

THE PICTURE IS BRIGHTER
THAN YOU THINK

Any further questions? Feel free to reach out...



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Twice City AM Analyst of the Year, Ian is an experienced, commercially-minded analyst in the media and tech sectors who is recognised for his industry knowledge across all parts of the space and with a proven track record of being ahead of the curve when it comes to understanding industry dynamics and what it means for companies.

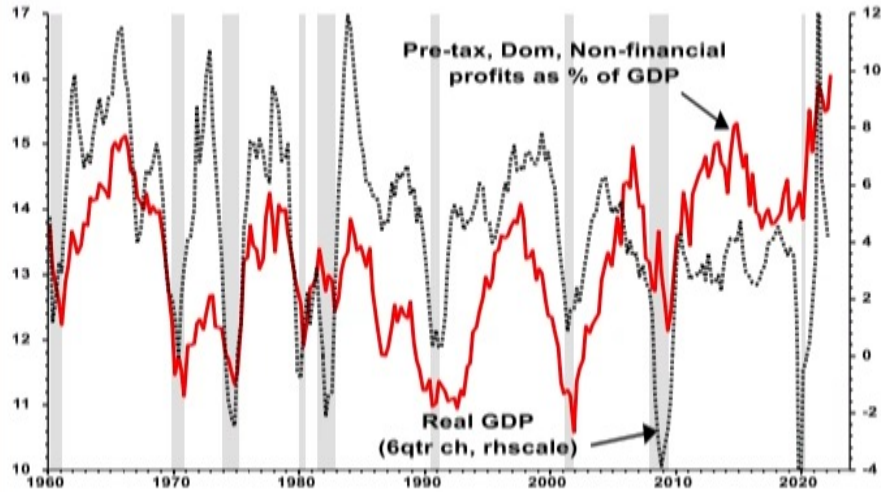
He has significant experience in helping companies find the most suitable financing options and providing advice to companies both at a strategic and financial level. Highly regarded both within the City and the media for knowledge of the sector and the latest trends, he has had numerous media appearances including Bloomberg, Sky News, CNBC and Radio 4 and frequent speeches at major industry events and conferences. He left the City to set up his own consultancy Liberty Sky Advisors and has recently founded his own subscription service. He also has co-founded an investment advisory firm, Bearstone Advisors Ltd, and is an Executive in Residence at the Project X Institute.

Sign up for his regular insights at ianwhittakermedia.com

THE MACRO PICTURE

SOFT LANDING THE MOST LIKELY OUTCOME

US profit margins behaving most oddly in recent years - no recessionary bust and now a boom



Source: Datastream

Source: Federal Reserve of St Louis

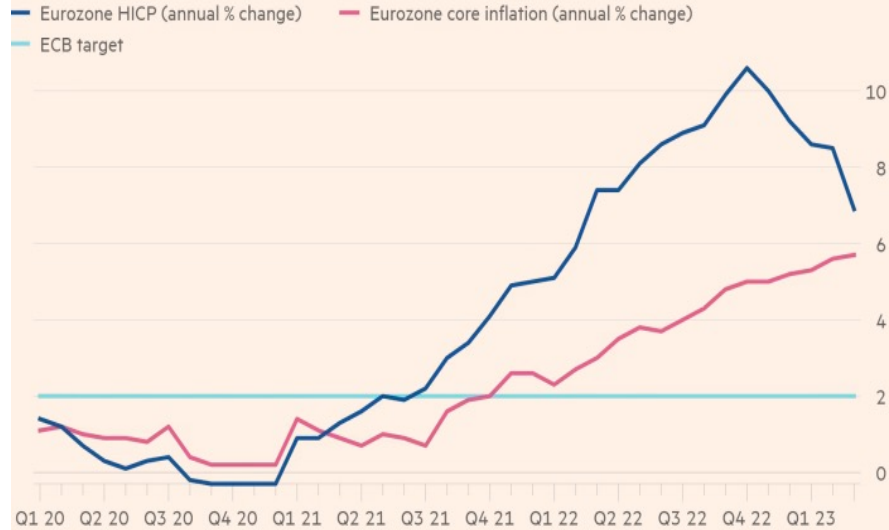
Eurozone jobless rate falls to record low



Source: Eurostat
© FT

INFLATION WILL REMAIN AN ISSUE EVEN IF RATES FALL

Eurozone inflation has fallen to a one-year low



Harmonised index of consumer prices (annual % change)

Source: Eurostat

© FT

Eurozone households will continue to feel much poorer than before the pandemic, despite fall in inflation

Indices (2020 = 100)



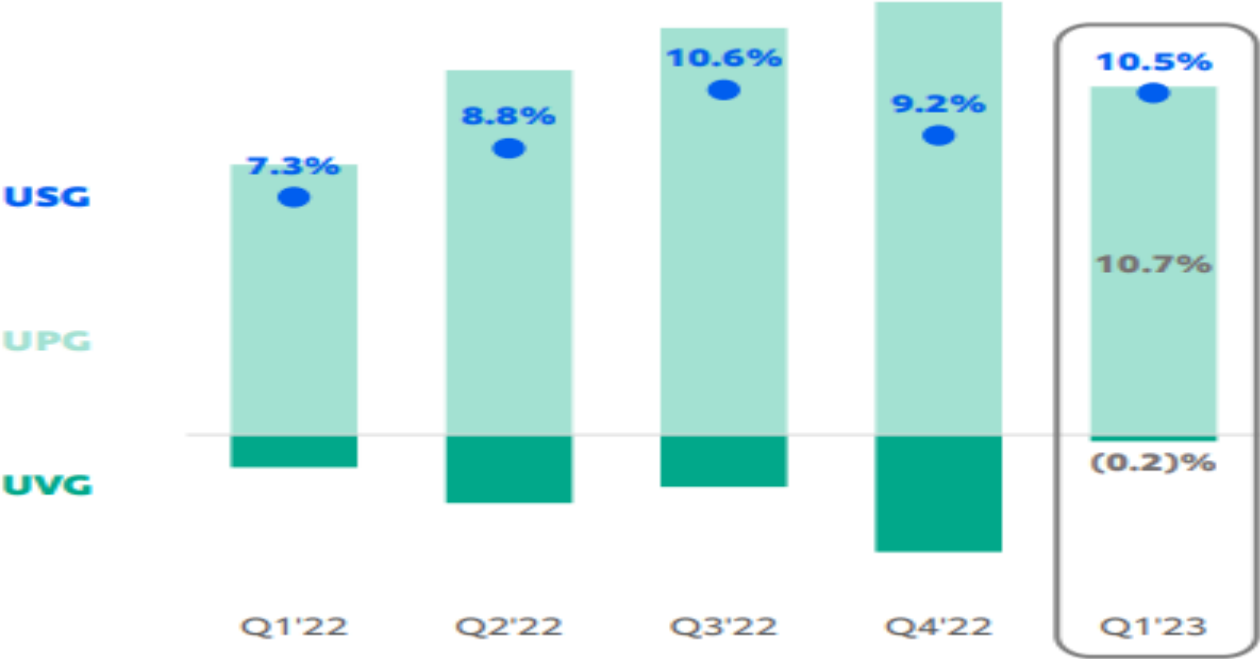
Shaded area indicates forecasts

Sources: Consensus Economics, Eurostat

© FT

COMPANIES STILL PUSHING PRICE INCREASES – AND CONSUMERS STILL ACCEPTING THEM

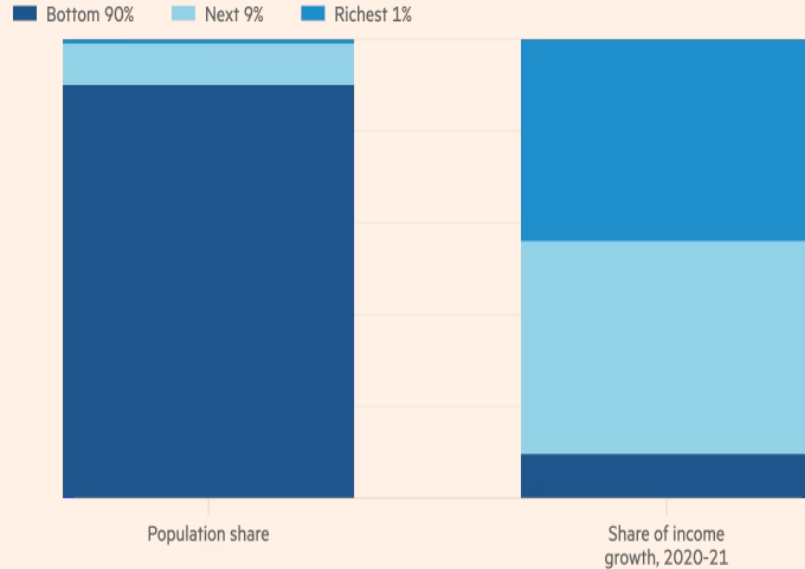
UNILEVER Q1 22 – Q1 23 SALES – SALES GROWTH (USG), PRICING GROWTH (UPG) VS VOLUME IMPACT (UVG)



THE CONSUMER IS POLARISED – BUT WANTS TO LIVE LIFE

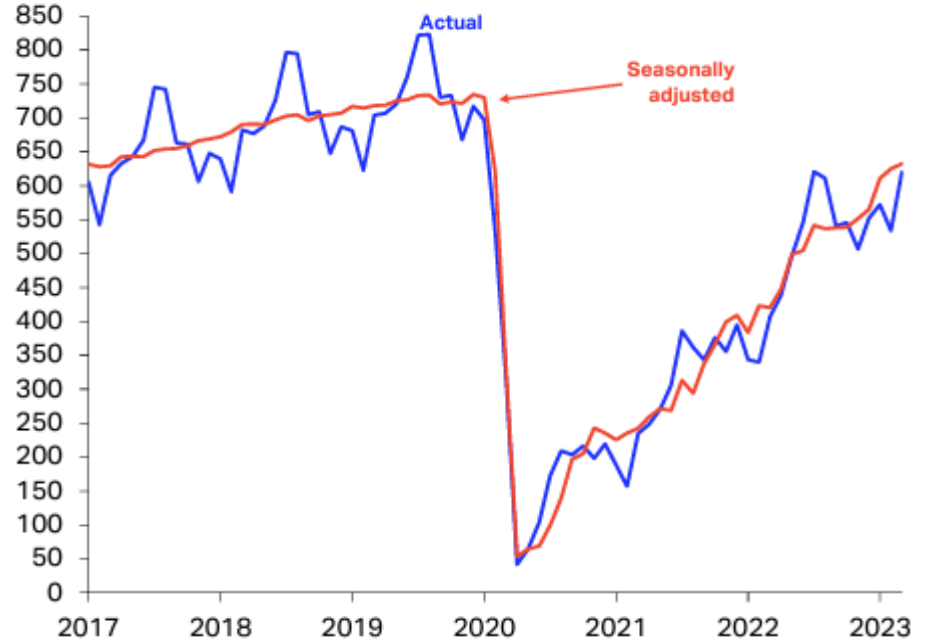
GLOBAL PASSENGER AIR TRAVEL 2017 –MARCH 2023

How the richest swallow up Europe's growth



Source: Oxfam
© FT

Industry RPKs (billion per month)



Sources: IATA Economics, IATA Monthly Statistics

THE DRIVERS OF ADVERTISING AND HOW BOARDS VIEW IT

CORPORATE PROFITABILITY THE KEY DRIVER

Making Money

Profit margins rise to most since 1950

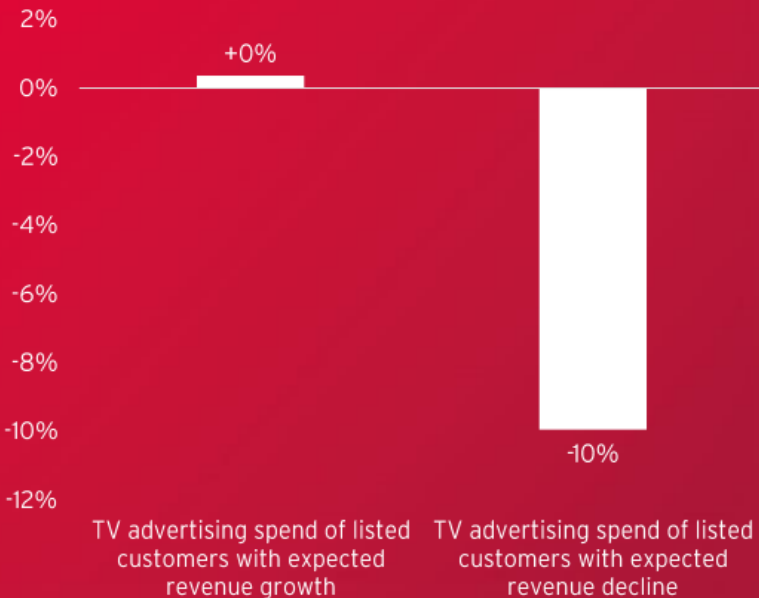


Source: US Department of Commerce, Bloomberg

Bloomberg

Source: Bloomberg

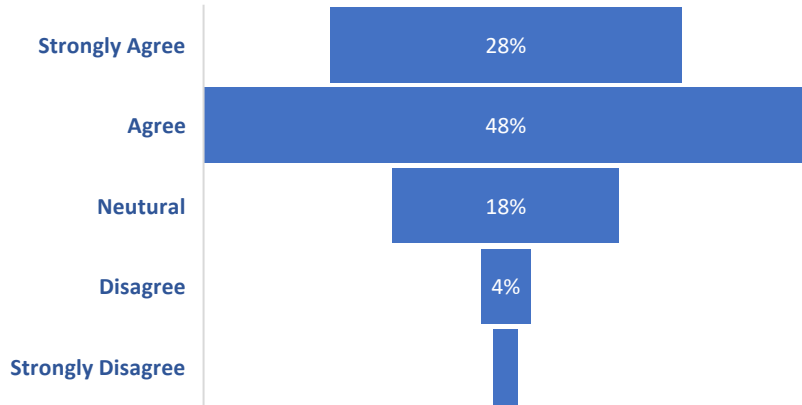
9M 2019 German P7S1 TV ad spend by customer profile [YoY, based on consensus FY2019 revenue growth estimates]



Source: ProSieben Sat 1 Q3 2019 results presentation

MANAGEMENTS AND BOARDS DO BELIEVE IN BRANDS AND THEY ADD VALUE

BUSINESS LEADERS BELIEVE STRONG BRANDS DELIVER TO THE BOTTOM LINE



As a leadership team, we understand how a strong brand continually contributes to the bottom line of the business

IMPORTANCE OF BRAND STRENGTH TO DELIVERY OF BUSINESS OBJECTIVES



In general, how important do you believe brand strength is for driving each of the following organisation? (Very important/important)

MANAGEMENTS AND BOARDS FACE SHORT-TERM PRESSURE FROM THE MARKETS

FIGURE 6. WIDESPREAD SHORTENING OF MARKETING REPORTING CYCLES

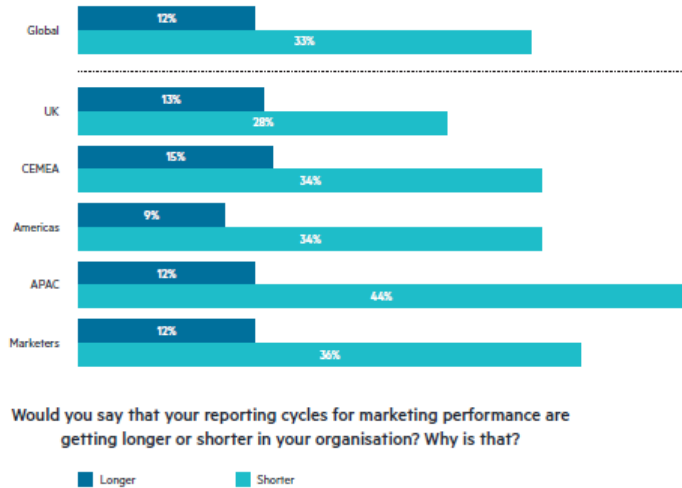
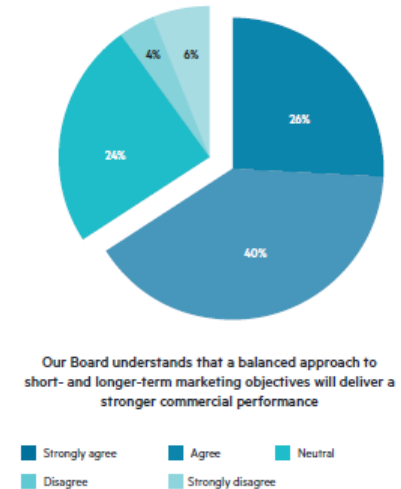


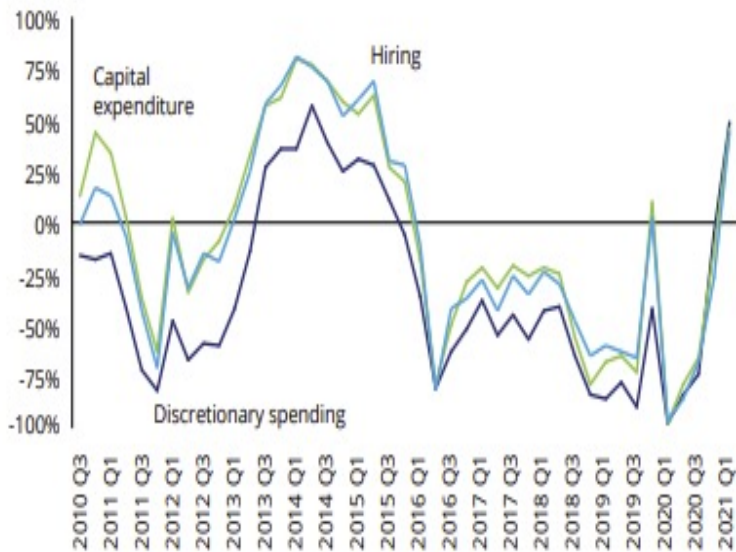
FIGURE 7. A LARGE MAJORITY OF BUSINESS LEADERS BELIEVE THAT A BALANCED APPROACH TO SHORT- AND LONG-TERM OBJECTIVES DELIVERS BETTER RETURNS



Source: "The Board-Brand Rift", FT / IPA (2020)

MARKETING IS AN INVESTMENT, NOT A COST...

Net % CFOs who expect UK corporates' hiring, capital expenditure and discretionary spending to rise over the next 12 month



Source: Deloitte Q1 2021 CFO Survey

Brands on the Balance Sheet

Consolidated Balance Sheets

Amounts in millions except stated values; As of June 30

	2022	2021
Assets		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,214	\$ 10,288
Accounts receivable	5,143	4,725
INVENTORIES		
Materials and supplies	2,168	1,645
Work in process	856	719
Finished goods	3,900	3,619
Total inventories	6,924	5,983
Prepaid expenses and other current assets	2,372	2,095
TOTAL CURRENT ASSETS	21,653	23,091
PROPERTY, PLANT AND EQUIPMENT, NET	21,195	21,686
GOODWILL	39,700	40,924
TRADEMARKS AND OTHER INTANGIBLE ASSETS, NET	23,679	23,642
OTHER NONCURRENT ASSETS	10,981	9,964
TOTAL ASSETS	\$ 117,208	\$ 119,307

Source: P&G 2022 annual report

ADVERTISING IS INTANGIBLE CAPEX



SPEAK THE LANGUAGE OF THE BOARD – AND KNOW ITS PRIORITIES



24 February 2021

RECKITT BENCKISER (RBL) STRONG PERFORMANCE UNDERPINS PROGRESS TOWARDS SUSTAINABLE GROWTH



	Q4 2020			FY 2020		
	£m	LFL ¹	Reported	£m	LFL ¹	Reported
Hygiene	1,589	+25.7%	+21.9%	5,816	+19.5%	+15.6%
Health	1,171	+2.8%	+0.8%	4,890	+12.1%	+9.6%
Nutrition	809	-3.5%	-5.5%	3,287	unchanged	-2.0%
Total	3,569	+10.2%	+7.5%	13,993	+11.8%	+8.9%

	£m	Constant FX ²	Reported
Operating Profit – Adjusted ¹	3,301	+0.7%	-2.0%
Operating Profit Margin – Adjusted ¹	23.6%		-260bps
Operating Profit – Reported	2,160		nm
Operating Profit Margin – Reported	15.4%		nm
EPS (diluted) – Adjusted ¹	327.0p		-6.3%
EPS (diluted) – Reported ²	159.3p		nm
Free Cash Flow ¹	3,052		+42.3%
Net Debt ¹	8,954		-17%

¹ Non-GAAP measures and definitions are defined on page 18
² Reported diluted EPS from continuing operations

Full Year Financial Highlights

- **Group LFL net revenue up +11.8%**: very strong, volume-led growth in a COVID environment, as consumers seek trusted, heritage brands, reinforced by stronger purpose-led brand equity and strengthened execution
- **Hygiene LFL net revenue up +19.5%**: very strong growth, particularly from Lysol and Finish, with broad-based growth in all regions and improved overall market share for Hygiene
- **Health LFL net revenue up +12.1%**: very strong Dettol growth in all major markets, strong growth from Gavison and improved Durex momentum, and improving market share performance overall
- **Nutrition LFL net revenue unchanged**: US IFCN growth and increased consumer focus on wellness and immunity, with Airborne up over 100%, offset adverse IFCN market in Greater China
- **e-Commerce**: record full year channel growth of 56%; estimated to be c.12% of group net revenue
- **Full year adjusted operating margin of 23.6%**, in line with mid-year guidance
- **Full year reported operating profit of £2,160m** (2019: reported operating loss of £1,954m), including IFCN goodwill impairment of £965m (2019: £5,037m) reflecting the volatility and uncertainties relating to COVID-19.

24 February 2021



FY 2020 RESULTS SCRIPT

Laxman Narasimhan, Group CEO and Executive Director

Good morning and thank you for joining us. I want to start today by thanking all our associates, customers and partners for helping us navigate a year like no other. Thank you for keeping our people safe, serving our customers and for engaging with communities.

Slide 4 - Key messages

I have four messages for you today.

First, we have delivered very strong growth this year led by strong execution in a changing demand environment that was shaped by COVID.

Second, we have made record investment in the business, investing in growth-led initiatives to build a great house in a great neighbourhood.

Third, we expect continued growth in 2021, across brands, geographies and channels, and locking-in the progress we made in 2020.

Finally, we have increased confidence in our ability to achieve our medium term revenue and margin targets.

Slide 5 – Agenda

The presentation will be split in to three sections. I will cover the 2020 highlights, Jeff will then give you a review of the financial performance and 2021 outlook, and then I will provide you

THE FUTURE OF THE TELEVISION AND VIDEO MARKETS

THE FUTURE OF BROADCASTING COULD GO MANY WAYS

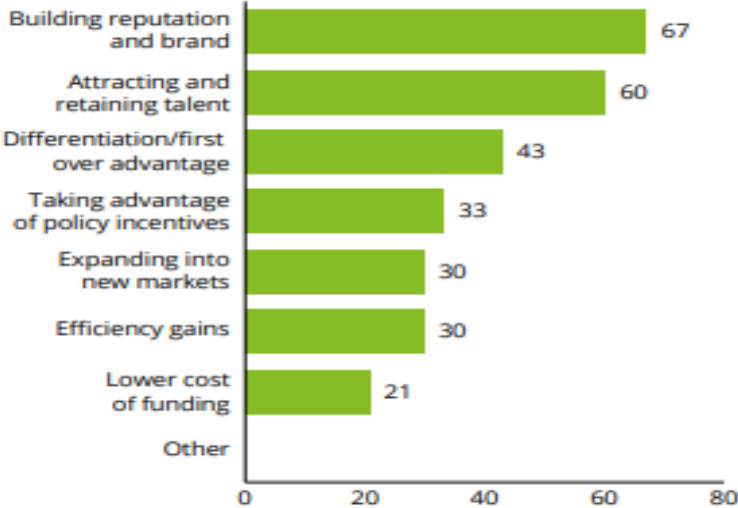
Europe's Big 5												
					2030 scenarios				% Change 2021 vs 2030			
		2017	2019	2021	1. Steady as We Go	2. Growth of the Digital Giants	3. The Perfect Storm	4. TV's Golden Age	1. Steady as We Go	2. Growth of the Digital Giants	3. The Perfect Storm	4. TV's Golden Age
Pay TV subscriptions	M	73.8	77.2	72.1	67.6	59.5	54.3	71	-6%	-17%	-25%	-2%
SVOD subscriptions	M	35.5	68	127.3	169.3	262.3	136.3	220	33%	106%	7%	73%
• Local broadcasters' share of SVOD subs.	%			10%	11%	5%	4%	24%	8%	-51%	-61%	135%
TV advertising revenue	\$Bn	22.0	22.0	22.1	21.7	18.5	15.5	24.5	-2%	-17%	-30%	15%
AVOD revenue	\$Bn	2.0	3.4	4.2	7.1	9.2	7.8	8.7	69%	118%	86%	107%
• Local broadcasters' share of AVOD rev.	%			58%	57%	40%	36%	64%	-2%	-31%	-38%	10%
SVOD revenues	\$Bn	2.9	5.9	13.0	18.5	35.6	13.6	25.1	43%	174%	5%	93%
Pay TV revenue	\$Bn	24.7	27.0	27.6	31.2	21.0	16.6	34.2	13%	-24%	-40%	24%
Total TV revenue	\$Bn	51.6	58.4	67.0	78.5	84.2	53.5	93.4	17%	26%	-20%	39%
Share of TV set viewing:												
Broadcast	%			80%	73%	61%	53%	79%	-9%	-24%	-34%	-1%
Streaming	%			17%	23%	35%	29%	18%	39%	108%	72%	6%
Other	%			3%	4%	5%	18%	3%	16%	41%	469%	-3%

Source: Mediagenix "The Transformation of TV Industry Perspectives on the Road to 2030"

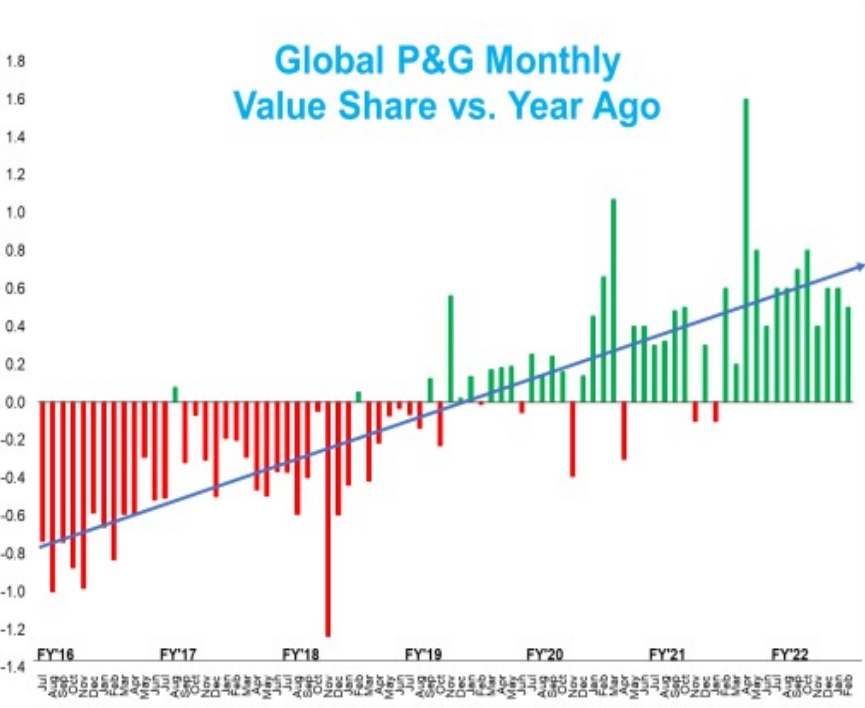
ADVERTISING STRUCTALLY MORE IMPORTANT

Key Benefits from Transition

Weighted average ratings on a scale of 0-100 where 0 stands for no benefit and 100 stands for the biggest possible benefit for the CFO's own firm from the transition to a low-carbon economy



Source: Deloitte Q3 2021 CFO Survey



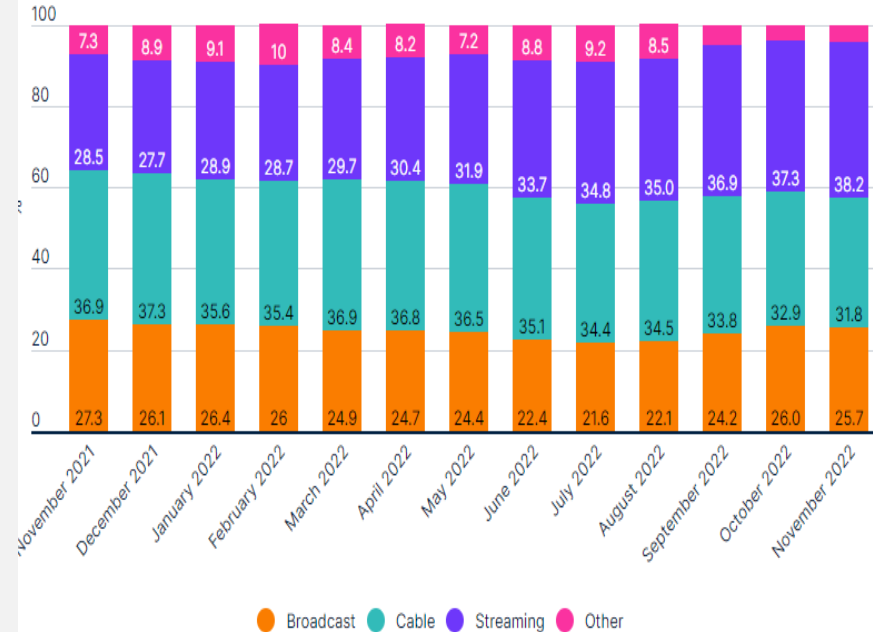
Source: P&G fiscal Q3 22 earnings presentation

TELEVISION – EUROPE IS NOT THE US

Top 30 series on UK Television 2022 (All Inds 4+, TV set viewing only)

Rank	Channel	Title	Series	Ave aud (m)	Episodes
1	ITV	I'm A Celebrity...Get Me Out of Here!	22	11.4	22
2	ITV	Trigger Point	1	9.3	6
3	CH4	The Great British Bake Off	6	9.1	10
4	BBC	Strictly Come Dancing	20	9.0	26
5	Netflix	Stranger Things	4	8.8	9
6	ITV	The Thief, His Wife and The Canoe	1	8.7	4
7	BBC	Call the Midwife	11	8.4	8
8	BBC	Death in Paradise	11	8.3	8
9	Netflix	Wednesday	1	8.2	8
10	BBC	Frozen Planet II	1	7.5	6
11	BBC	The Green Planet	1	7.5	5
12	Netflix	Stay Close	1	7.4	8
13	CH4	Gogglebox	19	7.4	16
14	BBC	Strike	6	7.3	4
15	BBC	Silent Witness	25	7.2	6
16	BBC	Sherwood	1	7.0	6
17	ITV	Our House	1	6.9	4
18	Netflix	After Life	3	6.9	6
19	BBC	Shetland	7	6.8	6
20	ITV	Britain's Got Talent	15	6.8	14
21	BBC	The Apprentice	16	6.7	14
22	ITV	The Masked Singer	3	6.7	8
23	ITV	Grace	2	6.6	4
24	BBC	Peaky Blinders	6	6.6	6
25	ITV	The Club	1	6.4	8
26	BBC	The Tourist	1	6.4	6
27	ITV	Bradley Walsh & Son: Breaking Dad	4	6.3	6
28	ITV	Ant & Dec's Saturday Night Takeaway	18	6.3	7
29	ITV	Ridley	1	6.3	4
30	ITV	McDonald and Dodds	3	6.0	4

US TOTAL TELEVISION VIEWING SHARE 2+ (%)



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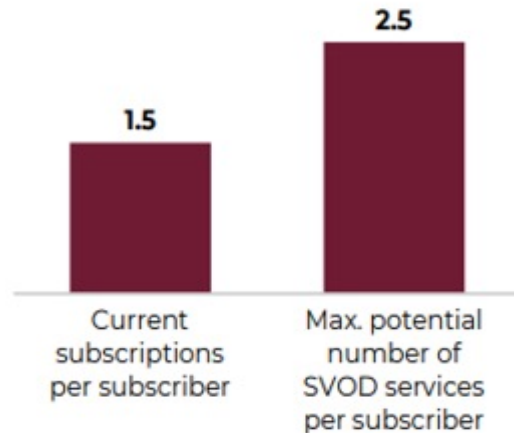
Source: Thinkbox

Source: Nielsen

SVOD – EUROPE IS DIFFERENT FROM THE US

GERMAN HOUSEHOLDS

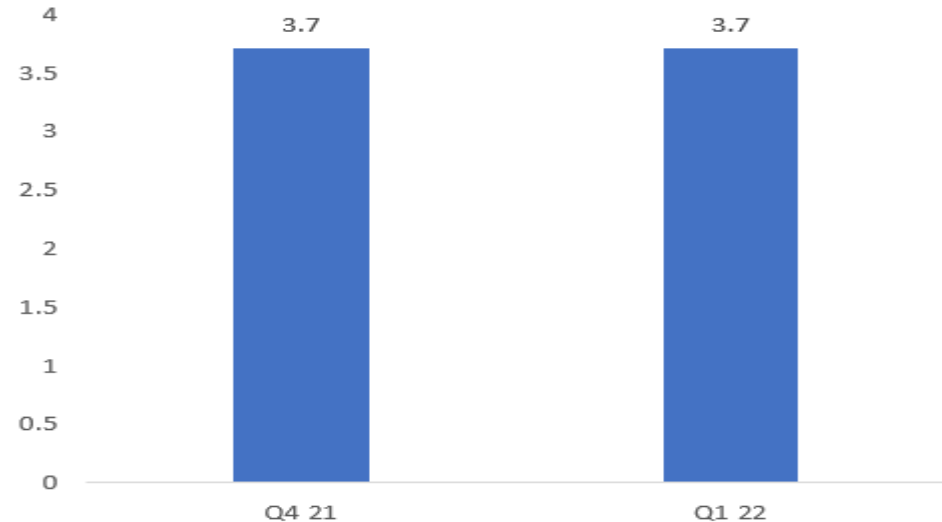
Max. number of SVOD services people are willing to pay for¹⁾
In units, on average



Source: ProSieben Sat 1 FY21 results presentation

US HOUSEHOLDS

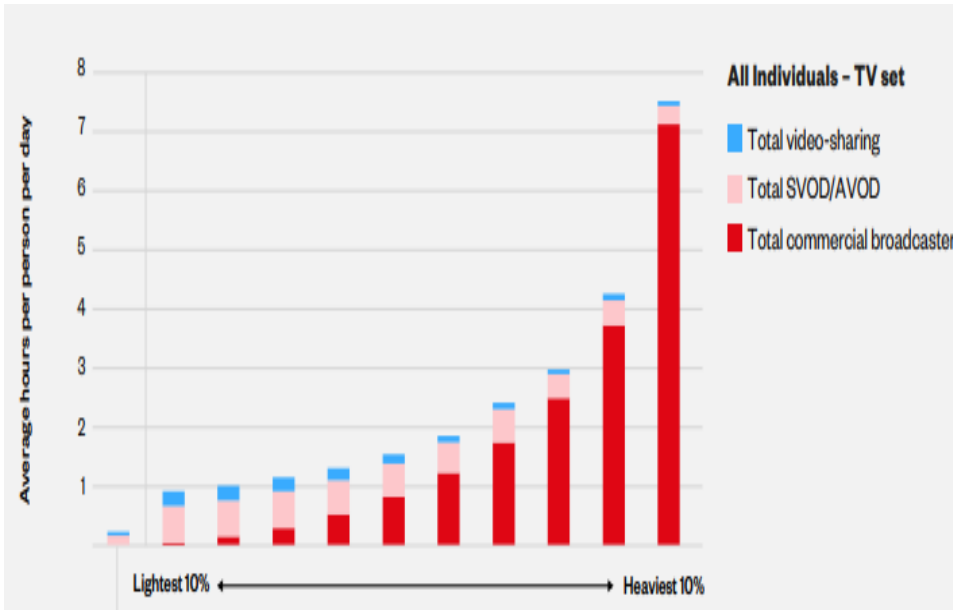
Average number of paid subscriptions per US household



Source: Kantar

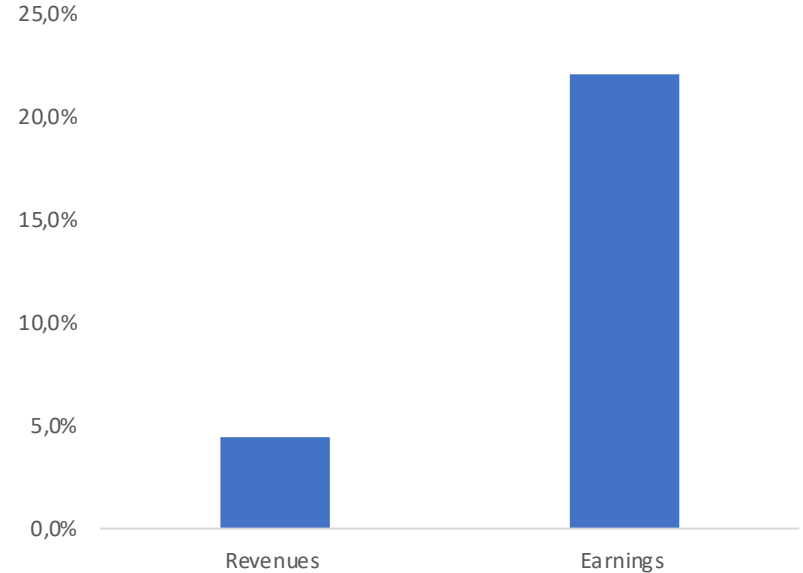
ADVERTISING IS A PROFIT PLAY FOR SVOD – WILL IT WORK?

UK VIEWING TV SET – VIEWING BY LIGHTEST TO HEAVIEST VIEWERS



Source: Thinkbox

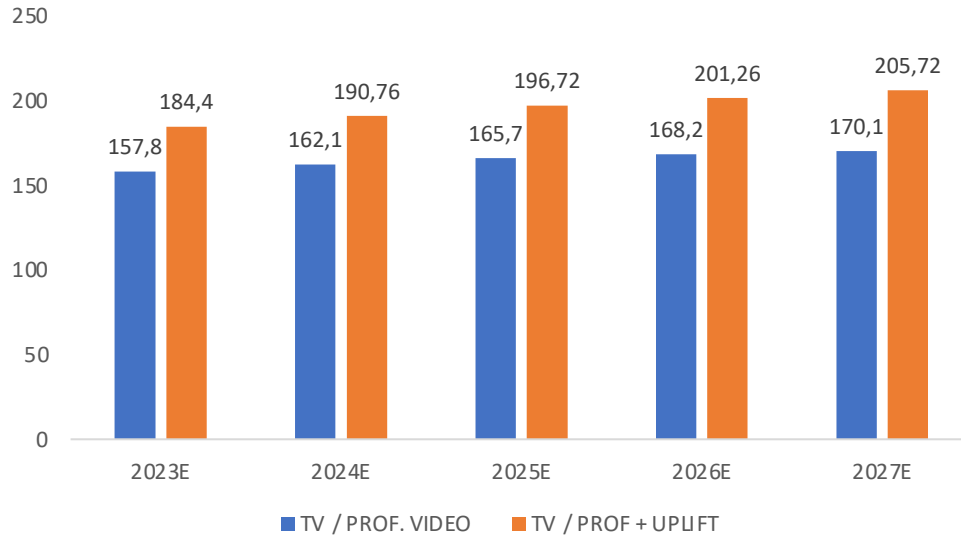
\$1.5BN ADVERTISING REVENUE UPLIFT TO NETFLIX 2023 REVENUES / EARNINGS



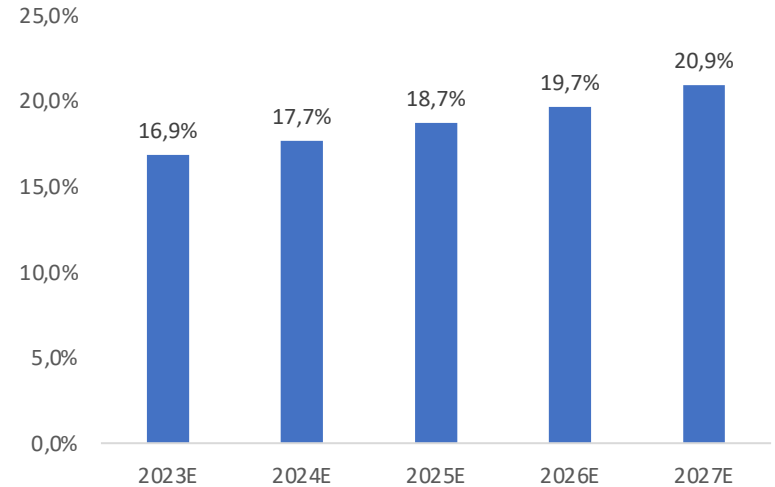
Source: Liberty Sky Advisors, Refinitiv FY23 earnings estimates

VIDEO NOT TV

GROUP M TV / PROF VIDEO FORECASTS 2023E – 2027E: NORMALISED VS TV TAKING 10% OF DIGITAL NON-SEARCH / NON-RETAIL MEDIA MARKET (\$m)



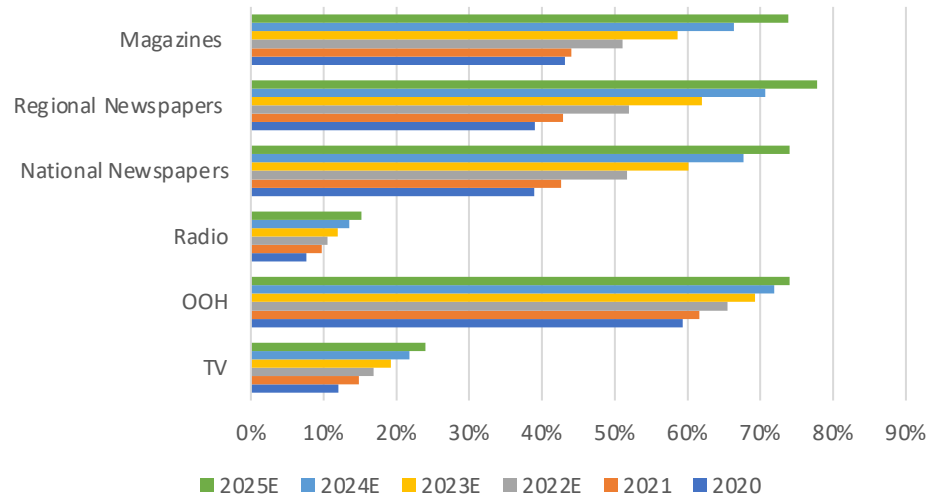
PERCENTAGE UPLIFT TO TV / PROF VIDEO FORECASTS FROM 10% OF APPLICABLE DIGITAL SPEND 2023E – 2027E



Source: Liberty Sky Advisors, Group M

PROGRAMMATIC - “ANALOGUE” / “DIGITAL” SEPARATION IS OBSOLETE

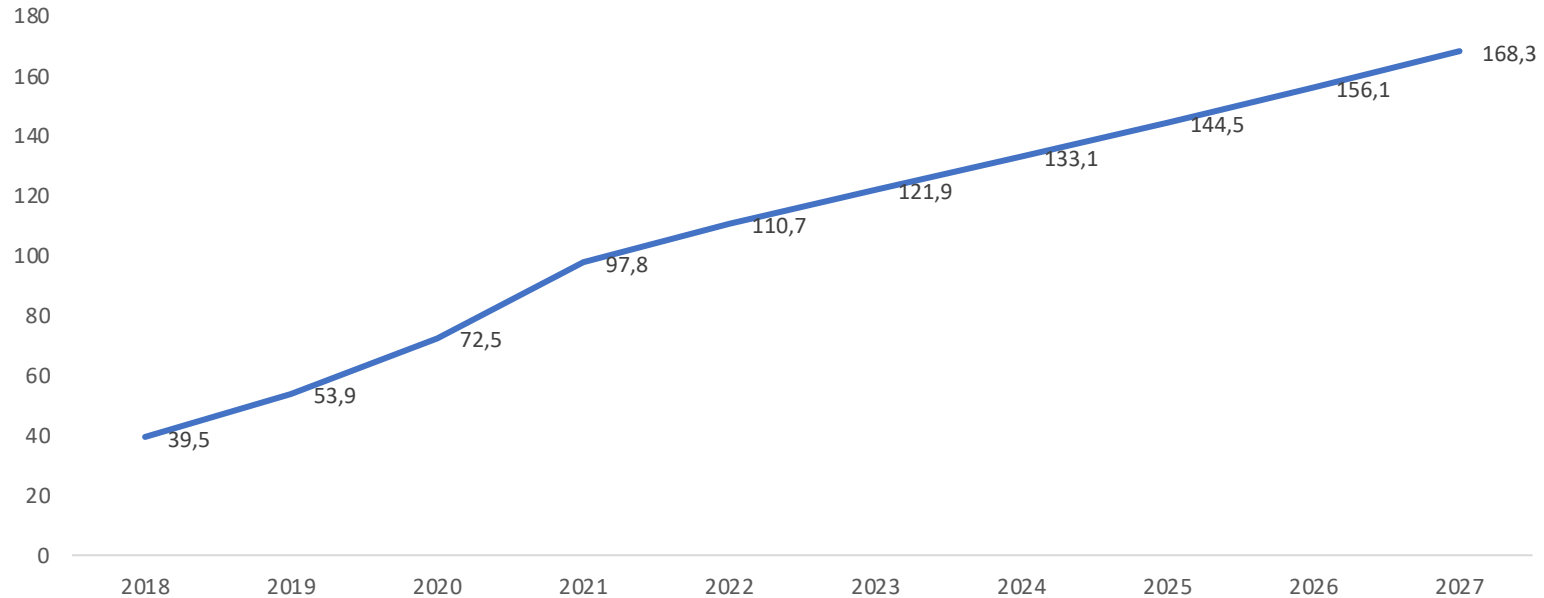
% of UK advertising revenues from digital by platform
2020 - 2025E



Source: Liberty Sky Advisors

TV / VIDEO + RETAIL MEDIA – A MAJOR OPPORTUNITY...

GLOBAL RETAIL MEDIA AD SPENDING 2018 – 2027 (\$m)

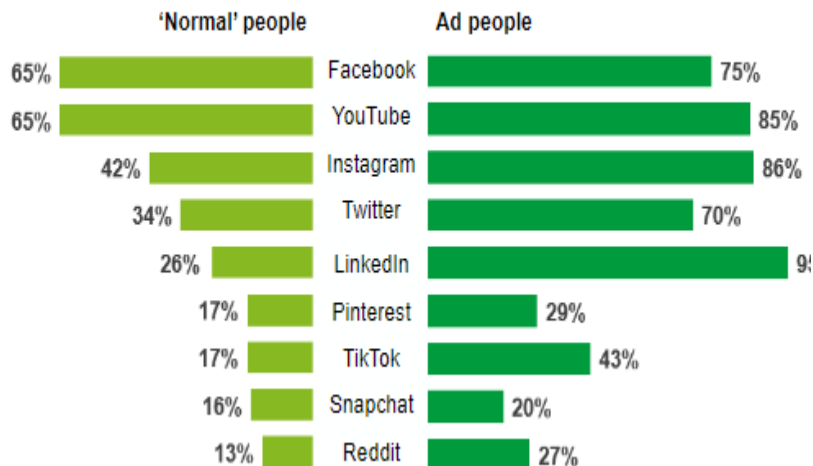


Source: Group M

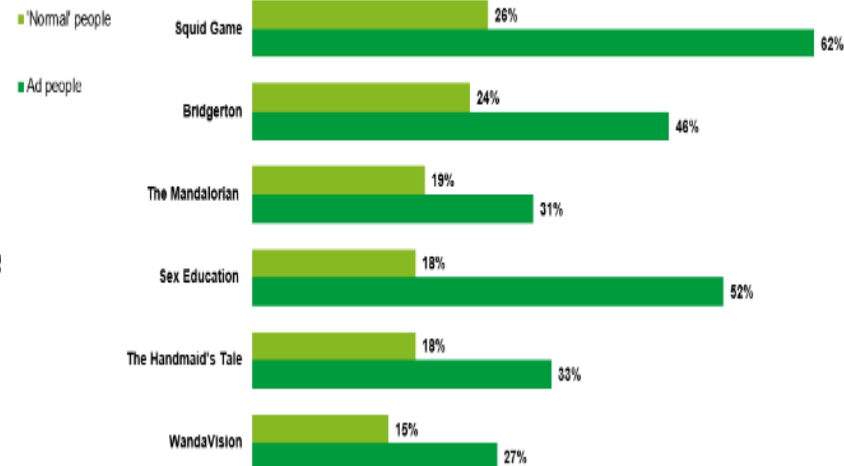
PERCEPTIONS OF TV SKEWED AMONGST THE “BUYING CLASSES”

UK Ad People vs ‘Normal People’ media habits

% who accessed website / service / app in past 3 months



% who have watched at least one episode in the past 2 years

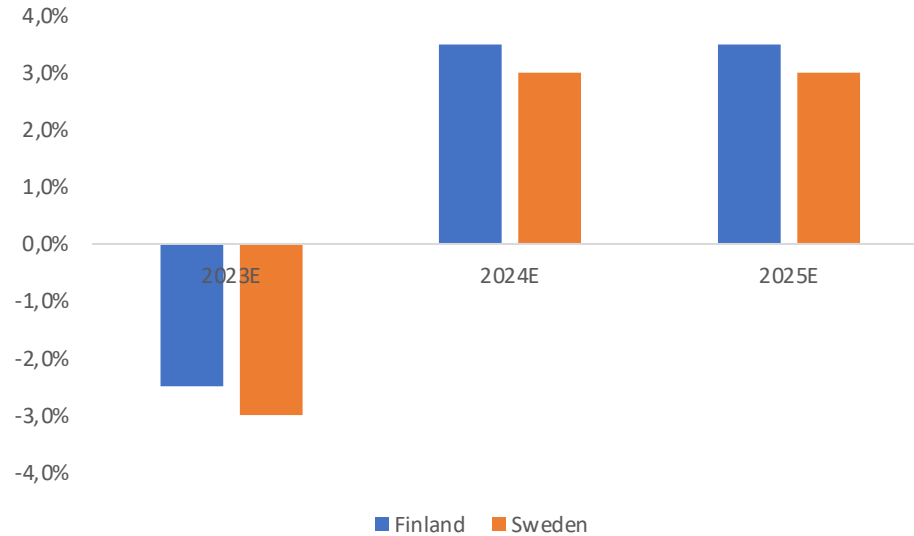


Source: “Abnormal Behaviour” Thinkbox (2022)

THE FINNISH AND SWEDISH MARKETS

FINLAND AND SWEDISH ADVERTISING

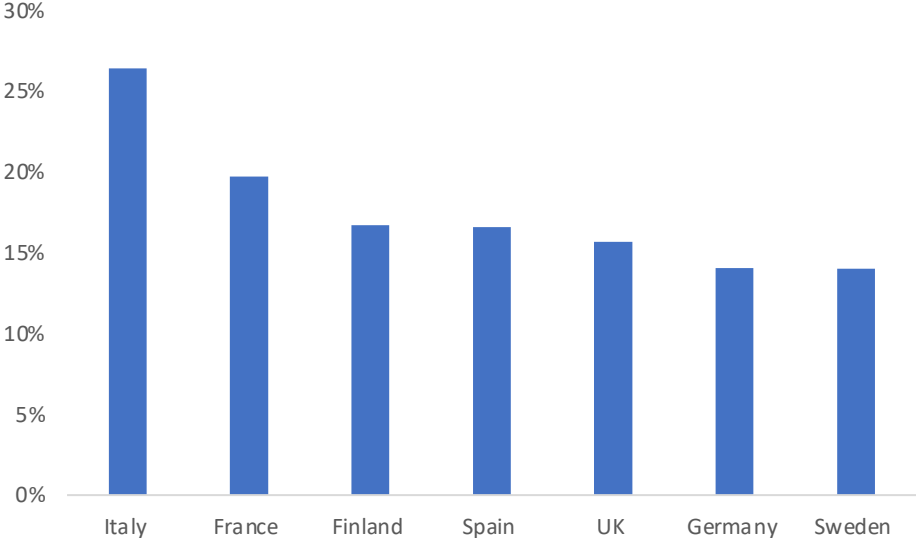
ADVERTISING GROWTH FINLAND / SWEDEN 2023E – 2025E



Source: Liberty Sky Advisors based on analyst / company findings, macro data etc

FINLAND AND SWEDEN ARE NOT THAT DIFFERENT FROM OTHER EUROPEAN BROADCASTING MARKETS

TV ADVERTISING SHARE OF TOTAL ADVERTISING MARKET 2022

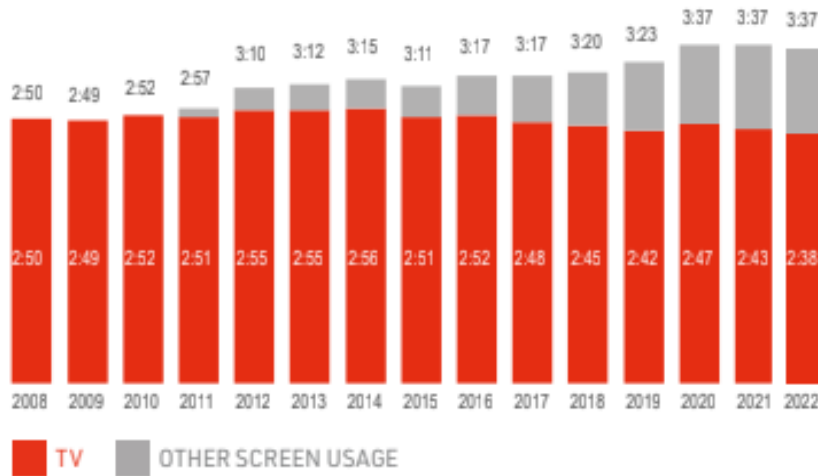


Source: Company reports, Liberty Sky Advisors, Statistics Finland, Agency reports

ARE ADVERTISERS UNDERESTIMATING THE RESILIENCE OF TV VIEWING?

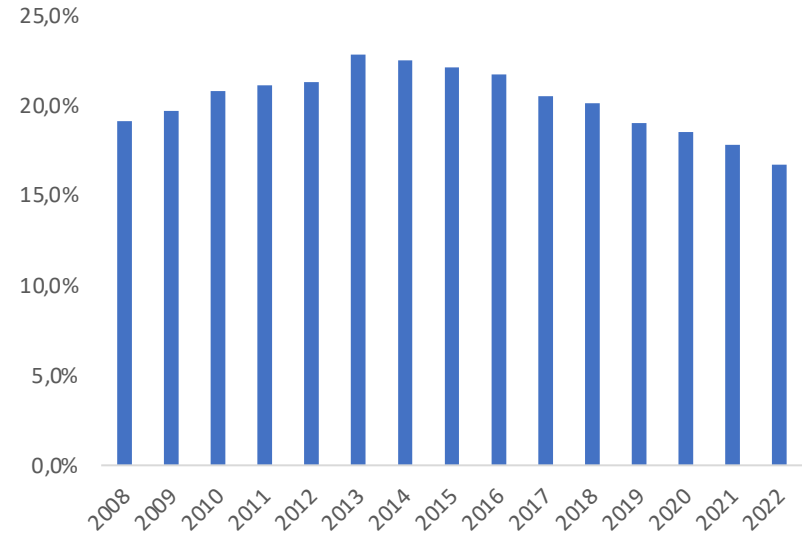
TV VIEWING, FINLAND 2008 – 2022

Time spent viewing TV on different screens, h:min



Source: Screenforce

TV ADVERTISING SHARE , FINLAND 2008 – 2022



Source: Statistics Finland