



Tuesday, 14 February 2023

Total TV revenue share of 39.3% in 1H with FY23 target on track

Summary of 1H FY23

- #1 national audience share in CY22 (total people, 16-to-39s)
- Total TV revenue share of 39.3% in 1H23, tracking in line with FY23 target
- Secured long-term broadcast and digital rights for AFL, Cricket and NBCUniversal
- Underlying 7Digital EBITDA growth of 35% (excluding Olympics)
- Group EBITDA of \$205.0 million, down 4.8% year-on-year
- Strong operating cashflow (before interest and tax) of \$204 million, up 55%
- New venture investment in View Media Group
- Reported net debt of \$186 million; adjusted net debt at \$223 million, or 0.7x net debt/EBITDA

Overview

Seven West Media Limited (ASX: SWM) today reported a statutory net profit after income tax of \$114.9 million on group revenue of \$815.4 million. Underlying net profit after tax (excluding significant items) was \$123.4 million, a decrease of 4.1% on the previous year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$205.0 million and earnings before interest and tax of \$185.1 million decreased 4.8% and 9.0% respectively versus the previous corresponding period.

SWM Managing Director and Chief Executive Officer, James Warburton, said: “We have established the dominant national total TV business; we are delivering on share and revenue; and we have a fast-growing digital business that has growth underpinned for the future with major new deals. The big moves we have made in the past six months set the foundations for the network and 7plus for years to come.

“We’ve been highly disciplined in the bidding for our new sport and content deals, with incremental rights offsetting any increase. 7plus will now feature all content on broadcast with significant upside from the addition of the AFL, Cricket and NBCUniversal digital content rights. Seven’s content pillars with news, live sport and our strengthening entertainment schedule ensure that Seven will continue to be a dominant player in ratings and grow its revenue share.

“Despite some of the negative economic commentary, the market has been relatively robust, with growing demand from our core advertisers. We believe the results we have delivered today are strong, despite tracking against the Tokyo Olympics in the prior year. Revenue is relatively flat year-on-year at \$815 million; expenses have been controlled tightly despite the inflationary environment, up only 1%; and our net debt continues to decline. We also commenced our capital management program during the half with our on-market buy back.

“Seven was the #1 network across calendar 2022 and won 38 of the 52 weeks.

“That success was driven by our content-led growth strategy, the re-vitalisation of our entertainment content schedule in recent years; our market-leading sport content including the AFL; and the ongoing dominance of **7NEWS, Sunrise, Home and Away** and our multi-channels. The latter, of course, became stronger with the addition of 7Bravo last month.

“In the first five weeks of the 2023 calendar year, we had our most competitive start to a year in total people since 2018 in terms of audience share and our best start in 25 to 54s since 2019.

“Our digital earnings have soared from \$3 million in the first half of FY19 to \$80 million in the most recent period and digital now accounts for approximately 40% of group earnings. The BVOD market continues to grow strongly, up 18% in CY22, even with the Olympics in CY21. We expect our share of this market to grow significantly from the new digital content and sports rights secured.

“In October 2022, we announced a multi-year content agreement with NBCUniversal, one of the world’s leading entertainment and media companies. The agreement is bringing thousands of hours of additional content to the Seven Network and 7plus, creating significant new revenue opportunities. The agreement also enabled the launch of a new, female-skewed channel, 7Bravo, on free-to-air and 7plus on 15 January this year.

“7Bravo has made a positive start and the NBCU content accounted for three of the top 25 BVOD shows overall in the first few weeks of launch.

“West Australian Newspapers continues to execute its strategy of holding the line on print, turbocharging digital growth and reducing costs. The business delivered strong digital audience growth, up 15.9% year-on-year, and digital circulation revenue continued to grow, up 28%. EBITDA declined 11%, which is due to a significant increase in paper costs in the period.

“Seven West Ventures completed a new investment in the period in new disruptive property play, View Media Group, investing \$12 million cash and \$24 million in media advertising. The current portfolio value stands at \$105 million.

“Operating costs have been managed tightly and \$15-20 million savings have been identified to partly offset market conditions. Reported operating costs guidance range is between \$1.22 billion and \$1.23 billion, incorporating the new content deal with NBCUniversal.”

Results

The group reported revenue of \$815.4 million (excluding share of associates), down 0.5% on the previous corresponding period, driven by a weaker advertising market across total TV (metropolitan, regional and BVOD).

Net debt at the end of the half year was \$186.4 million, which included the acquisition of Prime Media Group's assets on 31 December 2021. To date, \$7.5 million of shares have been purchased in the group's on-market buy-back. The Board has determined that the dividend will remain on hold given prevailing market conditions.

Financial year results from continuing operations	Half year ended 31 December 2022	Half year ended 25 December 2021
EBITDA	\$205.0m	\$215.3m
EBIT	\$185.1m	\$203.5m
Underlying NPAT	\$123.4m	\$128.7m
Underlying EPS	8.0 cents	8.4 cents
Profit before tax (including significant items)	\$155.7m	\$173.6m
Profit after tax (including significant items)	\$114.9m	\$120.5m
Basic EPS	7.4 cents	7.8 cents
Diluted EPS	7.3 cents	7.8 cents
Reconciliation to statutory results:		
Profit before significant items, net finance costs and tax	\$185.1m	\$203.5m
Net finance costs	(\$16.9m)	(\$20.3m)
Profit before tax excluding significant items	\$168.2m	\$183.2m
Significant Items (cost) income	(\$12.5m)	(\$9.6m)
Profit/(loss) before income tax	\$155.7m	\$173.6m

Further details are contained in Seven West Media's investor presentation lodged with the ASX today. The company will be hosting a webcast for a presentation of the results today at 9:00am AEDT, Tuesday 14 February.

Link: <https://sevenwestmedia.com.au/investors/livestream/>

Outlook and priorities

Trading update and strategic priorities:

- Second half total TV market and share expectations:
 - Early indications suggest the market may decline mid to high single digits in 2H, but limited visibility at this stage
 - BVOD expected to maintain double digital growth
 - Seven to grow total TV share
- Seven's trading:
 - January and February weaker than 1H trend, partly due to one-off events
 - March relatively better, tracking in line with 1H Total TV trend
- Identified \$15-20 million cost savings to offset market conditions

Mr Warburton said: “The content foundations are set, we are in a strong financial position and we are capitalising on the digital transformation of Seven West Media. We are confident we are well positioned for the future.

“We will continue to build a more diversified media organisation to reduce risk and to grow; remain focused on being audience led and digital first, powered by data and tech; and step up our focus on monetising total TV audiences, that is, across broadcast and digital.”

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

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About Seven West Media

Seven West Media (ASX: SWM) is one of Australia’s most prominent media companies, with a market-leading presence in content production across broadcast television, publishing and digital.

The company is home to some of Australia’s most renowned media businesses, including the Seven Network and its affiliate channels 7two, 7mate, 7flix and 7Bravo; broadcast video on demand platform [7plus](#); [7NEWS.com.au](#); *The West Australian*; and *The Sunday Times*. With iconic brands such as Australia’s leading news and public affairs programs **7NEWS**, **7NEWS Spotlight**, **Sunrise** and **The Morning Show**, **The Voice**, **Home and Away**, **Australian Idol**, **My Kitchen Rules**, **Big Brother**, **SAS Australia**, **Farmer Wants A Wife**, **The Chase Australia**, **Better Homes and Gardens**, **RFDS**, **Million Dollar Island**, **Blow Up** and the **TV WEEK Logie Awards**, Seven West Media is also the broadcast partner of the AFL, Cricket Australia and Supercars.