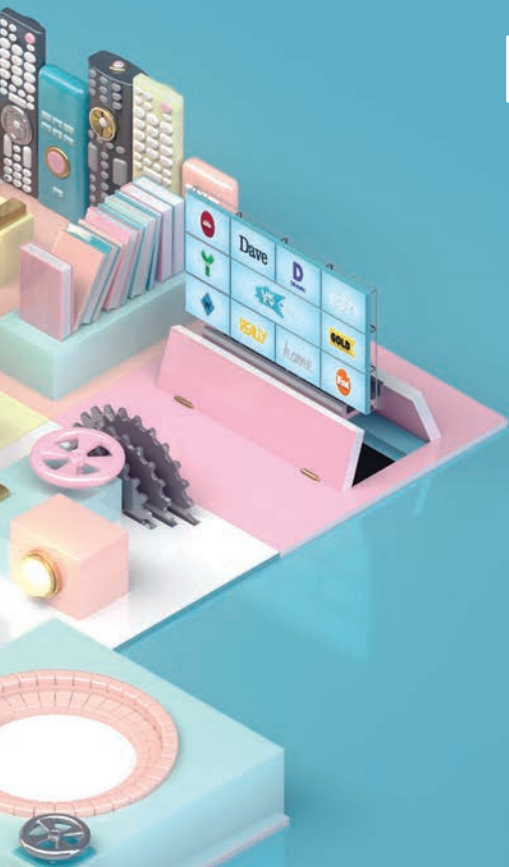




FINANCIAL REPORT

2016



RECORD MARKET SHARE, REVENUE, PROFIT & PROGRAMME INVESTMENT



Darren Childs CEO

UKTV builds its position as one of the most exciting companies in the UK television market and that's reflected in the record viewing and financial results we recorded for 2016.

Our share of British commercial TV viewing is almost 10%, and this growth in viewership helped drive revenues to an all-time high of £344.8m, translating into EBITDA growth of 11.3% to £91.3m. In fact, we've grown EBITDA and operating profit by over a third in three years.

Our strategy of delivering hit shows to our viewers across a range of platforms has remained unchanged. In 2016 we committed £151.2m in programme investment and related launches which resulted in more original programmes across the network.

On Dave, eight out of the channel's top 10 titles were UKTV Originals, including the hugely successful *Live Boxing: David Haye vs Mark de Mori* which attracted over three million viewers, hit series such as *Red Dwarf XI* and *Taskmaster* and many more, helping Dave to retain its position as the top non-PSB channel in the UK. In 2017, we remain focused on increasing the number of original entertainment hours across our network and are excited by the brand new shows in our pipeline including *Davina* (w/t), *Porters*, and *Murder on the Blackpool Express*.

Investment in our brands and distribution remains vital to our strategy. During 2016, we successfully grew the viewership of Watch by refining its proposition and relaunching it as W; and we moved Home from pay to free-to air. Both channels are delivering excellent results as they command increased audience share, proving that our strategy of investing in our channel brands is paying off.

We have also developed UKTV Play, our TV streaming service. So far in 2017, the service has grown direct to consumer views by 51% year on year, making UKTV Play the fastest growing part of our business. And this year we will develop the free TV streaming service with data-driven advertising and launch UKTV Play on Sky and Now TV.

Following another successful year, I am delighted to announce the launch of The Innovation Fund [more detail on page 13] This is a significant step for UKTV. Our intention is to make a multi-million pound investment in high-growth potential businesses to unlock incremental revenue streams.

The UKTV leadership team



FINANCIAL SUCCESS

RECORD RESULTS

In three years, UKTV has grown its revenues by 24.1% and EBITDA by 35.5%

REVENUE



8.0%

increase year on year

EBITDA

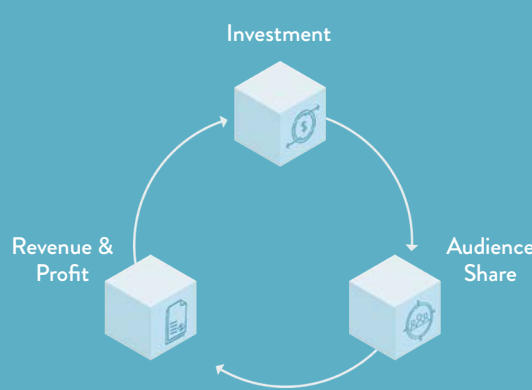


11.3%

increase year on year

2016	2015	2014	2013
£344.8m	£319.2m	£282.6m	£277.8m

2016	2015	2014	2013
£91.3m	£82m	£74.2m	£67.4m



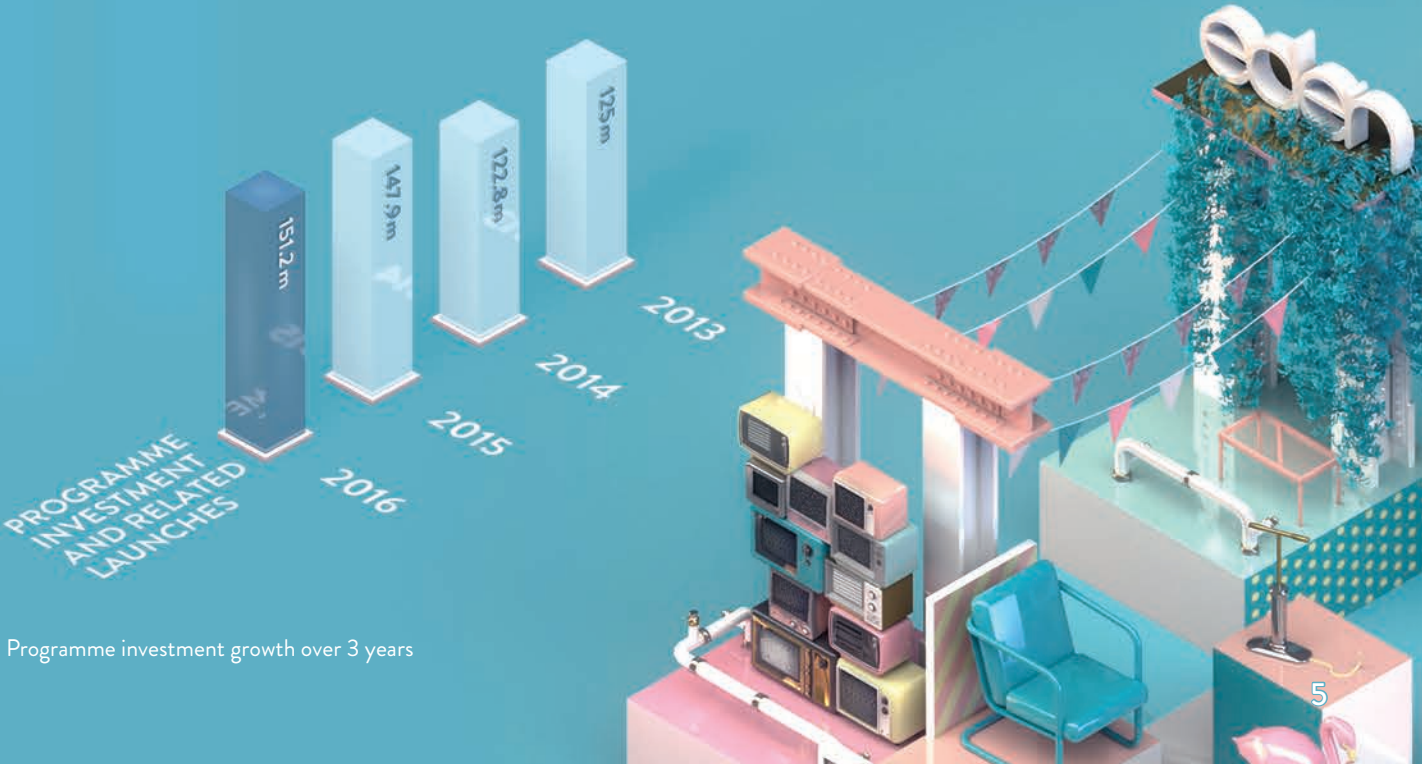
Tom Davidson

CFO



In 2016 UKTV delivered outstanding growth across all main financial metrics. Our consistent strategy of investing in programming, including developing new UKTV Originals, brings in larger audiences to our channels, in turn increasing revenue and profits. Our revenue is at record levels, up 8% on last year at £344.8m whilst our EBTIDA has grown 11.3% to £91.3m. Our expansion has been enabled by our continued investment in programming and related launches across the network, which stood at £151.2m in 2016.

As we look to 2017 we remain confident in our prospects. Our long-standing track record in delivering brand-defining commissions and curating the best TV content means we are well positioned to capture significant audience share. We will continue to invest in our content and distribution, including our VOD service UKTV Play, so that we can continue to generate profit which can be invested back into our business.



Programme investment growth over 3 years

GROWING MARKET SHARE

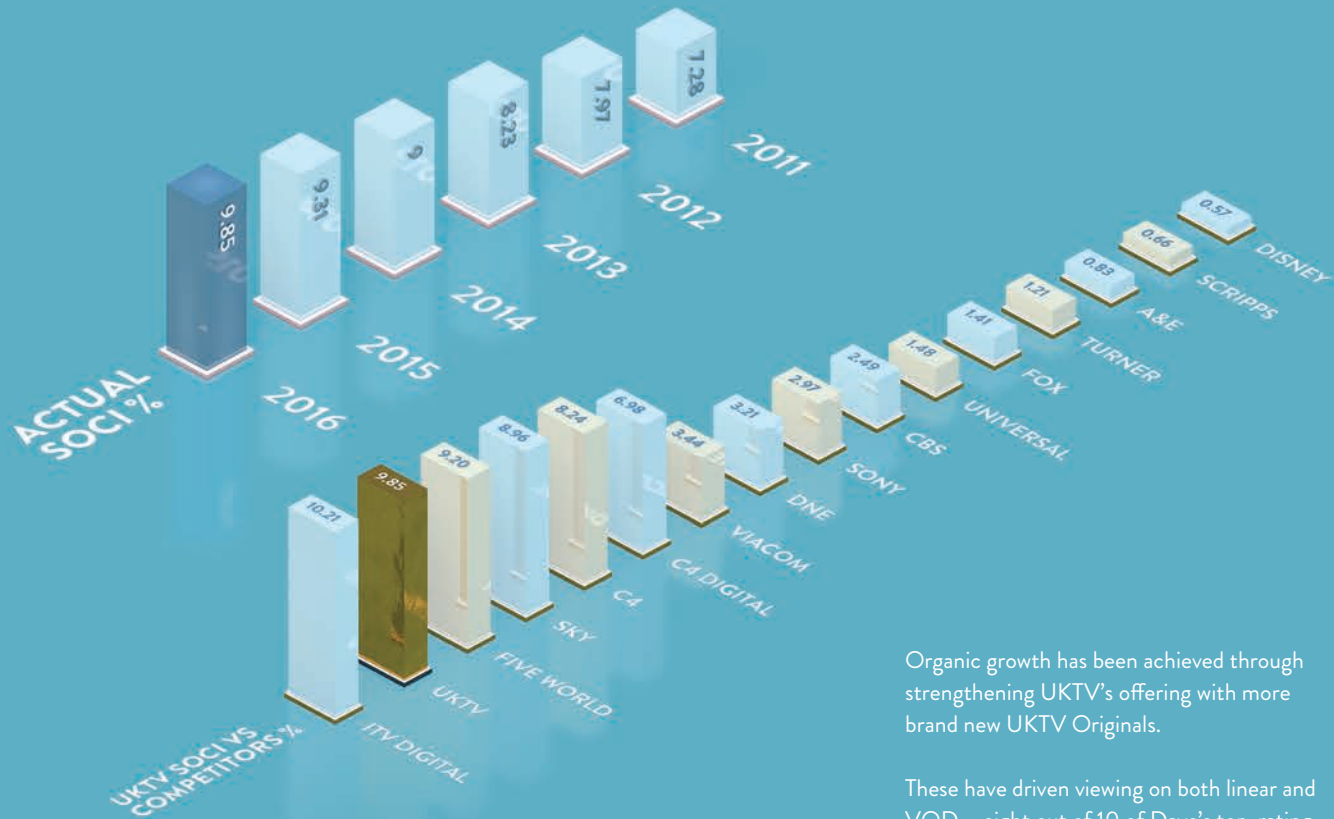
Zoë Clapp
Chief Marketing & Communications Officer



We've grown our share of commercial TV viewing by tactically building UKTV's portfolio through organic and mechanical growth.

In February 2016, we launched W in place of premium entertainment channel Watch, after spotting a demographic growth area in 30-39 year-old women. The decision to hone the channel's proposition and refine the audience proved successful, with W growing its adult share by 6.3% since launch and by almost a fifth amongst its core target audience. The following month we expanded UKTV's free portfolio of channels by moving Home free-to-air, more than doubling audience share for the channel.

OUTPERFORMING THE COMPETITION



Organic growth has been achieved through strengthening UKTV's offering with more brand new UKTV Originals.

These have driven viewing on both linear and VOD – eight out of 10 of Dave's top-rating linear shows throughout the year were UKTV Originals (see chart on page 10), and there was a 14% higher download rate for iOS and Android UKTV Play apps in the autumn when a number of UKTV Originals were premiering on the service.

We've also significantly built brand awareness for Drama, resulting in the channel growing by 27% in 2016.

Simon Brown
Executive Director of Strategy, Reserch and Regulatory Affairs



UKTV ON DEMAND

Six of the top 10 shows on demand in 2016 were UKTV Originals.

Source: Google Analytics/platform data full year 2016. Numbers are views in 000s for top episode in series.

UKTV Originals



Sinead Greenaway

Chief Technology & Operations Officer



There may be a growing trend amongst younger viewers to watch shows outside of a traditional TV schedule, but the TV industry has been fast to innovate to meet viewer expectations - and UKTV continues to grow its overall share of the market.

Our strategy to build UKTV's linear channels, alongside our award-nominated TV streaming service, UKTV Play, is paying off.

UKTV was the fastest growing network in 2016, and in VOD we grew views to UKTV Play's direct to consumer products by 74%, through enriching the service with more content and functionality, and expanding UKTV Play's reach by launching on Freeview Play. And this growth continues in 2017, with UKTV Play launching on Sky and Now TV later this year.

Samantha Hammonds

General Counsel



We work collaboratively with our content partners across the creative industries to ensure that our high quality output is delivered across all platforms through our TV channels and on UKTV Play, by as many means of access as possible.

To this end, we commission and acquire content for UKTV's portfolio by putting the needs of our viewers at the heart of our rights strategy and will continue to innovate by finding new ways of delivering our shows to new audiences.



179%

Growth in views of UKTV Originals on UKTV Play vs 2015



98%

Increase in downloads of the UKTV Play app year on year



UKTV Originals

TOP 10 SHOWS ON DAVE

Eight of the top 10 shows on Dave in 2016 were UKTV Originals.

Source: BARB/TechEdge full year 2016. Numbers are viewers in 000s for top episode in series.



Richard Watsham

Director of Commissioning



UKTV Originals continued to grow in scope and reputation in 2016, with eight out of the top 10 shows on Dave now home-grown. Importantly, the balance has shifted towards UKTV being first and foremost a creator of original content, and an important contributor to British creativity. This momentum will accelerate in 2017.

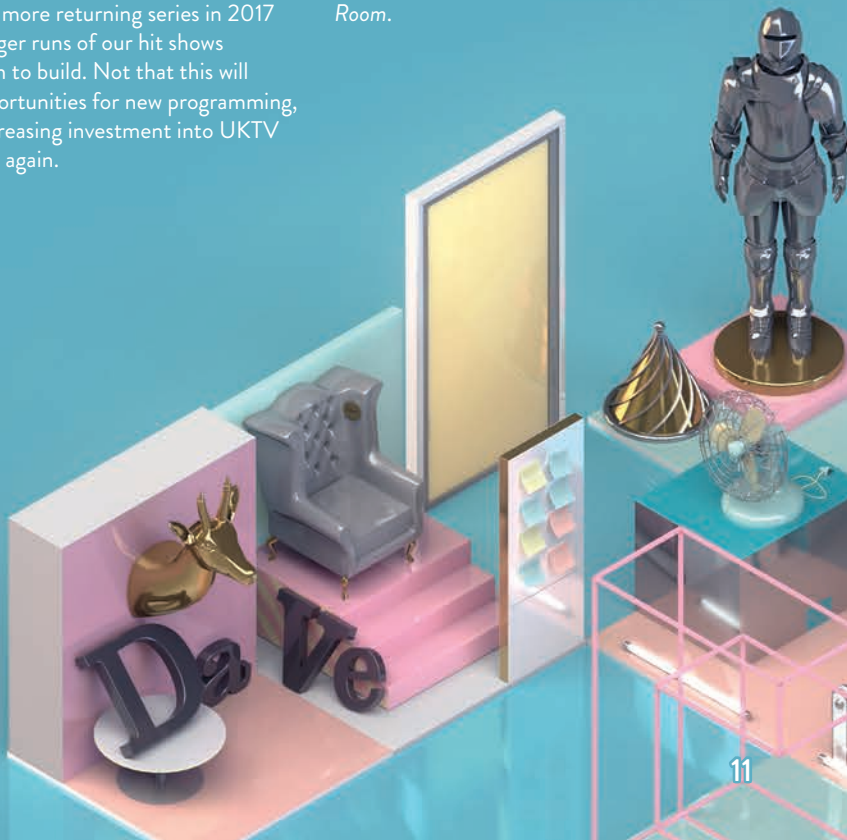
We are at the forefront of innovation in comedy entertainment with the successful launch of *Dara O Briain's Go 8 Bit*, joining established hits including *Dave Gorman*, *Modern Life is Goodish*, *Alan Davies: As Yet Untitled* and the hugely popular *Taskmaster*. This industry-leading approach has been recognised with Dave winning Entertainment Channel of the Year at the Broadcast Digital Awards.

We continued to diversify our original portfolio into live sport with two record-breaking fights for David Haye, Caribbean cricket and darts.

We've also driven quality into high-volume factual, with critically acclaimed series like *Inside the Ambulance* and *Helicopter ER*, and later this year viewers have brand new series *Into The Fire* to look forward to. As a result, we're collaborating with a greater number of talented producers than ever before, doubling the Indies we worked with last year.

There will be more returning series in 2017 too, with longer runs of our hit shows to allow them to build. Not that this will diminish opportunities for new programming, as we are increasing investment into UKTV Originals yet again.

Investment and increased hours in 2017 will enable us to continue to raise the reputation of UKTV. It's our ambition to lead the industry in more genres, competing more and more effectively with the biggest channels in Britain for the strongest ideas and the very best talent. We're delighted to welcome Davina McCall to W where she joins John Bishop, whose break out hit *In Conversation With...* returns with a double order of 20 episodes. Upcoming UKTV Originals also include *Murder on the Blackpool Express*, *The Secret Life of the Ballroom* (w/t), *Porters* and *The Dressing Room*.



INVESTING IN THE FUTURE - THE INNOVATION FUND



Simon Michaelides

Chief Commercial Officer



Following another year of record financial results, UKTV is launching a multi-million pound Innovation Fund in conjunction with our ad sales partner, Channel 4, which includes the ability to trade airtime for equity through their Commercial Growth Fund.



The Innovation Fund is designed to unlock incremental revenue streams for UKTV and will be used to invest in high-growth potential businesses that are seeking external investment; helping many organisations break into the TV advertising market for the first time.

We will identify suitable investment opportunities across a range of industries that will provide solid financial returns and represent a strong strategic fit with UKTV's priorities. UKTV's internal Investment Committee will be responsible for guiding the direction of the investment portfolio, ensuring all investments match our criteria, company values and ambitions.



CREATING AN INSPIRATIONAL CULTURE



Claire Astley

HR Director

Last year UKTV became the first TV broadcaster to become one of the top 100 companies to work for in the UK in the Sunday Times official list. That's important to us because we want TV to be a great place for people to come and build their careers.

We believe the future of television lies with new talent coming through, bringing fresh creativity and breathing new life into the viewing experience. Therefore, access to the TV industry needs to be open to every talented person out there, whatever their social or economic background.

The UKTV 2016 Apprentices



Apprenticeships are vital. They ensure we can open employment opportunities up to all sections of society, and in turn reflect the audiences we seek to entertain.

Through our award-winning apprenticeship scheme at UKTV we've brought brilliant talent into the business, in areas as wide as editorial, marketing, social, research & insight, VOD, creative and with the CEO.

Our first apprentice joined the marketing team in 2014 and has just been promoted for the second time. Evidence that fair opportunity isn't only ethically important, it makes good business sense. Over the last 12 months we have more than doubled the number of apprenticeship roles and this year we're launching a brilliant new youth talent initiative.



“If you can get the right people in the right place, pointed in the right direction with permission to take risks and a network of support, that’s how you unlock great creativity.”

Darren Childs, CEO

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

You can also access the latest UKTV news and previous financial reports on our website uktv.co.uk



@UKTV_press

