



Monday, 1 November 2021

## Acquisition of Prime Media

Seven West Media (ASX: SWM) today announced that it has entered into a conditional Share Sale Agreement to acquire all the business and related assets of Prime Media Group (ASX: PRT) via the acquisition of Prime Television (Holdings) Pty Ltd, Seven Affiliate Sales Pty Ltd and all their subsidiaries ("PRT Business").

As a sale of a main undertaking for ASX Listing Rules purposes, the acquisition will be subject to a vote of the PRT shareholders to be held in December 2021.

SWM strongly believes in the rationale of a combined SWM-PRT Business, which will create the leading wholly-owned commercial premium broadcast, video and news network across Australia, reaching more than 90% of the Australian population every month.

### Details of the proposal

The value of the PRT Business was determined with reference to the current trading price for PRT shares with a premium for control, reduced by the value of cash to be retained by PRT post sale:

- The value of PRT at the bid price is \$131.9 million
- This is a 57% premium to the closing PRT share price on 29 October 2021
- By completion, PRT is expected to have approximately \$10 million cash on hand with the balance of PRT's cash held in various subsidiaries to be acquired by SWM
- On this basis SWM would pay PRT \$121.9 million on completion
- PRT would be able to distribute net cash on hand to shareholders via a combination of franked dividends or capital return. Further details are included in PRT's ASX release regarding the transaction, issued today
- Including cash acquired, SWM's share of expected PRT distributions, and excluding transaction costs, SWM's net investment in the PRT Business is expected to be approximately \$72 million, reflecting a multiple of approximately 2.9x EV/FY21 EBITDA (adjusted for government subsidies)

PRT has indicated that its Board intends to unanimously recommend that PRT shareholders vote in favour of the proposal in the absence of a superior proposal and subject to an independent expert concluding that the proposed transaction is in the best interests of PRT shareholders.

SWM also notes that major shareholders of PRT representing 43.5% of shareholders have indicated their support for the transaction and that they will vote in favour of the transaction, subject to certain conditions outlined in PRT's announcement lodged with the ASX today.

### **Strategic rationale**

The proposed transaction is highly attractive for shareholders of both PRT and SWM. PRT shareholders achieve a significant premium for their shares, and SWM shareholders will benefit from a transaction that is highly earnings accretive both before and after synergies.

SWM has made significant progress on its transformation strategy, repairing its balance sheet, making the necessary changes for the business to capitalise on a market recovery, and positioning the business strongly for the future. PRT remains a highly strategic opportunity for SWM as it will deliver significant value creation by:

- Providing advertisers with a single platform that will deliver superior audience reach across metropolitan and regional markets
- Unlocking the premium and integrated revenue potential of the combined metropolitan and regional audience base across broadcast and digital platforms
- Enhancing the audience proposition through re-investment in content and expanding the digital delivery of SWM's offering in regional markets
- Generating estimated cost synergies of \$5 million to \$10 million on an annualised basis. The costs savings are expected to be fully realised within 12 to 18 months from completion of the acquisition. Revenue upside is also expected but has not been quantified

SWM Managing Director and Chief Executive Officer, James Warburton, said: "This proposal is an important step forward for both companies. SWM and PRT are great partners and have a long, successful relationship. Together, they will offer the best content for our national audience and unmatched premium revenue opportunities for our clients.

"The acquisition means SWM will become Australia's leading commercial premium broadcast, video and news network, with the potential to reach more than 90% of Australia's population each month.

"The proposed transaction is an exciting and transformative development for advertisers and media buyers. It means we will be able to give advertisers easy and seamless access via a single platform to capital city and regional markets," he said.

## Funding

As announced on Friday, 29 October 2021, SWM has successfully refinanced its existing \$500 million Syndicated Facility Agreement ("SFA"). The new SFA, underwritten by ANZ and Westpac, has been increased to \$600 million to facilitate the acquisition of the PRT Business. The new SFA is on a materially better basis than the existing facilities, with a 50% margin reduction, reversion to less restrictive terms and conditions, and a three-year term.

## Advisers

SWM is being advised by Stanton Road Partners as financial adviser and Herbert Smith Freehills as legal counsel.

## Investor Update

SWM will hold an investor call to discuss the acquisition and refinancing, the details of which are:

Time	10.00am Sydney time
Conference ID	5599099 #
Telephone number	+61 2 8373 2850 (other numbers below)

This release has been authorised to be given to ASX by the Board of SWM.

### For further information please contact:

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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; 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 breakfast programs **7NEWS** and **Sunrise**, **Big Brother**, **Big Brother VIP**, **SAS Australia**, **Farmer Wants A Wife**, **The Voice**, **Dancing With The Stars: All Stars**, **Home and Away**, **The Chase Australia** and **Better Homes and Gardens**, Seven West Media is also the broadcast partner of the AFL, Cricket Australia, Supercars, the Commonwealth Games and the Olympics.

## Joining the Conference Call:

1. In the 10 minutes prior to the call start time, call the appropriate participant dial-in number.

2. If a passcode is required to join this Event Plus call, enter it and leave any information requested after the tone. You will be joined automatically to the conference.

Note: Due to regional restrictions some participants may receive operator assistance when joining this conference call and will not be automatically connected.

Helpful keypad commands:

\*0 - Operator assistance

\*6 - Self mute/unmute

## Dial In Numbers

**Participant International Dial-In:** +61 283732850

### Participant Local Dial-In Numbers:

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China	4008200907
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Finland, Helsinki	+358 923170511
France, Paris	+33 182883063
Germany, Frankfurt	+49 6966102138
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