



15 February 2021

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

PRESENTATION OF HALF YEAR RESULTS

Seven West Media Limited (ASX: SWM) attaches the results presentation slides for the half year ended 26 December 2020.

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

James Warburton, CEO and Managing Director and Jeff Howard, CFO will host a webcast at 9.00am (AEST) to run through the results presentation and answer Q&A.

Participants can access the webcast using the below link.

<http://sevenwestmedia.com.au/investors/livestream>

Ends.

For more details:

Alan Stuart
Investors/Analysts
T: +61 2 8777 7211
E: astuart@seven.com.au

Jack McLintock
Media
T: +61 2 8777 7166
E: jmclintock@seven.com.au



Seven West Media

FY21 Half Year Results

15 February 2021

Disclaimer

Basis of preparation

Data included in this presentation is prepared for the management of Seven West Media Limited and its associated entities (together, 'SWM'). This data is included for information purposes only and has not been audited or reviewed or subject to the same level of review by SWM as the statutory accounts and so is merely provided for indicative purposes.

SWM and its employees do not warrant the accuracy or reliability of this data and disclaim any liability flowing from the use of this data by any party.

SWM does not accept any liability to any person, organisation or entity for any loss or damage suffered as a result of reliance on this document. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, and are subject to variation.

All forward-looking statements in this document reflect the current expectations concerning future results and events. Any forward-looking statements contained or implied, either within this document or verbally, involve known and unknown risks, uncertainties and other factors (including economic and market conditions, changes in operating conditions,

currency fluctuations, political events, labour relations, availability and cost of labour, materials and equipment) that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements, expressed, projected or implied by any forward-looking statements.

Unless otherwise indicated, all references to estimates, targets and forecasts and derivations of the same in this document are references to estimates, targets and forecasts by SWM. Estimates, targets and forecasts are based on views held only at the date of this document, and actual events and results may be materially different from them. SWM does not undertake to revise this document to reflect any future events or circumstances.

Amounts, totals and change percentages calculated on whole numbers and not the rounded amounts presented. The information contained in these pages may not necessarily be in statutory format.



1H21 Overview

Positioned to capitalise on the recovery

Underlying financial results³

Revenue	Expenses	EBITDA	EBIT	NPAT	Net Debt
\$644m	\$480m	\$166m	\$152m	\$87m	\$329m
↓ 10%	↓ 18%	↑ 24%	↑ 29%	↑ 26%	↓ 42%

- ▶ Broadcast TV ad market improving with October-December returning to growth (Q1: -14.3%, Q2 +16.6%)⁵
- ▶ New content schedule driving total TV audience⁴. Revenue share upside given 12 month viewing share lag
- ▶ Seven's digital EBIT grew 168% to \$32m in the period
- ▶ WAN's digital and transformation strategy stabilising earnings
- ▶ Realisation of ~\$170m gross cost saving initiatives on track
- ▶ \$30m new cash savings identified for implementation
- ▶ Net debt reduced 42% to \$329m
- ▶ Stronger balance sheet provides optionality for ongoing asset sales

#1 BROADCAST AND BVOD AUDIENCE SHARE

July-December: Broadcast 39.0%¹, BVOD 44.0%²

1. OzTAM: Metro Jul-Dec 0600-2359 2. OzTAM: VPM share Jul-Dec; 3. Continuing operations excluding significant items 4. TV include Broadcast and 7plus ; 5. Think TV

1

**The
Transformation
Continues**

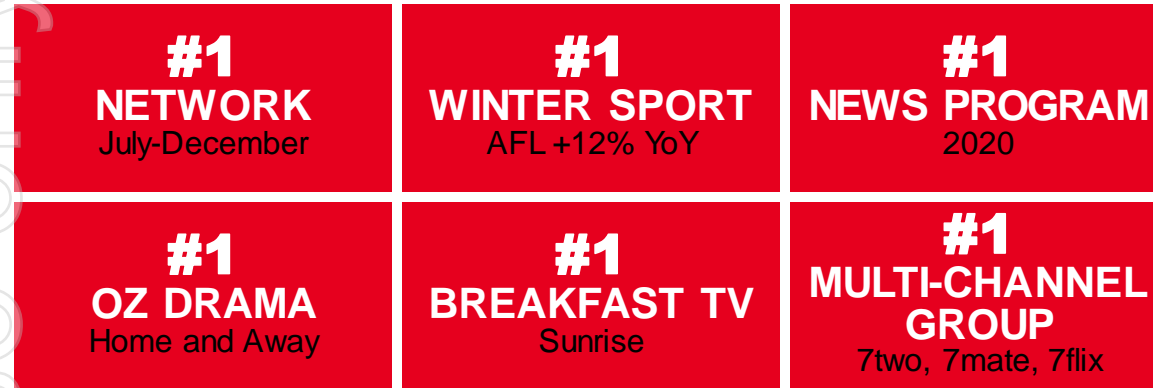
Content Led Growth

Transformation

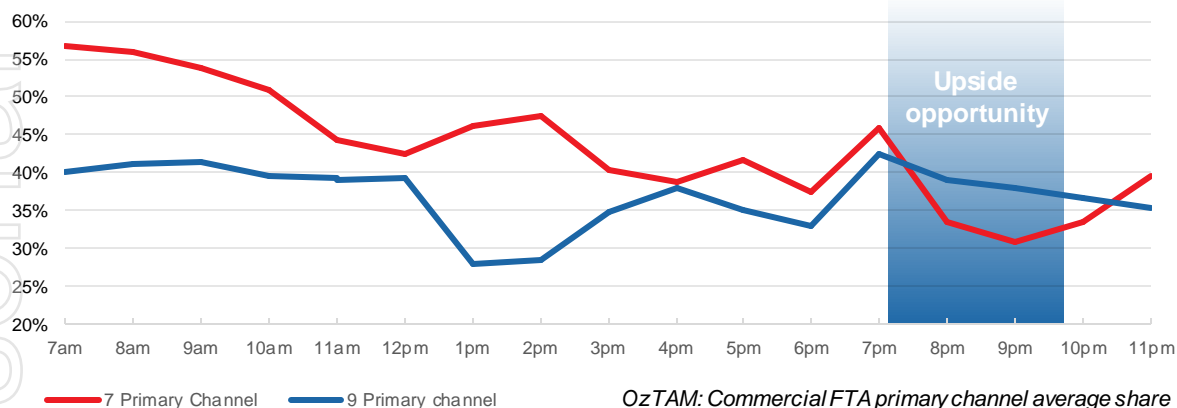
Capital Structure and M&A

CONTENT LED GROWTH

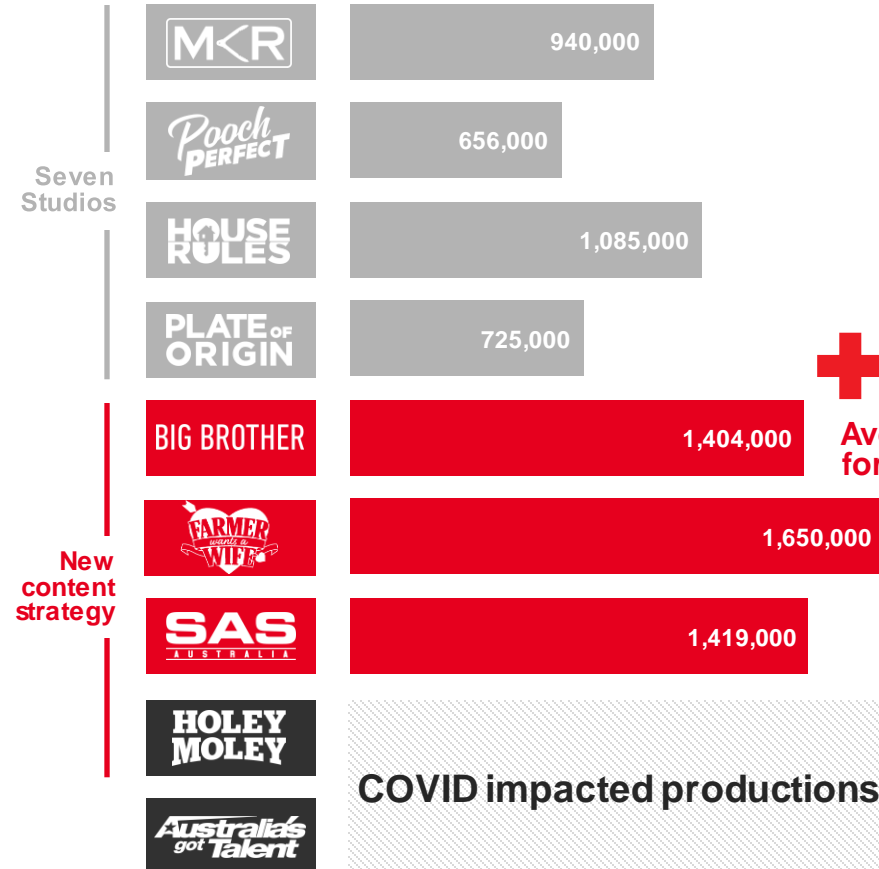
Targeting prime time audience share gains...



Primary channel share across the day



OzTAM: Commercial FTA primary channel average share 2020 ratings year. Ten included in total but not shown.



+75%
Average audience for new tentpoles¹

OzTAM – National FTA + 30 day BVOD audience

CONTENT LED GROWTH

With revenue share to follow

Prime Time Tentpole Strategy

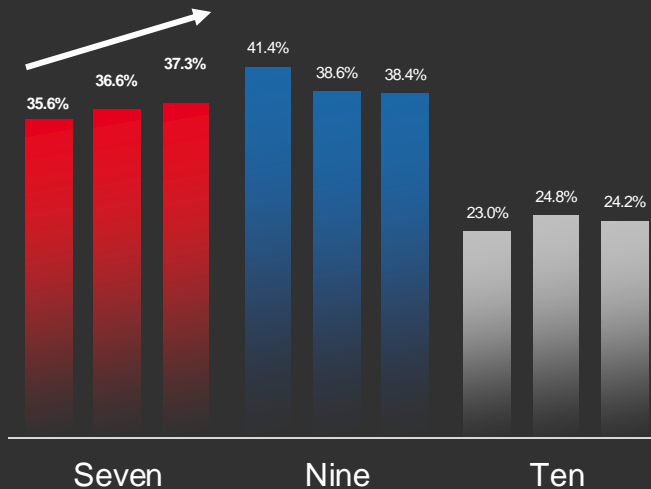
Three Returning Hits
Four New Tentpoles



~75% of metro TV ad revenue is in prime time

Revenue Share Gaining Momentum

H2 FY20 | H1 FY21 | Q2 FY21



EBIT Upside

+ 1%
market share



+ \$21m
EBIT

CONTENT LED GROWTH

7plus: #1 and gaining share in growing market

- ▶ #1 commercial free-to-air BVOD platform in calendar 2020
- ▶ 80% of users are under 50, #1 in core demographic 25-54s
- ▶ Registered user growth: 84%
- ▶ Launched mandatory sign-in, rolling out across devices
- ▶ Enhanced data strategy to narrow revenue/viewing share gap



1H21 VPM 10+ share¹
44% (1H20 34%)



1H21 VPM
25-54s share¹
43% (1H20 34%)

7plus revenue² ↑ 79%
Market revenue ↑ 44%



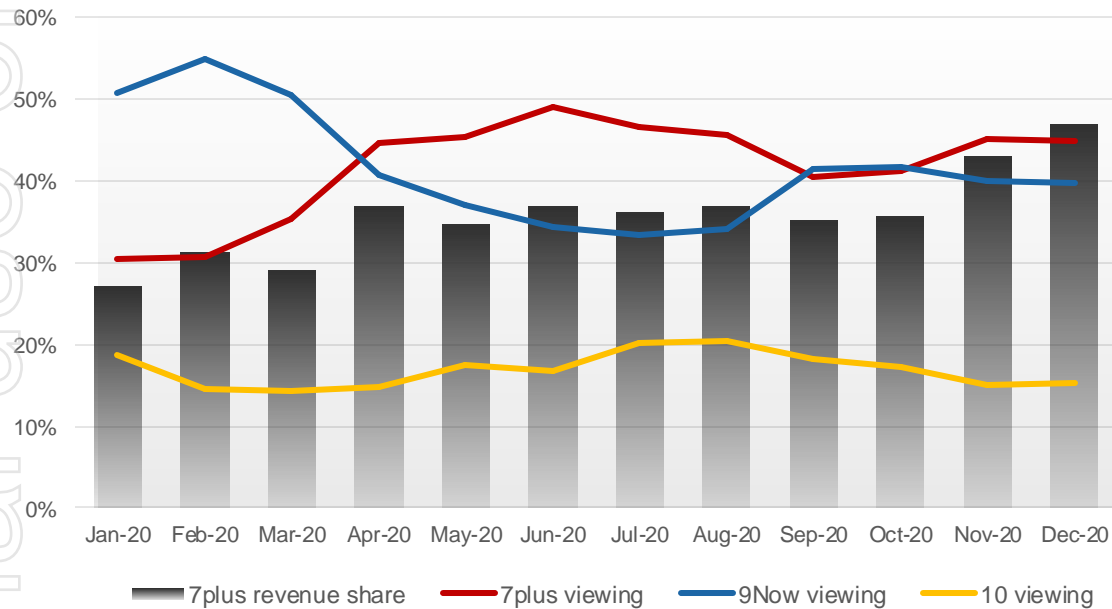
1H21 rev share²
39.5% (1H20 31.7%)

1. OzTAM; 2. Think TV

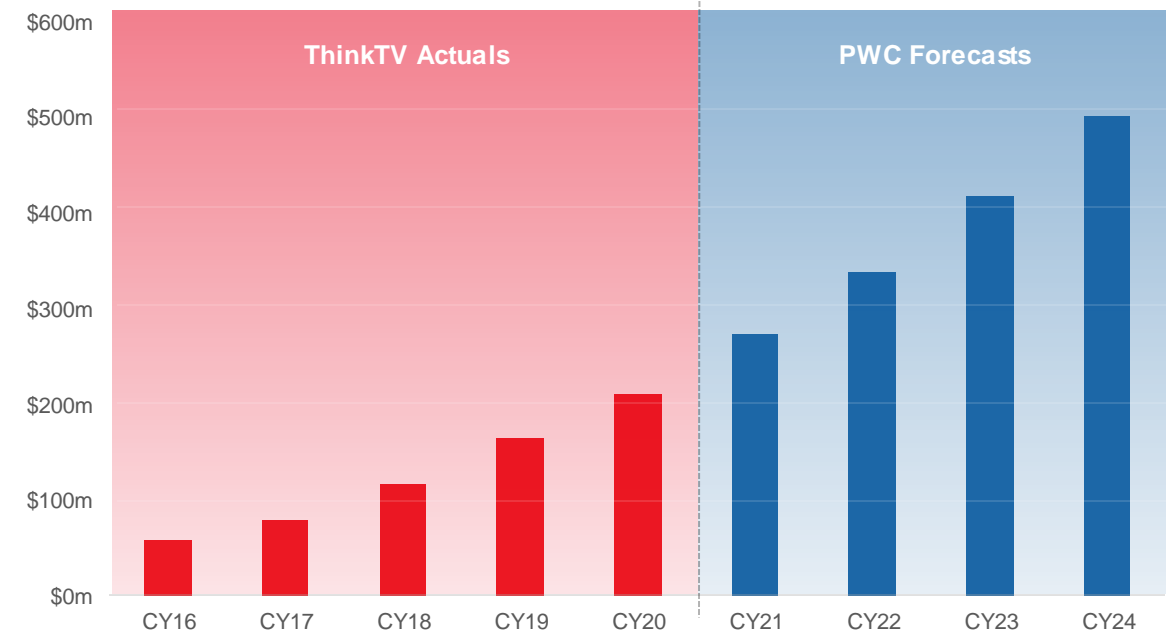
CONTENT LED GROWTH

7plus: #1 and gaining share in growing market

BVOD viewing share vs 7plus revenue share



Commercial free-to-air BVOD market

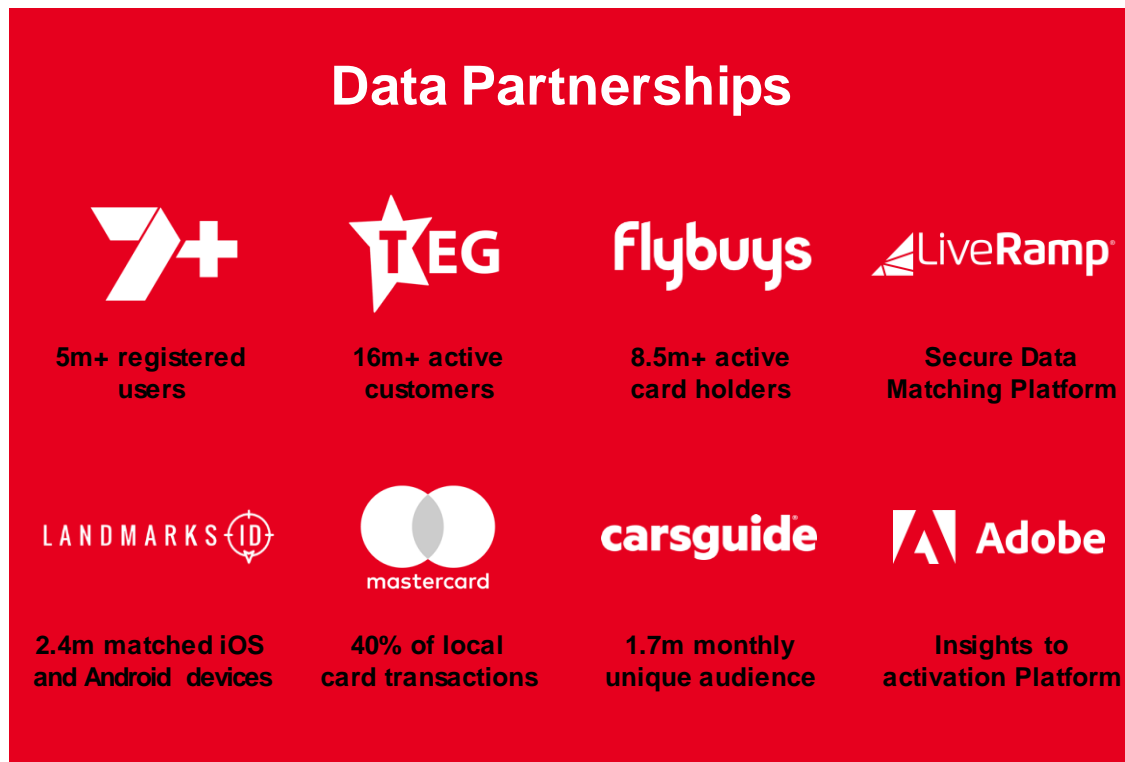


TRANSFORMATION

7REDIQ turning audience understanding into revenue



- ▶ Majority of digital advertiser briefs now require data and insights overlay
- ▶ Customer data platform that gives advertisers greater value through targeting and improves yield
- ▶ Consumer first party data expected to double:
- ▶ Targeting significant growth in registered users from Olympics



Other strategic partnerships under discussion

Tangible results

- ▶ Revenue upside for Seven from increasing power ratio:
- ▶ ~25% of digital sales have data overlay
- ▶ Connected TV data overlay solution to be rolled out 2021, which represents >70% of video consumption
- ▶ >40% CPM premium with data overlay

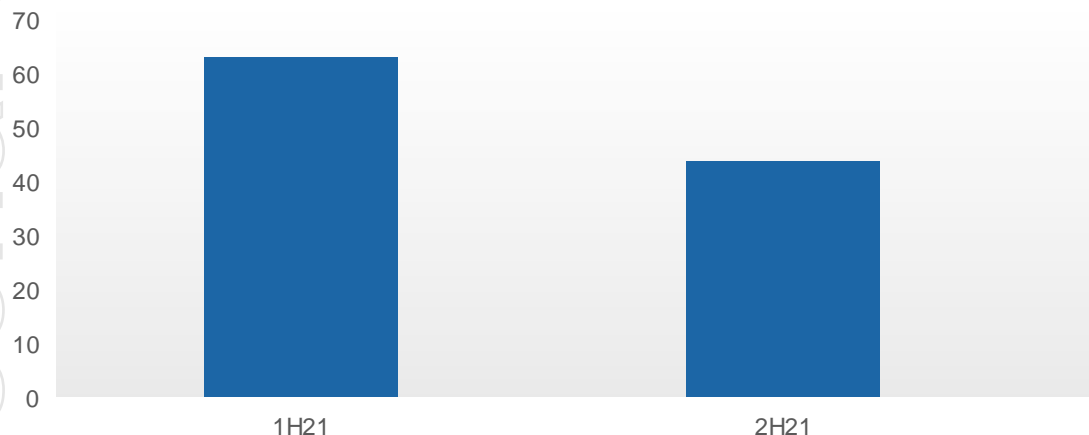
COSTS AND CAPITAL STRUCTURE

Creating a sustainable cash-generating business

Cost Savings

- ▶ ~\$110m of benefit from FY20 cost out program to be realised in FY21, partially offset by 1-2% inflation
- ▶ \$30m new cash savings identified for implementation:
 - ▶ \$18m one-off cash saving on the Olympics
 - ▶ \$11m permanent cash saving on an onerous content agreement
 - ▶ Further cost savings identified and to action over the next 18 months
- ▶ Temporary savings and one-off expenses to have \$17m net benefit in FY21 and unwind in FY22

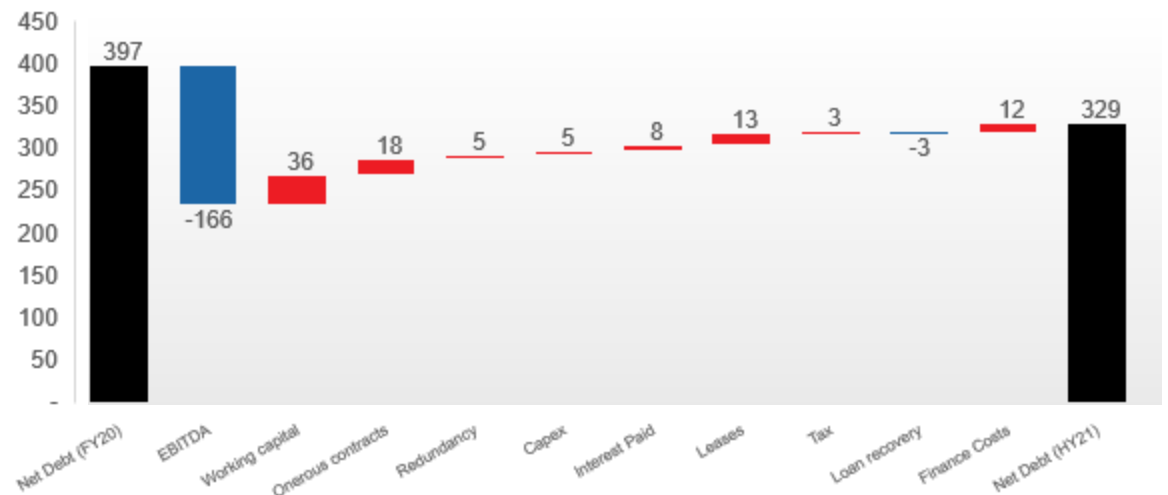
Gross cost savings timing (\$m)



Capital Structure

- ▶ Net debt reduction has exceeded expectations, down \$241m since 1H20
- ▶ Divestment of venture portfolio underway
- ▶ Stronger capital position has increased the company's optionality on divestment of TXA and Seven Studios
- ▶ Retired \$150m of debt with further repayments to follow

FY20 to 1H21 net debt



2

1H21 Financial Results



Financials

Income statement (continuing operations)

\$644.2m

Revenue

\$86.6m

Underlying Group net
profit after tax

5.6cps

Basic EPS excl.
significant items

\$41.5m

Significant items
before tax

\$151.7m

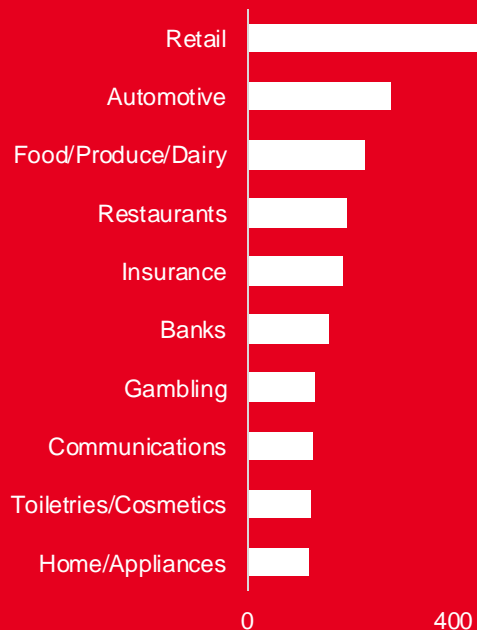
Underlying
Group EBIT

Income Statement (continuing operations)

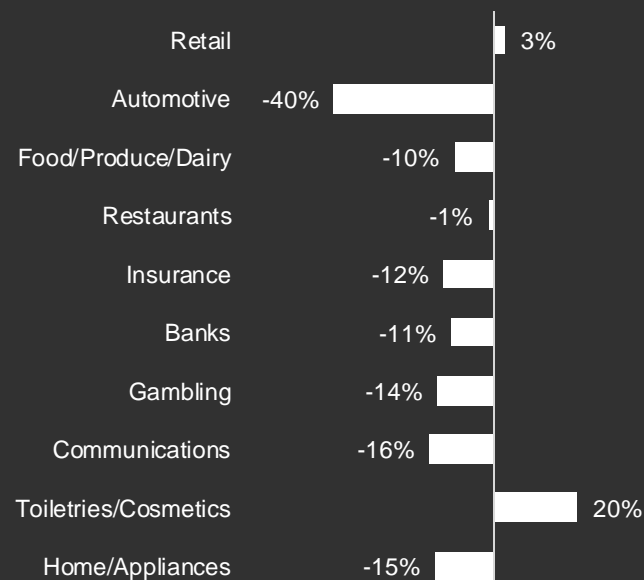
	1H21 \$m	1H20 ¹ \$m	Inc/(Dec) %
Revenue and other income	644.2	715.2	(9.9%)
Share of net profit of equity accounted investees	1.2	0.9	33.3%
Expenses (including depreciation)	(493.7)	(598.9)	(17.5%)
Profit before significant items, net finance costs and tax	151.7	117.2	29.4%
Net finance costs	(30.8)	(20.4)	50.9%
Profit before significant items and tax	120.9	96.8	24.8%
Significant items before tax	41.5	(165.6)	nm
Profit / (loss) before tax	162.4	(68.8)	nm
Tax (expense) benefit	(46.0)	19.4	nm
Profit / (loss) after tax	116.4	(49.4)	nm
Underlying net profit after tax excluding significant items	86.6	68.5	26.5%

Ad spend recovering in 2Q21

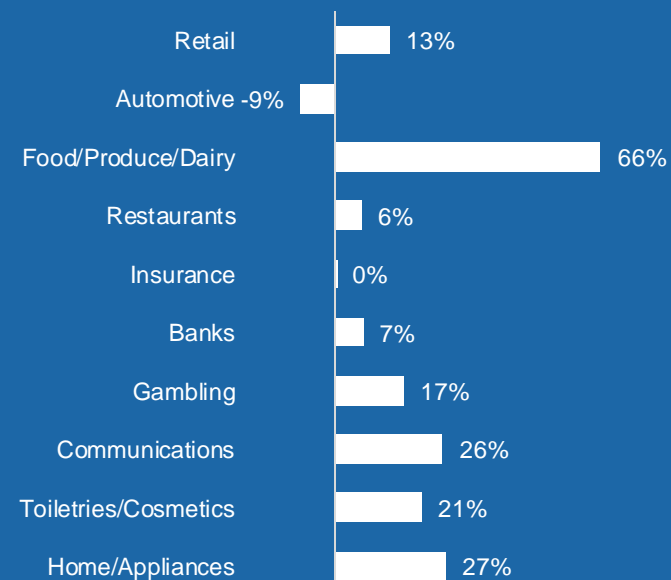
1H21 Top 10 ad spend categories (\$m)



1Q21 Total ad market -20.2%
1Q21 Metro FTA -14.3%



2Q21 Total ad market +5.3%
2Q21 Metro FTA +16.6%



Financials: Segments

Seven and Digital

- ▶ Metro FTA ad market increased 0.6% in 1H21¹;
- ▶ Metro revenue share of 36.6% in 1H21 (38.8% 1H20)
- ▶ New entertainment schedule materially improving prime time demographic mix, won prime time in 16-39s for 1H21 for first time in two years
- ▶ 7plus minute consumption growth 76% in CY20, >2x market growth of 35%²
- ▶ 7NEWS.com.au average UA increased 36% in 1H21³
- ▶ Digital revenue growth of 73% driven by BVOD market and share gains
- ▶ 7Studios impacted by JV divestments and lower 3rd party productions
 - ▶ 7Studios EBITDA of \$20m largely from program sales, underpinned by life of series deals
- ▶ \$50m of gross cost savings realised in TV in the period with a further c\$40m expected in 2H.

1. ThinkTV2.OzTAM; 3. Nielsen, 6-months to December 2020



Seven*	1H21 \$m	1H20 \$m	Inc/(Dec) %
Revenue	562.9	603.4	(6.7%)
Costs	(408.9)	(480.1)	(14.8%)
EBITDA	153.9	123.2	24.9%
EBIT	140.4	108.9	28.9%

Digital	1H21 \$m	1H20 \$m	Inc/(Dec) %
Revenue	47.7	27.6	73.2%
Costs	(13.8)	(13.9)	(1.1%)
EBITDA	34.0	13.6	149.0%
EBIT	32.0	11.9	168.0%

* Seven includes broadcast, digital and studios

Financials: Segments

WAN and Other

WAN

- ▶ Advertising conditions in WA improving in retail; travel, motor and real estate advertising remains challenging
- ▶ Circulation revenue increased 1.7%, digital circulation revenue +92%
- ▶ Paywall metro penetration growing, promising early regional adoption
- ▶ Cost out initiatives delivered \$10m excluding temporary savings

Other and corporate costs

- ▶ Other now predominantly reflects corporate costs (\$8.8m in 1H21)
- ▶ 1H20 includes one-off live event and the contribution from Redwave which was divested on 31 Dec 2019

WAN	1H21	1H20	Inc/(Dec)
	\$m	\$m	%
Revenue	80.7	94.3	(14.4%)
Costs	(61.7)	(81.3)	(24.1%)
EBITDA	19.0	13.0	46.2%
EBIT	18.8	11.8	59.4%

Other & Corporate costs	1H21	1H20	Inc/(Dec)
	\$m	\$m	%
Revenue	1.8	18.5	(90.4%)
Costs	(9.1)	(21.6)	(57.9%)
EBITDA	(7.3)	(3.1)	(135.5 %)
EBIT	(7.5)	(3.4)	(120.6%)

Financials

Statutory results (continuing operations)

Statutory results

	1H21 \$m	1H20 ¹ \$m	Inc/(Dec) %
Profit / (loss) before tax	162.4	(68.8)	nm
Profit / (loss) after tax	116.4	(49.4)	nm
Basic EPS	7.6	(3.2)	nm
Diluted EPS	7.6	(3.2)	nm

Additional information –

Earnings per share based on net profit excl. significant items (net of tax)

	1H21 \$m	1H20 ¹ \$m	Inc/(Dec) %
Underlying group EBIT	151.7	117.2	29.4%
Profit after tax excluding significant items	86.6	68.5	26.4%
Significant items (net of tax)	29.7	(117.8)	nm
Profit / (loss) after tax	116.4	(49.4)	nm
Underlying Basic EPS	5.6	4.5	24.1%
Underlying Diluted EPS	5.6	4.5	24.1%

Underlying results exclude significant items

Significant items

	1H21 \$m	1H20 ¹ \$m
Impairment of intangible assets	-	(61.6)
Impairment of right of use assets	-	(3.7)
Impairment of other assets	-	(41.1)
Impairment of fixed assets	(2.7)	-
Total impairments and write-offs	(2.7)	(106.4)
Onerous contracts benefit (expense)	37.8	(51.8)
Costs related to investments	3.6	(7.4)
Gain on disposal of investments	3.4	-
Write off of unamortised borrowing costs	(0.7)	-
Total significant items before tax	41.4	(165.6)
Tax benefit (expense)	(11.7)	47.8
Net significant items after income tax	29.7	(117.8)

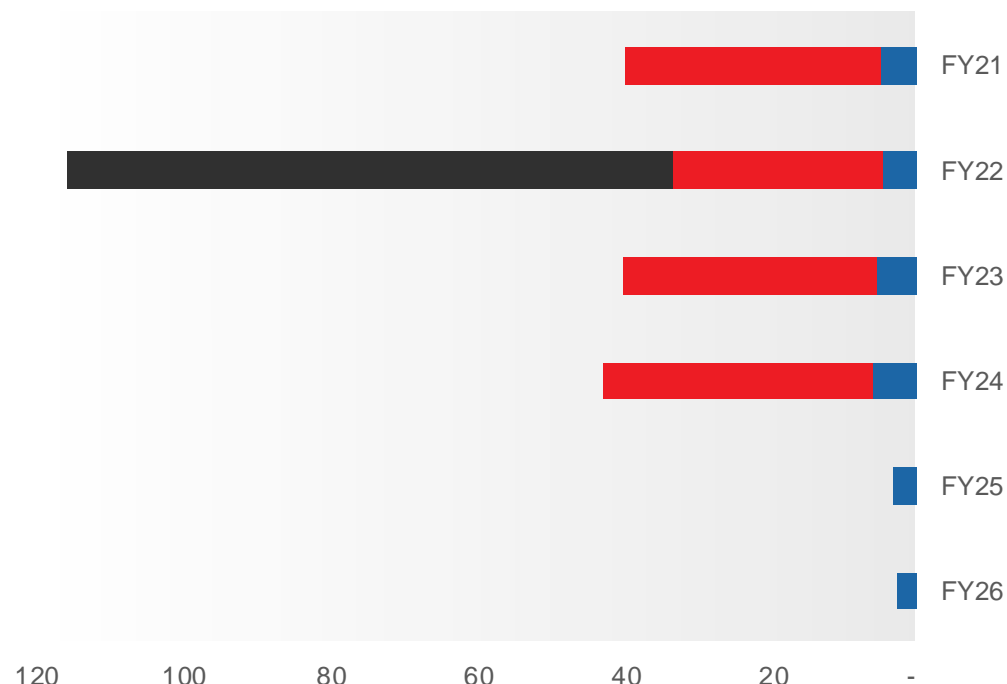
1. Prior year figures have been restated for amendments to AASB112 income taxes

Financials

Cash flow (including discontinued operations)

	1H21 \$m	1H20 \$m	Inc/(Dec) %
EBITDA	165.7	136.6	21.3%
Working capital and other movements	(60.9)	(59.1)	(3.0%)
Redundancy and employee entitlements	(4.8)	(24.1)	(80.0%)
Dividends received net of share of associates profit / (loss)	(1.2)	1.9	nm
Operating cash flow before interest and tax	98.8	51.8	90.7%
Tax paid, net of refund	(3.4)	(12.5)	(72.8%)
Net finance costs paid	(16.6)	(19.9)	(16.6%)
Net payment for property, plant & equipment and software	(5.2)	(15.8)	(67.0%)
Dividends paid	-	-	na
Loans issued, proceeds and payments for investments	2.6	(5.1)	(151.0%)
Upfront finance costs	(11.6)	-	nm
Lease liability	(3.9)	(3.3)	18.2%
Net increase / (decrease) in cash and cash equivalents	60.6	(4.8)	Nm
Opening net (debt) cash	(398.2)	(564.4)	(29.4%)
Change in unamortised refinancing costs	8.7	(0.2)	nm
Closing net (debt) cash	(328.9)	(569.5)	(42.2%)

Onerous contracts utilisation by year (\$m)



- ▶ Exited non-sport related content agreement, locking in \$11m p.a. cash saving and reducing the group's onerous contract provision by \$45m
- ▶ 2H21 working capital outflows to include onerous, redundancies and Olympics payments
- ▶ FY21 Capex to be slightly under \$25m
- ▶ Olympics cancellation would refund SWM \$50m in prepaid rights fees

3

Trading Update and 12 Month Focus



FY20 Half Year Results / 15 February 2021

Discover
something new



Trading update

- ▶ Television advertising markets remain buoyant after a solid Q2
 - ▶ Early bookings indicate Seven's Q3 revenue could be 7-10% ahead of prior year
 - ▶ Q4 remains too early to call, but is up against a softer comparative period
- ▶ Targeting improved revenue share in FY22 on the back of stronger audience share in 1H21 and CY21
- ▶ Annual operating expenses in FY21 to be at the bottom end of analyst range of \$1.03bn-1.05bn (excluding net one-off temporary benefit of \$17m)
- ▶ Net debt to be sustainably under 2x by end of CY21, excluding one-off events
- ▶ One-off events costs in FY22 relating to Summer and Winter Olympics expected to be offset by associated revenue



Next 12 month focus

Focus and Objectives

Content Led Growth

- ▶ New content investment to drive audience share growth, particularly in 25-54s and 7plus
- ▶ Market recovery in metro and regional TV
 - ▶ 1% market growth ~\$8m revenue
- ▶ Content schedule has the potential to deliver >38% broadcast revenue share (36.2% CY20)
 - ▶ 1% market share ~\$21m revenue
- ▶ Capture increased share in growing BVOD market
- ▶ Digital Platforms Enquiry – fair return for news content investment

Transformation

- ▶ \$30m of new cash savings identified for implementation
- ▶ Ongoing cost focus including onerous content and cricket processes
- ▶ Digital transformation extending beyond 7plus including SVOD options
- ▶ Data strategy accelerated to improve digital monetisation

Capital structure and balance sheet

- ▶ Balance sheet in a stronger position, but continue to work down debt to pursue M&A opportunities
- ▶ Consider debt facilities renegotiation in CY21 given improved financial position
- ▶ Ongoing sale process – Ventures, Studios

4

Questions

