

TVNZ LIFTS EARNINGS & CRACKS 100 MILLION STREAMS

24 August 2018

TVNZ reported a \$9.1 million lift in operational earnings, strengthened share of TV audiences and revenue, and significantly boosted online streaming scale for the financial year ended 30 June 2018.

Chairman Dame Therese Walsh says, "I'm incredibly proud of the positive momentum shift in TVNZ's performance this year - particularly the massive jump in online streaming scale. At the same time we've continued to set the pace in TV and delivered improved financial results. By leveraging our strengths in telling New Zealand stories, we've shown local media players can compete and succeed."

The company delivered EBITDAF of \$24.6 million up \$9.1 million (58.6%) on the previous year. After adjusting for the impact of onerous contract provisions in FY2017, EBITDAF performance was largely stable year on year. Total revenue was up \$2.0 million (0.6%) to \$318.5 million, and total operational expenses were down \$7.1 million (2.4%) to \$293.9 million. Net profit after taxation was \$5.1 million, up \$3.7 million (265%) on the previous year.

"TVNZ's in the attention business," says Chief Executive Kevin Kenrick. "We reach two million New Zealanders every day with a hugely diverse content offering across TVNZ 1, 2, DUKE, OnDemand, 1 NEWS NOW, HEIHEI and Re:. Compelling content drives our audiences, and audiences drive the engagement opportunities we create for our commercial partners."

TVNZ boosted its TV performance with increased share of viewing audiences and converted this to an eight year high share of TV advertising revenue.

TVNZ screened 18 of the top 20 programmes in the period with 1 NEWS Vote 2017 Leaders Debate being the country's most watched programme. Sport played a greater role, with TVNZ's live event coverage of the 2018 Gold Coast Commonwealth Games reaching more than three million New Zealanders. TVNZ also secured future sports rights in the year including selected Rugby World Cup matches and exclusive rights to the next America's Cup.

"TVNZ is constantly renewing its content line up to meet the changing needs of New Zealand viewers. We're progressively shifting our content investment from international to live and local programming - across news, entertainment and sport. Local is our compelling point of difference in a market that's increasingly contested by global online streaming services," says Mr Kenrick.

"We made big strides in growing our online scale. TVNZ OnDemand weekly audience reach was up 15.2% for the year and cracked a major milestone in July, surpassing 100 million streams for the year."

Accelerating TVNZ OnDemand's growth by offering viewers more choice and control remains a key focus. In the past year, TVNZ launched live streaming of all its broadcast channels, extended accessibility to Chromecast, Apple TV and Vodafone TV, and introduced new functionality to improve the viewer experience. It made premium content available to audiences with online first premieres like Killing Eve and Deep State and quadrupled the depth of its online content offering.

TVNZ also joined with MediaWorks and SKY TV to launch ThinkTV and promote the value of today's multiplatform TV environment to advertisers.

Looking to the future, TVNZ has invested in new ways of delivering local content to younger audiences with the successful launches of its children's online media platform HEIHEI in partnership with NZ on Air, and its new social news voice Re:. "Re: achieved 30 million video views in its first year and has enabled TVNZ to successfully attract new viewers via social media channels."

TVNZ intends to build on its current business momentum. "We expect competition in the media market to intensify. Our focus for the year ahead is to optimise our TV performance, accelerate TVNZ OnDemand growth and actively explore opportunities to diversify audiences and sources of revenue," says Mr. Kenrick.

The TVNZ Board has declared a dividend of \$3.7 million for the FY2018 year.

TVNZ will also award a one-off \$1000 (before tax) bonus payment to all permanent employees who don't already benefit from an at-risk incentive scheme. "TVNZ has had a great year and this payment is to recognise the efforts of all our people who have contributed to the improved business performance. We don't expect to repeat this level of profit growth in future years, but it has created a one-off opportunity for us to thank our people for their contribution and commitment to TVNZ's success."

FY2018 Snapshot

Earnings: EBITDAF of \$24.6 million, up 58.6% year on year

Net profit: \$5.1 million, up 265% year on year

Total revenue: \$318.5 million, up 0.6% year on year

Total costs: \$293.9 million, down 2.4% year on year

Dividend: \$3.7 million

Staff bonus: one off bonus of \$1,000 paid to all permanent employees who do not participate in a short term incentive programme

TV audience: TVNZ reaches 2 million New Zealanders daily. TVNZ's all day audience share increased to 43.2%.

Online momentum

- * 102 million TVNZ OnDemand streams for the year
- * 30 million Re: video views for the year
- * Launched children's platform HEIHEI with NZ On Air

	FY2018	FY2017
	\$'000	\$'000
Revenue and income	318,509	316,523
Advertising revenue	301,001	299,145
Operating expenses	(293,907)	301,015)
EBITDAF	24,602	15,508
Depreciation and amortisation	(19,510)	(16,353)
Interest income	917	765
Interest expense	(105)	(99)
Financial instruments/foreign currency (losses)/gains	1,309	2,109
Share of results of joint venture	(43)	16
Income Tax	(2,089)	(554)
Net Profit after tax	5,081	1,392

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