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press *, then the number 1 on your telephone keypad. If you would like to withdraw your question, press the # key. Thank you.

Mr. David Regan, you may begin your conference.

David Regan — Executive Vice President, Corporate Development and Investor Relations, DHX Media Ltd.

Thank you, Operator, and thank you, everyone, for joining us this morning for DHX Media's fiscal 2014 year-end analyst call.

I'm going to begin the call with some highlights on recent deals and milestones and then hand it over to our CEO, Dana Landry, who will take us through some of the high-level opportunities that are before us. He'll then turn it over to our new CFO, Keith Abriel, for a detailed review of the numbers, and of course then we'll open up the call to questions from analysts.

First, though, we need to point out that the matters discussed in this call include forward-looking statements. Such statements are subject to a number of risks and uncertainties.

Actual results in the future could differ materially and adversely from those described in the forward-looking statements as a result of various important factors, including the risk factors as set forth in DHX Media's MD&A and the Company's Annual Information Form.

But getting down to business, fiscal 2014 was another remarkable year for DHX. As we did in past years, we continued building through acquisitions in 2014, bringing on board renowned assets such Degrassi producer Epitome Pictures and the preschool series Teletubbies and In the Night Garden through our Ragdoll acquisition.

We also executed on an opportunity become a fully integrated media company, acquiring Family Channel, Disney Junior—English and French—and Disney XD channels in a transaction announced last November, which closed on July 31st, just a few weeks into fiscal 2015.

In 2014, we saw organic growth really begin to take off, driven by increased demand for content from digital customers. Over the year we closed significant distribution deals with companies such as Netflix, Rogers Broadcasting, Hub Television Networks, and BBC and many others. Net AdVOD revenues from YouTube alone jumped from basically nothing last year to a net of 3.7 million for fiscal 2014.

We announced production on more than nine proprietary series last year, including a new Teletubbies partnership with the BBC; season two of the Henry Winkler series, Hank Zipzer; a brand-new teen drama series entitled Open Heart from Degrassi producer Epitome Pictures; and the new CGI version of Inspector Gadget.

We also renovated our Vancouver studio and opened a new 17,000 square foot animation studio in Halifax, Nova Scotia in late June to handle the increased demand.

In June 2014, we also launched a new business unit called DHX Brands, a dedicated consumer products arm set up as the engine of our merchandising and licensing business. With offices in London, Toronto, and Los Angeles, DHX Brands focuses on the Company's core slate of high-profile properties, namely the new Teletubbies, In the Night Garden, Caillou, Inspector Gadget, Yo Gabba!, and Johnny Test.

To build these marquis brands globally through toy deals and other licensing agreements, DGX Brands has already announced a global master toy partnership for the new Teletubbies and relaunched the Yo Gabba Gabba! Live! Tour, which will hit the road in October for about 60 shows.

We're doing another live stage tour that was recently announced for the Family Channel's top show called The Next Step, which follows a group of young dancers striving to win a national championship. The tour will launch in February, travelling to 21 cities for 24 shows currently across Canada, and we've already added two additional shows based on demand. The Next Step is one of the most popular tween shows in the country with kids aged 6 to 14.

With that summary of highlights, I'd now like to turn things over to our CEO, Dana Landry, who will speak about our high-level opportunities. Dana?

Dana Landry — Chief Executive Officer, DHX Media Ltd.

Thank you, David, and good morning, everybody, and thanks for joining us on the call. As David mentioned, I am Dana Landry, CEO of DHX Media.

David also mentioned that last year was a remarkable year for DHX. I think by now most of you know that our long-time CEO and the Founder of the Company, Michael Donovan, has moved into the role of Executive Chairman and I have shifted from CFO into the role of CEO. Michael continues from his new seat to help guide strategy and work with the team to ensure that the drive and vision behind DHX remains consistent, while I devote myself to the business of growing the Company and providing shareholder value.

I think these are very exciting times for DHX and we've got a lot to look forward to, but before we look forward I'll spend a few minutes and revisit our successes of 2014.

Revenues for fiscal 2014 saw an increase of 19 percent to 116 million. This increase was led by higher distribution revenue, which was up 66 percent to 41 percent, primarily due to the continued growth of new digital platforms and territories.

We also saw a strong increase in proprietary production revenue, which rose 35 percent year over year to 23.5 million. Net income rose 320 percent in fiscal 2014 to 7.8 million, while normalized net income grew 31 percent 11.3 million, or $0.10 per share. Gross margin has increased 42 percent for the year to 69.5 million, and adjusted EBITDA has risen 58 percent to 37 million.

We are also pleased to announce a dividend increase to $0.013 per share, which would equate to $0.052 annually, which is an 8 percent increase.

As David mentioned, we executed on some key acquisitions in fiscal 2014, namely Ragdoll, which has brought us the Teletubbies and In the Night Garden; Epitome Pictures, which has brought us Degrassi; and of course, the Family Channel group of channels. All of this builds on our past acquisitions of Cookie Jar and W!ldbrain, among others, and we've now launched into a new and exciting era of growth for DHX as a fully integrated content media company.

Going forward, we will focus on integration of these assets and continued organic growth. We have seen a lot of acquisition growth, so now is our opportunity to look internally to see if we can find additional synergies across the transactions that we've acquired.

Of course we will also plan to keep a steady eye out for acquisitions that will further strengthen our position as a leading content company globally, leveraging the platform we've built, which will allow us to take the marquis properties and evolve them into global brands.

This year we've also had great success with YouTube and a strong case for opportunities available for growth and building brands. Over the last 30 days alone, DHX content has logged approximately 230 million views on YouTube for approximately 1.5 billion minutes of content consumed, and this is across more than 225 territories globally.

As we roll forward, we feel this is indicative of what is to come. This stems from DHX owning the largest unencumbered independent library of kids and family content in the world, more than 10,000 half hours. And of course unencumbered means that we have very few legacy rights issues, and therefore we're able to more rapidly to meet demands of the new digital landscape.

Another great example of how we can achieve organic growth is Teletubbies. We bought this series into our library in September 2013 with the acquisition of Ragdoll Worldwide. In April, we announced renewed and new licensing arrangements for Teletubbies in China. In June, we announced a new 60-episode series to be produced with CBeebies, the children's arm of the BBC, which will refresh the show for modern viewers. And in September, we announced a global master toy agreement for the new Teletubbies.

We're very excited at the prospects this series holds for global growth. The original Teletubbies is one of an all-time brands for preschool, and it is our understanding that in its day it generated in excess of $1 billion annually at retail and cumulatively multiple billions at retail.

Teletubbies is a key priority for DHX Brands, and we anticipate even more licensing arrangements in the near term. Teletubbies toys are set to launch in the UK and other key markets in spring 2016, and we anticipate the viewing public will be quite familiar with the new CBeebies series by that time.

We anticipate the brand will have a strong presence in the market going into Christmas 2016, leading up to a global rollout in 2017. Our expectations are to hit all key licensing categories with the Teletubbies brand, including technology, which would include tablets and smartphones; toys, which would include plush and collectibles; live events, which would include onstage tours and theme parks; home entertainment for DVDs; lifestyle, which would include bedroom sets and food; apparel, from infant to retro for teens; publishing, including storybooks and colouring books; and play centres, such as preschool edutainment centres.

Over the past few years, DHX has grown into a diversified, vertically integrated media content company with strengths across multiple platforms. There is a tremendous appetite with consumers the world over today for this sort of perennial kids and family content.

This is being driven, in large part, by the explosion of the digital platforms through which we can now make all of our series available to viewers. This way we can take advantage of the digital revolution by owning the content, focusing on kids and family, and making brands that people love.

With that, I'll turn it over to Keith Abriel, who joined us on July 31st as Chief Financial Officer, after consulting with DHX for many years. On behalf of management I'd like to welcome Keith to his first call, and I'll turn it over to him.

Keith Abriel — Chief Financial Officer, DHX Media Ltd.

Thank you, Dana, and thanks to everyone for dialling in today. I'm delighted to be here and delighted to be able to report some very strong numbers on my first quarterly call as DHX's CFO.

Management is pleased to highlight our strong gross profit margin for fiscal 2014, which was 69.4 million, reflecting an increase of 42 percent year over year. At 60 percent of overall revenue, we were very pleased with this result, which was above the high end of management's expectations.

Management was also very pleased with the 320 percent increase in net income year over year; the 66 percent increase in distribution revenue; the 58 percent increase in adjusted EBITDA; and a 35 percent increase in production revenue.

We would also like to highlight the significant contribution for distribution revenue, which performed extremely well again this year, primarily due to strong growth in demand from new customers, especially in the AdVOD space. Distribution revenues were 40.89 million for the year, up 66 percent.

Further specifics for fiscal 2014 as the breakdown of revenue were as follows: 23.47 million for proprietary revenues, which, as stated, was up 35 percent; 17.3 million for M&L owned, which includes our music and royalty revenues, which is down 19 percent due to the decision to rest the Yo Gabba Gabba! Live! tour; 12.17 million for CPLG, up 59 percent.

Producer and service fee revenue was down 12 percent to 18.37 million due to management's decision to increase proprietary production at our Vancouver studio. And finally, new media revenues were at 3.93 million for the fiscal year.

It is worth highlighting again the strength of the revenues from proprietary production for fiscal 2014, which were up 35 percent as our Vancouver studio utilized more capacity for proprietary shows and less for service work. This increase, you will note, more than offsets the reduction in service fee revenue that I mentioned a moment ago.

SG&A costs were up 7 percent to 34.28 million, mainly due to the full inclusion of 13.2 million for fiscal 2014 for DHX Cookie Jar. In fiscal 2013, this figure was 11.31 million for 251 days of activity.

Included in the SG&A costs were 0.72 million for Ragdoll for 291 days of activity for fiscal 2014 and 0.23 million for Epitome Pictures for 89 days of activity for fiscal 2014. SG&A also includes 1.59 million in noncash share-based compensation. When adjusted, cash SG&A at 32.96 million was in line with management's fiscal 2014 expectations.

For fiscal 2014, adjusted EBITDA was 37.03 million, up 13.6 million, or 58 percent over the 23.4 million for fiscal 2013. Adjusted EBITDA includes add-backs for charges relating to the Ragdoll, Epitome, and Family Channel transactions totalling 5.01 million, and consists of acquisition costs of 3.26 million, 0.29 million for lease and contract breakage costs, 0.31 million for severance, and nonrecurring write-downs of 1.16 million.

For fiscal 2014, net income normalized for fiscal 2014 Ragdoll and Family Channel and other nonrecurring charges of 3.51 million net of the tax effect of 1.5 million was 11.32 million, up 31 percent, or $0.10 per share diluted and basic on an adjusted basis. And this compares to 8.65 million for net income for fiscal 2013 at $0.10 a share.

In addition, management is pleased to report that through the integration of Family Channel the Company expects cost synergies of 3 million to 5 million for fiscal 2015 and 5 million to 7 million for fiscal 2016 and onwards.

One additional item that we would like to bring to your attention: pursuant to the acquisition of the Family Channel business and as part of the CRTC decision approving the transaction, the Company is required to contribute approximately $17.3 million to provide tangible benefits to the Canadian broadcasting system over the next seven years. For accounting purposes, the obligation will be reported in the income statement at the fair value on the date of acquisition being the sum of discounted future net cash flows.

Accordingly, in Q1 fiscal 2015 the Company is expected to record a nonrecurring charge ranging from between 11.5 million and 14.5 million, depending on the discount rate applied. For further specifics I would refer you to the annual MD&A that was also posted this morning for particular information on our outlook for fiscal 2015 and other various information.

David Regan

Thank you, Keith. Now, Operator, we'd like to take it to analysts for any questions, please.

Q&A

Operator

Ladies and gentlemen, as a reminder if you would like to ask a question, please press *, then the number 1 on your telephone keypad.

Your first question comes from the line of Aravinda Galappatthige, Canaccord Genuity. Your line is open.

Aravinda Galappatthige — Canaccord Genuity

Good morning. Thanks very much for taking my questions. Let me just start with the distribution revenues; obviously strong results in Q4 and for the year. Just maybe touch on sort of the digital component of it to the extent that you can disclose on a full year basis what kind of growth you saw. And in terms of taking sort of the SVOD side of things to the next level, I mean we continue to see sort of the larger operators, Amazon and Netflix, sort of sign on larger deals with a lot of independent operators. Maybe talk to your prospects in participating in something like that.

Dana Landry

Okay. Thank you, Aravinda, for your question. Maybe what I'll do is I'll answer some of the specifics around the annuals and the recent activity, and then I'll turn to Michael Donovan for some of the macro stuff around the digital opportunities forward.

So yes, this year the distribution revenue we had an extremely strong quarter and year, as you've alluded to, Aravinda, driven by the continued proliferation of new customers and territories, and really no one in particular but just expansion of all new customers, and also YouTube. We had a great, strong quarter with respect to YouTube. Indicatively, we're viewing YouTube as a huge opportunity for us going forward to continue to leverage our IP.

Maybe I'll turn it to Michael to give any comment that he might be able to add on the macro.

Michael Donovan — Executive Chairman, DHX Media Ltd.

I mean just add that and to answer your question, Aravinda, we are experiencing tremendous pull from both the SVODs and the AdVODs, and the most important AdVOD being by far YouTube. And we expect to continue to be making announcements over the next couple of quarters with the deals that are in play at the moment and we're optimistic we will be announcing. And that's a key driver.

Aravinda Galappatthige

Great. Thanks for that. And then just moving on to sort of the longer-term merchandising outlook, I mean the two brands that you've kind of sort of put out there, Teletubbies and Inspector Gadget, have certainly got everything set up. You have the show commissioned; in the case of Teletubbies you already have a toy partner.

I was wondering if you could comment on, first of all, sort of the process of finding the toy partner, going with the character options; maybe just talk to the interest that you saw in the marketplace to play that role. And secondly with respect to Gadget, just remind us when that show, the new season is expected to air, and the possibility of a toy partnership there as well?

Dana Landry

Okay. Great. So I'll start with the Gadget because it's a pretty quick answer. So on Gadget it'll probably appear in late 2015, subject to broadcaster scheduling obviously. And the toys hopefully will follow shortly thereafter.

The one thing I will say is that the Teletubbies experience that we've had in relaunching it here, it has been unique, and it’s, I would say, advanced at least a year from even our early expectations, mainly because it was once such a huge brand. And Inspector Gadget is sort of going more normal course; still very much optimistic towards its prospects, but going more according to Hoyle, so to speak.

With respect to Teletubbies, our head of branding said to me that all of his career, which spans through Fox and also with Henson International Television, which also includes such brands as Thomas, he said that he had never seen anything quite like the interest that was brought forward with respect to Teletubbies. And I think mainly because most people recognize it as still a very much an iconic brand and a global brand, and it's still very huge in particular in places like China.

So I think everyone saw the opportunity there was. We had multiple bids; we decided to go with character options because we felt they were the best fit for our preschool brand. And I think what really drove that for us home was the success that they've had in launching another UK brand, Peppa Pig, particularly in the US and North America.

And so with respect to additional licensing opportunities, stay tuned.

Aravinda Galappatthige

Thanks, Dana. And just a last question for me on the recent CRTC hearings; just maybe talk to your takeaways there. How concerned are you about sort of a possibility of some form of a pick-and-pay model? And also talk, if possible, to your prospects of sort of maybe being inserted into the new skinny basic that the CRTC seems to be proposing; just wanted to get your thoughts from that. I'll leave it there. Thanks.

Dana Landry

Yeah. So maybe what I'll do is I'll just sort of summarize for the call exactly what sort of our position was and then maybe give you some of my comments and invite Michael Donovan to also give some of his comments with respect to his experience on such regulatory matters.

So we appeared a couple of weeks ago. We had a very good session. We had an all hands on deck approach: Michael, myself, Steven DeNure, and our head of the channels, Joe Tedesco appeared and a couple of our advisors as well.

We took a rather, I think in our minds, a rather sort of middle of the road approach. We obviously put our position, our sort of views against pick and pay generally, but we offered sort of a solution which we felt was reasonable, which was if we go to that place and there is a basic package, whether you call it a skinny basic or just a plain basic, that we encourage the Commission to include family and kids programming within that.

And particular we encouraged them to not forget about the independent. And that was the approach we took. We felt like we were sincerely listened to, and it was quite well received and we're sitting like everyone else waiting to see where it all unfolds.

Michael Donovan

Yeah. And just to add to that, Family is the leading children's channel in Canada by ratings and penetration, so our view is that even in a pick-and-pay world we'll be a driver. The ones that in the event of a pick-and-pay world, which is not actually certain—that's a possible outcome only—the ones that are should be perhaps slightly concerned are ones that are not drivers. But Family Channel is a driver.

Aravinda Galappatthige

Great. Thanks. That's all I had.

Operator

Your next question comes from the line of Rob Goff with Euro Pacific Canada. Please go ahead.

Rob Goff — Euro Pacific Canada

Thank you very much and good morning. In your commentary you talked to organic growth. It's hard for us to pull out the organic growth. Could you talk to whether or not on the year trailing you achieved 10 percent organic growth, and whether you could continue at that pace as we look ahead?

Dana Landry

Yeah. The overall organic growth, I feel, is probably somewhere in the 10 to 15 percent overall, Rob. We did outline specific organic growth within a couple of our key categories, which is proprietary revenue and also on merchandizing and licensing growth…

Rob Goff

Mm-hmm.

Dana Landry

And I think in both of those cases those were in excess of 20 percent for those particular categories, so we are still seeing some organic growth. However, having said that, we've acquired a lot of different groups of assets, and now that we have all of the necessary infrastructure pieces for a fully integrated media kids and family company we feel that we can turn internally a little bit here and look to generate and focus on some revenue synergy opportunities through the brands.

Rob Goff

Okay. Thank you. And with respect to the Family Channel, just a point of clarification; when you talk to the cost synergies of 3 million to 5 million for fiscal '15 and 5 to 7 for fiscal '16, would that be incremental or cumulative?

Dana Landry

That's annually incremental, so not cumulative, no. So in each particular year the—so in year one the synergies could range from 3 to 5 and year two would be cumulative 5 to 7, and then from there on would be expected to be that range. It wouldn't grow from there.

And that's really, there's two pieces of that, Rob. One is the cost synergies that we're expecting just in terms of consolidating facilities and et cetera, some duplication, number one, which we've outlined I think for year one is sort of in the 1 million to $2 million range. And then the second one really, which is the key category going forward, is the programming costs, and I'll remind the callers that as a condition of our licence approval we were able to provide 40 percent of the Canadian content spend. So that's our expectation of where that would fall.

Rob Goff

Okay. And thank you very much.

David Regan

Thanks, Rob.

Operator

Your next question comes from the line of Dev Bhangui with Jennings Capital. Your line is open.

Dev Bangui — Jennings Capital

Good morning, gents.

Dana Landry

Good morning, Dev.

Dev Bangui

Dana, I guess in terms of your very detailed guidance, which is quite customary, I just wanted to focus on proprietary production. And there is quite a range there between the low end at 37.5 and the high end at 50. I mean I looked at your website recently, and you guys have, I guess, the whole Canada having dropping in terms of all the jobs and the employment numbers, you guys have 22 new positions, most of them being for artists, creative artists, and in terms of proprietary production, including a VP of online content.

So I'm just wondering is it that—it is quite possible, just based on the fact that last year you guys had about 24 million in revenues here and based on the hiring spree, would it not be possible that you would easily achieve the high end of the expectation?

Dana Landry

Yeah. Thanks for your question, Dev. Absolutely, I mean I think—remember, just to remind everybody that we're predominantly in animation, and animation typically takes about 18 months to deliver. And so already being two or three months into the current year just looking out we've obviously got the slate pretty well in hand for 2015.

The area of sort of upside opportunity really is in the live-action shows, which we also have in our pipeline, which we're optimistic we'll be able to perhaps green light some sort of note in the later half of the year, which will allow us to achieve sort of the top end of that range. But I mean overall you're correct; the trend is very positive for us with respect to proprietary revenue. And we are certainly seeing somewhere in the range of 20, in excess of 20 percent growth for sure for the next couple of years based on all of what you've said.

Dev Bangui

Thank you, Dana. And then I guess a similar kind of thought—and actually your comments have been valuable on the distribution revenue—I mean 2014 fiscal you had closing the year with about 41 million in revenues, including Degrassi of 2.5, and that was just barely a quarter. So if I kind of annualize Degrassi, you're looking at about 50 million or thereabouts that you would have reached, and we are looking at 50 million to 60 million for 2015.

Is it because some of the contracts are part of a pipeline and they will not be signed? Because you guys have, I mean, as you said in your detailed commentary, tremendous amount of traction and unprecedented and even beyond your expectation with respect to just the Teletubbies brand itself worldwide.

Dana Landry

Yeah. I mean I think the momentum is building behind the distribution revenue category, for sure. We're seeing the positive trend over the last number of quarters; I'm sure you can track yourself.

Part of it is just being able to be certain that we'll be able to pull those through the pipeline, but that's probably an area of the most potential upside with respect to the outlook is in that category. And certainly we're going to target the top end of that range, which would be approaching 50 percent growth over this year.

But the other thing about it is things like the platforms that are emerging in the AdVOD space are still a few months and perhaps quarters away, so certainly again the trend is our friend here. And going forward we expect to see some great growth not only for '15, but '16.

Dev Bangui

Okay. Thanks, Dana. And one last question and I'll step back after that. With respect to the Yo Gabba!, now this year you guys are having two live tours. Yo Gabba Gabba! has expanded into 60 shows compared to last year from what I can remember—and last year it pulled about $3.5 million or so thereabouts—and then you've got now the other show as well in Canada in the winter.

Where would, I guess, where would this impact of revenues be? I guess it'll be in M&L owned, right? And then to what extent do you expect that revenue have an impact for 2015?

Dana Landry

Yeah. So they'd actually be in two separate categories. The Gabba would be in M&L owned, and yes, we would expect growth over the fiscal '14 numbers. It's about a doubling of the tour of last year in terms of number of shows, so...

Dev Bangui

Mm-hmm.

Dana Landry

We will see some nice traction there. With respect to The Next Step, that comes to us through our ownership of the Family Channel and the rights that they were able to acquire through an independent producer. And that will show up in the results at least for the near term in the Family Channel results, and it'll be slightly different than the accounting treatment we expect for the live tour.

It'll probably be more on a net-type basis, Dev…

Dev Bangui

Mm-hmm.

Dana Landry

And so it'll be more of the sort of net contribution as opposed to the gross, where in the case of Gabba we obviously are owners of the content and are trying to preserve the brand and keep the focus on delivering upon the strategy.

Dev Bangui

Okay. Excellent. Thank you for taking my questions, and all the best, guys.

Dana Sean Landry

Thanks, Dev.

Operator

Once again, ladies and gentlemen, if you would like to ask a question simply press *, then the number 1 on your telephone keypad.

Your next question comes from the line of David McFadgen with Cormark Securities. Please go ahead.

David McFadgen — Cormark Securities

Yeah. Hi. I've got just a couple questions. So I was looking in the MD&A in the outlook section and I saw the Family Channel revenue you were guiding to. I was just wondering, I was expecting it to be a bit higher than that. Is there anything going on there that would account for it being at that level? And then secondly, you give guidance for amortization and development costs, 15 to 17.5; I was just wondering could you break out the development costs in that number? Thanks.

Dana Landry

Sure. On the Family Channel I'll remind you, David, that it's only 11 months of the year, so it's not a full year. We closed on the channel on July 31st, so it's only 11 out of 12, so if you're looking at it from an annualized basis it would be one month larger, and that's quite in line with the past results. We weren't anticipating any, or projecting any tremendous growth there; sort of stabilizing in terms of that revenue.

On the development we would expect that probably to be, I mean this is a bit of a guess, but somewhere between 1.5 to 2.5, in that range.

David McFadgen

Okay. And just to follow on a question, if I may, just on the YouTube revenue. So I think your current annualized number is about 6 that you're currently running at, right, but it's growing quickly. I was just wondering what is the kind of sequential growth you're seeing, I guess, every month or every quarter. And then what's the margin profile on that revenue line?

Dana Landry

Right. So I mean the growth is—of course you're going from zero, so it's sort of exponential—but it's sort of still growing at mid to high-single digits monthly, and there's really three growth factors there. One is we think that YouTube is just simply doing a better job at sort of filtering out the content, and so people are getting more comfortable in allowing their children on there, and so that's one. The second one is really a renewed focus from Google and YouTube on advertising dollars, and so therefore we're benefitting from that.

And the main reason, of course, is that because this is a revenue share situation and our share is in excess of 50 percent, so it's about 55 percent in terms of the cash contribution to answer that question. And then thirdly, it's really just the CPM, the cost per thousand, or in our case the revenue per thousand views, which is showing growth as well on a monthly basis, as we worked it with YouTube to better monetize the content on a CPM basis. Where that can get to, stay tuned. Hopefully we can grow it in excess of double digits from here.

Operator

Your next question comes from the line of Deepak Kaushal with GMP Securities. Your line is open.

Deepak Kaushal — GMP Securities

Hi. Good morning. Thanks for taking my questions. I just had a bigger picture follow-up on Family Channel. I guess now that you've closed the acquisition you're able to talk more freely about your plans for DHX broadcast or DHX TV. Maybe, Dana, Michael, you guys can elaborate on your plans here? I know you've talked about sourcing more of the content, Canadian content, internally and consolidating some properties. What do you see in terms of opportunities for further cost synergies or growth synergies, either on the advertising side or subscriber side for Family Channel? Thank you.

Dana Landry

Yeah. I mean the—really remind you, Deepak, that when we acquired the Family Channel we obviously felt like it was sort of a generational group of assets and tremendously valuable for us as a business to be able to sort of give us that last piece of the infrastructure play. So we had bought it really not expecting it to grow tremendously.

But what we've seen over the last little while that there's been a modest growth for the channel, which is probably in the 2 to 3 percent range. And that's sort of a positive factor of built-in escalators with respect to the subscriber, per subscriber fee, which is also facing a little bit of headwind with respect to the actual number of subscribers.

But the point is on the whole still growing to some degree, but really it was, as you said, to really allow us to be able to better control, or have more control over our inventory. And in particular what we were able to get as a matter of our application for the licence was to allow us to put 40 percent of the Canadian content spend annually in DHX programming.

So we've hit the ground running with respect to that, and that's the programming cost synergies that we spoke about earlier. And so there's where we see, I think, the real opportunity going forward is to be able to pull those brands forward a year or two and be able to then put them into the distribution pipeline and monetize it across the new digital platforms, number one, but also give us that optionality on that brand side of the business, the licensing side of the business.

Deepak Kaushal

Okay. And so when you look at the ad supported affiliate like—or the whatever you call it, the Disney XD channel, is that sort of maxed out in terms of ad supported or advertising revenue that you can generate from that channel? And how do you look at opportunities to layer on more similar types of channels like Disney XD to the…

David Regan

Yeah. No, I think there is an opportunity there. That is correct. I passed over that. I mean 90 percent of the revenue that we get out of the Family Channel group of channels is subscriber based, but yes, it is true that there is a 10 percent on the advertising side.

And obviously we are optimistic, given some of the content that's coming down the pipe with respect to our output arrangement there. But really again I would say that the opportunity really would be on leveraging some of the digital sales strength that is baked within the channel itself and advertising as well, advertising sales, to be able to then leverage that into the rest of the DHX revenue streams. I'm not sure if you have anything...

Michael Donovan

Just add to that, the essence of this company is leveraging this library in as many ways and as many places as possible. And that's what the Family Channel acquisition was about is another way to leverage it, and it has many different—there are many different ways in which we can do it.

One is through focusing brands which we wish to develop, as Dana said, and accelerate their development through the channel, but also monetizing the library on another front. We see that as an important plank in this job of leveraging the library around the world, but also we see that as a plank that can grow and in a number of ways.

Deepak Kaushal

Okay. Thank you for that. And if I may ask one last question; maybe you can give me a pass on my first time asking questions. I wanted to ask more about your live show strategy here. You're adding significantly to the Yo Gabba Gabba! show, and you've introduced The Next Step through Family Channel. How scalable is this business? How many live shows can you guys support and expand margin before you have to build some more SG&A to support continued live shows? I assume that one is coming with Teletubbies and possibly one with In the Night Garden. Maybe you can expand on the scalability of this business model?

Dana Landry

Yeah. I mean it's like anything, Deepak. Every part of media you need scale, and it's a bit of a chicken-and-egg sort of type of a conversation, which is that it's hard to do a live tour without a brand and vice versa. So you do need some drivers, as Michael mentioned earlier, and so we've got one driver in Gabba. We've now added The Next Step, as you alluded to.

There's a couple of other brands that we think are very much in that category that could have a live stage presence. And we're exploring options in terms of what do you do here? Do you build this internally? Do you expand the existing partnership? What's in the best interest? It's not exactly our skill set, so we would probably look to partner, although all options are open.

Deepak Kaushal

Okay. Thank you for that. I appreciate the insight. I'll pass the line.

Operator

There are no further questions at this time. I turn the call back to the presenters.

David Regan

Thank you, Operator, and thank you, everyone, for joining today. That concludes our call for the full year of fiscal 2014.

As ever, please feel free to reach out to us directly, or consult our website, www.dhxmedia.com.

Thank you, and have a great day.

Operator

This concludes today's conference call. You may now disconnect.

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