

ITV Breakfast Broadcasting Limited

Strategic Report for the Year Ended 31 December 2019

The Directors present their strategic report for the year ended 31 December 2019.

Principal activity

The principal activity of ITV Breakfast Broadcasting Limited ("the Company") continues to be the broadcast of the breakfast time television programmes, Good Morning Britain and Lorraine. These programmes are broadcast on weekdays between 6.00 am and 9.25 am.

The Company's business activities, together with the factors likely to affect its future development and position, are set out below.

Fair review of the business

The results for the Company show a profit for the year £8,618,000 (2018: £13,022,000). At the statement of financial position date the Company had net assets of £71,256,000 (2018: £62,638,000).

KPIs

The Directors of the ITV plc Group manage the Group's operations on a divisional basis with this Company being included within the Broadcast & Online division. For this reason, the Company's Directors use the ITV plc Group Broadcast & Online division's operating and performance review in managing and understanding the development, performance and position of the Company. The operating and performance review is included on pages 37 to 43 of ITV plc's 2019 annual report.

Further to the divisional key performance indicators, the Directors would consider the key financial performance indicators of the Company during the year to include;

- Revenues which were down 4.1% in the year to £81,465,000 (2018: £84,929,000). Total advertising revenue (TAR) was down 7.7% in the year in a challenging market due to the impact of the political and economic uncertainty around Brexit and changes in viewing habits. Direct to consumer revenues were up 7.3% driven by the growth in competition revenues.

	2019	2018	Pts Increase / (Decrease)
- Share of Viewing	1.07%	0.95%	0.12

Future developments

The Company's operational and financial performance in the first half of 2020 has been impacted by the COVID-19 pandemic. While the future is still uncertain due to the pandemic, we are seeing some signs of improvement in advertising demand. The actions we have taken in response to the pandemic, along with the resilience of our colleagues and strength of our business has all helped to mitigate some of the impact of COVID-19, and puts us in a good position to continue to invest in our strategy.

ITV Breakfast Broadcasting Limited

Strategic Report for the Year Ended 31 December 2019

Section 172 (1) Statement - Directors Statement in performance of their duties under section 172(1)

The Directors of ITV plc are responsible for the governance of, and oversight over, the ITV Group as a whole and have their respective duties under Section 172(1) of the Companies Act 2006 ('s172') in respect of ITV plc. As ITV Breakfast Broadcasting Limited is part of the ITV Group, the Directors believe that certain matters they are responsible for under s172 in respect of the Company have been considered to an appropriate extent by the Directors of ITV plc in relation both to the ITV Group and the Company and reference to this is made below as appropriate.

The Directors consider and approve matters that relate to the Company. To the extent necessary for an understanding of the development, performance and position of ITV Breakfast Broadcasting Limited, an explanation of how the Directors have specifically considered the matters set out in s172 is set out below:

- **The long term:** The Directors' are fully cognisant of the evolving competitor and viewer landscape in which the Company operates and the main focus during the year has been helping to drive ITV's Group strategy to transform the broadcast business. They have considered how to address both the opportunities and challenges of wider structural change on the morning schedule and how to continue to drive mass audiences that remain highly valuable to advertisers.
- **Business relationships - suppliers, customers:** The Directors are committed to fostering good working business relationships with their key stakeholders which include viewers, suppliers, advertisers, platform owners, legislators and regulators. The Directors recognise that an understanding of issues relating to these stakeholders is fundamental to building and maintaining the successful relationships that enable ITV Breakfast Broadcasting Limited to take advantage of the strong and mutually beneficial opportunities needed to ensure the success of the Company. As ITV Breakfast Broadcasting Limited is fully embedded within the ITV Group governance structure, the Directors seek to align themselves with ITV plc's engagement mechanisms and an explanation of how the Directors of ITV plc have had regard to the need to foster the Company's business relationships is set out in ITV plc's 2019 annual report which does not form a part of this report. Detail on viewers set out on page 90; suppliers, advertisers and platform owners is set out on page 91; and detail on legislators and regulators on page 92 of that report.
- **Community and environment:** The Directors have regard to the impact of the Company's operations on the environment and consider that as a part of the ITV Group due consideration is given to the community and wider environmental issues. Further information on ITV's Social Purpose strategy - structured around better health, diversity and inclusion, environment and giving back targets - is set out on page 62 and pages 44 to 49 of ITV plc's 2019 annual report, which does not form a part of this report.
- **High standards of business conduct:** The Directors' intention is to ensure that ITV Breakfast Broadcasting Limited operates in an ethical and responsible way. As a part of the ITV Group they recognise that a healthy corporate culture is the cornerstone to ensuring high standards of business conduct and governance that also pervade business dealings with stakeholders outside of the organisation. The Directors consider that as a result of being embedded within the ITV Group governance structure, the Directors of ITV plc have taken the lead in promoting these facets and details on how it monitored and assessed culture during the year is set out on page 94 ITV plc's 2019 annual report, which does not form a part of this report. ITV's commitment to high standards of business conduct is also enshrined in the Code of Conduct available on the ITV plc website. ITV's culture also pervades its business dealings with stakeholders outside of the organisation, as exemplified by its work with suppliers in relation to modern slavery and membership of the Prompt Payment Code.
- **Employees:** ITV Breakfast Broadcasting Limited does not have any employees.

ITV Breakfast Broadcasting Limited

Strategic Report for the Year Ended 31 December 2019

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to relate to any decline of the television advertising market, any decline in audiences, and the retention of key staff. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 66 to 79 of the Group's 2019 annual report.

A comprehensive strategic review of the Company's strategy, outlining the development, performance and position of the Company's business can be found in the Strategic Report of the group in the ITV plc Annual Report. The Annual Report of ITV plc is available to the public and may be obtained from www.itvplc.com or the Company Secretary, 2 Waterhouse Square, 140 Holborn, London, EC1N 2AE.

Approved by the Board on 11/12/2020 and signed on its behalf by:



.....
Christopher Swords
Director