

28/02/2024



# ITV plc 2023 Full Year Results

*Full year results for the year ended 31st December 2023*

7 MARCH 2024



# *Agenda*

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# INTRODUCTION & HIGHLIGHTS

*Carolyn McCall*

# INTRODUCTION & HIGHLIGHTS

**Strong strategic execution driving robust financial and operating performance despite challenging macroeconomic environment**

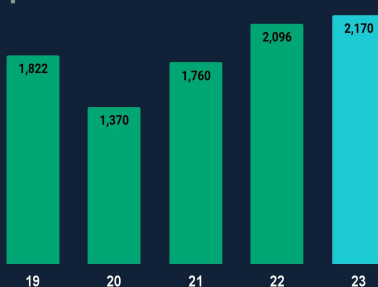
- ITV is making significant progress against its three strategic pillars
- Robust financial and operating performance
  - ITV Studios delivered record revenues and profits
  - Successful launch year for ITVX has driven strong growth in digital viewing and revenues
- New strategic restructuring and efficiency programme across the Group will create a more robust and thriving business
- On track to deliver 2026 KPI targets
- Disposal of BritBox International and returning entire net proceeds of £235 million via a share buyback

# GROUP FINANCIAL PERFORMANCE

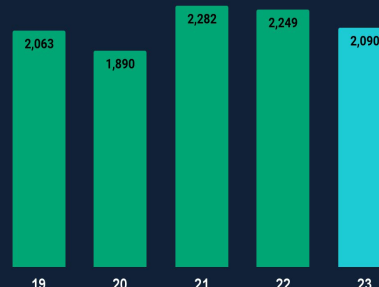
**Total Group Revenue £m**  
down 2% vs. 2022



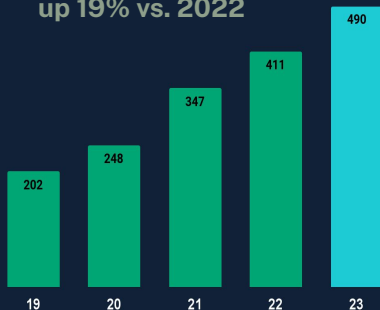
**ITV Studios Revenue £m**  
up 4% vs. 2022



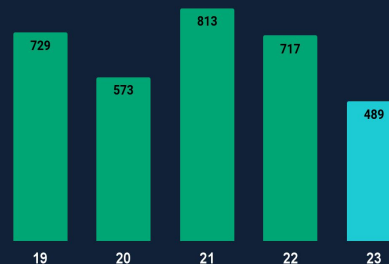
**Total M&E Revenue £m**  
down 7% vs. 2022



**Digital Revenue £m**  
up 19% vs. 2022



**Group Adjusted EBITA<sup>1</sup> £m**  
down 32% vs. 2022



<sup>1</sup> See appendices for full reconciliation



**Dividend:** the Board has proposed a final dividend of 3.3p (2022: 3.3p), giving an ordinary dividend of 5.0p per share (2022: 5.0p per share), for the full year 2023

# ON TRACK TO DELIVER 2026 KPI TARGETS

## ITV Studios

KPI	FY 2023 ACTUAL	ON TRACK?
Total Studios Organic Revenue Growth	3% (2022: 14%)	✓
Studios Adjusted EBITA <sup>1</sup> Margin %	13.2% (2022: 12.4%)	✓
Total High-end Scripted Hours	316 hours (2022: 276 hrs)	✓
Number of Formats Sold in 3 or More Countries	19 formats (2022: 19 formats)	✓
% of Total ITV Studios Revenues from Streaming Platforms	32% (2022: 22%)	✓

**On track to deliver total organic revenue of 5% on average per annum from 2021 to 2026, which is ahead of the market - at a margin of 13% to 15%**

## Media & Entertainment

KPI	FY 2023 ACTUAL	ON TRACK?
Total Digital Revenues	£490m (2022: £411m)	✓
Total Streaming Hours	1,505m hours (2022: 1,192m hrs <sup>2</sup> )	✓
Monthly Active Users	12.5m (2022: 10.5m)	✓
UK Subscribers	1.3m (2022: 1.4m)	✓
Share of Commercial Viewing	32.6% (2022: 33.8%)	✓
Share of Top 1000 Commercial Broadcast TV Programmes	91% (2022: 93%)	✓

**On track to deliver at least £750 million of digital revenues by 2026**



1. Adjusted EBITA includes the benefit of production tax credits.

2. Total streaming hours were reported as 1,139 million hours in 2022, which included some estimates of total streaming viewing from third party data providers and has been updated to reflect more recently available and accurate data.

# FINANCIAL & OPERATING REVIEW

*Chris Kennedy*

# ITV STUDIOS

## Margin restored, growth continues

Twelve months ended 31 December	2023 (£m)	2022 (£m)	Change (%)	Organic change (%)
Studios UK	962	822	17	16
Studios US	395	467	(15)	(13)
International	445	465	(4)	(8)
Global Partnerships	368	342	8	8
<b>Total Studios revenue</b>	<b>2,170</b>	<b>2,096</b>	<b>4</b>	<b>3</b>
Total Studios costs	(1,884)	(1,837)	(3)	(2)
<b>ITV Studios adjusted EBITA<sup>1</sup></b>	<b>286</b>	<b>259</b>	<b>10</b>	<b>8</b>
Adjusted EBITA margin	13.2%	12.4%		
Internal –ITVS to M&E	<b>629</b>	<b>611</b>	<b>3</b>	
External revenue	1,541	1,485	4	
<b>Total revenue</b>	<b>2,170</b>	<b>2,096</b>	<b>4</b>	

- Total revenue growth ahead of the market
- Significant growth in the UK benefiting from strong external sales and benefit of Plimsoll acquisition
- Studios US revenue down due to strong comparatives in 2022 which saw significantly higher deliveries than average
- International revenues declined due to more muted demand from free-to-air broadcasters and some deliveries being delayed from 2023 to 2024
- Outstanding creative deliveries for all major streaming platforms and broadcasters
- Achieved £13 million of efficiencies, ahead of target
- EBITA margin is restored to within target range of 13-15%
- Unfavourable FX impact of £15 million on total revenue and £3 million on adjusted EBITA



# MEDIA & ENTERTAINMENT

## ITVX driving strong growth in digital revenues up 19%

Twelve months ended 31 December	2023 (£m)	2022 (£m)	Change %
<b>Total advertising revenue</b>	<b>1,778</b>	<b>1,931</b>	<b>(8%)</b>
Subscription revenue	59	54	9%
SDN	48	55	(13%)
Partnerships and other revenue <sup>1</sup>	205	209	(2%)
<b>M&amp;E non-advertising revenue</b>	<b>312</b>	<b>318</b>	<b>(2%)</b>
<b>Total M&amp;E revenue</b>	<b>2,090</b>	<b>2,249</b>	<b>(7%)</b>
Content	(1,293)	(1,216)	(6%)
Variable costs	(153)	(130)	(18%)
M&E infrastructure and overheads	(439)	(439)	(0%)
<b>Total M&amp;E costs</b>	<b>(1,885)</b>	<b>(1,785)</b>	<b>(6%)</b>
<b>Total adjusted M&amp;E EBITA</b>	<b>205</b>	<b>464</b>	<b>(56%)</b>
Total adjusted EBITA margin	10%	21%	
Digital advertising revenue	415	343	21%
Subscription revenue	59	54	9%
Other	16	14	14%
<b>Digital revenue</b>	<b>490</b>	<b>411</b>	<b>19%</b>

- Total revenue reflects challenging linear advertising market
- ITVX's strong performance has continued driving 19% growth in digital revenues
- Growing demand for Planet V's data-driven, targeted advertising drove digital advertising up 21%
- Subscription revenues up 9%
- SDN impacted as expected by the renewal of long-standing contracts at current market prices
- Partnerships and other revenue down due to lower competitions revenue and lower partnership revenues
- Content costs are as guided and reflect the planned increase in investment for ITVX
- Non-content costs increased due to streaming related costs for ITVX and commercial payaways to third-parties
- Delivered £11m of cost savings, ahead of target
- TAR expected to be up 3% in Q1 year on year
- ITVX has started 2024 strongly

<sup>1</sup>Partnerships and other revenue includes revenue from platforms such as Sky and Virgin Media O2, competitions revenue, third-party commission and commercial revenue from our creative partnerships.

# KEY BALANCE SHEET METRICS

Robust Balance Sheet and strong cash generation

*102%*

PROFIT TO CASH  
(2022: 75%)

*£553m*

NET DEBT  
(31 December 2022: £623m)

*1.0x*

LEVERAGE<sup>1</sup>  
(31 December 2022: 0.8x)

*£209m*

NET PENSION SURPLUS  
(31 December 2022: £192m))

# DISCIPLINED CAPITAL ALLOCATION FRAMEWORK

1. **REINVESTMENT:** Invest organically in line with our strategic priorities
2. **INVESTMENT GRADE BALANCE SHEET:** manage our financial metrics consistent with our commitment to investment grade metrics over the medium term
3. **DIVIDEND POLICY:** Sustain a regular ordinary dividend which will grow over the medium term
4. **M&A STRATEGY:** Continue to consider value-creating inorganic investment, against strict financial and strategic criteria
5. **SURPLUS CASH:** Any surplus capital will be returned to shareholders

# SHAREHOLDER RETURNS

## ***Ordinary Dividend***

- The Board has proposed a final dividend of 3.3p
- This gives an ordinary dividend of 5.0p per share (2022: 5.0p), a total of c.£200 million, for the full year 2023

## ***Share Buyback***

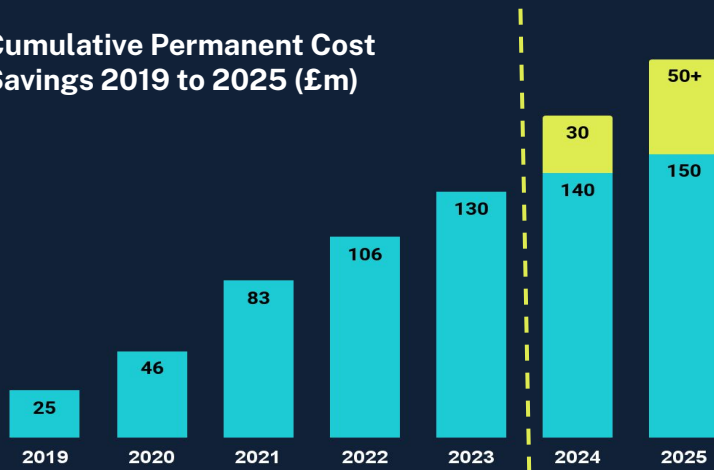
- The Board intends to return the entire net proceeds of the BritBox disposal via a share buyback of £235 million
- Expect to complete over the next 18 months

***Total shareholder return of c.£435 million***

# ONGOING STRATEGIC RESTRUCTURING AND EFFICIENCY PROGRAMME

- Existing cost saving programme targeting £150 million between 2019 and 2026, has delivered £130 million of annualised savings to date, and is **on track to deliver full £150m by 2025 - one year early**
- New ongoing strategic restructuring and efficiency programme** which we expect to deliver incremental annualised gross savings of at least **£50 million** per year, giving a **£30 million** in year gross benefit in 2024.

Cumulative Permanent Cost Savings 2019 to 2025 (£m)



- Cost Savings will be **delivered** through a combination of:
  - Technology and operational efficiencies
  - Organisational redesign across Group, M&E and Studios and
  - Permanent reductions in discretionary spend across the Group
- Expect **£50 million cost of change** will be incurred in 2024, all of which will be cash
- Ongoing programme is designed to **deliver further material incremental savings over a number of years**

- Existing annualised cost savings of £150 million 2019 to 2026, will be complete in 2025 -one year early
- New ongoing strategic restructuring and efficiency programme which we expect to deliver incremental annualised savings of at least £50 million per year, giving a £30 million in year benefit in 2024.

# 2024 PLANNING ASSUMPTIONS

Based on current expectations

## P&L

CONTENT COSTS	Total content costs are expected to be around <b>£1,275 million</b> as we further optimise linear, evolve our windowing strategy and improve personalisation. We will invest an additional £15m in marketing
NON-CONTENT COST SAVINGS	Delivery of £40 million of savings - made up of £10 million from our existing £150 million cost saving target and £30 million of additional in year savings as part of the new strategic restructuring and efficiency programme
ADJUSTED FINANCING COSTS	Expected to be around <b>£35 million</b>
TAX	The adjusted effective tax rate is expected to be 25% over the medium term due in line with the UK statutory tax rate of 25%
EXCEPTIONAL ITEMS	Exceptional items are expected to be around <b>£90 million</b> , mainly due to costs associated with the new restructuring and efficiency programme and digital transformation costs

## Cash

CAPEX	Total capex is expected to be around <b>£75 million</b> as we further invest in our digital capabilities
EXCEPTIONAL ITEMS	Cash cost of exceptional items is expected to be around <b>£90 million</b> , mainly due to costs associated with the restructuring and efficiency programme and digital transformation costs
PROFIT TO CASH	Profit to cash conversion is expected to be around <b>80%</b> out to 2026. In 2024 profit to cash conversion will be lower reflecting an increase in working capital. Across 2023 and 2024 we expect cash conversion to be around 80%
PENSION	Total pension deficit funding contributions for 2024 are expected to come down year on year. More detailed guidance will be given following the completion of the triennial valuation
DIVIDEND	The Board has proposed a <b>final dividend of 3.3p</b> , which will be paid in May 2024. This gives a full year dividend of 5.0p. Going forward, the Board intends to pay a full year ordinary dividend of at least 5.0p, which it expects to grow over the medium term

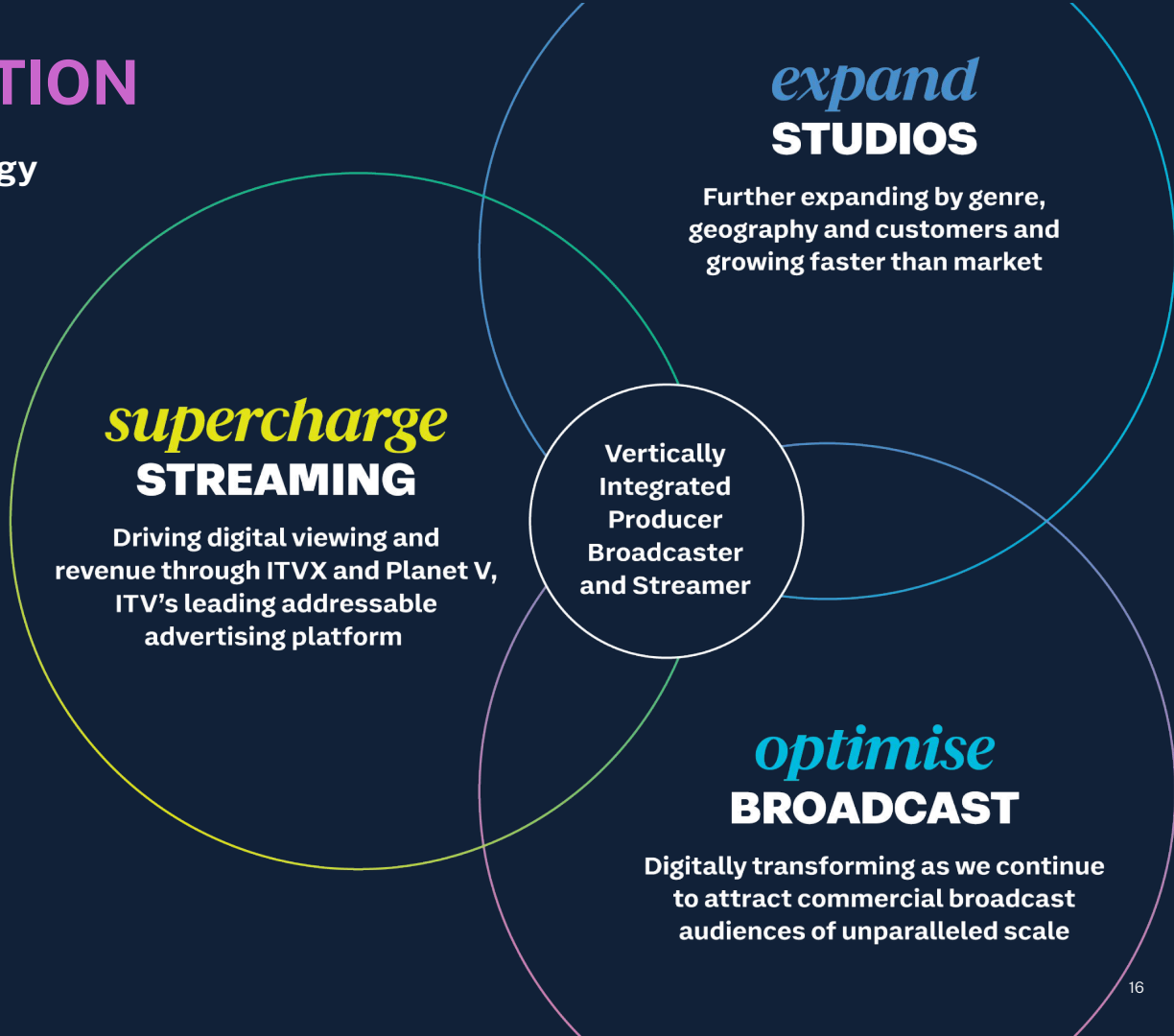
# STRATEGIC UPDATE

*Carolyn McCall*

# STRATEGIC EXECUTION

## Phase Two of More Than TV strategy

Successful execution of the strategy will deliver ITV's vision of being **the leader in UK advertiser funded streaming, and an expanding global force in content**





## *expand* **STUDIOS**

Further expanding by genre,  
geography and customers and  
growing faster than market

Vertically  
Integrated  
Producer  
Broadcaster  
and Streamer

## On track to deliver 2026 KPI targets

PRIORITIES	WHY IT'S IMPORTANT	FY 2026 TARGET	FY 2023 ACTUAL	ON TRACK?	WHAT IT DRIVES
1. Grow our scripted business	To meet the growing global demand for our scripted content particularly from streaming platforms	400 high-end scripted hours per annum	316 hours (2022: 276 hours)	✓	<p><b>Growth in total organic revenue of 5% on average per annum from 2021 to 2026, which is ahead of the market</b></p> <p><b>Delivers margins of 13% to 15%</b></p> <p>✓</p>
2. Grow our global formats business	To maximise international monetisation of high-value formats	20 formats sold in three or more countries	19 formats (2022: 19 formats)	✓	
3. Further diversify our customer base	To capture the growth in content spend from local and global streaming platforms	30% of total revenues from streaming platforms	32% (2022: 22%)	✓	
4. Attract and retain leading talent	Key to creative success of Studios business	N/A	N/A	✓	

***In 2023 we delivered total organic revenue growth of 3% at a margin of 13.2%***

ITV expects to continue to take market share over medium term

***Scaled, global and diversified business***

***Strong creative track record and pipeline***

***Focused on attractive markets of scripted and streaming***

***Invested in quality labels in key genres with IP***

***Creative focus on new formats that travel internationally***

***Ability to attract and retain premium talent***

***Significant investment in development over time***

***Strong relationships with *diversified* customer base***

***Growing distribution revenues***

**TRACK RECORD FOR TAKING MARKET SHARE:** since 2018 ITV Studios total revenue (excluding acquisitions) has grown by c.5% CAGR, faster than the market CAGR of c.4% CAGR\*

## ITV Studios continues to attract and retain premium creative talent

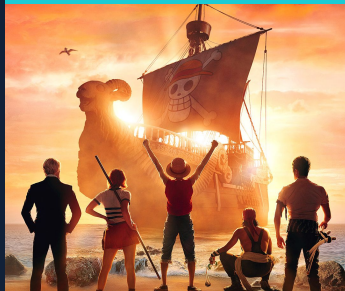
**QUAY STREET**  
PRODUCTIONS



***Fool Me Once***  
for Netflix

**TOMORROW**  
STUDIOS

An ITV Studios partnership



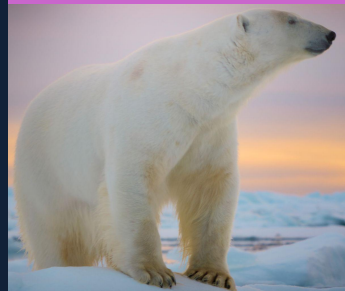
***One Piece***  
for Netflix

  
Happy Prince



***Rivals***  
for Disney+

 **PLIMSOLL**



***Big Beasts***  
for Apple TV+

# *supercharge* STREAMING

## *supercharge* STREAMING

Driving digital viewing and revenue through ITVX and Planet V, ITV's leading addressable advertising platform

Vertically  
Integrated  
Producer  
Broadcaster  
and Streamer

# supercharge STREAMING

On track to deliver 2026 KPI targets

PRIORITIES	WHY IT'S IMPORTANT	FY 2026 TARGET	FY 2023 ACTUAL	ON TRACK?	WHAT IT DRIVES
<b>1. Attract more monthly active users to ITVX</b>	ITV's reach is key to retaining and attracting advertisers	Grow monthly active users to 20 million	12.5 million (2022: 10.5 million)	✓	<b>Growth in digital revenues to at least £750 million by 2026</b>  ✓
<b>2. Increase the time users spend on ITVX</b>	ITV's scale is key to retaining and attracting advertisers	Grow total streaming hours to 2 billion hours	1,505 million hours (2022: 1,192 million hours)	✓	
<b>3. Increase UK subscriber base</b>	Monetising ITV viewers who are willing to pay for ad-free and additional content	Grow subscribers to 2.5 million	1.3 million (2022: 1.4 million)	✓	

*Using Planet V and our digital ad innovations we delivered 19% increase in total digital revenues in 2023 to £490 million*

# *supercharge* STREAMING - step change in viewing

Investment in ITVX was on plan and on budget and has driven a very successful launch year for ITVX

*Driving Brand Awareness*

***Increased from around 60%  
at launch to over 90%\* in  
2023***



*Attracting hard to reach viewers*

***Streaming hours amongst  
light viewers up 65% YoY***

***Streaming hours amongst  
25-54s up 47% and up 49%  
for Men YoY***

*Viewers watching for longer*

***Streaming hours per viewer  
27% YoY***

***90% of those who watched  
an ITVX exclusive, went on  
to watch other ITVX  
content***

# *supercharge* STREAMING - step change in viewing

ITVX's strong viewing performance will continue as we further enhance the product, content, distribution and marketing

## *Product*

Next phase of personalisation

•

Homepage improvements to boost user engagement

•

Improving the News experience across mobile devices

## *Content*

Exclusive live events and video on demand content

•

Evolving windowing strategy

•

Continuous test and learn approach

## *Distribution*

Roll out on Playstation 4 & 5

•

Launch of Freely, the new TV streaming service combining live TV and on-demand content from UK Public Service Broadcasters

•

Improved discoverability of ITVX on third-party platforms

## *Marketing*

Increased investment

•

More responsive approach to boost trending shows

•

Continuous focus on efficiency and optimisation of spend



# *supercharge* STREAMING - strong monetisation

Planet V has transformed the way we interact with advertisers; improved monetisation of our digital advertising inventory and grown our serviceable addressable market

## Planet V is a key competitive strength

ITV's proprietary, self service, **addressable advertising platform**

•

**Second largest** programmatic video advertising platform in UK, after Google

•

**All of ITV's** online inventory is booked through Planet V

•

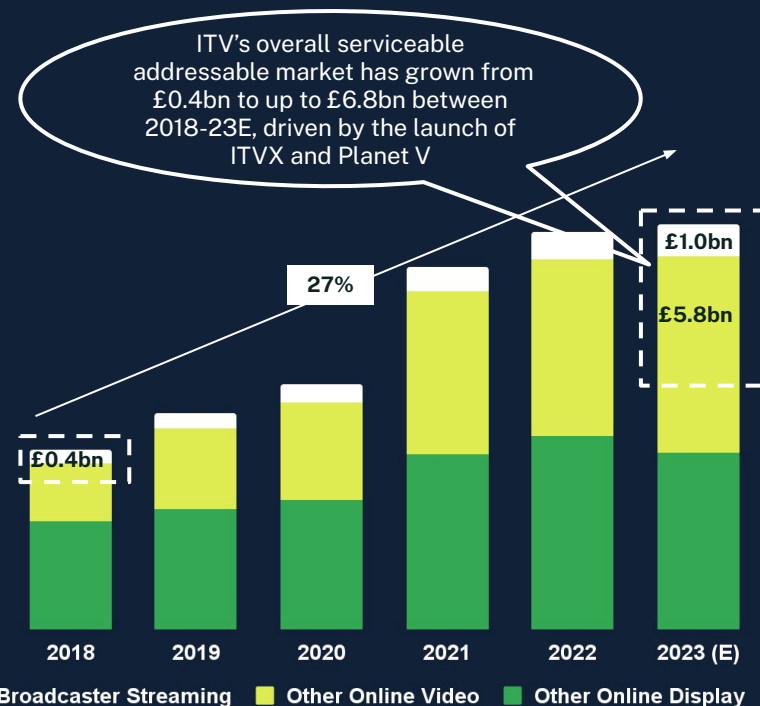
Sophisticated targeting

•

Higher value data driven targeting drives a **higher CPM**

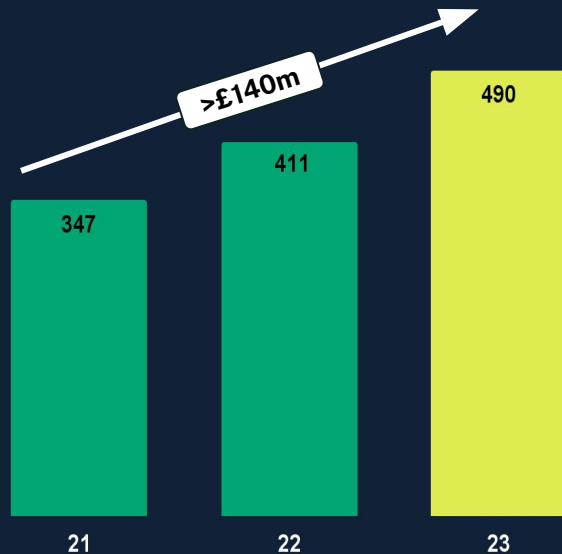
•

Attracted over **1,000 new advertisers** since its launch




# *supercharge* STREAMING - strong monetisation

Grown digital revenues by over £140 million since 2021; outperformed the digital display market and paid search market in 2023; delivered double digit growth in CPMs



- Over **40 million** registered users on ITVX, augmented with 3rd party data sources
- Over **20,000** targeting options
- **Innovative digital ad** solutions
- Expanded **digital sponsorship** propositions
- Measurement products which demonstrate **effectiveness of ITVX**

# *optimise* BROADCAST



Vertically  
Integrated  
Producer  
Broadcaster  
and Streamer

*optimise*  
**BROADCAST**

Digitally transforming as we continue  
to attract commercial broadcast  
audiences of unparalleled scale

# *optimise* BROADCAST

On track to deliver 2026 KPI targets

PRIORITIES	WHY IT'S IMPORTANT	FY 2026 TARGET	FY 2023 ACTUAL	ON TRACK?	WHAT IT DRIVES
<b>1. Maintain our strength in delivering mass linear audiences</b>	ITV's mass linear audiences remains very important to UK advertisers	Maintain a share of at least 80% of the top 1,000 programmes	91% (2022: 93%)	✓	<b>Revenues from linear TV advertising, commercial and creative partnerships, and sponsorship</b>
<b>2. Maintain ITV's position in UK broadcast market</b>	ITV's scale remains very important to UK advertisers	Maintain a share of commercial viewing of 33%	32.6% (2022: 33.8%)	✓	

# ***Commercial proposition***

ITV has three powerful commercial propositions which makes ITV highly competitive and enabled ITV to outperform the TV advertising market in 2023

***Mass  
Simultaneous  
Reach***

***Targeted  
Advertising  
at Scale***

***Commercial  
and Creative  
Partnerships***

# SUMMARY

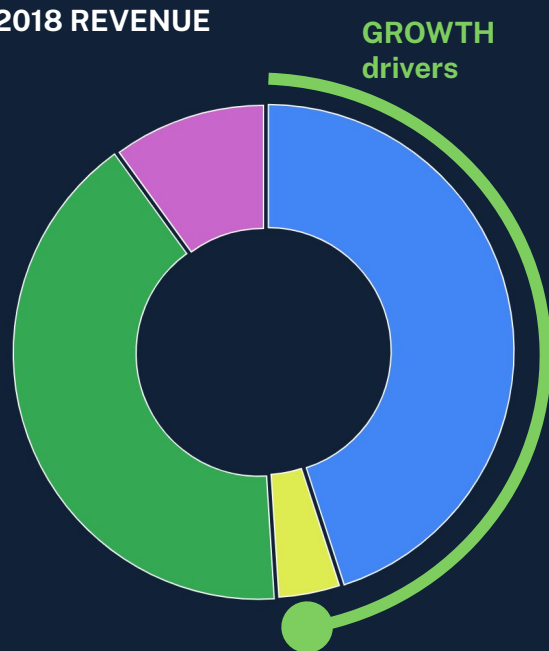
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- ITV is making *significant progress* against its three strategic pillars
- *On track* to deliver 2026 KPI targets
- *Strategic restructuring and efficiency programme* will help to offset the structural and cyclical pressures
- ITV will be more robust with a leading scaled and global Studios business, high growth streaming service and cash generative linear advertising business
- This will enable ITV to grow profits as we invest behind our strategic priorities and deliver returns to shareholders

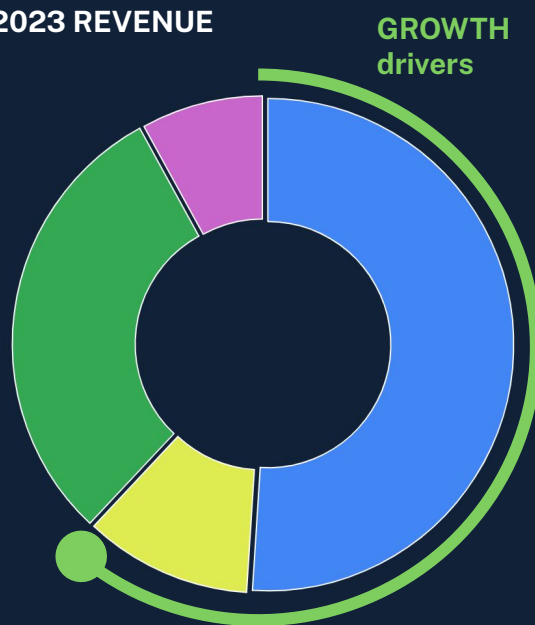
# DIVERSIFYING ITV

Repositioning ITV towards the growth drivers of ITV Studios and digital business, supported by a cash generative linear TV business

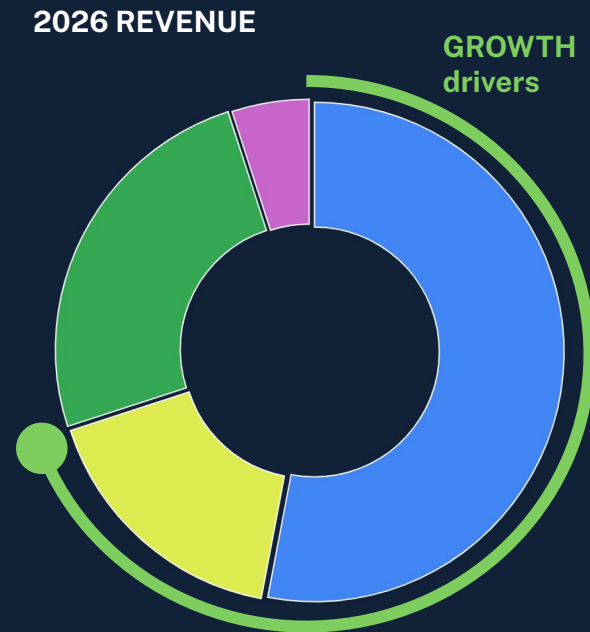
2018 REVENUE



2023 REVENUE



2026 REVENUE



FOR ILLUSTRATIVE PURPOSES ONLY

Q&A



# APPENDICES

# KEY PERFORMANCE INDICATORS

## Group

KPI	PERFORMANCE
Adjusted EPS	7.8p (2022: 13.2p)
Cost Savings	£24m cost savings delivered in 2023. To date delivered £130m of our 2019 to 2026 target of £150m
Profit to Cash Conversion	102% (2022: 75%)

## Studios

KPI	PERFORMANCE
Total Studios Organic Revenue Growth	3% (2022: 14%)
Studios Adjusted EBITA <sup>1</sup> Margin %	13.2% (2022: 12.4%)
Total High-end Scripted Hours	316 hours (2022: 276 hrs)
Number of Formats Sold in 3 or More Countries	19 formats (2022: 19 formats)
% of Total ITV Studios Revenues from Streaming Platforms	32% (2022: 22%)

## M&E

KPI	PERFORMANCE
Total Digital Revenues	£490m (2022: £411m)
Total Streaming Hours	1,505m hours (2022: 1,192m hrs <sup>2</sup> )
Monthly Active Users	12.5m (2022: 10.5m)
UK Subscribers	1.3m (2022: 1.4m)
Share of Commercial Viewing	32.6% (2022: 33.8%)
Share of Top 1000 Commercial Broadcast TV Programmes	91% (2022: 93%)

# M&E KEY PERFORMANCE INDICATORS DEFINITIONS

<b>Digital Revenue</b>	<ul style="list-style-type: none"> <li>Revenue from digital advertising, subscriptions, linear addressable advertising, digital sponsorship and partnerships, ITV Win and any other revenues from digital business ventures</li> </ul>
<b>Monthly Active Users (MAUs)</b>	<ul style="list-style-type: none"> <li>Monthly number of registered, identifiable users who accessed our owned and operated, and syndicated, streaming platforms</li> </ul>
<b>Streaming Viewing Hours</b>	<ul style="list-style-type: none"> <li>Total number of hours viewers spent watching ITV across all streaming platforms, reported at a device level. This figure includes both ad-funded and subscription streaming</li> </ul>
<b>Subscribers</b>	<ul style="list-style-type: none"> <li>UK subscribers are users of ITVX's premium tier and the BritBox UK standalone service. It includes those who pay ITV directly, those who are paid for by an operator, and free trialists. Before the launch of ITVX in December 2022, this also included ITV Hub+ subscriptions</li> </ul>
<b>Share of Commercial Viewing</b>	<ul style="list-style-type: none"> <li>The share of top 1,000 commercial broadcast TV programmes is measured by BARB based on viewing figures. This includes TV viewing from transmission and seven days post-transmission on catch up, as well as six weeks prior to the transmission window. It excludes programmes with a duration of &lt;ten minutes. This metric is calculated as a 12-month rolling average to normalise seasonal scheduling</li> </ul>
<b>Commercial Mass Audiences</b>	<ul style="list-style-type: none"> <li>Share of commercial viewing is the total viewing of audiences over the period achieved by ITV's family of channels as a proportion of all ad-supported commercial broadcaster viewing in the UK. ITV Family includes ITV, ITV2, ITV3, ITV4, ITVBe, CITV, ITV Breakfast, CITV Breakfast and associated 'HD' and '+1' channels. Note that CITV closed down and became a fully on demand service on ITVX in September 2023</li> </ul>

# Financial Highlights

Twelve months to 31 December	2023 (£m)	2022 (£m)	Change %
ITV Studios	2,170	2,096	4
M&E	2,090	2,249	(7)
<b>Total revenue</b>	<b>4,260</b>	<b>4,345</b>	<b>(2)</b>
Internal supply	(636)	(617)	(3)
<b>Total external revenue</b>	<b>3,624</b>	<b>3,728</b>	<b>(3)</b>
ITV Studios adjusted EBITA <sup>1</sup>	286	259	10
M&E adjusted EBITA	205	464	(56)
<b>Adjusted EBITA</b>	<b>491</b>	<b>723</b>	<b>(32)</b>
Unrealised profit in stock adj	(2)	(6)	67
<b>Group adjusted EBITA</b>	<b>489</b>	<b>717</b>	<b>(32)</b>
Group adjusted EBITA margin	13%	19%	(6% pts)
<b>Adjusted EPS</b>	<b>7.8p</b>	<b>13.2p</b>	<b>(41)</b>
<b>Reported EPS</b>	<b>5.2p</b>	<b>10.7p</b>	<b>(51)</b>
<b>Ordinary dividend</b>	<b>5.0p</b>	<b>5.0p</b>	<b>-</b>

# Total Advertising Revenue - Spend by Category

Largest categories (Spot and VOD combined)	FY 2023 £m	FY 2023 vs 2022 % change
Retail	339	(10)
Entertainment and Leisure	144	(18)
Cosmetics and Toiletries	127	(1)
Airlines and Travel	123	3
Telecommunications	111	(18)
Finance	109	(31)
Food	105	11
Publishing and Broadcasting	84	(28)
Government and Charities	82	9
Cars and Car Dealers	79	(1)
Remaining Categories and Sponsorship	475	1
<b>Total Advertising Revenue (TAR)</b>	<b>1,778</b>	<b>(8)</b>

# M&E Content Costs

Twelve months to 31 December	2023 (£m)	2022 (£m)	Change %
Commissions	544	577	(6)
Sport	164	185	(11)
Acquired	31	26	19
Other	1	-	-
ITN News and Weather	58	58	-
<b>Total ITV Main Channel</b>	<b>798</b>	<b>846</b>	<b>(6)</b>
Regional news and non-news	79	74	7
ITV Breakfast	41	42	(2)
<b>Total ITV inc Regional &amp; Breakfast</b>	<b>918</b>	<b>962</b>	<b>(5)</b>
ITV2, ITV3, ITV4, ITVBe, CITV	156	179	(13)
ITVX & Premium	212	65	226
Other	7	10	(30)
<b>Total Content Costs</b>	<b>1,293</b>	<b>1,216</b>	<b>6</b>

# Reconciliation Between 2023 Statutory and Adjusted Earnings

Twelve months to 31 December	Statutory (£m)	Adjustments (£m)	Adjusted (£m)
EBITA <sup>1</sup>	404	85	489
Exceptional items (operating)	(77)	77	-
Amortisation and impairment	(89)	25	(64)
<b>Operating profit</b>	<b>238</b>	<b>187</b>	<b>425</b>
Net financing costs	(45)	16	(29)
<b>Profit before tax</b>	<b>193</b>	<b>203</b>	<b>396</b>
Tax	16	(101)	(85)
<b>Profit after tax</b>	<b>209</b>	<b>102</b>	<b>311</b>
Non-controlling interests	1	-	1
<b>Earnings</b>	<b>210</b>	<b>102</b>	<b>312</b>
Shares (million), weighted average <sup>2</sup>	4,023	-	4,023
<b>Basic EPS</b>	<b>5.2p</b>	-	<b>7.8p</b>
<b>Diluted EPS</b>	<b>5.2p</b>	-	<b>7.7p</b>

# Reconciliation Between 2022 Statutory and Adjusted Earnings

Twelve months to 31 December	Statutory (£m)	Adjustments (£m)	Adjusted (£m)
EBITA <sup>1</sup>	668	49	717
Exceptional items (operating)	(65)	65	-
Amortisation and impairment	(84)	57	(27)
<b>Operating profit</b>	<b>519</b>	<b>171</b>	<b>690</b>
Net financing costs	(26)	-	(26)
Share of profits on JVs and Associates	8	-	8
<b>Profit before tax</b>	<b>501</b>	<b>171</b>	<b>672</b>
Tax	(66)	(69)	(135)
<b>Profit after tax</b>	<b>435</b>	<b>102</b>	<b>537</b>
Non-controlling interests	(7)	-	(7)
<b>Earnings</b>	<b>428</b>	<b>102</b>	<b>530</b>
Shares (million), weighted average <sup>2</sup>	4,010	-	4,010
<b>Basic EPS</b>	<b>10.7p</b>	-	<b>13.2p</b>
<b>Diluted EPS**</b>	<b>10.6p</b>	-	<b>13.1p</b>



# Total Exceptional Items

Twelve months to 31 December	2023 (£m)	2022 (£m)
Acquisition-related expenses	(24)	(4)
Restructuring and reorganisation costs	(25)	(28)
Property costs	(10)	(24)
Costs relating to the passing of Her Majesty Queen Elizabeth II	-	(16)
Sports rights impairment reversal	-	5
Pension-related costs	-	(4)
Employee-related tax provision	3	(10)
Insured trade receivable	3	23
Legal settlements	(13)	-
Legal and other costs	(11)	(7)
<b>Total Exceptional Items</b>	<b>(77)</b>	<b>(65)</b>

# Financing Costs

Twelve months to 31 December	2023 (£m)	2022 (£m)
€335m Eurobond at 2.125% coupon Sept 22	-	(4)
€259m Eurobond at 2% coupon Dec 23	(4)	(4)
€600m Eurobond at 1.375% coupon Sept 26 <sup>1</sup>	(16)	(16)
£500m Revolving Credit Facility	(3)	(2)
£230m Term Loan	(1)	-
<b>Financing costs directly attributable to bonds and loans</b>	<b>(24)</b>	<b>(26)</b>
Cash-related net financing costs	(5)	1
Amortisation on bonds and gilts	-	(1)
<b>Adjusted financing costs</b>	<b>(29)</b>	<b>(26)</b>
Net pension interest	8	-
Other net financial losses and unrealised foreign exchange	(24)	-
<b>Net financing costs</b>	<b>(45)</b>	<b>(26)</b>

# P&L Tax Charge and Tax Cash

Twelve months to 31 December	2023 (£m)	2022 (£m)
Statutory profit before tax	193	501
Production tax credits	85	49
Exceptional items	77	65
Amortisation and impairments <sup>1</sup>	25	57
Adjustments to net financing costs	16	-
<b>Adjusted profit before tax</b>	<b>396</b>	<b>672</b>
Statutory tax credit/(charge)	16	(66)
Production tax credits	(85)	(49)
Charge for exceptional items	(12)	(8)
Charge in respect of amortisation and impairments <sup>1</sup>	(6)	(12)
Charge in respect of adjustments to net financing costs	2	-
<b>Adjusted tax charge</b>	<b>(85)</b>	<b>(135)</b>
<b>Effective tax rate on adjusted profits</b>	<b>21.5%</b>	<b>20.1%</b>
<b>Statutory cash tax paid (net of production tax credits received)<sup>2</sup></b>	<b>(32)</b>	<b>(55)</b>

# Analysis of Net Debt

31 December	2023 (£m)	2022 (£m)
£500m Revolving Credit Facility	-	(50)
€259m (previously €500m) Eurobond	-	(230)
€600m Eurobond	(535)	(539)
£230m Term loan	(230)	-
Other debt	(13)	(20)
IFRS 16 lease liabilities	(115)	(132)
Gross cash	340	348
<b>Reported net debt</b>	<b>(553)</b>	<b>(623)</b>
Gross cash	340	348
Gross debt (including IFRS 16 lease liabilities)	(893)	(971)
<b>Reported net debt</b>	<b>(553)</b>	<b>(623)</b>

# Profit to Cash Conversion and Free Cash Flow

Twelve months to 31 December	2023 (£m)	2022 (£m)
Adjusted EBITA	489	717
Working capital movement	90	(150)
Adjustment for The Voice of China cash received <sup>1</sup>	-	23
Adjustment for production tax credits	(47)	(18)
Depreciation <sup>2</sup>	46	53
Share-based compensation	16	19
Acquisition of property, plant and equipment, and intangible assets <sup>3</sup>	(70)	(78)
Lease liability payments (including lease interest)	(26)	(26)
<b>Adjusted cash flow</b>	<b>498</b>	<b>540</b>
<b>Profit to cash ratio</b>	<b>102%</b>	<b>75%</b>
Twelve months to 31 December	2023 (£m)	2022 (£m)
<b>Adjusted cash flow</b>	<b>498</b>	<b>540</b>
Net cash interest paid (excluding lease interest)	(27)	(37)
Adjusted cash tax <sup>4</sup>	(70)	(86)
Pension funding	(40)	(137)
<b>Free cash flow</b>	<b>361</b>	<b>280</b>

<sup>1</sup> Cash received in 2018 and 2019 for The Voice of China was placed under review and treated as an exceptional cash receipt and excluded from the profit to cash conversion calculation. In 2022, the review completed and the cash was released. This adjustment shows the conversion of exceptional cash to operational cash.

<sup>2</sup> Depreciation of £46 million is £28 million relating to ITV Studios (2022: £33 million) and £18 million relating to M&E (2022: £20 million).

<sup>3</sup> 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

<sup>4</sup> Adjusted cash tax of £70 million is total net cash tax paid of £32 million plus receipt of production tax credits of £38 million, which are included within adjusted cash flow from operations, as these production tax credits relate directly to the production of programmes

# Reported Net Debt Tracker

