

Britain's Creative Greenhouse

A summary of the 2015 Channel 4 Annual Report and other key facts

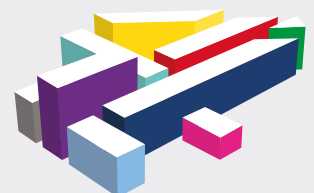


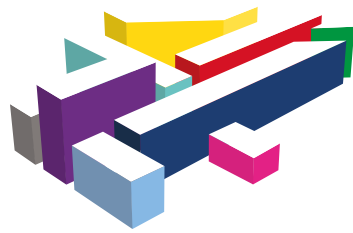
How do you drive
growth, create
jobs and support
small businesses?

Sustain a pipeline
of innovation to a
world-class sector?

Inspire a nation?

At no cost
to the British
taxpayer?





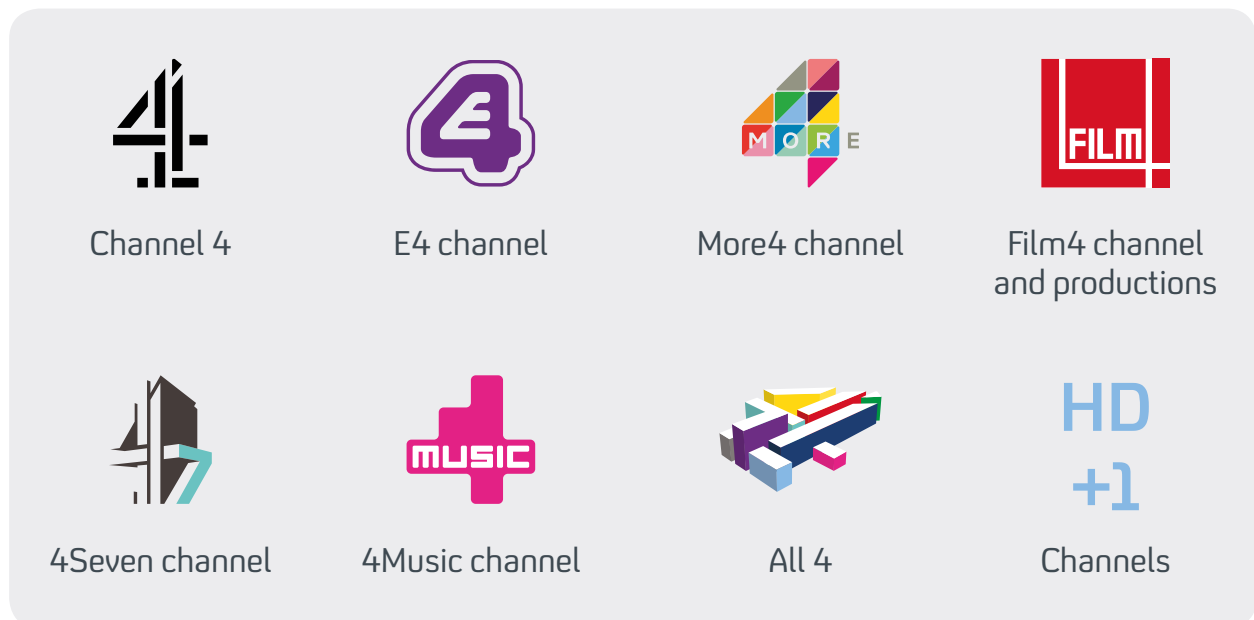
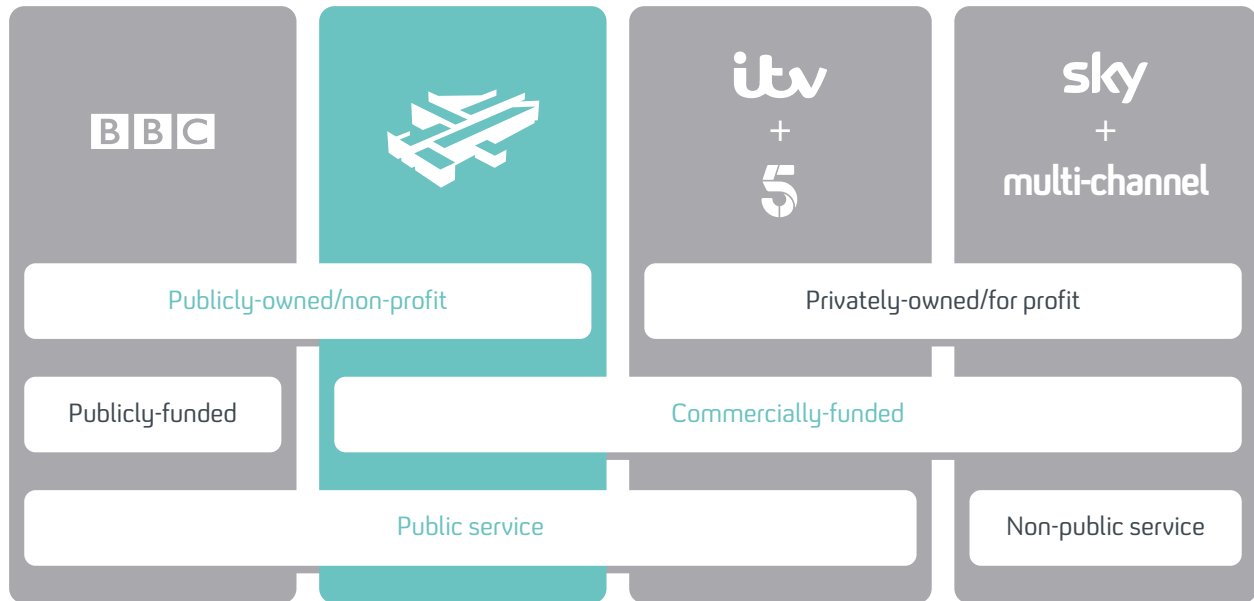


Reach for the remote



PSB ecology







The UK broadcasting ecology is the result of enlightened intervention by politicians and regulators. It's a carefully balanced mix of different organisations, with different missions, business models and governance structures that has made UK broadcasting a worldwide success.






Channel 4 in a nutshell

Our twin goals are to fulfil our remit and to be commercially self-sufficient

Statutory public service remit – 15 elements, including

-  Be innovative and distinctive
-  Stimulate public debate on contemporary issues
-  Reflect cultural diversity of the UK
-  Champion alternative points of view
-  Inspire change in people's lives
-  Nurture new and existing talent





Social enterprise model

-  Commercially-funded by advertising
-  Not-for-profit: all surplus goes back into content
-  'Robin Hood' system of profit-making genres such as Factual Entertainment cross-funding loss-making ones like News and Current Affairs

Publisher-broadcaster

-  No in-house production – unlike the BBC, ITV or Sky
-  100% of UK programmes commissioned from UK production companies
-  Supports wide range of companies across the Nations and Regions
-  Works with large number of SMEs

State-owned public service broadcaster

-  Established as a statutory corporation
-  Unitary Board, majority of non-Executives (appointed by Ofcom)
-  Regulated by Ofcom
-  Subject to 16 licence quotas and other requirements, including:
 - News and Current Affairs
 - UK commissioned programmes
 - Out of London commissioning
 - Access services e.g. subtitling

Headlines from 2015 Annual Report

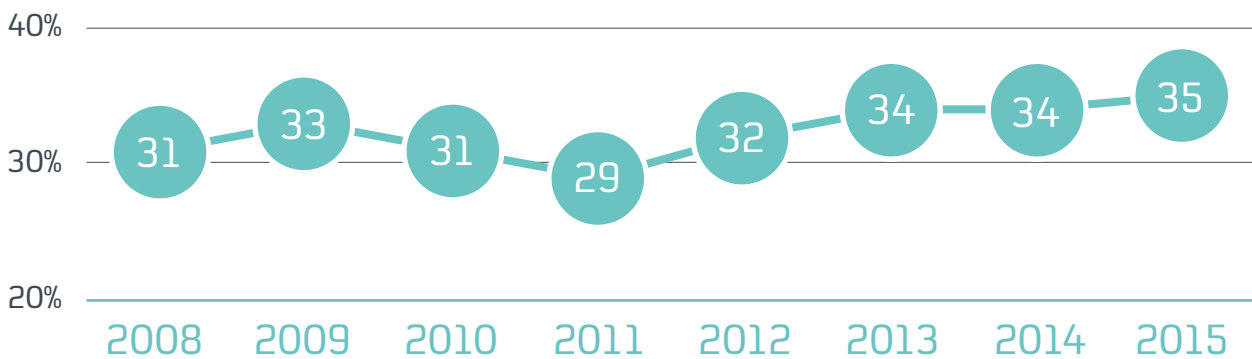
Creative success

With a record number of awards won, and record investment in content, we continued to feel the benefits of creative renewal in 2015.



Remit delivery is at an all-time high

In 2015, audience perceptions of Channel 4's remit delivery were at an all-time high – the average across the 12 statements that track our remit was higher than at any time since we started reporting in 2008.



Winner

Channel of the Year –
Broadcast Awards
Campaign Advertiser
of the Year
Medium of the Year



Financial success

After returning to financial surplus in 2014, we grew the surplus to £26 million in 2015, with record revenues of almost £1 billion.

£979m

Corporation revenue up
£41m year-on-year

+30%

year-on-year
growth in total
digital revenues

Growth in
main channel
share

12.9%

peak-time
portfolio share
(up 3% year-on-year)

2015 saw significant strategic innovations

13.1m

now registered
with All 4 – including
more than 50% of all
16–34-year-olds
in the UK

512m

programme views
on All 4

360°
Diversity
Charter

launched, including
30 initiatives to
increase diversity
on-and off-screen

3

BAME-led independent
production companies
invested in

BROADCASTING'S CREATIVE GREENHOUSE

Channel 4 drives growth and creates jobs in the UK's creative industries, supporting hundreds of small businesses



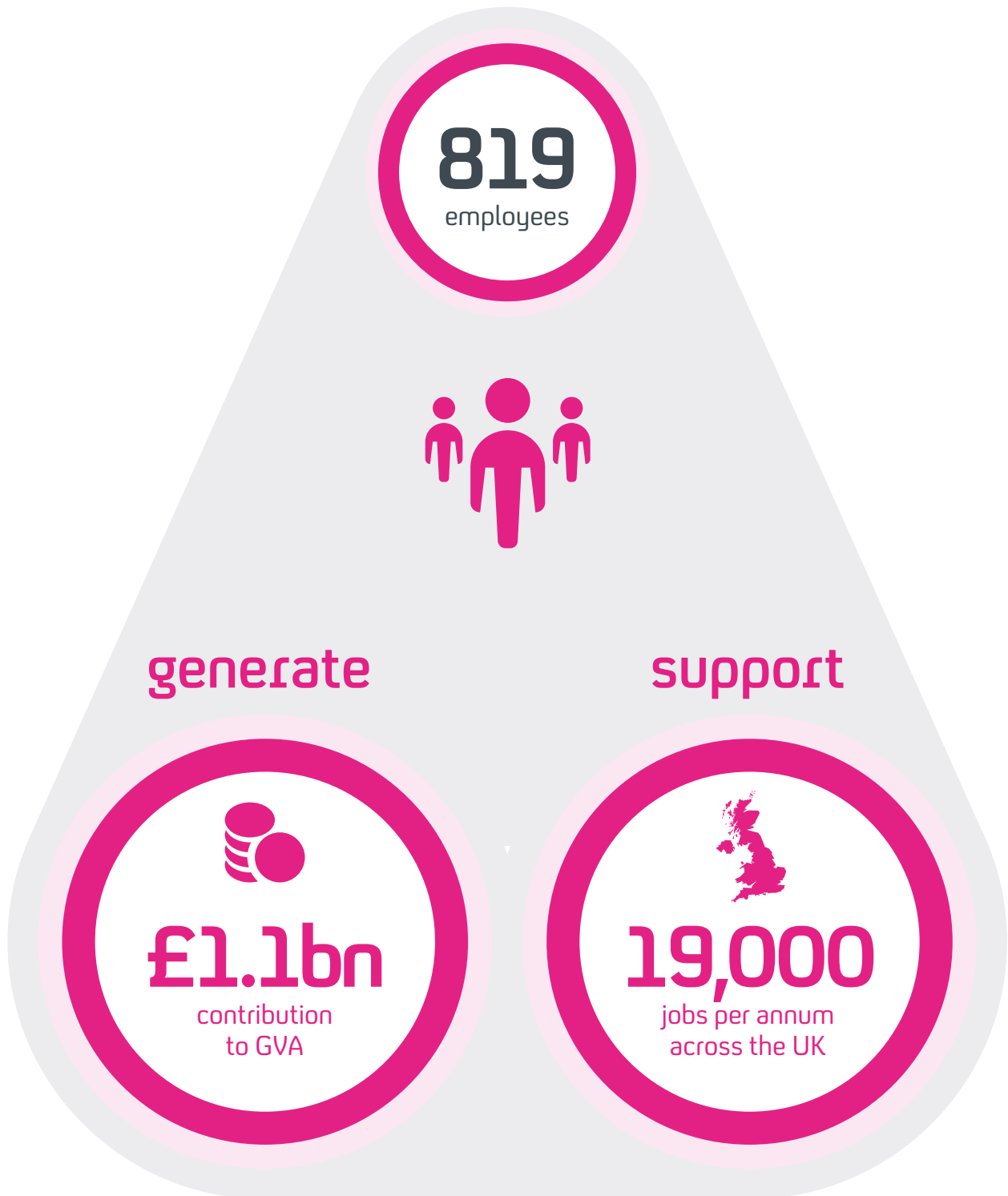
WE'RE A GREENHOUSE FOR NEW CREATIVE AND DIGITAL IDEAS AND TALENT OF SIGNIFICANT ECONOMIC IMPORTANCE

Our overall contribution to the UK's creative economy is disproportionate to our size

We grow small businesses across the whole of the UK and our formats are successful around the world

And we invest in grassroots talent to support a thriving UK creative sector

We make a huge contribution to the UK's economy



We provide significant business for UK producers

£12.3bn

Total portfolio spend on content since launch

£9.2bn

Total portfolio spend on UK originally commissioned content since launch



We work with

295

production companies across TV, digital and film

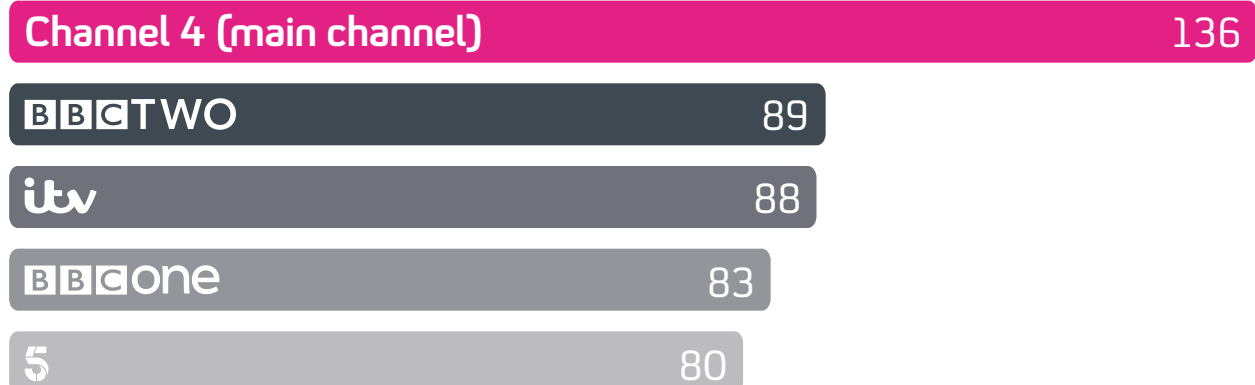
53

companies were new to Channel 4 in 2015

8%

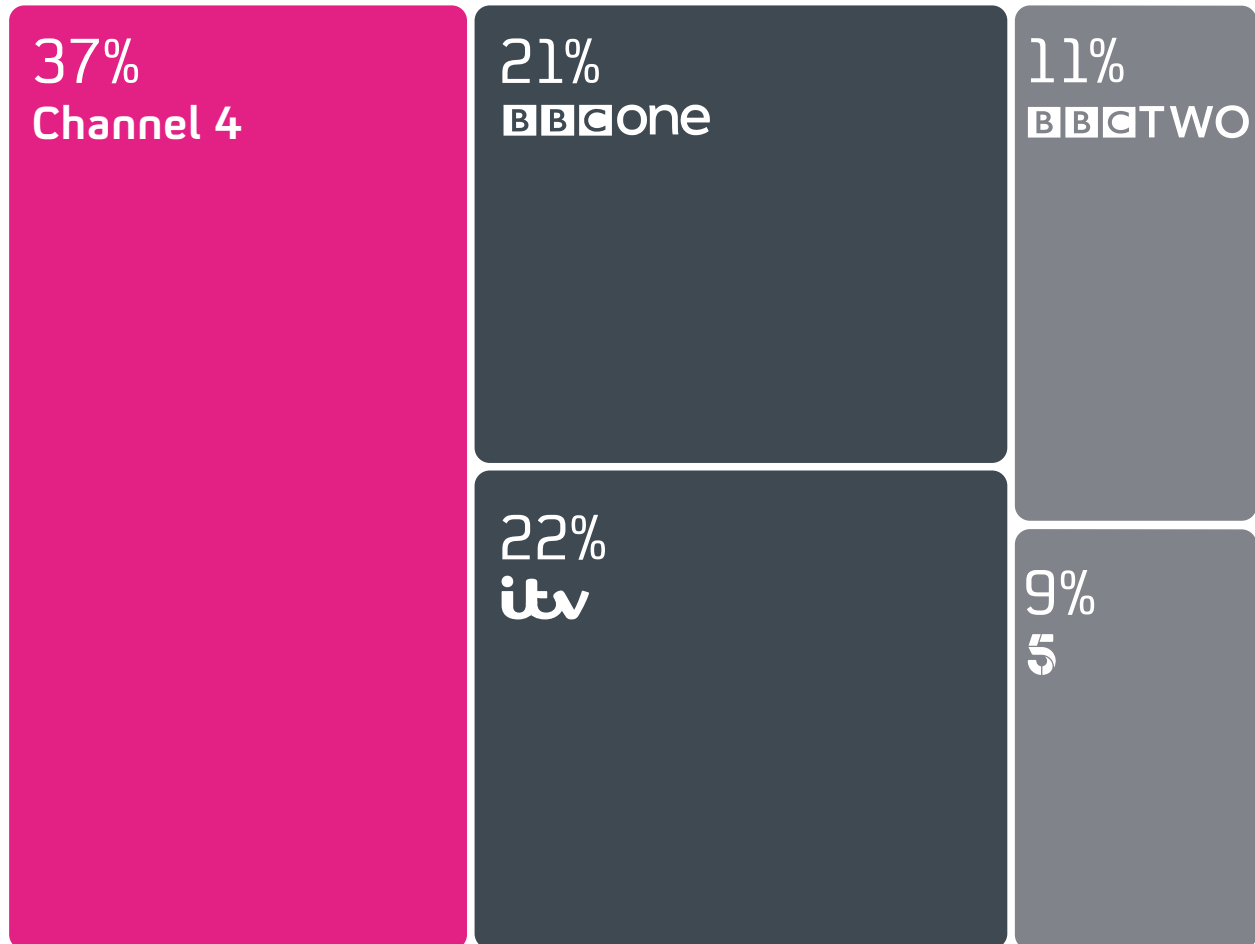
more than last year

The number of independent TV production companies we commission from



We support the independent production sector more than competitors

Spend on UK independent production companies
by PSB channels



£20m

Growth Fund

set up to invest in small and medium sized independents to support the sector

9

production companies invested in so far

£1.6m

invested in BAME-led companies in 2015

Across the UK

Channel 4 portfolio spend on first-run programmes outside London

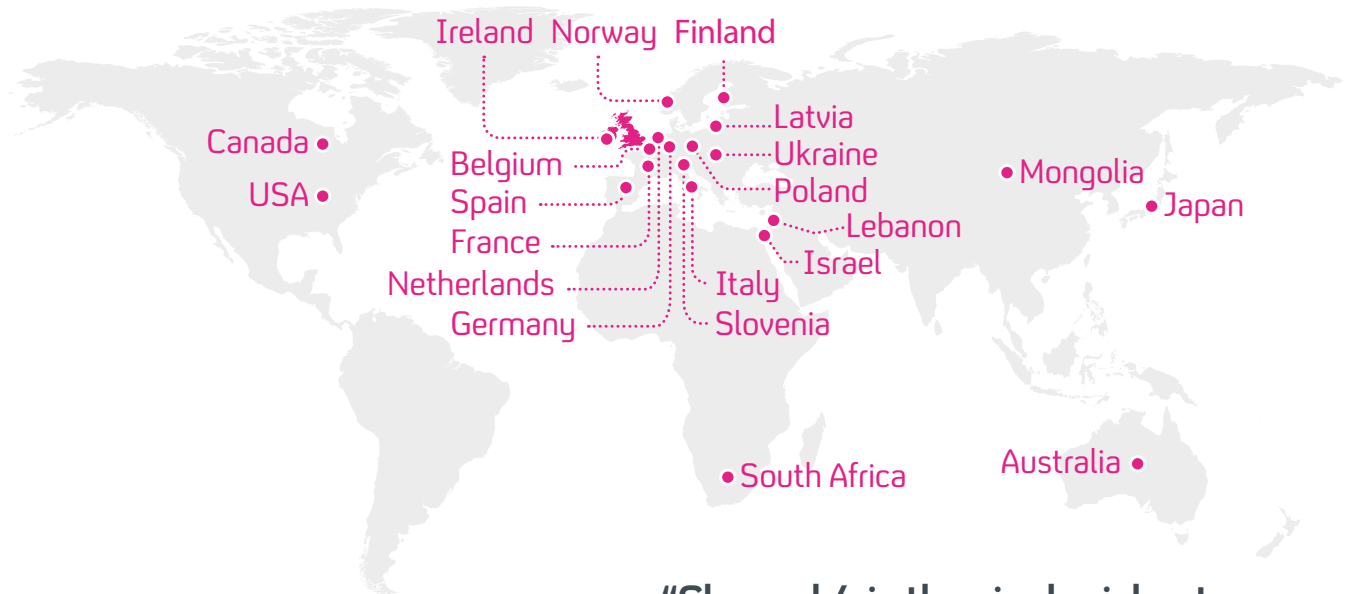
On our main channel, over 50% of programming hours are commissioned from suppliers outside London and we are significantly growing our spend in the Nations (Northern Ireland, Scotland and Wales).



And around the world

Channel 4 contributed to the UK independent television sector's £2.9 billion revenue in 2014

Gogglebox is now exported to over 30 territories from the USA to Japan



“Channel 4 is the single richest source of IP in the world for TV.”

– Simon Andraee, Founder and Chief Executive, Naked Entertainment

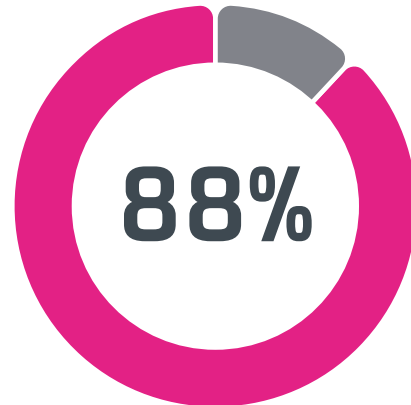
First Dates is licensed in over 20 countries, from Canada to Australia



We invest in grassroots talent



10 apprentices recruited every year to Channel 4



88% of Channel 4 apprentices went on to employment at Channel 4 or in the wider industry in 2014–15

In 2016, our Year of Disability activity is focussing on improving representation and training and development for people with disabilities



On-screen we are doubling the number of disabled people in 20 of our biggest shows



Off-screen we are progressing the careers of 20 disabled people already working in the industry in our 20 biggest suppliers



In our own backyard, 50% of all Channel 4's apprentices and 30% of Channel 4's work experience placements are being ring-fenced for people with disabilities

We partner with organisations to support the UK's creative economy skills base

£1.5m

donated to the National Film and Television School to help broaden the pipeline of new industry talent

We also financially support key creative talent development organisations, including Creative Skillset and Glasgow-based TRC

We support talent across the UK



In 2015, over 1,200 young people engaged in 4talent activity, including our UK-wide 'Pop-up' programme of skills workshops



30 people have been trained through the innovative Dispatches Investigative Journalism training scheme



Dedicated new talent strands, including the Northern Writers' Award which provides training for two new writers from the North of England



186 Production Trainee Scheme participants since 2003

"Channel 4 is the grit in the oyster – it's the antidote to the BBC and you wouldn't find anyone else doing what they do in the UK."

– Sir Peter Bazalgette, Chair, Arts Council England



"Channel 4 is a fantastic embodiment of what's great about the UK creative sector, bringing together and engaging people from across the creative industries."

– Nicola Mendelsohn, VP EMEA, Facebook and co-chair, The Creative Industries Council





“Channel 4 and Film4 have played a great role in creativity in the UK. Film4 has had a huge hand in making films that otherwise wouldn’t have happened.”

– Andrea Wong, President of International Production, Sony Pictures Television



“Channel 4 is a starting block for big talent, they build people who become huge and are constantly launching new people.”

– Roy Ackerman, Managing Director, Pulse Films TV (unscripted)

PSB'S CHALLENGER BRAND

Channel 4 creates innovative and alternative content which is distributed for free and admired globally



WE'RE AN INNOVATIVE CHALLENGER BRAND IN BROADCASTING, KEEPING THE REST OF THE INDUSTRY ON THEIR TOES

Our investment in UK-originated content is rising,
set against declining investments in PSB elsewhere

Our existence is critical to providing plurality in genres
that deliver public good, such as News and Current Affairs

We're at the forefront of innovation and harnessing
new technologies

And we're in the premier league of international creativity

We prioritise investment in innovative British programmes

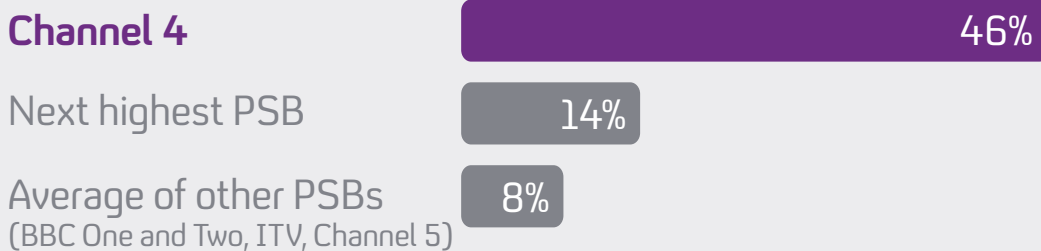
Almost two-thirds of income spent on content



81%

of peak-time hours on the main channel are UK-originated content vs. 70% Ofcom quota

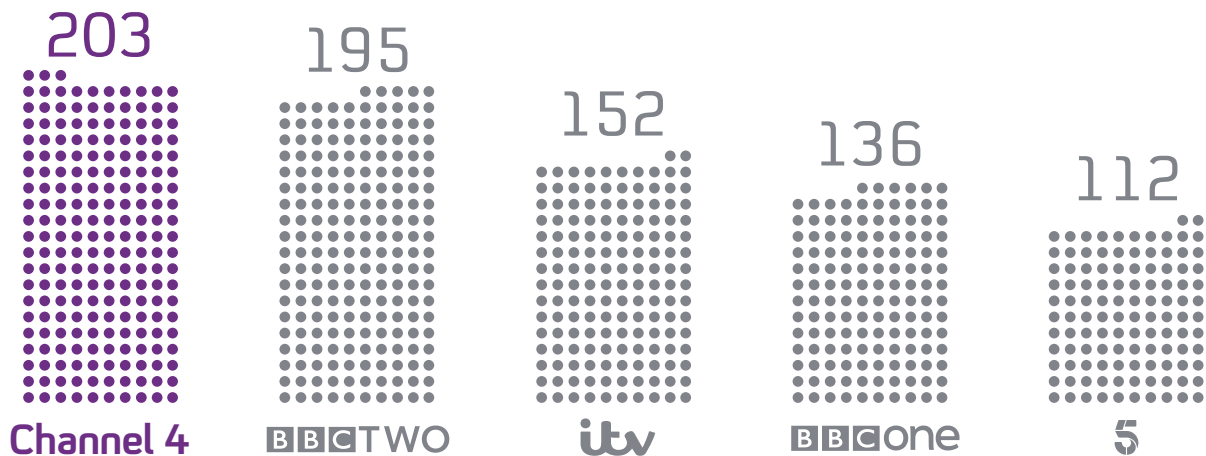
38pt lead over the average of other PSBs for taking risks



We survey our viewers regularly to understand how effectively we are delivering against our remit. The results are published in the Annual Report.

We're critical to providing plurality in genres that deliver public good

More new titles than any other broadcaster



More long-form News and Current Affairs programmes in peak-time than any other PSB



Covers News programmes running for at least 45 minutes and single-story Current Affairs programmes running for at least 15 minutes.

Ofcom-defined peak: 6pm-10.30pm.



of viewers said Channel 4's factual programmes inspired change in their lives

"Channel 4 is prepared to approach News with attitude in a way no other public service broadcaster could do. I'm not entirely sure how they get away with it, but it enriches British broadcast journalism."

– Richard Sambrook, Professor of Journalism and Director of the Centre for Journalism at Cardiff University

Viewers felt that Current Affairs programmes also:

Gave a voice to groups that aren't always heard in mainstream media

Unreported World 43%

Question Time 35%

Dispatches 32%

Watchdog 30%

On Assignment 29%

Made me see something in a different light

Unreported World 42%

Dispatches 38%

Panorama 36%

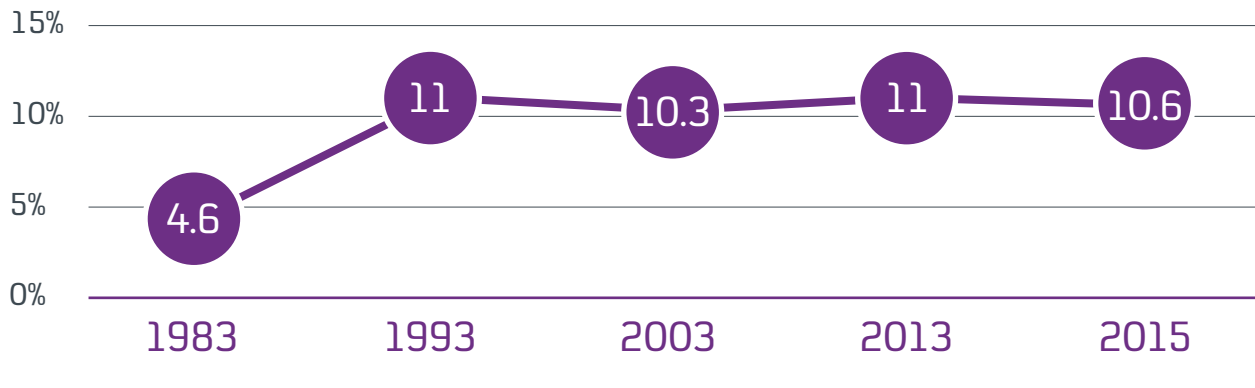
The Martin Lewis Money Show 33%

Exposure 32%

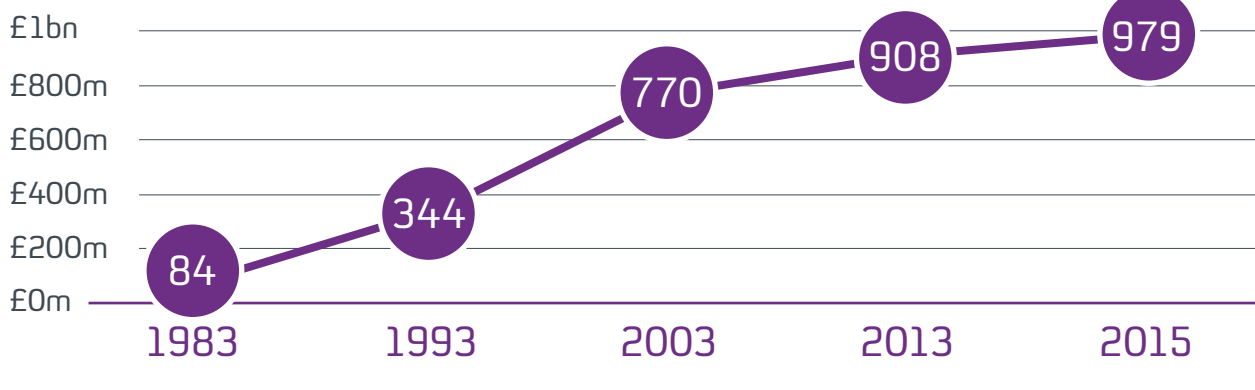
Unreported World and *Dispatches* achieved higher average viewer scores across five key reputational statements than Current Affairs programmes on the other main PSB channels.

Our viewing has remained stable in the multi-channel world and we punch above our weight in digital

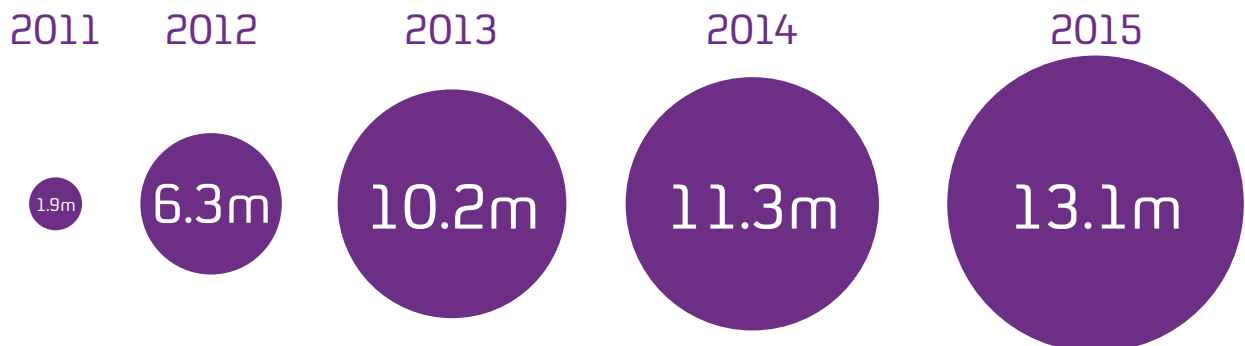
Our portfolio market share has been stable over three decades



Meanwhile revenues have increased steadily and significantly

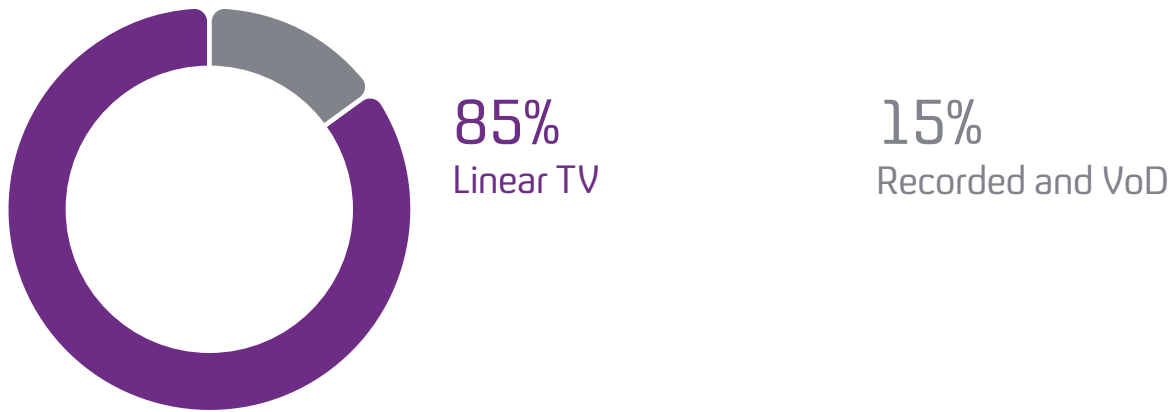


We are further innovating our commercial model through data collected from over 13m registered All 4 viewers



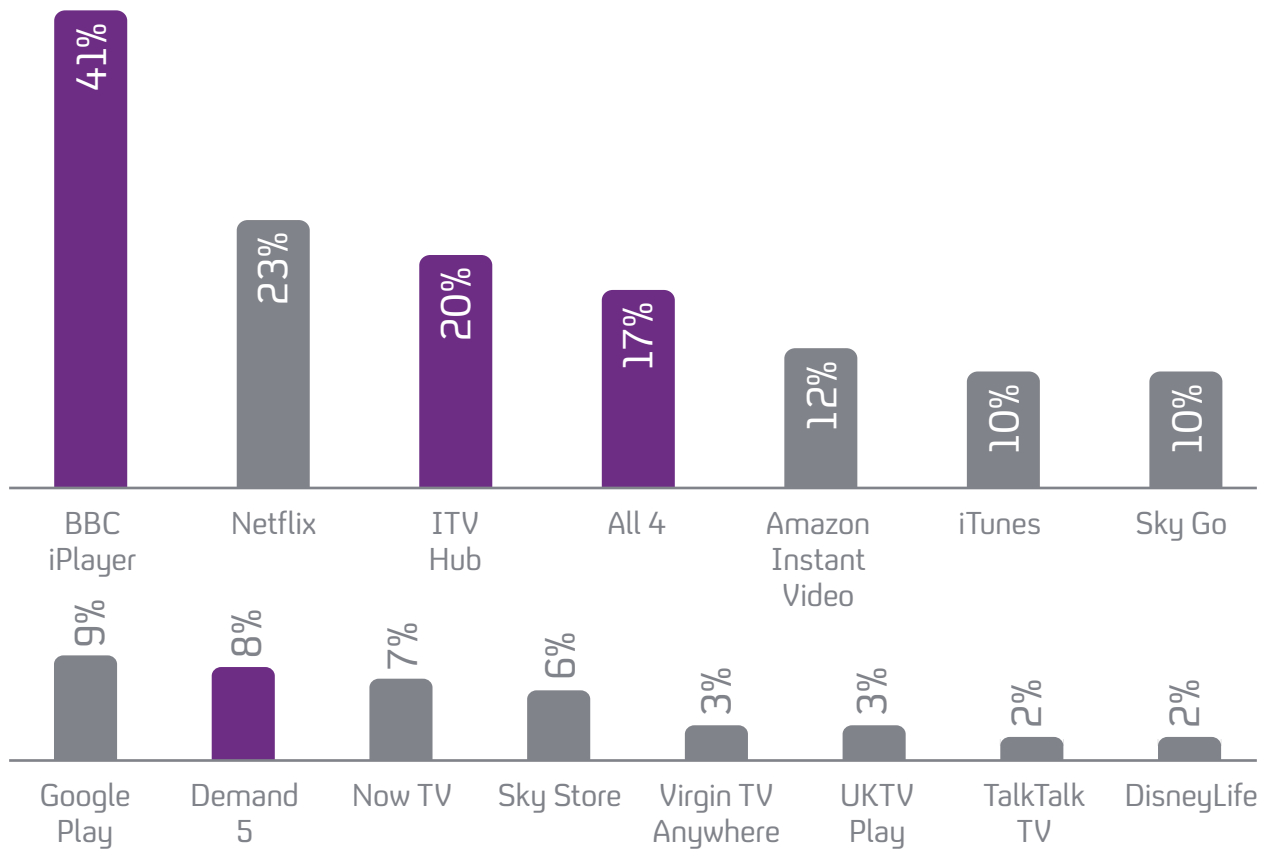
Our award-winning Viewer Promise gives viewers confidence in the way their data will be used.

The vast majority of viewing is still via linear TV

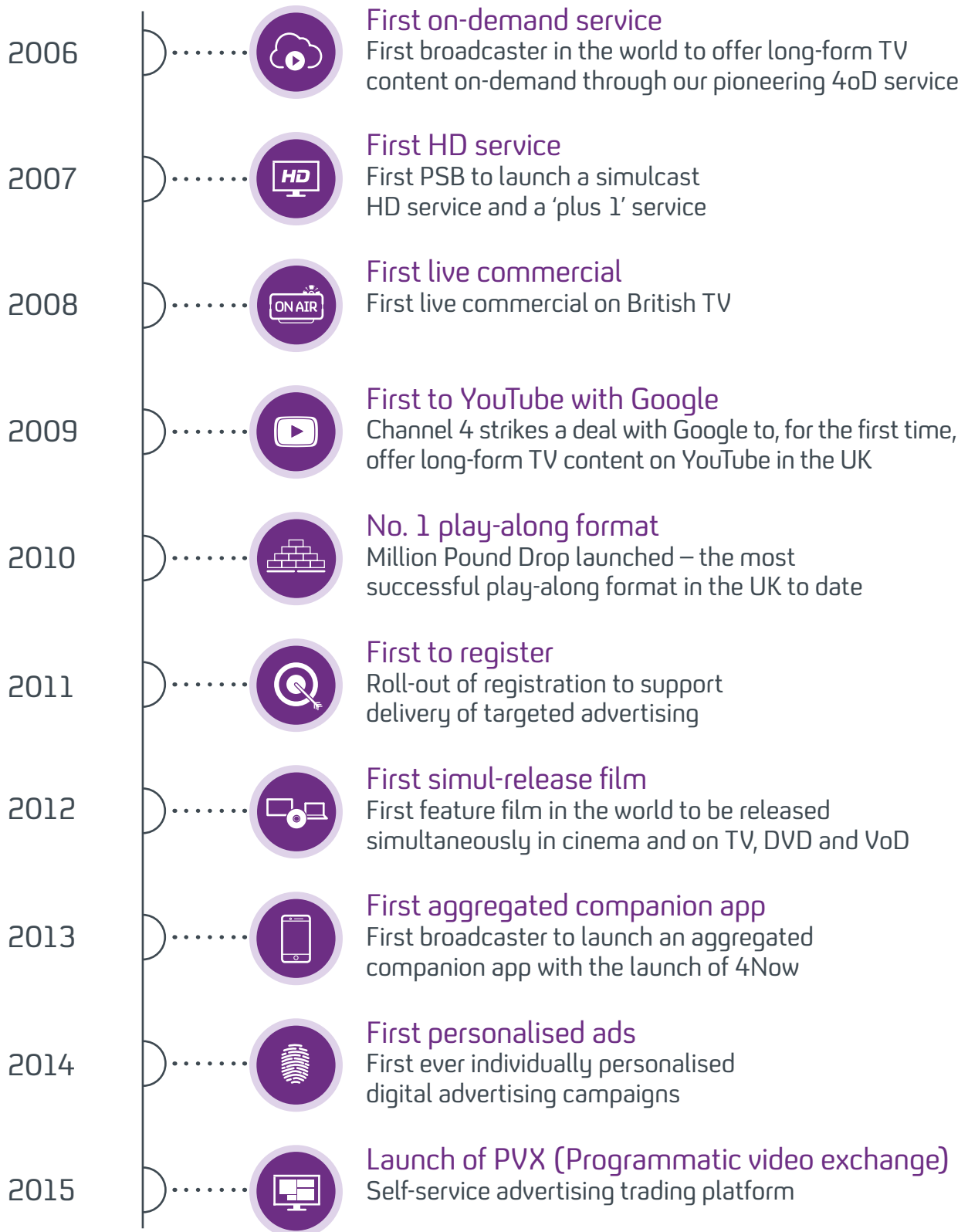


All devices, long-form professional AV content. Live includes simulcast. Excludes physical consumption (e.g. DVDs), and short-form.

And non-linear viewing is dominated by the main PSBs

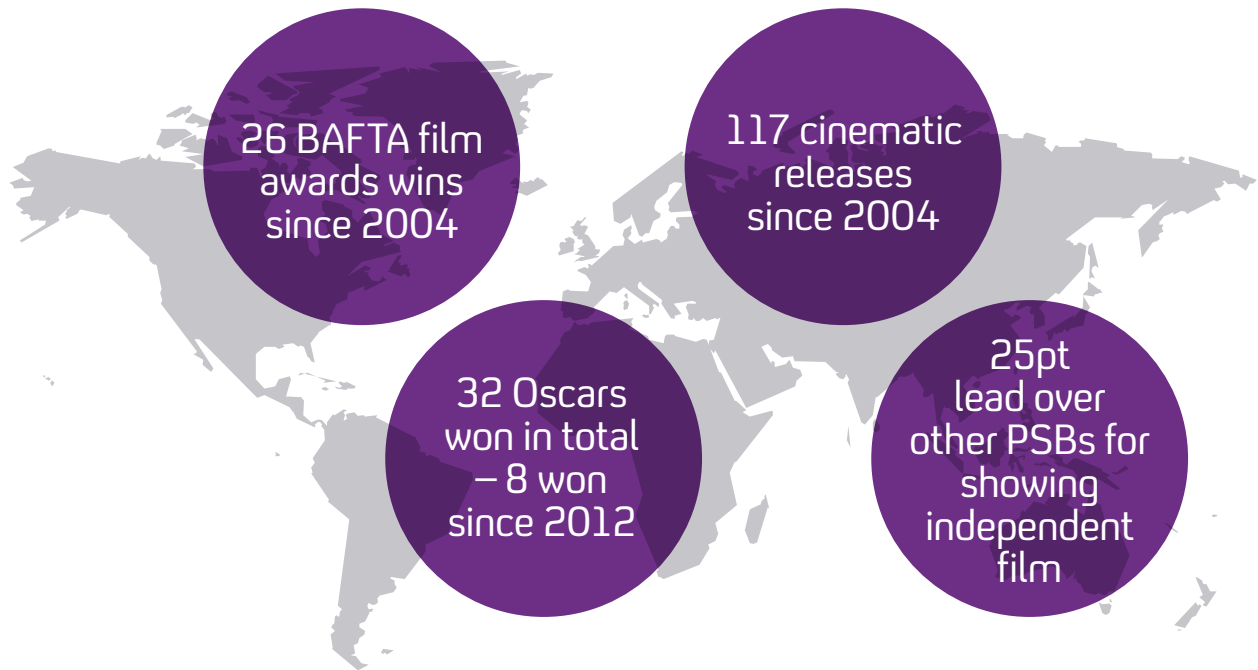


We're at the forefront of innovation and technology



We help put the UK in the premier league of international creativity

Our recent film success includes:



Steve McQueen is one of the leading British directors in Hollywood

Talent grown by Channel 4 goes on to huge international success

“One of the reasons I won the Best Picture Oscar for that film is because of Channel 4’s investment and belief in my work.”

– Steve McQueen

- 2008 ... First major feature film, *Hunger*, premieres at Cannes and receives the Camera d’Or for first-time director
- 2011 ... Second major release, Bafta-nominated *Shame*
- 2013 ... *12 Years a Slave* wins three Oscars including Best Picture

A CATALYST FOR SOCIAL CHANGE

Channel 4 inspires
citizenship, especially
among hard-to-reach
audiences



WE INSPIRE CITIZENSHIP, ESPECIALLY AMONG HARD-TO-REACH AUDIENCES

We have a greater impact than any other UK broadcaster in challenging prejudices, giving diverse viewpoints and inspiring change in people's lives

Our unrivalled connection with young people makes us uniquely placed to deliver public service content to them

And we're a world-leader in bringing diversity into the mainstream



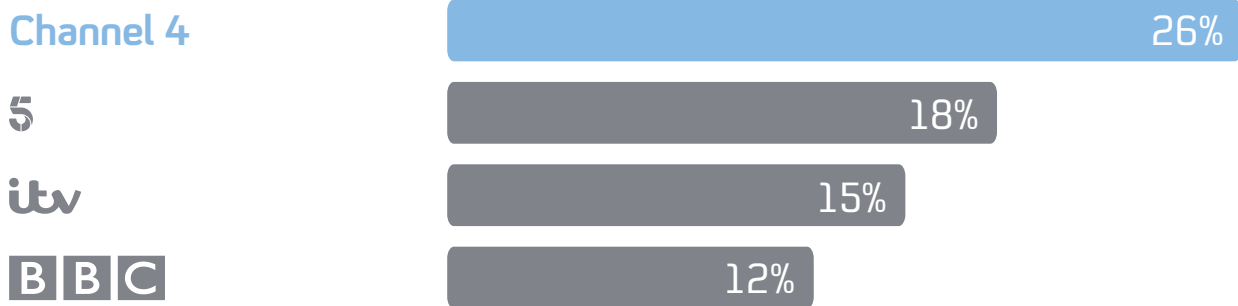
52%

of all 16-34-year-olds in the UK have registered with Channel 4

We have a stronger relationship with young people than any other PSB



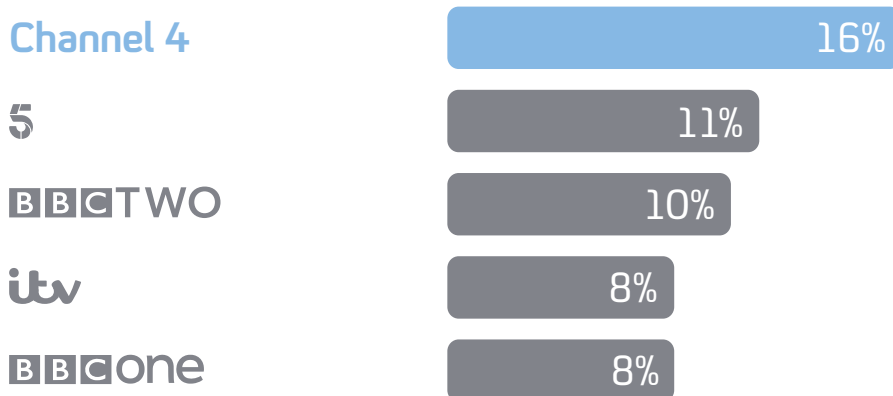
A significantly higher proportion of our total audience is aged 16–34 compared to any other PSB channel in the world, including the BBC and ITV



Total 16–34-year-olds' viewer minutes as a percentage of all individuals' viewer minutes (broadcaster portfolios).



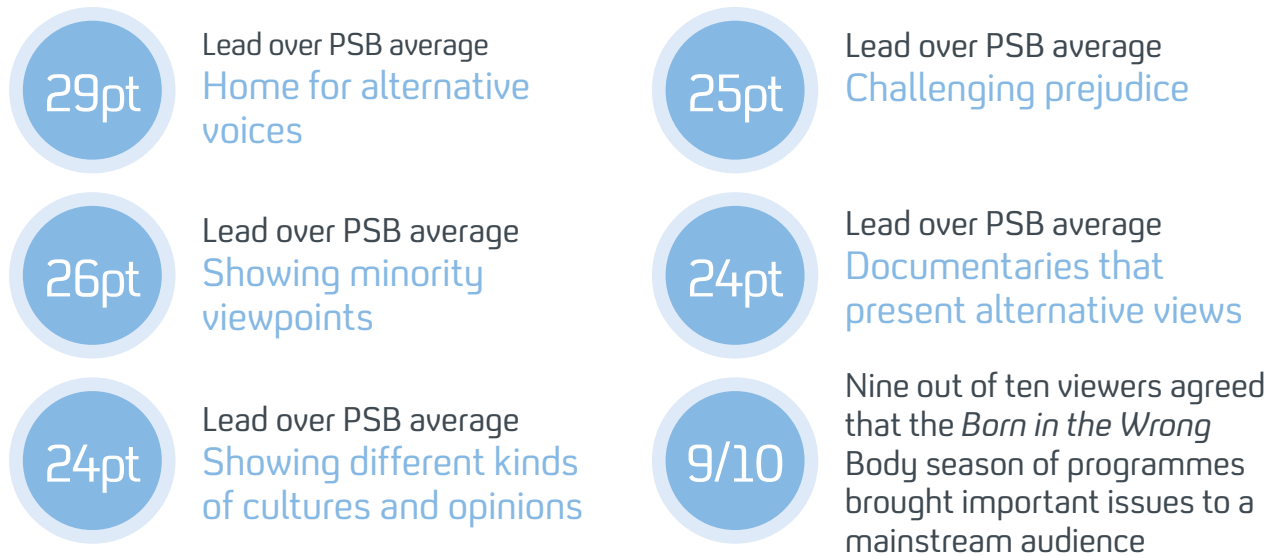
Our News audience is made up of a significantly higher proportion of 16–34-year-olds compared to any another PSB channel in the world, including the BBC and ITV



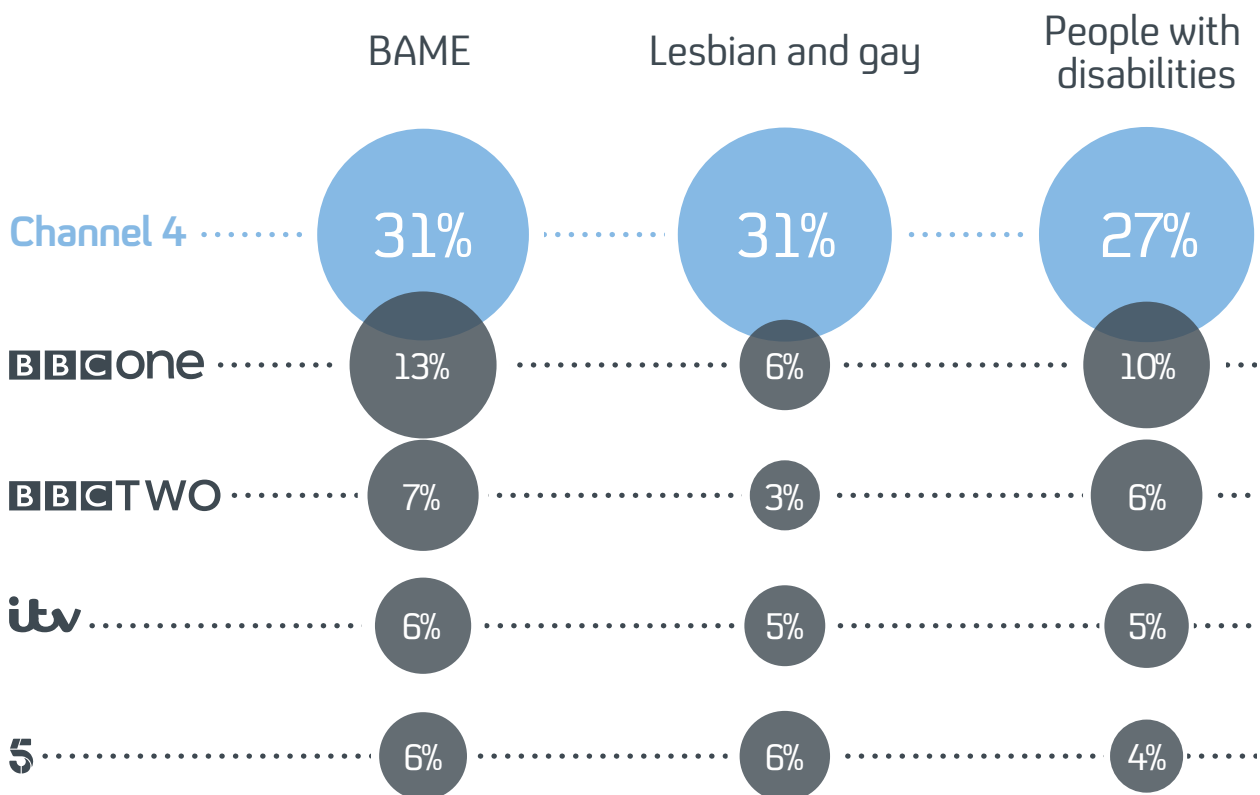
Percentage of viewers of national news programmes on main PSB channels accounted for by viewers aged 16–34.

E4 has a larger share of viewing among 16-34-year-olds than both BBC Two and Channel 5 despite being a digital channel

We provide diverse viewpoints, challenge prejudice and inspire change



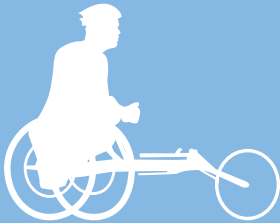
Best main PSB channel for showing the viewpoints of different minority groups



We bring diversity to the mainstream

83%

of those surveyed agreed that Channel 4's coverage of the London 2012 Paralympic Games improved people's perception of disability



In 2016 we published our 360° Diversity Charter: One Year On report, which detailed progress against all 30 initiatives launched in the original charter in 2015, as well as launching our Year of Disability activity.

"Channel 4 is the most important agent of integration in our national media."

– Trevor Phillips, former chair of the Equality and Human Rights Commission

40m

people watched the London 2012 Paralympic Games

86%

of the UK population saw our marketing of London 2012 including the award-winning 'Meet The Superhumans' campaign

70

hours

of Winter Paralympics coverage during Sochi 2014 – the greatest ever commitment from a UK broadcaster

**CHANNEL 4'S
UNIQUE MODEL
UNDERPINS IT ALL**



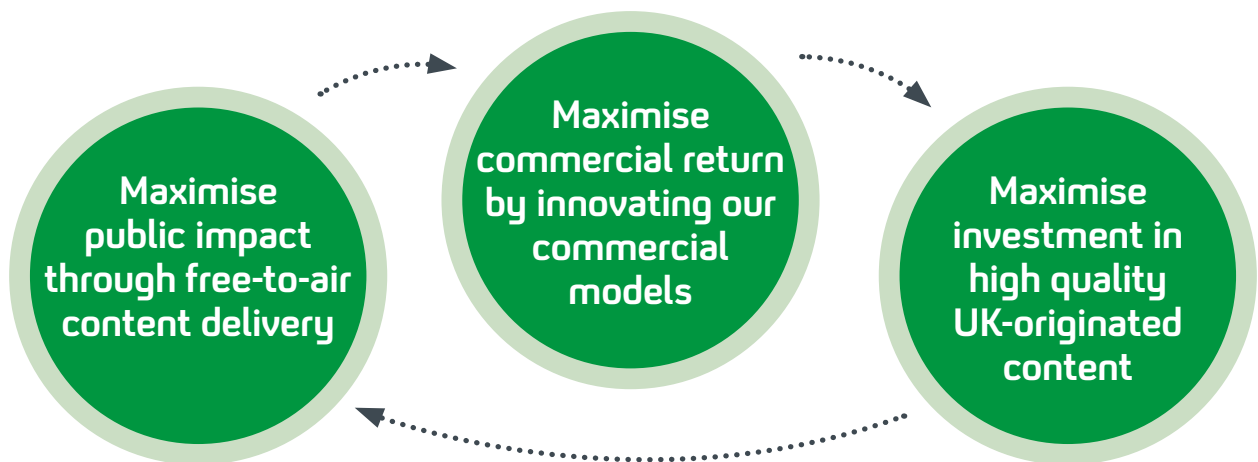
Our social enterprise model makes us the only commercial PSB whose sole incentive is to invest in valued PSB programming

For over 30 years, Channel 4 has successfully balanced the twin challenges of delivering to a public service remit whilst being commercially self-sufficient. In a world in which consumers increasingly demand that businesses deliver social good, and organisations in the charitable and public sectors are raising more and more money from commercial activities, this has become a powerful business model. Today that business model is known as 'social enterprise'.

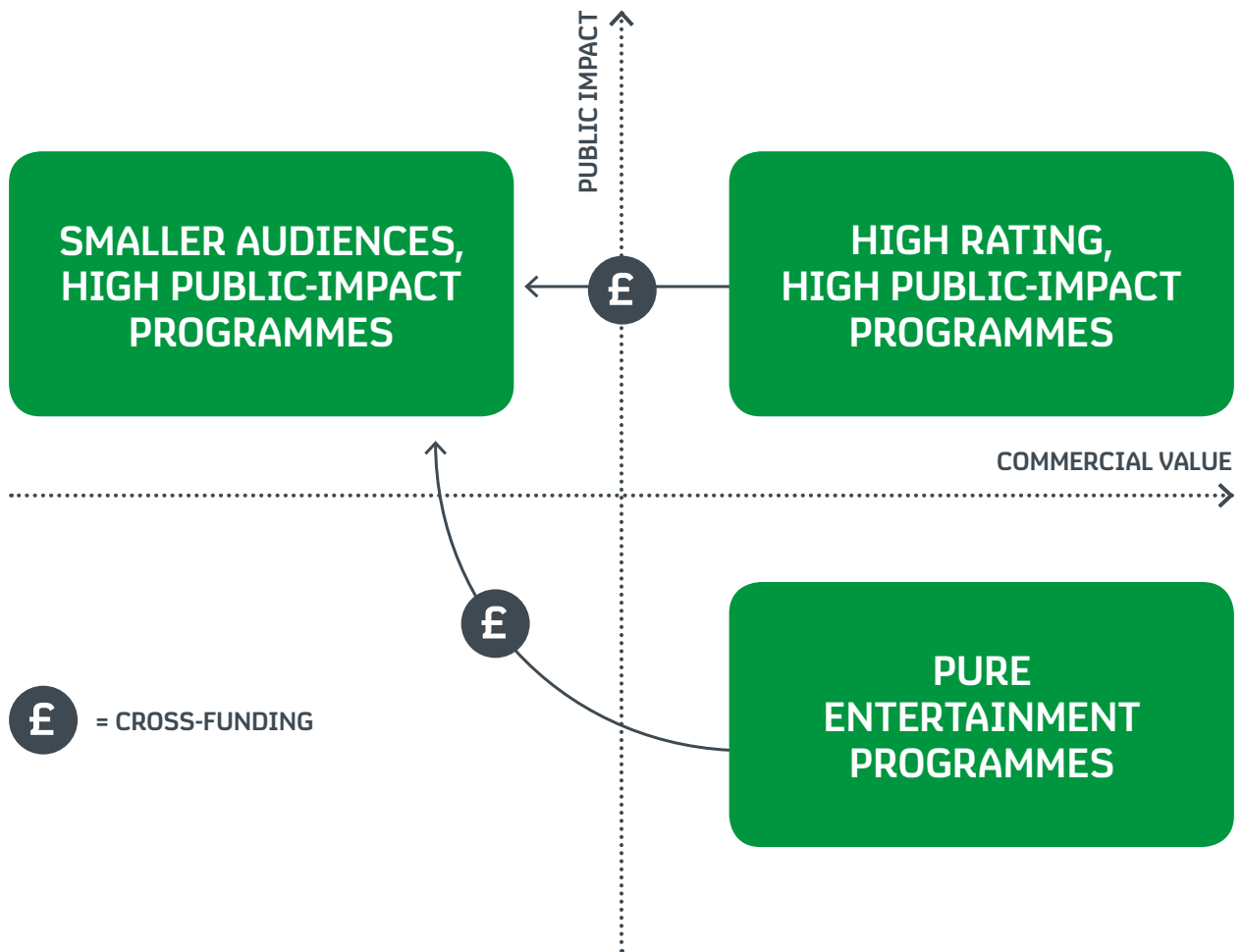
"Social enterprise is the great institutional innovation of our times."

– David Cameron, Prime Minister

Channel 4 is a self-sustaining social enterprise, raising commercial revenues from the market and reinvesting surpluses back into British public-service content from UK independent producers.



We do this through a 'Robin Hood' model, cross-funding genres such as News, Current Affairs, British Film and Education (which are typically loss-making), with revenues from commercially valuable programming, like Factual Entertainment.



In contrast, ITV and Channel 5 are required to maximise returns to shareholders.

They are incentivised to invest in new programmes only to the degree required for them to effectively compete for market share in higher-audience, commercially-attractive content.

Channel 4's unique model delivers public value that no other broadcaster can deliver

And Channel 4 isn't just about broadcasting

We create training and development opportunities

As part of Channel 4's 2016 Year of Disability commitments, we are ring-fencing 50% of all Channel 4's apprenticeships and 30% of Channel 4's work experience for disabled people. In 2014–2015, 88% of apprentices went on to employment either at Channel 4 or in the wider industry.

In 2015, 648 young people attended our pop-up programme, which deliberately targets young people from disadvantaged backgrounds.

Since 2003, 186 Production Training Scheme trainees have been recruited and gone through the 12-month training scheme with production companies – within two years of leaving the scheme 80% of graduates move on to the next level in their careers.

We educate the British public on challenging health issues

Dementiaville explored modern treatments for dementia, that will affect one in three people in the UK. *The Autistic Gardener* followed Alan Gardner and his team of autistic green-fingered amateurs as they used their unique skills to transform gardens up and down the country. *Stranger on a Bridge* followed the true story of Jonny Benjamin's global search to find the stranger who talked him out of jumping off Waterloo Bridge in 2008.

And it's not just about programmes that focus on specific conditions: we're committed to addressing difficult health issues through contributors in our mainstream programmes, including *Gogglebox*, *The Island with Bear Grylls* and *First Dates*.

We reach young people on difficult subjects

The *Born in the Wrong Body* season looked at what it means to be young and transgender in contemporary Britain; one of the key programmes, *Girls to Men*, won its slot for 16–34-year-olds and reached 4.4 million viewers.

Hollyoaks continued to boldly tackle social, health and emotional themes relevant to young people, and *Cyberbully* and *Troy: Cyber Hijack* both tackled topical issues of cyberbullying and online security, respectively.

Our *Am I Normal* website continues to bring together content relevant to 14–19-year-olds, connecting them to online resources that further explore the issues addressed in our programmes.



We find innovative ways to engage young audiences in News and Current Affairs

Our digital-first approach to our News and Current Affairs online strategy focuses on seeding short-form video content on the social platforms where we know that young people spend time. In 2015 we saw an uplift in viewing of our Facebook videos of more than 1000%, with over half a billion Facebook video views during the year. *Channel 4 News* also retained its position as the PSB national news programme, with the highest proportion of 16-34-year-old viewers.

During the general election we 'switched-off' E4 – the biggest digital channel for 16-34-year-olds – to encourage young people to vote. 1.5 million people tuned in to E4 despite the channel being 'off' – the first time in history that a UK channel has stopped broadcasting to encourage viewers to go and vote.



Our News has impact on a global scale

Channel 4 News continues to shine a light on international news, with focus on conflict in the Middle East and immigration – with 40% of the daily one-hour news programme dedicated to international current affairs. In 2014 and 2015 *Channel 4 News* won an International Emmy for its coverage of Syria – unprecedented for a UK news broadcaster.

Escape from ISIS featured covert coverage shot by an activist cell inside the so-called Islamic State, winning much critical acclaim, including an Amnesty Award and TV Story of the Year at the Foreign Press Media Association Awards.

Online, our award-winning interactive video story *2 Billion Miles* presented *Channel 4 News*' unique coverage in a format that gave the audience an opportunity to face the real choices refugees and migrants have to make.



We engage British citizens in democracy

Embracing our remit, our General Election coverage sought to engage young audiences with the issues that affect them, as well as to stimulate debate and provide alternative viewpoints. Our *Alternative Election Night* programme reached more 16-34-year-olds than any other commercially-funded channel's coverage. Jeremy Paxman's debate between the two main party leaders also had the highest proportion of 16-34-year-olds than any of the other main debates.

In order to reach as many viewers as possible with election coverage, we also aired programmes across a range of genres, including the comedy *Ballot Monkeys*, the drama *Coalition*, and *The Vote*, a play aired live from London's Donmar Warehouse.

Ahead of the 2016 EU Referendum, *Hollyoaks* and the Electoral Commission have teamed up to produce an advert that sees the *Hollyoaks* cast remind viewers about the importance of registering to vote.

Channel 4 helps fulfil the UK's innovation strategy at no cost to the taxpayer



We are a 'public-policy intervention', driving innovation and growth by exploiting a publicly-owned asset (the terrestrial broadcasting spectrum) to reach audiences and generate revenues.

Those revenues go back into funding independent production companies, who retain the rights to the programmes they create.

These rights are then exploited on a global scale, delivering revenues direct to the production companies, who return tax receipts to the UK government.

And on top of all of this, we provide invaluable knowledge and promotional support to help grow the UK's broadcasting sector and foster its entrepreneurialism.

The UK's innovation strategy focuses on support for small businesses to bring ideas to market, increase knowledge-sharing and grow global businesses.

This is what we do.



If Channel 4
didn't exist,
you'd have to
invent it

Sources

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Channel 4 Annual Report 2015
Channel 4 internal data

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Channel 4 Annual Report 2015, page 114 (Channel 4 employees)
Oxford Economics report for Channel 4 2014. These employment figures include those employed directly by Channel 4 itself; jobs supported in Channel 4's supply chain (across all sectors); and jobs created by the impact of staff spending their wages on UK-produced goods and services, both those working for Channel 4 itself and those employed in its supply chain. (GVA contribution and jobs supported)

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Channel 4 internal figures (Channel 4 portfolio spend)
Channel 4 Annual Report 2015, pages 7, 18 (Channel 4 suppliers)
Oliver & Ohlbaum (independent TV production companies)

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Ofcom PSB Annual Report 2015, Output and Spend annex, page 62; data is for 2014 (spend on UK independent production companies)
Channel 4 internal data (Growth fund)

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Channel 4 Annual Report 2015, page 23 and Channel 4 internal data

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Independent Production Sector Financial Census and Survey 2015, page 6 (independent sector revenue)
Data provided by Studio Lambert (*Gogglebox*) and Twenty Twenty (*First Dates*)

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Channel 4 internal data (apprentice statistics)
360° Diversity Charter: One Year On report, pages 8-9 (Year of Disability statistics)

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360° Diversity Charter: One Year On report (NFTS and talent statistics)
Channel 4 internal data

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Oliver & Ohlbaum; data is for 2014 (content spend as a proportion of income)
Channel 4 Annual Report 2015, page 15 (proportion of hours that are originated)
Channel 4 Annual Report 2015, page 26 (taking risks reputational statement)

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Oliver & Ohlbaum (new programme titles)
Channel 4 Annual Report 2015, page 21 (long-form news and current affairs)

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Channel 4 Annual Report 2015, page 28 (inspiring factual programmes)
Channel 4 Annual Report 2015, page 29 (current affairs reputational statements)

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Channel 4 Annual Reports 1983–2015 (portfolio share and revenues)
Channel 4 internal data (All 4 registrations)

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Ofcom, The Communications Market Report 2015, page 166 (linear TV figures)
Decipher Media Consultants, Mediabug survey; figures show claimed usage of VoD services in the last month; data are from 2016 Q1 (viewing by on-demand service)

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Channel 4 Annual Reports 2006–2015

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Channel 4 internal data (BAFTA, Oscar and cinematic release statistics)
Channel 4 Annual Report 2015, page 27 (independent film reputational statement)
Channel 4 internal data (Steve McQueen case study)

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Channel 4 internal data (16-34-year-olds registered in the UK)

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Channel 4 analysis of BARB data (proportion of TV audiences aged 16–34)
Channel 4 Annual Report 2015, page 33 (proportion of TV news audiences aged 16–34 & TV channel viewing shares for 16–34s) and page 37 (E4 viewing share)

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Channel 4 Annual Report 2015, pages 24, 25, 27 (reputational statements)
Channel 4 internal data (*Born in the Wrong Body* statistics)
Channel 4 internal data (viewpoints of different minority groups)

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Channel 4 internal data



Channel Four Television Corporation