



Thursday, 30 July 2020

## Seven West Media Amends Banking Facilities and Updates on Transformation

Seven West Media (ASX: SWM) has today announced that it has amended its \$750 million banking facilities with the Company's existing lender group.

The amendment of the facilities has been achieved against a challenging COVID-19 backdrop.

Importantly, the amended debt facilities provide the company with certainty, with \$250 million in currently available liquidity and flexibility to operate through this difficult trading period, providing management with the platform to continue executing SWM's transformation plan.

SWM Managing Director and CEO, James Warburton said: "We would like to thank our lenders for working with us to amend our facilities, for their continued confidence in our business and transformation strategy and for providing us funding certainty to enable us to implement that strategy over the next 18 months."

Terms of the amended facilities include:

- Extended maturity on \$450 million in limits from 2H21 to 2H22;
- Substitution of existing covenants until December 2021, with monitoring of liquidity and the post COVID-19 earnings recovery; and
- The amended facilities are secured via a General Security Deed and come at an increased cost (margin of 4.5%), plus upfront fees.

SWM has been advised by Grant Samuel and Ashurst on the debt amendment process.

The ongoing transformation of SWM, outlined in August 2019, focuses on content led growth, operating model transformation and working down debt, and has so far delivered:

- Fundamental change to SWM's content strategy with outsourced tent-pole, prime time productions:
  - the launch of Big Brother in early June has helped deliver SWM seven ratings week wins in a row, at a significant margin across all key demographics;
  - three more prime time, tent-pole productions launching this year: Farmer Wants a Wife, Plate of Origin and SAS Australia
  - our 7Plus BVOD offering is now the market leader with increasing audience and consistent share of approximately 46% since April;
- Continued strength of Seven's programming spine throughout the day, underpinning the network's ratings' domination and revised content strategy:
  - Seven News winning every 2020 calendar week to date with year on year audience growth of 13%, while Sunrise and The Morning Show have won every day this year;
  - The Chase remains the number one show at 5pm with 14% higher audience than its competitor;
  - Home and Away remains Australia's number 1 regular drama;

- The revision / extension of the AFL broadcasting contract: AFL is Australia's number one sport with free to air audience up 14% year on year since returning Round 2. The extension of the AFL contract, announced on 11 June, 2020, saves \$87 million over the existing term and secures SWM's relationship with the AFL until the end of the 2024 season (delivering total savings over 5 years of \$128 million against the previous contract run rate);
- Implementation of \$170 million in permanent cost reduction initiatives across SWM (including AFL), with the majority of benefits to be derived in FY20 and FY21 across both television and newspapers. This will reduce SWM's television cost base to its lowest level since 2007 following a year on year reduction of 20%, and its lowest headcount since 2003. Additional temporary cost savings of \$50 million were derived in FY20 to offset the immediate impact of weak advertising markets. Permanent and temporary cost savings continue to be pursued in both businesses; and
- \$150 million in asset sales to date. Further net proceeds of potential asset sales (TXA, Ventures, 7 Studios) will provide additional liquidity for SWM and subsequently reduce debt.

Mr Warburton added: "We are working tirelessly to transform both our television and newspaper businesses. While we are focused on achieving the lowest possible cost-base, our energy has been directed to driving audience and winning the content battle in both television and newspapers to deliver ratings, revenue and cash flow.

"Our content led growth strategy has come to life with the success of Big Brother, combined with the strength of the AFL and our programming spine throughout the day. We continue to focus on reducing our debt with a number of significant asset sale processes currently underway," he added.

SWM will provide further details on its transformation plan and the amended debt facilities when FY20 results are released on Tuesday 25 August, 2020.

This market release has been authorised for lodgement by the Board of Directors of Seven West Media Limited.

Ends.

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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 comprises some of Australia's most renowned media businesses, including the Seven Network and its affiliate channels 7two, 7mate, 7flix and BVOD offering 7plus, as well as, The West Australian, The Sunday Times and Seven Studios. Home to iconic brands such as Big Brother, House Rules, Farmer Wants a Wife, Home and Away, Better Homes and Gardens, Australia's leading news and breakfast programs 7NEWS and Sunrise, Seven West Media is also the broadcast partner of the AFL, Cricket Australia and the Olympics.