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News, Sport and OnDemand drive strong first half performance for TVNZ

TVNZ reported EBITDAF of \$26.3 million for the six months to 31 December 2019, \$0.5 million (2%) above the prior year.

Total revenue was up \$5.5 million (3%) to \$179 million due to growth in both television and online advertising revenue. Key drivers included strengthened share of TV advertising, continued online growth, and the positive impact of Rugby World Cup during the period.

Operational expenses of \$152.8 million are \$5.1 million (3%) higher than last year. This increase is consistent with TVNZ transformation plans to future proof business capabilities and migrate content investment from international to local, including sport.

TVNZ has reported a FY2020 interim Net Profit of \$15.8 million, up \$5.0 million (47%) year on year.

TVNZ CEO Kevin Kenrick says the results are an encouraging start to the 2020 financial year. “Strong ratings performance for our primetime daily news programmes and live sport enabled TVNZ to grow share of audiences and advertising revenue for the half year.

“Close to 3 million New Zealanders tuned in to watch Rugby World Cup games on TVNZ 1 and DUKE. TVNZ has subsequently secured additional sports rights in partnership with Sky (Tokyo 2020 Olympic Games) and Spark Sport (NZ Cricket) to complement existing Tokyo 2020 Paralympic Games and America’s Cup content rights.”

TVNZ OnDemand has performed extremely well, with ongoing growth in total video streams and audience reach propelling online revenue growth of 26% year-on-year. Viewer experience has been enhanced with the launch of individual profiles, and the new ‘ad on pause’ functionality has increased value for advertisers. TVNZ is keeping pace with global scale online streaming competitors, illustrated by Horizon Research recognising TVNZ OnDemand as New Zealand’s most used online content service during 2019, ahead of Netflix,” he says.

TVNZ will continue to accelerate its migration from international to local content and investment to future proof core business capabilities in the second half of the financial year. The strong start to FY20 provides the business with increased confidence in its ability to fund the required business transformation over the next three years from its cash reserves.

Increased investment in digital capability and local content is forecast to step up in the second half of the year and COVID-19 has the potential to soften market demand for advertising during this period. Given the strong first half start to the year the business is forecasting to deliver on its financial year 2020 Statement of Performance Expectations.

Financial Highlights Summary - Six Months Ended 31 December 2019

	31/12/2019 \$'000	31/12/2018 \$'000
Revenue and income	179,045	173,487
<i>Advertising revenue</i>	170,326	163,145
Operating expenses	(152,760)	(147,653)
EBITDAF	<u>26,285</u>	<u>25,834</u>
Depreciation and amortisation	(10,268)	(9,411)
Interest income	254	326
Interest expense	(83)	(56)
Financial instruments/foreign currency losses	(360)	(1,690)
Share of results of joint venture	(52)	(22)
Income Tax	0	(4,240)
Net Profit after tax	<u>15,776</u>	<u>10,741</u>

The full TVNZ Interim Report can be found at <http://tvnz.co.nz/tvz-corporate-comms/tvz-4880728>.

ENDS

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