

ITV Studios Investor Update

Thursday, 9th December 2021

Introduction

Carolyn McCall

CEO, ITV Studios

Welcome

Good afternoon. Thank you for joining us for our ITV Studios Investor Update. The vision we set out for ITV Studios was to strengthen and grow our UK and international production business into a high-quality and diversified global business.

As Julian and the team will demonstrate over the next hour or so, we have made very significant progress. We are now a key scaled player in the global content market, diversified by genre, geography and customer base. And we are in a position of strength to take advantage of the growing demand for quality content.

We produce in 13 countries, and in the majority of those markets, we are one of the top three international producer groups. In the UK, we are the biggest. Our proportion of scripted revenues has doubled from 15% to around 30% of total revenue since 2015. We have grown our unscripted business and now have over 285 formats globally, up from around 165 in 2015.

We have also grown our revenues from SVOD significantly, as we have tilted our business towards the strong growth and demand from streamers. By the end of this year, revenue from streamers will account for around 14% of our external revenues, up from virtually zero in 2015. And we have significantly strengthened our creativity through a variety of talent deals as we have focused our M&A activity on successfully bringing individual creatives into the business rather than large-scale acquisitions.

Therefore, over the medium term, we expect our revenues to grow, on average, at least 5% per year, ahead of the overall content market. Now embedded in this is how we produce the biggest programmes with the smallest footprint. ITV Studios has been leading the industry on sustainability for some years. All programmes we produce in the UK go through sustainable certification through BAFTA's Albert Carbon Calculator. And we are starting to apply this to our productions globally, as you would expect.

Nurses, for example, from ITV Studios Australia, was the first Australian TV show to be Albert certified. And we are increasingly using the cloud to enable remote editing. The production gallery for Love Island UK this year was based in London, significantly reducing travel to location and driving efficiencies across our production chain.

Crucial to ITV success is the strength of the Studio's management team, which you will see today. Creative talent and how it is managed is, of course, critical to creating great content and delivering growth. Quality content is at the centre of ITV, and being an integrated producer broadcaster continues to give ITV Studios real competitive advantage. It provides a base of core commissions and a significant promotional engine for ITV Studios content. It also gives us the ability to cross-promote across our business models, and it enables 360 degree monetisation of studios content across our pillars of value. Very importantly, it helps us attract and retain talent, which is key in a creative business.

Before I hand you over to Julian and the team, I would like to show you show reel that demonstrates the breadth and depth of the content we are creating, producing and

distributing. As a reminder, at the end of the presentation, there will be plenty of time for your questions. Please use the dial in details which are included in our announcement this morning.

[Video]

ITV Studios Review

Julian Bellamy

Managing Director, ITV Studios

Our Shows

Thanks, Carolyn, and hello everyone. It is great to be here today. Over the next hour or so, you will hear a lot of information about the ITV Studios' business and our ambitions for the future. You will also hear from Sharjeel Suleman, our CFO; David McGraynor, our COO, and a range of divisional leaders from across the global business.

But before we get into that, let us start with the shows. After all, they are the foundation stone upon which everything else in Studios is built. Without creative success, there can be no commercial success. I am pleased to say that 2021 has been one of our strongest ever years on screen. Here is just a few examples.

BBC Blockbuster, *Vigil*, was the drama hit of the year, made by our very own World Productions, the show attracted an incredible 13.5 million viewers, making it the biggest new drama launch on British TV since *Bodyguard*, also made by World, back in 2018. The *Vigil* is just one show in our record-breaking year of UK drama, with six of the top ten highest rating dramas on British Television produced by ITV Studios, including all of the top three.

This year also sees the fifth and final season of *Gomorra*, produced by our label Cattleya in Italy, the multi-award-winning show is part of a broader growth of premium non-English language drama, but also include shows from France and Scandinavia. In Entertainment, *The Voice* has had a very strong year globally, with local adaptations in 72 countries. The show has seen a resurgence this year in several key markets, including France, Australia, Spain and The Netherlands. It is another reminder of the power and longevity of our big entertainment brands.

Staying in Entertainment, Simon Cowell's next big format, *Walk The Line*, is launching is a script event on ITV in just a few days. Co-produced with our listed entertainment label, the show was developed as a close collaboration between Simon, the network and ITV Studios. It is yet another great example of how we work as an integrated producer broadcaster.

Next up, *Cowboy Bebop*, our biggest and most ambitious drama series to-date. Produced by LA-based Tomorrow Studios, the sci-fi series dropped on Netflix last month and is emblematic of our rapidly growing business with the streamers around the world, a business that is more than doubled in size since 2019.

The last show I will pick out is *Queer Eye*. The Netflix hit just won an incredible ninth Emmy this year. It represents the strength of our ITV America business today; important not just because the US is the biggest domestic market in the world, but also because we believe a strong US division well-connected into the global studios group will increasingly be a strategic advantage for winning business with US-based global streamers. More of that later.

Scaled, Diversified and Global Studios

All of these shows reflect the growing strength, depth and diversity of ITV Studios across the world today, and the progress we have made in the last few years despite the challenges of the global pandemic.

To remind you, today we are the number one commercial producer in the UK, one of the biggest independent producers of unscripted in the US and one of the biggest global producer distributors in the world. We are internationally scaled with more than 55% of revenues from outside of the UK.

Production expertise across 60 labels and 13 countries

We have 60 production labels across 13 countries with our European presence outside the UK accounting for about a third of them. Together, they have produced over 700,000 hours of content this year. We also have one of the industry's deepest and widest ranging catalogues with over 90,000 hours of content, something that has really come to the fore in the last 18 months. And remember, the fact that we are a part of an integrated producer broadcaster is a major strategic advantage for us in comparison to many of our competitors.

Our Strategy

However, back to those six shows I just picked out for you, there is another reason I chose them. Besides reflecting where the business is today, these shows also encapsulate our biggest strategic priorities going forward. These are:

- To grow our scripted business;
- To grow our formats business;
- To further diversify our customer base; and
- All of that is underpinned by our ability to attract and retain the best creative talent.

Now you will hear a lot more about these priorities in the next hour or so, but just to give you a few headlines on them.

Grow our scripted business

First up, growing our scripted business. Demand for great drama continues to grow across the world and we want to continue to capitalise on that. We have continued to invest in creative development and strengthening our talent base from recruiting the multi award-winning producer of *It's A Sin*, Nicola Shindler, to the exec producer of *Das Boot*, Moritz Polter.

As a result, we now have one of the most formidable drama groups in the world, underpinned by one of the most extensive drama catalogues in the business, with more than 22,000 hours of scripted consent. We have now got more momentum in drama than ever before. For instance, five years ago, we produced just over 100 hours of high-end scripted content annually. Today, we are at double that number and we are growing fast.

Grow our global formats business

Second big strategic priority: growing our formats business. Almost nothing in television is as powerful as an entertainment hit. *The Voice*, for example, had had an incredible 137 adaptations across the globe and is aired in more than 180 countries. As part of our

acquisition of Talpa Media in 2015, that one hit show radically strengthened our market position in a raft of countries almost overnight.

Now, today, we have a very strong formats business with hundreds of available format titles as well as a deep catalogue of factual, entertainment and documentaries. All in all, that is more than 68,000 hours of unscripted content. We want to grow our formats business even further. So firstly, we are expanding our biggest formats into new spin-offs and related brands. For example, The Voice now has six spin-off versions, including The Voice: Generations. There is a similar story for other key brands, including The Chase and Come Dine with Me.

Second, we are growing our pipeline of brand-new shows that can travel the world, game shows like Sitting on a Fortune; reality shows, like My Mom, Your Dad, and big entertainment shows like Walk The Line.

Third, we have strengthened our commercial capabilities. We have successfully integrated Talpa Media and reorganised our commercial division into three powerful centres of excellence:

- Global distribution;
- Global Entertainment; and
- Our creative network teams.

They all combined to make us better place than ever to maximise the commercial potential of the shows we create and own.

Further diversify our customer base

Third big strategic priority: further diversifying our customer base. The strongest studios in the future will be those whose customer base reflects the rapidly changing diversified market. And we are embracing that fast, in particular, expanding our business with global and local streamers.

For instance, between 2017 and 2020, the number of hours ITV America has produced for streamers has grown by more than 50%. Meanwhile, in our Global Distribution business, our top two customers are now streamers.

Attract and retain leading talent on screen

And, of course, all three strategic priorities are underpinned by our ability to attract and retain the very best talent. And on that front, we have a very strong track record.

In the last year alone, we have worked with some of the biggest and best talents in the business, including some of the most famous names on the screen from Renée Zellweger to Damian Lewis, Daveed Diggs to Suranne Jones, Ant & Dec to Jennifer Connelly and many, many others.

Attract and retain leading talent off screen

Plus, we work with some of the industry's greatest off-screen talents from Jed Mercurio to Stephen Merchant, Kathy Burke to Russell T Davies and the creative leaders from our 60 labels around the world.

How do we do this? Well, we offer talent something different, a blend of creative independence, an entrepreneurial culture, the muscle of a global studio business. In the UK, a special relationship with one of Europe's biggest content commissioners, ITV. Now obviously COVID has had a significant impact on the content market, and Sharjeel will take you through the financials of that later.

However, I believe it is because of this incredible talents and the creative culture that flows from them that we are emerging from hopefully the worst of the pandemic in such strong shape. There is no better example of that spirit than in our daytime shows and our soaps, which incredibly never went off air in the pandemic. It is a can-do spirit that is alive and kicking across the whole global group, which today has over 490 shows in production around the world, a record number for this time of year.

Now you will hear a lot more about each of these strategic priorities and our plan is to deliver them over the next hour or so, with some detailed examples to bring them to life.

Key Takeaways

However, above all else, I hope you leave today's session with a few key takeaways about ITV Studios, that:

- We are operating in a growth market and strategically pivoting to the key drivers of that growth, in particular, streamers and scripted;
- We continue to expand our global formats business aided by world-class commercial arm;
- We are relentlessly focused on innovation and efficiency, whether it is consolidating our US unscripted business or experimenting with new technology and ways of working; and
- We offer a very strong creative culture that provides a competitive edge in attracting and retaining the industry's best creative talent.

It is because of all of these factors, that we are so confident in our growth trajectory. Therefore, we continue to expect to grow revenue by at least 5% on average per annum over the next five years ahead of the market. More on that later.

Next up, you will hear from David, our COO, who will take you through the market context and our key business highlights, followed by Sharjeel, our CFO, who will cover the financial performance and KPIs. You will also hear from our management team on how we are successfully implementing the key pillars of our strategy.

Market Context

David McGraynor

Chief Operating Officer, ITV Studios

Welcome

Thank you, Julian, and good afternoon, everyone. I want to build on Julian's overview of our strategy by giving it some key market context in terms of the size, shape and growth profile of the TV content market. I will also touch on some of the other key market trends we are

seeing and what they mean for our business, and I will conclude by explaining how our business model enables us to compete effectively in this exciting industry.

Global demand for content is growing by streamers

But let us start with the size and growth profile of the TV content market. You only have to turn on your smart TV and look at the number of channels, apps and platforms and the choice of programming in offer to understand that the TV content market is a large and dynamic one. It is also a growing market with changing viewer habits and the proliferation of new market players, evolving business models and existing players battling for our attention with content at the heart of this battle.

In 2021, the TV content market is estimated to be worth over \$216 billion with a long-run average annual growth rate of around 5%. And over the next four to five years, we expect the overall market to continue to grow at an average annual rate of 3% per annum, with most of that growth driven by significant SVOD investment.

Spending by traditional platforms like the public service broadcasters, free-to-air commercial broadcasters and pay-TV operators, who combined make up to 70% of the market spend today will remain relatively flat as they adapt their business models to changing viewer habits.

Just an important point to note here. While traditional platforms overall share of the market spend is expected to decline from 70% today to 60% by 2026, they will remain the largest buyer segment in the market and a core customer group for us, even as we increasingly target growing SVOD demand for content.

Original and acquisition spend are the largest and growing parts of the market

Now looking at the market through the lens of what people are buying rather than who is buying it, it breaks down into three main categories. Firstly, original commissions. This is the money spent on creating new shows at a premieres or new seasons of returning shows, and includes both TV series and TV movies that would exclude theatrical movie spend. We know from our buyers that exclusive original content is a key differentiator for channels, platforms and brands.

It is also the largest segment of the market at 40% and is expected to grow at an average annual rate of 5% per annum over the next four to five years. This is the part of the market that our 60 production labels play in.

The second category is acquired content. This is spend on shows that have already been commissioned, produced and have aired on the original commissioning platform. So it includes library sales of all the content no longer being produced, for example, *Pro* or *Poldark* in scripted and *River Monsters* and *24 Hours in Police Custody* in non-scripted, as well as second and later cycle sales of more recently produced content.

This is the second largest category in the market at 26% and is important to broadcasters and platforms to build diverse, deep and interesting content propositions for their audiences alongside their original shows. Moreover, as new platforms and business models develop, all of whom need content, we see interesting opportunities to exploit a growing content library of more than 90,000 hours.

This is the part of the market that our Global Distribution business predominantly plays in, and you will hear more about Global Distribution from Ruth Berry later.

The final broad content category is sports rights, which is obviously not a part of the market that we can participate in. Our focus is very much on the originals and acquired content segments. For completeness, the uncategorised segment consists of total market spend in those markets where we do not have segmental information.

ITV Studios is present in 6 out of the top 10 content markets

As a global studios group, we want to be in the largest and most creative TV content markets. This has driven market participation strategy over the years. We are in six of the top 10 largest TV content markets and an eight out of the top 10 ranked markets in terms of unscripted format exports.

In the majority of the markets in which we operate, we are one of the top three international producer groups in that market. In the case of the UK, we are in fact the biggest producer group. The large markets that we are not in, like China, India and South Korea, have either competitive structural or regulatory environments that make it difficult for us to own businesses there. Now they are important sales markets for our Global Distribution and global entertainment businesses.

Scripted demand continues to grow – US and UK

Now on to some of the bigger market trends we are seeing, starting with the continuing rise in demand for scripted content. As Julian mentioned earlier, growing our scripted business is one of our key strategic priorities. Demand for great storytelling in the shape of original drama series like Line of Duty, The Serpent, Vera, Snowpiercer and Gomorrah has never been stronger.

You can see that illustrated clearly in the strong historical growth in the number of original commissions in the US, the UK, as well as in Europe, a trend that we expect to continue following the COVID production dip in 2020. The reason for this growing demand is simple, compelling original and exclusive drama is key to platforms attracting and retaining viewers.

Scripted demand continues to grow – Europe

The increasing globalisation of scripted content is driving another interesting trend, and that is the rising demand for locally produced non-English language content, which not only resonates with local audiences but increasingly finds appeal with international audiences. Good examples of this can be seen in the success of shows like our own Gomorrah in Italy, Balthazar in France, or Netflix A Squid Game, Lupin, and Elite from South Korea, France and Spain respectively, all of which are being both domestic and international hits.

We have some of the best drama talent in our markets and we feel very well-equipped to tap into this growing trend.

Unscripted genre continues to dominate linear schedules

As well as going our scripted business, we also want to grow our global unscripted formats business. Unscripted content covers a broad range of genres from reality to entertainment, factual to natural history and documentaries. It is the largest part of the market in terms of volume of ours and is also the largest part of our business, as Sharjeel will show later.

The genre is important to broadcasters and platforms as it provides volume and diversity of content to build interesting schedules and content libraries for their viewers. For linear broadcasters in particular, the power of a successful primetime entertainment show remains important to driving scale audiences. This can be seen as huge audiences that shows like I'm a Celebrity, Strictly and Bake Off continue to deliver in the UK.

For us as producers, a returning primetime show which travels internationally is both valuable and enjoyable. Why? Because we can produce it locally through our global production network and sell the format in territories where we do not have a production presence. We can also exploit 360 monetisation opportunities across merchandising and licensing, gaming, events, social media or finished programme sales.

Proliferation of streaming platforms

I have mentioned earlier the proliferation of SVOD platforms. Ten years ago, there were 17 SVOD platforms. Today, there are 115 global and local SVOD services, illustrating the significant growth that has taken place in the SVOD market and why we want to further diversify our customer base to grow a business with them.

The global players led by Netflix tend to be big tech or media-owned with large content spend budgets and global commissioning scopes, including more international commissions. Compared this with the local SVOD services, which tend to be owned by traditional ad-funded broadcasters to adapting to changing viewer habits, with more modest content budgets and a focus primarily on local content.

All of this presents a significant opportunity for us because the common denominator for all of these services is their growing need for great content.

Significant Content Market Consolidation

The market has continued to see consolidation over the past 18 months, whether it is through the merger of Warner Media Discovery, Disney acquiring Fox, or the acquisition of MGM by Amazon to name but a few. While this is likely to lead to more vertical integration of studios content with their own platforms, we believe that there will continue to be strong demand from these buyers for the best ideas from independent content providers as they continue to invest heavily in their platforms.

On the flipside, as more of these vertically integrated studios keep their content within their own distribution ecosystems, there will undoubtedly be more opportunities for independent producers like ITV Studios to provide broadcasters and platforms that do not have significant in-house production capabilities with great content for their services.

And the recent consolidation and growing demand for content is also a good reminder of the value placed on quality content assets like ours.

ITV Studios is well-positioned to serve the growing content market

So how can we compete to win in this fast global marketplace where competition for talent and commissions is fierce? There are number of factors, some of which have been mentioned by Julian, but it is worth reiterating again.

Firstly, as you have seen earlier, we have a global footprint in the top TV content markets in the world. In addition, we have relationships with all the major buyers globally through our

Global Distribution and Global Entertainment sales teams, meaning we can tap into the growth and the global demand for content.

Secondly, our culture enables us to attract and retain some of the best talent in the industry. We are an attractive place to work, creatively-led entrepreneurial collaborative with independently minded labels, supported by strong commercial and functional teams, meaning people feel supported to do their best work at ITV.

Thirdly, the ITV Studios relationship with our own ITV network in the UK gives us unique insight into their content needs and a platform to launch new shows, which we can then sell around the world. Our catalogue of over 90,000 active hours created over 70 years enables us to provide content at scale to our international client base while global formats like The Voice, I'm A Celebrity, Love Island and many others make us an exciting place to work for both on-screen and off-screen talent.

Last but not least, our ability to create, finance, produce, market, sell, and monetise our shows around the world to our integrated creator, producer, distributor model means we can participate in all areas of the TV content value chain.

That is it for me for the moment. I am now going to hand you over to our CFO, Sharjeel Suleman, who is going to provide you with some insights into the financial shape and KPIs of our business.

Financial Performance and Key Performance Indicators

Sharjeel Suleman

Chief Financial Officer, ITV Studios

ITV Studios has delivered strong historical growth

Thanks, David. Before I get into the KPIs that will measure our performance and share our ambitions for these KPIs, I first wanted to give some colour on the historical financial performance and highlight a few key facts about ITV Studios as it stands today.

Firstly, in terms of historical financial performance, let us look back over the last five years to highlight what we have done before we get into the next five years. From 2015 to 2019, ITV Studios grew revenues at a CAGR of 10%, with its profits going from £206 million to £267 million in that time.

This highlights that whilst our individual labels can have some revenue lumpiness due to the nature of productions and recommissions, the scale and breadth of our portfolio means that historically we have delivered steady growth. In fact, by the end of 2019, we believe ITV Studios was, at that time, in terms of profits, the largest studios business outside the US.

In terms of more current numbers, 2020 was significantly impacted by the pandemic, which resulted in a large portion of our productions being paused. However, despite those unprecedented events, we managed to deliver £1.3 billion in revenue and generate good profit and cash.

Diversified Internationally and by Customer Type

Secondly, I wanted to share some facts to give you a measure on the breadth of the business. ITV Studios will generate close to 60% of its revenues internationally, whereas in 2015 our international revenues were around 53%.

Looking at the customer base, ITV Studios is now spread with 66% of our revenues from free-to-air, 14% from cable and pay, and 14% from streaming companies. In 2015, our business was virtually all from free-to-air cable and pay.

Diversified Customer Base

Circa 30% of our business comes from ITV's M&E division, with 70% coming from external clients. And excluding those M&E revenues, around 45% of our external revenues come from our top 50 clients.

Another way to look at total revenues is by content type. 25% of our revenues are generated by our top 15 global brands, 15% by continuing drama and daytime shows and the remaining 60% from our other formats and scripted content.

Diversified by Genre

In terms of genre, today the business is mainly weighted towards unscripted, which accounts for 70% of our revenues, with scripted at 30%. Back in 2015, this was around an 85-15 split. So the business has already significantly grown its scripted revenues.

These different ways of looking at the same revenue figure show how unique ITV Studios is.

- It is an international business with production across 13 countries;
- A scaled business in the US and a top global distribution business;
- It has a wide range of customers and is not reliant on a handful of key partners or focused on a particular market segment;
- It leverages being part of an integrated producer broadcaster to launch new formats and scripted titles; and
- It generates its revenues from a large number of formats and scripted titles.

I hope that gives you some context of the business as it stands today.

Our Strategy and KPIs

Now moving onto the key performance indicators that will measure our progress against the strategy that Julian has outlined and the market context that David has taken you through.

We believe the best way to show clear progress against these is to have a handful of focused KPIs. These KPIs include two overarching measures:

- Total revenue growth, to show our growth versus market; and
- Margin percentage, to highlight the returns we are making.

And then one measure each to show how we are doing against our strategic pillars as follows.

- For growing scripted, the number of hours of high-end scripted that we produce;
- For growing our global formats business, the number of our formats that are sold in three or more countries; and

- For further diversifying our customer base, the percentage of our total revenues generated by streamers.

We believe that the combination of these five KPIs will allow measurement of our performance against the overall content markets against our competitors and also shows specific progress against our strategic pillars.

I will now take you through each of these in turn, and where appropriate, I will highlight our ambition for each of these KPIs.

KPI 1: ITV Studios Total Revenue Growth

Firstly, total revenue growth. As David has shown you, the content market remains a good one to be and one that is growing, but also changing as expected in terms of its client shape. ITV Studios is well-positioned in this market context. We also have made a number of talent investments in the past few years. These, alongside our existing business, will enable us to grow in the coming years.

In terms of our total revenue KPI, for 2021, you will have seen our Q3 results a few weeks ago and how our recovery from COVID continues. In addition, as we have previously said, in 2022, we will return to 2019 revenue levels.

Furthermore, as Julian said, given our confidence in our strategy and our setup, for the medium term, we aim to grow by at least 5% on average per annum. Our ambition is ahead of the overall content market growth at 3% and also ahead of the segments we operate in, which are growing at 4-5%.

KPI2: ITV Studios Margin %

Our second overarching KPI will be margin percentage. Historically, ITV Studios margin percentage has been in the range of 14-16%, which is one of the best margins in the industry. This compares to BBC Studios at circa 7% and Fremantle at 6%. The actual margin reported at the year-end has always depended on the mix of productions delivered and the commercial deals in the year.

Going forward, as our mix of production changes more towards scripted and we further diversify our customer base, we expect to see a slight reduction in our overall margin percentage range. Overall, we believe that the margin percentage range will be 13-15%, and we will be back in that range by 2023. Given this is a change from our previous margin percentage range, I want to share more colour on why our increased scripted business and our further diversified customer base drives a margin reduction, even though it is good for our revenue growth and absolute profits. At a high level, there is a range of margin percentages across our mix of production and commercial deals.

Generally, scripted productions, while generating good returns, are at the lower margin percentage end. And these tend to be large productions such as Vigil or The Serpent. The scale of scripted productions and the risk profile has always been different, as we highlighted in our previous Capital Markets Day. Margins here tend to be under 10%. Unscripted productions such as I'm A Celebrity or Love Island tend to be fully funded by the commissioner and have less risk. Therefore, the margin percentage tends to be more than scripted. Margins here tend to be around 10%.

Then we have scripted productions, which we make for streamers as a studio lead. Most streamers are operating on a cost plus and international rights buyout model, whereby they will pay a fixed fee for making the production and also pay a fixed fee to buyout global rights. While this is good business for us and reduces risk, it limits the potential global distribution upside from a hit drama.

Next, on the higher end of the spectrum, we have the following. The sale of finished tape of scripted drama, which is part funded by free-to-air, pay or cable. An example of this is the sale of Vigil to many clients around the world. Selling the same production will carry a higher margin percentage. Remember, we have to first cover the deficit we finance to enable the series to be made. Taking into account the deficits, the margins here tend to be around 25%.

Then we have commercial deals, where ITV Studios grants a brand license or a format fee license for global formats such as The Voice, Love Island, or The Chase, where we have good margins. At the top end of the scale, we have scripted deals where ITV Studios is passive. For example, on the Netflix drama, Cowboy Bebop, where ITV Studios takes a co-ownership and a premium fee, serves as an executive producer. But when Netflix serves as the lead studio, managing the actual production and financing all the costs.

In summary, each production genre or type of commercial deal tends to carry a different margin. Given our growth is largely going to come from scripted and increased revenue from streamers, this will mean more of our future revenues are coming from the lower margin percentage business. That said, it is important to highlight again that both of these strategic pillars will drive revenue growth and absolute profits, as well as a change in our business mix.

Like many other industries at the moment, we are seeing increased cost inflation. This includes production infrastructure costs, but also people costs relating to talent and behind the camera production stuff. Furthermore, COVID is still driving some inefficiency in our productions. The pandemic had previously increased our production costs by 10%, which sometimes were covered by the broadcasters, sometimes by our in-house distributor and sometimes by ourselves, as the production company.

Whilst we do not see ongoing COVID impact at these levels, our production safety and ways of working protocols are still resulting in more costs in the short-term, which are not always paid by the broadcaster. That said, we are mitigating some of these production cost increases by continuously looking at improved ways of working and cost reductions.

In the past year, we have started using cloud editing in daytime, freeing up space, and we are looking at further innovation in production through changes in ways of working. For example, increasing the use of production hubs and less travel to meet our net zero ambitions. These cost pressures are not something specific to ITV Studios either. These are industry trends that we are seeing across the board.

To summarise, overall, we believe that margin range will therefore be between 13-15% and we will be back in that range by 2023. We believe that this will still be one of the best margins in the industry.

Cash Conversion

Whilst not about margins, I quickly want to point out that much of these profits will convert to cash. Historically, our average cash conversion has been in the range of 80%. Going

forwards, the cash conversion would likely be in the region of 70-80%. The cash conversion is a bit lower than previous years, again, due to more scripted and increased revenues from streamers.

In scripted productions, it takes more time to recoup the deficit investment and streamers tend to have longer payment terms. To me, cash conversion in this range is a good sign. It means we have a good pipeline and are using cash in our productions, which will ultimately convert into revenues and profits.

KPI 3: Total High-End Scripted Hours

Grow our scripted businesses

Moving on to the specific KPIs that will show more detailed progress against our strategy. Firstly, looking at growing scripted. As David outlined, the scripted genre is a key growth area as all platforms compete to attract viewers. Our aim remains to build a scaled scripted business across multiple production labels in key scripted markets.

Our existing scripted businesses across the portfolio continue to deliver with returners and new commissions. Past investments in the US, like Tomorrow Studios and Work Friends and in the UK such as World, Key Street, Happy Prince and Patrick Spence are all showing returns.

Furthermore, our recent international investments in Europe will ensure we have the ability to capture more market share in those countries. There is more to come on growing scripted shortly when you will hear from Philippe about the scaled scripted business we have built in the US and how this is driving growth. You will also hear from Ruth, who will explain how Global Distribution, our in-house distributor, is helping us to grow scripted.

In terms of our growing scripted KPI, we have already doubled our high-end scripted hours from 2015. ITV Studios produces around 200 hours of high-end scripted content. Our ambition is to double this again, with ITV Studios producing 400 hours of high-end scripted by 2026. This will mean our scripted revenue by 2026 will make up around 40% of the business, driving our revenue and profits growth.

KPI 4: Number of Formats Sold in 3 or More Countries

Grow our global formats business

Moving on to our growing global formats business. Although the shape of our business will change, it is important to remember unscripted will remain a large part of our business. Within unscripted, we know that creating a format that travels is what moves the dial in terms of revenue and profits, be that high profile entertainment, which brings value, or factual entertainment which brings volume. To grow our formats business, we have retained and attracted great talent in the UK, US and internationally.

For example, our newest unscripted label, Rollercoaster Television, and we partner with leading creatives including Blumhouse Television and Nobody's Heroes. You will hear again from David McGraynor about how our Global Entertainment teams exploit our global formats to maximise revenues.

The way that ITV Studios is set up not only maximises the chances of a strong launch but also ensures that we are ready to commercially capitalise on a new successful format. Currently, ITV Studios owned in excess of 285 unique formats across our format catalogues from ITV, Talpa Media, Twofour, Armoza and Elk. Whilst there is no exact science to measure success

in this area, based on our experience, we believe that a format being commissioned in three countries is a good indicator of international potential.

We have seen this with Come Dine with Me, The Chase, and more recently, Love Island. These formats started to gather significant momentum after being formatted in three territories, starting with its home country and then two more markets. In 2021, we expect to have 16 global formats that are sold in three or more countries. Our ambition is to have 20 such formats by 2026, keeping in mind that one of these incremental formats may be a significant one, like The Voice or Love Island.

KPI 5: % of Revenues from Streaming Platforms

Further diversify our customer base

Lastly, focusing on further diversifying our customer base. As David outlined, the growth in the overall content market is being driven by streamers. Over the past few years, we have already pivoted to selling more content to streamers with total revenue from streamers doubling in 2021 from 2019. Compared to 2020, in 2021 we have doubled our original commission revenue from streamers.

However, to achieve our growth ambition, we need to ensure we take our share of the growth that is coming from streamers across the world. Our existing labels are focused on that task. In the past few years, we have announced a number of talent deals in the UK, US and internationally that will drive commissions from streamers.

You will hear shortly from David George on how the US unscripted team has already diversified its customer base. You are also going to hear from Lisa about how we attract and retain talent in our international business and how that will also assist in further diversification.

In terms of our KPI for further diversifying our customer base, currently 14% of our revenues are from streamers. And by 2026, our ambition is to increase that to around 25%, which presents a good opportunity for us at ITV Studios. This is broadly in line with the expected streamers share of the content market in 2026, projected at around 30%.

Even more relevant, when you consider some of that streamers' spend will be on original films and some will be vertically integrated in terms of content supply. Whilst I focused on revenues from streamers to further diversify our customer base, it is important to remember we are maintaining our share in other areas of the market and adding a growing share of streamers.

Summary of 2026 Ambition

Finally, I wanted to leave you with a summary of our KPIs across, revenue growth, margin percentage, high-end scripted hours, number of global formats and the percentage of revenues from streamers. As I said at the start, these KPIs, along with our ambitions for each of them will show our success in executing our strategy.

That is it from me. Now back to Julian.

Key Strategy Highlights

Julian Bellamy

Managing Director, ITV Studios

Thanks, Sharjeel. We now want to spend the next few minutes giving you some examples of our strategic priorities in action, with help from some of our senior leaders across the Studios Group.

First, as you have heard from us already, growing our scripted business is a key strategic priority for us, not only as demand for great scripted programming continuing to grow, particularly with the global and local streamers, but high-profile dramas travel and build international appeal, often bringing lucrative distribution opportunities.

To bring to life the success we are having in this area, you will now hear from Philippe Maigret, President of ITV Studios America, our scripted business in the States, followed by Ruth Berry, Managing Director of our Global Distribution business.

Growing Our Scripted Business

Philippe Maigret

President, ITV Studios America

ITV Studios America Overview

Thank you, Julian, and greetings from Hollywood, the home to ITV Studios' US scripted television operations. I am Philippe Maigret, President of ITV Studios America.

We have now established a successful position in the US scripted television market, in line with the ambition we stated in 2016 when we launched the business that was to build out a leading independent US television studio through organic creative-led growth. For context, our US scripted business now contributes around 10% of ITV Studios' total revenues.

A few titles to give you a taste of the slate we have built to-date with a clear focus on IP and talent. Good Witch, Hallmark's seven season hit series that consistently closed its seasons as the number one cable drama on Sunday nights; the dystopian thriller, Snowpiercer, TNT's number one hit drama and a top-five series on Netflix internationally since the series launched in 2020, already ordered for a fourth season; The dramedy, Physical, launched on Apple TV Plus last June and is now in production on season two; Ten-Year Old Tom from our newly launched adult TV animation studio, Work Friends, premiered to critical acclaim on HBO Max in September and is already ordered for a second season; the live-action adaptation of the Japanese series hailed as one of the greatest animated series of all time, Cowboy Bebop, that drop on Netflix last month will start production on season two next April; and from Blumhouse Television, the award-winning miniseries, The Loudest Voice in the Room that aired on Showtime in 2019.

ITV Studios America – Six distinct creative labels, each with a specific offering

We have established a clear operating model with a strong creative footprint

At ITV Studios America we have established a clear operating model with centralised studio operations to best leverage efficiencies across our infrastructure and maximise returns from our investments in six distinct creative labels, each of which offers a specific business proposition to talent and buyers.

Let us take a quick tour for each label. At the centre, ITV Studio America manages studio operations, as well as projects developed internally and creative collaborations across the ITV Studios' global network. We oversee the creative labels run independently by entrepreneurial creatives with an established track record and with access to IP, relationships with talent and networks.

Tomorrow Studios, our joint venture with Marty Adelstein, that started development operations in 2014, is very much the tip of our US creative spear with five series in production, including the first season of *One Piece* and *Let the Right One In*. *Varied*[?] shows obviously include *Snowpiercer* and *Physical* already mentioned.

Circle of Confusion Television Studios, the joint venture with the talent management and production company, Circle of Confusion, that launched in 2017 has built an exciting development slate focused on projects from creators and filmmakers they represent.

Work Friends, our primetime TV animation studio label, run by Nick Weidenfeld, an Emmy award-winning producer and creative executive. The team already has two series in production including *Ten-Year Old Tom* and six projects in paid development after only 18 months of operations.

Bedrock Entertainment, the label we launched in the second quarter of 2020, in partnership with Emmy award-winning television director and creative producer, Dan Sackheim and Tony To, rounds up our US creative platform.

ITV Studios America is also a minority partner in Blumhouse Television whose hits also include *Sharp Objects* and *The Purge*. The company was started by academy award nominated and Emmy award-winning producer Jason Blum and operates autonomously. Their television slate includes a number of projects in development at streamers and also a number of non-scripted television projects in development in partnership with ITV America.

ITV Studios America is an attractive independent TV Studio

A clear vision rooted in our core strengths

Key to our scripted operating structure in the US and our creative investment decisions is that we share common objectives and principles with our partners at each one of this creative level.

- One, to develop and launch global TV franchises;
- Two, to be a destination for talent; and
- Three, to always focus on the creative first and be nimble, which helps us be competitive and attractive in the marketplace with an operating model that allows our Group to focus on premium projects developed with the right talent for the right buyer, and therefore, more likely to convert into production orders and renewals.

As I said, we launched ITV Studios America six years ago, just as the US television market was about to shift towards streaming, with a clear vision rooted in our core strength, our independence and the ability to work across the US media landscape with every buyer.

Our creative and financial resources, our proven infrastructure, our access to capital and to the ITV Studios global drama network, all of which makes us reliable as a studio partner. Our lean organisation and brand recognition within one of the biggest global media companies,

our culture, the way we operate means that we are creatively focused, talent-friendly and nimble.

Last, our commitment to collaboration and diversity. To be bold and inventive in the way we conceive, develop, distribute and market our content, will only help us strengthen our position in an increasingly competitive market.

ITV Studios America has delivered consistent annual double digit revenue growth

ITV Studios America has delivered double-digit revenue growth every year since 2016 and reached profitability in 2019 ahead of plan. We now have more scripted hours in production than ever before. We have developed projects and secured production orders from every segment of the US network and streamer landscape, under a variety of deal structures towards reaching the right balance of revenue growth and profit objectives both year-on-year and long-term.

Let us be a little bit more specific. First up, Snowpiercer, ITV Studios' first US drama franchise produced under the traditional networks studio, deficit financing model with ITV Studios America assuming production risks, controlling international distribution rights and retaining ownership. Similarly, Good Witch was produced under the same network studio deficit financing model and will generate library value through multiple cycles of exploitation, as Ruth will share with us in a bit.

Let the Right One In, Ten-Year Old Tom, have both the potential to become our next franchises. Physical produced under the lead studio cost plus model for Apple, ITV Studios America assumes production risks but that is not deficit finance production. We control distribution rights after Apple's exclusive license period. We retain ownership, which, in the future, will generate library value for us.

On the other hand, Cowboy Bebop and One Piece produced under the passive studio cost plus model for Netflix, generate guaranteed profits with no production risk, no deficit, but without future library value. Under this type of passive studio deal, ITV Studio America does not get to recognise the full revenue value only the profit margin.

Overall, the key factor of financial success in our business remains multiple season orders, whether that is with streaming services or with networks. Over the last six years, an impressive 85% of our production output has generated multi-season renewals, significantly over indexing against industry standards.

ITV Studios America is well-positioned for continued growth

Here at ITV Studios America, we are well-positioned for strong continued growth. We continue to build our competitive position with a growing number of series in production and a robust slate of projects in development with A-list talent, big IP across the US TV landscape.

In 2021, we will double our output against 2020 with around 60% of our revenues coming from streamers.

ITV Studios America Growth: Strong Streaming Pipeline

I am going to leave you with a view of how we are going to continue to grow the US scripted television business. Our focus on developing projects for the global streamers is reflected by our ratio of projects in paid development at streamers versus all paid development.

Right now, that is at twice the ratio we had in 2019. Across our creative labels, we now have projects in production or paid development at every major US streaming service.

Okay. Now I am handing back to London to Ruth Berry, who is going to tell you about the role of global distribution in growing ITV Studios' scripted business.

Growing Our Scripted Business

Ruth Berry

Managing Director, ITV Studios Global Distribution

Why is distribution important?

Thank you, Philippe, and hello to you all. I am Ruth Berry, Managing Director of Global Distribution here at ITV Studios. As Philippe mentioned, I am going to take some time to explain why Global Distribution is important to ITV Studios, particularly in the scripted genre.

International sales is a key part of the value chain for content and it keeps that value in-house across all genres, whether that is across scripted series, unscripted factual programming and documentaries or the finished tape of our unscripted formats. Global Distribution is financially strong and growing.

To give you some context, we make up around 15% of total ITV Studios' revenues. In 2021, we expect record revenues higher than pre-pandemic levels. Having the integrated producer distributor relationship enables us to make smart investment decisions around IP and content funding with a 360-degree approach.

The global sales team tap into market intelligence locally on a daily basis and feed it back into our studios engine, for example, market trends, rising talent, show performance, what is hot, what is not, regulations. Think of us as market scouts, especially in the markets in which studios is not physically present.

What gives Global Distribution the edge?

What gives us the edge to be world-leading in our field, in particular, our ability to help grow the ITV Studios' scripted business? Let us spend a bit more time on what gives Global Distribution the edge.

Firstly, it is the huge scale, breadth and depth of the content portfolio that we work with. With over 90,000 hours of programming across film and multiple TV genres, we truly have content for pretty much every buyer out there and can be a one-stop shop for so many platforms and partners.

Then inject that for the constant supply of new market-leading content from within the studios group globally, projects like Snowpiercer, Romulus and Vigil. Global Distribution works with producers from the ground-up from the genesis of an idea right up to when it is taken to market and for the years after throughout the sales cycle. This allows us to be involved and influence the global potential of a project from the very start and is absolutely part of the magic of being a studio with an integrated producer broadcaster model.

At third-party projects too, like The Ipress File, Spreadsheet and a Year on Planet Earth, these give us even more reason to be out in the market having renewed conversations on an

ongoing basis. Our global footprint have produced relationships both within ITV Studios and with third parties extends to over 200 production companies in 30-plus territories from whom we acquire and represent over 100 titles to around 1,500 to 1,800 hours each year across all genres.

Together, the foundation of the immense catalogue plus market-leading new projects spanning multiple genres, enables us to execute more than 2,000 licensing deals a year to over 1,000 pay-free linear and on-demand customers globally. All with a diverse mix.

Global Distribution has a diverse mix of customers

We have adapted for the changing market, successfully shifting our mix of clients to find growth

What do I mean when I say a diverse mix? Well, it is not least that we balance buyers across all media and platforms to maximise the window and capability across the world. As our distribution landscape has been rapidly changing over the last few years, we have actively leveraged the breadth and depth of our catalogue to diversify our client base.

We continue to partner successfully with our more traditional buyers as they adapt and evolve into new on-demand models, and we have capitalised on the new OTT entrants with their hunger for content.

Global Distribution's Significant Catalogue

We have one of the largest, broadest and deepest catalogues in the world

I keep referring to the breadth and depth of our catalogue. What am I talking about? Let us put it in perspective.

According to the recent Broadcaster Distributor Survey, ITV Studios is placed in the number two slot in terms of catalogue size and that is impressive against so many competitors. There are not many global distribution businesses that can boast a catalogue of 90,000-plus active hours of television and that is clearly enormous.

The vast number of hours in each genre clearly demonstrates our breath. Needless to say, this is multiplied by many years with a depth of movies and TV going back to the 1950s seeking rich successful shows like our favourite who done it with Marple, Poirot and Morse and more recently Poldark, Harlots and Victoria.

The brilliance of this strong IP also provides a foundation for remakes, prequels and sequels, such as Endeavour and Lewis, spinning out of Morse; US Prime Suspect in Tennison spitting out of Prime Suspect, and the revival of Cold Feet. The shortage of new content during the COVID pandemic has undoubtedly boosted the demand for lively content and we resold more in the last 18 months than in previous years. The strength of this catalogue is very real and our ability to keep refreshing it is key to our growth story.

Global Distribution plays a key role in financing scripted productions

We invest £50m into deficit financing each year, which covers c.200 hours of new scripted programming

Macro view aside, I would like to spend the last few moments highlighting the key role the Global Distribution plays in growing scripted values across the studio and bring that to life through a short case study.

Our key role is in financing scripted productions. In short, production budgets are usually financed via our commissioning license fee, tax credits and a distribution advance laid down against the rights to sell the project internationally. The strength and growing performance of our business enables us to make some £50 million of investment in deficit financing each year and covers around 200 hours of new scripted programming.

The task is then to find co-production partners and licensees around the world to maximise the value bought back to the project over its long and multidimensional sales lifecycle of ten-plus years.

A Scripted Case Study: Bodyguard

Our much newer title that you may have watched and still very much in its early lifecycle is Bodyguard. Believe it or not, four years ago, the BBC commissioned bodyguard in the UK from World Productions and ITV Studios Production Company. Their commissioning fee did not cover the cost of production and the production margin for World Productions. The show was only financially green-lit when we, in Global Distribution, added a distribution advance to cover the gap against the distribution rights to the show.

Of the strength of the scripts and part of the BBC premier, Global Distribution sold global SVOD rights to Netflix and rights to Huanxi in China, which sits outside of Netflix's global footprint. The fees from these sales were sufficient to cover our distribution advance, commission and to deliver net profits back into the project, which are then shared between key contributors, including us, the distributor, and World Productions.

Now you might think that is where the story ends, but no. Netflix's acquired holdbacks against linear broadcasters have now expired and we have got on to sell bodyguard in 55 countries already from Seven Network in Australia to Paramount Network in Spain. Not only that, but at the end of Netflix's license period, we would have global SVOD rights back to exploit and to keep renewing others, so Bodyguard will continue to generate revenue and profits for years to come.

Key Global Distribution Titles

That is just one example of many of our scripted shows, very much alive in a long and fruitful sales cycle. In short, the breadth and depth of the content that Global Distribution represents, our great sales relationships and market expertise, plus our ability to invest in ITV Studios' scripted projects to keep much of the IP value within the studios group is at the heart of why distribution is important. I could not be more proud of how our content line up goes from strength to strength.

That is all from me. Thank you very much. I will now pass you back to David to talk through about our growing formats business.

Growing Our Global Formats Business

David McGraynor

Chief Operating Officer, ITV Studios

What does Global Entertainment do?

Sells and monetises our unscripted formats from across the group

Thank you, Ruth. I think the performance of Global Distribution over the past few years is a testament to the benefits of having a special centre of excellence focused on financing, marketing and selling our finished programmes with a newer catalogue to buyers around the world.

Our other commercial centre of excellence, Global Entertainment, is responsible for selling and monetising our unscripted formats from across the Group. With annual revenues of around €80 million, it licenses the rights to make our biggest formats to broadcasters internationally, as well as monetising those formats, whether through social media, gaming, sponsorship, merchandising and licensing or event activities.

Why is Global Entertainment important?

It therefore plays a key role in delivering our second strategic objective of growing our global formats business. It achieves this in three main ways:

- Firstly, by protecting and expanding our existing high-value formats;
- Secondly, by supporting the creation of new formats; and
- Thirdly, by maximising commercial opportunities, particularly from our big brands.

Protecting and expanding our biggest formats is an essential part of Global Entertainment's role and it does this in a number of ways, such as:

- Expanding those franchises with successful spin-offs;
- Keeping existing formats fresh by constantly evolving them to incorporate new ideas and best practices learned from across the Group;
- Looking for hub opportunities to more efficiently produce international versions of popular formats for multiple markets.

360 Monetisation of our Biggest Brands

Spin-offs not only create new revenue opportunities for studios but also provide broadcasters with fresh takes on much loved formats and innovative ways to leverage an already successful franchise for their networks. We have some notable success in this area with The Voice franchise, which has been expanded over time to include six spin-off versions.

We have also extended The Chase with Beat the Chasers, Come Dine with Me with a couples and celebrity version and I'm A Celebrity with a potential new castle version. The creation of new formats is clearly an essential part of growing our formats business.

Our creative networks is responsible for overseeing the creative pipeline from all of unscripted labels and works closely with Global Entertainment to identify high potential formats early in the development process. This ensures that we can focus the Group's efforts and shows with the biggest potential and have carefully coordinated sales, marketing and commercial strategies in place to give the show the best chance of success.

In the current pipeline, we have high expectations for shows like Walk the Line, Sitting on a Fortune and Rat in The Kitchen.

The third element of Global Entertainment's role is to maximise commercial opportunities, particularly for our biggest brands. We see those commercial opportunities very much connected to each other. It starts with the creation of what we call more than TV brands, so strong content brands that can engage with consumers at different touch points and turn on multiple revenue opportunities in the content flywheel.

For example, the bigger the audience on the broadcaster streaming platform, the more people that will interact and follow on social media, download the apps and games and buy related merchandise. And as further formant licensing opportunities are made internationally, the virtuous circle gets even bigger.

International Exploitation of the Love Island Format

The importance of this virtuous circle can be seen in the example of Love Island, which started in one country in 2015 and is now in 21 countries worldwide, with non-production margins generating more than 50% of the brand's 360 margins. It is Global Entertainment's job to monetise all of those touch points on the flywheel to maximise the value of our content.

360 Monetisation in Action

To bring the scale of those touch points to life, consider the following statistics. The Voice on YouTube has over one billion views per month. Our Love Island mobile game has been downloaded 17.4 million times. Hundreds of thousands of people have visited and enjoyed Hell's Kitchen Restaurants from Dubai to Lake Tahoe. From live shows of The Voice and cruise ships around the world to branded worlds in the meta-verse, our commercial extensions are endless. It is all about relevancy, quality and the brand synergy of content that we create.

What Gives Global Entertainment The Edge?

What gives Global Entertainment its competitive edge? I would say it is built around three core pillars. Firstly, we have best-in-class commercial expertise, built around the Talpa team with many years of experience of rolling out global formats like The Voice. This means we have the playbook, processes and experience that we can bring to existing and new unscripted formats.

Secondly, we have a collaborative network of relationships with 35 in-house unscripted labels featuring world-class creative producers and talent, giving us a constant stream of new IP to exploit. Crucially, this enables us to have real engagement in the creative process to help building commercial thinking early on in the format development process. The whole really is greater than the sum of the parts when it comes to Global Entertainment's relationship with the Group.

Thirdly, we have strategic relationships with the global customer base and commercial partners, enabling us to roll at formats quickly around the world. As we continue to grow our global formats business, maximising 360 monetisation of our biggest brands and reaching viewers with a range of consumer touch points, will remain a key strategic priority for Global Entertainment.

Case Study

Julian Bellamy

Managing Director, ITV Studios

Thanks, David. Now onto our case study for our third strategic priority, how we are further diversifying our customer base.

Whilst free-to-air and pay-TV continue to be important customers, both now and in the future, the global content market is growing and we can see that streamers are driving that growth. It is key that our customer base reflects the wider content landscape. To that end, we are positioning ourselves to ensure that we expand our business with global and local streamers.

A great example of just that is ITV America, our unscripted business in the States, which has evolved and diversified considerably in recent years. Let us go over to New York City to Dave George, CEO of ITV America, to talk you through that.

Further Diversifying Our Customer Base

David George

Chief Executive Officer, ITV America

The Evolution of ITV America

ITV America is now a dominant force and one of the most prolific producers of unscripted content

Hi, everyone. I am David George, and I run ITV America here out of New York City, as you can see in the background, Connecticut, Los Angeles and Denver. This is the factual unscripted side of the business here in the US.

We are delivering close to 500 hours of content alone this year and 37 series and special, not bad considering we are still in a pandemic. That includes everything from game shows to documentaries to formats.

Right behind the UK, ITV America drives around 50% of revenue across the Studios' portfolio. With no ITV owned network in the US, we operate more as a true indie, but with a benefit of ITV's vast format library and global reach. When I started this job in 2018, we were on the verge of massive industry change. We needed to create a balanced yet nimble business structure, built to weather the storm and seas on the content industry growth we are just seeing now.

My approach is focused on a few key areas. First, assembling a strong core leadership team and cohesive organisation that aligns strategy across the Group. Second, a strong and versatile creative portfolio of original ideas, combined with the power of ITV global formats like Love Island, Hell's Kitchen and The Chase.

Third, a diverse client list that targets the streaming sector, while also keeping our linear hits like Alone, Real Housewives and Pawn Stars very strong. I really wanted to deliver value and financial success to the greater company.

In doing so, we have been able to transform the business into what it is today. ITV America is now one of the most prolific producers of unscripted content in the US. Let us talk about how we got here.

First, a little history lesson ITV America. Between the years 2012 and 2014, ITV made several acquisitions in the US, purchasing five production companies, each with their own independently run management teams and supply chains. Each label was competing in the same market, developing in the same genres of content and selling to the same buyers, which were exclusively linear.

ITV America – Working in Symphony

Finding synergy within the group

Now around the same time, Netflix was about to go from a DVD delivery company to a streaming giant. We needed to adapt. I needed a plan and I believe that we needed synergy. Most of all, I knew we needed to work towards a common goal. That goal was attacking the streaming sector.

To move from an independent group of production companies to a cohesive business structure, a symphony, if you will, because much like an orchestra with various instruments that need a unified direction, ITV America needed the same.

ITV America Today...

Transforming the business into a unified ecosystem

Over the last few years, the ITV America team has worked to merge the Group into a unified ecosystem. All of our labels now utilise a centralised infrastructure and single back of house for maximum efficiency and are led by a single management team. This structure created order and scale. Without the pressures of running an entire business, it gave the production labels the bandwidth to focus on development, sales and relationships, particularly with the streamers.

ITV America – Creating A Unified Vision

A best in class one-stop-shop for content aimed at serving the streaming platforms

How do we specifically target the SVOD market? My idea was that these platforms would want the best-in-class companies from every genre to help them build their content library. We gave each label a clear brand definition to focus on their known style of content.

You want a global format, that comes from ITV Entertainment; a crime documentary, Good Caper content; a survival series, Left Field Pictures; home renovation, that comes from High Noon. This eliminated overlapping creative development between the companies and created a one-stop-shop for SVOD platforms.

For these new global players in the race to achieve market share, the streamers need speed, efficiency and trusted executors of content in every genre, all of which we provide.

ITV America – Strong Streaming Pipeline

Thriving in a reimagined marketplace

Let us see how the strategy has play out. There is no better way to prove than to look at sales data. To-date, we have sold 41 projects into the major streamers. Our business with Netflix is especially strong. In addition to winning Netflix their first unscripted Emmy with

Queer Eye and nine total, ITV America is also one of if not the top provider for the platforms' unscripted content. Even with some of the newer players like Hulu, Disney, Amazon, who have just come online within the last year, our sales are pacing incredibly well within a short window of opportunity.

Now moving forward, we will be utilising these relationships on a much larger level, assisting other territories with their sales with the US-based global streamers, as they come on line across other countries. We have built strong successful relationships with the US-based SVODs and I am confident that we will see the same success globally. To-date we have helped sell additional projects into Netflix for ITV Studios in both Germany and Australia. These platforms think global and so do we.

ITV America – Customer Diversity in the US

A balanced portfolio

We never had a bigger and more diverse customer base. We believe in this ever-changing market, you never want to be too reliant on any one network group as their business models can change with a drop of a hat. In 2021, we sold projects to over 30 different buyers, projects in every genre, from game show to documentary, competition formats to reality and everything in between.

Here is a great stat I am really proud of. Right now, we have shows on air at every broadcast network, series in development with every major streamer and projects at all the key cable networks. We are focused on winning the streaming market and keeping our existing IP and shows on linear strong. Again, with just about 500 hours of content delivering this year, I am confident that ITV America has the most diverse roster of clients and projects in the US.

ITV America – Increasing Customer Diversity

A balanced business

Where does this all net us? I want to stick the landing here, so bear with me. What you are seeing sums it all up and shows how far we have come in creating a balanced portfolio over the years, but a few key other highlights in addition to these.

SVOD revenues grew by 167% between 2018 and 2021. We are delivering 37 hours of content in 2021 from the streamers. Finally, we expect production hours to nearly double in 2022. None of this was by accident. It has been a strategic approach for many years in the making.

When I took this job a few years ago, it was adapt or die. Today, four years and a lot of learning later, ITV in America is positioned perfectly to further accelerate growth in the new streaming global market as the industry continues to transform. In an uncertain market, confidence is king and buyers have confidence in ITV America.

That is it from me in sunny New York City. Now back to Julian in London. Thank you very much.

Talent

Julian Bellamy

Managing Director, ITV Studios

Thanks, David. You have now heard case studies on each of all three key strategic priorities. Of course, each priority is underpinned by our talent. As I said earlier, we have an extremely strong track record in attracting and retaining the very best creative talent.

We believe this success flows from offering great talent, a culture, a creative freedom and a way of working that is very different to the competition. A great example of just that can be found in our international business.

I will now hand over to Lisa Perrin, Managing Director of International Production, to take you through a few more details.

Attracting and Retaining Leading Talent

Lisa Perrin

Managing Director, International ITV Studios

International Production Overview

Thanks, Julian, and hello to you all. My name is Lisa Perrin and I am MD of International Productions here at ITV Studios.

Firstly, I am going to give you some context. Around 20-25% of ITV Studios' total revenue is from our unscripted and scripted international production labels. Earlier on, Julian talked about our 60 global labels. The International Group is split across 11 of the countries that we operate in. That includes the Nordics, the Netherlands, France, Germany, Italy, Spain, Israel and Australia. All these markets are important to ITV Studios' ability to maximise the value of our strong creative pipeline. Crucially, we are in the top three of the major studios operating in these markets.

International Market Context

More demand than ever before

We have 11 unscripted labels who produce our ITV formats, always adaptive to their specific market, but these labels also create and develop their own productions and formats, some of which will go on to be so globally through the creative network and global entertainment.

ITV Studios also has nine international scripted labels in all of our major markets, Cattleya in Italy, the five Tetra labels in France, Apple Tree in Denmark and most recently Windlight Pictures in Germany and Cattleya Producciones in Spain. All of these labels largely produce non-English language content with big international appeal.

In the scripted arena, we are seeing a strong demand for non-English-language scripted series as global audiences become accustomed to watching high-quality drama from around the world, regardless of its origin. With the streamers investing in these new markets, the local free-to-air broadcasters are responding to the competition, better budgets, bigger shows and higher price points.

ITV Studios is also poised to benefit from new quotas and regulations across Europe, designed to protect and give better rights to producers, ensuring local investments. For example, in

France, the SVOD services will be obliged to spend up to 25% of their annual turnover on content creation. The rollout of the global and local streamers into our markets accelerates with HBO Max, Disney+ and Paramount+ launching bringing more opportunities, while big local SVOD investments are happening with Viaplay in the Nordics, Videoland in the Netherlands and RTL+ in Germany.

In unscripted formats, we are seeing more demand for warm and family-friendly formats with low jeopardy stakes such as The Voice or Beat the Chasers. Demand for known brands and proven global formats has also risen, as international broadcasters look for a safer content investment and audiences are flocking back to old favourites. The Voice in Australia and France for example are seeing new ratings peaks and enjoying spin-off extensions such as The Voice: Generations and The Voice All-Stars.

Streamers are also starting to accelerate in unscripted with players including Netflix, Amazon, HBO Max and Discovery+ looking for more unscripted formats that can first work locally in one or two territories and then rollout globally across their network. We are seeing hit formats being remade in other territories, which gives ITV Studios more opportunities to grow and amplify our brands across the world.

ITV Studios Talent Proposition

ITV is a creatively focused studio, which is committed to bringing the best of British content to the rest of the world. With our ITV Studios, there is an entrepreneurial creative culture to help inspire and support our talent to tell stories, take risks and achieve their ambitions. I believe we offer them the freedom to create and develop their own projects, and work with the talent they admire wherever they may be in the world.

They have complete access to ITV Studios' huge catalogue of scripted and unscripted formats, which are available to sell and produce in their individual markets. This is again supported by commercial businesses, Global Entertainment and Global Distribution. As a business, we encourage collaboration and creative cross-fertilisation. ITV offers an attractive culture that is supportive, open and talent-led.

Our global creative community makes our talent feel that they are part of something bigger and we support this by sharing information across the Group to help gather ideas and best practice when working on new projects and negotiating deals.

We have a strong global infrastructure with financial and backend support from day one, allowing our creators more time and focus to do what they do best, which is create. In turn good talent attracts more good talent, which we are seeing across all of our countries. ITV Studios has become a magnet for this creative talent to come and stay.

Our International Talent

We are focused on strengthening our talent pool with strategic international investments

Over the last couple of years, we have really focused on strengthening our talent pool with some strategic international investments. The new talent we have attracted will help drive our growth in the coming years.

In Israel with Armoza, a globally respected developer, who has successfully launched the four Still Standing and Dance Revolution amongst many other formats. They are an international

format hub who focus on original IP. We are hoping their next big format will create considerable value for the Group, which ITV Studios would exclusively produce around the world. Having a presence on the ground in Israel also allows us to explore opportunities for production, further unlocking our catalogue into that market.

Apple Tree is our scripted label in Denmark, founded by Piv Bernth and Lars Hermann, who are well respected producers in Scandinavia. Piv was previously head of drama at Danish public broadcaster, DR, having produced the Killing, which won many international awards. We know our viewers and buyers love Scandi drama, so Apple Tree is helping us strengthen our pipeline with this content to sell worldwide.

Windlight pictures led by Moritz Polter is our newly formed German scripted start-up. Moritz left Bavaria Fiction earlier this year after having worked on Das Boot for Sky and Arctic Circle for ZDF. He is working on high-end scripted drama for the German-speaking and international markets, and with a great development slate, some really exciting conversations already happening.

Finally, Cattleya Producciones is our first move into Spain and Spanish language drama with the start-up led by Arturo Diaz Ramos, who joins us directly from Netflix, where he was Director of Spanish-language originals. Spain has an active film and TV industry representing around 50% of Spanish-language production and is a more favourable market for producers to retain IP.

Arturo has the backing of Cattleya Italy providing creative sales and business expertise and with very strong connections into Latin America and the US Hispanic market, which is a huge market for ITV to be in.

We are reaching new platforms and global audiences

Our international shows are reaching new clients across streamers and premium pay TV with Cattleya's Summertime and Suburra for Netflix. Citadel, an upcoming series from the Russo Brothers with Amazon and further talks with Paramount+, HBO Max and Disney+. Already across these new platforms our international scripted content is reaching global audiences, such as Tetra's Balthazar, a top rating show for TF1 in France, globally distributed by ITV Studios to 75 markets.

Cattleya's Gomorrah for Sky in Italy and HBO Max Original in the US, while Cattleya ZeroZeroZero reached audiences globally as a joint commission between Sky, Canal+ in France and Amazon in the US and Latin America. We have a list of strong returning series, including Summertime, Suburra, Gomorrah and Petra.

For ITV Studios and our International Productions Group, 2022 is looking like a very exciting year ahead. Julian, back to you.

Summary

Julian Bellamy

Managing Director, ITV Studios

Our Key Priorities

Thanks, Lisa. So that pretty much wraps up the presentation part of this session. I hope you found it interesting and insightful. I also hope our confidence and optimism about studios is infectious and that we have left you in no doubt that we are laser-focused on our top priorities, which just reminds you:

- Our growing unscripted business;
- Growing our formats business;
- Further diversifying our customer base by pivoting towards the streamers; and
- Underpinning these priorities by attracting and retaining the best creative talent and leveraging our position as an integrated producer broadcaster.

That is the end of the presentation session. We are now going live to take your questions.

Q&A

Carolyn McCall: Good afternoon, everybody, and welcome to the live Q&A. I hope you found that presentation comprehensive. I think you probably did, and also insightful, as Julian said. David McGraynor is not with us sitting here today, as you can see, because he is isolating. However, he is online and watching this enthusiastically I know. So over to you for your questions.

Julien Roch (Barclays): My first question is on one of those two easy targets, the 5% growth in terms of revenue from 2023 onwards. Is it 100% organic, or can that include M&A? That is my first question.

The second one is if I take consensus of revenue in 2021, your 2022 guidance back in 2019 then 5% until 2026 and then your guidance of 14% in 2026 for streamers, you can work out that you are forecasting a 20% bigger for streamer and then the rest of the business FTA and PayTV operators is 3%. However, if you look at the AMP line on 2016, they forecast no growth. You are forecasting you are going to again acquire a lot of share with the traditional broadcasters. Why is that? And that is my second question.

Then the last one is you said you will be in the 13-15% margin range from 2023 onwards, which implies less in 2022. Can we have some indication of margin in 2022?

Carolyn McCall: Okay. Thanks, Julien. As always, detailed questions. I think on the first question, our 5% growth, of course it can come from other ways, i.e. non-organic, but our strategy is based on continued organic growth. That is what that 5% revenue target is based on and it is average 5% growth over the medium term.

I will let Julian talk about consensus and maybe Sharjeel you come in as well and then you on the margin, yeah?

Julian Bellamy: Yeah. In terms of your question, Julien, around growing, if you like, the non-streamer element. The simple answer to that is we intend to take market share. There

are three reasons I guess behind my confidence in saying that. One is that our belief and confidence in our creative talent, which, of course, everyone is targeting growth, targeting growth not just of streamers but also on free-to-air platforms and we have added to that over the last couple of years.

I will give you a very good example. We have brought in Nicola Shindler, who is a fantastic drama producer in the UK, who is the producer of some of the biggest free-to-air dramas of recent years from *Queer As Folk* to *It's a Sin* to *Happy Valley*. I am sure she will have free-to-air in her targets and growing her business in both streamers and free-to-air.

Second thing, of course, is around format sales. You heard David McGraynor talking about GE, our format sales arm. A big part of how the format sales team work is growing free-to-air business. Take *Love Island* for example in 21 countries, the overwhelming majority of those shows are in national broadcasters and the free-to-air space.

Then the third reason for my confidence is around distribution. Again, you heard from Ruth earlier on around the growth of distribution. Obviously, free-to-air plays a very big role in that. A great example of that was one that Ruth used actually around *Bodyguard*, where here is a show that started life on a streamer but now is in 55 different free-to-air markets. Those of the three reasons why we feel very confident about growing the business in that segment.

Sharjeel, shall I throw to you?

Sharjeel Suleman: Yeah. Just to add to that. When David McGraynor was presenting, the overall market maybe growing at 3% but you have got to remember that the segment we operate in specifically is growing at 4-5%, the originals, the acquisitions, that is the bit we are in. Actually the growth in that segment is slightly higher.

Then, as Julian said, we are very confident about our growth ambitions. What we are committing to is, growing 5% on average per annum after we get to our 2022 number. I am very confident and so is the rest of the management team in that number.

Then just taking that margin question. Your questions are quite specific there around the 2022 number. I think the best way to answer this is, look, 2020 was one of the hardest years we have all lived through in terms of working lives and running businesses and home lives as well. In that year, our margin was around 11% for 2020.

Then if I look at 2022 before we get to 2023, you have got to remember there is a lot of stuff still going on in 2022. COVID is still around. It is causing a bit of inefficiency in how we work. You have got to remember when you are in production, you have got to have contingency plans, you have got to have a health and safety which is paramount for all our staff. Moreover, it is just taking a bit longer to shoot as well.

Then sometimes with the broadcaster pays, sometimes the producer has to take the cost and sometimes there is deficit involved. We are going to get to that 13-15% margin range, as we said in the video, by 2023, but it is going to take us a little while to get there. And hopefully that gives you enough to try and get the numbers.

Jo Barnett Lamb (Credit Suisse): Firstly, on historic operational leverage. Sharjeel spoke about the historic financial track record of the Group. From 2016 to 2019, adjusted EBITDA grew by 10% but with revenues growing 30%. Can you give us a bit of a history lesson and remind us what drove margin contraction during that period?

Secondly on M&A. ITV has historically been pretty active in deploying capital into content acquisitions for studios. Can you give us an updated view on how you see M&A for studios going forward please?

Then thirdly, a sort of margin phasing question. Content is interesting and it has quite a drawn-out lifecycle sometimes across many years. As you scale scripted, is there any phasing we should be aware in margin. I guess my thinking here is some of the higher margin scripted revenues likely come later in the lifecycle of the content.

Carolyn McCall: I will ask Sharjeel to take the operating leverage and the history lesson as briefly as you can.

Sharjeel Suleman: I will keep it short. But look, as I said on the video, there is a lot going on in margin. We have got a spectrum of margin. On the high end, sometimes you have multiyear deals. You have those big license deals. Actually, those specific years that you outlined there actually both of them did have a mix more on the right-hand side of the scale. We are focused on driving revenue. We are focused on making each production as efficient as we can. The ultimate margin that you see is dependent on what gets delivered in the year. So those specific years had specific things but actually there is a massive spectrum of things going on.

Carolyn McCall: If you look at the history of that, given that we were 80-20 unscripted-scripted, the margin was higher driven largely by that.

Sharjeel Suleman: To that point, Carolyn, we have already pivoted, right. Today, we are not 80-20 any more. We are at 70-30.

Carolyn McCall: Deliberately.

Sharjeel Suleman: Deliberately. Some of the mathematically dilution that happened over the last four, five years is happening now again. That is one of the reasons why we have got that margin at 13% to 15% going forward. However, actually it already started happening, to your point, between 2016 and 2019 as we shifted our business more towards scripted.

Carolyn McCall: Yeah. It is just worth reemphasising that we have always been at the top end of margin but we remain at the top end of margin today. The 13-15% is still industry-leading.

Sharjeel Suleman: Absolutely.

Carolyn McCall: And that is very important because I think when we talk about margin, it is very easy to say 1%. It is easy to shift 1%. It is actually quite difficult in the current environment.

On M&A, Jo, what I would say is we have set out our store very, very clearly. We have said that we are open to acquisitions, so we look at everything that comes our way whether that is small, medium or indeed large. We have also been very explicit about the fact that we see organic growth in terms of how we grow our label. Backing talent is one of the most important strategic decisions we made about three or four years ago. I would say four years ago.

We are bringing in talent, backing them, taking away a lot of central services and giving them the support they need to allow talent to go off and create brilliant content, has been one of

our most successful strategies. We intend to grow studios in that way as well. Therefore, we look at acquisitions, however, that we are very, very disciplined. We have actually turned down some acquisitions because they have just not been the right economics. There is not really been a massive shift in our strategy on that. I think the big shift has been that we are aggressively pursuing talent deals. Do you want to?

Julian Bellamy: Yeah. That is dead right, Carolyn. I mean, as you say our approach has remained completely consistent when it comes to our thinking around acquisitions. What has changed of course is the compared to five years ago, particularly for bolt-on acquisitions, it is a much more consolidated market.

In order to continue to attract and retain the best talent as a studio, you have to be very flexible, first of all, about how you bring them in. That is where we are with finding a lot of success with the talent deals, not just here in the UK but across Europe and the US as well. Those talent deals, actually there is a large range of them. They can be something that is actually more akin to a conventional employee deal all the way through to something that feels much more entrepreneurial, where a creative leader shares in the value created by their venture. That is the first point.

Underlying it all, very important point here is, I think is that throughout it or whether it is acquisitions or whether it is talent deals, the key thing is, is that we offer talent something different, a very different culture, and lot of creative freedom, global studio and of course an integrated producer broadcaster, which we know is very important for talent, who want to see their shows and their ideas being made and want to find a partner, where that is more likely to happen. I think that is probably.

Carolyn McCall: Great. Have we answered your third question, Jo, or do you want Sharjeel to note? Sharjeel go ahead on the scale question on scripted.

Sharjeel Suleman: In terms of on scripted, in terms of the lifecycle, what you have got to remember at the beginning is you deficit finance it, so you have got to recoup your deficit to begin with before you start making the longer margin. It does take time to come through. Ruth shared a really good example in terms of the Bodyguard and how the lifecycle of that brand still in early stages, as Ruth said.

Then when you look at our 90,000 hours of our catalogue, that has got things like Marple and Poirot in it. So they are for evergreen as a result. Initially you have got to recoup the deficit but then after that the margin increases over time.

Jo Barnett Lamb: So just on that, Sharjeel, so it is not unreasonable to assume that as you continue to ramp scripted, if that does plateau in the blend at some point, you would have some margin benefit thereafter because you are getting to that soft of evergreen period on that scripted content?

Sharjeel Suleman: Some of the times there is a higher margin, yes, as they age.

Carolyn McCall: Okay. Thanks, Jo. Next question?

Matti Littunen (Bernstein): Two questions, if I may. First on unscripted content market growth. I might have missed this, but did you have a view on how that is going to grow globally, for example, how it relates to that 3% overall market growth? And second one on European works and the designation of UK content as European works. Now the EU seems to

be planning that that would no longer be the case, so the UK made content would not count of European works going forward, potentially in the medium term. Do you see any risk from this to your Global Distribution business or maybe even deficit financing of contents in the UK production studios?

Sharjeel Suleman: Shall I take the first one?

Carolyn McCall: The unscripted, yeah.

Sharjeel Suleman: The overall market is growing 3% and as David said.

Carolyn McCall: On unscripted.

Sharjeel Suleman: No, just the overall.

Carolyn McCall: The overall, so just be clear. Yeah.

Sharjeel Suleman: Yeah, so the overall market is growing at 3%, the whole thing. As David said, a lot of that is coming from the streamer business, which is invariably more focused on the scripted side as they want big titles to attract customers and also reduce churn. While we do not have a specific unscripted element in there, remember, because the growth is more scripted-weighted, it will probably reflect in that number. Therefore, unscripted is probably a little bit less than that 3% but we do not have an exact number.

Carolyn McCall: On European works directive and all the work there. I mean, effectively we are still working with our counterparts in Europe and with government to just ensure that any risks on that are mitigated. It is not something that we are hugely worried about at the moment. We think that all the noises are the right noises. That is where we are on that. Any other questions?

Richard Eary (UBS): Maybe three follow-on questions. Just first one on revenue visibility. Obviously, you have given some details about the number of production hours, the number of shows that have been recommissioned. I am just wondering if you could give us any comfort in terms of colour how much actually the revenues have either been locked or potentially booked in as we look forward into 2022-2023 to give us some comfort around the revenue forecast that you have given? That is the first question.

The second thing, Carolyn, you mentioned about M&A that you are obviously been very disciplined on that. I do not know whether you can disclose potential M&A multiples that you are seeing in the market at the moment to give us some colour around transaction values as well and that may also provide a value for your own business?

Then just lastly going back to the margin side, I know Jo asked what is the potential upside. Is there an upside case to the 15%? I think you gave a scenario actually looking at the US, where 85% of content in terms of scripted deals were recommissioned. If we start to get shows that go into series seven like the Good Witch, does that allow you to push margins beyond 15% and there is a possibility to dream of higher margins longer term successful on recommissioning good ideas over the long term? Those are three questions.

Carolyn McCall: Okay. Sharjeel, do you want to take revenue visibility forward bookings effectively and the margin question on recommissions? Then I will go back to M&A.

Sharjeel Suleman: Yeah. On revenue visibility, generally around this time of year, you are looking at about 60-70% is what is booked. And that is generally what we see every year is

different between different genres and different commercial outfits. For example, scripted is more commissioned because it takes a bit longer to make. Unscripted is a bit more short-term. But around 60-70% at this time of year.

On the margin, you are talking about upside. We have been very clear. It is 13-15% in the medium term. A lot of things come in. We have commissions, new commissions, recommissions, things drop off, things come in, older shows generally have a higher margin, newer products just take a bit of time to get going. The way to look at it is that will depend on the deliveries in the year, but we do think in the medium term that is what our range is going to be.

Carolyn McCall: I just want to repeat that those margins are high margins and that we are obviously focused on margin. We are very focused on margin as a business. Every one in the business understands margin and the margin pressure and tries to mitigate that. We will try and grow our margins. If we see we can go beyond, we will obviously go beyond. It is very, very important that we reinvest some of the margin into development. We have a £50 million development fund. The reason we have so many successful shows is that we have a high margin and we reinvest some of that into the future of the business. I think that is a really critical part of our success.

That kind of leaves me onto the next question in a way about the potential multiples of M&A. We would not disclose those for obvious reasons. It varies. It depends on the size of company and all of those other things that you would expect. However, the key thing for us is that we value businesses that we want to acquire, not just on what they have done but on their pipeline and what we believe about their pipeline because there is no point really acquiring a label where you are only buying a catalogue.

You want to see that they are producing interesting stuff in their pipeline and that is a judgement thing. I just think it is very difficult. You will know what Entertainment One went for, what Banijay paid for ESG. You know all of those things. You will know what the multiples for those businesses are. We obviously think that our studios business is highly undervalued when you look at our own multiple as a group. However, that is really for you to benchmark engage. Does that answer you, Richard?

Richard Eary: Yes.

Carolyn McCall: I cannot be more specific, I am sorry. Any other questions? Just leaves me to say a huge thank you to everybody for joining us and for listening to us for so long and also for your questions and your interest in ITV Studios.

We wish you a very, very happy Christmas period and a good rest. We look forward to seeing you in the New Year. We also look forward to our M&E Investor Seminar with you, which will coincide with our full year results. Thanks very much indeed. Bye for now.

[END OF TRANSCRIPT]