Continuing ITV's Digital Transformation

2019 Interim Results

24th July 2019

Agenda

Introduction	Carolyn McCall
Financial Review	Chris Kennedy
Strategic Update	Carolyn McCall
Outlook	Carolyn McCall
Q&A	

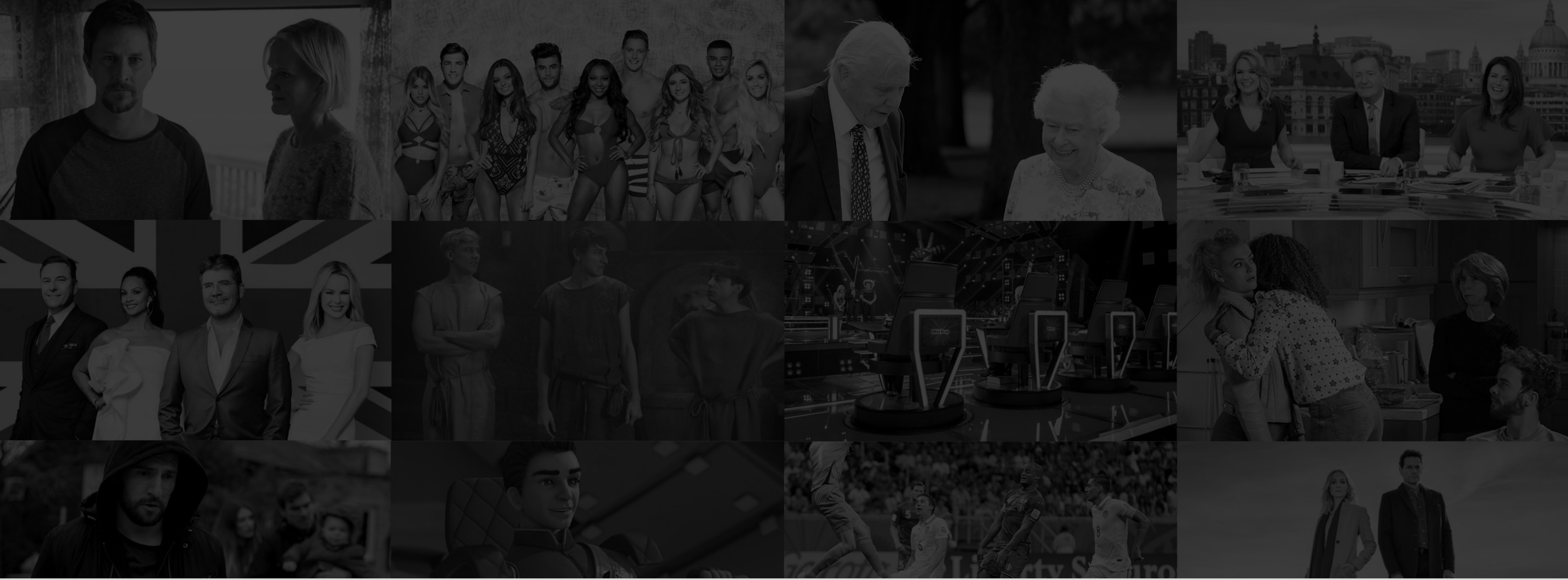
Highlights

- **H1 modestly better than expected with good performance in the areas we can control**
  - Exceeded TAR expectations
  - Good viewing performance, with ITV Family SOV at an 11 year high, against tough comparatives
  - Strong online performance, with VOD revenue up 18% and monthly active users (MAU) up 37%
  - Solid pipeline of new and returning shows with over £130m more revenue secured than this time last year
- **Trading inline with expectations and on track to deliver full year guidance**
  - £20m of cost savings, an additional £5m
  - Grow total ITV Studios revenue by at least 5% at 14–16% margin
  - Deliver double digit growth in online revenue
  - Deliver revenue growth in Direct to Consumer
  - Launch BritBox
  - Launch our programmatic addressable advertising platform
  - Deliver on our full year dividend commitment of at least 8p per share
- **Continue to successfully execute on our strategy**
  - Build on our market leadership in linear TV and in premium AVOD
  - Will deliver an additional £5m of cost savings this year and £15m over 2020–22 which brings total announced to £55 to 60m which is equivalent to around 13% of the fully addressable cost base
  - The next phase of our strategy will further position ITV to take advantage of the evolving viewing and advertising opportunities as we accelerate our digital transformation

2019 H1 Group Financial Highlights

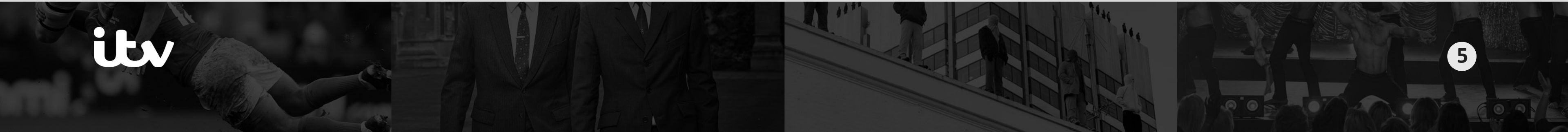
External revenue	Total advertising revenue	Online revenue	Total ITV Studios revenue
£1,476m (2018: £1,593m, down 7%)	down 5%	up 18%	down 6%

Adjusted EBITA	Adjusted EPS	Statutory EPS	Dividend
£327m (2018: £375m, down 13%)	6.2p (2018: 7.1p, down 13%)	4.8p (2018: 5.3p, down 9%)	2.6p (2018: 2.6p)



Financial Review – 6 months to 30th June 2019

Chris Kennedy



Broadcast & Online

Strong growth in VOD advertising more than offset by decline in NAR

	2019 (£m)	2018 (£m)	Change
Total advertising revenue	849	890	(5)%
Direct to Consumer	40	41	(2)%
SDN	34	36	(6)%
Other revenue	68	78	(13)%
Broadcast & Online non-advertising revenue	**142**	**155**	**(8)%**
Total Broadcast & Online revenue	**991**	**1,045**	**(5)%**
Network Schedule costs	(541)	(567)	5%
Variable Costs	(59)	(57)	(4)%
Broadcast infrastructure and overheads	(177)	(164)	(8)%
Broadcast & Online adjusted EBITA (ex BritBox)	**214**	**257**	**(17)%**
BritBox UK net investment	(3)	-	-
Total Broadcast & Online EBITA	**211**	**257**	**(18)%**
EBITA margin (ex BritBox UK)	22%	25%	
Total EBITA margin	21%	25%	

- Strong growth in VOD up 18%
- Direct to Consumer on track to deliver revenue growth over the full year
- Other broadcast revenues impacted by closure of Encore and less minorities revenues
- Schedule costs reflect timing of major sporting events
- Non-programming costs include £9m of essential investments
- EBITA decline primarily driven by advertising revenue

ITV Viewing

Continued good viewing performance in H1

ITV Family SOV
23.6%
flat YOY

Online Viewing
up 13%

Total ITV Viewing
down **5%**

16-34s SOV on ITV2
6.5% up 7%

81% of 16-34s
registered on the ITV Hub

Total Advertising

Advertising Categories

Category (VOD and spot combined)	2019 (£m)	YOY % change
Retail	125	(8)%
Finance	85	(2)%
Entertainment and Leisure	73	(23)%
Cars and Car Dealers	59	1%
Airlines, Travel & Holidays	55	22%
Telecommunications	49	1%
Food	48	(10)%
Cosmetics & Toiletries	44	(18)%
Publishing and Broadcasting	41	10%
Government	28	18%

Non-gaming online advertising up 7% in H1

Total advertising for ITV Plc Family - all numbers are net

ITV Studios

Confident in delivering at least 5% revenue growth at 14-16% margin over the full year

	2019 (£m)	2018 (£m)	Change %	Organic change
Studios UK	331	328	1%	2%
ITV America	79	141	(44)%	(47)%
Studios RoW	260	247	5%	6%
Global Entertainment	88	87	1%	(1)%
Total Studios revenue	**758**	**803**	**(6)%**	**(6)%**
Total Studios costs	(642)	(685)	6%	
ITV Studios adjusted EBITA	**116**	**118**	**(2)%**	
Adjusted EBITA margin	15%	15%		

	2019 (£m)	2018 (£m)	Change %
Internal – ITVS to ITV Network	271	254	7%
External revenue	487	549	(11)%
Total revenue	**758**	**803**	**(6)%**

- Phasing of deliveries weighted to H2
- Growth in Studios UK offset by no Bodyguard and Age Before Beauty
- ITV America performance reflects the absence of The Four and fewer episodes of some entertainment shows
- RoW driven by The Voice in the Netherlands and Spain
- 15% margin in line with guidance
- £130m more revenue secured for the full year target than this time last year
- £3m revenue benefit from FX

EBITA includes the benefit of production tax credits

Essential investments

£40m plan for 2019 on track

	H1 2019 (£m)
Integrated Producer Broadcaster	
Marketing	4.5
ITV Hub	1.5
Commercial	2.0
Data	0.5
Total IPB	**8.5**
Direct to Consumer	**0.5**
ITV Studios	**3.0**
Total essential investments	**12.0**

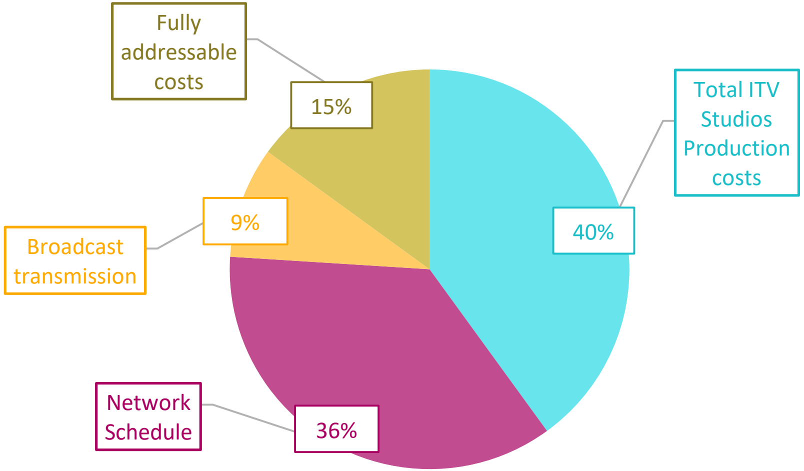
As previously announced, we will make £40m of essential investments in 2019 with a further £10m in both 2020 and 2021

Cost savings

Additional cost savings targeted

Cost savings – in year	2019 (£m)	2020 (£m)	2021 (£m)	2022 (£m)	Total (£m)
Announced in 2018	15	10	10-15	-	35-40
Additional savings targeted	5	←	15	→	20
	20				**55-60**

2018 Total cost base: £2,956m



We will deliver £55 to £60m of savings over 2019 to 2022, which is equivalent to around 13% of the fully addressable cost base

Adjusted and statutory results

Adjusted Earnings	Adjusted EPS	Statutory EPS	Exceptional items
£248m	**6.2p**	**4.8p**	**£35m**
(2018: £285m, down 13%)	(2018: 7.1p, down 13%)	(2018: 5.3p, down 9%)	(2018: £40m)

Solid balance sheet with healthy liquidity

Profit to Cash*
89%
(2018: 94%)

Net Debt
£1,082m
(2018: £1,034m)

Leverage*
1.3x
(2018: 1.2x)

Undrawn facilities
£740m
(£770m undrawn)

Net pension deficit
£113m
(31 Dec 2018: £38m)

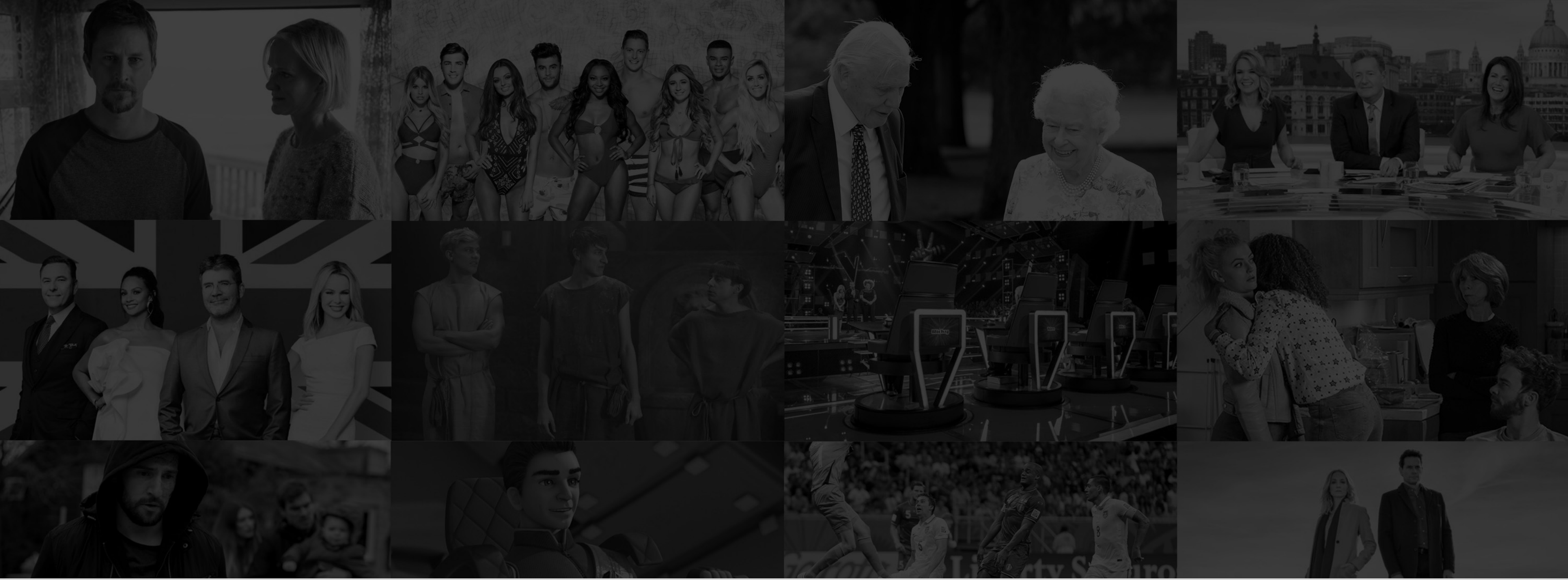
*Profit to cash conversion and reported net debt/adjusted EBITDA leverage are calculated on a rolling 12 month basis

2019 Planning Assumptions

Largely unchanged

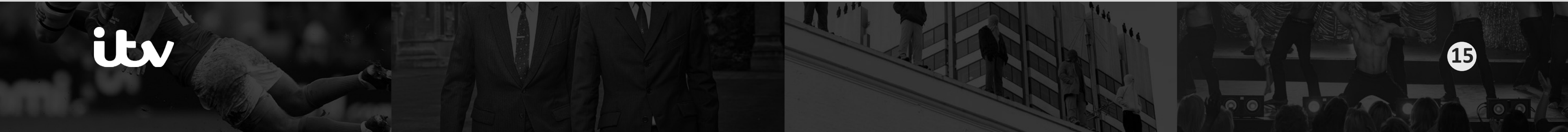
P&L	
Schedule Costs	Expected to be around **£1.1bn**
Investments	Total essential investment of around **£40m** in 2019, increasing to **£60m** by 2021 as previously announced
BritBox	ITV's net investment in BritBox UK will be up to **£25m in 2019**, increasing to around **£40m in 2020,** and expected to decline thereafter
Cost Savings	**£20m** cost savings in 2019 to fund strategic priorities, up from £15m previously guided
Adjusted Interest	Around **£40m** – up from £35m previous guidance, reflecting slightly higher debt levels, FX and the impact of IFRS 16
Tax	Adjusted effective tax rate around **18%**, down from 19%. Over the medium term it is expected to be 17-18%
Foreign Exchange	Translation impact of FX, assuming rates remain at current levels, is expected to have an adverse impact of around £10m on revenue and around £3m on EBITA
Exceptional Items	Around **£65m,** mainly due to acquisition related expenses. This excludes the sale of The London Television Centre

Cash	
Capex	**£80 to £85m** of Capex, up from previous guidance of £65m, due to our investment in the addressable advertising platform
Exceptional Items	Cash cost of exceptionals will be around **£85m**, largely accrued earnouts and includes the purchase of the remaining shares in NCI
Profit to cash	Around **80%** – reflecting our continued strong cash generation, investment in Studios working capital and BritBox
Pension	Deficit funding contribution for 2019 is expected to be around **£75m**
Dividend	At least **8.0p** for the full year



Strategic Update

Carolyn McCall



ITV…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

Power of TV advertising

Over 70% of all viewing is **live** linear TV

86% of all video advertising is on **live** linear TV

TV generates the **highest** ROI of **all** advertising

TV is the **most** trusted advertising medium

Power of TV advertising

Profit generated for every £1 spent:

£4	£2	<£1
TV Advertising	Online Video	Online Display

"TV, spanning spot to sponsorship, helps **build our brand** and has been **transformational** in the growth in our business"

Ben Carter, UK Marketing Director, Just Eat

Source: Ebiquity – Profit Ability report 2018

ITV continues to deliver mass audiences and key demographics

ITV delivered **99%** of all commercial audiences over 5m

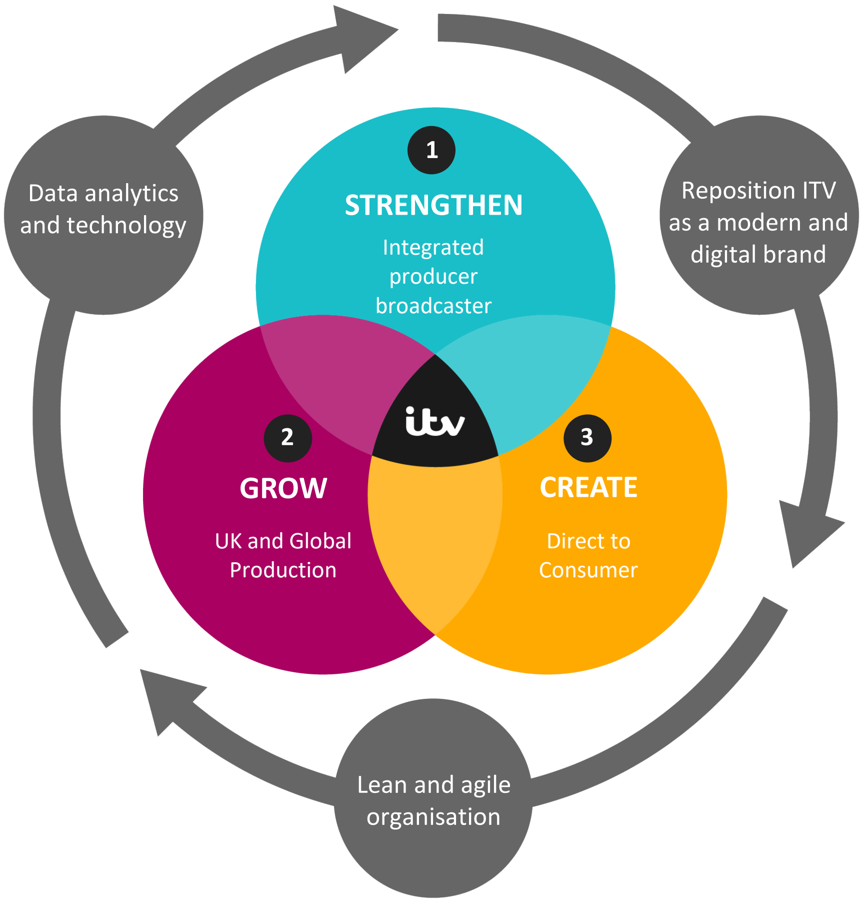
ITV Family is the **largest** family of channels for **16-34s**

Love Island delivered the **largest** 16-34 audience in H1

16-34s SOV on ITV2 +7%, ABC1s SOV on ITV3 +7%, Men on ITV4 –1%

Scaled **premium VOD** on the ITV Hub

More Than TV Strategy



Integrated Producer Broadcaster – Strengthen

Investment and KPIs

Investment – around £40m over 3 years in

1. Driving light viewers and repositioning ITV
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

1

STRENGTHEN

Integrated Producer Broadcaster

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

Integrated Producer Broadcaster – Strengthen

Key performance indicators – progress in 2019

KPI	Performance in H1 2019	Target 3 years to the end of 2021	On track?
Online revenue growth	+18%	Double digit revenue growth per annum	✓
Brand consideration*	54%, down 4% pts	Increase to 60%	✓
ITV Hub registered users	29.3m, up 17%	Grow to 30m	✓
Online viewing	+13%	Double digit online viewing growth per annum	✓

KPI	Performance in H1 2019	Strategic ambition	On track?
Total advertising revenue	-5%	To grow total advertising in a flat NAR market	✓
ITV Total Viewing	-5%	To maintain total viewing**	✓
ITV Family SOV %	23.6%, flat	Above 21%	✓

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

1. Driving light viewers and repositioning ITV

H1 Investment

- **Rebranding** of ITV Main channel and ITV Hub
- Launched new "More than TV' viewer facing **brand campaign**
- **Off-channel** marketing

Total Investment: £4.5m

Outcome

- YOY increase in **Spontaneous consideration** of ITV amongst light viewers (+2pts) and brand target (+1pt) groups
- YOY increase in **ITV Family SOV amongst both light viewers and brand target** groups (+0.4pts)
- Off-channel campaigns have delivered big audiences and **higher than average light viewers** – including The Bay, Manhunt, Cheat & Cleaning Up

H2 Activity

- Continued investment in **off-channel marketing for key priorities** – A Confession, Sanditon and The Rugby World Cup
- Greater utilisation of ITV 1st party data to target **digital marketing** more effectively

Source: BARB/AdvantEdge C7 Viewing, Jan – May 2019
ITV YouGov/IPSOS Brand Tracking

2. ITV Hub – 2019 progress and priorities

H1 Investment

Brand
- Brand and User interface refresh
- Integrated marketing activity

User Experience
- Cross platform resume
- Recommendation trials on ioS
- Series stacked drama box sets
- Access Services
- Hub+ upsells on Connected TV and programme pages

Platform
- Hub rebuild on Now TV app
- Launched ITV Hub app on Virgin
- Ability to dynamically serve ads on ITV2 simulcast viewing

Total Investment £1.5m

Outcome

- Online viewing +13%
- Registered users +17%
- Dwell time +5%
- MAUs +37%
- Online advertising revenue +18%

H2 Activity

User Experience
- Increased personalisation including ‘Continue watching’ section
- Data targeted promos
- Consistent layout on all devices
- Homepages redesigned including horizontal and vertical scrolling
- Recommendations on Mobile and itv.com
- HD for Rugby World Cup simulcast
- Short form content trials
- Annual pass for Hub+

Marketing
- Data driven performance marketing
- BritBox subscription upsells

Integrated Producer Broadcaster – Strengthen

3. Technology

H1 Investment

- Evolution of digital video platform to enable
    - ITV Hub redesign
    - BritBox launch
- BritBox Alpha build and supporting content preparation and delivery
- Design and build of addressable advertising platform
- Initial phases of Hub UI redesign
- Technology modernisation and efficiencies

Investment included within Hub, data and advertising

Outcome

- Delivered iterative improvements to Hub UX
- BritBox alpha testing is live
- Good progress in building programmatic buying platform
- Launched new airtime sales platform and royalties payment platforms
- Augmented teams and enhanced capabilities in D to C and data

H2 Focus

- Further iterative improvements to the Hub UX
- Public launch of BritBox
- Operational launch of our programmatic addressable advertising platform
- Evolution of our Audience Data platform to better support D to C, Marketing and Commercial

4. Data

H1 Investment

People:
- Fully resourced team: hired 20+ data analysts, data engineers and data scientists
- Established new teams, tooling, capabilities and organisational alignment

Platform:
- Scaled ITV's own data platforms, adding new datasets
- Focus on ensuring robust data and compliance
- Privacy policy and tech strategy to enable data unification

Total Investment: £0.5m

Outcome

Drive viewing:
- Data science built content recommendations trial on iOS Hub
- Econometrics model built to optimise ITV marketing investment

Grow Consumer revenue:
- Hub+ subscriber acquisition model growing sub base
- BritBox data framework established

Advertising:
- Prototyping of multiple data science advertising products

H2 Focus

Drive viewing:
- Scale recommendation model and deploy more widely
- Increased testing of data driven CRM
- Initial linear data collection insights

Grow Consumer revenue:
- Deploy Hub+ subscriber acquisition model for BritBox
- Deploy churn model for Hub+
- Data Science support for Interactive and BritBox businesses

Advertising:
- Ad effectiveness POC to enable future scaleable solutions for clients
- Use and test data driven ad products

5. Advertising

- Built client strategy team
- Strengthened creative partnerships
- Building programmatic addressable advertising platform

5. Advertising – Digital brands new to TV

SQUARESPACE

monzo

icelolly.com

bulb

Charlotte Tilbury

BIRCHBOX

BookBeat

albelli

Vinted

BOXT

gousto

travel local

NordVPN

avid energy

HOUSE NETWORK
home of the clever seller

Tails.com

Abel & Cole

BULK POWDERS
PERFORMANCE DELIVERED.

tado°
Smart Thermostat

SuperCarers

Funding Circle

Think Money group

Tik Tok

ENGIE

myBuilder.com

OCTOPUS ENERGY

OpenTable

ZWIFT

FOREO

GARMIN

5. Advertising – Creative Partnerships: BGT and M&S

"We see our work with ITV as a **genuine partnership** – they take the time to understand our business strategy and brand objectives, and **create world-class creative solutions** together. From the M&S Food BGT sponsorship, to our innovative Fresh Market Update, we've harnessed their **in-depth audience understanding** and **boundless creativity** to craft disruptive, impactful content"

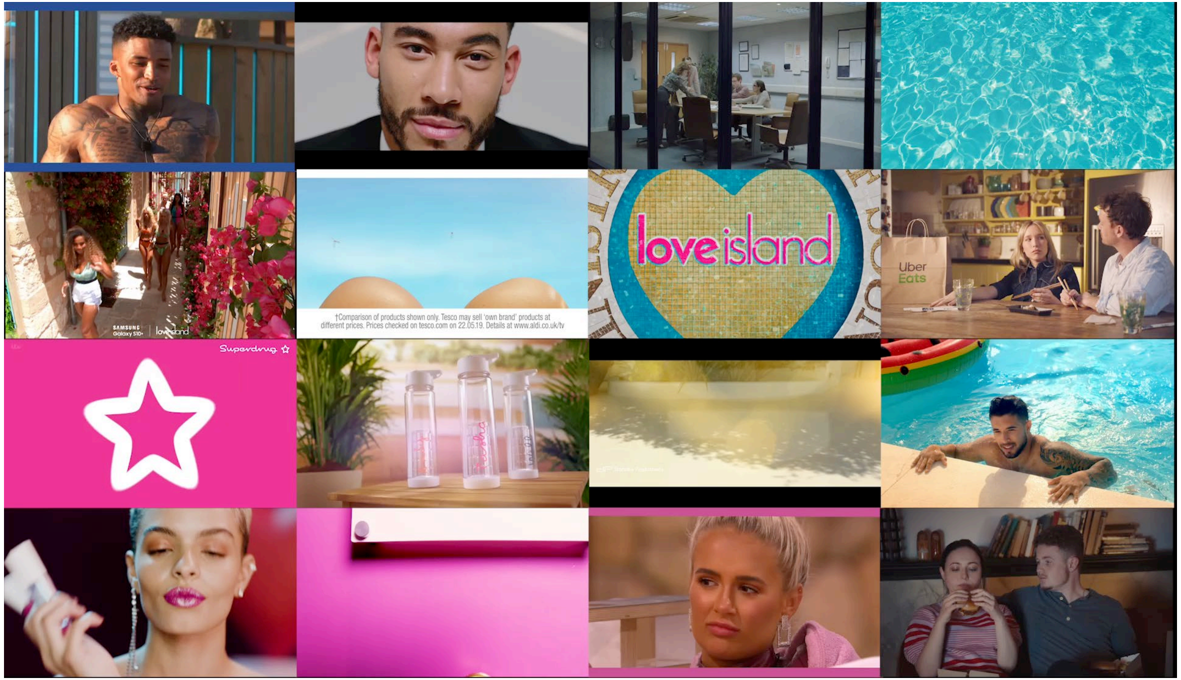
Sharry Cramond,
CMO, M&S Food

Integrated Producer Broadcaster – Strengthen

5. Advertising – Creative Partnerships: Love Island

"Love Island has been instrumental in **driving growth** for VOXI in 2019. As a brand, we took our first steps into TV with Love Island last year with a few spots. This year we **fully committed** and our investment has paid back. We've seen an **uplift** in **website traffic**, it's got **people talking** about **our brand** in social and, most importantly, it's **driven a huge uplift in sales**. The **power** of the show has helped us realise as a business that **TV is still a key channel for youth orientated brands**. Due to our success with Love Island, VOXI's **investment into ITV will continue to grow** as we grow ourselves."

Lisa Walker, Head of Media & Sponsorship, Vodafone



Integrated Producer Broadcaster – Strengthen

5. Addressable advertising

April 2019 | June 2019 | Q4 2019 | H1 2020 | H2 2020

- Deal signed with Amobee
- Live with one agency on existing programmatic proposition - The Addressable Platform
- Acceptance of existing platform
- Begin roll out of new programmatic platform
- Complete full roll out of new programmatic buying platform to all major agencies
- Ongoing integration of new supply side capabilities and data management platform
- Fully programmatic, integrated and automated buy and supply side platform

itv

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%

2

GROW

UK and Global Production

KPIs for measuring performance

- Total Studios revenue
- EBITA margin
- Total production hours

Key performance indicators – progress in 2019

KPI	Performance in H1 2019	Target 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	3,865, down 5%	Grow production hours to 10,000	✓

Progress in 2019 – continued implementation of growth strategy

Strengthened **Creative Talent**

Scripted revenue up 22%

Sold 34 **formats**, 10 sold in 3 or more countries

54% revenue generated **outside the UK**

>200% increase in original hours commissioned to **OTT platforms**

UK and Global Production – Grow

Strong growth in scripted

H1 2019

UK

US

Good Witch

Europe

GOMORRA LA SERIE

H2 2019

UK

US

SNOWPIERCER

カウボーイ COWBOY BEBOP ビバップ

Europe

UK and Global Production – Grow

34 different formats sold in H1

20*	9	4	3	3	3

Number of countries in which format sold in H1

Other key formats include

*Includes The Voice in 9 countries, The Voice Kids in 8 countries and The Voice Senior in 3 countries

Priorities for H2 2019 and 2020

Strengthen our
creative talent

Maximise
monetisation
of IP and formats

Continue to grow our
Scripted
businesses

Strong creative pipeline
for H2 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 BritBox)
- 10m paying product relationships

3

CREATE

Direct to Consumer

KPIs to measure performance

- Direct to Consumer revenue
- Total paying product relationships

Direct to Consumer – Create

Key performance indicators – progress in 2019

KPI	Performance in H1 2019	Target 3 years to the end of 2021	On track?
Total revenue*	£40m, down 2%	Grow revenue to at least £100 million	✓
Paying relationships*	8.3m, up 5%	10 million paying relationships	✓

*Excluding BritBox

Progress in Direct to Consumer in H1 2019

Hub+ subscribers almost doubled to over 500k

BritBox US subscribers over 650k

Rebrand of competition portal to **ITV Win**

Strengthening our **Customer Focus**

Hub+ subscribers at 19 July

BritBox - Households taking multiple SVOD subscriptions continues to grow

13m
UK homes have at least one SVOD service

5m
UK homes have 2 or more SVOD services

Growth in homes with…

any SVOD service	multiple SVOD services
+20%	+34%

Source: BARB Q1 2019

britbox

CREATED BY BBC & itv

Where British Creativity Comes Together

- Home of the largest collection of British boxsets
- Best of the past, present & future British programming, all in one place
- Commissioning original series, exclusively for BritBox

Direct to Consumer – Create

BritBox announced → BritBox team in place → Alpha testing → Formal agreement with BBC → Beta testing → First original commissioned → Launch of Britbox

Q1 | Q2 | Q3 | Q4

BBC will hold 10% of the equity with the option to acquire up to 25% over time.

As previously guided, ITV's net investment will be up to £25m in 2019, rising to around £40m in 2020.

Digital transformation

Continuing ITV's digital transformation

Broadcast

AVOD

ITV HUB

Advertising

Programmatic Addressable Platform

Subscription

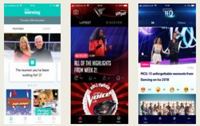
britbox
CREATED BY BBC & ITV

ITV HUB+

Direct to Consumer

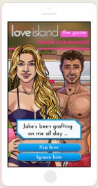
Show shops

Show apps



Competitions Portal

Gaming



Studios

- Common editing platforms for Soaps
- Utilising ITV Studios in LA for live feeds over IP
- Developing technology to edit content on location

Support functions

- Data CoE
- Digital re-brand

- Digital process re-design

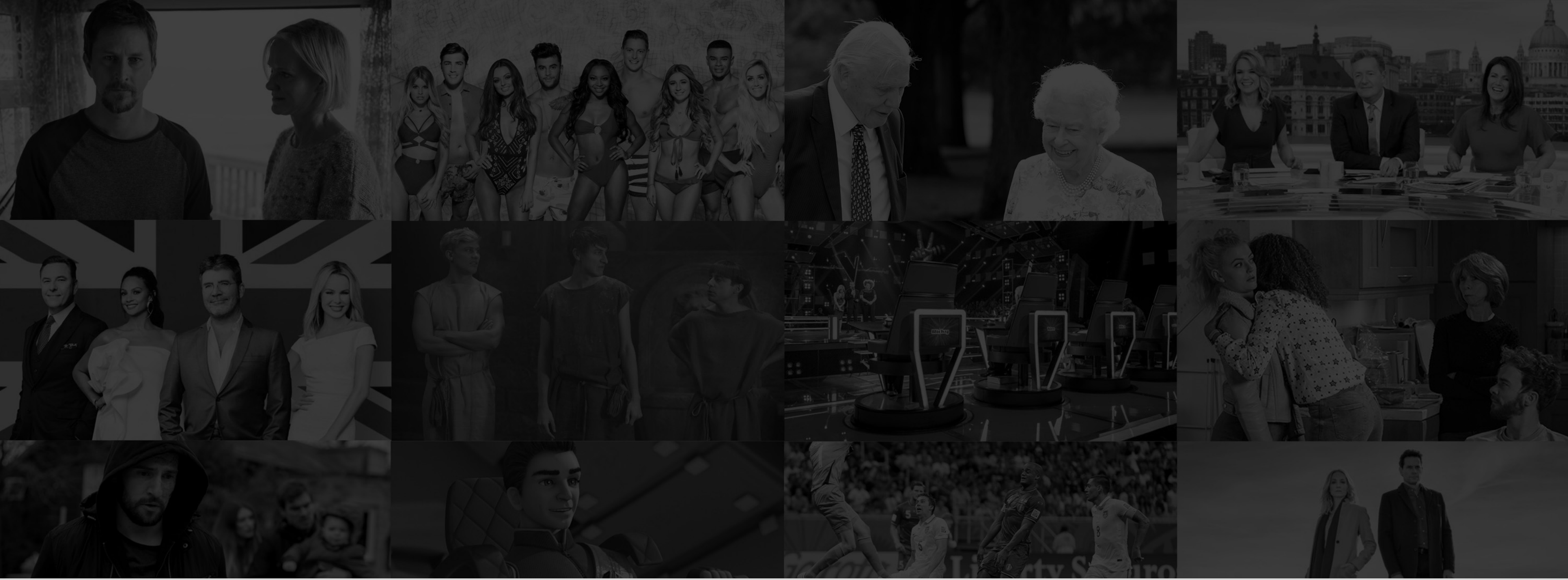
Outlook

- Strong progress in delivering the strategy with good momentum across ITV
  - The next phase will further position ITV to take advantage of the evolving viewing and advertising opportunities as we become an increasingly digital entertainment company

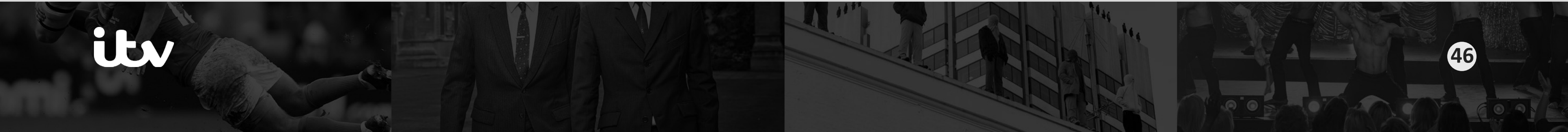
- Economic and political uncertainty continues to impact the demand for advertising as expected
  - total advertising revenue is forecast to be in a range of -1% to +1% in Q3

- Over the full year we are confident that
  - we will continue to execute the strategy well
  - BritBox will launch in Q4
  - we will start to roll out our programmatic addressable advertising platform
  - we will deliver double digit growth in online advertising
  - ITV Studios will deliver at least 5% total revenue growth at a margin of 14 to 16%
  - we will maintain a solid balance sheet and deliver on our full year dividend commitment of at least 8p per share

- We remain very 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 – 6 months to 30 June

Integrated producer broadcaster

KPI	Performance
Total advertising revenue	£849 (2018: £890m)
Online revenue growth	+18% (2018: +48%)
ITV Total Viewing	8.2bn (2018: 8.7bn)
ITV Family SOV %	23.6% (2018: 23.5%)
Brand consideration	54% (2018: 58%)
ITV Hub registered users	29.3m (2018: 25.1m)
Online Viewing	236m hrs (2018: 209m hrs)

Studios

KPI	Performance
Total Studios revenue growth	-6% (2018: +16%)
Studios adjusted EBITA margin	15% (2018: 15%)
Total production hours	3,865 (2018: 4,085)

Direct to Consumer

KPI	Performance
Total DTC revenue	£40m (2018: £41m)
Paying relationships	8.3 million (2018: 7.9m)

Group

KPI	Performance
Adjusted EPS	6.2p (2018: 7.1p)
Total non-advertising revenue	£900m (2018: £958m)
Cost Savings	£10m
Profit to cash conversion	89% (2018: 94%)

Financial Highlights

Six months to 30 June	2019 (£m)	2018 (£m)	Change %
Broadcast & Online	**991**	1,045	(5)
ITV Studios	**758**	803	(6)
Total revenue	**1,749**	1,848	(5)
Internal supply	**(273)**	(255)	(7)
Total external revenue	**1,476**	**1,593**	**(7)**
Broadcast & Online adjusted EBITA	211	257	(18)
ITV Studios adjusted EBITA	116	118	(2)
Group adjusted EBITA	**327**	**375**	**(13)**
Group adjusted EBITA margin	**22%**	24%	-
Adjusted EPS	**6.2p**	7.1p	(13)
Statutory EPS	**4.8p**	5.3p	(9)
Ordinary dividend	**2.6p**	2.6p	-

Broadcast Schedule Costs

Six months to 30 June	2019 (£m)	2018 (£m)	Change %
Commissions	310	302	3
Sport	50	77	(35)
Acquired	15	18	(17)
ITN News and Weather	24	25	(4)
Total ITV main channel	**399**	**422**	**(5)**
Regional news and non-news	35	35	-
ITV Breakfast	23	24	(4)
Total ITV inc regional & Breakfast	**457**	**481**	**(5)**
ITV2, ITV3, ITV4, ITV Encore, ITVBe, CITV	84	86	(2)
Total schedule costs	**541**	**567**	**(5)**

Reconciliation Between 2019 Statutory and Adjusted Earnings

Six months to 30 June 2019	Statutory (£m)	Adjustments (£m)	Adjusted (£m)
EBITA*	310	17	327
Total exceptional items	(35)	35	-
Amortisation and impairment	(35)	31	(4)
Financing costs	(16)	(4)	(20)
Share of losses on JVs and Associates	(2)	-	(2)
Profit before tax	**222**	**79**	**301**
Tax	(32)	(22)	(54)
Profit after tax	**190**	**57**	**247**
Non-controlling interests	1	-	1
Earnings	**191**	**57**	**248**
Number of shares (weighted average)	3,999		3,999
Earnings per share	**4.8p**		**6.2p**

*Adjusted EBITA includes the benefit of production tax credits

Acquisitions – between 2012 and 2019

Company	Initial consideration (£m)	Additional consideration paid (£m)	Expected future payments* (£m)	Total expected consideration** (£m)	Expected payment dates	Total maximum consideration** (£m)
Total for acquisitions between 2012-2019	**941**	**191**	**199**	**1,331**	**2019-2024**	**2,176**

No acquisitions were made in 2019

* Undiscounted and adjusted for foreign exchange. All future payments are performance related. Of £199m expected future payments, £146m recorded on the balance sheet to date.
** Undiscounted and adjusted for foreign exchange, including initial consideration and excluding working capital adjustments. Total maximum consideration which was potentially payable at the time of acquisition was £2.4bn.

Financing Costs

Six months to 30 June	2019 (£m)	2018 (£m)
€600m Eurobond at 2.125% coupon Sept 22	(6)	(6)
€500m Eurobond at 2% coupon Dec 23*	(7)	(7)
£630m Revolving Credit Facility	(2)	(1)
Financing costs directly attributable to bonds and loans	**(15)**	**(14)**
Cash-related net financing costs	(5)	(1)
Adjusted financing costs	**(20)**	**(15)**
Imputed pension interest	(1)	(1)
Unrealised foreign exchange and other net financial losses	5	(2)
Net financing costs	**(16)**	**(18)**

* effective coupon of 3.5%

P&L Tax Charge and Cash Tax

Six months to 30 June	2019 (£m)	2018 (£m)
Profit before tax	**222**	**265**
Production tax credits	17	8
Total Exceptional items	35	40
Amortisation and impairments of intangible assets*	31	38
Adjustments to net financing costs	(4)	3
Adjusted profit before tax	**301**	**354**
Tax charge	(32)	(52)
Production tax credits	(17)	(8)
Charge for exceptional items	(2)	(3)
Charge in respect of amortisation and impairments of intangible assets*	(5)	(4)
Charge in respect of adjustments to net financing costs	1	(1)
Other tax adjustments	1	-
Adjusted tax charge	**(54)**	**(68)**
Effective tax rate on adjusted profits	**18%**	**19%**
Total adjusted cash tax paid (excluding receipt of production tax credits)	**(68)**	**(51)**

* In respect of intangible assets arising from business combinations. Also reflects the cash tax benefit of US goodwill

Analysis of Net Debt

30 June(16	2019 (£m)	2018 (£m)
£630m Revolving Credit Facility	(190)	(160)
€600m Eurobond*	(535)	(528)
€500m Eurobond	(424)	(424)
Other debt	(18)	(17)
Cash and cash equivalents	85	95
Net debt	**(1,082)**	**(1,034)**

30 June	2019 (£m)	2018 (£m)
Cash and cash equivalents	85	95
Debt**	(1,167)	(1,129)
Net debt	**(1,082)**	**(1,034)**

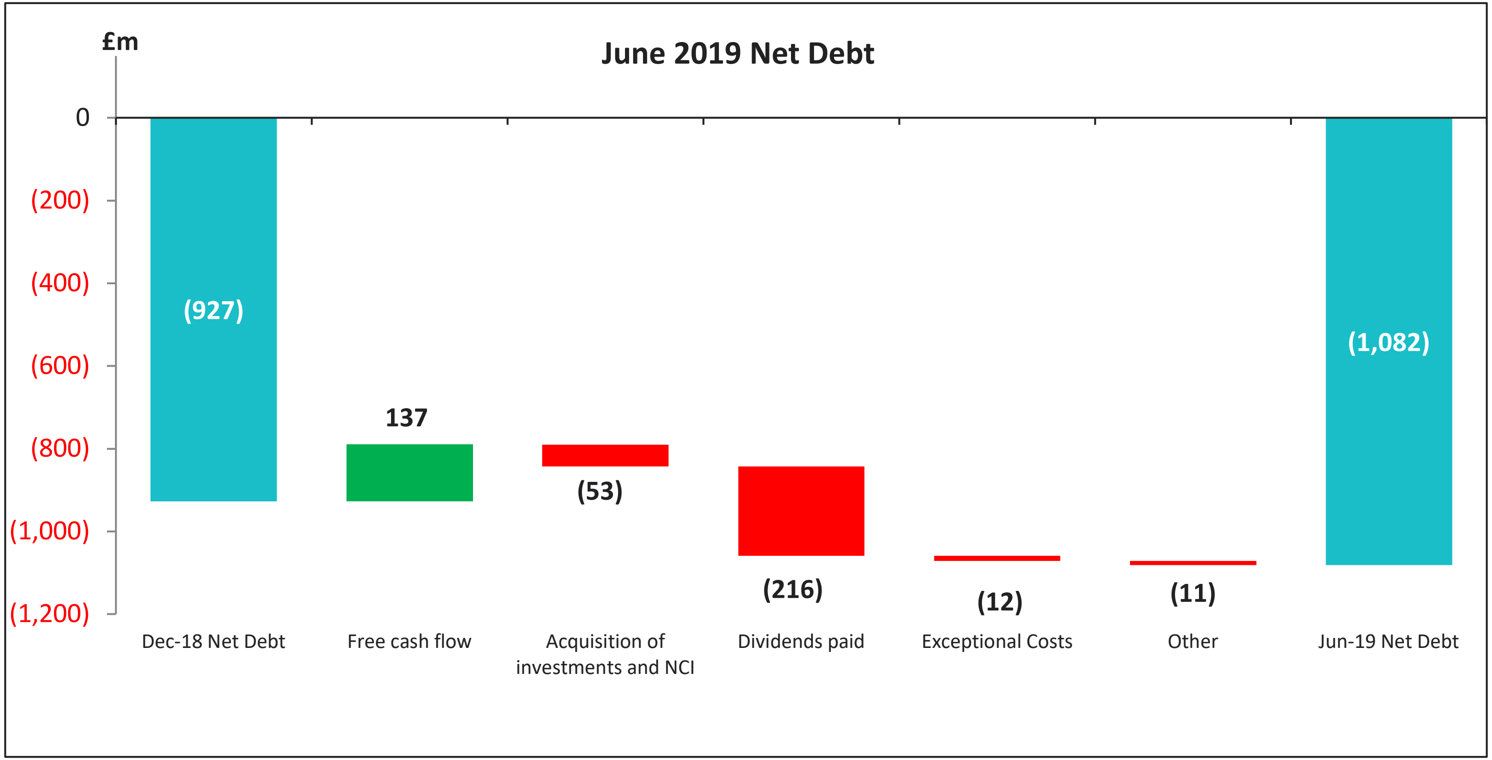
* Net investment hedge against Talpa investment; ** Net of £23m cross currency swap

Profit to Cash Conversion

Six months to 30 June	2019 (£m)	2018 (£m)
Adjusted EBITA	**327**	**375**
Working capital movement	(43)	(86)
High end production tax credits	(12)	10
Share-based compensation and pension service cost	5	4
Acquisition of property, plant and equipment, and intangible assets	(31)	(45)
Capex relating to redevelopment of London HQ	1	24
Depreciation	29	13
Lease liability payments	(16)	-
Adjusted cash flow	**260**	**295**
Profit to cash ratio (6 months to 30 June)	**80%**	**79%**
Profit to cash ratio (12 month rolling)	**89%**	**94%**

Six months to 30 June	2019 (£m)	2018 (£m)
Adjusted cash flow	**260**	**295**
Net cash interest paid	(11)	(13)
Adjusted cash tax paid	(68)	(51)
Pension funding	(44)	(47)
Free cash flow	**137**	**184**

Net debt tracker



Borrowing Facilities

Type of Facility	Facility Amount £m	Amount drawn at 30/06/2019 £m	Maturity
Revolving Credit Facility (RCF)	630	190	Various
Bilateral financing facility	300	-	Jun 2021
Total	**930**	**190**	

Adjusted Results

Six months to 30 June	2019 (£m)	2018 (£m)	Change (%)
Adjusted EBITA	**327**	**375**	**(13)**
Internally generated amortisation	(4)	(3)	(33)
Financing costs	(20)	(15)	(33)
Share of losses on JVs and associates	(2)	(3)	33
Profit before tax	**301**	**354**	**(15)**
Tax	(54)	(68)	21
Profit after tax	**247**	**286**	**(14)**
Non-controlling interests	1	(1)	-
Earnings	**248**	**285**	**(13)**
EPS (p)	**6.2p**	**7.1p**	**(13)**
Diluted EPS (p)	**6.2p**	**7.1p**	**(13)**

Statutory Numbers

Six months to 30 June	2019 (£m)	2018 (£m)	Change (%)
External revenue	1,476	1,593	(7)
EBITA	310	367	(16)
Amortisation and impairment	(35)	(41)	15
Exceptional items	(35)	(41)	15
Profit before interest and tax	**240**	**285**	**(16)**
Net financing costs	(16)	(18)	11
JV's & Associates	(2)	(3)	33
Gain/(loss) on sale of non-current asset	-	1	-
Profit before tax	**222**	**265**	**(16)**
Tax	(32)	(52)	38
Profit after tax	**190**	**213**	**(11)**
Non-controlling interests	1	(1)	-
Earnings	**191**	**212**	**(10)**
Basic earnings per share	**4.8p**	**5.3p**	**(9)**