

WHY ADVERTISING IS VITAL

THINKTV

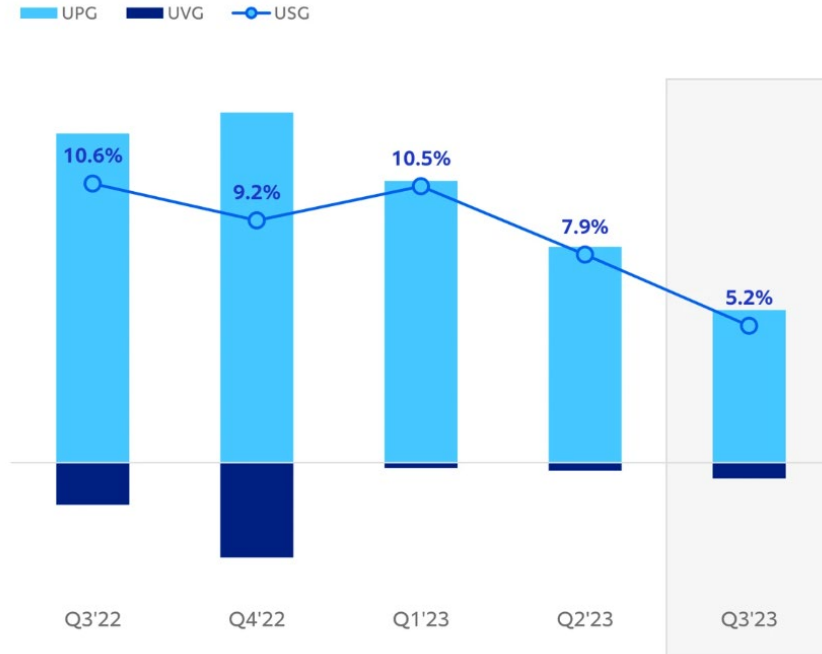
OCTOBER 2025

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WHY ADVERTISING IS CRITICAL

IT SUPPORTS PRICE INCREASES

“THE HEIGHT OF INFLATION” - UNILEVER SALES GROWTH (USG) WITH PRICING GROWTH (UPG) AND VOLUME GROWTH (UVG) COMPONENTS Q3 2022 – Q3 2023



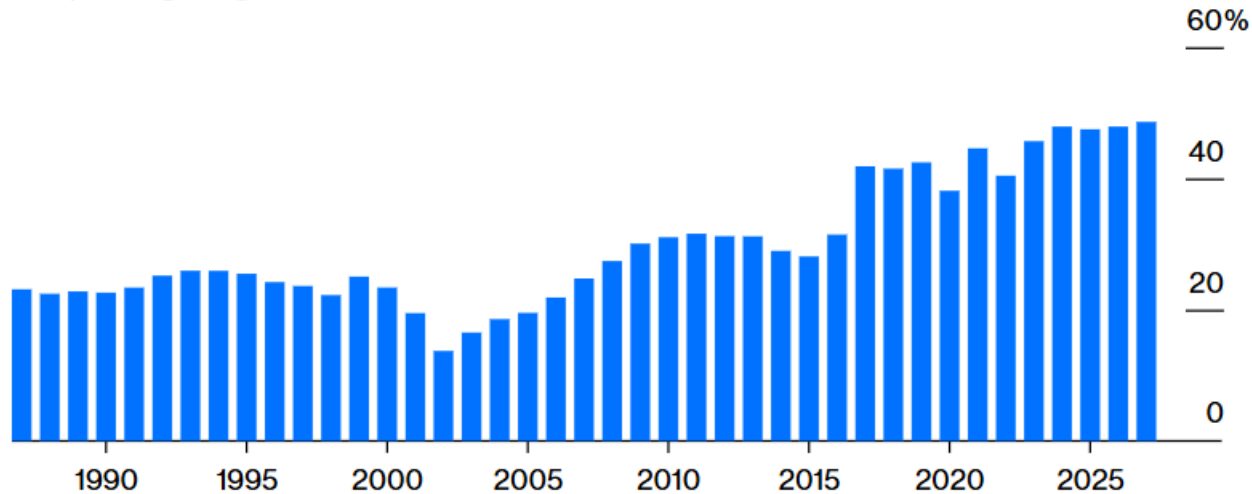
Source: Unilever Q3 2023 results presentation

ADVERTISING IS CRUCIAL FOR MEETING MARKET FORECASTS

Profitability at McDonald's Is Soaring

Recent price hikes have outstripped the company's higher input costs

■ Operating margin

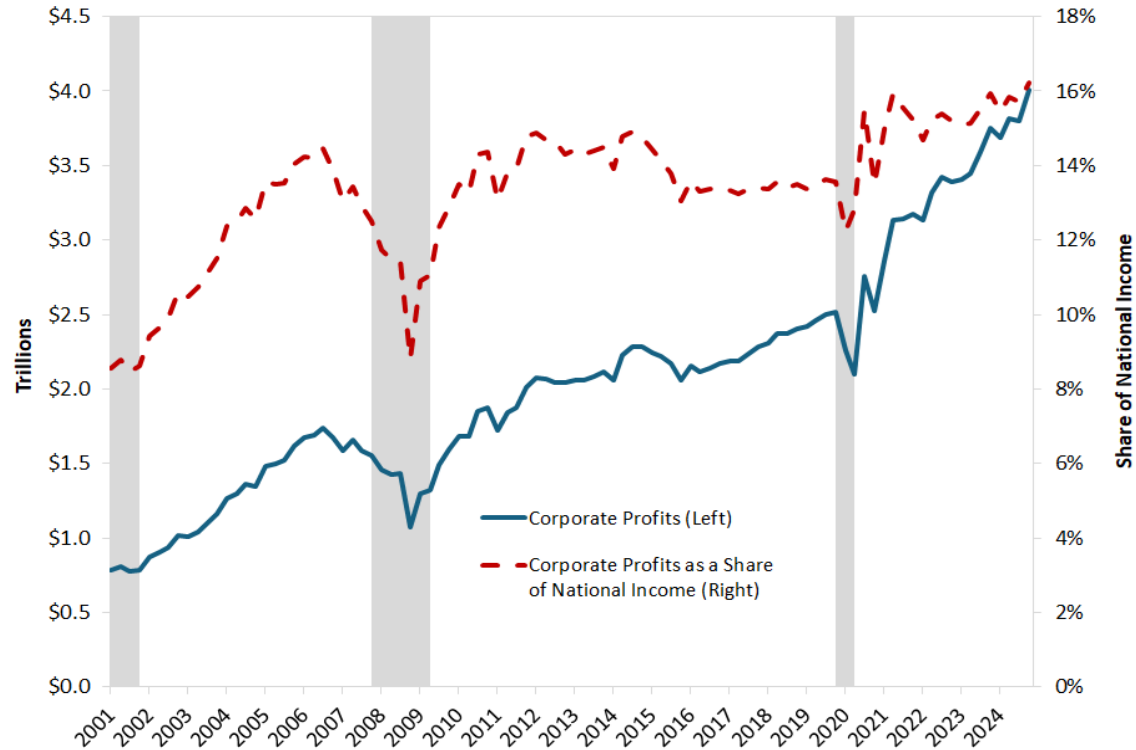


Source: Bloomberg

Note: Analyst estimates for 2024 through 2027.

Source: Bloomberg

IT HELPS BOOST LONG-TERM PROFITABILITY



Source: Federal Reserve Bank of St Louis, 2025

ADVERTISING IS INTANGIBLE CAPEX...

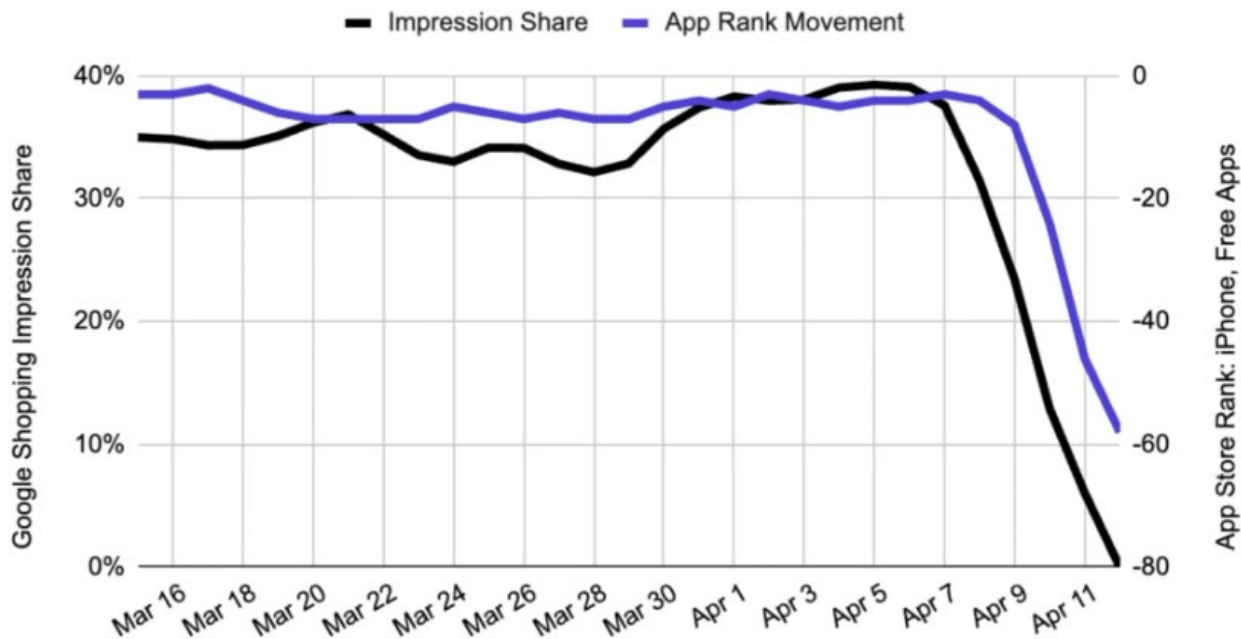


Source: Stock images

...AND IT NEEDS TO BE MAINTAINED

US: Temu Turned Off Google Ads, and App Rank Collapsed

Google data via Smarter Ecommerce; App data via Sensor Tower



CUTTING ADVERTISING SPEND IS A FALSE ECONOMY



$$2 + 2 + 2 + 2 = 8$$

$$2 + 2 + 1 + 2 = 7$$

$$2 \times 2 \times 2 \times 2 = 16$$

$$2 \times 2 \times 1 \times 2 = 8$$

$$2 \times 2 \times 1 \times 4 = 16$$

Source: Stock Image, Liberty Sky Advisors

...AND GEOPOLITICAL FACTORS WILL DRIVE THIS



CHINA-PHILIPPINES SEA CLASH

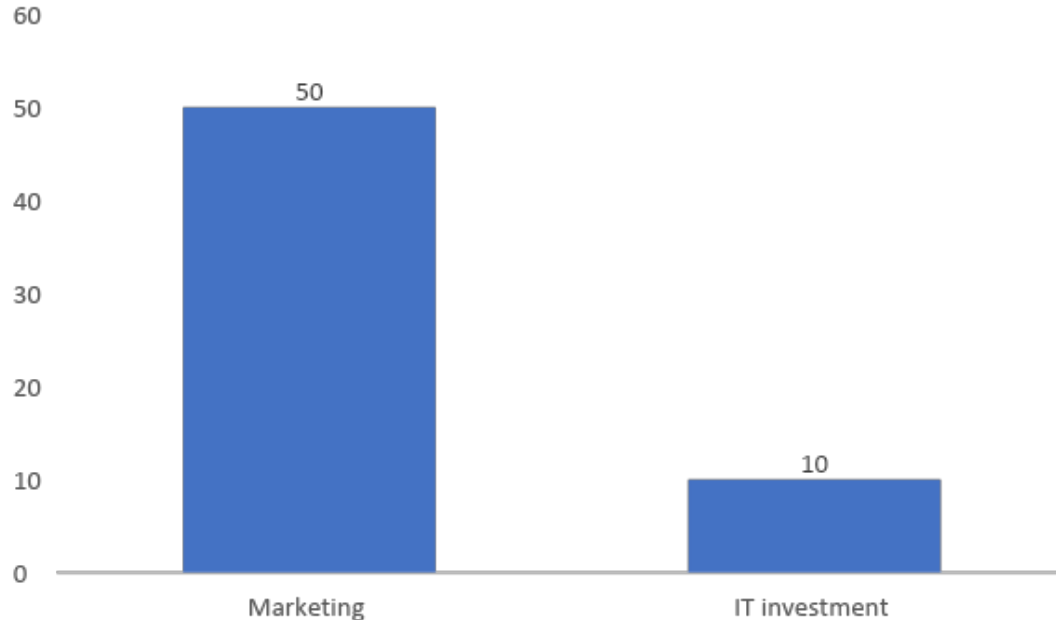


THE ACCOUNTING OF ADVERTISING

- MARKETING = OPEX (OPERATING COSTS)
 - 100% recognised immediately in P&L in the year that occur
 - Other examples = Cost of Goods Sold, Staff Costs
- IT / R&D = CAPEX (CAPITAL EXPENDITURE)
 - Deferred / capitalised in the balance sheet
 - Value written down over time via depreciation and amortisation
 - Other examples = factories, buildings etc.
- KEY PERCEPTION - OPEX ARE COSTS, CAPEX ARE INVESTMENTS

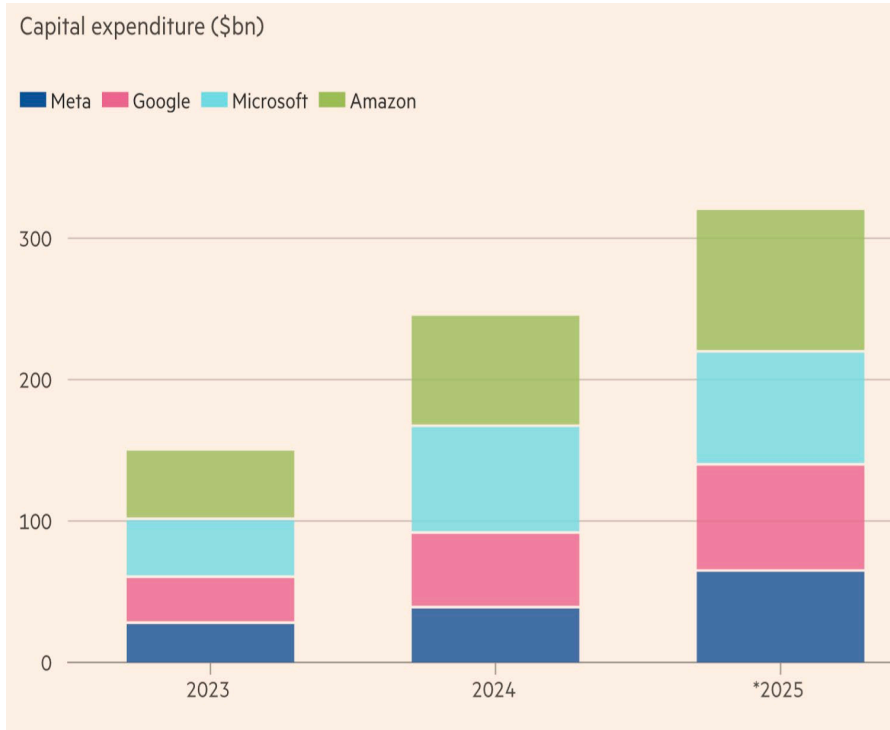
WHY ADVERTISING GETS CUT

OPERATING PROFIT UPLIFT IN YEAR 1 FROM CUTTING £50M IF MARKETING SPEND VS CUTTING £50M OF IT SPEND AMORTISED OVER FIVE YEARS



AI AND ADVERTISING

THE NEW ARMS RACE



Source: [FT.com](https://www.ft.com); Mark Schiefelbein/AP

THE RETURN ON INVESTMENT - REVENUES OR COSTS?



THE FIGHT FOR SHARE OF ADVERTISING...

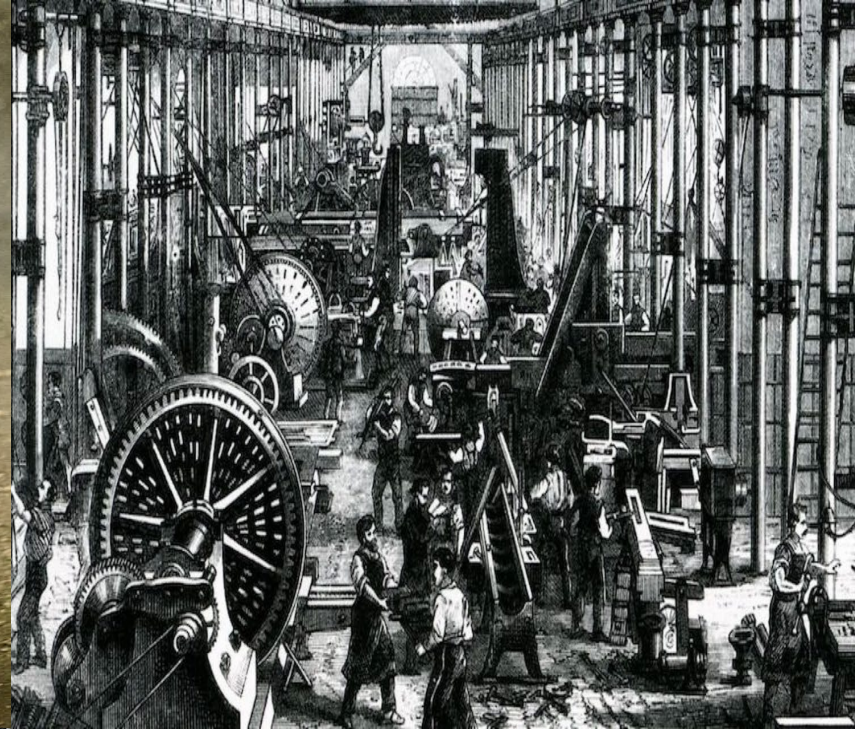


Source: Toei Company

...WILL GET EVEN MORE AGGRESSIVE



THE NEW INDUSTRIAL REVOLUTION



Source: Wikipedia, CEPR.org

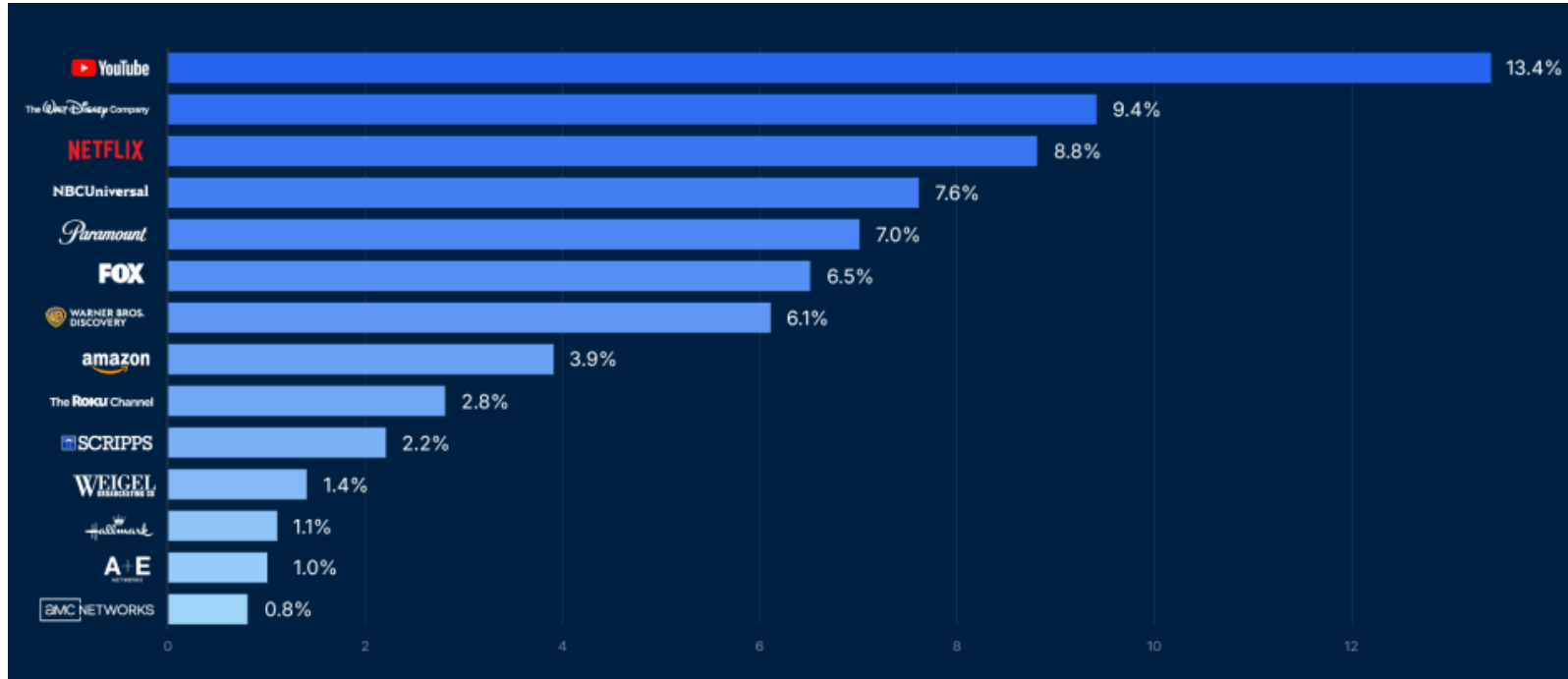
THE PUSH TO EQUALISE CONTENT...



Source: THE DOR BROTHERS, Darryl Dyck / The Canadian Press / AP

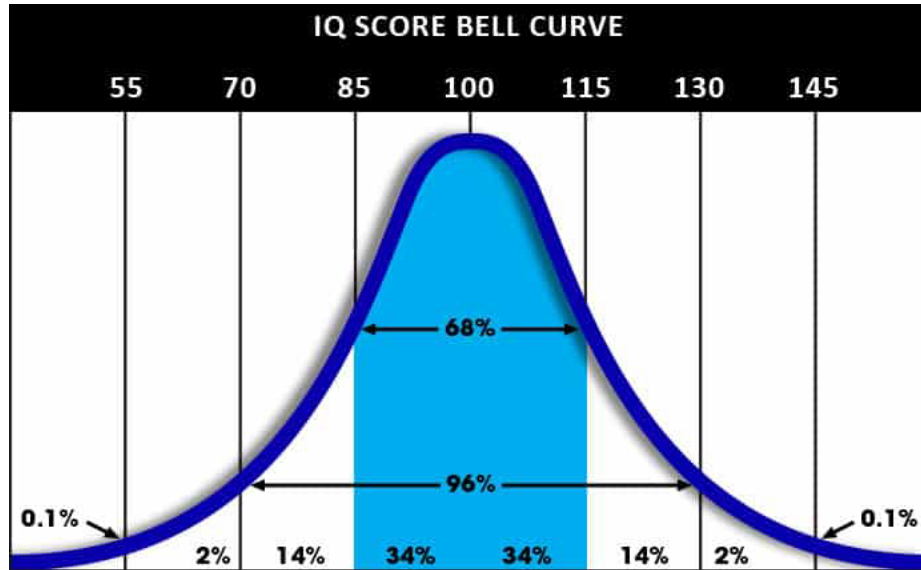
...AND TIME

US TV VIEWING BY PLATFORM, JULY 2025



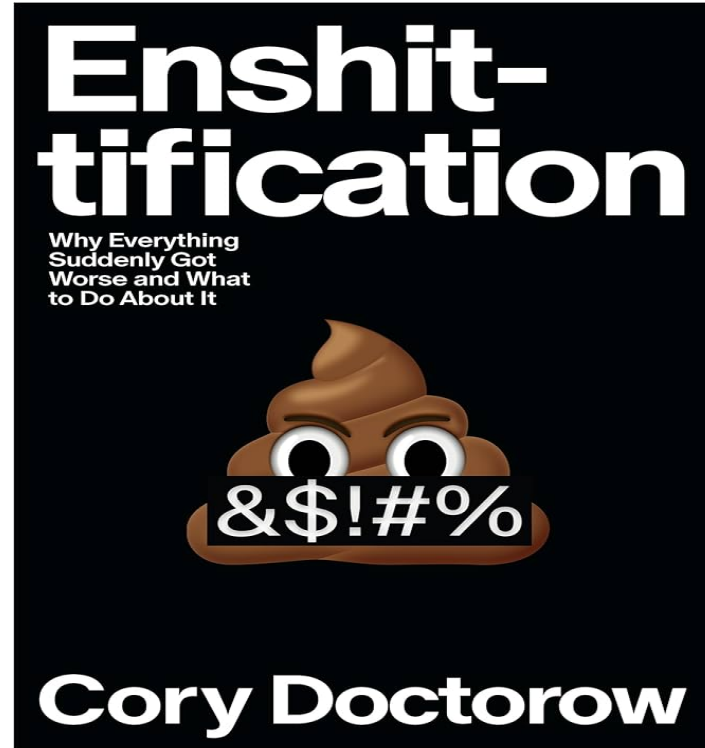
Source: Nielsen

AI IS AVERAGE – AND IS LIKELY TO REMAIN SO...



Source: iqtests.com; India Today

...BUT



Source: Amazon.com

WHO CONTROLS THE AI, CONTROLS THE PROCESS...

Q. To what extent have marketing teams in any organization **adopted AI platforms** into their campaign research and planning workflows?

55%

of marketers use or plan to use AI for campaign strategy
(2024 Salesforce)

91%

of US advertising agencies are actively using or exploring generative AI.
(2024 Forrester)

65%

currently use ChatGPT in planning workflows
(2025 Master Code)

61.4%

of marketers now prioritize AI-driven media mix modeling
(EMarketer)

91%

of CMOs say AI boosts efficiency
(BOG)



Source: Futuri

...AND WHY THAT IS AN ISSUE

CASE STUDY: AI-GENERATED MEDIA PLAN FOR A LOCAL US ADVERTISER

Channel/Strategy	Budget %	Budget (\$)	Rationale & Tactics
Facebook & Instagram Ads	40%	\$60,000	Geo-target affluent Phoenix zip codes; use interest targeting (home improvement, luxury, design); run lookalike audiences of past high-value customers; emphasize lifestyle and quality visuals ¹ ² ⁹ .
Google Ads (Search & Display)	25%	\$37,500	Target high-intent keywords ("custom windows Phoenix," "luxury home windows"); use display ads on premium real estate and lifestyle sites; retarget website visitors ³ .
YouTube & Video Marketing	15%	\$22,500	Produce high-quality video content (virtual tours, testimonials, "before & after" transformations); target affluent homeowners on YouTube and as in-stream ads on other platforms ³ .
LinkedIn Ads	10%	\$15,000	Reach professional women, especially executives and business owners, with B2B-focused messaging about home value and investment ³ ⁷ .
Influencer & Partnership Marketing	5%	\$7,500	Collaborate with local interior designers, real estate influencers, and luxury lifestyle bloggers to showcase Andersen Windows in aspirational content ⁷ .
Direct Mail (Optional)	5%	\$7,500	Send high-end, personalized mailers to homeowners in affluent neighborhoods (complements digital efforts) ⁵ .

Source: Futuri

WHERE DOES TELEVISION STAND?

WHAT IS TELEVISION?



Source: Harold M Lambert / Getty Images via WSJ.com

WHAT IS STREAMING, WHAT IS LINEAR?



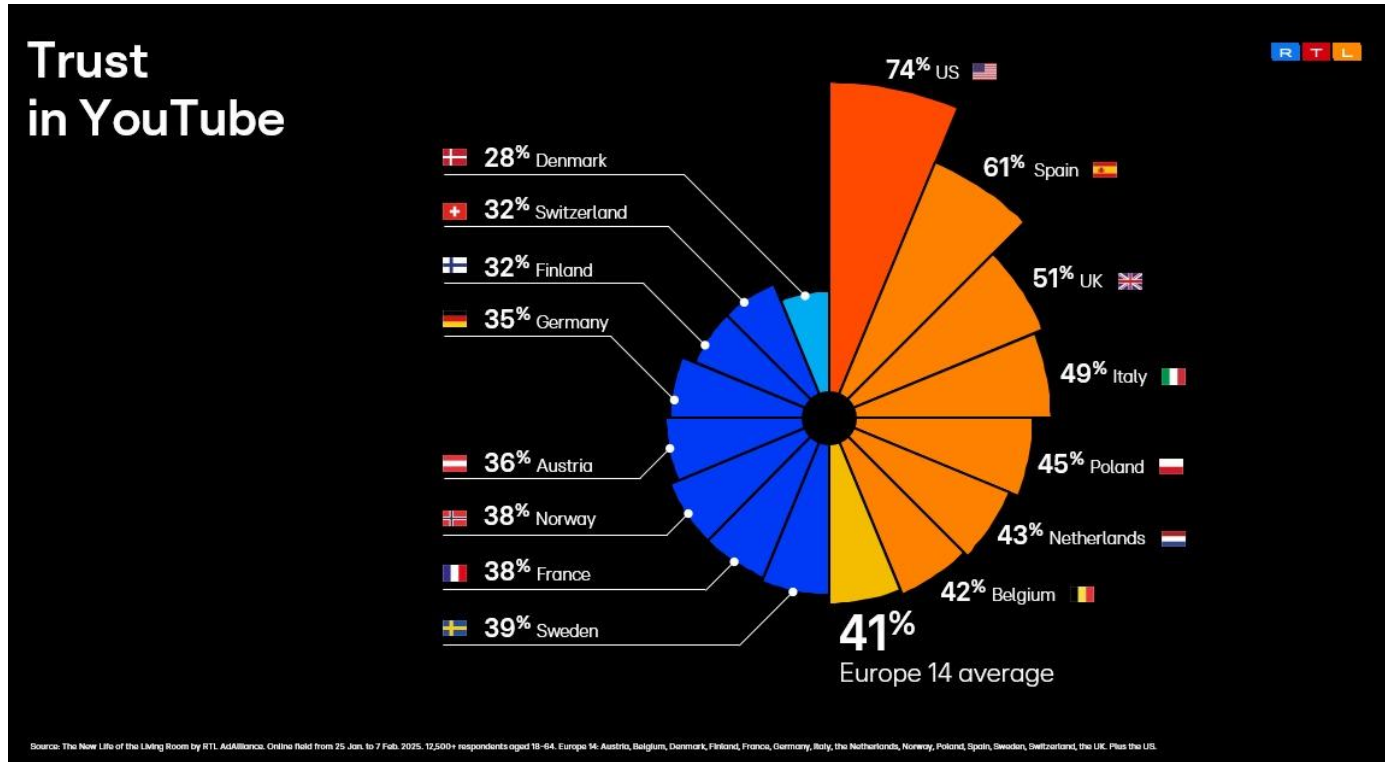
Source: [Sportbusiness.com](https://www.sportbusiness.com); *Adolescence*, Netflix

WHAT ARE TELEVISION'S TRUE STRENGTHS?



Source: Virgin.com; Getty Images

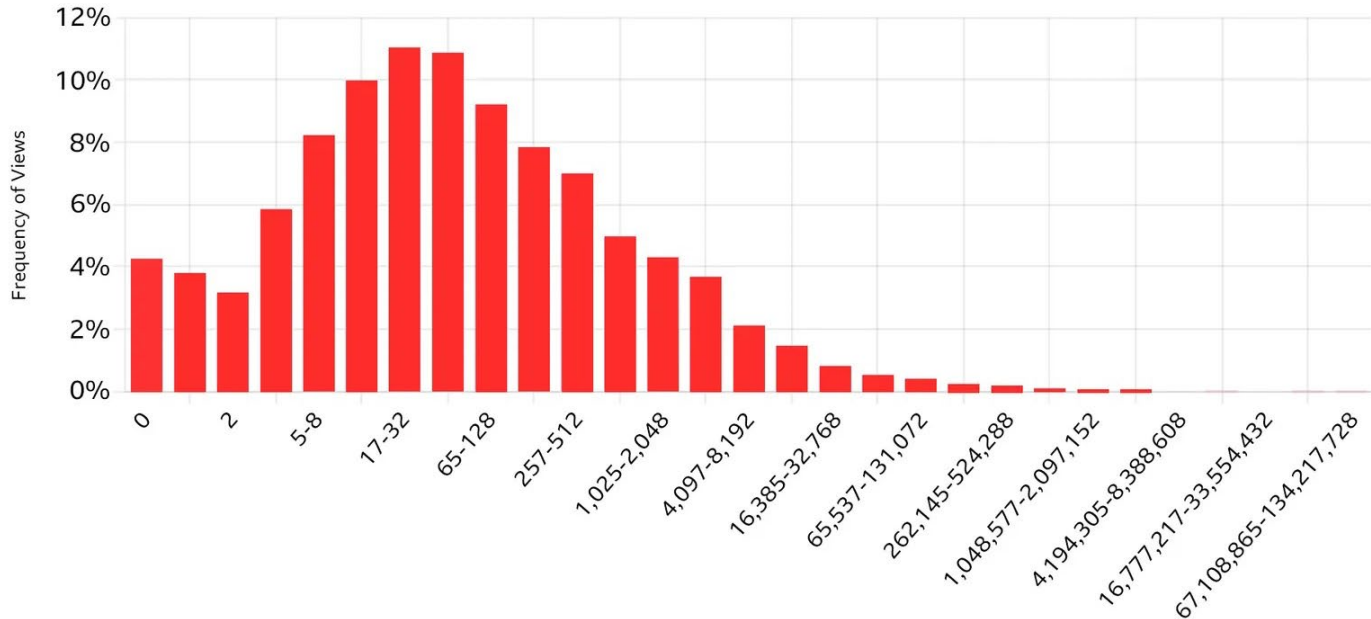
THE US IS NOT THE WORLD...



Source: RTL 2024

...AND YOUTUBE IS NOT TV

Estimated Views per YouTube Video



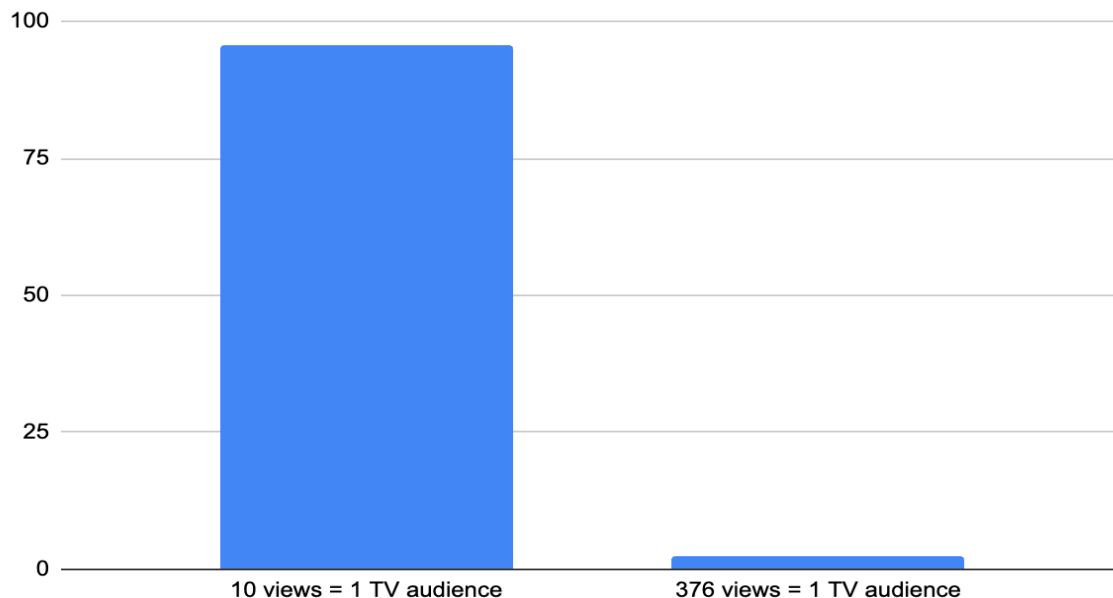
Number of Views

University of Massachusetts at Amherst/Yun Sun Park/BBC

Source: BBC.com

WHAT IS A VIEW?

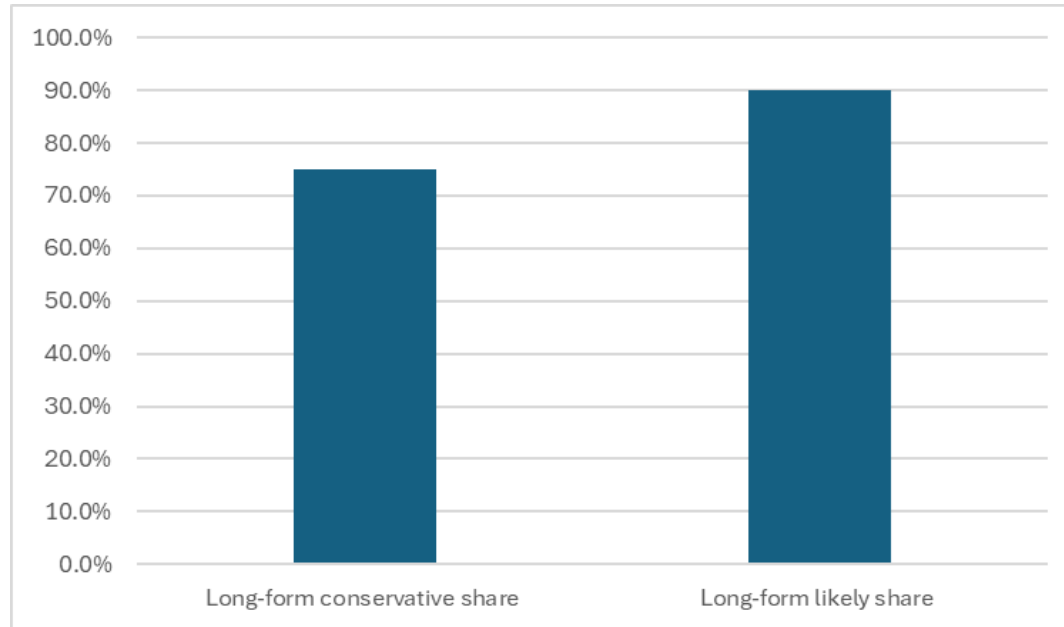
Mr Beast's weekly global audience ending April 13th 2025 in TV audience terms under differing scenarios of what a YouTube view means (millions)



Source: Tubefilter Data, Liberty Sky Advisors

THE DEMAND FOR PREMIUM CONTENT IS STILL HIGH

LONG-FORM SHARE OF TOTAL US TV + STREAMING VIEWING AUGUST 2025



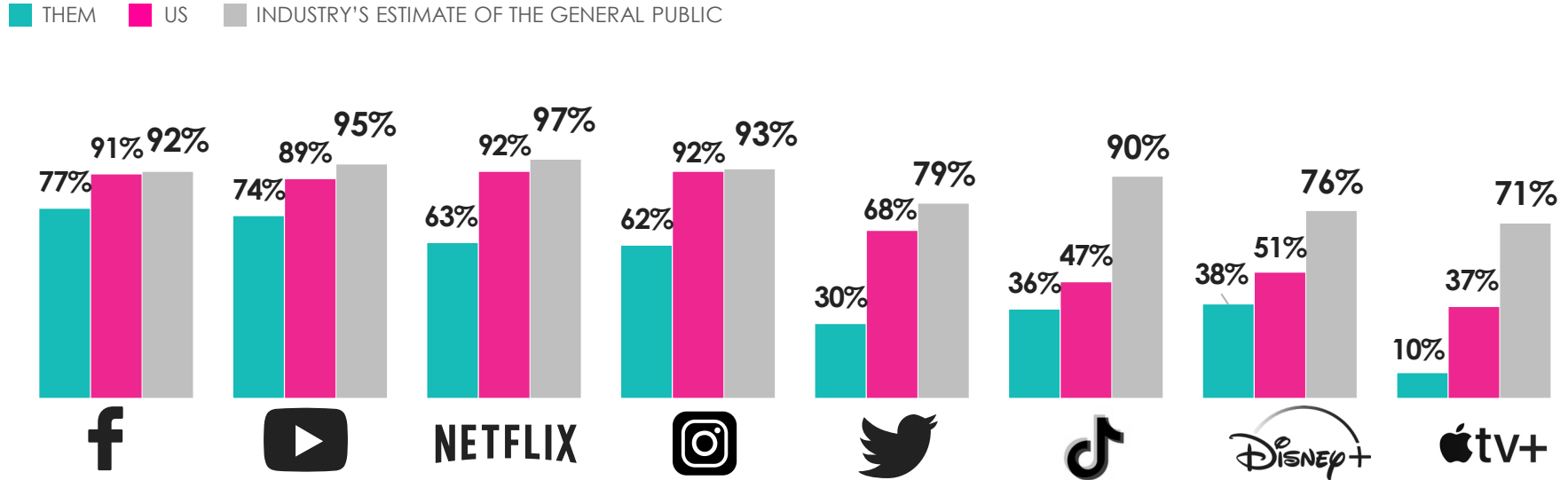
Source: Based off Nielsen "The Gauge" numbers and Liberty Sky Advisors' analysis

Conservative share = all non-YouTube and Other Streaming viewing share. Long-form likely share includes long-form viewing on YouTube and Other Streaming platforms

MEDIA PEOPLE UNDERESTIMATE TV

Canadians 18-54 are not nearly as active on social media as the industry thinks

APPS USED IN THE LAST MONTH AMONG 18-54



Which of the following websites, apps, or services have you visited or used in the last 1 month?

Which of the following websites, apps, or services do you think that **the average adult Canadian** has visited or used in the last 1 month?

Source: thinktv

think^{tv}

WHAT SHOULD TV DO?

DAVID CAN BEAT GOLIATH



Source: Historynet.com (Sovfoto); Associated Press

NEVER, NEVER, NEVER GIVE IN



Source: stock image

BE AGILE



He who can handle the quickest rate of
change survives

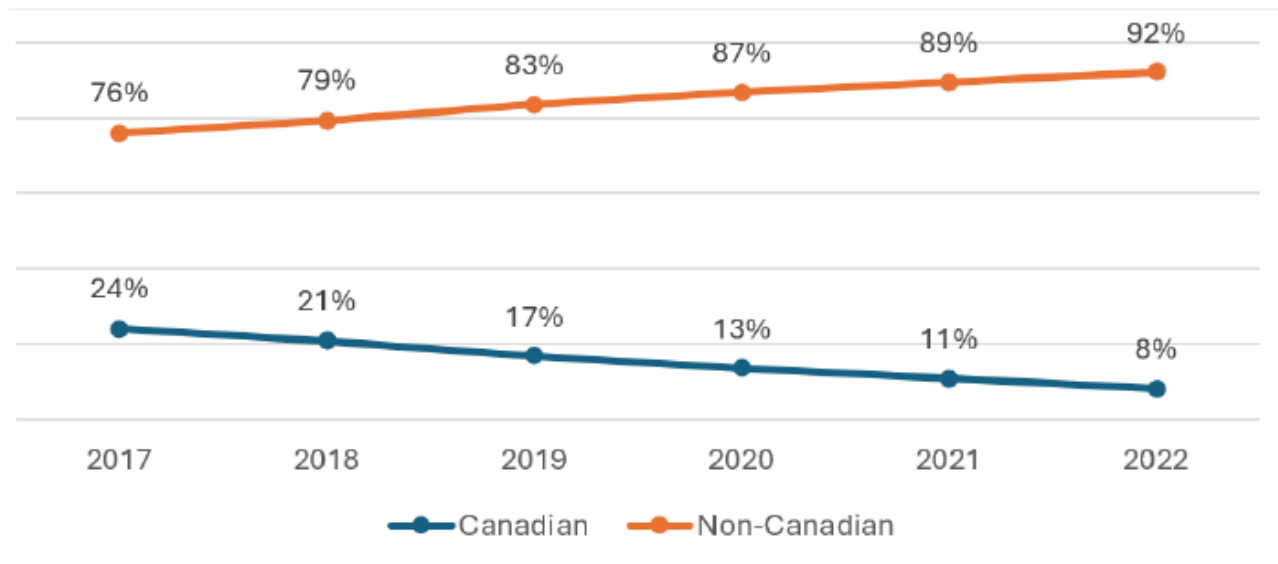
Col. John Boyd

PLAY TO YOUR STRENGTHS



PLAY THE DIGITAL GAME...

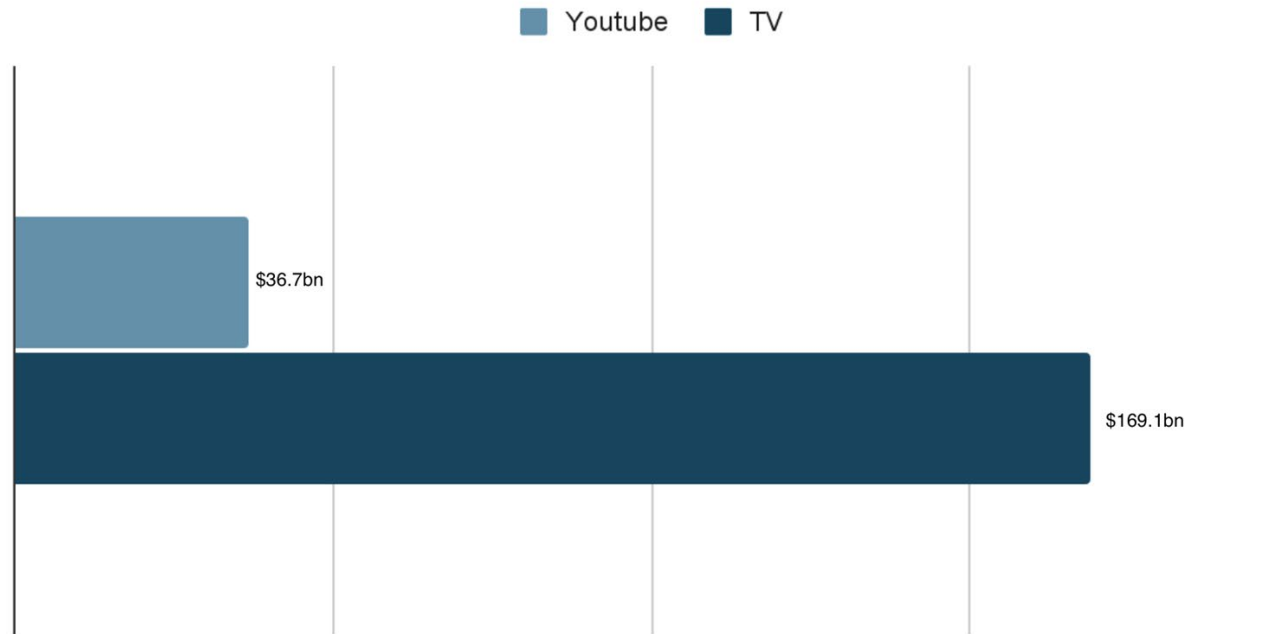
Figure 15: Canadian and non-Canadian digital ad spending, 2017–2022



Source: Nordicity estimates based on data from IAB Canada and ThinkTV

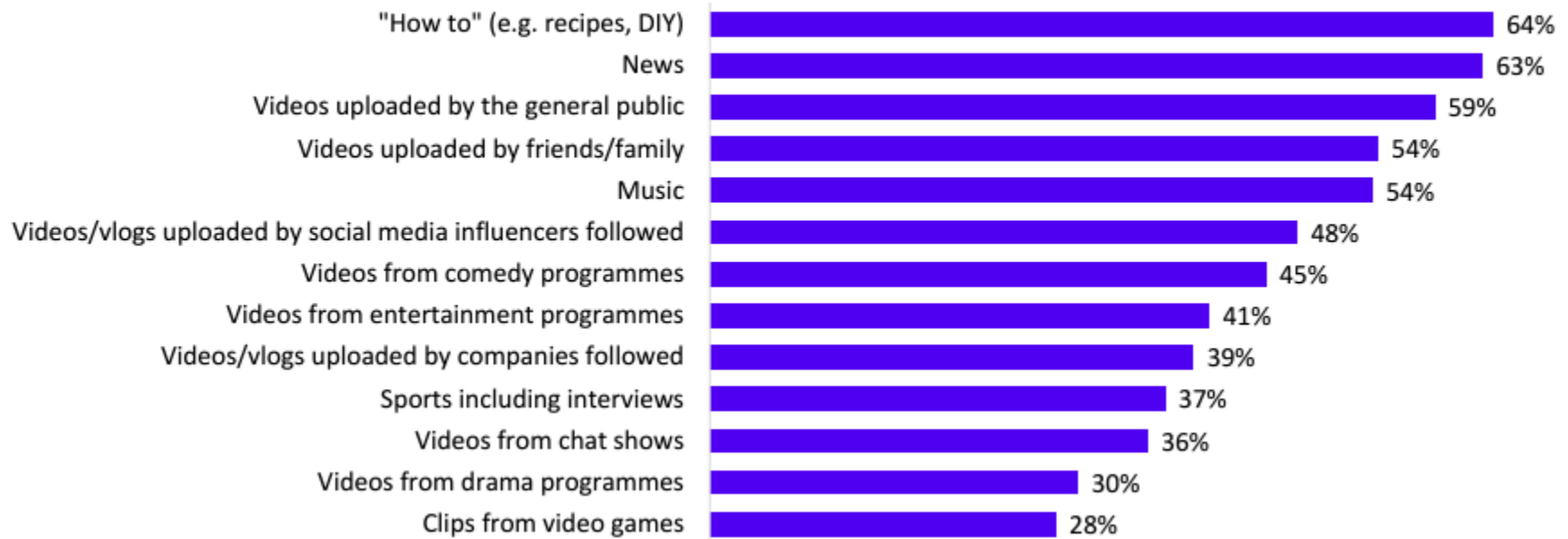
...BUT DO NOT RELY ON OTHERS

2024 YouTube / Global TV advertising revenues (\$)



MONETISE SHORT-FORM

Figure 18: Genres viewed at least monthly by adults who watch short video content online



Source: Ofcom Media Nations 2023

FLIPPING THE NARRATIVE

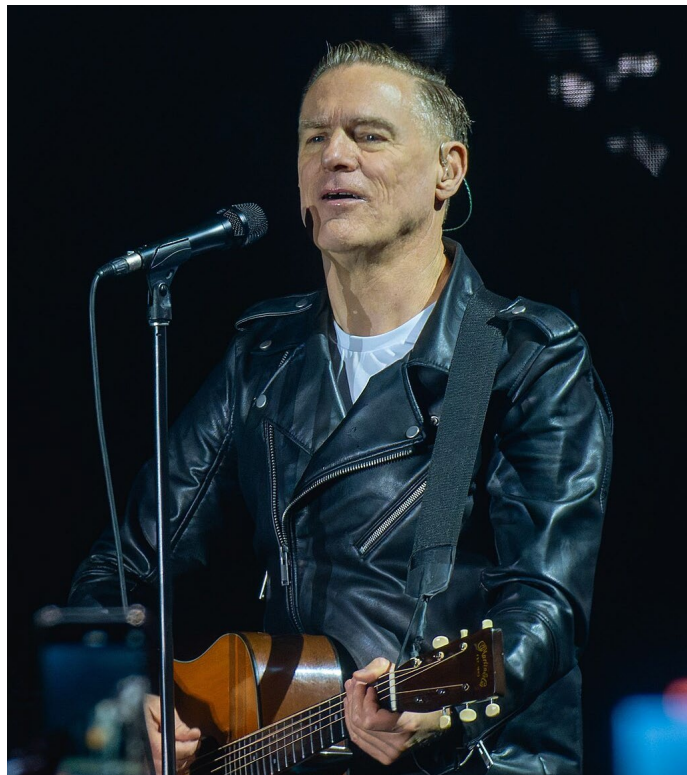


Source: Amazon Prime

TAKE THE FIGHT TO YOUR OPPONENTS



MUSIC AND CHILDREN'S CONTENT ARE EASY WINS



Source: Wikipedia, Sesame Street

AI CAN MASSIVELY LEVEL THE PLAYING FIELD

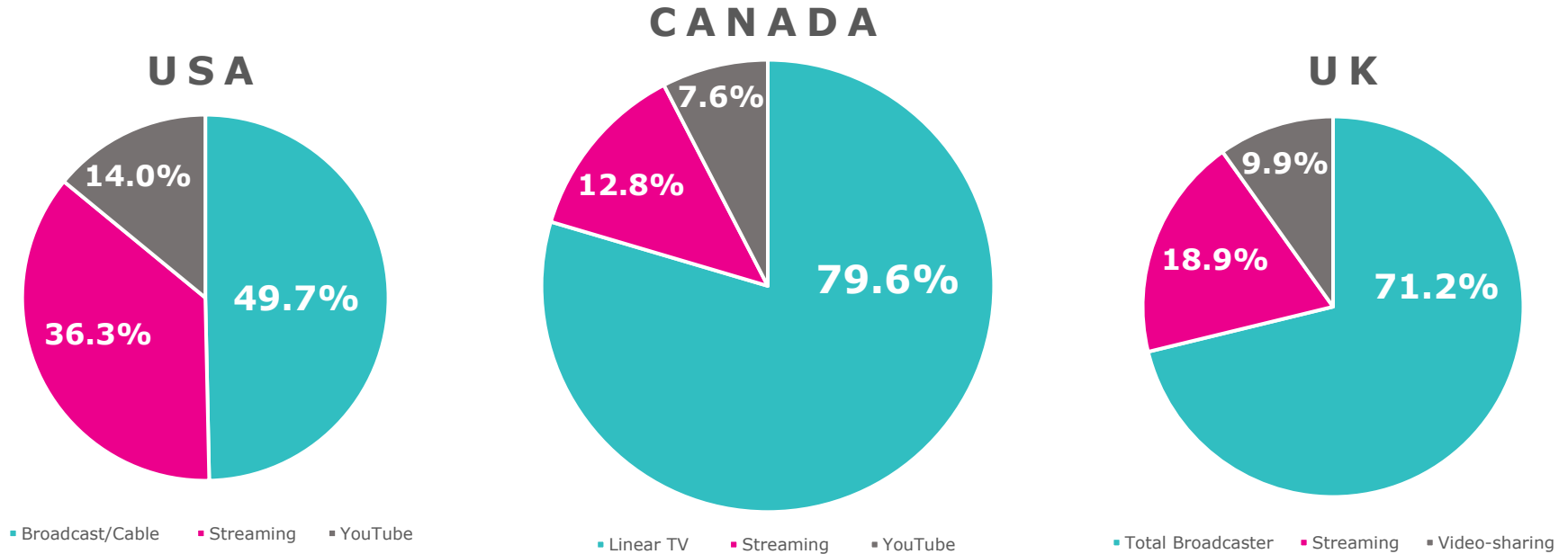


Source: Morgan Stanley Headquarters, LinkedIn

TV IN CANADA

CANADA IS NOT THE US

SHARE OF VIEWING ON A TV SET



US source: Nielsen Gauge, May 2025, P2+, viewing on a TV set (ex "other" viewing; proportionally adjusted)

Canada source: Numeris VAM, Ontario, May 2025, P2+, viewing on a TV set

UK source: BARB, May 2025, P4+, viewing on a TV set | "Streaming" = "Total SVOD/ AVOD" | "Video-sharing" is largely YouTube, but also includes TikTok, Twitch etc. (on a TV set)

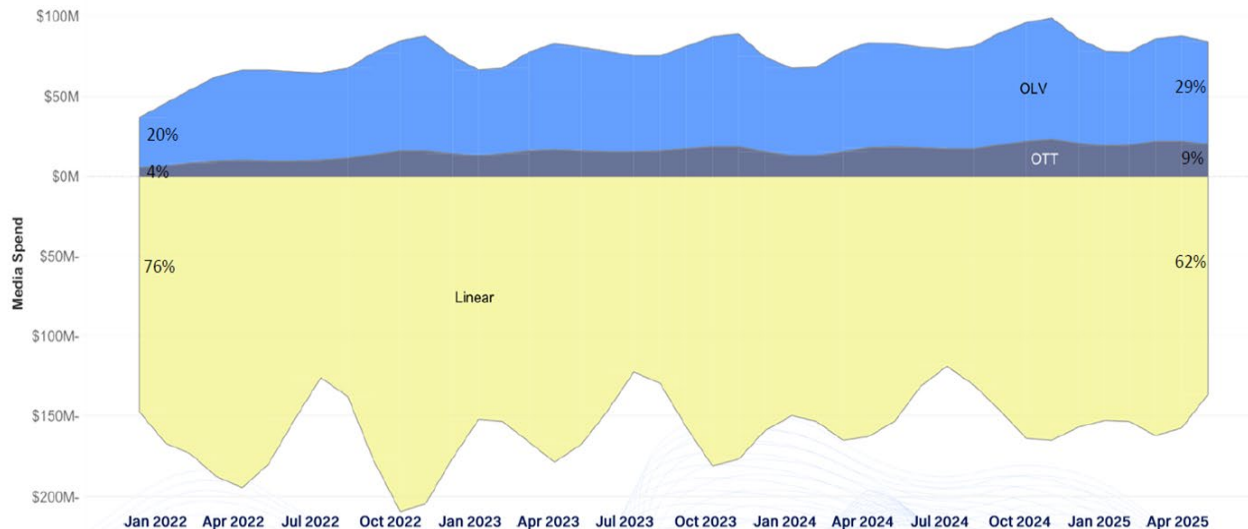
Source: [thinktv](#)

OTT FAST GROWING BUT SMALL

ALL VIDEO AD SPENDING

Guideline

Linear Commands the Lion's Share of Total Video Ad Spending, **with OTT (BVOD, AVOD, FAST) Accounting for 9%**

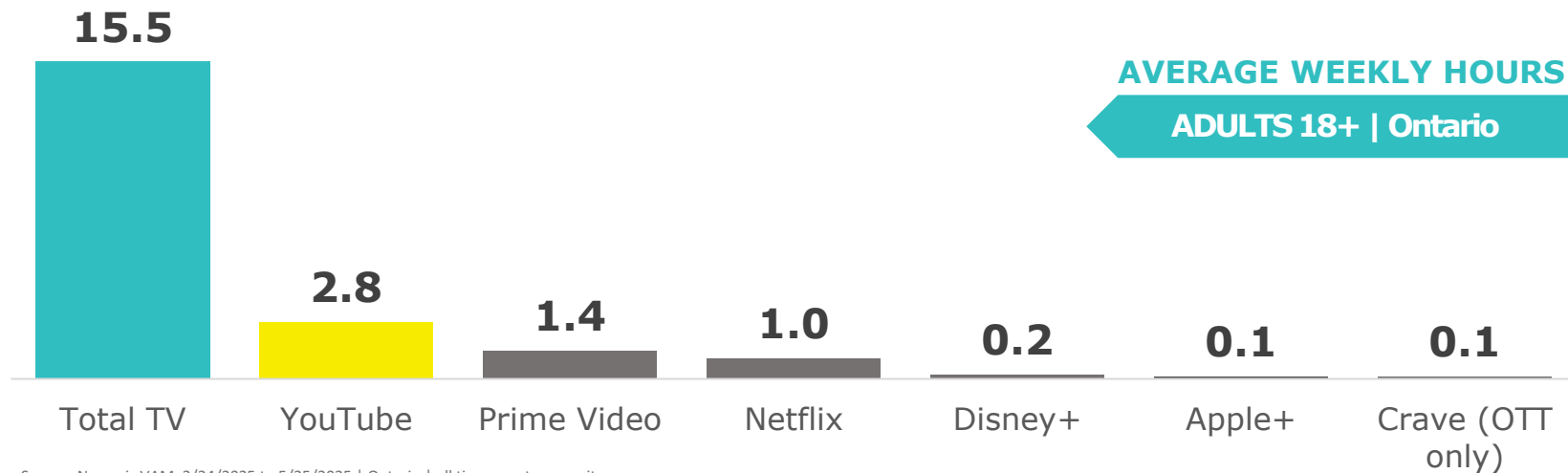


First Half 2025 vs. First Half 2024 ad spending: OLV has grown +3% while OTT has grown +25%

Source: Guideline, Future of TV Canada 2025

TV IS THE DOMINANT FORCE FOR VIEWING...

viewers spend **more time**
with **Total TV**



Source: Numeris VAM, 2/24/2025 to 5/25/2025 | Ontario | all time spent per capita

Total TV defined as linear TV and broadcaster streaming service | Streaming Services include ad-free and ad-supported services (in-home viewing only)

Source: thinktv

...BUT ITS STRENGTHS ARE BEING IGNORED

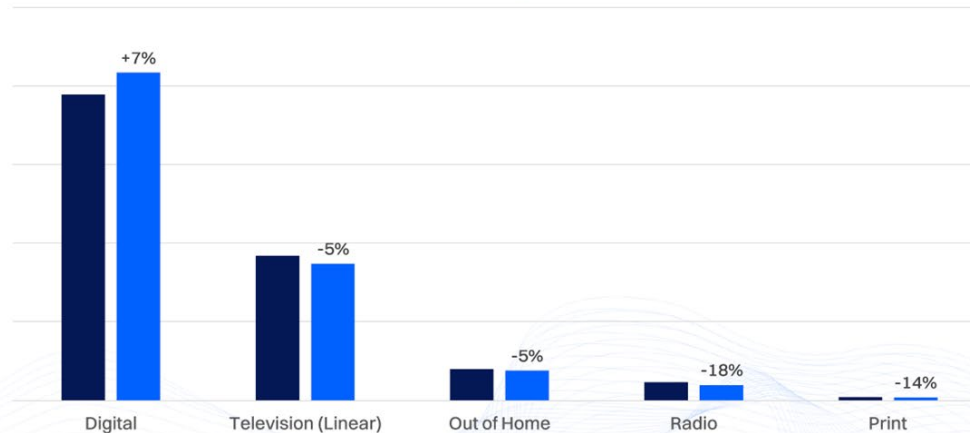
ALL MEDIA TYPE AD SPENDING

Guideline

All Media Spending is up Marginally, **+1.8% YoY**, Driven by Digital

Gross Media Spend by Media Channel
YoY % Change

■ Jan - Jun 2024 ■ Jan - Jun 2025



* Digital includes programmatic, social, search, long-form ad-supported streaming, and streaming audio.

Source: Guideline, Future of TV Canada 2025

DON'T FALL FOR THE JEDI MIND TRICK



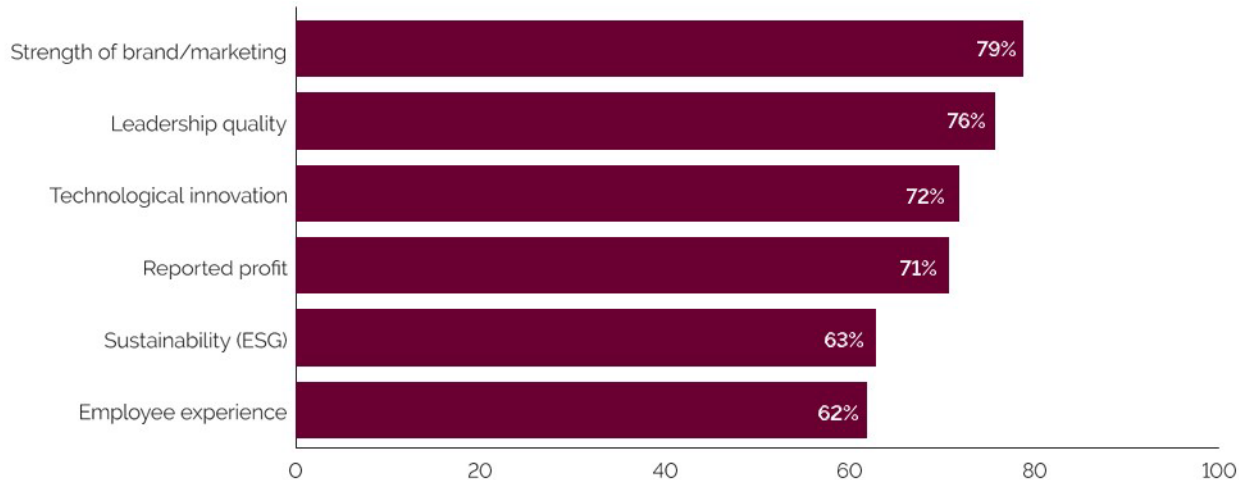
Source: Disney / 20th Century Fox

FINAL THOUGHTS

TV IS CRITICAL FOR ADVERTISERS - AND SHAREHOLDERS

Strength of brand & marketing are cited more than leadership or tech innovation in analysts' appraisals

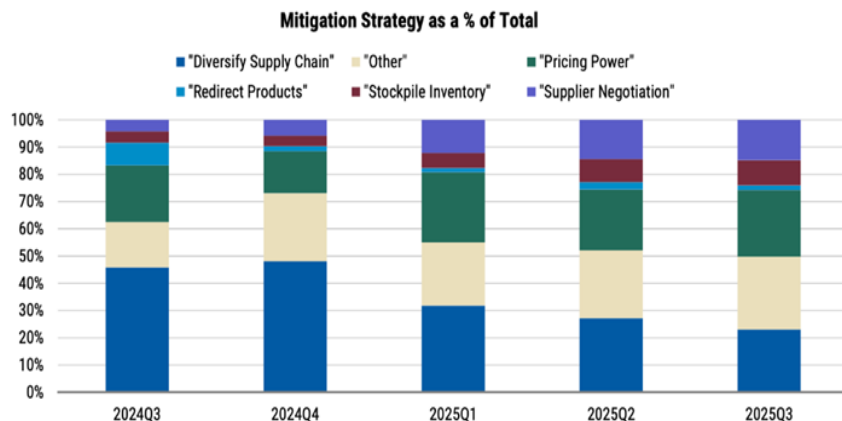
Q. Thinking about public companies in the industry or industries you cover, how important are the following factors to your appraisal and analysis. % responding "Very Important"



NOW IS THE RIGHT TIME TO DEMONSTRATE ITS IMPORTANCE

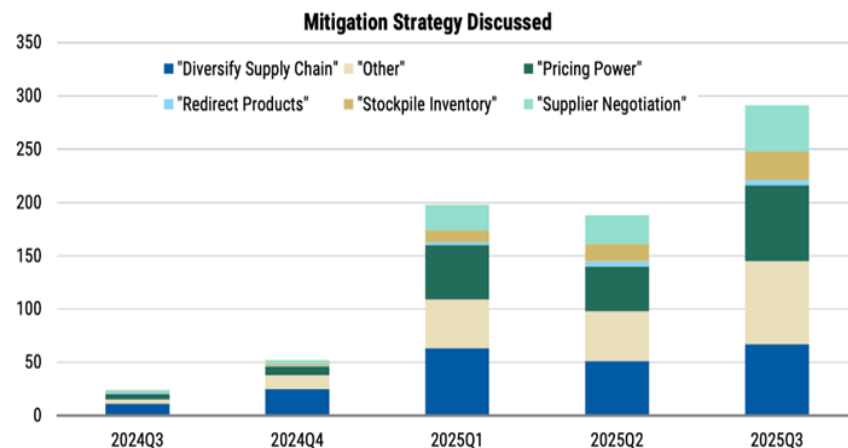
MITIGATION STRATEGIES DISCUSSED ON COMPANY CONFERENCE CALLS AS TO OFFSET THE COST OF TARIFFS

Exhibit 3: Mitigation Strategy as a Share of Total



Source: AlphaWise, Morgan Stanley Research

Exhibit 4: Mitigation Strategy Discussed



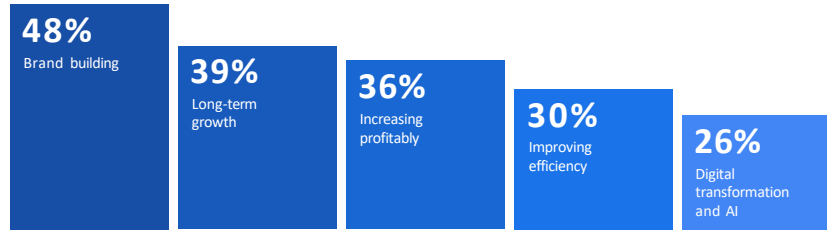
Source: AlphaWise, Morgan Stanley Research

Source: Morgan Stanley, September 2025

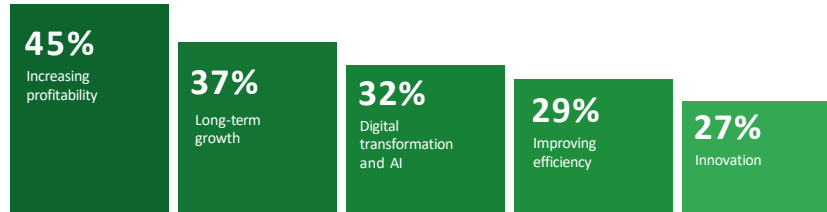
SPEAK THE LANGUAGE OF THE CFO

Company priorities for marketing and finance decision-makers

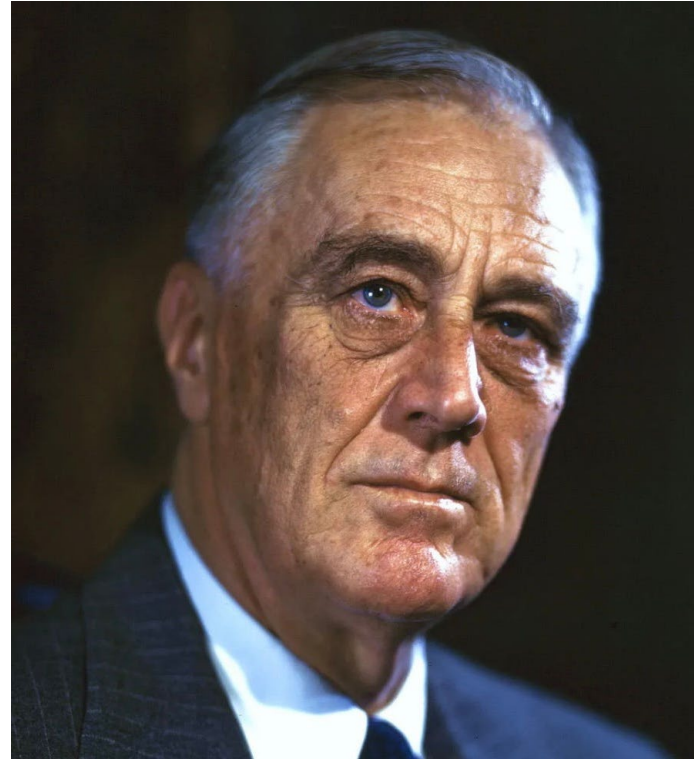
Marketing decision-makers



Finance decision-makers

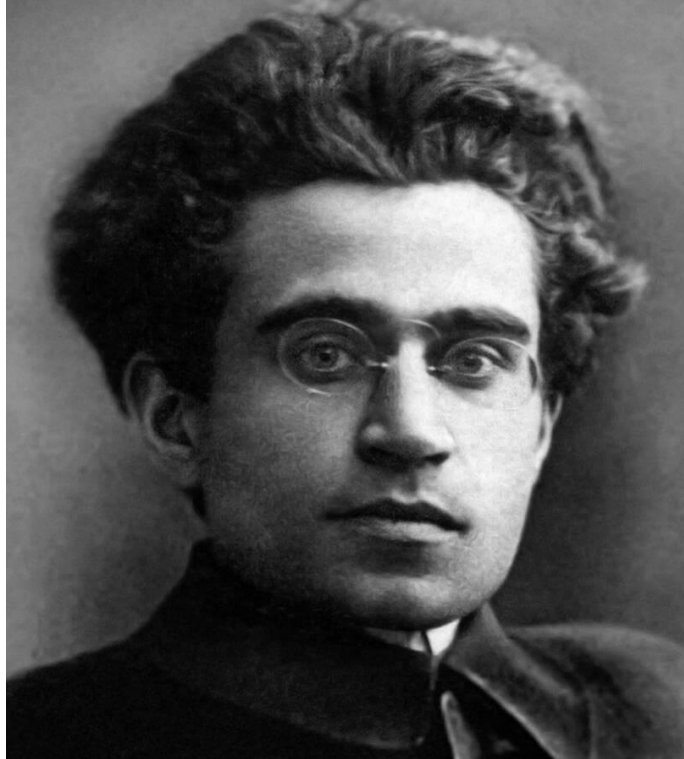


DEVELOP A NARRATIVE



Source: Stock images

PLAY THE PROCESS



Source: Wikipedia