

More

than

TV

**2018 Full Year Results**  
27<sup>th</sup> February 2019

itv

# Agenda

**Financial Review**

Carolyn McCall

**Strategic Update**

Carolyn McCall

**Key areas of CFO focus**

Chris Kennedy

**Outlook**

Carolyn McCall

**Q&A**



# Financial Review

Carolyn McCall

# Highlights:

- Continued strong operating performance
  - Exceptional on-screen and online viewing – **total viewing up 3%**
  - Significant growth in ITV Studios hours to over **8,900** and healthy pipeline of new and returning shows
- Good progress with 'More than TV' strategy
  - Confirmation of ITV and BBC's proposals for **BritBox UK**, a new transformational SVOD service
  - Strong progress on developing a **scaled addressable advertising** proposition for the ITV Hub
  - Strengthened our capabilities in **advertising, data and technology**
  - Rolled out **new brand** for ITV and ITV Hub targeting light viewers
  - **On track** to deliver previously announced £40m of essential core investment and £15m of cost savings in 2019
- Flexibility and capacity to invest to grow the business and deliver returns to shareholders
- Focused on delivering in the areas of the business which are under our control and managing the impact of exogenous factors

# 2018 Group Financial Highlights

## External revenue

**£3,211m**

up 3%  
(2017: £3,130m)

## Total non-advertising revenue

**£1,971m**

up 5%  
(2017: £1,874m)

## Adjusted EBITA

**£810m**

down 4%  
(2017: £842m)

## Adjusted EPS

**15.4p**

down 4%  
(2017: 16.0p)

## Statutory EPS

**11.7p**

up 15%  
(2017: 10.2p)

## Dividend

**8.0p**

up 3%  
(2017: 7.8p)

## Profit to cash

**88%**

(2017: 91%)

## Leverage

**1.1x**

(2017: 1.0x)

# 2018 Broadcast & Online Financial Highlights

Total revenue

**£2,096m**

up 1%  
(2017: £2,076m)

Total advertising revenue

**£1,795m**

up 1%  
(2017: £1,781m)

Online revenue growth

**36%**

(2017: 14%)

Direct to Consumer revenue

**£81m**

up 25%  
(2017: £65m)

Network Schedule costs

**£1,055m**

up 3%  
(2017: £1,025m)

Broadcast & Online  
adjusted EBITA

**£555m**

down 7%  
(2017: £599m)

# 2018 ITV Studios Financial Highlights

Total Studios revenue

**£1,670m**

up 6%  
(2017: £1,579m)

Organic revenue  
growth

**4%**

ITV Studios adjusted  
EBITA

**£255m**

up 5%  
(2017: £243m)

ITV Studios adjusted  
EBITA margin

**15%**  
(2017: 15%)

**Acquisitions**

Delivering a return in excess of  
cost of capital

# 2018 ITV Studios Financial Highlights - revenue

**Studios UK**

**£695m**

-  
(2017: £692m)

**Studios America**

**£245m**

down 21%  
(2017: £310m)

**Global  
Entertainment**

**£214m**

up 14%  
(2017: £187m)

**Studios ROW**

**£516m**

up 32%  
(2017: £390m)



A group of six male rugby players from different nations are standing in a row against a dark background. From left to right: an Italian player in a blue jersey with 'ITALIA' on the front; an English player in a white jersey with 'O2' and 'Canterbury' logos; an Irish player in a green jersey with 'Vodafone' and 'RPU' logos; a Welsh player in a red jersey with 'ISUZU' and 'Under Armour' logos; a Scottish player in a dark blue jersey with 'SCOTLAND' and 'Rugby' logos; and a French player in a blue jersey with 'ALTRON' on the front. The English player is holding a silver trophy with 'GUINNESS' and 'RUGBY' on it. The Irish and French players are each holding a Guinness Extra Stout rugby ball. The text 'Strategic Update' is overlaid in the center in a large, white, sans-serif font.

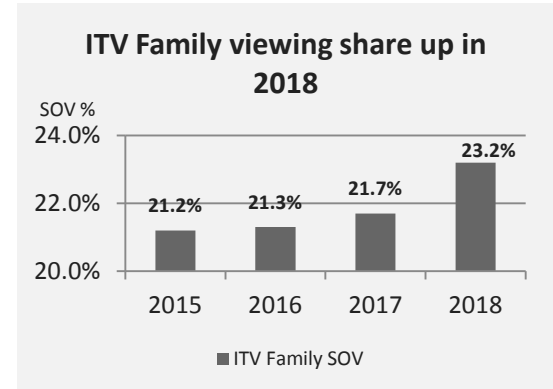
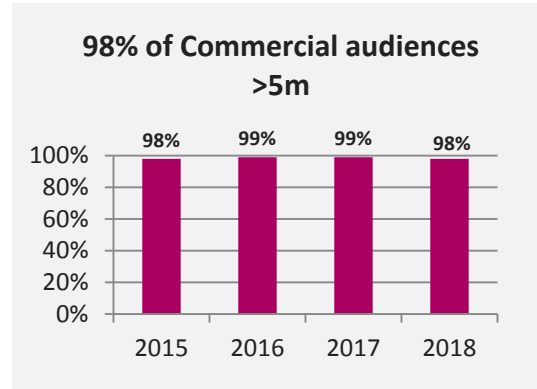
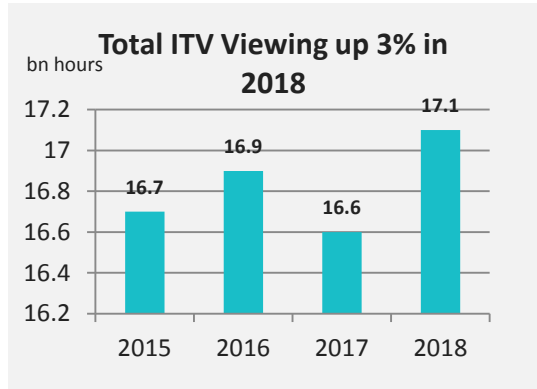
# Strategic Update

Carolyn McCall

# ITV's Vision is to be...More than TV

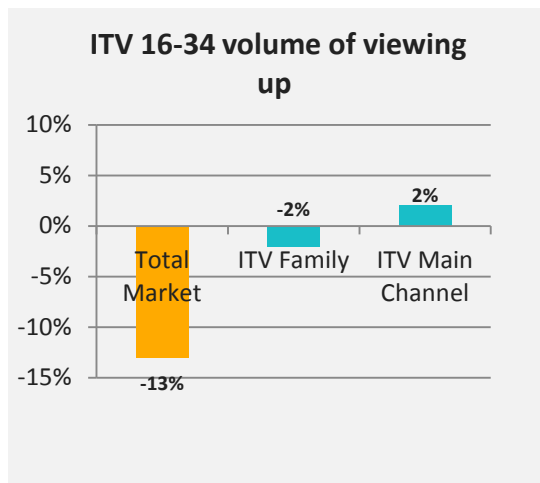
- The **pre-eminent Integrated Producer Broadcaster** for viewers and brands in the UK
- A leading **Direct to Consumer** business in the UK with strong consumer relationships
- A **world class creative force** in global content production
- A **lean and agile** organisation with leading capabilities in **data analytics** and **technology**
- A **future facing, modern and digital brand** that is relevant to all viewers and brands
- A **sustainable, cash generative and growing** business delivering for our shareholders

# ITV and the market – total viewing



Over **70%** of **ALL** viewing remains live linear television

# ITV and the market – 16-34 viewing

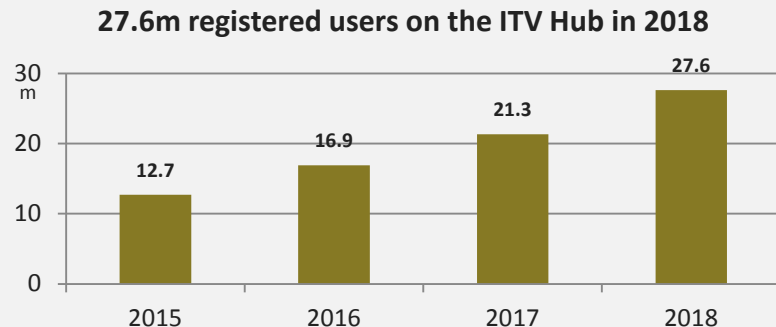
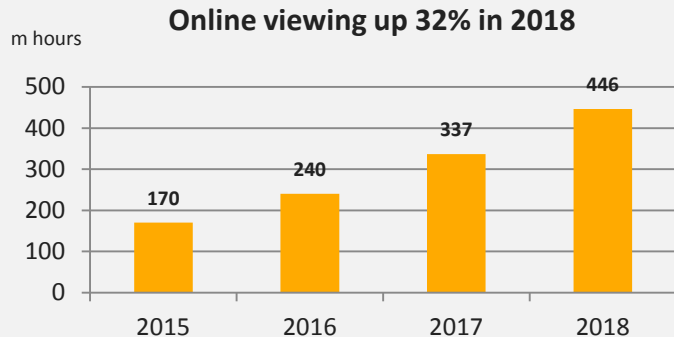


ITV Family share of 16-34 viewing **up 13%**

ITV2 share of 16-34 viewing **up 10%**

ITV accounted for **77 of the top 100 programmes** on linear for 16-34s

# ITV and the market – Online viewing



Simulcast requests up **34%**

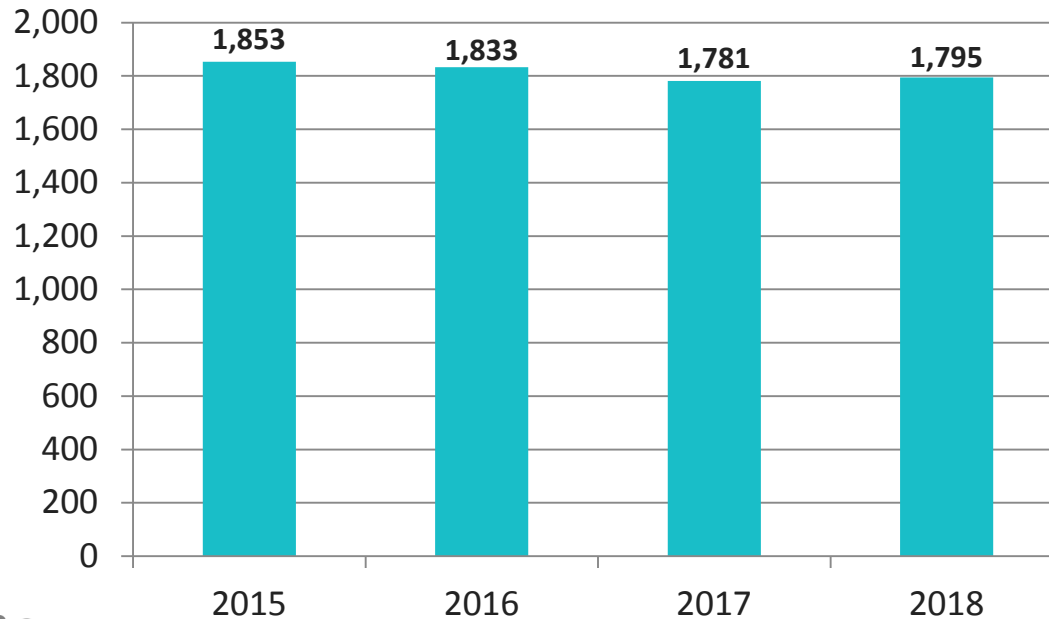
**64%** increase in average monthly active users

**79%** of 16-34s registered on the ITV Hub

# ITV and the market – Total Advertising Revenue

Total advertising up 1%, outperforming expectations

## Total Advertising Revenue (£m)

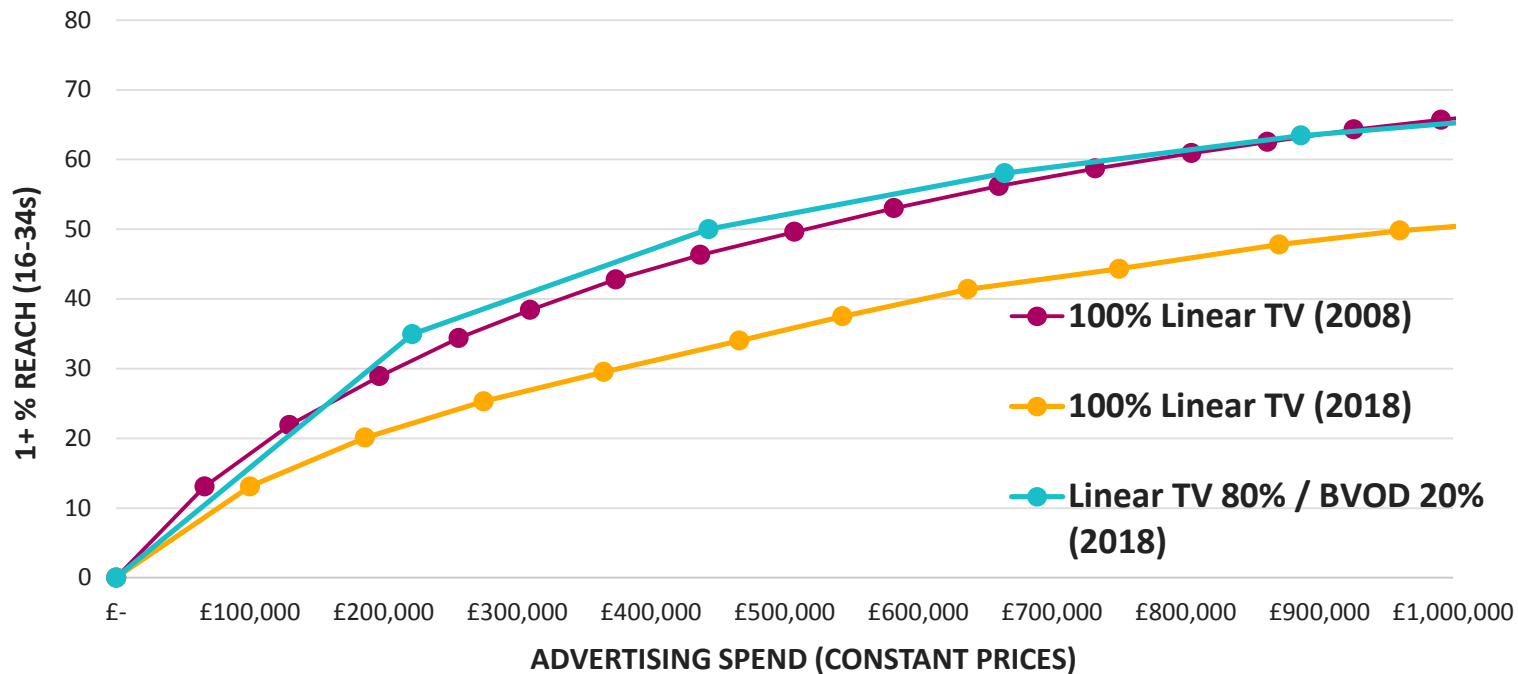


Total advertising  
**up 1%**  
in 2018

VOD advertising  
**up 36%**  
in 2018

# ITV and the market – Broadcasters still delivering the same reach

TV's reach for 16-34s is unchanged when BVOD is included



# ITV and the market – Advertising categories

Total Advertising up 1%, with advertising by digital brands up 10%

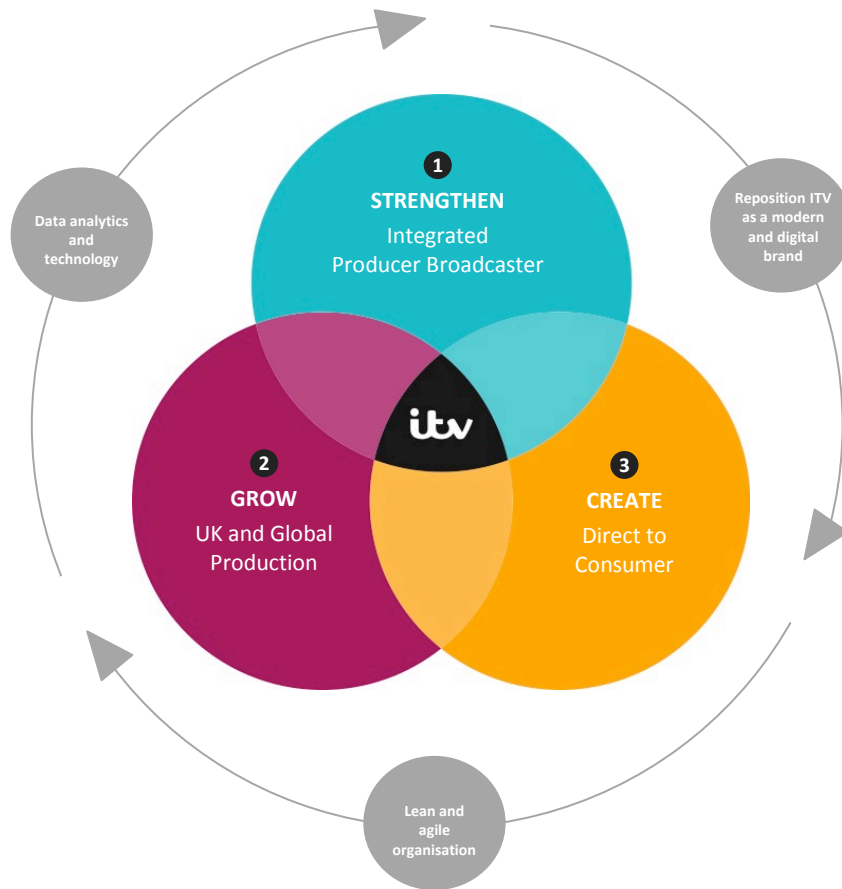
| Category<br>(VOD and spot combined) | 2018<br>(£m) | YOY %<br>change |
|-------------------------------------|--------------|-----------------|
| Retail                              | 314          | (8)%            |
| Entertainment and Leisure           | 184          | 14%             |
| Finance                             | 165          | 3%              |
| Cosmetics                           | 116          | (4)%            |
| Telecommunications                  | 105          | 18%             |
| Car                                 | 106          | (3)%            |
| Food                                | 101          | (7)%            |
| Publishing and Broadcasting         | 84           | (3)%            |
| Airlines, Travel & Holidays         | 77           | (8)%            |
| Government                          | 58           | 14%             |

## Online brands advertising up 10%





## More than TV strategy



## Integrated Producer Broadcaster – Strengthen

# Investment and KPIs

### Investment – around £40m over 3 years in

1. Repositioning ITV and driving light viewers
2. Enhanced development and distribution of the Hub
3. Technology to support data and ad proposition
4. Data capabilities
5. Addressable advertising capabilities

### Targets – 3 years to the end 2021

- Grow ITV Hub registered users to 30 million
- Double digit growth in online revenue per annum
- Increase brand consideration to 60%
- Double digit growth in online viewing per annum



### KPIs for measuring performance

#### Advertising

- Total advertising revenue
- Online revenue growth

#### Marketing and Viewing

- Total ITV viewing
- ITV Family SOV %
- Brand consideration

#### Hub

- Registered users
- Online viewing

# Key performance indicators – progress in 2018

| KPI                       | Performance in 2018 | Target<br>3 years to the end of 2021           | On track? |
|---------------------------|---------------------|--|-----------|
| Online revenue growth     | +36%                | Double digit revenue growth per annum          | ✓         |
| Brand consideration*      | 59%                 | Increase to 60%                                | ✓         |
| ITV Hub registered users  | 28m                 | Grow to 30m                                    | ✓         |
| Online viewing            | +32%                | Double digit online viewing growth per annum   | ✓         |
| KPI                       | Performance in 2018 | Strategic ambition                             | On track? |
| Total advertising revenue | +1%                 | To grow total advertising in a flat NAR market | ✓         |
| ITV Total Viewing         | +3%                 | To maintain total viewing**                    | ✓         |
| ITV Family SOV %          | 23.2%               | Above 21%                                      | ✓         |

Note: \*All adults, \*\*Maintain total viewing compared to average 2015-18

# 1. Driving light viewers and repositioning ITV

- relaunch of the ITV main channel brand and ITV Hub in January 2019



Main Channel



ITV Hub and ITV Hub+



ITV Creates ident

# 1. Driving light viewers and repositioning ITV

- 2019 - brand campaign 'Great characters make great drama'



**Claire Beale** @ClaireBeale · 16h  
Strong campaign from @ITV and @uncommon\_LDN

**Alicia Foley** @Alicia\_Calico · 16h  
Absolutely love the new **drama** adverts on @ITV. A great way to celebrate some brilliant characters. 😊

**Rachel** @rachey5853 · 13h  
Love the #itv #vera advert 🙌

**Little Black Book** @LBBOnline · 3h  
Give your eyes and brains a treat with @uncommon\_LDN's gorgeous @ITV campaign 'Great Characters Make Great Drama', directed by James Marsh  
[lbbonline.com/news/uncommon-...](https://lbbonline.com/news/uncommon-...)

**David Murphy** @D1Smurphy · 18h  
Whatever the arguments are over ads like Gillette's, the latest **ITV Drama** ad is supremely impressive in how it tries to subtly reach out from its own characters without seeking to divide.

## 2. Driving light viewers and repositioning ITV

- off air marketing across multiple media channels for key programmes



## 2. ITV Hub – 2018 progress and 2019 priorities

| Simulcast                                  | User experience  | Brand        | User experience  | Layout                           |
|--|--|--------------|--|----------------------------------|
| Seamless World Cup & Love Island delivered | <ul style="list-style-type: none"><li>Next episode signposting</li><li>Cross platform resume (part roll-out)</li><li>Recommended for you (trial)</li></ul> | New branding | <ul style="list-style-type: none"><li>Rollout of personalisation</li><li>Auto play promos</li><li>Prompts for new series</li><li>Cross platform resume (All platforms)</li></ul> | Consistent layout on all devices |
| Q2 2018                                    | January 2019   |              |  | End 2019                         |



### 3. Technology - Evolution to digital leader and innovator

Investing in capabilities which help deliver our strategic ambitions, as well as support our core systems and technology

① Deliver and evolve  
'best in class' Direct  
to Consumer products

② Deliver and evolve a  
UK AdTech platform for  
premium video inventory

③ Use technology to  
drive automation and  
efficiency

Data analytics platform

Create a culture of continuous innovation and change



## 4. Data and tech capabilities – Deliver data analytics platform in 2019

### How will we gather and process this data:

#### Collect

- Linear viewing
- Online and offline transaction data
- On demand viewing data
- Deep user profiles

#### Unify

- Match users across datasets, and build a device graph

#### Enrich

- With third party data
- Tagging using image recognition technology
- Explore collaboration with first and second party data holders

#### Activate

- Activate to drive the business and generate value

**How will this generate value and revenue?**

### Capabilities:

Scaled data platform, self serve analytics and automation, machine learning, data governance

## 4. Data and tech capabilities – Deliver data analytics platform in 2019

### How will this generate value and revenue:

#### Drive viewing

- Optimise and personalise our Marketing and Hub experience
- Scale our CRM

#### Accelerate consumer revenue

- Support SVOD launch
- Identify and activate upsell and cross-sell opportunities

#### Advertising

- Power targeting and measurement via data partnerships and innovation
- Facilitate effective client planning

## 5. Advertising

### Progress in 2018

- Client strategy team in place
- Strengthened our creative partnerships team

### Priorities for 2019

- Deliver scaled addressable advertising around premium VOD inventory for ITV Hub
  - Adtech solution to create a fully automated and data driven system
  - Efficient, seamless, cost effective booking for advertisers

## 5. Accelerating addressable advertising on VOD

### Premium advertising inventory on ITV Hub



Verified completion rates



Broadcast level compliance



Full screen



Brand safe



Sound on



Non-skippable



Viewed by humans



High quality programming

This delivers the best of both worlds – mass simultaneous reach and addressable targeted advertising at scale.

## UK and Global Production – Grow

# Investment and KPIs

### Investment - £10m over 3 years in

- Joint development funds for drama and entertainment
- Strengthening creative talent
- Monetisation capabilities

### Targets – 3 years to the end 2021

- Grow total production hours to 10,000
- Total Studios revenue to grow at least 5% average CAGR
- EBITA margin of 14% to 16%



### KPIs for measuring performance

- Total Studios revenue
- EBITA margin
- Total production hours

# Key performance indicators

| KPI                    | Performance in 2018 | Target<br>3 years to the end of 2021                   | On track? |
|------------------------|---------------------|--|-----------|
| Total Studios revenue  | +6%                 | Total Studios revenue to grow at least 5% average CAGR | ✓         |
| EBITA margin           | 15%                 | EBITA margin of 14% to 16%                             | ✓         |
| Total production hours | >8,900              | Grow production hours to 10,000                        | ✓         |

## Progress in 2018

### Growth

across scripted,  
unscripted  
and core ITV revenue

### Sold 57 formats

5 produced by  
ITV Studios  
in 3 or more countries

**56%** revenue now  
generated from  
outside of the UK  
(2017: 54%)

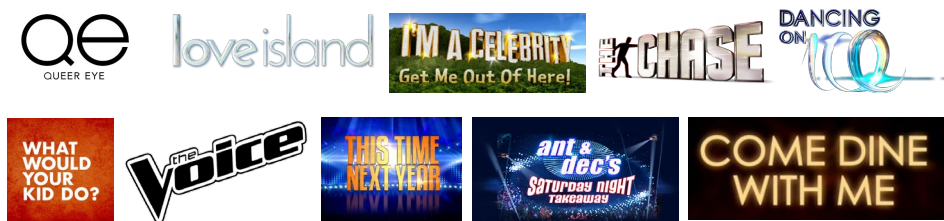
+35% increase in  
original hours sold to  
**OTT platforms**  
in 2018

## UK and Global Production - Grow

# Growth across scripted, unscripted and core ITV in 2018

|                      | 2018<br>(£m) | 2017<br>(£m) | Change<br>(%) |
|----------------------|--------------|--------------|---------------|
| Scripted             | 380          | 347          | 10            |
| Unscripted           | 997          | 963          | 4             |
| Core ITV and Other   | 293          | 269          | 9             |
| <b>Total Revenue</b> | <b>1,670</b> | <b>1,579</b> | <b>6</b>      |

## Unscripted



## Scripted



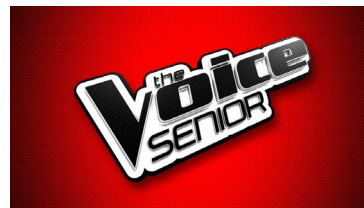
## Core ITV





UK and Global Production – Grow

# Sold 57 different formats in 2018



UK and Global Production – Grow

# Priorities for 2019

Strengthen our  
**creative talent**

Maximise  
**monetisation**  
of IP and formats

Grow our  
**European  
scripted**  
businesses

**Strong pipeline**  
for 2019 and beyond

UK and Global Production – Grow

## 2019 - Growing our European Scripted business

**Tetra**  
media  
Studio

**PROFILAGE**

**UN VILLAGE  
FRANÇAIS**



**BALTHAZAR**



 **cattleya**

**SUBURRA**

**ZEROZEROZERO**



**TUTTO  
può  
SUCCEDERE**

UK and Global Production – Grow

# Pipeline for 2019 and beyond



## Direct to Consumer – Create

# Investment and KPIs

### Investment – up to £10m over 3 years

- Leverages the benefits from investment made in the IPB around data, marketing and the Hub
- Investment in competition portal
- Investment in new Direct to Consumer opportunities
- Excludes SVOD investment

### Targets – 3 years to the end 2021

- Grow Direct to Consumer revenue to at least £100m (excluding SVOD)
- 10m paying product relationships



### KPIs to measure performance

- Direct to Consumer revenue
- Total paying product relationships

# Key performance indicators

| KPI                   | Performance in 2018 | Target<br>3 years to the end of 2021  | On track? |
|-----------------------|---------------------|---------------------------------------|-----------|
| Total revenue*        | £81m, up 25%        | Grow revenue to at least £100 million | ✓         |
| Paying relationships* | 8.5m, up 27%        | 10 million paying relationships       | ✓         |

# Delivering growth in Direct to Consumer in 2018

Growth in  
**competition  
portal**

**Pay-per-view**  
events with the  
World Boxing  
Super Series

**Hub+** subscribers  
have more than  
tripled in 2018  
to 265k

**BritBox US**  
subscribers >500k

Direct to Consumer – Create

# Welcome to **britbox**

CREATED BY **BBC** & **itv**

BritBox will be a brand new streaming service that showcases the **depth and breadth** of **British** creativity, **on demand**, ad free and **all in one place**.

Providing a **vast collection** of British TV **boxsets and film**, as well as new **original series** made **exclusively** for BritBox, from the finest British producers.

Our boxsets will include a range of programmes from **ITV**, **BBC** and **other broadcasters** across a variety of genres. You'll find critically acclaimed drama and mystery boxsets, cult and classic comedy and powerful, contemporary documentary alongside entertainment and reality hits.

The best of the **past**, the best of what's **now**, and the best of what's **yet to come**.



## BritBox - Rapid SVOD growth presents a significant opportunity

Pay TV  
market value  
**£6.3bn**

OTT subscription  
revenue  
**£1.3bn**

UK SVOD  
growth YoY  
**+20%**

**43%** of UK households  
now have access to at least  
one SVOD service

## BritBox - More households are taking multiple SVOD subscriptions

Growth in homes with...

any SVOD service



multiple SVOD services



12m

UK homes now  
have 17m OTT  
subscriptions

## BritBox - There's appetite for new SVOD services

4 million households  
in the next 3 months



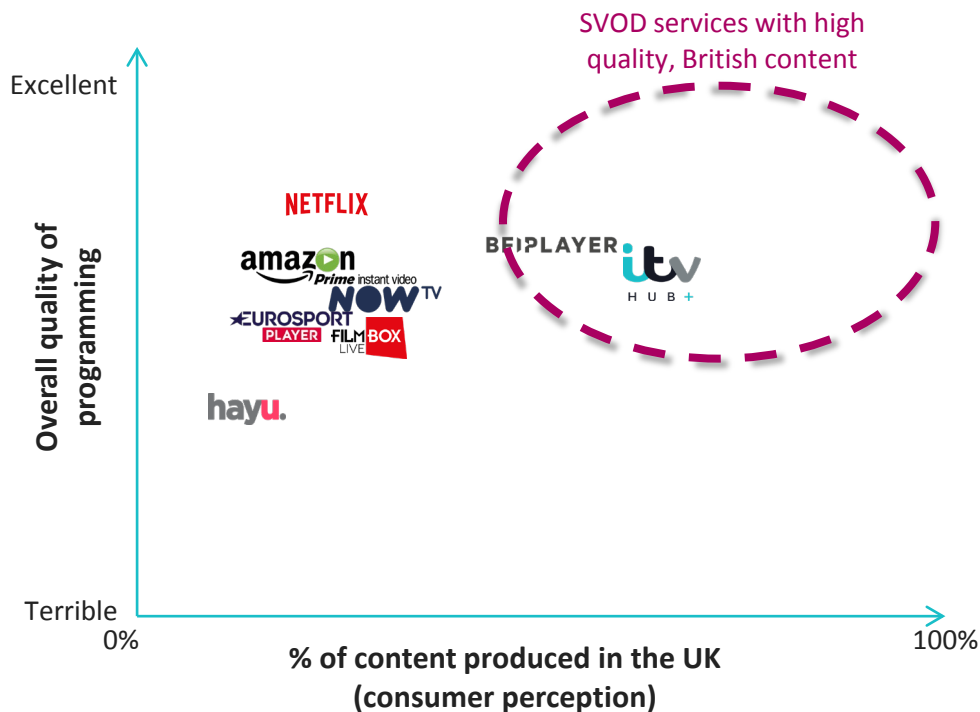
are likely or very likely to  
subscribe to a(nother) SVOD  
service



2 in 3 of these households  
already have SVOD

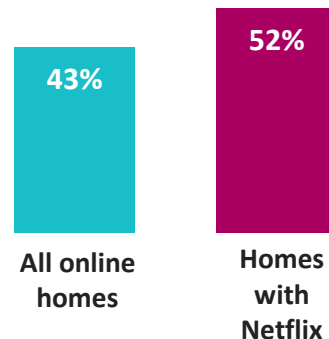
Direct to Consumer – Create

## BritBox - A gap in the SVOD market for quality, British content



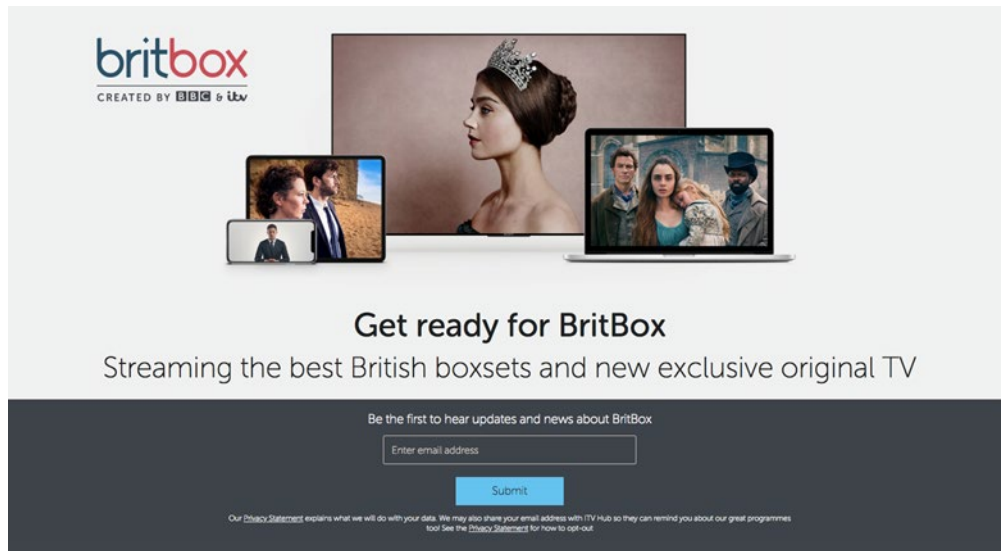
## British SVOD has strong appeal – particularly among Netflix fans

% interested in subscribing to a new SVOD service featuring British programmes & films



## BritBox - What's next?

- SVOD team in place
- Joint approach to regulators and industry
- ITV's net investment will be up to £25m in 2019, rising to around £40m in 2020 and expected to decline thereafter



Register your interest today at [britbox.co.uk](https://britbox.co.uk)

## Total essential investments will be partly offset by cost savings

| Previously announced                           | 2019        |
|--|-------------|
| Investment –<br>in year                        | (40)        |
| Cost savings –<br>in year                      | 15          |
| <b>Net impact</b> – before<br>revenue benefits | <b>(25)</b> |

2019 cost savings will be delivered through:

- Organisational redesign
- Production efficiencies
- Contract renewals
- US property moves and consolidations
- Overheads

As previously announced there will be a further £10m investment in both 2020 and 2021, fully offset by £10m of cost savings in each year



# Key areas of focus

Chris Kennedy





# Outlook



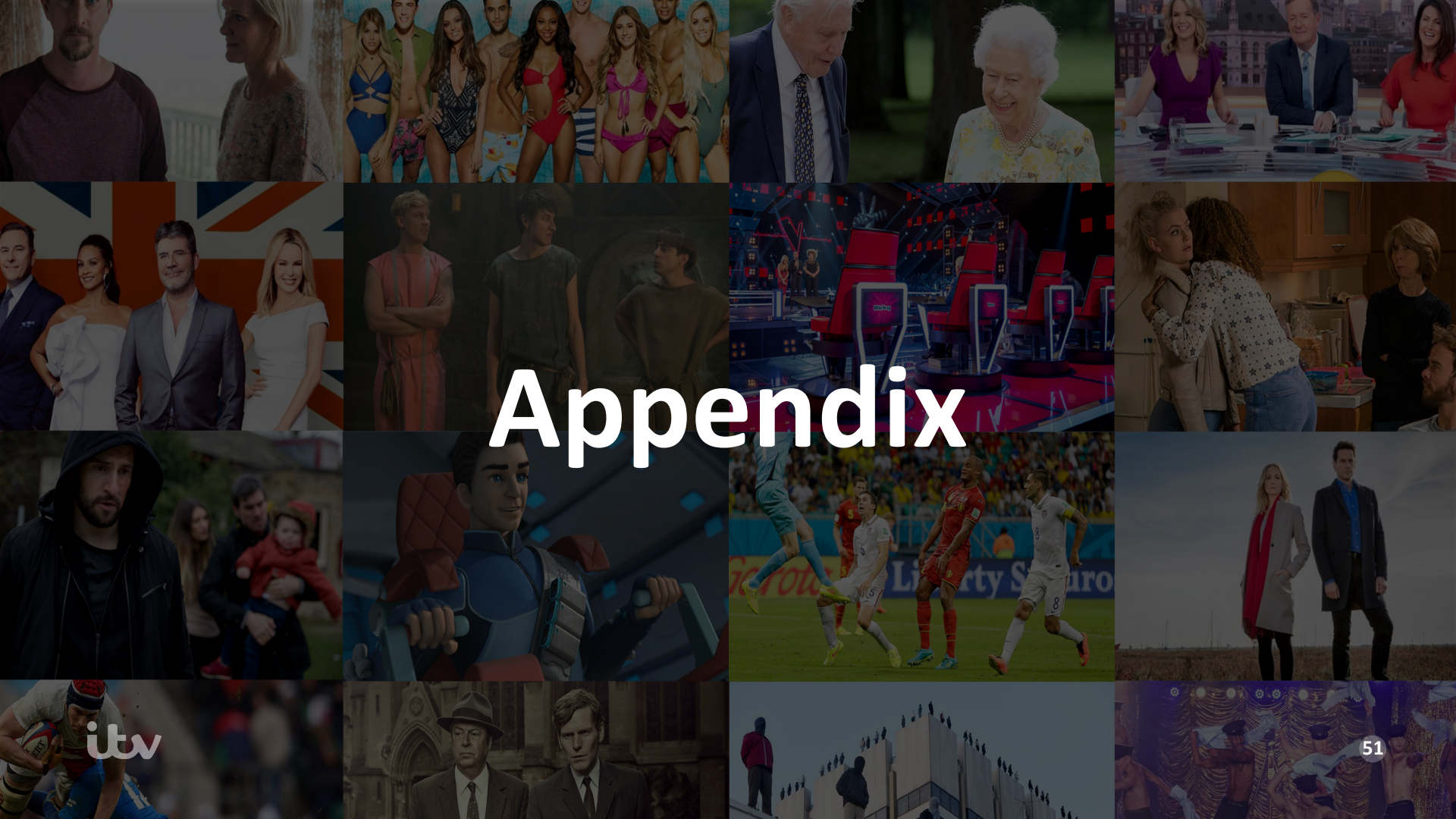
# Outlook

- We have started the year well with
  - ITV Family share of viewing up 6% and volume of viewing up 2%
  - Online viewing up 33%
- Economic and political uncertainty continues to impact the demand for advertising as we expected
  - total advertising forecast to be down 3% to 4% for the first 4 months
- First half will be impacted by tough comparatives against the revenue from the Football World Cup, the impact of investments and ITV Studios deliveries being weighted to H2
- Over the full year we are confident that
  - We will continue to execute well on the strategy
  - We will deliver double digit online revenue growth
  - ITV Studios will deliver good organic revenue growth, with £100m more revenue secured at this point than last year, and
  - We will maintain a solid balance sheet and deliver on our full year dividend commitment of at least 8p per share
- We remain focused on delivering in the areas of the business which are under our control, whilst actively mitigating the factors outside the company's control.



# Q&A





# Appendix

# Key performance indicators

| Integrated producer broadcaster |                                   |
|---------------------------------|-----------------------------------|
| KPI                             | Performance                       |
| Total advertising revenue       | <b>£1,795m</b><br>(2017: £1,781m) |
| Online revenue growth           | <b>+36%</b><br>(2017: +14%)       |
| ITV Total Viewing               | <b>17.1bn</b><br>(2017: 16.6bn)   |
| ITV Family SOV %                | <b>23.2%</b><br>(2017: 21.7%)     |
| Brand consideration             | <b>58.9%</b><br>(2017: 58.1%)     |
| ITV Hub registered users        | <b>27.6m</b><br>(2017: 21.3m)     |
| Online Viewing                  | <b>446m hrs</b><br>(2017: 337m)   |

| Studios                       |                                    |
|-------------------------------|------------------------------------|
| KPI                           | Performance                        |
| Total Studios revenue growth  | <b>£1,670m</b><br>(2017: £1,579m)  |
| Studios adjusted EBITA margin | <b>15%</b><br>(2017: 15%)          |
| Total production hours        | <b>8,917</b><br>(2017: 8,468)      |
| Direct to Consumer            |                                    |
| KPI                           | Performance                        |
| Total DTC revenue             | <b>£81m</b><br>(2017: £65m)        |
| Paying relationships          | <b>8.5 million</b><br>(2017: 6.7m) |

| Group                         |                                   |
|-------------------------------|-----------------------------------|
| KPI                           | Performance                       |
| Adjusted EPS                  | <b>15.4p</b><br>(2017: 16.0p)     |
| Total non-advertising revenue | <b>£1,971m</b><br>(2017: £1,874m) |
| Cost Savings                  | <b>On track</b>                   |
| Profit to cash conversion     | <b>88%</b><br>(2017: 91%)         |

# Financial Highlights

|                               | 2018<br>(£m) | 2017*<br>(£m) | Change      |
|-------------------------------|--------------|---------------|-------------|
| Broadcast & Online            | 2,096        | 2,076         | 1%          |
| ITV Studios                   | 1,670        | 1,579         | 6%          |
| <b>Total revenue</b>          | <b>3,766</b> | <b>3,655</b>  | <b>3%</b>   |
| Internal supply               | (555)        | (525)         | 6%          |
| <b>Total external revenue</b> | <b>3,211</b> | <b>3,130</b>  | <b>3%</b>   |
| Broadcast & Online            | 555          | 599           | (7)%        |
| ITV Studios                   | 255          | 243           | 5%          |
| <b>Group adjusted EBITA</b>   | <b>810</b>   | <b>842</b>    | <b>(4)%</b> |
| Group adjusted EBITA margin   | 25%          | 27%           | (2)%        |
| <b>Adjusted EPS</b>           | <b>15.4p</b> | <b>16.0p</b>  | <b>(4)%</b> |
| <b>Statutory EPS</b>          | <b>11.7p</b> | <b>10.2p</b>  | <b>15%</b>  |
| <b>Ordinary dividend</b>      | <b>8.0p</b>  | <b>7.8p</b>   | <b>3%</b>   |

# Broadcast & Online - Revenue

|   | 2018<br>(£m) | 2017*<br>(£m) | Change      |
|---|--------------|---------------|-------------|
| <b>Total advertising revenue</b>                      | 1,795        | 1,781         | 1%          |
| Direct to Consumer                                    | 81           | 65            | 25%         |
| SDN   | 73           | 70            | 4%          |
| Other revenue   | 147          | 160           | (8)%        |
| <b>Broadcast &amp; Online non-advertising revenue</b> | <b>301</b>   | <b>295</b>    | <b>2%</b>   |
| <b>Total Broadcast &amp; Online revenue</b>           | <b>2,096</b> | <b>2,076</b>  | <b>1%</b>   |
| Network Schedule costs                                | (1,055)      | (1,025)       | (3)%        |
| Variable Costs  | (123)        | (104)         | (18)%       |
| Broadcast infrastructure and overheads                | (363)        | (348)         | (4)%        |
| <b>Broadcast &amp; Online adjusted EBITA</b>          | <b>555</b>   | <b>599</b>    | <b>(7)%</b> |
| EBITA margin  | 26%          | 29%           |             |

# Broadcast Schedule Costs

| 2018 Full Year                                | 2018<br>(£m) | 2017<br>(£m) | Change      |
|---|--------------|--------------|-------------|
| Commissions                                   | 556          | 563          | 1%          |
| Sport   | 118          | 82           | (44)%       |
| Acquired                                      | 43           | 38           | (13)%       |
| ITN News and Weather                          | 48           | 48           | -           |
| <b>Total ITV main channel</b>                 | <b>765</b>   | <b>731</b>   | <b>(5)%</b> |
| Regional news and non-news                    | 72           | 72           | -           |
| ITV Breakfast                                 | 46           | 42           | (10)%       |
| <b>Total ITV inc regional &amp; Breakfast</b> | <b>883</b>   | <b>845</b>   | <b>5%</b>   |
| ITV2, ITV3, ITV4, ITV Encore, ITVBe, CITV     | 172          | 180          | (4)%        |
| <b>Total schedule costs</b>                   | <b>1,055</b> | <b>1,025</b> | <b>(3)%</b> |

# ITV Studios

|                                   | 2018<br>(£m) | 2017*<br>(£m) | Change<br>% | Organic<br>change* |
|-----------------------------------|--------------|---------------|-------------|--------------------|
| Studios UK                        | 695          | 692           | -           | 2%                 |
| ITV America                       | 245          | 310           | (21)%       | (14)%              |
| Studios RoW                       | 516          | 390           | 32%         | 19%                |
| Global Entertainment              | 214          | 187           | 14%         | 16%                |
| <b>Total Studios revenue</b>      | <b>1,670</b> | <b>1,579</b>  | <b>6%</b>   | <b>4%</b>          |
| Total Studios costs               | (1,415)      | (1,336)       | (6)%        |                    |
| <b>ITV Studios adjusted EBITA</b> | <b>255</b>   | <b>243</b>    | <b>5%</b>   |                    |
| Adjusted EBITA margin             | 15%          | 15%           |             |                    |
| Internal – ITVS to ITV Network    | 551          | 523           | 5%          |                    |
| External revenue                  | 1,119        | 1,056         | 6%          |                    |
| <b>Total revenue</b>              | <b>1,670</b> | <b>1,579</b>  | <b>6%</b>   |                    |



# Reconciliation Between 2018 Statutory and Adjusted Earnings

| 2018 Full Year                      | Statutory<br>(£m) | Adjustments<br>(£m) | Adjusted<br>(£m) |
|-------------------------------------|-------------------|---------------------|------------------|
| EBITA*                              | 785               | 25                  | 810              |
| Total exceptional items             | (83)              | 83                  | -                |
| Amortisation and impairment         | (92)              | 85                  | (7)              |
| Financing costs                     | (43)              | 7                   | (36)             |
| <b>Profit before tax</b>            | <b>567</b>        | <b>200</b>          | <b>767</b>       |
| Tax                                 | (97)              | (49)                | (146)            |
| <b>Profit after tax</b>             | <b>470</b>        | <b>151</b>          | <b>621</b>       |
| Non-controlling interests           | (4)               | -                   | (4)              |
| <b>Earnings</b>                     | <b>466</b>        | <b>151</b>          | <b>617</b>       |
| Number of shares (weighted average) | 3,999             |                     | 3,999            |
| <b>Earnings per share</b>           | <b>11.7p</b>      |                     | <b>15.4p</b>     |

# Acquisitions – between 2012 and 2017

| Company                                     | Initial consideration<br>(£m) | Additional consideration<br>paid (£m) | Expected future<br>payments*<br>(£m) | Total expected<br>consideration**<br>(£m) | Expected<br>payment<br>dates | Total maximum<br>consideration**<br>(£m) |
|---|-------------------------------|---------------------------------------|--------------------------------------|---|------------------------------|--|
| Total for acquisitions<br>between 2012-2017 | 941                           | 138                                   | 252                                  | 1,331                                     | 2019-2024                    | 2,370                                    |
| <b>Total</b>                                | <b>941</b>                    | <b>138</b>                            | <b>252</b>                           | <b>1,331</b>                              |                              | <b>2,370</b>                             |

No acquisitions were made in 2018

# Financing Costs

| 2018 Full Year  | 2018<br>(£m) | 2017<br>(£m) |
|---|--------------|--------------|
| €600m Eurobond at 2.125% coupon Sept 22                         | (11)         | (11)         |
| €500m Eurobond at 2% coupon Dec 23*                             | (15)         | (15)         |
| £630m Revolving Credit Facility                                 | (4)          | (4)          |
| <b>Financing costs directly attributable to bonds and loans</b> | <b>(30)</b>  | <b>(30)</b>  |
| Cash-related net financing costs                                | (5)          | (2)          |
| Amortisation of bonds   | (1)          | (1)          |
| <b>Adjusted financing costs</b>                                 | <b>(36)</b>  | <b>(33)</b>  |
| Mark-to-market swaps and foreign exchange                       | -            | -            |
| Imputed pension interest  | (2)          | (9)          |
| Unrealised foreign exchange and other net financial losses      | (5)          | (8)          |
| <b>Net financing costs</b>                                      | <b>(43)</b>  | <b>(50)</b>  |

# P&L Tax Charge and Cash Tax

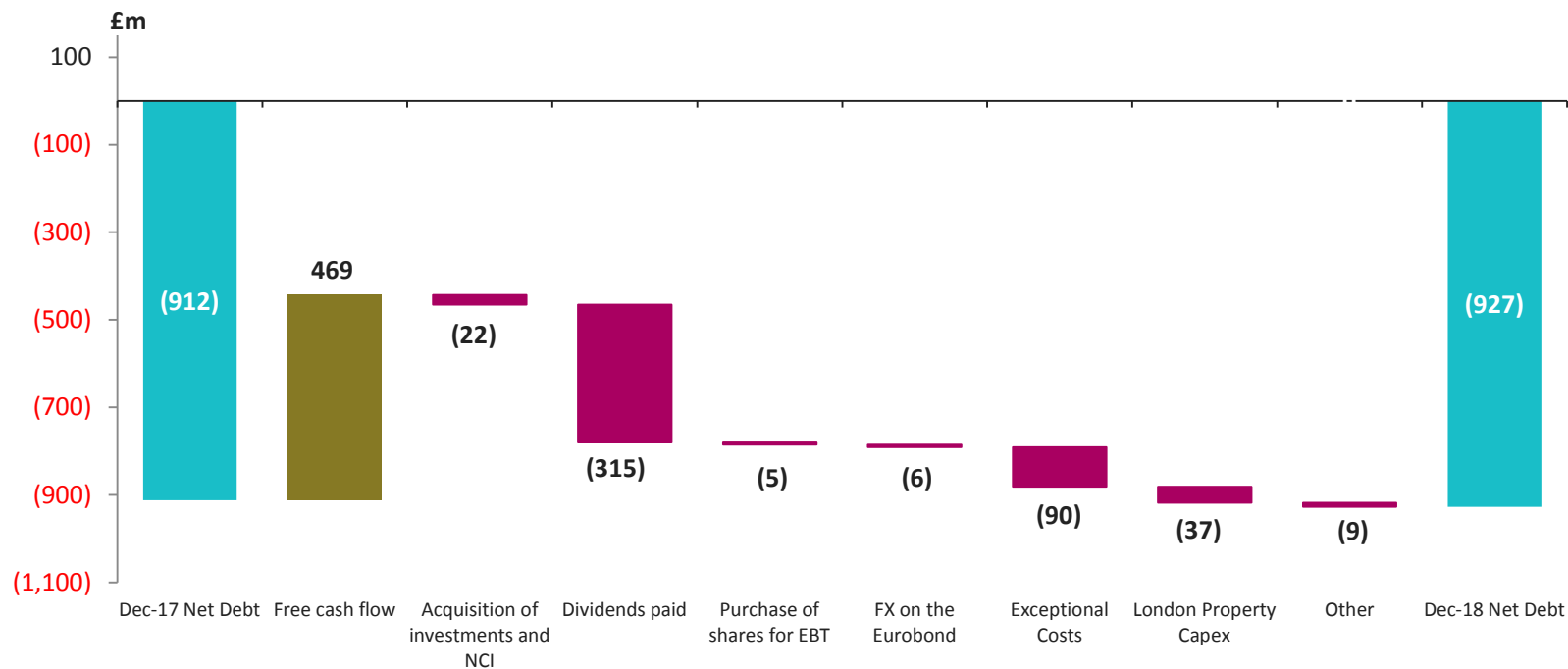
| 2018 Full Year  | 2018<br>(£m) | 2017<br>(£m) |
|---|--------------|--------------|
| <b>Profit before tax</b>  | <b>567</b>   | <b>500</b>   |
| Production tax credits  | 25           | 32           |
| Total Exceptional items   | 83           | 154          |
| Amortisation and impairments of intangible assets*                                | 85           | 97           |
| Adjustments to net financing costs  | 7            | 17           |
| <b>Adjusted profit before tax</b>   | <b>767</b>   | <b>800</b>   |
| Tax charge  | (97)         | (87)         |
| Production tax credits  | (25)         | (32)         |
| Charge for exceptional items  | (9)          | (12)         |
| Charge in respect of amortisation and impairments of intangible assets*           | (14)         | (19)         |
| Charge in respect of adjustments to net financing costs                           | (1)          | (4)          |
| Other tax adjustments   | -            | -            |
| <b>Adjusted tax charge</b>  | <b>(146)</b> | <b>(154)</b> |
| <b>Effective tax rate on adjusted profits</b>                                     | <b>19%</b>   | <b>19%</b>   |
| <b>Total adjusted cash tax paid (excluding receipt of production tax credits)</b> | <b>(119)</b> | <b>(118)</b> |

# Analysis of Net Debt

| 31 December                     | 2018<br>(£m) | 2017<br>(£m) |
|---------------------------------|--------------|--------------|
| £630m Revolving Credit Facility | (50)         | (60)         |
| €600m Eurobond*                 | (536)        | (529)        |
| €500m Eurobond**                | (424)        | (424)        |
| Finance Leases                  | -            | -            |
| Other debt                      | (12)         | (25)         |
| Cash and cash equivalents       | 95           | 126          |
| <b>Net debt</b>                 | <b>(927)</b> | <b>(912)</b> |

| 31 December               | 2018<br>(£m) | 2017<br>(£m) |
|---------------------------|--------------|--------------|
| Cash and cash equivalents | 95           | 126          |
| Debt                      | (1,022)      | (1,038)      |
| <b>Net debt</b>           | <b>(927)</b> | <b>(912)</b> |

# Net debt tracker



# Borrowing Facilities

| Type of Facility                | Facility Amount<br>£m | Amount drawn at<br>31/12/2018 | Maturity |
|---------------------------------|-----------------------|-------------------------------|----------|
| Revolving Credit Facility (RCF) | 630                   | 50                            | Various  |
| Bilateral financing facility    | 300                   | -                             | Jun 2021 |
| <b>Total</b>                    | <b>930</b>            | <b>50</b>                     |          |

# Foreign Exchange

| Revenue by currency – 12 months to 31 December | 2018<br>(£m) | 2017<br>(£m) |
|--|--------------|--------------|
| GBP  | 2,300        | 2,313        |
| US dollar                                      | 374          | 433          |
| Euro   | 411          | 274          |
| Other currencies                               | 126          | 110          |
| <b>External revenue</b>                        | <b>3,211</b> | <b>3,130</b> |

| Foreign Exchange Sensitivity – impact of a 10% appreciation/depreciation in Sterling on a full year basis* |                 |                        |
|--|-----------------|------------------------|
| Currency   | Revenue<br>(£m) | Adjusted EBITA<br>(£m) |
| USD (\$)   | ±40-50          | ±7-9                   |
| EUR (€)  | ±45-55          | ±5-7                   |



# Profit to Cash Conversion

| 2018 Full Year  | 2018<br>(£m) | 2017<br>(£m) |
|---|--------------|--------------|
| <b>Adjusted EBITA</b>   | <b>810</b>   | <b>842</b>   |
| Working capital movement  | (93)         | (58)         |
| High end production tax credits                                     | 2            | (9)          |
| Share-based compensation and pension service cost                   | 10           | 13           |
| Acquisition of property, plant and equipment, and intangible assets | (82)         | (71)         |
| Capex relating to redevelopment of London HQ                        | 37           | 16           |
| Depreciation  | 28           | 30           |
| <b>Adjusted cash flow</b>   | <b>712</b>   | <b>763</b>   |
| <b>Profit to cash ratio</b>   | <b>88%</b>   | <b>91%</b>   |

| 2018 Full Year            | 2018<br>(£m) | 2017<br>(£m) |
|---------------------------|--------------|--------------|
| <b>Adjusted cash flow</b> | <b>712</b>   | <b>763</b>   |
| Net cash interest paid    | (42)         | (38)         |
| Adjusted cash tax paid    | (119)        | (118)        |
| Pension funding           | (82)         | (80)         |
| <b>Free cash flow</b>     | <b>469</b>   | <b>527</b>   |

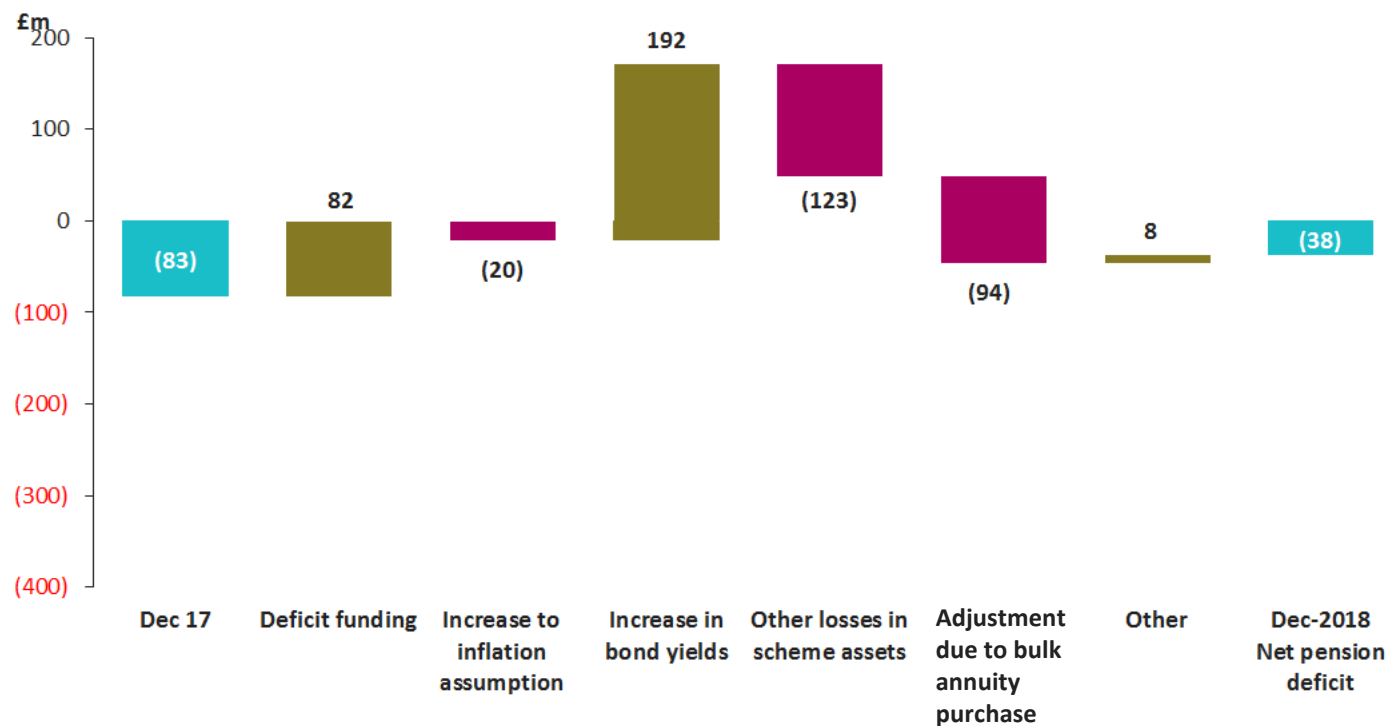
# Adjusted Results

| 2018 Full Year                        | 2018<br>(£m) | 2017<br>(£m) | Change      |
|---------------------------------------|--------------|--------------|-------------|
| <b>Adjusted EBITA</b>                 | <b>810</b>   | <b>842</b>   | <b>(4)%</b> |
| Internally generated amortisation     | (7)          | (5)          | (40)%       |
| Financing costs                       | (36)         | (33)         | (9)%        |
| Share of losses on JVs and associates | -            | (4)          | 100%        |
| <b>Profit before tax</b>              | <b>767</b>   | <b>800</b>   | <b>(4)%</b> |
| Tax                                   | (146)        | (154)        | 5%          |
| <b>Profit after tax</b>               | <b>621</b>   | <b>646</b>   | <b>(4)%</b> |
| Non-controlling interests             | (4)          | (4)          | -           |
| <b>Earnings</b>                       | <b>617</b>   | <b>642</b>   | <b>(4)%</b> |
| <b>EPS (p)</b>                        | <b>15.4p</b> | <b>16.0p</b> | <b>(4)%</b> |
| <b>Diluted EPS (p)</b>                | <b>15.4p</b> | <b>16.0p</b> | <b>(4)%</b> |

# Statutory Numbers

| 2019 Full Year                           | 2018<br>(£m) | 2017<br>(£m) | Change     |
|--|--------------|--------------|------------|
| External revenue*                        | 3,211        | 3,130        | 3%         |
| EBITA                                    | 785          | 810          | (3)%       |
| Amortisation and impairment              | (92)         | (102)        | 10%        |
| Exceptional items                        | (93)         | (153)        | 39%        |
| <b>Profit before interest and tax</b>    | <b>600</b>   | <b>555</b>   | <b>8%</b>  |
| Net financing costs                      | (43)         | (50)         | 14%        |
| JV's & Associates                        | -            | (4)          | 100%       |
| Gain/(loss) on sale of non-current asset | 10           | (1)          | -          |
| <b>Profit before tax</b>                 | <b>567</b>   | <b>500</b>   | <b>13%</b> |
| Tax                                      | (97)         | (87)         | (11)%      |
| <b>Profit after tax</b>                  | <b>470</b>   | <b>413</b>   | <b>14%</b> |
| Non-controlling interests                | (4)          | (4)          | -          |
| <b>Earnings</b>                          | <b>466</b>   | <b>409</b>   | <b>14%</b> |
| <b>Basic earnings per share</b>          | <b>11.7p</b> | <b>10.2p</b> | <b>15%</b> |

# Net pension deficit tracker



# 2019 Planning Assumptions

| P&L               |  |
|-------------------|--|
| Schedule Costs    | Expected to be around £1.1bn   |
| Investments       | Total essential investment of around <b>£40m</b> in 2019, increasing to <b>£60m</b> by 2021 as previously announced  |
| BritBox           | ITV's net investment in BritBox UK will be up to <b>£25m in 2019</b> , increasing to around <b>£40m in 2020</b> and expected to decline thereafter           |
| Cost Savings      | <b>£15m</b> cost savings in 2019 to fund strategic priorities, increasing to <b>£35m</b> to <b>£40m</b> in 2021 as previously announced                      |
| Adjusted Interest | Around <b>£35m</b> – broadly unchanged from 2018   |
| Tax               | Adjusted effective tax rate around <b>19%</b> , unchanged and expected to be sustainable over the medium term  |
| Foreign Exchange  | Translation impact of FX, assuming rates remain at current levels, is not expected to have an impact on revenue or EBITA                                     |
| Exceptional Items | Around <b>£65m</b> , mainly due to acquisition accounting and cost of change to deliver cost savings. This excludes the sale of The London Television Centre |

| Cash              |   |
|-------------------|---|
| Capex             | <b>£65m</b> of regular capex, down on 2018  |
| Exceptional Items | Cash cost of exceptionals will be around <b>£85m</b> , largely relating to accrued earnouts and excludes the sale of The London Television Centre |
| Profit to cash    | Around <b>80%</b> – reflecting our continued strong cash generation, investment in Studios working capital and BritBox                            |
| Pension           | Deficit funding contribution for 2019 is expected to be around <b>£75m</b>  |

More

than

TV

itv