



Television New Zealand Limited	
Interim results announcement – 22 February 2017	
Reporting Period	Six months ended 31 December 2016
Previous Reporting Period	Six months ended 31 December 2015

Amount (000's)	Six months ended 31 December 2016	Six months ended 31 December 2015	% change
Revenue from ordinary activities	\$168,741	\$178,646	5.5% decrease
Profit before income tax	\$17,814	\$17,910	0.5% decrease
Profit for the period	\$12,851	\$12,706	1.1% increase

Interim Dividend	Nil	Nil	
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Comments:	<p><b>TVNZ Interim Result</b></p> <p><b>TVNZ DELIVERS STABLE NPAT HALF YEAR RESULT</b></p> <p>TVNZ has delivered an after tax net profit of \$12.9 million for the six months to 31 December 2016, up 1% on the same period last year.</p> <p>Announcing the result today, Chief Executive Kevin Kenrick said overall TVNZ is continuing to out-perform a declining TV market by growing its share of audiences and revenues. TVNZ is on track to achieve the full year target set out in its 2017 Statement of Performance Expectations, he said.</p> <p>“TVNZ’s financial performance has shown resilience during a period of unprecedented change in the media industry. The New Zealand television advertising revenue market decreased 8.4% for the half year, however TVNZ was able to partially offset this through increased market share and growth in online revenues to achieve advertising revenues for the period of \$159.4 million (down 5.1% from \$168.1 million for the six months to 31 December 2015).</p>
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Additionally, a concerted focus on expenditure means lower costs have also helped to offset the lower revenues,” said Mr Kenrick.

Mr Kenrick said TVNZ’s increased share of TV audiences has been led again by news and current affairs programming along with high performing entertainment options across TVNZ 1, 2, and DUKE.

“TVNZ continues to be a big part of people’s daily lives – each day we reach more than 2 million viewers. Of the top 20 most watched shows by New Zealanders, 1 through to 19 were all on TVNZ.”

“While free to air television continues to provide unrivalled daily reach compared to other media options, increasingly audiences are showing up online. TVNZ’s total digital streams topped 81 million for the period: 1 NEWS streams increased 37% and TVNZ OnDemand streams were up 24% on the same period last year.

“This digital growth remains a priority for the remainder of FY2017. TVNZ will shortly launch a new website which brings live TV and ondemand viewing together in one place. It will give TVNZ’s 1.4 million registered online users a significantly improved and more personal entertainment experience.”

“The pace of change in our industry won’t let up, and our business needs to keep adapting to reflect the new market reality. While our NPAT is up nominally, TVNZ’s underlying performance is down 6.2% (EBITDAF of \$26.7 million as at 31 December 2016, compared to \$28.5 million for the six months to 31 December 2015) so our focus is on building on current momentum to create a sustainable future video business for TVNZ.

“This includes progressing content initiatives for younger viewers and fast-tracking innovative ideas from within the business – such as eSports on DUKE and TVNZ OnDemand, the New Blood Webseries competition, establishing a content creation hub and fostering emerging talent.

“While the ongoing fragmentation of viewing audiences will continue to impact free to air audiences we expect the second half of the financial year will bring some certainty around the local market structure as the outcomes in relation to the mergers between SKY/Vodafone and NZME/Fairfax are determined,” said Mr Kenrick.

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## Financial Highlights Summary – Six months ended

	31/12/16	31/12/15
	000's	000's
Operating Revenue	168,741	178,646
<i>Advertising revenue</i>	<i>159,424</i>	<i>168,081</i>
Operating Expenses	(142,054)	(150,196)
<b>EBITDAF</b>	<b>26,687</b>	<b>28,450</b>
Depreciation and amortisation	(8,282)	(7,641)
Interest income	331	703
Interest Expense	(74)	(45)
Financial Instruments/foreign currency gains/(losses)	(857)	(3,557)
Share of results of joint venture	9	0
Income Tax expense	(4,963)	(5,204)
<b>After Tax Profit</b>	<b>12,851</b>	<b>12,706</b>
Operating Cash Flow	29,318	27,890