

ITV back in spotlight as suitors screen potential bids

Potential suitors have again begun circling ITV, Britain's biggest terrestrial commercial broadcaster, after a prolonged period of share price weakness and renewed questions about its long-term strategic destiny.

Sky News has learnt that a number of possible bidders for parts or all of the company, whose biggest shows include Love Island, have in recent weeks held early-stage discussions about teaming up to pursue a potential transaction.

TV industry sources said this weekend that CVC Capital Partners and a major European broadcaster – thought to be France's Groupe TF1 – were among those which had been starting to study the merits of a potential offer.

The sources added that RedBird Capital-owned All3Media and Mediawan, which is backed by the private equity giant KKR, were also on the list of potential suitors for the ITV Studios production arm.

One cautioned this weekend that none of the work on potential bids was at a sufficiently advanced stage to require disclosure under the UK's stock market disclosure rules, and suggested that ITV's board – chaired by Andrew Cosslett – had not received any recent unsolicited approaches.

That meant that the prospects of any formal approach materialising was highly uncertain.

The person added, however, that Dame Carolyn McCall, ITV's long-serving chief executive, had been discussing with the company's financial advisers the merits of a demerger or other form of separation of its two main business units.

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Its main banking advisers are Goldman Sachs, Morgan Stanley and Robey Warshaw.

ITV's shares are languishing at just 65.5p, giving the whole company a market capitalisation of £2.51bn.

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The stock rose more than 5% on Friday amid vague market

chatter about a possible takeover bid.

Bankers and analysts believe that ITV Studios, which made Disney+'s hit show, Rivals, would be worth more than the entire company's market capitalisation in a break-up of ITV.

People close to the situation said that under one possible plan being studied, CVC could be interested in acquiring ITV Studios, with a European broadcast partner taking over its broadcasting arm, including the ITVX streaming platform.

"At the right price, it would make sense if CVC wanted the undervalued production business, with TF1 wanting an English language streaming service in ITVX, along with the cashflows of the declining channels," one broadcasting industry veteran said this weekend.

"They would only get the assets, though, in a deal worth double the current share price."

Takeover speculation about ITV, which competes with Sky News' parent company, has been a recurring theme since the company was created from the merger of Carlton and Granada more than 20 years ago.

ITV said this month that it would seek additional cost savings of £20m this year as it continued to deal with the fallout from last year's strikes by Hollywood writers and actors.

It added that revenues at the Studios arm would decline over the current financial year, with advertising revenues sharply lower in the fourth quarter than in the same period a year earlier because of the tough comparison with 2023's Rugby World Cup.

Allies of Dame Carolyn, who has run ITV since 2018, argue that she has transformed ITV, diversifying further into production and overhauling its digital capabilities.

The majority of ITV's revenue now comes from profitable and

growing areas, including ITVX and the Studios arm, they said.

By 2026, those areas are expected to account for more than two-thirds of the group's sales.

This year, its production arm was responsible for the most-viewed drama of the year on any channel or platform, Mr Bates versus The Post Office.

In its third-quarter update earlier this month, Dame Carolyn said the company's "good strategic progress has continued in the first nine months of 2024 driven by strong execution and industry-leading creativity".

"ITV Studios is performing well despite the expected impact of both the writer's strike and a softer market from free-to-air broadcasters."

She said the unit would achieve record profits this year.

ITV and CVC declined to comment, while TF1, RedBird and Mediawan did not respond to requests for comment.