

ITV plc Q3 Trading Update for the 9 months to 30 September 2020

Carolyn McCall, ITV Chief Executive, said:

"We are seeing encouraging signs in both our divisions. Advertising trends are improving with Q4 forecast to be slightly up year on year and 85% of our productions in the UK and internationally that were paused as a result of COVID-19 are back in production or have been delivered. However, COVID restrictions and further national lockdowns have added production costs and are making it challenging to bring ITV Studios productions back to full capacity.

"We remain focused on executing our More Than TV strategy as we accelerate our digital transformation. We are restructuring the Broadcast business to create a new Media and Entertainment Division to better reflect and serve changing viewing habits. The restructure will also drive improvements in efficiency and reduce costs. Planet V has reached another milestone allowing media agencies to self-serve advertising campaigns. We have further improved the design and functionality of the Hub which now has 32m registered users; and BritBox is on track, with a very successful launch for Spitting Image - BritBox's first original commission.

"Looking ahead we will continue to monitor our performance very carefully against a wide range of scenarios given the ongoing uncertainty. We continue to focus on cash and costs and our balance sheet remains robust with good access to liquidity."

Operational and financial performance for the nine months to 30 September 2020

- Total external revenue was down 16% at £1,860m (2019: £2,209m)
- Total ITV Studios revenue was down 19% at £902m (2019: £1,116m)
- Broadcast revenue was down 13% at £1,270m (2019: £1,464m) with ITV total advertising down 16% and online revenues up 2%
- ITV total viewing was up 2% with an increase in live viewing
- Online viewing was down 6% with no summer Love Island and fewer episodes of the soaps, although monthly active users were up 1% and dwell time was up 6%
- ITV Family's share of viewing (SOV) was down 4% from 23.2% to 22.2%, partly impacted by the volume of the BBC's news output during the pandemic

Operational update

- Our production teams continue to be determined and innovative, with 85% of the 230 productions that were impacted or paused by the lockdown, delivered or back in production
- Our strong autumn schedule is delivering mass audiences and key demographics including Des, Honour, The Sister, Prince William's A Planet for Us All, John Bishop's Great Whale Rescue and the continued strong performance of our soaps, news and daytime shows
- ITV Commercial continues to work very closely with advertisers and agencies to create effective marketing solutions
- We saw advertising trends improve in Q3 with total advertising spend down 7% year on year. July was down 23%, August up 3%, September down 2% and October down 1% compared to the same periods in 2019. September and October were against the Rugby World Cup in 2019. A number of categories spent more year on year in Q3 including FMCG, Supermarkets, Publishing

and Broadcasting, Telecommunications, Food, Government, Charities and Other, and Household Stores

- Interactive revenues remain strong with increased demand for ITV's competitions
- We are on track to deliver the previously announced cost saving target of £60m in 2020, of which £10m is permanent
- We have set our 2030 environmental targets, which include our commitment to become a Net Zero carbon business, and have continued to inspire positive change through our charitable events and social purpose campaigns such as Soccer Aid, The Daily Mile, Britain Get Talking and Black Voices

Continuing to deliver our strategic priorities

- Building a new Media and Entertainment Division with two business units - Broadcast and On-Demand, to continue to deliver mass, live audiences while increasingly investing in On-Demand to reach younger and harder to reach viewers
- Further strengthening the ITV Hub, improving its content and user experience, with increased personalisation and continuous Hub redesign and the extended catch-up window
- Successfully rolling out Planet V as a self-serve platform within agencies and 75% of ITV's VOD orders now executed via Planet V. We expect all the major agencies to be using Planet V and 100% of ITV's VOD orders to be executed via Planet V by the end of the year
- Continued good performance of BritBox UK; very successful launch of its first original Spitting Image; the arrival of Film4 content; and increased distribution with the further roll out of BT/EE deal. The next BritBox UK original will be available in H1 2021
- BritBox US now has over 1.5m subscribers and the international roll out of BritBox is on track. Australia is launching imminently with further roll out following quickly thereafter

Outlook

- ITV Studios has successfully resumed the majority of its productions. However, the delay to productions, further national lockdowns, social distancing and other COVID-19 measures will continue to impact revenue and margin in Q4, which is up against a strong delivery schedule in 2019, and into 2021
- We forecast total advertising revenue to be slightly up year on year in Q4 with November up around 6% compared to the same period in 2019. This assumes the current Covid restrictions in England end as planned on 2 December.

NOTES TO EDITORS

1. Unless otherwise stated, all financial and operating figures refer to the 9 months ended 30 September 2020, with growth compared to the same period in 2019.

2. Group financial performance

Revenue for 9 months to 30 September (£m)	2020	2019	%
ITV Broadcast	1,270	1,464	(13)
ITV Studios	902	1,116	(19)
Total revenue	2,172	2,580	(16)
Internal supply	(312)	(371)	(16)
Total external revenue	1,860	2,209	(16)

Revenue for 9 months to 30 September (£m)	2020	2019	%
Total advertising revenue	1,043	1,249	(16)
Non-advertising revenue	1,129	1,331	(15)
Internal supply	(312)	(371)	(16)
Total external revenue	1,860	2,209	(16)

3. Total advertising, which includes ITV Family NAR, online VOD and sponsorship, was down 16% over the 9 months to end of September and was down 7% in Q3, with July down 23%, August up 3%, and September down 2% compared to the same periods in 2019. We forecast total advertising to be slightly up year on year in Q4. Total advertising was down 1% in October and is forecast to be up around 6% in November compared to the same periods in 2019. This assumes the current Covid restrictions in England end as planned on 2 December. Figures for ITV plc are based on ITV estimates and current forecasts.

4. Broadcast key performance indicators

Nine months to 30 September	2020	2019	%
ITV Total viewing (hrs)	12.2bn	12.0bn	2

ITV Family Share of Viewing (SOV)	22.2%	23.2%	(4)
Long form online viewing (hrs)	356m	378m	(6)
ITV Hub registered user accounts	32.1m	30.1m	7

- 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.
- Long form 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, based on data 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.
- % change for performance indicators is calculated on unrounded numbers.

5. Total Studios organic revenue at constant currency was down 19% at £903m for the first 9 months of 2020. The unfavourable translation impact of foreign exchange on revenue was £6m over that period. Our definition of constant currency assumes exchange rates remain consistent with 2019.
6. ITV continues to have good access to liquidity and its financial position remains robust. At 30 September 2020 ITV had;
 - Reported net debt (including IFRS 16 liabilities) of £775 million at 30 September 2020 (30 June 2020: £783m, 31 December 2019: £893 million)
 - Total liquidity at 30 September 2020 was £1,229m (30 June 2020 £1,214m, 31 December 2019: £1,101m) comprising:
 - £400m of unrestricted cash
 - £630m undrawn Revolving Credit Facility (RCF) expiring on 15 December 2023
 - £300m bilateral facility of which £199m is available
7. The net pension surplus of the defined benefit schemes at 30 September 2020 on an IAS 19 basis was £6m (30 June 2020: £26m surplus). The movement in the quarter was driven by an increase in corporate bond yields along with our deficit funding contributions, which were offset by an increase in both inflation and gilts 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. 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. 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, (ii) a significant event impacting our 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.

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 these forward-looking statements. Nothing in this statement should be construed as a profit forecast.

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