

10th May 2018

ITV plc Q1 Trading Update for the 3 months to 31 March 2018

ITV – Q1 delivers a strong performance on and off screen

ITV has published the following trading update in advance of the Company's Annual General Meeting to be held at 11 a.m. today.

Carolyn McCall, ITV Chief Executive, said:

"We have started the year well both on and off screen. Total external revenue increased 5%, driven by 11% growth in ITV Studios revenue and 41% growth in online revenue. ITV total advertising which includes NAR, online and sponsorship was up 3%.

"Our strong viewing performance has continued, with total minutes viewed across the ITV Family up 4%, share of viewing up 6% and time spent viewing online on the ITV Hub up 31%. This reflects the strength and breadth of our schedule across our platforms. Highlights include strong performances from Coronation Street and Emmerdale, the successful return of Dancing on Ice and both Saturday Night Takeaway and our long running drama Vera delivering their best series ever. And we have an exciting schedule for the rest of the year including Britain's Got Talent, the Football World Cup, the return of Love Island and our new period drama Vanity Fair, from the producers behind Victoria and Poldark.

"ITV Studios has delivered a strong performance with organic revenue up 9%. We have a solid slate of new and returning programmes internationally for both broadcasters and OTT platforms with Unforgotten, The War of the Worlds, Snowpiercer, Good Witch, Suburra, The Voice, The Chase, Big Star's Little Star, Queer Eye for the Straight Guy, The Four and Forged in Fire.

"While the economic environment remains uncertain online advertising continues to grow strongly. We expect ITV total advertising to be up 2% over the first half, but profits will reflect the timing of the Football World Cup. Over the full year we are on track to deliver double digit growth in online revenue and good organic revenue growth in ITV Studios.

"The strategic refresh is progressing well with great input and engagement from ITV people across the business. I look forward to sharing an update at our interim results in July."

- Q1 performance has delivered as expected
- Total external revenue was up 5% at £772m (2017: £734m), with continued growth across all parts of the business
- Total ITV Studios revenue was up 11% at £382m (2017: £343m), with organic revenues up 9%
- ITV total advertising (NAR, online and sponsorship) was up 3% in Q1
- Broadcast & Online revenue was up 3% to £526m (2017: £510m) with strong growth in Online, Pay & Interactive up 25% and ITV Family NAR up 1% as expected
- Strong viewing performance with ITV Family share of viewing up 6% and online viewing up 31%
- ITV total advertising (NAR, online and sponsorship) is expected to be up 2% over the first half with continued strong growth in online and broadly flat ITV Family NAR
- Profits over the first half will reflect the timing of the Football World Cup
- For the full year we are on track to deliver continued good organic revenue growth in ITV Studios and double digit revenue growth in Online
- The strategic refresh is progressing well and an update will be given at the interim results on 25th July, followed by a Capital Markets Day on 19th September 2018.

NOTES TO EDITORS

1. Unless otherwise stated, all financial figures refer to the 3 months ended 31 March 2018, with growth compared to the same period in 2017. All operating figures refer to the latest available period, with growth compared to the same period in 2017.

2.

	2018	2017 (Restated)*	%
Revenue for 3 months ended 31 March (£m)			
ITV Broadcast & Online	526	510	3
ITV Studios	382	343	11
Total revenue	908	853	6
Internal supply	(136)	(119)	14
Total external revenue	772	734	5

	2018	2017 (Restated)*	%
Revenue for 3 months ended 31 March (£m)			
ITV Family NAR	396	393	1
IFRS 15 adjustment*	(2)	2	
Non-NAR revenue	514	458	12
Internal supply	(136)	(119)	14
Total external revenue	772	734	5

* IFRS 15 (Revenue from Contracts with Customers) is effective from 1 January 2018 and requires the reclassification of various costs in the income statement which are now deemed to be attributable to revenue. The 2017 comparatives have been restated to reflect IFRS 15. Over the full year 2017 there is no material impact on the Group's revenues and no impact on the Group's profit or adjusted EBITA.

3. ITV Family NAR was up 1% in Q1 as expected, with January down 3%, February down 2% and March up 7%. In April it was down 15% and is forecast to be flat in May and up around 15% in June, equating to broadly flat over the first half.

ITV total advertising, which includes ITV Family NAR, online and sponsorship, is forecast to be up 2% over the first half with Q1 up 3%. In April it was down 13% and is forecast to be up 1% in May and up 17% in June.

As the strategy refresh evolves we will consider how to report ITV advertising to be consistent with our revised strategic priorities and how we manage the business.

Figures for ITV plc are based on ITV estimates and current forecasts.

4. Operational summary

Broadcast & Online performance indicators	2018	2017	%
ITV SOV – 4 months to 30 April	16.9	15.7	7
ITV Family SOV – 4 months to 30 April	22.8	21.6	6
ITV SOCI – 4 months to 30 April	26.0	24.6	5
ITV Family SOCI – 4 months to 30 April	36.1	34.6	4
ITV Family impacts – 4 months to 30 April	106bn	103bn	3
Long form online viewing – 3 months to 31 March (hrs)	84m	64m	31
Total long form video requests – 3 months to 31 March	374m	301m	24

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 are measured across all platforms, based on data from comScore Digital Analytix, Crocus, Virgin, BT, iTunes, Netflix, Amazon Video 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 and Crocus. % change for performance indicators is calculated on unrounded figures.

- Total Studios organic revenue at constant currency was up 9% for the first 3 months of 2018. Our definition of constant currency assumes exchange rates remain consistent with 2017. The translation impact of foreign exchange, assuming rates remain at their current levels, could negatively impact revenues by around £25m and profit by around £5m over the full year.
- Net debt at 31 March 2018 was £965m (31 December 2017: £912m).
- The net pension deficit of the defined benefit schemes at 31 March 2018 was nil (31 December 2017: £83m). The decrease reflects the deficit funding contributions and a slight increase in corporate bond yields.

The Group continues to make deficit funding contributions in line with the most recent actuarial valuation in order to eliminate the deficits in each scheme. The accounting deficit does not drive the deficit funding contribution. The full actuarial valuation of all three sections of the ITV pension scheme as at 1st January 2017 is currently being undertaken. The actuarial valuation is prepared on a more prudent basis than the accounting deficit. On the basis agreed with the Trustee, the deficit of Section A as at 1 January 2017 is £489m and ITV has agreed a new eight year funding plan with the Trustees for Section A of £60m per year. The details of Sections B and C are still to be finalised but it is not anticipated that total deficit contributions for all three sections will exceed £80m per year.

- 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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