ITV plc

Half year results for the six months ended 30th June 2021

28th July 2021

Agenda

Introduction and Highlights	Carolyn McCall
Financial and Operating Review	Chris Kennedy
Strategic Update	Carolyn McCall
Outlook	Carolyn McCall

MORE THAN TV

Highlights

- **ITV delivered a strong financial performance in H1**
  - → Substantial majority of programmes are back in production
    - → Total ITV Studios revenue up 26%
  - → Advertising market has rebounded strongly with H1 TAR up 29% compared to H1 2020 including AVOD up 55%
    - → H1 TAR up 2% compared to H1 2019
  - → Delivered £21m of cost savings in H1, of which £15m are permanent
- **ITV continues to make significant progress in delivering its More Than TV Strategy**
  - → Further growing, strengthening and diversifying ITV Studios internationally with a strong pipeline of scripted and unscripted content and increasingly selling to streaming platforms
  - → Accelerating the transformation of the ITV Hub and further rolling out Planet V to a very positive response
  - → Expanding SVOD, with >3m global subscriptions, including 555,000 for BritBox UK which is up 10% in 6 months
- **ITV has successfully managed and mitigated the impact of COVID-19 and emerged stronger but there remains some ongoing impact**
- **Financial position is robust**
- **The Board expects to resume the dividend at the full year and intends to propose a final dividend of 3.3p with the full year results**
  - → This is based on two-thirds of a notional 5.0p full year dividend in respect of the current financial year, which we expect to grow over time. This will be paid in H1 2022

MORE THAN TV

HY 2021 Group Financials

External revenue
£1,548m
(2020: £1,218m, up 27%)

Total advertising revenue
£866m
(2020: £671m, up 29%)

Total ITV Studios revenue
£798m
(2020: £632m, up 26%)

Total Non-TAR revenue
£960m
(2020: £783m, up 23%)

Adjusted EBITA
£327m
(2020: £165m, up 98%)

Adjusted EPS
5.9p
(2020: 2.9p, up 103%)

Reported EBITA*
£316m
(2020: £159m, up 99%)

Statutory EPS
2.4p
(2020: 0.5p, up 380%)

Profit to Cash**
72%
(2020: 138%)

MORE THAN TV

*Statutory operating profit before interest, tax, amortisation and exceptional items
**Profit to cash conversion is calculated on a rolling 12 month basis

Financial and Operating Review

Chris Kennedy

ITV Studios

On track to deliver a good performance over the full year

	2021 (£m)	2020 (£m)	Change %	Organic change %
Studios UK	295	263	12	12
Studios US	160	88	82	100
International	194	165	18	16
Global Formats & Distribution*	149	116	28	32
Total Studios revenue	**798**	**632**	**26**	**29**
Total Studios costs	(703)	(570)	(23)	-
ITV Studios adjusted EBITA**	**95**	**62**	**53**	**56**
Adjusted EBITA margin	12%	10%	-	-
Internal – ITVS to M&E	275	233	18	
External revenue	523	399	31	
Total revenue	**798**	**632**	**26**	

- Majority of productions have continued throughout H1, despite the challenges posed by COVID-19
- Strong growth across the business, particularly in US and Global Formats & Distribution
- Studios US continues to benefit from significant drama deliveries and increased customer diversification
- Global Formats & Distribution has taken advantage of the strong demand for content and UK drama slate
- Total organic revenue at constant currency was up 29%
- £9m of cost savings were delivered in H1, including £5m permanent. Cost savings are funding £5m of investment
- Margin positively impacted by cost savings and high margin license deals
- 58% of revenues generated outside UK (2020: 55%)
- We expect there to be some continued challenges from COVID-19, particularly for multi-location filming and that the margin will to continue to be impacted by increased costs associated with safety protocols

MORE THAN TV

* 2020 comparatives for Global Formats and Distribution has been restated to reflect the reclassification of gaming, live events and merchandising revenues from the M&E business. The impact is a £2 million increase to 2020 revenue, there is no impact on adjusted EBITA.
**EBITA includes the benefit of production tax credits

Media & Entertainment (M&E)

Strong recovery in total advertising revenue, up 29%

	2021 (£m)	2020 (£m)	Change %
Total advertising revenue	**866**	**671**	**29**
Direct to Consumer	39	41	(5)
SDN	37	36	3
Other revenue***	86	74	16
M&E non-advertising revenue	**162**	**151**	7
Total M&E revenue	**1,028**	**822**	**25**
Network Schedule costs	(522)	(464)	(13)
Variable Costs	(81)	(73)	(11)
M&E infrastructure and overheads	(193)	(182)	(6)
Total M&E costs	**(796)**	**(719)**	**(11)**
Total adjusted M&E EBITA*	**232**	**103**	**125**
Total adjusted EBITA margin	23%	13%	-
BritBox UK venture loss**	31	23	(35)
Adjusted EBITA M&E (ex BritBox UK)	**263**	**126**	109
Adjusted EBITA margin (ex BritBox UK)	26%	15%	-

- Total TAR up 29% in H1 compared to 2020, with a very strong recovery in Q2. H1 is up 2% on 2019
  - → Total advertising in June 2021 is largest June ever delivered in ITV plc's history
  - → TAR for June and July 2021 taken together is expected to be up 16% compared to the same period in 2018 when ITV broadcast the Football World Cup and 4th series of Love Island
- Online advertising revenues were up 55% in H1 compared to the same period in 2020, even after 17% growth over the full year 2020
- Direct to Consumer performance impacted by tough comparatives but we continue to see good growth in traffic and revenue on ITV Win
- Other revenue saw good growth in BritBox UK revenues
- Schedule costs are up with the return to a more normal schedule compared to 2020 and the Euros
- Non-programming costs include £4m of investment in ITV Hub, Hub+, data and technology in line with our strategic priorities
- Delivered £12m of cost savings, of which £10m are permanent
- Within adjusted EBITA is £31m of BritBox venture losses

*There are no adjusting items within M&E EBITA
** BritBox UK venture loss includes the cost of advertising on ITV, and the acquisition of programmes from ITV Studios. The venture loss reflects the stand-alone performance of BritBox
*** 2020 comparatives for Other revenue has been restated to reflect the reclassification of gaming, live events and merchandising revenues to ITV Studios. The impact is a £2 million decrease in 2020 revenue, there is no impact on adjusted EBITA.

ITV Viewing

Strong viewing online

ITV Total Viewing
was down **6%**

Online Viewing
up **6%**

ITV Main Channel SOV
17.4%
up 0.5% points YOY

ITV Family SOV
22.7%
up 0.1% points YOY

93% of all **commercial audiences >5m**

34.6m
registered user accounts on the ITV Hub, up **7%**

Monthly active users up
7%

Simulcast Viewing
up **20%**

MORE THAN TV

ITV Total Advertising Revenue

Strong growth in Q2

Largest categories (Spot and VOD combined)	Q1 YOY % change	Q2 YOY % change	H1Y % change
Retail	(9)%	173%	51%
Finance	0%	48%	19%
Entertainment and Leisure	(13)%	129%	40%
Publishing and Broadcasting	38%	29%	34%
Cars and Car Dealers	(9)%	247%	45%
Food	9%	71%	30%
Telecommunications	(5)%	34%	13%
Cosmetics and Toiletries	(1)%	23%	10%
Government, Charities and Other	20%	(3)%	10%
Household Stores	28%	55%	42%
Airlines and Travel	(69)%	2,608%	(23)%
Remaining Categories and Sponsorship	(2)%	92%	35%
Total Advertising Revenue (TAR)	**(6)%**	**89%**	**29%**

MORE THAN TV

Adjusted and Statutory results

Adjusted EBITA	Adjusted EPS	Statutory EPS	Total Exceptional Items
£327m	**5.9p**	**2.4p**	**£136m**
(2020: £165m, up 98%)	**(2020: 2.9p up 103%)**	**(2020: 0.5p up 380%)**	**(2020: £89m)**

MORE THAN TV

Total exceptional items

	2021 (£m)	2020 (£m)
Acquisition-related expenses	(110)*	(10)
Restructuring and reorganisation costs	(5)	(3)
COVID-19 related costs	-	(9)
Impairment of sports rights	2	(34)
Pension related costs	-	(31)
Transponder onerous contract	(16)	-
Other costs	(1)	(2)
Total operating items	**(130)**	**(89)**
Exceptional finance costs	(6)	-
Total exceptional items	**(136)**	**(89)**

MORE THAN TV

*Largely relates to the final earnout for Talpa

Balance sheet and liquidity

Profit to Cash*
72%
(30 June 2020: 138%)

Reported Net Debt
£467m
(31 Dec 2020: £545m)

Reported Leverage*
0.6x
(31 Dec 2020: 0.9x)

Covenant Leverage
0.5x
(31 Dec 2020: 0.7x)

Total Liquidity**
£1,482m
(31 Dec 2020: £1,497m)

Net Pension Deficit
£10m
(31 Dec 2020: £26m deficit)

*Profit to cash conversion and reported net debt/adjusted EBITDA leverage are calculated on a rolling 12 month basis
** Total liquidity comprises £778 million of undrawn facilities and gross cash of £704 million (includes restricted cash of £50 million)

MORE THAN TV

2021 Planning Assumptions – based on current expectations are largely unchanged

P&L	
Schedule Costs	Estimated to be around **£1.1bn**
Investments	Total essential investments of around **£25m,** as previously guided. This will remain in the cost base going forward
BritBox	BritBox UK venture losses are expected to be at **a similar level to 2020** and will decline thereafter
Cost Savings	**£30m** of permanent overhead cost savings in 2021 and £8m of temporary savings
Adjusted Interest	Around **£36m**, in line with previous year
Tax	Adjusted effective tax rate is expected to be **between 18% and 19% in 2021 and 2022** and then move to around 25% over the medium term
Exceptional Items	Around **£150m** largely relating to acquisition related expenses including the final Talpa earnout, restructuring and reducing our transponder capacity

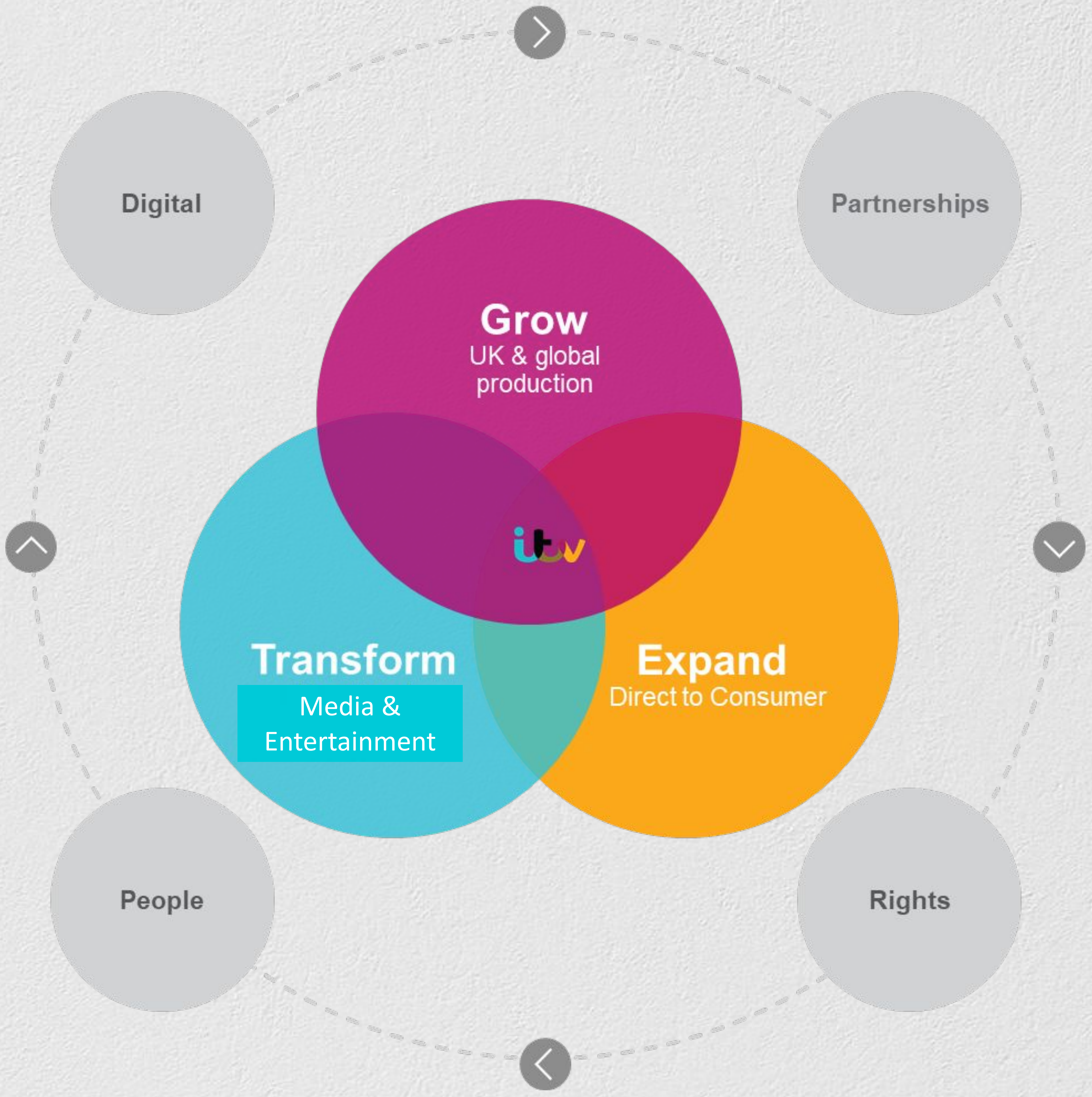
Cash	
Tax	The payment of **£75m** of VAT deferred from 2020
Capex	Around **£75m** of Capex, as we further invest in our digital transformation
Exceptional items	Cash cost of exceptionals are expected to be around **£310m** comprising mainly accrued earnouts which includes the final earnout payment for Talpa
Profit to cash	Around **30% i**n 2021, reflecting the reversal of the working capital benefits in 2020. Taking 2020 and 2021 together, cash conversion is expected to be **around 80-85%**
Pension	Deficit funding contribution for 2020 is expected to be **£74m**
Dividend	The Board expects to propose a final dividend of **3.3p**, based on two-thirds of a notional 5.0p full year dividend in respect of 2021. This will be paid in H1 2022

MORE THAN TV

Strategic Update

Carolyn McCall

Successful execution of our strategy



MORE THAN TV

Social purpose is an integral part of delivering our strategy and business goals

Better Health

Two mental health **'Britain Get Talking'** campaigns

ITV2 partnership with **CALM**

'Eat them to Defeat Them' 7 week campaign in schools and on-air to promote better physical health

Diversity & Inclusion

33% increase in Black, Asian and Minority Ethnic talent in available lead roles on screen since July 2020

Creation of 62 opportunities at ITV for under-represented groups and >40 apprentices have been hired

Target set to **double disability** in the workforce and **improve social mobility**

Climate Action

Implementing **carbon reduction strategies** across the business to achieve Net Zero carbon by 2030

'Green scenes' ad break takeover in Coronation Street to mark World Environmental Day

Giving Back

Mentoring scheme with Creative Access providing **150 ITV Mentors**

Working with Education and Employers charity enabling ITV colleagues to speak in school to inspire teenagers about a career in TV

Our goals are aligned with the UN's Sustainable Development Goals

MORE THAN TV

Executing our strategy in H1: ITV Studios – Growing scripted

Continuing to build a strong pipeline of scripted programmes

- **UK:** Labels within ITV Studios produced six of the top 10 rating dramas in the UK in H1 including The Serpent, Pembrokeshire Murders, The Bay and Line of Duty
- **US:** Snowpiercer, Physical, 10 Year Old Tom, Cowboy Bebop
- **International:** Balthazar, Gomorrah, Suburra, Vise le Coeur, Sentinelles, Summertime, Blackwater, Romulus

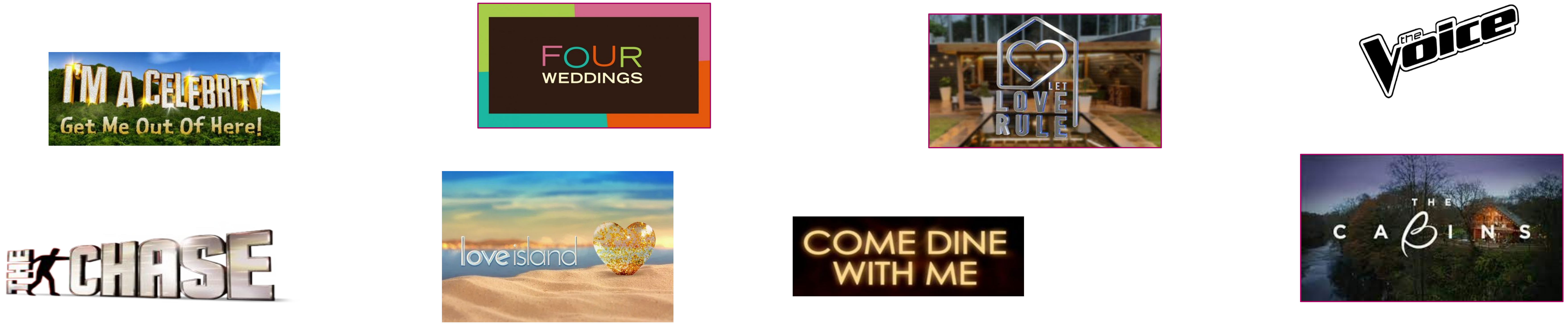
Since 2018, our H1 scripted revenues have grown by **75%**

MORE THAN TV

Executing our strategy in H1: ITV Studios – Creating global formats

- **Globalising our formats: 7 formats in three or more countries, up from 6 in 2020, including**:
  - ➝ The Voice sold in over 70 countries
  - ➝ Love Island sold in 21 countries
  - ➝ The Chase format sold in 17 countries
  - ➝ Let Love Rule sold in 6 countries

- **Creating new formats:**
  - ➝ The Void, Rat in the Kitchen, Moneyball, Ready to Mingle, Bling, Sitting on a Fortune

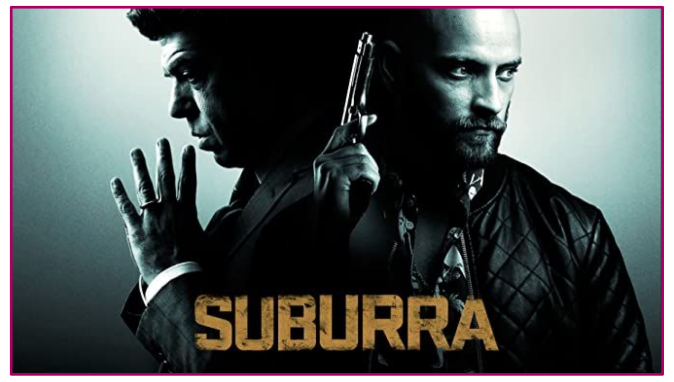


itv MORE THAN TV

Executing our strategy in H1: ITV Studios – Diversifying our customer base

Increasingly serving streamers

- On track to double ITV's revenues from streamers over 2021:
  - → Original hours delivered to streamers in H1 increased by 84%
- H1 deliveries to OTTs include:
  - → The Serpent; Physical; Cowboy Bebop; Summertime and Love Island Netherlands
- Streaming platforms are ITV Global Distribution's two largest customers



The Offenders

Why Didn't They Ask Evans?

10-Year-Old-Tom

A Spy Among Friends

MORE THAN TV

Executing our strategy in H1: ITV Studios – Strengthening talent

Further strengthened creative talent in the UK and internationally

- Scripted:
  - → Cattleya Producciones in Spain
  - → Windlight Pictures in Germany
- Unscripted:
  - → Rollercoaster Television in UK

25 scripted labels in UK and internationally

35 unscripted labels in UK and internationally

Produce across **13** countries

Executing our Strategy in H1: Media & Entertainment - Restructure complete

- **M&E**
  - **Broadcast**
  - **Streaming**
    - **AVOD and Digital**
    - **DTC: SVOD**
    - **DTC: Interactive**

MORE THAN TV

Executing our strategy in H1: Linear Broadcast – Delivering mass audiences

Delivering mass live audiences:

- **100%** of all commercial audiences **over 7m**
- **93%** of all commercial audiences **over 5m**
- **92%** of all commercial audiences **over 3m**

Euros: England vs Scotland peaked at **19.9m**

Pembrokeshire Murders averaged **9.6m** across the series

Masked Singer final was watched by **10.0m**

Meghan and Harry interview watched by **14.8m**

Love Island launched with **4.8m**

MORE THAN TV

Executing our strategy in H1: Streaming - Driving AVOD

Accelerating the growth of the ITV Hub

- Improved user experience:
  - → increased personalisation, recommendations and curatable rails
- Rolling out the redesign of the Hub interface including on Amazon Fire and Samsung TV
- Strengthened content offering with
  - → extended catch up window
  - → full series drops, and
  - → short form content
- Hub news website now on Facebook News

55% growth in **VOD** revenues

136m drama streams in H1, **up 26%**

34.6m registered users, **up 7%**

Around **70%** of MAUs are now viewing through redesigned Hub

Executing our strategy in H1: Streaming - Driving AVOD through Planet V

PLANET V

- Successful rollout to the majority of large agencies, including regions, to a very positive response from agencies and advertisers
- Planet V is now the second largest programmatic video advertising platform in the UK, behind Google
- We are piloting data match campaigns through InfoSum which allows advertisers to use their own first party data in campaigns

90% of all Hub inventory is executed through Planet V

65% of all campaign bookings are now self-serve

650 people are fully trained

250% growth in VOD only advertisers in H1

10,000+ data points for targeting within Planet V

"Planet V has opened up a whole wealth of new and improved targeting opportunities for advertisers, enabling them to harness ITV Hub's large audience in a much more efficient way. Enabling access to both 1st and 3rd party data has brought BVOD more in line with digital targeting helping to increase the marketing KPIs it can be used for. The ITV team has also been great at training up agencies to deliver the first self serve BVOD Platform in the market." **William Purcell at 7Stars**

MORE THAN TV

Executing our strategy in H1: Deepening strategic client relationships

"Partnering with ITV really worked for us in terms of brand perception and driving revenue." **Sharry Cramond, Marketing Director Food and Hospitality, M&S**

"Through our increasingly strategic relationship we enjoy with the Commercial team, we have worked in a variety of ways across a number of shows and initiatives in 2021, to continue to successfully support our business." **Matt Bushby, UK Marketing Director, Just Eat**

"National Lottery players make a huge difference to UK communities – with over £30 million raised each and every week for Good Causes. Since the start of 2021, we've continued to work closely with ITV in partnering and amplifying some of the biggest entertainment programmes in the UK – namely The Masked Singer, The Voice and Saturday Night Takeaway. Our weekly Lotto results are now an 'appointment to view' in ITV ad breaks, and we continue to create campaigns with ITV highlighting National Lottery volunteering opportunities, community initiatives and Good Cause funding." **Keith Moor, Chief Marketing Officer, Camelot**

Innovative partnerships and campaigns:
Product Placement
Ad-funded programming

MORE THAN TV

Executing our strategy in H1: Bringing new advertisers to TV

itv AdVentures IGNITE	Dashly, Butternut Box
itv AdVentures INVEST	what3words, SPOKE
itv BACKING BUSINESS	WELEDA, Very Lazy, Seabrook
itv HOME PLANET	Quorn, WWF, Volkswagen, Sainsbury's, INCH'S Medium Apple Cider, Ribena

160 new brands advertising on ITV in H1

itv MORE THAN TV

Executing our strategy in H1: Direct to Consumer - Growing customer relationships

>3m subscriptions globally, up over 15%, of which:

>1m subscriptions in UK	**BritBox UK** ○ 555,000 subscriptions, up over 10%, as we continue to strengthen content and launch on Amazon channels ○ Churn rates have continued to improve and ios App rating has increased to 4.7 stars ○ Strong pipeline of originals in H2 and 2022, including Spitting Image 2, Magpie Murders, and Crime **Hub+** has 542,000 subscribers, up 10%
2m internationally	**BritBox International** ○ Strong growth in US, Canada and Australia, up around 18% in 6 months ○ South Africa to launch in August ○ Further rollout of BritBox International to follow, up to 25 countries
ITV Win	Strong growth in traffic on **ITV Win** as we have increased on-screen and off-screen competitions

Executing our strategy in H1: Strengthening partnerships and Distribution

sky

amazon

Freesat

Freeview

ITV MORE THAN TV

Significant progress around our four pillars of value

Media & Entertainment (M&E)

Studios

Grow scripted	√
Create global hits	√
Diversify our customer base	√
Strengthen creative talent	√

Broadcast

Deliver unrivalled mass quality audience	√
Provide a trusted and measured environment	√
Build strategic relationships with advertisers	√
Attract new advertisers to TV	√

Streaming

Redesign the ITV Hub	√
Build addressable advertising proposition through Planet V	√
Build data capabilities	√
Develop a tech platform	√

DTC

Launch BritBox UK	√
Roll out BritBox Internationally	√
Build ITV Win	√
Develop gaming, licensing and merchandise opportunities	√

MORE THAN TV

The next phase of our More Than TV Strategy: priorities for H2 and beyond

Media & Entertainment (M&E)

Studios	Broadcast	Streaming	DTC
Further grow and diversify Studios by genre and customer	Continue to deliver mass simultaneous audiences	Accelerate AVOD	Grow SVOD revenues

We will hold two Investor seminars in the Autumn to do a deeper dive into ITV Studios and M&E.

MORE THAN TV

Outlook

- ITV Studios is performing well as it successfully manages the challenges presented by COVID
  → we expect to double our revenue to streamers in 2021 and are continuing to grow our scripted content
- Comparatives gets tougher in H2, but we are encouraged by the advertising outlook with July expected to be up 68% and August up 17% to 20% compared to the same period in 2020. It is too early to give a range for September given the current uncertainty but we expect it to be positive
- In Direct to Consumer we continue to grow our global subscribers and our international rollout of BritBox continues with the launch of BritBox in South Africa
- We are on track to deliver £30m of permanent cost savings over the full year
- We intend to reinstate the dividend with a final dividend of 3.3p at the full year, based on two-thirds of a notional 5.0p full year dividend in respect of the current financial year

MORE THAN TV

Appendix

Financial Highlights

Six months to 30 June	2021 (£m)	2020 (£m)	Change %
ITV Studios	798	630	26
M&E	1,028	824	25
Total revenue*	**1,826**	**1,454**	**26**
Internal supply	(278)	(236)	(18)
Total external revenue	**1,548**	**1,218**	**27**
ITV Studios adjusted EBITA	95	62	53
M&E adjusted EBITA	232	103	125
Group adjusted EBITA**	**327**	**165**	**98**
Group adjusted EBITA margin	**21%**	**14%**	-
Adjusted EPS	**5.9p**	**2.9p**	**103**
Reported EPS	**2.4p**	**0.5p**	**380**

MORE THAN TV

* 2020 comparatives in ITV Studios and M&E have been restated to reflect the reclassification of £2 million of gaming, live events and merchandising revenues from the M&E business. There is no impact on adjusted EBITA.

**Adjusted EBITA includes the benefit of production tax credits

M&E Schedule Costs

Six months to 30 June	2021 (£m)	2020 (£m)	Change %
Commissions	275	261	5
Sport	84	33	155
Acquired	15	18	17
ITN News and Weather	25	25	-
Total ITV main channel	**399**	**337**	**18**
Regional news and non-news	34	33	3
ITV Breakfast	21	21	-
Total ITV inc regional & Breakfast	**454**	**391**	**16**
ITV2, ITV3, ITV4, ITVBe, CITV	68	73	(7)
Total schedule costs	**522**	**464**	**13**

MORE THAN TV

Reconciliation Between 2021 Statutory and Adjusted Earnings

Six months to 30 June 2021	Statutory (£m)	Adjustments (£m)	Adjusted (£m)
EBITA*	316	11	327
Total exceptional items	(130)	130	-
Amortisation and impairment	(30)	19	(11)
Net financing costs	(27)	8	(19)
Share of profits on JVs and Associates	4	-	4
Profit before tax	**133**	**168**	**301**
Tax	(32)	(28)	(60)
Profit after tax	**101**	**140**	**241**
Non-controlling interests	(3)	-	(3)
Earnings	**98**	**140**	**238**
Number of shares (weighted average million)**	4,005	-	4,005
Basic EPS	**2.4p**	**-**	**5.9p**
Diluted EPS**	**2.4p**	**-**	**5.9p**

*Adjusted EBITA includes the benefit of production tax credits
**Weighted average diluted number of shares in the period was 4,046 million

Reconciliation Between 2020 Statutory and Adjusted Earnings

Six months to 30 June 2020	Statutory (£m)	Adjustments (£m)	Adjusted (£m)
EBITA*	159	6	165
Total exceptional items	(89)	89	-
Amortisation and impairment	(37)	28	(9)
Net financing costs	(23)	5	(18)
Share of profits on JVs and Associates	5	-	5
Profit before tax	15	128	143
Tax	-	(29)	(29)
Profit after tax	**15**	**99**	**114**
Non-controlling interests	4	-	4
Earnings	**19**	**99**	**118**
Number of shares (weighted average million)**	4,001	-	4,001
Basic EPS	**0.5p**		**2.9p**
Diluted EPS	**0.5p**		**2.9p**

*Adjusted EBITA includes the benefit of production tax credits
**Weighted average diluted number of shares in the period was 4,020 million

Acquisitions – between 2012 and 2021

Company	Initial consideration (£m)	Additional consideration paid (£m)	Expected future payments* (£m)	Total expected consideration** (£m)	Expected payment dates***
Total for acquisitions between 2012-2021	959	205	331	1,495	2021-2026

MORE THAN TV

* Undiscounted and adjusted for foreign exchange. All future payments are performance related.
** Undiscounted and adjusted for foreign exchange, including the initial cash consideration and excluding working capital adjustments. Total maximum consideration which was potentially payable at the time of acquisition was £2.4 billion.
***'£265 million is expected to be paid in 2021

Financing Costs

Six months to 30 June	2021 (£m)	2020 (£m)
€335m Eurobond at 2.125% coupon Sept 22	(3)	(3)
€259m Eurobond at 2% coupon Dec 23	(2)	(2)
€600m Eurobond at 1.375% coupon Sept 26*	(8)	(8)
£630m Revolving Credit Facility	-	(1)
Financing costs directly attributable to bonds and loans	**(13)**	**(14)**
Cash-related net financing costs	(6)	(4)
Adjusted financing costs	**(19)**	**(18)**
Imputed pension interest	-	(1)
Exceptional interest	(6)	-
Other net financial losses and unrealised foreign exchange	(2)	(4)
Net financing costs	**(27)**	**(23)**

MORE THAN TV

* effective coupon of c2.9%

P&L Tax Charge and Cash Tax

Six months to 30 June	2021 (£m)	2020 (£m)
Profit before tax	**133**	**15**
Production tax credits	11	6
Total exceptional items	130	89
Amortisation and impairments of intangible assets*	19	28
Adjustments to net financing costs	8	5
Adjusted profit before tax	**301**	**143**
Tax charge	(32)	-
Production tax credits	(11)	(6)
Charge for exceptional items	(4)	(16)
Charge in respect of amortisation and impairments of intangible assets*	(4)	(7)
Charge in respect of adjustments to net financing costs	(2)	(1)
Other tax adjustments	(7)	1
Adjusted tax charge	**(60)**	**(29)**
Effective tax rate on adjusted profits	**20%**	**20%**
Total adjusted cash tax paid (excluding receipt of production tax credits)	**(47)**	**(61)**

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

MORE THAN TV

Analysis of Net Debt

30 June	2021 (£m)	2020 (£m)
£630m Revolving Credit Facility	-	-
€335m (previously €600m) Eurobond	(287)	(304)
€259m (previously €500m) Eurobond	(222)	(235)
€600m Eurobond	(549)	(561)
Other debt	(19)	(10)
IFRS 16 lease liabilities	(94)	(108)
Gross cash*	704	435
Reported net debt	**(467)**	**(783)**

30 June	2021 (£m)	2020 (£m)
Gross cash*	704	435
Gross debt (including IFRS 16 lease liabilities)	(1,171)	(1,218)
Reported net debt	**(467)**	**(783)**

MORE THAN TV

* Gross cash includes £50 million of restricted cash in relation to the LTVC Pension Funding Partnership (2019: £75 million of restricted cash).

Profit to Cash Conversion and Free Cash Flow

Six months to 30 June	2021 (£m)	2020 (£m)
Adjusted EBITA	**327**	**165**
Working capital movement	(128)	289
Adjustment for production tax credits	(5)	6
Share-based compensation	3	-
Acquisition of property, plant and equipment, and intangible assets*	(28)	(36)
Depreciation	28	28
Lease liability payments (including lease interest)	(14)	(11)
Adjusted cash flow	**183**	441
Profit to cash ratio six months to 30 June	**56%**	**267%**
Profit to cash ratio 12-months rolling	**72%**	**138%**

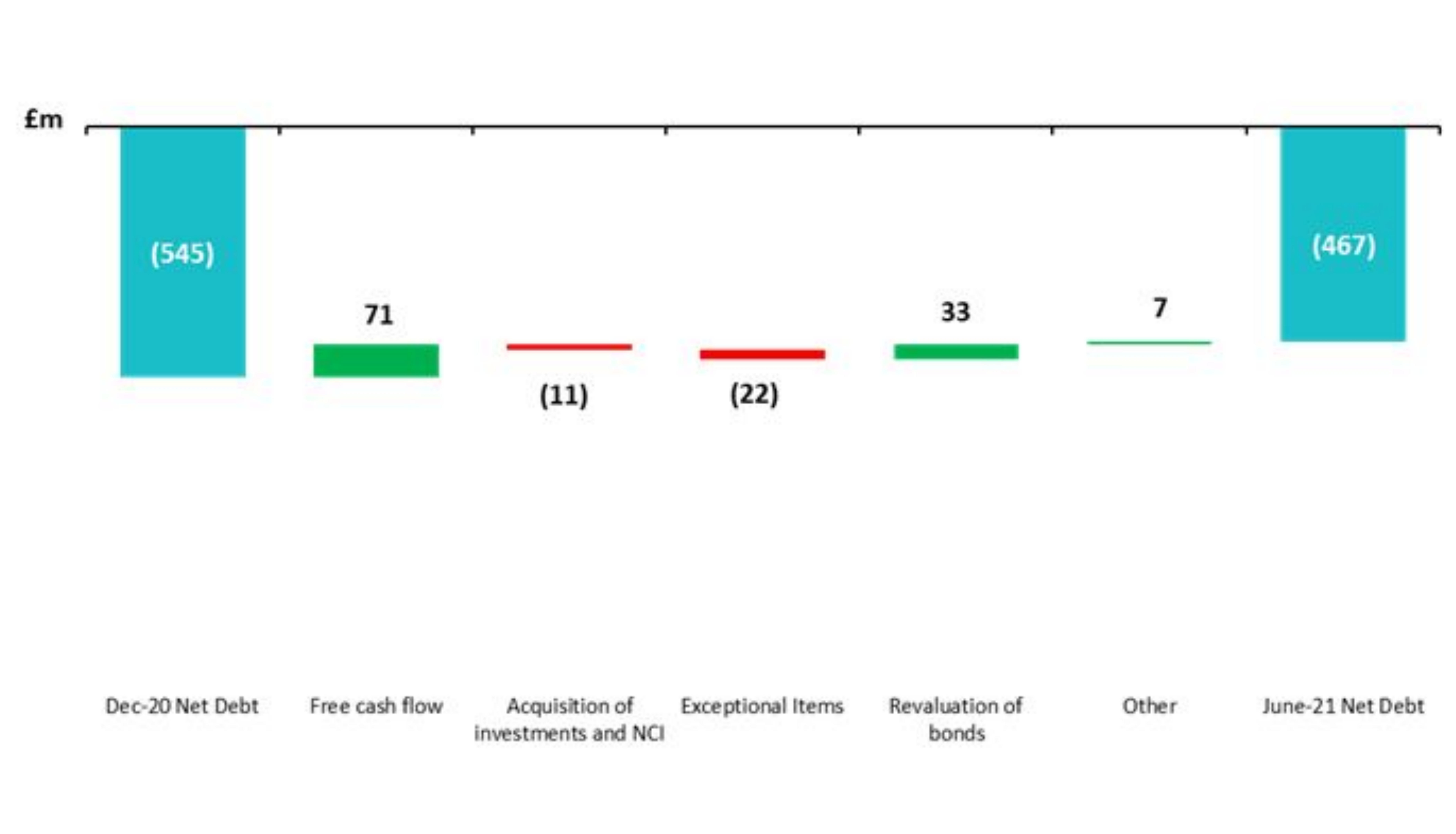
Six months to 30 June	2021 (£m)	2020 (£m)
Adjusted cash flow	**183**	**441**
Net cash interest paid	(21)	(6)
Adjusted cash tax paid**	(47)	(61)
Pension funding	(44)	(29)
Free cash flow	**71**	**345**

* Except where disclosed, management views the acquisition of operating property, plant and equipment and intangibles as business as usual capex, necessary to the ongoing investment in the business

** Adjusted cash tax of £47 million is total cash tax paid of £41 million plus receipt of production tax credits of £6 million, which are included within adjusted cash flow from operations, as these production tax credits relate directly to the production of programmes

MORE THAN TV

Reported Net Debt tracker



MORE THAN TV

Borrowing Facilities

Type of Facility	Facility Amount £m	Amount utilised at 30/06/2021 £m	Maturity
Revolving Credit Facility (RCF)	630	-	Various
Bilateral financing facility	300	152	June 2026
Total	**930**	**152**	

MORE THAN TV