

# UTV Media plc

Preliminary Results 2009

---



# AGENDA

---

- The UTV Media Group
- Financial Overview
- Divisional Business Review
  - Radio
  - Television
  - New Media
- Conclusion

**UTV** Media plc

UTV Media plc

*John McCann*  
Group Chief Executive

*Norman McKeown*  
Group Finance Director

*Scott Taunton*  
Managing Director  
UTV Radio (GB)

## THE UTV MEDIA GROUP

**U TV** Media plc

UTV Media plc

**U TV** radio GB

UTV Media (GB) operates the national speech station, talkSPORT, 13 ILR stations and a number of DAB multiplexes throughout Britain

**sport**

Sport magazine is the second most read men's title in the UK, with audited circulation over 300,000 each week

**U TV** radio IRELAND

The largest operators of independent local radio in Ireland with stations in Dublin (2), Belfast, Cork, Limerick, Dundalk and Drogheda

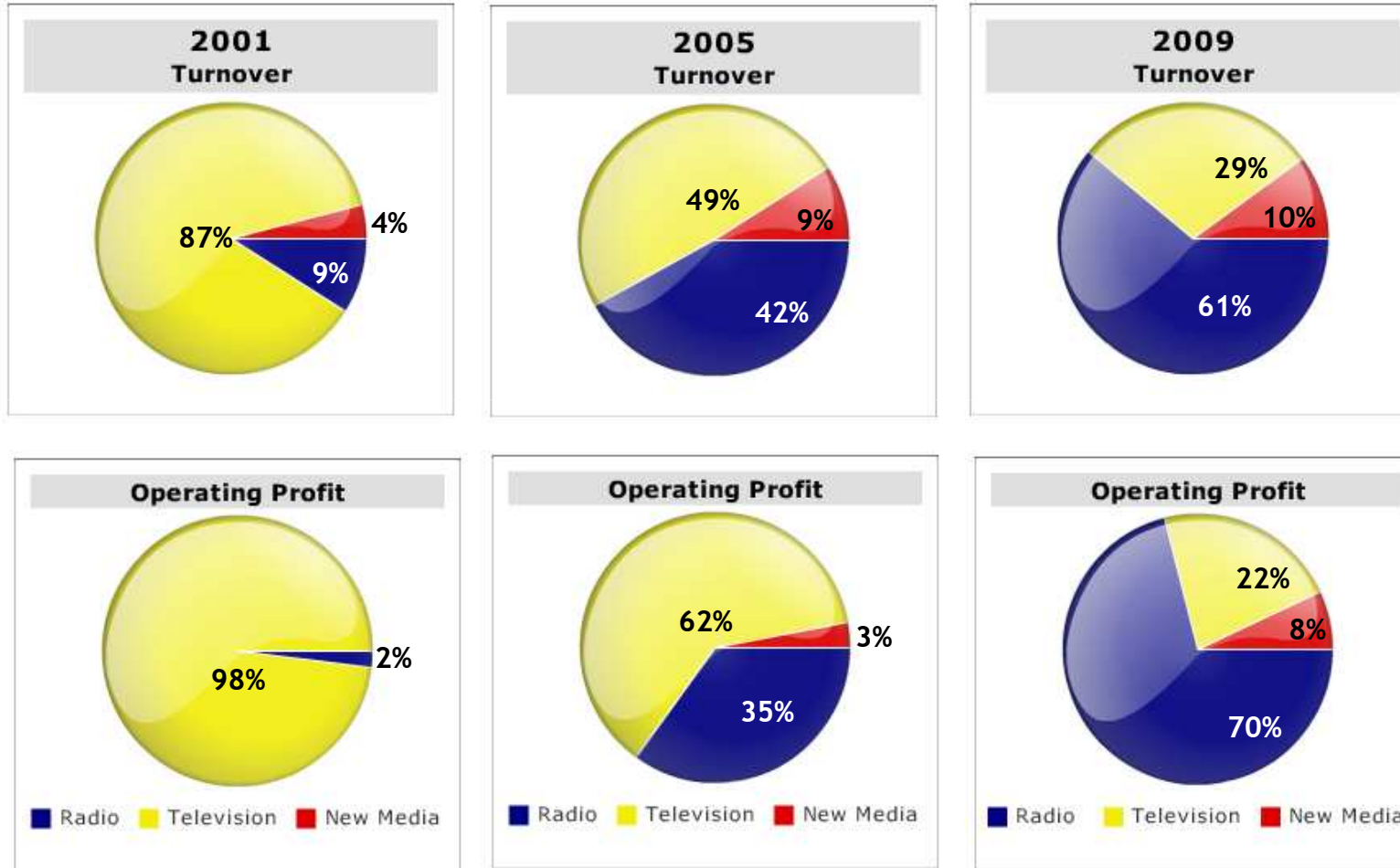
**U TV**

ITV franchise holder for Northern Ireland  
Receivable in 87% of homes in Republic of Ireland

**U TV** New Media

UTV New Media is a leading Internet Service Provider and web development company

The changing nature of the UTV Media Group



# FINANCIAL OVERVIEW

---

UTV Media plc Preliminary Results 2009

 UTV Media plc

 UTV Media plc

## FINANCIAL OVERVIEW | 2009 Preliminary Results



- Group revenue from continuing operations declined by 6% to £112.4m (2008: £119.9m)
- Adjusting for the full year impact of acquisitions made in 2008 (FM104 and TIBUS) and 2009 (Sport magazine) of £3.9m and foreign exchange gains of £2.2m, like for like turnover declined by 11%
- Operating costs reduced by 3% to £88.4m (2008: £91.3m) but reduced by 9% in like for like terms after adjusting for acquisitions and FX
- Group operating profit from continuing operations (pre-exceptional charges) reduced to £24.0m (2008: £28.6m)
- Cost cutting has also involved the closure or disposal of loss making radio stations
- Average Euro exchange rate for 2009 was 1.12 (2008: 1.25)

	Year ended 31 December:		
	2009 £m	2008 £m	Change £m
Radio GB *	43.5	45.5	(2.0)
Radio Ireland	24.8	24.9	(0.1)
Television	32.5	38.0	(5.5)
New Media	11.5	11.5	0.0
<b>Turnover **</b>	<b>112.4</b>	<b>119.9</b>	<b>(7.5)</b>
Radio GB	33.8	34.6	0.8
Radio Ireland	17.8	16.9	(0.9)
Television	27.2	30.3	3.1
New Media	9.5	9.5	0.0
<b>Operating costs **</b>	<b>88.4</b>	<b>91.3</b>	<b>3.0</b>
Radio GB	9.7	10.9	(1.2)
Radio Ireland	7.0	8.0	(1.0)
Television	5.3	7.7	(2.4)
New Media	2.0	2.0	0.0
<b>Operating profit from continuing operations</b>	<b>24.0</b>	<b>28.6</b>	<b>(4.6)</b>
Discontinued operations	(0.4)	(1.9)	1.5
<b>Group Operating Profit</b>	<b>23.6</b>	<b>26.7</b>	<b>(3.1)</b>

\* Includes income from associates of £0.3m (2008: £0.3m)

\*\* Subject to rounding

## FINANCIAL OVERVIEW | 2009 Preliminary Results



Year ended 31 December:

	2009 £m	2008 £m	Change £m
--	------------	------------	--------------

- Profit before tax of £18.1m (2008: £20.8m)
- As a combined result of the refinancing in July 2008, strong debt management and lower interest rates net finance costs declined by 29% to £5.8m (2008: £8.1m)
- Effective tax rate of 20% (2008: 22%)
- Net exceptional costs of £2.4m (2008: £5.6m)
  - Exceptional tax charge of £1.5m due to the restatement of the deferred tax liabilities following a change in the CGT rate in ROI from 22% to 25%
  - Costs of restructuring, closure and discontinued operations amounted to £0.9m
- Diluted adjusted earnings per share from continuing operations of 14.49p (2008: 20.61p)
- Applying the 2009 number of shares to 2008 results would deliver a diluted adjusted earnings per share of 16.69p in 2008
- Recommended dividend payment of 2.00p (2008: 5.30p)

<b>Group operating profit from continuing operations</b>	<b>24.0</b>	<b>28.6</b>	<b>(4.6)</b>
Net finance costs	(5.8)	(8.1)	2.3
FX	(0.1)	0.3	(0.4)
<b>Profit before taxation</b>	<b>18.1</b>	<b>20.8</b>	<b>(2.7)</b>
Taxation	(3.7)	(4.5)	0.8
Discontinued operations	(0.3)	(1.4)	1.1
<b>Profit before exceptional items</b>	<b>14.1</b>	<b>14.9</b>	<b>(0.8)</b>
Exceptional items	(2.4)	(5.6)	3.2
<b>Profit after exceptional items</b>	<b>11.7</b>	<b>9.3</b>	<b>2.4</b>
<b>Diluted adjusted earnings per share (pence)</b>			
Continuing	14.49	20.61	

## FINANCIAL OVERVIEW | 2009 Preliminary Results



- Net debt decreased by 18% from £107.6 to £88.5m
- Borrowing facilities in place to 30 June 2013
- Total borrowings of £96.9m comprise of bank loans of £64.5m and €37.3m (£33.0m) net of deferred financing costs of £0.6m
- Net Debt: EBITDA ratio at 31 December was 3.44x compared to covenant of 3.75x (2008: 3.58x)
- EBITDA: Interest cover of 4.63x compared to covenant of 3.25x (2008: 3.84x)
- Total borrowing facilities at 31 December of £126.5m with unutilised facilities of £29.0m
- Net debt: EBITDA covenant margins renegotiated at favourable market interest rates in March 2010

### Net Debt at 31 December

	2009 £m	2008 £m	Change £m
<b>Bank Loans</b>			
Current	8.4	8.6	0.2
Non-current	88.5	108.3	19.8
<b>Total borrowings</b>	<b>96.9</b>	<b>116.9</b>	<b>20.0</b>
<b>Less Cash</b>	<b>8.4</b>	<b>9.3</b>	<b>(0.9)</b>
<b>Net Debt</b>	<b>88.5</b>	<b>107.6</b>	<b>19.1</b>

### Facilities at 31 December 2009

	€m	£m
Facility A		47.5
Facility B		40.0
Facility C	34.0	30.1
Facility D	10.0	8.9
<b>Total</b>		<b>126.5</b>

Covenant ratios from April 2010		Margins from April 2010	
April - Dec 2010	3.75	3.50 - 3.75	2.85%
Jan - Dec 2011	3.50	3.00 - 3.50	2.65%
Jan - Dec 2012	3.25	2.50 - 3.00	2.45%
Jan - June 2013	2.75	2.00 - 2.50	2.25%
		Less than 2.00	2.00%

## FINANCIAL OVERVIEW | 2009 Preliminary Results



- Free cash flow of £25.8m (2008: £27.2m) reflecting strong working capital management
- Cash outflow from capital expenditure and exceptional costs increased by £1.0m to £4.4m (2008: £3.4m) reflecting operational restructuring (station co-locations) and the cost reduction programme
- Finance costs reduced to £5.6m (2008: £9.5m) due to the refinancing in 2008, lower interest rates and debt management
- Cash effective rate of tax is 2% (2008: 5%)
- Dividend payments to shareholders in the year were £1.9m (2008: £7.9m)
- Euro exchange rate for 31 December 2009 was 1.13, compared to 1.05 at 31 December 2008, generating a translation inflow of £3.2m (2008: outflow of £9.4m)

### Cash Flow

	2009 £m	2008 £m	Change £m
<b>EBIT</b>	23.5	26.5	(3.0)
Depn & Amortisation	1.8	1.9	(0.1)
<b>EBITDA</b>	25.3	28.8	(3.5)
Working Capital	4.9	1.8	3.1
Capital Expenditure	(2.6)	(1.9)	(0.7)
Exceptional Costs	(1.8)	(1.5)	(0.3)
<b>Free Cash Flow from Operations</b>	<b>25.8</b>	<b>27.2</b>	<b>(1.4)</b>
Finance Cost	(5.6)	(9.5)	3.9
Tax	(0.3)	(0.4)	0.1
Dividends	(2.1)	(7.7)	5.6
Other	(0.5)	(0.9)	0.4
<b>Net Cash Flow from Operations</b>	<b>17.3</b>	<b>8.7</b>	<b>8.6</b>
Acquisitions	(0.4)	(46.2)	45.8
Pension	(1.0)	(1.0)	0.0
Rights issue	0.0	47.5	(47.5)
Debt translation	3.2	(9.4)	12.6
<b>Movement in Net Debt</b>	<b>19.1</b>	<b>(0.4)</b>	<b>19.5</b>
<b>Net Debt at start of Year</b>	<b>(107.6)</b>	<b>(107.2)</b>	
<b>Net Debt at end of Year</b>	<b>(88.5)</b>	<b>(107.6)</b>	



- Intangibles decreased by £9.5m due to the FX movement on the licences held in the Republic of Ireland
- Bank loans were reduced by £20.0m to £96.9m (2008: £116.9m) due to payments of £16.7m and favourable FX movements of £3.3m
- The pension deficit increased to £11.0m (2008: £8.6m) with a reduction in discount rate assumptions resulting in higher expected future liabilities which were only partly offset by the increase in asset values
- The Group agreed to fund £2.1m towards the pension deficit in 2009 by means of a cash and asset transfer and to make further additional payments of £1.2m in each year from 2010 to 2014

## Balance sheet

As at:	31 Dec 2009 £m	31 Dec 2008 £m
Fixed assets	11.4	11.6
Intangible assets	261.0	270.5
Investments	0.1	0.2
Deferred tax	14.3	16.8
<b>Total non-current assets</b>	<b>286.8</b>	<b>299.1</b>
Stock	0.3	0.5
Trade & other receivables	33.0	30.9
Cash & deposits	8.4	9.3
<b>Total current assets</b>	<b>41.7</b>	<b>40.7</b>
<b>Total assets</b>	<b>328.5</b>	<b>339.8</b>
Trade & other payables	(36.8)	(31.6)
Loans *	(96.9)	(116.9)
Deferred tax liability	(49.6)	(49.0)
Pension liability	(11.0)	(8.6)
Other	(4.1)	(5.1)
<b>Total liabilities</b>	<b>(198.4)</b>	<b>(211.2)</b>
<b>NET ASSETS</b>	<b>130.1</b>	<b>128.6</b>
<b>EQUITY &amp; RESERVES</b>	<b>130.1</b>	<b>128.6</b>

\* Net of deferred finance costs £0.6m (31 Dec 2008: £0.8m)

## RADIO - GB

---

UTV Media plc Preliminary Results 2009

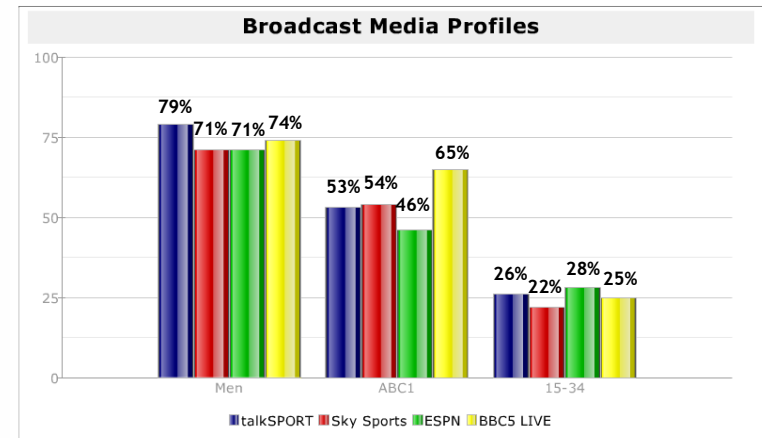
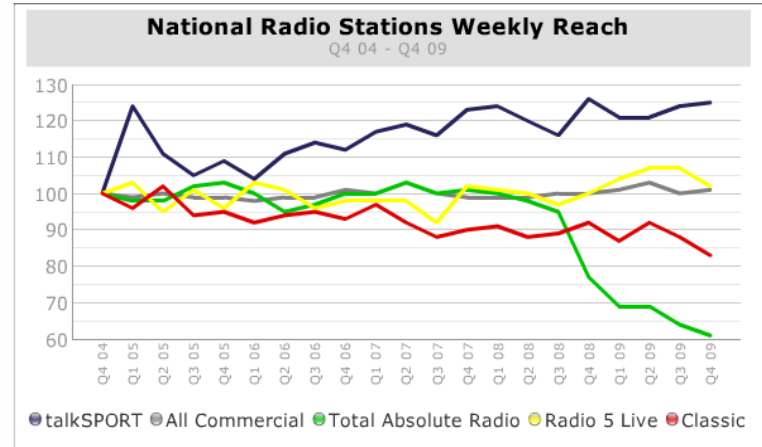
 UTV Media plc

 UTV Media plc

# RADIO GB | Radio Listenership / Readership



- Portfolio includes one of three Independent National Radio (INR) stations, talkSPORT and 13 Independent Local Radio (ILR) stations throughout England and Wales
- talkSPORT is listened to by 2.5m adults each week for an average of 8.2 hours each. Total listening hours up 14% to 20.4m hours (2008: 17.7m hours)
- talkSPORT remains the most efficient broadcaster for advertisers targeting a male audience with the highest proportion of male audience of any UK broadcast media
- Our local stations are listened to by 1.2m adults and take a 10% share of listening in these regions
- Local radio listening hours up 4% to 9.6m hours (2008: 9.2m hours)
- Sport Magazine was acquired in May 2009 for a nominal sum. ABC audited weekly circulation of over 300,000 - second most read men's magazine in the UK



## RADIO GB | 2009 Preliminary Results



- Advertising revenue in the total UK radio market fell an estimated 9% in 2009 with national down by 11% and local by 3%
- Radio GB recorded overall decline in turnover of 4% to £43.5m (2008: £45.5m) with
  - Advertising revenue in talkSPORT down by 10% to £20.4m (2008: £22.7m)
  - Advertising revenue in local radio operations declined by 7%
  - The 2009 acquisition of Sport magazine contributed additional revenue of £1.8m
- Total advertising revenue was down by 8% on a like for like basis
- Operating costs reduced by £0.8m to £33.8m (2008: £34.6m)
- Adjusting for the impact of acquisitions and disposals, like for like operating costs fell by 8%
- Operating profit for Radio GB declined by £1.2m to £9.7m ( a decline of 9% on a like for like basis) of which
  - talkSPORT delivered £5.3m
  - Local radio delivered £4.7m
  - Sport magazine incurred start up losses of £0.3m
- Central FM and Valleys were discontinued during 2009

### Radio GB - continuing operations

	Year ended 31 December:		
	2009 £m	2008 £m	Change £m
<b>Turnover</b>			
talkSPORT	20.4	22.7	(2.3)
Local Radio	21.3	22.8	(1.5)
Sport Magazine	1.8	0.0	1.8
	<b>43.5</b>	<b>45.5</b>	<b>(2.0)</b>
<b>Operating costs</b>			
talkSPORT	15.1	16.6	1.5
Local Radio	16.6	18.0	1.4
Sport Magazine	2.1	0.0	(2.1)
	<b>33.8</b>	<b>34.6</b>	<b>0.8</b>
<b>Operating profit</b>			
talkSPORT	5.3	6.1	(0.8)
Local Radio	4.7	4.8	(0.1)
Sport Magazine	(0.3)	0.0	(0.3)
	<b>9.7</b>	<b>10.9</b>	<b>(1.2)</b>

## RADIO GB | Current Trading and Prospects

---

- UK radio advertising market is anticipated to increase by 5% in the first four months of 2010, with national up by 7% and local down by 1%
- Advertising revenue in our GB stations is forecasted to be up by 6% on a like for like basis with:
  - talkSPORT up by 16%
  - Local radio down by 3%
- talkSPORT expected to benefit further from the football World Cup with all 64 games being broadcast live on the station
- talkSPORT has secured two exclusive Premier League broadcast packages, previously held by the BBC, for three seasons from 2010/11
- Local radio stations have undergone significant management restructure and rationalisation of facilities

# RADIO - IRELAND

---

UTV Media plc Preliminary Results 2009

**U TV** Media plc

UTV Media plc

# RADIO IRELAND | Radio Listenership 2009



- UTV owns market leading stations in six major urban areas in Ireland
- UTV also sells airtime in two other major urban areas, being Galway and the South East region
- These regions account for 66% of the adult population in the Republic of Ireland and within these regions, 49% of adults listen each week to UTV Radio sold stations
- Radio Ireland stations in the Republic of Ireland now reach 887,000 listeners across Ireland, only 14,000 less than RTE Radio1
- Listenership data for 2009 was published in February 2010 showing:

	Weekly Reach	Market Share
<b>Cork</b>	68%	45%
<b>Limerick</b>	79%	35%
<b>Dublin</b> - Q102	19%	9%
- FM104	29%	11%
<b>Dundalk/Drogheda</b>	42%	28%
<b>Belfast</b>	16%	7%

Source: JNLR Dec 2009 / RAJAR Feb 2010

## Ireland

1. U105.8FM
2. LMFM
3. Q102
4. FM104
5. Galway Bay FM
6. Live95FM
7. Beat FM
8. C103
9. 96FM



- U105 in Belfast, which broadcasts to a population of 851,000, achieved an increased reach of 26% year on year to 136,000 adults and 1.1m listening hours, a year on year increase of 11%, in the February 2010 RAJAR

## RADIO IRELAND | 2009 Preliminary Results



- Total turnover of £24.8m (2008: £24.9m)
- The acquisition of FM104 contributed an 8% uplift in turnover of £1.9m on 2008
- Foreign exchange accounted for a 9% increase in turnover of £2.2m
- Total advertising revenue declined by 16% on a like for like basis
- Urban Access package was introduced in 2009
- Adjusting for the 2008 acquisition of FM104 and FX movements like for like operating costs were reduced by 11%
- UTV Radio (Ireland) operating profit decreased by 13% to £7.0m (2008: £8.0m) of which:
  - Existing stations declined by 21% to £5.4m (2008: £6.8m)
  - FM104 remained constant at £1.7m
  - U105 moved closer to a breakeven position with a loss of £0.1m (2008: loss of £0.5m)

### Radio Ireland

	2009 £m	2008 £m	Change £m
<b>Turnover</b>			
Existing ROI stations	16.8	18.4	(1.6)
FM104	6.9	5.6	1.3
U105	1.1	0.9	0.2
	<b>24.8</b>	<b>24.9</b>	<b>(0.1)</b>
<b>Operating costs</b>			
Existing ROI stations	11.4	11.6	0.2
FM104	5.2	3.9	(1.3)
U105	1.2	1.4	0.2
	<b>17.8</b>	<b>16.9</b>	<b>(0.9)</b>
<b>Operating profit</b>			
Existing ROI stations	5.4	6.8	(1.4)
FM104	1.7	1.7	0.0
U105	(0.1)	(0.5)	0.4
	<b>7.0</b>	<b>8.0</b>	<b>(1.0)</b>

## RADIO IRELAND | Current Trading and Prospects

---

- Trading in first four months forecast to be down by 6%
- Successful introduction of Urban Access package
- Broadcasting Authority of Ireland levy not agreed
- Operational efficiencies from co-location in Dublin

# TELEVISION

---

UTV Media plc Preliminary Results 2009

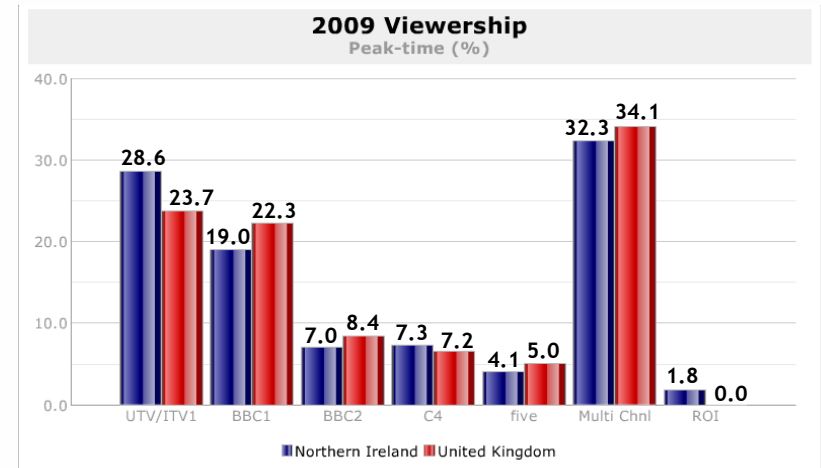
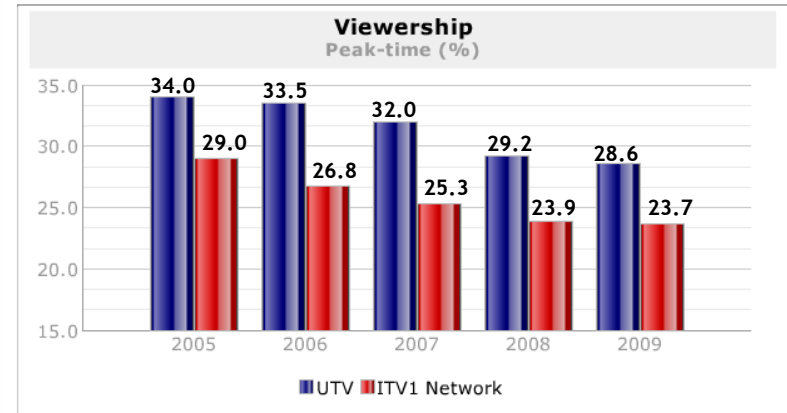
 UTV Media plc

 UTV Media plc

# TELEVISION | 2009 Peak Time Viewership Performance



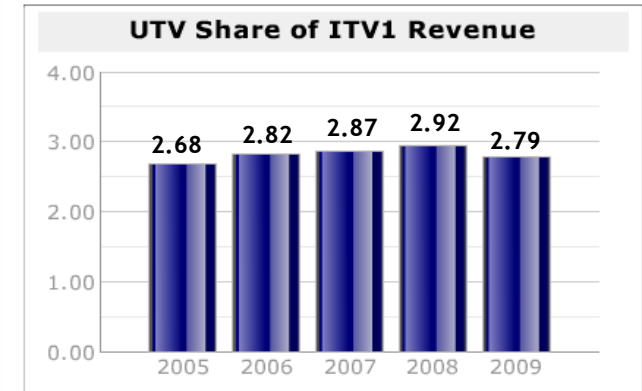
- ITV1's peak-time viewing share declined to 23.7% (2008: 23.9%)
- UTV has continued to outperform the ITV1 Network and in 2009 had:
  - 21% more viewership than ITV1 with a share of 28.6%
  - 51% more viewership than BBC1 Northern Ireland
  - a share of 28.6% which compares favourably to multi-channel viewing at 32.3%
  - almost four times the viewership of Channel 4, the nearest commercial competitor
- UTV had a 7.25% peak-time share in the 87% of Republic of Ireland homes which are multi-channel



# TELEVISION | 2009 Advertising Revenue Performance



- UK television advertising market down by 11% in 2009
- ITV1 advertising revenue down by 12%
- UTV advertising revenue down by 16%
- Underperformance compared to the network is due to the fall in Dublin sales of 33%
- Share of ITV1 revenues of 2.79% (2008: 2.92%)
- Total revenue down by 14%
- The successful launch of Brainbox, live interactive quiz show, contributed additional revenue of £0.3m
- Focus on cost reduction and increased efficiencies has resulted in a 10% saving in operating costs of £27.2m
- Cost reduction partly mitigated the fall in revenue, with total operating profit of £5.3m (2008: £7.7m)



## Television

	Year ended 31 December:		
	2009	2008	Change
	£m	£m	£m
<b>Revenue</b>			
Belfast	7.1	7.7	(0.6)
Dublin	6.5	9.4	(2.9)
London	15.5	17.8	(2.3)
Other	3.4	3.1	0.3
	<b>32.5</b>	<b>38.0</b>	<b>(5.5)</b>
<b>Operating costs</b>	<b>27.2</b>	<b>30.3</b>	<b>3.1</b>
<b>Operating profit</b>	<b>5.3</b>	<b>7.7</b>	<b>(2.4)</b>

## TELEVISION | Current Trading and Prospects

---

- UK television advertising market likely to be up by 10% in the first four months
- ITV network forecast to be up by 11% in the first four months
- UTV's advertising revenue is forecast to be 2% up in the first four months. Growth in Belfast and London offset by 11% decline in Dublin
- Contract Rights Renewal
- Independently Funded News Consortium

## NEW MEDIA

---

UTV Media plc Preliminary Results 2009

 UTV Media plc

 UTV Media plc

## NEW MEDIA | 2009 Preliminary Results and Prospects



- Turnover was maintained at £11.5m
- Adjusting for the acquisitions of Tibus, like for like operating costs reduced by 2%
- New Media operating profit maintained at £2.0m (2008: £2.0m)
- Trading in the first four months is expected to be in line with the previous year

New Media	Year ended 31 December:		
	2009 £m	2008 £m	Change £m
<b>Revenue</b>			
Internet	9.1	9.5	(0.4)
Tibus	2.4	2.0	0.4
	<b>11.5</b>	<b>11.5</b>	<b>0.0</b>
<b>Operating costs</b>			
Internet	7.8	7.9	0.1
Tibus	1.7	1.6	(0.1)
	<b>9.5</b>	<b>9.5</b>	<b>0.0</b>
<b>Operating profit</b>			
Internet	1.3	1.6	(0.3)
Tibus	0.7	0.4	0.3
	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>

## CONCLUSION

---

- Strong underlying performance in difficult trading environment
- Significant debt reduction achieved in the year
- Cost savings of £6m achieved in 2009
- Continued audience appeal puts the Group in good shape for recovery
- Growth in some key markets but lack of visibility
- World Cup and additional Premier League rights will build revenues in 2010
- Easing of banking covenants provides operational flexibility