Full year results 2016

Jeremy Darroch
Forward looking statements

This document contains certain forward looking statements with respect to the Group’s financial condition, results of operations and business, and our strategy, plans and objectives for the Group. These statements include, without limitation, those that express forecasts, expectations and projections, such as forecasts, expectations and projections in relation to new products and services, the potential for growth of free-to-air and pay television, fixed line telephony, broadband and bandwidth requirements, advertising growth, DTH and OTT customer growth, On Demand, NOW TV, Sky Go, Sky Go Extra, Sky+ HD, Sky Q, Sky Store, Sky Online, mobile, Multiscreen and other services penetration, revenue, administration costs and other costs, advertising growth, churn, profit, cash flow, products and our broadband network footprint, content, wholesale, marketing, synergies and integration, and capital expenditure.

These statements (and all other forward-looking statements contained in this document) are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Group's control, are difficult to predict and could cause actual results to differ materially from those expressed or implied or forecast in the forward-looking statements. These factors include, but are not limited to, the fact that the Group operates in a highly competitive environment and faces competition from a broad range of organisations, the effects of laws and government regulation upon the Group's activities, the fact that the Group's business is based on a subscription model and its future success relies on building long-term relationships with its customers, its reliance on a complex technical infrastructure which is subject to risk of failure, change and development, failure of key suppliers, the Group's exposure to financial market risks, the fact that the Group must protect its customer and corporate data and prevent breaches of security, risks inherent in the implementation of large-scale capital expenditure projects, the fact that the Group relies on intellectual property and proprietary rights which may not be adequately protected under current laws or which may be subject to unauthorised use and the fact that people at Sky are critical to the Group’s ability to meet the needs of its customers and achieve its goals as a business.

Information on the significant risks and uncertainties is provided in the “Principal risks and uncertainties” section of Sky’s Annual Report for the full year ended 30 June 2015 (as updated in Sky's results for the six months ended 31 December 2015). Copies of the Annual Report are available from the Sky plc web page at www.sky.com/corporate and in hard copy from the Company Secretary, Sky plc, Grant Way, Isleworth, Middlesex TW7 5QD. All forward looking statements in this document are based on information known to the Group on the date hereof. The Group undertakes no obligation publicly to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.
Agenda

Results for 2015/16

Plans for 2016/17
2015/16 – a very strong year

• Excellent set of results
• Strong performances in each market
• Delivered our strategy at pace and scale
• Extended our leadership in TV, innovation and service
• Operated efficiently
• Growing our capabilities
## Excellent financial and operating results

<table>
<thead>
<tr>
<th></th>
<th>2014/15</th>
<th>2015/16</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>£11,221m</td>
<td>£11,965m</td>
<td>+7%</td>
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<tr>
<td>Operating profit</td>
<td>£1,397m</td>
<td>£1,558m</td>
<td>+12%</td>
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<tr>
<td>Earning per share</td>
<td>56.0p</td>
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<td>Customers (‘000)</td>
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<tr>
<td>Products (‘000)</td>
<td>53,783</td>
<td>57,055</td>
<td>+3,272</td>
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Financials are twelve months ended 30 June and 2015/16 includes the benefit of the 53rd week. Operating results are closing 30 June.
## Clear consistent strategy and execution

<table>
<thead>
<tr>
<th>Consumer proposition</th>
<th>Financial model</th>
<th>Key foundations</th>
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<tbody>
<tr>
<td>• Best content</td>
<td>• Mid to high single digit revenue growth</td>
<td>• No.1 brand</td>
</tr>
<tr>
<td>• Best products and market leading innovation</td>
<td>• Customer investment and business efficiency</td>
<td>• Deep customer insight</td>
</tr>
<tr>
<td>• Best service</td>
<td>• Delivering profit growth ahead of revenue growth</td>
<td>• Winning organisation and mindset</td>
</tr>
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</table>
Results for 2015/16

Andrew Griffith
UK and Ireland

• One of the best Q4s for 5 years
  – 93,000 new customers

• Strong customer and product growth
  – Added c.450k new customers
  – Added over two million new products

• Excellent financial results
  – Revenue growth of 7%
  – Profit growth of 11%

Twelve months ended 30 June and includes benefit of 53rd week in 2016
Germany and Austria

- 2nd fastest customer growth in 5 years
- Europe’s fastest growing pay TV market
- First ever full year profit
- More profitable in 16/17

Twelve months ended 30 June and includes benefit of 53rd week in 2016. Underlying in 2016 adjusts for the connected home investment of €34 million on hardware and ATL spend.
Italy

• Best customer growth for 5 years
• Added customers in last three quarters
• Strong revenue growth, up 6% in Q4
• Exiting the year strongly

Revenue of €775m in Q4 2016 includes the benefit of 53rd week. Excluding this, Q4 revenue was €730m, up 6% year on year.
Churn

• UK
  – Increasing mix of broadband only customers
  – Price rise this quarter
  – Reduced offers available in retention

• Germany
  – Good performance at 9.9%

• Italy
  – Reduced level of discounts available
Rolling out successful connected strategy

- Core part of growth strategy

- Clear benefits
  - Higher satisfaction
  - Lower churn
  - Consume more Sky content

- 2m customers connected in 15/16

- Growing further next year

Over 50% TV homes now connected

Quarter ended 30 June
Strong performance on screen

• Consumption up in every market

• Good quarter for Sky originals
  – Lucky Man and Gomorrah achieved best two audiences ever

• New records for Sky Box Sets
  – Over six millions households downloaded Game of Thrones
  – c.25% Sky Box Set customers watched Billions

• Record audience for Euro 2016 in Italy
Revenue growth

<table>
<thead>
<tr>
<th>£m</th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subscription</strong></td>
<td>9,642</td>
<td>10,185</td>
<td>+543</td>
<td>+6%</td>
</tr>
</tbody>
</table>
|                        | • Added over 3 million products and 800k products  
|                        | • TV price rise in every market                    |
| **Transactional**      | 172   | 197   | +25   | +15%        |
|                        | • Sky Store Buy & Keep up over 80%  
|                        | • Over 2m NOW TV sports passes sold               |
| **Programme and Channel sales** | 550   | 642   | +92   | +17%        |
|                        | • Higher prices with wholesale partners  
|                        | • Increasing volume of programming sales          |
| **Advertising**        | 712   | 778   | +66   | +9%         |
|                        | • Excellent growth in the Italian FTA and Adsmart  
|                        | • First pan-European advertising deal with DHL     |
| **Other**              | 145   | 163   | +18   | +12%        |
| **Total**              | 11,221 | 11,965 | +744 | +7%         |

Twelve months ended 30 June and 2016 includes the 53rd week. Using constant currency exchange rate of €1.34: £1
Constituents of top line growth rate

Key growth drivers

- **“Core” subscription business**: +c.6%
- **Customer growth, product mix, along with pricing**
- **Advertising**: +9%
- **Connected home investment and innovation**
- **Transactionnal**: +15%
- **Growing investment in content**
- **Programme and channel sales**: +17%
- **Total**: +c.7%

Includes the benefit of 53rd week
Clear financial model

Mid to high single digit revenue growth

Structured approach to costs
- Grow programming in line with revenues
- Positive and growing contribution from comms
- Drive hard on operating cost efficiency

Operating profit growth ahead of revenue growth
- Benefit of reducing UK CT rate and German NOLS

EPS growth ahead of EBIT growth
Investing where customers see value: programming

- Growing in line with revenues
- Making choices
- Secure most important rights for customers

![Programming costs as a percentage of revenue](chart.png)

<table>
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<th>Year</th>
<th>Programming Cost as a Percentage of Revenue</th>
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<td>2008</td>
<td>44%</td>
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<tr>
<td>2009</td>
<td>43%</td>
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<td>2010</td>
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<td>2011</td>
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<tr>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>43%</td>
</tr>
</tbody>
</table>
Tightly managing SG&A costs

- Reducing SG&A costs as % of sales
- Since 2010
  - SG&A increased by c.10%
  - Grown revenues by c.40%
- Equivalent to c£800m of saving
Efficiency: a big year in 16/17

- New contact centre structures
- Reduce inbound calls through Digital e-care in Germany
- Launch of new Sky Service App
- Rebuild e-care website
- Automate sales and upgrades and outbound calls

- In-house broadband engineers
- Procurement rate savings
- Combine News and Sports production and automate elements
- Further depreciation of standard definition STB population

- Reduce routes to market
- Optimise advertising rates and response
- Shift media mix to more digital
- Rationalise number of sites
- Spans and layers review
On track to exceed our target £200m run rate synergies

Projected annualised run rate synergies by the end of 2016/17
Projected annualised run rate synergies by the end of 2019/20

New £400m target by end of 2020

- Organic growth of existing synergies
- Next phase initiatives

- Q3 2015: £106m
- Q4 2015: £106m
- Q1 2016: £106m
- Q2 2016: £106m
- Q3 2016: £106m
- Q4 2016: £106m
- 2020: c£400m

Delivered
In flight
Summary of 15/16 financials

• Revenue up 7%
• Operating profit up 12%
• Profit after tax up 14%
• Operating free cash flow of £1.4 billion
• EPS up 13%

Operating free cash flow excludes £135 million of campus redevelopment capex.
Growing shareholder returns

• Combination of EPS growth \textit{plus} dividend

• Strong, reliable free cash flow

• Consistent set of financial policies
  – No pension liabilities

• Growing and well covered dividend

\textbf{Five year dividend growth}

\begin{itemize}
  \item 2011: 23.3p
  \item 2016: 33.5p
  \item \textbf{+44%}
\end{itemize}
Summary

• Executed well on 15/16 plans

• Growing well in every territory

• Delivered expected benefits from transaction

• Operating and financial model is working

• Growing profits and returns for shareholders
Looking forward

Jeremy Darroch
Transformed Sky

Pay TV broadcaster
- Sports and movies centric
- High reliance on big bundle
  - Exclusively DTH
- Main TV in living room
- Sales focused
- Efficiency projects
- Multiple KPIs

Broader, consumer-led business
- Entertainment for everyone
- Broad range of packages
  - DTH, IPTV, OTT, Mobile
- Every screen, everywhere
- Customer focused
- Efficiency at the core
- Revenue and profit growth
Step-changed our customers, products and revenues

Customers

- 2008: 9.0m
- 2016: 21.8m
- Increase: +12.8m

Products

- 2008: 13.9m
- 2016: 57.1m
- Increase: +43.2m

Revenue

- 2008: £5bn
- 2016: £12bn
- Increase: +£7bn

Products and customers as at 30 June and financials are 12 months to 30 June (2016 includes the 53rd week). 2008 is UK and Ireland only and 2016 is UK, Ireland, Germany, Austria and Italy.
Strong and consistent growth

Based on adjusted results in the UK and Ireland
Significant growth opportunities

- 65m prospects across markets
- 22m customers to offer more products
- Sustained efficiency benefits
- £2.6bn transactional market
- £10bn TV advertising market
- £15bn mobile market
2016/17

Barclays Premier League
UK and Ireland: broad based growth

- Most developed market
- Blueprint for other territories
- Constantly improving the customer experience
- Opening up new segments
- Growing revenues strongly
UK and Ireland: 2016/17 plans for growth

1. Leveraging content and products investments
2. Driving broad based revenue growth
3. Launching mobile
1. Leveraging investments

World’s best TV experience: Sky Q

- “Next generation premium TV service.” Wired
- Re-inventing TV
- Best content anytime, anywhere
- Strong pipeline of innovation including
  - Ultra HD
  - Voice search
  - Split screen viewing
1. Leveraging investments
   Creating new choice for families: NOW TV Combo

   • Pay lite sector
   • First contract-free triple play offer in the UK
   • Whole home solution
   • Brand new NOW TV Smart box
   • Gateway to family viewing
1. Leveraging investments

New Premier League season: bigger and better than ever

- More matches than ever before
- Better picks
- Friday Night Football for first time
- 159 matches in Ireland including 3pm Saturday
- Ultra HD, in-game mobile clips, on demand coverage
1. Leveraging investments

*Sky Sports for every customer*

- A channel for everyone
- Broad mix and range of sport
- Family entertainment shows
- Available to all customers at no extra cost
- Doubles Sky Sports’ reach
- Further monetise sports rights
2. Driving broad based revenue growth

UK’s fastest growing digital retailer

- Revenues up 65% in past two years
- 3 million active users
- Introducing box sets in Buy and Keep
- UHD rentals launching on 13th August
2. Driving broad based revenue growth
Europe’s only targeted TV advertising platform

- **Best of TV**
  - Highest quality content
  - Established scale and reach
  - Proven and transparent measurement

- **Best of digital**
  - Highly targetable, over 1,000 attributes
  - Multi-rotation campaigns
  - Access to data

- Quickly reaching scale
- Over 70% of advertisers new to TV or Sky
- Adding more attributes
- Launching on NOW TV and in Ireland in 2017
3. Launching UK mobile
Germany and Austria: our single largest opportunity

- Largest TV market in Europe
- Most affluent market
- Watching almost four hours every day
- Productive first two years
- Focus on increasing pay TV penetration
Germany and Austria: 2016/17 plans for growth

1. Developing content for the whole household
2. Broadening our range of products and services
3. Innovating to give more value to customers
4. Building new and additional revenue streams
1. Content for the whole household
A bigger and better Sky Sport

- Secured new Bundesliga deal to 2021
  - 572 live matches a season across all platforms
  - 93% of all live matches on Sky exclusively
  - New exclusive coverage Bundesliga 2

- Taking Sky Sports News free-to-air

- Creating a broader offer
  - ATP tennis, US PGA Tour, The Open

- Building new production facilities
1. Content for the whole household

Launch of Sky 1

- Brand new channel for all our customers
- New local productions and winning formats
- MasterChef: the world’s most successful cookery show
  - 24 one-hour episodes
  - Outstanding local judges including youngest Michelin star chef and a master sommelier

Justin Leone  Ralf Zacherl  Sybille Schönberger
2. Broadening range of products and services

Entertainment pack – a whole new reason to join Sky
3. Innovating to give more value to customers

Strong pipeline

- **2014**: First streaming service
- **2014**: Sky+ free as standard
- **2015**: Sky Go Extra
- **2015**: On demand launched
- **2016**: Box Sets launched
- **2016**: New user interface
- **Coming in Summer 2017**: Brand new streaming service
3. Innovating to give more value to customers

Sky+ Pro – next generation box

- **Sky On Demand**
  Thousands of titles available on demand

- **Record**
  Record one program while watching another at the same time

- **Series**
  Record and store entire series at a touch of a button

- **Enhanced UI**
  Regularly updated with software downloads

- **WiFi**
  Built-in WiFi for easy connection to the Internet

- **Ultra HD ready**
  For the most stunning TV experience, live and on demand

- **1TB HDD**
  Store up to 120 hours of recordings in HD quality
3. Innovating to give more value to customers

Launching new streaming service Sky Ticket

- Attracting new pay-lite customers
- Accessible price point, immediate access, no contract
- Broad range of devices available
- Applying proven segmentation strategy
4. Building new and additional revenues streams

Growing the advertising business

- Huge growth in advertising revenue
- More channels extends the opportunity
- Sky Sport News going free-to-air in December
4. Building new and additional revenue streams
Launching Sky Store in Germany and Austria

- Coming in summer 2017
- Entering €1.5bn transactional market
- Mix of local and global movies
- Buy & Keep launching at same time
Italy: attractive market for growth

- Returned to customer growth in last 3 quarters
- Best TV and broad distribution
- Established free-to-air position
- Leading and innovative content creator
- Highest ever customer satisfaction
- Strong brand
Italy: 2016/17 plans for growth

1. Creating the best TV experience
2. Offering a choice of platforms
3. Delivering broad revenue growth
1. Creating the best TV experience

- **sky CINEMA**: Home of blockbuster movies
- **sky ATLANTIC**: Home of world’s best dramas
- **sky SPORTS MIX**: Home of sport for all
- **sky UNO HD**: Home of family entertainment
2. Offering choice of platforms
Faster, better innovation

- Streaming box launched
- Box Sets launched
- NOW TV launched
- New homepage
- Sky Q
- Kids App
- Sky Go Extra
- On Demand HD
- Targeted advertising
- Sky ADSMART
- Restart

Timeline:
- 2014: Sky Online restart
- 2015: Streaming box launched
- 2016: NOW TV launched
New range of passes
Available on smartphones & other devices
Streaming to TV with NOW TV box
HD coming soon

2. Offering choice of platforms
Bringing our winning NOW TV brand to Italy
2. Offering choice of platforms

Extending our reach

Best content on choice of platforms

Partnering with leading telcos

Opening up triple play market
3. Delivering broad revenue growth

Strong advertising growth opportunity

• Take share in pay and free-to-air
  – 3 FTA channels with TV8 fastest growing in Italy
  – Grow pay-TV on back of content investment

• Roll out innovation
  – Launch Sky AdSmart in 2017

• Grow digital inventory
Clear plans in all markets

UK and Ireland  Germany and Austria  Italy
Efficiency: a key part of our strategy

- Relentless drive for efficiency
- Culturally important
- A core capability at Sky
- Fuel to invest in content and innovation
- 2016/17 our biggest year ever
- Over £300m of further value this year
A clear pathway to growth in earnings over medium term

- Continued broad growth in UK and Ireland
- Execute proven strategy in Germany and Italy
- Launch and grow transactional revenues
- Build a scale advertising business
- Launch and scale mobile
- Realise efficiencies in market and from integration

EPS is from continuing operations
Summary

• 2015/16 - building blocks in place for future

• Strong plans for 2016/17 in each market

• Continue to invest for customers

• Strong, sustainable, revenue and profit growth
APPENDIX
Long term debt maturity profile

GBP/EUR @ 1.20
USD are shown based on their hedged GBP or EUR equivalent

Average debt maturity of 6.9 years
~70% of gross debt is in Euros
Net debt

Net Debt June 2015: £5,056m
Operating Cashflow: +£1,216m
Net Interest, taxation, JV’s and Other: (£473m)
Dividends and ESOP: (£758m)
Acquisitions (inc Sky DE minorities): (£229m)
Underlying Net Debt June 2016: £5,300m
Unfavourable non-cash movement (predominantly Euro FX rates): (£918m)
Net Debt June 2016: £6,218m
### Group Adjusted to Statutory Income Statement: Full year 2016

<table>
<thead>
<tr>
<th>£'m</th>
<th>Adjusted Income Statement</th>
<th>Acquisition Transaction Costs</th>
<th>Acquisition Integration Costs</th>
<th>Corporate Restructuring and Efficiency Programmes</th>
<th>IAS39 Derivatives</th>
<th>Amortisation of Acquired Intangibles</th>
<th>Tax impact of Adjusting Items</th>
<th>Statutory Income Statement</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>11,965</td>
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<td>11,965</td>
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<td>Direct Costs</td>
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<td>(28)</td>
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<td>Profit before Tax</td>
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<td></td>
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<td>(3)</td>
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</tbody>
</table>

- Our income statement for the year has been adjusted for the following items:
  - Advisory and transaction fees incurred on the purchase of Sky Italia and Sky Deutschland
  - Costs relating to the integration of Sky Italia and Sky Deutschland and the achievement of synergies in the enlarged Group
  - Costs relating to the corporate restructuring & efficiency programmes
  - Remeasurement of all derivative financial instruments not qualifying for hedge accounting and hedge ineffectiveness
  - Amortisation of acquired intangible assets
  - Tax effect of above items
### Group Adjusted to Statutory Income Statement: Full year 2015

<table>
<thead>
<tr>
<th></th>
<th>Adjusted Income Statement</th>
<th>Acquisition Transaction Costs</th>
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<th>Corporate Restructuring and Efficiency Programmes</th>
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<th>Amortisation of Acquired Intangibles</th>
<th>Profit on sale of Stake in ITV</th>
<th>Profit on sale of stake in National Geographic</th>
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<td>Gross Profit</td>
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<td>972</td>
</tr>
<tr>
<td>Joint Ventures</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>28</td>
</tr>
<tr>
<td>Net Interest</td>
<td>(200)</td>
<td>(57)</td>
<td></td>
<td>(18)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(275)</td>
</tr>
<tr>
<td>Profit on the sale of investments</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>791</td>
</tr>
<tr>
<td>Profit before Tax</td>
<td>1,196</td>
<td>(107)</td>
<td>(10)</td>
<td>(105)</td>
<td>(231)</td>
<td>492</td>
<td>299</td>
<td></td>
<td></td>
<td>1,516</td>
</tr>
<tr>
<td>Taxation</td>
<td>(251)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(184)</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>945</td>
<td>(107)</td>
<td>(10)</td>
<td>(105)</td>
<td>(231)</td>
<td>492</td>
<td>299</td>
<td>67</td>
<td></td>
<td>1,332</td>
</tr>
<tr>
<td>EPS (p)</td>
<td>56.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>79.1</td>
</tr>
<tr>
<td>W. Av shares</td>
<td>1,690</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,690</td>
</tr>
<tr>
<td>Equity Shareholders</td>
<td>947</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,337</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(5)</td>
</tr>
</tbody>
</table>

- Our income statement for the year has been adjusted for the following items:
  - Advisory and transaction fees and finance costs incurred on the purchase of Sky Italia and Sky Deutschland
  - Costs relating to the integration of Sky Italia and Sky Deutschland and the achievement of synergies in the enlarged Group
  - Costs relating to the corporate restructuring & efficiency programmes
  - Remeasurement of all derivative financial instruments not qualifying for hedge accounting and hedge ineffectiveness
  - Amortisation of acquired intangible assets
  - Profit on disposal of our stake in ITV
  - Profit on disposal of our stake in National Geographic
  - Tax effect of above items
## Income statement

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Profit</strong></td>
<td>1,397</td>
<td>1,558</td>
<td>+12%</td>
</tr>
<tr>
<td>Operating profit (statutory)</td>
<td>1,368</td>
<td>1,558</td>
<td></td>
</tr>
<tr>
<td>JVs and Associates</td>
<td>28</td>
<td>9</td>
<td>(68%)</td>
</tr>
<tr>
<td>Disposal of interest in Nat Geo</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest costs</td>
<td>(200)</td>
<td>(221)</td>
<td>+10%</td>
</tr>
<tr>
<td>Full year impact increased level of debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax</td>
<td>(251)</td>
<td>(269)</td>
<td>+8%</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>21.0%</td>
<td>20.0%</td>
<td></td>
</tr>
<tr>
<td>Reduction of 1% in UK corporate tax rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>945</td>
<td>1,077</td>
<td>+14%</td>
</tr>
</tbody>
</table>

Twelve months ended 30 June and 2016 includes the benefit of the 53rd week.
## Cash flow

<table>
<thead>
<tr>
<th>£m</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>1,993</td>
<td>2,276</td>
</tr>
<tr>
<td><strong>Working Capital</strong></td>
<td>188</td>
<td>(86)</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>(519)</td>
<td>(559)</td>
</tr>
<tr>
<td><strong>Capitalised STBs</strong></td>
<td>(85)</td>
<td>(205)</td>
</tr>
<tr>
<td><strong>Operating free cash flow</strong></td>
<td>1,577</td>
<td>1,426</td>
</tr>
<tr>
<td><strong>Campus development</strong></td>
<td>(139)</td>
<td>(135)</td>
</tr>
<tr>
<td><strong>Interest, tax and JV’s</strong></td>
<td>(378)</td>
<td>(430)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>1,060</td>
<td>861</td>
</tr>
</tbody>
</table>

Twelve months ended 30 June and 2016 includes the benefit of the 53rd week.