

A man with dark, wavy hair, wearing a blue suit jacket over a dark blue shirt, stands in the center of a tropical resort. He is looking towards the camera with a slight smile. The resort features a long, narrow swimming pool that reflects the warm, golden light of the sunset. Palm trees are scattered throughout the scene, and modern, open-air buildings with large windows and balconies are visible in the background. The sky is a mix of orange, yellow, and blue, with some clouds. The overall atmosphere is serene and luxurious.

STV strategy delivers strong growth

STV Interim Results – 3 September 2024



Agenda

Introduction

Paul Reynolds

Overview

Simon Pitts

Finance review

Lindsay Dixon

Strategic update & outlook

Simon Pitts

Q&A

Strategy delivers strong growth

Revenue and profit growth; successful Studios investment strategy continues

- Total revenue +20% and adjusted operating profit +33%
- Growth strategy continues to deliver:
 - Studios revenue +38% with improved forward order book of £101m
 - Digital pre-commission sales +14% with strong profit margin maintained
 - Broadcast revenue +12% and operating profit +47%
 - Total advertising revenue (pre commission) +13%; Q3 expected to be up
- STV takes majority stake in production company *Hello Halo*; earnings-enhancing from day 1
- Good on-screen performance in H1, boosted by Euro 2024
- On track to deliver 2026 KPIs & targets
- Board proposes interim dividend of 3.9p, in line with 2023

H1 2024 key financials

| Total Revenue | | Total Advertising Revenue* | | National Advertising Revenue | | Regional Advertising Revenue | | Digital Revenue* | |
|---------------|------|----------------------------|------|------------------------------|------|------------------------------|-----|------------------|------|
| £90.4m | | £51.9m | | £34.1m | | £7.4m | | £11.5m | |
| 2023 | +20% | 2023 | +13% | 2023 | +16% | 2023 | +1% | 2023 | +14% |

| Studios Revenue | | Adjusted Operating Profit | | Adjusted Operating Margin | | Adjusted EPS | | Net Debt | |
|-----------------|------|---------------------------|------|---------------------------|-------|--------------|-----|----------|--------|
| £37.5m | | £10.6m | | 12% | | 15.5p | | £28.0m | |
| 2023 | +38% | 2023 | +33% | 2023 | +1ppt | 2023 | +5% | Dec 2023 | £32.3m |

* Before deduction of sales commission payable on national VOD revenue

Group Results

Strong performance in tough markets

- Revenue includes six months from the Greenbird entities and a first contribution from Two Cities Television (moved to majority on 30 January 2024)
- Adjusted operating profit reflects growth in higher margin linear advertising revenue and cost savings
- Finance costs reflect higher average base rate and investment cash outflows
- Adjusting items relate to integration of Greenbird and execution of cost saving initiatives

| | H1 2024 £m | H1 2023 £m | Change |
|---------------------------------------|---------------|---------------|--------------|
| Revenue | | | |
| - Broadcast | 42.6 | 38.0 | +12% |
| - Digital | 10.3 | 10.1 | +2% |
| - Studios | 37.5 | 27.2 | +38% |
| | 90.4 | 75.3 | +20% |
| Adjusted operating profit* | 10.6 | 8.0 | +33% |
| <i>Adjusted operating margin*</i> | <i>11.7%</i> | <i>10.6%</i> | |
| Share of associates | (0.1) | (0.1) | |
| Finance costs (excl. adjusting items) | (1.9) | (1.0) | |
| Adjusted PBT * | 8.6 | 6.9 | +25% |
| Adjusted EPS (pence) ** | 15.5p | 14.8p | +5% |
| <u>Statutory basis</u> | | | |
| Adjusted operating profit* | 10.6 | 8.0 | +33% |
| Adjusting items: | | | |
| ITV partnership costs | - | (2.8) | |
| Acquisition and integration costs | (0.5) | - | |
| Restructuring costs | (0.5) | - | |
| Amortisation of acquired intangibles | (0.8) | - | |
| High-End Television tax credits | (2.3) | (5.2) | |
| Statutory operating profit | 6.5 | - | +100% |

* Before adjusting items listed above and adjusting finance costs (IAS19 interest and unwind of discount)

** Before adjusting items listed above (except for High End TV tax credits) and adjusting finance costs (IAS19 interest and unwind of discount)

Total Advertising Revenue

Growth across all advertising revenue streams as market improves, boosted by Euro 2024

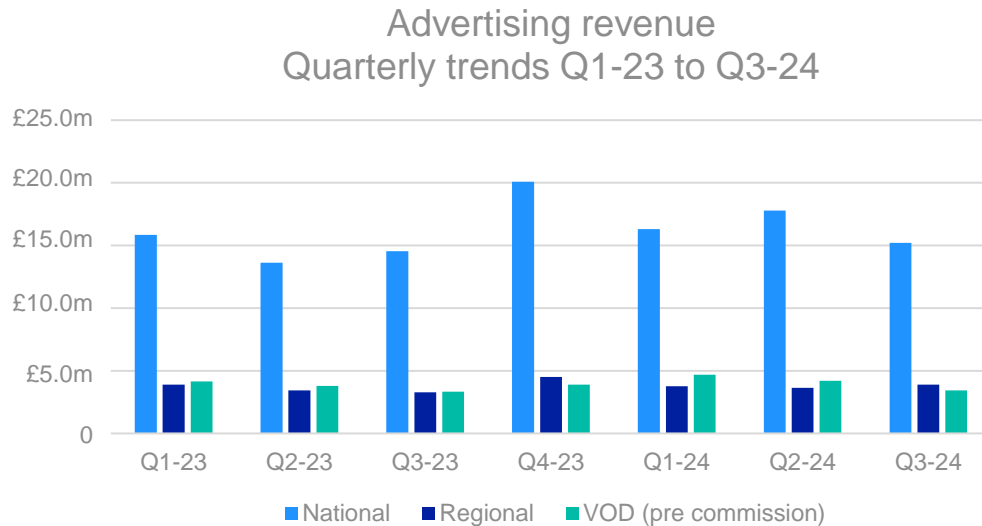
| 2024 v 2023 | Q1 | Q2 | H1 |
|--------------------------------|------------|-------------|-------------|
| National | +3% | +30% | +16% |
| Regional | -4% | +6% | +1% |
| VOD (before commission) | +13% | +11% | +12% |
| TAR (before commission) | +5% | +23% | +13% |
| TAR (after commission) | +2% | +21% | +11% |



- National market gained momentum through Q2
- Regional performance masks different dynamics across Scottish Government and core SME customers
 - core customer base up 12%
 - SG down 58%
- VOD growth (before commission) broadly tracking ITV, in line with our exclusive sales agreement

Advertising outlook

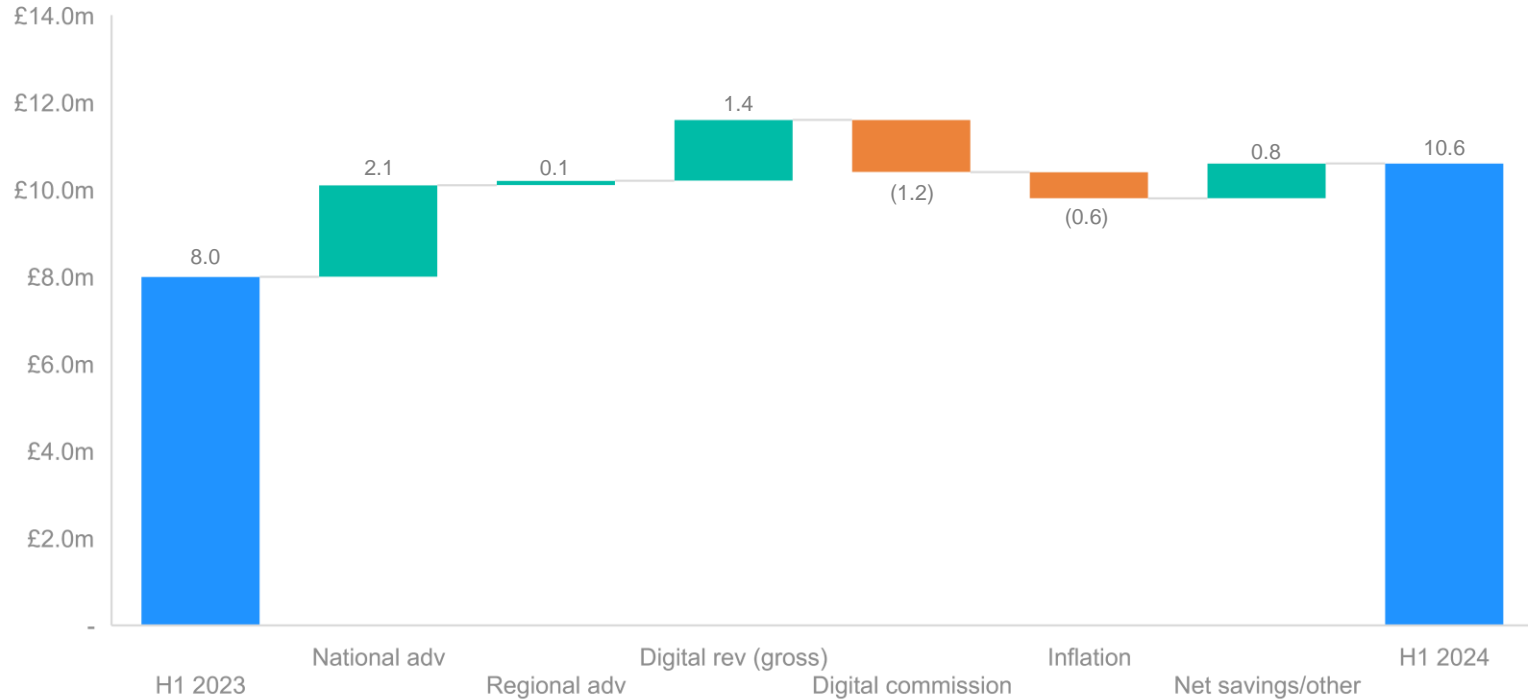
Q3 TAR expected to be up, boosted by July; year on year performance over H2 will be impacted by tough comparators including RWC 23



- National linear expected to grow in Q3
 - Strong growth in July partially offset by declines in Aug/Sept
- Total VOD (pre commission) expected to be slightly up in Q3, impacted by tough comparators that include the Rugby World Cup
- Core regional business in growth in Q3 albeit impacted by significantly lower Scottish Government spending
- TAR forecast to be up low single digit in Q3 (pre commission)
 - Including commission, TAR broadly flat

Adjusted operating profit

Positive contribution from growth areas and cost savings, in line with strategy



STV 3-year cost savings programme on track

- Savings of £0.7m delivered in H1 across:
 - Greenbird integration
 - London property
 - In-sourcing post production; and
 - Reduced freelancer costs
- On course to at least meet cost saving target of £1.5m for FY24
- Actions already being taken to secure savings ear-marked for FY25

Studios

Drama commissions in acquired companies drive YOY revenue growth

| | H1 2024 £m | H1 2023 £m | Change |
|---------------------------|---------------|---------------|--------|
| Revenue | 37.5 | 27.2 | +38% |
| Operating costs | (37.4) | (27.1) | |
| Adjusted operating profit | 0.1 | 0.1 | Flat |

- Key programme deliveries include *Blue Lights* S2 (BBC), *The Fortune Hotel* S1 (ITV), *A&E After Dark* S3 (C5), *The Hit List* S7 (BBC) and *Goes Horribly Wrong* S12 (C5).
- Treatment agreed for 'producer for hire' contracts to recognise revenue over period of production rather than on delivery
 - Brings proportion of revenue and margin for *Amadeus* into H1 2024 despite final delivery pushed to H1 2025
- Increased secondary sales revenue of £1.6m (H1 2023: £0.8m)

Acquisitions update

Greenbird and Two Cities delivering in line with acquisition business cases

GREENBIRD

| | £m |
|-----------------------------------|-------------|
| Total cash payment 2023 | 21.9 |
| H1 2024 payments: | |
| - earnout 1 | 0.8 |
| - surplus cash | 0.5 |
| Total cash payment H1 2024 | 1.3 |
| Earnout 2 payable H1-25 (est.) | 0.8 |
| Total est. cash outflow | 24.0 |

- Integration predominantly complete
- Annual synergy benefit of £1m+ achieved, ahead of guidance
- ROIC for first 12 months of ownership c.15%

TWO CITIES

| | £m |
|---|------------|
| Consideration paid previously (25% holding) | 1.5 |
| Consideration payable to move to majority: | |
| - Paid January 2024 | 1.7 |
| - Payable in January 2025 | 0.5 |
| Total consideration for majority stake | 3.7 |
| H1 2024 results: | |
| Revenue | 18.5 |
| Adjusted operating profit* | 1.4 |

- Two Cities delivered *Blue Lights* in H1 and are in production in Hungary on *Amadeus* (Sky)
- ROIC (from initial stake to 30 June 2024) c.20%

* Includes HETV tax credits in relation to Blue Lights

Digital

Strong revenue growth offsets impact of national sales commission; high margin maintained

| | H1 2024 £m | H1 2023 £m | Change |
|-------------------------|---------------|---------------|-------------|
| Revenue (gross) | 11.5 | 10.1 | +14% |
| Revenue (net) | 10.3 | 10.1 | +2% |
| Operating costs | (5.3) | (5.1) | +4% |
| Operating profit | 5.0 | 5.0 | flat |
| <i>Operating margin</i> | <i>49%</i> | <i>50%</i> | |

- VOD advertising revenue c.75% of net total
- VOD revenue (pre commission) +12%
- Costs well controlled with incremental spend focused on content, development and ad serving
- Margin maintained at 49%, in line with prior year

Broadcast

Improved profitability as linear advertising revenues bounce back, and cost savings are delivered

| | H1 2024 £m | H1 2023 £m | Change |
|-------------------------|---------------|---------------|-------------|
| Revenue | | | |
| - National advertising | 34.1 | 29.5 | +16% |
| - Regional advertising | 7.4 | 7.3 | +1% |
| - Other | 1.1 | 1.2 | -8% |
| | 42.6 | 38.0 | +12% |
| Operating costs | (35.4) | (33.1) | +7% |
| Operating profit | 7.2 | 4.9 | +47% |
| <i>Operating margin</i> | 17% | 13% | |

- Revenue growth across all major categories, boosted by Euros
- Largest single operating cost is payment to ITV for national programme budget
- Under our agreement this flexes with national revenues so our cost only goes up if revenues go up
- Savings being realised slightly ahead of plan
- Operating leverage of business means improvement in revenue has a meaningful profit effect

Group's net debt now comprises core RCF and ring-fenced production financing

Underlying operating cash conversion >100% in first half

| | RCF | Non-recourse Prod fin | Ring-fenced Cash | Total net debt |
|--------------------------|------|-----------------------|------------------|----------------|
| At 1 January 2024 | 29.0 | 3.3 | - | 32.3 |
| Production cash advances | - | - | (9.7) | (9.7) |
| Net drawdown/(repayment) | 7.2 | (1.8) | - | 5.4 |
| At 30 June 2024 | 36.2 | 1.5 | (9.7) | 28.0 |

- Operating cash conversion, excluding ring-fenced production cash, over 100%
- Increase in core RCF net debt predominantly due to acquisitions (Two Cities £1.7m; Greenbird subsidiaries £4.4m)
- Leverage per current RCF definitions 1.4x (Dec-23: 1.2x)
- Facility matures in March 2026; groundwork for refi started and expect to complete early Q1 2025

Pensions

Accounting deficit reduces by 17% over first half

| | H1 2024 | FY 2023 | H1 2023 |
|---------------------|---------------|---------------|---------------|
| Assets (£m) | 284.0 | 295.4 | 276.3 |
| Liabilities (£m) | (329.4) | (350.2) | (331.3) |
| Deficit (£m) | (45.4) | (54.8) | (55.0) |
| Key assumptions: | | | |
| Discount rate | 5.10% | 4.50% | 5.35% |
| RPI | 3.30% | 3.15% | 3.40% |

- Deficit reduction a result of increase to discount rate and contributions paid
- Strong engagement between Company and trustees
- Work well underway on Dec 2023 triennial valuation; expect to conclude relatively quickly



Strategic update & outlook Simon Pitts



We have laid strong foundations for the next phase of STV's growth

Reinvigorating the core business and building strong growth pillars

7 years in a row as Scotland's biggest peaktime channel, overtaking BBC1



Consistent outperformance in Scottish advertising



Step-change in streaming capability through STV Player



STV Studios now one of the UK's leading production groups



Phase 2 of STV's transformation is about accelerating growth

Our new strategic objectives reflect our evolving business model

1. CONTENT

**Accelerate UK &
international
Studios growth**

2. AUDIENCE

**Drive streaming
growth and maximise
total STV viewing**

3. MONETISATION

**Maintain advertising
leadership and grow
new revenues**

4. ORGANISATION

Modernise and simplify business for digital-first world

Early days but on track to hit our stretching new financial targets

By 2026: an even more balanced, profitable and internationally-focused business

STUDIOS

- We will double Studios revenues to £140m with a target to achieve a 10% margin

ON
TRACK



DIGITAL

- We will grow our digital revenues to £30m at a margin of at least 40%

ON
TRACK



GROUP

- International revenues will be at least 15% of Group and 25% of Studios revenues
- Achieve a further £5m p.a. savings in our cost base

ON
TRACK



Good progress against our new KPIs aligned to the strategy

| CONTENT | | | | AUDIENCE | | | | MONETISATION | | | |
|--------------------------------------|-----------------|-------------|-----------|--|---------------|----------------|-----------|--|---------------------|------------------|-----------|
| KPI | H1 2024 | 2026 TARGET | ON TRACK? | KPI | H1 2024 | 2026 TARGET | ON TRACK? | KPI | H1 2024 | 2026 TARGET | ON TRACK? |
| # returning series | 34 | 45 | ✓ | Commercial audience share | No. 1 | Stay No.1 | ✓ | % of large commercial audiences on STV | 99% | 90%+ | ✓ |
| % of shows with IP revenues | 58% | 75% | ✓ | STV Player reach as % of total STV reach | 39% | 50% | ✓ | Advertiser re-booking rate | c. 60% | 60%+ | ✓ |
| % revenue from international markets | c. 20% for FY24 | 25% | ✓ | # monthly active users | 1m | 1.5m | ✓ | # new advertisers on STV | Forecast 90+ for FY | 75+ | ✓ |
| | | | | Streams & Consumption | 73m/34m in H1 | 190m/90m hours | ✓ | # paying subscribers | 16k | 50k+ subscribers | ✓ |

We continue to see huge growth potential for STV Studios
We have a growing reputation in the key market segments

PREMIUM
SCRIPTED

RETURNABLE
UNSCRIPTED &
FORMATS

INTERNATIONAL

STV
VISION

*A world class producer for the biggest networks
and global streamers*

*The UK's #1 nations & regions production company by
turnover, profit and reputation*

Our latest Studios investment is immediately earnings-enhancing

We have taken a majority stake in award-winning unscripted producer Hello Halo

- STV Studios stake in Glasgow-based Hello Halo increased from 30% to 51%
- Successful formats creator, run by Wendy Rattray, focused on factual, children's & natural history
- Multiple series commissions including new format *The Game of Wool* for C4
- Consideration paid for additional 21% stake, with puts and calls for remainder of equity
- Investment is earnings-enhancing for Group in 2024, with strong return on equity expected in short term



We have reviewed our creative labels to focus on those with the highest potential

Stakes increased in 5 labels in last 6 months, with 4 others exited

ORIGINAL MAJORITY-OWNED LABELS

Studios/Factual
Studios/Drama
Studios/Entertainment
PRIMAL
T*OD PRODUCTIONS

*Profit-sharing agreement rather than equity stake

STAKES INCREASED

TWO CITIES TELEVISION (51%)
TUESDAY'S CHILD (63%)
crackit PRODUCTIONS (100%)
R (99%)
HELLO HALO (51%)

REMAINING MINORITIES

HELLO MARY
Big Light P I
interstellar
FLICKER PRODUCTIONS
ROCKERDALE STUDIOS
MIGHTY
owl power
LITTLE DOOLEY
TOP HAT

LABELS EXITED


BAREFACED
Riverdog PRODUCTIONS
GOAT PRODUCTIONS
KALE PRODUCTIONS

- Greenbird integration predominantly complete with £1m+ p.a. synergies delivered
- Focus across Studios group is on returnable, international, higher budget formats

We continue to secure high value series commissions and recommissions
 36 new commissions in 2024, showing benefits of scale in a challenging market

DRAMA




Criminal Record 2 



Amadeus 




Blue Lights 3+4 

ENTERTAINMENT



The Fortune Hotel 2 




Bridge of Lies 




Beat The Bridge 

FACT ENT



*Mortimer & Whitehouse
Gone Fishing 8* 



*The Yorkshire
Auction House 5* 



*The Travelling
Auctioneers 3* 

Our Studios forward order book has strengthened significantly so far in 2024

We have added a further £34m of commissions since June, with £19m of deliveries

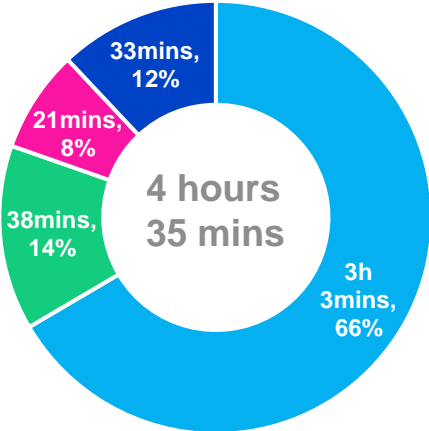
Secured future Studios revenue



Broadcasters & BVODs still dominate TV video viewing

Key broadcast players like STV expected to retain scale for the long term

66% of all TV set viewing still to broadcasters in H1 2024 (+2% on 2023)

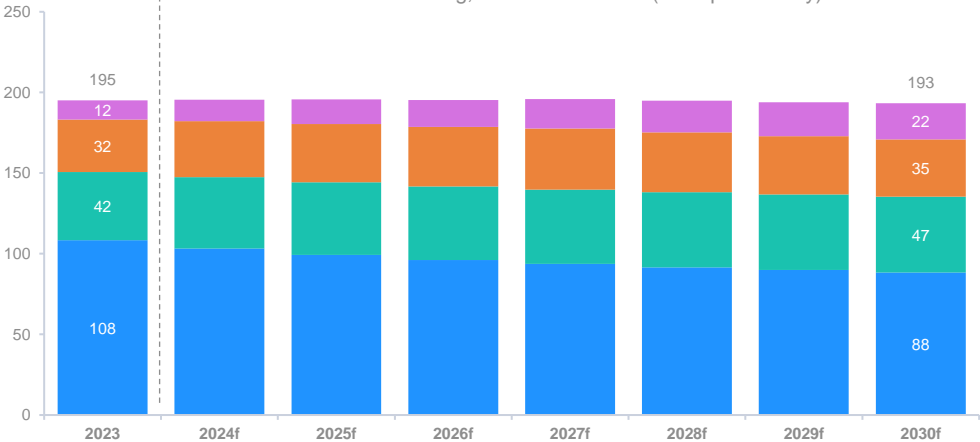


H1 2024 TV set viewing in Scotland

- Total Broadcaster/BVOD, e.g. STV/STV Player
- Total SVOD/AVOD, e.g. Netflix
- Total Video-Sharing, e.g. YouTube
- Unknown/other

Broadcasters forecast to remain dominant to 2030

Breakdown of TV viewing, UK individuals 4+ (mins/person/day)



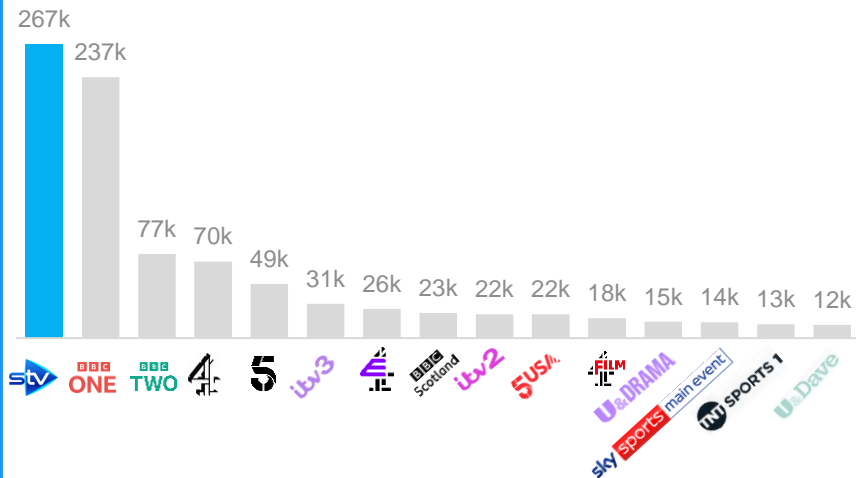
- Broadcaster: live
- Broadcaster: non-live
- SVOD
- YouTube + Other Online Viewing

Source: Barb (As-Viewed), Jan-Jun 2024, all day, individuals, TV set viewing only

Source: Enders Analysis, ONS, Barb/AdvantEdge, Comscore, BASE, industry research, Aug'24

STV continues to strengthen its audience position in Scotland

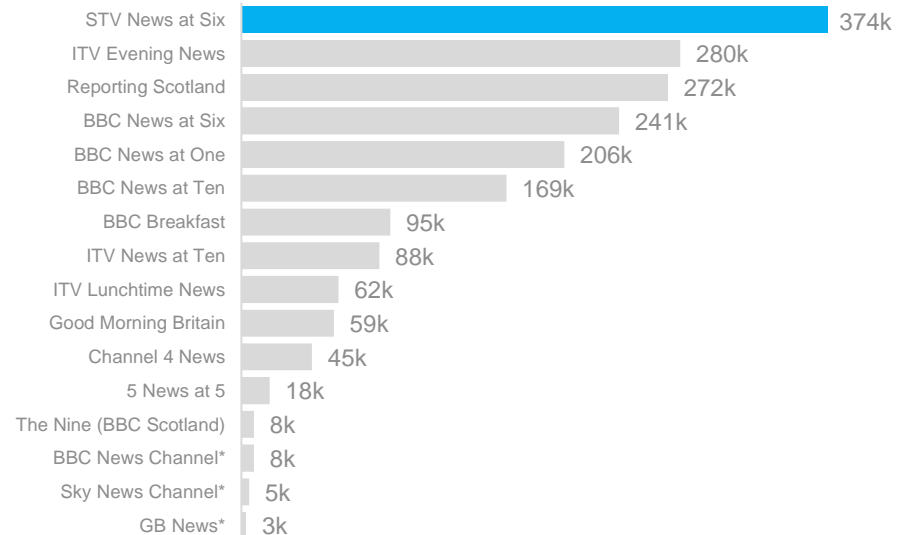
STV still the biggest peaktime TV channel



Source: Barb Jan-Jun 2024, peak time (18:00-22:30), individuals

STV News still the most-watched news programme

All major news bulletins across the day

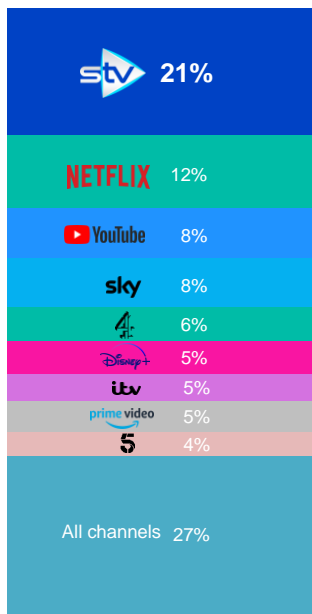


*Average audience across the day (09:30-24:00)

Source: Barb (As-broadcast), Jan 1st-30th June 2024, average audience Mon-Fri, individuals.

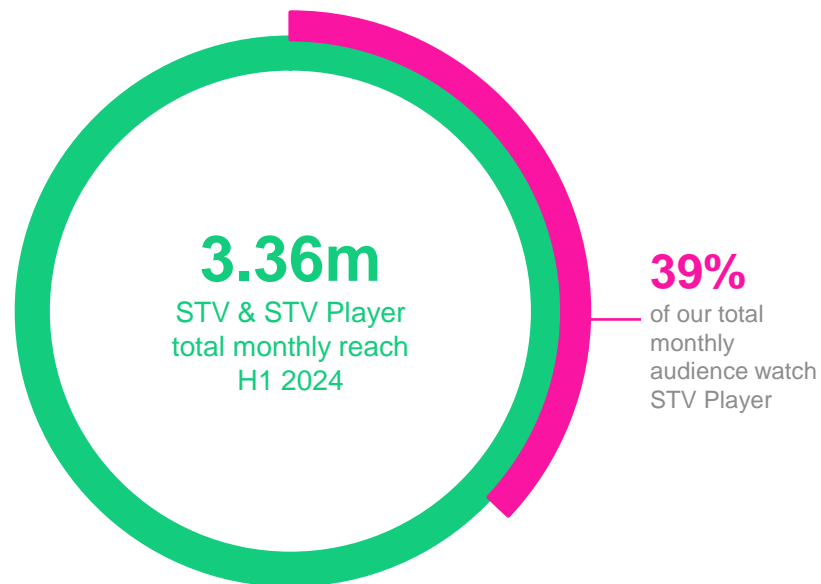
Combined impact of STV & STV Player maintains market leadership

STV the clear No.1 for commercial audience share in Scotland, with lead increasing yoy



Source: Barb (As-viewed), TV set viewing only, Jan – Jun 2024, peak time 1800-2230 across all Comm Channels, SVOD & Video sharing.

STV Player now 39% of STV's total reach and growing



Source: Barb (As-viewed)/Adobe Analytics/FreeWheel Jan-Jun 2024, total reach includes UK-wide viewers of STV Player

STV Player has started well in 2024, with the highest ever streams for H1

**More
people**

Active reg. users
1.6m, +33%

VIP users
+19%

**Watching
more**

73m
streams

+4%

**For
longer**

34m
hours

-5%

=

**More
success**

Digital revenue
£11.5m, +14%

Digital profit
£5m, flat

Changing digital audience mix in H1'24, skewing younger and more male

Sport & entertainment hours up, drama hours down so far in 2024

| Top 10 shows H1'24 | Time spent (hrs) |
|-----------------------------|------------------|
| Coronation Street | 2.8m |
| Emmerdale | 2.7m |
| Brookside | 2.0m |
| UEFA Euro 2024 | 1.6m |
| After the Flood | 1.3m |
| Red Eye | 1.3m |
| Trigger Point | 1.2m |
| Mr Bates vs The Post Office | 1.0m |
| This Morning | 830k |
| Britain's Got Talent | 720k |

Live viewing
+33%

Sports viewing trebles
in H1

18-34 streams
+35%

Male streams
+23%

We continue to broaden our streaming offer through smart content acquisitions

New 2-year Disney deal has already delivered 3.2m streams



BETRAYAL

13 eps
712,000 hrs



THE FIX

10 eps
504,000 hrs



FOR THE PEOPLE

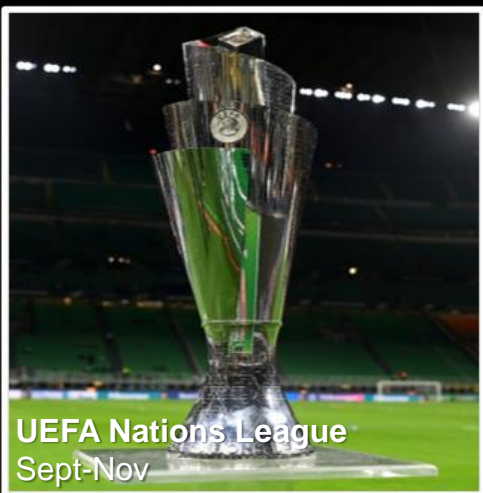
20 eps
310,000 hrs

The Disney logo in its signature script font, white on a dark background.

- 10 high quality Disney dramas secured for STV Player
- First 3 available now, 7 to come
- High volume series to generate significant viewing
- 30% of Disney drama viewers have already viewed 2 or more titles



PLENTY MORE STELLAR CONTENT TO COME IN 2024



STV has a market-leading commercial offer for advertisers

NATIONAL

Unrivalled mass simultaneous reach for brands

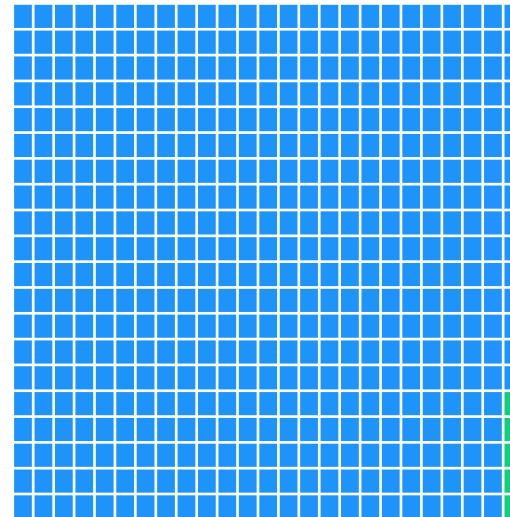
LOCAL

A uniquely powerful platform for Scotland's SMEs

DIGITAL

Targeted advertising at scale + digital partnerships

We delivered 99% of the top commercial audiences in H1 2024 in Scotland



495 of top 500 commercial audiences were on STV in H1



Source: Barb Jan-Jun 2024 (09:30-24:00), individuals, top 500 commercial TXs

EURO 2024 was a major audience and commercial success for STV

48%

avg viewing share,
+3% on ITV

1.2m

Germany V Scotland was
the best watched match

+61%

time spent streaming
v Euro 2020

2.3m

live streaming hours



UEFA

EURO2024
GERMANY

+350k

lapsed STV Player users
reactivated

+80%

June national advertising

+82%

Local brand count

Unique

C'mon Scotland!
campaign across STV for
local brands



H1 national advertising was strong across linear and VOD

National spend by category, linear & VOD, H1 2024

| CATEGORY | H1 GROWTH |
|-------------------------------|-----------|
| Retail | +11% |
| Airlines, Travel and Holidays | +3% |
| Publishing and Broadcasting | -5% |
| Entertainment & Leisure | +24% |
| Finance | -2% |
| Food | +24% |
| Household Stores | +91% |
| Cosmetics & Toiletries | +27% |
| Telecommunications | -1% |
| Cars and Car Dealers | +6% |
| Government | -27% |
| Pharmaceuticals | +1% |

National linear
advertising **+16%**

National VOD
advertising **+12%**

Digital brand count
+75%

Scottish advertising also grew in H1, with SME growth particularly strong

Scottish spend by category, H1 2024

| CATEGORY | H1 GROWTH |
|------------------------|-----------|
| Rail Travel | +110% |
| Windows Double Glazing | +6% |
| Legal Services | -6% |
| Energy Services | +42% |
| Furnishings | -13% |
| Business to Business | +9% |
| Theme Parks | +110% |
| Supermarket | -2% |
| Travel Agent | +10% |
| Lotteries | +16% |

Total Scottish advertising
+1% in H1

SME advertising +12%,
Scottish Govt. -58%

Scottish VOD revenue
+13%

60% of brands
combined linear & VOD
in H1

- c. 60% advertiser rebooking rate in H1 2024
- 400+ new Scottish SME advertisers attracted since Growth Fund launch

Outlook

- Advertising market showing good growth so far in 2024
 - Strong H1 TAR +13%
 - Q3 TAR expected to be up low single digits
 - Q4 includes part of RWC 2023 as comparator
- Studios forward order book stronger than ever
 - £101m secured revenue as at August 2024, with £34m of new commissions since June
 - Full year Studios performance expected to be ahead of 2023
- Cost savings plan on track
 - On course to exceed £1.5m target for 2024
 - Run rate of £5m p.a. by 2026

Summary

STV well placed to accelerate growth

- STV now a much stronger company – strategically, creatively & commercially
- Key growth areas of Digital and Studios continue to flourish; Broadcast resilient
- H1 performance shows good momentum at both revenue and profit level
- Strong foundations set for next phase of growth, with excellent team in place
- On track to deliver stretching 2026 financial targets
- New CEO starts 1st November 2024

Appendix



Strong operating cash conversion drives reduction in net debt

- 2024 working capital inflow reflects stage payments received ahead of costs incurred in relation to drama productions
- Tax paid relates to Greenbird group; STV entities benefitting from utilisation of tax losses
- Put option outflow relates to contracted increases in stakes in two subsidiaries acquired through Greenbird
- Dividends include £0.5m paid to minority shareholders of subsidiary undertakings
- Period end net debt on covenant basis slightly higher than Dec-23 level of 1.2x
 - ring-fenced production stage payments excluded from calculation
 - higher June advertising revenues not collected until July
- £70m RCF matures in March 2026; refinancing groundwork has started with target completion in early Q1 2025

| | H1 2024 £m | H1 2023 £m |
|--|---------------|---------------|
| Adjusted operating profit | 8.3 | 2.8 |
| Adjusting items | (1.8) | (2.8) |
| Depreciation and amortisation | 3.1 | 2.2 |
| EBITDA | 9.6 | 2.2 |
| Share based payments | 0.1 | 0.3 |
| Working capital | 13.0 | 3.9 |
| Operating cash flow | 22.7 | 6.4 |
| <i>Cash conversion</i> | <i>273%</i> | <i>228%</i> |
| Other cashflows: | | |
| Capital expenditure | (0.5) | (0.5) |
| Interest and refinancing fees | (1.6) | (0.9) |
| Corporation tax (paid)/received | (0.9) | 0.5 |
| Lease payments on assets | (1.0) | (1.0) |
| Pension deficit recovery contributions | (5.0) | (4.8) |
| Acquisition of subsidiary net of cash acquired | (0.9) | - |
| Exercise of put options | (4.4) | - |
| Two Cities production finance loan | - | 3.0 |
| Loans to associates | (0.2) | (0.6) |
| Dividends | (3.9) | (3.4) |
| | 4.3 | (1.2) |
| Net debt at 30 June | (28.0) | (16.3) |
| Net debt / EBITDA (covenant basis) | 1.4x | 0.6x |
| Covenant (maximum) | 3x | 3x |