

## ITV H1 2024 results

### Revenues challenged but profits moving up

- Off the back of the Euros, ITV's advertising revenue grew in H1 (+10% to £889 million) but this was not enough to balance a drop in Studios revenue, which declined 13% (to £869 million), hit by phasing and a tough market
- Nonetheless, profits were up on a very tough 2023, with group adjusted EBITA rising 40% to £213 million, as cost-cutting proved successful—total costs were down 7% YoY
- ITVX is moving from its launch phase to one of consolidation, with a changing approach to content release and an increasingly nuanced relationship with its array of users

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30 July 2024

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Unlike the past few years where Studios has been the bedrock of ITV, so far in 2024 it has been advertising that has remained steadfast. Total advertising revenue increased 10% in H1 YoY, equating to an increase in revenue of £78 million, against Studios which saw its revenues drop by £131 million—however, ITV has forecast a strong end to the year for its production business, with revenues (almost) recovering and more profit than ever before.

In terms of viewing, even with the Euros, it has not been a successful year so far for ITV—although ITVX continues to grow, the broadcaster's share for H1 was its lowest since 2017, indicating that the strengthening advertising climate might have been leveraged even further by the company. We note that the schedule in H2 should be comparatively stronger if the football is ignored.

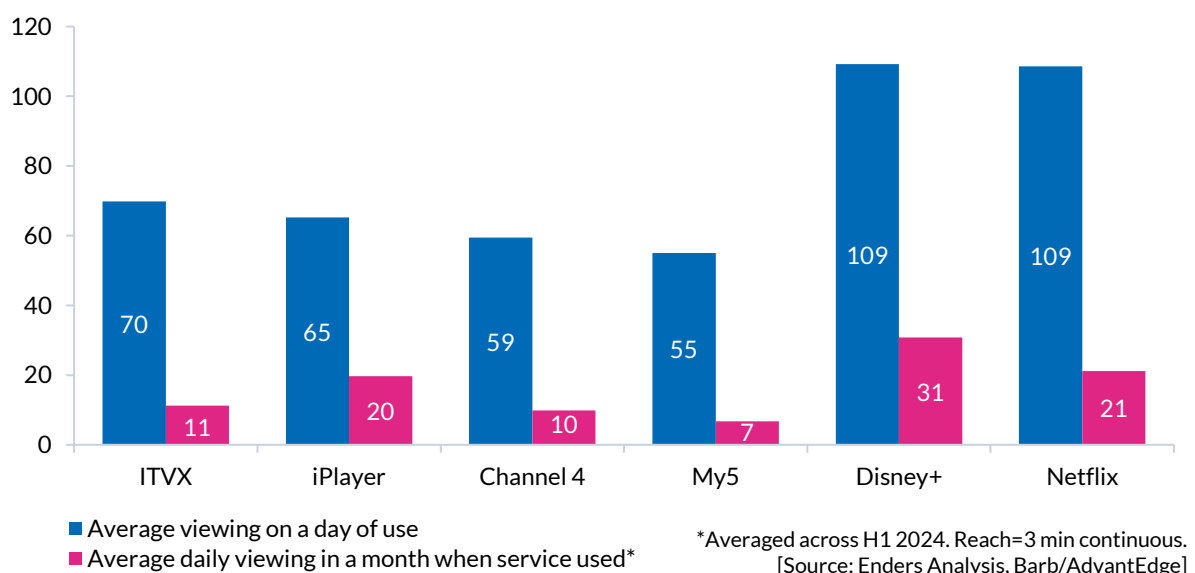
Further on ITVX, we note that it has shifted into a new phase, with the experiment to premiere major programming six to nine months early on the service coming to an end, moving to dual distribution alongside linear. This will reduce the cannibalisation of its linear audience while also allowing the audience to watch the programming as they wish—we would assume that ITVX will appear quite attractive given its currently modest advertising loads.

## ITVX is now shifting gear to a consolidation stage

ITVX grew well in H1: up 15% YoY in total viewing according to Barb,<sup>1</sup> while ITV's "Total Streaming Hours"—which is simultaneously both a broader and narrower metric<sup>2</sup>—was also up 15%. Both ITV and Barb registered months in H1 which experienced YoY stasis or decline (March and May) with strong growth elsewhere throughout the period<sup>3</sup>—although it appears, when its figures are compared to ITV's, that Barb has dramatically underrepresented viewing of the Euros on ITVX.

As we noted in Q1—see [ITV Q1 2024: Advertising looking up as Studios fights headwinds \[2024-056\]](#)—notwithstanding the burst of engagement brought on by a successful Euros, ITVX growth has inevitably begun to slow. Having lapped its launch (December 2022) it now faces tough comparisons and is evolving its offering to serve viewers. As shown in the aforementioned report, the profile of the service's exclusive content has changed. While in the first year of launch ITVX was filled with exclusively-windowed original UK scripted series that would eventually find their way onto linear after six to nine months, this strategy appears to have ended. In line with this, it has been reported<sup>4</sup> that the £160 million annual recurring investment in digital-first content for ITVX has been incorporated back into the combined content budget for both linear and digital distribution.

**Figure 1: Average daily viewing minutes per user, H1 2024**



In the past, we have analysed the release strategy's effect on viewing, along with the cannibalisation of linear consumption, and it appears that ITV has aligned with our thinking—meaning that higher profile pieces of content will not be held back from broadcast so as to attract viewers to ITVX. Instead the service will lean into boxsets of content currently airing, exclusive non-scripted programming, and licensed content, along with the headroom that still exists due to ITV's underwhelming emphasis on digital in the

<sup>1</sup> As we have noted repeatedly in past reports, although it is improving (and will get better when a number of improvements are fully implemented) we believe that Barb underrepresents BVOD viewing. That being said, it remains an important tool in understanding these services beyond the high level figures released by the operators. We note that ITV Media utilises BARB data in its public monthly [ITVX Debrief](#).

<sup>2</sup> Total Streaming Hours is the total number of hours viewers spent watching ITV across all streaming platforms, but reported at a device level only. This figure includes both ad-funded and subscription streaming, YouTube and viewing of ingested ITV assets downloaded and viewed on, for example, Sky and Virgin boxes.

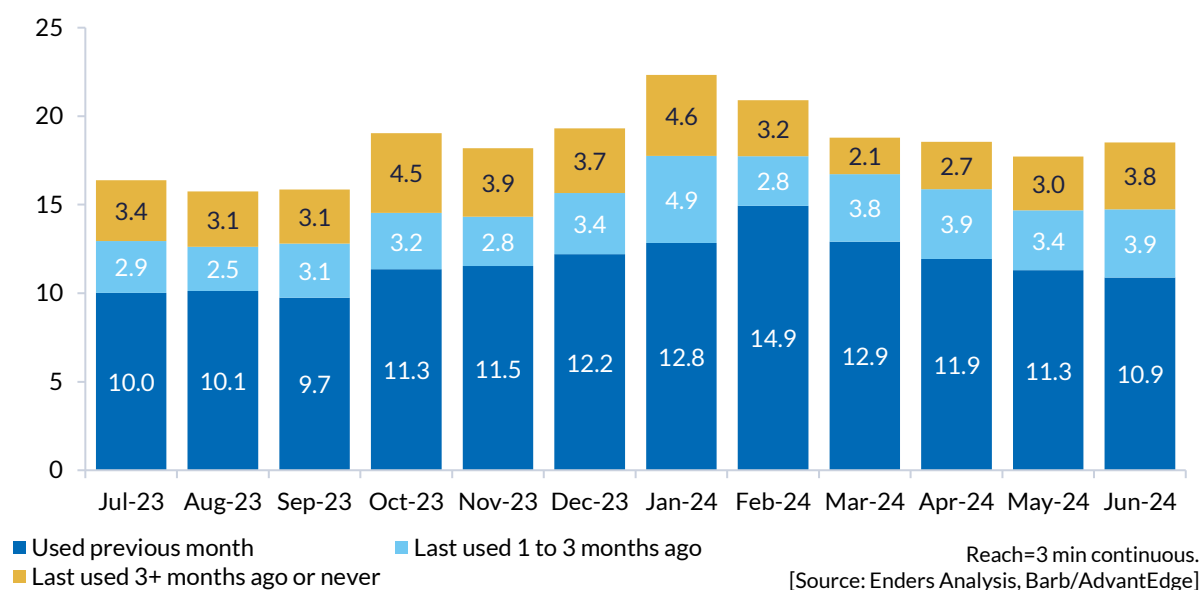
<sup>3</sup> The ITVX Debrief also includes "Streaming hours": a smaller figure than that quoted in ITV Plc's results which we understand only includes viewing via ITVX (at a device level)—this number was up 25% in H1. ITVX appears to be around 82% of ITV's streaming.

<sup>4</sup> Broadcast, ['ITV media and entertainment undergo major restructure'](#), 21 May 2024.

past— for example, ITVX still trails iPlayer and Channel 4’s player in terms of the proportion of total viewing it provides for its broadcaster.<sup>5</sup>

The shift in strategy also suggests the end of the launch phase and the beginning of a stage of consolidation, where ITVX can concentrate on increasing engagement with its habitual users. We have noted in the past that ITVX has impressive reach already (see Figure 2) but that a large proportion of these users were only watching a small number of programmes each month, suggesting that for many, specific content rather than the service itself is the destination<sup>6</sup>—see [ITV FY 2023 results: Ad downturn hits profits \[2024-031\]](#). This is shown again in Figure 1, where ITVX does comparatively well in terms of average viewing on a day a user has visited the service, but not as well across a longer period.

**Figure 2: ITVX monthly reach and when viewer last used the service (m)**



This pattern of usage flows through to the character and shape of the user base—shown by the consistent proportion of users that return to the service on consecutive months (see Figure 2) which for ITVX is usually between 60-70% of the total monthly reach of the service.<sup>7</sup> We observe that the overall reach has more of the seasonal shape of broadcast television than the flatter reach and engagement spread of subscription streaming services.

The proportion of ITVX’s viewer base that these habitual users make up is much smaller than most of its competitors, although it is very similar to that of Channel 4, which ITVX is most akin to (see Figure 3). Although there is a consistent base of returning users, the service continues to welcome a material number of viewers that will not return with any expedience—across the last year, just over a third of ITVX users each month did not use the service the following month.

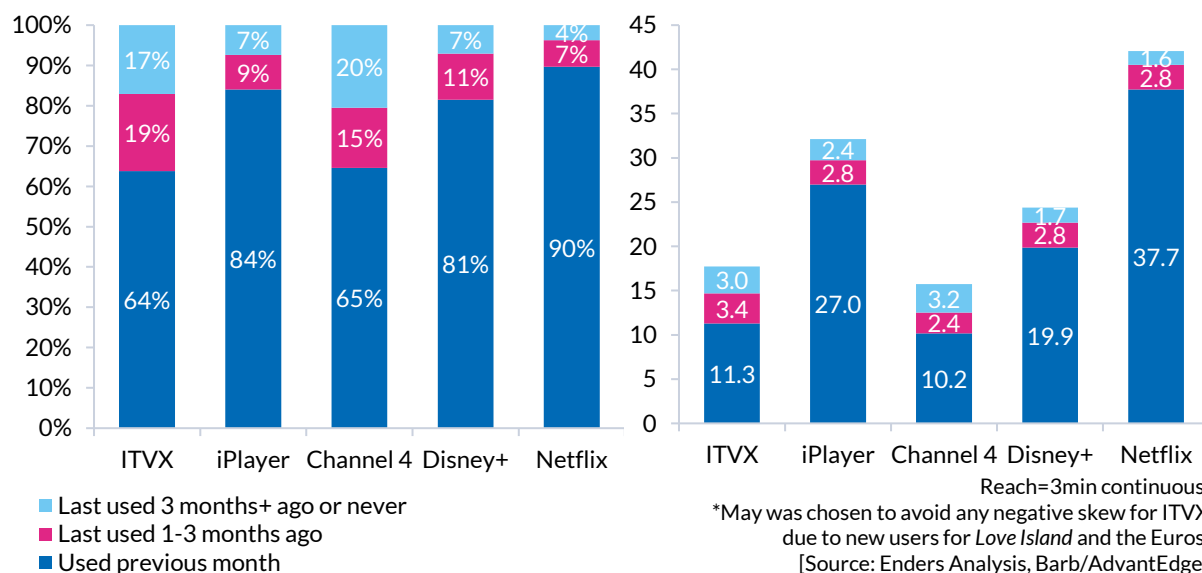
<sup>5</sup> For H1 2024, Barb has iPlayer providing 20% of its broadcaster’s total viewing with the Channel 4 player 15%, and ITVX, 10%.

<sup>6</sup> ITV does not provide granular data on the habits of ITVX users but has noted that 93% of those that watched *Mr Bates vs The Post Office* also watched something else.

<sup>7</sup> The exceptions have been when a very strong drama slate to start the year (*Mr Bates vs The Post Office* and *Trigger Point*) brought more returning users in February, and in June there was an influx of new or not-recent viewers arriving for football or *Love Island*.

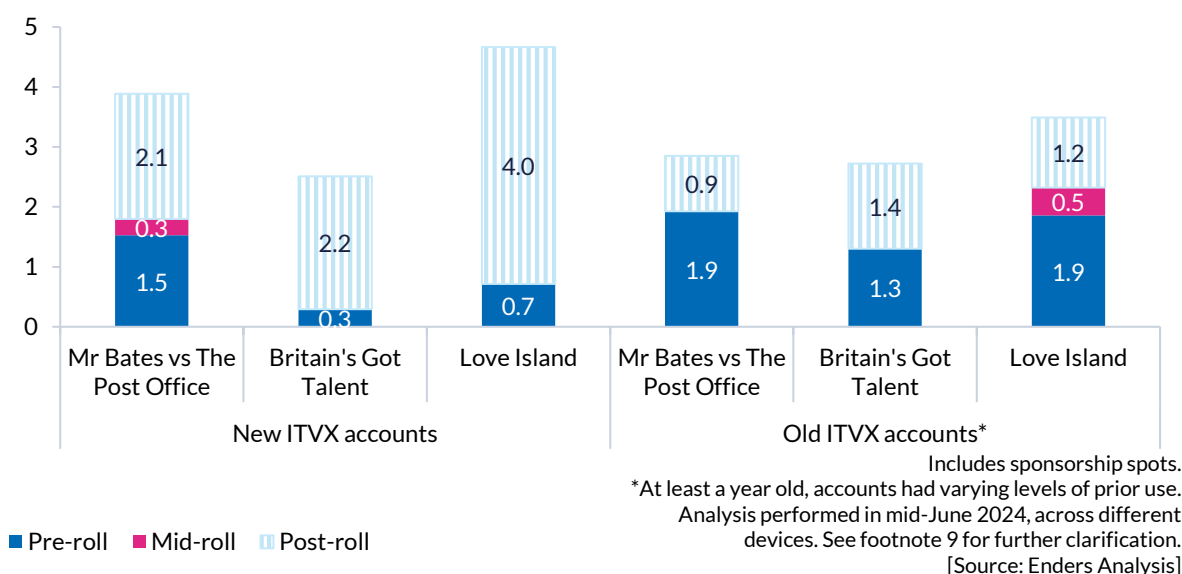
ITV is displaying some nuance in its treatment of these inconsistent users. While we have previously expressed opinion on areas where we believe that ITVX falls short of expectation in terms of user experience,<sup>8</sup> ITVX is a better service for those that are new or use it infrequently—we have observed a marked difference in the level of advertising served to different types of users.

**Figure 3: Monthly reach and when viewer last used service, May 2024\* (% , m)**



While mid-roll advertising appears to be rarely served to any user, the amount of pre-roll advertising is significantly lower for new users—our analysis suggests it is well below half for some programmes—while they are presented with a great deal more post-roll advertising, which we assume they are less likely to watch (see Figure 4). A new user could conceivably sign up to watch *Love Island* and—at least for a period—watch it on-demand with only 40 seconds of advertising per hour of viewing.

**Figure 4: Average volume of advertising served for selected shows (mins/hour)**



<sup>8</sup> For example, the search function can be unhelpful and unsophisticated, while fast-forwarding on a TV set (i.e. via Chromecast, Roku or Sky Q) is laborious: to illustrate, getting to the end of the Euros final, takes 4 minutes 45 seconds, with no picture-in-picture (aka video-scrubbing thumbnails) to show progress. iPlayer's slightly longer version takes 9 seconds.

Although the actual levels of ad load in our analysis period may have been affected by various non-strategic factors,<sup>9</sup> it illustrates the relative experiences of different users and clarifies the strategy that ITV is taking towards new users—effectively under-monetising them for a period, during which the hope is to convince them to become habitual users.

## Overview of financial results

To avoid any misunderstanding of the text and charts we refer throughout to the ITV channels as ITV1 (formerly ITV Main), ITV Digital (the rest: ITV2, ITV3, ITV4 etc.) and ITV Family (all ITV channels).

**Figure 5: ITV H1 revenue (£m)**

	2024	2023	YoY change	2019
<b>Total Media &amp; Entertainment</b>	<b>1,034</b>	<b>964</b>	<b>7%</b>	<b>991*</b>
Total advertising revenue	889	811	10%	
Subscription revenue**	26	29	-10%	
SDN	22	24	-8%	
Partnerships and other revenue	97	100	-3%	
<b>Total ITV Studios</b>	<b>869</b>	<b>1,000</b>	<b>-13%</b>	<b>758*</b>
Studios UK	393†	458	-14%	
Studios US	117	178	-34%	
Studios International	168	188	-11%	
Global Partnerships	191	176	9%	
<b>Total revenue</b>	<b>1,903</b>	<b>1,964</b>	<b>-3%</b>	<b>1,749</b>
Sales from ITV Studios to M&E	301	322	-7%	
Other internal supply	3	3	-	
<b>Total external revenue</b>	<b>1,599</b>	<b>1,639</b>	<b>-2%</b>	<b>1,476</b>

\*Includes the reclassification of gaming, merchandising and licensing revenue from M&E to ITV Studios (2020: £5m, 2019: £8m).

\*\*Formerly Direct to Consumer. Competitions revenue which was previously within DTC is now in Partnerships and other revenue.

†Includes a £30m benefit from the transfer of ITV sport production from M&E to Studios from 1 January 2024.

[Source: company accounts]

<sup>9</sup> Ad loads are curated to a point but they are also a product of supply, demand and yield meaning that more audience than demand will result in fewer ads served. For example, it is worth noting that the Euros on linear would have taken some demand away from ITVX in the period of this analysis, potentially meaning lower ad loads. Further, differing advertiser demand for the account holders (e.g. age/location) used in the analysis may have affected the overall results.

In H1 2023, ITV saw a marginal YoY drop in external revenues (-2%, £1,599 million) with improving advertising revenue going some way to balancing the YoY decline at Studios: its drop in revenues continuing from Q1, and ongoing until Q4. The reason given for Studios' performance has been two-fold—2023 was generally evenly phased, while there is still overhang from the US strikes (the US part of the business was down 34% in H1). As in Q1, ITV states that the second half of the year will be better—with the advantage of a number of lucrative deliveries, such as *Hell's Kitchen* for Fox, *Better Sister* for Prime Video and UK series for itself, such as *Unforgotten* and *I'm a Celeb....*, mostly concentrating around Q4.

Indeed, ITV is predicting record Studios adjusted EBITA for the full year (despite its drop in revenue, the profits of Studios grew in H1). Of course, this is aided by recent acquisitions such as Plimsoll Productions, Lingo Pictures and—just announced—Hartswood Films, which recently made *Douglas Is Cancelled* for the broadcaster.<sup>10</sup> But it is encouraging and will also owe much to cost savings, higher-margin catalogue sales and the business' continual increases in scale. On cost savings: ITV note that it is on track to achieve £40 million in incremental savings in 2024 which will take the cumulative annual total to £170 million, with that total expected to be over £200 million in 2025.

**Figure 6: ITV H1 adjusted costs, EBITA, and other financials (£m)**

	2024	2023	YoY change	2019
<b>Costs</b>				
<b>Total costs</b>	<b>1,691</b>	<b>1,811</b>	<b>-7%</b>	<b>1,422</b>
Content costs	663	648	2%	
Variable costs	76	66	15%	
M&E infrastructure and overheads	219	227	-4%	
ITV Studios	733	870	-16%	
<b>Total external costs*</b>	<b>1,387</b>	<b>1,486</b>	<b>-7%</b>	<b>1,149</b>
<b>Statutory EBITA</b>	<b>200**</b>	<b>133†</b>	<b>50%</b>	<b>310</b>
<b>Adjusted EBITA</b>	<b>213**</b>	<b>152†</b>	<b>40%</b>	<b>327</b>
Media & Entertainment	76	23	230%	
ITV Studios**	136	130	5%	
<b>Operating profit and free cash flow</b>				
<b>Operating profit before tax</b>	<b>136</b>	<b>66</b>	<b>106%</b>	<b>240</b>
<b>Adjusted free cash flow</b>	<b>-19</b>	<b>51</b>	<b>-137%</b>	<b>137</b>

\*Total costs less payments to ITV Studios and other internal supply.

†Before production tax credits.

\*\*Includes the benefit of production tax credits.

[Source: company accounts]

<sup>10</sup> Hartswood Films was acquired in July and does not therefore benefit H1 figures.

Subscription revenue fell (by £3 million to £26 million), with the number of UK subscribers to ITV subscription services declining by half a million to 900k. During the period, ITV closed its BritBox UK standalone app (end of April), while also shuttering the service on Amazon's Prime Video Channels (mid March). Transitioning these users to ITVX's premium tier—which houses, amongst other things, the BritBox library—has clearly been difficult, given that there is no efficient mechanism to port users from the services closing to ITVX.<sup>11</sup>

Although these changes happened in Q2, given the measured impact on revenues it appears clear that these were apparently low ARPU subscribers—Amazon's cut, for example, can often be around 50%, while there may have been many EE customers getting the service for free. Management noted that this effect was an expected consequence of simplifying the product offer alongside consolidating the subscriber base: it also emphasised its commitment to ad-funded streaming and stated that it was an advantage for the company to not have to “chase a subscriber target”. We remind ITV that it has a KPI of reaching 2.5 million subscribers by 2026, which we are now less confident of it achieving, especially with ad loads on the free version of ITVX so low (see Figure 4) and some of the content on the subscription tier including advertising due to licensing reasons.<sup>12</sup> The company appears less concerned with this metric than its goal of reaching £750 million in digital revenues over the same timespan (it is currently at £516 million over the past year)<sup>13</sup> rationalising this by explaining that it will be guided by the optimal mix of ad-supported and subscription users: heavy users, for example, are better monetised on the free tier, while lighter viewers can be targeted by banner advertising to opt for the paid version.

## ITV Studios

Since COVID, Studios has provided ITV with the growth and stability needed to weather what has been a difficult and inconsistent advertising market. This has changed in H1, however, with the revenues of Studios declining YoY across all its regions for reasons outlined above (-13%, or -16% if newly-transferred sports production revenue is excluded). That being said, a decline in costs at Studios (-16%) drove a measured increase in profitability (up 5% to £136 million): savings have been found in a number of areas of the business, including from reorganisation, organisational efficiencies and various tech improvements on productions. When combined with strong growth in the demand for catalogue content—Global Partnerships, which also includes format sales, saw revenues up 9%—this saw Studios' margin up to 15.7%,<sup>14</sup> which is above ITV's mid-term range of 13-15%.

The rise in catalogue sales—which are obviously high margin—is a mixed blessing: it shows the strength of ITV's IP but also indicates a lower sector-wide demand for new content production, which drives revenue. ITV notes that its influence on the revenue mix will decline in the second half of the year. This will push the overall margin for Studios back to between the guided band. Although Studios' margin is trending in the right direction, we observe that it has been higher in the past, for example, in 2016 it was around 17%.

ITV has downgraded the full year revenue forecast for Studios—from flat to a low single-digit percentage decline—but this is mainly by virtue of the role of ITV being reclassified in a small number of major shows from co-producer to executive producer, which will not affect any profit but means less revenue is

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<sup>11</sup> ITV notes that it has an intricate migration programme for its user base that were on the Britbox standalone app but can't simply move them to ITVX.

<sup>12</sup> ITV states that about 15% of content falls into this bracket.

<sup>13</sup> This was up 14% on the period of H2 2022 & H1 2023. ITV will need to grow digital revenues at around 17% in 2025 and 2026 to reach its KPI.

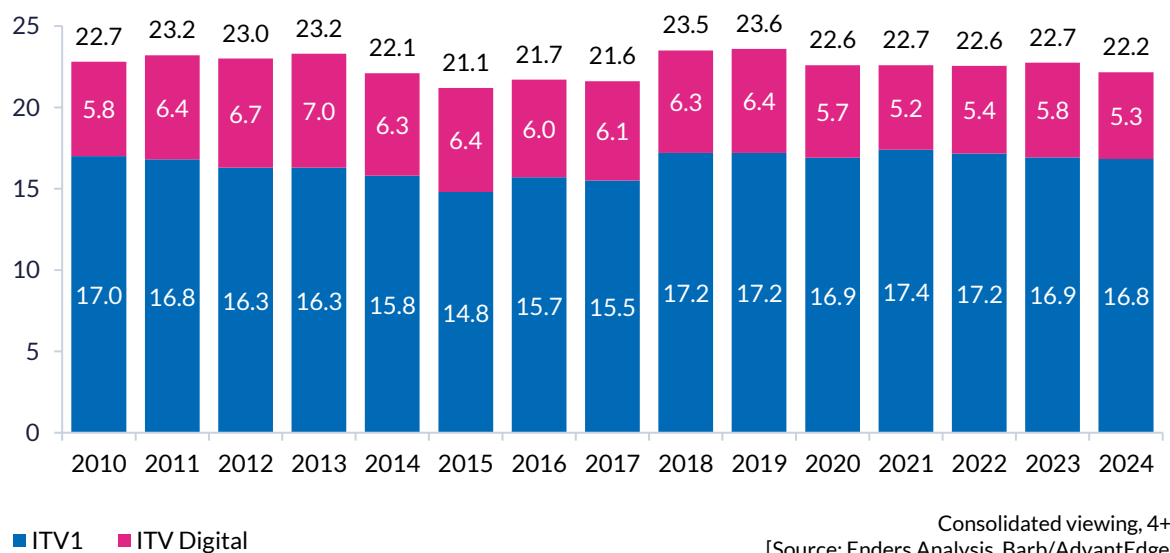
<sup>14</sup> This was helped by a change in the UK audio-visual incentives scheme. Although it will put companies in the same post-tax position as under the old regime, it is now one of expenditure credits as opposed to corporate tax relief. This means that the benefit will be included within statutory operating profit rather than a reduction in the consolidated tax charge. Excluding the impact of AVEC, ITV Studios adjusted EBITA was up 2% to £133 million with a 15.3% margin.

recognised.<sup>15</sup> The company noted that Q3 will show a similar decline to H1, but Q4 will be particularly strong on account of the phasing of deliveries, meaning that Studios will close out the year at record profit levels. As noted above, although this owes much to the increasing scale of Studios, it remains impressive as it will achieve this feat against strong headwinds such as subdued demand from free-to-air operators, rationalisation in content spend from a number of the major streaming services, all amplified by an increase in production costs (although ITV has observed a lessening of inflation in the market).

## Broadcast and online

Despite the Euros—which will also provide some boost to begin H2—the first half of the year was a comparatively difficult period for ITV, with its consolidated viewing share at a level that has not been lower since 2017, down 0.5% (see Figure 7). While ITV2 had two series of original *Love Island* that contributed in H1 last year, this year there was just the one,<sup>16</sup> meaning it had the biggest YoY drop in share of any channel (-0.27%). ITV3 and ITV1 also saw a drop in share (both -0.1%). With the closure of CITV last year—which meant 0.07% share decline—ITV had four of the top six channels by biggest loss of share YoY. BBC1 and Channel 4 main were the recipients, growing 0.9% and 0.1%, respectively.

**Figure 7: ITV Family share of viewing, H1 (%)**



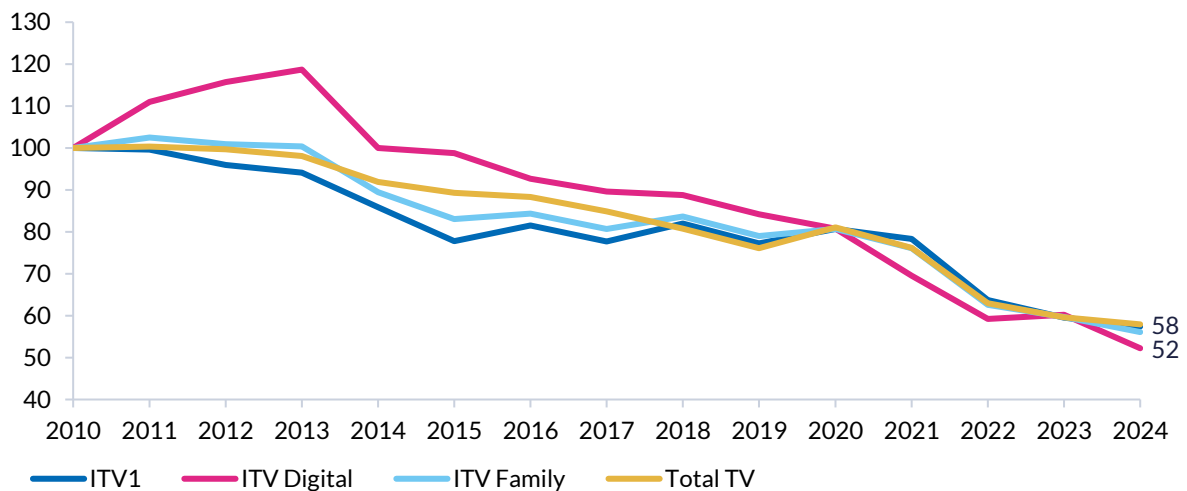
Of course, consolidated (i.e. live plus seven days catchup) broadcast viewing share is of diminishing value given the increasing amount of non-linear content<sup>17</sup> broadcasters have on their players, the viewing of which is not included in the metric (see Figure 9 for this added on). While consolidated share remains important as it allows more than a few years of comparative data, we can note that in terms of total viewing ITV did perform somewhat better: although its H1 share did drop YoY, it was a smaller fall (from 23.7% to 23.5%).

<sup>15</sup> ITV notes that it is normal for it to be contracted as an executive producer and for ITV's role in certain to shows to change, however it was insinuated that the reason for highlighting it this quarter was that the effect of such changes this year are particularly large, as well as changing the direction of guidance.

<sup>16</sup> Early 2024 did have *Love Island: All Stars* but this had fewer episodes (36 vs. 58) and lower episode viewing average. It provided only just over half the total viewing of the winter 2023 series.

<sup>17</sup> Either exclusive online content or programming that hasn't been broadcast for 28 days.

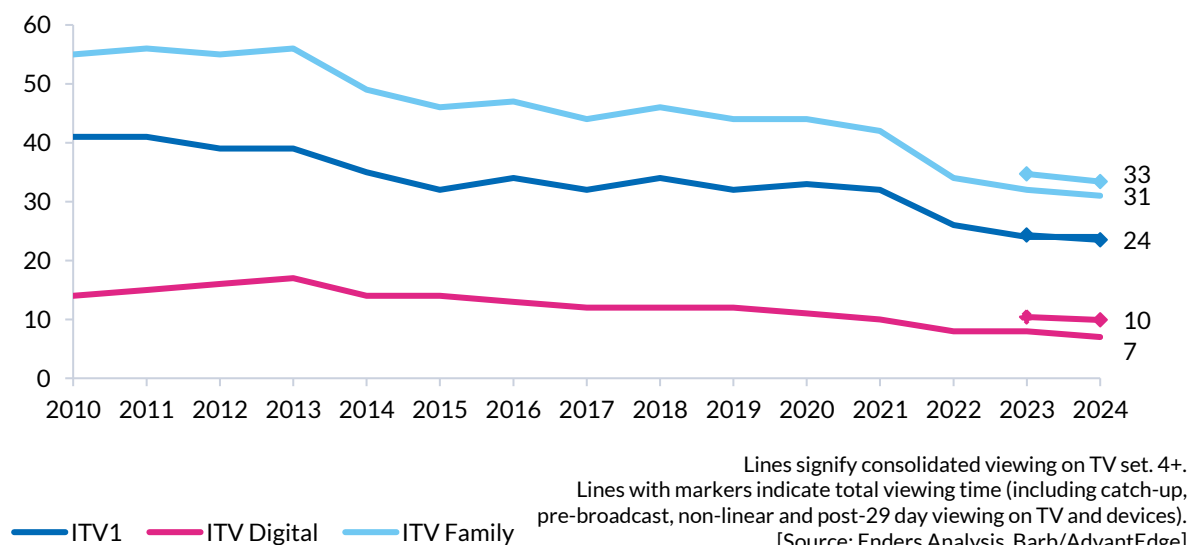
**Figure 8: ITV average viewing time, HI (index 2010=100)**



Consolidated viewing, 4+.  
[Source: Enders Analysis, Barb/AdvantEdge]

Neither of these share metrics fully reflect the increasingly fragmented video market—it demonstrates how well a channel or channel group is performing in relation to what is essentially a shrinking pie. As shown in Figures 8 and 9, the amount of viewing commanded by ITV continues to decline. There are signs that this may be levelling out, particularly for ITV1 (which is on a similar trajectory to total TV), but decisive evidence of this remains to be seen—especially since 2024 has been a successful footballing year.

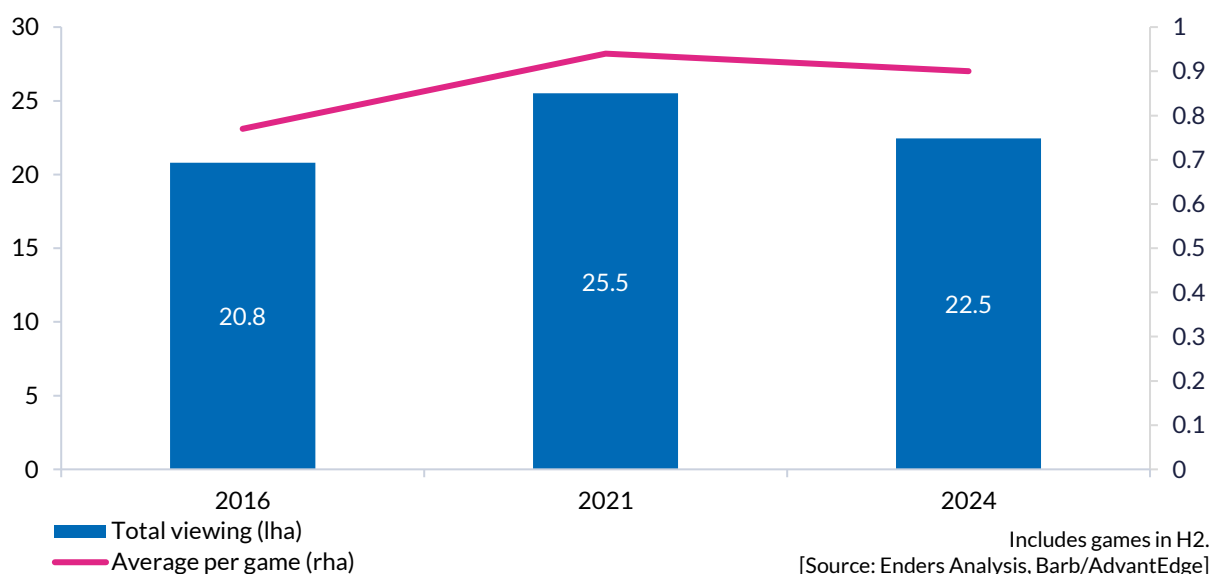
**Figure 9: ITV average viewing time, HI (minutes/person/day)**



Lines signify consolidated viewing on TV set, 4+.  
Lines with markers indicate total viewing time (including catch-up, pre-broadcast, non-linear and post-29 day viewing on TV and devices).  
[Source: Enders Analysis, Barb/AdvantEdge]

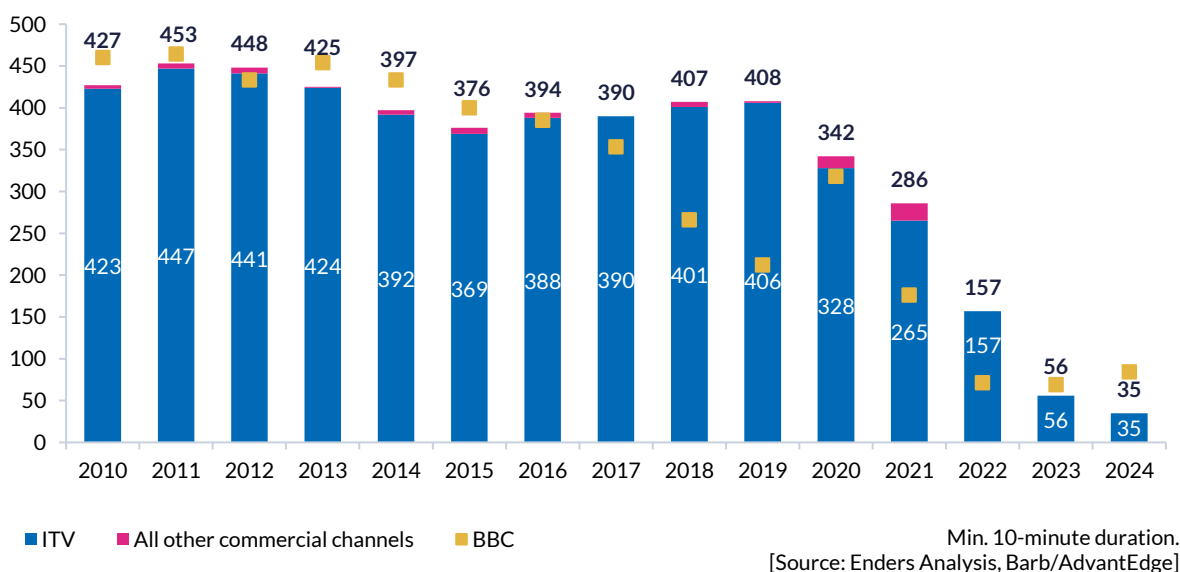
The Euros provided the only ITV programmes to attract a consolidated audience of over 10 million in the first half of 2024, along with two in H2. Indeed, viewing for the tournament was resilient when compared to previous versions—although 2024 was down on the 2021 tournament in terms of total viewing, that occurred within a COVID-affected period of pent up demand and reduced competition (see Figure 10).

**Figure 10: Total viewing of the Euros on ITV (billion minutes)**



ITV's top six programmes in H1 have been either Euros matches or episodes of *Mr Bates vs The Post Office*. Football accounted for 8 of the top 100 shows, with other big hitters including *Britain's Got Talent* (14), *The 1% Club* (12), and *Coronation Street* (36)—although none of these had audiences over five million<sup>18</sup> and, with the exception of *The 1% Club*, are seeing declining viewing YoY.

**Figure 11: Programmes with consolidated TV-set audiences over five million, H1**



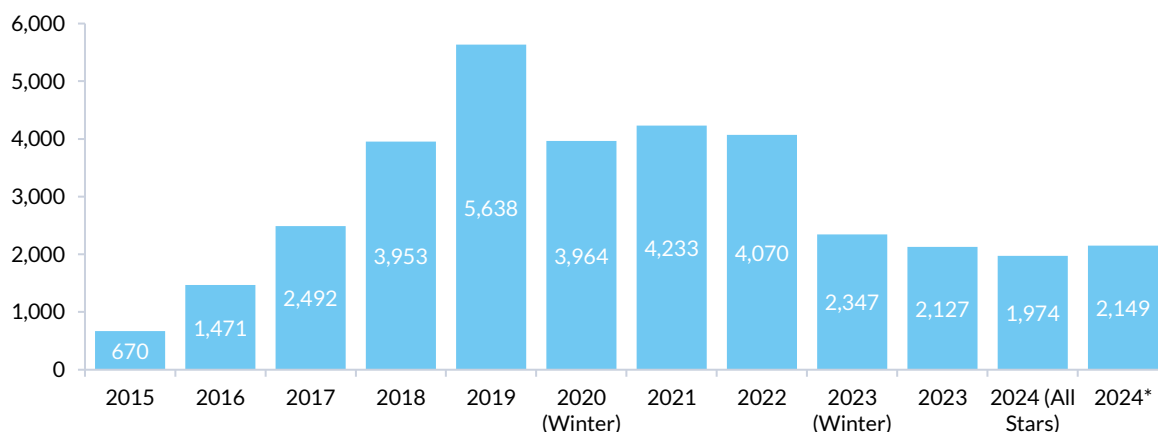
This compares poorly to the BBC, which has had 84 programmes with audiences over five million so far this year, versus ITV's 35, which is notable within the context that just two years ago, ITV was consistently outperforming the BBC in this metric (see Figure 11). In 2023, 28% of ITV's five million+ audiences were to *I'm a Celebrity...* which has not begun yet, so ITV's relative tally should improve (we observe that ITV last year had an all star version of the show in H1, which wasn't repeated in 2024). However, ITV is still well down on 2023—56 shows (68% of the total) which had audiences of over 5 million had already been watched by the end of H1 2023. The decline in interest in *Coronation Street*, which has had no episodes

<sup>18</sup> Not including viewing to repeats.

with audiences of over five million this year, and a drop in the number of popular dramas (such as *Vera* and *Grace*) have made the greatest difference.

Having become an ITV staple over the last half-decade, declining viewing to *Love Island* may be emblematic of the problems ITV is experiencing with its tent-pole entertainment shows. Over the past few years, viewing has dropped off sharply from the show's prime—although there is clear stabilisation of the audience.

**Figure 12: *Love Island* series average audiences, 4+ (000)**



\*Series average to episode on 18 July 2024. Programme audience figures for all individuals across tablets, computers and phones available from August 2018, includes live viewing and 0-7 day catchup. Includes "Unseen/Best Bits" episodes but not companion programming. [Source: Enders Analysis, Barb/AdvantEdge]

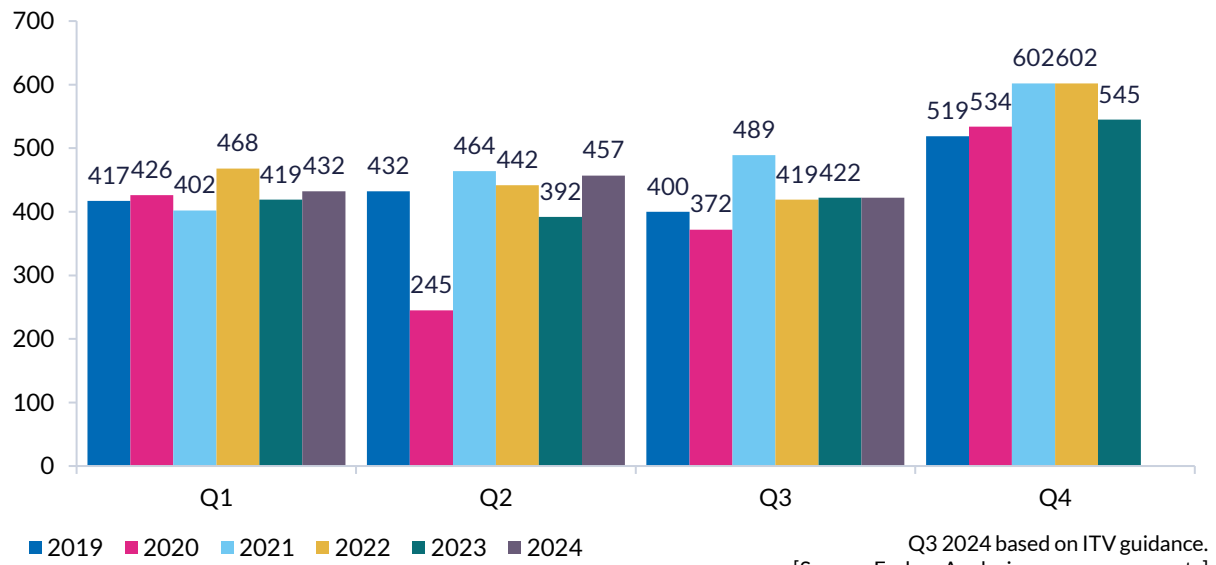
## Advertising performance

The TV advertising market as a whole is picking up. ITV's total advertising revenue (TAR) in H1 improved 10% to £889 million (2023: £811 million), outperforming guidance, of "around" 8% YoY, but still 3% lower than H1 2022 at £910 million. ITV no longer gives out monthly guidance figures citing market volatility, but ITV noted that Q3 will be "broadly flat", with additional revenues generated from last year's Rugby World Cup greater than ITV's six games of the Euros that landed in Q3. Assuming Q3 guidance is met then ITV's TAR will be up 4% across the year if Q4 is also flat.

TAR in Q2 increased 17% to £457 million (see Figure 13), in part due to a firmer advertising market but mainly due to the Euros which kicked off in June. For this tournament we understand that ITV deliberately tried to attract a broader range of brands than would usually consider advertising around a major football spectacle, which seems to have proved very successful. The average audience to ITV's 25 matches was over six million, with a peak audience of over 20 million for England's semi-final (played in July). ITV's guidance was given in early May, and so the revenue outperformance would by-and-large be due to much higher demand in June than expected. By our estimates, June could have been up by more than 40%.

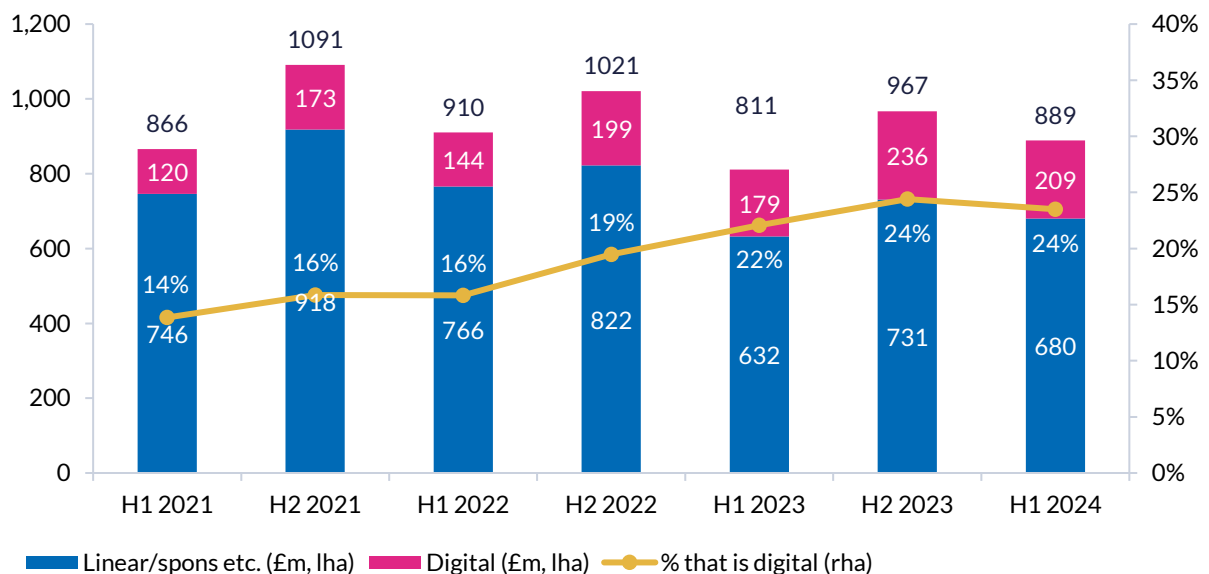
ITV's ad revenue KPI covers digital advertising (which encompasses BVOD and also advertising revenue on YouTube and other social media platforms), rather than linear, which remains the vast majority of TAR. This means that linear, sponsorship and other ad revenues are no longer broken out in their results statements but instead ITV focuses on digital and TAR. While this is helpful for it when linear continues to decline, it also means that ITV does not readily discuss when linear performs very well. In Q2, linear/sponsorship/other was up 16% to £347 million, having been marginally up in Q1. The strong linear performance can be attributed to the Euros, where scale is huge and advertising inescapable.

**Figure 13: ITV total advertising revenue (£m)**



Digital advertising revenue was up 17% in H1 at £209 million (2023: £179 million), with revenue growth for once ahead of the audience, with ITVX streaming hours up by 15%: reflecting better monetisation of ITVX through Planet V. Earlier this year ITV launched linear addressable advertising across its digital channels (i.e. not ITV1) in YouView’s EE households that have compatible hybrid IP boxes, and more recently in Virgin Stream homes, and soon Sky Glass, Sky Stream and Freely households. Addressable ads can be delivered to those homes if they have ever logged into ITVX on the device. In just a few months ITV has considered in real time the replacement of over a billion eligible spots, and has elected to replace those that are capable of delivering a higher yield addressable audience on about 40% of those occasions. Given that linear campaigns are already highly optimised on Barb audiences this is a significant figure.

**Figure 14: ITV total advertising revenue (£m, %)**



While we would not expect ITV to offer addressability in its peak ITV1 programming at this time, it is currently prevented from allowing linear addressable across any of its schedule due to the 2003 contracts rights renewal (CRR) obligations which form part of the undertakings put in place following the merger of

Carlton and Granada to form ITV. In order to offer this functionality—which is a material change to how ITV sells commercial airtime on ITV1—it would need the CMA's consent. This process requires a public consultation and would be lengthy: only in 2022 was ITV given permission to harmonise the time length factors across all ITV regions and in line with Channel 4. However, as being able to offer linear addressable inventory in the UK's largest commercial channel should be seen as a positive by advertisers, we would not expect much pushback if ITV were to consider this option.

## About Enders Analysis

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