

## ITV plc Q3 Trading Update for the nine months to 30 September 2023

### Carolyn McCall, ITV Chief Executive, said:

“ITV continues to make good strategic progress despite the challenging macro environment which is impacting the advertising market and also the demand for content from free-to-air broadcasters in the UK and internationally.

“Studios and M&E digital revenues both grew strongly in the nine months to the end of September, more than offsetting the expected decline in linear advertising, delivering total group revenue growth of 1%.

“ITV Studios grew faster than the market, with 9% revenue growth, driven by its position as a scaled and diversified global production business.

“ITVX had a successful nine months delivering 27% growth in total streaming hours which, in turn, helped deliver 23% growth in digital revenue. Growth in digital advertising revenues continues to outperform other broadcasters reflecting ITVX’s compelling viewer and advertising proposition.

“We are on track to deliver £15 million of cost savings in 2023, as part of our previously announced £50 million cost saving target between 2023 and 2026. In addition, we will rephase £10 million of content spend from 2023 into 2024.

“It is evident that our strategy of growing the Studios and M&E digital business is helping ITV to offset the current headwinds and we remain confident in delivering our 2026 targets, when we expect two-thirds of revenue to come from these growth drivers.

### Group revenue and operating performance as expected with strong growth in ITV Studios and M&E digital revenue for the nine months to 30 September 2023

- Total revenue was up 1% at £2,975 million (2022: £2,948 million), with growth in ITV Studios and M&E digital revenues more than offsetting the decline in linear advertising revenue as we continue to diversify the business. Total external revenue was flat at £2,532 million (2022: £2,523 million)

#### *ITV Studios*

- Total ITV Studios revenue was up 9% at £1,516 million (2022: £1,387 million)
- ITV Studios delivered a wide range of new and returning programmes and formats in the UK and internationally as it continues to diversify by genre, geography and customer
  - including Fifteen Love for Amazon Prime; Love Island USA S5 for Peacock; and World on Fire S2 for the BBC

#### *Media & Entertainment (M&E)*

- M&E revenue was down 7%, as expected, at £1,459 million (2022: £1,561 million) driven by total advertising revenue (TAR) down 7%
  - Digital advertising revenue (a component of digital revenue) remained strong, up 25% at £283 million to the end of September (2022: £227 million)
  - Total M&E non-advertising revenue was down 3% with good growth in subscription revenue offset by the expected decline in SDN revenue
- ITVX continued to perform strongly. Total digital revenues (see note 4) were up 23% and total streaming hours were up 27% to the end of September with monthly active users continuing to grow in line with our expectations

- We maintained our strength in delivering mass reach for advertisers through the quality and breadth of our schedule with Love Island, the Women's Football World Cup and the Rugby World Cup all drawing large broadcast and streaming audiences

## Outlook

### *ITV Studios*

- We expect ITV Studios to deliver total organic revenue growth of at least 5% per annum on average to 2026 and to grow ahead of the market as we further strengthen the business
- We continue to expect good global demand for ITV's high quality content over the medium term. In the shorter term, the global content market has been impacted by lower demand from free-to-air broadcasters, reflecting the challenging advertising environment, as well as the US writers' and actors' strike. The latter is expected to defer revenues from 2024 into 2025
- Over the full year 2023, we expect to deliver around 3% growth in total Studios revenue, following 19% growth in 2022. On an organic basis, we expect average growth over 2022 and 2023 to be well ahead of our medium term target and the wider market
- Q4 2023 is impacted by the phasing of deliveries in 2023 which are weighted to the first nine months, including big budget programmes such as Franklin and Physical S3, both for AppleTV+
- We are committed to maintaining an adjusted EBITA margin for ITV Studios of 13% to 15% over the period to 2026

### *Media & Entertainment*

- With the continued successful performance of ITVX, we remain confident in delivering at least £750 million of digital revenues by 2026
- The advertising market remains challenging and over the full year 2023 we expect ITV TAR to be down around 8% versus 2022 TAR, which was the second highest in ITV's history and included the positive impact of the FIFA World Cup
- In light of these conditions, total content spend for the full year will be £10 million lower than previously guided at around £1,290 million as we rephase content into 2024
- We welcome the inclusion of the Media Bill in the King's Speech, as the UK Government sets out its legislative agenda for the forthcoming year. The draft Media Bill set out the Government's intention to update and reform the legal and regulatory framework for television, particularly delivered online. This should ensure that the content from the public service broadcasters, including ITV, will be included in prominent positions on streaming platforms

ITV has made good strategic progress in the nine months to 30 September 2023 driven by strong execution and we are on track to deliver all our KPI targets by 2026.

We continue to review our cost base in order to deliver further savings, in addition to our current £50 million target to 2026.

Our balance sheet is robust which enables ITV to invest behind our strategic priorities and deliver returns to shareholders in line with our capital allocation policy.

## NOTES TO EDITORS

1. Unless otherwise stated, all financial and operating figures refer to the nine months ended 30 September 2023, with growth compared to the same period in 2022.

### 2. Group revenue performance

Revenue for nine months to 30 September (£m)	2023	2022	Change £m	Change %
Media and Entertainment	1,459	1,561	(102)	(7)
ITV Studios	1,516	1,387	129	9
<b>Total revenue</b>	<b>2,975</b>	<b>2,948</b>	<b>27</b>	<b>1</b>
Internal supply	(443)	(425)	(18)	(4)
<b>Total external revenue</b>	<b>2,532</b>	<b>2,523</b>	<b>9</b>	<b>-</b>

Revenue for nine months to 30 September (£m)	2023	2022	Change £m	Change %
Total advertising revenue	1,233	1,329	(96)	(7)
Non-advertising revenue	1,742	1,619	123	8
Internal supply	(443)	(425)	(18)	(4)
<b>Total external revenue</b>	<b>2,532</b>	<b>2,523</b>	<b>9</b>	<b>-</b>

3. Total advertising revenue (TAR), which includes ITV Family NAR, digital advertising and sponsorship, was down 7% over the nine months to the end of September. Q3 was up 1%, with July down 3%, August up 7% and September flat compared to the same periods in 2022. TAR is forecast to be down around 8% over the full year with October up 2%, November expected to be down around 15% and December expected to be down around 10% to 15% compared to the same periods in 2022 which included the positive impact of the FIFA World Cup. Figures for ITV plc for November and December are based on ITV estimates and current forecasts.

### 4. Media and Entertainment key performance indicators

Nine months to 30 September	2023	2022	Absolute change	Change %
<b>Total digital revenue (£m)</b>	<b>£340m</b>	<b>£276m</b>	<b>£64m</b>	<b>23%</b>

<b>Total streaming hours (hrs)</b>	1,096m	863m	233m	27%
<b>Share of commercial viewing (SOCV)</b>	32.8%	33.2%	-	(0.4%pts)
<b>Share of top 1,000 commercial broadcast TV programmes</b>	93%	93%	-	-

- Total digital revenue includes revenue from digital advertising, subscriptions, linear addressable advertising, digital sponsorship and partnerships, ITV Win and any other revenues from digital business ventures.
- Total streaming hours is the total number of hours viewers spent watching ITV across all streaming platforms, reported at a device level. This figure includes both ad-funded and subscription streaming. In Q3 YTD 2022, total streaming hours were reported as 813 million hours, which included some estimates of total streaming viewing from third party data providers and has been updated to reflect more recently available and accurate data
- ITV Family share of commercial viewing is the total viewing of audiences over the period achieved by ITV's family of channels as a proportion of all ad-supported commercial broadcaster viewing in the UK. ITV Family includes ITV, ITV2, ITV3, ITV4, ITVBe, CITV, ITV Breakfast, CITV Breakfast and associated "HD" and "+1" channels.
- The share of top 1,000 commercial broadcast TV programmes KPI includes TV viewing from transmission and seven days post-transmission on catch up, as well as six weeks prior to the transmission window. It excludes programmes with a duration of <ten minutes. This metric is calculated as a 12-month rolling average to normalise seasonal scheduling
- % change for performance indicators is calculated on rounded numbers.

5. Total Studios organic revenue at constant currency was up 7% to £1,468 million for the first 9 months of 2023. The unfavourable translation impact of foreign exchange on total revenue over the period was £4 million. Our definition of constant currency assumes exchange rates remain consistent with 2022.

6. ITV continues to have good access to liquidity. At 30 September 2023, net debt<sup>1</sup> was £739 million (30 June 2023: £724 million). ITV had total liquidity of £962 million, comprising total cash of £232 million and committed undrawn facilities of £730 million.

The Group's €259 million Eurobond maturing in December 2023 will be refinanced by drawing on a £230 million committed four-year term loan, maturing in July 2027. The term loan has the same financial covenants as ITV's Revolving Credit Facility and is excluded from the total committed undrawn facilities of £730 million.

7. The net pension surplus of the defined benefit schemes at 30 September 2023 on an accounting basis was £225 million (30 June 2023: £235 million surplus).

The Triennial Valuation as at 31 December 2022 is currently underway.

8. Figures presented in this Trading Statement are not audited. This announcement contains certain statements that are or may be forward looking statements. Words such as "targets", "expects", "aim", "anticipate", "intend", or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting ITV. Although ITV believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. By their nature forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. They are not historical facts, nor are they guarantees of future performance; actual results may differ materially from those

<sup>1</sup> Net debt is defined as total loans and facilities (including cross currency interest rate swaps held against euro-denominated borrowings) and lease liabilities less total cash and cash equivalents and restricted cash.

expressed or implied by these forward-looking statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements. These factors include, but are not limited to (i) the general economic, business, political, regulatory and social conditions in the key markets in which the Group operates, (ii) a significant event impacting ITV's liquidity or ability to operate and deliver effectively in any area of our business, (iii) a major change in the UK advertising market or consumer demand, (iv) significant change in regulation or legislation, (v) a significant change in demand for global content, and (vi) a material change in the Group strategy to respond to these and other factors. Certain of these factors are discussed in more detail elsewhere in this announcement and in ITV's 2022 Annual Report and Accounts including, without limitation, in ITV's approach to risk management.

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

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