10 November 2016

ITV plc Q3 Trading update – 9 months to 30 September 2016
Rebalanced ITV continues to deliver good revenue growth

Good revenue growth driven by double-digit increase in non-NAR

- Total external revenue up 5% to £2,157m (2015: £2,045m), including currency benefit
- Non-NAR revenue up 15% to £1,252m (2015: £1,085m)
- Total ITV Studios revenue up 18% at £923m (2015: £782m), driven by acquisitions
- Broadcast & Online revenue up 1% at £1,537m (2015: £1,528m), with ITV Family NAR down 1% as expected
- Continued strong growth in Online, Pay & Interactive up 22%

Strong on screen and online performance

- ITV share of viewing up 3% and ITV Family flat
- Online viewing up 49% and long form video requests up 22%

Healthy pipeline of new and returning programmes

- Strong Studios performance across key genres, with
  - scripted programmes such as Victoria, Poldark and The Good Witch all sold to over 100 countries
  - around 60 formats sold internationally including The Voice, Hell's Kitchen, Love Island and This Time Next Year
- 162 new commissions and 139 recommissions across the business which will drive a return to good organic revenue growth in 2017

Outlook for 2016

- In line with previous guidance we expect to deliver
  - double-digit revenue growth in Online, Pay & Interactive, and
  - double-digit revenue and profit growth in ITV Studios driven by acquisitions
- ITV Family NAR forecast to be down around 7% in Q4 and down 3% over the full year, with ITV outperforming the TV ad market
- Expect 2016 full year earnings to be broadly in line with prior year
- We are on track to deliver £25m of overhead cost savings for 2017 as previously announced and due to the absence of a major sporting event next year the NPB will be around £25m lower in 2017
- Strength of our balance sheet and underlying cash flows gives us the flexibility and capacity to continue to invest in the business while at the same time delivering sustainable returns to our shareholders

Adam Crozier, ITV plc Chief Executive, said:

"Our strategy of rebalancing and strengthening ITV continues to deliver with total external revenue up 5%, driven by non advertising revenues up 15%.

ITV Studios delivered double-digit revenue growth, up 18% to £923m. We have a strong content pipeline of new and returning dramas including Victoria, Poldark, Cold Feet, Endeavour, Vera, Thunderbirds, Prime Suspect 1973, Harlots and The Good Witch all selling well internationally. We have sold around 60 formats globally this year including This Time Next Year, The Voice, Five Gold Rings, Hell's Kitchen and Love Island.

Across the Studios business we have secured 162 new commissions and 139 recommissions which will drive a return to good organic revenue growth in 2017. However with increased investment in scripted content and the lumpiness caused by the timing of deliveries of some of our key shows, ITV Studios profits in 2017 are likely to be broadly in line year on year.

On screen and online we continue to perform strongly across our key genres of drama, entertainment, the soaps and sport with share of viewing on the main channel up 3% and for the ITV Family flat. With the continued success of the ITV Hub, viewing of our shows online was up by 49%.

As expected ITV ad revenue for the third quarter was down 4%. In recent weeks the political and economic uncertainty has increased and we are currently seeing more cautious behaviour by advertisers. As a result ITV ad revenue is forecast to be down around 7% in Q4 which means the full year will be down 3% although ITV will again outperform the TV advertising market for 2016. Our strong on screen performance and continued ability to deliver mass audiences gives us the confidence that based upon the deals we have done we will also outperform our estimate of the TV ad market in 2017.

ITV is now a much more balanced and resilient business. Even against the current uncertain economic backdrop we expect 2016 earnings to be broadly in line with last year, driven by the growth in our high margin Online, Pay & Interactive business and our Studios business in the UK and internationally.

We continue our tight control on costs to ensure we are operating as efficiently as possible and maximising investment in our high quality programming. We are on track to deliver £25m of overhead cost savings in 2017 as previously announced and, due to the absence of any major sporting event, the NPB will be £25m lower in 2017 whilst maintaining the strength and depth of our schedule.

We remain committed to our strategy of rebalancing and strengthening ITV and building a global content business of scale and we see clear opportunities to continue to invest for further growth across the business both organically and through acquisitions. The strength of our balance sheet and our underlying cash flows allows us to do so while at the same time delivering sustainable returns to our shareholders."

NOTES TO EDITORS

1. ITV will be holding an investor conference call at 8am GMT. Dial in is +44 (0)1452 555 566, Participant ID: 17121472

2. Unless otherwise stated, all financial figures refer to the 9 months ended 30 September 2016, with growth compared to the same period in 2015. All operating figures refer to the latest available period, with growth compared to the same period in 2015.

3.

Revenue for 9 months ended 30 September (£m)	2016	2015	%
ITV Broadcast & Online	1,537	1,528	1
ITV Studios	923	782	18
Total revenue	**2,460**	**2,310**	**6**
Internal supply	(303)	(265)	14
Total external revenue	**2,157**	**2,045**	**5**

Revenue for 9 months ended 30 September (£m)	2016	2015	%
ITV Family NAR	1,208	1,225	(1)
Non-NAR revenue	1,252	1,085	15
Internal supply	(303)	(265)	14
Total external revenue	**2,157**	**2,045**	**5**

4. ITV Family NAR was down 4% in Q3 as expected and down 11% in October against the Rugby World Cup in 2015. ITV Family NAR is forecast to be down around 6% in November 2016 and down around 4% in December 2016, equating to down around 7% overall for Q4. Over the full year we expect ITV Family NAR for 2016 to be down 3%, with ITV outperforming the TV ad market.

   These revenues are pure NAR, excluding the benefit of sponsorship and online revenue. From March 2016, ITV Family NAR includes advertising revenue from the UTV Channel 3 licence (excluding UTV Ireland). Figures for ITV plc and TV market NAR are based on ITV estimates and current forecasts.

5. Operational summary

Broadcast & Online performance indicators	**2016**	**2015**	**%**
ITV SOV – weeks 1 to 42	15.2	14.8	3
ITV Family SOV – weeks 1 to 42	21.2	21.1	-
ITV adult impacts – weeks 1 to 42	166bn	164bn	1
ITV SOCI – weeks 1 to 42	24.0	23.8	1
ITV Family SOCI – weeks 1 to 42	34.3	34.8	(2)
Long form online viewing – 9 months to 30 September (hrs)	173m	116m	49
Total long form video requests – 9 months to 30 September	746m	613m	22

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. % change for performance indicators is calculated on unrounded figures. Total long form video requests is measured across all platforms, based on data from ComScore Digital Analytix, Virgin, BT, iTunes, 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.

6. Total Studios organic revenue, which excludes our prior year acquisitions as well as foreign exchange movements, was down 9% for the first 9 months of 2016. There has been good growth in UK production with the decline driven predominantly by ITV America which has been impacted by the lumpy nature of programme deliveries. The strength of our pipeline of new and returning dramas will drive a return to good organic revenue growth in 2017 although with increased investment in scripted content and the lumpiness caused by the timing of deliveries of some of our key shows, ITV Studios profits in 2017 are likely to be broadly in line year on year, assuming current exchange rates continue through 2017.

7. Total Studios revenues would have been £33m lower on a constant currency basis. Our definition of constant currency assumes exchange rates remain consistent with 2015. The translation impact of foreign exchange if rates stay as they currently are, could be £88m more revenue and £16m more profit over the full year.

8. Exceptional items are expected to be around £130m in 2016. This is largely as a result of the treatment of employment linked consideration for our acquisitions, primarily Talpa, which is included within statutory EPS, but excluded from adjusted EPS as in our view it is part of capital consideration. Total exceptional items has increased from our previous guidance as it includes our estimate of the impact of foreign exchange rates on euro and dollar denominated employment linked consideration and the one-off costs incurred in relation to delivering our £25m targeted overhead cost savings for 2017. We are currently consulting on the closure of our defined benefit pension scheme which may result in an exceptional cost at the full year.

9. The Board's dividend policy which we set 3 years ago is to deliver at least 20% growth in the full year ordinary dividend to 2016 to achieve a more normal dividend cover of between 2.0 and 2.5x adjusted earnings per share. At the half year we declared a 2.4p interim dividend which at roughly a third of the full year is inline with this policy.

10. Net debt at 30 September 2016 was £796m (30 June 2016: £796m). Our balance sheet strength, together with our strong free cash flow, enables us to continue to invest in opportunities to grow the business and make sustainable returns to shareholders.

    To preserve our financial flexibility we have over £1bn of facilities in place, of which £850m is undrawn. We will continue to look at ways to improve the efficiency and maturity profile of our debt.

11. The aggregate IAS 19 deficit of the defined benefit schemes at 30 September 2016 was £367 million (30 June 2016: £64m and 31 December 2015: £176m). The deficit has increased due to the significant increase in pension liabilities as a result of falling corporate bond yields.

    At 30 June 2016 the increase in pension liabilities as a result of falling corporate bond yields were largely offset by substantial gains in asset values as a result of ITV's significant holdings in long-dated UK gilts. Since then the credit spread between UK Gilts and corporate bond yields has narrowed as corporate bond yields have fallen relatively further.

    The IAS 19 valuation does not impact the deficit funding contribution which was agreed following the actuarial valuation. The last actuarial valuation was undertaken in 2014 and on the basis adopted by the Trustee, the combined deficits as at 1 January 2014 amounted to £540 million and is estimated to be at a broadly similar level today. Following completion of that valuation, the Group agreed to make deficit funding contributions in order to eliminate the deficits in each section. From 2016 ITV will pay deficit funding contributions of around £80 million per year, a £10 million reduction on 2015. The next actuarial valuation is due as at 1st January 2017.

12. 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.

For further enquiries please contact:

Investor Relations

Pippa Foulds +44 20 7157 6555 or +44 7778 031097

Media Relations

Mary Fagan +44 20 7157 3965 or +44 7736 786448
Mike Large +44 20 7157 3021 or +44 7768 261528