ITV ITV plc

# Weak advertising and regulatory review challenge Studios pivot

Following the ITV plc Q3 Trading Update · 11 November 2026

| Q3 TOTAL ADVERTISING REVENUE | TOTAL STREAMING HOURS | NET DEBT | TOTAL DIGITAL REVENUE |
|---|---|---|---|
| -8% | 2,153m | £695m | £461m |
| ▼ guided down 5-10% in Q4 | ▲ up 29% from 1,668m | ▲ up from £652m at 30 June 2026 | ▲ up 7% on £432m |

**Share price, past 12 months**

Daily close; latest price as at 16:29 on 10 November 2026 · Ticker Data API




Following today's third-quarter trading update, ITV faces a rapid weakening in advertising demand while its proposed separation into a pure-play content studio undergoes a prolonged regulatory review. Total advertising revenue fell 8% in the third quarter, reversing momentum from a football-supported first half, and management expects a 5% to 10% decline in the final three months of the year. To protect margins, the broadcaster is cutting £30 million from its fourth-quarter budget. ITV Studios, the production arm intended to drive future growth, saw revenue slip 1% over nine months, leaving full-year delivery dependent on a concentrated slate of late commissions.

Beyond near-term trading pressure, the investment case rests on the agreed £1.6 billion sale of the Media & Entertainment division to Sky. The Culture Secretary's recent intervention on public interest grounds means completion is not expected before the second half of 2027. While a successful separation could leave ITV Studios as an unencumbered global producer valued at a low multiple today, the immediate reality is a structurally challenged broadcast business carrying £695 million of net debt. With the dividend costing roughly £184 million a year and £81 million already spent on a share buyback, the focus over the next six months shifts from viewing hours to cash conversion and regulatory clearance.

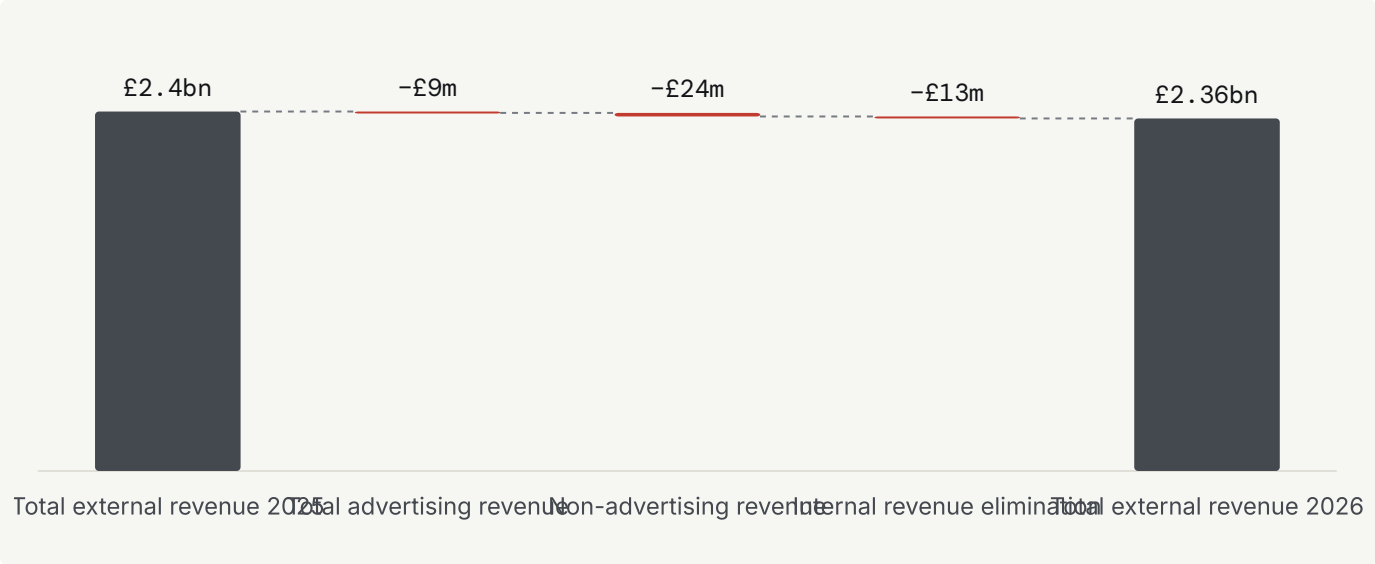
> **“Despite a more challenging market, we remain on track to deliver good revenue growth in ITV Studios and continued profitable digital revenue growth in Media & Entertainment (M&E) over the full year.”**
>
> **Carolyn McCall**, ITV Chief Executive · ITV plc Q3 Trading Update, 11 November 2026

## Public interest review pauses the separation

The agreed sale of the Media & Entertainment business to Sky is designed to leave ITV Studios as a standalone global content producer. The transaction faces regulatory scrutiny following the Secretary of State's Public Interest Intervention Notice on 4 November. Management describes this as an expected milestone and anticipates completion in the second half of 2027. The Competition and Markets Authority and Ofcom will report by 27 January 2027, leaving the business structure unresolved for at least another year.

Studios produces content for platforms including Netflix, Peacock, and the BBC. Its strategy relies on international commissions and high-margin licensing to offset the structural decline in linear television. The Media & Entertainment division houses the traditional broadcast channels alongside the ITVX streaming service.

**Where 9-month external revenue went**




External revenue fell as a decline in linear advertising and non-advertising sources was compounded by a higher internal revenue elimination.

## Advertising weakness outpaces digital viewer growth

Total Group revenue fell 1% to £2,762 million in the first nine months. Inside that, Media & Entertainment total revenue also fell 1% to £1,430 million. A 7% increase in digital revenue to £461 million failed to offset the drag from linear advertising, despite total streaming hours surging 29% to 2,153 million following the Football World Cup.

Total advertising revenue dropped 8% in the third quarter, a sharp deterioration from earlier in the year. The company cites continuing macroeconomic uncertainty, increased digital advertising on global streaming platforms, and the Less Healthy Food regulations that came into effect on 1 October 2025. In response, management is taking £30 million of additional temporary savings in the final quarter, comprising £25 million in content and £5 million in discretionary non-content cuts.

| 9 MONTHS | VALUE | CHANGE |
|---|---|---|
| Total Group revenue | £2.76bn | −1% |
| Media & Entertainment revenue | £1.43bn | −1% |
| Total digital revenue | £461m | +7% |
| Total streaming hours | 2,153m | +29% |

Sources: ITV plc Q3 Trading Update, 11 Nov 2026

## Dividends and buybacks stretch interim cash

Net debt rose to £695 million at 30 September 2026, up from £652 million at the end of June and £566 million at the end of 2025. Total liquidity stands at £940 million, though £700 million of this is held in committed undrawn facilities rather than cash. The group refinanced a maturing €360 million bond in September with a £300 million term loan due in 2029.

Distributions are testing the company's cash generation. In 2025, operating cash flow less capital expenditure was £176 million, while the company paid £190 million in dividends. At the current share count, a 5.0p annual dividend costs roughly £184 million. Alongside this, ITV has spent £81 million buying back 116.5 million shares out of a planned £100 million programme. With advertising revenue falling, fourth-quarter cash conversion will determine how comfortably the company can maintain these payouts before any proceeds from the Sky transaction arrive.

| FIGURE | VALUE | CHANGE |
|---|---|---|
| Net debt<br>30 September 2026 | £695m | +6.6% up from £652m at 30 June |
| Total liquidity<br>30 September 2026 | £940m | n/a |
| Share buyback spent<br>as at 6 November 2026 | £81m | n/a |

Sources: ITV plc Q3 Trading Update, 11 Nov 2026

> **“The agreed sale of our M&E business to Sky, which will position ITV Studios as a highly attractive, pure play, global content business, is progressing as planned.”**
>
> **Carolyn McCall**, ITV Chief Executive · ITV plc Q3 Trading Update, 11 November 2026

## Full-year delivery rests on the fourth quarter

Management expects full-year total advertising revenue to fall by roughly 2% to 3%, driven by a 5% to 10% drop in the fourth quarter. The total content budget for 2026 is forecast at about £1.2 billion after the temporary savings.

For Studios, total revenue declined 1% to £1,332 million over the first nine months. The company still expects to deliver good revenue growth for the full year, with the EBITA margin at the lower end of its 13% to 15% range. Hitting those targets requires a heavily back-loaded final quarter. Deliveries scheduled for the period include SuburraMaxima for Netflix, Hell's Kitchen for Fox, and Line of Duty for the BBC, supported by high-margin licensing deals within Global Partnerships.

| FIGURE | VALUE | CHANGE |
|---|---|---|
| ITV Studios revenue<br>9 months | £1.33bn | −1% |
| Content budget<br>2026 | £1.2bn | n/a |

Sources: ITV plc Q3 Trading Update, 11 Nov 2026

## Sky sale implies a low Studios multiple

At the 66.8p close on 10 November, the company's equity is valued at about £2.45 billion. Adding £695 million of net debt gives an enterprise value of approximately £3.15 billion. If the £1.6 billion headline price for the Media & Entertainment division holds, the market is implicitly valuing the remaining Studios business at roughly £1.55 billion.

Against 2025 Studios revenue of £2.13 billion, that implies a low mid-single-digit EBITA multiple. However, the precise value depends entirely on how the Sky transaction allocates the £695 million in net debt and the defined-benefit pension scheme, which holds roughly £1.99 billion in gross liabilities despite a reported deficit of just £1 million in 2025.

| FIGURE | VALUE | CHANGE |
|---|---|---|
| Net debt<br>30 September 2026 | £695m | +23% up from £566m |
| Gross pension liabilities<br>2025-12-31 | £1.99bn | n/a |

Sources: ITV plc Q3 Trading Update, 11 Nov 2026; Balance sheet (tagged accounts), 2025-12-31

## Shares stall below resistance on thin volume

The primary trend remains down, with the shares trading below falling 50-day, 100-day, and 200-day moving averages. The 50-day average at 67.28p sits below the 200-day at 75.61p, maintaining the death cross formed in July. A capitulation low of 61.5p on 15 October was followed by a bounce, but volume has steadily faded since the regulatory intervention notice was issued on 4 November.

Price has stalled just under the first layer of resistance at 69.71p. Support is thin until 62.5p. For the technical picture to improve, the shares need to close above 69.71p on volume meaningfully higher than the recent daily average of 5 to 7 million shares. A slide back below the 64.3p to 64.95p shelf formed in late October would suggest the primary downtrend has resumed.

## The case for and against

**FOR**

The bull case rests on the separation of a high-margin, global production business from a structurally challenged domestic broadcaster. Removing the linear advertising drag leaves ITV Studios as a pure-play content creator operating in a vast international streaming market. If the Sky transaction completes on its current terms, the remaining business appears cheaply valued at today's price, offering multiple expansion as it scales its delivery pipeline for platforms like Netflix and Peacock.

**AGAINST**

Against that, the regulatory review threatens to delay, condition, or block the sale outright, leaving the company stranded with a deteriorating core asset. Linear advertising is falling rapidly, and digital revenue growth is not keeping pace with viewing hours. Relying on a heavily back-loaded fourth quarter for Studios creates severe execution risk; a single delayed production could derail full-year earnings. Meanwhile, the balance sheet is stretched by rising net debt and cash returns that exceeded free cash flow in 2025, creating the possibility of a dividend rebasing if trading worsens.

**WHAT TO WATCH**

What would show which case is right: The reports from the CMA and Ofcom due by 27 January 2027 will clarify the transaction's regulatory path and the likelihood of severe remedies. Before then, the full-year results in March will reveal whether the fourth-quarter Studios pipeline converted into cash and how much the £30 million in temporary savings mitigated the advertising shortfall.

## Risks

- Advertising demand could deteriorate further into 2027, driven by weak consumer confidence and a continued shift towards global streaming platforms.
- The proposed sale of the Media & Entertainment business to Sky could be delayed, subjected to severe remedies, or blocked entirely following the public interest review.
- A delay in the fourth-quarter production delivery pipeline could result in a full-year earnings miss for ITV Studios.

**THE OTHER VIEW**

The Public Interest Intervention Notice is standard procedure for a major media transaction, not a deal-breaker. At current prices, the market is offering a depressed legacy broadcast multiple for a business that is actively separating a high-margin, pure-play global content studio. The fourth-quarter pipeline is heavily secured with tier-one international deliveries, meaning the upside from multiple expansion will materialise long before the regulatory process concludes in late 2027.

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