STV GROUP

MEDIA

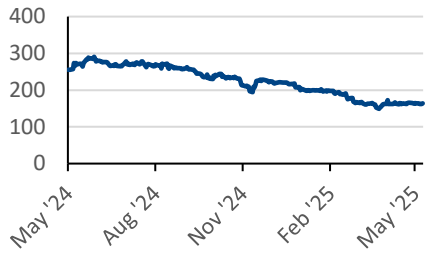
29 May 2025

STVG.L

174p

Market Cap: £81m

SHARE PRICE (p)



12m high/low 291p/149p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	£(38.7)m *(at 31/12/24)*
Enterprise value	£119.7m
Index/market	LSE
Next news	Interims, Sep (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 PROGRESSIVE

ANALYSTS

Jonathan Helliwell



+44 (0) 20 7781 5341

jhelliwell@progressive-research.com

The path to long-term growth

STV Group hosted a CMD on 20 May updating on strategy under new CEO Rufus Radcliffe. A clear path to long-term growth was laid out, in our view, including the launch of a new radio station, new reach and targeting propositions in broadcast, and further strong growth for the successful Studios business. STV targets EBITA of £30-35m in 2030 versus £18.5m now forecast for this year (CAGR of 10%-14% pa) with an additional £10m pa uplift in FCF when pension deficit payments cease in October 2030.

- **Strategic evolution flagged.** Key points in the CMD, entitled 'Fast Fwd to 2030', include the launches of new businesses in radio and digital content for brands, the combination of broadcast and digital divisions plus radio into a new Audience division, and focus on further internationalising the highly successful Studios division.
- In **Studios** while acknowledging commissioning markets remain tough near-term, STV's revenue target of £200m in 2030 highlights continued momentum and confidence in the pipeline (organic growth CAGR of 13.6% pa to 2030).
- **Trading update, estimate changes.** Q2 TAR is guided to be weaker than expected, reflecting a tough comp and continued macroeconomic uncertainty. We reduce 2025/2026 EBIT estimates by 10%/3.5%, respectively, to reflect this plus modest initial investment behind the refreshed strategy. We also introduce a 2027 forecast of 9% EBIT growth.
- **A credible path to growth.** A key issue for investors remains the ongoing migration of viewers from linear broadcast to digital. In our view, STV laid out a highly credible path to attractive profit growth through this transition, aided by its market-leading combined package of reach and quality for advertisers, increased targeting of advertising as viewers migrate, and continued double-digit growth in Studios. STV targets group EBIT in the £30-35m range by 2030. in this report, we highlight our own low- and high-case scenarios, which illustrate potential EBIT outcomes of between £28m and £49m in 2030 – highlighting the potential for further upside if STV executes strongly and/or market conditions improve.

FYE DEC (£M)	2023	2024	2025E	2026E	2027E
Revenue	168.4	188.0	202.2	221.9	231.0
Adj EBITDA	25.4	25.2	23.1	27.2	29.1
Fully Adj PBT	17.0	17.1	15.1	19.2	21.1
Fully Adj Dil EPS (p)	27.2	29.0	25.1	30.1	33.3
EV/Sales (x)	0.7x	0.6x	0.6x	0.5x	0.5x
EV/EBITDA (x)	4.7x	4.8x	5.2x	4.4x	4.1x
PER (x)	6.4x	6.0x	6.9x	5.8x	5.2x

Source: Company Information and Progressive Equity Research estimates.

This publication should not be seen as an inducement under MiFID II regulations.

Please refer to important disclosures at the end of the document.

Strategy update: Fast fwd to 2030

Rufus Radcliffe moved from ITV to become CEO of STV Group on 1 November 2024, and a Capital Markets Day hosted by STV on 20 May provided a platform for him to present an update on group strategy, looking beyond existing group targets to 2026. In addition, the group updated on progress towards the existing 2026 targets and on current trading.

Entitled 'STV Fast fwd to 2030', key points of the update included:

- The launch of a new commercial radio station across Scotland. The group expects small operating losses of £0.5m in 2025 and 2026, moving to profit thereafter (£2m by 2030, a 40% margin given the simple radio operating model).
- Start-up investment in a new label in Studios serving major brands rather than broadcasters, producing targeted digital content for them (accessing a high-growth digital sector, with very modest start-up investment).
- The combination of two current divisions (Broadcast and Digital) plus the new radio business into one division called Audience – providing advertisers with a combined offer across linear broadcast, digital, and radio. This offers new selling opportunities for advertisers as well as potential cost benefits. The group targets top-line growth in line with GDP for this division at an operating margin of 17%-20%.
- Extending the break-out growth of the Studios division in recent years, in particular by further internationalising the business through selling programming or formats into other markets outside the UK. The group is targeting broadly a doubling of revenues to £200m by 2030, at a 10% operating margin.
- At group level, STV targets EBIT of £30-35m by 2030. This compares to the £18.5m that we forecast for the current year, equivalent to a five-year profits CAGR in the range of 10.1%-13.6% pa.
- The targeted £30-35m of 2030 EBIT splits broadly evenly between £20m from Studios (£200m of revenue targeted at 10% margin) and £20-25m from Audience, less ongoing central costs of c.£5m pa. The group also indicates it is on track to clear its longstanding pension deficit obligations by 2030 at the latest, which will free up an additional c.£10m pa of free cash flow to invest or distribute.
- Total investment costs to deliver this growth are modest, with ND/EBITDA expected to remain within the group's target range of 1.0-1.5x through the period, aided by utilisation of non-recourse production financing loans within Studios, which we have assumed of up to £20m pa.

Within this report, we also publish our own scenario calculations looking at a low-case and a high-case for STV divisional growth out to 2030. This suggests 2030 EBIT outcomes of £28m on a low-case basis, rising to £49m on a high-case basis. We note that STV's target of £30-35m sits at the low end of this wider range, highlighting potential upside if STV can deliver successfully on its ongoing transition to digital and further growth of Studios.

Combining Broadcast and Digital into Audience

The decision to combine the previous Broadcast and Digital divisions (as well as the new radio business) into a new Audience division makes strong sense to us operationally. Commercial TV remains a highly effective medium but is now consumed across a mixture of real-time viewing (both linear and digital) and catch-up (VOD). Advertisers now frequently buy combined packages of reach and targeting of specific profiles. Combining the two divisions also brings the following opportunities:

- Opportunities to launch new businesses, using the reach of the linear business, the targeting capabilities of the STV Player digital business, and the brand strength of STV. The recent partnership with Premier Sports (offering a discount for viewers who sign up for a combined Premier and Player+ package via the Player platform) is an early example, but the group sees scope for further partnerships and opportunities.
- A new hyper-targeted cross-platform offer for regional advertisers (STV ADapt) is at pilot stage: advertisers will be able to plan and book a campaign directly via an online interface, STV will use AI to generate advertising creative for the products and offer a package across linear and digital platforms. STV sees an addressable market of £125m in Scotland for this opportunity, targeting local advertisers who historically could not afford TV advertising and currently advertise on radio or social media (Facebook, Instagram, Google etc.).
- Combination should also generate some cost-savings (as yet unquantified). The group indicated it remains on track to generate the £5m of group cost savings previously targeted by end-2026, and indicated there is more to come.

The combined division retains a very strong entrenched position for advertisers:

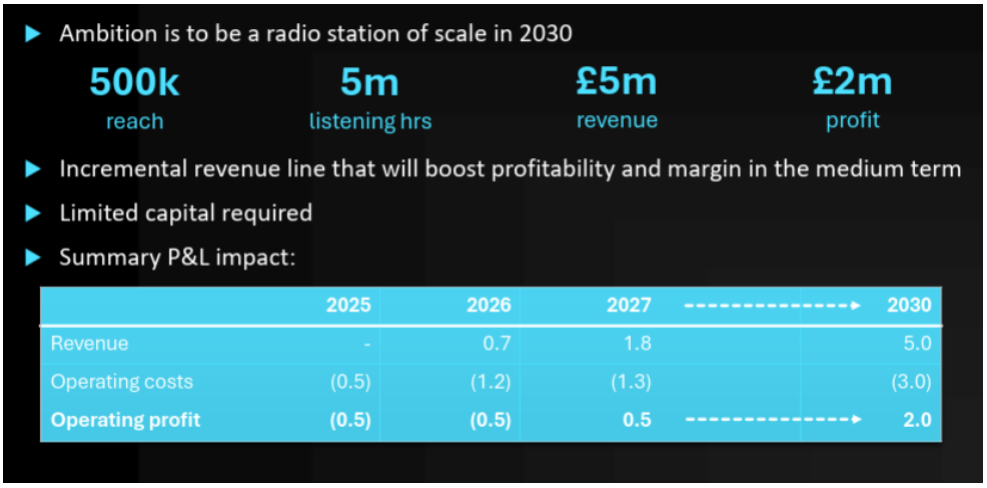
- Market-leading reach to consumers: broadcaster viewing including BVOD accounted for 58% of all video viewing (including online) in 2024 and 74% of all TV set viewing, according to Enders Analysis data. Even in 2030, Enders expects broadcaster/BVOD to remain the largest provider of all video viewing with over half of the market.
- Scots watch around 17% more TV than other UK viewers, and STV in Scotland outperforms ITV's share of TV viewing by about 10%.
- TV viewing (large screens, full-screen video, next to trusted content) remains a key medium for advertisers, with an estimated ROI of £5.61 for each £1 spent compared to £3.86 for online video such as YouTube, according to a recent study.
- Separate research from Thinkbox 2024 highlights that, when used alongside other media, TV advertising improves the effectiveness of adspend in other media (including a 20% boost for online media spend, and a 31% boost for radio, where STV is poised to add an offering itself).
- The STV Player has over 2m users and is available on all major connected TV platforms. It offers exclusive access to ITV network programming for Scottish-registered viewers, and has a significant amount of exclusive acquired content that drives around a quarter of viewing, including viewing outside of Scottish homes.

New radio business

Plans to launch a new commercial radio business for Scotland are already well underway. The group has recruited Graham Bryce, previously COO at Bauer Media UK and responsible for the very successful launch of Greatest Hits Radio across the UK. The STV radio station will be a mainstream music channel, aimed at the 35-54 year-old market, based in STV's existing offices in Pacific Quays, Glasgow. It will augment STV's newly formed Audience division.

Start-up costs are modest, with an expected operating loss in 2025 of £0.5m this year (mainly start-up costs), with a similar loss of £0.5m in 2026 (year one trading performance, especially while establishing initial RAJAR listenership figures). Thereafter the business is forecast to be profitable, as shown in the table.

New radio business financial projections



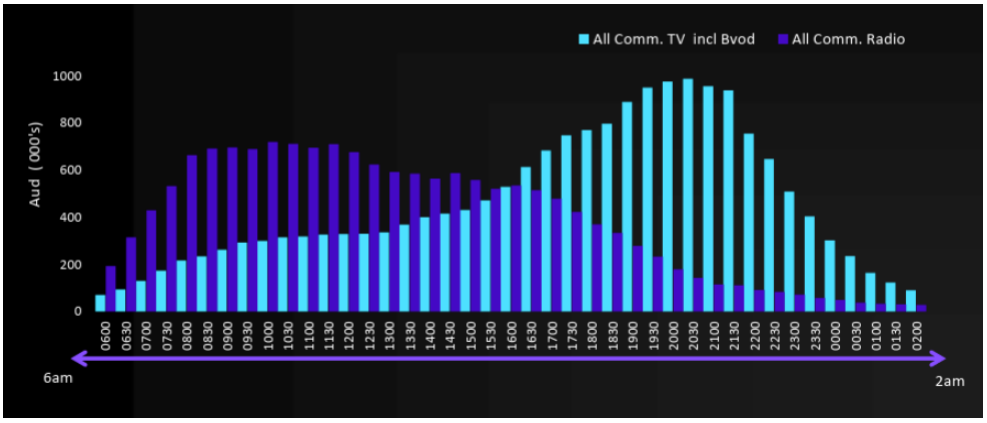
	2025	2026	2027	----------→	2030
Revenue	-	0.7	1.8		5.0
Operating costs	(0.5)	(1.2)	(1.3)		(3.0)
Operating profit	**(0.5)**	**(0.5)**	**0.5**	**----------→**	**2.0**

Source: STV Group

We see this as a logical and smart move for STV on two counts:

- Strengthens STV's reach proposition for advertisers. STV offers advertisers a market-leading reach position in Scotland – but this reach is gradually eroding as viewers migrate from linear to digital. An ability to offer advertisers a combined reach package across TV, digital and radio makes sense and should provide a broader demographic than that of the existing viewer. In particular, radio listenership peaks in the morning whereas TV peaks in the evening, improving the total reach profile for advertisers as shown in the chart.
- It is an attractive investment proposition in its own right, in our view. The UK commercial radio sector has proved robust through the transition to digital, with listenership resilient and industry revenues growing solidly. However, much of the growth has been driven by the success of syndicated radio models (including Greatest Hits Radio), with one programme centrally recorded and pushed out to local stations with low local content. This 'export' model works less well in Scotland, where there is greater interest in local content and local presenters: STV brings a highly trusted local brand to compete in this market.

Complementary reach profiles for TV and radio



Source: STV Group based on BARB data for TV and RAJAR data for radio

New digital content business – Fan Club

STV also plans to provide start-up investment for a new label within its Studios business, which will create digital TV content, but servicing major corporate customers rather than Studios' typical customer base of broadcasters and streamers.

This represents an entry into a new growth sector that has arisen from the challenge for brands of maintaining good and safe product positioning in digital markets. For instance, a food manufacturer might commission a cooking programme, to be viewed on digital channels, in order to ensure that the content they are associating themselves with (by advertising around it) is brand compatible and reputable and safe.

STV's new business (the 22nd label for the Studios division) will be called Fan Club and will be headed up by Joe Churchill, who was until recently head of brand commissions for C4. Fan Club aims to develop brand strategies for brands and create digital programming to execute those strategies. Fan Club will retain a revenue share from third-party advertising around the content as well as an interest in the IP of the digital content. STV will take an initial minority share in Fan Club.

Continued growth and internationalisation for Studios

STV Studios has been a well-documented break-out success for STV Group in recent years, rising from a de minimis contribution to group results as recently as 2020 to contributing 45% of revenues and 24% of group profits in 2024. STV's strategic targets for 2030 suggest that management sees scope for further strong organic growth in this business in coming years.

We currently forecast revenues of £105.7m for Studios division in 2025 (itself a record result if achieved, despite the tougher market recently for new programme commissions). STV's revenue target of £200m in 2030 implies a compound growth rate over the next five years of 13.6% pa. Importantly this is all organic growth (although the company flags up £14m of investment in the next three years to increase its ownership stakes in existing labels, these are all already majority-owned so fully consolidated).

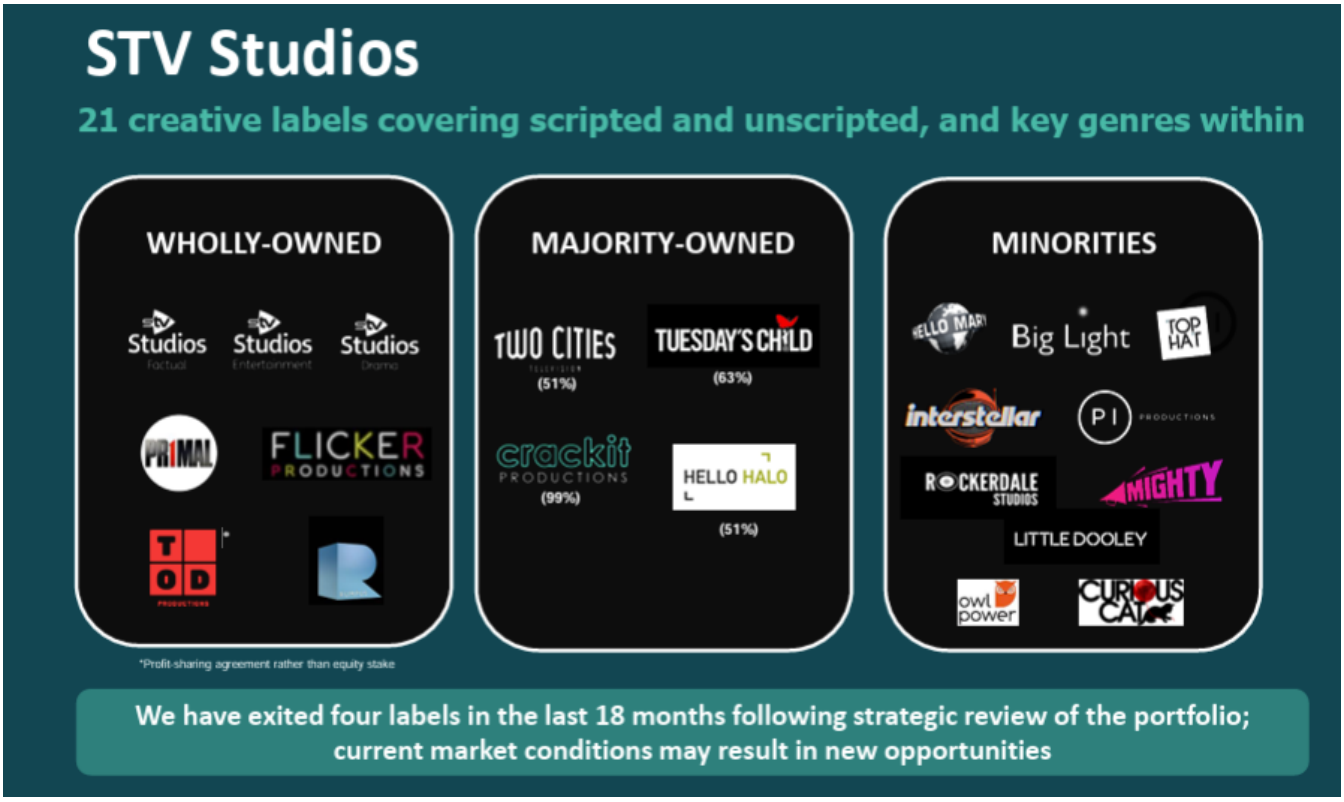
In the update provided on existing 2026 targets, the group amended its target for 2026 Studios revenues (end-year rather than in-year) from £140m to a range of £120-140m, again acknowledging the tougher near-term market. The £120m low-end figure would still represent a 13.5% advance on our forecast 2025 figure. The implication for us is that STV retains a good degree of confidence in the longer-term pipeline for its labels.

STV is targeting a 10% operating margin in 2030. The tougher market backdrop means the group has pushed this target out from 2026, although it is still targeting margin progression over the next 1-2 years through the tougher market. A key component is to further increase internationalisation of the business, by selling either library product or formats into overseas markets. STV has already achieved notable success with this in some cases, notably with *Lego Masters* (format now sold into 20+ territories, tape now sold into 40+ territories), as well as with *The Hit List*, and *The Fortune Hotel*.

Such secondary sales are typically very high margin (average gross margin achieved by the business over recent years of c.60%) so contribute strongly to margin growth as well as top-line growth. STV Studios' overall library has grown substantially as the division has grown in size and grown in genre spread in recent years, so we would expect secondary sales to continue to expand naturally over time. In addition, management is very clearly focused, when considering new programming ideas, on shows that are likely to have appeal in secondary markets.

The 21 existing labels (excluding the new addition of Fan Club) are shown in the chart below.

STV Studios – 21* creative labels



Source: STV Group ** excludes recent announcement of launch of Fan Club*

The path to growth: EBIT scenarios of £28-£49m by 2030

With this strategy update, STV has provided clear guidance around its longer-term financial targets for 2030, notably:

- Studios to deliver revenues of £200m with an operating margin of 10%. This implies CAGR of 13.6% pa from our 2025 revenue forecast of £105.7m.
- New Audience division (including radio) to grow revenues in line with GDP with an operating margin of 17%-20% (compared to our margin forecast for 2025 of 17.1%).
- Resulting group EBIT of £30-35m after ongoing central costs, which we estimate at c.£5m pa.

Below we highlight two scenarios, a low-case and a high-case, to gauge potential sensitivity around STV's targets. We stress that these are our own scenarios, not company projections. But we note that group guidance of £30-35m lies towards the low end of our high and low scenarios, highlighting scope for further upside if STV delivers successfully and/or if overall market conditions improve.

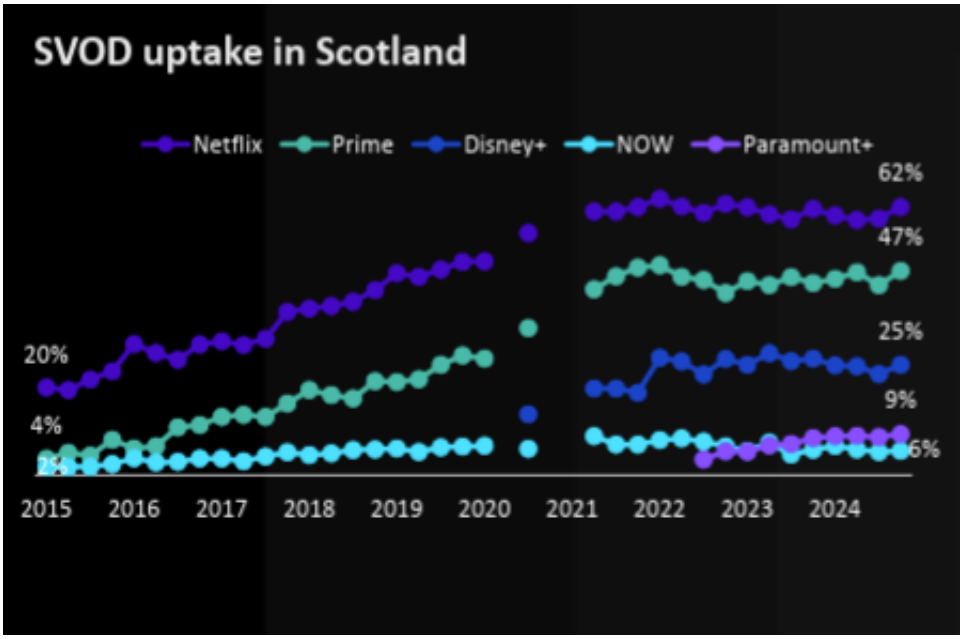
The low- and high-case scenarios we consider are the following:

- For **national linear advertising** revenues our high-case assumption is for flat revenues, ie. a slight easing of the moderate decline rate that STV has experienced in recent years (c.2% pa, looking through the annual cyclicality of major sporting events). On a low-case basis, we assume an acceleration of structural declines to -4% pa.
- Although we expect continued structural migration of viewers from linear to digital TV and other digital media, the upside case for a slight moderation of the decline rate is that the recent declines of c.2% pa have occurred during a period of very rapid penetration of streamers into UK homes (particularly during the Covid period) – a penetration that is now levelling out, as shown in the chart below. Flat national linear revenues would still imply moderate volume declines, offset by continued price inflation as the cost of delivering a quality mass audience continues to rise.
- **Regional advertising**, assisted by the growth fund and new hyper-local initiatives, is assumed to grow 4% pa high-case and 0% pa low-case.
- **Digital revenue**, which is growing structurally as viewers migrate, is assumed to trend at +8% pa high-case and +5% pa low-case. Note that in the low-case, a higher rate of structural migration of linear would be consistent with a good growth rate for digital.
- STV's new **radio** business is assumed to deliver 150% of management's 2030 target on a high-case basis (£7.5m revenues) and half of it on a low-case basis (£2.5m), at the target margin of 40%.
- Combined, the above assumptions drive a 5-year growth trend for STV's new Audience division of -0.7% pa low-case or +3.9% pa high-case. This compares to STV's guidance of GDP-type growth for the overall division.
- **Costs for the Audience division** split between network programming costs (which vary with national linear advertising according to the long-term agreement with ITV) and other costs. Other costs are assumed to grow by an underlying 2% pa. However, in the low-case scenario, we factor in an additional £5m of cost savings by 2030, as we believe management would respond to the tough scenario projected in this way.
- This drives a 2030 operating margin for the Audience division of 18.4% low-case or 26.2% high-case – compared to STV's guidance of a range of 17-20%. The chart below

shows the historical range for this margin (when we re-work STV's previous divisional reporting into the new structure) has varied in the 17%-24% range. Our high-case estimate of 26.2% reduces to 25.0% backing out the high-margin radio business, which we view as consistent with this historical range.

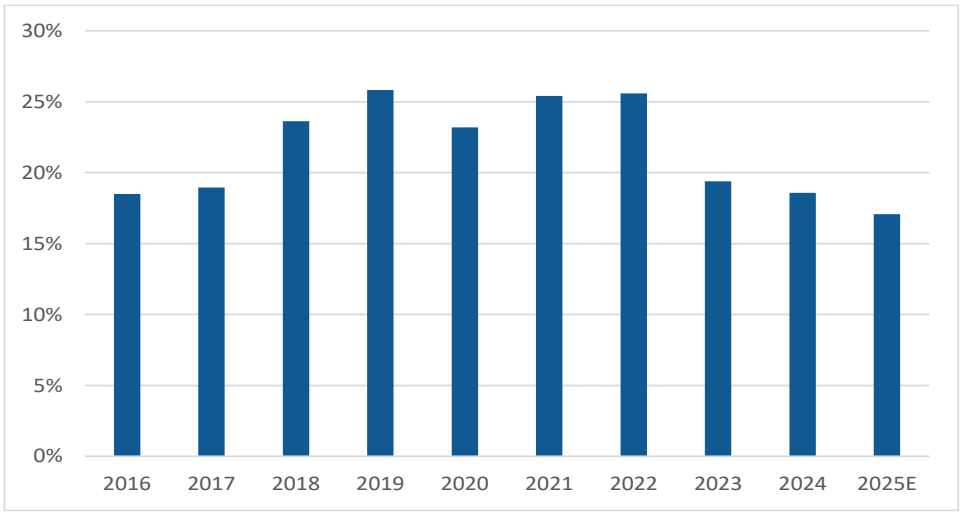
- For **Studios revenues**, STV is already guiding towards a strong expected organic performance over the next five years – requiring organic growth of 13.6% pa to deliver its targeted £200m of Studios revenues by 2030. This highlights management's confidence in the ongoing pipeline for the division and the momentum in the labels in the portfolio (eg. Two Cities Television, Tuesday's Child Television). On a low-case basis, we assume STV falls 20% short in delivering its projected organic growth (£160m not £200m). On a high-case basis, we assume it delivers 20% more than guidance (£240m).
- For **Studios profits**, we assume a steady 10% operating margin is delivered in both scenarios. We expect the STV Studios margin to mature towards 10% over time, as higher-margin library and format sales become a larger part of the mix, with STV Studios making a relatively steady margin on whatever new programming it wins. Conversely, winning more new business in a stronger market would be a significant driver for top-line growth, but much less so for margin prospects.
- Central costs are assumed to remain around current levels, inflating 2% pa on both scenarios.

UK streamer penetration showing signs of levelling in recent years



Source: STV Group, based on BARB data

Audience division* historical operating margins



*Source: Company data, Progressive Equity Research estimates (calculated from old divisional analysis) * excl radio in 2025*

2030 EBIT profit range of £28-49m projected

Combined, our projections suggest a group EBIT of £28m in 2030 on a low-case basis, rising to £49m on a high-case basis. This is highlighted in the two tables below. STV's own guidance, for a range of £30-35m, sits very much at the low end of these two more extreme projections.

The key takeaway, for us, is that even with a very cautious set of assumptions for the next five years, STV can continue to deliver respectable growth similar to the track record through recent difficult years (we project CAGR of 5% pa in revenues and 8% pa in profits in our low-case scenario). Conversely, our high-case assumptions highlight potential for very attractive growth (12% pa in revenues, 22% pa in profits) upon successful delivery of the updated strategy articulated at the CMD.

STV Group – Low-case scenario for growth to 2030

FY25E-FY30E (5 yrs)	FY25E	Projected Growth (% pa)	FY30E
National linear	58.9	-4.0%	48.0
Regional	15.8	0.0%	15.8
Other broadcast	2.0	-2.0%	1.8
Digital	19.8	5.0%	25.3
Radio	0.0		2.5
Total Audience revenues	96.5	-0.7%	93.4
Network costs	-26.5	-4.0%	-21.6
Other audience costs (underlying)	-54.0	2.0%	-59.6
Further cost savings	0.0		5.0
Total Audience costs	-80.5		-76.2
Audience OP	16.0		17.2
Audience operating margin %	16.6%		18.4%
Studios revenues	105.7	8.7%	160.0
Studios operating margin	7.0%		10.0%
Total Audience OP	16.0		17.2
Studios OP	7.4		16.1
Central costs	-4.9	2.0%	-5.4
Group OP	18.5		27.8
Group 5 yr profit CAGR (25E-30E)			**8.5%**
5 yr revenue CAGR			4.6%

Source: Progressive Equity Research estimates

STV Group – High-case scenario for growth to 2030

FY25E-FY30E (5 yrs)	FY25E	Projected Growth (% pa)	FY30E
National linear	58.9	0.0%	58.9
Regional	15.8	4.0%	19.2
Other broadcast	2.0	0.0%	2.0
Digital	19.8	8.0%	29.1
Radio	0.0		7.5
Total Audience revenues	96.5	3.9%	116.7
Network costs	-26.5	0.0%	-26.5
Other audience costs (underlying)	-54.0	2.0%	-59.6
Further cost savings	0.0		0.0
Total Audience costs	-80.5		-86.1
Audience OP	16.0		30.6
Audience operating margin %	16.6%		26.2%
Studios revenues	105.7	17.8%	240.0
Studios operating margin	7.0%		10.0%
Total Audience OP	16.0		30.6
Studios OP	7.4		24.0
Central costs	-4.9	2.0%	-5.4
Group OP	18.5		49.2
Group 5 yr profit CAGR (25E-30E)			**21.6%**
5 yr revenue CAGR			12.0%

Source: Progressive Equity Research estimates

Update on existing 2026 targets

STV also provided an update on the group's pre-existing 2026 targets. These are mostly on track (restated to accord with the new divisional structure) although the ambitious growth targets for Studios have been tempered slightly, reflecting the tougher overall markets for programme commissions that have persisted into Q2 2025. The 2026 targets are now stated as follows:

- Digital revenues on track to hit £30m (pre-commission to ITV: around £25m net of this commission).
- Audience division operating margin of at least 15% in 2026.
- Studios revenue of £120-£140m in 2026 with operating margin of at least 8% (previously £140m and 10% respectively, although our forecasts already undershot this reflecting recent market conditions).
- 25% of Studios revenues to come from international markets.
- Run-rate cost savings of £5m pa.

Current trading

STV also updated on recent trading, highlighting continued challenging markets in the near term both for advertising and programme commissioning. The main points were:

- Total advertising revenue (TAR) for Q1 in line with guidance, and down 2% for January-April inclusive (the four-month period capturing the late Easter this year).
- Within this, both VOD (+8%) and regional advertising (+7%) were stronger than expected, offset by slightly weaker than anticipated performance in national linear (-7%).
- Q2 TAR is anticipated to be down around 18%, reflecting the very strong Q2 comp of a year ago (due to Euro football advertising) as well as ongoing macroeconomic uncertainty. As a result, H1 TAR is expected to be down around 10% (-3% Q1, -18% Q2).
- The group indicated that TAR for both Q2 and H1 of this year are expected to be broadly flat compared to Q2/H1, respectively, of 2023 – highlighting the effect of the Euro football advertising in the comps.
- In Studios, STV indicated that the forward order book had reduced by £10m from £76m end-February to £66m end-April, reflecting £17m of revenues recognised in the three-month period, offset by £7m of new commission wins. In the current tougher market, we see the new commissions as a good indication of the quality of the labels in the portfolio and the potential for future growth.

Forecast changes

We adjust our estimates for 2025 and 2026 to factor both the modest start-up losses indicated for radio (£0.5m in both years) and weaker-than-expected guidance for Q2 total advertising revenue. This drives a reduction of 10% in EBIT for 2025 and 3.5% for 2026, as shown in the table below.

We also now introduce a first estimate for 2027. We forecast a 9% improvement in EBIT for this year, including a swing in radio from a loss of £0.5m to a profit of £0.5m in line with guidance.

As a reminder, STV results are always impacted by a four-year cycle in major sports events, which drive both linear broadcast and digital advertising revenues. The current year 2025 is the weakest year of the cycle, with none of the biggest events. 2026 is a very strong year boosted by men's World Cup football. 2027 year is reasonable year, assisted by men's Rugby World Cup advertising (but less strong than 2026), and 2028 is another very strong year, boosted by men's Euro football advertising.

STV Group - Changes to Forecasts

	FY25E			FY26E			FY27E
£m unless stated	Old	New	Change (%)	Old	New	Change (%)	New
Revenue	204.9	202.2	-1.3%	217.3	221.9	2.1%	231.0
Adj EBITDA	25.3	23.1	-8.6%	27.9	27.2	-2.6%	29.1
Adj Operating Profit	20.6	18.5	-10.2%	23.3	22.5	-3.5%	24.5
Adj PBT	17.2	15.1	-12.2%	20.1	19.2	-4.5%	21.1
Fully adj Dil EPS (p)	27.6	25.1	-9.1%	32.0	30.1	-5.8%	33.3
DPS (p)	11.3	11.3	0.0%	11.5	11.5	0.0%	11.7

Source: Progressive Equity Research estimates

Financials

Modest investment requirements

Investment requirements to support the updated strategic targets look modest:

- Small start-up losses projected for radio, with minimal initial capital outlay.
- Only a minority position initially in start-up label Fan Club.
- £14m of acquisition investment flagged for FY25-FY27 to increase existing majority stakes in labels up to 100% ownership (most of this was already factored into our cash flow projections).

Studios' projected growth in revenues from just over £100m to a targeted £200m will put upward pressure on working capital requirements. However, this will be mitigated by increasing use of **non-recourse production financing** indicated by the company (we expect £8m this year rising to £10m in 2026 and 20m in 2027). This is typically used on major drama productions, with the loan specific to the programme budget and non-recourse to STV, and loan interest charged as part of operating costs for the programme.

STV indicates that leverage should remain within the range of 1.0-1.5x EBITDA. This is based on average net debt for the year and excludes non-recourse production financing, and remains comfortably below the maximum covenanted level of 3x.

Pension deficit elimination adds £10m pa FCF after 2030

In providing long-term financial targets to 2030, STV also reiterated that it remains on track to eliminate its pension deficit repayments in that year. This could bolster group FCF by £10m pa, adding materially to cash allocation options for management at that point. The final payment is scheduled for October 2030, although STV indicated it is considering options to de-risk the remaining pension obligation as it gets nearer to completion.

Financial Summary: STV Group

Year end: December (£m unless shown)

PROFIT & LOSS	2023	2024	2025E	2026E	2027E
Revenue	168.4	188.0	202.2	221.9	231.0
Adj EBITDA	25.4	25.2	23.1	27.2	29.1
Adj EBIT	20.1	20.6	18.5	22.5	24.5
Reported PBT	0.0	10.4	11.0	15.1	17.0
Fully Adj PBT	17.0	17.1	15.1	19.2	21.1
NOPAT	16.3	16.2	15.3	18.5	19.6
Reported EPS (p)	9.5	23.5	16.2	21.2	24.4
Fully Adj Dil EPS (p)	27.2	29.0	25.1	30.1	33.3
Dividend per share (p)	11.3	11.3	11.3	11.5	11.7

CASH FLOW & BALANCE SHEET	2023	2024	2025E	2026E	2027E
Operating cash flow	18.9	20.3	19.3	29.9	27.9
Free Cash flow	13.3	14.1	9.4	20.0	19.4
FCF per share (p)	29.1	30.8	20.4	43.5	42.2
Acquisitions	(15.6)	(5.5)	(2.0)	(7.0)	(5.0)
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)	(8.1)	(2.7)	(1.6)
Overdrafts / borrowings	(46.2)	(49.8)	(49.8)	(49.8)	(49.8)
Cash & equivalents	13.9	11.1	3.0	0.3	(1.3)
Net (Debt)/Cash	(32.3)	(38.7)	(46.8)	(49.5)	(51.1)

NAV AND RETURNS	2023	2024	2025E	2026E	2027E
Net asset value	(12.6)	(12.9)	(17.4)	(14.6)	(12.5)
NAV/share (p)	(26.9)	(27.6)	(37.1)	(31.1)	(26.6)
Net Tangible Asset Value	(37.6)	(49.4)	(56.8)	(57.2)	(58.5)
NTAV/share (p)	(80.3)	(105.8)	(121.3)	(121.8)	(124.4)
Average equity	(10.5)	(12.8)	(15.1)	(16.0)	(13.6)
Post-tax ROE (%)	30.8%	37.6%	37.2%	41.2%	43.0%

METRICS	2023	2024	2025E	2026E	2027E
Revenue growth	22.2%	11.6%	7.5%	9.8%	4.1%
Adj EBITDA growth	(19.1%)	(0.8%)	(8.2%)	17.4%	7.0%
Adj EBIT growth	(22.1%)	2.5%	(10.2%)	21.8%	8.7%
Adj PBT growth	(29.5%)	0.6%	(11.7%)	27.4%	9.6%
Adj EPS growth	(32.6%)	6.4%	(13.4%)	20.0%	10.5%
Dividend growth	0.0%	0.0%	0.0%	1.8%	1.7%
Adj EBIT margins	11.9%	11.0%	9.1%	10.2%	10.6%

VALUATION	2023	2024	2025E	2026E	2027E
EV/Sales (x)	0.7	0.6	0.6	0.5	0.5
EV/EBITDA (x)	4.7	4.8	5.2	4.4	4.1
EV/NOPAT (x)	7.3	7.4	7.8	6.5	6.1
PER (x)	6.4	6.0	6.9	5.8	5.2
Dividend yield	6.5%	6.5%	6.5%	6.6%	6.7%
FCF yield	16.7%	17.7%	11.8%	25.1%	24.3%

Source: Company information and Progressive Equity Research estimates

Progressive EQUITY RESEARCH

29 May 2025

Disclaimers and Disclosures

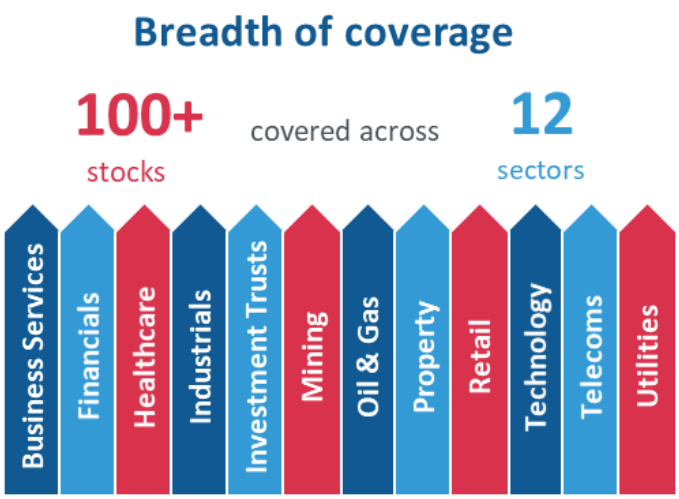
Copyright 2025 Progressive Equity Research Limited ("PERL"). All rights reserved. Progressive's research is commissioned by the subject company under contract and is freely available to the public and all institutional investors. Progressive does not offer investors the ability to trade securities. Our publications should not, therefore, be considered an inducement under MiFID II regulations. PERL provides professional equity research services, and the companies researched pay a fee in order for this research to be made available. This report has been commissioned by the subject company and prepared and issued by PERL for publication in the United Kingdom only. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable; however, PERL does not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of PERL at the time of publication, and any estimates are those of PERL and not of the companies concerned unless specifically sourced otherwise. PERL is authorised and regulated by the Financial Conduct Authority (FCA) of the United Kingdom (registration number 697355).

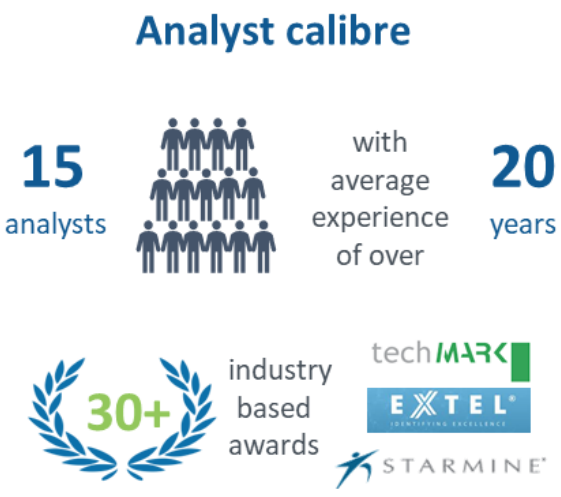
This document is provided for information purposes only, and is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. Investors should seek advice from an Independent Financial Adviser or regulated stockbroker before making any investment decisions. PERL does not make investment recommendations. Any valuation given in a research note is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. PERL does not undertake to provide updates to any opinions or views expressed in this document.

This document has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research. It is not subject to any prohibition on dealing ahead of the dissemination of investment research.

PERL does not hold any positions in the securities mentioned in this report. However, PERL's directors, officers, employees and contractors may have a position in any or related securities mentioned in this report. PERL or its affiliates may perform services or solicit business from any of the companies mentioned in this report.

The value of securities mentioned in this report can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of the shares mentioned in this report may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. It may be difficult to obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance.





To arrange a meeting with the management team, or for further information about Progressive, please contact us at:
+44 (0) 20 7781 5300
info@progressive-research.com