

10th May 2017

ITV plc Q1 Trading Update – 3 months to 31 March 2017

ITV on track to deliver full year guidance

ITV has published the following trading update in advance of the Company's Annual General Meeting to be held at 11 a.m. today.

Adam Crozier, ITV Chief Executive, said:

"ITV's overall performance and the shape of the UK advertising market are very much as we anticipated and our guidance for the full year remains unchanged.

External revenue was down 3% over the first quarter with the good growth in non-spot advertising revenues offset by the expected decline in ITV Family NAR, down 9%. Online, Pay & Interactive continued to grow strongly driven by increased demand for online advertising, up 22%. ITV Studios total revenues grew 7%, including currency benefit, with a solid pipeline of new and returning programmes coming through.

Viewing remains strong both on-screen and online. ITV main channel share of viewing is up 4%, ITV Family share of viewing is up 2% and online viewing is up 32%.

Over the first half we expect ITV Family NAR to be down 8% to 9%. In line with previous guidance April was up 5%, while we expect May to be down 8% and June to be down 15% to 20% against the tough comparator of the Euros last year. The first half performance will also be impacted by the weighting of the programme budget to the first 6 months and the phasing of Studios deliveries, most significantly the non-recurring benefit of The Voice of China in 2016.

While the economic environment remains uncertain our guidance over the full year remains unchanged. We expect to grow our share of broadcast and will continue to deliver good growth in Online, Pay & Interactive driven by strong demand for online advertising. We are confident that ITV Studios will report good organic revenue growth for 2017 and we have already secured over 75% of the expected full year's revenue. We remain on track to deliver £25m overhead savings and a £25m reduction in the programme budget with the absence of a major sporting event.

We are pleased that the Digital Economy Bill, which includes the repeal of s73, has received Royal Assent with the Government confirming that repeal will be enacted without delay, paving the way for the introduction of retransmission fees.

We remain committed to our strategy of rebalancing and strengthening ITV. We see clear opportunities to invest for further growth across the business and our robust balance sheet and strong underlying cash flows allow us to continue to do so."

- Q1 in line with our expectations and ITV on track to deliver full year guidance
- Total external revenue down 3% to £731m (2016: £755m)
- Total ITV Studios revenue up 7% at £343m (2016: £322m), with a good performance from ITV America and the benefit of foreign exchange
- Broadcast & Online revenues down 6% to £507m (2016: £539m), with continued strong growth in Online, Pay & Interactive offset by ITV Family NAR down 9% as expected
- Online, Pay & Interactive up 12%, driven by 22% growth in online advertising
- ITV share of viewing up 4%, ITV Family share of viewing up 2% and online viewing up 32%
- ITV Family NAR forecast to be down 8% to 9% over the first half
- Profit over H1 will be impacted by higher share of programme budget spend and timing of ITV Studios deliveries as previously guided
- On track to deliver continued good growth in Online, Pay & Interactive and good organic growth in ITV Studios over the full year
- Royal Assent for the Digital Economy Bill paves the way for retransmission fees

NOTES TO EDITORS

1. Unless otherwise stated, all financial figures refer to the 3 months ended 31 March 2017, with growth compared to the same period in 2016. All operating figures refer to the latest available period, with growth compared to the same period in 2016.

2.

Revenue for 3 months ended 31 March (£m)	2017	2016	%
ITV Broadcast & Online	507	539	(6)
ITV Studios	343	322	7
Total revenue	850	861	(1)
Internal supply	(119)	(106)	12
Total external revenue	731	755	(3)

Revenue for 3 months ended 31 March (£m)	2017	2016	%
ITV Family NAR	393	433	(9)
Non-NAR revenue	457	428	7
Internal supply	(119)	(106)	12
Total external revenue	731	755	(3)

3. ITV Family NAR was down 6% over the 4 months to end of April as expected, with January down 5%, February down 7%, March down 14% and April up 5%. ITV Family NAR is forecast to be down around 8% in May 2017 and down 15% to 20% in June 2017, equating to down 8% to 9% overall for the first half. Over the full year we expect ITV Family NAR to outperform the total TV ad market.

These revenues are pure NAR, excluding the benefit of sponsorship, online revenue and self promotion. From March 2016, ITV Family NAR includes advertising revenue from the UTV Channel 3 licence (excluding UTV Ireland). Figures for ITV plc and TV market NAR are based on ITV estimates and current forecasts.

4. Operational summary

Broadcast & Online performance indicators	2017	2016	%
ITV SOV – weeks 1 to 15	15.9	15.3	4
ITV Family SOV – weeks 1 to 15	21.7	21.3	2
ITV adult impacts – weeks 1 to 15	65bn	64bn	1
ITV SOCI – weeks 1 to 15	24.8	24.2	3
ITV Family SOCI – weeks 1 to 15	34.7	34.4	1
Long form online viewing – 3 months to 31 March (hrs)	60m	46m	32
Total long form video requests – 3 months to 31 March	269m	204m	32

SOV data based on BARB/AdvantEdge data and Share of Commercial Impacts (SOCI) data based on BARB/DDS data. SOV data is for individuals and SOCI data is for adults. ITV Family includes: ITV, ITV2, ITV3, ITV4, ITV Encore, ITVBe, CITV, ITV Breakfast, CITV Breakfast and associated "HD" and "+1" channels. Total long form video requests is measured across all platforms, based on data from comScore Digital Analytix, Virgin, BT, iTunes, Amazon Video and Sky and include simulcast. Long form online viewing is the total number of hours ITV VOD content is viewed on ad funded platforms, based on data from ComScore Digital Analytix. % change for performance indicators is calculated on unrounded figures.

5. Total Studios revenue at constant currency was flat for the first 3 months of 2017. Our definition of constant currency assumes exchange rates remain consistent with 2016. The translation impact of foreign exchange if rates remain at current levels could be £60m more revenue and £10m more profit over the full year.

6. Net debt at 31 March 2017 was £627m (31 December 2016: £637m).

7. The net pension deficit of the defined benefit schemes at 31 March 2017 was £286 million (31 December 2016: £328m). The decrease reflects an increase in asset values and the deficit funding contribution which has more than offset the increase in pension liabilities, primarily as a result of a decrease in the discount rate.

An actuarial valuation is currently being undertaken as at 1st January 2017.

8. On 3rd May 2017 we announced that Adam Crozier, Chief Executive is stepping down from the Board and his role on 30th June 2017. Ian Griffiths has stepped up to a newly created combined role of Chief Operating Officer and Group Finance Director. Ian will also lead the executive team for an interim period, with Sir Peter Bazalgette, ITV Chairman, taking on the role of Executive Chairman during that time. The Company has a well developed succession plan in place and a longer term successor to Adam will be announced in due course.

9. In February, ITV acquired a majority stake in Tetra, the French television production group behind leading dramas including crime series Profilage, now in its seventh series, and Les Hommes de l’Ombre, the critically acclaimed political thriller.

In April ITV acquired a 45% stake in Blumhouse Television, established by Jason Blum, the renowned film and television producer, which finances and produces original scripted and unscripted ‘dark’ genre programming for global audiences, including The Jinx and Cold Case Files.

In May, ITV acquired a majority stake in World Productions, the company behind the critically acclaimed and multi-award winning Line of Duty.

10. Figures presented in this Trading Statement are not audited. This announcement contains certain statements that are or may be forward looking with respect to the financial condition, results or operations and business of ITV. By their nature forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements. These factors include, but are not limited to (i) a major deterioration in the current outlook for UK advertising and consumer demand, (ii) significant change in regulation or legislation, (iii) failure to identify and obtain, or significant loss of, optimal programme rights, (iv) the loss or failure of transmission facilities or core systems and (v) a significant change in demand for global content.

Undue reliance should not be placed on forward looking statements which speak only as of the date of this document. The Group accepts no obligation to revise publicly or update these forward looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

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