

Chief Executive's Review 2001



Rupert Gavin
Chief Executive, BBC Worldwide



The Weakest Link was promoted across the US in the run-up to its successful launch



BBC Worldwide is the UK's largest international channel provider

BBC Worldwide returned a record amount of money to the BBC.

Yet another record year

Despite the slowing global media market, BBC Worldwide achieved yet another record year.

Our sales increased by 14% – reaching almost £600m and almost doubling the sales of five years ago [see chart 2].

Profits were up 170% at £23m.

Our cash flow contribution to the BBC achieved yet another record – £96m. Up 17% on the previous year, and more than double our cash flow contribution of five years ago [see chart 3].

A winning strategy

A few years ago BBC Worldwide put in place a marketing-led, multimedia, multi-territory strategy designed to exploit effectively brands and properties on a global, multi-format basis [see chart 1].

The success of this strategy is being shown by the consistent growth that BBC Worldwide is now achieving.

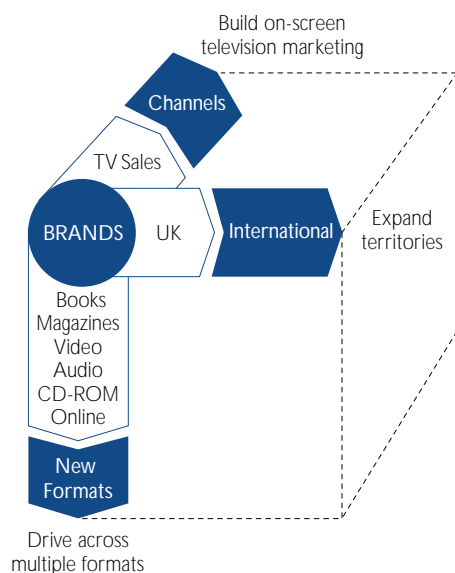
A global business

Our research shows that the awareness of the BBC brand around the world is now growing considerably – increasing from 78% in 1999 to 85% in 2000 – and, importantly, growing from 77% to 91% in the US market [see chart 9, page 7].

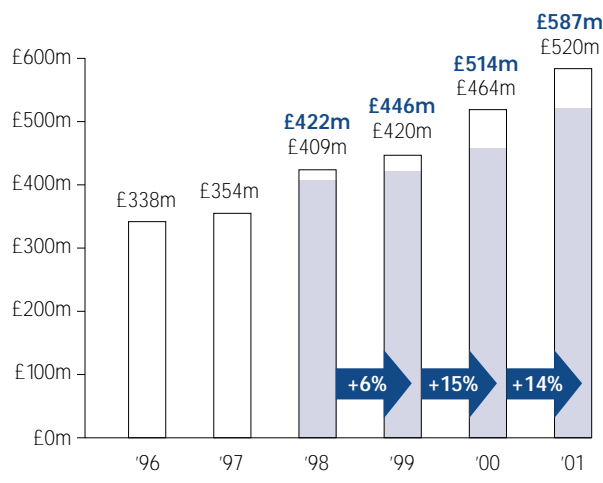
Our proportion of sales coming from overseas has increased from 33% three years ago to 42% this year [see chart 8, page 6].

Our proportion of sales coming from our major global brands has now increased to 23% [see chart 7, page 6].

1. Our multimedia, multi-territory strategy



2. Record sales growth



BBC Worldwide sales growth 1996–2001 (£m):
□ including JVs ■ excluding JVs



beeb.com is the UK's fourth most visited retail website [Source: MMXI, November 2000]

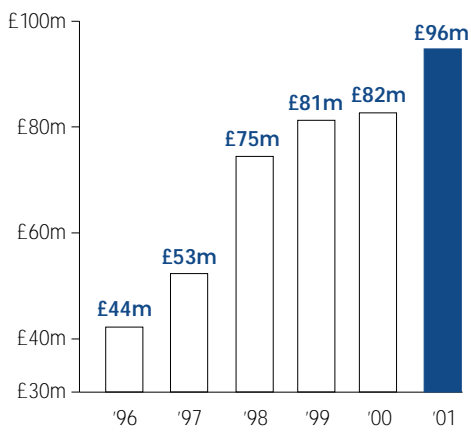


BBC Worldwide is the UK's leading non-film DVD distributor



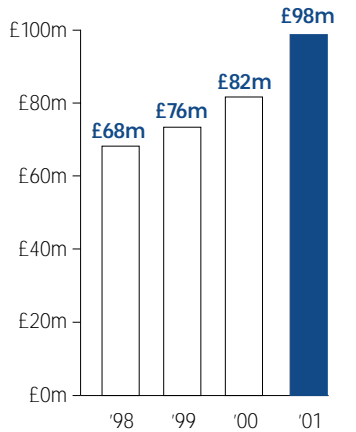
Gary Rhodes' New British Classics has sold more than 200,000 copies since publication

3. Record cash flow contribution to the BBC



BBC Worldwide's cash flow contribution to the BBC (£m)

4. Record EBITDA* performance



EBITDA* Growth 1998-2001 (£m)

Meeting challenging targets

BBC Worldwide has very challenging long-term growth targets. The most recent year shows that it is on track to meet these.

BBC Worldwide performance versus long-term targets

	% growth 2000/01	long-term targets
Sales	12%	12%
Cash flow	17%	15%
EBITDA* % of sales	18%	20%

Performance against competitors

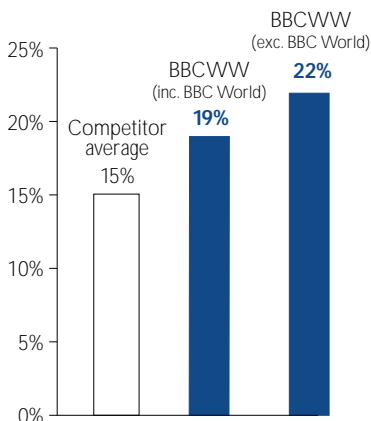
On a host of measures BBC Worldwide can show how it is outperforming its competitors.

Two are worth highlighting.

The British Television Distributors' Association (BTDA) figures for the TV export market in 2000 show that BBC Worldwide has, for the second year running, outstripped the UK competition by a considerable margin [see chart 6].

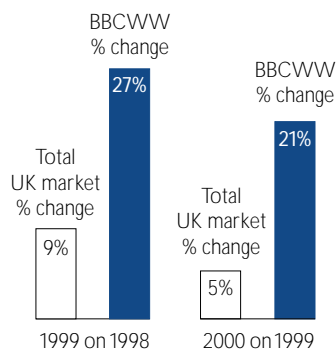
As a measure of its efficiency, we look closely at our EBITDA* performance as a percentage of sales [see charts 4 and 5]. This year we achieved 19% EBITDA* to sales ratio; excluding BBC World, we achieved 22%. This now exceeds the performance of our basket of ten commercial competitors, many of them much larger than ourselves.

5. EBITDA* % performance against competitors



BBC Worldwide efficiency measured against a group of ten of its major competitors (EBITDA*/Sales %)

6. BBC Worldwide's growth in TV-related exports versus UK total



Source: BTDA 2000, based on calendar year

*EBITDA calculated on a management accounts basis, pre-exceptional items

Chief Executive's Review 2001



Gardens Illustrated was BBC Worldwide's first magazine acquisition in ten years



BBC Worldwide publishes the five top-selling UK pre-school magazine titles



eve took BBC Worldwide into the general women's magazine sector for the first time

A record 79 industry awards marked our growing creativity and expertise in all areas.

Bringing funding to growth

We are delivering to our plan to secure external capital to BBC Worldwide through important partnerships, such as those with Discovery, Telewest, Pearson, Foxtel, EMAP and Haymarket – but now also with TH Lee, Alliance Atlantis, Jupiter Programming and Knowledge Chase.

Through these partnerships and innovative deals we have now secured £486m of funding into fast-growing ventures co-owned by BBC Worldwide.

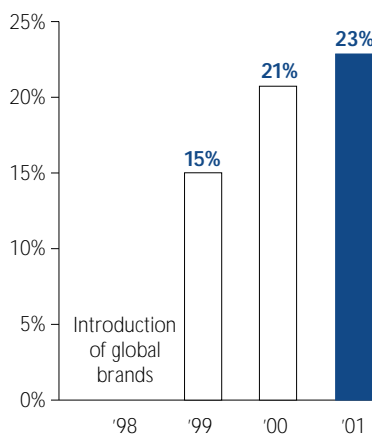
Exciting new businesses

This past year has seen us develop an exciting range of new businesses.

Our new approach to entertainment formats has seen The Weakest Link become a global winner. With the recent deal for Dog Eat Dog on NBC, this will mean that, for the first time in the BBC's history, two BBC shows will be on a major American commercial network simultaneously.

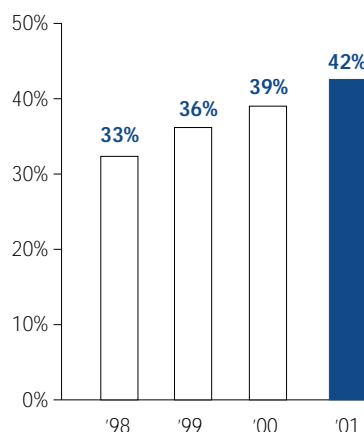
We have successfully adopted a new approach to the children's music market. This saw BBC Worldwide winning the top-selling UK single slot with Bob the Builder, which won the Ivor Novello award for best-selling UK single. We also formed an international alliance with Universal Music International.

7. Global brands



Proportion of business represented by global brands (%)

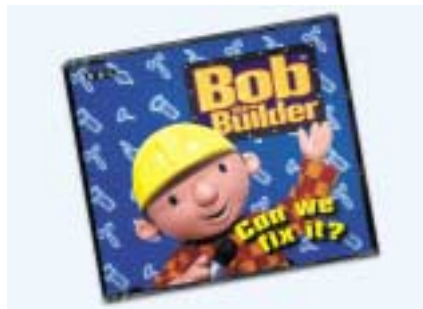
8. Overseas business



Proportion of business originating overseas (%)



Tweenies Live! sold nearly half a million tickets in its first UK run



Platinum-selling Bob the Builder – Can We Fix It? was the UK's Christmas number one



BBC Worldwide was the first BBC division to receive the Investors in People standard

In 2000, BBC Worldwide was awarded Investors in People status a year ahead of target.

We launched a range of new magazines in the UK, such as BBC History Magazine, eve, star and various children's titles. Internationally, we launched local versions of our magazines, such as TOTP in Germany.

Following our deal with TH Lee, beeb.com has now been established as a leading consumer e-commerce portal in the UK.

We have moved successfully into the arena market with the Tweenies Live! show, which was the top-selling arena show in the UK last year.

Our channels business grew. Animal Planet channel launched successfully in Japan. In Canada, in conjunction with our partner Alliance Atlantis Communications Inc, licences were secured for a BBC Canada channel and a BBC Kids channel.

We successfully acquired the Cover to Cover audio business and Gardens Illustrated magazine.

Our deal with Knowledge Chase for BBC for Business will see us grow in the business training market.

Bill and Ben was successfully launched in the children's market.

Reputation in the industry

BBC Worldwide won an astounding 79 industry awards, an increase of 55% on our record of 51 last year [see page 25].

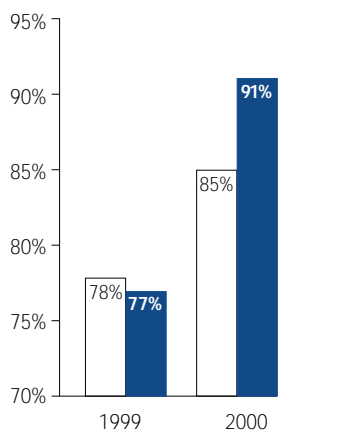
We were particularly delighted to have the work we have been doing with our customers recognised by both WHSmith and Gold's supplier awards.

People

One award that we achieved with enormous pride was the Investors in People standard, which we obtained a year ahead of plan. This is a great tribute to the commitment of all our hardworking staff at BBC Worldwide. I would like to thank them, our partners and our customers for contributing so much to our success story this year.

Rupert Gavin
Chief Executive
BBC Worldwide Limited

9. BBC global brand awareness



BBC brand awareness (%):
□ ten countries ■ USA

[BBC Global Consumer Awareness Survey Buckingham Research Associates 2000.]