



Interim Results

6 months to 30th June 2005

7th September 2005

Financial review



Moulin Rouge (a la Cheltenham Ladies College)

Interim results

6 months to 30 th June - £m	Published*		Change %
	2005	2004	
Revenue	1,044	956	+9%
Operating EBITA	201	122	+65%
Profit before interest and tax	216	136	+59%
Interest	(11)	(8)	
Profit before tax	205	128	+60%
Tax	(58)	(32)	
Profit after tax	147	96	+53%
Minority interests	(2)	(5)	
Profit for the period	145	91	+59%
Earnings per share (p) (basic)	3.5	2.4	+46%

- Interim dividend up 20% at 1.32 pence

*Restated under IFRS

All numbers are before amortisation and exceptionals



ITV Broadcasting revenue

6 months to 30 th June - £m	2005	2004	Change %
ITV1 NAR	710	736	-3.5%
ITV2, ITV3, ITV News, Men & Motors ⁺ NAR	48	24	+100%
GMTV NAR*	28	-	-
ITV plc NAR	786	760	+3.4%
Sponsorship	19	17	+12%
Media sales/other income	67	50	+34%
CSA	28	28	-
Total	900	855	+5%

* From October 2004

+ Men & Motors included in 2005 but not in 2004



ITV plc - Network schedule costs

ITV plc share

6 months to 30th June - £m

	2005	2004	Change %
Commissions	299	260	+15%
Sport	49	94	-48%
Acquired	30	23	+30%
ITN news & weather	20	24	-17%
Total ITV1	398	401	-1%
ITV2, ITV3, ITV News, Men & Motors	20	12	+67%
GMTV	15	-	-
Total Schedule Costs	433	413	+5%



ITV Broadcasting - Licence fees

6 months to 30 th June - £m	2005	2004	Saving
PQR Levy	103	132	29
Cash bid payment	2	33	31
Digital licence rebate	(65)	(64)	1
Total	40*	101	61

* 2005 includes £4m in respect of GMTV. GMTV's comparable figure in 2004 was £5m and is not included in the 2004 total.



Granada revenue

6 months to 30 th June - £m	2005	2004	Change %
Supply to ITV	214	201	+6%
Other continuing UK production	29	24	+21%
	243	225	+8%
International production	29	23	+26%
Distribution and exploitation	50	49	+2%
Resources and Education	27	33	-18%
Continuing total	349	330*	+6%

* Excludes discontinued businesses MPC and Books sold in 2004 which had combined revenues of £29m in 2004



ITV Profit reconciliation

<u>Continuing businesses before exceptional items</u>	£m	£m	£m
Pro forma operating EBITA for H1 2004			123
NAR	26		
Sponsorship	2		
Interactive	9		
	<hr/>		
		37	
Net increase in programme schedule cost		(20)	
Licence fee savings		61	
SDN		1	
GMTV overheads		(10)	
Merger savings		17	
Other		(8)	
<hr/>			
Operating EBITA for H1 2005			201



ITV Cash Flow

6 months to 30th June - £m

EBITDA	216
Licence fee prepayment	(47)
Other working capital	48
Exceptional items	(21)
Cash generated from operations	196
Taxation, interest and dividend receipts	(79)
Capital expenditure less sale of fixed assets	7
Purchase of businesses	(166)*
Sales of businesses	5 [#]
Redemption of Preference Shares	8
Translation differences and fair value movements	13
Equity dividends and other movements	(41)
Movement in net debt	(57)
Opening net debt	(327)
Closing net debt	(384)

*SDN and further stake in Arsenal

[#]Superhire and MPC deferred consideration



Pension schemes

- Defined benefit funded pension schemes
 - IAS 19 deficit £645m (less deferred tax asset £194m) at 31 Dec 2004
 - Actuarial valuation deficit £580m
- Proactively addressing the deficit
 - £325m lump sum contribution
- Based on the actuarial assumptions, the projected investment returns on the assets will move the schemes towards fully funded status over their lives.



Operating Review

Paul O'Grady Show



Operating Review Agenda

- NAR performance
- ITV in the Digital World

Modernise regulation



Driving multichannel success



Content for the future



New revenue streams



Digital Future



NAR performance

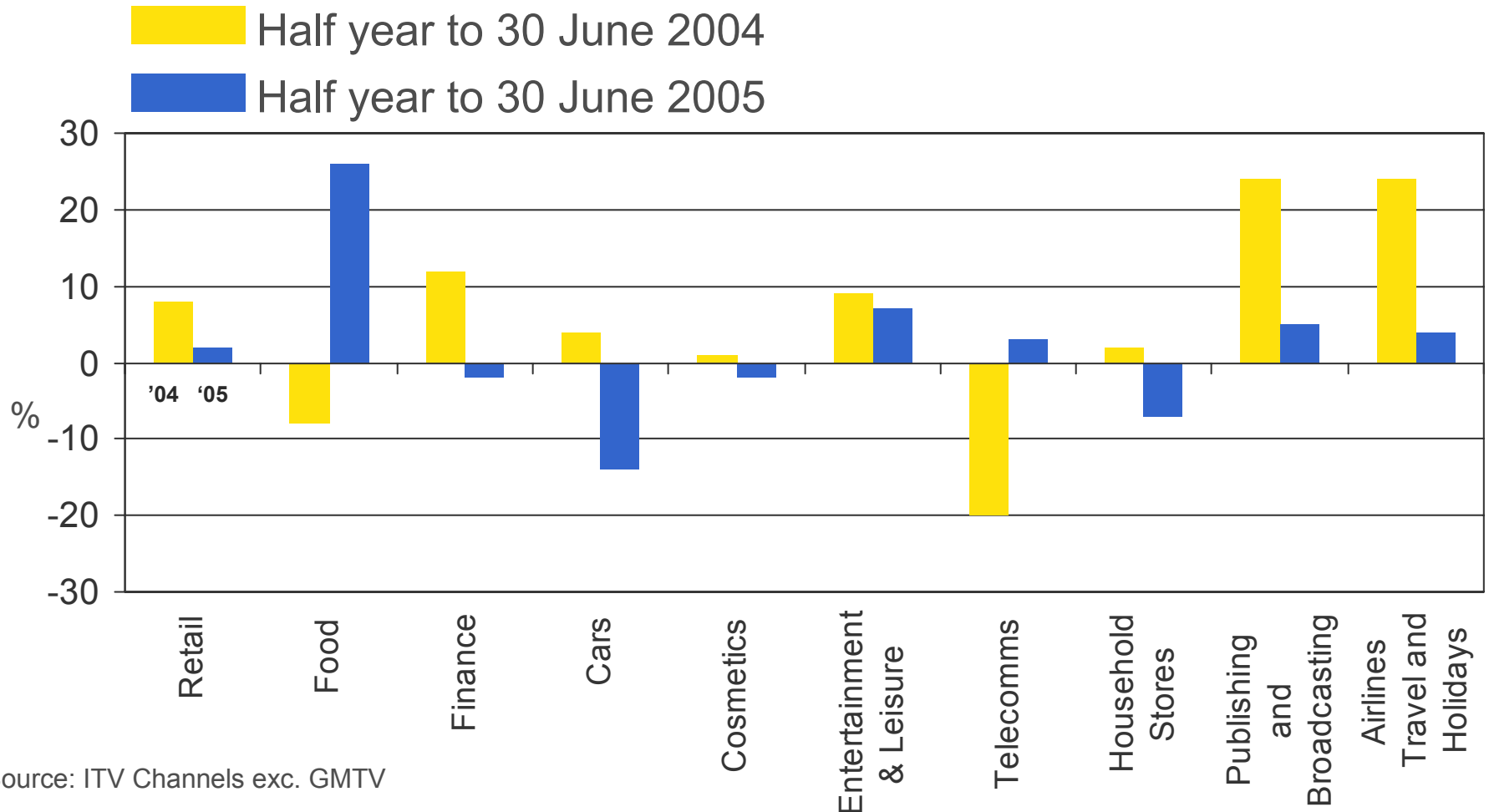
Q3 performing ahead of H1

- H1 NAR performance
 - ITV plc +3.4%
 - ITV plc (ex GMTV) -0.3%
 - ITV1 -3.5%
- Q3 NAR estimated performance
 - ITV plc +4.3%
 - ITV plc (ex GMTV) +0.7%
 - ITV1 -3.0%



NAR performance

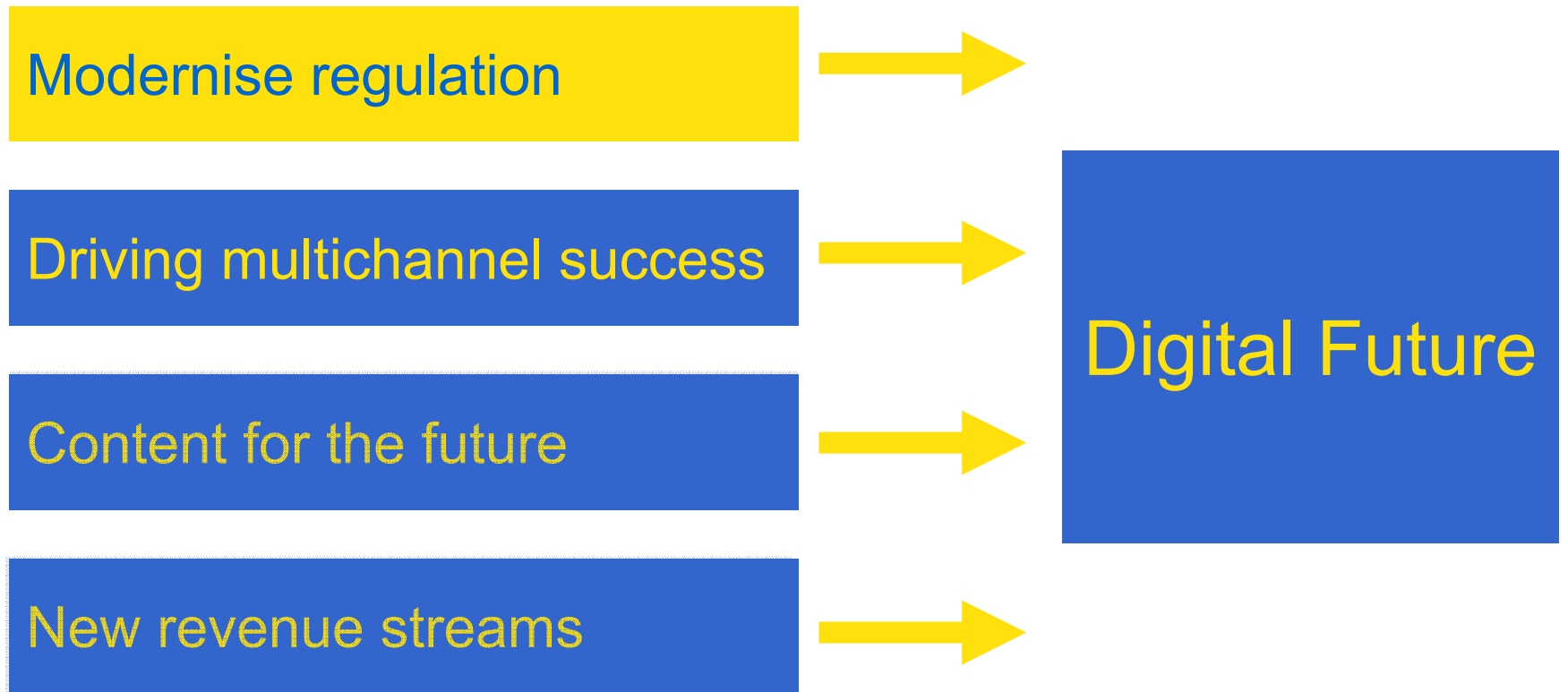
Percentage growth in categories year on year



Source: ITV Channels exc. GMTV

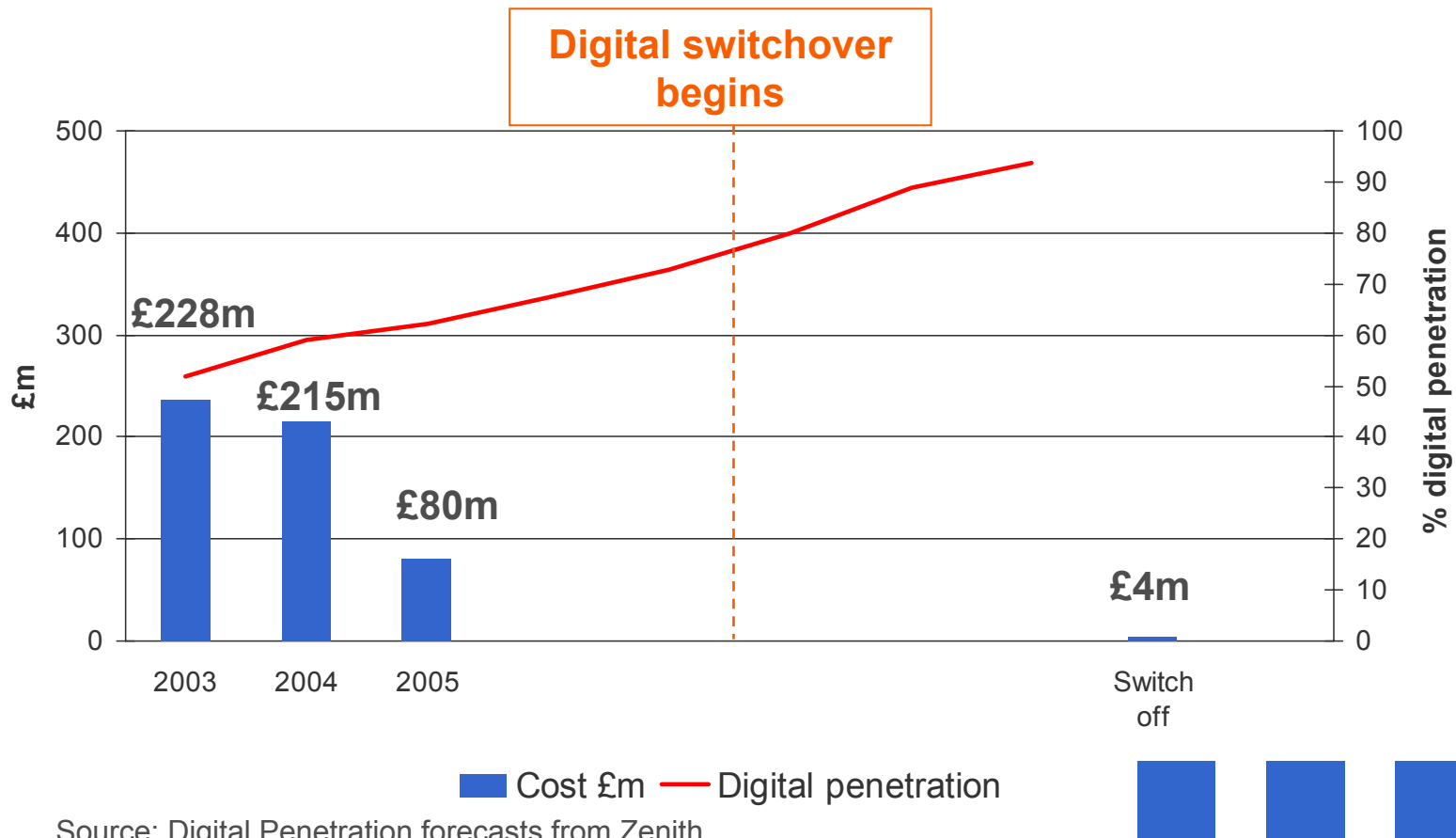
Operating Review Agenda

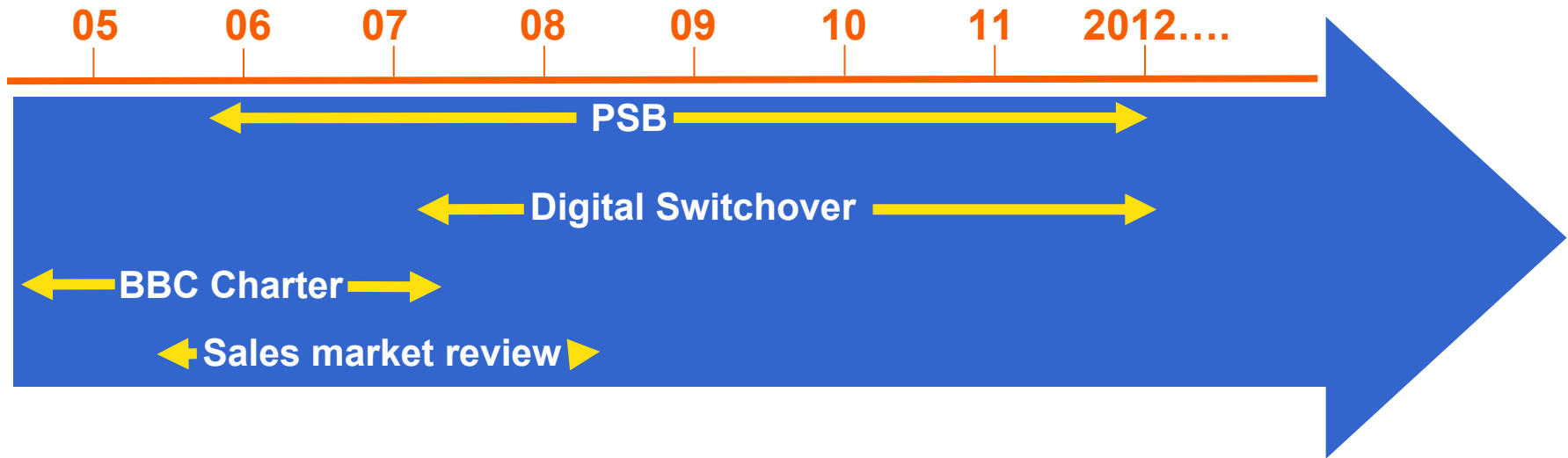
- ITV in the Digital World



Licence Fees

- Financial Terms completed
- 63% or £135m Reduction in 2005 licence fees
- Licence fees at digital switchover £4m (in current terms)





Licence fee and PSB costs remain over £300m

Opportunities beyond Licence fee and PSB

- Digital Switchover
- BBC Charter
- Sales market review



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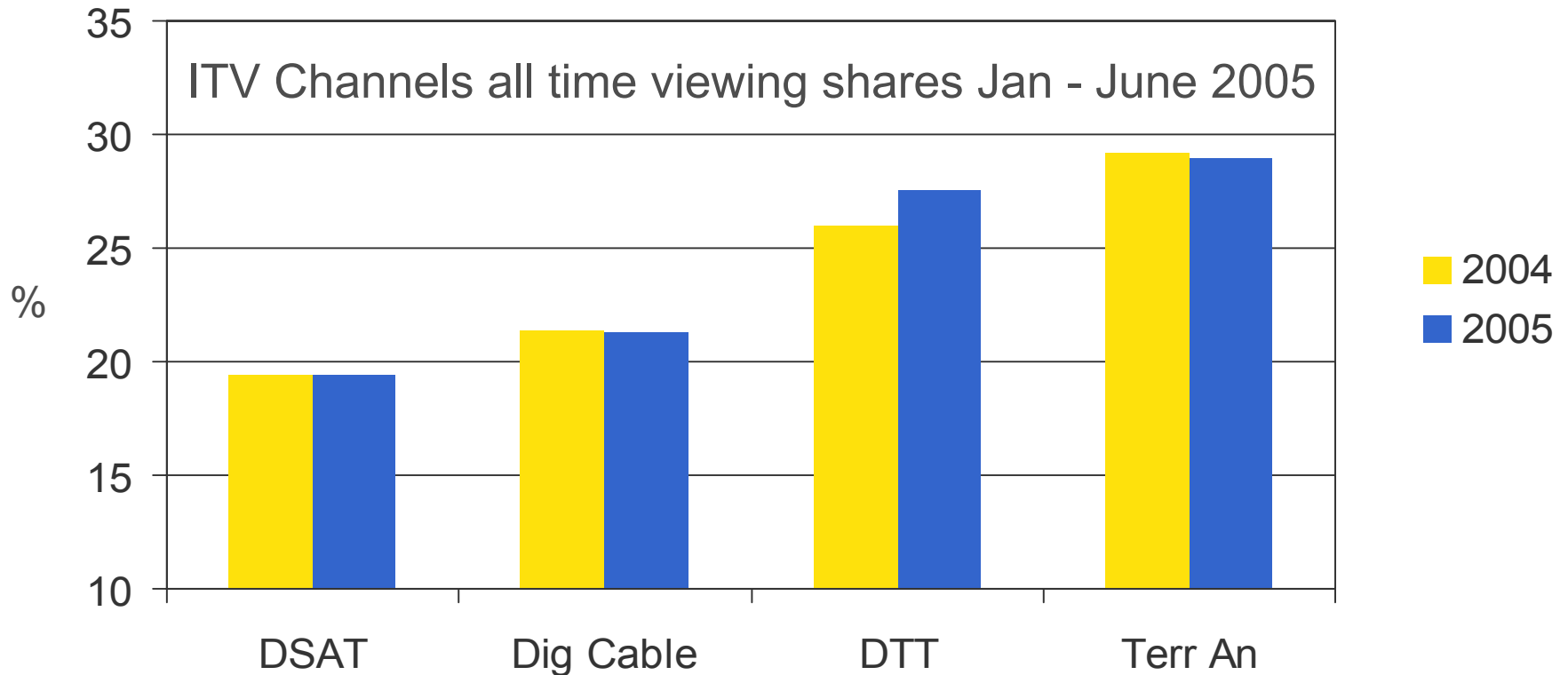


Driving Multichannel Success

- Platform Strategy
- Channel Strategy
 - Capitalise on ITV brand strength
 - Building family of channels
- Targets
- Developing non ITV1 businesses and revenues



ITV holding viewing share by platform

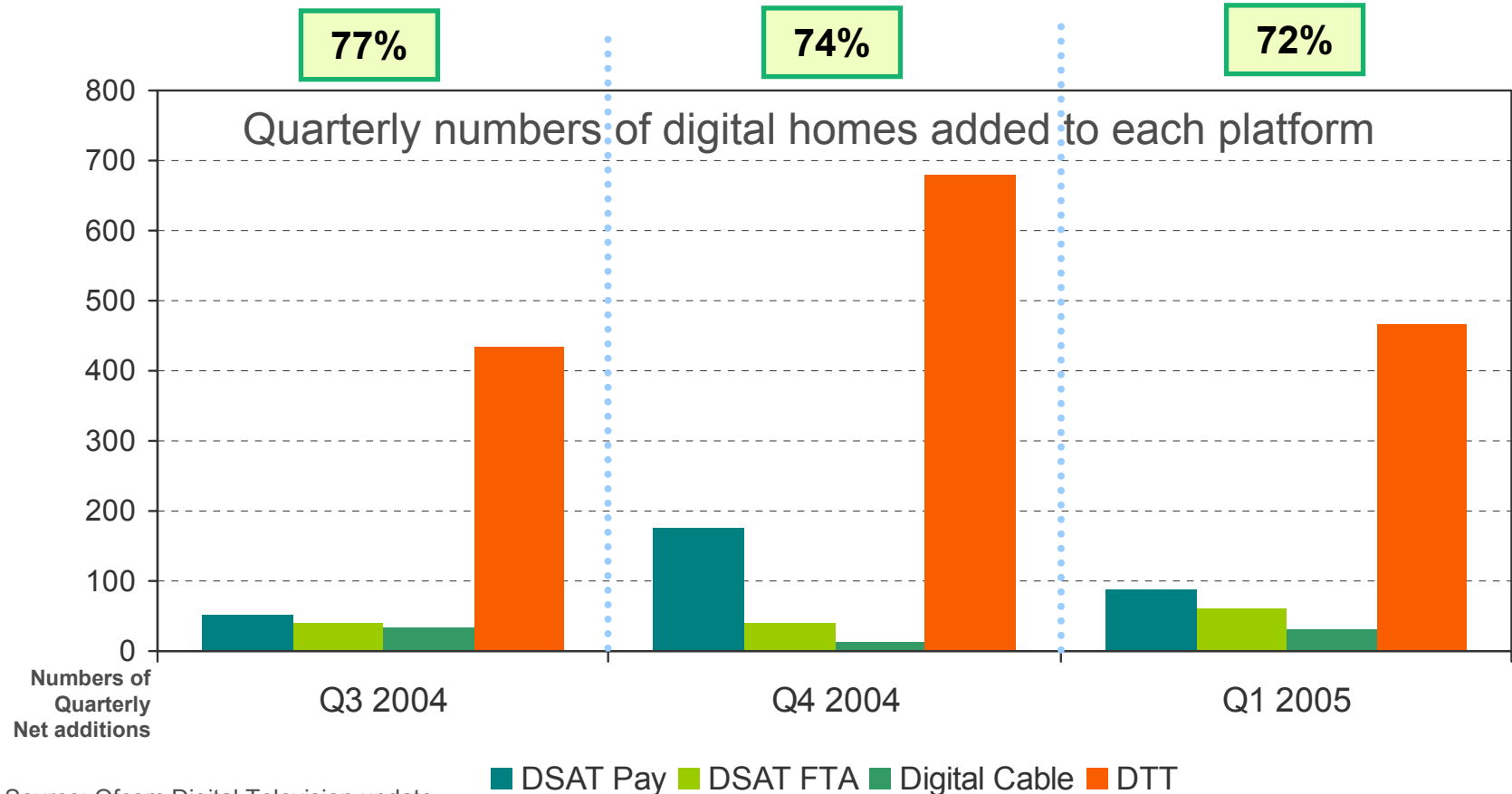


Source: BARB/Infosys, Individuals, ITV1/2/3/News+GMTV1&2+M&M, 1st Jan – 30th June 2005 vs 1st Jan – 30th June 2004



Freeview platform growth strong

- 75% of homes purchase Freeview



Source: Ofcom Digital Television update



BBC alliance on free satellite service

- Develop Free TV with no tie-ins
 - Market in areas where Freeview not available
 - Aim to be operational by H1 2006
 - Carry all ITV and BBC services
- ITV channels will be unencrypted on DSat



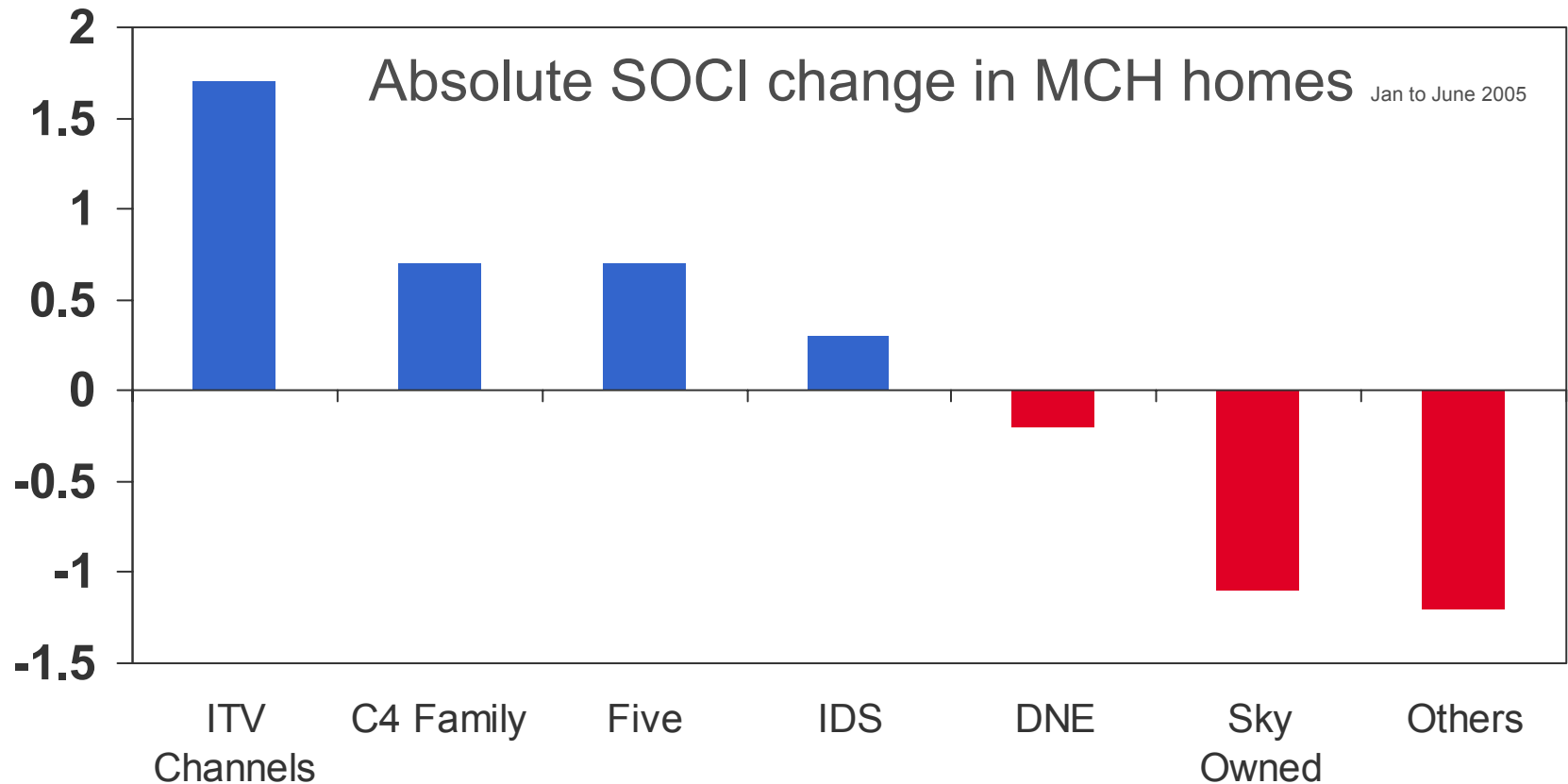
SDN is a Key Acquisition

- Boosts digital strategy
 - Cost £136m
 - 10 channels on Multiplex A
- Immediately earnings enhancing
- New revenue stream
- Pay/transactional revenues will grow as fast as DTT
- Potential additional channel as a result of technological changes
- ITV operates 38% of commercial DTT capacity

ITV strategically positioned to access additional DTT capacity



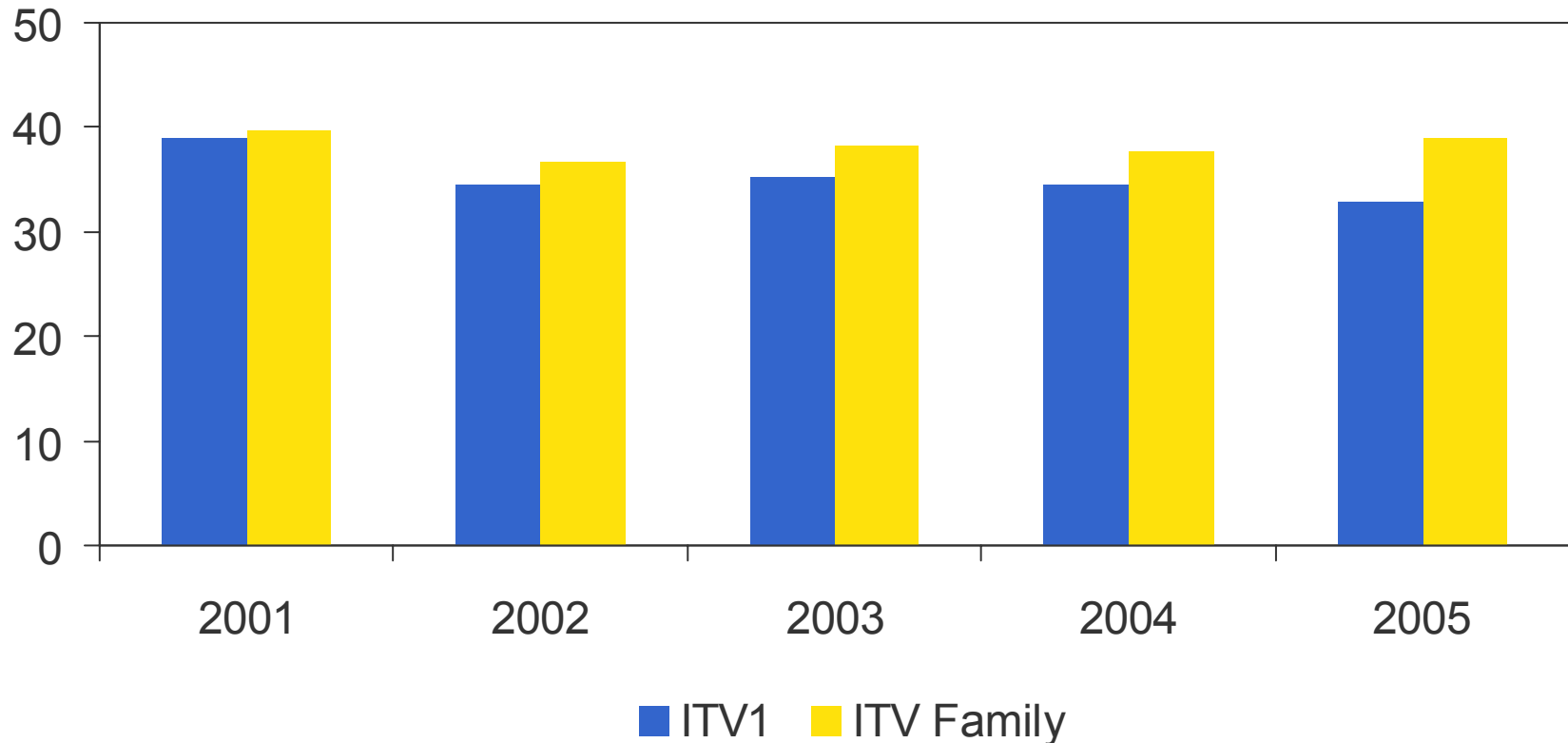
ITV Channels +1.7% SOCI - biggest increase in MCH



Source:BARB/Infosys, Adults, ITV Channels =ITV1/2/3/News,M&M, GMTV,GMTV2 C4 Family=C4,S4C,E4,E4+1,Film Four, FF+1; ITV3 launched 1st November 2004



ITV1 and ITV Channels SOCI over last 5 years in MC Homes

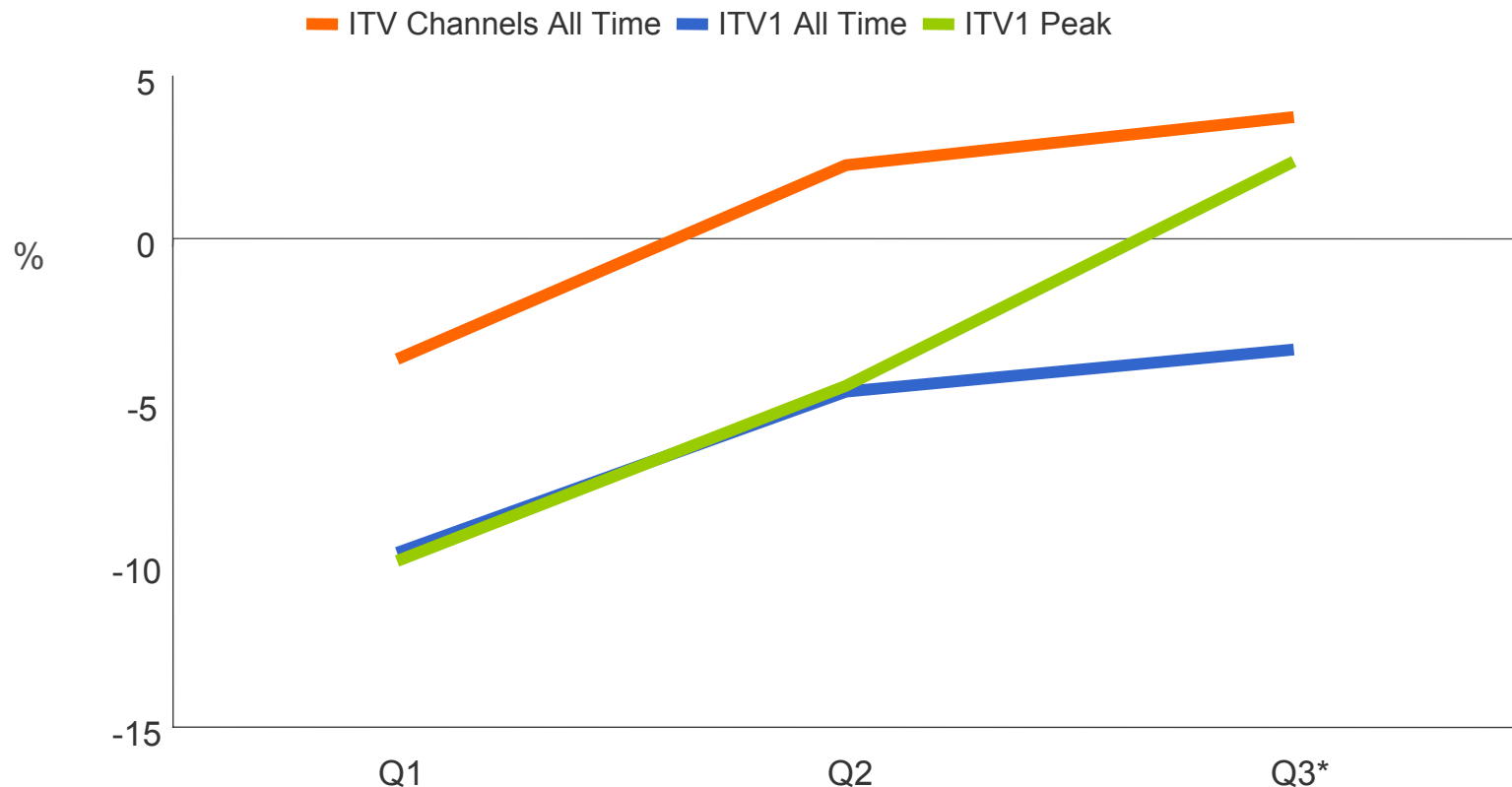


Source: BARB/Infosys, Individuals SOCI Jan to June multi-channel homes, ITV1 includes GMTV, ITV family=
ITV1/2/3/N, GMTV, M&M



ITV Channels impact volume improving across the year

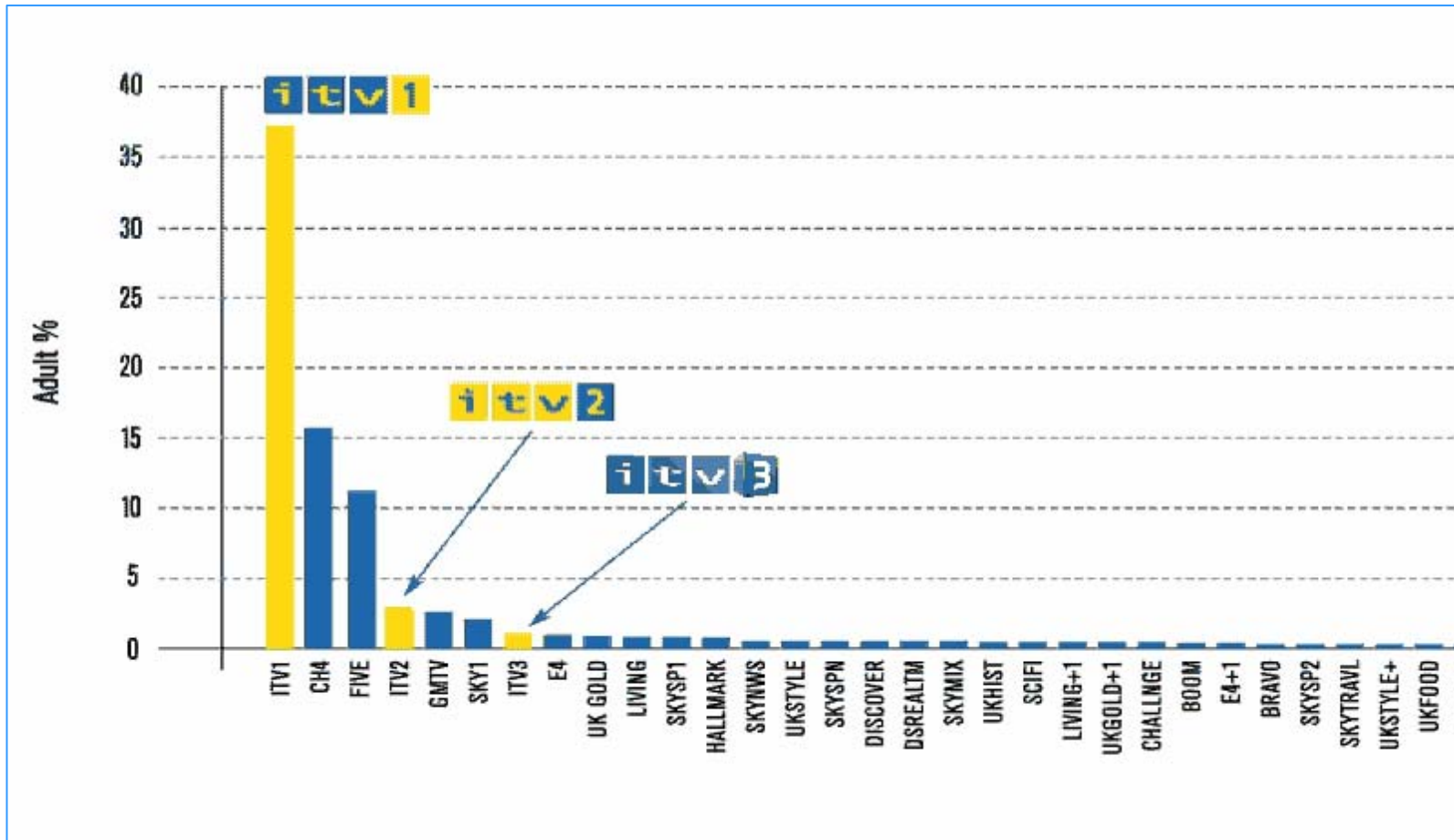
Year on year % change in volume of impacts by quarter: ITV1 and ITV family



Source: BARB DDS Adult, Q3 to 23rd August only



The Multichannel Tail

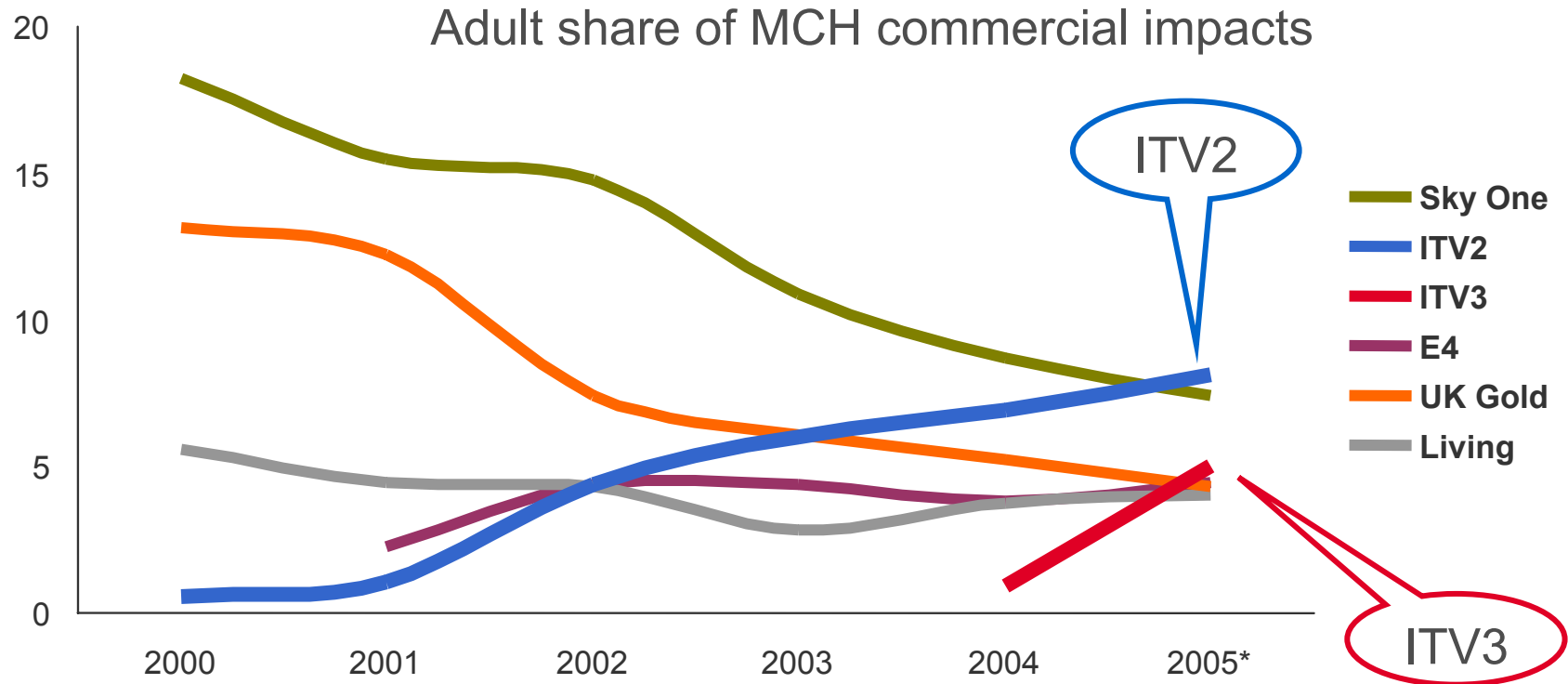


Source: BARB/DDS Adults Jan – Jun 2005



ITV2 and ITV3 delivered

- 54.7% of YOY multichannel impact volume growth Jan - June 2005
- 50% of all revenue growth in multichannel

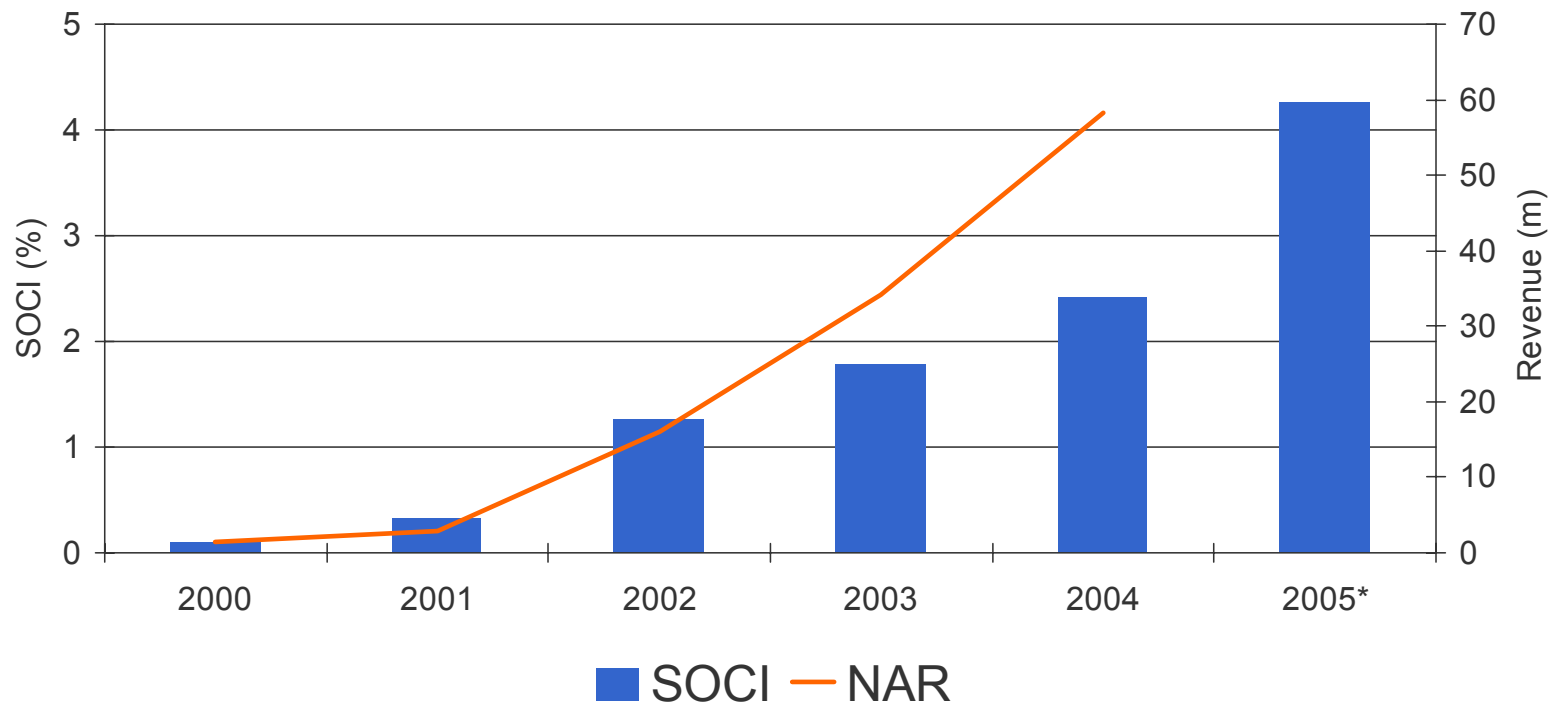


BARB/DDS, *2005=01Jan-30June



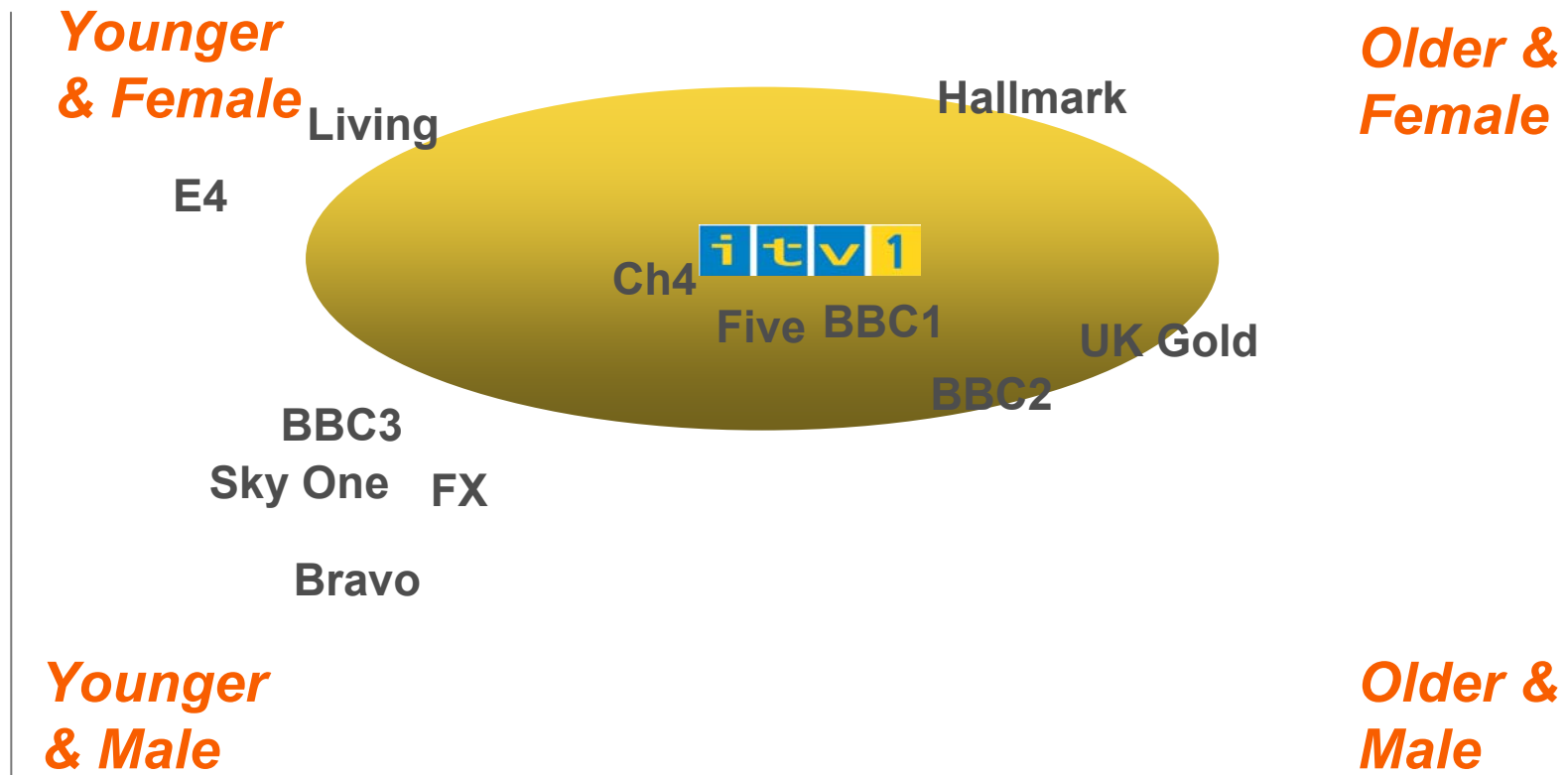
ITV Channels Revenue and SOCI performance

- 111% CAGR ITV Channel growth in SOCI[#]
- 154% CAGR ITV Channel NAR growth[#]

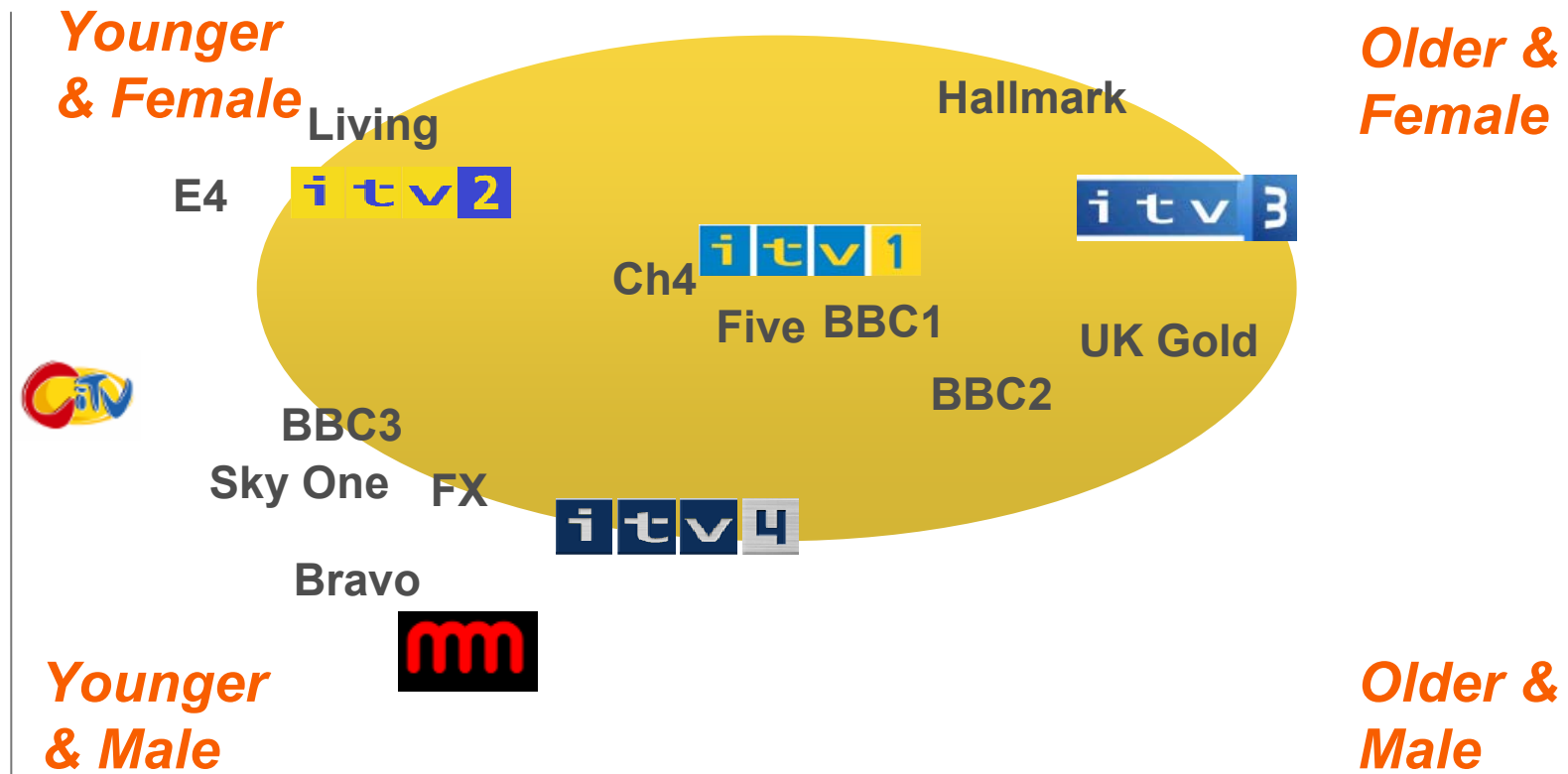


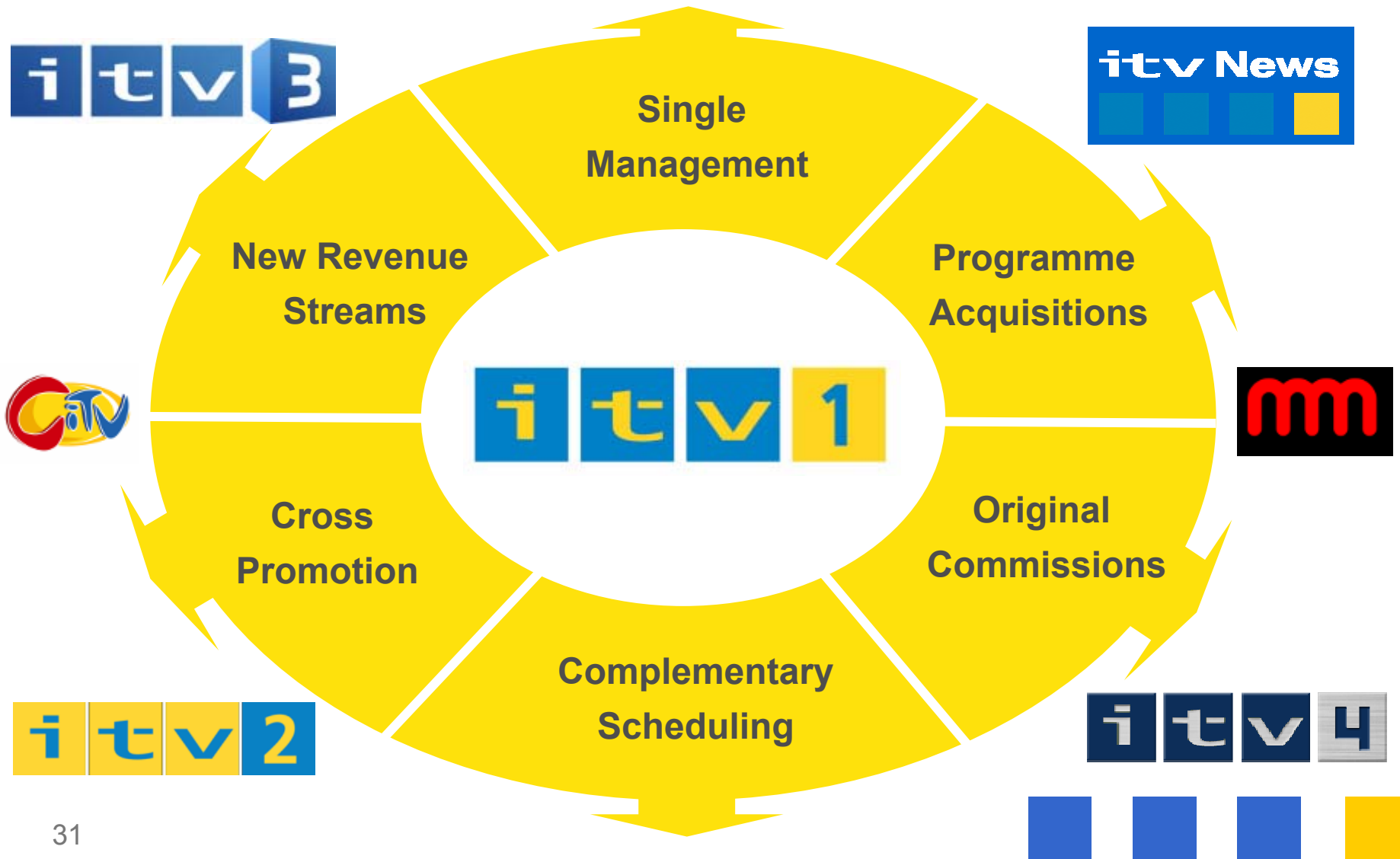
Source: BARB – Individuals SOCI in All homes, *Weeks 1-33
Half year CAGR 2000-2005





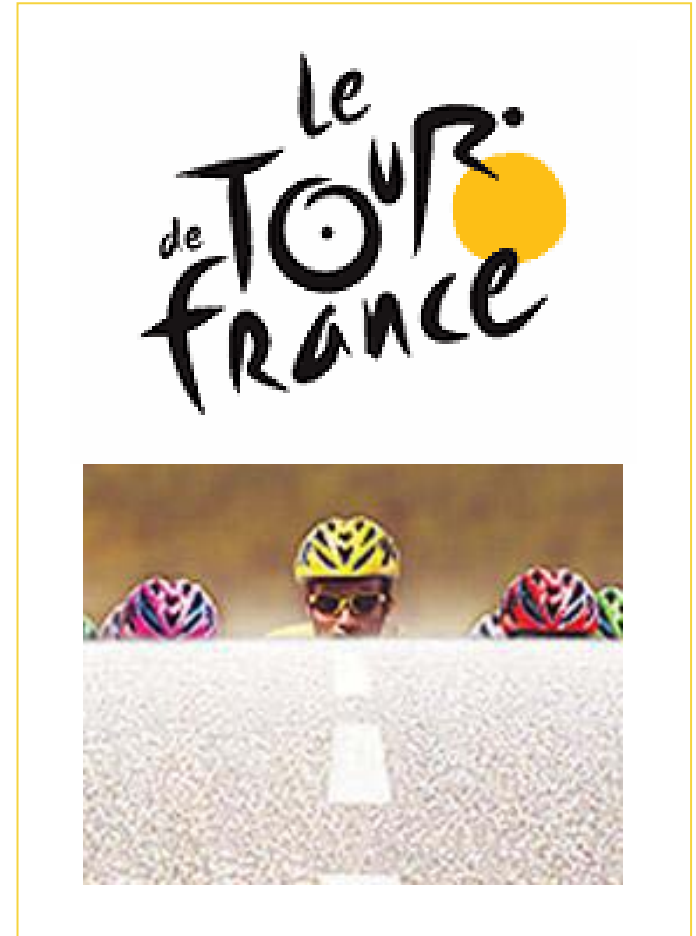
- ITV Channels broaden ITV's audience opportunity
- Building appropriate channels to attract specific demographics





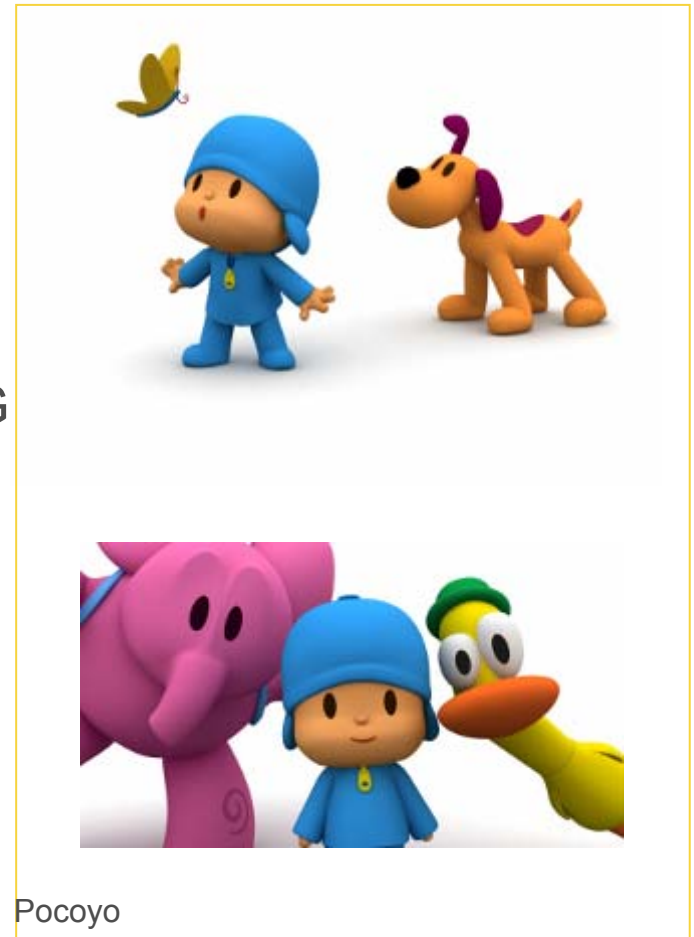
ITV4

- Launch 1st November 2005
- Free to Air entertainment channel
- Male demographic
- £15m programme budget
- Top US acquired material
- Target top 15 Channel



Children's Channel

- Launching in the next six months
- Only commercial children's channel on all platforms
 - Listed under children's channels on EPG
- Airtime sales contract with GMTV
- Content – up to 9 yrs old
 - Exploit existing library
 - Commissions and acquisitions
- Marginal running costs



- June 2004 revenue target £150m pa by end of 2007
- H12005 revenue £48m
- Programme budget set across all channels inc.ITV1
- Increasing multichannel investment accordingly

Channel	Mid-term goals	Longer-term goals
ITV2	Extend lead over Sky One	Compete with C4
ITV3	Top 10	Extend lead over UK Gold
ITV4	Top 15	Top 10
CITV	Leading commercial kids channel	Licence programme properties



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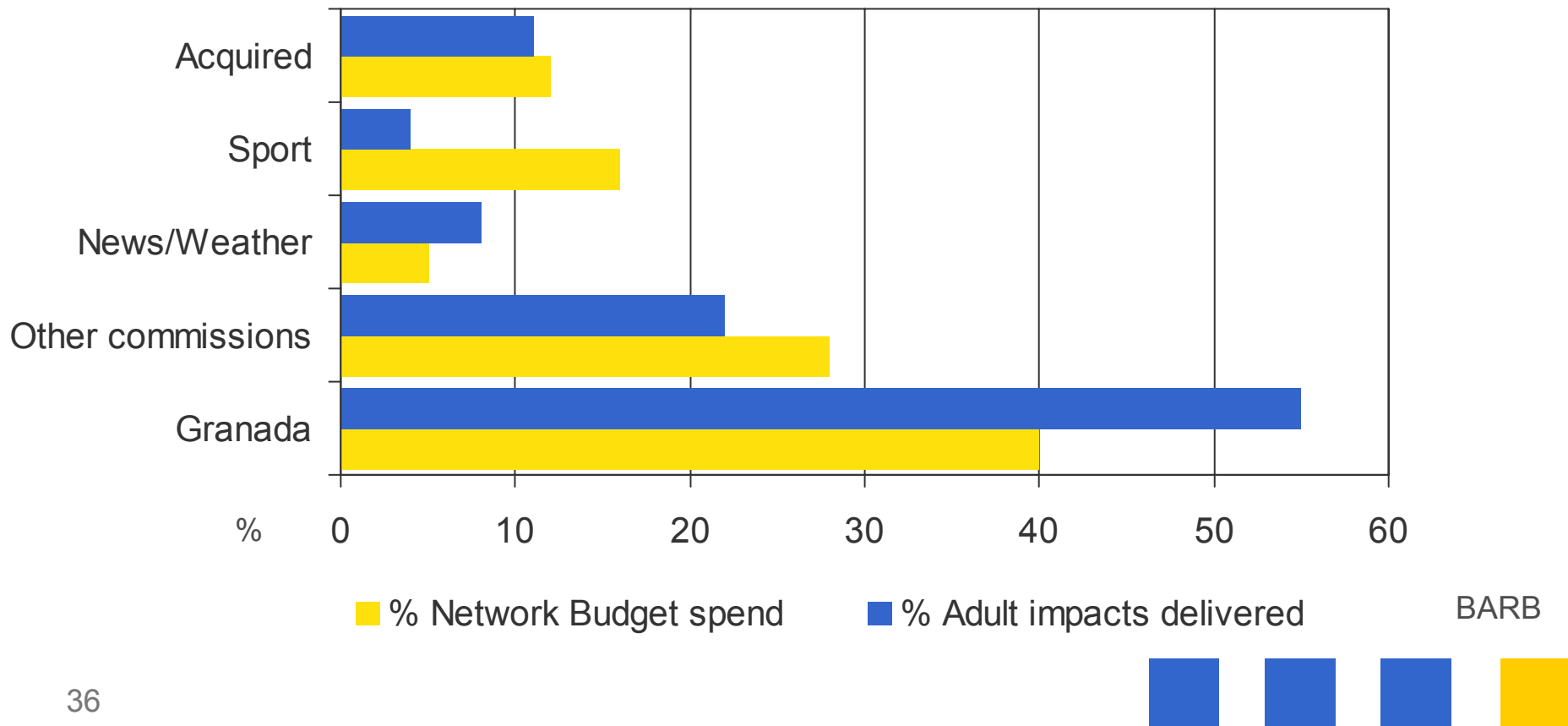
Digital Future



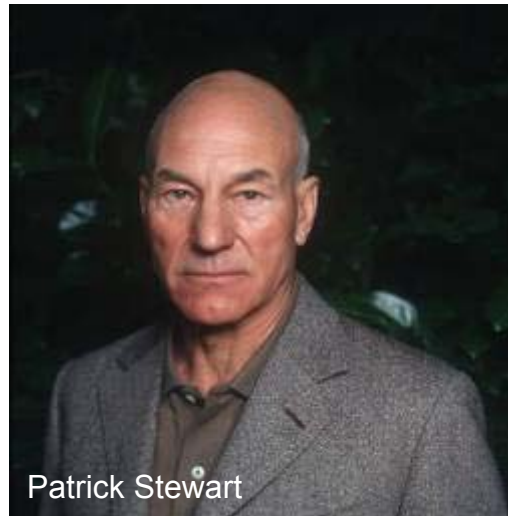
Internal Production is the most cost effective for ITV1

Delivers highest volume of commercial impacts

12 months to Dec 2004 – Network programme spend v Adult impact delivery



Drama driving the autumn schedule – ITV heartland



Grow International Business

- Organic and small acquisitions
 - Key Areas: USA and Europe
- Delivered series for US
 - Nanny 911 (Fox), Hell's Kitchen (Fox), Celebrity Fit Club (VH1)
Hit Me Baby One More Time (NBC), Airline (A&E), First 48 (A&E), Room raiders (MTV)
- Nanny 911
 - Sold to 20 major territories
 - Format sales
- International sales
 - Third party library sales
 - Trialling archive broadband downloads



Developing new content for digital technologies

Drama

Soaps

Entertainment

X-Factor

GMOOH

Information

News

Weather

Broadcast

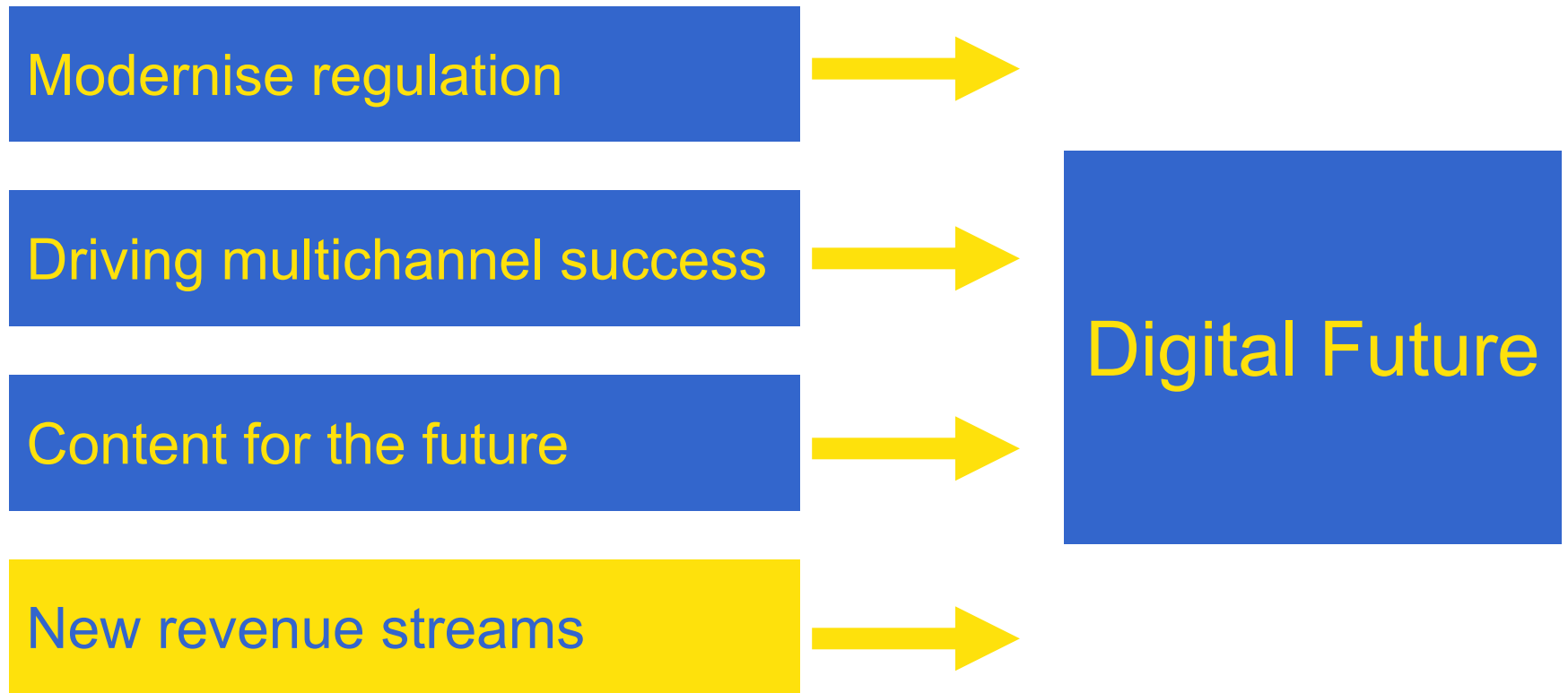
Mobile

Broadband

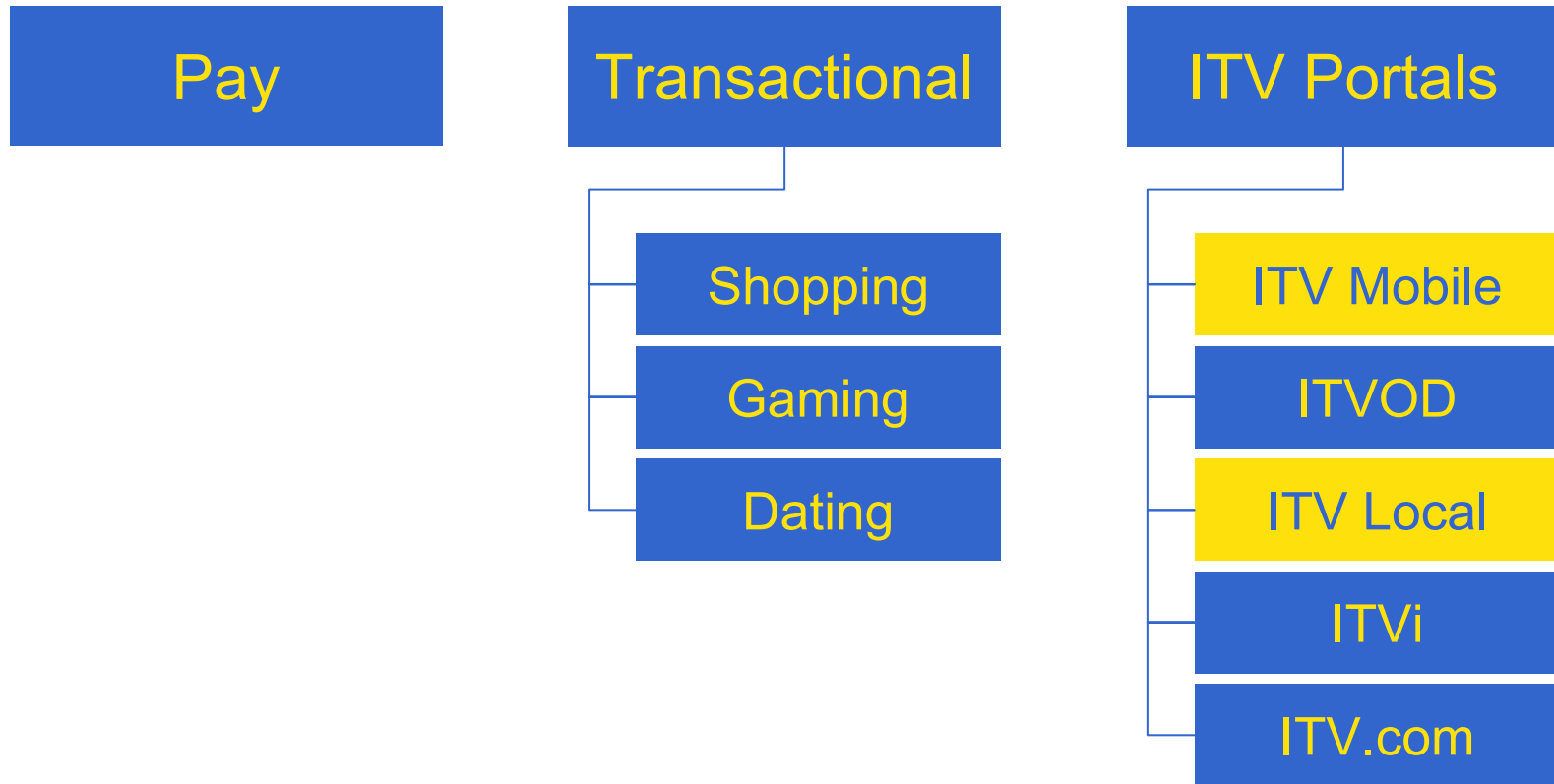


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- ITV in the Digital World



ITV Consumer – Looking at potential to develop revenue for ITV





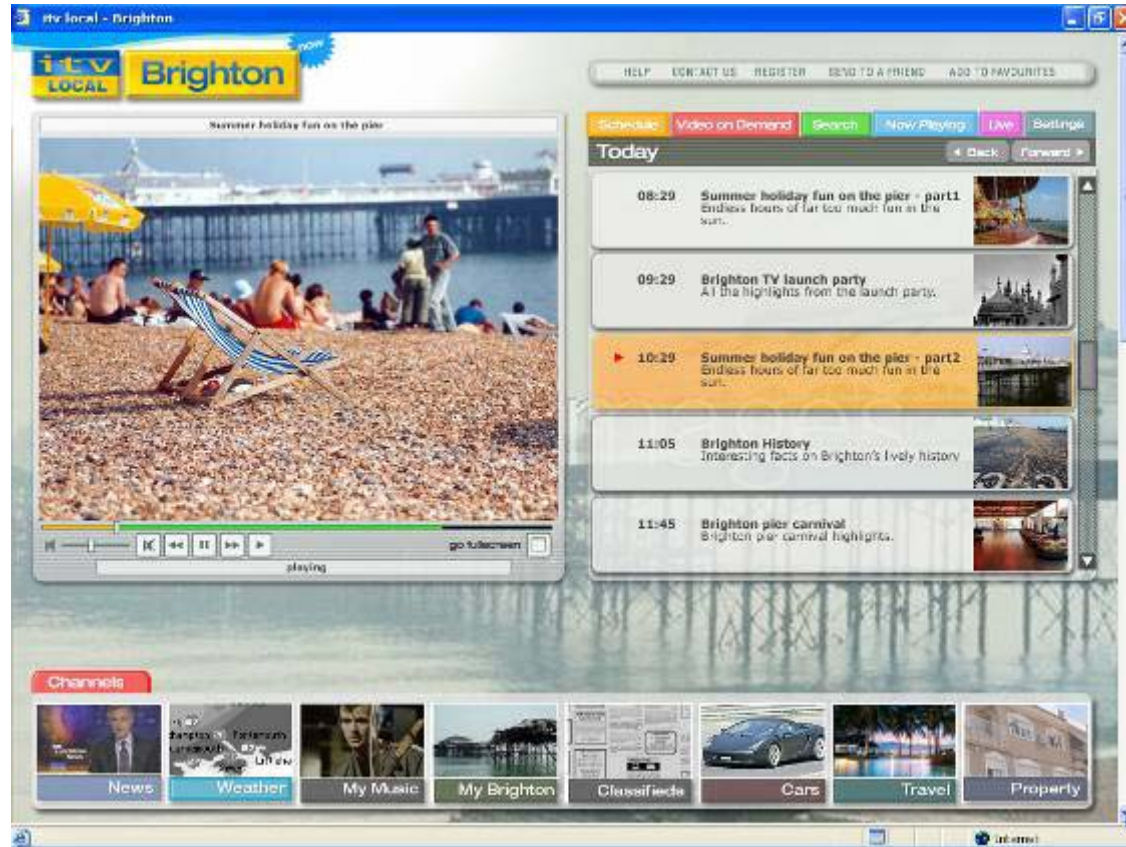
ITV Mobile

- Mobile Portal launch
- Home of Entertainment on mobile
 - Original material
 - Entertainment
 - News, Weather, Magazine, Updates
- TV's most accessible mobile portal
 - Accessible by all handsets in the UK
- Pay as you go
- Ad and transactional revenue
- SMS revenues up 183% on last year



ITV Local

- Broadband application
- Trial areas
 - Brighton
 - Hastings
- Content
 - Classified Local Ads
 - News & Weather
 - Community
 - Travel
 - Property
 - Entertainment



Summary



Deep Jungle

Summary

- Strong H1 2005 financial results
 - Non ITV1 Revenues
 - Up 36% to £317m
 - Over 30% total revenue
 - Operating EBITA 65% at £201m
 - Basic EPS up 46% at 3.5 pence
 - Interim dividend up 20% to 1.32 pence
 - Pension deficit funding £325m



Summary

- Regulation
 - Financial terms agreed for licences
 - Market review in 2006
- Strong Autumn schedule
- Developing digital
 - Growing SOCI in multichannel homes
 - ITV4 launch 1 November
 - Consumer team
- Exploiting growth opportunities in the digital world



Forward-looking statement

ITV is providing the following cautionary statement. This document 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) 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 and (vii) fluctuations in exchange rates.





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