14th November 2017

ITV plc Q3 Trading Update – 9 months to 30 September 2017

ITV remains on track to deliver

Performance in line with our expectations

- Total external revenue down 1% to £2,132m (2016: £2,157m), with the decline in NAR largely offset by continued good growth in Non-NAR up 8%
- Total ITV Studios revenue up 9% at £1,009m (2016: £923m), with good organic growth
- Broadcast & Online revenues down 4% to £1,470m (2016: £1,537m), with ITV Family NAR down 7% in line with our previous guidance
- Online, Pay & Interactive revenues up 8% with continued double digit growth in Online and Pay

Confident in the underlying strength of the business

- Broadcast business remains robust
  - ITV Family share of viewing up 2%, ITV2 SOCI for 16 to 34's up 20%, ITV4 male SOCI up 10%
  - Online viewing up 41% and long form video requests up 36%
  - Further building our digital business as we invest in ITV Hub, ITV Hub+, Britbox US and Cirkus
- ITV Studios has a healthy pipeline of new and returning programmes into 2018
  - Continuing to invest in our creative capability with a number of investments and acquisitions including Italian scripted producer Cattleya and UK entertainment start-up Koska

On track to deliver our full year commitments for 2017

- Confident that ITV Studios will deliver good organic revenue growth with profit broadly in line with last year
- ITV Family NAR forecast to be down around 5% over the full year and we again expect to outperform the TV ad market in 2017
- Online, Pay & Interactive will deliver good revenue growth driven by a strong performance in Online and Pay
- We will deliver £25m of overhead savings
- The programme investment will be £25m lower as previously announced due to the absence of a major sports tournament
- Strong balance sheet and healthy liquidity to continue to invest across the business

Sir Peter Bazalgette, ITV Executive Chairman, said:
"ITV's performance in the first nine months of 2017 is very much as we anticipated. We've seen improving trends in all our key revenue lines in the quarter and we're on track to deliver on the commitments we set out at the start of the year.

Total external revenue was down 1% to £2,132m with strong growth in non-advertising revenue largely offsetting the decline in NAR. This is clear evidence of the benefit of rebalancing the business and generating new revenue streams. We are currently seeing a return to TV advertising from some of the FMCGs and grocers although wider corporate confidence in the UK continues to be impacted by political and economic uncertainty.

We have performed strongly both online and onscreen with ITV Family share of viewing up 2%. ITV has maintained its spend on original commissions and continues to deliver the mass audiences demanded by advertisers, with 99% of all commercial audiences over 5m, as well as delivering the key target demographics.

Online and Pay achieved double digit revenue growth, helped by a 41% increase in online viewing. We continue to invest in growing our digital businesses including ITV Hub and Britbox US. ITV Hub has 21m registered viewers, including around 75% of the UK's 16 to 24 year olds, and is the fastest growing PSB online service. Britbox US, our SVOD joint venture with the BBC, was launched earlier this year and is performing well. Over time we are planning to roll the service out to other territories.

ITV Studios delivered a strong performance with good underlying growth across all parts of the business and particularly strong growth in ITV America. We are making real progress in building a European scripted business with the recent acquisition of Italian producer Cattleya. This, along with our investment in Tetra in France and our existing European drama businesses, will enable us to benefit from the increasing demand for locally produced content with global appeal.

We will enter 2018 in good shape with a strong operating performance underpinned by a robust balance sheet, and we look forward to the arrival of our new CEO, Carolyn McCall, early in the New Year."

NOTES TO EDITORS

1. Unless otherwise stated, all financial figures refer to the 9 months ended 30 September 2017, with growth compared to the same period in 2016. All operating figures refer to the latest available period, with growth compared to the same period in 2016.

2.

Revenue for 9 months ended 30 September (£m)	**2017**	**2016**	**%**
ITV Broadcast & Online	1,470	1,537	(4)
ITV Studios	1,009	923	9
Total revenue	**2,479**	**2,460**	**1**
Internal supply	(347)	(303)	15
Total external revenue	**2,132**	**2,157**	**(1)**

Revenue for 9 months ended 30 September (£m)	**2017**	**2016**	**%**
ITV Family NAR	1,124	1,208	(7)
Non-NAR revenue	1,355	1,252	8
Internal supply	(347)	(303)	15
Total external revenue	**2,132**	**2,157**	**(1)**

3. ITV Family NAR was down 7% over the 9 months to end of September and down 4% in Q3 as expected, with July down 5%, August down 5%, September down 3%. ITV Family NAR is forecast to be up 1% in Q4 with October down 1%, November up 2% and December up 1%. Over the full year we expect ITV Family NAR to be down around 5%, again outperforming the total TV ad market.

   These revenues are pure NAR, excluding the benefit of sponsorship, online revenue and self promotion. From March 2016, ITV Family NAR includes advertising revenue from the UTV Channel 3 licence (excluding UTV Ireland). Figures for ITV plc and TV market NAR are based on ITV estimates and current forecasts.

4. Operational summary

Broadcast & Online performance indicators	2017	2016	%
ITV SOV – weeks 1 to 42	15.3	15.2	1
ITV Family SOV – weeks 1 to 42	21.5	21.2	2
ITV adult impacts – weeks 1 to 42	166bn	166bn	-
ITV SOCI – weeks 1 to 42	23.9	23.9	-
ITV Family SOCI – weeks 1 to 42	34.2	34.2	-
Long form online viewing – 9 months to 30 September (hrs)	243m	173m	41
Total long form video requests – 9 months to 30 September	1,063m	780m	36

SOV data based on BARB/AdvantEdge data and Share of Commercial Impacts (SOCI) data based on BARB/DDS data. SOV data is for individuals and SOCI data is for adults. ITV Family includes: ITV, ITV2, ITV3, ITV4, ITV Encore, ITVBe, CITV, ITV Breakfast, CITV Breakfast and associated "HD" and "+1" channels. Total long form video requests is measured across all platforms, based on data from comScore Digital Analytix, Virgin, BT, iTunes, Amazon Video, Netflix and Sky and include simulcast. Long form online viewing is the total number of hours ITV VOD content is viewed on ad funded platforms, based on data from comScore Digital Analytix. % change for performance indicators is calculated on unrounded figures.

5. Total Studios organic revenue at constant currency was up 3% at £948m for the first 9 months of 2017. Our definition of constant currency assumes exchange rates remain consistent with 2016. The translation impact of foreign exchange, assuming rates remain at their current levels, could benefit revenues by around £50m and profit by around £10m over the full year.

6. Net debt at 30 September 2017 was £1,112m (30 June 2017: £1,074m).

7. The net pension deficit of the defined benefit schemes at 30 September 2017 was £339m (30 June 2017: £343m). An actuarial valuation is currently being undertaken as at 1 January 2017.

8. In October, ITV acquired a majority stake in Cattleya, the Italian scripted production company behind Gomorrah and Suburra and invested in a UK entertainment start up Koska.

9. Exceptional items are expected to be around £130m in 2017. This largely relates to employment linked contingent consideration and includes the costs relating to ITV's planned move out of the South Bank building. The cash cost of exceptional items will be around £150m, a significant proportion of which is acquisition related contingent consideration.

10. Ongoing property costs will increase by around £10m in 2018 which will not be exceptional.

11. In 2016 Talpa agreed a four year licensing deal for The Voice of China with Talent Television and Film Co. Ltd. Talpa has taken back the licence for The Voice of China as Talent is in breach of its agreement. ITV plc has credit insurance in place and does not currently believe there is any material financial impact.

12. IFRS 15 (Revenue from Contracts with Customers) is effective from 1 January 2018. An initial assessment of the impact on the Group's performance has been performed and is not expected to be material.

13. Figures presented in this Trading Statement are not audited. This announcement contains certain statements that are or may be forward looking with respect to the financial condition, results or operations and business of 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. 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) a major deterioration in the current outlook for UK advertising and consumer demand, (ii) significant change in regulation or legislation, (iii) failure to identify and obtain, or significant loss of, optimal programme rights, (iv) the loss or failure of transmission facilities or core systems and (v) a significant change in demand for global content.

Undue reliance should not be placed on forward looking statements which speak only as of the date of this document. The Group accepts no obligation to revise publicly or update these forward looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

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