

ITV plc Q1 Trading Update for the 3 months to 31 March 2021

Carolyn McCall, ITV Chief Executive, said:

"We have made a good start to 2021 with total revenue and total viewing both up, despite the continuing impact of the pandemic. We finished the quarter strongly with the substantial majority of our shows back in production and a recovery in the advertising market.

"We are encouraged by the UK roadmap out of lockdown and remain cautiously optimistic about the year ahead. Our advertising revenues are rebounding from last year with April up 68% and we expect May to be up around 85% and June up between 85% and 90%, compared to the same period in 2020. This is driven by UK COVID-19 restrictions being reduced and a strong schedule featuring Love Island and the Euros.

"However, the advertising market and worldwide productions remain exposed to the risks associated with the pandemic. Accordingly, we continue to closely monitor the situation in all the countries in which we operate.

"We remain committed to investing in the acceleration of our strategy to digitally transform ITV which will, in part, be funded by the delivery of our cost saving targets."

Financial performance for the three months to 31 March

- Total external revenue was up 2% at £709m (2020: £694m), despite the COVID-19 restrictions in place throughout the period, unlike the same quarter in 2020 which only had a limited impact
- Total ITV Studios revenue was up 9% at £372m (2020: £342m)
- Media and Entertainment revenue was down 3% at £484m (2020: £500m) impacted by the national lockdown. As expected ITV total advertising was down 6% and online revenue was up 14%

Operational update

ITV Studios:

- Productions are largely continuing in spite of varying global lockdown restrictions, particularly across Europe
- We have successfully delivered a wide range of programmes and formats in the UK and internationally, with:
 - New commissions including Grace, Vigil and The Cabins in the UK and Physical and The Chase in the US
 - Returning titles including Saturday Night Takeaway, Unforgotten and Line of Duty in the UK, Forged in Fire and Good Witch in the US, The Voice in France, Australia and Germany, and I'm A Celebrity...Get Me Out Of Here! in Germany and Australia
- COVID-19 restrictions globally continue to impact the delivery of productions with international travel and multi-location shoots, particularly drama

Media and Entertainment:

- Advertising trends have been positive since March. April was up 68% with the 4 months to the end of April up 6%, compared to the same period in 2020
- We forecast May to be up around 85% and June up between 85% and 90% compared to the same period in 2020, benefiting from the Euros and Love Island

- ITV total viewing was up 1% as our strong schedule including Unforgotten, Saturday Night Takeaway and the Six Nations, along with the good performance of our soaps, news and daytime shows continue to deliver both mass audiences and key demographics
- ITV Hub registered users were up 5% and dwell time was up 6%
- Online viewing was down 11% in Q1 impacted by the absence of winter Love Island in January and February. Excluding the impact of Love Island, online viewing was up 23% in Q1
- ITV main channel's share of viewing (SOV) was up from 17.9% to 18.2%; ITV Family SOV was down from 23.6% to 23.1%

Continuing to deliver our strategic priorities

ITV Studios:

- Building a strong creative pipeline of new scripted and unscripted shows and further building relationships with OTTs, for example the recent commission of Queer Eye Season 6, Summertime Season 2 and The Wedding Coach, all for Netflix; Why Didn't They Ask Evans? for BritBox US and Canada; Love Island Season 2 for Videoland in the Netherlands; and The Voice Rap for Exxen in Turkey
- Further strengthening ITV's creative talent with the announcement of two new scripted labels
 - In Germany with Moritz Polter, the award-winning Executive Producer of Das Boot for Sky and Freud for Netflix, joining from Bavaria Fiction, and
 - A Cattleya label in Spain, with renowned television executive and producer, Arturo Díaz, joining as Managing Director from Netflix

Media and Entertainment:

- The restructure of the Media and Entertainment division is now complete
- We have further strengthened the ITV Hub
 - We are improving its content with more series drops and original content
 - We have recently announced a new 'on-demand first' commissioning strategy for the ITV2, ITVBe and CITV brands to increase our appeal to younger and lighter audiences, outlining new commissioning priorities for more scripted and factual content, with increasing viewing on ITV Hub at the forefront of decision making, and
 - We continue to improve the design and functionality of the ITV Hub across platforms. This includes new content rails and increased personalisation such as continue watching and recommendations on Amazon Fire
- We continue to roll out Planet V to a very positive response. We expect around 65% of orders to be self-served by agencies in May with 425 people now trained to use the platform
- We are further growing BritBox UK's content slate, with two originals launching in May, scripted title The Beast Must Die and BritBox UK's first original factual commission, Secrets of the Krays
- We have also extended the distribution of BritBox UK, which is now available on Amazon Prime Video channels and is accessible in over 90% of video-on-demand homes

- BritBox International rollout is on track with the launch in South Africa this summer and continued growth in subscriptions across the US, Canada and Australia

Outlook

- ITV Studios remains on track and is successfully navigating further national lockdowns across Europe, social distancing and other COVID-19 measures globally
- While there is uncertainty, the macro environment continues to improve and we are encouraged by the outlook for total advertising in the first half, which we forecast will be up around 26%, compared to the same period in 2020
- We are confident that we will deliver our £30m cost saving target for 2021
- As we deliver our strategy, we are increasingly well positioned to benefit from the opportunities and address the challenges of changing viewing habits and the strong demand for content globally

NOTES TO EDITORS

1. Unless otherwise stated, all financial and operating figures refer to the 3 months ended 31 March 2021, with growth compared to the same period in 2020.

2. Group financial performance

Revenue for 3 months to 31 March (£m)	2021	2020	Change £m	Change %
Media and Entertainment	484	500	(16)	(3)
ITV Studios	372	342	30	9
Total revenue	856	842	14	2
Internal supply	(147)	(148)	1	1
Total external revenue	709	694	15	2

Revenue for 3 months to 31 March (£m)	2021	2020	Change £m	Change %
Total advertising revenue	402	426	(24)	(6)
Non-advertising revenue	454	416	38	9
Internal supply	(147)	(148)	1	1

Total external revenue	709	694	15	2
-------------------------------	------------	------------	-----------	----------

3. Total advertising, which includes ITV Family NAR, online VOD and sponsorship, was down 6% over the 3 months to the end of March with January down 9%, February down 15% and March up 8%. In April total advertising was up 68% and is forecast to be up around 85% in May and up between 85% and 90% in June compared to the same period in 2020. Total advertising for the four months to the end of April was up 6%. Figures for ITV plc for May and June are based on ITV estimates and current forecasts.

4. Media and Entertainment key performance indicators

Three months to 31 March	2021	2020	Absolute change	Change %
ITV Total viewing (hrs)	4.52bn	4.46bn	0.06bn	1
ITV Family Share of Viewing (SOV)	23.1%	23.6%	(0.5)% pts	(2)
Online viewing (hrs)	149.1m	166.7m	(17.6)m	(11)
ITV Hub registered user accounts	33.6m	32.0m	1.6m	5

- ITV Total viewing is the total number of hours spent watching ITV channels live, recorded broadcast channels within 28 days, third party VOD platforms, ITV Hub on owned and operated ad-funded platforms and ITV Hub+.
- SOV data based on BARB/AdvantEdge. SOV data is for individuals and is based on 7 days (C7). ITV Family includes ITV, ITV2, ITV3, ITV4, ITV Encore, ITVBe, CITV, ITV Breakfast, CITV Breakfast and associated "HD" and "+1" channels. All viewing on a TV set, therefore, includes catch up and Hub on television.
- Online viewing is the total number of hours ITV VOD content is viewed on owned and operated ad-funded platforms, and Hub+ viewing on owned and operated platforms. In 2021, it also includes the viewing of newly launched short-form content on the ITV Hub, there are no comparatives in 2020. All data is from Crocus.
- A registered user account is an individual viewer who has signed up to the ITV Hub using one email address. The individual has to have been active within the last 3 years to remain a registered user.
- The comparatives for 2020 reflect the final quarterly numbers as reported as part of ITV's 2020 half-year, and full-year results.
- % change for performance indicators is calculated on unrounded numbers.

5. Total Studios organic revenue at constant currency was up 9% at £372m for the first 3 months of 2021, with a net nil impact from foreign exchange over the period. Our definition of constant currency assumes exchange rates remain consistent with 2020.
6. ITV continues to have good access to liquidity and its financial position remains robust. At 31 March 2021 reported net debt (including IFRS 16 liabilities) was £558m (31 December 2020: £545m). In line with our previous guidance, we expect cash exceptionals to be around £190m in 2021, largely relating to accrued earnouts. This includes our current best estimate of the final earnout payment for Talpa (detailed in Note 3.1.5 of our 2020 Annual Report and Accounts). The majority of the cash exceptionals are still to be paid.

At 31 March 2021, ITV had total liquidity of £1,400m, comprising of £622m of gross cash (which includes £50m of restricted cash) and committed undrawn facilities of £778m.

7. The net pension deficit of the defined benefit schemes at 31 March 2021 on an IAS 19 basis was £25m (31 December 2020: £26m deficit). The movement in the quarter was driven by a decrease in liabilities caused by an increase in corporate bond yields and pension deficit contributions, offset by a reduction in the value of pension assets due to an increase in gilt yields.
8. Figures presented in this Trading Statement are not audited. This announcement contains certain statements that are or may be forward looking statements. Words such as "targets", "expects", "aim", "anticipate", "intend", or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting ITV. Although ITV believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. By their nature forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. They are not historical facts, nor are they guarantees of future performance; actual results may differ materially from those expressed or implied by these forward-looking statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements. These factors include, but are not limited to (i) the general economic, business, political, regulatory and social conditions in the key markets in which the Group operates, including the duration and severity of COVID-19 impacts on ITV's colleagues, business, partners and customers, (ii) a significant event impacting ITV's liquidity or ability to operate and deliver effectively in any area of our business, (iii) a major change in the UK advertising market or consumer demand, (iv) significant change in regulation or legislation, (v) a significant change in demand for global content, and iv) a material change in the Group strategy to respond to these and other factors. Certain of these factors are discussed in more detail in ITV's 2020 Annual Report and Accounts including, without limitation, in ITV's approach to risk management.

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

For further enquiries please contact:

Investor Relations

Pippa Foulds	+44 20 7157 6555 or +44 7778 031097
Faye Dipnarine	+44 20 7157 6581

Media Relations

Paul Moore	+44 7860 794444
Jenny Cummins	+44 7595 106670