



ITV plc

Full year results for the year ended 31st December 2020

9th March 2021

Agenda

Introduction and Highlights

Carolyn McCall

Financial and Operating Review

Chris Kennedy

Strategic Update

Carolyn McCall

Outlook

Carolyn McCall

Highlights

- **ITV worked with agility and determination to successfully manage and mitigate the impact of COVID-19**
 - Restarting productions
 - Working closely with advertisers
 - Entertaining and informing the Nation
- **ITV has made good progress in delivering its strategic priorities**
 - Strengthened ITV Studios creative pipeline and diversified its customer base, particularly in the US
 - Accelerated the transformation of the ITV Hub and successfully rolled out Planet V
 - BritBox UK is ahead of plan hitting 500,000 subscriptions in January 2021 and we now have over 2.6m global SVOD subscriptions
- **COVID-19 has had a significant impact on the operating and financial performance in 2020, although our financial performance is ahead of expectations driven primarily by cost savings**
- **We are encouraged by the roadmap out of lockdown but there remains uncertainty**
- **ITV is well placed to deliver the strategy**
 - ITV Studios is positioned to take advantage of strong growth in demand for quality content
 - Restructure of Broadcast to create Media and Entertainment
 - We will deliver £100m annualised permanent cost savings by end of 2022 (from 2019) compared to previous guidance of £55m to £60m

FY 2020 Group Financials

External revenue

£2,781m

(2019: £3,308m,
down 16%)

Total advertising revenue

£1,577m

(2019: £1,768m,
down 11%)

Total ITV Studios revenue

£1,370m

(2019: £1,822m,
down 25%)

Total Non-TAR revenue

£1,683m

(2019: £2,117m,
down 21%)

Adjusted EBITA

£573m

(2019: £729m,
down 21%)

Adjusted EPS

10.9p

(2019: 13.9p,
down 22%)

Statutory EBITA

£561m

(2019: £693m,
down 19%)

Statutory EPS

7.1p

(2019: 11.8p,
down 40%)

Profit to Cash*

138%

(2019: 87%)

Financial and Operating Review

Chris Kennedy

ITV Studios

Production significantly impacted by lockdown

	2020 (£m)	2019 (£m)	Change %	Organic change %
Studios UK	535	725	(26)	(26)
Studios US	234	271	(14)	(12)
International	343	508	(32)	(32)
Global Formats & Distribution	258	318	(19)	(19)
Total Studios revenue	1,370	1,822	(25)	(25)
Total Studios costs	(1,218)	(1,555)	(22)	-
ITV Studios adjusted EBITA*	152	267	(43)	(43)
Adjusted EBITA margin	11%	15%		
Internal – ITVS to Broadcast and DTC	472	573	(18)	
External revenue	898	1,249	(28)	
Total revenue	1,370	1,822	(25)	

- Productions started to resume from the summer after the majority were paused globally in March
- Studios US has mitigated some of the impact of COVID with its increased customer diversification
- Global Formats and Distribution saw good demand for library content but this was more than offset by the impact of COVID delaying new scripted content and license deals
- Total organic revenue at constant currency was down 25%
- £63m of cost savings delivered, of which £13m are permanent, more than offset £8m of investment in line with our strategic priorities
- Margin impacted by reduction in activity and costs associated with COVID-19 restrictions
- With the prevalence of the virus, we expect that there will be some continued disruption and delay with increased costs due to safety protocols

Broadcast

6% growth in Broadcast non-advertising revenue, partly offset the decline in TAR

	2020 (£m)	2019 (£m)	Change %
Total advertising revenue	1,577	1,768	(11)
Direct to Consumer	87	84	4
SDN	73	69	6
Other revenue	153	142	8
Broadcast non-advertising revenue	313	295	6
Total Broadcast revenue	1,890	2,063	(8)
Network Schedule costs	(935)	(1,091)	(14)
Variable Costs	(161)	(134)	20
Broadcast infrastructure and overheads	(373)	(376)	(1)
Total Broadcast costs	(1,469)	(1,601)	(8)
Total adjusted Broadcast EBITA*	421	462	(9)
Total adjusted EBITA margin	22%	22%	
BritBox UK venture loss**	59	21	-
Adjusted EBITA Broadcast (ex BritBox UK)	480	483	(1)
Adjusted EBITA margin (ex BritBox UK)	25%	23%	

- TAR was down 11%, after a positive Q4 up 3%
- Online advertising revenues up 17%
- Direct to consumer growth driven by interactive revenues and ITV Win
- Other revenues driven by growth in BritBox UK offset by a reduction in third-party commission revenue
- Schedule costs were down with the absence of the Euros, Love Island and disruption to the schedule
- Non-programming costs include strategic investments in ITV Hub, Planet V and BritBox
- £53m of overhead costs savings delivered, of which £8m are permanent
- Within Broadcast adjusted EBITA is £59m of BritBox venture losses

*There are no adjusting items within Broadcast EBITA

** BritBox UK venture loss includes the cost of advertising on ITV, and the acquisition of programmes from ITV Studios. The venture loss reflects the stand-alone performance of BritBox.

ITV Viewing

Total viewing volumes up

**ITV Total
Viewing**
up **1%**

ITV Family SOV
22.2%
down 4% YOY

**ITV Main
Channel SOCI**
25.8%
up 2% YOY

**ITV Main
Channel most
watched
channel for
16-34's**

**94% of all
commercial
audiences >5m**

Online Viewing
down **5%**

**Simulcast
Viewing**
up **13%**

33m
registered user
accounts on the
ITV Hub, up **6%**

ITV Total Advertising Revenue

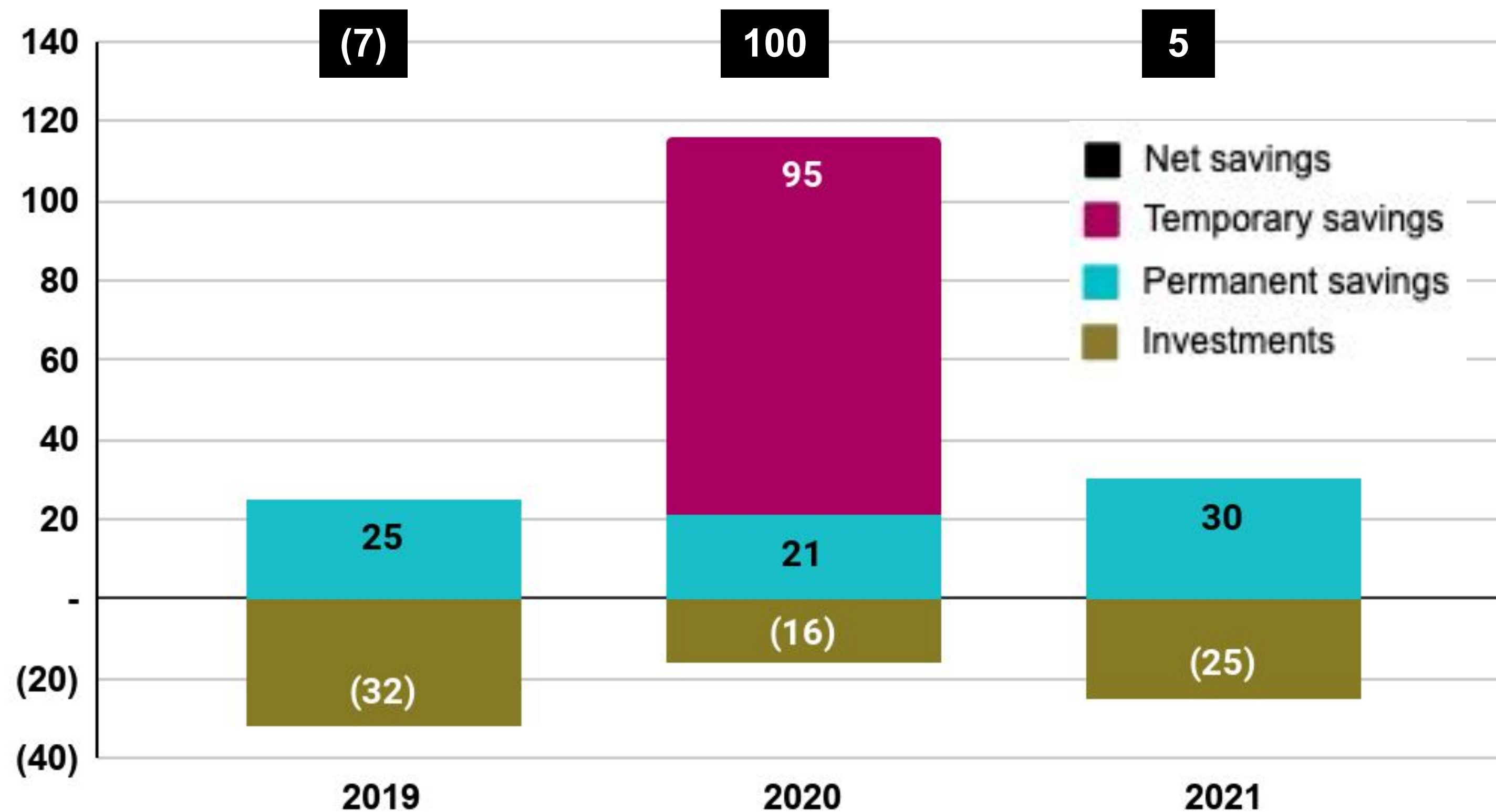
Q1 and Q4 both saw total advertising grow

Largest 10 categories (Spot and VOD combined)	Q1 YOY % change	Q2 YOY % change	Q3 YOY % change	Q4 YOY % change	FY YOY % change	FY 2020 £m
Retail	24%	(57)%	(7)%	(0)%	(12)%	249.4
Finance	(4)%	(39)%	(22)%	(8)%	(19)%	130.5
Entertainment and Leisure	(4)%	(44)%	(27)%	(14)%	(21)%	126.0
Cosmetics and Toiletries	8%	(20)%	6%	28%	8%	112.8
Publishing and Broadcasting	(6)%	14%	27%	5%	9%	101.8
Telecommunications	(1)%	(18)%	9%	9%	0%	101.1
Food	7%	(44)%	7%	24%	(2)%	98.1
Cars and Car Dealers	(15)%	(69)%	(7)%	17%	(19)%	86.9
Government, Charities and Other	8%	74%	15%	34%	27%	85.1
Household Stores	22%	(23)%	44%	52%	19%	52.5
Other Categories and Sponsorship	1%	(59)%	(17)%	(9)%	(21)%	432.4
Total Advertising Revenue (TAR)	2%	(43)%	(7)%	3%	(11)%	1,576.6

Investments & Cost Savings

£100m of annualised overhead cost savings by 2022 is funding investment

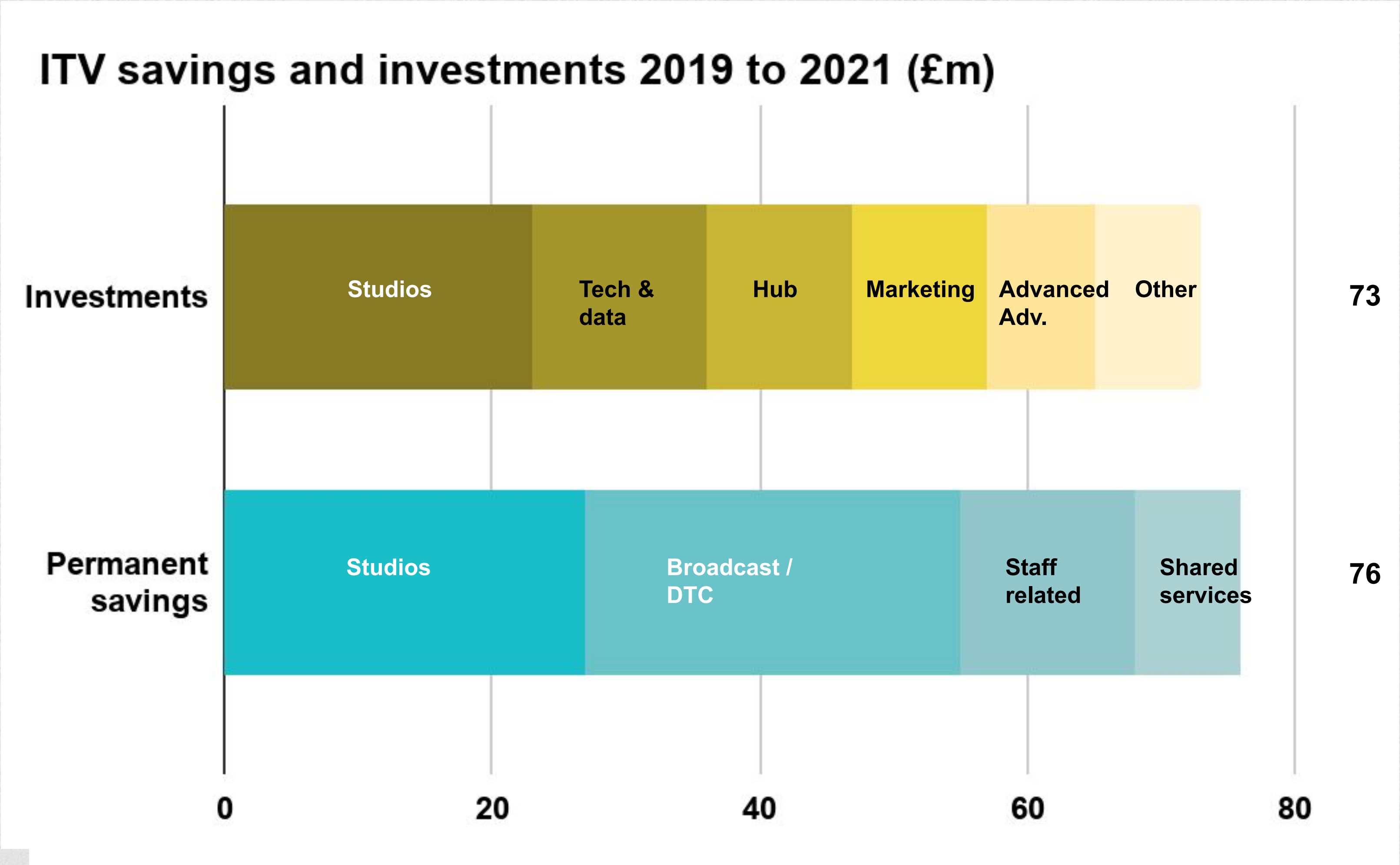
ITV savings and investments 2019 to 2021 (£m)



- Investments are funded by permanent cost savings
- We are targeting around **£100m of annualised permanent overhead cost savings** by 2022 (from 2019), compared to previous guidance of £55m to £60m
- Expect around **£30m of permanent overhead savings** to be delivered in 2021
- There will be further temporary savings in 2021 due to continued COVID restrictions, however it is too early to quantify
- **£25m of investment** in 2021 will accelerate the delivery of our strategy. This compares to previous guidance of £12m in 2021
- Cumulative cost savings of £100m represents **22%** of the 2018 **fully addressable cost base**

Investments & Cost Savings

Investments and cost savings across the business



Adjusted and Statutory results

Adjusted Earnings

£436m

(2019: £555m,
down 21%)

Adjusted EPS

10.9p

(2019: 13.9p
down 22%)

Statutory EPS

7.1p

(2019: 11.8p
down 40%)

Total Exceptional Items

£114m

(2019: £22m)

Total exceptional items

	2020 (£m)	2019 (£m)	Change (£m)
Acquisition-related expenses	(13)	(75)	62
Restructuring and reorganisation costs	(11)	(24)	13
COVID-19 related costs	(11)	-	(11)
Impairment of sports rights	(23)	-	(23)
Other	(60)	15	(75)
Total operating exceptional items	(118)	(84)	(34)
Non-operating exceptional items	4	62	(58)
Total exceptional items	(114)	(22)	(92)

Balance sheet and liquidity

Profit to Cash*

138%

(2019: 87%)

Reported Net Debt**

£545m

(2019: £893m)

Reported Leverage*

0.9x

(2019: 1.2x)

Covenant Leverage

0.7x

(2019: 1.1x)

Undrawn Facilities

£829m

**(2019: £930m
undrawn)**

**Net Pension
Deficit**

£26m

(31 Dec 2019: £87m deficit)

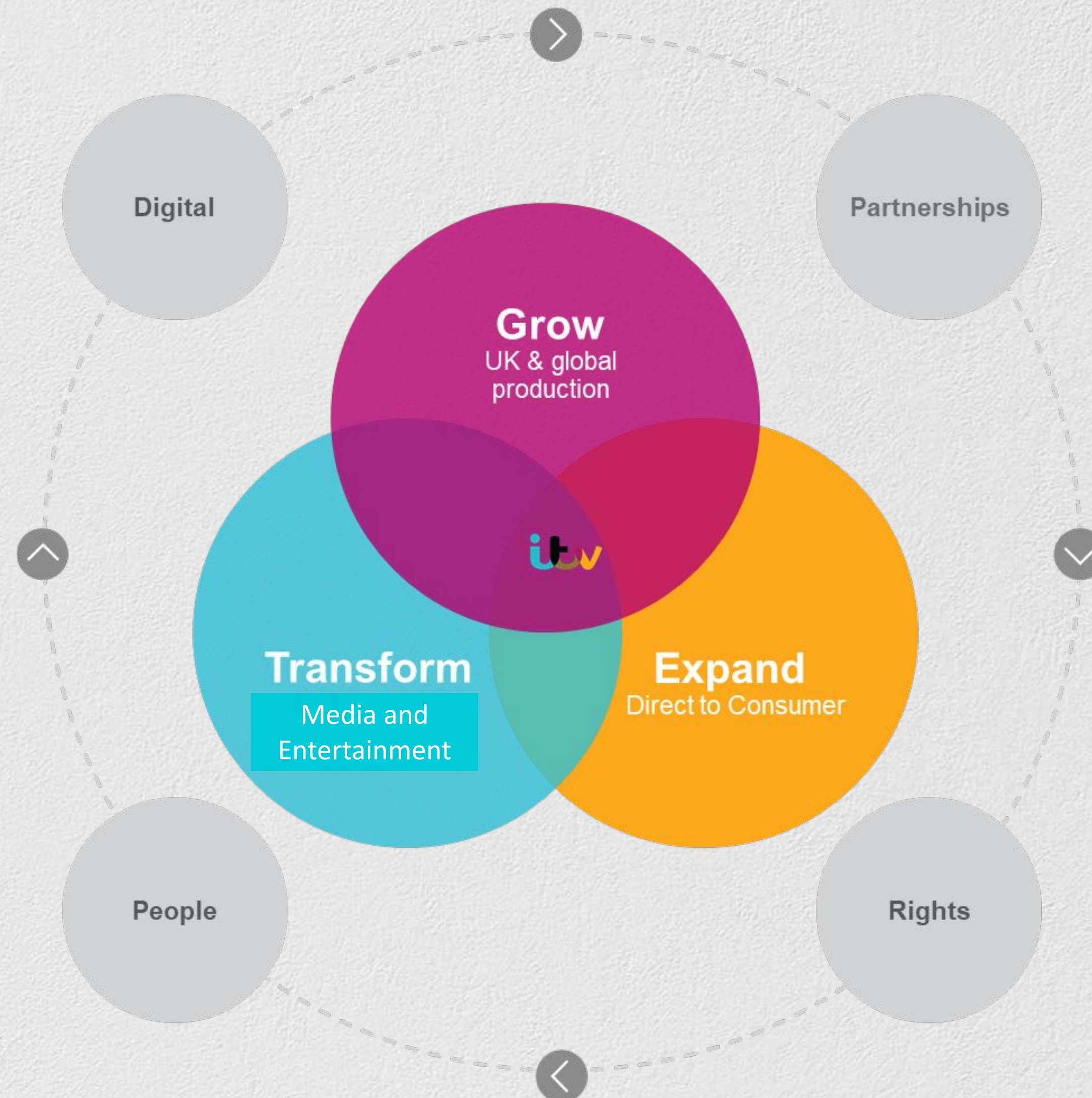
2021 Planning Assumptions – based on current expectations

P&L		Cash	
Schedule Costs	Estimated to be around £1.1bn	Tax	Will reflect the payment of £75m deferred VAT from 2020
Investments	Total essential investments of around £25m , which includes £10 million as previously guided, the phasing of 2020 investments which fall into 2021 and £13m of additional investments	Capex	Around £75m of Capex, as we further invest in our digital transformation
BritBox	BritBox UK venture losses are expected to be at a similar level to 2020 and will decline thereafter	Exceptional items	Cash cost of exceptionals are expected to be around £190m comprising mainly accrued earnouts which includes the final earnout payment for Talpa
Cost Savings	£30m of permanent overhead cost savings in 2021	Profit to cash	Around 30% in 2021, reflecting the reversal of the working capital benefits in 2020. Taking 2020 and 2021 together, cash conversion is expected to be around 80-85%
Adjusted Interest	Around £36m , in line with previous year	Pension	Deficit funding contribution for 2020 is expected to be around £75m
Tax	Adjusted effective tax rate is expected to be between 18% and 19% in 2021 and 2022 and then move to around 25% over the medium term		
Exceptional Items	Around £25m largely relating to acquisition related expenses, restructuring and reducing our transponder capacity		

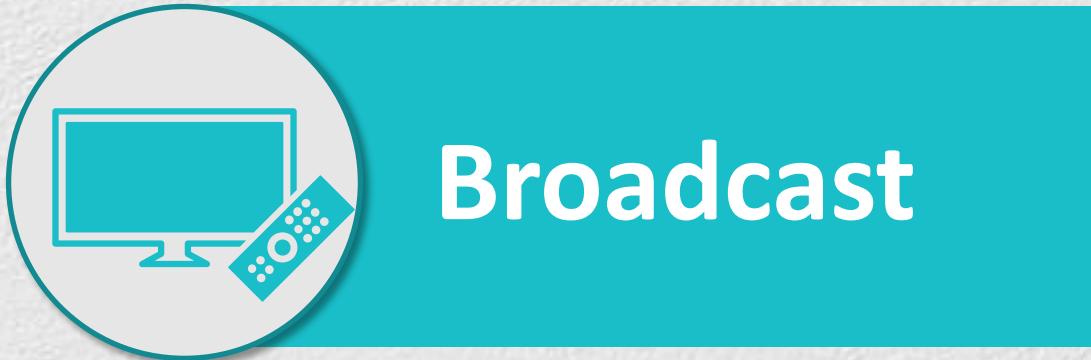
Strategic Update

Carolyn McCall

Our strategy remains the right strategy – we are making good progress despite the COVID-19 disruption



Accelerating our More Than TV strategy around four pillars of value



ITV position

- A world class content producer
- One of the largest independent producers globally
- over 50 labels in 12 countries

- UK's number one commercial broadcaster
- Delivers mass quality audiences

- ITV Hub captures shift to online viewing and extends reach beyond linear channels
- ITV Hub provides a trusted and measured environment for online advertisers
- Enables targeted advertising on Planet V

- Monetise ITV's best of British content across SVOD in UK and internationally
- Drives DTC revenue streams through ITV Win and rights ownership

Market

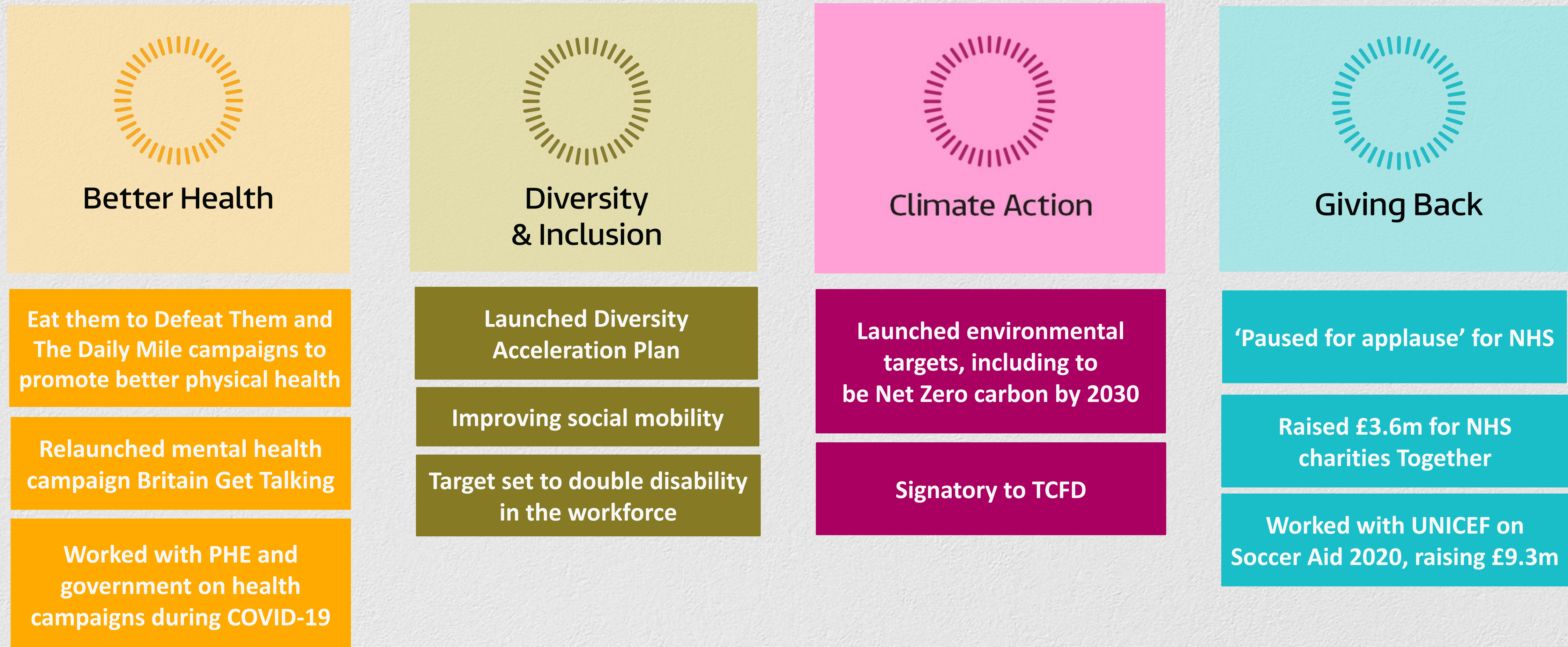
Strong growth internationally for quality content, increasingly from OTT platforms

- TV advertising is an important part of marketing campaigns
- TV delivers highest ROI of any media

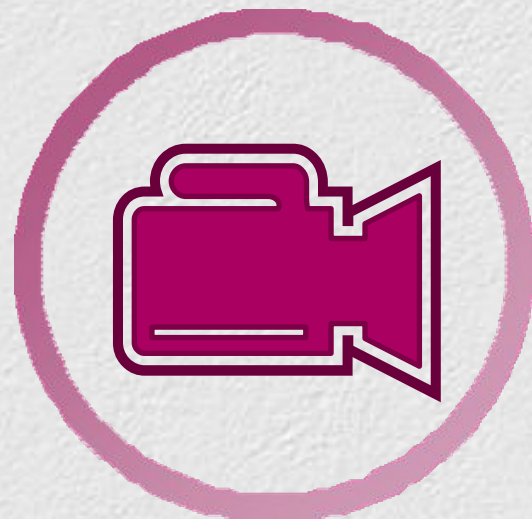
High growth market

- SVOD is high growth market
- Consumers are increasingly willing to pay to engage with trusted content

Social purpose is an integral part of delivering our strategy



Executing our strategy: ITV Studios – Progress in 2020



- **Operating with COVID-19**

- Majority of programmes resumed with strict safety protocols, although certain genres are more challenging

- **Further strengthening creative talent internationally**

- Nicola Shindler, Work Friends, Bedrock Entertainment, Nobody's Hero

- **Continuing to build a strong pipeline of programmes**

- Growing scripted: Snowpiercer, Good Witch, The Serpent, Pembrokeshire Murders
- Globalising our formats, Love Island in 20 countries, The Chase format in 16 countries
- Creating new formats: Rat in the Kitchen, Let Love Rule, Moneyball

- **Diversifying our customer base and increasingly serving OTT's**

- ITV Studios has tripled its distribution revenues from OTTs since 2017
- 2020 deliveries to OTTs include:
 - Suburra, Love Island France, Queer Eye, Becoming

Executing our strategy: ITV Studios – growing scripted, establishing global formats and diversifying our customer base

Growing scripted



Establishing global formats



Growing our OTT revenues

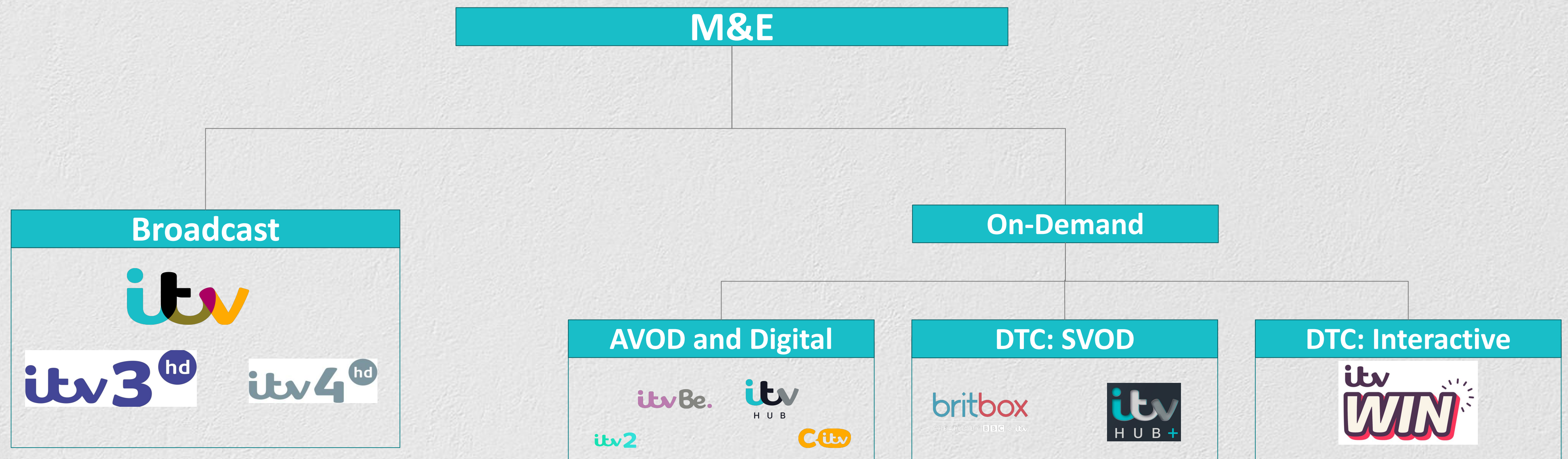


Spy Among Friends
10 year old Tom

Physical

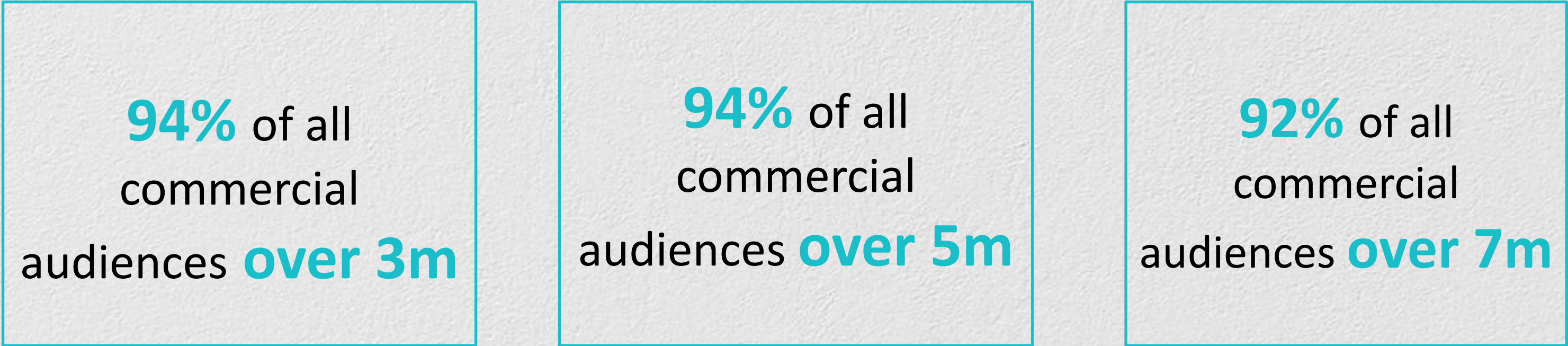
Executing our strategy: ITV Broadcast – Progress in 2020

- **Operating with COVID-19:** continued to entertain and inform the nation
 - Increased total viewing
- **Restructured to create Media and Entertainment** to better serve changing viewer habits



Executing our strategy: Linear Broadcast – Progress in 2020

Delivering mass live audiences:



Deepening strategic advertising relationships with new initiatives



Executing our strategy: Working more closely with Advertisers



“It was only through working so closely and collaboratively with the ITV team that we were able to get the enormously successful Tech Tips campaign on air and activated within only a matter of weeks. Using ITV talent to front the campaign helped us engage many thousands of people and teach them the digital skills they needed to stay in touch with loved ones.” **Graham Adams, General Manager - Media BT plc**



“ITV have been a brilliant example of a true partner working in different ways to support our business. They have been more proactive and more flexible than ever in how they work with us, pulling the activity when my stores closed during lockdown and kept looking at other opportunities to keep us out there in the public’s mind. With the support of the commercial and creative team, they ensured our sponsorship was on air within a few days.” **David Knight, CEO ScS**



“Our 2020 partnerships with ITV have demonstrated the benefits of working in a more collaborative and creative way. Aligning our brands, in particular Gillette and Oral B, harnessing ITV talent and working closely with key shows have all helped us boost the impact of our presence on TV beyond what normal spot advertising could achieve for us.” **Alession Martini, Senior Media Director P&G Northern Europe**



Executing our strategy: On-Demand – Progress in 2020

Accelerating the growth of the ITV Hub

- Improved user experience:
 - increased personalisation
 - continuous Hub redesign of the interface on all platforms
- Increased distribution
- Strengthened content offering with
 - extended catch up window
 - short form content
 - full series drop

Planet V

- Successful rollout to the majority of large agencies to a very positive response
- Samsung TV Plus will be Planet V's first third party publisher partner
- Agreement with InfoSum allows advertisers to use their own first party data in campaigns



Executing our strategy: Direct to Consumer – Progress in 2020

- **Operating with COVID-19**

- Significant revenue growth in interactive as we have extended competitions and improved ITV Win platform
- Strong growth in SVOD with over 2.6m subscriptions globally

- **Britbox UK**

- Hit 500,000 subscriptions in January 2021 which is ahead of our plan
- Continued to strengthen content offering; successful launch of Spitting Image and Film4
- Extended distribution with roll out of EE/BT distribution deal

- **Britbox International**

- 50% growth of Britbox US subscriptions in the year
- Launched Britbox Australia in Q4
- We now have over 1.7m Britbox International subscriptions

- **Hub+** has around 410k subscribers



Priorities for 2021 and beyond



Continue production safely and at scale

Grow scripted business

Globalise and maximise value of our formats

Take opportunities to further strengthen our talent

Further diversify our customer relationships, including doubling revenue from OTT platforms



Continue to deliver mass audiences

Further deepen our strategic relationships with advertisers

Explore linear addressable opportunities

Undertake Media for Equity investments



Make ITV Hub a destination

Expand content to drive more on-demand viewing: original content; short form; live events;

Strengthen Hub user experience with continuous redesign

Further roll out Planet V to expand targeting advertising



Grow BritBox UK subscribers with a good slate of originals in 2021

Launch BritBox in South Africa and continue to develop the plan for the phased roll out of BritBox to up to 25 countries

Further support ITV Hub+

Extend ITV Win

Digital Transformation: How We Watch and How We Work

HOW WE WATCH



HOW WE WORK

We are digitising How We Work at three levels:

- Major cross divisional programmes
 - transforming our core systems and digitising end to end processes
- Digitising our core enablers and transforming our core processes
 - e.g. freelance and rights management
- Micro changes
 - e.g. wider adoption of digital ways of working

Outlook

- **We are encouraged by the roundmap of lockdown and are seeing more positive trends**
 - Our colleagues remain our over-riding priority
 - We are continuing to produce most of our programmes in the UK and internationally, although with the prevalence of the virus there may be some further disruption
 - We expect TAR to be down around 6% in Q1, although we are seeing trends improve with March expected to be up 8%, April expected to be up between 60% and 75%, and the first four months to the end of April up 5% to 6%
- **We monitor our performance very carefully and control our cash and costs tightly**
 - We will deliver around £100m of annualised permanent cost savings by 2022, compared to previous guidance of £55 to £60m
 - Around £30m of this will be delivered in 2021 which will fund investment in our strategic priorities
- **As we transform ITV into a digitally led media and entertainment company we will drive value across our four pillars**
 - ITV Studios; Linear Broadcast; On-Demand; and DTC
- **Our strategy is the right strategy to position ITV for the evolving market and will ensure we emerge stronger and more resilient**

Appendix

Financial Highlights

Twelve months to 31 December	2020 (£m)	2019 (£m)	Change %
ITV Studios	1,370	1,822	(25)
Broadcast	1,890	2,063	(8)
Total revenue	3,260	3,885	(16)
Internal supply	(479)	(577)	17
Total external revenue	2,781	3,308	(16)
ITV Studios adjusted EBITA	152	267	(43)
Broadcast & Online adjusted EBITA	421	462	(9)
Group adjusted EBITA*	573	729	(21)
Group adjusted EBITA margin	21%	22%	
Adjusted EPS	10.9p	13.9p	(22)
Statutory EPS	7.1p	11.8p	(40)
Ordinary dividend	-	8.0p	

Broadcast Schedule Costs

Twelve months to 31 December	2020 (£m)	2019 (£m)	Change %
Commissions	513	576	(11)
Sport	57	135	(58)
Acquired	40	37	8
ITN News and Weather	49	49	-
Total ITV main channel	659	797	(17)
Regional news and non-news	69	72	(4)
ITV Breakfast	42	45	(7)
Total ITV inc regional & Breakfast	770	914	(16)
ITV2, ITV3, ITV4, ITV Encore, ITVBe, CITV	165	177	(7)
Total schedule costs	935	1,091	(14)

Reconciliation Between 2020 Statutory and Adjusted Earnings

Twelve months to 31 December 2020	Statutory (£m)	Adjustments (£m)	Adjusted (£m)
EBITA*	561	12	573
Total exceptional items	(114)	114	-
Amortisation and impairment	(87)	68	(19)
Net financing costs	(44)	8	(36)
Share of profits on JVs and Associates	9	-	9
Profit before tax	325	202	527
Tax	(44)	(51)	(95)
Profit after tax	281	151	432
Non-controlling interests	4	-	4
Earnings	285	151	436
Number of shares (weighted average million)	4,002		4,002
Basic EPS	7.1p		10.9p
Diluted EPS	7.1p		10.8p

*Adjusted EBITA includes the benefit of production tax credits

Reconciliation Between 2019 Statutory and Adjusted Earnings

Twelve months to 31 December	Statutory (£m)	Adjustments (£m)	Adjusted (£m)
EBITA*	693	36	729
Total exceptional items	(22)	22	-
Amortisation and impairment	(74)	63	(11)
Net financing costs	(68)	28	(40)
Share of profits on JVs and Associates	1	-	1
Profit before tax	530	149	679
Tax	(52)	(67)	(119)
Profit after tax	478	82	560
Non-controlling interests	(5)	-	(5)
Earnings	473	82	555
Number of shares (weighted average million)	4,000		4,000
Basic EPS	11.8p		13.9p
Diluted EPS	11.8p		13.8p

*Adjusted EBITA includes the benefit of production tax credits

Acquisitions – between 2012 and 2020

Company	Initial consideration (£m)	Additional consideration paid (£m)	Expected future payments* (£m)	Total expected consideration** (£m)	Expected payment dates***
Total for acquisitions between 2012-2020	957	205	227	1,389	2021-2026

* Undiscounted and adjusted for foreign exchange. All future payments are performance related.

** Undiscounted and adjusted for foreign exchange, including the initial cash consideration and excluding working capital adjustments. Total maximum consideration which was potentially payable at the time of acquisition was £2.4 billion.

*** £163 million is expected to be paid in 2021

Financing Costs

Twelve months to 31 December	2020 (£m)	2019 (£m)
€335m Eurobond at 2.125% coupon Sept 22	(6)	(10)
€259m Eurobond at 2% coupon Dec 23	(5)	(13)
€600m Eurobond at 1.375% coupon Sept 26*	(16)	(4)
£630m Revolving Credit Facility	-	(4)
Financing costs directly attributable to bonds and loans	(27)	(31)
Cash-related net financing costs	(9)	(8)
Amortisation of bonds	-	(1)
Adjusted financing costs	(36)	(40)
Imputed pension interest	(2)	(1)
Other net financial losses and unrealised foreign exchange	(6)	(27)
Net financing costs	(44)	(68)

P&L Tax Charge and Cash Tax

Twelve months to 31 December	2020 (£m)	2019 (£m)
Profit before tax	325	530
Production tax credits	12	36
Total exceptional items	114	22
Amortisation and impairments of intangible assets*	68	63
Adjustments to net financing costs	8	28
Adjusted profit before tax	527	679
Tax charge	(44)	(52)
Production tax credits	(12)	(36)
Charge for exceptional items	(21)	(6)
Charge in respect of amortisation and impairments of intangible assets*	(16)	(19)
Charge in respect of adjustments to net financing costs	(2)	(6)
Adjusted tax charge	(95)	(119)
Effective tax rate on adjusted profits	18%	18%
Total adjusted cash tax paid (excluding receipt of production tax credits)	(110)	(145)

Analysis of Net Debt

31 December	2020 (£m)	2019 (£m)
£630m Revolving Credit Facility	-	-
€335m (previously €600m) Eurobond	(299)	(283)
€259m (previously €500m) Eurobond	(232)	(219)
€600m Eurobond	(560)	(532)
Other debt	(17)	(16)
IFRS 16 lease liabilities	(105)	(89)
Gross cash*	668	246
Reported net debt	(545)	(893)
31 December	2020 (£m)	2019 (£m)
Gross cash*	668	246
Gross debt (including IFRS 16 lease liabilities)	(1,213)	(1,139)
Reported net debt	(545)	(893)

* Gross cash includes £50 million of restricted cash in relation to the LTVC Pension Funding Partnership (2019: £75 million of restricted cash).

Profit to Cash Conversion and Free Cash Flow

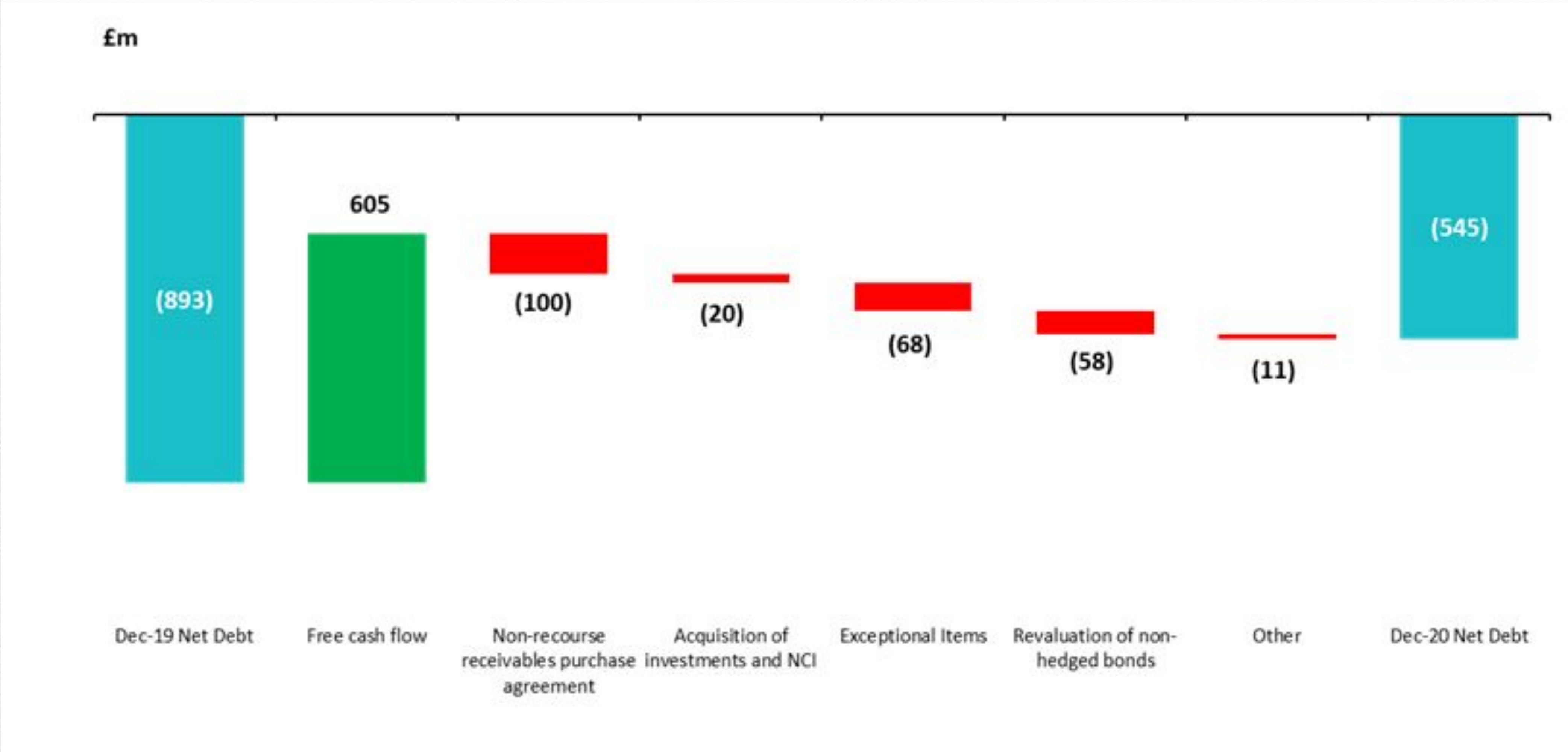
Twelve months to 31 December	2020 (£m)	2019 (£m)
Adjusted EBITA	573	729
Working capital movement*	237	(63)
Adjustment for production tax credits	10	1
Share-based compensation	6	10
Acquisition of property, plant and equipment, and intangible assets**	(66)	(68)
Capex relating to redevelopment of new London HQ	-	2
Depreciation	57	56
Lease liability payments	(26)	(35)
Adjusted cash flow	791	632
Profit to cash ratio	138%	87%

Twelve months to 31 December	2020 (£m)	2019 (£m)
Adjusted cash flow	791	632
Net cash interest paid	(17)	(54)
Adjusted cash tax paid	(110)	(145)
Pension funding	(59)	(74)
Free cash flow	605	359

* Working capital movement in 2020 excludes the unwind of the £100 million non-recourse receivables purchase agreement

** Except where disclosed, management views the acquisition of operating property, plant and equipment and intangibles as business as usual capex, necessary to the ongoing investment in the business.

Reported Net Debt tracker



Borrowing Facilities

Type of Facility	Facility Amount £m	Amount utilised at 31/12/20 £m	Maturity
Revolving Credit Facility (RCF)	630	-	Various
Bilateral financing facility	300	101	June 2026
Total	930	101	