



ITV plc

Transformation Plan gathers momentum

- Phase 1 of the delivery of the Transformation Plan is on track Adam Crozier
- 2010 performance builds stronger foundations for growth Adam Crozier
- Outlook for 2011 Adam Crozier
- Detailed 2010 financial review Ian Griffiths
- Summary Adam Crozier
- Q&A

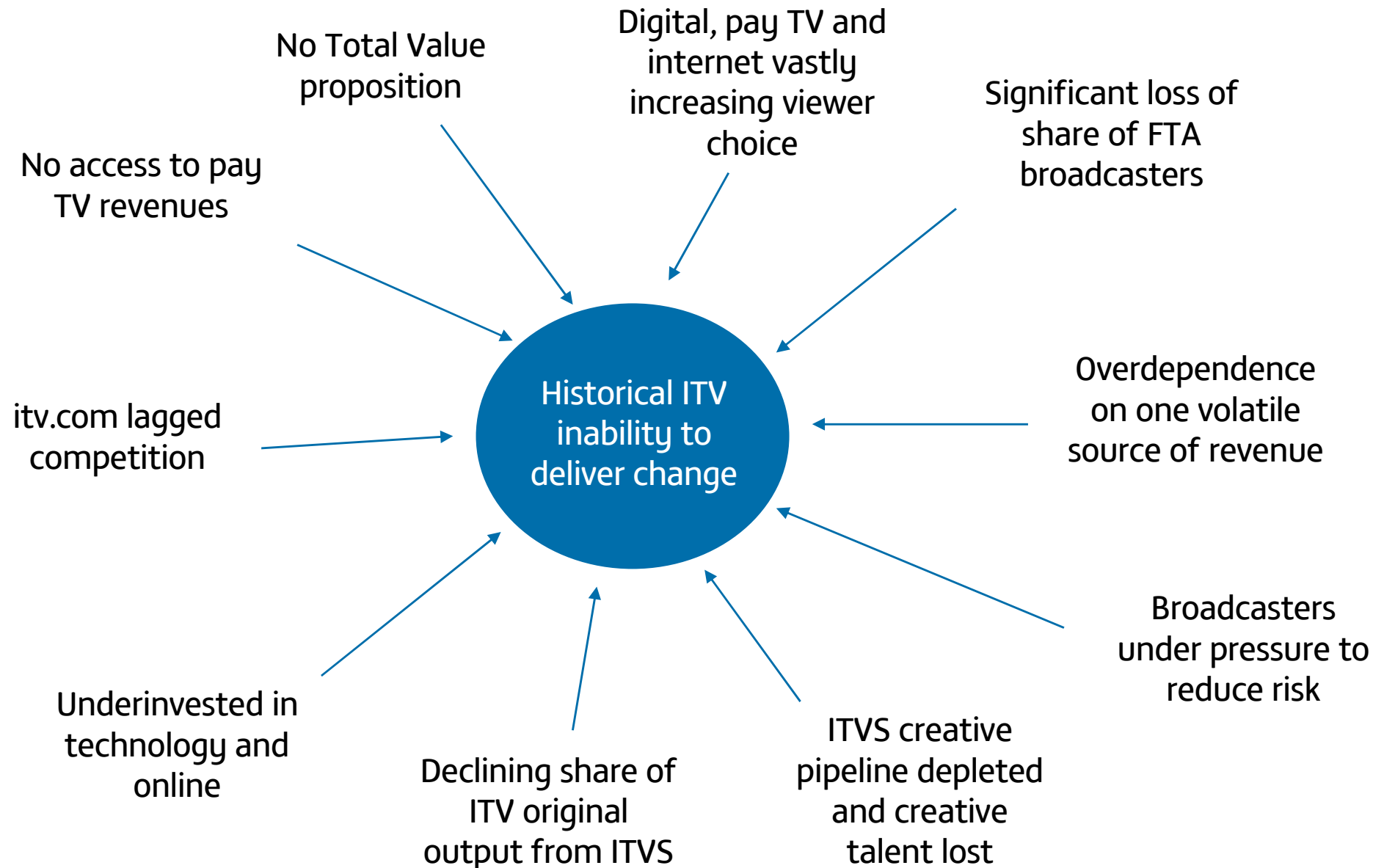
Our vision for growing and rebalancing ITV in 2015

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

Adam Crozier

ITV's Transformation Plan clearly identified the challenges we face

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Our five year Transformation Plan is focused on four strategic priorities

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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

Good progress has been made on delivering the Transformation Plan in phase 1

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1

- New management team in place
- Transformation project management office in place
- Third of top leadership team changed and phase 1 of management development underway
- Centralised recruitment process
- New personal development review process rolled out across the organisation
- All-colleague strategy road shows complete and Improved internal communications
- Employee engagement has increased from 65% to 75% in 2010
- Delivered cost savings of £40m and identified £15m for 2011
- New creative process designed and agreed
- Sold Screenvision and agreed SDN pension partnership

2

- ITV Family outperformed the television advertising market by 1%
- ITV1+1 successfully launched
- Some strong programme performances
- ITV Broadcast five out of the ten top new dramas in 2010
- Restructure of commercial and online division
- Three year deal for *X Factor* and *Britain's Got Talent*
- Secured rights for Rugby World Cup for 2011/15
- News review nearing completion
- Secured £20m reduction in licence payments

3

- ITV 2, 3 and 4 HD have launched on Sky
- Average monthly unique users are up 17% year on year
- Total video views are up 9% year on year in 2010, with long form video views up 79%
- Robin Pembroke joined as MD of Online and On-Demand and new senior team in place
- 2011 Online vision and investment agreed
- Agreed three new SDN contracts, including multiple videostream contract with Channel 5
- ITV Player launched on PS3
- Agreed initial key brands for total value exploitation
- Joint Broadcast and Commercial deal with Alan Titchmarsh

4

- Complete overhaul of ITVS senior management team
- New ITV structure agreed and creative hiring process started
- New creative process agreed
- Agreed and announced move to Media City in Manchester
- Strong on-screen performance of key shows – *I'm A Celebrity*, *Coronation Street*, *Emmerdale*, *The Chase*, *Dancing on Ice*
- Increased focus on international roll out of key programmes
- Jeremy Kyle US production deal
- Increased investment in development and pilots agreed
- New ITVS drama on ITV1 in 2011 – *Vera*, *Marchlands*, *Monroe*
- ITV Studios share of ITV1 Network spend on original commissions has increased from 50% to 53%
- Offices in France and Spain have both delivered their first commissions

Financial Performance

£m	2010	2009
Total external revenue	£2,064m	£1,879m
ITV NAR	£1,496m	£1,291m
EBITA*	£408m	£202m
Adjusted earnings per share*	6.4p	1.8p
Net debt	£188m	£612m
Pension deficit	£313m	£436m
Adjusted effective tax rate	23%	32%

* before exceptional items

Operational Performance

	2010	2009
ITV Family SOV stabilising*	22.9%	23.1%
ITV Digital channels SOV growing	5.9%	5.3%
Stabilising SOCI with growth in key demos		
- ITV Family All adults*	39.8%	40.0%
- ITV Family ABC1*	37.7%	36.8%
- ITV Family 16-34*	29.8%	29.4%
Online metrics stabilising and beginning to grow		
- Average monthly itv.com unique users	10.2m	8.7m
- itv.com long form video views	129m	72m
- Online revenue	£28m	£24m
% share of ITV1 original commissions	53%	50%

* ITV Family SOV includes ITV1, digital channels and ITV1 Breakfast and all associated +1 and HD channels

Our focus for 2011 is to keep driving through the Transformation Plan

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1.	<ul style="list-style-type: none">▪ Create high performance culture▪ Deliver improvements in technology▪ Continued drive to improve cost efficiency▪ Implement new creative process between Broadcast and Studios▪ Focus on creating long running, returnable formats▪ Align incentives and rewards▪ Capital expenditure will more than double to around £80m as we invest in the core of the business
2.	<ul style="list-style-type: none">▪ Maintain ITV Family SOV▪ ITV1 NPB for 2011 is expected to be around £800m as planned▪ Continue to outperform the television advertising market▪ Continue to target key demographics▪ Complete and implement the news review
3.	<ul style="list-style-type: none">▪ Deliver improved and redesigned ITV.com▪ Make ITV Player available on more platforms▪ Put payment mechanism in place online▪ Drive online revenues up▪ Prepare for launch of YouView▪ Launch total value exploitation▪ Launch product placement▪ Define optimal pay strategy for ITV
4.	<ul style="list-style-type: none">▪ Appointment of further on and off screen talent▪ Increased investment in developing and piloting▪ ITVS to continue to grow its share of ITV1 original commissions▪ Develop and invest in the ITVS network

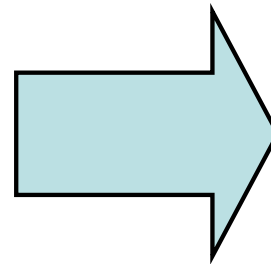
Indicative 2011 Investment

£25m operating investment already identified

- Online
- Content
- Digital channels

£80m capital expenditure

- Technology
- CRM
- Pay mechanism
- Manchester studios



Growth opportunities

- Outperform advertising market
- Content
- Online - pay and advertising
- Pay TV
- Total Value (CRM)

- Short term outlook encouraging – ITV Family NAR in Q1 forecast to be up 12% and initial forecasts for April are for ITV Family NAR to be up between 8% and 12%
- We are cautious on the economic outlook and its impact on our market
- We remain firmly focused on creating a lean ITV and delivering our Transformation Plan
 - ITV1 NPB - £800m
 - £15m of incremental cost savings identified for 2011
- We will continue to work with regulators over the medium term to try and ensure a level playing field that allows ITV to compete fairly
- The Board intends to restore the payment of a dividend at the interim results in July 2011

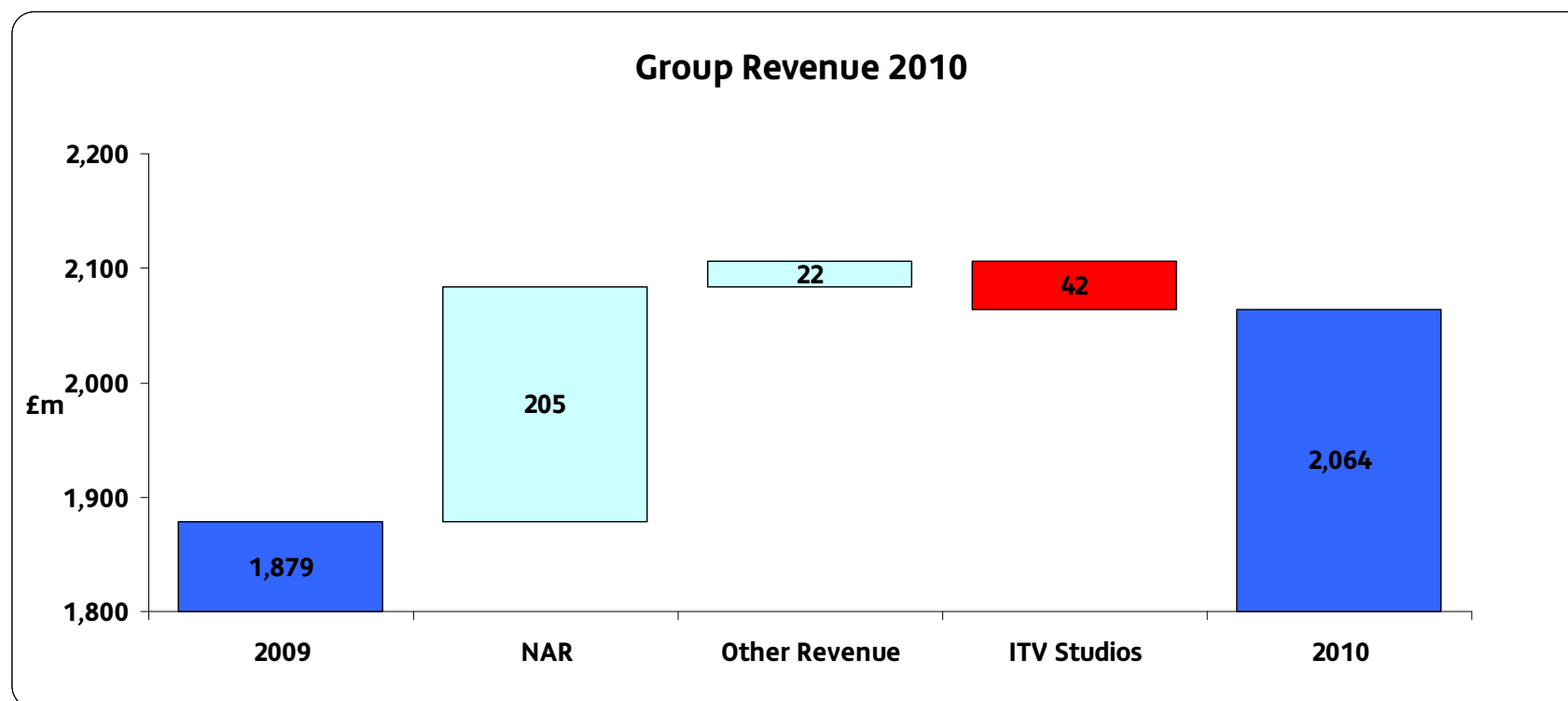
“Strong TV advertising market and continued focus on cash and costs significantly strengthens financial position and underpins our Transformation Plan”

Ian Griffiths

Group revenue rises by £185m despite fall in ITVS revenue

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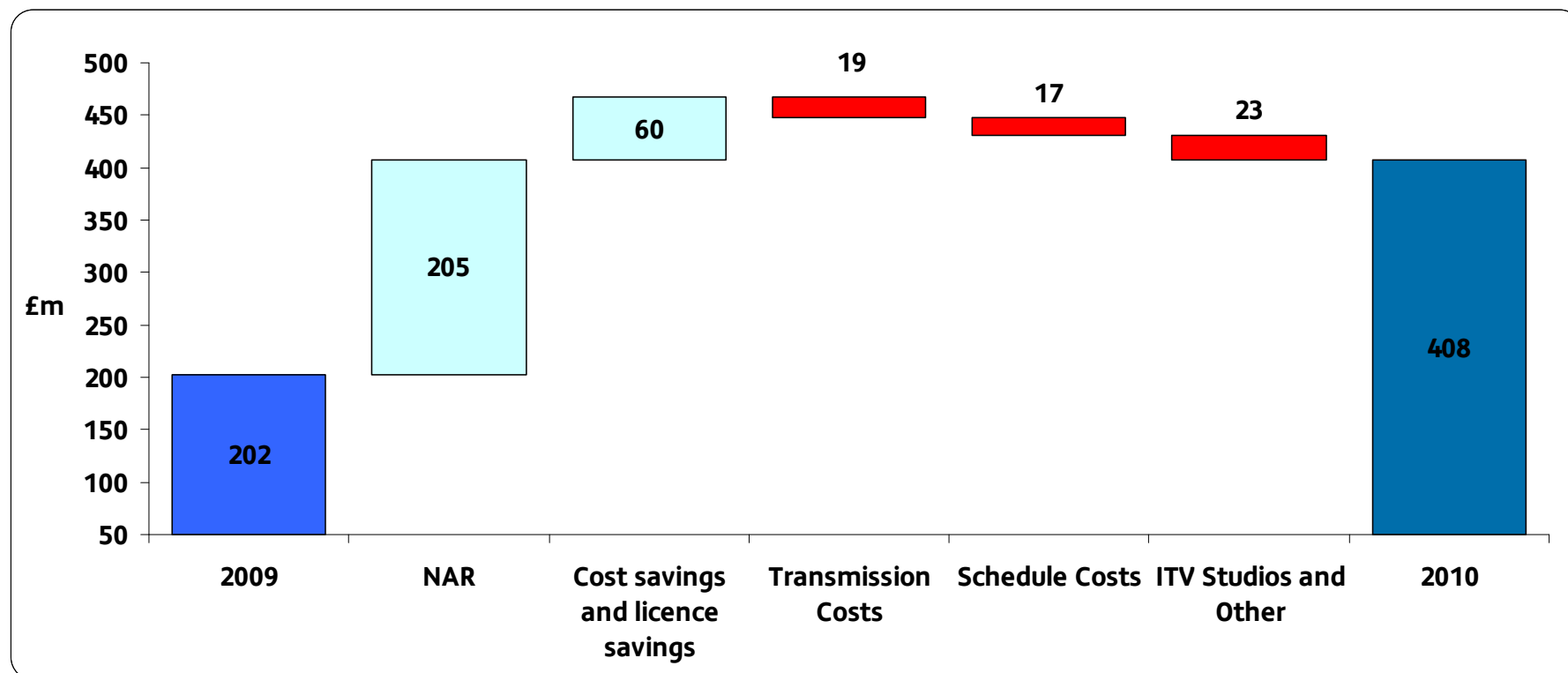
£m	2010	2009	% Change
Broadcast & Online	1,771	1,543	15
ITV Studios	293	335	(13)
Other	-	1	-
Total External Revenue	2,064	1,879	10



Group EBITA doubled as full benefits of NAR performance drops to the bottom line

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£m	2010	2009	% Change
Broadcast & Online	327	111	>100
ITV Studios	81	91	(11)
Total EBITA before exceptional items	408	202	>100



Adjusted EPS increase driven by EBITA growth, interest savings and lower tax rate

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£m	2010	2009
EBITA before exceptional items	408	202
Associates and JVs	(3)	(7)
Internally generated intangible asset amortisation	(15)	(8)
Financing costs	(69)	(79)
Profit before tax	321	108
Tax	(73)	(35)
Profit after tax	248	73
Non-controlling interests	(1)	(3)
Profit for the period	247	70
EPS (p)	6.4p	1.8p

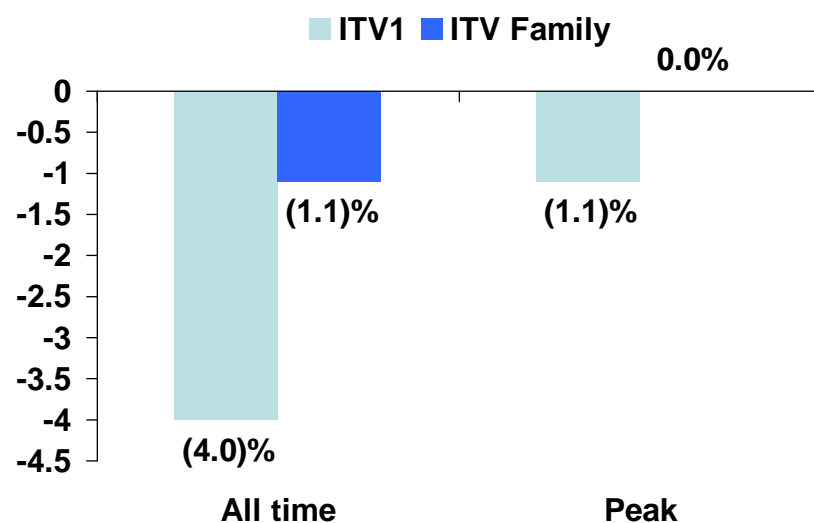
Effective tax rate in 2010 is 23% (2009: 32%)

£m	2010	2009	% Change
Revenue			
ITV NAR	1,496	1,291	16
Broadcast Sponsorship	60	59	2
Minority revenue	54	47	15
SDN External Revenue	43	40	8
itv.com	28	24	17
Media sales, PRS and other income	90	82	10
Total Broadcast & Online Revenue	1,771	1,543	15
Schedule costs	(1,023)	(1,006)	2
Other costs	(421)	(426)	(1)
Total EBITA before exceptional items	327	111	195

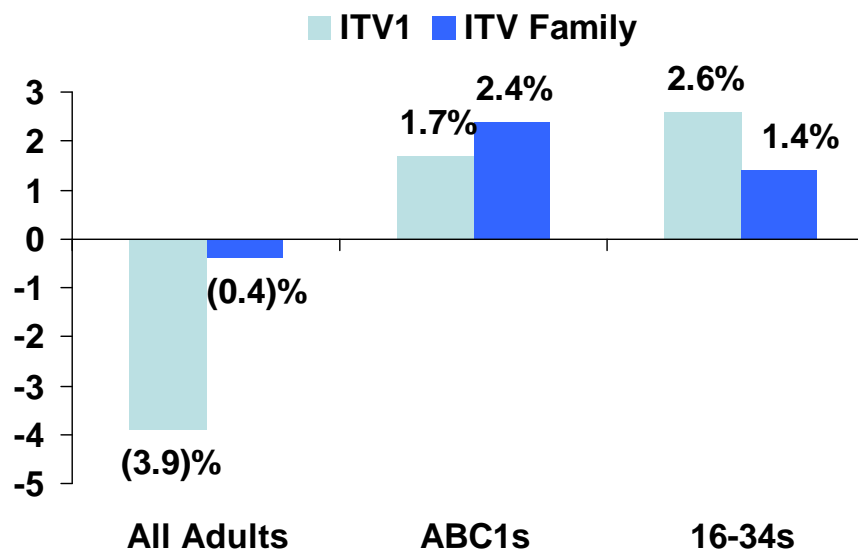
ITV Family SOV stabilising whilst digital channels, online and key sub demographics grow

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Share of viewing change, 2010



SOCI change, 2010



Online

itv.com	2010	2009	% change
Average monthly unique users	10.2m	8.7m	17%
Cumulative video views	234m	215m	9%
Long form video views	129m	72m	79%

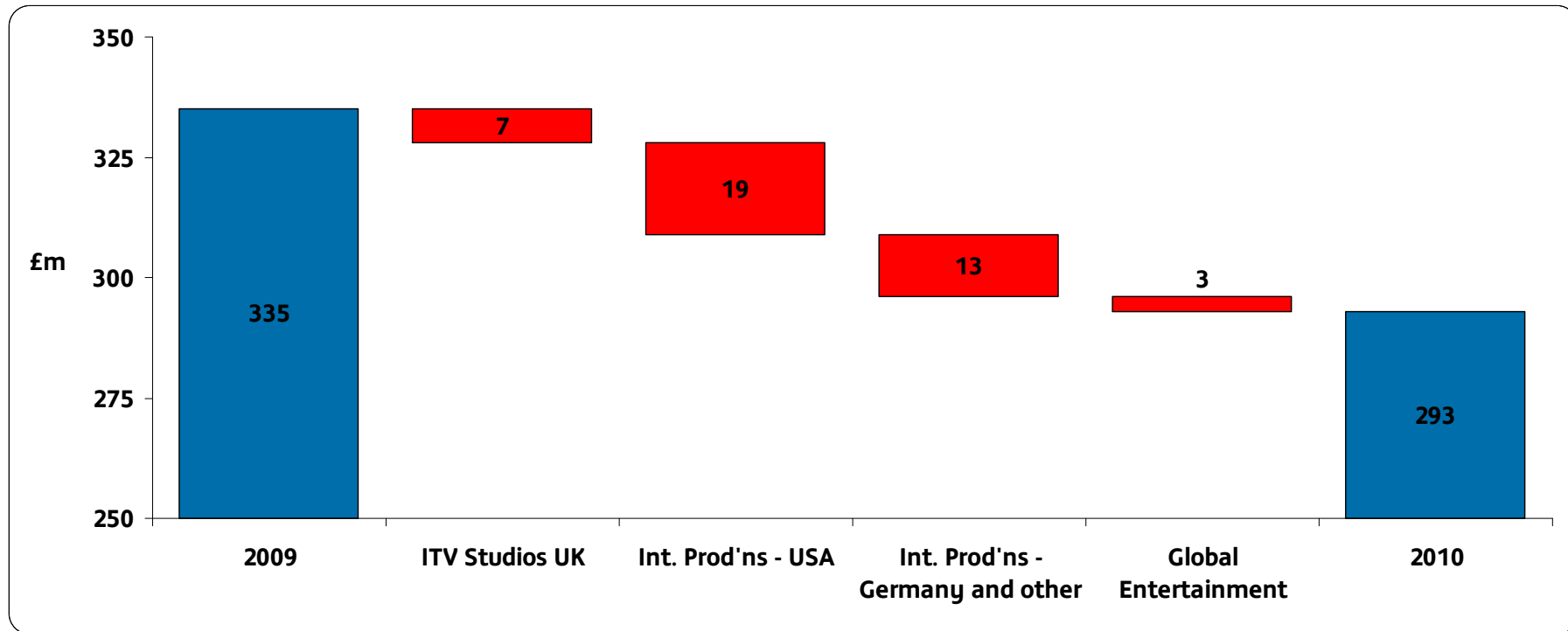
ITV Studios cost savings protect margins; focus now on creative renewal and revenue generation.

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£m	2010	2009	% Change
Revenue			
UK Productions and Resources	64	71	(10)
International Productions	106	138	(23)
Global Entertainment	123	126	(2)
External Revenue	293	335	(13)
ITV Supply	261	262	(0)
Total Revenue	554	597	(7)
Total Studios costs	(473)	(506)	7
Total EBITA before exceptional items	81	91	(11)

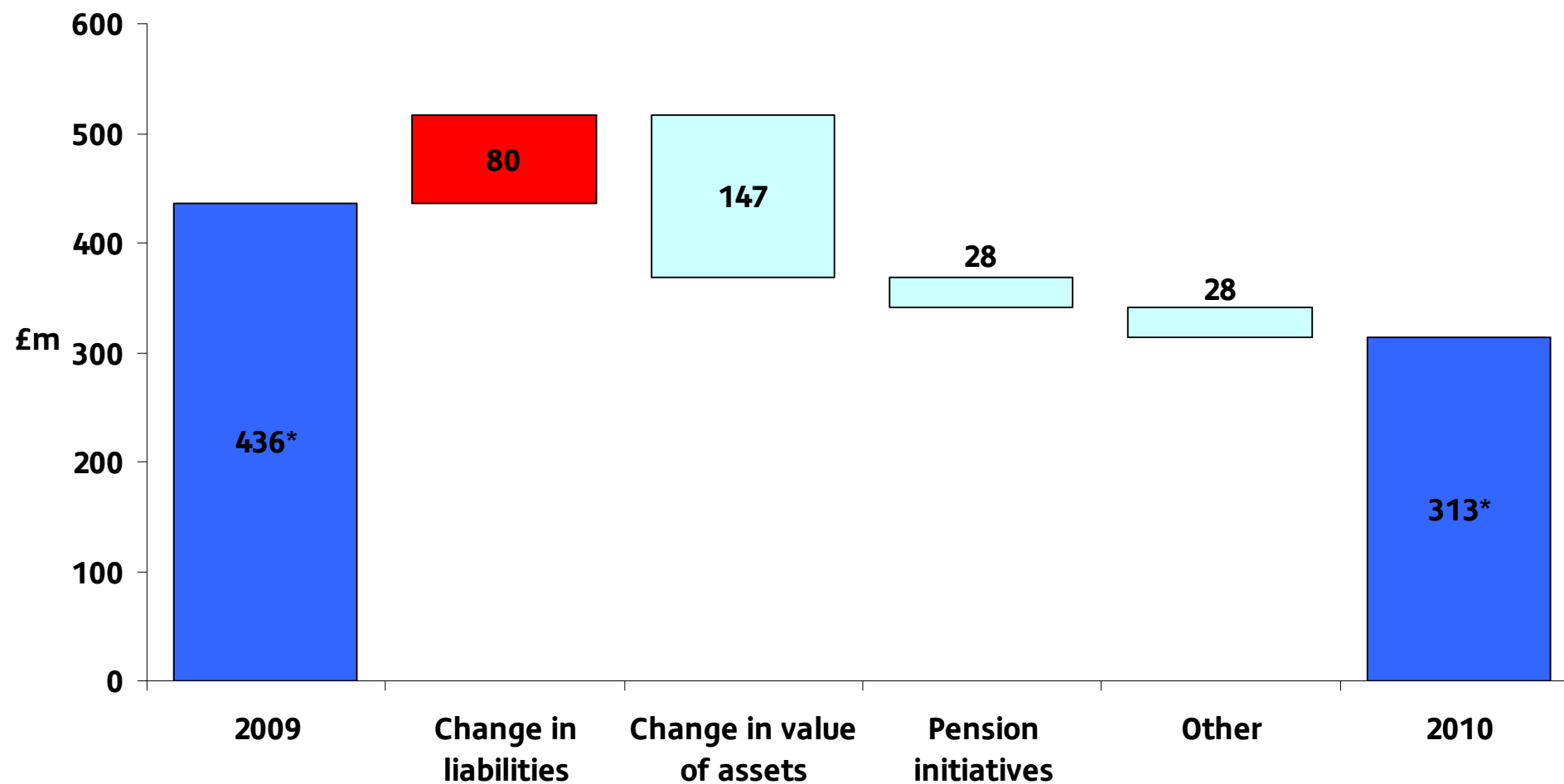
ITV Studios external revenue decline highlights the need for a regenerated UK creative pipeline and a strengthened international network

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Improvement in pension deficit driven by asset growth and pension initiatives

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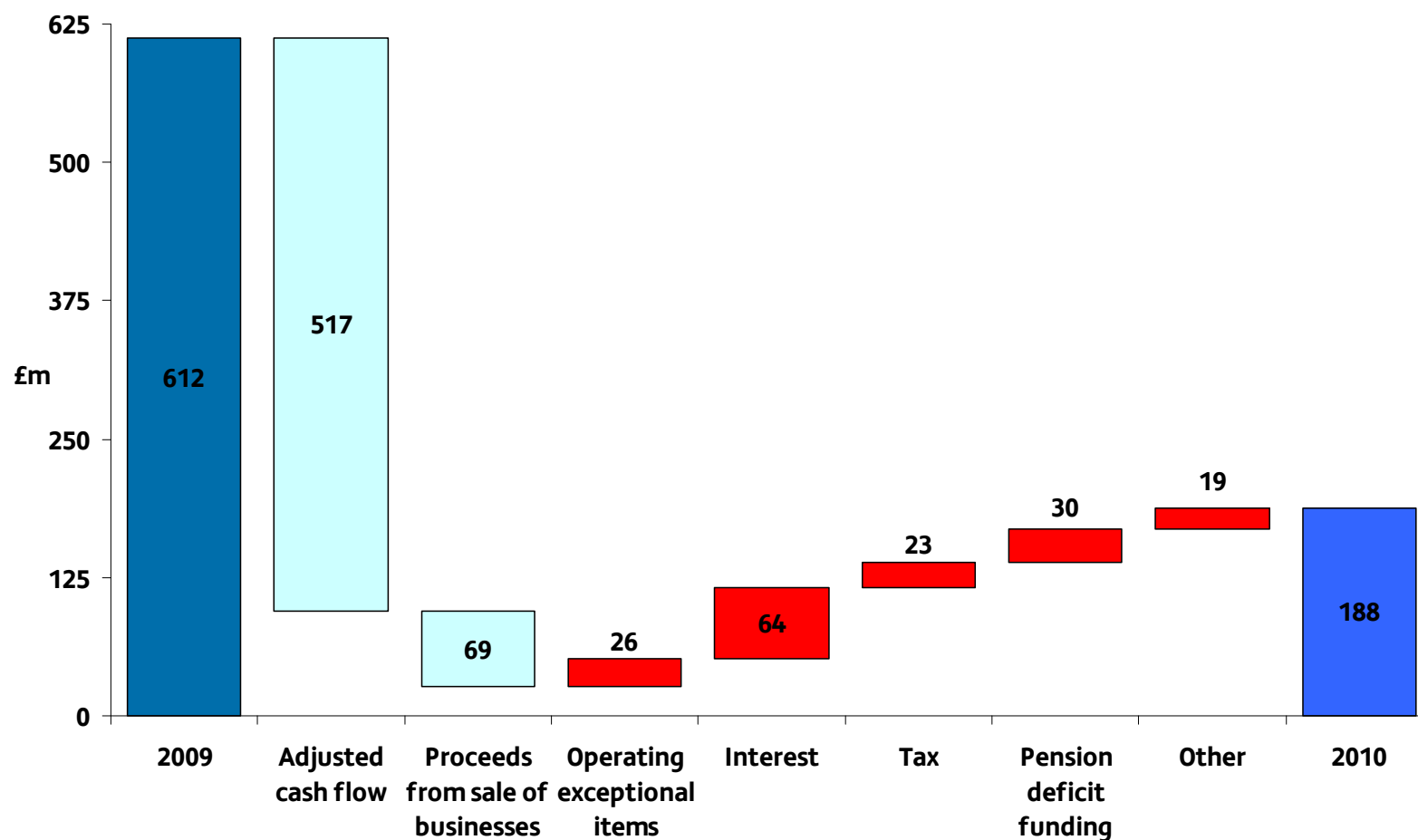


* IAS 19 deficit

£m	2010	2009
EBITA before exceptional items	408	202
Decrease in stock	108	125
(Increase) / Decrease in debtors	(8)	11
(Decrease) in creditors	(1)	(15)
Working capital movement	99	121
Share based compensation	8	11
Capex - Tangible and Intangible Assets	(28)	(27)
Depreciation	30	38
Adjusted cash flow	517	345
Profit to cash ratio	127%	171%

2010 profit performance and cash conversion has significantly reduced net debt to underpin ITV's future growth strategy

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Cash and net debt reconciliation

£m	2010	2009
Cash and cash equivalents	860	586
Debt	(1,048)	(1,198)
Net debt	(188)	(612)

*“Strong 2010 financial performance does not detract from the imperative to change.....
but puts us in a stronger position to deliver on our 2015 vision for ITV”*

Adam Crozier

Our vision for ITV for 2015: A lean ITV that can create world class content, executed across multiple platforms and sold around the world

- The strengthened ITV top management team and leadership group are fully committed to delivering the Transformation Plan
- We will continue to drive forward a leaner ITV with strong financial discipline
- We will concentrate our investment in the areas that will underpin and drive our future growth: content, technology, online and digital channels
- Operationally we will focus our performance on
 - outperforming the TV advertising market
 - the creative renewal of ITVS
 - improving our online proposition and
 - continuing the drive to create a high performance culture
- ITV Family NAR expected to be up 12% in Q1 and 8% to 12% in April, but tougher comparatives in Q2
- Board intends to restate the dividend at the interim results in July 2011

Reported Numbers

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£m	2010	2009
Revenue	2,064	1,879
EBITA before exceptional items	408	202
Amortisation	(63)	(59)
Exceptional items (total)	19	(20)
Associates and JVs	(3)	(7)
Profit before interest and tax	361	116
Net financing costs	(75)	(91)
Profit before tax	286	25
Tax	(16)	69
Profit after tax	270	94
Non-controlling interests	(1)	(3)
Profit for the year	269	91
Earnings per share	6.9 p	2.3 p

Category	2010 £m	YOY +/-
Retail	341.0	24
Food	152.7	16
Entertainment & Leisure	149.2	12
Cosmetics & Toiletries	117.0	10
Finance	110.5	4
Household Stores	73.6	11
Cars and Car Dealers	71.3	17
Telecommunications	70.5	3
Publishing and Broadcasting	57.3	57
Pharmaceuticals	50.0	(9)

Broadcasting Schedule Costs

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£m	2010	2009	% Change
Commissions	508	540	6
Sport	197	128	(54)
Acquired	74	88	16
ITN news & weather	41	41	1
Total ITV1	820	797	(3)
Regional News and non-news	69	68	(2)
Total ITV1 inc regional	889	865	(3)
ITV2, ITV3, ITV4, News, CITV	104	110	5
ITV Breakfast	30	31	3
Total schedule costs	1,023	1,006	(2)

Exceptional Items

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£m	2010	2009
Reorganisation and integration costs	(17)	(40)
Onerous contract provision	1	(1)
Onerous property provision	7	(14)
Pension initiatives	28	110
Other operating exceptionals	-	(2)
Total operating exceptional items	19	53
Loss on the sale and impairment of non-current asset	(4)	(22)
Other non-operating exceptionals	4	(51)
Total non-operating exceptionals items	-	(73)
Total exceptional items	19	(20)

P&L Tax credit and Tax cash on a statutory basis

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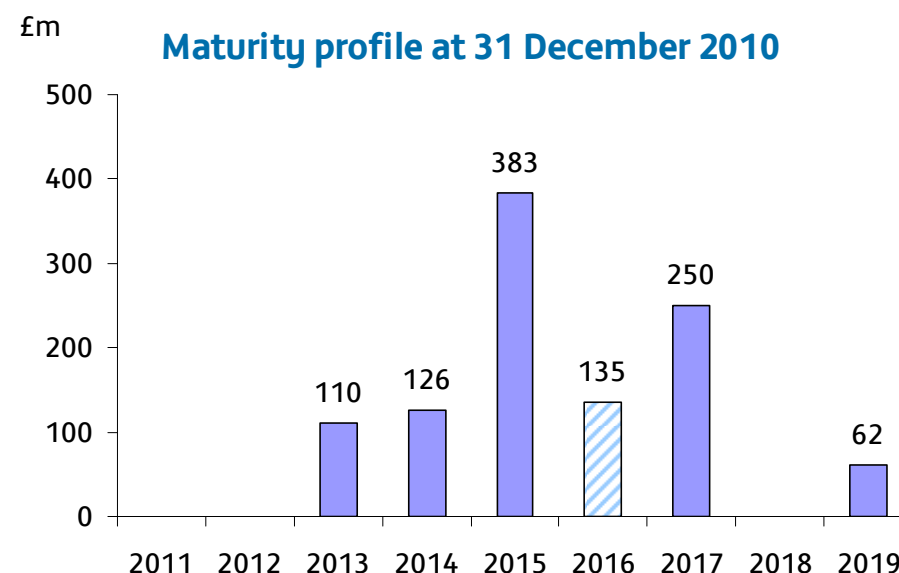
£m	2010	2009
Current year tax expense	(61)	(3)
Deferred tax	45	(10)
Prior year adjustments	-	82
P&L tax (charge) / credit	(16)	69
Cash paid on account for the year	(24)	(1)
Cash tax refunds for prior years	1	42
Net cash (paid) / received	(23)	41

£m	2010	2009
£250m at 5.625% Coupon Mar 09	0	(3)
£50m Loan at LIBOR + 6.814% May 13	(4)	(8)
€54m Eurobond at 6% Coupon Oct 11	0	(15)
£110m Eurobond at LIBOR +2.7% Mar 13	(4)	(5)
€188m Eurobond at 10% Coupon Jun 14	(14)	(7)
£383m Eurobond at 5.375% Coupon Oct 15	(13)	(17)
£135m Convertible Bond 4% Coupon Nov 16	(5)	(1)
£250m Eurobond at 7.375% Coupon Jan 17	(16)	(16)
£200m Loan at 6.75% less £138m nominal Gilts at 8.0% Mar 19	(3)	(2)
Financing costs directly attributable to bonds	(59)	(74)
Other	1	1
Cash-related financing costs	(58)	(73)
Non-cash movements		
Amortisation of bonds	(11)	(6)
Adjusted net financing costs	(69)	(79)
Mark-to-Market on bonds and swaps	5	(7)
Imputed pension interest	(13)	(15)
Other net financing income	2	10
Statutory Net Financing Costs	(75)	(91)

Analysis of Net Debt and Maturity Profile

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£m	Dec 2010	Dec 2009
€54m Eurobond Oct 11	(16)	38
£110m Mar 13	110	110
£50m May 13	0	50
€188m Jun 14	115	115
£383m Oct 15	347	384
£135m Convertible Nov 16	131	132
£250m Jan 17	263	264
£200m Mar 19	200	200
Other loans and loan notes	0	1
Finance Leases	61	73
Amortised cost adjustment	(15)	(20)
£138m Gilts Mar 19	(148)	(149)
Cash and cash equivalents	(860)	(586)
Statutory net debt	188	612



 = convertible bond

Reconciliation between 2010 reported and adjusted earnings

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£m	Reported	Adjustments	Adjusted
EBITA before exceptional items	408	-	408
Exceptional items	19	(19)	-
Amortisation and impairment	(63)	48	(15)
Financing costs	(75)	6	(69)
JVs and associates	(3)	-	(3)
Profit before tax	286	35	321
Tax	(16)	(57)	(73)
Profit after tax	270	(22)	248
Non-controlling interests	(1)	-	(1)
Earnings	269	(22)	247
Number of shares	3,884	-	3,884
Earnings per share (p)	6.9		6.4

Reconciliation between 2009 reported and adjusted earnings

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£m	Reported	Adjustments	Adjusted
EBITA pre exceptionals	202	-	202
Exceptional items	(20)	20	-
Amortisation and impairment	(59)	51	(8)
Financing costs	(91)	12	(79)
JVs and associates	(7)	-	(7)
Profit before tax	25	83	108
Tax	69	(104)	(35)
Profit after tax	94	(21)	73
Non-controlling interests	(3)	-	(3)
Earnings	91	(21)	70
Number of shares	3,882		3,882
Earnings per share (p)	2.3		1.8