ARQIVA

Arqiva Full Year Results | October 28, 2026



Shuja Khan, Chief Executive Officer

Thank you for joining our FY26 results call. We created a video you've just seen to introduce our refreshed brand with a tagline, "Built for what's critical." I think it nicely encapsulates the very important things we do today, but also the future role we can play in a changing world. Al Cochran, our CFO, has also joined me today.

I'll start by drawing your attention to the disclaimer on this slide before I move on to today's presentation. FY26 was an important year for Arqiva in which we reset our strategy, and delivered both strong operational performance and solid underlying financial results. I'll cover our strategy, business performance, and policy outlook before Al takes you through the financial results. We will leave plenty of time for questions at the end.



I'd like to spend a few moments taking you through our refreshed strategy. Firstly, there's a lot of change happening around us and consumer needs are evolving. Technology is rapidly reshaping our markets, and policy and regulation continue to develop to reflect this. Policymakers are heavily focused on ensuring that the country becomes more digital, but also ensuring that nobody in society is left disadvantaged. And of course, resilience is becoming even more important. This is where Arqiva plays a crucial role. Based on these trends, we sharpened our focus to make clear choices about where to invest and compete, essentially where we can create the greatest value for customers, shareholders, and wider stakeholders. The result is a strategy built around four priorities, which provides a framework for using our assets and capabilities to create long-term value.

Our mature product portfolio covers essential TV and radio broadcast services, and critical connectivity for energy customers. We remain confident that these services will continue to deliver substantial value for a long time. Our first priority is to evolve them, keeping them relevant, reliable, and efficient to maximise their value to customers and extend their commercial life. Secondly, we need to expand revenues by doing more business with existing customers as these markets grow. In water, that means scaling our metering networks and selling services beyond the meter. In medium broadcast, it means extending our product range to protect existing business and creating new value. Thirdly, we aim to establish new sources of revenue growth by building on our infrastructure, operational expertise, and customer relationships. As the brand video showed, we have a proud heritage of delivering critical services. Our most compelling opportunity is to support national resilience and provide communication services that support our nation. And finally, any strategy needs strong execution to realise and sustain long-term value. This means a relentless focus on customer experience and delivery, operational performance and productivity, which in turn will sustain cash generation.



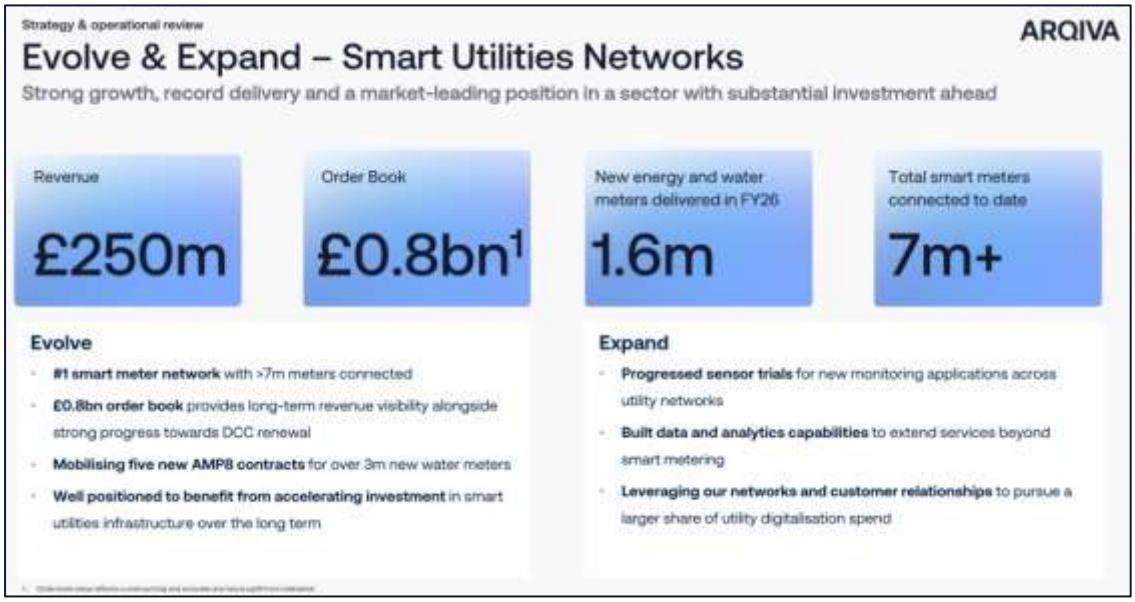
I'm now going to take you through our performance this year by business segment. Starting with media and broadcast, this year has been about record contract wins, robust earnings, and exceptionally reliable and resilient services. This remains Arqiva's high margin cash engine, and we're taking clear steps to extend its value. Revenue was broadly stable at £476 million while segment EBITDA increased by 1% to £341 million.

Operational efficiencies helped us grow earnings despite continued pricing pressure on digital terrestrial TV or DTT renewals. Revenue was supported by inflation in contracts and radio contract renewal recognition. We also secured a record £471 million of contract wins and extensions, increasing the contracted order book to £2.1 billion. Major FM radio renewals extend into the mid 2030s, and these are substantial long-term customer commitments that reinforce revenue visibility across both television and radio.

Demand for our platforms remains strong. Terrestrial television utilisation was around 94%. Direct to home satellite occupancy remained above 90%, and both national commercial, digital, radio multiplexes were full. More than 30 additional sites are being commissioned for the sound digital national DAB network, extending its reach and supporting further growth. And we backed that commercial performance with broadcast network availability close to 100%.

Reliability and reach are fundamental to why customers commit to Arqiva for the long term. It is what differentiates these services versus the alternatives. This summer's World Cup illustrated why that matters. Tens of millions of viewers relied on the services we deliver for the BBC and ITV to follow the tournament. That is the evolve element of our strategy in a nutshell: keep essential services reliable, make them more efficient, and extend their commercial life.

But we also need to grow the value we provide as those same customers develop their broadcast and streaming businesses. To do this, we are broadening our managed media services offering across cloud Playout, streaming and targeted advertising using our existing capabilities and relationships to serve more broadcast customers' needs to both add revenue and protect margins. Our new audio streaming platform is a practical example. We launched it this year with a cornerstone customer, Nation Radio, one of the UK's largest independent radio networks, extending our relationship beyond traditional broadcast into streaming. So our approach is clear, sustain the earnings and cash from our core services, and build on those customer relationships to capture new sources of growth.

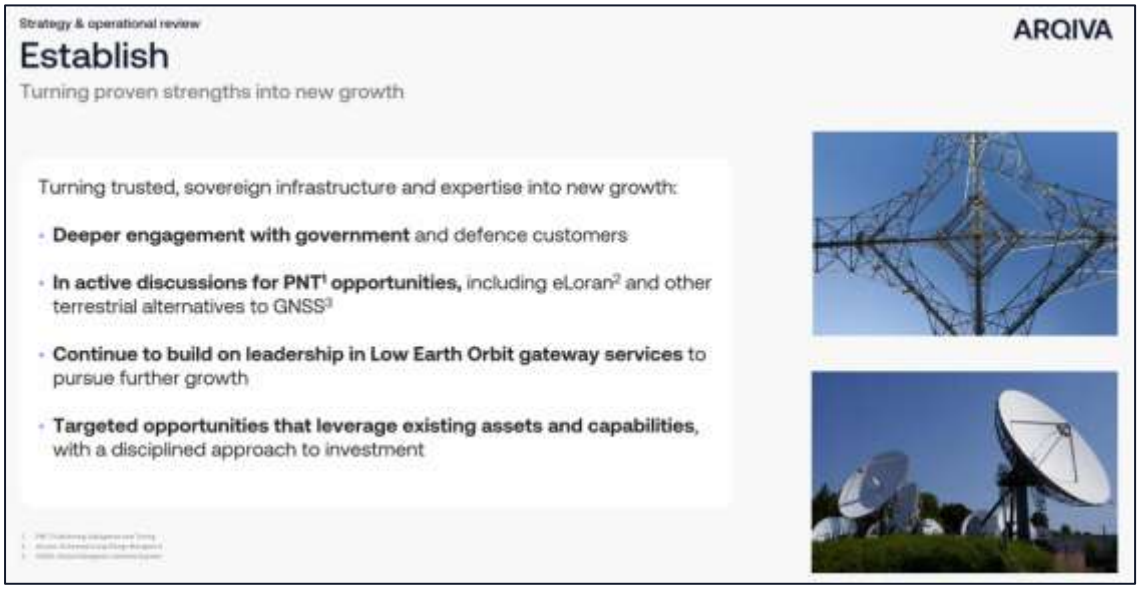


Turning to Smart Utilities Networks, where the story is about strong growth, record delivery, and a market leading position in a sector with substantial investment ahead. Over the past two years, we have built scale and capability that has positioned Arqiva well over the next phase of this market. Revenue grew by 26% to £250 million as we mobilised five new water metering contracts for the current water investment period known as AMP8. This business now has an £800 million order book, which provides multi-year visibility. As a reminder, many of these contracts are long-dated, covering 15 years and more, incorporating network build, installation, and managed service revenue. This year we delivered a record 1.6 million energy and water meters. Our networks now connect more than seven million meters across the UK. The business reported EBITDA of 33 million. That includes a 36 million non-cash provision and associated accrued income write down. Excluding that charge, EBITDA was in line with last year. I will explain the detail shortly.

In energy, our established DCC platform continued to provide stable connectivity for more than four million meters every day. We also made meaningful progress towards a contract extension that would take the relationship well into the 2030s.

In water, we added more than one million meters this year alone while maintaining average meter read performance of around 95%. This is substantially above Ofwat's 85% target, so we are delivering both scale and service quality. This progress takes us to over three million water meters, a deployment that is now more than three times that of any other UK smart metering provider, and there is considerable growth ahead. AMP8 supports a rollout of approximately 10 million smart meters across the market through to 2030, and it is estimated that AMP9, which covers a period 2030 to '35, could be a further 10 million smart meters. Our network footprint, customer relationships, and delivery capability give us a strong position from which to serve that market demand.

The opportunity also extends beyond the meter. We are progressing sensor trials for pressure optimisation, sewer level, and water quality monitoring. We are also building the data and analytics capability to support services beyond smart metering. By building on our existing networks and customer relationships, we can help customers monitor and manage more of their networks. Our priority now is to turn that scale and contracted demand into strong earnings and cash, delivering efficiently, controlling costs, and working with customers to improve contract profitability.



Now looking beyond our core markets of medium broadcast and utilities, there are some really exciting opportunities in turning our existing infrastructure and expertise into new sources of growth. The most compelling is government defence and national resilience, markets where our national footprint and experience operating critical networks gives us a strong starting point. The government has already set aside approximately £50 million for resilient position, positioning navigation, and timing. The proposed ground-based system would provide an alternative to satellite-based GPS. Its preferred technology, eLoran uses long wave radio, an area where we have a hundred years of experience. This draws on our national infrastructure, and we are in active discussions with government.

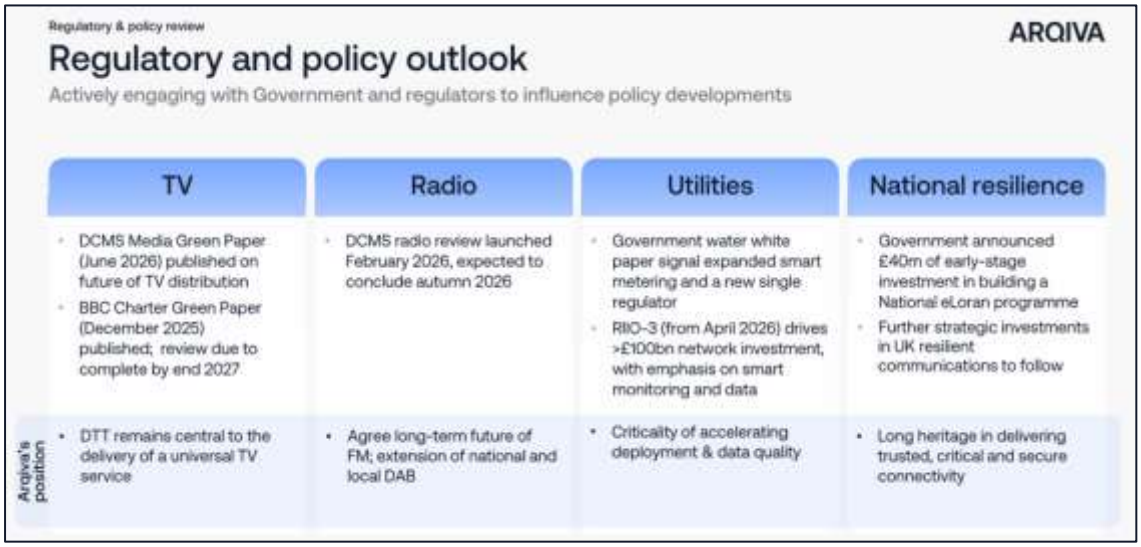
The satellite market has also seen rapid evolution with the entry of low earth orbit services driven by players like SpaceX and OneWeb. This is a market where we have an established presence. We are already Europe's largest provider of ground gateway services for LEO, building on our established geostationary satellite business. We are using that position to pursue further growth in satellite gateways and resilient communications. These new opportunities remain at an early stage, and we will be disciplined about where we invest, but it is exciting to see the emergence of these long-term revenue opportunities which can benefit from capabilities we already have as demand for sovereign, secure, and resilient infrastructure grows.



FY26 was a year of substantial transformation, simplifying Arqiva while maintaining the critical services millions of people rely on. We reduced headcount by 17%, delivering approximately £20 million in annualised labour savings. We also launched a third party cost savings program to improve competitiveness and protect margins.

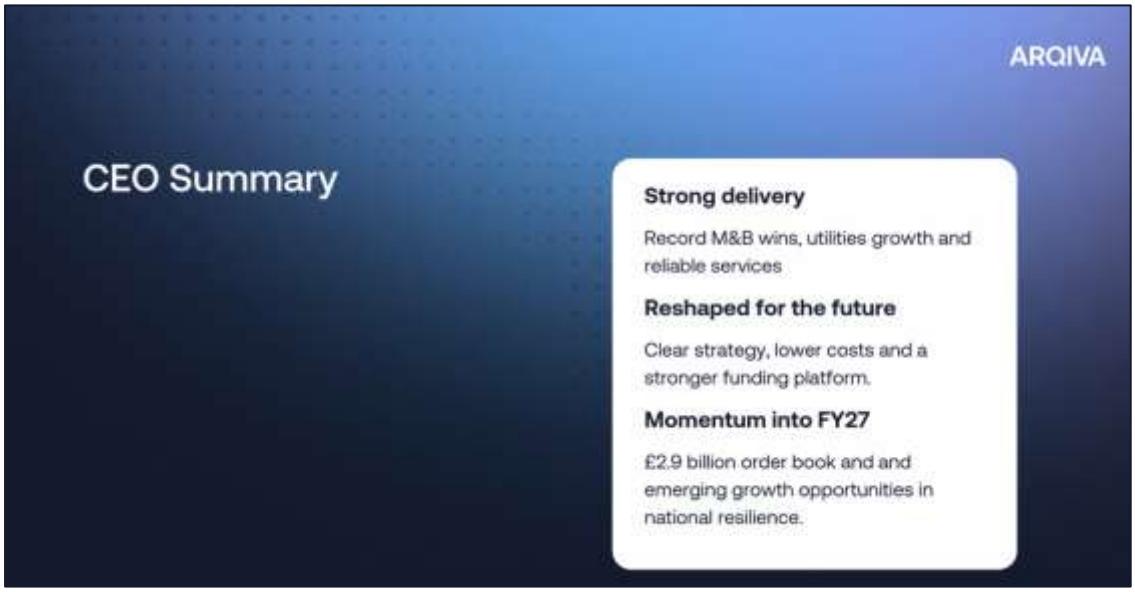
Our technology investment is delivering measurable benefits. Over the past few years, we have consolidated more than 20 legacy systems into a single service management platform and developed a modern enterprise data platform. AI enabled automation and field operations contributed to a 32% productivity improvement. We also completed our £12 million virtualised DAB upgrade across 75 transmitters, modernising infrastructure that supports the world's largest DAB platform. This investment delivered lots of benefits, the most notable of which was a reduction in power consumption and therefore carbon emissions, by 87%.

And looking ahead to ensure we can continue to sustain our progress, we strengthened workforce planning, launched our skills management platform, and increased our emphasis on AI, digital, and data skills, all things that will enhance our service offer, but also drive productivity. Higher operating cash flow funded increased investment while net debt reduced. AI will cover our financial position and refinancing shortly. Together, these changes lower our cost base, strengthen delivery, and support continued investment.



Policy and regulation will shape both the long-term future of our core services and the pace of new growth. Our engagement is centred on three priorities: universal access, national resilience, and the ability to deliver. The most significant decision is the future of DTT. The government's green paper sets out two options beyond the current license period, switch off in 2034 or a fixed term extension to 2044. No decision has been made and engagement with government continues, but our position is clear. Modernise DTT as part of a hybrid broadcast and streaming model through to 2044. This would protect universal access and retain the resilience of mass reach broadcasting while lowering transmission costs and energy use and releasing spectrum for other uses. It is a proposal for modernisation, not simply an extension of today's network.

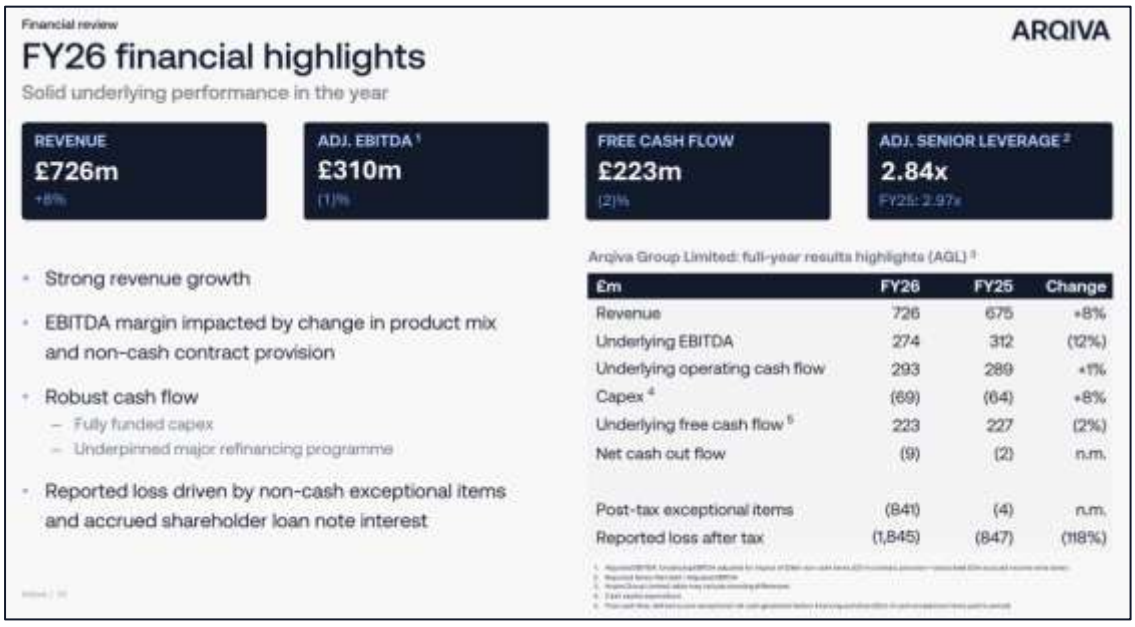
For radio, the priority is long-term certainty for FM, alongside extensions to national and local DAB. That would give broadcasters and infrastructure providers greater certainty to plan and invest. In utilities, water reforms and energy network regulation support greater use of metering, monitoring, and smart technologies. The priority is turn that ambition into deployment supported by high quality data that customers can use to manage their networks. The government's focus on resilient positioning, navigation and timing also reinforces the opportunity I outlined under established. Across these areas, Arqiva brings practical experience of delivering critical services at national scale. Our role is to help turn policy ambition into services that are accessible, resilient, and economic to deliver.



So in summary, strong delivery, a reshaped business and momentum into 2027 with a £2.9 billion order book and emerging opportunities in government, defence, and national resilience. With that, I'll now hand over to Al to take you through the financial performance.

Al Cochran, Chief Financial Officer

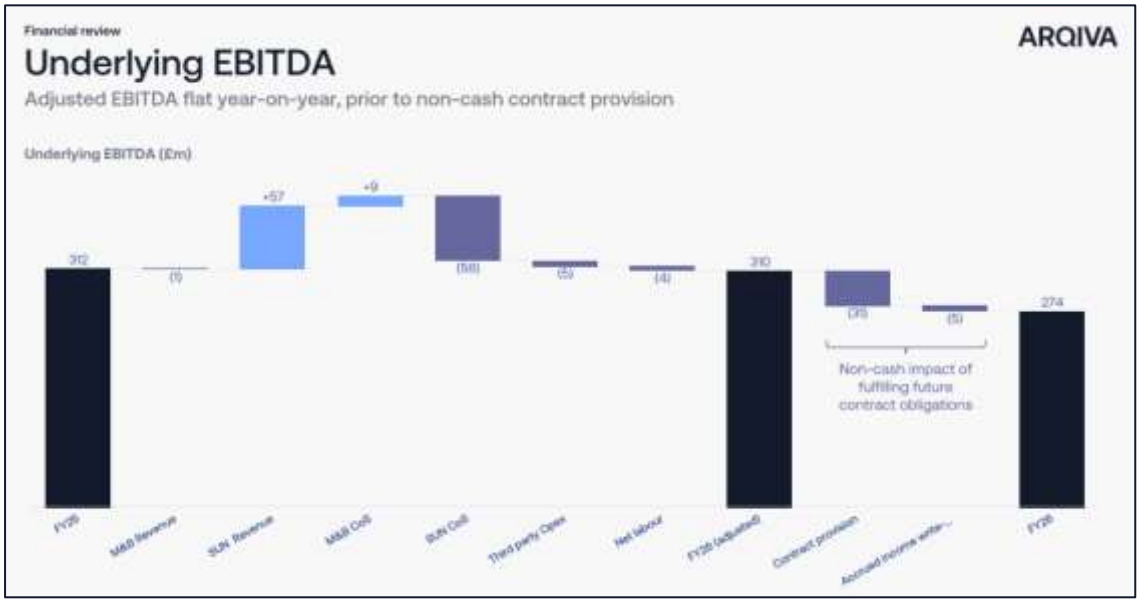
Thank you, Shuja, and good morning everyone.



£m	FY26	FY25	Change
Revenue	726	675	+8%
Underlying EBITDA	274	312	(12%)
Underlying operating cash flow	293	289	+1%
Capex	(69)	(64)	+8%
Underlying free cash flow	223	227	(2%)
Net cash out flow	(9)	(2)	n.m.
Post-tax exceptional items	(841)	(4)	n.m.
Reported loss after tax	(1,845)	(847)	(118%)

Overall, Arqiva delivered solid underlying results for the 2026 financial year. Revenue increased by 8% to £726,000,000 whilst adjusted EBITDA was broadly unchanged year-on-year at £310,000,000 reflecting a decline in margin. Our operating cash flow fully funded an increase in CapEx and resulted in free cash flow of £223,000,000, again, broadly in line with the prior year. I'll provide more detail on all of these shortly. For good order and transparency though, I also want to highlight that we

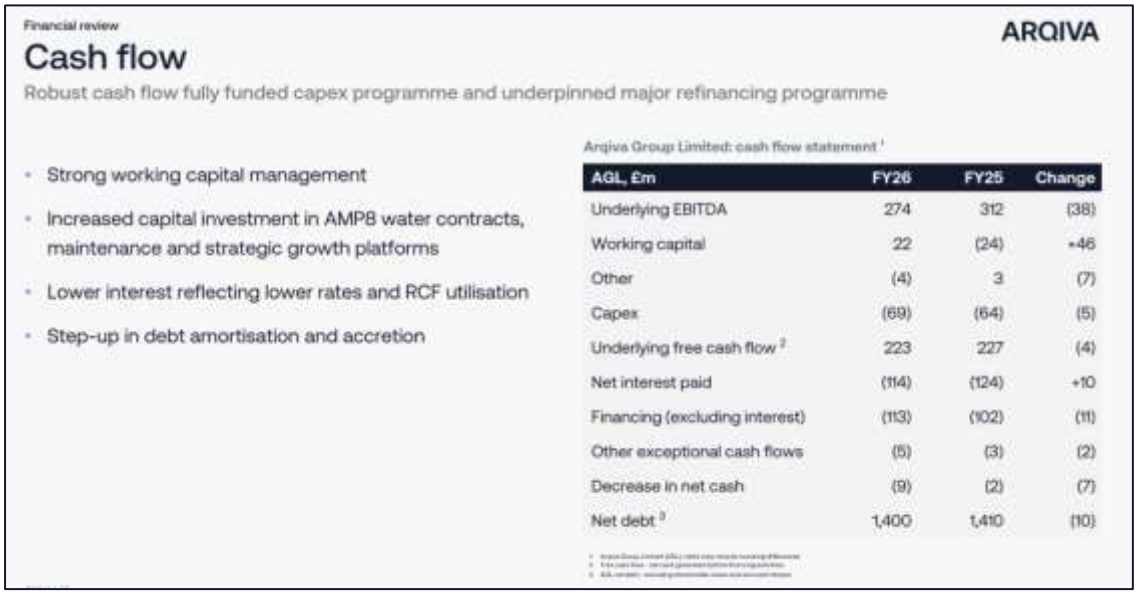
reported a loss after tax of £1.8 billion driven by £841,000,000 of exceptional items together with £1 billion of interest on our shareholder loan notes. As we disclosed at our half year results in February, exceptional items principally relate to an I8S 36 impairment charge triggered by updated long-term cash flow forecasts that reflect changes in market conditions. Also under the terms of the shareholder loan notes, deferred intercompany interest will not be paid if it was to ever threaten the financial stability of the business. So importantly, both of these are non-cash items that do not affect our liquidity or covenant position.



So let's dive into the results in a little more detail. As you can see from this chart, media and broadcast EBITDA increased by 1% with cost savings improving margin. Strong 26% growth in revenue in our smart utilities networks business, on the other hand, was offset by higher than expected costs in the first year of our AMP8 water contracts. These meant that adjusted group EBITDA was broadly unchanged year-on-year at £310,000,000 once marginally higher functional operating and labour costs are factored in.

Looking forward and considering recent contract performance, we are now forecasting higher future costs in the network build phase of our AMP8 contracts. Consequently, accounting standards require us to recognise a contract provision of £31,000,000 and an associated £5,000,000 write-down in accrued income this year even though these costs relate to future periods. Once these non-cash items are included in our results, underlying group EBITDA fell 12% year-on-year to £274,000,000. It is important that you note that this provision represents management's best current estimate of the unavoidable costs of fulfilling one water contract in the future, and we are working hard to mitigate this risk. Indeed, we remain optimistic that we can improve contract profitability and extend all our water contracts beyond AMP8.

Furthermore, we have taken decisive action to lower costs and raise performance across our entire business in recent months. We've reduced headcount by 17% at the end of June, and we are targeting an above inflation reduction in third party costs to improve competitiveness and to protect margins. So overall, EBITDA performance in 2026 is perhaps best indicated by cash EBITDA, which increased 2% year-on-year to £296,000,000.

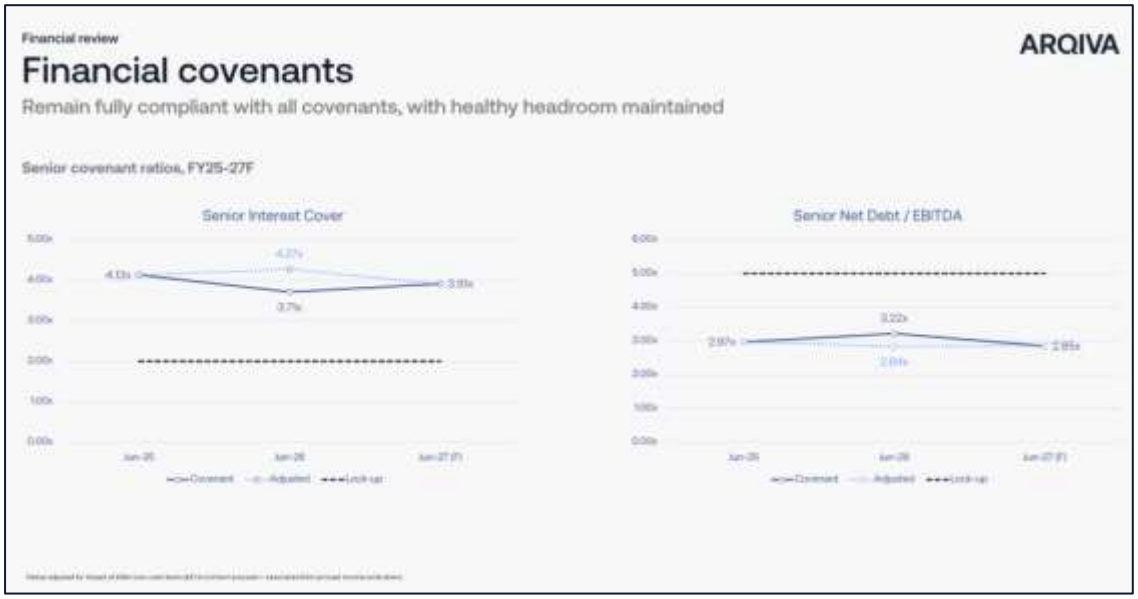


This is reflected in robust cash flow for the year, as you can see from the next slide. Strong working capital management resulted in an increase in operating cash flow year-on-year. This funded higher capital expenditure of £69,000,000 driven by early investment in our AMP8 water programs, higher maintenance spend on our critical national infrastructure, and further investment in strategic growth initiatives in both managed media services for broadcasters and new monitoring applications for utility networks. When combined, this resulted in free cash flow before financing of £223,000,000 broadly in line with the prior year.

Interest paid declined to £114,000,000, an 8% reduction driven by interest rates on term debt and lowered utilisation of our revolving credit facility. This was offset by a step-up in financing cash flows, principally due to an increase in scheduled debt amortisation and swap accretion. In aggregate, this resulted in a modest net cash outflow of £9,000,000 for the year and a modest decrease in net debt to £1.4 billion. Robust cash flow underpinned a major refinancing program in 2026, which included the successful issuance of £500,000,000 of secured notes. This extended our junior debt maturity by two-and-a-quarter years to July 2030 in line with our strategy to reduce refinancing risk as well as reduce the coupon by almost 130 basis points to 8.6%. Our earliest debt maturity is now June 2028. We also maintained healthy liquidity, closing the year with £`292,000,000 of cash and committed undrawn facilities and have retained investment grade credit ratings for our senior debt, both on stable outlook.



Looking ahead, our financing strategy aims to increase financial resilience by reducing leverage as operating cash generation transitions from traditional linear TV broadcast to digital and hybrid ecosystems and as a mix of utility and other non-broadcast revenue streams increases. You can see this in the chart on the right-hand side with both total and senior leverage forecasted to decline over the next few years. A note of caution, this trajectory may not ultimately prove to be as smooth as projected in the chart, but our business plan forecasts are underpinned by long-term contracted revenues in all our businesses and include a near doubling of scheduled amortisation between FY27 and FY28. In addition, we will pay the final accretion payment on our inflation linked swap portfolio in April 2027, which will release funds to service and repay debt. You'll find full details of our debt portfolio in the appendix.



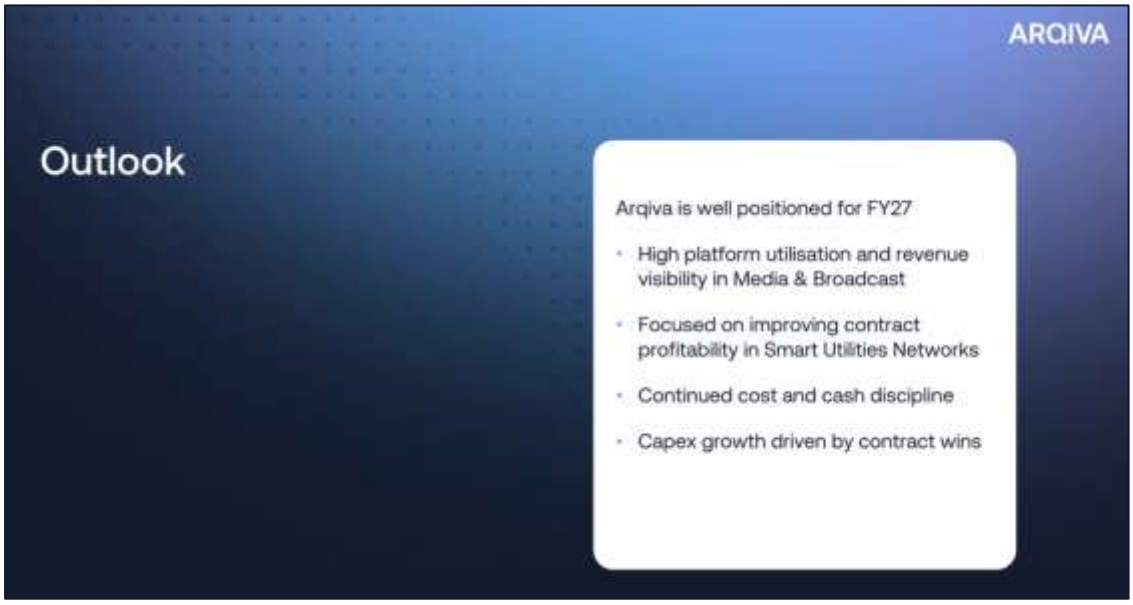
Turning to our covenant position, we remain fully compliant with all our debt covenants and continue to operate with healthy headroom to lock up thresholds. As you can see from both charts, the water contract provision has negatively impacted our key covenant metrics as defined in our

financing documents. However, if you adjust for this non-cash item, senior interest cover increased to 4.27 times and net debt to EBITDA decreased to 2.84 times, both in line with previous forecasts. Looking forward, we expect both metrics to stay broadly at these levels with full details published on our website.



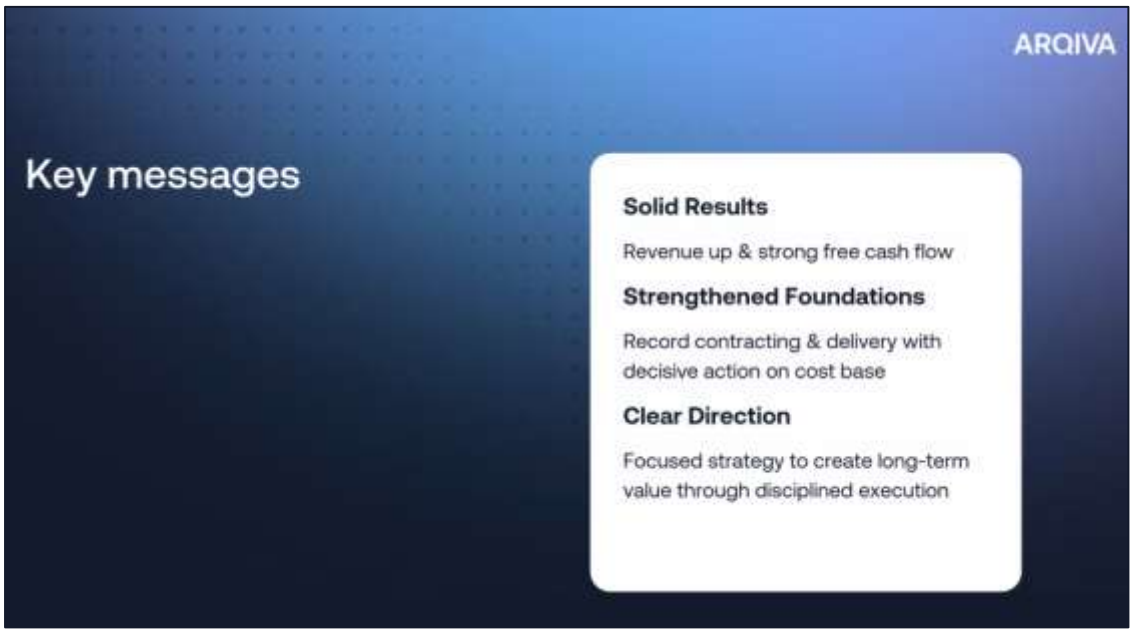
Underpinning these forecasts is a highly visible resilient revenue stream derived from our regulatory business and long-term contracts. Almost 43% of group revenue in 2026 was generated by regulated activities which are more predictable in nature. They also benefit from indexation, which has largely offset the impact of regulated depreciation historically. In addition, our contracted order book continues to benefit from high levels of repeat business with blue chip customers, increasing to £2.9 billion by the year-end. This provides revenue visibility and resilience with almost 70% of forecast revenues contracted for the next three years and over 40% contracted to the end of 2035.

Please note that both these figures exclude potential contract renewals by customers who rely on our communication networks to provide their essential services. Whilst these two measures are not additive, as some regulated revenue is also contracted, they do demonstrate the inherent resilience of revenue and when combined with cost discipline cash generation. It is this resilience that underpins our strong credit ratings as well as our ability to both service and reduce debt over time whilst continuing to invest for growth.



Let me close by turning to the outlook. Overall, Arqiva remains well positioned for FY27. In our media and broadcast business, channel utilisation and revenue visibility is high, although pricing for contract renewals and new business remains under pressure in a competitive and cost-conscious market. In smart utility networks, our immediate priority is improving contract profitability, noting that we do expect a decline in revenue as we transition from network build to operate and as we extend mature service contracts.

More broadly, we are focused on cost and cash discipline across the group and effectively managing working capital. This is expected to result in a year-on-year increase in EBITDA and cash flow, which will fund an increase in CapEx. Overall, our priorities for FY27 are clear, extend the order book, improve earnings and cash performance, and maintain a strong balance sheet and liquidity. With that, I'll hand back to Shuja to close today's presentation.



Shuja Khan, Chief Executive Officer:

Thank you, Al. To bring the presentation to a close, I'll recap the key messages from today's results. First, FY26 delivered revenue growth and robust cash generation. Revenue rose 8% to £726,000,000 and free cash flow before financing was £223,000,000. Operating cash flow, fully funded, increased investment. Second, we built stronger foundations for the future. We secured record median broadcast contract wins and renewals, installed 1,600,000 million new energy and water meters, and simplified the organisation, delivering approximately £20,000,000 in annualised labour savings. These actions strengthen revenue visibility and our ability to turn growth into sustainable profitability. Third, our new strategy sets a clear compelling direction for long-term value. We will extend the value of our core services, do more for existing customers and pursue new growth to underpin national resilience. Disciplined execution and selective investment will deliver stronger earnings and crash generation alongside reduced leverage over time.

We have a clear strategy and capabilities to deliver. Our focus is to deliver profitable growth, stronger cash flow, and lower leverage. That is how we plan to create long-term sustained value. With that, I'll hand back to John, our moderator.

Moderator

Thank you. Ladies and gentlemen, we will now begin the question and answer session.

Phillip Baggley, BTIG

Thanks, John. Morning. Guys, thanks for taking my questions. Perhaps we could start on the provision. Could you frame the cash impact for us over the next few years, please? I think it should be about 10 million a year or less.

Al Cochran

Morning, Philip. So it's much less in practice because the contract is almost 20 years long and we've only enjoyed the first year of it. So as a rough rule of thumb, you can amortise that provision over the course of that remaining contract life, so circa 19 years. In practice though, it's front end weighted. So we'd expect an impact of a couple of million pounds in the first three or four years as we complete the network build rollout, which is where the extra costs have been incurred. I do though want to emphasise a point we made in the presentation though, which is we are seeking to actively mitigate this. This is essentially a prudent current estimate of future costs, and we remain ambitious that we can actually improve contract profitability and therefore that provision would reduce and any cash impact in the future would also reduce accordingly.

Phillip Baggley

Okay, great. Thank you. So it sounds limited materiality then on that.

Al Cochran

That's right.

Phillip Baggley

And then, yeah, perhaps you could maybe help us run through the DCC contract renewal process, the timing and the evolution of revenue and margin for that contract, please. I think that's 28, is that right?

Shuja Khan

Yeah, that's right, Philip. So the current contract comes to an end in 2028. As I said in my remarks, we are quite far down in terms of a discussion around extending that contract. The first phase of that contract, which was set out in 2012, 2013 is when we first commenced the contract, was all about building out the network. We've obviously installed, as I said in my remarks, about four million or so communication hubs, which are the things that connect smart meters for the energy customers in the north of England and Scotland.

And so the remainder of that contract will be about managing that portfolio of installed meter communication hubs. And so it'll be based on managed service fee as opposed to the initial phase of the contract, which was all about installation and rollout. And so that's the substance of it. We're looking to extend that for as long as possible, well into the 2030s, into the next decade.

And so that's kind of the order of play. I don't have anything to announce right now, but once we have clarity and agreement in terms of the extension, then we'll be able to put that announcement out to the market.

Al Cochran

Sorry Phillip, just I'm conscious that you asked a question about revenue and cash profile of that. As I noted in my outlook comments, we do expect revenue in SUN to decrease year-on-year. That does reflect two things actually. Firstly, there's a change in mix, if you like, with the AMP8 contracts increasingly moving from rollout of the network to managed services. So that means you replace high volume but low margin revenue with low volume but higher margin service revenue. And secondly, we are anticipating a step-down in revenue on any extension of the DCC contract, principally because actually accrued revenue is recognized over a longer period and therefore revenue steps down accordingly.

Phillip Baggley

Great, thanks. And then finally, since I'm first, in terms of the broadcast extension decision from the government, what sort of timeframe do you guys expect on that please?

Shuja Khan

Thanks, Phillip. I'll take that. So the green paper was out in the summer. The responses came in but had to be submitted by the end of August. I think we went into early September, actually a couple of respondents had to extend the deadline. The government is obviously making the evaluation in terms of where they want to go. I set out the two options that they had outlined in the green paper. I think realistically it's probably going to be end of the year, probably more likely to be the beginning of next year in terms of when they come out with a view whole process that would happen after that in terms of legislative movement. I think it's probably going to be put in alongside the charter renewal. That's the assessment and the decision around what the future of the BBC's funding will look like. And I think those two things will probably work hand in glove over the period of the next few months. So early part of 2027

Sam Morton, Invesco

Hi, good morning. Two questions please. So the first is on slide 16. I'm just trying to understand why adjusted leverage increases in 2027. Is that because the EBITDA comes in lower or is that because of an increase in net debt? And then the second question really was just on the commentary, it sounded like there was a little bit more CapEx coming through in FY 27. Can you give us a budget for the CapEx just to try and help us quantify that?

Al Cochran

CapEx is expected to increase in the order of 70 to 75 million pounds. That does reflect two things principally. One, continued increase in maintenance of our critical national infrastructure, but also we have committed to build out and increase spend on some of our new customer contracts, including the AMP8 water program. So it's a combination of essentially customer funded CapEx and maintenance CapEx, which explains that increase. It will of course be fully funded from free cash flow.

And in terms of adjusted leverage trajectory, in essence, net debt to EBITDA is expected to be broadly flat on an underlying basis if you adjust for that contract provision. If you don't adjust for that contract provision, it does look as if leverage is increasing. Just a reminder, that 21 million contract provision, sorry, 31 contract provision is a non-cash item. It does turn into cash over time to the extent you can't mitigate it.

But as I reflected in the answer to the previous question, the cash impact year-on-year going forward is relatively immaterial. So we do think the adjusted metric is a better indicator of underlying leverage.

Sam Morton

Okay, thank you.

Laura Homsy, MFS

Hi, thanks for taking my question. Can I just ask a quick follow-up? The CapEx, you mentioned it increases. Does it increase to 70 to 75 million? Is that the actual number for the year or does it increase by 70 million to, I don't know, 140 something?

Al Cochran

I'm glad you checked. It's an increase to 70 to 75 million.

Laura Homsy

Great. And also again, sorry, just to confirm with regards to the leverage, if we take the adjusted figure excluding the contract provision, i.e. 310 million, leverage would be around on the senior level 2.8 times, 2.84, whatever, then it would be roughly stable next year, right? That's what you're showing on that slide.

Al Cochran

That's correct.

Laura Homsy

So it'll be 2.85. Okay. And then with regards to the swap contracts, I think the final payment is in April 2027. Can you remind me what that cash out will be?

Al Cochran

Yes, approximately 40 million if you assume an inflation rate of 3.5%.

Laura Homsy

Okay, great. And then the RCF was drawn by roughly 27 million, I believe. Do you have any sort of plans to repay that over the course of this next financial year?

Al Cochran

Yeah, it's obviously a working capital facility as you'll appreciate. So what tends to happen, and actually it's reflected in the draw-down at the period end, is that we often use it to help just fund the junior debt service costs. So most of that draw was effectively to fund that. And subsequently what we do is tend to, and the RCF will tend to then be paid back over the next couple of months until such time as we draw again to manage either a working capital swing or indeed the periodic biannual payments of junior debt interest.

Laura Homsy

Understood. And then last one please, just with regards to debt maturities, what are your refinancing plans? I think you've obviously got some amortising tranches and then some have an expected maturity, but not a final maturity that's quite a few years later. So what are your assumptions or plans with regards to refinancing these bonds that have 2028, 2030, 2032 maturities?

Al Cochran

Yeah, you really have to look at these in two parts. The first is the amortising debt, and just as a reminder of comments, so we do expect amortisation to step down in FY27 to around about 55 million pounds, but it will then effectively almost double from FY 28 onwards until the early 2030s. So that explains part of the reduction in leverage. In terms of our term debt, in the normal course we would expect and are planning to refinance the 2028 bond, that's a 250 million pound bond on maturity to extend that, albeit we'd clearly be mindful of our ratings obligations to ensure that there is a pathway to repay all our senior debt by 2034.

And overall, I think just to reiterate the comments I made in the presentation, the financing strategy more broadly is all about reducing total leverage down to align with what our sustainable earnings and cash flow are in the future as the business does transition away from traditional TV linear broadcast to hybrid ecosystems and also as the mix of revenue between M&B and the Sun utility business changes.

Laura Homsy

Hmm. And the 2028 bond, do you expect to replace that with a similar instrument with the same features or would you look to put an amortising instrument in place similar to the 2032s?

Al Cochran

It's a little bit premature to speculate on exactly what it looked like, but we'll obviously take into account our broader financing objectives. We obviously want to maintain a strong investment grade rating, but I think the working presumption that we are working with, and I'd suggest you do, is that we will replace that with a sort of like for like term instrument.

Laura Homsy

Understood. And may I just ask lastly, with regards to junior debt, because that's obviously a larger amount and comes due in 2030, which I appreciate it's still four years away, but you typically address these things obviously at least a year in advance. Would you consider refinancing that at the Opco level if you have the room within the ratings thresholds?

Al Cochran

Yes, as you indicated, it's very early for us to comment on this just now, having just refinanced it for essentially five years. Firstly, our leverage will have reduced materially by 2030. That hopefully will give us some greater flexibility into how and where we refinance it. Secondly, we should have greater clarity on the future of TV and the policy outlook, which will reduce that inherent risks.

And with both of those, we are hopeful that would mean that actually we can optimise the mix between senior and junior leverage. I've consistently said it doesn't make a huge amount of sense for us to only have junior debt when it's more expensive if we can support senior and attract interest for senior debt. So as too early to tell now, we will optimise the balance as we get closer to the maturity date, and clearly we'll be solving for what's the optimal capital mix that reduces debt service costs as much as possible whilst providing us the flexibility we need going forward.

Laura Homsy

That makes sense. And so just to follow up, in terms of the government decision, in case they were to decide for the

Laura Homsy

The earlier shutdown, i.e. 2034, 2035, are you confident that the business in that scenario can still support the debt and refinance everything or repay everything over time?

Shuja Khan

Thanks for that question. So look, I mean, we don't see this happening as an outcome and our position is very, very clear and there's a couple of reasons for that. One is the decision hasn’t been made, but there's about 10 million people still today relying on DTT. And so that's a pretty compelling policy decision from the politicians if they want to have a group of disaffected people on their hands. And frankly, there's no real scaled IP based alternative right now to Freeview or DTT. So there are lots of factors that are in our favour. However, in the unlikely event it does happen, we are prepared. I don't think there will be a cliff switch-off for a start. It's going to be a managed transition regardless. We've set out a number of areas that we have outside of just the DTT business which are thriving.

And our business plan already anticipates a shift away from DTT as we deleverage the business. And I think you've had a number of questions to Al in that regard to demonstrate that. And so we plan for all scenarios in a responsible way and to make sure that the platform is invested in, but also have got very clear cashflow generation targets to make sure that we've got enough liquidity throughout this period of time. So we've got a bunch of scenarios that we work through to make sure that the business has got sustainability beyond any decision.

Laura Homsy

Very clear, thank you. That's all I had.

Peter Jurik, Tresidor

Hey guys, thanks for taking my questions. Could I just make one request to make it more explicit? You guys obviously in the slides put your forecasts for 2027. What does that imply for EBITDA? What do you expect EBITDA to perform?

Al Cochran

So it depends which entity you're looking at, but relative to the adjusted EBITDA that we announced today of 310 million, we expect EBITDA to be broadly unchanged year-on-year.

Peter Jurik

Thank you. That is helpful.

Al Cochran

Yeah, and just additional clarity, that's obviously at the AGL level, Arqiva Group limited level. The covenant certificate on the website, which is obviously the senior group, AGPL, does include the EBITDA forecast for next year. Different entity, but similar.

Peter Jurik

Thank you. And could I then follow up with, you were talking about the, you made a comment there about the pricing pressure of renewals in a competitive market for DTT. Could you elaborate there? I mean, you are the sole provider of the infrastructure. So when you talk about competitive pressure, unless you tell me I'm wrong, I don't think you're competing against anybody. I guess your customers are just negotiating lower prices. So how do those conversations go? What's the give and take in the pricing coming down there? That would be helpful colour if you can.

Shuja Khan

That's a good question. I mean, maybe it's probably worth just explaining a little bit about the market structure because I think your question goes to that. The bit where we are the only provider is the transmission bit. So that's where you've got all the masts or the towers that are out in the country and the transmission of both radio and TV coming through that mechanism. In terms of the capacity, essentially the containers where you can put the channels on top of, that is a market where we are competing with others. So we own some capacity. We own two multiplexes at a total of five multiplexes, sorry, six multiplexes, of which three of them belong to public sector broadcasters, so they use it for their purposes. And the other three relate to commercial broadcasters that are not the public sector broadcasters who put their channels on there.

In total, there's about 70 channels give or take on Freeview DTT. And so we are competing with those other multiplexes because we only have two out of the six in terms of capacity. We are the largest commercial multiplex provider, and I talked about the number of having about 94% utilisation. So we're constantly managing the channels coming on stream and there's channels coming off stream. And so we're continuously managing, extending existing contracts for longer periods of time. So we've done a pretty good job of that, as you can tell from the results that I announced. But also looking at making sure that we've got as close to full utilisation, but a little bit of capacity so that if there are new channels coming to market, we're able to benefit from that. So it is a competitive market. We have to be quite strategic and tactical about how we manage capacity going forward.

I think in terms of pricing pressure, I think the main factor here is that we focus very heavily on extending our contracts for as long as possible. And so as part of that, you have to sometimes do an adjustment in terms of your pricing while you're doing the renewals because we trade extension for a bit of pricing in those types of conversations. Does that clarify things, Peter? So there is competition in this market, this segment of value chain.

Peter Jurik

I think that helps. And just to clarify then, so of the six multiplexes, three of them are other sector broadcasters. So is the competition really against six or is it rather the three that are not sector broadcaster specific? As in, I don't know if it's BBC multiplex, but for the sake of argument, let's say it is. Does that multiplex compete for independent channels as well? So are you competing against that one?

Shuja Khan

Yeah, that's a good question. Yeah, so firstly, the three public sector multiplexes, there are two that are owned by the BBC. One of them is a standard definition one and one is a high definition. And then the other third multiplex is owned by joint venture between ITV and Channel 4, just for information. Our main competition is with the other commercial multiplex, it's called SDN. But on the margins, sometimes the public sector broadcasters do have some free capacity which they may utilise and put into the commercial market, but that's not their primary goal. Their primary goal is to utilise that capacity for their own purposes, but you might get some competition on the margin. The main competition comes from the other commercial multiplex, SDN in this case.

Peter Jurik

Okay, that's helpful. And my understanding from what you're saying is sure there is of course competition, but it sounds like it's a trade-off between duration and price, which makes sense. Okay, thank you.

Shuja Khan

Exactly.

Peter Jurik

Similar question a little bit about AMP8. So you're saying up to 10 million water meters. So how do you anticipate that to progress? I don't know if my back of the envelope maths here are correct, but you've got three million water meters, you're saying you're three times more than anybody else. So let's call it, let's say five million total, you have three, that's going to ten. Do you expect of the incremental five to win three million or how would you expect the competitive dynamic there to progress with AMP8 and maybe AMP9, but that's far into the future?

Shuja Khan

Well, AMP8 is the one that's currently happened. Most of that business has been done and decided upon. I think the best way to think about it is that this market, there is a first mover advantage. So if you are an incumbent or you've managed to get an anchoring position with a water company, then you stand a better chance, but it's not guaranteed to win the next phase. And as I said in my presentation, you basically have multiple phases or multiple lots in terms of new meters coming on stream. So some will have a third of their potential base as part of AMP8 and then maybe two thirds

in AMP9. If you're an incumbent, you stand a better chance, which is why the work that we've done over the last couple of years has been really focused on trying to make sure we've got share where we think we've got a line to good profitability going forward.

And so that tends to happen. As an example, Anglian Water was a customer that we won in 2019, so it was before it was in the previous AMP. And as a result of that, we have then subsequently won lots after that because once you're in, it's much more efficient to be able to then extend that. But they are competitive tenders and so you have to compete for every new lot that comes to market. So where we have strong market share, we hope to continue that with the water companies that we have in place to right now. So that is Anglian Water, Thames Water, United Utilities, Portsmouth and Thames Water.

Peter Jurik

Thank you. That's helpful. And then in the same vein, last competitive question I'm going to ask is just on your slide seven where you talked about P&T opportunities, eLoran, GNSS, alternatives to terrestrial. You briefly touched on it, but could you maybe elaborate and expand the opportunity there? When do you think this can actually turn into tangible revenue? How many years out? How big do you think the opportunity is? Are we talking tens of millions or can this scale a lot bigger? Just to get a bit of a sense of how that will progress over time.

Shuja Khan

If you asked me a couple of years ago, I probably would've said it would take quite a long time. I think the posture of the government in terms of national security has changed over the last period of time. I think many of you would've seen that in the press, even in the last few weeks in terms of making sure that we have resilience. So I think the government is definitely leaning in on these types of topics.

Just take that eLoran thing as an example. Right now, the UK is reliant on satellite-based position, navigation and timing, and that's using the US system and the European system, which is called Galileo. So the UK doesn't have its own satellite system upon which it relies. So having a terrestrial alternative is going to make a big difference. And that is either as resilience or it could later on be primary, which is why I can't give you a view in terms of whether this is tens of millions or hundreds of millions, but it's not insubstantial in terms of the level of focus and the level of money that is likely to go here.

In terms of timing, the government goes through multiple steps in terms of assessing what's the right technology and who's the right provider for this. They've gone through a kind of market review and they've come to the view that this technology is probably the best thing to take going forward, which is the eLoran one, the radio-based technology I referred to. And so I would expect an RFP to be coming out over the course of the next few quarters, and then that will then turn into something beyond that. And so you'd expect something to be in play towards the end of this decade in terms of things being built and so on. But again, we're pretty early stages as far as that's concerned. We're close to government on this topic and we're working with them to create a strong position when the opportunity arises.

Peter Jurik

Great. And maybe one last one then is what is the current revenue if you're able to break it out for your LEO and GEO gateway services, if that is anything that you do break out?

Shuja Khan

Look, I think at the moment it is modest. As I said, they're kind of relatively early stage. I think we're talking about single digit millions at the low end of things, but the strategic positioning is the important bit here, but that's where we're at the moment.

Peter Jurik

Great. Thank you so much.

Shuja Khan

Well, thank you very much for your time today. I suspect many of you are now going to switch to preparing for the chancellor's budget later on today. Let's hope there's a little bit of positive news for business and the economy. I've got my fingers crossed, but thank you very much for your time today. And we'll be back early in the next year for the half year results call. So thank you very much.