

## ITV plc Q1 Trading Update for the three months to 31 March 2024

### Q1 2024 Highlights

- **ITV continues to make good progress and remains on track to deliver its 2026 KPI targets**
- **Total ITV Studios Q1 revenue was down 16%, reflecting the phasing of deliveries and the expected impact of the US writers' and actors' strike**
- **Total ITV Studios revenue for FY24 is expected to be broadly flat with a strong pipeline of programmes heavily weighted to H2**
- **ITVX continued to perform strongly with 16% growth in streaming hours and 14% growth in digital advertising revenues in Q1**
- **Total advertising revenue up 3% in Q1, with strong momentum into Q2, expected to be up around 12%; H1 expected to be up around 8%**
- **ITV Pension scheme in surplus following latest triennial valuation; removes a significant historic drag on free cash**

### Carolyn McCall, ITV Chief Executive, said:

"ITV continues to execute its strategy successfully.

"Over the full year we expect ITV Studios revenues to be broadly flat. We have a strong pipeline of programmes, good demand for our quality content as we increasingly diversify our customer base towards streamers and the phasing of deliveries is heavily weighted to the second half of the year, including Hells Kitchen US, The Better Sister, A.C.A.B, Showtrial and Ludwig.

"ITVX continued to build on its strong first year and delivered double-digit growth in both digital viewing and digital advertising revenues in Q1 and we expect continued strong growth in both throughout the year.

"Total advertising revenue grew 3% in Q1, in line with guidance, with good momentum continuing into Q2 benefitting from the Euros in June. H1 TAR is expected to be up around 8%.

"Our group cost savings programmes are on course to deliver £40 million of savings this year as previously guided. Overall we expect to continue to make good strategic progress and we remain on track to achieve our KPI targets for 2026."

### Financial and operating performance for the three months to 31 March

- Total revenue was down 7% at £887 million (2023: £952 million), with growth in total advertising revenue (TAR) offset by the decline in ITV Studios revenue
- Total external revenue was down 6% at £727 million (2023: £776 million)

#### ITV Studios

- Total ITV Studios revenue was down 16% at £382 million (2023: £457 million) due to the phasing of deliveries which are heavily weighted to H2 and the expected impact from both the 2023 US writers and actors strikes and the weaker demand from free-to-air broadcasters in Europe who have been holding back spend until they see more certainty in the advertising market
- ITV Studios delivered a wide range of new and returning programmes and formats in the UK and internationally during the quarter, including
  - The Reluctant Traveller for Apple TV+, The Red King for Alibi, The Gathering for Channel 4 and I'm A Celebrity...Get Me Out Of Here! in Germany for RTL

### Media & Entertainment (M&E)

- M&E revenue was up 2% at £505 million (2023: £495 million), with total advertising revenue (TAR) up 3% as previously guided
  - Within this digital advertising revenue (a component of digital revenue) was up 14%
  - Total M&E non-advertising revenue was down 5% driven by the expected decline in partnership revenue as we improve the viewer proposition and our monetisation of ITVX
- ITVX's strong performance has continued in Q1 with total streaming hours up 16% and monthly active users continue to grow in line with our expectations
- Digital revenues (refer to Note 4) grew 11% with strong growth in digital advertising revenues partly offset by the short term impact of the actions we have taken to simplify our paid streaming proposition
- We maintained our strength in delivering mass reach for our advertisers, with 91% of the top 1,000 commercially broadcast TV programmes and 33.7% share of commercial viewing on our linear television channels

*ITV Pension Scheme:* Following the agreement of the latest triennial valuation we expect no future deficit contributions while the Scheme is in surplus, other than a small payment relating to a legacy asset-backed scheme. This removes a significant historic drag on free cash (refer to Note 6 for further details).

### Outlook

With the continued strong strategic progress we are making, we remain on track to deliver our 2026 KPI targets.

As previously guided we expect to deliver a total of £40 million of cost savings in 2024 - made up of £10 million from our 2019 to 2025 cost savings programme and £30 million of additional in-year savings as part of our strategic restructuring and efficiency programme which we announced as part of the 2023 full-year results and are already executing upon.

### ITV Studios:

- We expect ITV Studios total revenues to be broadly flat over the full year 2024 with good underlying growth offsetting the impact of the US writers and actors strikes which, as previously guided, will delay around £80 million of revenue from 2024 to 2025. Q2 will also see revenue decline year on year but we have a strong pipeline of programmes with deliveries heavily weighted to H2 including Hells Kitchen US for Fox, A.C.A.B for Netflix, The Better Sister and Lazarus for Amazon Prime Video, Ludwig and Showtrial for the BBC, Sentinelles for OCS and Canal+, Love Island in the UK, US and Australia, and The Voice in Australia and Germany
- ITV Studios remains on track to deliver total organic revenue growth of 5% on average per annum from 2021 to 2026 - ahead of the market, and at a margin of 13 to 15%
- We are confident that we will continue to grow our market share to 2026 driven by our scale; our diversification by customer, geography and genre; a strong track record of high-quality content; a strong slate for 2024 and beyond; and our leading creative talent

### Media & Entertainment

- We remain on track to deliver at least £750 million of digital revenues by 2026
- ITVX has started the year strongly and we will continue to build on its successful launch year through further developments in content, product, distribution and marketing

- Compared to the same period in 2023, TAR is expected to be up around 12% in Q2 and up around 8% in H1 2024 benefitting from the Euros in June, with continued strong growth in digital advertising revenues

### Notes to editors

1. Unless otherwise stated, all financial and operating figures refer to the three months ended 31 March 2024, with growth compared to the same period in 2023.
2. Group financial performance

Revenue for three months to 31 March (£m)	2024	2023	Change £m	Change %
Media and Entertainment	505	495	10	2
ITV Studios <sup>1</sup>	382	457	(75)	(16)
<b>Total revenue</b>	<b>887</b>	952	(65)	(7)
Internal supply	(160)	(176)	16	(9)
<b>Total external revenue</b>	<b>727</b>	776	(49)	(6)

Revenue for three months to 31 March (£m)	2024	2023	Change £m	Change %
Total advertising revenue	432	419	13	3
Non-advertising revenue	455	533	(78)	(15)
Internal supply	(160)	(176)	16	(9)
<b>Total external revenue</b>	<b>727</b>	776	(49)	(6)

3. Total advertising revenue (TAR), which includes ITV Family NAR, digital advertising and sponsorship, is expected to be up around 12% in Q2 with continued strong growth in digital advertising revenues and will be up around 8% for the first half of 2024. Figures for ITV plc are based on ITV estimates and current forecasts.

<sup>1</sup> 2024 includes a £13 million revenue benefit from the transfer of ITV Sport from Media & Entertainment to ITV Studios effective from 1 January 2024.

#### 4. Key performance indicators

Three months to 31 March	2024	2023	Change %
ITV Studios total organic revenue growth	(15%)	(9%)	(6% pts)
Total digital revenue	£118m	£106m	11
Total streaming hours (hrs)	449m	387m	16
Share of commercial viewing	33.7%	34.5%	(0.8% pts)
Share of top 1,000 commercial broadcast TV programmes	91%	93%	(2% pts)

- Our definition of total organic revenue excludes the impact of any acquisitions made during the current or prior period. It also excludes the year-on-year movement in foreign exchange. In the first quarter of 2024, the unfavourable translation impact of foreign exchange on total revenue was £6 million. There were no acquisitions in the current or prior period.
- Total digital revenue includes digital advertising revenue and subscription revenue as well as linear addressable revenue, digital sponsorship and partnership revenue, ITV Win and any other revenues from digital business ventures.
- Total streaming hours measures the total number of hours viewers spend watching ITV across all streaming platforms. This figure includes both ad-funded and subscription streaming. For Q1 2023, total streaming hours were reported as 389 million hours, which included some estimates of total streaming viewing from third-party data providers. This has since been updated to reflect more recently available and accurate data.
- The share of top 1,000 commercial broadcast TV programmes KPI includes TV viewing from transmission and seven days post-transmission on catch up, as well as six weeks prior to the transmission window. It excludes programmes with a duration of less than ten minutes. This metric is calculated as a 12-month rolling average to normalise seasonal scheduling.
- ITV Family share of commercial viewing is the total viewing of audiences over the period achieved by ITV's family of channels as a proportion of all commercial broadcast TV viewing in the UK, from transmission and seven days post transmission on catch up. ITV Family includes ITV1, ITV2, ITV3, ITV4, ITVBe, CITV and CITV Breakfast in 2023 only, ITV Breakfast and associated "HD" and "+1" channels.
- % change for performance indicators is calculated on rounded numbers.

5. ITV continues to have good access to liquidity. At 31 March 2024, net debt<sup>2</sup> was £272 million (31 December 2023: £553 million). ITV had total liquidity of £1,514 million, comprising total cash of £614 million and committed undrawn facilities of £900 million.

6. The net pension surplus of the defined benefit schemes at 31 March 2024 on an accounting basis was £216 million (31 December 2023: £209 million surplus). The marginal increase in the surplus since the year-end is the result of an increase in corporate bond yields offset by market-implied inflation.

The triennial valuation of the ITV Pension Scheme (the Scheme) as at 31 December 2022 has been completed. At the valuation date, the Scheme had a surplus of £83 million. This is compared to a deficit of £252 million at the previous valuation date of 31 December 2019.

As the Scheme is in surplus, there are no deficit contributions payable. The Group will continue contributing an annual payment of c. £3 million under the London Television Centre Pension Funding Partnership. The Group's pension deficit contributions for the

<sup>2</sup> Net debt is defined as total loans and facilities (including cross currency interest rate swaps held against euro-denominated borrowings) and lease liabilities less total cash and cash equivalents and restricted cash.

year to 31 December 2023 were £40 million, and for the year to 31 December 2022 were £137 million.

The scheme is well hedged against inflation, interest rate volatility and longevity. Refer to Note 3.7 of the ITV Plc 2023 Annual Report and Accounts for further details of the Group's pension schemes.

Going forward we will report the net pension surplus or deficit at the half-year and full-year results only.

7. As of market close on 8th May 2024, ITV had bought back 45,071,121 shares, all of which have been held in Treasury.
  
8. Figures presented in this Trading Statement are not audited. This announcement contains certain statements that are or may be forward looking statements. Words such as "targets", "expects", "aim", "anticipate", "intend", or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting ITV. Although ITV believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. 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. They are not historical facts, nor are they guarantees of future performance; actual results may differ materially from those expressed or implied by these forward-looking statements. 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) the general economic, business, political, regulatory and social conditions in the key markets in which the Group operates, (ii) a significant event impacting ITV's liquidity or ability to operate and deliver effectively in any area of our business, (iii) a major change in the UK advertising market or consumer demand, (iv) significant change in regulation or legislation, (v) a significant change in demand for global content, and (vi) a material change in the Group strategy to respond to these and other factors. Certain of these factors are discussed in more detail elsewhere in this announcement and in ITV's 2023 Annual Report and Accounts including, without limitation, ITV's approach to risk management.

Forward-looking statements speak only as of the date they are made and, except as required by applicable law or regulation, ITV undertakes no obligation to update any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise. Nothing in this statement should be construed as a profit forecast.

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