



DIGITAL ACCELERATION

Phase Two of our More Than TV strategy

Interim results for the six months ended 30th June 2022

28th July 2022

BRITAIN
GET
TALKING

Agenda

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Introduction and Highlights

Carolyn McCall

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Financial and Operating Review

Chris Kennedy

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Carolyn McCall

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Carolyn McCall
& Chris Kennedy

A photograph of three women standing in a room with ornate decor. The woman on the left is Black with curly hair, wearing a green dress. The woman in the center is white with dark hair, wearing a light pink dress. The woman on the right is white with blonde hair, wearing a yellow dress. They are all looking towards the camera.

Introduction and Highlights

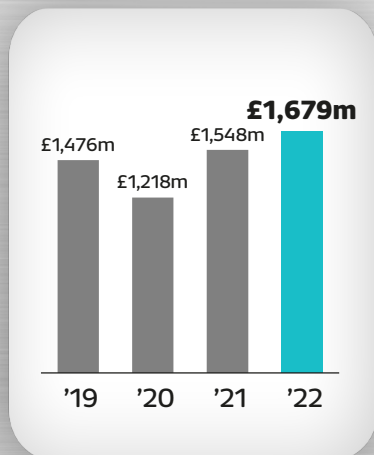
Carolyn McCall

Highlights – delivering Phase Two of More Than TV strategy

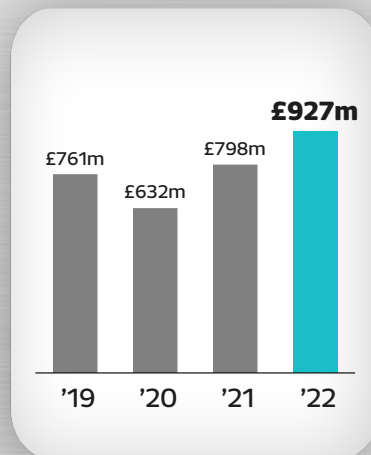
- Strong performance: ITV Studios and M&E ahead of expectations
- ITV Studios growth faster than the market, increasing diversification
- M&E delivering strong revenue growth and streaming viewing - ITVX on track for launch in Q4
- Strong balance sheet; focus on investment and delivering returns to shareholders; the Board has declared an interim ordinary dividend of 1.7p

H1 2022 Group Performance: Strong revenue growth

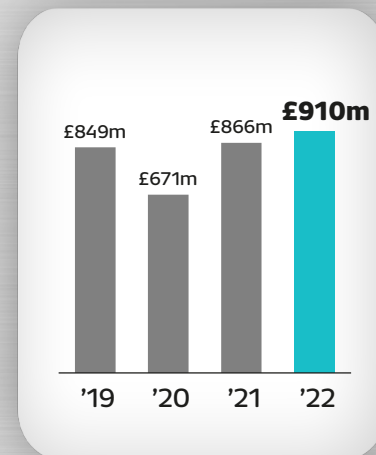
**EXTERNAL
REVENUE**
up **8%** vs. 2021



**TOTAL ITV STUDIOS
REVENUE**
up **16%** vs. 2021



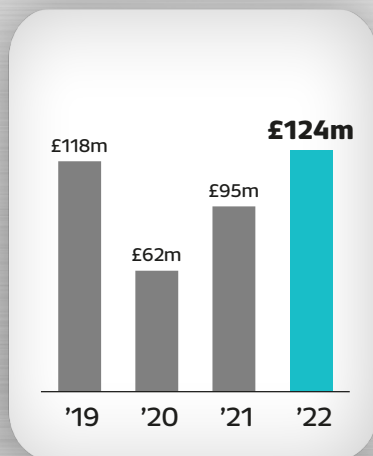
**TOTAL ADVERTISING
REVENUE (TAR)**
up **5%** vs. 2021



H1 2022 Group Performance: underlying profit growth offset by increased investment

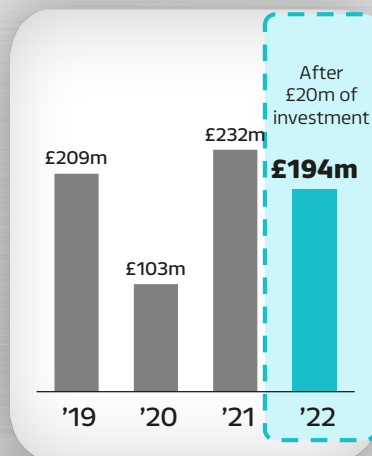
ADJUSTED STUDIOS EBITA

up **31%** vs. 2021



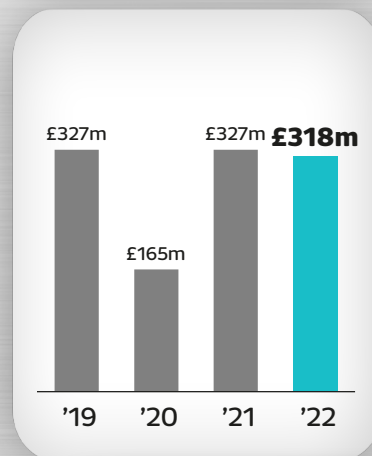
ADJUSTED M&E EBITA

down **16%** vs. 2021



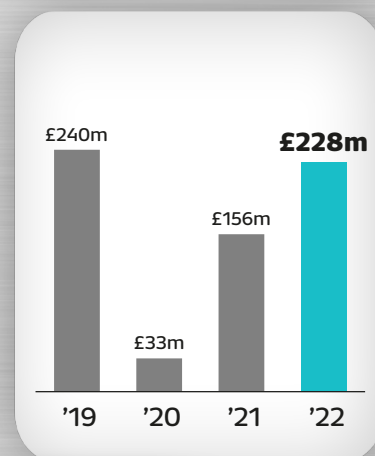
ADJUSTED EBITA

down **3%** vs. 2021



OPERATING PROFIT

up **46%** vs. 2021



ADJUSTED EPS

FY19	FY20	FY21	FY22
6.2p	2.9p	5.9p	6.0p

STATUTORY EPS

FY19	FY20	FY21	FY22
4.8p	0.5p	2.4p	4.8p

A woman with curly hair, wearing a dark blue blazer over a blue ribbed top, stands on the left. A man with glasses, wearing a tan jacket over a grey sweater and a light-colored shirt with a tie, stands on the right. They are both looking directly at the camera. The background is a large, old stone bridge with multiple arches and small circular windows. A black metal railing is visible in the foreground on the right.

Financial and Operating Review

Chris Kennedy

ITV Studios

Strong financial performance in the first half of 2022

Six months to 30 June 2022	2022 (£m)	2021 (£m)	Change %	Organic change % ²
Studios UK	365	295	24	24
Studios US	173	160	8	2
International	215	194	11	14
Global Formats & Distribution	174	149	17	15
Total Studios revenue	927	798	16	15
Total Studios costs	(803)	(703)	(14)	
ITV Studios adjusted EBITA¹	124	95	31	30
Adjusted EBITA margin	13%	12%		

Internal – ITVS to M&E	310	275	13
External revenue	617	523	18
Total revenue	927	798	16

- + Strong revenue growth across the business in H1
- + Total organic revenue at constant currency was up 15%
- + Studios UK saw strong growth in **internal and external sales** including significant drama deliveries
- + Studios US and International performed well with a **diverse customer mix** across all genres
- + Global Formats & Distribution sees **ongoing strong demand** for our significant content portfolio of scripted shows and formats
- + On track to **exceed 2019 revenues** over full year 2022, despite tougher comparatives in H2
- + **Studios adjusted EBITA up 31%**, with a margin of 13%, driven by mix of programmes, £3 million of cost savings and lower covid-related costs
- + Favourable FX impact of £7m on revenue and £1m profit
- + Acquisition of Plimsoll Productions to be consolidated from H2 2022 onwards

H1 2022 ITV Studios KPIs



£927m

up 16%

(2021: £798m)

TOTAL REVENUE
GROWTH



13%

up 1% point

(2021: 12%)

MARGIN %



133 hours

up 60 hours

(2021: 73 hours)

HIGH-END
SCRIPTED HOURS



9 formats

up 2 formats

(2021: 7 formats)

NUMBER OF FORMATS SOLD
IN 3 OR MORE COUNTRIES



19%

up 3% points

(2021: 16%)

% OF TOTAL REVENUES FROM
STREAMING PLATFORMS

Media & Entertainment (M&E)

TAR, up 5%, as guided; underlying profit growth offset by investment in content and ITVX

Six months to 30 June 2022	2022 (£m)	2021 (£m)	Change %
Total advertising revenue	910	866	5
Subscription revenue	26	18	44
SDN	28	37	(24)
Partnerships and other revenue ¹	101	107	(6)
M&E non-advertising revenue	155	162	(4)
Total M&E revenue	1,065	1,028	4
Content	(603)	(545)	(11)
Variable costs	(58)	(60)	3
M&E infrastructure and overheads	(210)	(191)	(10)
Total M&E costs	(871)	(796)	(9)
Total adjusted M&E EBITA	194	232	(16)
Total adjusted EBITA margin	18%	23%	



¹Partnerships 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.

- + **Total revenue up 4%**, driven by **TAR up 5%**
- + Total **digital revenues** were up **22%** at £176m (2021: £144m)
 - + Digital advertising up 20%, to £144m (2021: £120m)
 - + Subscription revenue up 44% driven by BritBox UK and Hub+
- + SDN performance impacted by the renewal of long-standing contracts at current market prices. We expect this pressure to continue over the full year and into 2023
- + Partnerships and other revenue decline year-on-year, driven by a decrease in competitions revenue following strong growth in H1 2021
- + Content costs, were up reflecting a normal post-COVID schedule, increased investment in sports rights and news to drive live viewing and streaming viewing
- + Non-programming costs were up reflecting **£20m of investment** in preparation of ITVX, including data and technology and increased marketing costs
- + Delivered **£8m of cost savings** in H1
- + **2022 outlook:** July is expected to be down 9% and August down 18% compared to the same period in 2021. It is too early to give a detailed forecast for September but for the 9 months to the end of September TAR is expected to be broadly flat. Compared to 2019, TAR for the 9 months is anticipated to be up around 8%

ITV Total Advertising Revenue

Largest categories (Spot and VOD combined)	Q1 YOY % change	Q2 YOY % change	H1 YOY % change
Retail	11%	(9%)	(1%)
Entertainment and Leisure	47%	(20%)	6%
Finance	22%	(16%)	4%
Airlines and Travel	208%	58%	117%
Publishing and Broadcasting	2%	6%	4%
Telecommunications	17%	6%	11%
Food	5%	(7%)	(1%)
Cosmetics and Toiletries	(2%)	17%	7%
Cars and Car Dealers	(21%)	(37%)	(29%)
Government, Charities and Other	(7%)	(30%)	(16%)
Remaining Categories and Sponsorship	14%	0%	6%
Total Advertising Revenue (TAR)	16%	(5%)	5%

H1 2022 M&E KPIs

£176m Digital Revenues up **22%** (2021: £144m)



523m hrs

up **6%**

(2021: 494m hours)

TOTAL STREAMING
HOURS



9.7m

flat year-on-year
(2021: 9.7m)

MONTHLY ACTIVE USERS
(MAUs)



1.45m*

up **16%**

(31/12/21: 1.25m)

TOTAL UK
SUBSCRIBERS



94%

up **1% pt**
year-on-year
(2021: 93%)

SHARE OF TOP 1000
COMMERCIAL BROADCAST
TV PROGRAMMES



33.7%

up **0.1% pts**
(2021: 33.6%)

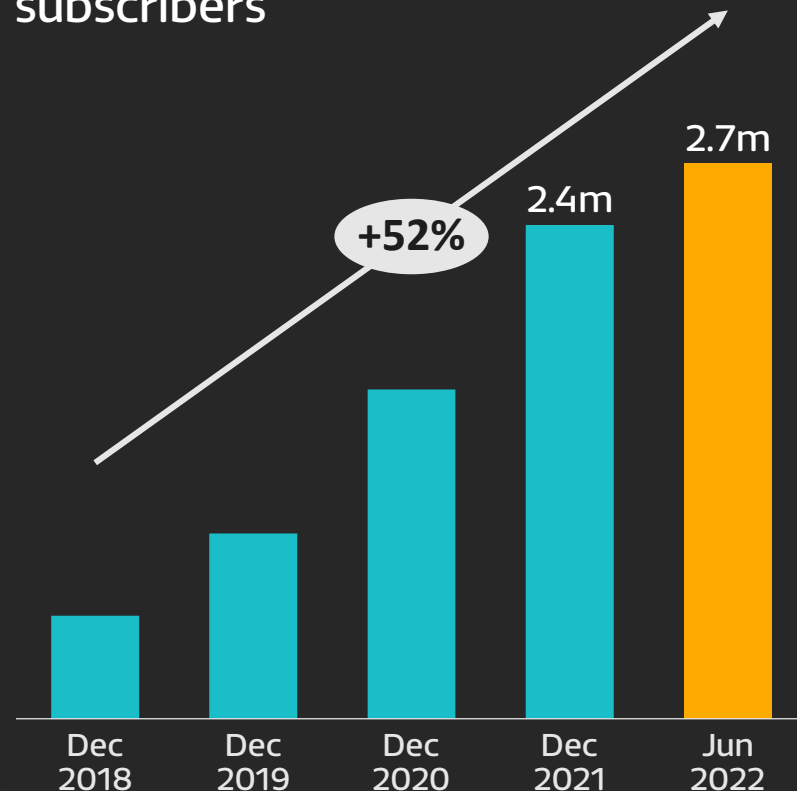
SHARE OF COMMERCIAL
VIEWING

Continued growth in BritBox International

- **Ad-free subscription video-on-demand** streaming service outside UK
- Largest collection of **British boxsets** (original and library) with complementary, niche market positioning alongside the streaming giants
- Now available in 8 countries, following successful launch in Nordics
- Operated as a **50/50 joint venture** between ITV and BBC Studios
- **Target of 10-12m international subscribers by 2030** (excluding UK)



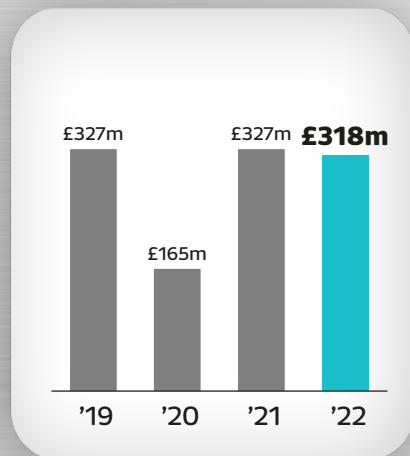
Strong growth in international subscribers



H1 2022 Adjusted and Statutory Results

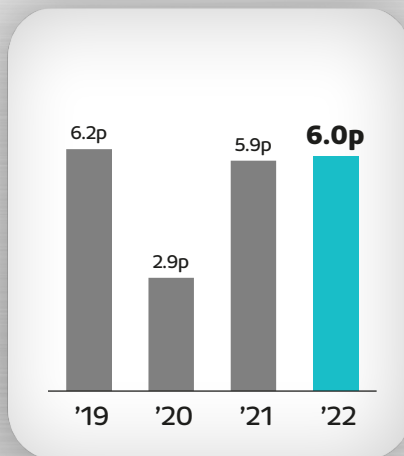
ADJUSTED EBITA

down **3%** vs. 2021



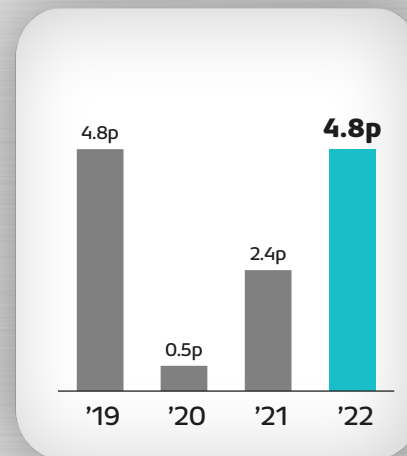
ADJUSTED EPS

up **2%** vs. 2021

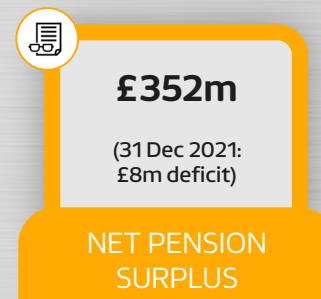
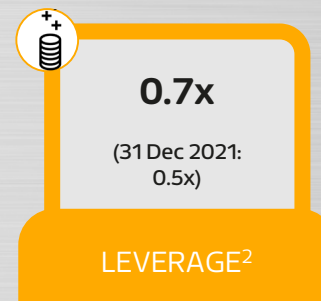


STATUTORY EPS

up **100%** vs. 2021



Robust balance sheet and strong cash flow generation



Disciplined capital allocation framework

1

INVESTMENT:

Invest organically in our key assets and value drivers in line with our strategic priorities

2

**INVESTMENT GRADE
BALANCE SHEET:**

Run an efficient balance sheet and manage our financial metrics appropriately, consistent with our commitment to investment grade metrics over the medium term

3

DIVIDEND POLICY:

Sustain a regular dividend which will grow over time

4

M&A STRATEGY:

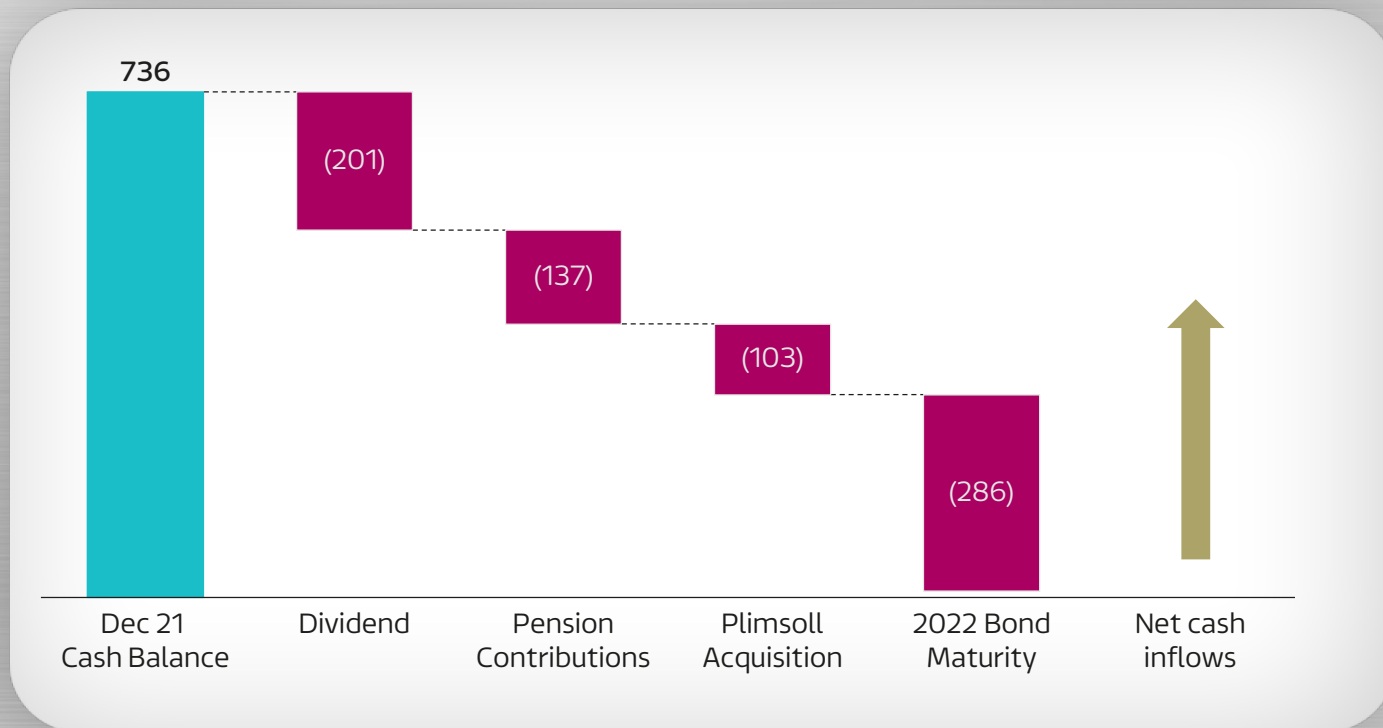
Continue to consider value-creating M&A, against strict financial and strategic criteria

5

SURPLUS CASH:

Any surplus capital will be returned to shareholders

Full year 2022 - Use of Cash



2022 Planning Assumptions – unchanged

Based on current expectations

P&L

Content costs

Estimated to be around **£1.23bn**, including BritBox UK

Non-content Investments

Total investment of **around £55 million in 2022 in M&E**, which includes £25 million in data, tech and streaming for ITVX, £20 million of ITVX launch costs and £10 million in our digital innovations

Cost Savings

Permanent overhead cost savings are expected to be **around £17 million in 2022**. We will deliver around £100 million of annualised permanent overhead cost savings by the end of 2022

Adjusted Interest

Adjusted financing costs are expected to be around **£36 million**

Tax

The adjusted effective tax rate is expected to be **around 20% in 2022**, and then move to **around 25%** over the medium term due to the increase in the UK corporation tax rate from April 2023

Exceptional Items

Exceptional items are expected to be **around £60 million**, mainly due to costs associated with our digital transformation and our London property move

Foreign Exchange

The translation impact of foreign exchange, assuming rates remain at current levels, could have a favourable impact of **around £16 million on revenue and £1 million impact on EBITA**

CASH

Capex

Total capex is expected to be **around £70 million** as we further invest in our digital acceleration

Exceptional Items

The cash cost of exceptionals is expected to be **around £50 million**, largely relating to costs associated with our digital transformation and our London property move

Profit to Cash

Profit to cash conversion is expected to be **around 80%**

Pension

Total pension deficit funding contribution for 2022 will be £137 million which includes an £80 million one-off upfront payment under the existing PFP agreement.

Dividend

For 2022, the Board intends to pay **a full year ordinary dividend of at least 5.0p** which it expects to grow over time

A YEAR ON PLANET EARTH

FOUR SEASONS. ONE WORLD. EPIC STORIES.

Strategic Progress

Carolyn McCall

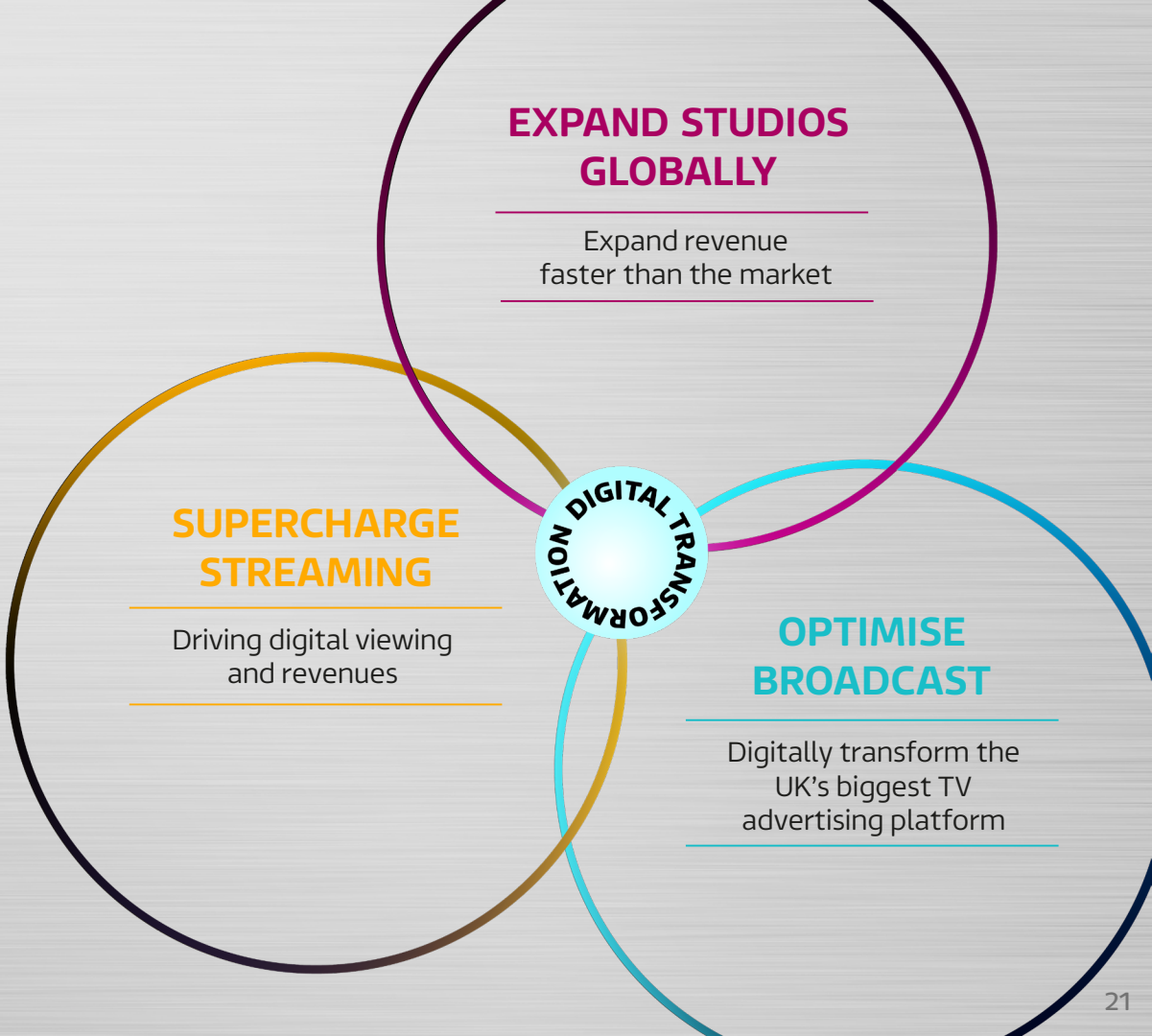
Our Strategic Vision

“A leader in UK streaming and an expanding global force in content”



DIGITAL ACCELERATION

Phase Two of our More
Than TV strategy



Digital transformation is a critical enabler of our strategy

SUPERCARGE
STREAMING

OPTIMISE
BROADCAST

EXPAND STUDIOS
GLOBALLY

Video On Demand



Advertising



Linear addressable

Studios innovation hub

e.g. cloud based editing,
metadata portal,
virtual sets



Data Transformation



Content Supply Chain & Rights Transformation



Content Sales & Licensing
Transformation



Finance & HR Transformation



DIGITAL ACCELERATION

Phase Two of our More
Than TV strategy

EXPAND STUDIOS GLOBALLY

Expand revenue
faster than the market



ITV Studios Strategy, KPIs and Targets

Grow revenues by **at least 5% to 2026**, per annum on average
ahead of the market

13%-15% margin range from 2023

Grow our scripted business

DOUBLE scripted hours to **400 hours** by 2026

Grow our global formats business

EXPAND formats and sell **20 formats** in 3 or
more countries

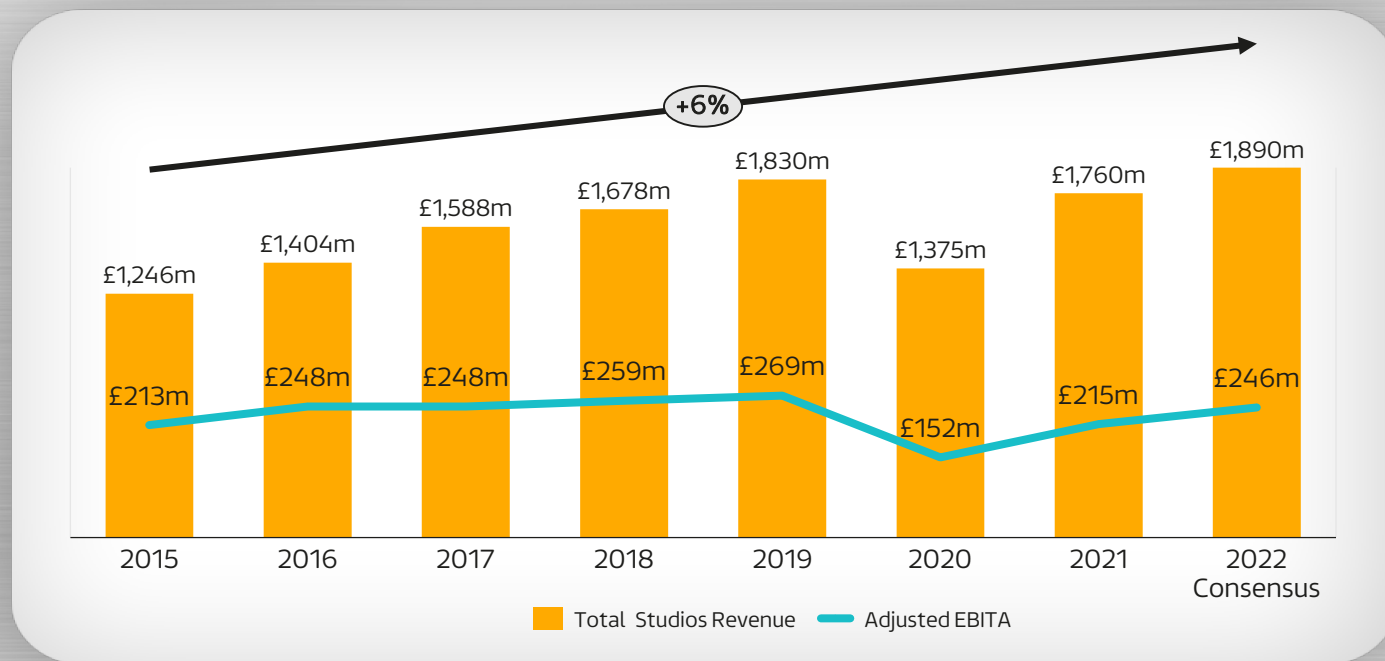
Further diversify our customer base

DOUBLE percentage of total revenues from
streamers to **25%**

Attract and retain leading talent

ITV Studios – delivering consistent revenue growth

ITV Studios has delivered 6% CAGR revenue growth between 2015 to 2022



Scaled, Diversified and Global Studios Business

SCALED



#1 commercial producer in the UK

2nd Largest Format Distributor of the Year worldwide¹

One of largest producers in Europe and one of the largest independent producers in US

DIVERSIFIED



Diversified by genre, geography and customer

90,000+ hours of content

GLOBAL AND RESILIENT



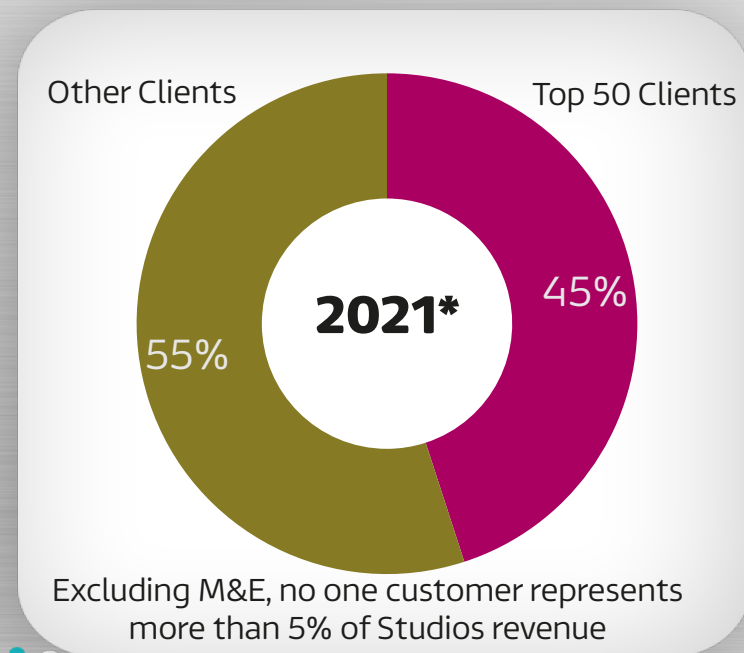
More than 55% of revenues are outside UK

Over 60 labels across 13 countries

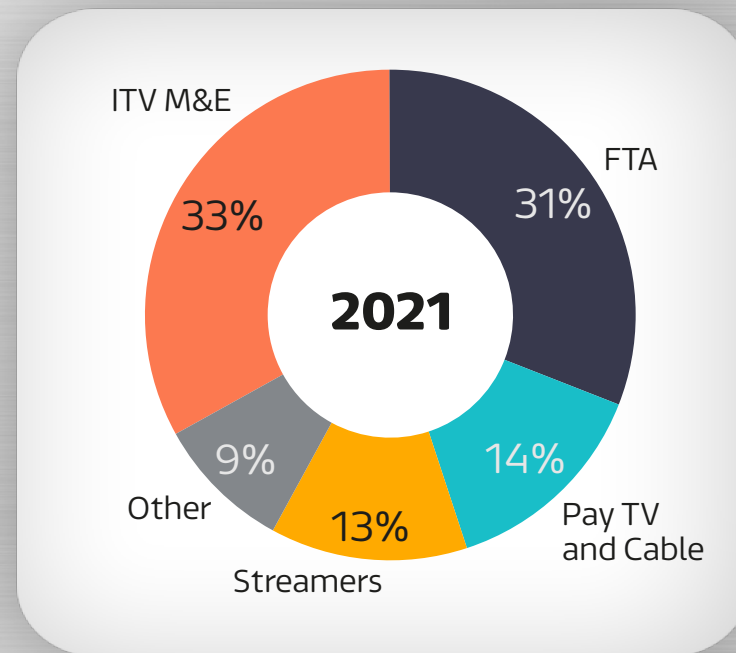
One of the top 3 international producer groups in most of the markets in which we operate

Broad Customer Base

PROPORTION OF REVENUES FROM TOP 50 CLIENTS
(EXCLUDING ITV M&E)

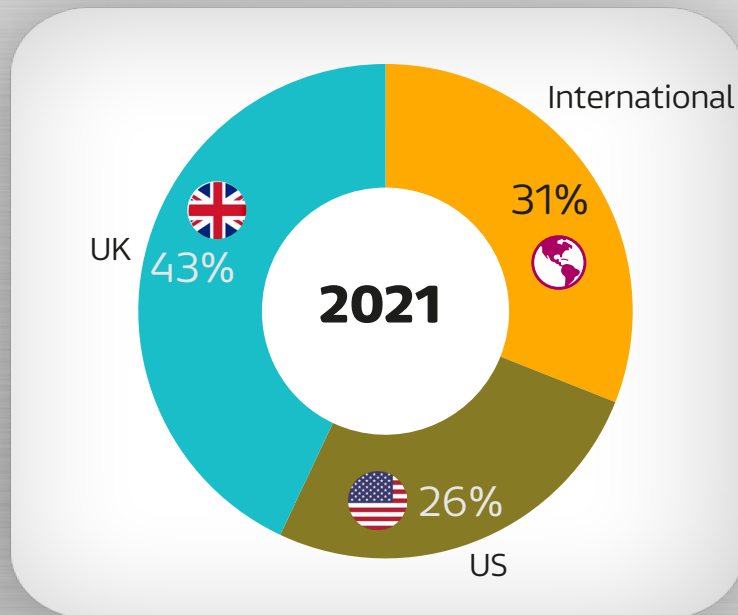


TOTAL REVENUES SPLIT
BY CUSTOMER TYPE

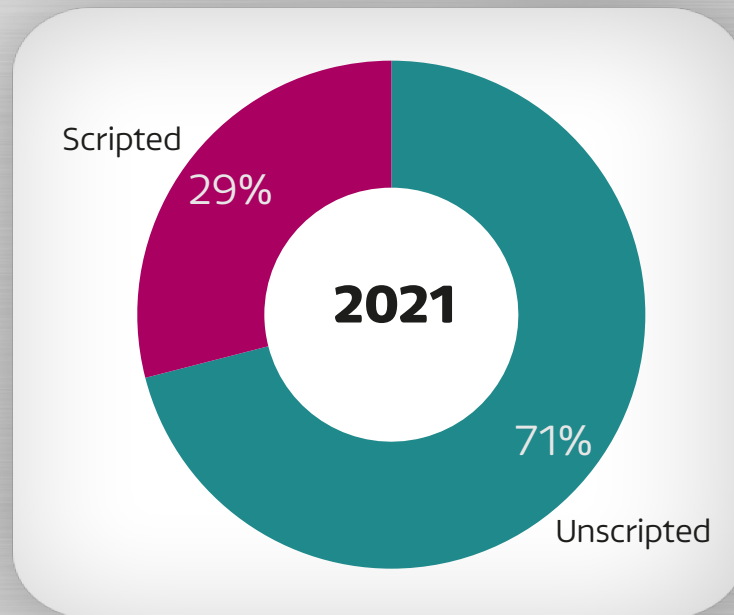


Diversified by geography and by genre

TOTAL REVENUES*
BY LOCATION

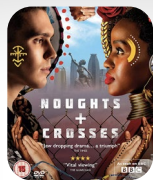


REVENUES* SPLIT
BY GENRE



A strong scripted slate

UK



USA



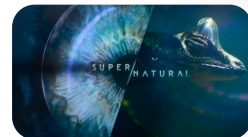
INTERNATIONAL



Growing global unscripted formats













Continuing to attract and retain leading talent



Other recent talent deals and acquisitions since 2019:



ITV Studios KPIs: On track to deliver 2026 targets

		H1 2022 Progress	FY 2026 Targets	On track
	TOTAL REVENUE GROWTH	+16%	Grow by at least 5% on average pa - ahead of the market	
	MARGIN %	13%	13%-15%	
	HIGH END SCRIPTED HOURS	133 hours	400 hours	
	NUMBER OF FORMATS SOLD IN 3 OR MORE COUNTRIES	9 formats	20 formats	
	% OF TOTAL REVENUES FROM STREAMING PLATFORMS	19% of total revenues	25% of total revenues	



DIGITAL ACCELERATION

Phase Two of our More
Than TV strategy

SUPERCHARGE STREAMING

Driving digital viewing
and revenues

Build on our position as
Europe's biggest ad funded
streaming service



OPTIMISE BROADCAST

Digitally transform
the UK's biggest TV
advertising platform

M&E Strategy

Supercharge streaming driving digital viewing and revenues

Optimise broadcast, maintaining USP of delivering mass audiences

MORE THAN DOUBLE digital revenues to at least £750m by 2026

Monthly
active users



Double to 20m
by 2026

Total
Streaming Hours



Double to 2bn
hours by 2026

UK
Subscribers



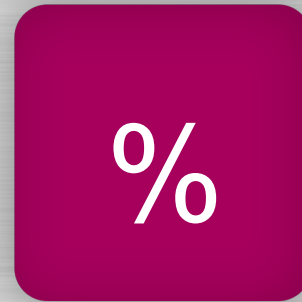
Double to 2.5m
by 2026

Share of Top 1000
Commercial Broadcast
TV Programmes



Maintain a share
of at least 80%

Share of
Commercial Viewing



Maintain at
33%



Cutting edge customer proposition, free to view

FROM:



Catch up service
Less than 2,000 hours of content



Minimal data capability

Legacy platform (3 platforms)

Basic functionality

Static product interface
Passive user experience

TO:



DESTINATION FOR VIEWERS

9,000 hours at launch, available for free

Exclusive weekly premieres

Entire boxsets made available at linear transmission

UK's largest free film library with 250+ films

20+ FAST Channels + 6 LINEAR CHANNELS

Data-driven, personalised, targeted

One integrated streaming platform, free ad-funded with a premium ad-free tier which includes free offering plus additional 6,000 content hours

Advanced, streaming functionality

Modern, intuitive and fresh user experience

ALL FREE TO VIEWERS



ITVX on track to launch in Q4 2022 – progress to date

CONTENT



7,500 of the 9,000 hours of content now available on ITV Hub, up from 4,000 at Dec 2021

Majority of scripted programmes available for streaming in full at same time as initial broadcast

PRODUCT



New features on ITV Hub

- start again
- search improvements
- increased personalisation
- new user experience

DISTRIBUTION



Successfully working with distribution partners

On track to be available in over 90% of streaming households at launch

Underpinned by our strengthening data capabilities

ITVX will deliver value to viewers and advertisers

A DESTINATION FOR VIEWERS



Increased **choice** – 9,000 hours free and additional 6,000 on premium tier

Complete offering including live entertainment, news, original dramas acquisitions and curated FAST channels

Personalised viewing experience

Integrated streaming platform, free ad-funded, with premium subscription tier

A **seamless HD viewing** experience



Driving streaming viewing

VALUABLE AUDIENCES FOR ADVERTISERS



1st party, fully registered users. **Top 3 data set** in UK

Data enabled, fully **addressable audiences at scale**

Delivers **harder-to-reach, younger, lighter viewers**

Drives **incremental reach**

100% viewable, **trusted and brand safe** environment



Driving demand for digital advertising

ITVX will deliver a step change in the volume and value of ad inventory



Allows ITV to **increase reach** and drive a sustainable increase in online inventory to serve growing advertiser demand



Established data and analytics capabilities enables us to offer flexible, dynamic and **targeted solutions and higher value data driven pricing models**



Monetised through **Planet V**, the second largest programmatic video advertising platform in the UK



All of which enables us to double digital revenues to **at least £750 million** by 2026

ITV's competitive strengths in the ad market

1 ADVERTISING: **Best of both worlds**, offering both mass simultaneous reach and targeted advertising, in a brand safe environment across both linear and ITVX



2 CONTENT: Broad range of **very popular content** driving live and streaming viewing. Significant content investment from 2022 to 2026



3 INNOVATION AND TECH: ITVX will be a **fantastic platform for viewers**; Planet V and data capabilities deliver very **attractive products for advertisers**



4 EXPERIENCE: Deep relationships with existing clients and a **proven track record** of building and executing successful strategic partnerships with existing and new clients



Industry developments further reinforce confidence in ITV's Strategy

INDUSTRY DEVELOPMENT

Streamers developing
AVOD layer

Innovative ad tech













UK regulatory framework
review



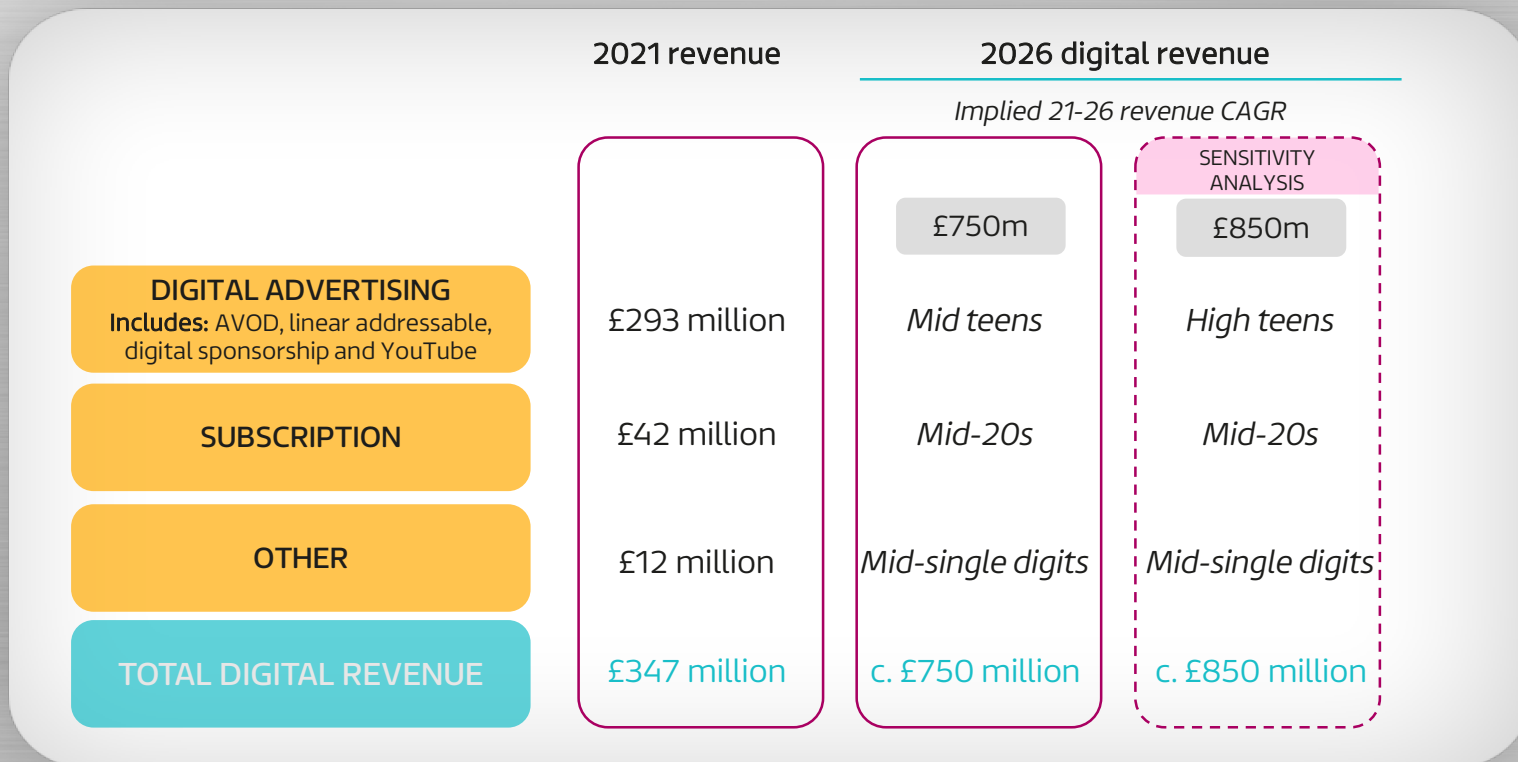
CONFIDENCE IN ITV'S STRATEGY

- Endorses ITV's strategy
 - ITV is advertising-led and has a unique and attractive offering of both mass simultaneous reach and targeted offering on ITVX
 - Streamers will remain subscription led - advertising offering relatively limited
 - ITV delivers scaled ad inventory across a free rather than ad-lite streaming proposition
-
- Planet V, our scaled programmatic addressable advertising platform, is the UK's second-largest, after Google
 - 20,000+ data targeting options and innovative ad products, which we will continually develop
-
- In the recent White Paper and Queen's speech, the Government have set out their intention to update and reform the legal and regulatory framework to ensure PSB's including ITV have prominence, inclusion and fair value for both live and on-demand content

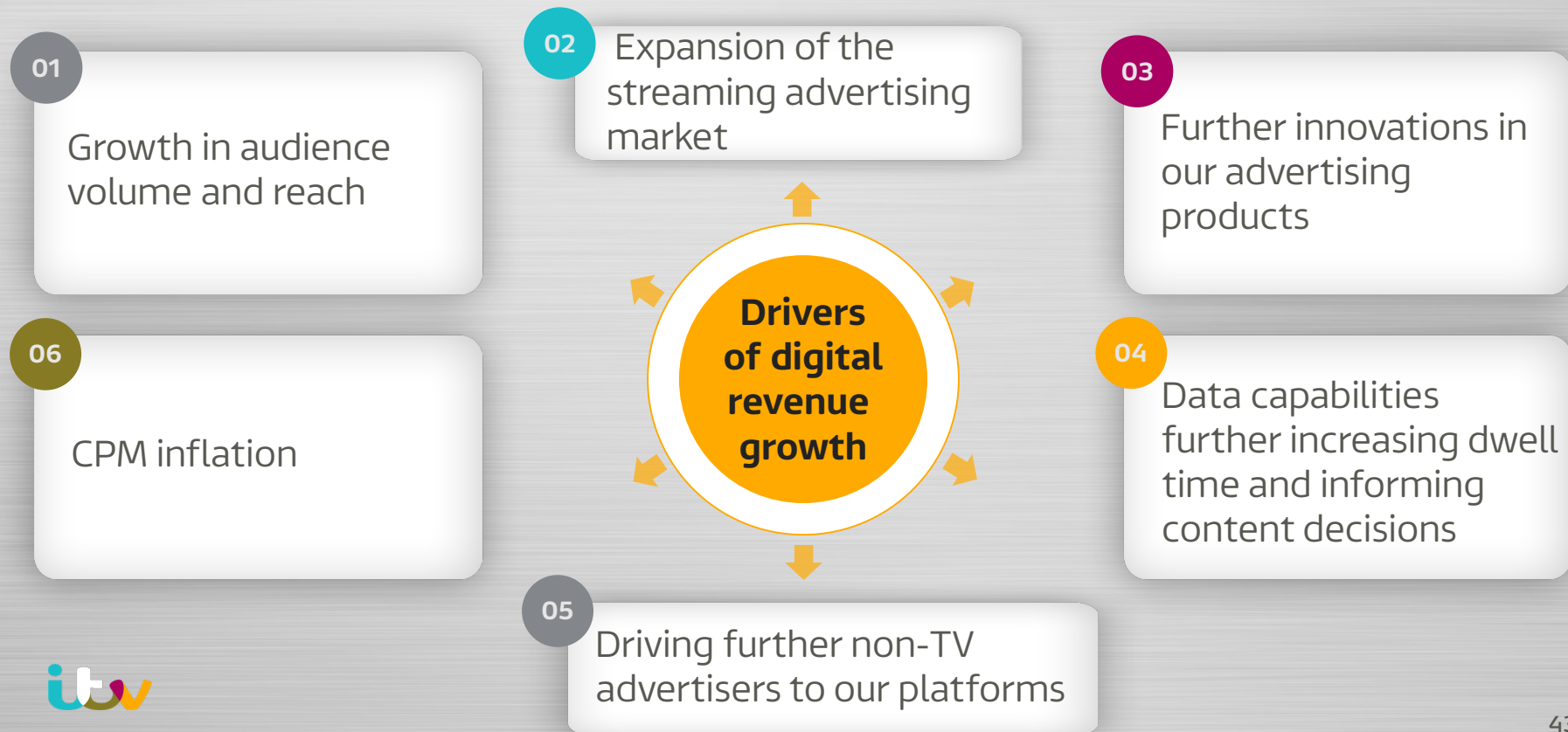
M&E KPIs: On track to deliver our 2026 targets

		H1 2022 Progress	FY 2026 Targets	On track
	DIGITAL REVENUES	£176m	Grow to <i>at least</i> £750m	
	TOTAL STREAMING HOURS	523 million hours	2 billion hours	
	MONTHLY ACTIVE USERS (MAUS)	9.7 million	20 million	
	UK SUBSCRIBERS	1.45 million	2.5 million	
	SHARE OF TOP 1000 COMMERCIAL BROADCAST TV PROGRAMMES	94%	Maintain a share of at least 80%	
	SHARE OF COMMERCIAL VIEWING	33.7%	Maintain at 33%	

Digital revenues will grow to *at least* £750m by 2026

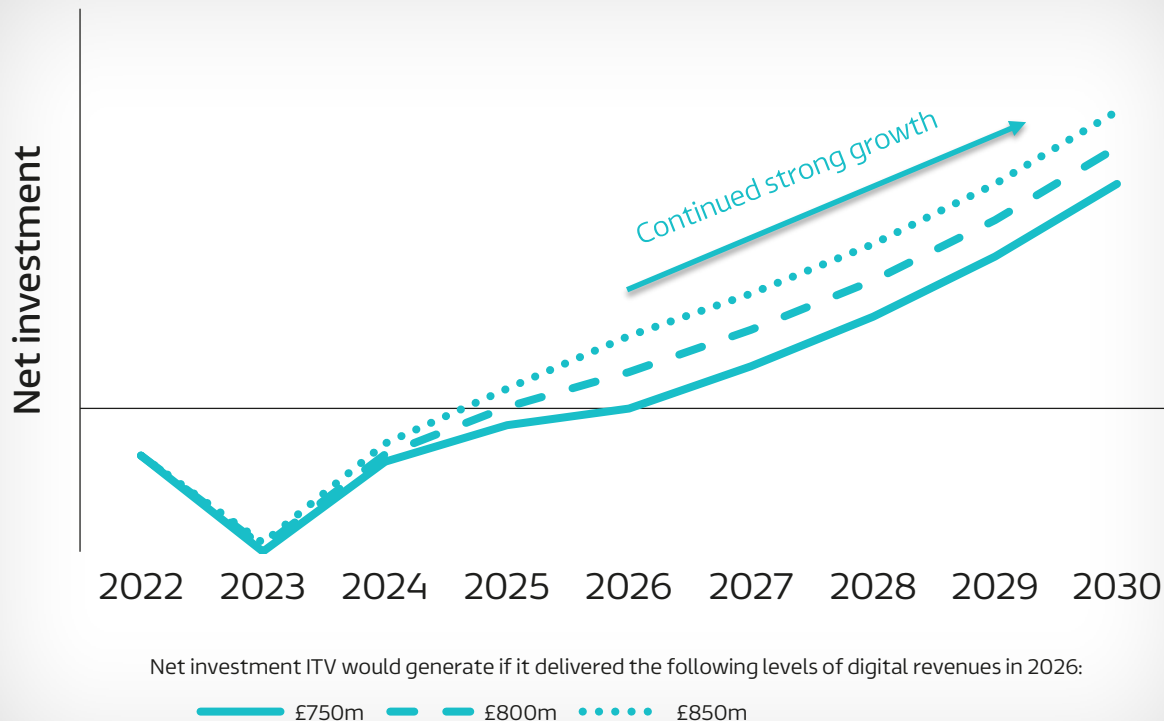


Multiple drivers of digital revenue growth



Delivering attractive returns to shareholders

ITVX Net Investment – Scenario Analysis



- If ITV delivers £750m of digital revenues in 2026, **net investment will be around £350m**, which is less than 10% of content budget over that period. Incremental revenues will cover incremental costs of ITVX by 2026
- If ITV delivers more than £750m of digital revenues in 2026, net investment will be lower and **inflection point will be sooner**
- Beyond 2026, we expect digital revenues to continue to grow strongly, delivering high operational gearing and highly attractive returns to shareholders

ITV's unique integrated-producer broadcaster model strongly positions the group to successfully deliver Phase Two of its *More Than TV* strategy

BENEFITS TO ITV STUDIOS

- ✓ Sustainable base of core commissions
- ✓ Platform for making world-class content famous and powerful promotional engine
- ✓ Attracting and retaining industry leading talent

BENEFITS TO ITV M&E

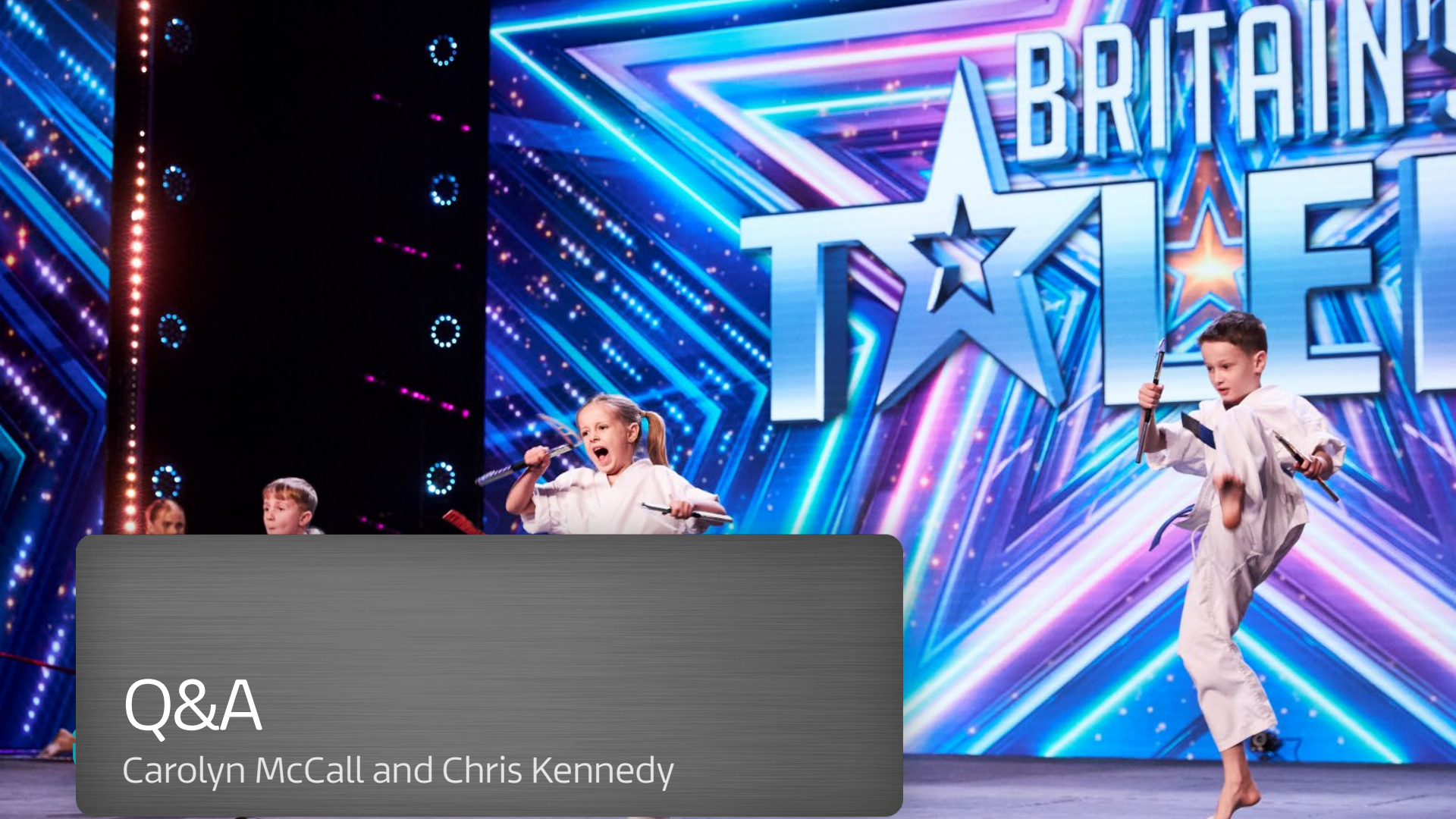
- ✓ Access to world-class content, driving viewing growth across all platforms and channels
- ✓ Cross promotion and multiple monetisation opportunities
- ✓ Partly mitigates content price inflation

BENEFITS TO ITV

- ✓ Unique competitive advantage
- ✓ Growth in M&E and Studios revenues and profits
- ✓ Attractive returns on investment
- ✓ Value creation for ITV shareholders

Outlook

- ITV is well positioned to **deliver Phase 2 of the More Than TV strategy** and **create long-term value for shareholders**
 - **Scaled and diversified global Studios** delivering revenue growth of at least 5% on average to 2026, ahead of the market and a 13%-15% margin in 2023
 - **ITVX will be a leading free ad-funded streaming service** in the UK, growing targeted advertising and digital revenues strongly and delivering attractive returns on investment
 - Optimised linear broadcasting will continue to **deliver valuable mass audiences**
- **On track against all new KPIs** and the launch of ITVX in Q4 2022
- Mindful of the macroeconomic uncertainty and tough Q3 TAR comparators, with Q4 TAR benefitting from the FIFA World Cup
- **Committed to a dividend of at least 5p per annum** which the Board expects to grow over time



Q&A

Carolyn McCall and Chris Kennedy


A woman with blonde hair, wearing a cream-colored two-piece suit with large buttons and black gloves, stands by the sea. She is holding a blue suitcase. The background shows a blue sky with clouds and a distant island.

Appendices

Key Performance Indicators

GROUP		STUDIOS		M&E	
KPI	PERFORMANCE	KPI	PERFORMANCE	KPI	PERFORMANCE
Adjusted EPS	6.0p (2021: 5.9p)	Total Studios Revenue Growth	£927m (2021: £798m)	Total Digital Revenues	£176m (2021: £144m)
Cost Savings	On track to deliver £100m by end of 2022	Studios Adjusted EBITA Margin %	13% (2021: 12%)	UK Subscribers	1.45m (Dec 2021: 1.25m)
Profit to Cash Conversion (12 month rolling)	81% (2021: 72%)	Total High-end Scripted Hours	133 hours (2021: 73 hours)	Total Streaming Hours	523m hours (2021: 494m hours)
		Number of Formats Sold in 3 or More Countries	9 formats (2021: 7 formats)	Monthly Active Users	9.7m (2021: 9.7m)
		% of Total ITV Studios Revenues from Streaming Platforms	19% (2021: 16%)	Share of Commercial Viewing	33.7% (2021: 33.6%)
				Share of Top 1000 Commercial Broadcast TV Programmes	94% (2021: 93%)

M&E Key Performance Indicators Definitions

Digital Revenue	<ul style="list-style-type: none"> Sum of VOD-related advertising, digital sponsorship and partnership revenue, digital innovations and subscription revenue Includes: AVOD and SVOD revenue (BritBox, ITV Hub+, ITVX) Includes: ITV WIN, Linear Addressable, Partnership Revenue, Digital business ventures
Monthly Active Users (MAUs)	<ul style="list-style-type: none"> Monthly number of registered, identifiable users who accessed content on our owned and operated, and syndicated, streaming platforms Excludes: Amazon channels users
Streaming Viewing Hours	<ul style="list-style-type: none"> Total number of hours spent watching ITV across owned and operated, and syndicated, streaming platforms and YouTube UK Includes: on-demand and simulcast Includes: adverts
Subscribers	<ul style="list-style-type: none"> Total subscribers to ITV owned and operated, and syndicated, streaming platforms Includes: free trials
Share of Commercial Viewing	<ul style="list-style-type: none"> % ITV Family viewing of all (ad supported) commercial viewing in the UK Includes: Catch-up for 7 days, TV devices
 Commercial Mass Audiences	<ul style="list-style-type: none"> ITV's proportion of the top 1000 UK commercial broadcast television programmes, by average audience size

Disciplined approach to ITVX investment

Around £350 million of net investment between 2022 to 2026

As previously guided:	2022	2023	2024-26
ITVX Content Spend	£20m	£160m	£160m
Ongoing investment in data and tech capabilities and variable streaming costs (in year)	£25m	£25m	£25m
ITVX one-off launch costs (in year)	£20m	£10m	-
Total incremental ITVX investment	£65m	£195m	£185m

- **£350m net investment** is calculated as the **gross incremental revenue** less the **gross incremental cost** of ITVX from 2022 to 2026
- **Gross incremental revenue** is calculated as the difference between:
 - Total digital revenues we expect to deliver from 2022 to 2026 i.e. from £347m in 2021 to at least £750m in 2026; and
 - Total digital revenue we would have expected to deliver excluding ITVX investment
- **Gross incremental cost** is calculated as the sum of:
 - 2022 and 2023 ITVX investment, as shown on the chart
 - In 2024, 2025 and 2026, assume ITVX investment remains flat at around £185 million per annum which is ongoing content investment of around £160m and ongoing investment in data and tech and variable streaming costs which will be partly offset by additional cost savings previously announced

Financial Highlights

Six months to 30 June	2022 (£m)	2021 (£m)	Change %
ITV Studios	927	798	16
M&E	1,065	1,028	4
Total revenue	1,992	1,826	9
Internal supply	(313)	(278)	(13)
Total external revenue	1,679	1,548	8
ITV Studios adjusted EBITA	124	95	31
M&E adjusted EBITA	194	232	(16)
Group adjusted EBITA¹	318	327	(3)
Group adjusted EBITA margin	19%	21%	
Adjusted EPS	6.0p	5.9p	2
Reported EPS	4.8p	2.4p	100

M&E Content Costs

Six months to 30 June	2022 (£m)	2021 (£m)	Change %
Commissions	309	275	12
Sport	88	84	5
Acquired	11	15	(27)
ITN News and Weather	30	25	20
Total ITV Main Channel	438	399	10
Regional news and non-news	36	34	6
ITV Breakfast	21	21	-
Total ITV inc Regional & Breakfast	495	454	9
ITV2, ITV3, ITV4, ITVBe, CITV	77	68	13
BritBox UK	26	20	30
Other	5	3	67
Total Content Costs	603	545	11

Reconciliation Between 2022 Statutory and Adjusted Earnings

Six months to 30 June	Statutory (£m)	Adjustments (£m)	Adjusted %
EBITA ¹	295	23	318
Exceptional items (operating)	(31)	31	-
Amortisation and impairment	(36)	23	(13)
Operating Profit	228	77	305
Net financing costs	(17)	5	(12)
Share of profits on JVs and Associates	8	-	8
Profit before tax	219	82	301
Tax	(22)	(36)	(58)
Profit after tax	197	46	243
Non-controlling interests	(4)	-	(4)
Earnings	193	46	239
Shares (million), weighted average ²	4,009	-	4,009
Basic EPS	4.8p	-	6.0p
Diluted EPS²	4.8p	-	5.9p

Reconciliation Between 2021 Statutory and Adjusted Earnings

Six months to 30 June	Statutory (£m)	Adjustments (£m)	Adjusted %
EBITA ¹	316	11	327
Exceptional items (operating)	(130)	130	-
Amortisation and impairment	(30)	19	(11)
Operating Profit	156	160	316
Net financing costs	(27)	8	(19)
Share of profits on JVs and Associates	4	-	4
Profit before tax	133	168	301
Tax	(32)	(28)	(60)
Profit after tax	101	140	241
Non-controlling interests	(3)	-	(3)
Earnings	98	140	238
Shares (million), weighted average ²	4,005	-	4,005
Basic EPS	2.4p	-	5.9p
Diluted EPS²	2.4p	-	5.9p

Acquisitions – between 2012 and 2022

Company	Initial consideration (£m)	Additional consideration paid (£m)	Expected future payments ¹ (£m)	Total expected consideration ² (£m)	Expected payment dates ³
Total for acquisitions between 2012-2022	959	479	82	1,520	2022-2026

Financing Costs

Six months to 30 June	2022 (£m)	2021 (£m)
€335m Eurobond at 2.125% coupon Sept 22	(3)	(3)
€259m Eurobond at 2% coupon Dec 23	(2)	(2)
€600m Eurobond at 1.375% coupon Sept 26 ¹	(8)	(8)
£500m Revolving Credit Facility	-	-
Financing costs directly attributable to bonds and loans	(13)	(13)
Cash-related net financing costs	1	(6)
Amortisation of bonds and gilts	-	-
Adjusted financing costs	(12)	(19)
Exceptional interest	-	(6)
Other net financial losses and unrealised foreign exchange	(5)	(2)
Net financing costs	(17)	(27)

P&L Tax Charge and Cash Tax

Six months to 30 June	2022 (£m)	2021 (£m)
Profit before tax	219	133
Production tax credits	23	11
Exceptional items (excluding exceptional finance costs)	31	130
Amortisation and impairments ¹	23	19
Adjustments to net financing costs	5	8
Adjusted profit before tax	301	301
Tax charge	(22)	(32)
Production tax credits	(23)	(11)
Charge for exceptional items	(4)	(4)
Charge in respect of amortisation and impairments ¹	(5)	(4)
Charge in respect of adjustments to net financing costs	(1)	(2)
Other tax adjustments	(3)	(7)
Adjusted tax charge	(58)	(60)
Effective tax rate on adjusted profits	19%	20%
Total adjusted cash tax paid (including receipt of production tax credits)²	(45)	(47)

Analysis of Net Debt

30 June	2022 (£m)	2021 (£m)
£500m Revolving Credit Facility ¹	-	-
€335m (previously €600m) Eurobond	(288)	(287)
€259m (previously €500m) Eurobond	(223)	(222)
€600m Eurobond	(543)	(549)
Other debt	(18)	(19)
IFRS 16 lease liabilities	(118)	(94)
Gross cash ²	575	704
Reported net debt	(615)	(467)
30 June	2022 (£m)	2021 (£m)
Gross cash ²	575	704
Gross debt (including IFRS 16 lease liabilities)	(1,190)	(1,171)
Reported net debt	(615)	(467)

Profit to Cash Conversion and Free Cash Flow

Six months to 30 June	2022 (£m)	2021 (£m)
Adjusted EBITA	318	327
Working capital movement	(103)	(128)
Adjustment for production tax credits	(9)	(5)
Depreciation	26	28
Share-based compensation	6	3
Acquisition of property, plant and equipment, and intangible assets ¹	(37)	(28)
Lease liability payments (including lease interest)	(16)	(14)
Adjusted cash flow	185	183
Profit to cash ratio six months to 30 June	58%	56%
Profit to cash ration 12-month rolling	81%	72%

Six months to 30 June	2022 (£m)	2021 (£m)
Adjusted cash flow	185	183
Net cash interest paid (excluding lease interest)	(14)	(21)
Adjusted cash tax paid	(45)	(47)
Pension funding	(137)	(44)
Free cash flow	(11)	71

Total Exceptional Items

Six months to 30 June	2022 (£m)	2021 (£m)	Change (£m)
Acquisition-related expenses	(1)	(110)	109
Restructuring, transformation and property costs	(24)	(5)	(19)
Sports rights impairment	-	2	(2)
Transponder onerous contracts	-	(16)	16
Pension costs	(4)	-	(4)
Other	(2)	(1)	(1)
Total Operating Exceptional Items	(31)	(130)	99
Exceptional finance costs	-	(6)	6
Total Exceptional Items	(31)	(136)	105

Reported Net Debt tracker

