

13 November 2014

ITV plc Interim Management Statement – 9 months to 30 September 2014

ITV continues to deliver strong growth

- Total external revenues up 8% to £1,803m (2013: £1,664m)
- Broadcast & Online revenues up 7% to £1,432m (2013: £1,342m) driven by 6% growth in NAR and continued strong growth in Online, Pay & Interactive, up 24%
- ITV Studios revenues up 10%, driven by acquisitions
- Non-NAR revenues up 9% to £886m
- On track to deliver £15m of cost savings over the full year
- ITV Family NAR forecast to be up around 5% over the full year, significantly ahead of the market
- Confident of delivering another year of double digit profit growth

Adam Crozier, ITV plc Chief Executive, said:

“We’ve made further strong progress in growing all parts of ITV and we’re on track to deliver another year of double digit profit growth.

Our Broadcast business has performed strongly with advertising revenues up 6% in the first nine months. We expect to be up around 5% over the full year, well ahead of the UK television advertising market and our best outperformance of the market for five years.

We’ve expanded our Broadcast family of channels with the launch of two new channels, ITVBe and ITV Encore, our first pay channel. ITVBe, which made its debut in October, is targeted at a young female audience, a key demographic for our advertisers, and has made an encouraging start in terms of audience share.

While ITV Family Share of Viewing (“SOV”) is not as good as we would like, we remain clearly focused on improving onscreen performance and we expect to outperform the advertising market again next year.

Online, Pay and Interactive again performed strongly, with revenue up 24% in the first nine months. We expect to grow at a similar rate over the full year, helped by new deals with pay platforms and strong demand for VOD viewing, up 24%.

Our ongoing investment in ITV Studios continues to deliver with revenues up 10% over 9 months and full year revenues on track to grow by around £100m on a constant currency basis.

Looking ahead to next year we anticipate continued revenue growth right across the company. We expect Studios to grow revenue by a similar amount to this year driven by the full year benefit of our acquisitions and a return to organic growth fuelled by the global demand for high quality content.

In 2015, our investment in scripted content will begin to deliver value with new UK drama including Jekyll and Hyde, The Trials of Jimmy Rose and Home Fires, and US dramas including Aquarius, Texas Rising and The Good Witch. We’ll also have the benefit of Thunderbirds Are Go! as well as a US version of Saturday Night Takeaway for NBC.

Our Broadcast business will benefit from our ongoing creative investment including a full year of our two new channels and the positive economic and advertising outlook. In 2015 we will focus on improving SOV and we have a strong programme schedule, with new and returning drama including the second series of Broadchurch, as well as the Rugby World Cup. Online, Pay and Interactive is again expected to show double digit growth helped by ITV Encore and the continued demand for VOD advertising.

Based on our performance to date we are confident that as we continue to execute our strategy we will deliver further growth across the business both creatively and commercially, in the UK and internationally. Our cash generation remains strong and, as we move into next year, we will continue to show capital discipline and balance the need to invest for future growth opportunities with increasing returns to our shareholders.”

NOTES TO EDITORS

1. Unless otherwise stated, all financial figures refer to the 9 months ended 30 September 2014, with growth compared to the same period in 2013. All operating figures refer to the latest available period, with growth compared to the same period in 2013.

2.

Revenue for 9 months ended 30 September (£m)	2014	2013	%
ITV Broadcast & Online	1,432	1,342	7%
ITV Studios	609	555	10%
Total revenue	2,041	1,897	8%
Internal supply	(238)	(233)	2%
Total external revenue	1,803	1,664	8%

Revenue for 9 months ended 30 September (£m)	2014	2013	%
ITV Family NAR	1,155	1,087	6%
Non-NAR revenue	886	810	9%
Internal supply	(238)	(233)	2%
Total external revenue	1,803	1,664	8%

3. ITV Family NAR was up 4% in Q3 2014 and up 2% in October 2014. ITV Family NAR is forecast to be up 1% in November 2014 and 1% – 3% in December 2014, equating to 1% – 2% overall for Q4 2014. These revenues are pure NAR and exclude the benefit of sponsorship revenue.

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

4. Operational summary

Broadcast & Online performance indicators	2014	2013	%
ITV Family SOV – 10 months to 31 October	21.8%	23.0%	(5)%
ITV SOV – 10 months to 31 October	15.4%	16.1%	(4)%
ITV Family SOCI – 10 months to 31 October	36.1%	38.4%	(6)%
ITV SOCI – 10 months to 31 October	24.8%	26.4%	(6)%
ITV adult impacts – 10 months to 31 October	178bn	196bn	(9)%
Total long form video requests (all platforms) – 9 months to 30 September	497m	401m	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 across all platforms are based on data from ComScore Digital Analytix, Virgin, BT, iTunes, Amazon Prime Instant Video, Netflix, Sky, 3UK and Hospedia and include simulcast.

5. Studios revenues would have been £22m higher on a constant currency basis. If rates stay broadly similar, the full year foreign exchange impact on Studios revenues and EBITA will be around £30m and £6m - £8m respectively. Our definition of constant currency assumes exchange rates remain consistent with 2013.

6. Net debt at 30 September 2014 was £183m (30 June 2014: £201m).

7. The aggregate IAS 19 pension deficit at 30 September 2014 was £456m, up from £362m at 30 June 2014. This primarily reflects a decline in the implied discount rate due to falling corporate bond yields in the quarter, which increased the value of the pension liabilities.

8. Figures presented in this Interim Management 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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