



16 August 2021

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

2021 FULL YEAR RESULTS – INVESTOR PRESENTATION

Seven West Media Limited (ASX: SWM) attaches the Investor Presentation for the year ended 26 June 2021.

This release has been authorised to be given to ASX by the Board of Seven West Media Limited.

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Seven West Media

FY21 Financial Results

16 August 2021

Disclaimer

Basis of preparation

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FY21 Overview

Financial results – Continuing Operations

Revenue \$1,270m ↑ 4%	Expenses \$1,022m ↓ 7%	EBITDA \$254m ↑105%	EBIT \$229m ↑141%	Underlying NPAT \$126m	Net Debt \$240m ↓40%
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- ▶ Broadcast TV ad market rebounded strongly +25.8% in 2H, 11.5% in FY21
- ▶ 7plus grew revenue 78%, with BVOD ad market growth +55%
- ▶ Secured landmark deal with Google and Facebook for news content
- ▶ \$200m operating cost and cash savings actioned
- ▶ Operating costs declined 7% (including \$18m temporary benefits)
- ▶ Seven's digital EBITDA grew 131% to \$60.5m
- ▶ Gain on significant items before tax of \$277m
- ▶ Net debt reduced 40% to \$240m; leverage ratio now 0.95x
- ▶ Balance sheet improvement paves the way for either capital management options, once debt facilities refinanced, or consolidation opportunities

TV AD MARKET BOUNCED
BACK +11.5% IN FY21

7PLUS GREW REVENUE
78%

CONTENT LED GROWTH

Tokyo Olympics – a landmark media event



Audience

- ▶ Reached 20.2 million Australians over the Games
- ▶ Digital consumption exceeded expectations, marking the largest digital event in Australia with 4.74 billion minutes streamed.
- ▶ Huge adoption of 7plus, now 9.2 million registered users

Financial

- ▶ Record ad revenue for an Olympics which has led to a \$21m reversal of the onerous provision in FY21
- ▶ Operating costs controlled despite COVID challenges
- ▶ \$21m improved cash position from the adjustment in FY22, but net neutral FY22 P&L impact with a \$21m increase in operating expense due to the reversal offset by an equivalent revenue uplift

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The Transformation Continues

Content Led Growth

Transformation

Capital Structure and M&A

Scorecard: Year two of three year plan

Content Led Growth

- ▶ Revitalise entertainment programming, creating momentum to engage heartland Australia ✓
- ▶ Be the most relevant and exciting offer to advertisers ✓
- ▶ Explore a meaningful streaming partnership play
- Only network to grow share in FY21
- New line-up of 7.30pm tentpole shows on 7 and 7plus
- Strong improvement in Seven's demographic profile
- Competitive data offering in place
- Ongoing discussions with content partners for streaming play

Transformation

- ▶ Sharpen focus on being an audience and sales led organisation ✓
- ▶ Redefine working practices, becoming more efficient and effective ✓
- ▶ Explore traditional adjacencies / Explore non-traditional adjacencies ✓
- Investing in dynamic trading platforms
- Established commercial partnerships to enrich audience insights
- Simplified operating structure across the group
- \$170m cost saving program delivered and further \$30m saving program actioned
- Digital and data transformation accelerated across the group with digital earnings expected to double in FY22
- Seven West Ventures portfolio value increased 11% to \$56m with several new investments underway

Capital structure and M&A

- ▶ Maintain focus to work down debt and improve balance sheet flexibility ✓
- ▶ Explore M&A opportunities
- Balance sheet stronger and in a position to pursue growth
- Net debt reduced 57% (\$324m) to \$240m since FY19, leverage ratio now at 0.95x
- Several opportunities have been assessed, actively pursuing consolidation in the sector

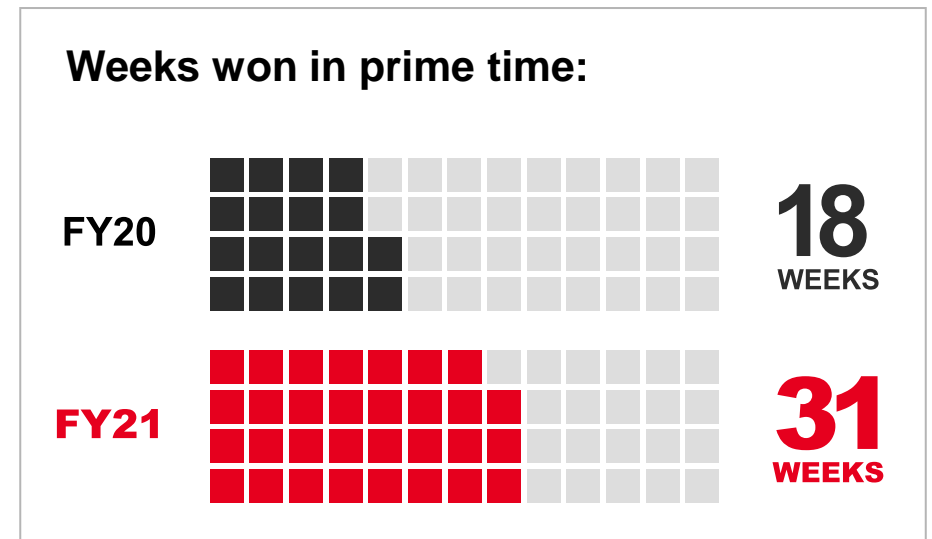
CONTENT LED GROWTH

Ratings and content momentum

- ▶ Seven was the only network to increase its commercial share in FY21 and grow in all key demos
- ▶ New entertainment schedule working, winning prime time ratings for 31 weeks in FY21 vs 18 weeks in FY20
- ▶ Content “spine” remains consistently #1: Sunrise, The Morning Show, The Chase, 7NEWS, Home and Away, Better Homes and Gardens
- ▶ FY22 positioned to benefit from major sporting events and full content schedule
- ▶ Two priorities:
 - 1) Focus on improving prime time entertainment ratings with new content slate
 - 2) Focus on strengthening Q3 ratings performance with new content

FY21 Broadcast audience and BVOD minute share gains

	TOTAL PEOPLE	25-54	16-39	BVOD
Prime time audience share (BVOD minutes share)	+1.8	+0.7	+3.4	+2.5
Tentpoles Sun-Thurs, prime time audience share	+1.8	+1.7	+3.0	



CONTENT LED GROWTH

INCREDIBLE SCHEDULE

to drive FY22 ratings



2022
HOME OF THE OLYMPICS & PARALYMPICS



the Voice



SAS
AUSTRALIA



BIG BROTHER
VIP



AFL
THE FINALS



THE
ASHES



OLYMPIC
Winter
GAMES
BEIJING 2022

CONTENT LED GROWTH

\$90m revenue opportunity

Metro FTA advertising revenue share (%)



PwC forecasts broadcast TV revenue to rebound in CY21

VOZ launched with total TV measurement, demonstrating the unparalleled reach of our assets

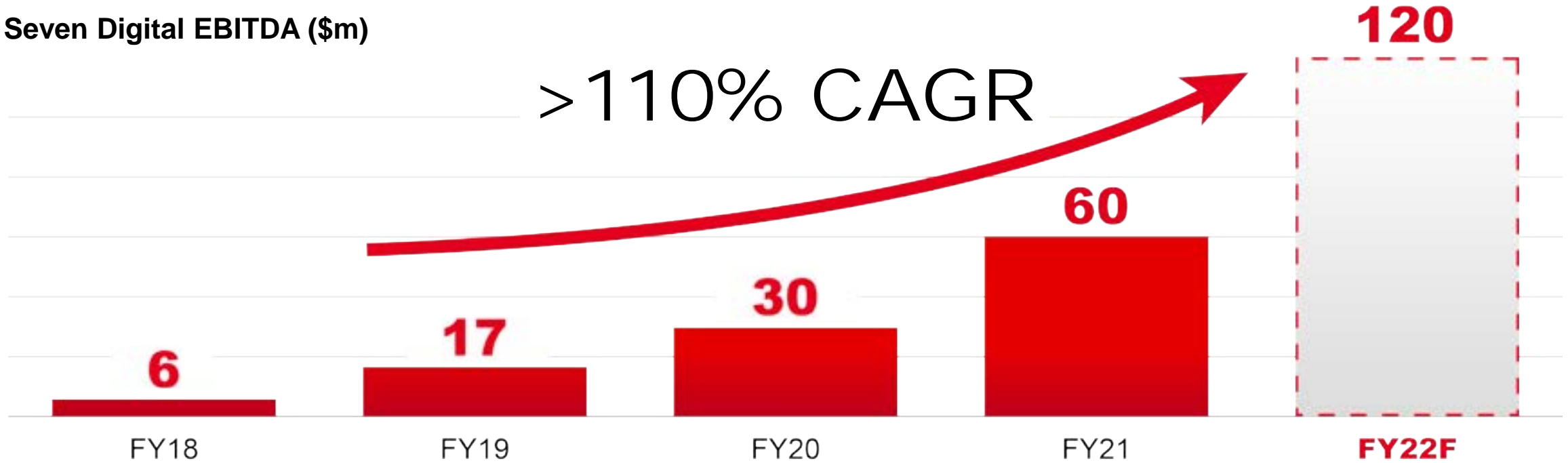
Dominant spine, leading sports and entertainment ratings improving

\$90m broadcast revenue upside opportunity for Seven to return to its historical share

TRANSFORMATION

Digital strategy delivering results

Seven Digital EBITDA (\$m)



PwC forecasts BVOD market to grow at 33% p.a. to \$900m by 2025

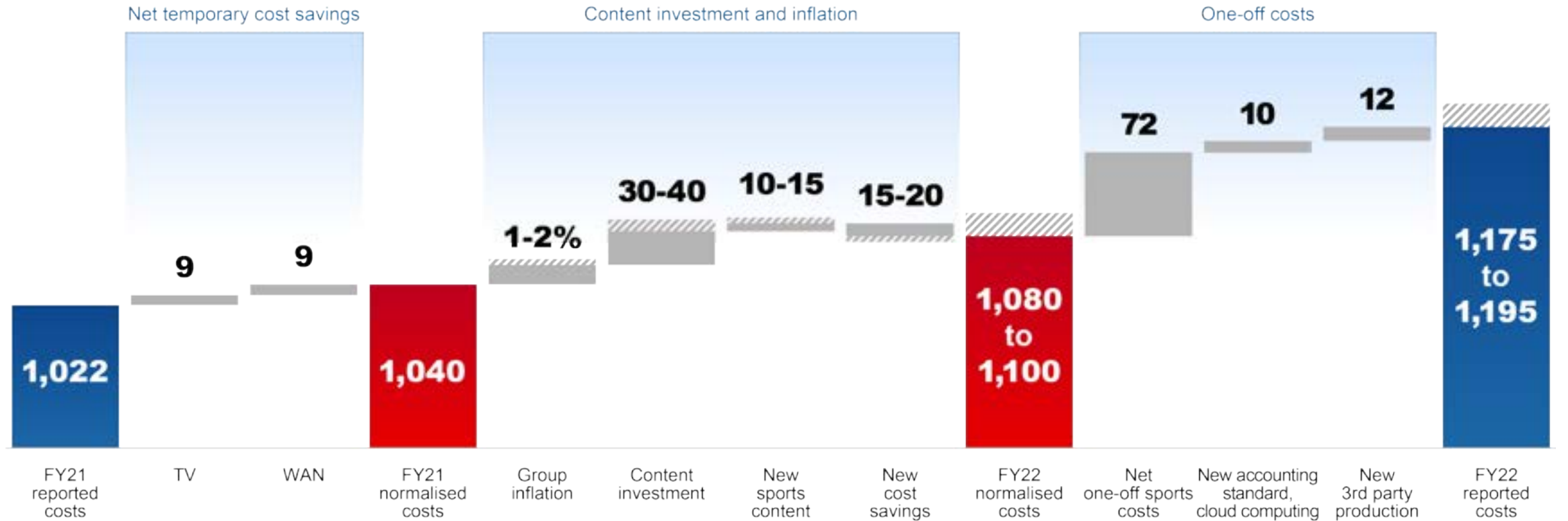
7plus grew revenue 78% (+4.8 points share)

Landmark deals **secured** with Google and Facebook

TRANSFORMATION

FY22 impacted by one-off costs

Operating costs (excl D&A) (\$m)

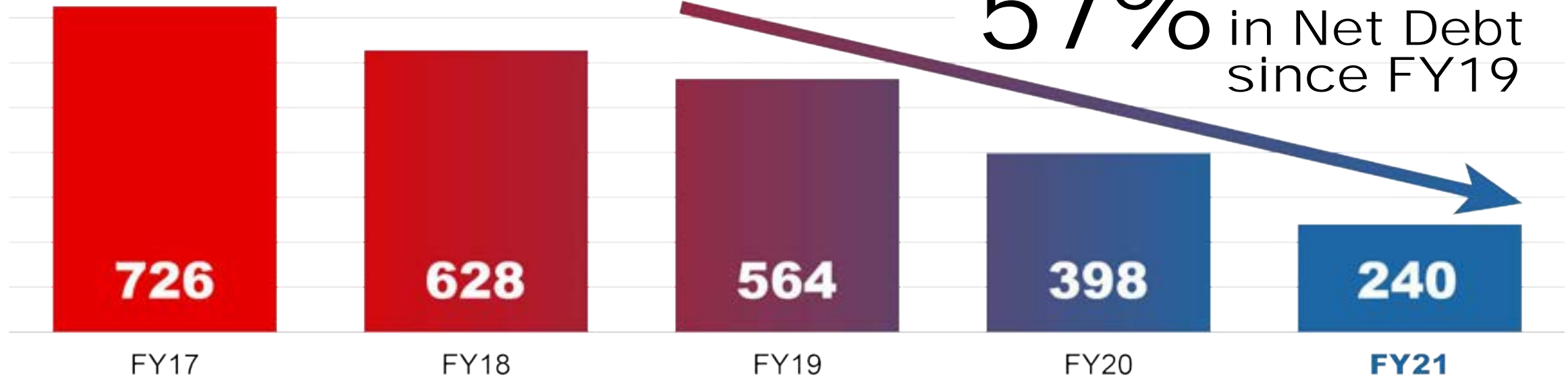


Normalised
 High
 Low

CAPITAL STRUCTURE AND M&A

Balance sheet position improved

Net Debt (\$m)



Net Debt / EBITDA (x)



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FY21 Financial Results



Financials

Income statement (continuing operations)

\$1,270m Revenue	\$229m Underlying Group EBIT	\$126m Underlying Group net profit after tax	\$277m Significant items before tax	8.2cps Basic EPS excl. significant items
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Income Statement (continuing operations)

	FY21 \$m	FY20 ¹ \$m	Incl/(Dec) %
Revenue and other income	1,269.6	1,227.0	3.5%
Share of net profit of equity accounted investees	6.3	1.2	433.9%
Expenses (including depreciation)	(1,046.9)	(1,133.3)	(17.6%)
Profit before significant items, net finance costs and tax	229.1	95.0	141.2%
Net finance costs	(60.7)	(40.6)	49.5%
Profit before significant items and tax	168.4	54.4	209.7%
Significant items before tax	277.2	(349.9)	
Profit / (loss) before tax	445.6	(295.5)	
Tax / (expense) benefit	(127.5)	94.4	
Profit / (loss) after tax	318.1	(201.2)	
Underlying net profit after tax excluding significant items	125.5	36.9	240.4%

Financials: Segments

Seven and Digital

- ▶ Metro FTA ad market increased 11.5% in FY21 and 25.8% in 2H¹
- ▶ Seven delivered a revenue metro FTA share of 35.3% in FY21¹
- ▶ BVOD market grew 54.6% in FY21 and 65.7% in 2H¹
- ▶ Seven secured a 36.9% share of the BVOD market in FY21, up 4.8 points on FY20, driving the majority of Seven's digital revenue¹
- ▶ Operating cost declined 6% in the financial year, reflecting the cost saving initiatives across the group and \$8.6m of temporary savings
- ▶ 7Studios EBITDA was \$45m in the financial year with the majority related to program sales

Seven*	FY21	FY20 ¹	Inc/(Dec)
	\$m	\$m	%
Revenue	1,106.5	1,041.9	6.2%
Costs	(870.9)	(931.0)	-6.4%
EBITDA	235.6	110.9	112.0%
EBIT	211.6	85.6	147.2%

Digital	FY21	FY20	Inc/(Dec)
	\$m	\$m	%
Revenue	92.1	55.2	66.8%
Costs	(31.6)	(29.0)	9.0%
EBITDA	60.5	26.2	130.9%
EBIT	56.7	22.5	152.0%

1. ThinkTV



1: Prior year figures have been restated for the adoption of IFRIC Agenda decision

* Seven includes broadcast, digital and studios

Financials: Segments

WAN and Other

WAN

- ▶ Audience growth with print readership up 19%¹ for The West and digital audiences up 34.4% & 20.0%² for perthnow and thewest.
- ▶ Circulation and digital subscription revenue grew 5% and now represents c35% of revenue
 - ▶ Digital subscription revenue grew 90%
- ▶ Advertising conditions remain mixed with strong Retail trade offset by softness in Travel, Auto and Real Estate
- ▶ Costs reduced by 8.9% or \$13.1m which includes \$9m of temporary savings
- ▶ Targeting an incremental \$7m net cost savings in FY22

Other and corporate costs

- ▶ Other predominantly reflects corporate costs
- ▶ FY20 includes one-off live event and the contribution from Redwave which was divested on 31 Dec 2019

WAN	FY21	FY20	Inc/(Dec)
	\$m	\$m	%
Revenue	162.2	167.1	-2.9%
Costs	(133.7)	(146.7)	-8.9%
EBITDA	28.5	20.4	39.9%
EBIT	28.2	17.7	59.0%

Other & Corporate costs	FY21	FY20	Inc/(Dec)
	\$m	\$m	%
Revenue	7.3	19.3	-88.7%
Costs	(17.5)	(27.0)	-95.6%
EBITDA	(10.2)	(7.7)	32.5%
EBIT	(10.7)	(8.3)	30.1%

Financials

Statutory results (continuing operations)

Statutory results

	FY21 \$m	FY20 ¹ \$m	Inc/(Dec) %
Profit / (loss) before tax	445.6	(295.5)	250.8%
Profit / (loss) after tax	318.1	(201.2)	258.2%
Basic EPS	20.7	(13.2)	255.8%
Diluted EPS	20.7	(13.2)	255.8%

Additional information – Earnings per share based on net profit excl. significant items (net of tax)

	FY21 \$m	FY20 ¹ \$m	Inc/(Dec) %
Underlying group EBIT	229.1	95.0	141.2%
Profit after tax excluding significant items	125.5	36.9	240.4%
Significant items (net of tax)	192.6	(238.1)	180.9%
Profit / (loss) after tax	318.1	(201.2)	258.2%
Underlying Basic EPS	8.2	2.5	233.7%
Underlying Diluted EPS	8.2	2.5	233.7%

Underlying results exclude significant items

Significant items

	FY21 \$m	FY20 ¹ \$m
Reversal of previously impaired/ (impairment of) intangible assets	208.5	(65.5)
Net impairment of other assets	(1.3)	(137.3)
Total impairments and write-offs	207.2	(202.8)
Redundancy and restructure costs	4.9	(12.0)
Net Reduction/(Increase) in onerous provision	59.1	(136.9)
Net Gain/(Loss) on investments	3.4	11.0
Net Gain/(Loss) on assets disposed	-	9.4
Other	2.6	(18.6)
Total significant items before tax	277.2	(349.9)
Tax benefit /(expense)	(84.6)	111.9
Net significant items after income tax	192.6	(238.1)

1. Prior year figures have been restated for the adoption of IFRIC Agenda decision

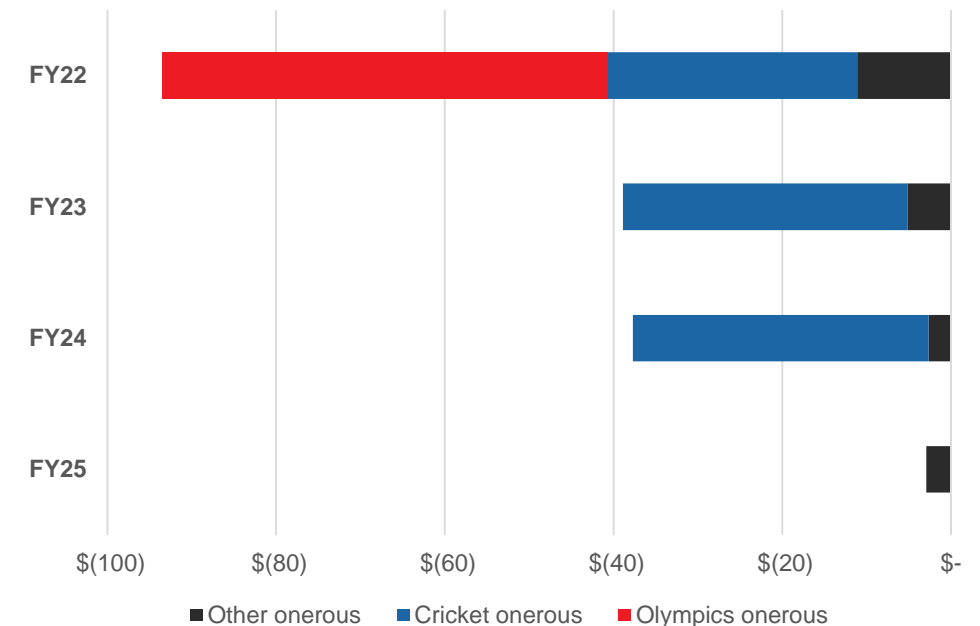
Financials

Cash flow (including discontinued operations)

	FY21 \$m	FY20 \$m	Inc/(Dec) %
EBITDA	253.8	128.0	98.2%
Working capital and other movements	(38.9)	(24.6)	55.9%
Redundancy and employee entitlements	(7.6)	(25.6)	(70.3%)
Dividends received net of share of associates profit / (loss)	(6.3)	3.9	nm
Operating cash flow before interest and tax	201.0	81.7	146.8%
Tax paid, net of refund	(5.8)	2.6	Nm
Net finance costs paid	(59.4)	(40.2)	47.8%
Net payment for property, plant & equipment and software	(19.2)	(15.3)	25.4%
Net proceeds from disposals and payments for investments	44.6	145.4	(69.2%)
Lease payments (excluding interest)	(9.2)	(7.4)	24.3%
Net increase / (decrease) in cash and cash equivalents	152.0	166.8	(8.6%)
Opening net (debt) cash	(398.0)	(564.4)	(29.4%)
Net increase in cash and cash equivalents	152.0	166.8	(8.6%)
Change in unamortised refinancing costs	6.0	(0.4)	Nm
Closing net (debt) cash	(240.0)	(398.0)	(39.7%)

- ▶ Net finance costs in FY21 includes c\$12m from upfront finance costs relating to the establishment of the current debt facility in 1H21.
- ▶ Capex to be approximately \$40m in FY22 relating to the News co-location project and revenue related capex initiatives.

Onerous contracts utilisation by year (\$m)



- ▶ Cash outflow in FY22 relating to the onerous contracts expected to be c\$41m given Olympics pre-payment.
- ▶ Onerous contracts in future years after FY22 should have corresponding cash outflows

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Trading Update and Strategic Focus



Trading Update

- ▶ Positive market momentum has continued into 1H22
 - ▶ Targeting 40% broadcast share in the first half
 - ▶ 1Q revenue bookings up 60% (compared to 1Q21 market down 12%). Up 50% when normalised for AFL timing
 - ▶ 2Q bookings (excl AFL) currently tracking low to mid-single digits ahead of 2Q21 (2Q21 market up 19%)
- ▶ Digital earnings expected to double to >\$120m in FY22
- ▶ WAN revenue tracking 7% ahead on July last year
- ▶ Operating expenses tracking in line with guidance, despite lockdown challenges



Next 12 months

Focus and Objectives

Content Led Growth

- ▶ Content and improved ratings are the fastest path to capture the \$90m revenue opportunity
- ▶ Capitalise on the Olympics:
 - ▶ Leverage audience momentum into improved ratings and revenue share
 - ▶ Drive greater adoption of 7plus and grow revenue share
- ▶ Content schedule to deliver >38% broadcast revenue share
 - ▶ 1% market growth ~\$8m revenue
 - ▶ 1% market share ~\$23m revenue

Transformation

- ▶ Secure target savings, maintain ongoing cost discipline and focus on onerous content
- ▶ Transform 7plus beyond BVOD including SVOD options
- ▶ Leverage enhanced data capability and insights to drive improved commercial outcomes

Capital structure and M&A

- ▶ Renegotiate debt facilities in CY21 given improved financial position
- ▶ Identify new opportunities and leverage our assets to grow the value of Seven West Ventures portfolio
- ▶ Strategic focus is on industry consolidation

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Questions



Start your day
*feeling
good*