



UK
TV



FINANCIAL REPORT 2014

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Exceptional results



2014 was another record-breaking year for UKTV. Our exceptional results show that UKTV bucked the market trend and increased share of commercial impacts (SOCI)

to a high of 9%. We are now officially the fastest growing broadcaster in the UK and it is the first time in the history of British television that a non-PSB channels business has played such a big role in the ratings. UKTV has the number one non-PSB channel in Dave and still plenty of headroom to grow in future years.

This growth trend continues. In the first quarter of 2015, our SOCI hit 9.4%, making our portfolio of channels vital for advertisers. Key to our success has been strong investment in new content (and the clever support of that content for which we are so well known), with £123m spent on screen last year resulting in a number of major award wins and nominations from the likes of BAFTA, Monte Carlo, Broadcast and Broadcasting Press Guild.

We've also worked hard to develop and expand the platforms that carry our vibrant channels. On demand services are an indispensable part of many viewers' lives, and last year's views across all platforms revealed strong growth, up 348%. This has been driven largely by the launch of our new on demand service, UKTV Play, which has already received its own award nomination for Best Platform Innovation.

UKTV is now well positioned to take advantage of non-linear viewing.

These results are all due to an exceptional team of 250 people here at UKTV. Last year we moved into a progressive new workspace in West London, putting us at the heart of the fastest-growing area in the fastest-growing industrial sector in the UK. Our new high-tech, open plan site has provided us with the dynamic environment that our people need to fuel creativity and productive collaboration, helping to propel UKTV forward with its growth strategy.

Our financial results will show that UKTV is a highly significant and positive contender within the British media industry. But, we are ambitious, and 2015 marks the next chapter in our story.

Darren Childs, Chief Executive

2013 vs 2014 Revenue and EBITDA



Revenue
(£m)

2013

278

2014

283



Operating
EBITDA (£m)

2013

67.4

2014

74.1

Record-breaking financials



UKTV is reaping the rewards of well targeted investment in creative programming, powerful marketing messages and a smart approach to distribution. We're building increasingly impressive results for the business, balancing important investment in content with reliable and consistent business growth over the long term.

Jan Gooze-Zijl, CFO & COO

On the back of an outstanding performance in audience share, we generated a record £283m in revenue in 2014. Investment in content stood at £123m, a figure that will grow significantly in 2015.

On an EBITDA basis, profits rose 10% to an all-time high of £74.1m as our previous years' investment in content and distribution paid off.

This allows us to raise investment in our brand-defining new shows, build SOCI further and continue the virtuous circle we have achieved over the past four years.

UKTV vs Rest of broadcast market

6.2%

9.0%

-3.7%



Year on Year impact change

Strong SOCI growth



2014 was an outstanding year for UKTV. We built on the growth of 2013 and outperformed all of our competitors. We are extremely proud of our ability to create and grow distinctive channel and digital brands with amazing exclusive content that our viewers love.

Emma Tennant, Controller

Under the leadership of Controller, Emma Tennant, our share of commercial impacts keeps on rising and bucking market trends.

The charts show our SOCI hit a high of 9% in 2014 in the context of an overall decline in the rest of the broadcast market of 3.7%.

The blend of our imaginative, original shows and strong acquired content is proving a hit with British

audiences. Dave remains the most-watched non-PSB channel, and 2013's investment in the launch of Drama took share from rivals last year in a way that few had expected.

This year has seen continuation of the growth that took us from 8.2% SOCI in 2013 to 9.0% at the end of last year and is now tracking at 9.4% at the end of the first quarter of 2015.

Consolidated viewership

VIEWS

TYPE OF VIEWING



973,000

Live



201,000

VOSDAL
(on same day as live)

143,000

7 day catch up



1,180,000

Narrative repeats



2,497,000

Total

Monetised viewing in seven days from first broadcast

Giving viewers more ways to watch



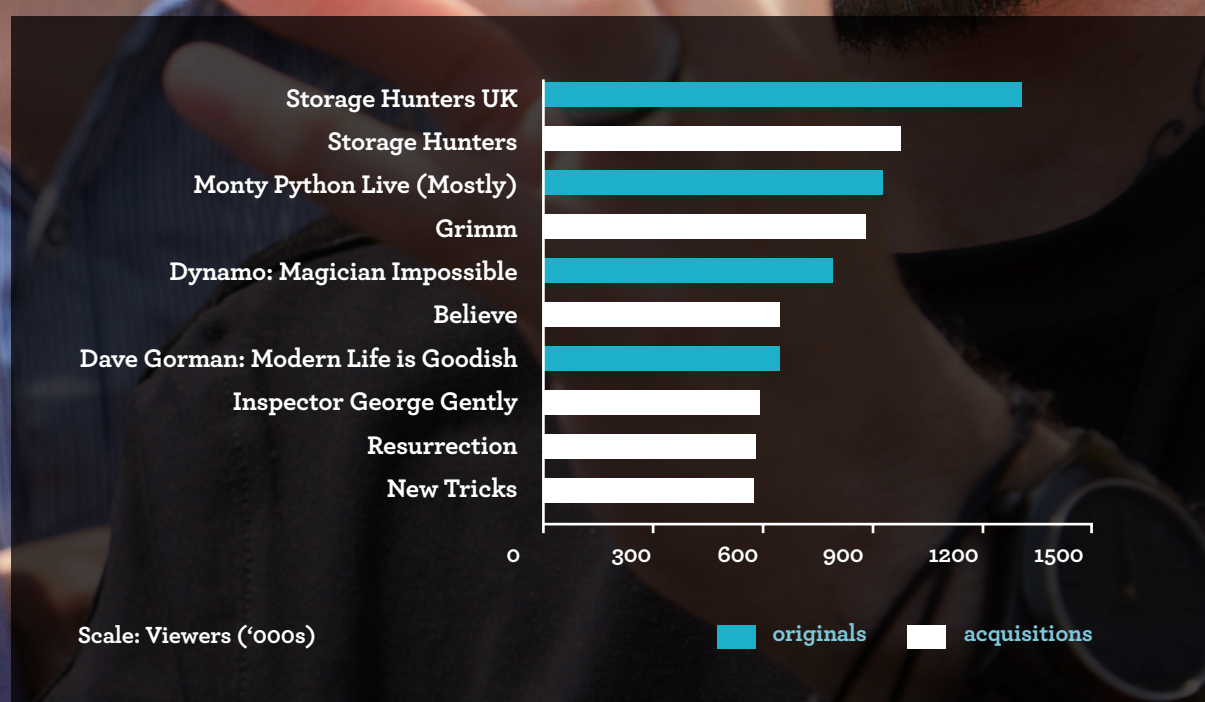
Four or five years ago, there was a lot of uncertainty around revenues that could be derived from catch up and on demand viewing. Now it's possible to plan with a degree of certainty about how much revenue there will be in a year, or even two. For the first time, it feels tangible and measurable.

Simon Brown,
UKTV Director of Strategy, Research & Insight

Catch up and archive viewing has never been more popular and that's brilliant news for broadcasters, not least UKTV. For example, hit series *Storage Hunters UK*, an original UKTV commission, more than doubled its live audience with 2,497,000 viewers over seven days. The chart on the left shows how we can monetise those new viewers that are coming to UKTV.

The Dave original series, *Alan Davies: As Yet Untitled*, attracted 470,000 overnight viewers, but taking into account all opportunities to watch over the following seven days, reached an enormous 2.7m people.

Top ten overnights





Investment in UK creativity

Last year, four of our top rated shows were UKTV commissions.

Returning shows such as Dave Gorman: Life is Goodish came back with an 8% increase in viewers over series one. Alan Davies: As Yet Untitled - an instant hit with a total of 2.7m viewers over seven day viewing - became our top show of 2014.

We've increased investment in British commissions, so our slate of originations gives us all the flags we need to wave for our vibrant range of brands, whether that's with the award-winning Crackanory and BAFTA-nominated Dynamo: Magician Impossible, or top rating Storage Hunters UK.

Commissions: top seven day viewing figures

Alan Davies As Yet Untitled [series 1]
 “Brilliant bar room style show constantly delivers”, The Independent

Storage Hunters UK
 “4 ★”, TV Times

Dynamo: Magician Impossible [series 4]
 “Dynamo quietly departs the schedules just as he evaporates from the scenes of his magical triumphs – with us wanting more.”, TV Times

Dave Gorman: Modern Life Is Goodish [series 2]
 “Gorman offering genius gags aplenty”, Guardian Guide

Monty Python Live (Mostly)
 “Pythons are a solid Gold hit...”, Broadcast

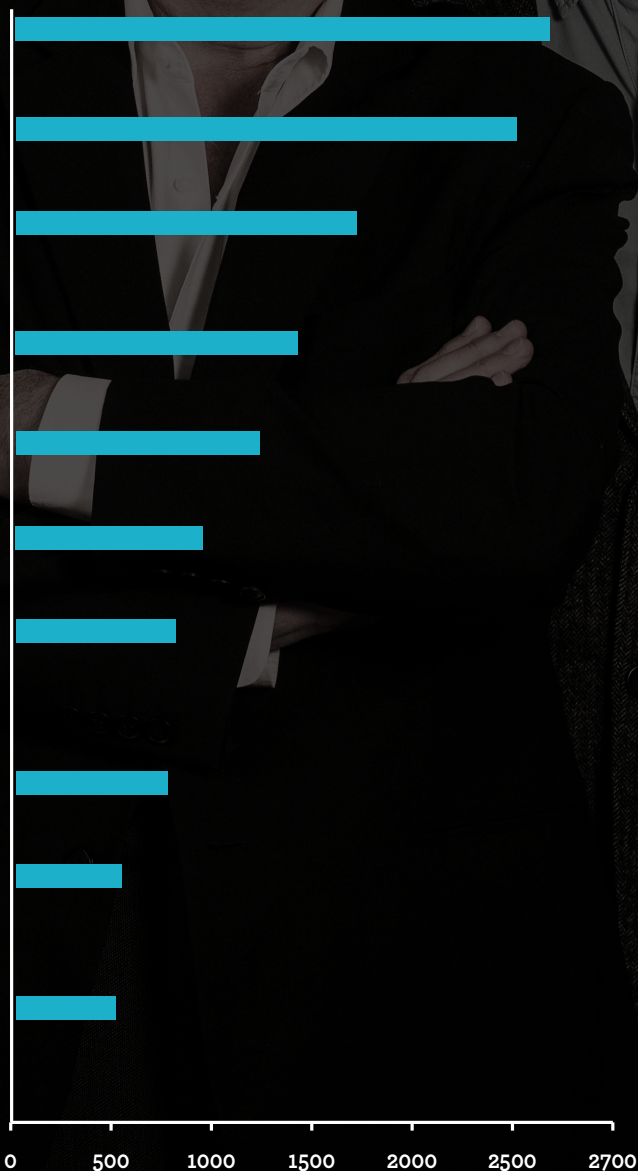
Crackanory [series 2]
 “Delectably creepy”, Radio Times

David Attenborough's Natural Curiosities [series 2]
 “The great naturalist continues to prove that wildlife programmes don't need gimmickry and fancy camerawork to be interesting – just good research and nature itself. A must”, The Observer

Dara Ó Briain: School of Hard Sums [series 3]
 “Like Top Gear with geeks”, Daily Mail

Choccywoccydoodah Starstruck [series 2]
 “Get a load of chocolate, mix in some celebs and what do you have? A recipe for sweet TV success”, Press Association

Porridge: Inside Out
 “A treat for devotees of classic comedy where not a word was wasted”, Radio Times



Scale: Viewers ('000s)

Our commissions



We have achieved a massive step change in what we do. This business was created as an aggregator of high quality content from the UK and elsewhere: now we are commissioning programmes, like

Dynamo: Magician Impossible, which are sold worldwide and even into BBC1. That is a huge transformation.

The success in building our reputation as originators of quality entertainment shows has, in turn, given us access to the very best producers and high profile talent, who realise we are a place of great creative freedom and that we are commissioners prepared to take risks.

The filter we apply is pretty simple: will the idea and the talent be a coup for the company? Will the commission turn the dial for us? There is a huge opportunity for UKTV now; we are at a scale that means projects with the right level of ambition and originality can have a huge impact on the awareness and reputation surrounding our channels.

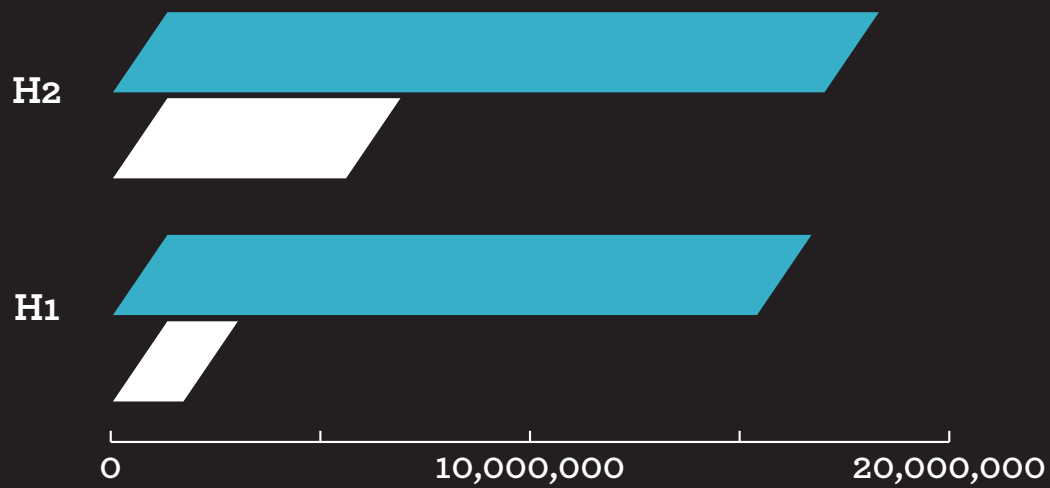
We are always trying to raise awareness of UKTV within the industry too. I want them to understand the level of our aspiration and our desire to expand.

We have already sold our shows, including Dynamo: Magician Impossible, in more than 200 territories worldwide and I expect that, as our ambition and investment increases, the level of distribution is only going to increase too.

Richard Watsham,
Director of Commissioning



VOD growth 2014 vs 2013



	H1	H2
2014	15,362,303	16,970,922
2013	1,681,166	5,559,460

■ 2014
■ 2013



Expansion of UKTV Play

UKTV has strong growth in linear TV, but in addition, on demand growth last year defied expectations as UKTV Play was introduced to British viewers.

Views of programmes including Storage Hunters UK, Lizard Lick Towing and Luther almost doubled between the last quarter of 2013 and the first quarter of 2014, and taking the year as a whole, on demand views leapt by another 348%.

The rate of on demand growth through UKTV Play shows that the foundation has been built for it to become a serious contributor to viewing figures and revenues in our future business.

UKTV Play's successful launch was due in part to its high differentiation from other on demand players.

For example, including recommendations straight from the people who know the content best in a special 'staff picks' area, or with cleverly-themed collections of programmes from our imaginative channels.

The human editorialisation of content is crucial to UKTV's approach to on demand viewing.





Creating an ideas culture

Our incredible, high-end workspace was created in 2014 in the heart of London's TV triangle. An inspiring environment promotes collaboration and innovation, makes our people feel happier and enables everyone to do their very best work. We want our people to know that UKTV is investing in them.

Chief Executive, Darren Childs believes that this is fundamental to the success of our industry. "Television's future is no greater than its ability to attract the brightest talent, so it should be no surprise that we are the first and only UK television

broadcaster to be recognised by Best Companies, the body behind the prestigious Sunday Times Best Companies To Work For list".

At UKTV, people come to work collaboratively in small teams that change from month to month or throughout the day. To facilitate that, UKTV's technological infrastructure is fully mobile and cloud-based. No clunky desktop computers and phones, and many people spend most of their days in open meeting spaces or on the terrace, sparking off each others' ideas.



“I’ve gone straight from college to working for a leading broadcaster, gaining amazing hands-on experience and training in a lively media environment. In my role, I maintain the social media presence for four of UKTV’s channels and engage with our viewers online. There’s a real emphasis on creativity and innovation here, so I get a lot of inspiration from chats with my colleagues. I’ve been given loads of responsibility and have learnt so much in just a few months. I couldn’t really ask for a better introduction into the industry.”

Name: **Charlie Mayes**

Age: **19**

Position: **Social & Digital Marketing Assistant**

Department: **Social & Digital Marketing**

“In the space of three months, I went from managing no one to leading a team of three, and the Management Academy really helped me adjust to the added responsibility. It was so useful to share ideas on how we might motivate and inspire our teams and it has definitely made me a more skilled and confident manager.”

Name: **Sheri Cladd**

Age: **27**

Position: **Research & Insight Manager**

Department: **Research, Insight & Strategy**





Access to the media industry

UKTV champions learning and career development for all people at every level in the organisation.

In 2012 we launched the Management Academy, a 12-month training programme for newly-joined or emerging managers within the company, designed to give the skills and confidence to be great leaders.

We are also committed to offering hands-on entry level opportunities and in less than two years, as part of our award-nominated apprenticeship scheme, we've taken on four fantastic apprentices, with little or no media experience, who otherwise might not have found an open door into the world of television. UKTV has been named one of the UK's top 100 apprenticeship employers as part of Boris Johnson's Apprenticeship Campaign, and we've also received recognition from the former Deputy Prime Minister, Nick Clegg, who congratulated us on our commitment to offering high quality apprenticeships. He said it was dedicated and innovative companies like UKTV that are helping Britain secure its recovery and build a stronger, more balanced economy in the years ahead.

Our apprentices work across a range of roles including Marketing, Video On Demand and Social Media Marketing.

We're open to all-comers equally, and the jobs go to people who we think will work hardest and fit in the best with our varied, dynamic culture.

UKTV is also proud to work with the Media Trust to empower charities and communities to have a voice.

Darren Childs says: "I firmly believe that a diverse industry is one that promotes equal opportunity and as the fastest growing broadcaster in Britain, I'm proud of the way we are building our community here at UKTV. I don't believe in diversity quotas.

"For me, a diverse workforce is a united team of people from all walks of life working together towards a shared goal."

In all, 16% of UKTV staff are from BAME backgrounds, compared with 6% for the media industry as a whole.



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