

ITV plc Full Year Results 2020

1

00:07:13.560 --> 00:07:23.100

Mark Seaton: Good morning, everybody and welcome to itvs live Q amp a I hope you've seen our presentation, which is on our website i'm here with carolyn and Chris to answer your questions.

2

00:07:23.460 --> 00:07:29.400

Mark Seaton: If you'd like to raise your hand on your screens and then we will let you in so i'll just go control it from the back, I hope.

3

00:07:45.870 --> 00:07:49.950

Mark Seaton: And our first question is from Julian rock morning Julian Julian.

4

00:07:57.990 --> 00:07:58.380

Mark Seaton: Great.

5

00:08:00.420 --> 00:08:02.730

Mark Seaton: we're just waiting for you to come up on screen Julian.

6

00:08:09.030 --> 00:08:10.080

Mark Seaton: you're on mute Julian.

7

00:08:12.300 --> 00:08:13.110

Julien Roch: Can you hear me now.

8

00:08:17.490 --> 00:08:17.790

Julien Roch: me.

9

00:08:19.740 --> 00:08:20.340

Julien Roch: Yes, no.

10

00:08:21.450 --> 00:08:22.050

Julien Roch: Can you hear me.

11

00:08:24.390 --> 00:08:25.290

Julien Roch: Hello check check.

12

00:08:37.800 --> 00:08:38.280

Julien Roch: me.

13

00:08:43.980 --> 00:08:45.690

Mark Seaton: Julian i'm afraid we can't hear you at the moment.

14

00:08:45.750 --> 00:08:46.800

We take another question.

15

00:08:48.750 --> 00:08:49.830

Julien Roch: Sorry, all right.

16

00:08:50.730 --> 00:08:51.930

Mark Seaton: it's not working swimming leaning.

17

00:08:53.520 --> 00:08:54.090

Mark Seaton: Sorry.

18

00:08:55.470 --> 00:08:55.890

Sorry.

19

00:09:03.570 --> 00:09:07.230

Mark Seaton: Sorry, we just got a slight technical it's coming up now.

20

00:09:09.660 --> 00:09:11.790

Julien Roch: I could, I was still there, can you hear me.

21

00:09:12.600 --> 00:09:13.830

Mark Seaton: yeah we can we can.

22

00:09:13.980 --> 00:09:15.120

Julien Roch: We can check.

23

00:09:15.810 --> 00:09:17.730

Julien Roch: You can see me, and you can hear me so.

24

00:09:17.760 --> 00:09:19.590

Julien Roch: It is not going swimming swimmingly.

25

00:09:21.210 --> 00:09:21.630

Julien Roch: All right.

26

00:09:23.190 --> 00:09:24.120

Julien Roch: Good good morning.

27

00:09:25.050 --> 00:09:28.860

Julien Roch: morning My first question is on on big box, you said.

28

00:09:29.520 --> 00:09:37.440

Julien Roch: You hit 500,000 subscription During January, we have the the exact same numbers at the end of December.

29

00:09:38.460 --> 00:09:43.470

Julien Roch: it's my first question, the second one is channel for as a target of.

30

00:09:44.580 --> 00:09:55.380

Julien Roch: 90% ads and 10% of the revenue in 2025 with ad being 60% linear and 30% digital to make on a percent.

31

00:09:56.040 --> 00:10:06.630

Julien Roch: So when you see you can hit 30% of ad being nonlinear and I know you're quite like you say no, but we have an idea give or take 5% of amateur was in and fully or 20.

32

00:10:07.440 --> 00:10:18.810

Julien Roch: And, and the last question is could we know how much of your studio revenue comes from s VOD I know Karen in the past, you say the third internal certainly are and a sad day.

33

00:10:19.260 --> 00:10:28.140

Julien Roch: But they include us network who spare revenue of structure issue as well, so if we could have pure beauty in 2020 possible Thank you.

34

00:10:28.200 --> 00:10:35.940

Mark Seaton: Okay i'll just get yeah okay thanks Julian i'll just kick off from quickbooks we're very pleased with 500,000 it's banger is actually I had a plan slightly.

35

00:10:36.780 --> 00:10:47.970

Mark Seaton: it's very fluid, so it might have been over that at the end of December i'm not gonna be precise about that, but it is fluid, which is why we won't do it on a weekly or monthly basis because it depends on.

36

00:10:48.390 --> 00:10:59.430

Mark Seaton: The events that we're doing or what we're promoting or how we're promoting, which is why we will give you the subscription number now on a kind of regular basis, but with some time lapse basically.

37

00:11:04.260 --> 00:11:10.380

Mark Seaton: On linear versus digital 60, you said you say there were 60% linear 30% digital.

38

00:11:10.800 --> 00:11:11.370

Julien Roch: knows.

39

00:11:11.640 --> 00:11:12.600

Julien Roch: So I said the.

40

00:11:12.690 --> 00:11:18.570

Julien Roch: 20 the 25 the 2025 target for Channel four is.

41

00:11:18.600 --> 00:11:25.200

Julien Roch: 65 is 60% linear advertising 30% digital and 10% other now.

42

00:11:25.230 --> 00:11:26.220

Mark Seaton: Obviously, for you, it.

43

00:11:26.910 --> 00:11:28.470

Julien Roch: Obviously, for you the 10 will be much.

44

00:11:28.470 --> 00:11:36.930

Julien Roch: bigger than done 10 because you are right folks and and studio so it's more on a 90 day advertising, where they have 6030.

45

00:11:38.040 --> 00:11:40.890

Julien Roch: So it is you know when when you can hit.

46

00:11:41.160 --> 00:11:42.450

Julien Roch: The 30% yeah okay.

47

00:11:43.080 --> 00:11:50.280

Mark Seaton: Julian the 20 every what we missed actually is the 2025 target because I didn't recognize those splits today so.

48

00:11:51.240 --> 00:11:57.750

Mark Seaton: I didn't think we'd be very dissimilar to that to be the trend strange five and facts thing you know we might be even ahead of that but I mean.

49

00:11:58.110 --> 00:12:02.070

Mark Seaton: We don't disclose those targets, interestingly, we don't actually talk about them.

50

00:12:02.430 --> 00:12:09.690

Mark Seaton: I don't think there's any reason why we shouldn't or couldn't in the future, I can't see why we wouldn't would you know I just committed, something we don't know.

51

00:12:09.900 --> 00:12:24.810

Mark Seaton: enough to tell them in Ford has has grown really strongly over the last few years, as you know, Julian and even last year at grew 17% in the year when total advertisements down, so what we're seeing is that advertisers really like the product.

52

00:12:26.220 --> 00:12:35.820

Mark Seaton: And the ability to target on a big screen with the sound on I think a big shift just to answer your question, you know give you some color on digital, which I think is useful, is it what planet has done.

53

00:12:36.150 --> 00:12:45.000

Mark Seaton: Is it's got quite a lot of advertisers to think about Volvo need campaigns to do them, so it doesn't mean they won't do mass campaigns, but it does mean that they are.

54

00:12:45.330 --> 00:12:57.120

Mark Seaton: Thinking very specifically about what they will do on board so you are getting big brands like Heinz PNG Marriott hotels to you know quite big brands using VOD.

55

00:12:57.990 --> 00:13:13.590

Mark Seaton: Only for campaigns and then you're getting niche brands like net promoter and others Porsche, for instance, also using Volvo me campaigns on ITV hub so that's been quite a big shift actually and I think it's planet V that has really done last.

56

00:13:17.970 --> 00:13:18.870

Julien Roch: as well, and then.

57

00:13:18.930 --> 00:13:34.710

Mark Seaton: Was yes good question studio admin yeah so we, as you know, we we disclose it as pay, and so what we haven't given up a separate effort number, what we have said, is that we are going to double our revenue with ott players, this year, and that a third of US scripted.

58

00:13:36.150 --> 00:13:38.520

Mark Seaton: Was ott in 2020 yeah.

59

00:13:39.180 --> 00:13:41.820

Julien Roch: And so, when you said double revenue you're talking about.

60

00:13:41.970 --> 00:13:43.680

Julien Roch: 21 I doubled in 20.

61

00:13:45.030 --> 00:13:46.050

Mark Seaton: Doubling and 21.

62

00:13:48.060 --> 00:13:48.870

Julien Roch: Thank you very much.

63

00:13:49.770 --> 00:13:50.130

Okay.

64

00:13:54.420 --> 00:13:55.800

Mark Seaton: Next up Sarah Simon.

65

00:13:58.740 --> 00:14:00.390

Sarah Simon: morning but Hello.

66

00:14:01.560 --> 00:14:20.280

Sarah Simon: hi nice to see everybody, as opposed to just hear somebody um I had a few questions first of all, can I just make a plea for the number that shooting I was asking for earlier, which is a broad indication of within advertising what the split is was in 2020 between linear and a nonlinear.

67

00:14:21.810 --> 00:14:25.680

Sarah Simon: Second question was on brick box, can you give us an idea of the.

68

00:14:26.370 --> 00:14:33.930

Sarah Simon: The shape of the p&l in 2020 so we know the net venture loss, but it would be helpful to understand some of the line items there in terms of.

69

00:14:34.290 --> 00:14:49.860

Sarah Simon: The revenues, the costs and also how much is inter company so we're seeing a net net figure, but obviously ITV studios benefiting from content sales and it is benefiting from set of advertising, so any indication, you can give us there.

70

00:14:51.270 --> 00:15:03.510

Sarah Simon: And then final question was on the transponder savings you're talking about as part of the cost restructuring can you give us an idea of how big they are, and when they kick in thanks.

71

00:15:06.090 --> 00:15:06.420

Mark Seaton: yeah.

72

00:15:08.280 --> 00:15:11.160

Mark Seaton: So here you on the Ad revenue split and.

73

00:15:12.060 --> 00:15:15.480

Mark Seaton: we'll take that one away, but when we weren't disclosed that today.

74

00:15:16.830 --> 00:15:20.910

Mark Seaton: On Brit box, we said it was a 59 million venture loss.

75

00:15:22.380 --> 00:15:31.290

Mark Seaton: So that is the gross loss of Brit box, so that is after they have paid for advertising on TV and for its content.

76

00:15:32.700 --> 00:15:44.970

Mark Seaton: We we've committed to give the subscriber numbers for Brit box and that joint venture loss and it's it's a very young business it's just over a year old we don't think giving you get more information is the right thing to do at this time.

77

00:15:45.360 --> 00:15:50.040

Mark Seaton: So you'll you'll get gardens on the on the venture lawson's subscribers going forward.

78

00:15:51.630 --> 00:15:58.230

Mark Seaton: And then on the transponder we've cleared one transformed, this year we intend to clear another transponder next year.

79

00:15:58.830 --> 00:16:06.240

Mark Seaton: And those those will be non cash savings to begin with, at least, because they're in that, subject to a long term contract.

80

00:16:06.660 --> 00:16:23.220

Mark Seaton: But, to the extent that we can sublease space and that will turn into a cash saving and it will be it broadly speaking, it kicks in I think the 7 million in the year we're in 2021 and it will be growing to 10 million as part of that the hundred million target in 2022.

81

00:16:25.290 --> 00:16:32.010

Sarah Simon: And sorry should be exceptional is just basically is that that the cost associated with.

82

00:16:33.060 --> 00:16:37.170

Sarah Simon: says you've closed it down to taking the cost all aggregates up from.

83

00:16:37.290 --> 00:16:38.310

Sarah Simon: That we think about it.

84

00:16:39.060 --> 00:16:39.750

Sarah Simon: Though yeah so.

85

00:16:39.780 --> 00:16:41.580

Sarah Simon: And so, when did it become a cash savings.

86

00:16:42.990 --> 00:16:45.480

Mark Seaton: When we can sublease that space, if we can.

87

00:16:46.410 --> 00:16:50.580

Sarah Simon: Okay Okay, can you say when the contract runs till because presumably at some point, it just runs out.

88

00:16:51.900 --> 00:16:53.910

Mark Seaton: yeah it's it's to 2023.

89

00:16:55.200 --> 00:16:57.150

Sarah Simon: Okay, great many facts.

90

00:16:58.530 --> 00:16:58.740

Mark Seaton: Okay.

91

00:17:00.540 --> 00:17:02.040

Mark Seaton: Next up is Richard eerie.

92

00:17:10.860 --> 00:17:13.320

Richard Eary: morning, everyone can you see and hear me or not.

93

00:17:13.590 --> 00:17:14.700

Mark Seaton: Yes, we can really.

94

00:17:15.330 --> 00:17:16.110

Good good.

95

00:17:17.760 --> 00:17:20.310

Richard Eary: three questions for myself, but the first one is that.

96

00:17:21.000 --> 00:17:27.960

Richard Eary: If we look at the April rebound can you just give us an indication of what sectors of comeback strongly obviously.

97

00:17:28.260 --> 00:17:38.130

Richard Eary: You gave us breakdowns last year, but it'd be interesting to see exactly what's happened within the month of April by category to give us an indication going forward so that's, the first question.

98

00:17:39.420 --> 00:17:53.730

Richard Eary: The second question I think carolyn in the release you talked about the psp review, can you sort of expand or maybe add a little bit more color to the comments that you put in the press release, so we can maybe get a bit more color in terms of how you think that plays out.

99

00:17:54.480 --> 00:17:56.580

Richard Eary: yeah and then Lastly, Chris.

100

00:17:56.970 --> 00:18:07.860

Richard Eary: Just so we're all clear in terms of the cost numbers for 2021 within the broadcasting online, you know, obviously, those temporary cost savings for this year or last year.

101

00:18:08.310 --> 00:18:13.920

Richard Eary: You know what what's the base that we should be looking at for 2021 as we do our numbers so we've got clarity on that.

102

00:18:16.350 --> 00:18:25.410

Mark Seaton: Okay, so thanks for a few questions, I mean, I would say that we've definitely seen a we've seen the advertising market.

103

00:18:26.160 --> 00:18:36.600

Mark Seaton: Really sense that there is pent up demand amongst consumers, they want to encourage consumers to be confident about coming out in line with government guidelines.

104

00:18:36.930 --> 00:18:44.310

Mark Seaton: and eating drinking spending money as in when they can so there's this pent up demand that advertisers are taking wanting to take advantage of.

105

00:18:44.970 --> 00:18:56.010

Mark Seaton: safely and what we are definitely seeing is that those categories that were most severely affected so categories like travel and kind of retail non supermarkets and cars.

106

00:18:56.910 --> 00:19:06.750

Mark Seaton: have come back quite strongly in April, and indeed a bit in March, so you know that that that that has been the main shift where.

107

00:19:07.710 --> 00:19:13.110

Mark Seaton: That that we have seen, and I would say in terms of just giving you some color around that is.

108

00:19:13.590 --> 00:19:19.230

Mark Seaton: As the revenue came back in March, because, as you know, January in February were very tough on the Ad market side, it was significant.

109

00:19:19.830 --> 00:19:29.880

Mark Seaton: What we were seeing it came back very quickly in March and it reminded us very much of the last lockdown lockdown and the rebound on that.

110

00:19:30.690 --> 00:19:36.540

Mark Seaton: So you know long may that continue and just again another piece of just color on this is that we are.

111

00:19:37.260 --> 00:19:45.060

Mark Seaton: Working with a whole group of businesses, our advertisers and partners and others, particularly in the hospitality industry.

112

00:19:45.720 --> 00:19:55.770

Mark Seaton: Where we're going to be running a campaign about welcoming British consumers back and so we're going to play an important part I think in.

113

00:19:56.310 --> 00:20:03.600

Mark Seaton: in getting people's confidence back, because actually one of the big issues, I think, for advertisers is.

114

00:20:04.020 --> 00:20:14.880

Mark Seaton: Even if they you know they want people to feel comfortable confident and secure when they come out when they eat in restaurants, when they eat outside in pubs when they when they kind of shop and then go for coffee.

115

00:20:15.270 --> 00:20:22.530

Mark Seaton: And they will then people not to feel fearful and and given what we've all been through and the government messages.

116

00:20:22.980 --> 00:20:37.710

Mark Seaton: To date, that's quite important part of what I TV is doing with our very big platform of REACH, to be able to get people to feel confident about coming back safely to enjoy themselves again so that that's on the advertising side.

117

00:20:38.520 --> 00:20:39.120

Richard Eary: All right, can I just.

118

00:20:40.380 --> 00:20:43.650

Richard Eary: Show, can I ask within the April numbers, how much of that is.

119

00:20:43.950 --> 00:20:46.920

Richard Eary: Is government, obviously without a lot of government advertising.

120

00:20:47.400 --> 00:20:57.210

Mark Seaton: Actually government was down is is down in April so singly the supermarkets and governments today are down in April and the other categories I mentioned our up.

121

00:20:57.990 --> 00:21:17.730

Mark Seaton: So I think that's actually not that it's actually better than if government was up here on the psp review, as you know, we've been extremely active and we've been talking to actually anyone who will listen, but particularly to off calm and to dcms and indeed number 10 about the psp review.

122

00:21:18.750 --> 00:21:28.950

Mark Seaton: And I think was Ofcom have come out with the end of last year is the strongest statement I think we've ever seen from a regulator about what needs to be done.

123

00:21:29.640 --> 00:21:36.630

Mark Seaton: On prominence in particular, and they have come out and they have said that government has to legislate on this so.

124

00:21:37.320 --> 00:21:50.190

Mark Seaton: We think that's a massive step forward, and of course now what we are doing is trying to ensure that government, particularly number 10 understand the urgency of modernizing the.

125

00:21:51.900 --> 00:21:59.910

Mark Seaton: A broadcasting X and that and that's what we've been doing so, whether it's at the end this conference, whether it's wherever we we are.

126

00:22:00.960 --> 00:22:10.560

Mark Seaton: And we have a platform where kind of using it to ensure people understand people in influence understand the urgency of legislative this in a digital world.

127

00:22:11.970 --> 00:22:19.050

Richard Eary: You put any sort of financial numbers in terms of what it means in terms of prominence in terms of how it may play out positively and negatively.

128

00:22:19.860 --> 00:22:24.690

Mark Seaton: Not not really no it's way too early to do that it's too early to do that.

129

00:22:25.950 --> 00:22:44.280

Mark Seaton: And then on the on the cost side Richard the consensus, including the bridge box cost is around 570 for broadcast and that's probably a little low because pre pre the guidance, today I think Britt box and consensus with with low on the coastline.

130

00:22:45.630 --> 00:22:47.670

Mark Seaton: And then I bet you 1.1 million.

131

00:22:49.140 --> 00:22:56.490

Richard Eary: Consensus report costs, I think we're about 40 million, so we add in 20 million to the 575 90 should be about right is that is that the way that we look at it.

132

00:22:57.960 --> 00:22:58.920

Mark Seaton: I think I think you pretty much.

133

00:23:00.000 --> 00:23:00.990

Richard Eary: Okay, many thanks.

134

00:23:06.180 --> 00:23:08.040

Mark Seaton: Next up is Lisa Lisa Yang.

135

00:23:14.310 --> 00:23:20.580

Lisa Yang: Good morning hope you can now hear me and see me thanks for taking the question, the first one is on on programming i'm just wondering.

136

00:23:27.090 --> 00:23:28.890

Mark Seaton: we've lost you.

137

00:23:33.480 --> 00:23:33.720

Mark Seaton: Okay.

138

00:23:41.520 --> 00:23:47.250

Lisa Yang: Sorry, can you hear me now continue okay good sorry about that i'm not sure what happened and so yeah The first question is on programming.

139

00:23:47.880 --> 00:23:58.470

Lisa Yang: i'm just wondering what are the some of the advertising assumptions you're baking into this problem caught something clearly you're expecting priming to go back to normalize levels 1.1 billion that's quite a big increase.

140

00:23:58.980 --> 00:24:02.910

Lisa Yang: This is 2020 so i'm just wondering, firstly, how much first ability to have.

141

00:24:03.570 --> 00:24:10.530

Lisa Yang: You know, in that, in that budget and also basically what how much optimism, the other, it has an outlook is basically taking into that assumption.

142

00:24:11.190 --> 00:24:21.030

Lisa Yang: that's, the first question, the second one is about the dividend you ended up with a pretty strong stuff I mean better than expected net debt position at the end of 2020.

143

00:24:21.900 --> 00:24:27.390

Lisa Yang: And yet, even has been reinstated so i'm just wondering what are the signals you're waiting for.

144

00:24:27.900 --> 00:24:43.650

Lisa Yang: To be CB instead of dividend, or you know, has the thought about capital allocation change because you want to do more m&a to I guess what's your strategy to to sort of boost your your as your presence was two years presence that's the third question, and the third one's on studios.

145

00:24:44.790 --> 00:24:54.330

Lisa Yang: Obviously I understand they're still going to be some disruptions, which will impact your studios performance, this year, but can we still get a bit of a sense of the outlook for for this year.

146

00:24:54.870 --> 00:25:02.850

Lisa Yang: When do you think we can go back to pre college level, as well as go back to the 14 16% margin that you were previously targeting Thank you.

147

00:25:07.260 --> 00:25:17.460

Mark Seaton: So on programming what we're doing is we're going back to the program budget taking it to historical levels so 2020 was unusually low.

148

00:25:18.330 --> 00:25:24.900

Mark Seaton: And that wasn't because we deliberately cut the program budget we wanted to preserve the shadow as much as possible, because.

149

00:25:25.380 --> 00:25:34.590

Mark Seaton: In the end, everything we do it bit as far as a VOD or linear advertising is based on the viewing and therefore on the quality of the content so.

150

00:25:34.920 --> 00:25:44.670

Mark Seaton: We believe it's really important to maintain the quality of that shadow and maintain the relevance of ITV and so that's why we're taking it back to the.

151

00:25:45.960 --> 00:25:56.070

Mark Seaton: historic levels and really it's based on the fact that we, we do believe that you know tar will come back strongly in 2021.

152

00:25:56.730 --> 00:26:04.920

Mark Seaton: And everything we're doing and the strategy revolves around that program budget because it's not only feeding the advertising it's also feeding the subscription.

153

00:26:05.820 --> 00:26:26.370

Mark Seaton: and on dividend there's really no change, we will introduce it just as soon as we believe it's sensible to do so, we want to be in a position where we can sustain the dividend and grow over time, and so, for that we need a bit more certainty that we see right now.

154

00:26:27.780 --> 00:26:36.330

Mark Seaton: At the moment the advertising environment whilst it's strong in the first four months, it has been quite volatile, so we need to start to settle down.

155

00:26:36.900 --> 00:26:40.950

Mark Seaton: And then obviously studios we are still working under severe covert restrictions.

156

00:26:41.340 --> 00:26:50.430

Mark Seaton: Which means it's not as easy to predict the timing of the delivery of the shows, because if restrictions change, then that that delivery date might change.

157

00:26:50.820 --> 00:27:01.080

Mark Seaton: So, for that reason we're not doing that in terms of you know, our capital structure it's exactly the same, we want investment grade metrics over the medium term, we want cash returns to shareholders.

158

00:27:01.470 --> 00:27:09.090

Mark Seaton: And we want to invest in the in the transformation as well yeah Lisa there should be no doubt, and I think Chris has been very clear that we are totally committed.

159

00:27:09.480 --> 00:27:21.180

Mark Seaton: To the dividends and that we will bring it back as soon as circumstances allow us to, but we are still in lockdown and, at the moment, the plan is still a plan, the Government plans come out it's still only a plan.

160

00:27:21.960 --> 00:27:30.090

Mark Seaton: We need to see how that goes in the UK, and bearing in mind, we are a global business and so we're affected in Europe, as well as America.

161

00:27:32.190 --> 00:27:34.320

Mark Seaton: And then on studios.

162

00:27:35.340 --> 00:27:43.230

Mark Seaton: Again, difficult to say because we don't know you know whether the government relaxation in the UK will work and what's going to happen elsewhere in the world.

163

00:27:44.400 --> 00:28:03.900

Mark Seaton: But the way I broadly think about it is you know it'll be a partial revenue recovery this year moving to hopefully a complete revenue recovery in 2022 and then a margin restoration probably a little later probably 2023 that's, broadly speaking, how i'm thinking about it in my mind.

164

00:28:05.640 --> 00:28:11.190

Lisa Yang: that's extremely helpful if I can ask another question to follow up to which is question earlier.

165

00:28:11.790 --> 00:28:21.090

Lisa Yang: If I look at the conference last year, basically April May and June we're down by this email amount, and you know basically talking about 60 70%.

166

00:28:21.960 --> 00:28:31.290

Lisa Yang: recovery in April is any reason to not to think that do that may engine could be similar to what you're seeing in April just wondering whether he.

167

00:28:32.010 --> 00:28:37.590

Mark Seaton: said yeah i'm afraid just too early for us to be able to give that kind of guy and it's just too early.

168

00:28:39.390 --> 00:28:39.810

Lisa Yang: Okay.

169

00:28:40.620 --> 00:28:49.740

Mark Seaton: With April, for obvious reasons, because the end of April of that range would take us to the revenue making in 2019 so pre coated.

170

00:28:50.820 --> 00:28:54.360

Mark Seaton: But, but you know we don't have visibility into managing.

171

00:28:56.040 --> 00:28:58.170

Lisa Yang: understood, thank you very much, OK.

172

00:29:00.150 --> 00:29:02.280

Mark Seaton: Now i'm up next is matty.

173

00:29:12.660 --> 00:29:13.140

Matti Littunen: Good morning.

174

00:29:13.650 --> 00:29:16.200

Mark Seaton: Are you able to hear me winning yes yeah Thank you.

175

00:29:17.910 --> 00:29:27.180

Matti Littunen: Just a couple of questions first on the content costs you guided and discuss the could you give us any color on the pacing of that so.

176

00:29:27.900 --> 00:29:33.600

Matti Littunen: i'm assuming that each one will still have some disruptions to scripted content deliveries but hd will have.

177

00:29:34.200 --> 00:29:42.840

Matti Littunen: The euros and and you know you have a really strong scripted slate head for the year so so should we assume that he is a bit ahead of, for example, 2019.

178

00:29:43.260 --> 00:29:51.360

Matti Littunen: and constantly investment levels as a result, and then on the international subscribers impressed with number there.

179

00:29:51.720 --> 00:30:03.960

Matti Littunen: I was just wondering, could you give us a rough split of how many of those and you have a direct billing relationship with as opposed to, for example, having the sub through Amazon channels wait, where you don't get that.

180

00:30:05.640 --> 00:30:06.180

Matti Littunen: And then.

181

00:30:07.410 --> 00:30:19.650

Matti Littunen: Finally, on on late booking fees so last year gave us flexibility on that, so this year I haven't seen confirmation that that's still the case, but I did you see reports that.

182

00:30:20.400 --> 00:30:28.500

Matti Littunen: You are allowing advisors flexibility and delaying campaigns, at no additional costs is that the correct understanding of where we stand now, thank you.

183

00:30:31.260 --> 00:30:39.030

Mark Seaton: So on the on the program budget actually quite a lot of the Euros is going to be in June, so it will be in H1 so.

184

00:30:40.650 --> 00:30:46.290

Mark Seaton: We can follow up afterwards, but I suspect it's fairly evenly balanced between the two hosts on program budget.

185

00:30:48.480 --> 00:30:55.140

Mark Seaton: On International subs yet endless debate about whether owned and operated versus you know getting distribution.

186

00:30:56.430 --> 00:31:01.110

Mark Seaton: I mean, certainly in the UK it's very much owned and operated.

187

00:31:03.060 --> 00:31:05.040

Mark Seaton: In the US, as you say we've got.

188

00:31:06.270 --> 00:31:11.100

Mark Seaton: A Channel with Amazon, but the majority is still owned and operated.

189

00:31:13.110 --> 00:31:21.210

Mark Seaton: And then i'll make booking fees and yeah I mean Kelly and team that they have been brilliant working with the advertisers and.

190

00:31:21.720 --> 00:31:28.890

Mark Seaton: Really, establish very, very deep relationships and we don't have the lake booking fees at the moment and, as you say.

191

00:31:29.670 --> 00:31:37.380

Mark Seaton: Kelly has been working with advertisers it's very difficult if you're an advertiser now to book a campaign and not know whether it will be pulled or not so.

192

00:31:37.650 --> 00:31:47.850

Mark Seaton: So I think they are being really flexible and working with editors yeah I mean our attitude is very much for trying to make it as easy as possible for people to make those decisions about budgets and advertising.

193

00:31:48.270 --> 00:32:02.310

Mark Seaton: And so, with that in mind we're being as flexible as we possibly can be, with advertisers as that's been our you know that's been very much our approach throughout this this period so for the foreseeable future that's how we will that that's how it will remain.

194

00:32:03.540 --> 00:32:04.350

Matti Littunen: very helpful, thank you.

195

00:32:05.190 --> 00:32:05.490

Okay.

196

00:32:07.080 --> 00:32:08.340

Mark Seaton: Next up is newsletter.

197

00:32:24.750 --> 00:32:28.320

Mark Seaton: I think this is dropped off, so if we go to Catherine o'neill okay.

198

00:32:37.140 --> 00:32:37.650

Catherine O'Neill - Citi: hi.

199

00:32:39.270 --> 00:32:50.310

Catherine O'Neill - Citi: hi I just had a couple of questions, one is, I noticed in the release you talk about media for equity and starting to go down that route, but just wondered if you could talk.

200

00:32:51.510 --> 00:32:57.480

Catherine O'Neill - Citi: Talk about why you're deciding to to go down the media for equity route how you're going to approach it.

201

00:32:57.870 --> 00:33:12.600

Catherine O'Neill - Citi: And how much you think about the inventory being utilized the other question just on studios in terms of sort of 2021 which are the major shows we should be aware of that either come in, or or drop outs in terms of kind of phasing across the year.

202

00:33:15.660 --> 00:33:17.700

Mark Seaton: Okay, on media for equity.

203

00:33:18.750 --> 00:33:23.970

Mark Seaton: it's a kind of tried and tested roots it's not something that it has done before, but we felt it was.

204

00:33:25.110 --> 00:33:39.180

Mark Seaton: a really good opportunity for us to work more deeply with potential advertisers so they the one of the key criteria we use is they are entrepreneurial businesses that really need our platform.

205

00:33:39.660 --> 00:33:48.570

Mark Seaton: to accelerate faster that's one of our key criteria and so that's one of the reasons we're doing it so it's it's it's 15 million quid.

206

00:33:49.230 --> 00:34:00.150

Mark Seaton: Over we think three or four companies and, so far, so good actually so far that's going very well we'll have more to say on us as at the next, the next time we report actually.

207

00:34:00.870 --> 00:34:09.240

Mark Seaton: So it's just it's it's just a really good very I think very low risk actually way of us using our.

208

00:34:10.110 --> 00:34:22.440

Mark Seaton: great assets, if you like, but getting quite a lot of return if we back the right companies and it's about us, you know backing some of the right companies they're all they're all startups all very, very nascent businesses.

209

00:34:24.030 --> 00:34:30.000

Mark Seaton: that's media for equity, what was the question was about what's coming up on studios in terms of programs.

210

00:34:30.330 --> 00:34:30.780

Yes.

211

00:34:31.980 --> 00:34:34.380

Catherine O'Neill - Citi: sort of come in facing.

212

00:34:35.040 --> 00:34:38.730

Mark Seaton: Julian on network, do you mean or network or do you mean globally.

213

00:34:39.780 --> 00:34:40.860

Catherine O'Neill - Citi: Globally, within the.

214

00:34:41.490 --> 00:34:43.410

Catherine O'Neill - Citi: studio business yeah.

215

00:34:43.440 --> 00:34:46.230

Mark Seaton: Okay well there's a whole load of things, I mean there's.

216

00:34:47.010 --> 00:35:01.830

Mark Seaton: Things that I think are really worth noting, is that something like the pembroke shire murders which was one of our biggest single dramas ever really on ITV was made by world productions, one of our companies has been pre sold to 20 territories already.

217

00:35:04.050 --> 00:35:16.740

Mark Seaton: we've talked about on a celebrity coming back the serpent did very, very well, that was a mammoth production that has a 34 million streams on the BBC and it's launching globally on netflix and April.

218

00:35:18.180 --> 00:35:26.880

Mark Seaton: vigil is coming up line of duty series six is coming up, both on the BBC Paris police 1900 is on studio Canal.

219

00:35:27.600 --> 00:35:46.920

Mark Seaton: Gamal camorra's on HBO Max 000 has been running on sky Atlantic and we'll go on Amazon prime physical is coming up for apple TV made by studios cowboy bebop which i've seen some clips of really, really good made by Marty eggleson's company is coming up on netflix.

220

00:35:49.020 --> 00:35:57.000

Mark Seaton: So those are just some of the shows that are coming up and I can't think of any that are going out, can you I can't actually think of any that are going out because.

221

00:35:57.510 --> 00:36:06.390

Mark Seaton: Most of those shows have been recommissioned will all our shows that I can think of being recommissioned there's nothing major that hasn't been recommissioned which is brilliant news.

222

00:36:07.770 --> 00:36:08.850

Mark Seaton: i'm really pleased with that.

223

00:36:10.680 --> 00:36:11.670

Catherine O'Neill - Citi: is the key.

224

00:36:13.980 --> 00:36:16.470

Mark Seaton: So next is nice live from Deutsche Bank okay.

225

00:36:33.330 --> 00:36:33.960

Mark Seaton: Can you hear us.

226

00:36:35.010 --> 00:36:36.450

Nizla Naizer: Yes, I can, could you hear me.

227

00:36:37.590 --> 00:36:41.280

Mark Seaton: Yes, we can hear you but we can't see you'll come up in a minute, but keep going.

228

00:36:41.520 --> 00:36:46.080

Nizla Naizer: Yes, so my I think there's something off with my video, so I think it'll just be audio.

229

00:36:47.310 --> 00:36:47.670

Nizla Naizer: file.

230

00:36:47.970 --> 00:36:58.350

Nizla Naizer: For that great I have a couple of questions from my end, especially on on break box and maturity to kind of this, but could you remind us again what sort of your annual spending budget is.

231

00:36:58.710 --> 00:37:06.570

Nizla Naizer: On big box and what's your content strategy here clearly spitting image you've sort of had a second season commissioned, are you happy with the way.

232

00:37:06.900 --> 00:37:14.340

Nizla Naizer: audiences are responding to the original content that they're putting on brick books and would you sort of wanting to do more here as well.

233

00:37:14.700 --> 00:37:25.200

Nizla Naizer: And you've sort of talked about the 500,000 subscribers in the UK, for the first time, is this a target that you're extremely happy with, and is there a maybe a longer term target.

234

00:37:25.500 --> 00:37:36.660

Nizla Naizer: That you could share with us at this point in time, that would be great and, secondly, on your studios business, could you give us some kind of estimate your exposure is to the oddities versus.

235

00:37:36.990 --> 00:37:50.850

Nizla Naizer: Other linear TV networks that you also provide content to and, of course, your own channels which, which we know is around one third, but how is the growth in sort of each of these elements and and what you see going into 2021.

236

00:37:51.390 --> 00:37:54.630

Nizla Naizer: In terms of the type of customers that you have in your studios business.

237

00:37:54.990 --> 00:38:08.760

Nizla Naizer: And lastly, on viewing do you are you expecting a decline once things open up here in the UK, or do you feel like the elevator building levels from 2020 could be sustained.

238

00:38:09.060 --> 00:38:19.980

Nizla Naizer: And if there's a strategy in place to ensure that they remain sustained voice is just a natural evolution once things once people start going on to the about some kind of that would be great Thank you.

239

00:38:20.370 --> 00:38:31.200

Mark Seaton: Okay, look i'll take some all that all these questions and then Chris will come in and and and and chip in and saw are trying to that is quite a lot there, Mr.

240

00:38:32.130 --> 00:38:40.050

Mark Seaton: Okay, so on content stretchy fabric books it's very clear that the content strategy is incredibly important the windowing strategy.

241

00:38:40.830 --> 00:38:50.310

Mark Seaton: Is is is critical, so we are doing quite a lot of trialing with brick box in terms of what works, but doing quite a lot of the event TV, for instance, the doctor who specials.

242

00:38:50.970 --> 00:39:00.240

Mark Seaton: Do very, very well, we do a whole kind of season of doctor who classics, for instance, that always does really well Britishness was a really good.

243

00:39:00.930 --> 00:39:13.500

Mark Seaton: Campaign it really did well on cost per acquisition, so we run a whole campaign through December, where we we celebrate brittleness we we really projects, all the kind of goodies that you can get on Brit box.

244

00:39:14.130 --> 00:39:24.450

Mark Seaton: And that works really well and we so we do that around talents and we do that around certain classic shows so that's one part of our content strategy, the other part, is obviously.

245

00:39:24.870 --> 00:39:31.170

Mark Seaton: Having really original originals I know that sounds like a weird way of putting it but.

246

00:39:31.620 --> 00:39:36.780

Mark Seaton: Trying to be very distinctive in the kinds of originals that we do and spitting image is a great example of that.

247

00:39:37.110 --> 00:39:45.600

Mark Seaton: Because it's a kind of show that no one else would have commission's it's a uniquely British satire did really, really well it be our projections on.

248

00:39:45.900 --> 00:39:56.280

Mark Seaton: cost per acquisition and made a huge amount of noise, I mean you couldn't move for a day, where you know everyone was covering spitting image and so it did very, very well for us.

249

00:39:56.760 --> 00:40:13.140

Mark Seaton: i'm delighted to say we've got a series of four more originals coming out this year specie images in September, but actually the beast must dies big drama starring Jared Harris and crush jumbo so well known talent.

250

00:40:13.620 --> 00:40:23.400

Mark Seaton: In a drama the secrets of the craze which is like a factual documentary which people are obsessed about crime documentaries, those are both an H1.

251

00:40:23.790 --> 00:40:35.820

Mark Seaton: we've got, as I said, three serious 15 which coming up in September and then we've got an urban Welsh adaptation coming up towards the end of the year close crime, so that, again, is a gritty drama.

252

00:40:36.690 --> 00:40:40.380

Mark Seaton: Those are things that we think will work very well for brick box, because the whole.

253

00:40:40.860 --> 00:40:48.690

Mark Seaton: aim, there is to make sure that you're acquiring new subscribers and the cost per acquisition at you know we have.

254

00:40:49.110 --> 00:40:53.820

Mark Seaton: A model that kind of says exactly what we have to hit to get that cost per acquisition and that's.

255

00:40:54.060 --> 00:41:05.820

Mark Seaton: that's separate really, although I think the content strategy and the marketing strategy are completely indivisible actually on Brit box in a way that that that doesn't exist in other models like a VOD or linear.

256

00:41:06.600 --> 00:41:19.680

Mark Seaton: So content strategy is obviously critical, yes, we are happy with four 500,000 subscriptions or just over reason being it's exactly on our plan exactly what we kind of budgeted to get at this point, and just to give you a benchmark on that.

257

00:41:20.310 --> 00:41:29.700

Mark Seaton: If you look at Disney plus in the UK, you had gazillions of amounts of money spent and we benefited from the spend on linear actually.

258

00:41:30.660 --> 00:41:34.830

Mark Seaton: They got to 3 million subscribers with all that marketing spends.

259

00:41:35.370 --> 00:41:45.870

Mark Seaton: In the same period of time in the first year, so I think, given what we're doing and how nice our product is rather than a global products were national champion rather than Disney plus which has all these.

260

00:41:46.530 --> 00:41:56.190

Mark Seaton: millions of pounds to spend globally, I think that's a good benchmark and another fairly good benchmark or they always depends, it depends on timing and circumstance and all of those other factors.

261

00:41:56.610 --> 00:42:08.880

Mark Seaton: But now TV took about three years to get to half million subscribers when it launched a few years ago now, I know, that was a different time I know streaming was not as prevalent I know all of those things.

262

00:42:09.210 --> 00:42:26.070

Mark Seaton: But for us to have done that, within a year is is we think a strong milestone for us so that's on the subs and just to say the spitting image series one worked really well for us as well, it was the first original and it performed exactly as we thought it would yeah.

263

00:42:27.180 --> 00:42:33.330

Mark Seaton: very powerful attracting yeah good for brands, you know great for the positioning of the brand great for the.

264

00:42:33.810 --> 00:42:42.690

Mark Seaton: Awareness really good for Chan Chan started coming off so just very you know very strong and then i'll just comment last year on viewing.

265

00:42:43.650 --> 00:42:52.950

Mark Seaton: I think, given that you know the number amount of choice, there is right across the market, including what we're offering in asphalt and hub.

266

00:42:53.610 --> 00:43:06.030

Mark Seaton: Where we're doing some original content on hub nevermind everything else that exists out there, I think I would expect linear viewing across the board to continue to erode gradually over time.

267

00:43:07.110 --> 00:43:17.520

Mark Seaton: So I wouldn't expect us to be able to necessarily maintain, because I think that would just be unrealistic, the most important thing for us is that that we're capturing viewing.

268

00:43:17.850 --> 00:43:29.280

Mark Seaton: Wherever, however, and whenever viewers want to view our programs, and that we market those programs to various demographics very effectively and that those programs are strong content.

269

00:43:29.640 --> 00:43:36.150

Mark Seaton: That that's what we can do what we can't do is holes trends that already are already existing in the market.

270

00:43:38.010 --> 00:43:40.320

Mark Seaton: yeah and then on the on the studio's customers.

271

00:43:41.460 --> 00:43:48.840

Mark Seaton: It was really the question that Julian asked before we don't break out the ott separately.

272

00:43:49.980 --> 00:43:54.810

Mark Seaton: And you know that third third third free to ITV and pay.

273

00:43:56.190 --> 00:43:57.240

Mark Seaton: yeah we put out on the page.

274

00:44:00.810 --> 00:44:02.400

Nizla Naizer: So that's very helpful, thank you.

275

00:44:03.270 --> 00:44:06.960

Mark Seaton: No problem Thank you so next is Joe of bonded lamb.

276

00:44:18.750 --> 00:44:19.170

Mark Seaton: morning.

277

00:44:29.370 --> 00:44:30.780

Mark Seaton: Sure you're on mute I think.

278

00:44:34.380 --> 00:44:37.230

Jo Barnet-Lamb: Trying to unmute myself you guys able to hear me now.

279

00:44:37.770 --> 00:44:39.090

Mark Seaton: Yes, we can thanks Joe.

280

00:44:39.480 --> 00:44:47.910

Jo Barnet-Lamb: Excellent just one more from me so Chris has managed to pull yet for the rabbits out of hats with regards cost savings is becoming a recurring theme.

281

00:44:48.210 --> 00:44:49.410

And it's very helpful.

282

00:44:50.820 --> 00:45:04.200

Jo Barnet-Lamb: very helpful slide in the deck with the guards where those savings are coming from so both of the guards potential to convert any further temporary savings from fyi 20 but also just generally how you feeling about the potential for further permanent savings ahead.

283

00:45:05.490 --> 00:45:10.470

Mark Seaton: said before, Chris comes in and gives you the detail, I am going to say something Joe which is.

284

00:45:10.920 --> 00:45:19.320

Mark Seaton: You cannot imagine how hard it has been to get those cost savings, you cannot begin to imagine how hard we worked.

285

00:45:19.740 --> 00:45:27.270

Mark Seaton: At the beginning of this year when we knew there was a lockdown and everybody ITV has has worked, and it has involved restructuring.

286

00:45:27.780 --> 00:45:38.220

Mark Seaton: The company, so you know the operating model for me for media and entertainment has changed significantly in order to deliver some of those savings, so I just want to.

287

00:45:38.520 --> 00:45:47.070

Mark Seaton: admit I really want to emphasize that that there is no magic trick going on here, I promise you, it has been very, very difficult to do this.

288

00:45:48.150 --> 00:46:00.930

Mark Seaton: And yeah and Joe it's not it's not Chris, it is the entire organization I think what i'd say is that probably 18 months ago we really organized ourselves.

289

00:46:02.010 --> 00:46:11.580

Mark Seaton: and put together a multi year cost saving plan and that that will continue to roll so we're always looking at what can we deliver over the next three to four years.

290

00:46:13.140 --> 00:46:14.940

Mark Seaton: And as you'd imagine we've sort of got a.

291

00:46:16.170 --> 00:46:28.080

Mark Seaton: You can it's kind of the church spire thermometer we we've got a target and aspirational targets with them work on building up plans to deliver that so in any given year.

292

00:46:28.800 --> 00:46:38.640

Mark Seaton: We know we've got certain savings that we have a plan to deliver we've got some fairly well developed ideas and then there's that then there's some aspiration, on top of that.

293

00:46:39.210 --> 00:46:57.060

Mark Seaton: So as that has matured I think it's got it's just gotten better at identifying opportunities, and I think the the covert has it's helped because things changed so much and there's always in any organization there's there's a resistance to change.

294

00:46:58.560 --> 00:47:06.000

Mark Seaton: And and just the way and the speed with which we could react to code I think has really galvanized people in terms of what more as possible.

295

00:47:07.230 --> 00:47:16.590

Mark Seaton: So we will always strive to take out waste and inefficiency and do things differently and use digital and digital transformation to drive efficiency.

296

00:47:18.810 --> 00:47:19.950

Jo Barnet-Lamb: So, thank you very much.

297

00:47:20.730 --> 00:47:21.150

Okay.

298

00:47:22.710 --> 00:47:24.660

Mark Seaton: So next it's kind of a shame.

299

00:47:38.100 --> 00:47:39.660

Mark Seaton: I think you might be on mute.

300

00:47:40.170 --> 00:47:41.580

Conor O'Shea: i'm on mute can you hear me now.

301

00:47:44.910 --> 00:47:54.810

Conor O'Shea: Yes, at two questions for me please, firstly, the first question, I think it's been viewed among some other broadcasters in Europe that covered has.

302

00:47:55.860 --> 00:48:12.240

Conor O'Shea: lower the costs, you know you've found cheaper ways of doing some kinds of programming during covered and maybe that might be permanent, is that something you would subscribe to, I mean you're going back to the 1.1 billion budget, which is just maybe not but others some sort of permanent.

303

00:48:13.440 --> 00:48:16.920

Conor O'Shea: learnings there and then secondly on the fourth quarter.

304

00:48:18.510 --> 00:48:29.910

Conor O'Shea: I know it's been difficult to ascertain what what what review in terms of the stronger and Q4 than expected, do you think that came from, but you're flushing from from advertisers or.

305

00:48:31.410 --> 00:48:43.170

Conor O'Shea: Just to return to some sort of more of a normality ahead of ahead of more lockdowns at the start of the year, what what's your view on that which sectors were more prominent towards the end of the year yeah.

306

00:48:43.770 --> 00:48:52.410

Mark Seaton: Okay, just on Chris will definitely come in on the cave and lowering costs, I mean look there are lots of learnings so you're absolutely right that what we have.

307

00:48:52.830 --> 00:49:00.030

Mark Seaton: done is for instance we've we've been forced to learn how to remote edits which is not something we would have done.

308

00:49:00.630 --> 00:49:13.410

Mark Seaton: As a matter of course in the past, now that we are remote editing we will continue to do that, but we will also be trialing cloud based editing, which is a further advanced step to remote editing.

309

00:49:13.710 --> 00:49:27.900

Mark Seaton: So there's definitely learnings to be had from having to work in a different way in covert but the cost currently that we are having to spend on covert secure workplaces on production.

310

00:49:28.380 --> 00:49:34.980

Mark Seaton: are quite onerous actually so so actually I don't see that diminishing.

311

00:49:35.640 --> 00:49:47.010

Mark Seaton: for a period of time, because we are still in covert we're still distancing we're still having to you know we're still producing shows where you don't have you know.

312

00:49:47.400 --> 00:49:54.600

Mark Seaton: All of the crew in the same place at the same time we're having to stagger how we do things so I don't see that changing.

313

00:49:54.900 --> 00:50:00.060

Mark Seaton: In the short term, I do see in the medium term, what we are definitely going to be able to do.

314

00:50:00.450 --> 00:50:05.940

Mark Seaton: Is get more efficiencies into production, even though we are actually if you look at it, one of the reasons.

315

00:50:06.270 --> 00:50:17.550

Mark Seaton: Our margins have always been high on on studios is because we are very, very efficient about how we do things, so we will be building efficiency on an already efficient system.

316

00:50:18.300 --> 00:50:28.380

Mark Seaton: And, and we benchmark very, very well on our margins compared to other production companies around the world, so that that's what i'd say, and I think just the in terms of the broadcast team.

317

00:50:29.550 --> 00:50:41.550

Mark Seaton: They do an amazing job on the show to the incredibly thoughtful every show they know why it's there and and the job it's serving and the overall share deals so.

318

00:50:42.690 --> 00:50:56.190

Mark Seaton: I think they have optimized already I would say so so just in terms of you know, a blanket reduction in the program budget you wouldn't expect to see that I think where you'll see more is just being.

319

00:50:56.850 --> 00:51:10.890

Mark Seaton: Really, thoughtful about how each piece of content plays out on linear on capture on simulcast and on subscription which is you know that's probably where you'll see more changes in the content spend.

320

00:51:12.300 --> 00:51:20.760

Mark Seaton: On Q4 and last year, I would say, actually what happened is that the vaccine news was the thing that really drove.

321

00:51:20.790 --> 00:51:30.000

Mark Seaton: three, four, so the fact that Britain was doing so well on buying vaccine supplying vaccine and and had a very clear plan for rollout.

322

00:51:31.050 --> 00:51:36.060

Mark Seaton: And remember, in October, in November, no one knew about the lockdown in January.

323

00:51:37.470 --> 00:51:45.420

Mark Seaton: And so, advertisers we're seeing through that lockdown the previous lockdown they felt that there was no that no one felt.

324

00:51:45.780 --> 00:51:50.160

Mark Seaton: No, no one expected national lockdown bear in mind, mostly advertised respect to.

325

00:51:50.490 --> 00:52:07.350

Mark Seaton: we're thinking, it would be regionally based because of the tier system not nationally base, no one expects go back into the national lockdown, so I think that's quarter reflected positive news about January onwards and the vaccine programs coming you know doing well in in Britain.

326

00:52:08.340 --> 00:52:09.150

Conor O'Shea: Okay, thank you.

327

00:52:11.190 --> 00:52:13.110

Mark Seaton: And next it's Patrick Wellington.

328

00:52:25.020 --> 00:52:26.310

Mark Seaton: Patrick I think you may be on mute.

329

00:52:39.000 --> 00:52:39.630

Mark Seaton: hi Patrick.

330

00:52:40.890 --> 00:52:41.220

Patrick Wellington: Okay.

331

00:52:42.330 --> 00:52:43.950

Patrick Wellington: I was gonna try this morning every.

332

00:52:44.850 --> 00:52:53.520

Patrick Wellington: morning when we get to the half year figures carolyn will be celebrating the first recorded.

333

00:52:54.120 --> 00:53:11.340

Patrick Wellington: More than 100% month of ITV top you're going to be over 100% in June in euros it's love islands, if you've got a charming start for that, I mean, are we going to be talking about an extraordinary advertiser response that's my first.

334

00:53:13.800 --> 00:53:27.300

Patrick Wellington: Secondly, and what about 2022 I know it's hard, but can you talk to us about the programming, that you will have in 2022 that you both had in 2021 I, of course, was devastated.

335

00:53:27.780 --> 00:53:40.860

Patrick Wellington: That dancing on ice had to be curtailed you haven't got the GT you haven't had winter love Ireland you're going to get the World Cup So what are your kind of early thoughts, if you like, for 2022.

336

00:53:41.490 --> 00:53:56.430

Patrick Wellington: And then just on the Brit box, I noticed that netflix international subscribers are valued at 1600 dollars each you've got 2.1 million US britpop subscribers I suppose any half of them are yours.

337

00:53:57.600 --> 00:53:57.960

Patrick Wellington: But.

338

00:53:59.220 --> 00:54:11.220

Patrick Wellington: When you think about breadbox everybody is sort of capitalized is the losses same eight times ebit da the ITV sits on but surely you must feel you're building up a store of value in brick box so tell us a bit about her.

339

00:54:13.260 --> 00:54:20.040

Mark Seaton: Okay i'm gonna let Chris come in on the half year if we do manage that i'll buy you a drink, I promise you.

340

00:54:20.580 --> 00:54:25.140

Mark Seaton: As, as you know, we can't look that far forward, but you are right.

341

00:54:25.620 --> 00:54:37.200

Mark Seaton: In that we have a fantastic schedule, I mean we really do have fantastic schedule is yours level and then offs that we got strong dramas we've got the mass dancer you know just let's not forget the mass singer.

342

00:54:37.680 --> 00:54:46.500

Mark Seaton: You know, did about 8 million, which was double what it did the year before, as established itself as this very weird surreal shows, although we did not be GT.

343

00:54:46.920 --> 00:55:00.600

Mark Seaton: We did have another entertainment show that really kind of wiped the floor in terms of entertainment so Look, we remain cautiously optimistic Patrick but that's all we can say really about the advertising market.

344

00:55:02.670 --> 00:55:12.480

Mark Seaton: As well as Brit box now box, we are definitely building value, I mean it's one of the you know the reasons we've launched spirit box is to optimize.

345

00:55:12.840 --> 00:55:23.640

Mark Seaton: Our content to make sure that we're optimizing the rights of our content and and that's one of the ways to do it it's also to learn about subscription businesses which are going to become increasingly important.

346

00:55:24.210 --> 00:55:31.890

Mark Seaton: Over the years, is incredibly important for us to have the skills and the business to to do that, to have the business model.

347

00:55:32.640 --> 00:55:40.680

Mark Seaton: And the third thing, of course, is to create values to build value and that's what we're doing just on the US subscriber number, I just want to correct that figure.

348

00:55:41.520 --> 00:55:52.050

Mark Seaton: Because it's currently at 1.6 million in the US i'm pretty sure, but it is doing very, very well and it has the potential to grow you're absolutely right.

349

00:55:53.280 --> 00:56:03.930

Mark Seaton: And it's fantastic that netflix subscribers the value that you know, whatever you said \$600 each fantastic, because I think that bodes very well for breadbox as a business globally.

350

00:56:04.770 --> 00:56:09.330

Mark Seaton: it's a very different business to netflix I want to really stress that every market it goes into.

351

00:56:09.840 --> 00:56:22.320

Mark Seaton: it's a British niche product that is going to appeal to certain kinds of people who love British content, it is not ever going to compete with netflix and others.

352

00:56:22.980 --> 00:56:29.610

Mark Seaton: And that distinctiveness actually is one of its greatest strengths that it doesn't try to be like any other streaming service.

353

00:56:29.880 --> 00:56:43.440

Mark Seaton: And I think that's one of the reasons been so successful in the US and why it's launched so well in Australia and why the rollout internationally is in markets that we feel confident those characteristics exist.

354

00:56:49.350 --> 00:56:57.630

Mark Seaton: In thoughts on 2022 2222 your question was about was that about programs or yes, it was yeah.

355

00:56:58.470 --> 00:57:09.810

Mark Seaton: So I mean Look, we did not be GT this year because of covert it was you know it's a multi is that all the talent on BG comes from everywhere in the world, it doesn't just come from Britain.

356

00:57:10.170 --> 00:57:16.560

Mark Seaton: and Simon collars you know is predominantly based and States so that creates quite a lot of issues I think cubby GT.

357

00:57:17.040 --> 00:57:28.020

Mark Seaton: GT will be back next year we've got the mosque dancer in place to be GT this year in the in the week that we would have been doing bgp live.

358

00:57:28.800 --> 00:57:38.190

Mark Seaton: And we expect the mass dancer actually to capture the British public's imagination and the way the mouse singer has done it's got a very it's the same judging panel plus it.

359

00:57:38.880 --> 00:57:47.430

Mark Seaton: And so, actually we've still got a very strong schedule and we yeah so I mean we can't.

360

00:57:48.000 --> 00:58:00.000

Mark Seaton: The problem is once love island has gone for one year it's gone it's not like we'll do three love islands, next year, does that makes sense, we will we will just do the law of Ireland, that is in the schedule for next year, it.

361

00:58:00.810 --> 00:58:11.700

Mark Seaton: that's not really answering your question I don't think, but I think the schedule is strong and we've tried to replace what we haven't gotten the schedule this year because we've had more warning than we had last year.

362

00:58:12.840 --> 00:58:17.820

Patrick Wellington: yeah I suppose my point once you still haven't implemented chitral next year because you'll have building stuff coming back.

363

00:58:17.850 --> 00:58:23.640

Mark Seaton: Yes, yeah yes, yes that's true and that's why the costs have gone up on the adobe that's absolutely right now to be strong.

364

00:58:24.390 --> 00:58:31.860

Patrick Wellington: And finally carolyn can you say something about age F is s where are we in terms of 23 what's the latest.

365

00:58:32.580 --> 00:58:37.560

Patrick Wellington: because she was an idea that there'll be a total ban on some advertising here in new mcdonald's.

366

00:58:37.560 --> 00:58:39.360

Patrick Wellington: Before nine o'clock this sort of thing, where I.

367

00:58:39.900 --> 00:58:49.260

Mark Seaton: don't know yet Patrick so we there's no more news on that because, as you as the government has been preoccupied on me uncovered in particular I think that's.

368

00:58:50.010 --> 00:59:14.190

Mark Seaton: We are talking to dcms in particular about what when how online and TV, it was very unfair if they did something on TV that doesn't happen in online, it would not be a level playing field and the government says repeatedly it wants a level playing field, it does recognize what.

369

00:59:15.750 --> 00:59:20.310

Mark Seaton: You know, media companies are saying about the level playing field and so.

370

00:59:20.910 --> 00:59:38.820

Mark Seaton: it's too early i'm afraid to give you any more information on that except say we're working very hard, obviously, to understand what the definition of H vs is and i'm Chris and his team have been working on various scenarios, so that we as prepared as we possibly can be, for 2023.

371

00:59:40.290 --> 00:59:45.030

Patrick Wellington: that's great and minds of Chelsea sidecar for the hundred percent advertising growth in June.

372

00:59:46.590 --> 00:59:53.070

Mark Seaton: Okay we'll see what we can do, Patrick without any bribery or corruption allegations coming our way.

373

00:59:57.330 --> 01:00:01.950

Mark Seaton: So, if we take our final question now, I think, Richard eerie has got one more question.

374

01:00:06.090 --> 01:00:06.990

Mark Seaton: Hello again Richard.

375

01:00:08.220 --> 01:00:11.760

Richard Eary: hi you know just a couple of follow ups actually just.

376

01:00:12.000 --> 01:00:15.780

Richard Eary: Okay, Patrick start a bit of my thunder but i'm just.

377

01:00:15.930 --> 01:00:18.300

Mark Seaton: always does he always does.

378

01:00:20.070 --> 01:00:31.950

Richard Eary: But on love island in the euros can you talk about sponsorship in terms of because i'd imagine the sponsorship money should be in, or at least indications and just try again an occasion as.

379

01:00:33.540 --> 01:00:45.780

Mark Seaton: Know lots lots ya know we're confident about the sponsorship for years and the violin but we haven't announced our partners, yet, so I won't be able to go into the detail of those today but rest assured.

380

01:00:46.200 --> 01:00:56.970

Mark Seaton: Both shows, I mean the Euros is a massive kind of world events in a way, but but both of those will will attract strong sponsorship.

381

01:00:58.440 --> 01:00:59.190

Richard Eary: And just.

382

01:00:59.910 --> 01:01:02.160

Mark Seaton: We do a lot more than sponsorship, yes, so we.

383

01:01:02.190 --> 01:01:02.400

yeah.

384

01:01:03.720 --> 01:01:05.250

Mark Seaton: deals and all sorts of other things yeah.

385

01:01:06.120 --> 01:01:17.040

Richard Eary: And just going back to the S VOD side, just two related questions, one is that there was 2.6 million s VOD subs and total is there a revenue number that you can give an attached to.

386

01:01:17.460 --> 01:01:27.840

Richard Eary: That 2.6 I know it's broken down between hard plus us great box and UK Brit box, but is there a total number that you can give us a sense of.

387

01:01:29.550 --> 01:01:32.130

Mark Seaton: yeah we were not disclosing the revenue numbers.

388

01:01:33.660 --> 01:01:34.170

Richard Eary: And then.

389

01:01:34.710 --> 01:01:42.480

Richard Eary: Lastly, given the I would imagine you're expecting higher UK brick box revenues, this year, because the sub numbers are higher.

390

01:01:43.350 --> 01:01:56.340

Richard Eary: And you're expecting basically the same level of associate losses, presumably cost is out and is that cost, mainly due to the for new originals coming through or is it elevated levels of marketing costs.

391

01:01:58.200 --> 01:02:05.340

Mark Seaton: So the so the originals are for for next year for 2021 is he talking 21 yes.

392

01:02:05.550 --> 01:02:06.150

Richard Eary: yeah i'm talking.

393

01:02:07.500 --> 01:02:14.280

Mark Seaton: yeah this yes yeah yeah so so yeah I think content spend is going to be slightly higher because of those originals.

394

01:02:15.510 --> 01:02:32.340

Mark Seaton: And also because just remember we've had to differ so we couldn't so business die, for instance, would have been in last year that we have to move because production, because we can produce it, so they will have been a shift into this year from last year of some of that content.

395

01:02:33.300 --> 01:02:34.620

Mark Seaton: And to the teams have written.

396

01:02:35.370 --> 01:02:44.280

Mark Seaton: In terms of some subscriber acquisition costs actually the marketing is proven very efficient so we're not having to throw a lot of marketing money.

397

01:02:45.300 --> 01:02:48.330

Mark Seaton: to acquire the subscribers it's very efficient.

398

01:02:49.080 --> 01:02:55.830

Richard Eary: And the improvement in 22 Chris is that primarily driven by revenues with lower costs or similar levels yeah.

399

01:02:57.960 --> 01:03:03.600

Mark Seaton: yeah I mean the content spenders is going to be the biggest number in the p&l so the more subscribers you've got.

400

01:03:03.840 --> 01:03:06.930

Mark Seaton: to spread that across the the more profitable, it becomes yeah.

401

01:03:07.020 --> 01:03:08.430

Richard Eary: Okay helpful, thank you very much.

402

01:03:09.660 --> 01:03:10.020

Mark Seaton: pleasure.

403

01:03:14.370 --> 01:03:27.060

Mark Seaton: No more questions brilliant no more questions Thank you all very much for joining us it was very good to be able to do this, and this way, at least to see many of you asking questions thanks, very much indeed see you all soon bye for now.