



United Kingdom

Extending fans' enjoyment

Headline sales £m

| | |
|---------|-------|
| 2016/17 | 381.3 |
| 2015/16 | 379.3 |

Headline profit £m

| | |
|---------|------|
| 2016/17 | 66.6 |
| 2015/16 | 62.4 |

In the UK, BBC Worldwide enables audiences to enjoy their favourite BBC programmes and brands outside the licence fee-funded window on alternative platforms, through a range of partnerships, and in multiple formats, from products and magazines to events and experiences.

The UK business delivered headline sales of £381.3m (2015/16: £379.3m) and headline profit of £66.6m (2015/16: £62.4m), with the latter increasing by 6.7% year on year. Prior year sales and profit had enjoyed a one-off benefit from the sale of a music catalogue to BMG. The result reflects the success of a strategy which is focused on growing sales and profit in rapidly shifting markets.

UKTV, our joint venture with Scripps Networks Interactive, Inc., saw share of commercial impacts grow to 9.85% in 2016 (2015: 9.31%). BBC titles including *Death In Paradise* and *New Tricks*, together with strong original programming, helped to drive these significant gains. Overall revenue was up 8.0%. As a result, our share of headline sales was £174.5m (2015/16: £164.7m) with share of profit up by 13.6% at £46.0m (2015/16: £40.5m).

Our UK DVD business declined by only a single digit percentage at a headline profit level against a market downturn of 18.3%. Best-selling titles included *Planet Earth II*, *The Best Of Strictly* and *Joe Wicks: The Body Coach Workout*.

Our Content Sales business, which is underpinned by our relationship with UKTV, but also trades across SVOD and other linear platforms including in Ireland, had a strong year with revenue up 18.8%, buoyed by the continuing growth of digital services.



Joe Wicks: *The Body Coach Workout*

We continued to offer a number of brand extensions and experiences, often through licensed partnerships to other operators. The year saw the addition of new rides to CBeebies Land at Alton Towers, and the construction of a family hotel to open in the summer of 2017 with CBeebies themed rooms. The ever popular *Strictly Live* tour celebrated its 10th year, and *Countryfile Live* will return in August 2017 at Blenheim Palace, building on visitor numbers of 125,000 in 2016.

BBC Good Food Magazine increased its share of a declining market from 51% to 52% and an 18% increase in revenue for bbcgoodfood.com meant that overall revenues across the brand were up 3%. Our publishing partner, Immediate Media Group, was acquired by publisher Hubert Burda with our relationships continuing as before.

Shortly after year-end we took the decision to close UK DTO service BBC Store. Levels of demand were not strong enough to underpin a sustainable business over the long term. Our content nonetheless remains widely available and very popular on DVD and digital download and across a range of other platforms in the UK.

Our strategy in the UK is to continue extending fans' enjoyment of the BBC shows they love, through owned and licensed enterprises and securing the best value we can for BBC content by focusing on our margin.



Orphan Black S4 – Tatiana Maslany at the 68th annual Primetime Emmy® Awards in 2016
© Jason LaVeris 2016



North America

Creating more consumer choice

Headline sales £m

| | |
|---------|-------|
| 2016/17 | 273.8 |
| 2015/16 | 277.9 |

Headline profit £m

| | |
|---------|------|
| 2016/17 | 27.3 |
| 2015/16 | 24.2 |

BBC Worldwide North America capitalised on digital advances in the market and expanded consumer access to content, which resulted in the company's largest region outside the UK delivering a solid set of results.

Headline sales in sterling showed a small decline of 1.5% to £273.8m (2015/16: £277.9m), with profit up by 12.8% at £27.3m (2015/16: £24.2m). These results reflect lower sales due to the conclusion of Adjacent Productions' *Da Vinci's Demons*. At headline profit this is offset by an increase in profit from Branded Services.

This year, we announced and launched BritBox, a new SVOD service in partnership with ITV, and AMCN investing in a minority interest, which illustrates a strategic push to expand routes to market and take advantage of a growing audience appetite for quality British programming and niche SVOD offerings.

Cable channel BBC AMERICA continued to buck the trend in the domestic cable market with its 12th straight year of total viewer ratings growth into the 6pm-12am time slot, underpinned by solid performance in advertising and affiliate revenue. Series four of *Orphan Black* broke its own record for the largest time-shifted increases in US TV history, and lead actress Tatiana Maslany celebrated an Emmy® award win. The year saw the premieres of landmark natural history

series *The Hunt* and *Planet Earth II*, the latter being premiere-simulcast across three AMCN channels, which delivered around 2.8m viewers. The *Doctor Who* Christmas special and new original series *Dirk Gently* also supported the channel's success.

In Canada, the North America team partnered with Blue Ant Media to launch a new branded factual channel, BBC Earth. The channel made its debut with *Planet Earth II*, which saw the highest ratings of any Blue Ant Media channel in over six years.

Los Angeles-based studio BBC Worldwide Productions continued to produce the highly successful *Dancing with the Stars*, which drew over 12m viewers throughout series 23, while unscripted series *Life Below Zero*, produced by our studio Adjacent Productions for National Geographic Channel, celebrated its 100th episode. *The Night Of*, a reformatted version of BBC scripted series *Criminal Justice*, garnered strong ratings – audience figures tripling from premiere to finale – critical acclaim, and Golden Globe® and BAFTA award nominations.

Sales and co-production partnerships continued to deliver solid revenue, with major SVOD deals exceeding linear deals for the third year running, including a significant multi-title deal with Netflix. The year also saw the renewal of a successful co-production agreement

with PBS and a series four premiere of *Sherlock* with long-time scripted partner Masterpiece. New co-production deals include mini-series *The Collection* with Amazon, special documentary *David Bowie: The Last Five Years* with HBO, and series two of *Lovesick (Scrotal Recall)* with Netflix.

BBC.com traffic saw a spike during the US presidential election, delivering almost 60m unique browsers and over 200m page views, making it the most consumed ongoing story of the year. Although there was a softening in the wider advertising sales market for channels over the year, BBC Advertising saw an uplift in activity towards the end of the period, with growth up 10.0% overall.

Elsewhere, the business continued to look for imaginative ways to exploit its brands and IP, including a co-branded advertising deal to place 4K UHD *Planet Earth II* footage on Samsung devices at Best Buy retail locations nationwide, new lines of *Doctor Who* apparel with long-time partner Hot Topic, and preparation for the launch of *Hey Duggee*-themed toys in the US and Canada with licensee Jazwares.

Over the coming year, the business will evolve its approach to take advantage of advances in technology, as the market moves to give greater consumer choice in quality content. We are actively planning how to stay ahead of changes in viewer behaviour to meet demand and deliver the greatest value back to the BBC.

Best of British

Launched on 7 March 2017, BritBox is home to the most comprehensive collection of British television available in the US, across all genres. This includes an extensive slate of new dramas, timeless comedies, lifestyle, and soaps the day after they air in the UK, and the largest digital catalogue of Classic *Doctor Who* in the US. In the weeks since launch, the service has had an encouraging start and steady growth.

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britbox
CREATED BY BBC & itv



Coast New Zealand © TVNZ/Great Southern TV 2017



Australia and New Zealand

Strong growth in branded services

Headline sales £m

| | |
|---------|------|
| 2016/17 | 79.5 |
| 2015/16 | 79.1 |

Headline profit £m

| | |
|---------|------|
| 2016/17 | 21.1 |
| 2015/16 | 19.2 |

At a profit level, the Australia and New Zealand region performed well again this year with strength in Branded Services and ancillary businesses, despite challenges that developed in external TV and advertising sales. While this environment resulted in an overall reduction in headline sales in Australian dollars (AUD), the region achieved an AUD profit in line with 2015/16. When translated to sterling, profit increased 9.9% from £19.2m to £21.1m and revenue was ahead at £79.5m (2015/16: £79.1m).

In Australia, BBC First led a strongly performing channel portfolio, reinforcing its status as the home of premium British drama with the success of *The Night Manager* as its top-rating programme to date, and seeing loyal audiences returning for flagship titles including *Death In Paradise*. A brand refresh for BBC UKTV in October, with new title *Michael McIntyre's Big Show*, helped to lift audience share in Australia by 12.3% on the previous quarter. We extended our carriage arrangement with IPTV platform Fetch for all five BBC-branded channels and struck a new deal for our channels to be carried on Flip TV. In New Zealand, we secured a positive carriage extension for our branded services on Sky TV, and BBC UKTV continued to be the number one non-sport channel on the platform.

Top of the Lake: China Girl, produced by See-Saw Films for BBC Two in co-production with BBC First and Foxtel in Australia, BBC UKTV in New Zealand and SundanceTV in the US and in association with Hulu in the US, ARTE in France and BBC Worldwide, is a key title for the business and has completed filming in Sydney. In content sales, major Australian deals included the sale of *Planet Earth II* to Nine (and to Prime in New Zealand); two series of *The Durrells* to Seven; and multi-year SVOD deals with Stan and Netflix. The first joint life-of-series deal for *Sherlock* was agreed with Stan and Nine, and a third window guaranteed to the Australian Broadcasting Corporation (ABC).

This year saw returning format success with series two of *The Great Australian Bake Off* on Lifestyle FOOD achieving the channel's highest ratings of all time, *Coast Australia* appearing for a third series on the History Channel and *Coast New Zealand* in production for a second series on TVNZ. New format commissions included *Stargazing Live* for ABC with UK presenter Brian Cox and *Filthy Rich and Homeless* for SBS.

We saw strong growth in live entertainment, consumer products and EST sales. Louis Theroux's inaugural live show was enjoyed by 26,500 fans across 11 shows in five Australian cities. Steve Backshall returned to Australia with his sell-out *Deadly 60* tour which captivated

48,500 fans. Meanwhile 22,500 cinema-goers across the region watched *Shakespeare Live!* to celebrate the 400th anniversary of the Bard's death.

In digital, BBC Worldwide launched on Dendy Direct and BBC Worldwide titles achieved five number one chart positions on iTunes. Google Play market share for BBC content increased by over 50% from March to December. DVD sales have declined in line with the global trend, but with strong results for key titles. *Planet Earth* was our highest performing brand, while *The Durrells* sold more than five times its original forecast.

The popularity of pre-school titles *Hey Duggee* and *Go Jetters* on ABC and CBeebies had a positive effect for licensed consumer products, with major retailers stocking product lines and 35,000 units of *Hey Duggee* toys sold. *Hey Duggee* also won the Australian Toy Association 2017 Best Boutique Licence of the Year.

In the year ahead, we will be further developing our commercial business areas through a systematic approach to business innovation so that we can continue to grow and meet our market challenges.



Global Markets

Taking Britain to the world

Headline sales £m



Headline profit £m



Record revenue was achieved for the second consecutive year in Global Markets, reflecting a mix of emerging markets growth, production acquisitions, favourable currency movements and new creative partnerships against the backdrop of competitive market conditions.

Global Markets, which encompasses Europe, Asia, Africa, the Middle East and Latin America, saw headline sales of £331.4m (2015/16: £305.7m). Although these predominantly non-English speaking markets cover a diverse range of territories, a common strategic approach yielded notably positive results and profit growth of 61.4% to £42.6m.

Conditions remained mixed with strong demand for high quality titles offset in some areas by pressure on linear channels' revenues. Local digital revenue grew in Asia as the VOD customer base increased. Digital sales were particularly strong in China where *Sherlock S4* on Youku generated over 100m views in three months. Across all territories, demand for our content from global VOD operators was strong.

Emerging markets revenue grew significantly with good content sales in North Asia and Latin America, on the back of strong drama and factual sales and the success of returning series.

In Eurozone markets, business has been good, and included a co-production agreement for 2017's *Blue Planet II* signed with WDR in Germany.

Local versions of British shows performed well in a number of markets, with *Bake Off Italia* breaking viewing records in Italy, and series two of *Bake Off Brasil* becoming the highest rated cookery show on SBT. The South African version also performed strongly.

To further capitalise on our strong formats catalogue we extended our global production network by partnering with Endemol Shine Brazil and securing our first commission with a Brazilian free-to-air, Rede Record, for a local adaptation of *Dancing with the Stars*.

Our established production network also enjoyed success with Tower Productions, our joint venture with All3Media in Germany, moving from 12th to sixth in the country's producer rankings and producing eight franchises locally. In France and India we maintained our strong presence in schedules, producing seven shows plus four documentaries and 12 commissions respectively, while newly established Nordics Productions did well, winning commissions for three shows.

We continued to introduce our global channel brands in targeted markets. A joint venture with Sony Pictures Network saw Sony BBC Earth launch in India. BBC Earth launched in Serbia and Bosnia and CBeebies launched in East Africa, across the Middle East and North Africa and in Taiwan.

Planet Earth II: a worldwide hit

Global Markets territories contributed to the success of *Planet Earth II* with China's Tencent, Germany's ZDF and France Télévisions all becoming co-production partners. *Planet Earth II* content has been viewed more than 210m times in China while the series won its timeslots in Germany, France and the Netherlands.

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Planet Earth II © BBC 2016

Another agreement will see CBeebies make its digital platform debut in China on iQIYI in summer 2017. BBC First's reach more than doubled in the Netherlands, allowing advertising to be launched on the channel. We also launched our first global channel exclusively for cruise ships, BBC HD.

In Latin America, growing demand for our programming enabled us to take the difficult decision to exit linear channels (except BBC World News in region and CBeebies in the US Hispanic market) in order to pursue a sales-focused strategy. This builds on recent success in taking our premium titles to mass audiences via major networks, including *War and Peace* on Globo and *Planet Earth II* and *Top Gear* on Discovery.

Asia led the way in innovation in digital with the creation of our first TVE product, BBC Player, with Starhub TV in Singapore and with Telekom Malaysia Berhad's HyppTV. BBC First also became available in Malaysia, Singapore and Hong Kong on four third-party VOD platforms.

Looking ahead we expect to see continued disruption in the markets in which we operate. Our approach is to forge ever-closer customer relationships, experiment in complementary digital and continue to focus on local audiences.



Dancing Brasil © Blad Meneghel and Edu Moraes/Record TV 2017