

ITV plc Q1 Trading Update – 3 months to 31 March 2019

Good progress in delivering the strategy; Q1 as expected

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

- Q1 performance as expected
- Making good progress in delivering the strategy
 - On track to launch BritBox in H2 2019
 - Agreed an exclusive license in the UK and Ireland with Amobee which will enable ITV to deliver programmatic addressable advertising on the ITV Hub
- Continued good viewing performance onscreen and online, with ITV Family Share of viewing up 4% and online viewing up 16%
- Total external revenue was down 4% at £743m (2018: £772m), with growth in ITV Studios revenue and 22% growth in VOD revenues offset by the decline in spot advertising impacted by the timing of Easter and economic and political uncertainty
- Total ITV Studios revenue was up 1% at £385m as planned (2018: £382m), with organic revenues at constant currency up 1%
- ITV Broadcast & Online revenue was down 7% at £489m (2018: £526m) with ITV total advertising down 7% as previously guided
- As we guided, the first half of the year will be impacted by the continuing economic and political uncertainty and its effect on the demand for advertising; the absence of the Football World Cup; the planned essential investments; the pre-launch costs of BritBox; and the timing of ITV Studios deliveries. ITV total advertising is expected to be down 6% over the first half
- Over the full year we continue to expect to deliver double digit growth in online revenue and good organic revenue growth in ITV Studios

Carolyn McCall, ITV Chief Executive, said:

“ITV’s performance in the first three months was very much as we expected.

“Viewing has continued to be strong with ITV Family share of viewing up 4% and a 16% increase in viewing hours on the ITV Hub. This reflects the strength and depth of our schedule with highlights such as Manhunt, Cheat, Cleaning Up and The Bay which were the four most watched new dramas so far this year with more than 7m viewers each, and the continued success of the Six Nations and Dancing On Ice. We have an exciting schedule for the remainder of the year including Wild Bill, Beecham House, A Confession, the Rugby World Cup and the return of Love Island.

“ITV Studios delivered 1% growth in organic revenues. We remain confident that we will deliver good organic revenue growth in ITV Studios over the full year and have already secured over £120m more revenue for 2019 than at the same time last year. We have a solid slate of new and returning programmes in the UK and internationally including Snowpiercer, World On Fire, Line of Duty – this year’s most watched programme in the UK, Zero Zero Zero, Hell’s Kitchen, Love Island and I’m A Celebrity... Get Me Out Of Here!.

“We are making good progress in delivering the strategy and we expect to launch BritBox in the second half of the year. We have also concluded an agreement with a leading ad tech provider, Amobee, which will enable us to deliver programmatic addressable advertising around our premium video inventory on the ITV Hub. This means ITV can offer the best of both worlds at scale – mass simultaneous reach across linear channels where we delivered 100% of all commercial audiences over 5m, alongside targeted, data-driven addressable advertising in a brand safe environment on the ITV Hub.

“We remain very focused on delivering in the areas we can control, with our investment and cost saving programmes on track, and we are actively mitigating the factors outside the company’s control. We have a solid balance sheet which enables us to make the right decisions to build a robust and growing business and deliver returns to shareholders in line with our guidance.”

NOTES TO EDITORS

1. Unless otherwise stated, all financial and operating figures refer to the 3 months ended 31 March 2019, with growth compared to the same period in 2018.

2.

Revenue for 3 months ended 31 March (£m)	2019	2018	%
ITV Broadcast & Online	489	526	(7)
ITV Studios	385	382	1
Total revenue	874	908	(4)
Internal supply	(131)	(136)	(4)
Total external revenue	743	772	(4)

Revenue for 3 months ended 31 March (£m)	2019	2018	%
Total advertising revenue	417	448	(7)
Non-advertising revenue	457	460	(1)
Internal supply	(131)	(136)	(4)
Total external revenue	743	772	(4)

3. Total advertising, which includes ITV Family NAR, online VOD and sponsorship, was down 7% over the 3 months to end of March with January up 1%, February down 4% and March down 16%. In April total advertising was up 8% and is forecast to be down 2% in May and down around 20% in June compared to an exceptionally strong June 2018 which was up 22% on the previous year due to the Football World Cup. Total advertising for the four months to the end of April was down 3%. Figures for ITV plc are based on ITV estimates and current forecasts.

4. Operational summary

Broadcast & Online performance indicators	2019	2018	%
ITV Total viewing – 3 months to 31 March (hrs)	4.4bn	4.5bn	(3%)
ITV Family SOV – 3 months to 31 March (%)	24.0	23.0	4%
Long form online viewing – 3 months to 31 March (hrs)	96.8m	83.6m	16%
ITV Hub registered users – 3 months to 31 March	28.4m	22.0m	29%

- Total viewing is the total number of hours spent watching ITV channels live, recorded broadcast channels within 28 days, third party VOD platforms, total ITV Hub, and managed YouTube channels.
- 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 in 2018, ITVBe, CITV, ITV Breakfast, CITV Breakfast and associated "HD" and "+1" channels. All viewing on 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 is an individual viewer who has signed up to the ITV Hub. The individual has to have been active within the last 3 years.
- % change for performance indicators is calculated on unrounded numbers.

- Total Studios organic revenue at constant currency was up 1% at £384m for the first 3 months of 2019. The favourable translation impact of foreign exchange on revenue was £1m over that period. Our definition of constant currency assumes exchange rates remain consistent with 2018. The translation impact of foreign exchange, assuming rates remain at current levels, could unfavourably impact revenues by around £20m and adjusted EBITA by £3m to £5m over the full year.
- Net debt at 31 March 2019 was £981m (31 December 2018: £927m).
- The net pension deficit of the defined benefit schemes at 31 March 2019 was £133m (31 December 2018: £38m). The increase in the deficit was driven by the decrease in the discount rate driven by the fall in corporate bond yields.
- Amobee is the world's leading independent advertising platform. Its platform provides end-to-end campaign planning, management and optimisation across TV, digital and social media. Amobee is a wholly owned subsidiary of Singtel, one of the largest communications technology companies in the world, which reaches more than 675 million mobile subscribers. The company operates across North America, Europe, Middle East, Asia and Australia.
- 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) significant change in regulation or legislation, (ii) the impact of a financial crisis or macroeconomic change, (iii) a faster than expected shift towards non-linear viewing, (iv) a major deterioration in the current outlook for UK advertising and consumer demand, (v) failure to identify and obtain, or significant loss of, optimal programme rights.
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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