Half Year Results 2012

ITV Transformation Plan delivers double digit revenue and profit growth

Agenda

▪ Strategic and operating review	Adam Crozier
▪ Financial review	Ian Griffiths
▪ Outlook	Adam Crozier
▪ Q&A	

H1 2012 Financial Highlights – ITV Transformation Plan delivers double digit revenue and profit growth

External revenue	▪ Up 10% to £1,130m
NAR	▪ Up 3% to £765m
Non-NAR	▪ Increased by £106m or 26% to £514m
Earnings	▪ EBITA up 10% to £265m ▪ Adjusted PBT up 15% to £235m ▪ Adjusted EPS up 15% to 4.7p
Cash	▪ Profit to cash conversion of 101% ▪ Positive net cash of £92m
Dividend	▪ Interim dividend of 0.8p

Committed to delivering the five year Transformation Plan through our four strategic priorities

1. Create a lean, creatively dynamic and fit for purpose organisation
2. Maximise audience and revenue share from existing free-to-air broadcast business
3. Drive new revenue streams by exploiting our content across multiple platforms, free and pay
4. Build a strong international content business

A lean ITV that can create world class content, executed across multiple platforms and sold around the world

Priority 1: create a lean, creatively dynamic and fit-for-purpose organisation

Relentless focus on cash and costs	• On track to deliver £20m cost savings in 2012 • Strong profit to cash conversion over 100%
Investing to build new revenue streams and rebalance ITV	• Non-NAR growth of £106m as we continue to rebalance revenues • Investment of £25m in content, technology and online in 2012
Driving value from the integrated producer broadcaster model	• Investing in people to strengthen collaborative creative process • Increasing ITV Studios' share of ITV1 output
Strong and more efficient balance sheet	▪ £275m of bond buybacks in H1 ▪ Net cash positive of £92m
Improved financial performance	• Strong revenue and EPS growth continues into 3rd year of plan
Dividend growth in excess of earnings	• Dividend of 0.8p (2011: 0.4p)

Priority 2: maximising audience and revenue share from existing FTA business

Outperforming the television advertising market	• ITV NAR up 3% vs. market up 2%*
Improving on-screen performance to hold ITV family share of viewing	• ITV Family SOV down 1% - ITV1 down 3% and digital channels up 5% • ITV2 and 3 remain largest digital channels • ITV4 SOV growing fast up 8%
Exploiting ITV's position as UK's strongest marketing platform: **- Unrivalled commercial reach of ITV1** **- Targeted demographics of ITV 2,3,4**	• 98% of all commercial programmes with audiences over 5m on ITV1 • Brand defining content on digital channels delivering key audiences
Delivering creative and innovative ideas to strengthen advertiser relationships	• Evolving our commercial strategy - Shazam partnership - Innovative VOD advertising formats

* ITV estimate of TV ad market

Priority 3: Drive new revenue streams by exploiting our content across multiple platforms

Driving strong growth in online audiences and revenues	• Improved reliability and distribution of ITV Player • Long form video requests up 20% driven by mobile • Online, pay and interactive revenues up 24% to £47m
Exploiting our original and archive content on new fast growing platforms	• ITV Player available on Samsung connected televisions • YouView launched • 5m downloads of ITV Player app and introduced simulcast
Developing pay services through ITV Player and other third party margin enhancing content deals	• ITV Pay Player consumer trials complete • First year of revenues from archive deals with Netflix, LoveFilm and Sky
Deepening consumer engagement with key programme brands	• Launched online News site (2.7m unique browsers in June) • Launched online Sports site with Euro 2012 (2.5m unique browsers in June) • 4m contactable email addresses/20 million Facebook 'likes'

Priority 4: build a strong international content business

Strong revenue growth as we exploit demand for quality content driven by growth of platforms and Broadcasters de-risking schedules	• Strong revenue growth up 34% • Double digit revenue growth across all divisions
Investing in creative talent and programme development	• Key appointment in Entertainment • Investment in developing and piloting new programmes
Innovative and creative content pipeline with formats that return	• 61 new commissions and 61 recommissions • Growing share of ITVS output on ITV1

Cohesive international network ensuring creative formats travel	• Producing programmes that travel
	    • 8 programmes are now produced ≥3 countries (2011: 4)
	    • International pilots

Increasingly scaled distribution business to effectively exploit content globally	• Distribution revenue up 25% driven by Titanic and Prime Suspect • Mr Selfridge pre sold to US, Australia, Sweden and Israel • 3rd party distrib. deals, e.g. Rectify (AMC), Online content deal in China with JOY.CN • Come Dine with Me most screened format in 2011 in Europe

Building on our strength with selective investments and partnerships in the UK and internationally	• Increasing network strength in key territories and genres
	    • Mediacircus
	    • Delivering growth via partnerships/JV's, e.g. Reshet, The Garden

Half Year Results 2012 - Financial Summary
Ian Griffiths

H1 2012 Financial Highlights – ITV Transformation Plan delivers double digit revenue and profit growth

External revenue	▪ Up 10% to £1,130m
NAR	▪ Up 3% to £765m
Non-NAR	▪ Increased by £106m or 26% to £514m
Earnings	▪ EBITA up 10% to £265m ▪ Adjusted PBT up 15% to £235m ▪ Adjusted EPS up 15% to 4.7p
Cash	▪ Profit to cash conversion of 101% ▪ Positive net cash of £92m
Dividend	▪ Interim dividend of 0.8p

Revenue – double digit growth driven by Non-NAR revenue

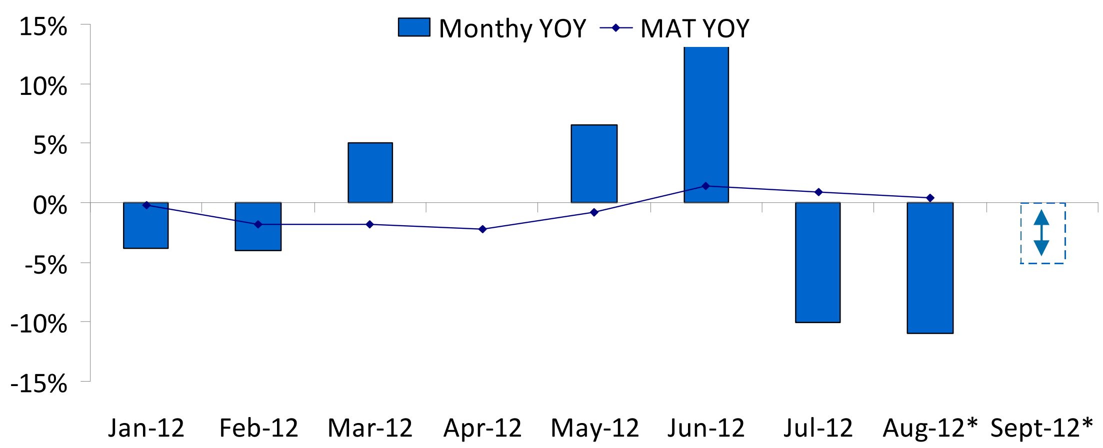
£m	2012	2011	Change
Broadcasting & Online	924	887	4%
ITV Studios	355	264	34%
Total revenue	**1,279**	**1,151**	**11%**
Internal supply	(149)	(124)	(20)%
Total External Revenue	**1,130**	**1,027**	**10%**

£m	2012	2011	Change
ITV Family NAR	765	743	3%
Non-NAR revenue	514	408	26%
Internal Supply	(149)	(124)	(20)%
Total External Revenue	**1,130**	**1,027**	**10%**

- Good total revenue growth up 11%
- Non-NAR revenue increased by £106m or 26% with both businesses contributing
- ITV Studios growing strongly, especially international
- Rebalancing revenues as advertising grows

NAR – volatile by month and across categories but overall it is still broadly flat

Monthly ITV Family NAR & MAT

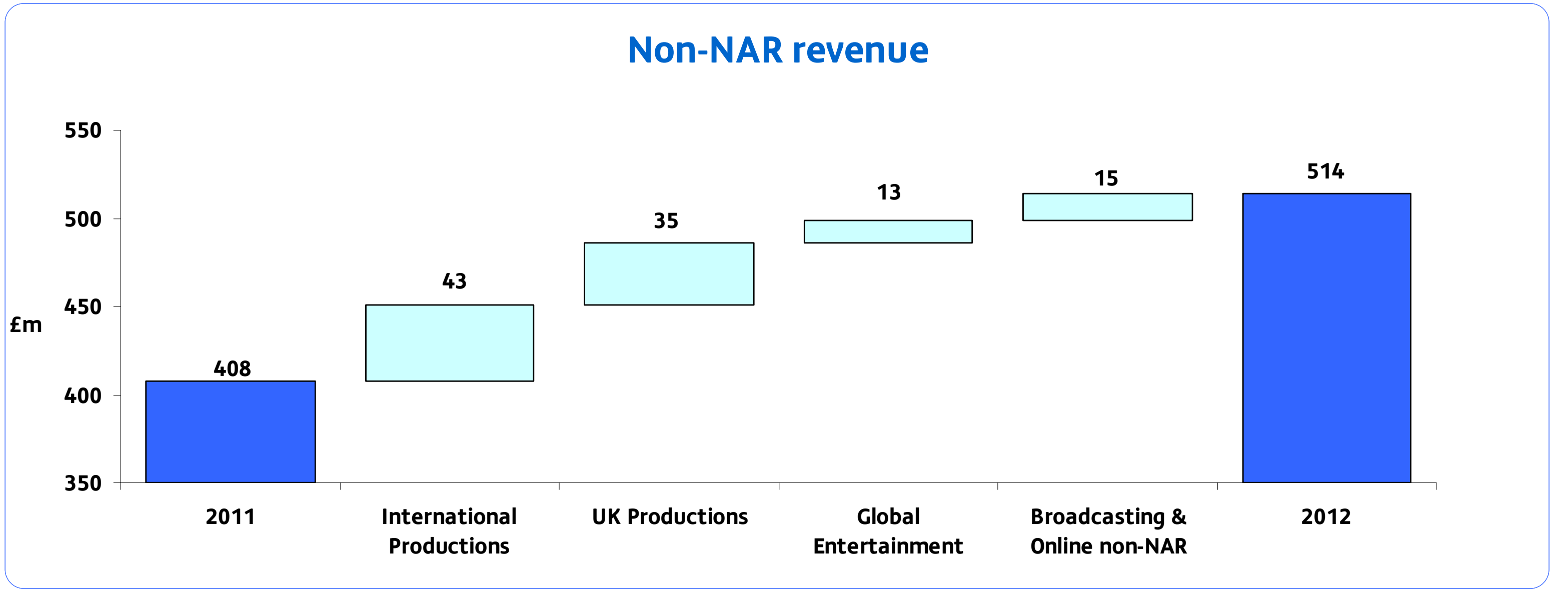


Category	2012 H1 (£m)	% change
Retail	141	-9%
Finance	90	28%
Food	76	4%
Entertainment & Leisure	72	15%
Cosmetics & Toiletries	59	3%
Telecommunications	45	16%
Cars and Car Dealers	45	11%
Airlines Travel and Holidays	37	-
Publishing and Broadcasting	30	-17%
Pharmaceuticals	29	-3%

- Underlying trend remains broadly flat
- Significant monthly volatility
- And large swings within key advertising categories
- Strong growth in male targeted advertising, helped by Euros
  - Finance
  - Entertainment
  - Telecommunications
  - Cars and Car Dealers
- Retail impacted by grocers, fashion and department stores

NOTE: Monthly ITV NAR figures based on total ITV Family advertising and category data based on ITV Sold
* ITV estimates

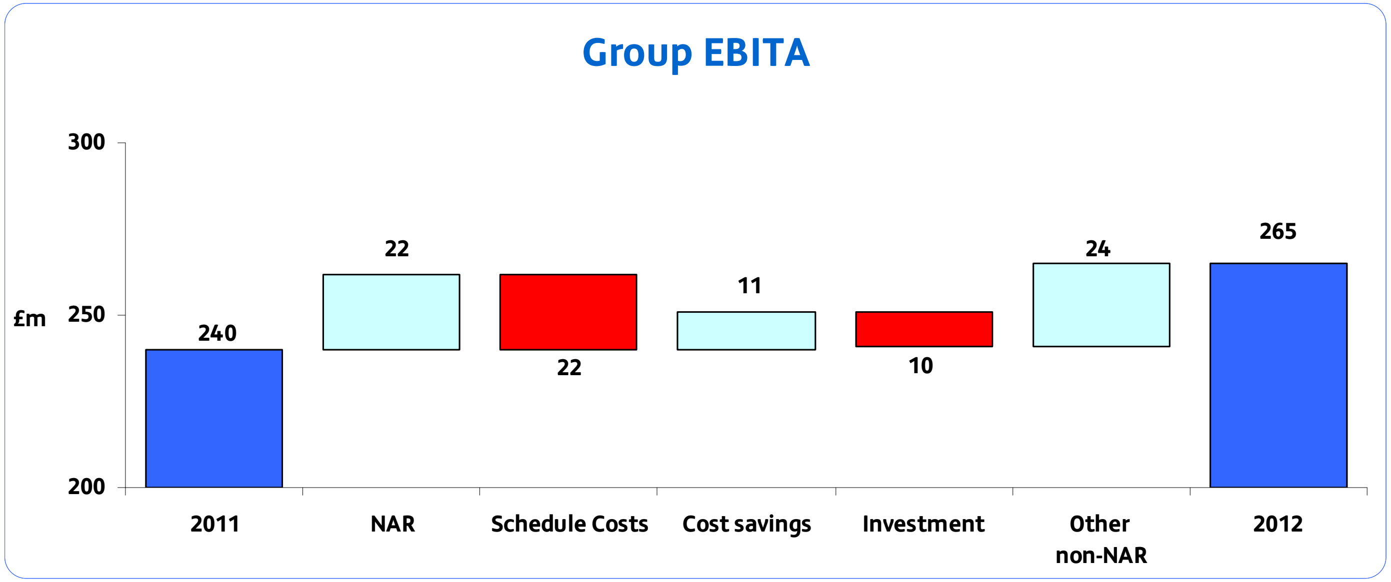
Total non-NAR Revenue – delivering non-NAR revenue growth in line with the strategy



- International - strong underlying growth and phasing benefit from Hells Kitchen US
- UK includes ITV Breakfast
- Good growth on and off ITV
- Global Entertainment revenues include Titanic and Prime Suspect international sales
- Broadcasting & Online non-NAR growth driven by Online, Pay and Interactive
- Strong VOD revenue driven by increased views
- Archive and HD deals adding to growth

Group EBITA – growth in revenue and tight cost control increases profitability

£m	2012	2011	Change
Broadcasting & Online	215	202	6%
ITV Studios	50	38	32%
Total EBITA before exceptional items	**265**	**240**	**10%**



- NAR growth falls to bottom line
- Schedule cost increase due to sports phasing
- £11m cost savings delivered – on track for £20m for full year
- Cost savings fund investment priorities
- Good margins for Studios revenues
- Profits from non-NAR revenues, particularly Studios and Online, Pay and Interactive

Broadcasting & Online – new revenues support profit growth

£m	2012	2011	Change
ITV NAR	**765**	**743**	**3%**
SDN external revenue	31	29	7%
Online, pay & interactive	47	38	24%
Other commercial income	81	77	5%
Broadcasting & Online non-NAR Revenue	**159**	**144**	**10%**
Total Broadcasting & Online Revenue	**924**	**887**	**4%**
Schedule costs	(507)	(485)	(5)%
Other costs	(202)	(200)	(1)%
Total EBITA before exceptional items	**215**	**202**	**6%**

- 3% NAR, ahead of TV ad market
- Non-NAR revenue growth, mainly from online, pay & interactive
- Other costs broadly flat as savings fund investment

ITV Studios – 34% revenue growth as the improved pipeline starts to deliver

£m	2012	2011	Change
UK Productions	181	146	24%
International Productions	108	65	66%
Global Entertainment	66	53	25%
Total Revenue	**355**	**264**	**34%**
Total Studio costs	(305)	(226)	(35)%
Total EBITA before exceptional items	**50**	**38**	**32%**

£m	2012	2011	Change
Internal Supply from ITVS to ITV Broadcast	149	124	20%
External Revenue	206	140	47%
Total Revenue	**355**	**264**	**34%**

- Strong revenue growth with some phasing benefits
- UK growth includes ITV Breakfast
- UK growth excluding Breakfast is up 12%
- International driven by US and Australia
- Studios’ costs increase with activity
- Good conversion from revenue to profit with cost savings slightly higher than investments

Adjusted Results – good profit growth and lower interest improve overall earnings

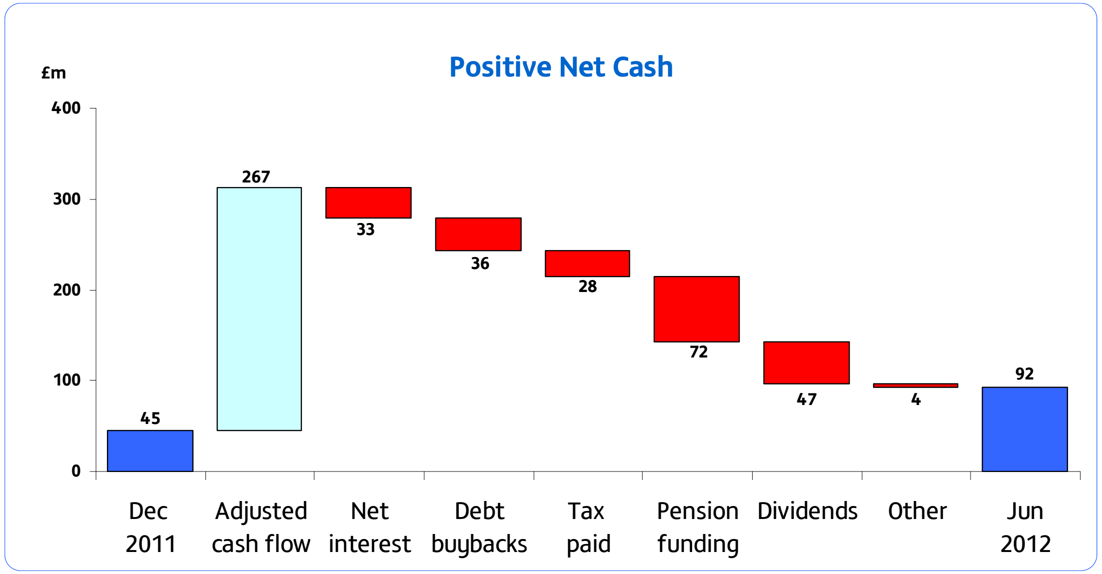
£m	2012	2011	Change
Total external revenue	**1,130**	**1,027**	**103**
EBITA before exceptional items	**265**	**240**	**25**
Associates and JVs	-	(1)	1
Internally generated amortisation	(5)	(7)	2
Financing costs	(25)	(28)	3
Profit before tax	**235**	**204**	**31**
Tax	(54)	(46)	(8)
Earnings	**181**	**158**	**23**
Adjusted EPS (p)	**4.7p**	**4.1p**	**0.6p**
Dividend (p)	**0.8p**	**0.4p**	**0.4p**

Diluted Adjusted EPS (p)	4.5p	3.9p	0.6p
Statutory EPS (p)	3.2p	3.5p	(0.3)p

- Margins held even with investment
- Good flow through of revenue to profit growth
- Finance costs helped by prior year buybacks
- Tax rate of 23%
- Delivering double digit EPS growth
- Statutory EPS impacted by exceptional loss of £36m from bond buyback

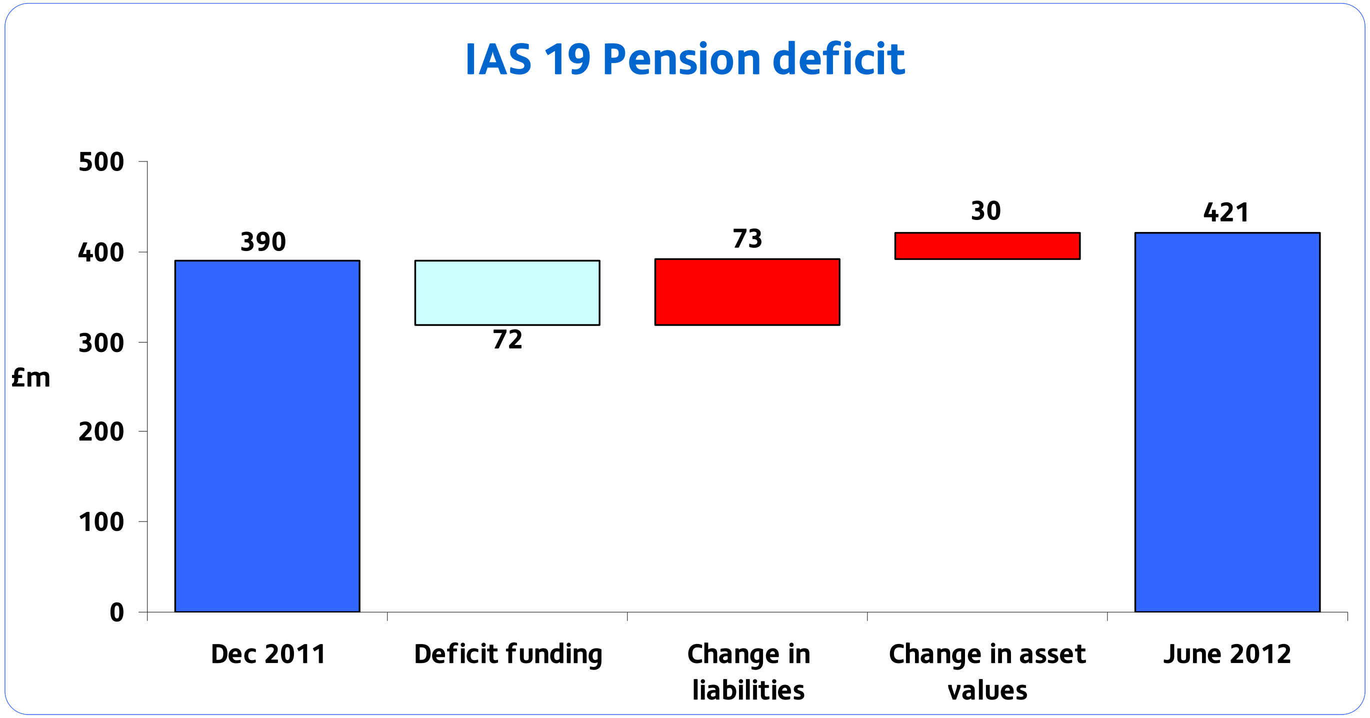
Profit to cash conversion – continued focus delivers strong profit to cash conversion

£m	2012	2011
EBITA before exceptional items	265	240
Working capital movement	15	26
Share based compensation	5	7
Capex – Tangible and Intangible Assets	(31)	(13)
Depreciation	13	12
Adjusted cash flow	**267**	**272**
Profit to cash ratio – 6 month basis	**101%**	**113%**
Profit to cash ratio – 12 month basis	**96%**	**112%**



- Strong profit to cash conversion continues to be a priority
- £92m net cash even after significant one offs
- Capex increase as a result of investment in technology and move to MediaCity
- £275m of bond buybacks, further reduces gross debt – interest benefits start in H2
- £937m of gross debt bought back since 2009
- New £250m bank facility maintains flexibility
- Continuing to improve debt profile – total repayments of less than £100m over the next four years

Pension deficit - IAS 19 and new funding deficit agreed



- IAS 19 deficit of £421m impacted by decrease in discount rate
- Funding deficit of £587m agreed following full valuation of all sections as at 1 January 2011
- Deficit funding contributions for main section agreed to repay pension deficit over 15 years
- Funding contributions continue to be a mixture of fixed and variable

2012 Full Year Planning assumptions – an update

NPB	▪ Total ITV Family programme spend remains ~ £1bn
Cost savings	▪ On track to deliver cost savings of £20m over full year
Investments	▪ Incremental investments of around £25m in line with previous guidance
Interest	▪ Adjusted interest charge will be £6m lower due to the net impact of the bond buy-back and the RCF
Tax	▪ Effective tax rate consistent with prior years in the range of 22-24%
Capex	▪ Capex will remain in £70-£80m range previously announced ▪ Higher capex will impact profit to cash conversion

Half Year Results 2012 – Summary and Outlook
Adam Crozier

Short term outlook

- Nine months to end of September ITV Family NAR expected to be broadly flat
- Cautious outlook for TV advertising market for the remainder of 2012
- Expect to outperform the TV ad market for the full year
- ITV Studios on track to grow revenues in 2012 at similar rate to 2011

Creating growth, delivering value

- One ITV
- Building momentum behind a clear Transformation Plan as we rebalance ITV
- ITV channels, platforms and programmes at the heart of UK popular culture
- Strengthening our position as the UK's most powerful marketing platform
- Strong revenue growth in ITV Studios as we exploit UK & international demand for quality content
- New revenue streams being built across multiple platforms
- Robust balance sheet from which to invest and grow
- Focus on driving further growth and shareholder returns

Appendices

Reported Numbers

£m	2012	2011	Change
Revenue	1,130	1,027	103
EBITA before exceptional items	265	240	25
Amortisation	(28)	(31)	3
Exceptional items (total)	2	2	-
Associates and JVs	-	(1)	1
Profit before interest and tax	239	210	29
Net financing costs*	(72)	(29)	(43)
Profit before tax	167	181	(14)
Tax	(44)	(46)	2
Profit for the year	123	135	(12)
Earnings per share	3.2p	3.5p	(0.3)p

* Includes £36 million exceptional cost relating to the recent bond buybacks

Broadcasting Schedule Costs

£m	2012	2011	Change
Commissions	244	255	(11)
Sport	118	78	40
Acquired	20	28	(8)
ITN news and weather	22	23	(1)
Total ITV1	404	384	20
Regional News and non-news	33	34	(1)
ITV Breakfast	20	16	4
Total ITV1 inc regional & Breakfast	457	434	23
ITV2, ITV3, ITV4, CITV	50	51	(1)
Total schedule costs	**507**	**485**	**22**

P&L Tax charge and tax cash on a statutory basis

£m	2012	2011
Current year tax expense	(21)	(42)
Deferred tax charge	(23)	(2)
Prior year adjustments	-	(2)
P&L tax charge	(44)	(46)
Cash paid on account	(28)	(41)
Total cash paid	**(28)**	**(41)**

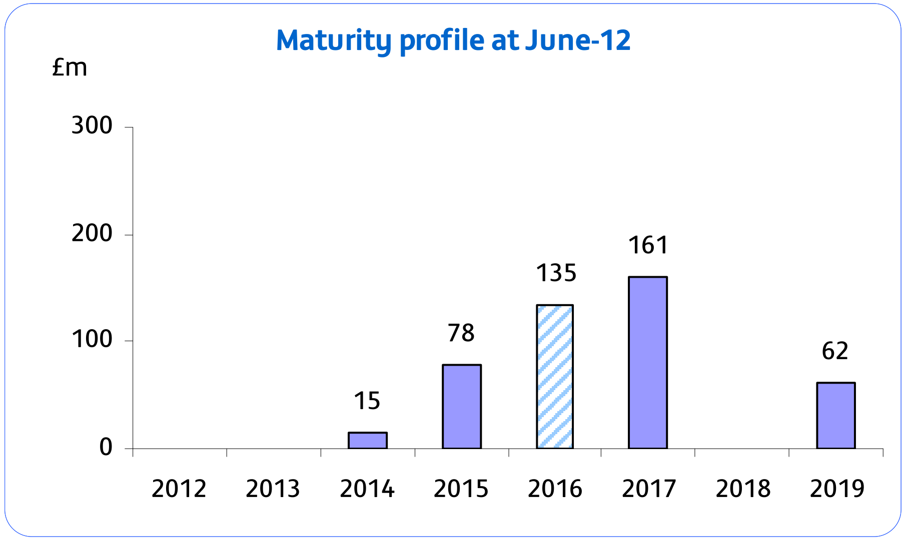
Financing Costs

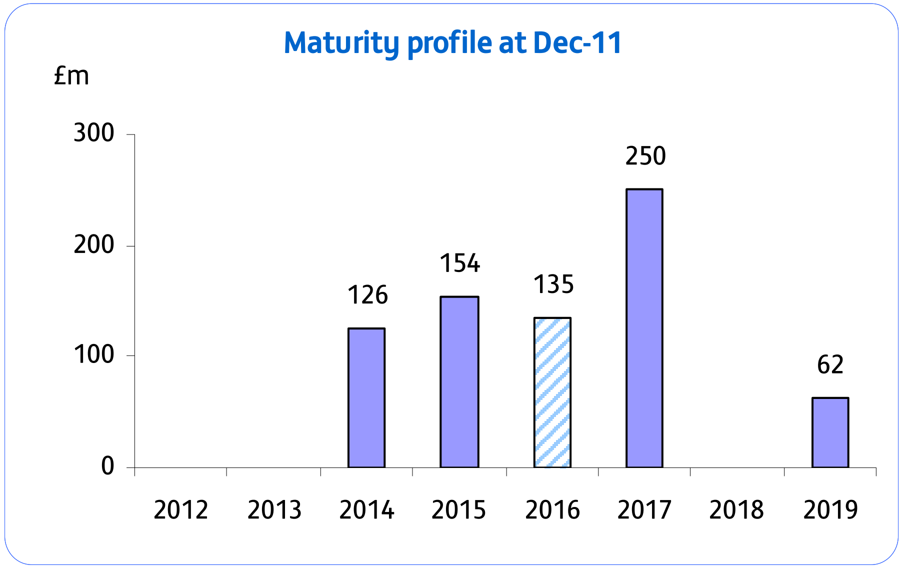
£m	2012	2011
€54m Eurobond at 6% Coupon Oct 11 (repaid)	-	1
£110m Eurobond at LIBOR +2.7% Mar 13 (repaid)	-	(2)
€50m Eurobond at 10% Coupon Jun 14 (€138m repaid in H1)	(6)	(7)
£78m Eurobond at 5.375% Coupon Oct 15 (£75m repaid in H1)	(1)	(6)
£135m Convertible Bond at 4% Coupon Nov 16	(3)	(3)
£161m Eurobond at 7.375% Coupon Jan 17 (£89m repaid in H1)	(8)	(7)
£200m Loan at 13.55% less £138m nominal Gilts at 8.0% Mar 19	(6)	(1)
Financing costs directly attributable to bonds and loans	**(24)**	**(25)**
Other	3	5
Cash-related financing costs	**(21)**	**(20)**
Non-cash movements		
Amortisation of bonds	(4)	(8)
Adjusted net financing costs	**(25)**	**(28)**
Mark-to-Market on bonds and swaps	(7)	3
Imputed pension interest	(4)	(3)
Losses on buybacks	(36)	(3)
Other net financing income	-	2
Statutory net financing costs	**(72)**	**(29)**

Analysis of Net Cash

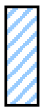
£m	June 2012	Dec 2011
€50m Jun 14 (€138m repaid in H1)	(14)	(118)
£78m Oct 15 (£75m repaid in H1)	(78)	(153)
£135m Convertible Nov 16	(132)	(132)
£161m Jan 17 (£89m repaid in H1)	(167)	(261)
£200m Mar 19	(200)	(200)
Finance Leases	(48)	(55)
Amortised cost adjustment	8	13
£138m Gilts Mar 19	146	147
Cash and cash equivalents	577	801
Net cash	**92**	**45**

Positive net cash – stronger and more efficient balance sheet





£m	Jun 2012	Dec 2011
Cash and cash equivalents	577	801
Debt	(485)	(756)
Net cash	**92**	**45**


= convertible bond

Pension Contributions – 15 year plan

Section A:

The fixed payments to the main section of the scheme will be as follows:

- 2013 & 2014: £35 million plus an additional £5 million if there are no initiatives in the previous year which reduce the scheme deficit by at least £10 million, compared with the level had such initiatives not been implemented. This has not changed from the previous funding plan;
- 2015 to 2019: £48 million rising by £0.5 million per annum to £50 million in 2019;
- 2020 to 2025: £50 million per annum but reduced by performance criteria set out below.

The performance related payments to the main section of the scheme will be as follows:

- During the period 2012 to 2020 if our reported EBITA before exceptional items exceed £300 million, we will contribute an amount representing 10% of EBITA before exceptional items over the threshold level, subject to an annual cap for total contributions which averages to £70 million per annum over the period 2015-2020. If the additional profit-related contributions are paid at the expected rate then the £50 million per annum fixed contributions scheduled to be paid between 2021 and 2025 (inclusive) would not be required.

In addition to the agreed deficit funding contributions above, the SDN partnership established in 2010 provides an annual distribution of £11 million to this section of the Scheme from 2013 to 2021 (£10 million in 2012).

Section B and C:

Following completion of actuarial valuations of Sections B and C as at 1 January 2011 we have agreed with the Trustee to make deficit funding contributions of £5.5 million per annum in order to eliminate the deficits in these sections by 31 March 2021.

Reconciliation between 2012 reported and adjusted earnings

£m	Reported	Adjustments	Adjusted
EBITA before exceptional items	265	-	265
Exceptional items	2	(2)	-
Amortisation and impairment	(28)	23	(5)
Financing costs	(72)	47	(25)
JVs and associates	-	-	-
Profit before tax	**167**	**68**	**235**
Tax	(44)	(10)	(54)
Earnings	**123**	**58**	**181**
Number of shares	3,883		3,883
Earnings per share (p)	**3.2**		**4.7**

Reconciliation between 2011 reported and adjusted earnings

£m	Reported	Adjustments	Adjusted
EBITA before exceptional items	240	-	240
Exceptional items	2	(2)	-
Amortisation and impairment	(31)	24	(7)
Financing costs	(29)	1	(28)
JVs and associates	(1)	-	(1)
Profit before tax	**181**	**23**	**204**
Tax	(46)	-	(46)
Earnings	**135**	**23**	**158**
Number of shares	3,883		3,883
Earnings per share (p)	**3.5**		**4.1**