12 May 2016

ITV plc Q1 Trading update – 3 months to 31 March 2016

ITV delivers continued revenue growth

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

- Total external revenue up 14% to £755m (2015: £665m)
- Broadcast & Online revenue up 2% to £539m (2015: £530m), with ITV Family NAR flat and continued strong growth in Online, Pay & Interactive up 17%
- Total ITV Studios revenue up 44% at £322m (2015: £224m), driven by acquisitions
- ITV share of viewing up 3% and ITV Family share of viewing up 1%
- Non-NAR revenues up 34% to £428m (2015: £319m)
- Expect to deliver good group profit growth in H1
- ITV Family NAR forecast to be broadly flat in H1, ahead of the market
- On track for double digit revenue growth in Online, Pay & Interactive and double digit revenue and profit growth in ITV Studios over the full year

Adam Crozier, ITV plc Chief Executive, said:

We've had a good start to 2016 as our strategy of growing and rebalancing the business continues to deliver.

Total revenues grew 14% to £755m in Q1 with non advertising revenue up 34% to £428m, fuelled by further strong growth in ITV Studios up 44% and in Online Pay & Interactive up 17%.

ITV Studios performed strongly in Q1 with our acquisitions coming through. We have a healthy pipeline of new and returning programmes, including Victoria, Cold Feet, The Voice and Alone, which gives us confidence for the full year and into 2017.

The traditional UK television market is robust with overall viewing and impact volumes up. Our Broadcast business remains strong with ITV main channel share of viewing up 3% in the first four months of the year while our online viewing consumption grew by 22% year on year.

ITV is now a much stronger and more diverse business and we expect to deliver good profit growth in H1. This is against the backdrop of uncertainty in the UK advertising market, which we have experienced since the debate over Brexit began, and significantly higher share of our programme spend in the first six months. We anticipate ITV Family NAR in H1 to be broadly flat and ahead of the market.

For the full year we expect ITV Studios to deliver double digit revenue and profit growth driven by recent acquisitions, although as ever its performance will be lumpy across the year. Online, Pay & Interactive is on track for double digit revenue growth and we expect to outperform the UK television advertising market.

The strength of our cash generation and financial position gives us the flexibility to continue to deliver further growth across the business both organically and through acquisitions and partnerships.

NOTES TO EDITORS

1. Unless otherwise stated, all financial figures refer to the 3 months ended 31 March 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.

2.

Revenue for 3 months ended 31 March (£m)	2016	2015	%
ITV Broadcast & Online	539	530	2
ITV Studios	322	224	44
Total revenue	**861**	**754**	**14**
Internal supply	(106)	(89)	19
Total external revenue	**755**	**665**	**14**

Revenue for 3 months ended 31 March (£m)	2016	2015	%
ITV Family NAR	433	435	-
Non-NAR revenue	428	319	34
Internal supply	(106)	(89)	19
Total external revenue	**755**	**665**	**14**

3. ITV Family NAR was flat in Q1, down 13% in April and is forecast to be flat in May and up around 15% in June. 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.

4. Operational summary

Broadcast & Online performance indicators	2016	2015	%
ITV SOV – weeks 1 to 17	15.3%	14.8%	3
ITV Family SOV – weeks 1 to 17	21.2%	21.0%	1
ITV adult impacts – weeks 1 to 17	72bn	70bn	4
ITV SOCI – weeks 1 to 17	24.2%	24.1%	-
ITV Family SOCI – weeks 1 to 17	34.4%	35.1%	(2)
Long form video consumption – 3 months to 31 March (hrs)	46m	38m	22
Total long form video requests – 3 months to 31 March	204m	225m	(9)

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 Prime Instant Video and Sky and include simulcast. Long form video consumption is the total number of hours ITV VOD content is viewed on ad funded platforms, based on data from ComScore Digital Analytix.

5. Studios organic growth at constant currency was 2% in the first quarter.

6. Total Studios revenues would have been £4m lower in the first quarter 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 £55m more revenue and £10m more profit over the full year.

7. Net debt at 31 March 2016 was £317m (31 December 2015: £319m).

8. The aggregate IAS 19 deficit of the defined benefit schemes at 31 March 2016 was £204 million (31 December 2015: £176 million). The increase is largely due to a reduction in corporate bond yields which increased the pension liabilities, partially offset by increases in pension scheme assets and deficit contributions of £17 million.

9. 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.

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