



1 March 2024

## **TVNZ announces an interim loss as it responds to challenging economic conditions and market disruption**

TVNZ has reported an EBITDAF of \$0.1 million and an operating loss of \$4.6 million for the six-month period ended 31 December 2023. Additionally, TVNZ has booked an impairment of \$12.2 million, which is reflected in today's NPAT result, a loss of \$16.7 million. This loss is supported by a strong balance sheet and cash reserves.

This result recognises the impact declines in the local advertising market are having on the business and on the sector as a whole.

Total revenue of \$155.9 million represents a 13.5% decrease from last year. A challenging trading environment has seen a significant reduction in television advertising revenue, while digital revenue continues to increase year-on-year.

Operational expenses of \$155.7 million were \$10.7 million lower than the same period last year, as the business adjusted its cost profile in response to falling revenue. This was achieved primarily through a reduction in content expenditure, as well as savings in marketing spend and other overheads.

Jodi O'Donnell, TVNZ's Chief Executive says, "Digital generates nearly a quarter of TVNZ's advertising revenue, and this percentage is increasing year-on-year. The challenge we're facing into is growing these digital revenues at a faster pace than TV revenues are declining. TVNZ is building a future beyond broadcast television and today's results show the need for us make this transition faster.

While the revenue position remains tough, TVNZ's audience reach will help the business make this shift. In the last six months, TVNZ delivered record breaking General Election coverage and brought New Zealand cricket back to free-to-view. From critically acclaimed dramas like *After The Party*, to favourites including *Celebrity Treasure Island* and *Taskmaster NZ*, our channels and platforms had content for all New Zealanders."

### **Digital focus**

Over 1.25 million New Zealanders are using TVNZ+ every week, and in the first half of FY24 the platform recorded more than 186 million streams. 1news.co.nz has also grown in the past six months, now reaching around one million unique browsers weekly.

"TVNZ+ has provided us with a strong foundation for securing a digitally led future. Our focus is now on increasing our scale and expanding our offering with new products and services to better meet the audiences of tomorrow," says O'Donnell.

“TVNZ is part way through an all-of-business digital transformation. This multi-year project will move TVNZ from a broadcast organisation with digital bolted on, to a future-focused media entity with digital at its core.”

TVNZ’s aspiration is to be the number one streamer of news and entertainment content in Aotearoa. The organisation’s 5-year business plans sets out three key objectives for achieving this; to double TVNZ+’s 18-54 audience, triple digital advertising revenue across the same period and create a sustainable operational model for a digital-first media entity. To deliver on its roadmap, TVNZ will imminently appoint a Master Systems Integrator to work alongside the business to implement a new IP platform. This work will replace legacy broadcast technologies with a more modern and flexible base.

#### Outlook for 2024

“We expect the challenging economic conditions we faced in the first half of the financial year to continue into the second half of the year. We will need to make further changes to our cost base to navigate through this uncertainty.

While we hope to see some improvement in the advertising sector in late 2024, we anticipate market disruption from global streaming services and social media platforms to continue, and this means standing still is not an option. Ultimately, we need to get our organisation into the right shape and the right size to compete in a digital world,” says O’Donnell.

#### Financial Summary - Six months ended 31 December 2023

	31/12/2023	31/12/2022
Revenue and Income	155,854	180,258
Advertising Revenue	146,801	171,278
Content Expenditure	(87,888)	(96,718)
Non-Content Expenditure	(67,856)	(69,712)
<b>EBITDAF</b>	<u>110</u>	<u>13,828</u>
Depreciation and Amortisation	(6,939)	(6,944)
Net Interest and other gains/(losses)	2,273	(207)
<b>Net Profit before Tax</b>	<u>(4,556)</u>	<u>6,677</u>
Impairment	(12,234)	0
Income Tax	0	(1,871)
<b>Net Profit after Tax</b>	<u>(16,790)</u>	<u>4,806</u>