



Wednesday, 16 August 2023

## **Growing total TV revenue share, managing costs and investing for the future**

### **Summary of FY23**

- #1 national total TV network
- Solid performance in a challenging environment, with unparalleled national TV reach driving revenue share (excluding Olympics) and partially offsetting the 7.9% decline in the total TV advertising market
- Costs managed in line with guidance, savings offset NBCUniversal costs holding year on year growth to <1%
- Achieved revenue share target of >39% in 1H23 and 4Q. Grew underlying share (excluding Olympics and Commonwealth Games) in each quarter, with FY23 underlying share increasing 1.2 share points
- NBCUniversal content driving digital audience growth, on track for two billion minutes annually with step change from digital sports rights (cricket, AFL) commencing in September 2024
- Underlying 7Digital EBITDA growth of 17% (excluding Olympics and Commonwealth Games), with digital now >49% of underlying earnings
- Content, platform and enabling investments ongoing and will drive digital leadership
- Group EBITDA of \$280 million, down 18% year-on-year
- Net cashflow before temporary and capital items of \$155 million, down 19%
- Net debt of \$249 million; leverage maintained at <1x (0.9x net debt/EBITDA)

### **Overview**

Seven West Media Limited (ASX: SWM) today reported earnings before interest, tax, depreciation and amortisation (EBITDA) of \$280 million and earnings before interest and tax (EBIT) of \$238 million. These amounts represent a decrease of 18% and 23% respectively versus the previous corresponding period.

SWM reported group revenue including share of associates of \$1,488 million and statutory net profit after income tax of \$146 million. Underlying net profit after tax (excluding significant items) was \$146 million, a decrease of 27% on the previous year.

SWM Managing Director and Chief Executive Officer, James Warburton, said: “We have delivered a solid result for the 2022-23 financial year in what was a challenging environment, primarily driven by the 7.9% decline in the total TV market over FY22. The market decline accelerated during the second half, driven by the macroeconomic environment. Our position as a national TV network and the strength of our digital offering continues to resonate in the market and somewhat mitigated the market decline.

“Our content strategy continued with the return of key tentpoles and the introduction of new programming. The programming slate continued to deliver audience consistency and strength, and ensured Seven retained its position as the number one network for national audience share for the third year running.

“We achieved our total TV revenue share target of 39% in the first half and in the fourth quarter and we finished the year with a 38.5% total TV revenue share. Our ambition to grow our underlying revenue share (excluding the Olympics and Commonwealth Games) was achieved in each quarter, with a year-on-year underlying gain of 1.2 share points thanks to the quality of our market leading news and public affairs programming, and our stable of long-running Seven productions.

“Operating costs have been well managed within the context of our continued investment in programming and the ongoing inflationary pressures across our business. Excluding depreciation and amortisation, our costs increased by 1% over the prior year to \$1,208 million, which was in line with our most recent guidance and reflecting the benefit of temporary cost savings.

“We are excited to have secured new sport and entertainment deals which underpin our content through 2031 including digital rights which will deliver significant growth in both audience and revenue across total TV. Our deals with the AFL and Cricket Australia are the biggest change in the history of Australian streaming, marking the first time Australia’s number one winter and summer sports will be provided live and free on a streaming platform.

“Our launch of 7Bravo and the NBCUniversal content has progressed well. This content is attracting high-value female audiences. It now represents over 10% of total minutes on 7plus and is on track to deliver over two billion minutes annually.

“Our digital earnings grew 17% on an underlying basis – excluding the Olympics and Commonwealth Games – and we continue to invest in our digital future with a focus on our user experience and adding new innovative features and functionality. Digital earnings now account for more than 49% of group underlying earnings.

“West Australian Newspapers continues to transform its business, with its focus on high quality local editorial driving an increase in digital subscription revenue of 17% during the year. The West Australian news brands now have a collective 4.5 million unique monthly audiences, up 22%. Revenue increased slightly in FY23 driven by an additional week. Despite excellent cost control, the impact of well flagged, significant newsprint increases during the year saw EBITDA decline by 9%.

“Seven West Ventures expanded during the financial year with the finalisation of the investment in View Media Group. The current portfolio value stands at approximately \$100 million.”

## Results

The group reported revenue of \$1,488 million (including share of associates), down 3% on the prior year. The revenue decline primarily reflects a weaker advertising market with the year-on-year decline of 7.9% in the total TV market (metropolitan, regional and BVOD). The inclusion of a full year of regional earnings from Prime as well as an extra week in the first half largely offset the impact of revenue attributable to the Olympics in FY22.

Net debt of \$249 million was down slightly from \$256 million in the prior period with prudent leverage (net debt/EBITDA) of 0.9 times maintained. During the year, the group repurchased \$15 million of shares under its on-market buy-back which will continue into FY24. The group has determined that the dividend will remain on hold given prevailing market conditions.

<b>Financial year results from continuing operations</b>	<b>FY 2023</b>	<b>FY 2022</b>
EBITDA	\$280m	\$342m
EBIT	\$238m	\$309m
Underlying NPAT	\$146m	\$201m
Underlying EPS	9.4 cents	12.7 cents
Profit before tax (including significant items)	\$196m	\$283m
Profit after tax (including significant items)	\$146m	\$211m
Basic EPS	9.4 cents	13.3 cents
Diluted EPS	9.2 cents	13.0 cents
<b>Reconciliation to statutory results:</b>		
Profit before significant items, net finance costs and tax	\$238m	\$309m
Net finance costs	(\$35m)	(\$36m)
Profit before tax excluding significant items	\$203m	\$273m
Significant Items (cost) income	(\$7m)	\$10m
Profit/(loss) before income tax	\$196m	\$283m

Further details are contained in Seven West Media's investor presentation lodged with the ASX today.

## Outlook and priorities

Trading update:

- FY24 content schedule optimised to maximise total TV audience.
- Targeting >40% total TV revenue share.
- Continue to look for ways to drive efficiency into the business.
- Total TV market expected to stabilise during Q2 once comps ease.
- Early trading indicates Seven underlying revenue is tracking to FY23 market trend in July and August. Currently pacing slightly ahead of last year in September.

Mr Warburton said: “We are optimistic as we look into FY24 and beyond. Our owned national reach, our content strategy and our market-leading digital assets underpin our ambition to grow our audience and revenue share.

“We continue to invest in our digital future and with our solid balance sheet and ongoing investment and cost discipline. We are well placed to capitalise on a market improvement, and well placed to compete for a larger share of the total video advertising pool.

“Our strategy is simple but clear: to become the most connected news, sport and entertainment brand in Australia. In order to achieve this, we will accelerate our digital future while enhancing and elevating the Seven brand.”

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

### **FY23 Annual General Meeting**

The Seven West Media Annual General Meeting will be held on 9 November 2023. The closing date for the receipt of nominations from persons wishing to be considered for election as a director is 20 September 2023.

### **FY23 Results Webcast**

The company will be hosting a webcast for a presentation of the results at 9:00am AEDT, Wednesday, 16 August.

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

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### **About Seven West Media**

Seven West Media (ASX: SWM) is one of Australia’s most prominent media companies, reaching more than 19 million people a month 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*. The Seven Network is home of Australia’s most loved news, sport and entertainment programming. Its iconic brands include Australia’s leading news and public affairs programs **7NEWS**, **7NEWS Spotlight**, **Sunrise** and **The Morning Show**, **The Voice**, **Home and Away**, **Dancing With The Stars**, **Australian Idol**, **My Kitchen Rules**, **Big Brother**, **SAS Australia**, **Farmer Wants A Wife**, **The Chase Australia**, **Better Homes and Gardens**, **RFDS**, **The 1% Club** and the **TV WEEK Logie Awards**. Seven Network is also the broadcast partner of the AFL, Cricket Australia, Supercars and the FIFA Women’s World Cup 2023™.