

## Press Release

02 July 2019

### **BBC Studios delivers creative and financial success in first year as merged company**

- **Record returns to the BBC of £243 million**
- **EBITDA up 51% year on year at £159 million**
- **New deal with Migu for landmark documentary announced today**
- **Almost 300 award nominations and 79 wins for BBC Studios-produced content**
- **15 new third party commissions secured in the year across a range of broadcasters and SVODs**
- **Post year-end acquisition of UKTV**
- **Multi-year content partnerships secured with Discovery for factual and extended with China's Tencent for natural history**

BBC Studios, the BBC's wholly-owned commercial subsidiary formed by the 2018 merger of BBC Worldwide and BBC Studios, today announces its 2018/2019 financial results, showing a record year of returns to the BBC, principally in the form of programme investment and dividends of £243 million (2017/18: £210 million).

In the first full financial year for the merged business, EBITDA (earnings before interest, tax, depreciation and amortisation) were up 51% at £159 million (2017/18: £105 million) on headline sales of £1,373 million (2017/18: £1,411 million). The business made nearly 2,000 hours of programming for the UK audience, secured 15 new commissions for third parties around the world, including *Inside the Duchy* for ITV, *Danny Dyer on Pinter* for Sky Arts and *Stay Free: The Story of the Clash* for Spotify. BBC Studios-produced programmes like one-off drama *Killed By My Debt*, *Strictly Come Dancing* and live coverage of the Royal Wedding garnered some 79 award wins for the year, from nearly 300 nominations.

Alongside today's results, two new third party commissions are announced for BBC Studios Productions. These include its first direct commission in China - a landmark documentary *One Cup, A Thousand Stories* (w/t), for China Mobile's Migu. BBC Studios Productions also announced yesterday its first commission for the new short-form digital platform Quibi - BBC Studios' Natural History Unit is producing *Fierce Queens* (w/t) a blue-chip series introducing nature's phenomenal females.

Tim Davie, CEO of BBC Studios said: *"It has been an excellent year for BBC Studios, both creatively and financially. Two separate subsidiaries have combined swiftly and efficiently to create a new British studio operating on the world stage, able to take ideas seamlessly through funding, creation, distribution and commercialisation. An extremely strong programme slate has seen high quality and award-winning British content like Dynasties, Les Misérables, Famalam and the Festival of Remembrance play out across UK screens and internationally. Our financial performance, with record returns to both the BBC and to indie partners, underpins this creative success.*

*"The markets in which BBC Studios operates remain changeable, but we know there is strong demand for premium, inspiring content – with forthcoming shows like Seven Worlds, One Planet and The Left Behind setting the standard within the industry. Our business is firmly focused on investing in talent, rights and ideas, growing our partnerships around the world, evolving our culture, creativity, diversity and innovation, and ensuring we are well positioned to meet this demand and boost our ongoing contributions to the BBC and the wider creative industry."*

## Financial results

In the first full year of operation for the merged business, a strong EBITDA performance, up 51% from £105 million in 2017/18 to £159 million (up 21% excluding the benefit of foreign exchange) underpinned a reduction in net debt to £46 million (2017/18: £127 million). This strong balance sheet position finances the purchase of the majority of UKTV as well as increased investment in content. On the Production and Distribution side of the business, solid performances both in the UK and internationally delivered growth in EBITDA of 138%.

In Content Sales, creative deal-making led to a number of developments for both new and existing partnerships, with deals struck for titles *His Dark Materials*, *Dracula* and *Good Omens*. There was notable success for scripted formats in Asia, with format deals for *Life on Mars* in China and *Mistresses* in Japan making a total of 15 projects in recent years. The Consumer Products business once again saw significant structural decline in the physical media market.

In Branded Services, EBITDA growth of 16% reflected healthy performances from BBC AMERICA and BritBox in the US and Canada - which achieved half a million subscribers ahead of targets, and continues on an upward trajectory. UKTV in the UK gave a robust performance and new deals were struck for BBC Learning, BBC Earth, BBC First and BBC Living around the world.

The business is investing in its biggest brands, with a hit new *Doctor Who* in Jodie Whittaker, new BBC *Planet* natural history titles in the pipeline and a fresh presenter line-up for *Top Gear* debuting with ratings success in mid-June. *Strictly Come Dancing* dazzled in entertainment with over half the UK audience (12.9 million, 55% share) tuning in for the final. New brand *Bluey* in Australia aired on ABC to audience and critical acclaim. It will go out on CBeebies Australia next year, and, post year-end, a deal was signed with Disney Channels and the new streaming service Disney+ globally (excluding ANZ and China), as well as an agreement with Moose Toys to become the global master toy partner (excluding Asia).

The business signed a number of significant new or extended deals for content partnerships, including a ground-breaking global SVOD relationship with Discovery across premium factual and natural history in almost every country in the world, natural history with Tencent in China, and post-year end in scripted and factual with ZDF in Germany.

## Creative successes

The business' strong creative performance, following a strategy to increase investment in the best British content, was evident in titles like *Louis Theroux's Altered States*, *Earth's Great Rivers*, *Horizon: Stopping Male Suicide*, *This Country* and *MotherFatherSon* for the BBC. Elsewhere, BBC Studios made *Fatberg Autopsy* for Channel 4, *Chocolate Dreams - Inside Hotel Chocolat* for Channel 5, and *Royal Wedding Watch* for PBS in the US. *Good Omens* was released by Amazon to critical acclaim after year-end and will air on BBC Two at a later date.

In the year, the business made nearly 2000 hours of programming, won 15 new commissions from third parties, and overall has retained seven out of ten of the programmes tendered under contestability obligations in the new Charter to date, including *Later with Jools Holland...* as well as *Countryfile* and *Topical Arts* after year-end.

## Supporting the Creative Industries

BBC Studios continued to develop its relationships with the independent sector, working with a range of indies representing the best of British content. BBC Studios now has equity stakes in 16 companies, first look deals with a further 17 and represents content from over 200. In the year, BBC Studios Productions in the UK increased its stakes in Lookout Point from 49.9% to 100%, as well as making new investments in British premium content start-ups Moonage and Firebird. Overall, £176 million was returned to the indie sector through rights investments and royalties in the year, up 18%.



## Outlook

BBC Studios is well on track to meet its target of £1.2 billion of financial returns to the BBC by year five of the current Charter, even though its strategic decision to invest for long term sustainable growth and business phasing will likely mean marginally lower returns in the next financial year, and with a changeable backdrop for the markets in which it operates.

The UKTV deal completed in June, securing an important strategic revenue source for the business. Under BBC Studios' ownership, UKTV will continue to innovate and invest in the best of British content, working with partners across the industry to get the best ideas and formats to screens and audiences.

BBC Studios' forthcoming slate of content is very promising, with *8 Days: To the Moon and Back*, *The Left Behind*, *Seven Worlds*, *One Planet* and *Earth's Sacred Wonders* in the pipeline over the coming months for the BBC, and *The Red List/Wildlife Warriors* for Discovery and *We Hunt Together* for UKTV, both set to air next year.

*Ends*

For more information, please contact:  
Charlotte Elston/Hannah Bailey  
charlotte.elston@bbc.com; hannah.bailey@bbc.com  
BBC Studios Corporate Communications

## NOTES TO EDITORS

### About BBC Studios

BBC Studios, a global content company with British creativity at its heart, is a commercial subsidiary of the BBC Group. Created in April 2018 by the merger of two existing commercial subsidiaries, BBC Worldwide and BBC Studios, it spans content financing, development, production, sales, branded services, and ancillaries spanning both its own productions and programmes and formats made by high-quality UK independents, able to take an idea seamlessly from thought to screen. Award-winning British programmes made by the business are internationally recognised across a broad range of genres and specialisms. BBC Studios has offices in 22 markets globally, including six production bases in the UK and production bases and partnerships in a further nine countries around the world. The company, which makes around 2000 hours of content a year, is a champion for British creativity around the world and a committed partner for the UK's independent sector. BBC Studios has revenue of around £1.4bn, and returns over £200m to the BBC Group annually, complementing the BBC's licence fee and enhancing programmes for UK audiences.

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