ITV plc preliminary results for the year ended 31st December 2010

– Transformation Plan gathers momentum –

- Good progress in rebuilding the ITV senior team and delivery on the first phase of the Transformation Plan
- Total external revenues up 10% to £2,064m (2009: £1,879m)
- ITV has outperformed the television advertising market by 1% up 16%
- EBITA before exceptional items has doubled to £408m (2009: £202m) driven by the strong recovery in the advertising market and the continued focus on reducing costs
- Adjusted earnings per share increased to 6.4p (2009: 1.8p)
- Net debt has reduced significantly to £188m (2009: £612m) providing a sound financial platform for the future
- ITV Studios profits have declined to £81m (2009: £91m) - emphasising the need for creative renewal already identified
- ITV Family advertising revenues are expected to be up by 12% in Q1 but comparatives become increasingly tough from Q2 onwards
- The Board intends to restore the payment of a dividend at the interim results in July 2011

Adam Crozier, ITV plc Chief Executive, said:

"Last year we set out a comprehensive five year plan for the transformation of ITV. In this first phase, our outperformance of the television advertising market - together with the actions taken to reduce the Group's cost base and the focus on cash generation – have delivered substantial debt reduction and a sound financial platform for the challenges ahead.

"But whilst the recovery in television advertising is clearly very helpful, it also serves to remind us just how volatile this market can be. That is why we remain fully focussed on delivering our five year Transformation Plan to ensure that we have a more balanced and robust business going forward.

"Our objective is to continue to outperform the TV advertising market, to invest in technology and our online capability, as well as our content business through the creative renewal of ITV Studios. We remain committed to our strategy of creating great content, delivering and exploiting it across multiple platforms and selling it internationally.

"We're still in the first phase of our transformation and making good progress, with a real momentum for change being built up within ITV. We have a new, talented top team in place and around a third of the wider leadership team has changed over the last few months. The organisation is becoming leaner and a further £15m of overhead and cost reduction is expected to be delivered this year.

"We remain cautious, and will continue to plan prudently, in terms of the economic outlook and its impact on the TV advertising market. Although ITV Family advertising revenue is expected to be up 12% in Q1 and 8% to 12% in April, the comparatives become increasingly tough as the year proceeds, and without the benefit of the Football World Cup this year.

"Given the improvement in our cash performance and balance sheet, the Board intends to renew the payment of a dividend at our interim results in 2011."

FULL YEAR RESULTS

Year ended 31 December (£ million)	**2010**	2009	Change
Group external revenue	**2,064**	1,879	185
Broadcasting & Online	**1,771**	1,543	228
ITV Studios	**293**	335	(42)
EBITA before exceptional items	**408**	202	206
Broadcasting & Online	**327**	111	216
ITV Studios	**81**	91	(10)
Adjusted profit before tax*	**321**	108	213
Adjusted earnings per share (EPS)*	**6.4p**	1.8p	4.6p

*Adjusted profit before tax and adjusted EPS remove the effect of exceptional items, impairment of acquired intangible assets, amortisation of intangible assets acquired through business combinations, financing cost adjustments, and prior period and other tax adjustments from the statutory numbers.

Financial position
Cash and cost management has remained a focus for 2010, with the delivery of £40m of cost efficiency savings. Improved profits and strong cash conversion has substantially reduced net debt at 31st December 2010 to £188m (31 December 2009: £612m). Profit to cash conversion is 127%, well ahead of our target of 90% profit to cash conversion on a rolling three year basis.

Broadcasting & Online
Broadcasting & Online revenues and profits increased significantly in 2010 reflecting the cyclical recovery in the television advertising market and tight controls of costs resulting in strong conversion into profits.

Despite a strong Autumn performance on screen, ITV1 share of viewing was down by 4% across 2010, while the digital channels increased their SOV by 11%. Overall, ITV Family SOV was down by 1%.

itv.com unique users rose to 10.2m (2009: 8.7m) while revenues increased to £28m (2009: £24m), however performance online remains subscale. With the arrival of the new team we are focussed on fixing itv.com – investing in both technology and ease of use - and on driving up our commercial performance online.

ITV Studios

ITV Studios revenues have declined year on year to £293m (2009: £335m). This is largely driven by falling international production revenue, which underlines the need already identified for creative renewal. Profits have fallen to £81m (2009: £91m) as margins remain under pressure and following the loss of some high margin commissions.

A complete overhaul of the ITV Studios management team has taken place with a new creative process developed to help ensure that we achieve the creative renewal of ITV Studios. ITV Studios' share of ITV1 original commissions increased from 50% to 53% in 2010, although internal revenues were flat at £261m (2009: £262m)

Adjusted earnings per share

Adjusted EPS has increased significantly reflecting the improved trading performance, lower adjusted financing costs and reduced adjusted effective tax rate.

Adjusted financing costs are lower as a result of the £146m of bonds bought back in the year. The adjusted effective tax rate of 23% is significantly lower than the statutory rate of UK corporation tax, which is expected to be maintained around this level for the next two years. This is primarily due to the utilisation of tax losses from earlier periods.

Pension

The pension deficit on an IAS19 basis stands at £313m (31 December 2009: £436m). The decrease was primarily driven by an increase in the value of scheme assets and the benefits from actions taken by ITV in the year, offset in part by a decrease in the discount rate applied to liabilities.

New management

A new top management team is in place and around a third of the senior leadership team has changed over the last few months. Our focus is on delivering the Transformation Plan and driving the cultural change needed to become a performance driven organisation.

OUTLOOK FOR 2011

- ITV Family advertising revenues are expected to be up by 12% in Q1 with the increase for April estimated at between 8% and 12%, however comparatives are increasingly tough as the year proceeds and we remain cautious on the broader economic outlook and its effect on the advertising market.
- ITV1 Network Programme Budget confirmed at around £800m.
- A further £15m reduction in costs and overheads has been identified to be delivered during the year.
- As previously identified, £25m is expected to be invested in online, content and digital channels.
- Capital expenditure in the year will increase to approximately £80m (2010: £28m), focussed on core business technology and the Manchester site move to MediaCity.
- The Board intends to declare the payment of a dividend with the interim results in July.

NOTES TO EDITORS

1.Operational summary

Broadcasting and Online performance indicators

12 Months to 31 December	**2010**	2009
ITV Family share of viewing	**22.9%**	23.1%
ITV1 share of viewing	**16.0%**	16.7%
ITV Family adult SOCI	**39.8%**	40.0%
ITV1 SOCI	**27.3%**	28.4%
ITV1 adult impacts	**237bn**	232bn
itv.com average monthly unique users	**10.2m**	8.7m
itv.com total cumulative video views	**234m**	215m
Long form video views	**129m**	72m

Share of viewing and share of commercial impact data is for the twelve months to 31 December 2010, compared to equivalent period in 2009, based on BARB / AdvanetEdge data. Share of viewing data is for individuals and SOCI data is for adults. ITV Family includes: ITV1, ITV2, ITV3, ITV4, CITV, ITV1 Breakfast, CITV Breakfast, Men&Motors and associated 'HD' and '+1' channels.

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

2. Transformation Plan
Last August, ITV Chief Executive Adam Crozier unveiled a five-year Transformation Plan with three phases – fix, strengthen and grow and accelerate.

The objective is to become a lean ITV that can create world class content, executed across multiple platforms and sold around the world.

The plan is focused on four priorities:
– Create a new lean, creatively dynamic and fit-for-purpose organisation
– Maximise audience and revenue share from existing free-to-air broadcast business
– Drive new revenue streams by exploiting our content across multiple platforms, free and pay
– Build a strong international content business

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

4. Adjusted profit and adjusted EPS remove the effect of exceptional items, impairment of acquired intangible assets, amortisation of intangible assets acquired through business combinations, financing cost adjustments and prior period and other tax adjustments from the statutory numbers.

5. Adjusted cash flow is defined as cash flow generated from operations before exceptional items, less cash related to the acquisition of property, plant and equipment and intangible assets

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 plc. 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 fromthose 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.

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