



ITV plc Interim Results 2009

6th August 2009



Overview

Michael Grade

- Overview
- Financial review
- Operating review and current trading
- Q&A

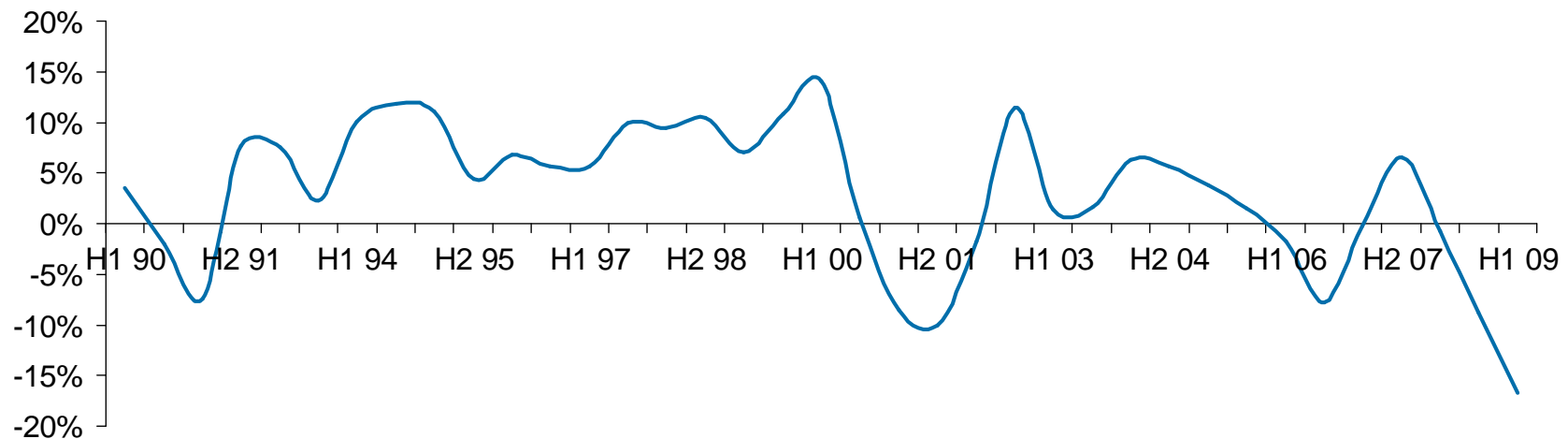
Michael Grade

Ian Griffiths

John Cresswell

- NAR downturn in H1 2009 unprecedented
- ITV increasing share of TV ad market, but NAR down £108m
- Operating EBITA down £75m to £46m
- Operating cashflows up £51m to £168m
- Adjusted loss per share of 0.5p (2008: adjusted EPS: 1.5p)
- Rate of market decline easing in Q3
- Interim dividend suspended

Year-on-year UK TV NAR growth, H1 1990- H1 2009



ITV implementing comprehensive response to the downturn, outlined in March 2009:

- ***Core business performance***

Holding peak audiences, winning ad market share, growing production revenues

- ***Cost savings***

£155m of savings in 2009, weighted to H2; rising to £215m in 2010 and £285m in 2011

- ***Cash and balance sheet***

Reducing stock, improving cash conversion and liquidity

CRR

- Provisional decision from Competition Commission due in September
- Final decision on course for 2010 deal round

Digital Britain

- Consultation on “independently financed news consortia” closes in September
- Two pilots in ITV plc regions proposed from 2010
- Review of licence payments brought forward

Chief Executive appointment

- Proceeding in accordance with timetable set out in previous Board statement



Financial Review

Ian Griffiths

Group performance

Reported

£m	2009	2008
Revenue	909	1,031
Operating EBITA pre exceptionals	46	121
Amortisation	(31)	(30)
Goodwill impairment	0	(1,600)
Exceptional items (total)	(81)	2
Associates, JVs and Investment Income	(4)	(4)
Loss before interest and tax	(70)	(1,511)
Net financing costs	(35)	(26)
Loss before tax	(105)	(1,537)
Tax	35	3
Loss after tax	(70)	(1,534)
Loss per share	(1.8p)	(39.6p)

Group performance

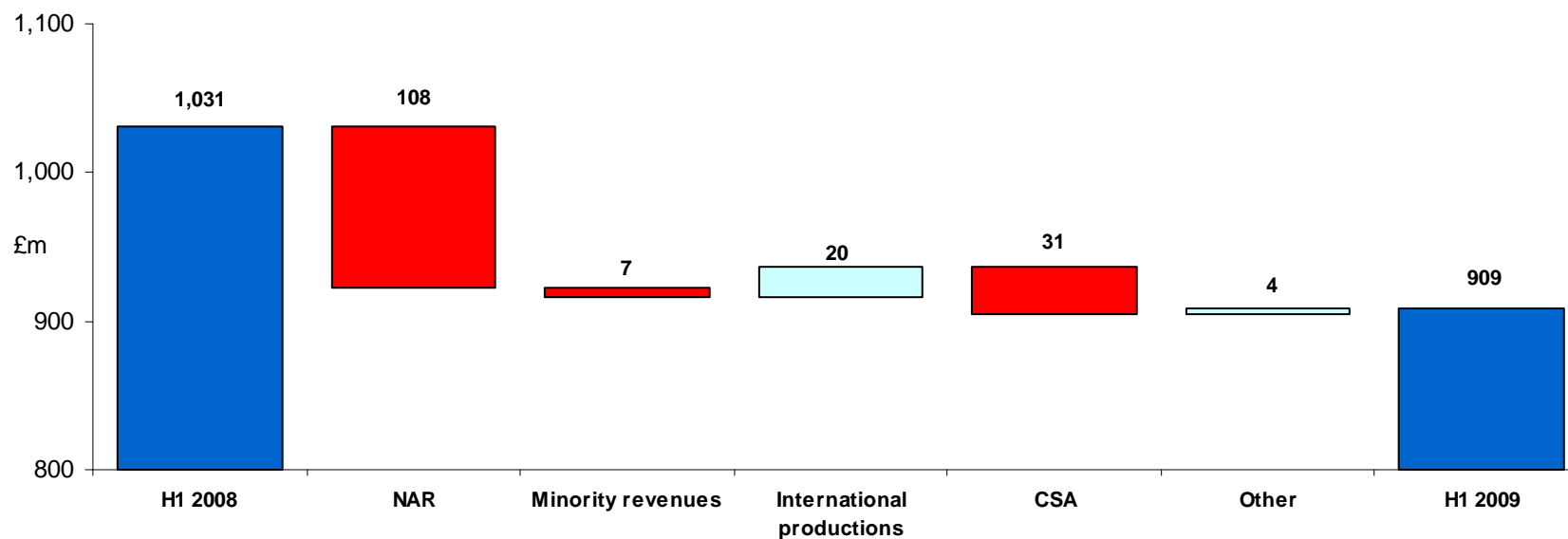
Adjusted

£m	2009	2008
Operating EBITA pre exceptionals	46	121
Associates, JVs and Investment Income	(4)	(4)
Interest (before amortised cost adjustment & tender and exchange gain)	(56)	(26)
Loss / profit before tax	(14)	91
Tax	(3)	(33)
Loss / profit after tax	(17)	58
Minority interests	(2)	(1)
Loss / profit for the period	(19)	57
EPS (p)	(0.5p)	1.5p

Segmental analysis

Revenue

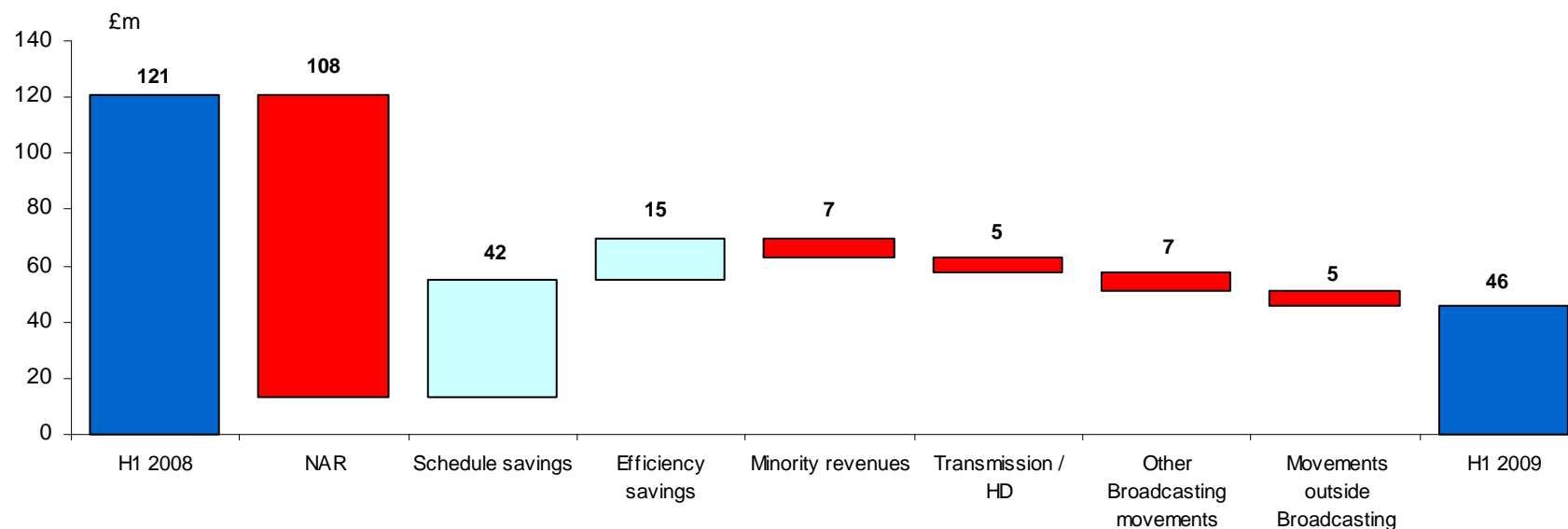
£m	2009	2008	% Change
Broadcast	721	832	(13)
Online	18	17	6
Broadcast & Online	739	849	(13)
Global Content	168	149	13
Other	2	33	(94)
Total Revenue	909	1,031	(12)



Segmental analysis

EBITA

£m	2009	2008	% Change
Broadcast	12	89	(87)
Online	(6)	(8)	25
Broadcast & Online	6	81	(93)
Global Content	40	39	3
Other	0	1	(100)
Total EBITA pre exceptionals	46	121	(62)



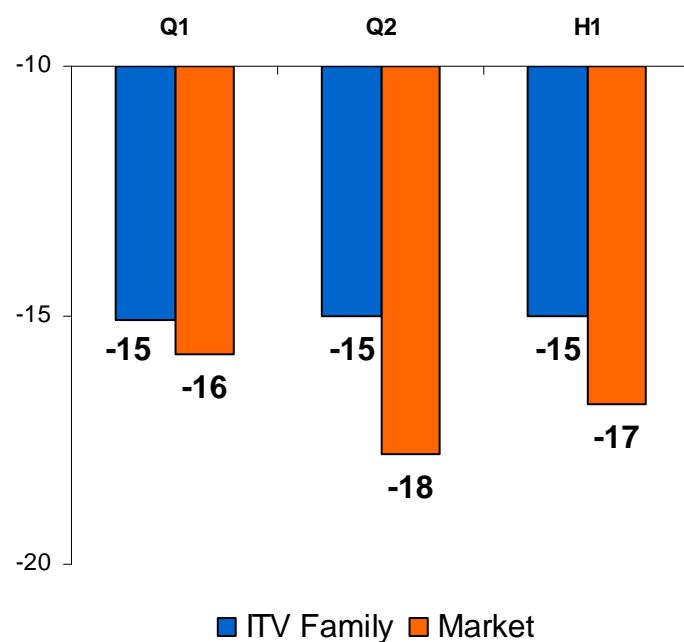


Broadcast Financial performance

£m	2009	2008	% Change
Revenue			
ITV NAR	615	723	(15)
Sponsorship	30	27	11
Media Sales, PRS and other income	55	66	(17)
SDN	21	16	31
Broadcast revenue	721	832	(13)
ITV.com*	10	5	100
Friends Reunited & Scoot	8	12	(33)
Total Broadcast & Online Revenue	739	849	(13)
Schedule costs	(520)	(562)	(7)
Other costs	(189)	(181)	4
Online costs	(24)	(25)	(4)
Total EBITA pre exceptionals	6	81	(93)

* ITV.com revenue includes all online revenue excluding potential disposals

NAR, % year on year change



Revenue by top 10 category y-o-y performance

%	Q1	Q2	H1
Retail	(22)	(3)	(12)
Food	(12)	(10)	(11)
Entertainment	2	(10)	(5)
Finance	(10)	(18)	(13)
Cosmetics	(15)	(17)	(16)
Cars & Car Dealers	(27)	(49)	(38)
Household Stores	(15)	(18)	(16)
Pharmaceuticals	1	2	1
Telecommunications	(14)	(18)	(16)
Government	11	(7)	4



Global Content

Financial performance

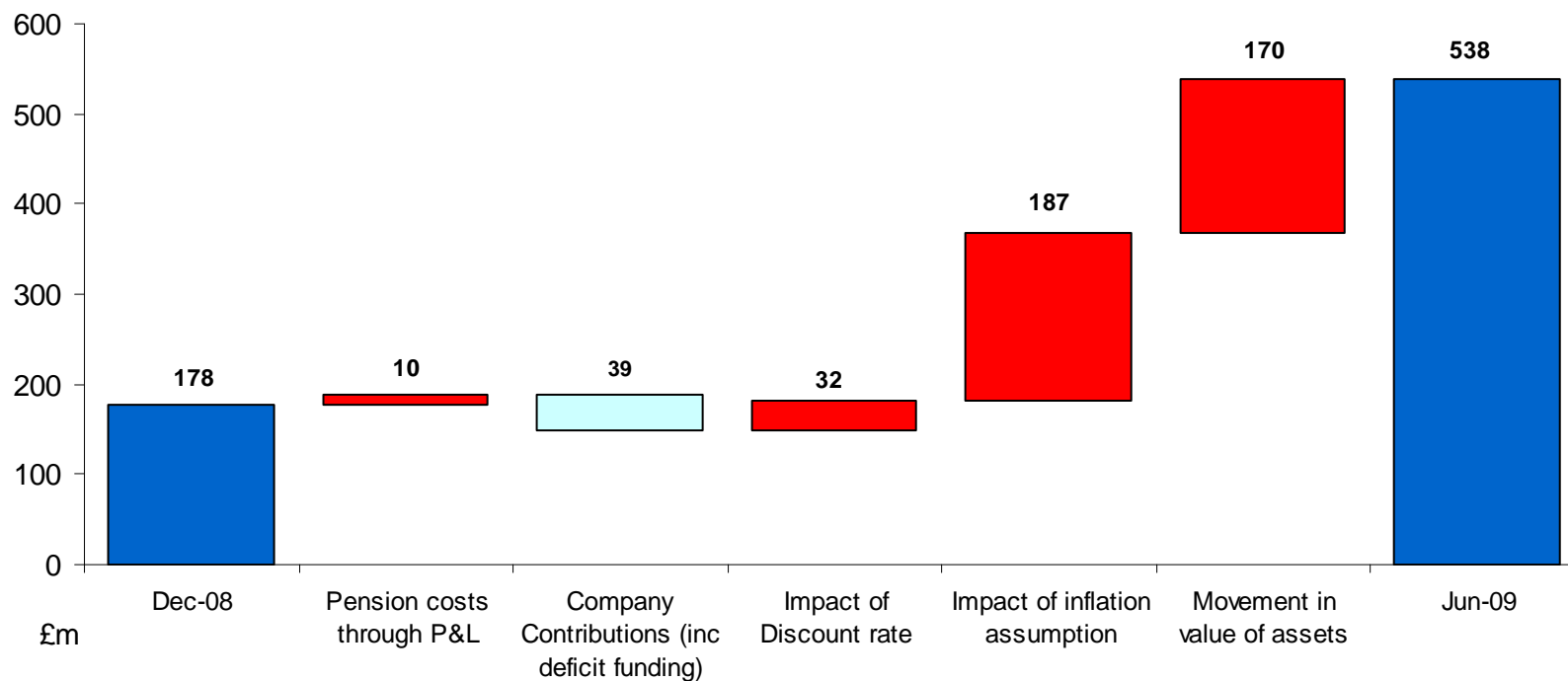
£m	2009	2008	% Change
Revenue			
UK Productions	31	28	11
Resources	7	9	(22)
International Productions	75	55	36
Distribution & Exploitation	55	57	(4)
External Revenue	168	149	13
ITV Supply	128	136	(6)
Total Revenue	296	285	4
Total EBITA pre exceptionals	40	39	3

Exceptional items

£m	2009	2008
Reorganisation and integration costs	(28)	(9)
PRS	0	(6)
Kangaroo	(2)	0
Total operating exceptional items	(30)	(15)
(Loss) / gain on the sale and impairment of properties	(4)	0
Loss on closure of business	0	(8)
Gain on the sale, net of impairment, of subsidiaries and investments	(47)	25
Total non-operating exceptionals items	(51)	17
Total exceptional items	(81)	2

£m	2009	2008
Financing Costs directly attributable to bonds	(41)	(39)
Interest from cash on deposit and other	1	14
Cash-related financing costs	(40)	(25)
Mark-to-Market on swaps & FX on bonds	(9)	(9)
Imputed pension interest	(7)	8
Total adjusted interest charge	(56)	(26)
Amortised cost adjustment	7	0
Gain on Exchange of €500m Bond	14	0
Total statutory P&L net financing costs charge	(35)	(26)

IAS19 Pension Deficit



P&L charge

£m	H1 09	H2 08
Current service cost	(3)	(6)
Net interest cost	(7)	8
Total income statement	(10)	2

Cash flow and working capital

Profit into cash performance

£m	2009	2008
EBITDA	63	139
Decrease / (increase) in stock	75	(38)
Decrease / (increase) in debtors	35	(13)
Increase / (decrease) in creditors	3	50
Working capital movement	113	(1)
Share based compensation	7	5
Capex	(15)	(26)
Operating cashflow	168	117
Profit to cash ratio	267%	84%
12 month rolling average	110%	87%

Net debt reconciliation

£m	2009
Operating cashflow	168
Exceptional cash	(43)
Tax and interest	(26)
Net M&A cashflows	(50)
Dividends	(25)
Pension deficit funding	(31)
Other	9
Change in net debt	2
Opening net debt	(730)
Closing net debt	(728)
Net debt /EBITDA ratio*	4.26

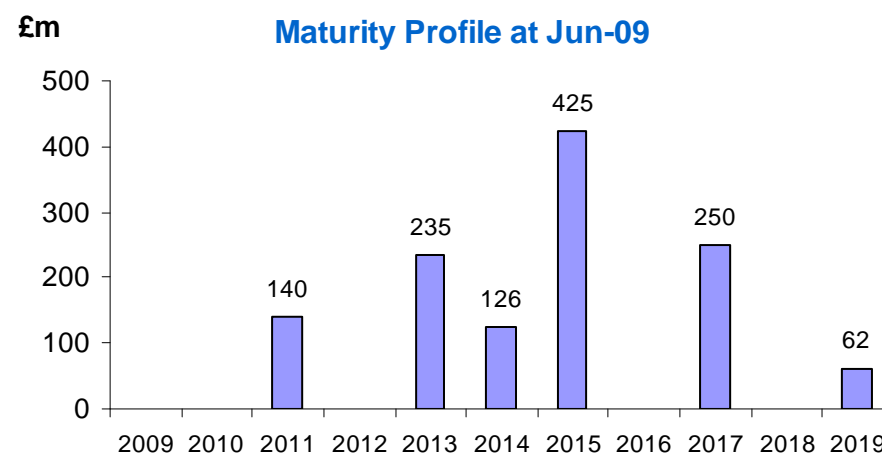
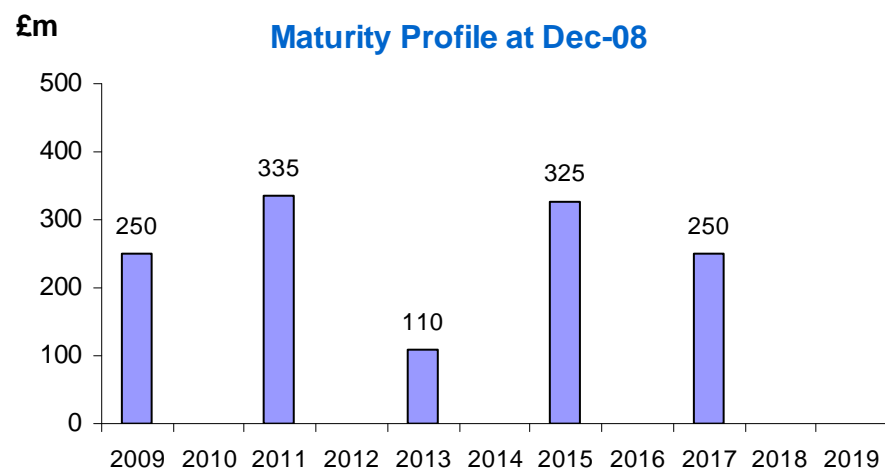
Cash and net debt

£m	2009	2008
Cash and cash equivalents	518	616
Debt	(1,246)	(1,346)
Net debt	(728)	(730)

Improving liquidity and debt maturity profile

Funding – actions taken:

£m	2009
2009 Eurobond repaid	(250)
2013 Loan Drawdown	125
2015 Bond tap	58
2019 New bilateral facility	50
Bond tender and exchange	(69)





Operating Review and Current Trading

John Cresswell

Core operating performance

- **Broadcasting:** holding audience and winning ad market share
- **Online:** delivering greater reach and growing video views
- **Global Content:** building global revenues and holding profits

Costs

- Savings targets increased and on track
- Headcount reducing significantly
- Consultation underway on pension changes

Cash

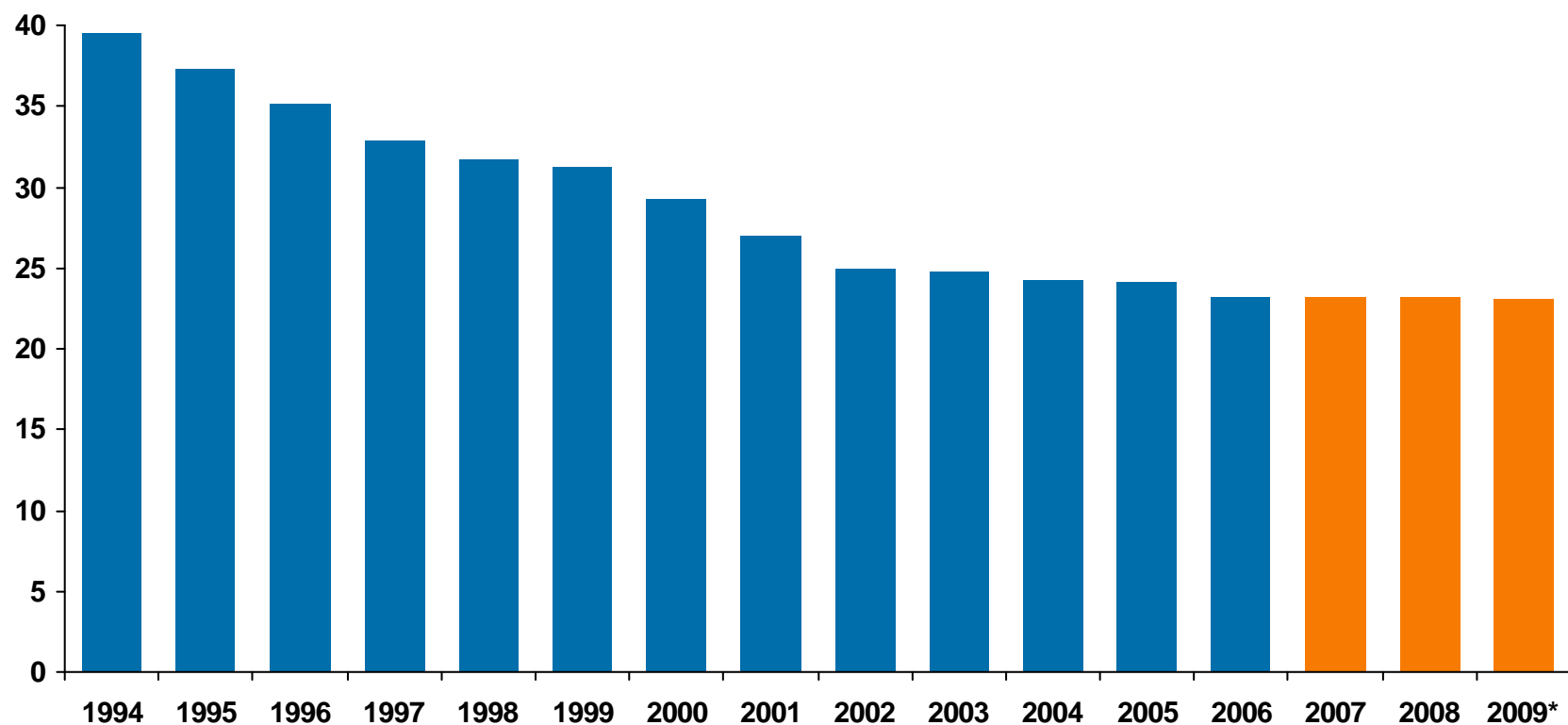
- Significant working capital improvements containing net debt
- Managing balance sheet to improve liquidity
- Disposals processes in train



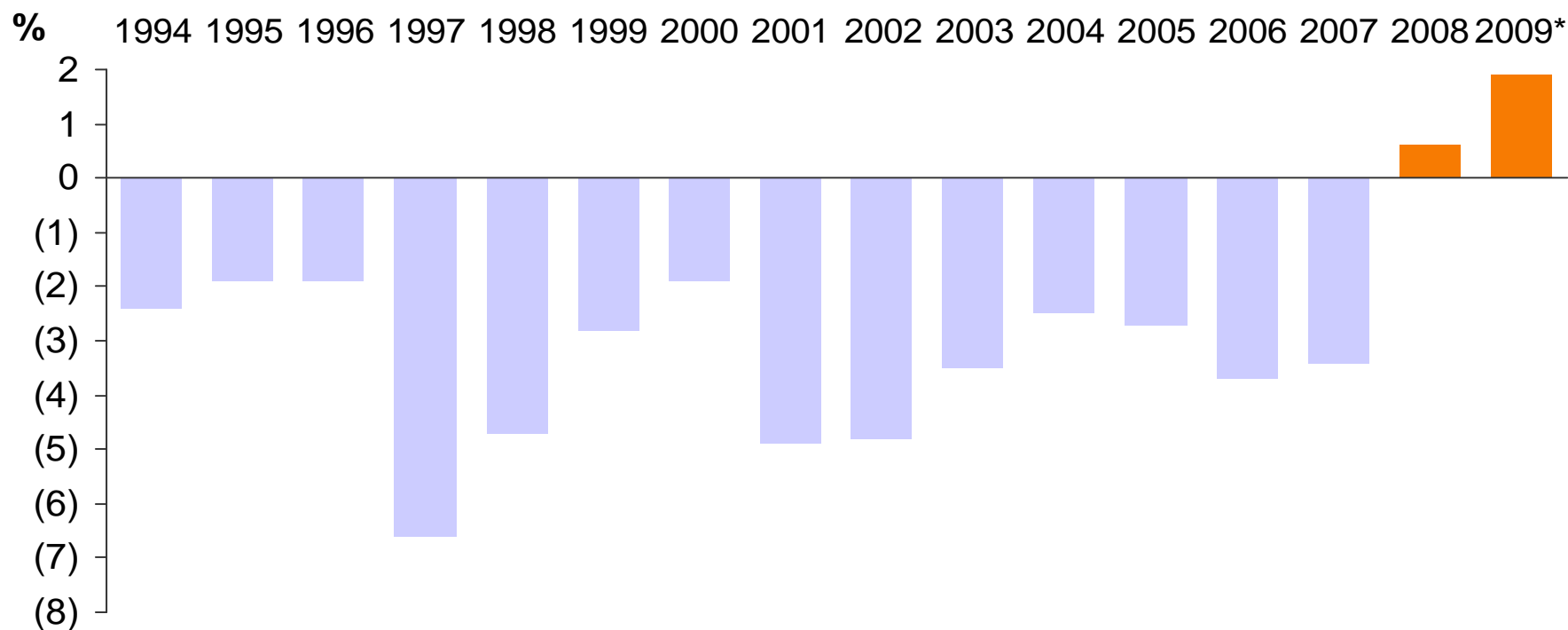
Broadcasting

Viewing share stabilised

All time ITV family share of viewing



ITV family – year on year change in TV ad market share

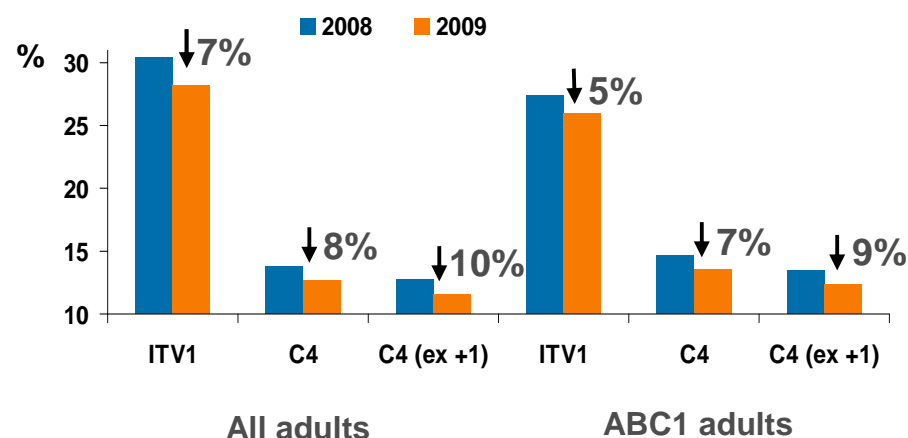




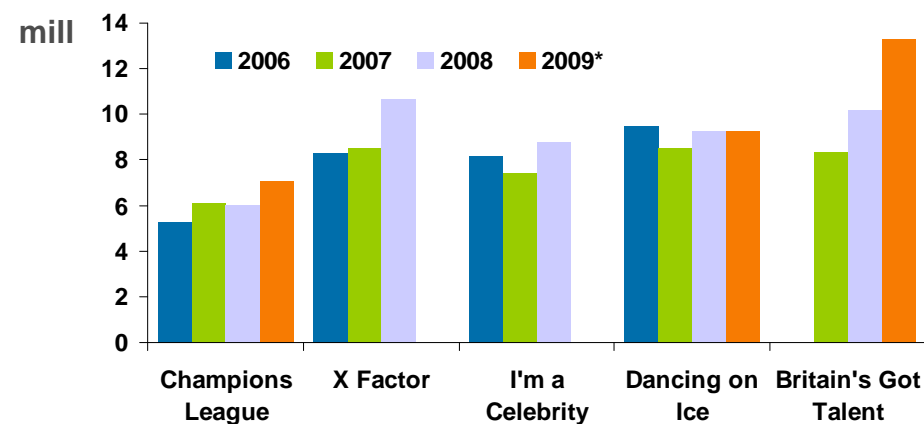
ITV1

Performance and outlook

Major channel SOCI, YTD 2008-09



Audience volumes, 2006-09



ITV1 schedule into H2 2009

Programming

- Drama: Midsomer, Doc Martin, Marple, Blue Murder...
- Entertainment: Benidorm, X Factor, I'm A Celeb, Royal Variety..
- Film premieres: Bond, Batman, Star Wars...
- New: Collision, Murderland, The Cube, Joanna Lumley...

Market context

- Progressive reduction in digital additions
- Year on year impact of Sky return to Virgin ends in Q4

Schedule architecture

- X Factor scheduling initiatives
- Coronation St & double Emmerdale on Thursdays
- The Bill moves post-watershed to 9pm Thursdays
- Football on Wednesday nights + weekends

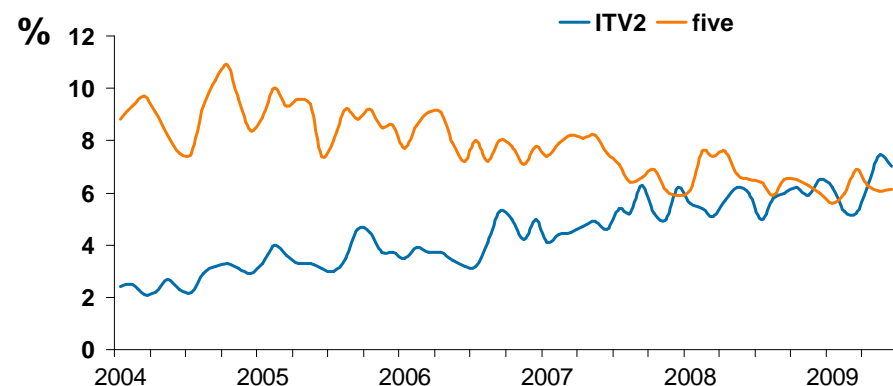
Regulatory

- First stage relaxation of advertising rules
- Launch of ITV1+1 subject to regulatory process



ITV digital channels Performance

ITV2 vs five 16-34 Adult SOCI



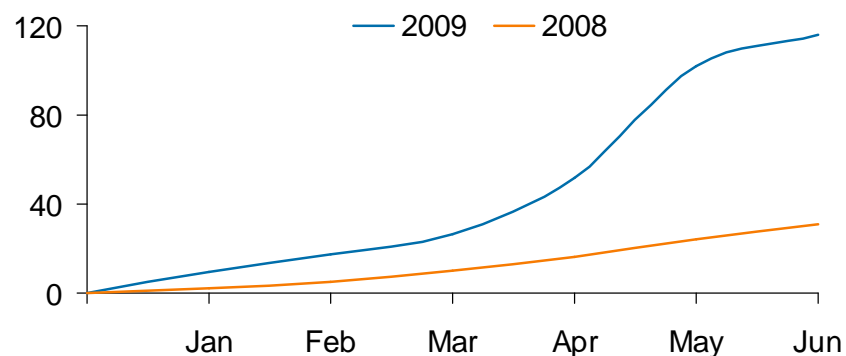
Top digital channel programming

ITV2	Britain's Got More Talent	2.7m
	Katie and Peter	1.8m
	America's Got Talent	1.5m
ITV3	Ladies of Letters	1.3m
	Agatha Christie's Marple	0.9m
	A Touch of Frost	0.8m
ITV4	UEFA Cup	1.8m
	Champions League	1.1m
	Hillsborough Memorial Match	0.9m

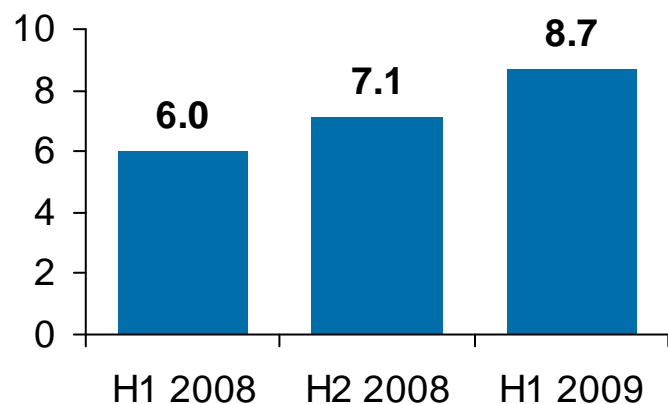
Top UK digital channels: Adults

	Channel	SOCI
1	ITV2	4.1
2	ITV3	3.3
3	E4	2.9
4	MORE4	2.0
5	DAVE	2.0
6	SKY1	1.7
7	LIVING	1.6
8	ITV4	1.5
9	FIVEUSA	1.4
10	FILM4	1.3

Video views (cumulative) millions



Unique users (average per month) millions



Top 10 viewed shows on ITV Player

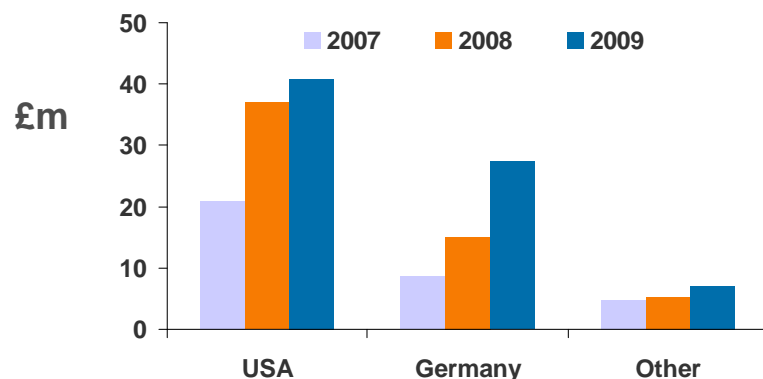
Rank	Show
1	Coronation Street
2	Britain's Got Talent
3	Emmerdale
4	Gossip Girl
5	Katie & Peter: Stateside
6	The Jeremy Kyle Show
7	Primeval
8	Demons
9	Dancing on Ice
10	Paris Hilton's New Best Friend



Global Content

International production growth

H1 revenues, 2007- 09



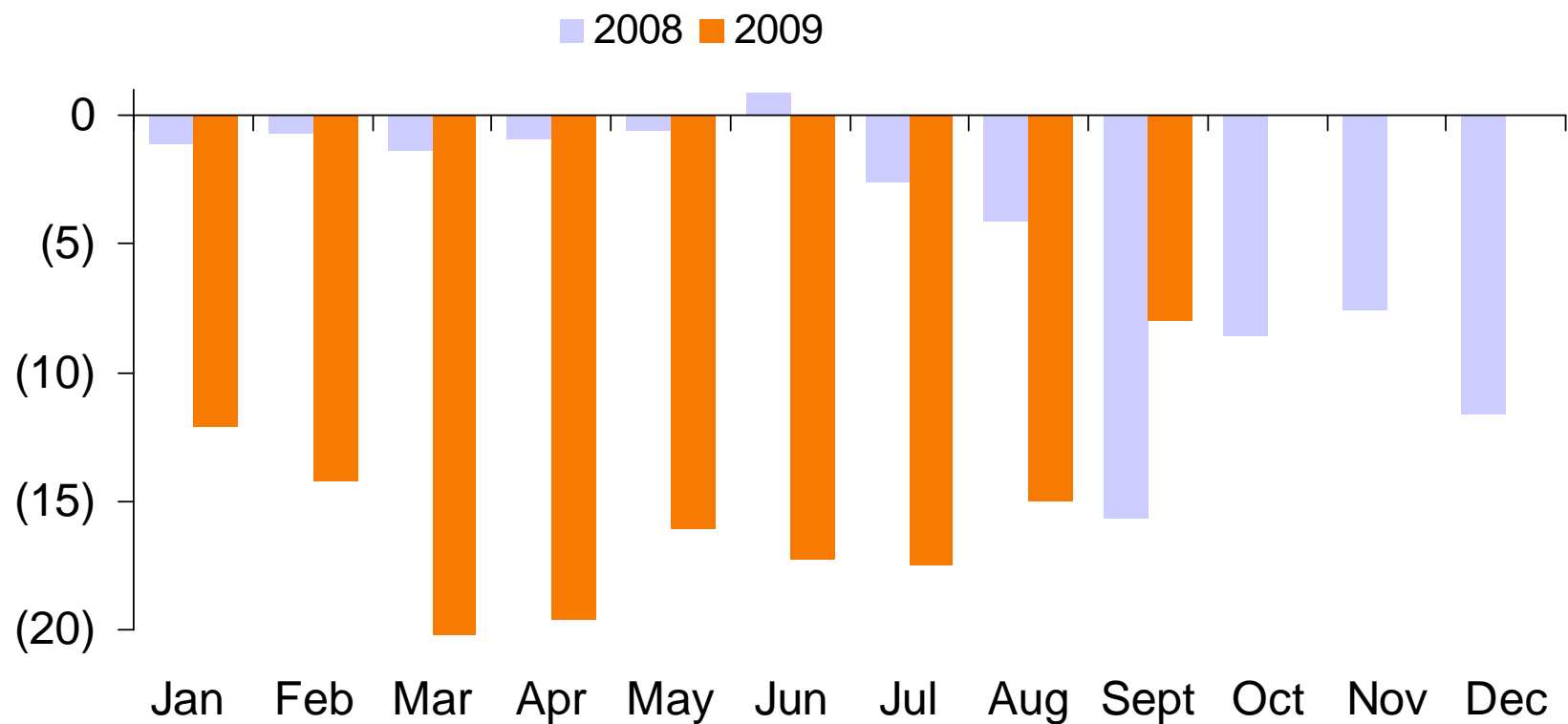
Top ITV Studios programmes on ITV1

	Title	Audience
1	Coronation Street	11.5m
2	Dancing on Ice	11.3m
3	Emmerdale	8.5m
4	Saturday Night Takeaway	7.7m
5	Dancing on Ice: The Story of Bolero	7.7m
6	Lewis	7.5m
7	You've Been Framed	6.6m
8	Heartbeat	6.2m
9	The Royal	5.8m
10	Piers Morgan's Life Stories	5.7m

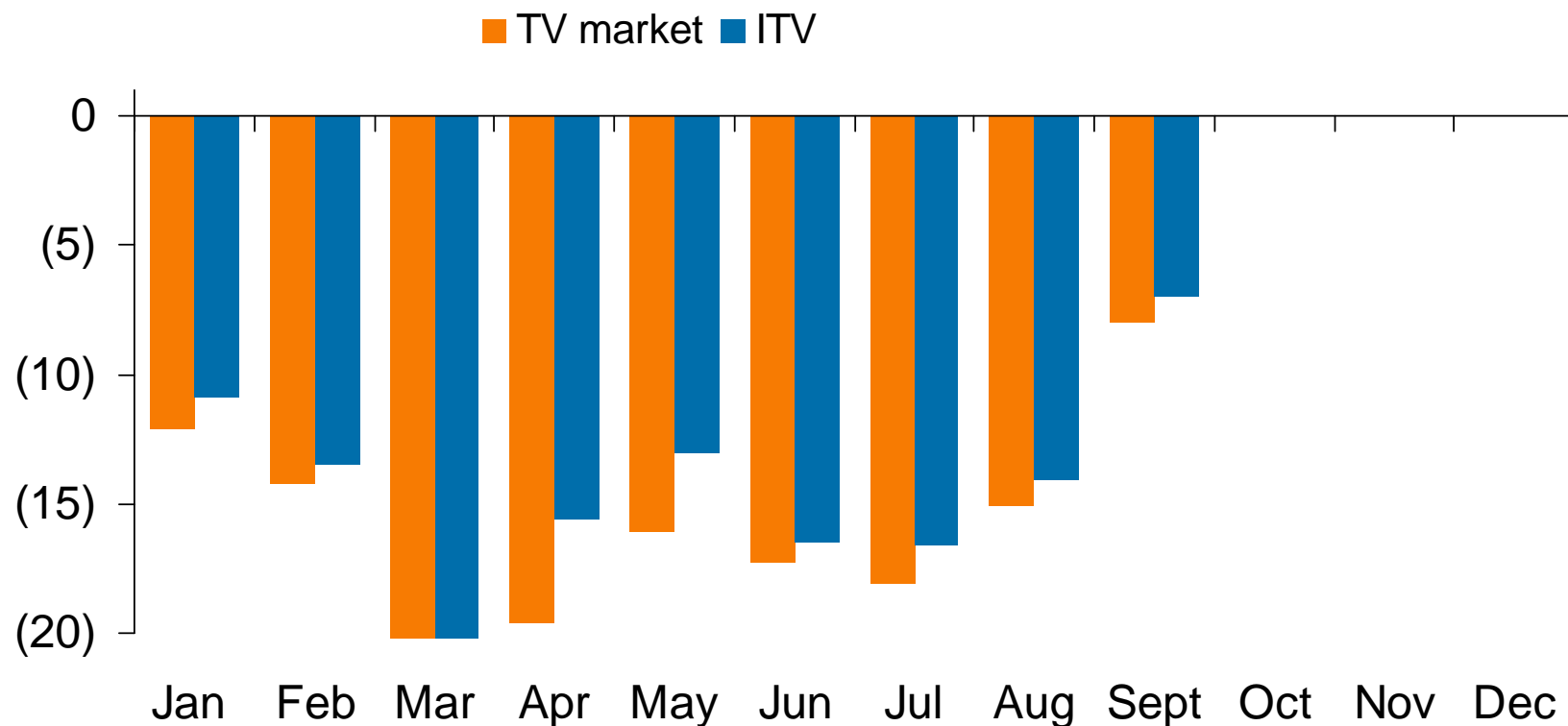
Major international commissions, 2009

	Channel	Territory
I'm A Celebrity	NBC	US
Hell's Kitchen	FOX	US
Kitchen Nightmares	FOX	US
First 48	A&E	US
Ich Bin Ein Star...	RTL	Germany
Der Letzte Bulle	Sat1	Germany
Das Perfekte Diner	VOX	Germany
Contender	Foxtel	Australia
Talking About...	Ten	Australia
I'm A Celebrity	TV4	Sweden
Come Dine With Me	TV4	Sweden
Robinson	TV4	Sweden
I'm A Celebrity	Sony Ent	India

Year-on-year change in UK TV advertising, 2008-2009

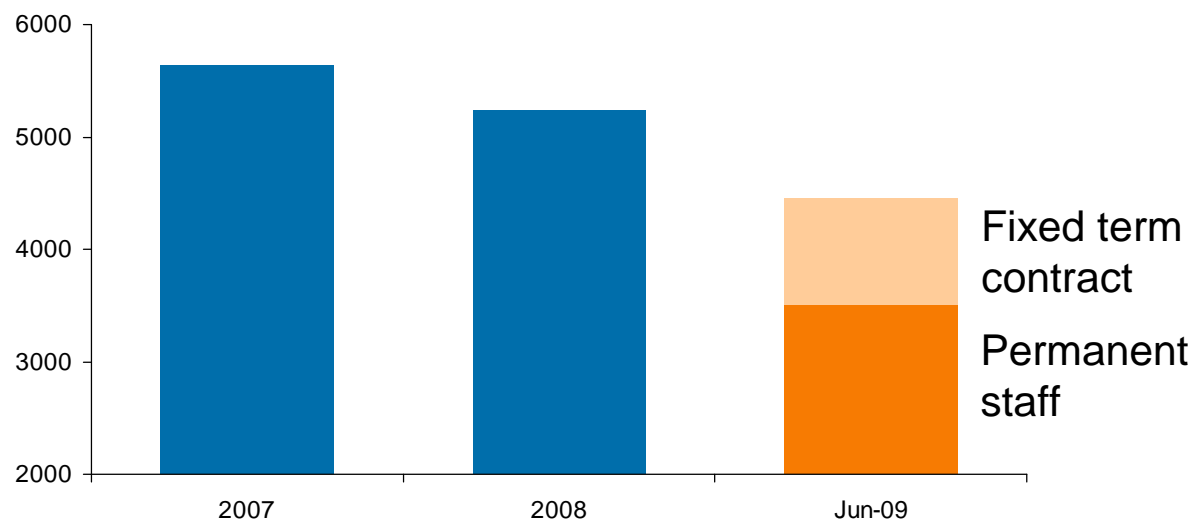


ITV vs UK TV advertising, 2009



£m	2009		2009	2010	2011
	H1	H2	Total	Total	Total
Efficiency savings	15	35	50	90	90
Programming savings	42	63	105	125	195
Total	57	98	155	215	285

ITV staff headcount





- Identified for sale in March 2009
- Profitable, but non-core given focus on online video
- Three main sites: genealogy, dating and reunions

SDN

- Identified for sale in April 2009
- Revenues up 31% to £21m
- Two new contracts from 2009
- Renewed licence to 2022

- Market tough, but rate of decline easing in Q3
- ITV continuing to win market share off competitors
- Strong autumn schedule on ITV1
- Global Content and itv.com revenue growth continuing
- Full 2009 cost savings coming through on and off-screen
- Liquidity strengthened by improved working capital and bond exchange
- Regulatory clarity on CRR and PSB



ITV plc Interim Results 2009

6th August 2009



Appendices



Broadcasting Schedule Costs

£m	2009	2008	% Change
Commissions	270	302	(11)
Sport	81	81	0
Acquired	42	32	31
ITN news & weather	20	20	0
Total ITV1	413	435	(5)
Regional News and non-news	35	55	(36)
Total ITV1 inc regional	448	490	(9)
ITV2, 3, 4, News, CITV, M&M	56	55	2
GMTV	16	17	(6)
Total schedule costs	520	562	(7)



ITV Broadcasting Licence fees

£m	2009	2008	% Change
Cash bid payment	2	2	0
PQR Levy	72	87	(17)
Digital licence rebate	(63)	(74)	(15)
Total	11	15	(27)

JVs, Associates & Investment income

£m		2009	2008
JVs	Screenvision	(3)	(2)
	Freesat	(1)	(4)
	Liverpool.com* / Arsenal.com	0	4
		(4)	(2)
Associates	ITN	0	(1)
Interest and tax		0	(1)
Total		(4)	(4)

* 2008: relates to loan repaid previously written off

Tax

P&L tax credit and cash tax

£m	2009	2008
Current year tax expense	2	0
Deferred tax	1	8
Prior year adjustments	(38)	(11)
P&L tax (credit) / charge	(35)	(3)
Cash paid on account for 2009	1	17
Cash tax refunds for prior years	(18)	(30)
Net cash received	(17)	(13)

Interest charge

£m	2009	2008
£250m at 5.625% Coupon Mar 09	(3)	(8)
€500m Eurobond at 4.75% / 6% Coupon Oct 11	(12)	(12)
£110m Eurobond at LIBOR +2.7% Mar 13	(3)	0
£125m Loan at LIBOR + 6.814% May 13	(4)	(2)
£325m Eurobond at 5.375% Coupon Oct 15	(8)	(9)
£100m Eurobond at 15.6% Yield Oct 15	(2)	0
£250m Eurobond at 6.125% Coupon Jan 17	(8)	(8)
£200m Loan at 8.85% less £138m nominal Gilts at 11.0% Mar 19	(1)	0
Other	1	14
Cash-related financing costs	(40)	(25)
Non-cash movements		
Mark-to-Market on swaps and foreign exchange on bonds	(9)	(9)
Imputed pension interest	(7)	8
Total Non-cash movements	(16)	(1)
Total adjusted net financing costs	(56)	(26)
Non-cash amortised cost adjustment unwind	7	0
Other non-cash exceptional financing costs	14	0
Total statutory Net Financing Costs	(35)	(26)

Analysis of net debt

6 Months to 30th June - £m	2009	2008
£250m Eurobond Mar 09	0	250
€500m Eurobond Oct 11	0	346
€232m Eurobond Oct 11	142	
£110m Mar 13	110	110
£125m May 13	125	
€188m Jun 14	115	
£325m Oct 15	323	323
£100m Oct 15	59	
£250m Oct 17	264	266
£200m Mar 19*	200	0
Other loans and loan notes	3	2
Finance Leases	77	79
Amortised cost adjustment	(23)	(30)
£138m Gilts Mar 19*	(149)	0
Cash and cash equivalents	(518)	(616)
Statutory net debt	728	730

* £200m loan to 2019 partially offset by 2019 gilts



Movement from reported to adjusted profits / earnings 2009

2009

	Per Half Year Report	Operating Exceptional Items	Loss on Sale of Property	Gain on Sale and Impairment of Subs. & Invsts.	Amortisation	Coupon Step Up Adjustment	Gain on Tender & Exchange	Other tax adjs	Adjusted
Operating EBITA	16	30							46
Amortisation	(31)				31				0
JV's & Associates	(4)								(4)
Investment Income	0								0
Gain on Sale of Property	(4)		4						0
Loss on Sale of Subs & Invts	(47)			47					0
PBIT	(70)	30	4	47	31				42
Interest	(35)					(7)	(14)		(56)
PBT	(105)								(14)
Tax	35	0			(6)			(32)	(3)
PAT	(70)	30	4	47	25	(7)	(14)	(32)	(17)
Minority Interests	(2)								(2)
Earnings	(72)								(19)
Weighted Average	3,885								3,885
EPS	(1.8p)								(0.5p)



Movement from reported to adjusted profits / earnings 2008

2008	Per Half Year Report	Operating Exceptional Items	Loss on Sale of Property	Gain on Sale and Impairment of Subs. & Invests.	Amortisation	Coupon Step Up Adjustment	Gain on Tender & Exchange	Other tax adjs	Adjusted
Operating EBITA	106	15							121
Amortisation	(1,630)				1,630				0
JV's & Associates	(4)								(4)
Investment Income	0								0
Gain on Sale of Property	0								0
Loss on Sale of Subs & Invt	17			(17)					0
PBIT	(1,511)	15		(17)	1,630				117
Interest	(26)								(26)
PBT	(1,537)								91
Tax	3	(3)		0	(9)			(24)	(33)
PAT	(1,534)	12		(17)	1,621			(24)	58
Minority Interests	(1)								(1)
Earnings	(1,535)								57
Weighted Average	3,876								3,876
EPS	(39.6p)								1.5p

ITV is providing the following cautionary statement. This document 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) adverse changes to the current outlook for the UK television advertising market, (ii) adverse changes in tax laws and regulations, (iii) the risks associated with the introduction of new products and services, (iv) pricing, product and programme initiatives of competitors, including increased competition for programmes, (v) changes in technology or consumer demand, (vi) the termination or delay of key contracts and (vii) fluctuations in exchange rates.