



Television New Zealand Limited	
Interim results announcement – 28 February 2018	
Reporting Period	Six months ended 31 December 2017
Previous Reporting Period	Six months ended 31 December 2016

Amount (000's)	Six months ended 31 December 2017	Year ended 31 December 2016	% change
Revenue from ordinary activities	\$170,371	\$168,741	1.0% increase
Profit before income tax	\$23,904	\$17,814	34.2% increase
Profit for the period	\$17,814	\$12,851	% increase

Dividend	\$9,016 (FY2017 final)	Nil	
Dividend Payment Date	30 March 2018		

Comments:	<p>TVNZ LIFTS FIRST HALF EARNINGS</p> <p>Increased advertising revenue and lower operational expenses lifted TVNZ's earnings performance for the six months ended December – with the company reporting EBITDAF of \$30.2 million, up \$4.5 million (17.4%) on the same period last year.</p> <p>Announcing TVNZ's interim result today, Chief Executive Kevin Kenrick said the company had made a positive start to the fiscal year. "We've achieved strong TV and OnDemand audience reach, and improved operational earnings through modest revenue growth and tightly managed costs."</p> <p>TVNZ is on track to exceed its full year targets set out in its 2018 Statement of Performance Expectations, he said.</p> <p>Growth in both TV and online advertising income contributed to total revenue of \$170.4 million, up \$1.6 million (1.0%) year on year. "In recent years TVNZ has focused on growing digital revenue to offset TV revenue declines. Against this back drop, it's encouraging for the business to achieve year on year growth in both TV and digital advertising revenue for</p>
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the half year,” said Kenrick.

Operational expenses decreased \$2.8 million to \$140.1 million (2.0%), following organisational restructuring in the previous financial year.

TVNZ posted an interim after tax net profit of \$17.2 million, up \$4.3 million (33.7%) on the previous year.

“The pulling power of TVNZ content is the primary driver of business performance,” said Kenrick. TVNZ’s local and international content line up reaches more than 2 million people every day across TVNZ 1, 2, DUKE, OnDemand and 1 NEWS NOW.

TVNZ’s TV audience share strengthened to a five year high and it screened 18 of the 20 most watched programmes in the six months to 31 December, he said. The *1 NEWS Vote 2017 Leaders Debate* was the country’s most watched programme for the period.

TVNZ OnDemand cemented its status as the country’s most popular free to view video on demand destination. Its video streams increased to 42.2 million, up 5.9 million (16%) on the same period last year. Recent developments include the launch of live streaming of all TVNZ channels, a significant expansion of its content offering, and extended accessibility to Chromecast, Apple TV and Vodafone TV.

Charting new territory for TVNZ is Re:, TVNZ’s social media news voice. Kenrick said Re: surpassed expectations since its July launch with 15 million video streams via Facebook alone.

“TVNZ plans to build on its current business momentum by growing its share of TV, accelerating growth of OnDemand and is actively exploring adjacent market opportunities to fund its future growth,” he said.

Over time TVNZ will tilt its content investment more towards local content. “Original content is TVNZ’s strategic focus and competitive advantage. It’s our sustainable point of difference in a market increasingly contested by global scale international players.”

Viewers have already seen TVNZ’s investment in enhanced news presentation with the recent relaunch of *1 NEWS at Six*, *Breakfast* and *Seven Sharp*. Major content commitments in the months ahead include TVNZ’s extensive multiscreen coverage the Gold Coast 2018 Commonwealth Games, and new local event commissions *Project Runway NZ*, *Heartbreak Island*, *My Kitchen Rules NZ* and the second series of *Survivor NZ*. A number of co-productions with international partners are also in the works.

New children’s platform HEIHEI is set to launch in April. A collaboration between NZ on Air and TVNZ, HEIHEI will be a

safe, interactive ad-free space for New Zealand primary school aged children to explore and enjoy local media content online.

Given the strong first half performance and after reviewing potential future funding requirements, the TVNZ Board has declared a dividend of \$9.0 million for the previous financial year.

Contact:

Georgie Hills

021 259 3016

GM Corporate Communications

georgie.hills@tvnz.co.nz

Financial Highlights Summary – Six Months Ended

	31/12/17 000's	31/12/16 000's
Operating Revenue	170,371	168,741
<i>Advertising revenue</i>	<i>162,195</i>	<i>159,424</i>
Operating Expenses	(140,129)	(142,984)
EBITDAF	30,242	25,757
Depreciation and amortisation	(9,062)	(8,336)
Interest income	402	331
Interest Expense	(69)	(74)
Financial Instruments/foreign currency gains	2,391	127
Share of results of joint venture	0	9
Income Tax expense	(6,720)	(4,963)
After Tax Profit	17,184	12,851