

## ITV plc Q1 Trading Update for the 3 months to 31 March 2023

### Continued significant strategic progress; digital revenues up 29%

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

"ITV continued to make significant strategic progress in the quarter and all parts of the business performed in line with expectations.

"ITVX has sustained its strong launch, with a 49% increase in streaming hours and a 29% growth in digital revenue in the quarter. Exclusives, such as Nolly and The Twelve attracted new viewers, 80% of whom went on to explore other content on ITVX. In addition, live simulcast viewing of our biggest shows and sports events, including Love Island and the FA Cup attracted large streaming audiences.

"ITV Studios continues to demonstrate significant strategic momentum. With a strong pipeline of content and committed revenues, it is on track to deliver mid-single digit revenue growth over the full year, ahead of the market. This follows record revenues in Q4 2022 and with the phasing of deliveries expected to be weighted to the second half of 2023.

"Total advertising revenue in Q1 was down 10% - as expected and better than the wider TV advertising market. We are looking forward to Q3 with Love Island and the Rugby World Cup set to draw large broadcast and streaming audiences.

"ITV is successfully executing Phase Two of its More Than TV strategy, despite the current challenging macro and geopolitical environment, as we continue to satisfy the growing demand for content globally and the desire for advertisers to secure both mass reach and targeted digital audiences."

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

- Total external revenue down 7% at £776 million (2022: £834 million)

#### ITV Studios

- Total ITV Studios revenue, including the benefit of foreign exchange, was flat at £457 million (2022: £458 million) with the phasing of deliveries in 2023 expected to be weighted to the second half
- ITV Studios delivered a wide range of new and returning programmes and formats in the UK and internationally as it continues to diversify by genre, geography and customer
  - Deliveries in the UK and internationally included Nolly for ITVX, Django for Sky, Big Beasts for AppleTV+ and Queer Eye for Netflix

#### ITV Media & Entertainment (M&E)

- M&E revenue was down 9% at £495 million (2022: £545 million), with total advertising revenue (TAR) as expected down 10%, better than the wider TV advertising market
  - Within this digital advertising revenue was up 30% at £87 million compared to the same period in 2022
  - Total M&E non-advertising revenue in the quarter was flat with growth in subscription revenue offset by the expected decline in SDN revenue
- ITVX, our free, ad-funded streaming service, continued to perform strongly. Total digital revenues were up 29% and total streaming hours were up 49% in Q1
- We maintained our strength in delivering mass reach with 93% of the top 1,000 commercially broadcast TV programmes and 34.4% share of commercial viewing on channels

## Outlook

### ITV Studios

- We expect ITV Studios to deliver at least 5% average organic revenue growth per annum to 2026, and grow ahead of the market as we further strengthen and diversify the business, against the background of continuing strong global demand for content. In 2023, we are on track to deliver mid-single digit revenue growth, ahead of the market, following record revenues in Q4 2022 and the phasing of deliveries within 2023 weighted to the second half
- We are committed to delivering adjusted EBITA margin for ITV Studios of 13% to 15% over the period to 2026. As previously guided, we expect the margin to be at the lower end of the range in the shorter term as a result of the current inflation in the production market

### Media & Entertainment

- In Q2 we continue to see strong growth in digital advertising with revenues expected to be up over 20%. The outlook for TAR is challenging as expected given the current macroeconomic environment with TAR forecast to be down 12% in Q2
- We are further strengthening ITVX with must-see content, such as Malpractice, Crime and Love and Death, and further enhancing the user experience. This, together with our deep relationships with advertisers and strong demand for digital advertising through Planet V, continues to give us confidence that we will deliver at least £750 million of digital revenues by 2026

- We welcome the publication of the draft Media Bill, which sets out the government's intention to update and reform the legal and regulatory framework for broadcasting. This should ensure that the content from the PSBs, including ITV, will be on streaming platforms with prominence for both live and on-demand content

Given the current challenging macro and geopolitical environment, we continue to manage our costs tightly. We remain committed to delivering £15 million of cost savings in 2023 as part of our previously announced £50 million cost saving target by 2026. This is in addition to the £106 million cost programme delivered between 2018 and 2022.

ITV's balance sheet remains robust, enabling us to invest behind the strategy and deliver returns to shareholders in line with our capital allocation policy.

## NOTES TO EDITORS

1. Unless otherwise stated, all financial and operating figures refer to the 3 months ended 31 March 2023, with growth compared to the same period in 2022.

### 2. Group financial performance

Revenue for three months to 31 March (£m)	2023	2022	Change £m	Change %
Media and Entertainment	495	545	(50)	(9)
ITV Studios	457	458	(1)	(0)
<b>Total revenue</b>	<b>952</b>	<b>1,003</b>	<b>(51)</b>	<b>(5)</b>
Internal supply	(176)	(169)	(7)	(4)
<b>Total external revenue</b>	<b>776</b>	<b>834</b>	<b>(58)</b>	<b>(7)</b>

Revenue for three months to 31 March (£m)	2023	2022	Change £m	Change %
Total advertising revenue	419	468	(49)	(10)
Non-advertising revenue	533	535	(2)	(0)
Internal supply	(176)	(169)	(7)	(4)
<b>Total external revenue</b>	<b>776</b>	<b>834</b>	<b>(58)</b>	<b>(7)</b>

3. Total advertising revenue (TAR), which includes ITV Family NAR, digital advertising and sponsorship, was down 10% over the 3 months to the end of March. Within this, January was down 9%, February down 9% and March down 13%, compared to the same periods in 2022. TAR is forecast to be down 12% in Q2 2023 with April down 12% and May forecast to be down around 10% and June to be down around 14% compared to the same periods in 2022. Figures for ITV plc for May and June are based on ITV estimates and current forecasts.

### 4. Media and Entertainment key performance indicators

Three months to 31 March	2023	2022	Absolute change	Change %
<b>Total digital revenue (£m)</b>	£106m	£82m	£24m	29
<b>Total streaming hours (hrs)</b>	389m	261m	128m	49
<b>Share of commercial viewing (SOCV)</b>	34.4%	34.5%	(0.1)	(0)
<b>Share of top 1,000 commercial broadcast TV programmes</b>	93%	93%	-	-

- Total digital revenue includes online 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 spent watching ITV across all streaming platforms. This figure includes both ad-funded and subscription streaming. In Q1 2022, this was reported as 247 million hours, which included some estimates of total streaming viewing from third party data providers and has been updated to reflect more recently available data
- 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, ITV Breakfast, CITV Breakfast and associated "HD" and "+1" channels
- 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 <ten minutes. This metric is calculated as a 12-month rolling average to normalise seasonal scheduling
- % change for performance indicators is calculated on rounded numbers

5. Total Studios organic revenue at constant currency was down 9% to £417 million for the first 3 months of 2023, with a £12 million favourable impact from foreign exchange over the period. Our definition of constant currency assumes exchange rates remain consistent with 2022.

6. ITV continues to have good access to liquidity and its financial position remains robust. At 31 March 2023, net debt<sup>[1]</sup> was £668 million (31 December 2022: £623 million) and ITV had total liquidity of £1,049 million, comprising total cash of £249 million and committed undrawn facilities of £800 million.

7. The net pension surplus of the defined benefit schemes at 31 March 2023 on an IAS 19 basis was £209 million (31 December 2022: £192 million surplus).

ITV's 2023 pension deficit funding contribution will be a maximum of £46 million rather than £62 million as previously guided because the £16 million payment in relation to the SDN PFP arrangement does not need to be paid this year. This is because under the annual SDN PFP assessment, Section A of the defined benefit scheme is calculated to be in surplus. This calculation is based upon the most recent triennial valuation (as at 31 December 2019) updated for current market conditions. This assessment is made on an annual basis and therefore the £16 million payment may resume in 2024. The Triennial Valuation as at 31 December 2022 is currently being undertaken.

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 2022 Annual Report and Accounts including, without limitation, in 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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<sup>[1]</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.

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