14th May 2014
ITV plc - Interim Management Statement
ITV growth strategy remains on track

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

- Total external revenues up 2% to £585m (2013: £571m)
- Broadcast & Online revenues up 3% at £480m (2013: £465m) driven by 2% growth in NAR as expected and 14% increase in Online, Pay & Interactive
- ITV Studios set to deliver good revenue growth over the full year, although the phasing of programme delivery in 2014 means Q1 is down 4%
- Completed the acquisition of 80% of Leftfield, the fast growing US independent producer, as we continue to build our international content business
- On track to deliver £10m cost savings over the full year
- ITV Family NAR is forecast to be ahead of the market, up 7% over H1, with initial indications that July will be positive

Adam Crozier, ITV plc Chief Executive, said:

"We continue to make progress with our strategy of growing and rebalancing the business in the UK and internationally.

Broadcast & Online started the year well, helped by another strong performance in Online, Pay & Interactive and by the ongoing improvement in the UK advertising market, with most sectors showing good growth.

While ITV Family share of viewing has been lower than expected so far this year we have confidence in our strong schedule to come, including the Football World Cup in June. ITV Encore – our first pay channel - is on track to launch in June, followed later in the year by ITVBe, our first new Free To Air Channel in almost a decade.

As always, Studios revenues are impacted by phasing of programme deliveries, however given the level of forward visibility we have in our Studios business, we are confident of delivering good revenue growth over the full year driven by the acquisitions we have made.

Just last week we made the significant acquisition of Leftfield Entertainment, a fast growing US production company. The acquisition makes ITV Studios the largest independent unscripted producer in the US and is a major step forward in our strategy of building an international content business. We are also investing in the organic growth of our international scripted business, which will benefit our growth in future years.

Looking ahead, our Q2 advertising revenue is forecast to be up 12-13% and we expect to outperform the TV ad market in H1 and over the full year."

NOTES TO EDITORS

1. Unless otherwise stated, all financial figures refer to the three month period ended 31st March 2014, with growth compared to the same period in 2013. All operating figures refer to the latest available period, with growth compared to the same period in 2013.

2.

Revenue for 3 months ended 31st March (£m)	2014	2013	%
ITV Broadcast & Online	480	465	3
ITV Studios	192	201	(4)
Total revenue	672	666	1
Internal supply	(87)	(95)	(8)
Total External revenue	585	571	2

Revenue for 3 months ended 31st March (£m)	2014	2013	%
ITV Family NAR	390	382	2
Non-NAR Revenue	282	284	(1)
Internal Supply	(87)	(95)	(8)
Total External revenue	585	571	2

3. ITV Family NAR was up 2% in Q1, up 19% in April and is forecast to be up 7% in May and 12-15% in June. Initial indications are that ITV Family NAR will be positive in July. These revenues are pure NAR, excluding the benefit of sponsorship and online revenues.

Figures for ITV plc and TV market NAR are based on ITV estimates and current forecasts.

4. Operational summary

Broadcast & Online performance indicators	2014	2013	%
ITV Family SOV – year to 30th April	21.6%	23.4%	(8)
ITV SOV – year to 30th April	15.6%	16.4%	(5)
ITV Family SOCI – year to 30th April	36.6%	39.4%	(7)
ITV SOCI – year to 30th April	25.9%	27.2%	(5)
ITV adult impacts – year to 30th April	77bn	85bn	(9)
Total long form video requests (all platforms) – 3 months to 31st March	156m	133m	17

Share of viewing data based on BARB/AdvantEdge data and share of commercial impact (SOCI) data based on BARB/DDS data. Share of viewing data is for individuals and SOCI data is for adults. ITV Family includes: ITV, ITV2, ITV3, ITV4, CITV, ITV Breakfast, CITV Breakfast and associated "HD" and "+1" channels. Total long form video requests across all platforms are based on data from ComScore Digital Analytix, Virgin, BT, iTunes, Lovefilm, Netflix, Sky, 3UK and Hospedia and include simulcast.

5. As we have seen previously, the timing of programme delivery can significantly impact Studios revenues on a quarterly basis as it has done in Q1 with organic revenue down 10%. At constant currencies organic revenues in Q1 were down 8%.

6. At constant currencies total ITV Studios revenues would have been £6m higher. If exchange rates stay at a similar rate over the remainder of the year, the full year impact on revenues will be around £25m and on EBITA will be about £4-5m.

7. At 31st March 2014 ITV had net cash of £88m, (31st December 2013: £164m) which was impacted by the timing of deficit contributions into the pension schemes and the repayment of the remaining £62m of the 2019 bilateral loan on 16th January 2014. This excludes the acquisition of Leftfield Entertainment and the payment of the final and special dividend.

8. In April ITV further improved its financial flexibility through obtaining a committed £525m Revolving Credit Facility provided by a number of core relationship banks. The facility has a five year maturity and contains leverage and interest cover financial covenants as is normal for a facility of this nature. This replaces the previous £250m facility.

In April ITV also entered into a new £175m financing facility. This facility, which is free of financial covenants, will be made available for utilisation by ITV from 25 April 2014 until 30 June 2021. This facility is capable of being delivered by the lender under market standard credit hedging contracts.

We have also agreed a new £75m invoice discounting facility which has a three year maturity to 30 April 2017, which is also free of financial covenants. This replaces the previous £125m facility.

9. The aggregate IAS19 Pension deficit at 31st March 2014 was £369m (31 Dec 2013: £445m). This reduction is primarily as a result of the £80m deficit funding contribution made in March. The decrease in the discount rate has offset the increase in asset values.

In March ITV entered into a Pension partnership with the Trustees of the main section of the ITV Pension Scheme, backed by the London Television Centre (LTC) property, and, as a consequence, ITV's pension deficit on a funding basis was reduced by £50m immediately. This agreement does not impact the deficit calculated on an IAS 19 basis. Ownership of LTC remains with ITV.

10. Figures presented in this interim management 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, and (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 publicly revise 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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