



Financial Report 2015

OUTSTANDING 2015 RESULTS

Five years of exceptional growth in SOCI, ratings, revenue and profit deliver outstanding 2015 results for UKTV.

Enders Analysis said UKTV was “by far” the channel group of the year, and Broadcast called this our “watershed year”. And our commercial success is demonstrated in the numbers. In 2015, our revenues rose 13%, exceeding £300m for the first time, on the back of a ratings performance that increased our share of commercial impacts (SOCI) to make us the third largest commercial broadcaster in Britain*. In the past five years alone, UKTV has achieved more SOCI growth than anybody else in the market and this record growth has contributed to EBITDA hitting an all-time high of £82m, an increase of 22% in just two years.

UKTV's growth has been driven by strategically positioning the business to capitalise on the buoyant advertising market and the proliferation of new subscription and free distribution services. We've also invested in UKTV original productions to support growth, and enhance our rights to capitalise in new distribution channels.

In total, we put a record £148m into content and launches in 2015, over 20% more than the previous year. We have delivered a raft of hit UKTV originals such as *Storage Hunters UK Celebrity Special* (our most watched show of the year), *Dave Gorman Modern Life is Goodish* and *Taskmaster*. Exclusive first run acquisitions such as *The Last Man On Earth*, *Grimm* and *Parks and Recreation*, also added to the richness of our popular entertainment brands. This level of investment will increase further in 2016, with UKTV already enjoying a strong start to the year with over 3 million viewers tuning in live to watch David Haye's comeback fight on Dave, followed by more brilliant event TV on W with *Dynamo Live at the O2*. And there's more to come with two brand new series of *Red Dwarf* scheduled for later this year and next.

Dave and Drama are now the two top-rating non-PSB channels in the UK, contributing to UKTV's 9.31% SOCI, putting us ahead of Channel 5 and Sky's portfolios for the first time. We have successfully moved the company from a niche multichannel broadcaster to one that reaches terrestrial scales of viewing.

And we continue to evolve UKTV's on demand experience by investing in UKTV Play, our widely available VOD service.

We've added Drama to the service and launched on several platforms and devices, including Android, BT TV, Amazon Fire and Fire TV Stick. Last year, views to UKTV Play's direct to consumer services increased by 26% and more people are downloading the UKTV Play app than ever before, with a 66% month-on-month increase in downloads in December. With UKTV Play set to join Freeview Play, and more lifestyle content being added to the service later this year, our shows will be even more accessible to viewers in 2016.

We've got a lot to shout about, but my favourite achievement of 2015 was announced last month. UKTV was the first broadcaster ever to be listed as one of the 100 Best Companies To Work For by The Sunday Times, proving that however fast we grow, we stay true to our values of being creative while we work hard and influence the industry around us to be a better, more inclusive place. We also increased our apprenticeships to help provide industry access for young people, but we know we can always do more. The following pages offer a snapshot of the story of UKTV and some of the 275 people who have created its success.



DARREN CHILDS
CHIEF EXECUTIVE



OUTPERFORMING THE COMPETITION



EMMA TENNANT
CONTROLLER

“In the closing weeks of 2015 our SOCI was 9.27%. To give you a comparison, Sky’s wholly owned channels reached 9.25% and Channel 5’s portfolio hit 9.26%. It could hardly have been closer. And when the final week’s share scores came in, our investment and endeavour were rewarded. UKTV had reached 9.31%, and Channel 5 and Sky were on 9.27%.

This year, we’re just as focused to build on 2015’s record SOCI with a brilliant raft of new shows including: original scripted comedy *The Rebel*, starring Simon Callow; compelling gaming format *Go8Bit* with Dara O Briain; and Emmy-winning *Red Dwarf*.”

Our record SOCI performance represents 29% growth over five years, fuelled by strong channel performances. Dave continues to be the most watched non-PSB channel and reaches more 16-34 Men and ABC1 Men than all Sky Sports channels combined. Investment in Drama helped increase its share of viewing by 24%, propelling the channel to second

spot behind Dave. And leading real-life TV channel Really, saw a 13% year-on-year increase, with *Most Haunted Live* driving the channel to its best ever daily share at 1.27%.

With even more new and exclusive content planned in 2016, UKTV is well-positioned to grow and exceed last year’s SOCI figure.

RECORD RESULTS



JAN GOOZE-ZIJL
CFO & COO

“In 2015 we have continued our successful strategy of investing more in channels and content that people love to watch, increasing our share of viewing to record levels. This, alongside a buoyant TV advertising market, has helped UKTV deliver record revenues and profit. That means we can continue to build our services, diversify our content supply, and attract a stellar array of talent onto our programmes.”

Our fantastic performance in 2015 resulted in record revenues of £319m, with growth across all major revenue sources and in particular, strong advertising income. Confident expansion has enabled consistent, increasing investment in brand-defining shows and launches, reaching a record £148m in 2015.

On an EBITDA basis, profits rose 10.5% to an all-time high of £82m as our previous years' investment in content and distribution, coupled with strong financial discipline, reaped reward.

Our outlook for 2016 is positive – the TV market is resilient and we will continue to build value through:

- Broadening linear distribution by launching Home in Freeview in March 2016
- Expanding our VOD services under the UKTV Play brand
- Investing in new content that will drive growth by building our brands and attracting more viewers

This virtuous circle of investing in people, content and distribution to grow market share, driving increasing revenue and profit, is underpinned by a long-term strategic perspective, an efficient operating model and a culture of growth based on innovation.

LET'S TALK ABOUT UKTV ORIGINALS



“I’m eternally grateful to UKTV for giving me the chance to do a show that no other network would even consider! Ever. NO WAY. We see a new side to established talent and I’m delighted to be part of a show that’s giving new people a chance to shine. Dave rocks dude.”

Alan Davies, Comedian

Original programming defines our channel brands, builds our reputation and fuels our growth. Last year UKTV’s 20% investment increase in programme content and launches allowed us to experiment with our editorial mix across the network and take more risks with our UKTV originals, giving viewers an array of entertaining shows that are completely unique to UKTV.

Successful collaboration with independent producers is vital in the creation of compelling programmes. In the 2015-16 Indie Survey conducted by Broadcast magazine, 100% of Indies who participated only had positive things to say about working with UKTV’s commissioning team. “They value commissions”, “Experienced and approachable”, “They work well with our model and respond quickly”, and “Imaginative, brave and supportive” are just a handful of the comments made.

Our financial success and growth is indelibly linked with our commitment to original content. Four of our top 10 shows of 2015 were UKTV originals, with North One’s *Storage Hunters UK Celebrity Special* on Dave taking the crown for the network’s best performing show of the year, pulling in nearly a million viewers.

In 2016 we have more exciting UKTV originals including: the highly-anticipated return of *Red Dwarf*; factual entertainment format *I’ve Got Something To Tell You*, fronted by Amanda Holden; brand new chat show *John Bishop: In Conversation With...*; and *Nev’s Indian Call Centre*, following larger-than-life boss Nev Wilshire and his band of key staff as they endeavour to expand their call centre business into India.

BUILDING REPUTATION THROUGH ORIGINATION



RICHARD WATSHAM
DIRECTOR OF
COMMISSIONING

We've seen exceptional growth in the reputation and scope of UKTV's originals. The number of genres we're active in now includes scripted comedy and live sport, as we seek bold and exciting opportunities to challenge people's perception of our network.

We're leading the way in comedy entertainment too with popular series like *Dave Gorman Modern Life is Goodish*, *Alan Davies: As Yet Untitled* and new hit, *Taskmaster*. These shows helped Dave to its first nomination for channel of the year at the 2016 Broadcast Awards.

We've also enjoyed critical success this year with Gold's scripted satire *Comic Strip Presents... Red Top*, in which a stellar cast, led by Maxine Peake, told their version of the phone tapping scandal.

Meanwhile live on Dave, David Haye's comeback fight gathered rave reviews for the quality of production and attracted a record audience of over 3 million. This is proof that there are big audiences to be had for event TV which will continue to be important in 2016.

Audiences are increasingly associating us with British originations and high quality content. We've done this by cultivating relationships with exceptional talent on and off camera and collaborating to bring their brave and unusual ideas to air. As word spreads, producers are increasingly bringing us their best ideas first.

UKTV: AVAILABLE EVERYWHERE



SIMON BROWN
EXECUTIVE DIRECTOR
OF STRATEGY, RESEARCH
& REGULATORY AFFAIRS

Linear TV is in rude health – in fact UKTV has enjoyed a 30% uplift in viewing share to our linear channels since 2010 – but it can't be denied that viewers also enjoy long form, on demand viewing, and it is on the increase. That's why over the past three years we've invested in our VOD services and launched UKTV Play as a quality destination where viewers can watch programmes from across the network.

Since launch, our aim has been to make UKTV Play available on as many platforms and devices as possible. In

2015 we made great strides in this area by launching on android and making the service available on BT, Amazon Fire TV and Fire TV Stick.

UKTV Play's new visibility in the market drove half a million downloads of its iOS and android apps last year, contributing to a 26% increase in views. Viewers can now watch our programmes on demand on all major platforms, with the service also set to launch on Freeview Play next month.

Our focus in 2016 is to continue developing brand awareness. We added Drama to our direct-to-consumer service last year and we will increase the breadth of offering on UKTV Play this year, with even more premiere content and exciting functionality.

BRINGING THE BRIGHTEST TO THE BUSINESS



“When I applied to be an apprentice at UKTV, I had virtually no previous experience. However, I was interested in marketing and had a passion for TV, so to gain hands-on experience at a big broadcaster was a fantastic opportunity. Throughout my 18 month apprenticeship I received lots of training and support, and got to work on some really exciting, high-profile campaigns. After completing my apprenticeship, I interviewed for a permanent marketer role at UKTV and got it, beating external candidates. UKTV is an incredibly creative place to work and I’m excited about building my career here.”

CHARLIE GUY
MARKETING ASSISTANT
(FORMERLY MARKETING
APPRENTICE)



CLAIRE ASTLEY
HR DIRECTOR

UKTV stands out in the industry as a place for brilliant talent. Wherever we find gifted people that share our values we will invest in them, their ideas and their career.

We believe for TV to prosper it needs to be inclusive and attract people from diverse backgrounds. That is

why we have teamed up with Creative Skillset to run Open Doors events for 16-24 year olds wanting to learn more about the television industry, and have made a commitment that production companies making programmes for UKTV, will pay all staff - including runners - at least the minimum wage.

We also run an award-nominated apprenticeship programme and last year two apprentices successfully secured permanent roles at UKTV.

This year we’ve committed to double the number of apprentices, creating new openings in areas where we would like to develop grass roots talent, including Technology, Operations and Digital.

UKTV has a modestly good track record in recruiting colleagues from Black, Asian and Minority Ethnic Backgrounds (16% against the TV industry average of 8.6%) and a high female to male split. In senior management, 58% are women.

Increasing the diversity of our team is driving the growth of our business – a homogenous workforce can’t give us the creativity and ideas we need to keep breathing new life into our channels and keep viewers coming back.

Television viewers are diverse, so we should be too.

CULTURE OF INNOVATION



UKTV is committed to innovation and 2015 heralded the next phase in our ambitious growth strategy when we brought Creative Services in-house and opened our own state of the art production facility. The Mezz, located at our Hammersmith HQ, comprises a series of high-tech studios, voiceover booths and edit suites.

The new facility allows collaboration between talent and production staff early in the creative process, allowing us to take an imaginative and integrated approach to our marketing. The new facility also reduces our overall cost base meaning more money can be invested in to the promotion of our brands.



SUPPORTING CHARITY AND THE COMMUNITY



JAYNE BRESSINGTON
GIST SUPPORT UK'S
VICE CHAIR

“It has been our good fortune and an absolute pleasure to work with UKTV during 2015 as their nominated charity partner. The energy, dedication, support and selflessness displayed by everyone involved has been phenomenal. We are indebted to all at UKTV – thank you for choosing to help us. Your support is our springboard to secure fledgling GIST specific research projects such as the National GIST Tissue Bank and will help us to stimulate more vital GIST research infrastructure and research projects. On behalf of all GIST patients and GIST Support UK, a huge THANK YOU!”

UKTV is passionate about supporting charities and sustainability through our work and our time. Our Give.Help. Share project encourages everyone to help out in the local community, improve UKTV’s environmental impact and raise funds for our Charity of the Year. In 2015, we voted to support GIST Support UK, a small charity which provides support to those affected by a rare form of cancer. Over half of UKTV’s workforce took part in a set of gruelling challenges including: cycling over 300 miles from London to Versailles; jumping off the Orbit at the home of the London 2012 Olympics; walking across boiling hot coals; and taking part in a 7.5km dragon boat sprint race on The Thames. Our people also hosted quizzes and auctions

throughout the year, helping to raise funds for the charity.

UKTV’s talented choir performs regularly at local community events and our people dedicate time to mentoring in local comprehensive schools and reading with primary school children. This year, UKTV has expanded on these initiatives to team up with The Media Trust to mentor young adults who would like to work in the creative industries.

Green initiatives are also important to everyone at UKTV and we have a comprehensive recycling policy and encourage everyone to participate in a cycle-to-work scheme.

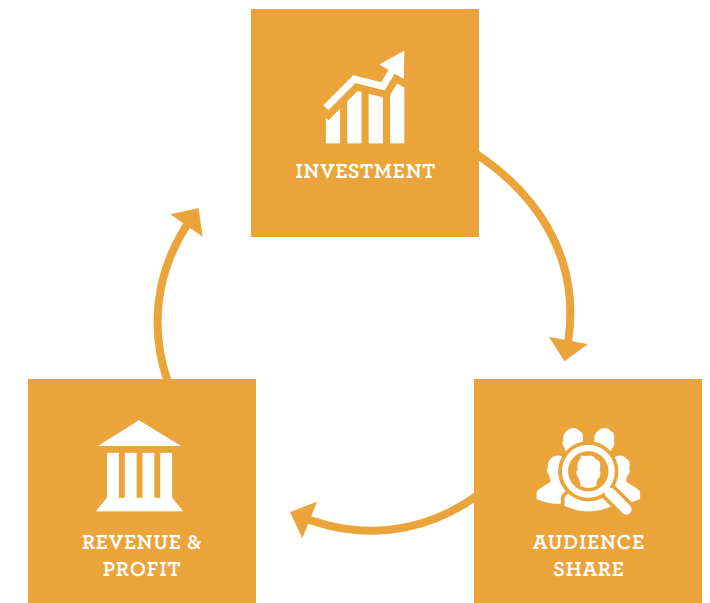
FUTURE GROWTH STRATEGY



Our record SOCI drove significant ad revenue increases in 2015. This was re-invested into new original commissions and premiere acquisitions further boosting 2015 SOCI up to the record level of 9.31%.

The cycle continues with increased 2016 revenues being used to further expand our original programme slate into live sports and event television.

UKTV BELIEVES IN THE VIRTUOUS CIRCLE OF



REDUCING THE IMPACT OF PRODUCTION IN SPACE (AND ON EARTH)



UKTV has two series of the Emmy-winning *Red Dwarf* in production, with the first to air this autumn on Dave. The studio-based scripted comedy has completed six months of filming at Pinewood Studios, before moving into edit and SFX shoots.

UKTV is a full member of BAFTA's albert consortium, a group of broadcasters and production companies working to steer the TV industry towards an environmentally sustainable future. A central component to the consortium's work is to create first-rate sustainable productions, a process measured by the consortium's environmental certification process, albert+. UKTV is using albert+ on *Red Dwarf*, addressing emissions reductions in lighting, transport and material use by using a renewable power source, LED lighting and sustainably sourced timber for sets.

The *Red Dwarf* team are on track to receive a three star accreditation and are taking the green message to wider audiences by telling their sustainable story through the Green Dwarf DVD extras they are producing.



Over 2,000 users representing 360 companies have signed up to albert.



In 2015 the consortium footprinted 3,600 hours of content from 650 productions.



The average carbon footprint from an hour's worth of TV production is 12.9 tonnes CO₂.



According to Broadcast's Indie Survey there are over 20,000 hours of original TV content produced annually. Assuming each hour creates 12.9 tonnes of CO₂, we'd need enough trees to fill the M25 to absorb this amount of carbon dioxide.

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For further information please email pressoffice@uktv.co.uk

You can also access the latest UKTV news and press releases as well as previous financial reports on our corporate site corporate.uktv.co.uk



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