

PRESS RELEASE

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BBC Worldwide delivers returns to the BBC above £200m for second consecutive year

Achieved during a year of investment and transformation in the company

Financial Results

- £222.2m (2014/15: £226.5m) returned to the BBC, up 17.6% year on year adjusted for dividends relating to disposals
- Headline sales of £1,029.4m (2014/15: £1,001.8m), up 2.8%, or 6.7% in underlying growth (adjusted for part sale of BBC AMERICA)
- Headline profit of £133.8m (2014/15: £138.6m), up 4.0% after BBC AMERICA adjustment

Business Highlights

- *Sherlock: The Abominable Bride* became the top-selling title of the year, and was licensed to 216 territories
- 12 out of 33 international channel feeds carried the new genre brands, BBC First, BBC Earth and BBC Brit, at year end
- Underlying growth in headline profit reported in all but one geographic segment

Creative Industries Highlights

- Supported the increased global appetite for English language drama, partnering on titles including *War and Peace* and *Thirteen*
- Drove creative deal-making: facilitating international co-production such as *The Hunt* and forming innovative partnerships with new content-makers, including YouTubers Joe Sugg and Caspar Lee
- Returns to the independent production sector increased by 2.7% to £116.1m (2014/15: £113.1m)

BBC Worldwide today announced its 2015/16 financial results, revealing a good performance that included returns to the BBC above the £200m level for a second consecutive year, continued transformation of the company and further investment in both the company and the wider UK creative industries.

The results include the impact of the first full year without 100% ownership of BBC AMERICA, following the part disposal of the channel to AMC Networks in October 2014. The most significant impact of this part-sale was seen in headline profit, down 3.5% to £133.8m (2014/15: £138.6m). However, removing the effects of the BBC AMERICA deal, the company delivered good underlying growth both in headline sales and profit. Headline sales of £1,029.4m (2014/15: £1,001.8m) were up

2.8%, or 6.7% on an underlying basis, and ahead of industry growth. Headline profit was up 4.0% adjusted for the impact of BBC AMERICA, in spite of ongoing investment in the transformation of our BBC-branded channel portfolio, development of new direct-to-consumer digital services and a further increase in content costs.

Tim Davie, Chief Executive, BBC Worldwide and Director, Global said: *“This year’s results are due to strategic focus and exceptional content, creatively commercialised. Despite operating in an increasingly challenging environment, we have held onto our ambition to transform the business, deepening our unrivalled content slate, while increasing our support to the BBC and the wider UK creative industries. All these elements played their part in delivering a good set of results and ensuring we enter the new year from a good place.”*

Returns to the BBC:

Returns to the BBC of £222.2m (2014/15: £226.5m) were marginally below prior year and represented a record increase of a 17.6% year-on-year improvement adjusted for disposal proceeds. This equates to 13.0% (2014/15: 12.6%) of total BBC Television content spend and takes our cumulative returns over the past five years to almost £1bn. The company also reported a steady investment in BBC-commissioned content of £92.7m, broadly in line with the previous year’s £94.4m. These returns play an important role in ensuring the BBC can continue to deliver ambitious and world-class programmes, with titles aired in the year including *War and Peace*, which at year end had been sold to 184 territories, *The Hunt*, which was almost three-quarters funded by BBC Worldwide, *Doctor Foster* and *Shark*.

An active creative partner for the UK creative industries:

BBC Worldwide’s support and investment in the wider UK creative industries continued to gather pace this year with a greater focus on deepening long-term partnerships with high quality UK independent production companies. Within the year this included equity financing, distribution and creative partnership with UK start-ups Amazing Productions, Mighty Productions and Red Planet Pictures (Entertainment) and a deeper relationship with Greenbird Media, which in turn backs a portfolio of young indies. Output in the year from creative international deal-making included international co-production *The Hunt* and a digital partnership with Amazon for Lookout Point and Artis Pictures Production’s *The Collection*. In financial terms the company delivered an increase of 2.7% in returns to the independent sector of £116.1m (2014/15: £113.1m).

Delivering on strategy:

The company also reported that considerable progress on delivering against its three strategic pillars - premium content, global brands and transformation to digital products and services - had been made in the year.

Premium content provider:

With content at the heart of the company, BBC Worldwide was pleased to announce the delivery of another unrivalled content slate, with top-selling titles including *Sherlock: The Abominable Bride*, which was sold to 216 territories, *Doctor Who S9* and *Orphan Black S3*. Against a backdrop of increased industry consolidation, the proliferation of new entrants to the market and the rising cost of content, the company remained focused on investing in premium content and invested £161.6m in content in the year (2014/15: £180.5m), the change largely attributable to de-consolidation of BBC AMERICA's content investment. Drama continued to be a growth area for producers and broadcasters alike and, for the second consecutive year, made up around half of the company's total investment. As a result, the company took delivery of a wealth of titles such as *Banished*, the first locally commissioned production for BBC First in Australia, which went on to become the highest rating title across all plays for the channel. Investment in natural history titles also included *Attenborough and the Giant Dinosaur* and the company welcomed two new high potential children's titles *Hey Duggee* and *Go Jetters*. The introduction in 2014 of a new content sales programme, focused on insight, customer relation management and marketing, came into fruition in 2015/16, delivering an impressive 18.4% growth in revenue for content sales, with digital sales playing a pivotal role in this growth.

Growth in global brands:

A focus on continuing to deliver the company's largest programmes in innovative and engaging ways resulted in the launch of a maiden 55 episode run for *Dancing with the Stars* in Colombia, while the well-established US version ranked in the country's top 10 most watched entertainment shows, and there was an impressive international sales performance for *Doctor Who S9*. *Top Gear* returned for series 23 with an all-new presenting line-up, licenced to 130 territories by series end, 41 more at the same point than series 22. The continued roll-out of the three genre brands - BBC First, BBC Brit and BBC Earth - in the year supported plans to upgrade the company's linear channel offering and at year end both BBC First and BBC Earth were available in around 40 countries and BBC Brit in 61. As a result, the company announced that 12 of its 33 international channel feeds carried the genre brands by year end.

Digital developments:

The year also saw good progress on the company's plans for direct-to-consumer digital services. In November, BBC Store launched in the UK, offering the opportunity to buy and keep a wealth of recent and classic titles. By year end the service offered 9000 hours of content, making it the largest collection of BBC programmes available to own. Elsewhere, a focus on securing deals with digital platforms resulted in new partnerships with SVOD service Crave TV in Canada, part of Bell Media, for the exclusive rights to *Doctor Who*. Alongside this, other deals secured in North America resulted in some 60% year-on-year increase in digital content sales for the business. In Australia, a new business deal with Foxtel's streaming platform Presto increased availability of content to 17 digital platforms

in the market. Meanwhile, Global Markets sought to balance traditional partnerships with digital ones, which included the signing of a memorandum of understanding with China's Mango TV.

Segmental performance:

All regions but one delivered underlying growth in headline profit. In addition, while the company is managed along geographic not product lines, this year the company also published results by business area. Adjusting for the BBC AMERICA effect, headline sales were up in all segments other than Consumer Products, which includes the declining DVD category. Headline profits were ahead in all segments aside from Production & Formats, where it was impacted by content mix and the treatment of tax credits. Financials are detailed below in notes 2 and 3.

Looking ahead:

The company acknowledges there will be further market change in the year ahead, but takes confidence that the delivery of a clear strategy, efficiency drive and a focus on building company culture will ensure BBC Worldwide is in a strong position in the year ahead.

Davie concluded: "In the year ahead, audiences across the globe can look forward to a raft of stunning titles including the long awaited return of Planet Earth II this autumn, Doctor Who spin-off Class, SS-GB and the fourth series of Sherlock. Fans of British content in Singapore will also be the first to enjoy BBC Player later this summer and later this year we will launch our first OTT proposition in the USA: two projects that build on our ambition to expand the ways in which we deliver premium content to our audiences."

-Ends -

For more information please contact:

Email: Cassandra.Power@bbc.com / Charlotte.Elston@bbc.com

Mobile: 07739 300280 / 07540 125748

Notes to Editors:

2. Segmental results

£m	Headline sales		Headline profit	
	2015/16	2014/15	2015/16	2014/15
United Kingdom	379.3	361.8	62.4	52.7
North America	277.9	299.9	24.2	32.9
Western Europe	168.0	160.1	21.0	27.0
Australia and New Zealand	79.1	81.9	19.2	16.3
Rest of World	137.7	116.2	5.4	5.2
Eliminations	(12.6)	(18.1)	1.6	4.5
Total	1,029.4	1,001.8	133.8	138.6

3. Results by business area

£m	Headline sales		Headline profit	
	2015/16	2014/15	2015/16	2014/15
Content Sales	384.2	324.4	68.2	62.7
Branded Services	335.7	370.5	49.7	55.4
Production & Formats	173.0	163.0	10.6	15.8
Consumer Products	179.1	197.6	6.9	3.4
Eliminations	(42.6)	(53.8)	(1.6)	1.3
Total	1,029.4	1,001.8	133.8	138.6

Note: The business classifications have been updated during the current year to better reflect the Board's operational view of the business. The Board views the business based on four business line segments: Branded Services (includes prior year's Channels business, as well as Ad Sales and BBC Store), Content Sales (includes prior year's Sales & Distribution), Production & Formats, and Consumer Products. The previously reported Other business lines have been reallocated across these four segments.

About BBC Worldwide

BBC Worldwide is the main commercial arm and a wholly owned subsidiary of the British Broadcasting Corporation (BBC). Its vision is to build the BBC's brands, audiences, commercial returns and reputation across the world. This is achieved through investing in, commercialising and showcasing content from the BBC around the world, in a way that is consistent with BBC standards and values. The business also champions British creativity globally.

In 2015/16, BBC Worldwide generated headline profits of £133.8m and headline sales of £1,029.4m and returned £222.2m to the BBC. For more detailed performance information please see our Annual Review webpage: www.bbcworldwide.com/annual-review
www.bbcworldwide.com
twitter.com/bbcwpress