



ITV plc

Solid progress in 1st year of five-year Transformation Plan

- Phase 1 of the delivery of the Transformation Plan remains on track Adam Crozier
- H1 2011 performance builds stronger foundations for growth Adam Crozier
- Outlook for the rest of 2011 Adam Crozier
- Detailed H1 2011 financial review Ian Griffiths
- Summary Adam Crozier
- Q&A

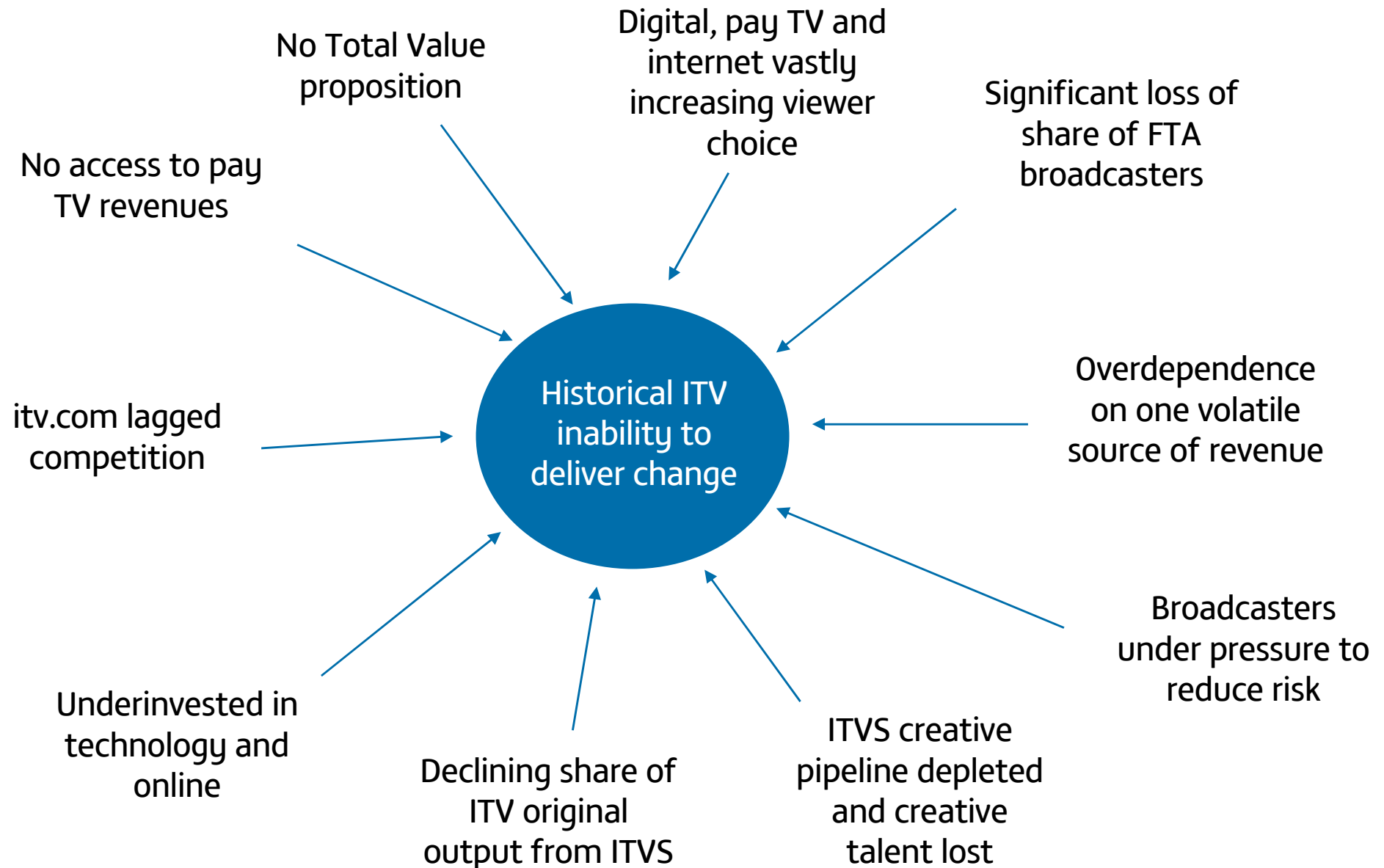
Our vision for 2015

- “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

We are making progress on the key 2011 initiatives set out at the March prelims

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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 ▪ Significant step up in capital expenditure as we invest in the core of the business 	New team delivering good progress in fixing the basics
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 	Performance of free-to-air broadcast business improving, with overall viewing increasing
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 	Laying the foundations to build new revenues, but very early days
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 	Creative pipeline re-energising, but lead times are long

There are early signs of progress against each of our four strategic priorities

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1

- New senior management team established
- Nearly half of wider leadership team changed and now increased emphasis on promoting talent from within
- Employee engagement continues to improve - now at over 75%
- New collaborative creative process starting to show results on screen
- Saving time and money through improved internal processes, e.g. clearer internal trading rules, new internal recruitment process
- Transformation project management office driving forward delivery plans in each business area
- On track to deliver £15m cost savings in 2011, on top of the £40m delivered in 2010
- Net debt reduced to £52m from £188m at the end of 2010
- Extension to SDN pension partnership to further reduce funding deficit

2

- ITV Family NAR up 2% in H1 2011
- ITV Family SOCI up 1%
- ITV Family viewing up 2% year to date
- ITV1 maintaining share of viewing in 2011
- ITV Digital channels share of viewing up 11% year to date
- ITV1+1 launched and performing strongly
- New TV Sales Director starts in August
- ITV has broadcast eight out of the ten top new dramas so far in 2011
- Strong programme performances – Britain's Got Talent, Scott and Bailey, Strangeways
- New integrated approach to news across ITN, ITV regions and Daybreak
- New Director of Digital Channels and Marketing & Research Director now in place

3

- Pay channels ITV 2, 3 and 4 HD performing well on Sky
- ITV Player streaming quality improved and now launched on Android, Apple and Freesat
- ITV.com unique visitors up 19% year on year
- Total long form video views up 64%
- Pay mechanism in place around the turn of the year so we can test what people will pay for
- YouView on track for launch early in 2012
- New Head of Online News joined from Sky
- New Director of Brands joining from Fremantle as we drive forward Total Value exploitation
- Product placement launched
- Created and will launch 11th videostream on SDN

4

- Completely new ITVS senior management team
- New creative hires in drama and entertainment
- Continued investment to create, develop and pilot new ideas
- Creative pipeline strengthening – 68 new commissions so far this year
- Continued strong on-screen performance of key shows – Coronation Street, Emmerdale, Jeremy Kyle
- New drama hits for ITV1 – Vera, Marchlands, Monroe
- New entertainment commissions – Red or Black, High Stakes, Born to Shine, Hero
- ITVS share of ITV1 spend on original commissions increasing (53% in 2010)
- New “off-ITV” commissions for BBC, Sky and E4
- Appointing new International MD and International Formats Director
- Increased focus on co-productions and international roll out of key programmes, e.g. Prime Suspect US, Titanic, Jeremy Kyle

Phase 1 actions and results have created a stronger foundation to deliver our Transformation Plan

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Financial Performance

£m	2011	2010
Total external revenue	1,027	987
ITV NAR	743	728
EBITA*	240	165
Adjusted earnings per share*	4.1p	2.2p
Net debt	52	188 ***
Pension deficit**	312	313 ***
Interim dividend	0.4p	-

* before exceptional items

** on IAS 19 basis

*** comparatives are December 2010

Phase 1 actions and results have created a stronger foundation to deliver our Transformation Plan

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Improving Operational Performance

	2011	2010
ITV Family SOV*	23.2%	22.7%
ITV1 SOV	15.9%	15.9%
ITV1 Digital Channels SOV	6.4%	5.8%
ITV Family Adult SOCI*	40.0%	39.8%
ITV1 SOCI	26.8%	27.2%
ITV1 Adult Impacts	118bn	114bn
Average monthly itv.com unique users	10.8m	9.1m
Total long form video views (all platforms)	180m	110m
Online & On Demand revenue	£16m	£12m

On track to improve ITVS share of ITV1 commissions from 53% in 2010

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

Our focus continues to be on driving through the Transformation Plan

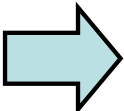
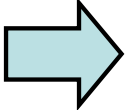
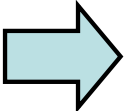
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1.	<ul style="list-style-type: none"> ▪ Create high performance culture ▪ Deliver improvements in technology ▪ Continued focus on improving cost efficiency ▪ Drive increasingly collaborative creative process between Broadcast and Studios ▪ Focus on creating long running, returnable formats ▪ Significant step up in capital expenditure as we invest in the core of the business
2.	<ul style="list-style-type: none"> ▪ Maintain ITV Family SOV performance ▪ ITV1 NPB confirmed at around £800m for 2011 ▪ Outperform the television advertising market ▪ Continue to target key demographics ▪ Develop strategy for next stage of digital channels growth ▪ Develop integrated sales strategy across all platforms under new team ▪ On-going implementation of news review
3.	<ul style="list-style-type: none"> ▪ Deliver improved and redesigned online offering ▪ Make ITV Player available on even more platforms and devices ▪ Put payment mechanism in place online ▪ Drive online viewing and revenues up ▪ Launch online news site ▪ Prepare for launch of YouView ▪ Continue to roll out total value exploitation ▪ Develop product placement offering ▪ Define optimal pay strategy for ITV
4.	<ul style="list-style-type: none"> ▪ Appointment of further on and off screen talent ▪ Continue to invest in developing and piloting new ideas ▪ ITVS to continue to grow its share of ITV1 original commissions ▪ Improve performance of Daybreak ▪ Increase off-ITV commissions ▪ Increased focus on international co-productions and roll out of ITVS formats ▪ Develop and invest in the ITVS international network

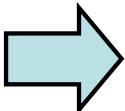
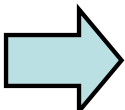
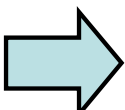
To deliver a growing and rebalanced ITV we need to invest in our future drivers of growth 10

2011 Investment

£25m operating investment

- Online  Fixing our online technology platform and improving the quality and distribution of the ITV player
- Content  Developing and piloting new ideas to re-energise the creative pipeline
- Digital channels  Strengthening our channels' brand identity with new content

£80m capital expenditure

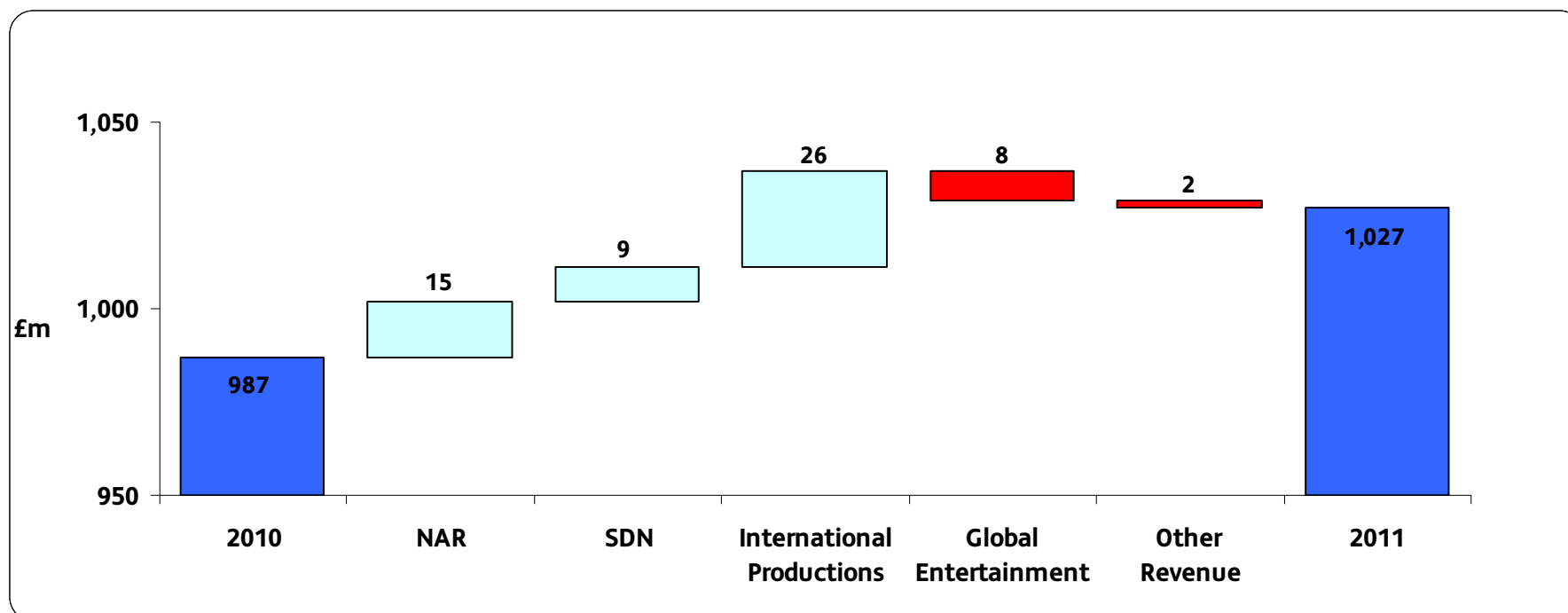
- Technology  Upgrading our core business systems and hardware
- Pay mechanism  Installing a mechanism around year end to test what viewers will pay for
- Manchester studios  Construction of a bespoke studio and production centre for *Coronation Street* at MediaCity

- We expect ITV Family NAR to be down 2% in July, down 4% in August and, given our earlier than usual reporting date, we currently expect ITV Family NAR in September to be broadly flat. We expect ITV Family NAR to be slightly down in Q3 but ahead of the market.
- We remain firmly focused on creating a lean ITV and delivering our Transformation Plan
 - ITV1 NPB confirmed at £800m for 2011
 - On track to deliver £15m of incremental cost savings identified for 2011
- We remain cautious on the economic outlook and its impact on our market
- We will continue to look for ways to improve the efficiency of the balance sheet
- We are encouraged by progress to date and the prospects for ITV in the medium to long term
- The Board has declared an interim dividend of 0.4p. It is our intention to adopt a progressive dividend policy taking into account the outlook for earnings per share.

Group external revenue rises by £40m with growth from both divisions

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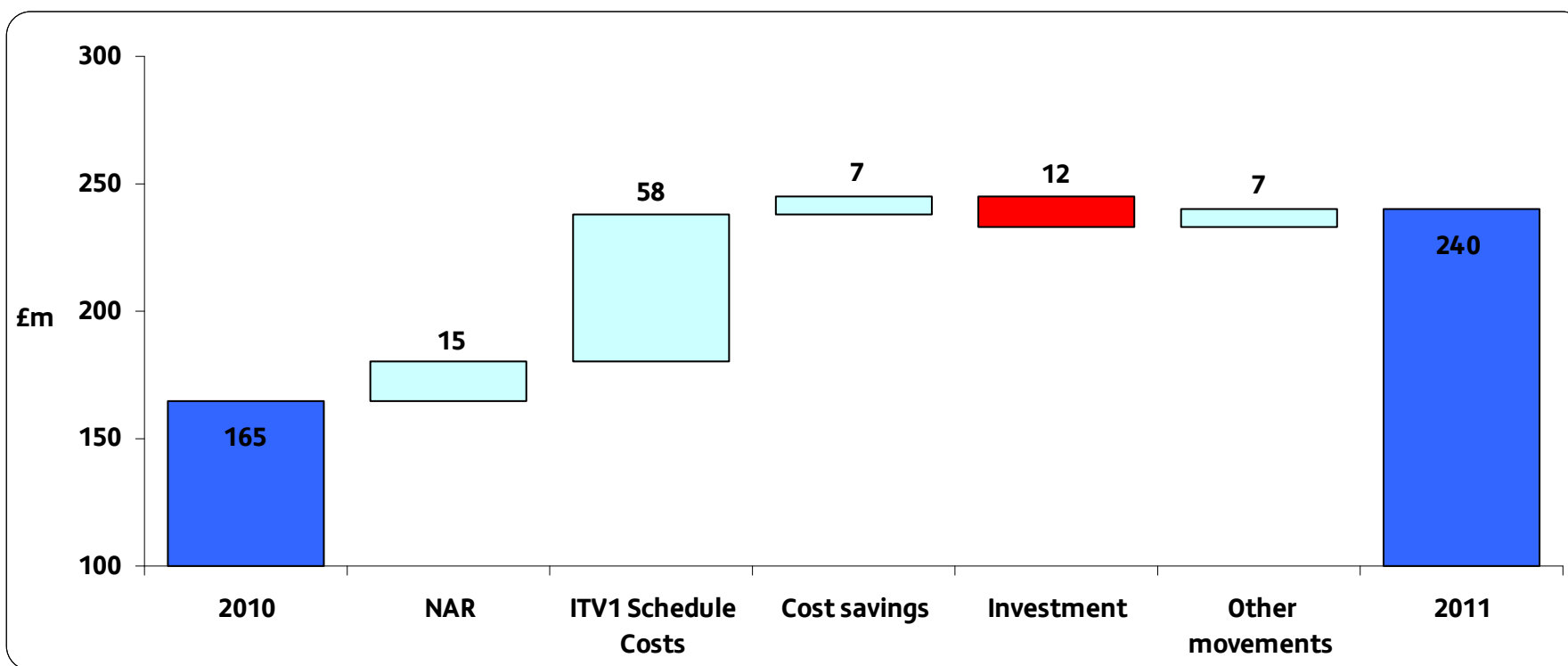
£m	2011	2010	% Change
Broadcasting & Online	887	861	3
ITV Studios	140	126	11
Total External Revenue	1,027	987	4



Group EBITA rises by £75m due to good revenue to profit conversion and lower schedule costs

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£m	2011	2010	% Change
Broadcasting & Online	202	122	66
ITV Studios	38	43	(12)
Total EBITA before exceptional items	240	165	45



Adjusted EPS increases driven by improved EBITA, lower interest and reduced tax rate

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Adjusted Results

£m	2011	2010
EBITA before exceptional items	240	165
Associates and JVs	(1)	(2)
Internally generated intangible asset amortisation	(7)	(9)
Financing costs	(28)	(36)
Profit before tax	204	118
Tax	(46)	(32)
Profit after tax	158	86
Adjusted EPS (p)	4.1p	2.2p

Effective tax rate in 2011 is 23% (2010: 27%)

2% growth in ITV Family NAR with mixed performance across and within categories

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NAR* by Category	YOY	
	£m	%
Retail	151.1	2
Finance	68.6	6
Food	68.3	(16)
Entertainment & Leisure	59.5	(7)
Cosmetics & Toiletries	54.8	(5)
Cars and Car Dealers	40.6	5
Telecommunications	39.1	37
Airlines, Travel and Holidays	36.4	34
Publishing and Broadcasting	34.9	26
Household Stores	32.9	(11)

*ITV Sold

Broadcasting & Online performance impacted by World Cup comparison

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£m	2011	2010	% Change
ITV NAR	743	728	2
Broadcast Sponsorship	29	31	(6)
Minority revenue	26	30	(13)
SDN External Revenue	29	20	45
Online & On Demand	16	12	33
Media sales, PRS and other income	44	40	10
Total Broadcasting & Online Revenue	887	861	3
Schedule costs	(485)	(536)	10
Other costs	(200)	(203)	1
Total EBITA before exceptional items	202	122	66

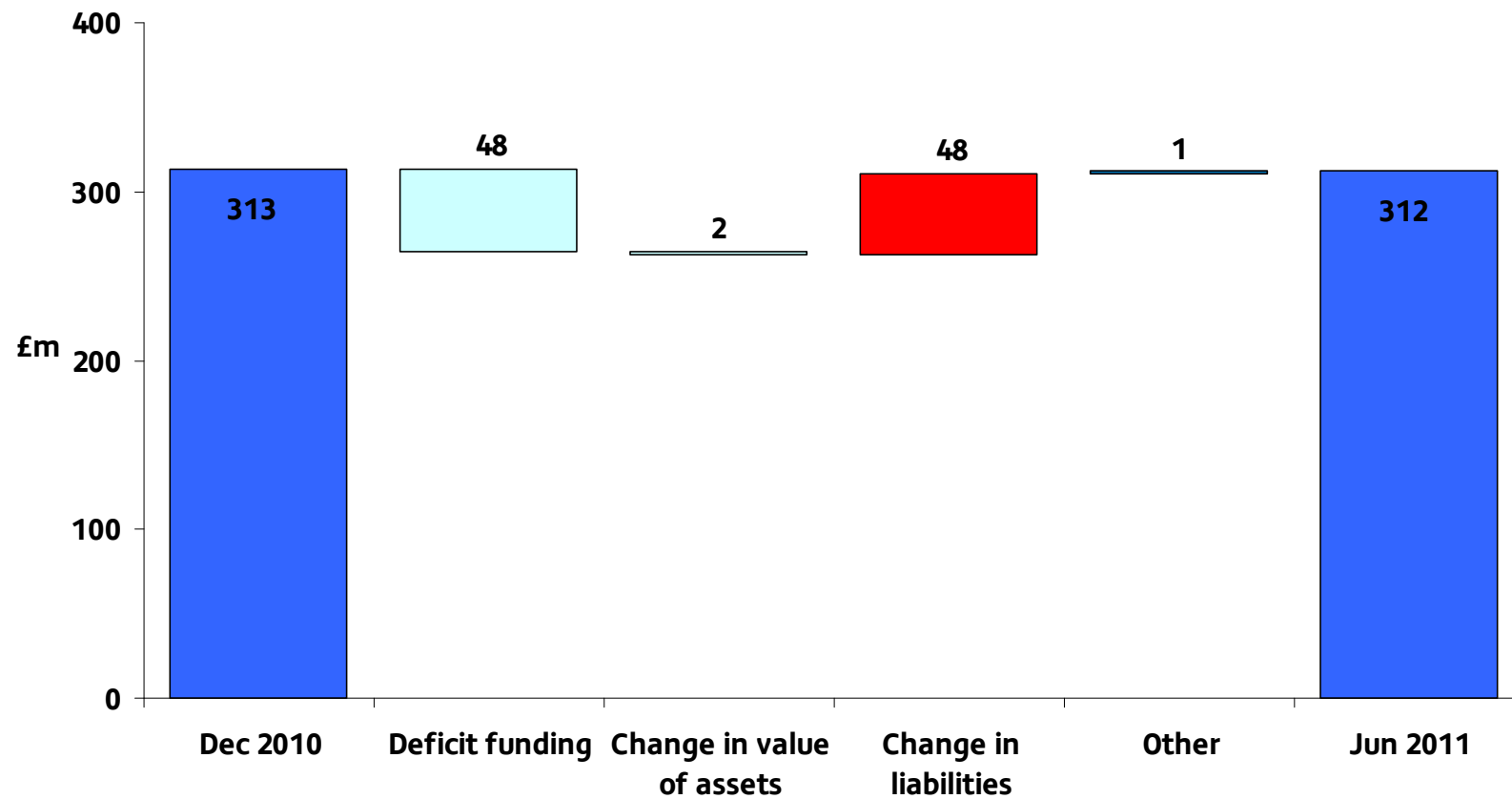
ITV Studios total revenues up, with the benefit of the improving pipeline to come through later

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£m	2011	2010	% Change
UK Productions and Resources	26	30	(13)
International Productions	65	39	67
Global Entertainment	49	57	(14)
External Revenue	140	126	11
ITV Supply	124	128	(3)
Total Revenue	264	254	4
Total Studios costs	(226)	(211)	(7)
Total EBITA before exceptional items	38	43	(12)

Pension deficit remains flat on an accounting basis - actions being taken to reduce the funding deficit

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Key Assumptions

	Jun 2011	Dec 2010
Discount rate for scheme liabilities	5.5%	5.4%
Inflation assumption	3.5%	3.4%

Profit to cash conversion above 100% through tight working capital management – significant cash commitments in H2

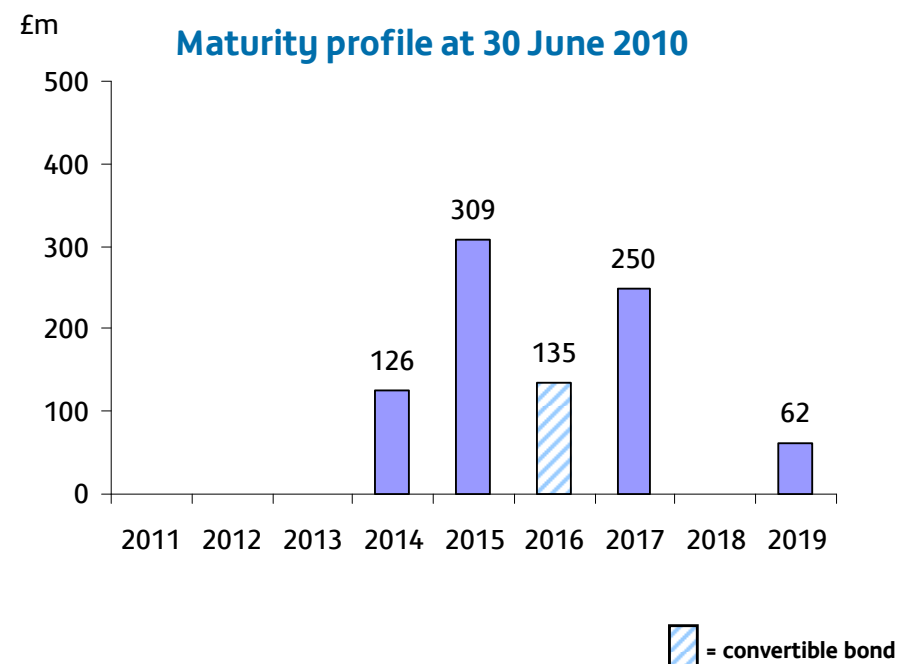
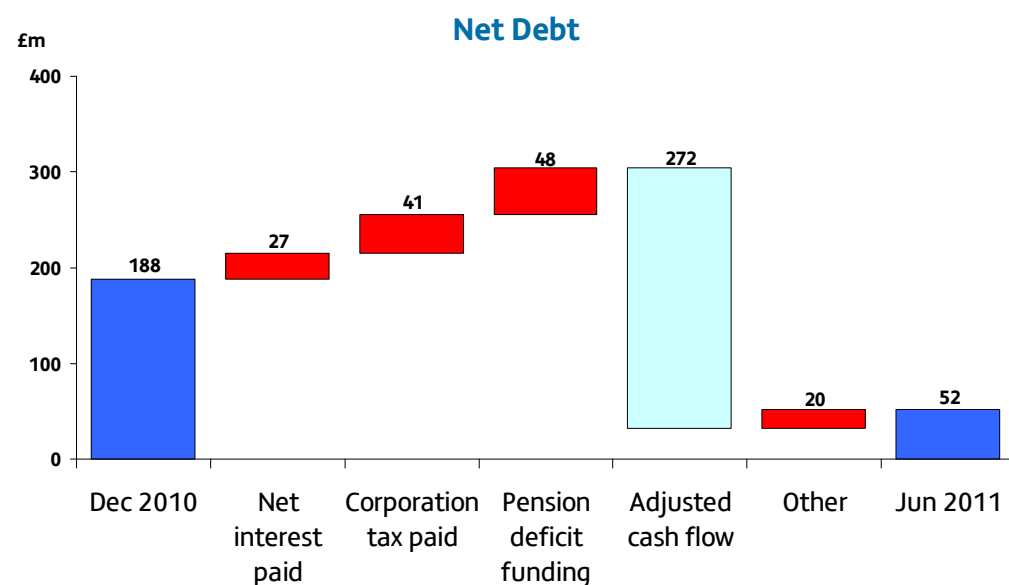
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Profit into cash performance

£m	2011	2010
EBITA before exceptional items	240	165
Decrease in stock	20	101
Decrease / (Increase) in debtors	78	(29)
(Decrease)/ Increase in creditors	(72)	1
Working capital movement	26	73
Share based compensation	7	5
Capex - Tangible and Intangible Assets	(13)	(10)
Depreciation	12	14
Adjusted cash flow	272	247
Profit to cash ratio - 6 months basis	113%	150%
Profit to cash ratio - 12 months basis	112%	134%

Profit performance and cash conversion has further reduced net debt to underpin the Transformation Plan

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Cash and net debt reconciliation £m	Jun 2011	Dec 2010
Cash and cash equivalents	814	860
Debt	(866)	(1,048)
Net debt	(52)	(188)

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

- Our improved financial position puts us in a stronger position to deliver our vision
 - Our strengthened leadership team is making good progress on delivering the transformation plan
 - We're under no illusion that there's still a lot to be done to transform ITV and "rebalance" the business
 - We're on track to out-perform the advertising market in 2011, but are cautious about the economy in the short term
 - We are focusing our investment on the areas that will underpin and drive new revenue streams and our future growth
-
- Our on-screen and online performance is now beginning to improve
 - We are building on the strength of the ITV channel brands - increasingly important in a fragmented market
 - ITV Studios is beginning to build a sense of momentum and creative energy in the UK and internationally
 - We're encouraged by progress to date and prospects for ITV in the medium to long term

£m	2011	2010
Revenue	1,027	987
EBITA before exceptional items	240	165
Amortisation	(31)	(32)
Exceptional items (total)	2	(7)
Associates and JVs	(1)	(2)
Profit before interest and tax	210	124
Net financing costs	(29)	(27)
Profit before tax	181	97
Tax	(46)	(26)
Profit for the year	135	71
Earnings per share	3.5 p	1.8 p

Broadcasting Schedule Costs

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£m	2011	2010	% Change
Commissions	255	247	(3)
Sport	78	139	44
Acquired	28	37	24
ITN news & weather	23	21	(10)
Total ITV1	384	444	14
Regional News and non-news	34	32	(6)
Total ITV1 inc regional	418	476	12
ITV2, ITV3, ITV4, News, CITV	51	45	(13)
ITV Breakfast	16	15	(7)
Total schedule costs	485	536	10

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

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£m	2011	2010
Current year tax expense	42	16
Deferred tax	2	10
Prior year adjustments	2	-
P&L tax charge	46	26
Cash paid on account	41	-
Cash tax refunds for prior years	-	-
Net cash paid	41	-

£m	2011	2010
€54m Eurobond at 6% Coupon Oct 11	1	-
£110m Eurobond at LIBOR +2.7% Mar 13 (repaid)	(2)	(2)
£50m May 13 (repaid)	-	(2)
€188m Eurobond at 10% Coupon Jun 14	(7)	(7)
£309m Eurobond at 5.375% Coupon Oct 15 (£74m repaid)	(6)	(7)
£135m Convertible Bond at 4% Coupon Nov 16	(3)	(3)
£250m Eurobond at 7.375% Coupon Jan 17	(7)	(8)
£200m Loan at 6.75% less £138m nominal Gilts at 8.0% Mar 19	(1)	(1)
Financing costs directly attributable to bonds	(25)	(30)
Other	5	-
Cash-related financing costs	(20)	(30)
Non-cash movements		
Amortisation of bonds	(8)	(6)
Adjusted net financing costs	(28)	(36)
Mark-to-Market on bonds and swaps	3	16
Imputed pension interest	(3)	(7)
Other net financing income	(1)	-
Statutory Net Financing Costs	(29)	(27)

Analysis of Net Debt and Maturity Profile

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£m	June 2011	Dec 2010
€54m Eurobond Oct 11	(16)	(16)
£110m Mar 13 (repaid)	-	110
€188m Jun 14	117	115
£309m Oct 15 (£74m repaid)	276	347
£135m Convertible Nov 16	132	131
£250m Jan 17	262	263
£200m Mar 19	200	200
Finance Leases	55	61
Amortised cost adjustment	(13)	(15)
£138m Gilts Mar 19	(147)	(148)
Cash and cash equivalents	(814)	(860)
Statutory net debt	52	188

Reconciliation between H1 2011 reported and adjusted earnings

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£m	Reported	Adjustments	Adjusted
EBITA before exceptional items	240	-	240
Exceptional items	2	(2)	-
Amortisation and impairment	(31)	24	(7)
Financing costs	(29)	1	(28)
JVs and associates	(1)	-	(1)
Profit before tax	181	23	204
Tax	(46)	-	(46)
Earnings	135	23	158
Number of shares	3,883		3,883
Earnings per share (p)	3.5		4.1

Reconciliation between H1 2010 reported and adjusted earnings

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£m	Reported	Adjustments	Adjusted
EBITA before exceptional items	165	-	165
Exceptional items	(7)	7	0
Amortisation and impairment	(32)	23	(9)
Financing costs	(27)	(9)	(36)
JVs and associates	(2)	-	(2)
Profit before tax	97	21	118
Tax	(26)	(6)	(32)
Earnings	71	15	86
Number of shares	3,884		3,884
Earnings per share (p)	1.8		2.2