

ITV plc Q3 Trading Update for the nine months to 30 September 2024

Q3 Key Messages

- As expected, ITV Studios Q3 revenue was impacted by the phasing of deliveries and the 2023 US writers' and actors' strike. Q3 YTD total Studios revenue was down 20%¹
- ITV Studios is on track to deliver record adjusted EBITA² in FY 2024, reflecting efficiency gains and a significant Q4 delivery schedule. Total Studios revenue is expected to decline mid-single digits over the full year which is only marginally down year on year excluding the impact of the US actors' and writers' strikes
- ITVX continued to perform strongly with 14% growth in streaming hours and 15% growth in digital advertising revenue in the nine months to 30 September
- Total advertising revenue was flat in Q3, as expected. Full year 2024 TAR is expected to be up around 2.5% with Q4 expected to be down around 6-7% against the 2023 Rugby World Cup comparative. In addition, Q4 advertising bookings were impacted by the uncertainty in the lead up to the UK budget
- Today we are announcing an additional £20 million of net cost savings in 2024, £10 million of which is a reduction in content costs and £10 million of which is the early delivery of non-content savings planned for 2025

Carolyn McCall, ITV Chief Executive, said:

"ITV's good strategic progress has continued in the first nine months of 2024 driven by strong execution and industry leading creativity.

"ITV Studios is performing well despite the expected impact of both the writer's strike and a softer market from free-to-air broadcasters. ITV Studios has had an excellent start to Q4, in line with expectations, which will ensure it achieves record profits in 2024. Studios has great creative and commercial momentum as demonstrated in the last few weeks with shows including Rivals for Disney+ and Ludwig for the BBC and is on track to deliver good revenue growth in 2025 and 2026.

"ITVX continued its strong performance, delivering double-digit growth in streaming hours and digital revenues. ITV maintained its unique position in linear television through the quality and breadth of its schedule, and ITV1 was voted Channel of the Year at the Edinburgh TV Awards.

"Our cost saving programme is progressing well and today we are announcing further cost savings in addition to the previously announced £40 million of incremental cost savings through restructuring, improved efficiency and simplifying ways of working. Coupled with our strategic delivery and revenue outlook, this continues to give us the confidence that we will deliver an increase in group profit³ this year."

Group revenue performance for the nine months to 30 September 2024

- Group revenue was down 8% at £2,741 million (2023: £2,975 million), with growth in total advertising revenue (TAR) offset by the decline in ITV Studios revenue
- Group external revenue was down 8% at £2,321 million (2023: £2,532 million)

ITV Studios

Revenue performance for the nine months to 30 September 2024

¹ This includes a £46 million revenue benefit from the transfer of ITV sports production from Media & Entertainment to ITV Studios effective from 1 January 2024. Excluding this transfer, total ITV Studios revenue was down 23%

² This includes the impact from the change in legislation on Audio-Visual Expenditure Credits (AVEC), effective on expenditure incurred from 1 January 2024

³ Adjusted EBITA

- Total ITV Studios revenue was down 20% at £1,217 million (2023: £1,516 million) impacted by the expected phasing of production deliveries which are heavily weighted to Q4 and the impact from both the 2023 US writers' and actors' strikes (which will delay around £80 million of revenue from 2024 to 2025) and lower demand from free-to-air broadcasters in Europe in the short term
- During the period, ITV Studios delivered a wide range of new and returning programmes and formats in the UK and internationally to a diversified portfolio of customers, including:
 - My Mum, Your Dad for ITV, Queer Eye for Netflix, Showtrial for the BBC and Love Island US for Peacock

Outlook

- Over the full year, we continue to expect ITV Studios to deliver record adjusted EBITA, at a margin within our 13 to 15% target range. With the impact of the US strikes and lower demand from free-to-air broadcasters, we expect total revenue to decline by mid-single digits in 2024
- ITV Studios is on track to deliver an unusually high number of productions in Q4 2024 which is expected to include, in the US: The Better Sister for Amazon Prime Video and Hell's Kitchen for Fox; in the UK: Shetland for the BBC, Grace S5 for ITV, Destination X for the BBC and NBC, and The Forsytes for PBS Masterpiece; and Internationally: Petra for Sky Italia and Gladiators for TF1
- ITV Studios is expected to deliver total organic revenue growth of 5% on average per annum from 2021 to 2026 - ahead of the market, and at a margin of 13 to 15%

Media & Entertainment (M&E)

Revenue performance for the nine months to 30 September 2024

- M&E revenue was up 4% at £1,524 million (2023: £1,459 million) for the nine months to 30 September, with TAR up 6% in line with previous guidance
 - Within this digital advertising revenue (a component of digital revenue) was up 15%
 - M&E non-advertising revenue was down 7%, as expected
- ITVX's good performance has continued in Q3 with a range of programmes such as the Euros, Love Island, The Tower and Douglas Is Cancelled driving total streaming hours up 14% year-on-year over the nine months to 30 September. Monthly active users continue to grow in line with our expectations
- Digital revenues grew 11% with strong growth in digital advertising revenue partly offset by the actions we have taken during the year to simplify the paid streaming proposition, which have an impact on subscriptions and subscription revenue
- We have maintained our unique position in linear television through the quality and breadth of our schedule, with 92% of the top 1,000 commercially broadcast TV programmes and 32.3% share of commercial viewing on our linear television channels

Outlook

- Over the full year, we expect TAR to be up around 2.5% compared to 2023 with Q4 expected to be down around 6-7% against the 2023 Rugby World Cup comparative, which gave ITV1 and ITVX their biggest audiences of the year. In addition, Q4 advertising bookings were impacted by the uncertainty in the lead up to the UK budget
- With ITVX's continued strong performance we are further maximising viewing and optimising investment. We expect total content costs over the FY 2024 to be around £1,265 million, £10 million lower than previously guided
- We remain on track to deliver *at least* £750 million of digital revenues in 2026

Notes to editors

1. Unless otherwise stated, all revenue and operating figures refer to the nine months ended 30 September 2024, with growth compared to the same period in 2023.

2. Group revenue performance

Revenue for nine months to 30 September (£m)	2024	2023	Change £m	Change %
Media and Entertainment	1,524	1,459	65	4
ITV Studios	1,217	1,516	(299)	(20)
Group revenue	2,741	2,975	(234)	(8)
Internal supply	(420)	(443)	23	5
Group external revenue	2,321	2,532	(211)	(8)

Revenue for nine months to 30 September (£m)	2024	2023	Change £m	Change %
Total advertising revenue	1,313	1,233	80	6
Non-advertising revenue	1,428	1,742	(314)	(18)
Internal supply	(420)	(443)	23	5
Group external revenue	2,321	2,532	(211)	(8)

3. Based on ITV estimates and current forecasts, total advertising revenue (TAR), which includes ITV Family net advertising revenue (NAR), digital advertising and sponsorship, is expected to be down around 6-7% in Q4 2024 and up around 2.5% over the full year 2024 compared to 2023, with continued strong growth in digital advertising revenues.

4. Key performance indicators

Nine months to 30 September	2024	2023	Change %
ITV Studios total organic revenue (decline)/growth	(19)%	7%	-
Total digital revenue	£376m	£340m	11
Total streaming hours (hrs)	1,247m	1,095m	14
Share of commercial viewing	32.3%	32.8%	(0.5% pts)
Share of top 1,000 commercial broadcast TV programmes	92%	93%	(1% pt)

- Our definition of total organic revenue excludes the impact of any acquisitions made during the current or prior period. It also excludes the year-on-year movement in foreign exchange. In the nine months to end of September 2024, the unfavourable translation impact of foreign exchange on total revenue was £13 million.
- Total digital revenue includes digital advertising revenue, subscription revenue, linear addressable revenue, digital sponsorship and partnership revenue, ITV Win and any other revenues from digital business ventures.
- Total streaming hours measures the total number of hours viewers spend watching ITV across all streaming platforms. This figure includes both ad-funded and subscription streaming. For the nine months to 30 September 2023, total streaming hours were reported as 1,096 million hours, which included some estimates of total streaming viewing from third-party data providers. This has since been updated to reflect more recently available and accurate data.
- The share of top 1,000 commercial broadcast TV programmes KPI includes TV viewing from transmission and seven days post-transmission on catch up, as well as six weeks prior to the transmission window. It excludes programmes with a duration of less than ten minutes. This metric is calculated as a 12-month rolling average to normalise seasonal scheduling.
- ITV Family share of commercial viewing is the total viewing of audiences over the period achieved by ITV's family of channels as a proportion of all commercial broadcast TV viewing in the UK, from transmission and seven days post transmission on catch up. ITV Family includes ITV1, ITV2, ITV3, ITV4, ITVBe, CITV and CITV Breakfast in 2023 only, ITV Breakfast and associated "HD" and "+1" channels.
- % change for performance indicators is calculated on rounded numbers.

5. Total Studios organic revenue at constant currency was down 19% to £1,230 million for the first nine months of 2024. This includes £46 million of revenue following the transfer of ITV sports production from M&E. The unfavourable translation impact of foreign exchange on total revenue over the nine months to 30 September was £13 million. Our definition of constant currency assumes exchange rates remain consistent with 2023.

6. On 30th October 2024, ITV Studios announced it had acquired a majority stake in UK scripted producer Eagle Eye Drama. Eagle Eye produces a wide range of scripted content, including Professor T and Hotel Portofino, and is led by the team behind the international drama streaming service, *Walter Presents*. As part of the deal, ITV Studios also acquired a majority stake in Belgium-based production company Happy Duck Films, the production services partner on Eagle Eye's slate.

7. ITV's cost saving programme is progressing well. We are on track to deliver the previously announced £40 million of incremental in year savings in 2024 which included:

- The new ongoing strategic restructuring and efficiency programme which will deliver £30 million in year savings in 2024 (annualised savings of at least £50 million per year)
- £10 million from our existing £150 million cost saving programme

Today we are announcing an additional £20 million of net cost savings in 2024, of which £10 million is a reduction in content costs and £10 million of which is the early delivery of permanent non-content savings across the Group planned for 2025.

8. As at 30 September 2024 net debt was £437 million (30 June 2024: £515 million). ITV continues to have good access to liquidity of £1,326 million, comprising total cash of £426 million and committed undrawn facilities of £900 million.

Net debt includes net proceeds from the sale of BritBox International which is funding the current £235 million share buyback. Excluding the proceeds designated to fund the remainder of the buyback, net debt was £573 million.

As at 30 September 2024, the net cash held in Hartswood Films (acquired by ITV Studios on 25 July 2024) was not included in the Group's net debt position. The Group expects to complete the valuation of acquired assets and liabilities before the end of the year when the assets, liabilities and financial performance of Hartswood Films will be included in the Group's results.

9. In October 2024, the Group entered into a new £200 million bilateral loan facility with a term of six years to December 2030. The facility is free of financial covenants and is available for drawing until June 2030. Utilisation requests are subject to the lender's ability to source ITV Credit Default Swaps (CDS) in the market at the time the utilisation request is made. Drawings under the facility are intended to be deliverable by the

lender under market standard CDS contracts. This new bilateral CDS facility will sit alongside the existing £300 million CDS facility until that matures in June 2026.

10. On an accounting basis, the net pension surplus of the defined benefit schemes as at 30 September 2024 was £181 million (30 June 2024: £225 million surplus). The reduction in the surplus is the result of a decrease in corporate bond yields which has more than offset the reduction in market-implied inflation.

11. As of market close on 31 October 2024, ITV had bought back 177,871,955 shares, of which 48,892,678 have been cancelled, 8,500,000 have been transferred to the Employee Benefit Trust (EBT), and 120,479,277 are being held by ITV as Treasury Shares until required by the EBT.

12. Figures presented in this Trading Statement are not audited. This announcement contains certain statements that are or may be forward looking statements. Words such as "targets", "expects", "aim", "anticipate", "intend", or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting ITV. Although ITV believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. 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. They are not historical facts, nor are they guarantees of future performance; actual results may differ materially from those expressed or implied by these forward-looking statements. 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) the general economic, business, political, regulatory and social conditions in the key markets in which the Group operates, (ii) a significant event impacting ITV's liquidity or ability to operate and deliver effectively in any area of our business, (iii) a major change in the UK advertising market or consumer demand, (iv) significant change in regulation or legislation, (v) a significant change in demand for global content, and (vi) a material change in the Group strategy to respond to these and other factors. Certain of these factors are discussed in more detail elsewhere in this announcement and in ITV's 2023 Annual Report and Accounts including, without limitation, ITV's approach to risk management.

Forward-looking statements speak only as of the date they are made and, except as required by applicable law or regulation, ITV undertakes no obligation to update any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise. Nothing in this statement should be construed as a profit forecast.

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