ITV plc
Results for year ended 31 December 2008
Focusing on the core business, cost savings and cash management

Financial summary

12 months to 31 December (£m)	2008	2007	Change %
Group revenue	2,029	2,082	(3)
Adjusted operating EBITA*	211	311	(32)
(Loss)/Profit before tax			
Reported after impairment	(2,732)	188	-
Adjusted**	167	281	(41)
EPS (pence per share)			
Reported after impairment	(65.9)	3.5	-
Adjusted**	2.7	5.0	(46)
Full year dividend (pence per share)	0.675	3.15	(79)

*before exceptional items, amortisation and impairment of intangible assets
**before exceptional items, amortisation, impairment of intangible assets, amortised cost adjustment, and in addition for Adjusted EPS, before tax adjustments

Michael Grade, Executive Chairman, ITV plc, said:

“Current conditions in the advertising market are the most challenging I have experienced in over 30 years in UK broadcasting. This is reflected both in our financial results for 2008 and the tough actions we are announcing today.

“Our priorities have to be aligned to the changed economic context. The Board therefore recognises that the 2012 revenue targets set in 2007 are no longer appropriate and we are focusing on our core business as a producer-broadcaster, on reducing our costs and on cash generation. Our audience share target remains unchanged.

“We are now implementing the plan needed to enable ITV to get through this difficult period and emerge as a leaner and fitter business. We will deliver annual cost savings in 2011 of £245m against the 2008 outturn. Of this, £155m of annual savings will be delivered in 2009, rising by £20m to £175m in 2010. These savings will come from all our businesses, including our programming costs.

“The Board is recommending the suspension of the final dividend. This is not a decision taken lightly. The Board’s judgement is that it represents the prudent course in present conditions.

“We have secured £360m of covenant-free financing and additional debt over the last year, including a new £50m loan. We will seek to dispose of Friends Reunited and are considering options for SDN. Earlier this month, we repaid the maturing £250m bond from our cash resources. Our next bond repayment is in October 2011. The Board will continue to evaluate all options to improve the strength of the balance sheet.

“Even in these difficult times, we should not lose sight of the progress the business has made. We are continuing to deliver our advertisers mass audiences night after night and are holding our share of audience and of television advertising. We have delivered revenue growth in Global Content and a huge increase in video views online.

"We welcome the progress we are starting to see with respect to regulation. The review of CRR is well underway and, having approved our 2009 plans, Ofcom has proposed further restructuring of regional news for 2011. In both areas, we believe urgent decisions are called for. ITV, like all broadcasters, is responding to the Government's request for radical ideas on the future of PSB.

"Visibility on future revenues is limited and trading in 2009 remains uncertain. However we expect to continue to outperform the market, increasing our share of television advertising revenues for the full year once again."

Operating summary
Group revenues fell 3%, with strong growth in external content revenues offsetting a reduction in television net advertising revenues ("NAR").

- ITV plc NAR was down 4% at £1,425m (2007: £1,489m), ahead of the total market down 5%
- ITV Family held its share of viewing and its share of NAR year-on-year
- Global Content revenues (including internal) were up 10% to £622m with external revenues up 25% to £306m.
- Online revenues increased 9% to £36m with itv.com delivering over 85 million online video views and monthly unique users averaging 6.5 million.

As well as NAR decline, the reduction in operating EBITA reflects the impact of higher schedule costs, including an increase in digital channel investment, and higher online losses.

Current trading
ITV estimates that total ITV NAR for the first quarter of 2009 will be around 17% down year-on-year, in line with the total market. Trading in March is impacted by the timing of Easter, compared to 2008. For April, ITV estimates that ITV NAR will outperform the total market, which is forecast to be down around 20%.

Strategic outlook
ITV's strategic targets, set in September 2007, assumed growth in UK television advertising of 1.5-2% per annum. There has since been an unprecedented deterioration in the global economic outlook and the UK television advertising market.

The Board recognises that the 2012 revenue targets for Global Content and Online are no longer appropriate. The Board is clear that ITV must focus on three things: maintaining the strength of its core business as an integrated producer-broadcaster, reducing its costs, and tightly managing its cash position. ITV is retaining the target for its channels to maintain a share of commercial impacts of at least 38.5% to 2012.

Efficiency savings and programme investment
ITV will deliver total cost savings of £155m in 2009, rising to £175m in 2010 and £245m in 2011. Total cost savings include efficiency savings; network programming savings; and regional news savings:

- **Efficiency savings** of £50m will be delivered in 2009, rising to £70m in 2010 (including the previously announced £35m of savings targeted by 2010). Total costs of change are estimated at £40m. Significant savings will be delivered in central services and across ITV Studios operations outside London. As a result, there will be a further reduction in headcount of around 600 posts across ITV.

- **Network programme investment** will be reduced by £65m in 2009, compared to the 2008 outturn. Programme investment will be held flat in 2010 and will be reduced by a further £70m in 2011. To deliver these savings, ITV is re-engineering its schedule, working with suppliers to increase the return on its investment, and focusing on existing stock to limit its cash spend. The programming mix is being shifted towards entertainment, a genre which has always been the cornerstone of the ITV schedule.

- **Regional news savings** of £40m will be delivered in 2009. No additional savings from further restructuring of regional news in 2011 are assumed in the total cost savings.

Disposals and business closures
Online, ITV is focused on delivering ITV content via itv.com and VOD. Consistent with this strategy, ITV Local will close as a stand alone business. ITV will seek to dispose of Friends Reunited and Scoot. Separately, ITV is considering options for its digital terrestrial multiplex business, SDN.

Balance sheet and pension
Net debt stood at £730m at the year end (2007: £668m). Since the year-end, ITV has fully drawn on an existing £125m bilateral facility running to 2013 and, earlier this month, repaid the maturing £250m bond. In February 2009, ITV secured a further 10-year loan of £50m which is not subject to financial covenants and which may be extended by the lender to a total of £200m. ITV's next bond repayment of £335m is scheduled for October 2011.

On an IAS 19 basis and including a significant mortality adjustment, ITV's pension deficit was estimated at £178m (2007: £112m) at the year end. In line with the agreed five year funding plan, ITV will provide £30m deficit funding in 2009. ITV will also begin consultation with the Trustees and staff over possible changes to the Defined Benefit sections of the pension scheme.

Goodwill impairment
An impairment loss of £1.6bn against Broadcasting goodwill was recognised at the half year. With the continuing deterioration in market forecasts and weakness in online advertising, a further £1.095bn impairment loss, principally against Broadcasting and Online, has been recognised for the full year. A non-cash impairment charge of £2.695bn is included in operating costs in the income statement.

Exceptional items
Operating exceptional items in the year totalled £97m. These include £40m reorganisation and restructuring costs associated with previously announced cost reduction programmes, including regional news changes for 2009. Reflecting the substantial deterioration in television advertising market forecasts, a charge of £50m is also included in respect of onerous contracts for sports rights.

NOTES TO EDITORS

1. The full ITV plc Report and Accounts 2008 is available at http://www.itvplc.com
2.

Key performance indicators for 12 months to 31 December 2008			
	2008	**2007**	**%**
ITV1 adult impacts (billion)	236	237	(1)
ITV family adult SOCI (%)	41.0	41.7	(2)
Content revenues, including internal, (£m)	622	564	10
itv.com unique users – av. monthly (million)	6.5	5.0	30

3. Share of viewing data is for the year to 31 December 2008, compared to equivalent period in 2007, based on BARB / Infosys data for individuals viewing. ITV Family includes: ITV1, ITV2, ITV3, ITV4, CITV, GMTV1, GMTV2, Men&Motors and associated "+1" channels. ITV Family share of viewing in 2008 was 23.2% (2007: 23.2%).

4. Average monthly unique users are based on Omniture data. Video views are based on internal Company data for itv.com.

5. Figures for ITV plc and market NAR are based on ITV estimates and current forecasts. ITV plc share of total TV NAR in 2008 was 43.8% (2007: 43.6%).

6. 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) 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, (vii) fluctuations in exchange rates and (viii) volatility in financial markets.

For further enquiries please contact:

ITV plc

Press queries Tel: 0207 156 6000

Mark Gallagher - Director of Group Corporate Affairs
Ruth Settle - Director of Corporate Communications
Louise Evans – Head of Press, Financial and Commercial

Investor queries

Christy Swords - Director of Investor Relations Tel: 0207 156 7022

Pippa Strong - Head of Investor Relations	Tel: 0207 156 7039
Tulchan Communications Group	Tel: 020 7353 4200

Andrew Grant
Susanna Voyle
Lizzie Morgan