

STV GROUP MEDIA

25 September 2025

STVG.L

115p

Market Cap: £53.5m

SHARE PRICE (p)



12m high/low

257p/107p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£(35.7)m (at 30/06/25)
Enterprise value	£89.2m
Index/market	LSE
Next news	Prelims, Mar (est.)
Shares in issue (m)	46.7
Chairman	Paul Reynolds
CEO	Rufus Radcliffe
CFO	Lindsay Dixon

COMPANY DESCRIPTION

STV is a leading TV broadcaster, streamer and programme producer, based in Glasgow.

www.stvplc.tv

STV GROUP IS A RESEARCH CLIENT OF
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Cost actions to underpin recovery prospects

Interim results are consistent with the guidance issued in July, and we make no changes to our full-year operating profit estimates. Trading remains challenging in Q3 for both advertising and programme commissioning, but STV is announcing a number of operating and financial cost actions that should underpin the group's potential to bounce back strongly and deliver longer-term growth when markets recover.

- H1 as expected.** For the six months to June, group revenue was flat at £90m (-9% for Audience, +13% for Studios) and adjusted operating profit fell from £10.6m to £6.7m. Adjusted EPS fell 54% and no interim dividend is proposed. The more challenging trading environments for both advertising and programme commissioning are continuing into Q3 (total advertising -8% in Q3 and expected for October, after -10% in H1). Trading is in line with the guidance issued in July and we make no changes to our operating profit estimates for the full year.
- Cost actions confirmed.** In response to the tough market conditions, STV has announced several initiatives to reduce costs and support the balance sheet. A further £3m of incremental cost savings is targeted (on top of the existing target of £5m by 2026); the unscripted label portfolio within Studios is being restructured; no interim dividend is to be paid; the banking facility has been widened; timing of pension payments in 2026/2027 has been amended; and capex plans are being pared back.
- Long-term growth drivers remain intact.** Even in tough markets – and the fallow year in the four-year cycle of key sports events that drive advertising – the digital advertising business delivered record viewing (+8%) and ad revenue growth of +5%. And while TAR was -10% YoY in H1, it was actually +3% versus H1 2023 (another period with no boost from major sports events). Studios has just won another major drama commission (*Army of Shadows* for C4), making 30 new commissions YTD, and further commissioning decisions are indicated to be at an advance stage. Regional advertising continues to outperform national in H1, and plans to launch a new radio station for Scotland are on track and developing well.
- New chairman announced.** Paul Reynolds will step down by year-end after five years as N/E chairman. He will be succeeded by Clive Whiley, who brings a broad range of PLC experience across companies including De La Rue, Dignity and Mothercare.

FYE DEC (£M)	2023	2024	2025E	2026E	2027E
Revenue	168.4	188.0	172.5	174.0	195.0
Adj EBITDA	25.4	25.2	14.8	18.4	20.7
Fully Adj PBT	17.0	17.1	6.5	10.5	12.5
Fully Adj Dil EPS (p)	27.2	29.0	9.1	14.3	18.5
EV/Sales (x)	0.5x	0.5x	0.5x	0.5x	0.5x
EV/EBITDA (x)	3.5x	3.5x	6.0x	4.8x	4.3x
PER (x)	4.2x	4.0x	12.6x	8.0x	6.2x

Source: Company Information and Progressive Equity Research estimates.

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Challenging H1 in line with guidance

STV updated the market in July (see [our report](#)), highlighting that markets had deteriorated through H1 in both advertising and new programme commissions, particularly on the unscripted side of the Studios business. H1 results, as highlighted in the table below, are consistent with this update.

STV Group – Interim results, 2024 vs 2025

6 months to June (£m)	2024	2025	YoY %
Audience	52.9	47.8	-9.6%
Studios	37.5	42.2	12.5%
Group revenue	90.4	90.0	-0.4%
Audience	16.9%	10.3%	
Studios	48.5%	49.1%	
Group	11.7%	7.4%	
Audience	12.2	9.1	
Studios	0.1	0.0	
Central items	-1.7	-2.4	
Group operating profit	10.6	6.7	-36.8%
Associates	-0.1	-0.1	
Net interest	-1.9	-2.5	
PBT (adjusted)	8.6	4.1	-52.3%
Tax rate (adjusted) %	1.2%	24.4%	
Minorities	-1.4	0.3	
Ave # shares (FD) m	47.2	46.2	
EPS (adjusted, FD) p	15.1	7.1	-53.4%
DPS p	3.9	0.0	-100.0%

Source: STV Group

Audience saw a 9% decline in revenues, a combination of tough economic conditions and a fallow year in the four-year cycle for major televised sporting events (Euro football boosting comps in June/July 2024). Total advertising revenues (TAR) fell 10% in H1 driven by national linear advertising down 16%. Digital advertising managed 5% growth even in a non-sports period, helped by strong growth in viewing of STV Player content including Emmerdale and Brookside.

Studios delivered 13% revenue growth in H1, despite increasingly tough commissioning markets particularly in unscripted programming, reflecting the strong stream of new commissions that the business has won over the last two years. The order book has reduced further to £40m at the end of August (compared to £54m at end-July and a high of £101m in July 2024).

Q3 trading has remained challenging thus far. A TAR decline of -8% for Q3 is in line with July guidance, where the group indicated an expectation of around -20% for July (strong football comp) followed by broadly flat TAR for August and September combined. STV is now indicating that October is also likely to continue at a similar level of around -8% YoY.

In Studios, the unscripted market remains tough. However, in recent weeks the Studios division has won a further major drama series, the six-part *Army of Shadows* for C4. In addition, the group indicates a number of commissioning decisions (both scripted and unscripted) are currently at an advanced stage, with decisions expected in the coming weeks.

Cost actions

STV has confirmed a number of operating and financial cost actions in response to current market conditions. These should underpin STV's ability to bounce back strongly and to deliver attractive longer-term growth when its key markets recover:

- A further cost savings programme targeting £3m pa of savings is underway (incremental to the existing programme of £5m run-rate of savings by end-2026). £2.5m of these new savings are expected to be delivered as soon as 2026, and cost of delivery for the savings is £1m.
- The group is also exploring further potential savings in news production (not included in the above) and is in discussion with Ofcom about licence changes that would be required.
- The unscripted label portfolio across STV Studios is being restructured, given the changing market conditions for unscripted. The group will stop development activity in STV Studios Entertainment, and make no further investment in Mighty Productions.
- The decision announced today to not pay any interim dividend (annual cost of dividend for the group has been around £5m pa in recent years).
- Agreement has been reached for a widening of the current banking facility from £70m to £75m until February 2027, as well as an amendment to the leverage covenant for 2026 (normally 3x ND/EBITDA maximum).
- A relaxation of timing of cash deficit payments to the pension fund has also been agreed, with the FY26 cash payments delayed into two payments through 2027.
- A re-phasing of capex plans, reducing spend over the next 18-24 months.

No change to operating profit estimates

Current trading is in line with the guidance issued by STV in July, and guidance for the full-year 2025 is unchanged, as detailed in the table below.

STV Group – FY25 guidance issued in July (unchanged)

FY25 Guidance	Revenue	Adj Op Margin %
Audience	£90-95m	13%-15%
STV Studios	£75-85m	c.4%
Group	£165-180m	c.7%

Source: STV Group

We make no change to our estimates for group operating profit. Our 2026/2027 revenue estimates reduce, reflecting some change in expected mix (lower Studios forecasts, offset by increased cost savings across the group) and our PBT/EPS estimates reduce somewhat, reflecting a slightly higher expected interest charge.

STV Group – Estimate changes

£m unless stated	FY25E			FY26E			FY27E		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
Revenue	172.5	172.5	0.0%	193.0	174.0	-9.8%	210.0	195.0	-7.1%
Adj EBITDA	15.2	14.8	-2.9%	19.1	18.4	-3.4%	21.2	20.7	-2.3%
Adj Operating Profit	11.2	11.2	0.0%	15.0	15.0	0.0%	17.0	17.0	0.0%
Adj PBT	7.8	6.5	-16.7%	11.3	10.5	-7.1%	13.1	12.5	-4.6%
Fully adj Dil EPS (p)	11.4	9.1	-20.0%	15.7	14.3	-9.2%	19.7	18.5	-5.7%
DPS (p)	11.3	2.5	-77.9%	11.3	2.5	-77.9%	11.3	3.0	-73.5%

Source: Progressive Equity Research estimates

Financials and dividend

Total net debt reduced in the period from £38.7m to £35.7m. Within this, non-recourse production financing reduced from £9.9m to £5.2m as programming was delivered, so that core debt excluding non-recourse rose slightly from £28.8m to £30.5m.

Leverage at this level remains very comfortable at 1.6x ND/EBITDA. The group is indicating it expects the total ND figure to increase to a range of £45-50m by the end of 2025, reflecting the trading backdrop and continuing WC requirements.

No dividend was declared at the interim stage, again reflecting the trading backdrop. In the absence of any guidance from the group on the full-year dividend outlook, we have assumed some annual dividend payment continues, but at a lower rate (2.5p/share, or about £1m pa in cash terms).

The accounting pension deficit decreased further in H1, from £48.3m to £44.4m. The next triennial valuation is due at 31 December 2026.

Financial Summary: STV Group

Year end: December (£m unless shown)

PROFIT & LOSS	2023	2024	2025E	2026E	2027E
Revenue	168.4	188.0	172.5	174.0	195.0
Adj EBITDA	25.4	25.2	14.8	18.4	20.7
Adj EBIT	20.1	20.6	11.2	15.0	17.0
Reported PBT	0.0	10.4	2.4	6.4	8.4
Fully Adj PBT	17.0	17.1	6.5	10.5	12.5
NOPAT	16.3	16.2	9.0	12.0	13.6
Reported EPS (p)	9.5	23.5	0.2	5.4	9.7
Fully Adj Dil EPS (p)	27.2	29.0	9.1	14.3	18.5
Dividend per share (p)	11.3	11.3	2.5	2.5	3.0
CASH FLOW & BALANCE SHEET	2023	2024	2025E	2026E	2027E
Operating cash flow	18.9	20.3	16.0	17.1	16.4
Free Cash flow	13.3	14.1	6.5	8.5	7.6
FCF per share (p)	29.1	30.8	14.2	18.5	16.4
Acquisitions	(15.6)	(5.5)	(2.0)	(6.0)	(4.0)
Disposals	0.0	0.0	0.0	0.0	0.0
Shares issued	0.0	0.0	0.0	0.0	0.0
Net cash flow	(17.2)	(6.4)	(9.2)	(1.1)	(16.1)
Overdrafts / borrowings	(46.2)	(49.8)	(49.8)	(49.8)	(49.8)
Cash & equivalents	13.9	11.1	1.9	0.9	(15.2)
Net (Debt)/Cash	(32.3)	(38.7)	(47.9)	(48.9)	(65.0)
NAV AND RETURNS	2023	2024	2025E	2026E	2027E
Net asset value	(12.6)	(12.9)	(23.8)	(22.8)	(33.0)
NAV/share (p)	(26.9)	(27.6)	(50.7)	(48.4)	(69.9)
Net Tangible Asset Value	(37.6)	(49.4)	(63.3)	(65.4)	(79.0)
NTAV/share (p)	(80.3)	(105.8)	(134.6)	(138.7)	(167.2)
Average equity	(10.5)	(12.8)	(18.4)	(23.3)	(27.9)
Post-tax ROE (%)	30.8%	37.6%	17.2%	25.9%	56.2%
METRICS	2023	2024	2025E	2026E	2027E
Revenue growth	22.2%	11.6%	(8.2%)	0.9%	12.1%
Adj EBITDA growth	(19.1%)	(0.8%)	(41.5%)	24.8%	12.5%
Adj EBIT growth	(22.1%)	2.5%	(45.6%)	33.9%	13.3%
Adj PBT growth	(29.5%)	0.6%	(62.0%)	61.5%	19.0%
Adj EPS growth	(32.6%)	6.4%	(68.5%)	56.4%	30.0%
Dividend growth	0.0%	0.0%	(77.9%)	0.0%	20.0%
Adj EBIT margins	11.9%	11.0%	6.5%	8.6%	8.7%
VALUATION	2023	2024	2025E	2026E	2027E
EV/Sales (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x)	3.5	3.5	6.0	4.8	4.3
EV/NOPAT (x)	5.5	5.5	10.0	7.4	6.6
PER (x)	4.2	4.0	12.6	8.0	6.2
Dividend yield	9.9%	9.9%	2.2%	2.2%	2.6%
FCF yield	25.4%	26.9%	12.4%	16.2%	14.4%

Source: Company information and Progressive Equity Research estimates

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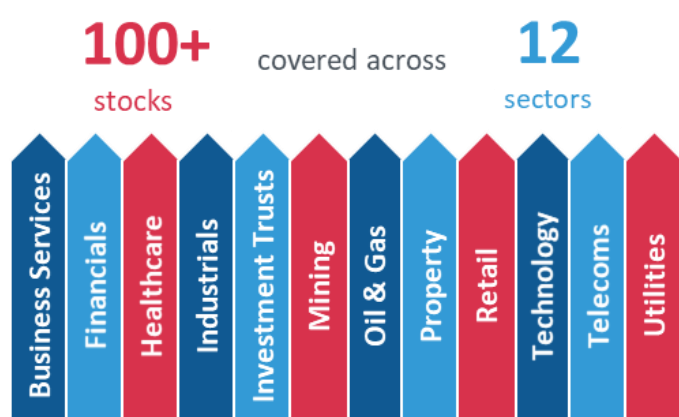
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