



Tuesday, 16 August 2022

Seven West Media releases financial results for the full year ended 25 June 2022

Summary

- Group EBITDA of \$342 million, up 35% year-on-year and ahead of guidance
- Seven Network: #1 national network in ratings and revenue
- Total TV advertising market strong: metropolitan +9%, regional +6%, BVOD +47%
- Seven Network: #1 in total TV with 39.1% revenue share (+2.7 points)
- Seven Network: best EBITDA result in 11 years
- WAN: best EDITDA result in five years
- Seven Digital EBITDA up 129% to \$139 million, now 40% of group earnings
- On-market share buyback of up to 10% of the Company's issued capital

Overview

Seven West Media Limited (ASX: SWM) today reported a statutory net profit after income tax of \$211.1 million on group revenue of \$1.54 billion. Underlying net profit after tax (excluding significant items) was \$200.8 million, an increase of 60% on the previous year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$342.2 million and earnings before interest and tax of \$309.0 million both increased 35% versus the previous corresponding period.

SWM Managing Director and Chief Executive Officer, James Warburton, said: "These results mark the strongest financial performance by our company in over a decade and reflect the successful completion of the group's three-year strategy.

"The EBITDA we have announced today of \$342.2 million is ahead of the guidance we gave in early May of between \$335 million and \$340 million.

"These results represent the best Seven television EBITDA results in 11 years, the best EBITDA from West Australian Newspapers in five years, and our best group EBITDA result in six years.

"The diligent execution of our strategy since late 2019, the acquisition of the assets of Prime Media Group and the strong growth of 7plus – coupled with the outstanding success of Seven's television broadcast business – have made our company the undisputed market

leader in the national total television market, that is, across metropolitan and regional broadcast and BVOD television.

“Seven is now the #1 network nationally in audience share and we have converted that into the #1 position in revenue share, with a 39.1% share of the national television advertising market across FY22.

“In the first half of the 2022 ratings survey year, Seven was #1 in total people and 16 to 39s nationally, and less than one percentage point away from being #1 in 25 to 54s. Seven won 14 of the 20 survey weeks and achieved the strongest audience share growth of any free-to-air commercial network.

“In the capital cities, Seven was #1 in total people in the first half of the 2022 survey year and was the only commercial network to increase its audience share in total people and 25 to 54s.

“We have made significant progress with our digital transformation, growing our digital earnings to over 40% of group earnings, compared to just 2% four years ago, and building a market-leading digital data offering underpinned by more than 13 million registered, verified 7plus users.

“Revenue from Seven Digital grew 93% in the period to \$178 million and EBITDA increased 129% to \$139 million. 7plus has outperformed the BVOD market, growing 57% year-on-year in a market that increased 47%.

“The strength of the company’s balance sheet, at 0.7x net debt to EBTDA, has paved the way for capital management initiatives, with the Company today announcing an on-market share buyback for up to 10% of issued capital. The buyback will be highly accretive for Seven West Media shareholders.

“The acquisition of the assets of Prime Media Group created a truly national business and unlocked value for SWM. Together, SWM and Prime reach 91% of all Australians every month.

“The Prime brand has now been retired and cost synergies will be at the top end of the guidance given when the acquisition was announced. The integration of the two companies is well underway, with significant growth already achieved for 7plus in regional markets and the creation of new revenue opportunities across the group.

“Last year’s Olympic Games Tokyo 2020 provided a strong launch pad for Seven’s 2022 financial year content line-up, which included the #1 entertainment program of the year – *The Voice – SAS Australia, Dancing With The Stars: All Stars, The Voice Generations*, the AFL Final Series (the AFL Grand Final was the #1 program of 2021), Bathurst 1000, the Ashes Cricket Test Series and Beijing Winter Olympics, which reached 14 million viewers across broadcast and 7plus.

“Seven’s content spine of *Sunrise, The Morning Show, The Chase Australia, 7NEWS, Home and Away* and *Better Homes and Gardens* also remained dominant.

“West Australian Newspapers delivered its best financial result since FY17. Digital growth and the full year contribution from the digital platforms revenue more than offset the decline in print. *The West Australian* is one of the strongest news brands in Australia, with impressive results across both digital and print. Digital subscriptions and audiences continue to show strong growth.

“Seven West Ventures made several new investments in the period and there are a number of new investments under review. The total market value of the portfolio currently stands at approximately \$60 million.

“Operating costs were delivered at the mid-point of the reported guidance range of between \$1.19 billion to \$1.21 billion, despite the inflationary environment.”

Results

The group reported revenue of \$1.54 billion (excluding share of associates), up 21% on the previous corresponding period, driven by strong growth across total TV (metropolitan regional and BVOD).

Net debt at the end of the financial year was \$256.5 million, which included the acquisition of Prime Media Group’s assets on 31 December 2021.

Financial year results from continuing operations	Full year ended 25 June 2022	Full year ended 26 June 2021
EBITDA	\$342.2m	\$253.9m
EBIT	\$309.0m	\$229.1m
Underlying NPAT	\$200.8m	\$125.5m
Underlying EPS	12.7 cents	8.2 cents
Profit (loss) before tax (including significant items)	\$283.4m	\$445.6m
Profit (loss) after tax (including significant items)	\$211.1m	\$318.1m
Basic EPS	13.3 cents	20.7 cents
Diluted EPS	13.0 cents	20.7 cents
Reconciliation to statutory results:		
Profit before significant items, net finance costs and tax	\$309.0m	\$229.1m
Net finance costs	(\$35.5m)	(\$60.7m)
Profit before tax excluding significant items	\$273.5m	\$168.4m
Significant Items (cost) income	\$9.9m	\$277.2m
Profit/(loss) before income tax	\$283.4m	\$445.6m

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

Outlook and priorities

Trading update and strategic priorities:

- Trading conditions in 1H23:
 - Seven's 1Q is skewed with the impact of the Olympics
 - Estimate 1Q total TV advertising market is down approximately 2%, excluding the Olympics, down 7% including the Olympics
 - Visibility improving into 2Q with longer dated forward bookings; outlook for Seven's 2Q currently positive year-on-year

- Estimates include BVOD, with growth expected to remain robust
- Targeting 39% total TV revenue share in FY23
- Seven Digital EBITDA forecast to grow earnings; digital platform news revenue to be consistent with FY22
- FY23 group operating costs are expected to be in the range of \$1.2 billion to \$1.22 billion
- The company will provide an update on the market at its AGM in November

Mr Warburton said: “The past year has seen SWM emerge as one of the best performing and fastest growing companies in the Australian media sector, and we are well placed to continue that growth and build on our leadership position.

“The three-year strategy that started in late 2019 has significantly transformed our company, creating a much simpler, stronger and more profitable national total TV, digital and print business.

“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.

“At the same time, our low gearing gives us capacity for further growth and capital management initiatives.”

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

The Seven West Media Annual General Meeting will be held on 10 November 2022. The closing date for the receipt of nominations from persons wishing to be considered for election as a director is 21 September 2022.

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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, MKR, AGT, Big Brother, 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.