ITV Investor Update – Sale of ITV M&E Business to Sky

Monday, 6th July 2026

Investor Update

Carolyn McCall

CEO, ITV

Chris Kennedy

CFO, ITV

Introduction

Carolyn McCall: Good morning and welcome to ITV's Investor Call on the announced sale of our Media and Entertainment business to Sky. As always, I am here with Chris Kennedy, our Group's CFO and COO, who will talk about the financial details of the transaction. We are also joined by Julian Bellamy, the Managing Director of ITV Studios, and David McGraynor, the COO of ITV Studios, who will walk you through why ITV Studios as a standalone business will create further shareholder value.

Key transaction highlights

The deal announced today is a transformative moment for the ITV Group. It creates significant value for shareholders, enabling a cash return of £950 million. It protects and secures the future of ITV Media and Entertainment as a public service broadcaster, and it unlocks the value of Studios and provides the best of both worlds, creating a distinctive pure-play global content business supported by a longer-term relationship on content with ITV M&E and Sky.

The combination of two complementary businesses, ITV M&E with ITVX and its free-to-air channels and Sky with its technology-led user-centric platform, benefits users and advertisers. At a time of unprecedented change in viewer behaviour characterised by infinite content choice and the proliferation of ad-supported tiers across streaming platforms, this combination enables the combined business to better compete with deep-pocketed US streamers and to increase investment in British content. Now, we have talked about the integrated model to you for a long, long time and its value.

The £2.1 billion content supply agreement is a minimum spend guarantee which replicates the benefits ITV M&E and ITV Studios have always had. Sky has also committed to all the PSB requirements, ensuring viewers can watch their favourite shows free-to-air, preserving the quality and diversity of programming and news plurality that are the hallmarks of ITV's contribution to the UK's creative industries. I am now going to hand over to Chris to give you a bit more detail on the actual transaction.

Transaction summary

Chris Kennedy: Thank you, Carolyn, and good morning, everyone.

We think this is a great deal for shareholders, with the transaction valuing ITV M&E at between £1.4 billion and £1.6 billion. This value is made up of a combination of a £1.2 billion initial cash consideration subject to customary closing adjustments, and this is payable on completion and there is no tax to pay on this element. The contribution of Love Productions, the maker of the Great British Bake Off, which is valued at £200 million, and up to another £200 million of cash, which is contingent upon 2027 total advertising revenue. This earn-out becomes payable if total ad revenue is above £1.7 billion, with the maximum pay-out at £1.8 billion. The earn-out will be subject to UK corporation tax, and for reference, the current consensus total ad revenue for 2027 is £1.75 billion.

Crucially, the transaction also unlocks the value of ITV Studios, which post-completion will be a distinctive pure-play global content business. In 2025, ITV Studios EBITDA was £330 million. As an indicator of how TV production businesses are valued, the recently announced merger of Banijay and All3Media was transacted at a 10x EBITDA multiple.

To unlock this value, we are separating a business that has been integrated for decades. This is a complex exercise, which includes the negotiation and then implementation of the long-term content supply agreement between ITV Studios and Sky. We have got a robust plan that will involve a significant amount of work in order to separate the two businesses.

As a result, over the next three to four years, we will incur transaction and separation costs of around £185 million gross or £155 million net of tax. We estimate that the initial net cash proceeds from the deal are therefore around £1.05 billion, and we will use this cash to deliver value to shareholders through firstly, paying down debt to ensure that ITV Studios has a strong balance sheet. We are targeting net debt to EBITDA of around 1.5x post-completion, which is comfortably investment-grade. And secondly, through a significant cash return to shareholders at completion. Lastly, ITV Studios will incur around £25 million of stranded costs, which will be broadly offset by the contribution from Love Productions. Therefore, ITV Studios' historic segment performance, which we have reported, is a good proxy for pro forma EBITDA to history.

Unlocking significant value to ITV shareholders

Now, I appreciate that there is a lot of information to take in, but to summarise, before media speculation on our discussions with Sky, ITV PLC had a market cap of around £2.5 billion. As a result of this transaction, shareholders have the potential to receive value materially in excess of that. A cash return of £950 million, which is a substantial direct distribution of the value we have unlocked, coupled with ownership of an independent investment-grade ITV Studios in a large and attractive global market, and this is before any additional return from the earn-out.

Carolyn will now talk you through the benefits of the deal for other stakeholders.

Attractive combination of ITV M&E and Sky – benefiting multiple stakeholders

Carolyn McCall: Thanks, Chris. As we have already said, this is a transformative moment, because viewers will continue to watch their favourite shows free-to-air from national and regional news to the most popular dramas, soaps, entertainment and live sport. We will also have access to a broad range of programmes across both free and paid platforms.

Under the terms of the Channel 3 licence, which Sky is acquiring as part of this transaction, Sky will comply with all our public service broadcast commitments to the end of the licence period in 2034, including regional and national news. Advertisers will continue to benefit from trusted, high-quality content. The combined business will have the resources and technology capabilities to compete more effectively with global media and technology companies in the UK, creating a scaled alternative UK platform for advertisers. Together, Sky and ITV M&E have a significant content budget underpinned by the CSA, which will support continued investment in British creativity.

ITV Studios will be a distinctive pure-play global content business

Now, turning to ITV Studios. As you know, it has a compelling investment proposition, which includes firstly, profitable organic revenue growth ahead of the market, further enhanced through disciplined capital allocation, including potential for value-accretive bolt-on M&A building on its very successful track record. Secondly, industry-leading margins and strong cash generation enabling ongoing growth, investment and an attractive dividend. And thirdly, an investment-grade balance sheet. Finally, it has a very clear value creation strategy going forward.

Before I hand over to Julian to provide a deeper dive on the Studios' business, we want to show you some of its brilliant programmes, which really demonstrates the quality of the business.

[VIDEO]

Speaker: Television has the power to bring us together.

Speaker: We are just getting started.

ITV Studios

Julian Bellamy

MD, ITV Studios, ITV

David McGraynor

COO, ITV Studios, ITV

A Distinctive Pure-Play Global Content Business

Julian Bellamy: Thanks, Carolyn. I am Julian Bellamy, Managing Director of ITV Studios. I have been running the Studios division for ten years, but I have also been a producer, director and commissioner. I know first-hand what an extraordinary and rare creative powerhouse ITV Studios is. We own some of television's most loved shows and brands. We originate, produce, distribute and monetise this content, delighting audiences around the world. Our people are passionate, and our culture is strong.

Over the next few minutes, I will explain why we are really excited about ITV Studios' next chapter. We have a terrific business, well-positioned to deliver sustained profitable growth and cash generation going forward.

Clear competitive advantages

It is a business built off three significant competitive advantages: world-class talent, global scale and a unique IP library. These advantages underpin the results we deliver: over £2 billion of revenue, around £330 million of EBITDA and industry-leading EBITDA margins of 16%. Let us look at each one of those advantages in turn.

Home to world class talent

Firstly, we have an amazing creative talent base across over 60 production labels in 13 markets. It is one of the most formidable in the industry. And that is important because they ultimately create and produce the shows that power our Studios business.

It is people like the creators of I am a Celebrity and Love Island, or the producers of Rivals, the hit Disney+ series, or the team behind One Piece, a global number one series for Netflix. It is creators of this calibre across over 60 labels that also means we can attract some of the best on-screen talent in the industry. Now, assembling a creative talent base of that quality is far from easy.

It takes years and years of patient investment, carefully nurtured relationships, hard-won trust, and a distinctive producer-friendly culture that has creative freedom, entrepreneurialism, and empowerment at its heart. And that culture is why we have such a high retention rate for our top creative talent. For example, in the UK, three-quarters of our label MDs and creative leaders have stayed with us after finishing their earn-outs. And two-thirds of our label MDs have served over five years with us. And as you saw in the tape, it is also why our talent is widely recognised as being amongst the best in the business.

Consistently producing hits across the world

Of course, our outstanding team of creative talent is why we are able to produce some of the biggest and most memorable shows on TV, year in, year out.

Entertainment hits like The Voice, Love Island, The Chase, Come Dine With Me, and many other shows that we sell all around the world. This gives ITV Studios a really solid base of long-term recurring revenue, diversified across both customers and geographies. And as for our scripted output, that has been blazing its own trail with a consistent track record of success.

From the BBC's smash hit drama, Line of Duty, to Fool Me Once, one of Netflix's biggest English-language shows of all time. Or from Mr. Bates versus The Post Office, which was ITV's biggest drama in over 20 years, to Coronation Street and Emmerdale, the UK's biggest and longest-running soaps. It is a track record that we are very proud of.

Love Productions complements and strengthens our portfolio with more global hits

Building on that success, the addition of Love Productions will complement and further strengthen our talent base and our library of world-beating IP. As multi-award-winning producers of hit shows including The Great British Bake Off, The Piano, and The Great British Sewing Bee, all of which have been recommissioned this year, Love has a proven track record, a brilliant unscripted series, and a consistently strong financial performance with £75 million of revenue and £24 million EBITDA. We are delighted they are joining us.

UK creative powerhouse with global scale

Our second big competitive advantage is scale, and there are two parts to this. The first is about the UK. ITV Studios is Britain's biggest producer, with around 30 production labels making over 5,000 hours of programming every year.

Now, that is important because the UK is the world's leader in creating and exporting unscripted formats. It is the biggest exporter of scripted shows outside America and the world's biggest market for original commissions after China and the US. And crucially, it is a territory where producers are able to own their IP, unlocking profit streams that other markets with less rights do not.

The other advantage of scale is our global reach. Outside the UK, we have around 30 production labels across the US, Europe, and Australia, plus a world-class global distribution and commercial arm that monetises our shows around the world. Now, that is important because it enables us to capture the full value chain of the IP we create, helping to drive our industry-leading margins.

Diversification across markets, buyers & genres

As you can see from this slide, our global scale also builds diversification and resilience, meaning we are not dependent on any one geography, customer, or genre. As with our talent base, this UK and global scale cannot be achieved overnight or easily replicated. It has taken years and years to build and has positioned ITV Studios as a strong, resilient business with the capability to adapt to the changing media environment.

Global buyer relationships and strategic partnership with ITV M&E and Sky

That scale also means we have longstanding trusted and strategic relationships with a tremendous range of buyers worldwide, from Netflix to Disney, RTL to TF1, and many, many others. And of course, in the UK, we will have a very close ongoing relationship with ITV, M&E, and Sky, underpinned by a new long-term content supply agreement that includes a minimum spend commitment of £2.1 billion from 2028 to the end of 2032. A welcome and exciting extension to our mutually beneficial relationship that has existed between ITV Studios and ITV M&E for many years.

The content supply agreement formally guarantees that ITV M&E's current level of spend with ITV Studios outside sport is maintained until at least the end of 2032. It spans genres including drama, entertainment, the soaps, and daytime, and encompasses programmes commissioned for either ITV M&E or Sky. This provides ITV Studios with a guaranteed bedrock of commissions from one of Europe's biggest commissioners and a fantastic platform for our amazing talent to launch new shows and create new IP at scale. It is also a tremendous opportunity to build an even closer relationship and win more business with the fantastic team at Sky, something we are all really looking forward to.

Valuable and unique IP library

The third major competitive advantage is our special and unique IP library. It is a vast catalogue with over 100,000 hours of content spanning over 60 years.

In fact, you may not even realise some of these shows are in our library, from Poirot to Sherlock, the Graham Norton Show, to Poldark. And it is growing by roughly 4,000 hours of new IP every year, continuously adding to some of the biggest brands in global television. Not only that, over 90% of that IP library is the English language, the vast majority of which is British content, which is a much more valuable asset than most and a real competitive advantage.

The library is also very diversified, covering a broad range of genres from drama to entertainment to factual, enabling us to act as a one-stop shop for our clients' programming needs.

In addition, we are driving significant incremental revenue through our fast-growing digital studio, Zoo 55, which not only distributes and monetises our IP across all digital and social platforms, but enables us to build a direct relationship with fans of our shows around the world. Last year, our content had over 47 billion views across social platforms.

An IP library of this scale and pedigree, more than six decades in the making, is critical to our future success and one of the most durable competitive advantages in the industry. All this is important because a strong IP library drives higher margins and builds further diversification and resilience into the business. More on that from David shortly.

In summary, our combination of talent, scale and the IP library really sets ITV Studios apart in a dynamic competitive industry, and they all underpin the financials, and the value creation plan that David will take you through now.

Strong Operating & Financial Characteristics

David McGraynor: Thanks, Julian, and good morning, everyone. I am David McGraynor, the Chief Operating Officer of ITV Studios, where I lead our global commercial, operational and business development teams. I joined the business 15 years ago as CFO, becoming COO in 2020, so I have seen first-hand the growth and transformation of ITV Studios into one of the world's leading content businesses.

Clear competitive advantages underpin attractive financial characteristics

Now, Julian has just explained what makes us such a distinctive creative business with unique strengths. I am now going to focus on how this translates into a business with attractive economics, firstly through high-quality earnings, secondly by illustrating our strong financial track record, third to our growth potential and finally, how that generates long-term shareholder value. Let me start with the quality of our earnings.

High-quality earnings

When I think about the quality of earnings, four things stand out. Firstly, our diversified operations across markets, customers and genres not only gives us resilience but allows us to capture opportunities wherever they emerge. Secondly, we have a high level of recurring revenues.

Across the business, more than 75% of revenues come from returning shows and recurring monetisation activities, giving us real visibility and predictability. Thirdly, the quality of our content combined with disciplined cost management supports attractive EBITDA margins of between 14% and 16%, which I will talk more about later. And finally, our cash generation is strong.

On average, we convert around 80% of operating profit into cash and that is supported by a flexible made-to-order production model, an asset-light operating structure and a largely variable cost base. And underpinning all of this, our integrated operating model which combines local production with global distribution and monetisation allows us to capture more value from the IP we create and own.

Operating model allows us to create and capture full value

The heart of our business model and how we create and capture value is illustrated on this slide.

Firstly, we create and produce content through each of our 60-plus labels. That includes both new IP and returning series, all produced to order for broadcasters and streamers around the world. Today, our production business represents around 80% of Studios' revenues and delivers stable, predictable earnings.

Secondly, where we own rights, that content becomes part of the IP library Julian has just spoken about. And thirdly, we monetise that IP repeatedly through global partnerships and Zoo 55. We sell finished programmes and formats internationally.

We produce our formats in markets where we have local production companies. We monetise content on digital platforms such as YouTube, and we connect our brands with consumers through licensing, merchandising and commercial partnerships. The Voice is a great example of how a successful brand can be scaled and monetised globally, with over 150 adaptations in 76 territories.

Across Studios, monetisation activity is around 20% of revenues, but it is high margin and highly recurring because it is driven by existing IP rather than new productions. And the key point of our business model is this: a successful idea is not a one-off project, it becomes a multi-year, multi-market, multi-channel revenue stream. And that is what makes our model so powerful, and it is what underpins the quality, durability and cash generation of the business.

Industry-leading revenue and margin

The result of those economics is a business that consistently delivers industry-leading margins relative to our peer group. Our margins reflect both the quality and mix of our content, as well as the efficiency of the operating model we have built over many years. While margins are an important indicator of quality, our focus is ultimately on maximising economic returns rather than targeting a specific margin at an individual project or segment level in isolation.

Track record of consistent revenue growth and profitability

The strength of the business is also reflected in our long-term financial track record. Over more than a decade, we have consistently grown revenues while maintaining attractive margins. That performance has been driven by competitive advantages Julian described earlier combined with disciplined execution and a clear strategic focus on the fastest growing parts of the market. Those same strengths give us confidence in our ability to continue creating value in the years ahead.

ITV Studios is well positioned in a large and attractive content market

Turning to the market, we operate in a large and attractive global content market worth more than $235 billion last year. It is a market that has proven remarkably resilient despite industry disruption over the past few years.

While growth is increasingly driven by streamers, ad-supported platforms and demand for library content, the free-to-air segment remains a large and important part of the ecosystem. Combined, these characteristics play directly to our strengths. In a market where overall growth is moderating, talent, scale and IP ownership become even more crucial in winning market share.

Proven ability to capture emerging growth trends and outperform the market

It is equally important to be well-positioned in the fastest growing parts of the market. Our ability to pivot early and at scale to growth segments of the market is something we have consistently demonstrated over time. For example, we have significantly increased our focus on streamers as that segment expanded and as a result, revenues from streamers have almost tripled over the past four years.

We have also expanded our scripted capability, enabling us to capture growing demand from global platforms and more recently we have launched Zoo 55, which is accelerating the digital monetization of our IP. Zoo 55 is a highly capital-efficient growth opportunity because it creates incremental revenue from content we already own.

Delivering long-term value through profitable growth and disciplined capital allocation

Now, looking ahead, our priorities are clear.

We want to continue delivering profitable revenue growth to generate strong cash flow and to allocate capital in a disciplined way. Over the medium term, we expect to continue delivering profitable organic revenue growth ahead of the market while maintaining margins within our established 13-15% EBITDA range. Cash generation is expected to remain strong with operating profit to cash conversion averaging around 80% over time and as Chris highlighted earlier, we remain committed to maintaining a robust investment-grade balance sheet.

As a result of the transaction there are a few adjustments to ITV Studios revenues and margins, the details of which can be found in the RNS and their financial guidance, reflects these changes.

Clear value creation strategy

Finally, let me turn to value creation. Value creation starts with investing organically to drive profitable growth while maintaining a strong investment-grade balance sheet.

That in turn supports an attractive dividend. Beyond that, we can enhance returns through disciplined value creative acquisitions building on our successful track record and where appropriate, surplus capital can be returned directly to shareholders. Taken together, our competitive strengths market positioning and disciplined approach to capital allocation give us confidence to deliver durable long-term value for shareholders.

With that, I will hand back to Carolyn.

Closing Comments

Carolyn McCall

CEO, ITV

Next steps

Thank you, Julian. Thank you, David. Now you have heard, ITV Studios is a really exciting business, and we look forward to going into much more detail at the Capital Markets Day.

Let me now just walk you through the key transaction milestones from here on in. As you would expect, the transaction is subject to customary regulatory approvals. We are working very closely with Ofcom, DCMS and the CMA to ensure we cooperate fully with their respective processes, provide all requested information. The same applies of course to Comcast and Sky. Initial discussions have already taken place. We plan to make formal regulatory filings in short order, targeting Q4 2026 for commencement of the formal review period.

As I said, we will host a Capital Markets Day for ITV Studios closer to completion indicatively in H1 2027 where management will provide further detail on the company's strategy, financial performance and medium-term outlook as a standalone business. Completion is expected in H2 2027. Based on the advice we have been given and our own assessments, we are confident because we think the regulators would also see the fundamental changes that I described earlier on in the market.

The capital return to shareholders will follow completion, with further details to be provided closer to that date.

Key messages

Just to summarise, this deal creates significant and sustainable value for our shareholders. It enables a cash return of around £950 million.

It unlocks the value of Studios and more than that it benefits multiple stakeholders through the attractive combination of two leading British streamers and broadcasters. As you all know, ITV celebrated its 70th birthday last year, and it continues to hold a unique and valuable place both in the lives of British viewers and in our creative sector. Through the more than TV strategy, ITV has successfully evolved in a rapidly changing media landscape, and this transaction actually builds on that momentum.

The value this deal creates reflects a huge amount of hard work by the people in ITV, and they have been the ones that have executed our strategy so successfully. And I would like to thank every single one of our colleagues for their continued focus and commitment in transforming ITV and setting up both of our divisions for future success.

Thank you very much for listening, and we will now take your questions.

Q&A

Ed Young (Morgan Stanley): Thank you and good morning. Two questions, please. First of all, I wonder if you could elaborate a bit more on why now is the right time for this transaction and connected with that what were the key elements of the deal that must have to get right to proceed with it.

And then second of all in terms of the use of proceeds just wondering how you considered shareholder returns versus keeping hold of more cash to potentially be more aggressive in terms of building scale and perhaps you maintaining the right sort of culture and home in the business for the creatives that are already there. Thank you.

Carolyn McCall: Okay. Thanks, Ed.

Why now? Well, look, we have as a board, we have said to you, we look at all our strategic options. We have kept them under review for forever, really. I mean, we always look at those.

We had done a lot of work on this for a long time and why now is because all the conditions were right to come together. I mean, we think the market has changed so fundamentally, and it has changed exponentially, actually, since COVID in terms of viewing habits. The global streamers have really accelerated what they do in the UK in particular. And also, that has had an impact obviously on viewers and on advertisers. And so, I think both companies have seen the benefits of coming together because we are complementary. We know we will make a bigger, better content business, i.e., for viewers. We also think there are a lot of benefits for advertisers. We think the market has changed fundamentally, which means scale is very, very important.

I also think that from a regulatory point of view, I am hoping that very much the regulators see those changes too. Actually, it is worth saying that through all our strategic thinking on the ExCo and the board, the company at the top of the list to do anything with was Sky. And so, ITV did approach Sky actually to just say, do you want to chat and do you want to talk further? That is really how this happened. And so, I think really the conditions were right all around for us to have these very serious discussions that have now materialised in a transaction.

Chris, do you want to take the second one?

Chris Kennedy: Yes. Key elements of the deal, I mean, fundamentally it needed to be a deal that created value for shareholders because that is the lens we use as a board. We were pleased with the valuation that was put on M&E by Sky.

That is a reflection I think of the successful execution of the strategy. We would not be in this position if the team hadn't done an amazing job on ITVX and the viewing and the advertising revenue that has come from that. It was important to replicate the current arrangement between M&E and Studios.

This long-term supply agreement, five years from completion, £2.1 billion, which underpins the partnership that will continue between M&E and Studios, was also important. As Carolyn said, we needed the confidence that the time was right with the regulators and the certainty around completion. Cannot prejudge it, but we have that confidence.

And use of proceeds, Ed, you know we have consistently said, and I will pass to Julian, Studios has the scale right now to compete. It is one of the largest independent producers in the world. We do not need scale for scale's sake.

We have had a really successful history of bolt-on acquisitions, which fulfil a purpose that financially sensible, but also that they build out the portfolio of labels that we have. And obviously, we are getting Love Productions as part of this deal. That is a £200 million, effectively a £200 million acquisition there and then.

We feel that the right thing to do is to set the Studios business up for success with an investment-grade balance sheet, 1.5x leverage, which is comfortably investment-grade, which allows Studios to continue to do bolt-on acquisitions, but we do not need to retain the cash.

Julian Bellamy: Yes, I mean, just to add to that. Yes, I mean, as Chris said, I think, in Studios we feel, we have absolutely got the scale to compete. It is the scale and the quality and hopefully that came across in the presentation where it is the scale both in the UK and international, but also then blended with the IP library and the talent base.

And so, look, we are very focused on getting the best out of the assets that we have and executing our strategy and delivering value for our shareholders. And as Chris said, you know, we have always had, and we will continue to have a very clear and consistent approach to our bolt-on M&A strategy. We are always looking for great creative businesses that are a great strategic cultural fit and that they can join the group in a way that creates value for shareholders.

Ed Young: Okay. Thanks very much.

Julien Roch (Barclays): Yes. Good morning, everybody. Thank you for taking my questions. I will start with the £2.1 billion spend from Sky over 2028-2032, five years. That is £420 million a year, but internal revenue has been £600 million every year for the past four years. Does that mean you expect less revenue going forward? That is my first question.

The second one is Love Productions. It seems that the numbers you are giving us, £75 million of revenue and £24 million of EBITDA are 2024 numbers. Can we get the 2025 numbers? And can we also get the IFRS 16 depreciation? And then finally, Zoo 55 revenues, are those included in the £603 million of stream of revenues in 2025 and Zoo 55 revenues in 2025? All numbers questions, sorry. Thank you.

Carolyn McCall: Well, Chris, all numbers questions.

Chris Kennedy: Lucky I am here, Julien. Yes, the £600 million in internal revenue that you referenced, that includes intra-Studios revenue, which was £89 million last year. And it also includes sport production, which is transferring from Studios to M&E at completion, because Sky are a brilliant broadcaster of sports, and we have got a brilliant sports team. It made sense as part of that.

Carolyn McCall: That is about £50 million.

Chris Kennedy: Yes. The £420 million average over the five years is in line with the internal supply historically. No change there. Love Productions, 2025 numbers have not yet been made publicly available, but they are pretty much in line with 2024. And I did not quite get the question on Zoo 55.

Carolyn McCall: Zoo 55 revenue, part of the CSA, anything that goes to Zoo 55?

Chris Kennedy: Yes. As you know, Zoo 55 does the channel management for the M&E programming on YouTube that will continue in the future. Yes, that Zoo 55 relationship remains.

Julien Roch: No, sorry. My question was, is the Zoo 55 revenue included in your £603 million of streamer revenues? When you are breaking down your revenue between streamer, internal and broadcast, is Zoo 55 in the £603 million?

Chris Kennedy: Sorry, yes. Why do not we take that one offline, Julien, because I am not sure I know the question you are asking. Yes.

Julien Roch: It was page 23. Sorry, slide 23.

Carolyn McCall: Yes.

Julien Roch: You are breaking down your £2,130 million, £1,527 million FTA, and £603 million streamers. Is the Zoo 55 revenue in the £603 million or is it in the £1,527 million?

Carolyn McCall: Of course, it is.

Chris Kennedy: I do not have slide numbers on this. Oh, I see where you are. Right.

Carolyn McCall: I think it is, yes.

Chris Kennedy: Yes. That is by customer, so it will include all the revenue streams from the Studios business. The proportion of Zoo 55 is there. Yes.

Carolyn McCall: It is in.

Julien Roch: It is in the £603 million. Okay. And how much was Zoo 55 in 2025 of revenue?

Carolyn McCall: At the moment it is around £60 million.

Julien Roch: Right. Thank you.

Carolyn McCall: Okay.

Chris Kennedy: Thanks.

Adam Berlin (Goldman Sachs): Hi. Good morning. The first question, you showed a helpful slide with the market for TV content, which has been reasonably stable for the last few years. Can you just talk a little bit more detail on this question for Julien about how you plan to grow ITV Studios in what seems to be a fairly flat market? Why should ITV Studios grow in the flat market? That is the first question.

And the second question is, can you help us, Chris, with free cash flow for say 2025 for ITV Studios? I know you have given us the profit to cash ratio for just a detail, but any estimate you have got on what you think the standard on free cash flow would have been for ITV Studios? Thanks very much.

Julian Bellamy: Shall I take the first one?

Carolyn McCall: Yes.

Julian Bellamy: Yes. Hi. Yes. I mean, I hope this came across in the presentation that our revenue growth is going to be driven by leveraging those competitive advantages that we talked about, that is your formidable talent base that we have, the scale that we have both in the UK and globally, and also the IP library, a scaled IP library, predominantly English language. Plus, we are leaning into those growth segments within the market.

Streamers, you can see how much we have grown our business with the streamers. It is something like doubled over the last five years in scripted 10% growth in 2025. We have seen a big growth for us in that segment. And then in the library, with the IP library, global partnerships, again, driving a lot of growth, aided by Zoo 55, something like 7.5% CAGR between 2021 and 2025. Those have really been the primary levers of our growth.

Carolyn McCall: And it is worth also just adding that the streamers are doing much more unscripted now. And so, Julian, you are the leading unscripted producer.

Julian Bellamy: Yes. It is a really good point. We have seen that segment grow a lot. And you can see some of the success that we are having, whether it is Squid Game: The Challenge for Netflix or, of course, Love Island is a smash hit at the moment over in the US, the most watched streaming series in the US across all streaming platforms in 2025.

Carolyn McCall: Which is on Peacock.

Julian Bellamy: It is on Peacock.

Chris Kennedy: Yes. And then on the cash generation, Adam, we have said that we believe the Studios business will be at around the 80% cash conversion mark, which is broadly where it has been historically. That tends to be because it is growing in unscripted. You do get a working capital movement each year as we grow the business.

However, on an adjusted EBITDA last year of around £300 million, that is £240 million of cash. It is a capital-light model. Very little CAPEX at all. We do not own large Studios or lots of kits. It is a variable cost model. Out of that, you have got then the interest on 1.5x leverage and tax, which is broadly at the UK corporation tax rate.

Adam Berlin: Thanks very much, Chris. Very helpful.

Annick Maas (Bernstein): Good morning. My first question is, you have shown us very helpfully how much streamers have contributed to growth and free-to-air and pay TV have contributed to the decline in the last few years. Can you give us a numbers indication of how much you expect streamers to grow in the mix in the next years, and free-to-air pay TV to decline?

And my second one is, I am coming back to your comment on the fact that it is the right time with the regulator. Do you have any deal precedent that makes you more confident that the regulator will look this time around, not only at the TV advertising market, but at the wider definition of the ad market? Thank you.

Carolyn McCall: What we are saying about growth in studio, I mean, so we cannot do an outlook.

Chris Kennedy: Streamer future growth. Yes.

Carolyn McCall: We are not going to do an outlook statement, but we would say the market overall is growing, and then we would always say that we will grow ahead of the market. I mean, that is really what we can say today.

Julian Bellamy: Yes. And as you can see from the slides that we presented that capture the overall content market, this is the data from Ampere. And you can see the view is that there will be a gentle decline in free-to-air of around about just under 2%, and you will see the streamers growing by around about 2%.

However, within that, of course, there are other segments that we mentioned earlier on, the growth of unscripted among streamers, the growth of scripted and so on. But that is broadly the latest data.

Chris Kennedy: And remember, this is a fragmented market. It is well over £200 billion, our turnover is £2 billion. The market trends are important, but also what we do for self-help is as important. That is why the strategy about making sure we have got global formats, making sure we are going after streamers, Zoo 55 is very exciting as the 100,000 hours of catalogue that we have got English language primarily becomes open to digital exploitation and that is an incremental revenue stream. Honestly, the studio strategy is all about self-help within a very big market.

Carolyn McCall: And it is about growing share.

Chris Kennedy: And growing share.

Carolyn McCall: Continuing to grow share, which we have been doing effectively. And then on the regulator, look, there has been a media deal for many years. However, the Vodafone Three deal went through, and the regulators took a very rational, very sensible approach to that. And so, I do think that, as I said, we have taken a lot of advice, and we have done a lot of assessment as have Sky.

And we do believe now is the time because it is so fundamentally a changed market. You just have to look at your own experiences to know how viewing has changed. And certainly, from where we sit, we have ample evidence of how advertising has changed. As we say, there is no precedent at the moment for this in the media space. However, we believe that the evidence is pretty compelling, but we cannot prejudge a process.

Annick Maas: Thank you.

Carolyn McCall: Okay.

Adrien De Saint Hilaire (Bank of America): Thank you very much. A couple of questions, if that is okay. First one, I know it is quite early in the process, but could you talk a bit about the future capital allocation of the new ITV Studios? I appreciate the market is indeed pretty fragmented on your side. Do you think there will be opportunities for future deals here?

And then, thanks for giving the split of streaming versus traditional clients. Could we double-click a bit within streaming between SVOD and AVOD? Because it seems like most of the growth now in the market is coming from AVOD. I am not quite sure that category for you guys is significant. And related to that, as most of your revenue or your revenue growth comes from streaming, do you think this will have a bearing on your margin? Because I think these companies, the streamers, are said to have better, stronger marketing power vis-à-vis the producers. Thank you.

Chris Kennedy: Yes. Adrien, on the future capital allocation, I think we said earlier, the capital allocation model really is a continuation of the way we work today. It is about investing for organic growth. There will be a sustainable dividend, will maintain investment-grade, and we will continue to look for value-accretive acquisitions with a strategic fit to the current portfolio. Really, no change there in terms of the capital allocation of the future business.

On the streaming customers, SVOD versus AVOD, Julian?

Julian Bellamy: Well, all fronts. I mean, look, one of the characteristics of the last year is that we have been in the last few years is that we have grown our streamer business right across the board, not just with global streamers. Actually, there is also regional local streamers like BritBox, for example, that we have grown. And AVOD, Fast, we see that very much as part of our overall digital strategy that Zoo 55 is right at the forefront with, and that is in conjunction with our YouTube business, gaming, gaming and so on. We are pushing on all fronts, and it is an important growth lever for us going forward.

Chris Kennedy: Yes. And in terms with the margin question, as you know, the Studios' business is a mix of lots of different business channels. All the way from a format sale, which is 100% margin, to sports production, which is a very low single-digit margin, and then everything in between. We are not worried about streamers buying power, because essentially, our motive is brilliant, creative ideas that are must-have for shows. And I think you have got some great statistics about the power of our shows on the likes of Netflix in terms of global viewing.

Julian Bellamy: I was just going to say, look, when we are looking at our margin as a Studios business, our focus is, we are always focused on what is going to give us the best economic return. And the margin is an output of those decisions. And I hope this came across in the presentation. The margin is really driven by a number of things, but the three big ones are, one, the hit factor, the creative strength of the slate, two, the amount of reoccurring revenue that we have, and you saw that in the mid-70s%, and then the power of those big brands. When you have got a show like Love Island that is in 76 different territories, that is really then driving, and then it is driving ancillary revenue as well. That is driving a lot of our leading margins.

Carolyn McCall: And drama is a good example, is not it, of where streamers look to us, because we do drama in a sweet spot, which is high quality, but not as expensive as some of the big budget dramas like Bridgerton or whatever.

Julian Bellamy: Yes, exactly. When you think, for example, that there is a show like Fool Me Once, made by Key Street Productions, a company just outside of Manchester, that is in the top ten all-time most-watched English-language Netflix shows, it gives you a sense of the power and influence of some of those shows.

Carolyn McCall: And they have had multiple shows on Netflix.

Julian Bellamy: Oh, yes.

Carolyn McCall: So, I think we are known, as you said, this moat is a very deep moat because we are known for certain things, and we do it very efficiently. It is cost-efficient for streamers. I think that is important. And I think overall, just it is worth reiterating, we have the leading margins in the production industry, but also our KPI is very clear. We have always said we would be between 13% and 15%, which is top-end.

That is the last question. Thank you very much. Thank you. Any more questions?

Chris Kennedy: I think we have one more.

Carolyn McCall: Okay, great.

Julien Roch (Barclays): Yes, it is me again, which is a follow-up from Adrien's question and my initial question. On page 22, you kind of broke down the market between traditional, then YouTube, AVOD, then SVOD. However, then on page 23, you broke down your revenue in two, not in three. What we are trying to do is break your revenue in three. Which is Adrien's question, but also mine, is in the 603 of streamers, does that include Zoo 55? And is Zoo 55 the entirety of your YouTube AVOD revenue, or is there more? And then what is Zoo 55 revenue in 2025? We are trying to break down the market, your revenue in three, in 2025, not in two.

Chris Kennedy: Yes. Julien, I mean, that data is all available. I think the best thing – we will take on board your desire to see a bit more granularity on the streamers. And as we said in the presentation, there will be a Capital Markets Day presentation later in the regulatory process. I think that level of detail is probably best left to that market presentation.

Carolyn McCall: Actually, it is a good point, because we would be aiming to do that. I think indicatively, we are saying H1-27. That is next year, where we will go much, much deeper into the Studios business.

If that is the last question.

Julien Roch: Thank you.

Carolyn McCall: I would just like to say thank you all very much for joining us this morning and see you all soon.

[END OF TRANSCRIPT]